

2012

BCI

Business
Confidence
Index

REPORT



What's Anchorage's Number?

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Summary of Key Findings

The Anchorage Economic Development Corporation (AEDC) contracted with McDowell Group, an Alaska research and consulting firm, to conduct the fourth annual AEDC Business Confidence Index (BCI) Survey. The purpose of this survey was to assess business conditions in the Anchorage area and measure business confidence entering 2012. The online survey, conducted between November 9 and December 21, 2011, had 183 responses from businesses and organizations in Anchorage and Chugiak/Eagle River.

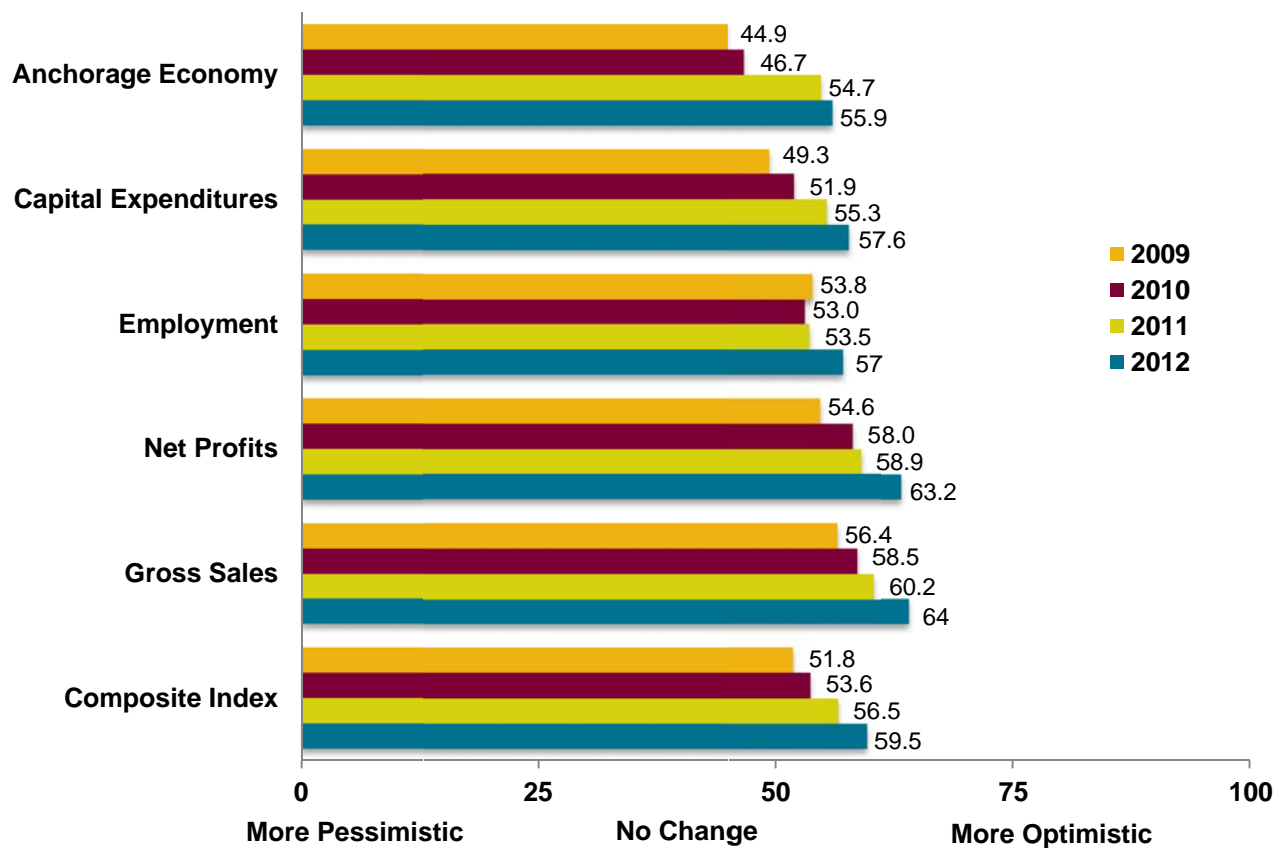
The 2012 AEDC Business Confidence Composite Index for 2012 is 59.5, a notable increase from early 2011, when business confidence was measured at 56.5. This increase marks the most positive outlook for Anchorage's economy in the four years the BCI has been measured. With a maximum score of 100, an index above 50 indicates an optimistic outlook while below 50 indicates a more pessimistic view. Overall, the indices in all five main areas of the survey have trended upward since the first BCI survey was fielded four years ago: capital expenditures, employment, net profits, gross sales, and the Anchorage economy. The Composite Index has gained almost eight points overall during that time period.

