

April 22, 2021

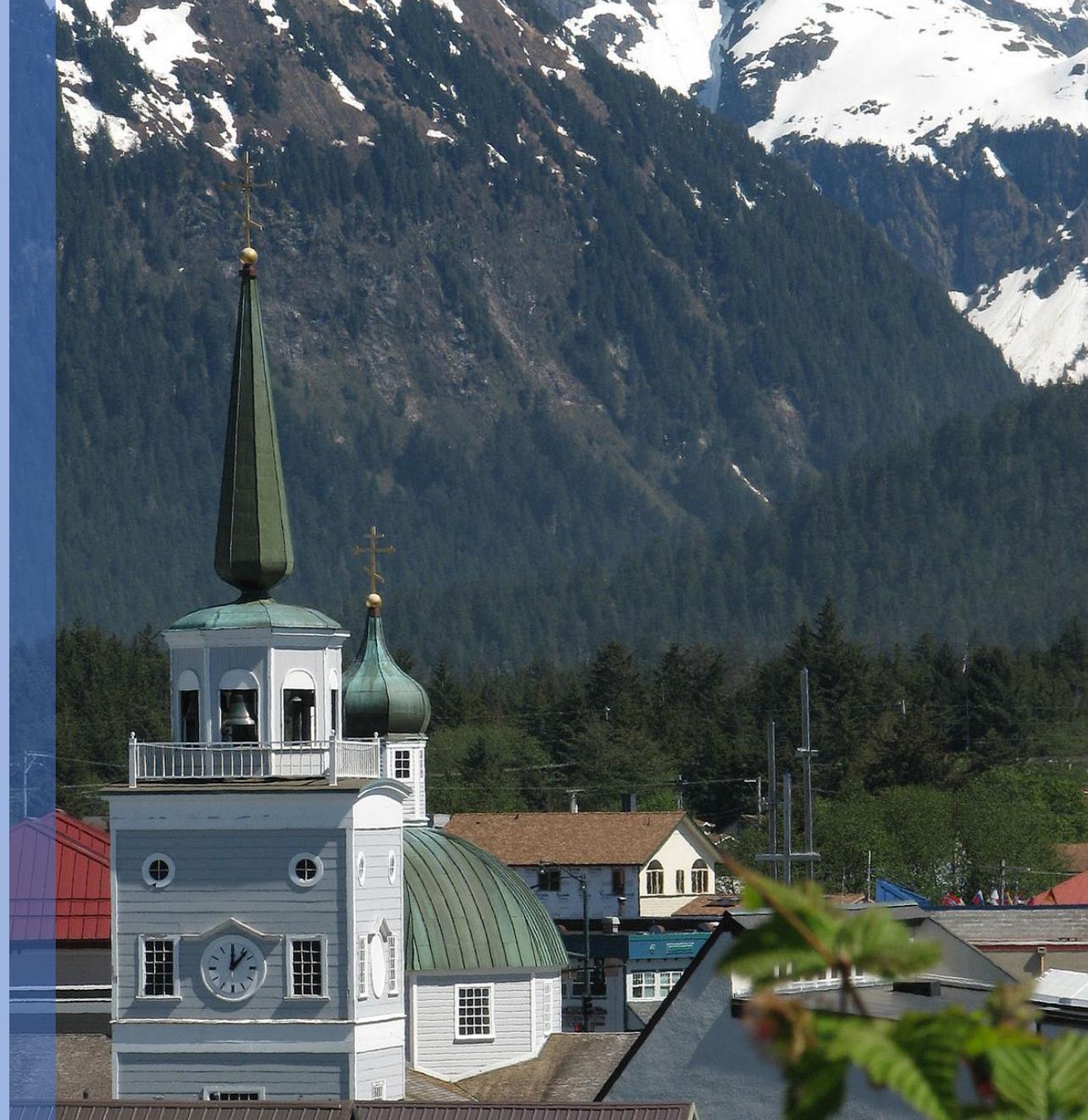
# Sitka Economic Trends, 2021

PREPARED FOR

**Sitka Economic Development  
Association**



*Formerly McDowell Group*



# PRESENTATION CONTENTS

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- Employment and Wages
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- Key Basic Industry Impacts
  - Seafood Industry
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- Federal Relief

