



# Anchorage Comprehensive Economic Development Strategy

Adopted by the Anchorage Municipal Assembly on  
May 26, 2009

Matt Claman, Acting Mayor  
Municipality of Anchorage

Mary Jane Michael, Executive Director  
Office of Economic & Community Development (OECD)

Bill Popp, President and CEO  
Anchorage Economic Development Corporation (AEDC)

Prepared By

Susan R. Fison, Fison & Associates

Darrel W. Hess, OECD Project Manager

Erin E. Ealum, AEDC Business & Economic Development Director

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and  
Municipality of Anchorage







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# Introduction & CEDS Development Process

## Background

A robust, diversified economy in Anchorage is essential to the well-being and quality of life of our community's residents. Without a healthy, growing economic base, employment opportunities will diminish. Anchorage's economic vitality is also essential to the State of Alaska, because Anchorage accounts for more than 40% of the state's population and employment. The current national and global recession increase the importance of strategic economic development planning.

The Public Works and Economic Development Act of 1965 requires an approved Comprehensive Economic Development Strategy (CEDS) so that a city can apply for investment assistance under the



*The Chugach Mountains frame the downtown Anchorage skyline.*

U.S. Department of Commerce's Economic Development Administration's (EDA) Public Works or Economic Adjustment Assistance Programs. The spirit of a CEDS is one of continuous community involvement and cooperation from the private and public sectors in order to understand and confront economic challenges via a feasible, prioritized series of plans and projects that serves as a benchmark for economic and community development. The CEDS also identifies performance measures that will be used to evaluate progress in meeting goals.

A CEDS is designed to bring together the public and private sectors to create an economic roadmap to diversify and strengthen the economy for the next five years. The planning process should identify a community's unique advantages and analyze weaknesses of the local market. Most important, it should identify opportunities that could diversify and strengthen the local economy. Integrated economic development planning provides the flexibility to adapt to changing national and global economic conditions. A CEDS should establish goals, objectives, and strategies that provide the foundation to implement an action plan that can be used to set investment priorities for funding sources and attract private investment that creates jobs.

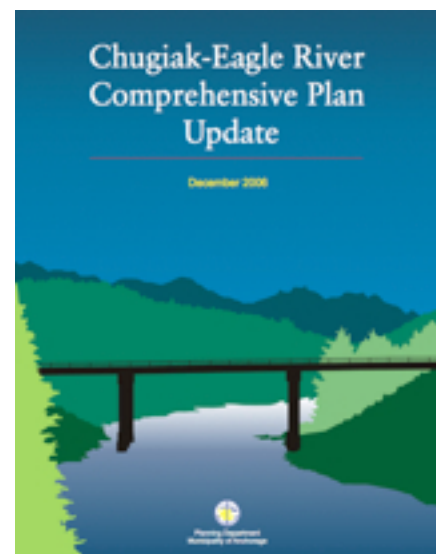
## CEDS Development Process

The development of this Comprehensive Economic Development Strategy was a cooperative effort between Mary Jane Michael, Executive Director of the Municipality's Office of Economic and



Community Development (OECD) and Bill Popp, President and CEO of the Anchorage Economic Development Corporation (AEDC). OECD contracted with Susan Fison, former Municipal Planning Director, to lead the project team, which included Darrel Hess, OECD Project Manager and Erin Ealum, AEDC Business and Economic Development Director. Funding for the project was provided by the Municipality of Anchorage and the Alaska Department of Commerce, Community and Economic Development, Alaska Regional Development Organizations Program.

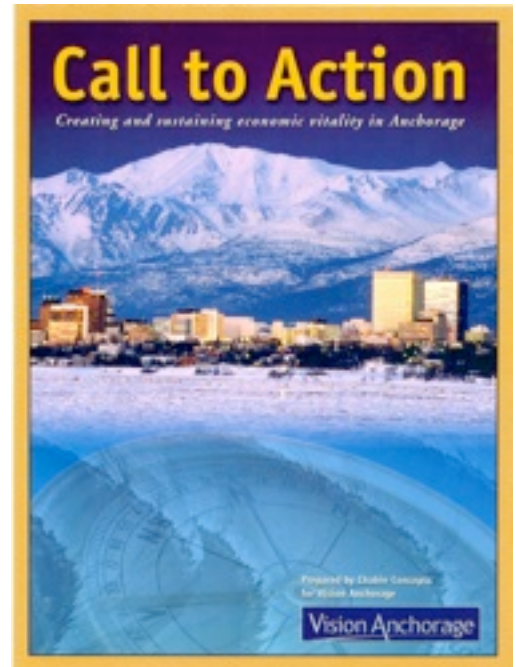
The fundamental purpose of this strategy is to provide direction for public and private actions to stimulate economic development in the Municipality of Anchorage and the region. At a basic level, the goals of the strategy are to create jobs, income and wealth. The strategy also aims to generate municipal revenue to fund facilities and services that will maintain and enhance our quality of life. The Anchorage CEDS draws heavily on the Municipality's Anchorage 2020 Plan and its Housing and Community Development



Plan. It also incorporates much of the work done as part of the Vision Anchorage project, a major, year-long effort that was spearheaded by the Anchorage Economic Development Corporation. The CEDS also draws upon more than three dozen other strategic and long-range plans developed by various Municipal departments, state agencies and non-profit community organizations.

## Mayor's Economic Advisory Panel

The Mayor's Economic Advisory Panel served as the 2009 CEDS Committee. This panel is a knowledgeable group of private sector and non-profit professionals with a broad range of expertise related to Anchorage economic and community issues. The panel met with Acting Mayor Matt Claman, Nancy Nolan, Senior Policy Director to the Acting Mayor, key Municipal staff and the project team. Members provided input on the strength, weaknesses, opportunities and threats facing the Municipality. They also reviewed the draft goals, objectives and strategies. Several members provided more detailed information about topics in their areas of expertise. The committee met and reviewed the draft CEDS and provided comments, corrections and suggestions for changes to the document.



*AEDC spearheaded the Vision Anchorage project*

### **Members of Mayor's Economic Advisory Panel**

- Michelle Brown, President & CEO, United Way of Anchorage
- Jason Brune, Executive Director, Alaska Resource Development Council
- Sheri Buretta, Chairman of the Board, Chugach Alaska Corporation
- Steve Colt, PhD, Interim Director & Associate Professor of Economics, Institute of Social and Economic Research, University of Alaska Anchorage
- Marilyn Crockett, Executive Director, Alaska Oil & Gas Association
- Edward Lamb, CEO, Alaska Regional Hospital
- David Lawer, Senior Vice President, First National Bank of Alaska
- Jerry Neeser, President, Neeser Construction, Inc.
- Greg Pearce, Vice President & General Manager, GCI
- Julie Saupe, President & CEO, Anchorage Convention & Visitors Bureau
- Chris Stephens, Partner, Bond, Stephens & Johnson
- Neil Thomas, Associate Broker, Coldwell Banker Best Properties
- Diane Wilke, Executive Vice President, McKinley Capital Management, LLC
- Rich Wilson, State of Alaska, Development Director, Ted Stevens International Airport

## Municipal Departments

Much of the information for the CEDS was derived from existing reports and strategic plans that had been developed by Municipal departments and utilities. The draft CEDS was circulated to municipal departments and several made extensive comments that improved the document.

## Anchorage Assembly



Copies of the draft CEDS were circulated to the Anchorage Assembly on April 17, 2009. The Assembly's Community & Economic Development Committee chaired by Assembly Representative Sheila Selkregg along with members Harriet Drummond and Elvi Gray-Jackson, met with the CEDS project team to review the draft. One of their major recommendations was that the project schedule be delayed two weeks to allow time for the project team to meet with the Federation of Community Councils. In addition, the committee made several suggestions for changes to the report, the most significant of which were additions to the proposed projects section to include more neighborhood and community planning.



*Public participation is a major component of most municipal plans.*

additions to the proposed projects section to include more neighborhood and community planning.

## Public & Community Council Review

The Draft CEDS was posted on the Municipal website on April 17, 2009. A notice about the CEDS was emailed by the Anchorage Federation of Community Councils to the 38 Community Councils within the Municipality of Anchorage. The CEDS project team held a meeting in City Hall with representatives of the FCC to review the draft CEDS. Council members and citizens provided input to project staff and suggested a number of changes to the CEDS, specifically additions to the projects list. On May 11, 2009 the FCC Executive Board passed a resolution supporting adoption of the draft CEDS. That resolution is appended to this document.



## Office of Economic and Community Development

The Municipality of Anchorage's Office of Economic and Community Development's (OECD) mission is to promote a strong Anchorage economy through progressive, sustainable activities in the areas of land use, community development, natural resources, and public spaces. This is achieved through supporting businesses, the tourism industry, strong neighborhoods, and recreation and cultural experiences and opportunities. OECD also fosters strong public/private partnerships.

The Office of Economic and Community Development oversees six city agencies including:

- the Port of Anchorage
- Anchorage Libraries
- Parks and Recreation
- Planning & Zoning
- Department of Neighborhoods
- Heritage Land Bank

OECD is the Municipality's liaison to the Anchorage Community Development Authority. It leads all major public development projects and oversees management of public facility contracts, including those for the Performing Arts Center, the Sullivan Arena, the Egan Center, and the new Dena'ina Civic and Convention Center.

## Anchorage Economic Development Corporation

The Anchorage Economic Development Corporation is a private, non-profit (IRS code 501(c)(6)), established in 1987. Its mission is to encourage growth and diversity in the Anchorage economy. The AEDC is charged with being a catalyst for "diversified economic development." The corporation takes a holistic view of this charge, given that Anchorage's economy is tremendously affected by business conditions throughout all of Alaska. AEDC actively pursues attracting new business opportunities for the region, but it also supports local business start-ups and expansion. AEDC's vision statement is: "Anchorage is a world-class city in which to do business."

### ***AEDC Board of Directors, Voting Members***

- **Dennis Mitchell, Chair**, Vice President, Alaska, Lynden International
- **Lon Wilson, Vice Chair**, President, The Wilson Agency, LLC
- **Suzanne Cherot, Secretary/Treasurer**, Managing Partner, Birch, Horton, Bittner & Cherot
- Chris Brown, Chief Operating Officer, AT & T Alascom
- Bruce Bustamante, Vice President Community & Public Affairs, Princess Tours
- Connie Carter, Managing Director for AK Ops, FedEx Express
- Jeffrey Davis, President, Premiera Blue Cross Blue Shield of Alaska
- Joseph Everhart, Sr. VP of Alaska Commercial Banking, Wells Fargo Bank N.A.
- Sheldon Fisher, Sr. VP of Product, Sales & Marketing, ACS
- Peter Grunwaldt, President, Premier Alaska Tours
- Sandra Halliwill, BPXA E&P Backbone Coordinator, BP Exploration (Alaska), Inc.
- David Hamilton, Sr. VP Business & Commercial Lending, AK USA Federal Credit Union
- Ed Herndon, CEO, Chugach Alaska Services, Inc.
- Craig A. Haymes, Alaska Production Manager, ExxonMobil Production Company
- Stephanie Holthaus, President, Alta Air Logistics
- Greg Kessler, Director of the Alaska Commercial Group, Totem Ocean Trailer Express
- Bob Lacher, VP Business Development Energy & Chemicals, CH2M HILL
- Bruce Lamoureux, Hospital Administrator, Providence Alaska Medical Center
- Sophie Minich, Chief Operating Officer, CIRI
- Bill O'Leary, Vice President of Finance & CFO, Alaska Railroad
- Stewart Osgood, President, DOWL HKM
- John Palmatier, Executive Secretary/Treasurer, Alaska Regional Council of Carpenters
- Greg Pearce, VP and General Manager, Commercial Services, GCI
- Michael Prozeralik
- President, kpb Architects, Inc.
- Scott Pruitt, Vice President Finance & Administration, ConocoPhillips
- Chris Stephens, Associate Broker, Bond, Stephens & Johnson, Inc.
- Mark Liland, Director of Sales, Northern Air Cargo
- Timothy Vig, President, USKH
- Mike Devlin, Founder, Evergreen Films, Inc.



### ***Ex-Officio Members – Alaska State Legislature***

- Senator Fred Dyson
- Senator Hollis French
- Representative Harry Crawford
- Representative Craig Johnson

### ***Ex-Officio Members – Municipality of Anchorage***

- Matt Claman, Acting Mayor
- Harriet Drummond, Assembly Member
- Dan Coffey, Assembly Member (Alternate)

### ***Ex-Officio Members – Appointed by the AEDC Board***

- Chris Anderson, Deputy Director - Credit & Business Development, AIDEA
- Mike Brady, Vice President, Ken Brady Construction Co. Inc.
- Larry Cash, President, RIM Architects
- Carol Comeau, Superintendent, Anchorage School District
- Jim Gorski, Member, Hughes Pfiffner Gorski Seedorf & Odsen LLC
- Mary K. Hughes, State Director, Office of U.S. Senator Lisa Murkowski
- Ed Lamb, CEO & President, Alaska Regional Hospital
- Brian Nerland, President, Alaska District, KeyBank N.A.
- Douglas North, President, Alaska Pacific University
- Emil Notti, Commissioner, State of Alaska, Department of Community & Economic Development
- Phil Okeson, Chairman, Anchorage Chamber of Commerce
- Tennys Owens, President, Artique, Ltd.
- Julie Saupe, President & CEO, Anchorage Convention & Visitors Bureau
- Elisha Baker, Dean, UAA College of Business and Public Policy

## **Anchorage Assembly Approval of CEDS**

On May 26, 2009, the Anchorage Assembly unanimously approved a resolution to officially adopt the Anchorage Community Economic Development Strategy. The resolution is appended to this report.

### ***Municipality of Anchorage Assembly***

- **Debbie Ossiander - Chair**
- **Harriet Drummond, Vice-Chair**
- Chris Birch
- Dan Coffey
- Patrick Flynn
- Elvi Gray-Jackson
- Mike Gutierrez
- Jennifer Johnston
- Sheila Selkregg
- Bill Starr

# Anchorage Overview

## Anchorage History

Archaeological evidence indicates that the Anchorage area has been inhabited since about 3,000 BC. It is estimated that more than 5,000 Athabaskan Dena'ina inhabited the Southcentral area at first contact with Europeans. English explorer Captain James Cook is credited with being the first European to venture into the Anchorage area in 1778. During the next hundred years, Russian trading activity flourished in Cook Inlet, but in 1867 Russia sold Alaska to the United States for \$7.2 million. Beginning in 1868, the Alaska Commercial Company began operating dozens of stations along Cook Inlet and gold prospectors explored Turnagain Arm and the Kenai Peninsula.

In 1915, President Woodrow Wilson approved construction of a railroad to connect the port city of Seward with Fairbanks in Interior Alaska. The Alaskan Engineering Commission (AEC), which oversaw



*Anchorage began in 1915 as a tent city near Ship Creek.*

construction of the railroad, selected Ship Creek Landing for its headquarters. A tent city sprang up at the mouth of Ship Creek, and soon swelled to a population of over 2,000. On July 9, 1915, the first Anchorage townsite auction was held, and over 600 lots in a fixed grid were sold for a total of about \$150,000.

Between 1915 and 1920, the federal AEC managed the townsite, laid water lines, installed a power and rudimentary telephone system and started construction of a sewer system.

Anchorage was incorporated as a city in 1920 and the Alaska Railroad was

completed in 1923. The railroad continued to be the mainstay of the economy, but Anchorage's population and economy declined during World War I.

After the war, air transportation became increasingly important. In 1930, the original "Park Strip" landing field was replaced by Merrill Field, which had a beacon and landing tower. Merrill Field became one of the busiest centers of civilian aircraft activity in the United States. Anchorage was also the base city for an influx of farmer "colonists" relocated from the Midwest to the Matanuska Valley during the Great Depression.

On the eve of World War II, troops arrived in Anchorage and construction began on Fort Richardson and Elmendorf Air Force Base. Anchorage's population quickly doubled. When World War II began, the threat of Japanese invasion prompted continued expansion of Anchorage military installations, which continued throughout the Cold War. By 1950, Anchorage had more than 30,000 residents. Anchorage International Airport opened in 1951. A road connecting Anchorage and Seward was completed in the early 1950s. The discovery of oil at the Swanson River field on the Kenai Peninsula was the beginning of the oil industry in Alaska.



Beginning in the early 1950s, many Alaskans began working fervently for statehood. However, arguments against statehood included no contiguity with the rest of the country, small population, and meager financial resources. Outside mining, fishing and timber interest opposed Alaska statehood. In 1954, Republican President Eisenhower advocated for statehood for Hawaii in his State of the Union address, but did not mention Alaska. It was assumed at the time that Hawaii would be a Republican state, while Alaska would come in favoring Democrats. A bill to admit both Hawaii and Alaska was introduced.

In 1955, Alaskans held a Constitutional Convention at the University of Alaska in Fairbanks. In 1956, Alaskans overwhelmingly accepted the resulting Constitution, which the

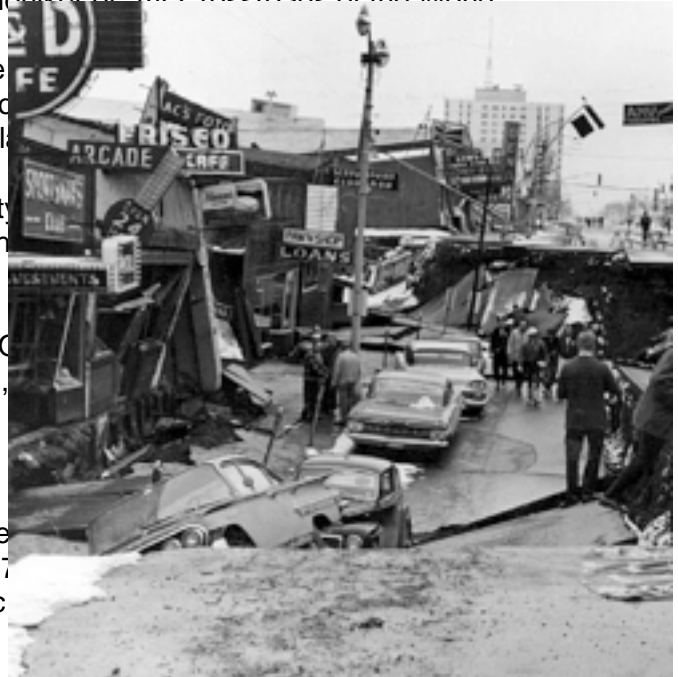
National Municipal League called “one of the best, if not the best, state constitutions ever written.” When Congress reconvened in January 1958, President Eisenhower fully endorsed Alaska statehood. The statehood bill passed Congress and on January 3, 1959, President Eisenhower signed the official declaration that made Alaska the 49th state. The new American flag featured seven rows of seven stars each.

On March 27, 1964, Anchorage was hit by the Good Friday Earthquake which registered 9.2 on the Richter Scale, the second highest ever recorded in the world. The five-minute quake damaged or destroyed many structures in the city and it took several years to rebuild them.

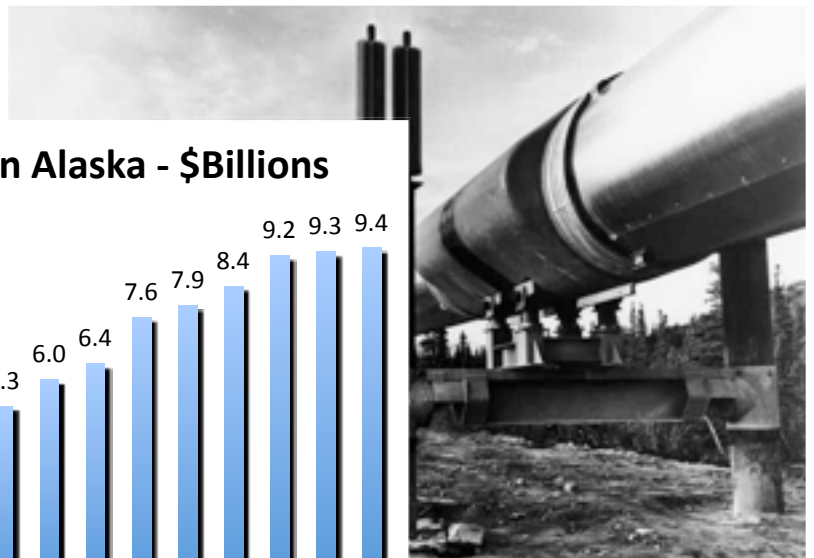
The military bases had established Anchorage as Alaska's air transportation hub. By the 1960s Anchorage International Airport played an increasing role as a refueling stop for International cargo and passenger flights. As a result, it acquired the moniker of "Air Crossroads of the World."

In 1968, oil was discovered in Prudhoe Bay, and the Anchorage. Between 1973 and 1977, construction of a pipeline from Prudhoe Bay to Valdez brought unprecedented job and population growth to Anchorage for all the major oil companies operating in Alaska. In 1975, in the midst of pipeline construction, the City of Anchorage merged to become the Municipality of Anchorage, covering an area of nearly 2,000 square miles.

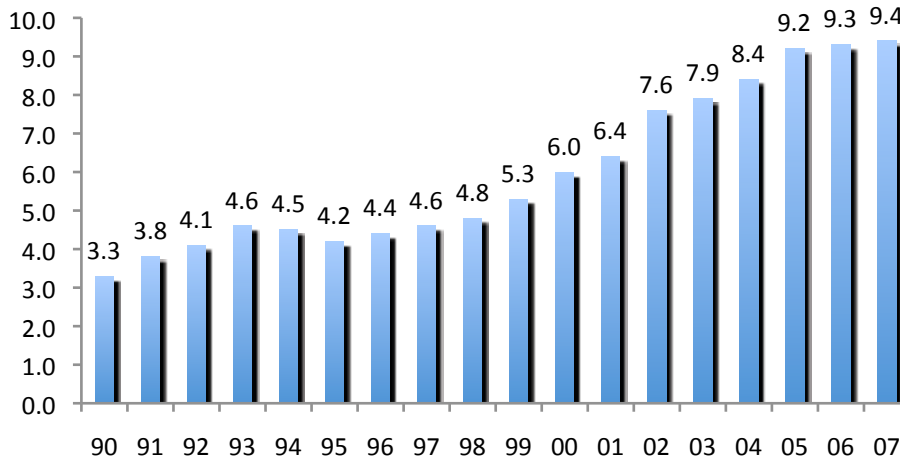
By 1980, Anchorage had nearly 175,000 residents. Oil prices rose to \$35 per barrel by 1981. Between 1982 and 1985,



residents. Higher than anticipated oil prices combined with federal funds fueled a construction boom. Between 1980 and 1987, many new buildings were built in Anchorage including a new library, civic center, and utility infrastructure improvements. These funds also supported a major expansion of Anchorage's parks and trails system. The oil surplus also allowed the state to create the Alaska Permanent Fund



**Federal Expenditures in Alaska - \$Billions**



pipeline construction.

and begin paying residents an annual Permanent Fund

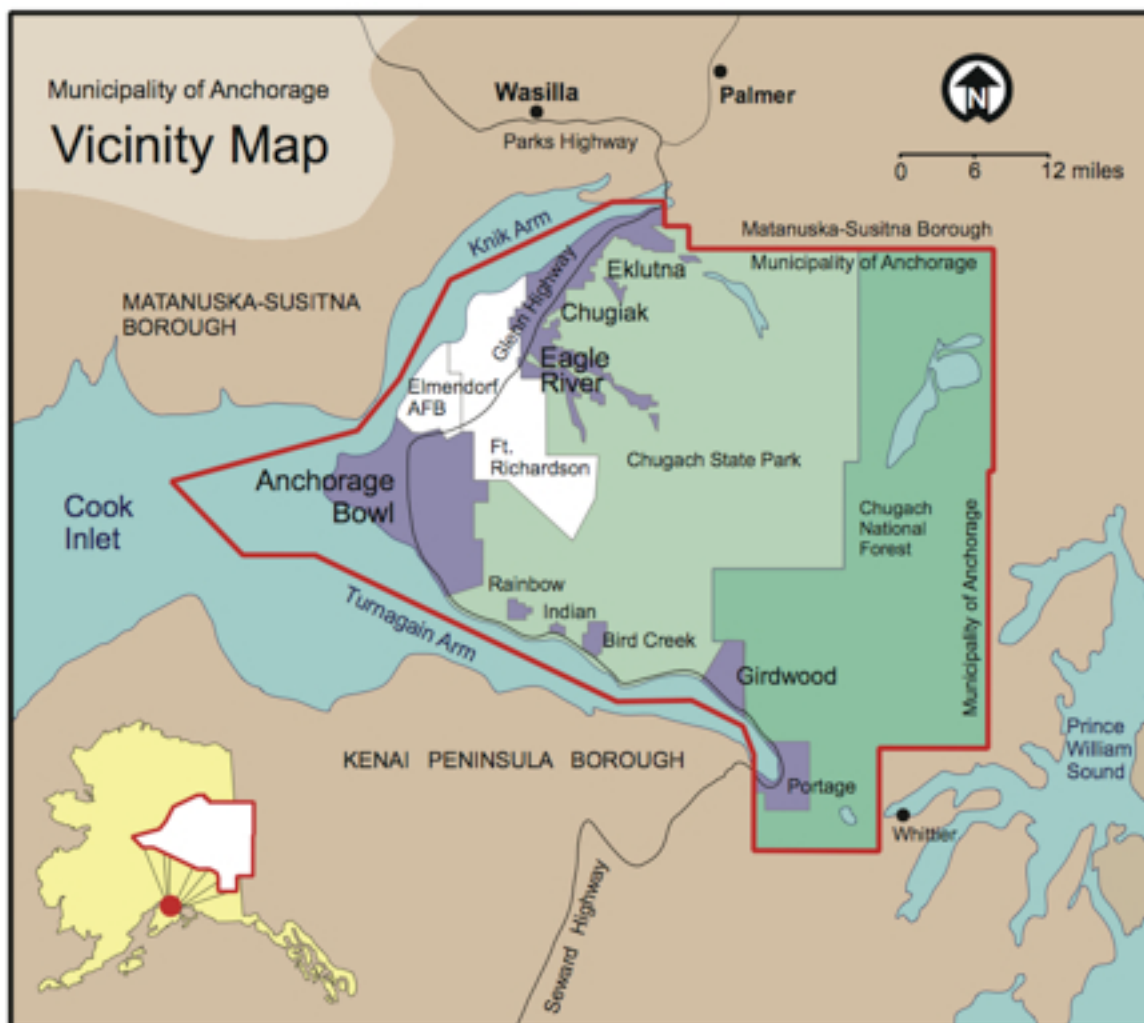
Dividend.

In 1986, when oil prices dropped under \$7 per barrel, the Alaska economy took a nosedive. From 1985 to 1988, Anchorage lost 12,000 jobs and 29,000 residents. Rental vacancy rate, which had been 3% in 1982 rose to 25% in 1986. Thousands of housing units fell into foreclosure. The economy began to rebound in 1989, spurred by billions spent to clean up the Exxon Valdez oil spill.

