

April 24, 2019

Sitka Economic Profile, 2019

Jim Calvin, Principal



McDowell Group

- Multidisciplinary research and consulting firm since 1972
 - Visitor industry, Seafood, Mining, Education, Health & Social Services, Transportation
 - Market research, feasibility studies, survey research, economic development, benefit/cost studies, program evaluations
- 18 professional staff in Juneau, Anchorage, and Washington
- 30 years of Sitka-related research
- 2018 Alaska Chamber Small Business of the Year

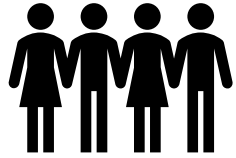
Today's Presentation

- Demographics
- Economics
- Industry trends
- Business survey results
- Questions/discussion

Demographic Trends



Sitka Population

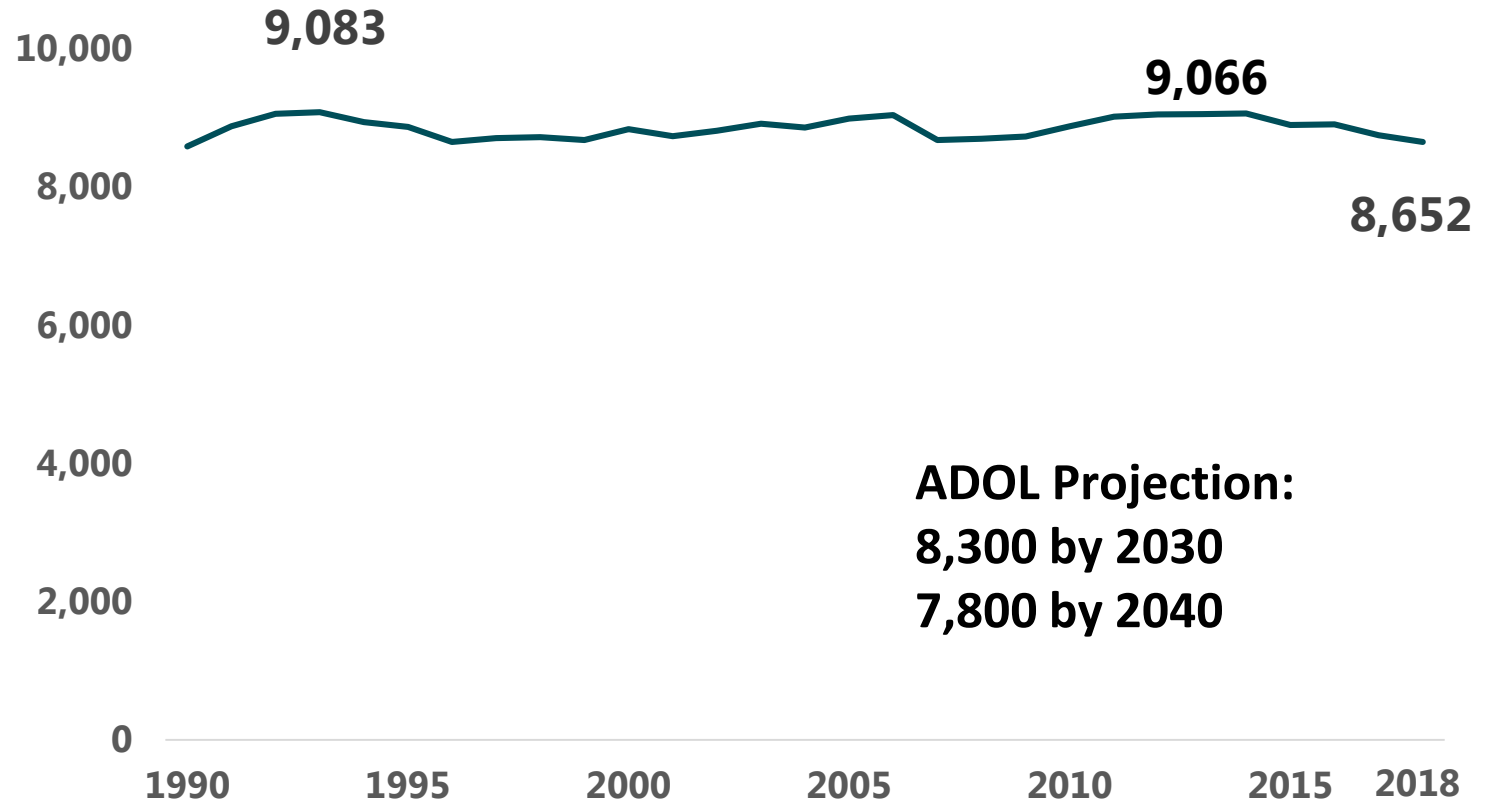


8,652

2018

5% decline

Since 2014
(down 414)



ADOL Projection:
8,300 by 2030
7,800 by 2040

Population: Migration

2017 to 2018

621 entered Sitka

768 left Sitka

**Net 147 people
leaving**



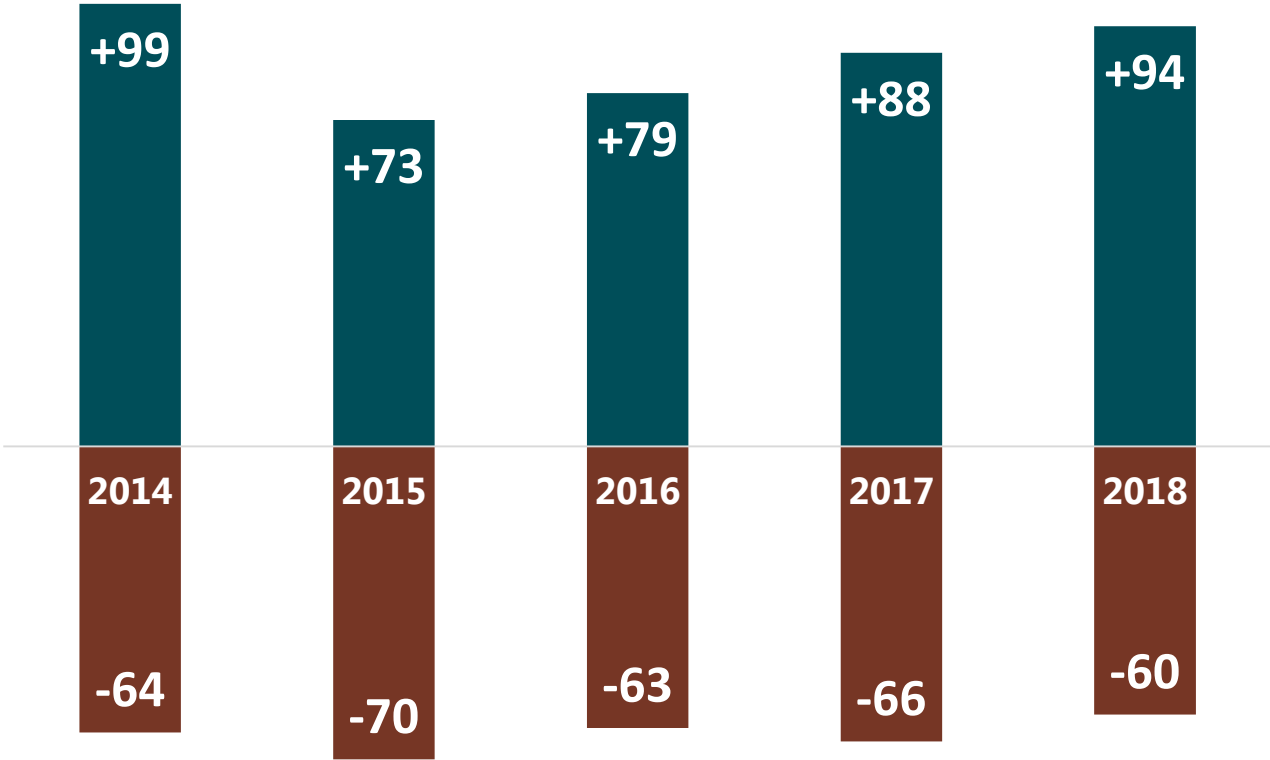
Entering Sitka	2016	2017	2018	5-Yr Avg.
Anchorage	42	30	47	42
Juneau	48	51	38	43
Other Southeast	94	93	59	86
Other AK	18	8	31	23
From Outside Alaska	508	443	446	499

Leaving Sitka	2016	2017	2018	5-Yr. Avg.
Juneau	77	50	59	67
Anchorage	60	45	42	47
Other Southeast	19	64	45	44
Other AK	68	64	41	53
Leaving Alaska	529	579	581	570

Births and Deaths, 2014-2018

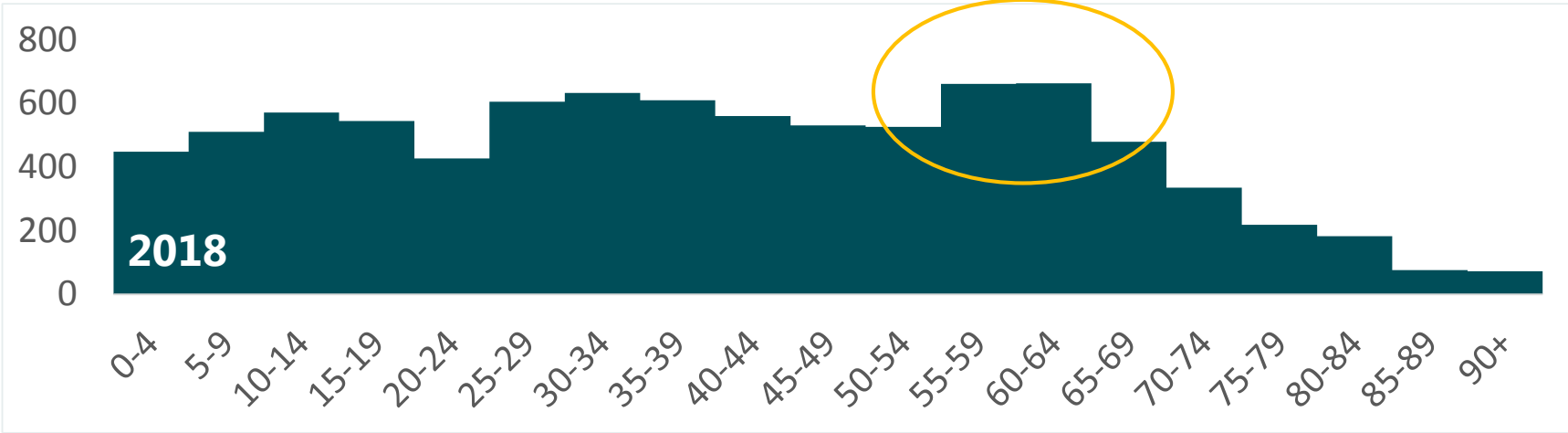


**Average
"natural increase":
+22 people**



Source: AKDOLWD; McDowell Group Calculations.

