



Skagway Development Corporation

2016 Annual Report

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Skagway Development Corporation

VISION, MISSION & VALUES

The Skagway Development Corporation adheres to the following vision, mission & values that guide us in our work.

VISION

The Skagway Development Corporation aims to be the economic & community development organization supporting business enterprise and community well-being.

MISSION

To serve the community of Skagway as an advisory, administrative and technical source, by supporting business enterprise and community well-being through connecting people, ideas and resources.

VALUES

- Sustainability
- Collaboration
- Professionalism
- Integrity
- Responsiveness
- Confidentiality

What Does SDC Do?

The Skagway Development Corporation serves the business community of Skagway as an advisory, administrative, and technical resource for the purpose of creating ideas and developing initiatives that allow the year-round economy of Skagway to grow and develop into a sustainable process, creating wealth for the community at large. Furthermore, SDC aims to support and further community well-being, enabling residents to have an increased quality of life in Skagway.

How Can SDC Help?

Offering a wide variety of services and assistance, The Skagway Development Corporation has become an effective resource for community & economic planning and development. SDC is known as the organization, in Skagway, to seek out when wanting to start or expand a business, providing assistance with business plan proposals, exploring alternative financing options, site selection, developing marketing strategies, and in writing grant proposals. SDC further offers assistance, through fiscal sponsorship, to community organizations providing services that benefit the local economy and/or community well-being.



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GOALS

Annual goals set by SDC's Board of Directors are focused around an effective team approach for economic growth and expansion, which targets the needs of the community. This is accomplished by utilizing a multi-faceted approach to economic & community development. This approach allows the Board and staff to draw from a wide range of tools and allows for greater success. SDC's Board of Directors set 3 goals to work towards in 2016, which include:

- ❖ Promote and encourage a healthy year-round economy that makes it possible for individuals and families to live securely and comfortably.
- ❖ Promote entrepreneurship and encourage small business expansion
- ❖ Support Port Infrastructure and access.

“Economic development can be described in terms of objectives. These are most commonly described as the creation of jobs and wealth, and the improvement of quality of life. Economic development can also be described as a process that influences growth and restructuring of an economy to enhance the economic well-being of a community ...”

International Economic Development Council



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FROM THE PRESIDENT

The Skagway Development Corporation has now completed thirteen years of operations in the community of Skagway. We continually see continued success in our community and economic development efforts. The Board and Executive Director are committed to this process and the results that it has achieved.

Our business assistance program and Small Business Resource Center have helped many individuals to start or expand businesses within our community. Programs, such as Small Business Saturday and the Made in Skagway Program, have helped to boost the local economy. Fiscal sponsorship through our Community Development Services (CDS), has helped local community organizations to not only boost Skagway's economy but also provide a better quality of life for residents. Furthermore, CDS again partnered in important community events such as the annual Buckwheat Ski Classic and the Yuletide Ball.

Grant writing assistance efforts, while not plentiful this year, remained geared towards the betterment of the economy and community well-being for Skagway. We look forward to further partnership with the Municipality as their various capital projects move into development phases seeking grant writing assistance.

The SDC continues to network within the community, region and state, with the goal of providing assistance for the current and future needs of the Municipality, local businesses and community as a whole. Throughout 2016 we were able to bring free business and organizational resources to the community and strive to add more free or low cost classes and workshops in the coming years. As always, we continue to focus on the development of year round activities and resources within the community Skagway.

The Skagway Development Corporation and our board members bring a great deal of small business expertise to our organization and the community as a whole. A debt of gratitude is owed to the board members for their countless volunteer hours donated to SDC's efforts. Without such devoted board members, the Corporation would not be able to achieve its many accomplishments. SDC has been able to stay in line with our budget while providing important services to the community of Skagway. I am looking forward to even more successes in 2017 and the coming years!

Sincerely,

Michael R. Healy

Michael R. Healy



FROM THE EXECUTIVE DIRECTOR

Having completed my second year with the Skagway Development Corporation as Executive Director, I am pleased with the many accomplishments of 2016. This year I completed the Managing and Economic Development Organization training, which provided a wealth of knowledge, structure and measurement tools from which to base SDC's work, successes and failures for the year. Pairing this training with our Annual Board Retreat, SDC was able to formulate a set of goals, objectives and actions for 2016. I am happy to say SDC did a very good job of accomplishing the majority of these goals and objectives for 2016.

The Board of Directors at SDC is a versatile group, each member bringing a host of unique expertise to the Corporation. It has been exciting to work with a Board of such committed and passionate community members. They volunteer much time and put full effort into SDC, consistently bringing new ideas to the table which help me to better execute the mission of our organization. I am confident that 2017 will bring many exciting new ideas, practices, and programs to SDC, helping us to become even more effective in our important work within the community of Skagway. We look forward to blazing ahead with a holistic approach to economic and community development, where not just jobs and wealth are created within Skagway, but where the quality of life of our residents is also taken into consideration.

Following this approach, SDC utilizes our Community Development Services (CDS) organization to fulfill our role in improving community well-being for the residents of Skagway. As a 501(c)(3) organization, SDC-CDS allows us to provide a wider range of services to our community members and various community organizations that foster community and economic development within Skagway. While SDC-CDS has proved to be successful in many areas, we continue to explore the potential this side of our organization has to offer.

Our approach for fostering economic development within Skagway is a very rewarding aspect of my work thus far with SDC. This includes assisting community members in their entrepreneurial adventures, be it opening their first business, expanding their current venture or assisting with marketing local businesses and artisans. Growing our local economy is exciting work and am eager to see what SDC can accomplish in the future.



