

ALASKA CONSTRUCTION SPENDING : 2018 FORECAST

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**Resource
Development
Council**
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Anchorage

THE ECONOMIC IMPORTANCE OF THE CONSTRUCTION INDUSTRY

Construction Employment

- Official Count (DOL)
- Self Employed
- Hidden in Other Industries

Construction Muscle

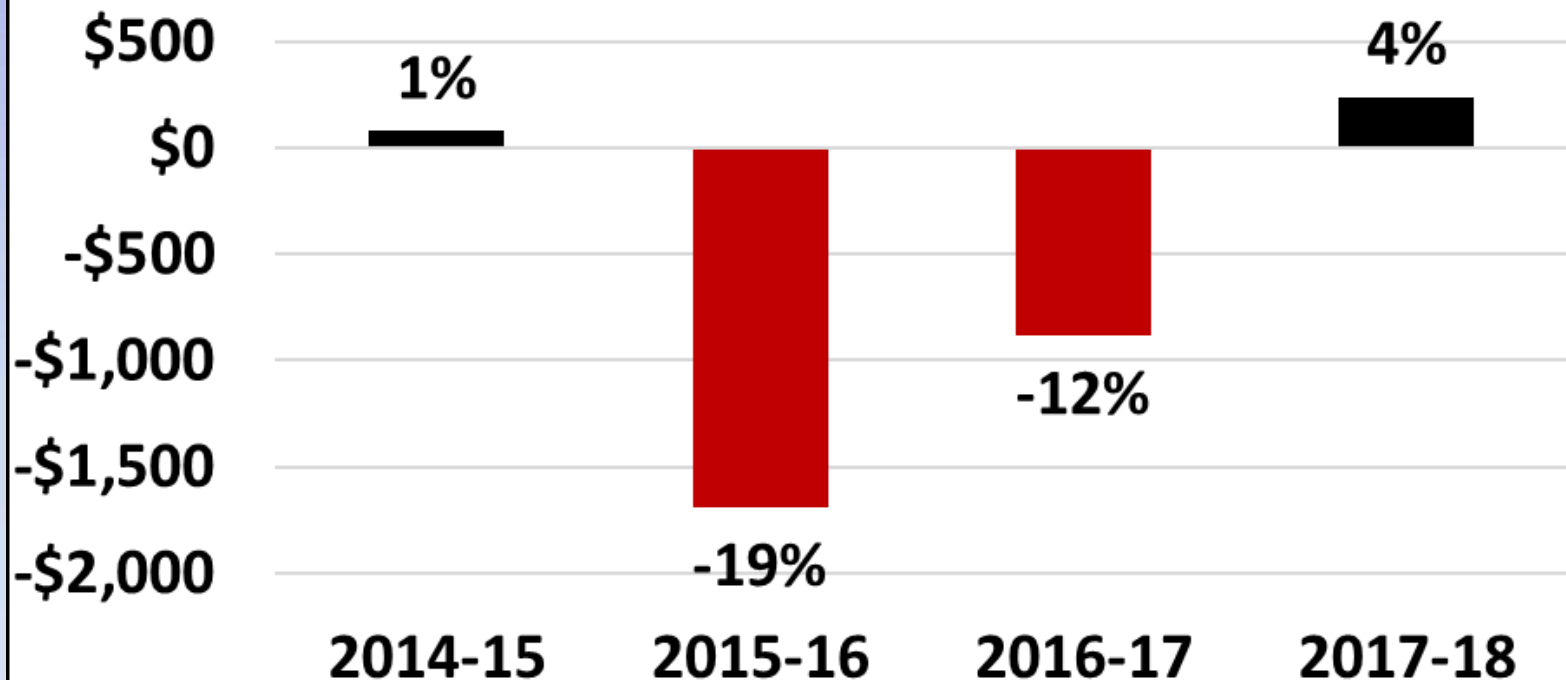
- Backward Linkages
- Statewide Presence

