THORNE BAY OVERALL ECONOMIC DEVELOPMENT PLAN
FISCAL YEAR 2004
July 1, 2003 to June 30, 2004

JANUARY 1993 PLAN
Prepared by
C. L. Cheshire
Economic Development Center
University of Alaska Southeast Ketchikan Campus
Graphics & Layout by Kate Berntson

FISCAL YEAR 2004 UPDATED PLAN
Prepared by OEDP Committee
Approved by Thorne Bay City Council

CITY OF THORNE BAY
RESOLUTION 04-01-22-02

A RESOLUTION OF THE CITY COUNCIL FOR THE CITY OF THORNE BAY, ALASKA, ADOPTING THE FISCAL YEAR 2004 UPDATED THORNE BAY OVERALL ECONOMIC DEVELOPMENT PLAN.

WHEREAS, the City Council is the governing body for the City of Thorne Bay, Alaska; and

WHEREAS, the Thorne Bay Overall Economic Development Committee has held public meetings and hearings on the proposed fiscal year 2003 updates to the Thorne Bay Overall Economic Development Plan and has recommended that the City Council adopt the plan as amended; and

WHEREAS, the City Council concurs with me recommendation of the committee,

NOW, THEREFORE, BE IT RESOLVED that the City Council for the City of Thorne Bay, Alaska, hereby approves and adopts the fiscal year 2004 Updated Thorne Bay Overall Economic Development Plan.

Passed and approved on January 22, 2004

ATTEST:

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Stan Osborne, Mayor

[Sponsor: OEDP Committee]

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Eileen Scheldt, City Clerk

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Thorne Bay OEDP Committee

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Jim Wilson PO Box 19324 Thorne Bay, AK 99919 828-8869	President Thorne Bay Business Association
Karen Petersen PO Box 19515 Thorne Bay, AK 99919 828-3339 (Home)	Co-owner, Riptide Liquor
Sandy Frost PO Box 19347 Thorne Bay, Alaska 99919	US Forest Service
Stan R. Osborne PO Box 19110 Thorne Bay, Alaska 99919 828-3380	Mayor City of Thorne Bay

The Thorne Bay OEDP Committee was appointed by the Thorne Bay City Council. The committee is a cross section of the community. In Thorne Bay, all minorities comprise less than 3% of the total population (2000 U.S. Census).

C.L. Cheshire (Manager of the Economic Development Center, UAS-Ketchikan Campus), under contract with the City of Thorne Bay, assisted the committee in preparing the original January, 1993 Thorne Bay OEDP. Annual update and revisions have been prepared by the OEDP Committee.

Thorne Bay Development Chronology

Thorne Bay became the site of a KPC (Ketchikan Pulp Company) floating logging camp in 1962.

The logging camp took over the uplands and Thorne Bay became the largest logging camp in the world with a population of over 600 people. The land was owned by the Federal Government, later selected by the State of Alaska, and leased to KPC as part of the Long Term Timber Sale Contract between the U.S. Forest Service and KPC. The buildings and the improvements were built and owned by the "Company". Almost all of the utilities and services were constructed for use by the family homes, the bunkhouses and the logging operation of the "Company".

The road connecting Thorne Bay with Craig and Klawock on the west coast of Prince of Wales Island was completed in 1978. The KPC sort yard and log transfer site were constructed in 1981.

KPC abandoned the residential portion of the logging camp and the public utility systems in 1980, yet maintained its business operations there. People who had lived in their house for at least 90 days prior to the passage of HB811 were given the opportunity to buy them from the "Company" and obtain title to the land from the State of Alaska.

The State of Alaska created the South Thorne Bay Subdivision (this became a part of Thorne Bay when the city was incorporated a year later).

Most of the land within the boundaries of the City of Thorne Bay was selected as part of the State's land selection from the federal government. The land where residential housing was located passed into private ownership for the cost of administration, plus survey cost. In August 1982, Thorne Bay was incorporated as a second-class city.

The Thorne Bay Community Club purchased the utilities from KPC in 1980. They were transferred to the City upon incorporation.

Thorne Bay completed its first economic development plan, which prioritized its development opportunities in the following order: 1. Tourism development; 2. Logging and wood product development; 3. Fish processing development; 4. Transportation depot development-. 5. Mining development.

A portion of the road-accessing South Thorne Bay was opened

1984-85	USFS Thorne Bay Ranger District administrative facility and housing were moved to Thorne Bay. City of Thorne Bay began replacing the entire water system when it collapsed in November.
1986	Tolstoi Bay Port Development Feasibility Study was completed: it concluded an access road to Tolstoi Bay and a barge and ferry terminal at Tolstoi Bay could be built at a cost of $1O.8 million. City of Thorne Bay's electrical upgrade was completed.
1988-91	State highway from Thorne Bay to Control Lake was constructed Work began on the replacement of the sewer system; work began on the new school building.
1989	Thorne Bay was declared a Coastal District.
1989	A hundred and five slip dock was built with State and EDA funds to replace the only public dock facility which had been condemned
1989	The City of Thorne Bay Comprehensive Plan was adopted

1989-90	The new K-12 classroom building was opened; it cost $3.3 million to build. The school is administered by the Southeast Island School District based in Thorne Bay.
1990	A new cement boat launch ramp for recreational use was begun; the commercial development of the waterfront began.
1990	New water system went completely on line.
1991	Coastal Zone Management Plan was approved for Thorne Bay.
1991	By-Pass Road built redirecting commercial/industrial traffic around main townsite.
1991-92	Floatplane float and pull out facility were completed
1991-93	Road connection between Thorne Bay and Coffman Cove was completed.
1993	School gym and music building were completed at a cost of $2.9 million.
1993	Rebuild of the public dock at Davidson Landing was completed.
1993	Boyer Barge's all tide freight handling facility was completed
1993	Community Park Project was begun.
1994	Mary Lou Swaim Memorial Ball Field Project was begun.
1994	Rebuild of first 5.6 miles of South Thorne Bay Road Project completed.
1994	New Solid Waste Baler, Landfill, and Household Hazardous Waste Storage Facility Project completed and went on line.
1994	First Zoning Ordinance was adopted.
1994	City of Thorne Bay subdivided and sold two residential subdivisions containing a total of twenty-two lots. One commercial lot was created and sold
1995	City of Thorne Bay Sewer Replacement Project completed and went on line.
1995	Goose Creek Commercial/Industrial Subdivision created and seventeen lots sold and occupied by industrial entities.
1995	Engineering and design of new public safety building complex completed.
1995	City of Thorne Bay sold 1.3 million board feet of timber from city lands with proceeds dedicated to development and sale of residential properties
1995	Engineering and Design completed for first residential subdivision paid from funds received from timber sale.
1995	Boat Grid Project engineering and design completed and construction began.
1995-96	Electric and Water Extensions to 32' to 50' stalls at the Thorne Bay Dock completed.

1996	Deer Street Residential Subdivision Infrastructure Project began.
1996	Road connection between Thorne Bay and Kasaan began via the South Thorne Bay Road and connecting at Tolstoi Bay.
1996	Memorandum of Understanding between City of Thorne Bay and State of Alaska negotiated to survey, appraise and sell eleven additional commercial/industrial lots at Goose Creek Commercial/Industrial Subdivision.
1996	Power Plant Rebuild Project completed.
1996	Sewer Pump out Station Project completed at Thorne Bay Dock
1996	Public Works Maintenance and Storage Project completed.
1996	City of Thorne Bay City Hall upgrades began.
1996	Secondary Timber Manufacturing Project began.
1996	Coastal Zone Management Plan and Comprehensive Plan Update Projects began.
1996	By-Pass Road Comprehensive Land Use Management Plan began.
1997	Power Plant Rebuild Project completed
1997	Road connection between Thorne Bay and Kasaan completed.
1997	Boat Grid Construction completed
1997	Deer Street Road construction, water/sewer extensions, and electrical power extension completed
1997	By Pass Road Project Survey, Mapping, and Site Assessment began.
1997	Goose Creek Industrial Subdivision, Survey, Platting, and Appraisal completed.
1997	Thorne Bay, Coffman Cove, Naukati Recovery Plan Project began.
1997	Tolstoi Development Project Feasibility Study began.
1998	Southeast Island School District office relocated to Thorne Bay.
1998	Upland access to Boat Grid Project complete.
1998	Thorne Bay hydroelectric inter-tie project began.
1998	Goose Creek Industrial Subdivision lots sold.
1998	Deer Creek Subdivision lots offered for sale.
1998	Setter Lake Road, Vicks Road, Cheryl's Court and Cindy Way Road opened in South Thorne Bay Subdivision.
1998	City Hall renovations completed

