

HAINES

5-Year Economic Development Plan

August 2018



Prepared for
HEDC
Haines Economic Development Corp.

Prepared by
McDowell
GROUP



Letter from HEDC Board



Dear residents of the Haines Borough,

This 5-Year Economic Development Plan, along with the Economic Baseline Report, is the culmination of eight months of work by the Haines Economic Development Corporation in cooperation with McDowell Group. HEDC is a nonprofit corporation with a mission to realize economic development in Haines Borough through research, community engagement, and strategic planning. As part of our first year of work, we coordinated and facilitated these two important projects to build a base of economic data specific to Haines and outline a plan for economic development.

This is a plan for the community and serves as a blueprint for how HEDC will facilitate economic development over the next five years.

The following plan builds on extensive public input and economic data for the community. It is an action plan with specific ideas that have been vetted as having community support, a high probability of success and reward for the community and measurable outcomes. Other considerations include if the initiative has potential for creating jobs, if HEDC will have the capacity to make it successful and if it enhances opportunities for entrepreneurs or existing businesses and industry. The plan also leaves the door open to consider additional projects or ideas. We've established policies and tools to evaluate new ideas before committing to them, making sure they align with our goals and resources.

Our Guiding Principles are not only a map for the work we will undertake but also in how we will operate our organization; with inclusiveness, sustainability, collaboration and leadership. Specifically, the board commits to the following for our organization in the next five years:

- Provide continuing education and networking opportunities for HEDC staff and board
- Collaboration with other local and regional organizations
- Partnership with Haines Borough staff and elected officials
- Secure additional funding opportunities for specific initiatives and programs
- Maintain open and inclusive communication with the community
- Adherence to our founding and guiding documents

HEDC staff and board of directors is fully committed to executing this plan, in partnership with the borough and other organizations, over the next five years for the economic benefit and health of our community. We invite you to join us in this adventure.

HEDC Board of Directors

Introduction

This document will be used to guide the work of the Haines Economic Development Corporation (HEDC). The objectives and strategies provide flexibility for HEDC to work with entrepreneurs and businesses in all sectors. This approach also reflects strong support by HEDC and among Haines residents for small business development and for fostering residents' entrepreneurial spirit. The plan will also guide the actions of public and private organizations working towards similar objectives.

Economic development is deploying a suite of strategies that can enhance the quality of life and economic resiliency of Haines. It requires understanding the local economy and the forces shaping it, and identifying strategies that align with the community's vision, priorities, and opportunities.

The foundation for the *5-Year Economic Development Plan* is the extensive data collection and analysis conducted in the initial project phase and incorporated in the *Economic Baseline Report* (June 2018). The comprehensive assessment of Haines' economic conditions includes data and trends in employment, income, population, housing, and transportation. The report includes an analysis of Haines' major economic sectors including visitor, seafood, mining, health care and senior services, and forest products. Additional analysis is also provided on local arts and culture, non-profits, and agriculture. In addition to gathering and analyzing industry-level data, the McDowell Group study team conducted more than 60 interviews to gain insights on industry trends and opportunities.

The *Economic Baseline Report* also included results from a statistically representative telephone survey of Haines residents and an online survey allowing broad participation and input. The sur-

veys establish a baseline of community attitudes and priorities concerning household and community economic well-being. The project team conducted public meetings at project initiation and to review draft *Economic Baseline Report* findings. Small group discussions were held at the Haines Senior Center and Haines High School. The project team also reviewed recent Haines planning documents and researched best practices and examples from other communities.

Selection of development strategies for inclusion in the plan began with compilation of ideas generated in public meetings, project interviews, community survey responses, Haines Borough Comprehensive Plan, project team meetings, and HEDC board meetings. The project team examined the ideas against a set of criteria and considerations that included: alignment with HEDC's mission, vision, guiding principles, focus areas, and bylaws; level of community support; potential to generate year-round jobs and enhance the tax base; potential partners and resources; ability to leverage public and private funding; contribution to economic diversification and resiliency; responsiveness to HEDC/local influence; and, anticipated timeframe for results. The project team and HEDC met via teleconference and in person to review and refine the development plan objectives and strategies.

By implementing this plan, HEDC will help retain and grow existing businesses by proactively addressing opportunities and obstacles. HEDC will also attract new residents seeking quality of life and economic opportunity. Given the many external factors beyond HEDC's control, this plan will enhance Haines' economy through empowerment of residents and provide needed flexibility to address things currently unforeseen.

Overview of Haines Economy

Key findings from the Economic Baseline Report are summarized in the following section to provide context for the development plan initiatives.

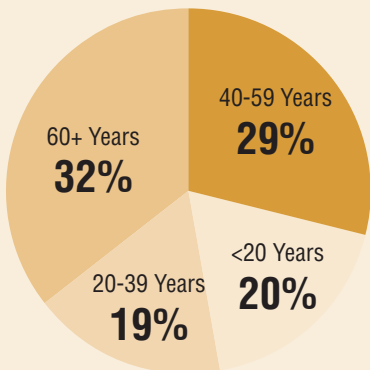
Population and Demographics

Haines' population has gradually declined since 2012 due largely to outmigration. Compared to the statewide average, Haines' residents are considerably older (49.3 vs. 34.9). One-third of the population is 60 or older (increasing by 51 percent since 2007). In contrast, those under 20 decreased by 11 percent and those aged 40-59 decreased by 24 percent.

