



# Skagway Development Corporation

2004 Annual Report  
for  
Skagway Development Corporation  
and  
SDC-Community Development Services

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## **MISSION AND PURPOSE**

### **MISSION**

The Skagway Development Corporation shall serve the business community of Skagway as an advisory, administrative and technical resource for the purpose of creating ideas, developing initiatives, and/or enhancing existing business activities that benefit the economic environment in Skagway, Alaska. Furthermore the SDC endeavors that the quality of living for residents of Skagway taken as a whole maybe fundamentally improved by its work. Its efforts may be in conjunction with various other groups, entities, or individuals of undefined origins or nature to obtain stated economic goals and objectives. The SDC shall not provide assistance to any person(s) that may result in an unconscionable competitive advantage over an existing entity conducting business in Skagway that may be competing for the same resources or within the same market.

### **PURPOSE**

The SDC strives to become an effective economic planning and development organization. Over the years the Corporation aspires to become known as the organization, in Skagway, to seek out when you want to start a business, expand an existing business, or desire assistance in writing a grant proposal.

The goals of the SDC are:

- To create an effective and competitive program to recruit new business investment;
- To implement a community-managed process designed to strengthen and expand Skagway's existing business base;
- To create an effective team approach for economic growth and expansion that targets the needs of the community; and
- To focus local and state attention and effort on the problems of the unemployed and underemployed.

The following Annual Report will expand, in detail, how these goals are being addressed and a discussion of SDC's 2004 workplan.

## **FROM THE PRESIDENT**

Skagway Development Corporation made a great deal of progress over the past year. Our office is staffed and we have visitors and inquiries daily. Our website is up and running and we are getting hits from many places around the country. Our grant writing program netted over \$205,000, all of which benefited the City directly. Our revolving loan fund continues to thrive and, we have added two more successful business people to our board of directors, Nola Cole and Jim Jewell.

This upcoming year will be exciting and challenging. With the start up of our own downtown business, the Skagway Mailing Center, comes with much anticipation and eagerness. Our goal is to decrease the City's contribution to SDC's operating budget and the Mailing Center should be the answer. Our long range goals include new facilities for our office, which will also house our Business Resource Center.

In reading economic development trade journals I find that we are following a trend of most of the towns and cities in the country by seeking to develop program income through for-profit ventures. We believe ours will be a successful venture so that our mission can continue and flourish. As with every other development corporation, our private-public partnership with the City is very important to the success of our mission and goals, while simultaneously helping in the accomplishment of the City's mission and goals.

*Stuart Brown*

## **FROM THE EXECUTIVE DIRECTOR**

SDC's philosophy has always been that it needs to crawl before it can walk, and walk before it can run. I sincerely believe that in the second half of 2004 SDC learned to walk. The road has been long and at times rough, and now the Corporation's persistence and well defined vision have finally borne fruit. As an organization, the Board of Directors and staff have spent a lot of time and energy in 2004 developing clearer goals and priorities, and an organizational philosophy that clearly defines the Corporation's focus.

In 2003 the Board and staff developed a five-pronged strategy to lead them in achieving the corporation's mission and goals. There has been a further refining of each the five prongs in order to best utilize these tasks. There always needs to be flexibility in any program to adapt to changing situations in order to maximize success. To this end there has been more energy spent on two of the prongs as they have been the most successful in creating the desired results. These two are business development and assistance, and providing an alternative financing source via SDC's Revolving Loan Fund.

It must always be remembered that although recruitment may be sexy and always receives media attention when it is successful, it is business retention and expansion that are the bread and butter of any economic development program. It is always easier to retain and assist in the expansion of existing businesses than it is to market and solicit outside firms to relocate in your community. Therefore a truly comprehensive economic development program will have elements of all of the core disciplines and tools that together make up the field of economic development.

As SDC becomes better educated and experienced in the intricacies of economic development the rate at which results accrue will increase. In addition to this the quality of these successes should increase proportionately over the same period.

Some of the successes that accrued to SDC in 2004 include:

- A much better grant success rate and a higher rate of return on the grants awarded;
- The Revolving Loan Fund which again proved to be pivotal in the development of new and existing businesses;
- A website which was created and maintained, and to which the response was significantly greater than originally expected in its first six months;
- The corporation moving closer to developing a sustainable source of revenue to supplement the administrative grant from the City of Skagway;

- The business development and assistance program blossoming and continuing to become more effective in the assistance that it provides;
- An increasing exposure to statewide institutions and agencies has increased SDC's ability to network and to reach a wider forum of groups that can be of assistance;
- A significant amount of training undertaken by the Board and staff, not only in terms of economic development but also in organizational efficiencies and sustainable funding; and
- A growing participation from SDC-Community Development Services in events, projects, and programs within the community.

Some of the frustrations that the organization felt during 2004 include:

- Disappointing results in relation to our USDA Rural Development Program grant applications. Skagway's demographics and economy exclude us from many of the benefits that these grant programs have to offer;
- A barrage of public record disclosure requests resulted in a considerable amount of time and money spent in order to determine the legal obligations of SDC ( a private non-profit), in regards to which documents it is required to make available for public review. SDC went well beyond its legal obligations in order to maintain transparency of its operations and an openness that should fulfill most people's requests for information.
- A slow and yet unresolved application to USDA Rural Development for additional funding for the Revolving Loan Fund in order to meet effectively the demand for alternative funding in Skagway; and
- Understaffing which has led to bottlenecks in the overall program as it is difficult for one person to do all that is necessary.

Throughout the year, there has been an increasing enthusiasm and involvement by the Board in the workings of the organization. This renewed enthusiasm and input from new board members has reinvigorated the resolve of the corporation's personnel to forge on with what we all believe is a vital and worthwhile addition to the Skagway economic landscape. The organization throughout 2005 will continue to build on the successes and strengths accrued in 2004. The marathon continues and the resolve is to make the journey as successful as possible.

*Michael Catsi*

## **ADMINISTRATION AND ORGANIZATION**

As each year passes it seems as if the workload at SDC and SDC-Community Development Services (SDC-CDS) becomes increasingly more difficult to complete with our limited resources. It was in response to this that the SDC Board of Directors decided to hire a part-time Administrative Assistant, Angie Cremata, to assist with the bookkeeping and with research projects as assigned by the Executive Director. Angie's appointment (February 2004) has helped immensely with the day to day operations of the corporation and she has brought her wealth of experience to the position. Yet, at the end of 2004 it appears that this help is still insufficient. The Board is considering measures to affordably secure additional assistance to increase the effectiveness of the corporation's work plan.

On the other hand there is the increasing amount of work each board member is expected to contribute to the corporation's program. As this has increased so has the desire of the Board to recruit new members to assist with the ever more complex nature of the work involved. To this end Kristin Wilkinson was appointed to the board in January, Jim Jewell was appointed in October and Nola Cole in November. All three new members have injected renewed enthusiasm into the Board as well as bringing to the table a wealth of experience and new and exciting ideas.

### Legal Issues and Public Records

In early 2004 SDC saw a significant number of requests for documents, information, records including financial records, and reports of the Corporation from a particular group of residents. Requests were also made to the City of Skagway and US Dept. of Agriculture for records concerning SDC. These requests were somewhat unreasonable because of the nature of the records they were requesting.

Private non-profit corporations i.e. 501(c) organizations, are treated as private corporations under the law, specifically that in the Internal Revenue Code (IRC). IRC regulations state that only annual returns (Form 990) and Forms 1023/1024 Applications for Recognition of Exemption are open for public review. All other information financial and otherwise is private and proprietary. Any other information that a corporation deems to make public is done at that corporation's will. By law the corporation is not subject to the state's Open Meetings Act, Public Records Act, or the federal Freedom of Information Act (FOIA).

It is prudent for SDC, in terms of transparency, to provide certain information that is otherwise confidential so that the City and the public can be assured that the

corporation is a responsible steward of these public funds. SDC met these demands with professionalism and an openness far beyond that required by law.

