

# ECONOMIC DEVELOPMENT

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## Introduction

Dillingham is the largest community in Bristol Bay, with approximately 2,264 people<sup>1</sup>. It is the government, service and transportation hub for the region. The cornerstone of the local economy is the commercial fishing industry. Regional and local government agencies provide significant year round employment sources. The tourism industry is an important source of seasonal employment during the summer and fall months.

Dillingham has a number of important assets that give the community its economic foundation today and provide the basis for further strengthening the local economy. These include:

- The world's largest Chinook and sockeye salmon runs and a long history of hardworking, committed and successful commercial fishers;
- Nushagak and Wood River systems;
- It is a coastal community with abundant fresh clean water;
- State and National Parks and Refuges, including Wood Tikchik State Park, Walrus Islands State Game Sanctuary, Togiak National Wildlife Refuge and Katmai National Park;
- Rich local and regional Alaska Native history and culture;
- Natural amenities: open spaces, wildlife, recreational opportunities, local sources of rock, sand and gravel;
- Hub status: location of regional non-profit organization headquarters, including Bristol Bay Native Association, BBNA Workforce Development, Bristol Bay Housing Authority, and Bristol Bay Area Health Corporation;
- Local Tribal organizations;
- University of Alaska Fairbanks Bristol Bay Campus;
- Infrastructure: regional paved 6,000-foot airport with jet service, all-tides dock and port, and the only protected harbor in Bristol Bay;
- Community Development Quota organization: the Bristol Bay Economic Development Corporation.

Dillingham is planning for economic growth in the form of a trained and supported workforce, expanded and new commercial fishing facilities and businesses, and the development of new businesses to meet community and regional needs. This will occur within an existing economy that prioritizes traditional subsistence values and a strong respect for the land, wildlife and traditional peoples of Dillingham and Bristol

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<sup>1</sup> Alaska Department of Labor and Workforce Development estimate, January 15, 2010.

Bay. Large development projects like the Pebble Mine and potential onshore and offshore oil and gas exploration will continue to spark community-wide debate. Dillingham residents must work together to create policies that strike the right balance between increased community wealth and maintaining the assets the community holds dear in order to ensure sustained prosperity for generations to come.

Outlined below are some of the current trends and issues that affect Dillingham's potential for economic development. This background information informs the economic development policies (goals, objectives and strategies) that follow.

## **Trends & Pertinent Issues**

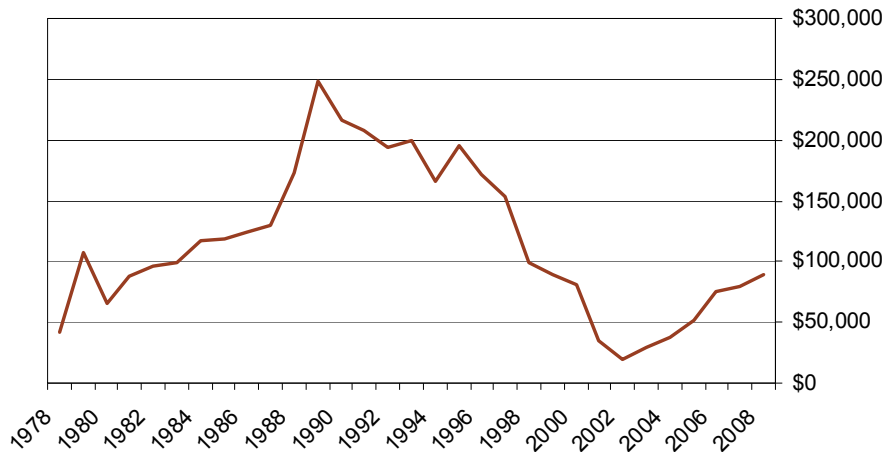
### **Commercial Fishing**

Salmon fishing has been the mainstay of the Dillingham area economy for over a century and the lifeblood of the subsistence economy for many centuries prior to the opening of the first canneries. Other fisheries (including herring, halibut and groundfish) are also important.

