



## Section I: Introduction and Executive Summary

# SOUND OPPORTUNITIES

Economic Growth for the Prince William Sound Region

## SECTION I: EXECUTIVE SUMMARY AND INTRODUCTION

### Part A. Executive Summary

**Sound Opportunities: Economic Growth for the Prince William Sound Region** is a comprehensive economic development strategy (CEDS) developed by the Prince William Sound Economic Development District (PWSEDD). It was developed in accordance with the requirements of 13 C.F.R. § 303.7. The planning process involved research, community meetings, surveys, and public comments.

For 25 years, PWSEDD has served as a state- and federally-designated regional development organization. It serves the communities of Chenega, Cordova, Tatitlek, Valdez, and Whittier. The region is located in southcentral Alaska off the Gulf of Alaska.

The region's economy is largely based on activity in four traded sectors: Oil and Gas Production and Distribution; Seafood Harvesting, Production, and Processing; Marine Transportation and Support Services; and Tourism and Outdoor Recreation.

Economic activity in these sectors as well as local government and other local sectors provides a nominal level of prosperity in the region. In addition to economic opportunities, the region's residents place tremendous value on their maritime, rural, and subsistence lifestyles and balancing opportunities with stewardship of Prince William Sound.

Many aspects of the region serve as a foundation for its economic future. Among these strengths are the pioneering spirit of its residents, the beauty and scenic values of the area, the abundance of natural resources, a strong rate of new business formation and entrepreneurial spirit, and the availability and growth of maritime infrastructure and services.

Despite these strengths, the region must address both long-standing and emerging weaknesses. A small and declining population, the availability and readiness of a qualified

workforce, high operating costs - primarily due to transportation and energy, the uneven distribution of prosperity and opportunities across the region, and limited business support and innovation assets stand as limitations that hamper future economic opportunities.

Regardless of these limitations, opportunities for economic improvement are possible. Chief among these opportunities is developing a sustainable model for optimizing the Alaska Marine Highway System. Expansion and promotion of maritime infrastructure and services; continued development of renewable energy and promoting energy efficiency; increasing the business survival rate through planning, preparedness, and support; and establishing regional approaches to destination marketing are other top opportunities for the region.

The region is vulnerable due to its exposure to multiple natural disaster threats. Other top threats include the unstable and unresolved state fiscal crisis, ongoing instability in the global oil and gas sector, the pervasive impact of climate change, and a high degree of food insecurity.

As a result of the planning process, the PWSEDD established five strategic foci: workforce readiness and retention, business retention and expansion, expansion of key economic sectors, development of critical infrastructure, and increased regional cohesion. The action plan outlined in Section IV of this document identifies priority actions that PWSEDD will undertake during this planning period.

**Sound Opportunities** will position the region to more fully realize economic growth and achieve greater regional cohesion. It will help the region focus its time, talent, and financial resources on activities, projects, and programs that will improve the business climate, maintain and create economic opportunities, and advance a desirable quality of life.

### B. Introduction

#### Purpose

According to the Federal Reserve Bank, rural regions that are realizing economic success in the 21st Century have several common characteristics. Among these characteristics are a shared vision for the future and strong alignment and cohesion within the region's local governance and anchor institutions.

The Comprehensive Economic Development Strategy (CEDS) is a tool proscribed by the U.S. Economic Development Administration (EDA) to guide regional economic development efforts. It is an EDA mandated requirement of federally-designated economic development districts (EDD). A CEDS is a guiding document that serves to focus government, business, education, and civic entities around common interests and opportunities. It is as much a process as it is a final document.

**Sound Opportunities: Economic Growth for the Prince William Sound Region** represents the next phase of a continuous economic development planning and implementation effort. It serves as a full revision of the **Prince William Sound Comprehensive Economic Development Strategy 2011 - 2016**.

**Sound Opportunities** was developed in accordance with the updated requirements for a CEDS as specified in 13 C.F.R. § 303.7. Section I provides an executive summary, introduction, and context for the planning process. Section II features an extensive review of regional characteristics including natural resources and assets, human capital, infrastructure, and the economy. Section III uses the Six Pillars™ Framework to review the strengths, weaknesses, opportunities, and threats of and to the region's future economy. Section IV lays out the strategic direction and action plan for the region for the next five years. Section V specifies a framework by which PWSEDD will evaluate progress toward implementation of the CEDS.

