



**Haines Economic
Development Corp.**

2019

FISCAL YEAR-END
REPORT

August 28, 2019



INTRODUCTION

The Haines Economic Development Corp. (HEDC) began our second full year of operation by completing and publishing Haines' Five-Year Economic Development Plan. This community action plan is HEDC's workplan for five years. We have already undertaken many of the "near term" goals and key actions, and have begun strategizing for some of the mid-term and long-term goals. A complete list of our activities for this fiscal year is included in this report.

Our Guiding Principles are the blueprint for how we operate the organization; with inclusiveness, sustainability, collaboration and leadership. Specifically, the board of directors commits to the following for HEDC as we continue our work:

- 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 continue executing this plan for the economic benefit and health of our community.

Board of Directors

Heather Shade, President
Sean Gaffney, Vice President
Jessica Edwards, Secretary
Greg Schlachter, Treasurer
Mike Ward Sr.
Harry Reitze
Doug Olerud

Staff: Margaret Friedenauer

Our Mission

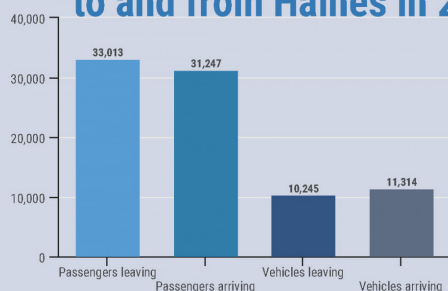
Haines Economic Development Corp. is a nonprofit corporation with a mission to realize economic development in Haines Borough through research, community engagement, and strategic planning.

Examples of our published reports this year

Alaska Marine Highway

THE IMPACT ON HAINES

Passenger and Vehicle Traffic to and from Haines in 2017



Haines is second only to Juneau for number of embarking passengers.

30 AMHS employees

who call Haines home in 2019 with an estimated total payroll of

\$2.97 million

\$19 million

in total capital expenditures at Haines AMHS facilities since 2014.

An additional **\$15-25 million** is slated for capital spending at the Haines terminal by 2022.

Capital spending by AMHS in communities creates significant jobs and spending at local businesses.

How is the ferry used in Haines?



Sources: The Economic Impacts of the Alaska Marine Highway System, McDowell Group, Jan. 2016
Haines Economic Baseline Data Report, HEDC, June 2018
AKDOT/AMHS staff, 2019

Compiled Aug. 2019 by HEDC

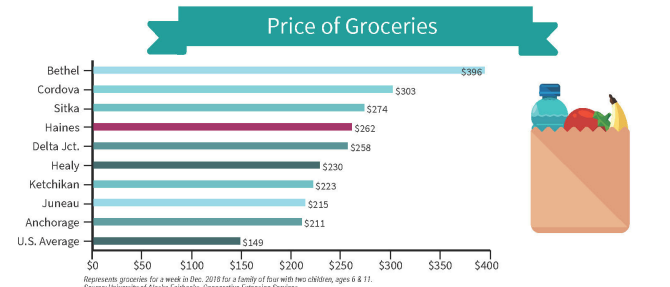
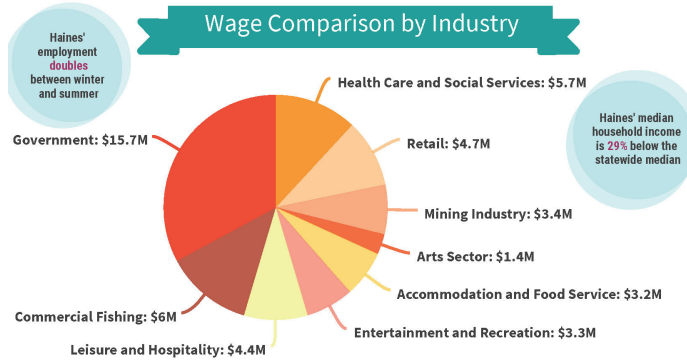
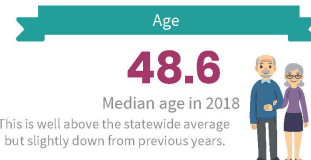


Business Mentorship Program



Haines Revolving Loan Fund

Haines At a Glance



There are more than **700** active business licenses registered in Haines

Examples of our published reports this year

Cont.