Population over 65



Sitka median age in 2018: 39.8

Alaska median: 35.2

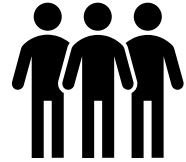
Population over 65
11.4% in 2010
15.8% in 2018
22.5% by 2030

Source: AKDOLWD

Economic Trends

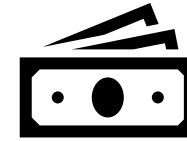


Sitka's Economic Footprint



Total Output
\$958 million

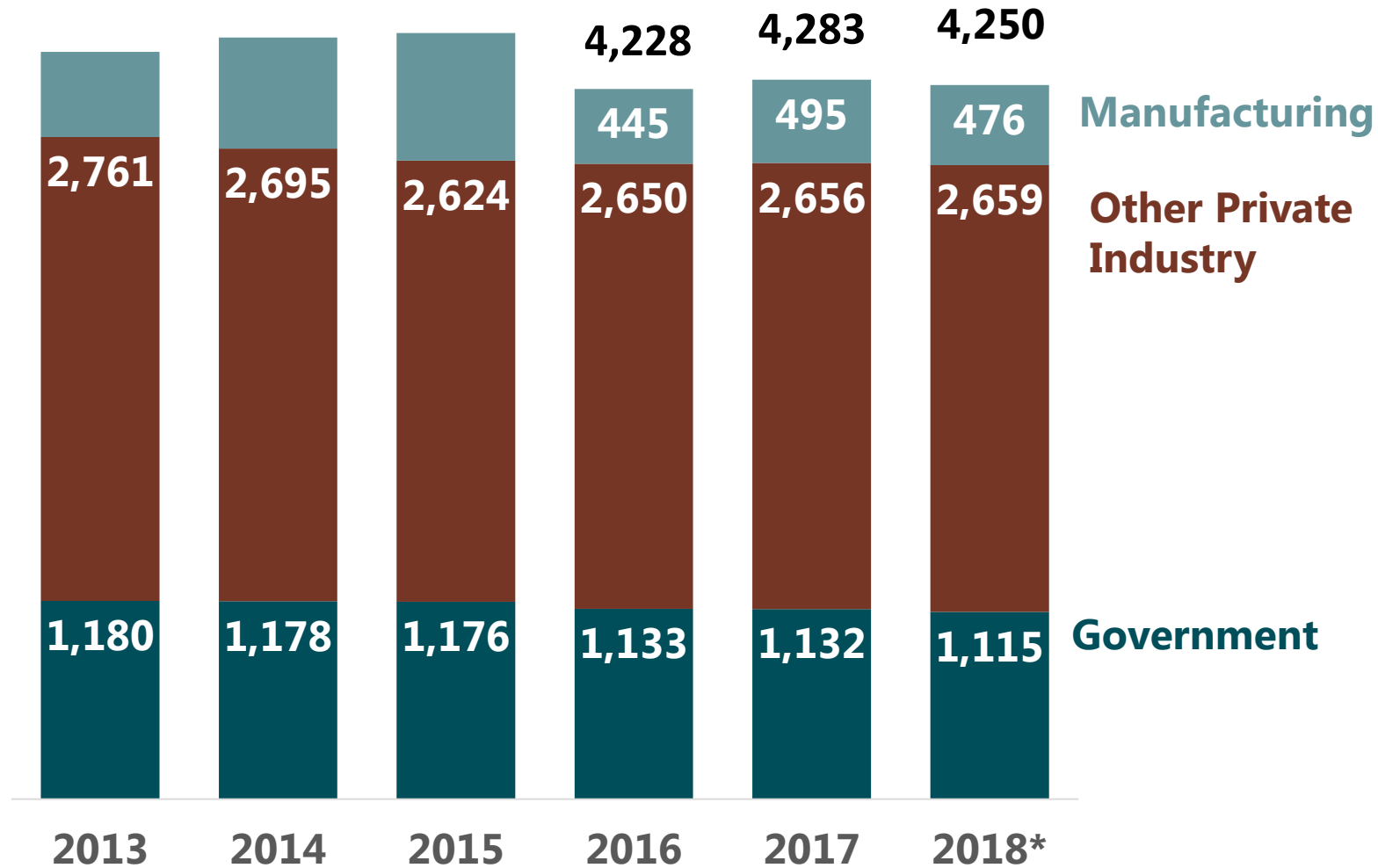
Total Value-added
\$528 million



Total Personal Income
\$571 million

Total Gross Sales
\$411 million

Employment Trends



**2017-2018:
Down 33 jobs**

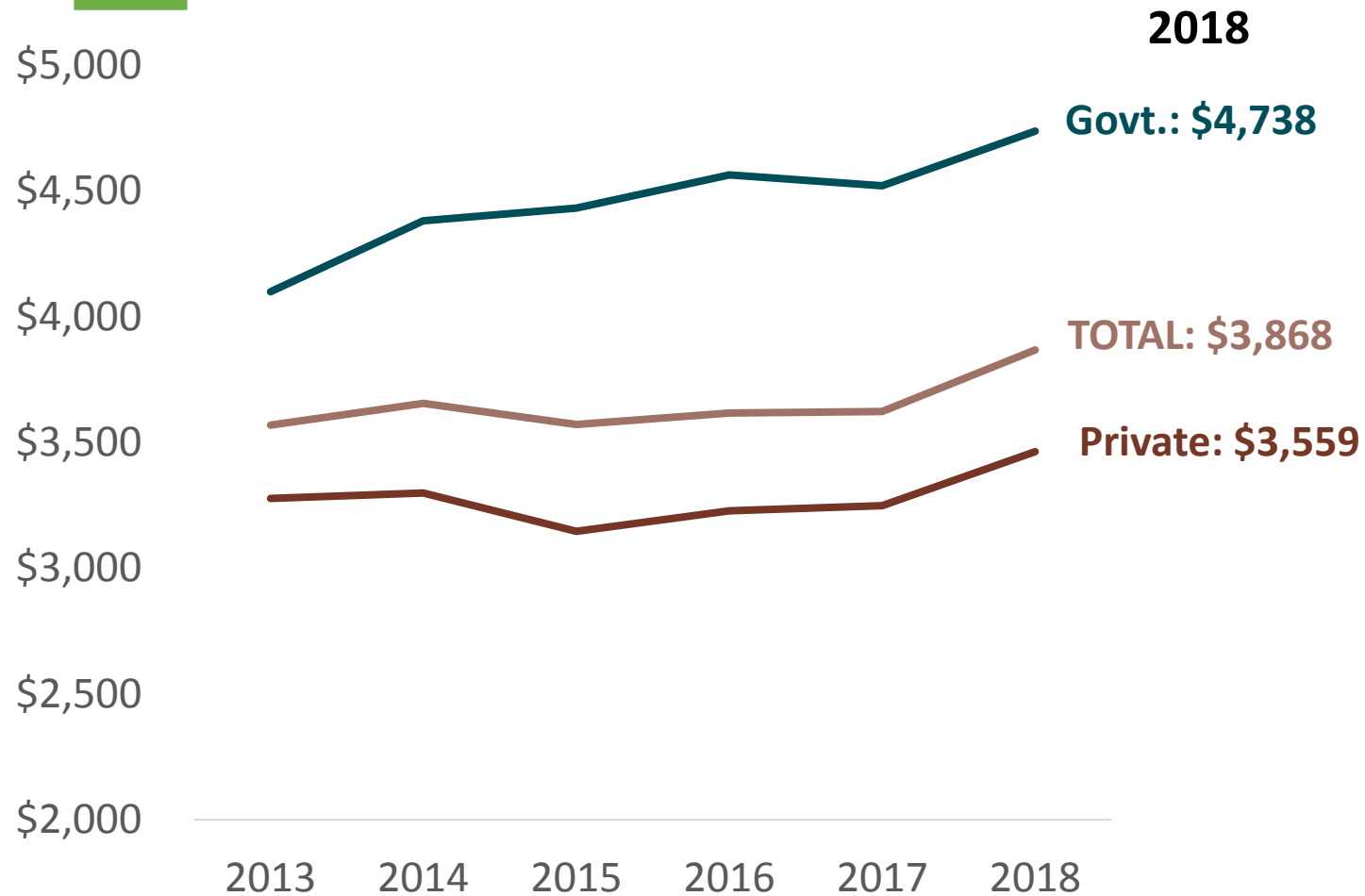
Gains (+33):
Social Services (+11)
Prof./Bus. Services (+10)

Losses (-66):
Government (-17)
Manufacturing (-19)
Trade/Transp. (-13)

Source: QCEW, AKDOLWD
*2018 data are preliminary



Wage Trends



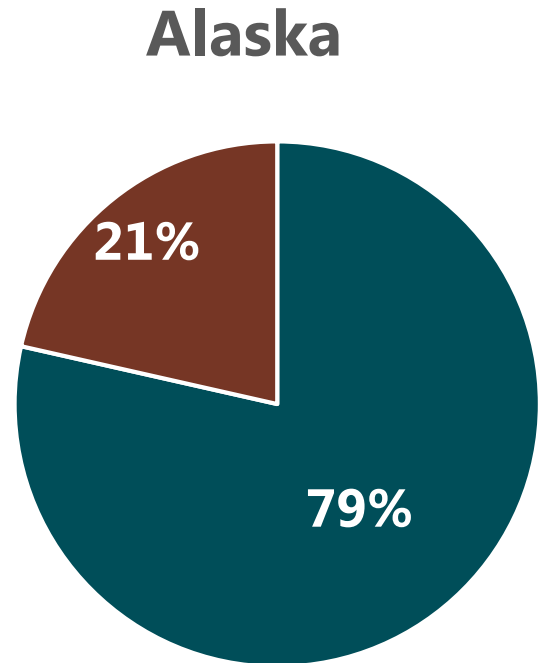
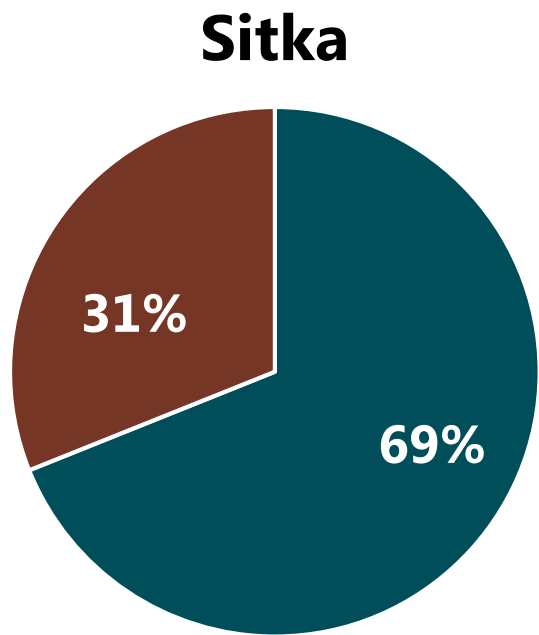
Source: AKDOLWD, QCEW.

