



HAINES BOROUGH 2025 COMPREHENSIVE PLAN

SEPTEMBER 2012



HAINES BOROUGH 2025 COMPREHENSIVE PLAN

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1 Introduction and How to Use this Plan

Haines Borough is located on the shores of Lynn Canal between the Chilkoot and Chilkat Rivers in northern Southeast Alaska. The Borough shares a border with British Columbia to the northwest and the Municipality of Skagway is its neighbor to the northeast. Juneau is 80 air miles to the southeast. Glacier Bay National Park and Icy Straits are to the south and west (Figure 1-1). Haines is a significant transshipment point due to its ice-free deep water port and year round highway access to Canada, Interior Alaska and the continental US on the Haines and Alaska Highways.

Haines is growing. Bucking the trend in most of Southeast Alaska the population grew here in the 2000's. Between 2010 and 2011 Haines was one of the fastest growing places in Alaska, with a jump of 4.5% that year to an estimated 2,620 residents (*Alaska Department of Labor*). Over two-thirds (68%) live in the townsite, about 15% reside out Haines Highway including the Mosquito Lake and Covenant Life areas, 8% live in Mud Bay and 2% in Lutak. There are 1,631 dwelling units in the Borough with 21% seasonally occupied (*2010 US Census*).

Haines Borough encompasses approximately 2,350 square miles of land, or almost 1.5 million acres, and another 382 square miles of water are within its border. It stretches nearly 120 miles long and is 80 miles at its widest point. The region is typified by snow-capped mountains, some over 6,000 feet, glaciated and forested valleys, and numerous salmon-rich streams and rivers descending to salt water fjords.

Haines enjoys a climate which is characteristically drier than most of Southeast Alaska throughout the year because of its distance from the exposed coast, more northerly latitude, proximity to Interior regions, and local mountains.

Land ownership patterns in Haines Borough are a bit different from the rest of Southeast Alaska where the Tongass National Forest generally comprises over 95% of the land base. In Haines Borough, one-third (32%) of the land is owned by the State of Alaska, including the 286,200 acre Haines State Forest and five state parks or recreation areas. Of the state total, 0.4% is managed by the Alaska Mental Health Trust and 1% by the University. Two-third of the land (66%) is owned by the federal government, with 51% managed by the US Forest Service and 15% by the Bureau of Land Management. Private land (including Native allotments) accounts

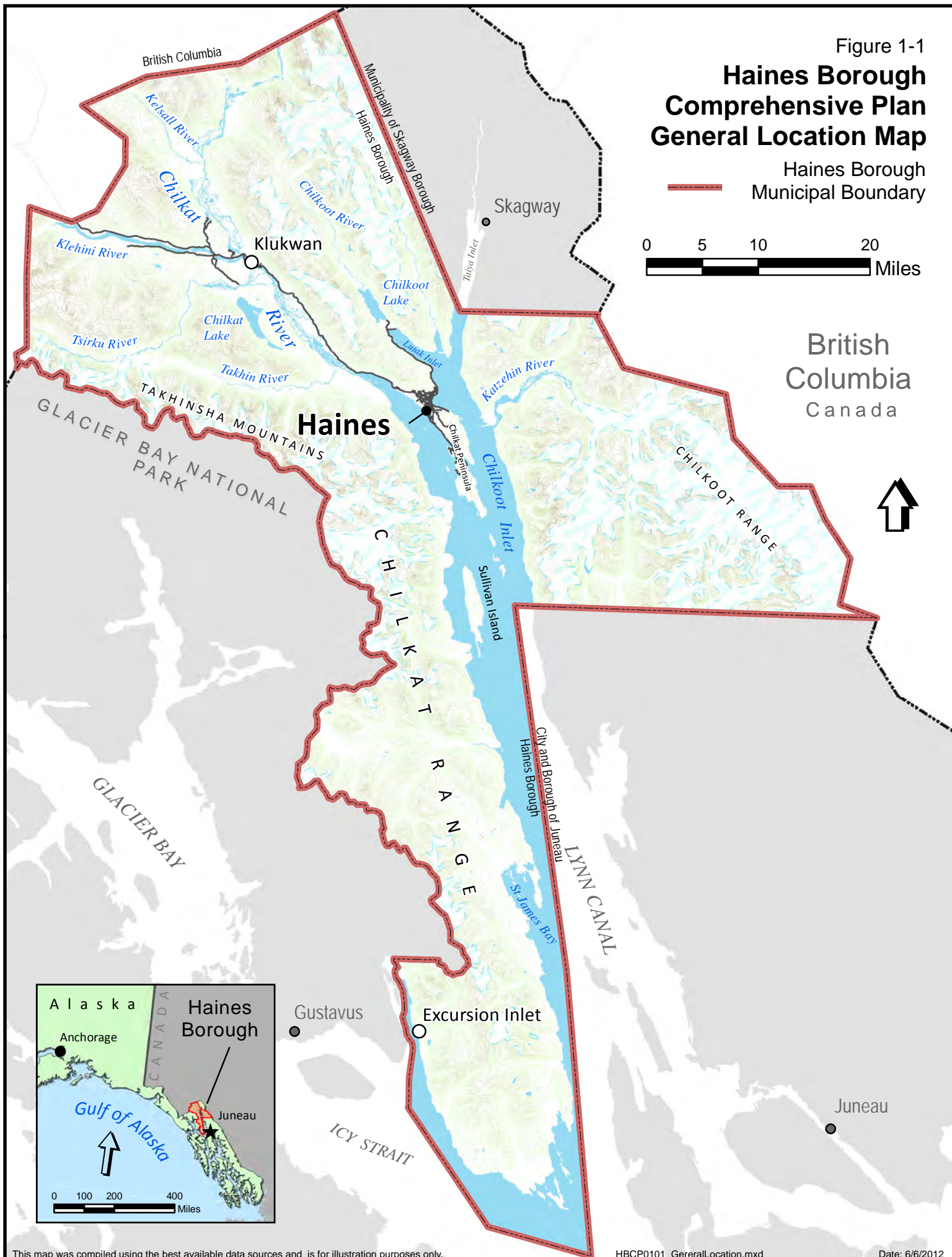
Figure 1-1

Haines Borough Comprehensive Plan General Location Map

Haines Borough
Municipal Boundary

0 5 10 20
Miles

British
Columbia
Canada



for just 1.3% of the land base and the Borough owns less than one percent (0.3%). This is why it is important that the state and federal governments coordinate with Haines, and, why careful planning and good use of the limited private and Borough-owned land base is so important to residents.

1.1 Plan Purpose and Use

The purpose of this Haines Borough Comprehensive Plan is to guide growth over the next 10 to 20 years. This Plan describes current conditions, reviews outstanding issues and needs, establishes broad goals that set overall direction, identifies specific objectives that are the desired future that the community wants to achieve over time, and sets out actions to chart a path to achieve the goals and objectives.

Topics covered are quality of life, municipal government, the economy and economic development, current and future land use, transportation, recreation, utilities, public safety, community services, and education.

Accomplishing the vision and doing the work outlined in this Plan will take more than just the efforts of the Haines Borough government. In order to make the objectives and actions in this plan happen it will also require active help from Haines residents, land and business owners, area tribal governments, state and federal agencies, civic groups, and volunteers working together. The actions in this Plan will take many years to accomplish, but they do chart a path to a desired future. Key will be determining the community's top priorities for action every year or two, and then staying the course.

Nine specific ways to use the Comprehensive Plan are to:

1. **Use to Set Annual Assembly Priorities.** Help the Assembly set its priorities at the start of the budget cycle, or when a new Assembly is elected, by reviewing the Goals-Objectives-Actions and identifying the top 3 objectives or actions to accomplish this year. Ask staff to include these priorities work plans and budgets.
2. **Use to Set Annual Planning and Zoning Commission Priorities.** At an annual Planning Commission retreat or work session, identify the top 3 objectives or actions to accomplish the next year. Ask staff to include these priorities work plans and budgets.
3. **Refer to it when Decisions and Issues are Hot.** The passions around a controversial decision can be intense. Use the Comprehensive Plan as a touchstone - it reflects desired community growth and was prepared without the pressure of a specific project bearing down. When the Assembly or Planning Commission (or staff) have a tough decision to make, open the Comprehensive Plan to the appropriate section and review the narrative to get some perspective on the community's goals, objectives, and big-picture direction. A deliberative and very public process was used to prepare the Plan over a year's time and without the pressure of a specific project bearing down. Include Plan narrative and perspective in the staff report on the matter. Use the Plan to help ensure development

moves forward on a consistent path.

4. **Read the Community Opinion Survey Results Again.** Periodically review the results of the statistically valid Community Opinion Survey - this is the voice of the majority....and was used to guide Plan development.
5. **Support Grant Applications, Legislative Requests, etc.** Use information in the Plan to prepare and support Borough, agency and local non-profits capital improvement requests, grant applications, legislative requests, and transportation improvements. For example, if SEARHC or Southeast Senior Services or CIA is going after funding to maintain or expand a service used by seniors - use the Plan's narrative, demographics, and community endorsed objectives and actions to support the funding application. (Ditto for transportation improvements, the ADOT&PF STIP List, parks and recreation and other projects.)
6. **Use to Prepare Borough Comments or Position on Proposed State, Federal and Private Actions and Projects.** Use the Future Growth Maps and accompanying Plan narrative when commenting on state or federal leases or permits, to guide zoning and re-zoning decisions, when reviewing Title 5 or Title 18 local permits, and when considering or making Borough infrastructure or private sector investments. Ensure permits, actions and investments are consistent with the Comprehensive Plan.
7. **Use it for Local Permits.** A plan purpose it to assist the Planning and Zoning Commission in determining if proposed development projects are consistent with Haines' goals and future vision.
8. **Keep it Handy.** Keep the Action Summary on Assembly ipads; have paper copies available at all Planning Commission meetings.
9. **Use as reference.**

1.2 Process to Prepare this Plan

The Haines Borough Planning Commissioners served as the steering committee to oversee plan development. They were assisted by municipal staff, organizations and individuals who attended meetings, offered comments, or provided information during plan development. Work on the plan was from February 2011 through its final Assembly adoption in August 2012.



Some of the major steps in the development of this Plan were:

1. 12 planning commission work sessions in 2011 and 2012, open to the public, on March 31, 2011, May 26, July 21, August 24, September 22, November 16, December 1, December 20, February 23, 2012, March 29, April 19, and May 31, 2012.
2. Regular email notification of project meetings and distribution of agendas to a project contact list of over 120 residents who requested these updates.
3. Regular posting of meeting agendas and packets on the Haines Borough website.
4. A random, statistically valid Community Opinion Survey answered by representatives from 208 households in late April 2011 (see Appendix A).
5. Three well-attended Community Meetings at Harriett Hall on June 3, 2011, at Haines School on May 16, 2012 and Mosquito Lake School on May 17, 2012.
6. Interviews, meetings and many reviews of chapters by Haines Borough staff to ensure the plan has up-to-date and accurate information.
7. The Haines Parks and Recreation Advisory Committee posted all the draft maps at the Haines Library for 10 days in March and invited the public to come by and make comments/mark-up the maps.
8. The Planning and Zoning Commission reviewed several pre-public hearing drafts in February-April 2012 and issued a Community Meeting draft in May 2012 and the Public Hearing draft plan in early June.
9. Public Hearings on the draft plan by the Planning Commission on June 14, June 21 and July 12, 2012. The Planning Commission approved a motion on July 12 to adopt the Comprehensive Plan and recommend it to the Assembly for adoption.
10. The Assembly introduced the plan on August 14, held hearings on August 28 and September 11, 2012 and adopted it with Ordinance 12-08-301 on September 11, 2012.

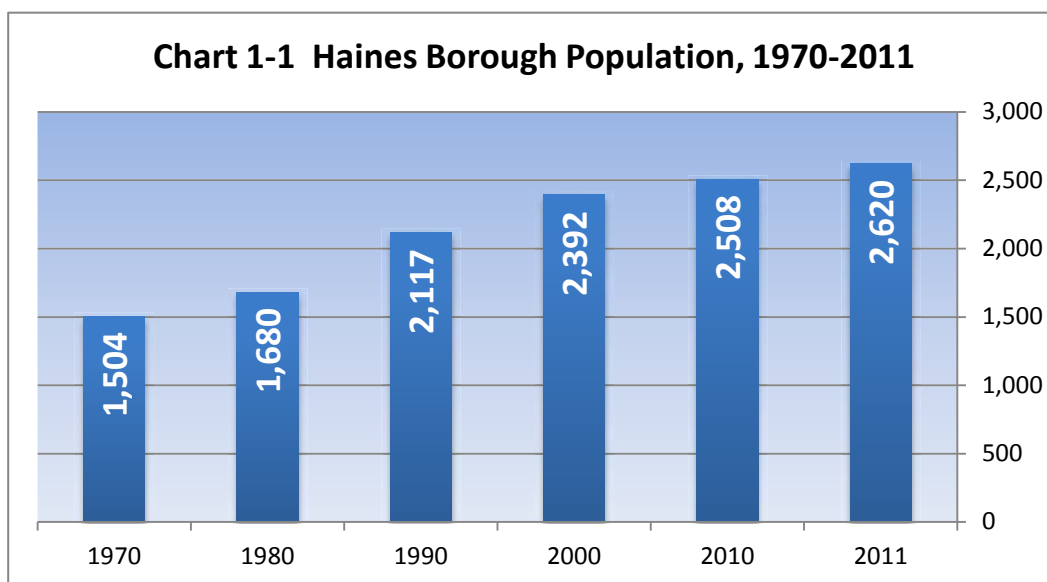


1.3 Population and Housing Projection

Population and housing projections are fundamental to preparing a Comprehensive Plan since population drives future land, housing, and infrastructure needs.

The population of Haines Borough has been steadily growing over time, though the rate of growth slowed during the 2000's.

During 2000 to 2010, the Borough population increased by 116 people or just under half a percent annual growth (0.47%). However, during this time Haines fared better than most parts of the region. Southeast Alaska lost 1,408 people over the last decade and Juneau grew at a slower rate than Haines.



While one year is not a trend, the Alaska Department of Labor and Workforce Development (ADOLWD) 2011 population estimate for Haines Borough of 2,620 shows accelerated growth of 4.5% between 2010 and 2011, making Haines one of the fastest growing communities in the state in 2011. This is an increase of 112 persons in that single year, including 31 births.¹

The ADOLWD prepared a 30-year Alaska population projection in 2009 based on historical population, rates of fertility, mortality and migration. The projection authors acknowledge there is a high uncertainty for places with smaller populations where location specific factors play a significant role (such as inter-region migration, local policy and economic factors, and more).

¹ ADOLWD, Components of Population Change for Alaska Regions, Boroughs and Census Areas, 2000-2011.

The 2009 ADOLWD projections for Haines Borough do indeed seem highly inaccurate. For example, one part of the projection assumes declining numbers of annual births while just the opposite is occurring. The ADOLWD forecast started with an estimated 2009 population for Haines of 2,286; however, the documented estimate that year was 2,453. Being off this much at the starting point compounds the error into the future. The State forecast projects that the Haines Borough year 2034 population will be 1,151 (low), 1,422 (medium), or 1,698 (high). This would be equivalent to an average annual decline (from 2010) of -3.25%, -2.36%, or -1.63%. These rates of decline are unprecedented in Haines, again making the forecast seem highly unlikely.

Instead, for the Haines Comprehensive Plan, it is assumed that the future will more or less resemble the past....there may be swings down in response to challenges, or up in response to windfalls or investments, but over time the ups and downs will average out to resemble long term trends.

In order to maintain the growth rates that have been typical in Haines for the last 40 years, Haines must do all it can to be “family-friendly” and attract and retain the “Millennial Generation” (also known as “Gen-Y” or the “Echo Generation” - echo of the baby boomers) so that the community’s annual birth rate does not decline. These individuals are born between 1982 and 1995 (17 to 30 years old today). Research has shown that Gen Y individuals have grown up with “choices” and continue to seek choice; are used to instant communication and seek places with excellent wireless and internet capacity and speeds; and compared to their parents are both more racially and culturally tolerant and more environmentally concerned.

Reviewing long-term trends, the actual average annual rate of population growth in Haines Borough has been:

1. 1970 to 2010: 1.30%
2. 1990 to 2010: 0.85%
3. 2000 to 2010: 0.47%
4. 2010 to 2011: 4.37%

For the Haines Comprehensive Plan, it is assumed that the HIGH average annual growth rate is 0.85% and the LOW average annual growth rate is 0.47%. Using these growth rates, in 20 years (2030) the Haines Borough is projected to gain an additional 248 to 463 people and need an additional 92-210 dwelling units (Table 1-2).

The Haines Borough Comprehensive Plan projects that in 2030:

1. Haines Borough population will increase by 248 to 463 people.
2. Haines will need 92-210 more dwelling units.

TABLE 1-2 HAINES COMPREHENSIVE PLAN POPULATION AND HOUSING PROJECTION		
	2030 High Estimate (Average Annual 0.85%)	2030 Low Estimate (Average Annual 0.47%)
Additional Population	463	248
Total Haines Borough Population	2,971	2,756
Additional Dwelling Units Needed ²	171 – 210	92 - 113
Total Haines Borough Dwelling Units	1,802 - 1,841	1,723 - 1,744
Source: Sheinberg Associates		

1.4 Abbreviations and Definitions : Goals, Objectives and Actions

In almost all chapters of this Plan there are Goals, Objectives, and Actions that the Haines Borough is striving to accomplish over the next 10 years and beyond.

Each topic has one or more overarching Goals that set big picture direction for Borough objectives and actions.

The Objectives are the desired future the Haines Borough and its citizens are working to achieve over time.

The Actions, listed below each objective, chart a path to achieve the objectives.

Responsibility lists the lead parties that should be engaged to work on the action. This underscores that it is the Haines Borough, land and business owners, residents, civic organizations, and others that must work together to accomplish Haines's 20-year Goals, Objectives and Actions in this community Comprehensive Plan.

The Timeframe gives a sense of priority order in which to undertake actions.

Like all actions, the level of funding available over time will help determine what is accomplished.

² Based on an average number of persons per household of 2.2 and an average number of persons per family household of 2.7, and 1,631 dwelling units in 2010 Haines Borough (2010 US Census).

Abbreviations Used in Actions

ADF&G	Alaska Department of Fish and Game
ADOT&PF	Alaska Department of Transportation and Public Facilities
ADNR	Alaska Department of Natural Resources
AHFC	Alaska Housing Finance Corporation
AMHS	Alaska Marine Highway System
AMHT	Alaska Mental Health Trust
AP&T	Alaska Power & Telephone
BLM	Bureau of Land Management
Borough	Haines Borough
Bus. Owners	Business owners
Chamber	Haines Chamber of Commerce
CIA	Chilkoot Indian Association
Civic Org	Churches, Elks Club, Lions Club, Cub Scouts, Girl Scouts, etc
CIV	Chilkat Indian Village
COE	US Army Corps of Engineers
CVHS	Chilkat Valley Historical Society
DCCED	Alaska Department of Commerce, Community and Economic Development
DPH	Alaska Division of Public Health
DRVC	Downtown Haines Revitalization Committee
FHWA	Federal Highway Administration
Fleet	Haines commercial fishing fleet
HCVB	Haines Convention and Visitors Bureau
HESS	Alaska Department Health and Social Services
JEDC	Juneau Economic Development Council
HAC or Arts Council	Haines Arts Council
HPDSC	Haines Port Development Steering Committee
IPEC	Inside Passage Electric Cooperative
Local media	KHNS Public Radio, Chilkat Valley News, Haines Alaska News
Local comm. providers	AP&T, AT&T, GCI, Starband, HughesNet
P&HAC	Haines Port and Harbor Advisory Committee
PRAC	Haines Parks and Recreation Advisory Committee
Private sector	the many privately owned businesses
RCA	Regulatory Commission of Alaska
SEARHC	Southeast Alaska Regional Health Consortium
SEC	Southeast Conference
Schools	Haines Public Schools
TWC	Takshanuk Watershed Council
UA	University of Alaska
USDA-RD	US Department of Agriculture –Rural Development
USFS	US Forest Service



2 The People and Environment

2.1 The People³

People have lived in the Chilkat and Chilkoot valleys for thousands of years.

The area was originally settled by Tlingits who traveled along the Northwest Coast upwards behind the receding glaciers or came down the mountain valleys from the Interior. The area was valued for its mild climate and abundance of food and originally named "Dei Shu", meaning "end of the trail" and in this area the Chilkat Tlingit tightly controlled the trading routes between the coast and the Interior (Figure 2-1).

Many Tlingits of the Chilkat Valley can trace their families back generations to residents of local villages. There are Tlingit sites in Southeast Alaska where fish traps and basketry date from 5,000 to 10,000 years ago. Local archeological evidence shows fish traps in the Chilkoot River 2,100 years ago and remnants of houses at the Chilkoot village site date to over 800 years ago. Oral history also reflects a long tradition of Tlingit habitation in the Chilkat Valley.

³ Photo: Chilkat Dancers Pose in ceremonial Dress by Wood Carvings, 1895. Winters & Pond Collection No. 308, University of Washington Libraries. "Images from the American Indians of the Pacific Northwest collection may be downloaded for noncommercial educational and research purposes."

Chart 5 from Haa Aani: Our Land – Tlingit and Haida Land Rights and Use



The Chilkats were well known as the largest and most powerful of all the Tlingit tribes. They had exclusive control of many trade routes into the interior through which they maintained their position as middleman in the fur trade and amassed great wealth.

Historically, the Chilkat Valley had many village sites but only two are still occupied today. A village was located along the banks of the Chilkoot River and was occupied by three clans: Lukaax̱.adi (raven/sockeye), Kaagwaantaan (bear), and Shangukeidi (thunderbird).

Chilkoot Village, a settlement of Chilkoot Indians existed at the outlet of the Chilkoot Lake, which was called Tschilkut or Tananel or Chilcoot. It was divided into two parts by the river; the western part was inhabited by Raven clan Tlingits while the Eagle Clan Tlingits lived on the eastern part. There were 30 houses on the west bank of the Chilkoot in the 1860's, and more on the east bank. The site on the east bank was destroyed between 1881-1890 by a landslide and many lives were lost. It was called Akax̱woo.ee (earth/mud slide over it). More lives were lost to Western diseases so that by 1882 only eight houses and 127 inhabitants were reported at the village site. By 1895, four named tribal houses and nine smaller houses remained.

A road was constructed in the late 1950's directly through the village site to Chilkoot Lake and gradually over the years, the village site became park and road waysides. Native use of this area continues on a seasonal basis for subsistence food gathering and the Lukaax̱adi have erected a cultural camp within the old village site. Additional village sites of the Lukaax̱adi were Tan.aani on Lutak Inlet, Deishu at Haines, and on the Chilkat River, Yandeist'akye' at 4 mile and Kaatxawultu' at 19 mile. Kaatxawultu' was destroyed by a landslide after 1895, and some of the villagers moved to Yandeist'akye'.

Located near the Haines airport, Yandeist'akye' was an important village site to the local Tlingit. In 1880, Yandeist'akye' had 16 houses and 171 people, but by 1900 only seven houses remained. Both Tan.aani and Yandeist'akye' were decimated by disease so that by 1895 Tan.aani was deserted and the last residents of Yandeist'akye' died in the 1930's. Many residents who did not succumb to disease moved to Deishu, where their descendants live today.

Several areas in the valley have a long history of Tlingit use. Duk Point "Little Cottonwood Point" at 7 mile on the Chilkat and 4 mile point are important sites to fish for eulachon and Jones Point was important for early king salmon. South of Jones Point was a large Chilkat Village and a Cemetery before a cannery was built in the same area in 1882.

European explorers began arriving in the late 1700's. During the Vancouver expedition in July 1794, Lieutenant Joseph Whidbey led a small exploration party up the Lynn Canal (named after Vancouver's birthplace) to the shores of the Chilkat Inlet. It was during that visit that the Whidbey party greeted local Natives and first charted the local physical environment.

Chilkoot Indian Fisherman in front of Fishing Camp on Chilkoot River, 1915.

Photo from collection of Freshwater and Marine Image bank, University of Washington Libraries



During the following decades, explorers and traders became more frequent visitors to the Upper Lynn Canal region. Notable explorers were Captain Richard Jeffrey Cleveland who sailed to the end of Taiya Inlet in 1799 and the John D'Wolfs trading excursion of 1805. The first white man to settle here was George Dickinson, who came as an agent for the Northwest Trading Company.

The location of Klukwan more than 20 miles up-river, offered protection from the well-armed sailing vessels of the Russians, Americans, British, and others. The village had many large clan houses and a population of a few thousand, but by 1882, only 65 houses and about 600 people remained.

Chief Kohklux of Klukwan was known as the most powerful warrior and greatest diplomat on the Northwest Coast. By the mid-19th century, traders were attempting to access the interior to trade for valuable furs. Hudson Bay Company built Fort Selkirk on the Pelly River but Chilkat warriors led by Kohklux were responsible for its destruction on August 21, 1852. Historically many defensive forts were constructed by the Tlingit in the area; one on a point in Portage Cove, one on a hill at the mouth of the Chilkoot River, three on the Chilkat River at 7 mile, 9

mile, and at 13 mile above the current road. The Russians built “Willow Fort” near Pyramid Harbor about 1838 while surveying the Chilkat River.

The Chilkats became aware of the transfer of Alaska from Russia to the United States, when Kohklux was presented with a U.S. flag on October 17, 1867 by Captain Howard on the ship Lincoln. Kohklux displayed the flag mounted on his canoe, one day before the US flag was raised at Sitka.

In 1869, William Henry Seward, his son Frederick and surveyor George Davidson visited Klukwan to view a total eclipse. While there, Seward became friends with Kohklux and was well respected as a man of peace as he negotiated a treaty between the Sitka Tlingits and the Chilkats.

In 1879 when John Muir and Presbyterian missionary, S. Hall Young visited Yandeist'akye', Kohklux wore a robe that was a gift from Seward and showed a tattoo of "Seward" on his arm. At this time, at the request of Chiefs Kohklux and Daanawaak, permission was given to the Presbyterians to build a mission school at Deishu to educate local Native children. The site chosen was on the narrow portage between the Chilkat River and Lynn Canal. By 1881, with the financial help from Sheldon Jackson, the mission was established. The town was named for Mrs. F. E. Haines, secretary of the Presbyterian National Committee of Home Missions, which raised funds for the new mission.

Leaving Sitka on May 20, 1880, the "Edmund Bean Party" was the first group of miners allowed into the interior with permission of Chief Kohklux. As pressure was brought to bear on the Chilkat Tlingit to open trade access to the interior, their position as middleman in trade was threatened. Lunaat, 38 years old and the second chief at Yandeist'akye', was killed in Dyea in 1888 during a dispute over rights to pack on the trail. Kohklux died in 1889 at the age of 70 and Chief Daanawaak of Yandeist'akye' was very old by then. Many changes were coming fast. During the 1890's income derived from the fur trade was shrinking and others began to haul freight over the passes. As the gold rush began, mounting pressures due to economics and Native rights issues caused the government to exert more pressure on Native peoples through the courts. Often Tlingits lost their cabins, hunting, fishing and berry picking sites to encroachment by new “owners”. As Native rights issues were developed, the Alaska Native Brotherhood and Alaskan Native Sisterhood (ANB and ANS) were formed to fight for the rights of Natives to vote and own land.