1998	Main town roads surveyed and platted
1998	By Pass Road Project survey and mapping completed.
1998	Bay Chalet renovations began.
1998	Coastal Zone Management Plan revisions approved by state.
1998	Annexation of federal lands into municipal boundaries completed
1998	Thorne Bay tie-line to Island hydroelectric power began.
1999	Comprehensive Land Use Plan and Zoning Ordinances update completed
1999	Thorne Bay Road improvements in South Thorne Bay Subdivision began.
1999	Comprehensive Zoning Map Project completed
1999	Boat Grid Project completed.
1999	Mary Lou Swaim Recreational Field and Ball Field Project completed.
1999	Ron' s/Harbor Road Project began with engineering and design for bridge replacement at Setter Creek crossing.
1999	Hydroelectric Intertie Project completed and conversion from diesel to hydroelectric power on line in March.
1999	Local internet access completed.
1999	Feasibility Study for Tolstoi Project completed and next phase preliminary engineering and design began.
2002	Sale of electric utility to Alaska Power and Telephone in June.
2002	Bypass Timber sold.
2002	Paving of Sandy Beach Road and Shoreline Drive begins.
2002	Tolstoi sort yard and access constructed.
2002	Local internet access upgraded by AP&T.
2003	City RV Park upgraded.
2003	Thorne River Highway and Big Salt Highway paved to Craig and Klawock.
2003	Collector streets in Thorne Bay paved.
2003	Thorne River Highway dedicated September 27, 2003.
2003	Bypass timber logged.
2003	Davidson Landing Dock in south Thorne Bay subdivision replaced.

2003 New Bayview Gas Station constructed.

2002-03 S.E. Roadbuilders headquartered in old KPC Tire Shop

2003 AML began shipping their container freight into Thorne Bay via Boyer-Northland.

AREA

Location and Size

The City of Thorne Bay, Alaska is located on the east coast of Prince of Wales Island in Southeast Alaska. The City of Thorne Bay is divided by Thorne Bay and extends southward to the waters of Kasaan Bay. The City of Thorne Bay is 38 air miles northwest of Ketchikan, Alaska, 717 air miles north of Seattle, Washington, and 201 air miles south of Juneau, Alaska. Of these three cities, Thorne Bay has direct air access only to Ketchikan. From Ketchikan there are direct flights to both Juneau and Seattle.

Distribution of Population

The City of Thorne Bay is comprised of 30.437 square miles of land and 5.2 square miles of water. Of the 480* people living in the City of Thorne Bay, 73%** live on a mile long, half a mile wide strip on the north shore of Thorne Bay. The remaining 27%** live along the south shore of Thorne Bay. The inhabitants of the City of Thorne Bay, like the inhabitants of most of the small rural communities in southeast Alaska, are crowded into a relatively small area along the shoreline (see *Appendix: City of Thorne Bay Comprehensive Plan, April 1989).*

* According to 2003 Alaska Department of Community & Economic Development census

** Estimate based on previously established population distribution.

Geographic Features and Environmental Issues

The terrain around Thorne Bay was formed over 10,000 years ago when the glaciers that covered all of Southeast Alaska receded leaving a string of islands that stretches from Glacier Bay in the north to Prince of Wales Island in the south. The land that the City of Thorne Bay is on rises gradually from Thorne Bay and is relatively flat. The beach in front of the City of Thorne Bay is a combination of rock and gravel. Water access to the City of Thorne Bay is limited by the narrow opening to the bay .The mainline ferries that serve Southeast Alaska and large barges are tide influenced coming into Thorne Bay. The bay is readily accessible to most commercial fishing and pleasure vessels.

For an account of the political geography and the environmental issues relevant to Thorne Bay and the surrounding area, see the *Appendix: Prince of Wales Area Plan: Subunit 11c, Thorne Bay,* The *Prince of Wales Area Plan* was prepared by the Alaska Department of Natural Resources, 1988.

TRANSPORTATION

The road system on Prince of Wales Island connects Thorne Bay, Hollis, Coffman Cove, Whale Pass and Kasaan with Klawock, Craig, Hydaburg and Naukati on the west coast of the island as well as Port Protection and Point Baker on the northeast coast of the island (Point Baker and Port Protection are a short boat run from the dock to the community).

Thorne Bay is also connected by a road to the Inter-Island Ferry Terminal in Hollis. The drive

from Thorne Bay to Hollis takes 1.5 hours; the ferry crossing to Ketchikan takes 3 to 3.5 hours. Service to the Hollis terminal varies depending on the season. From May 1 to September 30 the M.V. Prince of Wales makes two round-trip runs each day; from October 1 to April 30 the daily runs are reduced to one.

Thorne Bay is served by two commuter airlines, Pacific Air and Promech, which fly DeHavilland Beavers and Otters, and have daily flights between Thorne Bay and Ketchikan. From Ketchikan, Alaska Airlines has typically four northbound and four southbound flights each day.

STATE OF ALASKA MANAGEMENT INTENT AND GUIDELINES

State lands will be managed for multiple-use with an emphasis on meeting the needs of an expanding community at Thorne Bay. For example, some state tidelands and submerged lands will be managed for public floats, docks, and other public services. The City of Thorne Bay is preparing a Coastal Management Plan. When it is adopted, state land management will be consistent with the Coastal Management Plan.

At the head of Thorne Bay, state tidelands and submerged lands will be managed for multiple use while providing continued support for existing log transfer and storage activities. Some state tidelands and submerged lands in Thorne Bay have been designated for residential float homes.

Some state uplands south of Thorne Bay will be managed to allow a commercial timber sale. The primary purpose of the timber sale is to facilitate development of road access to Tolstoi Bay. Logging roads associated with the sale should follow the intended route to the proposed port facility. See Forestry for more information.

State uplands, tidelands, and submerged lands at Tolstoi Bay will be managed to retain options for commercial, industrial, or public facilities, including a potential state ferry terminal.

Tidelands and submerged lands will also be managed to protect the most important recreation and fish and wildlife habitat and harvest areas. The estuary and tidelands adjacent to the Thorne River will be managed to emphasize protection of the important recreation and fish and wildlife habitat and harvest areas. In Kasaan Bay, state tidelands and submerged lands will be managed to protect the most important recreation and fish and wildlife habitat and harvest areas, while providing access to upland mineral resources.

Lands north and east of Thorne Bay that are proposed for settlement during the 20-year life of the plan are closed to mineral entry. Lands in the selection at Goose Creek proposed for industrial and commercial facilities are closed to mineral entry. Lands proposed for commercial or industrial development at the head of Tolstoi Bay are closed to mineral entry.

Lands at Thorne Bay previously closed to mineral entry and included in the developed City of Thorne Bay or in residential subdivisions will remain closed. Lands transferred to the municipality of Thorne Bay will remain closed to mineral entry. These closures are made to avoid significant conflicts with surface activities. Lands south of Thorne Bay previously closed for land disposal planning but not identified for settlement are reopened to mineral entry.

Unit 11c – Thorne Bay

BACKGROUND

This subunit includes the City of Thorne Bay and the largest block of state uplands in the planning area. Thorne Bay, a second-class city, was first established as a logging camp in 1962.

The log transfer-site at Thorne Bay is the largest in the state. The U.S. Forest Service and timber operators provide the majority of employment opportunities for Thorne Bay's 475

residents.

Commercial trolling, boat charters, and other commercial recreation activities supplement the local economy.

The state first selected lands north and south of Thorne Bay in 1977. The main community is located on the north side of the bay, where many logging camp residents received patent to occupied lots. A state land disposal in 1981 provided 288 lottery parcels on the south side of Thorne Bay.

The City of Thorne Bay, in cooperation with the City of Kasaan and State Mental Health Trust, supports development of an industrial port facility at Tolstoi Bay. Both cities believe such a facility will improve access for island residents and diversify the local economies. Road construction has linked Tolstoi Bay and Kasaan to the main Prince of Wales Island road system. The island electrical grid has followed the road system.