Compared to last year's results:

- Capital expenditure expectations for 2012 are up 2.3 points: 57.6 compared to 55.3 in 2011
- Expectations for employment are up 3.5 points: 57.0 compared to 53.5 in 2011
- The net profit index is up almost five points: 63.2 compared to 58.9 in 2011
- The gross sales index is up almost four points: 64.0 compared to 60.2 in 2011
- Optimism about the Anchorage Economy is up slightly: 55.9 compared to 54.7 in 2011

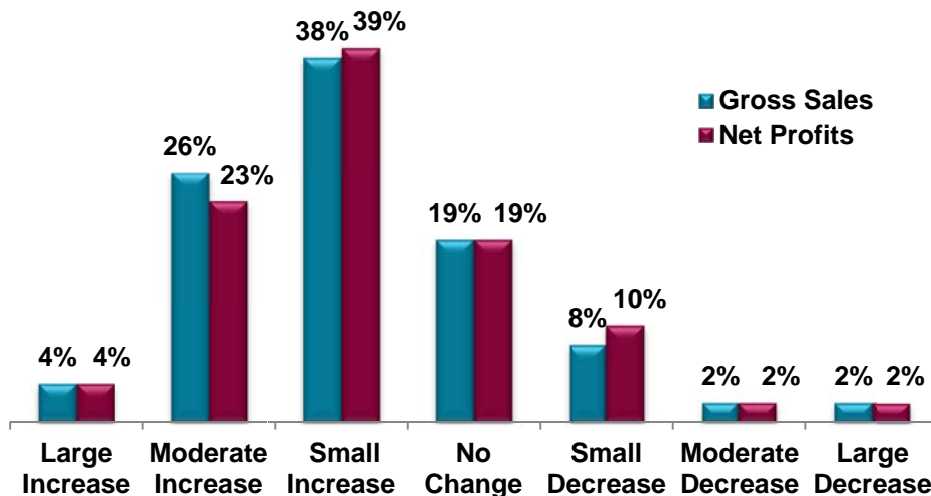
The chart below compares the indices from the past four years.

AEDC Business Confidence Indices, 2009–2012



As the following chart illustrates, businesses have almost equal confidence that gross sales and net profits will increase (small, moderate or large increases combined) in 2012, with 68 percent of respondents projecting an increase in gross sales and 66 percent projecting an increase in net profits. This result is up from the 2011 confidence level of 63 percent expecting an increase in gross sales and 60 percent for net profits. A smaller percentage (19 percent) of respondents forecast no change or a decrease in sales and profits versus 22 percent of last year's survey participants.

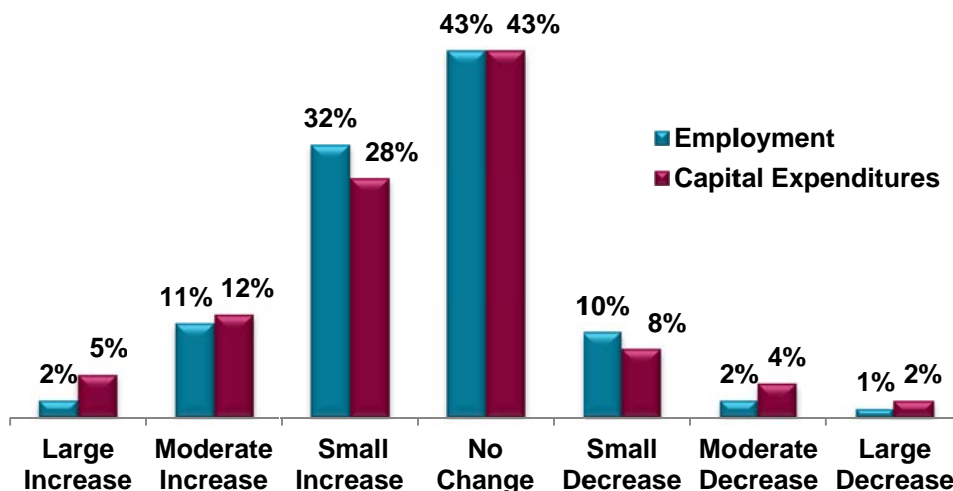
Expectations for Gross Sales and Net Profits in 2012



There is little change or improvement in business expectations for capital expenditures between this year and last year - with 45 percent expecting small to large increases (compared to 46 percent last year).

