

Sitka Business Climate and COVID-19 Impacts Survey 2021

SEDA

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**SOUTHEAST
CONFERENCE**

By Rain Coast
Data

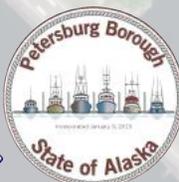


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Please elaborate on how COVID-19 has impacted your organization. Looking forward what are your hopes or concerns? Are you refocusing on online services or remote employment? Are you changing the products you create to try to capture new markets?

Survey created in partnership with



Sitka Alaska Business Survey Results 2021

Each year Southeast Conference conducts a regional business climate and investment survey in order to track Southeast Alaska business confidence on an annual basis. The results are analyzed by community and economic sector, allowing the data to be used to form projections regarding the economic direction of Southeast Alaska.

A breakout report for Sitka was developed in partnership with the Sitka Economic Development Association. Rain Coast Data designed the survey instrument on behalf of this partnership.

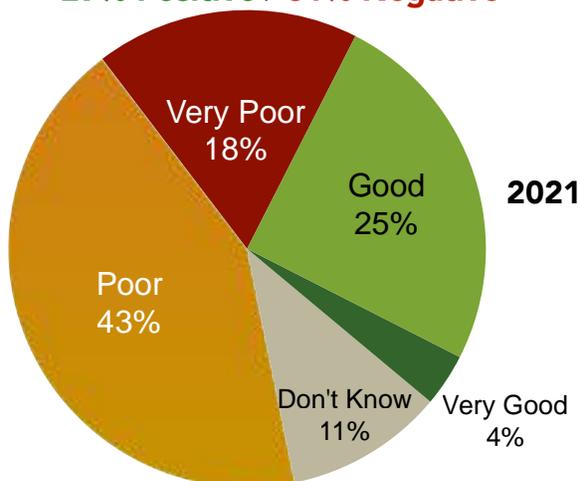
The survey invited Southeast Alaska business owners and top managers to respond to 19 questions. The web-based survey was administered electronically from April 9th through April 23rd. A total of 39 Sitka business leaders participated. The results include the following key findings:

- **Revenue Decline:** Sitka business leaders reported the least revenue decline of any community in the region. On average, reporting businesses in the region lost 42% of their revenue due to COVID-19, while Sitka businesses were down 22% overall. However, Sitka tourism business revenue was down by 62%.
- **Risk of Closure:** Sitka businesses also had the lowest risk of closure of any community in the region. Nearly a quarter of regional businesses are at risk closing permanently or have already closed. In Sitka, just 12% of respondents say that they are at risk closing permanently.
- **Impact of Relief Funding:** Sitka businesses were asked about the impact of the COVID-19 aid they received. Nearly half of respondents said that the funding allowed their businesses to retain staff.
- **State of the Economy, and Outlook:** Confidence in the Sitka business climate continues to be poor. Nearly two-thirds of respondents are concerned about the state of the economy, calling the business climate poor or very poor. But half expect their business to improve over the coming year—the most positive outlook for any business community in the region.
- **Job Projections:** Sitka also has the most positive jobs outlook of any community in the region, with a third of Sitka employers saying they expect to add jobs in the coming year. Forty-six percent of Sitka business leaders expect to maintain job levels in the coming year, while 8% expect to reduce staffing levels.

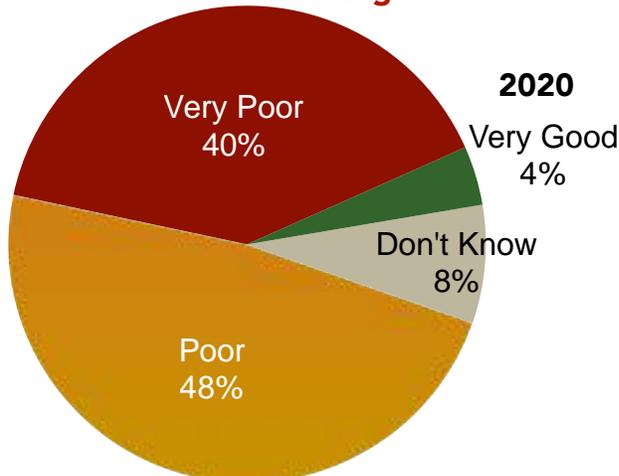
Sitka Business Climate Survey Results 2021

April **2021** Sitka Alaska: **How do you view the overall business climate right now?**

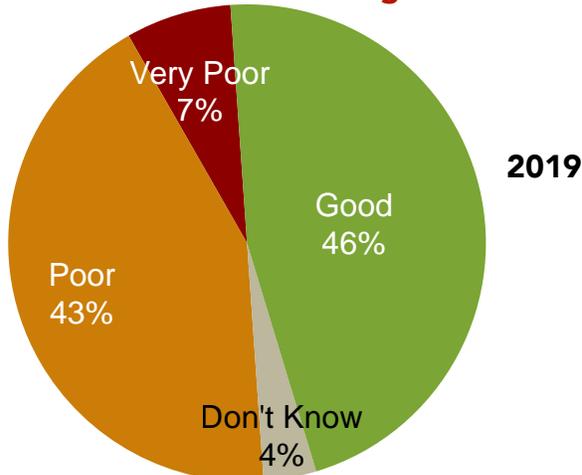
29% Positive / 61% Negative



4% Positive / 88% Negative



46% Positive / 50% Negative



Sitka Business Climate and COVID Impacts Survey 2021

Southeast Alaska Annual Business Climate Survey

In April of 2021, 39 Sitka Alaska business owners and top managers responded to Southeast Conference's Business Climate and Private Investment Survey.

How do you view the overall business climate right now: Skagway

Confidence in the Sitka business climate continues to be poor in the wake of COVID-19.

Nearly two-thirds (61%) of respondents are concerned about the state of the economy, calling the business climate "poor" (43%) or "very poor" (18%). This has improved significantly since last year when the poor and very poor ratings in Sitka were 27 percent higher. A quarter of business leaders called the Sitka business climate "good" in 2021 with an additional 4% calling the overall business climate "very good."

Sitka businesses had the third most positive (least negative) perceptions of the overall economy, compared to all other regional communities.

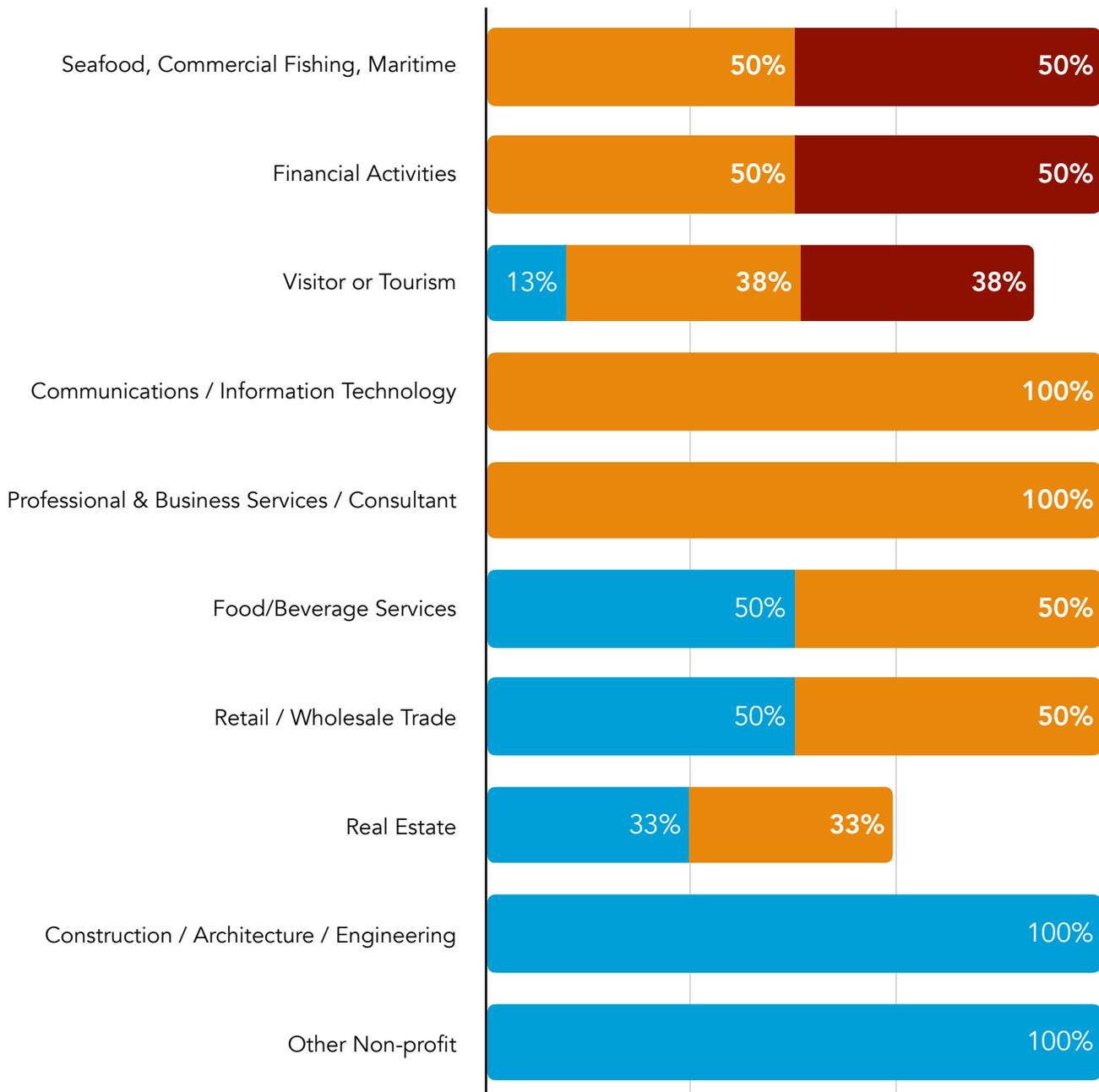
While all sectors have a negative perspective on the current regional economy, those in the visitor and real estate sectors are most likely to say that the economy is **very** poor.

