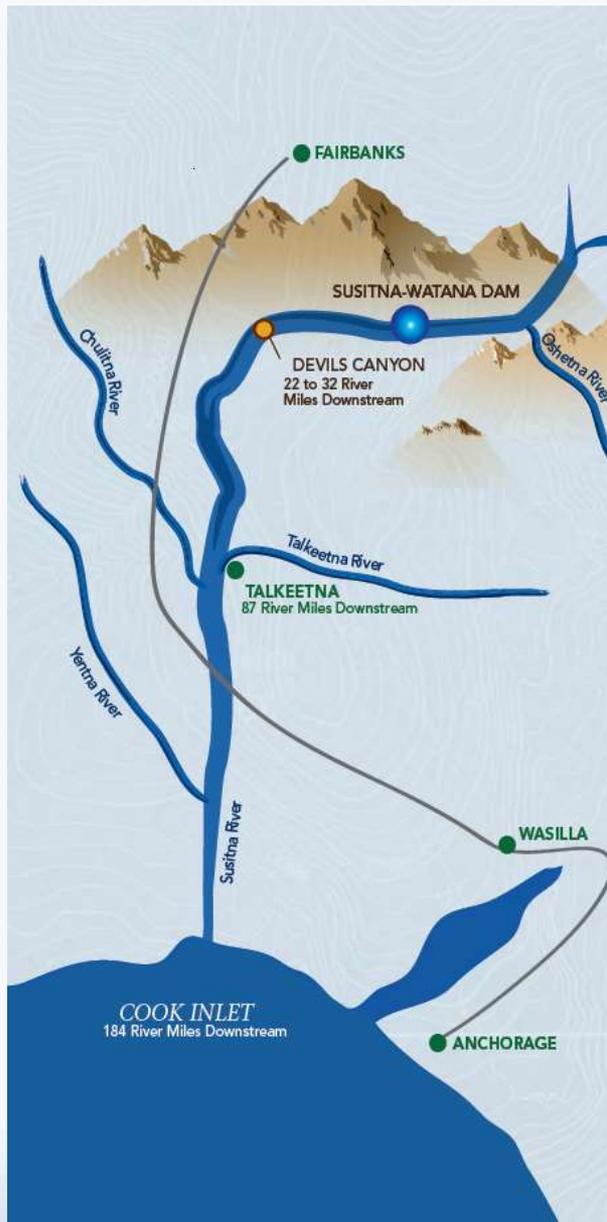# Initial Study Report Meeting

Study 15.6
Social Conditions and Public Goods and Services

October 23, 2014

Prepared by

Northern Economics, Inc.

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Study 15.6 Objectives

- Describe, using text and appropriate tables and graphics, existing socioeconomic conditions within the study area.

- Evaluate the effects of on-site manpower requirements, including the number of construction personnel who currently reside within the study area, who would commute to the site from outside the study area, or who would relocate temporarily within the study area.

- Estimate total worker payroll and material purchases during construction and operation.

- Evaluate the impact of any substantial immigration of people on governmental facilities and services, and describe plans to address the impact on local infrastructure.

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Study 15.6 Objectives, continued

- Determine whether existing housing within the study area is sufficient to meet the needs of the additional population.

- Describe the number and types of residences and businesses that might be displaced by the Project access road and transmission corridors.

- Describe, based on other studies, what bio-physical attributes of the Susitna River system may change as a result of the Project and what those changes might mean to commercial opportunities related to fishing, logging, agriculture, mining, and recreational activities, recreation and subsistence use values, quality of life, community use patterns, non-use environmental values, and social conditions of the area.

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Study 15.6 Components

- Data Collection and Analysis (ISR Part A, Section 4.1; pg. 2)
  - Demographic characteristics of the study area (population size and density, age composition, race/ethnicity characteristics)
  - Economy (per capita income employment, unemployment, composition of workforce)
  - Specific economic sectors (construction, transportation, recreation and tourism, commercial fishing, oil and gas, electric utilities, Alaska Native entities)
  - Housing
  - Local infrastructure and public services (law enforcement, fire departments, hospitals and medical facilities, schools, waste disposal, sewer/water, other utilities)
  - Local government finances
  - Ecosystem services
  - Quality of life

Study 15.6 Variances

- Based on information presented in the Transportation Resources Study (ISR Study 15.7), which describes the primary sources and destinations of Project-related road and railroad traffic, *Seward, Point MacKenzie, Whittier, Wasilla, and Houston were added to the list of potentially affected communities in the study area.*

Study 15.6 Summary of Results in ISR (ISR Study 15.6, Part A – Section 5)