Haines Population



Haines Population by Age Group

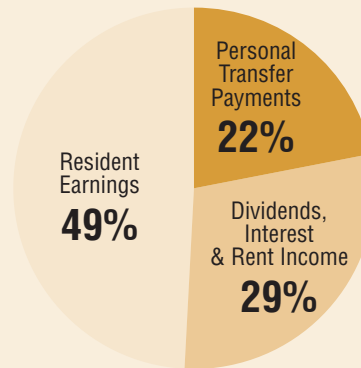


Haines experienced a 9 percent decline in wage and salary employment and an 11 percent decline in total wages since 2007. Total employment, however, has remained relatively stable due to a 10 percent increase in

Haines Wage/Salary Jobs



Personal Income by Source, 2016

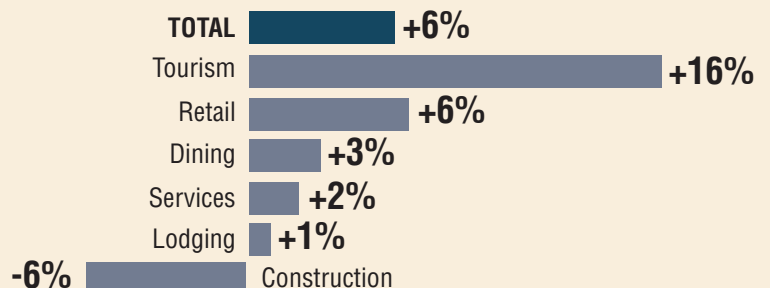


self-employment since 2012.

The growing number of retirees influences Haines' reliance on non-earnings income, which is significantly greater than the statewide average (51 percent vs. 34 percent).

Haines Borough business sales tax receipts in 2017 totaled nearly \$3.2 million, up 6 percent from 2016. Retail and tourism sectors accounted for most of the increase.

% Change in Sales Tax Receipts, 2016-17



Economic Drivers

The Haines economy is built on a diverse mix of business and government activity. While the tourism, seafood, and health care sectors have the largest economic footprints in the community, mining, the arts, forest products, and other activities are also part of the community's economic fabric. Further, Haines is in an enviable position of having several industry sectors with strong current or future growth prospects.

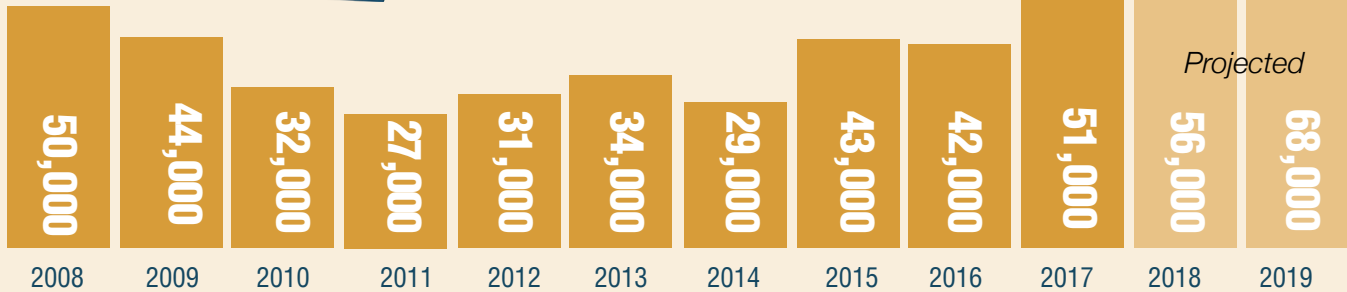
Haines hosted approximately 130,000 visitors in 2017. The largest market segment was cruise ship

visitors, with 51,200 passengers on ships docked in Haines and 43,000 passengers from ships docked in Skagway. Cruise passengers calling directly in Haines are projected at 68,100 passengers in 2019.

Employment in Haines' leisure and hospitality sector averaged 210 jobs in 2016, with \$4.4 million total wages. Peak season employment in the sector reached approximately 370 jobs in July and August 2016. These figures do not include jobs and wages generated by visitor spending in the retail or transportation sectors.



Cruise Passenger Traffic
2008-2019



In 2016, Haines residents held 160 limited entry permits and owned 86 commercial fishing vessels; an additional 96 residents participated as crew. Over a ten-year period, harvest value ranged between a high of \$9.3 million in 2012 and a low of \$5 million in 2015, after adjusting for inflation.

The health care and social services sectors accounted for 162 jobs and an estimated \$5.7 million in annual wages. There are 14 employers in the health care and social services sector. With 59 employees, SEARHC is one of the largest employers in Haines and the primary health care provider.

In 2016, the mining industry directly accounted for 79 jobs. The Palmer Project employed 64 workers, mostly seasonal, with half based in Haines. The community is currently home to 31 Kensington Mine and Greens Creek Mine employees.

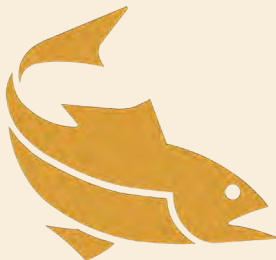
Haines' arts sector includes visual arts, performing arts, and numerous arts organizations. A recent survey indicated that 80 residents had full-time or part-time earnings from the arts, including artists, teachers, employees of galleries and museums, and arts-related non-profits.

Haines' forest products industry includes three small commercial mill operators and numerous small-scale operations supporting local construction as well as manufacturing of furniture, cabinets, boats, musical instruments, skis, and more. A state-sponsored timber harvest could offer up to 150 million board feet of Haines area timber over the next decade.

