

Kodiak Community Profile and Economic Indicators

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COMMUNITY PROFILE

THE SETTING

Kodiak Island is the largest island in Alaska and the second largest in the United States. It is part of the Kodiak Island Archipelago, a group of islands that stretch roughly 177 miles along the Katmai Coast in the Gulf of Alaska, about 200 miles south of Anchorage. The sixteen major and countless smaller islands that make up the group encompass nearly 5,000 square miles, roughly the size of Connecticut.

Its location in the Gulf of Alaska and North Pacific Ocean places Kodiak near some of the richest fishing grounds in the world. In 2000, Kodiak ranked as the number three commercial fishing port in the United States in terms of value of seafood landed. More than one-third of the jobs in Kodiak are directly involved in the fishing industry, in either the harvesting or processing sectors.

The City of Kodiak is at the northeast tip of the island, 50 minutes by air from Anchorage and three-and-a-half hours from Seattle. The city is the economic, transportation and governmental center of the area. It is located within the Kodiak Island Borough, which encompasses all of the island group, as well as portions of the Katmai Coast.

Two Alaska State Ferries serve Kodiak, the M/V Tustumena and the M/V Kennicott. They connect Kodiak with Port Lions and communities on the Kenai Peninsula including Homer, Seward, Seldovia, Valdez, and Cordova. They also make occasional trips to Dutch Harbor, stopping at Chignik, Sand Point, King Cove, False Pass, Akutan, Unalaska and Cold Bay.

The Port of Kodiak is "homeport" to more than 700 commercial fishing vessels. Not only is Kodiak the state's largest fishing port, it is also home to some of Alaska's largest trawl, longline, and crab vessels. Nearly 120 vessels based in Kodiak are at least 80 feet long.

CLIMATE

Kodiak Island residents enjoy generally mild coastal weather patterns with moderate precipitation and occasional high winds.

Weather Statistics

Average Annual Rainfall	76.4 inches
Average Annual Snowfall	83.3 inches
Prevailing Wind Direction	Northwest
Mean Hourly Speed	11 mph

Average (°F)	record low	mean	record high
January	-16 (1989)	31	54 (1963)
July	35 (1927)	55	82 (2004)
October	7 (1917)	41	74 (1929)

LOCAL BUSINESS PROFILE

The retail and service business sectors in the City of Kodiak are fully developed. A wide range of support services is readily available for the fishing and visitor industries, which are main sources of income in the community. Local residents and visitors have a good selection of merchandise to fill their needs. Kodiak retailers are committed to quality, service and customer satisfaction.

Most statewide financial institutions have branch offices in Kodiak. There are 274 guestrooms available for conventioners, with several restaurants, meeting rooms and banquet facilities.

PORT OF KODIAK

The Port of Kodiak is home to Alaska's largest and most diversified fishing fleet. It has more than 650 boat slips and three commercial piers that can handle vessels up to 1,000 feet. Kodiak is consistently ranked as one of the top commercial fishing ports in the country.

Kodiak is also a vital link in the regional transportation network. As the hub of the Gulf of Alaska container logistics system, Kodiak serves Southwestern Alaska communities with consumer goods and provides outbound access to world fish markets. Regularly scheduled container ships operate between Kodiak and the Pacific Northwest, and between Kodiak and the Far East. Kodiak is a key link for Alaskan Coastal communities.

MARINE FACILITIES

The City of Kodiak provides public dock facilities. Additionally, waterfront processors have extensive private docking facilities.

The Harbor staff consists of 13 full time employees. It provides 24-hour security for 2,884 commercial vessels, 882 multi-purpose & pleasure craft and 286 auxiliary skiffs.

Horizon Lines provide contract stevedoring services for commercial cargo.

Municipal Marine facilities include:

Pier I/Ferry Dock: 204'x 28'

Use: mooring, loading and unloading

Services: Water, bulk fuel

Pier II/City Dock: 1050'x 64'

Depth 38' at MLLW; tides range approximately 10 feet

Use: loading/unloading of commercial freight and fishing gear

Services: Bulk fuel, water, covered warehouse.

Pier III/Container Terminal:

490'x 64' (880' Bollard to Bollard); depth at MLLW 38 feet

Use: Container services for general cargo and fishing boats

Services: Water, gantry crane (30 long tons).

Small vessel moorage includes:

Two harbors with 650 stalls; maximum vessel length, 150'.

Tidal Grid #1 232'

Gravel Grid 125'

Two general purpose docks inside boat harbor.

Mooring Buoys: St. Herman Harbor in Dog Bay

Tariffs, rules and regulations applying to the use of docks and related facilities are available from the Harbormaster at (907) 486-8080.

Commercial Marine Facilities:

LASH Marine Terminal, in Womens Bay, provides service to several freight carriers, freight forwarders and consolidators, construction contractors and Kodiak's diverse fishing fleet. Seaport Terminal Services Inc., a subsidiary of LASH Corporation, operates the terminal and provides all necessary support services. The terminal presently has over 1,200 feet of dock space available. The terminal also has warehousing, yard storage, and crane services with 40 to 150 ton cranes, four 40 ton forklifts, trucking, waste disposal, and water. Fuel is also available through delivery from Kodiak's local distributors.

Seaport maintains three mooring buoys within the "designated anchorage" in Womens Bay. Each buoy has a 15,000-lb. anchor and 180 feet of 2-3/4 inch stud link chain. With swivels located top, bottom and midwater, they provide maximum moorage capabilities for large vessels and barges. There is a 130' X 40' tide grid at the terminal. Vessel haul-out and storage are available for most vessels up to 50' in length. LASH Corporation is presently developing Seaview Industrial Park next to the Terminal with property for sale or long-term lease. LASH Corporation, a marine contractor, is also willing to "Build to Suit" for those businesses joining the Seaview Industrial Park family.

Fuller's Boat Yard in Kodiak has installed a Marine Travel Launch Slip that holds vessels up to 150 tons. This greatly enhances Kodiak's abilities to provide ship repair services. Additionally, Fuller's has outdoor, dry storage for 75 boats and four 3,000-PSI pressure washers. It also provides wood, fiberglass, and aluminum repair services. The City of Kodiak has constructed a 660-ton travel lift on Near Island that began operations in October of 2009. Kodiak's Marine Travel lift is the largest mobile boat hoist north of San Diego. Kodiak has built an "open yard" so that you can do your own work or hire vendors and contractors to work for you in the new, state-of-the-art boatyard. The Kodiak Boatyard is designed to provide a safe and environmentally sound place to haul out and work. The wash down pad is heated for winter work, there is an EPA approved storm water system, the wash water is filtered and recycled, tarps are required under every boat so no contaminates get into the soil or water, and plenty of electricity is available to each vessel. All registered vendors also carry the required certificates and liabilities to complete the project.

The Marine Travel Lifts Specifications		Marine Travel Lifts Operating Capacity	
Height	63 feet	Lift capacity	660 tons (1.3M lbs.)
Width	60 feet	Beam	42 feet
Weight	800,000 pounds	Length	180 feet
Horse Power	600		

TRANSPORTATION

Air Services:

ERA Aviation and Alaska Airlines provide regular scheduled service. Island Air and Servant Air provide scheduled air taxi flights to the outlying communities. Charter services are also available.

The Kodiak State Airport has three paved runways: 7,500, 5,400 and 5,000 feet, with FAA contract tower services.

Municipal Airport, located less than a mile from downtown Kodiak, has a 2,500' paved runway. Although uncontrolled, the control tower at Kodiak State Airport provides traffic advisories.

Float Plane Facilities:

Next to Municipal Airport, Lilly Lake is the city's freshwater floatplane facility. A public saltwater floatplane facility is at Trident Basin Seaplane Base on the east side of Near Island. There are three ramps with spaces for 14 floatplanes. The landing area is approximately 4,400 feet long.

Bus/Taxi/Car Rental:

Bus - A coordinated transit system (KATS) operated by the Kodiak Senior Center has limited public schedules providing service between Bells Flats and Bayside, including the airport, town and USCG base. Fare: \$2.00.

Cab approx. \$15 airport to town.

Auto Rentals 3 companies

Highways:

The major highway in the Kodiak Island area follows the coastline from Cape Chiniak north, through the City of Kodiak, to Monashka Bay.

Rail: None

Trucking: World Wide Movers, Inc., Horizon Lines of Alaska, Kodiak Transfer, Pacific Alaska Freightways, AAA Moving and Storage, and Carlile Transportation Systems.

Water: The Alaska Marine Highway System provides passenger, vehicle and cargo service with the M/V Tustumena. It connects Kodiak to the mainland road system via Homer, Port Lions, Ouzinkie, Old Harbor, Whittier, Seldovia, Valdez, and Cordova. The M/V Kennicott, takes over the route during the Tustumena's annual repairs. The ferry makes occasional trips to Dutch Harbor, stopping at Chignik, Sand Point, King Cove, False Pass, Akutan, Unalaska and Cold Bay. This service is seasonal, running from May through October. Contact the Alaska Marine Highway System for more information: 1-800-526-6731 or 907-486-3800.

Cargo carriers include Horizon Lines, and Samson Tug & Barge; others make periodic visits.

COMMUNICATIONS

Postal Service: Kodiak is served by a local main post office. Kodiak Safeway and Alaska Food For Less offers contract postal stations. Other branches are located at the U.S. Coast Guard Base, in the villages and in the community of Chiniak. Door to door delivery is available to the business community within the city. Residential areas have neighborhood delivery and collection boxes.

Television: The Alaska Rural Communications System is broadcast to most local residences on channel 15. GCI Cable serves approximately 3,000 subscribers from Monashka Bay to the Coast Guard Base. Island Communications serves residents in the Womens Bay community and Ouzinkie. Public Broadcasting KMXT (Alaska 1) is broadcast on cable channel nine as well as over the air.

Internet: Dial up Internet service is provided by AT&T Alascom, and Alaska Communications Systems (ACS). Fiber optic cable service is provided by General Communication Incorporation (GCI), AT&T, and Alaska Communications Systems (ACS).

Radio: Kodiak has four commercial and two non-commercial stations. Commercial stations include KVOK 560AM ("country"); KRXX-101.1 JACK FM ("adult hits"); KWAVE-104.9FM ("adult

contemporary); and KPEN-102.7FM (“country”). The local public broadcasting station is KMXT 100.1FM. Moody Broadcasting Network is available at 107.1-FM (“inspirational”).

