

2016

ANNUAL BUSINESS CONFIDENCE INDEX REPORT

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Summary of Key Findings

Anchorage Economic Development Corporation (AEDC) contracted with McDowell Group, an Alaska research firm, to conduct the eighth annual AEDC Business Confidence Index (BCI) Survey. The purpose of the survey is to assess business conditions in the Anchorage area and measure the degree of optimism or pessimism with which Anchorage businesses look forward to 2016. The survey was fielded from November 16 to December 21, 2015. Online responses from 239 businesses and organizations in Anchorage and Chugiak/Eagle River were analyzed and modeled to produce business confidence indices.

BUSINESS CONFIDENCE INDICES

The survey measures confidence and reports an index for each of six major areas: overall composite, Anchorage economy, gross sales, net profits, employment and capital expenditures. Each index represents a combination of responses to several questions. With a maximum score of 100, an index above 50 indicates a generally optimistic outlook while below 50 indicates a generally pessimistic view.

This is the first time since the BCI survey began in 2009 that all indices have shifted downward in the same year. However the overall trend has tended to be somewhat pessimistic since 2013/2014. In general, though, views of business owners about their own businesses are not as negative as those about the overall economy.

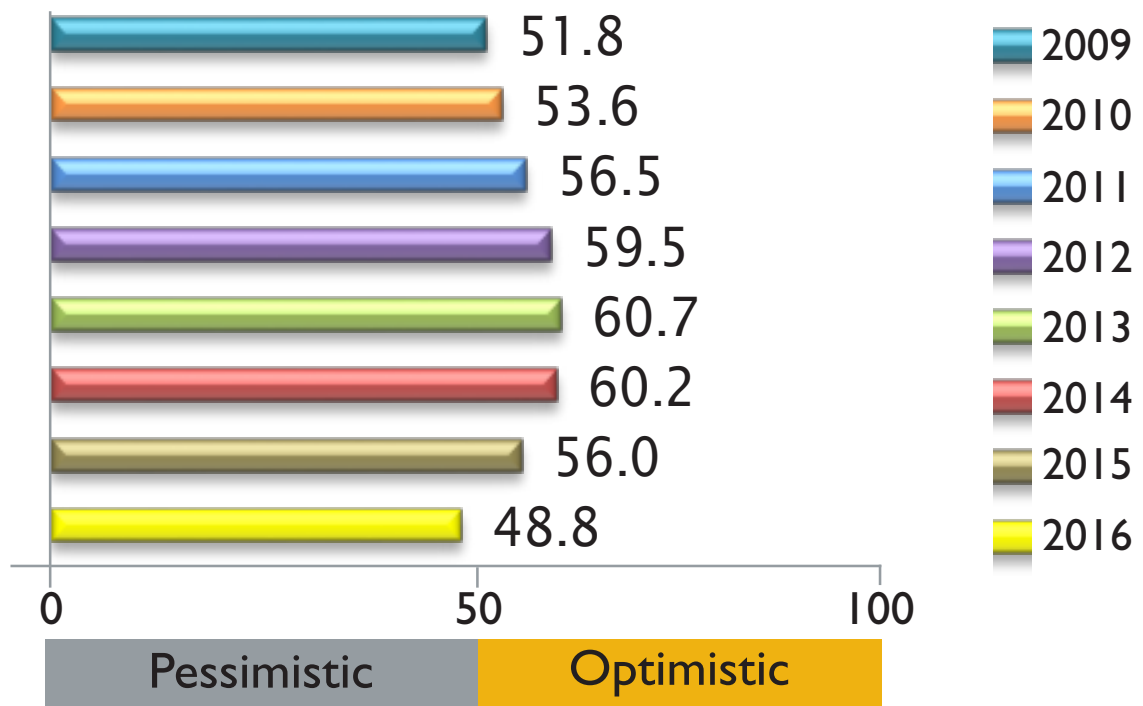
The AEDC Business Confidence Composite Index for 2016 is 48.8, down 7.2 points from 2015 (56.0).

Comparing other indices to last year's results, expectations for 2016 are:

- Lower for the Anchorage Economy, down 14.1 points to 32.8.
- Lower for Gross Sales, down 7.1 points to 54.8.
- Lower for Net Profits, down 7.3 points to 54.3.
- Lower for Employment, down 1.9 points to 53.2.
- Lower for Capital Expenditures, down 5.5 points to 49.2.

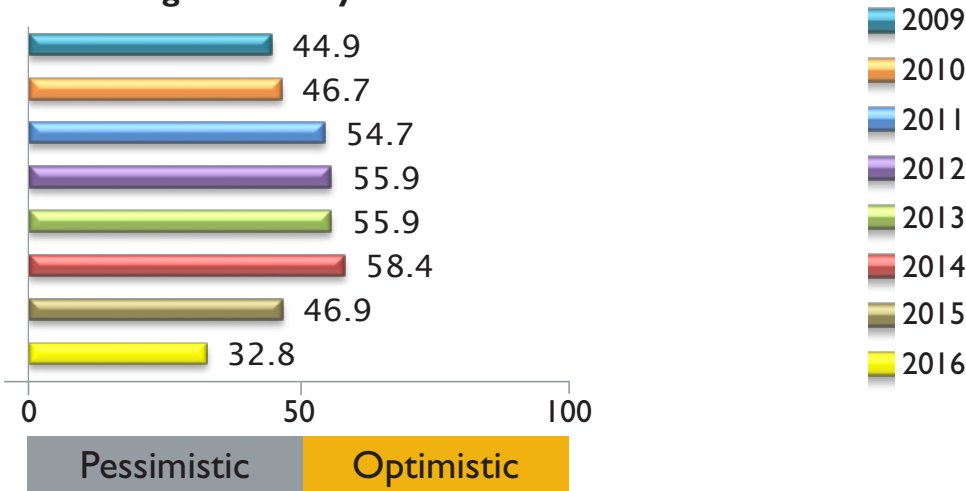
The following charts compare the indices for each annual AEDC BCI survey conducted since 2009.

Composite Business Confidence Index, 2009 - 2016
(0 - Large Decrease, 50 - No Change, 100 - Large Increase)

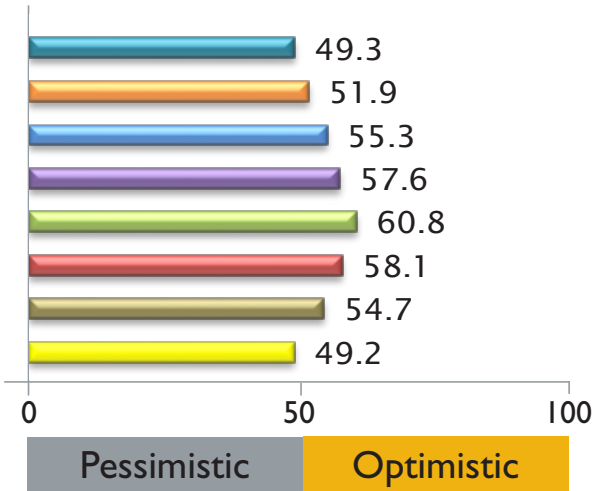


Anchorage Economy, Capital Expenditures, Employment, Net Profits and Gross Sales Business Confidence Indices, 2009-2016
 (0 - Large Decrease, 50 - No Change, 100 - Large Increase)

