

Skagway Development Corporation

2017 Annual Report

9th Avenue & State Street
P.O. Box 1236
Skagway, Alaska 99840

Phone/Fax: 907-983-3414
Email: skagdev@aptalaska.net
www.skagwaydevelopment.org



Skagway Development Corporation

Contents

VISION, MISSION & VALUES..... 2
WHAT DOES SDC DO? 2
HOW CAN SDC HELP? 2
GOALS 3
FROM THE EXECUTIVE DIRECTOR..... 4
ADMINISTRATION AND ORGANIZATION..... 6
ORGANIZATIONAL CHART 6
BOARD OF DIRECTORS 6
STAFF..... 8
WEBSITE & SOCIAL MEDIA 9
PARTNERSHIPS AND COLLABORATIONS 9
MEMBERSHIPS 10
GRANT ACTIVITY – 2017 11
BUSINESS AND ECONOMIC DEVELOPMENT..... 12
SKAGWAY BUSINESS RESOURCES (RURAL ENTREPRENEURSHIP) 12
SMALL BUSINESS RESOURCE CENTER ASSISTANCE..... 13
PROGRAMS..... 14
PORT MARKETING 16
MINING UPDATES 16
WINTER EMPLOYMENT AND COMMUNITY VITALITY 19
SDC-COMMUNITY DEVELOPMENT SERVICES (SDC-CDS) 21
FISCAL SPONSORSHIPS 21
COMMUNITY EVENTS..... 22
REGIONAL COLLABORATION 23
FINANCIAL REPORT 24
OPERATING EXPENSES 25



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.



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 2017, 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



Skagway Development Corporation

FROM THE EXECUTIVE DIRECTOR

Having completed my third year with the Skagway Development Corporation as Executive Director, I am pleased with the many accomplishments of 2017. This year had its ups and downs, which both brought time away from the office. On the down side, I broke my ankle which kept me away for a good 6 weeks. On the up side, I had a baby boy, which kept me very busy at home on maternity leave for 12 weeks. Even with the excessive time away from the office, I feel happy to say that SDC was still able to accomplish the majority of their goals and objectives for 2017.

The Skagway Development Corporation has now completed fourteen years of operations in the community of Skagway. 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 2018 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. Our business assistance program and Small Business Resource Center have helped many community members in their entrepreneurial adventures, be it opening their first business, expanding their current venture or assisting with marketing local businesses and artisans. Programs, such as Small Business Saturday and the Made in Skagway Program, have helped to boost the local economy. Growing our local economy is exciting work and am eager to see what SDC can accomplish in the future.

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. A few highlights of the accomplishments for SDC in 2017 include:



Skagway Development Corporation

- Certification Mark of the Made in Skagway logo; launch of Made in Skagway websites promoting locally made goods and in turn boosting the local economy;
- 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;
 - Skagway Marathon
 - North Words Writers Symposium
- 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 conference, the Juneau Innovation Summit. Attendance at such events provides valuable regional knowledge alongside networking opportunities, which helps to keep Skagway involved regionally.
- Coordinated a Quickbooks webinar

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 2018. 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