Additional sectors with significant impact in Haines include:

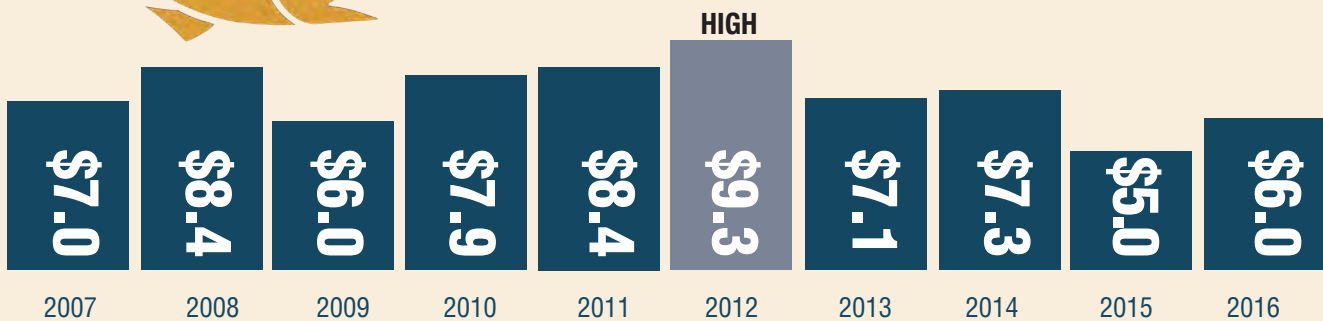
- ▶ **Government:** 197 jobs and \$15.7 million in wages.
- ▶ **Retail:** 192 jobs and \$4.7 million in wages.
- ▶ **Accommodation & food service:** 176 jobs and \$3.2 million in wages.
- ▶ **Entertainment & recreation:** 151 jobs and \$3.3 million in wages (this sector overlaps with arts and culture).

Further information on Haines economic indicators and employment can be found in the *Economic Baseline Report*.



Resident Seafood Harvest Value

2007-2016 • millions of dollars • adjusted for inflation



Analysis of Strengths, Weaknesses, Opportunities, and Threats

The SWOT analysis was developed in consultation with the HEDC board. The initial findings are drawn from the *Economic Baseline Report*. The qualitative comments are based on project interviews, public comments, and assessment by the project team and HEDC. In general, strengths and weaknesses capture factors internal to Haines, while opportunities and threats are external. This analysis helped to focus the development plan objectives and strategies.

Strengths		Weaknesses	
Baseline Data	Qualitative	Baseline Data	Qualitative
<ul style="list-style-type: none"> ▶ Self-employment increased by 10% between 2012 and 2016 ▶ Stable/slight growth in 20-39 year-olds (+4% since 2008) ▶ Sales tax receipts increasing ▶ Highway traffic increasing (+34% between 2011 and 2017) ▶ Tourism sector strength (\$20-\$25 million in annual spending) ▶ Direct cruise ship calls increasing ▶ Excursion Inlet impacts ▶ Haines Packing Co. impacts: local buyer, employer, and visitor attraction ▶ Growth potential for existing and new local manufacturers ▶ Potential Palmer Project and near-term exploration jobs ▶ Kensington/Greens Creek workers ▶ Health care and social services sector growth ▶ Non-profit sector contributions ▶ State lands timber sale ▶ Professional services/accommodation job growth ▶ Deep water port 	<ul style="list-style-type: none"> ▶ Natural beauty ▶ Small-town character ▶ High quality of life ▶ Subsistence lifestyle ▶ Native culture and arts ▶ Vibrant arts and culture sector ▶ Historic Fort Seward, Main Street, waterfront ▶ Notable brewery, distillery, and restaurants ▶ Proximity to Juneau and Whitehorse ▶ Year-round outdoor recreation opportunities ▶ Relatively low cost of housing ▶ Appealing special events for residents and visitors ▶ Momentum in the economy ▶ Optimism among residents ▶ Opportunities for residents with entrepreneurial skills 	<ul style="list-style-type: none"> ▶ Wages and salary jobs decline (-11% and -9% between 2007 and 2016) ▶ Low average wages ▶ Unemployment (9.1% compared to 7.2% statewide) ▶ Population declining due to net out-migration (-142 residents between 2012 and 2017) ▶ Resident employment declined by 20% between 2008 and 2017 ▶ Residents age 40-59 decline (-24% since 2008) ▶ Ferry and air traffic decline ▶ Community opposition strongest toward sectors with anticipated near-term growth: large cruise ships (17% opposed to growth), timber harvest (18%), and mining (35%) ▶ Dependence on non-earnings income ▶ Sharp seasonality of local economy 	<ul style="list-style-type: none"> ▶ Political polarization among community members ▶ Borough lacks understanding of policy impacts and consistency ▶ Limited appetite for growth among many residents ▶ Younger residents and families particularly dissatisfied with lack of economic opportunities ▶ Lack of restaurants in winter ▶ Cost of living higher for freight, energy, phone, and internet services ▶ Lack of connectivity between distinct areas in downtown (Fort Seward, Main Street, fairgrounds, waterfront), limiting visitor spending and satisfaction ▶ Areas of blight, lack of central population density ▶ Lack of developed recreational opportunities (recreation center, ski area) ▶ Relatively difficult to reach for heli-skiers, limited bad-weather options

Opportunities

Baseline Data

- ▶ AMHS dayboat service beginning soon
- ▶ Timber endowment; UA/ State lands timber sale and associated opportunities for harvest, local mills, support services, and Chilkoot Lumber dock improvements
- ▶ Mineral endowment; Constantine exploration and associated opportunities for employment and support services
- ▶ Growth in Alaska cruise market
- ▶ Increased use of Portage Cove Dock for small cruise ships and Skagway fast ferry
- ▶ Haines Highway construction economic impacts and long-term highway improvements
- ▶ Increased Shared Fisheries Tax revenue due to production shifts from Petersburg to XIP
- ▶ Opportunities for older adults and seniors as entrepreneurs, business mentors, and volunteers (one-third of population is 60 and older; +51% since 2008)