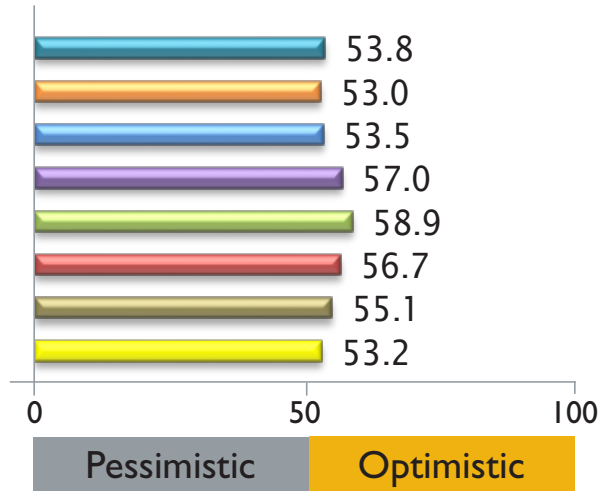
Anchorage Economy



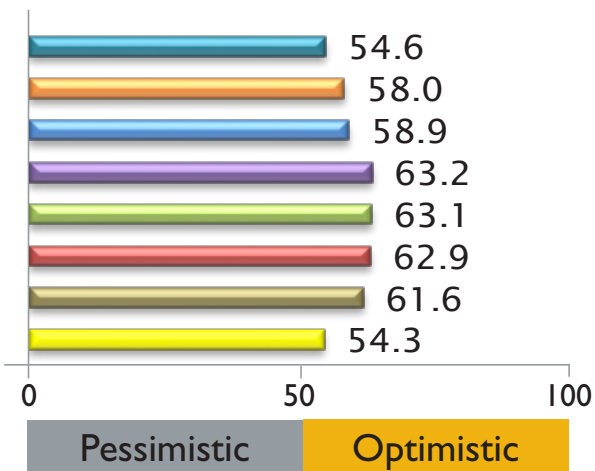
Capital Expenditures



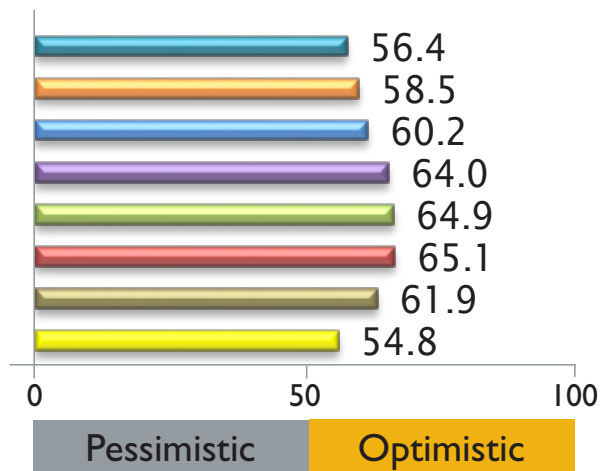
Employment



Net Profits



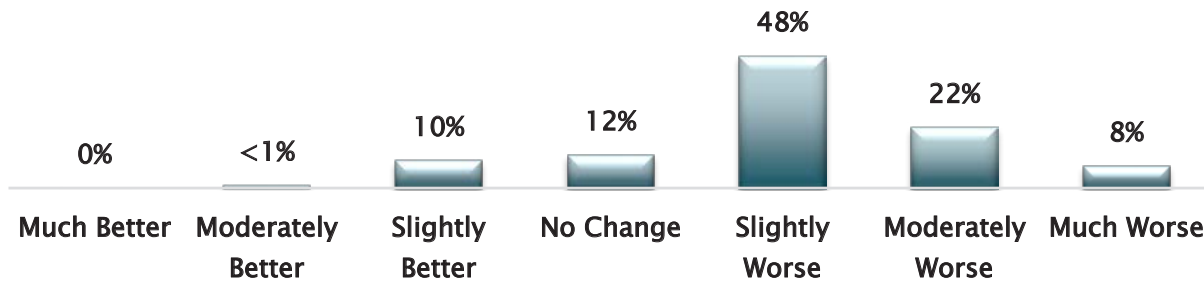
Gross Sales



ANCHORAGE ECONOMY

Business optimism about the overall Anchorage economy has dropped to the lowest level since the 2009 Report. Less than 11 percent of business respondents expect the Anchorage economy to fare better in 2016 than 2015; and almost none thought the outlook was more positive than “slightly better.” Over three-quarters (78 percent) of business respondents expect the Anchorage economy to be worse in 2016. Of those, 30 percent expect it to be “moderately” or “much” worse. Twelve percent expect no change. Twelve percent expect no change.

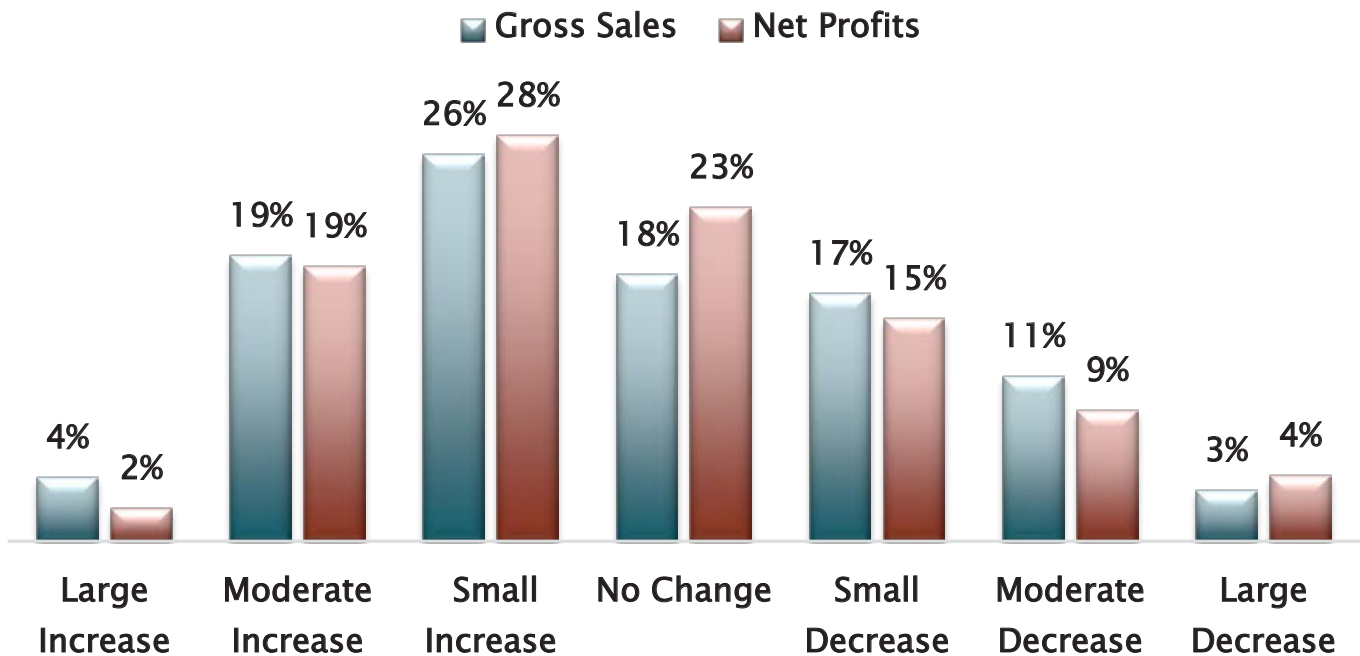
How do you think the Municipality of Anchorage economy will fare in 2016, compared to 2015?