Wood Chipper Feasibility Analysis

June 7, 2019

Introduction

This analysis addresses the question, "Is the purchase of a wood chipper through a USDA grant by the Haines Borough a viable investment for contributing to the community's economic development goals?"

Recommendation

The following analysis examines that question in depth and provides a basis for this recommendation:

The Haines Economic Development Corp. recommends the Haines Borough proceed with purchasing the chipper through the USDA grant to support the development of small and emerging private business enterprise in our community.

While the market for local wood chips as a fuel source is not yet well defined, the risk to the borough in acquiring the chipper is low. There is evidence to show that purchasing the chipper and leasing it to a local business under the model described in this report aligns with the grant's regulation 80 FR 15665 Rural Business Development Grant and in the grant agreement, specifically, "to support the development of small and emerging private business enterprises in rural areas." Additionally, under the model suggested in this report the grant's effect could be multiplied across several local businesses:

- A local, small and emerging industrial mechanic and equipment rental business will have an opportunity to add a piece of equipment not currently in its fleet;
- Other small businesses (i.e., timber harvesters, mills, landscapers, construction companies) will have access to equipment not normally available or affordable. This could spur other types of business or job development across several business, not just one;
- The community will have an incentive to move forward with the biomass boiler project, knowing there is equipment available in the community that can produce wood chips as an affordable fuel source for the boilers;
- Local entrepreneurs may develop business plans to become chip producers for the local and regional market knowing there is equipment available that can facilitate their business venture with low risk investment;

Taking advantage of this grant could also encourage more use of Haines State Forest resources on a local level and propel the biomass boiler project, resulting in a local energy source with reduced dependence on fossil fuels.



By Haines builds community!
It supports independent businesses
in the Chilkat Valley and
promotes a strong economy.

The By Haines name was chosen to emphasize the businesses and goods made "by" the people of Haines.

We encourage the community to:

- THINK** about the value and importance of locally-based businesses;
- HIRE** local service providers and craftspeople;
- SHOP** our local retailers before buying online or out of town.



How to get involved



Simple! Just "Think, Hire and Shop" local when you can and encourage others to do the same. Follow us on Facebook and Instagram and share your own inspiration and reasons for supporting "By Haines."

If you would like to become a sponsor or to pick up a free window decal or sticker, visit the Haines Chamber of Commerce in the Gateway Building on Main Street.

A project of the Greater Haines Chamber of Commerce, Haines Economic Development Corp. and the By Haines volunteer committee. With generous support from the Chilkat Valley Community Foundation.

Maxtrix of Critical Infrastructure, Responsibilities and Costs

Accelerate America Poll	ASCE Report card categories	USIP Provision of Essential Services	OKPolicy	US Dept. Homeland Security	Haines
Water pipes/water delivery systems	Drinking water	Water	Utility	Water (Level 1/Foundation)	Water
Water treatment facilities		Sanitation	Utility	Water (Level 1/Foundation)	Water
Local roads	Roads		Transportation	Transportation (Level 2)	Evacuation
Flight harbors/ports	Ports		Transportation	Transportation (Level 2)/Shipping (Level 3)	Supply
					Operational
		Health care		Public Health/Emergency Services (Level 3)	Disaster
Repair/modernize schools		Education	Education		

The Ripple Effect

when you shop local

#1 Shopping local means more local jobs

When you choose to shop local rather than buy online, you help create and keep jobs in Haines. It's true! Put your money to work by thinking, hiring and shopping local.