**Sound Opportunities** is an extension of the five previous CEDS documents that have guided the Prince William Sound Economic Development District (PWSEDD) over the past 25 years. It builds upon these prior efforts, the region's experience and lessons learned, and the evolving global, national, state, and local circumstances that impact the region and its economy.

**Sound Opportunities**, when fully implemented, will position the region to more fully realize economic growth and achieve greater regional cohesion. It will help the region focus its time, talent, and financial resources on activities, projects, and programs that will improve the business climate, maintain and create economic opportunities, and advance a desirable quality of life.

#### Prince William Sound

Situated on a deeply notched inlet off the Gulf of Alaska, the Prince William Sound region is comprised of an area roughly seven times the area of the Municipality of Anchorage, Alaska's most populous city. The Chugach National Forest surrounds and encompasses the region's five coastal communities. Economic activity is focused on oil distribution and support services; the maritime sector, including marine transportation; seafood harvesting, production, and processing; and the tourism and outdoor recreation sector.

The region is described in detail in Section II of this document.

#### Prince William Sound Economic Development District

The Prince William Sound Economic Development District (PWSEDD) is the state- and federally-designated regional development organization for the Prince William Sound region. It serves the communities of Chenega, Cordova, Tatitlek, Valdez, and Whittier with a combined population of 6,700.

PWSEDD was established in 1991 to address the need for a coordinated region-wide planning authority. It received designation as an Alaska Regional Development Organization (ARDOR) at that time. A decade later, the agency received federal designation as an Economic Development District. For 25 years, the PWSEDD has provided economic development planning services and assistance to the region.

PWSEDD is a nonprofit 501 (c) 3 organization. Its membership includes municipal and tribal governments, businesses, and other nonprofit organizations. It is governed by a board of directors comprised of appointed municipal and tribal representatives as well as directors elected by the membership.

# SOUND OPPORTUNITIES

## Economic Growth for the Prince William Sound Region

### PWSEDD Board of Directors

The following individuals have served on the PWSEDD Board of Directors and guided the strategy development process and CEDS document:

PWSEDD Board of Directors Officers	
<p><b>President</b> David Dengel CEO and General Manager Copper Valley Telecom</p>	<p><b>Vice President</b> Lloyd Kompkoff Vice President Chenega Corporation</p>
<p><b>Secretary</b> Captain Marilyn Heddell Co-Owner MARPET, INC.</p>	<p><b>Treasurer</b> Patience Andersen Faulkner Cordova District Fishermen United Regional Citizen Advisory Council</p>
Directors	
<p>Larry Evanoff President Chenega IRA Council</p>	<p>Mike Hicks Acting City Manager City of Cordova</p>
<p>Ruth Knight Mayor City of Valdez</p>	<p>Mark Lynch City Manager City of Whittier</p>
<p>Randy Robertson* Former City Manager City of Cordova</p>	<p>Charles Totemoff* President and CEO Chenega Corporation</p>
<p>David Totemoff Traditional Chief Tatitlek Village IRA Council</p>	<p>Larry Weaver* Former Mayor City of Valdez</p>

\* Indicates a former board member

### Strategy Development

PWSEDD relied on a range of planning activities, public meetings, and other processes to develop this CEDS revision.

Prior CEDS: As a starting point, the PWSEDD evaluated prior regional strategies. These plans provided a long-term perspective on the region, past planning and implementation efforts, and insights on potential pitfalls and foundations for success. These documents as well as board discussion and reflections highlighted two shortcomings. Past plans either tended to be too broad or too ambitious. Despite these deficiencies, prior efforts did provide important historical information and a starting point for updating and expanding the regional analysis.

Other Planning Processes: Concurrent with the CEDS planning process, other important planning processes were also occurring. PWSEDD, in partnership with the Alaska Energy Authority (AEA), was facilitating the development of the **Prince William Sound Regional Energy Plan**. As part of this process, PWSEDD board members and staff participated in public meetings in each of the region's five communities. Additionally, follow-up meetings, interviews, and analyses were performed by the project contractor, WHPacific. All of these activities, plus the work-in-progress on the final report, helped to inform the CEDS process.