One of the drawbacks of this episode was the need for SDC to retain an attorney to guide the corporation in the right direction in terms of what is required by law. This required the expenditure of scarce funds that cannot be easily regained. From this position though, SDC was able to develop a Policies & Procedures Manual for the corporation that covers many different aspects of the organizations inner workings. This manual will now form the basis by which the Board and staff will conduct themselves in the corporation's work.

#### Retreat

In order to better focus the corporation's efforts, to evaluate the corporation's program and its effectiveness, and to develop a strategy for 2004 the Board scheduled a 24 hour Retreat in Haines. This retreat was held in January and was planned to be away from Skagway and interruptions. This undisturbed time away allowed the board to assess and reassess its priorities and projects. In the three sessions scheduled much was achieved in setting forth the goals for 2004. This short intensive resulted in a more focused and efficient program that surpassed the board's expectations for 2004. It appears that scheduling a retreat for January will now become an annual event because of its success: it proved to be extremely valuable in terms of focusing the corporation's efforts to maximize success.

#### Sustainable Funding Strategy

The third and fourth quarters were busy in regards to developing a sustainable funding strategy. SDC is well aware that new and sustainable funding must be found in order for the organization to continue its work in the community. To this end, the Board and staff have spent considerable time, money, and effort to acquire the skill set that is required to successfully raise funds for operating expenses, programming, and equipment.

The Foraker Group of Alaska is a non-profit organization whose mission is to strengthen the capabilities of Alaskan non-profits. SDC is a member of Foraker and has been utilizing their services and workshops to become skilled in fund raising and revenue generation. In August the Executive Director spent two days in workshops dedicated to becoming skilled in creating sustainable funding and in the creation of a fund development plan to achieve this.

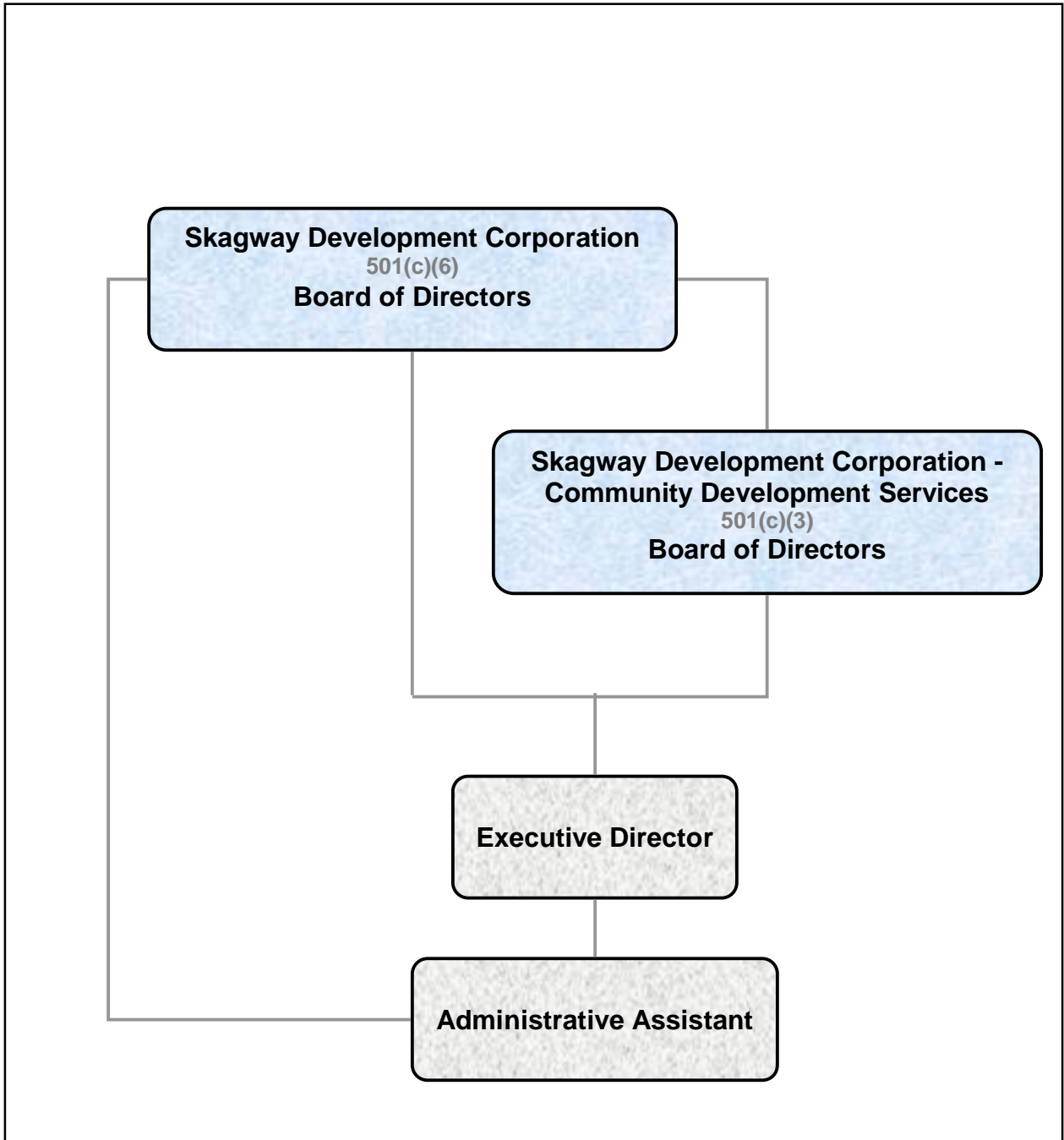
In September, members of the Board and staff spent a day in a Foraker workshop here in Skagway which discussed developing a non-profit business plan. This will allow SDC to have a plan in place to further diversify its funding

base. This plan is currently being developed and it is hoped that it will be adopted and in place by the end of May 2005.

Sustainability in all reality means earned income, government funding, and corporate sponsorship; grants are not sustainable. All of these options will be explored and pursued. There are new and innovative means by which non-profits can raise and earn funds and SDC is exploring some of these “out of the box” opportunities. One of these new strategies, used by many non-profits around the country, is to develop a for-profit subsidiary that transfers any profit into the general fund of the non-profit parent.

The board has been meeting weekly since October to brainstorm such a business opportunity that does not compete unfairly with existing businesses. A lot of energy has been spent on developing a business plan and pro-forma financial statements to have this business operating for the 2005 summer season. Any profits generated will enable the corporation to become a full and active financial partner with the City of Skagway in the community’s economic development program.

**ORGANIZATIONAL CHART**



**Skagway Development Corporation  
Board of Directors**

President – Stuart Brown  
Vice-President – Lynn Herbig  
Secretary – Kristin Wilkinson  
Treasurer – Curt Dodd  
Member-at-Large – Janylyn Heger  
Member-at-Large – Jim Jewell  
Member-at-Large – Nola Cole

**Skagway Development Corporation – Community Development Services  
Board of Directors**

SDC Board of Directors  
Member-at-Large – John Warder

**Executive Director**  
Michael Catsi

**Administrative Assistant**  
Angelia Cremata

**BOARD OF DIRECTORS' RESUMES**

**PRESIDENT:           Stuart Brown**  
**Managing Partner: S.M.A.R.T.**

Stuart's first season in Skagway was in 1997. He and his wife joined his father-in-law in the independent shuttle and tour business. After owning and operating Eagle Tour Co. of Skagway and Leo's Shuttle Co., the three partners were successful in their bid for the City of Skagway's transit contract. They now operate the S.M.A.R.T. city transit. Stuart was a member of the City's Economic Development commission in 2000-01.

Prior to coming to Skagway, he had experience in business ownership and management, including a marketing position with Mountain Bell and as the general manager of a major Montana Chamber of Commerce. He was co-

founder and member of the Northcentral Montana Small Business Development Center, Hi-Line Service Corps of Retired Executives (SCORE), the Taskforce for Urban Reforestation (TURF), and the Ft. Assinniboine Preservation Association; all non-profit organizations.

