

Haines Borough
Analysis of Lutak Dock Development Options
December 15, 2014

A. CED BACKGROUND AND EXPERIENCE

The mission of the University of Alaska Center for Economic Development (CED) is to leverage the university's many resources to facilitate economic development efforts throughout Alaska. The CED has been providing services to municipalities, boroughs, regional development organizations and other non-profit or public entities throughout Alaska since 1992.

The center has a positive and solid history of providing technical assistance and applied research specifically related to tribal economic development. A partial client list is attached within the appendix of this document. Since its inception in 1992 the center has provided advanced technical assistance to an average of 35 clients per year or more than 800 clients total. Specific projects of interest that the CED has supported:

- Community Economic Development Strategies and Corporate Strategic Plans and
- Numerous feasibility studies, business plans, and market analyses predominantly geared toward rural and remote communities of Alaska.

B. PROJECT UNDERSTANDING

The Haines Borough seeks the assistance of the University of Alaska Center for Economic Development (CED) in analyzing options for future development in connection to the Lutak Dock. Built in the 1950s, the dock is in need of repairs but has the potential to serve as an economic engine for the region. The borough is considering multiple options for the future use of the dock, including a vessel haul-out and repair yard, and a storage depot for nonperishable goods to serve mines in the Yukon Territory. The Borough wishes to explore these options to promote job creation, investment, and a strengthened tax base.

The purpose of this analysis is to explore the feasibility of both the vessel haul-out and storage depot. It will provide the Borough a comprehensive understanding of the requirements, costs, and advantages of each proposed use. Specific areas to be incorporated into the analysis include:

- Site review, and construction needs
- Equipment and supply needs and costs
- Market and competitive analysis
- Marketing plan
- Operational and labor requirements
- Legal and environmental considerations

- Financial forecasts and potential sources of funding

Engineering and design support outside of this research effort will be required to forecast infrastructure design and construction costs. **The CED is able to provide a basic estimate of start-up costs, but these projections are not a substitute for architectural and engineering design and cost estimates by either a construction (design/build) or engineering team.** A more comprehensive review of study elements follows below.

C. WORKPLAN

Throughout the course of this project, the CED will work closely with Borough-designated staff and with other community leaders and stakeholders that are specified as essential to the project. It is our belief that it is critical to actively involve the owner/operators in all stages of the business planning process.

The CED will work with the Haines Borough to establish a timeline for completion of the study based on time constraints and funding cycles. The CED is prepared to assist with the completion of an analysis in the spring and summer of 2015. It is anticipated that CED will require at least six months for project research and analysis, and is willing to work with the Borough to explore a differing timeline if necessary.

KICK-OFF MEETING

As soon as a scope of work is agreed on, one to two consultants from CED will travel to Haines to meet with the project representatives. This project kick-off meeting will not only review the project and serve as a “get-acquainted” session, but will be a working session to begin reviewing information already gathered, and better understanding the vision of the community.

IN-PROGRESS MEETINGS

Following the initial in-person meeting it is envisioned that ongoing communications with the designated leadership team will be conducted via email and teleconference. The purpose of these meetings will be to provide progress reports and to discuss current research and data.

PROJECT WRAP-UP

If desired, one or two consultants from CED will travel to Haines to meet with the project development leadership team, to deliver the study conclusions and discuss project development and project implementation next steps. CED is willing to make a presentation to the Borough Assembly if desired.

D. BUSINESS ANALYSIS ELEMENTS

An analysis of this nature is usually completed with the close cooperation of the owners or operators. This ensures a greater level of onsite decision making and understanding of the

business operations. For each of the proposed uses for the Lutak Dock (vessel haul-out and storage depot) the study will address, at a minimum, the following elements:

- **Statement of purpose and overriding goals for future development.** Borough and other project representatives will be responsible for participating and identifying these elements.
- **Review of legal requirements, regulatory considerations and permits necessary for both operations.** The CED will conduct the research necessary to address this element of the study.
- **Review of various development alternatives, design and construction types, site alternatives as well as technology and new/used equipment needs.** The CED team will conduct research on alternatives, design and construction options, but Borough representatives will need to share local knowledge as it relates to proposed development sites, infrastructure knowledge, equipment availability and decisions regarding information gathered by the CED. Additional project engineer or design expertise may be necessary depending on local knowledge and expertise. CED does not have the expertise to forecast site infrastructure development costs beyond basic estimates.
- **Market analysis for both the vessel haul-out and goods depot.** This will include a determination of the size of the potential market for both types of operations, as well as an understanding of market demand and the competitive landscape.
- **A discussion of how each operation will be owned, organized, staffed and managed.** An organizational chart, job description(s) and organizational expectations will be addressed. While the CED is prepared to make written recommendations, ultimately Borough project representatives will need to make decisions so the plan aligns with local policies and practice.
- **An analysis that will discuss the overall economic benefits to the Borough for each option.** Development of metrics and measures that express anticipated success factors, an example may be jobs as well as other factors that may assist in making the project more desirable to funders.
- **Financial pro formas including revenue and expense assumptions and projections for start-up and operations of initial years.** The CED will take responsibility for writing this section, with reliance on Borough project representatives to provide local knowledge relating to costs.
- **A discussion of the options available to finance the ventures.** This may include grants, loans, equity investment, public-private partnership, and other forms of capital.
- **An analysis of the costs and benefits of each development option.** Using cost and impact information gained in the course of the study, CED will weigh costs against benefits to help guide Borough decision-making.