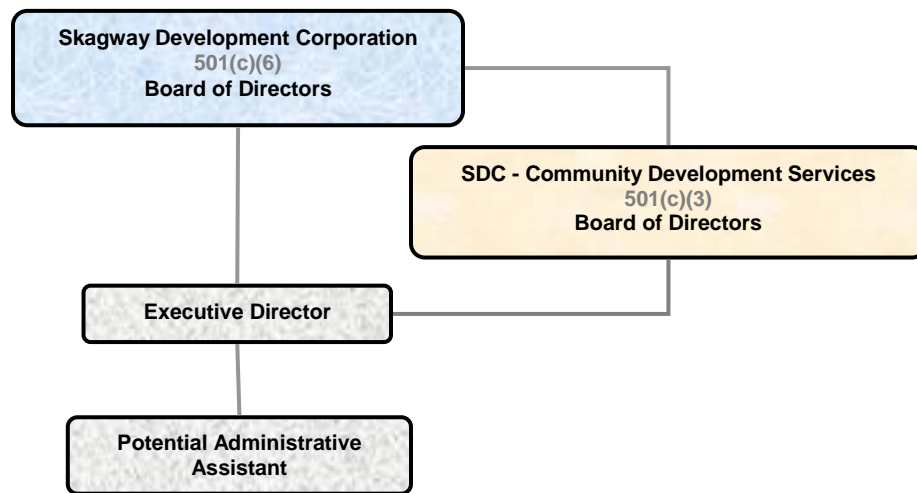
Skagway Development Corporation

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.

In 2017, long time board member and president, Mike Healy, stepped down from his role with SDC. We would like to thank him for his 10 years of dedicated service to our



Skagway Development Corporation

organization, he has been a valuable asset to SDC and we were sad to see him go! It is our hope to fill our vacant seat in the first quarter of 2018.

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

Acting President – Cori Giacomazzi

Treasurer – Paul Taylor

Secretary – Julene Brown

Member-at-Large – Christine Ellis

Vacant Seat

SDC – Community Development Services Board of Directors

SDC Board of Directors

Executive Director

Juliene Miles

Directors' Resumes

ACTING 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 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



Skagway Development Corporation

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 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.



Skagway Development Corporation

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.

LOCAL	<ul style="list-style-type: none"> • SDC’s Small Business Resource Center – Computer Lab & Lynda.com Kiosk • Made in Skagway • Locally offered workshops • Lemonade Day • Garden City Market • MOS Public Port Planning meetings • QuickBooks Webinar • 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)
REGIONAL	<ul style="list-style-type: none"> • JEDC's Innovation Summit • Path to Prosperity regional business competition

PARTNERSHIPS AND COLLABORATIONS

Local

- Municipality of Skagway
 - Senior Ad Hoc Committee
 - Port Commission
 - Local Emergency Planning Committee (LEPC)
 - Solid Waste Advisory Committee
 - Fisheries Committee
 - Skagway Convention & Visitors Bureau
 - Skagway City School



Skagway Development Corporation

- 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
- 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
- SEAtails
- 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)



Skagway Development Corporation

- The Grantsmanship Center
- Foraker Group
- Grantstation

GRANT ACTIVITY – 2017

In 2017 SDC assisted the Skagway Local Emergency Planning Committee (LEPC) in writing an application to the Alaska Division of Homeland Security and Emergency Management for the Federal Fiscal Year 2018 State Homeland Security Program (SHSP) Grant. This application will seek funds for a Community Shelter Emergency Generator, Emergency Alert Siren and Emergency Equipment Cargo Trailer. The application is due in January of 2018.

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.



Skagway Development Corporation

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.

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.*

SDC 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



Skagway Development Corporation

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.

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.



Skagway Development Corporation

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 2017 Assistance Log	
<u>Method of Contact</u>	<u>Number of Inquiries</u>
Web/Phone Inquiries	3
Walk-Ins	3
Total Assisted:	6
<u>Type of Assistance Provided</u>	<u>Number of Inquiries</u>
Pre-Venture	2
Business Enhancement/Expansion	4
Buying a Business	0
Selling a Business	0
Total Assisted:	6
Future Potential Businesses: 1	
New Businesses Started: 1	
Existing Businesses Purchased: 0	

Table 2: Detail of assistance provided by SDC’s SBRC in 2017

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.

Our Made in Skagway program had a successful 2017. The logo for the program officially became a registered certification mark, held by the Skagway Development Corporation. This will give the program more clout, as the SDC now has legal grounds to enforce the usage of the logo.

Furthermore, the SDC launched a website for the program: www.MadeInSkagway.org. The website includes a profile for each member artisan. Profiles highlight the artisans work as well as where it can be purchased, including a map of Skagway marking local locations to purchase.

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 14 members of the program with goods being sold in 26 locations in Skagway. The



Skagway Development Corporation

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 2017 was the fourth 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
2017	20

Table 3: Small Business Saturday participation

This year was again a 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 as they had the highest sales ever for a day of business in the winter.