Many of the founders of the Haines ANB/ANS went on as leaders to influence the development of Native rights issues statewide. Elizabeth Peratrovich was from the Lukaaxadi of Yandeist'akye'. Mildred Sparks and Victor Hotch of the Klukwan Gaanaxteidi', Austin Hammond of the Chilkoot Lukaaxadi and others were active on issues and received statewide recognition for their efforts and dedication. Today, Tlingits still maintain a strong cultural presence in the community and Elders are influential in the region protecting Native rights and subsistence. In the 1880's a post office was established at Chilkat and Sol Ripinsky was the first Postmaster. The town of Haines grew on land he bought from the Dickinsons and developed around the

Mission School. It became an important outlet for the Porcupine Mining District, which produced thousands of dollars of placer gold at the turn of the century. Haines also marked the beginning of the Dalton Trail, which crossed the Chilkat mountain pass to the Klondike goldfields in the Yukon during the great Klondike gold rush of 1896-99. The Dalton Trail now roughly follows the route of the Haines Highway.

During the Klondike gold rush in the late 1890s, Haines grew as a mining supply center since the Dalton Trail from Chilkat Inlet to Whitehorse offered an easy route to the Yukon for prospectors. The discovery of gold 36 miles from Haines in the Porcupine district in 1899 triggered action to finally resolve the lingering boundary dispute between Alaska and Canada. Construction south of Haines began in 1903, including the first permanent U.S. military installation in Alaska, Fort William H. Seward, named in honor of the Secretary of State who negotiated the purchase of Alaska from Russia in 1867. A federal boundary treaty with Canada was signed in support of the United States' claim.

Four canneries were constructed in the Haines area by the turn of the century. In 1922, Fort Seward was renamed Chilkoot Barracks. Until World War II, it was the only U.S. Army post in Alaska. It was deactivated in 1946 and sold as surplus property to a group of veterans who established it as Port Chilkoot.

The Haines Highway was built in 1943 opening up easier transportation options. In 1972, the post was designated a national historic site and the name, Fort William Seward, was restored. The last of the early canneries closed in 1972 due to declining fish stocks. Expansion of the timber industry in the early 1970's fueled growth until the late 1980's when the chip plant closed down. In the mid-1980's canneries and later more diverse seafood processing plants, began opening again in the area and are thriving today.

2.2 The Environment

More detailed information about the environment can be found in the 2006 Haines Coastal Management Plan.

2.2.1 Climate

Haines enjoys a climate which is characteristically drier than most of Southeast Alaska throughout the year because of its distance from the exposed coast, more northerly latitude, proximity to Interior regions, and local mountains. Average summer temperatures in Haines range from 48 to 65° F; average winter temperatures range from 19 to 40 °F. However, maximum summer highs reach into the 90s with extreme winter lows of -15 degrees F. Average annual precipitation is 48 inches and average snowfall is 10 feet or 123 inches (*Western Regional Climate Center*). The more interior parts of the Borough have significantly more snow. At Pleasant Camp, by the Alaska –BC border, the average winter snowfall is 291 inches (*Environment Canada*).

The Haines Borough has about 18 hours of official daylight in the latter part of June diminishing to only 6 hours by December 20. The growing season is about 140 days a year. Mid-level stratus, cumulus and occasionally nimbus clouds can predominate at 4000 to 7000 feet. The prevailing winds over Lynn Canal are northerly throughout much of the year except during the summer months when they are southeasterly, weaker and more variable. Throughout the year the prevailing winds bring relatively warm, nearly saturated air into Southeast Alaska. In winter, a high pressure area will frequently develop over northern British Columbia and the Yukon Territory while a strong low pressure area is /centered over the western Gulf of Alaska. The resulting large pressure gradient generates extremely strong winds that blow through the mountain passes and down Lynn Canal. The funneling effect of the mountains that surround Lynn Canal causes winds to be channeled in a northerly or southerly direction. Occasionally during the winter extremely strong down slope winds occur. These winds may blow steadily at 40 to 60 miles per hour with gusts occasionally over 80 mph. The mountains around the Chilkat-Chilkoot River valleys channel surface winds up and down river. Although, north and west of 13 Mile Haines Highway surface winds rarely exceed 15 mph up the valley.

Existing air quality in Haines is excellent. There are no major industrial sources of air pollution and automobile traffic is light. Haines is classified as a Class II air shed by the Alaska Department of Environmental Conservation (ADEC) under the authority of the Federal Clean Air Act administered for all categories of air pollution. (Class II air sheds are generally pollution free and will allow industrial development.)

2.2.2 Geology and Soils

The geologic processes that formed the Haines area are recorded in the landforms, fossils, debris, and plant life. Faulting and folding of the earth's crust began forming the rugged and relatively young mountains of the area, and the Alexander terrain that predominates in Southeast Alaska emerged.

Glaciations had a major effect on the shape of the lands today in the Haines Area. At least eight major glacial cycles have occurred, carving out valleys, grinding down rock and depositing moraines and layers of glacial till. A warming of the climate caused a general retreat of late Pleistocene ice that ended approximately 6-7 thousand years ago. At that time Alaska's glaciers were reduced to their present size or smaller.

Post-glacial rebound, the uplift of terrain after the weight of glaciation is removed, causes measurable elevation increases, especially along shorelines, mud flats, and riverine basins. The rate of rebound has been constant in this century and has been recorded at as high as 1.6 inches per year in the region and 0.9 Inches in the Townsite area.

The Chilkat Peninsula forms an important geological boundary In Lynn Canal. It is composed of Mesozoic greenstones, volcanic sandstones, mudstone, chert, and limestone that closely resemble the rocks of the Gravina belt. These Gravina belt type rocks lie on top of much older

lower to middle Paleozoic carbonates of the Alexander terrain. Southwest of Haines, Alexander terrain rocks crop out in the Chilkat Range, and farther southwest into Glacier Bay.

Near the delta of the Tsirku and Chilkat Rivers, 750 feet of river sands and gravel fill this deep glacially scoured valley. Along the Chilkat River Valley, Mesozoic Gravina-like rocks, and Alexander terrain rocks are separated by the Chatham Strait fault, which can be traced from Berner's Bay north of Juneau, along Lynn Canal, and northwestward through the Chilkat River Valley. On the Chatham Strait fault, fiord filling sediments indicate no slippage has occurred.

Area soils are rich from years of river deposition loaded by nutrients that abundant salmon and eagles create. Areas of best agricultural potential are located on stream terraces. Small vegetable gardens have been successful in the borough for years and a number of farms produce commercial sales. Kale and root vegetables such as cabbage, cauliflower, carrots, beets and potatoes seem to do best, and some people grow berry and lettuce patches. Charles Anway developed his prize-winning "Anway Strawberry" and exhibited it at the Alaska Yukon Exposition of 1908. He also started the first commercial apple and cherry orchards in Alaska. A Community Garden on the Southeast Alaska Fairgrounds is used by many residents. Early ripening varieties of sweet cherries, pie cherries, apples, plums and pears can be grown.

2.2.3 Watersheds

The Haines Borough can be divided into five major river drainages: the Chilkat River, Chilkoot River, Ferebee River, Katzeihin River, Tsirku and several small creeks (Sawmill Creek) which drain directly into Chilkat, Lutak and Chilkoot Inlets. All of these freshwater watersheds flow into the Lynn Canal. The Excursion River, the major watershed for Excursion Inlet, is protected within the boundaries of the Glacier Bay National Park and is not within the Haines Borough.

The Chilkat River originates in Canada approximately 50 miles north of Haines as a glacier-fed stream. It flows over a relatively steep gradient and, about 23 miles before reaching the Chilkat Inlet, broadens into a wide floodplain with braided stream channels, extensive gravel bars and islands covered with dense stands of willows and black cottonwoods. For residents of Haines, the Chilkat and Chilkoot rivers are part of the daily life and economy of Haines as well as the lifeblood for Haines based subsistence fishing and the commercial fishing fleet.

Major tributaries of the Chilkat River are the Kicking Horse, Klehini, Kelsall, Takhin, and Tsirku Rivers. Each tributary is largely glacially-fed. The Tsirku, known by some as the Big Salmon, also carries flows from Chilkat Lake. Runoff waters of the Tsirku may actually back up into Chilkat Lake during periods of unusually high snowmelt.

The Chilkat River is characterized by a broad floodplain composed of deep deposits of sand, silt, clay and gravel alluvium, which is primarily of glacial origin. At its mouth, the Chilkat River forms the McClellan Flats, an extensive tide flat that is presently encroaching on Pyramid Island.

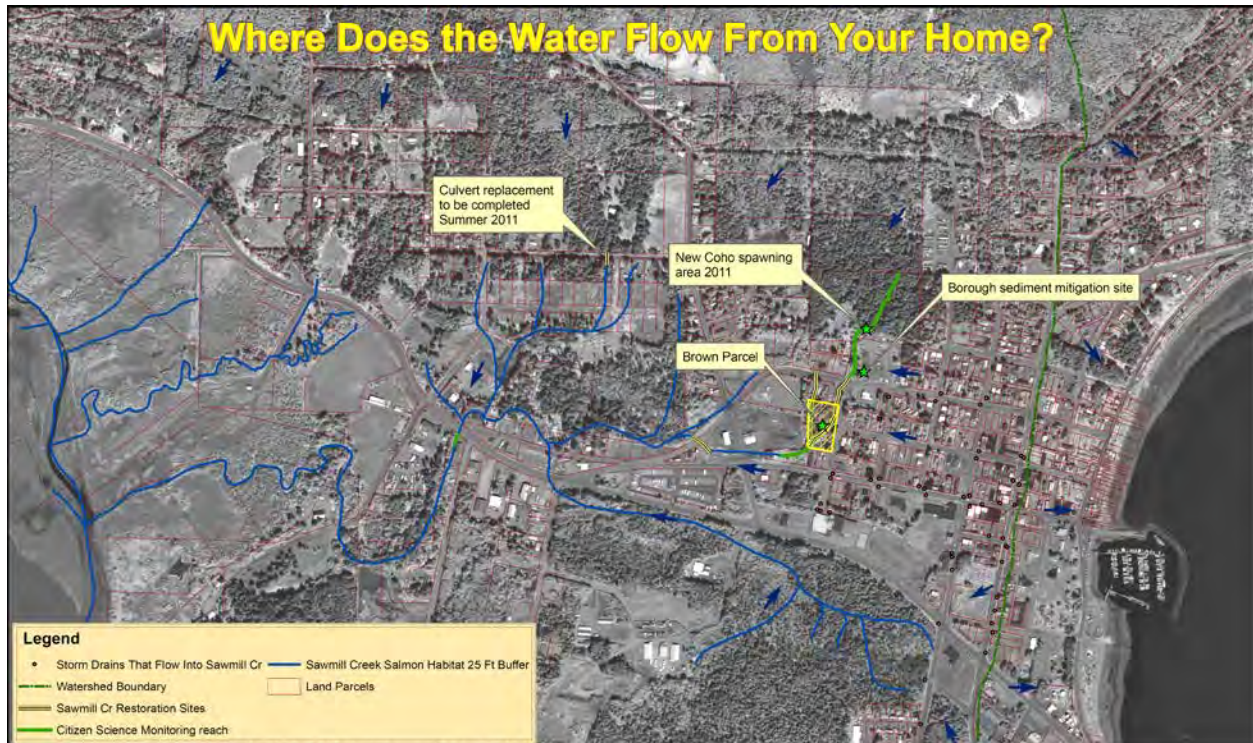
Late salmon runs occur in the Chilkat River because portions remain ice free due to unusual sources of warm water near the Tsirku Fan at Klukwan. This provides the food source and, hence, the impetus for the annual late fall gathering of eagles at the renowned Chilkat Bald Eagle Council Grounds. During its peak, it draws the largest concentration of bald eagles known in the world.

The Chilkoot River flows about 20 miles southeast from its source before entering Chilkoot Lake, which is 3.5 miles in length and 1 mile wide. The Chilkoot River continues its course from Chilkoot Lake to Lutak Inlet. There is a small tributary stream near the north end of Chilkoot Lake, which contains a salmon spawning area known locally as the Glory Hole.

Another major river is the Ferebee River, flowing southeast from the Ferebee Glacier to Taiyasanka Harbor 25 miles away. The fourth major river is the Katzechin River, an approximately 12 mile long river flowing westerly from the Meade Glacier in the Juneau icefield and Coastal range. Unlike the Chilkat, the Chilkoot, Ferebee and Katzechin rivers have no major tributaries; they are fed by runoff and glacial melt.

With the exception of the Excursion River all fresh water in the planning area drains into Lynn Canal. Stream flow is lowest in winter when precipitation at higher elevations is stored as snow, and greatest in summer when melting snow and glacier ice augment flow. Springs and groundwater seeps flowing from alluvial fans contribute to stream flow year-round. As is typical with snowmelt-fed drainages, a strong seasonal fluctuation in discharge, not strongly correlated with precipitation, occurs. Peak runoff occurs in the summer months and lowest flows in January, February and March.

Sawmill Creek is a primary drainage of significance in the townsite area. Numerous unnamed uplands springs and drainage channels contribute to the flow of Sawmill Creek, as well as upwelling ground water in the wetlands area of the creek. The watershed for Sawmill Creek is important as the primary townsite area drainage and flood control waterway. It is also a catalogued anadromous fish system with waterfowl and terrestrial mammal habitat.



Source: Takshanuk Watershed Council

The Chilkat River is the largest drainage in the region. It originates in a region of glaciers and ice fields located on the Alaska-Canada boundary approximately 50 miles north-northwest of Haines. The 18 miles of the Chilkat River from its junction with the Klehini River, its largest tributary, is characterized by a broad floodplain of numerous channels. The river carries high sediment loads, particularly during periods of runoff. However, sloughs, small streams, seeps, and the lakes in the drainage provide important habitat and migration routes for fish.

Precipitation contributes significantly to groundwater sources. The slopes northwest of town are the principal recharge areas. Most of the groundwater in the area moves down the valley west of Haines. Haines aquifers are generally small. In general, the water is of the calcium bicarbonate type and is suitable for most uses; some water in the area is moderately hard.

Large quantities of groundwater from surficial deposits are estimated to be available in only a few areas. The highest groundwater potential exists in glacial outwash deposits south of the Haines Highway and Sawmill Road. However, gravel zones are not continuous, and water quality deteriorates with depth. The wetlands west of Sawmill Road also has groundwater potential but is periodically flooded by tidewater.

Bedrock in the Haines-Port Chilkoot area is not a good source of groundwater because of its density. Higher areas in the Haines region have bedrock at or near the surface. Surficial deposits composed of sand, gravel, and cobbles interbedded with fine-grained sediments constitute the best aquifers in the area.

2.2.4 Geohazards

The three geophysical hazards most common in Southeast Alaska are earthquakes, flooding (coastal and stream), and mass wasting (rock and/or mud slides). Due to the physical location of Haines, the community is relatively free of flooding and avalanche danger, although local drainage characteristics and construction activity on the slopes north of town has caused runoff and ground slumping problems. In late January 2011 an arc-shaped ground slump above the State's Lutak Road and Borough's Oceanview Drive fractured and moved toward Portage Cove Inlet fracturing the road and ground. Geotechnical engineers with the state and consultants to the Borough were on the scene immediately studying and monitoring the slump. The Borough Assembly declared a state of emergency that lasted about two months. Better information about surficial and ground water flow in the area and redirection of both are likely necessary. Stabilization will be needed, and it may be that in the long term relocating a portion of Lutak Road will be required.

Landslides occur frequently in Haines, but rarely impact development. Landslides occur on or adjacent to steep slopes where unconsolidated soils, talus deposits, and overburden overlay bedrock or impermeable soils. Avalanches also occur on these slopes. Most are small, and occur away from currently developed and inhabited areas. Landslides and mixed mud and snow debris avalanches occur during or after periods of extreme precipitation. Small landslide and snow avalanche debris accumulations occur along the steep mountain front north and northwest of Haines, and along the fjord walls of the Chilkoot and Lutak Inlets. In the late 1890's, a landslide virtually eliminated a Native village at 19-mile Haines highway. Rock slides from this same area impact the Haines Highway annually requiring cleanup. Stabilization in this area is needed as the highway is improved.

The Haines area is in a seismically active region in Alaska and constitutes a part of the highly active circumpacific seismic belt where earthquakes of magnitude 8 and greater have occurred. Five earthquakes of that size have occurred in Southeast Alaska and the vicinity in historic times along or near the tectonically-active Fairweather, Queen Charlotte Islands Fault system, and along the Chugach - St. Elias fault.

The Haines area may have a higher earthquake probability than indicated by historic seismic records. The U.S. Army Corps of Engineers has assigned the Haines area as seismic zone 3, a zone where the largest expectable earthquakes would have magnitudes greater than 6.0, where major damage to man-made structures could be expected. The strongest ground vibration (shaking) as a result of an earthquake could be expected to occur on man-made fills, specifically the Haines Airport, Alaska Department of Transportation shop, and the Lutak dry cargo dock area. Settlement of the ground surface due to shaking in the Haines area could cause damage to road beds, buildings, and other facilities whose foundations are wholly or partly on filled land. It should be emphasized that distant large earthquake intensities from the Fairweather, Queen Charlotte Islands Fault could cause damage to the Haines area.

Local subsidiary faults to the Chatham Strait Fault are the Chilkat River, Chilkoot, and Takhin faults, and faults in the saddle area of Haines. For the most part, these faults are concealed by water or valley floor deposits and their exact location can only be estimated.

There are no known earthquake epicenters within the study area; however, in November 1987, an earthquake registering 5.3 on the Richter scale epicentered near Haines. This earthquake had several preliminary and after-shocks. Seismic records indicate that over 100 significant earthquakes have been recorded in the Haines area since 1899. Earthquakes of moderate size, between 6.0 and 7.0 on the Richter scale, can be expected to occur on the order of once or twice per century.

Flood hazard areas exist throughout the flood plains of all riverine systems. Sudden changes in main channel alignment and course are common, as has recently occurred at Klukwan and the Tsirku River Fan. Sloughs, riverine islands, river deltas and tributary channels are all subject to sudden flood immersion and scouring, with a resultant uncertainty as to the permanence of existing low land physical features.

Flood hazard areas and other geophysical hazard areas in the townsite area are identified in the 1989 Flood Plain and Flood Hazards Map. Development in hazard areas is considered by the Borough Planning Commission and the Borough Assembly. Flood hazard maps need updating.

It is estimated, for emergency preparedness purposes, for a 1,000-year cycle, seiches (seawaves caused by ground movement or landslides) could have impacts up to 100 feet elevation above MLLW shoreward. Effects at a higher elevation are possible. Major tsunami effects from earthquakes near or outside the region are less likely. The energy of distant tsunami shock waves tends to dissipate before they get to Haines as a result of the community being located 100 miles up the Lynn Canal and being sheltered by the Chilkat Islands and Peninsula.

2.2.5 Vegetation and Habitat

Sitka Spruce and Western Hemlock are the predominant species that make up much of the forest, with concentrations of cottonwood near the valleys, and some hardwood species (primarily birch). Above 3,000 feet altitude, alpine tundra is the only vegetation found, while the areas below that abound with alder, dwarf maple, willow, berry bushes, and devil's club that form dense underbrush. Vegetation in freshwater wetlands includes yellow pond lily, bur reed, stonewort, quillwort, water milfoil and mare's tail. Sedges, spike rush, and horsetail usually form the borders of the ponds and sloughs. Muskeg forms an organic mat in much of the low-lying areas.

Habitat in the Haines area include estuaries, wetlands and tide flats; rivers, streams and lakes; and important upland habitat. Refer to the Haines Coastal Management Program Plan and Haines State Forest Plan for more information. A brief description and statement of value for each habitat type follows.

The National Wetlands Inventory Map, available online, shows high-level identification of wetlands in Haines Borough. Some wetlands are small and isolated and of less ecological value while others are integrally connected to riparian and anadromous systems and act as “sponges” filtering-out surface contaminants as surface water slowly passes through them. The US Army Corps of Engineers requires a permit be obtained for development work in wetlands, and at a minimum impacts must always be avoided and minimized.

An estuary is "a semi-closed, coastal body of water which has a free connection with the sea and within which seawater is measurably diluted with freshwater derived from land drainage." Chilkat, Chilkoot and Lutak inlets, Taiyasanka Harbor and Katzehin meet this definition.

Tideflats are abundant in Haines; these are mostly unvegetated areas that are alternately exposed and inundated by the rising and falling of the tide. The McClellan Flats of the Chilkat River, tideflats of upper Lutak Inlet - Chilkoot River, and Chilkat and Klehini River tideflats, and Katzehin tideflats are all significant areas of this type of habitat.

Rivers, streams and lakes include all non-marine water bodies and their floodplains. The Chilkat and Chilkoot River Valleys, with their channels and sloughs, islands and sandbars, can then be classified as one unit instead of many small units. Freshwater wetlands are scattered throughout the Chilkat River floodplain and includes portions of the Kicking Horse delta, scattered areas from Mile 10 to Mile 14 along the Haines Highway, and the northwestern end of Chilkat Lake.

Upland habitat helps protect anadromous fish streams, freshwater quality, marine waters, and down-slope developments. It supports moose, brown and black bear, mountain goat, wolf, lynx, mink, martin, muskrat, otter, weasel, and wolverine, and helps maintain the visual continuity of shorelines, which support the visitor industry, as well as contributing to the quality of life, tourism and recreation in Haines. It includes wildlife concentration areas (not areas where only wildlife presence is noted) as defined by ADF&G, stream buffers 100-300 feet wide on either side of anadromous fish streams and 25 feet wide no development setbacks, and coastal forest fringe one-eighth mile from shoreline of estuaries and tide flats or around municipal water supplies.

2.2.6 Wildlife

The Haines Borough has abundant wildlife resources, and hunting is an important contribution to the local diet. Birds and waterfowl are very plentiful in the borough, as are mosquitoes, flies, ants, earthworms, and biting midge. Moose, brown and black bear, mountain goat, wolf, lynx, mink, martin, otter, weasel, and wolverine are the principal meat and fur-bearers in the area.

2.2.7 Fish, Marine Mammals, Birds

Refer to the 2006 Haines Coastal Management Plan, ADNR northern southeast Area Plan, Chilkat Bald Eagle Preserve Plan and Haines State Forest Plan for more detailed information about all these topics.

Fisheries resources play an important role in the Haines environment, economy and culture. Commercial fishing is a significant part of the local economy, and expenditures by visiting and local sport fishermen contribute to local business income. Many area residents, especially from the Native community, utilize area fish, crab, and shrimp stocks as a subsistence food source. Humpback and killer whales, dolphin, seals and sea lions are often seen in the region. All five species of pacific salmon (kings, pink, sockeye, chum, and coho [silver]) are found in the area waters, along with halibut, Dolly Varden and cutthroat trout. Eulachon and herring are also netted.

Lynn Canal and the Chilkat and Klehini River Valleys provide a major migration route to and from the Interior of Alaska and Canada. Dabbling ducks including mallards, green winged teal, American widgeon and pintail, and Canada or occasional snow geese are most commonly found in the marshes, ponds, and sloughs around ten mile and above Wells bridge. Common diving ducks, sea ducks, mergansers, trumpeter swans and sand hill cranes also utilize the Chilkat River basin during migrations. Loons, grebes, cormorants, gulls, terns, murre, and murrelets are the most common seabirds observed along the coastlines of the inlets. Great blue herons are also common. Most shorelines are inhabited seasonally with goshawks, kites and falcons.

However, more noteworthy to Haines is the bald eagle. Bald eagles commonly nest along the coastline of the inlets in upper Lynn Canal and the major river valleys. Each fall, major concentrations of eagles gather in the lower Klehini River and the Chilkat River near the confluence with the Tsirku River to feed on the carcasses of the late fall chum salmon run. This is the largest known concentration of bald eagles in the world. Although the greatest numbers occur in the late fall, many eagles remain along the Chilkat River throughout the winter.

Willow ptarmigan, rock ptarmigan, white tailed ptarmigan and blue grouse are very common in the area. Ravens, magpies, jays, crossbills, chickadees, juncos, and numerous other songbirds either nest here or migrate through the area.



*Both photos from Haines Convention and Visitor Bureau website www.haines.ak.us
Photo Valley of the Eagles courtesy of Bob Adkins/Bob Adkins Photography and Photo Tours; photo
of moose courtesy of Bart Henderson/Chilkat Guides*





3 Quality of Life

3.1 Current Conditions: Excellent Quality of Life

Quality of life is a subjective rating of personal satisfaction (or dissatisfaction) with living conditions. Quality of life evaluates a general sense of well-being. It shouldn't be confused with the standard of living, which is based primarily on income. Instead, when asked about their overall quality of life, people blend their general sense of not only wealth and employment, but also the surrounding environment, physical and mental health, education, recreation and leisure time, and social belonging.

Two recent surveys asked about quality of life (*2011 Community Opinion Survey, McDowell Group*, and *2011 High School Student Survey, Sheinberg Associates*. Both Haines adults and youth are very satisfied with their overall quality of life and generally expect future conditions to be about the same).

GOAL

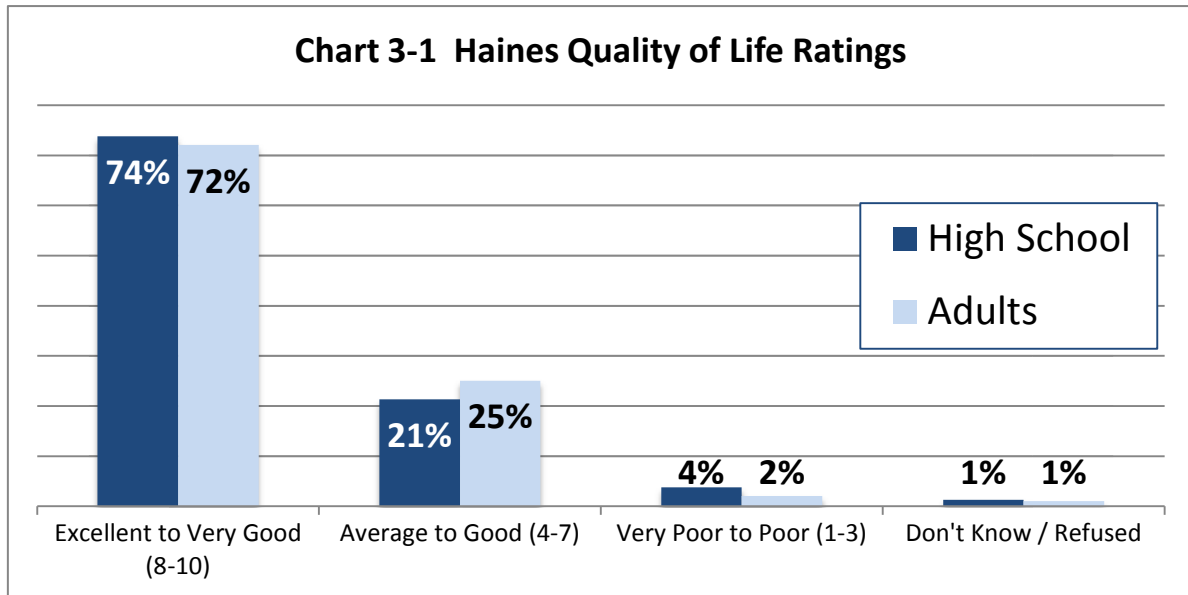
Sustain the Quality of Life that Haines residents' rate as Excellent, based on the:

1. Outdoors and natural beauty;
2. Small town atmosphere and community;
3. Presence of family and friends;
4. Safety and low crime; and
5. Abundant hunting, fishing and subsistence opportunities.

