

State of The Sitka Economy, 2007

Prepared for:
**Sitka Economic
Development Association**

Prepared by:
McDowell Group, Inc.

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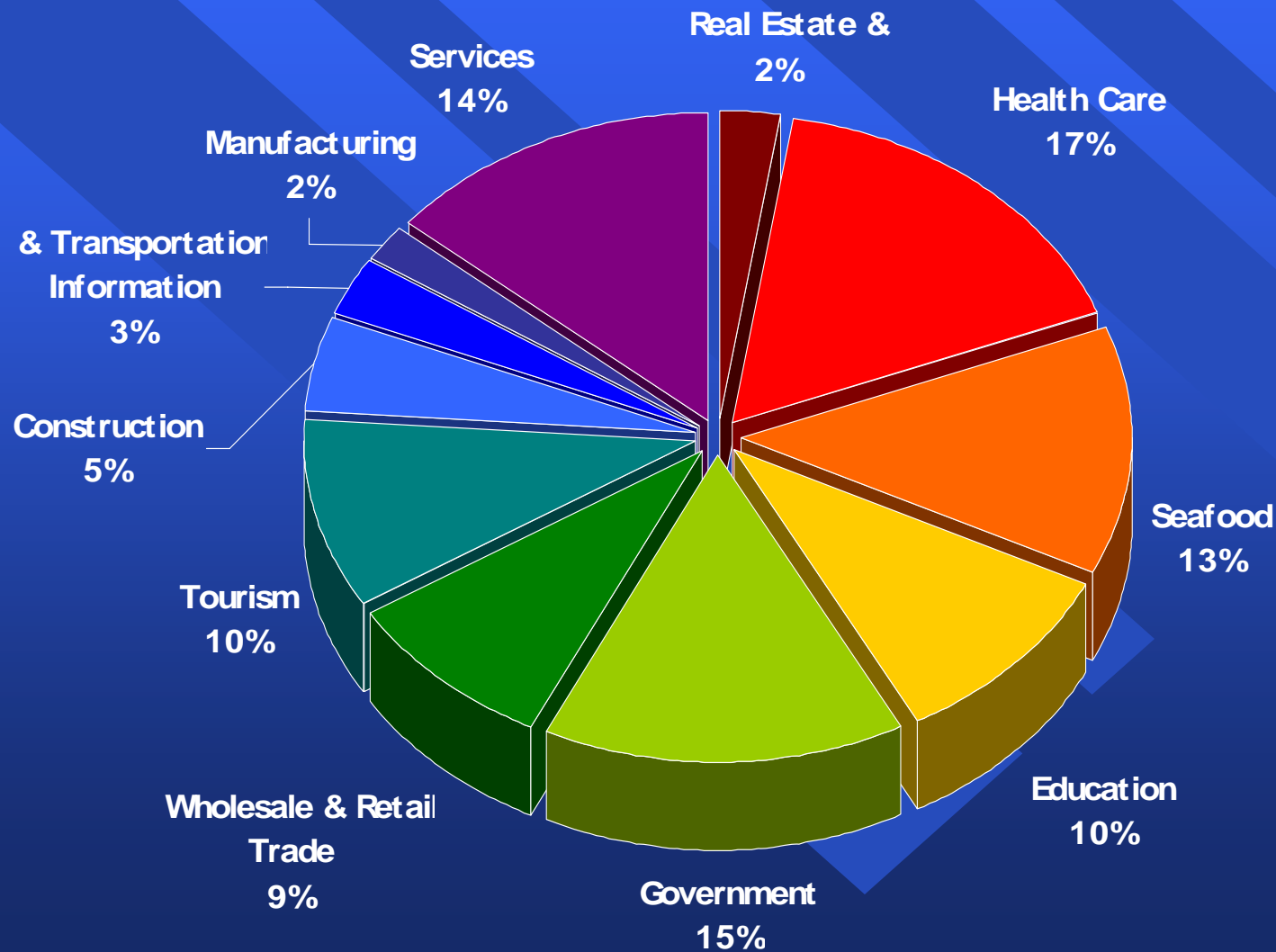
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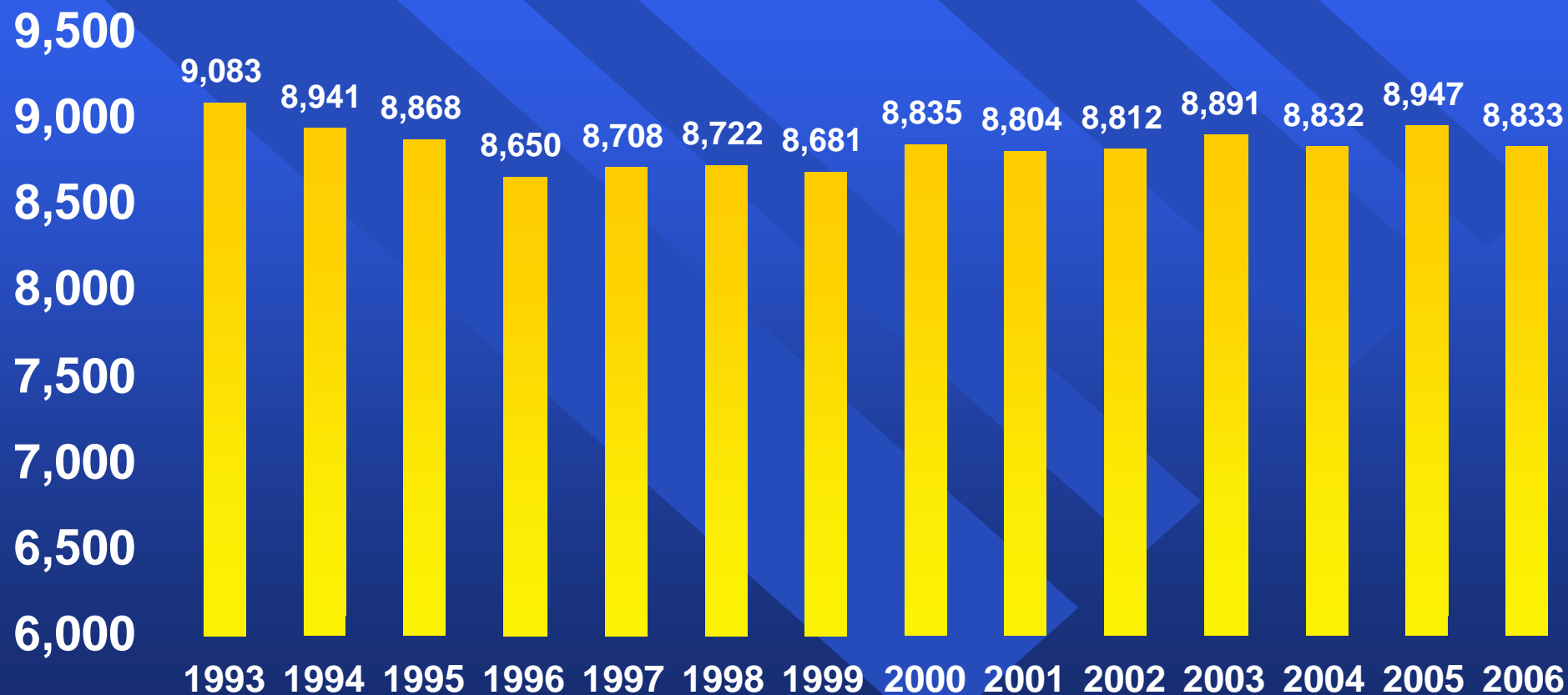
I. State of the Sitka Economy