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Some of the accomplishments for SDC in 2016 include:

- Expansion of the Made in Skagway program, promoting locally made goods and in turn boosting the local economy;
- Assisted in writing and submitting a successful pre-application to the Alaska Housing Finance Corporation for participation in their Greater Opportunities for Affordable Living (GOAL) grant program;
- Hosted Lemonade Day, a national event providing business education to children;
- Built stronger relationships with regional and State organizations, such as the Southeast Conference, Juneau Economic Development Council, Anchorage Economic Development Corporation, Alaska Small Business Development Center, Yukon Chamber of Commerce and Yukon Economic Development;
- Participation in the International Economic Development Council (IEDC);
- SDC-Community Development Services continued to provide a meaningful service to local community organizations and events by managing funds as well as facilitating community events;
- Continued to assist new business owners with development ideas, research, funding alternatives and achievement of their goals. This assistance helped to start 10 new businesses in town;
- Facilitated the Small Business Saturday Passport Event which encouraged holiday shopping at locally owned businesses, thus supporting our local economy;
- Attended regional conferences and summits such as the SE Conference Mid-Session Summit and Annual Meeting. Attendance at such events provides valuable regional knowledge alongside networking opportunities, which helps to keep Skagway involved regionally.
- Coordinated low-cost commercial energy audits to local businesses
- Coordinated a “How to Start a Business” workshop & “Commercial Energy Efficiency” workshop

SDC continues to be eager to see what the future holds for Skagway, as the opportunities are abundant. We are excited to continue our work, advocating for and participating in community development: not just for the community’s organizations and residents, but also ensuring that its infrastructure development continues to keep pace, allowing for the maximum potential for future growth. With new education and training, we will be exploring new ideas, practices and programs that will help us to expand our efforts in 2017. SDC staff and its Board of Directors are committed to continuing our mission and doing what we can to provide economic opportunity to those in Skagway and those wishing to call Skagway home!

A handwritten signature in cursive script that reads "Juliene Miles".

Juliene Miles

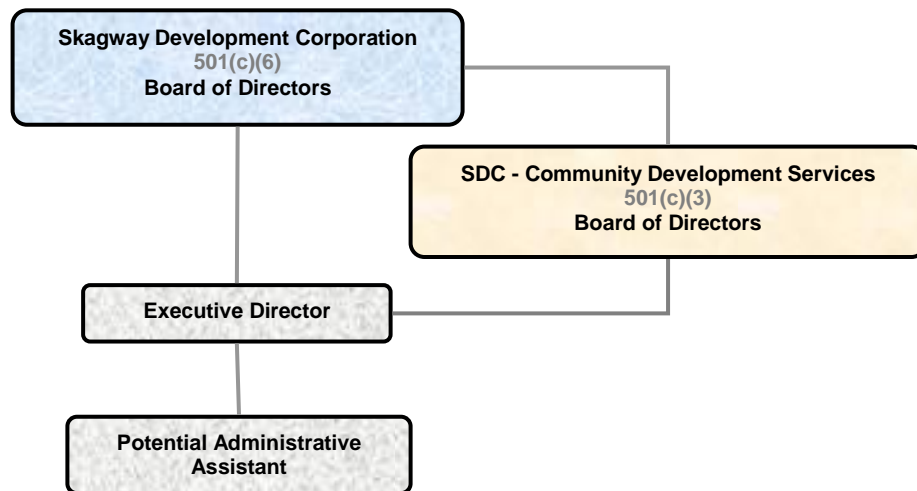


ADMINISTRATION AND ORGANIZATION

The Skagway Development Corporation (SDC) continues to fund its operations through a generous administrative grant awarded each year from the Municipality of Skagway (MOS). The MOS continues to be a partner and collaborator in SDC’s efforts to enhance and diversify the year round economy as we both work towards the greater good of our community.

Organizational Chart

Skagway Development Corporation & Subsidiaries



Board of Directors

During the first quarter of each year SDC holds an annual Board Retreat. The two day retreat, held locally in Skagway, acts as an in-depth planning work session for the Board of Directors. Retreat discussion items include: a review of the successes and failures of actions taken to meet the previous year’s goals; setting goals and objectives for the coming year; program development; organizational strengths and weaknesses and how to improve upon them.

Throughout the year, quarterly meetings and work sessions are held. The board’s commitment to these meetings and retreat, as well as to the corporation’s mission, is to be commended as it has enabled the staff to focus its efforts on what is important and effective. The board’s breadth of experience is an asset not only to the corporation but to the community as a whole.



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As an organization, SDC continues to grow in complexity and with that comes an increase in the administrative and regulatory requirements that need to be met. This is all being accomplished with a staff of one full-time employee.

Skagway Development Corporation Board of Directors

President – Michael Healy
Vice-President – Cori Giacomazzi
Treasurer – Paul Taylor
Secretary – Julene Brown
Member-at-Large – Christine Ellis

SDC – Community Development Services Board of Directors

SDC Board of Directors

Executive Director
Juliene Miles

Directors' Resumes

PRESIDENT: Michael Healy, Owner – Skagway Brewing Company, Healy Construction, LLC and Healy Rentals, LLC

Prior to coming to Skagway, Mike was a general manager for a medium sized hotel chain in the Midwest. He also has worked as a bookkeeper for several smaller motels. Mike graduated from Black Hills State University in 2004 with a degree in Business Administration, specializing in Small Business Management.

Mike came to Skagway in 2003 when he and his partners opened Glacial Smoothies & Espresso, serving hot and cold beverages. The business quickly expanded, becoming a year-round operation serving food & beverages. Known to locals as “The Smoothie Shop”, he has since sold this business which is still a successful year round establishment. He went on to purchase the Skagway Brewing Co., which he re-opened in 2007 and has since become one of the most popular gathering places in Skagway among tourists and locals alike. Along the way, he has started a construction company, building rental properties for seasonal and year-round community members.

VICE-PRESIDENT: Cori Giacomazzi, Former Business Owner - Wandering Wardrobe; Current Business Owner – Lillith Moon

Cori became a resident of Skagway in 2000. She holds a BSC in Human Ecology and majored in Textiles, Clothing, and Culture. She is currently the curator of the Red Onion



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Brothel Museum as well as the costume designer and head of wardrobe for the Red Onion. Cori has also made costumes for the Days of 98 Show. Since 2000 she has created and produced a bi-annual fundraising fashion show. In 2007, Wandering Wardrobe, a ladies clothing boutique featuring one of a kind clothing, corsets, and jewelry as well as “pre-loved” and vintage clothing was launched. She has since closed the doors to her shop in order to focus more on the creative aspects of her business and reorganize. She currently operates an Etsy shop, Lillith Moon, in addition to attending various craft bazaars and expos around the north with her hand-made textiles.

TREASURER: M. Paul Taylor, P.E., Owner - Pacific Contract Company LLC

Paul Taylor is a registered professional civil engineer and business owner. He has a Master’s Degree in Civil Engineering from the University of Alaska Fairbanks and is licensed to practice in Alaska and the Yukon. He holds specialized education in the fields of labor negotiation and arbitration and finance from the University of Michigan Ann Arbor.