Qualitative

- ▶ Carnival/Survey Point Holdings purchase of White Pass creates pressure to secure long-term berthing space and competitive alternatives to Skagway
- ▶ Haines position as “Adventure Capital of Alaska” has greater potential to enhance residents’ quality of life and attract location-neutral workers and visitors; residents also support trail and outdoor recreation infrastructure
- ▶ Strong support and opportunity for growth in winter tourism, agriculture, small ships, and arts
- ▶ Strong support for small business and entrepreneur support programs
- ▶ Skagway Ore Terminal long-term lease uncertainty enhances Haines port appeal
- ▶ Timber and mining developments can create roads and enhance access
- ▶ Ability to attract corporate and individual investment through new federal Opportunity Zone program



Threats

Baseline Data

- ▶ Ferry service reductions and interruptions
- ▶ 2015/16 Fishing sector earnings and participation on low-range of 10-year average
- ▶ Local dependence on chum/sockeye
- ▶ Decline in 10-19 year-old population (-21% since 2008)
- ▶ Decline in school enrollment
- ▶ Declining condition of Lutak dock could disrupt ocean freight and/or increase costs
- ▶ Port Chilkoot Dock may not accommodate increasingly larger cruise ships
- ▶ State budget situation affecting state and community programs; potential for state and local tax increases

Qualitative

- ▶ Need to ensure economic impacts from cruise growth, timber sale, mine development, and highway construction supports long-term economy and quality of life (housing, downtown core, public infrastructure and services)
- ▶ Haines Highway construction could deter highway visitor traffic
- ▶ Aging population increases pressure on health care and related services
- ▶ Uncertainty in national and international policy, fiscal situation, and regulatory environment affects the community and local businesses



Haines Economic Development Plan

The development plan reflects the guiding principles, focus areas, and feedback articulated by HEDC board, staff, and community.

“Development strategies are grouped into near term, mid term, and long term—recognizing level of urgency, time needed for implementation, and HEDC capacity. The plan also recognized the Economic Development strategies outlined in the Haines Borough Comprehensive Plan, adopted in 2012.”

HEDC Guiding Principles

FORMATION: Through public funding, a public/private partnership exists between the community and HEDC to support and realize economic development goals.

EDUCATION: Our goal is to help the community understand what “economic development” and “economic health” mean and explore the opportunities this effort presents.

INITIATIVES: We will initiate programs and promote public policies that further the community’s economic development goals. Initiatives will be considered for both short-term and long-term development and will be measured for effectiveness in moving the community toward its goals.

INCLUSIVENESS: Economic development is for the benefit of all borough residents. HEDC will advance concepts and ideas through information, research, education, and analysis that inform community discussions. We recognize the qualities that draw economic development to our community without effort and will build on those assets to maximize our planning efforts.

SUSTAINABILITY: HEDC will lead the community in efforts that strive to meet the needs of our community *now*, without compromising the ability of our *future* generations of the borough to meet their own needs in maintaining economic health.

FACILITATION: All opinions and ideas from the community will be considered when discussing economic development ideas and goals. We will emulate and facilitate civil discussions in striving for inclusion in economic planning. HEDC will make economic planning engaging and thought provoking. HEDC will encourage the sharing of ideas and discourage uncivil or distracting rhetoric in our planning efforts.

COLLABORATION: We are fueled by a combination of energetic long-time residents and newcomers anxious to share their skills, talents and experience. We invite and embrace the contributions of all residents in sustaining our economic health as a community.

LEADERSHIP: Through a conscious commitment to our Guiding Principles, HEDC will dedicate resources, initiate programs, and promote policies that realize economic development.

“In our efforts, we will strive to focus on the following areas:”

HEDC Focus Areas

- ▶ Our community’s knowledge and understanding of economic planning and economic health
- ▶ Our entrepreneurial and small business opportunities
- ▶ Opportunities for existing or burgeoning industries
- ▶ Training and mentoring opportunities for the trades industry
- ▶ Our natural resources to provide continued opportunity and sustenance for residents and a distinctive experience for visitors

Objective 1

Increase Community Economic Development Awareness and Engagement

Goal Statement: By proactively engaging Chilkat Valley residents, and by sharing relevant information regarding economic development issues, community members will be empowered and motivated to participate productively in development activities. (Aligns with Objective 3F in Haines Borough Comprehensive Plan.)

Strategies

Near Term Priority (Years 1-2)

- 1 Produce and provide objective information to the community surrounding key economic development issues, promote awareness of Haines' key economic sectors, and promote awareness of threats, opportunities, and achievements in the economy.**

KEY ACTIONS

- ▶ Develop and implement an annual communications plan, prioritize economic development and communication topics, identify key conferences and professional education opportunities.
- ▶ Organize and host relevant economic development forums and presentations in partnership with local and regional economic development agencies.
- ▶ Research, write, and distribute economic development articles, newsletters, and annual reports.
- ▶ Maintain and update key community economic development data; work with the business sector and Borough to improve tax data reporting.
- ▶ Create a digital/social media strategy; update and expand website content.
- ▶ Stay abreast of relevant economic development issues and opportunities through maintaining close relationships with local, tribal, state, federal, and regional

economic development entities; serve as conduit of economic development information to the community.

- ▶ Publicize and promote Haines economic development successes.