Sitka's Balanced Economy

Employment by Sector, 2005

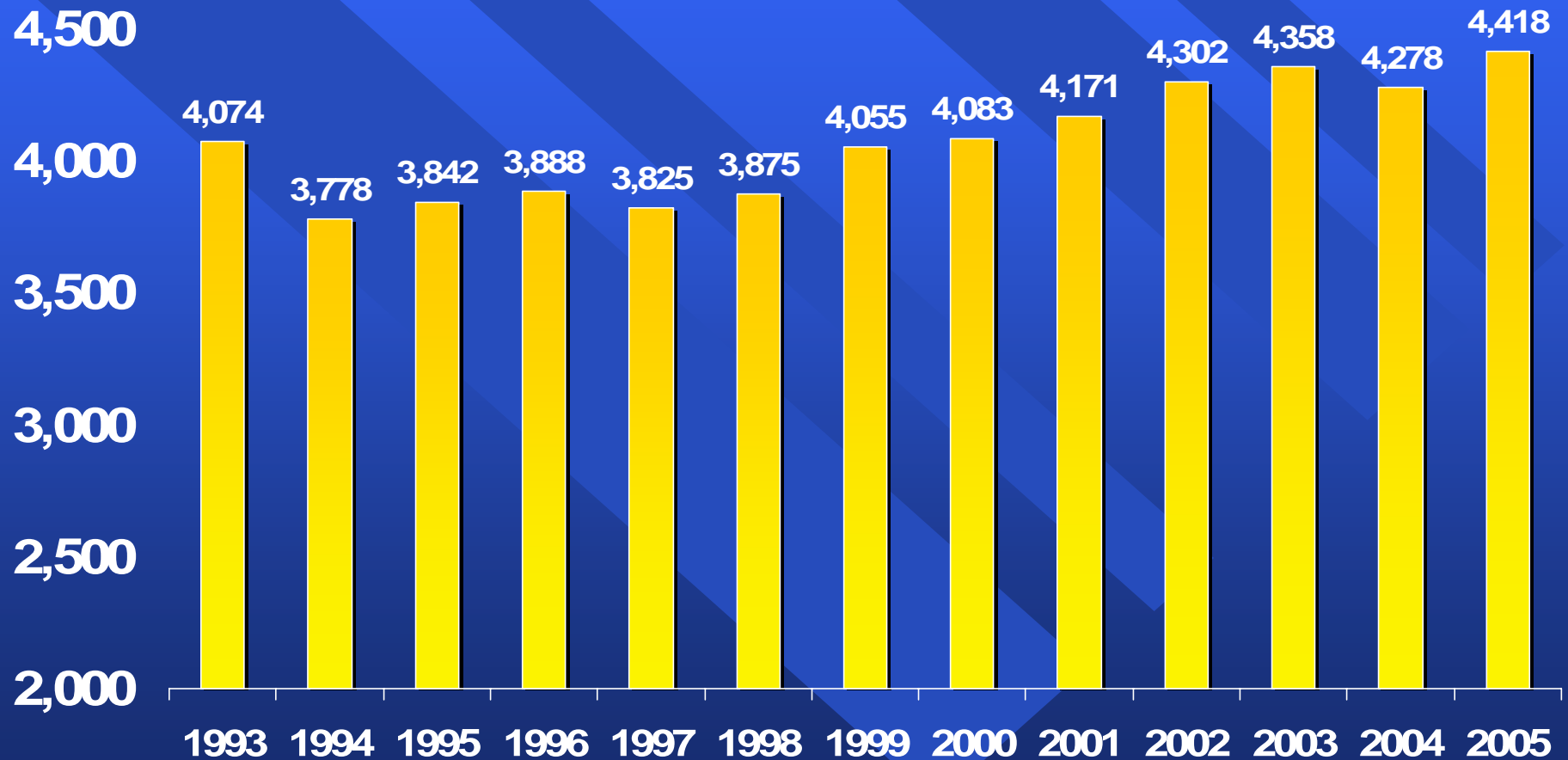


Sitka Population 1993-2006



Source: Alaska Department of Labor and Workforce Development

Sitka Employment 1993-2005