Average Monthly Wages, 2017

- Anchorage \$4,660
- Alaska \$4,434
- Juneau \$4,253
- Ketchikan \$3,819
- Sitka \$3,624
- Petersburg \$3,588
- Wrangell \$3,193

Wage/Salary Employment & Self-Employment

Sitka

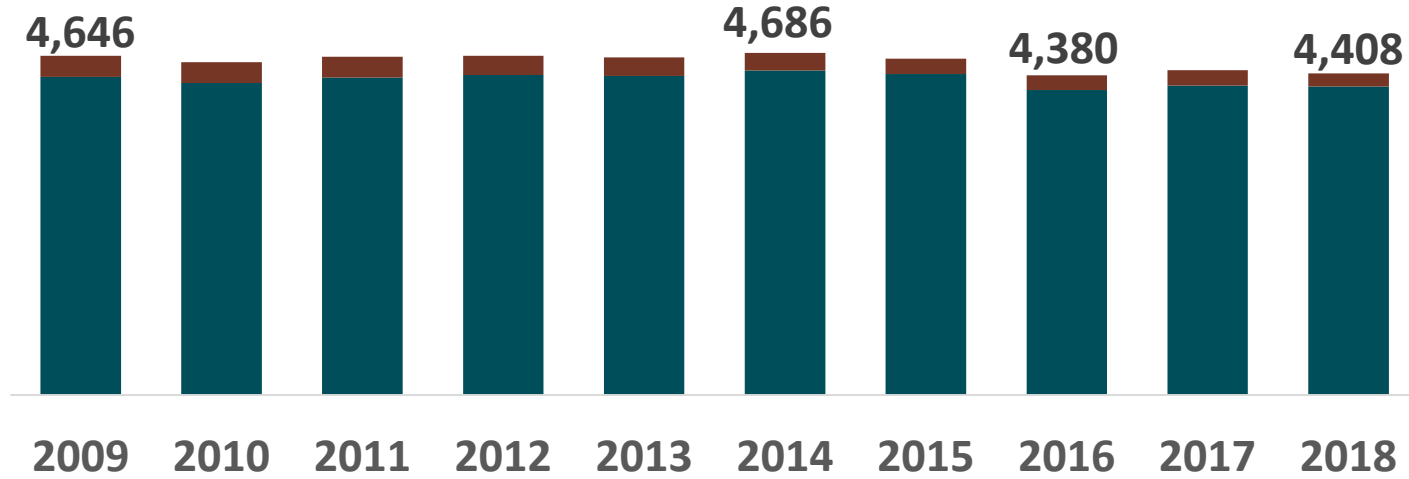


Self-employment in Sitka up 250 since 2013

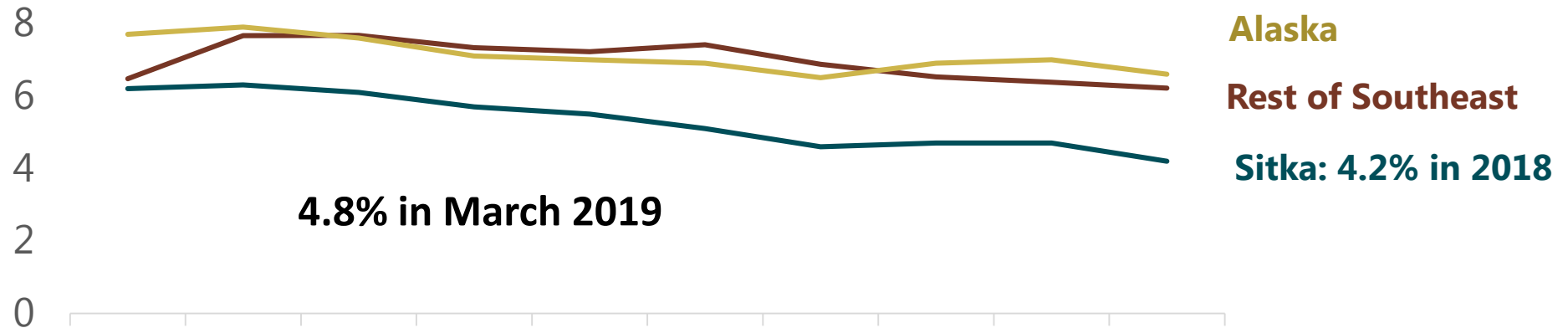
*6,527
Total (2017)*

Source: BEA

Labor Force

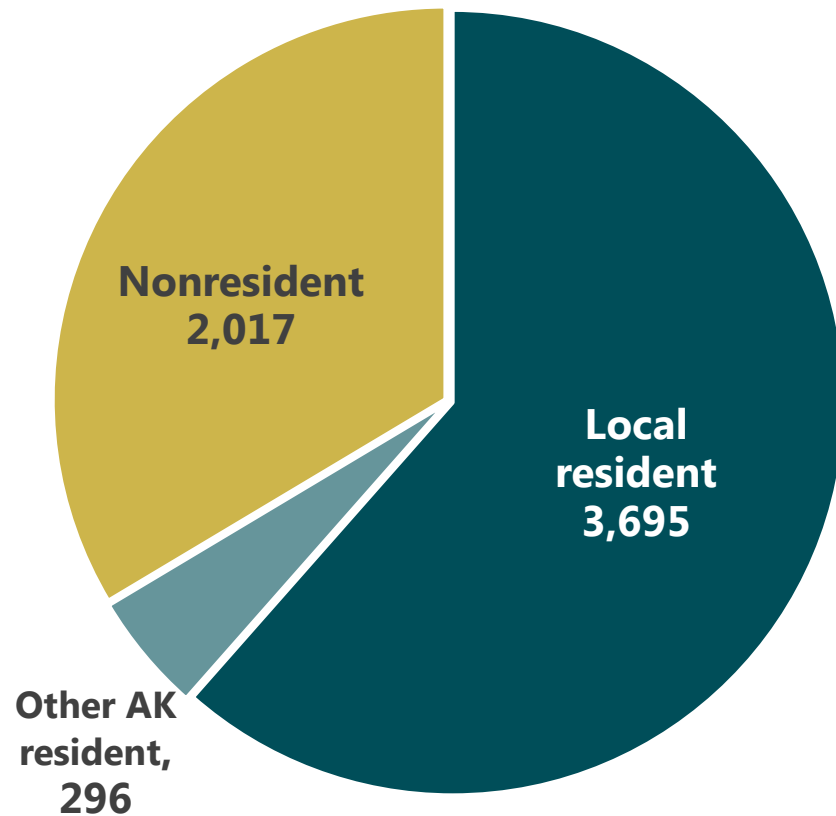


Unemployment Rate

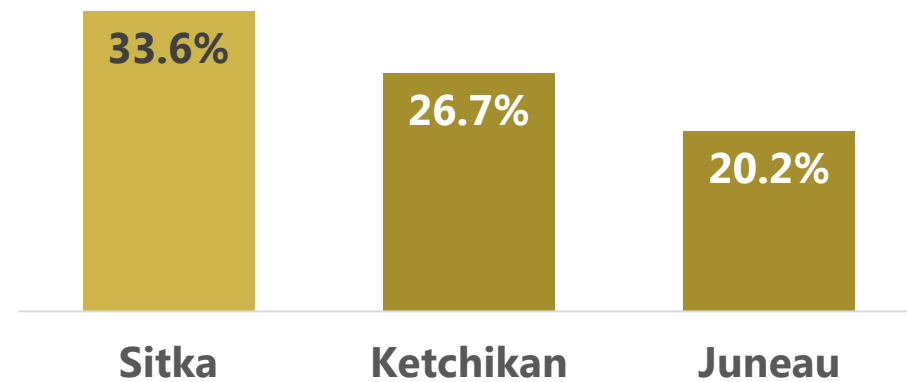


Source: QCEW, AKDOLWD

Nonresidents in the Sitka Workforce

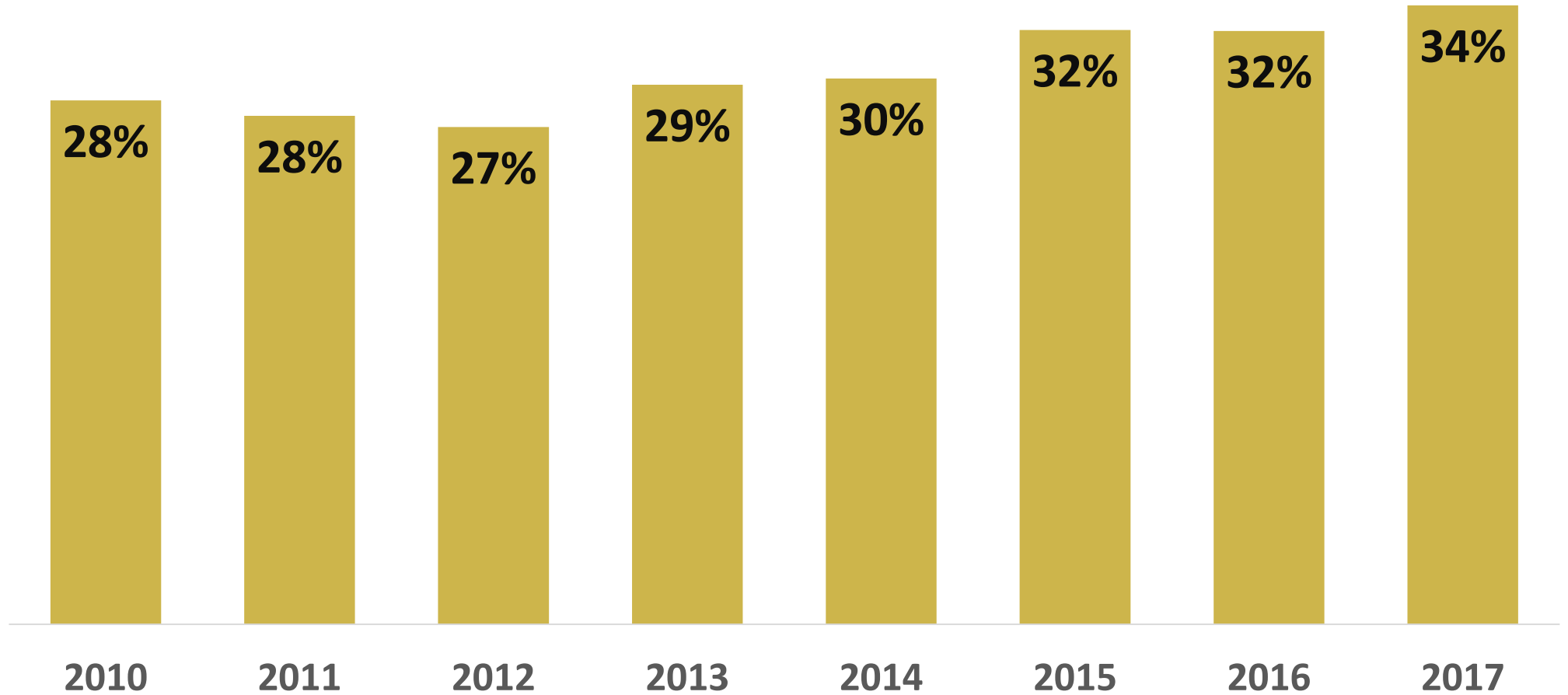


- 34% of the Sitka workforce is non-resident
- 40% of the private sector workforce is NR