E. BUDGET (ESTIMATE)

CED professional support for analysis and write-up	\$ 30,000 – 35,000
Printing costs (for printing and binding final reports)	\$ 300
Travel to Haines (2-4 trips – lodging, per diem, airfare)	\$ 1,500 – 3,000
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Total Project Cost	\$ 31,800 – 38,300

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Appendices

Key Project Team Members

Nolan Klouda – Executive Director

Mr. Nolan Klouda is the Director of the UACED. In this capacity, he assists clients with business planning, feasibility analysis, marketing development, and a variety of other business and economic development initiatives. He has successfully engaged and worked with tribal governments, municipal governments, non-profits, Alaska Native Corporations, and private business groups to assist them in realizing their strategic goals. His core areas of expertise include government contracting, energy policy, and engagement between the public and private sectors. Mr. Klouda holds a Master of Public Administration from the University of Kansas and a Bachelor's degree from Gustavus Adolphus College. In addition to education, he brings six years of organizational leadership and development (including business and management consulting) experience to the UACED.

Prior to joining UACED in 2010, Mr. Klouda was employed by non-profit organizations, universities, and a municipal government, developing skill sets in program coordination, performance measures, business planning, technical writing, and industry research. Born and raised in Alaska, Mr. Klouda has lived in Anchorage, Fairbanks, Kodiak, and Old Harbor.

Samuel Callen – Management Consultant

Samuel Callen is a Management Consultant at the University of Alaska Center for Economic Development. In this position he provides assistance in the creation of feasibility studies and business plans to organizations throughout the state that are engaged in economic development activities. He graduated Summa Cum Laude from Ferris State University in Michigan with a Bachelor's degree in Business Administration and a minor in Finance. He has also been admitted to Harvard Law School, with a start date of fall 2015.

Prior to working as a Management Consultant, Mr. Callen was an AmeriCorps Vista (Volunteers in Service to America) member at the UACED. In this role, Samuel worked on several economic development projects, including AKSourceLink and Lemonade Day Alaska. As a member of the AKSourceLink team, Samuel managed the online marketing campaign for the site and was involved in rural outreach projects. Through his various employment experiences Mr. Callen has worked on several projects, including a machine shop, a fish-processing facility, a campground, and the South Denali Visitor Center.

Iuliia Chepurko – Graduate Research Assistant

Iuliia Chepurko is a Research Assistant at the University of Alaska Center for Economic Development. She works on business plans and feasibility studies for communities across Alaska. She is also doing economic reviews and data analysis for different projects led by UACED. Ms. Chepurko is a current student at the University of Alaska MBA program, and she already holds Bachelor's and Master's degrees in International Business and a PhD in Economic Theory from Russian universities.

In her business career, Ms. Chepurko worked for an international company with operations outside Russia. She managed projects in the sales department for a Finnish company and did budgeting and finance for a year and a half before that. Prior to this position, Ms. Chepurko also worked for two years as an international activity manager and purchasing specialist. All those experiences give her knowledge in such fields as procurement, finance, accounting, sales and logistics, necessary to understand business operations and assess project feasibility.

Melissa Houston, Certified Strategic Doing Guide

Melissa Houston, Certified Strategic Doing Guide, trained directly under Ed Morrison, the creator of Strategic Doing. Ms. Houston has devoted the past 18 months to learning from and working closely with other Strategic Doing practitioners within the Purdue Center for Regional Development. Ms. Houston has dynamic experience in introducing and leading diverse groups from across Alaska in the process of Strategic Doing. She has worked directly and extensively with communities on the Kenai Peninsula, including the city of Seward and the city of Soldota. Both communities are currently engaged in Strategic Doing initiatives and generating meaningful and identifiable successes as they continue to move forward in identifying and achieving their community development goals. Ms. Houston holds a Bachelor's degree from Loyola University Chicago.

UA Center for Economic Development – Partial Client List

Client/Community/Entity	Project
Feasibility Studies/ Business Plans	
State of Alaska	South Denali Visitor Center Feasibility Study
State of Alaska	South Denali Campground Business Plan
Shishmaref Native Corporation	Nome Hotel Feasibility Study
Ouzinkie Native Corporation	Ouzinkie Wilderness Lodge Feasibility Study
Ahtna Incorporated	Copper Center Machine Shop Feasibility Study
Chickaloon Village Traditional Council	Moose Creek Campground Business Plan
City of Seldovia	Multi-Use Facility Feasibility Study
Kenaitze Indian Tribe	Kenaitze Transportation Feasibility Analysis
Camp Fire Alaska	After School Program Market Analysis
Cordova Community Kitchen	Cordova Community Kitchen Feasibility Study
Project & Community Planning	
Alaska Peony Growers Association	Project Planning Assistance
Arctic Slope Regional Corporation	Regional Tourism Development Plan
Arctic Development Council	Community Economic Development Strategy
AK Forward	Statewide Cluster Development Planning
Cook Inlet Regional Corporation	Regional Economic Development Planning
Kodiak – St. Mary’s School	Management and Operations Mentoring
State of Alaska, DCCD	Organizational Strategic Planning
Fairbanks Community Cooperative Market	Cooperative Formation and Planning
POW Bio-Fuel Cooperative	Cooperative Formation and Planning
Alaska Peninsula Corporation	Economic Assessment and Planning
Workshop/Training/Conference	
City of Seward	Strategic Doing Facilitation
City of Soldotna	Strategic Doing Facilitation
Statewide	Economic Developer Practitioner’s Training
Kawerak and EDA	Management Development Training – Nome
Norton Sound/Western Alaska	Multiple Development Trainings and Workshops
Petersburg	Project Planning and Development Training
Research/Information Dissemination	
Alaska Business Monthly Magazine	Alaska Trends – Research, Report & Publish
Alaska Native Heritage Center	Research/Develop Business Start-up Guides
Institute for Social and Economic Research	Viable Business Enterprises in Rural Alaska
NANA Regional Incorporated	Northwest Alaska Retail Market Analysis