For every \$1 million in consumer spending at Amazon, about 1.4 jobs are created at a distribution center. For the same amount spent locally, nearly **6 jobs** are created right here in our own community.

Join the movement!
#byhaines
facebook.com/byhaines
@byhaines

by HAINES
think hire shop

A project of the Greater Haines Chamber of Commerce, Haines Economic Development Corp. and the By Haines volunteer committee. With generous support from the Chilkat Valley Community Foundation.

The Ripple Effect

when you shop local

#2 You connect with your community

Shopping locally means bumping into friends, catching up with neighbors, trading news with people behind the counter and enjoying the town. Local businesses make communities work!

In places with more local businesses, people have stronger social ties and participate more in civic affairs.

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The Ripple Effect

when you shop local

#3 Spending local provides real support to our Haines economy

When money is spent in Haines, it stays in Haines and circulates around town to other businesses, individuals and into the services everyone relies on for a healthy economy and community.

On average, 48% of the money spent on a local purchase stays in the community, compared to only about 1% of purchases made online.

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@byhaines

by HAINES
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The Ripple Effect

when you shop local

#5 Supporting local businesses means lower taxes for the community

Locally-owned businesses generate more tax revenue per sales dollar than online sales. Buying local also generates more business for shipping companies and that, in turn, keeps shipping rates lower and consistent for everyone.

Bottom line: More thriving local businesses means lower taxes and lower costs for everyone.

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@byhaines

by HAINES
think hire shop

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HAINES

5-Year Economic Development Plan

FY18 Activities

Work to date

	Projects continued from FY17	
Economic Baseline Report Published	Completed an economic baseline report of Haines in conjunction with McDowell Group. The baseline report serves as the foundational document for the Five-Year Economic Plan for Haines and is a standard against which to measure progress toward economic development goals. (published Aug. 3, 2018)	FY18-Aug. 3
Five-Year Economic Plan Published	Completed a Five-Year Economic Development Plan. The plan is for the community and serves as a blueprint for how HEDC will facilitate economic development over the next five years. (published Nov. 5, 2018)	FY18- Nov. 5

Project	Objective 1: Increase community Economic Development Awareness and Engagement (aligns with Objective 3F in the Haines Borough Comprehensive Plan)	Timeline
Outreach and education	Regular social media posts about new data or industry information pertinent to Haines, entrepreneurial opportunities and resources.	ongoing
Outreach at SE AK Fair	Staffed a fair booth for second year in a row to provide information about HEDC and our work. Kicked off mentoring program. Shared booth with Census Complete Count committee chair from Juneau to start getting word out about census and Haines job opportunities with the census.	July-Aug.
Public meetings and input on Baseline Data and Strategic Plan	Hosted public meetings to present Economic Baselines Data Report and development of Haines Five-Year Economic Development Plan, printed copies and distributed copies of baseline report	Aug. '18
Census Committee	Committed to partnering with borough on the Census 2020 Complete Count Committee. HEDC will begin recruiting committee members this fall.	March - ongoing
University Timber Sale Scoping Document	Drafted a scoping document for a socio-economic analysis of the University of Alaska Haines Timber Sale. Scoping document was forwarded to university land's department and board of regents. Questions posed in scoping document will be addressed once more information about the sale and operations plan becomes available.	FY18 - ongoing
Borough biomass project analysis	Published analysis on the borough's biomass project focusing on the market potential for chip producer in Haines.	Feb. - June
Joined Chilkat Valley Mining Forum committee	Joined Chilkat Valley Mining Forum Committee	March - ongoing
Porcupine Road scoping and analysis	Began scoping an analysis of the economic impacts/importance of Porcupine Road and the businesses/commerce that utilize it and areas accessed by the road. This is meant to help inform the discussion about maintainance of the road.	Aug. - ongoing
RAW TV survey	Conducting an anlysis of impacts of Raw TV doing business in Haines.	Aug. - ongoing
Joined Southeast Sustainable Partnership	Began working with SSP, a collaboration of organizations across SE that works together to address "complex social, environmental, and economic challenges through cross-sector coordination and brings together diverse partners from throughout the region." SSP is "based on commitment across organizations and individuals to a common agenda, shared infrastructure, continuous communication, mutually reinforcing activities, and a shared measurement framework."	Feb. - ongoing