Sitka **Business** Climate Survey Results 2021: by Industry

The following graphic breaks out how the current Sitka business climate is viewed by each various sector. Seafood, financial activities, and tourism are the most likely to say the economy is "very poor." Not all industries are shown, due to small sample sizes.

April **2021** Sitka Alaska: **How do you view the overall business climate right now?**

■ Good/Very Good ■ Poor ■ Very Poor

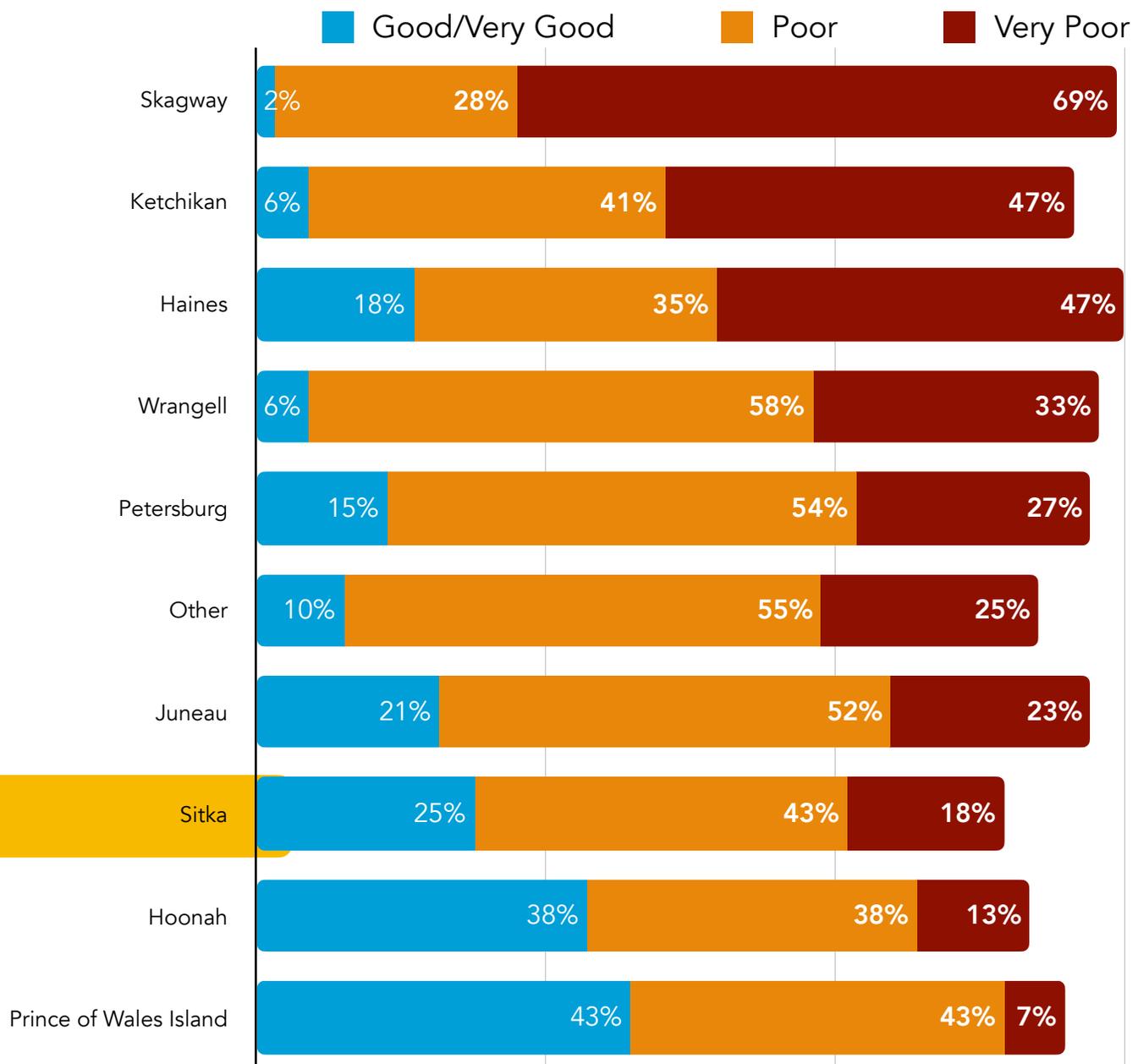


The "don't know" category has been excluded from this chart.

Southeast Business Climate Survey Results 2021: by Community

The graphic below shows how the current regional business climate is being experienced by business leaders in each community. While all communities are clearly suffering, Skagway was the hardest hit.

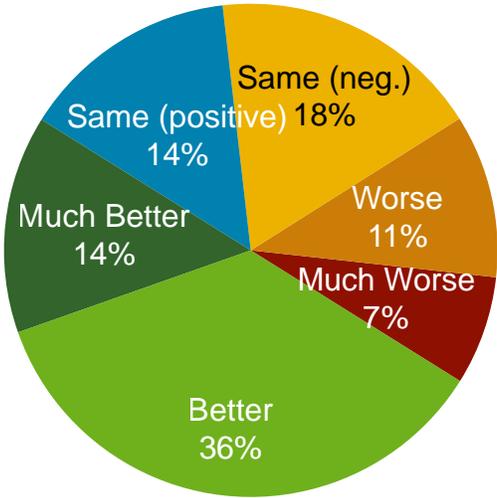
April **2021** Southeast Alaska: **How do you view the overall business climate right now?**



The "don't know" category has been excluded from this chart.

Sitka Economic Outlook

64% Positive / 36% Negative



2021

What is the economic outlook for your business/industry over the next year (compared to the previous year)?

Sitka Economic Outlook

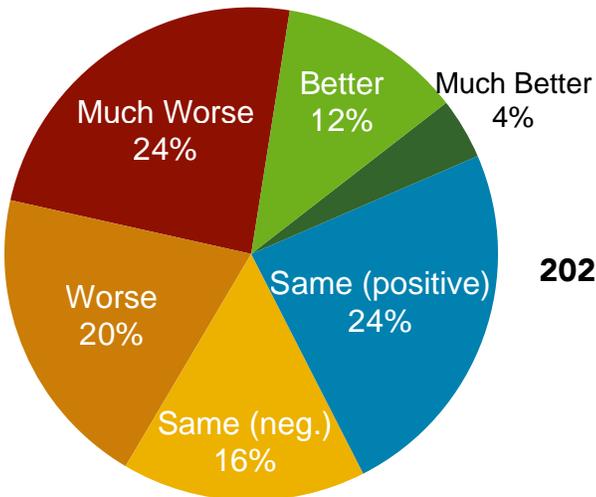
Historically, the overall economic outlook for business leaders tends not to change much on an annual basis, however 2020 and 2021 are clearly exceptions.

