Mat-Su Comprehensive Economic Development Strategy

December 2008 Update

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Introduction

This document updates the Mat-Su Comprehensive Economic Development Strategy (CEDS) that was last updated in 2006. The current update effort took place during the fall and winter of 2008. Marty Metiva, Executive Director of the Mat-Su Resource Conservation and Development Council (Mat-Su RC&D) and Dave Hanson, Economic Development Director for the Matanuska-Susitna Borough (Borough) coordinated and completed the update process. This CEDS 2008 Update has been adopted by the Mat-Su RC&D and the Borough Assembly.

The CEDS is a comprehensive economic development strategy plan for a particular resource conservation and development area. In this case, the RC&D area is defined by the Borough boundaries. The purpose of the CEDS is to provide the basis and direction for the RC&D and its area. Due to its comprehensive nature, the CEDS is also used by local governments and non-profit organizations, both as an information reference for the area and a guidance document through its goals, objectives and tasks set forth in the Development Strategies and Implementation section at the end of the document.

This Introduction Chapter includes sections on the Mat-Su RC&D Council description and affiliation, Council membership and the CEDS update process.

Council Description and Affiliation

The Mat-Su RC&D, a regional economic development organization, along with the Borough, is responsible for the development of this CEDS. The Mat-Su RC&D was initiated and incorporated by the local Soil & Water Conservation Districts, the cities of Palmer and Wasilla, the Matanuska-Susitna Borough (Borough), Mat-Su Overall Economic Development Commission, Willow Chamber of Commerce and Mat-Su Convention and Visitors Bureau. The Council is the state designated Alaska Regional Development Organization (ARDOR).

The Resource Conservation and Development (RC&D) program is based on the premise that local people, working together, can identify and solve problems, and realize opportunities that will enhance the quality of life in their area. The RC&D develops an area plan and updates it as part of an ongoing long-range planning effort. This area plan provides the basis and direction for the activities of the RC&D. It is developed with input from the local community, who identify a common vision, with an agreed upon mission, to meet a specified set of desired goals, to strive for by the setting and attaining of objectives, by carrying out specific strategies based on the resource needs of the area, combined with the desires of the local people.

The Matanuska-Susitna Borough, with public input, has established priorities to identify paths for future development. The seven Assembly members and the Borough Mayor

represent all communities within the Borough. The Borough Planning Department and incorporated cities provided background information and land and resource development plans. Both the Borough Administration and the Assembly have supported these efforts.

Vision

The Mat-Su RC&D vision for the Matanuska-Susitna Borough is a growing diverse local economy, based on sustainable development of its natural and human resources, and guided by the decisions of a well-represented cross section of the Borough community.

The Mat-Su RC&D vision for its organization is a financially independent, private, nonprofit corporation working to balance economic development activities with natural resource conservation practices and provide quality assistance to its customers through a diverse, well represented Board of Directors and a highly qualified staff.

Mission

The Mat-Su RC&D's mission is to create jobs, expand the local economy, conserve natural resources, and enhance the quality of life for residents and institutions of the Matanuska-Susitna Borough. The Mat-Su RC&D is an independent, not-for-profit, non-partisan group of twenty-five to thirty members representing the various Chambers of Commerce, Borough, cities, soil and water conservation districts, school district, utilities, interest groups, members-at-large and the Convention and Visitors Bureau. The Mat-Su RC&D's outreach extends with the committee membership.

Background and Structure of the Council

In the Borough, the steering committee that applied to the Secretary of Agriculture for designation to become an RC&D Area was made up of the Wasilla, Palmer and Upper Susitna Soil and Water Conservation Districts, Cities of Palmer and Wasilla, Mat-Su Borough, Mat-Su Economic Development Corporation, Willow Chamber of Commerce and the Mat-Su Convention and Visitors Bureau. As a result, the Mat-Su RC&D Area authorization was granted by the Secretary of Agriculture in 1989, as provided for in the 1962 U. S. Food and Agriculture Act, P.L. 87-703. The Area boundaries coincide exactly with that of the Matanuska-Susitna Borough.

The Mat-Su RC&D, Inc. is governed by a volunteer council, as set out in its bylaws and articles of incorporation. The Mat-Su RC&D Council is an independent, not-for-profit, non-partisan group representing chambers of commerce, borough, cities, soil and water conservation districts, school district, utilities, interest groups, members-at-large and the convention and visitors bureau, and members-at-large. The Mat-Su RC&D is currently one of 375 councils nationwide that is partially supported in partnership with the USDA Natural Resources Conservation Service (NRCS) RC&D Program. The Mat-Su RC&D Inc was incorporated in 1991 and is a private, nonprofit, charitable corporation, exempt from taxation under 26 U.S.C. 501(c)(3).

Mat-Su Resource Conservation & Development Council Membership

President: Darcie Salmon Valley Board of Realtors

Vice President: Roger Purcell
Secretary: Al Jorgenson
Treasurer: Vicki Wehe
Past President: Ted Smith

Houston Chamber of Commerce
Mat-Su Native Federation
Mat-Su Economic Enterprise
Willow Chamber of Commerce

Wayne Brost Wasilla Soil & Water Conservation District
Cheryl Metiva Greater Wasilla Chamber of Commerce
Vern Halter Mat-Su Convention & Visitors Bureau

Wayne Carmony Matanuska Electric Association

Verne Rupright, Mayor City of Wasilla

Ken Marsh Upper Su Soil & Water Conservation District
Dave Hanson Mat-Su Borough Economic Development Director

Clarence Furbush Palmer Soil & Water Conservation District

Scott Schwald Mat-Su Borough School District

Dan Deedy Enstar Gas
Rosemary Burnett City of Houston

Steve Totten Big Lake Chamber of Commerce

John Combs, Mayor City of Palmer

Randi Perlman Greater Palmer Chamber of Commerce
Jackie Kenshalo Matanuska Telephone Association
Rose Marie "Tiny" DePreist Alaska Farm Bureau- Mat-Su Chapter
Mollie Boyer Valley Center for Recycling Solutions

Theo Garcia Knik-Ahtnu Inc.

Jim Huston Willow Area Community Organization

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CEDS Update Process

The CEDS update process involved six steps: 1. collection and integration of recent plan and economic analysis information into the CEDS; 2. discussions with key professional and community resource personnel to gain additional information; 3. completion of an updated CEDS draft; 4. review of draft by Mat-Su RC&D Board members, the Borough Assembly, City representatives, and community leaders, 5. rewrite of draft based upon reviewer input; and 6. finalization of the document.

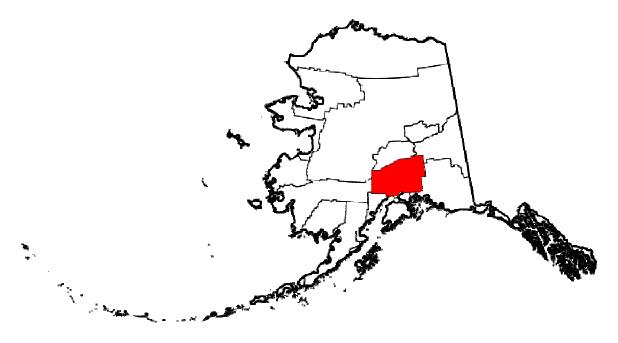
Some of the recent planning and economic analysis documents used during the update process included: Matanuska-Susitna Borough Core Area Plan, 2007 Update; George Parks Highway Scenic By-way Plan, November, 2008; Matanuska-Susitna Borough Tourism Infrastructure Needs Study, June, 2008; Mat-Su Borough Long Range Transportation Plan, June, 2007 Update; Economic Impacts of the South Denali Implementation Study, February, 2008; Matanuska-Susitna Borough Public Facilities Plan, 2009; Neal Fried's Article, "The Mat-Su Borough," Alaska Economic Trends, December, 2005 and updates; All Hazards Mitigation Plan, September, 2008; Regional Aviation Systems Plan, 2008; Preliminary Environmental and Alternatives Report, Port MacKenzie Rail Extension, January, 2009; KABATA Historic Preservation Plan, November, 2007; Comparative Port Use Study for Gas Line Pipe Materials, March, 2007; Benefit-Cost Assessment of the Port MacKenzie Rail Extension, June, 2008; Hatcher Pass – A New Beginning, August, 2008; Home Mortgages, Alaska Economic Trends, August, 2008; Matanuska-Susitna Borough Comprehensive Plan, 2005 Update; Matanuska-Susitna Borough Project Facts, January, 2008; Matanuska-Susitna Borough Parks and Recreation Open Space Plan; State of the Mat-Su Borough's Economy, June 26, 2008; and Proposed Agricultural Processing and Product Development Center, 2006.

Some of the professional and community resource personnel and leaders providing input included: Mark Mayo, Borough Planning and Development Director; Linda Brenner, Borough Community Development Director; Brad Sworts, Borough Transportation Manager; Bill Allen, Palmer City Manager; Sara Jansen, City of Palmer Community Development Coordinator; Marvin Yoder, City of Wasilla Deputy Administrator; Roger Purcell, Houston Mayor; Molly Boyer, Executive Director, Valley Community for Recycling Solutions; Dennis Clark, Director, Mat-Su College; Kerry Aquirre, Marketing Director of Mat-Su Regional Medical Center; Jackie Kenshall, Public Relations Manager for MTA; Shawn Osborne, Public Relations Specialist for MTA; Lorali Carter, Mgr. of Government & Corporate Communications, MEA; James Wiedle, Planner I for Alaska Housing Finance Corporation; Jerry Moses, Associate Broker, Prudential Jack White Vista Real Estate; Neal Fried, Economist for Alaska Department of Labor & Workforce Development; Franci Havemeister, Agriculture Director, State of Alaska, Department of Agriculture; Frankie Barker, Borough Planner; and Deborah Broneske, Borough Planner.

Overview of the Area

Description

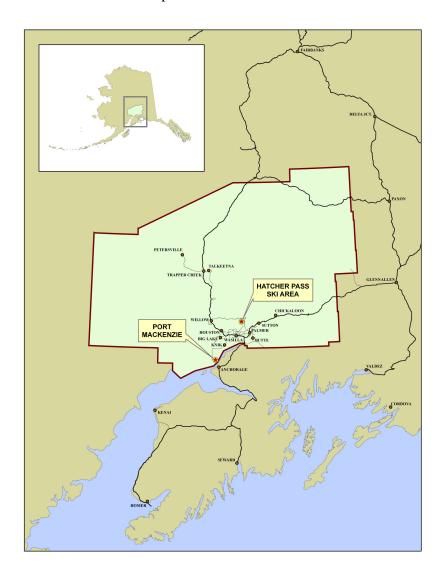
Located in the heart of Southcentral Alaska, the Mat-Su RC&D area encompasses the Matanuska-Susitna Borough (Borough) covering an immense area of approximately 24,683 square miles (roughly 15,800,000 acres) of rolling low lands and mountains, of which 7,125 square miles are waters, including ocean, rivers, streams and lakes. The area of the Borough is about the size of West Virginia. Geographically, the area includes part of the Alaska Range on the north and west, portions of the Chugach Mountains on the south and east, and the Upper Cook Inlet and the Knik Arm on the south. The area contains virtually the entire Talkeetna and Clearwater Mountain Ranges, as well as the Matanuska and Susitna River Basins, which give the area its name.



The Borough is comprised of suburban areas, rural subdivisions, farmlands, remote communities, vast wild areas, and rugged, picturesque surroundings. Although the Borough is geographically large, nearly nine out of ten residents live along the road system between Willow and Sutton. This road system is laid out around the Glenn Highway, which runs north from Anchorage through Palmer and Sutton to Glennallen, and the Parks Highway, which runs west from the Glenn about 40 miles north of Anchorage and continues through Wasilla, Big Lake and Houston, before turning north near Willow and continuing past the "Y" and Trapper Creek towards Fairbanks.

The Borough is quite large and diverse with communities of widely differing characteristics. A drive of 30 miles can take the observer from a remote outpost, with no

electricity or running water, to upscale housing developments near urban intersections with large scale commercial development.



During the past decade, the Borough has been the fastest growing area in the state with a total population of 80,056 at the end of 2007. Different economic forces shaping the Mat-Su economy include construction, education, health care, government, social services, retail and agriculture. In addition, a substantial portion of the population commutes to jobs in Anchorage.

Communities

Three incorporated communities are located in the Mat-Su Borough: Palmer, Wasilla, and Houston. Approximately 18% of the Borough population lives in these incorporated areas.

<u>Palmer</u>: The oldest and second largest incorporated city is Palmer, with just over 5,504 residents in 2007. Palmer is located on the Glenn Highway, with an active airport, and a spur of the Alaska Railroad. Palmer was the site of the Matanuska Valley Colony, a New Deal project, during the depths of the Great Depression. Farm families from Michigan, Wisconsin, and Minnesota were brought to Alaska and given 40 acres to establish an agricultural base in the fertile Matanuska River Valley. From the start, Palmer was a planned community with surveyed street grids and public facilities, and an active rail line modeled on the Midwestern towns the colony families had left. The Palmer Historic District is on the National Register of Historic Places. The City of Palmer was incorporated in 1951 as a home rule city.

Today, Palmer is the administrative hub of the Mat-Su Valley, with most main government and utility offices located there, as well as the State District Court and the State Corrections Officer's Training Facility. The City has undergone rapid growth and development the past several years including new subdivisions, aviation and manufacturing businesses. Between 2000 and 2007, the population increased by 21%. The economy is also based upon a diversity of retail services, light manufacturing, farming, 73 residents with commercial fishing permits and residents commuting to Anchorage for work. The University of Alaska has an Agricultural and Forestry Experimental Station office and a district Cooperative Extension Office in Palmer. The Job Corps facility for Alaska is located here and Palmer is the site of a Musk Ox Farm which provides giviut for clothing. Tourism is also important to the area, with a weekly Farmers Market May through August and several festivals throughout the year. The Alaska State Fair is located in Palmer and annually attracts over 250,000 visitors. One of the Fair's popular attractions is the renowned giant large vegetables grown by local farmers. A train station was recently completed to serve the fairgrounds. A new South Palmer Elementary School will be completed in time for classes to begin in August, 2009.

<u>Wasilla</u>: Wasilla, a first class city, is the largest incorporated city in the Matanuska-Susitna Borough, with a population of 7,025 in 2007. Beginning as a station for the Alaska Railroad in 1916, Wasilla was named after a respected local Dena'ina Indian, Chief Wasilla. Construction of the George Parks Highway through Wasilla in the early 1970's provided direct access to Anchorage. This enabled families to live in Wasilla and commute to Anchorage for employment. The city was incorporated in 1974.

Wasilla is expanding at a rapid rate. Between 2000 and 2007, the population increased by 29%. The local economy is diverse and residents are employed in a variety of government, retail and professional service positions. In addition, a portion of the

population commutes to Anchorage for work and 120 area residents hold commercial fishing permits. The community has experienced explosive retail growth due to a larger and growing population outside the municipal boundaries (Knik-Fairview, Meadow Lakes, etc.). The presence of large national retail companies (Wal-Mart, Sears, Target, Walgreens, etc.), lumber yards, medical services, food and storage facilities, shopping malls, real estate and financial service centers, and dozens of small specialty businesses, make Wasilla the commercial hub of the Mat-Su Valley. All the major utilities and many government offices have opened branch offices in Wasilla, and it is also the site of the new JOB Center, mandated by the Work Force Incentive Act. Wasilla is home to the Iditarod Trail Committee and Iron Dog Race.

<u>Houston</u>: Houston was incorporated in 1966 and is now classified as a second class city. It is located northwest of Wasilla on the Parks Highway along the Little Susitna River, 57 highway miles or 28.8 air miles north of Anchorage. In 2007, the estimated population was 2,017 (an increase of 53.7% from the 2000 census). The current growth is projected to remain at the same rate or better for the next decade. In 1996, the "Millers Reach" wildfire destroyed more than 37,500 acres, including 433 buildings, in the Houston and Big Lake area. The population and the availability of housing have fully recovered. This is best reflected by the number of Houston residents commuting to nearby Wasilla, Palmer, Anchorage and the North Slope for employment.

Houston's infrastructure now encompasses a Public Safety Building, an Animal Control Shelter, a Visitors Center and additional parks and picnic areas. In addition to extending the natural gas lines beyond the Little Susitna River, as reported, the city plans now include:

- an upgrade to the Parks Highway from mile 51 to 62
- building a second public safety building to allow for improved coverage and service
- a public works building
- a new animal shelter, as the city has outgrown the current facility

This year the city is paving 16 miles of school bus routes and is continuing to work on developing the city campground. Houston is continually working to improve all city services. With an upgraded computer system, communication has significantly increased improving fire protection, police services, animal control services, road maintenance and parks management.

Many State, Federal and Borough projects will directly impact the City of Houston. In view of this imminent situation, the city has actively pursued opportunities to develop the local economy by encouraging existing businesses, promoting tourism year round with:

- the Pike Derby
- the Little Su Classic
- Founder's Day
- Outdoor recreational activities like snow machining, camping, fishing and hiking. The city is investigating the annexation of land for a possible day-use ski resort.

Houston also recently qualified for the USDA Rural status low interest loans and grants program. Houston is the only city in the Matanuska-Susitna Borough to qualify for these incentives for businesses looking to open in the Borough. One other draw to the City of Houston is the availability of public transit to Houston residents five days-a-week, with plans to meet the growing demand with proactive planning.

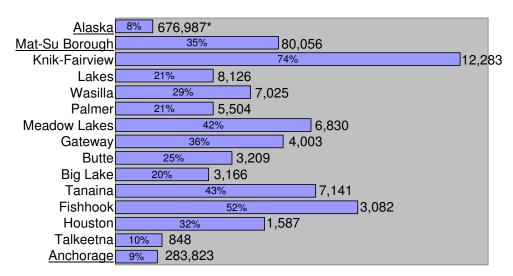
<u>Unincorporated Areas</u>: Historically, the unincorporated areas served by the Community Councils of Gateway, Farm Loop, South Lakes, North Lakes, and Tanaina, along with the cities of Palmer and Wasilla, have been referred to as the "Core Area" of the Matanuska and Susitna Valleys.

This area encompasses approximately 100 square miles between and around the two cities. As the population has grown, the populated core has expanded to include Meadow Lakes and the Knik-Fairview Community Council areas. Approximately 40,000 people, over 50 percent of the Borough's population, lives in this area. Significant recent developments in this area have included completion of the Mat-Su Regional Medical Center and a medical office building, located near the junction of the Glenn and Parks Highways, and the fall, 2009 completion of a new south Palmer grade school south of the Parks Highway, in the Ranch subdivision area.