Newspapers: The Kodiak Daily Mirror is a local newspaper, published five days per week. Other state and national news publications are also available.

EDUCATION

Kodiak Island Borough School District: Kodiak’s public school district has a student enrollment of about 2,500 pre-kindergarten through grade twelve students, including rural schools and correspondence.

The district currently has schools in the seven outlying areas of Port Lions, Larsen Bay, Akhiok, Ouzinkie, Old Harbor, Karluk, Danger Bay, and Chiniak.

In and near the City of Kodiak are four elementary schools serving grades kindergarten through fifth: East Elementary is on the corner of Rezanof Drive and Benny Benson, Peterson Elementary is located on the United States Coast Guard Base, Main Elementary is on Powell Avenue near Kodiak Middle School and North Star Elementary is in Monashka Bay on Mallard Way.

Kodiak Middle School serves grades sixth through eighth; Kodiak High School serves grades nine through twelve, and an alternative school, housed off-campus, serves students in grades nine through twelve.

Kodiak Middle School, in addition to regular classrooms, also offers a large library, student commons, gymnasium, and specialized classrooms for technology, computers, business and living skills.

Kodiak High School offers a sound academic program in math, science, social studies, and language arts. A community based career education alternative program is also available as an alternative education plan. The high school facility contains general and specialized classrooms, a library, gymnasium, swimming pool and a community performing arts auditorium.

Kodiak College: Kodiak College is located 250 miles Southwest of Anchorage in a 44 acre greenbelt of old growth forest near the center of the city of Kodiak. Kodiak College is a comprehensive 2 year community college campus of the University of Alaska Anchorage, and with the addition of new distance delivered courses, has nearly doubled enrollment since 2004. The college serves the island’s residents whom live in the city of Kodiak or in seven rural villages on the island, along with USCG enlisted and their dependents. Kodiak offers more than 30 occupational endorsements and industry certificates in high demand workforce career and technical areas as well as AA transfer degrees AAS, AAST and BA degrees in nine academic areas. The college has over 1,000 students, most of whom work part or full time in addition to taking classes.

Kodiak Seafood and Marine Science Center (aka FITC): KSMSC is a unit of the University of Alaska Fairbanks School of Fisheries and Ocean Sciences. In addition to its graduate program, the center conducts training in the areas of fisheries and food science. KSMSC scientists also do research in fish harvesting technology, seafood science and processing technology.

Kodiak Fisheries Research Center: KFRC is a \$20 million research facility committed to the preservation, enhancement and management of North Pacific marine ecosystems and resources. The KFRC provides labs and office facilities to the National Marine Fisheries Service, State of Alaska Department of Fish and Game and the University of Alaska. The facility houses open seawater

laboratories for fisheries, shellfish and sea mammal research. In 2000, the architects and planners of the facility were awarded the 2000 American Institute of Architects Northwest and Pacific Regional Design Award for the design of the Kodiak Fisheries Research Center.

St. Herman's Theological Seminary: Prepares students of the Russian Orthodox faith to be church leaders.

ECONOMY

Kodiak's role as a center for transportation, governmental offices, timber, and tourism complements its role as one of the Nation's largest producers of seafood. The City of Kodiak has the largest and most diversified fishing port in Alaska and is consistently ranked in the top three largest fishing ports in the U.S. in terms of value landed.

Landings to the Port of Kodiak in 2012 were 393 million pounds, with a wholesale value of \$170million. Salmon is traditionally the largest fishery in Kodiak in terms of wholesale value.

According to recent Department of Labor study, there were 863 active permit holders who contributed Kodiak's fish harvesting sector in 2011. Kodiak's processing plants employed approximately 3,226 people and have a combined payroll of over \$47.7 million in 2011.

UTILITIES

The City of Kodiak is the supplier of water and sewer services in and around the City. Outlying residents rely on private wells and septic systems.

Water Rates:

Commercial Flat rate/metered
Single-family dwelling (inside city) \$43.84 per month
Single-family dwelling (outside city) \$52.60
Source: Monashka & Pillar Res.
Main Size: 4 24 inches

Sewer Rates:

Commercial \$38.02 per month/unit
Single-family dwelling (inside city) \$62.81 per month
Single-family dwelling (outside city) \$75.20
Main Size- 4 30 inches
Treatment- Secondary
Cap.: 4.7 million gal/day

Electric: Provided by Kodiak Electric Association, a co-op.

Residential User:

Customer Charge: \$ 7.50/month
All kWh \$ 0.1380

Commercial Rate:

Customer Charge:	\$15.00/month
first 300 kWh	\$ 0.1498
over 300 kWh	\$ 0.1285

Large Power Users:

Customer Charge:	\$50.00/month
First 20,000 kWh	\$ 0.127
Over 20,000 kWh	\$ 0.1138
Demand kWh	\$ 5.67

Processor Rate:

Customer Charge:	\$50.00/month
All kWh	\$ 0.1323

*Note above charges do not include COPA which is the monthly adjustment based on use of diesel fuel.

Alaska Communications Systems (ACS), AT&T Alascom, and General Communications Inc. (GCI) provide cell phone, local access telephone, long distance service and Internet access in Kodiak. Aksala Electronics, Kodiak Radio, Radar Alaska provide radio communication equipment and systems.

The Kodiak Island Borough operates the landfill and baler facility. Residents within the City have home pickup service. Borough residents have neighborhood dumpsters. Alaska Waste, a private contractor, provides refuse collection services. The Kodiak Island Borough also operates a recycling program.

FUEL DISTRIBUTION

Two companies, Petro Marine and North Pacific Fuel, make home & business heating fuel deliveries. Marine fuels are available from Petro Marine and North Pacific Fuel. (NPF also has fresh water, year round). Petro Marine sells aviation fuel. Petro Marine and NPF handle bulk sales of automobile fuels.

GOVERNMENT SERVICES

The City of Kodiak is a Home Rule City with an elected Mayor and Council, which employees a City Manager. The City of Kodiak and Alaska State Troopers provide police protection for the island residents. The City of Kodiak, Bayside Fire Department and Womens Bay Fire Department provide fire protection. There are 11 fire fighters on the City staff in addition to 25-plus volunteers. The City maintains a public library and ten developed public parks.

The Kodiak Island Borough, (KIB) is a Second Class Borough with an elected Mayor and Assembly. The borough manager guides day-to-day operations.

The KIB has 16 recreational facilities spread over 229 acres, and a boat launch at Anton Larsen Bay. The City of Kodiak and the KIB jointly provide building inspection services, animal control officers and facilities.

The State of Alaska maintains three State Parks on the road system, which are favorite recreation spots. These are Ft. Abercrombie, Buskin River and Pasagshak.

The state also provides a wide range of public service agencies in the Kodiak area including;

Fish & Game	
Health and Social Services	
Employment Center	Adult Probation & Parole
Legislative Information	Public Safety
District Attorney	Environmental Conservation
Public Defender	Alaska State Court System
Ombudsman	Community & Regional Affairs
Vocational Rehabilitation	National Guard
Department of Corrections	SW District Parks Division
Transportation & Public Facilities	

Additionally in Kodiak, the University of Alaska has offices for the Fisheries Industrial Technology Center and Marine Advisory Program.

The federal government has several local offices in Kodiak including the National Marine Fisheries Service, National Weather Service, Kodiak National Wildlife Refuge and Katmai National Park and Preserve.

TAX ASSESSMENTS

Property tax is the largest source of revenue for the Kodiak Island Borough. In Fiscal Year 2012, the Borough collected about \$11.2 million in real & personal property taxes. The 2012 estimated assessed value of residential, commercial and personal property in the Kodiak Island Borough was \$1.04 billion, up \$50.34 million from 2011. The Kodiak Island Borough also collected \$1,970,265 in severance taxes, primarily from the commercial fishing and timber industries in 2012.

Currently, the Kodiak Island Borough’s basic mill rate is 10.75 mills; however, for service districts outside the City of Kodiak there are additional mills assessed for road, lighting and fire services. The maximum property tax rate in the Borough is 14.75 mills. Senior citizens and disabled veterans are exempt from paying property tax in the state of Alaska.

The City of Kodiak generates much of its operating revenue from sales taxes collected within the city limits. The cap on the amount of tax collected is \$52.50 per transaction. In FY 2012, estimated sales tax collected by the City of Kodiak was approximately \$10.26 million.

Tax	Kodiak Island Borough	City of Kodiak
Real property	10.75 mills	2.00 mills
Personal Property	10.75 mills	none
Sales tax	None	7%
Transient Room Tax	5%	5%

The City also assesses tariffs on goods transferred over the municipal docks, which are used for harbor maintenance and improvements. In FY 2012, an estimated \$1.12 million was collected in Raw Fish Taxes.

HEALTH CARE

Providence Kodiak Island Medical Center is owned by the Kodiak Island Borough and operated -- under a lease-management agreement -- by Providence Health System of Alaska. In 1997 the borough completed a major renovation and expansion of the hospital. In 1999, the Providence Kodiak Island Medical Center received its first accreditation from the Joint Commission on Accreditation of Healthcare Organizations (JACHO), and then received a second accreditation in June of 2010. In 2004 the Kodiak Community Health Clinic opened its doors to provide primary health care to Kodiak's uninsured and underinsured population.

Community health care providers include physicians, chiropractors, dentists, optometrists, pharmacists, registered nurses, public health care nurses, physician assistants, respiratory, speech and physical therapists.

The Kodiak Area Native Association contracts with the Alaska Native Health Service and Indian Health Service to provide health care services to Native Americans in Kodiak and outlying villages.

LAND OWNERSHIP/DEVELOPMENT POTENTIAL

The Kodiak Island Borough has 4,800,000 acres within its boundaries. Ownership of this upland area is constantly changing. The approximate acreage is:

Federal	: 3,400,000 acres
Native Corp	: 675,000
State	: 639,000
Local Gov	: 70,000
Private	: 16,000

Less than 1% is in private ownership

The City of Kodiak owns 280 acres of land on Near Island, accessible by bridge from downtown Kodiak. It is the site of the Fisheries Industrial Technology Center of the University of Alaska - Fairbanks. This is also the location of the Kodiak Fisheries Research Center, a multi-agency research complex, owned and operated by the Kodiak Island Borough.

The Alaska Aerospace Corporation (AAC), a public corporation of the State of Alaska has launched numerous rockets from the commercial spaceport on Kodiak Island. The Kodiak Launch Complex (KLC) site is located on 3,100 acres of state-owned land at Narrow Cape, about 30 miles south of Kodiak. The area is an ideal location for launching small satellites into polar, high inclination and Molniya orbits. The State of Alaska, U.S. government and private aerospace companies are supporting the development.