GROSS SALES AND NET PROFITS

Respondents were more positive, though still guarded, about their own businesses. Nearly half (49 percent) of respondents expect an increase in gross sales and the same percentage anticipate higher net profits. Another 18 percent foresee no change in sales and 23 percent expect no change in profits. These results are more pessimistic than last year, when 65 percent projected an increase in gross sales, and 63 percent an increase in net profits.

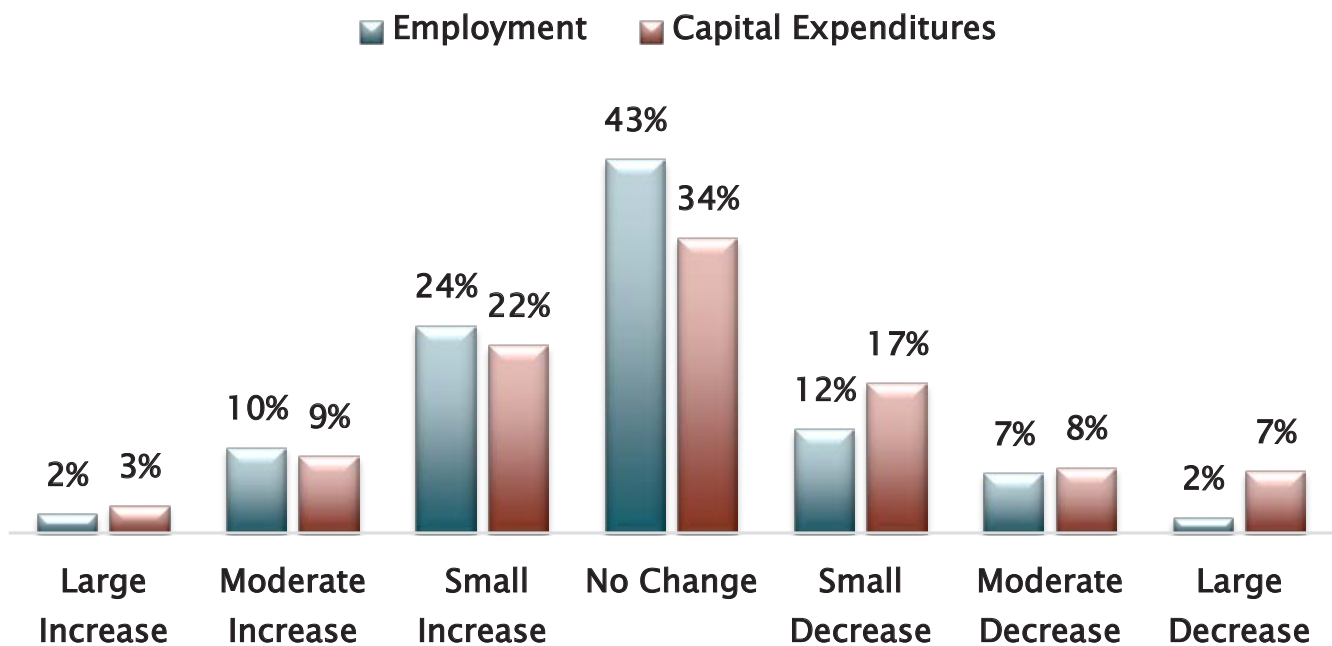
Expectations for Gross Sales and Net Profits in 2016



EMPLOYMENT AND CAPITAL EXPENDITURES

More businesses expect to increase jobs and new investment than reduce them, but only slightly more. Approximately one-third of business respondents expect increases in both their employment in 2016 (36 percent) and capital expenditures (34 percent). Last year, 41 percent projected an increase in employment and 42 percent an increase in capital expenditures. Those who projected decreases also grew, with 21 percent projecting decreases in employment compared to 17 percent last year, and 32 percent in capital expenditures compared to 19 percent last year.

Expectations for Gross Sales and Net Profits in 2016



BARRIERS TO BUSINESS GROWTH

The top barrier facing Anchorage business respondents is seen as the condition of the state's economy. Fifty-one percent of respondents said the barrier is "significant" to their organization's growth. Health insurance was reported as the next most significant barrier (31 percent). While these are the same top two barriers mentioned last year, only 33 percent of respondents rated the condition of the state's economy a "significant" barrier in 2015. The percentage who identified health insurance as a significant barrier remained the same.

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

- The condition of the state economy (89 percent saying it is a significant or moderate barrier)
- Health insurance (67 percent)
- Federal regulations and the availability of professional/technical workforce (each at 58 percent)
- Energy prices and condition of the national economy (each at 57 percent)

IMPORTANT ISSUES AFFECTING ANCHORAGE'S ECONOMY

As in previous years, Anchorage businesses and organizations continue to see oil and gas development and associated issues as “very important” to Anchorage’s economy. Within that category, 83 percent of respondents say declining North Slope oil production is very important. Other “very important” issues are a natural gas pipeline from North Slope to Cook Inlet (61 percent), Cook Inlet resource development (60 percent), and Outer Continental Shelf oilfield development (44 percent). The sustainability of the State of Alaska operating budget was rated “very important” by 81 percent of business respondents.

When asked what was “most important” to the Anchorage economy, the sustainability of the State operating budget was identified by 23 percent of business respondents, followed by declining North Slope oil production (20 percent).

BUSINESS SUPPORT FOR AN ANCHORAGE SALES TAX

When businesses were asked if they support the establishment of a municipal sales tax, over two-thirds (68 percent) of business respondents said they favor a sales tax to offset business and residential property taxes, compared to 60 percent who supported a tax last year.

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

	Dec. 2015 Survey Results	Dec. 2014 Survey Results	Dec. 2013 Survey Results	Dec. 2012 Survey Results	Dec. 2011 Survey Results
Yes	68%	60%	58%	54%	60%
No	32%	40%	42%	46%	40%

STATE'S LONG-TERM FISCAL STABILITY

A new question was added this year that asked respondents the extent to which they agree with the statement, “The only reasonable solution to achieve long-term fiscal stability for the State of Alaska is a measured combination of cuts, new revenues and growth.” The majority of respondents (93 percent) agreed or strongly agreed with the statement.