Source: ADOLWD, *Nonresidents Working in Alaska*

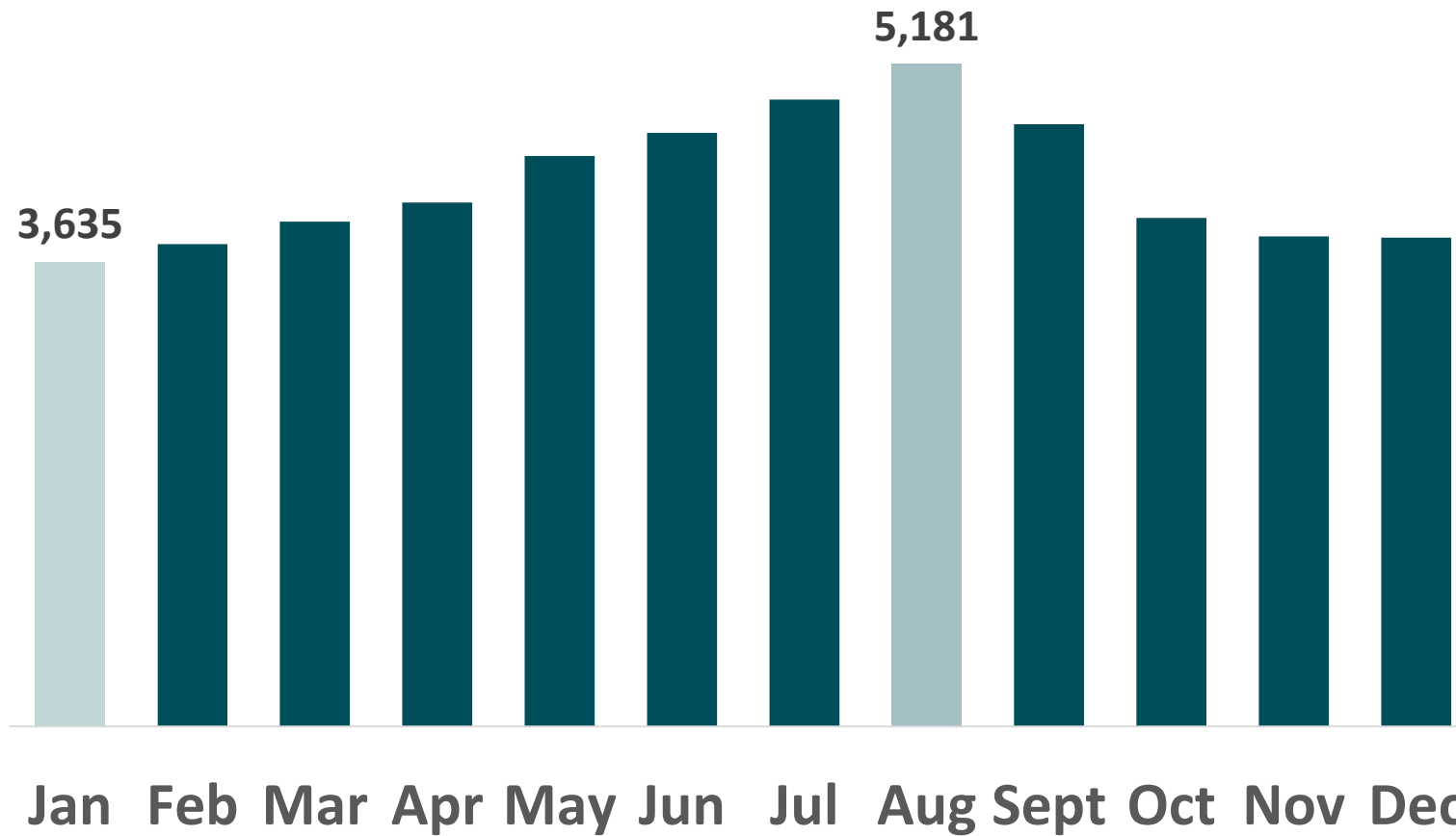
Share of Nonresidents in the Sitka Workforce