Paul has provided exceptional professional engineering and project management services to clients throughout Alaska and the Yukon for over thirty years on projects as diverse as conceptual planning of harbors and railroads; design of highways, airports and marine docks and railroad operation. Pacific Contract Company specializes in project planning, permitting, design, budgeting and project construction management.

SECRETARY: Julene Brown, Owner - You Say Tomato Natural Foods

Born and raised in Skagway, Julene has worked for the Municipality of Skagway as the Librarian for over 17 years. In 2006, she bought You Say Tomato, a natural foods store, and moved the business to a larger building expanding the variety of inventory and services offered. Julene has served as an elected member of the Skagway School Board, member of the Skagway Child Care Council, officer positions in the Fraternal Order of Eagles Auxiliary, and currently on the Municipality’s Solid Waste Advisory Committee.

MEMBER-AT-LARGE: Christine Ellis, Owner - Pine Country Yard and Garden

Chris was born and raised in Skagway and ventured south to attend college for business. She served as the Skagway School Board President for twelve years. Chris is busy during the summer months with her landscaping and plant business, Pine Country Yard and Garden. In 2016 she expanded her business to include growing vegetables which she sells to the community.

Staff

EXECUTIVE DIRECTOR: Juliene Miles

Juliene graduated from the University of Hawai’i at Manoa in 2005 with a Bachelor’s degree in Spanish. In 2009 she received a Master’s degree in Education for Sustainable Development from Portland State University. Prior to coming to Skagway, Juliene worked in Educational Outreach for Recycling and Composting in the Portland and Seattle area. She first came to visit Skagway in the summer of 2010 and instantly fell in love with the



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community, rich history and beauty of the region. From that moment, she and her now husband began plotting for a new life in Skagway. Come spring of 2011, they left Seattle and headed north, to Skagway. For her first year, she was a seasonal worker, but quickly became a year round resident. Prior to joining the Skagway Development Corporation, she worked at the Skagway Brewing Company, a year round establishment in Skagway, which provided the opportunity to get to know many of the local residents. Through the efforts at the SDC, she is excited to share her skills and knowledge with the community of Skagway, helping to benefit it economically, socially and environmentally.

Training

SDC values participating in training opportunities in order to enhance our expertise and services to the community of Skagway. In 2016 the Executive Director attended the Managing an Economic Development Organization course in Anchorage. An accredited International Economic Development Council (IEDC) course, this valuable training provided education in comprehensive economic and community development skills, catered to fit the unique opportunities and challenges of Alaska. Many community and economic development practitioners from around the State were in attendance, providing and excellent networking opportunity.

Other learning opportunities SDC takes advantage of are attendance at regional conferences and events. In 2016 these conferences included the Mineral Round-up on Vancouver, B.C., Southeast Conference Mid-Session Summit and Southeast Conference Annual Meeting. Attendance at these events is important. They provide a wealth of information on regional economic and community development programs, practices and forecasts. Not only are these conferences educational, they also offer invaluable opportunities for networking and regional collaboration, which will be discussed further in the “Regional Collaboration” section of this report.

Website & Social Media

The SDC website, www.skagwaydevelopment.org, receives considerable traffic. We strive to keep the website updated as time allows to ensure the most current information is available and to increase ease of use. This work is being done in-house which allows the organization to adapt the website as needed. We utilize our website to not only provide information on SDC, our programs and the economy of Skagway but to also promote community events and organizations. Furthermore our website hosts a wealth of information and resources for entrepreneurs seeking to do business in Skagway.

SDC utilizes a business [Facebook page](#) to assist in marketing our business, programs, services and events. We also utilize this outlet to disseminate information on topics or events related to local, regional and State community and economic development. This has proved to be a successful tool on more than one occasion. Utilizing this powerful social media platform helps to create awareness, not only for SDC and what we do, but also for important topics that could potentially affect our community.



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LOCAL	<ul style="list-style-type: none"> • SDC’s Small Business Resource Center – Computer Lab & Lynda.com Kiosk • Skagway Business Climate Survey • Locally offered workshops • Lemonade Day • Garden City Market • Skagway Traditional Council’s e-waste collection event; logo contest; budgeting class • Fall Clean Up • Fall Festival • Made in Skagway • Reduced Cost Energy Audits in Skagway • Commercial Energy Efficiency Workshop • Small Business Saturday - Passport Event & Raffle • SDC Yuletide Open House • MOS Public Review/Comment for Solid Waste, Recycling, Public Works & RV Park (and subsequent cancellation of meeting) • Governor Walker’s visit to Skagway • Assembly Candidate Forum
REGIONAL	<ul style="list-style-type: none"> • JEDC’s Innovation Summit • Governor Walker’s MOU with Southeast Conference to improve AMHS • Article on Southeast Conference ferry study with recommendation for AMHS to become a public corporation • Forestry Academy for Southeast Alaskans • Article on Energy Efficiency/Audits in Southeast Alaska

PARTNERSHIPS AND COLLABORATIONS

Local

- Municipality of Skagway
 - Senior Ad Hoc Committee
 - Port Commission
 - Public Safety Facility Committee
 - Solid Waste Advisory Committee
 - Fisheries Committee
 - Skagway Convention & Visitors Bureau
 - Skagway City School
 - Dahl Memorial Clinic
- Skagway Traditional Council
- Skagway Chamber of Commerce
- Skagway Fraternal Order of Eagles, Aerie #25
- Taiya Inlet Watershed Council
- Duff’s Skagway Marathon
- Garden City Market



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- North Words Writers Symposium
- Skagway FC
- Skagway Wrestling Club
- Log Cabin Ski Society
- Skagway Yuletide Committee
- Skagway Marketplace
- Multiple local businesses

State

- Foraker Group
- Rasmuson Foundation
- Southeast Conference
- Juneau Economic Development Council
- Haines Visitors Bureau
- Haines Chamber of Commerce
- Alaska Small Business Development Center
- Anchorage Economic Development Corporation
- AIDEA
- SEAttrails
- Renewable Energy Alaska Program

National

- US Small Business Administration
- Small Business Saturday
- Lemonade Day

International

- International Economic Development Council (IEDC)
- Yukon Territory Government, Department of Economic Development
- Yukon, British Columbia Chamber of Mines

Memberships

- Skagway Chamber of Commerce
- Southeast Conference
- International Economic Development Council (IEDC)
- The Grantsmanship Center
- Foraker Group
- Grantstation



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GRANT ACTIVITY – 2016

In 2016 SDC assisted in the writing and submittal of a Pre-Application to the Alaska Housing Finance Corporation (AHFC), Greater Opportunities for Affordable Living (GOAL) grant program. The pre-application was accepted and the Municipality was been invited to apply for the final application for this grant program. However the Assembly decided it was too early to start applying for grants for this project, (which SDC agrees with) so SDC did not move forward with completion or submittal of a final application to the AHFC GOAL grant program.