Unfortunately the weather was cold and windy so participation from shoppers was down. Approximately 51 passports were handed out to customers on the day of the event and 10 of them were returned to drop off points to be entered into the raffle.

The final annual program SDC implemented in 2017 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, 13 Skagway children participated in Lemonade Day on June 10th, a blustery, windy southeast Alaskan day – a common theme for Lemonade 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. Each year stands from Skagway are featured on the State Lemonade Day Facebook page. As a fun and inspiring event, Lemonade Day was a hit in 2017 and SDC is excited to include it in its annual programmatic offerings.



Skagway Development Corporation

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.

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 2017 SDC fielded 1 inquiry on the Port of Skagway:

1. **Sandfire Resources**– SDC was contacted by their business development manager, requesting a tour of Skagway's port facilities. Sandfire Resources is a copper/gold miner of Western Australia. They were reviewing investment opportunities in the base metals sector in NW Canada and were looking to understand their potential paths to market. They reached out to SDC to inquire about a potential visit to the facility as well as a general discussion about the ports capabilities and services. I connected them with, Dave Hunz of Mineral Services and they came to Skagway for a tour on October 25.

Mining Updates

Mining in the Yukon Territory is expected to pick up steam in 2018, 2019. Following a fall in gold prices, metals of interests for Yukon recovered somewhat in 2016. According to the [Yukon Economic Outlook](#), "An improved outlook for the global mining community, based in part on improved outlooks for global growth and growth in key countries, is fueling hope of increased demand for minerals."

Outlook for Mining

- Exploration spending is expected to be the highest since 2014, increasing 7.1% from 2016.
- Development spending are expected to be down in the short term, but development of the Eagle Gold and Coffee projects is expected to boost development moving forward.
- Lower production from the Minto mine is the primary contributor to a decline in mineral production in 2017. With Minto expected to cease operations in late 2017, the value of mineral production is expected to dip in 2018, before Eagle Gold production begins in 2019.

Source: Yukon Economic Outlook, April 2017.



Skagway Development Corporation

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.

Outlook for Oil & Gas

- Potential exists for development of local natural gas resources for both export and domestic use.
- There is interest in using LNG power for generation in proposed mines in Yukon.

Source: Yukon Economic Outlook, April 2017

Producing/Prospective Mines and Energy Plays of Interest to Skagway and its Port:

Klondike Highway Area

Alexco Resource Corp.: Keno Hill (Silver) project has 4 deposits; Lucky Queen, Bellekeno, Birmingham and Flame & Moth. Currently the Birmingham deposit is in an advanced-Exploration drilling phase; the Flame & Moth underground mine is under development with a potentially minable 693,000 tonnes of 666 grams per tonne silver and is anticipated to be the primary production sores for the Keno Hill district. Lucky Queen and Bellekeno deposits are full permitted for operations.

Goldcorp: Coffee Gold (gold) project is in advanced exploration. They submitted their Environmental Socioeconomic Assessment to the Canadian Government in early 2017. Permitting and detailed engineering is expected to be complete in 2019.

Western Copper and Gold/Casino Mining Company (copper, gold, silver): The Casino project, located 198 kilometers north of Whitehorse, holds significant gold, copper and molybdenum resources and reserves. One of the largest copper and gold deposits in the world, 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 environmental assessment review phase. Mine production is 2-4 years out.

Copper North Mining Company: Carmacks Copper Project is permitted for construction and will produce 30 million pounds of copper per year.

Constantine Metal Resources: Located outside of Haines, this project is currently in the mid-stage 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



Skagway Development Corporation

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.

Capstone Corporation: Minto mine's copper production for 2018 will continue. They expect the current mine to continue through mid-2021, with production gradually falling starting in 2019, reaching approximately 75% of the 2018 production level by 2021.