Under the terms of the federal Magnuson-Stevens Act, Dillingham and other coastal Bristol Bay villages are part of a "community development quota" system (CDQ). This system distributes a portion of the allowable harvest of offshore groundfish fisheries among member communities to support community development. The local CDQ group is the Bristol Bay Economic Development Corporation, which receives and manages these funds, which run into the millions of dollars annually. BBEDC has funded everything from internships to educational programs and fishery infrastructure improvements.

After several disastrous years due to a crash in prices and low returns in the 1990's, employment in the fishery is stabilizing and the value is increasing. Another sign of recovery in the fisheries is the increasing value of fishing permits. Table 1 below illustrates this recovery, showing a low of \$19,700 in 2002 that rose to \$78,300 in 2009. Renewed efforts to add value to the raw resource through improved handling and processing and expedited transport to markets may strengthen these trends in future years. The future of healthy fish stocks is dependent on maintaining a healthy marine ecosystem.

**Table 7.1 Value of Drift Gillnet Permits, 1978-2008**



### Employment Opportunities & Workforce Development

Employment in Dillingham is largely centered in federal, state, regional and local (City and Tribal) government. The two largest employers in the area are the Bristol Bay Area Health Corporation and the Bristol Bay Native Association, each with about 250 employees, and the Dillingham City School District (100). The workforce in these sectors and in Dillingham in general is aging. Workers over the age of 50 make up at least 15 percent or more of the workforce in eight industries. Industries that attract younger workers are natural resources and mining, trade, transportation and utilities, professional and business services, and leisure and hospitality.<sup>2</sup> However, many of these industries provide a lower than average monthly wage. For example, leisure and hospitality (\$1,355) and trade, transportation and utilities (\$1,795) are industries both below the average monthly wages for the Dillingham Census Area in 2008 (\$2,770).<sup>3</sup> If Dillingham’s youth and young adults are to replace the aging workforce in higher paying positions, local entities must work together to give young people the necessary skills to compete for opportunities created as older workers retire and leave the workforce.

### Tourism

Dillingham is well positioned to market itself as the gateway to Bristol Bay. As indicated by visitor data for Southwest Alaska, Dillingham serves as the entry point for visitors traveling to fishing and hunting lodges in the region. The Alaska Visitor Statistics Program (AVSP) report for Summer 2006 shows that 3.3 percent of Alaska visitors (approximately 54,000) visited Southwest Alaska (which includes the Y-K

<sup>2</sup> These industries have a much higher percentage of workers under 50. Natural resources and mining (less than 10 percent), trade, transportation and utilities (20 percent), professional and business services (15 percent), and leisure and hospitality (25 percent) all have low percentages of workers under 50. Several industry areas have percentages of workers over 50 that are between 30 and 45 percent (e.g., state government, education and health services).

<sup>3</sup> Source: ADOL&WD.

Delta, Bristol Bay, and Kodiak). Kodiak received 20,000 of those visitors, with the remaining 34,000 visiting the Y-K Delta or Bristol Bay, coming through Bethel or Dillingham. The AVSP also examines the activities of these visitors while they were in Alaska. Of the visitors to Southwest Alaska, 47 percent purchased multi-day packages. These packages included a variety of activities: 50 percent were for fishing lodges, 23 percent for adventure tours, and 20 percent for wilderness lodges.<sup>4</sup>

The sport fishing industry is a major source of tourism spending and employment. Many businesses in the community cater to this industry, and a large number of licenses are sold each year. In 2000, ADF&G reported that there were 674 sport fishing licenses sold in Dillingham to Alaska residents and a total of 2,210 licenses sold to nonresidents.<sup>5</sup> In Bristol Bay, a total of 1,252 full time equivalent jobs were supported by the sport fishing, sport hunting and tourism sectors in 2005; an estimated 34 percent of those were local or Bristol Bay residents. Over 50 percent were non-local Alaska residents and the remainder nonresidents.<sup>6</sup> The average estimated payroll for those employed in the sport fishing sector is included in Table 2 below. Nonresidents are paid, on average, over \$6,000 more than Bristol Bay residents as estimated by the 2005 report, *Economics of Wild Salmon Watersheds: Bristol Bay, Alaska*, published by Trout Unlimited.

