MATANUSKA-SUSITNA BOROUGH, ALASKA

Economic Development Strategic Plan

Prepared for:

The Mat-Su Borough

Prepared by:

T·I·P STRATEGIES, INC

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We would also like to thank the plan advisory steering committee as well as the leadership and staff of the Matanuska-Susitna Borough (MSB) for their critical guidance, support, and feedback.

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Kerry Aguirre, Mat-Su Regional Medical Center	

About TIP Strategies

TIP Strategies, Inc. (TIP) is a privately held Austin-based business and economic development consulting firm committed to providing quality solutions for both public and private-sector clients.

Established in 1995, the firm's areas of practice include economic development consulting, strategic planning, site selection, economic impact analysis, regional economic development, target industry analysis, cluster analysis, technology audit, transit-oriented development, workforce analysis, feasibility studies, market analysis, and redevelopment analysis and planning.

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Finally, **MSB staff** provided essential management, administration, and support to the planning process.

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INTRODUCTION

The Matanuska-Susitna Borough (MSB) engaged TIP Strategies. Inc., an Austin-based economic development consulting firm, to assist in developing an economic development strategic plan for the Borough. The following recommendations are the result of a 10-month process incorporating input and ideas from key stakeholders throughout the Borough. The purpose of the plan is to provide a blueprint for positioning Mat-Su for sustainable economic growth and prosperity.

The information for the planning effort was provided primarily by four stakeholder committees and seven focus groups of business people, as well as representatives of public entities (cities, utilities, state agencies, etc.) and workforce development representatives. In addition, individual interviews and discussions were conducted with business representatives throughout the Borough. Over 180 people – 80 percent of whom are from the region's business community – participated in plan committees, focus groups, and interviews. TIP would like to thank representatives of the committees, organizations, businesses, and groups who gave their valuable time to participate in this process. The complete list of participants is included in the acknowledgements section.

The plan itself is organized into seven main sections. Following the introduction, an executive summary summarizes the key challenges facing the Borough, as well as the vision, goals, and priority strategies needed the meet those challenges. The document then features the plan itself, including its five goals, 23 strategies, and dozens of actions and sub-tasks. After the plan, an implementation matrix is provided listing all the goals, strategies, and actions in a single table. The matrix also includes a realistic timeframe for completing each action and the regional partners needed to successfully implement them. Recommended economic performance measures for tracking the economic vitality of Mat-Su follow the implementation matrix. A quantitative assessment is then provided, including an overview and an assessment of the local economy. The final section of the plan is a summary of the strengths, weaknesses, opportunities, and threats (SWOT) identified by the consulting team as well as the four standing committees. The latter sections provide both a quantitative and qualitative basis for many of the initiatives highlighted in the plan.

Standing Committees

- Advisory Steering Committee
- Business Group
- Public Sector Group
- Workforce Development Group

Focus Groups

- Entrepreneurs
- Human Resource Managers
- Professional Services Sector
- Young Professionals
- Tourism/Hospitality/Recreation
- Real Estate, Builders, Finance Experts
- Anchorage Business and Economic Development Representatives

EXECUTIVE SUMMARY

Introduction

The Matanuska-Susitna Borough (MSB) engaged TIP Strategies. Inc., an Austin-based economic development consulting firm, to assist in developing an economic development strategic plan for the Borough. Developing an economic development plan was deemed by the Borough Assembly to be a high priority goal for the MSB. The following recommendations are the result of a 10-month process incorporating input and ideas from key stakeholders throughout the Borough. The purpose of the plan is to provide a blueprint for positioning Mat-Su for sustainable economic growth and prosperity. The plan identifies projects and initiatives and presents guidelines for implementation.

Over the course of the engagement, TIP held meetings throughout the Borough in which the following questions were aired:

- What economic challenges face the Borough?
- How well is Mat-Su positioned to cope with these challenges?
- How best can the MSB position Mat-Su for long-term economic vitality?

The information for the planning effort was provided primarily by four stakeholder committees and seven focus groups of business people, as well as representatives of public entities (cities, utilities, state agencies, etc.) and workforce development representatives. In addition, individual interviews and discussions were conducted with business representatives throughout the Borough. Over 180 people – 80 percent of whom are from the region's business community – participated in plan committees, focus groups, and interviews. TIP would like to thank representatives of the committees, organizations, businesses, and groups who gave their valuable time to participate in this process. The complete list of participants is included in the acknowledgements section.

The Challenge

Since 1970, Mat-Su has experienced explosive population growth. The Borough's population first reached 10,000 residents in 1975 and subsequently expanded five-fold over the next 20

Government & Geographic References in the Document

MSB – Mat-Su Borough government

The Borough –geographic area

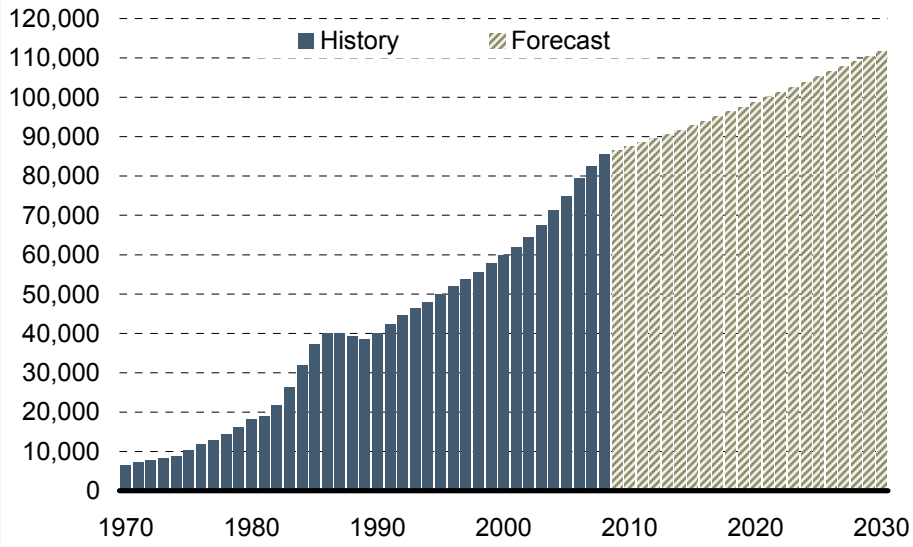
Mat-Su –geographic area

years. By 2000, the Census counted nearly 60,000 local residents. Since the beginning of the decade, Census estimates show the Borough's population surging approximately 43 percent in eight years to over 83,000 residents. Indeed, Mat-Su has been the fastest growing region in the state of Alaska.

Much of Mat-Su's growth has been sustained by Anchorage residents seeking more affordable housing options and the Borough's appealing lifestyle. Such rapid population growth, however, has not come without costs. The Borough's exploding population fueled a boom in residential construction, culminating in a significant market correction in 2005-2006. The rapid pace of population expansion and development in Mat-Su has also challenged its capacity to absorb and manage growth. The residential construction surge also resulted in haphazard growth patterns and conflicting land uses. For example, a substantial amount of Mat-Su's valuable agricultural land has been consumed by new housing construction. Additionally, public services and infrastructure have struggled to keep pace with the growth. Other key challenges facing the Borough include:

- With few large private employers, the Mat-Su economic base remains undiversified and largely dependent on external factors, including federal and state fiscal policy, the health of the Anchorage economy, and the price of oil.
- The Borough lacks a common vision for growth and development, which deters new investment by creating the perception that Mat-Su does not offer a stable and positive business climate.
- The image of Mat-Su to non-residents is negatively affected by the haphazard character of physical development patterns in the Borough.
- Mat-Su's competitiveness for export-oriented industrial development is limited by the state's remoteness relative to high growth markets, as well as high transportation, labor, and energy costs. The Borough is, however, well positioned within the state to attract companies serving the Alaska market. Furthermore, the ongoing development of Port Mackenzie and the expected rail extension will enhance Mat-Su's competitive position for export-oriented industrial development.

Mat-Su Population and Growth



SOURCE: *U.S. Bureau of the Census (history) and Moody's Analytics (forecast)*

The Response

Economic development goals, strategies, and actions must be driven by a clear vision. While conceptually this makes sense, the more practical value of the vision is in directing resources in the Borough for the express purpose of economic development. As a result, successful vision statements are bold but provide a clear direction and can be supported by goals and strategies. We believe that the following vision achieves those objectives for Mat-Su:

The Mat-Su Borough is the premier destination for quality development and jobs in Alaska.

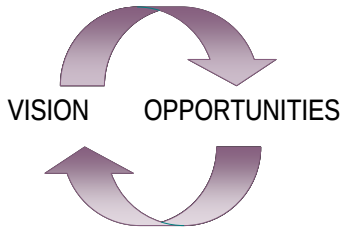
This vision statement presents a clear focus for MSB's economic development efforts with aggressive, yet attainable, goals. Mat-Su will establish itself as a magnet for the highest quality development and jobs within the state of Alaska.

This vision, however, can only be reached if goals are established as pillars to support key proposals. We believe that the following five goals will accomplish that:

- **Goal One: Position Mat-Su for sustainable economic growth and vitality.**
- **Goal Two: Build capacity to conduct economic development within the Borough.**
- **Goal Three: Expand Mat-Su's economic development infrastructure.**
- **Goal Four: Attract, retain, and engage talent.**
- **Goal Five: Raise awareness of economic development opportunities.**

Priority Strategies

TIP, with the strong encouragement of the Borough's business, public, and community leadership, has sought to address the question of Mat-Su's future economic vitality in a practical way. Based on our understanding of the Borough's opportunities and challenges, and in light of current economic conditions, we believe the seven economic development strategies outlined below represent the highest priorities for Mat-Su.



- The MSB should work with the University of Alaska Anchorage, Mat-Su College, the University of Alaska Fairbanks, and the Mat-Su Regional Medical Center to **establish a university-medical district within the Borough**. Such a district would serve as a focal point in the Borough for attracting high-level jobs, facilities, research, education, and training, while preserving the area's natural beauty and amenities.

- **Build greater awareness of Mat-Su as a destination for new investment among employers in Anchorage**. Mat-Su should be top of mind to companies seeking expansion within the region. The greatest emphasis should be placed on attracting professional and technical services sector firms to the Borough.

- **Establish a new Borough-wide partnership to support economic development in Mat-Su**. The primary mission of the partnership would be to act as an economic development advisory council for the MSB and to assist with the implementation of this plan. Additionally, the new partnership should bring businesses and organizations throughout the Borough together to advocate for a common vision for economic development in Mat-Su.

- **Bring business, workforce training, and education communities closer together**. Facilitate greater partnerships and communication on issues of employer needs and corresponding training, apprenticeship, and education programs. Expand post-secondary educational options and programs in Mat-Su.

- **Continue investing in the tourism infrastructure and marketing of Mat-Su**. As an export-based sector that supports many small businesses, tourism is growing increasingly important to the Borough's economy. Expanding the Borough's capacity to attract and accommodate greater numbers of independent travelers is critical to the sector's success.

- **Continue developing multimodal transportation infrastructure at Port Mackenzie**, including the construction of a rail extension from the port to the Alaska Railroad's mainline and ferry service to Anchorage. A fully-developed multi-modal port would serve as a key transportation asset for the state of Alaska and would position Mat-Su to attract significant new private investment and employment opportunities. The port

Recommended Opportunity Sectors

To support the borough's economic development efforts, TIP identified opportunity business and industry sectors. We chose potential opportunities using a combination of quantitative, qualitative, and strategic approaches. The recommended industries capitalize on existing and emerging assets in Mat-Su, as well as the broader Anchorage-Mat-Su region. These industries were also chosen in light of the current economic environment, as they are likely to endure recessionary times and could possibly benefit from governmental support.

- Professional & Technical Services
- Healthcare & Wellness
- Transportation, Ports, & Warehousing
- Retail/Arts/Recreation/Leisure
- Clean Tech (green building & renewable energy)
- Value-Added Agriculture and Forest Products (agricultural processing facilities)

would also open up Mat-Su to international trade and investment possibilities with the entire Pacific Rim.

- Continue to **update the Mat-Su Borough planning code**. MSB leadership and planning staff will work with citizen groups, community councils, and incorporated cities to ensure that the Borough's land and resources are efficiently used for the benefit of Mat-Su's economy and population as well as to protect its natural beauty.

These seven priority strategies address some important short-term and long-term economic development needs of the Borough. However, they alone don't meet all of Mat-Su's needs and challenges. The plan also recommends strategies to address other critical issues. These include business retention and expansion, engaging young professionals and new residents, and enhancing the image of Mat-Su throughout Southcentral Alaska.

Final Thoughts

The purpose of this plan is to provide the MSB and its partners with specific guidance regarding the commitment of resources for enhancing economic vitality. Based on TIP's experience working with similar organizations throughout the nation, we feel that for MSB to successfully implement this plan, it will require further staffing resources. At a minimum, the MSB Economic Development Department needs an additional economic development professional to assist with business retention, recruitment, and marketing activities.

A point must also be made about the plan's orientation. We recognize the MSB is principally responsible for promoting new jobs and new investment for the entire Borough. However, many of the recommendations in this plan deal with what are considered non-traditional economic development activities. Yet, the overall economic vitality of the Borough is impacted by the MSB's ability to influence issues such as talent attraction and image enhancement. Since the MSB's resources and expertise in these areas are limited, it must rely on partner organizations (such as local chambers of commerce) to carry out many of these functions.

Finally, the MSB has committed itself to an effective planning effort. The next step is implementation. Aligning Borough-wide resources in support of these strategies will require a team effort. Mat-Su has the assets and the talent to achieve sustained economic vitality. All that is needed is a shared commitment.

2010 Borough Assembly Priorities

Many of the recommended goals and strategies in the plan mirror some 2010 Assembly priorities, which were adopted on January 7, 2010. Indeed, completion of the economic development plan was ranked as a high priority. Below are the Assembly priorities reinforced in this plan.

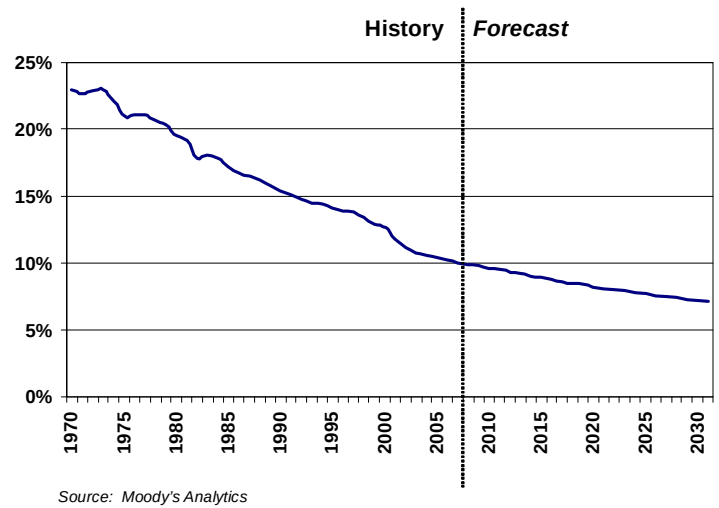
- Tourism infrastructure
- Natural resource development
- Economic development plan
- Increase private sector employment
- Education funding
- Hatcher Pass
- Revise codes to urban/rural districts

GOAL ONE: POSITION MAT-SU FOR SUSTAINABLE ECONOMIC GROWTH AND VITALITY.

The U.S. economy – indeed, the global economy – is experiencing seismic shifts. Many of these changes are extensions of longer term trends, accelerated by the impact of the *Great Recession*. Sectors such as energy, finance, and healthcare must now contend with market forces as well as greater levels of public sector involvement. The continued decline of U.S. manufacturing employment not only affects the prosperity of cities and regions but also the practice of economic development. These changes are forcing communities and practitioners to rethink what we mean by a primary job, how we measure economic impact, and how we design incentives.

Mat-Su is not immune to these changes. The Borough Assembly recognizes increasing private sector employment to be a high priority for the MSB. For this reason, the recommended strategies address the full complement of economic development activities, including business retention and expansion, targeted business attraction, and entrepreneurship promotion. Recommended opportunity sectors include professional and technical services, healthcare, clean technology, transportation and warehousing, retail/arts/recreation/leisure, and value-added agriculture and forest products. The recommendations also consider the infrastructure needs of the Borough (including port development and Class A office space) and sustainable development of Mat-Su's natural resources.

Manufacturing as a Percent of Total U.S. Jobs



Source: Moody's Analytics

Strategy 1A: **Develop professional & technical services sector.** Growing the professional services sector is central to the economic vitality of Mat-Su. America has transitioned from an economy based on producing goods to one that provides services. As a consequence, the professional services sector is now central to the U.S. economy. It is a source of high-wage employment opportunities with a relatively low impact on local infrastructure and on the environment.

The Borough's position as a growing residential destination for working professionals will open the door for Anchorage firms to establish satellite offices in Mat-Su. The Borough's rapidly expanding retail sector, concentrated in Wasilla, only adds to its attractiveness. Additionally,

Anchorage-based professional firms are considering the Borough in the pursuit of local contracts in such fields as engineering and architecture. For Mat-Su to capitalize on these opportunities, the Borough must actively market itself as an advantageous destination for new investment. Mat-Su must also develop the appropriate space and sites to accommodate new or expanding firms.

Actions:

1A.1: Identify targets. Professional services firms should be targeted for recruiting in ways similar to traditional manufacturing recruitment. This means identifying gaps; targeting specific firms capable of, and interested in, expanding; and offering incentives. Filters for this strategy include.

- Existing strengths. Targets that support existing sectors in the Borough are an appropriate starting point. These include construction, agriculture, government contracting, and natural resource development support functions.

- Geographic connections. Anchorage's competitive assets make recruitment of large professional services firms to the Borough unlikely. However, identifying specific firms in Anchorage with ties to Mat-Su may yield prospects for expansion (i.e., firms that may be interested in establishing satellite offices to service the Borough). Likewise, targeting firms with a significant number of residents already living in the Borough.

- Workforce connections. A substantial number of Mat-Su residents employed in the professional services sector commute daily to Anchorage for work. Human resource managers report a growing number of these professionals are willing to earn lower wages by taking positions in the Borough to avoid the long and expensive daily commute. In order to retain skilled professionals,

Why Professional Services?

While economic developers are accustomed to providing incentives to manufacturing firms, they rarely turn their attention to the service sector. This is both possible and desirable. Continued loss of manufacturing jobs, coupled with increasing use of technology and the growing trend of outsourcing of non-core functions, means that future U.S. employment growth will be concentrated in the service sector. Much of this growth has come in the form of low wage jobs in retail and personal services. However, this sector also includes firms that provide high-end support services—such as computer programming, legal services, accounting, and marketing—to other companies. In addition to providing a source of relatively high-wage employment, the presence of a well-rounded professional services sector is key to the retention of existing businesses and the recruitment of new industries of all types. The growth of this sector, which is heavily dependent on Class A office space, can also serve as a catalyst for real estate development as well as redevelopment.

Anchorage firms employing significant numbers of Borough residents might choose to establish a satellite office in Mat-Su.

- Wage levels. Identifying firms that pay relatively high wages should be an important consideration. In addition to raising the standard of living for residents, such firms tend to be more productive and innovative. This can directly and indirectly lead to greater productiveness and innovation among existing businesses.

1A.2: Implement direct recruitment strategy. Professional service companies are typically not recruited using standard approaches (e.g., attending trade shows and marketing to site consultants). The following actions should be taken on behalf of specific industries and occupations:

- Associations. The first step is to identify relevant professional associations (and networking organizations) for each occupation or industry group. The focus of the research should be on Anchorage-based organizations. The MSB economic development representative should provide formal support (and participation) on behalf of specific organizations.

- Database. Once relevant organizations have been identified, membership lists should be used to build a database of potential firms and individuals for marketing purposes. This database should focus on small firms and individual practitioners.

- Strategy. Information obtained in the above two action items should be used to craft a regional marketing strategy for the professional services sector. The strategy should address a variety of communication channels, including direct mail, e-mail, social networking, and word-of-mouth. The marketing strategy should emphasize the Borough's exceptional quality of life, low-

cost business environment, growth potential, beautiful scenery, and abundant outdoor amenities.

1A.3 **Build the sector from within**. While recruitment is the near-term focus, as the Borough's talent and business base expands more emphasis should be given to building the sector from within.

- Work with higher education officials in the Borough to catalog and publicize research efforts with the greatest potential for local commercialization. These may include renewable energy and value-added agriculture.
- Continue supporting the efforts of Mat-Su College to expand their academic degree and certificate programs, especially programs in business, information technology, and engineering.
- Celebrate local success stories (when startups are launched or significant contracts are secured). The Mat-Su and Anchorage media should be provided with press releases and Borough residents should seek speaking engagements throughout the region.

1A.4 **Ensure appropriate space is available**. Having an appropriate mix of commercial office space plays an important role in promoting professional services development. One of the most significant barriers to professional services development in the Borough is the lack of Class A office space. The shortage of lease space has forced some business owners to construct their own buildings. Most small businesses, however, do not have the time or resources to pursue such a strategy.

- Working with local real estate professionals, the MSB should inventory the sites in the Borough appropriate for commercial office space. This information should be fed into a database and updated regularly.

- Work with leadership and planning staff in the Borough to identify and prioritize appropriate sites for new commercial and office development.

- Communicate with commercial developers in the Anchorage region about the potential for new office development opportunities in the Borough.

1A.5 **Target incentives to this sector**. Incentives may be considered for professional service firms who pay above-median wages and who are in an expansion mode. These incentives can include low interest loans for building improvement and capital equipment (machinery and equipment ranging from copiers to computers). Other creative financing options might consist of subsidizing favorable lease rates in unoccupied office buildings.

1A.6 **Provide general support.** Qualified firms should be offered general support including job training assistance, help in accessing new clients, and participating in networking events that match them with potential clients. This task mirrors many of those under the heading of business retention and expansion.

Strategy 1B: **Support the local expansion of the healthcare and education sectors.** Active support for local healthcare and education sectors has not been viewed as a core function for economic developers. These sectors were valued for supporting a healthy, dependable, and skilled local workforce, critical to attracting new employers. As more jobs in manufacturing and services are sent offshore or eliminated, there is a growing acceptance that the health and education sectors serve as vitals sources of output and employment growth.

Indeed, healthcare and education are now the fastest-growing occupations in the U.S. Sometimes referred to "proximity services," these sectors cannot be off-shored and often involve personal interactions requiring creativity and high skill levels. Demographics are also driving the rise of these sectors. Aging Baby Boomers are requiring more healthcare services. For example, healthcare related jobs account for seven of the top 20 fastest growing occupations and 14 out of the 20 fastest growing jobs in the U.S.

Mat-Su is fortunate in that it is home to quality healthcare and varied educational institutions. In fact, the Mat-Su Regional Medical Center and the Mat-Su Borough School District are the two largest employers in the Borough. Post-secondary institutions offering higher education opportunities in the Borough include Mat-Su College, the Alaska Job Corps Center, Charter College, and Wayland Baptist University. Providence Health System also operates a full-spectrum clinic and laboratory center in Wasilla, as well an imaging center at Parks/Glenn.

To secure the future economic vitality of Mat-Su, the Borough must sustain and grow its existing institutions, as well as enhance the environment for attracting new health and education programs and services.

Actions:

1B.1: **Create a "University-Medical" district**. The MSB should work with the University of Alaska Anchorage, Mat-Su College, the University of Alaska Fairbanks, and the Mat-Su Regional Medical Center to

Medical Districts

Medical districts are special-use zoning districts that traditionally promote, maintain, and develop medical healthcare facilities and medical education and research. The first districts date back to the early 1940s in large urban areas. In recent years, the medical district concept has transformed into a strategy leveraging the local healthcare employee base as a foundation for economic development and redevelopment projects. In some urban areas, medical districts are used to link medical facilities with older neighborhoods to spur economic revitalization. In addition to the urban districts, self-contained "healthcare villages" are being developed—usually on suburban green-field locations. In recent years, medical villages have been established in places such as Clarkston, MI; Jackson, NJ; and Skokie, IL.

A nearby example of a more novel concept is the Universities & Medical District (U-Med) in Anchorage. Encompassing 1,130 acres of land 2.5 miles from downtown Anchorage, the U-Med District is home to some of the largest private and public employers in Alaska. Anchored by Providence Health System and the University of Alaska Anchorage, the U-Med District is the focal point of the knowledge economy in Anchorage and is one of the fastest growing centers of employment in Alaska.

establish a university-medical district within the Borough. Such a district would serve as a focal point in the Borough for attracting high-level jobs, facilities, research, education, and training, while preserving the area's natural beauty and amenities.

The logical target for such a district is the growing medical and commercial area near Trunk Road and the Parks Highway. This area serves as the central gateway to Mat-Su and is anchored by the Mat-Su Regional Medical Center, the University of Alaska Experimental Farm, Mat-Su College, and the Borough recycling facility (which also serves as a renewable energy classroom for Mat-Su College). The area features established recreation and trail systems and is one of the most beautiful natural areas in all of Alaska. The exact dimensions and boundaries of a district would be defined through a master planning process involving stakeholders and public input.

Permitted land uses within such a district could include medical, mixed-use commercial, residential, and institutional (educational). However, any development should be compatible and complementary to the existing uses and resources of the area. The district would also maintain certain design guidelines that convey the qualitative nature of development within the district, including the preservation of open space. TIP recommends such guidelines emphasize high quality development that would elevate the stature of the district within Southcentral Alaska and set new benchmarks for other developments in Mat-Su.

- Constitute a steering committee of key stakeholders to refine the concept, define the objectives, and outline the boundaries of a "U-Med District" for the Borough. The committee would take the lead securing buy-in from affected parties and in shepherding negotiations. The committee would also communicate information to the public.

Leveraging Hospitals for Economic Development

Hospitals play a pivotal role in promoting regional economic development. Hospitals, represent the largest source of employment in the healthcare sector, which is a growing a segment of the U.S. economy. Indeed, hospitals are often one of the largest employers in a region, particularly in rural areas. They offer high-quality jobs and consistent job growth for a wide range of skill levels as part of the fast-growing healthcare sector. They provide stable employment in most economic conditions. Earnings of hospital workers, on average, are higher than those of workers in service-providing industries as a whole. Have high economic multipliers, leading to additional economic value through creation of jobs and business opportunities in the region. According to a 2007 report by the American Hospital Association, each hospital job supports about two more jobs and every dollar spent by a hospital supports about $2.30 of additional business activity.

Despite this, hospitals are often missing from economic development strategies, as the significant contributions hospitals make to the economic base of regions tends to be overlooked. Health care is perceived to be a local activity, yet it can be essential in an area's economic prosperity. Recent research at the University of New Orleans (Nelson, 2009) indicates that hospitals are substantial contributors to the economic base of slow-growth and larger metros. The study indicated that hospitals in small metropolitan regions have the potential to evolve as a significant export industry because they often provide services to residents from surrounding geographic areas.

- The steering committee should also work with the public entities involved to evaluate if an oversight body for the district is needed and the form it should take. Examples could include an appointed commission or a non-profit foundation.
  - For example, the Mid-Illinois Medical District in Springfield has an eleven-member commission made up of appointments by the Illinois Governor, the City of Springfield, and the Sangamon County Board. (http://www.midillinoismedicaldistrict.org/index.php)
  - The Memphis (Tennessee) BioWorks Foundation is a 501 (c)(3) organization comprised by major medical institutions, private technology businesses, and political representatives. (http://www.memphisbioworks.org/)
- Commission a master plan to examine and resolve the objectives and priorities of the institutional, commercial, residential, and environmental interests within and adjacent to the district.
- Once a master plan is complete and adopted, a marketing strategy is required to support its implementation.

1B.2: Encourage local healthcare providers to collaborate and partner in healthcare education, workforce training, and talent attraction and recruitment efforts. Borough-wide workforce development and training efforts have more credibility and leverage when all major healthcare interests are involved. It results in more workers entering healthcare fields and more staying in healthcare. It is an inefficient use of resources for rural healthcare employers to compete with each other for a limited pool of workers.

1B.3: Grow healthcare workforce locally. It is always more cost-effective to “grow your own talent” than to import it from the outside. The Mat-

Su Regional Medical Center is generally able to hire and retain talent for its non-physician positions. However, recruiting physicians to the Borough is still a challenge. Growing doctors locally is limited by the absence of a medical school in Alaska. However, the MSB and local healthcare providers could work with the state in designing incentive programs for Alaska students receiving a medical education at outside medical schools to return and practice in the state.

Links to organizations providing best practices in local healthcare workforce development include:

- The Center for Health Workforce Development in Tennessee (www.healthworkforce.org/guide/toolkit_sec3_1.htm)
- The Greater Dallas Chamber, DFW Regional Healthcare Cluster (http://www.dallaschamber.org/healthcare/)

1B.4: Support and strengthen the mission of Mat-Su College. One of Mat-Su's most valuable economic development assets is Mat-Su College (MSC). The two-year campus is a valued provider of post-secondary education and skills training for residents of the Borough. The global recession places even greater importance on the presence of MSC. Traditionally, in times of high unemployment, enrollment in post-secondary institutions increases as more workers and students seek additional training, skills, and education to prepare for future opportunities. Many education officials refer to two-year colleges as "recession insurance." Indeed, MSC's fall 2009 enrollment reached a near-record enrollment of 1,782 students, representing a 20 percent gain over the previous year and only one shy of the record set in 2003.