Project	Objective 2: Strengthen Economic Foundation (aligns with objectives 3A, 3C, 3E, 3F, 3G, 3H, 3J and 3 M in the Haines Borough Comp Plan.)	Timeline
Partnered with AK SBDC to increase small business development and resources	Partnered with the Alaska Small Business Development Center and was chosen as one of five rural communities across the state to receive increased training, including Business Plan Development and Financial Projections for Your Business workshops and resources, including computer work station for clients receiving business advising services, from SBDC in 2019. Provided advertising and outreach support for workshops and advising opportunities. Two workshop series were held in fall 2018 and two series in spring 2019. More planned for fall 2019. HEDC wrote letter of support to USDA for continued support of rural outreach programs.	Sept. '18 - ongoing
Increase awareness of Haines Revolving Loan Fund	Developed a workplan to partner with the borough and JEDC to increase awareness, use and success of the Haines Revolving Loan Fund. Created outreach materials. Met with about 10 individuals interested in loan program, referred them to JEDC contact and stayed connected during the application process for as long as client wanted assistance.	Nov. '18- ongoing
Initiated mentorship program	Developed and initiated business mentorship program; officially launched at HEDC fair booth in August with outreach materials.	March - ongoing
Joined and participated in Southeast Conference	Southeast Conference: two conferences, travel and membership – made several connections with business and industry leaders and regional economic development leaders.	Sept. '18 and Feb.
Outreach to government representatives	Along with borough manager and chamber of commerce, met with state representatives for Haines. Provided demographic and employment information for Haines and answered pertinent questions regarding potential impacts of governor's budget. Provided feedback on proposed winter AMHS schedule. Wrote letters in support of AMHS Haines capital projects included in statewide STIP. Communicated with Skagway officials about ferry authority study and ways to collaborate with future ferry scheduling.	Feb. - ongoing
Provided resources, data and referrals	Fielded questions about business development and funding resources for new and existing businesses from at least a dozen Haines resident, either through walk ins at our office or over the phone. Provided data to help various residents and organizations express accurate economic data about Haines for grant writing and other efforts.	Ongoing
Encouraged private investments	Made connections at Southeast Conference with AT&T executive who has been helpful in facilitating information about how to increase cell service for Haines in summer months. Connected with Allen Marine Cruises about provided passenger ferry service during fair while AMHS was out of serve. See also, Opportunity Zones.	Sept. '18 - ongoing
Infrastructure analysis	Completed Infrastructure Matrix for use in evaluating spending, costs and considerations in prioritizing public infrastructure investment.	Feb. - May
Researched online sales tax issues	Provided research about Amazon collecting sales tax on local purchases beginning Jan. 1, 2019. Contacted other communities to gather information, met with borough to pass along research, posted statement from borough on HEDC Facebook page about Amazon sales tax collection. HEDC also provided information about sales tax collection from online sales when the Supreme Court case was initially announced. The borough then partnered with AML to move forward with this issue.	Aug. and Feb.
Researched power rate adjustments	Provided research about proposed AP&T rate adjustment that was affected by the 2018 federal tax legislation.	Sept. '18
Encouraged investments for infrastructure	Submitted BUILD Grant support letter in support of federal grant application for Lutak Dock.	Sept. and March
Lemonade Day	Partnered with Haines Borough Library Summer Reading Program to host a Lemonade Stand 101 group. Met with youth group once a week for six weeks to prepare a simple business plan for a lemonade stand, find investors, plan for costs and profits. Operated lemonade stand on National Lemonade Day.	June - July