INVESTMENT

\$\$\$\$\$\$\$\$\$\$\$\$\$\$\$\$



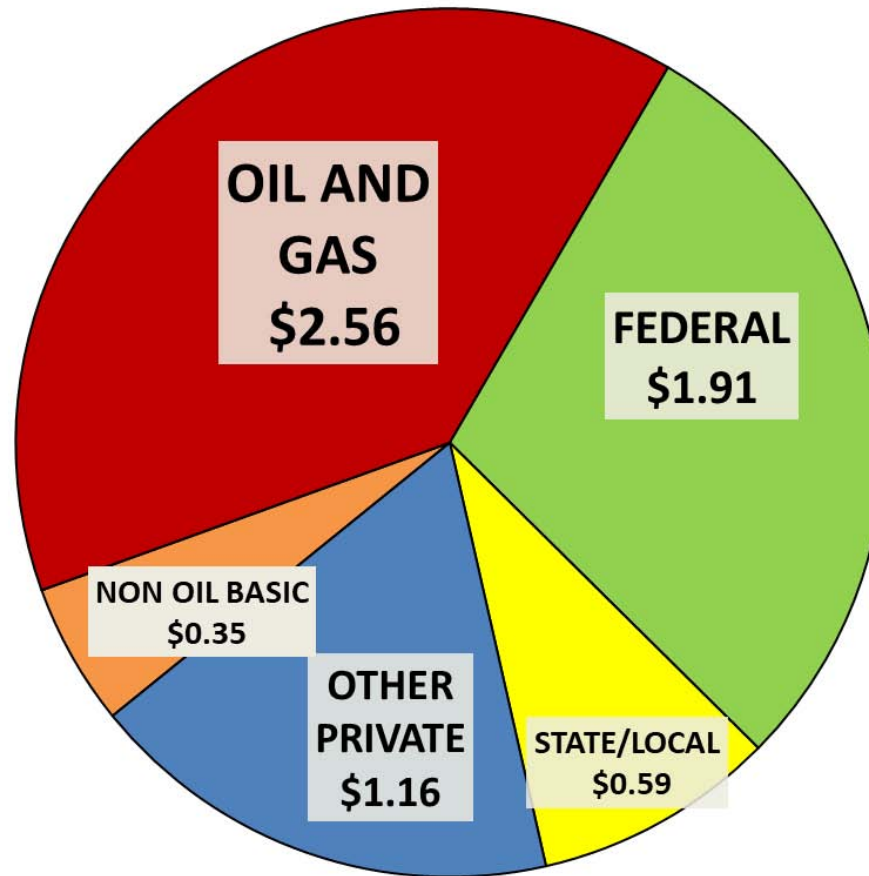
TOTAL CONSTRUCTION: SPENDING CHANGE: MILLION \$



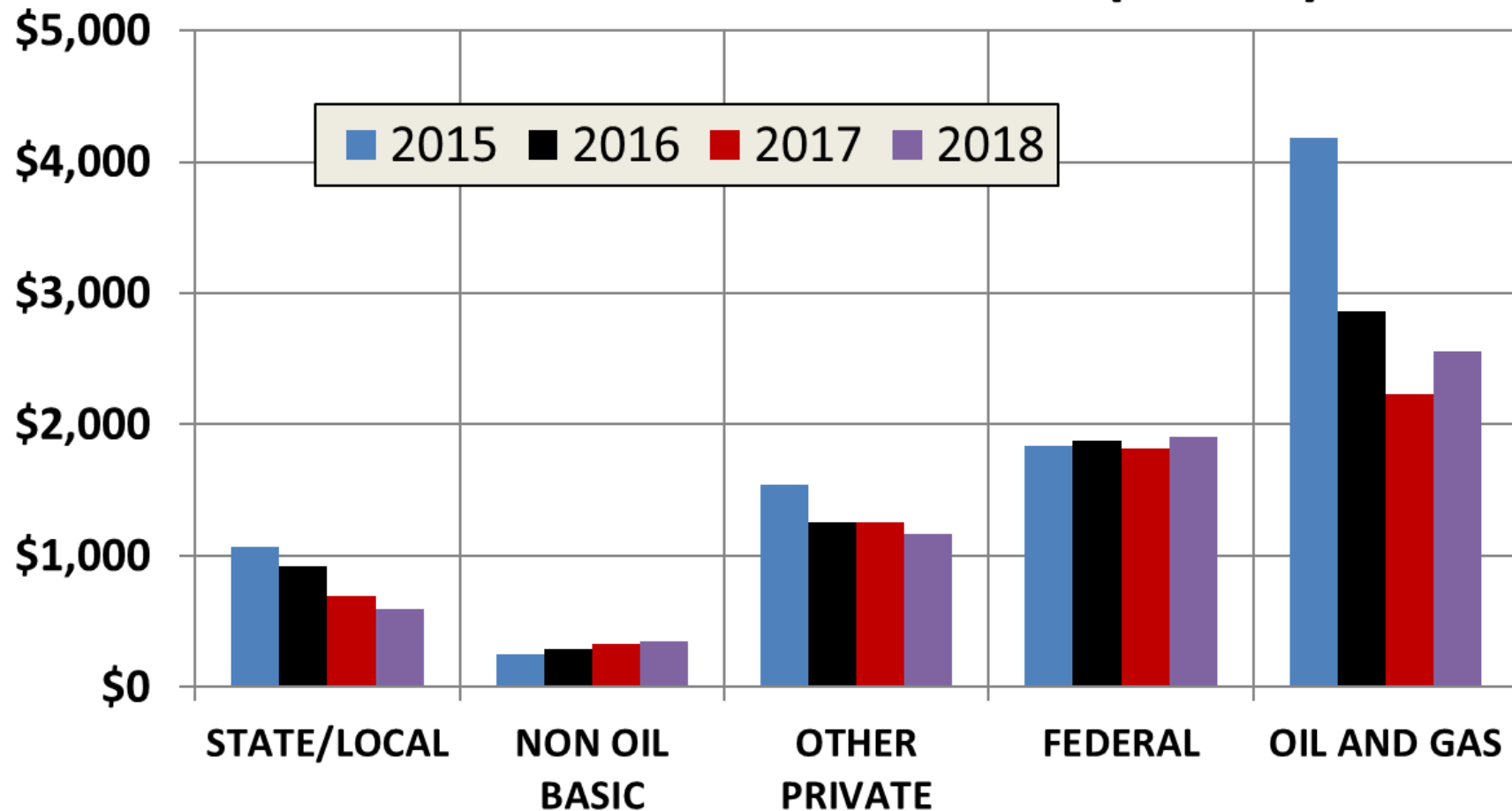
2018 NEARLY 30% BELOW 2015



2018 CONSTRUCTION SPENDING: \$6.57 BILLION



CONSTRUCTION SPENDING (Mill \$)



STATE / LOCAL GOVERNMENT



“CHALLENGED”