Community leaders should explore ways to enhance the relationship of the local economic development partners and the college. Improving the flow of information between the community and the college is essential. MSC leadership and faculty should be

encouraged to develop innovative curricula and programs that address both current and future education and skills needs. Programs expected to see greater demand include healthcare, computer sciences, education, business, and accounting. Local partners should also encourage regional businesses, non-profits, and the State of Alaska to ensure that MSC and its clients receive the financial support needed to meet current and future demand. The addition of the Paramedic Technology program at MSC is a prime example of how the MSB can play an integral role in supporting the educational mission of the college. This program will strengthen MSC's academic curriculum and the Borough's healthcare workforce.

- Leadership within the MSB and MSC should encourage joint participation on relevant boards, commissions, and panels.
- The MSB and MSC should establish a coordinated marketing message highlighting the Borough's economic development, quality of life, and higher education assets.
  - The MSB should incorporate information regarding specific academic and training programs at MSC in its economic development marketing materials. Training and academic programs that support economic development goals and priority sectors should be highlighted.
  - MSC should provide updated Borough-wide information, data, and events on its website and in its student recruitment materials.
  - MSC should also consider inviting community and the MSB representatives to participate in student and faculty recruitment events.

1B.5: Support capital and educational program expansion at MSC. Continue to support MSC's long-range plans for expanding programs and facilities.

- Continue cooperative efforts by local governmental, the MSB, and MSC officials to advocate for needed resources from the State of Alaska. For example, the MSB and MSC are currently working together to acquire state funding for construction of paramedic training classrooms.
- Encourage the University of Alaska Anchorage to support more four-year programs at the MSC campus.
- Encourage local businesses and nonprofits to financially support MSC's capital and program needs.

Strategy 1C: **Support the retention and expansion of existing businesses in the Borough.** Business retention and expansion (BRE) should be the heart of any economic development program. A solid BRE program can help communities and regions protect and grow their existing base of employers. Focusing on existing employers makes sense – they are already invested in the community. In the context of the private sector, a business retention program is like the adage that says you must attend to your existing customers first. If you don't, you jeopardize your base. This is especially true in light of current economic conditions, with fewer recruitment prospects and more existing businesses in distress.

At its simplest, a BRE program helps the economic development organization arrive at a clear understanding of the businesses already in the community and helps keep tabs on changes and challenges area businesses face. The primary functions of a BRE program are threefold:

1. to ensure that at-risk businesses receive support, especially when that risk is the result of labor issues or other factors the community can influence in some way;
2. to expand and support growing businesses; and
3. to advocate for local businesses generally, by identifying their issues and needs.

Actions:

1C.1: **Maintain an inventory of existing businesses and available properties.** Publicly available business records, such as DBA filings, tax records, utility hookups, and ownership transfers, can be good sources of information. This inventory should be recorded and maintained in an electronic database or a Customer Relationship Management (CRM) System.

1C.2: **Administer a regularly scheduled survey of employers**. This survey will identify which companies may be at risk of leaving the

A Bird in the Hand

Existing businesses form the backbone of a thriving economy. They typically represent the best opportunity for increasing the employment and tax base of a community and the greatest economic threat if they close or relocate. But local firms are often overlooked in a community's enthusiasm to recruit new, headline-generating businesses.

Given the fiercely competitive environment for business attraction and the myriad of issues facing most communities with regard to the recruitment of new business, business retention should be a baseline activity for economic development organizations. In other words, all other initiatives, including business recruitment, should be considered in light of their ability to complement and support the existing business network.

community and which companies plan to expand. In addition, these surveys can uncover employers' issues. If possible, the survey should be administered annually. The use of online survey tools, such as Survey Monkey (www.surveymonkey.com), Zoomerang (www.zoomerang.com), SurveyGizmo (www.surveygizmo.com), and PollDaddy (www.polldaddy.com) make this an inexpensive method for keeping in touch with area employers.

1C.3: **Conduct business visitations**. To supplement findings from the survey, the MSB manager and economic development director should visit at least 20 businesses per year. The purpose of the visits should be to gauge the ability and needs of local businesses to operate successfully and to expand in the Borough. A set procedure should be established for these visits to ensure that consistent information is gathered.

1C.4: **Create business forums**. Provide opportunities for local businesses to meet regularly with the MSB's economic and community development staff. The purpose of these meetings is similar to that of the employer survey, but the face-to-face approach often stimulates discussion that a survey cannot. This could be accomplished by holding quarterly business forums or industry roundtables. Forums could be organized around a specific topic of interest (such as planning code issues or transportation infrastructure) or could be used as a moderated discussion about general concerns. These meetings do not need to be elaborate. Local restaurants will often donate meeting space in return for the lunch or dinner traffic. The goal is simply to keep an open line of communication between employers and public officials.

1C.5: **Provide networking opportunities**. In addition to the forums discussed above, networking opportunities can be an valuable part of a BRE program. Hosting a monthly luncheon or "after hours" event has been a mainstay of chambers and economic development

The Importance of Connections

Helping local businesses connect to trade associations, think tanks, academic institutions, and other similar companies is a key element of the economic gardening approach introduced by Littleton, Colorado:

We are aware of research in network theory that indicates that an increase in the number of business connections increases the innovation levels of companies. In particular, "weak ties" to "hubs" outside a business's normal daily connections are important for bringing in new ideas.

We have made a point of connecting our businesses to our local community college and the University of Colorado, as well as the work of interesting research organizations like The Santa Fe Institute and The Colorado Issues Network.

http://www.littletongov.org/bia/economicgardening/

organizations. Unlike the forums, these events should be solely designed to facilitate business-to-business contact. Business card exchanges, “speed networking” events, or featuring a small number of businesses are examples of formats frequently used. Supporting existing events – rather than introducing competing events – should be the focus of this task.

1C.6: **Have an intervention strategy**. Develop a “rapid response” strategy for dealing with potential layoffs or business closures. Under the Federal Worker Adjustment and Retraining Notification Act (WARN) of 1989, companies with 100 or more employees must notify local governments and state workforce organizations about business closings or mass layoffs at least 60 days in advance of the event. However, at this point, it is frequently too late to do anything. Identify “at-risk” companies early-on and develop an aggressive intervention strategy. As part of this effort, the community should identify the tools available to help avert such actions or ameliorate their impact.

Examples of these tools include:

- Working with at-risk companies to avoid layoffs. As part of its Dislocated Worker Initiative, the U.S. Department of Labor sponsored the development of a *Layoff Aversion Guide*, a national compendium of job retention and layoff aversion strategies for states and communities. The guide was developed in cooperation with the department's National Rapid Response Workgroup.

- Partnering with the Alaska Department of Labor and Workforce Development and the ARDOR rapid response teams to provide assistance to workers facing dislocation. The Alaska Department of Labor and Workforce Development provides information and links regarding state and federal programs on the Rapid Response section of its website.

- Cultivating relationships with site selectors, developers, and real estate brokers to ensure prompt reuse of a closed facility by a new tenant. For example, local groups including the MSB, City of Palmer, state and federal agencies, and local business people, worked to find a new user for the valley hospital building after it was replaced by the new Mat-Su Regional Medical Center.

To be effective, intervention must occur early. As such, this strategy relies heavily on the information-gathering steps outlined above.

1C.7: **Report on progress**. Provide ongoing evaluation and reporting by preparing an annual report to the community on progress-on-goal. This effort could be tied to state reporting requirements or could be expanded to include specific business issues and relevant partner initiatives (such as a joint report on labor issues with local workforce organizations).

Strategy 1D: **Pursue developing opportunity sectors.** The attraction of companies is the activity most commonly associated with economic development organizations. Indeed, target industry recruitment is a cornerstone of most programs. While essential, industry recruitment is a staff and resource-intensive activity. Large metropolitan areas are able to afford it, but it is problematic for most smaller areas.

The MSB Economic Development Department does not actively engage in targeted marketing to industries. To do so, the department would require additional resources, both in terms staff and funds. Alaska's distance from major employment centers in the U.S. makes targeted marketing even more expensive.

The consulting team recommends the MSB economic development staff concentrate on building greater awareness of the Borough as a destination for new investment among employers in Anchorage, especially in the recommended opportunity sectors (see text box). Mat-Su should be top of mind to companies seeking expansion within the region. The greatest

Recommended Opportunity Sectors

To support the borough's economic development efforts, TIP identified opportunity business and industry sectors. We chose potential opportunities using a combination of quantitative, qualitative, and strategic approaches. The recommended industries capitalize on existing and emerging assets in Mat-Su, as well as the broader Anchorage-Mat-Su region. These industries were also chosen in light of the current economic environment, as they are likely to endure recessionary times and could possibly benefit from governmental support.

- Professional & Technical Services
- Healthcare & Wellness
- Transportation, Ports, & Warehousing
- Retail/Arts/Recreation/Leisure
- Clean Tech (green building & renewable energy)
- Value-Added Agriculture and Forest Products (agricultural processing facilities)

emphasis should be placed on attracting professional and technical services sector firms to the Borough. In addition, manufacturing that is economically viable to take place in Alaska and reflects Alaska development needs such as building module fabrication is also an opportunity for development.

Actions:

1D.1: Build awareness among private employers in Anchorage. The MSB and local Chambers of Commerce should raise the profile of the Borough in the region and position it to capture potential business consolidation and expansion activities of Anchorage companies.

- Regional publications. Implement a public relations campaign targeted at regional publications. TIP recommends identifying key regional publications and sending press releases on recent business successes. The initial press release should promote the importance of economic development planning and how local leadership worked together to determine the best opportunities for Mat-Su.

- Visitation. Call on owners and managers of Anchorage companies to present the benefits of Mat-Su as a location for future expansion or for consolidation of facilities and operations.

1D.2: Conduct lead generation activities. While marketing and direct outreach to prospective companies is often a large component, indirect channels can yield more promising leads in a more cost-effective manner. For this reason, the MSB and local chambers should focus on creating a strong network of relationships that will generate high quality leads. To do so, Mat-Su's economic development partners should concentrate on building relationships with regional developers, brokers, and site selectors, as well as with state and regional business organizations. Forging relationships with these groups can help staff stay abreast of local private development

Economic Development Websites

A professional economic development website should include the following basic components:

- **Community profile(s)**: This section should contain information on area demographics. Community profiles also often highlight primary quality of place assets, such as school district descriptions and basic statistics, higher education institutions description and location, arts and entertainment facilities, and any other amenities.
- **Business climate**. This section should contain information on the area's workforce, major employers, target industry profiles, tax rates, utility providers and rates (if available), transportation access, and available incentives.
- **News**. The news section should contain announcements of any new initiatives of the economic development organization as well as any events or happenings in the community that have economic development implications.

Additional sources of information for prospects include a list of available buildings and sites in the region and maps indicating where major economic development assets are located.

efforts, tap into new networks of businesses, and become aware of prospects looking to relocate in Alaska. The following actions support this task:

- Database. Create and maintain a database of developers, brokers, and site consultants. Due to its geographic proximity, the MSB should initially focus on Southcentral Alaska. Eventually, the database should be expanded to contacts in the Pacific Northwest.

- Information. Continue to maintain and update information typically of interest to commercial and industrial developers on the Economic Development Department page of the MSB website. (See text box)

- Newsletter. Develop and distribute a quarterly e-newsletter to local businesses, regional public officials, site selectors, real estate developers, investment prospects, and other key stakeholders. In addition to communicating achievements and successes in the Borough, each issue should highlight a different opportunity in the region. Services such as Constant Contact – an email marketing and contact management program for small businesses – make this a low-cost option for reaching target audiences. Email addresses can be gathered with a link on the MSB website and via contacts with individuals and organizations during the course of outreach activities.

- Visitation program. Staff should call on developers, brokers, and site consultants in Anchorage to discuss new developments in Mat-Su, the advantages of locating in the Borough, and how the MSB can support new investments.

- Marketing assistance. Offer assistance to market developers' and land owners' properties and buildings to future tenants. This could include adding the properties to the Economic

Development Department web page or including links to the owners' site, and featuring the property in relevant materials (such as e-newsletters). Having printed materials available in the office will be important in the short-term, but should be phased out as greater acceptance of the e-newsletter takes hold.

- Events. The MSB should periodically host events that showcase specific assets, such as available land and buildings or new projects. Local and regional developers, site consultants and industrial and commercial brokers may be invited to attend. These may be structured as "developer forums" and should be a regular feature of Mat-Su's economic development efforts.

1D.3: Establish a prospect management system. Once a prospective company expresses interest in relocation assistance in the Borough, it should be entered into a formal prospect management system. Use of a formal system will help set the prospect's expectations and allow the MSB to track the status of future deals quickly and easily. Having a transparent and efficient process is an effective way to gain an edge in business recruitment. It allows staff to respond to requests in a timely, coordinated fashion. The following worksteps address this task:

- Process. The first step is formalizing the process by which prospects can indicate interest, receive information packets, visit the Borough, and apply for relocation assistance. This documentation should cover the prospect lifecycle – from lead generation through evaluation to receiving of relocation assistance.

- Intake questionnaire. Post an electronic form on the Economic Development Department web page that prospects can use to request an information packet, set up a visit and tour, and indicate interest in locating in the community. This questionnaire

can also collect information on the prospect that the organization can use to tailor its response.

- Response. Create a standard information packet that is provided to prospects. Adapt pieces such as suitable sites and maps as well as workforce availability to respond specifically to the needs of the prospect. Arrange a visit for the prospect to tour the Borough and view its primary assets.

1D.4: **Provide relocation assistance**. For prospects who are interested in locating in Mat-Su (and who have been evaluated as being of direct economic benefit the region), the MSB should provide assistance in navigating the local development process, negotiating incentives, and structuring training programs for new employees, as necessary. Due diligence and an incentives policy are important elements of this strategy.

Strategy 1E: **Promote entrepreneurship and small business development.** The MSB and its community partners should encourage and foster small business development and growth-oriented entrepreneurship in the Borough. Fostering entrepreneurship is important for multiple reasons. In general, small businesses are responsible for a significant portion of jobs created. Local businesses that have matured in a community often have much stronger ties to the region and require less effort to retain. Entrepreneurial enterprises add to those elements: they contribute to economic vitality through their creativity and innovation. In other words, they create a center of gravity for talent and capital. The unique quality of entrepreneurial ventures rests on the following understanding:

- *Export Oriented*: unlike many small businesses, entrepreneurial companies seek markets beyond the immediate region.
- *Capital Intensive*: since these companies are on a growth trajectory, they require substantial operating and expansion investment.

Mat-Su Business Incentives

The Borough's primary business incentive is the ability to offer below-market sale and lease values on Borough-owned land. This tool is particularly important for attracting employers to Port Mackenzie. Other incentives offered by the Mat-Su Borough are listed below.

- Site development assistance
- Industrial revenue bond financing
- Tax increment financing
- Job training
- Fast track permitting
- Sale or lease of borough land at less than fair market value
- Project financial assistance
- Deferral of property taxes
- Exemption of property taxes

More on each incentive is available on the Mat-Su Borough Economic Development Department Web site.

- *Technology Driven*: even non-technology companies require a technology infrastructure (broadband, e-commerce transaction capability, highly skilled workforce).

- *Professional Service Dependent*: since many entrepreneurs have some form of intellectual property (including patents, specialized equipment or processes), they need easy access to legal, financial, and marketing services.

The Mat-Su Small Business Development Center (SBDC) in Wasilla is a strong asset for nurturing small businesses in the Borough. While SBDCs are beneficial to the locally-oriented start-up, they are not designed to assist the specialized needs of high-growth entrepreneurs. The facilities, networks, and support they need fall into a different category. As a consequence, this recommendation speaks to the assistance the MSB should provide in building an entrepreneurial cluster in Mat-Su.

Actions:

1E.1: Reassess the existing entrepreneurial programs and services available in Mat-Su. Work with representatives of the Mat-Su Small Business Development Center (SBDC), the University of Alaska, local communities, informal entrepreneur business groups, and chambers to formally assess the needs of area entrepreneurs and identify gaps in services and support that are not being provided.

1E.2: Work with partners to enhance services for entrepreneurs.

- Encourage the Alaska SBDC to offer entrepreneurship training. Courses such as FastTrac or NxLeveL provide intensive training for potential entrepreneurs. Encourage the SBDC to partner with Mat-Su College in offering local entrepreneurship training programs.

- Support the creation of a youth entrepreneurship education program in the Mat-Su Borough School District.
- Encourage the development of a mentor network to match new entrepreneurs with experienced business owners.
- Support the establishment of a formal angel investor network to aid entrepreneurs in raising seed capital by providing opportunities to present business plans and financing needs to an audience of local investors.

1E.3: **Celebrate and support entrepreneurship in the region**. The MSB and its partners should engage in a public relations campaign profiling area entrepreneurs ("success stories") – current and past – and informing residents of entrepreneurial activity and initiatives. This will help foster an entrepreneurial spirit and a community that values business start-ups.

1E.4: **Encourage local entrepreneurs to submit entries in the Alaska Business Plan Competition**. This annual Alaska Business Plan Competition is jointly organized by Alaska Pacific University, the University of Alaska Anchorage, and many businesses. The competition seeks to provide prospective entrepreneurs with a real-world process of learning, continuous improvement, and raising private capital collectively needed for business growth. The competition also provides a formal deal path for entrepreneurs to link with potential investors. (www.akbizplan.org/index.htm)

Strategy 1F: **Support the preservation and expansion of the agricultural sector in the Borough.** Mat-Su is home to the most productive agricultural land in Alaska. The Borough's rich soil and long hours of daylight during the summer growing season produce a bountiful mix of crops. Potatoes, peas, carrots, dairy, forage products, and birch syrup account for the majority of the Borough's agricultural output. Moreover, the agricultural sector is a major part of the cultural and historical fabric of Mat-Su. Beyond its historical

Entrepreneurship Training Curricula

Founded by the Kauffman Foundation of Kansas City, Missouri, FastTrac is a boot camp for entrepreneurs. According to the foundation's materials, 70 percent of companies that go through the program succeed beyond three years – the oft-touted threshold by which the majority of small businesses fail. The program can be brought to any town provided there is an organization willing to become certified to teach the program. http://www.fasttrac.org/

Another popular program is NxLeveL, a curriculum developed by the University of Colorado at Denver. NxLeveL includes 7 different curriculum tailored for different types of entrepreneurs. Since 1996, over 80,000 students have participated in NxLeveL trainings. A third-party evaluation of the program shows that over 90 percent of business start-ups that participated in the program were still in business after 3 years. The program is taught by certified trainers in over 600 communities in 48 states. http://www.nxlevel.org/

significance, agriculture represents a sustainable economic development opportunity for the Borough. It is an export industry that returns outside dollars and visitors to Mat-Su. Mat-Su's agricultural products also serve the local market, which results in lower prices, higher wages, a cleaner environment, and a more stable supply. Over the years, the MSB has provided vital support to such initiatives as farmland protection, the Alaska State Fair, farmers markets, and value added processing. These and other support activities should continue in order to strengthen and expand the Borough's agricultural base.

Actions:

1F.1: Continue generating funding support from the State of Alaska for the Vegetable Processing and Product Development Center. MSB should continue leading the funding initiative for the proposed facility. To date, the MSB has succeeded in obtaining funds through the U.S. Department of Housing and Urban Development to pay for a feasibility study for the project. In addition, the MSB has received $250,000 from the State of Alaska to fund project design, which is to begin in March 2010.

- Secure the appropriations to fund the construction of the center.

1F.2: Continue supporting farmland protection efforts. The rapid pace of residential development in the Borough has put at risk much of the Mat-Su's agricultural land. To help protect Mat-Su's agricultural sector, the MSB Assembly has set funding aside to assist in the purchase of agricultural development rights to preserve agricultural land. The MSB should also continue working with the Alaska Division of Agriculture and the state Board of Agriculture to identify and preserve designated farmland in Mat-Su.

1F.3: Encourage community support and patronage of local agricultural businesses and farmers markets. The MSB should continue encouraging local citizens and visitors to support local ag-

based businesses such as Matanuska Creamery and local farmers markets.

- Highlight local agricultural assets and businesses as part of the economic development department's community and business outreach activities.
- Participate in *Alaska Grown* marketing initiatives and activities.
- Communicate the direct, indirect, and induced economic benefits of buying locally produced milk and produce.

1F.4: Support and promote the export of certified seed potatoes from Mat-Su to China and Taiwan. Mat-Su's agricultural sector is in a unique position to capitalize on the growing demand for seed potatoes in Taiwan and China.

- Actively support proper funding for the Plant Pathology and Biotechnology Laboratory at the University of Alaska, Fairbanks.

1F.5: Develop an Agricultural Economic Development Plan for the Borough. The MSB should work with the agricultural and business community in the Borough to develop a plan focused on fully leveraging the economic development potential of Mat-Su's agricultural base. The need for such a plan was suggested by local business focus group participants.

Strategy 1G: Promote the sustainable development of Mat-Su's natural resources for economic development. The MSB should support sustainable natural resource development and the natural resource industries with an emphasis on meeting local needs and local value-added product manufacturing, as well as ensuring compatibility with other parts of the local economy. Indeed, natural resource development is a high priority for the Borough Assembly. The main natural resources in Mat-Su, in addition to agricultural land, include coal, gravel, timber, some gold mining and some metallic mineral potential.

Alaskan Seed Potato Exports

Alaska is the only state in the country and one of the few places in world from which China and Taiwan have agreed to accept seed potatoes. It is estimated the per annum needs and value of seed potatoes in Taiwan (3,000 metric tons; $2 million) and China (1.4 million metric tons; $154 million) are the largest in the world.

Alaskan farmers have three distinct advantages regarding seed potato exports: (1) established commercial relationships with China and Taiwan, (2) certified seed potato export status, and (3) having relatively disease free potatoes. Moreover, the Chinese government mandates that only seeds tested at the Plant Pathology and Biotechnology Laboratory at the University of Alaska, Fairbanks enter their country. These factors position Alaskan farmers uniquely positioned as the primary exporters of seed potatoes to the largest consumers of seed potatoes in the world. With most of the developed agricultural land in the state, Mat-Su is well suited to reap most of the benefits of an expanded seed potato export market.

The MSB also places major emphasis on continued development of Port MacKenzie to serve as a major export facility for natural resources from Interior Alaska, as well as the Borough (see Goal 3). It is expected that most of the export potential will be related to metallic mines in the Alaska interior and other interior Alaska resource development.

A key component of the MSB economic development policy will be aligned around continued development of the port with the associated rail extension, deep draft dock, and ferry service, as well as development of port district industrial land.

Actions:

1G.1: Ensure infrastructure access for coal mining operations. While coal deposits are found throughout the Borough, the highest quality concentrated coal resources are located in the Sutton area. The MSB should continue working with coal companies to provide infrastructure access so that this coal might be produced compatibly with area communities and then shipped out of Port MacKenzie.

1G.2: Support the sustainable development of forest resources through the Timber Management Plan. Mat-Su's timber resources are mainly used to meet local needs and demand (from residential construction to firewood). Local forest products manufacturers produce valued added products such as kiln dried tongue and groove cotton wood, specialty lumber, cabin logs, firewood, and birch syrup. Borough timber is also used for a small birch bowl production industry.

In past years, Borough timber was also harvested, chipped, and shipped through Port Mackenzie to Asia. However, future chipping activities have been hindered by market volatility, higher fuel prices, and competing forest resource demands (e.g., tourism). Certain areas of Mat-Su that are used for "flight seeing" and helicopter tours are considered by many to be off limit areas for logging. Moreover,

the MSB does not own sufficient forested land to support a chipping industry on a sustainable basis on its own.

- The MSB should consider providing some sustainable timber harvest to meet local value-added manufacturing and local use needs.
- The MSB should also consider setting aside some timber area for testing wood-burning technologies for possible use in heating schools.

1G.3: Work with the gravel mining industry to balance the need for the sector's growth with other economic development considerations, as well as environmental and resource protection. Mat-Su is home to a number of sand and gravel mining operations. Four large mining operations export approximately 2 to 3 million tons of gravel a year, primarily to Anchorage. These large operations, combined with medium and small operation production, may provide as much as 2 million tons for local road and construction use in 2010. Three or four medium sized operations are partly involved in specialty gravel production for such things as asphalt production, or specific needs such as landscaping and concrete block businesses. At least 23 smaller sand and gravel operations operate in the Borough, serving specialty or local gravel market.

The MSB is developing gravel regulations and guidelines to provide for continued commercial gravel operations while addressing community and other economic development concerns regarding buffers from roadways, water protection, and reclamation. These regulations should balance the concerns of gravel mining businesses with the need to protect the environment and visual beauty of the Borough. This contribution to the visual beauty of Mat-Su will assist other economic development efforts, such as workforce recruiting efforts, tourism expansion, worker lifestyle considerations, and new business attraction.

Forest Management in Mat-Su

The public review draft (December 2009) of the *Matanuska-Susitna Borough Asset Management Plan: Natural Resource Management Units* includes the following forest management goal:

"Provide a sustained yield of forest products for commercial and personnel uses. Meet the needs for value-added, small-scale wood processors including non-extractive uses, and larger scale industries where appropriate."

GOAL TWO: BUILD CAPACITY TO CONDUCT ECONOMIC DEVELOPMENT WITHIN THE BOROUGH.

For any economic development plan to be successful, it must have the support of the citizens and stakeholders it is designed to serve. Since the ultimate goal of economic development is to stimulate private investment, the support of the private sector is particularly important to a plan's success. The goals, strategies, and actions must also correspond to the available local resources and capacity for conducting economic development. That being said, certain initiatives deemed central to Mat-Su achieving its economic vision will require additional commitments.

Several recommendations in the plan reach beyond traditional economic development. Their implementation will require the support of partners from both the public and private sectors. It is, therefore, critical for partnerships and joint ventures to support its implementation. This need for cooperation and partnerships extends to communities within the Borough, as well as regional economic development efforts.

The MSB can approach the need for building capacity and involving the business community in different ways. One option is for the MSB to dedicate additional internal resources toward the implementation of this plan. A two-person staff responsible for executing an ambitious plan in a territory as large and diverse as Mat-Su is not realistic. Along with additional staff, a business advisory council should be formed to lead the implementation of the plan and advise the Borough Assembly on economic development matters. Another option is to establish a completely new Borough-wide organization that would independently coordinate and execute economic development activities for the Borough, including business recruitment, retention, and marketing.

Because there is some urgency for implementation of this plan, increasing the borough's internal economic development resources, supported by a new advisory council, is the most practical approach. This is especially true given the five-year timeframe of this plan and past difficulties organizing Borough-wide economic development associations. However, as the Borough continues to grow and the plan's implementation results in demonstrable successes, the idea of establishing a new economic development partnership organization should be considered.

Economic Development Functions

Economic development organizations are expected to perform some, or all, of the functions listed below.

- marketing and recruitment (targeted industries)
- business advocacy
- business expansion and retention (targeted industries)
- financial incentives
- real estate disposition and improvements
- land and buildings
- bonding authority
- infrastructure improvements
- workforce and professional training
- business start-up support

Strategy 2A: **Expand internal resources for economic development.** The MSB Economic Development Department has a full-time staff of two (a director and administrative secretary). The existing demands on the small staff limit its ability to be more active in baseline activities such as business attraction, retention, and marketing. For the MSB to implement the priority projects in this plan, additional commitments to economic development will have to be made.

Actions:

2A.1: **Increase staffing.** Add at least one additional FTE to the department staff. Ideally, the candidate(s) would be experienced in economic development marketing, business recruitment, and business retention. The primary job duties would be to implement routine economic development functions, such as maintaining marketing materials, calling on existing businesses, and conducting lead generation activities. This would free up the department director to focus on project implementation, outreach, and partnership development.

2A.2: **Increase marketing and outreach budget.** The department's current allocation of $25,000 for marketing and outreach (travel, advertising, printing, and materials) is not sufficient for conducting many of the baseline recommendations in this plan. To be successful, an additional commitment of resources is needed to fund the development of new marketing materials and activities and travel expenses. Doubling the marketing allocation to $50,000 would significantly contribute to the ability of the economic development department to carry out the recommendations.

Strategy 2B: **Establish a Borough-wide business partnership to support economic development.** One of the frustrations often expressed to the consulting team is the lack of a common vision for growth and development within the Borough. Conflicting views on such issues as land use, environmental protection, and taxes have created a contentious tone among differing

parties. This dynamic can deter outside investment by creating the perception that Mat-Su does not offer a stable and positive business climate.

Economic development programs are rarely successful if they do not enjoy the support and participation of the entire business community. Such is the case in Mat-Su. Local businesses report a traditional lack of involvement in efforts to attract new investment and jobs to the Borough. Part of this is due to the geographic expanse of the Borough; part is due to a lack of trust. Economic development efforts in the Borough also suffer from a lack of awareness. Many Borough residents are likely unaware the MSB led the initiative to establish the Mat-Su Regional Medical Center and has been championing development efforts at Port Mackenzie.

Because of Mat-Su's size and diversity of interests, it makes sense that a formal Borough-wide partnership be created to deliver a clear vision and common voice for economic development. To be truly effective, it is essential that the private sector and other key employers play an active role in its formation and policy implementation.

The primary mission of the partnership would be to act as an economic development advisory council for the MSB and to assist with the implementation of this plan. Additionally, the new partnership should bring businesses and organizations throughout the Borough together to advocate for a common vision for economic development in Mat-Su.

It should be obvious that the success of this partnership rests on agreement around the broad goals of this plan. This will not happen overnight, but the need is clear and the results can be transformative.

Actions:

2B.1: Form an advisory council. *The first step to forming a partnership is establishing a business advisory council.*

Recruit a diverse group of business leaders in the Borough to form an independent economic development advisory council for the

MSB. The council should be asked to advise the MSB Assembly and staff on economic development issues. In addition, the council would work with the MSB in prioritizing the plan's initiatives for implementation and identifying the necessary resources.