The unincorporated community of Big Lake is located about 13 miles southwest of Wasilla and has approximately 3,166 residents. The area continues to grow with a significant increase in year-round residents. Long known as Alaska's year-round playground, recreational opportunities continue to be a major reason people enjoy the area. The business district includes a library, fire hall, Big Lake Chamber of Commerce, Big Lake Elementary School, and a shopping mall with a grocery and other small businesses. As a result of recent growth, Big Lake community needs include additional transportation infrastructure and improvements, a possible addition to the library for community meeting needs, and a health clinic.

The scattered small, unincorporated communities of the rural Upper Susitna Valley form a unique area of their own. Talkeetna (pop. 848) is located at the junction of the Talkeetna and Susitna Rivers and at the end of the Talkeetna Spur Road off the Parks Highway. It served as a supply and trading post to the miners in 1896 and was a station on the Alaska Railroad. Chase (pop. 30) was also a station on the Alaska Railroad circa 1916, similar to Wasilla. Willow, with a present population of 2,048, was founded in 1897 during the Gold Rush. Trapper Creek (pop. 426) developed as a trading post and was recognized in 1954. Skwentna (pop. 85) started as a postal station in the early 1900's. Population figures reflect census districts, not necessarily community boundaries. More recently a community has grown around the "Y" where the Talkeetna Highway leaves the Parks Highway. The population of the "Y" is 1,071.

Population Growth 2000-2007



*population count 2007

Today, these communities are similar in being relatively undeveloped and recreation oriented. Hundreds of vacation homes and cabins populate the many lakes of the Upper Susitna Valley. Talkeetna is a popular take off point for fishing and flight seeing, as well as the staging area for mountain climbing expeditions in the Alaska Range, which includes Mt. McKinley. Trapper Creek has a gas station and general store, and several lodge operations on the Parks Highway. Willow has a share of visitor trade, primarily for sport fishing, hunting, and snow machining, and offers many basic services.

On the eastern side of the Mat-Su Valley, the old railroad and mining communities of Sutton (pop. 1,278) and Chickaloon (pop. 282) along the Glenn Highway serve as a gateway to a large undeveloped part of the Mat-Su Valley. For a hundred miles, the Glenn Highway traces through mountain passes and wilderness that is hardly interrupted by human habitation. Several spectacular campgrounds and recreation areas have been developed north of Chickaloon, and Chickaloon itself has become a popular place for boating, rafting, and fly-fishing.

Lazy Mountain (pop. 1,347) and Butte (pop. 3,209) are both relatively new communities, recognized in 1951 and 1958 respectively, during surveys by the United States Geological Survey. Both communities neighbor Palmer and many of their residents work in Palmer. Both communities are rural, and many entrepreneurs have small businesses (tree farms, nurseries, equipment repair, sawmill, truck farms, etc.) in these areas.

The Mat-Susitna Borough contains eleven other recognized community entities too small to have been separately named in the most recent state population surveys. This does not

necessarily mean they are living in remote, inaccessible places; most of these residents are living along the margins of the road system. In fact, it is estimated that nine out of ten residents live along the road system between Willow and Sutton. Approximately 82% of the Borough's population lives outside of the three incorporated cities.

Land and Climate

Geography and climate have both been kind to the Mat-Su Valley. With one edge of the Valley open to the sea, and the remaining margins connecting to the interior and western regions of Alaska, the Mat-Su Valley is a natural gateway to the rest of the state. The Point MacKenzie seaport is open and will enable the Mat-Su to develop this geographically central location into an economic asset. This location is also fortuitous because of its proximity to the Pacific Rim. Alaskan products can be shipped worldwide via the Mat-Su Valley.

A relatively mild four-season climate, comparable to the mid-western states, makes the Mat-Su Valley a pleasant place to live and work. The safe frost-free date is May 30, with an annual rainfall of about 35 inches, and an average growing season of 108 days. Technically classified as an arctic desert, the climate offers low humidity, moderate temperatures, and long daylight hours in the summer. The annual shift in seasonal daylight hours is less severe in the Mat-Su Valley than in the northern regions of Alaska, which experience 24 hours of daylight.

The landscape of the Mat-Su Valley has been sculpted by glacial activity. Huge gravel deposits and deposits of rounded stones are typical of glacial moraine and the Mat-Su Valley is no exception. Stratified mounds of sand and gravel, built up one hundred feet or more above sea level, are common, as are the pothole lakes that are characteristic features of glacial landscapes.

Several major rivers, including the Matanuska River and the Susitna River, run through the Mat-Su Valley. Innumerable lakes, both large and small, dominate the landscape. This abundant surface water offers tremendous recreational opportunities, hydroelectric power, and wildlife habitat. Protecting the surface water from residential, agricultural, and industrial wastewater pollution has become a major concern throughout much of the Valley. Key to development, Mat-Su Valley water resources are currently of excellent quality and quantity.

Air pollution is not a current concern, but could become an issue in decades to come, depending upon the development of fuel resources and the speed with which value-added industry develops in this part of Alaska. To date, air quality throughout the Mat-Su Valley is excellent, except for wind and dust pollution. Encouraging the development and use of clean and efficient fuel sources is one of the goals we anticipate in our development strategy.

Soil quality and type vary throughout the Matanuska-Susitna basin, with some areas offering large acreages of arable topsoil capable of sustaining annual cultivation. The more typical scenario is thin, gravelly soil characterized as Knik silt loam, which is more suitable for pastures, tree farming or non-agricultural commercial development.

Much of the Valley's 24,681.54 square miles is covered by natural mixed birch and spruce forests interspersed with large tracts of muskeg. Several thousand acres of cultivated agricultural land and pasturage provide the basis of the Mat-Su Valley's reputation as "Alaska's Breadbasket.". The premier wildlife species are black and brown bear and moose, while waterfowl dominate the bird species indigenous to the area. All five known varieties of loon have summer nesting grounds in this part of Alaska.

Local Government

The Borough includes a land area roughly equal in size to West Virginia and has several forms of local government. The Matanuska-Susitna Borough is a second class borough with a manager form of government. The Borough Assembly represents the Borough as a whole and hires the Borough Manager, who serves as the chief administrative officer. Seven Borough Assembly members are elected by district to oversee area wide services. The Mayor and School Board Members are elected area-wide. The Borough government is somewhat similar to county level government units in other states, though it serves a larger geographic area. The Borough assesses and collects property taxes, generates school funding, provides land use planning and permitting, develops and maintains Borough recreation and historical sites, local roads, ambulance and fire services, and other basic functions of local government.

The Alaska Department of Commerce and Economic Development determined that as of January 1, 2008, the value of taxable real and personal property in the Borough was \$8,697,868,950. This property tax base is used to raise about \$130 million in annual revenues. This tax income is supplemented by about \$180 million from the state for school funding, thus the total 2008 budget is \$314,292,576.

Only three of the communities in the Borough are incorporated as cities, Palmer, Wasilla, and Houston. Each of these communities is incorporated with a different form of local government: Palmer is a home rule city; Wasilla is a first class city; and Houston is a second class city. Most of the population lives outside the three cities, either in the core area or in small, unincorporated communities represented by twenty-five Community Councils.

Present Growth Patterns

The entire Borough has experienced rapid population growth and has an estimated population of over 80,000. It has been the fastest growth area in Alaska. Between 2000 and 2007, the Borough's population grew by 35 percent, compared to 8 percent statewide and 9 percent in Anchorage. As a result of strong population growth, the Borough is now home to nearly 12 percent of the state's population versus 7 percent in 1990. It

should be noted, however, that the annual rate of population growth in the Borough has slowed in the past couple of years, reflecting a downturn in the local housing market, and the slow down in the nation's economy.

39,683 59,322 17,816 5,188 6,509 1960 1970 1980 1990 2000 2008

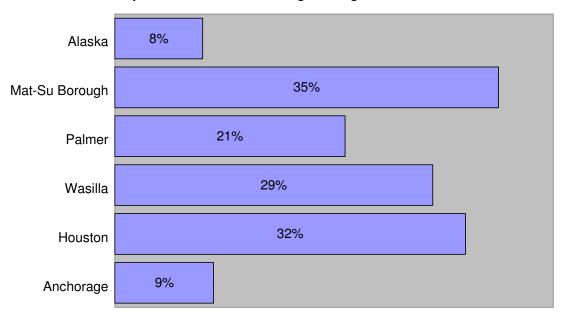
The Borough's Population Growth

Source: State of Alaska

Much of the population growth can be explained by the interplay of geography and economy. Since the amount of developable land in Anchorage is severely limited, the population of Anchorage keeps growing, and the cost of land increases each year, the Anchorage population overflows north to the Mat-Su Valley, which has comparatively inexpensive housing and available land.

The fastest growing residential areas in the Mat-Su Valley are the Knik-Fairview area south of Wasilla and Fishhook Road area northwest of Palmer. From 2000 to 2007, the population of these areas grew 74% and 52% respectively while Anchorage grew 9% and the entire Mat-Su Borough population grew 35%. Significant residential population areas such as Meadow Lakes, population of 6,830, have also grown rapidly (42% growth rate). It should be noted that literally all of the populated areas within and around the core area experienced rapid population growth during the past seven years.

Population Growth Percentage Change 2000-2007



Source: Alaska Department of Labor and Workforce Development, Research and Analysis

Economy & Employment

Mat-Su Relationship to Anchorage

During its history, different forces have shaped the Mat-Su area's economy. Mining and agriculture were the first major economic forces. Other economic forces followed including retail, government, small businesses, construction, health care, education and trade. Although the Mat-Su remains the state's largest agricultural producer, these other economic forces are now the primary drivers. For over four decades, the single biggest reason for the Borough's growth has been its proximity to Anchorage. This economic interplay between the areas is increasing.

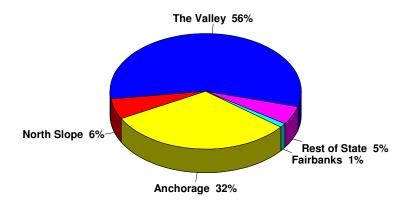
A strong, daily economic connection exists between Anchorage and the Borough, as most of the Borough's population lives within a 40 to 50 miles radius of Anchorage, and the Anchorage job market attracts many of these workers. The average annual earnings for jobs in Anchorage run about a third higher than the earnings in the Borough. This is not because wages for similar jobs pay more in Anchorage but because Anchorage has a higher percentage of high wage jobs.

Borough Residents' Place of Work

In 2008, approximately 32 percent of the employed Borough residents worked in Anchorage. This estimate excludes commuters that work for the federal government, the uniformed military, or the self-employed. The absolute number of these commuters has grown rapidly since the early 1990's.

As a reversal of this commuter pattern, many Anchorage businesses are either moving to the Borough or establishing branch offices there. These moves are taking place since the valley is providing an adequate market for their services, and many of their employees live in the Borough. Some examples of businesses that have satellite offices include HDR, Inc. and WHPacific, Inc. As part of this reverse trend, a small number of "reverse commuters" live in Anchorage but work in the Valley.

Where Valley Residents Worked in 2008



In 1998, 38% of the MatSu residents worked in Anchorage

It is also important to note that a significant group of Mat-Su residents go even longer distances to find work. They are the long distance commuters—oil industry workers on the North Slope, fishermen in Kodiak and Bristol Bay, miners at Red Dog and elsewhere, and construction workers around the state. At last count, these commuters represented another 12 percent of the Borough residents.

One of the Borough's chief exports is its work force. 44% of Mat-Su residents work in other places of the state and then return home to spend and invest much of their money. These expenditures spur additional economic growth in the retail, service, and real estate sectors of the economy. When the U.S. Bureau of Economic Analysis adjusts Mat-Su's personal income figures for residency, it estimates that \$750 million of all personal income, more than a third, comes from outside the Borough. This income stream, along with large amounts of land, lower taxes, a strong work force, a growing consumer market, lower rental rates and a host of other advantages, make the Borough a desirable place to locate new businesses.

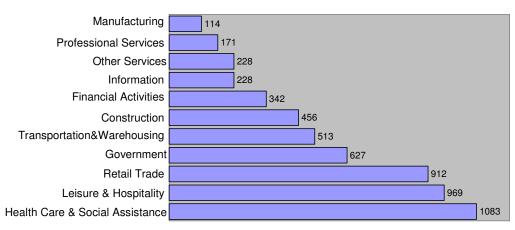
Areas of Job Growth

During the past decade, employment in the Borough grew 5.3 percent per year, more than three times as fast as the rest of the state. From 2002-2005, The Mat-Su Borough realized a net employment gain of over 1000 new jobs per year, and growth over that period averaged a booming 7.7%.

Annual employment growth slowed between 2006 and 2008, with growth rates of 3 percent in 2006, one percent in 2007, and 3 percent in 2008. Nevertheless, the Borough rate of job growth remained much higher than the rate of job growth in Anchorage. The one area of the local economy that lost jobs over these three years was the construction

industry. Information industries, health care, and social assistance experienced the most growth in 2007.

Job Growth 2000 - 2007



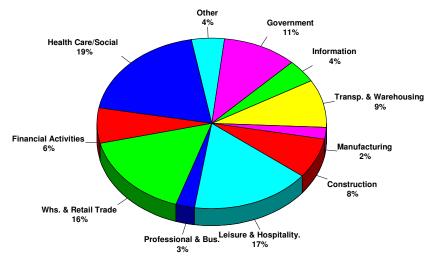
Source: Alaska Department of Labor and Workforce Development, Research and Analysis

As the above chart illustrates, the greatest areas of growth between 2000 and 2007 were in the services industry. This growth is not surprising since most of the employment that exists in the area is there to provide services. The leisure and hospitality sector (mostly restaurants and hotels) realized the largest increase with over 180 new jobs, followed closely by the health care & social assistance industry, with 155 new jobs. The retail sector saw only 60 new jobs during the same time period. However, the retail sector is now experiencing a boost as Walmart expanded, a Target and Sportsman's Warehouse were opened, and a Walgreens is planned.

The construction industry has been another big contributor to employment growth. Expanding residential and commercial markets have kept this industry busy and also spurred growth in the financial activities sector, which includes jobs in real estate, banks, credit unions and insurance companies. However, since 2005, this sector has slowed significantly due to an abundance of available homes, and slowing growth rates.

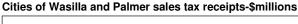
Once a dominant sector, agriculture is still a player but its role has diminished. In 2007, the value of agricultural production in the Matanuska Valley was \$11.8 million. Mining in the Borough has also declined and is presently limited to very small operations. In the past, major gold and coal mines operated and it is possible that similar operations could open again in the future.

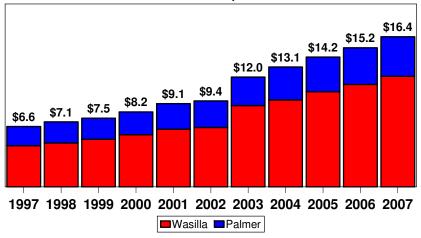
Since 2000 The Job Count In The Valley Grew By 5,700 Representing The Noted Employment Sectors



More dollars spent by Borough residents are remaining in the area instead of leaking to Anchorage and elsewhere. Sales taxes collected by the cities of Wasilla and Palmer illustrate this effect quite well. Tax collections have grown faster than population or employment as Borough residents spent fewer of their retail dollars in the "big city" and more closer to home.

The Valley Is Capturing More Of It's Sales Dollars



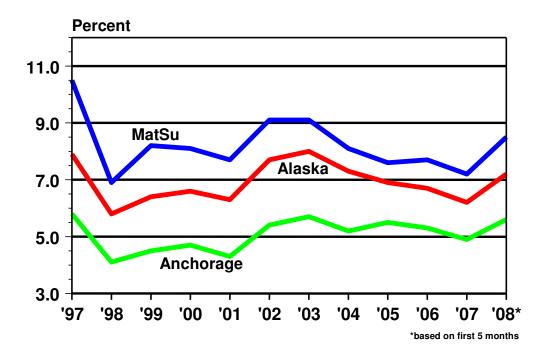


Unemployment and Median Income

The Matanuska-Susitna Borough has historically had a higher rate of unemployment than either the State of Alaska or the Municipality of Anchorage. It has generally remained about one percent higher than the State of Alaska unemployment average and 2-3 percent higher than the Municipality of Anchorage. During the past decade, the unemployment rate for the Borough has varied from just under 11 percent in 1997, to a low of below 7 percent in 1998, to a high of 9 percent in 2002-2003 periods, to 7.3 percent in 2007, and is now creeping up toward 9 percent at the end of 2008. The November, 2008, unemployment rate for the Borough was 8.4 percent, as compared to the unemployment rate for the State of Alaska at 7.1 percent, and the Municipality of Anchorage at 5.7 percent. This unemployment rate reflects the temporary slow down in the home building economy and the slow down in the overall national economy.

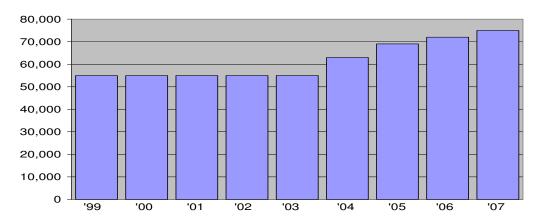
Nevertheless, many significant construction projects will be starting during 2009. These projects include a new \$240 million prison, the \$10-\$12 million Port MacKenzie bulk materials facility, \$6.5 million recycling center, completion of a new \$27 million high school, and a \$17 million elementary school, the expenditure of \$2 million to build four new fire halls, replacement of 15 flood damaged bridges with \$4 million, and \$41 million for the realignment and reconstruction of Trunk Road. In view of these and other near term projects, the Borough economy is expected to remain fairly healthy in comparison to the rest of the nation, and the new construction projects will hopefully improve the unemployment rate.

Unemployment Is Creeping Up



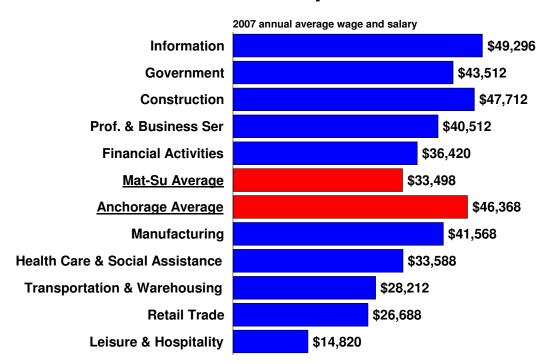
In 2007, the average annual earnings for a worker in the Borough, was \$33,953 as opposed to the average annual earnings for a Anchorage worker of \$46,366, and a state wide average of \$43,521 per year. This low average wage reflects the fact that the valley has a large number of service jobs and lacks a large number of high paying professional jobs. This is one of the reasons such a large percent of the valley workers leave the valley for high paying jobs else where, although they continue to live in the valley. The median family income chart below indicates that despite the low average wage earner salary in the \$34,000 range, the median family income in 2007 was in the \$75,000 range. This reflects both the fact that many families have more than one wage earner and 44 percent of the Borough residents with employment work outside the valley at higher paying jobs.