Stuart has experience in grant writing ranging from a small business revolving loan program to a community wide effort to build a veteran's nursing home. He also has experience as a small business consultant, as well as legislative lobbying in the areas of business and community development, transportation, education and military affairs.

**VICE-PRESIDENT**                      **Lynn Herbig**  
**Port Agent: Cruise Line Services**

Lynn has lived in Skagway since 1988. She worked for TEMSCO Helicopters, Inc for 12 years; starting as a dock representative involved in public relations with the cruise ship representatives and the passengers; ending as tour manager responsible for all dock operations. Lynn worked for two years as a caregiver for the Little Dippers Day Care and also served as an officer for eight years of the Skagway Child Care Council. Lynn is employed by Cruise Line Agencies as a Port Agent coordinating operations between the cruise ships and the port facilities.

She is currently Past Madam President of the *Eagles Auxiliary* after serving two years as President. She is Chairwoman of the *Fran DeLisle Breast Cancer Fund*, an organization established to help financially the citizens of Skagway diagnosed with cancer. Lynn's marketing and management skills, and community involvement will be valuable assets in SDC's efforts to encourage new year round businesses in Skagway. Lynn was recently elected to the Board of Directors for the Skagway Chamber of Commerce.

**TREASURER:**                              **Curt Dodd**  
**CFO: White Pass & Yukon Route Railroad**

Curt arrived in Skagway in January 1995 and has been working for WP&YR Railroad as their Chief Financial Officer since then. In this role he has had the opportunity to learn about tourism and more specifically the cruise industry and its impact on Skagway. Furthermore, he has been involved in many business

management decisions affecting the operations of the railroad in the promotion of growth and expansion. Prior to coming to Skagway he worked in other positions which developed his skills in management and business and include Director of Administration and Finance for a non-profit in Barrow, Alaska, General Manager for an ANSCA corporation on the North Slope, and he worked for a public accounting firm in Anchorage serving a host of diversified clients.

Curt graduated from the University of Alaska Fairbanks in 1987 with a Bachelors degree in Business Administration. Curt's experience in business and administration, especially while working for non-profit organizations where he was instrumental in writing small grants and assisting with larger grants is of great benefit to the Skagway Development Corporation.

**SECRETARY: Kristin Wilkinson**  
**Tour Operations Manager: Red Onion Saloon and**  
**Liarsville Gold Rush Trail Camp**

Kristin first came to Skagway in 1993 and worked for 2 years as a seasonal employee for Holland America Line on board the M/V Fairweather. She graduated in 1994 with degrees in Psychology and Social Work from Miami University. In 1995 she began working for the White Pass & Yukon Route Railway as a tour guide and ticket agent. In 1997 when the Railroad expanded their retail operations she was hired as the Retail Manager of The Train Shoppe. She continued in this position until 2002 while she pursued and completed her Masters in Business Administration from Seattle University. Currently Kristin is the Tour Operations Manager for the Red Onion Saloon and Liarsville Gold Rush Trail Camp.

While she has been a member of the Skagway community for nearly 11 years she is excited to now have Skagway as her permanent year-round home and be involved in the community on a deeper level. She feels that her business experience combined with her interests in working with the business and local community will help towards the strengthening of Skagway's growing and changing economy.

**MEMBER-AT-LARGE: Nola Cole**  
**Owner: Dirty Girls Gardening**

Nola first came to Skagway in the summer of 1980 and returned in 1981 and 1982, after which Nola decided to stay in Skagway year around. In 1983, she

purchased the “Popcorn Wagon”, a Skagway landmark, and operated that business successfully until she sold it in 1986. Nola used the proceeds from that sale and purchased the historic City Library building. In 1989, Nola opened her retail store “Mabel G. Smith’s” on a part time basis. In 1992, she expanded her store to include an espresso and bakery counter, and opened on a full-time basis. She ran the business successfully for 9 more years until she sold it in 2000.

After taking one year off, Nola went to work at Go-Go Greenhouse where she worked two seasons. In 2004 she purchased the business, renaming it Dirty Girls Gardening. Nola’s success as a businesswoman and experience in different sectors of the Skagway economy makes her a valuable asset to the Board.

**MEMBER-AT-LARGE      Janilyn Heger**  
**Partner: Heger Construction, and Alaska Sojourn Hostel**

Janilyn has lived in Skagway since 199. She has worked for the Skagway Street Car Company, and White Pass & Yukon Route Railroad. She and her husband own Heger Construction Inc., with 35 years experience in commercial and residential projects. Janilyn has also opened a year round hostel Alaskan Sojourn Hostel and Guesthouse which she operates concurrently with the construction company.

Prior to moving to Skagway she was co-owner of a small restaurant in Portland, Oregon. Janilyn has written one grant for the Community Education Program at the Skagway City School and recently attended a class in grant writing. She is interested in Skagway’s business development outside the tourism industry and will work to build a stronger year round economy.

**MEMBER-AT-LARGE      Jim Jewell**  
**Owner: Jewell Construction**

Jim has been a long time resident of Skagway working for almost 30 years in the construction industry. Jim is the owner operator of Jewell Construction and has been active in both the commercial and residential construction market. Jim originally came to Skagway to work on the National Park Service’s restoration crew in their historic buildings restoration program. Jim and his wife also own several commercial and residential buildings which they lease and are also owners of Jewell Gardens which is a popular tourist stop for visitors to Skagway.

**MEMBER-AT-LARGE (CDS): John Warder**  
**Retired: National Park Service (Chief of Maintenance) and Dahl Memorial Clinic (Board Member)**

John has lived in Skagway for more than 20 years and recently retired from the National Park Service. John was the Chief of Maintenance and has extensive experience with budget development, project management and organizational administration. John is currently very busy working on his home and becoming involved in community organizations. John's continued work on the Dahl Memorial Clinic Board of Directors has been appreciated by the Clinic and the other Board members.

**EXECUTIVE DIRECTOR Michael Catsi**

Michael first came to Skagway in 1990 and has experienced work in all of the economic sectors Skagway has to offer. His previous position with a local non-profit allowed him to gain experience in project development and management, grant writing and first hand experience in the difficulties facing non-profits. Michael's time in Skagway has been well spent networking and understanding what the community desires. He was elected to the Skagway City Council in 2002 and is very involved in the community's affairs. Michael's interest in economic development led him to become involved in the Alaska Municipal League's Legislative Committee and is Co-Chair of the sub-committee on Land Use, Resources and Economic Development.

## **MEMBERSHIPS**

- Skagway Chamber of Commerce
- Foraker Group
- Grant Station

## **PARTNERSHIPS AND COLLABORATIONS**

- City of Skagway
- Skagway City School
- Dahl Memorial Clinic, Skagway
- USDA Rural Development Center for Community & Business Programs
- Juneau Economic Development Council (JEDC)
- Haines Borough Dept. of Economic Development
- Yukon Government Department of Economic Development
- US Small Business Administration, Juneau
- Sitka Business Resource Center
- Alaska Small Business Development Center, Juneau.
- Junior Achievement, Alaska
- Stranded Gas Development Act – Municipal Advisory Group
- Haines Sanitation Inc.
- SEATrails
- Skagway Yuletide Committee

## GRANT ACTIVITY - 2004

SDC had successes in 2004 in terms of grants written and grants awarded. An interesting point to note is that SDC had little problems in being awarded funds for capital projects and equipment purchases. The areas where difficulty was encountered were those grants where program related funding was requested and in those grants where a community's demographics and its economic distress levels were criteria by which the grant was judged.

This has placed SDC in an interesting position in regards to where future efforts in grant writing will be spent. There will need to be greater discretion as to which grants are pursued. This may result in less grants being applied for in order to maximize the chances for grants to be successfully awarded. This will entail a new set of criteria to be established to better determine which grants have the most chance of success.