SDC is very aware of the importance of writing only those grants that have the greatest chance of success. Grant research and writing, in general, is a time consuming practice that more often than not sees applications denied, rather than awarded. To this end, it is vital that this energy be spent on grants that will have the greatest impact on the community and meet the stringent criteria of the grant proposal within an adequate time frame.

SDC is continually looking for grants that will meet community needs while also looking for community needs that may be met by existing grant programs. This is becoming more and more difficult as many State and Federal organizations have less and less funding for grant awards.



BUSINESS AND ECONOMIC DEVELOPMENT

SDC continues to help nurture the local economy by placing an emphasis on assisting in the development and expansion of local business ventures. As Robert Shively states “The entrepreneurial spirit is alive and well in small towns” and SDC continues to expend energy on ensuring that this spirit has an opportunity to flourish in Skagway. Our capacity building efforts for local entrepreneurs continues to be well received by those who utilize our services through our Small Business Resource Center (SBRC)

Aside from providing assistance and resources to aid in business development and expansion, SDC further supports Skagway’s local businesses and thus the local economy through implementation of our programs. As our programs mature over time, SDC has endeavored to focus its efforts on those that will have the greatest opportunity of success. This is a trial and error effort that is constantly evolving: something that did not work before may now be a useful tool.

In 2016 SDC additionally focused efforts on local economic data collection, reporting and dissemination. One such report SDC commissioned is the [Skagway Business Climate Report](#), created with data obtained by the Southeast Conference in their Southeast Alaska Business Climate Survey. In an effort to provide current economic data to the community, SDC collaborated with the Municipal Clerk to create the “Skagway Economic Demographics Survey”, to be paired with the Municipal Business License Application as a means to collect economic data. The survey collects information on # of businesses in Skagway, # of employees per business (seasonal vs. year-round), commercial rent prices, business longevity, local vs. non-local ownership, etc. It also conducts a SWOT analysis to help us understand what the business community of Skagway feels are the Strengths, Weaknesses, Opportunities and Threats for the economy of our community. It is our hope that thru this survey we can gain a better understanding of the current business climate in Skagway and how SDC and other organizations can utilize their resources to better serve the community.

Skagway Business Resources (Rural Entrepreneurship)

According to the U.S. Small Business Administration, small business plays a significant role in the US economy. This can be demonstrated as follows:

- *Represents 99.7% of all employers;*
- *Employs half of the private sector workforce;*
- *Pays 45% of total US private wages;*
- *Creates roughly 70% of net new jobs;*
- *Creates roughly 50% of non-farm private GDP.*



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SDC's has become known as the organization, in Skagway, that provides the business community with technical assistance and capacity building. For those budding entrepreneurs, this has been one of the more fruitful aspects of SDC's work. People requesting assistance through our Small Business Resource Center (SBRC) have recognized that the resources SDC makes available here in Skagway are invaluable to their business ventures. They understand that these and other services are available through the Small Business Development Center (SBDC) and Small Business Administration (SBA) offices in Juneau, but to have those resources here in Skagway often means the difference between utilizing them or not. It is important to note that while the SBDC and SBA are excellent resources for general business principles they lack an intimate knowledge of the Skagway economy and business climate.

SDC does its best to ensure that the information and services available are those that best fit the needs of the business community in Skagway. It is important to recognize that SDC is but one partner in regard to our clients. We refer our clients to other entities when we feel our clients are better served by them. We continue to work with them on the more specific local issues and provide an opportunity for them to come face to face with their questions which are usually answered immediately. SDC offers the "Skagway, Alaska: Business Start-up Kit" as a resource for entrepreneurs wanting to start a business venture in Skagway. This kit includes a wealth of information specific to the locality of Skagway, including essential contact information for local, regional, state and federal organizations.

SDC continues to base its assistance on the "Enterprise Facilitation" model created by Ernesto Sirolli. This model is a one-on-one approach to business development which provides free, confidential, business management, and networking advice to aspiring entrepreneurs and existing businesses. This is done by linking clients to programs and resources offered by development organizations and professionals; testing the personal motivation and skill of the client; and developing the client's capacity to assess their own management strengths and weaknesses. The service is available for free, and in confidence to any local individual with an idea for starting or expanding a business. This model is particularly suitable to small, rural communities such as Skagway because of the inherent 'closeness' of the client base and as such, has proven to be a successful model in Skagway. The role that the facilitator plays is one of steering the boat rather than rowing it.

Small Business Resource Center Assistance

Through SDC's Small Business Resource Center (SBRC), the opportunity to meet and assist local and outside entrepreneurs throughout the many aspects of starting, operating, and/or expanding their businesses is one of the more fulfilling duties as SDC. SDC aims to provide pertinent information to clients while keeping their ideas and plans in total confidentiality. It's always a joy to quietly watch their success and be of additional assistance in any way possible.



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The range of requests from current and prospective business owners is broad and includes, but is not limited to: formation of non-profit organizations; formation of LLC's; state and Municipal business licensing procedures; State requirements for opening a food establishment; municipal code for establishing certain forms of business in Skagway; local commercial property rentals; purchase of an existing business; financing opportunities for new businesses; and business expansion.

Most of the requests contain specific questions about the community and there is a distinct advantage of having these inquires addressed by a local entity. Many outside of Skagway do not fully understand the structure of the economy in Skagway and the stakeholders involved. Assisting these clients would be very difficult for an outside entity to do well. The demand for such services indicates the need for a local entity to provide the variety of assistance requested by the business community.

Table 2 indicates the kind of assistance provided, from where inquiries were generated, as well as the number of businesses actually started in Skagway and number of potential businesses

that could be started in the future. For the purposes of recording – only the first visit or request for assistance by a client is recorded all subsequent visits related to the initial request were not recorded.