The chart below provides an overview of the 2007 annual average wage salary for different types of work that is available in the valley, and how it compares with the Mat-Su average wage and the Anchorage average wage.

How the Mat-Su's average annual earnings stack up



Future Economy

The Borough continues to strive for an improved quality of life for its residents through increased economic growth and job creation. Some of these efforts include Port MacKenzie, Hatcher Pass Ski and Recreation Area, development of an Agricultural Processing and Product Development Center, construction of a new prison, creation of economic development incentives, promotion of tourism, business retention and expansion, and encouraging Anchorage businesses to locate branch offices in the Valley. The Borough needs to continue its efforts to maintain, diversify, and expand its economic base.

Housing & Real Estate

Two integral factors have contributed significantly to Borough population growth: the proximity of the Borough, Anchorage, and the abundance of available land. Initially, growth as a bedroom community provided much of the early growth of area due to the short drive to Anchorage, the scenic, rural feel, and most importantly, the competitive real estate market.¹

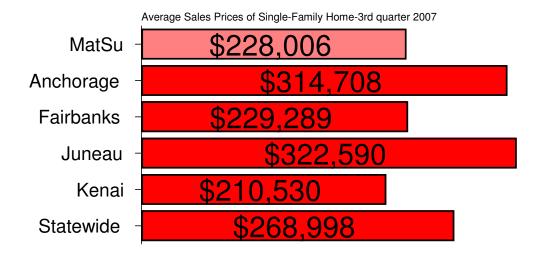
As the Borough has grown, these qualities not only continue to provide a strong impetus for the Anchorage workforce to live in the Valley, but also for local employment opportunities.

Residential Housing: The Local Market

Part of the Borough's appeal is its affordable housing market. In the third quarter of 2007, the average sales price of a single-family home in the Valley was \$228,006, or about 28% less than the \$314,708 average sales price of an Anchorage home (See table below). In addition, the average house is likely to have more room and more land than a similarly priced house in Anchorage. This price differential is attractive to workers in both the Borough and Anchorage areas. 1

¹ A main source for information in the Housing and Real Estate section is a presentation by Neal Fried, an economist with the Alaska Department of Labor and Workforce Development, made on October 30, 2008, to a Borough School District meeting on demographics.

Housing Remains One Of The Big Attractions-Single-Family Home Prices



Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section.

Another way to look at the housing picture is from the perspective of affordability. Housing affordability refers to the combination of wages paid in a community and the cost of local housing. In other words, housing affordability is a measure of how many wage earners it takes to support the average mortgage. If one looks at the number of Borough wage earners it takes to afford the average home in the Mat-Su Borough, there is little difference in housing affordability between the Borough and Anchorage. This is because the average wage in the Borough—where service and retail jobs make up a much larger slice of the area's employment pie—is lower than in Anchorage. However, since so many Borough residents work in Anchorage and elsewhere, the affordability equation changes considerably. It takes only 1.4 Anchorage wage earners to buy a Mat-Su home versus 1.6 for Anchorage wage earners to buy an Anchorage home.



Wage Earners Needed to Buy the Average House - 2nd Half of 2007

Source: AK Dept of Labor and Workforce Development, Research & Analysis; and AK Housing and Finance Corporation

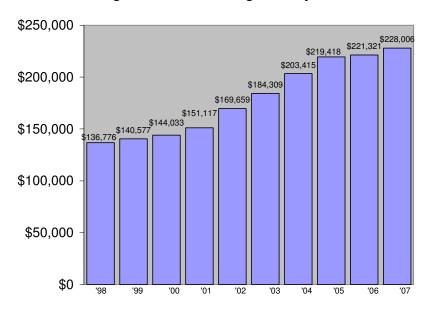
The Borough experienced a dramatic increase in housing prices between 1996 and 2005. According to Multiple Listing Service data from the Valley Board of Realtors, the price of a single family home in the Borough has doubled since 1996. This increase in prices was accompanied by a housing construction boom that peaked during the 2004-2005 period. The boom resulted in a over supply of houses in the Borough, especially those priced above \$250,000, at the same time the number of people looking for houses in the Borough decreased and construction costs increased. Accordingly, the housing construction industry has experienced a slowdown in the past few years, resulting in the loss of 179 Borough construction jobs in 2007, and a 66% decrease in the number of residential subdivision electric grid hook ups from 2005 and 2007.

Nevertheless, the Borough population continues to grow, but at a slower rate, and houses continue to be sold, over 1,000 in 200. Realistic sales information indicates that in the first nine months of 2008, a similar number of houses were sold as were sold in the first nine months of 2004, before the construction boom houses were ready for market. The residential sales dollar amount in 2008 was also similar to 2004. The average sales price for single family homes has increased from \$203,415 in 2004, to \$228,000 in 2007, but remains far below the average home price in Anchorage.2

² Information provided by Jerry Moses, Associate Broker, Prudential, Jack White Vista Real Estate

There are other factors, besides the cost of housing that may make housing in the Borough more attractive to homeowners. A more rural life style and the ability to live on a larger piece of land are appealing. Another attraction is the alternate types of housing that exist in the Borough and are rarely available in Anchorage. For example, a significant percent (15%-17%) of new residential building activity recorded in the Borough are for cabin-like structures. Though many are built for recreation, a substantial number also represent primary residences. This kind of housing typically does not require lending or mortgage activity. In urban areas like Anchorage, where the cost of land is considerably higher and planning and zoning regulations make it more difficult, this type of alternative housing is more difficult to support.

Average Sales Price of Single Family Homes



During 2008, the Alaska Housing Finance Corporation (AHFC) in its "Alaska Rental Market Survey 2008 Tables" reported the Borough vacancy rates (combined single-family residence and apartment rentals) were 5.6% in 2008, as compared to the Anchorage vacancy rates of 4.7% in 2008. The median rent in the Borough was \$775 per month while the median rent in Anchorage was \$898. It was reported that the Borough had 1,004 rental units while Anchorage had 7,827 units. 3

³ Information provided by Alaska Housing Finance Corporation , "Alaska Rental Market Survey 2008 Tables"

Senior Housing

Senior housing continues to be an important statewide issue, since Alaskans over the age of 65 represent the fastest growing group in the state. This is also true for the Borough, with its fast growing older population. With the 65 plus market representing 7% of the Boroughs population we are ensured that our senior population will continue to outpace housing and available services in the near future.

According to the Alaska Housing Finance Corporation's December, 2008 Senior Housing Inventory, the Borough had 622 senior housing units available. Of those housing units, 358 were classified as Independent Living Facilities (ILF), and 264 were classified as Assisted Living Facility (ALF). There are waiting lists for senior housing and the demand for more senior housing is expected to increase in the future as the resident population ages and the demographics of the area shift into more traditional growth patterns. Willow expects to construct six homes every three years, on a twenty acre area set aside for this purpose. Willow was on the AHFC Senior Citizens Housing Development Program for the FY2008 Development Awards for six units.

Location of Facility	Number of Units	Classification
Houston	10	ILF
Palmer	83	ILF
Palmer	123	ALF
Sutton	5	ILF
Wasilla	254	ILF
Wasilla	133	ALF
Willow	6	ILF
Houston	5	ALF
Willow	3	ALF

Tourism and Outdoor Recreation

Visitor Industry

The tourism and visitor industry is a very important part of the Borough economy accounting for over \$282,000,000 of economic activity per year. The visitor industry is estimated to annually provide nearly 4,000 jobs and more than \$100,000,000 in direct payroll. Annual visitation accounts for approximately 780,000 – 800,000 visitors per year. Out of state visitors account for approximately 40%, and instate visitors approximately 60% of direct annual visitor expenditures.

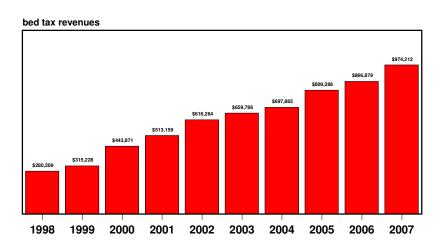
Visitors come to the Borough to enjoy its hiking, wildlife, camping, outstanding view sheds, glaciers, fishing, and wild lands experience. A significant number also come to the Borough during the off season for activities such as, snow machining, dog sledding, cross country skiing, and to participate in or watch the Iditarod. Tourists also come to visit the South Denali area to see Mt. McKinley from the Southside and the Hatcher Pass area during both summer and winter.

Thousands of visitors from around the state spend their vacations, holidays and weekends there. A significant percentage of the housing units built in Mat-Su are for recreational and seasonal use and hundreds of new cabins are added each year. The owners of these recreational properties spend money in the local economy and pay property taxes. In the past, the vast majority of visitors were independent travelers. However, that began changing when Princess Tours opened its Mt. McKinley Princess Lodge near Talkeetna in 1997, and Cook Inlet Region opened the Talkeetna Lodge in 1999. Both of these hotels have since expanded and both rank among the top 50 employers in the Borough.

A newer development is the rapidly growing number of destination tourists who are making their way to the Borough's Upper Susitna Valley. Since 2000, accommodation employment has more than doubled. Bed tax revenue has grown from about \$171,000 in 1996 to roughly \$975,000 in 2007. In addition to the large number of hotels, a number of smaller lodges and hotels have opened in recent years.

Mat-Su's biggest asset in attracting destination tourists is its proximity to the state's largest city on one side, and the state's most popular mountain and park – Mount McKinley and Denali National Park – on the other. The Borough serves as the gateway to mountain tours and climbs, is home to Denali State Park, and is a major fishing and hunting destination in its own right. A detailed overview of Borough tourism, as well as tourism infrastructure needs, is provided by the "Matanuska-Susitna Borough Tourism Infrastructure Needs Study", prepared by McDowell Group.

Hotel Activity Continues To Soar In The Valley



Source: MatSu Convention and Visitors Bureau.

Hatcher Pass

A major objective of the CEDS is the development of a Hatcher Pass Ski and Recreation Area Development facility. This facility will be located in the Hatcher Pass area of the Talkeetna Mountains approximately 55 miles north of Anchorage. The Borough, in concert with the private sector, would like to develop an 11,000 acre portion of Hatcher Pass into a regional Alpine and Nordic ski area with the potential to become a four-season destination.

The presence of a major recreation facility in the center of the Mat-Su Valley will be a cornerstone for further growth of a multi-season visitor industry. It will provide a broad recreation-based community that will enhance the lifestyle of Borough residents and encourage visitors to the region with a variety of year-round recreational opportunities. This new recreation center will ultimately lead to more development and jobs in sectors outside the recreation/hospitality industry.

The Borough is currently pursuing a first phase \$24.8 million Hatcher Pass Development Plan that will provide for a quality day use recreation facility at Hatcher Pass. This first phase includes alpine lifts and trails aimed towards the beginner and intermediate skiers in the northern sector. In the southern sector, it provides for competitive and recreational nordic ski trails. The Borough is currently working on an Environmental Impact Statement (EIS) and pursuing ways to finance the capital portions of the project.

Recent investment in infrastructure has advanced this development. Water, soils and economic feasibility studies have been conducted and reported favorable site suitability conclusions. Access roads have been upgraded and electricity has been extended to the base of the proposed ski area. Road improvements and public facilities have been completed including camping facilities, rest stops and viewing areas. The main access road is paved all the way to Independence Mine and additional funds have been appropriated to continue to improve the road to Willow.

The Hatcher Pass project will be integrated into the local tourism and visitor economy. In the immediate area, it will complement existing lodge facilities and the additional development at the Independence Mine State Historical Park. It will be integrated into the loop tours through the Valley for both formal tours and visitor drives. These could include a loop tour via the Glenn Highway and on to Hatcher Pass and return going down the other side of the pass to the Parks Highway or a loop tour including rail ride to Palmer, bus to the Pass for activities and possible overnight, and on to Copper Center and Valdez via bus. Tours could also go from Hatcher Pass to the new South Denali Development on the south side of Denali National Park. The nordic trails will be used as visitor walking areas in the summer.

South Denali

On June 30, 2006, the Record of Decision was signed by the agency partners for the "South Denali Implementation Plan and Environmental Impact Statement." This document identifies a significant number of future recreational developments south of Denali National Park. The decision includes the construction of a 16,000 square foot visitor's center to be located on Curry Ridge east of MP 134.6 of the Parks Highway and numerous other recreational improvements. Implementation of the plan will result in the availability of world class recreational experiences resulting in very significant opportunities for the expansion of tourism in the Upper Susitna Valley and the Mat-Su Borough.

Located within easy reach of Anchorage, South Denali will draw an estimated 250,000 – 350,000 annual visitors. The convenience of experiencing one of the State's most attractive attractions, Mt. McKinley, in one day will spur economic opportunities at the local, regional and statewide level. It is also expected that the South Denali development will create a year round recreation destination and will be popular among both cross country skiers and snow mobile enthusiasts. It is planned that this development will be completed and fully operational by 2014. In 2008, the State funded \$8.9 million for the access road.

The Institute of Social and Economic Research at the University of Alaska, Anchorage, has studied South Denali Project and estimates that it could stimulate additional tourism expenditures of around \$44 million in the Mat-Su each year. During construction of the \$30 million center an additional visitor amenities, it is expected to provide construction jobs for two to three years, from 119-403 workers. Once the facility is in operation,

taking into account the other tourism activity stimulated by the South Denali destination, it is estimated that from 184 to over 600 additional jobs may be created. The Borough continues to work on the federal, state and local government partnership to implement the development.

Trails

Over 2,020 miles of trails have been dedicated in the Borough. These trails link up with additional trail mileage located within Palmer and Wasilla. The Iditarod National Historic Trail is the most well-known designated trail traversing the area. The 900 mile, Iditarod National Historic Trail begins in Seward and terminates in Nome. It first connected prehistoric Native Alaskan villages, later became a major route for the settlement of Gold Rush-era Alaska, and continues to play a vital role in modern-day Alaska. Today, the historic Iditarod trail system is home to three internationally famous long-distance winter races and used annually by thousands for recreation, subsistence hunting, and inter-village travel.

Other trails include the Crevasse-Moraine trail system, extensive trails in the Hatcher Pass area, and trails around Sutton, Lazy Mountain, and numerous other areas. A 60-mile bike path trail along the Parks Highway and Palmer-Wasilla Highway connects Palmer to Houston and runs through Wasilla. The Borough, City of Wasilla and ADOT&PF are working on determining a location for a trail from Wasilla to Big Lake. There is also a multi-agency agreement, including the Borough, addressing trail improvements on the Alaska Railroad right-of-way from Palmer to Sutton.

The designation of public trails and establishment of an extensive public recreation trail system throughout the Mat-Su Borough is contributing to an increased multi-season visitor industry. As part of the Borough Asset Management Plan, additional trails throughout the Mat-Su Borough are being identified and surveyed, and more will be dedicated in the future.

Designation makes it possible for sports associations and other non-profit organizations to justify investments made to improve, groom, map, and provide signage and service areas like rest stops, foot bridges, and picnic facilities. The winter sports are especially responsive to trail grooming, and a grant from bed tax revenues has been utilized to perform this function in recent years. Safe, well-groomed, and well-mapped winter trails can draw thousands of winter visitors from Anchorage. These visitors contribute to the profitability of facilities that normally survive on only summer income. Increased profitability leads to expanded facilities, more jobs, and continued growth of the visitor industry.

Recently, the Borough has begun working on a destination trailhead and trails program. This program would create a tourism destination niche of outstanding trailheads and trails to attract tourists specifically to the Borough for trailhead and trail related activities. Recent working groups have identified this program as a high priority and prioritized trailheads and related trails to receive improvements and become the core of the new program. It is expected that a portion of the bed tax will be used specifically to improve

the prioritized trailheads and trails so, in and of themselves, trailheads and trails become attractive tourism destinations. As soon as the top five to ten trailheads and related trails have received adequate improvements, the Borough Destination Trails Program will be marketed.

Angling

The area supports extensive and diverse recreational fisheries for five species of Pacific salmon. The two most sought after salmon species are the Chinook and Coho salmon. The area also supports excellent fishing opportunities for wild stocks of rainbow trout, Dolly Varden, Arctic grayling, and northern pike and limited opportunities for burbot, Arctic char and lake trout. Two species of fish are also available for personal use fisheries: sockeye salmon at Fish Creek and hooligan (smelt) in the Susitna River. The area also supports the most aggressive lake stocking program in the state where more than 90 of the area lakes are stocked with rainbow trout, arctic grayling, arctic char, landlocked Coho and Chinook salmon. The basin offers world-class fly-in and road accessible sport fishing, a pillar of the local economy. Many Alaskans rely on these fisheries to put food on their table, harvesting roughly 115,000 Chinook and Coho from the area streams annually. More than 160,000 rainbow trout are caught each year. On an annual basis the Mat-Su Basin sees an average of 300,000 angler days of sportfishing effort.

With easy access to some 90 lakes, the Borough is quickly becoming a still water fishing capital of Alaska. The Borough is working with a fishing television show to provide two programs on national TV about the fantastic fishing in our lakes. The video will also be used for marketing purposes, and the Borough is organizing a coordinated marketing program. This involves working with the sports fishing industry regarding which lakes are most appropriate to market, and coordinating lodging and guiding services. It is expected that still water fishing will create another tourism destination niche in the Borough.

Tourism Infrastructure Projects

The tourism infrastructure in the Borough needs to be significantly improved to encourage expansion of tourism, visitor activities, and overnight stays. As a result of the McDowell Group study, "Matanuska-Susitna Borough Tourism Infrastructure Needs Study", the Borough has identified the types of infrastructure needs it must address. The high priority was the provision of gateway wayside information centers on the three main highway entrances to the Borough. In addition, key waysides near fishing accesses, scenic viewpoints, and information areas should be improved to include well maintained restrooms, good signage, and good information kiosks. Another area that received a high priority was trailhead and trail refurbishments to be used as part of the trailhead/trail tourism destination program. Several large tourism projects were also prioritized to become tourism destinations. In addition to the South Denali Project and Hatcher Pass Project, the south gateway project, where the Glenn Highway enters the Borough from

Anchorage, was a top priority. This would be a major joint federal, state, and Borough tourism center. Other large tourism destination priorities included the Palmer Hay Flats Natural Science Education/Community Center, the Glenn Highway Raptor Center, the Independence Mine Tour development which would be part of Hatcher's Pass, and working toward improving the Willow Road to Hatcher Pass. Convention centers on a Borough wide basis were looked on as a lower priority, even though they definitely contribute significantly to a tourism economy. However, since both Wasilla and Palmer are considering such facilities, the Borough at this time will not take the lead on convention facilities.