The gap between local and non-local wages in the guiding industry highlights the need to implement the strategies identified in this chapter to retain greater local benefit from the tourism industry.

**Table 7.2 Total Payroll and Employment in Bristol Bay Sport fishing Sector, 2005**

Sport fishing			
	Total Payroll (in million \$)	Total FTE	Average Payroll
Bristol Bay Residents	\$8.18	288	\$28,403
Non-local Residents	\$14.49	435	\$33,313
All Alaska Residents	\$22.67	723	\$31,357
Nonresidents	\$4.30	123	\$34,984

Source: *Economics of Wild Salmon Watersheds: Bristol Bay, Alaska*. Feb 2007. Trout Unlimited

<sup>4</sup> Source: <http://www.commerce.state.ak.us/oed/toubus/pub/AVSPSSummer2006Final.pdf>

<sup>5</sup> Source: Sepez, et.al. Community Profiles for North Pacific Fisheries – Alaska. NOAA. 2005.

<sup>6</sup> Source: <http://www.bbna.com/PureBristolBay/Economics%20of%20Wild%20Salmon%20Ecosystems%20in%20Bristol%20Bay%202-23-2007.pdf>

## Renewable Resource Development

Renewable resource development equates to a sustainable community. Our most valuable renewable resource is an educated and motivated workforce. The second most prominent renewable resource in the regional economy is the intact salmon ecosystem of Bristol Bay and the fishery resources that it provides. The Dillingham City Council recently passed a resolution opposing the proposed Pebble copper and gold mine<sup>7</sup> in the Bristol Bay area because of the potential long term negative impacts to the ecosystem and the communities of the area.<sup>8</sup> The Bristol Bay Native Corporation has also taken a stance opposing the development of the mine. Opposition to large scale mining centers on the potential impact to the commercial fishery in Bristol Bay as well as the potential long term socio-economic and cultural impacts.

## Subsistence

Many community members are dependent on subsistence resources, which are used by almost all households in Dillingham. The ADF&G report for the most representative year for Dillingham (1984) showed that 98 percent of households used subsistence resources.<sup>9</sup> The per capita harvest for all subsistence resources by community members was 234 pounds: 60 percent salmon, eight percent non-salmon fish, one percent marine mammals, two percent birds and eggs, 28 percent land mammals, and about three percent vegetation.<sup>10</sup> Any economic development project, program or activity must be measured against the biological and cultural importance of subsistence to Dillingham residents.

## Goals, Objectives & Strategies

*Overarching Goal:* Diversify and strengthen Dillingham's economic base to ensure a prosperous future for the community's residents while protecting the health of the environment.

Dillingham has all the prerequisites for a sustainable ecosystem based economy: abundant natural resources, renewable energy potential, cultural depth, regional organizations with the capacity to develop a trained, motivated workforce, and commitment on the part of federal and state and local governments to providing conservation units with capital and budgeted resources and expertise. This ecosystem will support the commercial sport and subsistence components of Dillingham's economy.

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<sup>7</sup> The mine, proposed by the Pebble Partnership, is at the headwaters of the Kaktuli River which lies in the Nushagak/Mulchatna watershed. Dillingham lies at the mouth of that watershed.

<sup>8</sup> Source: Article by Tammy Judd, "Dillingham Passes Resolution Opposing Pebble." Bristol Bay Times. Published on January 14<sup>th</sup>, 2010.

<sup>9</sup> Source: <http://www.subsistence.adfg.state.ak.us/TechPap/tp135.pdf>

<sup>10</sup> Source: <http://www.subsistence.adfg.state.ak.us/TechPap/tp135.pdf>

## **GOAL 1: Increase the role of commercial fisheries in the Dillingham economy**

Objective 1A: Increase the number of limited entry permits held by Dillingham residents.

Strategies:

1. Buy back permits.

Objective 1B: Support organizations working to raise the overall value of the fishery.

1. Increase processing opportunities; increase value added processing.
2. Increase infrastructure and resources needed for marketing.
3. Promote sustainability in fish harvesting and production.

## **GOAL 2: Devise and carry out strategies to educate Dillingham youth to become more competitive and productive members of the economy.**

Objective 2A: Support local organizations focused on youth training and youth opportunities.