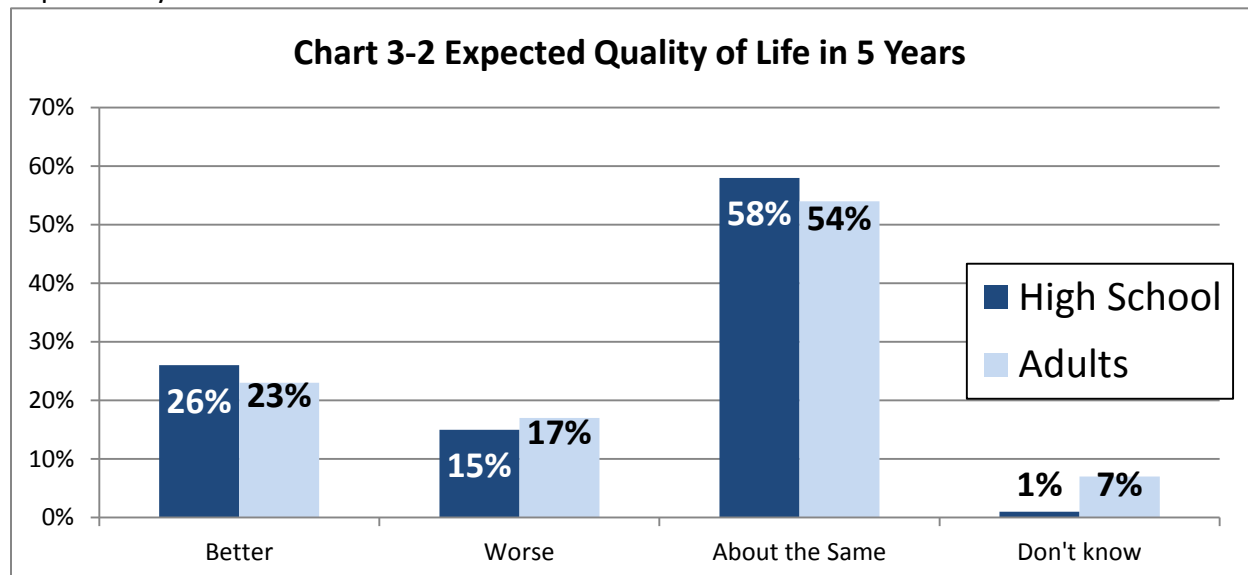
Almost three-quarters of adult and high school students rate their quality of life as very good (Chart 3-1). The similarity between adults and student opinions is striking. On a scale of 1 to 10

where 1 is very poor and 10 is very good, the average score that both adults and high school students gave quality of life in Haines is 8.1.

For adults, those age 55 and older had the highest level of satisfaction (mean rating: 8.6) while those age 35-54, in the peak of their working and raising a family years, give a slightly lower rating of 7.6. Four percent of high schoolers and one percent of adults call their quality of life poor to very poor.



The community opinion surveys also asked about expectations for quality of life in five years (Chart 3-2). Answers to this give a sense of how people are feeling about the future. Over half of Haines adults and high school students expect their quality of life to be about the same in five years, while about one-quarter expect it to be better (23% adults, 26% youth). A decline is expected by 15-17%.



3.1.1 The Outdoors and Small Town Atmosphere: Why People Like Living Here

The top two reasons people like living here are the outdoors and natural beauty, and the small town atmosphere and community. This was true regardless of age, length of residency, where in Haines they live, income or employment status.

Top reasons residents like living in Haines (% that said this):

1. Outdoors and natural beauty (66%)
2. Small town atmosphere and community (62%)
3. Presence of family and friends (26%)
4. Safety and low crime (13%)
5. Abundant hunting and fishing opportunities (9%)

Other reasons mentioned in the survey are the climate and weather, recreational opportunity and activities, clear air and water, arts and cultural activities good schools and subsistence.

High school students like living in Haines for many of the same reasons as adults:

1. Small town, awesome people, close-knit & friends (69%)
2. Beautiful surroundings, scenery (19%)
3. Nature-related answers (nature, mountains, ocean, sun, fresh air, snow or forests (17%)
4. Easy to get around, no traffic, not many people (12%)
5. Outdoorsy activities, fishing, hunting, hiking etc. (10%)

During plan development other qualities that contribute to individual's quality of life were mentioned, but this chapter relies upon the results of the 2011 Community Opinion Survey (Appendix A) since its results can reliably generalized to the whole community.

Snow-shoeing 7-Mile Saddle, photo by Andy Hedden



3.1.2 Haines is a Good Place to Raise a Family

Nearly everyone rated Haines as a good place to raise a family, with 95% giving it a positive rating (including 56% that said it is very good). Just 3% gave a poor rating (Chart 3-3).

Looking at the ratings by age of respondent, more people age 18-34 said Haines is a good, rather than very good, place to raise a family compared to those in older age groups. In addition, those in the lowest income bracket (less than \$25,000) gave fewer very good ratings (43%) compared to those earning more than \$25,000 (61%).

Chart 3-3 How is Haines as a Place to Raise a Family?



3.1.3 Rate of Volunteerism is off the Chart

There is a very high level of volunteerism in Haines. This is a sign of commitment and connection to community and intrinsically linked to quality of life.

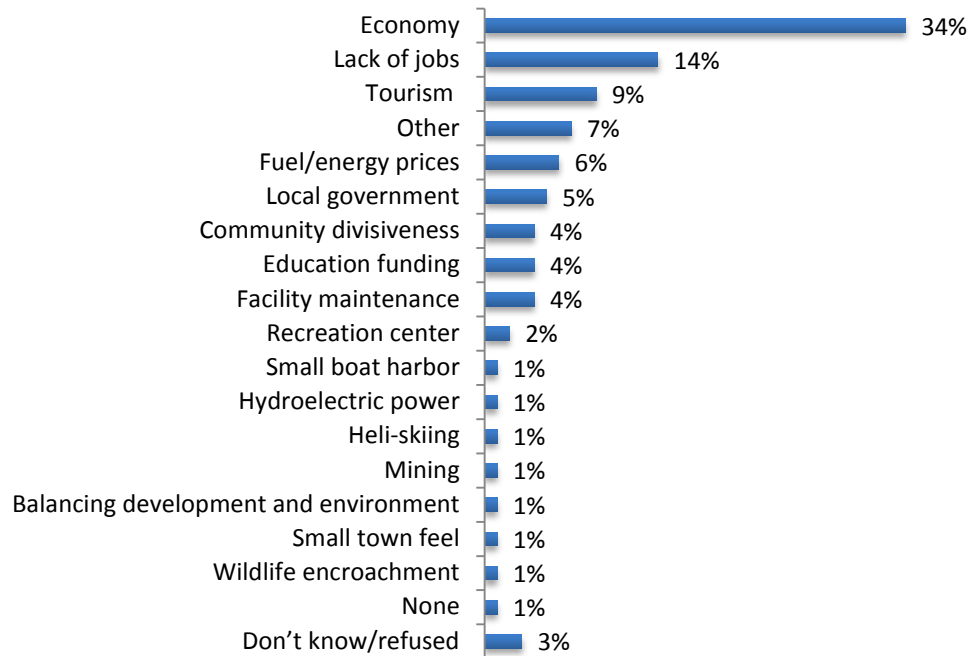
According to the Corporation for National and Community Service, the average number of hours Americans spent in volunteer efforts during 2010 was 2.8 hours per month. In Alaska, it is 3.9 hours per month. In Haines, residents spend an average of 11.2 hours per month volunteering for local organizations—or four times the national volunteerism rate (2011 Community Opinion Survey).

Over 70% report spending at least one hour/month volunteering and 28% spend more than 10 hours/month. Average amount of time volunteering broken out by age group shows 12 hours/month for those age 18-34, to 7.8 hours/month for those age 35-54, and 14.4 hours/month for those 55 and older.

3.1.4 The Economy and Lack of Jobs are Most Important Issues in Next Five Years

In the Community Opinion Survey respondents were asked about the single most important issue facing Haines Borough over the next five years (Chart 3-4). The two most common answers were the economy (34%) and lack of jobs (14%). Clearly, the success of efforts to increase jobs and economic opportunity in town will influence resident's quality of life in a positive manner. A diversity of other issues were raised as most important (see Chart 3-4).

Chart 3-4 Single Most Important Issue Facing Haines Borough in Next 5 years



3.2 Implementation Plan

Over the next 20 years the Haines Borough, its citizens, businesses, local organizations and others will systematically work to accomplish the Quality of Life objective and action listed.

Strategies	Timeframe			Responsibility
	1-2	3-5	6-10+	
Goal 1. Sustain the Quality of Life that Haines residents rate as Excellent, based on the: 1. Outdoors and natural beauty; 2. Small town atmosphere and community; 3. Presence of family and friends; 4. Safety and low crime; and 5. Abundant hunting and fishing opportunities.				
Objective 1A: Recognize and value that Quality of Life is a factor that keeps residents living in Haines and draws potential businesses and residents to the area.				
1. Evaluate the potential effect of projects and actions on Quality of Life.	X	X	X	Borough



4 Haines Borough Government

4.1 Haines Government History

In 1910 Haines had approximately 400 residents, 19 stores, and four canneries. In its first special election, residents voted that year to incorporate as a 1st class city for the purposes of maintaining order and improving the school system. As Haines and Fort Seward continued to grow through the years, Fort Seward was renamed "Chilkoot Barracks" to honor the gold seekers who struggled over the Chilkoot Trail. The name changed again at the end of World War II when the Barracks were decommissioned and sold to a group of veterans who incorporated it as the City of Port Chilkoot In 1956. In 1970, Port Chilkoot merged with Haines to become a single municipality, the City of Haines.

GOAL

Ensure communication between the Haines Borough and citizens is clear.

Work to foster a productive and mutually

In the 1940's and 1950's Haines became an important transportation link with the completion of the Haines Highway and the initiation of the Alaska Marine Highway System. The first ferry in the Upper Lynn Canal was operated by Steve Homer and Ray Gelotte, two of the veterans who purchased Fort Seward and docked in Portage Cove. In the early 1950's a military fuel storage pumping facility was constructed at Tanani Point, and an eight-inch pipeline ran over 600 miles to Fort Wainwright near Fairbanks. This pipeline operated for 20 years before becoming obsolete.

After statehood in 1959, the Alaska Legislature began urging various occupied areas of the state to become more organized. They passed the Mandatory Borough Act in 1963 that required

certain sections of the state to form boroughs. The intent was to provide a degree of tax equity between those residents living within the incorporated communities and those residing without where both groups shared the same school system. Though the Haines area was not specifically cited in the law, it was evident that some governmental system would have to be adopted to make the school system legal. In 1968, the Haines Borough became the only third class borough in the state, and its only mandated power was taxation for education. The original boundaries encompassed approximately 2,200 square miles. In 1975, the Borough annexed an additional 420 square miles with the inclusion of the commercial fish processing facility at Excursion Inlet, thereby increasing the Borough's income base.

After narrowly rejecting the idea in 1998, 56% of area citizens voted in 2002 to consolidate the City of Haines and Haines Borough to form the home rule Haines Borough. A charter written by residents sets the basic municipal rules and is available to read on the Haines Borough website. Haines Borough possesses all powers and privileges of a home rule borough under the laws of the State of Alaska and the Haines Borough Charter.

Haines Organizational Meeting



When the former City of Haines and the Haines Borough each incorporated neither was eligible to select much land as part of its municipal entitlement compared to other parts of the State because there is little State land in Southeast Alaska. In 2010, the State Legislature helped remedy this when House Bill 273 passed transferring an additional 3,167 acres to Haines, bringing the total Borough land to 5,230 acres.

4.2 Engagement in Local Government

Over 90% of residents feel at least somewhat informed about public issues (Chart 4-1). Those who said they feel either somewhat or not informed were asked which information sources would be best for them to learn more about local public issues. The top preferences for ways to learn about local issues are through the newspaper (43%), radio (24%) and the Borough website (15%) (Table 4-2).

Chart 4-1 How informed do you feel about local public issues?

About one-third of residents (31%) spend at least one hour/month at a public meeting such as the school board, assembly or planning commission. There are 19% that say they spend 1-3 hours per month; the majority (69%) said they typically do not attend public meetings (see Appendix A, 2011 Community Opinion Survey for full results).

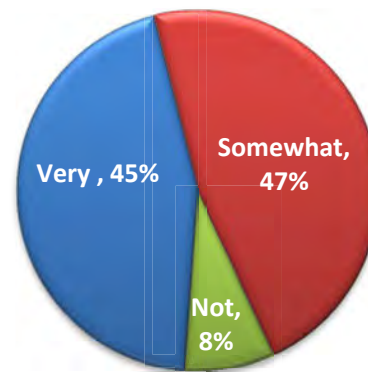


TABLE 4-2 WHICH TWO SOURCES OF INFORMATION, IF ANY, WOULD HELP YOU LEARN ABOUT LOCAL PUBLIC ISSUES?	
Newspaper	43%
Radio	24%
Borough website	15%
Town meetings	8%
Community blogs	5%
Facebook	5%
Cable TV scanner	3%
Twitter	1%
None of the above	1%
Don't know/refused	1%

4.3 Borough Organization, Powers and Services

The Mayor and six Haines Borough Assembly members are elected at-large by all citizens. The Borough employs a strong manager form a government where a professional manager takes care of the day-to-day running of government. The Borough Assembly is the sole lawmaking (legislative) body creating, adopting or repealing Borough laws and amendments.

Haines Borough is authorized by Charter and Code to provide the following public services on an areawide basis:

1. Adopting or amending borough codes
2. Authorizing borrowing of money
3. Cemeteries
4. Control of hazardous substances
5. Disaster planning and emergency response
6. Economic development (including tourism promotion)
7. Education
8. Emergency medical services, dispatch and other medical services
9. Financing capital improvement projects
10. Funding for capital improvement projects
11. Museums
12. Planning, platting, and land use regulation
13. Ports and harbors facilities
14. Public libraries
15. Public parks and recreational facilities
16. Solid waste management
17. Tax assessment and collection

In certain service areas, Haines Borough exercises the following powers (so not areawide):

1. Fire protection, prevention, and safety
2. Police protection
3. Public works
4. Street and road maintenance
5. Water and sewer utilities

Haines Borough service areas and the services exercised are as follows:

- Townsite Service Area (former City of Haines)
 - Powers exercised here are police, fire protection, animal control and public works.
- Fire Service Areas No. 1 and No. 3.
 - A property tax assessment is levied on property within a Fire Service Area to pay for fire protection services.
- Six Road Maintenance Service Areas: Historic Dalton Trail, Twenty-Five Mile, Chilkat State Park, Letnikof Estates, Riverview Drive, and Homestead Subdivision.
 - Road services areas are for road maintenance. There is a board of directors for most road services areas. Their purpose is to make recommendations to the Assembly concerning services within the area. Special tax assessments can be levied in the road service area to help pay for services.

- Four Winds local improvement district (LID) and road maintenance Service Area
 - Property owners within this LID can petition the assembly for financing of projects such as, but not limited to, road maintenance, power and phone extensions. A board of directors makes the recommendations.
- Rainbow Acres LID Service Area
 - The Borough has the power to fund local improvements or projects within this service area.

The Haines Borough Planning Commission is established in Borough Charter as the sole planning body of the borough, guided by the comprehensive plan. The Assembly appoints the seven member planning commission, whose jobs prescribed in the Borough Charter are to:

1. Present to the Assembly a comprehensive plan including recommendations for zoning districts based on existing land uses and information gathered by a public hearing process;
2. Advise the Assembly on all matters related to planning and zoning, including the establishment of political boundaries;
3. Formulate and develop planning proposals for submission to the Assembly whenever requested to do so by the Assembly or upon its own motion;
4. Gather information and informs the public at hearings on planning matters, and promote public interest and understanding of the comprehensive plan; and
5. Plan for Borough capital improvements and land sales.

Several mayor-appointed and Assembly affirmed advisory committees also serve the community such as the Boat Harbor Advisory Committee, Chilkat Center Advisory Board, Fire Service Area Boards, Library Board of Trustees, Museum Board of Trustees, Road Maintenance Service Area Boards, Public Safety Commission, Parks and Recreation Advisory Board, and a Port Development Commission

There is also an elected seven-member Haines Borough School Board and an additional student representative, whose duties are to formulate a six-year school capital improvement plan, manage school personnel and facilities, supervise school district fiscal affairs, and implement and maintain a five-year curriculum and instruction plan. The Haines Borough Charter states that the Borough assembly and school board shall meet jointly at least once yearly in public session to discuss and coordinate financial planning, capital improvement needs, the six-year capital improvement plan, and other matters of mutual concern.

4.4 Haines Borough Facilities

The Haines Borough owns the facilities and land shown on Figure 4-1 and listed on the 8-page Table 4-3 that also identifies significant improvements, outstanding needs, any cost estimates, and electric and fuel usage for Borough facilities.

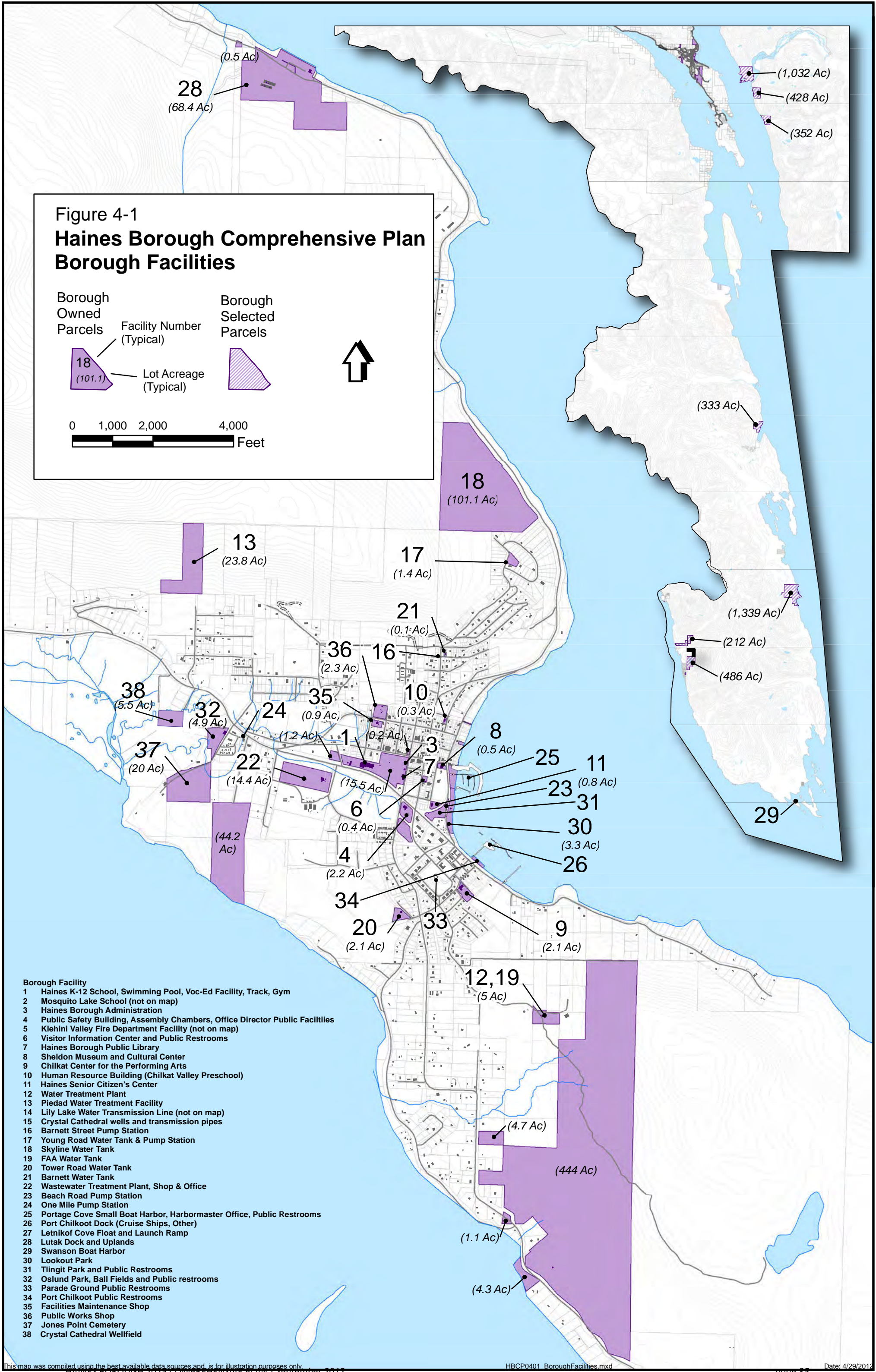


Table 4-3 Haines Borough Facility Inventory

map	Borough Facility	Year Built	Significant Improvements Accomplished	Outstanding Facility Needs	Cost Est. x (000s)	Bldg sf	Electricity Use (kWh) 2008 / 10 / % ch Heating Oil (gal) 2008 / 10 / % ch
1	Haines School	1975 2008 2011 2012	Original Construction Track: Drainage improvements Covered Basketball Court, School Equipment Shed; Grounds: Organic ground cover and seed (\$65,000, funded by DEED) Replace high school gym floor	Resurface track with composite; derock, import soil and seed; new bleachers			Electric 827,232/889,940/+7.58% Heating Oil 88,502/34,089/-61.48%
1	Haines School/ K-8 Wing	2007	Consolidate all grades into one building with 40,000 sf addition. Added 9 classrooms for K-8 and 5,000 sf gym/multi-purpose room, admin center and central cafeteria/kitchen. \$13.7 M cost				See above
1	Haines School/ High School Wing		2008/09: Renovations to ceilings, lighting, floor coverings, lavatories, gym lighting and gym walls. Included mechanical systems upgrading (heating, ventilation and plumbing) and asbestos removed; air handling fans replaced; intercom connection between high school, voc-ed bldg & gym; improved drainage and snow storage in north fire lane. \$18M cost	High School Locker Room Renovation. Can be a separate project, but best to combine with pool lockers on 2 nd floor above some of this area. (JYL, 2011) 1. Replace domestic water piping and plumbing fixtures that have exceeded useful life 2. Replace the heating and ventilation system that has exceeded useful life 3. Replace electrical devices that have exceeded useful life 4. Replace floor finishes that have exceeded useful life 5. Replace corroded metal lockers that have exceeded useful life 6. Provide accessible showers and toilets within the locker rooms 7. Move the weight room to meet code 8. Provide durable and moisture resistant wall and ceiling finishes replacing those which have exceeded useful life.			See above
1	Haines School/ Pool	1982	2008-2009: Replaced drains and piping, installed stainless steel balance tank, rebuilt recirculation system, replaced exterior doors, installed new filter system for pool.	Haines Pool Locker Room & Lobby renovation. Can be a separate project, but best to link to high school locker renovation. (JYL, 2011) • Correct accessibility problems at main entry • A Family Changing Room as required by current codes • Public toilets separate from the locker rooms as required by code			See above

Table 4-3 Haines Borough Facility Inventory

map	Borough Facility	Year Built	Significant Improvements Accomplished	Outstanding Facility Needs	Cost Est. x (000s)	Bldg sf	Electricity Use (kWh) 2008 / 10 / % ch Heating Oil (gal) 2008 / 10 / % ch
				<ul style="list-style-type: none"> • Accessible showers and toilets within the locker rooms • Durable and moisture resistant wall and ceiling finishes • Replace floor finishes that have exceeded their useful life • Replace corroded metal lockers that have exceeded their useful life • Replace domestic water piping and plumbing fixtures that have exceeded their useful life, including plumbing in men's locker • Replace the heating and ventilation system that has exceeded its useful life with a system that is easier to maintain and more energy efficient • Replace electrical devices that have exceeded their useful life • Add saunas to men and women locker rooms 			
1	Haines School/ Voc Ed	1982	2011: ADA compliant entries and lavatories (\$200,000, funded by DEED) 2012: interior finish, window & ADA upgrades, partial re-siding	Significant system improvements needed (Murray & Associates, 2011 assessment & est.). Upgrade needed to heating plant, heating piping, ventilation systems, exhaust systems, compressed air system, plumbing systems, sprinkler work, control systems.	\$867	5,000	Electric included in School Heating Oil 1,738/1,915/+10.18%
2	Mosquito Lake School	1982	1982 (renovated heating system and installed new fuel tank, 2010)	Replace vinyl floor, replace generators, expand drainage ditches, provide security fence, renovate sprinkler system		5,374	Electric 31,000/28,000/-9.68% Heating Oil 5,150/3,057/-40.64%
3	Admin	1980	2004: Renovated and converted to borough administrative offices. 2011: New carpeting, front door, ventilation system in conference room, modify & replace roof		\$35-80	3,552	Electric 34,328/30,274/-11.81% Heating Oil 1,220/980/-19.67%
4	Public Safety	1974 (ish)	1995: Fire Hall Extension 2010: Assembly Chambers refurbished	1. Replace heating system 2. Building was originally temporary, not built for long term use. Entire building needs wall repair (walls are too thin, approx. 4") and new insulation; exterior security doors; new windows; new paint and new carpeting; lighting fixture replacement; restrooms need new fixtures. 3. Police Dept. additional needs are steel doors, replace toilet/plumbing for jail cells (est.: \$10,000), replace ramp access, add man & roll up doors, and ergonomic furnishings for 911 staff 4. Fire Hall garage doors too narrow and length of garage limits	heating system est: \$150	size?	Electric 74,270/69,357/-6.62% Heating Oil 4,007/3,535/-11.78%

Table 4-3 Haines Borough Facility Inventory

map	Borough Facility	Year Built	Significant Improvements Accomplished	Outstanding Facility Needs	Cost Est. x (000s)	Bldg sf	Electricity Use (kWh) 2008 / 10 / % ch Heating Oil (gal) 2008 / 10 / % ch
				fire truck size 5. If continued use as Assy Chambers, need ADA compliant bathroom on 1st floor and refurbish entry.			
5	Klehini Valley Fire Dept.	1979	2010: Re-sheathed	1. Conduct equipment testing, replace adaptors and upgrade as needed to allow use of the two dry hydrants at 26 mile and by Mosquito Lake School 2. Upgrade heating system 3. New roof 4. New roll-up doors			
6	Visitor Center Toilets	1983 1994	2010: 43% depreciated 2010: Replaced floor joists and flooring	Replace rotted sill plate, repair rot in rear wall, replace boiler, new underground oil storage tank			Electric 11,380/11,436/+0.49% Heating Oil 820/1,263/54.02%
7	Public Library	2003	2003	Rehabilitate boiler, gaskets (\$8,000), install heat tape, repair roof shingles, replace Hardie board, heated storage addition (350 sf, \$55,000), storage cabinet in main building (\$11,500), recaulk south windows	partial: \$74.5- see items to left	8,130	Electric 62,800/64,600/+2.87% Heating Oil 3,239/2,366/-26.95%
8	Sheldon Museum	1979		1. re-paint Hardie board, Main Street entrance (concrete stairs), metal on east and south roof. 2. Upgrade fire monitoring and suppression system 3. Replace flooring	1. ? 2. \$120 3. \$50.5	6,837	Electric 33,878/23,079/-31.88% Heating Oil 3,079/2,861/-7.08%
9	Chilkat Center for the Performing Arts	1880s , 1976	1980: Partial renovation focusing on roof upgrade and remodel of interior to accommodate radio station offices. ** original bldg hauled from Pyramid Harbor in 1926; on historic register.	PND 2008 assessment estimate: Needs 1. architectural, 2. structural (including new roof), 3. mechanical 4. electrical overhaul and repairs needed.	Repair total: \$4,072 Replacement total: \$11,132	9,766	Electric 29,520/28,560/-3.25% Heating Oil 9,414/11,216/+19.14%