During the last 20 years, the expansion of the air cargo industry, the oil price fluctuations, high mineral prices, federal government spending, military expansion, health care improvements and a growing tourism industry have resulted in two decades of steady population and economic growth for Anchorage, which now has nearly 285,000 residents.

## Geography & Climate

### Geography

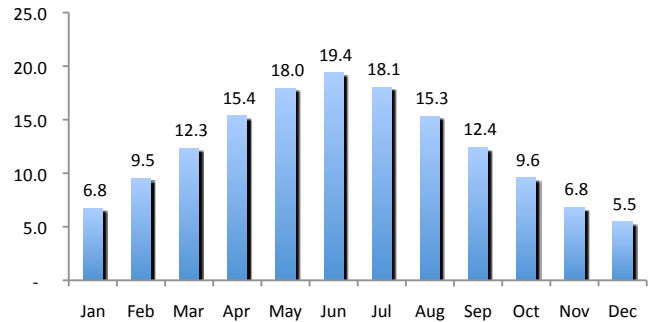




Anchorage is located at 61.22° North Latitude, about 1,500 miles northwest of Seattle in the Southcentral Alaska region. It lies slightly farther north than Oslo, Norway. The inhabited portion of the city is on coastal lowlands and extends up the lower alpine slopes of the Chugach Mountains. The city extends south to Turnagain Arm, a fjord that has some of the world's highest tides, and includes the community of Girdwood. Knik Arm, another tidal inlet, lies to the west and north.

The Chugach Mountains on the east form a boundary to development, but not to the city limits, which encompass part of the wild alpine territory of Chugach State Park and a portion of the Chugach National Forest. The U.S. Census Bureau defines the "Anchorage Metropolitan Area" as the combined population of the Municipality of Anchorage and the Matanuska-Susitna Borough, located about an hour's drive northeast of Anchorage. The communities of Eagle River and Chugiak, which are also within the city limits, are located to the northeast between the Anchorage Bowl and the Mat-Su Borough. A large portion of the Chugach National Forest, a national protected area, is within the city boundaries.

**Daylight Hours on 20th of Month**

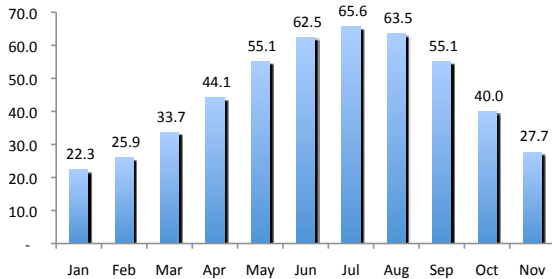


**Climate**



Anchorage has a subarctic climate with short, cool summers. Average daytime summer temperatures range from approximately 55°F to 78°F; average daytime winter temperatures are about 5°F to 30°F. Anchorage has a frost-free growing season that averages slightly over 100 days.

**Average High Temperature in F**



**Anchorage Climate Summary (averages are for 1971-2000)**

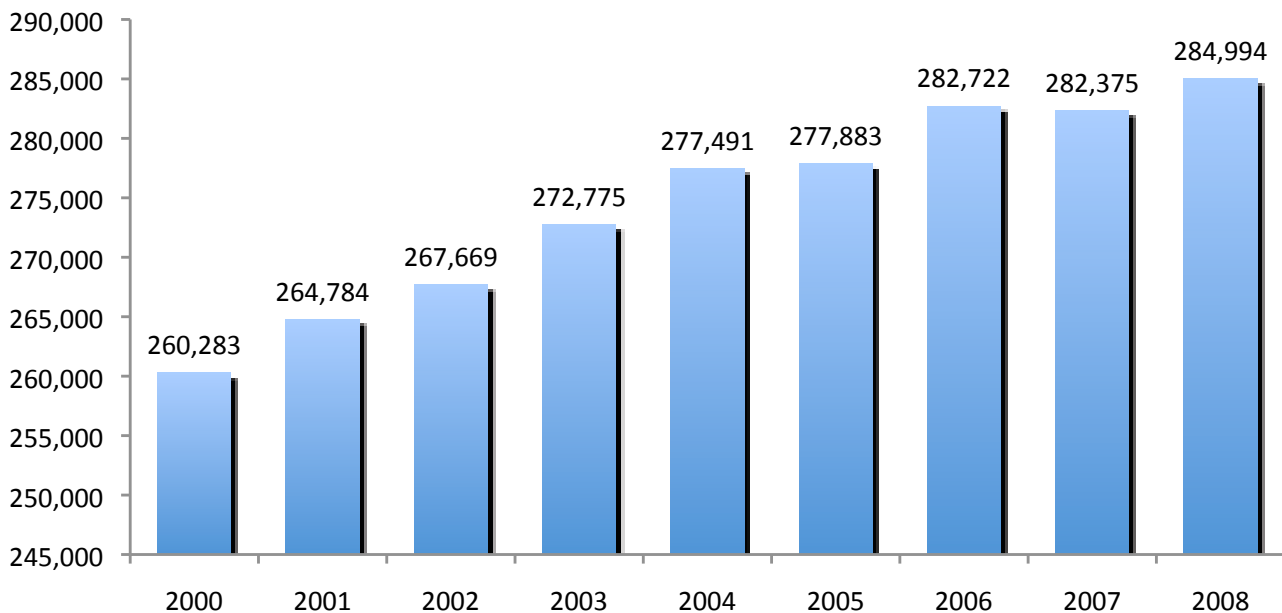
Month	Record High Temp °F	Average High Temp °F	Average Temp °F	Average Low Temp °F	Record Low Temp °F	Average Precipitation Inches	Average Snowfall Inches
Jan	56	22.3	16.0	9.7	-35	0.69	9.8
Feb	57	25.9	19.0	12.0	-38	0.74	11.0
Mar	56	33.7	26.1	18.6	-24	0.65	10.5
Apr	72	44.1	36.5	29.0	-15	0.52	3.9
May	82	55.1	47.1	39.2	1	0.73	0.3
Jun	92	62.5	54.9	47.2	29	1.05	0.0
Jul	84	65.6	58.7	51.9	34	1.69	0.0
Aug	85	63.5	56.6	49.7	31	2.92	0.0
Sep	73	55.1	48.3	41.6	19	2.86	0.2
Oct	64	40.0	34.3	28.5	-6	2.07	8.3
Nov	62	27.7	21.9	16.1	-21	1.09	11.5
Dec	53	23.6	17.6	11.6	-36	1.06	15.1
Annual	92	43.3	36.4	29.6	-35	16.09	70.6

Average January low and high temperatures at Ted Stevens Anchorage International Airport are 9°F to

22°F with an average snowfall of more than 70 inches. However, the snowiest winter on record had more than 130 inches. The coldest temperature ever recorded in Anchorage was -38°F in 1947.

Summers are typically mild, although it can rain frequently. Average July low and high temperatures are 52°F to 66°F. The highest recorded temperature was 92°F in 1953. The average annual precipitation at the airport is about 16 inches. At Anchorage's northern latitude summer days are very long. The longest day is about June 20, when the time from sunrise to sunset is 19 hours and 22 minutes. In contrast, on December 20, the time from sunrise to sunset is only 5 hours and 26 minutes.

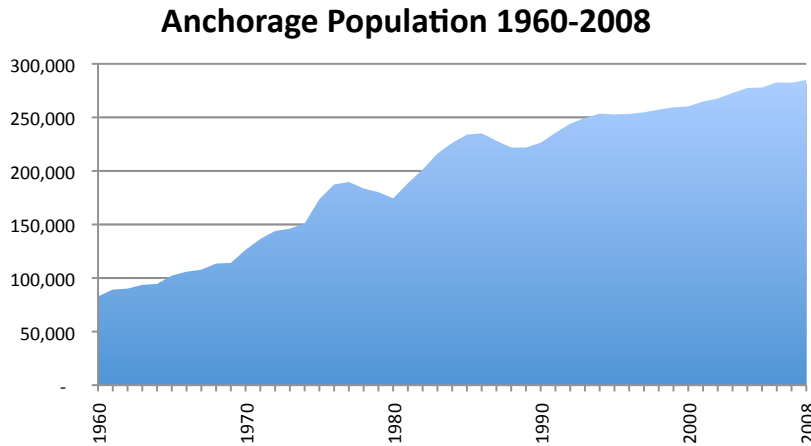
## Population





# Demographics

## Trends



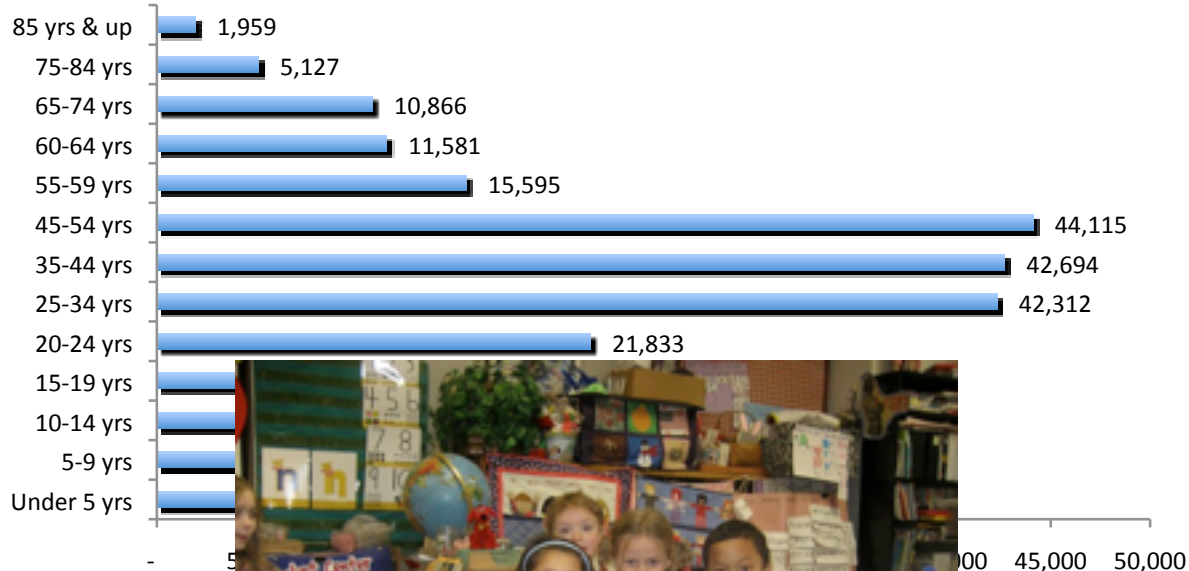
As the graph of Anchorage population between 1960 and 2008 shows, Anchorage has exhibited long-term modest population growth for nearly 50 years. The two notable exceptions were a brief population decline after completion of construction of the Trans Alaska Pipeline and a second, more serious population and economic decline which occurred when oil prices dropped in the mid-1980s. During this period, Anchorage lost 20,000 residents and its booming housing market collapsed.

Beginning in 1988, Anchorage's population has been on a steady upward trajectory. Anchorage's growth has consistently been above the average growth rate for the state, but for the past few decades the population growth rate in the Mat-Su Borough has been higher than Anchorage's. Between 2000 and 2008, for example, Alaska's population grew 1% annually and Anchorage grew at 1.1% annually. However, in this same period, the Mat-Su Borough's annual growth rate was 4%.

## Age

The population of Anchorage has been growing, but the demographic characteristics of the Anchorage population have changed markedly. The most significant changes have been that our population is getting older and becoming more diverse, while both in- and out-migration is lower than in prior decades.

### Age of Population

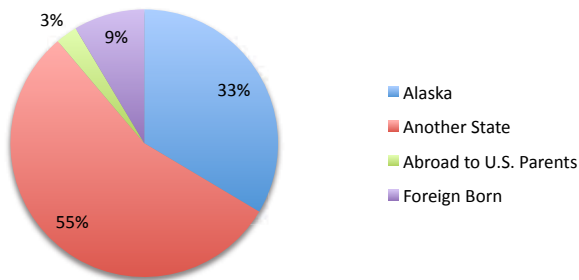


Anchorage students speak 95 different languages.

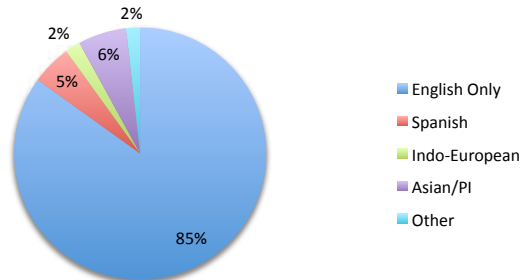
At the time of statehood, Anchorage residents averaged almost ten years older than they are today. The age shift is due to several factors including that the oldest baby boomers were military and their dependents made up nearly a third of Anchorage residents, and most people left retired. The graph above shows that the

largest demographic group.

### Place of Birth



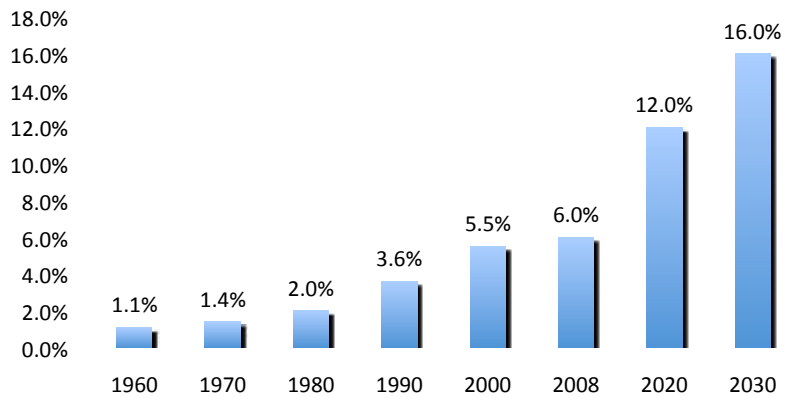
### Language Spoken at Home



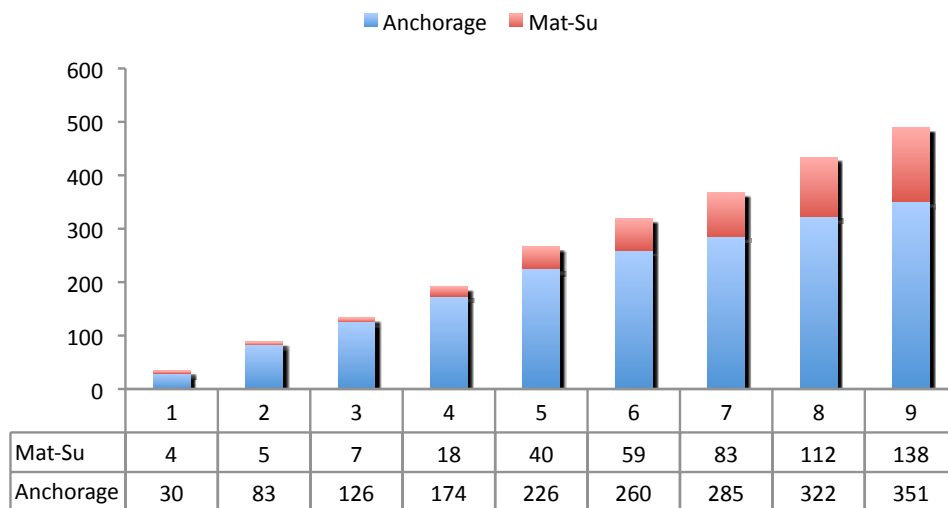
Seniors represent the fastest-growing age group and their share of the population will double between now and 2020 because the first baby boomers will turn 65 in 2011.

Married couples comprise only a little more than half of the population and an increasing percentage of them are “empty nesters.” Nearly one-quarter of Anchorage households are comprised of one person.

### Seniors 65 & Older



### Anchorage /Mat-Su Population Projections (1,000s)

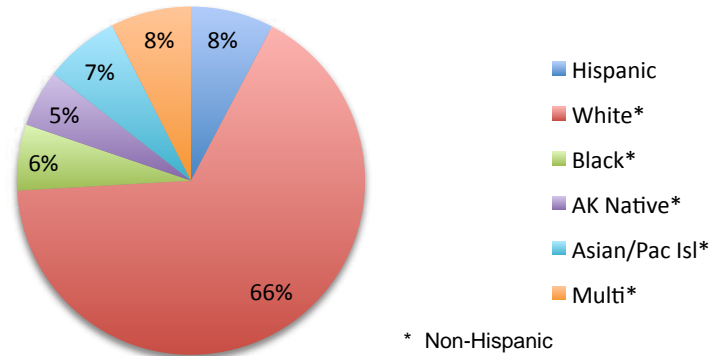


## Race & Ethnicity

Anchorage is becoming increasingly diverse. More than half of those who identify themselves as Multi-racial are part Alaska Native.

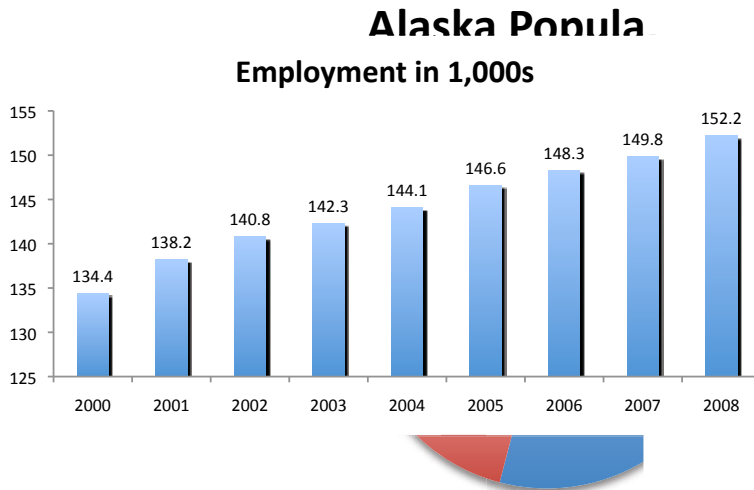
Nearly 10% of Anchorage residents are foreign-born. About 15% of Anchorage residents speak a language other than English at home. Spanish and Asian languages are the most common. The Anchorage School District reports that its students speak 95 different languages.

## Population by Race & Ethnicity



## Regional Population

The Census Bureau defines the Anchorage Metropolitan Area as the Municipality of Anchorage plus the Matanuska-Susitna Borough. In 2008, this metro area was the fastest-growing in the state and made up 54% of Alaska's population



## Employment by Industry - 2008

Industry	Average	% of Total
Oil & Gas (inc 200 mining jobs)	3,000	2%
Construction	9,400	6%
Manufacturing	1,900	1%
Trade/Transportation/Utilities	34,000	22%
Wholesale Trade	4,900	3%
Retail Trade	17,500	11%
Trans/Warehouse/Utilities	11,600	8%
Air Transportation	3,600	2%
Information	4,400	3%
Financial Activities	9,000	6%
Professional & Business Svcs	18,400	12%
Educational & Health Services	20,100	13%
Health Care	15,100	10%
Leisure & Hospitality	15,700	10%
Accommodation	3,400	2%
Food Svcs & Drinking Pl	10,400	7%
Other Services	5,800	4%
Government	30,500	20%
Federal Government	9,400	6%
State Government	10,300	7%
Local Government	10,800	7%
<b>Total Employment</b>	<b>152,200</b>	<b>100%</b>

## Population Projections

By 2030, the Anchorage Metropolitan Area is expected to have nearly 490,000 residents.

# Labor Force, Employment & Unemployment

## ***Labor Force***

The Anchorage population and labor force is aging. About five years ago the Alaska Department of Labor analyzed the state's labor force and made some predictions about what might happen in the future. The study noted that baby boomers (persons born between 1946 and 1964) made up the largest share of both the population and the labor force. Their share here is significantly larger than the national average. The report noted that part of the explanation was that the construction of the oil pipeline in the mid-1970s brought a huge influx of baby boomers into Alaska for the high-paying pipeline jobs during a time when the rest of the nation was in a recession. After the pipeline was built, many left, but a significant number stayed in Alaska.

Following the construction of the pipeline, the oil revenue boom of the early 1980s also occurred at a time of high unemployment. The demand for Alaska workers again outpaced the supply and another wave of baby boomers came to Alaska. After an economic crash in 1986, many of the boomers left, but again, some stayed. However, 1984 marked the last year that net in-migration to Alaska was greater than Alaska's natural increase (births minus deaths). Since 1988, migration has had a steadily declining role in population change in Alaska. Alaska's baby boomers stopped moving, settled down and began raising families. The children of the baby boomers became the "echo boom," resulting in huge increases in school enrollments.

By the mid-1990s another factor affecting Alaska's labor force changed. Incomes in Alaska were no longer significantly above the national average and this eliminated one of the major incentives for workers to come to Alaska. Since that time, migration in and out of Alaska has remained about equal.

The report concluded: "A trickle of retirements in 2005 will become a flood, causing a cascade of labor turnover as positions open and younger workers move up the career ladder. This turnover will create opportunities for the experienced workers of Generation X and the echo boom. Rapid promotional opportunities similar to the 1970s could be the norm." However, since there are not enough younger workers to replace the baby boomers, the report predicted that a significant increase in nonresident workers can be expected.

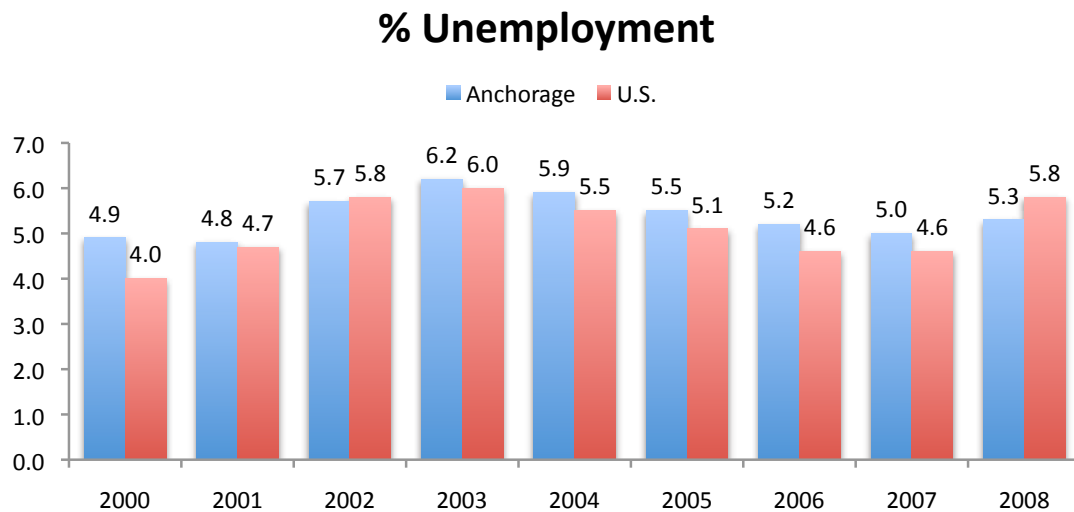
Today, the Anchorage economy is much stronger than that of most Lower 48 cities. Department of Labor statistics indicate that workers are moving to Anchorage in search of employment. Although this may cause unemployment to rise, this influx creates a larger labor pool for employers to fill jobs opening up as a result of baby boom retirements. Anchorage's labor force, which declined slightly between 2006 and 2007, rose from 151,510 in 2007 to 154,497 in 2008, an increase of nearly 2%.

## ***Employment***

Between 2000 and 2008, employment in Anchorage increased from 134,400 to 152,200, a steady rise of about 1.5% per year. Although the Anchorage economy is still relatively strong, the impact of the national recession is being reflected in the employment statistics.

## ***Unemployment***

Anchorage's unemployment rate increased from 5% in 2007 to 5.3% in 2008. In the same period, the national unemployment rate jumped from 4.6% to 5.8%.





# Income & Wage Rates



## Household Income

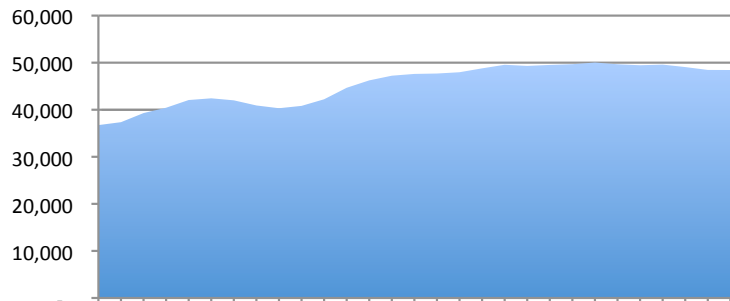
There are several sources of income measurements for Anchorage. The Census Bureau's 2005-2007 American Community Survey found that Anchorage median income was \$66,244 for all households and \$78,439 for families. A more detailed breakdown on the income found that nearly two-thirds of Anchorage households had annual incomes of at least \$50,000.

## Per Capita Personal Income

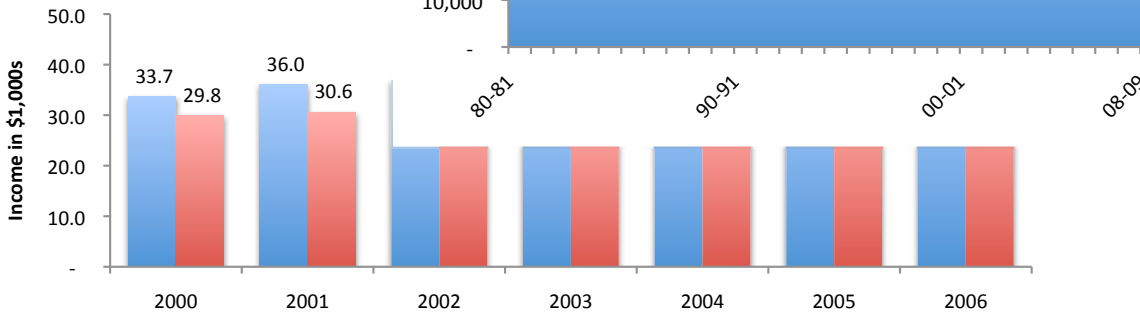
Another important

income measure is per capita personal income, which was \$43,483 in Anchorage in 2006, about 18% higher than the national figure of \$36,714.

## School Enrollment



## Per Capita



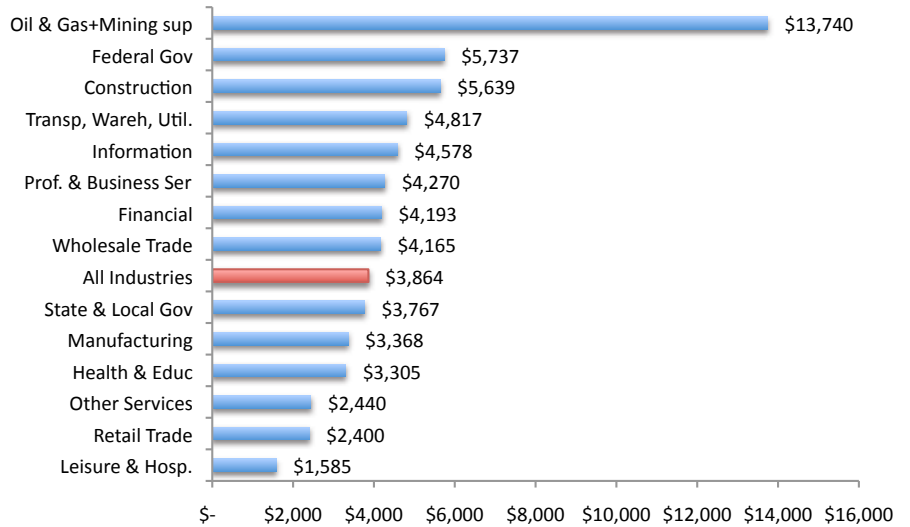
South Anchorage High School located on the Hillside opened in 2004

## Wage Rates

A third measure of income is to compare wage rates by industries. Such a comparison shows that there are huge disparities in the wages of workers in various industries.