\$ 593

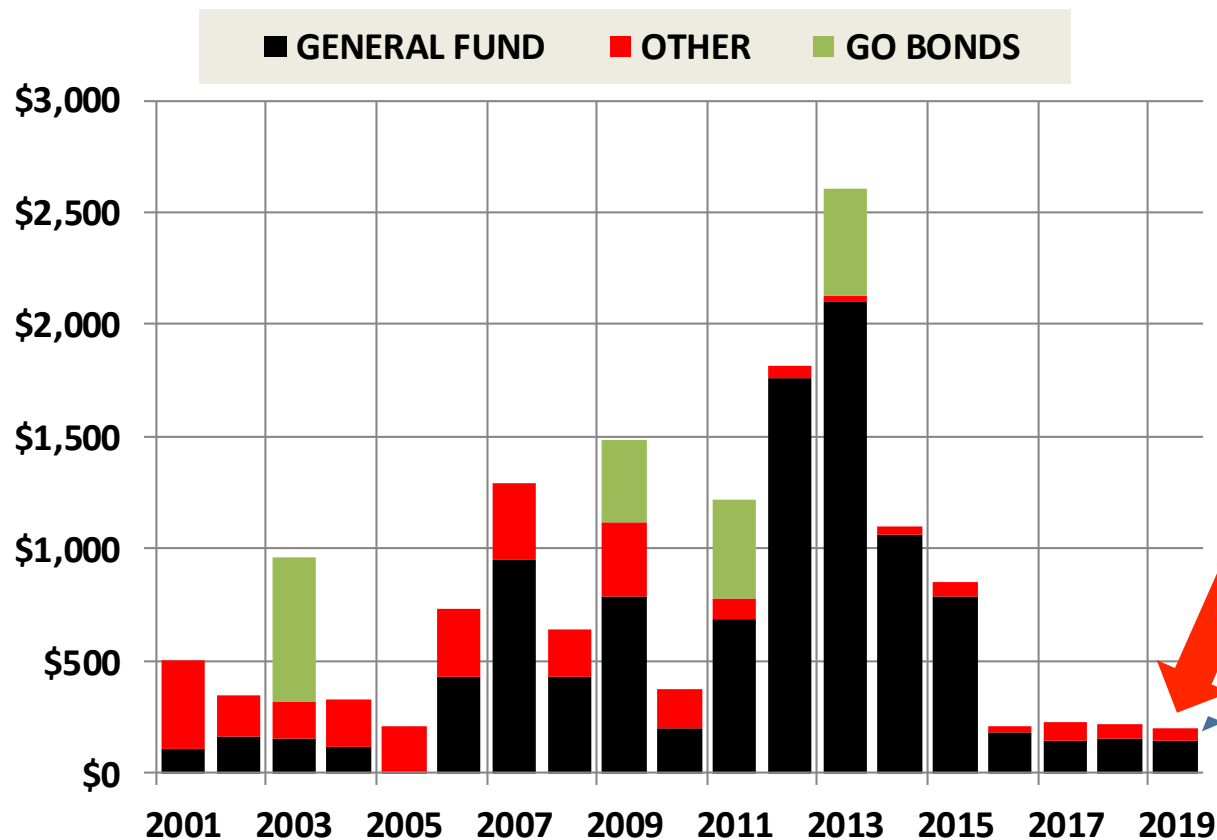
-14%

- ✓ \$\$\$\$
- ✓ Competing Needs
- ✓ Justification



State Capital Budget and GO Bonds

State Govt Capital Appropriation: From Own Sources (Million 2018 \$)

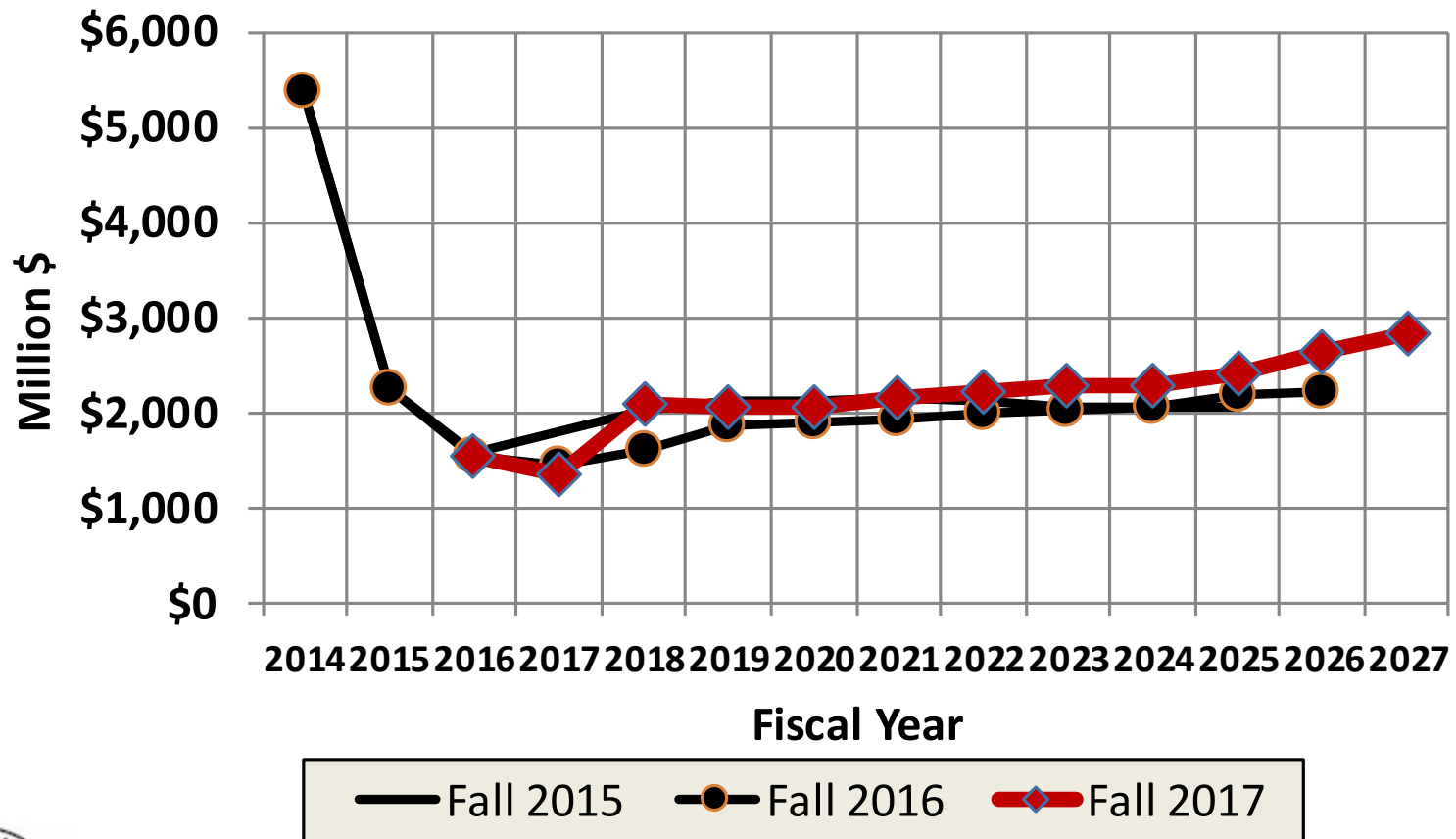


What's a Reasonable Capital Budget from State Funds?