In 2021, two-thirds of businesses say the economic outlook for their business or industry over the next 12 months is positive. Half of survey respondents expect their prospects to get better (36%) or much better (14%) over the next year, while just 18% expect the outlook for their businesses to become worse in the coming year. This represents a significant improvement in economic outlook. A year ago, 60% of Sitka business leaders expected the economy to decline.

Sitka, along with Prince of Wales and Gustavus, have the least negative outlooks. The communities with the most negative outlook include Skagway, Haines, and Hoonah.

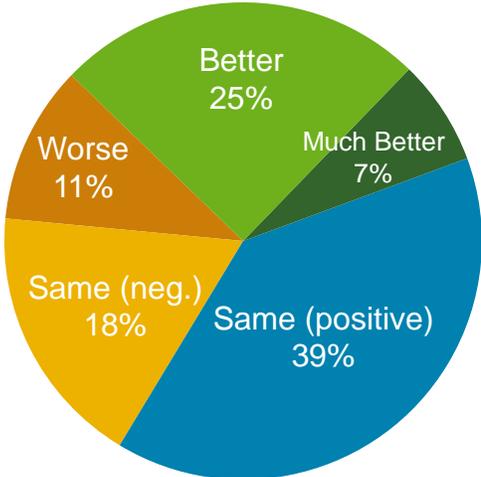
Regionally, the mining sector’s economic outlook is most positive moving into 2022, followed by the nonprofit and healthcare sectors. The real estate, food/beverage, and tourism sectors have the most negative outlooks looking forward.

40% Positive / 60% Negative



2020

71% Positive / 29% Negative



2019

Southeast Economic Outlook: by Community and Industry

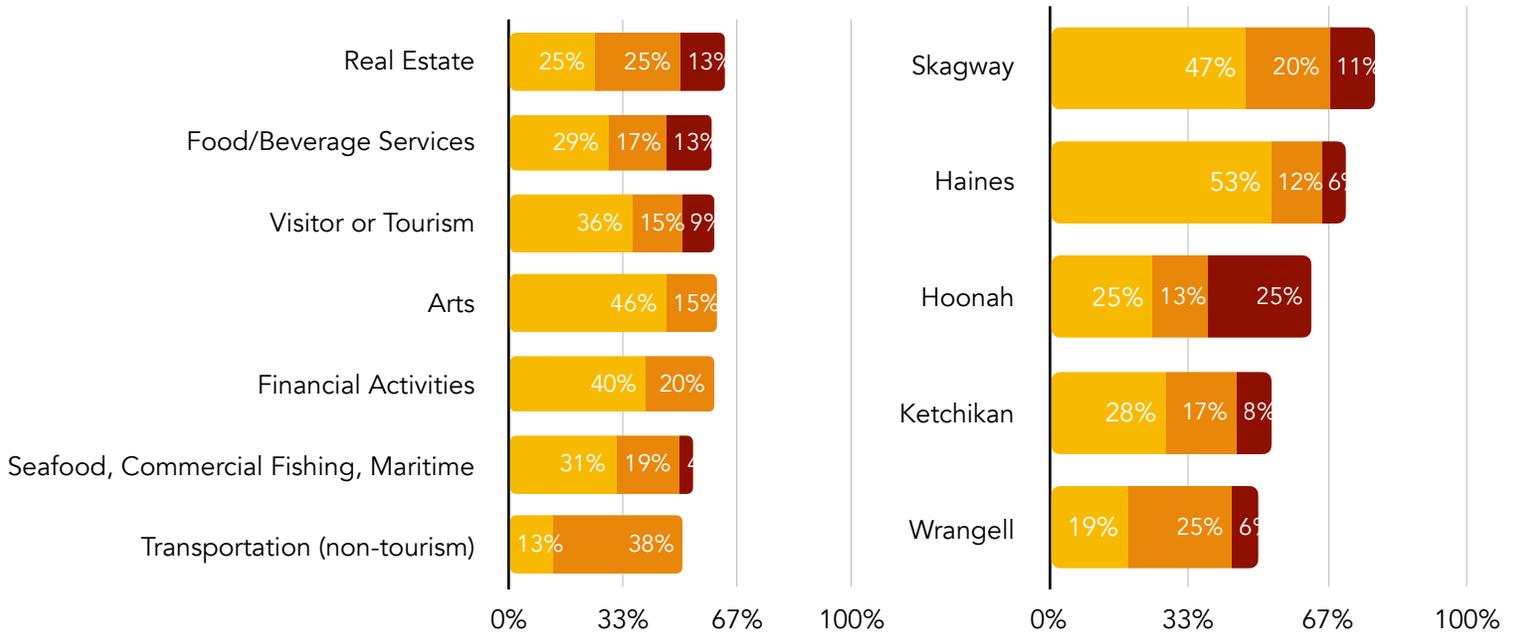
The below graphics show economic outlook breakdowns for the next year by industry as well as by community.

2021: What is the economic outlook for your business or industry?

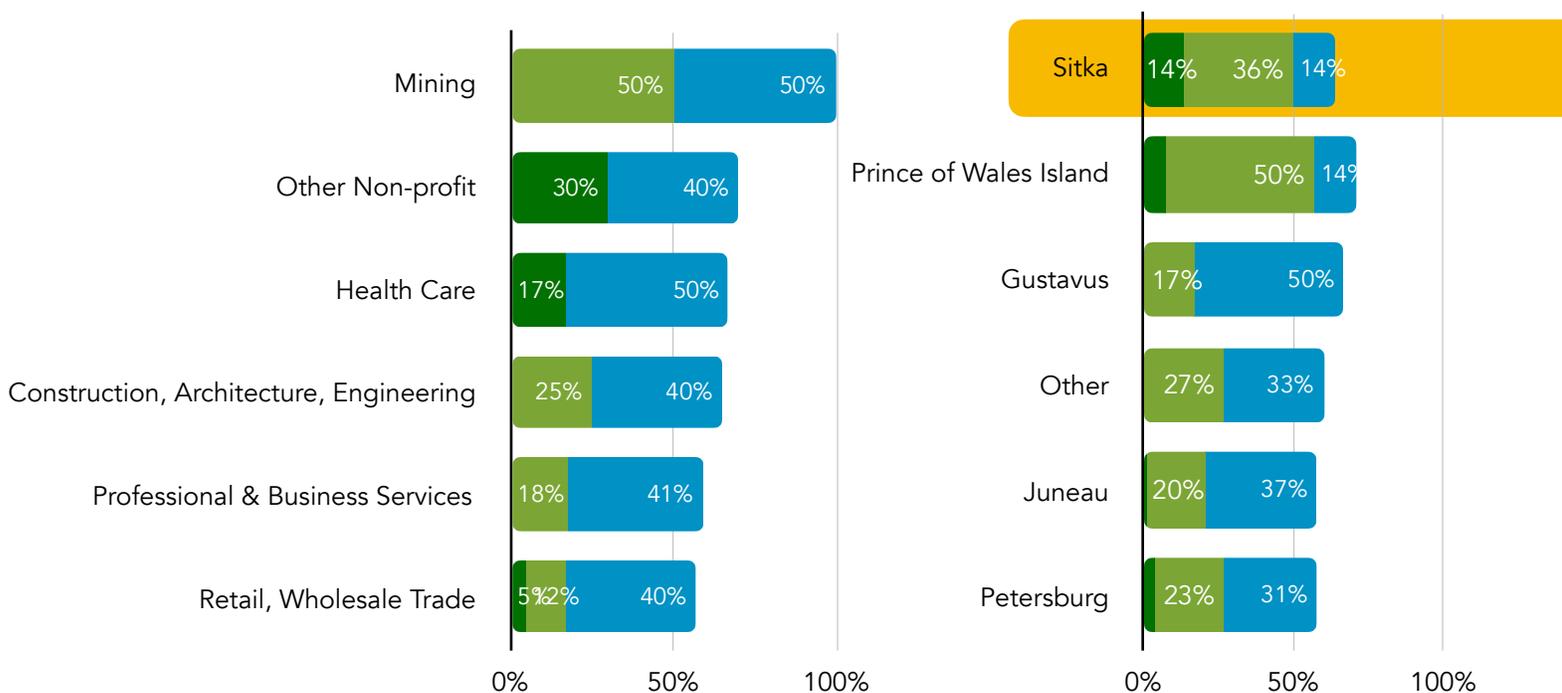
By Industry

By Community

■ Same (generally negative)
 ■ Worse
 ■ Much Worse



■ Much Better
 ■ Better
 ■ Same (generally positive)