Marketing

The Mat-Su Convention and Visitors Bureau (MSCVB) markets destinations through a variety of marketing programs targeting consumers, tour operators, travel trade, meeting planners and international operators. Each year a detailed informational brochure is updated and distributed to thousands of potential visitors. The organization maintains a visitor's center near the intersection of the Glenn Highway and Parks Highway. Its annual budget was \$789,650 for 2008, with \$648,542 coming from the bed tax.

A study done for MSCVB by the McDowell Group, (Mat-Su Visitor Profiles, Summer 2003) identified marketing strategies to overcome this "drive through" problem. Most visitors carefully plan their trip to Alaska. Once here, they have a set agenda. The time to sell them on the benefits of the Mat-Su Valley as a destination is before they leave home. New marketing campaigns designed to "piggy-back" the efforts of the statewide tourism marketing program are putting the Valley's resources in front of the entire world.

Six Chambers of Commerce representing Big Lake, Houston, Palmer, Wasilla, Talkeetna, and Willow are active in the Borough. These six Chambers of Commerce have been working together as a Valley Committee of Chambers to assist new and existing businesses, as well as market the Mat-Su Valley. The Chamber groups put out a joint Chamber phone book in the summer of 2006 and recently began working with the Eagle River Chamber of Commerce. The Wasilla Chamber of Commerce is the largest of the Borough Chambers and has recently grown from 560 members in 2006 to 690 members in 2008, thus becoming the third largest Chamber of Commerce in the State. The Wasilla Chamber provides an inter-active web site with a community e-news letter, and job listings as well as a quarterly newspaper.

Other Attractions

With the recent addition of 126 new rooms, the Princess Lodge in the Upper Susitna Valley is now one of the largest hotels, with a total of 460 rooms. In addition to the traditional visitors, new facilities and lodgings are increasing the Valley's opportunities and ability to host groups, retreats, and meetings. The Mat-Su offers some of the best views of Mount McKinley and about 30 percent of Denali National Park is within the Borough. Current facilities within the park are over capacity. Several state parks,

including Kepler Bradley Lakes and Denali State Park, are also located in the Borough. Sport fishing, skiing, snowmobiling and golfing are major lures for Anchorage residents looking for convenient access. The high number of visitors traveling through the Mat-Su to interior Alaska destinations, combined with resident outdoor enthusiasts, such as hunters, hikers, fisherman, and snowmachine riders, is a large factor in the economic strength of local economies and the relative strength of the retail and service sectors.

Certain available public facilities are attracting visitors. In Wasilla, the new Multi-use Sports Complex includes an indoor soccer field/ice rink, gym, jogging track and meeting rooms that are used for trade shows, sport events and meetings. The Brett Memorial Arena in Wasilla is also used for sporting events. In Palmer, the Palmer Ice Arena is used for skating and hockey events and Herman Brothers Field is the home for the Mat-Su Miners baseball team. The state fair grounds are also located in Palmer. The City of Palmer is also looking into the possibility of having a convention or conference center.

The Borough also has numerous historical and cultural tourism attractions. Museums include the Alaska Transportation and Industry Museum, Iditarod Park, the Dorothy Page Museum, and the Palmer Museum of History and Art. A portion of downtown Palmer, the "New Deal" agricultural colony, is on the National Register of Historic Places and includes several renovated buildings, such as the Borough Administrative offices, formerly Central School. Independence Mine State Historical Park is another important site. Willow hopes to use the Willow railroad station as a tourist destination. Trains would bring tourists to Willow and then they would be bussed over Hatcher Pass. Talkeetna has grown over the last several years as a destination, or "attraction," in and of itself. The Mat-Su is home to the Iditarod Trail Sled Dog Race headquarters, Iron Dog Snow Machine Race and Alaska State Fair. The Borough is also applying for the designation as a National Heritage area.

Natural Resources

Gravel

Gravel resources are now the most important current mineral export. Approximately 24 operators are actively excavating sand and gravel in the Borough on up to 81 different parcels of land. Three large gravel operators on the Glenn Highway, south of Palmer accounted for the vast majority of the tonnage produced during the 2005-2006 period. They produced up to four million tons in gravel and shipped 80%-90% of it by rail to Anchorage. The remaining production was transported by truck for local Borough needs. Production fell to between two and three million tons in 2007 due to less building construction and competition for state road projects from the newly opened Eklutna gravel pit.

The other 21 sand and gravel operations are significantly smaller and primarily serve local area needs. The smaller operations each produce relatively small quantities of sand and gravel (i.e. 7,000 tons per year), have less than ten employees per business, transport mainly by truck and in many cases serve a specific part of the Borough. The largest of the smaller local operations reported producing 94,000 tons of sand and gravel per year. In addition, a rail side gravel processing center has been built between Wasilla and Meadow Lakes, which has reduced production expense.

The Borough lands at Port MacKenzie are also a source of gravel resources. During 2008, over 600,000 tons of gravel was exported from Port MacKenzie via the Port, to the Anchorage Port expansion project. Resource value, wharfage and dockage fees provided over \$800,000 in revenues to the Borough.

Mining

Except for gravel, mining activities are minimal in the Borough. No sizeable ore mining operations are currently in production, though large scale gold and coal mining flourished here in the past. Rich deposits of high quality coal remain one of the region's untapped resources, but mining is subject to many potential regulatory considerations. With the addition of loading facilities at Port MacKenzie, high quality coal from the Wishbone deposits near Sutton may be developed and exported. The Usibelli coal company may develop a coal deposit in the area that could annually produce 500,000 to 700,000 tons of coal for a twelve year period. Also, with the high price of gold, some mining activity in Hatcher Pass and in the western region of the Susitna Valley may take place.

Oil & Gas

Some oil and natural gas exploration and production activity is taking place in the Borough. Oil leasing and oil exploration continues in the Cook Inlet region, but it is primarily directed toward the Lower Cook Inlet. Oil and gas tracts have been leased on

the north-northwest side of Cook Inlet within the Borough. The Borough has natural gas reserves and natural gas is being produced on a severely limited exploratory basis.

In 2003, exploration by Evergreen Resources for coal-bed methane reserves yielded some positive findings, however area resident concerns regarding water use, collection stations, noise, and other activities effectively ended those efforts in the populated core area of the Borough. As a result of resident concerns, the Borough Assembly developed coal bed methane production regulations. There are still leases in some areas of the Borough and production could be possible in more remote areas.

Recently Fowler Oil and Gas Corporation proposed a pilot coal bed methane project on 840 acres of farmland near Palmer. The program proposes to use a large unit with a single well and horizontal drilling to extract coal bed methane. The new technique is said to not impact ground water and will not use fracturing chemicals. In addition, the land owners around the well are participants in the drilling operation. During the summer of 2007, the Borough permitted the Fowler Oil and Gas Corporation effort. The coal bed methane extraction effort is in its beginning stages as it continues to acquire adequate financing.

Timber

The State of Alaska owns most of the 1.8 million acres of identified timber lands in the Mat-Su Valley. According to Susitna Forestry Guidelines, ownership of valley timber lands is divided between different owners as follows: State of Alaska – 1,500,000 million acres (approximately 82%); Borough -160,000 acres; University of Alaska - 29,000 acres; Mental Health Trust Lands - 38,000 acres; Native Corporations - 15,000 acres and other private ownership - 96,000 acres.

Timber utilization for lumber in the Borough has declined over the past 20 years. The typical operator is a small sawmill producing rough green lumber and/or house logs for the local market. As the population has grown, the demand for such material has actually decreased as the market has become more sophisticated. An exception to this trend is Poppert's Mill that produces kiln-dried lumber for construction and finishing purposes.

State management policy is in the Susitna Forestry Guidelines cited above. It divides the Susitna Valley into 3 phases of operations. Phase one has two parts: East side which consists of areas on the east side of the Susitna River plus lands east of the Boroughs' Chijuk Creek area, and lands around Mount Susitna. Phase two lands are east of the Kahiltna River, and Phase three includes all other State lands. The net timber base (gross timber base minus prohibited areas) for these lands is shown as:

Area	Acreage	Volume
Phase 1	-	
East Side	97,500 - 106,100 ac	90 - 97 MMcf
Mt. Susitr	na 19,000 - 19,400 ac	13 - 14 MMcf

Phase 2	131,000 - 135,800 ac	117 - 121 MMcf
Phase 3	217,900 - 230,300 ac	190 - 200 MMcf

Currently the only operable area is within Phase 1. The Borough recently received the results of a commercial and operable timber inventory on Borough Land. This inventory shows that we have 66,000 acres of commercial forest land, of which 49,000 is economically and practically viable to be harvested under present conditions.

The Borough has adopted a new section in Borough code dealing with Forest Management. This section provides annual allowable cut levels, identifies areas to be managed for timber harvest and other forest uses, and establishes a process for identifying areas for making timber available for sale on a five year schedule.

Additionally, the Borough recently completed Phase I of a new Forest Management Plan and has begun Phase II with an expectation of completing it in May of 2010. This plan will provide management guidelines for multiple uses of our forests within 19 Natural Resource Management Units.

Wood-chipping operations, which provide chips for export to Asian markets, began in 2005, and have been the largest consumptive users of timber in the Borough. NPI, an Alaskan corporation, spearheaded these efforts. Recently, NPI has slowed their chip manufacturing efforts.

Agriculture

Agriculture has had a strong historical presence in the Matanuska Valley since the arrival of the New Deal Colonists to Palmer in the late 1930s. As an economic influence, however, agricultures' role has declined as a total percentage of the local economy. The most recent statistics from the USDA Alaska Agricultural Statistics Service show that the total value of on-farm production (crops and livestock) was about \$11.8 million.

The Matanuska-Susitna Borough has four operating dairy farms. Following the closure of the Matanuska Maid Dairy processing facilities, a private group, using a \$600,000 federal grant, established the Matanuska Creamery to service the four remaining dairy farms. The new creamery is successfully selling milk in Anchorage and Matanuska Valley stores, as well as providing dairy products for Kaladi Brothers Coffee Company. The creamery is producing approximately 50,000 gallons of milk a month, as well as cheddar cheese and 16 flavors of ice cream. The creamery serves the four Southcentral dairy farms that collectively maintain 800–1,000 head of cattle. The creamery expects to do around \$3,000,000 worth of business during its first year.

The Borough has taken action regarding two projects to increase the use of Borough crops and produce. In 2007, the Borough completed construction of a new school district central kitchen in Palmer, which will be used to prepare school lunches, and to the extent

possible, use local produce. The Borough is also pursuing funding to build an Agricultural Processing and Product Development Center. The center would produce year round marketable products with adequate economic return to provide for operating expenses and a profit for a private operator, provided initial construction costs were garnered through grant funding. The proposed processing center will freeze-process, blanch-process, and juice locally grown fruits, berries, and vegetables into high quality, low pesticide residue, customer friendly products.

Growing market demand for locally produced and organically grown vegetables is currently addressed seasonally through Farmer's Markets. In order to expand the market window from ten weeks to twelve months, freeze processing must occur. The local school district wants to use local products in lunches. Military food buyers have requested that we present our proposed products to their current suppliers, and a national food vendor inquired about private labeling for the fresh fry product. The Department of Corrections has expressed a desire to utilize the processing plant for the vegetables it grows to feed inmates statewide.

Matanuska Valley potatoes, which are known for their high potassium, vitamin C and B6 content, are now also being used to produce vodka as a value added product. The Glacier Creek Distillery, located near Palmer, uses more than 100,000 pounds of potatoes annually to make vodka. The manufacturing process removes ethanol from the potatoes, which provides for the distillery. The company is making 500 bottles a week and expects to have up to ten local employees. This local potato product is purchased by local hotels, such as the Captain Cook Hotel, Double Musky Inn, and Alyeska Prince Resort, as well as the Brown Jug and Gold Rush liquor stores.

Other value added efforts include producing birch syrup and candies, which are sold for gifts and to tourists. Also, a rhubarb fruit drink is being tested and may be produced. In addition, the greenhouse industry, which accounts for about 40% of agricultural income in the state, is flourishing and landscaping products are in high demand in South central Alaska.

The Alaska Plant Materials Center (PMC), a state agency, produces foundation and low generation seed potatoes for use throughout the state. The possibility of exporting large quantities of seed potatoes to China is being explored. The Mat-Su region produces two-thirds of statewide potato production for a net value at the farm of \$3 million. The PMC also produces re-vegetation materials that are utilized throughout the state on mining, oil and gas, and highway projects. Recently, the Borough helped fund a willow cultivation project at the PMC in conjunction with University of Alaska, Fairbanks, to assess its potential for biofuels production.

Other agricultural opportunities include supplying a higher percentage of food to the growing in-state population, supplying specialty food markets in the Lower 48, and expanding our thriving "Farmers Markets" in Palmer, Wasilla and Anchorage.

Mat-Su on-Farm Production Values – 2007

Crops \$8,870,000 Livestock \$2,930,000

Total \$11,800,000 (66% of total Alaskan agricultural production)

Alaskan dairy farmers are not eligible for the same milk subsidies and price supports as Lower 48 dairy farmers, making it more difficult to be competitive. This is due to the lack of a commodity food warehouse program and terminal market designation. Both of those issues may be may addressed in the Farm Bill currently being considered by the U.S. Congress.

During the past ten years, housing development has also placed pressure on the best agricultural lands. Though some efforts are being made to protect farmland, the effort to buy back development rights from farmers has moved slowly. The Borough has made a commitment to fund \$200,000 per year to the development rights buy back fund and the first successful Farmland Trust purchase has been completed near Wasilla.

The Matanuska Valley is also famous statewide and nationally for the extremely large vegetable exhibits at the Alaska State Fair, which is held in Palmer every fall. More than 250,000 people attend the twelve day event. The event generates more than \$2 million for the local economy.

Infrastructure and Services

Each of the most promising economic development projects for the Borough requires some infrastructure work to improve financial viability. These projects include: Port McKenzie, Hatcher Pass Ski and Recreation Area, Port MacKenzie Rail Extension, an Agricultural Processing and Product Development Center and the Knik Arm Crossing.

This section discusses the status of infrastructure and service facilities and key improvements needed to assist economic development.

Port MacKenzie

The development of a deep water port and industrial/commercial area at Point MacKenzie has long been discussed. Today, Port MacKenzie is open for business and moving ahead with new infrastructure development. The Port is located across Knik Arm from the Port of Anchorage on Point MacKenzie.

In the fall of 1999, construction started on a pioneer access road and barge dock at the Port site. Since that time, the barge dock has been completed, the 15 mile port access road has been paved, three-phase electrical power has been extended 11 miles to the Port, telephone/fax/internet capability has been added via microwave reception, a 1.25 mile road and 18-acre pad have been constructed for stockpiling woodchips, a 1,200 foot deep-draft dock has been constructed, and a multi-use conveyor system has been installed from the top of a 120-foot bluff, across the barge dock, to the deep-draft dock. A two-story, 7,000 square foot ferry terminal building was completed in the spring of 2007. Other improvements include a security building, a public telephone booth, and a filter rock ramp for landing craft use on the south side of the barge dock.

Two of the main goals of the Port are to create new employment opportunities and to stimulate economic development within the Borough. To facilitate these goals, Port MacKenzie has 8,940 acres, 14 square miles, within the Port District dedicated to commercial and industrial development.

During 2005, the first year of operation after construction of the deep-draft dock, six Panamax size vessels and twelve barges utilized Port MacKenzie. NPI, LLC, a woodchip company based in Wasilla, loaded six Panamax size woodchip vessels, half going to South Korea with birch chips and half going to Japan with spruce chips.

Besides NPI, LLC, two other companies have been doing business at Port MacKenzie. Alutiiq Manufacturing Contracting (AMC) has constructed and shipped 68 houses to rural Alaskan communities. AMC has also constructed range facilities for Fort Richardson and Fort Wainwright. VECO, the largest construction company in Alaska, and AMC teamed in a joint venture from July 2005 through February 2006 to construct twelve pump modules for Alyeska's pipeline pump stations and two electrical modules for BP's North Slope operations. This project provided more than 50 full-time jobs at the

Port. As more orders are received for module construction, this joint venture should provide even more jobs. NPI and AMC have both doubled the size of their leases at the Port in 2006.

The Borough is now focusing on five main goals at Port MacKenzie: 1. to install gas utilities, 2. have a year-round ferry operating between Anchorage and Port MacKenzie, 3. complete a rail link to the Port from the Alaska Railroad mainline, 4. complete an extension of the barge dock and, 5. complete an extension of the deep draft dock.

Now that electric and telephone have been extended to Port MacKenzie, the next utility to come to the Port will be natural gas. A \$250,000 grant has been awarded from the Denali Commission to design a 15-mile, 8-inch gasline spur from a 20-inch main line at Ayrshire Road to the Port. The design should be completed by July, 2007, and the gas line will be constructed when funds become available.

The Cook Inlet Ferry, The M/V Susitna (formerly known as the Knik Arm Ferry) is being constructed in Ketchikan, Alaska. The ferry terminal building, along with port offices, was completed in the spring of 2007, at the port. The ferry landings are scheduled for construction in the summer of 2010 and the ferry will be operating by the fall of 2010. The vessel will hold up to 115 passengers and 20 vehicles. The ferry is viewed as an "interim" measure to transport people, vehicles, and materials throughout Cook Inlet. If a Knik Arm Crossing Bridge is completed, the ferry could be used on alternate routes such as Anchorage or Port MacKenzie to Kenai, Homer, Point Possession, Tyonek, or Williamsport in the Kenai Borough.

The Port MacKenzie rail extension to the Alaska Railroad mainline will greatly increase use of Port MacKenzie. This rail extension is discussed in more detail below.