In 2008, the average Anchorage worker earned \$3,864 per month, while the average oil industry worker earned more than three-and-one-half times that amount. At the other end of the income scale, leisure and hospitality workers earned only about 40% of the average monthly wage.

### Average Monthly Wage by Industry

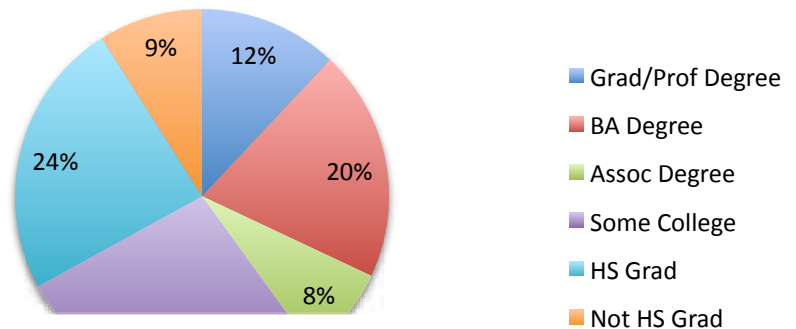


## Education

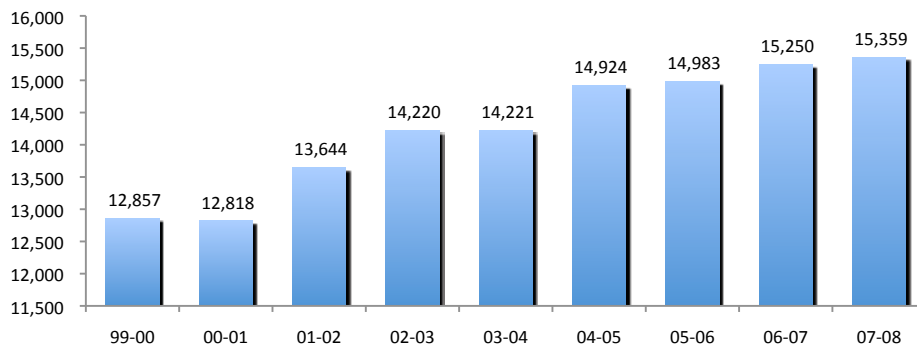
### Educational Attainment

Anchorage was recently ranked 15th out of U.S. cities for best-educated workforce by Business Facilities magazine. The Census Bureau's 2005-2007 American Community Survey found that more than 91% of Anchorage residents 25 and older were high school graduates. This is

### Educational Attainment



### UAA Fall Closing Student Headcount



one of the highest rates in the nation and significantly higher than the national average of about 86%.

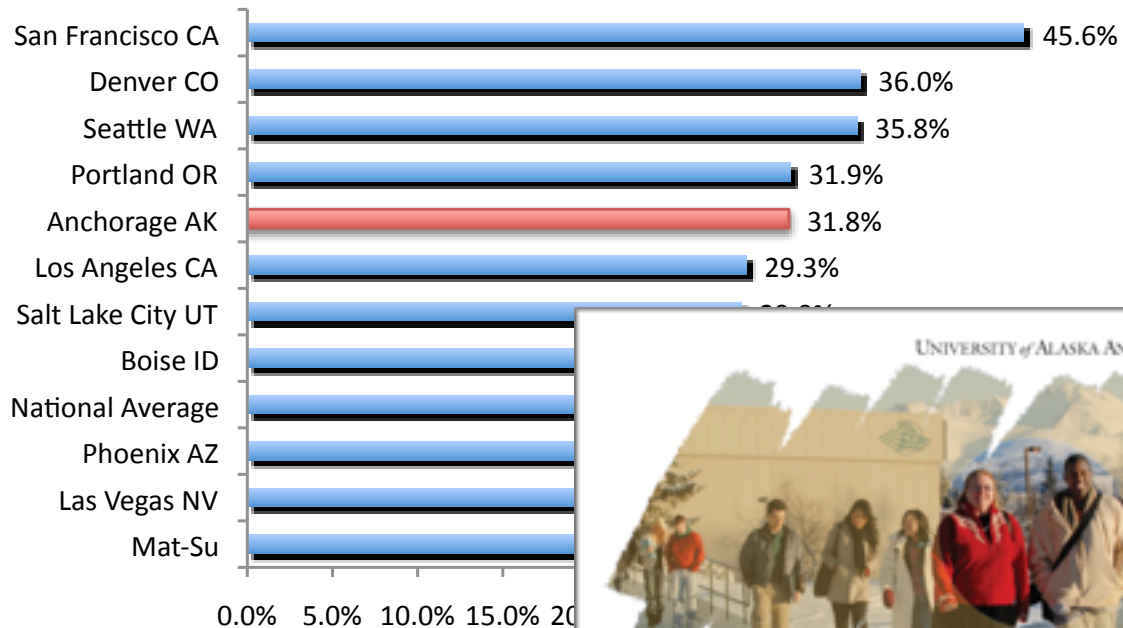
Nearly 32% of Anchorage adults have at least a bachelor's degree and this



The Consortium Library serves the University of Alaska Anchorage and Alaska Pacific University.

is higher than the national average of 27%. However, the percentage of high school graduates in Anchorage is somewhat below other major cities including Seattle, Denver and San Francisco.

## College Graduates



### Primary and Secondary Education (K-12)

The Anchorage School District (ASD) has a wide

variety of programs and schools and had a fall 2008 enrollment of 48,440 students. School enrollment has declined about 3% since it peaked at slightly more than 50,000 students in the 2002-2003 school year. The primary reason for the decline is a lower birthrate as nearly all of the female baby boomers, who were born between 1946 and 1964, are past their child-bearing years. The school district projects that enrollment will increase slowly and add about 1,400 more students over the next six years.

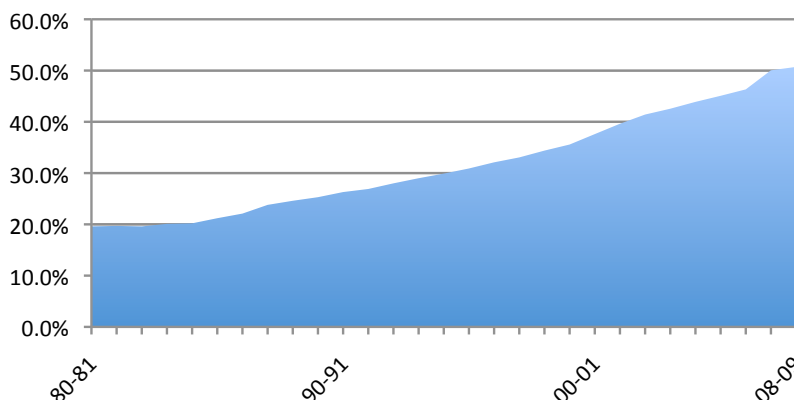
Anchorage is the largest school district in Alaska and the 88th-largest in the nation. ASD has schools located in Anchorage, Eagle River, Chugiak, Girdwood, Elmendorf Air Force Base and Ft. Richardson Army Post. Students can attend their own neighborhood school or participate in a wide variety of other innovative educational programs. ASD currently has 61 elementary schools, ten middle schools, eight high schools, twelve alternative schools and eight charter schools.

One of the alternative schools is a Montessori School and some of the alternative schools focus on instruction in a foreign language including Spanish, Russian and Japanese. One of the charter schools offers a Waldorf School Program, another has a program for Alaska Native students and another is a German School of Arts and Sciences. In addition, many schools have “school within a school” programs including an International Baccalaureate Program and an engineering program. Only about 5% of Anchorage’s school-age children attend private or parochial schools.

Most of ASD’s schools and facilities are relatively new or have been upgraded. Between 2003 and 2008, Anchorage taxpayers approved bonds to fund three new schools, four replacement schools and major maintenance for dozens more.

Anchorage schools face significant challenges. Many students are immigrants, with more than 90 different languages spoken in Anchorage schools. The number of homeless students has also increased. These economically disadvantaged students contribute to a high dropout rate. Alaska Natives, which make up nearly 10% of the Anchorage School District’s students have the highest high school dropout rate. In response, the district has established a special program with home visits that include parenting tips and academic progress reports in an attempt to bridge the differences between urban and rural Alaska. In addition, a Native Charter School was recently established.

**% Minority Students in ASD**



In the past five years, Anchorage School District student test scores in math, reading and writing have improved and high school students consistently outperformed the national average on college entrance exams. High school seniors earned more than \$1 billion in scholarships and awards since 2003.

**University of Alaska Anchorage**

The University of Alaska Anchorage (UAA) is located on a 384-acre campus in the U-Med District adjacent to Alaska Pacific University and Providence Alaska Medical Center. Anchorage's sixth-largest employer, UAA is an accredited university, offering certificate, associate, baccalaureate and master's degree programs in more than 130 major study areas. In fall 2008, the University had 15,359 students on its Anchorage campus, an increase of nearly 20% since 2000. The University can accommodate 976 students in on-campus housing.

According to its Chancellor, UAA is the first choice for nearly two-thirds of those

graduating from Alaska's high schools who attend college. More than 2,100 students graduated from UAA in May 2008. Eight out of ten UAA graduates stay in Alaska after graduation.

Most of UAA's facilities are relatively new. In the last five years, UAA has added the Alaska Native Science and Engineering Program building, a parking structure, a 120,000-square-foot addition to the Consortium Library and the Ecosystems/Biomedical Laboratory. Projects underway at UAA include the Conoco Phillips Integrated Sciences Building, which is scheduled to open in fall 2009.

Following a land exchange between UAA and Providence Alaska Medical Center, a Health Sciences Master Plan was completed for the south side of Providence Drive immediately west of Chester Creek. It is envisioned that this complex will include four teaching and research buildings, a parking garage, open space, plazas and elevated pedestrian crossings over Providence Drive. Ground has already been broken for the first building in this complex. Site selection and preliminary design for a new Sports Center has also been completed.

UAA also operates several off-campus sites that provide teaching, research and learning space for the University including the Aviation Building at Merrill Field, the 7th and A Street Building, the University Center and the Diplomacy Building near the Alaska Native Medical Center.

The University of Alaska Anchorage announced in May 2009 that it has received \$7 million from an anonymous donor. It is the largest private donation in the university's history. Most of the money is to be used for student scholarships, particularly for women and minorities. UAA is one of more than a dozen universities that have received donations ranging from \$1.5 to \$10 million. All of the schools are run by women.

The university allocated \$1 million of the gift to the new Conoco Phillips Integrated Science Building scheduled to open this fall. The remaining \$6 million will be put into an endowment fund and invested. The university hopes to offer full scholarships to 50 students annually to need-based Alaskans who are first-generation college students in their families. Only first-time freshmen will be able to apply.

### ***University of Alaska (UA) and UAA Workforce Programs***

The University of Alaska's workforce development and training efforts are jointly led by UA Workforce Programs and UA Corporate Programs (UACP). UA partners with industry groups such as the Alaska Process Industry Careers Consortium, and works with the Alaska Workforce Investment Board to identify areas with high-growth potential. The Tech Prep program at UAA is a partnership between UAA, secondary school districts, the Alaska Vocational Technical Center, Job Corps and other institutions. It offers college credit to high school students who complete approved courses at partner institutions.



In response to the ongoing shortage of nurses in Alaska, UAA's School of Nursing expanded its nursing program in Anchorage. The school anticipates it will more than double the number of nurses graduating this year.

The university also works closely with business and industry partners to develop programs to fit their needs. The UAA Community and Technical College established an associate's degree in construction management. The program, which was developed with input from local contractors and professional organizations, is designed to meet the high demand for skilled employees in the construction industry. Another important aspect of UAA's workforce effort is the continuing education and development opportunities offered to keep worker's job skills current.

Another example of UAA's focus on workforce development was its response to the rapidly evolving cargo industry and global economy movement. In the fall of 1999, UAA added three global logistics degree programs to its curriculum. The University is also home to one of only three Federal Aviation Administration-certified training centers in the nation for control tower personnel and pilots. This facility runs a sophisticated virtual-reality simulator that links the aircraft to the ground under real-life conditions.

### ***Alaska Pacific University (APU)***

Alaska Pacific University, a small, private, four-year institution, offers undergraduate and graduate degrees in seven study areas. APU is located on a largely wooded 700-acre campus adjacent to the University of Alaska Anchorage. APU's full-time enrollment is approximately 400 students. On-campus housing is available for more than 150 students. Alaska Pacific University offers associate and four-year degrees, an early honors program for high school seniors, a degree completion program for working adults, an on-line undergraduate degree program, and masters degrees.



*Salmon fishing downtown at Ship Creek*

### ***Charter College***

Charter College is an independent higher education institution. It offers a bachelor degree in information technology and associate degrees in business management, medical office administration, computerized accounting, computer technical graphics and computer networking technology.



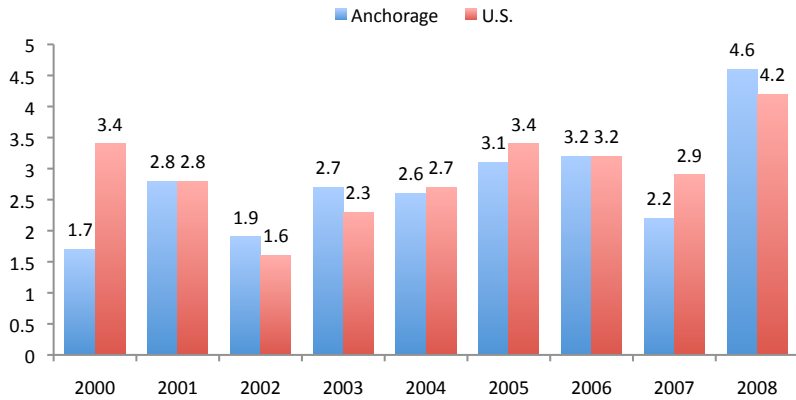
*Start of the 50-km Tour of Anchorage ski race*

# Quality of Life

## Arts & Culture

Year-round, locals and visitors can take in world-class arts and cultural presentations at the Alaska Center for the Performing Arts (ACPA), browse collections at the Anchorage Museum or our modern library system. Other venues include The Alaska Native Heritage Center, the Imaginarium, and the Alaska Museum of Natural History. Anchorage residents support a local symphony orchestra, opera, dance groups, choral groups and theatre programs. More than 75 arts organizations bring a wealth of visual and performing arts to the community.

**% Change in Consumer Price Index**

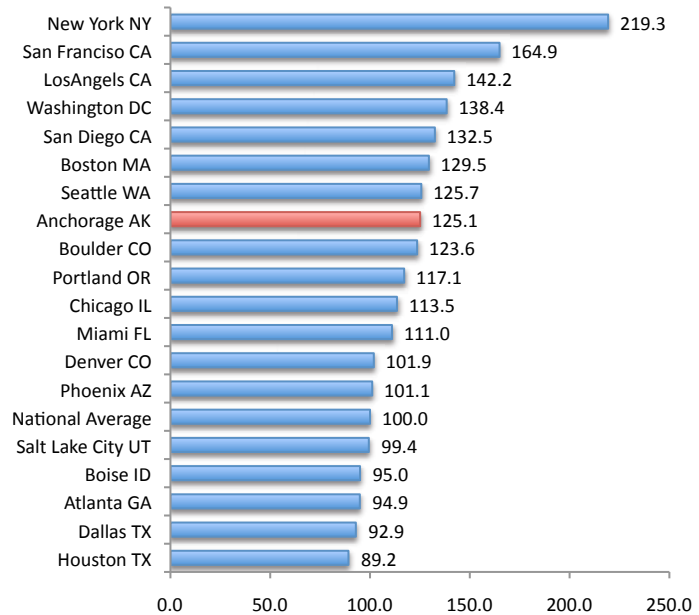


The ACPA, which opened in late 1988, has one of the most acoustically advanced performance halls in the nation. This world-class, three-theatre center for the performing arts sits in the heart of Downtown. The center has hosted national tours including Alvin Ailey American Dance Theater, violinist Itzhak Perlman, and Broadway hits such as “The Phantom of the Opera”, “Cats”, and “Les Miserables”.



This \$100 million addition to the

**ACCRA Cost of Living Index - 1Q-2009**





The Anchorage Museum at Rasmuson Center showcases the art, history and Native cultures of Alaska from prehistoric to contemporary times. A recently completed \$100 million expansion will accommodate additional exhibit space and a priceless collection of Alaska Native artifacts from the Smithsonian. It will also incorporate the youth-oriented Imaginarium Science and Discovery Center and a new planetarium.

### Sports & Recreation

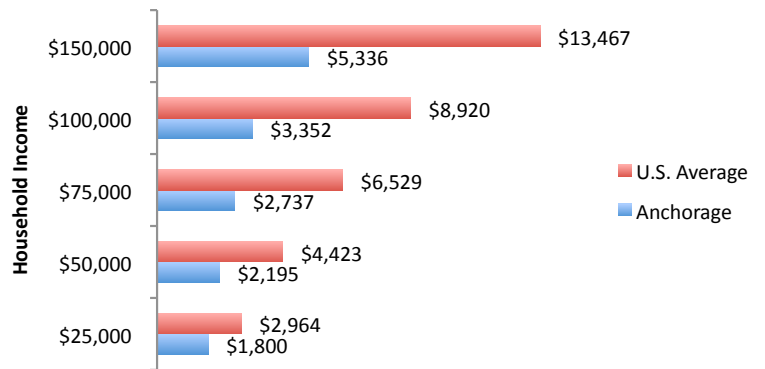
Anchorage's residents are fortunate to live in one of the world's greatest natural playgrounds. The city has 10,946 acres of municipal park land, 223 parks, 250 miles of trails and greenbelts that link neighborhoods with surrounding natural open spaces and wildlife habitat, 110 athletic



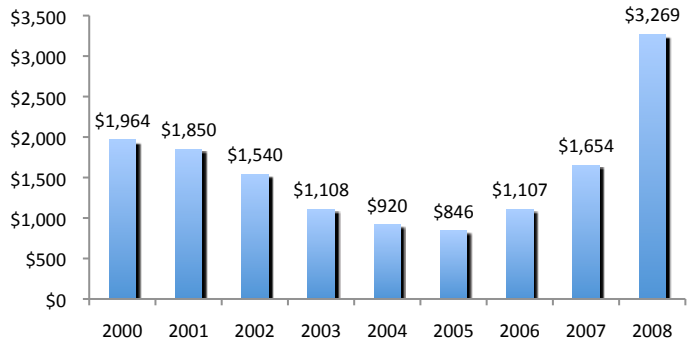
fields, 5 pools, 11 recreation facilities, 5 off-leash dog parks and 82 playgrounds. These trails and greenbelts weave throughout the city and provide easy access for a walk, jog, bicycle ride, or cross-country ski trek through the woods or along the coast of Cook Inlet. The half-million-acre Chugach State Park borders Anchorage and provides hiking, climbing, mountain biking, snowmobiling and horseback riding opportunities.

The Municipality of Anchorage has been recognized as having one of the

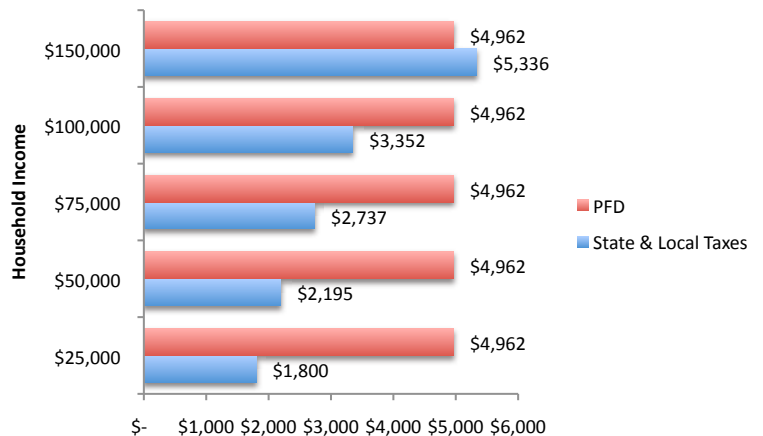
### State & Local Tax Burden - 2007



### Permanent Fund Dividend



### PFD vs. State & Local Taxes - 2007



top three municipal trail systems in the nation. The system includes more than 120 miles of paved bike trails and more than 105 miles of maintained cross-country ski trails, about one-quarter of them lighted for night skiing. The system also has dog mushing, hiking, skijoring and equestrian trails.

Alaska offers some of the best fishing in the world, and Anchorage has numerous fishing areas within 40 miles of the city. Trout fishing is excellent and the salmon fishing is unparalleled. Anchorage is the only major city in the world where you can catch a King Salmon downtown.

The Sullivan Arena is designed to be a multi-use facility, complete with an Olympic-size ice rink, with an insulated floor covering for basketball, concerts, and trade shows. Each year, the Sullivan Arena hosts a premier collegiate basketball tournament featuring some of the nation's best college basketball teams. The Anchorage Aces are the town's popular professional hockey team, whose games are also played at the Sullivan. Other recreation facilities include swimming pools, tennis courts, softball and soccer fields, golf courses and ice skating rinks in Anchorage.

One of the world's largest winter carnivals, Fur Rendezvous, takes place in Anchorage each February, and includes the World Championship sprint dog sled races. Each March, the Iditarod Trail Sled Dog Race from Anchorage to Nome, begins downtown.

Alyeska Resort, Alaska's largest ski resort, is a scenic forty-minute drive from downtown Anchorage. This burgeoning mountain resort features 1,000 acres of skiable terrain, ranging from gentle slopes for beginners to double black diamond runs to challenge the experts. At the base of the mountain, The Hotel Alyeska is a chateau-style hotel with more than 300 guest rooms. Just minutes from downtown Anchorage are two smaller downhill skiing areas, Hilltop Ski Area and Arctic Valley Ski Area.

## Cost of Living

### ***Consumer Price Index***

The Consumer Price Index (CPI), measures inflation, and is frequently used in wage contracts and lease agreements. However, this data cannot be used to compare living costs in Anchorage with those in other cities. In recent years, the Anchorage CPI has closely tracked national inflation trends. Since 2000, inflation rates for Anchorage and the nation have been low. That trend reversed in 2008, when both rates edged above 4%.

### ***ACCRA Index***

The ACCRA Cost of Living Index is published quarterly by the Council for Community and Economic Research, a non-profit organization. This survey is frequently used to compare costs between cities. The index is based on detailed cost-of-living surveys in about 400 cities. ACCRA's market basket is meant to capture the expenditure patterns of professional and executive households with incomes in the top 20% of all U.S. households. Expenditures for each city are compared to the average for all cities surveyed, which is assigned a score of 100. For example, a city with an index score of 125 has living costs 25% higher than the average of all ACCRA cities surveyed.

The ACCRA Cost of Living Index for the first quarter 2009 revealed that Anchorage's cost of living was 125.1, or 25.1% higher than the nation average ranking of 100. Other cities with similar scores included Seattle, with 125.7 and Boulder, Colorado with 123.6. The most expensive city surveyed was New York

City at 219.3 and one of the least expensive city was Houston, Texas. at 89.2. The survey does not include taxes, a significant concern for Alaskans, whose state and local tax burden is the lowest in the country.

### ***State & Local Taxes***

Every year the City of Washington DC makes a comparison of state and local taxes of the District of Columbia and the largest city in each state. For many years Anchorage has had the lowest state and local taxes of the cities in the survey. In 2007, for example, the typical Alaska family of three with an income of \$75,000 would pay \$2,737 in state and local taxes, compared to a national average tax burden of more than \$6,500. Although Anchorage has property taxes, it has no state or local sales or income tax. These calculations also don't consider the benefit of the PFD (see below).

### ***Permanent Fund Dividend***

The Alaska Permanent Fund Dividend (PFD) has contributed significantly to the quality of life of Anchorage families by providing an annual injection of cash. Under the program, Alaska residents are able to earn a share of the wealth from publicly owned natural resources.

For the last five years, the PFD has averaged about \$1,600 per year. Thus the typical Anchorage household of three persons received an annual payout of about \$4,800 in dividends. This amount is much higher than the state and local tax burden for households earning \$100,000 or less. In 2008, due to high energy costs and state surplus oil revenues, an extra \$1,200 was added to the dividend to offset high energy costs, giving residents a record total payout of \$3,269 per person or \$9,807 for a family of three.

# Infrastructure

## Overview

Anchorage has a modern, reliable infrastructure that has supported a twenty-year streak of economic growth. Anchorage's transportation infrastructure, including a developed road system, the Port of Anchorage, the Alaska Railroad Corporation and Ted Stevens Anchorage International Airport combine to make Anchorage the entry point for 90% of Alaska's freight, serving over 80% of state residents.

Anchorage's infrastructure is strengthened by utilities and telecommunications systems which are high-tech, competitive, and resourceful. Anchorage is one of the most "wired" cities in the United States.

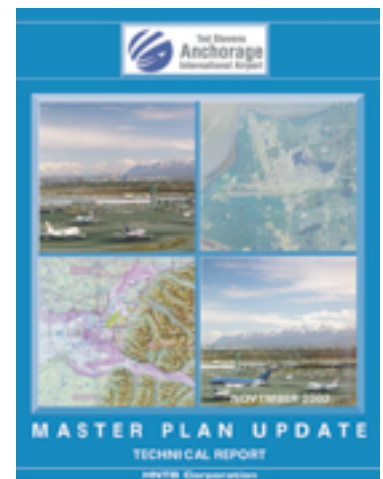
A relatively young city, Anchorage has modern public facilities and private developments. Energy-efficient lighting, Leadership in Energy and Environmental Design (LEED) construction standards, alternative energy and recycling are growing sectors of Anchorage's infrastructure development. Anchorage's infrastructure helps position the city to attract new business development.