Source: Alaska Department of Labor and Workforce Development

Sitka Payroll

1993-2005, \$ millions



Source: Alaska Department of Labor and Workforce Development

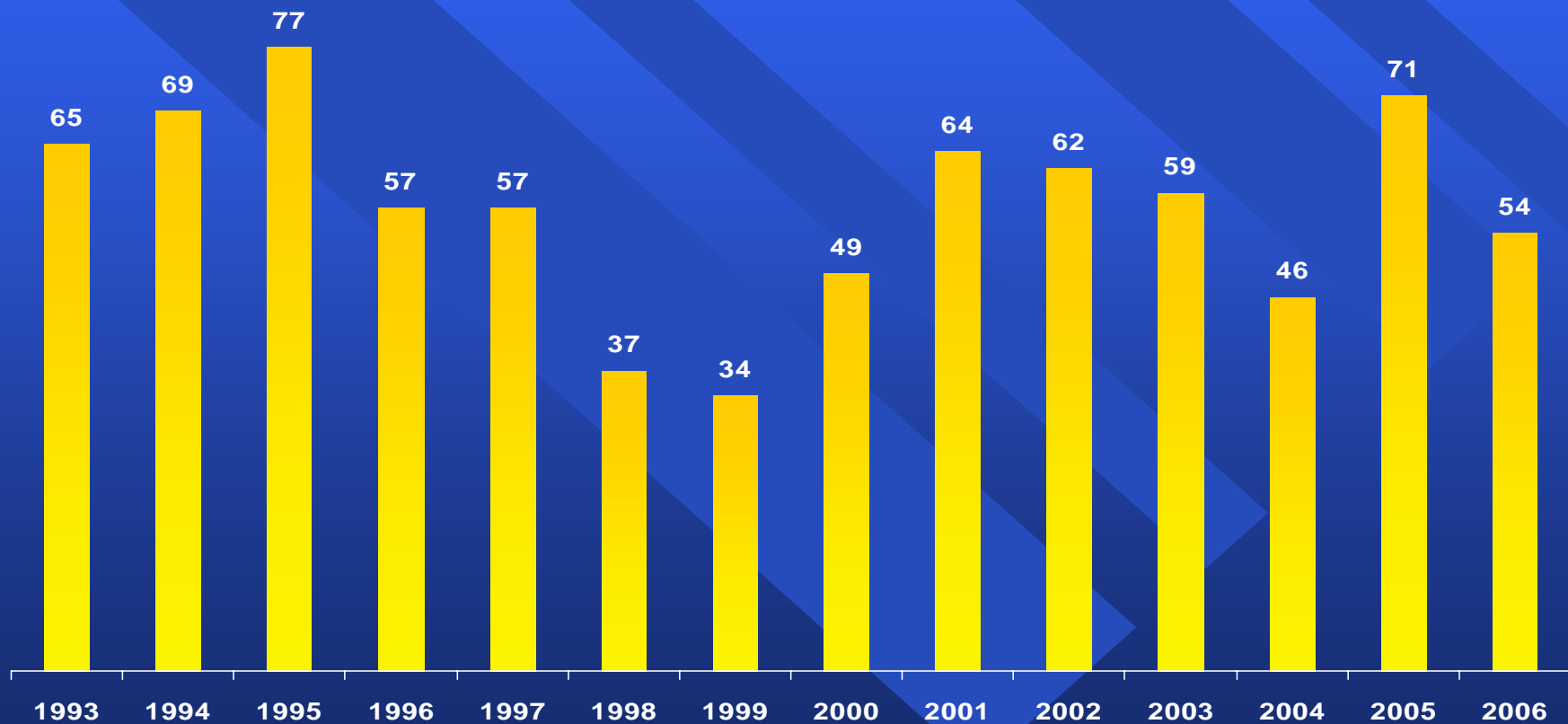
Sitka Gross Business Sales 1993-2006 (\$ million)