The barge dock expansion and the deep draft dock expansion are important projects for Port MacKenzie that will significantly improve their capabilities to import and export large quantities of bulk product. The barge dock expansion involves expanding the existing five acres Port MacKenzie barge dock to approximately thirteen acres. The 7.86 acre expansion will enable companies to construct sealift modules for North Slope oil and gas field development, provide a pipe layout and preparation yard for the gas pipeline project, and provide an anchor area so that the deep draft dock expansion can include a second trestle back to the mainland. This project is "shovel ready", and assuming funding is provided, can be completed in 2009. The deep draft dock to a least 550 feet, and extending the dolphin and cat walk ship tie down area by 300 additional feet. This project will also provide for a second trestle from the deep draft dock back to the expanded barge dock so that bulk load trucks do not have to turn around on the dock, but have a smooth flow around a horse shoe trestle dock formation to the mainland. This project can be completed within two years of receiving adequate funding.

Port MacKenzie compliments the Port of Anchorage. Port MacKenzie is designed to primarily export natural resources such as timber, woodchips, sand, gravel, rock, coal, and limestone from Southcentral and Interior Alaska. The Port of Anchorage is primarily designed to off-load container ships and does not have handling and storage space for extensive raw natural resource export. Both Ports are working together to get the ferry running across Cook Inlet. Port MacKenzie also hopes to continue providing low cost gravel to the Port of Anchorage to help with its port expansion project.

Port MacKenzie Rail Extension

Construction of Port MacKenzie has created the need for additional investment in railway development to serve the port. An Alaska Railroad mainline to Port MacKenzie rail extension would greatly increase the attractiveness of the Port for exporting coal and other natural resources. The State of Alaska approved a \$10 million grant to complete an EIS and preliminary engineering study of a rail extension from the Alaska Railroad mainline to Port MacKenzie, in FY08. This EIS should be completed in the first half of 2009. The State Legislature also approved \$17.5 million in FY09 to begin right-of-way acquisition, design and construction of the loop embankment at the port. Construction of this phase is slated to take place beginning the spring and ending early winter of 2009. Once the rail line is extended to the Port, it will be more efficient to transport additional commodities, such as coal from Healy, fuel from the North Pole refinery, aggregate minerals, limestone and rock from Interior Alaska.

The Alaska Railroad

Construction of the Alaska Railroad (ARR) began in 1915. Basic construction continued until 1923. Anchorage, the State's largest city, began as a tent town serving as the railroad headquarters. When the railroad was completed, it stretched 470 miles from the Port of Seward to Fairbanks. A network of spur lines and short runs has developed over the past 77 years. The Mat-Su Valley has 1,000 miles of documented rails, and needs still more to support new development.

The ARR runs parallel to the Parks Highway for most of its length and traverses the Borough from north to south. Imported commodities and supplies flow north, while raw materials and fuels now travel south to the existing ports.

The Alaska Railroad provides passenger and freight train service throughout the state, to residents and visitors alike. Train service extends from Whittier and Seward to Anchorage, then through the Mat-Su valley to Talkeetna, Hurricane Gulch, Denali National Park, ending in Fairbanks. Flag stop service is available from Talkeetna to Hurricane Gulch, providing a vital transportation link for rural Alaskans.

Matanuska-Susitna Community Transit

The Matanuska-Susitna Community Transit (MASCOT) was established in 1999 as a private, non-profit corporation to provide public transit service in the Borough. MASCOT provides five flexible transportation options. It provides for scheduled point to point service throughout the core area of the Borough (Houston to Palmer) and four daily trips to Anchorage through its "Fixed Route System". MASCOT can increase the number of trips to Anchorage on an as needed basis. For lower density areas (i.e. Knik, Big Lake, etc.) it operates a demand response system that connects to the fixed routes. For seniors and disabled in certain situations, it provides "Door to Door Paratransit". It also provides low cost, "Coordinated Services" to non-profit organizations and "Nonemergency Non-medical Transportation" for persons needing to go to the hospital or doctors appointments. MASCOT currently provides service to Millers Market in Houston. Willow residents have indicated that the service should extend out to Willow on certain days so seniors can use it for shopping in Wasilla or other needs. Communities such as Talkeetna and Sutton have also expressed interest in expanding transit to their areas. The Chickaloon Native Tribe in Sutton recently completed a Valdez to Anchorage Transit Study, which describes transit needs along the Glenn Highway, one of Alaska's interstate facilities.

Roads and Transportation

The location of the Mat-Su Borough has been the determining factor of its growth. From the heart of the Borough's population center, it is a 50-minute drive to downtown Anchorage. Approximately 14,000 Mat-Su residents commute into Anchorage each day. Traffic counts document the commuter population as representing approximately 32 % of the workforce. As a result, large investments are being made to improve the limited road network and building new roads to accommodate population growth.

A significant number of Mat-Su Borough residents travel even longer distances to work. Most of the long distance commuters are employed in the oil industry on the North Slope, commercial fishing in one of Alaska's many coastal communities, or in the construction industry elsewhere the state. At last count, long distance commuters represented about 12 percent of Mat-Su Borough residents.

On weekends however, the commute from the Mat-Su Borough to Anchorage reverses direction. The Borough is high on the list of desirable destinations for weekend recreational activities with streams, mountains, trails, and remote lakes, offering a multitude of hunting, fishing, boating, hiking and camping opportunities. Winter recreation opportunities also abound with thousands of Anchorage residents flocking to the ski trails, snow boarding mountains and endless snow machine trails located from Hatcher Pass to Nancy Lake to the South Denali area near Trapper Creek.

Probably the biggest contributing factor to the Borough's transportation importance is that both of Alaska's major highways, the George Parks Highway and the Glenn Highway, travel right through the heart of the Borough. The Parks Highway begins six miles east of Wasilla at the Glenn Highway, travels north through Denali National Park, and continues on to Fairbanks. The Glenn Highway is the main east-west transportation route connecting Alaska to Canada and the Lower 48. It serves as the main entrance to the state, connecting with the Alaska-Canadian Highway at the border, through the Matanuska-Susitna Borough, and ending in Anchorage. The portion of the Glenn Highway within Anchorage and the Borough, up to Sheep Mountain, has been designated as a National Scenic Byway.

Regional Transit Authority: As noted above, conservative estimates indicate that more than 14,000 people commute between the Mat-Su and Anchorage every day, a number projected to grow to 30,000 in just 15 years. Fluctuations in the cost of fuel, both gasoline and diesel, has raised the public's consciousness regarding our dependency upon private automobiles and the cost of transportation in general. The demands on our transit systems are reaching or exceeding existing capacity. Park-and-ride lots in the valley are at overflow, the popular Share-a-Van program has a 700-person waiting list, and Anchorage and Mat-Su buses are seeing double-digit ridership growth. Existing commuter services are at capacity. Action is needed to maintain affordable transportation and a vibrant regional economy.

The Municipality of Anchorage and the Matanuska-Susitna Borough have signed a Memorandum of Agreement to work together toward the formation of a Regional Transit Authority (RTA). The RTA will develop a regional public transportation transit strategy that could involve a number of policy and operational options, including additional buses, vanpools, carpools, highway improvements, commuter rail, and ferry service. Representatives of the Municipality and Borough will be working with the State of Alaska, other local governments, and service providers to further define the membership, organization, and geographic scope of the proposed RTA. A proposal to formally establish the RTA and provide initial funding may be forwarded to the Legislature during the upcoming legislative session in 2009.

Cook Inlet Ferry: One project the RTA will provide coordination input on is the Cook Inlet Ferry project, a ferry system between Port MacKenzie, Anchorage, and other destinations along Cook Inlet. As noted in the Port MacKenzie Section, construction of the infrastructure for this ferry system is already underway and a ferry should be running between Port Mackenzie and Anchorage by fall, 2010. The ferry will provide Borough residents an alternative route into Anchorage, and would provide Anchorage residents easy access to Port MacKenzie, the Goose Creek State Prison (groundbreaking in spring of 2009), and worksites, as well as recreational activities in the Borough. Providing efficient and low cost service to and from Port MacKenzie will greatly enhance the

industrial development in the Port MacKenzie Port District. Several firms have indicated a serious interest in locating at Port MacKenzie once this transportation link is in place.

Knik Arm Crossing: The proposed Knik Arm Crossing that will connect the Borough with Anchorage is currently being analyzed through the development of a federally required environmental impact statement. This project will provide a regional transportation bridge connection that will greatly enhance commercial travel between Anchorage, Fairbanks and the North Slope. It will enhance transportation between the western Borough and Anchorage once its attendant transportation facilities are constructed, providing direct connections between the Parks Highway and Anchorage via Big Lake or Willow.

<u>Road System</u>: The Borough road system is the largest outside of Anchorage. There are innumerable short, side roads that connect to meandering secondary roads, most of which were once miner's trails, logging tracks or early routes of the infant postal service. Many of these secondary roads need realignment, widening, improved drainage, pedestrian facilities, and paving.

Recent emphasis has been put on improving the Borough road system. Rapid population growth is accelerating the need to improve the east-west and north-south transportation network. The populated core of the Matanuska-Susitna Borough will experience severe traffic congestion and system failure if the following improvements are not constructed over the next 20 years. The good news is that several of these important projects are in various stages of project development, with funding identified in the State Capital Improvement Program (CIP) or the federally funded Statewide Transportation Improvement Program (STIP). These projects are:

- Trunk Road Realignment and Widening
- Seward Meridian Parkway Widening and Extension
- Bogard Road Extension East
- Lucille Street Upgrade
- Knik Goose Bay Road (4-lane)
- Parks Highway Lucas Road (Wasilla) to Big Lake
- Glenn Highway Widening to 4-lanes Parks Highway to Palmer Fishhook Road.
- Port MacKenzie Rail Extension

Other important transportation links critical to the Matanuska-Susitna Borough's transportation system that are either in the early stages of project development or currently unfunded are:

- Palmer-Wasilla Highway Reconstruction
- Parks Highway South Wasilla Alternative (Seward Meridian to Big Lake)
- Seldon Road Extension West to the Parks Highway
- South Trunk Road Extension

- Fairview Loop Improvements
- Burma/South Big Lake/Big Lake Road Corridor Construction
- Herman Road Extension to the Palmer-Wasilla Highway
- Hyer Road Realigned and Upgraded
- Clapp/Mack Road Extension
- Hemmer Road Extension
- Felton Road Extension
- Dogwood St./Palmer-Wasilla Couplet
- Knik-Goose Bay/ Main Street-Talkeetna/Yenlo Couplet

The Parks Highway South Wasilla Alternative refers to a joint City, Borough, and State of Alaska environmental study of alternative routes for a controlled highway corridor to by-pass Wasilla.

Airports

Aviation activity, airports, and related support services are an important part of the Borough economy, culture, and lifestyle. The Borough has the highest concentration of public and private airports in the nation and the number of planes equals one aircraft for every 63 residents. The use and ownership of planes continues to grow as the number of registered aircraft doubled during the last twenty years.

There are approximately 200-250 airports in the Borough, of which 10 are public airports. Only 70 of these are currently mapped and only 110 have had a recent airspace review by the Federal Aviation Administration (FAA). More private airports exist, but 25-30% of the 200-250 total are not registered with the FAA. A large number of unregistered float plane bases are also active. These facilities offer flight opportunities within the Borough and to other locations in the State. Planes are used for passenger and cargo transportation, personal recreation, and visitor flight seeing and travel. Flight services, maintenance, and repair operations contribute significantly to local economies. There are two municipal airports, as well as a variety of commercial and private air services, offering flight opportunities within the Borough and to other locations in the State.

The closest major regional airport is the Ted Stevens International Airport located in Anchorage. Two municipal airports, Palmer and Wasilla, serve the Borough. Currently, there is no regularly scheduled commercial commuter airline service between Anchorage and the Borough. The Palmer Municipal Airport is comprised of one 6,000-foot paved runway and one 3,615-foot crosswind runway, each with parallel taxiways. The airport has approximately 50 acres of land available for lease and has existing facilities for charter service and general aviation, as well as the Alaska Division of Forestry's Southcentral Area flight operations and office complex. The airport serves

rural passenger and cargo needs as well as providing visitor and tourist flights. The airport has 215 based aircraft and is the sixth busiest airport in Alaska. The City of Wasilla Airport has a paved runway approximately 3,700 feet long. A third paved airport is located in Talkeetna, with a 3,500 foot strip. Talkeetna is used as the base for flight seeing and Mount McKinley climbing expeditions. Each of these airports has lease space for tie downs and other services. Willow has a 4,400 foot long, lighted runway.

As the number of airplanes and airstrips increases and the population increases with the attendant spread of subdivisions, land use conflicts have and will continue to increase. With growth, new private airstrips are being constructed and development is beginning to infringe on some airparks. In addition, private airstrips on both land and water need to be identified and airspace sufficiently controlled to make sure airways are open as congestion increases.

Consequently, the Borough, in cooperation with the Federal Aviation Administration (FAA), recently completed a Regional Aviation System Plan to inventory existing public and private aviation facilities, determine future demands, and quantify the importance of aviation to the economy and to the lifestyle of its residents. One intent of this planning effort was to bring the different user groups together to constructively address conflicts before they happen. Another major component of the plan determines whether more landing areas and float plane bases are needed in developing parts of the Borough. The plan will also determine the proposed location of a future floatplane base.

Utilities

The population of the Mat-Su Valley has largely settled in its core area, an area that now extends from Willow to Sutton on the Parks and Glenn Highways.

In the less populated areas of the Borough, utilities are still in the process of being extended. In some cases electricity and natural gas are not available. Phone service may be limited; however with cellular service supported by a network of towers, phone communication covers most of the populated area. Gas or diesel-fired generators and wood heating systems are still a part of the makeup in the more remote communities.

Matanuska Telephone Association, Inc. (MTA): MTA is a non-profit telephone cooperative incorporated in 1953. MTA operates eleven exchanges serving an area that extends from Eagle River in the South, to Anderson in the North, Sheep Mountain in the east and Tyonek in the west, an area of approximately 9,730 square miles.

MTA provides service to over 10,000 customers and provides over 59,000 access lines, all served by digital switches with the exception of remote rural radio subscribers. All eleven exchanges are linked to the Public Switched Telephone Network with SS7, making state of the art signaling available to over 98% of subscribers. Fiber optic cable and broadband DSL service are available to most of MTA customers. Line growth has

historically been strong within the service area and has been accelerated by the demand for second and third lines that has been created by the popularity of the Internet.

Total MTA revenues in 2007 were in excess of \$95,868,000 with total assets recorded at \$210,348,000.

<u>Matanuska Electric Association, Inc. (MEA)</u>: Organized efforts to acquire electricity began in the Matanuska Valley Colony in the late 1930's. On March 1, 1941, Palmerarea residents formed the Matanuska Electric Association (MEA).By April 1942, MEA was providing electricity to 127 members, about half its total membership of 242. In the early 1950s, MEA constructed power lines to Jonesville in the Sutton area northeast of Palmer and to Chugiak in the south.

In 1987, MEA signed a new, long-term wholesale power contract, called the "tripartite" agreement, with Chugach and the AEG&T, an organization formed in 1984 by MEA and Homer Electric Association (MEA signed its first contract with Chugach in 1950).

The 90-Megawatt Bradley Lake Hydroelectric Project came on line on Sept. 1, 1991. MEA's 13.8% share of the project's output will help provide a relatively low-cost source of electricity well into the next century. In 1996, MEA took over operation and began acquiring partial ownership of the federal Eklutna Hydroelectric Plant. MEA recently purchased the plant, in partnership with Anchorage Municipal Light & Power Company and Chugach Electric, securing a long-term source of low-cost power.

Growth in recent years is reflected by the following information from the 2007 Annual Report:

- Miles of line: 1995 totaled 2850 --- 2006 totaled 3,792 miles of energized line from Talkeetna to Eagle River, north to south, and Petersville to Sheep Mountain, west to east.
- Customers: 1995 totaled 34,000--- 2008 totaled slightly under 52,310
- Service lines: 54,000 in 2008
- Kilowatt Consumption in 2008 totaled 697,000,000
- Total Assets in 2007 were more than \$210,900,000.00 with operating revenues of \$86,881,000.

Today, MEA's service area is 3,360 square miles in Southcentral Alaska, nearly the same size as the 2.2 million acre Yellowstone National Park. MEA projects the Mat-Su Valley will require 250 megawatts by 2015, compared to 44.4 megawatts in 2003. MEA's power supply contract with Chugach Electric is set to expire in 2014. Thus MEA is exploring power generation options, including a possible gas fired power plant.

Water/Waste Water

Community water and sewer systems are only found in the incorporated cities of Palmer and Wasilla and the community of Talkeetna. Being comprised of a largely rural population, most households in the Borough depend on well and septic systems.

The City of Palmer recently completed an extension of its water and sewer system, which provides service to the new Mat-Su Regional Medical Center. This new service extends from Palmer, south along the Glenn Highway and then west through Crevasse Moraine State Park and University of Alaska land to the hospital. The new sewer and water line serves subdivisions and businesses along its route, even though it is outside the Palmer incorporated area. This initial phase of construction should meet the needs of the area for three to five years. After that, depending on the location and rate of actual growth, a larger waste water treatment plant, additional reservoirs and wells, and extended water and sewer lines may be needed. As part of the process leading to the decision for Palmer to serve the Mat-Su Regional Medical Center, Palmer and Wasilla agreed on utility service boundaries for Core Borough areas. As a result, Wasilla and Palmer have specified rights to provide utilities that will cover most of the Core area.

The Borough recently awarded a contract to an engineering consultant to prepare a "Regional Wastewater and Septage Study". The purpose of the study is to determine whether the cities of Palmer and Wasilla and the Borough should work independently or jointly together to meet future sewage treatment and disposal facility needs. The study will also address how they might work together.

Since most of the Borough relies on on-site septic systems and wells, the proper installation and maintenance of these systems is a concern. In some areas, inadequate systems are leaching into lakes and streams. This impacts both water quality and natural aquatic systems and needs to be addressed. The Borough convened a Technical Science Committee which developed a list of recommendations to address water quality issues in the Mat-Su Valley. A Citizens Water Quality Committee is implementing these recommendations through public education and ordinances designed to improve protection for water bodies.

Rapid development has also replaced vegetation with paved or impervious surfaces. As development occurs, traditional drainage patterns are disturbed, rerouted, confined or eliminated. Frequent high flows and unimpeded run-off can directly impact lakes and streams by causing excessive erosion and destroying habitat for fish and aquatic life. The pollutants carried with such runoff (gasoline, oil, sediment, heavy metals, and herbicides) can potentially contaminate water supplies for those who depend on wells. This is another concern being considered as part of the Big Lake Watershed study and plan. In addition, storm water runoff needs to be considered in developing areas of the Borough regarding drainage ditches and drainage detention areas. Due to these concerns, the Borough Comprehensive Plan sets forth goals of preserving the natural drainage system

to the extent possible, including flood plains and taking into consideration runoff and septic system problems as land use decisions are made. The Borough has embarked on a program to establish community goals and identify locations for "green infrastructure", which would preserve natural drainage systems, greenbelts and open spaces.