## Air Transportation

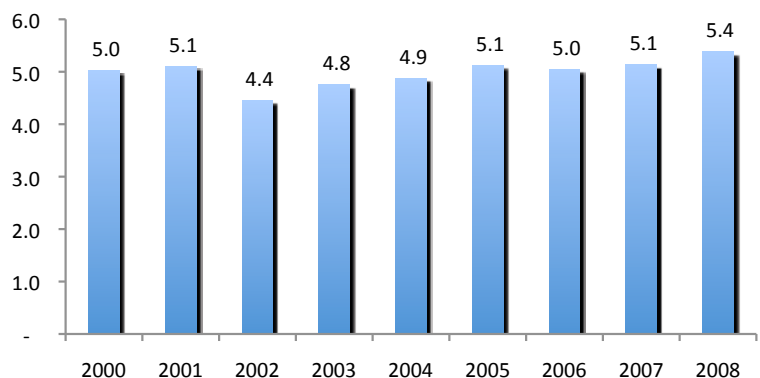
Ted Stevens Anchorage International Airport (ANC) is Alaska's largest airport and the center of the state's air system with over 100,000 landings each year. In FY 2008, the airport handled nearly 5.4 million passengers and 6 billion pounds of cargo.

The airport has a new 440,000 square-foot main concourse, which was completed in 2004. The project included improved parking and road access. Other improvements completed since 2000 include reconstruction of the north/south runway and a new north/south taxiway. A new airport rental car center, located immediately east of the main terminal, opened in 2007. The center allows quick turnaround services for vehicles in all weather conditions. In 2008, car and RV rentals in Anchorage totaled nearly \$71 million and netted the Municipality about \$5.4 million in tax revenue. In the summer months, some tourists travel to and from the airport via the Alaska Railroad, which has a terminal adjacent to the main terminal.

ANC has direct cargo service to 45 cities around the globe. Anchorage is a preeminent global cargo hub, with 90 percent of the industrialized world less than 9.5 hours away by air. With more than 600 cargo plane landings a week, Anchorage's airport ranks as the world's second-busiest air cargo hub. ANC's advantages include location, weather conditions, facilities, services, and fees.



**Air Passengers - Millions**





The new main concourse for the Ted Stevens Anchorage International Airport opened in 2003.

Aerial view of ANC and the Lake



outstanding achievement in airport snow and ice control three times, most recently in 2007. The airport has never been closed due to snow accumulation. In fact, ANC had not been closed due to weather of any kind for 15 years. In the past 20 years ANC was closed only for 20 hours during the Mt. Redoubt seismic activity in late March, 2009. Flights were cancelled or diverted for only two days. In April 2009 related to eruptions of Mt. Redoubt Volcano.

In addition to ANC, Anchorage is served by five general aviation, state, municipal and military airfields: Lake Hood Seaplane Base, Merrill Field and Birchwood Airport serve general aviation traffic, while Bryant Field on Fort Richardson and Elmendorf Air Force Base support military operations. Lake Hood Seaplane Base is the largest and busiest seaplane base in the world, handling about 84,000 landings per year. Merrill Field, with more than 252,000 annual landings, is the busiest airport in Alaska, and one of the busiest general aviation airports in the United States. The Birchwood Airport, located about 20 miles north of Anchorage, is owned by the Alaska Department of Transportation & Public Facilities, has a paved 4,010-foot runway, and averages 153 takeoffs and landings per day.

In-state air travel occurs by jet, turbo-prop, or small aircraft. Regional air carriers fly daily from Anchorage to destinations around the state. Given Alaska's large geographic area and lack of road access to many rural areas is limited. As a result air is the primary method used to transport people



and goods to many remote areas. This is reflected in the fact that per capita, Alaska has eight times as many pilots and 15 times as many aircraft as any other state in the nation.

## Port of Anchorage

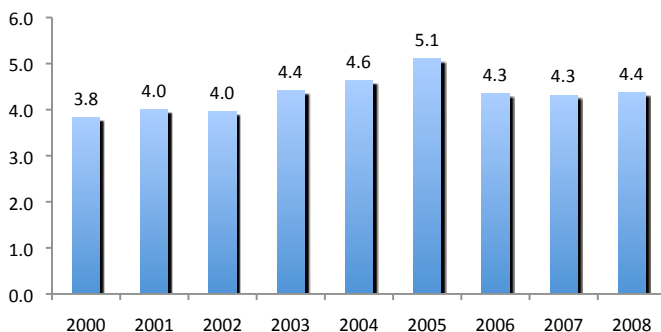
The Port of Anchorage is Alaska’s primary entry point for consumer and essential goods. The port handles 90% of the general cargo for the Alaska Railbelt area. It serves 80 percent of the state’s population, including communities and major military installations, by means of marine, road, rail and air cargo connections.

In 2008, the Port handled 4.4 million tons of cargo. The Port is an active Foreign Trade Zone and a U.S. Customs port of entry. In 2004, the Port of Anchorage was designated as one of 19 national strategic ports because of its importance and ability to rapidly process and deploy military cargo and equipment in support of the Department of Defense’s world-wide force projection mission.



*Existing cranes at Port of Anchorage*

### Port of Anchorage - Tons of Freight

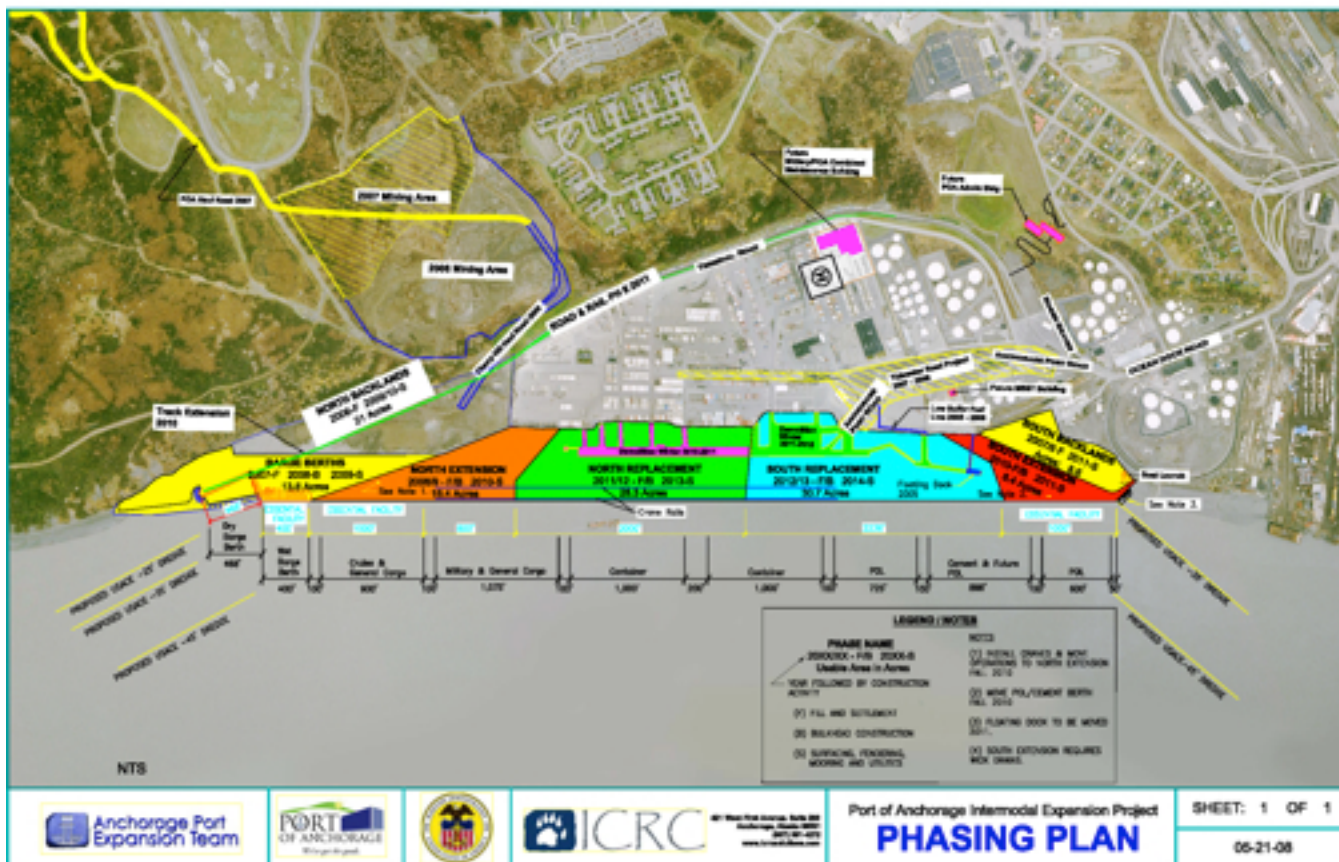


The Port of Anchorage is the northernmost deep-draft intermodal port in the United States and is open year-round. In addition to containerized freight, the Port handles most of Alaska's refined petroleum products, including all of the jet fuel for Elmendorf Air Force Base, and over 80% for Ted Stevens Anchorage International Airport. Ships from Asia call frequently transporting construction materials and bulk cement.



With commercial operations beginning in 1961, the structures and facilities at the Port of Anchorage are well beyond their design life and pose serious safety concerns. In 2004, the Port of Anchorage began a \$700 million expansion and renovation project. More than 70 acres of new land have been added to the Port facilities, including two new barge berths, a rail line extension and connection, improved roads and buried utility infrastructure, and a consolidated security facility. Scheduled for completion in 2015, the new port will provide 135 new acres, additional large-vessel berths, cruise ship handling capability, more efficient container cranes, and a deeper harbor.





accommodate modern commercial and military vessels. The project will position the Port of Anchorage to serve the needs of Anchorage and the State of Alaska for the next several decades.

The two main shipping companies serving the port are Totem Ocean Trailer Express, Inc. (TOTE), and Horizon Lines. TOTE operates a fleet of roll-on/roll-off cargo ships offering twice-weekly service between the Ports of Tacoma, Washington and Anchorage. Horizon Lines is the world’s largest American ocean carrier, operating 16 U.S.-flagged shipping vessels on routes linking the continental United States, Alaska, Hawaii, Guam and Puerto Rico.

Access to, and egress from the port is facilitated by an excellent road and rail network. The Alaska Railroad, whose main intermodal yard is less than a mile away, maintains tracks to the port. Alaska Rail Marine offers a combination rail-water-rail service to move goods to and from Alaska and the continental United States year-round. Computerized cargo tracking and loading services are available, and transshipment of freight via scheduled airline or air cargo flights is



*The port is vital to Alaska’s military operations*

only minutes away at Anchorage International Airport.

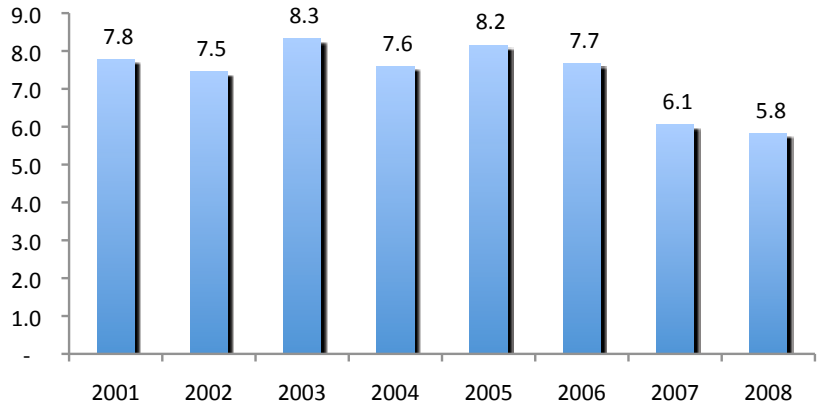
Anchorage's geographical location makes it an ideal global logistics hub, fitting into business strategies of international companies which transport goods between the United States, Asia and Europe, and providing multiple benefits to both companies' bottom lines and those of the clients they serve.



## Alaska Railroad

The Alaska Railroad Corporation (ARRC) is a self-sustaining, full-service railroad serving ports and communities from the Gulf of Alaska to Fairbanks. The Railroad is owned by the State of Alaska and overseen by a board appointed by the Governor. In combination with Ted Stevens Anchorage International Airport and a developed road system along the railbelt, the ARRC helps facilitate the movement of a large percentage of freight out of the Ship Creek Basin area, including the Port of Anchorage.

### Alaska Railroad Millions Tons Freight



The ARRC connects Anchorage to Seward, Whittier, Fairbanks, and other destinations, moving large volumes of cargo, including consumer goods and industrial and construction supplies. In 2008, rail freight tons dropped to 5.8 million compared to a peak of 8.3 million in 2003. Most of this drop is due to a decline in petroleum products shipped from the Flint Hills refinery near Fairbanks. The ARRC also operates passenger tourist routes north to Denali National Park and Fairbanks, and south to Seward. In 2008, the railroad had more than 540,000 passenger trips.

The Railroad can accommodate specialized and oversized freight such as machinery, pipe, construction modules and other materials. It can also supply oversight for the transport of hazardous waste, including routing with air cargo, trucking and rail lines, as well as manifesting and tracing.

The ARRC is nearing completion of a \$78 million track-straightening project which will allow for 47-minute (each way)





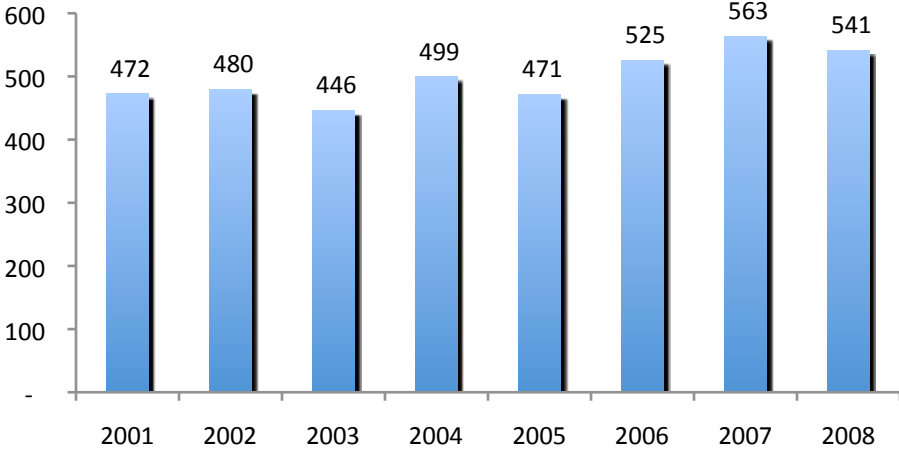


Plan for the proposed Ship Creek Intermodal Transportation Center.

commuter rail trips between Anchorage and the Matanuska Valley. In late 2008 ARRC took delivery of a self propelled rail car, necessary for implementation of commuter rail service.

The ARRC is also working on development and construction of supporting infrastructure for commuter rail service including park-and-ride stations and the proposed Ship Creek Intermodal Transportation Center. Next steps include further development of the Regional Transportation Authority and continued development of the Ship Creek Basin.

**Alaska Railroad Passengers - In 1,000s**

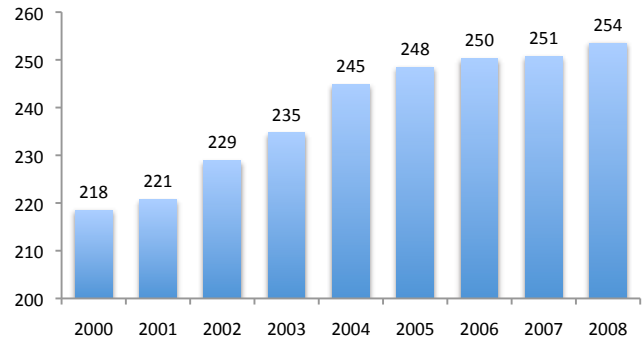


# Roads & Highways

Anchorage has a modern, well-maintained road and highway system, providing access to neighborhoods and major industrial and business areas. With a population of 285,000, the municipality has over 250,000 registered private (non-commercial) automobiles and trucks, and over 1,100 miles of state and municipal roads including neighborhood collectors, arterials, and 6-lane expressways.

Anchorage is a northern city and its municipal and

**Autos & Pickup Trucks - in 1,000s**



*Afternoon traffic on the Glenn Highway.*

state crews work around the clock between October and April to provide snow removal and road maintenance services to keep roads cleared and traffic flowing.

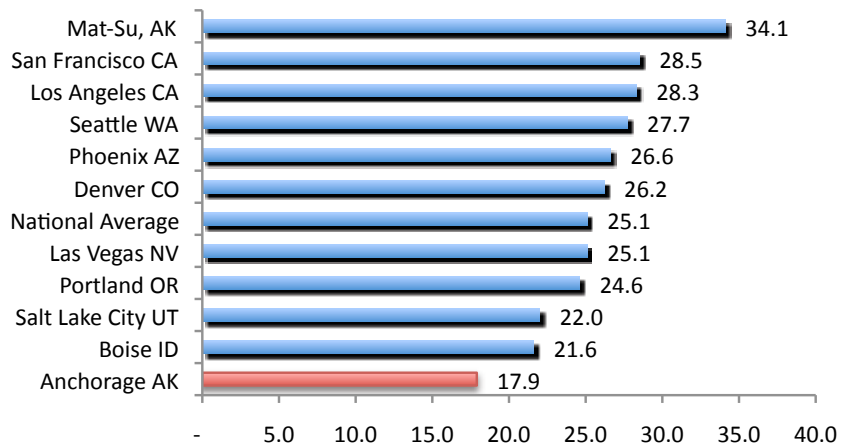
In recent years, access routes to the Ted Stevens Anchorage International Airport and its terminal, as well as routes to and from the Port of Anchorage have been improved, facilitating the movement of people and goods.

Compared to most major cities, Anchorage has minimal traffic congestion and relatively low

commute times. The national average commute to work is 25.1 minutes, compared to only 17.9 minutes in Anchorage. Average commute times in major California cities are more than 28 minutes. The total trips in the Anchorage Bowl, including Mat-Su commuters is about 1 million daily, Monday through Friday.

Many of these trips are generated by commuters from the Mat-Su Valley. Between 2000 and 2007, average daily trips between the Mat-Su and Anchorage rose steadily from 22,321 to 28,506. However, due to the huge increase in gasoline prices in 2008, the average daily trip volume dropped to 27,454.

**Average Commute Time in Minutes**





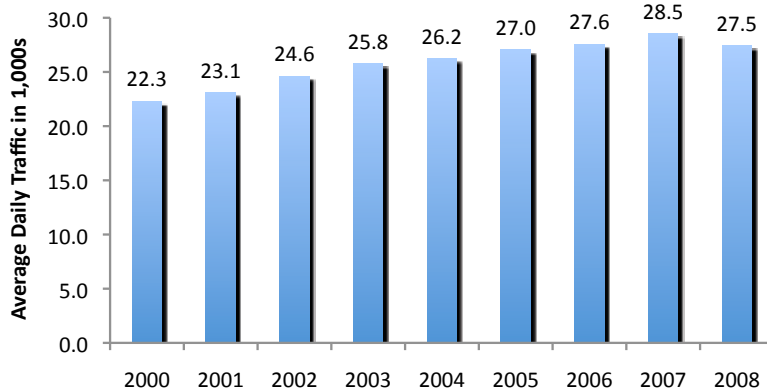
The 2025 Long Range Transportation Plan (LRTP) estimates that 23% of Anchorage’s future population growth will occur in the Chugiak-Eagle River area, further increasing traffic volumes on the Glenn and Seward Highway corridors. The 2025 forecast is for 75,000 daily trips between Muldoon Road and 36th Avenue, and 50,000 to 75,000 daily trips from Tudor Road to Dimond Boulevard.

Several major intersections in Anchorage are currently rated “failing,” and 50% of all vehicle crashes in the state occur in Anchorage. To improve system connectivity, accommodate

demand and improve safety, LRTP recommends improving the connection between the Glenn and Seward Highways. By 2025 traffic moving from the Glenn the Seward Highway is expected to exceed 100,000 vehicles per day.

The proposed connection, known as the Highway2Highway Connection, is currently in early stages of the planning process. The municipality is

### Anchorage-Mat-Su Trips in 1,000s



future the to the seeking public comment, and scoping alternative routes. It is estimated that the project could

eliminate more than 200,000 daily vehicle trips from existing roads, and facilitate the movement of people and goods. Several other major road infrastructure projects are also called for in Anchorage’s LRTP.

Anchorage is linked to the rest of the nation via the Alaska Highway, which is fully paved and improved from Fairbanks to Dawson Creek, B.C., where it connects with Canada’s highway system and the Interstate highway system.

### Public Transportation

Anchorage’s primary mode of public



Anchorage road projects have pedestrian amenities and bike trails.



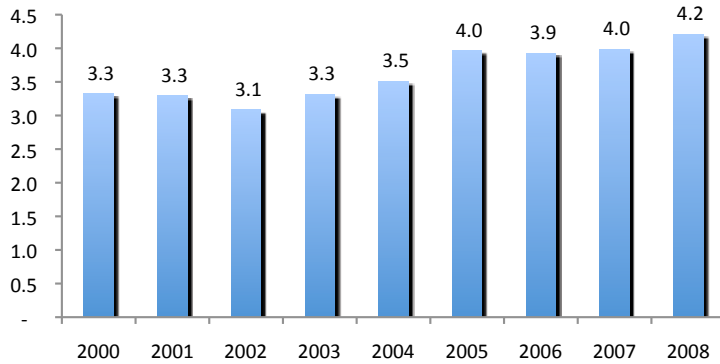
transportation is the Municipal People Mover Bus System which began in July 1974 with 15 buses serving 8 routes. Today the system has 55 buses serving 16 routes including the Anchorage Bowl and the Chugiak-Eagle River area.

When gas prices increased dramatically in 2008, Anchorage transit ridership set a new record of more than 4.2 million trips, a 5.6% increase over 2007.

People Mover recently introduced a bus tracker feature on the muni.org website. The bus tracker uses GPS technology to show the location of buses on the route and when they are estimated to arrive at each stop on the route.



**Total Transit Ridership - Millions**



People Mover also operates AnchorRIDES, which provides service to seniors and persons with disabilities, and the Vanpool Commuter Program. The majority of vanpool riders are commuters from the Mat-Su Valley. Vanpool ridership increased from about 68,600 in 2002 to 180,500 in 2008. This reflects the growing demand for commuting alternatives. They also offer a Share-A-Ride service that helps connect people who live in the same area who have

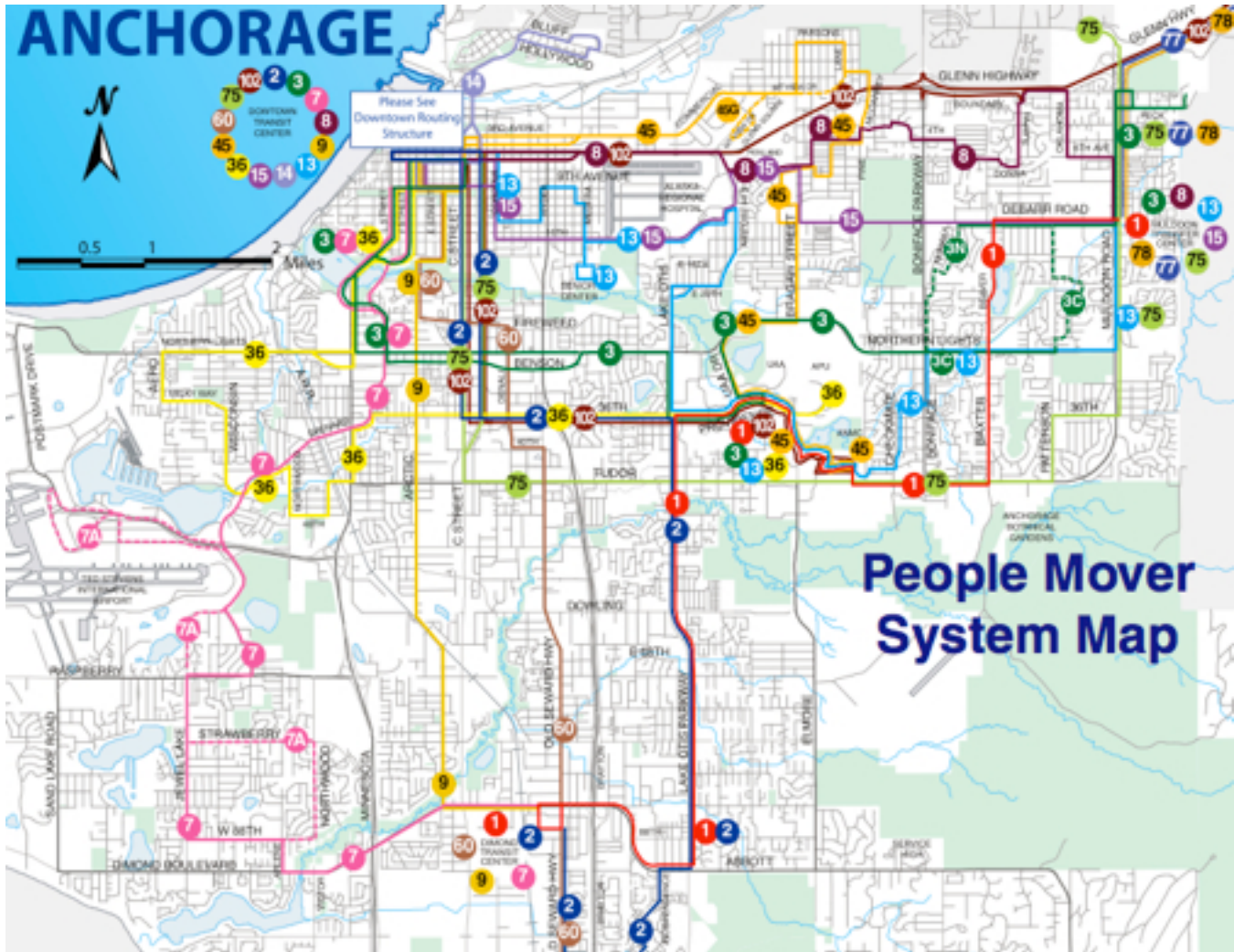
expressed interest in carpooling.

People Mover's funding streams often impact the system's ability to maintain routes and trip frequencies necessary to build ridership. Only 21% of People Mover's costs are covered by operating revenues, with 60% coming from property taxes, 17% from federal sources, and 2% from Municipal Revenue Sharing.

People Mover is currently working on upgrading facilities, infrastructure and technology, to improve service and route frequency. People Mover is working on further development and funding of the Regional Transit Authority, exploring the purchase of alternative fuel vehicles. It is also seeking state funding for Public







Transportation.

The increased demand for public transportation options is one of the reasons why the Federal Transit Authority signed on as a co-lead for the Highway2Highway Project, ensuring that public transportation alternatives will be examined as part of the Environmental Impact Statement phase of the project.

# Telecommunications

Alaska is often referred to as one of most “wired” state’s in the nation, consistently placing in the top five states for per capita Internet usage. A 2007 study found that 75% of Anchorage households had a high-speed Internet connection. It is the center of the telecommunications industry in Alaska. Anchorage is home to two local phone companies, Alaska Communications Systems (ACS) and General Communications Inc. (GCI). Both offer local and long-distance telephone service, dial up and broadband Internet access, and wireless service.



In addition to ACS and GCI, consumers have numerous options for Internet and cellular service, as well as satellite and cable television. Anchorage has three 3G networks. The first is operated by GCI under the Alaska Digitel brand and the second is operated by ACS. Both are CDMA networks. AT&T recently entered the local market, and began offering a 3G network in May.