Source: ADOLWD, *Nonresidents Working in Alaska*

Seasonality

Preliminary 2018 data

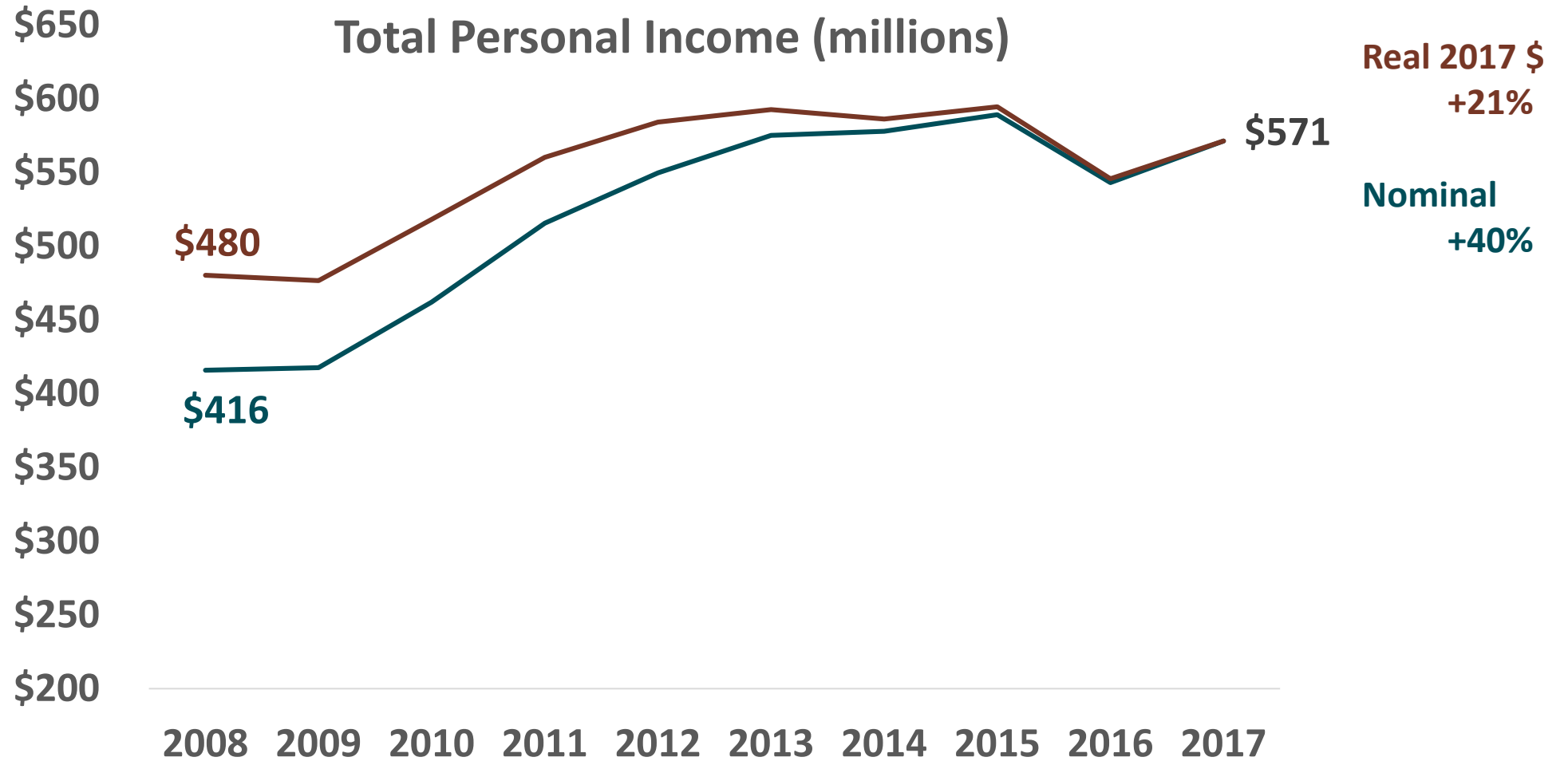


**Difference
between
January and
August:
~1,550 jobs
(40%)**

Source: QCEW, AKDOLWD



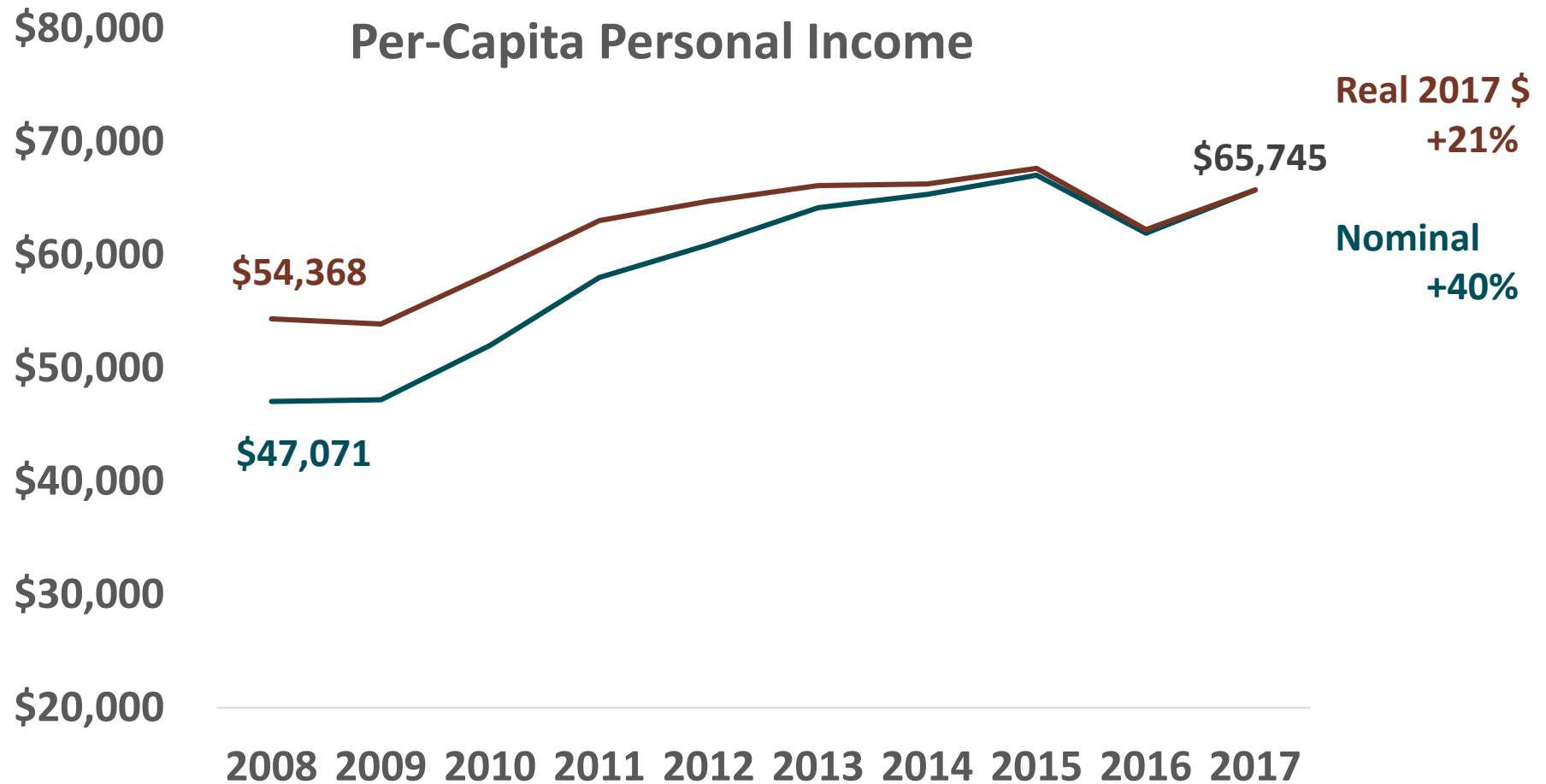
Sitka Personal Income



Source: BEA; ADOLWD CPI. Real values calculated by McDowell Group using the Urban Alaska CPI.



Sitka Personal Income



Source: BEA; ADOLWD CPI. Real values calculated by McDowell Group using the Urban Alaska CPI.

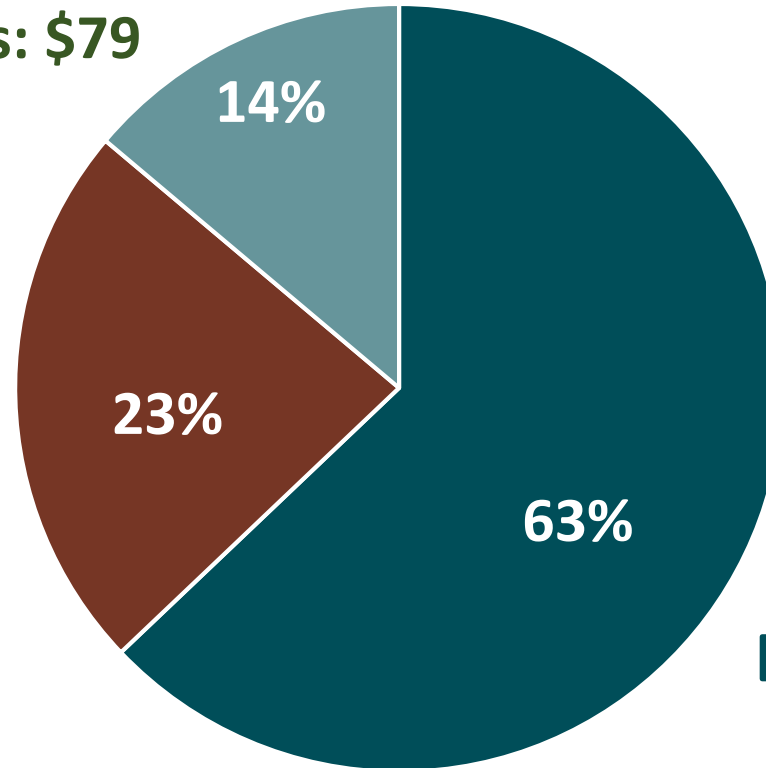


Sitka Personal Income Sources, 2017

Total PI: \$571 million

Transfer Receipts: \$79 million

Investment Earnings: \$133 million



Earnings: \$359 million

Industry Trends

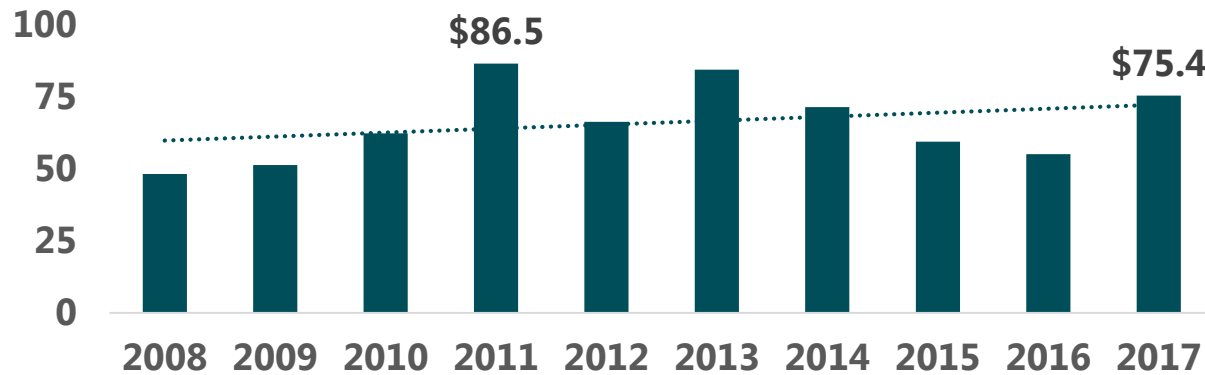




Seafood Industry



Estimated Landings Value (Millions)



Resident Earnings



57%
Salmon

2008-2017 Change

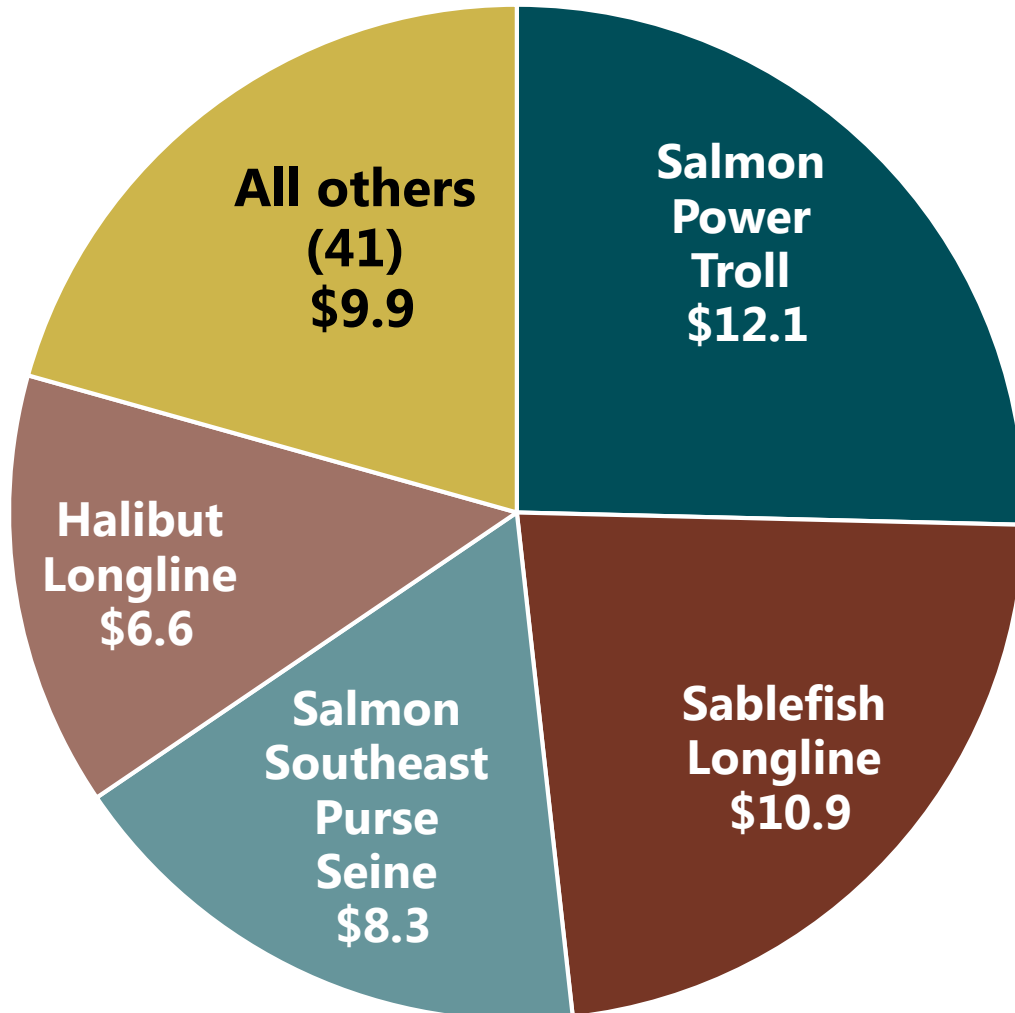
Estimated Landings Value
+56%

Sitka Fishermen Earnings
+25%

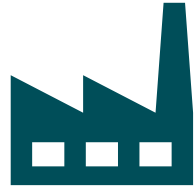
Source: CFEC, ADF&G



Sitka Fishermen Earnings, by Permit (2017, in millions)



Source: CFEC



Seafood Processing

- Annual average employment of 403 in 2018
 - *Peak of 889, low of 156*
 - *Total annual wages: \$14.3 million*
- \$1.3 million in raw fish tax
- 3 of the top 6 property tax payers are seafood processors
 - *Over \$18 million in assessed valuation*