Table 4-3 Haines Borough Facility Inventory

map	Borough Facility	Year Built	Significant Improvements Accomplished	Outstanding Facility Needs	Cost Est. x (000s)	Bldg sf	Electricity Use (kWh) 2008 / 10 / % ch Heating Oil (gal) 2008 / 10 / % ch
10	Human Resource Bld	1905, 1976	1905 - one of oldest bldg in Haines, on historic register Renovations in 1955, 1976 and 1980. In 1980- basic heat system overhaul Bldg was 75% depreciated in 1980	Need updated inventory 1. New Roof 2. Replace ACM siding 3. Replace boiler & masonry chimney 4. replace & trim windows 5. Replace light fixtures 5. Replace plumbing 6. Replace batt insulation in crawl space and attic, add vapor barrier 7. Replace flooring 8. Repair sheetrock & paint 9. Replace all domestic piping	1 \$30 2 \$35 3 \$12-18 4 \$20 5 \$3.5 6 \$3 7 \$7 8 \$30 9 \$12 10 \$5 total: \$163.50 Probably Low		usage?
11	Haines Senior Center	1983	2011: Replace heating system, install grease trap/interceptor, accessible exterior clean out for wastewater system installed, roof repair & marquee roof system replaced.	1. Replace heating system 2. ease			usage?
12	Water Treatment Plant	1973-74	2010: Control system installed 2011: Installed new generator, toilet facilities 2012: new roof installed, purlins replaced	1. Needs 3 steel security doors. 2. Eliminate wood shell, replace with metal (partially completed 2012). 3. Replace interior and exterior light fixtures. 4. Replace existing furnace with unit large enough to heat an office in the plant. 5. Install backwash panel. Other: Aggressive steady maintenance program. Update water sewer master plan. Expand capacity to treat more water.	1. \$25 2. \$30 3. \$3.5 4. ? 5. \$60-\$80	1,980	Electric 15,480/14,520/-6.20% Heating Oil 4,324/3,035/-29.81%
13	Piedad Water Treatment	1940s		1. Abandon old asbestos/cement (AC) piping in Piedad Road and connect to Crystal Cathedral pipes in 2012 2. Upgrade Piedad Road water chlorination system to add a flow-paced chlorinator. 3. Replace Piedad Spring Water Transmission Line. 4. Provide new tank at Piedad Road to store water from the springs during low flow periods (i.e. late at night) for use during higher demand periods during the day and enhance firefighting capacity.	1.~ \$42.5 2. \$175-\$200 3. \$170 4. \$637		
14	Lily Lake Transmission Line	2010	All new 10" HDPE line				

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15	Crystal Cathedral (Well, W&S)	Late 1990s		Connect to main Borough system, some engineering done, summer 2012 partial connection Need new booster pumps Retrofit manholes, every 400 feet for sewer.			
16	Barnett St Pump Stn	2011	2011: Installed new pump station, additional controls for maintaining water levels and measuring flow rate. Turned pumps on Sept 2011	All good			
17	Young Rd Water Tank Pump Stn	2009	All new	All good			
18	Skyline Water Tank	1999	Insulated in 2009	All good			
19	FAA Water Tank	2000		All good			
20	Tower Road Water Tank	1986		Roofing needs replaced (2012?)	\$30		
21	Barnett Water Tank	2012	2012: Replace 100,000 with 500,000 gallon tank (original tank was from 1970)		\$600		
22	Wastewater Treatment Plant, shop & office	1975	1985, 1990: Replace marine outfall 1992: outfall from plant to beach replaced, new waste sludge blowers, rotary drum influent screens, and belt filter press for dewatering sludge, new influent pumps	Needs new insulated panel roof, replace furnace, replace exhaust bracket for generator, modernize mechanical systems, reinsulate building, new light fixtures needed. Aggressive steady maintenance program. Update waster sewer master plan. April 5 assessment to be done (HDR)	roof- \$85 (Stickler, 2007)	8,075	Electric 217,200/170,120/ -21.68% Heating Oil 7,181/7,394/+2.97%
23	Beach Road Pump Stn	Mid 1970s	replaced sewer pumps and control panels in 1992	Replace Roof	\$1.5		
24	One Mile Pump Stn	Mid 1970s	replaced sewer pumps and control panels in 1992	Replace Roof	\$1.5		
25	Portage Cove Small Boat Harbor Harbor-	1977	2009: New electrical and water lines out floats & fingers; new pilings and new floats installed	Wave barrier to protect from southerly wind and waves. Add slips for >40 ft boats. Drive down ramp and work float on S to support commercial use. Haul out, dry work area and storage for fishing fleet (here or other). Sewer, showers/ laundry, disposal system for marine water. Year-round restrooms. Better icehouse access			

Table 4-3 Haines Borough Facility Inventory

map	Borough Facility	Year Built	Significant Improvements Accomplished	Outstanding Facility Needs	Cost Est. x (000s)	Bldg sf	Electricity Use (kWh) 2008 / 10 / % ch Heating Oil (gal) 2008 / 10 / % ch
	master Office & Restrooms			for commercial use. Refurbish & reroof or replace harbormaster office/restrooms, restrooms should be year round.	\$150 (Lemcke)		
26 & 34	Pt. Chilkoot Cruise Ship Dock Restrooms	Early 1900s Major upgrade 1993	2007: anodes installed 2011: trestle inspection 6" fuel pipelines decommissioned 2011: new public restrooms, expanded parking, pedestrian improvements and other amenities for cruise ship passengers.	2011 inspection shows timber support piles are severely deteriorated and need replaced. Replacement planned for April 2012-2013: Pile foundation replacement project (with gangway and deck)	\$6,000		
27	Letnikof Cv Floats, Launch Ramp	1980	2010: Construct a boarding float at the Letnikof Cove harbor boat ramp	Entire float system (floats, anchor chains, connectors etc.) deteriorated and needs replaced, install anodes Install precast double vault toilet building			
28	Lutak Dock Toilets	1953 Early 1990s		\$2.7 M deferred maintenance project to grade and drain site, upgrade and repair transfer bridge, install high mast lighting, video surveillance equipment and security fencing. Other: new roof & paint for compressor building needed, sheetrock and paint toilets (toilets are state owned)	\$2,700		
29	Swanson Harbor (Couverden)			2 timber floats here. The northern float with timber pilings is owned by the Borough (previously ADOT&PF); transferred to Borough on 8/16/06. The southern float with steel piling is owned by ADF&G. Status and needs unknown?			
30	Lookout Park	1985-86	2011: Refurbish steam engine, repair concrete sidewalks & apron				
31	Tlingit Park/ Playground Toilets	early 1990s ?	2007- playground 2010-2011: Replace gazebo, install french drain, replace plastic roofing, FRP on walls, paint, install flooring.	2012: construct steps and south entrance, handicap path installed (part of sidewalk project)			
32	Oslund Park Ballfields/	<1960		Repair fence and sidewalks			

Table 4-3 Haines Borough Facility Inventory

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	Skateboard Facility/ Toilets	2005 ?		Reinforce to snow load minimums, install door at S end, assess use level. Replace Hardie board			
33	Ft Seward Parade-ground Toilets	1985	2010-2011: Refurbished				
35	Maintenance Shop	1950s		1. Replace metal siding. 2. Insulate building. 3. Replace toilets. 4. Install utility sink. 5. Install new doors			
36	Public Works & Maintenance Shop	2008	2010: exterior lights outside bay doors installed, eye wash station, roll up doors repaired, fuel station relocated	Smoke and welding ventilation system		2400 enclosed, 3360 open	Electric 2,424/16,840/+594.72% Heating Oil 910/2,339/+157.03%
37	Jones Point Cemetery		2011: Improved sprinkler system				
38	Crystal Cathedral Wellfield		Borough acquired property in Dec 2010 through warranty deed	Connect CC water system to main Borough system. Install manholes for CC wastewater system.			
	Emerson Field	2010		Playground equipment needs replaced			
	Tsirku River Snowmachine Bridge	2008	State owns, Borough maintains				
	Chilkat Lake Rd Communication Center	1985	Repeaters for Borough Fire/EMS and Homeland Security. 2012: New repeater radio, Building replacement				

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	Klehini River Bridge (Steel Bridge)	Late 60s (moved from JNU)	2012-13: State to rehabilitate, then scheduled at this time to become Borough property				
	Tanani Point Toilets	2009	State owns, Borough maintains				

4.5 Municipal Budget Overview and Trends

This section reviews five matters related to municipal fiscal trends: Haines annual operating revenues and trends, Haines annual operating expenditures, and Haines enterprise, permanent and other fund balances.

The purpose of these reviews is to provide context.

Available revenue is the backdrop against which the Haines Borough makes decisions about the community services, facilities and public improvements it provides. Many of the desired improvements, objectives and actions in this plan have a cost; in order to make responsible decisions and weigh what to do in an informed manner, it is important to have a general understand the Borough's fiscal picture.

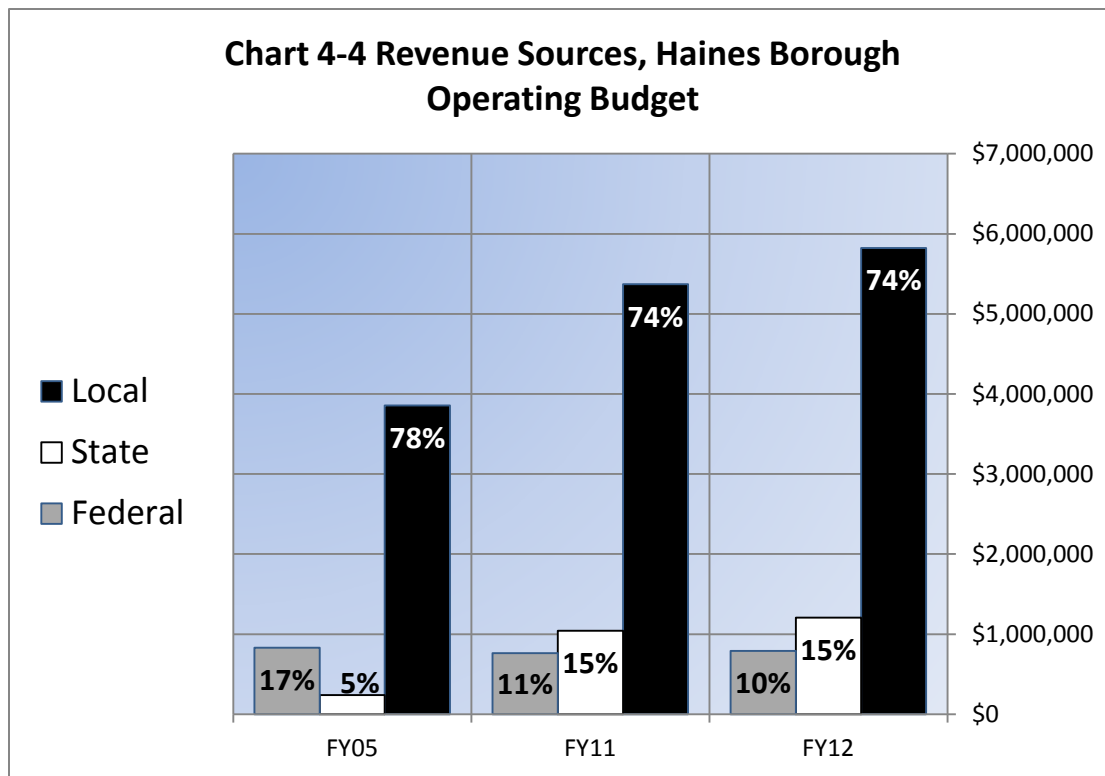
This budget snapshot generally segregates Borough annual operating budget from its annual capital budget.

1. The **operating budget** is what is needed annually to do the day-to-day business of local government; ideally it is predictable and not subject to unplanned increases or decreases. The operating revenues presented here combine regular (not one time) revenues from all sources (both areawide and from service areas). This yields a global look at where money to run local government is coming from and allows better consideration of trends.
2. **Capital budgets** can vary significantly depending on a combination of how much federal and state funding is available that year, and the skill and luck in getting Alaska Legislative, US Congressional, state and other grants and funds for specific projects.

4.5.1 Haines Borough Annual Operating Revenue

Haines Borough is quite dependent on local revenue (a combination of taxes and fees for services or rent) for its day-to-day operations. Three-quarters (74%) of the Borough's annual operating revenue comes from local sources, while state and federal revenue together account for about one-quarter (25%). This pattern of revenue has been more or less consistent since fiscal year 05 (Chart 4-4). This is positive in that changes to local tax levies and fees must be carefully considered as the amount of revenue from local sources has a significant impact on Borough government spending and opportunity.

The good news is that Haines is less dependent than many other places on the vagaries of state and federal funding; this is a challenge in that this is a relatively high local tax burden. Haines Borough's 2011 per capita tax burden was \$2,116, which is higher than most places in Southeast Alaska except Skagway and Juneau, and higher than the average State per capita tax burden of \$1,707 (excluding North Slope Borough).



Local revenue comes from taxes and fees collected both areawide and from service areas for sales, property, and lodging. Of the total, approximately 65% comes from areawide sales and property taxes, 30% from Townsite Service Area local taxes, and 5% from other service area local taxes. Generally, sales tax represents 50% of the total local tax revenue collected, 48% comes from property tax, and lodging taxes add approximately 2%.

Chart 4-5 on the next page shows 20 years of total local (operating) revenue from sales, property, bed, tour (levied in 2000 and 2001 only) taxes. Local tax revenue jumped between 2006 and 2007. This was due to a combination of factors: 1) the full 1.86 mill property tax levy to pay off the \$17.5 million school bonds came into effect in FY 07 (debt service continues until 2025); 2) the January 2006 revised tax split when two former Townsite Service Area taxes became areawide (the 1% sales tax for economic development and 1.5% sales tax for Capital Improvement Projects); and 3) fuel prices (and thus sales tax on fuel) began climbing steeply in late 2006.

Two primary sources of federal revenue totaled about \$750,000 to the Borough in 2012 and accounted for 10% of Haines's operating revenue this year:

- Secure Rural Schools (SRS) funding (also called Forest Receipts), which must be spent on education (primarily) and roads
- PILT (payment in lieu of taxes, intended to offset loss of tax revenue for tax-exempt federal land within borough)

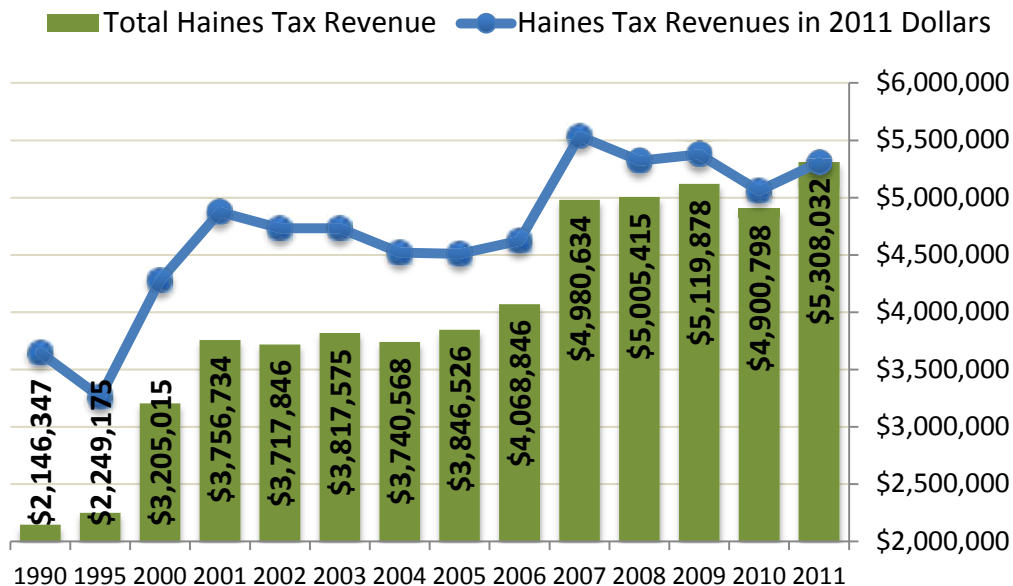
Reductions in federal funding are expected. SRS expired in September 2011 and was reauthorized for one year in March 2012, which will provide payments to Boroughs and School Districts for FY 13 while its long term fate is debated. In the longer term reductions or loss of SRS should be expected, which will leave shortfalls of about \$400,000 in funds traditionally used for Haines Schools. PILT is also likely to be eliminated or significantly decreased in the next few years.

The four primary State of Alaska sources of Haines Borough operating revenue (with FY 12 amounts listed) are:

- Community Revenue Sharing (\$510,000)
- Public Safety funding (\$300,000)
- Shared Passenger Vessel Tax (\$130,000)
- Shared Business Fisheries Tax (\$100,000)

Community Revenue Sharing was eliminated in 2004 and reinstituted in 2008; continued Governor and Legislative support for this program is important to Haines and all communities in the state. The Alaska Coastal Management Program provided about \$14,000 for planning work to Haines annually and more for special projects, but this program was ended in Alaska at the beginning in FY 12 (a citizens initiative will put reenactment of the program before voters fall 2012). The amount of the shared Passenger Vessel Tax and shared Business Fisheries Tax that Haines receives annually depends on, respectively, how many cruise ships dock (\$5/passenger shared) and how much commercial fish is processed (1.5% of ex-vessel value shared), in Haines Borough.

**Chart 4-5 Total Haines Tax Revenues, 1990 to 2011
in Real and Inflation-Adjusted 2011 Dollars**



Sources: Alaska Taxable. Alaska Department of Commerce, Community, & Economic Development; Anchorage CPI

Chart 4-5 also shows total local tax revenue in actual dollars (the green bars) and compares this to inflation adjusted (using the Anchorage CPI) revenue in 2011 dollars (the blue line). Comparing the actual versus inflation-adjusted dollars, shows that the relative spending power of incoming tax revenue to the Borough experienced two dips in the past decade that are not necessarily evident by looking at actual dollars, and in spending power 2007 was a peak year.

1. Between 2007 and 2010, the community had a decrease of 2% in tax revenue, but in inflation adjusted dollars the decline in relative spending power was closer to 9%.
2. By adjusting for inflation, 2007 emerges as the top tax revenue-producing year for the Borough.
3. The increase between 2006 and 2007 was both in real dollars and in spending power relative to inflation.
4. Between 2001 and 2006, incoming tax revenue increased by 8%, but inflation adjusted dollars shows that spending power of these tax dollars decreased by about 5%.

4.5.2 Local Sales and Property Tax & Revenue Trends

State law gives municipalities' broad authority to levy taxes on sales, rents and services that are provided within the community. The State places no limits on the rate of levy for municipal sales tax. The Haines Borough Charter requires voter approval for changes. In 2011, 102 cities or boroughs in Alaska levied sales taxes at rates varying from 1% to 7%. In Haines, sales taxes have been collected by both the former city and borough for decades⁴. Current sales tax rates are 4% levied areawide and an additional 1.5% in the Townsite Service Area (for a total there of 5.5%). Rates have not increased since January 2006.

In late 2005, the Assembly voted to move 2.5% of the sales tax to an areawide levy rather than Townsite Service Area only, and defined the purposes for which sales taxes could be spent as follows: Areawide (4%) to be spent on:

- 1.0% - General Municipal Purposes
- 0.5% - Medical Services not to be spent south of T34S (so excludes Excursion Inlet among other places),
- 1.0% - Economic Development and Tourism
- 1.5% - Capital Projects
- Townsite Service Area (1.5%)
- 1.5% for General Municipal Purposes within the townsite service area.

Haines Borough also levies a 4% bed tax (type of excise tax) on transient lodging that it has collected since 1999.

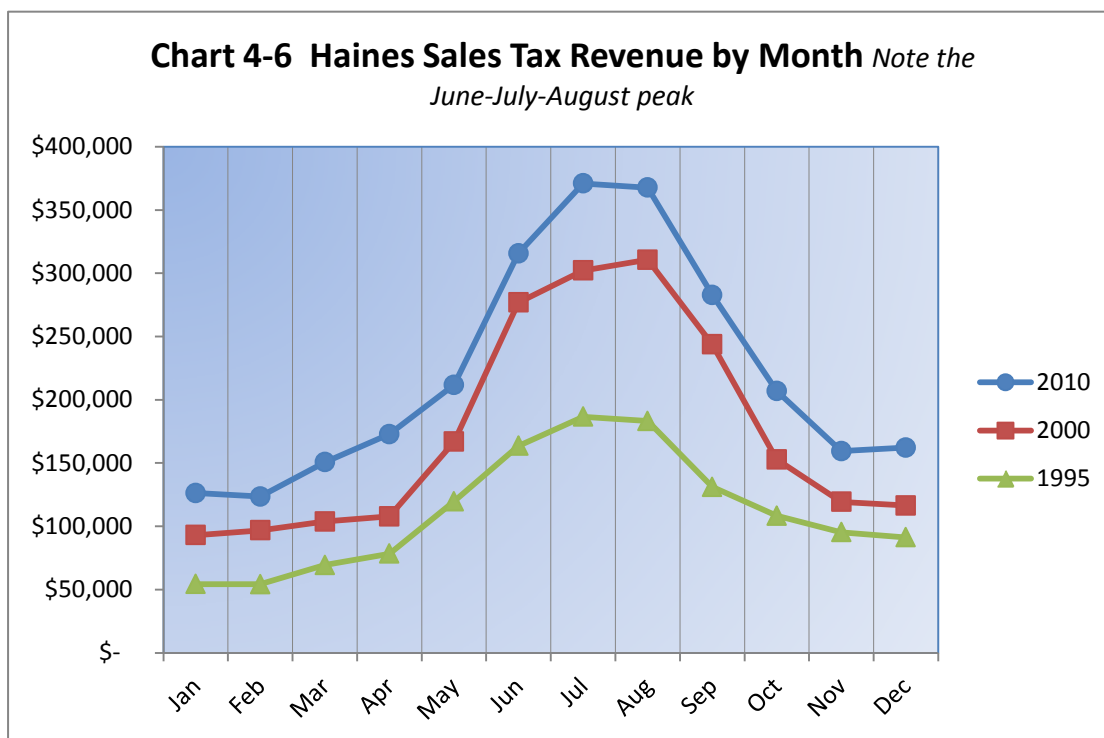
⁴ Looking at past Alaska Taxable documents, it is clear that both the former city and former borough levied sales taxes in 1980; before that the format for reporting makes it hard to tell whether both municipalities levied a sales tax, or just one.

In 2011, each 1% sales tax levied areawide generated about \$453,500 and each 1% sales tax levied in the Townsite Service Area generated about \$478,000. In 2011, each 1% areawide lodging tax levied generated \$18,750.

For the last 15 years, approximately 35-40% of all sales tax collected annually comes in during the summer months of June, July and August. This shows how important summer sales and tourism is to the local economy (Chart 4-6). The steepness of the rise in sales tax collected during February-April 2010 compared to 1995 is an indication of the impact of heli-skiing and other winter tourism.

Of note is the fact that nine Alaskan boroughs have the Alaska Department of Motor Vehicles collect a municipal motor vehicle tax, which the state then passes through to the municipality (minus an administrative fee). If Haines chose to levy this tax it could use the proceeds to fund a junk car removal program.

Haines Borough levies property tax on the full value of property. The Borough exempts all personal property from property tax such as business machinery and equipment, cars and trucks, boats, business inventory and aircraft. Of the 14 boroughs in Alaska, four others exempt the value of all personal property like Haines, while two levy a tax on all personal property. Ocean Beauty Seafoods is by far the largest property tax payer in the Borough.



Source: Haines Borough Finance Dept.

It is important to remember that the state determines the minimum that Haines Borough must pay to support its schools based on a 2.65-mill equivalent (this was reduced from 4 mill during

the 2011-2012 Legislative Session) of the full value of all real and personal property in the Borough. Thus, while the Borough exempts an estimated \$42.4 million in personal property from local taxation, the value of this personal property increases the amount that the Borough must pay to support its schools. In 2011, this was \$169,000 (the 4-mill equivalent). The ratio of the Haines property tax roll to the State's full value determination is 81.1%; the average for boroughs in Alaska in 2011 is 85.44% (2011 Alaska Taxable).

State law exempts real property owned and occupied as a permanent home by a resident, 65 years of age or older, or, by a disabled veteran with a 50% or greater service-connected disability. The exemption applies to the first \$150,000 of assessed valuation. Applicants must apply directly to the Haines Borough. This exemption is mandatory; as such the state does not include this exempted assessed value (e.g. \$25,182,925 in 2011 in Haines) when it calculates the Borough's required local minimum contribution to support schools.

Table 4-7 HAINES SENIOR CITIZEN AND DISABLE VETERAN PROPERTY TAX EXEMPTION HISTORY					
Tax Year	Number of Applicants	Total Assessed Exempt Value	Total Tax Amount Exempted	Ave Value per Applicant	Ave Tax per Applicant
2011	203	\$25,182,925	\$269,619	\$124,054	\$1,328
2010	180	\$23,575,816	\$253,096	\$130,977	\$1,406
2005	170	\$16,821,616	\$203,196	\$98,951	\$1,195
2000	142	\$14,502,000	\$163,864	\$102,127	\$1,154
<i>Source: Alaska Taxble</i>					

The current property tax levy in Haines Borough varies from 12.29 to 7.43 mill, as follows:

TABLE 4-8 HAINES BOROUGH 2012 MILL LEVY	
Area	FY 12 mill levy
Townsite	11.26
Fire District #1 (outside the Townsite)	8.40
Fire District #3	8.43
Dalton Trail RMSA	8.67
Dalton Trail RMSA (no fire service)	7.67
Dalton Trail & Eagle Vista RMSA	12.29
Dalton Trail & Chilkat Lake RMSA	8.02
Riverview RMSA	10.80
Letnikof RMSA	9.67
Remainder of Borough	7.43

Data on sales and property tax generated by some categories of businesses in Haines was reviewed for 2009 and 2010 (Table 4-9). The combined total of sales and property tax for these years was \$4.8 million and \$5 million respectively, so the tax revenue the business types listed

on Table 4-9 generate collectively is about 23% of the total sales and property tax coming to Haines.

TABLE 4-9 SELECT CATEGORIES OF BUSINESS TAX REVENUE

TYPES OF BUSINESSES	Property Tax	Sales Tax	Total Tax Revenue	Property Tax	Sales Tax	Total Tax Revenue
YEAR	2009			2010		
Tourism (lodging, guides, tours)*	\$105,956	\$527,147	\$633,103	\$111,005	\$526,211	\$637,216
Eating & Drinking	\$29,014	\$281,048	\$310,062	\$31,577	\$297,556	\$329,133
Construction	\$24,100	\$57,539	\$81,639	\$25,879	\$58,132	\$84,011
Transportation **	\$10,223	\$30,985	\$41,208	\$10,632	\$26,676	\$37,308
Fish sales or processing ***	\$50,113	\$8,638	\$58,751	\$59,404	\$6,621	\$66,025

* The Borough also receives state shared passenger vessel tax from tourism.