SBRC 2016 Assistance Log	
<u>Method of Contact</u>	<u>Number of Inquiries</u>
Web/Phone Inquiries	8
Walk-Ins	10
Total Assisted:	18
<u>Type of Assistance Provided</u>	<u>Number of Inquiries</u>
Pre-Venture	13
Business Enhancement/Expansion	2
Buying a Business	3
Selling a Business	0
Total Assisted:	18
Future Potential Businesses: 3	
New Businesses Started: 7	
Existing Businesses Purchased: 1	

Table 2: Detail of assistance provided by SDC's SBRC in 2016

In 2016 SDC made an addition to the SBRC at our office by adding 4 computer work stations, one of which is a Lynda.com kiosk with thousands of training videos. Our SBRC computer lab, open Tuesdays from 2pm-4pm and Thursdays from 10am-noon, or by appointment, is intended for use by current and future business owners, for business oriented tasks such as research, creating marketing materials, business enhancement, training and enrichment.



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Programs

SDC currently runs three annual programs that aim to promote business development and boost the local economy: Made in Skagway, Small Business Saturday and Lemonade Day. Additionally, in 2016, SDC focused on Energy in 2016, bringing a Commercial Energy Audit and Workshop program to the community.

Our Made in Skagway program experienced several revisions in 2016 in an effort to further define and create authenticity for the program. The application for membership in the program was re-vamped, made to mirror the State run Made in Alaska program. Further, SDC hired an attorney to assist with the completion and submission of a certification mark application to the US Patent & Trademark Office (USPTO) for the Made in Skagway logo. The attorney also vetted the new application and found is satisfactory to act as a user agreement for the Made in Skagway mark. It is expected to take up to 1 year for the mark to be approved by the USPTO. In the meantime, the program can utilize the mark along with the user agreement to further the program.

It is our hopes that this program will continue to grow and expand all the while providing an additional avenue for promotion of locally created goods, thus increasing economic opportunity for local artisans and in turn boosting Skagway’s economy. Currently, there are 15 members of the program with goods being sold in 16 locations in Skagway. The program has been very well received by the community. SDC has received many positive comments and praise for the program and we look forward to further expansion.

Another successful program SDC implemented in 2016 was the third annual Small Business Saturday #ShopSmall Passport event. This national event focuses on one specific day, the Saturday after Thanksgiving, to promote shopping locally on “Small Business Saturday” rather than participating in “Black Friday” and shopping in big box stores or online. Acting as a “Neighborhood Champion”, SDC brings this event to the community, in hopes that it will create awareness around the importance of shopping locally while also supporting our local businesses and economy.

Small Business Saturday Event	
Year	# of participating businesses
2014	10
2015	16
2016	18

Table 3: Small Business Saturday participation

This year was again a huge success, with a new record for number of businesses participating, which shows the program is gaining momentum each year. Some businesses opened up specifically for this one day and said it was financially more than worth it within the first hour of being open. Approximately 100 passports were handed out to customers on the day of the event and 35 of them were returned to drop off points to be entered into the raffle.



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The final annual program SDC implemented in 2016 was Lemonade Day. Lemonade Day is a national event meant to empower youth to become entrepreneurs. With over 1 million children across the nation participating, Lemonade Day has become a powerful tool to inspire children to think not only about entrepreneurial skill, but life skills like setting goals, managing money, making charitable contributions, marketing, etc. One could argue that this program helps to grow business and the economy for Skagway's far off future, as today's kids could be Skagway's future entrepreneurs!

This year 9 Skagway children participated in Lemonade Day on June 11th, a blustery, rainy, windy southeast Alaskan day. Regardless of the weather, the stands were incredible, varying from your classic simple lemonade stand to decorative stands selling not only lemonade, but cookies, cakes and treats. SDC visited each stand, delivering balloons, sampling treats, and taking pictures to post on our Facebook page. From there the Alaska Lemonade Day headquarters picked them up and one of the Skagway stands was entered into the contest for top 10 stands from the entire state. Another stand was featured on the State site for their "dancing lemonhead" video. As a fun and inspiring event, Lemonade Day was a hit in 2016 and SDC is excited to include it in its annual programmatic offerings.

SDC's new program for 2016 centered on commercial energy usage. SDC feels this is an important topic to discuss with businesses, for if they can decrease their bottom line by saving money on energy costs, that's more money they can invest into their business! SDC worked in partnership with the Southeast Conference, Renewable Energy Alaska Project (REAP), Sustainable Southeast Partnership (SSP) and Energy Audits of Alaska to provide reduced cost energy audits to commercial businesses in Skagway. SDC also hosted a Commercial Building Energy Efficiency Workshop with the above partners. The purpose of this program, funded by a grant from the USDA, is to help Southeast Alaskan businesses increase profitability through savings on energy costs. These savings help to keep more money within the economy of Southeast Alaska, allowing businesses to increase profits that they could potentially invest in their business, stay open longer, hire new employees, etc. 4 Skagway businesses participated in the audits that took place on September 28 & 29; The Skagway Traditional Council, At the White House, You Say Tomato and Starfire. These businesses will receive a report on energy efficiency measures to take and how much potential savings it may create for their business. There is still grant funding available and SDC hopes to coordinate a second round of commercial energy audits in Skagway.

Port Marketing

From its earliest days, Skagway's port and waterfront have been the lifeblood of the community. This still rings true. Skagway's economic activity and potential for future development is focused around the Port. With that in mind, it is vital to continue to market the port and its facilities at an attempt stimulate additional economic activity; especially those that might provide year round jobs or other value-added opportunities.