Source: City and Borough of Sitka

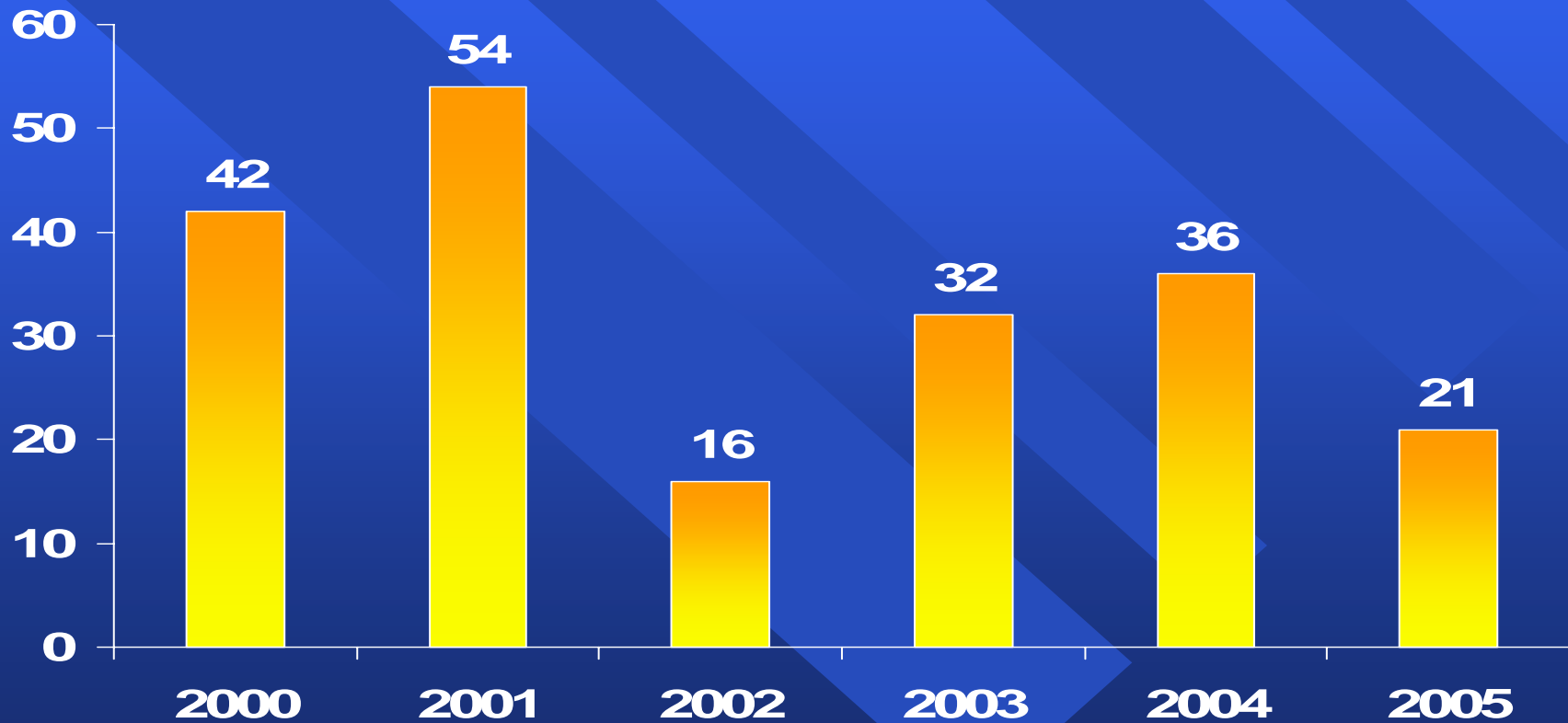
Sitka Construction Activity

Number of Dwelling Units, 1993-2006



Source: City and Borough of Sitka

Number of Lots Absorbed, 2000-2005



Source: City of Sitka

Sitka Public School Enrollment School years 2002-2007

2002	1,609
2003	1,550
2004	1,471
2005	1,477
2006	1,479
2007	1,454

2005 Average Monthly Wages

	<u>Alaska</u>	<u>Sitka</u>
Government	\$3,588	\$3,223
Construction	\$4,647	\$4,112
Service-Providing	\$2,817	\$2,398
Financial	\$3,446	\$2,727
Professional & Business	\$3,638	\$2,087
Education & Health	\$2,977	\$3,363
Leisure & Hospitality	\$1,448	\$1,258

Source: Alaska Department of labor and Workforce Development

Sitka Overview

- Slight population decline (-1.1%) in 2006
- School enrollment down 25 students to 1,454 in 2006-2007 school year
- Monthly employment up a little in first half of 2006
- Total average monthly wages increased (1.8%) in 2005
- Well-balanced economy continues
- Gross business sales increased in 2006
- Lower salmon landing, higher non-salmon landing, Overall seafood value steady
- Sitka Average monthly wages are lower than statewide averages in all major industrial categories, except education and health