Mid Term Priority (Years 3-5)

- 2 Investigate and increase awareness surrounding motivating factors for arriving and departing Haines residents to understand underlying issues driving in-migration and out-migration. Develop policy recommendations in response to trends.**

KEY ACTIONS

- ▶ Develop an entry/exit survey and conduct interviews with individuals and families arriving/leaving Haines.
 - ▶ Document, analyze, and publicize contributing factors annually.
- 3 Conduct economic impact studies, economic development research, and community surveys as needed.**



Performance Metrics

Action	Metrics
HEDC will host/sponsor economic development-related community meetings and presentations.	<ul style="list-style-type: none"> • Number of meetings/presentations • Number of attendees • Topics covered
Write, research and publish economic development literature and articles.	<ul style="list-style-type: none"> • Number of newsletters and related documents created • Annual Report • Total reach
Maintain and update data collection.	<ul style="list-style-type: none"> • Updated and published Haines economic baseline data • Recommendations for data collection improvement provided to the Borough • Changes in data collection process
Stay current with economic development trends and opportunities.	<ul style="list-style-type: none"> • Number of meetings with economic development partners • Number of conferences attended
Implement digital and social media communications plan.	<ul style="list-style-type: none"> • New content added to website • Number of social media posts • Number of unique website visitors (segmented by resident/non-resident) • Number of impressions/likes generated by social media • Number of followers
Better understand factors leading to in-migration and out-migration.	<ul style="list-style-type: none"> • Number of surveys conducted • Report produced
Conduct economic development research at the behest of the Borough and HEDC board.	<ul style="list-style-type: none"> • Research conducted and results



Objective 2 Strengthen Economic Foundations

Goal Statement: Sustain and enhance Haines’ existing businesses and economic foundations while fostering new entrepreneurs, creating a resilient and vibrant year-round economy. (Aligns with Objectives 3A, 3C, 3E, 3F, 3G, 3H, 3J, and 3M in Haines Borough Comprehensive Plan.)

Strategies

Near Term Priority (Years 1-2)

1 Continue and enhance Haines business retention and expansion (BRE) program in partnership with the Greater Haines Chamber of Commerce.

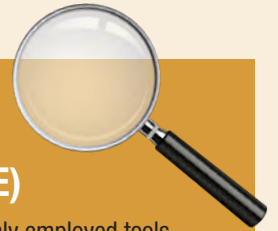
KEY ACTIONS

- ▶ Review recent BRE efforts by the Greater Haines Chamber of Commerce, acquire relevant documents/file access, evaluate if surveys/survey instruments are still current, update if not.
- ▶ Develop annual BRE workplan, articulate intended number of surveys to conduct, prioritize those sectors/businesses that are perceived to be the most threatened as well as those that have the greatest opportunity to grow.
- ▶ Conduct interviews with Haines businesses and evaluate results.
- ▶ Identify businesses that are struggling and work to help them overcome obstacles through leveraging existing economic development programs, connecting them to parties able to assist, and/or proposing new policy responses.

2 Establish mentorship program for budding entrepreneurs and established businesses. Create an “inventory” of skills and experiences in the community and act as a matchmaker as needed. In particular, this may be used as an effective tool to engage the retiree and seasonal population.

KEY ACTIONS

- ▶ Through local contacts and public outreach, solicit interest from community members to participate in a volunteer mentorship program for budding entrepreneurs and local businesses.



Business Retention and Expansion (BRE)

One of the most commonly employed tools by economic development practitioners globally is a Business Retention and Expansion program (BRE). The program strengthens the relationship between a community and its existing businesses and improves the overall business climate. Most job growth and investment is created by established businesses and residents that have a vested interest in the community. There is great merit in helping businesses expand, and supporting those that are struggling, since any jobs lost due to business closures are difficult to replace with outside business attraction and investment.

Though there are varying degrees of complexity across BRE programs, they are generally cost-effective to implement and capable of leveraging community assets. Through regular and formalized contact, such as structured interviews, an economic development professional is able to flag companies that need support and proactively connect it to appropriate support programs. Additionally, an economic developer is able to identify broader community issues and policies that may be damaging the economic vitality of its business climate or suppressing entrepreneurship. While not an absolute necessity, numerous BRE software tools have been developed to assist the practitioner in executing surveys and organizing resulting information, thus providing cost-effective solutions that increase productivity and impacts.

While BRE programs focus on established businesses, they also play a key role in supporting aspiring entrepreneurs. Many BRE programs incorporate an external marketing and community awareness component to promote opportunities and ensure that those looking to start a business are aware of its services. As the program develops, and community members become more familiar with the economic development agency, more individuals will seek its services through referral.

Source: www.iedconline.org/?p=Guide_BRE

- ▶ Create database of the particular skillsets of community members volunteering to be mentors.
- ▶ As needed, connect businesses and entrepreneurs seeking support (either through a direct request or via BRE survey discovery) with mentors.
- ▶ Conduct follow-up with both parties in mentorship program, document results.

3 Attract private sector investment in the community, including possible public private partnerships in public infrastructure.

KEY ACTIONS

- ▶ Develop ties to local and outside industries to better understand business perspectives toward Haines and its business opportunities. Determine Haines' strengths and weaknesses as perceived by potential investors and develop strategies to enhance the community's attractiveness.
- ▶ Research and present investment opportunities to appropriate parties.

Mid Term Priority (Years 3-5)

4 Increase youth participation in Haines' key economic sectors, including fisheries, tourism, mining, timber, transportation, natural resource management, professional services, art, and others.

KEY ACTIONS

- ▶ As part of BRE and mentorship program development, establish a list of businesses and individuals in Haines interested in serving as mentors or offering internships.
- ▶ Conduct youth outreach to promote awareness and to survey levels of interest in different career opportunities.
- ▶ Create internship/mentorship program for Haines' youth that reduce employment barriers and provide clear career pathways.
- ▶ Support youth vocational and professional education training, such as business and accounting skills, small engine repair, welding, among others.