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Because the Port is so important to the economy of Skagway, SDC keeps their finger on the pulse of Port related matters. Often times, SDC can be the “first point of contact” for organizations looking to do business in our port. To that end, SDC distributes port brochures or provides the necessary local resources to mining organizations, companies and government agencies upon request. In 2016 SDC fielded 2 inquiries on the Port of Skagway:

- 1. Constantine Metal Resources – Palmer Project:** SDC was contacted by Henry Bogert, Senior Mining Engineer for Constantine Metal Resources, Palmer Copper-Zinc-Silver-Gold Project outside of Haines. Mr. Bogert contacted SDC looking to go on a tour of the Ore Terminal Facility. As part of their feasibility study, they are looking into the differing shipping routes for their potential product. Coordinating with Dave Hunz of Mineral Services, SDC picked up Mr. Bogert at the Haines-Skagway Fast Ferry and took him to the Ore Terminal where Dave Hunz gave us both a very detailed tour of the terminal. SDC then took Mr. Bogert to meet his wife in downtown Skagway to enjoy the day before returning to Haines.
- 2. Fright Plus:** Steve Townsend of Fright Plus contacted SDC looking for information on discharging heavy machinery from chartered vessels in the Port of Skagway. SDC explained to him that the docks in Skagway are operated by different organizations, and which dock they would need to utilize would depend on the type of chartered vessel/heavy machinery to be unloaded. SDC gave Mt. Townsend contact information for Cruise Line Agency/SE Stevedoring as well as for Alaska Marine Lines in Skagway.

Mining Updates

Mining in the Yukon Territory continues on a downward spiral. Impacted by global markets, investment capital is hard to come by. According to the [Yukon Economic Outlook](#), “While Yukon’s world-class geology does position the territory favorably for further growth in the mining sector, the relatively poor outlook for mineral prices has created substantial uncertainty for exploration, development and production activities going forward.”

Oil and Gas: This is a rich potential for resources. The Yukon hold significant hydrocarbon resources both onshore and offshore. Northern Cross is proposing to drill and test up to 20 exploratory oil and gas wells in the Eagle Plains Basin, from December to mid-April and from May to October, over a period of eight year, assuming the YESAB process proceeds favorably. YESAB released an evaluation report referring the exploration program to the Executive Council for screening due to uncertainty of the drilling program’s impacts on the Porcupine Caribou Herd.



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Placer (Gold) Mining: Placer gold production is anticipated to continue to be strong. Placer gold production in 2016 is expected to be similar to the over 62,000 crude ounces that were produced in 2015.

Constantine Metal Resources: Located outside of Haines, this project is currently in the exploration and feasibility stage. They have received permitting to build a road to the extraction site and will be working on that over the next year or so. Should the mine come online, it would be several years down the road. For more information on their progress reports, click [here](#). SDC assisted in a Skagway Ore Terminal tour for this organization in 2016. They offer tours of their operation if anyone in Skagway is interested in seeing what they are up to.

Wolverine Mine: Announced in January 2015, the suspension of operations, resulting in a major downward revision for mineral production in 2015 and 2016.

Capstone Corporation: Minto mine's copper production for 2016 indicates production well above the 2015 level. The current outlook for the value of mineral production is for growth of over 50% to about \$275 million. However the mine announced it will likely go into temporary closure in early 2017, until copper prices rebound.

Victoria Gold Corporation: On track to be the largest gold mine in Yukon history, the Eagle Gold mine project has been fully permitted, and is a shovel ready project, but has deferred a production decision until equity markets recover.

Western Copper Corporation: Located 198 kilometers north of Whitehorse. They hold significant gold, copper and molybdenum resources and reserves in its Casino Project. Casino contains 8.9 million ounces of gold, 4.5 billion pounds of copper, and 494 million pounds of molybdenum and 61 million ounces of silver in proven & probable reserves. They are currently in the permitting phase

Wellgreen: Located 125 kilometers northwest of Haines Junction. They completed a Preliminary Economic Assessment in 2015 and continue environmental baseline studies in anticipation of a future application to YESAB. They visited Skagway in 2012 and SDC facilitated a port tour. They hope to ship from our port, as it's their first choice.

Eagle Industrial Minerals Corp: Has received permits to extract magnetite from tailings at the Whitehorse Copper mine site. The project had planned to ship iron ore out of the Port of Skagway, but put their project on hold in 2014 due to the sharp drop in iron ore prices.

Selwyn Chihong: The Selwyn Project is a proposed zinc-lead mine in eastern Yukon, one of the largest undeveloped zinc-lead deposits in the world. They are currently in advanced exploration phase, conducting technical and environmental research, preparing for application to enter environmental and social economic assessments.



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Northern Cross, Ltd.: In 2014 they completed a 3D seismic program, revealing promising hydrocarbon potential in the Eagle Plain Basin. Pending YESAB Executive Council screening, Northern Cross plans to drill and flow test up to 20 wells in the area, December to mid-April and from May to October, over a period of eight years.

Outlook for Mining

- Exploration and development spending in 2016 expected to fall below 2015 levels.
- Increased Minto production is expected to contribute to gains in the value of mineral production in 2016, but the planned temporary shutdown of the Minto mine in early 2017 will significantly impact next year’s mineral production.

Source: Yukon Economic Outlook, May 2016

Outlook for Oil & Gas

- Future development will depend on a number of factors including the performance of oil and natural gas prices and decisions made related to the use of hydraulic fracturing in the territory.
- There is interest in using LNG power for generation in proposed mines in Yukon.
- Production of local resources could offset future hydrocarbon imports.

Source: Yukon Economic Outlook, May 2016

Winter Employment and Community Vitality

Over the past four years, Skagway has experienced a population growth, as is evident in Tables 4 & 5. By observing the data from Table 4, you can see that in 2016 Skagway again experienced positive average annual growth, while the economic region of Southeast Alaska as a whole experienced negative growth. In fact, Skagway was one of 3 communities in the Southeast Alaska Economic Region that experienced an increase in annual growth. Of those 3 communities, Skagway experienced the highest average annual growth. The average rate of change for the state as a whole is was positive at 0.30%.

Table 4: Population Growth in Skagway over the past 5 years.