Anchorage Economic Development Corporation (AEDC) contracted with McDowell Group for the eighth year to conduct the annual Business Confidence Index (BCI) survey of businesses and organizations in Anchorage (including Eagle River and Chugiak). The purpose of the survey is to identify factors that Anchorage business owners view as important to their businesses and the overall economy and to track the degree of optimism or pessimism with which they look forward to the upcoming year.

The online survey was conducted between November 16 and December 21, 2015. Respondents were asked a series of questions about their business' performance in 2015 compared to 2014, expectations for 2016, perceived barriers to future growth, importance of various projects and issues to the Anchorage economy, and their opinion of the overall economies in Anchorage and Alaska. Most of the questions were unchanged from prior surveys, allowing results to be benchmarked.

A total of 239 businesses and organizations completed the survey. The types of businesses with the most responses this year included professional services, finance/insurance/real estate, nonprofit services, engineering/architecture, and tourism/hospitality.

The business confidence index model designed for the survey gauges expectations about the overall Anchorage economy as well as anticipated gross sales, net profits, employment, and capital expenditures for respondents' own businesses. The scale indicates a positive outlook for indices above 50 and a negative outlook for indices below 50, with a possible maximum of 100.

2015 Business Performance

- When business respondents were asked how net profits in 2015 compared to 2014, over half of them (53 percent) reported an increase (small, moderate, large combined). In 2014, 61 percent reported an increase from the previous year.
- One-third (34 percent) reported a decrease (small, moderate, large combined) in net profits. Twenty-seven percent of respondents reported a decrease in 2014.
- Thirteen percent of respondents said no change in their net profits between 2015 and 2014.

In terms of net profits, how has your business performed in 2015 compared to 2014?

	Dec. 2015 Survey Results	Dec. 2014 Survey Results	Dec. 2013 Survey Results	Dec. 2012 Survey Results	Dec. 2011 Survey Results	Dec. 2010 Survey Results	Dec. 2009 Survey Results	Dec. 2008 Survey Results
Large increase	5%	8%	6%	10%	8%	6%	6%	12%
Moderate increase	21	29	24	25	23	20	15	30
Small increase	27	24	35	21	26	30	21	23
No change	13	12	12	15	19	9	13	12
Small decrease	16	14	12	15	12	16	17	13
Moderate decrease	13	9	9	9	7	10	18	2
Large decrease	5	4	2	4	6	8	10	8

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

GROSS SALES/ANNUAL OPERATING BUDGET

- Nearly half of respondents (49 percent) expect an increase (small, moderate, large combined) in their gross sales or annual operating budgets in 2016. Half of those (26 percent of all respondents) expect a small increase.
- Over one-quarter (28 percent) of respondents expect a decrease (small, moderate, large combined) in their gross sales or annual operating budgets in 2016, and 18 percent expect no change.

In terms of gross sales/annual operating budget, how do you expect your organization to perform in 2016 compared to 2015?

	Dec. 2015 Survey Results	Dec. 2014 Survey Results	Dec. 2013 Survey Results	Dec. 2012 Survey Results	Dec. 2011 Survey Results	Dec. 2010 Survey Results	Dec. 2009 Survey Results	Dec. 2008 Survey Results
Large increase	4%	5%	4%	3%	4%	3%	6%	4%
Moderate increase	19	26	27	33	26	22	22	26
Small increase	26	34	42	37	38	38	32	27
No change	18	17	14	15	19	21	15	8
Small decrease	17	10	9	6	8	10	13	17
Moderate decrease	11	5	3	4	2	3	10	15
Large decrease	3	3	1	3	2	4	4	2

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

NET PROFITS

- Nearly half (49 percent) of respondents expect an increase (small, moderate, large combined) in their net profits in 2016. Of those, slightly more than half (28 percent overall) expect a small increase.
- Slightly more than one-quarter (28 percent) of business respondents expect a decrease (small, moderate, large combined) in net profits, and nearly another quarter (23 percent) expect no change.

In terms of net profits, how do you expect your organization to perform in 2016 compared to 2015?

	Dec. 2015 Survey Results	Dec. 2014 Survey Results	Dec. 2013 Survey Results	Dec. 2012 Survey Results	Dec. 2011 Survey Results	Dec. 2010 Survey Results	Dec. 2009 Survey Results	Dec. 2008 Survey Results
Large increase	2%	4%	3%	2%	4%	2%	4%	5%
Moderate increase	19	27	24	23	23	20	24	20
Small increase	28	32	41	43	39	38	30	23
No change	23	18	15	20	19	22	18	15
Small decrease	15	12	11	7	10	10	12	21
Moderate decrease	9	6	4	5	2	4	9	14
Large decrease	4	2	1	-	2	4	4	1

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

EMPLOYMENT

- Just over one-third (36 percent) of respondents expect to hire more workers in 2016, though two-thirds of those (24 percent of all respondents) expect only a small increase.
- A total of 21 percent of business respondents expect a decrease in their overall employment levels in 2016, and 43 percent expect no change in their employment levels.

In terms of employment, how do you expect your organization to perform in 2016 compared to 2015?

	Dec. 2015 Survey Results	Dec. 2014 Survey Results	Dec. 2013 Survey Results	Dec. 2012 Survey Results	Dec. 2011 Survey Results	Dec. 2010 Survey Results	Dec. 2009 Survey Results	Dec. 2008 Survey Results
Large increase	2%	2%	1%	2%	2%	-%	2%	3%
Moderate increase	10	11	11	11	11	9	7	13
Small increase	24	28	33	39	32	25	24	23
No change	43	44	41	39	43	49	49	35
Small decrease	12	11	8	6	10	12	11	20
Moderate decrease	7	3	4	2	2	2	4	6
Large decrease	2	3	1	<1	1	2	2	1

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

CAPITAL EXPENDITURES

- About one-third (34 percent) of respondents expect to increase their capital expenditures in 2016, with two thirds of those (22 percent of all respondents) expecting small increases.
- Another third (32 percent) of respondents expect a decrease in their 2016 capital expenditures, and the remaining third (34 percent) expect no change.

In terms of capital expenditure, how do you expect your organization to perform in 2016 compared to 2015?

	Dec. 2015 Survey Results	Dec. 2014 Survey Results	Dec. 2013 Survey Results	Dec. 2012 Survey Results	Dec. 2011 Survey Results	Dec. 2010 Survey Results	Dec. 2009 Survey Results	Dec. 2008 Survey Results
Large increase	3%	5%	7%	7%	5%	3%	4%	5%
Moderate increase	9	14	14	18	12	12	8	10
Small increase	22	23	29	27	28	31	23	22
No change	34	38	35	35	43	37	42	28
Small decrease	17	7	8	7	8	7	9	16
Moderate decrease	8	6	3	4	4	5	8	10
Large decrease	7	6	5	2	2	5	5	8

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

Barriers to Business Growth

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

- Half (51 percent) of respondents rated the condition of the state economy as a “significant” barrier to growth of their own businesses.
- When “significant” and “moderate” ratings were combined, the top barriers to growth were identified as follows: the condition of the state economy (89 percent of respondents); health insurance (67 percent); federal regulations and the availability of a professional/technical workforce (both 58 percent); and energy prices, and condition of the national economy (both at 57 percent)
- “Other” barriers (or comments) mentioned by respondents not included in the table below can be found in the Appendix.