HOUSING

In 2010 census there were an estimated 5,303 housing units, (including mobile homes and Coast Guard base housing), in the Kodiak Area. The average number of persons per household is estimated to be 2.56. Several fish processors operate bunkhouses for their workers, some of which offer cafeteria services. Several local real estate firms offer the newcomer assistance with their housing needs.

COMMUNITY LIFESTYLE

There are over 17 active churches representing many denominations in Kodiak. These include:

Russian Orthodox	Jesus Christ of Latter-Day Saints	Hebron Presbyterian
Roman Catholic	Lutheran	Church of Christ Scientist
Baptist	Assembly of God	Jehovah's Witness
Evangelical	Unification Church	Episcopal
Pentecostal	Seventh Day Adventist	

Many Kodiak residents express their generous nature by participating in the many service and nonprofit organizations in the area. These include:

American Legion	Kodiak Council on Alcoholism	Senior Citizens of Kodiak
American Red Cross	Kodiak Crimestoppers	Soroptomist International
Elks Club	Lions	Special Olympics
Filipino-American Assn.	Pioneers of Alaska	Veterans of Foreign Wars
4-H	Rotary	Young Life
Kiwanis	Salvation Army	Youth Scouting Programs

Recreation: Both local residents and visitors enjoy outdoor activities year-round. Topping the list are hunting, fishing, hiking and camping. Guides, lodges and air taxi services help individuals take advantage of what the area has to offer. Adult and Youth sporting activities are organized seasonally for volleyball, basketball, baseball and softball.

Kodiak has a ten-lane bowling alley, a 300-seat movie theater and a teen center with two racquetball courts. There is a Health and Fitness Club. Residents also have access to the community swimming pool and high school gymnasiums for recreational activities.

The U.S. Coast Guard base also offers a ten-lane bowling alley and a 398-seat movie theater. There is a gymnasium that includes a full size basketball court, a swimming pool and a fitness work out facility. There are several outdoor basketball courts, barbecue areas and many parks. Additionally, there are a sled/ski chalet and a nine-hole golf course, managed by the Coast Guard, but available to community residents.

Annual events for community fun and celebration are the Crab Festival in May and the State Fair & Rodeo in September. The Kodiak Arts Council sponsors numerous concerts and stage plays for community enjoyment. Several local nightspots feature live bands and dance music.

VILLAGES

Kodiak Village Profiles

	Akhiok	Karluk	Larsen Bay	Old Harbor	Ouzinkie	Port Lions
Population	82	37	89	208	178	204
Air Strip	YES	YES	YES	YES	YES	YES
Boat Harbor	--	--	YES	YES	YES	YES
Cold Storage	--	--	--	--	YES	--
Community Hall	YES	YES	YES	YES	YES	YES
Community Septic	YES	YES	YES	YES	YES	YES
Community Store	--	--	--	YES	--	--
Electric Service	YES	YES	YES	YES	YES	YES
Ferry Service	--	--	--	YES	YES	YES
Library	YES	YES	YES	YES	YES	YES
Medical Clinic	YES	YES	YES	YES	YES	YES
Public Safety Officer	YES	YES	YES	YES	YES	YES
Scheduled Air Service	YES	YES	YES	YES	YES	YES
School(s)	YES	YES	YES	YES	YES	YES
Seafood Processing	--	--	YES	(1)	--	--
Second-class City	YES	--	YES	YES	YES	YES
Telephone Service	YES	YES	YES	YES	YES	YES
Tribal Council	YES	YES	YES	YES	YES	YES
U.S. Postal Service	YES	YES	YES	YES	YES	YES
Visitor Lodging	YES	YES	YES	YES	YES	YES

Notes: (1) Intermittent-floating processor.

Ouzinkie is located on the southwest shore of Spruce Island which lies just off the northeast end of Kodiak Island in the Gulf of Alaska. The community of Ouzinkie is 10 air miles north of the City of Kodiak, and 247 air miles southwest of Anchorage. Swampy areas, volcanic and sedimentary rock, and an abundance of tall spruce trees characterize Spruce Island. Ouzinkie was founded in the early 1800s as a retirement community for Russian workers who wished to remain in the Kodiak area.

A native village was also located in the vicinity and the assimilation of the two villages has created a unique blend of Russian and native heritage. The current estimated population of Ouzinkie is 161. The Island Provider, an intra-Kodiak Island marine cargo vessel, delivers freight on demand from Kodiak. The City recently completed a dock that is capable of supporting the M/V Tustumena. The Alaska Marine Highway system has added Ouzinkie to its schedule as a whistle stop. Reservations should be made in 24 hours in advance. The state of Alaska's 2,500-foot gravel runway is maintained by the City. There is no crosswind runway or tower service. Island Air Service makes scheduled passenger and mail trips to Ouzinkie. Charter service between the City of Kodiak and Ouzinkie is also available from several charter air services.

Port Lions is located near the mouth of Kizhuyak Bay on the north end of Kodiak Island near Whale Island, the City of Kodiak and the Shelikof Strait. The City of Kodiak is 19 air miles to the southeast, with Anchorage 247 air miles to the northeast. The mountainous terrain is covered with Sitka spruce, cottonwood, birch, alder and willow trees. Port Lions was established following the partial destruction

of Afognak Village, on Afognak Island, by a tsunami in 1964. The current estimated population of Port Lions is 194.

From March through September, the State of Alaska's M/V Tustumena ferry stops at Port Lions. The 2,600-foot State-owned gravel airstrip can accommodate small twin-engine aircraft. There is no crosswind runway or tower service. Island Air Service and Servant Air provide mail and passenger service. Charter air service between Port Lions and the City of Kodiak is also available. Floatplanes can land at the harbor. The 12 miles of gravel-surfaced roads are maintained by the City of Port Lions. The Jessie Wakefield Memorial Library offers free internet and in 2012 will have video conferencing available to residents.

Larsen Bay is located near the junction of Larsen Bay and Uyak Bay fjords on the northwest coast of Kodiak Island. Larsen Bay is 60 miles southwest of the City of Kodiak, and 283 miles southwest of Anchorage. Larsen Bay is situated in a valley between tree and shrub-covered hills and mountains. The village of Larsen Bay has been an Alutiiq village for centuries. Russian fur traders brought trade to the area during the mid-1700s. A commercial fish cannery was first established in Larsen Bay in 1912. There are about 87 residents of the village. During the summer months the village of Larsen Bay more than doubles in population as commercial fishing gets underway. Summer and fall are also characterized by an influx of tourists seeking to go sport-fishing, bear viewing, deer and waterfowl hunting, and sight-seeing.

The Island Provider makes trips from Kodiak upon request. The State of Alaska's 2,500-foot gravel runway has no crosswind runway or tower services. Island Air Service provides regular passenger and mail services. The community is also served daily by several air services from Kodiak. Floatplanes land in the bay near the community. The 3.5 miles of gravel roadway are maintained by the City of Larsen Bay.

Karluk is located on the northwest side of Kodiak Island facing the Shelikof Strait. Karluk is 88 air miles southwest of the City of Kodiak, and 301 air miles southwest of Anchorage. Low-lying mountains laced with rivers and streams characterize the terrain of the area. The Karluk River runs through the community and features all five species of salmon. In 1786, a permanent community was established as a Russian trading post. In the early 1900s Karluk was a major salmon producing community with several canneries processing millions of fish. A prominent feature in the community is the Karluk Russian Orthodox Church, a historical landmark. There are about 37 people residing in Karluk. Marine cargo services are available twice a month from the Island Provider operating out of Kodiak. The State of Alaska's 2,400-foot runway can accommodate a Cessna 208 caravan and Navajo aircraft. There is no crosswind runway or control tower. Island Air Service provides regular passenger and mail service. There is about one mile of gravel road in the community.

Akhiok is situated on the west side of Alitak Bay between Kempf Bay and Moser Bay on the south end of Kodiak Island. It is about 98 air miles southwest of Kodiak City. The local shoreline is characterized by narrow rocky beaches with a gradual incline up to surrounding uplands. The terrain around Akhiok is low hills and tundra like valleys and flat land. The village site was established in 1881. The tsunami of 1964 destroyed the village of Kaguyak, just to the east of Akhiok, and all the Kaguyak villagers were relocated to Akhiok. There are about 71 people living in this strong Orthodox faith-based community. Residents of the community are predominantly Aleut with a small number of Caucasian and Filipino. The serene, beautiful village is home to an abundance of animal life including the Sitka black tail deer, five species of salmon and many other salt water fish species; all of which sustain the subsistence lifestyle of the majority of Akhiok residents. Currently, twenty-two Alutiiq dancers, ranging in age from 2 years to adulthood perform for visitors and across the state of Alaska.

Access to Akhiok is by water or air. Island Air Service provides daily service from Kodiak to Akhiok. Charter flights are also available from other island-based carriers. The State of Alaska operates a 3,120-foot runway south of the town. There is no crosswind runway or tower service. The facility can be used by wheeled general aviation and amphibious floatplanes.

Old Harbor is located on the southeast side of Kodiak Island on Sitkalidak Strait off the Gulf of Alaska. The community is about 50 miles southwest of Kodiak and 300 miles southwest of Anchorage. The Alutiiq people settled Old Harbor more than 7,000 years ago. The community is the site of the first Russian colony in Alaska. There are about 218 people living in Old Harbor. Old Harbor is the site of a historic Russian Orthodox Church. Old Harbor's economy is based on commercial fishing. Tourism is also a growing part of the economy.

MV Lazy Bay offers service between Kodiak and Old Harbor. The State of Alaska owns and operates the 2,200-foot runway that can accommodate twin otter aircraft. No flight tower or crosswind runway is available. Island Air Service and Servant Air provide regular passenger and mail service to Old Harbor. The village is also served by several charter air services on a daily basis from the City of Kodiak.