- ✓ Federal Match
- ✓ Deferred Maintenance--Current
- ✓ Deferred Maintenance--Backlog
- ✓ K-12 Education
- ✓ Local Infrastructure Needs
- ✓ Economic Development



UNRESTRICTED GENERAL FUND REVENUE: FORECAST



Alaska Economic Recovery Plan

Project Phased Distribution

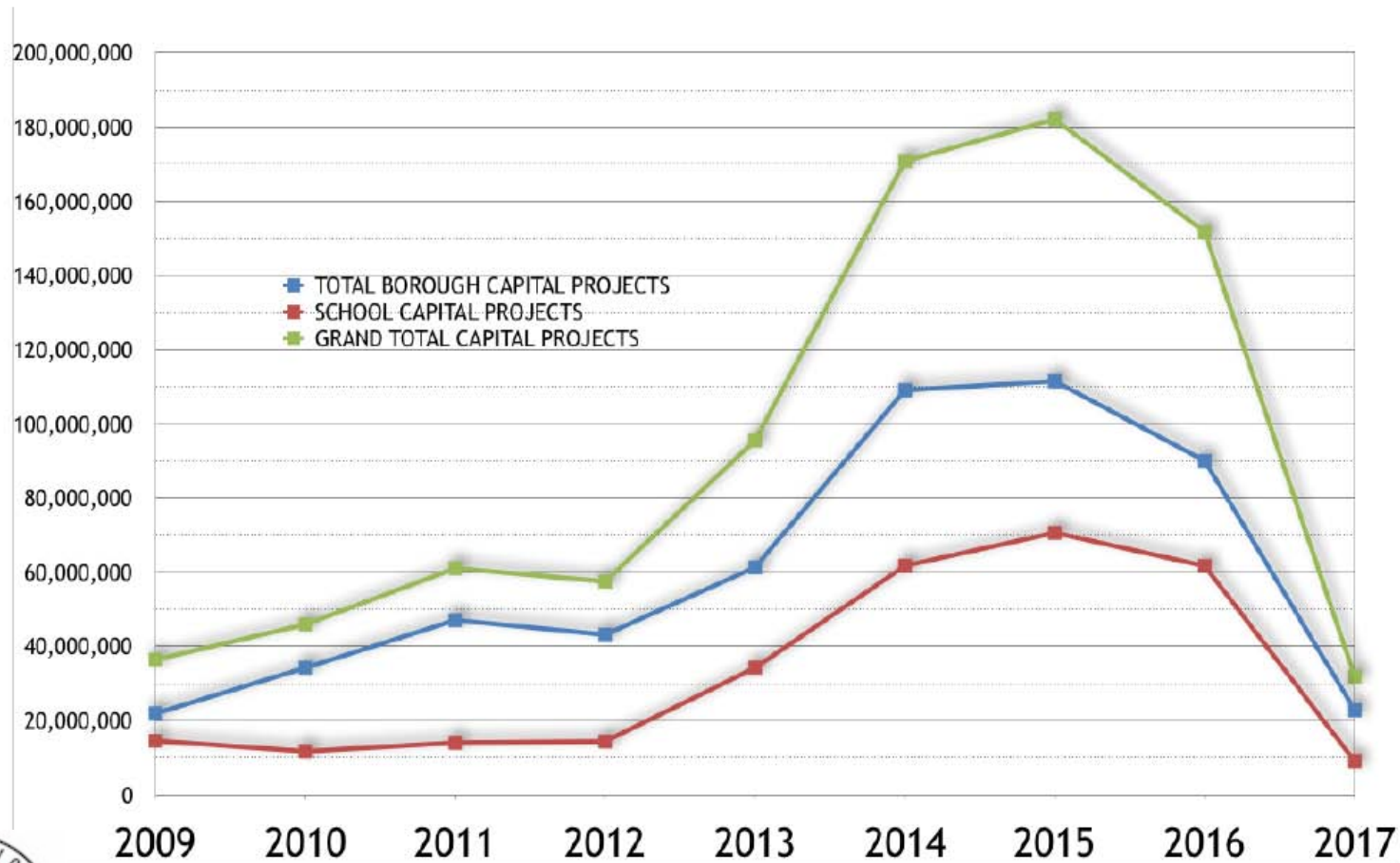
	FY2019	FY2020	FY2021	Total
K-12 School Maintenance	\$70	\$65	\$55	\$190
University of AK Maintenance	\$70	\$65	\$55	\$190
State Maintenance	\$50	\$47	\$46	\$143
Critical Infrastructure Upgrades	\$47	\$57	\$58	\$162
Community and Housing Support	\$43	\$36	\$36	\$115
State Investment	\$280	\$270	\$250	\$800
Payroll Tax Revenue	\$160	\$320	\$320	\$800

dollars in millions



Mat-Su Borough Capital Projects

2009-2017





NON OIL BASIC



“OPTIMISTIC”



- ✓ World Economy
- ✓ Commodity Prices
- ✓ State Policy
- ✓ Federal Policy

\$ 349

+7%



Zinc Price



OTHER PRIVATE part 1



Residential /
Commercial



“SHRINKING”