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

	Significant barrier	Moderate barrier	Not a barrier	Not applicable
Condition of the state economy	51%	38%	10%	1%
Health insurance	31	36	27	6
Federal regulations	24	34	35	8
Availability of professional/technical workforce	16	42	37	5
Energy prices	21	36	41	3
Condition of the national economy	12	45	40	3
Cost of labor	11	44	39	5
Job readiness of entry-level workforce	13	34	44	9
State regulations	12	35	45	8
Affordability of quality housing	14	32	41	13
Availability of semi-skilled workforce	13	31	43	13
Municipality of Anchorage regulations	14	29	48	9
Federal taxes	13	27	50	10
Workers’ Compensation insurance	11	27	54	8
Cost of commercial lease/rental property	9	29	51	11
Access to capital	11	21	59	9
Transportation linkages with suppliers and markets	7	20	55	18
Municipality of Anchorage taxes	7	19	60	14
Public safety in Anchorage	6	18	66	11
State taxes	6	13	65	16
Availability of industrial/commercial/office space	3	14	69	14
Commercial development of Anchorage Airport properties	2	8	66	24

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

To what extent are the following factors a barrier to your organization's growth?
 ("Significant barriers" only)

	Dec. 2015 Survey Results	Dec. 2014 Survey Results	Dec. 2013 Survey Results	Dec. 2012 Survey Results	Dec. 2011 Survey Results	Dec. 2010 Survey Results	Dec. 2009 Survey Results	Dec. 2008 Survey Results
Condition of the state economy	51%	33%	27%	*	*	*	*	*
Health insurance	31	31	36	29	23	34	27	*
Federal regulations	24	25	36	28	25	29	21	19
Energy prices	21	15	9	15	15	12	12	23
Availability of professional/ technical workforce	16	26	24	19	15	12	10	19
Affordability of quality housing	14	*	*	*	*	*	*	*
Municipality of Anchorage regulations	14	12	10	7	6	9	6	10
Availability of semi-skilled workforce	13	13	18	6	4	5	6	3
Job readiness of entry-level workforce	13	14	16	9	11	7	7	5
Federal taxes	13	15	13	7	9	9	11	13
Condition of the national economy	12	16	28	*	*	*	*	*
State regulations	12	12	18	13	12	10	9	18
Cost of labor	11	15	11	*	*	*	*	*
Workers' Compensation insurance	11	9	13	8	12	14	11	*
Access to capital	11	8	10	10	8	13	16	12
Cost of commercial lease/ rental property	9	10	9	7	10	10	8	9
Transportation linkages with suppliers and markets	7	9	8	6	10	5	7	6
Municipality of Anchorage taxes	7	6	6	4	4	10	6	8
Public safety in Anchorage	6	5	*	*	*	*	*	*
State taxes	6	5	7	7	6	6	6	10
Availability of industrial/ commercial/office space	3	*	*	*	*	*	*	*
Commercial development of Anchorage Airport properties	2	*	*	*	*	*	*	*
Energy supply	*	8	9	7	8	5	9	*

Notes: * Indicates response not included in the survey that year.

Capital Improvement Plans

- Slightly more than one-quarter (27 percent) of business respondents are planning capital improvement projects in the next two years. Of those, 68 percent say their improvements will create new jobs.
- Forty percent of those who said they are not planning capital improvements stated the recent economic climate affected their development plans.

Are you planning significant capital improvement in the next two years (2016-2017)?

	Dec. 2015 Survey Results	Dec. 2014 Survey Results	Dec. 2013 Survey Results	Dec. 2012 Survey Results	Dec. 2011 Survey Results	Dec. 2010 Survey Results	Dec. 2009 Survey Results	Dec. 2008 Survey Results
Planning capital improvement	27%	31%	35%	43%	34%	27%	31%	34%
Will create jobs	68	78	70	65	71	64	73	74
Will not create jobs	32	22	30	35	29	36	27	26
Not planning capital improvement	73%	69%	65%	57%	66%	73%	69%	66%
Recent economic climate did not affect plans	60	73	76	88	72	62	69	74
Recent economic climate affected plans	40	27	24	12	28	38	31	26

ALASKA ECONOMY

- When asked how the Alaska economy will fare in 2016, less than 6 percent of respondents said they think the economy will fare better (slightly, moderately, much combined). This is a significant decrease from last year when 35 percent of respondents thought the Alaska economy would fare better in the coming year.
- Seven percent of respondents think there will be no change in the Alaska economy in 2016, compared to 15 percent last year.
- Most (88 percent) of the business respondents think the Alaska economy will be worse (slightly, moderately, much combined) in 2016, a significant increase from last year's results of 40 percent.

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

	Dec. 2015 Survey Results	Dec. 2014 Survey Results	Dec. 2013 Survey Results	Dec. 2012 Survey Results	Dec. 2011 Survey Results	Dec. 2010 Survey Results	Dec. 2009 Survey Results	Dec. 2008 Survey Results
Much better	-%	2%	1%	2%	1%	1%	-%	3%
Moderately better	<1	8	13	11	8	8	7	5
Slightly better	5	25	42	41	42	38	30	13
No change	7	15	20	29	26	25	15	14
Slightly worse	40	29	20	13	19	23	37	44
Moderately worse	36	16	3	4	3	4	10	17
Much worse	12	5	1	-	2	2	2	3

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

ANCHORAGE ECONOMY

- Less than 11 percent of respondents think the Anchorage economy will fare better (slightly, moderately, and much better combined) in 2016. This is a significant decrease from last year when 37 percent of respondents said they thought the Anchorage economy would fare better in the coming year.
- Twelve percent of respondents said they think there will be no change in the overall Anchorage economy in 2016.
- Over three-quarters (78 percent) of respondents think the Anchorage economy will fare worse (slightly, moderately, and much worse combined) in 2016. This is a significant increase from last year's results when 44 percent of respondents expected the Anchorage economy to get worse.

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

	Dec. 2015 Survey Results	Dec. 2014 Survey Results	Dec. 2013 Survey Results	Dec. 2012 Survey Results	Dec. 2011 Survey Results	Dec. 2010 Survey Results	Dec. 2009 Survey Results	Dec. 2008 Survey Results
Much better	-%	1%	1%	1%	-%	1%	-%	3%
Moderately better	<1	7	11	14	7	8	8	8
Slightly better	10	29	47	36	48	39	25	16
No change	12	18	22	28	25	27	21	14
Slightly worse	48	29	17	19	15	21	32	47
Moderately worse	22	12	1	2	3	3	13	11
Much worse	8	3	<1	-	2	1	2	1

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

Importance of Issues for the Economy

Businesses were asked to rate the importance (very, somewhat, or not important) of various projects and issues to the Anchorage economy. Seven new issues/projects were added to the list this year: entrepreneurship support services, business retention and expansion, business attraction efforts, Outer Continental Shelf oilfield development, affordable/available childcare services, the cost and impact of public inebriation and retaining transitioning veterans in the local workforce.