- The advisory council should be a non-political group composed of business leaders and other key employers representing diverse interests in the Borough.
- The initial mission of the advisory council would be to assist in implementation of the plan.
- With the assistance of the MSB staff, the advisory council should strive to demonstrate specific successes toward implementation of the plan, especially on higher profile priority projects. Success will build credibility among the business sector, leading to greater willingness to support and participate in a partnership.
- Once notable successes are achieved, consideration should be given to broadening participation within the policy council to include wider private sector support from within the Borough. The evolution of the council should lead to the eventual establishment of a formal Borough-wide economic development partnership.

Strategy 2C: **Expand regional economic development cooperation.** A prevailing view among economists and economic development practitioners is that economic growth and competitive advantage occur at a regional level, rather than at the local or state levels. Regional economies share talent, transportation assets, investment capital, and networks. Mat-Su is not a single economy. Rather, it is an increasingly important part of the Anchorage-Mat-Su metropolitan region. Consequently, the Borough should be taking a more prominent role in regional economic development efforts. Indeed, many participants in the planning process, both in Mat-Su and in Anchorage,

suggested that much more could be done to promote regional cooperation in economic development matters.

A recent example of greater regional economic development cooperation in the region is the April 2008 agreement between the Anchorage Economic Development Corporation (AEDC), the MSB, and the Kenai Peninsula Borough to jointly promote business opportunities in Southcentral Alaska. For Mat-Su, the primary benefit of the partnership is having available sites and buildings listed in AEDC's online Anchorage Prospector property search database. Expanding efforts such as this will lead to more efficient uses of regional economic development resources and closer economic integration.

Actions:

2C.1: Hold regular meetings with Anchorage economic development officials. Mat-Su economic development stakeholders should schedule regular meetings with counterparts in Anchorage to establish a regular dialogue regarding economic development issues.

- Stakeholders may include local business, chamber, workforce, transportation infrastructure, and education representatives.
- Meetings should alternate between Mat-Su and Anchorage.
- Consideration should be given to establishing an annual public forum for discussing regional economic development issues.

2C.2: Jointly pursue federal grants. The MSB and the City of Anchorage should collaborate to identify projects and pursue economic development funding grants. For example, the U.S. Economic Development Administration is emphasizing projects that involve regional economic development strategies in its grants programs.

2C.3: Jointly attend trade events and business recruitment trips. Mat-Su and Anchorage economic development officials should team on call trips to recruitment prospects and to attend industry trade shows.

Strategy 2D: Link sub-regional economic plans to the MSB Economic Development Plan. A central focus of this planning effort has been to incorporate input from diverse areas of the Borough. As a result, a great deal of local area interest has been generated for completing sub-regional plans for smaller areas of the Borough as a follow-up to completion of the overall Economic Development Plan. There is a general desire to link local area economic development efforts with the MSB's activities, especially in the unincorporated areas of the Borough (i.e., Talkeetna/Y area).

Actions:

2D.1: Provide personal briefings on the plan to local representatives. The economic development director should meet personally with local groups to discuss the plan's key recommendations and discuss ways of linking them to local efforts.

2D.2: Pursue a sub-regional economic development planning initiative. After the Borough-wide planning process is complete, a sub-regional economic development planning effort should be initiated. This could apply to as many as 10 areas of the Borough.

- The economic development director should have a coordinating role in organizing the sub-regional planning process.
- Each sub-region should independently develop its own plan. However, they should all be connected to the overall initiatives of the MSB.
- The individual plans should share a common organizational format and structure. Once completed, they should be compiled into a master document.

- Depending on the situation, local economic development planning could be achieved as part of existing community comprehensive planning efforts or as a separate effort to be incorporated as part of an existing plan. For example, within the local plans a chapter could be dedicated to local economic development goals and strategies. This would require additional coordination between the MSB's economic development and planning departments.

- Communities and the MSB should work together to explore possible funding sources for local economic development planning efforts.

    - A potential source of funding is the United States Department of Agriculture's (USDA) Rural Business Cooperative Service. USDA's Rural Development Office in Alaska is located in Palmer.

GOAL THREE: EXPAND MAT-SU'S ECONOMIC DEVELOPMENT INFRASTRUCTURE.

Compared to most other boroughs in Alaska, Mat-Su enjoys a competitive advantage in infrastructure. Both of the state's major highways – the Parks Highway and the Glenn Highway – traverse the heart of the Borough, intersecting between its two largest cities. The Alaska Railroad runs parallel to the Parks Highway, carrying both freight and passengers through the Borough. Port Mackenzie offers deepwater access for exporting natural resources from the state's interior. The majority of Mat-Su residents are a 45-minute drive to the state's largest airport. The Matanuska Electric Association (MEA) and the Matanuska Telephone Association (MTA) provide the Borough with reliable energy and telecommunications services, respectively.

Despite these advantages, continued improvement and expansion of infrastructure is critical to the long-term economic growth of Mat-Su. Rapid population growth has resulted in an overburdened transportation network and commuter congestion. The MSB estimates $1 billion needs to be invested in the Borough's road system in 10 years in order to avoid future gridlock. In addition, concerns have arisen about the long-term supply and price of energy for commercial and residential users. The full development of Port Mackenzie will require substantial investments. Tourism resources must be improved to attract more visitors and capture more tourism spending within the Borough. Various areas of Mat-Su will need improved broadband telecommunications to connect residences, schools, and businesses. The MSB should continue supporting the development of these infrastructure improvements, as well as others that enhance economic development opportunities in the Borough.

Strategy 3A: **Continue developing multimodal transportation and industrial infrastructure at Port Mackenzie.** Situated across the Knik Arm from the Port of Anchorage, the Port Mackenzie marine port and industrial complex is Mat-Su Borough's largest and most important development project. The development presently consists of a 500-foot bulkhead barge dock, a 1,200-foot long deep-draft dock that requires no dredging, and 8,940 acres (14 square miles) of adjacent uplands available for commercial and industrial lease. Unlike other ports in Southcentral Alaska, Port Mackenzie is not constrained by urban growth or geography, making it ideal for large

industrial, processing, transportation, warehousing, and storage developments.

Considerable analysis, planning, investment, and construction has already gone into developing the port district. Present construction includes a bulk commodities road loop to facilitate the trans-shipment of natural resources by truck. Planned improvements include a water ferry system connecting the port to Anchorage and a 30 to 45-mile rail line extension from the port to the Alaska Railroad's mainline. Successful completion of these projects would elevate Port Mackenzie to one of the most important transportation and industrial assets in Alaska. It would position Mat-Su to attract substantial new private investment and employment opportunities. It would also open up the Borough to significant international trade and investment possibilities with the entire Pacific Rim. In addition, a prospective 2.75-mile vehicular toll bridge across the Knik Arm would further enhance the economic potential of Port Mackenzie.

Actions:

3A.1: Secure approval and funding for the construction of the rail extension. The rail extension project offers tremendous economic benefits for the port and for the Borough. The rail line is the key to unlock Port Mackenzie's potential as a bulk export and import facility. It would also support natural resource development, including the construction of natural gas pipelines from the North Slope.

- Work with the Alaska Railroad Corporation and the Surface Transportation Board to win final environmental approval for the project.
- Work with state and federal partners to identify and secure the funding for the project.
- Expand the coalition of communities and businesses in Central Alaska (Anchorage, Mat-Su, Denali Borough, and Greater

Fairbanks North Star Borough) supporting the rail extension and focus their support actions.

3A.2: Complete current and planned infrastructure improvements, including road improvements, paving, and marine facility expansions.

3A.3: Complete development plan for Port that appropriately maximizes use of land and dock space for water dependent and rail dependent uses. Work with other Port District land owners to assure a coordinated development plan that maximizes economic opportunity.

3A.4: Market the port district for new private investment and employment opportunities.

- Develop a specific marketing strategy for attracting new private investment to the port.
- Work with other major landowners in the Port District, specifically CIRI and the University of Alaska, to coordinate and broaden marketing and development efforts.

Strategy 3B: Increase the availability of commercial and industrial land. Aside from the industrial complex at Port Mackenzie and the limited industrial/commercial land within the three cities, there is a lack of dedicated industrial and commercial sites in the Borough. The shortage is especially acute for small and medium sized companies requiring an available building on five to 10 acres. Some businesses expressed a concern to the consulting team that existing business parks in the Borough lacked the space and facilities needed for possible expansion.

In Anchorage, the combination of rising development and construction costs, with dwindling developable land, is causing many businesses to look elsewhere for new locations or for expansion. This situation presents an

excellent opportunity for Mat-Su to capture spillover investment from Anchorage. But while there is ample developable land suitable for light industrial or commercial development, there are few shovel-ready sites with utilities in place and appropriate land use designations.

Targeting strategic sites in the Borough and designating the land needed for development is critical to realize this opportunity. The MSB should identify target sectors and land uses, such as light industrial and commercial office, that support existing and emerging sectors. The MSB should work with land owners and developers to designate and develop land for such purposes. Another consideration is public sector involvement in site development (e.g., development of business and industrial parks).

Actions:

3B.1: Update information on preferred sites. Determining and communicating ownership, zoning, legal disposition, infrastructure, and other related issues should be the first step in the process.

- Assemble/update information on number of parcels, ownership, and current asking price (for those properties being offered for sale).
- Ensure that properties are zoned or otherwise designated to allow for the selected uses. For example, ensure the selected property for a medical district will support medical offices, ancillary, and support uses, as well as be an accepted use by area land owners.
- Determine the status of infrastructure and transportation-related improvements that might be needed to support proposed developments.

3B.2: Determine if public sector support is required for development. The MSB could explore assembling land for commercial and

industrial use. There are several different development options requiring varying levels of public sector involvement. These can be broadly outlined along two paths, based on ownership of the land:

- MSB ownership. In general terms, public sector ownership of the chosen properties would improve the area's ability to attract developers and provide significant flexibility in negotiating terms. If it is decided that the public sector should take an active role in developing specific properties, a long-term horizon for development is necessary. This typically occurs using one of two approaches: a master developer strategy or some form of public-private partnership.

- Private ownership. In this scenario, the pubic sector serves primarily as a facilitator. For example, a developer agrees to make an investment in a property in return for MSB-financed improvements. While the level of cooperation varies dramatically, this approach is most successful when the public sector has a clear vision of how it wants the properties to develop and uses public improvements to guide private investment. This can be accomplished by zoning and codes, by design standards, and by the scale and location of physical improvements – from roads to water and sewer.

3B.3: **Engage development community**. Engaging the development community early in the process will help to determine the market feasibility of new commercial/industrial site developments and if public sector involvement in needed.

Strategy 3C: **Continue expanding basic tourism infrastructure.** Tourism has emerged as one of the Borough's key industry sectors. Tourism is important to economic development because it represents a unique opportunity to attract outside dollars (i.e., serve as an export sector), create new residents, and cement the Mat-Su's reputation as an area with a strong sense of place.

Among its 1010 priorities, the Borough Assembly ranked tourism infrastructure as the highest priority goal using a point system.

In addition to providing a livelihood for many residents, tourism also supports small businesses spread across the Borough including both rural and remote areas, and allows such businesses and related lifestyles to exist. According to the Tourism Infrastructure Needs Study of the Borough conducted by the McDowell Group, the total annual value of the visitor industry to Mat-Su is $282 million, including $201 million in direct spending and $81 million in indirect and induced spending. The industry also supports nearly 4,000 jobs and more than $100 million in payroll.

For the Borough to maximize the economic benefits of tourism, additional investments are required in basic tourism infrastructure and facilities. Recognizing the need, the MSB commissioned an infrastructure needs study (mentioned above), organized a tourism summit, and held a destination trailhead workshop. These activities identified several priority tourism infrastructure needs. The MSB should continue existing efforts to invest in smaller, high priority needs; promote the development of large anchor projects; and identify the most appropriate funding sources.

Actions:

3C.1: Invest in high priority infrastructure needs. The Tourism Infrastructure Study identified high priority infrastructure needs in the categories of visitor support services, highway enhancements, and trail and public recreation enhancements. These relatively low-cost investments include:

- Information kiosks and signage
- Highway gateways, restrooms, viewpoints, and signage
- Trailhead improvements, signage, and mapping

3C.2: Promote the development of larger anchor projects. The MSB has been actively involved in promoting the development of anchor tourism and recreation attractions in the Borough. Such projects include:

- Hatcher Pass Ski Resort
- South Gateway Visitors Center
- Independence Mine State Park
- South Denali Visitors Center
- Glenn Highway Raptor Center
- Palmer Hay Flats State Game Refuge Natural Science Education/Community Center

3C.3: Identify funding sources. A major component of both the needs study and the tourism summit is the identification of appropriate sources of funding for tourism infrastructure. Options considered include raising the bed tax rate from 5 percent, a new liquor tax, obtaining a portion of the state cruise ship head tax, additional car rental taxes, and license fees on four-wheelers. Other possible funding sources might include the U.S. Department of Transportation's National Scenic Byways Program or other federal, state, and MSB partnerships.

Strategy 3D: Continue improving and expanding Mat-Su's transportation system. Transportation plays a key role in economic development. Good transportation systems provide a clear competitive edge by facilitating easy access to local businesses, maintaining regional mobility, and reducing congestion costs.

Actions:

3D.1: Work with state and local partners to address the following critical transportation needs in the Borough.

- Address the following Safety Corridors and Nominated Safety Corridors:
  - Parks Highway: Wasilla to Big Lake
  - Knik-Goose Bay Road: Parks Highway to Point Mackenzie Road
  - Palmer-Wasilla Highway: Glenn Highway to Parks Highway
- Develop a viable road network to improve route choice and reduce traffic congestion for residents and businesses.
- Improve the core Arterial System (Knik-Goose Bay Road, Parks Highway, Palmer/Wasilla Highway, Trunk Road, Seward Meridian Parkway, Seldon Road, Bogard Road, Palmer Fishhook reduce traffic congestion for residents and businesses.
- Improve/develop roads providing access to Port Mackenzie and areas of the Borough containing natural resources.
- Support public transit services such as the M/V Susitna Ferry, Mat-Su Community Transit bus service, future commuter rail, and the Regional Transit Authority to reduce congestion and allow residents affordable access to medical services, jobs, and shopping.
- Support a regional trail system as a component of the local transportation systems as well as tourism infrastructure.

Strategy 3E: **Support the expansion and enhancement of technology infrastructure and services in the Borough.** Technology is embedded in nearly every aspect of business today. Access to the latest technology and the most robust services is critical to the development of professional services and businesses across the Borough. In the modern economy, services such as high-speed Internet access are becoming as important to a region's infrastructure as highways, electricity, water, and sewer.

Residents and businesses in the core area of the Borough are benefiting from more competition, higher speeds, and more competitive costs. However, some local professionals reported difficulty uploading large files such as blueprints and graphic designs, especially files destined for clients in the lower 48. To meet the ever-expanding data requirements of businesses and the demands of clients in the lower 48, the Borough needs to work with local and state partners to improve infrastructure and service offerings in all areas of the Borough. A more sophisticated and robust service offering would have a positive impact on education, health, business, and quality of life in Mat-Su.

Actions:

3E.1: **Work with state and local telecommunications and other technology providers to improve and extend technology infrastructure and service throughout the Borough.**

3E.2: **Convene Borough users (businesses, technology professionals, institutions, and residents) to discuss and identify needed improvements and share their observations with broadband and other technological infrastructure providers.** Possibly have a provider's meeting to examine how such improved services can be provided.

3E.3: **Consider the creation of a Technology Advisory Board consisting of local businesses, technology professionals, and**

other interested parties to identify emerging technology needs and possible solutions.

3E.4: **Pursue federal grants.** As part of the American Recovery and Readjustment Act, the federal government allocated $7.2 billion toward extending broadband access to rural areas of the nation. These funds are being awarded through the U.S. Commerce Department's National Telecommunications Information Administration (NTIA) and the U.S. Agriculture Department's Rural Utility Service. In conjunction with state and local partners, the MSB should identify grant opportunities and pursue funds to extend and improve broadband infrastructure in the Borough.

GOAL FOUR: ATTRACT, RETAIN, AND ENGAGE TALENT.

Nurturing and attracting talent is fundamental for long-term, sustainable economic vitality. Much of this is due to the changing needs of U.S. employers as the economy transitions from manufacturing to services. More importantly, shifting demographic patterns are changing the way employers evaluate areas they are considering for possible relocation or expansion. Workforce availability is the predominant site selection criterion for most industries.

With national unemployment rates at levels not experienced in decades and the Borough's population growth due to domestic migration, it might be difficult to see the urgency in attracting and retaining talent. While national economic conditions are less certain, future demographic trends are clear. The largest generation of workers in U.S. history is reaching retirement age and there will be fewer working age people to replace them. Once the economy recovers, educated and skilled workers will again be in high demand. Mat-Su will not be immune from this challenge. Local human resource directors reported to the consulting team ongoing difficulty in recruiting skilled professionals to the Borough.

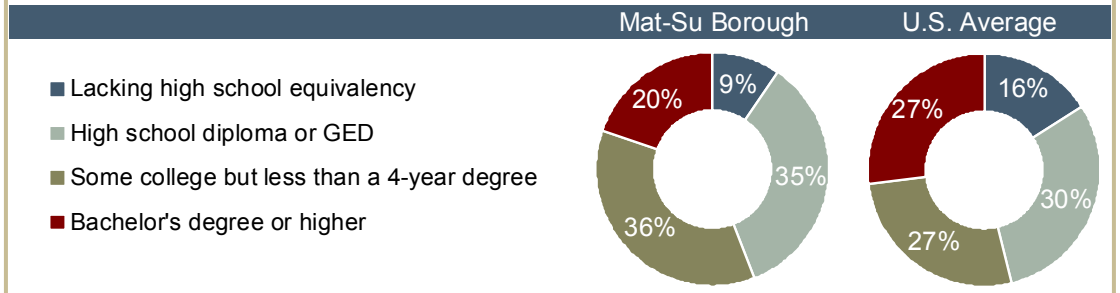
Mat-Su's most important talent asset is access to higher and career education. The presence of Mat-Su College and other post-secondary institutions gives the Borough a competitive advantage in keeping young talent from around the region. Offering additional higher education programs and opportunities would help ensure a stable base of educated professionals. Rather than duplicate degree programs, MSC should compliment the offerings at the University of Alaska Anchorage (UAA).

In addition to attracting and developing more educated professionals, additional efforts should be made to retain and strengthen the Borough's existing base of middle-skill workers. Currently, the share of the Borough's adult population lacking high school equivalency is below the national average. In

Educational Attainment (2005-2007 average)

	Mat-Su Borough	U.S. Average
Lacking high school equivalency	9.3%	16.0%
High school diploma or GED	34.8%	30.0%
Some college but less than a 4-year degree	36.2%	27.0%
Bachelor's degree or higher	19.6%	27.0%
Total	**100.0%**	**100.0%**

SOURCE: *U.S. Census Bureau, American Community Survey (accessed via Moody's Analytics)*



SOURCE: *U.S. Census Bureau, American Community Survey (accessed via Moody's Analytics)*

addition, the percent with a four-year degree is also below the national level. This means that most Mat-Su residents fall in between these two educational bookends. In other words, they finished high school but never got as far in college as a four-year degree. Two-thirds (66 percent) of Mat-Su's adult population fits this profile, compared to 57 percent nationwide. Mat-Su's higher percentage of middle-educated adults offers employers a solid workforce well-suited for moderately skilled jobs, both blue- and white-collar. Providing additional career and technical education opportunities and apprenticeships for this important talent base is also an important strategy.

Other critical talent retention and development challenges for Mat-Su include closer engagement between the education and business communities, more coordinated regional workforce efforts, expanded apprenticeship opportunities, and retention of military veterans and retirees.

Strategy 4A: **Expand business and education partnerships.** A common concern was the lack of effective communication and interaction between Mat-Su's businesses and educators. Employers, training providers, and educational institutions are often forced to be reactive to issues of mutual concern. Facilitating greater communication and coordination between the private sector and the education sector will help the Borough meet its most important long-term goals.

Actions:

4A.1: **Continue supporting educational excellence.** Borough leaders should continue striving for educational excellence in Mat-Su's public schools. This is critical for preparing current and future generations of children to thrive in the modern economy. It is also key for making the region an attractive destination for new talent, families, and employers, as well as for recruiting professional workers for existing businesses.

- Continue commitment to improve the facilities and performance of the Mat-Su School District.

Redefining Talent

The concept of talent means more than a skilled workforce. It means recruiting talented people as well as cultivating the talent pool represented by groups as diverse as students, retirees, and entrepreneurs. It also means ensuring that the employees and companies that have been responsible for a community's growth continue to see a reason to remain in the area.

National demographic trends, most notably the aging of the baby boomers, suggest that demand for workers may soon outstrip supply. As a result, competition for labor is expected to increase among companies as well as communities. Focusing on the development, attraction, and retention of talent should, therefore, be an important part of any economic development strategy.

4A.2: Align economic development, workforce, and education programs. Key partners to the Borough's economic development efforts are educational institutions and workforce training providers. Employers must be assured access to trainable workers. At the same time, young adults, families with children, and even retirees are all drawn to locations offering access to continuing education opportunities.

- Work with local post-secondary education institutions and the Mat-Su Borough School District to align career and technical education and professional certification programs with target sector development efforts.
- Encourage more local employers to participate in the Mat-Su School to Apprenticeship Initiative. The result of this program could be a significant increase in the number of apprenticeship programs and the number of student/worker participants.
- Encourage the involvement of the Mat-Su Regional Advisory Council, the Alaska Workforce Investment Board, and the (recommended) Mat-Su Borough Business Advisory Council in aligning economic development, education, and workforce training programs.

Strategy 4B **Retain and engage military veterans and retirees.** The presence of Fort Richardson, Kulis Air National Guard Base, and Elmendorf AFB in Anchorage are valuable economic development assets Mat-Su. According to a 2009 study conducted by Northern Economics on the economic influence of the military on Mat-Su, these installations employ over 1,000 active duty military and civilian employees who reside in the Borough. In 2007, these personnel earned approximately $68 million annually, about $36 million of which was spent locally. Mat-Su businesses also earned almost $20 million in military contracts with the three installations.

Mat-Su School to Apprenticeship Initiative

The Mat-Su Borough School District, Alaska the Department of Labor & Workforce Development, and the Alaska Department of Transportation are partnering to develop a Borough-wide apprenticeship outreach initiative. The Mat-Su School to Apprenticeship Initiative links area high school students to targeted employers through a registered apprenticeship programs. The focus is on career areas and occupations for which the Mat-Su Career and Technical High School provides training. The curriculum will become part of the first year of related technical studies for the apprenticeship program. The remaining related instruction courses will be provided by local post-secondary institutions or other approved training provider.

In addition to the direct economic impact of the military presence on Mat-Su, these installations represent a valuable source of talent for the Borough. Every year hundreds of these personnel separate from service through one of these installations. As a labor pool, military veterans and retirees are highly sought after by the private sector. Opportunely, many choose the Borough to live and work.

4B.1: Post and forward employment opportunities to installations. The Army Career and Alumni Program (ACAP) and the Air Force Airman and Family Readiness Center (AFRC) are organizations charged with helping active duty personnel and their families transition to civilian careers. Both organizations provide career counseling, job search assistance, and organize job fairs for service members separating from service. Most service members begin searching for employment opportunities months before their scheduled separation date. As a consequence, making them aware of job opportunities before they leave the service can result in more veterans remaining in Southcentral Alaska.

- The MSB human resource office should forward all job postings to ACAP and AFRC to post on their job opportunity network.
- The economic development department should encourage other private and public employers in the Borough to forward job postings to ACAP and AFRC.
- The MSB and/or a local business association should regularly participate in job fairs to encourage service members to remain in the region after their service ends.
- The MSB and appropriate business groups should meet with ACAP and AFRC to see if there are ways they could promote employment and business opportunities in Borough to the military community.

4B.2: Continue to meet with installation commanders. The MSB Manager currently meets with installation commanders at Fort Richardson and Elmendorf AFB two or three times a year. These important visits allow MSB officials to establish personal ties with new commanders, hear about issues of mutual concern, and offer to assist these installations meet their missions.

Strategy 4C: Leverage post-secondary instruction and research activities. Work with communities, chambers, and other appropriate parties to establish a formal mechanism for raising greater regional awareness of the potential for capitalizing on research and instruction activities. UAF's Palmer Research & Extension Center conducts research in sustainable agriculture, land reclamation, and other environmental issues. MSC hopes to become the center of green education in Alaska through its new renewable energy program. The program will offer instruction in renewable energy principles and is the first to feature an occupational education certificate.

Actions:

4C.1 Support additional four-year degree programs at Mat-Su College.

- Communicate the economic development benefits of additional four-year degree programs at Mat-Su College with local, state, and University of Alaska Anchorage officials.
- Encourage UAA and state officials to expand the renewable energy center program to include an associates degree program and include some research activities.
- Highlight research, education, and training activities in MSB marketing materials and in discussions with regional employers.
- Explore the long-term potential for developing a Science and Technology Park as part of the college or medical district.

- Coordinate the use of existing facilities in the Borough with educational programs. Existing examples include utilizing the MSB recycling center to support the college renewable energy program and the Mat-Su Regional Medical Center as a resource for the college Paramedic's Program.

GOAL FIVE: RAISE AWARENESS OF ECONOMIC DEVELOPMENT OPPORTUNITIES.

Mat-Su should undertake a sustained internal and external marketing campaign to generate and promote a positive image of the Borough to existing residents and businesses, as well as outside tourists, workers, and employers. Marketing and advertising are key ways to interact with Mat-Su's target audiences, and should, therefore, be viewed as an investment to achieve broader goals within the Borough.

While Mat-Su has made great strides in growing its population and bringing in new residential and commercial development, interviews with business leaders and residents revealed that a the Borough suffers from a poor image within Southcentral Alaska. Major themes for the borough's marketing efforts should focus on high-quality developments (i.e., the proposed U-Med district), tourism and recreational amenities, and business opportunities. This presents an opportunity to establish both external and internal buy-in on Mat-Su's "product" by touting the borough's growth as well as the opportunities that it presents to businesses and residents alike.

As with all successful marketing, it is critical to identify target audiences and to focus efforts on them. The primary target audiences for the Borough are:

1. local and regional business leaders who can influence business location and other investment decisions;
2. key regional and statewide allies [e.g., Anchorage Economic Development Corporation (AEDC), Alaska Department of Commerce, Community, and Economic Development, and other regional organizations] that could influence economic development prospects;
3. members of the region's various media outlets; and
4. decision makers at regional companies within target sectors.

The most important audience, however, is comprised of Mat-Su's existing residents and businesses.

Strategy 5A: Initiate a local campaign to promote a more positive image of Mat-Su. The most important target of this marketing effort is existing residents and businesses. They are the ones who have already made an investment in the area and represent Mat-Su on a daily basis in both their business and personal interactions. Making sure that existing residents and local business leaders have a positive image of the Borough is a critical first-step for any external campaign. These are the people who can best tell the Mat-Su story to the outside world and influence opinions of the area.

Actions:

5A.1: Build consensus for a primary theme and message to market Mat-Su. Some cost effective initiatives to market Mat-Su internally include the following:

- Convene a focus group comprised of MSB officials, chambers, and others to discuss the merits of a coordinated business and tourism marketing message for Mat-Su. If a common message is developed, it should be used consistently in all materials by local entities.
- Once a marketing theme has been established, conduct a local awareness campaign for economic development to increase public support for specific recommendations, such as the prospective U-Med district. Ideally, the roll-out of this plan would assist in building initial support and “buy-in”.
- Incorporate the new theme into current and future economic development marketing materials and the borough’s website. The website should also incorporate priority projects highlighted in this plan, including the prospective U-Med district and distinguishing attributes (e.g., proximity to Anchorage, the port, etc.).

- Prepare an updated press packet with a summary of Mat-Su's business highlights and contact information. Specific items to include are:
  - Fact sheet about Mat-Su, including list of major employers
  - Mat-Su attributes: the port, educated workforce, proximity to Anchorage, lifestyle, reasonable housing costs, and the proposed U-Med district
  - Copies of articles that have been published about Mat-Su
  - New expansions and locations in Mat-Su
  - Successful business profiles
  - High quality photographs of Mat-Su
- Continue to enhance and maintain Mat-Su's community profile information.

5A.2: Build awareness among Mat-Su's leadership and local residents. Leadership development should be a jointly pursued effort between the MSB, chambers of commerce, communities, educational institutions, and other organizations such as the Mat-Su Regional Medical Center.

- Create a ***Leadership Mat-Su*** program as a vehicle for communicating economic development goals and understanding the needs of various groups in the community.
  - Develop targeted networking opportunities (e.g. evening and weekend functions) for professionals living and working in the area.

- Establish a ***Young Professionals Organization*** (YPO) group to serve as a source for identifying potential emerging community and business leaders (an excellent resource for YPO's is www.ypcommons.org).
- Commit to identifying current and future leaders within the community who represent various groups (e.g., professional, youth, minority, etc.).

- Establish a ***Mat-Su Ambassadors*** program, with the purpose of: 1) building an awareness of the Borough's strengths among area business and community leaders, and 2) providing information to them to spread a more positive image of the area in their relationships outside the Borough.
  - Identify and recruit community and business leaders to serve as Ambassadors. Ideally, they would represent diverse demographic and professional interests and would be most able to influence decision makers.
  - Create a brief presentation, profile, and script promoting Mat-Su's positive aspects to be used by Ambassadors during the course of their business interactions both within and outside the area.
  - Create a mechanism for the Ambassadors to refer prospect leads.
  - Meet quarterly with Ambassadors keeping them up to date on current economic development initiatives, progress, and honing the borough's marketing message.

