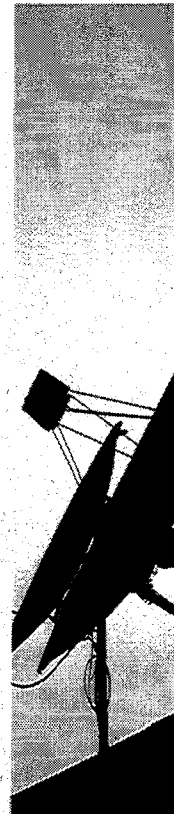
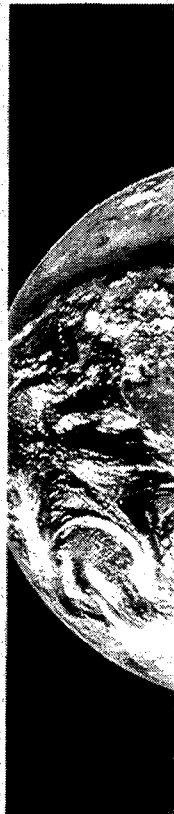


# STUDY GROUP REPORT

ECONOMIC STABILITY IN THE 21ST CENTURY:  
REALITIES AND ASPIRATIONS

COMMONWEALTH NORTH  
JUNE 1997



**Economic Stability in the Twenty-First Century:**  
*Realities and Aspirations*

**Commonwealth North  
Economic Development Working Group**

Submitted by Chairpersons:  
Joe Griffith, Executive Manager, Finance & Planning, Chugach Electric Association  
and  
Patricia M. DeMarco, President, Anchorage Economic Development Corporation

June 30, 1997

## **Acknowledgments**

**The following individuals participated directly in the Commonwealth North Economic Development Working Group.**

Richard Barnes, Enstar  
Tom Brennan, Brennan Communications  
Karen Cameron, Alaska Management Consultants  
Bob Cox, Petro Marine Services  
Brian Davies  
Mark Dawson, Swalling Construction  
Patricia DeMarco, Anchorage Economic Development Corporation  
Don Dietz, Port of Anchorage  
Jim Gorski, Hughes, Thorsness, Powell, Huddleston & Bauman  
Joe Griffith, Chugach Electric Association  
Duane Heyman, Wedbush Morgan Securities  
David Hudspeth, First National Bank  
Barbara Huff-Tuckness, Teamsters Local 959  
Tom Jensen, Port of Anchorage  
John Kelsey, Valdez Dock Co.  
James Kenworthy, Alaska Science and Technology Foundation  
Gayle Knepper, Alaskan Federal Credit Union  
Tina Lindgren, Alaska Visitor Association  
Sue Linford, Linford of Alaska, Inc.  
Darryl Logan, Human Affairs  
Vicki Malone, Alaska Visitors Association  
Sayoko Mimoto, Anchorage School District  
Rich Monroe, Bank of America  
Rebecca Parker, Commonwealth North  
Malcolm Roberts, Office of the Mayor  
Bonny Sosa, Anchorage Convention and Visitors Bureau  
Dixie Stanfield, Calista Corporation  
Nancy Usera, Alaska USA Federal Credit Union  
Tom Wilson, Hughes, Thorsness, Powell, Huddleston & Bauman  
Phoebe Wood, ARCO Alaska

Kirsty Gladkoff, Hartig Fellow for Commonwealth North

**A special thanks to ARCO Alaska  
for providing the meeting space and breakfast for the working group.**

(Acknowledgments Continued)

**Significant input and impetus came from the direct contributions of the Anchorage Chamber of Commerce Municipal Committee:**

Joe Griffith, Chugach Electric Association, Chairman  
Eric Britten, SEALAND  
Patricia DeMarco, AEDC  
Ernie Hall, Alaska Furniture Manufacturers  
Heather Flynn, University of Alaska, Anchorage  
Dennis McMillan, United Way of Anchorage  
Bob Bailey, Alaska Distributors, Inc.  
Duane Heyman, Wedbush Morgan Securities  
Carol Heyman, Anchorage Chamber of Commerce  
Rick Miller, ATU Telecommunications  
Dr. Joyce Murphy, Alaska Animal Eye Clinic  
Lisa Ladds Doche, Everen Securities  
Fay von Gemmingen, Certified Public Accountant  
John Ayers, e.Com, Ltd.  
Larry Wiget, Anchorage School District  
Tom Wilson, Hughes, Thorsness, Powell, Huddleston & Bauman  
Steve Smirnoff, Municipality of Anchorage  
Peg Tileston, Alaska Center for the Environment

**The Anchorage Economic Development Corporation (AEDC) Executive Committee participated in preparation and review of this report.**

Max Lowe, Regal Alaska Hotel  
Mike Brady, Brady Construction  
Mike Stone, KPMG Peat Marwick  
Ernie Hall, Alaska Furniture Manufacturers  
Mel Nichols, Dowl Engineering  
Phil Thingstad, Carpenters Union  
Tennys Owens, Artique, Ltd.  
John Shipe, National Bank of Alaska

**AEDC Staff provided the resources for drafting and compilation of this report.**

Patricia M. DeMarco, President  
Greg Wolf, Vice President  
Rudy Tsukada, Director of Research  
Tim Borgstrom, Special Projects Director  
Michelle Kuiper, Director of Marketing  
Lynelle Kukowski, Administrative Assistant  
Dee Thomas, Office Manager

**This report reflects the input of numerous people and organizations, as noted above. Sources have been referenced, and original resources are included in appendices if not readily available in published form. All questions and comments can be forwarded to AEDC for consideration.**

*Patricia M. DeMarco*

# **Economic Stability in the Twenty First Century: *Realities and Aspirations***

## **Summary**

This analysis examines Anchorage's role in the context of the Alaska economy as a whole. Its recommendations focus primarily on Anchorage.