- As in previous years, resource development and its impacts are “very important” to Anchorage businesses, with 83 percent of respondents rating declining North Slope oil production as “very important,” followed by the sustainability of Alaska’s operating budget (81 percent), a natural gas pipeline from the North Slope to Cook Inlet (61 percent), Cook Inlet resource development (60 percent), and Outer Continental Shelf oilfield development (44 percent).
- Other “very important” issues to the Anchorage economy included retaining and expanding existing Anchorage businesses and attracting new businesses to Anchorage (both 56 percent very important), followed by community and neighborhood safety (51 percent).
- “Other” issues of high importance to respondents not included in the table below can be found in the Appendix.

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

	Very important	Somewhat important	Not important	Don't know
Declining North Slope oil production	83%	14%	3%	<1%
Sustainability of State of Alaska operating budget	81	17	1	<1
Natural gas pipeline from North Slope to Cook Inlet	61	30	6	3
Cook Inlet resource development (e.g., oil, gas, coal, energy)	60	33	5	1
Retaining and expanding existing Anchorage businesses	56	40	3	1
Attracting new businesses to Anchorage	56	38	4	1
Community and neighborhood safety	51	42	6	1
Outer Continental Shelf oilfield development	44	33	18	4
Workforce affordable housing	39	50	10	1
Addressing public inebriation issues	36	42	19	2
Port of Anchorage improvements	35	54	8	2
Anchorage's road infrastructure	33	57	9	1
Workforce training	32	49	16	3
90% ASD high school graduation rate by 2020	31	55	12	1
Creative environments that enhance community livability	27	49	21	3
Availability of affordable childcare services	25	52	19	4
Upgrade of energy & water/wastewater utility infrastructure	23	52	21	4
Entrepreneurship support services	23	53	20	4
Retaining transitioning veterans in the local workforce	22	49	24	5
Pebble Project	21	29	43	7
Live.Work. Play. initiative	20	46	31	2
City parks and trails revitalization	17	47	34	2
Knik Arm bridge	16	31	49	3
Ship Creek redevelopment	10	49	34	7

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

How important do you think the following are for the Municipality of Anchorage economy?
 (“Very Important” only)

	Dec. 2015 Survey Results	Dec. 2014 Survey Results	Dec. 2013 Survey Results	Dec. 2012 Survey Results	Dec. 2011 Survey Results	Dec. 2010 Survey Results	Dec. 2009 Survey Results	Dec. 2008 Survey Results
Declining North Slope oil production	83%	80%	82%	*	*	*	*	*
Sustainability-State of Alaska operating budget	81	76	73	*	*	*	*	*
Natural gas pipeline: North Slope-Cook Inlet	61	65	67	62	57	66	66	78
Cook Inlet resource development	60	64	73	76	69	73	75	*
Retaining/expanding existing Anc. businesses	56	*	*	*	*	*	*	*
Attracting new businesses to Anchorage	56	*	*	*	*	*	*	*
Community & neighborhood safety	51	47	54	*	*	*	*	*
Outer Continental Shelf oilfield development	44	*	*	*	*	*	*	*
Workforce affordable housing	39	56	51	35	22	33	22	*
Addressing public inebriation issues	36	*	*	*	*	*	*	*
Port of Anchorage improvements	35	33	41	43	43	42	38	49
Anchorage’s road infrastructure	33	43	*	*	*	*	*	*
Workforce training	32	42	46	41	37	31	39	57
90% ASD high school grad. rate by 2020	31	50	54	*	*	*	*	*
Creative environments that enhance community livability	27	33	33	*	*	*	*	*
Availability-affordable childcare services	25	*	*	*	*	*	*	*
Upgrade of energy and water/wastewater utility infrastructure	23	25	30	33	39	35	*	*
Entrepreneurship support services	23	*	*	*	*	*	*	*
Retaining transitioning veterans in the local workforce	22	*	*	*	*	*	*	*
Pebble Project	21	54	33	35	*	*	*	*
Live.Work. Play. initiative	20	22	24	*	*	*	*	*
City parks and trails revitalization	17	25	17	*	*	*	*	*
Knik Arm bridge	16	21	26	31	24	25	23	20
Ship Creek redevelopment	10	12	14	20	*	*	*	*
Susitna-Watana Hydroelectric Project	*	18	30	37	*	*	*	*
AK North Slope resource development	*	*	*	75	*	*	*	*
Update-Title 21 municipal land use plan	*	*	*	17	17	19	16	20
Anchorage neighborhood revitalization	*	*	*	16	14	17	17	20
Alaska gas pipeline	*	*	*	*	63	74	78	89
Seward-Glenn Hwy. Connection (H2H)	*	*	*	*	23	21	23	29
Beluga whale habitat	*	*	*	*	17	24	*	*
Industrial park development	*	*	*	*	13	13	18	26
Commuter rail between Anchorage-Mat-Su	*	*	*	*	*	*	19	27
Anchorage airport expansion	*	*	*	*	*	*	*	40

Notes: * Indicates response not included in the survey that year.

When asked to identify the “most important” issue for the Anchorage economy, the sustainability of the State operating budget was rated the most important by 23 percent of respondents, followed by declining North Slope oil production (20 percent), and the natural gas pipeline from the North Slope to Cook Inlet (12 percent).

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

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

	Dec. 2015 Survey Results	Dec. 2014 Survey Results	Dec. 2013 Survey Results	Dec. 2012 Survey Results	Dec. 2011 Survey Results	Dec. 2010 Survey Results	Dec. 2009 Survey Results	Dec. 2008 Survey Results
Sustainability of State of Alaska operating budget	23%	12%	13%	*	*	*	*	*
Declining North Slope oil production	20	24	28	31	-	-	-	-
Natural gas pipeline from North Slope to Cook Inlet	12	13	16	18	14	18	20	25
Retaining/expanding existing Anchorage businesses	7	*	*	*	*	*	*	*
Attracting new businesses to Anchorage	7	*	*	*	*	*	*	*
Cook Inlet resource development	6	8	9	16	28	16	15	*
Affordable workforce housing	4	8	8	8	3	5	2	*
Knik Arm bridge	3	6	7	8	6	5	6	4
Community and neighborhood safety	3	3	1	*	*	*	*	*
Live. Work. Play. initiative	3	3	1	*	*	*	*	*
Creative environments that enhance community livability	3	2	1	*	*	*	*	*
Outer Continental Shelf oilfield development	3	*	*	*	*	*	*	*
Port of Anchorage expansion	2	3	3	8	10	7	4	2
Entrepreneurship support services	2	*	*	*	*	*	*	*
Workforce training	1	5	5	2	3	2	4	7
Anchorage’s road infrastructure	<1	2	*	*	*	*	*	*
Ship Creek redevelopment	<1	1	-	-	*	*	*	*
Upgrade of utility infrastructure**	<1	1	1	1	3	4	*	*
Addressing public inebriation issues	<1	*	*	*	*	*	*	*
Availability-affordable childcare services	<1	*	*	*	*	*	*	*
Retaining transitioning veterans in the local workforce	<1	*	*	*	*	*	*	*
90% ASD high school graduation rate	-	2	3	*	*	*	*	*
Susitna-Watana Hydroelectric Project	*	2	<1	2	*	*	*	*
Pebble Project	*	4	<1	1	*	*	*	*
City parks and trails revitalization	-	<1	-	*	*	*	*	*
Other**	3	3	1	4	3	5	4	4

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

BUSINESS SUPPORT FOR AN ANCHORAGE SALES TAX

Over two-thirds of respondents (68 percent) support establishing a municipal sales tax in Anchorage, up from 60 percent last year.