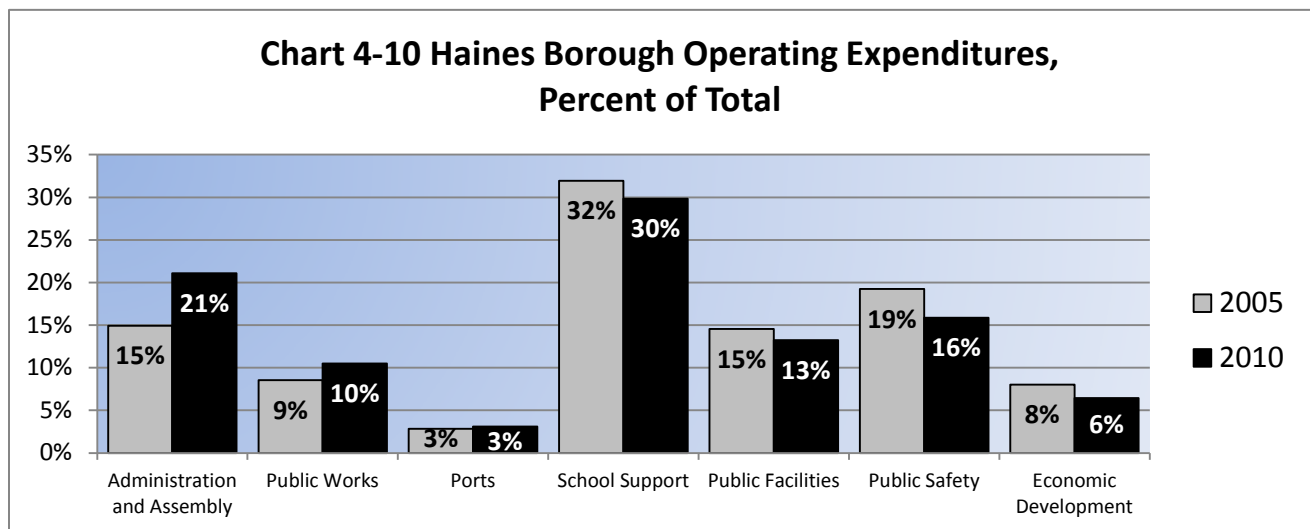
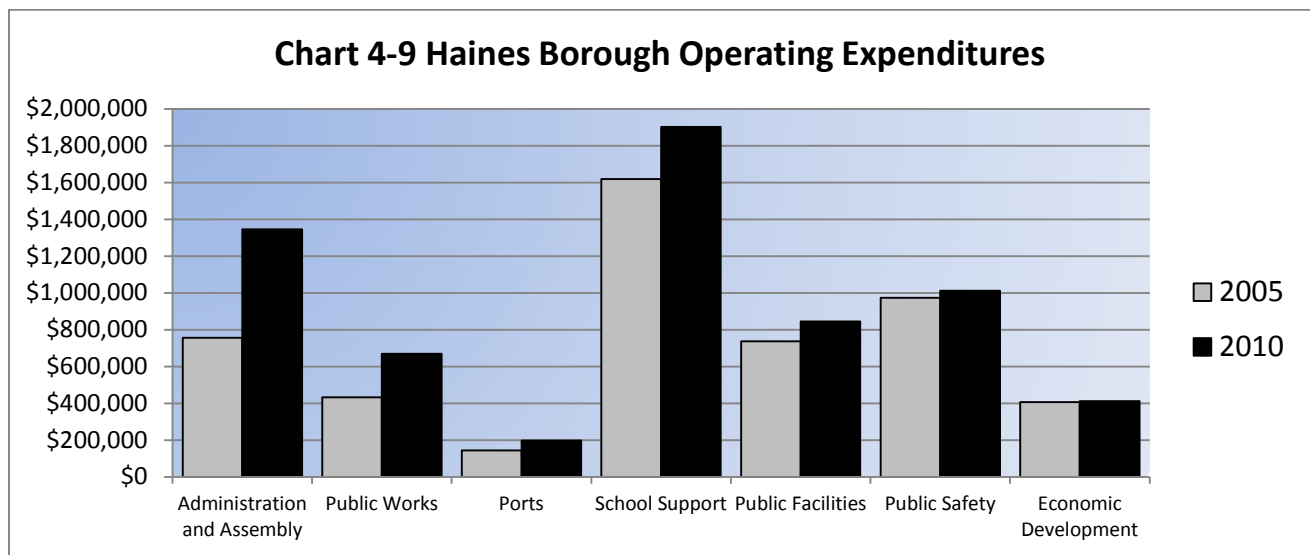
** The Borough also receives Pt. Lutak cargo transfer fees from transportation

*** The Borough also receives state shared fishery business tax from fish processed in the Borough.

Many have asked about tax and economic contribution that can be attributed to winter tourism activity. Tax revenue from the few business that provide heli-ski or similar activities doesn't capture the full impact because the eating, drinking, shopping and lodging of these winter patrons is also part of the economic contribution. To estimate the contribution, the difference between sales tax revenue from tourism, and eating and drinking establishments, in January and in March was reviewed – assuming that the primary difference between these two months is due to winter tourism. The difference in sales tax revenue (averaging 2009 and 2010) is \$16,400 between January and March. At the townsite sales tax rate of 5.5% this equals approximately \$300,000 in taxable sales. If a typical season is two months, an estimate of the impact of winter tourism activity to the community is approximately \$600,000 in taxable sales.

4.5.3 Haines Borough Operating Expenses

Haines Borough operating expenditures for 2005 and 2010 are shown Chart 4-10 and 4-11 below. This data includes both areawide and service area expenses, and excludes enterprise funds and major capital project spending. The most notable trend over this 5-year period is that the percent of the budget spent on administration has increased relative to other expense categories. This is primarily due to two things: fees for Information Technology (IT) and Telecommunications continue to both increase and as it has become more complicated now requires a position dedicated to the job, and, Borough staff salaries are higher now and more comparable to what municipal officials in other places are being paid. This helps attract and retain good staff.



Data Sources: FY 2010, 05 Budget Analysis, Borough Finance Officer

4.5.4 Haines Borough Capital Budget

Capital Projects improve community facilities and are typically a special large endeavor. Financing is usually from some combination of one-time grants, sale of local or state bonds, or Congressional or Alaska Legislative appropriations. In Haines there is a 1.5% areawide sales tax dedicated to capital improvements, which often is used as local match to secure other grant funds. This sales tax revenue is considered a local tax revenue and part of the revenue funds reviewed in section 4.5.1.

Capital projects budgets and projects under development or construction vary over time and from year to year. In 2012, Haines received \$23.5 million in Alaska State capital project funding, including:

- | | |
|--|----------------|
| 1. Portage Cove Harbor upgrades, including breakwater protection, dredging, and other improvements** | \$19.5 million |
| 2. Letnikof Cove Harbor improvements | \$950,000 |
| 3. Port Chilkoot Dock improvements | \$2.38 million |
| 4. Road Grader acquisition | \$400,000 |
| 5. Sludge Composting Shed | \$60,000 |
| 6. Haines High School Gym renovation | \$250,000 |
| 7. Library Technology upgrades | \$7,173 |

** \$15 million of the Boat Harbor Upgrade funding is part of a statewide general obligation bond package that will go before the Alaska voters fall 2012.

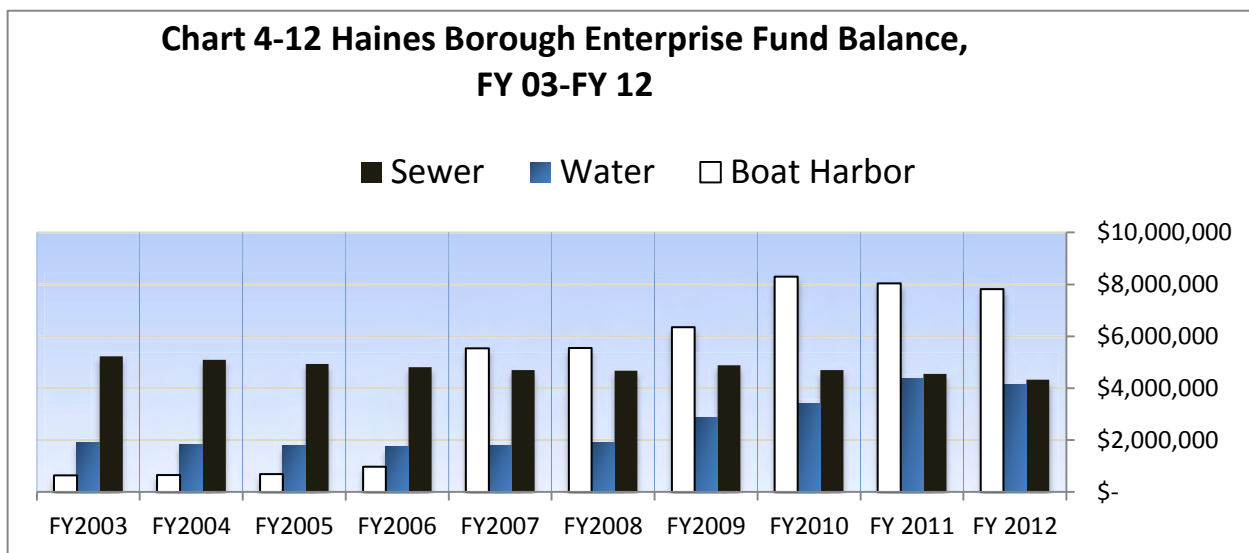
While not part of the municipal budget, to give a sense of the magnitude of capital project funding some years, it is notable that another 18 non-Borough projects in Haines received \$12.5 million in Alaska State capital project funding in 2012, including:

- | | |
|---|-------------|
| 1. American Bald Eagle Foundation Education Center | \$159,250 |
| 2. American Legion Lynn Canal Post #12 Fire Suppression | \$150,000 |
| 3. Haines Senior Center Equipment | \$10,000 |
| 4. Haines Senior Center Weatherization Improvements | \$65,000 |
| 5. Chilkat Valley Preschool | \$30,000 |
| 6. IA Chilkoot Community center | \$1,315,000 |
| 7. CIA Cat Skid Steer Loader | \$35,890 |
| 8. Haines Animal Rescue Kennel | \$10,550 |
| 9. Takshanuk Watershed Council (TWC)- Land Acquisition | \$200,000 |
| 10. TWC Hoop house | \$14,000 |
| 11. TWC Youth Cleanup Lynn Canal and Haines Beaches | \$50,000 |
| 12. Barnett Water Tank Replacement | \$699,143 |
| 13. Haines Armory Deferred Maintenance | \$320,000 |
| 14. Sand, Chemical and Snow Equipment Storage Building | \$1,600,000 |
| 15. Haines HWY Reconstruction MP 3.5 to 21 | \$1,000,000 |
| 16. Haines HWY MP 19-23 Rock Slide Emergency Repairs | \$150,250 |
| 17. NSRAA Haines/Skagway Spawning Channels | \$620,000 |
| 18. Haines Assisted Living | \$6,098,236 |

4.5.5 Borough Enterprise Funds

Enterprise Funds are activities for which a fee is charged to users for service and includes the Water Revenue Fund, Sewer Revenue Fund, Boat Harbor Fund and two new enterprise funds in FY 2012: Lutak Dock and Port Chilkoot Dock.

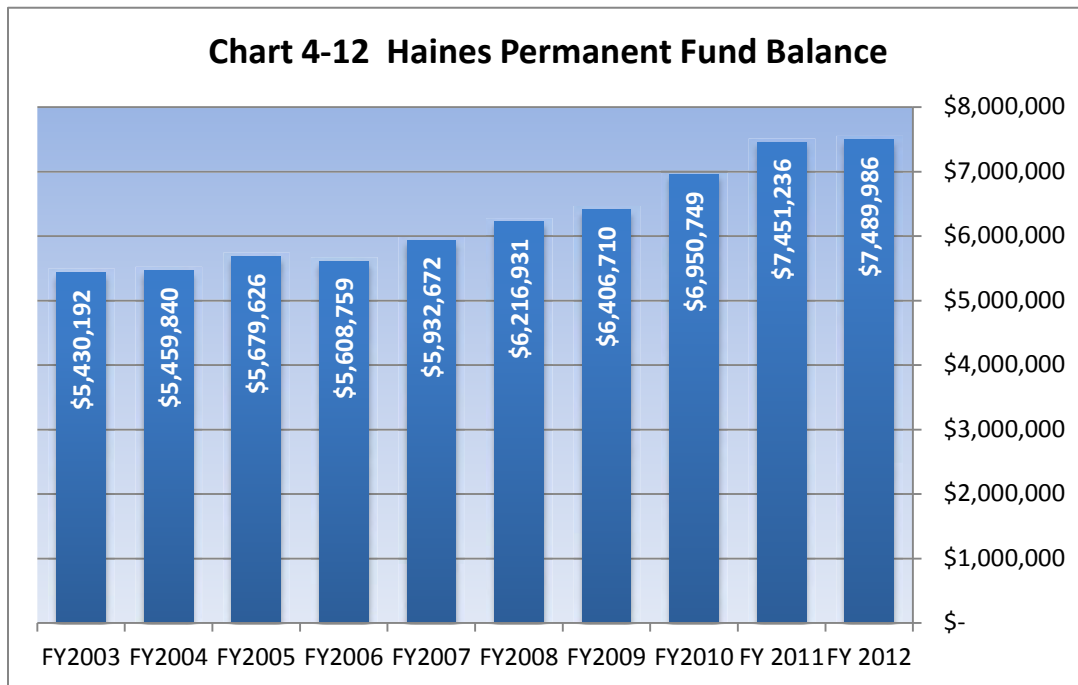
These activities are operated in a manner similar to private business and fees are supposed to equal annual maintenance and capital expenses. Between FY 2003 and FY 2012, the water fund balance increased by 72%, the balance in the boat harbor fund increased over 1000% or 12-fold, while the sewer fund balance decreased by 15%. Increases in enterprise funds are often due to grants to accomplish projects; for example, the water fund went up in FY 10 due to federal and state grants and sales tax (CIP) funding to replace asbestos cement pipes. Sewer fund declines are due to revenues from charges being insufficient to cover depreciation expenses. The jump in the boat harbor balance in FY 10 was due to the \$2 million ADOT&PF grant for Portage Cove boats harbor upgrades.



The new Lutak Dock Fund is for activities necessary to provide services that include, but are not limited to administration, operations, maintenance, billings and collections. The Lutak Dock Fund had a FY 12 fund projected fund balance of \$2,739,505 (includes depreciation of \$149,690). The new Port Chilkoot Dock enterprise fund is to provide for the proper accounting and management of public funds derived from charges for service for use of the dock, including the lightering platform. The Port Chilkoot fund ended FY 12 with a fund balance of \$2,234,201 (includes \$210,257 in depreciation).

4.5.6 Borough Permanent Fund

The Haines Borough Permanent Fund is legally restricted so that only earnings, and not principal, may be spent. Since FY 2003, the fund balance for the Haines Borough Permanent Fund has increased by 29%, from \$5.4 million to \$7 million. The principal may be invested only in income-producing investments. Sources of Permanent Fund principal are net proceeds from Borough land sales, income appropriated to the fund to inflation-proof the principal, or funds from other sources. In the last few years, the fund has been creating about \$40-\$45,000 annual interest.



4.5.7 Other Borough Fund Balances

Haines Borough has several other funds, some of which are dedicated to specific purposes, which have built up balances over the years. On years when annual operating revenues exceed expenses, the balance is deposited to the appropriate fund, and, in years when operating expenses exceed revenues transfer from these fund balances make up the difference so that a balanced operating budget results. Trends in fund balances between FY 2003 and FY 2012 are seen on the charts below. The total of these essentially unobligated fund balances at the end of FY 12 is \$6.4 million.

Chart 4-13 Haines Borough Fund Balances, FY 03-12

□ Areawide ■ Townsite Service Area ■ Borough CIP

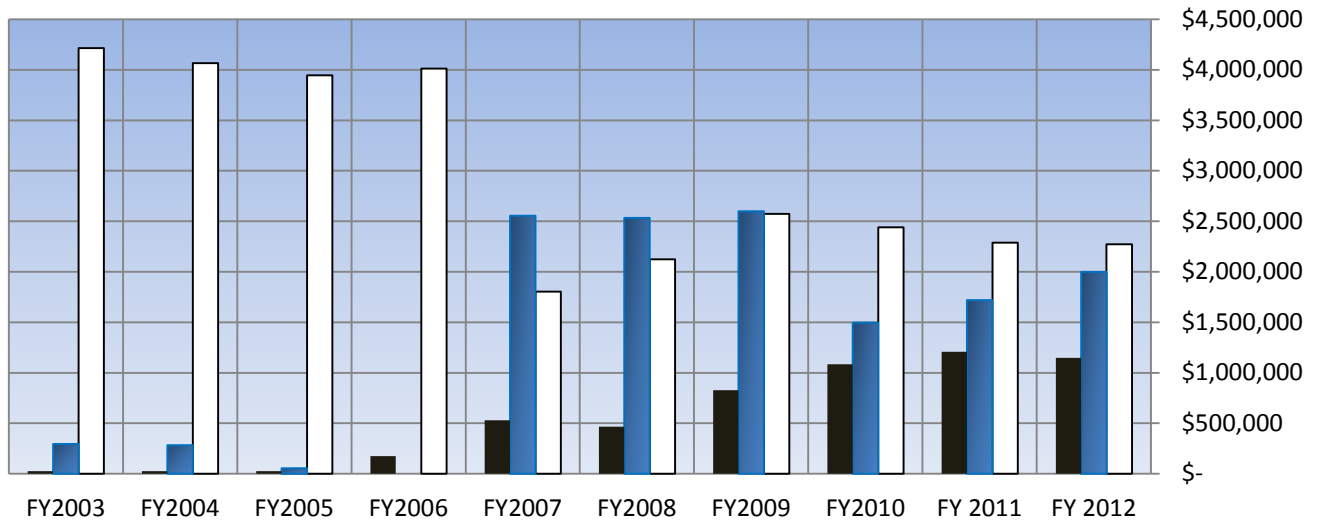
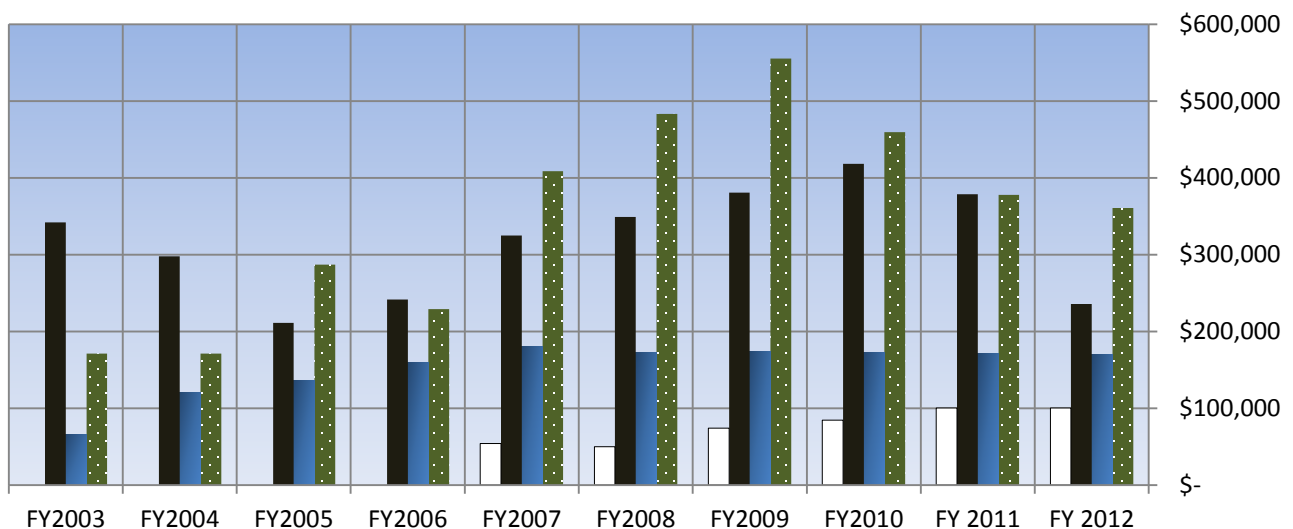


Chart 4-14 Haines Borough Fund Balances, FY 03-FY 12

■ Land ■ Medical ■ Economic Development □ Fire



4.6 Implementation Plan

Over the next 20 years the Haines Borough, its citizens, businesses, local organizations and others will systematically work to accomplish the Municipal Government goals, objectives and actions listed.

Strategies	Timeframe			Responsibility
1-2 3-5 6-10+				
Goal 2. Ensure that communication among the Borough, citizens and various land managers is clear. Work to foster productive and mutually beneficial relationships.				
Objective 2A: Continue to conduct local government operations in an open and transparent manner. Enhance engagement by periodically conducting less formal outreach events at different venues than the Assembly Chambers. Provide up-to-date easily accessible information to the public.				
1. Continue to provide public notice in a timely manner.	X	X	X	Borough
2. Continue to keep Borough website up-to-date with Assembly, Planning Commission and other committee meeting notices, agendas, and minutes.	X	X	X	Borough
3. After election of the new Assembly each year, schedule a half to one-day retreat to discuss priorities.	X	X	X	Borough
4. Assess outreach to ensure it is responsive to the changing needs of citizens and to the continuous evolution of the technology available to meet those needs. (i.e., Twitter, Facebook, regular posting of meetings and packets somewhere out Haines Highway, in Excursion Inlet, etc.)	X	X	X	Borough
5. Determine whether Neighborhood Associations would be an effective way to provide direct and continuing citizen participation in local government; if so facilitate creation.	X			Borough
6. Occasionally host less formal outreach and engagement efforts to encourage a diversity of public contact, such as Open Houses or Town Meetings, “Coffee with the Mayor” or “Coffee with the Manager” or a table to “Visit with the Assembly,” at other public events.	X	X	X	Borough
7. Keep Borough website up-to-date with latest documents, information, statistics and data to allow easy access for local grant writing and funding opportunities.	X	X	X	Borough, Chamber
Objective 2B: Systematically evaluate competing funding demands when setting community priorities. Then, systematically implement priorities.				
1. Establish criteria to help guide decisions on which capital projects to pursue and fund.	X			Assembly, Borough Manager
2. Systematically address deferred maintenance at Borough facilities. Identify which facilities should be repaired and	X	X	X	Borough facility director, manager

Strategies	Timeframe			Responsibility
	1-2	3-5	6-10+	
which have outlived their useful life. For those that should be repaired, identify priorities for repair now, what can wait 2-5, or 10 years.				
Objective 2C: Advance the interests of the community and residents by maintaining a working relationship with tribal governments, state and federal agency representatives, and public landowners within the Borough.				
1. Meet bi-annually with Chilkoot Indian Association (CIA) and Chilkat Indian Village (CIV) to discuss plans, project development needs, and priorities.	X	X	X	Borough, CIA, CIV
2. Seek opportunities for Borough, CIA, and CIV to team since municipal and tribal governments have access to different funding.	X	X	X	Borough, CIA, CIV
3. Reach out regularly and maintain communication with local and regional federal and state agency representatives that have regulatory oversight over Haines resources or can provide funding for Haines projects.	X	X	X	Borough
Objective 2D: Review current and future land use plans and projects proposed by state and federal landowners/managers within the Haines Borough to identify opportunities or areas of concern, or inconsistency with the Haines Comprehensive and other adopted Borough Plans. <i>Cross reference with Land Use 5H. Refer to 5H (1-4) for implementing actions.</i>				
Objective 2E: Promote a strong, positive Haines image within and outside of Haines among specific target publics that are vital to the community's economic well-being. <i>Refer to 3D(1-2) for related implementing actions.</i>				



5 Economic Development

5.1 Introduction

Most know the saying, “They come for the job but stay for the place.” This is true in Haines too, though in Haines some also come just for the place. Fifty households surveyed in 2011 had moved to Haines within the last five years and when asked why, a job or employment was the top answer (35%), followed by the outdoors and natural beauty (13%), community/people (13%), and small town atmosphere (13%)(see *Appendix A, 2011 Community Opinion Survey*).

Residents sent a strong message about the economy in the survey when they listed the top two concerns facing Haines in the next five years as the economy (34%) and lack of jobs (14%). Almost half of all concerns were thus about improving local economic conditions.

Underscoring this message, 31% of residents surveyed reported being employed part-time or seasonally and 3% were unemployed and looking for work. Of these two groups, the majority say they would work more if they could.

GOAL

Achieve a strong, diversified local economy that provides employment and income for all citizens that desire to work while protecting the health of the environment and quality of life.

Build on local assets and competitive advantages to create economic opportunity.

Analysis of Section 5.2's By-The-Numbers data (all of which is detailed in this chapter) and weaknesses and strengths in Section 5.3 presents some striking information, suggesting three somewhat distinct (but also sometimes blended) segments of the population.

In Haines only 41% of total personal income comes from employee wages, wages are low compared to other places in Alaska, about 40% of families in school qualify for free lunch, sliding scale some seniors are quite dependent on subsidized meals and transportation, income based sliding scale fees at the medical clinic are used, and power costs - especially for businesses - are high. These data evidence need and economic challenge. During the decade of the 2000's the number of families dropped by 18% in Haines, though a hopeful note is a boom in births in 2011 if those young families choose to stay in the community.

Also in Haines 23% of community income comes from self-employment - which includes many commercial fishermen, Haines residents have 417 State business licenses and 442 Borough business licenses, and 11% of households have some income from internet based sales of goods and services. These are independent and entrepreneurial-minded folks and Haines already has a strong share living in the community. A 2007 study ranked Haines as the top rural area for arts-related employment per capita in the United States.

Finally, a third of the community's overall income (36%) is from the "mailbox" (dividends, retirement income, interest, rent), and, Haines Borough had the highest per capita income of any Borough in Alaska in both 2009 and 2010. In fact, in 2010 Haines Borough had the fourth highest income of any county (borough) in the western US (Alaska, Washington, Oregon, California and Hawaii).

How does the community reconcile all this as it looks to the future?

First, elected and appointed officials, planners and residents must realize that all three parts of the community and population exist, are important and contributing, and have some similar but also different needs and interests. And there are probably many individuals who receive a blend of all three types of income -- they may be a wage earning employee working for a local store, also have a business on the side generating some self-employment income, and also get an Alaska PDF check and some interest from an investment each year. There is no data on what percent of the population gets blended income versus having only a single income source.

What do those at both the lower and higher ends of the economic spectrum in town need to stay in the community? The 2011 Community Opinion Surveys show that almost all adults and youth rate their Quality of Life in Haines as high or very high, due to the outdoors and natural beauty, small town atmosphere and community, presence of family and friends, low crime, and abundant outdoor activities including fishing, hunting, hiking etc. Clearly almost everyone wants to enjoy the outdoors in some way in their spare time and visit with friends in the often relaxed small town way that helps define Haines.

The economic development chapter looks at strategies to support traditional industries and wage employment, and urges attention to providing entrepreneurs with the resources that will enable them to develop and expand their businesses. It also recommends focusing attention on those that have made a deliberate choice to live here.