Developing New Generations of Leaders

This is a challenge faced by communities across the nation. Many traditional social and volunteer organizations (e.g., Lions, Rotary, and Altrusa clubs) are no longer popular among the X, Y, and millennial generations. Younger people often choose more informal social networks linked by common interests. Technology now allows people to network and engage in civic issues via the Internet. Moreover, younger families coping with the time demands of two-income households and longer commutes tend to have less time for community leadership and volunteer activities.

- Create a brief profile promoting Mat-Su's positive aspects to be used by area community and business leaders (this document can be used for both the Leadership and Ambassador's programs).

- Develop a ***Speakers' Bureau*** of professionals who are available to speak at community meetings to promote local initiatives and positive business environment in the Borough.

Strategy 5B: **Enhance the image of Mat-Su throughout Southcentral Alaska.** Beyond standard economic development marketing strategies, Mat-Su should work with local partners such as the Mat-Su Chamber and Anchorage Chamber to utilize non-traditional social networking tools for enhancing the image of Mat-Su within the region.

Actions:

5B.1: Focus Mat-Su's primary external marketing efforts on the region's real estate development community.

- Hold information sharing meetings to inform real estate community about what government projects are going on in the Borough, positive developments, and key positive image focus areas.

- Hold a semi-annual Developers' Days to promote on-going and future developments in the Borough to the region's real estate development and brokerage community.

- Identify parties that could refer leads to Mat-Su and set up a visitation schedule with a focus on Anchorage. Examples include local and regional developers, real estate brokers, banks, construction firms, and service firms (legal and accounting), and industry associations.

5B.2: Employ word-of-mouth marketing techniques. Word-of-mouth marketing allows information about Mat-Su to be disseminated without the MSB's direct involvement. This type of marketing leverages existing social and IT networks. It can extend the reach of the MSB at a very low cost. Internal marketing efforts will assist in building positive information exchanges around economic development initiatives in Mat-Su. Efforts should include giving community leaders, business owners, managers, residents, and staff the information and tools to communicate with the internal and external community in order to generate this type of information exchange.

- For Mat-Su, viral marketing offers low-cost marketing strategies for targeting the Anchorage market and beyond. Partners should create entertaining or informative messages designed to be passed along in an exponential fashion, especially electronically or by email.

- A one-page "cheat sheet" for an internal audience and one for an external audience should be created and distributed. These sheets should outline the primary message that the MSB would like to have conveyed, important talking points, and three to five concise sales points.

5B.3: Influence the image of Mat-Su portrayed on the Web. Use non-traditional approaches to raising Mat-Su's profile. Social networking sites, such as Facebook, Twitter, and Google Buzz have rapidly emerged as prominent marketing vehicles.

- Coordinate the borough's marketing messages with the newly established Mat-Su Ambassadors group and the YPO.

- Assume ownership of Mat-Su Borough's entry on Wikipedia. Regularly update the information and data with references.

- Employ social networking websites to spread a positive message of Mat-Su.
    - Consider such sites as Twitter, Facebook, and LinkedIn.
    - Invite local residents and professionals to post positive messages about the area on these websites.
    - Send invitations through Facebook and other sites for Mat-Su events (e.g., economic summit, etc.).
    - Post photos from activities and events in Mat-Su on networking and sharing sites, such as and Flickr, Photobucket.
    - Post video from activities and events in Mat-Su on networking and sharing sites, such as YouTube.
- Coordinate social media strategies with other organizations in the Borough, including the chamber.
- Enhance the economic development portion of the MSB website. Suggestions include:
    - Community Profile. Create an updated community profile available for download from the website. The existing profile dates back to 2003 and is 68 pages long. An updated profile should be much more concise and focused on meeting the information needs of site selection consultants. The text box right provides a link to the International Economic Development Council's data standards matrix.

SETTING THE STANDARDS

The International Economic Development Council (IEDC) has prepared a comprehensive set of data standards for communities to use when presenting themselves to site selectors or prospective businesses. The data standards matrix and related information is available at: *http://www.iedconline.org/?p=Data_Standards*.

- Business Climate. The website would benefit from an expanded section on business climate in the Borough. This section should contain information on the area's workforce, major employers, target industry profiles, tax rates, utility providers and rates (if available), transportation access, and available incentives.

- Available sites. The website should have a direct link to AEDC's Anchorage Prospector website, which provides information on available properties in the Borough.

- Contact info. The Economic Development Department website needs visible names and contact information of economic development staff.

5B.4: Implement a traditional public relations campaign targeted at regional publications.

- Work with local chambers, cities, and other business organizations to identify business success stories in Mat-Su.

- Send press releases about recent business successes to regional publications, such as the *Anchorage Daily News* and the *Mat-Su Valley Frontiersman*. The initial press release should promote the economic development plan and explain how local leadership worked together to determine the best opportunities for Mat-Su.

- Explore setting up an agreement with the newspapers to provide business profiles or positive business information on a regular periodic (every two weeks) basis for publication.

- Consider developing a quarterly newsletter focused on business issues in Mat-Su and send to developers in Anchorage to generate business leads. Consider the inclusion of editorials on a host of topics written by local public officials, business owners, as well as other potential partners and stakeholders.

5B.5: Employ other regional awareness initiatives.

- Participate in joint marketing activities with organizations that can refer prospect leads. Examples include regional economic development organizations [e.g., Anchorage Economic Development Corporation (AEDC); Alaska Department of Commerce, Community, and Economic Development; State of Alaska Chamber of Commerce; and other regional organizations] and area utilities and ports.

- Host an annual ***Economic Development Summit*** to formally present progress on economic development issues in the Borough. A panel of presenters can address regional issues and provide a project profile from each community. Invitees should include real estate developers, agents, and brokers; business leaders; community leaders; and regional media. Consider hosting an award for a local visionary that has helped Mat-Su meet its goals.

Strategy 5C: **Increase tourism marketing efforts.** Mat-Su offers a wide variety of natural amenities that have drawn visitors to the region for years, and its economy has clearly benefitted from tourism spending. For example, a tourism study performed for the MSB in 2009 stated that "the annual value of the visitor industry to the Borough is estimated to be $282 million." Building on this substantial impact, Mat-Su should continue marketing efforts toward increasing visitor traffic. Doing so will require a cohesive approach that promotes amenities from the entire Borough that can be enjoyed throughout the year and attract a wide audience. This will require coordinated efforts from all major stakeholders.

Actions:

5C.1: Increase resources devoted toward marketing tourism amenities and recreational options throughout the Borough.

- Participate in cross-organizational marketing activities with various public and private sector partners. Examples include the various municipalities, retail and dining establishments, and lodging facilities.

5C.2: Broaden awareness of retail options and tourism amenities to increase spending by visitors in the Borough.

- Work with relevant groups to raise awareness of Mat-Su's tourism assets among local retailers and hospitality-related establishments. This will help to ensure that local businesses are prepared to capture retail spending associated with specific tourism-related activities.

- Where possible, retail activities should be tailored to specific events or attractions, such as the Alaska State Fair. This may mean offering extended hours of operation to accommodate specific events or designing sales and marketing efforts around a related theme.

5C.3: Increase marketing efforts at reaching visitors prior to their arrival in Alaska. To reach potential visitors outside the state, the Alaska Travel Industry Association (ATIA) directs an $11 million external marketing campaign on behalf of the State of Alaska. The Mat-Su CVB leverages this campaign by purchasing 50,000 visitor leads generated by ATIA and conducting its own direct mail campaign. A Mat-Su visitor's guide is mailed to people responding to ATIA's marketing efforts.

- The Mat-Su CVB should explore other marketing techniques for reaching potential visitors to the Borough, especially cost effective web-based strategies that involve social media such as Twitter and Facebook.

5C.4: Continue to ensure that Mat-Su's tourism marketing efforts convey a consistent and sustained message.

- The Mat-Su CVB Board of Directors has identified the need for initiating a Mat-Su branding process. A successful branding effort has the potential to benefit not only the Borough's tourism sector, but also the MSB's business and talent attraction efforts.

5C.5: Continue pursuit of a National Heritage Area (NHA) designation for Mat-Su. The Cultural Resource Office of the MSB is presently conducting a study to assess the prospect of Mat-Su as an NHA. Funding for the study has been provided by the State of Alaska, Office of History and Archaeology and the MSB. The goals of the study as are to identify the prospective boundary for NHA designation, generate support for the initiative, and to determine if a feasibility study is warranted. NHA designation would make the Borough eligible to receive federal matching funds to support economic development conservation, and education programs (see text box).

- Complete study to determine suitability of Mat-Su for NHA designation and a potential boundary.
- Identify significant natural and cultural heritage resources and the themes that link them
- Describe potential projects.
- Establish NHA Council of Stakeholders and interested parties.

National Heritage Area

Created by Congress, a National Heritage Area (NHA) is an assemblage of natural, historic, and cultural resources that together represent distinctive aspects of American heritage worthy of recognition. Currently, there are 49 NHAs, primarily in the eastern United States. Only 14 are located west of the Mississippi River. Alaska's only NHA is the Kenai Mountains-Turnagain Arm National Heritage Area.

NHA designated areas are eligible for federal funds (up to $10 million over 15 years with at least a 1:1 match requirement) to implement conservation, education, and economic development programs. NHA funds can be used for such purposes as developing tourism marketing programs, creating trails, and restoring historic buildings.

Strategy 5D: **Leverage tourism marketing for talent attraction, entrepreneurship, and economic development.** Mat-Su is already a popular tourist destination. However, the Borough has not leveraged existing tourism marketing for talent and business attraction. A major goal of this new marketing message is raising awareness among professionals and younger talent that the area is more than a tourism destination. It also offers opportunities for entrepreneurship, innovation, and business. This strategy can touch on a number of areas:

Actions:

5D.1: **Identify a complementary theme.** Finding a common theme between tourism marketing and talent attraction can be an effective strategy. For example, the 2009 leadership class in New Braunfels, Texas, developed a post card campaign to advertise the communities many amenities. Using the slogan "Never the Same Day Twice," these cards will be used to guide tourists to specific attractions and events, as well as to promote the area to potential new residents.

5D.2: **Tie to meetings and conventions.** Focus a convention and meeting strategy on targeted occupations, groups, and industries. This brings people who fit talent needs to the region and exposes them to the area's amenities. The types and size of these conventions and meetings would be dependent on meeting and hotel space. For Mat-Su, this strategy may also need to rely on targeting events in Anchorage and other boroughs.

- In the absence of a dedicated conference center, the Talkeetna Lodge is an example of a facility that offers first class location and space for conferences and conventions Greater integration of the borough's economic development efforts with the lodge represents a significant opportunity.

5D.3: Develop an online gateway to increase awareness of business opportunities to visitors and residents. While the CVB has a well-established online presence, its website focuses on tourism. To truly leverage the brand, these efforts should be expanded to encompass the whole of Mat-Su and include more than tourism-related information. Offering information about business opportunities at the same site as tourism options exposes potential tourists to business activities in the county. This highlights professional opportunities in Mat-Su to an audience that might not otherwise know about these activities. Similarly, it exposes a business audience to the social, recreational, and cultural offerings in the Borough.

- Local chambers should partner to develop a central Borough-wide website to increase awareness of business opportunities to visitors and residents. Such as site would serve as a central hub for business development opportunities throughout Mat-Su. Chambers and other similar organizations would be able to post information about their organizations and communities, as well as provide links to their own websites.
- Compile and post a list of mentoring, training, employment, and business development opportunities in Mat-Su.
- Include professional and continuing education courses offered in Mat-Su for licensed professionals or particular professions that either exist in the Borough or the MSB is seeking to attract to Mat-Su.
- List or link to higher education and continuing education classes offered in the Borough.
- Provide information about area business organizations and their regular meetings, as well as any one-off or special events they have.

- Include the site's address or URL on all marketing materials.

Strategy 5E: **Focus on quality development to improve the appearance of the Borough's built environment.** The rapid suburbanization of Mat-Su has been the result of rapid population growth, especially from Borough residents who now commute into Anchorage. The Borough's haphazard development patterns have placed its natural beauty at risk. There is a direct and measurable correlation between the quality of commercial development and the vitality of economic development. This vitality can be measured by job growth and wage growth. Many focus group participants expressed concern about how the negative appearance of much of the Borough's built environment impacts its appeal to new professionals, entrepreneurs, and executives. Poor quality development affects worker recruitment, business attraction, lifestyle, tourism, and recreational options.

Ma-Su's opportunity is enormous. It can build a new reputation in the greater Anchorage region as a place where higher wage businesses can grow. This growth will emphasize a respect for the astonishing physical attributes of the Borough. Quality development is planned, long term, and integrates with the needs of all citizens. It is not "fly-by-night" or random. While Alaska is known for an abundance of open space, unplanned development is rapidly diminishing the opportunity this represents. View corridors, easy traffic access, and managed growth may seem like unnecessary guidelines, but a growing number of Mat-Su residents know that these are becoming more important by the day. A strategy that encourages and rewards quality development pays off not only in quality job growth.

Actions:

5E.1: **Continue to update MSB planning code.** MSB leadership and planning staff should continue working with citizen groups, community councils, and incorporated cities to ensure that the borough's land and resources are efficiently used for the benefit of Mat-Su's economy and population as well as to protect its natural beauty.

What is Quality Development?

It is, first and foremost, a commitment to higher standards of building and site improvements. Specifically, it entails conformity with codes and standards appropriate to Class A office buildings, industrial parks that meet zoning codes that protect against environmental degradation, and residential developments that meet aesthetic norms. In short, quality development builds for the future. It goes beyond the "what works now" and creates a built-environment that attracts companies and individuals who want to invest in the future of the region.

5E.2: Enhance the visual appearance along major corridors running through Mat-Su.

- Leverage the proposed U-Med district and other planned developments to promote examples of quality development within the Borough.
- Work with active gravel mining operations, property owners of former mines, and others to establish a standard for screening facilities and sites from passers-by, and for mitigating traffic impacts.

5E.3: Protect and promote Mat-Su Borough's green spaces and natural amenities. Mat-Su business owners and professionals repeatedly stated their interest in preserving green space and protection of the area's natural amenities. Not only is this a strong value held within the Borough, it also makes economic development sense. Communities across the country clearly recognize the importance of recreation, parks, and preserved natural resources in their ability to make themselves more attractive to talented workers and new businesses.

- Explore funding options for parks and green space programs with assistance from area taxing entities, state and federal agencies, and area non-profits.
- Support the expansion of the existing parks systems throughout the Borough and its constituent municipalities, including hike and bike paths that create greenbelts connecting different parts of the Borough.
- Support ongoing tourism infrastructure and recreational development programs to develop Mat-Su's outstanding trails and trailheads.

- Support efforts to preserve the Borough's still water fishing lakes and other recreational bodies of water.

IMPLEMENTATION MATRIX

The following guide combines all the goals, strategies, and actions in a single table. It also includes potential partners and allies as well as a recommended time horizon for implementation. The purpose of the implementation matrix is to provide a graphic representation when the actions should realistically be implemented and the most appropriate organizations to carry them out. A quarterly work plan will also be developed by the borough manager and economic development director.

STRATEGY / ACTION ITEMS			TIMELINE				
Description		Regional Partner(s)	0-6 mos	6-12 mos	2-3 yrs	4-5 yrs	On-going
MSB – Mat-Su Borough; Chambers – local chambers of commerce; MSC – Mat-Su College; UAA – University of Alaska Anchorage; UAF – University of Alaska Fairbanks; MSBSD – Mat-Su Borough School District; MSRMC – Mat-Su Regional Medical Center; AEDC – Anchorage Economic Development Corporation, ACC – Alaska Chamber of Commerce; MSCVB – Mat-Su Convention and Visitors Bureau; MSRAC – Mat-Su Regional Advisory Council, AWIB – Alaska Workforce Investment Board; AJC – Alaska Job Corp; SBDC – Mat-Su Small Business Development Center; ACAP – Army Career and Alumni Program; AFRG – Airman Flight Readiness Group							
GOAL ONE: POSITION MAT-SU FOR SUSTAINABLE ECONOMIC GROWTH AND VITALITY.							
1A	Develop professional & technical services sector.						
1A.1	Identify targets.	MSB		X			X
1A.2	Implement direct recruitment strategy.	MSB			X		
1A.3	Build the sector from within.	MSB, MSC, UAF, Chambers					X
1A.4	Ensure appropriate space is available.	MSB			X		
1A.5	Target incentives to this sector.	MSB			X		
1A.6	Provide general support.	MSB	X				X
1B	Support the local expansion of the healthcare and education sectors.						
1B.1	Create a “University-Medical” district.	MSB, MSC, UAF, UAA, MSRMC				X	
1B.2	Encourage local healthcare providers to collaborate and partner in healthcare education, workforce training, and talent attraction and recruitment efforts.	MSRMC, other local healthcare providers, AJC, AWIB, MSRAC			X		

STRATEGY / ACTION ITEMS			TIMELINE				
Description		Regional Partner(s)	0-6 mos	6-12 mos	2-3 yrs	4-5 yrs	On-going
MSB – Mat-Su Borough; Chambers – local chambers of commerce; MSC – Mat-Su College; UAA – University of Alaska Anchorage; UAF – University of Alaska Fairbanks; MSBSD – Mat-Su Borough School District; MSRMC – Mat-Su Regional Medical Center; AEDC – Anchorage Economic Development Corporation, ACC – Alaska Chamber of Commerce; MSCVB – Mat-Su Convention and Visitors Bureau; MSRAC – Mat-Su Regional Advisory Council, AWIB – Alaska Workforce Investment Board; AJC – Alaska Job Corp; SBDC – Mat-Su Small Business Development Center; ACAP – Army Career and Alumni Program; AFRG – Airman Flight Readiness Group							
1B.3	Grow healthcare workforce locally.	State of AK, MSRMC, other local healthcare providers, AJC, AWIB, MSRAC					X
1B.4	Support and strengthen the mission of Mat-Su College.	MSC, MSB, local businesses, Cities					X
1B.5	Support capital and educational program expansion at MSC.	MSC, MSB, Cities					X
1C	Support the retention and expansion of existing businesses in the Borough.						
1C.1	Maintain an inventory of existing businesses and available properties.	MSB		X			
1C.2	Administer a regularly scheduled survey of employers.	MSB, Chambers			X		
1C.3	Conduct business visitations.	MSB	X				X
1C.4	Create business forums.	MSB, Chambers			X		
1C.5	Provide networking opportunities.	MSB, Chambers		X			
1C.6	Have an intervention strategy.	MSB, Cities, State of AK, AWIB, AJC, MSRAC			X		
1D	Pursue developing opportunity sectors.						
1D.1	Build awareness among private employers in Anchorage.	MSB, Chambers	X				X
1D.2	Conduct lead generation activities.	MSB, Chambers		X			X
1D.3	Establish a prospect management system.	MSB			X		
1D.4	Provide relocation assistance.	MSB, Chambers,	X				X

STRATEGY / ACTION ITEMS			TIMELINE				
Description		Regional Partner(s)	0-6 mos	6-12 mos	2-3 yrs	4-5 yrs	On-going
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		Cities					
1E	Promote entrepreneurship and small business development.						
1E.1	Reassess the existing entrepreneurial programs and services available in Mat-Su.	MSB, SBDC, UAA			X		
1E.2	Work with partners to enhance services for entrepreneurs.	MSB, SBDC, MSC			X		
1E.3	Celebrate and support entrepreneurship in the region.	MSB, Chambers, SBDC	X				X
1E.4	Encourage local entrepreneurs to submit entries in the Alaska Business Plan Competition.	MSB, Chambers, SBDC		X			
1F	Support the preservation and expansion of the agricultural sector in the Borough.						
1F.1	Continue generating funding support from the State of Alaska for the Vegetable Processing and Product Development Center.	MSB					X
1F.2	Continue supporting farmland protection efforts.	MSB, State of Alaska					X
1F.3	Encourage community support and patronage of local agricultural businesses and farmers markets.	MSB					X
1F.4	Support and promote the export of certified seed potatoes from Mat-Su to China and Taiwan.	MSB, UAF					X
1F.5	Develop an Agricultural Economic Development Plan for the Borough.	MSB			X		
1G	Promote the sustainable development of Mat-Su's natural resources for economic development.						
1G.1	Ensure infrastructure access for coal mining operations.	MSB, coal	X				X

STRATEGY / ACTION ITEMS			TIMELINE				
Description		Regional Partner(s)	0-6 mos	6-12 mos	2-3 yrs	4-5 yrs	On-going
MSB – Mat-Su Borough; Chambers – local chambers of commerce; MSC – Mat-Su College; UAA – University of Alaska Anchorage; UAF – University of Alaska Fairbanks; MSBSD – Mat-Su Borough School District; MSRMC – Mat-Su Regional Medical Center; AEDC – Anchorage Economic Development Corporation, ACC – Alaska Chamber of Commerce; MSCVB – Mat-Su Convention and Visitors Bureau; MSRAC – Mat-Su Regional Advisory Council, AWIB – Alaska Workforce Investment Board; AJC – Alaska Job Corp; SBDC – Mat-Su Small Business Development Center; ACAP – Army Career and Alumni Program; AFRG – Airman Flight Readiness Group							
		companies					
1G.2	Support the sustainable development of forest resources through the Timber Management Plan.	MSB, timber companies					X
1G.3	Work with the gravel mining industry to balance the need for the sector's growth with other economic development considerations, as well as environmental and resource protection.	MSB, gravel companies					X
GOAL TWO: BUILD CAPACITY TO CONDUCT ECONOMIC DEVELOPMENT WITHIN THE BOROUGH.							
2A	Expand internal resources for economic development.						
2A.1	Increase staffing.	MSB		X			
2A.2	Increase marketing and outreach budget.	MSB		X			
2B	Establish a Borough-wide business partnership to support economic development.						
2B.1	Form a business advisory council.	MSB	X				
2C	Expand regional economic development cooperation.						
2C.1	Hold regular meetings with Anchorage economic development officials.	MSB, AEDC, Chambers, Businesses, Others	X				X
2C.2	Jointly pursue federal grants.	MSB, City of Anchorage			X		X
2C.3	Jointly attend trade events and business recruitment trips.	MSB, AEDC				X	
2D	Link sub-regional economic plans to the MSB Economic Development Plan.						

STRATEGY / ACTION ITEMS			TIMELINE				
Description		Regional Partner(s)	0-6 mos	6-12 mos	2-3 yrs	4-5 yrs	On-going
MSB – Mat-Su Borough; Chambers – local chambers of commerce; MSC – Mat-Su College; UAA – University of Alaska Anchorage; UAF – University of Alaska Fairbanks; MSBSD – Mat-Su Borough School District; MSRMC – Mat-Su Regional Medical Center; AEDC – Anchorage Economic Development Corporation, ACC – Alaska Chamber of Commerce; MSCVB – Mat-Su Convention and Visitors Bureau; MSRAC – Mat-Su Regional Advisory Council, AWIB – Alaska Workforce Investment Board; AJC – Alaska Job Corp; SBDC – Mat-Su Small Business Development Center; ACAP – Army Career and Alumni Program; AFRG – Airman Flight Readiness Group							
2D.1	Provide personal briefings on the plan to local representatives.	MSB, Chambers, Cities	X				X
2D.2	Pursue a sub-regional economic development planning initiative.	MSB, Chambers, Cities		X			X
GOAL THREE: EXPAND MAT-SU'S ECONOMIC DEVELOPMENT INFRASTRUCTURE.							
3A	Continue developing multimodal transportation and industrial infrastructure at Port Mackenzie.						
3A.1	Secure approval and funding for the construction of the rail extension.	MSB, State of Alaska, Federal					X
3A.2	Complete current and planned infrastructure improvements, including road improvements, paving, and marine facility expansions.	MSB, State of Alaska					X
3A.3	Complete development plan for Port that appropriately maximizes use of land and dock space for water dependent and rail dependent uses.	MSB, area land owners			X		
3A.4	Market the port district for new private investment and employment opportunities.	MSB, UA	X				X
3B	Increase the availability of commercial and industrial land.						
3B.1	Update information on preferred sites.	MSB			X		
3B.2	Determine if public sector support is required for development.	MSB			X		
3B.3	Engage development community.	MSB		X			
3C	Continue expanding basic tourism infrastructure.						
3C.1	Invest in high priority infrastructure needs.	MSB					X

STRATEGY / ACTION ITEMS			TIMELINE				
Description		Regional Partner(s)	0-6 mos	6-12 mos	2-3 yrs	4-5 yrs	On-going
MSB – Mat-Su Borough; Chambers – local chambers of commerce; MSC – Mat-Su College; UAA – University of Alaska Anchorage; UAF – University of Alaska Fairbanks; MSBSD – Mat-Su Borough School District; MSRMC – Mat-Su Regional Medical Center; AEDC – Anchorage Economic Development Corporation, ACC – Alaska Chamber of Commerce; MSCVB – Mat-Su Convention and Visitors Bureau; MSRAC – Mat-Su Regional Advisory Council, AWIB – Alaska Workforce Investment Board; AJC – Alaska Job Corp; SBDC – Mat-Su Small Business Development Center; ACAP – Army Career and Alumni Program; AFRG – Airman Flight Readiness Group							
3C.2	Promote the development of larger anchor projects.	MSB, MSCVB, State of Alaska					X
3C.3	Identify funding sources.	MSB, MSCVB, State of Alaska					X
3D	Continue improving and expanding Mat-Su's transportation system.						
3D.1	Work with state and local partners to address critical transportation needs in the Borough.	MSB, Cities, State of Alaska					X
3E	Support the extension and improvement of broadband connectivity to various areas of the Borough.						
3E.1	Work with state and local telecommunications and other technology providers to improve and extend technology infrastructure and service throughout the Borough.	MSB, Telcom companies, State of Alaska					X
3E.2	Convene Borough users to discuss and identify needed improvement and share such observations with broadband providers.	MSB, Telcom companies			X		
3E.3	Consider the creation of a Technology Advisory Board consisting of local businesses, technology professionals, and other interested parties to identify emerging technology needs and possible solutions.	MSB, businesses, Telcom companies					
3E.4	Pursue federal grants.	MSB, State of Alaska	X				
GOAL FOUR: ATTRACT, RETAIN, AND ENGAGE TALENT.							
4A	Expand business and education partnerships.						
4A.1	Continue supporting educational excellence.	MSBSD, MSB					X

STRATEGY / ACTION ITEMS			TIMELINE				
Description		Regional Partner(s)	0-6 mos	6-12 mos	2-3 yrs	4-5 yrs	On-going
MSB – Mat-Su Borough; Chambers – local chambers of commerce; MSC – Mat-Su College; UAA – University of Alaska Anchorage; UAF – University of Alaska Fairbanks; MSBSD – Mat-Su Borough School District; MSRMC – Mat-Su Regional Medical Center; AEDC – Anchorage Economic Development Corporation, ACC – Alaska Chamber of Commerce; MSCVB – Mat-Su Convention and Visitors Bureau; MSRAC – Mat-Su Regional Advisory Council, AWIB – Alaska Workforce Investment Board; AJC – Alaska Job Corp; SBDC – Mat-Su Small Business Development Center; ACAP – Army Career and Alumni Program; AFRG – Airman Flight Readiness Group							
4A.2	Align economic development, workforce, and education programs.	MSB, MSBSD, MSC, MSRAC, AJC, AWIB				X	X
4B	Retain and engage military veterans and retirees.						
4B.1	Post and forward employment opportunities to installations.	MSB, Cities, Chambers, Key Employers, Businesses, ACAP, AFRG	X				X
4B.2	Continue to meet with installation commanders.	MSB					X
4C	Leverage post-secondary instruction and research activities.						
4C.1	Support additional four-year degree programs at Mat-Su College.	MSB, MSC, UAA, Cities, Chambers					X
GOAL FIVE: RAISE AWARENESS OF ECONOMIC DEVELOPMENT OPPORTUNITIES.							
5A	Initiate a local campaign to promote a more positive image of Mat-Su.						
5A.1	Build consensus for a primary theme and message to market Mat-Su.	MSB, Chambers, Cities, MSCVB, MSRMC, Businesses		X			X
5A.2	Build awareness among Mat-Su's leadership and local residents.	MSB, Chambers, Cities, MSCVB, MSRMC, Businesses	X				X

STRATEGY / ACTION ITEMS			TIMELINE				
Description		Regional Partner(s)	0-6 mos	6-12 mos	2-3 yrs	4-5 yrs	On-going
MSB – Mat-Su Borough; Chambers – local chambers of commerce; MSC – Mat-Su College; UAA – University of Alaska Anchorage; UAF – University of Alaska Fairbanks; MSBSD – Mat-Su Borough School District; MSRMC – Mat-Su Regional Medical Center; AEDC – Anchorage Economic Development Corporation, ACC – Alaska Chamber of Commerce; MSCVB – Mat-Su Convention and Visitors Bureau; MSRAC – Mat-Su Regional Advisory Council, AWIB – Alaska Workforce Investment Board; AJC – Alaska Job Corp; SBDC – Mat-Su Small Business Development Center; ACAP – Army Career and Alumni Program; AFRG – Airman Flight Readiness Group							
5B	Enhance the image of Mat-Su throughout Southcentral Alaska.						
5B.1	Focus Mat-Su's primary external marketing efforts on the region's real estate development community.	MSB, Chambers		X			
5B.2	Employ word-of-mouth marketing techniques.	All Partners			X		X
5B.3	Influence the image of Mat-Su portrayed on the Web.	All Partnes	X				X
5B.4	Implement a traditional public relations campaign targeted at regional publications.	MSB, Cities, Chambers, Businesses		X			X
5B.5	Employ other regional awareness initiatives.	MSB, Chambers, AEDC, State of Alaska			X		X
5C	Increase tourism marketing efforts.						
5C.1	Increase resources devoted toward marketing tourism amenities and recreational options throughout the Borough.	MSB, MSCVB, Chambers			X		
5C.2	Broaden awareness of retail options and tourism amenities to increase spending by visitors in the Borough.	Chambers, Businesses					X
5C.3	Increase marketing efforts at reaching visitors prior to their arrival in Alaska.	MSCVB, MSB			X		
5C.4	Continue to ensure that Mat-Su's tourism marketing efforts convey a consistent and sustained message.	MSCVB		X			
5C.5	Continue pursuit of a National Heritage Area (NHA) designation for Mat-Su.	MSB					X
5D	Leverage tourism marketing for talent attraction, entrepreneurship, and economic development.						