A primary goal of future updates of this strategy will include an in-depth analysis of area water and waste water plans, and assist in the coordination between the respective communities on these issues.

Land Issues

The Borough is comprised of 24,681.54 square miles containing urbanized, suburban, rural, and remote areas. The Federal, State, Borough and Native corporations own large parts of the Borough and manage their land for different purposes. There are twenty-eight recognized communities, each distinguished with unique life styles and community values. The Borough is distinguished with diversity in land use patterns and communities. Nevertheless, a common thread exists that seeks both to preserve existing lifestyle qualities and to pursue development and use of land with a relative sense of freedom.

Most Borough land issues are conflicts related to the compatibility of neighboring land uses. In view of the diversity of land uses and geographic expanse, it is difficult to have a one size fits all land management approach. However, some land use decisions need to be addressed in a consistent fashion to provide effective, efficient, and equitable policy. For example, decisions regarding watersheds, groundwater, and waste disposal which affect large areas and multiple communities are best addressed at a Borough-wide level.

Other land use issues are better addressed at the local community level. This is due to the very different community and land use situations that exist across the Borough. Some differences relate to the level of infrastructure development such as municipal water and sewer service versus home based water and septic systems. Other differences relate to the contrasting attitudes of communities regarding development or whether a kind of development is appropriate in a certain location.

One reason to manage land uses is to limit proximity of incompatible uses, and to encourage adjacent uses that support one another. To maintain a healthy and diversified economy, it is necessary to provide places for all development, especially commercial and industrial development. Additionally, a variety of residential densities is key to allowing for a variety of home buying options. Land use decisions should accommodate such uses and densities, while providing developers and investors with consistent policies regarding appropriate locations and ways to develop their business and industrial facilities while providing for adequate residential areas. It is important to provide a variety of housing options, minimizing land use conflicts, while encouraging compatible uses.

Some rapid growth land issues include: setting aside public road corridors and facility sites ahead of the growth curve; timely use of Borough lands to meet public park land and open space needs; use of an improved public facility site selection process; resource extraction/harvesting operation concerns; and the need for private/public partnerships for development.

<u>Facility Sites</u>: There is a need for additional schools, libraries, fire stations and other public facilities. If we wait to identify sites for these facilities until after the subdivisions

are full, appropriate land may not be available, will be expensive, and attempted designation or acquisition may involve controversy. Consequently, the Borough has attempted to get ahead of the curve and designate facility sites before an area is heavily developed. For example, the Borough recently identified sites for fire stations and emergency services that will be needed to serve new development areas opened up by the Knik Arm Bridge. The Borough will be spending \$2 million during 2009 to build four new fire halls. Three located in Wasilla and one in Caswell Lakes.

<u>Parks and Open Space</u>: Similarly, it is difficult and expensive, if not impossible, to provide for parks and open space after rapid development takes place. The Borough is addressing this in at least two ways: setting aside Borough lands for parks and open space in an area before rapid development happens, and working on platting regulations which provide incentives for developers to leave open space in new subdivisions.

<u>Planning Efforts</u>: Completing planning efforts early, to identify appropriate areas for different land uses, minimizes controversies and provides for the different uses. Such planning can also assist economic development. New businesses or industries moving into an area can be provided with some certainty regarding the compatibility of businesses that may be nearby. The Borough has been pursuing numerous planning efforts, including a Short Range Transit Plan, a Regional Aviation System Plan and Floatplane Base Location Study, a Corridor Access Management Study, a Port Master Plan Update, a Telecommunications Tower Master Plan, making updates to the Borough's Zoning Code, and a recently adopted mandatory land-use permit that deals with these concerns.

<u>Material Excavation Sites</u>: Rapid growth has increased conflicts between residential development and material sites. The number of subdivisions and gravel extraction sites increased in new areas. This has increased land use conflicts and complaints about noise, lights, dust, and safety concerns. The Borough responded with a tiered permit system that established ground rules for all operators to follow.

<u>Municipal Annexation</u>: The Palmer and Wasilla comprehensive plans identify possible future boundaries for the respective cities. The cities will gradually grow towards these boundaries through annexation. The extent and timing of possible annexations are not known, but as areas adjacent to these cities continue to develop and require increasing levels of public services, annexation of these areas to the cities may occur.

School Site Selection Process: Until recently, school sites were selected by different committees for each neighborhood with few pre-established criteria. With rapid growth has come the need for more school sites. Finding new sites that are large enough to accommodate schools has become increasingly difficult. Land–use competition for large sites between large residential, commercial and industrial developers, as well as government, has become common. To increase the effectiveness and credibility of the selection process, the Borough revised the selection process criteria, and established one site selection committee to select all the school sites.

<u>Public/Private Partnerships</u>: Public/private partnerships can enable certain developments to take place that would likely not happen if only the public or private sector took on the job alone. Examples of public/private partnerships are in areas such as work force training, providing public facility sites when developing new subdivisions, and wetland banking, so private land can be developed by purchasing public wetlands.

Environmental Issues

During the past five years, the Mat-Su Borough has experienced rapid growth and several industrial development efforts. The growth has prompted environmental issues regarding incompatible uses in close proximity, water quality concerns, and degradation of lifestyle expectations. The Borough and three incorporated cities have tools available to address these types of issues. The Borough has set aside areas of Borough lands for specific uses, such as open space, recreational use, or industrial use. The Borough can also designate Special Use Districts (SPUDs) and set forth specific land use specifications for parts of such areas. In addition, land use and lake management plans can set forth specific use restrictions. The Borough also requires Conditional Use Permits for a list of activities. The three incorporated cities use zoning to address environmental and land use concerns.

Industrial development efforts have both positively and negatively demonstrated the wisdom of appropriate location of and parameters for industrial development. Port MacKenzie illustrates the positive side and the coal bed methane experience illustrates the negative side.

Port MacKenzie is open for business. The 8,940 acre Port District, zoned for industrial and commercial development, has provided well for a large wood chipping production and export operation and industrial construction of housing modules and pipeline pump station modules. The placement of these operations in an industrial park, under appropriate standards, virtually eliminated environmental and land use concerns.

The efforts to establish coal bed methane exploration, on the other hand, led to significant environmental and land use controversy. Most of the controversy was related to efforts to set up exploration and development in established residential areas. Concerns over water pollution, noise, dust, falling property values, etc., were addressed through a conditional use permit process. In 2007, the Borough received its first application for a Coal Bed Methane Conditional Use Permit. The permit was approved and issued to Fowler Oil & Gas, for extraction on a parcel of land near Four Corners, about four miles west of Palmer.

Another recent controversy focused on timber harvesting operations. Complaints regarding hours of operations, road safety, dust, lighting and noise were raised. As a result, the Borough adopted "Best Management Practices" to address these issues, such as rules for traffic, noise, lighting, hours of operation conflict, and recommendations for others (private property setbacks and buffering). The state included similar measures in their most recent timber sales.

One objective of this CEDS Update is to encourage and support the development of the Hatcher Pass four-season recreation area. This project includes alpine skiing, crosscountry skiing and related support facilities. In later development phases, it also may include the establishment of a commercial village and a quality residential area. This project is integrated into plans for the expansion of the recreation and tourism industry in

the Borough. Land use regulations are being considered for the area, but development of the regulations will not like occur until completion of the environment work.

Other growth stimulated environmental issues range from lake water quality concerns related to improperly built septic systems, to residential concern about noise pollution, to attempting to establish a floatplane base on an urban/residential lake, to congestion, to land-use compatibility concerns. The Borough, city governments and Soil and Water Districts are attempting to address these concerns through planning, permitting decisions, lake management plans, education regarding groundwater pollution, septic systems, and storm water runoff, and in some cases, zoning.

Any potential development must observe established guidelines for addressing environmental issues. The Borough works with the relevant state and federal agencies, where appropriate, in the development of the following:

- ♦ Environmental Impact Analysis/Statement: A major project will typically be required to submit an EIA or an EIS.
- ♦ Wetlands Management: Land management practices are provided for in the Susitna Area Plan, the Willow Sub-basin Plan, the Fish Creek Plan and other plans for protection of habitat, water quality and recreational purposes.
- ♦ Coastal Zone Management Program: Development within the coastal zone management area requires a permitting process and must occur in an environmentally sound fashion. The Borough recently up-dated its coastal management plan and it has been adopted as part of the Borough Comprehensive Plan.
- ◆ Lake, River and Stream Corridors: Minimum setbacks of 75 feet from shore have been adopted and are enforced by the Borough. In addition, numerous community-based Borough lake management plans have been adopted. As of December, 2008, 35 lake management plans had been approved.
- ♦ Flood Plains: Proposed land development projects are reviewed by the Borough to determine suitability with the 100 year flood plain zone maps provided by the Federal Emergency Management Agency.
- ♦ Storm Water Runoff: With development, traditional storm and melt water channels and detention areas are filled in or road construction channels water through inadequate culverts or ditches. This results in minor flooding, road damage and possible loss of traditional storm water dispersal areas. The Borough Administration, Platting Board, and Planning Commission are working to establish policies that provide guidance to developers for storm water runoff situations. These policies will supplement state and federal requirements.

- ♦ Hazardous Waste: The Borough is responsible for prohibiting the disposal of hazardous waste in landfills. To encourage compliance, the Borough sponsors an annual hazardous waste collection day, to collect and properly dispose of the waste. The Borough has a hazardous waste collection facility at the Borough landfill.
- ♦ **Groundwater Protection:** The Borough has a program to monitor and protect groundwater and public wells.
- ◆ Land Use Planning: The Borough adopted an Area-Wide Comprehensive Plan in 1970. Due to its vast size, the Borough Assembly determined that, while the Borough plan needs to be maintained and shall contain Borough wide goals and recommendations, it would be the option of each community to prepare their own area comprehensive plan, with goals and recommendations unique to their community, but not in conflict with the general goals of the overall comprehensive plan. That area plan would then become a chapter of the overall Borough Area-Wide Plan. Currently, there are twelve community plans that have been adopted by the Assembly as chapters of the Borough wide comprehensive plan.
- ♦ Land Use Zoning: At this time, land use zoning is primarily used within the boundaries of the three incorporated communities. The Borough specifies certain land areas for specific uses (fire stations, schools, recreation use, and industrial use) and Special Use Districts, land and lake management plans, and land use permits to address land use issues. With such rapid growth, a growing recognition of the role of zoning is occurring.

Sensitive Populations

The decline of the Cook Inlet Beluga Whale population is a primary environmental concern. The Beluga Whale population is at a historically low level. Several years ago, the National Marine Fisheries Service (NMFS) listed the Cook Inlet Beluga as depleted under the Marine Mammal Protection Act. This designation allows NMFS control over harvest levels, thereby allowing the Beluga population to recover. At that time, NMFS considered a listing for the Beluga as endangered under the Endangered Species Act, but was unable to uncover any link between habitat degradation or industrial activity and the population decline.

In March of 2006, NMFS initiated a status review of the Beluga Whale under the Endangered Species Act (ESA). In April of 2006, Trustees for Alaska petitioned NMFS to place the Cook Inlet Beluga Whales on the endangered species list. During 2008, NMFS made a determination that Beluga Whales were an endangered species. Permits for work at Port MacKenzie already require special consideration of Beluga Whales. During dock pile driving or other like construction activities in water, a whale spotter watches to see Belugas, and, if whales are spotted within 2,000 feet of the Port, construction activities cease until the whales leave the vicinity. The Borough is

examining potential effects of the action and whether additional protections will be required.

Recycling

The nonprofit group Valley Community for Recycling Solutions (VCRS) is providing recycling services in the Borough. Founded in 1998, VCRS has operated at a number of locations in the Valley. The recycling center is currently located on the Palmer-Wasilla Highway, near 49th Street, approximately one mile from the Central Mat-Su Landfill. The center employs seven people and provides recycling opportunities for residents, businesses, and agencies. VCRS has two buildings and balers for processing. They recycle newspaper, office paper, mixed paper, corrugated cardboard, plastics, steel cans, aluminum cans, non-ferrous metals, and ink cartridges. Two private businesses, Valley Recycle Pickup and Your Green Alaska, provide pickup service for recycling.

In cooperation with the VCRS, the Borough will begin construction during of the new \$6.5 million recycling facility during the summer of 2009. The facility is specifically called, "The Regional Resource Recovery and Training Park Facility", and will be a recycling and education center for recycling and renewable energy. The Borough owns the 16 acre site and will build and own the facility. VCRS will manage and maintain the facility. In addition to the Borough contribution of land, the facility was funded by a \$3 million U.S. Economic Development Administration grant, a one million dollar State of Alaska grant, and a \$2.5 million loan to the Borough by the Alaska Department of Environmental Conservation. The project will be completed during 2009. The new facility is badly needed since the current recycling facility does not have the capacity to take on additional large customers, much less serve all the Borough school district, business and resident recycling needs. The new recycling center building will be built according to practices endorsed by the "New Leadership and Energy Environmental Design" (LEED), which promotes whole building practices and energy efficiency.

VCRS' is building partnerships with the UAA School of Engineering and Mat-Su College for research and development of resources recovered from the waste stream at onsite workstations. VCRS is also cooperatively working with Job Corps to provide apprentice training on recycling center operations. Once in the facility, VCRS will be working cooperatively with Mat-Su College to provide specialized resource recovery courses and the aquatic sewage treatment system. With the new permanent facility, VCRS plans to divert up to twenty-five percent of the solid waste from the landfill cells thereby extending the life of those facilities.

Public Education

Meeting the educational needs of the present and future members of the Borough work force is a fundamental and necessary part of economic development. Providing for a quality education is needed to assure that the Borough has an educated workforce to meet the needs of existing and new businesses. Businesses considering relocating or moving branch offices to the Mat-Su Valley want assurance that there will be an educated workforce available on into the future and that the children of their employees will have quality education opportunities. A large number of studies further indicate that a good education system is essential to the economic prosperity of an area.

Rapid growth has created its own challenges throughout the education sector. Providing the funding necessary to keep up with the expanding school program and facility needs is difficult, since the property tax base is mainly residential and the majority of the costs fall to homeowners. This situation is made more challenging in that most of the growth is in the form of residential subdivisions that only provide for 65% - 70% of the taxes required to provide schools and other public services to the subdivisions. Encouraging growth of the business and industrial sectors, which currently provide for less than 10% of the property tax base, and diversifying the tax structure are two ways to begin addressing this challenge.

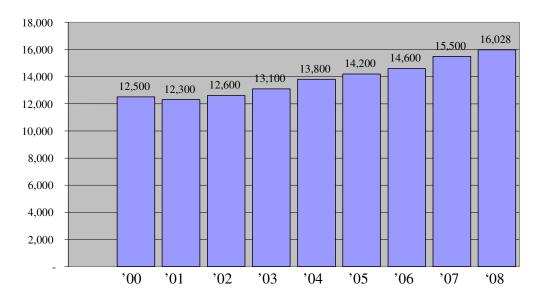
Mat-Su Borough School District

Borough-wide enrollment for the 2008/2009 school year is 16,028, making the Borough the second largest school district in the state. Currently there are 42 schools operated throughout the Borough. The School District is the largest employer in the Borough, with approximately 2,500 employees (which includes both full-time and temporary employees, as well as substitute teachers). As a result of continuing rapid growth, overcrowding continues to be a major concern. During recent years, public school enrollment has been rising by almost 600 students every year, more than the capacity of a regular elementary school. A recent election did approve bonds for construction of two new elementary schools, and remodel work at Wasilla High School and Wasilla Middle School.

Construction on a \$17 million project to build the South Palmer Elementary School will be completed the summer of 2009. It is located south of the Parks Highway, in the Ranch subdivision near the Trunk Road interchange. The project will be completed in time for the 2009/2010 school year.

Construction on the \$26 million project to rebuild the new Su-Valley Junior/Senior High School will be completed the summer of 2009 and be ready for the 2009/2010 school year. The construction was necessary after the old school burned down. It is located near the Y on the Parks Highway.

The Mat-Su is one of the few places where school enrollment keeps climbing - but more slowly



The continued provision for and expansion of vocational education is very important to the Borough economy. Since only a minority of the high school graduates go on to college, it is especially important to provide vocational training opportunities. This complements the strong tradition of trades in this area and the healthy demand for entry level workers.

In response to the high demand for this market segment, the Matanuska-Susitna School District (School District) constructed the Mat-Su Career Center, a vocational educational high school, which opened in the fall of 2007. The Center can serve 525 part-time and full-time students.

The career center will retain strong ties to business and industry. The school will offer five career pathways: IT/Business/Electronics, Architecture/Engineering/Construction, Health Sciences/Nursing, Culinary Arts/Hospitality/Tourism, and Physical Fitness/Sports Science. The district already has leading vocational programs in nursing, auto mechanics, and computers among others.

In addition, Burchell High School is a unique 9-12 alternative high school program located in Wasilla, Alaska. Special programs include advisory services, parenting education, a licensed daycare, and a dance performance group. The school is a food bank site, on the road-killed moose list, and has a ropes course and an astronomical observatory.

Since the passage of the No Child Left Behind (NCLB) legislation by the U.S. Congress and the adoption of the High School Qualification Exam (HSQE) by the Alaska

Legislature, testing to standards and the subsequent consequences have increased public interest in the educational delivery system. The School District is working to comply with these mandates.

Matanuska-Susitna College

The main college level institution in the area is the Mat-Su College (MSC), a branch of the University of Alaska Anchorage (UAA). At present, the campus has four main buildings that cover 102,676 square feet. The campus is sited on a 950 acre parcel on Trunk Rd., midway between Palmer and Wasilla.

Mat-Su College is serving over 1700 students per semester, and offers general program core courses and an Associate of Applied Sciences degree in a number of areas. Vocational programs include drafting, information technology, and refrigeration and heating technology. The College has added many upper level classes that can be applied to higher degrees within the University of Alaska system, and has continued to expand its range of Associate Degree options. The College is accredited through University of Alaska Anchorage and the Commission on Colleges of the Northwest Association of Schools and Colleges.

The Borough Assembly has identified expansion of the Mat-Su College and its ability to provide for four-year degree programs as a top priority for economic development. The ultimate goal is that the College will become a four year institution. Talks with the President of the University and UAA and College officials are ongoing to cooperatively work towards this goal, though realistically it will take several years to achieve. The current approach is to gradually expand the courses and programs until it is "de-facto" a four year college. At that point, the College would formally apply for four-year status. The Mat-Su College will continue to work with UAA to complement and collaborate with their programs. Expansion of program areas and courses is focusing on providing a solid core general arts program and for educational needs in the Borough and rural areas. These need areas include: a paramedic program, hospitality industry, health care, and others.