Victoria Gold Corporation: A fully permitted, shovel ready project, the Eagle Gold mine is the most advanced project in the region and is on track to be the largest gold mine in Yukon history. The project will employ 350-400 people, a significant economic contributor for the Yukon. In 2017 Victoria Gold worked towards successful implementation of \$40 million Phase 1 to de-risk the project.

Nickel Creek Platinum (formerly Wellgreen Platinum): 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.

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. As of July 2017 YESAB review determined the project's application did not fully account for the potential effects on the Porcupine Caribou herd, and referred the project to a higher, executive level of screening – meaning they have to resubmit their proposal and restart the whole review process.

Campbell and Nahanni Area

North American Tungsten: Tungsten has 2 projects, the Cantung (Nahanni, Northwest Territories) and the Mactung (Canol, Yukon). The Cantung project is one of the largest operating tungsten mines outside of China. The Mactung project is in a feasibility phase.

Kudz Ze Kayah: the project is a copper, lead, zinc, gold and silver project in the Pelly Mountains. Early January, 2018 YESAB deemed the project proposal meets Adequacy standard. The project will progress into the Screening & Evaluation stage involving technical review and public consultation. Key permitting should be complete in 2019, with construction beginning in early 2019 and production to start in mid 2021.



Skagway Development Corporation

Silver Tip: This mine is one of the industry’s newest, highest-grade silver-zinc-lead mines. Located in northern British Columbia, Silvertip commenced production during the 4th quarter of 2016.

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

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. They hope to enter production in 2022.

Winter Employment and Community Vitality

Over the past five 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 2017 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 only 2 communities in the Southeast Alaska Economic Region that experienced an increase in annual growth. Of those 2 communities, Skagway experienced the highest average annual growth. The average rate of change for the state as a whole is was negative at -0.36%.

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

Year	Population Estimate	Population Change
2013	980	+21
2014	1035	+55
2015	1040	+5
2016	1065	+25
2017	1087	+22



Skagway Development Corporation

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 2016	Estimate 2017	Population Change 2016-2017	Average Annual Growth Rate%
Alaska	739,709	737,080	-2,629	-0.36
Southeast Region	73,827	72,915	-912	-1.24
Haines	2,466	2,459	-7	-0.28
Hoonah-Angoon	2,188	2,122	-66	-3.06
Juneau	32,723	32,269	-454	-1.40
Ketchikan	13,749	13,754	+5	+0.04
Petersburg	3,177	3,147	-30	-0.95
Prince of Wales- Hyder	6,491	6,390	-101	-1.57
Sitka	8,914	8,748	-166	-1.88
Skagway	1,069	1,087	+18	+1.67
Wrangell	2,456	2,387	-69	-2.85
Yakutat	594	552	-42	-7.33

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. However, the 2016/17 winter unemployment rate for Skagway was the lowest it’s been in over 5 years, which is a good sign of a healthy economy. 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.)	
2012/13	21.3 %
2013/14	22.0 %
2014/15	20.1 %
2015/16	22.0%
2016/17	18.9%

Table 6: Skagway winter unemployment rates 2012-2017

Source for Tables 4,5 & 6: 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

Continued Sponsorships in 2017:

- **Duff's Skagway Marathon:** CDS continued fiscal sponsorship for this community organization, which held their 8th annual event in June. 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



Skagway Development Corporation

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.
- **North Words Writers Symposium:** CDS continued fiscal sponsorship for this community organization which hosts a 4 day event each May, bringing roughly 60 participants to Skagway, and along with it an economic boost to the community.
- **Skagway FC:** CDS continued fiscal sponsorship for this community organization. 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.
- **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.”

Community Events

- In December, SDC hosted our fourth 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, 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.
 - Buckwheat Bash Awards Ceremony & Dinner
 - Yuletide Ball *this year the Yuletide Committee decided to make the event more family friendly and there was no bar.
 -



Skagway Development Corporation

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 2017 SDC attended 1 regional event, the Juneau Economic Development Council's Innovation Summit. This event is a great place to connect with regional innovators, investors and other economic development practitioners. It's at events like these that resources and ideas are brought back to Skagway and disseminated to the community. Unfortunately, on my way to day 2 of this event, I fell on ice and broke my ankle, which kept me from attending the full conference.