- Baseline Socioeconomics:
  - Collected baseline socioeconomic information
    - Employment by sector
    - Resident Labor Force
    - Unemployment, Poverty,
    - Demographic Characteristics (Age, Ethnicity, Income)
    - Services, Taxes, Revenues
    - School Data
- Random Utility Model (RUM):
  - Provided a detailed methodology
  - Processed mail survey data

Study 15.6 Summary of Results in ISR
(ISR Study 15.6, Part A – Section 5)

Table 5.1.2.5.6-1. Utilities Industry Employment, Income, and Output in Study Area

Region	Employment (Thousands)	Compensation (Millions of Current Dollars)	Output (Millions of Fixed (2005) Dollars)
State of Alaska	2.256	0.243	1.232
Fairbanks North Star Borough	0.446	0.046	0.236
Kenai Peninsula Borough	0.253	0.030	0.151
Municipality of Anchorage	0.620	0.093	0.451
Matanuska Susitna Borough	0.185	0.020	0.101
Denali Borough	0.024	0.003	0.013

Source: Regional Economic Models Inc. (REMI) Policy Insight Model (2013)

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Study 15.6 Summary of Results in ISR
(ISR Study 15.6, Part A – Section 5)

Table 5.1.2.2-2. Monthly Unemployment Rate in Study Area

	Unemployment Rate (2012)											
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
State of Alaska	8.1	8.1	7.8	7.2	6.9	7.3	6.6	6.2	6.1	6.1	6.5	7
Matanuska-Susitna Borough	9.7	9.9	9.6	8.3	7.7	8.4	7.6	6.9	6.7	6.4	7.2	7.7
Denali Borough	24.4	25	22.6	18.5	7.6	4.7	4	3.9	4.6	15.7	19.3	20.6
Fairbanks North Star Borough	7.5	7.4	7.2	6.5	6	6.6	6	5.5	5.2	5.1	5.6	6.1
Municipality of Anchorage	6	6	5.9	5.6	5.6	6.1	5.6	5.2	5	4.7	4.8	5.1
Kenai Peninsula Borough	10.6	10.6	10	8.7	8	8.1	7.2	6.8	7.2	7.4	8	8.5

Source: Alaska Department of Labor and Workforce Development, Research & Analysis Division (2013b)

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AEA Proposed Modifications to Study 15.6 in ISR (ISR Study 15.6, Part C – Section 7.1.2)

- No modifications to the Study Plan methods are needed to complete the study and meet Study Plan objectives.

- However, based on information presented in the Transportation Resources Study (ISR Study 15.7), which describes the primary sources and destinations of Project-related road and railroad traffic, *Seward, Point MacKenzie, Whittier, Wasilla, and Houston* were added to the list of potentially affected communities in the study area.

Current Status and Steps to Complete Study 15.6

- As noted above, Section 15.6 is awaiting data from the engineering study so that we have sense of the project and can start the REMI modeling and the quality of life analysis.

- We are updating the RUM report appendices which will include:
    - Reviewing the final set of sites included in each model following inclusion of second round of McDowell mail survey data.

    - Finalizing visitation predictions to modeled sites under the Without-Project Alternative.

Steps to Complete Study 15.6
(ISR Study 15.6, Part C – Section 7.1)

To complete this study, AEA will implement the methods in the Study Plan (RSP Section 15.6.4), with no modifications. The following study components will be undertaken:

- In conjunction with Study 15.5, the REMI model will be further developed to help forecast socioeconomic conditions associated with the regional economic impact of Project employment and expenditures during the construction and operations phases.

- The REMI model will also be employed to analyze the regional economic impact of changes in recreation and subsistence expenditures and changes in the level of economic activity in the construction, transportation, recreation and tourism, commercial fishing, oil and gas, and electric utilities sectors.

- The RUM will be further developed to predict changes in recreation site visitation and aggregated economic welfare (i.e., dollar-valued consumer satisfaction).

- Changes in non-use values will be described based on the predicted direction and degree of changes to the ecosystem and habitat.

continued

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Steps to Complete Study 15.6
(ISR Study 15.6, Part C – Section 7.1), cont.

To complete this study, AEA will implement the methods in the Study Plan (RSP Section 15.6.4), with no modifications. The following study components will be undertaken:

- Potential changes in property uses will be described, and, to the extent practicable, the changes in property values that would result from changes in use will be estimated.

- Changes in annual government expenditures and revenues for the state and each borough and community will be estimated using output from the REMI model for the state and boroughs, and from a gravity model for the communities.

- The socioeconomic effects of changes in transportation patterns will be described in quantitative or qualitative terms.

- Potential changes to quality of life will be identified based on information collected from key informant interviews supplemented with information collected by the public surveys and focus groups.

Licensing Participants Proposed Modifications to Study 15.6?

- Agencies
- CIRWG members and Ahtna
- Public

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