Excerpt from: Prince of Wales Island Area Plan
Alaska Department of Natural Resources
December 1988

Subunit 11c – Thorne Bay

Cultural Site Number	Name and Description
CRG 035	Thorne Bay petroglyphs
CRG 158	Prehistoric site
CRG 162	Historic trail

Guidelines:

- Development activities should avoid cultural sites to protect the resource and to retain the integrity of the sites.
- Refer especially to the following Chapter 2 Guidelines:
  - Cultural Resources
  - Recreation, Tourism, and Scenic Resources

Fish and Wildlife

Resource Information: Crucial habitat for salmon rearing and schooling extends to a depth of 40 feet at mean lower low water at the mouths of anadromous fish streams unless otherwise indicated.

Type of Habitat or Harvest	Place	Habitat or Harvest Values
Crucial Habitat (Ha)	Thorne River, head of Thorne Bay	Seasonal waterfowl concentrations, seasonal black bear concentrations, trout over wintering, salmon rearing and schooling
	Mills Bay	Herring spawning
	Angel Lake	Trout over wintering
	22 anadromous fish streams	Salmon rearing and schooling
Prime Habitat (Hb)	Tolstoi Island	Seal concentrations
Intensive Commercial Harvest (c)	Windfall Harbor area	Shrimp
	Tolstoi Point	Purse seine fishing
	Mills Bay	Crab

Intensive Community Use (Cy) by TNB	Thorne Bay	Crab, clams
	Tolstoi Bay	Crab
Intensive Sport Harvest (sf)	Tolstoi Point	Sport fishing
	Thorne Head to Past Forss Cove	Sport fishing
	Thorne River	Sport fishing

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Trapping along the road system is not designated because this activity does not meet the criteria for intensive harvest.

THORNE BAY'S BASIC INDUSTRIES

The following section is based on a comprehensive study conducted in the early 1990's. Similar data for current conditions are not available. This information is important to understand economic trends although it very well may not reflect current conditions.

Commercial Fisheries

Until 1989 the number of commercial fishery permit holders in Thorne Bay hovered around 10. These permits were primarily for the salmon power troll and hand troll fisheries and the long line halibut

fishery (See Appendix: Thorne Bay Permit Fisheries 1980-1990). In 1989, soon after the new Thorne Bay dock facility was completed, the number of permit holders began to increase. By 1990, it had reached 33. The growth occurred in two areas: 1. Thorne Bay fishermen diversified into winter fisheries, sablefish (black cod) and rock cod; 2. They also began to participate in the new nearby vessel value sea cumber fishery that was opened on the east coast of Prince of Wales Island. Of the $260,197 ex of the 1990 harvest by Thorne Bay fishermen, $71,079 came from the new sea cucumber fishery.

When Thorne Bay commercial fishing activity in 1990 is compared to that of its neighbors, east (Ketchikan) and west (Craig) of it, one can see how relatively undeveloped it is:

	Thorne Bay	Craig	Ketchikan
Permit Holders	21	114	334
Permits	33	205	595
Total Weight	262,525	6,263,471	30,006,968
Total Value	$260,197	$4,588,896	$17,932,332
Average Gross/Permit	$7,885	$22,385	$31,138

Source: ADF&G, CFEC; Economical Development Center, UAS-Ketchikan

The lack of a developed fishing industry in Thorne Bay is a reflection of Thorne Bay's exclusive dependence on the timber industry during its first twenty years as a logging camp. The size and value of the fish harvests in nearby communities are indicative of the potential growth that exists in this area, but they are also indicative of the competition for fisherman and their business coming from nearby communities.

A trend throughout Southeast Alaska since 1975, when limited entry was introduced in Alaska, has been the migration of limited entry permits away from small, remote communities with few services to larger communities that have a well developed infrastructure to support the commercial fishing fleet. Tables (see *Appendix: Harbor Facilities and Support Services)* were prepared to compare Thorne Bay's fisheries infrastructure with that of other communities; they clearly show how much more other nearby communities have to offer their home fleets. Several of the services and facilities that are lacking in Thorne Bay, however, have already been identified by the Thorne Bay harbormaster. He notes in a March 9, 1993, letter to Richard Poor, Statewide Ports and Harbor Planner, that Thorne Bay needs: a grid, a work float, a breakwater, a stationary dock with a hoist and increased moorage capacity. However, these improvements will require that the mud flats south of the dock be dredged.

The increased moorage capacity will become essential if and when a seafood processor locates in Thorne Bay. A site has been developed by the City of Thorne Bay for such a facility. When the City's sewer and water system replacement project is completed, there will be enough water available to support a fish buying facility (220,000 gallons/day that can be used in the summer months).

The primary fisheries that Thorne Bay fishermen are involved in are the salmon troll fishery, the local halibut fishery and the emerging sea cucumber dive fishery.

A number of changes in the salmon troll fishery are being contemplated that could result in less fishing time for the troller in southern Southeast. It is premature to speculate at this time what changes will actually occur. The picture will be clearer in the fall, however, after the Alaska Board of Fish has met and the Canada-U.S. Pacific Salmon Treaty review has been completed. In the meantime, troll caught kings and cohos continue to lose market share to farmed cohos from Chile and Norway, although, recently, lower ex-vessel prices for kings and cohos have made Alaska troll caught salmon more competitive in Europe. As a general rule, farm raised cohos put a cap on the price that troll caught salmon can command. As a result, for now and for the foreseeable future trollers will not be able to plan for big increases in ex-vessel price to compensate them in those seasons when the returns are weak.

The halibut fishery is undergoing major changes. By going to an IFQ (Individual Fisherman Quota) for the halibut and sablefish fisheries, the North Pacific Fishery Management Council is eliminating the one and two day halibut derbies in Southeast Alaska. Under the IFQ system, fishermen who have IFQs will be able to fish for halibut year round. The Canadians, who have been using an IFQ system for the last two years, have been

able to command a higher price for their halibut year round because of their halibut can be sold fresh. Alaska halibut caught under an IFQ system should enjoy a similar increase in price. Another important benefit of the IFQ system for Alaska halibut fisherman is that it will also make Russian halibut less competitive. Russian halibut has been able to compete against other frozen halibut on the west coast because it is offered at very low prices. But Russian halibut cannot be delivered fresh and as such it will not be able to depress the market for Alaska halibut.

The sea cucumber fishery is the newest of the fisheries in the area and has quickly become very lucrative for Thorne Bay fishermen. Since 1986 when there was a small experimental sea cucumber fishery on the east coast of Prince of Wales, the area sea cucumber harvest increased from 34,043 pounds in 1986 to 585,225 pounds in 1992. The market for sea cucumbers is primarily in the Orient. The skins of the cucumber, which are fried in an oven, are popular in soups and jerky. The five strips of meat that are taken from the inside of the animal have the consistency and texture of lobster and taste like clams. The current ex-vessel price for sea cucumbers is $1.00/lb. and the wholesale price for the meat is $6.50/lb.; skins sell for $1.00/lb. It should be noted though that the sea cucumber fishery in Clarence Strait is a very short fishery and that processing sea cucumbers is very labor intensive. A sea cucumber processor needs to be able to add fifty or more employees very quickly to process sea cucumbers and yet he can employ them for only a short time.

Another developing fishery in the area is shellfish aquaculture. Much of this development is occurring on the northern end of Prince of Wales Island, which places Thorne Bay in a strong position to serve this industry as it develops. There are over 3.0 million oysters/year either in production or proposed for permits on Prince of Wales, but only one operation is actually supporting itself. The high quality of the product is generally recognized, but low production levels, high production costs, lack of infrastructure, distance from markets and lack of development capital have worked together to impede the growth of this industry. Little by little, though, these barriers are coming down. The anticipated increase in production will lower unit costs and justify more infrastructure (brokers and cooperative marketing agreements); the airport in Klawock will provide year round all-weather access to outside markets. Among those supporting the development on Prince of Wales are Shaan-Seet and Klawock Heeyna. Their access to development capital will allow them to move their farms into commercial production much faster than the small individual operator has been able to do.