Southeast Economic Outlook: by Industry

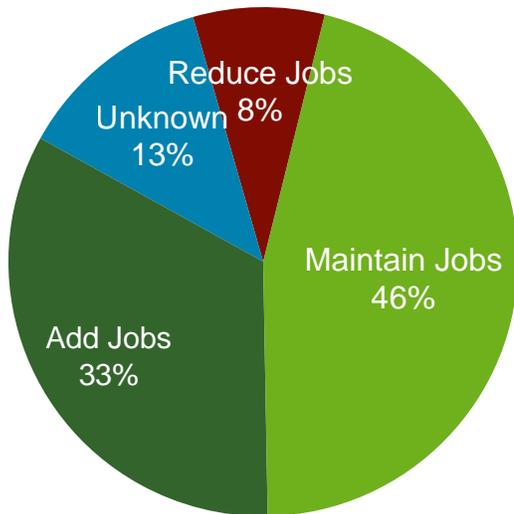
The following table shows a detailed economic outlook by industry for the region as a whole. Sitka business leaders generally tracked along with regional averages.

In Sitka, those in the financial services, food and beverage, and tourism sectors were the most pessimistic regarding the upcoming year, while those in construction and seafood were the most positive looking forward.

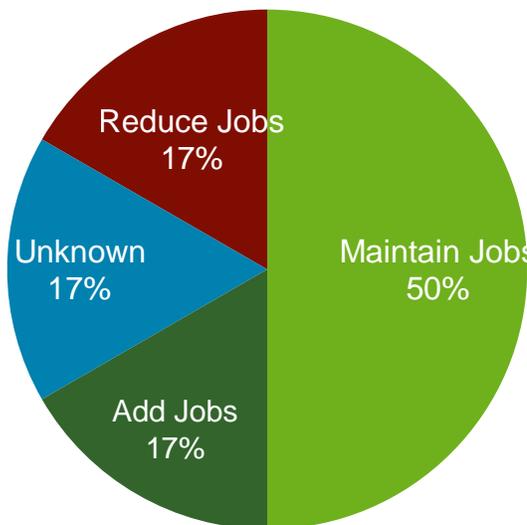
What is the economic outlook for your business or industry? Regional Response Summary						
Sector	Much Better	Better	Same (generally a positive statement)	Same (generally a negative statement)	Worse	Much Worse
Mining	0%	50%	50%	0%	0%	0%
Energy	0%	0%	75%	25%	0%	0%
Other Non-profit	30%	0%	40%	20%	0%	10%
Health Care	17%	0%	50%	0%	17%	17%
Alaska Native entity	0%	0%	67%	0%	33%	0%
Construction / Architecture / Engineering	0%	25%	40%	20%	5%	10%
Professional & Business Services / Consultant	0%	18%	41%	18%	24%	0%
Retail / Wholesale Trade	5%	12%	40%	28%	14%	2%
Communications / Information Technology	0%	22%	33%	22%	11%	11%
Transportation (non-tourism)	0%	25%	25%	13%	38%	0%
Child Care, Education, Social Services	0%	25%	25%	50%	0%	0%
Seafood, Commercial Fishing, Maritime	0%	35%	12%	31%	19%	4%
Food/Beverage Services	8%	13%	21%	29%	17%	13%
Visitor or Tourism	3%	23%	15%	36%	15%	9%
Financial Activities	0%	0%	40%	40%	20%	0%
Arts	0%	15%	23%	46%	15%	0%
Real Estate	0%	25%	13%	25%	25%	13%

Sitka Jobs Projections in 2021 & 2022

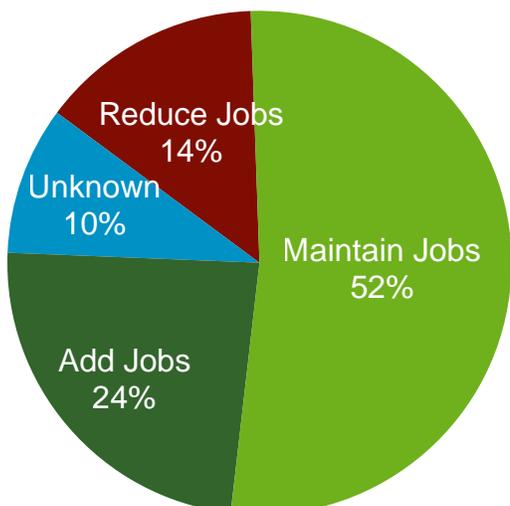
2021: Jobs Outlook



2020: Jobs Outlook



2019: Jobs Outlook



Over the next 12 months, do you expect your organization to add jobs, maintain jobs, reduce jobs, or are you unsure (For those business with staff)

Sitka employment changes in the next year

When asked about staffing expectations, two-fifths of Sitka business leaders (46%) expect to maintain job levels in the coming year, and one-third expect to add employees (or add employees back after the declines of 2020).

Just 8 percent of business leaders in Sitka expect to reduce staffing levels. Those expecting to add jobs doubled over the previous year.

In the region, expected job gains will be most significant in the communication/IT and construction sectors. In Sitka, some construction and retail jobs are expected to return.

In Sitka and the region, employment reductions will be most concentrated in the food and beverage sector.

Business leaders in Skagway and Haines expect the greatest job reductions for their businesses moving forward.

Sitka has the most positive jobs outlook with a third of employers saying they expect to add jobs in the coming year.

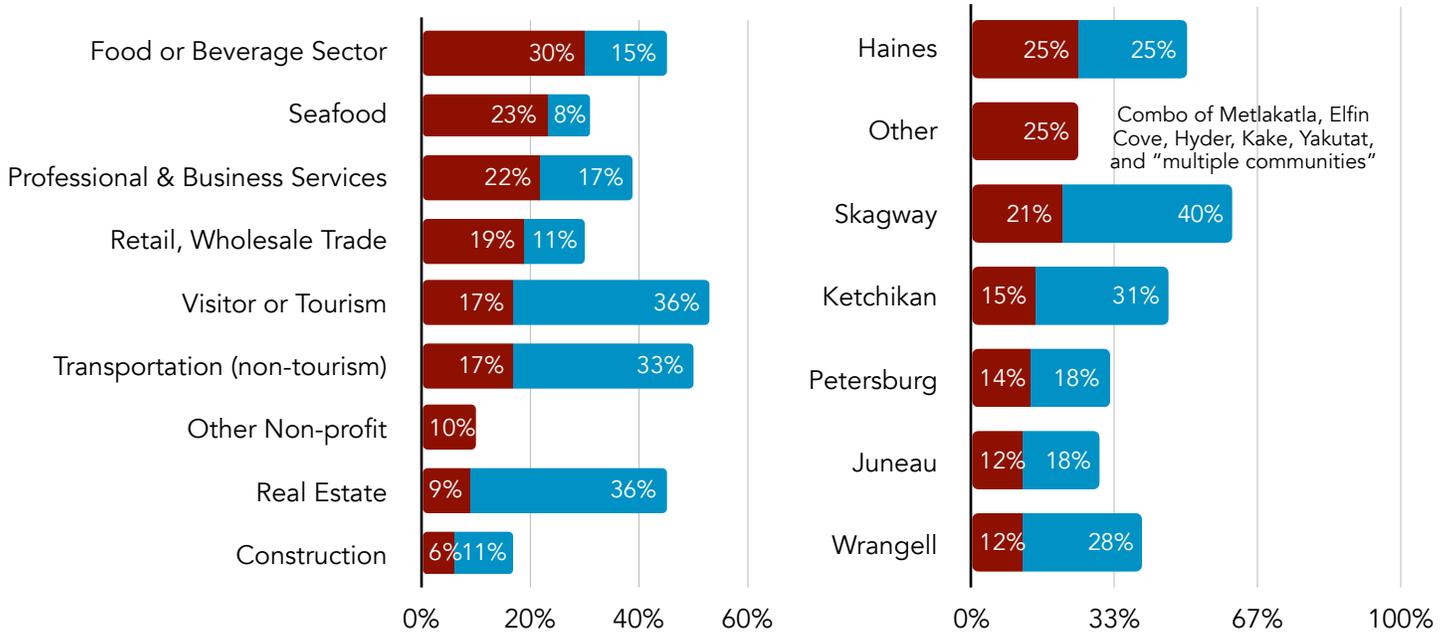
By Community: Jobs in Next 12 Months

Over the next year, do you expect your organization to add jobs, maintain jobs, reduce jobs, or are you unsure?