STRATEGY / ACTION ITEMS			TIMELINE				
Description		Regional Partner(s)	0-6 mos	6-12 mos	2-3 yrs	4-5 yrs	On-going
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5D.1	Identify a complementary theme.	MSCVB, Chambers, MSB			X		
5D.2	Tie to meetings and conventions.	MSCVB, Chambers, MSB				X	
5D.3	Develop an online gateway to increase awareness of business opportunities to visitors and residents.	MSCVB, Chambers, MSB			X		
5E	Focus on quality development to improve the appearance of the Borough's built environment.						
5E.1	Continue to update MSB planning code.	MSB					X
5E.2	Enhance the visual appearance along major corridors running through Mat-Su.	MSB, gravel companies		X			
5E.3	Protect and promote Mat-Su Borough's green spaces and natural amenities.	MSC, Cities					X

ECONOMIC VITALITY MEASURES

In addition to the timeline provided in the previous section for implementing the goals, strategies, and actions contained in the plan, various economic indicators should be tracked to measure the overall economic success of the Borough. While it is difficult to directly connect the success of the economic development plan to certain economic statistics at the local level (e.g., median household income), tracking these indicators will provide a general understanding of the relative economic vitality of Mat-Su. In addition, some of these indicators, especially those sourced from the Census Bureau's American Community Survey (ACS), should be analyzed in the context of long term trends. Due to ACS error margins, year-to-year changes may be misleading.

Indicator	Source
Number of Private Establishments	U.S. Bureau of Labor Statistics (Data Source: Quarterly Census of Employment & Wages)
Private Non-Farm Employment	U.S. Bureau of Labor Statistics (Data Source: Quarterly Census of Employment & Wages)
Unemployment Rate	Alaska Department of Labor and Workforce Development
Professional and Technical Services Employment	U.S. Bureau of Economic Analysis
Average Annual Pay	U.S. Bureau of Labor Statistics (Data Source: Quarterly Census of Employment & Wages)
Median Household Income	U.S. Census Bureau American Community Survey
Young Adults: Age 20-34	U.S. Census Bureau American Community Survey
Total Population	Alaska Department of Labor and Workforce Development
Population over 25 with a Bachelor's degree or Higher	U.S. Census Bureau American Community Survey
Population over 25 with an Associate's Degree	U.S. Census Bureau American Community Survey

OVERVIEW OF THE MAT-SU BOROUGH ECONOMY

Methodology & Background

The primary goal for the Economic Overview is to arrive at a common understanding of the Matanuska-Susitna (Mat-Su) Borough's existing economic strengths and weaknesses. This analysis is expressed in the context of the metropolitan, regional, and national economies as a means understanding the Mat-Su Valley's relative position in a national context and highlighting its latent and potential competitive advantages.

TIP has drawn upon our recent experience analyzing the economy of South Central Alaska, as well as our deeper knowledge working in areas throughout the United States. We have applied this knowledge and experience to both qualitative and quantitative analysis methods for developing a full understanding of the Mat-Su economy, including specific barriers to growth and development.

We based our findings on the following elements:

- A review of relevant studies, plans, and other material provided by the Mat-Su Borough, including the 2008 Comprehensive Economic Development Strategy (CEDS) Update
- A review of economic and demographic data from various federal, state, and private sources, including the Alaska Department of Labor and Workforce Development, the U.S. Bureau of the Census, the U.S. Department of Labor, the U.S. Bureau of Economic Analysis, Moody's Analytics, and Economic Modeling Specialists Inc.

Economic Overview Indicators

- Population Trends
- Components of Population Growth
- Age Distribution
- In-Migration and Out-migration
- Commuting Patterns
- Housing Patterns
- Housing Affordability
- Unemployment
- Job Growth
- Existing Industries
- Retail Sales
- Educational Attainment

Physical Description

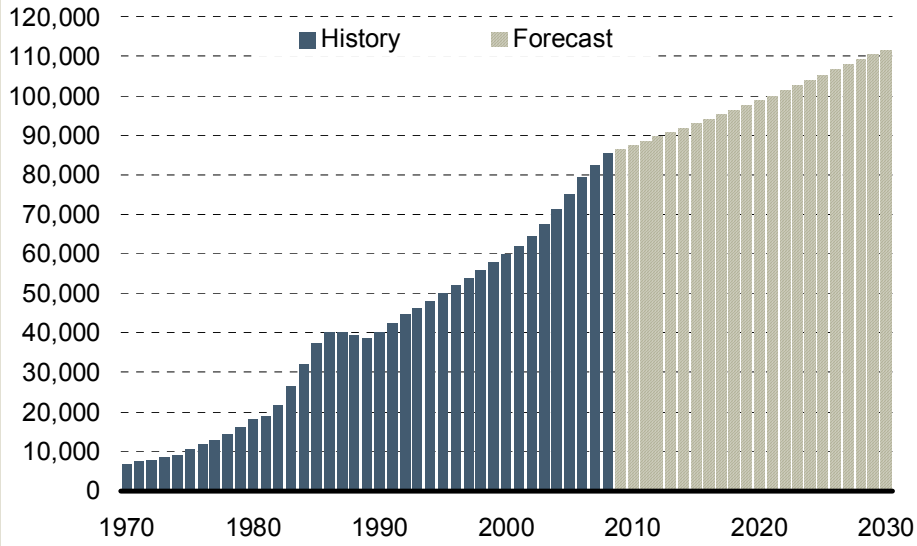
Situated in South Central Alaska, Mat-Su Borough covers an expansive area totaling nearly 25,000 square miles. Its geographic diversity includes mountain ranges, rolling lowlands, river valleys, forests, and wetlands. To the north, Mat-Su serves as a gateway to Denali National Park and Preserve, as well as the interior region of Alaska. To the south, the borough borders the Knik Arm and Anchorage's northern suburbs. About 90 percent of the borough's population resides in its core area, which encompasses the road system between Willow and Sutton. This network binds the Valley's three incorporated communities – Palmer, Wasilla, and Houston – and links them with Anchorage via the Glenn Highway and Alaska's interior via the Parks Highway.

Demographics

Since 1970, the Mat-Su Borough has experienced explosive population growth. The borough's population first reached 10,000 residents in 1975 and grew to 50,000 in 1996. By 2000, the Census counted nearly 60,000 local residents. Since the beginning of the decade, Census estimates show the borough's population surging approximately 43 percent in eight years. This rate indicates that the borough added, on average, approximately 3,200 residents each year this decade. As of the end of 2008, the Census Bureau estimates the Mat-Su Borough now has more than 85,000 residents and is the third most populous borough in the state.

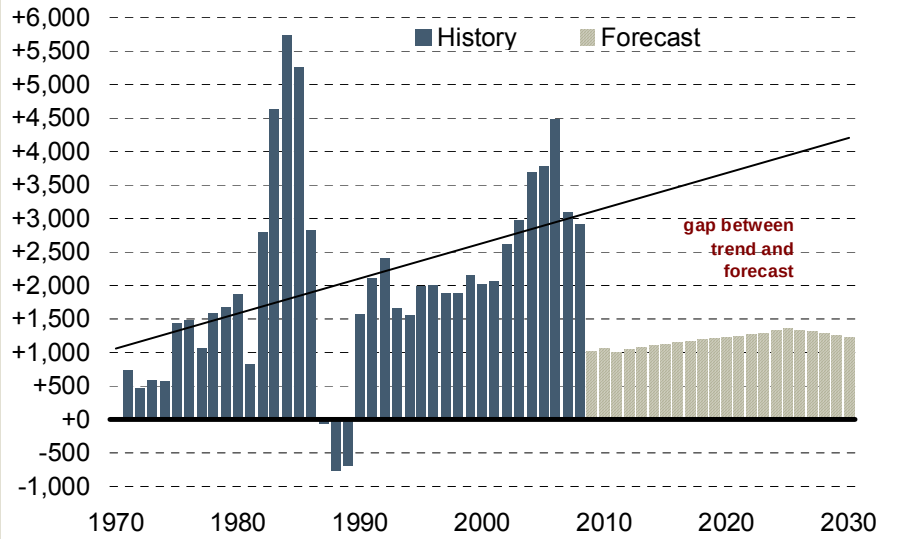
The population forecast was developed by Moody's Analytics, a leading independent provider of economic analysis, data, forecasting, and credit risk services. Moody's forecasts healthy – yet slower – population growth for the borough continuing over the next two decades. Moody's forecast, as seen in both **Figure 1** and **Figure 2**, calls for net population gains in the range of 1,000-1,500 annually. This represents a sharp slowdown from the trend experienced over the past three decades. Moody's forecast is top-down, meaning it looks first at the prospects for Alaska's economy and then the Anchorage MSA, before allocating anticipated growth at the borough level.

Figure 1: Population and Growth



SOURCE: *U.S. Bureau of the Census (history) and Moody's Analytics (forecast)*

Figure 2: Net Annual Population Growth



SOURCE: *U.S. Bureau of the Census (history) and Moody's Analytics (forecast)*

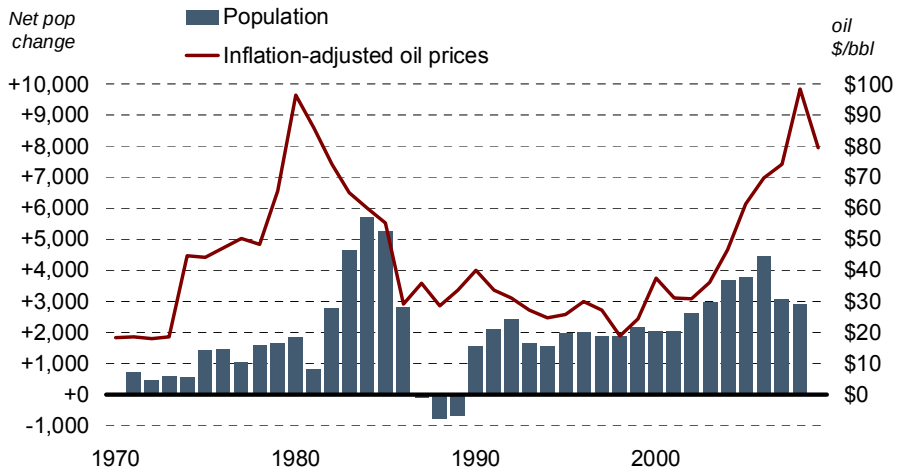
Overall, Alaska faces the prospect of declining oil production, falling federal spending, and slower national economic growth.

Figure 3 reveals a strong correlation between the energy sector and population growth in the borough. The graph displays inflation-adjusted, average annual oil prices over the borough's historical population growth. Although the energy sector is not a direct driver of Mat-Su's economy, its pace of growth is strongly influenced by Anchorage's economic success, the energy sector's health, and the economy of the state as a whole.

The U.S. Census Bureau tracks three factors that drive population growth: natural increase, international migration, and domestic migration. The first two – natural increase (net difference in births and deaths) and international migration – typically change gradually over time. **Figure 4** reveals this to be the case for Mat-Su Borough. With the exception of negative international migration patterns in the early 1990s, these two components have remained relatively stable since the Census Bureau began tracking these records in 1991.

The third and most volatile component of growth is domestic migration. This component is made up of U.S. residents moving between Mat-Su and other parts of the nation. Domestic migration into Mat-Su has been positive since the early 1990s. However, the annual level of net in-migration has varied widely over the 18-year period, ranging from 1,100 to 3,700. The height occurred in 2006, when the borough gained 3,676 U.S. residents.

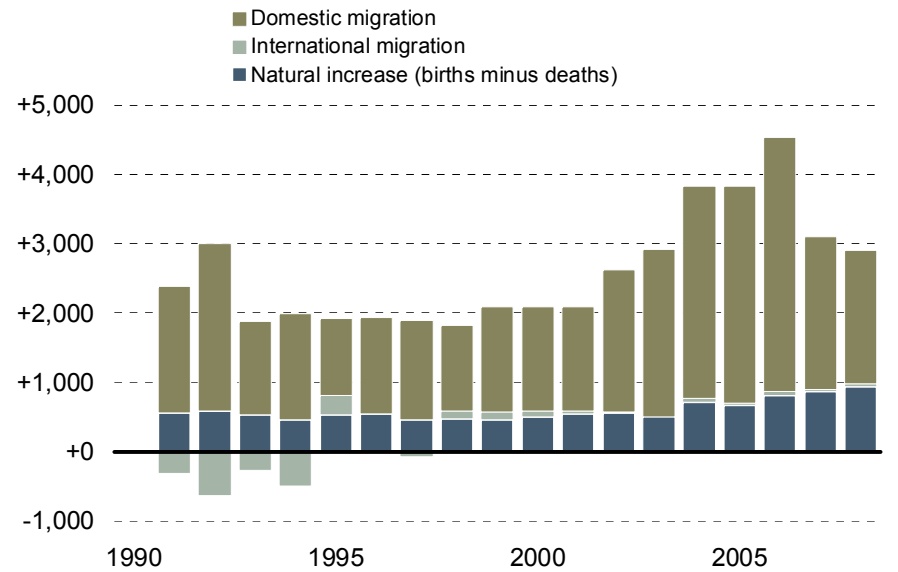
Figure 3: Key Driver of Population Growth



NOTE: *Oil prices shown here are expressed in average annual prices (including 2009 year-to-date) adjusted to the 2009 consumer price index.*

SOURCE: *U.S. Bureau of the Census; TIP Strategies; Federal Reserve Bank of St. Louis; U.S. Bureau of Labor Statistics*

Figure 4: Components of Population Growth



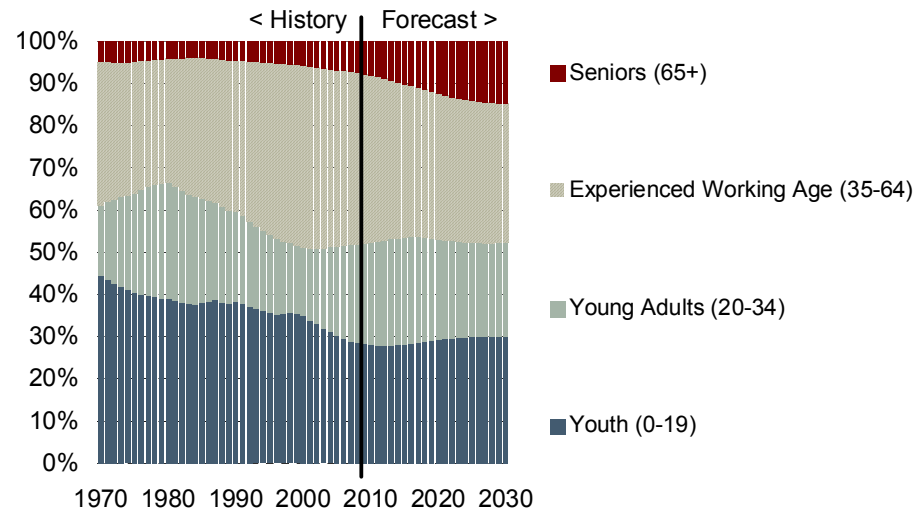
SOURCE: *U.S. Bureau of the Census (accessed via Moody's Analytics)*

Figure 5 shows Mat-Su's evolving age distribution projected over a 60-year time period, from 1970 to 2030. Seniors currently make up about 8 percent of the borough's population. Their share of the overall population, however, is projected to nearly double over the next two decades to 15 percent. This trend is not unique to Ma-Su, as similar demographic trends are occurring nationwide.

The figure also shows the long-term decline in the share of young people living in Mat-Su. The Census Bureau estimates the percentage of borough residents under the age of 20 has fallen from a high of 44 percent in 1970 to a low of 28 percent in 2008. Moody's Analytics projects this share to remain flat through 2030.

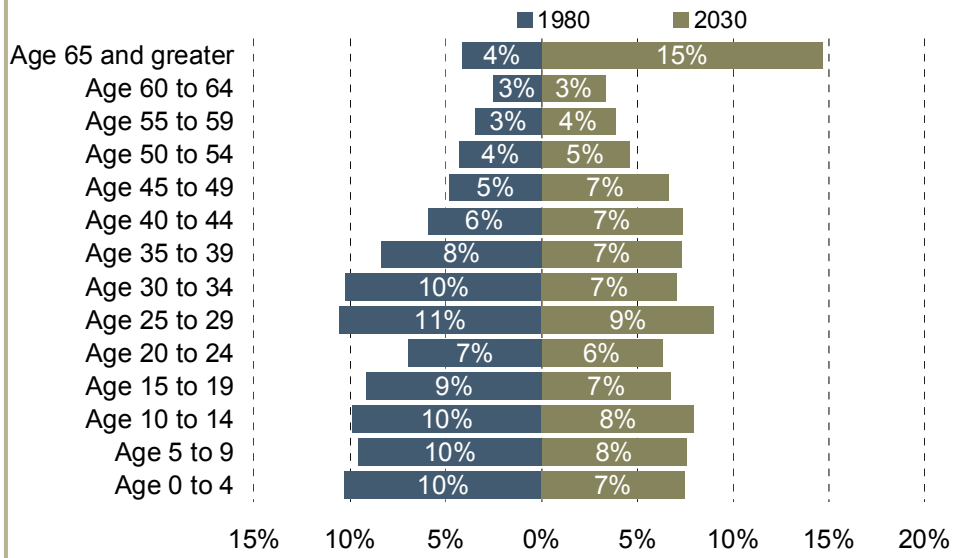
Much of the change in Mat-Su's demographic structure has occurred over the past three decades. Nearly two-thirds of Mat-Su's population was under the age of 35 in 1980. Today, barely 50 percent of the population is under 35. Over the next two decades, most of the changes in the borough's age distribution will occur in the senior cohort, as baby boomers (i.e., those born between 1946 and 1964) pass age 65.

Figure 5: Population Distribution by Age



SOURCE: *U.S. Bureau of the Census (history) and Moody's Analytics (forecast)*

Figure 6: Population Distribution by Age, 1980 vs 2030



SOURCE: *U.S. Bureau of the Census (accessed via Moody's Analytics)*

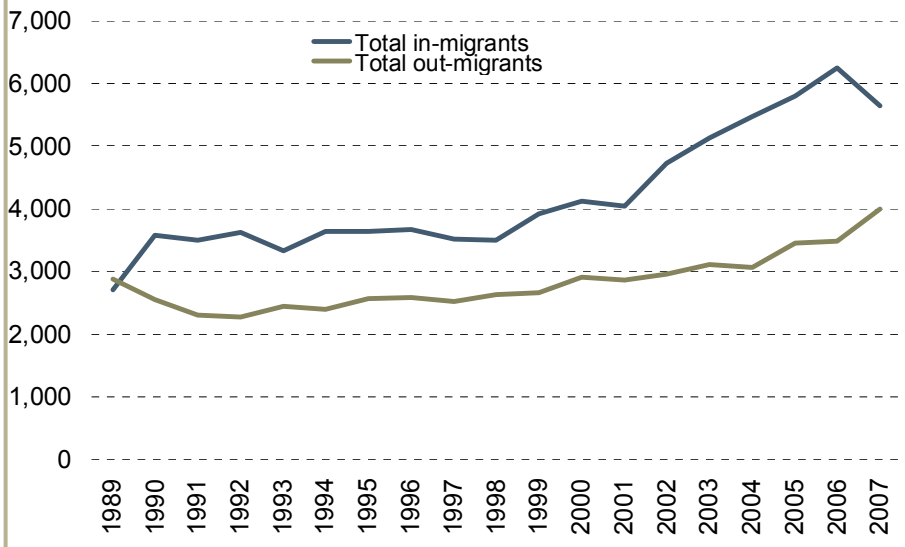
Migration and Mobility

U.S. Census estimates of domestic migration represent a measurement of net change, but with Internal Revenue Service (IRS) data it is possible to measure the gross flows of residents (as represented by the number of exemptions claimed on tax filings).

An analysis of IRS filings corroborates the pattern observed in U.S. Census estimates of domestic migration. IRS data shows the net number of U.S. income tax filers moving into and out of Mat-Su rising steadily since 2001, peaking in 2006, and then declining slightly. This trend closely parallels the Census estimates shown in Figure 4.

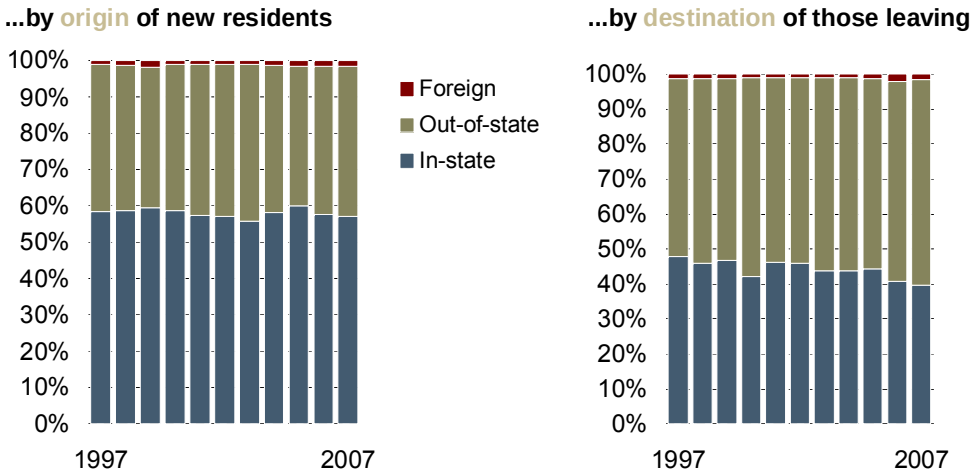
Figure 8 illustrates that more than half of those moving into Mat-Su arrive from another borough in Alaska. The opposite is true for those moving out of Mat-Su. As of 2007, 60 percent of residents leaving the borough were destined for states outside of Alaska. International migration accounted a very small percentage of new or former residents.

Figure 7: Total In-Migration vs. Total Out-Migration



SOURCE: *U.S. Internal Revenue Service (accessed via Moody's Analytics)*

Figure 8: Geographic Distribution of the Mat-Su's In- and Out-Migration…



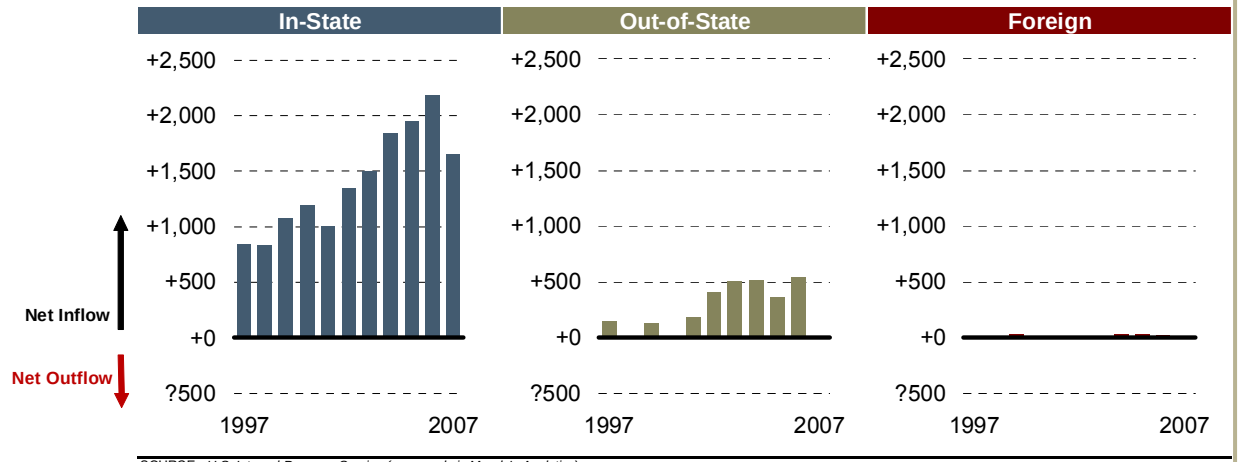
SOURCE: *U.S. Internal Revenue Service (accessed via Moody's Analytics)*

Figure 9 illustrates the gross IRS-based migration numbers parceled by geographic grouping: in-state, out-of-state, and foreign flows. Two trends are immediately clear. First, international immigration is a marginal contributor to Mat-Su's population growth. Second, Mat-Su nets significantly more new residents from in-state than from out-of-state. This result suggests the Anchorage area contributes heavily to the borough's population growth.

Figure 10 demonstrates just how tightly Anchorage is tied to Mat-Su's population growth. The Anchorage Municipality is the leading origin of new residents to Mat-Su as well as the leading destination of former residents. According to IRS figures, Mat-Su enjoyed a net gain of 1,381 residents from Anchorage in 2007.

It is also evident that Mat-Su's migration patterns outside of Alaska are linked to large cities in the Western U.S. (as based on their central counties). These include Phoenix (Maricopa), Tacoma (Pierce), Las Vegas (Clark), Hilo (Hawaii), San Diego, Spokane, and Seattle (King).

Figure 9: Net Migraton Flows to/from Mat-Su by Geography



SOURCE: *U.S. Internal Revenue Service (accessed via Moody's Analytics)*

Figure 10: County Equivalents with Major Annual Migration Flows to and from Mat-Su

Leading Origins of New Residents

Anchorage Borough, AK	+2,450
Fairbanks North Star Borough, AK	+179
Kenai Peninsula Borough, AK	+123
Maricopa County, AZ	+68
Juneau Borough, AK	+67
Bethel Census Area, AK	+61
Valdez-Cordova Census Area, AK	+60
Kodiak Island Borough, AK	+55
Pierce County, WA	+39
SE Fairbanks Census Area, AK	+36
Clark County, NV	+33

NOTE: *In-migration shown here represents gross flows, not net flows*
SOURCE: *U.S. Internal Revenue Service (accessed via Moody's Analytics)*

Leading Destinations of Former Residents

Anchorage Borough, AK	+1,069
Kenai Peninsula Borough, AK	+123
Fairbanks North Star Borough, AK	+110
Pierce County, WA	+37
Maricopa County, AZ	+36
Hawaii County, HI	+32
Valdez-Cordova Census Area, AK	+32
San Diego County, CA	+30
Juneau Borough, AK	+30
Spokane County, WA	+30
King County, WA	+29

NOTE: Out-*migration shown here represents gross flows, not net flows*
SOURCE: *U.S. Internal Revenue Service (accessed via Moody's Analytics)*

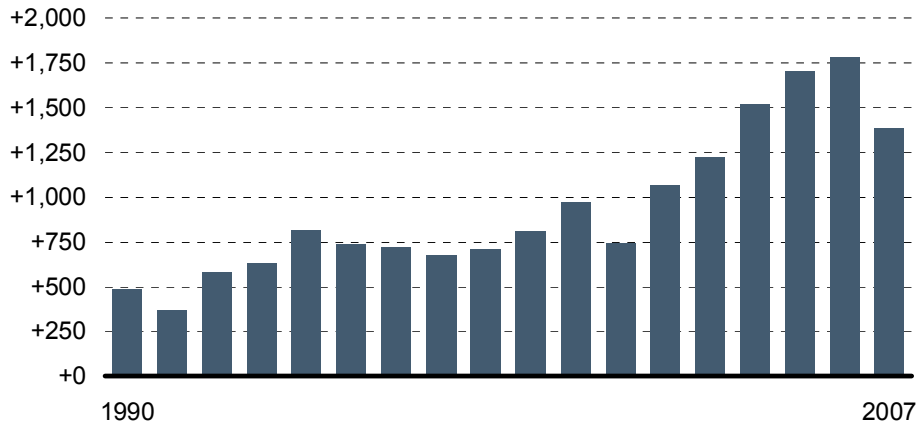
Figure 11 illustrates that net in-migration from Anchorage has historically been the key driver to Mat-Su's population growth. The accelerating pace of transplants from Anchorage appears to be the primary contributor to the increased rate of local population growth since 2000. For example, from the mid-1990s through 2000, approximately 750 residents a year relocated from Anchorage to the Mat-Su Borough. By 2006, that number peaked at 1,750. In 2007, the number of in-migrants decreased significantly. This drop is explained in part by the end of a construction boom in the Valley between 2004 and 2006.

Migration patterns show one aspect of mobility, commuting patterns show another. Often these patterns of migration and commuting are intertwined. For example, suburban counties that receive strong migration inflows from a central county often exhibit strong commuter outflows back to that same central, urban county. We might expect a similar relationship between Mat-Su and Anchorage.

According to the decennial Census data (left-hand graphic in **Figure 12**), commuting flows increased dramatically in Mat-Su from 1970 to 2000, with outbound commuting significantly outpacing inbound. Such figures are typical of metropolitan development patterns, as urban residents migrate outward in search of more affordable housing options. Because the suburban employment opportunities are usually limited, many new residents will commute to higher paying jobs in the urban center. Indeed, according to the Alaska Department of Labor and Workforce Development (ADLWD), people who own a home in Mat-Su and work in Anchorage have the most affordable housing situation in the state.