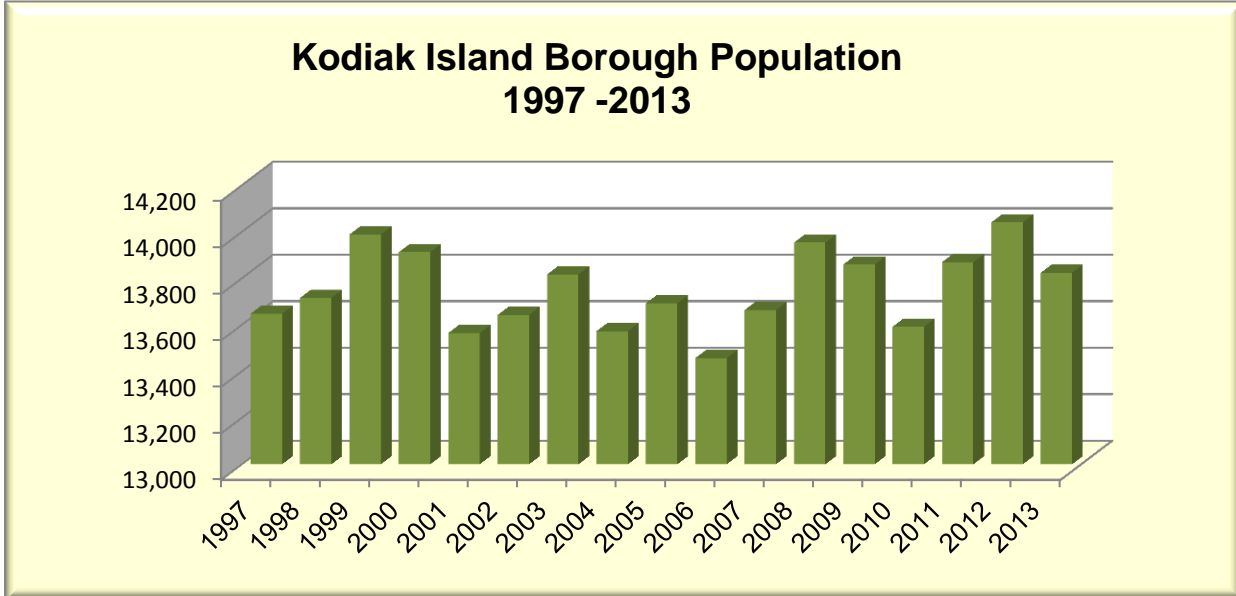
Remainder Borough, Remote areas of the borough, including Kazakof Bay on Afognak Island (the site of two logging camps), have a total population of approximately 300 people.

ECONOMIC INDICATORS

DEMOGRAPHICS

Population: According to Alaska Department of Labor, the 2013 population of the Kodiak Island Borough is 13,824. The population of Kodiak has held fairly steady over the past 2 decades.

POPULATION - 2013	
City of Kodiak	6,130
Akhiok	71
Aleneva	37
Chiniak	47
Larsen Bay	87
Old Harbor	218
Ouzinkie	161
Port Lions	194
Karluk	37
Womens Bay	719
USCG Base	1,301
Other Areas	4,590
Total-	13,824
Source: Alaska Department of Labor and Workforce Development	



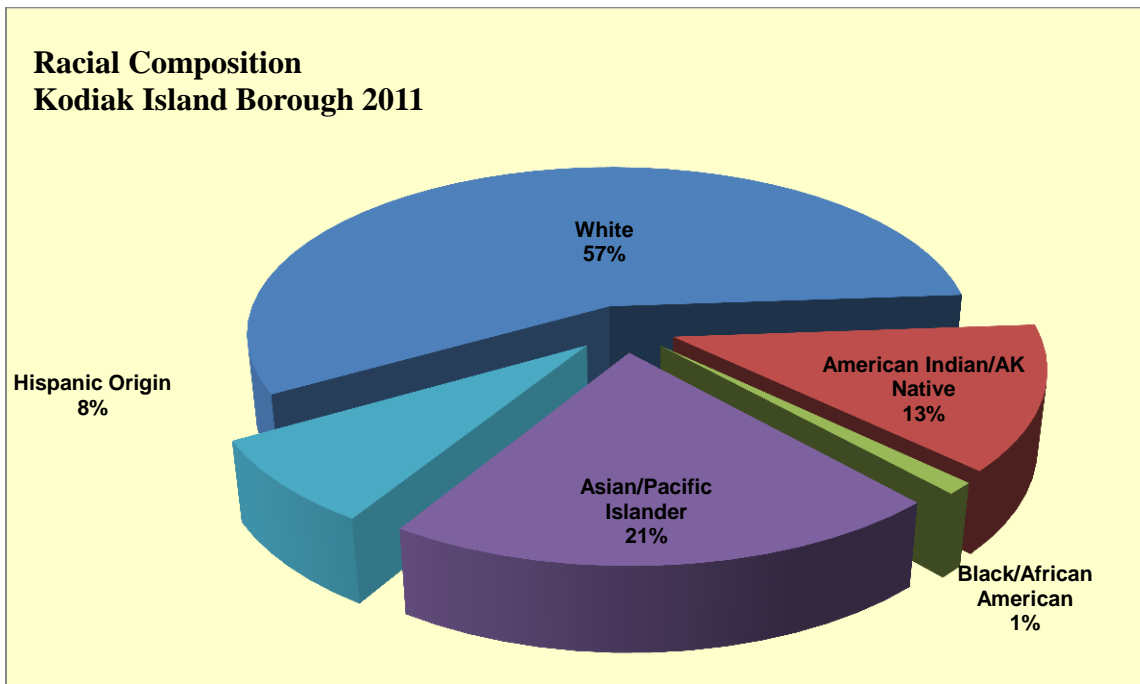
The City of Kodiak is the eighth largest city in Alaska, in terms of population. It ranks behind Anchorage, Juneau, Fairbanks, Sitka, Ketchikan, Kenai and Wasilla in that order. Anchorage, Juneau & Sitka are unified Home Rule Municipalities (i.e., unified city/boroughs); Fairbanks, Ketchikan, Kenai, and Kodiak are Home Rule Cities.

The Kodiak Island Borough ranks seventh in terms of population, in comparison to other boroughs and unified municipalities. It follows Anchorage, Fairbanks North Star Borough, Matanuska-Susitna Borough, Kenai Peninsula Borough, Juneau City and Borough, and Bethel Census Area, in that order. Fairbanks, Mat-Su, and Kodiak are 2nd class boroughs; the rest -- as mentioned above -- are Unified Home Rule Municipalities.

Median Age: The median age in the Kodiak Island Borough is 35.1 years. Approximately 28.3% of the population is under 18 years of age, about 2% higher than Alaska overall. Fifty-three percent of the population is male and 47% female.

Approximately 18.7% of the Borough's adults, age 25 and older, hold at least a bachelor's degree. The number of adults, 25 years and older, estimated to have at least a high school diploma is 85.3 percent.

Kodiak Ethnic Distribution: The Kodiak Island Borough appears to be experiencing a slow-but-long-term shift in racial and ethnic distribution. The 2010 Census Bureau shows an increase in both the "Asian/Pacific Islander" and "Hispanic Origin" categories. In 2000, 17 percent of the population belonged to the "Asian/Pacific Islander" group. By 2010, this group grew to 20 percent. Conversely, the proportions of "Whites" decreased from 59 percent in 2000 to 57 percent in 2010. The "Native American" and "African American" groups saw very small changes, on the order of 1-percent. The 2010 Census included an additional category to determine race - "two or more races."



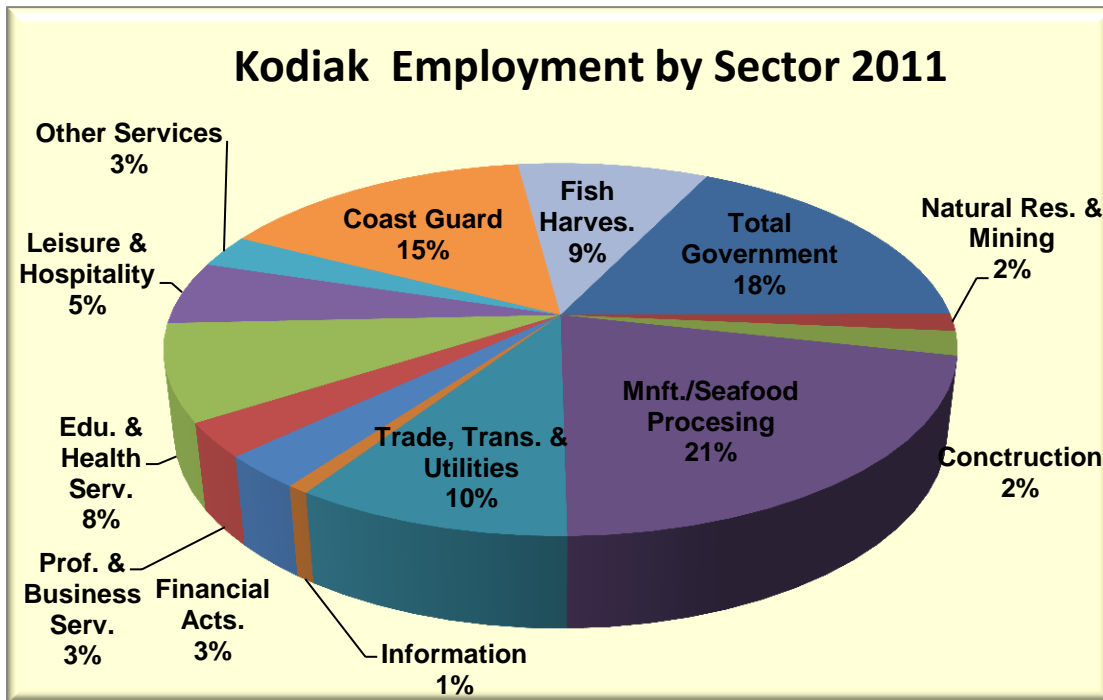
Under the Census Bureau's classification system, "Hispanic Origin" is not a separate race, but a measure of "ethnicity." People of "Hispanic Origin" can belong to any race. As a result, this group is measured separately. According to the Department of Labor, the number of people of "Hispanic Origin" in Kodiak increased during the last ten years, going from 6.1 percent to 7.9 percent of the population in 2010.

EMPLOYMENT

Because of the State of Alaska's method of collecting employment data, it is difficult to determine the exact size of the Kodiak Island Borough work force. The Alaska Department of Labor's main source of employment data is the state's unemployment insurance program, collected through Employment Security Contributions (ESC). Self-employed workers (fishermen) and Coast Guard employees do not participate in this program, so data is not collected for these two sectors.