Anchorage is connected to the rest of the world by four fiber optic cables. Two are owned and operated by GCI and two by ACS. These cables have excess capacity and could accommodate firms that operate server farms or customer service call centers that need to transmit large quantities of data.

The Municipality of Anchorage Information Technology Department is implementing an e-Government plan that includes installing computer kiosks in libraries and other city buildings to make government services more accessible to citizens. In May, the city rolled out a major update to its muni.org website which includes expanded online services.





## Water and Sewer

Anchorage Water and Wastewater Utility (AWWU) owned by the Municipality of Anchorage, and governed independently by a seven-member Board of Directors..

AWWU maintains over 1,500 miles of pipe in the ground and has more than 110,000 customer accounts. AWWU touches daily life of nearly everyone lives and/or works within Municipality of Anchorage.



*Glacially-fed Eklutna Lake, provides 89% of Anchorage's water.*

AWWU provides benefits that only a quality water and a well-run wastewater utility can deliver:

- **Public Health Protection:** Safe and delicious glacier-fresh water is available to homes and businesses 24 hours a day, every day, balanced by an efficient sanitary wastewater collection, treatment, and disposal.
- **Fire Protection:** Water is available at flows and pressures for effective firefighting at over 7,000 hydrants throughout the community.
- **Support for Economic Development:** Water and wastewater services are essential for a vibrant economy and a growing community.
- **Quality of Life :** Any measure of a successful society is in some way related to access to safe water.

Anchorage is fortunate. Its two major water sources, Eklutna Lake and Ship Creek, provide a continual supply of water which contain no man-made pollutants. Anchorage's watersheds are part of the Chugach Mountain Range and within the Alaska State Park system. Natural barriers and existing park regulations protect both water sources from activities that could adversely impact the water supply. Chugach State Park was established in 1970 and within its borders resides the Ship Creek Valley and Eklutna Lake Valley watersheds. Deep wells also contribute to Anchorage's water supply.

In 1998, Anchorage's drinking water was selected as the "Best Tasting Water" of 160 municipal water systems in the United States at the US Conference of Mayors USA City Water Taste Test.



*Water from the Eklutna plant won "Best Tasting Water" in the US*

Most homes are served by the piped wastewater

is  
of

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who  
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system. The John M. Asplund Wastewater Treatment Facility, built in 1972, provides primary treatment of 35 million gallons of wastewater each day. Effluent is discharged into Cook Inlet. Approximately 15,000 homes use individual wells and septic systems. Eagle River and Girdwood are served by a three-stage wastewater treatment process that removes contaminants and raises the effluent quality of a wastewater treatment facility's discharge into streams, oceans or lakes.

In 2007, AWWU received a Gold and two Silver Peak Performance Awards from the National Association of Clean Water Agencies (NACWA) for outstanding compliance at its public wastewater treatment facilities in Anchorage, Girdwood and Eagle River.

In 1997, Anchorage Water & Wastewater Utility was recognized by the Water Environment Research Foundation (WERF) as one of the best top ten wastewater service providers in the United States.

Named Best Service Provider in WERF's Benchmarking Wastewater Treatment Plant Operations Survey of over 100 utilities, the award was bestowed on AWWU during John Asplund Wastewater Treatment Facility's 25th year of operation. The Asplund facility is AWWU's largest and oldest treatment plant.



*AWWU crews use large round steel tubes to protect workers repairing a utility break*



*Each year AWWU crews inspect and eliminate plugs in more than 750 miles of*



*The John Asplund Wastewater Treatment Plant was named best service provider in a national competition.*

# Natural Gas & Electricity

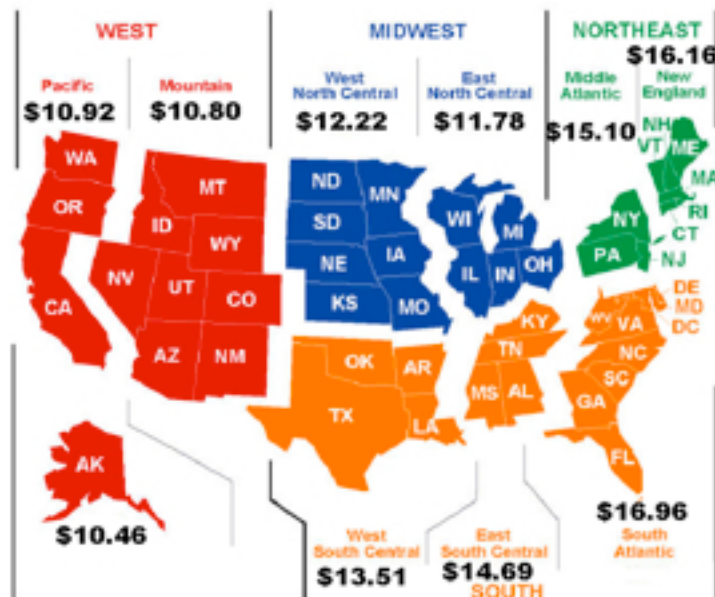
Piped natural gas is available from ENSTAR Natural Gas Company, and is the most prevalent and cost-effective home heating method. Electricity is provided to the core area by Anchorage Municipal Light & Power and the privately owned Chugach Electric Association. Matanuska Electric Association serves the Eagle River and Chugiak area of Anchorage, as well as the Matanuska-Susitna Valley.

In 1997, these three utilities purchased the Eklutna Hydroelectric Facility. Anchorage Municipal Light & Power also owns eight electrical generation facilities. Chugach Electric owns power generating facilities from the Kenai Peninsula to the Eklutna River.

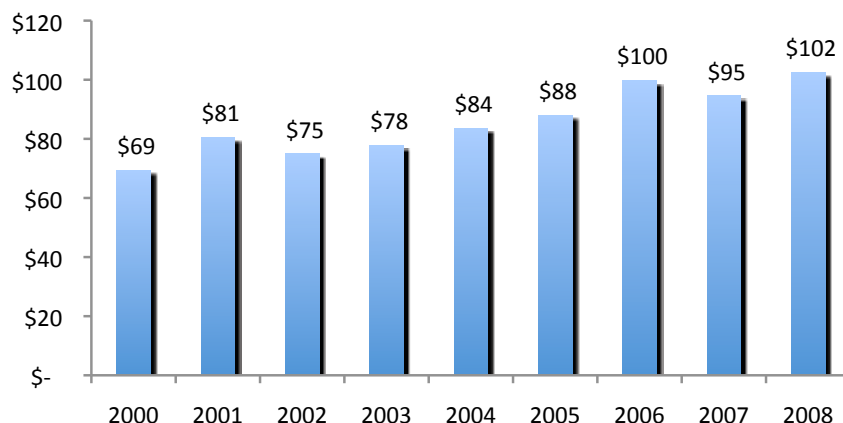
The Municipality is actively working on developing alternative energy sources and energy efficiencies including:

- The Fire Island Wind Electrical Generation Project
- The Anchorage Landfill Methane Utilization Project
  - The Municipal Building Lighting Retrofit Project
  - The Energy Efficient Lighting Program for city roads, parking lots, parks & trails

## Regional Average Natural Gas Prices mcf Delivered - January 2009



## Residential Cost - 700 kwh Electricity





## Solid Waste

Municipally owned Solid Waste Services (SWS) and privately owned companies collect refuse for deposit into the 82-acre Anchorage Regional Landfill in the Chugiak-Eagle River area, which opened in 1987. The landfill has a remaining design life of 35 years. This is a benefit since many communities in the Lower 48 are facing landfill closures and escalating waste disposal costs as they must ship its garbage to other locations. Los Angeles, for example is expected to begin shipping its waste by rail to a landfill site in Nevada. Seattle ships much of its waste by rail to eastern Oregon.



The Municipality of Anchorage processes about 1,300 tons of solid waste per day. Its utility uses a transfer station system to make waste disposal efficient, readily accessible and convenient for Anchorage residents and businesses. The

Municipality also collects hazardous wastes and used oil. Both the Municipal landfill and its household hazardous waste facility have won national awards from the Solid Waste Association of North America for excellence in design and operating systems management. The privately owned Anchorage Recycling Center collects cans, metal, paper, plastic containers and newspaper.

In late 2008, SWS rolled out the first phase of residential curbside recycling. This successful program will be expanded in phases throughout SWS's service area. In addition, private refuse companies are working to develop their own curbside recycling programs. The Municipality is also working on development of a new Materials Recovery Center (recycling center) to facilitate local sorting of recyclables.



The global recession has caused the prices for materials like used paper and scrap metal to nose-dive. This has created problems for recyclers here and across the country. Anchorage recycling firms have laid off employees, raised fees and cut costs. Copper, which was selling for about \$3 a pound in 2008, is now selling for only about 50 cents a pound. Markets for junk cars and scrap iron have disappeared. The price for mixed paper in the Pacific Northwest, where most Alaska material is sent, has plunged from \$110 to \$10 a ton. Cardboard prices have dropped from \$100 a ton to \$35, and old newspapers from \$155 a ton to \$75 a ton. Aluminum, which was selling for \$1.07 a pound last year, is down to 65 cents a pound. The

most promising options are to recycle trash into new products here. An Anchorage company, Thermo-Kool of Alaska, is shredding recycled newspapers for insulation. In January, the Anchorage recycling center stopped accepting glass due to a drop in local demand for glass.



# Commercial Space

## Office Space

During the first quarter of 2009, office space vacancies in the nation rose to more than 15%. In contrast, a recent report to the Anchorage Building Owners and Manager Association (BOMA) found that the supply of Anchorage office space is lower than it was last year. Anchorage vacancy rates in Class A office space during the first quarter of 2009 were only about 2 percent, compared with 4 percent in 2008. The vacancy rate has increased slightly since that time. The vacancy rates in Class B and C office buildings also declined, but have now also increased somewhat. Although low vacancy rates indicate that the local office market is stable and healthy, the appraiser who conducted the survey predicted that vacancies would increase in 2009.



*New Midtown office building includes a parking garage*

with 4

The supply of office space here has increased in the last decade with the construction of numerous

high-rise Class A buildings, primarily in the Midtown area. Most of these buildings have an Alaska Native corporation, energy, gas pipeline, finance or real estate firm as an owner or major tenant. The cost of office space has increased markedly in the last decade. In 1999, Class A office space was typically leased for \$1.75 per square foot and five years ago space averaged \$2.45. Today, older Class A office buildings command \$2.65 per square foot, with most new Class A buildings leasing for over \$3 per square foot due to high construction costs,



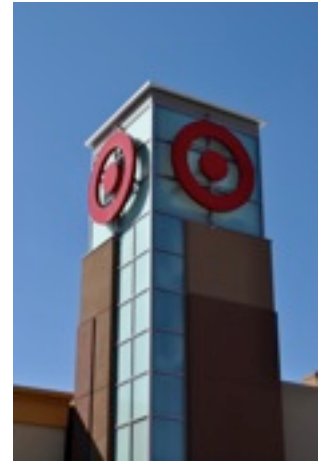
*Alutiq Center in Midtown Anchorage*

approaching \$300 per square foot.

### **Retail Space**

In the last two years, there has been some strip retail construction and mall development in northeast Anchorage, new big-box retail and renovation of existing retail space. The largest development is Tikahtnu Commons near the intersection of Muldoon Road and the Glenn Highway. This development includes a Target store that recently set a record high sales volume for a store opening in the retail chain and the developer reported that most other stores in the complex have experienced sales above projections.

A January report to the Anchorage BOMA noted that Anchorage had about 25.2 square feet of retail space per person in 1995, compared to 33.2 square feet in



*This former Comp USA store is now vacant*



*This Best Buy in the Tikahtnu Commons development will open soon*

2009. The report estimated that based on our demographics, Anchorage generates an annual consumer demand of about \$4 billion.

The report found that Anchorage currently has a surplus of retail space in almost all retail categories. The report noted that several national chains have shelved plans to enter into or expand in the Anchorage market, due largely to the national economic recession. In addition, some national retail chains such as Gottschalks, Mariposa and Comp USA have closed. However, most of these stores were performing well in the Anchorage market, but were forced to close because of the national chain filed for bankruptcy. The report anticipated that more stores might close in the months ahead.

Retail vacancies are expected to increase in 2009, and few additions to

the retail space inventory are expected. Vacancy rates are increasing, particularly in “B” locations or areas with too much retail inventory. In 1999, strip retail space leased at rates from about 95 cents per square foot to \$2.25 and remained relatively unchanged until recently. Today, strip retail costs as much as \$3.25 per square foot. Again, this is due to the high cost of construction in Anchorage.



*Buildings like this in industrial zones can be redeveloped*

## ***Industrial Space***

Anchorage warehouse lease rates are nearly twice as high as those of the rest of the nation. As a result, many companies find it is cheaper to warehouse in the Lower 48 and ship their goods here. Real estate experts have concluded that higher lease rates in Anchorage are due to construction costs, not land costs. Industrial land in Anchorage sells for about \$12 per square foot, which is below the national average.



In 1999, warehouse space in Anchorage leased for about 75 cents per square foot. Five years ago, that figure was about 85 cents per square foot. Today the rate is about \$1 per square foot. In addition, tenants here must pay their own utilities and maintenance, while the landlord pays taxes and insurance. In a report to BOMA, a real estate broker found that less than 200,000 square feet of industrial space was available for lease, which is a vacancy rate of only about 1%.

Despite the tight market, almost no speculative industrial space is being built because the lease rate of \$1.35 per square foot, which would be needed to cover the cost of new construction, is above what the local market will pay for industrial space. Nearly all new industrial space built in Anchorage is for owner operators. The BOMA report also noted that industrial expansion could be accommodated in the Chugiak-Eagle River area.

A 1996 Anchorage Bowl Commercial and Industrial Land Use Study found that the Anchorage Bowl had “an adequate supply of commercial zoned land and a comfortable surplus of industrially zoned land.” This study concluded that a substantial amount of commercial and industrial land in use within the Anchorage Bowl was underdeveloped, with only 24% of industrial land fully developed. The study estimated that 44% of industrially developed lands had high potential for redevelopment and another 32% had low to moderate potential for redevelopment.





In March 2009, the Anchorage Economic Development Corporation and Municipality of Anchorage released “Anchorage Industrial Land Assessment” prepared by a consultant. The purpose of the 2009 study was to measure the quantity and quality of industrial land available in the Anchorage Bowl.

The study found that Anchorage is critically short of industrial land and in the opinion of its authors, the situation is a serious threat to Anchorage’s economic growth. The study concluded that there was not



*The parcel of land northwest of the C Street-O’Malley inter*

sufficient industrially zoned land to meet demand through... zoned land would be costly to develop. It also recom... that would not allow industrial land to be developed for... that if such changes were not made, industry would s... abundant and less expensive.

rially... vision... ned... land is

*Vicinity map for industrial site at left*

The report has been criticized for not addressing potential industrial land on Fire Island, possible industrial development on surplus military land, or on land available via the proposed Knik Arm Crossing. A local architect-planner also disputed the study's findings and noted that it did not include more than 2,400 acres of airport, port and railroad land. He concluded that it was "completely implausible to suggest that Anchorage is out of industrial land or any other kind of land. We need to concentrate on redeveloping and improving the land we have."

The report also recommended that the State, Municipality, Alaska Railroad, Port of Anchorage and the Ted Stevens Anchorage International Airport work together to ensure the optimal development of Anchorage's limited industrial land supply.

In May 2009, Eklutna Incorporated, Cook Inlet Region Incorporated (CIRI), the Alaska Railroad Corporation and Wilder Construction, a subsidiary of Granite Construction, announced that they had signed an agreement to develop a 162-acre industrial site adjacent to the Birchwood Airport. This agreement enabled the parties to clear the site, build a rail spur into the property and remove gravel

from the site over the next three summers in preparation for the development of industrial lots with rail spur access.

The gravel will be transported by rail to an existing operation in south Anchorage. The project will provide sand and gravel for the local construction industry and will open up needed industrial land. The land in the development is part of Anchorage's Foreign Trade Zone and will have access via rail to the port of Anchorage and other railbelt communities from Seward to Fairbanks.



*A 162-acre industrial site with rail access is being developed near the Birchwood Airport in the-Chugiak-Eagle River area*

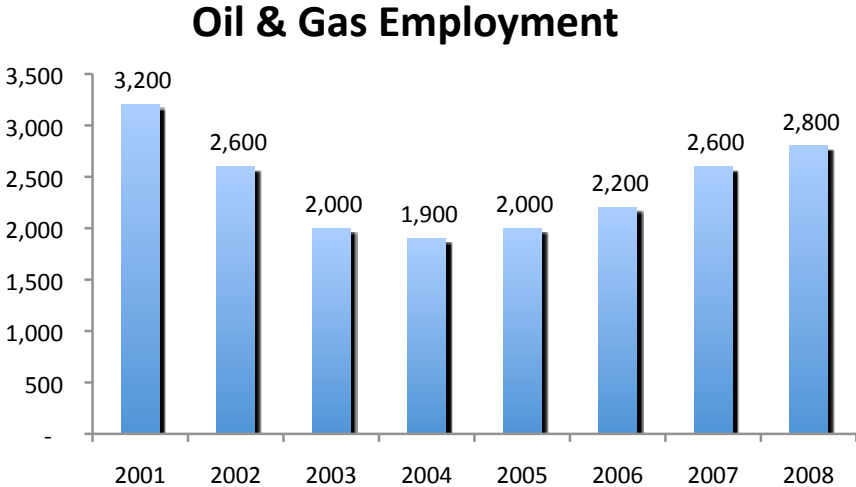


# Major Economic Sectors

## Oil and Gas Industry

Petroleum revenues fund more than 75% of the cost of Alaska’s state government. The oil and gas industry is also an important employer and purchaser of local goods and services. All of the major oil companies that operate in Alaska are headquartered in Anchorage. In addition, most of the major oil field service companies have offices here. Many of these companies are affiliated with, or are subsidiaries of, Alaska’s Regional Native Corporations, most of which are also based in Anchorage.

Oil price fluctuations have a strong impact on the state and local economy. In 2001, there were 3,200 oil industry jobs, but due to falling oil prices employment dropped to only 1,900 in 2004. The increase in oil prices resulted in a corresponding increase in employment. In 2008, oil industry employment rebounded to 2,800 jobs.



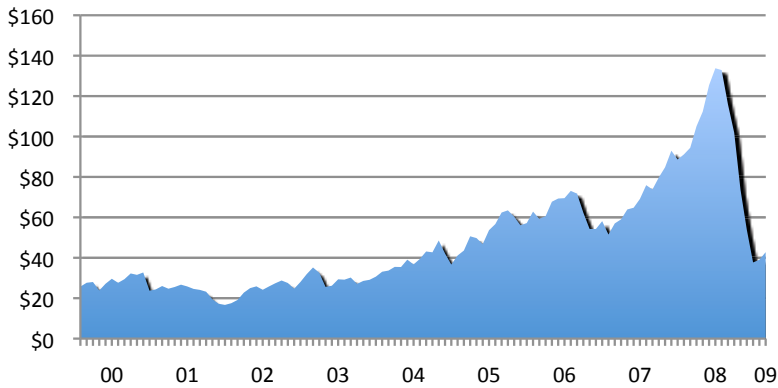
Despite their relatively small number, oil and gas industry jobs have a much larger financial punch because workers earn significantly more than those in any other industry. In 2008, for example, the average Anchorage oil industry worker earned \$13,740 per month, which is three-and-one-half times more than the average Anchorage worker’s earnings of only \$3,864 per month.

Oil prices have fluctuated wildly since 2000, causing significant shifts in oil and gas industry investment, employment, state revenues and energy costs. In 2001, oil averaged \$23 a barrel. By 2007, the price topped \$70 a barrel and then soared to a record high of more than \$134 a barrel in June 2008. High oil



*Facilities at the Prudhoe Bay oil field on Alaska’s North Slope*

## Monthly ANS West Coast Oil \$Barrel



prices ballooned state revenues far above projections, but also created severe economic hardships for consumers, especially in rural Alaska. Oil prices began falling in late summer of 2008 and by December had dipped to under \$38 a barrel.

In the first quarter of 2009, oil prices fluctuated between \$31 and \$43 a barrel. These prices are substantially below Alaska Department of Revenue projections that oil would average \$75 a barrel. If these lower prices continue, the state anticipates a shortfall in the state budget and has proposed budget cuts to fill the gap.

Although falling crude prices have lowered the cost of gasoline, state budget cuts are likely to result in significant reductions in government and private sector employment and capital project spending in 2009.

Falling oil prices have also created uncertainty for oil industry investment, employment and the proposed natural gas pipeline. The Alaska Department of Labor's 2009 forecast estimated that Anchorage would lose 300 oil industry jobs this year.



*All of Alaska's major oil companies, including BP, are headquartered in Anchorage.*

## Air Cargo & Global Logistics

The Ted Stevens Anchorage International Airport (ANC) is equidistant from Europe and Asia, and about 9.5 hours by air from 90% of the industrialized world. The airport is the major gateway to the state, and has the distinction of being the preeminent international cargo crossroads for global air freight activity. Anchorage is ranked number one in the U.S. for landed weight of cargo aircraft and number three in the world for cargo throughput.



Anchorage's strategic global location makes it ideal for international warehousing and distribution of high-value, time-sensitive products and parts. Flight times from Anchorage to Asian or European destinations are at least two to five hours faster than from other U.S. West Coast cities. This strategic global location results in an estimated 90% of cargo between North America and Asia passing through ANC.

Atlas Air, Federal Express, Northwest Cargo, United Parcel Service and the United States Postal Service have established international cargo sorting and distribution hubs here because of the accessibility of customs agents in dedicated Foreign Trade Zones. More than 50 air carriers and nine freight forwarders (including three air-sea companies), connect Anchorage to the world.

Anchorage's unique proximity to Asia and Europe and the availability of international air cargo uplift at ANC make Anchorage an ideal location for global logistics operations including:

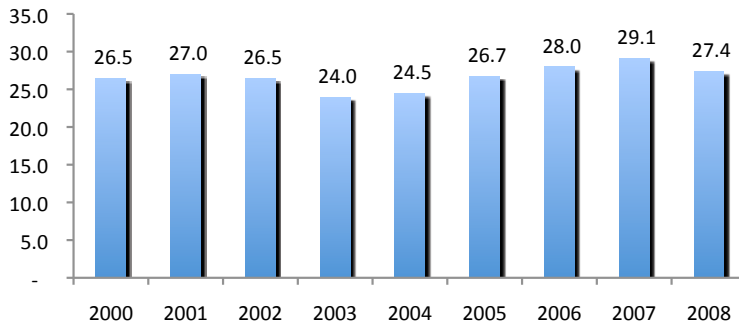
- Foreign Trade Zones
- Customs Clearance (90% of goods are cleared in 24 hours)
- Central customer service and repair operations
- Final product assembly, packaging, and order preparation
- Subassembly, "kitting" and in-transit configuration of high-value components



- Centralized stocking of products
- International warehousing and distribution of high-value, time-sensitive products

FedEx is using Anchorage as a warehouse and distribution center for aircraft parts. FedEx warehouses the parts in Anchorage and ships them on demand around the world. Manufacturers of high-value, low-weight products can use Anchorage for these distribution operations and save significantly on delivery time and distribution costs.

### Air Cargo - Max Gross Takeoff Weight Millions of Pounds



The global recession is impacting Anchorage’s air cargo industry because the tonnage of freight coming from Asia to North America has declined. High fuel prices in 2008 were a factor in reducing traffic. In early March 2009, FedEx announced that 68 Anchorage-based pilots will be relocated to assignments elsewhere. A FedEx spokesman indicated that pilot transfers are designed to cut cost and improve efficiency as cargo volumes drop. The transferring pilots are among 425 who fly in and out of FedEx’s Anchorage hub, but only about a quarter of the 68 relocated pilots live in Anchorage.

During the volcanic eruption of Mt. Redoubt in early 2009, international and domestic flights were reduced for safety reasons for a period of two to three weeks. Most of these interruptions occurred after dark. Fortunately, most cargo flights are daytime operations.



*FedEx Air Operations Training Facility*

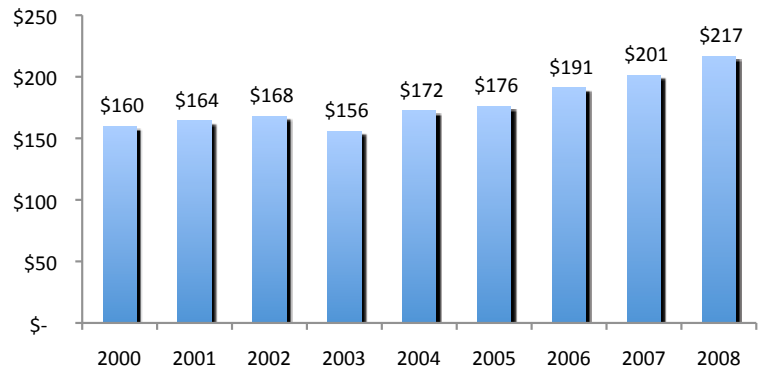
Except for two days during this period, FedEx, UPS, Alaska Airlines and others continued to operate at least on a minimal schedule. International flights were rerouted to Fairbanks and other airports, but the additional cost of overflights beyond Alaskan airports caused most carriers to return to their normal schedules as soon as operational safety allowed. Industry economists forecast that recovery of the air transportation industry to pre-recession levels may take one or two years.

# Visitor Industry

Few hotel rooms were added in Anchorage in the decade between 1986 and 1996. In 1997, Anchorage had about 5,000 hotel rooms, but since that time the number increased each year. By the end of 2003, Anchorage had 7,000 hotel rooms and the total was 8,000 by the end of 2008. Industry analysts have noted that even when the slow winter tourism season is factored in, Anchorage hotels still typically fill more than 70% of their rooms, a figure that is higher than the national average. An additional 400 rooms already under construction will be completed in 2009.

The number of cruise ship visitors to Alaska increased from 640,000 in 2000 to more than a million in 2008. The opening of the new Dena'ina Civic and Convention Center in Anchorage in fall 2008 greatly expanded the city's capacity

**Hotel Room Rentals in Millions of \$**



*Millennium Hotel on the Lake Hood Seaplane Base*

to accommodate larger conventions and trade shows. The Egan Convention Center could only accommodate conventions with 1,500 participants, compared to the 5,000 that can be accommodated at the new convention center. A key indicator of the visitor industry is gross hotel room receipts. Hotel receipts increased from \$160 million in 2000 to nearly \$217 million in 2008, for an average annual increase of about 4%.



The severe worldwide economic downturn is expected to negatively affect the Alaska tourism industry. Visitor growth for 2008 was relatively flat and tour operators and cruise lines report that bookings for 2009 are below 2008 levels. Some cruise lines have reduced the number of sailings to Alaska.