- ✓ Jobs
- ✓ Population
- ✓ Income
- ✓ Fiscal Gap

\$ 350

-17%

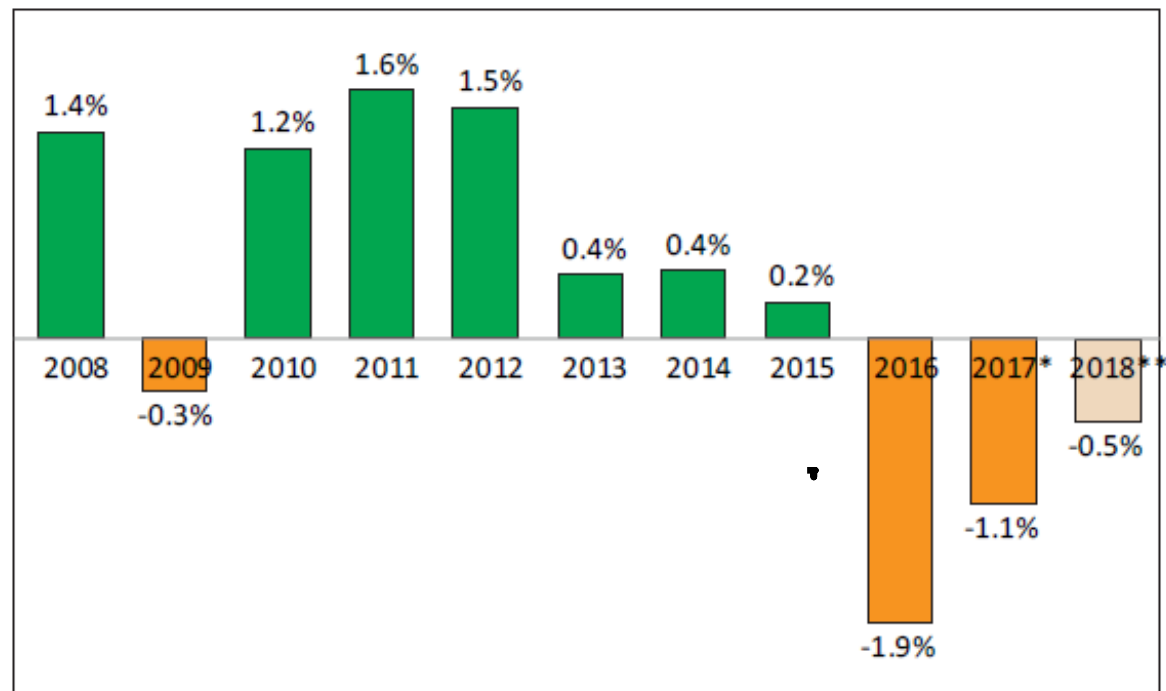




Economic Forecast

Tapering Job Losses for Alaska

PERCENT CHANGE FROM PRIOR YEAR, 2008 TO 2018



OTHER PRIVATE part 2

Health Care /
Utilities

“MIXED”



- ✓ Population
- ✓ Jobs
- ✓ Income
- ✓ Fiscal Gap
- ✓ Federal Policy

\$ 814

-3%





FEDERAL CIVILIAN



**Transportation / Health Care /
Misc Grants / Procurement**

“STABLE”

✓ **Infrastructure Plan?**

\$ 1,276

+2%



NATIONAL DEFENSE

Missile Defense / F35 Bed-down



“POSITIVE”

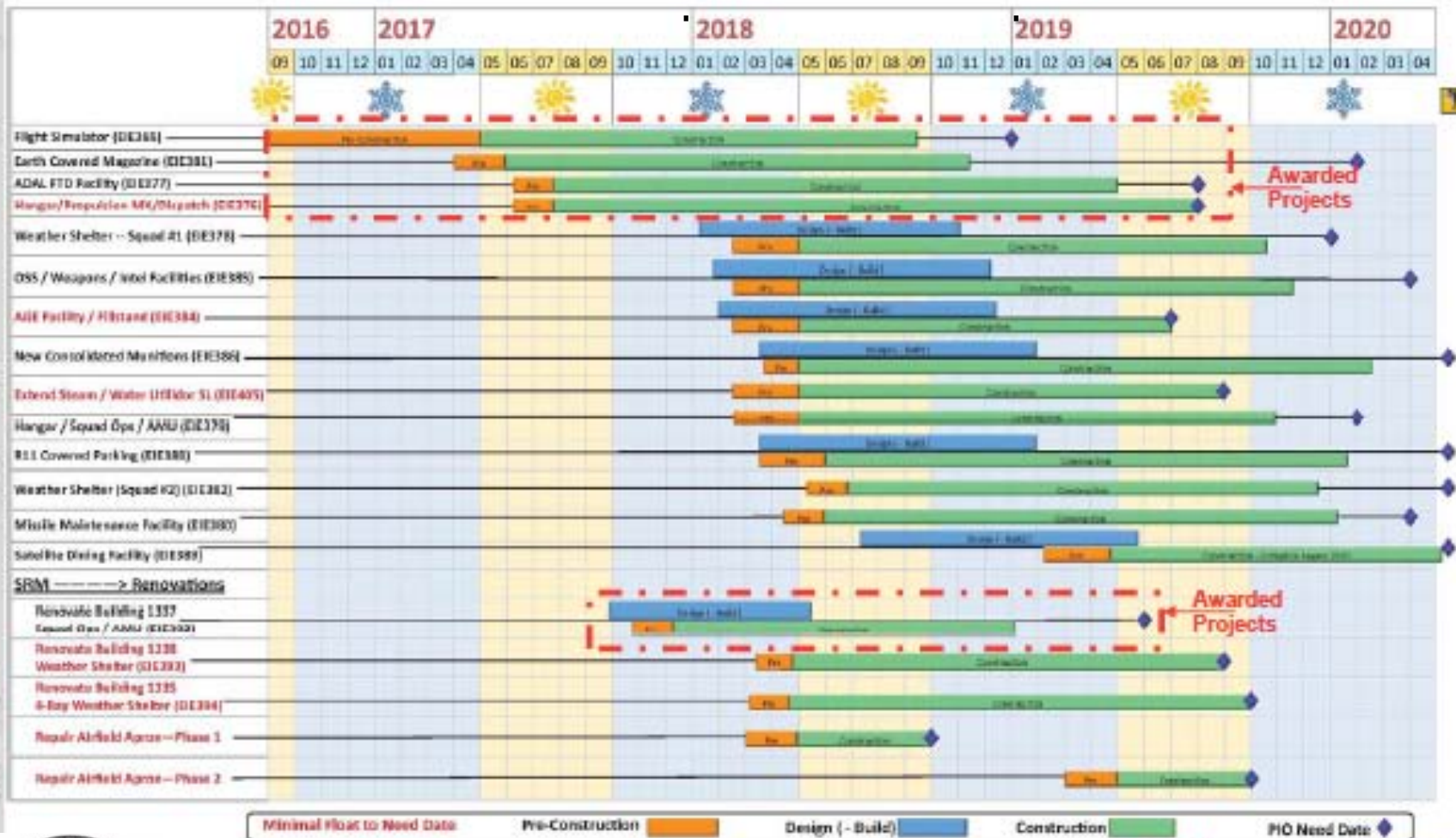
✓ Federal Policy

\$ 630

+11%



F-35 PROJECTED CONSTRUCTION SCHEDULE



US Army Corps
of Engineers



ISER

INSTITUTE OF SOCIAL AND ECONOMIC RESEARCH

PETROLEUM

“POSITIVE”