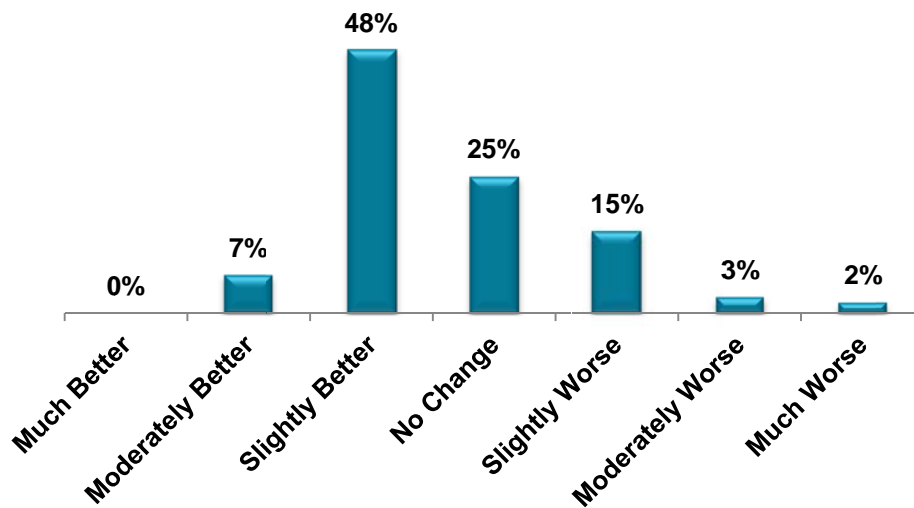
However, confidence in employment increases is up from last year - 45 percent have expectations of small to large increases in employment in 2012 compared to 34 percent in 2011.

Expectations for Capital Expenditures and Employment in 2012



Businesses are more optimistic about the overall Anchorage economy than they have been the past three years. More than half of the businesses responding (55 percent) expect the Anchorage economy to fare better in 2012 than 2011, up from 48 percent a year ago. The majority of those optimistic businesses anticipate the local economy will be just “slightly better.” One-quarter expect no change in the economy, down slightly from last year (27 percent).

How do you think the Municipality of Anchorage economy will fare in 2012, compared to 2011?



Federal regulations and health insurance continue to be the two most pressing issues for businesses, with 25 and 23 percent, respectively, considering these issues as significant barriers to their business’s growth. However, when responses are combined that identify “significant” and “moderate” barriers, the top issues creating business barriers include:

- Availability of a professional/technical workforce (58 percent)
- Federal regulations (54 percent)
- Health insurance (54 percent)
- Energy prices (53 percent)
- Availability of semi-skilled workers (51 percent)
- Job readiness of entry-level workers (50 percent).

Anchorage and Chugiak/Eagle River businesses continue to see oil and gas development as highly important to Anchorage’s economy. In particular, “Cook Inlet resource development” rose to the top of the list as most important for the Anchorage economy (28 percent ranked it as “most important”), knocking off the Alaska gas pipeline, which held the top position for the past three years. The Alaska gas pipeline still remains important, however, and with the second highest proportion of respondents (19 percent) identifying it as “most important.” This is followed closely by the natural gas pipeline from the North Slope to Cook Inlet (14 percent).

Respondents were again asked if they support the establishment of a sales tax and the results were similar to last year: 60 percent of respondents favor a sales tax to offset business and residential property taxes, compared to 58 percent in support in 2011.

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

	% of Total
Yes	60%
No	40

A new question was added to this year’s survey, asking respondents if the Alaska Clear and Equitable Share (ACES) tax structure is negatively impacting oil production in Alaska. Almost three-fourths of respondents (72 percent) agreed that the ACES tax structure is negatively impacting the state’s oil production.

Do you think the current ACES tax structure is negatively impacting oil production in Alaska?