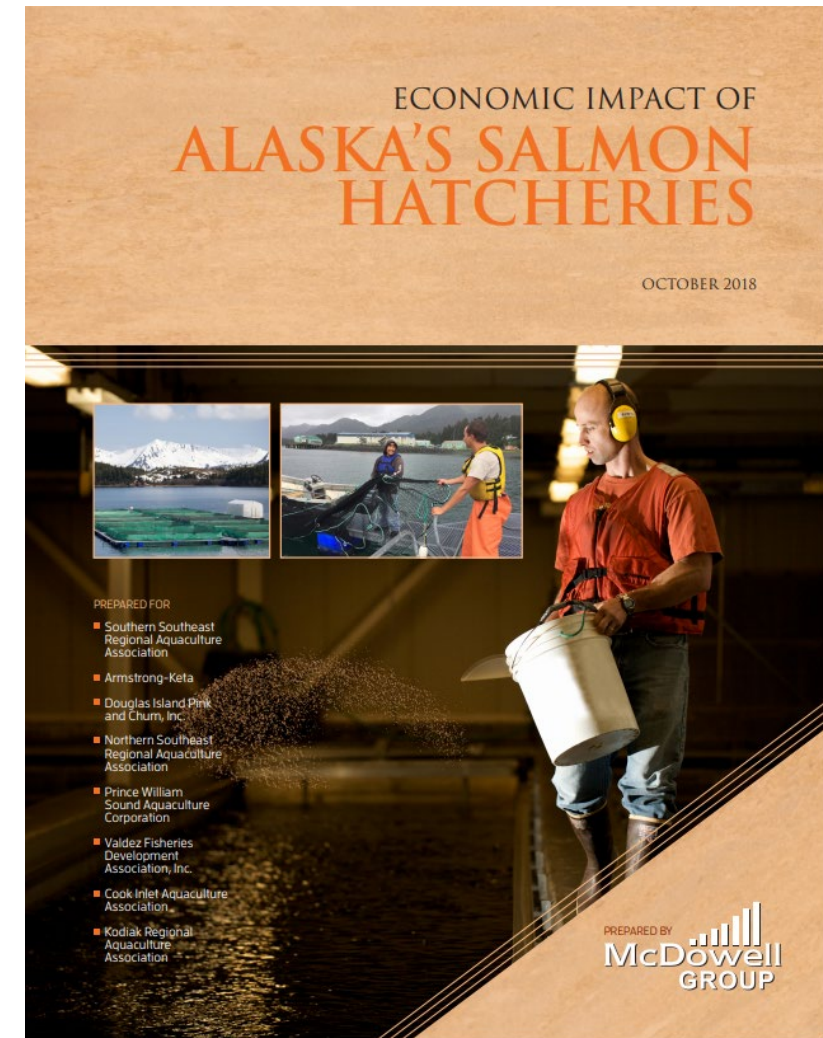




Hatchery Impacts

- **Statewide**, hatchery salmon accounted for:
 - \$120 million in ex-vessel value, 22% of total salmon value (2012-17)
 - \$361 million in first wholesale value, 24% of AK total
- **SE hatcheries** accounted for 2,000 jobs & \$90 million in annual labor income
- **NSRAA** generates approx. 30% of the regional economic impact

Source: McDowell Group, 2018. (2012-2017 Averages)





Visitor Industry

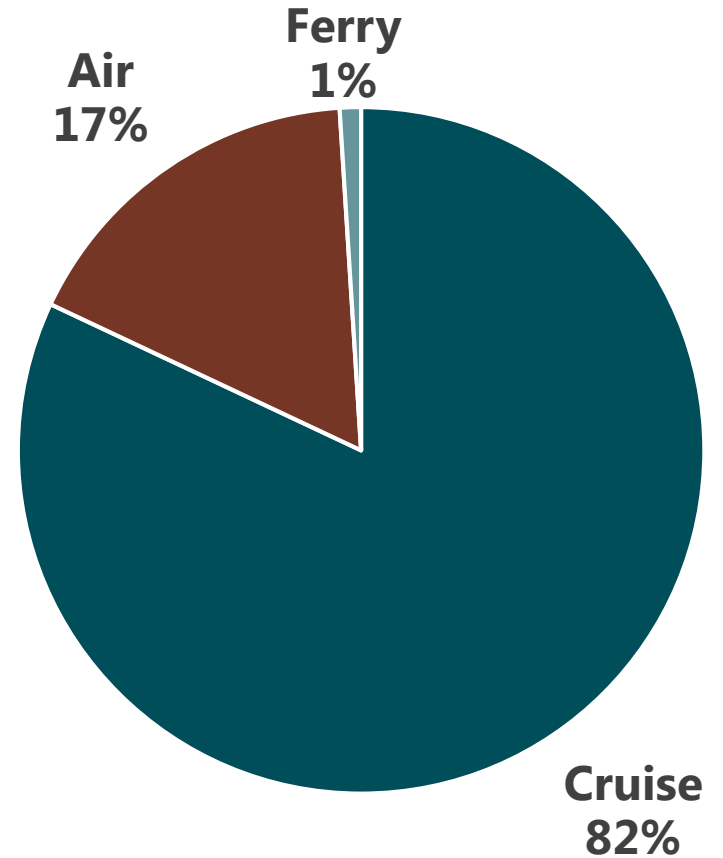


2016 visitors: 158,000

Avg. Spending:

\$353/per person

\$56 million
in total 2016 Spending





Visitor Industry Economic Impacts

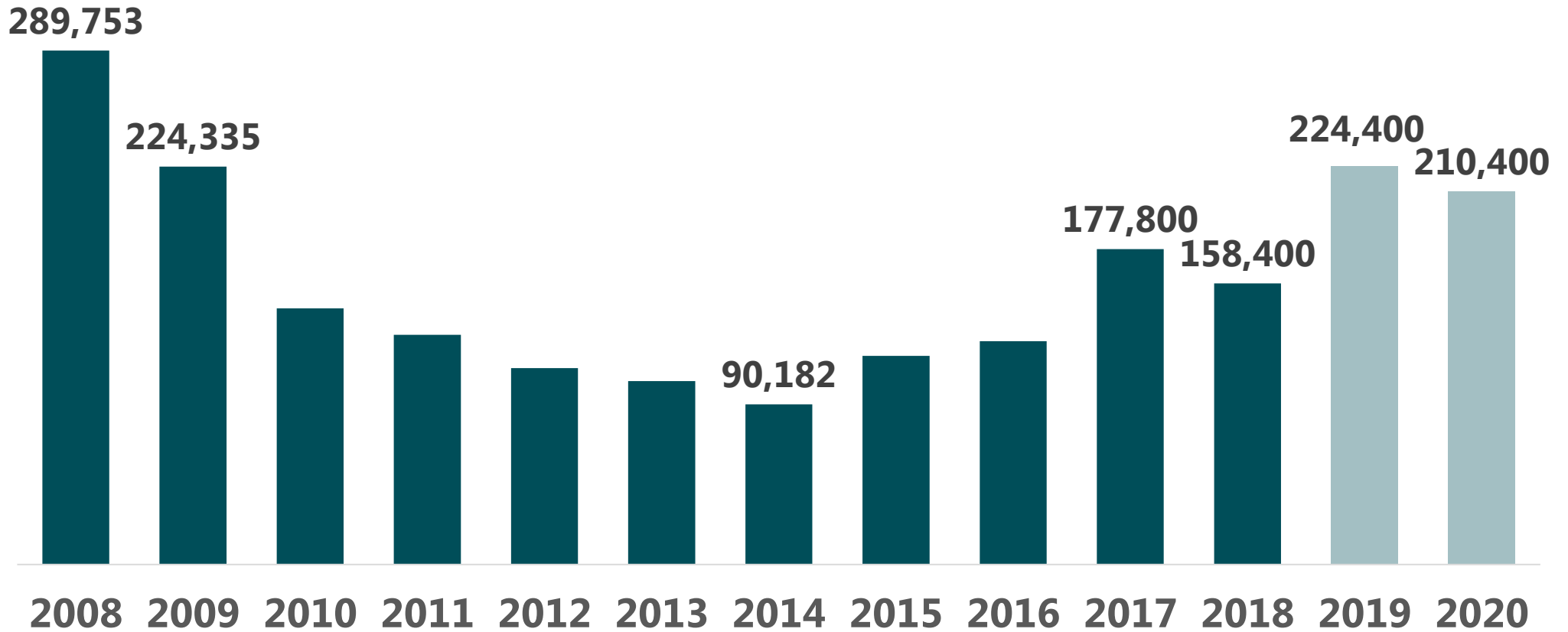
SE Regional Economic Impact

- **\$705 million in visitor spending**
 - 11,925 jobs
 - \$445 million in labor income
- **8% of regional visitor spending was in Sitka (2016)**



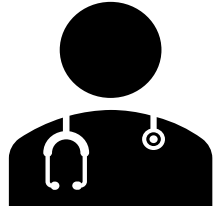


Sitka Cruise Visitation

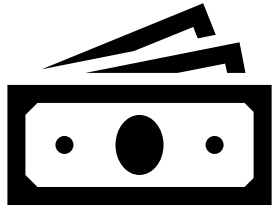


Source: CLAA

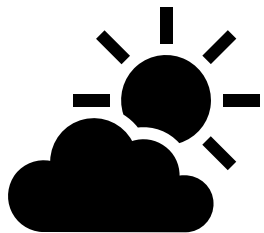
Health Care & Social Services



610 private health care, social asst. jobs



\$37.6 million in wages (20% of total)
Average monthly wages: \$5,141



Low seasonality: just 10 percent
difference between high/low months

Key employers

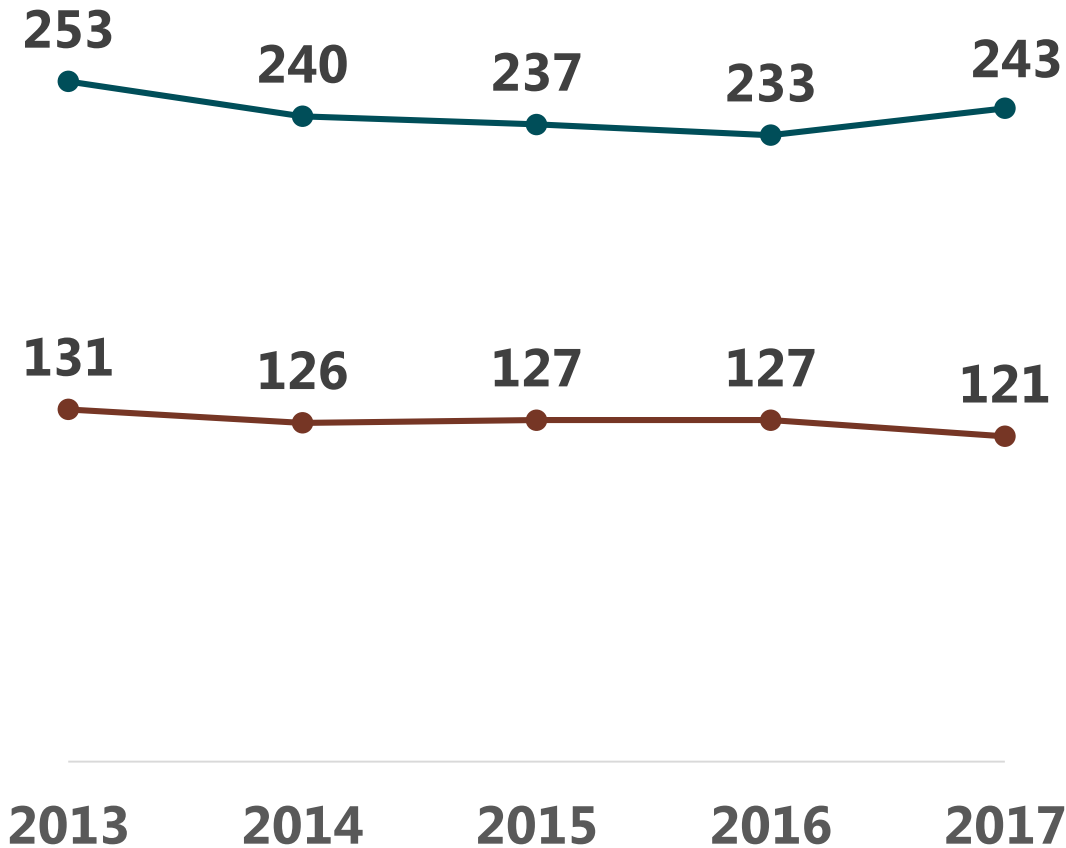
SEARHC

**Sitka Community
Hospital**

Pioneer Home

Source: AKDOLWD, QCEW.
Note: 2018 data are preliminary.