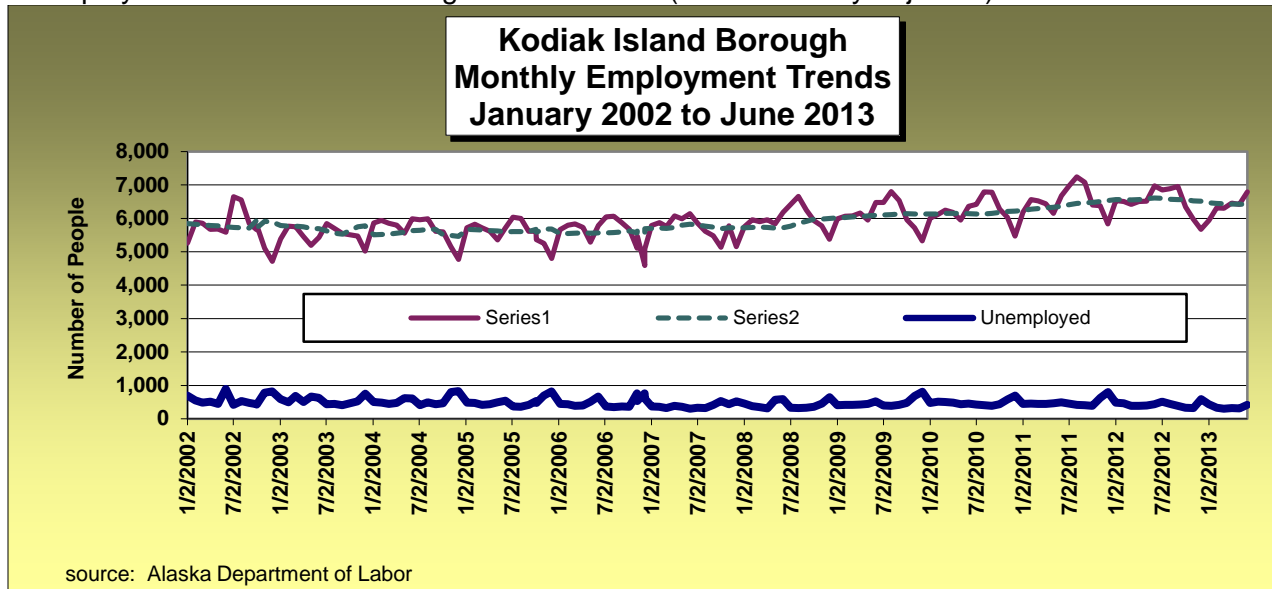
In 2011, the active workforce of Kodiak Island Borough increased from 6,674 to 7,025 (fish harvesting and CG excluded). The Borough's average monthly employment was 6,537 (This figure more accurately depicts the number of full and part-time jobs as opposed to the number of actual workers. Workers who switch jobs or hold more than one job may be counted more than once).

The U.S. Coast Guard and other government entities is the dominant industry (when combined); making up 33% of the total employment. The seafood industry which includes harvesting (active permit holders 789) and seafood processing is the next largest employment sector (30%). The largest gain was observed in manufacturing which is mainly comprised by seafood processing. That sector grew by 12.5% from 1,606 employees in 2010 to 1,806 employees in 2011. Wages in that sector alone increased by 6.5%.



Kodiak's employment varies throughout the year due to the seasonal nature of the fishing industry. Employment usually peaks during the months of July, August and September when fish harvesting is busiest, and declines in November and December as yearly fishing quotas are reached. For this reason, Kodiak is characterized by large swings in its monthly unemployment rate throughout the year, from as low as 5.4% to as high as 11.3% (2009). The average annual unemployment rate for the Kodiak Island Borough in 2010 was 7.1% almost the same as in 2009 (7.2%). In 2011, the

unemployment rates went from a low of 5.5% in September to a high of 12.3 % in December. In 2011, Kodiak’s annual average unemployment rate was 7.0% slightly down from 2010 and significantly lower than state (7.5%) and national unemployment rate of 9.0%. Kodiak is showing an average monthly unemployment rate of 5.0% through October 2012 (not seasonally adjusted).



Based on the recent study released by the Department of Labor, 789 active permit holders and 2571 crew members contributed to Kodiak’s fishery in 2010. Additionally, the U.S. Coast Guard directly employs approximately 1,300 (military, civilian, private contractor personnel).

The Coast Guard maintains its largest facility in Kodiak. Between the various Coast Guard operating and support commands, there are approximately 1,400 military(958 active duty) and civilian personnel (government workers) and 1,700 military dependents. The payroll for the uniformed Coast Guard was approximately \$50 million in 2005. Coast Guard facility maintenance support and construction contract expenditures total approximately \$30 million per year (expenditures vary depending on annual funding and construction contract awards).

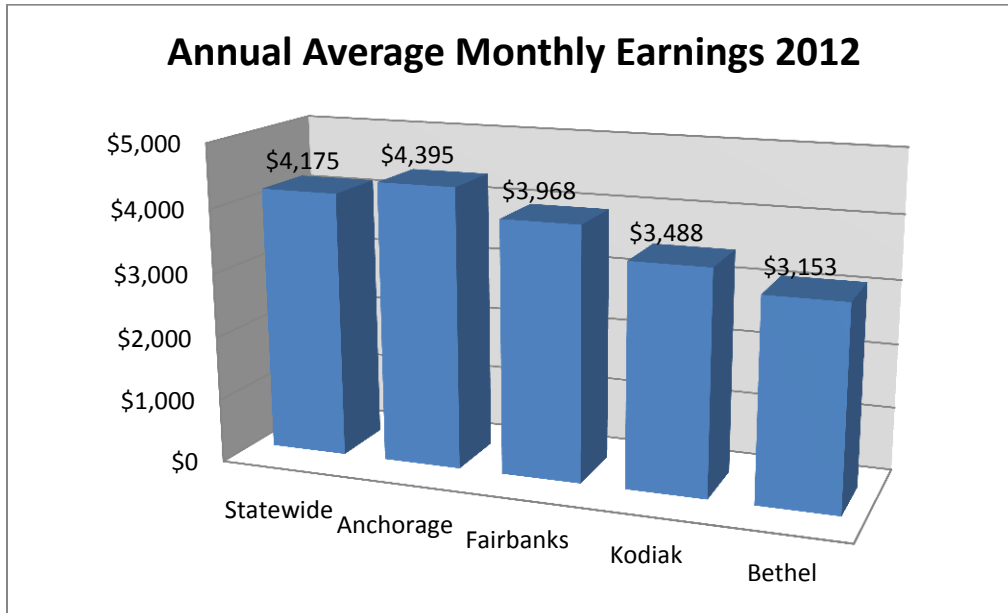
Uniformed personnel stationed in Kodiak are attached to the following Commands:

CGC Spar (WLB 206)
CGC Alex Haley (WMEC 39)
CG Integrated Support Command Kodiak
CG Air Station Kodiak
Communications Station Kodiak
Marine Safety Detachment Kodiak
Electronics Support Unit Kodiak

Loran Station Kodiak
North Pacific Regional Agent Office
CG Investigations Resident Agent Office
17th District Public Affairs Officer, West
Aids to Navigation Team Kodiak
NAVCEN Detachment Kodiak
North Pacific Regional Fisheries Training

INCOME

The Alaska Department of Labor reported the annual average monthly wage for workers in the Kodiak Island Borough was \$3,687 for the last reporting quarter ending September 2012. Total earnings in 2011 for all industries was \$258.8 million which increased by 6 % compare to previous year.



COST OF LIVING

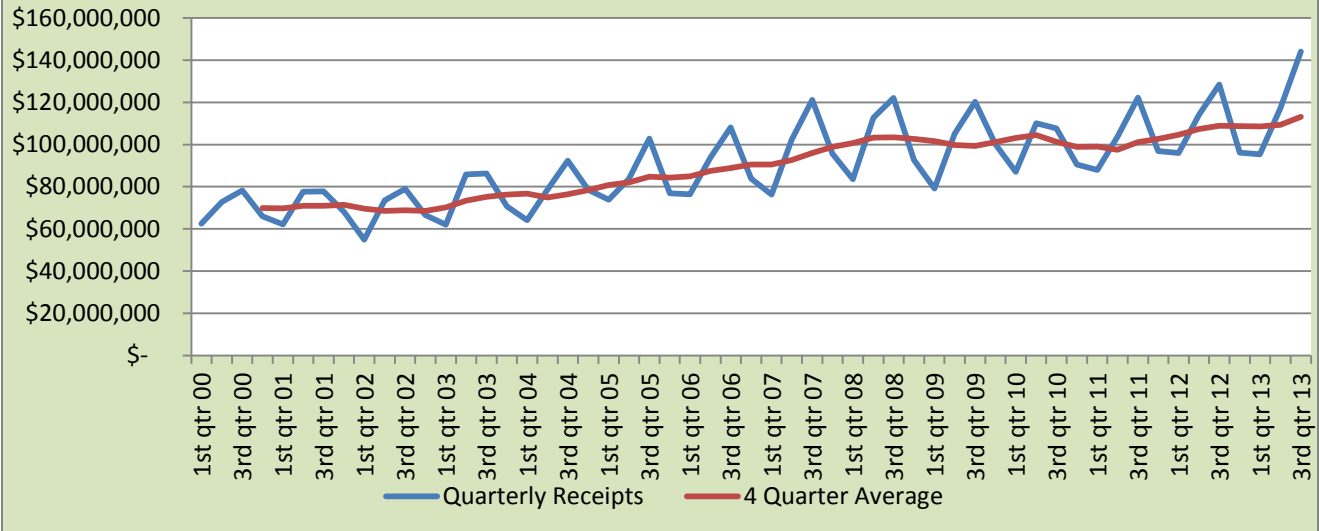
Several studies exist in order to determine cost of living in cities in Alaska and around the country. In the American Chamber of Commerce Researchers Association (ACCRA) Cost of Living Index is designed to answer "How do urban areas compare in the cost of maintaining a standard of living appropriate for moderately affluent professional and managerial households?"

The ACCRA Cost of Living Index provides a useful measure of living costs among approximately 300 different cities in the U.S. There are four Alaskan cities included in the report: Anchorage, Fairbanks, Juneau, and Kodiak. The ACCRA Cost of Living Index data is gathered 3 times a year –January, April, and July for 61 standardized items. Items are categorized as Grocery, Housing, Utilities, Transportation, Healthcare and Misc. Goods and Services. The average price data of the each group is converted into an index number for each participating city and then used for comparative purposes. The ACCRA study does not take into account local tax burden or income levels, and is intended as a comparison of prices relative to a national average (100).