Strategies:

1. Develop more programs targeting youth for workforce education, including more programs in the schools.
2. Reduce barriers for young people to enter the commercial fishery.
3. Support actions that train local youth for positions in the tourism industry, for example, the Bristol Bay Fly Fishing and Guide Academy, sponsored by the Nature Conservancy and Bristol Bay regional organizations.

## **GOAL 3: Support efforts to educate the local workforce and to provide opportunities for living wage employment.**

Objective 3A: Coordinate efforts to increase the level and range of skills of the local workforce.

Strategies:

1. Identify economic sectors with growth potential and work with employers and unions to develop training programs focused on the skills needed by these sectors. Ideas for training and businesses include:
  - End-of-season fishing vessel inventory and business,
  - Flight school and Airframe/Power Plant Certification,
  - Recycling center.
2. Support actions that train locals in hospitality, customer service and ethics.

Objective 3B: Reduce barriers to local employment in government agencies at all levels and facilitate access to local jobs.

Strategies:

1. Adopt and follow procurement processes that increase local hire and local contracting.
2. Encourage state and federal employers to maintain adequate local service delivery and presence in the community.

Objective 3C: Increase business skills.

Strategies:

1. Develop business partnerships and mentorships to train locals on how to start a business and be a successful business owner.

Objective 3D: Create new jobs and business opportunities in the marine industry and train the local workforce to be prepared to benefit from these opportunities.

Strategies:

1. Develop a “Waterfront Task Force” composed of key landowners and users (for example, BBNA, Curyung Tribe, BBEDC and the University of Alaska) to develop an integrated approach to training facilities, management, and industrial site development.
2. Develop a warm storage training and repair facility for year round boat maintenance.
3. Incorporate a technical school for training students in the boat and engine repair trades.
4. Invest in a boat lift for moving boats into and out of the warm repair facility.

#### **GOAL 4: Strengthen Dillingham’s position as a premier tourism destination.**

Objective 4A: Market Dillingham as a tourist destination and a gateway to the region.

Strategies:

1. Actively partner with local lodges, villages, land managers and statewide tourism interests to market the area’s attractions and services; representatives from each entity should work together to create a sustainable marketing group for Dillingham.
2. Review and improve past tourism marketing efforts to promote a diverse package of things-to-do and sights-to-see.
  - Create a walking map of Dillingham;

- Update hardcopy marketing information (for example, the “101 things to do in Dillingham” brochure);
  - Provide better information at the airport regarding Dillingham and regional tourism attractions and services. Develop a “Welcome to Dillingham” packet.
3. Identify additional, sustainable resources to market Dillingham (for example, dedicating a portion of the bed tax to marketing efforts).
  4. Develop a dialogue with local transportation providers to create attractive, affordable, yet profitable Bristol Bay tour packages.
  5. Support locally-owned tourism businesses through a shared marketing and booking website.

**Objective 4B:** Support facility and infrastructure improvements to increase visitor interest in Dillingham and improve access to local businesses and attractions.

Strategies:

1. Develop the H. Harvey Samuelsen Community Cultural center. Link the center to attractions in Dillingham and surrounding villages to create a web of visitor attractions.
2. Develop additional sightseeing areas and trails, boardwalks and ways to observe port operations.
3. Develop a way-finding system including interpretive signs, signage along streets, and walking maps.
4. Construct models of traditional Yup’ik buildings and provide local interpretation and storytelling.

## **GOAL 5: Grow local businesses and industries.**

**Objective 5A:** Encourage more and different processing facilities and products.

Strategies:

1. Investigate ways to capitalize on Dillingham’s location (close to water) and infrastructure (airport, runway).
2. Engage ADOT/PF and local air services to provide space to build and expand Dillingham’s infrastructure for transporting fish and fish products.
3. Explore and encourage ways to substitute locally produced goods for imported goods.

**Objective 5B:** Develop a regional business council to promote Dillingham and Bristol Bay businesses.

Strategies:

1. Build on the work of BBNA and SWAMC to create a representative regional business council.
2. Identify regional priority economic development projects that all communities can contribute to and benefit from. An example project would a world-class hiking trail in the Wood-Tikchik State Park.