	Percent
Yes	72%
No	28

The Anchorage Economic Development Corporation (AEDC) contracted with McDowell Group to conduct the fourth annual Business Confidence Index (BCI) survey of Anchorage businesses and organizations. The purpose of this survey was to identify the various factors that affect business and the overall economy in the Municipality of Anchorage in order to evaluate business confidence in the area.

The online survey asked respondents about expected capital expenditures, employment needs, barriers to growth of their companies, the importance of various projects and issues, and expectations of how the Anchorage economy will fare in 2012. A business confidence index was designed to gauge expectations about the overall Anchorage economy, gross sales, net profits, employment, and capital expenditures. With a possible maximum of 100, the index indicates a positive outlook for percentages above 50 and a negative outlook for numbers below 50.

Most questions from this year's survey remained unchanged from the three prior surveys so results can be benchmarked year to year.

The survey was launched online on November 9, 2011 and continued through December 21, 2011. AEDC distributed postcards with the survey web address at various events, sent a series of emails (with follow-up calls) to their members and investors with a link to the website, and advertised the survey in the newsletters of various organizations, including Buy Alaska and the Anchorage and Chugiak–Eagle River chambers of commerce.

A total of 183 businesses and organizations completed the survey. Responses came from Anchorage and Chugiak/Eagle River. Non-profits, professional services, and transportation businesses or organizations were the three most prevalent sectors responding to the survey.

When respondents were asked about their net profits in 2011 compared to 2010, 51 percent reported an increase, either small or moderate, with 7 percent reporting a large increase. In total, the proportion of respondents reporting an increase in net profits is down 3 percent from last year.

Almost twice as many respondents reported no change (17 percent) in their net profits this year than in 2010 (9 percent). This year's survey results show the highest percentage of respondents reporting no change since the survey was first fielded in December 2008.

In contrast to previous years' results, only 22 percent of this year's respondents reported decreased net profits, compared to last year when 34 percent reported decreased net profits.

In terms of net profits, how did your business perform this year compared to last year?

	Dec. 2011 Survey Results	Dec. 2010 Survey Results	Dec. 2009 Survey Results	Dec. 2008 Survey Results
Large increase	7%	6%	5%	11%
Moderate increase	21	19	13	28
Small increase	23	29	18	21
No change	17	9	11	11
Small decrease	11	16	15	12
Moderate decrease	6	10	16	2
Large decrease	5	8	9	7
Not applicable	9	4	12	8

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

Gross Sales/Annual Operating Budget

- More than two-thirds (68 percent) of respondents expect an increase in gross sales (or operating budget) in 2012. Of those that do expect an increase, the majority (64 percent) expect a small to moderate increase, with 4 percent expecting a large increase.
- Only 12 percent expect a decrease in gross sales, down from last year when 17 percent expected a decrease and well below two years ago when 27 percent expected a decrease.
- A similar percentage of businesses expect no change in gross sales in 2012 (19 percent) as was expected last year (21 percent).

In terms of gross sales/annual operating budget, how do you expect your organization to perform next year compared to this year?

	Dec. 2011 Survey Results	Dec. 2010 Survey Results	Dec. 2009 Survey Results	Dec. 2008 Survey Results
Large increase	4%	3%	6%	4%
Moderate increase	26	22	22	26
Small increase	38	38	32	27
No change	19	21	15	8
Small decrease	8	10	13	17
Moderate decrease	2	3	10	15
Large decrease	2	4	4	2

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

Net Profits

- Two-thirds of respondents (66 percent) expect to see an increase in net profits in 2012, but only 4 percent expect their increase to be large. The percentage of respondents expecting an increase in net profits is up 6 percent from last year’s results, the highest result since the first survey was fielded four years ago.
- Respondents expecting no change in net profits in 2012 are at 19 percent, down slightly from last year’s 22 percent.
- Fourteen percent of respondents anticipate a decrease in net profits in 2012, with the majority of those respondents expecting just a small decrease. This is the lowest measure of pessimism in the history of the AEDC BCI.