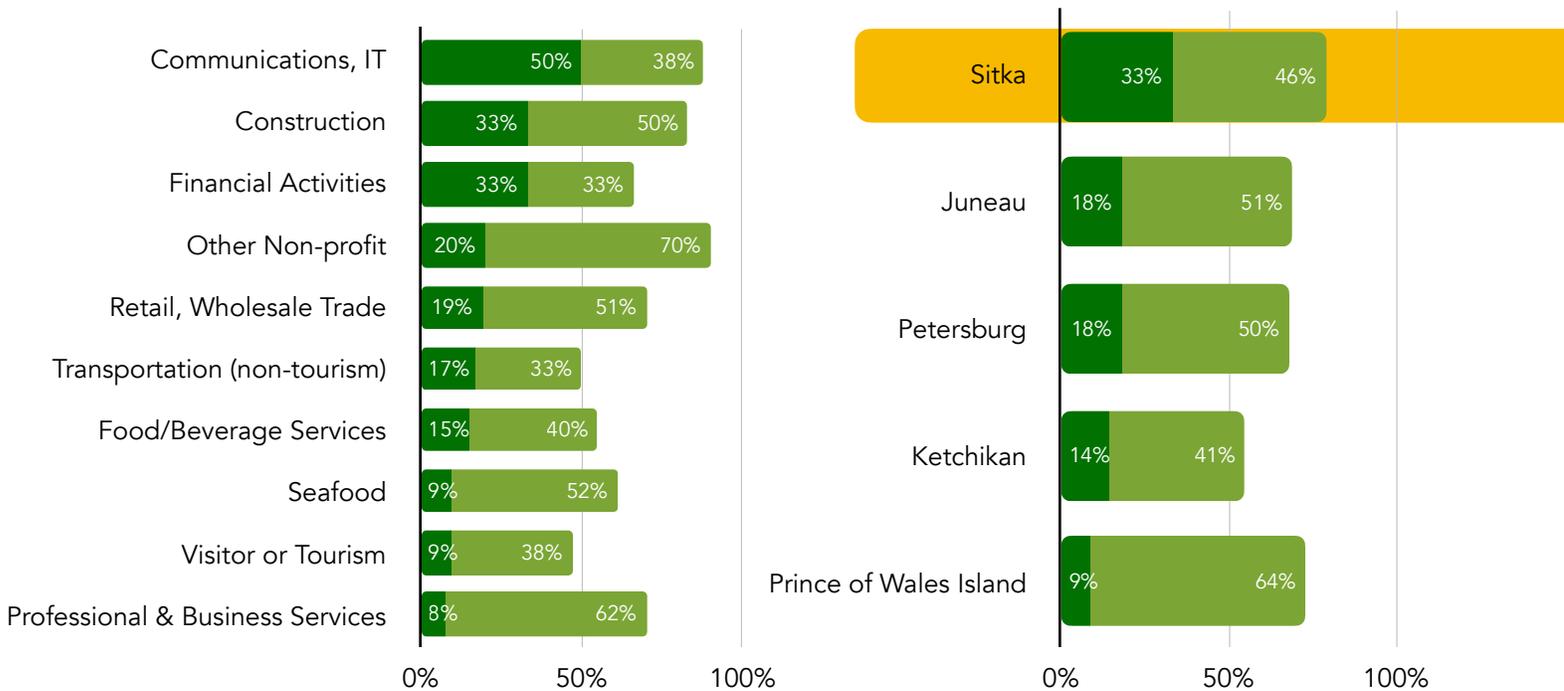
By Regional Industry

By Community

■ Reduce total jobs ■ Unknown at this time



■ Add jobs ■ Maintain the same amount of jobs



Sitka Businesses COVID-19 Impacts

Sitka business leaders were asked how COVID-19 is impacting their businesses. Responding employers have already laid off 6% of their total workforce due to the COVID-19 virus (the lowest in the region). Sitka business revenue was down 22% so far due to the pandemic, also the lowest decline in the region. Just 12% of Sitka business leaders say that they are risk of shutting down their businesses permanently, the lowest risk among all regional communities.

Total Businesses Responding = 39

Please estimate the percent revenue decline to your business due to COVID-19 so far.

= -22% overall

77% of responding businesses received COVID relief funding

Respondents have laid off **6%** of existing staff so far due to COVID-19

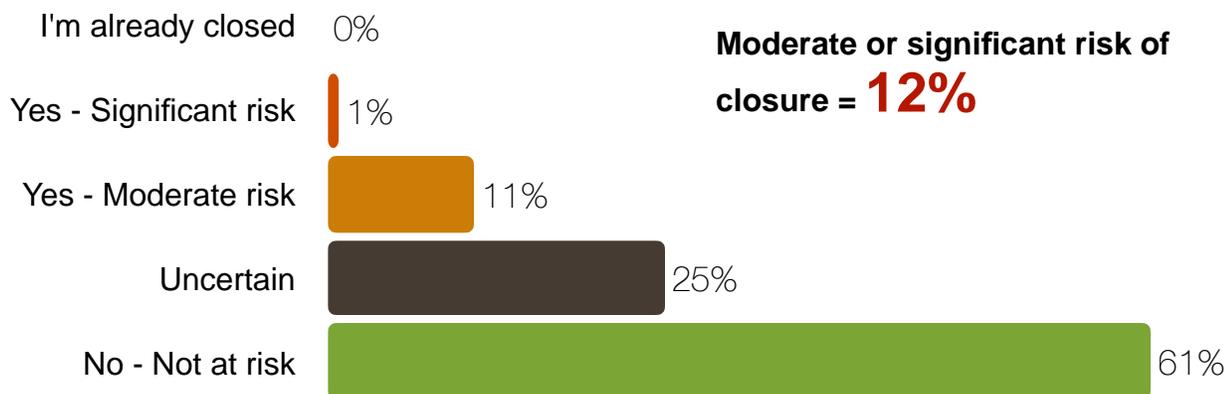
8% expect to make more employment cuts in the future due to COVID-19

Average current workers per organization = **26**

Average workers laid off so far per business = **-1**

Is your business at risk of closing permanently because of impact caused by COVID-19?

Only 12% of Sitka respondents say that they are at risk closing permanently, while 61% say that they are not at risk. Sitka businesses report the **lowest** rate of closure risk in the region.



If you answered "yes" above, how many weeks of the current situation do you think you will be able to survive?