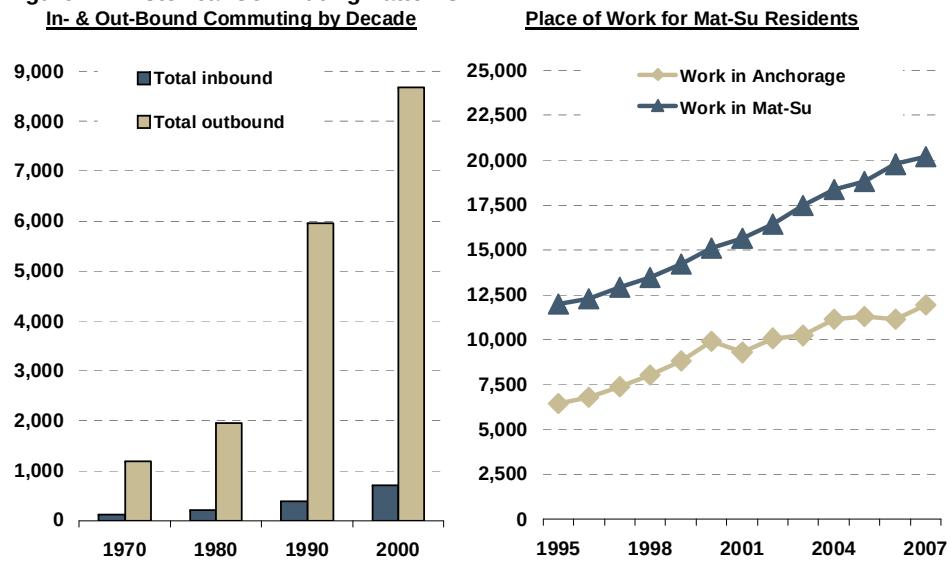
More recent place-of-work and place-of-residence data provided by the ADLWD indicate, however, that the rate of growth in the number of commuters from Mat-Su to Anchorage is slowing. For example, the increase in the number of Mat-Su residents working in Anchorage slowed from 37 percent between 1997 and 2002 to 18 percent between 2002 and 2007. At the same time, the number of local residents employed in Mat-Su continued to increase at a constant rate.

Figure 11: Annual Net Migration Inflow from Anchorage Borough to Mat-Su



SOURCE: *U.S. Internal Revenue Service (accessed via Moody's Analytics)*

Figure 12: Historical Commuting Patterns

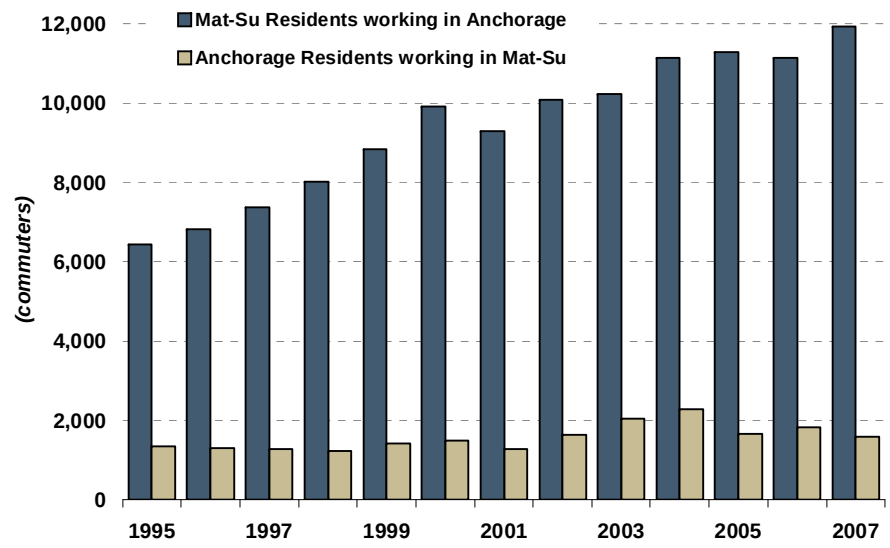


SOURCE: *U.S. Bureau of the Census; Alaska Department of Labor and Workforce Development, Research and Analysis*

These figures suggest the Valley is moving beyond its status as simply a bedroom community to Anchorage. Instead, it is evolving into a regional employment center in its own right, as more businesses move to the Valley to serve the growing population.

Figure 13 shows a breakdown of the commuting interchange between the Mat-Su Borough and Anchorage from 1995 to 2007 (the last date for which data are available). In 2007, the total number of commuters between the two boroughs totaled approximately 13,500 – an increase of 74 percent over 1995. Mat-Su residents working in Anchorage comprised the bulk (96 percent) of this increase. In fact, the number of Mat-Su residents working Anchorage almost doubled between 1995 and 2007. Over the same period, the number of Anchorage residents working in Mat-Su increased by 237.

Figure 13: Commuting Interchange between Mat-Su & Anchorage



SOURCE: *Alaska Department of Labor and Workforce Development, Research and Analysis*

Housing and Income

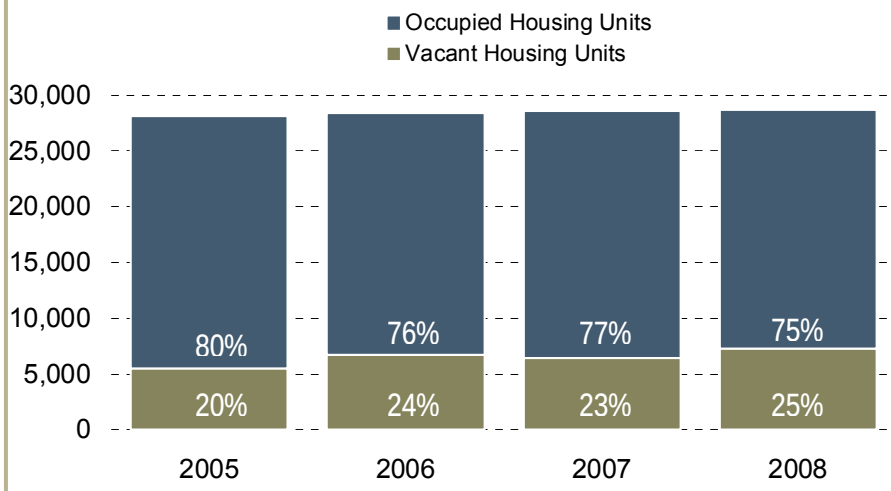
Figure 14 shows a significant number of housing units in the Mat-Su Borough are vacant. According to the U.S. Census Bureau's American Community Survey (ACS), one-quarter of housing structures in the borough in 2008 were vacant. In comparison, the Census Bureau estimates vacant housing rates of 7 percent for Anchorage and 12 percent for U.S. as a whole. Mat-Su's high percentage is typical for areas with high numbers of second homes or vacation homes. It also reinforces the growing importance of the visitor economy to Mat-Su.

In addition, the percentage of vacant housing units in the borough has been on the rise in recent years, increasing by 25 percent since 2005. The surge in residential development in the Valley earlier in the decade is a likely contributor, resulting in a substantial local inventory of $250,000-plus homes just as the national housing market crashed.

Residential building permits tracked nationwide by the U.S. Census Bureau can be a useful indicator of growth patterns. In a limited regulation environment like Alaska, however, official building permits may capture only a fraction of actual construction activity. This is especially true for Mat-Su, where building permits are not required outside of the three incorporated cities. As a consequence, the building permit data displayed in **Figure 15** only reflects new single-family and multi-family housing construction in areas accounting for about 18 percent of the borough's population.

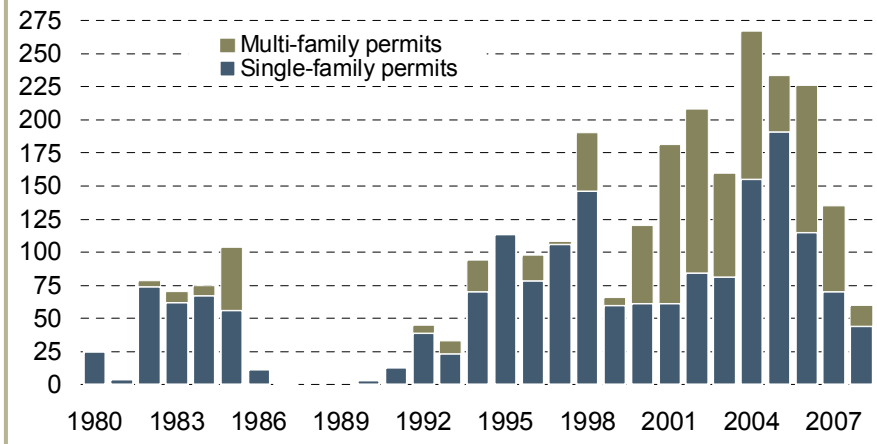
Nevertheless, these numbers provide a useful sample of construction activity, and the shape of the mid-2000s construction boom corresponds strongly to the recent peak in Mat-Su's population growth.

Figure 14: Occupied and Vacant Housing Units



SOURCE: *U.S. Bureau of the Census (American Community Survey)*

Figure 15: Housing Units Permitted Annually



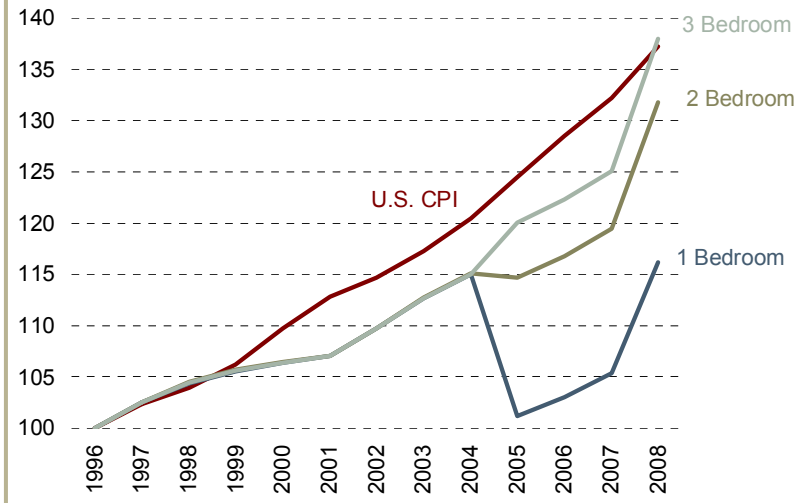
SOURCE: *U.S. Bureau of the Census (accessed via Moody's Analytics)*

The U.S. Department of Housing and Urban Development publishes annual data for "fair market rents" for all county-equivalent areas in the nation. An analysis of this data series over recent years (**Figure 16**) shows that residential rents in Mat-Su have increased at or below inflationary rates for more than a decade. This may be partially explained by the relatively affordable housing in the borough, which tends to curb demand for rental housing.

A simple indicator of housing affordability is to divide the median sales price of an existing single family home by the median household income for the same area. This crude indicator expresses how many years it would take a household to pay for a house if it contributed 100 percent of its income toward the sale price. The national rate has historically been just over 3 years, but the U.S. housing bubble of recent years sent this ratio up to an unprecedented peak of 4.5 (**Figure 17**).

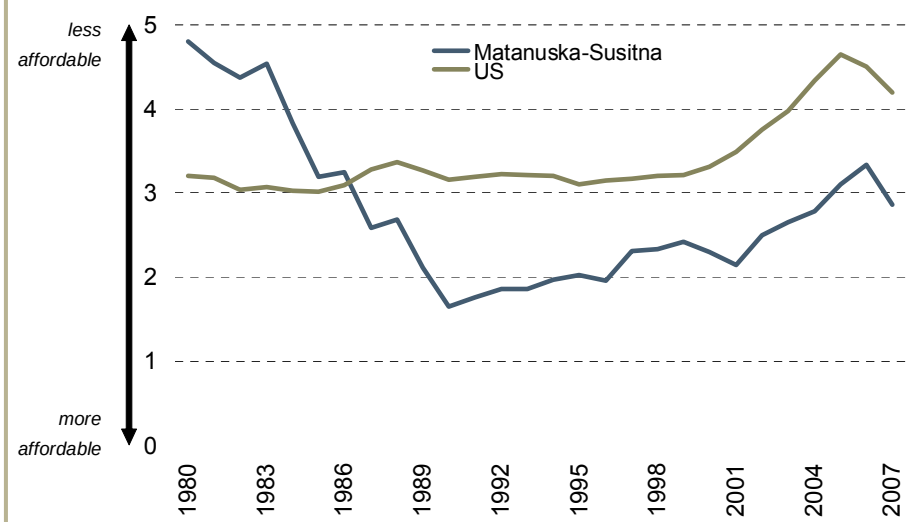
In Mat-Su, local housing was much less affordable at the beginning of the 1980s, but the collapse of oil prices contributed to making Mat-Su's housing more affordable than the national average. Indeed, Mat-Su's affordability index rate fell from a high of 4.8 in 1980 to a low of 1.7 in 1990. Since the mid-1980s and throughout the recent housing crisis, Mat-Su has maintained an affordability advantage over the national average. In 2007, the most recent year data is available, Mat-Su's rate stood at 2.9. compared to 4.2 for the U.S.

Figure 16: Rents* in Mat-Su Relative to the Consumer Price Index, 1996 = 100



*NOTE: *Rents in Matanuska-Susitna Borough are annual "fair market rents" as defined by the U.S. Department of Housing and Urban Development*
SOURCE: *U.S. Department of Housing and Urban Development (accessed via Moody's Analytics)*

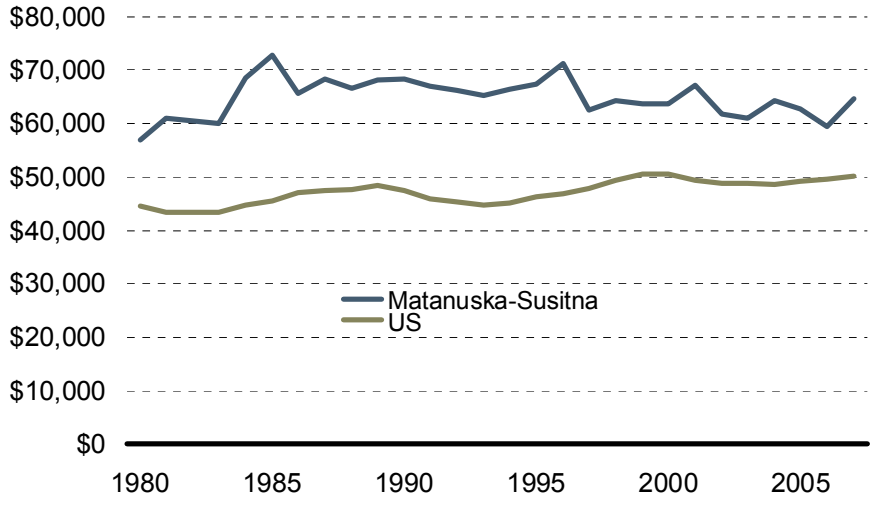
Figure 17: Housing Affordability* vs. the U.S. Average



*NOTE: *The housing affordability index shown here is defined as median single-family home price divided by median household income.*
SOURCE: *U.S. Bureau of the Census; National Association of Realtors; Moody's Analytics*

When adjusted for inflation, the median U.S. household has seen its income grow only marginally over the past quarter century. This is also the case for Mat-Su. Although local incomes have consistently exceeded the national average, they have remained stagnant for nearly three decades in inflation-adjusted terms (**Figure 18**).

Figure 18: Inflation-adjusted median household income



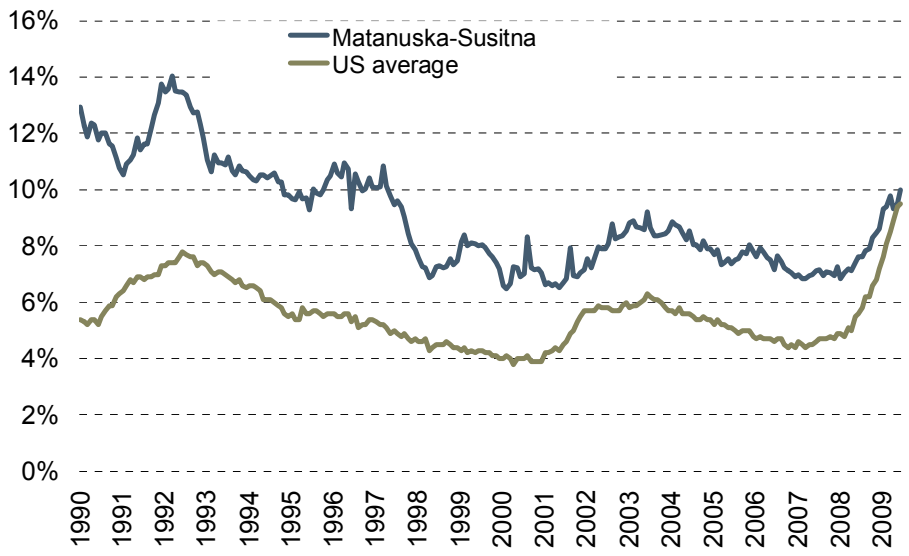
SOURCE: *U.S. Bureau of the Census; U.S. Bureau of Labor Statistics; Moody's Analytics*

Economy and Workforce

While Mat-Su Borough's unemployment rate has historically exceeded the national average, the gap between the local area and the nation has been slowly narrowing since 1990. **Figure 19** also shows that the state of the nation's economy affects the local labor market. In each of the last three recessions, Mat-Su's unemployment rate has risen. The current "Great Recession" has had an enormously negative impact on the nation's workforce, pushing the U.S. unemployment rate to approximately 10 percent. Currently, both Mat-Su and the U.S. have almost identical employment rates, a first for this data series.

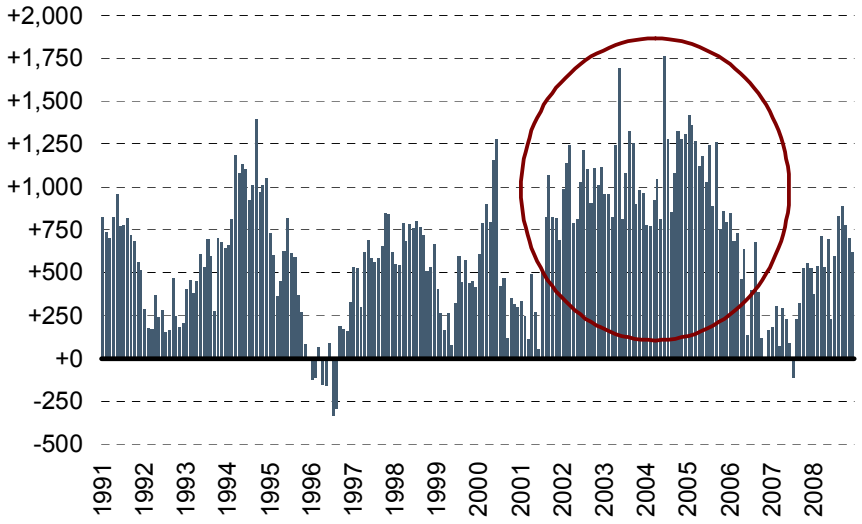
Figure 20 illustrates the net change in the number of jobs from the same month in the previous year for the Mat-Su Borough from 1991 through 2008. This chart reveals the boom in job growth in the Mat-Su Valley during the first half of the decade. This surge in job growth corresponds to a boom in residential construction between 2002 and 2005. As of December 2008, the borough was still enjoying year-over-the-year job gains in spite of the national recession. In fact, between December 2007 and December 2008, total employment in Mat-Su increased by 4 percent.

Figure 19: Unemployment



SOURCE: *U.S. Bureau of Labor Statistics (accessed via Moody's Analytics)*

Figure 20: Annualized net job change *(change over same month in previous year)*



SOURCE: *U.S. Bureau of Labor Statistics (accessed via Moody's Analytics)*

Mat-Su's employment by industry reflects what would be expected given trends cited previously in this analysis. Most fast-growing exurban areas often see elevated employment levels in industries that serve a growing population base (illustrated in **Figure 21**). For example, Mat-Su's high employment totals for construction and real estate indicate fast growth. In a less dynamic county, these job totals would be lower.

Abundant numbers of jobs in accommodation and food services, retail trade, and personal services are also indicative of suburban areas and may also underscore the growing importance of tourism to the borough.

Figure 21: Leading Industries

Industry	2007 Employment
Retail trade	4,647
Construction	3,508
Healthcare & social assistance	3,489
Accommodation & food services	2,496
Local government	2,461
Personal & other services	1,988
Real estate	1,969
Professional & technical services	1,531
Transportation & warehousing	1,237
State government	1,007
Arts, entertainment, & recreation	848
Information	789
Finance & insurance	720
Educational services	658
Federal government (military)	589
Forestry & fishing	564
Manufacturing	537
Farms & agriculture	494
Federal government (civilian)	200
Oil, gas, & mining	157
Miscellaneous industries*	934
Total	**30,823**

*NOTE: *Small industries with data suppressed by the BEA (e.g., administrative services, utilities, wholesale trade, and corporate headquarters) have been rolled into a miscellaneous category*
SOURCE: *U.S. Bureau of Economic Analysis (accessed via Moody's Analytics)*

Recent job growth patterns shown in **Figure 22** reinforce what is already known about the Mat-Su economy. Most jobs were added in industries that support a rising population (real estate, retail trade, healthcare, construction). However, job growth in real estate and retail has likely slowed in recent years due to declines in housing and construction as well as tighter credit.

Industries that one might expect to be dynamic in Alaska have added few jobs in recent years, at least in Mat-Su. These include extractive industries (oil and gas, forestry and fishing), including their associated processing activities which are typically classified under manufacturing (e.g., fisheries, lumber mills, refineries). Slow job growth in natural resource dependent industries is not surprising, given the limited opportunities for mineral and timber production in Mat-Su compared to other parts of the state.

Figure 22: Net Job Growth by Industry

Industry	2004-2007 Net Chg.
Real estate	+818
Retail trade	+422
Healthcare & social assistance	+362
Accommodation & food services	+333
Transportation & warehousing	+308
Construction	+187
Local government	+185
Information	+173
Professional & technical services	+153
Educational services	+142
Arts, entertainment, & recreation	+116
Personal & other services	+99
Federal government (military)	+75
Finance & insurance	+56
Forestry & fishing	+47
State government	+33
Oil, gas, & mining	+13
Federal government (civilian)	+7
Farms & agriculture	+4
Manufacturing	-5
Miscellaneous industries*	-21
Total	**+3,507**

*NOTE: *Small industries with data suppressed by the BEA (e.g., administrative services, utilities, wholesale trade, and corporate headquarters) have been rolled into a miscellaneous category*
SOURCE: *U.S. Bureau of Economic Analysis (accessed via Moody's Analytics)*

Figure 23 compares U.S. retail sales per capita to the local average in Mat-Su. This assessment is typically useful in identifying possible underserved retail formats at the local level. The data here correspond to retail sales in 2008, a recession year, and should therefore be read with some caution. The current recession, for example, has driven motor vehicle sales far below normal levels, and the collapse of the U.S. housing market has pulled down national sales of associated big-ticket items such as appliances and furniture well below normal levels. There has also been an uptick in general merchandise sales per capita as the recession drives consumer spending away from specialty stores and toward mass discount chains.

Still, other local patterns are evident. Fast-growing suburban and exurban areas like Mat-Su tend to have growing families and drive relatively long distances to work. As a consequence, above-average local retail sales for gas stations and grocery stores are expected.

Mat-Su, however, lagged the U.S. average in many other categories, indicating local retail leakage to Anchorage for some higher end or specialty purchases. In some cases, the Valley may lack specialty stores in certain retail sectors, such as electronics/appliances and furniture/home furnishing stores. Local shoppers must either travel to Anchorage retailers or buy such goods in general merchandise stores, including Wal-Mart and Target.

As Mat-Su develops a larger critical mass of population, more diverse retail outlets should be attracted to the Valley. National retailers often require a threshold population (e.g., 100,000) before entering a new market. In addition, the recent strong openings of new stores in the Valley will only increase its visibility among national retailers.

Figure 23: Retail Sales Per Capita

U.S. average
above average
below average

NAICS	Description	Mat-Su	US
452	General merchandise stores	$3,044	$6,801
444	Building material & garden equipmen	$855	$2,893
441	Motor vehicle & parts dealers	$2,069	$2,592
454	Nonstore retailers	$853	$2,532
447	Gasoline stations	$2,615	$1,942
445	Food & beverage stores	$2,292	$1,820
722	Restaurants & bars	$843	$1,521
443	Electronics & appliance stores	$41	$1,055
448	Clothing & clothing accessories store	$383	$458
446	Health & personal care stores	$163	$417
451	Sporting goods; hobby; book; & musi	$129	$403
453	Miscellaneous store retailers	$391	$197
442	Furniture & home furnishings stores	$90	$134

NOTE: *Bubbles show the relative size of retail sales per capita*
SOURCE: *U.S. Census Bureau, Monthly Advanced Retail Trade Survey; Moody's Analytics*

Mat-Su's educational attainment profile is notable as seen in **Figure 24**. The share of the borough's adult population lacking high school equivalency is below the national average. In addition, the percent with a four-year degree is also below the national level.

This means that most Mat-Su residents fall in between these two educational bookends. In other words, they finished high school but never got as far in college as a four-year degree. Two-thirds (66 percent) of Mat-Su's adult population fits this profile, compared to 57 percent nationwide.

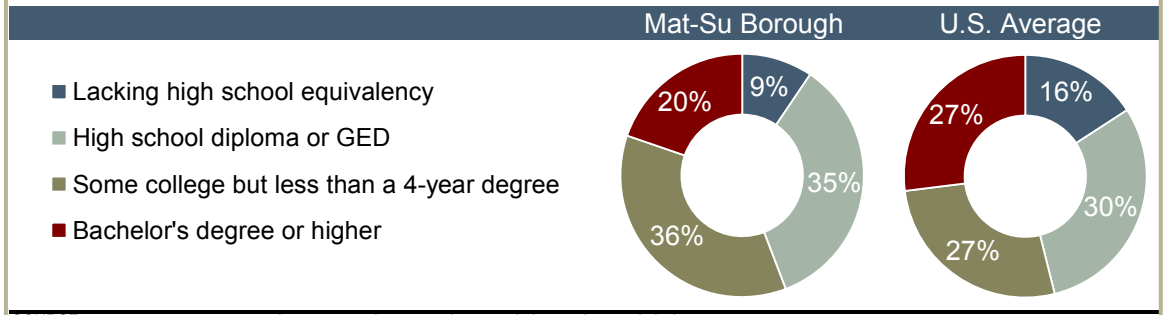
Mat-Su's higher percentage of middle-educated adults offers employers a solid workforce well-suited for moderately skilled jobs, both blue- and white-collar. By comparison, some locations in the lower 48 states have workforces that skew toward the highly educated or lower educated categories, but lack a critical base of middle-skill workers.

Of note, Mat-Su College is presently a two-year institution and is beginning to offer four-year courses. Additional four-year degree opportunities would support efforts to develop higher skill and higher wage employment opportunities in the borough.

Figure 24: Educational Attainment (2005-2007 average)

	Mat-Su Borough	U.S. Average
Lacking high school equivalency	9.3%	16.0%
High school diploma or GED	34.8%	30.0%
Some college but less than a 4-year degree	36.2%	27.0%
Bachelor's degree or higher	19.6%	27.0%
Total	**100.0%**	**100.0%**

SOURCE: *U.S. Census Bureau, American Community Survey (accessed via Moody's Analytics)*



SOURCE: *U.S. Census Bureau, American Community Survey (accessed via Moody's Analytics)*

ASSESSMENT OF LOCAL ECONOMY AND ECONOMIC DATA

Methodology & Background

The purpose for the Economic Assessment is to determine the underlying structure of Mat-Su Borough's economy and labor market. Included within this assessment are discussions of potential strengths and challenges facing the borough economy. Given the Valley's increasing integration with Anchorage's economy — as evidenced through its addition to the Anchorage Metropolitan Statistical Area (MSA) by the U.S. Office of Management and Budget in 2003 — TIP conducted much of this assessment from a regional perspective. Economic and labor market data specific to Mat-Su were also included within this assessment to provide a more detailed focus on local conditions.

The assessment provides a detailed analysis of historical, present, and projected employment trends, as well as a snapshot of local and regional economic specialization. To better understand the borough's economic challenges and opportunities, TIP also assessed the region's labor market conditions through analyses of occupations, skills, and earnings.

This assessment was performed using *Strategic Advantage*, a suite of web-based analysis tools created by Economic Modeling Specialists Inc. (EMSI). EMSI integrates economic, labor market, demographic, and education from over 80 government and private-sector sources, creating a database that is comprehensive, accurate, and timely.

Except as otherwise noted, figures represent "complete" employment, rather than the "covered" employment typically produced by state and federal workforce agencies. Unlike covered employment, which includes only those industries covered by unemployment insurance, complete employment includes estimates of all industries.