Grant Title	Written For	Amount Requested (\$)	Date Submitted	Status
USDA Intermediary Re-Lending Program	SDC	150,000	12/31/2003 Resubmitted 10/2004	Pending
2004 Historic Development Project Grant	City of Skagway	40,013	2/20/2004	<b>Awarded \$25,000</b>
Elihu Charitable Foundation	SDC	51,000	5/29/04	Denied
2004 SEAtails Grant	City of Skagway	<b>15,595</b>	5/30/04	<b>Awarded</b>
USDA Rural Business Opportunity Grant	SDC	63,000	6/6/04	Denied
USDA Rural Business Opportunity Grant	City of Skagway/ SDC	37,000	6/6/04	Denied
RCCL Grant	SDC-CDS/ School District	60,000	6/24/04 Resubmitted 10/24	Pending
CICF Grant	SDC-CDS/ School District	60,000	6/24/04	Denied
Denali Commission – Solid Waste Grant	Skagway & Haines	<b>160,000</b>	10/8/04	<b>Awarded</b>

The total of all grants awarded for 2004 is \$200,595 and this represents 31.5 per cent of the \$636,608 requested. This is a significant improvement over 2003 where \$11,750 was awarded which was 1 per cent of the \$1,224,689 total requested.

## **BUSINESS AND ECONOMIC DEVELOPMENT**

The field of economic development covers a broad range of disciplines that when coordinated will form an effective and successful work program. These different disciplines include: business expansion and retention, strategic planning, marketing/recruitment, real estate development, economic development finance, workforce development, and community development. These all have their place and uses when it comes to developing a unique work program that will garner results in the community to which it is applied. Not all of these are applicable to Skagway and it is imperative that what does and does not work in Skagway be identified and used accordingly.

This program needs to be based on a plan in which the community has developed and outlines their vision of Skagway's economic future. In Skagway that plan is the 1999 Comprehensive Plan which lays out in detail a common vision for the next ten years. It should also be noted that this plan is essentially a list of what is and what should be. This plan does not identify the means by which that vision will be accomplished. To this end it is important that Skagway begin serious consideration of developing a Strategic Economic Development Plan (SEDP) in the near future and possibly in conjunction with the next iteration of the Comprehensive Plan. An SEDP is "a process by which a community envisions its future and develops the necessary procedures and operations to achieve that future."<sup>1</sup>

The Skagway Development Corporation has spent considerable time on developing a work program that will generate results over time and will allow for the expansion of the community's base economy. As described in the 2003 Annual Report SDC's five pronged approach utilizes aspects of the above disciplines to create an environment where the business community and entrepreneurs in general, can build their capacity to be more effective and efficient in their businesses. The balance between these disciplines will always be dynamic, changing with the natural evolution of the Skagway economy and of the community itself. To that end SDC will continue to adjust its approach in order to maximize results.

### Revolving Loan Fund

This year saw the Revolving Loan Fund reach its peak in terms of being fully dedicated and for the first time two of its loans were successfully closed out.

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<sup>1</sup> "Strategic Planning for Economic Development" David Kolzow (1998)

Although the total lent out in new loans was only \$7,500 the success of the program is measured more in the way the borrowers have maintained their accounts. Throughout 2004 all accounts remained on target until December when two of the borrowers asked to defer payments until the summer when their cash flow would be improved.

This situation underlies the importance of the RLF in its ability to be flexible and yet maintain the integrity of the program. All of the RLF clients are high risk and therefore not able to borrow from the traditional commercial financing institutions. The flexibility of the RLF program allows SDC to make calculated judgments on these high risk clients and assist them through the difficult times without the real threat of foreclosure as would be the case from other institutions.

Although SDC maintains liens on all of the loans and will foreclose if absolutely necessary, the mission of the program is to assist these start-ups and expanding businesses through the difficult times so they move towards stand alone viability.

The original grant from the USDA Rural Development Rural Business Enterprise Grant was \$118,600, 2004 saw that amount grow into a total of \$135,000 in loans to eight clients. The one issue that frustrates SDC most with this program is that demand for loans far outweighs the program's ability to provide for them. Attempts to remedy this situation have as yet been unsuccessful. In December 2003, SDC applied for \$150,000 in additional funds to help meet the community's needs, this application did not make the cut on one round of submissions and was automatically re-submitted for the next round. The results of this round should be known before the end of March, 2005. If unsuccessful again, then the application will be re-written to request a much larger amount of funds to better reflect the increasing needs of the community.

#### Skagway Business Resource Center

In 2004 the focus and strength of the overall program changed to reflect a greater understanding of the potential successes in economic and community development. With the introduction of the five-pronged approach in 2003, SDC found that it best served the community by being available to assist businesses and potential entrepreneurs in becoming more efficient and effective business people. Making available the resources that are so sorely lacking in Skagway has helped businesses find the answers to their questions without an expensive outlay of money or time.

Business resource centers exist in many different forms and provide a varied range of services. They play a vital role in assisting entrepreneurs achieve their

goals through education, evaluation, financial assistance, workshops, and technical assistance in business matters. SDC continues to pursue the further development of this center in Skagway. Many of the center's programs are already being performed by the SDC staff but are limited due to constraints on time and manpower.

In April SDC members visited the Sitka Business Resource Center to conduct an on site inspection and to discuss the program with the staff. The services and assistance that they provide business owners and start-ups are invaluable and have led to the increased knowledge base of the entrepreneurial community of Sitka. The center's success and experience is a useful guide and will be a great help in establishing a similar center here in Skagway. SDC is continuing to pursue funding for this project because this is the most successful means of creating wealth in many rural communities.

SDC was unsuccessful in a grant to USDA Rural Development to help fund equipment and operations of the center. As a result SDC continues to provide these services out of its office and within the constraints placed upon it.

One source of possible assistance for SDC is the VISTA program which may be able to provide a business assistance expert to develop the program further, add materials to the resources that are currently available, locate and secure sustainable funding sources to continue the program once they have left. This has become an ever more critical situation since it appears that the US Small Business Administration will discontinue funding to the Juneau Economic Development Council's Business Assistance Program. This is the program that SDC has been able to utilize for workshops and for one-on-one business counseling. These workshops have been attended by over 25 business owners and 12 people have made use of the business counseling sessions during JEDC's visits to Skagway. In this scenario SDC may have to pick up where JEDC leaves off if the funding and program assistance that is required can be found.

#### Business Workshops

As a part of the business assistance services that the SBRC provides, connecting local entrepreneurs to outside opportunities is an important role. SDC is able to identify and locate assistance outside of Skagway that can be brought to town or otherwise connect local people to these services.

To facilitate this, SDC partnered with the Small Business Administration (SBA) to bring its Southeast Director to Skagway. Todd Saunders met with SDC to discuss funding opportunities and other programs that may benefit local

entrepreneurs. During the same visit, SDC contacted four local businesses that had requested assistance and scheduled one-on-one sessions with Todd. By connecting these parties there will be a greater opportunity for these projects to receive funding and therefore come to fruition.

On September 24, SDC held a community workshop on the “Tools of Analysis” and how to use these tools to make good business decisions. SDC paid Brian Johnson of the Juneau Economic Development Council (JEDC) Business Assistance Center to conduct the class. The evening was well attended with 12 participants and four one-on-one personal business counseling sessions were also scheduled. These opportunities allow Skagway entrepreneurs to become better educated in managing their business and therefore more likely to be successful. More workshops are planned for Skagway on a regular basis.

#### Letters of Support

The SBRC continues to assist people with enquires about new business formation and business expansion.

- A letter of support was written to a bank on behalf of a local business start-up. The bank was an out of town institution and had no idea of the economy in Skagway or the economic opportunities that are available. Being able to provide a local perspective is a great benefit to local businesses looking to outside entities for help.
- A letter of support was written for a concept aimed at making available affordable retail and general business space on Broadway to entrepreneurs unable to afford retail space.
- Another letter was written on behalf of a local business person to address incentives for local businesses that invest locally and stay open year round.