**Objective 5C:** Support the development of new businesses, services, and/or products, e.g. fertilizer or fuel from fish waste.

Strategies:

1. Explore the feasibility and potential local economic benefit associated with developing a regional correctional facility. *(Note: needs further discussion.)*
2. Identify gaps in local private sector services and encourage business development to fill those gaps (see Table 7.2 Dillingham Businesses).

**GOAL 6: Support efforts that raise revenue and strengthen local capacity to deliver and expand community services.**

(see Implementation chapter for a discussion of fiscal and governance issues).

**GOAL 7: Promote Dillingham as the primary boat harbor and retail hub for the region and for the commercial fishing fleet and surrounding communities.**

(see Waterfront Plan).

**GOAL 8: Promote low cost energy, energy efficiency and conservation.**

(see Energy chapter).

**GOAL 9: Maintain and protect subsistence harvest areas and the subsistence economy.**

(see Land Use chapter).

**GOAL 10: Substantially improve the appearance and attractions of downtown Dillingham and the Dillingham airport to make this a more desirable destination for visitors and for residents.**

(see Land Use chapter).

## Implementation Plan

Priority Strategies	Timeframe			Primary Responsibility
	0-5 yrs	6-10 yrs	11-20 yrs	
<b>GOAL 1: Increase the role of commercial fisheries in the Dillingham economy</b>				
<b>Objective 1A: Increase the number of limited entry permits held by Dillingham residents.</b>				
1. Buy back permits.		x		BBEDC, BBNA
<b>Objective 1B: Support organizations working to raise the overall value of the fishery.</b>				
1. Increase processing opportunities; increase value added processing.	x			Private investors, with BBEDC & City support
2. Increase infrastructure and resources needed for marketing.	x			BBEDC, BBRSDA, private organizations
3. Promote sustainability in fish harvesting and production.	x			ADF&G, BBEDC
<b>GOAL 2: Devise and carry out strategies to educate Dillingham youth to become more competitive and productive members of the economy.</b>				
<b>Objective 2A: Support local organizations focused on youth training and youth opportunities.</b>				
1. Develop more programs targeting youth for workforce education, including more programs in the schools.		x		BBEDC, BBNA, School District, UAF BB campus
2. Reduce barriers for young people to enter the commercial fishery.	x			BBEDC; lending institutions
3. Support actions that train local youth for positions in the tourism industry, for example, the Bristol Bay Fly Fishing and Guide Academy, sponsored by Bristol Bay regional organizations.	x			The Nature Conservancy
<b>GOAL 3: Support efforts to educate the local workforce and to provide opportunities for living-wage employment.</b>				
<b>Objective 3A: Coordinate efforts to increase the level and range of skills of the local workforce.</b>				
1. Identify economic sectors with growth potential and work with employers and unions to develop training programs focused on the skills needed by these sectors.	x			UAF & Alaska Works
2. Support actions that train locals in hospitality, customer service and ethics.	x			UAF, Alaska Host program
<b>Objective 3B: Reduce barriers to local employment and facilitate access to local jobs.</b>				

Priority Strategies	Timeframe			Primary Responsibility
	0-5 yrs	6-10 yrs	11-20 yrs	
1. Adopt and follow procurement processes that increase local hire and local contracting.	x			BBNA Workforce Development UAF
2. Encourage state and federal employers to maintain adequate local service delivery and presence in the community.	x			BBNA Workforce Development UAF
<b>Objective 3C: Increase business skills in the local population.</b>				
1. Develop business partnerships and mentorships to train locals on how to start a business and be a successful business owner.	x			Bristol Bay Business Council (see Objective 3B)
<b>Objective 3D: Create new jobs and business opportunities in marine industry.</b>				
1. Develop a “Waterfront Task Force” composed of key landowners and users to develop an integrated approach to training facilities, management, and industrial site development.	x			City Port Commission
2. Develop a warm storage training and repair facility for year round boat maintenance.		x		BBEDC, BBNA, UAF
3. Incorporate a technical school for training of students in trades of boat and engine repair.		x		BBEDC, BBNA, UAF
4. Invest in a boat lift for moving boats into and out of the warm repair facility.		x		BBEDC, City
<b>GOAL 4: Strengthen Dillingham’s position as a premier tourism destination.</b>				
<b>Objective 4A: Market Dillingham as a tourist destination and a gateway to the region.</b>				
1. Actively partner with local lodges, villages, land managers and statewide tourism interests to market the area’s attractions and services	x			Choggiung
2. Review and improve past tourism marketing efforts to promote a diverse package of things-to-do and sights-to-see. Create a walking map of Dillingham.	x			Choggiung, City UAF MAP Program
3. Provide better information at the airport regarding Dillingham and regional tourism attractions and services. Develop a “Welcome to Dillingham” packet.	x			City
4. Identify additional, sustainable resources to market Dillingham, for example, dedicating a portion of the bed tax to marketing efforts.	x			City