A paramedics program is being initiated during the FY10 school year. In addition, a 4-year Elementary Education Program, Occupational Endorsements in Veterinary Assisting and Renewable Energy have been added to the college curriculum.

A branch of the Wayland Baptist University has located in Wasilla. The University provides college courses as well as bachelors' and masters' degrees. Charter College, which provides various business training courses, is opening a branch in Wasilla.

Alaska Job Corps

The Alaska Job Corps is located in Palmer on a twenty-acre campus. The center opened in 1994. Job Corps is a comprehensive residential program, funded by the US

Department of Labor, which focuses on career and technical education. The program is contracted to serve 250 students, and takes in new students every two weeks. Hundreds of students have graduated since the center opened and gone on to meaningful and challenging careers. To enroll, you must be a United States resident between the ages of 16 and 24, and meet low-income guidelines. The program provides young people with the integrated academic, vocational and social skills training they need to gain independence and quality, long-term employment, as well as further their education. The campus consists of academic-vocational training facilities, dormitories, a dining hall, medical clinic and recreational facilities. In conjunction with their vocational training, students are afforded the opportunity to earn a General Education Degree (GED) or a high school diploma, through cooperation with the Matanuska-Susitna Borough School District. The students can also attend classes at the Matanuska-Susitna College as part of a UAA Advanced Career Training Program. Transportation between the Job Corp campus and the college is provided by the local MASCOT bus service.

The Alaska Job Corp received five leadership council awards for 2007. These included being ranked the number one center in the country, out of 122 Job Corp centers, for graduate average wage, six-month weekly earnings, and 90 day commitment. The center was also ranked second highest, overall, in the western region, which includes 22 centers. It was also the second highest ranked as Career Transitions Services Operator.

Alaska Work Force Development

Work force development is a key factor in the development of the Borough economy. The approach used to assure a well-qualified work force includes: an effective public school system, availability of relevant vocational training, higher education opportunities, job specific on–the-job training, coordination of financial assistance for work force development, and community awareness of the relationship between education and a prosperous economy. Most of these areas have been addressed above.

On-the-job training by many of the trade unions and contractors working in the Borough provide both certified and non-certified training. The Borough government wants to encourage such training.

The Alaska Workforce Investment Board (AWIB), under the sponsorship of the Alaska Department of Labor and Workforce Development, makes recommendations regarding resources for workforce development programs and legislation. A Mat-Su Regional Advisory Council (Mat-Su RAC) has been formed to provide input to the AWIB regarding workforce needs and recommendations for workforce investment and policies.

An important work force development concern is the need to expand the construction work force. This is especially true if the natural gas line or Knik Arm Bridge projects move forward.

Employees will be needed for the new prison at Port MacKenzie. The Borough, Mat-Su College and the State of Alaska, Department of Corrections are working together to examine training needs for these prison positions. During 2007, the Department of Corrections moved their Correctional Officer Training Program from Anchorage to Palmer.

Various organizations and government entities in the Borough, including the Mat-Su RC&D, recognize the relationship between training/education and economic development. For the past two years, the Borough Assembly has adopted a goal of encouraging expansion of the Mat-Su College and for it to eventually become a four-year college. Part of the motivation for this goal was to support economic development.

Other

The numbers of public school computer labs throughout the Borough are increasing and new construction provides wiring for lab facilities. Along with the need for computer training for current students, there is an equal need for adult computer education. The rapid pace of computer-related development, including e-commerce, is equivalent to learning a foreign language. Classes and instructors are needed to help overcome these obstacles.

The Mat-Su Valley has a large, youthful, trade-oriented work force, but has limited higher-level vocational training institutions to train them. Candidates for apprentice and journeyman programs must travel a hundred miles roundtrip to Anchorage once or twice per week for a period of up to four years, or they must relocate to Anchorage. Because of the large potential work force, the major unions have indicated their willingness to set up training programs in the Borough.

Professional/Other Services

Health Care

In 2000, Valley Hospital (VHA) in Palmer was the largest health care facility in the Mat-Su, with 40 beds. In December 2003, VHA merged with Triad Hospitals Inc. to build the Mat-Su Regional Medical Center, at the intersection of the Parks Highway and Glenn Highway, mid-way between Palmer and Wasilla. The new 197,690 sq. ft. facility opened in January 2006. It has 74 beds, with plans for about 50 additional beds when the third floor is completed. The three floors will provide for about 124 beds and cover 197,690 square feet. The Mat-Su Regional Medical Center is located on thirty acres and cost \$101 million.

The sole community provider of acute care, Mat-Su Regional provides the following services 24/7: Emergency Room, Medical/Surgical, Obstetrics, Intensive Care/ Progressive Care, Cardiopulmonary, Cardiac Catheterization Lab, Imaging and Laboratory. There are six operating rooms, one dedicated C-Section operating room, two endoscopy suites and a two OR-suite surgery center provide expansive surgery capabilities. All patient rooms are single-bed private rooms and the imaging modalities include MRI, CT, Nuclear Medicine, ultrasound, mammography and X-Ray. Inpatient and outpatient rehabilitation services are also available.

In addition to the new hospital campus, Mat-Su Regional maintains a medical office building in Wasilla and has expanded to include a medical plaza in Eagle River. At Mat-Su Regional Outpatient Center, Mat-Su Regional maintains an urgent care center with imaging and laboratory support, outpatient rehabilitation, cardiac rehabilitation, infusion services, and home health/hospice services.

An economic impact study, conducted by Northern Economics in 2003, indicated that the new hospital would support recruitment of many new physicians and additional staff to serve the area. This study estimated that the construction project would create 1200-1800 jobs, with construction output (total value of goods and services) estimated at \$63.7 million. Property taxes to the Borough were estimated at \$1.3 million annually. Assuming the same market share, hospital revenues were projected to be \$106.5 annually. Additionally, the hospital project fueled a \$13 million water and sewer expansion from the City of Palmer, which was completed in 2006, to augment on-site systems at the hospital.

In the first year of operation, Mat-Su Regional did indeed live up to the projections and indicators. In 2006, Mat-Su Regional credentialed 30 new medical staff members, 15 of those with the highest level of active medical staff privileges that allow them to admit their patients to the hospital, perform surgeries in the hospital, and supervise patient care.

By 2008, Mat-Su Regional credentialed over 130 medical staff members, 85 of whom hold active medical staff privileges. These 85 physicians represent numerous specialties previously unavailable to Mat-Su residents unless they drove to Anchorage. Specialties include cardiology, endocrinology, orthopedic trauma, pediatrics, obstetrics, orthopedic surgery, internal medicine, critical care, radiology, anesthesiology, podiatry, family medicine, emergency medicine, oral and maxillofacial surgery, diagnostic radiology, gynecology, urology, radiological physics, neurological surgery, medical oncology, general surgery, plastic surgery, otolaryngology, anatomic and clinical pathology, thoracic surgery and ophthalmology.

In 2008, Mat-Su Regional Medical Center initiated the Hospitalist Program; On-site physicians who specialize in taking care of acutely ill or injured inpatients within the hospital setting and do not have an outpatient practice. Studies demonstrate that patients cared for within the Hospitalist framework tends to heal more quickly and be discharged from the hospital sooner. A new industrial medicine program was added to existing cardiac, physical, speech-language pathology and occupational therapy rehabilitation programs. Talented staff and state-of-the-art diagnostic tools enabled surgeons to expand into more specialized procedures, such as neurospine, thoracic, vascular and hand surgeries.

At the end of 2008, Mat-Su Regional employed over 650 outstanding staff who supported the delivery of over 700 babies, performed just under 4,000 surgeries, admitted over 4,500 inpatients, treated 24,700 patients who visited through the emergency department, 22,800 patients in the urgent care clinic and performed over 1,700 cardiac catheterization lab procedures on 250 patients.

Providence Health System has purchased land next to the new hospital and plans on developing that for both medical services and retail-oriented services. Providence Matanuska Health Care maintains an office in Wasilla with ten physicians, who are credentialed to provide care at Mat-Su Regional Medical Center. The Upper Susitna Valley is served by the Sunshine Community Health Center, a 330 federally funded community health center. Sunshine Community Health Center offers services in Talkeetna, Willow and Trapper Creek.

Animal Care and Regulation & Veterinary Services

Animal Care and Regulation services are provided by the Borough for the entire Borough area with the exception of the cities of Houston and Wasilla. The Borough Animal Care and Regulation Office is headquartered off of the Palmer-Wasilla Highway, near the Central Landfill. This office is tasked with the care and regulation of all animals within its jurisdiction that are domestic or domesticated. Animal Care and Regulation consists of two functions under one roof: an Animal Shelter Division and an Enforcement Division.

An expansion that will triple the size of the animal care facility is underway to help meet key and critical health and safety issues. This \$5.2 million project will increase the

currently over crowded facility size from 7,650 square feet to 21,651 square feet. The addition will more than double the capacity of the animal shelter, not including emergency overflow capacity. Completion is expected by fall of 2009. Growing demand on the facility is complicated by a growing population with in the Borough. Considering the growth of the Borough population, more funding for animal care services and possible decentralization of facilities will be essential to keep pace with the growing needs and demands from its residents and the animals

The City of Houston provides animal care services within the Houston city limits and the city of Wasilla contracts Houston for animal care services within the Wasilla city limits.

Veterinary services are present, but not abundant in the Borough. Several modern facilities are located in the core area, however, a disproportionate amount of veterinarians reside and practice in the popular dog mushing communities, such as Knik, Willow and Talkeetna.

Public Safety & Court System

Public Safety is the responsibility of the Alaska State Troopers, outside the cities of Wasilla, Palmer and Houston. Wasilla, Palmer and Houston have local police forces, which are responsible for their respective communities. A local coalition of federal drug agents, local police, and state enforcement agents form the Mat-Su Narcotics Team.

The Palmer Correctional Facility is the largest correctional facility in the Borough. The Borough will be building a new facility, Goose Creek Correctional Center, in cooperation with the state, near Point MacKenzie to house 1536 inmates. A 100 inmate facility also exists at Pt. MacKenzie and is a working farm that produces food for Corrections facilities throughout the state.

The Borough is in the Third Judicial District and the Superior Court is located in Palmer. At statehood, the area was served by a lone Deputy Magistrate. By the mid 1970s, the caseload was growing enough that occasionally a judge would need to come to the Valley to assist the other Magistrate. Today, there are four Superior Court Judges, three District Court Judges, and one Magistrate. The old Valley Hospital, which was adjacent to the court building, moved to new facilities. Approximately \$5 million was used to purchase and remodel the old Valley Hospital building for court house office space. About one million dollars was used for a build out for grand jury use, and approximately \$700,000 for a new causeway which will connect the new Palmer State Offices to the court. The causeway will open in February, 2009. The State is designing a major remodel of the old existing court building, which will go to bid in May, 2009 and be completed by spring of 2010. The Department of Corrections, the Public Defender's Office, the District Attorney's Office and one branch of the Office of Public Advocacy (Guardians) will occupy the newly remodeled space.

Goose Creek Correctional Center

The Borough will break ground on a new prison (Goose Creek Correctional Center) during March, 2009. The prison is a joint project between the Borough and the State of Alaska, whereby the prison is being financed by the sale of Borough revenue bonds. The Alaska Department of Corrections will lease the prison from the Borough and repay the bonds over 25 years with lease payments. The state will own the prison after the bonds are paid off. Neeser Construction has been selected to construct the \$240,000,000 project. The project will be a 1,536 bed facility located at the corner of Alsop Road and Port MacKenzie Road, some nine miles from Port MacKenzie. This project is expected to generate 600-700 construction jobs, and 350 prison jobs. The prison should be completed and ready for occupancy by 2011.

Cultural Development

Historic Preservation and Cultural Resources

The Matanuska-Susitna Borough is rich in history and culture; as rich and diverse as it is in natural resources, for it was the natural resources that brought the various cultures to Alaska. The diversity includes the earliest Native American villages along the main waterways of the Susitna and Matanuska rivers and their subsidiaries. During the gold rush of the late 1800s, American town sites sprang up to service early explorers, gold miners and government expeditions.

Knik, which was settled in the late 1800s by whites, had a population of 400, and was a busy commercial port. Today Knik is recognized for the role it played as a starting point of the Iditarod trail to the gold mines and is the location of the Knik Museum, which is listed on the National Register of Historic Places.

Talkeetna, a portion of which was proposed for nomination on the National Register of Historic Places, was started in the early 1900s as a small mining town. The community has an old miner's cabin, local museum and the historic Fairview Inn.

Wasilla was named after the respected local Dena'ina Indian, Chief Wasilla. In the Dena'ina Athabascan Indian dialect, "Wasilla" is said to mean "breath of air". Other sources claim the Chief derived his name from the Russian language and that "Vasili" is a variation of the Russian name "William". The townsite was established in 1917 at the intersection of the Knik-Willow mining trail and the newly-constructed Alaska Railroad. It was a supply base for gold and coal mining in the region through World War II.

Palmer's Historic District is currently being reviewed for National Landmark status. It represents the Matanuska Colony Project, a 1930s Depression Era, Federal Emergency Relief Administration (FERA) program created by President Franklin Delano Roosevelt. The Colony project involved resettling and providing new opportunities in the fertile Matanuska Valley for drought stricken farmers from the Great Lakes' states, Two hundred and one families with 500 children came to Palmer to create a farming community. A city center was built to support the community. Now designated as Palmer's Historic District, the Colony central buildings include a school, a teacher's dormitory, processing plants and administration housing. The State of Alaska Cultural Resources Division is currently upgrading its historic preservation plan to better promote historical sites in the Borough.

Willow is in the process of making the Old Community Hall in the Willow community area into a museum. The building is owned by the Willow Historical and Wildlife Foundation and the community is working to have the land transferred from the Borough to the community. The community is also pursuing grant funding.

The Borough has a Historic Preservation Commission that oversees cultural preservation projects within the Borough. The Borough is proud of its historic heritage; therefore, it assists in supporting six museums. These museums include: the Museum of Alaska Transportation and Industry, Wasilla Dorothy Page Museum, Palmer Museum of History and Art, Sutton Alpine Historic Park and the Musher's Hall of Fame. Each museum portrays local history in disparate geographical regions. Within the Borough, there are over 22 individual sites and four historic districts listed on the National Register of Historic Places. The historic districts listed are the following: Palmer Colony Project; Talkeetna Mining Community; Golden Zone Mine and Independence Mine. Independence Mine is located near Hatcher Pass. It is a state recreational area and interpretive park, open to visitors year around. Archaeological and historic sites within the Borough, other than the above mentioned, number approximately 300 sites.

The Glenn Highway follows part of a historic trail initially blazed by Lieutenant Castner, in 1898. The highway was named for Castner's commanding Officer, Captain Glenn. The Glenn Highway is listed as a National Scenic By-Way. The highway runs adjacent to the Matanuska River, which separates two sets of scenic mountains, the Chugach and Talkeetna ranges. Interpretive signs for the highway have been created. The Borough has also retained some of the other early transportation routes consisting of trails, some of which exist today, without recognition of their historic value.

The Borough has applied for the Matanuska-Susitna Valley to be declared a Nationall Heritage Area. This effort involves looking at the entire area as an inter-related cultural, geographical, biological and historical area.

Public and Recreational Facilities

Parks, recreation and open space are treasured commodities in the Borough. Accordingly, the Borough has completed a Parks, Recreation and Open Space Plan which is intended to provide management, guidance, and direction for all Borough-owned land and natural resources. The plan, named "Parks, Recreation & Open Space Plan," was adopted in June 2001 by the Matanuska-Susitna Borough Assembly. The plan provides information on all parks, recreation, and dedicated open spaces in the Mat-Su Borough. Basic elements in this plan are: parks and recreation areas, facilities and activities, and public open space. Water access is another area of continuing interest. For example, boaters have long wanted improved boat access to the Susitna River, and the Willow community wants a boat launch on Willow Creek.

The Parks, Recreation and Open Space Plan set forth 11 goals, which are listed below:

- 1. To provide a framework for adequate open space and indoor and outdoor recreational facilities to meet the needs of Borough residents and visitors
- 2. To provide quality recreational opportunities as close to home as possible, that meet locally-defined needs as established through community involvement

- 3. To maximize both winter and summer recreation opportunities by development of facilities that foster year-round use
- 4. To retain the openness, scenic quality and historic character that makes the Matanuska-Susitna Borough a desirable place to live
- 5. To minimize costs of recreational development through multiple use facilities and coordinating uses by various recreational groups
- 6. To promote economic opportunities through recreational development that benefits both residents and visitors to the Borough
- 7. To create a non-motorized oriented system of parks and recreational corridors, linking open spaces and residential neighborhoods, existing and proposed parklands and school sites
- 8. To establish a system of parks, from the neighborhood to regional level, to serve all segments of the Borough
- 9. To provide for implementation of the Borough-wide Recreational Trail Plan
- 10. To provide for the continual upgrade and development of indoor and outdoor facilities to serve all segments of the Borough
- 11. To establish an integrated open space and corridor system throughout the borough based upon existing open space patterns and lands which are ecologically valuable and least suitable for development for the following purposes:
 - a. to accommodate trails and recreation facilities
 - b. to protect streams and natural areas
 - c. to provide public access to lakes, streams and the coast line
 - d. to provide buffers between residential areas and incompatible land uses
 - e. to provide linkage between residential areas, parks, schools and major areas of public activity
 - f. to protect wetlands and other ecologically sensitive areas not suitable for development

<u>Recreation</u>: The Mat-Su Borough Division of Recreational Services provides libraries, indoor and outdoor recreational opportunities, programs, services, and facilities to enrich the lives of the community's residents and visitors.

Borough facilities include the Brett Memorial Ice Arena, Palmer and Wasilla public pools, regional campgrounds, at Lake Lucille in the Wasilla area, Matanuska River near Palmer and the Little Susitna River at Houston, plus hundreds of trails, and numerous neighborhood parks, playgrounds and ball fields. The Borough operates public libraries, which are located in the communities of Big Lake, Sutton, Talkeetna, and Willow. The cities of Palmer and Wasilla have their own public libraries. The Trapper Creek Library is operated by a local volunteer organization. The Borough provides some funding to the Wasilla, Palmer and Trapper Creek libraries in the form of grants.