5 Working with Haines Borough, Tribes, and other relevant entities, support the development of critical community infrastructure, telecommunications and broadband, and industrial support services. Identify economic development programs that can be leveraged for infrastructure investment.

KEY ACTIONS

- ▶ Research and present economic development impact of key infrastructure development (or elimination).
- ▶ Advocate for projects as requested by the Borough or at the direction of the HEDC Board.
- ▶ Identify infrastructure (and related support services) needed to enhance commercial fishing in Haines. This action can increase value-added processing and in-Haines spending by the commercial fishing fleet on vessel and gear storage, repair, and maintenance.
- ▶ Study existing, evolving, and future economic development programs that could be used to finance Haines infrastructure projects and work in concert with appropriate entities to secure funding.

Long Term Priority (May Extend Beyond 5-Year Plan)

6 Create and implement a Haines industry cluster initiative.

KEY ACTIONS

- ▶ Examine best practices and lessons learned from Southeast Cluster Initiative, Alaska Forward, and other similar efforts.
- ▶ Gauge interest in local business community and prioritize cluster development efforts by working with the Haines Borough, Tribes, business community, and regional economic development organizations.



Opportunity Zones

Enacted as part of the 2017 tax reform package (Tax Cuts and Jobs Act), Opportunity Zones are intended to stimulate investment and growth in persistently low-income census tracts by allowing private investors to defer capital gains taxes by reinvesting capital gains in qualified projects. With trillions of dollars in unrealized capital gains in stocks and mutual funds, the new program is intended to redirect investment to the 8,700 recently designated communities nationwide (including Haines). All investments must be made through a certified Opportunity Fund, an investment vehicle organized as a corporation or partnership specifically for the investment. Additional incremental incentives are realized by holding investments for five, seven, and ten years.

Examples of Opportunity Zone Investments

- ▶ Commercial real estate development and renovation in Opportunity Zones.
- ▶ Opening new businesses in Opportunity Zones.
- ▶ Expansion of existing businesses into Opportunity Zones.
- ▶ Large expansions of businesses already within Opportunity Zones.

Investor Benefits:

- ▶ Temporary tax deferral on capital gains reinvested in an Opportunity Fund until the opportunity zone investment date of sale or December 31, 2026. Any appreciation on investments held more than 10 years will not be subject to capital gains tax.
- ▶ A five-year investment reduces the original capital gain tax liability to 90% of original gain.
- ▶ A seven-year investment reduces the original capital gain tax liability to 85% of original gain.

Program Benefits:

- ▶ Unlocks equity capital.
- ▶ Rewards patient capital.
- ▶ Flexibility—may be used to finance most projects (some “sin” businesses excluded).
- ▶ Does not pick winners and losers.
- ▶ Ties investors to community success.
- ▶ Incentivizes local investors to reinvest in their community.
- ▶ No cap on amount of capital that can flow into Opportunity Zones.

Source: <http://eig.org/opportunityzones/about>

Performance Metrics

Action	Metrics
Implement BRE program.	<ul style="list-style-type: none"> • Number of businesses interviewed • Number of businesses assisted (specify type of assistance) • Amount of funding received due to assistance • Number of jobs saved or created
Develop mentorship program.	<ul style="list-style-type: none"> • Number of mentors attracted • Number of mentorships • Impact of mentorship (number of jobs created, revenue growth, constraints overcome)
Attract public and private investment in Haines businesses and infrastructure.	<ul style="list-style-type: none"> • Number of infrastructure projects identified (categorize and separate by industry when possible) • Number of promotional project prospectuses developed • Outreach/number of presentations given in support of projects • Total amount invested in Haines • Number of jobs created • Other impacts (cost reduction, efficiency increase, improvement in service, etc.)
Increase youth participation in Haines' key economic sectors.	<ul style="list-style-type: none"> • Number of youth participants in internships and mentorships • Number of professional and vocational education programs delivered; total youth participation in programs • Number of Haines High School graduates employed full-time in Haines five-years after graduation



Mentorship Program

Located 34 miles outside of Asheville, North Carolina, Brevard is a city of 6,643 with a large retiree population. Brevard suffered multiple plant closures in 2002, including three large employers representing a total loss of 2,200 jobs. Faced with this exodus, the community recognized the talent and combined knowledge represented in its retiree population and began working to build a cadre of retirees willing to offer free consulting services to local businesses and entrepreneurs.

Supported by funding from a Community Development Block Grant, the county economic development office hired a program coordinator to oversee the Retiree Resource Network program. Utilizing personal connections, extended social networks, and general public outreach, the program succeeded in attracting the services of 68 volunteers representing diverse skill sets with backgrounds ranging from small businesses to Fortune 500 companies. Each volunteer was interviewed to determine the full extent of their skills, and this information was indexed to be able to later match with prospective businesses.

As companies and entrepreneurs were identified as needing support, the economic development coordinator arranged an in-depth interview. Afterward, the matchmaking process occurred to introduce the business/entrepreneur and consultant/mentor.

Between 2004 and May of 2007, 25 consulting matches were made in Brevard. For participant businesses and entrepreneurs, the service offered top-quality consulting support for free that allowed them to grow and expand; many would have otherwise been unable to afford to pay a private consulting firm for this service. Additionally, the program provided an opportunity to bring together community members that would have otherwise not intersected and created a shared interest in continued economic development and growth.

(Note: While this example focused on retirees, there is nothing limiting a mentorship program to retirees. Haines may cast a wider net to include those willing to assist who are still in the labor pool.)