Average = 39

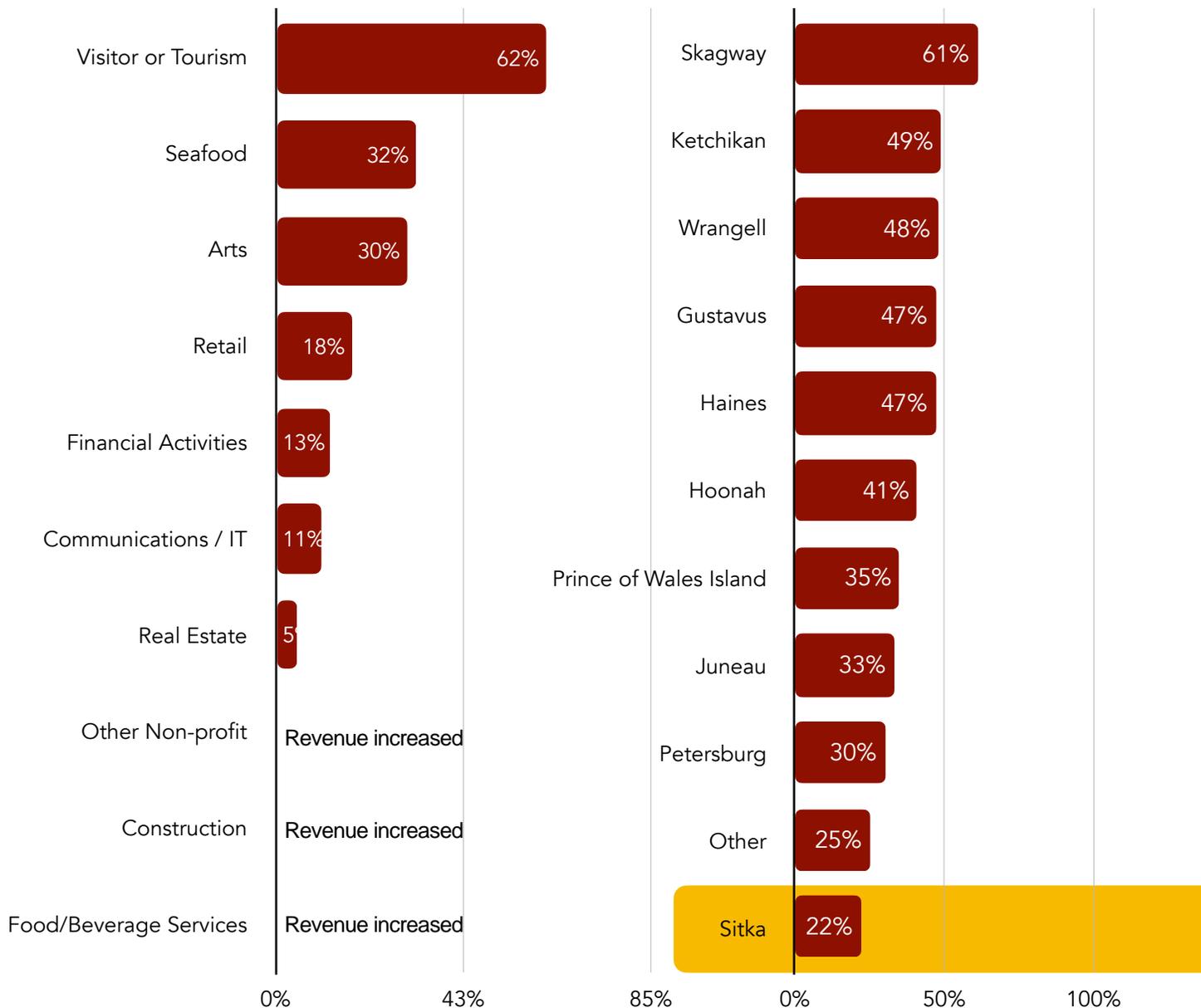
Please estimate the percent revenue decline to your business due to COVID-19: **By Industry and Community**

On average, reporting businesses have lost **22%** of their revenue due to COVID-19. By community, Sitka businesses lost the least amount of revenue in the region. Skagway businesses have lost the most. Business revenue losses in the Sitka tourism sector remained high, with reported average losses of 62%.

By Industry in Sitka

By Regional Community

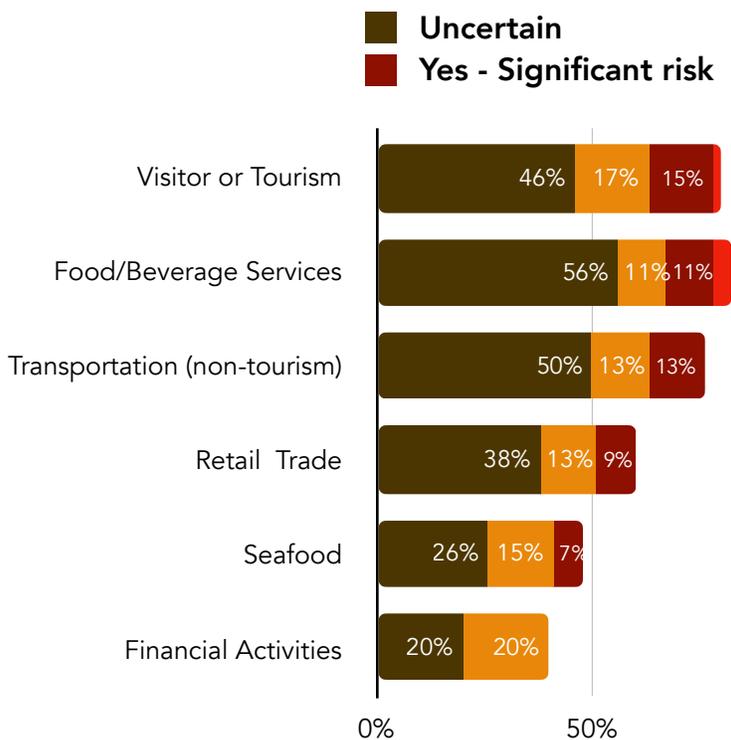
■ Average percent revenue decline to your business due to COVID-19



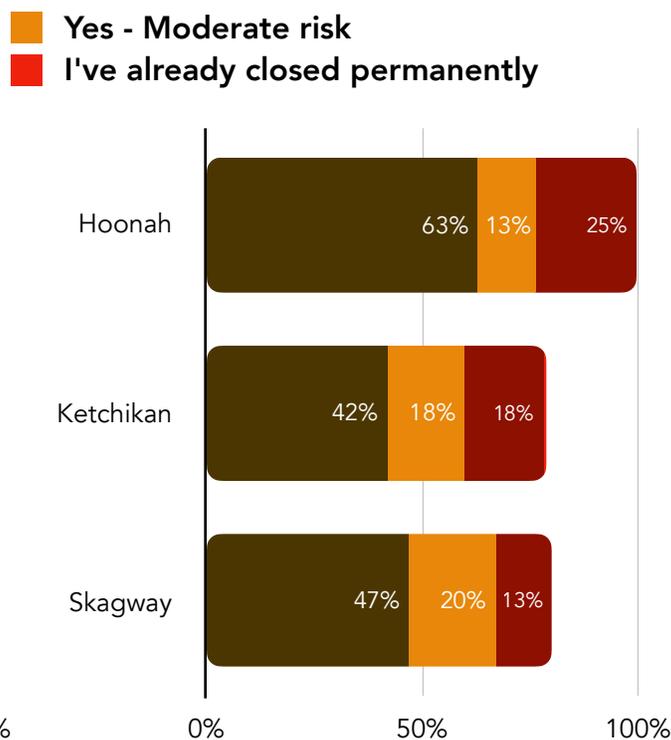
Is your business at risk of closing permanently because of impacts caused by COVID-19? By Industry and Community

Regionally, nearly a quarter of respondents (22%) are at risk of closing permanently or have already closed. The following charts analyze which sectors and communities are at the greatest risk of being unviable due to the COVID economy. Businesses in Hoonah, Ketchikan, and Skagway face the highest risks of closure, while **Sitka businesses appear to be the most resilient**. Tourism, the food and drink sector, and transportation have the greatest risk of closing due to the pandemic, while the mining and Alaska Native entities have the lowest risk.