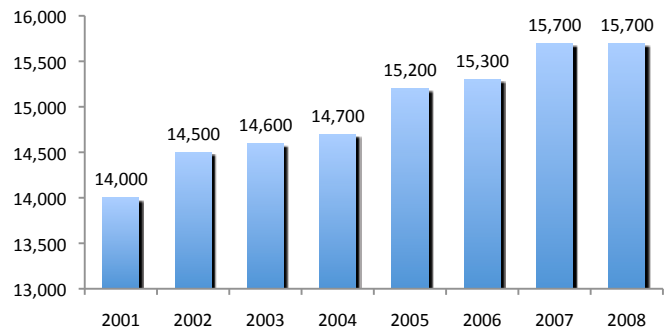
The growth in the leisure and hospitality sector has been steady in recent years. Between 2001 and 2008, Anchorage employment in this industry



The new Denaina Civic and Convention Center opened in downtown Anchorage in 2008

rose from 14,000 jobs to 15,500, an annual increase of about 1.5%. The declining dollar relative to foreign currencies has increased the number of domestic and foreign visitors. Heightened security and

### Leisure & Hospitality Employment



The Iditarod sled dog race starts in downtown

terrorism concerns after the 2001 terrorist attack also put Alaska on the list of safer tourism destinations. The state forecasts that the leisure and hospitality industry will lose about 200 jobs in 2009 for a decline of about 2%.

In response to the reduced bookings, some cruise lines and tour operators are offering discounts to try to attract more Alaska visitors. Holland America Line recently announced that they plan to begin cruise ship service to Anchorage with 10 sailings in 2010.



# Health Care

In the last two decades health care employment growth in Anchorage was higher than that of any other industry. Average annual health care employment rose from 9,700 in 2000 to 15,100 in 2008, an increase of 5,400 jobs, for an average annual increase of 6.7%.

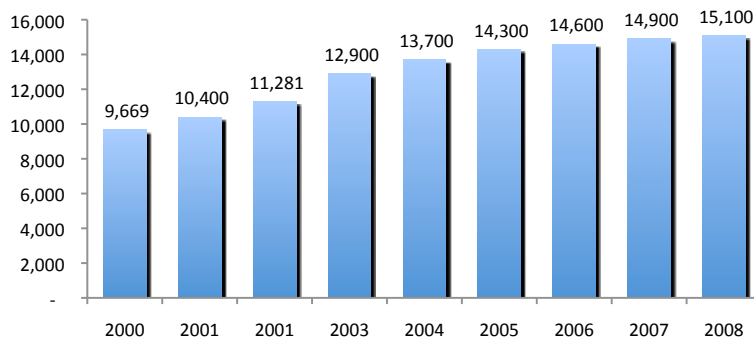


*Alaska Psychiatric Institute*

Much of this growth was the result of expansion at Anchorage’s three major hospitals: Providence Alaska Medical Center, Alaska Regional Hospital and the Alaska Native Medical Center. All three added floor space and increased the sophistication of their medical technology so that Anchorage residents

can now be treated locally for conditions that previously required a trip to the Lower 48.

**Health Care Employment**



Anchorage also saw a major increase in medical specialists in private practice and a burgeoning of medical services and related facilities. Another reason for the increase in medical services is that Anchorage’s population is aging and requires additional care.

A significant concern is that Anchorage health care costs are higher than the national average. Medicare reimbursements are much lower than what doctor’s typical charge for their services. As a result, most Anchorage primary care providers are no longer taking new patients aged 65 and older. Additionally, there is a general shortage of primary care doctors in Anchorage.

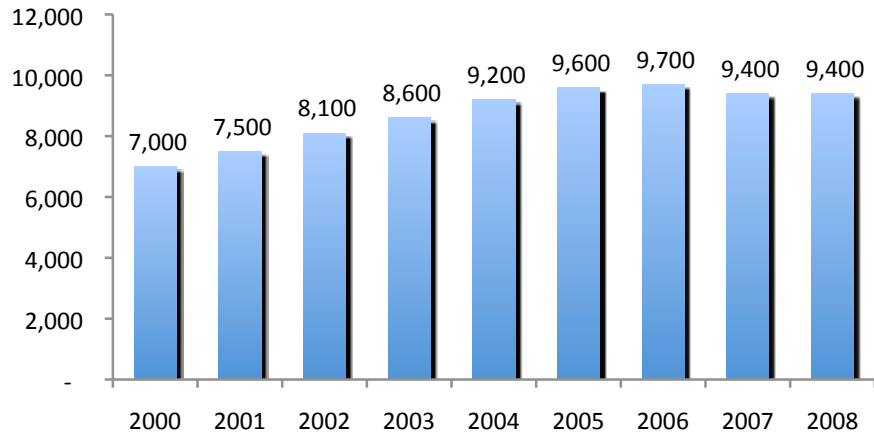
The state forecasts that this sector will add only 300 jobs in 2009, an increase of less than 2%. However, in the long term, the aging of Anchorage’s



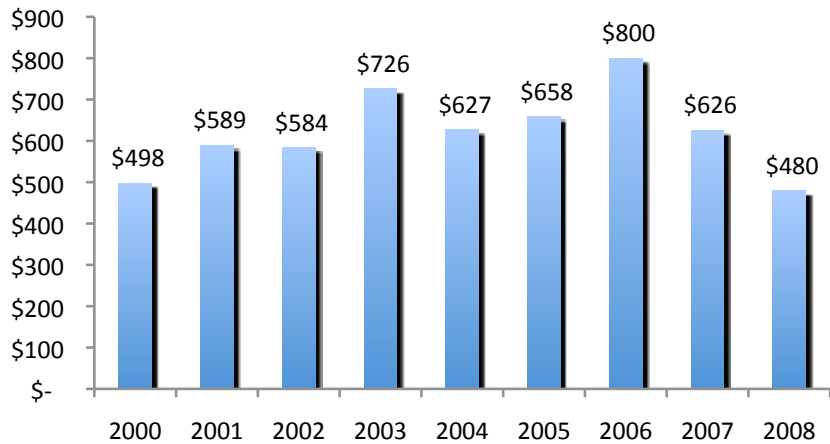
*Providence Alaska Medical Center*

population is expected to increase the demand for health services and this trend is expected to continue. In 2000, persons aged 65 and over accounted for less than 6% of Anchorage's population. The state forecasts that by 2020, seniors will comprise more than 12% of the population.

### Construction Employment



### Total Building Permits in \$Millions



# Construction

In the last eight years, Anchorage experienced a construction boom not seen here since the early 1980s. In 2000, Anchorage had an average of 7,000 construction jobs, but since 2004 it has averaged more than 9,200 jobs a year. Growth in the construction industry was fueled by a massive amount of federally funded capital projects including a significant expansion of Anchorage's military facilities. In addition to federal funding, rising oil prices increased state revenues that funded many state capital projects.



*A consolidated rental car facility opened at the airport in 2007*

Some Municipal projects were funded by voter-approved bond propositions. Private-sector investment was spurred by the overall growth of the economy and low interest rates. A number of the new developments included innovative public-private partnerships.

The dollar value of building permits peaked in 2006 at \$800 million, but in 2008, dropped to under \$500 million for the first time since 2000.

Transportation projects, most of which were funded by the federal government, accounted for a major share of the construction industry growth. One of the largest projects was the Ted Stevens Anchorage International Airport's \$400 million Gateway to Alaska program. The centerpiece of the airport improvements was a new state-of-the-art terminal which opened in 2004. A new consolidated rental car facility, adjacent to the terminal, opened in 2007. The major transportation project through 2015 will be the \$700 million expansion of the Port of Anchorage which is already underway.

Anchorage typically has more than \$200 million in road construction projects each year that are not included in the building permit statistics. During the recent construction boom, several significant



*Arctic Slope Regional Corporation office building in Midtown Anchorage*

additions were made to the road network including the Bragaw extension, which connected the Hillside with Tudor Road. In addition, C Street was extended south to O'Malley Road and Raspberry Road was extended east to C Street.

The University of Alaska Anchorage built a major addition to its Consortium Library. A new Integrated Science Building and parking garage are currently under construction and scheduled to open at UAA in 2009. The Anchorage School District built two new schools and three replacement schools. It also completed dozens of additions, renovations and repairs to schools throughout Anchorage. Major new health facilities were built at Providence Alaska Medical Center, Alaska Regional Hospital and the Alaska Native Medical Center and a new Alaska Psychiatric Institute was built.

Downtown Anchorage was the site of three major projects: a \$100 million addition to the Anchorage Museum, a downtown high-rise parking garage, and the \$100 million Dena'ina Civic and Convention Center which included heated sidewalks and other improvements connecting the center to Town Square. In this period, more than 1,000 new hotel rooms and numerous restaurants opened. Retail expansion has included several new big-box retail stores and two shopping centers. Other private sector construction included numerous high-rise offices in Midtown, several of which were built by Regional Alaska Native Corporations.

The Alaska Department of Labor forecast that in 2009 the construction industry would lose about 300 more jobs, for a decline of more than 3%. For the last six years, Anchorage voters have approved most bond proposals for school district and municipal projects. However, in the April 2009 election, voters rejected more than \$100 million in proposed school district and municipal construction bonds on the ballot. Additionally, it appears that the statewide capital budget, which was \$3 billion in 2008 may be about \$1.8 billion in 2009 and much lower in 2010 if oil prices remain in the \$50 per barrel range.

It is still too early to quantify the total impact of the economic stimulus that Anchorage will receive from the American Recovery and Reinvestment Act of 2009, signed by President Obama in February 2009. Not all of the money made available under the federal legislation has been distributed yet, but the Municipality of Anchorage has been awarded approximately \$44 million in formula funds from the Recovery Act to date. That includes approximately \$25 million for metropolitan area roads and transit projects, \$8.6 million in state revenue sharing, over \$3 million in criminal justice funding, \$2.7 million for energy efficiency projects, \$2 million for improvements at Merrill Field, \$750,000 for Homelessness Prevention, and \$500,000 in HUD community block grant funding. The Municipality has also applied for competitive grant funding for law enforcement, a domestic violence prevention project, Little Campbell Creek flood mitigation and restoration, and transit projects.

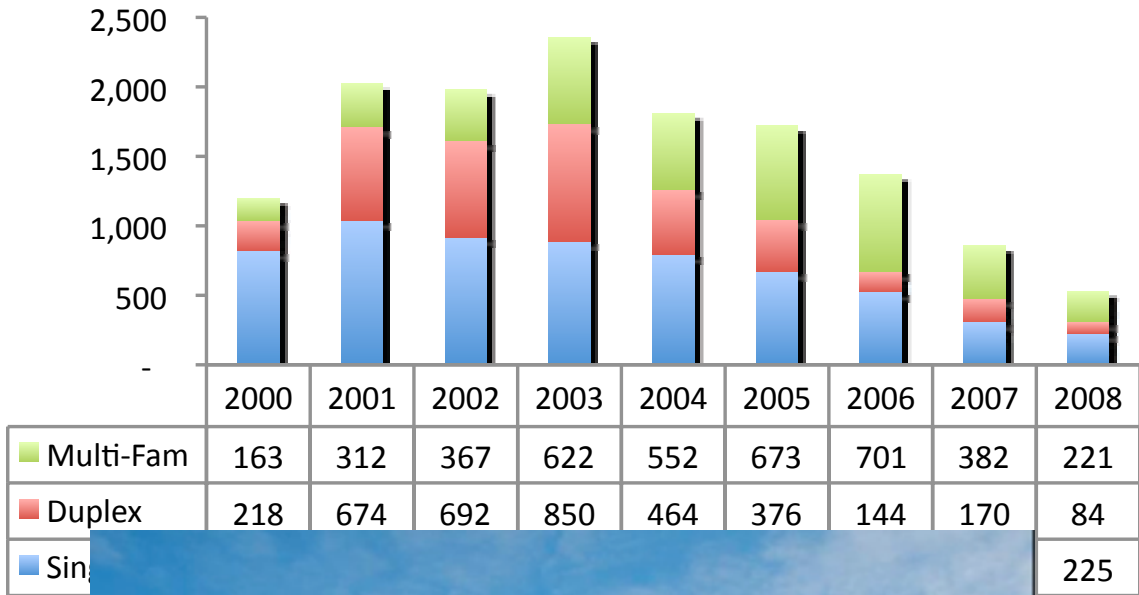
## Housing Market

### ***New Construction***

Beginning in 2002, due to the limited supply and higher cost of residential land, most of the new housing units built in Anchorage were duplex or multi-family units. That same year, for the first time,



# New Housing Units by Type



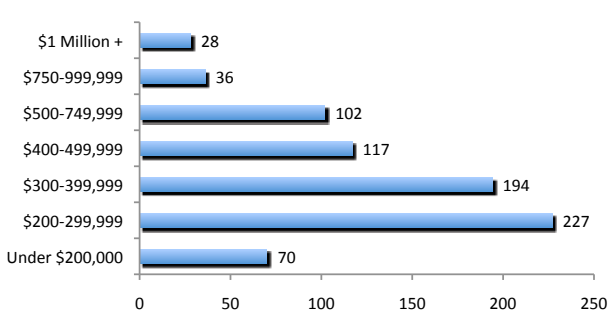
A new condo complex adjacent to the Anchorage Park Strip

fewer single-housing

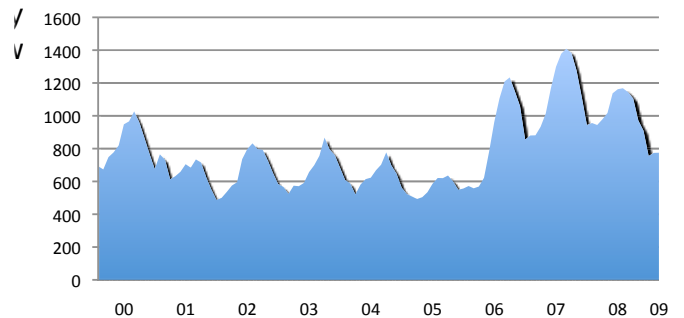
family units

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## Homes for Sale by Price - Feb. 2009



## Active Residential Listings - By Month



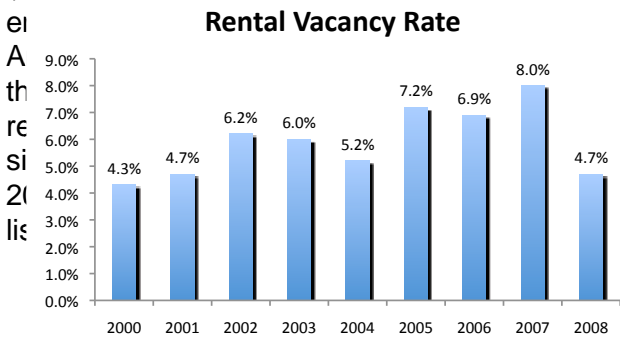
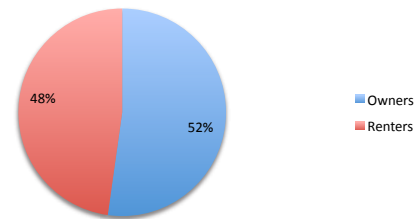


Cook Inlet Housing Authority's Kenaitze Pointe elderly housing is located in East Anchorage

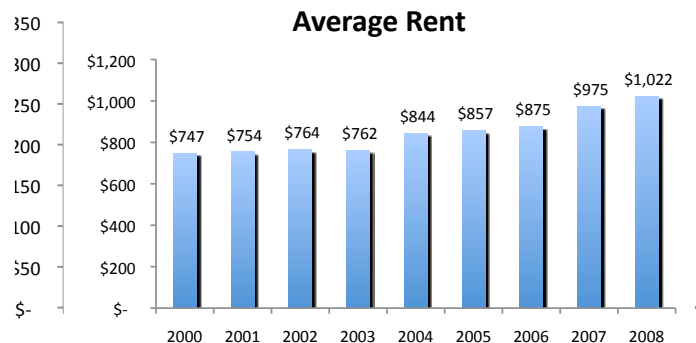
## Housing for Sale

Anchorage has one of the healthiest housing markets in the nation. In contrast to the Lower 48, where housing prices in many markets have dropped precipitously, Anchorage housing prices have been relatively level for the last three years, averaging about \$325,000. Condominium prices have held steady at a little under \$190,000. Although there is some excess inventory of homes priced above \$750,000, there is a high demand for

Owners & Renters



Home Sale Prices

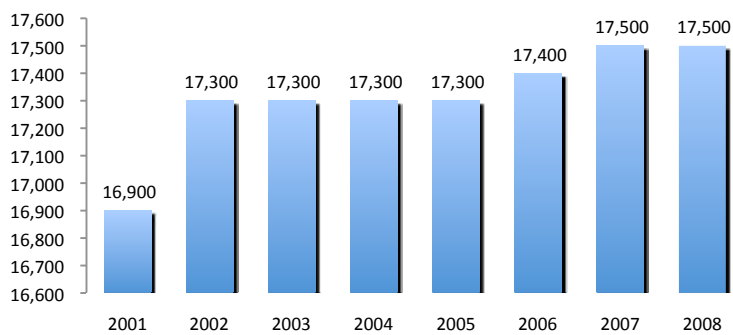


## Rental Housing

The rental housing market appears relatively healthy. In 2000, the average Anchorage rental was \$747 per month, compared to \$1,022 in 2008. This represents an average annual increase of about 4% over the period. In 2008, the overall vacancy rate was 4.7%, nearly the lowest in the state.



## Retail Trade Employment



# Retail Trade

In the 1980s, retail expansion was dominated by shopping centers and strip malls. Much of Anchorage’s growth in the 1990s was fueled by expansion of the retail trade sector. In the mid-1990s, national big-box chains opened or expanded more than 20 stores in Anchorage. Today, Anchorage has more than 60 big-box retailers.

Much of Anchorage’s older retail space has been recycled. Space in many retail strip malls and shopping centers was converted to other uses such as churches, health clubs, offices, and service

businesses. Two large secondhand stores currently occupy a building that was formerly an upscale furniture store. A building vacated by Long’s Drugs in Midtown was transformed into a Barnes & Noble bookstore. A former Safeway store is now the Anchorage Police Department training center. One of the oldest shopping centers in Anchorage is now anchored by an expanded REI store and has a variety of local restaurants and retailers. Other locally-based stores and restaurants are opening in some

Anchorage neighborhoods. The new Title 21 Land Use code rewrite, expected to be adopted in 2009, encourages redevelopment and mixed-use developments including residential, office, and retail.

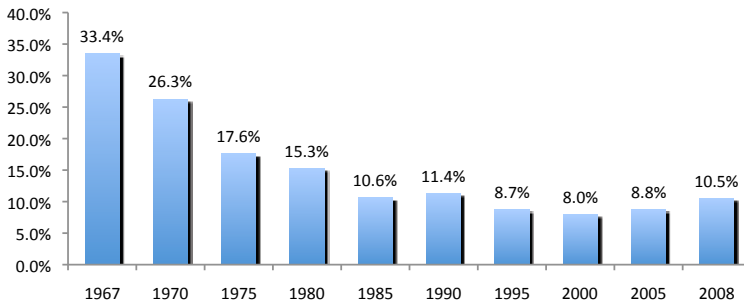
In 2008, Glenn Square Shopping Center opened near Mountain View with Old Navy, Bed Bath & Beyond, Petco, Michael’s, and Famous Footwear. Several miles away, a new Target and Kohl’s department store opened in Tikahtnu Commons, a 900,000-square-foot shopping complex near Muldoon Road and the Glenn Highway being developed by Cook Inlet Region, Inc, the area’s Regional Alaska Native Corporation. Other stores currently under construction include Lowe’s, Sports Authority, Best Buy and Walgreens.

This growth was somewhat offset by retail losses elsewhere. Gottschalks Department stores recently filed for bankruptcy and are closing both their Anchorage locations. A local furniture store is closing and Comp USA closed last year. In 2009, a second Target Store will open in South Anchorage. However, the net employment gain for retail in 2009 is expected to be only 200 jobs, a 1% increase over the prior year.

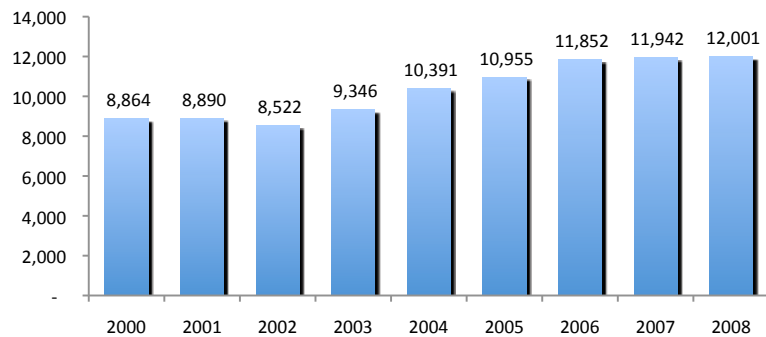
## Military

Construction began in 1940 on Fort Richardson Army Post and Elmendorf Air Force Base, Anchorage’s two military installations. The burgeoning military population soon made Anchorage Alaska’s largest

**% Military & Dependents**



**Anchorage Uniformed Military**







*New military housing on Elmendorf Air Force Base*

city. When Alaska became a state, a Nike Hercules missile site still existed in the western part of Anchorage near the airport. In 1967, when Anchorage had a population of 107,817, uniformed military and their dependents comprised more than a third of the residents. However, for the next four decades, the number of military and dependents in

Anchorage began a steady downward trend.



In the 1990s when there were numerous base closures, there was speculation that Fort Richardson might appear on a base closure list because the number of soldiers on the post had dropped from 4,600 in 1991 to less than 2,200 by 1998.

The low point for the military came in 2002 when the number of uniformed military in Anchorage dropped to only 8,522. However, as a result of the terrorist attacks of September 11, 2001 and the wars in Iraq and Afghanistan, the importance of Alaska's military has

been on the resurgence for the past six years.

A 2005 report by the Alaska Department of Labor found that if the bases had been included in the list of major Anchorage employers, the number of uniformed military would have made it the largest employer. By 2008, there were more than 12,000 military personnel in Anchorage along with more than 18,000 dependents. They are now 10.5% of the population. Much of the growth in the military since 2002 has been at Fort Richardson where the number of soldiers increased from 2,012 in 2000 to 5,755 in 2008.

Elmendorf's host unit is the 3d Wing. As the largest and principal unit within Eleventh Air Force, the wing trains and equips an Air Expeditionary Force made up of 6,900 personnel and F-15C/D, E-3B, C-17, F-22A and C-12F/J aircraft. The 3d Wing provides air superiority, surveillance, tactical airlift and agile combat support forces for global deployment, maintains Elmendorf's infrastructure, and provides medical care for



*A fleet of 36 F-22 raptors, the newest and most advanced fighter jets in the U.S. arsenal, is based at Elmendorf AFB*

all forces in Alaska.

Fort Richardson is now headquarters for United States Army Alaska, a subordinate unit of United States Army Pacific, and for United States Army Garrison Alaska. The major combat unit at Fort Richardson is the 4th Brigade Combat Team (Airborne) 25th Infantry Division.

Part of the military resurgence is due to the 1.5 million acres of ground maneuver area and the 62,000 square miles of airspace in Alaska's interior that has been designated as the "Joint Pacific Range Complex" by the Alaskan Command. Alaska now has more training capacity than all the existing training ranges in the Lower 48 combined.

The Department of Defense's willingness to fund the Alaska Railroad spur line from Fort Wainwright to Delta Junction, to include a crossing of the Tanana River to provide year-round access to these training facilities and grounds is evidence of the level of importance the military places on this asset. As participation in joint exercises grows, the naval presence in Alaska waters will grow. The training exercises are managed out of the Anchorage military installations, and the ability to berth large naval vessels at the Port of Anchorage is quickly becoming a necessity.

A Department of Labor study about the impact of the military in Anchorage noted that in 2004 the federal government spent \$1.2 billion on defense in Anchorage. The report also observed, "In recent years, for example, the military has been aggressively contracting work out to private companies in the local economy, creating significant private sector job growth."

Fort Richardson is scheduled to combine with Elmendorf Air Force Base as a joint base in coming years in accordance with 2005 Base Realignment and Closure (BRAC) recommendations. According to the BRAC law, this merger must be accomplished not later than September 15, 2011.

In May the Pentagon announced that the F-15 fighter aircraft is being eliminated. All 24 F-15s based at Elmendorf AFB will be phased out. The Air Force said they will not be replaced with other aircraft. Elmendorf will keep its fleet of 36 F-22 Raptors, the newest and most advanced fighter jets in the U.S. arsenal.



# Strengths, Weaknesses, Opportunities & Threats

## Background

The Economic Development Administration’s Comprehensive Economic Development Strategy (CEDS) guidelines require that communities prepare an analysis of economic development problems and opportunities that “identifies strengths and weaknesses in the regional makeup of human and economic assets and problems and opportunities posed by external and internal forces affecting the regional economy.” A strengths, weaknesses, opportunities and threats (SWOT) analysis is often a key starting point for developing a strategic plan. The analysis that follows includes a SWOT for each of the draft CEDS goals.

## Economic Outlook

### Strengths

- Anchorage has experienced 20 uninterrupted years of modest population and economic growth.
- In fall 2008, Business Week and the Wall Street Journal named Anchorage as a city well positioned to weather the international economic crisis.
- Anchorage is Alaska’s population and economic center. It has 43% Alaska’s jobs and is the headquarters for nine of the state’s ten largest businesses.
- Eight of the 13 Alaska Native Regional Corporations have offices or are headquartered in Anchorage. Most of these corporations are profitable, own major investments and have extensive land and natural resources.
- Anchorage has a strategic location for international commerce, particularly with the Russian Far East, Asia and Japan.
- The Anchorage economy is currently more robust than the national economy and the average unemployment rate is lower than the national average.
- Alaska banks and credit unions are sound and are seeking good loan opportunities.
- In 2008, the military, with 12,200 uniformed personnel, was the city’s largest employer.
- Relatively low vacancy rates exist for all types of commercial office and warehouse space.
- Anchorage building codes require permits and inspections to ensure that buildings meet high standards. Many areas of Alaska do not require building permits or inspections.

	Helpful	Harmful
Internal	<p>20 years growth State economic hub Stronger than US Strong banks Strong military Low vacancies Public/private partners Good data &amp; plans</p>	<p>Weather Remoteness Not Diversified Higher costs Land/space shortage Conflicting land use Outdated space</p>
External	<p>Federal stimulus SBA/AIDEA/EDA Military Increases New blgs/redevelopment AEDC Prospector Title 21 Rewrite Industrial Land Analysis Film Industry Tax Credit</p>	<p>Global recession Economic forecasts Business confidence Lower spending Lower govt revenues Stock market decline Low oil prices Employment layoffs</p>



- Implementation of the Anchorage 2020 Plan is well underway and the new Title 21 Land Use Code will help ensure higher quality development.
- Many of the Vision Anchorage recommendations have been implemented and have helped the community focus on the future.
- The Municipality's Office of Economic and Community Development has focused on creating public-private partnerships for downtown development, the new Dena'ina Civic and Convention Center, the Port of Anchorage, libraries, parks and recreation and privatizing the Anchorage Museum at Rasmuson Center.
- The University of Alaska Anchorage (UAA) Small Business Development center and University programs are working with the business community to focus programs on economic development potentials.
- Anchorage Economic Development Corporation (AEDC), the state and UAA make frequent population and business forecasts, surveys and analyses which track trends, help identify economic development potentials, and provide important information businesses need to make investment decisions.
- In 2007, Foreign Direct Investment magazine named Anchorage as a North American "Small City of the Future" for cities with a population of 100,000 to 500,000. The publication selected cities with the best prospects for inward investment, rapid economic development and quality of life. The assessment considered more than 60 criteria.
- Anchorage has both a headquarters and branch libraries. Studies have shown that branch libraries strengthen economic viability and stability of neighborhoods. They also offer information, services technology and facilities that benefit small businesses. New branch libraries are under construction in the Chugiak-Eagle River area and the Mountain View neighborhood.