Economic Assessment Indicators

- National & Regional Employment Distribution Comparison
- Regional Employment Projections
- Regional Location Quotients by Industry
- Local Location Quotients by Industry
- Regional Occupational Distribution
- Regional Occupational Demand
- Regional Location Quotients by Occupation
- Local Location Quotients by Occupation
- National & Regional Wage Comparison by Occupation
- Regional Occupational Projections & Training Needs
- National Skills & Earnings
- Regional Skills & Earnings
- Household Income Comparison
- Regional Occupational Projections & Earnings

Employment Distribution

Figure 25 presents the distribution of jobs by industry sector in Mat-Su, the larger Anchorage/Mat-Su region, and the U.S. average. While local, regional, and national distributions are structured similarly as a whole, some notable differences exist:

1) The share of employment in the retail trade, construction, and real estate sectors is higher in Mat-Su than either the larger region or the U.S.

2) The manufacturing sector comprises a small share of total employment in Mat-Su (1.5 percent) and the region (1.3 percent) compared to the national average of 7.5 percent.

3) The share of Anchorage/Mat-Su jobs in transportation and warehousing is double the national average (6.3 percent regionally vs. 3.6 percent nationwide).

4) The percentage of professional & technical jobs in Mat-Su trails both the larger region and the U.S.

Figure 25: Distribution of Jobs by Major Industry Sector: Mat-Su Borough vs Anchorage/Mat-Su Region vs U.S. Average

Sector	U.S. Average	Anchorage & Mat-Su	Mat-Su Borough
Health care & social assistance	10.8%	11.6%	11.3%
Retail trade	10.4%	11.2%	16.3%
Local government (including public schools)	8.2%	5.9%	8.5%
Manufacturing	7.5%	1.3%	1.5%
Accommodation & food services	6.9%	7.0%	7.4%
Professional & technical services	6.9%	7.3%	5.1%
Construction	5.9%	6.0%	10.1%
Administrative services	5.8%	4.4%	3.3%
Personal & other services	5.2%	4.8%	5.6%
Finance & insurance	4.7%	3.3%	2.3%
Real estate	4.4%	4.7%	5.4%
Wholesale trade	3.7%	2.1%	0.7%
Transportation & warehousing	3.6%	6.3%	4.0%
State government	3.0%	5.0%	3.6%
Private educational services	2.3%	1.4%	2.2%
Agriculture, forestry, fishing & hunting	2.2%	0.9%	3.6%
Arts, entertainment, & recreation	2.1%	2.1%	3.0%
Information	2.0%	2.5%	2.6%
Federal government (civilian)	1.2%	3.9%	0.4%
Federal government (military)	1.2%	6.2%	2.0%
Corporate headquarters & regional offices	1.1%	0.4%	0.1%
Oil, gas, & mining	0.6%	1.4%	0.5%
Utilities	0.3%	0.3%	0.4%

SOURCE: *EMSI Complete Employment - 2nd Quarter 2009 v. 2; TIP Strategies, Inc.*

Regional Employment Projections

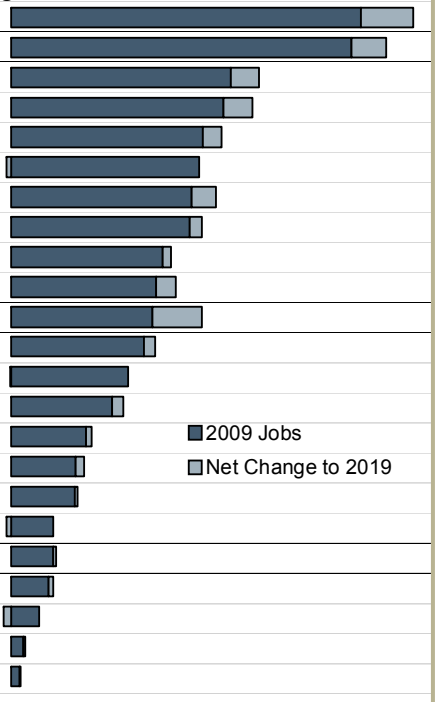
Employment projections provided by EMSI indicate that healthcare — presently the largest sector in the two-borough region — will also be its biggest job gainer over the next 10 years. Between 2009 and 2019, this industry is expected to add an average of nearly 400 new jobs per year.

Significant population growth and a recovering national economy would also bring expansion in the real estate sector, which EMSI estimates could add up to 3,600 jobs over 10 years. Other sectors which are projected to add 1,000 jobs or more over the decade include retail trade; accommodation and food service; professional and technical services; construction; personal services; and transportation and warehousing.

The region overall is set to gain nearly 23,000 jobs according to EMSI's analysis, a 10 percent increase over current employment level. This represents approximately 2,300 jobs annually over 10 years within the two-borough region. However, a prolonged economic national recession or a sluggish recovery would clearly hinder new job growth in the region.

Figure 26: Anchorage/Mat-Su Projected Job Growth by Major Industry Sector, 2009-2019

NAICS Sector	2009 Jobs	+ Net Change to 2019
Health care & social assistance	26,058	+3,929
Retail trade	25,343	+2,609
Professional & technical services	16,373	+2,100
Accommodation & food services	15,802	+2,156
Transportation & warehousing	14,297	+1,399
Federal government (military)	14,029	-356
Construction	13,474	+1,783
Local government	13,342	+875
State government	11,280	+666
Personal & other services	10,828	+1,420
Real estate	10,555	+3,656
Administrative services	9,887	+829
Federal government (civilian)	8,724	-83
Finance & insurance	7,543	+810
Information	5,563	+464
Arts, entertainment, & recreation	4,818	+617
Wholesale trade	4,733	+217
Oil, gas, & mining	3,168	-372
Private educational services	3,130	+192
Manufacturing	2,838	+339
Agriculture, forestry, fishing & hunting	2,073	-538
Corporate headquarters & regional offices	943	+139
Utilities	615	+95
Two-Borough Total	**225,413**	**+22,951**



SOURCE: *EMSI Complete Employment - 2nd Quarter 2009 v. 2; TIP Strategies, Inc.*

Regional Location Quotients by Industry

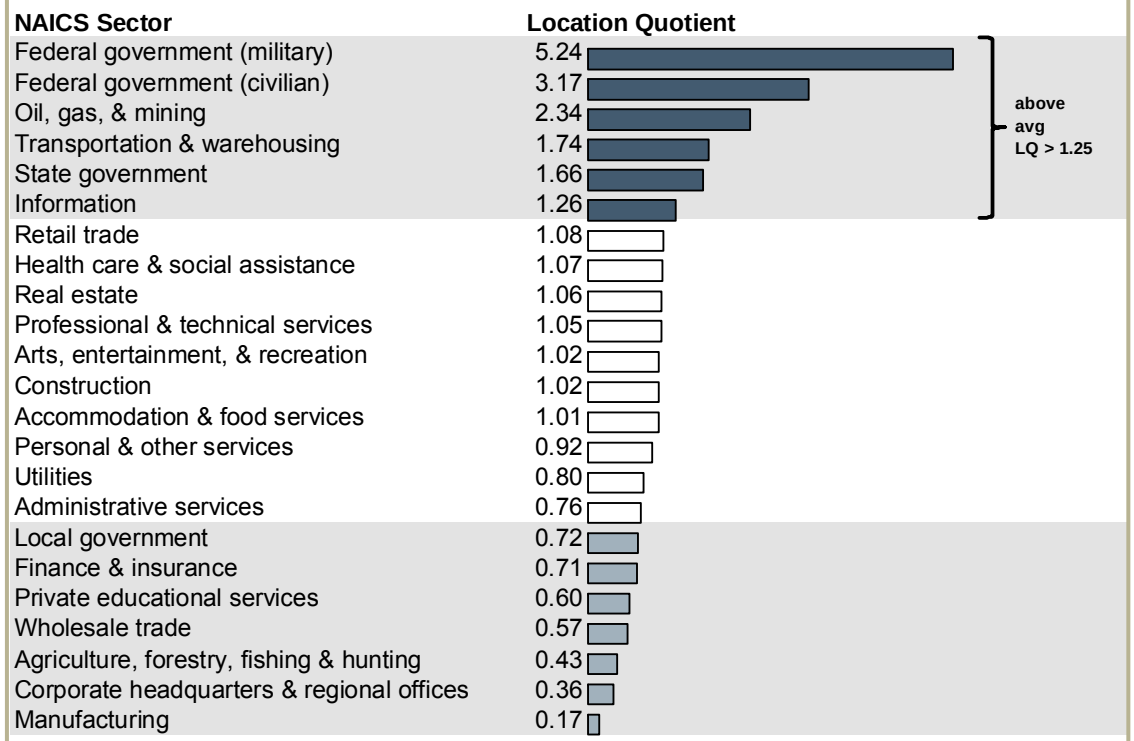
Location quotients (LQs) indicate strengths and weaknesses in the employment base relative to the U.S. overall. Theoretically, higher LQs imply specialization in a local economy and are often viewed by economists as export industries. In other words, the surplus goods and services produced by high LQ sectors are greater than the capacity for consumption at the local economy; therefore, they are assumed to be exported outside the region.

Notably, three of the six sectors with high LQs in the two-borough region represent government-supported employment: federal government (military): 5.24; federal government (civilian): 3.17; and state government: 1.66. This means that the local region employs more than three times as many civilian federal employees than would be expected, given national averages.

The three private sector industries with high LQs include are: oil, gas, and mining (2.34); transportation and warehousing (1.74); and information (1.26). These industries with high LQs include activities related to energy, air cargo, and telecommunications services. Regional economic development opportunities might be uncovered due to Anchorage/Mat-Su's apparent competitive advantage in these sectors.

The region's below-average LQs include relatively high-paying sectors such as manufacturing, corporate headquarters, wholesale trade, and finance/insurance. Just as high LQ industries are considered export sectors for the region, low LQ industries are often import sectors for a region (i.e., local demand must be met by importing goods and services). Economic development strategies focused toward filling in these gaps should be considered to "round out" the regional economy.

Figure 27: Anchorage/Mat-Su Job Concentration by Major Industry Sector, 2009



SOURCE: *EMSI Complete Employment - 2nd Quarter 2009 v. 2; TIP Strategies, Inc.*

UNDERSTANDING LQs

A location quotient (LQ) is calculated as a local industry's share of total local employment divided by the same industry's share of employment at the national level:

$$LQ = \frac{\text{Local jobs in industry / Total local jobs}}{\text{U.S. jobs in industry / Total U.S. jobs}}$$

If the local industry and national industry are perfectly proportional, the LQ will be 1.00. If an industry is heavily concentrated at the local level (e.g., automotive industry in Detroit, technology in Silicon Valley, gambling in Las Vegas), then the location quotient will be higher than 1.00. Conversely, if the industry is sparsely concentrated at the local level (e.g., farming in New York City, convention tourism in North Dakota), the LQ will be lower than 1.00.

Mat-Su Location Quotients by Industry

Six sectors in the Mat-Su Borough register higher than average location quotients. Of these, two are generally associated with fast-growth suburbanizing areas: construction (1.73) and retail trade (1.57).

The high concentration of military jobs is related to the Mat-Su's proximity to Elmendorf Air Force Base and Fort Richardson. Other industries with high LQs include activities related to telecommunications, recreation (fishing and hunting), and the arts.

The borough's below-average LQs include relatively high-paying “white collar” sectors such as corporate headquarters; professional and technical services; and finance and insurance. In many cases, suburban areas will lag the core urban city in the attraction of these jobs, which are typically present in larger metropolitan regions. However, despite its position as the business and commercial center for the state, Anchorage does not itself possess strong employment concentrations in corporate headquarters or finance and insurance. This further explains Mat-Su’s relatively weak LQs in these sectors.

For the past several years, healthcare and business and professional services (inclusive of these individual industries) have led the nation’s employment growth. The fact that the region has a relatively low concentration of jobs in these sectors may explain its overall slow employment growth since 2000.

An economic development strategy for targeting investment in these industries (healthcare and business and professional services) will require close collaboration and cooperation among entities throughout the region.

Figure 28: Mat-Su Borough Job Concentration by Major Industry Sector, 2009

NAICS Sector	Location Quotient
Construction	1.73
Agriculture, forestry, fishing & hunting	1.65
Federal government (military)	1.65
Retail trade	1.57
Arts, entertainment, & recreation	1.45
Information	1.31
Real estate	1.23
State government	1.21
Utilities	1.20
Transportation & warehousing	1.09
Accommodation & food services	1.08
Personal & other services	1.08
Health care & social assistance	1.05
Local government	1.04
Private educational services	0.96
Oil, gas, & mining	0.81
Professional & technical services	0.74
Administrative services	0.56
Finance & insurance	0.49
Federal government (civilian)	0.35
Manufacturing	0.20
Wholesale trade	0.19
Corporate headquarters & regional offices	0.11

above avg LQ > 1.25

SOURCE: *EMSI Complete Employment - 2nd Quarter 2009 v. 2; TIP Strategies, Inc.*

Occupational Distribution

Figure 29 displays a comparison of the distribution of jobs by occupational group between the Mat-Su Borough, the Anchorage/Mat-Su region, and the U.S. as a whole. In contrast to looking at jobs by industry, analyzing jobs by occupation offers a better understanding what work functions individuals — regardless of industry — are actually performing. For example, a person working in a management occupation could also be working in a manufacturing industry.

Figure 29: Distribution of Jobs by Occupational Group: Mat-Su Borough vs Anchorage/Mat-Su Region vs U.S. Average

Occupational Group	U.S. Average	Anchorage & Mat-Su	Mat-Su Borough
Office & administrative support	14.4%	13.7%	11.1%
Sales	12.9%	11.7%	15.4%
Management	7.5%	8.3%	9.6%
Food preparation & serving	6.7%	5.8%	5.6%
Transportation & material moving	5.9%	6.3%	5.5%
Education, training, & library	5.7%	5.1%	6.3%
Production	5.7%	1.9%	2.1%
Construction & extraction	5.0%	5.4%	7.9%
Business & financial	4.9%	4.2%	3.2%
Healthcare (practitioners & technical)	4.5%	4.4%	3.7%
Property maintenance	4.0%	3.7%	4.3%
Personal care & service	3.5%	4.1%	5.0%
Installation, maintenance, & repair	3.5%	4.1%	4.2%
Arts, design, & media	2.7%	2.4%	2.9%
Healthcare (support)	2.4%	2.0%	1.9%
Computer & mathematical science	2.2%	1.5%	1.1%
Protective service	1.9%	2.1%	1.9%
Architecture & engineering	1.6%	2.4%	1.1%
Community & social services	1.5%	1.7%	1.6%
Military	1.2%	6.2%	2.0%
Life, physical, & social science	1.0%	1.6%	1.0%
Legal	0.8%	0.9%	0.5%
Farming, fishing, & forestry	0.7%	0.7%	2.1%

SOURCE: *EMSI Complete Employment - 2nd Quarter 2009 v. 2; TIP Strategies, Inc.*

Employment by occupational group in Mat-Su and the two-borough region differs from the U.S. in three key areas:

1) Mat-Su has large percentages of workers engaged in sales and construction occupations, reflecting the related importance of residential and retail growth in the Valley.

2) The small size of the manufacturing sector in the area means there is a relatively small group of trained workers in the region with production-related skills and experience (1.9 percent for the two-borough region and 2.1 percent in Mat-Su).

3) The broad presence of the U.S. military in the two-borough region significantly alters the occupational and skills composition of the overall workforce. For example, 6.2 percent of Anchorage/Mat-Su workers are employed in military-related occupations, compared to 1.2 nationally. Of course, the training of military personnel provides them with a broad set of skills that are transferable across several categories. If the region were able to retain soldiers upon completion of their military commitments, it could provide the region with a unique class of broadly skilled workers to area employers.

Regional Occupational Demand

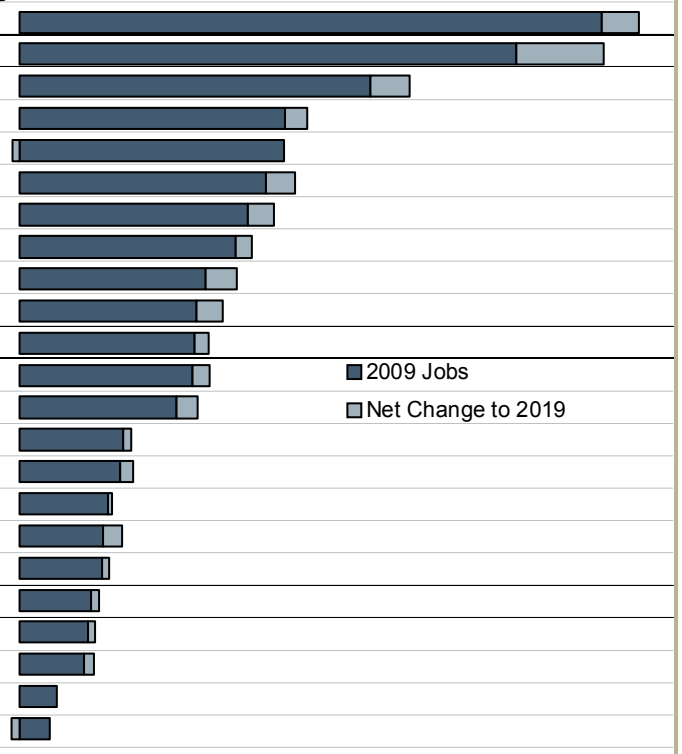
Figure 30 displays the current number of jobs by occupation as well as the anticipated net change over the next 10 years, according to projections supplied by EMSI. These data provide a greater understanding of the potential demand for various skill sets over the coming decade.

During this timeframe, the two-borough region is anticipated to see a net change of approximately 4,600 sales-related jobs, more than any other occupational group. Other occupations projected to add more than 1,500 jobs include: management; office and administrative support; healthcare (practitioners and technical); and food preparation and serving. A net of only about 400 production occupations — typically manufacturing-related — are expected to be added in the regional economy by 2019.

Only two occupational categories are projected by EMSI to lose jobs: farming, fishing, & forestry and military.

Figure 30: Anchorage/Mat-Su Projected Job Growth by Occupational Group, 2009-2019

Occupational Group	2009 Jobs	+ Net Change to 2019
Office & administrative support	30,910	+1,990
Sales	26,359	+4,645
Management	18,612	+2,098
Transportation & material moving	14,097	+1,167
Military	14,029	-356
Food preparation & serving	13,071	+1,565
Construction & extraction	12,104	+1,424
Education, training, & library	11,476	+881
Healthcare (practitioners & technical)	9,873	+1,667
Business & financial	9,390	+1,383
Personal care & service	9,268	+791
Installation, maintenance, & repair	9,208	+879
Property maintenance	8,313	+1,125
Arts, design, & media	5,496	+426
Architecture & engineering	5,358	+668
Protective service	4,689	+219
Healthcare (support)	4,429	+1,010
Production	4,362	+421
Community & social services	3,793	+428
Life, physical, & social science	3,608	+395
Computer & mathematical science	3,411	+567
Legal	1,971	+7
Farming, fishing, & forestry	1,584	-445
Two-Borough Total	**225,413**	**+22,951**



SOURCE: *EMSI Complete Employment - 2nd Quarter 2009 v. 2; TIP Strategies, Inc.*

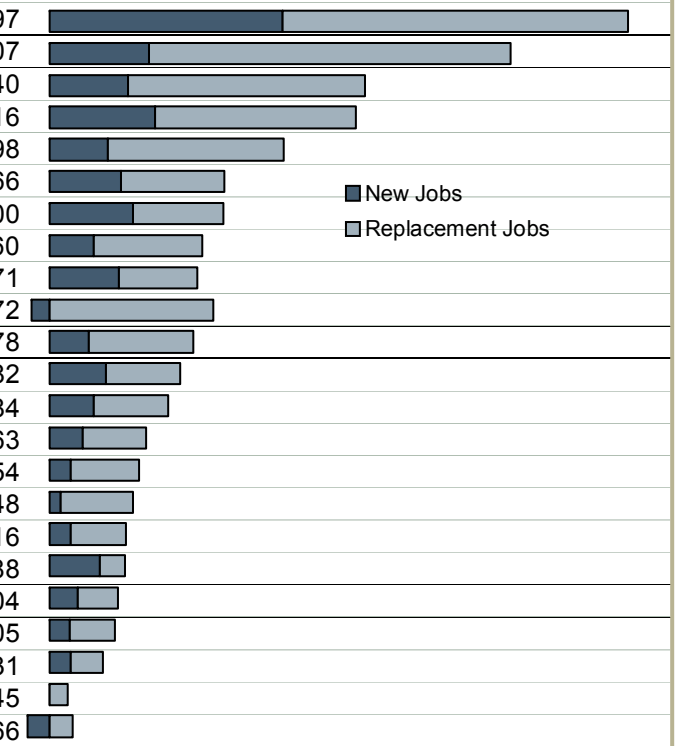
Occupational Demand (cont'd)

While the previous exhibit indicates the projected net change in jobs by occupation over the next decade, **Figure 31** below provides a better understanding of the total demand for workers by occupation. For example, while the net change in sales positions is expected to be an increase of 4,645 jobs by 2019, an additional 6,897 jobs (replacement jobs) will also be needed during this time period to make up for sales workers either retiring or changing careers. In other words, this last figure represents the total turnover — or churn — within this occupational category.

According to this analysis, healthcare-related and business and financial occupations are projected to have the lowest turnover rates over the next 10 years. Office and administrative support, food preparation, transportation and material moving, protective service, and legal occupations are expected to have the greatest degree of turnover within the region. Finding replacement workers for these occupations may present challenges for employers in the coming decade.

Figure 31: Anchorage/Mat-Su Projected New & Replacement Job Growth, 2009-2019

Occupational Group	New Jobs	+ Replacement Jobs
Sales	+4,645	+6,897
Office & administrative support	+1,990	+7,207
Food preparation & serving	+1,565	+4,740
Management	+2,098	+4,016
Transportation & material moving	+1,167	+3,498
Construction & extraction	+1,424	+2,066
Healthcare (practitioners & technical)	+1,667	+1,800
Education, training, & library	+881	+2,160
Business & financial	+1,383	+1,571
Military	-356	+3,272
Personal care & service	+791	+2,078
Property maintenance	+1,125	+1,482
Installation, maintenance, & repair	+879	+1,484
Architecture & engineering	+668	+1,263
Arts, design, & media	+426	+1,354
Protective service	+219	+1,448
Production	+421	+1,116
Healthcare (support)	+1,010	+488
Computer & mathematical science	+567	+804
Life, physical, & social science	+395	+905
Community & social services	+428	+631
Legal	+7	+345
Farming, fishing, & forestry	-445	+466
2-Borough Total	**+22,951**	**+51,090**



SOURCE: *EMSI Complete Employment - 2nd Quarter 2009 v. 2; TIP Strategies, Inc.*

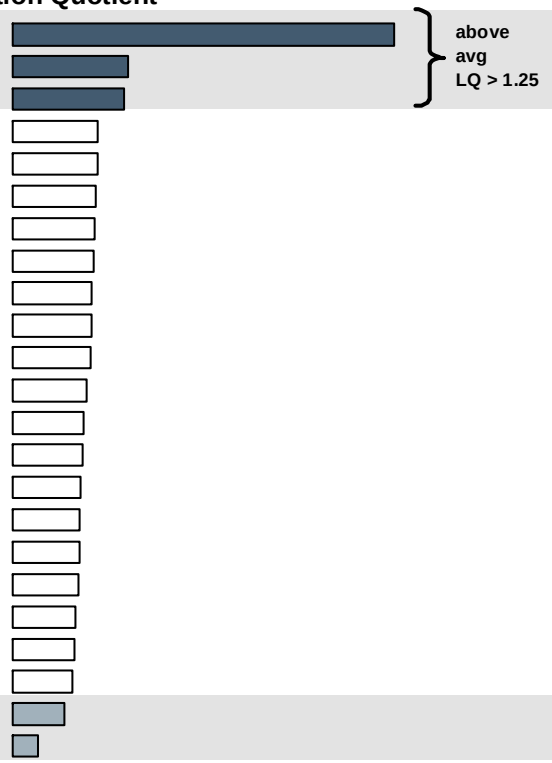
Regional Location Quotients by Occupation

Reinforcing the importance of the armed forces to the Anchorage/Mat-Su metropolitan area, the highest concentration of occupations in region is in military-related jobs. LQ analysis also indicates highly technical occupations in the sciences and architecture/engineering are more concentrated in the two-borough area than the nation as whole. Interestingly, the two-borough region employs a relatively large number of scientists and engineers, yet it lags behind national workforce patterns in computer-related occupations.

Overall, the concentration of occupations within South Central Alaska is fairly balanced. Although healthcare support (0.81) business and financial (0.85) do not fall within the "low LQ" category, they may represent future workforce shortage challenges if regional employers needing these types of skills seek to expand.

Figure 32: Anchorage/Mat-Su Job Concentration by Occupational Group, 2009

Occupational Group	Location Quotient
Military	5.24
Life, physical, & social science	1.59
Architecture & engineering	1.53
Personal care & service	1.17
Installation, maintenance, & repair	1.16
Community & social services	1.13
Protective service	1.12
Management	1.10
Legal	1.07
Construction & extraction	1.07
Transportation & material moving	1.06
Farming, fishing, & forestry	1.01
Healthcare (practitioners & technical)	0.96
Office & administrative support	0.96
Property maintenance	0.93
Arts, design, & media	0.91
Sales	0.91
Education, training, & library	0.90
Food preparation & serving	0.86
Business & financial	0.85
Healthcare (support)	0.81
Computer & mathematical science	0.70
Production	0.34



SOURCE: *EMSI Complete Employment - 2nd Quarter 2009 v. 2; TIP Strategies, Inc.*

Mat-Su Location Quotients by Occupation

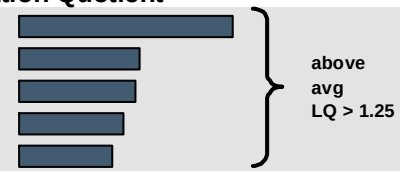
LQ analysis reveals that the Mat-Su Borough has a higher concentration of occupations in farming/fishing (2.93) and construction/extraction (1.59) than the nation. Military (1.59) and management (1.28) positions are also in abundance. These findings correspond with the structure of the local economy — one that is largely based on population growth, small business, proximity to major military installations, and the extraction of natural resources.

Conversely, the borough lags far behind the nation in a number of computer and mathematical (0.51), legal (0.65), business and financial (0.65), and architecture and engineering (0.69) occupations. These occupations are typically found in greater abundance in the core city of a metropolitan area. They also tend to pay higher than average wages and, therefore, are greatly sought after by economic development organizations. The greater Anchorage/Mat-Su region does not appear to have a shortage in any of these occupations except for one: computer and mathematical. This should be of concern to regional leaders, as research and innovation — one of the leading drivers of the nation's economy — is the typically the primary concern of these workers. If it continues to see a shortage in this occupational category, the region as a whole may see its overall competitive advantage slip.

The lowest occupational concentration in the Mat-Su Borough is represented by production workers (0.37), who typically work in manufacturing industries. In other words, the local area has 63 percent fewer production workers than would be expected in relation to national employment rates. Given the overall absence of manufacturing-related businesses in the borough, this low figure is not surprising.

Figure 33: Mat-Su Borough Job Concentration by Occupational Group, 2009

Occupational Group	Location Quotient
Farming, fishing, & forestry	2.93
Military	1.65
Construction & extraction	1.59
Personal care & service	1.43
Management	1.28
Sales	1.19
Installation, maintenance, & repair	1.18
Education, training, & library	1.11
Property maintenance	1.09
Arts, design, & media	1.08
Community & social services	1.06
Protective service	1.04
Life, physical, & social science	0.94
Transportation & material moving	0.94
Food preparation & serving	0.84
Healthcare (practitioners & technical)	0.82
Healthcare (support)	0.78
Office & administrative support	0.77
Architecture & engineering	0.69
Business & financial	0.65
Legal	0.65
Computer & mathematical science	0.51
Production	0.37



SOURCE: *EMSI Complete Employment - 2nd Quarter 2009 v. 2; TIP Strategies, Inc.*

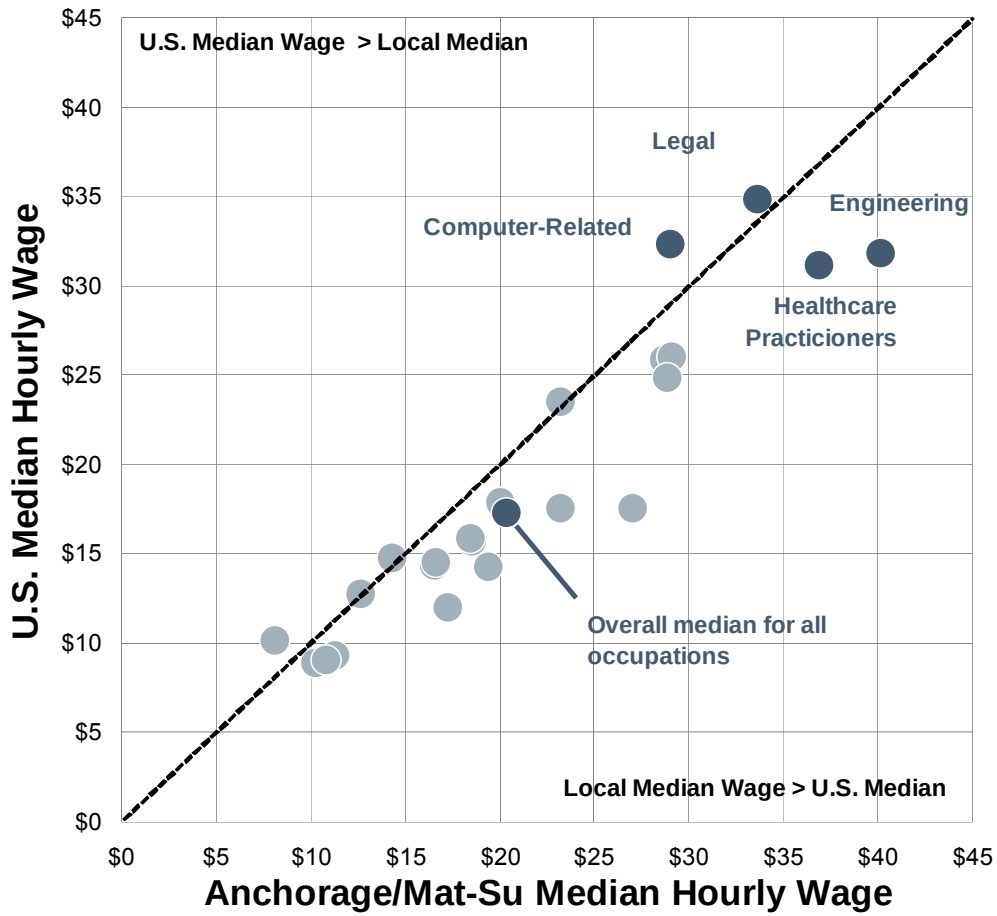
National & Regional Wage Comparison by Occupation

Figure 34 provides a comparison between the average wages paid at the national level versus those paid within the Anchorage/Mat-Su region. The plotted points to the right of the diagonal line represent occupations for which regional workers are paid higher wages than their national peers. For example, the overall median wage for all occupations within the two-borough region is $23.32 compared to a national median of $17.31.