**In terms of net profits, how do you expect
your organization to perform next year compared to this year?**

	Dec. 2011 Survey Results	Dec. 2010 Survey Results	Dec. 2009 Survey Results	Dec. 2008 Survey Results
Large increase	4%	2%	4%	5%
Moderate increase	23	20	24	20
Small increase	39	38	30	23
No change	19	22	18	15
Small decrease	10	10	12	21
Moderate decrease	2	4	9	14
Large decrease	2	4	4	1

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

Employment

- Forty-five percent of respondents expect to hire more workers in 2012. The number of companies anticipating hiring more employees is up from 34 percent last year.
- About one in eight respondents (13 percent) are anticipating a decrease in the number of workers in 2012, down by half from a four-year high in December 2008 of 27 percent. Of those companies expecting to decrease employment, the majority expect only a small decrease.

**In terms of employment, how do you expect
your organization to perform next year compared to this year?**

	Dec. 2011 Survey Results	Dec. 2010 Survey Results	Dec. 2009 Survey Results	Dec. 2008 Survey Results
Large increase	2%	-%	2%	3%
Moderate increase	11	9	7	13
Small increase	32	25	24	23
No change	43	49	49	35
Small decrease	10	12	11	20
Moderate decrease	2	2	4	6
Large decrease	1	2	2	1

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

Capital Expenditures

- Nearly half of respondents (45 percent) expect to increase capital expenditures in 2012, with the majority of those expecting a small to moderate rise. This matches last year's expectations of increased capital spending (46 percent).
- The percentage of those companies expecting no change in capital expenditures, 43 percent, is up from last year (37 percent).
- Fourteen percent expect to decrease capital spending in 2012. The percentage of respondents expecting to decrease capital expenditures has steadily decreased since the AEDC BCI survey was first fielded in 2008.

In terms of capital expenditures, how do you expect your organization to perform next year compared to this year?

	Dec. 2011 Survey Results	Dec. 2010 Survey Results	Dec. 2009 Survey Results	Dec. 2008 Survey Results
Large increase	5%	3%	4%	5%
Moderate increase	12	12	8	10
Small increase	28	31	23	22
No change	43	37	42	28
Small decrease	8	7	9	16
Moderate decrease	4	5	8	10
Large decrease	2	5	5	8

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

Barriers to Business Growth

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

- The two barriers most often mentioned as “significant” to Anchorage and Chugiak/Eagle River businesses are federal regulations (mentioned by 25 percent) and health insurance (23 percent).
- Combining with “moderate” and “significant” barrier responses, 58 percent of respondents consider the availability of a professional/technical workforce as a barrier, followed closely by 54 percent each for both federal regulations and health insurance. Last year’s results showed health insurance as the top barrier at 62 percent (significant and moderate barrier), followed by the availability of a professional/technical workforce (53 percent), and federal regulations (50 percent).
- The proportion of respondents citing energy prices as a significant barrier rose slightly, to 15 percent this year from 12 percent in last year’s survey. Combined with “moderate” responses, 53 percent of respondents view energy prices as a barrier to growth.
- There may be growing concern about the availability of semi-skilled workers, with 51 percent of respondents citing this factor as a moderate to significant barrier, and job readiness of entry-level workers (50 percent). Both are higher than last year when percentages were 39 percent and 44 percent respectively.
- State regulations were cited as a significant barrier by 12 percent of respondents this year – up slightly from last year’s 10 percent.
- Respondents were asked if there are other barriers than those listed that prevent them from achieving growth. A list of those responses is provided in the Appendix.

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

	Significant barrier	Moderate barrier	Not a barrier	Not applicable
Federal regulations	25%	29%	35%	11%
Health Insurance*	23	31	33	12
Availability of professional/technical workforce	15	43	33	9
Energy prices	15	38	37	11
State regulations	12	31	45	12
Workers Compensation Insurance*	12	29	48	11
Job readiness of entry-level workforce*	11	39	40	10
Cost of commercial/lease rental property	10	31	49	11
Transportation linkages with suppliers and markets	10	22	51	16
Federal taxes	9	26	48	16
Access to capital	8	24	56	12
Energy supply*	8	20	58	13
MOA regulations	6	22	57	15
State taxes	6	15	57	21
MOA taxes	4	21	57	19
Availability of semi-skilled workers	4	47	37	12

Notes: * Indicates barrier not included in December 2008 survey. Due to rounding, some rows may not add up to 100 percent.

Capital Improvement Plans

- About one-third of respondents (34 percent) are planning capital improvement projects over the next two years, up from 27 percent in last year's survey. This proportion is the same as the December 2008 survey results. A higher percentage (71 percent) than last year (64 percent) expect the capital improvements to lead to new jobs in their organizations.
- Two-thirds of respondents (66 percent) are not planning any capital improvements (a decrease from the 73 percent in last year's survey). Almost three-fourths of these businesses (72 percent) reported that the recent economic climate did not affect their development plans.