Wood Products

Thorne Bay's dependence on the timber industry is reflected in its employment figures. The five year period from 1988 to 1992, when the prices for round logs, lumber and, for part of that time, pulp were relatively high, timber industry employment in the Thorne Bay SubArea averaged close to 370 jobs in the third quarter. The Tongass Land Management Plan for the north end of Prince of Wales Island projects timber harvests for the next ten to fifteen years (1997-2012) to average 40 mmbf a year, as compared to an average of 120 mmbf a year that was logged during the period 1988 to 1992 (Tongass Land Management Plan 1997). The Kavilco/ITT Rayonier private timber harvest is running about 40 MMBF/ year and should be completed in 1997. If logging in the Thorne Bay area follows according to plan and projection there will be approximately 90 logging jobs per year (2.15 jobs/1mmbf)in the area after 1997. The KPC sort yard provided 33 jobs to the Thorne Bay economy up to 1997. Ketchikan Pulp Company announced the closure of the Pulp Mill in October of 1996. The Pulp Mill was closed in March 1997. The US Forest Service and KPC negotiated a contract settlement that provided three years of timber to KPC to run the sawmill in Ketchikan and Metlakatla and terminates the Long Term Sale Contract on December 31, 1999. KPC has downsized their workforce and has decreased the number of employees working in Thorne Bay sort yard from 33 to 11. Local sawmills will add an estimated 10 jobs annually and road building will generate 20 heavy construction jobs each year. When added together, the average number of manufacturing (logging, sort yard, local sawmills) and construction jobs in the Thorne Bay Sub-Area should average close to 130 jobs a year, or about a 35% less than for the period 1988 to 1992.

As was the case in 1991, the prices for Southeast Alaska round logs, lumber and cants continued to rise in 1992 while the price for dissolving pulp continued to fall (see *Appendix: Volume and Prices for Timber Products Exported from Alaska 1981-1992).* Rising log prices have increased the value and volume of privately owned logs in the area. Trees that once had too little value to be logged are now part of the area's log supply. For several of the Native village corporations, rising log prices have given them two or three more years of logging than had originally been estimated. Rising log and lumber prices have also influenced the timber harvest from the Tongass National Forest. Ketchikan Pulp Company increased the percentage of the logs it saws into lumber thereby reducing the percentage of logs it sends to the pulp mill. The U.S. Forest Service, in its attempt to meet KPC's demand for logs, has routed timber sales that were once part of the Forest Service Independent

Timber Sale Program to KPC. As a result, the volume of timber available to independent sawmills in the area has fallen to half of what it was in 1989 and 1990. Although, all future Forest Service timber sales will be advertised and bid for Independent Sales.

Turning from timber supply to timber markets, there have been few changes in the last couple of years in respect to the forces driving both the rising demand for round logs and lumber and the falling demand for dissolving pulp. Both trends are the result of a world wide economic depression.

Japan, which buys most of the higher quality logs and lumber exported from Ketchikan, continued to experience an acute depression in land values as a part of a general economic slow down. Ironically, the drop in land prices has allowed home-builders in Japan to spend more on the construction of their homes thereby increasing their willingness to buy and use expensive imported wood products. At the same time, the rising strength of the yen against the dollar has made it possible for Japanese importers to pay more for Alaska wood products without having to sell it to the Japanese consumer at a higher price. Given the general shortage of export logs and a lumber on the Pacific West Coast, the Japanese have needed the extra buying power of the yen to keep up with the rising prices for U.S. and Canadian export wood products.

Japan's willingness to pay higher prices for high grade Sitka spruce and Douglas-fir had a positive effect on the markets for lower grade hemlock in China and Korea. The gap between the price for Douglas-fir and hemlock widened so dramatically in 1992 that the Chinese went from importing 69% Douglas-fir and 31% hemlock in 1991 to importing 43% Douglas-fir and 57% hemlock in 1992. This increased demand for hemlock (primarily from Alaska) in China created a shortage in Korea, which had been the primary consumer of lower grade hemlock. As a result, the prices for all grades of hemlock rose in 1992.

Unfortunately, the depressed economies of the U.S. Japan, and Europe have only had a negative impact on the demand for Alaska's dissolving pulp. Rayon, which accounts for almost two thirds of the end use of all dissolving pulp, is a high-end fabric, which suffers during an economic depression when garment and drapery manufactures search for lower cost substitutes to keep the price of their products down. As inventories of slow moving rayon have risen, the price for dissolving pulp has fallen.

The following is a list of the wood products that have been or are currently being produced in Southeast:

Cedar Lumber	Cedar Shakes
Cutstock/Windows and Doors	Furniture (hand-crafted)
Moulding	Music Stock/Piano,Guitar,Violin
Wooden Boxes (hand-crafted)	Wooden Toys (hand-crafted)
Wooden Utensils (hand-crafted)	Screens (carved)
Totem Poles (carved)	

The interest in value-added wood products throughout Alaska has exposed the need to study the feasibility of additional products. Some of these products are listed below:

Wood Pellets	Finger Jointed Lumber
LVL (laminated veneer lumber)	Wisa-wood
Plywood	Particleboard
MDF (medium density fibreboard)	Log Homes (for export)
Modular Structures	Extractive Chemicals
Arrow Shafts (alder)	Chopsticks

Many of the above products were looked at in a study done for the Southeast Conference in 1991 titled *Southeast Alaska Value-Added Timber Manufacturing Feasibility Study.* This study was prepared at the Economic Development Center, UAS-Ketchikan; copies of it are readily available. Another source dealing with value-added wood products in Alaska is the proceedings from a 1990 conference held at the University of Alaska Fairbanks, titled *Value-Added Opportunities for Alaska Forest Products Workshop.* The above list does not pretend to exhaust the possibilities; an exhaustive list would be quite long as the lists of value-added forest

products produced in British Columbia and Washington demonstrates (see *Appendix: Value Added Wood Products British Columbia and Washington).*

The feasibility of several wood products need to be explored more fully. In examining these products there are five questions that each product proposal must be able to answer in the affirmative.

1. Is there an available, adequate timber supply?
2. Is there an identified, economically accessible market?
3. Can it be manufactured competitively in Southeast?
4. Is there adequate financing?
5. Do the principals possess sufficient experience and expertise to bring the product to market?

In 1993, the Ketchikan Area Independent Timber Sale Program will produce approximately 107 mmbf annually; the Stikine Area Independent Timber Sale Program will add another 70 mmbf annually. Competing for this timber will be the Seley Mill in Ketchikan (35 mmbf/year), the Klawock sawmill (60 mmbf/year) when it opens, several small sawmill and shake mill operators (15 mmbf/year), and the Wrangell Sawmill mills (30 mmbf/year). Sealaska is expected to harvest timber at the rate of 75-100 mmbf/year during this period, but almost all of their timber volumes is exported in the round. Native village corporations are not expected to be logging beyond 1998.

Markets exist for all the wood products that could be manufactured in Southeast Alaska. In many cases, however, the market is too far away for Southeast timber products to compete successfully. Manufacturing for the local Southeast market is limited by the fact that the total market is small and dispersed over several islands. The area tourist market exceeds 300,000 and can be reached at a single location. (Ketchikan or Juneau).

Some of the studies have been identified the feasibility of manufacturing certain value-added timber products in Southeast Alaska, but the cost of wood (assuming it is available) and/or the cost of producing the finished product is so much higher in Southeast Alaska than in other viable locations that the developer is compelled to locate his facility elsewhere.

Lack of adequate financing is another factor that has hampered value-added timber manufacturing in Southeast. Because operating costs are unusually high in Southeast, it is not uncommon to see inexperienced, under-financed developer forced to abandon his project, operate it sporadically or limp along until he finds a buyer who is less experienced than he is.

Finally, sufficient experience and expertise are also crucial. This is difficult to judge when the product or the process is relatively new. Nevertheless, evaluating a developer's track record both in the industry as well as in the Southeast is critical.

Tourism

A bright spot in the Thorne Bay economy is the growth of its tourism industry. Although Thorne Bay tourism is still a very small industry, it features excellent facilities and several outstanding attractions.

Lodges

Boardwalk Wilderness Lodge: May-September operates a full service, fully guided fishing lodge: September to May - it is a bed and breakfast: 4 rooms, 2 per room: In season a three night package (which includes the flight to and from Thorne Bay to Ketchikan) is $2,050/person and $495/person for every night after: September to May rates vary depending on the size of the group and the length of the stay.

McFarland's Floatel: May to September operates as a "95% do-it-yourself" fishing lodge; September to May it is a bed and breakfast: 4 cabins, maximum of six per cabin: In season, $140/night per cabin up to four, $30/person for each person over four; transportation to and from the Floatel, charter fishing and skiff rental are not included in the rate, but available; guests provide their own food; September to May rates are $65/night single, $85/night double.