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

	Dec. 2015 Survey Results	Dec. 2014 Survey Results	Dec. 2013 Survey Results	Dec. 2012 Survey Results	Dec. 2011 Survey Results
Yes	68%	60%	58%	54%	60%
No	32%	40%	42%	46%	40%

STATE’S LONG-TERM FISCAL STABILITY

A new question this year asked respondents their level of agreement with the statement, “The only reasonable solution to achieve long-term fiscal stability for the State of Alaska is a measured combination of cuts, new revenues, and growth.”

- Most respondents agreed or strongly agreed with the statement (27 and 66 percent respectively), while only 8 percent disagreed or strongly disagreed (3 and 5 percent respectively).

Please indicate if you strongly agree, agree, disagree or strongly disagree with the following statement:
 “The only reasonable solution to achieve long-term fiscal stability for the State of Alaska is a measured combination of cuts, new revenues, and growth.”

	Dec. 2015 Survey Results
Strongly agree	66%
Agree	27
Disagree	5
Strongly disagree	3

Respondent Characteristics

Respondents were asked to identify their business sector. The top five sectors represented in this year's survey were the same as in 2014. They include professional services, finance/insurance/real estate, engineering/architecture, nonprofit, and tourism/hospitality.

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

	Dec. 2015 Survey Results	Dec. 2014 Survey Results	Dec. 2013 Survey Results	Dec. 2012 Survey Results	Dec. 2011 Survey Results	Dec. 2010 Survey Results	Dec. 2009 Survey Results	Dec. 2008 Survey Results
Professional services	16%	21%	15%	12%	10%	9%	12%	14%
Finance/insurance/real estate	12	12	20	9	8	10	9	10
Engineering/architecture	11	8	7	4	7	4	7	11
Nonprofit	10	11	8	12	13	1	7	6
Tourism/hospitality	7	6	2	7	5	13	6	7
Wholesale/retail trade	6	5	3	6	5	7	4	5
Media/communication	5	4	2	6	4	7	10	5
Construction/maintenance	5	4	8	5	3	9	5	4
Government/military	5	2	5	7	2	1	7	3
Transportation	5	4	9	7	10	6	5	16
Health care	3	5	3	2	3	4	4	2
Alaska Native Corporation	3	2	2	2	4	2	*	*
Utilities	3	2	1	3	2	4	3	3
Information technology	2	2	2	4	3	2	3	2
Manufacturing	2	-	1	2	1	3	3	1
Mining/oil support services	2	2	3	3	2	*	*	*
Arts/education	1	2	4	3	5	1	3	1
Mining/oil production	1	2	2	3	4	4	6	9
Social services	1	<1	-	-	1	*	*	*
Fishing/seafood	-	-	<1	-	2	-	-	1
Personal services	-	-	-	-	-	-	2	*
Other**	<1	3	-	4	7	5	3	3

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

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

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

ORGANIZATION SIZE

When asked about their business' gross sales or annual operating budgets, 63 percent of business respondents reported over \$1 million in gross sales or annual operating budgets.

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

	Dec. 2015 Survey Results	Dec. 2014 Survey Results	Dec. 2013 Survey Results	Dec. 2012 Survey Results	Dec. 2011 Survey Results	Dec. 2010 Survey Results	Dec. 2009 Survey Results	Dec. 2008 Survey Results
Under \$250,000	13%	16%	11%	9%	16%	21%	19%	10%
\$250,000 to \$500,000	9	8	6	3	4	9	5	4
\$500,000 to \$1 million	9	8	5	10	9	8	8	7
\$1 million to \$5 million	25	26	19	20	19	25	20	18
\$5 million to \$10 million	7	8	12	11	9	10	7	13
More than \$10 million	31	30	41	45	38	26	38	47
Don't know	6	5	6	3	5	2	3	3

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

CURRENT AND PEAK EMPLOYMENT

Forty-three percent of respondents represent small businesses with fewer than 10 full-time and part-time employees. Nineteen percent of respondents employed 100 or more people in 2015.

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

	Dec. 2015 Survey Results	Dec. 2014 Survey Results	Dec. 2013 Survey Results	Dec. 2012 Survey Results	Dec. 2011 Survey Results	Dec. 2010 Survey Results	Dec. 2009 Survey Results	Dec. 2008 Survey Results
Under 10	43%	45%	38%	31%	39%	46%	42%	26%
10 to 49	31	22	20	27	27	28	26	38
50 to 99	6	5	11	12	7	8	9	8
100 to 249	10	12	16	12	10	6	9	9
250 to 500	4	6	3	10	8	7	6	9
500 or more	5	7	11	8	7	5	8	10
Don't know	2	2	<1	-	2	1	1	1

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

Responses concerning levels of peak employment mirror those for the number of current employees.

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

	Dec. 2015 Survey Results	Dec. 2014 Survey Results	Dec. 2013 Survey Results	Dec. 2012 Survey Results	Dec. 2011 Survey Results	Dec. 2010 Survey Results	Dec. 2009 Survey Results	Dec. 2008 Survey Results
Under 10	40%	42%	37%	30%	39%	43%	39%	23%
10 to 49	31	24	22	27	26	29	27	38
50 to 99	8	7	11	12	8	8	9	10
100 to 249	9	10	13	11	10	6	10	10
250 to 500	5	7	5	11	9	10	4	8
500 or more	5	8	11	9	7	4	9	12
Don't know	2	2	<1	-	2	1	1	-

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

BUSINESS/INDUSTRY ORGANIZATION MEMBERSHIP

Over half of respondents were members of AEDC and the Anchorage Chamber of Commerce in 2015.

Is your business/organization a member of any of the organizations listed below?
(Self-identified, multiple responses allowed)

	Dec. 2015 Survey Results
Anchorage Economic Development Corporation	53%
Anchorage Chamber of Commerce	53
Alaska State Chamber of Commerce	25
Resource Development Council of Alaska	23
Rotary Club	23
Anchorage Downtown Partnership	20
Visit Anchorage	18
Associated General Contractors of Alaska	16
Alaska Support Industry Alliance	15
Alaska Miners Association	14
Building Owners and Managers Association (BOMA)	12
Anchorage Home Builders Association	10
Better Business Bureau of Alaska	10
Eagle River/Chugach Chamber of Commerce	9
Alaska World Affairs Council	8
Alaska World Trade Center	8
Association of Builders and Contractors of Alaska	5
Alaska Cabaret, Hotel Restaurant & Retailer's Association	4
Alaska Process Industry Careers Consortium	3
Alaska Trucking Association	2
None of the above	20

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

Which sector best describes your organization?