Both nationally and regionally, the four highest paid categories are engineering, healthcare practitioners, legal, and computer-related occupations. Median wages for engineering and healthcare occupational groups are much higher within the local region than the nation as a whole. Wages for legal occupations nationally and regionally are comparable.

Notably, regional workers in computer-related occupations receive much lower wages than their national peers. A relatively small number of these occupations are present in the region (See **Figure 32**). This circumstance can be viewed in two ways: 1) low regional wages for these workers could be used to entice employers to tap into the local labor force or 2) local regional wages make Alaska an unattractive place to work for these highly skilled workers.

Figure 34: Regional Median Wages vs. the U.S. Median for 23 Occupational Groups



Occupational Projections and Training

Thirty-eight individual occupations are projected to add at least 150 new jobs over the next decade in the Anchorage/Mat-Su region. Of these, nine will require a bachelor's degree or higher. Most will be office-oriented professions, such as engineering, finance, and management.

Several occupations expected to be in high-demand, however, require low levels of training, including: retail salesperson, home healthcare aides, maids, and food preparation workers.

NOTE: This 2009 forecast comes at a low point in the national economy when the U.S. residential and commercial real estate sectors have been battered. Because EMSI's forecast is built on past growth trends, the outlook for the recovery of the real estate sector may be overly optimistic. Therefore, TIP advises particular caution in reading the forecast for real estate-related employment.

LEGEND: Minimum Training or Education

- First professional degree
- Doctoral degree
- Master's degree
- Degree plus work experience
- Bachelor's degree
- Associate's degree
- Postsecondary vocational award
- Work experience in a related field
- Long-term on-the-job training
- Moderate-term on-the-job training
- Short-term on-the-job training

Figure 35: Specific Occupations Forecast to Gain at Least 100 Jobs Between 2009 and 2019 in the Combined Two-Borough Region

SOC Occupation		Net Job Change	Training/Skill Level Low ⟷ High
41-2031	Retail salespersons	+1,474	
41-9022	Real estate sales agents	+1,098	
41-9021	Real estate brokers	+1,096	
39-9021	Personal and home care aides	+970	
29-1111	Registered nurses	+858	
37-2012	Maids and housekeeping cleaners	+658	
11-9141	Property, real estate, and community association managers	+652	
25-1099	Postsecondary teachers	+559	
35-3021	Combined food preparation and serving workers, including	+549	
43-4051	Customer service representatives	+511	
43-9061	Office clerks, general	+462	
31-1011	Home health aides	+429	
47-2061	Construction laborers	+372	
43-3031	Bookkeeping, accounting, and auditing clerks	+295	
43-6011	Executive secretaries and administrative assistants	+294	
47-2031	Carpenters	+289	
13-1199	Business operation specialists, all other	+285	
43-4171	Receptionists and information clerks	+266	
11-9199	Managers, all other	+251	
41-1011	First-line supervisors/managers of retail sales workers	+241	
35-3031	Waiters and waitresses	+233	
13-2021	Appraisers and assessors of real estate	+229	
31-1012	Nursing aides, orderlies, and attendants	+215	
31-9092	Medical assistants	+203	
41-3099	Sales representatives, services, all other	+200	
37-2019	Building cleaning workers, all other	+195	
53-3033	Truck drivers, light or delivery services	+190	
17-2051	Civil engineers	+188	
35-2021	Food preparation workers	+186	
47-2073	Operating engineers and other construction equipment ope	+182	
11-9021	Construction managers	+168	
53-7062	Laborers and freight, stock, and material movers, hand	+166	
13-2011	Accountants and auditors	+163	
53-2011	Airline pilots, copilots, and flight engineers	+161	
13-2052	Personal financial advisors	+160	
49-9042	Maintenance and repair workers, general	+160	
11-1011	Chief executives	+156	
53-3032	Truck drivers, heavy and tractor-trailer	+152	

SOURCE: *EMSI Complete Employment - 2nd Quarter 2009 v. 2; TIP Strategies, Inc.*

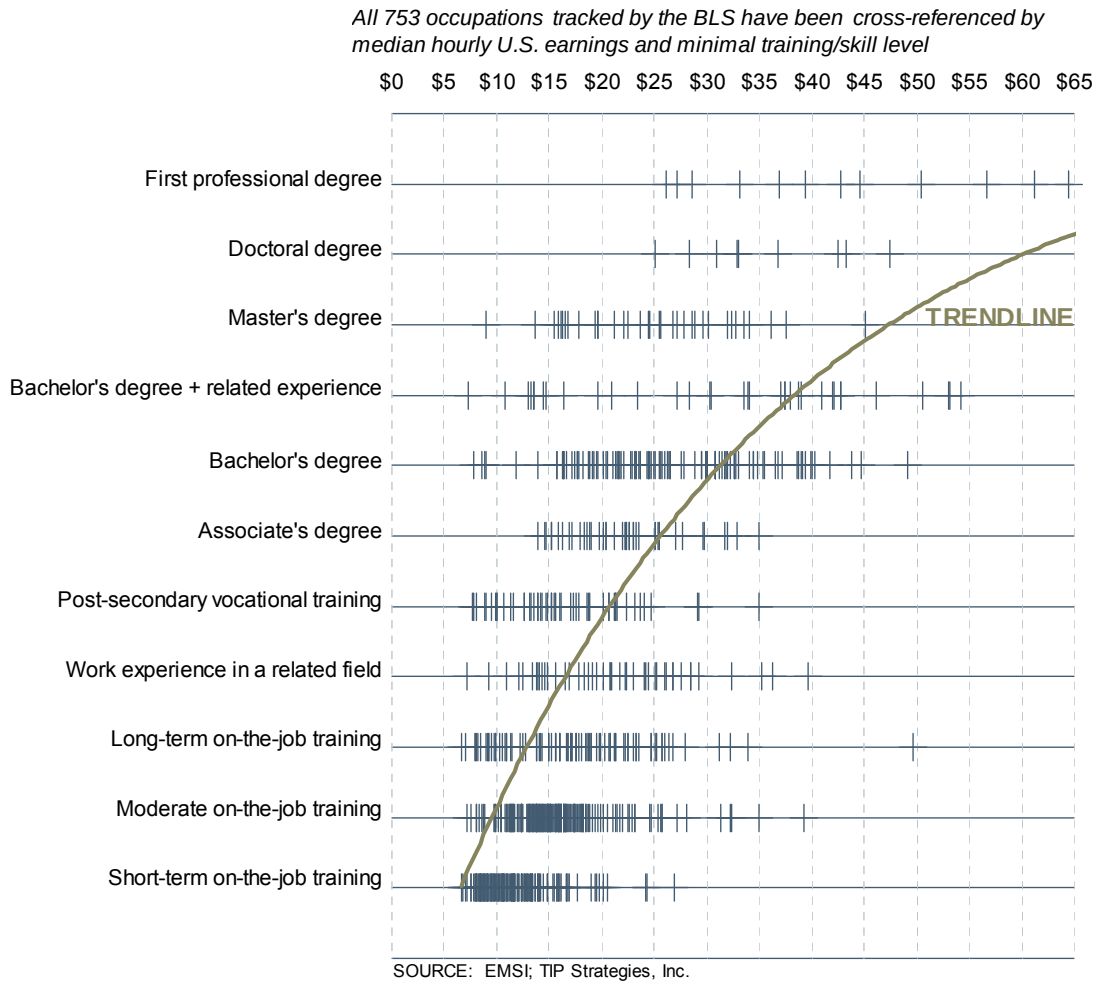
National Skills and Earnings

Generally, earnings rise as the level of training or education of a population increases. The U.S. Bureau of Labor Statistics defines, categorizes, and collects data for more than 750 standardized occupations. By plotting median earnings for each of these occupations against the minimal educational requirement for each, it is possible to show graphically just how strong this correlation is between education and earnings.

If leaders in the Mat-Su Borough wish to increase the earnings of area residents, it will be necessary to continue focusing on strengthening regional higher education and workforce development programs.

The expansion of higher education offerings presents the Mat-Su Valley with the greatest opportunity to raise local wages and attract higher quality jobs.

Figure 36: The Link Between Skills, Earnings, & the Educational Preparation across the U.S.



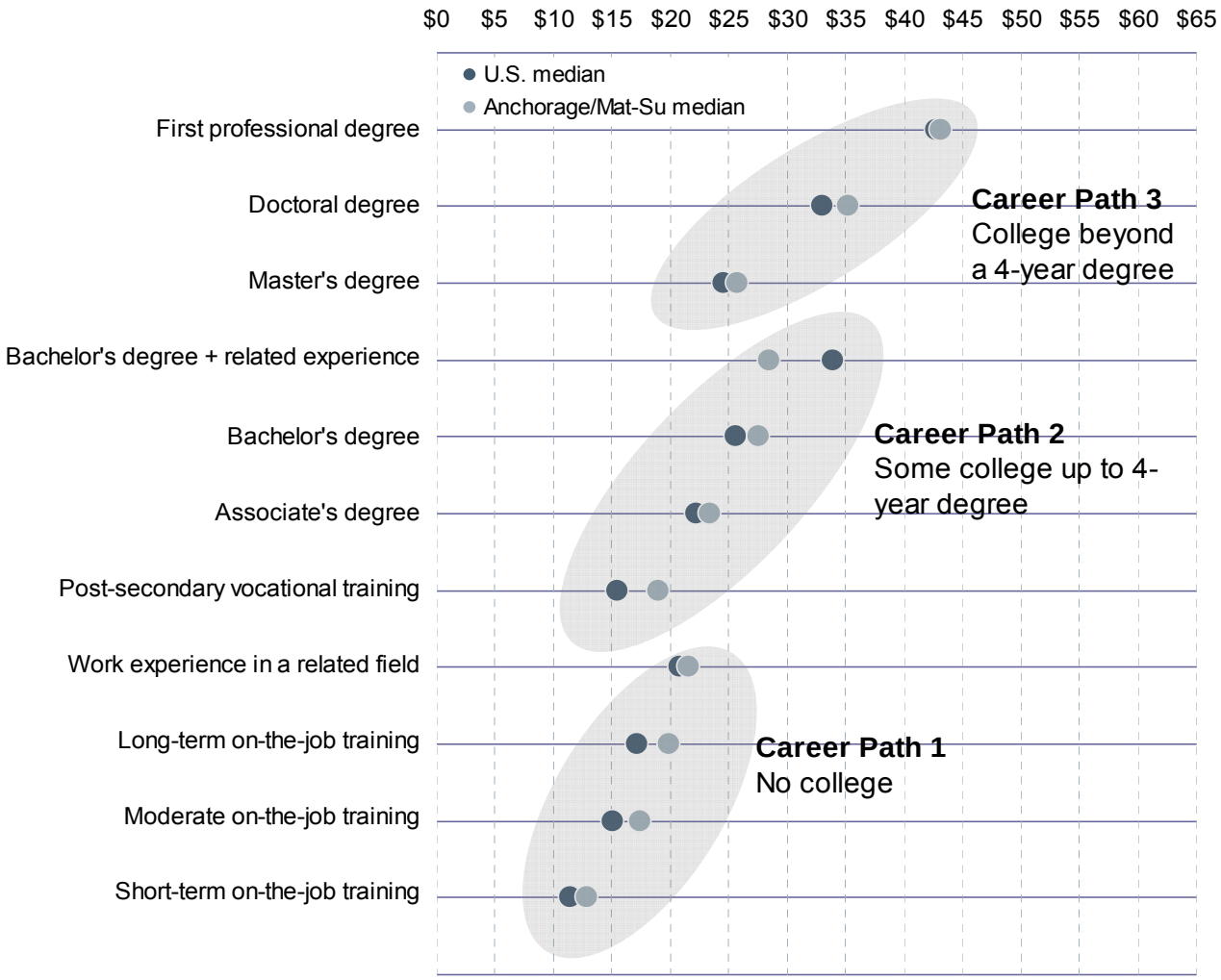
Regional Skills and Earnings

Figure 37 streamlines the statistical "noise" shown in the previous chart. Instead of showing the median pay for each individual occupation, this chart illustrates the median pay of all occupations at each training and educational level.

The graph shows the national median hourly pay as well as the local median for the two-borough region. The Anchorage/Mat-Su area matches or exceeds national pay levels in most categories, with the exception of jobs requiring a bachelor's degree plus related experience. In this one educational category, the Anchorage/Mat-Su area lags the national median by a moderate margin.

Figure 37: The Link between Skills, Earnings, & the Educational Preparation in the Anchorage/Mat-Su Region

Median hourly earnings by minimal training/skill level in the 2-borough region and in the U.S. overall



SOURCE: EMSI; TIP Strategies, Inc.

Household Income Comparison

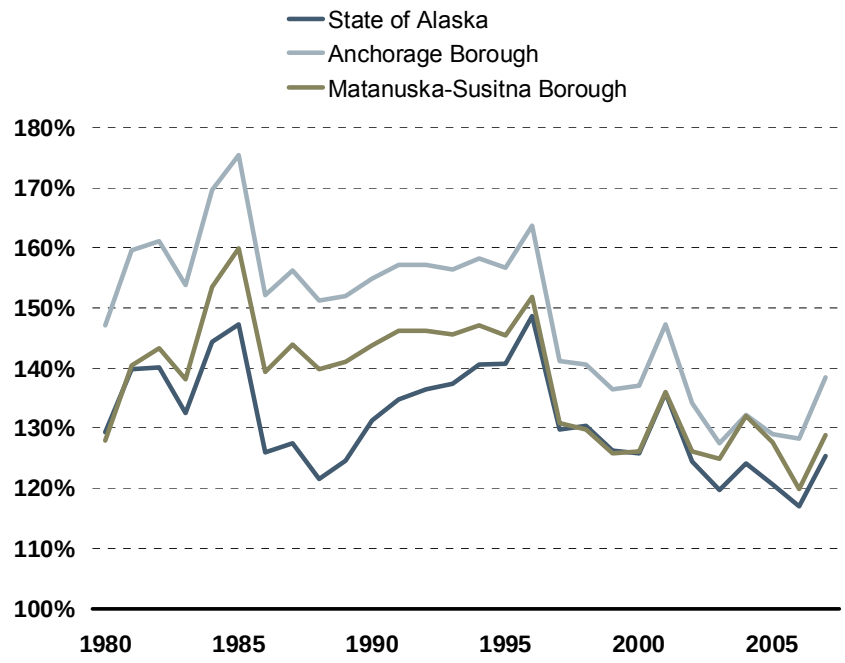
As with median wages, median household incomes in Alaska exceed the national level. In recent years, the statewide median, as well as the median household income in both Anchorage and Mat-Su Borough has held 20-40 percent above the national level.

Median incomes in the Anchorage area exceed the statewide level, but during the 1990s, this gap narrowed considerably as the two boroughs converged more with statewide income levels. The local lead over the rest of the state (and the nation) remains; however, it is narrower than in the past. This decline in relative income vis-à-vis the nation appears to coincide with the beginning of the boom in the tech sectors as productivity increases contributed substantially to the nation's wealth. This may indicate that the state and the regional economies failed to capitalize on this opportunity as it emerged.

More recently, households in the Mat-Su Borough, Anchorage, and the state experienced a sharp up-tick in their relative wealth compared to the nation as a whole. This jump in median household income came at the same time as the recent surge in oil prices. Even so, the state's income advantage remains far below what it had been as recently as 1995. [1]

While oil prices may rebound again when the national economy finally emerges from the recession, the long-term trend clearly points toward the need to discover other opportunities for wealth creation in Alaska.

Figure 38: Median Household Income Relative to the US (US = 100%)



SOURCE: *U.S. Census Bureau's Current Population Survey (CPS); Moody's Analytics*

[1] The most recent income figure in the figure is from 2007. Therefore, it does not take into account the plummeting international oil prices as a result of the current recession.

Input-Output Analysis

Figures 39 and 40 display the results of an input-output (I/O) analysis on selected industries in Mat-Su Borough. Both tables list the sectors which would cause the greatest impact on the borough's economy as the result of a theoretical increase in 100 jobs or $100 in new earnings. The first table is sorted by the total number of new jobs that would be created, while the second ranks the amount in new earnings gained throughout the economy. The cumulative impact for these changes is measured through the industry's *multiplier* on the local economy.

According to I/O analysis, a 100-job increase in the natural gas pipeline industry would stimulate the creation of an additional 273 jobs throughout the borough's economy. This additional increase is calculated through the industry's local job multiplier of 3.73 (See Figure 39 on the following page). Other industries with very high multipliers include: deep sea freight transportation; federal (civilian) government; construction, sand and gravel mining; and state government. Overall, this grid is dominated by niche sectors from the construction, manufacturing, transportation, and healthcare industries.

Notably, the sectors with high multipliers in Mat-Su tend to also already have a strong presence within the regional economy and, therefore, have durable linkages with other existing industries. Consequently, the results of I/O analysis will typically favor pre-existing driver industries.

While Figure 39 is sorted by job creation, the industry rankings in Figure 40 reflect economy-wide gains in earnings. For example, NAICS 531210 Real Estate Offices offers Mat-Su with its highest earnings multiplier (2.28). In other words, a $100 gain in earnings in this industry would theoretically result in $128 in additional earnings throughout the local economy. This is, by far, the highest earnings multiplier among all industries present in the borough. Crop and animal production also registers a very high earnings multiplier, relative to other sectors in Mat-Su. Much like the previous table, Figure 40 is dominated primarily by industries representing manufacturing, construction, agriculture, transportation, and healthcare.

UNDERSTANDING INPUT-OUTPUT

Input-output analysis depicts how one part of an economy is affected by change in another part. Specifically, it shows how different industries are linked together through supplying *inputs* for the *output* of the economy. In other words, how the output of one industry is an input to another. The model uses a matrix representation of a region's economy to predict the effect of changes in one industry on others. For example, an increase in automotive assembly jobs in a region may also lead to an increase in automotive engine and parts manufacturing jobs in the same region. Likewise, an increase in employment and/or wages in a sector would probably lead to an increase in retail jobs within an area as a result of increased expenditures.

While the utility of I/O analysis in assisting local leaders to choose target industries is somewhat constrained due to its inherent bias toward existing sectors, this analytical too provides a straightforward methodology for measuring the hypothetical impacts of potential new investments. Moreover, I/O analysis is most useful when viewed through a prism filtering both employment and earnings impacts.

Given the results of both Figures 39 and 40, it is clear that growth in the manufacturing, construction, agriculture, transportation, and healthcare sectors would likely have the greatest overall positive impacts on Mat-Su Borough's economy as a whole.

Figure 39: Selected Economic Impacts in Mat-Su - Sorted by Jobs

The theoretical benefits of 100 new jobs or $100 in new earnings in selected industries

Sorted by job multiplier

			Jobs		Earnings	
Sector	NAICS	Industry	Job Multiplier	Total additional jobs gained economywide for every 100 new jobs in this sector	Earnings Multiplier	Total additional earnings economywide for every additional $100 earned in this sector
Transportation & warehousing	486210	Natural gas pipeline	3.73	273	1.57	$57
Transportation & warehousing	483111	Deep sea freight transportation	3.48	248	1.44	$44
Government	911	Federal (civilian)	2.22	122	1.40	$40
Oil, gas, & mining	212321	Construction, sand, & gravel mining	2.09	109	1.55	$55
Government	92	State	2.03	103	1.57	$57
Healthcare	622110	General medical & surgical centers	1.99	99	1.39	$39
Agriculture, forestry, fishing & hunting	11A	Crop & animal production	1.94	94	1.92	$92
Professional & technical services	5413	Architectural & engineering	1.84	84	1.43	$43
Transportation & warehousing	4883	Support activities for water transport	1.82	82	1.33	$33
Retail	443	Electronics & appliances	1.81	81	1.46	$46
Construction	237	Heavy & civil engineering construction	1.79	79	1.41	$41
Construction	236	Construction of buildings	1.73	73	1.42	$42
Transportation & warehousing	487	Scenic siteseeing transportation	1.70	70	1.35	$35
Professional & technical services	5417	Scientific research & development services	1.70	70	1.49	$49
Retail	442	Furniture & home furnishings	1.69	69	1.46	$46
Oil, gas, & mining	212112	Underground coal mining	1.65	65	1.24	$24
Government	912	Federal (military)	1.64	64	1.58	$58
Manufacturing	333132	Oil & gas field machinery	1.61	61	1.21	$21
Healthcare	621111	Office of physicians	1.61	61	1.38	$38
Construction	237120	Oil & gas pipeline	1.59	59	1.25	$25
Healthcare	621	Ambulatory healthcare services	1.58	58	1.39	$39
Construction	238	Specialty trade contractors	1.50	50	1.40	$40
Retail	444	Building materials	1.50	50	1.44	$44
Transportation & warehousing	484	Trucking/transportation	1.49	49	1.54	$54
Retail	448	Clothing & accessories	1.47	47	1.46	$46
Accommodation & food services	721	Accomodations	1.44	44	1.58	$58
Professional & technical services	5416	Management & technical	1.41	41	1.39	$39
Manufacturing	333131	Mining machinery	1.41	41	1.21	$21
Real estate	531210	Real estate offices	1.37	37	2.28	$128
Healthcare	623	Nursing & residential care facilities	1.35	35	1.37	$37
Transportation & warehousing	488210	Support activities for rail transport	1.35	35	1.18	$18
Transportation & warehousing	493130	Farm product warehousing & storage	1.30	30	1.19	$19
Agriculture, forestry, fishing & hunting	114	Fishing, hunting & trapping	1.25	25	1.45	$45
Accommodation & food services	722	Food services & drinking places	1.25	25	1.51	$51
Professional & technical services	541990	All other professional, scientific, & technical services	1.24	24	1.38	$38
Arts, entertainment, & recreation	7139	Other amusement and recreation industries	1.23	23	1.55	$55
Arts, entertainment, & recreation	712190	Nature parks & other similar institutions	1.20	20	1.24	$24
Arts, entertainment, & recreation	7115	Independent artists, writers, & performers	1.06	6	1.36	$36

Figure 40: Selected Economic Impacts in Mat-Su - Sorted by Earnings

The theoretical benefits of 100 new jobs or $100 in new earnings in selected industries

Sorted by earnings multiplier

			Earnings		Jobs	
Sector	NAICS	Industry	Earnings Multiplier	Total additional earnings economywide for every additional $100 earned in this sector	Job Multiplier	Total additional jobs gained economywide for every 100 new jobs in this sector
Real estate	531210	Real estate offices	2.28	$128	1.37	37
Agriculture, forestry, fishing & hunting	11A	Crop & animal production	1.92	$92	1.94	94
Government	912	Federal (military)	1.58	$58	1.64	64
Accommodation & food services	721	Accomodations	1.58	$58	1.44	44
Transportation & warehousing	486210	Natural gas pipeline	1.57	$57	3.73	273
Government	92	State	1.57	$57	2.03	103
Oil, gas, & mining	212321	Construction, sand, & gravel mining	1.55	$55	2.09	109
Arts, entertainment, & recreation	7139	Other amusement and recreation industries	1.55	$55	1.23	23
Transportation & warehousing	484	Trucking/transportation	1.54	$54	1.49	49
Accommodation & food services	722	Food services & drinking places	1.51	$51	1.25	25
Professional & technical services	5417	Scientific research & development services	1.49	$49	1.70	70
Retail	443	Electronics & appliances	1.46	$46	1.81	81
Retail	442	Furniture & home furnishings	1.46	$46	1.69	69
Retail	448	Clothing & accessories	1.46	$46	1.47	47
Agriculture, forestry, fishing & hunting	114	Fishing, hunting & trapping	1.45	$45	1.25	25
Transportation & warehousing	483111	Deep sea freight transportation	1.44	$44	3.48	248
Retail	444	Building materials	1.44	$44	1.50	50
Professional & technical services	5413	Architectural & engineering	1.43	$43	1.84	84
Construction	236	Construction of buildings	1.42	$42	1.73	73
Construction	237	Heavy & civil engineering construction	1.41	$41	1.79	79
Government	911	Federal (civilian)	1.40	$40	2.22	122
Construction	238	Specialty trade contractors	1.40	$40	1.50	50
Healthcare	622110	General medical & surgical centers	1.39	$39	1.99	99
Healthcare	621	Ambulatory healthcare services	1.39	$39	1.58	58
Professional & technical services	5416	Management & technical	1.39	$39	1.41	41
Healthcare	621111	Office of physicians	1.38	$38	1.61	61
Professional & technical services	541990	All other professional, scientific, & technical services	1.38	$38	1.24	24
Healthcare	623	Nursing & residential care facilities	1.37	$37	1.35	35
Arts, entertainment, & recreation	7115	Independent artists, writers, & performers	1.36	$36	1.06	6
Transportation & warehousing	487	Scenic siteseeing transportation	1.35	$35	1.70	70
Transportation & warehousing	4883	Support activities for water transport	1.33	$33	1.82	82
Construction	237120	Oil & gas pipeline	1.25	$25	1.59	59
Oil, gas, & mining	212112	Underground coal mining	1.24	$24	1.65	65
Arts, entertainment, & recreation	712190	Nature parks & other similar institutions	1.24	$24	1.20	20
Manufacturing	333132	Oil & gas field machinery	1.21	$21	1.61	61
Manufacturing	333131	Mining machinery	1.21	$21	1.41	41
Transportation & warehousing	493130	Farm product warehousing & storage	1.19	$19	1.30	30
Transportation & warehousing	488210	Support activities for rail transport	1.18	$18	1.35	35

STRENTHS, WEAKNESSES, OPPORTUNTIES, AND THREATS (SWOT) ANALYSIS

TIP conducted a SWOT (Strengths, Weaknesses, Opportunities, and Threats) analysis for Mat-Su to create a framework for understanding the Borough's economic development issues. This assessment was based on interviews, site visits, data analysis, our experience, as well as SWOT exercises conducted with each of the project standing committees. The table on the following pages captures the major findings of this analysis.

STRENGTHS	WEAKNESSES
▪ Growing population due to positive net migration (only region in Alaska) ▪ Faster rates of annual job growth than Anchorage ▪ Available professional workforce that currently commutes to Anchorage and would rather work in the Valley ▪ Skilled labor pool (based on employer interviews) ▪ "Export-oriented" employers prospering & growing (e.g., Terrasond, New Horizons, Triverus) ▪ Influx of businesses relocating/expanding from Anchorage ▪ Growing healthcare sector ▪ Port Mackenzie ▪ Available developable land ▪ Natural beauty (mountains, glaciers, rivers, etc.) ▪ Southern gateway to Denali Park and Mt. McKinley ▪ Outdoor recreation: hiking, snow machining, skiing, fishing (lake and river), hunting, rafting, etc. ▪ Agricultural sector, famers markets, state fair ▪ Growth of Mat-Su College ▪ Proximity to military installations ▪ More affordable housing than other areas of state ▪ Natural resources	▪ Lack of common vision for growth ▪ Image of the Valley internally and regionally ▪ Seasonality of economy ▪ Lower wages ▪ Few major private sector employers ▪ Small professional and business services sector ▪ Lack of long-term land use planning ▪ Tourists passing through the Valley without spending any money ▪ Road infrastructure is stressed ▪ Visibility of gravel pits located along highways ▪ Freight transportation costs ▪ Lack of building code enforcement in unincorporated areas ▪ Broadband infrastructure ▪ Cost and availability of energy

THREATS	OPPORTUNITIES
▪ Unmanaged growth (conflicting land use) ▪ Declining federal funding ▪ State and regional economic stagnation ▪ Declining statewide oil & gas production ▪ Failing fisheries protection ▪ Long-term natural gas supply ▪ Lack of regional cooperation ▪ Growing internal polarization ▪ Failure to develop new leadership	▪ Expansion of professional & technical services sector ▪ Improving infrastructure and connectivity ▪ Continue developing industrial/transportation facilities at port ▪ Borough-wide business & economic development partnership ▪ Internal and regional image campaign ▪ Increased efforts in tourism marketing & expanded infrastructure ▪ Expanding healthcare and education sectors ▪ Attracting entrepreneurs & executives seeking Mat-Su's quality of life ▪ Dedicated commercial (and industrial) space ▪ Developing a new generation of leaders ▪ Expanding business and education partnerships ▪ Engaging young professionals ▪ Retain and engage military veterans and retirees ▪ Leverage specific education and research activities at colleges