II. Southeast Regional Economics

Regional Population Trends 2005-2006

	Average Annual % Change
Sitka	-1.1%
Juneau	-1.7%
Ketchikan	+0.4%
All Other Southeast	-3.8%
Total Southeast Alaska	-1.1%
Total Alaska	+1.0%

Southeast Alaska Population Trends 2002-2006

	2002	2004	2006
Region Total	71,920	70,856	70,053
Sitka	8,793	8,818	8,833
Juneau	30,991	31,094	30,650
Ketchikan	13,675	13,073	13,174
Wrangell-Petersburg	6,461	6,265	6,024
Prince of Wales	5,681	5,565	5,477
Skagway-Hnh-Ang	3,242	3,115	3,020
Haines	2,358	2,251	2,241

Southeast Employment 2006

- Employment up by 150 to 36,850
- Increase of 0.4%
- Changes in:
 - Leisure and Hospitality -100
 - Goods producing -50
 - Education and health services +100
 - Retail Trade -100
 - Local government +150
 - Federal government -100
 - Service Providing +200
 - State government +50

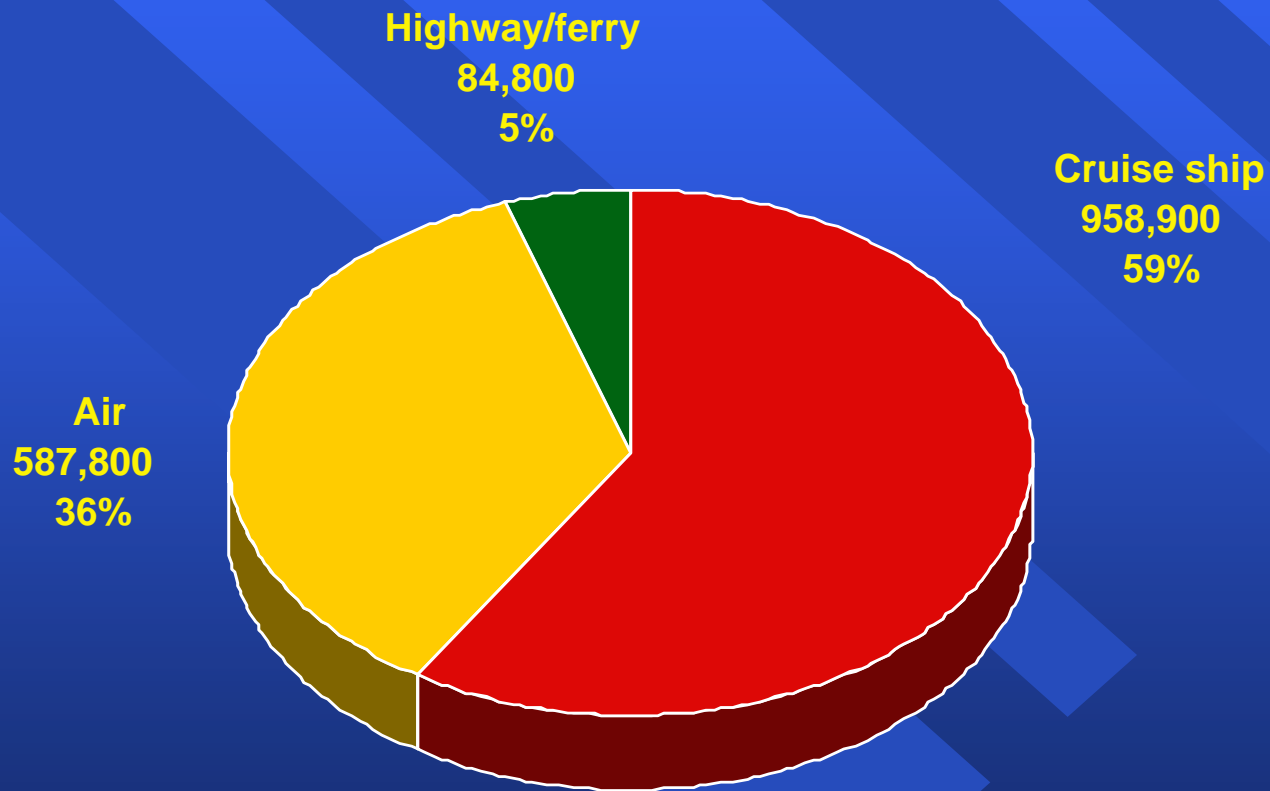
Source: Alaska Department of Labor and Workforce Development –Current Employment Statistics Program (CES)