South Haven Guest House
Adventure Alaska Southeast:
Steller Ventures
Sonny's Skookum Adventures

Bed & Breakfast

Earl and Chris Nash
Welcome Inn B&B
Jenning's B&B
(see also lodges)

RV Park

Manier's Trailer Park
City of Thorne Bay RV Park

Marina

Thorne Bay Boat Works
None

Restaurants

None

Registered Charter Boat/Operators

Operator	Boat
James McFarland	Fish Magnet
James McFarland	Jeannie M
Boardwalk Lodge	Boardwalk
	Boardwalk II
	Boardwalk III
William Kemperman	Vindicator
Jorry Nunn	Nunn Better Charters
Jim Blair	

Car, RV, or Skiff Rentals

McFarland's Floatel: Car and Skiff Rental
Welcome Inn: Car and Skiff Rental
Adventure Alaska: Car and Skiff Rental

Attractions/Activities

Nature Tours
- Fish Passes (Rio Roberts, Big Lake, Ratz Harbor)
- North Prince of Wales Caves
- Salmon spawning beds
- Sandy Beach Road scenic drive
- Waterfalls
- Wildlife (black bears, eagles, Sitka blacktail deer)

Beach combing
Boating
Hiking
Hunting (Sitka blacktail deer, black bear)

Totem Poles (40 minute drive to Klawock)
Longhouse and Totem Poles (45 minute drive to Kasaan)
Saltwater & freshwater sport fishing (guided and unguided)
- king salmon
- coho
- pink
- steelhead
- halibut
- rock cod

Prehistoric (petroglyphs)

Events

Prince of Wales Fair & Logging Show (last weekend in July)
Thorne Bay Salmon Derby (May-July)

Characteristics of Southeast Alaska Tourism

According a survey of Southeast (Southeast Alaska Pleasure Visitor Research Program, Summer 1988) of Southeast tourist trip patterns and expenditures, Vacation/Planner visitors enter Southeast by air (9%). Ferry (7%), cruise ship (63%), highway/personal vehicle (14%) and highway/motor coach (7%).

The average number of nights spent in Southeast by all Southeast visitors is 3.7 nights; Vacation/Pleasure visitors stay 3.5 nights. Independent visitors stay 70% longer in Southeast than package visitors (5.3 nights versus 3.1 nights). Cruise entries account for the shortest stay (3.0 nights); air entries account for the longest Southeast stay of all modes (7.0 nights).
The average visitor uses 1.2 types of lodging while in Southeast: the average independent traveler visitor uses 1.7 types of lodging. The extent to which the various forms of lodging are used is summarized below:

LODGING TYPES USED BY VISITORS

	Independent	All Visitors
Ferry	39%	13%
Hotel/Motel	25%	19%
Recreational Vehicle	24%	7%
Private Home	18%	5%
Miscellaneous Outdoor Camping	14%	4%
Resort/Lodge	6%	3%
Bed & Breakfast	4%	.5%
Youth Hostel	2%	.5%
Cruise ship	0	65%

Source: Southeast Alaska Pleasure Visitor Research Program, Summer 1988

The average party size of those visiting Southeast Alaska in the summer of 1988 was 2.2. Nearly three-quarters of all parties came in pairs; singles comprised 13 percent. Average party size for independents was 2.3 persons compared to2.1 persons for package visitors.

These figures become significant when they are applied to the stream through Ketchikan (see *Appendix: Ketchikan Gateway Borough Tourism)* each year. The estimated number of independent travelers who stopped in Ketchikan in the summer of 1992 was 39.157. Of these, 25 percent, or approximately 9,800, were traveling by RV. Assuming the average party size was 2.3 persons, the 9,800 RV visitors would translate into 4,260 RVs. Some of this traffic is coming to Prince of Wales Island; more would come if there were adequate facilities for RVs and these were adequately advertised.
The average expenditure by a cruise ship visitor to Ketchikan in the summer of 1989 was $53; the average expenditure of the independent traveler was $158 (when an annual 3% inflation rate is applied, the estimated 1993 cruise passenger will be almost $60 and the independent traveler expenditure will be almost $178).

The Ketchikan tourist figures also provide a picture of the growth of tourism in the area. Most of this growth is coming from cruise ship visitors whose stay in Ketchikan is between 6 and 8 hours, long enough for a flight to Thorne Bay and back. Although there has been no significant increase in the number of tourists arriving in Ketchikan by air and the Alaska Marine Highway, there is evidence that dynamic growth is occurring here as well.

One of the places where this growth is reflected is in the rapid expansion of the charter fleet both in Ketchikan and on Prince of Wales. Since 1987, the number of registered charter boats in the area has doubled. This growth in the fishing lodge and charter boat industry has resulted in disputes with commercial fishermen, the trollers in particular, over resource allocation. Last year sport fishermen were limited to one king salmon a day.

Mining

The Salt Chuck mine near Thorne Bay has .007-.25 oz/ton platinum group metals: 7.8% copper and .7 oz/ton gold. Over the last two years there has been no significant exploratory work done in this mine or any other mine site around Thorne Bay. On the east coast of Prince of Wales, south of Thorne Bay at Dolomi, Sealaska has a contract with American Nickel and Copper to continue to map the gold and copper deposits that were discovered there. Neither Sealaska nor American Copper and Nickel have announced whether or not they plan to develop a producing mine at Dolomi. If they do, it is very unlikely that it will have any impact on Thorne Bay.

THORNE BAY SUPPORT SERVICES AND DEVELOPMENT INFRASTRUCTURE

Services Supporting the Business Community: A Survey of Needs

A telephone of survey of all of the businesses on the Thorne Bay tax rolls was done in the spring of 1993 by the Economic Development Center, UAS-Ketchikan. The businesses in Thorne Bay were asked what services they would like to see in Thorne Bay. Thirty-seven businesses or government agencies responded to the survey (see Appendix: Thorne Bay Business Survey Participants). The services that were requested by four or more businesses are listed below (for a list of all responses see Appendix: Business Service Needs). The number of those requesting the service is in parentheses.

Bank	(12)
Restaurant	(9)
Housing & Land for Housing	(8)
Auto Parts Store	(5)
Financial Services (Accounting)	(4)
Pharmacy	(4)

It was pointed out by several businesses that many Thorne Bay people did their shopping in Craig because the banks are right there. Several people noted that the general quality of the housing was either low or mobile homes that could not be improved. They also mentioned the difficulty in acquiring land to build housing (see below: Housing).

Thorne Bay Financial Resources

There are no banks in Thorne Bay. The closest banks are in Craig and Ketchikan. In Craig there is a branch of First Bank and Wells Fargo Bank. In Ketchikan there is First Bank (home office), a branch of Wells Fargo and a branch of Key Bank.

All three of these banks made personal and commercial loans and have extensive experience in financing resource (timber and fisheries) as well as tourism development projects.

Thorne Bay Sales Tax Revenue 1982-1998

Fiscal Year	Sales Tax Revenues	Gross Receipts
1982	0	0
1983	$18,497	$94 3,397
1984	$19,778	$1,008,725
1985	$31,979	$1,630,929
1986	$32,523	$1,658,673

1987	$15,621	$ 796,671
1988	$41,548	$2,118,948
1989	$57,543	$2,118,948
1990	$93,718	$3,186,412
1991	$93,196	$3,168,663
1992	$90,657	$3,082,341
1993	$103,843	$2,897,832
1994	$119,637	$2,907,109
1995	$113,741	$1,905,044
1996	$132,565	$2,528,094
1997	$110,916	$1,581,507
1998	$128,200	$1,213,734
1999	$ 96,500	$1,235,016
2000	$ 94,195	
2001	$116,056	
2002	$ 78,991	

Source: City of Thorne Bay

Note: City incorporated in August 1982, with a 2% sales tax. In 1987 the fiscal year was changed from the calendar year to 7/1 – 6/30. In 1989 the sales tax was increased from 2% to 3% effective 1/1/89. In 2002, sales tax was increased from 3% to 5% effective 1/1/2003.

The City of Thorne Bay does not have a property tax. The city's bonding capability is limited to revenue bonds.