Source: *Small Towns, Big Ideas: Case Studies in Small Town Community Economic Development*, www.iog.unc.edu/programs/cednc/stbi/pdfs/stbi_final.pdf



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Objective 3

Enhance Business Climate and Stimulate Economic Activity

Goal Statement: Promote initiatives that help create a vibrant, year-round economy, while projecting Haines as a business-friendly location to outside businesses, professionals, and families. (Aligns with Objectives 3A, 3E, and 3F in Haines Borough Comprehensive Plan.)

Strategies

Mid Term Priority (Years 3-5)

1 Increase year-round traffic and spending by developing and implementing policies that enhance the town core (Main Street, Fort Seward, and waterfront.)

KEY ACTIONS

- ▶ Review past downtown revitalization efforts and current conditions.
- ▶ As part of BRE efforts, compile specific results from town center businesses, identify common issues, and develop policy responses.
- ▶ Promote policies for town core development that enhance usage and appeal for residents and visitors, including additional or improved directional signage.
- ▶ Research and implement policies that stimulate investment in mixed-use developments and enhance walkable connections between Fort Seward, Main Street, and the waterfront.
- ▶ Maintain an awareness of available properties and inform potential investors and entrepreneurs of their availability as necessary.
- ▶ Research and advocate for policies that stimulate local and visitor spending at city center hotels, restaurants, and retailers (such as buy local and tax exemption programs).
- ▶ Research and apply for town core enhancement/revitalization funding.

2 Design and implement a location-neutral worker attraction strategy.

KEY ACTIONS

- ▶ Survey Haines residents who work remotely. Identify strengths, weaknesses, challenges, and opportunities from these surveys. Publicize and offer policy recommendations.
- ▶ Refine and specify location-neutral demographic for targeting.
- ▶ Working with destination marketing organizations, develop a location-neutral marketing strategy that leverages community marketing efforts.

Performance Metrics

Action	Metrics
Enhance appeal and economic vitality of Haines town core.	<ul style="list-style-type: none"> • Number of downtown businesses interviewed • Number of new downtown development-related policies implemented • Amount of funding received from grant applications, results • Percentage increase in downtown business' sales tax • Value of new investment in city center • Number of new businesses • Jobs created in city center
Design and implement location neutral worker attraction strategy.	<ul style="list-style-type: none"> • Number of surveys conducted • Number of policies implemented resulting from survey recommendations • Total impressions from marketing campaign • Number of workers attracted

Objective 4

Enhance Year-Round Quality of Life

Goal Statement: As the Adventure Capital of Alaska, Haines offers residents of all ages a quality of life that seizes upon its year-round world class outdoor recreation opportunities. These adventures are balanced by a clean, affordable, and attractive community that maintains its small-town character and charm with year-round amenities and a thriving arts community. (Aligns with Objectives 3D, 3K, and 3L in Haines Borough Comprehensive Plan.)

Strategies

Mid Term Priority (Years 3-5)

1 Develop a winter ski and recreation plan that increases outdoor recreation opportunities for residents, promotes winter employment and residency in Haines, increases year-round visitation, and generates additional sales and property taxes.

KEY ACTIONS

- ▶ Research examples in other locations including scale of operation and governance models.
- ▶ Determine how best to leverage potential private, public, and/or non-profit partners.
- ▶ Conduct feasibility study, including potential for summer usage and revenue generation, and develop business plan to advance the project.

2 Engage with public, private, and non-profit partners to promote, support, and establish more all-season, all-user outdoor recreation activities that will serve as a draw for residents and visitors. This could be combined with findings from the location-neutral attraction study.

KEY ACTIONS

- ▶ Identify residents’ outdoor recreation desires and priorities.
- ▶ Implement strategies to stimulate the development of Haines’ outdoor recreation assets.
- ▶ Support the development of outdoor recreation-focused non-profits and private businesses.



Promoting Rural Child Care

Across rural America, “child care deserts” are increasingly being identified as major impediments to economic development. Workers have to quit their jobs or move away from towns without daycare options. Even in areas with strong economies and growing populations, many childcare centers have closed. Revenues are frequently insufficient to justify staying in business and regulations can be onerous. Many childcare owners/workers can make more money working rudimentary part-time jobs. Facing a growing shortage of workers—businesses, nonprofits, government agencies, and economic developers are working to find innovative solutions to support rural child care services.

In New York Mills, Minnesota (population: 1,100), local business Brunswick Boat Group (manufacturer of Lund boats) expressed they were losing employees due to a lack of day care during a community public meeting. In response, the local economic development agency worked with local employers and nonprofits to create a day care cooperative to be based in an unused office building owned by the county. At full capacity, the center can accept up to 36 children. In addition to subsidizing facility rent, local businesses and the county also guaranteed a minimum payment. The provider has earnings security and businesses are assured employees have access to daycare.

This is one of many examples that have been pursued via the Rural Child Care Innovation Program, a joint program offered to select rural Minnesota communities by First Children’s Finance and the State of Minnesota. Since its beginning in 2013, 11 Community Solution Action Plans have been developed, yielding 533 new childcare slots as well as helping to sustain and fortify existing childcare businesses.

Sources: First Children’s Finance; Center for American Progress; Minnesota Post, *How one small town is trying to solve Greater Minnesota’s day care crisis*

Long Term Priority (May Extend Beyond 5-Year Plan)

3 Support existing and creation of additional child care and early-learning programs that attract and retain families in the community, promotes school enrollment, and differentiates Haines from other locations.

KEY ACTIONS

- ▶ Research models, best practices, and funding opportunities.
- ▶ Identify residents' priorities.