- Agriculture

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

- Affordable Care Act and insurance premiums, deductibles, co-pays, coverage and insurance not paying what is in the patient's policies.
- Arts appreciation, Anchorage/Alaskan social/cultural trends tending to lag behind those in the rest of the United States.
- As we are a nonprofit, growth in our education services would require additional donations, and sources of operating funding.
- Business ethics across the industry.
- Changes in our industry that make clients believe they can do the work themselves, rather than hiring professionals to help them.
- Changes in Work Comp reimbursement and regulations in the state.
- Competition with 8(a) ANCs.
- Corporate bureaucracy.
- Current structure of oil tax credits.
- Decreased funding for the nonprofit sector due to oil prices declining.
- Down-size of workforce at JBER.
- Emerging industry with no official regulations that consistently make sense, inability to secure public or private land for long-term food truck groupings, lack of electrical and water hookups (so noisy generators are employed), no large warehouse space for multiple trucks to operate in the winter.
- Export regulations. High technology infrastructure.
- Inadequate marketing of Anchorage as a vibrant business community to entrepreneurs.
- Instability of Anchorage economy for retail growth, lack of institutional financial support for small businesses.
- Investment opportunities outside of Alaska.
- Japanese economy and exchange rate.
- Lack of confidence/fear related to our economy and business's response to that fear (fed by media, unfortunately). Alaskans' denial (and therefore politicians' denial) about the reality of our economic situation. This denial means problems don't get solved in a timely manner. Lack of diversification of our economic base.
- Lack of construction projects.
- Lack of industrial and business base, i.e. competitive industrial vendor and subcontractor base.
- Lack of target businesses to acquire and/or competition with regional/national acquirers.
- Local companies that use Lower 48 companies for services in place of hiring locally.
- Loss of investment in Alaska. Concern for State fiscal situation.
- Low energy prices resulting in difficulty in obtaining capital for long term growth opportunities.

- Minority business - glass ceiling.
- MOA Building Safety regulations and permitting delays.
- Oil prices. (x2)
- Plan reviewers at MOA. Some are great, others are unreasonable and overreaching in their interpretations of the code, costing us time and money to appeal and fight inappropriate decision making, which we normally don't have time to do, and therefore scrap our development plans, which amounts to a substantial loss, or change our development plans to something that might pass plan review, but is less aesthetic and beneficial to the city of Anchorage and the people who live here.
- Population growth is quite limited.
- Population shifts in Anchorage.
- Potential for higher costs in Alaska due to deteriorating State budget.
- Price of oil, gas pipeline needs to move forward for the long term outlook for Alaska to improve which will spur additional investing.
- Qualified sales people.
- Qualified workforce. Heavy duty truck and diesel engine technicians.
- Regulations and business practices that are applied by other agencies that impact housing, commercial and industrial development, that when taken as a whole, it appears that public regulations and codes are always targeted for change or elimination, but not private business decisions and practices.
- Relating to working capital. Very hard for newer, small businesses to meet lending requirements.
- Revenue streams, competing nonprofits for limited funds, particularly from Oil & Gas cos.
- Small population to offer my business services to.
- Some of the management within the Municipality of Anchorage is terrible. Mayor Berkowitz has been removing some of those problem people. But more needs to be done. There are certain people that have had a huge negative impact on doing business within the Municipality. Removing those people would be the best thing for Anchorage.
- State fiscal uncertainty and lack of a fiscal plan.
- State resource development and state economic downturn directly affects where our money comes from.
- Strength of the local Anchorage economy.
- Terrorism and its potential effect on willingness of people to travel; general global unrest.
- The barrier that will hold us back is the willingness of the new, younger generation, workforce (18-25) to perform duties as assigned without feeling like they work too hard. It is an issue because I have offered more money and that simply won't get them moving. Specific tasks that they can perform but will not just because they don't want to. We are facing a huge generational gap here. I am the tail-end of a hard working generation (I'm 31). The young kids just don't want to work and reliable, skilled, drama-free labor is hard to find.
- The impact of political indecision regarding addressing the reality that the State has a real cash-flow problem that must be addressed. We are extremely wealthy! We must now use our wealth wisely and creatively to create a sustainable budget and economy.
- The potential inability of the Alaska State Legislature to arrive at a sane and balanced approach to dealing with the SOA's immediate fiscal issues.
- The price and volume produced of North Slope crude.
- The state needs to increase their licensing fees.
- Weather dependency.

- Workforce.
- World energy prices.

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

- “Hemp” Agriculture/BIO FUEL/Foods/Textiles.
- Airport development.
- Anchorage Title 21 re-write.
- Annex Point Mackenzie.
- Arctic Fibre – fiber optic line from Japan to UK.
- Arctic Fibre global fiber optic line opportunities. (x3)
- Balancing commerce/compliance in ABC.
- Bragaw/Elmore Extension - Northern Access to UMED.
- Build the vet village for homeless veterans in ER.
- Churches should be paying property tax on homes.
- Climate change projects and export of solutions.
- Comprehensive design review for construction.
- Create an igloo style survival homeless camp.
- Creating better zoning for land use and development.
- Daylight savings time.
- Diversification of state economy with value added.
- Diversification of State income.
- Downtown revitalization - why build hotels midtown?
- Downtown revitalization for housing and employment.
- Drill low-laying methane wells at villages for gas.
- Fire Island Wind Turbines.
- Fix the taxi system in Anchorage.
- Food hub.
- Food security/locally-sourced agriculture.
- Foster care.
- Gender pay equity initiative.
- Homeless.
- Improve connection between Glenn and Seward Highways.
- JBER force reduction. (x3)
- Judicial Council.
- Kitchen incubator.
- Lack of police coverage.
- Large indoor year-round farmer’s market/food vendor.
- Launch Alaska accelerator. (x2)
- Legal cannabis and the revenues it will bring in.

- Long term airport expansion
- Maintenance facilities for Anchorage International Airport.
- Mental Health and Wellness programs for our homeless.
- Nanushook - could be as much as 20% of the flow in.
- Oil prices.
- Outside interest groups impacting Alaska's future.
- Point MacKenzie Deep Water port and rail expansion.
- Quintillion.
- Renewable energy development leadership.
- Renewable energy initiatives.
- Revise oil tax credits; encourage development.
- Sales tax needed.
- SB99 - Allowing craft brewing to continue growth. (x2)
- Set both immediate and long term priorities.
- State revenues.
- Support of Airport Aero Nexus Initiative.
- Susitna-Watana Hydro project.
- Sustaining and improving public education.
- The need for a trustworthy news source.
- Tourism development. (x2)
- Traffic management for U-Med District.
- Transformation of the Transit Center.
- Transitional housing for Veterans.
- UAA tech transfer, innovation and research.
- Unreasonable/excessive city permits.
- Welcoming Uber to Anchorage.
- Widening tourist options/attractions.

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