Housing

Total Housing Units	327
% Occupied	67%
Occupied Housing Units	219
Owner Occupied	136
% Owner Occupied	62.1%
Renter Occupied	136
% Renter Occupied	37.9%
Vacant Housing Units	33%
Seasonal, Recreational	13%
% Homeowner Vacancy	3.5%
% Renter Vacancy	7.8%
Persons per Homeowner Unit	2.45
Persons per Renter Unit	2.70
Units in Structures	
1 Unit, detached	168
1 Unit, attached	13
2 Units	21
5 to 9 Units	5
10 or more Unit	2
Mobile Home, Trailer, other	76
%Mobile Home	22.9%
Median Owner Occupied Home	$148,800
Median Rent (Mon)	$696.00

Source: 2000 U.S. Census

Water and Sewer

The original water/sewer facility was designed to handle a daily load of 250,000 gallons/day. During the winter when residents run their water continuously to prevent their pipes from freezing the water consumption has

risen up to 300,000 gallons/day. This problem was reduced with the installation of water meters and actions taken by homeowners to insulate their pipes. Sewer system is designed to process 420,000 gallon/day.

Schools

Southeast Island School District (SISD), a Regional Educational Attendance Area, operates nine remote schools on Prince of Wales and Baranof Islands and the mainland in Southeast Alaska. Of the district's 220 students 21.4 percent are of ethnic minorities. The poverty rate within the district is 74 percent and most children live in sub-standard housing.

The region is a temperate rainforest; densely forested islands give way to the marine waterways of Alaska's Inside Passage. All school-sites are adjacent to protected marine water bodies. Important wildlife include deer, sea otter, wolf, black and brown bear, Pacific salmon, halibut and a host of marine mammals. The northern latitude, mid-winter days provide approximately six hours of daylight. The winter climate extends from November to March. Snow conditions are erratic, but accumulations of up to 15 feet are possible.

The economy of all SISD communities is closely tied to commercial fishing and/or timber harvesting on the 17 million acre Tongass National Forest, the nation's largest. In the past decade, land management decisions by the US Forest Service have drastically reduced timber cutting and related employment in all of Southeast Alaska. This trend continues. Likewise, commercial fishing has experienced hard times during the same period. The communities served by SISD are among the most heavily impacted by these trends. Seasonal tourism-related employment has grown slightly, but few other job opportunities exist overall.

The SISD District Office moved to Thorne Bay in 1996, SISD's annual budget is over $3 million, grant funding not included.

Thorne Bay School Enrollment is as follows:

Year	# of Students
1999-2000	110
2000-2001	100
2001-2002	78
2002-2003	78
2003-2004	84

Forest Service Contribution to Thorne Bay Economy

The Thorne Bay Ranger District of the Tongass National Forest is a significant component of the community's economy. In 1985, the Tongass National Forest moved a Ranger District administrative headquarters and facilities to Thorne Bay. Since that time, the district has employed a fairly stable number of employees – although the work force composition has shifted over the last decade. In 2003, the District employed 58 permanent employees at an average GS-9 wage ($39,702/year + 25% Cost of Living Allowance). Additionally, the District employed nearly 50 summer seasonal employees. In 2003, the district's operating budget was approximately seven million dollars. In 2003, nearly 50% of the district's workforce owned homes in the community, while the trend has been for a greater number of employees to invest in Thorne Bay real estate.

In 2003, the district administered approximately 20 million dollars of contracts on Prince of Wales Island. Although a majority of this money is dedicated to major construction projects such as road and facility construction, a significant portion of these funds are captured in the local economy.

Industrial Park

In 1988, the U.S. Forest Service, the State of Alaska and the City of Thorne Bay began the process of selecting a tract of land near the City of Thorne Bay suitable for community development purposes designed to meet the increasing public demand for a commercial and industrial area. The Goose Creek Commercial and Industrial Subdivision was selected and is scheduled for State public disposal in the fall of 1993 or the spring of 1994. Twenty-seven lots were sold in 1997 and 1998. Over half of those lots are in some phase of development and no less than one-third had businesses operating on them. Some industrial development is also planned for the

area around the proposed Tolstoi Bay ferry and barge terminal site. The Tolstoi project feasibility study was completed in 1999 and the project is done. The access road and sort yard were constructed in 2002.

Clinics & Medical Services
The Thorne Bay Clinic is on contract to City of Craig Medical Center and is staffed by a physician, nurse, and clerical assistant six days a month. The clinic's hours are 8:30 a.m. to 4:00 p.m., Wednesday. Alicia Roberts Medical Clinic uses the Thorne Bay Clinic facility four days a week starting Monday, Tuesday, Thursday and Friday with hours from 8:30 a.m. to 4:30 p.m. SEARCH plans to build a new clinic in Thorne Bay. Thorne Bay Volunteer EMS squad has provided services since 1982. The City received a new ambulance and rescue boat under the "Code Blue" Funding Project.

Fire Protection
Volunteer Fire Department; the number of firemen varies (5-10). The South Thorne Bay Fire Department reorganized in 2003.

Low Income Housing
None.

Cultural and Recreational Facilities
Bay Chalet Community Building
Community Park
Ball Field
Thorne Bay Public Library

Services for the Aged
None

Conditions of the Central Business District
Much of what is the center of town and would have developed into the business area of Thorne Bay was encumbered. This is land that was made available to KPC as part of the Long Term Timber Sale Contract. As a consequence of the encumbered status of this land, the City of Thorne Bay petitioned the State of Alaska to provide Thorne Bay with an alternative site for commercial and industrial development (see Industrial Park). The timber operations of the contract expired in December 1999 and the encumbered lands have been turned over to the City. The city has management authority over those lands.

Summary of State and Federal Development Projects Going on in Thorne Bay
Ron's Harbor Road Reconstruction Project - done
Davidson Landing Mini Grant – done
Thorne Bay R.V. Park Upgrade Mini Grant - done

Development Opportunities and Constraints
The goal of local economic development is to increase a community's employment and employment income. There are two ways to do this: (1) attract new business and industry which brings with it a new jobs and payrolls; and (2) retain and expand the businesses that are already in place in the community.

Apart from the impressive list of successful development projects the City of Thorne Bay has completed since it was incorporated, the most striking characteristic of the economy is how many of the dollars earned in Thorne Bay are spent elsewhere. In 1989 when the 1990 Census data was collected, the ratio of community income (per capita income times the population) to gross business sales in Thorne Bay was four to one. This does not mean that for every dollar made in Thorne Bay only $.25 was spent there, but compare this to Craig where the ratio was closer to five to four community income to gross business sales (of course Craig benefits as much from attracting dollars from places like Thorne Bay as it does from being able to retain the dollars that are in the community) and one can see how much more could be spent in Thorne Bay. Increased retail sales would not only add jobs and employment income to the community it would also add to the sales tax revenue which could be used to support further business development in the community.

The guide to retaining income in Thorne Bay is spelled out in the survey of business needs in the preceding section. The need for a bank was pointed out by more than one business that responded to the survey. They observed that one had to go all the way to Craig to get change because there is no bank in Thorne Bay. Of course when that person is in Craig, he does more that just get change; he does his shopping there as well. There have been inquires to see if a bank could be opened in Thorne Bay that received a negative response. These need to be renewed to see if something short of a bank that could still provide basic banking services could be established.

To make shopping locally easy and appealing Thorne Bay needs to create a central, convenient retail district. The reason this has not happened in the center of town where it should logically occur is because the encumbered KPC lands precludes this. There have been efforts in the past to address this problem. These need to be renewed. Until this issue is resolved, the community will continue to struggle to establish a viable retail district and dollars that could support local jobs, not to mention generate local sales tax dollars, will continue to go to Craig and Ketchikan and points south.

Another need mentioned by local businesses was the need for good affordable housing and land to develop housing on. It is clear from the two subdivision projects that the City is completing that a conscientious attempt is being made to respond to this need. As a general rule in Southeast, where there is land to develop housing someone is either planning to build or has built a house on it. The scarcity of land to build-on is so common throughout Southeast, that any time a community can provide land for housing development, the community has a powerful magnet for retaining as well as for attracting people. And those people benefit the community with their labor and/or income. Unfortunately, the opposite is true as well. The easiest way to stifle development is to limit the access to affordable, residential land. Even if there are jobs that pay well in an area, people will not stay if they cannot find good, affordable housing.

Turning from those things that Thorne Bay can do to retain local jobs and income, to looking at what can be done to attract business to Thorne Bay, there are three industries that bring jobs and income to a community in Southeast. They are timber harvesting and wood products manufacturing, commercial fishing and seafood processing and tourism. Looked at one at a time they provide a framework for analyzing the opportunities and constraints that have and will continue to shape Thorne Bay's development.