Project	Objective 3: Enhance Business Climate and Stimulate Economic Activity (aligns with objectives 3A, 3E, 3F and 3I in the Haines Borough Comp Plan.)	Timeline
Received matching grant for By Haines campaign	As part of By Haines campaign, secured CVCF matching grant to print bi-monthly ads in CVN about economic impacts of "buying local." Ads began running Jan. 1, 2019. Partnered with Chamber for a series of "By Haines" videos. Celebrated and promoted Independent's Day in July. Developed Tax Free Holiday resolution that was passed by the assembly.	Sept. 18 - ongoing
Opportunity Zones outreach	Advocated to be named as an Opportunity Zone after the passage of the 2018 federal tax legislation. Once named, we continued learning through workshops and webinars about the program and how to maximize opportunities for investors in Haines. In development; Haines Opportunity Zone Investment Prospectus.	Nov. - ongoing

Project	Objective 4: Enhance Year-Round Quality of Life (aligns with objectives 3D, 3K and 3L in the Haines Borough Comp Plan.)	Timeline
Child Care analysis	Began assessing availability and affordability of child care in Haines. Working with Alaska Association for the Education of Young Children; in the process of surveying community about child care.	July - ongoing

"If it had not been for HEDC's assistance, I would likely not have taken on the bookstore. Thanks to HEDC and SBDC, I've been able to step into the role of being a business owner. Their continued support has made it possible to be excited, not overwhelmed, about owning a business!"

Jo Goerner, The Moosterious Emporium



FY18 Financials

Haines Economic Development Corporation Profit & Loss July 2018 through June 2019

	Jul '18 - Jun 19
Ordinary Income/Expense	
Income	
Direct Public Support	95,000.00
Indirect Public Support	875.50
Other Types of Income	
Miscellaneous Revenue	50.00
Total Other Types of Income	50.00
Program Income	518.50
Total Income	96,444.00
Expense	
Bank Fees	52.10
Business Expenses	
Business Registration Fees	650.00
Total Business Expenses	650.00
Contract Services	
Accounting Fees	2,398.20
Outside Contract Services	750.00
Contract Services - Other	15,750.00
Total Contract Services	18,898.20
Facilities and Equipment	
Rent, Parking, Utilities	4,315.00
Total Facilities and Equipment	4,315.00
Operations	
Advertising	2,167.43
Books, Subscriptions, Refere...	687.33
Office equipment	791.82
Postage, Mailing Service	258.79
Printing and Copying	1,331.04
Supplies	610.45
Telephone, Telecommunicatio...	678.60
Website	126.60
Total Operations	6,652.06
Other Types of Expenses	
Insurance - Liability, D and O	1,374.00
Program expenses	
By Haines	1,773.09
Program expenses - Other	660.05
Total Program expenses	2,433.14
Staff Development	3,955.06
Total Other Types of Expenses	7,762.20
Payroll Expenses	62,765.50
Reconciliation Discrepancies	0.01
Travel and Meetings	
Conference, Convention, Meet...	1,700.25
Travel	3,121.91
Travel and Meetings - Other	574.63
Total Travel and Meetings	5,396.79
Total Expense	106,491.86
Net Ordinary Income	-10,047.86
Net Income	-10,047.86

Haines Economic Development Corporation Balance Sheet As of June 30, 2019

	Jun 30, 19
ASSETS	
Current Assets	
Checking/Savings	
Checking Account	34,115.43
Total Checking/Savings	34,115.43
Total Current Assets	34,115.43
TOTAL ASSETS	34,115.43
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Other Current Liabilities	
Payroll Liabilities	1,318.59
Total Other Current Liabilities	1,318.59
Total Current Liabilities	1,318.59
Total Liabilities	1,318.59
Equity	
Opening Balance Equity	920.16
Retained Earnings	23,244.66
Net Income	8,632.02
Total Equity	32,796.84
TOTAL LIABILITIES & EQUITY	34,115.43