Haines should employ two common and over-arching economic development strategies to provide more employment and business activity:

1. Support and grow the local businesses, industries and economic sectors already providing employment and income in Haines. In addition to more employment, this will also increase capture of spending that could otherwise escape the community.
2. Build upon Haines' competitive advantages and unique assets to diversify the economy and attract new business and industry.

A number of people in Haines that could live anywhere have chosen Haines to live and work; recognizing this asset and opportunity, another over-arching economic development strategy related to the two above but unique is to:

3. Expand the number of location-neutral workers and business owners choosing Haines to live and work. These workers and businesses bring money to Haines that would otherwise not be here.

This Plan's economic development objectives and actions chart a path to accomplish these three strategies.

5.2 Economic Indicators: Haines by the Numbers 2010 & 2003

Table 5-3 provides a quick overview of key Haines Borough economic indicators and how those numbers changed from 2003 to 2010. Information here is reviewed in more detail in this and other sections of the Comprehensive Plan.

TABLE 5-1 HAINES BOROUGH BY THE NUMBERS, 2003-2010			
	2010	2003	% Change from 2003
Haines Employment and Wages ¹			
Total Employment	995	947	5.1%
Total Government Employment	207	186	11.3%
Total Private Sector Employment	788	761	3.5%
Total Payroll	\$32,407,677	\$23,508,337	37.9%
Total Private Sector Payroll	\$24,371,711	\$17,462,418	39.6%
Average Wage	\$32,581	\$24,824	31.2%
Median Household Income ⁶	\$47,981	\$40,772	17.7%
Per Capita Income ⁹	\$61,270	\$36,298	69%

Employment income as a % of total income	60%	68%	-8.0%
Unemployment	8.7%	11.5%	-2.8%
Haines Demographics ¹			
Population	2,508	2,391	4.9%
Median Age	46.9	43.4	3.5 years
Haines Schools			
K-12 School District Enrollment ²	312	331	-5.7%
Dropout Rate	0.6%	5.6%	-5.0%
Free Lunch Eligibility (% of all students)	40%	22%	18.0%
Haines Sector Employment ¹			
Construction Wages ^{1*}	\$5,969,352	\$4,426,661	34.8%
Construction Employment ¹	85	70	21.4%
Fishermen and Crew (Haines Residents) ⁸	167	169	-1.2%
Seafood Processing Jobs ⁷	238	437	-45.5%
Haines Pounds Landed (all commercial pounds) ⁸	6,346,538	3,831,391	65.6%
Ex-Vessel Value ⁸	\$7.01 million	\$2.51 million	179.3%
Health Care Employment ¹	98	77	27.3%
Haines Passenger Transportation**	2010	2005	
Total Passenger Arrivals**	151,122	128,203	17.9%
Airline Passenger Arrivals ⁴	9,598	7,814	22.8%
Passengers Crossing Border into Haines	35,576	39,250	-9.4%
Bicyclists/Pedestrians Crossing Border into Haines	377	268	40.7%
AMHS Passengers Disembarking	32,996	32,223	2.4%
Cruise Passenger/Crew Arrivals ⁵	44,258	48,648	-9.0%

Sources: ¹ Alaska Department of Labor; ² Alaska Department of Education and Early Development; ³ Alaska Department of Fish and Game; ⁴ Bureau of Transportation Statistics; ⁵ Haines Visitors Bureau; ⁶ American Community Survey (US Census); ⁷ ADOLWD, Fishing and Seafood Industry Data; ⁸ CFEC; ⁹ US BEA; *2004 numbers used, as 2003 not available; **2005 numbers used, as 2003 not available.

5.3 Economic Strengths and Weaknesses

A review of local strengths and weaknesses is context to help establish economic development agenda direction.

5.3.1 Strengths, Assets and Competitive Advantages

1. Haines is connected by road to Alaska, the contiguous US and the Canadian road network.
2. Haines Borough population is growing slowly and steadily. However, between 2010 and 2011, Haines grew 4.5% making it the 2nd fastest growing place in the State this year.
3. After a decline, school enrollments have stabilized.
4. Haines Schools are one of the top three in the region academically and number one for science. Since 2002, dropout rates have declined significantly and are way below statewide averages.

5. Adults and youth rate their Quality of Life in Haines as excellent.
6. Seafood, construction, and tourism are the leading industries.
7. The job mix is different in Haines from other places in the region, which is both an asset and a challenge. The economy is more diversified than most places in the region and percentage-wise there are more private sector and goods-producing jobs than in Alaska, Southeast Alaska, or Juneau. However, this means there are fewer government jobs (especially federal), which tend to be relatively high paying. This is one reason why Haines' average wages are less than many other places.
8. One of the hallmarks of the Haines economy is a high number of self-employed individuals. This is a sign of an entrepreneurial attitude. Approximately 23% of all personal income coming to Haines is from self-employment. Some of this is the 11% of households that said someone in their household sells goods or services via the internet (2011 Community Opinion Survey).
9. The Haines' "Mailbox Economy" is significant, with 36% of the community's total income coming from the mailbox, which included retirement income, dividends (Alaska Permanent Fund and other), interest and rent.
10. Haines Borough's per capita income was the highest in the State of Alaska in 2009 and 2010. Haines Borough in 2010 had the fourth highest per capita income of any county (borough) in the far western US (Alaska, Washington, Oregon, California and Hawaii).
11. Haines has established a reputation and successful branding as the, "Recreation Capital of Alaska." Several well-known festivals bring 15,000+ independent visitors annually.
12. There is more state land in Haines than anywhere else in Southeast Alaska, which brings unique opportunities. The Haines State Forest is one of only three in the state; Haines is home to the state's Chilkat Bald Eagle Preserve, four state recreation areas and three state marine parks. The Haines State Forest is a multiple use forest that provides important economic benefits through its wood and forest products, highly valuable fisheries habitat, and important recreational and tourism opportunities.
13. There are many health care assets in Haines for a town its size, including a Medical Clinic (and another in Klukwan), several local health care providers, an Assisted Living Facility, and soon a Veteran's home.
14. Haines is a re-location and retirement destination for people from both the north and south. According to the 2010 US Census, approximately 70% of those who move to Haines each year move from elsewhere in Alaska. Approximately 20% of Haines's homes are seasonally occupied.

5.3.2 Weaknesses and Challenges

1. Haines commercial electrical consumers pays significantly less for power (23c/kWh for 1st 500 kWh) than those in communities in the region that are dependent on diesel (54c/kWh) however; it is paying about twice what commercial customers in many other communities

with hydropower in the region pay (9-14 c/kWh). Those living out the Haines Highway are paying more, approximately 60c/kWh).

2. The economy is seasonal. The number of those employed in Haines' nearly doubles between January and July of each year. And, in the survey one-quarter say they are underemployed and would like to work more.
3. Wages are low compared to other places.
4. About 40% of schoolchildren (~ 45 families) qualify for free lunch (less than \$36,222 for family of four). The number getting free lunches has increased in recent years.
5. While overall employment is up over the decade, it has declined since 2005.
6. The population is among the oldest in Alaska, and it continues to age at a fast pace. (*This is both an asset and a challenge.*) By 2024, those 65 and older are expected to make up 33% of the local population. From 2000-2010, the number of households with people 65 or older increased by 40%.
7. Haines is losing family households. Between 2000 and 2010, the number of households with children 18 or younger decreased by 16%.
8. An expected 30% cutback in federal transportation funding may affect the Haines economy more than most since it is the home to the top road construction business in Southeast Alaska.
9. Fishing and processing jobs are a key economic sector. Fish prices have been very high for two years but are subject to pricing beyond local control, and, weak returns mean escapement goals for both the Chilkat and Chilkoot Rivers are not being met at times.
10. There is high deferred maintenance needs on public infrastructure.

5.3.3 Resident's Attitudes

Haines residents support many different economic development opportunities. In the Community Opinion Survey 208 randomly selected households were read a list of potential economic development opportunities and asked whether they supported or opposed each one. Table 5-2 shows a summary of support or opposition, with those "very supportive" and "supportive" combined, and those "very opposed" and "opposed" combined.

A majority of residents are supportive of each opportunity, with the exception of larger-scale mining, with 50 % supportive and 33% opposed (the remainder felt neutral or declined to respond). The development with the highest level of support is agriculture and farming, with 95% support and 2% opposed. A close second is value-added wood products businesses at 92% support and 2% opposed. Other projects are supported by between 65 and 86% of residents, with generally low numbers opposed.

There is only one statistically significant difference by age group in support/opposition to the economic development opportunities. Those ages 35 to 54 are more likely to be supportive of

larger-scale mining at 58 %, compared to 40 % of those ages 18 to 34, and 47 % of those 55 and older.

TABLE 5-2 RESIDENT'S LEVEL OF SUPPORT/OPPOSITION FOR POTENTIAL ECONOMIC DEVELOPMENT OPPORTUNITIES		
	Net Support	Net Opposed
Agriculture and farming for both local and regional use	95%	2%
Businesses that add value to wood products such as small sawmills, furniture makers and carvers	92%	2%
A low interest loan program for small businesses in Haines	86%	10%
Promotion and development of winter-based tourism such as snow machining, skiing, and the Alcan 200	83%	3%
Increased usage and promotion of the Chilkat Bald Eagle Preserve	77%	11%
A targeted marketing program to attract independent, higher-end visitors	73%	17%
Timber harvest in local State Forests	65%	20%
Larger scale mining such as the Constantine Mineral deposit in Chilkat Valley	50%	33%

In the Community Opinion Survey immediately following the question on economic opportunities, residents were asked if there were any additional business or economic development opportunities that the Haines Borough should pursue. A total of 92 residents responded with a wide variety of ideas, all of which are listed in Appendix A.

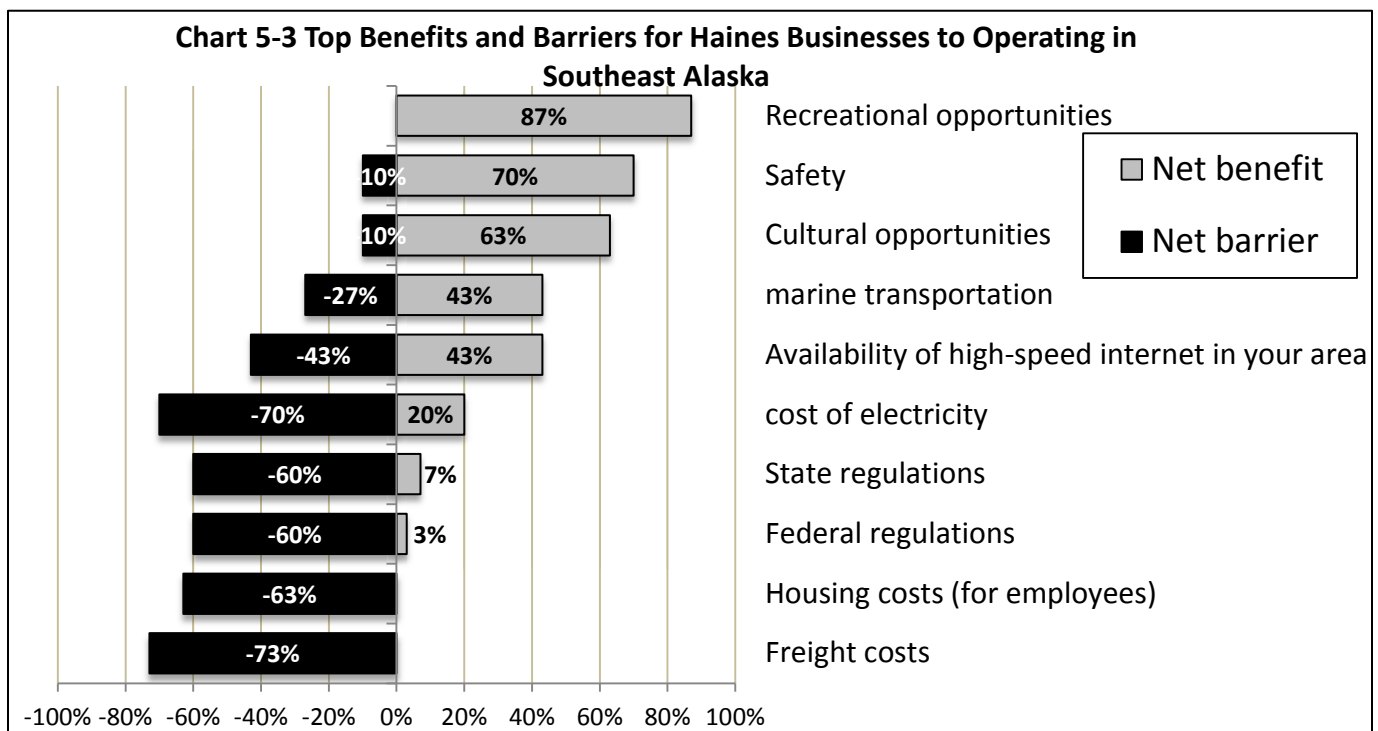
The most common theme is tourism, with a number of resident's specifically mentioning heli-skiing as needing more promotion. Several residents are also interested in promoting Haines as an artists or writers' retreat, and several just want to see more tourism in general. Another theme is education; some residents want to see more educational opportunities offered locally such as a vocational or art school. Additional suggestions involved fishing and fish processing, renewable energy, manufacturing, and the need for a bowling alley and movie theater, among other ideas.

5.3.4 Business Leader Attitudes

In 2010, the Juneau Economic Development Council conducted a regional business climate survey among business leaders. More than 30 business leaders from Haines responded. In the survey, business were asked to rate how 30 different factors affected their businesses, both negatively and positivity. Generally, Haines business leaders concerns mirrored those of Southeast as a whole.

Regionally and in Haines, most business benefits are related to quality of life. Below is a list of the top business benefits to the region, according to the 2010 Southeast Alaska Business Climate Survey:

- Southeast Alaska’s **recreational opportunities**: 72% of business leader respondents said access to the region’s recreational resources is a significant or moderate benefit to their business. Haines businesses are most likely to call this a benefit of any community in the region, with 87% of respondents calling Haines’ recreational opportunities a benefit, including 53% who said it was a “significant” benefit.
- **Safety**: 49% of all business leaders responded that safety is a net benefit to business. Haines respondents are much more likely to call safety a benefit (70%)
- **Cultural opportunities**: 56% said that Southeast’s cultural opportunities are beneficial to their business. Haines’ business leaders ascribe even more value to the local cultural opportunities, with 63% calling these opportunities a business benefit.
- Haines business leaders rate **Southeast Alaska’s marine transportation** as a higher benefit than the region as a whole, with 43% of Haines’ business leaders calling marine transportation a net benefit, compared to the region as a whole at 34%.
- Regionally, the fourth top rated element is access to **high speed internet**, also at 49%. Haines business leaders are just as likely to see internet speed as a net barrier. Both net barrier and net benefit rankings were 43%.



Source: “Southeast Alaska Business Climate Survey” December 2010, JEDC

According to the region and Haines’ business owners and managers, some of the top barriers to business in Southeast Alaska are:

- **Freight Costs**—Three-quarter (75%) of all business leaders surveyed called freight costs a barrier; with nearly half of regional business leaders calling freight costs a “significant” barrier. Of Haines respondents, 73% said that freight costs are a

barrier, including 50% who call freight costs a significant barrier. This was Haines' top business barrier.

- **The High Price of Electricity**—When the region's responses are analyzed to remove Juneau businesses, the cost of electricity was the second major barrier to business, with 62% of those outside Juneau calling the cost of electricity a moderate or significant barrier. In Haines the price of electricity is called a more significant barrier, with 70% of business leaders surveyed saying it is a barrier to their business (although only 33% called it a "significant" barrier.)
- **The High Price of Housing**—The high cost of housing is deemed a barrier by 60% of the region's business respondents. For Haines business leaders, these numbers are slightly higher than the region as a whole, with 63% calling the high price of housing for employees a problem for their business.
- **State and Federal Regulations**—Over half (56%) of the region's business leaders call federal regulations a barrier to operating their business, with 34% referring to this as a "significant" barrier. Haines' business leaders are more critical, with 60% calling federal regulations a barrier, including 43% who call it a "significant" barrier. An equal number of Haines business (60%) leaders call state regulations a barrier.

5.4 Income Sources in Haines

Personal income is the income that a person receives from all sources. Income comes from three main sources: (1) wages and salary from jobs, (2) proprietors and self-employment income, and (3) what's technically termed "unearned income," from sources such as retirement, dividends, interest, rent, social security, SSI, public assistance or welfare payments etc.

In most places wages from jobs make up the largest part of the community's income, but not in Haines. One of the hallmarks of the Haines economy is a high number of self-employed individuals. Approximately 23% of all income is from self-employment (compared to 4% in Juneau, and 9% statewide). In 2009, 389 Haines residents reported self-employment income to the IRS. These are the community's self-employed fishermen, store owners, and people that have a business either fulltime or part time ("on the side") selling a good or service in town or via internet. Part of the large percentage of self-employment income comes from the 11% of households that said someone in their household sells goods or services via the internet (2011 Community Opinion Survey). This brings new money into Haines that would not otherwise be there.

During the survey, those who said they were employed (full or part time) were also asked, "Are you mostly self-employed or do you work for someone else?" To this, 30% reported they were mostly self-employed. Two other pieces of evidence supporting the large percentage of self-employment income are the fact that there are 417 State of Alaska business licenses registered

to Haines residents, and, there are 629 local Haines business licenses issued of which 442 are to Haines residents.

TABLE 5-4 TOTAL PERSONAL INCOME, 2009					
Source of Income	Haines	Wrangell	Ketchikan	Juneau	Alaska
Income from wages (plus supplements & adjustments)	41%	41%	54%	64%	60%
Income from self-employment	23%	9%	13%	4%	9%
“Mailbox” income (retirement, dividends, interest and rent)	36%	50%	33%	32%	31%

Source: 2009 Bureau of Economic Analysis

Total self-employment dollars coming to Haines are estimated on Table 5-5. Some of these self-employed individuals are the “location-neutral” workers earning income from internet-based sales.

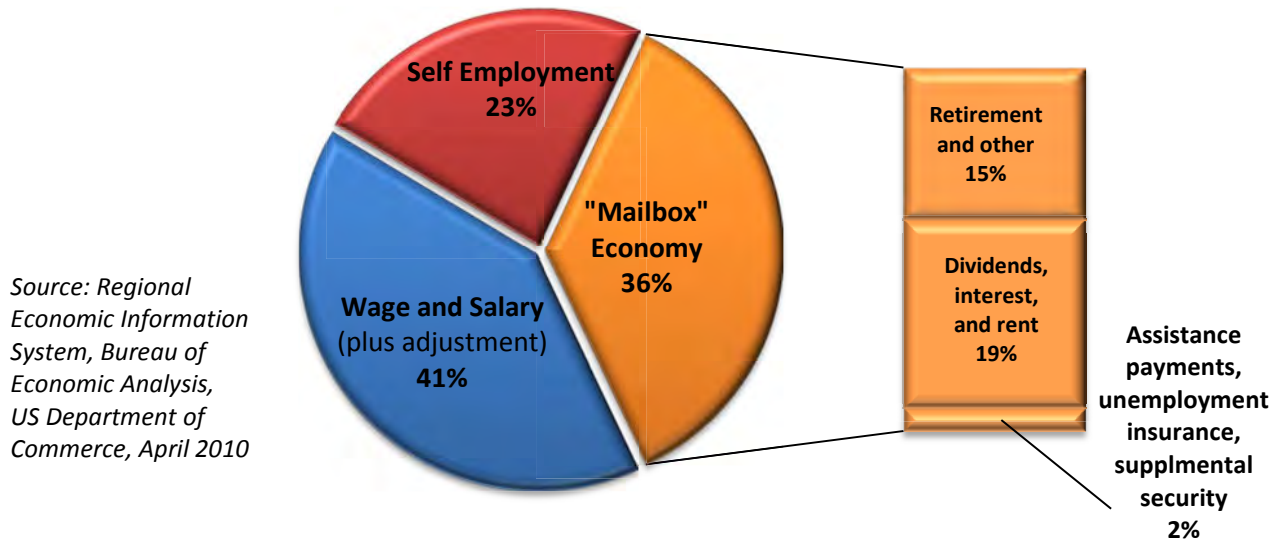
TABLE 5-5 HAINES BOROUGH SELF-EMPLOYMENT STATISTICS, 2003-2009		
Year	Individual Tax Returns	Earnings
2009	389	\$12,426,000
2008	392	\$15,583,000
2007	391	\$14,065,000
2006	381	\$14,247,000
2005	369	\$13,633,000
2004	382	\$12,148,000
2003	379	\$10,920,000

Source: US Census Non-employer Statistics, which count each distinct business income tax return as a firm.

The “mailbox economy” in Haines is also significant. This is the part of the economy beyond the simple “economic base.” It is purchasing power that is not directly tied to current production in the area. The technical term for this income is “unearned income.” In Haines, wages from jobs and self-employment income accounts for about two-thirds (64%) of total personal income. The 36% mailbox income to Haines comes primarily from dividends, interest and retirement payments (Chart 5-4 and 5-6).

Haines Borough’s per capita income was the highest in the State of Alaska in 2009 and 2010 (Table 5-7). In fact, Haines Borough in 2010 had the 4th highest per capita income in the far western US (Alaska, Washington, Oregon, California and Hawaii) (Table 5-8). This affirms the impact of “mailbox economy” payments and other entrepreneurial-based income to residents.

Chart 5-6 Haines Total Personal Income by Type, 2009



Area	2000	2005	2008	2009	2010	Change 2000-2010	Change 2009-2010
Haines Borough	\$33,195	\$42,156	\$56,683	\$57,853	\$61,270	85%	5.91%
Skagway Borough	(NA)	(NA)	\$57,296	\$55,633	\$57,832		3.95%
Ketchikan Gateway Borough	\$35,295	\$42,708	\$51,104	\$50,244	\$51,266	45%	2.03%
Juneau City and Borough	\$35,767	\$40,251	\$49,636	\$48,096	\$49,458	38%	2.83%
Sitka City and Borough	\$29,676	\$34,660	\$42,631	\$40,718	\$41,654	40%	2.30%
Yakutat City and Borough	\$29,023	\$34,660	\$43,879	\$38,695	\$40,129	38%	3.71%
Hoonah-Angoon Census Area (CA)	(NA)	(NA)	\$36,582	\$34,678	\$36,519	(NA)	5.31%
Wrangell City and Borough	(NA)	(NA)	(NA)	\$32,472	\$34,316	(NA)	5.68%
Wrangell-Petersburg CA	\$28,445	\$34,492	\$39,796	(NA)	(NA)	(NA)	(NA)
Prince of Wales-Hyder C A	(NA)	(NA)	(NA)	\$30,252	\$31,349	(NA)	3.63%
Prince of Wales-Outer Ketchikan CA	\$21,614	\$24,069	\$30,448	(NA)	(NA)	(NA)	(NA)
Anchorage Municipality	\$34,359	\$42,366	\$50,657	\$48,023	\$48,993	43%	2.02%
Alaska State Total	\$30,508	\$36,911	\$44,816	\$43,259	\$44,233	45%	2.25%

Source: *Regional Economic Information System, Bureau of Economic Analysis, US Department of Commerce.*

<http://www.bea.gov/regional>

⁵ Data on Tables 5-7 and 5-8 is regional data from the US Bureau of Economic Analysis (Table CA1-3). Per capita income is calculated as the personal income of the residents of a given area divided by the resident population of the area. In computing per capita personal income, BEA uses the Census Bureau's annual midyear population estimates. Estimates for 2000-2010 are Alaska Census Area population estimates available as of April 2012. All local area dollar estimates are in current dollars (not adjusted for inflation). NA=Data not available. The information on these tables was updated April 25, 2012 with new estimates for 2010 and revised estimates for 2000-2009.

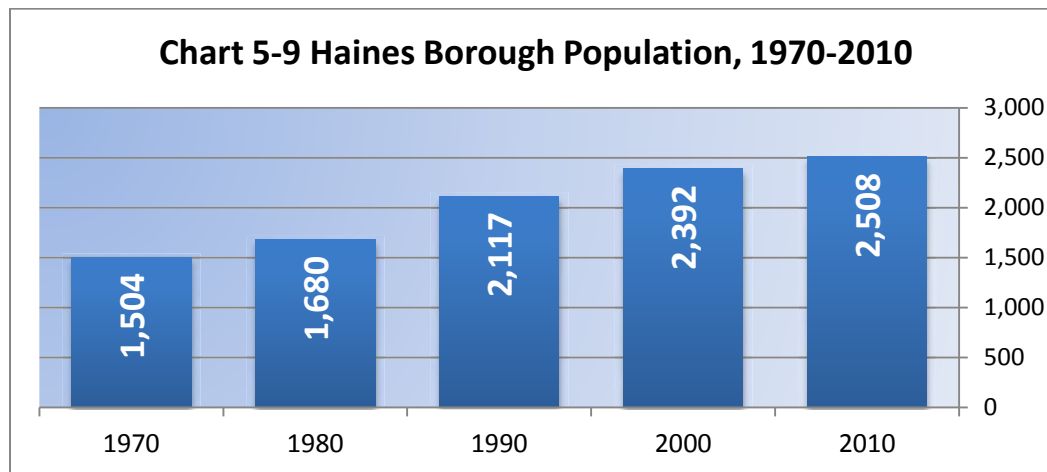
TABLE 5-8 HIGHEST PER CAPITA PERSONAL INCOMES IN THE FAR WEST REGION (DOLLARS)			
County	2009	2010	Percent Change
Marin, California	\$81,081	\$82,936	2.3 %
San Francisco, California	\$67,127	\$70,190	4.6 %
San Mateo, California	\$66,254	\$67,964	2.6 %
Haines Borough, Alaska	\$57,853	\$61,270	5.9 %
Denali Borough, Alaska	\$56,110	\$58,159	3.7 %

Source: Regional Economic Information System, Bureau of Economic Analysis, US Department of Commerce.
http://www.bea.gov/newsreleases/regional/lapi/lapi_newsrelease.htm

5.5 Demographic Trends

5.5.1 Population

The population of Haines Borough has been steadily growing over time, though the rate of growth slowed during the 2000's (Chart 5-9). During 2000 to 2010, the Borough population increased by 116 people or just under half a percent annual growth (0.47%) (Chart 5-9). Population declined until 2005 then began growing again to average out for the decade with a small increase. Haines fared better than most parts of the region during this time period; Southeast Alaska lost 1,408 people in the 2000's and Juneau grew at a slower rate than Haines.