#### Type of Assistance Provided

The SBRC continues to assist people with enquires about new business formation and business expansion. In 2004 there were 35 requests for information and assistance as well as several requests for loans. This number only includes those people who came to the SDC office. When website and telephone inquiries are included the number is somewhat higher. There were approximately five web requests and over 15 telephone requests regarding business information. Of the inquiries received the table below outlines the stage at where the business is in its development. This number does not include the calls received for general information about the Skagway and the business community.

<b>Stage of Business</b>	<b>Number of Inquiries</b>
Pre-Venture	22
Business Enhancement	6
Business Expansion	8
Locating in Skagway	16
Buying a Business	2
Selling a Business	1
<b>TOTAL</b>	<b>55</b>

During the year it became apparent that many people are looking for the same information. To streamline our response SDC has developed several brochures to answer those commonly asked questions. These brochures are now available for downloading on the website and are available to all 24 hours per day. These include: Buying an Existing Business, Preparing to Sell Your Business, Checklist for Operating a Business in Skagway, and A Business Readiness Checklist.

Suffice it to say, there is a lot of entrepreneurial energy in Skagway; our aim is to harness that energy and give it direction.

#### Small Boat Harbor

There was considerable energy expended in pursuing funding sources for the City of Skagway's plans to develop the small boat harbor. As part of these efforts SDC approached several federal agencies to establish whether these projects would fit into their funding programs. It was clear that agencies such as the US Economic Development Administration did not see the economic bang for its buck if it invested in these projects. It quickly became obvious that other means of funding would need to be secured.

At the Mayor's request SDC wrote a project narrative of the development plans for the boat harbor that would be presented to the Congressional Delegation in Washington DC. The narrative and a letter of support were a part of the packet that accompanied the mayor and the City's lobbyist to DC. As a result of this visit, \$2 million dollars was earmarked for the project by the Delegation. Although this is below the amount needed to complete the project SDC will again assist the City in 2005 with pursuing additional funds to bring this enhancement/expansion project to completion.

### Economic Profile & Inventory

SDC staff spent considerable time and energy in developing an economic profile and inventory of Skagway. The profile and inventory are now complete with just some minor formatting to be completed. This will be available from SDC and will be posted on the SDC website in the near future. The profile is a detailed account of the demographics, infrastructure, utilities, health care, education, public safety, and other aspects of the community.

For recruitment purposes this is a vital document that assists businesses and site selectors in determining the suitability of a community for a particular business activity. It can also be used in a Strategic Economic Development Plan (SEDP) to determine the attributes that will promote economic growth as well as those that create bottlenecks to growth. Once identified these bottlenecks can be assessed and mitigated or removed.

### Seafood Transshipment and Exports

SDC has been spearheading efforts, since May 2003, to establish Skagway as the gateway to Europe via Whitehorse, for exports of fish and other products. This opportunity exists because of the twice weekly summer flights of Condor Airlines between Frankfurt Germany and Whitehorse. This provides a competitive advantage for northern Southeast Alaska processors and individual distributors to explore new and emerging markets in Germany and Europe.

For much of 2004 the focus has been to ensure that the infrastructure exists to fully support this export opportunity. The first issue to resolve was to determine that Condor Airlines had cargo authority in Whitehorse to carry cargo between Whitehorse and Frankfurt. This turned out to be a difficult task and took much of 2004 and correspondence between SDC and the Canadian Minister of Transportation's office in Ottawa. Once this issue was finally resolved it was then necessary to focus on the physical and bureaucratic infrastructure to determine whether it was in place or would be a source of stumbling blocks.

If Skagway was determined to become the gateway to Europe then could it provide the docking space for tenders, cold storage, and transportation in a cost efficient manner? The other issue was how quickly could this fresh and chilled product be moved to the airport in order to maintain its quality necessary for this to be a success? These questions are still being answered but there has been interest generated around the region and as a result SDC has been approached by a large seafood processor to help it develop this route. These talks are on going and have added extra impetus in order to resolve all of the issues in a timely manner.

This effort has involved many people in many different agencies around Alaska, the Yukon, and in Europe itself. It is important to recognize that this is an opportunity for both Skagway and the Yukon to further diversify their economies and an opportunity to develop an infrastructure that may open more than just seafood based markets. SDC has been working with the Alaska Seafood Marketing Institute (ASMI) representative in France whose region covers France, Belgium, and Germany. This was necessary to initially determine if there was even a prospective market in this area to pursue. This is a large potential market and there are already buyers and distributors in place ready to buy product when it becomes available.

SDC's efforts in this area have led it to develop a working relationship with the Yukon Territory Government Economic Development Department. In conjunction with the City of Skagway and with the assistance of Councilmember Korsmo, we have been able to gain the support for this project and the assistance in making it happen. This cooperation between the Yukon and Skagway has moved well beyond the export question.

SDC and Councilmember Korsmo are now working with YTG on other issues that affect both communities. The desire to ensure space availability for ore shipments out of Skagway has become a priority for YTG because of the increased mining activity in the Yukon. The other issue in discussion is the possibility of a fiber-optic connection between Whitehorse and Skagway and therefore to the Lower 48 via Canada.

In developing this export route/infrastructure it has been necessary to work in tandem with the agencies having expertise in this area. SDC has been working with Glen Haight, Fisheries Development Specialist, Dept. Commerce, Community and Economic Development; Chuck Becker, Director US Dept. of Commerce, Alaska Export Assistance Center, Anchorage; World Trade Center Alaska; road transportation firms in Whitehorse; and the Calgary International Airport.

#### Haines Sanitation Grant Proposal

SDC was asked to assist Tom Hall of Haines Sanitation Inc. (HSI) in the writing of a proposal for a Denali Commission Solid Waste Management grant. SDC worked closely with Tom, Haines Borough officials, City of Skagway, Denali Commission, and the Alaska Dept. of Environmental Conservation in order to facilitate the writing of the grant and to gather the required support for the project. The application was submitted as a joint proposal by City of Skagway and Haines Borough with Haines Sanitation Inc. as the technical partner. The request was for

\$160,000 towards the purchase of a primary reducer (shredder) that will add efficiencies and economies of scale to how solid waste is managed in both communities.

In December the grant was awarded and was widely acclaimed by the Denali Commission as an excellent example of a regional solution to municipal solid waste management. This equipment will be based in Skagway but will move between both communities as needed. The Commission has identified this as a pilot project that if successful will be an example for other regions around Alaska of possible solutions to their waste management problems.

After the awarding of the grant Haines Borough elected officials decided that this was not a project that they wanted to be a part of and rescinded their participation. This led to a flurry of calls and negotiations between SDC, Denali Commission, City of Skagway, Haines Borough, and HSI in order to salvage the award. In late January 2005, the issue was resolved and the City of Skagway was made the sole owner of the shredder with HSI still providing the technical assistance. SDC looks forward to the possibilities that this equipment will offer to the Upper Lynn Canal.

#### Website

The SDC website ([www.skagwaydevelopment.org](http://www.skagwaydevelopment.org)) was launched in August 2004 after considerable debate as to who should create and maintain it. After extensive research the Executive Director in consultation with the Board decided that it would be best done in-house as it would better reflect the activity and personality of the corporation. Although not all of the pages are complete, well over 90 per cent of the site is operational. Further development of the site will continue as the staff becomes more familiar with the web development software and as the site's function evolves over time.

Since the site went online it has had 2000 visitors and this number is increasing at an ever faster rate. The site has become another avenue to promote Skagway on a national level, and to allow businesses from outside the community to post inquiries regarding the community and opportunities that may exist. The number of inquiries through the website is also increasing.

#### "Made in Skagway"

This concept originated through a desire to promote Skagway as a community of the arts and crafts. There are many very talented artists and crafts people who make Skagway home. It was felt that an effort was required to promote the artists

and the community at the same time. This began as a concept based loosely on the ‘Made in Alaska’ program. It became obvious early on that developing the eligibility criteria for participation in this program would be difficult.