Are you planning significant capital improvements in the next two years (2012–2013)?

	Dec. 2011 Survey Results	Dec. 2010 Survey Results	Dec. 2008 Survey Results	Dec. 2008 Survey Results
Planning Capital Improvement	34%	27%	31%	34%
Will create jobs	71	64	73	74
Will not create jobs	29	36	27	26
Not Planning Capital Improvement	66%	73%	69%	66%
Recent economic climate did not affect plans	72	62	69	74
Recent economic climate affected plans	28	38	31	26

Alaska Economy

- About half of the respondents (51 percent) think the Alaska economy will fare better in 2012 than 2011; however, most think the economy will be only slightly better. The proportion of respondents thinking the economy will be better has grown each year, starting at 21 percent in December 2008 to 51 percent this year.
- A quarter (26 percent) think there will be no change in the economy from 2011 - similar to last year's result (25 percent). Another quarter (24 percent) think the economy will be worse; however, most of those respondents think it will be only slightly worse.

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

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

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

Anchorage Economy

- More than half of respondents (55 percent) believe the Municipality of Anchorage economy will fare better in 2012 compared to 2011, continuing an upward trend since the December 2008 survey results (27 percent).
- There are far fewer respondents (20 percent) who believe that the economy will be worse in the coming year than four years ago when 59 percent believed the Anchorage economy would be worse than the previous year.
- One quarter of the respondents (26 percent) believe that there will be no change in the Anchorage economy from 2012.

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

	Dec. 2011 Survey Results	Dec. 2010 Survey Results	Dec. 2009 Survey Results	Dec. 2008 Survey Results
Much better	-%	1%	-%	3%
Moderately better	7	8	8	8
Slightly better	48	39	25	16
No change	25	27	21	14
Slightly worse	15	21	32	47
Moderately worse	3	3	13	11
Much worse	2	1	2	1

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

Importance of Projects for the Economy

Anchorage and Chugiak/Eagle River businesses continue to view oil and gas development projects as very important to Anchorage’s economy.

- Combining “very important” and “somewhat important” responses, Cook Inlet resource development” is most likely to be ranked as important by respondents, with 94 percent of respondents considering it very important or somewhat important. This is followed closely by the Alaska gas pipeline (89 percent), workforce training (89 percent), Port of Anchorage expansion (87 percent), natural gas pipeline from North Slope to Cook Inlet (86 percent), and upgrade of utility infrastructure (86 percent).
- Respondents mentioned other projects that they consider important to the Anchorage economy. Those responses are included in the Appendix.

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

	Very important	Somewhat important	Not important	Don't know
Cook Inlet resource development	69%	25%	4%	2%
Alaska gas pipeline	63	26	9	1
Natural gas pipeline from North Slope to Cook Inlet	57	29	10	3
Port of Anchorage expansion	43	44	10	3
Upgrade of utility infrastructure	39	47	9	5
Workforce training	37	52	9	2
Knik Arm Bridge	24	24	45	7
Seward Highway to Glenn Highway Connection (H2H)	23	45	27	5
Affordable workforce housing	22	56	18	3
Beluga whale habitat	17	34	42	7
Update of Title 21 municipal land use plan	17	49	17	17
Anchorage neighborhood revitalization	14	51	30	5
Industrial park development	13	49	28	11

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

In addition to rating each project individually, businesses also identified the “most important” projects from the full list.

- “Cook Inlet resource development” rose to the top of the list as the most important project for the Anchorage economy (28 percent “most important”), knocking off the Alaska gas pipeline, which held the top position for the past three years. The Alaska gas pipeline still remains important, however, and was second with 19 percent noting it as “most important”, followed closely by the natural gas pipeline from the North Slope to Cook Inlet (14 percent).
- The level of importance of both the Alaska gas pipeline and the pipeline from the North Slope to Cook Inlet has lessened each year the survey has been conducted.