The U.S. Forest Service (USFS) was also engaged in revising the **Chugach National Forest Plan**. Because the forest is the dominant land unit in the region, reviewing the interim planning documents and public comments on the proposed plan offered the opportunity to consider hundred of issues from multiple viewpoints. A public comment period on the plan concluded in February 2016. PWSEDD encouraged regional entities to participate in this process. After the USFS finalizes its analysis of comments received, the revised forest plan will be publicly noticed for final rulemaking. The proposed plan does not call for any major changes in the management of the forest. However, it does create opportunities for new partnerships with the region's communities, tribal entities, landowners, and businesses across a wide range of issues including access, historical and cultural preservation, recreation and tourism, multiple use, energy, and more.

PWSEDD Board: The PWSEDD Board of Directors initiated the CEDS process in May 2015 with a day long planning retreat. That pivotal meeting refocused PWSEDD's 2016 Action Plan as well as set the stage for the CEDS revision process. The Board identified five focus areas during this meeting: workforce readiness and retention, business retention and expansion, expansion of key economic sectors, development of critical infrastructure, and increased

regional cohesion. An important outcome of the meeting was the determination to conduct a business climate survey to learn more about the challenges to and advantages of conducting business in Prince William Sound.

In addition to this initial planning meeting, the Board provided ongoing review and direction of the planning process, reviewed work-in-progress, and participated in board and community meetings throughout the year. Other key board meetings were held in January and April 2016. The January meeting brought focus to the State of Alaska's precarious financial status and the urgent need to address risks to the Alaska Marine Highway.

The April meeting featured presentations from the Alaska Marine Highway, Alyeska Pipeline Service Company, the Alaska Department of Fish and Game, the Alaska Division of Economic Development, and the Alaska Department of Natural Resources. Invited guests included representatives from the UAA Business Enterprise Institute, Chugachmuit, the Chugach Alaska Corporation, and the U.S. Forest Service. These presentations and the Board's opportunity to reflect on emerging and legacy issues with the Alaska Marine Highway, state funding, the status of the seafood harvesting and tourism sectors served to further focus the planning effort.

Business Climate Survey: In June and July 2015, the PWSEDD surveyed businesses to identify challenges and opportunities to improving the business climate in the region. A majority of businesses (55%) indicated the regional business climate is excellent or very good. However, energy and transportation costs, a reliable and accessible state ferry system, and a variety of government policies and regulations present ongoing concerns and challenges to doing business. The responses were summarized in a final report, the **Prince William Sound Business Climate Survey**, which was distributed to the board, survey respondents, regional media, PWSEDD members, and other regional stakeholders in September 2015. Findings from the survey were incorporated into the CEDS planning process and serve as the basis for much of the SWOT analysis herein.

This is placeholder copy for future actions. Provided as an example only.

Key Informant Interviews: In addition to the foregoing actions, PWSEDD undertook a series of key informant interviews. Members of the CEDS Technical Advisory Committee were called upon to review the draft document and provide critical feedback. All committee members reviewed the document and provided written and verbal feedback. These comments were integrated into the final draft document.

Public Comments: The final draft document was submitted for public comment starting on October 1, 2016. Multiple channels for public comment were offered. The plan was posted on [pwsedd.org](http://pwsedd.org). Email notices were sent to xxx regional stakeholders including the PWSEDD membership, elected leaders, and the media. Interested parties were invited to submit comments by October 31, 2016.

Bring to the table win-win survival strategies to ensure proactive domination. At the end of the day, going forward, a new normal that has evolved from generation X is on the runway heading towards a streamlined cloud solution. User generated content in real-time will have multiple touchpoints for offshoring.

Capitalise on low hanging fruit to identify a ballpark value added activity to beta test. Override the digital divide with additional clickthroughs from DevOps. Nanotechnology immersion along the information highway will close the loop on focusing solely on the bottom line.

After incorporating these revisions, the CEDS was sent to the municipal and tribal governments in the region. Each entity adopted the CEDS by resolution. These documents are posted on the CEDS project page at [pwsedd.org](http://pwsedd.org).

PWSEDD began implementation of the CEDS in July 2016 as the plan was being finalized and adopted. It will work continuously on the implementation of the CEDS throughout 2016 - 2021. Annual action plans, CEDS Updates, and agency reporting will be posted on the CEDS project page at [pwsedd.org](http://pwsedd.org).

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