RETAIL SALES

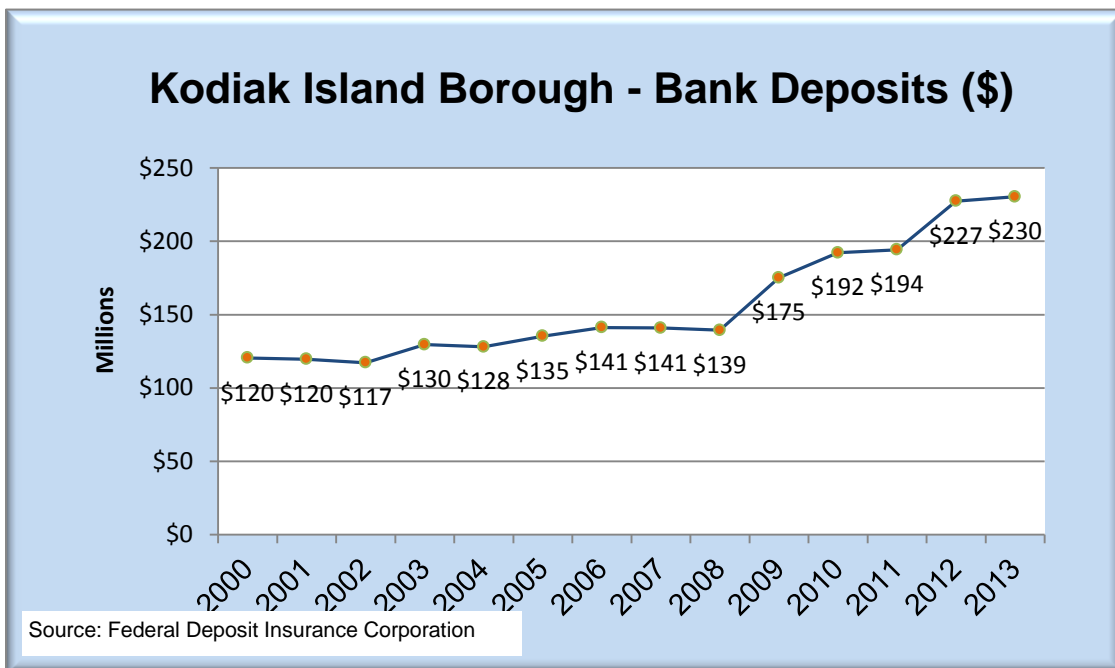
Total retail sales within the city have increased more than 55% since 2000 (not adjusted for inflation). There is a close correlation between retail sales and the strength of local fisheries. In 1995, after a record-breaking salmon season, retail sales climbed 9%. In the second half of 1996, when the salmon harvest dropped and fish prices fell, retail sales went down approximately 10-to-12%. Retail sales have increased significantly since the opening of a local Wal-Mart store in the spring of 1999.

City of Kodiak Total Sales Receipts



BANK DEPOSITS

Total bank deposits have increased by over 91% over the 13-year period from 2000 to 2013. The deposits shown do not include funds at Credit Union 1 or Alaska USA Federal Credit Union, which have branch offices in Kodiak. All data is gathered through a voluntary reporting program on June 30th of each year.

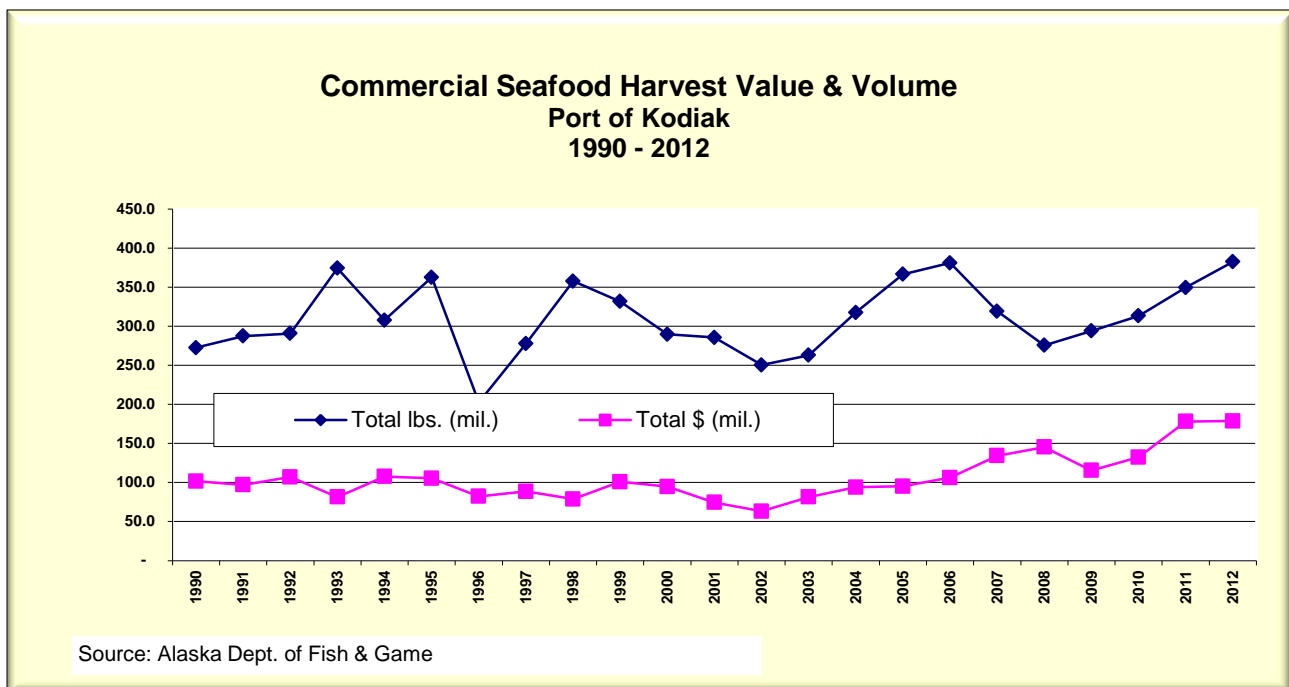


SEAFOOD INDUSTRY

Kodiak is the center of fishing activities for the Gulf of Alaska. Its fishery is among the most diverse in the state. Residents participate in at least 27 different fisheries not including the numerous ground fish fisheries, which are lumped together in a single category by the Commercial Fisheries Entry Commission.

In addition to being quite diverse, Kodiak's fishing industry is also one of its oldest, dating back to the early 1800s when the Russians built the first salmon cannery in Karluk.

Kodiak is consistently one of the top three fishing ports in the United States. The 2012 ex-vessel value of all fish coming into Kodiak was \$178.6 million, up from \$178.0 million in 2011, a marginal increase. Volume in 2012 was around 382 million pounds, up from 350 million pounds the year before.



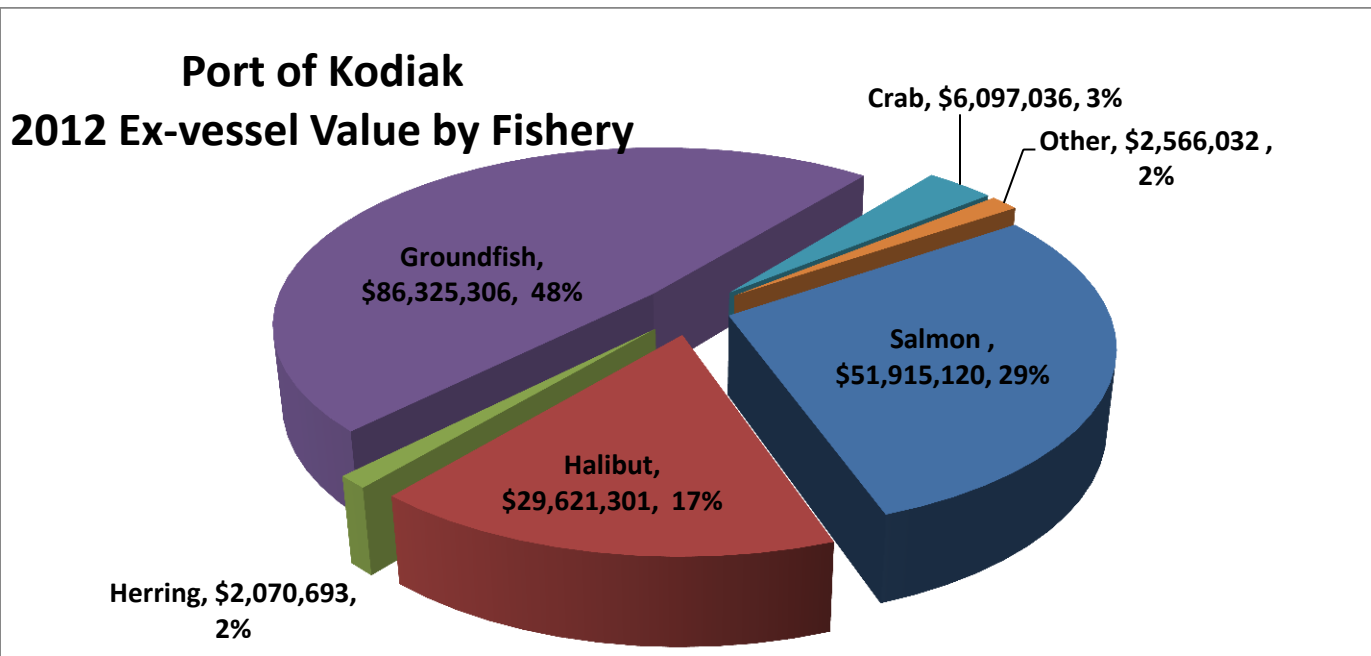
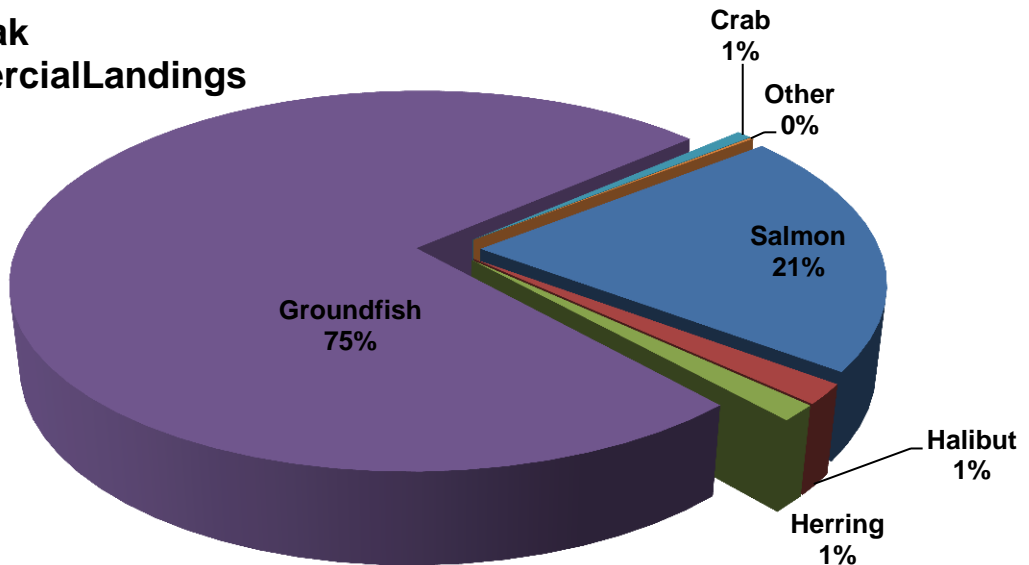
Salmon has traditionally been the mainstay of Kodiak's fisheries. Because of the cyclic nature of the salmon fisheries -- especially pink salmon -- the volume and value of Kodiak's salmon catch varies greatly. The ex-vessel value of salmon in 2012 was \$51.9 million up from \$17.8 million harvested in 2005.