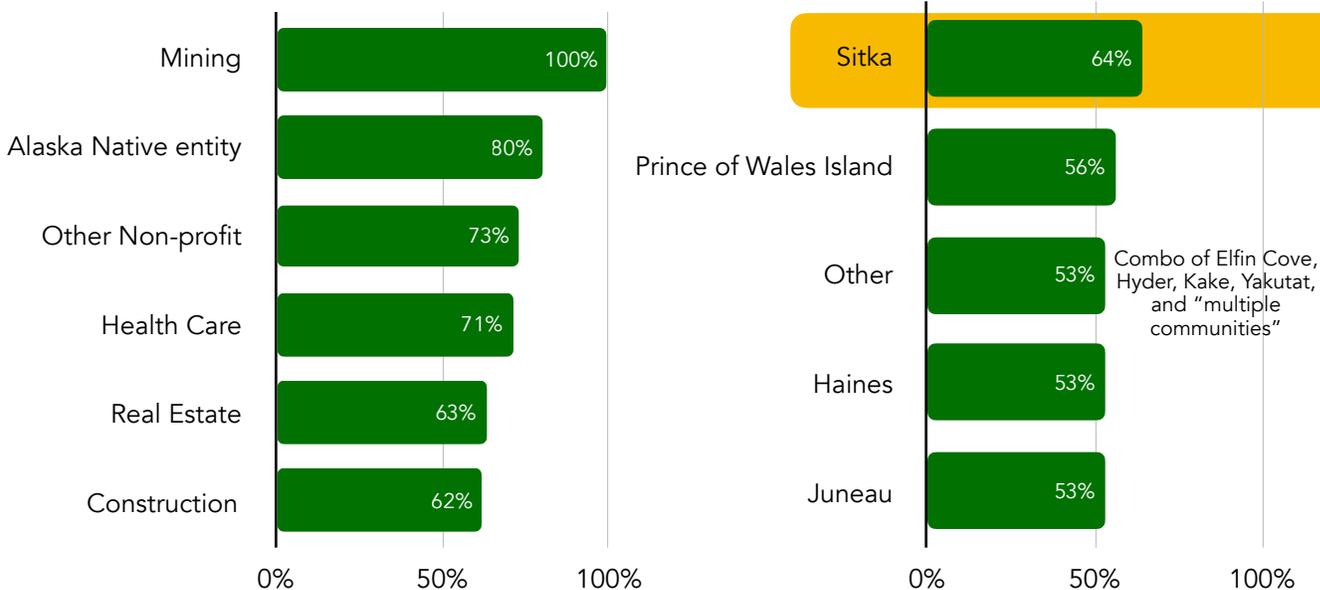
By Southeast Industry



By Community

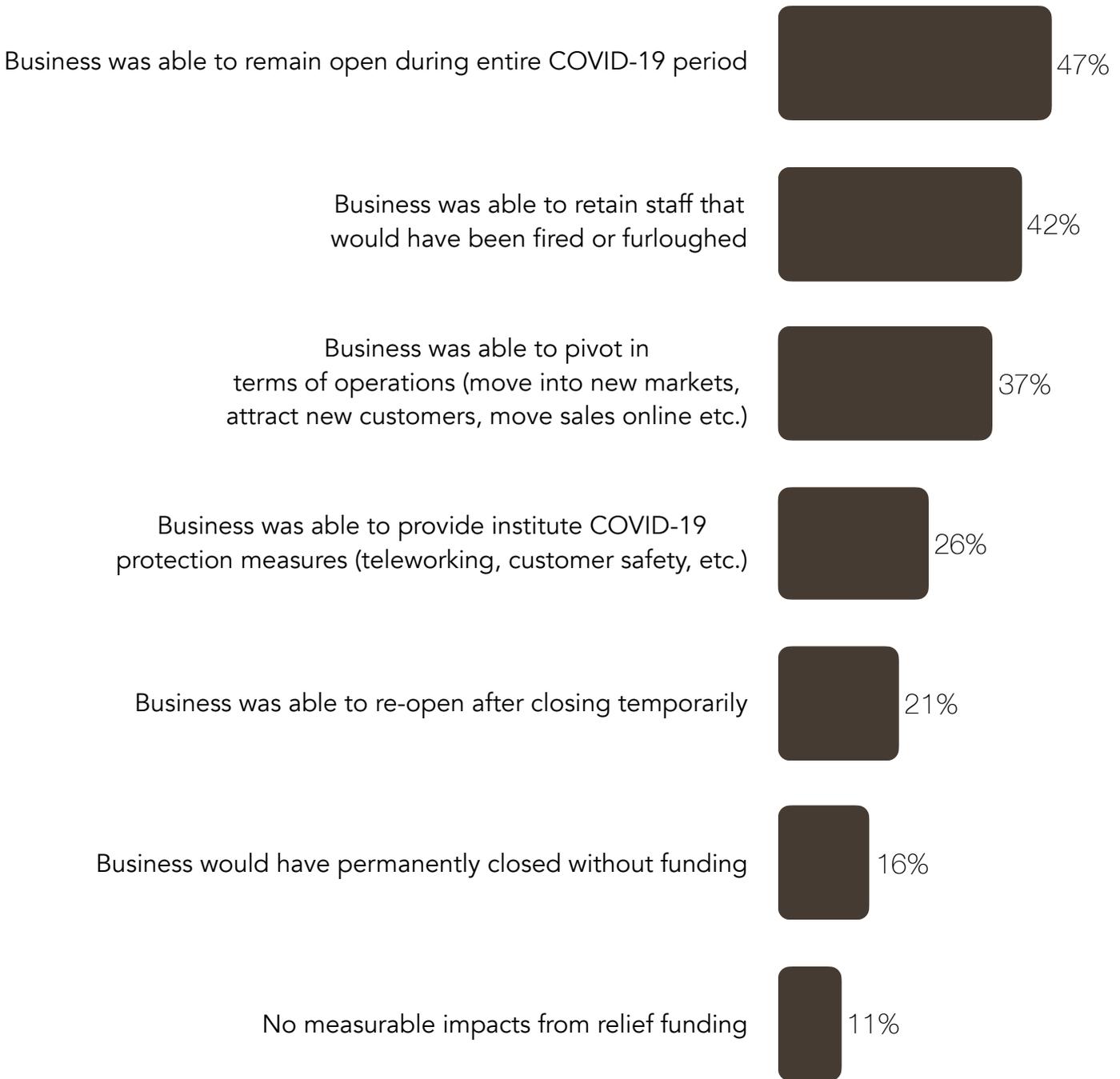


No - Not at risk of closing permanently



What was the impact of relief funding to your Sitka organization? (check all that apply)

Businesses that received funding were asked about the impact of the COVID-19 aid they received. Nearly half of Sitka respondents said that the funding allowed their businesses to retain staff.



Sitka businesses receiving grants or loans = 68%

COVID-19 Funding Distributions in Sitka

According to the Alaska Small Business Development Center (SBDC), which tracks four stimulus programs: PPP, EIDL, Alaska's State CARES program, and local municipal grants, Sitka businesses and organizations received \$70 million in COVID-19 loans and grants.