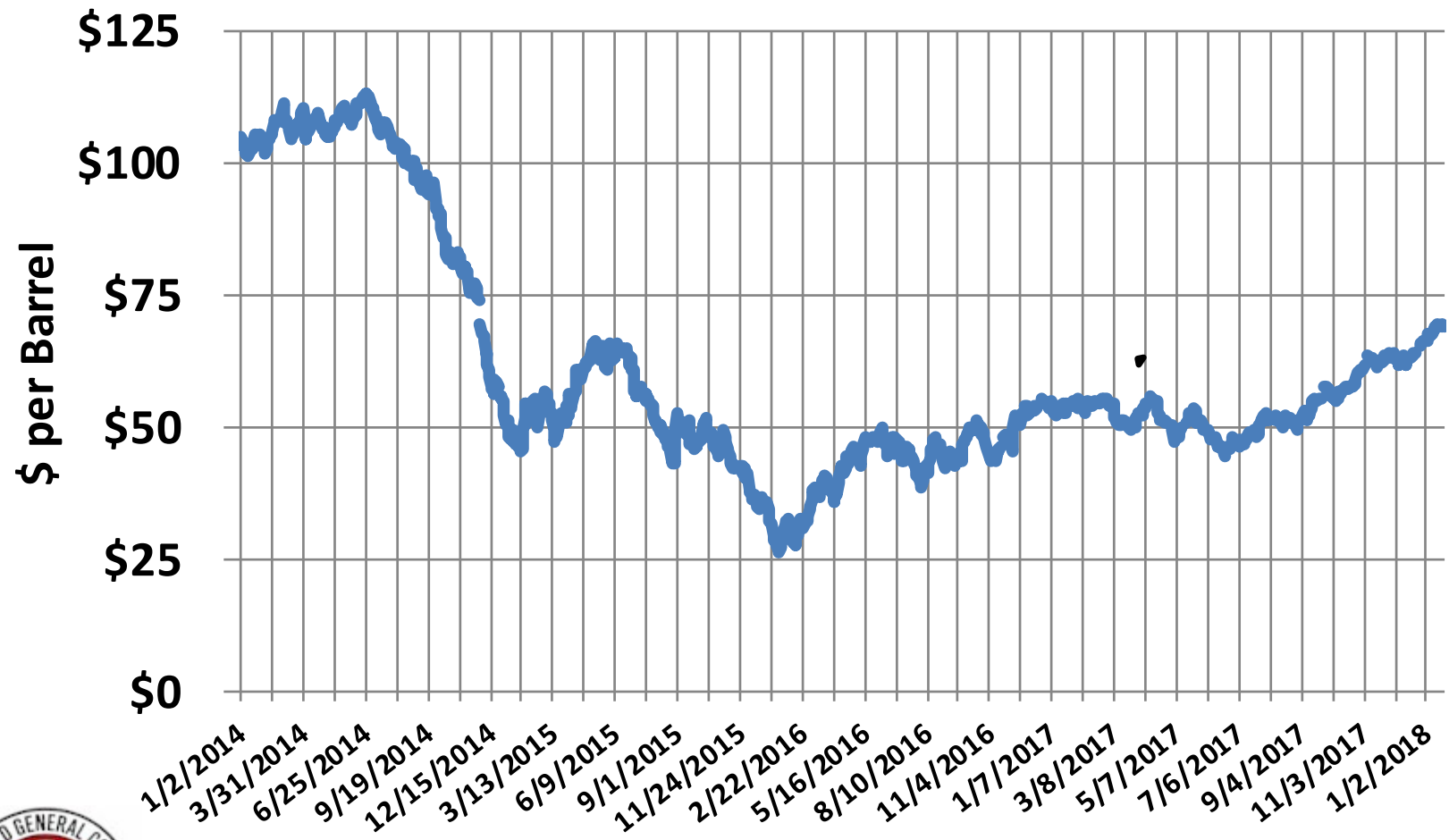


- ✓ Price
- ✓ Project Inventory
- ✓ New Discoveries
- ✓ Federal Policy
- ✓ Cost Control
- ✓ Technology
- ✓ State Policy
- ✓ Price