In the mean time SDC has continued refining the idea of the “Made in Skagway” concept. This idea now involves showcasing Skagway artists and their work on a single webpage with the contact information and/or links to their own web sites. This will hopefully lead to an increased awareness of, and sales of art and crafts produced by Skagway residents.

A new page has been added to the SDC website specifically for the “Made in Skagway” program. Now artists are being contacted to supply a brief biography of themselves and the work they do, contact information, and a photo of a piece representative of their art. This will be a project that endeavors to have an extensive listing of the artists and crafts people of Skagway. This listing is provided free by SDC to all who want to participate.

#### “Choose Skagway” - a Local Lending/Investment Program

SDC has long been approached by business people looking for funds or assistance in finding other sources of financing to start a new venture or expand an existing business. SDC’s Revolving Loan Fund is often over burdened so outside sources are found.

SDC has also been approached by local people looking for projects or businesses to invest some money. The time seems right to create a confidential list of interested local lenders/investors who SDC would match to business ventures in town looking for financing. This may help in stemming the financial leakage that is so much a part of Skagway’s seasonal economy thereby allowing more money to stay in the local economy and better opportunities for businesses to finance economic growth.

What SDC proposes is that people interested in investing in the local economy, no matter what amount, be placed on a confidential list of lenders/investors including information such as the type of businesses they are willing to invest in and an approximate amount of funds they are willing to invest. When business owners approach SDC for financing, and there are insufficient funds in the RLF to cover the proposal, a search of this lender/investor’s list may provide a potential, alternative source of funding. The lender/investor best suited to the proposal will be contacted and given a brief project description. If there is interest then the client will be matched with the investor and the two parties can begin their confidential negotiations. This arrangement will allow the potential investor

the opportunity to research the prospectus of the business owner before committing to meet and should solve any confidentiality concerns. SDC will not be involved in these negotiations unless requested by either the client or investor.

#### Strategic Economic Development Plan (SEDP)

There may be an opportunity for SDC and the City to partner on developing an SEDP in a cost effective manner. SDC has had preliminary conversations with DCED regarding the VISTA program which places qualified volunteers into communities to conduct economic plans and other work. The Federal government pays the volunteer's stipend and the community's responsibility is to find or provide adequate housing and a work space for the volunteer. This will allow the City to have a plan that will direct its economic development strategies for the next 5 to 10 years. No further action has been taken apart from these preliminary conversations.

#### Projects on Hold

- Mariculture - SDC has discontinued researching the feasibility of mariculture in Long Bay. This is primarily because the state only employs one expert and getting him here in Skagway has proven to be problematic. This is also an idea that does not necessarily have a great chance for success and therefore it is prudent for it to be placed on the back burner until time will allow for further research.
- Winter Tourism - With the development of the ski trails at Log Cabin SDC was approached with the idea that the time is ripe to promote small scale winter tourism based around the area's winter activities. A draft brochure was created and with the help of the CVB board a potential shuttle for winter transport was organized. This shuttle opportunity was lost and the ferry schedule for the winter of 2004-05 was thrown into chaos with the uncertainty of a labor contract for the M/V Fairweather. This promotion requires fine tuning but with the establishment of a year round taxi service in 2005 it may be possible to secure reliable and regular transport between Skagway and Log Cabin. This is a small scale project and has the potential to show modest growth on an annual basis.

## **SDC-COMMUNITY DEVELOPMENT SERVICES (SDC-CDS)**

It is quite evident that developing community infrastructure is vital to improving the community's quality of life. This ensures that Skagway continues to be a community that attracts people and families that are looking for an excellent place to live and raise a family. It is by this that Skagway will also retain the residents that currently make Skagway their home of choice.

The first quarter was focused on completing the organization's 501(c)(3) IRS application. The original application was submitted in September 2003 and after a long period of seemingly inaction the IRS requested several answers to questions regarding organizational issues. After almost six months SDC-CDS was granted its tax-exempt status in March 2004.

In 2004 SDC-CDS activity was difficult to keep focused because the work load of SDC continues to increase. That being said the success of several grants and programs provided highlights for the year and the possibilities that may exist if more energy could be focused on community development projects. The SDC board of directors has recognized this problem and is developing a new strategy that will enable SDC-CDS to work parallel to SDC as opposed to competing for attention.

There have been extensive talks between SDC-CDS and the School concerning the possibility of developing an adult distance learning program utilizing the new video and teleconferencing capabilities that the school will have once it establishes its new language lab. To this end two grants were written to fund a part-time coordinator as well as to assist in off-setting the cost of the broadband connection. These grants would allow for a three year pilot program which is time enough to allow for the assessment of the program's viability and success and allow ample time to find the resources that are required by the community to make for adult education a success. As of December 31, 2004 no word on the status of these grants has been received.

SDC-CDS is anxious to become involved in the Clinic's efforts to conceptualize, design, and construct a new clinic facility. SDC-CDS also believes that it can be of assistance in securing funding for the construction phase of the project.

### Arctic Brotherhood Hall Restoration

Before restorative work was able to begin on the façade of the AB Hall a Condition Assessment was necessary. SDC worked with Grant Crosby a preservation architect with the NPS in Anchorage and Harrison Goodall, a

preservation expert in log structures, to negotiate a Condition Assessment for the building at a price that was well below what the City had budgeted for.

After the Condition Assessment was submitted an application for the FY04 Predevelopment/Development Project grant was written and submitted for preservation work on the AB Hall façade by SDC. This grant was written with help from Judy Munns, Doreen Cooper, Karl Gurcke and Grant Crosby. This collaborative effort, facilitated by SDC, was in essence the reason behind the success of this grant.

The grant was submitted with a request for \$40,000 and due to a highly competitive field of applicants, the AB Hall Project received \$25,000, the highest amount awarded.

In continued efforts to find additional funding for the project, SDC successfully nominated the AB Hall for inclusion to the list of Alaska's Ten Most Endangered Historic Properties for 2004. Nomination to this list entitles these properties to apply for financial assistance (March 2005) with preservation projects planned for 2005. As of December 31, 2004 the restoration of the AB Hall façade had made significant progress and its due date of completion is mid-May 2005.

#### Rifle Range

SDC's role in working on finding funding sources for the rifle range took a back seat in 2004 as the City increased its efforts to secure a long-term lease from the Alaska Department of Natural Resources (DNR). DNR was approached by two conflicting lease applications and as a result they requested further development plans from both parties. The City contracted with Malcolm Menzies P.E. to develop a plan for the range that would satisfy the department's criteria for safety. A final decision is expected from DNR by the end of February 2005. SDC still has \$3,000 it was awarded by the National Rifle Association in 2002 for the re-location and development of the new shooting range. This money will be disbursed when the City is awarded a lease for a new site.

#### Project ChildSafe

SDC-CDS was fortunate to participate in Project ChildSafe, a federal program designed to distribute gun locks for free to all communities around the nation in order to prevent accidental shootings of children. SDC-CDS Executive Director read about the program whilst on vacation and made inquiries as to how Skagway could be a part of this program.

To become involved required a simple request and the submission of an application. The application was approved and a pallet load of 5000 gun locks were shipped to Skagway. The Skagway Police Department was given 1500 to distribute to Skagway residents. Of the rest, 2500 were sent to Haines, and 1000 to Hoonah.

#### Junior Achievement

SDC-CDS partnered with Junior Achievement, Alaska (JA) to introduce the program to the Skagway school for the 2004-05 school year. JA is an internationally recognized program that *“educates and inspires young people to value free enterprise, business, and economics to improve the quality of their lives.”*

SDC-CDS has funded the program through the generous contributions of local businesses and the cruise lines to cover the expenses of the program. SDC-CDS has taken on the responsibility for administering the program, and recruiting and training the volunteers who will teach these programs. The Superintendent and the elementary school teachers have been very supportive of this program and see it as a good fit to their curriculum this year and will be taught by local volunteers during April and May 2005.