Due to the broken ankle and maternity leave later in the year, SDC was unfortunately unable to attend the SE Conference Mid-Session Summit & Annual Meeting. These events always 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.

An important local event that SDC attended in 2017 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, Assemblyman Steve Burnham Jr., gave an excellent overview of the Municipality's Solid Waste, Recycling, Public Works & RV Park Master Plan. SDC looks forward to assisting the Municipality in executing this plan in the future.

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.



Skagway Development Corporation

FINANCIAL REPORT

Most all 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, 2017 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 2017 we were able to operate in line with our forecasted budget, actually finishing the year under budget, due to time off from a workman's compensation related injury.

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 21-22 above.



Skagway Development Corporation

Operating Expenses

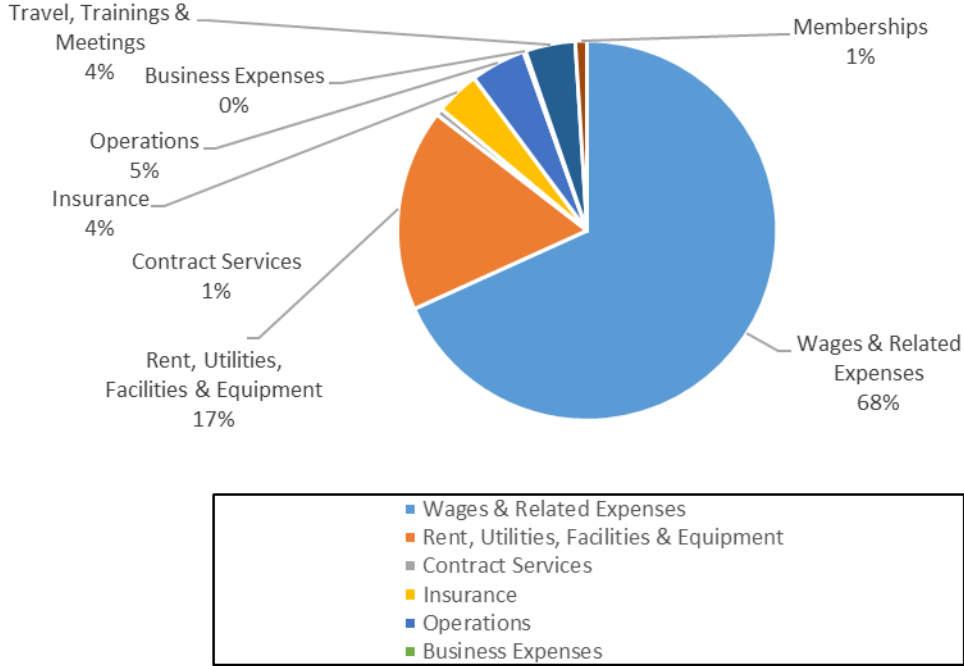
For the fiscal year ending June 31, 2017, forecasted budget vs actual spending.

	<u>Actual</u>	<u>Projected</u>
Wages & Related Expenses	\$ 53,109.72	\$ 61,000.00
Rent, Utilities, Facilities & Equipment	\$ 13,402.24	\$ 14,500.00
Contract Services	\$ 469.00	\$ 367.50
Insurance	\$ 2,937.00	\$ 2,950.00
Operations	\$ 3,665.45	\$ 4,500.00
Business Expenses	\$ 150.00	\$ 100.00
Travel, Trainings & Meetings	\$ 3,314.08	\$ 5,500.00
Memberships	\$ 779.00	\$ 600.00
Advertising	\$ 320.00	\$ 500.00
Programs	\$ 2,199.07	\$ 2,000.00
TOTAL	<u>\$ 80,345.56</u>	<u>\$ 92,017.50</u>



Skagway Development Corporation

SDC FY17 Operating Expenses



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 2018 and the continued success of SDC.