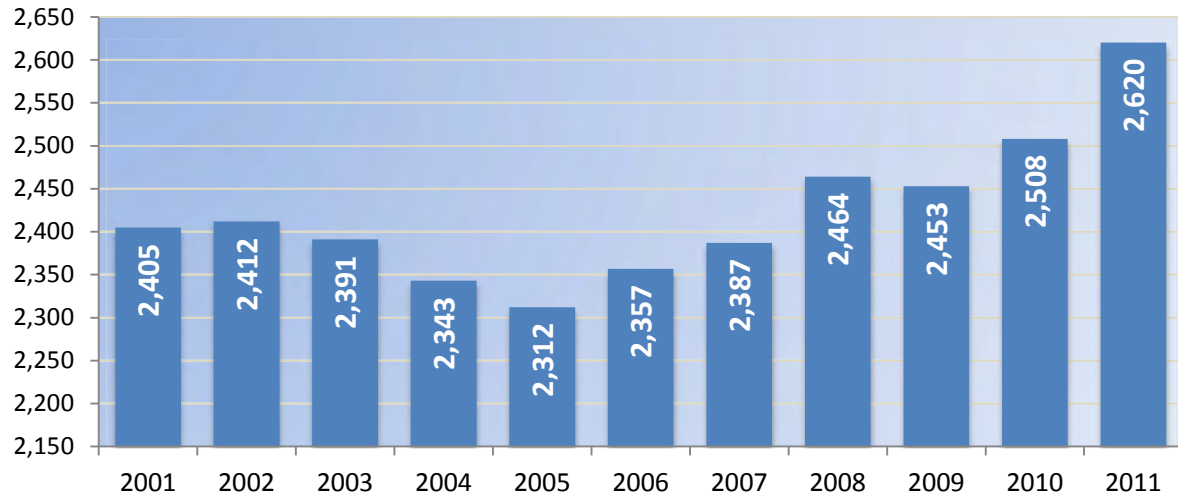


Source Data: ADOLWD

While one year is not a trend, the Alaska Department of Labor and Workforce Development (ADOLWD) 2011 population estimate for Haines Borough of 2,620 shows accelerated growth of 4.5% between 2010 and 2011, making Haines one of the fastest growing communities in the state in 2011. This is an increase of 112 persons in that single year, including 31 births.⁶

⁶ ADOLWD, Components of Population Change for Alaska Regions, Boroughs and Census Areas, 2000-2011.

Chart 5-10 Haines Borough Population, 2001-2011



5.5.2 Migration and Retention

According to the 2010 US Census, approximately 70% of those to move to Haines each year move from elsewhere in Alaska. The Alaska Department of Labor tracks those moving to and from Alaska communities each year through Permanent Fund Dividend records. The table below tracks movement to and from Haines between 2008 and 2010. According to this data, movement to Haines is equally divided between Southeast Alaska, and the rest of the state as a whole. In the past two years, nearly one-third (31%) of all Alaskans moving to Haines came from Juneau (followed by Fairbanks at 13%). Conversely, 40% of those leaving Haines in the past two years moved to Juneau (followed by Anchorage at 15%). The median age of new arrivals from elsewhere in Alaska is 57 years (US Census).

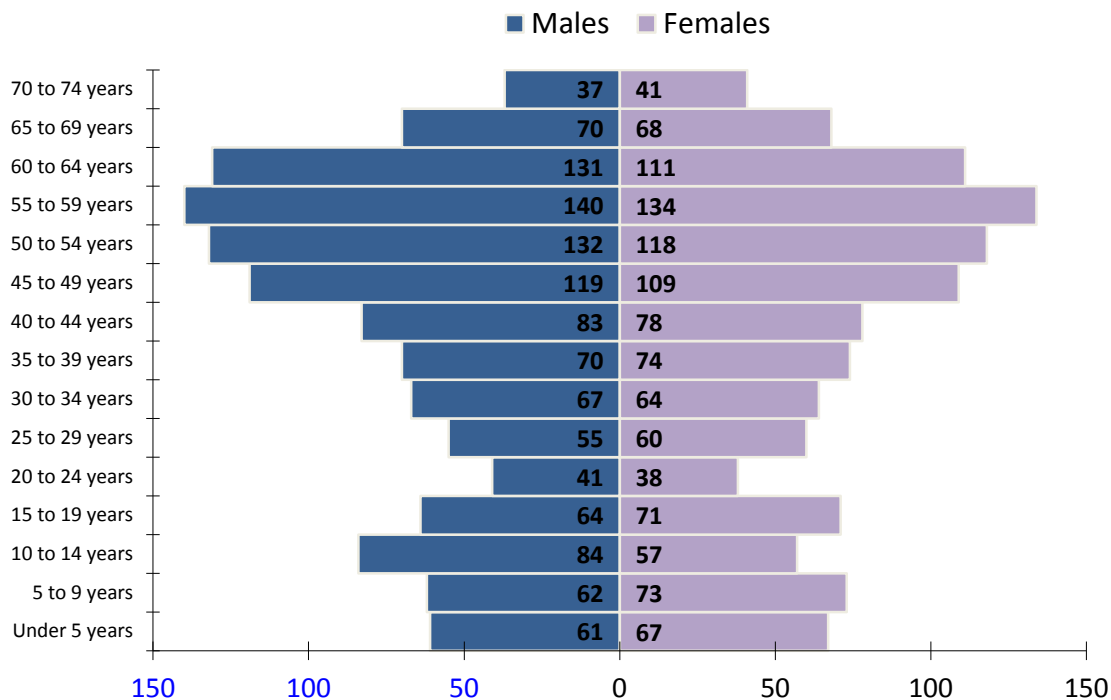
TABLE 5-11 YEAR 2008-2010 ALASKA-BASED MIGRATION TO AND FROM THE HAINES BOROUGH		
	To Haines Borough	From Haines Borough
Total Haines to/From Southeast Migration (Top locations below)	69	94
Juneau, City and Borough of	43	61
Sitka, City and Borough of	6	12
Hoonah-Angoon Census Area	4	9
Petersburg Census Area	9	2
Skagway, Municipality of	4	4
Total to/from Northern Alaska Migration (Top locations below)	70	58
Anchorage, Municipality of	15	22
Matanuska-Susitna Borough	16	11
Fairbanks North Star Borough	18	8
Kenai Peninsula Borough	9	12
Total to/from Haines in Alaska	139	152

Source: Source: ADOLWD, Research and Analysis Section. Data based on PFD applications

5.5.3 Age, Sex and Race

Residents of the Haines Borough are, as a whole, older than the residents of any other Alaska borough. The median age of Haines' residents according to the 2010 US Census was 46.9 while the state median age was 33.8 and the regional median age was 39.5. Haines has aged at a faster pace than the state and the nation, and Haines' senior population is increasing rapidly. The proportion of those 65 and older in Haines increased from 10 percent in 2000 to 14 percent in 2010. By 2024, those 65 and older are expected to make up 33 percent of the local population. Haines' shifting demographics mean that Haines' senior population is becoming more significant by the year.

Chart 5-12 Haines Borough Age-Gender Distribution, 2010



The Borough mirrors the state as a whole on the percentage of males and females, with 50.8% male and 49.2% female, compared to statewide 51% male and 49% female (Table 5-13). In Haines, Alaska Natives/American Indians comprise 14% of the population in 2010. Statewide, 19% of the population is Alaska Native/American Indian and regionally 22% of Southeast residents identify themselves as Alaska Native/American Indian.

5.5.4 Housing

Within the Borough, the latest breakdown of where people live is from the 2010 US Census, showing that just over two-third (68%) of the Borough's population lives in the townsite area (Table 5-14).

TABLE 5-13 AGE AND GENDER STATISTICS, HAINES BOROUGH, YEAR 2010			
	Total	Male	Female
Total	2,508	1,274	1,234
Percent Male/Female	100%	50.8%	49.2%
Median age and population of selected age groups			
Median age	46.9	47.2	46.5
Population 16 years and over	2,070	1,053	1,017
Population 18 years and over	2,009	1,026	983
Population 21 years and over	1,960	999	961
Population 62 years and over	479	241	238
Population 65 years and over	345	165	180

TABLE 5-14 HAINES BOROUGH POPULATION BY AREA, 2010		
Haines Borough, Year 2010	pop	%
TOTAL	2,508	100%
Haines Townsite	1,713	68%
Mosquito Lake	309	12%
Mud Bay	212	8%
Remainder of Haines Borough	127	5%
Covenant Life	86	3%
Lutak	49	2%
Excursion Inlet	12	<1%
<i>Source Data: 2010 US Census</i>		

The number of dwelling units to house the growing population has increased over time from 1,112 dwellings units in Haines Borough in 1990 to 1,631 in 2010. In both years 2000 and 2010, 69-70% of all homes were occupied and 29-30% were vacant. About 20% of the housing in Haines is seasonally occupied (vacation homes). For comparison, in Juneau about 2.5% of housing is seasonally occupied. In 2010, the average number of persons per household in Haines is 2.2 and the average number of persons per family household is 2.7.

TABLE 5-15 HAINES BOROUGH HOUSING YEAR 2010		
	Number Dwelling Units	%
Total Dwelling Units	1,631	100%
Occupied Dwelling Units	1,149	70%
Vacant for rent	51	3%
Vacant for sale	21	1%
Vacant seasonally (vacation homes)	345	21%
Other vacant (usually rundown, abandoned)	65	4%
<i>Source Data: 2010 US Census</i>		

5.6 Employment and Wage Trends

The economic and employment history in Haines over the last three decades or so has been similar to the story of most of Southeast Alaska. In the late 1980's – the lead industries in Haines included timber and seafood. Haines had two timber mills and the largest, opened in 1987, had 300 employees in its heyday. In the early 1990's the industry began to decline and significant timber mill closures in Ketchikan, Sitka, Wrangell and Haines eliminated a major private sector source of year round employment in those communities and substantially impacted the economic health of the region. However, that this period of heightened prosperity in the mid-1980's did deviate from historic trends and norms.

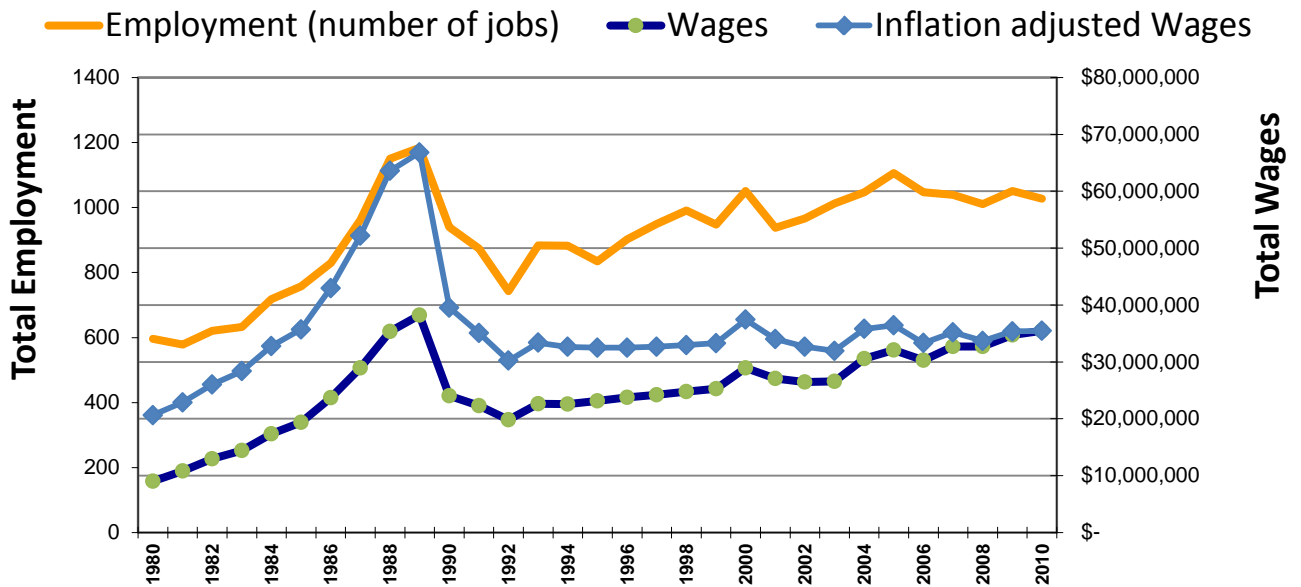
Similar to other places in the region, the Haines labor force peaked in the late 1980's. Compared to the volatile labor force changes in the 1980's, the labor force has essentially been flat for the last decade.

Chart 5-16 shows Haines Borough's historic wage and employment data between 1980 and 2010, and wages that have been inflation-adjusted to 2010 dollars (source data is ADOLWD and the Anchorage Consumer Price Index⁷). Reviewing this information shows that income wage employment in Haines peaked in 1989; that year there were 1,184 Haines employees and total wages were \$38.3 million. Inflation adjusted to 2010 values, total wages for 1989 were about \$68 million while current (2010) total wages are \$35.5 million. Thus, the purchasing power of Haines wages has fallen significantly compared to 20 years ago. Inflation-adjusted wages between 1990 and 2010 have remained almost flat.

In 2011, ADOLWD data shows an increase from 995 to 1,025 (3% increase) in average annual employees in Haines, and an increase in total employee wages from \$32.4 million to \$33.3 million (2.7% increase).

⁷ The data source for Chart 5-16 is the Alaska Department of Labor and Workforce Development. **Employment** on Chart 5-16 measures the average annual number of monthly full-time and part-time workers by place-of-work. All employment for which wages and salaries are paid is counted; however, self-employment earnings (including those for commercial fishermen) are not included. No differentiation is made between full-time and part-time jobs. **Inflation Adjusted Wages** were calculated using the Anchorage Alaska Consumer Price Index (CPI). Haines does not have a CPI, and thus the Anchorage CPI is used as a proxy. Wages for each year were adjusted to 2010 numbers. Inflation is calculated using the following formula: 2010 Anchorage CPI divided by year X Anchorage CPI. This number is multiplied by the year X wages.

CHART 5-16 HAINES BOROUGH EMPLOYMENT AND WAGES, 1980 TO 2010



Haines wages are among the lowest in Alaska; the average annual wage in Haines Borough is the fourth lowest among Alaska's 29 boroughs and census areas. The average annual State wage is 46% higher than the average Haines wage (Table 5-17).

TABLE 5-17 AVERAGE ANNUAL ALASKA WAGES 2010			
PRIVATE SECTOR, PUBLIC SECTOR, TOTAL WAGES			
Borough or Area Name	Private Sector Average Wage	Public Sector Average Wage	Total Average Wage
Wade Hampton Census Area	\$26,371	\$22,115	\$23,403
Hoonah-Angoon CA	\$25,483	\$36,390	\$31,304
Aleutians East Borough	\$32,451	\$32,761	\$32,503
Haines Borough	\$30,938	\$38,837	\$32,581
Yakutat Borough	\$29,767	\$37,909	\$33,440
Petersburg Census Area	\$29,357	\$42,286	\$34,230
Wrangell Borough	\$28,245	\$44,549	\$34,624
Prince of Wales - Hyder Census Area	\$31,131	\$38,317	\$34,667
Yukon-Koyukuk Census Area	\$43,910	\$31,628	\$36,017
Bethel Census Area	\$37,570	\$34,812	\$36,316
Dillingham Census Area	\$37,286	\$34,722	\$36,548
Lake and Peninsula Borough	\$45,067	\$30,234	\$36,628
Matanuska-Susitna Borough	\$34,200	\$47,653	\$37,092
Sitka Borough	\$35,777	\$45,502	\$38,522
Skagway Municipality	\$36,284	\$46,651	\$38,540
Aleutians West Census Area	\$39,705	\$41,299	\$39,949

Kodiak Island Borough	\$38,542	\$44,357	\$39,969
Nome Census Area	\$40,558	\$40,108	\$40,355
Ketchikan Gateway Borough	\$36,577	\$51,063	\$40,742
Kenai Peninsula Borough	\$38,934	\$48,034	\$41,189
Bristol Bay Borough	\$40,506	\$52,368	\$42,602
Juneau Borough	\$37,317	\$53,610	\$44,074
Denali Borough	\$42,437	\$51,306	\$44,330
Fairbanks North Star Borough	\$42,695	\$51,564	\$45,462
Valdez-Cordova Census Area	\$46,892	\$43,835	\$45,985
Anchorage Municipality	\$49,021	\$56,907	\$50,621
Northwest Arctic Borough	\$63,639	\$35,383	\$52,476
Southeast Fairbanks Census Area	\$63,798	\$54,074	\$60,414
North Slope Borough	\$90,274	\$50,177	\$84,327
Alaska	\$46,869	\$50,147	\$47,724

Source: Alaska Department of Labor and Workforce Development

Like many places in Southeast Alaska today, another trait of the Haines economy is its seasonality. Summer employment is nearly double winter employment. In July 2010, the month with peak employment, employment was 1,782 while in February, when employment is at its lowest, there were 915 employees.

The seasonal nature of the Haines economy is similar to regional and state trends, but being a small town the impact is accentuated. Summer focused industries, including fishing, seafood processing, construction, and tourism, dominate the economy, while steady year-round employment sectors, such as state and federal employment, are underrepresented.

Haines' average 2010 unemployment rate was 8.7%, higher than the state average of 8.0% for 2010, and lower than the national rate of 9.6%. This means that an average of 121 persons per month were looking for work in Haines in 2010.

5.7 Today's Haines Borough Economy

Simply relying on Alaska Department of Labor and Workforce Development (ADOLWD) employment and wage data to understand the economy, as is often done, misses the full picture in Haines. The ADOLWD employment data does not include self-employment earnings, nor does it look at other regular sources of community income. In Haines this omission is significant because 23% of all wages are derived from self-employment and 36% of the community's income comes from "the mailbox."

To give a more accurate picture of the local economy Sheinberg Associates estimates (Chart 5-18, Table 5-19) and data in Section 5.7 combines ADOLWD employment data and US

Department of Census data on non-employer income (self-employment) from tax returns.⁸ The US Department of Census data however lags by a year.

According to the combined 2010 ADOLWD data and 2009 US Census data, Haines residents earned approximately \$44.8 million last year (2010). When all sources of government employment (local, tribal, state, federal) are combined this sector leads in resident earnings (\$8 million). The leading private industries for income-produced in Haines are commercial fishing and seafood processing and construction, which are roughly of equal size. Combined, these two industries represent almost one-third of all earnings. However, construction earnings can be somewhat misleading because Haines' largest construction employer operates both in Haines as well as around the region, so reporting includes a mix of Haines-based employees and local hire from the communities that host this Haines-based company's projects. In other words, some construction jobs and wages represent non-local employment. In terms of number of jobs (though at a lower pay-scale) tourism emerges as Haines' top employer, followed by a tie between government (all combined) and trade, transportation and utilities.

Haines Leading Sectors: Work-Related Earnings (employment and self-employment)

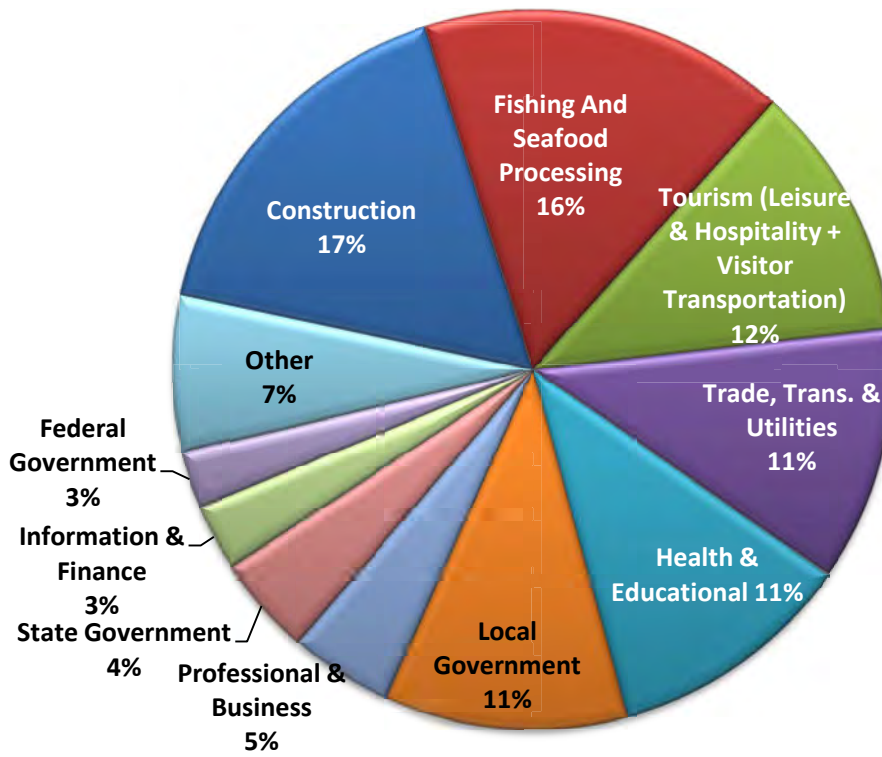
1. Combined Government (local, tribal, state and federal)
2. Construction
3. Commercial fishing & seafood processing
4. Tourism (leisure & hospitality + tourism related transportation)
5. Trade, Transportation and Utilities

Haines Leading Sectors: Number of Workers (both employees and self-employed)

1. Tourism (leisure & hospitality + tourism related transportation)
2. Combined Government (local, tribal, state and federal)
3. Trade, Transportation and Utilities
4. Commercial fishing & seafood processing
5. Health & Education (non-public)

⁸ Sheinberg Associates estimates combine 2010 ADOLWD employment data with US Census 2009 non-employer Statistics earnings data. This includes wage and salary employment, self-employment data, and commercial fishing earnings of Haines' residents. Construction wages include some wages outside of Haines when employment is by Haines-based construction firms.

Chart 5-18 Haines Borough Annual Income (Wages and Self-Employment) by Industry, 2009-2010



Sources: ADOLWD Employment and Wage Data 2010; US Census 2009 Non-employer Statistics; ADOLWD Seafood Processing Workforce and Wages by Borough 2009.

The largest employer in Haines Borough is Ocean Beauty Seafoods. Because they employ many non-Haines Borough residents, they do not appear on the ADOLWD Alaska Local and Regional Information (ALARI) database of top employers which only looks at place of residence (residency is established by matching wage record file data with Permanent Fund Dividend information). ALARI data is thus a snapshot of an area's resident workforce rather than a snapshot of an area's economy.

The ALARI list of Top Employers in Haines Borough in 2010 is:

1. State of Alaska (excludes U of A)
2. Haines Borough School District
3. Haines Borough
4. Southeast Alaska Regional Health Consortium
5. Cornerstone Home Health Inc
6. Southeast Road Builders Inc
7. Alaska Business Growth Corp
8. Oleruds Inc
9. Reach Inc
10. Chilkat Guides Ltd

**TABLE 5-19 HAINES BOROUGH ANNUAL WORK-RELATED INCOME AND EMPLOYMENT
(EMPLOYMENT & SELF-EMPLOYMENT COMBINED) BY INDUSTRY, 2009-2010⁹**

Industry	Work-Related Income	Percent of Total	Avg Monthly Employment	Percent of Total
Construction ⁷	\$7,544,352	17%	122	9%
Commercial Fishing & Seafood Processing ¹⁰	\$7,386,381	16%	173	13%
Tourism (Leisure & Hospitality, Tourism Transportation)	\$5,178,070	12%	267+	19%
Trade, Transportation & Utilities	\$5,130,354	11%	189+	14%
Health & Educational	\$4,990,246	11%	167	12%
Local Government	\$4,901,510	11%	148	11%
Professional & Business	\$2,075,133	5%	75	5%
State Government	\$1,991,291	4%	44	3%
Information & Finance	\$1,343,049	3%	56+	4%
Other Services	\$1,304,024	3%	79	6%
Federal Government	\$1,143,165	3%	15	1%
Other Self Employment Wages: non-disclosed	\$1,057,000	2%	40	3%
Forestry and Mining	\$789,102	2%	9	1%
Total	\$44,833,677	100%	1,384	100%

Sources: This data set combines ADOLWD for 2010 with US Census Non-employer data for 2009. Non-employer statistics provides the only annual source of detailed and comprehensive data on the scope, nature, and activities of businesses with no paid employees or payroll at the borough level (Non-employer data lags by two years, and is released in July).

⁹ Data Notes: ADOLWD wages and US Census non-employer wages are easily combined. Annual wages are annual wages. However, because of limitations in source data, two important measurement differences exist between the two sets of employment estimates. First, the self-employment estimates are largely on a place-of-residence basis rather than on the preferred place-of-work basis, (so money earned in Haines by self-employed individuals during the summer would not necessarily be reported as Haines earnings). Second, the self-employment estimates reflect the total number of sole proprietorships or partnerships active at any time during the year--as opposed to the annual average measure used for wage and salary employment (so, a self-employed business owner that is active for one month of the year counts as one, while a salary employee that is employed one month of the year would count as one-twelfth.) Both sets of data make no differentiation between year-round part-time and full-time employment. Due to confidentiality reasons, data was not presented in full for each category, resulting in the "+" designations in the table, along with "other self-employment: non-disclosed". Small adjustments were made to Tourism and Transportation categories to include scenic and sightseeing transportation providers in Tourism, and remove it from Transportation.

¹⁰ Fishing Notes: The commercial fishing and seafood processing employment numbers here do not match the "Haines Borough by the Numbers" fisheries data due to methodology. Seafood processing employment here is presented in ADOLWD average annual employment (so total employees for each month, added together, divided by 12 months) while Seafood Processing Jobs from the "By the Numbers" is the total number of seafood processor workers all together during the year, 238. Also – commercial fishing jobs in "By the Numbers" are from Alaska Department of Fish and Game fishermen and crew data given to CFEC and have no wages associated with the counts. The commercial fishing jobs and wages listed in this table are derived from the non-employer US Census data, which counts self-employed individuals using business income tax return data. A Haines commercial fisherman who submitted a tax return would be counted in this dataset.

5.8 Sector by Sector Economic Analysis

As for the Section 5.7, the analysis and information in this section is based on the results of combined Haines 2010 ADOLWD employee wages and jobs data and 2009 US Census 2009 self-employment earnings.

5.8.1 “Location-Neutral” or “Mobile” Workers

“Location-neutral” or “mobile workers” are people who can work from anywhere and productively deliver what they need to for their employers or for their own businesses. This segment of the workforce is growing in size nationally.

Haines already has residents and small business owners that could live anywhere and have chosen Haines for their home. Expanding the number of these location-neutral workers and business owners is a third over-arching economic development strategy. These could be Kensington or Greens Creek workers, those making a living from internet-based work, artists and writers, certain retirees, etc. The economic impact of local neutral workers includes local spending for payroll, business spending, business visitors, household spending and charitable giving. This is money coming to Haines that would not otherwise be there. And, because they have deliberately chosen the community where they live, these individuals tend to be committed to and actively involved in community and participate with local non-profits, children’s sports, schools, churches and civic clubs.

Other places have surveyed these workers within their community and found that they tend to be well-educated, have high household income, are between the ages of 35 and 54 years, and are successful enough to relocate their businesses, customers and families. A survey in a rural northwest Colorado county showed that top attractants for these workers was a ‘sense of community,’ places that are ‘real towns,’ have assets for children, locally recognize ‘location-neutral workers’ as a segment of the business community, are places with a sense of safety, and also that the environment and the outdoor lifestyle was an important asset. There is no specific information about these workers in Haines to know definitively what brought them but the traits named in rural Colorado certainly sound a lot like Haines.

Business services such as nearby airlines, overnight delivery, internet access and speed, and telecommunications, access to support services (e.g. printing, shared secretarial, book keeping) as well as recognition of their contribution to the community and formal opportunities to network have been found to be important to support these workers in other places.

Haines could survey its current location-neutral workers and identify the business and community services and needs that would support and grow this component of its workforce and economy.