Performance Metrics

Action	Metrics
Support the development of a winter recreation area.	<ul style="list-style-type: none"> • Number of new jobs created • Increase in winter visitation • Increase in winter tax revenue
Support outdoor recreation infrastructure development.	<ul style="list-style-type: none"> • New outdoor recreation infrastructure • New businesses created • Number of users
Support existing and additional childcare and early learning programs.	<ul style="list-style-type: none"> • Number of children and families served



Small-Community Winter Recreation Areas

The examples illustrate several models for developing winter recreation in small communities.

**Shames Mountain
(Terrace, British Columbia)**

Canada's first non-profit ski community cooperative, Shames Mountain was purchased in 2012 following its closure in 2011 after several unprofitable years of operation. To purchase and renovate the ski area, local community members formed My Mountain Co-op, which sold membership shares to individuals and businesses in Terrace and Prince Rupert. Today, Shames has more than 1,300 members who receive discounts on lift tickets and season passes to access its 1600 vertical feet spread over 250 acres—with access to much more side-country. With just two chairlifts and one tow-bar, a basic lodge offering food and a rental shop, Shames' operates on a lean budget thanks to a bootstrap approach, donations, a small paid staff, and volunteer support. Today, Shames hosts approximately 20,000 skier visits annually and provides a boost to the community, nearby helicopter and cat-ski operators, and winter economy of Terrace, located 35 KM to the east. Shames' success has also contributed to weekly flights from Vancouver increasing from 7 to 34. www.mymountaincoop.ca

**Hankin-Evelyn Backcountry Ski Area
(Smithers, British Columbia)**

Located near Smithers, BC, Hankin-Evelyn is a volunteer-operated backcountry ski resort featuring 13 cleared ski runs, a warming hut, an out-house, a transceiver checker, and access to 3,770 hectares of backcountry terrain. While the area is mapped and signed, there are no employees and access is free (with a recommended donation). The area receives approximately 4,000 skiers annually. Critical to its success was partnering

with local land managers to reactivate old logging roads and maximize the impact of forest treatments for skiers in select areas. Additionally, a devoted team of volunteers support upkeep and maintenance of the area, which also features a multi-use cabin available for overnight use. In addition to maintenance and administration costs, the main operating cost is snow plowing and removal to ensure that guests can drive to the area's base. www.hankinmtn.com

**Silverton Mountain
(Silverton, CO)**

Located in the southwestern Colorado town of Silverton (population 642), Silverton Mountain is a single-lift ski area that provides guests with lift-accessed backcountry skiing with minimal facilities typically associated with ski resorts (the base area consists of a tent and portable toilets with no running water). Originally conceived of in 1999, the owner cobbled together 220 acres of mining claims on terrain that provided 2,000 vertical feet of skiing, purchased a second-hand ski lift, and slowly began to build the area (largely by hand) with financial support from the Region 9 Economic District of Southwest Colorado. After a five-year permitting process with the BLM, Silverton Mountain expanded its skiable terrain to 1,300 acres in 2005. In 2009, the area began operating heli-skiing tours near Silverton (Silverton Mountain also recently expanded into Seward, AK), with the mountain remaining a coveted ski destination as well as a poor weather and poor snow stability option for visiting skiers.

Today, Silverton Mountain regularly sells out its guided tickets (unguided skiing is only available in late March/early April) and has helped transform Silverton's winter economy, which previously was virtually non-existent. Year-round residency is stable, unemployment is at 4.1% (2015, down from 11.5% in 1999), restaurants and hotels now operate year-round, sales tax revenues have grown substantially, and Silverton Mountain is the community's largest employer, with approximately 40 employees. Venture Snowboards, a local snowboard manufacturer that began in 2006, also partners with Silverton Mountain. <http://silverton-mountain.com>



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HEDC Board and Staff

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 Heather Shade, President (Port Chilkoot Distillery)
 Sean Gaffney, Vice President (Alaska Mountain Guides)
 Jessica Edwards, Secretary (Southeast Alaska State Fair and Haines Rafting Co.)
 Greg Schlachter, Treasurer (Expedition Broker)
 Mike Ward (Howsers, Outfitter Liquor, Sporting Goods)
 Douglas Olerud (Olerud's Market Center)
 Harry Rietze (Haines Packing Co.)
 Mayor Jan Hill, ex officio member
 Holly Smith, ex officio member

Haines Borough

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Photo credits: Andy Hedden and John Hagen.

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Development Partners

Successful implementation of this plan requires leveraging the resources of community, regional, state, and federal organizations engaged in economic development. Close working relationships will need to be established with the organizations listed below. Additional groups will likely be added over time.

Alaska Arts Confluence
Alaska Division of Economic Development
Alaska Energy Authority
Alaska Forest Association
Alaska Housing Finance Corporation
Alaska Industrial Development and Export Authority
Alaska Mental Health Trust Authority
Alaska Miners Association
Alaska Seafood Marketing Institute
Alaska State Parks
Alaska Travel Industry Association
Chilkat Indian Village
Chilkoot Indian Association
Cruise Lines International Association Alaska
Greater Haines Chamber of Commerce
Haines Borough
Juneau Economic Development Council

Lynn Canal Conservation
Rasmuson Foundation
Sealaska Heritage Institute
Southeast Alaska Conservation Council
Southeast Alaska State Fair
Southeast Conference
Sustainable Southeast Partnership
Spruce Root
The Nature Conservancy Alaska
United Fishermen of Alaska
University of Alaska
University of Alaska Center for Economic Development
U.S. Housing and Urban Development
U.S. Economic Development Agency
U.S. Forest Service
USDA Rural Development
U.S. Small Business Administration



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