### **Weaknesses**

- The Anchorage economy has diversified somewhat in recent years, but the oil industry and government are still the dominant economic drivers.
- Anchorage is a relatively small market with a population below the minimum size some potential businesses will consider entering.
- There is low venture capital investment in Anchorage.
- Manufacturing accounts for less than 2% of employment, compared to 13% in Lower 48 communities of comparable size.
- Few goods are produced locally. Nearly everything must be shipped to Anchorage.
- Anchorage has a short summer construction season. As a result, more expensive cold-weather construction methods must be used for many projects.
- Many goods and services cost more in Anchorage than in the Lower 48 due primarily to higher energy, transportation and labor costs. However, the difference has narrowed significantly during the last two decades.
- Costs to rent, build or purchase commercial or industrial space are significantly higher than in the Lower 48.
- Property taxes are relatively high since Anchorage does not have a general sales or income tax. Inventory tax is an additional cost for some types of businesses.
- There is a shortage of warehouse space.
- The supply of well-located "site ready" commercial and industrial land is limited; most sites are not located in business or industrial parks.
- In the Anchorage Bowl there is a shortage of land parcels of five acres or larger suitable for industrial or commercial development.
- Some of Anchorage's major businesses and industries are controlled by out-of-state interests.
- Most vacant parcels in the Eagle River area have rolling terrain or wetlands issues. In addition, most of the available land is owned by one entity that prefers to lease rather than sell its land.
- Much of Anchorage's available commercial and industrial land is located in areas that have a mosaic of inefficient and sometimes conflicting, land uses. The existing land use code allows industrial lands to be developed for commercial uses.
- Many of Anchorage's retail, office, commercial and industrial buildings are old and inefficient and need significant upgrading or replacement.

## **Opportunities**

- The federal American Recovery and Reinvestment Act of 2009 stimulus package has the potential to fund nearly \$800 million worth of projects in Alaska.
- Local banks in partnership with the Small Business Administration and the Alaska Industrial Development & Export Authority (AIDEA) have low-cost financing available for construction of new commercial and industrial developments.
- Approval of a CEDS would make Anchorage eligible to fund projects through the federal Economic Development Administration.
- Funding for housing and community development projects is available from the U.S. Department of Housing and Urban Development through the Municipality's Community Development Block Grant Program.
- The military plans to add 1,000 more personnel over the next few years. The bases also plan to construct new facilities.
- Several new Class A office buildings have been built in Anchorage in the last few years and more are planned or are already under construction.
- There is increased demand for locally grown and produced foods which create import substitution opportunities.
- Manufacturing accounts for less than 2% of employment, compared to 13% in Lower 48 communities of comparable size.
- Existing under-utilized retail, office, commercial and industrial development can be redeveloped.
- Development sites are available through the Municipality's Heritage Land Bank and the Anchorage Community Development Authority.
- In 2008, AEDC launched an interactive online mapping tool to attract and expand businesses and jobs in Southcentral Alaska. The website, AnchorageProspector.com, allows users to search for available commercial buildings and sites in by size and type. The program also shows maps and aerial and other photographs and generates site-specific demographic and business analysis reports.
- AEDC has hired a research firm to prepare an industrial lands assessment for Anchorage. The study will forecast the community's need for industrially zoned lands over the next twenty years.
- A rewrite of the Municipality's Title 21 Land Use Code, scheduled to be enacted later this year, may limit development on industrial lands to industrial uses. Design standards in the revised code would improve the efficient use of land, increase attractiveness of industrial and commercial development, and help to minimize conflicts with non-commercial uses.
- The Assembly and the Mayor have citizen committees working on economic development issues. AEDC is working with both groups.
- In 2008, the legislature approved a Film Industry Tax Credit program that provides \$100 million in transferable tax credits for qualified film production expenditures. It was created as an incentive to attract small and large-scale film productions in Alaska, most of which will be staged in Anchorage.
- Given the weak national economy, there may be opportunities to attract investment capital to Anchorage from outside of Alaska.
- The Port of Anchorage intermodal expansion project will provide 90 new acres of leasable industrial property with easy water access, the first two public barge facilities in Upper Cook Inlet, and cruise ship handling facilities. All of these provide new opportunities for revenue generation and economic growth.
- Emerging locally-based retail in many Anchorage neighborhoods.

## **Threats**

- National and global economic recession.
- Both Department of Labor and AEDC forecasts predict that Anchorage's population and employment growth for 2009 will be flat or decline slightly.
- Nearly 60% of respondents to AEDC's business confidence survey expected the Anchorage economy to fare worse in 2009 than in 2008,
- Lower consumer spending and business investment are expected.
- Falling federal, state and local government revenues could reduce government projects and expenditures for goods and services.

- A continued stock market decline will reduce the worth of investments of individuals, governments, businesses and non-profit organizations.
- Continued low oil prices would reduce state revenues and industry investment, and could delay gas pipeline construction.
- Recent oil industry and air cargo layoffs may continue or increase.
- Listing of the Cook Inlet Beluga (whale) as an endangered species may create environmental issues for some projects.
- There is a potential for military cutbacks or deployment of Anchorage-based troops to other places.
- National and global recession could curtail investment in new commercial and industrial space in Anchorage.
- Reduced government revenues could cause reductions in personnel involved in planning, permitting and building inspections. This could cause schedule delays for projects.
- A downturn could significantly increase vacancy rates for some types of properties.
- Reduced government revenues could cut funding for economic development support organizations and activities.
- Changes in federal policies or regulations related to carbon emissions could impact some Alaska development projects.
- Continued recession could create lock-up credit markets.
- There is concern that the Alaska Native Corporation Small Business Administration 8(a) contracting program could be changed or eliminated..
- Global climate change could lead to more environmental restrictions for development.

# Infrastructure

## Strengths

- Anchorage is the main transportation hub for the entire state.
- Airport: The Ted Stevens Anchorage International Airport has state-of-the-art facilities for passengers and cargo. The airport handles the third-highest cargo volume of any airport in the world. It also has a free-trade zone.
- Port: The Port of Anchorage handles 90% of the surface cargo for 80% of Alaska's residents. It also transports fuel for the Ted Stevens Anchorage International Airport and Elmendorf Air Force Base.
- Railroad: Headquartered in Anchorage, it extends south to the Port of Seward and North to Denali National Park and Fairbanks. The railroad provides both cargo and passenger service.
- Highway: Anchorage has a modern, well-developed system of highways and roads. Congestion and traffic are less severe issues compared to most urban areas in the Lower 48. Most in-town trips are less than 20 minutes and most workers have short commutes. Major highway and road projects have improved traffic flow and safety, and more are planned. Highways connect Anchorage to Canada and the Lower 48.
- Transit: Anchorage has a transit system with a fleet of modern buses that serve most of the Anchorage Bowl as well as Eagle River. Transit ridership has increased significantly in the last year.
- Anchorage has abundant clean water, modern wastewater disposal, and long-term space available in its landfill.
- There are two reliable local electric utilities with adequate capacity and a performance record with few outages.
- Most homes and businesses are heated with clean-burning natural gas.
- Anchorage has excellent communication services with local, long-distance, cell phone, Internet and cable television services. More than 90% of Anchorage residents have high-speed Internet access.
- The State of Alaska and the Municipality of Anchorage have AAA Bond ratings that help ensure low interest rates to finance new projects.

	Helpful	Harmful
Internal	Transportation hub State-of-the-art airport Major port Railroad headquarters Modern transit fleet Utility capacity Natural gas AAA Govt Bond Rating	Rising energy costs Rising transport costs Airport expansion limited Aging, under-sized port No commuter rail Higher road maintenance More transit needed
External	Federal stimulus Cargo spinoffs Port expansion RR Intermodal Center Transit corridors Utility mergers Gas pipelines Alternative energy	Global recession Cuts in air flights Less marine/rail traffic Shutdown of pipeline Shortage of natural gas Higher energy costs Reduced funding Volcano/Natural disaster

## Weaknesses

- Transport costs for goods and services are higher due to distance from national markets.
- Airport: Expansion is limited by nearby residential development, parks and the coastal trail. Some carriers have already cut flights and reduced personnel due to the economic downturn.
- Port: Needs expansion and modernization to accommodate larger cargo vessels and cruise ships.
- Railroad: There is no commuter passenger service to and from the Mat-Su Borough and no connection with Canada or the Lower 48.



- Highway: Alaska has higher gasoline prices than the national average. Roads need high maintenance due to studded tires and climate.
- Transit: Available service is not convenient or frequent enough in many parts of the municipality.
- The AEDC 2009 business confidence survey identified high energy prices as the most significant barrier to future business growth. Nearly half of respondents said high energy prices led to increased prices for services and products they offered.
- Gas and electric rates are rising, and concerns about potential shortfalls in the availability of natural gas for power generation and home heating are increasing.
- A 3G communications network is not yet available in Anchorage.
- Costs for all utilities, especially natural gas and electricity have increased substantially in the last two years.

### **Opportunities**

- The federal stimulus package is likely to have funding for all types of transportation projects.
- Airport: There is potential economic development related to cargo.
- Port: Planned expansion will allow larger cargo vessels and cruise ships to enter the Anchorage market.
- Railroad: Potential exists to establish commuter rail from the Mat-Su Valley. A planned Intermodal Transportation Center will improve pedestrian access between the railroad depot and downtown. It will also facilitate passenger connections between rail, public transit, air, marine, buses, taxis and private vehicles.
- Highway: Federal highway funds, state funds and local bonds can pay for new highway and road projects.
- Transit: Transit corridors proposed in the Title 21 Land Use Code rewrite would allow higher-density development that could support increased transit service.
- The AEDC 2009 business confidence survey reported that the most important future projects are the Alaska gas pipeline and a natural gas pipeline from the North Slope to Cook Inlet.
- The potential exists to develop an industry to process natural gas liquids.
- A 3G communications network is expected to be available in Anchorage in mid-2009.
- The development of a wind-power facility on Fire Island is being actively pursued.
- Potential saving and lower utility costs might result from the merger of some local utilities.
- The State has proposed to establish the Greater Railbelt Energy and Transmission Corporation (GRETC), made up of representatives from the member-owned and municipal utilities in the Greater Railbelt region to provide safe, reliable, and sustainable electric power to their Greater Railbelt electric utilities at the lowest feasible long-term cost.
- Two proposals to build a natural gas pipeline from Prudhoe Bay are being considered.
- The Alaska Energy Authority provided \$100 million in grants for alternative energy projects in rural Alaska. It is likely that much of the professional and technical expertise and support services for these projects will come from Anchorage-based businesses.

### **Threats**

- A national and global recession may significantly reduce the demand for all types of transportation and could reduce government and private sector ability to fund expansion.
- Airport: Due to the worldwide economic recession, carriers may continue to cut flights and reduce personnel. Passenger flights may be reduced further. These developments could reduce revenues and delay expansion plans.
- Port: Interruption of marine cargo shipments would quickly create shortages of goods in Anchorage. The national economic recession could reduce marine cargo shipments and cut revenues.
- Railroad: The national recession is likely to reduce cargo and tourism passengers, both of which will cut revenues.
- Highways & Transit: Some projects with bond funding require voter approval.
- An earthquake, volcanic eruption or pipeline shutdown could interrupt transportation and the fuel supply.
- Not having enough natural gas available to serve the local market could significantly increase energy costs for consumers and businesses.
- The national and global economic recession could delay gas pipeline construction.

- A natural disaster could interrupt delivery of utility services or flow of oil in the pipeline.
- Energy and transportation costs continue to rise.
- The national and global recession could reduce the availability of funding for both government and private sector projects.

# Education and Workforce Development

## Strengths

- The median age of Anchorage’s population is 33.2 years, which is younger than the national median of 36.4 years.
- More than 73% of Anchorage’s population 16 and over is in the labor force, compared to less than 65% nationally. One explanation for this difference is that more than 12% of the national population is over 65 while in Anchorage only 6% are seniors.
- Anchorage residents are better educated than national norms. Only 9% of Anchorage residents aged 25 and older are not high school graduates, compared to 16% nationally. Nearly two-thirds of Anchorage adults have some college education and nearly a third have completed at least a bachelor’s degree. Nationally, only about half of adults have some college and 27% have at least a bachelor’s degree.
- Most of the schools in the Anchorage School District (ASD) are relatively new and have state-of-the-art technology. Anchorage students score higher than the national averages on standardized tests.
- The ASD offers a wide range of optional and charter school programs as well as vocational education.
- The University of Alaska Anchorage (UAA) has a full-time enrollment of about 15,000 students and graduated about 2,100 students in May 2008. The University offers associate, bachelors and masters degrees in more than 130 fields of study. A decade ago, the University established a workforce development program to anticipate the needs of Alaska businesses and industries. As a result, UAA put increased emphasis on science, math, engineering, nursing, construction, aviation, and global logistics. One indicator of the success of their efforts is that Business Facilities magazine recently ranked Anchorage 15th among U.S. cities for best-educated workforce.
- Alaska Pacific University, a small private college, offers associate, bachelor and masters degrees and has a degree completion program aimed at increasing the educational attainment of adults who are already in the workforce. In addition, Charter College provides a wide range of vocational and degree programs.
- The construction trades offer a wide variety of apprenticeship and training programs. In 2007, the Alaska Construction Academy was acknowledged as a national leader in workforce development. The academy, which annually trains more than 1,500 students, is a partnership of the Associated General Contractors of Alaska, several Alaska homebuilding associations, the Alaska Department of Labor and Workforce Development, the Alaska Works Partnership and local school districts.
- Anchorage’s headquarters and branch libraries give residents throughout the community free access to technology such as computers with Internet access which is critical for persons seeking employment, education and training opportunities. In addition library personnel are knowledgeable about resources which can help persons seeking retaining or searching for jobs. These libraries also have resources for young people including early childhood literacy programs, after school and homework resources.

	Helpful	Harmful
Internal	Population increase Lower median age Laborforce participation Educational Attainment K-12 Facilities/test scores UAA workforce emphasis APU, Charter College Construction training.	High wages rates Youth leave for college Small labor market Seasonal employment Weather & remoteness Baby Boomers retiring UAA: No Ph.D degrees UAA: Minimum R&D
External	Strong economy Growing labor pool Employers are hiring Easier to recruit Lower 48 Federal stimulus UAA expansion	Lower 48 in-migration Rural in-migration Education cut f/stimulus Reduction in UAA funding Cuts in other training

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### ***Weaknesses***

- Labor costs in Anchorage are higher than the national average, especially for skilled and technical positions.
- Many students do not graduate high school in four years.
- Labor force turnover is high.
- Many high-achieving Anchorage high school graduates leave the state to attend college and do not return.
- Anchorage is a relatively small workforce market.
- Employment in some industries, especially tourism and construction, is highly seasonal.
- It is sometimes difficult to recruit workers with specialized expertise to relocate to Anchorage due to the colder climate and distance from the Lower 48.
- The labor pool is aging and many highly skilled workers are reaching retirement age.
- The University of Alaska Anchorage does not offer any Ph.D. programs.
- The University of Alaska Anchorage has minimal research and development capacity.

### ***Opportunities***

- In contrast to the rest of the country, the Anchorage economy is relatively strong. This may make it easier to recruit employees with specialized expertise to relocate here.
- The federal stimulus package proposal contains funding for K-12 educational programs.
- UAA is expanding its health and science facilities and educational programs.
- Retirement of baby boomers is creating opportunities for younger workers.
- In-migration from the Lower 48 could increase the pool of qualified workers.
- In 2009, the University of Alaska Anchorage received a \$7 million anonymous donation.

### ***Threats***

- In-migration of unemployed persons from Lower 48 is already increasing Anchorage's unemployment rate.
- Falling state and local revenues may cut education and training programs.
- In-migration is putting increased demands on the Anchorage School District especially to meet the needs of disadvantaged students.



# Visitor Development

## Strengths

- Anchorage is a premier visitor destination in a beautiful setting.
- Anchorage is the primary arrival and departure point for most air travel in Alaska.
- Anchorage has more than 8,000 hotel rooms, most of which are relatively new or have been upgraded and maintained well.
- Anchorage has a new state-of-the-art convention center with convention and meetings with up to 5,000 participants.
- The convention center is within easy walking distance of downtown hotels, restaurants and attractions. Heated sidewalks on key corridors offer safe walking routes in the winter months.
- Anchorage has a strong downtown core with excellent shopping, restaurants, hotels, parks, pedestrian amenities, and attractions like the Anchorage Museum at Rasmuson Center.
- Tourism surveys indicate that although the average length of stay in Alaska has declined, the average length of stay in Anchorage has increased slightly.
- German speaking Europe is Anchorage’s strongest international market. Japan is Anchorage’s strongest Asian market, followed by Korea and Taiwan.
- The Anchorage Convention and Visitors Bureau (ACVB), the State of Alaska, cruise lines and others have excellent tourism websites. Nationally more than 80% of travelers do research on the Internet before traveling and more than half purchase travel online.

	Helpful	Harmful
Internal	Beautiful setting Transport hub 8,000 hotel rooms New convention center Strong downtown Longer visitor stays ACVB Tourism Websites	Cold, dark remote Highly seasonal More expensive Driving not practical State \$ for marketing
External	Larger convention ctr. Travel discounts 400 more hotel rooms Museum addition Downtown redevelopment Film tax incentive High income visitors Alaska in the news	Global recession More competition Less air flights Less cruise ships Tourism bookings down

## Weaknesses

- Anchorage is perceived as cold, dark and remote.
- The tourism industry is highly seasonal.
- Due to the distance, travel to Anchorage from the Lower 48 is relatively expensive.
- The long distance also makes it impractical for most visitors to travel to Anchorage by private vehicle.
- The State of Alaska does not spend as much money marketing tourism as many other states.

## Opportunities

- The expanded capacity of the new Denaina Civic and Convention Center allows Anchorage to host larger conventions and events.
- Cruise lines, airlines and tour operators are offering discounts to attract travelers to the Alaska market.
- Nearly 400 new hotel rooms are under construction.
- A major addition to the Anchorage Museum at Rasmuson Center will open in mid-2009.
- There is increasing national and international interest in winter events such as the annual Iditarod sled dog race that begins in Anchorage.
- The Alaska Office of Economic Development created an Alaska Film office that is offering financial incentives (transferable tax credits) for film production companies that create jobs and spend at least \$100,000 in Alaska over a 24-month period. Extra incentives are available for hiring Alaskans, filming in rural areas and filming between October 1 and March 30. Five filmmakers have already pre-qualified for the incentives.

- Additional downtown redevelopment by both the public and private sector is underway due to the new Dena'ina Civic and Convention Center, 10-story state parking garage and Anchorage Museum expansion.
- Surveys report that nearly half of Anchorage visitors indicated they were likely to return to Alaska.
- The average Anchorage visitor is 50 years of age and has an average household income of \$90,000.
- A recent American Express travel survey found that pursuing personal interest drives travel despite current economic conditions.
- China is an emerging international market with a great deal of potential. Alaska's wildlife, cultural attractions, wide-open spaces, clean air and proximity to Asia area big draws for the Chinese.
- Climate sightseeing is a new trend. The travel industry predicts more Americans will take trips to see phenomena threatened by climate change like glaciers and polar bears.
- The Governor's vice-presidential bid increased publicity about Alaska and interest in the state.
- Holland America Line will have ten cruise ship sailings to Anchorage in 2010.

### **Threats**

- The worldwide economic recession and lower consumer confidence are expected to reduce vacation spending. Travelers may opt for vacations closer to home.
- Other premier tourist destinations such as Hawaii are increasing their marketing and offering discounts.
- Some cruise lines are moving ships out of Alaska. This will result in a decline in visitors as well as a decline in marketing dollars to promote Alaska.
- National and local air carriers have reduced flights to Anchorage.
- Tourism bookings for 2009 are down significantly from 2008.
- Global climate change could impact tourism.

# Quality of Life

## Strengths

- Anchorage is consistently ranked as having one of the highest qualities of life in the nation. In 2009 U.S. News and World Report ranked Anchorage as the third “most fit” cities in America based on the percentage of residents who exercised regularly. The article noted that Anchorage has more than 20 parks and 250 miles of trails and greenbelts. Anchorage was also ranked in the top five by Men’s Health Living magazine.
- Anchorage households have higher income than the national average.
- Anchorage has one of the lowest housing foreclosure rates in the nation.
- In contrast to drastic declines in many U.S. housing markets, average sales prices for Anchorage single-family homes and condominiums increased through 2007 and have stayed level since that time.
- Anchorage has state-of-the-art medical facilities and services.
- Anchorage offers a wide range of sports and recreation facilities: Sports arena, hockey rinks, recreation centers, private health clubs and hundreds of sports teams.
- Anchorage has a performing arts center that features high-quality touring shows and performances. Anchorage has local symphony orchestras, choral groups, dance companies, an opera company, and theater groups.
- The Anchorage Museum at Rasmuson Center is a world-class facility. Anchorage also has several specialized museums
- Anchorage has a modern library system headquartered at the ZJ Loussac Library. The system also operates branches in Girdwood, Muldoon and in the Dimond Center and has two new branches under construction.
- The Chugiak-Eagle River Branch Library is in the process of moving to a new home in the Eagle River Town Center. The new branch will be conveniently situated with other city services, including Parks & Recreation, in what was formerly known as the Valley River Town Center. The spacious library will feature new amenities, including group study rooms, separate teen and children’s areas and updated furnishings and collections. The anticipated grand opening will be in late summer 2009.
- The Municipality is renovating and expanding the existing Parks and Recreation building at the corner of Bragaw and Mountain View Drives. The new multi-cultural library and community room will hold a diverse collection of books, media, and magazines, and offers community-oriented programming that reflects the neighborhood's rich cultural diversity. target open date in December 2009. The library is scheduled to open in December 2009.
- Anchorage has unsurpassed outdoor recreation opportunities: Hiking, fishing, hunting, boating, snow machining and skiing. Anchorage is one of only three cities in the nation that maintains a system of lighted cross-country ski trails. Anchorage has one of the best park and trails systems in the nation and is the only major city where you can catch a king salmon downtown.
- The poverty rate in Anchorage is 8.8%, well below the national average of 13.3%.
- Anchorage has a wide range of shopping opportunities from major national chains to specialized local retail businesses.

	Helpful	Harmful
Internal	Beautiful setting/good air Healthy housing market High quality medical Low crime Sports/Recr/Outdoors Museums/Arts/Cultural Low poverty rate/PFD Low state/local taxes	Colder, darker, remote New housing down Need more primary care Need more afford. housing Time zone difference Higher living costs Low charitable contrib
External	Title 21 Rewrite Parks Foundation Entry-level homes Eagle R redevelopment More affordable housing Area plans Foraker economic focus PFD Pick, Click, Give	Global recession Rasmuson cuts Governments cuts Less local news In-migration Falling stock prices Decline in PFD

- Anchorage has a very attractive, walkable downtown with excellent shopping, restaurants, government offices, cultural attractions and year-round activities from fishing and the outdoor Saturday/Sunday market in the summer to the Fur Rendezvous winter carnival and Iditarod Trail Sled Dog Race in the winter.
- Alaska has no personal income tax.
- Anchorage has significantly lower state and local taxes than nearly all other major cities in the United States.
- Anchorage has excellent air quality and is located in a beautiful setting surrounded by mountains.
- Anchorage has lower crime rates than most urban areas.
- Anchorage is one of the most racially and ethnically diverse communities in the nation.
- Anchorage has a strong non-profit sector. The United Way, the Rasmuson Foundation and the Foraker Group have worked to strength and sustain non-profits through strategic planning, collaboration, training, and technical assistance.
- The federal government's Corporation for National and Community Service ranked Alaska fourth in the nation for volunteerism.
- The Municipality of Anchorage Office of Community and Economic Development has focused on neighborhood revitalization through its Department of Neighborhoods, the Planning Department and Anchorage Community Development Authority.
- State government has a \$ 26.2 billion Permanent Fund. Residents receive an annual cash dividend that has averaged \$1,600 for the past ten years.

### **Weaknesses**

- Anchorage has a significantly colder climate than the rest of the country with significantly less daylight in the winter months.
- New housing construction in Anchorage has declined dramatically in the last three years. In January and February of this year, building permits were issued for only 23 units, compared to 119 units for the same period in 2007.
- The housing market is soft for single-family homes priced above \$750,000.
- Remoteness from rest of the country means that many residents live far from their friends and family. There is less opportunity to visit them due to the time required and high cost of travel.
- Alaska's time zone is one to four hours earlier than the rest of the country.
- Anchorage households have a higher cost of living than the national average.
- Anchorage has a shortage of primary care physicians and many will not accept Medicare patients.
- The homeless population is increasing due to in migration from the economic recession in the Lower 48 and high unemployment in rural Alaska.
- There is not enough affordable housing or accommodations for Anchorage's homeless population.

### **Opportunities**

- Completion of the Title 21 Land Use code is expected to improve the appearance and quality of development throughout the community and reduce conflicts between incompatible uses.
- The newly established Parks Foundation offers potential to leverage private and grant funds from other sources to maintain and expand services and facilities.
- There is high demand for entry-level single-family homes. There is less than a three-month supply of homes priced under \$300,000 and a four to six month supply of housing priced between \$300-749,999.
- The Municipality is redeveloping a former shopping center in Eagle River to house a library, recreation facilities and other amenities for the community.
- More affordable housing is being built in Anchorage.
- There has been increased national publicity about Anchorage's high quality of life.
- The medical sector is expected to grow due to the aging of the population.
- The Municipality is doing a series of plans including the Hillside Plan, West Anchorage Plan and Midtown Plan that could substantially improve the quality of life for residents in these areas.
- Alaska's time zone is closer to Asia than all Lower 48 time zones.
- The Foraker Group recently added a program for Alaska non-profits that offers services focused on the economy to help sustain organizations through the national economic crisis.



- Beginning in 2009, Alaska residents applying online for the annual Permanent Fund Dividend were given the option of donating all or a portion of their dividend to Alaska non-profits through the “Pick, Click, Give” program that was funded by the Rasmuson Foundation.

### ***Threats***

- National and global economic recession has reduced the net worth of many households and may reduce their financial ability to support quality of life endeavors.
- The Rasmuson Foundation, which has been the highest contributor to many social, arts and other non-profit organizations recently suffered significant investment losses and has reduced grants.
- Falling revenues may cut budgets for many programs that contribute to quality of life.
- The parent company of the local newspaper has serious financial problems and has already made significant cutbacks. Further reductions could reduce or end home delivery and/or print editions of the daily newspaper.
- In-migration of unemployed workers and families may increase Anchorage’s unemployment, require more affordable housing, increase homelessness and strain the city’s social service resources.
- Falling stock prices could reduce or eliminate Permanent Fund Dividend payments.