### **Principal Assumptions:**

1. **Develop opportunities under the *direct control of the community.***
2. **Develop *high value job opportunities* for current and future generations.**
3. **Use Alaska's *endowment of natural resources* to provide for Alaskans.**
4. **Direct Alaska's wealth toward *Alaska investments* for the future.**

### **Principal Findings:**

Economic engines of Anchorage with global competitive edge potential are:

1. Increase Transactions in the following arenas:  
Anchorage International Airport as a center of global distribution and logistics, packaging and assembly operations, value added processes in Foreign trade zones.  
  
Tourism: Alaskan based tour operations as a YEAR ROUND growth industry.  
  
Business Services: Promote outsourcing TO Alaskan businesses with nationally and internationally recognized expertise; promote service to Alaskans from Anchorage.
2. Generate Cargo:  
Perform value added operations to Alaskan resources IN ALASKA: timber, seafood, minerals, petroleum.  
  
Use Alaskan resources as feed stocks and equity leverage for production.  
  
Coordinate Port of Anchorage/Alaska Railroad for cargo transfers and support.

## **Principles of Public Investment (Land or Capital):**

### ***Build Capability - Instead of Financing Projects***

1. Public Benefit
2. Return on Investment
3. Share Risk & Reward
4. Leverage Public Funds

## **Principal Recommendations:**

### **State of Alaska:**

1. Alaska Resource Development Corporation: Form a quasi-public corporation whose mission is to develop public assets of land and capital in partnership with communities and private interests. Focus on investments in infrastructure and value added production operations.
2. Airport Authority: Provide for the long term stability of management for the Anchorage International Airport to the maximum benefit of globally competitive operations.
3. Expand Alaska International Trade Offices: Principal trading partners in Japan, Korea, Taiwan and Russia should have fully supported State of Alaska outreach offices to promote trade actively.

### **Municipality of Anchorage:**

1. Recapture Ship Creek Waterfront through municipal investment in infrastructure to upgrade the Port and provide better intersection of operations between the Port and the Railroad as conduits for movement of material and personnel .
2. Establish Building Enterprise Zones on specific parcels of land to promote value added operations supported by promotional incentives.
3. Streamline and expedite the building permit approval process.
4. Develop capability to strengthen the fishing industry operation from Anchorage as recommended by the Anchorage Seafood Task Force Report.

# **Economic Stability in the Twenty First Century: *Realities and Aspirations***

## **Table of Contents**

### **Acknowledgments**

### **Summary**

#### **I. Introduction:**

#### **II. Concept: a Vision for 2005**

- A. Develop opportunities under the direct control of the community
- B. Develop high value job opportunities for current and future generations
- C. Use Alaska's endowment of natural resources to benefit Alaskans
- D. Direct Alaska's wealth toward Alaskan investments for the future
- E. A Perspective for the Year 2005

#### **III. Competencies**

- A. Alaska Economic Profile
- B. Overview of Economy
- C. Opportunities
- D. Resources/Assets
- E. Challenges

#### **IV. Connections: Alaska's Domestic and Global Trading Partners**

- A. Significant Trading Partners
- B. Competitors
- C. Partnerships/Joint Ventures/Collaborations

#### **V. Conclusions**

- A. Globally Significant Opportunities
- B. Alaska's Endowment as Equity

#### **VI. Recommendations**

- A. State of Alaska
- B. Municipality of Anchorage

#### **Resources and Appendices (Available upon request)**

- Appendix A: Anchorage Indicator Review
- Appendix B: SWOT Analysis
- Appendix C: ASTF Programs
- Appendix D: ANWR
- Appendix E: Seafood Task Force Report
- Appendix F: Global Logistics: The Anchorage Solution
- Appendix G: Anchorage Snowmobile Access Plan
- Appendix H: AHBC Survey Results
- Appendix I: Kodiak Launch Facility
- Appendix J: Trade Sector Analysis
- Appendix K: Business Services Working Group Report

## I. Introduction

The results of the Commonwealth North Economic Development Working Group presented in this report incorporate the efforts of many organizations and individuals in Anchorage. We came together to chart a course toward a vibrant and economically stable future for our city and state. While the specific focus of this effort is on Anchorage, we examined the issues against the backdrop of the economy of Alaska as a whole. The forces of change driving this analysis include:

- \* The decline in production volumes from Alaska's oil fields;
- \* National trends toward increased corporate efficiency with attendant "downsizing";
- \* An increasingly global economy spurred by communications technology and transportation systems;
- \* Greater remoteness of corporate managers from many workers;
- \* Increasing demand for a high quality of life; and,
- \* Declining financial support from government for social and development services.

Alaska has the resources and capability to play a significant role in the global economy in the coming century. Capturing full achievement of our potential requires a plan of action that addresses the critical elements necessary for economic development. In the context of the economy of Alaska, this plan proposes economic development priorities for Anchorage. **The goals of economic development in this planning effort are:**

- **to provide multi-generational high-quality job opportunities,**
- **to develop stakeholders in the future of Alaska with appropriate distribution of wealth,**
- **to provide diversity in the economy by developing initiatives that can be sustained over a long period of time.**

Alaska has significant stores of resources, particularly land and capital (real & financial assets) to turn to the task of achieving global pre-eminence in several arenas. Our most serious challenge is investing appropriately and sufficiently in infrastructure, education and institutions to secure our future. Without attention to long-term sustainability of our economy, Alaska could become one more tragic example of a resource rich economy that has burned out. Our principal enemies are individual greed and failure of the collective will to invest in the future. Our greatest strengths are Alaskan creativity and commitment to succeed in the face of adversity. The proposals presented here will take three to five years to implement fully. Now is the time to begin!