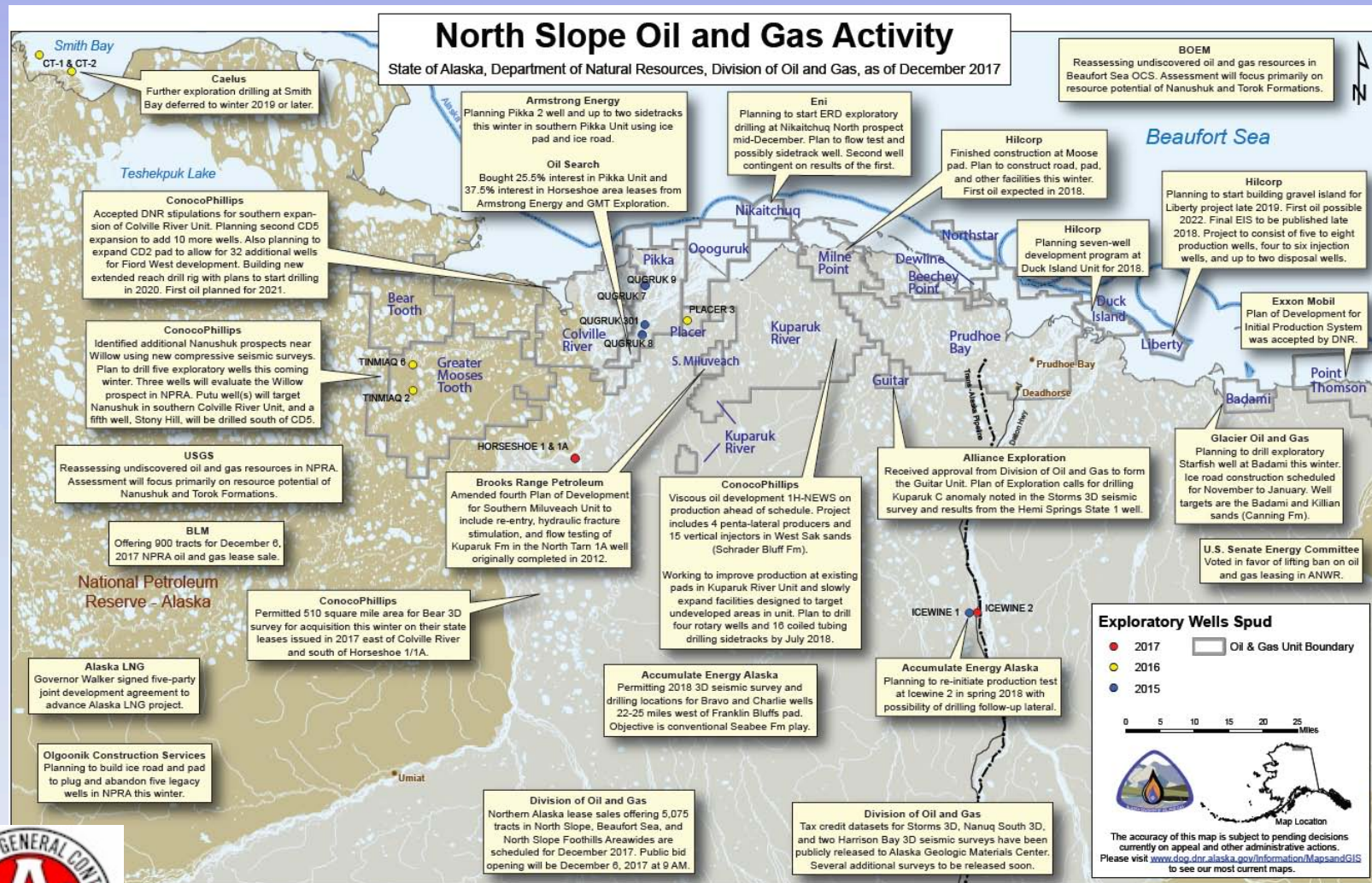
\$ 2,555
+15%



ANS WEST COAST OIL PRICE



Petroleum : Project Inventory



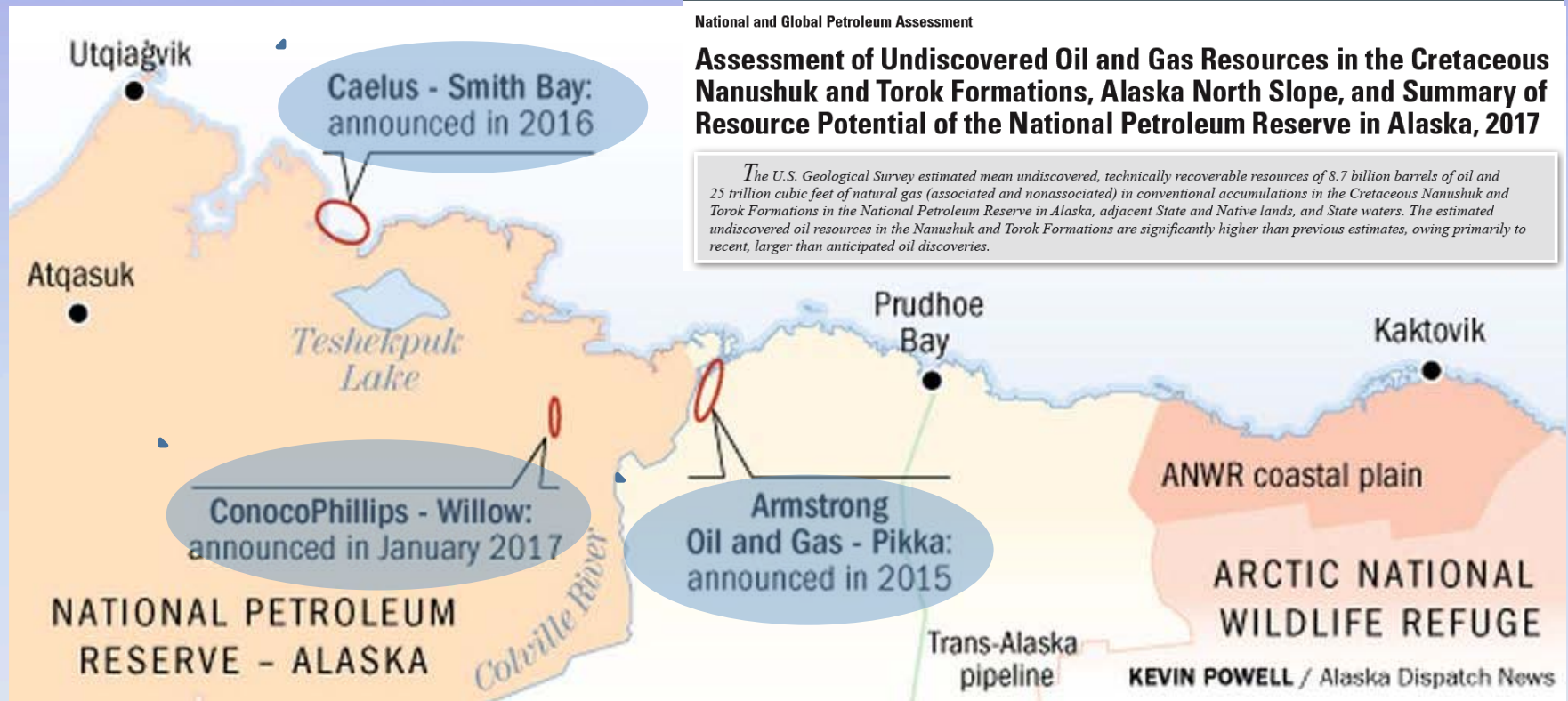
Nanushuk in NPRA



National and Global Petroleum Assessment

Assessment of Undiscovered Oil and Gas Resources in the Cretaceous Nanushuk and Torok Formations, Alaska North Slope, and Summary of Resource Potential of the National Petroleum Reserve in Alaska, 2017

The U.S. Geological Survey estimated mean undiscovered, technically recoverable resources of 8.7 billion barrels of oil and 25 trillion cubic feet of natural gas (associated and nonassociated) in conventional accumulations in the Cretaceous Nanushuk and Torok Formations in the National Petroleum Reserve in Alaska, adjacent State and Native lands, and State waters. The estimated undiscovered oil resources in the Nanushuk and Torok Formations are significantly higher than previous estimates, owing primarily to recent, larger than anticipated oil discoveries.