As was mentioned earlier in the discussion of value-added timber manufacturing (See Thorne Bay's Basic Industries, Wood Products), there are several criteria that a timber project must meet before it is worth pursuing seriously. One of those is the available timber supply. The TLMP harvest plan for the Ketchikan and Stikine Areas suggest that there will be more that 170 mmbf/year available through the Independent Sale Program. If this is the case, it is conceivable that more production capacity could be added to the area. But, given the cost of logging and the high percentage of low quality logs that make up the timber base, an operator would need to be fairly large and well financed and have an integrated manufacturing system that could use all of the timber by products. He would also need to have large, well-established markets that could be reached at competitive costs.

The timber industry is charging rapidly; there are many new products but there is also a growing scarcity of harvestable timber. Either of these trends could open up the timber industry in the Tongass or shut it down. Given all of the variables and uncertainty, it is senseless to speculate about what wood products could or could not be manufactured in and around Thorne Bay. Each product will need to be assessed individually within the context of a specific set of circumstances. Those in the industry are best able to do this. What the community can provide is developable land, affordable, reliable utilities, good housing and services. Thorne Bay has the advantage of being on Prince of Wales Island and on the road system. Logs harvested on Prince of Wales and processed in Thorne Bay would never need to go in the water and be rafted anywhere. Thorne Bay is already the center of the transportation infrastructure that serves most of the logging on the north end of Prince of Wales Island.

The potential for seafood processing in Thorne Bay needs to be looked at very critically. Seafood processing in Southeast is far more diversified that it was ten or fifteen years ago when salmon, halibut and herring were the mainstays. Then there were relatively few fisheries and they lasted throughout the fishing season (April to October). Now, there are many more fisheries and they are always changing. New ones are being added regularly (cucumbers and urchins) while others are being closed (abalone and geoduck). Unfortunately, these new fisheries even when they are thriving, tend to be brief, lasting only a few weeks or a few days. To cope

with this diversity, seafood processing has been consolidated in a few communities that either have easy access to a variety of fisheries or have extensive infrastructure (processing capacity, reliable utilities, transportation, etc.) to support seafood processing. To attract seafood processing, Thorne Bay will be forced to compete with Ketchikan to the southeast, which already has an extensive seafood processing presence and the infrastructure to support it, and Craig and Klawock to the southwest, which are the gateway to some of richest, most diverse fishing grounds in Southeast Alaska.

A community in Southeast, however, does not need a seafood processor to receive the employment and income benefits from seafood industry activity. Juneau, which has virtually no processing capability, is the home to the largest commercial fishing fleet in Southeast. This is because where a fisherman chooses to fish and sell his fish and where he chooses to live and spend his money may be two very different sets of reasons. Communities in Southeast that can provide moorage and other support services to a fisherman as well as schools, utilities and other amenities and conveniences can reasonably expect to attract part of the Southeast commercial fishing fleet even if there is no seafood processing occurring in the community. This has already occurred in Thorne Bay as a result of the new dock facility. It could happen again if the harbor was expanded and the proposed new facilities (loading dock and hoist, etc.) were added.

Another justification for expanding the harbor is to accommodate the growing charter boat fleet in Thorne Bay. The two lodges on the South side of Thorne Bay have addressed their harbor needs by providing their own moorage, but a new charter operator (who typically starts with just a boat rather than a lodge and a dock to go with it) needs a place that is equipped to provide a high level of consistent service to his client. Recently, Cape Fox Lodge in Ketchikan made a large investment in Fisherman's Quay, a full service marina that supports the independent charter fleet in Ketchikan with moorage, fuel and custom processing. Cape Fox made this investment because there was a shortage of marina space to service the charter fleet where a high level of consistent service could be guaranteed. When a client is paying in excess of three and four hundred dollars a day, he/she expects a commensurate level of service.

Tourism development in general presents several development opportunities for Thorne Bay. Most of these opportunities can be realized through cooperative efforts with other groups and organizations in the area that are already experiencing rapid growth in tourism. In Ketchikan, approximately 300,000 tourists visited in 1992 and another 350,000 are expected in 1993. Most of these visitors are cruise ship visitors who spend six to eight hours in Ketchikan. Little has been done to route some of these cruise ship visitors toward Thorne Bay. As unlikely as this sounds, cruise ship visitors are already taking extensive flight seeing trips to Misty Fjords out of Ketchikan; a trip to Thorne Bay to fish or hike or beach comb would not be that different. The lodges in Thorne Bay already have agreements with the air services in Ketchikan. Other connections with the Ketchikan tourism industry need to be established. A good place to begin to explore these possible connections is through the Ketchikan Visitors Bureau.

Another connection that needs to be made is the one between the tourism industry in Thorne Bay and the other tourism initiatives on Prince of Wales Island. The larger communities in Southeast learned several years ago that they could not market themselves individually nearly as effectively as they could collectively. In like manner Thorne Bay would benefit from an island wide promotion effort of all of the things there are to do and see on Prince of Wales. The road system on the island has already gained the attention of publications that promote tourism in Alaska. Hydaburg is moving toward developing a visitor center. Klawock has restored its totem park. The U.S. Forest Service is developing the cave resources on the island as well as developing new trails and road accessible cabins. All of these things need to be tied together in a single promotional effort for the island as a whole. The benefits to Thorne Bay from such an effort would be far greater than any it could gain by promoting itself independently.

Finally, Thorne Bay needs to work as closely as it can with the U.S. Forest Service as it develops the cave resources on Prince of Wales. These caves could generate a year round flow of visitors to the island which could support a unique development in Southeast Alaska, year round tourism. It is important that Thorne Bay become involved now as decisions about access to the caves are being made so that it can be an integral part of this development.

Thorne Bay Development Strategy
Thorne Bay Development Goals

The following goals were identified by the Thorne Bay OEDP Committee. Taken together, they reflect the general direction the committee would like to see economic development follow over the next five to ten years.

1. Diversify the economy, so that the community is less dependent a single industry.

2. Make available more low cost land for commercial and residential development.

3. Improve the quality of life in the community.

4. Identify and develop an area for a central commercial district (this goal does not preclude or rule out commercial development in other parts of Thorne Bay).

5. Retain more local income in the community.

6. Increase year round employment so that the employment in the community is less seasonal.

7. Encourage and support business development that complements existing businesses.

Project Criteria

The following criteria were developed by the Thorne Bay OEDP Committee for identifying and assigning priority to the projects that make up the Thorne Bay OEDP action plan.

1. Diversifies the economy.

2. Enhances the quality of life for residents and visitors.

3. Retains local income.

4. Produces year round employment.

5. Complements existing businesses.

Program Projection

The Economic Development Administration has stated that an OEDP should include a projection of the projects and activities that the OEDP Committee determines should be undertaken to accomplish its development goals. That program projection should:

> "...reflect the scope of the area's Overall Economic Development Program and should include those items OEDP Committee intends to be assisted by EDA and other Federal and State agencies, local governments or private organizations. The projections should indicate the area's priorities for the programs and projects proposed and the relationship of each to a goal of the area OEDP."

The following Thorne Bay OEDP Program Projection lists the projects and programs that comprise the scope of the Thorne Bay Overall Economic Development Program. These projects and activities are arranged in order of priority as determined by the Thorne Bay OEDP Committee. For each project or activity, the program goal the project addresses is specified.