Priority Strategies	Timeframe			Primary Responsibility
	0-5 yrs	6-10 yrs	11-20 yrs	
5. Develop a dialogue with local transportation providers to create attractive, affordable, yet profitable Bristol Bay tour packages.		x		Bristol Bay Business Council (see Objective 3B)
6. Support locally tourism businesses through shared marketing and booking website.	x			UAF IT Program
<b>Objective 4B:</b> Support facility and infrastructure improvements to increase visitor interest in Dillingham and improve access to local businesses and attractions.				
1. Continue to develop the Harvey Samuelsen center. Link the center to attractions in Dillingham and surrounding villages to create a web of visitor attractions.	x			City & Curyung via MOU
2. Develop additional sightseeing areas and trails, boardwalks and ways to observe port operations.	x			City & Curyung via MOU
3. Develop a way-finding system including interpretive signs, signage along streets and walking maps.	x			City & Curyung via MOU
4. Construct models of traditional Yup'ik buildings and provide program for sharing local culture.		x		City & Curyung via MOU
<b>GOAL 5: Grow local businesses and industries.</b>				
<b>Objective 5A:</b> Encourage more and different processing facilities and products.				
1. Investigate ways to capitalize on community location (i.e. close to water) and infrastructure - airport, runway.	x			Sustainable marketing group (see Objective 1A, Strategy 1)
2. Engage DOT and local air services to provide space to build and expand Dillingham's infrastructure for transporting fish and fish products.	x			Local processors, ADOT, Air services; city
3. Explore ways to substitute locally produced goods for imported goods.	x			UAF Rural Development
<b>Objective 5B:</b> Develop a regional business council to promote Dillingham and Bristol Bay businesses.				
1. Build on the work of BBNA and SWAMC to create a representative regional council.	x			BBNA

Priority Strategies	Timeframe			Primary Responsibility
	0-5 yrs	6-10 yrs	11-20 yrs	
2. Identify regional priority economic development projects that all communities can contribute to and benefit from. An example project would be a world class hiking trail in Wood-Tikchik State Park.		x		Bristol Bay Business Council
<b>Objective 5C: Support development of new businesses, services and/or products (such as fertilizer or fuel from fish waste).</b>				
1. Explore feasibility and potential local economic benefit associated with developing a regional correctional facility.	x	x	x	City
2. Identify gaps in local private sector services and encourage business development to fill gaps (see Table 7.2 Dillingham Businesses).	x			City;
<b>GOAL 6: Raise revenue and strengthen local capacity.</b>				
(see Implementation chapter for discussion of fiscal and governance).				
<b>GOAL 7: Promote Dillingham as the premier boat harbor and retail hub for the region and for the commercial fishing fleet and surrounding communities.</b>				
(see Waterfront Plan).				
<b>GOAL 8: Promote low-cost energy, energy efficiency and conservation.</b>				
(see Energy chapter).				
<b>GOAL 9: Maintain and protect subsistence harvest areas and the subsistence economy.</b>				
(see Land Use chapter).				
<b>GOAL 10: Substantially improve the appearance and attractions of downtown Dillingham and the Dillingham airport to make this a more desirable destination for visitors and for residents.</b>				
(see Land Use chapter).				