Year	Population Estimate	Population Change
2011	965	-3
2012	959	-6
2013	980	21
2014	1035	55
2015	1040	5
2016	1065	25



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Table 5: Population trends of Southeast Alaska over the last year

Population of Alaska by Labor Market Area, Borough and Census Area				
Area Name	Estimate 2015	Estimate 2016	Population Change 2015-2016	Average Annual Growth Rate%
Alaska	737,625	739,858	2,233	0.30
Southeast Region	74,395	73,812	-583	-0.78
Haines	2,493	2,466	-27	-1.08
Hoonah-Angoon	2,178	2,193	15	0.69
Juneau	33,277	32,739	-538	-1.62
Ketchikan	13,778	13,758	-20	-0.15
Petersburg	3,199	3,179	-20	-0.63
Prince of Wales- Hyder	6,446	6,440	-6	-0.09
Sitka	8,929	8,920	-9	-0.10
Skagway	1,040	1,065	25	2.40
Wrangell	2,442	2,458	16	.66
Yakutat	613	594	-19	-3.10

Additionally, there has been a slight shift in the demographics of the community with age group 25-34 holding the highest ranking in terms of population by age. Many members of this age group are beginning to grow families, which has created a recent baby boom in Skagway, further increasing the population. This uptick in population growth creates a higher demand for goods and services during the winter months, allowing a handful of additional businesses to remain open year-round which translates into employment opportunities. Furthermore, this helps to foster a vibrant year-round community as there are plenty of volunteers to assist with community events throughout the long, dark winter months.

Skagway’s winter economy continues to show significantly high unemployment rates when compared with the rest of the state. Recent population increase of more people staying in Skaway year-round has led to a slight uptick in winter unemployment rates. However a steady economy, albeit small, does still thrive in Skagway through the winter months. The construction industry, both commercial and residential, continues unabated year round, with a surge of work being completed during the winter months. This industry is likely the highest employer during the winter season, outside of local, state and federal government jobs.

Not Seasonally Adjusted Winter Unemployment Rates (Oct-Mar.)	
2011/12	25.8 %
2012/13	21.3 %
2013/14	22.0 %
2014/15	20.1 %
2015/16	22.0%

Table 6: Skagway winter unemployment rates 2010-2015



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Source for Tables 3, 4 & 5: AK Dept. of Labor and Workforce Development, Research and Analysis

SDC-COMMUNITY DEVELOPMENT SERVICES (SDC-CDS)

The goal of SDC-CDS is to improve the overall community well-being for the residents of Skagway, both year round and seasonal, and for our visitors. This can be achieved in many different ways. The most effective means SDC-CDS has been able to utilize is through support services for community organizations in Skagway and assisting in the development of community infrastructure. The goal is to ensure that the community has suitable facilities and programs in place to make Skagway a desirable community for people to live, work, play, and raise a family.

Creating a desirable location will help to ensure a critical mass required for economic growth and development. As the winter work population continues to increase this will also place added demands on the community's current programs and facilities. It is vital that their growth matches that of the community and meets the demands of the residents. SDC-CDS works with multiple community organizations partnering in their events while also assisting in the continued development of community infrastructure.

Perhaps one of the most important services SDC-CDS offers is fiscal sponsorship, or funds management. As a 501(c)(3) non-profit organization we are allowed to offer this essential service to local community organizations working to enhance community or economic development in Skagway. A fiscal sponsorship is essentially a formal arrangement under which SDC-CDS sponsors a local community organization or project that may lack their own tax exempt status. This is essential for small community organizations that seek grant funding or solicit tax-deductible donations for their projects and programs. Under a fiscal sponsorship they can seek grants and donations under our tax exempt status rather than going through the time consuming and financially straining process of obtaining their own tax exempt status. SDC-CDS provides the fiduciary oversight, financial management and other administrative services for our sponsored organizations.

Fiscal Sponsorships

New Sponsorships in 2016:

- **Skagway Performing Arts Initiative:** This group was created to raise funds for the restoration, renovation and operation of the historic Eagle's Theater. Their mission is to, "Provide entertainment, and to diversify the cultural activities available for the residents of Skagway. To restore a historic landmark in the historic district. To provide a venue for teaching and training students in technical theatre operations."
- **North Words Writers Symposium:** The North Words Writers Symposium hosts a 4 day event each May, bringing roughly 60 participants to Skagway, and along with it an economic boost to the community.



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- **Skagway FC:** Skagway FC is a Soccer League with the mission to, “foster the physical, mental and emotional growth and development of America’s youth through the sport of soccer at all levels of age and competition.” Skagway FC already hosts an adult soccer league with 7 teams and will this year be starting a kid’s soccer league.

Continued Sponsorships in 2016:

- **Duff’s Skagway Marathon:** CDS continued fiscal sponsorship for this community organization, which held their 7th annual event in June. Their event, the Duff’s Skagway Marathon, has become very successful, adding a nation-wide draw to our community and its economy each summer.
- **Yuletide Committee:** CDS continued fiscal sponsorship for this community organization, which holds events every December, providing valuable activities for the community during the cold, dark winter months. The growing success of the resurgent Yuletide Weekend in the past few years has turned it into one of the premier events of the wintertime Skagway social calendar.
- **Garden City Market:** CDS continued fiscal sponsorship for this community organization which promotes local artisans within the community. Boosting the local economy, the Garden City Market takes place during the summer months, offering a space for Skagway’s artisans to sell their goods.

Closed Sponsorships in 2016:

- **The Reverend Neil Down Fund:** This account was originally created for the funds that were raised to pay for medical expenses for Denny Nyhagen. The account is now closed.
- **Dolly Parton’s Imagination Library:** This account was originally created for the local funds raised to support this nationally recognized program. A new book is sent each month to children of Skagway (who are five and under and have been signed up by their parents). This account is now closed and donations can be made to the Juneau chapter which manages Southeast Alaska.

Community Events

- In December, SDC hosted our third annual Yuletide Open House. This event was well received by the community with roughly 20-25 community members trickling in throughout the evening. We feel this is an important opportunity to open our doors to the community and invite them to learn about SDC and the services we offer the community, while enjoying some refreshments and holiday cheer.
- As a non-profit in the State of Alaska, we are allowed 5 special event liquor permits annually. As a service to the community, we secure and purchase the liquor permits for annual community events. As the holder of the liquor license for these events, we are not only legally responsible for upholding all State liquor laws during the course of the event, we are also responsible for hosting the bar,



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purchasing and serving all beer and wine at the events. These events act as our only fundraisers throughout the year. Following is a list of the events we secure and purchase liquor permits for.

- Yuletide Ball
- Buckwheat Bash Awards Ceremony & Dinner

REGIONAL COLLABORATION

Collaboration and networking with local and regional organizations play an important role in the success of a community and economic development organization. SDC takes pride in their focus on forging relationships with not only local organizations, but also with regional and State organizations.