During the recent years, ground fish fishery (primarily Pollock and cod) has become increasingly important to Kodiak's economy. From 1986 through 2012, the ex-vessel value of this fishery increased from \$23.5 million to more than \$57.2 million.

In 2012, the ex-vessel value of Kodiak fisheries was \$178.6 million. In 2012, the wholesale value of the groundfish fisheries accounted for 49% of the total wholesale. The next largest fishery was salmon comprised 29% of the total value. Halibut fishery accounted for 17%, crab 4%. In terms of volume, groundfish fishery represented over three quarters (75%) of the region's commercial catch.

In addition to the fish harvesting and processing sectors, there are also several government and educational institutions that operate fisheries-related research facilities in Kodiak. The National Marine Fisheries Service Utilization and Research Division, along with the University of Alaska's Fisheries Industrial Technology Center, provide lab services, quality and handling studies, product development assistance and other research efforts. The University of Alaska Marine Advisory Program also has a field office in Kodiak. The Kodiak Fisheries Research Center, owned and operated by the Kodiak Island Borough, is a world-class research institute, open to both state and federal researchers.

**Port of Kodiak
2012 Commercial Landings**



**Port of Kodiak
Seafood Value & Volume 2010-2011**

	2010^a Landings (lbs.)	2011^a Landings (lbs.)	2010 Ex- vessel	2011 Ex-vessel	% change in value
Salmon	50,133,846	72,497,380	\$29,786,161	\$50,325,046	69.0%
<i>Chinook</i>	117,500	156,020	89,300	139,700	56.44%
<i>Sockeye</i>	7,724,700	14,123,980	10,737,300	21,554,600	100.75%
<i>Coho</i>	2,028,000	1,194,130	1,541,300	976,000	-36.68%
<i>Pink</i>	34,624,500	51,520,510	14,542,300	23,857,500	64.06%
<i>Chum</i>	5,639,100	5,502,750	2,875,900	3,797,300	32.04%
Halibut	6,605,270	6,016,631	\$32,035,557	\$39,069,819	22.0%
Herring	12,395,035	4,770,897	\$2,107,156	\$554,841	-73.7%
Ground fish	240,957,951	263,697,016	60,649,134	78,392,835	29.3%
<i>Pollock</i>	107,509,168	119,936,451	\$19,351,650	\$20,582,498	6.4%
<i>Rockfish^b</i>	17,644,123	15,460,958	\$2,254,077	\$2,451,453	8.8%
<i>Flatfish^c</i>	37,079,598	40,650,048	\$3,806,128	\$5,987,489	57.3%
<i>P. cod</i>	75,877,280	84,977,901	\$19,728,093	\$29,822,150	51.2%
<i>Sablefish</i>	2,789,628	2,640,419	\$15,482,435	\$19,536,370	26.2%
<i>Lingcod</i>	58,154	31,239	\$26,751	\$12,875	-51.9%
Crab^d	2,453,117	2,556,059	\$7,580,132	\$9,656,771	27.4%
Other	525,755	514,305	\$143,083	\$272,143	90.2%
Total	313,070,974	350,052,288	\$132,301,223	\$178,271,455	34.7%

Source: ADF&G COAR Database

a. Pounds of product landed at the Port of Kodiak, including harvests outside the Kodiak management area (from fish ticket data).

b. Includes: black, northern, thornyhead, yelloweye, rougheye, shortraker, redbanded, yellowtail, silvergray, redstripe, and sharpchi, canary, dark, dusky, harlequin, widow. (Canary, dark, dusky, harlequin, and widow are not included in 2010 data).

c. Dover sole, rex sole, butter sole, English sole, starry flounder, and Alaska plaice, arrow tooth flounder, skates, flathead sole, rock sole and sand sole. (Flathead, rock and sand sole are not included in 2010 data).

d. Includes: Dungeness, red king, bairdi and opilio crab.

VISITOR INDUSTRY

Tourism, like many other Kodiak industries, is based on our natural resources. Tourists come to Kodiak to view the scenic beauty, hike, camp, visit historical and cultural sites, view and photograph wildlife, and hunt and fish. The visitor industry in Kodiak has remained relatively steady for the past five years.

As is true elsewhere in Alaska, Kodiak's visitor industry is seasonal, with approximately 76% of all visitors arriving during the summer months. The total number of visitors to Kodiak is approximately 30,000 (includes intra-state visitors).

Fiscal Year	City Room Tax Collected (\$)	Total Yearly Visitor Spending (estimate)	Cruise Ship Passenger¹	Number of people Embarking²
1995	\$92,432	\$12,177,199	n/a	n/a
1996	\$91,677	\$10,757,856	n/a	n/a
1997	\$93,096	\$12,321,152	n/a	n/a
1998	\$91,129	\$17,632,996	n/a	n/a
1999	\$113,687	\$19,162,000	n/a	n/a
2000	\$115,185	\$19,134,125	n/a	n/a
2001*	\$156,011	\$19,599,375	n/a	6,819
2002*	\$152,466	\$19,131,500	n/a	8,143
2003*	\$156,491	\$17,895,000	n/a	7,862
2004*	\$166,420	\$21,673,000	n/a	6,847
2005*	\$126,877	\$15,859,750	n/a	6,528
2006*	\$180,542	\$22,567,750	n/a	8,754
2007*	\$169,984	\$25,669,000	n/a	9,124
2008*	\$225,567	\$26,339,125	12,939	9,368
2009*	\$254,605	\$31,921,375	12,163	10,436
2010*	\$232,003	\$30,069,935	19,082	10,718
2011*	\$230,514	\$29,876,945	14,868	10,810
2012*	\$244,305	\$31,943,967	13,320	11,466

¹Kodiak Island Convention & Visitors Bureau *includes Borough room tax collected

² Alaska marine Highway System

Kodiak's share of the Southwest Alaska visitor market is approximately 31% year round. According to the Alaska Visitor Statistics Program, visitors to Kodiak and other Southwest Alaska destinations tend to stay longer than the average visitor to the state, and are significantly more likely to be repeat visitors. Additionally, visitors to Southwest Alaska typically spend more than twice as much as the average visitor to other regions in Alaska. According to the Alaska Visitor Arrivals and Profile Summer 2006 study, the average per person/per trip expenditures by visitors to Alaska during summer 2006 was \$934, not including the transportation cost to enter and exit Alaska. The majority was spent on tours and recreation.

According to 2012 Marine Highway Traffic Report 11,466 disembarked at Kodiak using Alaska Marine Highway System (AMHS). Since 2001, the number of people embarking at Kodiak using AMHS increased by 61%.

TIMBER INDUSTRY

The forest products industry has been an important segment of the Kodiak economy. The Sitka spruce forested area of the Borough continues to expand from its initial occurrence on the northern islands toward both the South and West. Due to the nature of the relatively young emerging stands, the initial open-grown trees have less natural pruning and subsequently exhibit more knots than would similar trees in mature stands or second growth stands with higher volumes per acre. The stands now in place are relatively short in comparison to the more highly developed stands of Southeast Alaska—130 feet as compared to 200 feet in total height. Second growth stands that develop with natural regeneration following clear-cutting will produce more recoverable volume per acre and higher sawlog grades in a shorter period of time than the present stands contain.

Year	Timber Industry Gross Production	Timber Severance Taxes Collected
1992	\$23.5 million	\$126,374
1993	\$48.8 million	\$261,590
1994	\$40.1 million	\$242,324
1995	\$44.1 million	\$347,424
1996	\$38.5 million	\$247,020
1997	\$42.3 million	\$272,035
1998	\$19.4 million	\$179,401
1999	\$10.3 million	\$ 95,690
2000	\$9.9 million	\$112,822
2001	\$6.1 million	\$56,019
2002	N/A*	\$46,007
2003	N/A*	\$57,590
2004	N/A*	\$46,753
2005	N/A*	\$17,013
2006	N/A*	\$62,740
2007	N/A*	\$19,990
2008	N/A*	\$14,390
2009	N/A*	\$7,492
2010	N/A*	\$28,620
2011	N/A*	\$59,134
2012	N/A*	\$74,876
2013	N/A*	\$41,218

* figure not available - less than 3 companies reporting

The forest products industry has been an important segment of the Kodiak economy. The Sitka spruce forested area of the Borough continues to expand from its initial occurrence on the northern islands toward both the South and West. Due to the nature of the relatively young emerging stands, the initial open-grown trees have less natural pruning and subsequently exhibit more knots than would similar trees in mature stands or second growth stands with higher volumes per acre. The stands now in place are relatively short in comparison to the more highly developed stands of Southeast Alaska—130 feet as compared to 200 feet in total height. Second growth stands that develop with natural regeneration

following clear-cutting will produce more recoverable volume per acre and higher sawlog grades in a shorter period of time than the present stands contain.

Approximately two-thirds of the timber recovered from the existing stands is grade 2 or better sawlog material while the remainder is grades 3 and 4 sawlogs. During 2010, the harvesters of this private timber paid a severance tax of \$20,000 to the Kodiak Island Borough. In FY-2011, \$32,057 timber severance taxes collected by the Kodiak Island Borough which is higher when compared with the previous year.