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

	Dec. 2011 Survey Results	Dec. 2010 Survey Results	Dec. 2009 Survey Results	Dec. 2008 Survey Results
Cook Inlet resource development*	28%	16%	15%	–%
Alaska gas pipeline	19	30	36	56
Natural gas pipeline from North Slope to Cook Inlet	14	18	20	25
Port of Anchorage expansion	10	7	4	2
Knik Arm Bridge	6	5	6	4
Seward Highway to Glenn Highway Connection (H2H)	6	4	6	2
Affordable workforce housing*	3	5	2	–
Upgrade of utility infrastructure**	3	4	–	–
Workforce training	3	2	4	7
Update of Title 21 municipal land use plan	2	–	–	–
Anchorage neighborhood revitalization	1	2	2	–
Industrial park development	1	1	1	1
Beluga whale habitat**	–	2	–	–
Other	3	5	4	4

Notes: * Indicates project not included in December 2008 survey. ** Indicates project not included in the December 2008 or 2009 surveys. Due to rounding, some columns may not add up to 100 percent.

Business Support for an Anchorage Sales Tax

- Six out of ten respondents support establishing a sales tax in Anchorage to offset business and residential property taxes. This percentage held steady from last year's survey where 58 percent of respondents supported a sales tax.

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

	% of Total
Yes	60%
No	40

Impact of ACES

- A new question added to this year's survey asked respondents if they think the current Alaska Clear and Equitable Share (ACES) tax structure is negatively impacting oil production in Alaska. Almost three-fourths of respondents (72 percent) agreed that the ACES tax structure is negatively impacting the state's oil production.

Do you think the current ACES tax structure is negatively impacting oil production in Alaska?

	Percent
Yes	72%
No	28

Business Sector

- The sectors represented by the largest number of survey respondents were the non-profits, professional services (legal, accounting, consulting and other similar business services) and transportation.

Which sector best describes your organization? (Self-identified)

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

Note: * Indicates sector not represented in December 2008 survey. ** Indicates sector not represented in the December 2008 or 2009 surveys. *** Indicates sector not represented in December 2008–2010 surveys.

Organization Size

- Sixty-six percent of survey respondents are companies with over \$1 million in gross sales (or annual operating budgets for non-profit organizations). Of those, 19 percent had budgets between \$1 million and \$5 million. Thirty-eight percent are companies with annual gross sales of more than \$10 million.

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

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

Current and Peak Employment

- Thirty-nine percent of respondents employ less than 10 people. More than a quarter of respondents (27 percent) employ 10 to 49 people full- and part-time.
- Seven percent of the respondents employ 500 or more people (full-time and part-time).

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

	Dec. 2011 Survey Results	Dec. 2010 Survey Results	Dec. 2009 Survey Results	Dec. 2008 Survey Results
Under 10	39%	46%	42%	26%
10 to 49	27	28	26	38
50 to 99	7	8	9	8
100 to 249	10	6	9	9
250 to 500	8	7	6	9
500 or more	7	5	8	10
Don't know	2	1	1	1

- Peak employment for respondent businesses and organizations showed the same trends as the number of current employees.

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

	Dec. 2011 Survey Results	Dec. 2010 Survey Results	Dec. 2009 Survey Results	Dec. 2008 Survey Results
Under 10	39%	43%	39%	23%
10 to 49	26	29	27	38
50 to 99	8	8	9	10
100 to 249	10	6	10	10
250 to 500	9	10	4	8
500 or more	7	4	9	12
Don't know	2	1	1	0

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

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

- *Safety to travel, ease of travel, competition, world economy.*
- *Obama and his failed economic policies. Begich and his lack of influence.*
- *Lack of direct air transportation to Asia. Limited number of air carriers servicing Anchorage.*
- *Fiscal instability in the oil & gas industry, partially driven by commodity prices, and partially driven by fluctuating state tax schemes.*
- *Technology has brought constant change that is very expensive.*
- *Certain state laws that inhibit market forces from business growth, such as exists in less government regulated states.*
- *State of Alaska budget limitations.*
- *Leadership, direction, narrative, and plan are all lacking at the Municipal and State level that hinders growth of our business as well as (in my opinion) many other businesses throughout the state.*
- *Lack of long-term planning by MOA, no vision or innovative plans for development.*
- *Lack of support from the Mayor and Assembly.*
- *Participation of member companies/industry; ability to grow membership and awareness.*
- *State oil tax policy that is anti-growth on the one hand and subsidizes inefficiency on the other hand.*
- *Legislative action or inaction, thereby changing our mission or not allowing for completion.*
- *Internal.*
- *As a non-profit, donation/sponsorship funds are becoming scarcer every year and trying to maintain programs on less money is difficult. It means we must be very creative in our approach to sponsors/donors.*
- *Federal spending.*
- *Cuts in government funding.*
- *State business environment due to regulations and state taxes. Our clients include the oil industry and mining industries and they are reluctant to invest more in Alaska due to the anti-business environment.*
- *Global economy.*
- *Lack of clear leadership in Juneau.*
- *Ineffectual but expensive corporate and government safety programs.*
- *Lack of new oil production in Alaska. Anticipated reduced government spending. Tax exemption for cooperatives (utilities and credit unions).*
- *Large quantity of 'franchise' restaurants that have national food contracts. Unhealthy environment for small businesses and opportunity for growth.*
- *Decline in real estate market, our new rental stream is 40% lower than in 2010.*
- *Cost of energy.*
- *Federal Budget Reductions and reduced spending in Alaska.*