## **Pre-Pandemic Trends**

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Pre-Pandemic Baseline

## Sitka's Economy in 2019

- **4,311 wage jobs (peak 5,262, low 3,642)**
- **6,500 total jobs (incl. self-employed)**
- **\$209 million in total annual wages**
- **\$415 million in total employment-related earnings**
- **\$407 million in gross business sales**
- **\$632 million in total personal income**



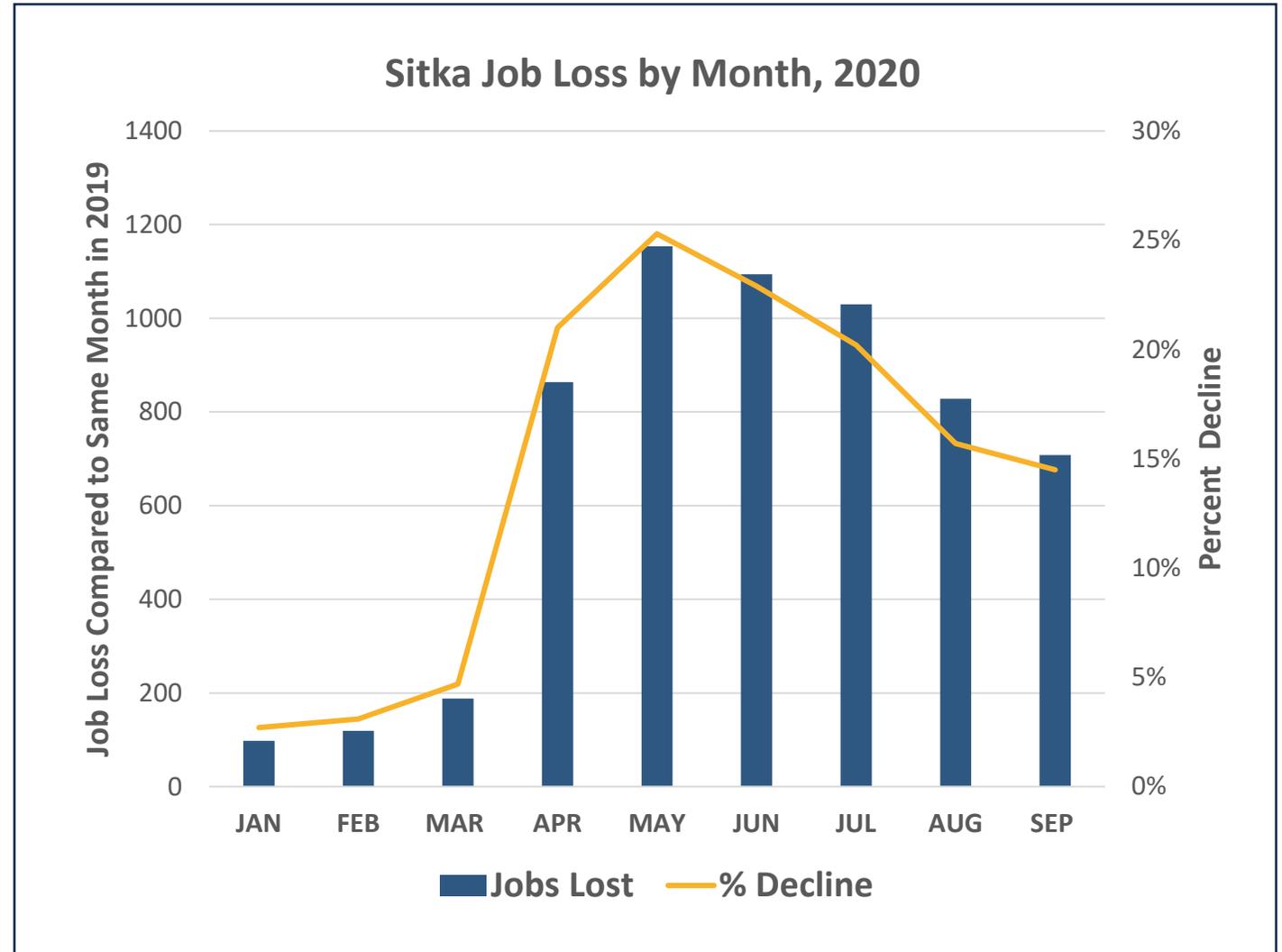
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# Employment Impacts of COVID-19