# Industry Targeting

## Background Analysis

The Economic Development Administration's Comprehensive Economic Development Strategy (CEDS) guidelines require that communities "identify and analyze economic clusters within the region".

The Vision Anchorage plan spearheaded by the Anchorage Economic Development Corporation (AEDC) several years ago included an extensive industry targeting and cluster analysis component. The goal was to ensure that economic development efforts were focused on industries that could have the highest potential for success. Three separate analyses were conducted. The information below summarizes the results of that analysis and includes updates made by AEDC.

### ***Quantitative analysis considered:***

- Local market strength in an industry as measured by a relatively strong regional presence of the target industry compared to the rest of the United States.
- Job quality as measured by wage rates higher than the US average.
- Market potential – as measured by employment growth higher than the US average.

### ***Analysis of five regions***

This analysis compared Anchorage to the following communities which have a similar economic base or location strength:

- Huntsville, Alabama, which has a concentration of high technology industries with linkages to a military installation.
- Louisville, Kentucky has a concentration of logistics industries and was a successful turnaround community.
- Memphis, Tennessee, the site of the FedEx national headquarters, has a concentration of logistics industries.
- Vancouver, British Columbia, has a major port and a well-developed multi-modal transportation hub with linkages to North American, Asian and European markets.
- Edmonton, Alberta has a concentration of oil-related industries, was geographically remote, and has a cold climate.

### ***Analysis of Potential Local Fit Industries***

Qualitative analysis of four industries, which have a local fit for Anchorage, but do not have a current concentration in the region. Anchorage had at least one site location requirement for each of these industries:

- Global logistics and related value-added industries
- High technology including aerospace, life sciences, and green technology
- Aircraft repair and maintenance
- Advanced composite materials

## Recommended Target Industries

Based on the findings of the three type of analysis, the Vision Anchorage plan recommended that Anchorage economic development efforts be targeted on the following industries:

### ***Transportation/Logistics***

Due to Anchorage's geographic location, it has a significant advantage in terms of air freight over most other major cities in the world. The terms transportation logistics, air freight, and international air cargo are all used to describe Anchorage's strongest industry. This is a two-part industry: 1) a base industry which includes air cargo firms, logistics firms, ground cargo handling firms, and 2) a value added industry, which includes firms that have a time sensitive product, which needs access to a sophisticated logistics network. Anchorage has the first, but not the second. While Anchorage should support strengthening the base, value added industries could provide higher wage jobs over the long term and help diversity the overall economy. However, relatively high wages, limited industrial land availability and storage and lack of transportation alternatives area hindering this expansion.

### ***Data Processing***

Data processing is an industry, which fits well with many of the characteristics that make Anchorage unique. The city has a well-developed telecommunications infrastructure, has time zone advantages, and offers a high quality of life. The primary challenge to attracting this industry is high labor costs. However, this industry has relatively high wage costs wherever it is located.

### ***Extraction Support (Oil, Gas and Mining)***

This is already one of Anchorage's key industries. It is important to build on existing strengths, but also to use this strength of broaden the industry. This target looks to use existing strength to bring in additional suppliers to the oil, gas and mining industries, and also bring in value-added enterprises to use the raw materials and build the equipment needed to conduct the extraction work.

### ***Manufacturing***

While manufacturing is one of Anchorage's weakest industries, it is also an important part of a diversified economy. Manufacturers that produce lightweight, high-value goods that need to get to market quickly by air, are a good fit for Anchorage. Heavy manufacturing industries are not a good fit due to limited surface transportation options.

### ***Food Processing***

Alaska has many natural strengths related to food processing, and as the state's population center, Anchorage has the ability to capitalize on these strengths through food processing for the Alaska market and to a limited extent for export.

### ***Cut and Sew***

Cut and sew industries have declined markedly in the U.S. during the last few decades, but there are niche industries such as Alaska produced fur and leather that might have potential. Industries that produce synthetic fabrics and finished goods such cold-weather clothing might also have potential. These industries should be fostered in the local community, but are not strong candidates for recruitment from outside Alaska.

### ***Pharmaceuticals***

The pharmaceutical industry is a long-term target due mainly to Anchorage's access to world markets. Anchorage does not have an industry concentration in this field, but the high value, low weight and

time-sensitive nature of the product make it a good fit for Anchorage. Anchorage's efficient customs process and educated workforce are strengths, which could be leveraged along with location advantages. Anchorage is disadvantaged by the lack of a PhD program at the University of Alaska Anchorage.

### ***High Technology Manufacturing***

Technology innovations can come from any location. In the near term, this industry target will likely revolve around growing local startup companies. Local entrepreneurs need financial and technical assistance. Successful companies need to be retained locally. One important component to facilitate such innovation is high quality education at all levels. It is particularly important that the university offer high quality courses in math, science engineering and computer science.

### ***Automotive Parts***

Automotive parts manufacturing and distribution is a target due to the just-in-time nature of this industry. Anchorage's air cargo capacity means that a manufacturer can receive a product order by air within one day. However, an automotive parts business here would need to focus on high value, low weight parts or assembly of parts arriving by air from various suppliers. Relatively high labor costs and limited surface transportation options limit this industry's potential in Anchorage.

### ***Aircraft Repair and Maintenance***

This is an industry of critical importance. Anchorage could capture a larger share of this market. A large number of aircraft mechanics and pilots live in the region. Elmendorf Air Force Base and Ft. Richardson aircraft mechanics could be a recruitment pool after their military commitment ends. Other strengths for Anchorage are the high volume of flights through the airport, large numbers of commercial and private aircraft based here and the availability to ship and receive parts nationally and internationally. UAA also has a training program for aircraft repair and maintenance.

### ***Advanced Composite Materials***

The raw material for advanced composite materials (ACM) is oil and natural gas. While there is no significant ACM concentration in Anchorage today, this industry should be targeted due to the city's proximity to raw materials, quality of intrastate rail system, and abundant water.

### ***Film Industry***

The Alaska Film Office was created by the Legislature and signed into law on June 4, 2008. The program provides a total of \$100 million in transferable tax credits for qualified film production expenditures as an incentive to attract both small and large-scale film production in Alaska. Companies must spend at least \$100,000 in a consecutive 24-month period and will receive 30% transferable tax credit on qualified expenditures. With no salary cap per employee per production, companies can claim an extra 10% for wages, paid to Alaska residents, an extra 2% if filming in a rural area, and an extra 2% if filming between October 1 and March 30.

## **Detailed Industry Targets**

### ***Transportation/Logistics***

- Scheduled freight air transportation
- Nonscheduled chartered passenger air transportation
- Nonscheduled chartered freight air transportation
- Deep sea freight transportation

- Coast and Great Lakes freight transportation
- Inland water freight transportation
- Other airport operations
- Other support activities for air transportation
- Marine cargo handling
- Couriers
- Commodity contract dealing
- Process, physical distribution and logistics consulting services
- Flight training
- Port and harbor operations

### ***Data Processing***

#### ***Extraction Support***

- Support activities for oil and gas operations
- Support activities for metal mining
- Petrochemical manufacturing
- Plastic pipe and pipe fitting manufacturing
- Mining and oil and gas field machinery manufacturing

#### ***Manufacturing***

- Aluminum extruded product manufacturing
- Other engine equipment manufacturing
- Automatic environmental control manufacturing for residential, commercial and appliance Use
- Instrumental manufacturing for measuring and testing electricity and electrical signals
- Ammunition (except small arms) manufacturing
- Aluminum sheet, plate, and foil manufacturing
- Rope, cordage and twine mills
- Uncoated paper and multi-wall bag manufacturing
- Laminated aluminum foil manufacturing for flexible packaging uses
- Unsupported plastics packaging film and sheet manufacturing
- Conveyor and conveying equipment manufacturing
- Scale and balance (except laboratory) manufacturing
- Ship building and repairing

#### ***Food Processing***

- Dog and cat food manufacturing
- Creamery butter manufacturing
- Seafood canning
- Fresh and frozen seafood processing
- coffee and tea manufacturing
- Flavoring syrup and concentrate manufacturing
- Perishable prepared food manufacturing
- Soft drink manufacturing
- Bottled water manufacturing
- Breweries
- Nitrogenous fertilizer manufacturing



***Cut and Sew***

- Fur and leather apparel manufacturing
- Women's handbag and purse manufacturing

***Pharmaceuticals******High Technology Manufacturing***

- Computer terminal manufacturing
- Telephone apparatus manufacturing
- Electronic capacitor manufacturing

***Automotive parts******Aircraft Repair and Maintenance******Advanced Composite materials***

- Rubber and plastics footwear manufacturing
- Plastic bottle manufacturing
- motorcycle, bicycle and part manufacturing
- Sporting and athletic goods manufacturing
- Other aircraft parts and auxiliary equipment manufacturing
- Rubber and plastic hose and belting manufacturing
- Non-woven fabric mills

***Motion Picture & Video Production***

- Independent artists, writers, and performers
- Teleproduction and other postproduction services
- Photographic services
- Other motion picture and video industries

# Five-Year Goals, Objectives & Strategies

## Economic Development

*Goal: A healthy, growing, diversified economy with sustainable, high-quality jobs and successful businesses.*

### **Objectives & Strategies**

**Assist Anchorage and Alaska companies through a well-organized and sustained program to encourage growth, retention and expansion outside of Alaska.**

- Meet regularly with key Anchorage businesses to build relationships and assess their needs to develop a company database
- Stay abreast of current events and local, state, and national business news to identify economic opportunities and any constraints to growth
- Facilitate business opportunities
- Address challenges and opportunities by working with the Municipality of Anchorage and State on business climate issues

**Maintain and sustain an external marketing program focused on attracting businesses in select industries with the most potential for leveraging growth.**

- Work with key constituents to promote development of opportunities
- Assist in the development of state infrastructure to improve business climate
- Target marketing and communications strategy for business retention and expansion opportunities
- Develop marketing strategy focused on specific industries and develop company targets within respective industries
- Communicate directly with targeted companies to foster business relationships
- Increase national and international awareness of Anchorage's assets as they relate to business growth in select industries

**Align with other appropriate organizations (public and private) to prevent duplication of efforts and to communicate and market a common vision for Anchorage economic development and growth.**

- Maintain, or improve where necessary, working relationships and open communications with organizations that have similar missions
- Collaborate with local organizations to create synergies and prevent redundancies in marketing efforts
- Partner with local economic research organizations to stay abreast of current data
- Present the annual and mid-year economic forecast, produce quarterly economic forecasts and maintain a data bank of quarterly economic reports
- Maintain working relationships with economic data sources such as the Alaska Department of Labor, the Institute of Social and Economic Research and others

**Recognize the entire State of Alaska as an important constituent, and enhance business between Anchorage and the rest of the state.**

- Increase recognition of Alaska Native Corporations' importance to the local economy and build relationships with key officials
- Foster partnerships with rural Alaska
- Grow business throughout Alaska – What is good for the rest of the state is good for Anchorage
- Reach out to Alaska Native communities through a regular, sustainable outreach program and ARDOR involvement

## Infrastructure

*GOAL: A modern, well-developed transportation, utility, communications and public facility infrastructure that supports the long-term needs of a world-class northern city.*

**Objectives & Strategies:**

**Support Public Transportation**

- Develop People Mover routes which meet the needs of citizens
- Implement frequency of service which promotes ridership
- Maintain clean and weather suitable bus shelters
- Ensure ADA compliant bus stops, facilities and vehicles
- Encourage "Mile High" planning, including intermodal public transportation options
- Develop necessary supporting infrastructure for People Mover
- Support necessary upgrades/replacement of existing People Mover technology systems
- Support development of commuter rail service between Anchorage and the Matanuska-Susitna Borough and Girdwood.
- Support the Regional Transit Authority
- Support development of intermodal facilities and parking lots

**Promote Effective Planning**

- Support continued implementation of the Anchorage 2020 Plan
- Promote development of Neighborhood, District and Area Plans
- Support the master planning process for Anchorage International Airport, the Port of Anchorage and the Alaska Railroad Corporation
- Promote implementation of the Anchorage Downtown Comprehensive Plan
- Support implementation of the adopted Anchorage Bowl Parks and Trails Plan
- Promote effective and thoughtful transportation planning using the Anchorage Long Range Transportation Plan (LRTP)
- Support effective land use planning, necessary for continued development in the Anchorage Bowl
- Support completion of Anchorage's Title 21 Rewrite
- Support public-private partnerships which help identify parcels for potential commercial and industrial development
- Work to ensure an adequate supply of industrial land in the Municipality, to help facilitate new industry development

## **Support Utility & Energy Development**

- Support development of a regional energy authority
- Encourage and support public/private utility and energy partnerships
- Expand utility assistance programs
- Retrofit municipal facilities with energy efficient lighting
- Install energy efficient lighting on all city roadways and trails, and in city parking lots and parks
- Construct new city facilities to Leadership in Energy and Environmental Design (LEED) standards
- Construct new Anchorage School District facilities to LEED standards
- Expand curbside recycling
- Encourage private developers to meet LEEDS standards
- Encourage the development of recycling which manufactures products that can be used locally. One example of this type of business is Thermo-Cool Alaska from which produces insulation from old newsprint. Another opportunity is converting used oil to biodiesel to fuel vehicles.
- Support development of Anchorage Landfill Methane Utilization Project
- Support development of Fire Island electrical generation
- Transition existing People Mover fleet to more fuel-efficient vehicles

## ***Promote Development & Expansion of Transportation Infrastructure***

- Support the Regional Transportation Authority
- Support master plan and plan updates for Anchorage International Airport
- Encourage private investment in new and expanded air cargo facilities at Anchorage International Airport
- Support expansion and redevelopment of the Port of Anchorage
- Support master plan and plan updates for the Alaska Railroad Corporation-Anchorage
- Promote commuter rail between Anchorage and the Matanuska-Susitna Borough
- Support road projects which offer better connections for the movement of people and goods, as identified in Anchorage's LRTP
- Promote development of road projects which improve vehicle and pedestrian safety, as identified in Anchorage's LRTP
- Promote development of road projects which include adequate landscaping and necessary buffering, as called for in the 2020 Plan and other adopted documents and plans
- Support maintenance and expansion of the existing trails system, as outlined in the Trails Plan and other adopted documents and plans
- Promote road projects which include bicycle and pedestrian amenities, as called for in the 2020 Plan and other adopted documents and plans
- Support development of parking facilities to meet the needs of the community

## ***Support Development of Public Facilities Which Serve Residents & Visitors***

- Promote the central location of city offices and services to make them easily accessible to the public
- Support development and maintenance of a first-class, modern public library system with up-to-date technology
- Promote strategic locating of branch libraries, easily accessible to neighborhoods and near People Mover routes
- Support construction and maintenance of high quality public schools, which prepare students for success

- Support construction, maintenance and programming for community recreation centers that adequately serve the needs of residents, especially youth
- Encourage public-private partnerships to expand and maintain programming and services offered at public facilities
- Support construction of a new municipal Department of Health & Human Services building, which will adequately serve the needs of clients
- Encourage public-private partnerships with major municipal sports facilities, such as the Sullivan Arena, Ben Boeke Arena, and Dempsey Anderson Arena, which expand public-private uses and offer recreational opportunities for participants and audiences
- Encourage public-private partnerships with the Dena'ina Civic and Convention Center and Egan Convention Center, which expand usage by visitors and residents

### **Support Technology Development**

- Encourage development of 3G networks which provide adequate coverage in the region
- Support technology upgrades to municipal offices and departments
- Support expansion of the Municipality's website, to better serve citizens
- Upgrade municipal systems to allow for on-line permitting and fee and fine payments
- Locate e-Government Kiosks in all municipal libraries and community recreation centers, expanding citizen availability
- Expand e-Government locations to include major retail and grocery outlets, taking government to citizens
- Upgrade public meeting spaces to allow for on-line streaming of public meetings
- Encourage technology workforce development and vocational education programs which will provide ready employees and encourage the technology sector to invest in the region
- Support public-private partnerships which will facilitate development of the technology sector in the region

## Education & Workforce Development

*Goal: Residents, students and workers that are well-prepared for success in life and work.*

### **State of Alaska – Objectives**

- Alaska's youth will be job-ready when they complete high school
- Alaska will have a world-class workforce ready to meet the needs of Alaska's high-skill, high-demand jobs
- Alaska's post-secondary vocational and technical training facilities and professional educational system will provide world-class training using state-of-the-art equipment and technology
- Alaska's businesses will have the support and resources to compete in the global market

Note: This information is provided directly from the Alaska Strategic Two-Year State Plan FY07-08.

### **University of Alaska Anchorage– Objectives & Strategies**

#### **Assess and meet Alaska's current and projected workforce needs.**

- Continue to survey employers and work with the cognizant state agencies to assess workforce demand.
- Build strong partnerships with employers to ensure our graduates possess needed skills and abilities.
- Strengthen the University's continuing education and corporate programs.



- Streamline the review processes for non-degree programs.

### **Focus on rural Alaska needs.**

- Continue to build health research programs that address the needs of Alaska Natives.
- Expand vocational-technical training programs in rural Alaska to provide greater employment opportunities for local people.
- Explore new technologies that will create economic development opportunities in rural Alaska.

Note: Taken from the University of Alaska Anchorage Strategic Plan 2017

## **Anchorage School District (ASD) - Objectives & Strategies**

### **Increase achievement of all students**

- Reduce achievement gap
- Establish required Carl Perkins IV student academic achievement baseline for new annual reports.
- National, state, and local performance standards specific to C&TE are updated and maintained into course curricula, annually.
- Every C&TE course curriculum references Alaska content, employability, occupation skills, and cultural standards and performance standards.
- New Carl Perkins required Program of Studies will include career course pathways (grades 7-18) for 10% of all ASD C&TE courses.
- Third party assessments are established in pilot courses using WorkKeys or equivalent programs.
- Identify and adopt business and industry standards for employability skills. Adopt the Statewide Youth Employability Skill YES plan.
- All C&TE curriculum reflects focus on 21st Century Alaskan workforce skills.
- Every C&TE program at King Career Center will have a business and industry partnership.

### **Supportive and Effective Learning Environment**

- Establish new baseline definitions and protocol to measure graduation rates for all C&TE students, as measured by the Alaska Department of Education and Early Development definition of graduation rate and Carl Perkins IV.
- Establish new baseline definitions and protocol to measure Tech Prep as per Carl Perkins IV requirements.
- Increase tech/prep opportunities and student enrollment across C&TE areas as per Carl Perkins IV requirements.

### **Public Accountability**

- Develop a new ASD five year C&TE plan as required by Federal Carl Perkins IV Reauthorization
- Make CT&E Programs more relevant and in alignment with local and state workforce needs.
- Collaborate in joint initiatives with such organizations and groups as: Anchorage Economic Development Corporation, Anchorage and Eagle River Chambers of Commerce, and Municipal Educational Workforce Advisory Commission.
- Continue active membership and involvement with such statewide initiatives as Alaska Business Education Compact, Alaska Tech Prep Consortium, and Vocational Training and Education Providers.
- Support the VTEP State initiative recommending that all high school students graduate from high school with a diploma and a career guidance plan.
- Assess and evaluate pilot programs as well as outdated programs.
- Continue the expansion of the Anchorage Construction Academy and the Industry and Community Partnerships.
- Assist other State regions pilot additional Construction Academies.

- Advocate and support for additional C&TE classes at the Comprehensive High Schools.
- Expand Public Safety and Security course to at least one comprehensive high school.
- School Board adoption of Public Safety and Security course.

Note: This information is taken directly from the Anchorage School District Career & Technology Education Six-Year Instructional Plan FY07-FY12

### ***Alaska Process Industry Careers Consortium - Strategies***

- Define workforce needs from an employer perspective
- Create statewide skill standards for jobs,
- Develop standardized curricula that meet industry needs
- Promote careers in the industry for Alaskans.

Note: Taken from APICC.org website

## Visitor Industry

*Goal: Ensure that a growing number of visitors come to Anchorage year-round and have high-quality, unique, memorable and enriching experiences.*

### ***Objectives & Strategies:***

#### **Promote Anchorage as a visitor destination**

- Increase paid and editorial coverage of Anchorage in local, statewide, national and target international markets.
- Attract more visitors to Anchorage.net.
- Work with tour operators and travel agents nationwide to provide training and to increase the number, variety and quality of travel packages available.
- Increase social media outreach as a primary marketing strategy.
- Focus on promoting visitor attractions, activities, facilities and services within a day's outing from downtown.
- Increase visits to Visitor Information Centers.
- Increase promotion of Anchorage and Southcentral visitor opportunities in rural Alaska.

#### **Increase meeting, convention, trade show and event bookings**

- Promote Anchorage as a premier convention, meeting and trade show venue through media, trade shows, sales blitzes, fam trips and sales calls.
- Encourage meeting planners to use online RFP tools.
- Give local exposure to major meetings, conventions and events held in Anchorage
- Provide services to these groups during their Anchorage visits.

#### ***Make Anchorage more attractive to visitors and residents.***

- Support events, cultural activities and festivals that increase visibility and awareness of Anchorage as a meeting and travel destination.
- Provide customer service training for employees in the visitor service industry.
- Work with the travel industry to increase the number, variety and quality of travel packages available.

### ***Coordinate public and private visitor industry resources.***

- Leverage key partnerships to maximize outreach to key audiences.
- Increase and retain ACVB's membership base.
- Use innovative marketing and communications strategies to position Anchorage as a premier resource for out-of-state and in-state travel and meeting planning through use of Web 2.0 technologies, booking and planning tools.
- Recruit and retain ACVB volunteers.
- Increase ACVB member participation in state, national and international trade shows.
- Continue development of Web site inter-actively, building depth with links in
- Ensure optimal revenue and economic impact of the Anchorage Convention Centers.
- Approve and implement a booking policy to ensure optimal use of convention facilities.
- Monitor quality of service and customer satisfaction of convention facilities.
- Evaluate the return on investment for visitor promotions.
- Actively participate in legislative and local issues that impact tourism businesses and the visitor experience.

### **Promote and develop Anchorage's "Big Wild Life" brand**

- Highlight brand in all print materials, advertising and online resources.
- Encourage the Municipality, State and all ACVB members to market the brand
- Make electronic versions of brand logo available for others to use in their own marketing materials.

### **Implement Anchorage's Downtown Comprehensive Plan**

- Create a Downtown for All: Celebrate Anchorage's diversity by offering amenities, goods, attractions and services that appeal to persons of varying ages, backgrounds and incomes. Downtown crowds should be a reflection of the community.
- Provide More Housing Downtown: Make Downtown a great place to live by developing diverse housing options and resident- serving amenities that will boost commerce, build community and create round- the-clock vibrancy.
- Jump-Start Development: Coordinate and leverage the substantial public sector investment in major planned projects to catalyze private development.
- Improve Connectivity: Link amenities, housing, office space, retail and natural resources to enhance Downtown's sense of place and connectivity among destinations. Promote walking as an important mode of circulation within Downtown. Strengthen intermodal connections, making it easier for Downtown pedestrians to use Anchorage's air, rail, bus and ferry terminals.
- Activate the Ground Floor Environment: Ensure that the ground floors of all buildings and sidewalk treatment engage pedestrians and create an active, inviting, urban experience with a comfortable, safe and vibrant pedestrian environment year-round.
- Provide a Clear, Sensible Regulatory Framework: Establish codes and guidelines to ensure that new development achieves the vision for Downtown while providing clarity and flexibility for the development community.

# Quality of Life

*QUALITY OF LIFE GOAL: A community in harmony with our natural environment, with safe, healthy and diverse neighborhoods that offer abundant recreational, social, and cultural opportunities and affordable housing.*

## **Objectives & Strategies:**

### **Support quality housing and build healthy communities and neighborhoods**

- Build more housing for the entry-level market.
- Expand affordable rental housing opportunities for low and extremely low- income households, with an emphasis on special needs and the homeless. Provide an effective mix of program and services that address the housing and housing-related needs of residents.
- Preserve affordable rental and home ownership opportunities.
- Expand home ownership opportunities, particularly for low- to moderate- income households.
- Develop incentives for creating and developing affordable housing
- Encourage redevelopment projects that emphasize mixed-income housing development.
- Encourage the demolition and redevelopment of substandard housing.
- Encourage higher density housing along transit corridors
- Encourage the maintenance and upkeep of existing housing in order to extend its useful life and neighborhood stability.
- Upgrade the existing housing stock to make it more energy efficient.
- Help make land available for use in future affordable housing developments.
- Expand the availability of housing for seniors.
- Complete the rewrite of the Title 21 land use code
- Continue implementing the Anchorage 2020 Plan.
- Develop neighborhood plans for specific parts of the community such as the Hillside, Midtown and community councils.

### **Reduce Homelessness**

- Expand the supply of rental housing for special needs populations, with an emphasis on the homeless.
- Educate the public about the issue of homelessness.
- Engage in homeless prevention activities including an effective mix of programs and services including case management to assist people in obtaining and retaining permanent housing.
- Assist in the development of a coordinated intake and discharge system.
- Support existing shelter services and the expansion of transitional housing services.

### **Support the Social Environment**

- Strengthen and support families
- Rally a cadre of adult mentors
- Create meaningful opportunities to engage youth in the community and workforce
- Intervene early with youth who are disengaged from school or becoming delinquent
- Proactively intervene with youth who are using alcohol and drugs
- Change community attitudes by establishing an environment where substance use, delinquency and dropping out of school are unacceptable to a caring community of concerned citizens.

- Support the development of more community centers associated with housing development projects.

### **Support our Natural Environment, Parks & Recreation**

- Provide stewardship of our natural resources by maximizing Anchorage’s “green infrastructure”.
- Preserve Anchorage’s clean air and clean water.
- Improve and maintain existing parks.
- Foster private-public partnerships to maintain and expand facilities and programs.
- Create and use parks and trails as community building blocks to link and connect schools, neighborhoods and businesses.
- Develop and enhance parks as economic engines for residents and visitors.
- Provide services and facilities for a diverse community.
- Improve year-round access, connections and safety of trails.

### **Provide Cultural Resources that enrich the lives of our diverse community.**

- Encourage the celebration of Anchorage’s diverse cultures
- Support urban-rural cultural exchanges
- Create opportunities for mentorships and leadership training
- Promote public-private partnerships that support arts and cultural organizations and activities
- Ensure that the collections and programs of municipal libraries are current and user-focused.
- Ensure that municipal libraries are equipped with technology that gives citizens convenient access to information and collections

### **Support Non-Profit Organizations**

- Promote organizational sustainability
- Encourage boards and staff to act strategically
- Provide high-quality, cost-effective education and training
- Increase the skills of staff and boards
- Assist organizations with collaborations and public-private partnerships
- Promote a culture of philanthropy



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# Appendix - Proposed Projects

# Appendix - Resolutions from the Federation of Community Councils and Municipality of Anchorage Assembly