Other non-Borough operated recreation facilities include: the Wasilla Multi-Use Sports Complex, the Palmer Ice Arena, the Herman Brothers professional baseball field, and Wonderland Park, which has a skateboard park, a BMX bike run area, a sand volleyball

pit as well as basketball and tennis courts, an amphitheater, and the Veterans Memorial Gardens.

<u>Trails</u>: Trails play a key role in the enjoyment of residents and visitors alike throughout the Borough. Many trail opportunities exist for those who enjoy hiking, four-wheeling, horseback riding, and biking in the summer, or snow machining, skiing, and dog mushing in the winter. The Borough has over 2,020 miles of dedicated trails. Palmer and Wasilla have trails that connect to Borough trails. It is noteworthy that a bike trail along the Parks Highway/Palmer-Wasilla Highway corridor, which extends through Wasilla, provides a continuous route for about 60 miles between Willow and Palmer.

Mat-Su Facilities

Education

- Mat-Su College (UAA branch)
- Alaska Pacific University Extension
- Wayland Baptist University
- Charter College, Wasilla
- Alaska Job Corps Center
- 9 Borough High Schools (includes Houston Jr/Sr High)
- 6 Borough Middle Schools (includes Houston Jr/Sr High)
- 21 Borough Elementary Schools
- 3 Charter Schools

Medical and Emergency Services

- Mat-Su Regional Medical Center
- West Valley Medical Center
- 7 Borough Ambulance Districts serving 11 geographic areas
- 8 Borough Fire Service Areas and 10 Rescue Units (technical rescue, water backcountry) serving the entire Borough
- Palmer Fire Department
- Wasilla Fire Department
- Houston Fire Department

Cultural Facilities

- Alaska State Fair
- Valley Performing Arts
- Valley Artists Guild
- Denali Arts Council
- 206 Historical Sites
- 6 Museums
- 7 Libraries

Parks & Recreation

- Denali National Park
- Lake Clark National Park & Chugach National Forest
- 31 State Parks and Recreation Areas
- 44 Borough and City Parks
- Over 2,020 miles of Borough dedicated trails, as well as additional City trails
- 4 State Game Refuges and 1 Moose Range
- 6 Recreational Rivers, 2 Public Use Areas and 1 Recreational Mining Area
- An indoor pistol shooting facility in Palmer/an outdoor range at Montana Creek
- 2 swimming pools
- 3 Indoor & 8 Outdoor Skating Rinks
- 4 Golf Courses, 3 Race Tracks, equestrian trails and 1 movie theatre

Development Strategies and Implementation

It is recognized that the private sector is primarily responsible for economic development. The public sector is able to assist development through the provision of infrastructure, workforce training, some project funding, and general planning, as well as by partnering with the private sector on specific public interest projects. The CEDS development strategies and implementation actions noted below are set forth with this appropriate private sector/public sector relationship in mind. It is also acknowledged that many of the goals, objectives and tasks noted below will require several years to accomplish and that CEDS implementation is an on-going process that will adjust with the growth and changes within the Borough.

Goals and Objectives

After examination of the Borough's economic base, population growth, land uses, transportation infrastructure and natural resource potential, a number of priorities emerged. The objectives of recent Borough plans, which have gone through public processes, are also reflected in this CEDS. The significant role these plans played in the CEDS, and the associated public awareness and support thereby provided, is important. In order for the region to improve economic opportunities for its residents, the following goals must be addressed:

- 1. Establish an industrial sector to provide employment and tax base: continue development of Port MacKenzie.
- 2. Develop infrastructure to support economic development: rail extension to Port MacKenzie, Hatcher Pass/Independence Mine road improvements, Knik Arm Bridge, road up-grades and improvements to trail systems.
- 3. Establish anchor attractions and infrastructure for tourism development: Hatcher Pass Ski and Recreation Area, South Denali Development, tourism gateways, trailheads, and other needed infrastructure facilities.
- 4. Retain and expand existing businesses: small business start-up and expansion assistance, attract new businesses and satellite offices.
- 5. Increase education and workforce development opportunities: expand Mat-Su College, public/private partnerships for workforce development and local workforce training for new prison.
- 6. Plan and provide for public facility sites use, construction of facilities to meet needs of growing population: advance identification of fire station, school sites, etc.

- 7. Increase commercial and industrial development to broaden the tax base so it does not rely as heavily on residential properties.
- 8. Support natural resource based opportunities: agriculture, forestry, mining, oil and gas, Agricultural Processing Plant, and sport fishing.
- 9. Work to maintain high environmental standards for water quality.

Goal 1. Establish an industrial sector to provide employment and tax base

Objective: Continued development and expansion of Port MacKenzie as an industrial port and manufacturing area will provide a strategic location, with access to rail, roads and tidewater, for establishing manufacturing industries and for the processing and export of Alaska's natural resources.

Prior Progress: Ferry terminal completed, gas utilities provided for ferry terminal, rail extension EIS being completed, road to port paved, barge dock expansion permitted, and port bulk truck road expansion is being designed and constructed.

Tasks:

- Work with the Borough Administration and Port Commission in efforts to complete the six identified Port infrastructure needs: 1. install gas utilities, 2. up-grade and pave last 1.5 miles of Port MacKenzie Road, 3. operate year-round ferry between Anchorage and Port MacKenzie, 4. complete rail link from Port to Parks Highway, 5. add 7.86 acres to barge dock and, 6. expand deep draft dock.
- Assist in the identification and contact of potential industrial users for the Port and the 8,940 acres of Port land dedicated to commercial and industrial development.

Goal 2. Develop infrastructure to support economic development

Objective 1: Work with Port Commission and Borough to solicit support for construction of Alaska Railroad extension to service port.

Prior Progress: Secured \$10 million for rail extension EIS, completed preliminary engineering and environmental studies, and secured \$17.5 million for design and construction of heavy bulk truck infrastructure. EIS is being completed and a coalition of rail belt communities and organizations supporting the rail extension has been formed.

Tasks:

- Support Environmental Impact Statement development.
- Work with congressional delegation, Legislatures, Borough and Alaska Railroad to identify funding sources for rail extension.
- Recognizing the mutual benefits of a rail extension to rail belt communities and mining and forest product companies in interior Alaska, work with and help expand the coalition of communities and businesses supporting the rail extension.

Objective 2: Improvement or establishment of road infrastructure needed to meet population growth and support economic development.

Prior Progress: Seldon Road extension completed, and Trunk Road between the Park's Highway and the Palmer-Wasilla Highway, will be realigned and constructed during 2009 and 2010.

Tasks:

- Support improvement of east-west and north-south transportation network in the core area. Examples of such road improvements include: Trunk Road realignment, Seward Meridian extension, Parks Highway upgrade (Lucas Road in Wasilla to Big Lake), and Bogard Road extension East to the Glenn Highway.
- Support road safety improvements, such as upgrading the Palmer-Wasilla Highway to four lanes, the South Hemmer Road extension, upgrade of the Glenn Highway to Palmer to four lanes, and Knik Goose Bay Road reconstruction.
- Support road infrastructure needed to connect Port MacKenzie and the Knik Arm Bridge to the Parks Highway.
- Support Hatcher Pass Independence Mine road improvements.
- Support list of road improvement projects set forth on page 53.

Objective 3: Work with Borough to assist with public education regarding the construction and staffing of the new 1,536 bed prison facility.

Goal 3. Establish anchor attractions and infrastructure for tourism development

Objective 1: Encourage development of ski and recreation area facilities, and historical mine site at Hatcher Pass.

Tasks:

- Work with the Borough in its efforts to promote and coordinate development of the Hatcher Pass Ski and Recreation Area Development.
- Independence State Historical Park: support further rehabilitation of historical mine site and development of new visitor amenities, such as underground mine tours.

Objective 2: Promote construction of a new visitor center on the south side of Denali National Park.

Task:

• Assist in efforts to gain funding and build site.

Objective 3: Identify tourism infrastructure needs and work to provide funding for such needs.

Prior Progress: Supported creation of Wasilla Convention and Visitors Bureau, and the Borough completed the Tourism Infrastructure Needs Study.

Task:

 Support efforts to fund the Tourism Infrastructure Needs Study recommendations, including development of tourist gateways, waysides, signage, information kiosks, trailheads and trails.

Objective 4: Improve and establish infrastructure and programs needed to stimulate tourism development.

- Support key tourism road development or upgrade projects.
 - 1. Improve Hatcher Pass Road (Little Su to Willow).
 - 2. Parks Highway improvements, including noted four lane construction areas and slow moving vehicle pullouts, bridge walkways, trailhead improvements, and rest areas.
 - 3. Glenn Highway upgrade, including slow moving vehicle pullouts, bridge walkways, trailhead improvements, and rest areas.
- Work with snow-machine groups and the MSCVB, the Borough and cities to dedicate snow machine trails.
- Support development of tourism destination niche program, including the destination trailhead/trails program, Stillwater fishing capital of the world effort, adventure tourism, and others.

Goal 4: Retain and expand existing businesses

Objective 1: Provide a forum for the exchange of information about the Borough's economic development activities.

Tasks:

- Assist in an annual economic development conference for the Mat-Su, gather information about opportunities, trends and market conditions of use to local businesses.
- Work with the Chambers of Commerce to market the Borough to new businesses and industries, and the Small Business Development Center in efforts to expand local businesses and assist new businesses.
- Work with the Borough, Cities and Chambers of Commerce in an effort to attract new businesses and satellite offices of Anchorage or outside businesses to the Mat-Su.

Objective 2: Encourage the start-up of new businesses, as well as retention and expansion of existing businesses in the Borough.

Prior Progress: Small Business Development Center has been continuously funded.

Task:

- Support the funding and efforts of the Small Business Development Center to assist new businesses and expand existing businesses.
- Support the continuous efforts to expand local businesses and assist new businesses and encourage entrepreneurs.
- Publicly encourage local population to support local businesses, and local businesses to support each other.

Objective 3: Encourage development of a small business incubator facility within the Borough.

Task:

• Continue to support funding for and construction of an Agricultural Processing and Product Development Center that will greatly expand use of and demand for local agricultural products, as well as stimulate new local businesses to process, manufacture, and market such products.

Goal 5: Increase education and workforce development opportunities

Objective 1: Support the Borough Assembly's priority of expanding the Mat-Su College into a four-year college.

Prior Progress: Initial funding provided for establishment of paramedic program and the program is being established with official paramedic's classes being offered in August, 2009.

Tasks:

- Communicate the economic benefits of expanding the Mat-Su College and of it eventually becoming a four-year college to University of Alaska officials and state and local government representatives through position statements, informational brochures and public forums.
- Support state and local efforts to obtain funding for Mat-Su College program expansion.
- Support initiation of new tourism business program.
- Support efforts to expand college enrollment.
- Support new justice program related to training correctional facility employees.
- Support inclusion of Valley Center for the Arts and Learning at Mat-Su College in University budget.

Objective 2: Encourage public/private partnerships to assist with workforce development directed towards private sector business, manufacturing or construction needs.

Tasks:

- Work with federal, state, Borough, and community efforts to establish partnership between public and private entities, to assist workforce development and involvement in new vocational high school.
- Support efforts of Mat-Su Area Regional Advisory Council (R.A.C.) for the Alaska Workforce Investment Board (AWIB).
- Support efforts to assess work force status and future work force needs as a basis for focusing work force development efforts to meet those needs.
- Encourage intern, apprentice, and mentorship programs that result in Borough students or workers being trained to work in Borough businesses, as well as working in Borough Economic Department.

Objective 3: Support local work force training that results in qualified applicants for new prison jobs.

Tasks:

- Coordinate correction officer training program in Palmer with Mat-Su College related justice program courses and other prison employee training efforts.
- Support Borough and Mat-Su College efforts to provide complimentary workforce development training for other prison positions and enhanced correctional officer training.

Goal 6: Plan and provide for public facility sites and construction of facilities, and use of such sites and facilities, to meet needs of growing population

Objective 1: Encourage and support Borough, city, and local community group and private subdivision developer efforts to plan for, identify and set aside sites for schools, local parks and playgrounds, fire stations, etc. to meet expected population growth related needs.

Prior Progress: Developer provided new school site from subdivision land in Ranch subdivision, and Borough will complete a new elementary school for the 2009/2010 school year.

Task:

- Support Borough planning processes and efforts to set aside public land for school, ambulance, fire station, parks, and open space sites to meet expected population growth needs and thus forego the need to buy such sites at high prices at a later date.
- Encourage developers to provide for playgrounds, pocket parks and school sites within subdivisions.

Objective 2: Support efforts to complete construction of new Borough recycling facility named, "Regional Resource Recovery and Training Park".

Prior Progress: The Borough set aside a 16 acre site for the project, and the Borough and Valley Center for Recycling Solutions (VCRS) have obtained \$6.5 million in funding to construct the new center during 2009.

- Support cooperation and partnering efforts between the recycle facility, Mat-Su College, and other community groups.
- Support construction of facility.
- Support efforts to publicize expanded use of center by community.

Goal 7: Increase commercial and industrial development to broaden the tax base so it does not rely as heavily on residential properties

Objective 1: Encourage more industrial activity in the Port District at Port McKenzie.

Task:

 Support the Port Commission and Economic Development Director in encouraging new businesses to locate in the Port District and existing ones to expand their operations.

Objective 2: Encourage economic diversification efforts that will increase the non-residential development tax base, to help pay for growth related public facilities and ease some of the homeowner tax burden.

Tasks:

- Support or partner with public and private entities, to initiate efforts to attract businesses and industry to the Mat-Su Valley
- Encourage companies who have workers commuting from the Mat-Su Valley to locate branch offices here, thereby improving their lifestyle by not commuting, expanding the non-residential tax base, and circulating additional money in the local economy

Goal 8: Support natural resource based opportunities: agriculture, forestry, mining, oil and gas, agricultural processing plant and sport fishing

Objective 1: Support development of value-added agricultural product processing.

Prior Progress: Grant used to fund farmers markets, agriculture processing facility planning and design, development of Matanuska Creamery, and completion of first farmland protection program purchase.

- Support funding initiative for Agricultural Processing and Product Development Facility.
- Support and encourage community support for Matanuska Creamery products
- Continue efforts to support farmland protection program.
- Support farmers markets, formation of statewide farmer's market organization, and other local marketing efforts.

Objective 2: Advance development of a forest products industry to generate employment, encourage harvest and processing of renewable resources.

Prior Progress: Borough adopted new forest management guidelines and regulations.

Tasks:

- Support efforts by land managers to make forest resources available on a sustainable yield basis.
- Support development of Borough five-year forest sale plan.
- Identify and work to resolve obstacles to value-added processing of local wood products.

Objective 3: Support development of mining and oil and gas resources

Tasks:

- Support planning efforts to identify appropriate areas for natural resource development.
- Support new Fowler coal bed methane development effort.
- Work with the Borough Assembly and our legislative delegation to promote development of infrastructure needed to bring resources to market.

Goal 9. Work to maintain high environmental standards for water quality

Objective 1: Work towards protection of water resources by controlling erosion, improper sewage disposal and sedimentation.

- Assist Soil & Water Conservation Districts in inventorying water quality throughout the Borough.
- Support public education efforts regarding water quality protection, appropriate sewage systems, and run-off control.
- Support development of additional access to public water and sewer systems.
- Minimize storm water run-off problems through prevention policies and mitigation measures.
- Assist salmon habitat restoration efforts.

Objective 2: Develop additional planning, platting, and management tools to help protect water quality.

- Support formation and work of Borough citizen water quality working group as they implement scientific recommendations to protect water quality.
- Support efforts to preserve interconnected systems of open space, water bodies and wet lands that contribute to good water quality.
- Identify sources of water protection and recharge areas across different land ownership and work with partners to protect such areas.

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Appendix I

Partners in Development

Mat-Su Borough Assembly

Borough Mayor **Curt Menard** District #1 Assembly Representative Lynne Woods District #2 Assembly Representative Pete Houston District #3 Assembly Representative Michelle Church District #4 Assembly Representative Mark Ewing District #5 Assembly Representative Cindy Bettine Rob Wells District #6 Assembly Representative Tom Kluberton District #7 Assembly Representative

Mat-Su Borough Administration

Borough Manager John Duffy Assistant Borough Manager Elizabeth Gray Director of Public Works Keith Rountree **Director of Community Development** Linda Brenner Director of Finance Tammy Clayton Director of Planning Mark Mayo **Director of Emergency Services** Dennis Brodigan Director of Economic Development Dave Hanson Borough Clerk Lonnie McKechnie

Mat-Su Borough Port Commission

Mat-Su Borough Planning Commission

Mat-Su Borough School Board

Mat-Su Borough School District

Mat-Su College

City of Palmer

City of Wasilla

City of Houston

24 Recognized Community Councils

Knik Tribal Council

Chickaloon Tribal Council

Greater Palmer Chamber of Commerce

Greater Wasilla Chamber of Commerce

Houston Chamber of Commerce

Talkeetna Chamber of Commerce

Big Lake Chamber of Commerce

Willow Chamber of Commerce

Mat-Su Convention & Visitors Bureau

Small Business Development Center

Palmer & Wasilla Kiwanis

Palmer & Wasilla Rotary

Valley Board of Realtors

Mat-Su Homebuilders Association

Matanuska Electric Association

Matanuska Telephone Association

Enstar Natural Gas

Financial Institutions

National Bank of Alaska/Wells Fargo

Key Bank

1st National Bank of Anchorage

Alaska USA Federal Credit Union

Mat-Valley Federal Credit Union

Alaska Job Corps

Museum of Alaska Transportation & Industry

Anchorage Convention & Visitors Bureau

Anchorage/Mat-Su Local Workforce Investment Board

Anchorage Chamber of Commerce

Anchorage Economic Development Corporation

ARDOR Association

Alaska Minority Business Development Center

Resource Development Council

Denali Commission

Cook Inlet Region, Inc.

Cook Inlet Housing Authority

Upper Cook Inlet Conservation Coalition

U.S. Department of Commerce

Economic Development Administration

State of Alaska

Department Community & Economic Development

Department of Transportation & Public Facilities

Department of Natural Resources

Alaska Railroad Corporation

Alaska Science & Technology Foundation

Alaska Housing Finance Corporation

Alaska Industrial Development & Export Authority

U.S. Department of Agriculture

Natural Resources Conservation Service

Farm Service Agency

Forest Service

Valley Community for Recycling Solutions

Valley Center for the Environment

Senator Linda Menard

Senator Charlie Huggins

Representative Wes Keller

Representative Bill Stoltze

Representative Mark Neuman

Representative Carl Gatto

Senator Mark Begich

Senator Lisa Murkowski

Representative Don Young