Federal Government



Uniformed Military (Coast Guard)

- 243 active duty or reservists
- \$21 million in wages & benefits
- 188 active duty with 290 dependents

Civilian Federal Government

- 121 full- and part-time
- \$13.9 million in wages & benefits
- Average monthly wages: \$7,000

Source: BEA.

Other Economic Activity in Sitka

- Alaska Native affairs
 - *STA, Shee Atika*
- Manufacturing (other than fish)
 - *75 jobs and \$3 million in wages*
- Professional Services, Science & Technology
 - *70 jobs, \$2 million in wages*
- Retail
 - *449 jobs, \$12 million in wages*
- Construction
 - *165 jobs, \$11 million in wages*

The Role of State Spending in Sitka

- **323 State jobs & \$15 million in wages in Sitka**
 - *MEHS*
 - *Pioneer Home*
 - *UAS-Sitka Campus*
 - *Other State agencies*
- **K12 funding**
- **Medicaid funding**
- **AMHS**
- **Other grants and program funding**
- **Capital project funding**

Sitka Business Survey Results

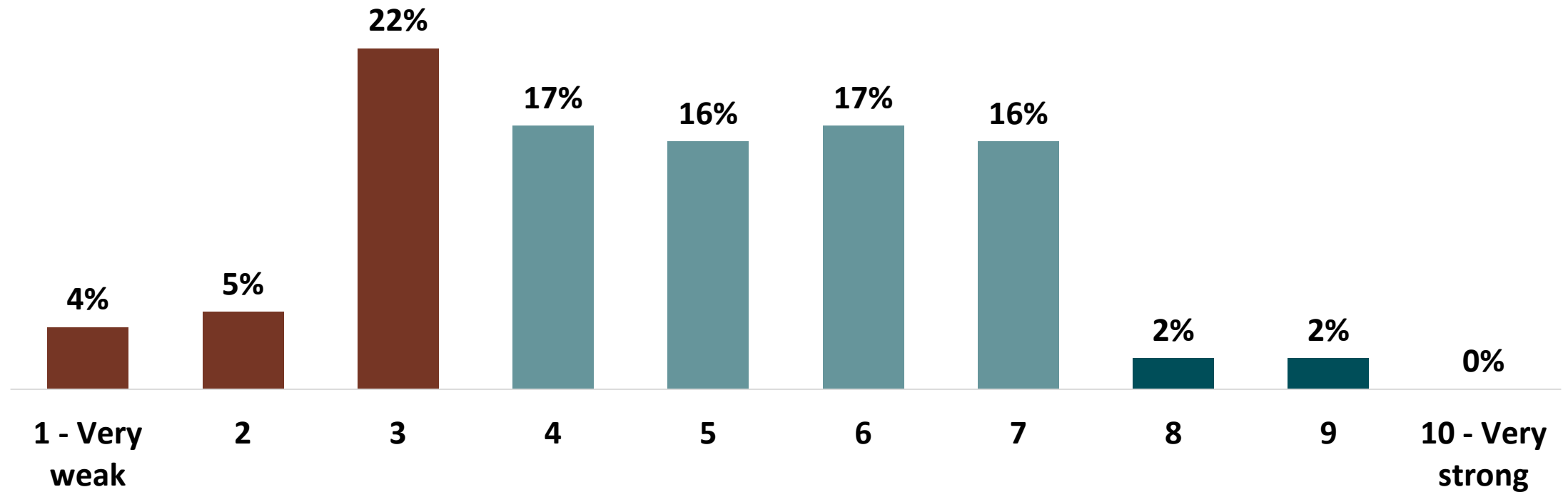


Online Survey of Sitka Businesses/Organizations

- **Purpose**
 - *To gauge perceptions about the current economic and business climate in Sitka*
- **Conducted March/April 2019**
- **109 respondents**
 - **66% for-profit**
 - **24% private non-profit**
 - **10% gov't/other**