Comparing monthly 2020 employment to 2019:

*Total and % decline peaked in May*

- 1,154 fewer jobs
- 25% lower than May 2019
- Most recent job count (Sept. 2020)
  - 708 fewer jobs
  - 15% lower than 2019



COVID IMPACTS:  
Employment and Wages

## Job Loss by Sector, Jan.-Sept. 2020 Monthly Avg.

- Scenic & Sightseeing Trans: -93 jobs (-61%)
- Accommodations: -55 jobs (-35%)
- Eating & Drinking Places: -73 jobs (-21%)
- Seafood Processing: -98 jobs (-18%)
- Construction: -24 jobs (-15%)
- State Gov't: -35 (-11%)
- Retail: -44 jobs (-10%)

***Total change in jobs (9 mth avg): -676 jobs, -15%***

- **Statewide decline: -9%**
- **Juneau decline: -13%**

## COVID IMPACTS: Employment and Wages

### Wage Loss by Sector, Jan-Sept 2020

- Scenic & Sightseeing Trans: -\$5.2 million (68%)
- Accommodations: -\$1.5 million (33%)
- Construction: -\$2 million (20%)
- Eating & Drinking Places: -\$1.1 million (18%)
- Seafood Processing: -\$3.1 million (15%)
- State Gov't: -\$900,000 (8%)
- Retail: -\$600,000 (7%)

**Total lost wages: -\$19.4 million, -12%**

- **Statewide loss: -3%**
- **Juneau loss: -4%**

COVID IMPACTS:  
Employment and Wages

## 2nd Quarter (April – June) 2020 Losses

**Sitka Total: -1,037 jobs, -23%**

***Statewide: -13%***

***Juneau: -19%***

- **Transportation: -162 jobs, -49%**
- **Accommodations: -92 jobs, -54%**
- **Eating & Drinking Places: -145 jobs, -41%**

## COVID IMPACTS: Business Sales

# Sitka Business Sales

- **FY2019 total gross sales: \$407 million**
- **FY2020 total gross sales: \$392 million**
- **In the most pandemic-affected sectors, sales dropped \$28 million, all in March thru June period.**
- **CY2020 est: -\$60 million (-15%)**

COVID IMPACTS:  
Personal Income

## Personal Income (PI)

- **\$1.4 billion increase in 2020 statewide (3.1%)**
  - **2% decrease in workplace earnings**
  - **24% increase in transfer payments**
- **Sitka 2020 estimates**
  - **10% decrease in workplace earnings**
  - **25% increase in transfer payments**
  - **Net PI change: 3% decrease (\$20 million)**





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## **Key Industry Impacts**

## COVID IMPACTS: Seafood Industry

# Sitka Seafood Industry in 2019

- **398 Sitka fishermen harvested 28 million lbs with ex-vessel of \$41 million**
  - **Salmon: 290 active permit holders**
    - 20 million lbs harvested
    - \$18.2 million EVV
  - **Blackcod: 113 active**
    - 4 million lbs harvested
    - \$12 million+ est. EVV
  - **Halibut: 135 active**
    - 1.7 million lbs harvested
    - \$7 million EVV
- **469 crew licenses**