Sitka COVID-19 Relief Distributions, by Sector and Program Type

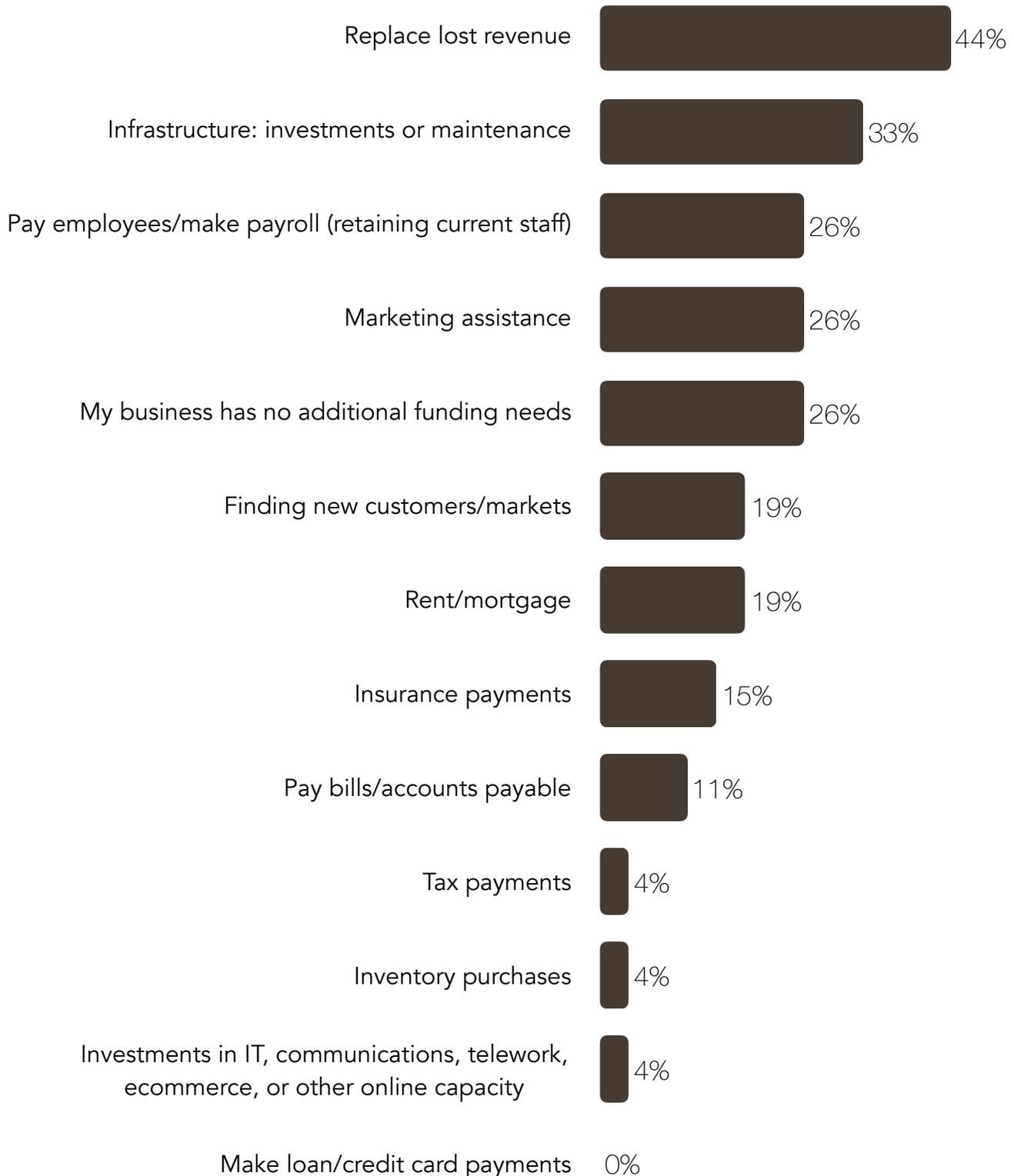
Industry Sector	Funding Received
Agriculture, Forestry, Fishing, Hunting	\$6,576,830
Transportation and Warehousing	\$5,431,588
Commercial Fishing	\$4,607,367
Accommodation and Food Services	\$4,384,650
Retail Trade	\$4,198,351
Other Services (Except Public Administration)	\$2,863,576
Health Care and Social Assistance	\$2,055,861
Construction	\$1,932,724
Arts, Entertainment, and Recreation	\$1,273,316
Real Estate Rental and Leasing	\$1,177,284
Professional Scientific and Technical Services	\$890,590
Wholesale Trade	\$864,273
Educational Services	\$817,204
Manufacturing	\$243,543
Information	\$135,858
Finance and Insurance	\$105,782
Management of Companies and Enterprises	\$100,000
Admin & Support of Waste Mgmt & Remediation Services	\$56,957
Fed, State, & Local Gov't, excl. schools, hospitals & USPS	\$50,410
Unclassified (significant portion is local grants)	\$32,301,786
Total Sitka community income	\$70,067,950

Borough Name	Updated PPP	EIDL	AK CARES	EIDL Advance	Local Grants	Total
Juneau	\$86,664,259	\$30,570,500	\$16,837,011	\$1,921,000	\$53,288,390	\$189,281,160
Ketchikan Gateway	\$55,171,734	\$19,400,900	\$12,101,232	\$860,000	\$24,296,962	\$111,830,828
Sitka	\$31,538,964	\$13,444,700	\$10,328,797	\$883,000	\$13,872,489	\$70,067,950
Petersburg	\$14,550,154	\$6,535,900	\$8,883,111	\$394,000	\$4,669,365	\$35,032,530
Skagway	\$8,564,780	\$7,301,400	\$3,991,615	\$274,000	\$7,301,019	\$27,432,814
Haines	\$5,734,361	\$4,786,000	\$5,189,718	\$300,000	\$3,497,809	\$19,507,888
Prince of Wales-Hyder	\$5,685,488	\$2,916,200	\$3,541,603	\$145,000	\$4,017,498	\$16,305,789
Wrangell	\$4,214,089	\$2,222,200	\$3,766,325	\$97,000	\$3,365,535	\$13,665,149
Hoonah-Angoon	\$3,178,375	\$2,693,200	\$1,948,335	\$196,000	\$3,526,453	\$11,542,363
Yakutat	\$1,753,865	\$729,300	\$935,661	\$24,000	\$1,566,335	\$5,009,161
#N/A	\$0	\$0	\$182,693	\$0	\$149,389	\$332,082
	\$217,056,071	\$90,600,300	\$67,706,101	\$5,094,000	\$119,551,244	\$500,007,714

In addition to the list above, \$7.5 million in tribal funding also went to the Sitka Tribe.

What does your business need funding for most moving forward? Sitka only (check all that apply)

Sitka business leaders were asked what help they most want and need moving forward. Top answers include replacement of lost revenue and infrastructure investment dollars.



Open Ended Responses

Please elaborate on how COVID-19 has impacted your organization. Looking forward what are your hopes or concerns? Are you refocusing on online services or remote employment? Are you changing the products you create to try to capture new markets?

Visitor or Tourism

- 100% dependent upon the last cruise ship market. No large cruise ships, no business. Holding on to an aging asset and hoping for a 2022 season.
- Beyond the obvious revenue losses, we lost a lease and had to close prime location as landlord would not reduce rent in spite of Covid keeping store closed. Some online efforts resulted in increase in that market, but business depends on tourism traffic. Concerned about changing traffic patterns as cruise ships switch to private McGraw dock.
- The lack of large cruise ships has eliminated virtually all of our revenue. My hope is that ships are sailing again in 2022. We have a multi million-dollar investment in infrastructure for docking large cruise ships, can't change products we offer to capture new markets.

Other

- Loss of customer base. Hopefully with vaccines and more comfort people will become more open to sessions again.
- Covid-19 has had little financial effect on the business.
- I think we will be hard pressed to do fundraising to the degree we all need into 2022. I'm worried deeply about the regional recession coming as a result. 2 years of no cruise ships = \$300M loss. I think the flip side of this is there's a real energy behind sustainable development and organizing of community stakeholders. The public will is here to build nonprofit infrastructure and collaboration, even in the face of diminished resources. Really working around lack of in-person experiences. What are your silver linings? Any innovations or things to hold onto? Content innovation due to remote infrastructure should remain. I can see being able to build remote studios in our translator communities who want them, and providing training, cohort structure, and technical assistance. Additionally, we could do more creative programming locally and improve access to the airwaves through partnerships. People can't come to a live performance? Convert live events to virtual and expand audience AND participation? Put it on the air! The development of virtual learning/platforms is crucial. The need to build robust digital has been really underlined. From branding to digital equity, we know people are interested in our regional stories, and we need to make sure to make them accessible on a global scale. Knowing our human limits emphasizes the need for capacity building. Splitting out job responsibilities and hiring more staff has given us much more capacity. I'd like to be able to hire more people to 1) improve our digital representation and bring us to 2021, 2) manage and grow our training programs, 3) enhance our fundraising. I would like to focus on developing local talent in general. And that will have to require institutional support and rethinking what baseline success looks like.

- Covid has affected our business by adding expenses to monitor employees travel. Private sector infrastructure work is not happening so we have refocused on state and federal markets.
- As a restaurant, it completely changed things. I am still closed for dine in. For the first 8 months I was cooking by myself. Now that me and my staff are vaccinated it feels much safer to open!
- Access to building was limited to appointments. Employees worked mostly from home.
- We have been (sometimes painfully) reminded how important good technology and telecommunications systems, capacity, and hardware is. More people are being given the flexibility to work from home which is excellent - hoping that will remain in place. I think we have to get better about offering more services online. We have new generations of citizens who actually prefer online services - we need to be able to accommodate both in-person and online.
- With COVID, we saw needs and stepped in to meet them. We built our capacity and since capacity is so low across SE AK, more opportunities have come our way.
- No appreciable impact
- We have a consulting business that assists local and tribal government, nonprofits, Native Corporations and health care organizations. While our businesses grew over the past year for reasons unrelated to the pandemic, we expect federal relief funding to create new business opportunities over the next year.
- 2020 there was a slump in the market but we were able to break even. Q1 2021 has started strong but it is heavily a seller's market. There is little inventory for buyers and renters.
- Low interest rates and an active real estate market have kept us busy.
- Not applicable. I continued to rent full-time in my rental business
- Covid has made it very difficult to travel. My staff gains experience by attending conferences, trade shows and meetings. I feel we went backwards in education and the continuous improvement process.
- Harder to find employees, costs for testing and keeping employees safe.