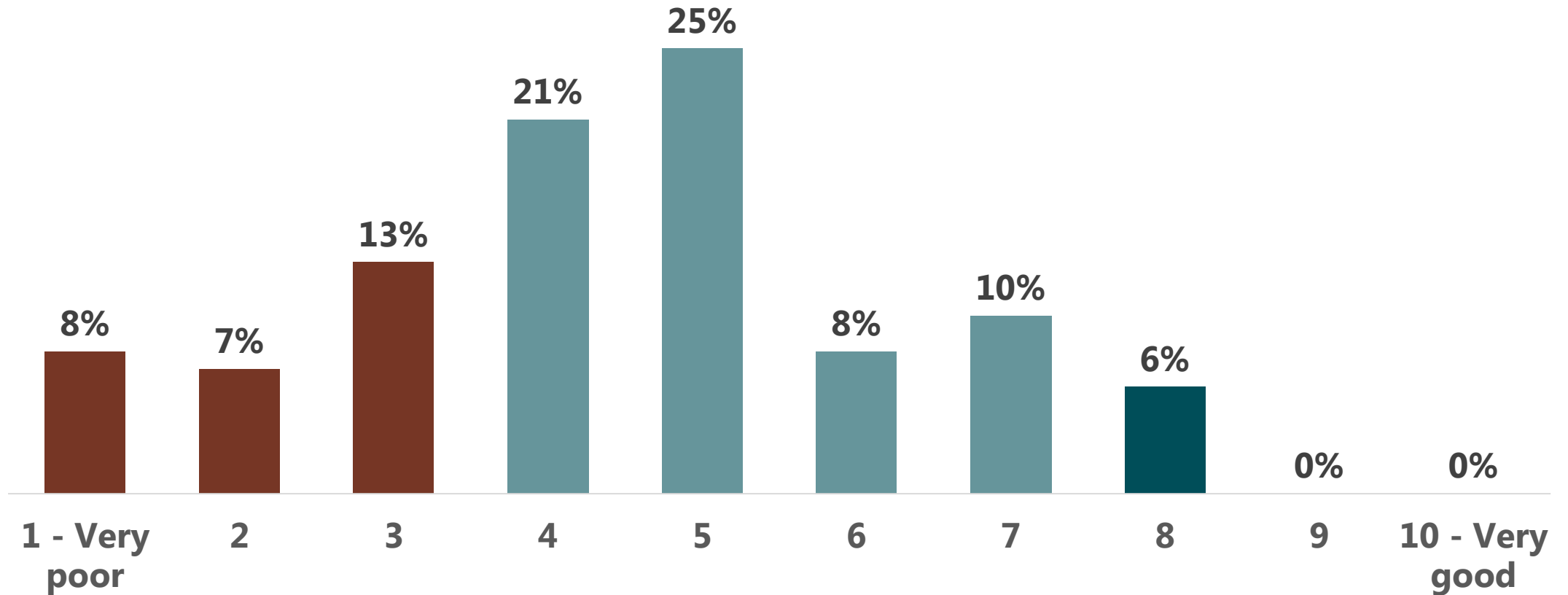
Current Condition of the Sitka Economy

AVERAGE: 4.7

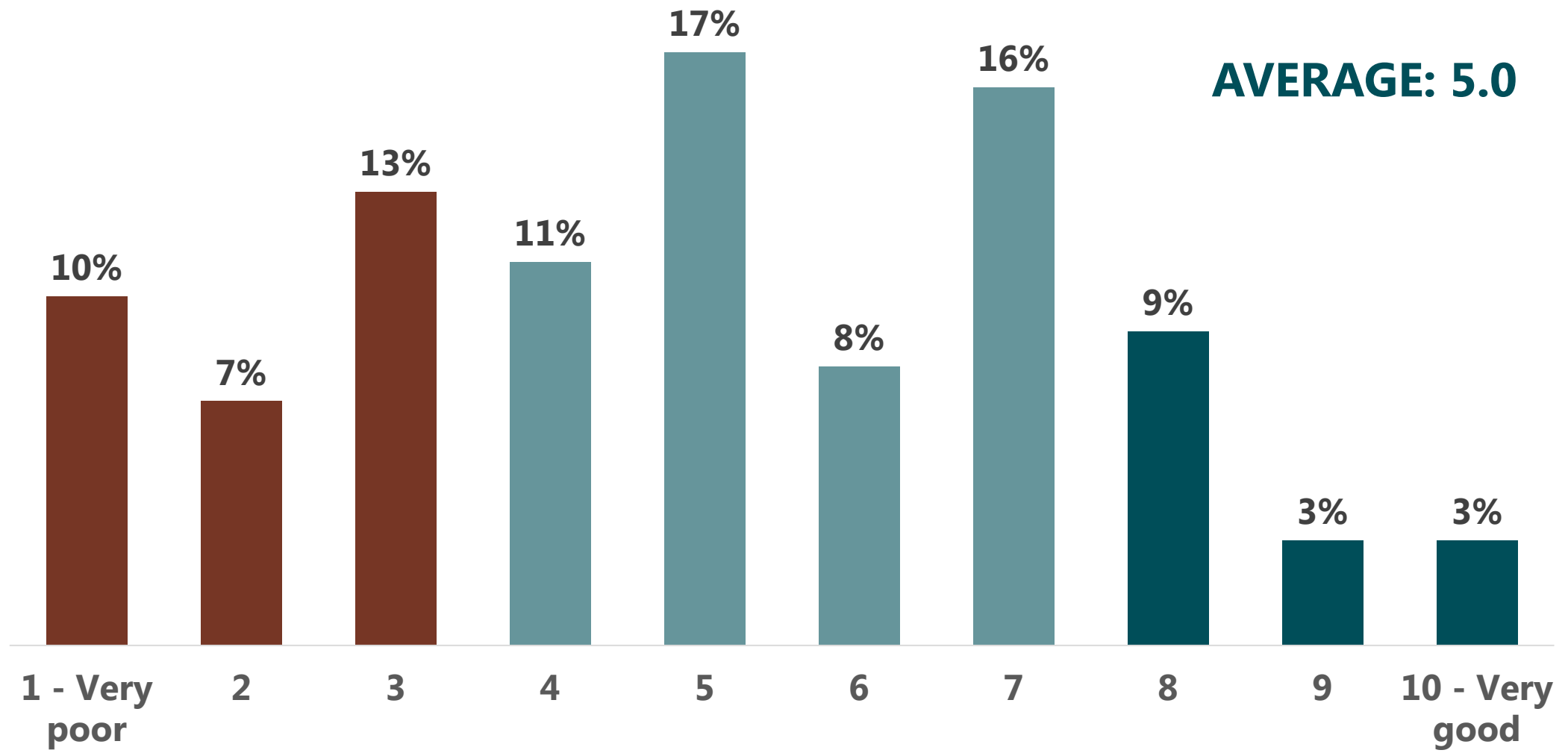


Overall Business Climate in Sitka

AVERAGE: 4.4

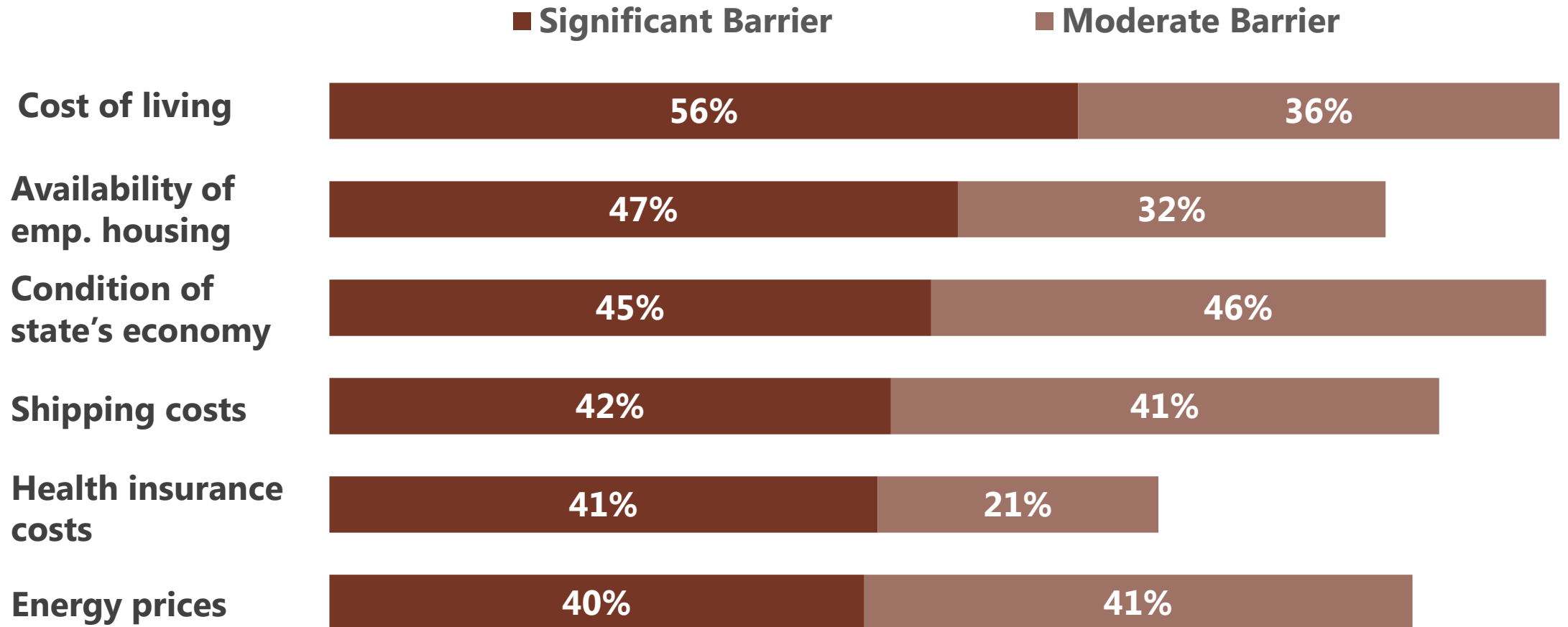


Business Climate in *Your* Sector



AVERAGE: 5.0

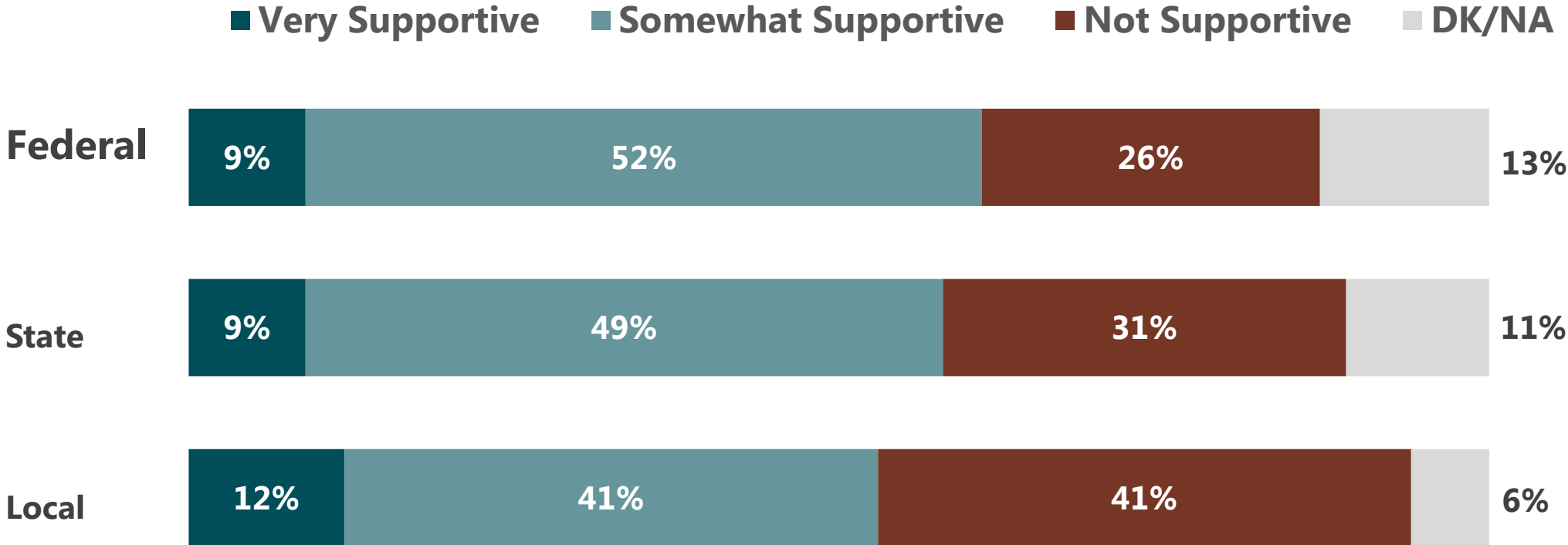
Barriers to Growth



Least Significant Barriers to Growth

- **Availability of Capital (significant barrier for 11%)**
- **Quality of telecommunications (13%)**
- **Federal regs (17%)**
- **Availability of child care (17%)**
- **Local taxes (18%)**

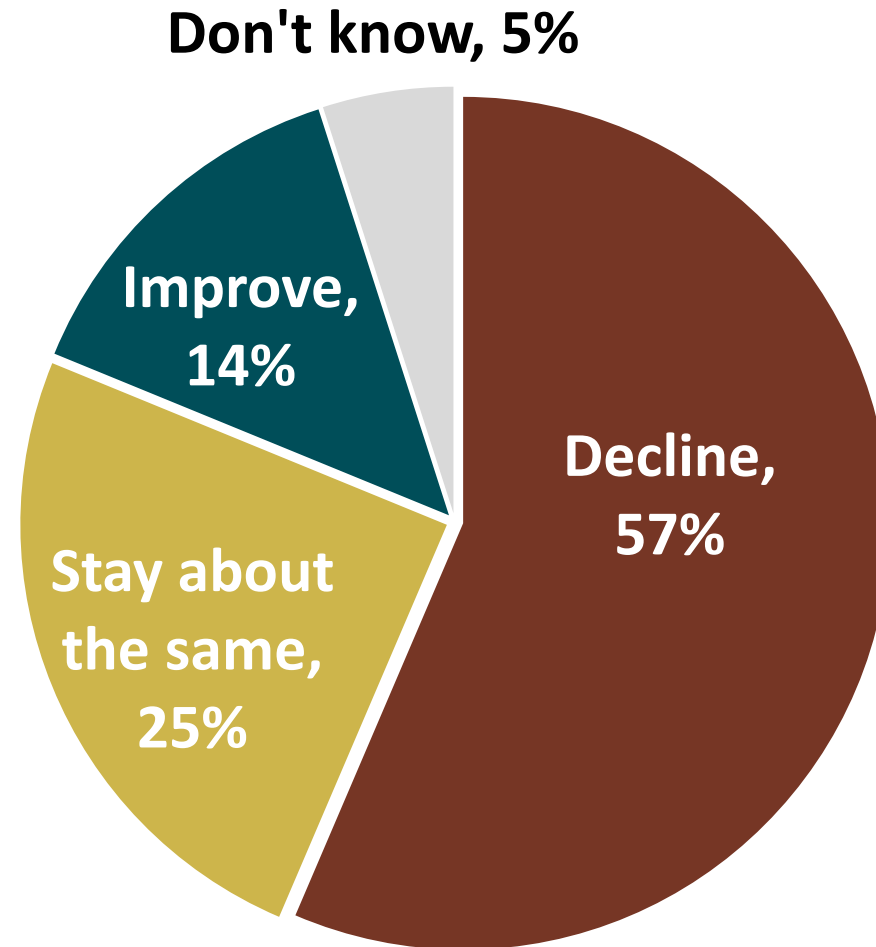
Government Support for Business



Ratings of the City's Permitting Process

- Overall customer service (55% good/34% poor)
- Timeliness of inspections
- Cost of the process
- Clarity of the application process
- Communications
- Clarity of application requirements
- Clarity of the review/approval process
- Turn-around time (43%/52%)

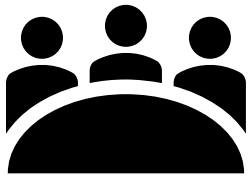
Expectations for the Local Economy (next 5 years)



Final Thoughts



Takeaways



Diverse and stable economy

- Economic resilience, income growth



Trends to watch

- Population decline
- Shrinking resident labor force
- Increased reliance on nonresident labor



Concern for the future

- State spending is critical
- Little optimism about the near-term

Questions/Discussion

www.mcdowellgroup.net
jimc@mcdowellgroup.net