## COVID IMPACTS: Seafood Industry

### **Decline in demand & prices for high-value AK seafood species.**

- 2020 Halibut prices 25% below 2019
- SE Sablefish: 30-40% below 2019
  - In SE, 81% of the TAC harvested, v. 96% in 2019

### **Statewide resident crew licenses sold down 31% in 2020 (lowest since 2009).**

- Sitka down 48% (resident crew, from 384 to 201)
  - 44% for all crew licenses (469 total in 2019, 263 total in 2020)

### **AK processors spent \$50 million+ in 2020 on COVID response...and more in 2021.**

**Sitka processing jobs in first 9 months of 2020 were 100 jobs below 2019, down 18% (-30% in March & April of 2020)**

## COVID IMPACTS: Visitor Industry

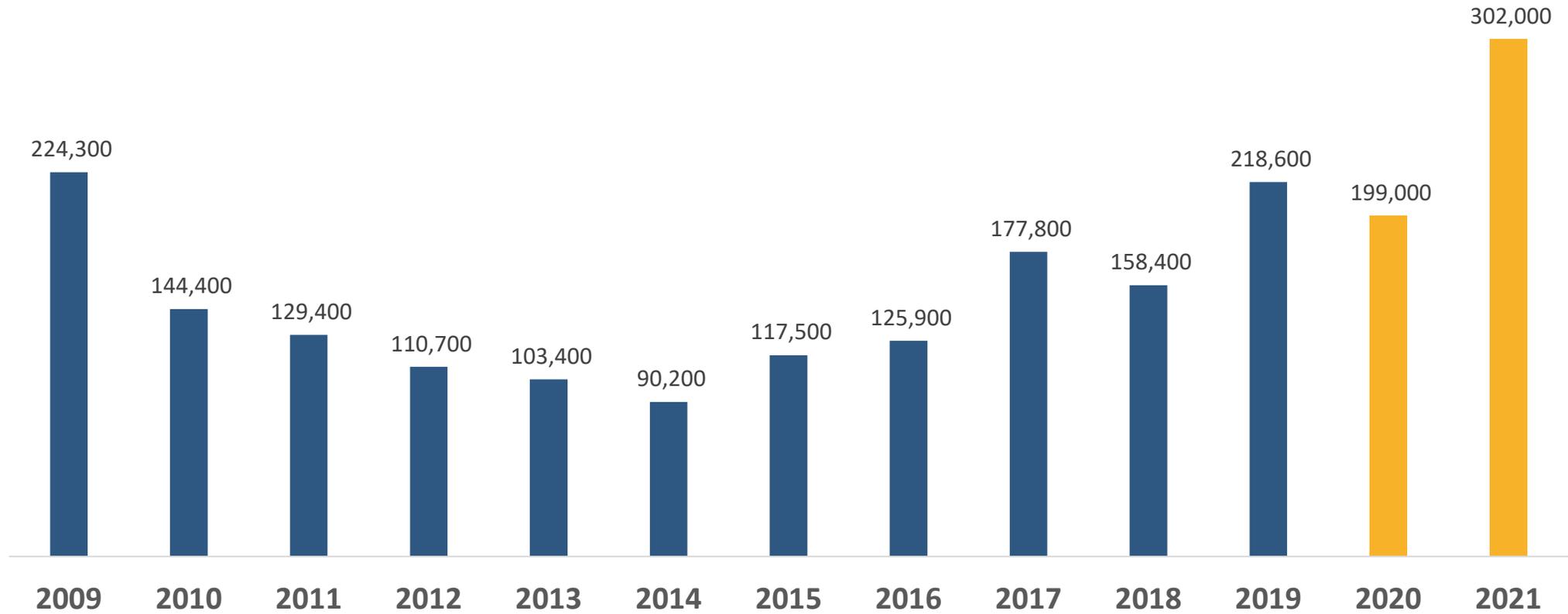
# Sitka's Visitor Industry in 2019

- 219,000 cruise passengers, 35,000 independents (est.)
- Sitka captured 16% of Alaska's total cruise market of 1.36 million passengers in 2019.
- Approx. \$60 million total visitor spending
- Jobs in transportation, accommodations, food/beverage establishments, plus multiplier effects