- *Lack of funding.*
- *Federal Regulations.*
- *Banks and MOA attitude.*
- *There is very little new business to be had in our industry in Alaska. The State of Alaska spends less money on "prevention" communications than it did a few years ago. During the economic downturn, agencies from the Lower 48 were interested in Alaska, some for the first time, and some Alaska communications business went Outside.*
- *Alaska economic growth is slow.*
- *People that hate the idea of growth.*
- *OSHA.*
- *Foreign competition, inept politicians.*
- *Lack of confidence of customers in Alaska's economy thanks to Sarah P's effectively running the oil Industry out of our state, and down to N. Dakota, where they have lower taxes on extraction.*
- *Limited growth of cargo lifts at airport.*
- *Disposable income of community.*
- *The perceived value of the university to the city and state.*
- *Lack of availability of aircraft/cargo space from the 'bush' to ANC. Regular schedule flights so that there is the ability of back haul. Lack of airstrip length so we can be serviced by larger cargo planes. Energy cost/availability is still a HUGE barrier for many airline to be able to make full loads back (have to carry lower cost fuel enough for to and from point of shipment).*
- *Economy, Obama's economy is much, much, much worse than Bush's economy ever was. Economy down, volume down, revenue down, costs up, barely making the bills, struggling, going for drowning.*
- *High cost to execute activities relative to rest of U.S.*

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

- *Light rail project-Valley to Anchorage to Girdwood.*
- *Vote out Obama.*
- *PhD programs at UAA.*
- *Repealing ACES (realize not a "Project" per se).*
- *Seward Hwy safety improvements, Anchorage to Girdwood.*
- *Greater investment in creative economy.*
- *Educational facilities.*
- *Power production.*
- *Pebble Mine – giving it a fair shot.*
- *Completion of the UAA athletic complex!*
- *South Denali Visitor Center.*
- *Pebble Mine.*
- *New North Slope oil production.*
- *Third lane to Glenn Highway ER to Peters Creek.*
- *Pebble Mine development.*
- *Small scale water energy up to 5 Megawatts turbines.*
- *Housing.*

- *Economic diversification.*
- *Getting rid of Obama.*
- *More infrastructure for schools.*
- *Renewable energy opportunities.*
- *Watana Dam.*
- *Beluga habitat is a negative impact.*
- *Arctic offshore exploration.*
- *Technology incubator for software companies.*
- *Susitna Dam.*
- *Responding to the business they do with the 'bush.'*
- *Low laying methane deposits exploration & development*
- *Vote out Begich.*
- *More hard science programs at UAA.*
- *Extension of Dowling to Minnesota.*
- *Fiber optics and server farms.*
- *Pebble Mine.*
- *Ship Creek re-development.*
- *Chuitna Coal development.*
- *Resolving our social ills: homelessness, addiction.*
- *Getting rid of Begich.*
- *Cook Inlet Tidal Power.*
- *Mt Spurr Geothermal.*
- *POA expansion is a negative impact.*
- *North Slope onshore oil exploration on state lands.*
- *Getting the port project under cost control.*
- *KABATA.*
- *Harvesting of deadwood timber & processing such.*
- *Anchorage International Airport expansion.*
- *Donlin Creek.*
- *Ship creek development.*
- *Energy efficiency program funding.*
- *Utilize AK for extreme conditions training for space.*