5.8.2 Economic Value of Subsistence and Personal Use Harvest

Subsistence use in Haines is a way of life long established in local Alaska Native cultural traditions. Hunting and gathering for food is also practiced by a majority of Haines non-Native residents and is a vital part of the interaction among all residents. Many local "sport" users subsist on the fish and game they harvest, and the substantial local commercial fish harvest gives needed jobs to the community and the opportunity to bring home "subsistence" fish which are consumed by fishing families and shared with neighbors. For the Tlingit people of Haines subsistence is a part of their custom, ritual, and religion. The tradition of sharing seafood harvest with friends and the elderly is still very alive in Haines.



Cory Mann examines his salmon catch, photo
Luke Griswold-Tergis & Cory Mann

There is high use of subsistence-based resources to supplement diets and reduce required food spending in Haines; thus subsistence information is in the economics section of the Comprehensive Plan. According to the US Forest Service, the Southeast Alaska subsistence harvest is 5.6 million pounds of wild foods, valued at \$28 million on an annual basis.¹¹

Based on older ADF&G Division of Subsistence data, 89% of the Haines population use salmon and 86% used non-salmon fish (herring, herring roe, smelt, cod, flounder, greenling, halibut, perch, rockfish sculpin, sole, char, grayling, and trout). Just under 10% of all households used marine mammals, while 77% used marine invertebrates.¹²

Local dependence upon subsistence harvests has been well documented by the US Forest Service and ADF&G, Division of Subsistence (Tongass Resource Use Cooperative Survey (TRUCS), 1988, 1996), by a study for the Central Council of Tlingit and Haida Indians of Alaska in 1983 that more precisely specifies subsistence use patterns for the Haines Community, a 1983 ADF&G, Division of Subsistence comprehensive survey of subsistence use in the Haines area under the title Salmon Use by the Residents of the Chilkat and Chilkoot River Drainages, a 1996 ADF&G follow-up TRUCS survey, and a 2008 marine mammal survey.

The most recent comprehensive survey was in 1996 for 92 households. It showed a substantial increase in overall pounds of subsistence resources harvested per person - up from 97 pounds in 1983 to 196 pounds. Overall, pounds per person of all salmon species were up by almost 53% with only Chinook salmon harvests per person down. Pounds of non-salmon fish species, especially eulachon, flounder and rockfish were higher per person by more than 54%. Moose,

¹¹ http://www.fs.usda.gov/Internet/FSE_DOCUMENTS/stelprdb5308986.pdf

¹² NOAA, Community Profiles for North Pacific Fisheries – Alaska/South East Alaska/Haines

bear and goat harvests were higher in 1996 over the earlier study period, but deer harvests were lower.

Of the fish species harvested, sockeye salmon, and eulachon were the most important in terms of pounds of edible weight per person. Moose was the principal land mammal used by 67% of Haines households, and contributing almost 13 pounds per person. For the 32% of households using birds, ptarmigan and grouse, and mallards, widgeon, teal, and scaups were the principal species of birds used. Crab and shrimp were the principal marine invertebrates used by Haines households in terms of edible weight per person. A variety of berries, including blueberries, high bush cranberries, raspberries, wild strawberries and salmonberries, and seaweed, were the important vegetation resources used.

Eulachon strung up for drying or smoking.

www.sheldonmuseum.org/subsistencefishing.htm



The harvest of eulachon is identified as a very important subsistence fishery in the Haines study area. Eulachon are fished intensively from shore in the subsistence dipnet fishery during their spawning migration. They are rendered by the local Tlingits for oil, smoked, or frozen to eat whole. As a nutritional necessity, eulachon oil is an important trade item between the Chilkat/Chilkoot Tlingits and the Alaska Native communities of the rest of Southeast Alaska. It is traded for other traditional and nutritionally essential products such as seaweed and seal oil. The eulachon oil trade has an extensive history and tradition in the region. Both current and historic eulachon harvest pits are valued.

The 1996 survey sample resulted in an estimate that Haines households harvest more than 420,919 pounds of wild resources. Some Haines households used as many as 47 different animal or plant species, while other households used none. The average (mean) number of different wild resources used by Haines households was 15, out of a possible 196 species listed on the survey (Table 5-20).

According to the TRUCS study most households received subsistence items from others in addition to those they harvested. Items received were in all species listed below under "harvested" plus the following additional species presumably received through barter both locally and non-locally in Alaska: goat (6%), harbor seal (5%), shrimp (19%), sea urchins (3%), octopus (1%), gumboot (5%), herring eggs (10%).

TABLE 5- 20 SUBSISTENCE HARVEST AVERAGE NUMBER SPECIES HARVESTED HAINES HOUSEHOLDS (1996)			
	Total Pounds Harvested	Mean Pounds Per Household	Pounds Per Capita
TOTAL	421,429	535	196
Fish	299,566	380	139
Salmon	125,619	159	58
Non-Salmon	173,947	221	81
Land Mammals	62,811	80	29
Marine Mammals	2135	3	1
Birds and Eggs	3,008	4	1
Maine Invertebrates	22,599	29	11
Plants and Berries	30,798	39	14

Source: Wildfoods Resource Harvest in Haines, Household Survey. ADF&G 1996.

The implementation section of this chapter includes an objective to maintain and enhance subsistence resources and opportunities for all citizens.

5.8.3 Government

The economy of Haines is reliant on public sector employment and spending. State, federal, local and tribal government comprises 15% of total local jobs and 18% of Haines wages, making this a top sector in Haines. Government jobs have added significance, since public sector wages are higher paying, typically fulltime, and more likely to provide “family-wage” jobs. On average, Haines government jobs pay 26% more than private sector wages. Since wages in Haines are generally lower than more areas in Alaska, these higher paying jobs provide an important, stabilizing component to the local economy.

The top three employers of Haines residents in 2010 are the State of Alaska, Haines Borough School District and Haines Borough. Haines has fewer federal government jobs than many other places in the region, both a benefit and a challenge. On one hand, having more high wage federal salaries coming to the community would be attractive; at the same time, the fact that most government jobs are local provides the Borough with significant control over this sector. But, cuts to the local government workforce or even local taxes can have a larger detrimental impact on the economy than would be the case in other places.

It is important to recognize the workforce and economic stability that government employment in Haines provides.

Haines Borough library staff are just a few of the government employees in town.



5.8.4 Commercial Fishing and Seafood Processing

The seafood industry is one of the top two private sector employers in both Haines and Southeast Alaska in terms of wages. In Haines, the seafood industry accounts for 16% of all work-related earnings. In Southeast Alaska, the seafood industry accounts for 13% of all regional wages, and 10% of all employment. The largest private sector employer in the Haines Borough is Ocean Beauty Seafoods in Excursion Inlet (though approximately one-third of its employees are non-Alaskan residents). In addition, the State's fishery business tax is shared with the Haines Borough based on how much processing occurs within the Borough (\$122,050 in 2010). Fish sales and processing in Haines Borough also generated \$66,000 in sales and property tax in 2010. The Ocean Beauty fish processing plant is also Haines's largest property tax payer.

Commercial fishing has been a key industry in Haines since it started in the 1880s. The Chilkoot and Chilkat watersheds are renowned for their productive wild salmon habitat. Recent run declines are of great concern to the Haines Borough. ADF&G suggest this is a result of fishery management, but some Borough residents believe it is linked to a loss of habitat productivity. Expert biologists and limnologists have been retained by the Borough to assess this situation.



Haines commercial fisherman Norman Hughes teaching a future fisherman about Dungeness Crab in Lynn Canal

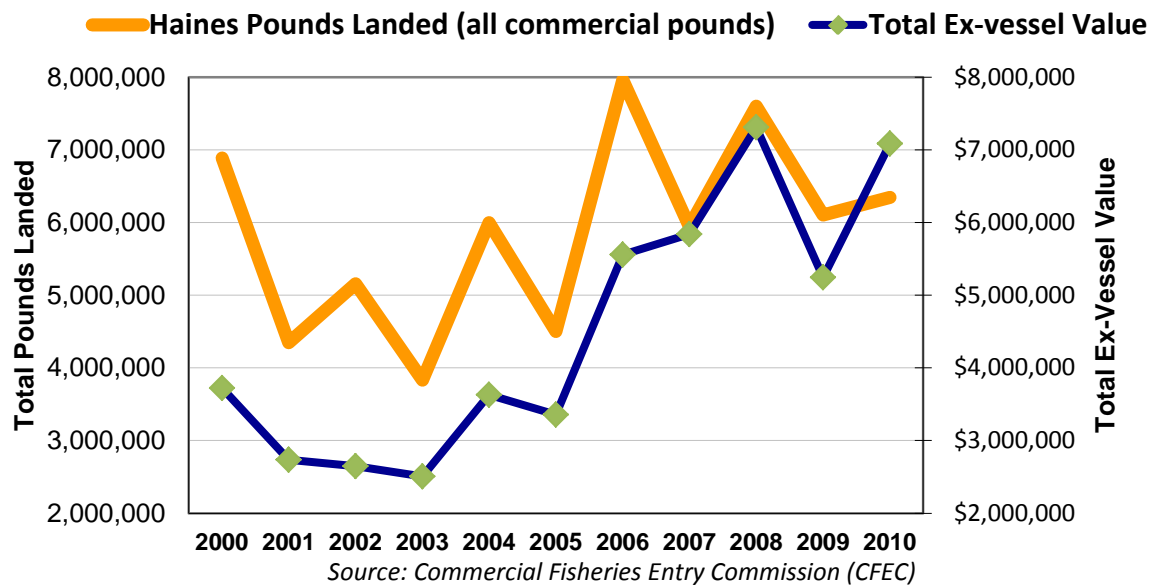
Salmon remains the bedrock for Haines' small boat fleet, but Haines fishermen also harvest a diverse array of high value, low volume fisheries. The top fisheries pursued in Haines are salmon, halibut, sablefish and other shellfish. In 2010, 107 Haines residents were permit holders and 90 fished alongside of 87 local crew members. The ex-vessel value (or money paid to Haines fishermen) this year was \$7.1 million. There were 85 commercial vessels home ported in Haines in 2010. The bulk of the Haines gillnetting fleet (62 permits) sell to Ocean Beauty Seafoods¹³ at Excursion Inlet.

Despite its dominance in the Haines economy, the value of the industry to the community has been volatile in the last decade. The gross ex-vessel value of the catch by Haines fishermen has made dramatic leaps and falls: dipping to \$2.5 million in 2005, and peaking at \$7.3 million in 2008. While 2011 harvest numbers and values aren't in yet at the Alaska Commercial Fisheries Entry Commission (CFEC), indications are that ex-vessel value will be even higher than the previous recent peak in 2008 since the value of salmon was up significantly in 2011. Pink salmon prices averaged 42 cents in the summer of 2011 (up from 30 cents the summer of 2010¹⁴). The total pounds landed by Haines fishermen has also varied widely, despite the fact that the number of Haines resident permit holders involved in commercial fishing remained mostly flat throughout the last decade.

¹³ Renewable Energy Fund Round IV Grant Application AEA 11-005 Haines Borough Excursion Inlet Hydro Project Reconnaissance and Feasibility

¹⁴ http://www.sitnews.us/LaineWelch/090211_fish_factor.html

Chart 5-21 Haines Harvest and Value Information, 2000-2010



Some fishing employment is not tracked by ADOLWD since many fishermen are self-employed. However, the US Census tracks the number of W2s filed by self-employed fishermen. In 2009, 73 Haines fishermen filed tax returns that reported total earnings of \$4.1 million, for an average Haines commercial fishing income that year of \$56,178.

Like all wages, earnings generated from commercial fishing circulate in the local economy through property and sales taxes; purchases of homes, rentals, hotels, electricity, entertainment, fuel, vehicles, food, repair and maintenance parts, transportation, travel, medical, and other services. But because there are so many commercial fishermen and crew in Haines, virtually every business in Haines benefits from commercial fishing dollars.

The State shares half the fishery business tax it collects with the municipality in which processing occurs. In 2010, the Haines Borough and the State of Alaska each received \$122,050 in fishery business taxes from processing activity and landings in Haines Borough. This was down from \$278,744 in 2009. The Borough estimates that 95% of this tax revenue is generated by Ocean Beauty operations in Excursion Inlet.¹⁵

¹⁵ Renewable Energy Fund Round IV Grant Application AEA 11-005 Haines Borough Excursion Inlet Hydro Project Reconnaissance and Feasibility

*Two views of Ocean Beauty Seafood's Excursion Inlet Processing Plant
Top: Looking south at plant. Bottom: Looking north up Inlet at Plant, Neva Lake visible at to right*

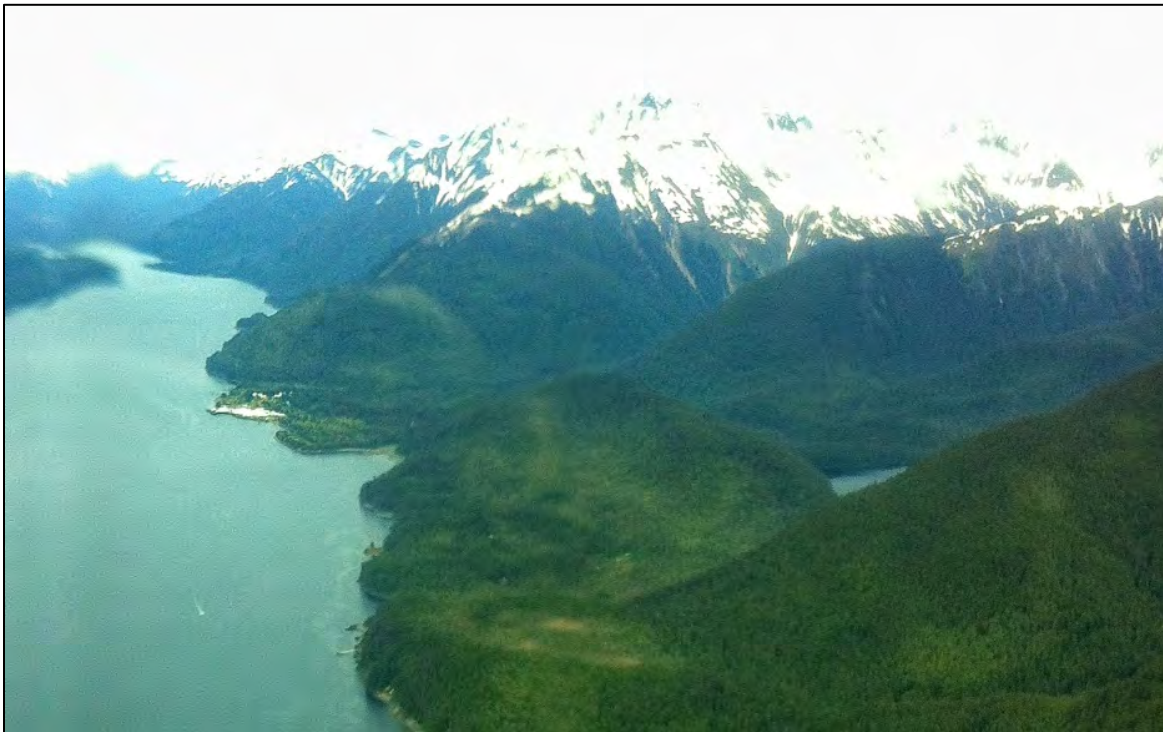


TABLE 5-22 HAINES COMMERCIAL FISHING & SEAFOOD STATISTICS, 2000-2010

	2000	2005	2006	2007	2008	2009	2010	Change 2005- 2010
Haines (unique) permit holders (all fisheries) ¹	127	115					107	
Haines Fishermen (who fished) ¹	96	83	73	84	86	83	90	8.4%
Haines Crew ²	136	85	83	97	87	97	87	2.4%
Total Haines Residents who Fished ¹	232	168	156	181	173	180	177	5.4%
Haines Pounds Landed (all commercial pounds) ¹	6,885,562	4,501,814	7,962,812	5,945,493	7,601,718	6,105,387	6,346,538	41.0%
Total Ex-vessel Value ¹	\$3,720,277	\$3,356,175	\$5,560,082	\$5,839,502	\$7,312,504	\$5,243,527	\$7,084,928	111.1%
Commercial Vessels Home Ported in Haines ⁴	122	89	81	82	81	85	85	-4.5%
State Shared Business Fish Tax to Haines ⁶	\$238,339	\$150,554	\$135,524	\$190,641	\$167,235	\$278,744	\$122,050	-18.9%
Seafood Processing jobs ³	na	437	278	440	371	400	238	-45.5%
Haines Residents ³	na	46	27	40	29	40	24	-47.6%
Seafood Processing wages ³	na	\$3,587,374	\$2,343,786	\$3,371,472	\$2,833,715	\$2,736,381	\$1,916,365	-46.6%
Individual Haines Fishermen Tax Returns ⁵	na	82	83	82	78	73	na	
Self-employment commercial fisheries wages ⁵	na	\$3,163,000	\$5,425,000	\$4,999,000	\$4,686,000	\$4,101,000	na	na

Sources: 1. Commercial fishing permit activity, estimated harvest and earnings by permit holders are from AK Commercial Fishery Entry Commission (CFEC) at: <http://www.cfec.state.ak.us/qpbycen/2010/mnu.htm> 2. Crew numbers are from ADF&G 2010 Crew license list, as reported to CFEC. 3. Processor Employment and Wages Data from ADOLWD <http://labor.alaska.gov/research/seafood/statewide/AKSFPBorca.pdf> 4. Vessel home port numbers are from CFEC – online at <http://www.cfec.state.ak.us/plook/> 5. Self-employment wages and numbers of fishers from U.S. Census Non-employer Statistics (the US Census coordinates this information with Internal Revenue Service tax return data. 6. Shared fish taxes from 2010 Dept of Revenue Shared Taxes report.

There are five seafood processing facilities in Haines Borough. In 2010, there were 238 seafood processing jobs in Haines, although only about 10% of these jobs were held by Haines residents.

The largest facility is the Ocean Beauty Seafood's plant in Excursion Inlet, purchased in 2003 after Wards Cove Cannery closed the year before. According to NOAA, the Ward Cove cannery was one of the largest in the United States, employing over 300 people and producing 550,000 cases of canned salmon and 10 million pounds of frozen fish in 2002. Without the Ocean Beauty purchase, the closure of the plant at Excursion Inlet would likely have affected many sectors of northern Southeast's economy and left fishing supply and fuel businesses in Juneau and Haines with significantly fewer customers. The Ocean Beauty processing plant processes pink and chum salmon, as well as salmon roe, salmon caviar, halibut and sablefish.¹⁶ Ocean Beauty currently employs around 240 employees during the summer, and buys from 27 trollers, 38 seiners and 62 gillnetters, the majority residing in the region.¹⁷

The other four shore based seafood processing facilities in Haines are Haines Packing Company, Bell's Seafood, Chilkoot Fish & Caviar Inc., and Dejon Delights Ltd. In 2009—excluding Ocean Beauty—174,576 pounds of seafood were processed in Haines by shore-based processors, with a wholesale value of \$824,483.

The Haines Packing Company is located at one of the oldest cannery sites in Alaska at Letnikof Cove on the Chilkat Inlet. Haines Packing Company opened a new processing facility in 2007 and all five species of wild Alaska salmon are delivered to the company by the local fishing fleet. Dejon Delights Ltd. is a family owned and operated custom smokehouse in Haines that began operations in 1984. It has retail outlets in both Haines and Skagway. Fish are processed on site and custom products produced for retail sales. Chilkoot Fish & Caviar LLC has 15-20 boats fishing for it each summer in northern Southeast Alaska. They processed in Haines (at the Chilkoot Lumber Dock processing facility) from 2003-2009. The last year they shipped 45 trucks of product via road. Their processing is now generally done in Juneau.

Concerns and Opportunities

Major economic development objectives are to sustain and enhance Chilkat and Chilkoot salmon runs and add value to local commercial fisheries.

One processor in Haines still buys fish from local fishermen but processes it in Juneau now because operating costs (electricity primarily) are significantly less expensive there. Another challenge for Haines processors is the break in fish runs during August making it hard to keep local workers busy that month until the large September fish run starts. Processing in Juneau however means lost shared state fish tax revenue to the Haines Borough as well as less overall activity and business in town. Creative ideas such as a worker cooperatives and negotiated

¹⁶ NOAA, Community Profiles for North Pacific Fisheries – Alaska/South East Alaska/Haines

¹⁷ Renewable Energy Fund Round IV Grant Application AEA 11-005 Haines Borough Excursion Inlet Hydro Project Reconnaissance and Feasibility

reduction in electrical rates for a time to encourage business development or expansion might be explored.

Fishermen need a place in Haines to haul out their fishing vessels that is set up to comply with environmental regulations, has electricity and water, some covered workspace and a place for secure storage. Those with local knowledge suggest that about 30-40 Haines-based vessels go to Skagway to be hauled out each year and stored, lost local business. The Borough should identify and prioritize infrastructure needed to increase spending of the commercial fleet on vessel and gear storage, repair and maintenance in Haines. This could include designating an area and investing in a Marine Industrial Park with lease lots or rental space near the waterfront. It would provide space where repair and maintenance work could be done on vessels and gear, boat storage, and more. Small boat harbor improvements that support the fleet such as protecting the harbor from southerly wind and waves and providing more slips for the 32-40 foot vessels would also be beneficial. One idea suggested was to determine if a cold storage, where smaller processors and individuals could lease product space, would encourage local value-added sales and processing. A loan program to support Community Fishing Quota purchase was also enacted by the 2012 Alaska Legislature. Perhaps a negotiated reduction in electrical rates for a time to encourage business development or expansion like this could be explored.

Another action is supporting Haines School and others to offer voc-ed training and internships that reduce barriers for young people to enter commercial fishing, such as business and accounting skills, small engine repair, and welding.

The Borough's harbor icehouse is underutilized by the fleet. An analysis to determine why and address issues raised should occur.

Salmon runs have been decreasing in recent years. The Borough should work with agency and other professional limnologists and fisheries biologists to restore Chilkoot and Chilkat Lake sockeye runs to historic levels of productivity. The Takshanuk Watershed Council (TWC) places great emphasis on protecting and enhancing anadromous fish habitat. They have identified several places where fish passage is either restricted or blocked, or wetlands adjacent to fish streams could be enhanced and thus function better. They regularly collaborate with the Haines School, local business and property owners, the Borough and ADOT&PF to accomplish culvert replacement and other habitat upgrades to enhance anadromous fish habitat. Enhancement, restoration, or education project opportunities include the following (for more information contact TWC):

1. Main stem of Sawmill Creek downstream of Haines Highway to Sawmill Creek Rd. (Middle school water quality research project is here)
2. ADOT&PF Yard when relocated
3. Wetlands adjacent to Chilkoot Estate
4. Holgate Creek culvert at One Mile
5. Letnikof Creek, restore fish passage on two culverts
6. Swimming Hole near the Porcupine Bridge

7. Golf Course (nature trail connecting Jones Point Trail)
8. Toad Pond restoration
9. Restoring wetland fill on Loomis property to emergent wetland
10. Big Boulder Creek
11. Sawmill Creek (move out of ditch in several locations)
12. Tide pools on Borough land in Portage Cove (partially completed in 2012)
13. Sheep Canyon Lake access channel, restore bank vegetation

5.8.5 Tourism

In the last decade, tourism as a whole has been the fastest-growing industry in Southeast Alaska. Regionally, tourism is the largest private sector employer accounting for 15% of all regional employment, and 10% of all regional wages. The visitor industry is the largest industry in Haines by number of employees. Among other jobs this includes visitor-related transportation employment, tours, and leisure & hospitality (restaurants, lodging) businesses. Tourism related employment accounts for 19% of all employment in Haines and 12% of work-related income. The Haines economy is thus somewhat more reliant on tourism than the region as a whole.

Unlike many places in Southeast where tourism is significant Haines does not have multiple cruise ships a day; it generally has just one per week. Visitor arrivals in Haines can be reviewed on Table 5-23. The number of cruise ship passengers visiting the Borough dropped from the peak of 187,000 passengers in 2000. In 2011, just over 27,000 cruise ship passengers visited Haines. The loss of cruise ship passenger revenue was detrimental to some sectors of the Haines visitor industry and to the local economy as a whole. Cruise ship passengers who visit Haines spent \$85 per person in 2011 (2011 Haines Cruise and Fast Ferry Passenger Survey, McDowell Group). Accordingly, if Haines could replicate the cruise ship passenger numbers of 2000, passengers would spend approximately \$16 million in Haines—rather than the \$2.3 million spent in 2011.

Haines supports increased cruise ship tourism (Table 5-24). In the 2011 Community Opinion Survey residents were asked what they thought the “ideal” number of large cruise ships per week would be for Haines. The most common response was three ships (29%) and the average number suggested was 2.4 ships.

TABLE 5-23 PASSENGER ARRIVALS IN HAINEs, 2000 TO 2011										
	2000	2005	2006	2007	2008	2009	2010	2011	Change 2000- 2010	Change 2005- 2011
Cruise ship passengers	187,397	31,968	31,278	23,178	41,770	41,304	30,850	27,263	-84%	-15%
Cruise ship crew	72,574	16,680	13,446	10,471	17,653	17,953	13,408	11,930	-82%	-28%
Haines-Skagway fast ferries passengers					30,893	25,440	28,317	28,465	na	na
People crossing Border into Haines	45,252	39,250	38,719	35,032	33,669	32,776	35,576	30,533	-21%	-22%
Bicyclists and pedestrians crossing Border into Haines	211	268	420	524	318	596	377	393	79%	47%
Port Departures	613	591	612	508	619	574	574	641	-6%	8%
AMHS passengers disembarking in Haines	38,779	32,223	29,759	31,502	34,214	30,944	32,987	33,284	-15%	3%
Enplaned passengers entering Haines	n/a	7,814	7,386	7,762	6,570	5,899	9,598	8,041	na	3%
Total Passenger Arrivals	344,213	128,203	121,008	108,469	165,087	154,912	151,122	142,408	-56%	11%

Sources: Bureau of Transportation Statistics, Haines Visitors Bureau, Alaska Marine Highways

TABLE 5- 24 WHAT WOULD BE THE IDEAL NUMBER OF LARGE SHIPS PER WEEK?	
	% of Total
0 ships	3%
1 ship	18%
2 ships	11%
3 ships	29%
4 ships	13%
5+ ships	24%
Average # of ships	2.4 ships
Don't know/refused	2%

2011 Community Opinion Survey

Despite receiving few cruise ships in port, Haines benefits from the Skagway cruise ship port of call because Haines businesses and the HCVB worked to develop opportunities for cruise passengers to visit Haines during their stay in Skagway. In 2011, approximately 28,500 cruise ship passengers visited Haines via fast day ferry between Skagway and Haines to do day excursions in Haines. These visitors spent an average of \$135 per person in Haines during their stay in 2011, or \$3.8 million (2011 Haines Cruise and Fast Ferry Passenger Survey, McDowell Group). Dependable fast day boat runs between these communities is essential to capture this business.

The Haines Borough's Convention and Visitor Bureau has partnered with community organizations and businesses to actively create destination events and market them. The Haines Chamber of Commerce's annual events calendar lists a number of activities that attract nearly 15,000 independent visitors annually (Chart 5-25). The largest of these is the multi-day Southeast Alaska State Fair that features live music, food, arts and crafts, farm animals, and amusement rides. In 2011, this event attracted 11,500 people. The next largest event is the 148 mile Kluane Chilkat International Bike Race in June, popular with local, Juneau and Whitehorse residents.

Chart 5-25 Haines Event Visitors, 2008-2011