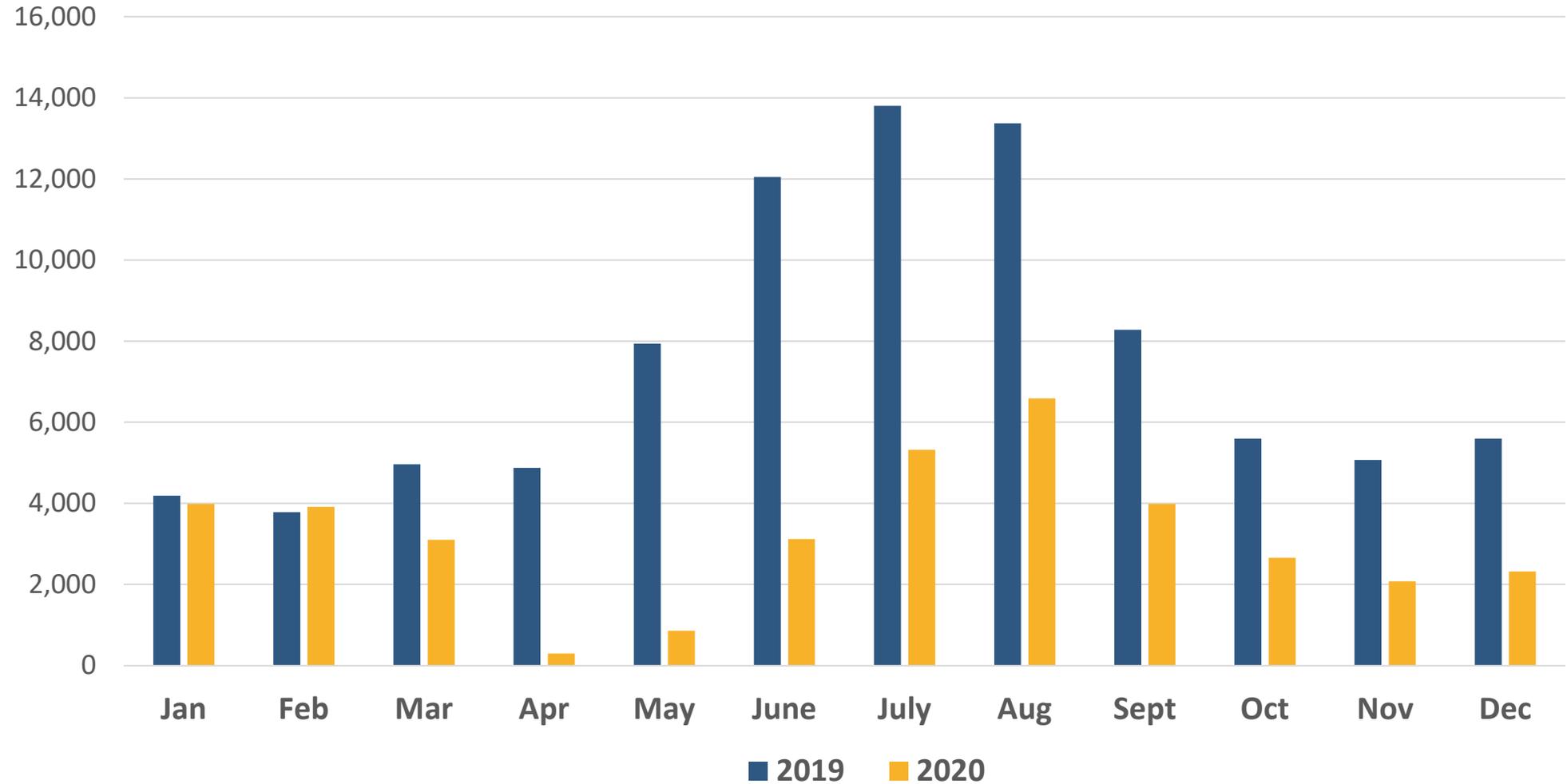
## What was expected in 2020 and 2021:

- 199,000 cruisers in 2020 & 300,000 in 2021

# Sitka Cruise Passenger Visitation, 2009-2019 Actuals, 2020 and 2021 (Pre-COVID-19 Forecasts)



# Sitka Air Passenger Traffic, 2019-2020, by Month





# Relief Payments

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## COVID IMPACTS: Unemployment Insurance Payments

# UI Payments to Sitka Residents

- Total paid in 2019: \$215,776
- Total paid in 2020: \$7.6 million
- Peak in May, \$2 million in total payments
  - Paid to 579 Sitka claimants
  - \$831/wk avg.
  - Replacement of 82% of wages
- Most recent data, Feb. 2021:
  - \$511,208 paid to 266 claimants
    - \$65,074 paid to 63 claimants in Feb. 2020



COVID IMPACTS:  
Unemployment  
Insurance Payments

# UI Payments to Sitka Residents

## Recipients by Annual Income Category

| Annual Earnings | No. of UI Recipients |           |
|-----------------|----------------------|-----------|
|                 | May 2020             | Feb. 2021 |
| \$1,000- 9,999  | 88                   | 40        |
| \$10,000-19,999 | 152                  | 56        |
| \$20,000-29,999 | 128                  | 60        |
| \$30,000-39,999 | 74                   | 39        |
| \$40,000-49,999 | 54                   | 27        |
| \$50,000-59,999 | 31                   | 14        |
| \$60,000+       | 52                   | 30        |

# Federal Relief Funds to Sitka

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- **Individual Economic Impact Payment (income based)**
  - Payments of \$1,200 and \$600 in 2020 (\$1,400 in 2021)
  - Estimated Sitka 2020 total: \$8 million (\$6 million more in 2021)
- **Paycheck Protection Program (PPP)**
  - Sitka total: \$31.5 million (first and second draw to date)
    - In 2020:
      - \$8.8 million total for loans under \$150K (290 recipients),
      - Est. \$15 million total for loans over \$150K (20 recipients)

## Federal Relief Funds to Sitka

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- **Economic Injury Disaster Loans: \$14.2 million**
  - Loans (\$13.4 million) and Advances (\$883,000)
- **Sitka's share of State of Alaska Cares Act funds: \$14.1 million**
- **Tribal Funding: \$7.5 million**