Meaningful networking and collaboration comes out of attendance at regional events, such as Juneau Economic Development Council's Innovation Summit, the Southeast Conference's Mid-Session and Annual Meetings or our Canadian neighbor's Opportunities North Conference. Attendance at such events is not only important for networking and collaboration, but also to keep Skagway involved in regional conversations and initiatives. In essence, if your community isn't represented, it is often overlooked, or considered not interested in regional collaboration efforts.

In 2016 SDC attended 2 regional events, the SE Conference Mid-Session Summit & Annual Meeting, each of which afforded invaluable educational and collaborative opportunities. Participation in the Southeast Conference is extremely important, especially during these fiscally straining times for the State of Alaska and the Alaska Marine Highway System. SDC was also involved in the Juneau Economic Development Council's Innovation Summit steering committee but was unable to attend the summit due to weather.

An important local event that SDC attended in 2016 is the Skagway Chamber of Commerce Annual Luncheon. This event is particularly important because it provides an opportunity to connect with and hear from the local business community. At this year's luncheon, keynote speaker, Mike Tranel, Superintendent of the Klondike Gold Rush National Historic Park, spoke highly of SDC's own Made in Skagway program and the importance of purchasing locally and supporting local business first whenever possible.

Also in 2016, SDC attended the AMC Mineral Round Up in Vancouver, B.C., alongside municipal officials. This is an important event for Skagway to attend and make their presence known to potential future customers in the mining industry. In future years, SDC would like to assist the MOS in hosting an exhibit for the Port of Skagway at the Yukon Chamber of Mines "Yukon Night" at the Round Up conference.



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From our participation in these above mentioned events, SDC was able to further network into the region, creating tighter bonds and partnerships with similar organizations from across the State. These bonds are essential for SDC and the work that we do, as they provide connection to a greater breadth of resources and information relevant to our location. We look forward to strengthening these bonds and creating new relationships in the years to come through attendance at these important regional events.

FINANCIAL REPORT

Most economic and community development organizations operate on funding from local government and private enterprise. SDC's support is heavily weighted on funding from the MOS due to the fact that the local private enterprise base is small. Furthermore, local enterprise often times already provides support to the Skagway Chamber of Commerce, with which SDC does not want to create competition for limited local resources.

In order for SDC to continue developing its resources, promoting economic growth, and providing essential services and support to the community of Skagway, it requires this base funding from the MOS. SDC's Board of Directors fully understands the fiscal constraints on the MOS and is sensitive to this, especially as to how it may affect potential funding to SDC in the future. SDC is thankful the MOS continues to value and support economic and community development in Skagway. Through this strong commitment from the MOS, SDC graciously looks forward to continuing our partnership for the betterment of Skagway.

The outcome from operations for the year ended December 31, 2016 produced positive results. In an effort to keep costs down, SDC has made efforts to cut costs wherever possible, pursue supplemental funding, and continue to research grant opportunities. Overall, in 2016 we were able to operate in line with our forecasted budget, actually finishing the year slightly under budget.

SDC also continues to manage funds for local community organizations through our Community Development Services (CDS). Please see the list of these organizations and community partnerships on pages 23-24 above.

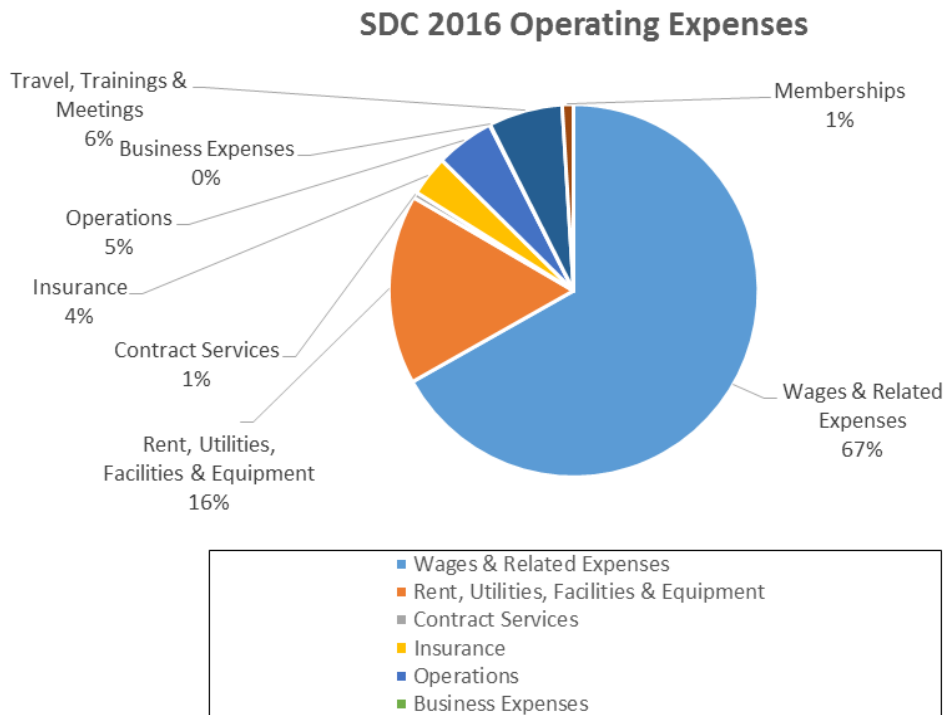


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Operating Expenses

For the year ending December 31, 2016, forecasted budget vs actual spending.

	<u>Actual</u>	<u>Projected</u>
Wages & Related Expenses	\$ 55,610.33	\$ 61,000.00
Rent, Utilities, Facilities & Equipment	\$ 13,685.26	\$ 14,500.00
Contract Services	\$ 416.00	\$ 367.50
Insurance	\$ 2,921.00	\$ 2,950.00
Operations	\$ 4,257.21	\$ 4,500.00
Business Expenses	\$ 50.00	\$ 100.00
Travel, Trainings & Meetings	\$ 5,382.49	\$ 5,500.00
Memberships	\$ 829.00	\$ 600.00
Advertising	\$ 240.00	\$ 500.00
Programs	\$ 2,185.68	\$ 2,000.00
TOTAL	<u>\$ 85,576.97</u>	<u>\$ 92,017.50</u>





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The Skagway Development Corporation would like to thank the Municipality of Skagway and the Skagway Community for their continued support. SDC would not be a success without the positive input, volunteers, Assembly Members, Board Members, and the business community. We look forward to 2016 and the continued success of SDC.