AEROSPACE INDUSTRY

The mission of the Alaska Aerospace Development Corporation (AADC) includes establishing and operating, in Alaska, a launch facility promoting aerospace-related economic growth and developing corresponding technologies and support services. The Kodiak Launch Complex (KLC) is the nation's first launch facility not located on federal property and is positioned to meet the challenges and define Alaska's future role in a highly competitive launch industry.

The KLC celebrated its first mission November 15, 1998. Orbital Sciences Corporation launched a sub-orbital vehicle for the US Air Force called "ait-1." The second successful launch from KLC lifted off September 15, 1999. The US Air Force atmospheric interceptor technology (ait-2) rocket launched into sub-orbital flight along the West Coast of North America. The US Air Force had developed a program to launch rockets on sub-orbital flights in support of Department of Defense operations. The Quick Reaction Launch Vehicle (QRLV) program made its initial launch from KLC in March 2001. The Kodiak STAR, the first planned orbital launch from the KLC lifted off on September 29, 2001. This launch was a NASA collaborative mission with the Department of Defense. The payload consisted of four small satellites launched aboard a Lockheed Martin Athena I launch vehicle. The Strategic Targets Product Office (STOP) launched the Ballistic Missile Defense Organization, Strategic Target System (STARS) from the KLC on November 9, 2001. STARS was designed to deploy a multiple object payload suite in support of sensors that may be used in the U.S. missile defense system. This STARS mission was designated as the West Coast Risk Reduction Flight (WCRRF). WCRRF was designed to be launched from Kodiak and fly along a trajectory at a safe distance off the west coast of the Continental United States to a broad ocean area impact southwest of California. The WCRRF trajectory provides unique test opportunities for missile defense system sensors.

According to the Northern Economics Inc. The economic impacts of AAC's operations and projects in FY 2010 supported 44 local businesses. The total direct, indirect and included local impacts to Kodiak's regional economy alone amounted to \$6.3 million, generating 59 local jobs with \$3.7 million in local payments for wage and salaries. AAC's expenditures for goods and services, including subcontractor services, generated about \$4.6 million in direct payments to businesses operating in Kodiak. This spending was distributed among 44 local businesses and increased business activities in 25 different industries or sectors in the Kodiak regional economy.

INTERNATIONAL TRADE

The Kodiak Island Borough is a major exporter of seafood and timber. Nevertheless, it is very difficult to obtain accurate numbers on the value of exports originating in Kodiak because very little product is exported directly from Kodiak. Most exports go first to another Alaskan or Lower-48 port, and therefore appear in those export figures.

If one assumes that roughly 70% of Alaskan seafood is exported (export value of \$1.4 billion divided by a total wholesale value of \$1.9 billion), then Kodiak probably exports about \$100 million in seafood products (wholesale value of \$143-million times 0.7).

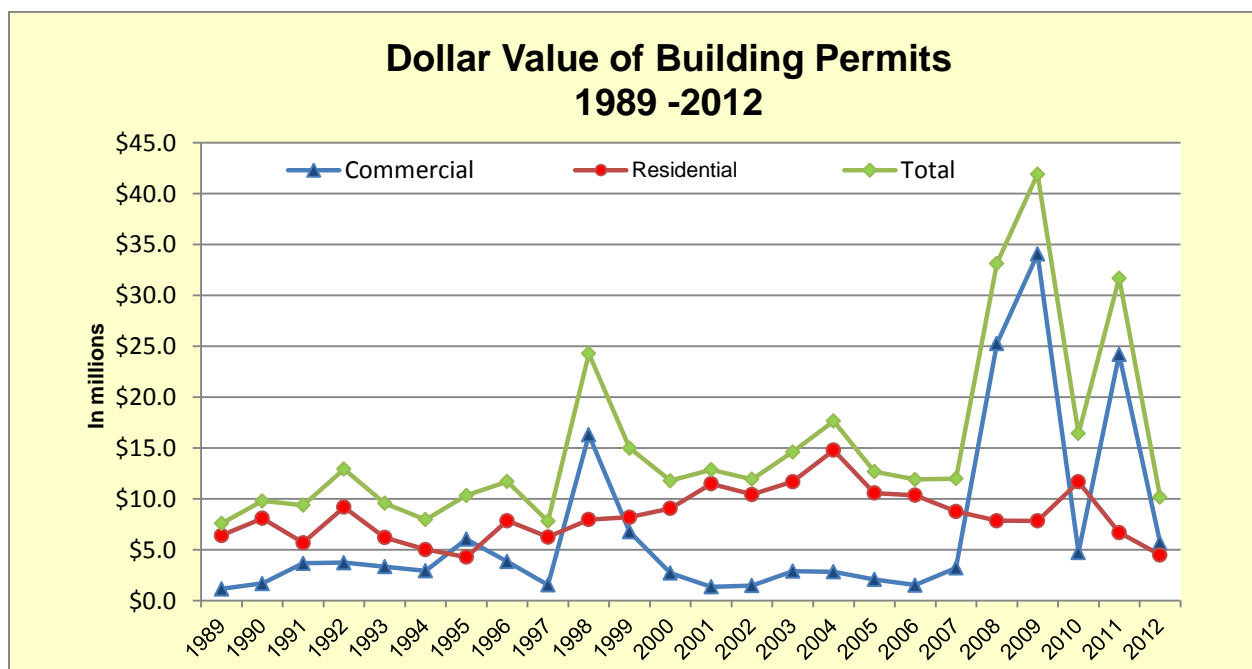
In 1998 the U.S. Foreign Trade Zones Board approved the Kodiak Island Borough's application for a Foreign Trade Zone (FTZ). The zone will primarily serve Alaska Aerospace Development Corporation's Kodiak Launch Complex, but will also open up many new trade and business opportunities for Kodiak Island. In November 2004 the U.S. Department of Commerce and their Foreign-Trade Zones Board approved the application for the activation of Kodiak Foreign-Trade Zone No. 232, the first facilities to receive designation in Southwest Alaska.

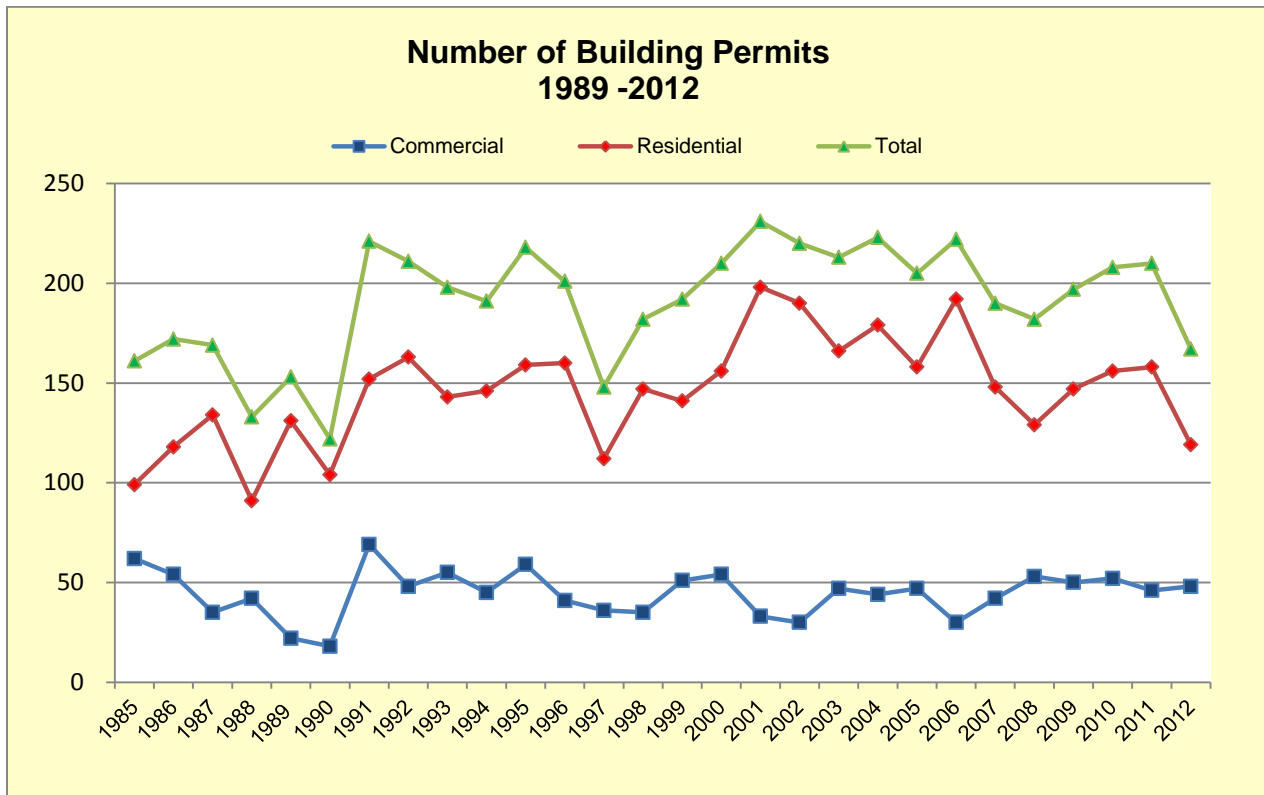
AIRPORT OPERATIONS

Kodiak State Airport is located approximately four miles southwest of downtown Kodiak. The airport supports air carrier service for Kodiak in addition to serving as a regional hub for several outlying communities. The airport is owned by the U.S. Coast Guard, but leased to the State of Alaska. The Alaska Dept. of Transportation and Public Facilities operate and maintain all public and operational areas. Kodiak State Airport has three active runways, all with separate instrument approaches. The longest runway (7-25 at 7,548') is the primary air carrier runway. It has an instrument landing system/distance measuring equipment (ILS/DME) approach. SERCO Management Services, Inc., under the auspices of the Federal Aviation Administration, operates an air traffic control tower at the airport 15 hours per day.

CONSTRUCTION INDUSTRY

The construction industry is an important part of Kodiak's economy. Several large commercial construction projects were completed during the last several years, including a new community health clinic, a new pool facility, a new police station, a new convention center, a new Afognak Native Corporation building; several remodeled dining facilities, a heavy boat lift facility, and KEA's wind turbine project. Residential construction seems to have peaked in 2004 with a gradual decrease in recent years. This is most likely due to the availability of undeveloped lots.





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