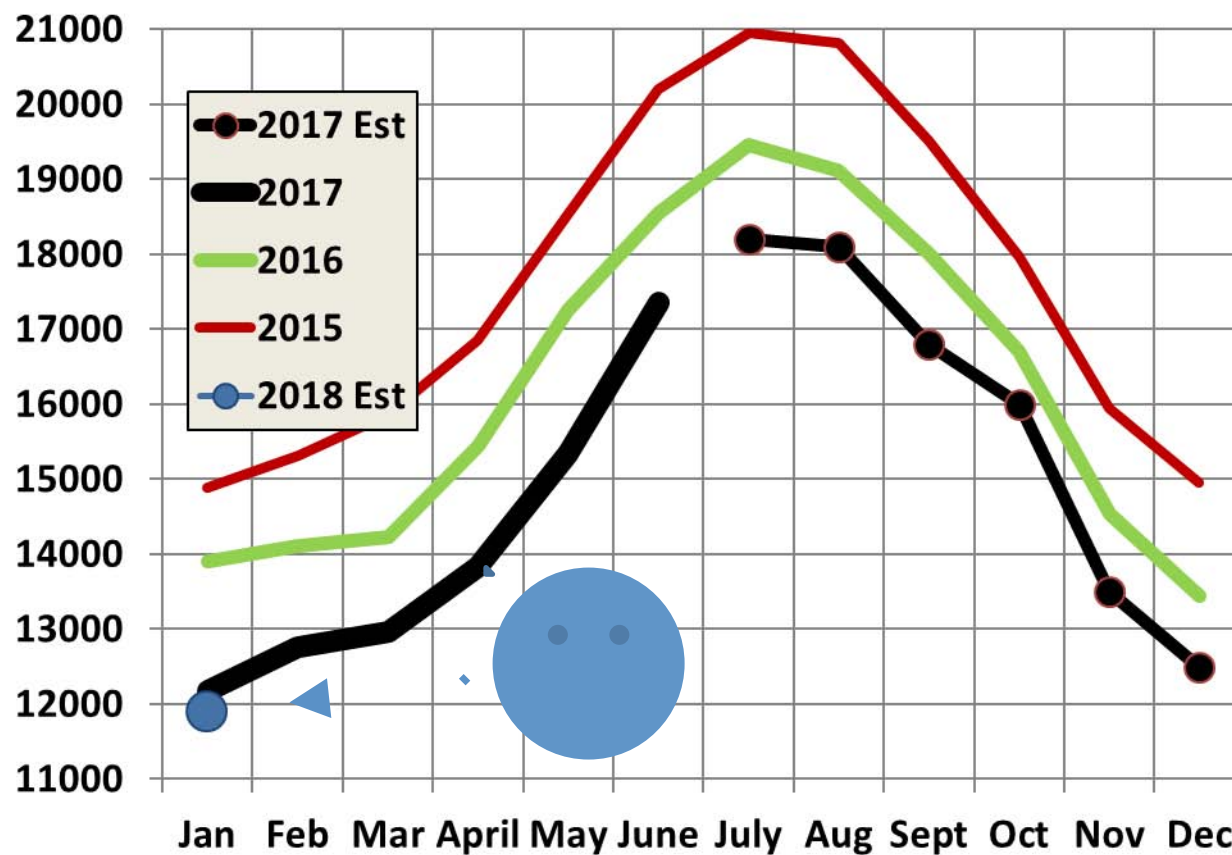


8.7 Billion Barrels of Recoverable Oil!



Short-term Outlook?

CONSTRUCTION EMPLOYMENT*

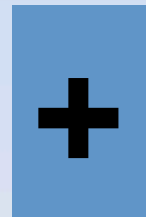
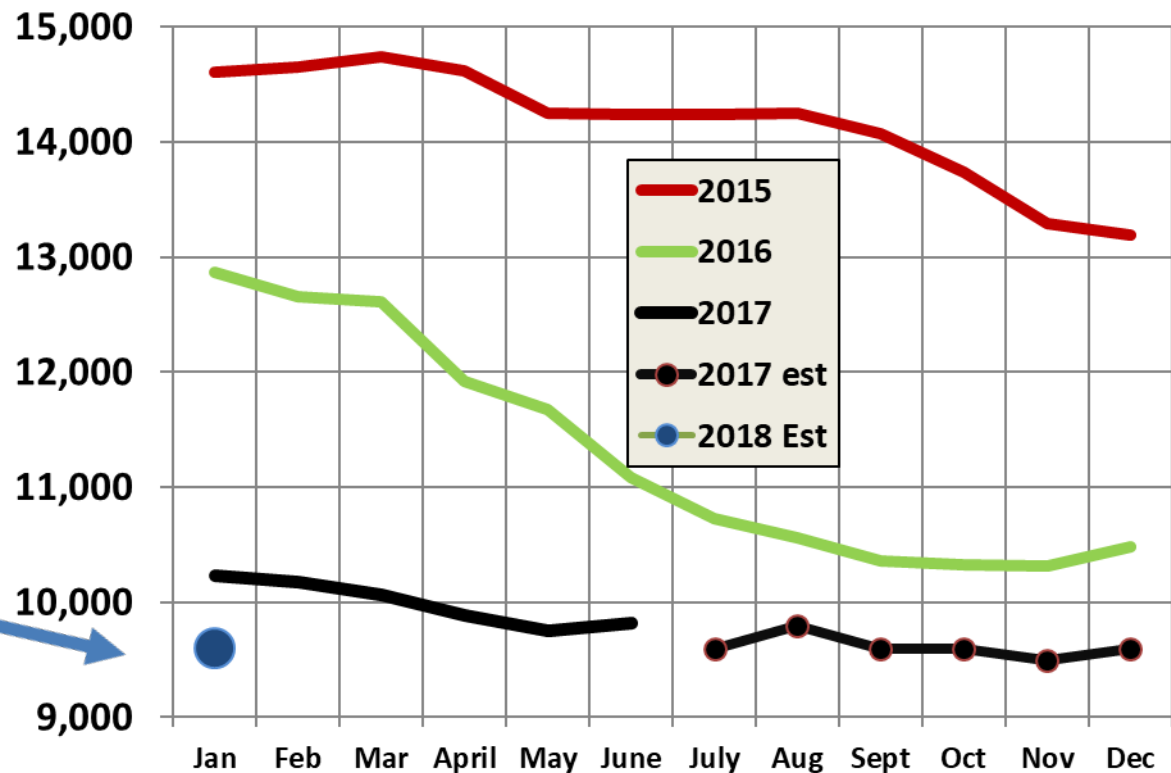


-2%



Longer Term Outlook

OIL AND GAS EMPLOYMENT



2018

ALASKA'S CONSTRUCTION SPENDING FORECAST

Questions?



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