This initial year will be used as an assessment of the program in how well it works and meets the needs of our school children. SDC-CDS would like to thank the following businesses that contributed to making this program a possibility:

- TEMSCO
- Petro Marine Services
- SMART Bus
- AP&T
- Holland America

These companies have contributed \$2100 in total which pays for this year’s program, and leaves a small balance in the bank to begin the funding of next year’s program.

#### Yuletide Weekend 2004

SDC-CDS once again made itself available to manage the finances for this community event. SDC-CDS collected the funds and disbursed checks to cover expenses as required. This year \$3,400 in donations, ticket sales, and 50/50 raffle ticket sales were deposited for the event. Over \$2,000 was disbursed for expenses leaving a balance of approximately \$1,400 to be used for Yuletide 2005. SDC-CDS does not collect any fees for this service and is proud to support such an excellent community event.

## FINANCIAL REPORT

For the year ended December 31, 2004 the Skagway Development Corporation reported revenue of \$100,166 compared with \$121,756 last year. In 2003 SDC recognized \$56,427 in grant revenue with respect to its revolving loan program alone while no grants for this program were received in 2004, thus accounting for the decline in total revenues in the current year. However the general fund saw a growth in activity where administrative expenses increased from \$58,021 last year to \$91,351 in 2004. This is due to opening our office in the second quarter of 2003 whereas operating costs were only incurred for about eight months during that year compared to 12 months in 2004.

Total assets fell by -11.3%, or (\$25,993), to \$204,250 in 2004 due to the fact that deferred revenue (unused grant proceeds) declined by \$31,540, which last year represented a large carryover in grant proceeds from the City. At the close of the fiscal year ending 6/30/05 the carryover will be very small. Net assets did increase by 5.5%, or \$6,962, to \$133,225 due to interest earned on loans from the organization's revolving loan fund and activities within SDC's Community Development Services group of programs.

The Corporation attained many of its financial goals in 2004, such as lending more money to small businesses, acquiring much needed grant monies for the City in support of community projects, and maintaining a balanced budget through prudent spending. Most significantly the SDC board of directors researched and studied possibilities for creating a for profit corporation as a sustainable funding source for general operations. Through a series of weekly sessions and much hard work the Skagway Mailing Center was designed and established as a separate legal entity funded by a loan from SDC's revolving loan program. The board has budgeted \$24,000 in net income from this venture during the next fiscal year.

In 2005 SDC will manage and operate two non-profit organizations consisting of six active funds, and one "C" corporation with the potential for further acquisitions and/or startups. Not only has SDC worked hard to deliver to the community much needed services, but it also seeks to generate its own source of funding through ownership of profit oriented businesses.

*Curt Dodd*  
*Treasurer*



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## MIKUNDA, COTTRELL & Co.

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CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS  
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### Independent Auditor's Report

Board of Directors  
Skagway Development Corporation and Subsidiary  
Skagway, Alaska

We have audited the accompanying consolidated statement of financial position of Skagway Development Corporation and Subsidiary (a nonprofit organization) as of December 31, 2004, and the related consolidated statements of activities, cash flows and functional expenses for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above, present fairly, in all material respects, the financial position of Skagway Development Corporation and Subsidiary as of December 31, 2004, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

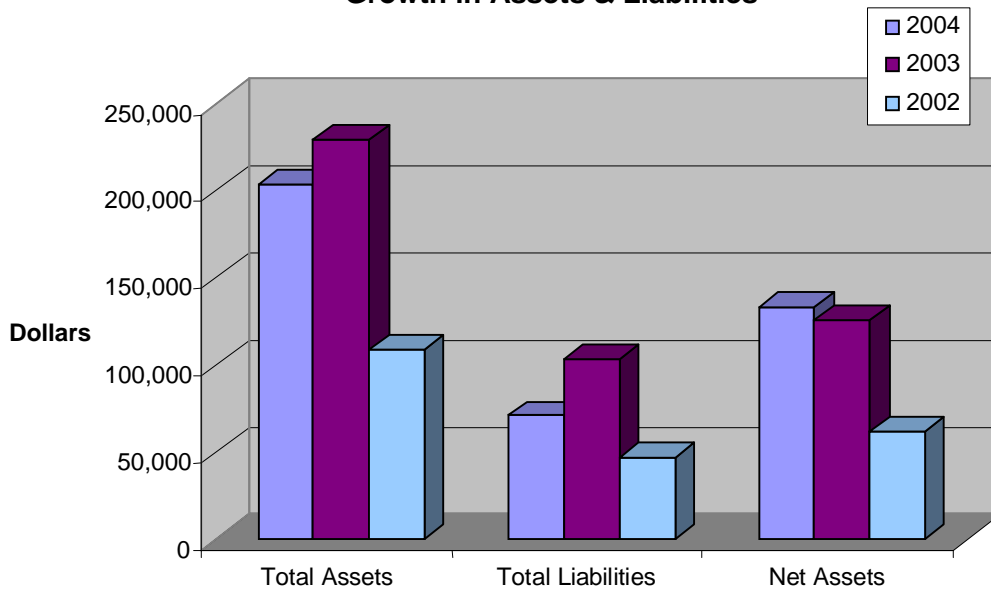
*Mikunda, Cottrell & Co.*

January 26, 2005

## Condensed Balance Sheet

	2004 (\$)	2003 (\$)	Change (\$)	%
<b>ASSETS</b>				
Current Assets	138,371	139,972	(1,601)	-1.14%
Long-term Assets	65,879	90,271	(24,392)	-27.02%
<b>Total Assets</b>	<b>204,250</b>	<b>230,243</b>	<b>(25,993)</b>	<b>-11.29%</b>
<b>LIABILITIES &amp; RESERVES</b>				
Current Liabilities	1,465	2,880	(1,415)	-49.13%
Deferred Revenue	69,560	101,100	(31,540)	-31.20%
<b>Total Liabilities</b>	<b>71,025</b>	<b>103,980</b>	<b>(32,955)</b>	<b>-31.69%</b>
<b>Net Assets</b>	<b>133,225</b>	<b>126,263</b>	<b>6,962</b>	<b>5.51%</b>
<b>Total Liabilities &amp; Net Assets</b>	<b>204,250</b>	<b>230,243</b>	<b>(25,993)</b>	<b>-11.29%</b>

**Growth in Assets & Liabilities**



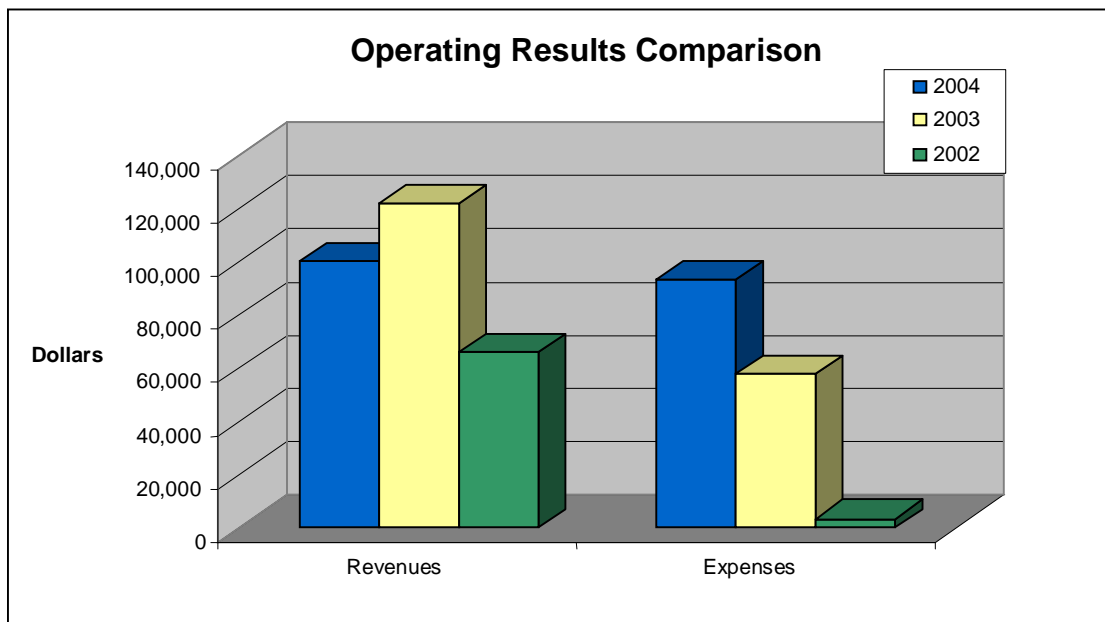
## Statement of Revenues and Expenses

For the Year Ending December 31, 2004

REVENUE	SDC	CDS	TOTAL
Grants- Unrestricted	90,215	-	90,215
Donations	-	4,942	4,942
Interest	5,009	-	5,009
<i>Total Funding</i>	95,224	4,942	100,166