***\$80 million+ to Sitka residents, businesses, and organizations***

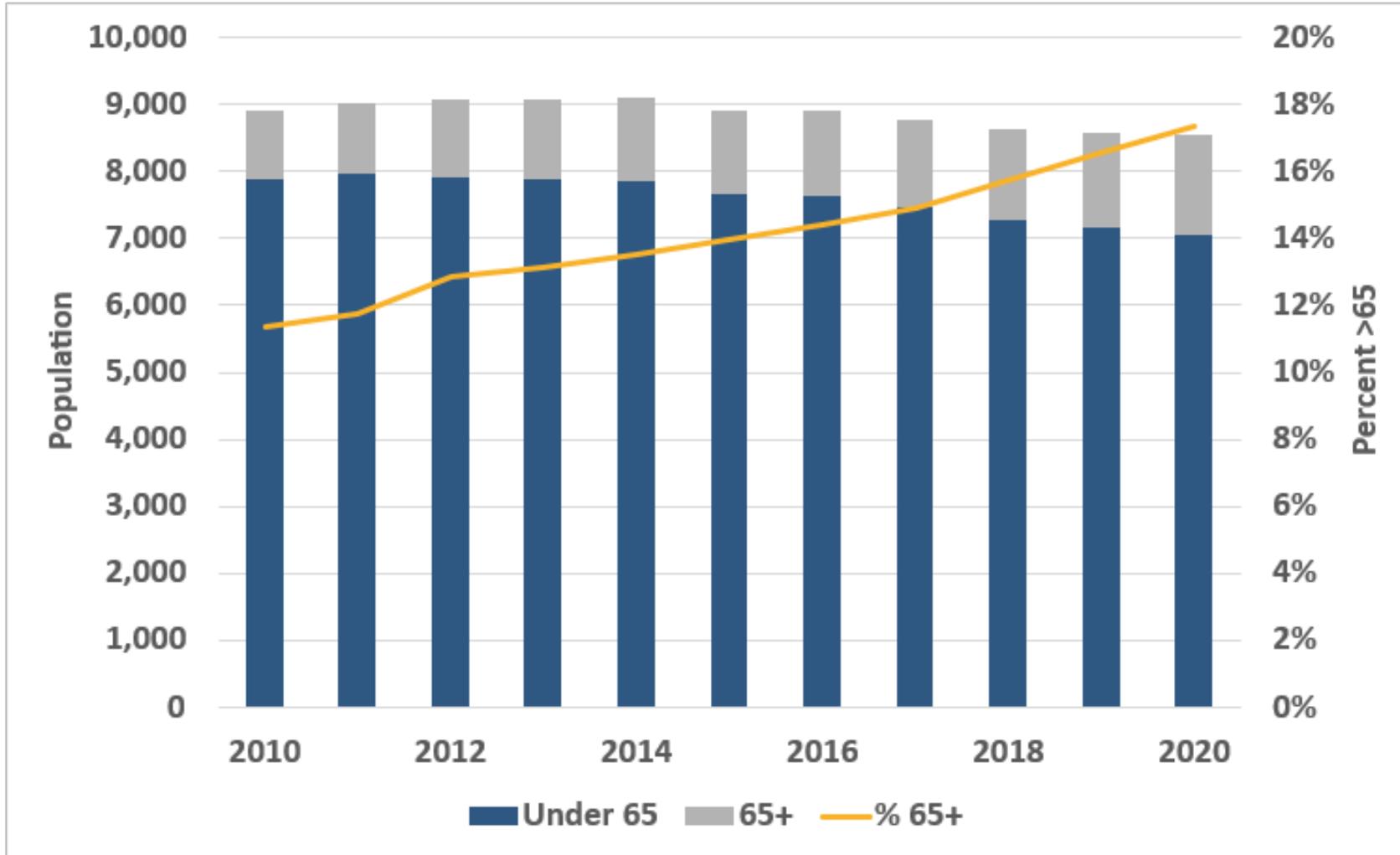
***Not yet distributed:***

- **NOAA Fisheries Relief (\$50 million statewide)**

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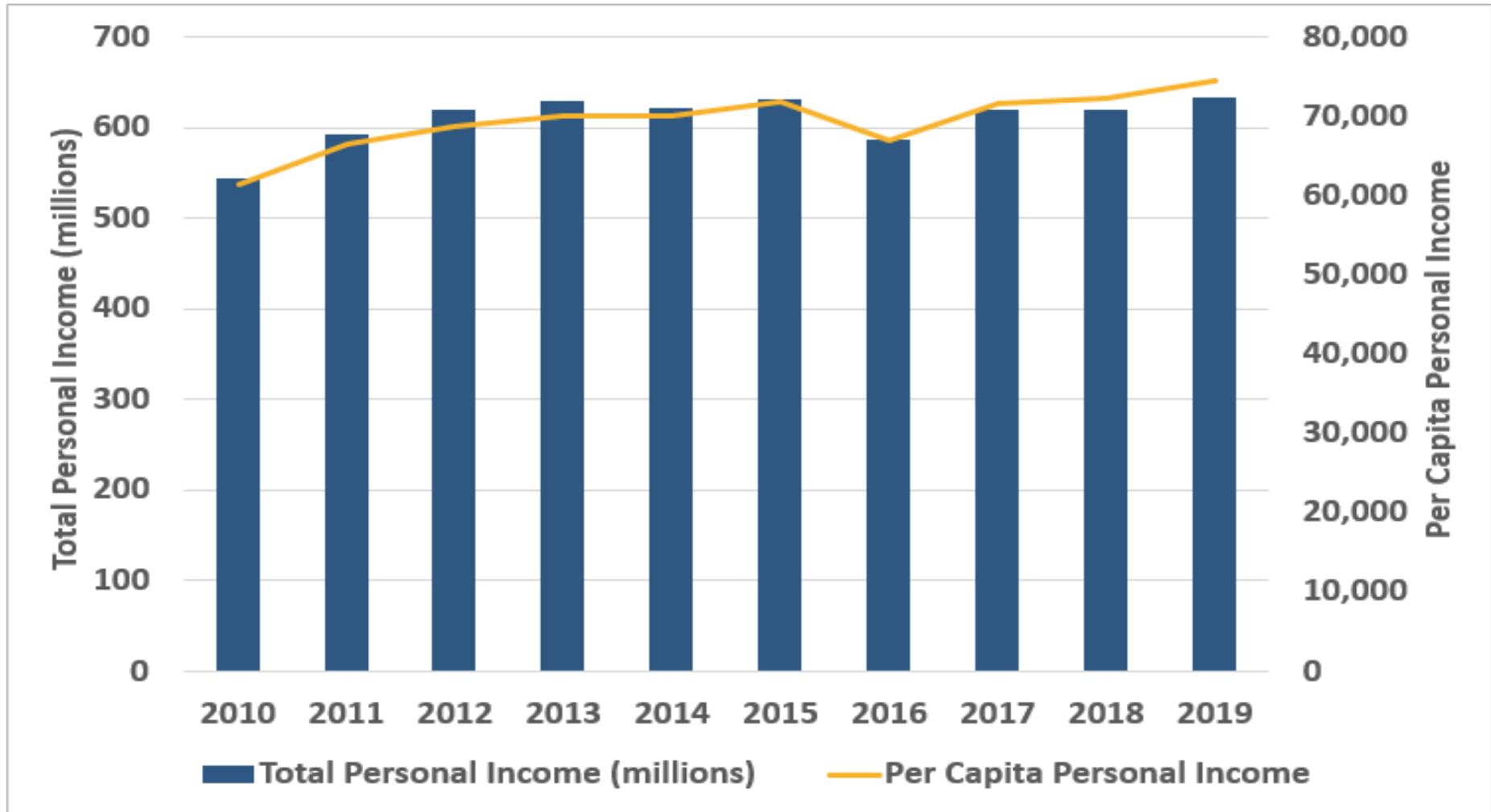
# Long-term Trends in Sitka

# Sitka Population, 2010 to 2020



- Population trending down since 2014
- Population projected to decline to 8,130 by 2030
- 65+ population up from 11% to 17% over past decade, projected to reach 22% by 2030

# Sitka Personal Income, 2010 to 2019 (Real Total and Per Capita)



Wrap up

## In Summary...

- **\$21+ million in lost wages in 2020, continuing losses in 2021**
- **Sitka hit harder than other areas of Alaska**
- **\$60 million in lost business sales, continuing in 2021**
- **\$80+ million in federal relief, with more to come**
- **\$7.6 million in UI and counting**
- **COVID economic impacts most severe among low wage earners and small business owners**
- **Long-term economic impacts of COVID-19 are unclear**



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