Economic Development Projects Priority List

1. **Former KPC Shop Area/Sort Yard Feasibility:** The City of Thorne Bay has received all portions of the lands known as the "KPC Shop Area." The area appears to be ideal for industrial and commercial uses. A feasibility study would help the City with the decision making process to determine what kind of businesses would be appropriate for this area, and assist with developing a strategy for attracting those businesses to Thorne Bay. Additionally the City of Thorne Bay will receive a portion of the area known as the "KPC Sort Yard." Currently the Forest Service plans on using the other potion of the sort yard for decking small timber sales. A feasibility study should be conducted to explore future appropriate uses of this land, or trade/purchase options.
Cost: $150,000.00

2. **Reconstruction of the Goose Creek Road:** The existing road from the State Highway 929 to the Goose Creek Industrial Complex was constructed by the Forest Service as a log haul track for heavy equipment traffic. It is a single lane road with turnouts. This is the 1-mile section commonly known as the stretch from the main road to Blankenship's Mill. Also included in this project is reconstruction of the road as platted past Security Lake. This is the section of road that currently goes past Porter's mill, to the eastern boundary of the sub-division. As the community develops and additional manufacturing plants are constructed in the Goose Creek complex, traffic increases, and safety is being compromised by the road design. This is the same road that accesses the village of Kasaan, South Thorne Bay residential neighborhoods, and the municipal landfill. The road needs to be upgraded to a two-lane road with improved sight distance both on vertical curves, and horizontal curves. Forest Service Road 2030 accesses the west portion of the Goose Creek Complex, and will require an upgrade also. This road is used to access recreational facilities at Lake Number 3 and the trail to the Salt Chuck Mine.
Cost: $2,500,000.00

3. **Tolstoi/Kasaan Road:** Engineering, survey and design of the South Thorne Bay Road and the Kasaan Connection. This road has been constructed to a single lane road with turnouts. This seventeen miles of road needs to be upgrades to State Highway standards. This road is a school bus route, and there are about 20 students that are currently being transported on a major section of this road.
Cost: $2,500,000.00 for engineering alone
Cost: $20,000,000.00 for construction

4. **Residential Development of Thorne Bay By-Pass Road Area:** This area has recently been logged by the City of Thorne Bay, and now needs to be developed into an area suitable for home sites. Planning is the first stage of this project, and issues that need to be addressed include how to bring utilities to this area. Village Safe Water will be in a position to assist the City in a few years if a plan has been developed as to how to proceed.
Cost: $100,000.00

5. **Deer Creek/Oceanview Residential Development Appraisal & Purchase:** The State owns the land behind and adjacent to the City's sewer treatment plant. The land is considered ideal for small timber sales, and residential development. The need for a supply of timber for local production is great. The need for additional residential housing will increase as Thorne Bay continues to attract new industry and economic development to the community. A coordinated effort should be made to accomplish small timber sales and residential development of this area by partnering with the State of Alaska to accomplish mutual objectives and goals. The community is waiting for the appraisal to consider the purchase.
Cost: $25,000.00 appraisal
Cost: $250,000.00 purchase

6. **Goose Creek Industrial Subdivision Telephone System:** Co-op with ACS to build a wireless phone at Goose Creek. The residents in this area are currently without a phone system, which makes running a business difficult, not to mention accessing EMS or fire services.
Cost: $100,000.00

7. **Construction of Davidson Landing Dock:** Construction of the dock portion of Davidson Landing was completed in 2003. The City has applied for a tidelands permit to proceed with construction of a boat launch at the site. This further development would involve pile-driving and some amount of fill.
Cost: $150,000.00

8. **Tolstoi Industrial Development:** The road connection from Thorne Bay to the Village of Kasaan has been completed. The road connection has provided access to the proposed Tolstoi Bay Industrial Park/Barge, Alaska Marine Highway Terminal and Cruise ship dock site. The City has completed the feasibility study phase of the project and the preliminary design, engineering, survey and appraisal of the site. The Tolstoi site is currently being used by a logging company as a sort yard, and a log haul-out . They have developed a road into the site, and done some site prep work.
Cost: $8,500,000.00 for construction of the deep water port

9. **Composting Facility at the Solid Waste site:** Construct a composting facility that would take solid waste and sewer sludge and combine them to make compost. The model for this project is currently in place in the community of Haines. This would expand the lifetime of the current landfill from 25 to 50 years at the current rate.
Cost: $1,000,000.00

10. **Terminal Fishery:** A terminal fishery is a process where salmon fry are planted in a stream system that has a physical barrier (such as a waterfall or a weir), which prevents the salmon from spawning in that stream. All of the salmon are trapped at the barrier, and used for a cost recovery program such as a smokery. The fish that return to the area are available for sport fishing and commercial fishing. This project would identify a stream system that fits all of the parameters, and qualifies for ADF&G permits and would be a joint venture with the Prince of Wales Hatchery Association, or some other non-profit fish enhancement program.
Cost: $50,000.00

11. **Alaskan Composite Technologies Feasibility Study:** Looking at the financial benefits of making composite boards, such as particle-board or OSB board from local wood waste.
Cost: $1,000,000.00

12. **Wood-Ethanol Plant Feasibility Study:** Look at a feasibility study for the use of wood waste in the production of ethanol for use as a fuel additive. This plant could be built either at the sort yard site, or at the Tolstoi Site.
Cost: $200,000.00

13. **Banking Facility/Depository:** There is no bank or ATM in Thorne Bay, and residents and businesses must drive across the island to Craig to make deposits or withdrawals from their accounts. Visitors to Thorne Bay are often surprised to find out that they cannot use credit cards in many places of business, and they did not arrive with enough cash to carry them through their vacation.
Cost: unknown but at least $40,000.00

COMMUNITY DEVELOPMENT PROJECTS

1. **Public Restroom and Shower Facility:** There are no public toilet or shower facilities available for citizens and visitors to Thorne Bay. This reflects poorly on this city as a location for transiting tourists. It also means people have to find alternative locations for personal hygiene, such as telephone booths, outbuildings and wheel wells. It also means that transiting fishermen and others have no way to clean up prior to getting on an airplane for travel to their next location. The City has made land available at the harbor for the construction of this facility.
Cost: $50,000.00

2. **Improving South Side Roads:** The largest growing residential area of Thorne Bay is the South Thorne Bay Subdivision. The road system on the south side is substandard at best. There are no road signs, no markers, indicating who lives on which lot (making fire and EMS response very difficult) and some the grades and curves are virtually undriveable in icy or slick weather conditions. There are also several platted, but not yet constructed roads, limiting access to those lots.
Cost: $5,000,000.00

3. **Purchase of Power Sweeper:** With the newly paved roads we now need a way to remove dirt and gravel from the road surface. The quickest way to degrade the investment of the pavement is to not maintain it.
Cost: $50,000.00

4. **Paving the remainder of the municipal roads:** Shoreline Drive through Thorne Bay has been paved, as well as several of the major municipal roads, but there are still quite a few segments of road that are unpaved, and need to be improved.
Cost: $1,000,000.00

5. **Municipal Building:** Thorne Bay is currently basing the municipal offices, city council chambers and health clinic and the cities only public restrooms out of an old building that is currently on skids. A new building that meets all ADA, Fire and OSHA codes would be a major improvement over the existing facility.
Cost: $1,000,000.00 for design
$4,000,000.00 for construction

6. **Shoreline Drive Guardrail Project:** Place a guard rail at the approach to the Thorne River Highway from the Port to the intersection. This is a dangerous corner, and would be improved by a guardrail.
Cost: $25,000.00

7. **Parks & Recreation Department and Community Center:** Currently Thorne bay has no community center. There is no gathering place for people to come together and socialize. No restaurant, no senior center, no youth center. There is also no real program for community interaction such as organized dances, exercise classes or craft activities. As a result the youth in the community have nothing to do, elders have no place to congregate, and new folks town don't have a forum for meeting other people. A Community Center and recreation department could provide this place in the community.
Cost: $250,000.00

8. **Davidson Landing Recreation Site:** The City of Thorne Bay has planned for a recreation site at Davidson Landing for some time. The facility would be associated with the Davidson Landing Dock and boat launch. The wooded area just west of the dock facility would be used as a day use and camping area with picnic and campsites, fire rings, and a picnic shelter. The site would be accessible by boat, and vehicles and would serve as an ideal community owned recreation facility.
Cost: $300,000.00

9. **Identify Sites for Community and Commercial Development:** Along with some larger tracts of land that the City of Thorne Bay has received due to encumbered land being returned to the City, there are several other tracts of municipal land available for development. Surveying, appraising and re-zoning these lands are just a part of the planning process that would have to happen to prepare these lands for either lease or sale for commercial or community development. The area along the shoreline would make a good area to accommodate visitors to Thorne bay. Motels,condos, and restaurants are just a few ideas.
Cost: $100,000.00

10. Museum: Thorne Bay does not have a museum to place or display cultural or historical items significant to the history of the community. A museum would greatly benefit the community by increasing the educational and entertainment opportunities for its citizens. A museum would help educate the people about the history of Thorne Bay and give Prince of Wales Island a place to curate the archeologically significant Thorne River Basket, which is currently sitting in the basement of the Alaska State Museum.
Cost: $10,000,000.00

11. Purchase and Development Thorne Bay's Cemetery Site: Thorne Bay does not have a cemetery. Long time residents of Thorne Bay that wish to be buried near their families and friends do not have that opportunity. Phase 1 of the project was to inventory land suitable for cemetery development. No state or municipal land seems to be appropriate.
Cost: $75,000.00 for purchase of land