### OPERATING EXPENSES

Total Operating Expenses	91,351	1,853	93,204
Change in Net Assets	3,873	3,089	6,962
Net Assets Beginning of Year	125,908	355	126,263
Net Assets End of Year	\$129,781	\$ 3,444	\$133,225

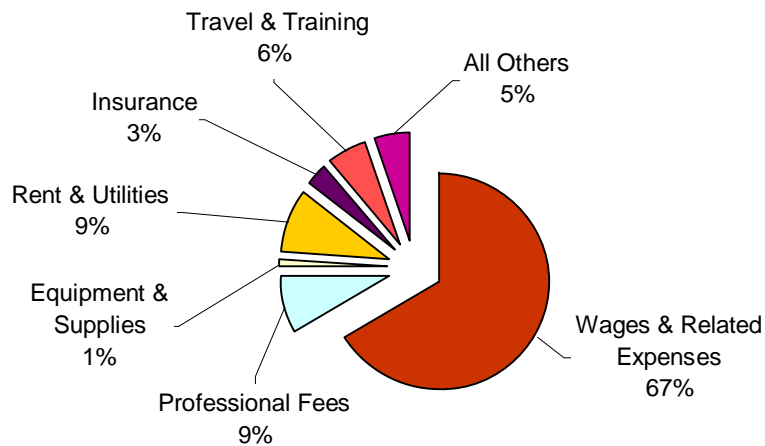


## Operating Expenses

For the Year Ending December 31, 2004

Wages and Related Expenses	61,757
Rent & Utilities	8,643
Professional Fees	8,259
Travel & Training	5,562
All Other Expenses	4,853
Insurance	3,138
Equipment & Supplies	<u>992</u>
	<u><u>\$93,204</u></u>

## Operating Expenses



## LETTERS OF SUPPORT

The following letters of support were submitted to SDC or the City of Skagway in 2004 regarding the activities of the Skagway Development Corporation.

### MABEL G SMITH'S

June 1, 2004

Skagway Development Corporation  
Stuart Brown, President  
PO Box 1236  
Skagway, AK 99840

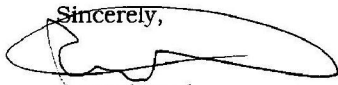
Dear Stuart,

This letter is written in conjunction with the SDC's budget request from the City of Skagway's FY05 budget to be discussed this evening.

I would like to express my support for the Skagway Development Corporation. Not only is the Corporation aiding both new and existing business ventures financially, they are also availing themselves to assist with business plans and accounting designs necessary for sound record keeping.

I am impressed with the board and staff. They are discrete, responsible, and dedicated to the success of this program. I would like to see the Corporation grow as it is a viable asset to this community.

Sincerely,



Crystal Ford  
Sole Proprietor

*P.O. Box 151 - 342 5th Ave - Skagway, Ak 99840 (907) 983-2609 fax (907) 983-2608*

P. O. Box 664, 240 4<sup>th</sup> street  
Skagway, Alaska 99840  
Phone: 907-983-2575  
FAX: 907-983-2177  
nechi@aptalaska.net

.....

## Cooks Creations & Tours

June 1, 2004

SDC  
C/o Mike Katsi  
Skagway, Alaska 99840

Dear SDC:

We wanted to take the time to tell you how much of a difference your goodwill and support has made in our business life here in Skagway.

We would not be operating if we had not been able to secure a loan from you to purchase our tour bus and much needed shop equipment for our carving business.

There has never been a time that when we needed any help with our business, weather in planning or bookkeeping that you did not willingly and unselfishly come to the plate to assist us and help us understand.

My regret is that Lorraine had to step down from the Board of SDC in order to be able to benefit from your long needed program.

Serving with the people on that board was one of the memorable experiences of my life. I learned and approached problems with the intent of solving and finding a way. The people who put their time and sincere effort into an already troubled arena, (Skagway's EDC) made me realize just how important it is to never give up and never stop looking for a way to help this community.

It was an honor to serve with you all. I know who you are and know your intent is for the good of everyone in our City.

I hope the City will give you the support that you need to help the people and projects to get on their feet here, because it is often very difficult for the little guy. A lot of people just need a little guidance to be able understand the steps that need to be taken toward their goal. You have been outstanding in all areas concerning this.

Keep up the good work and good will.

We are supporting you

Sincerely,



Gordon and Lorraine Cook  
Creation Tours & gifts  
240 4<sup>th</sup> street, Skagway, Alaska

.....

6-2-04


Michael Catsi, Executive Director  
Skagway Development Corporation  
P.O. Box 1236  
Skagway, Alaska, 99840

Michael,

I want to thank you and the council of the SDC for your support in the last year. You've provided advise, direction, and financial support that has helped me manage the incremental growth of my multifaceted business. With your help I've built a long needed addition to my little carving studio. This addition has already increased my productivity, allowed me to take on restoration projects that were impossible before, and has allowed me to train an apprentice. Because of your support, this fall and winter I will have two part time positions available to help me manage the production of my jewelry, sculpture, and tusk restorations.

Thank you, S.D.C,

Bruce Schindler



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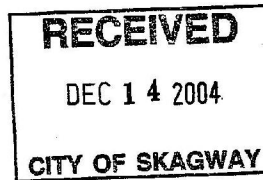
BRUCE SCHINDLER 907.983.3899 PO BOX 586 SKAGWAY, AK 99840 [www.ptialaska.net/~schindlr](http://www.ptialaska.net/~schindlr)

**HAINES SANITATION, INC.**

PO Box 575, Haines, AK 99827  
Cell (907) 723-3992

December 15, 2004

Bob Ward  
City of Skagway,  
700 B Spring Street,  
PO Box 415  
Skagway, AK 99840



Dear Bob:

On December 10, 2004 Denali Commission's Solid Waste Program awarded a \$160,000 grant to The City of Skagway and Haines Borough. The grant was written by the Skagway Development Corporation in partnership with Haines Sanitation and will be used to fund the purchase of a Multi-Material Primary Reducer that will benefit both communities.

This grant is a direct result of the City of Skagway taken a proactive approach by setting up and funding the Skagway Development Corporation. There are many grants available, now and in the future that can benefit the City of Skagway, Haines Borough, and it's residents in years to come that can be more easily accessed with the help of Skagway Development Corporation.

Haines Sanitation as the technical partner would like to take this opportunity to thank the City of Skagway and Skagway Development Corporation for their assistance in this Grant Proposal. We would like to especially thank Mike Catsi for all his hard work in the writing of this proposal.

As Haines Sanitation looks to the future of solid waste in Haines and Skagway, there are other alternatives for waste disposal that we will be developing and bringing forward for the communities' considerations. We look forward to working with Skagway Development Corporation on these alternatives.

Sincerely,

Tom Hall  
Vice-President