Average Monthly Wages 2005

Anchorage	\$3,550
Juneau	\$3,128
Ketchikan	\$2,867
Sitka	\$2,729
Alaska	\$3,309

III. Visitor Traffic Indicators

Alaska Visitor Volume, Summer 2006 By Transportation Market



Total Visitor Volume: 1,631,500

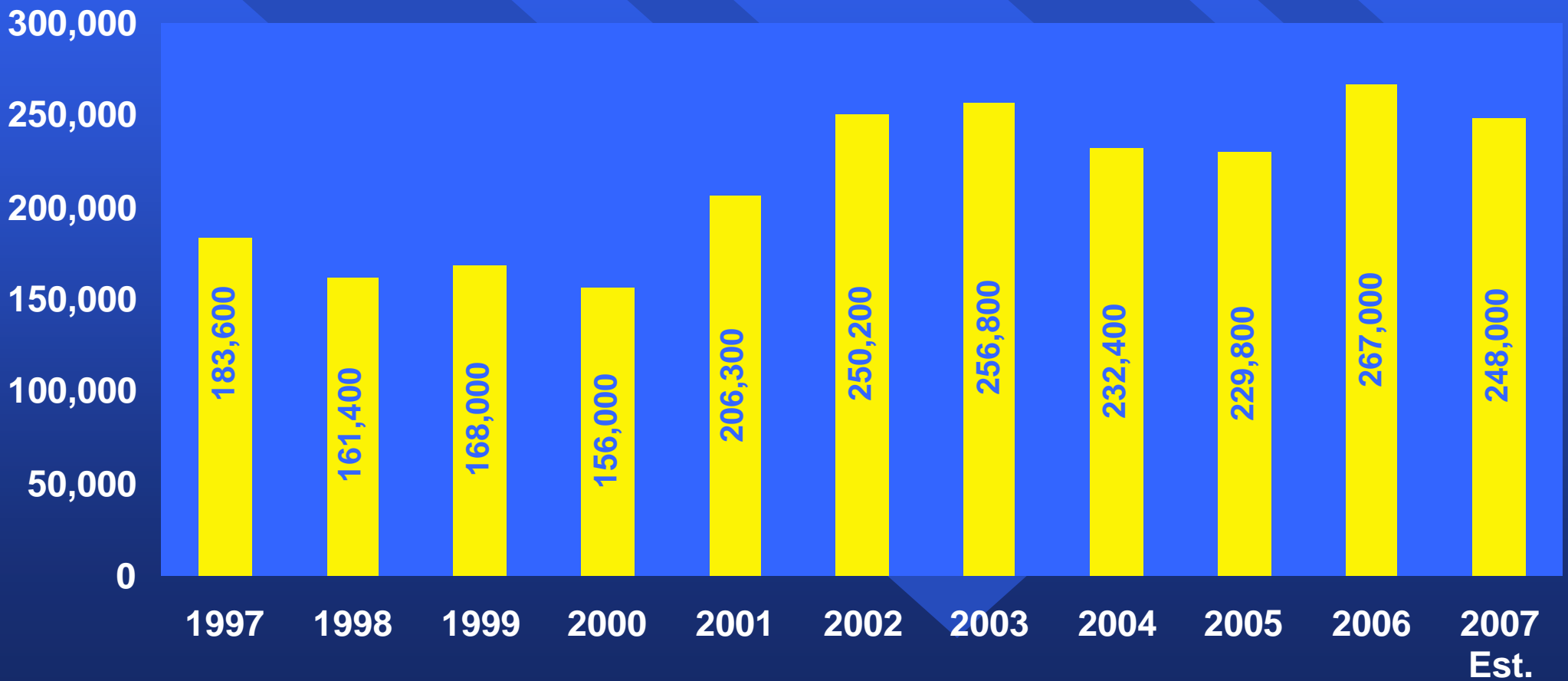
Southeast Cruise Passenger Volume 1997-2006



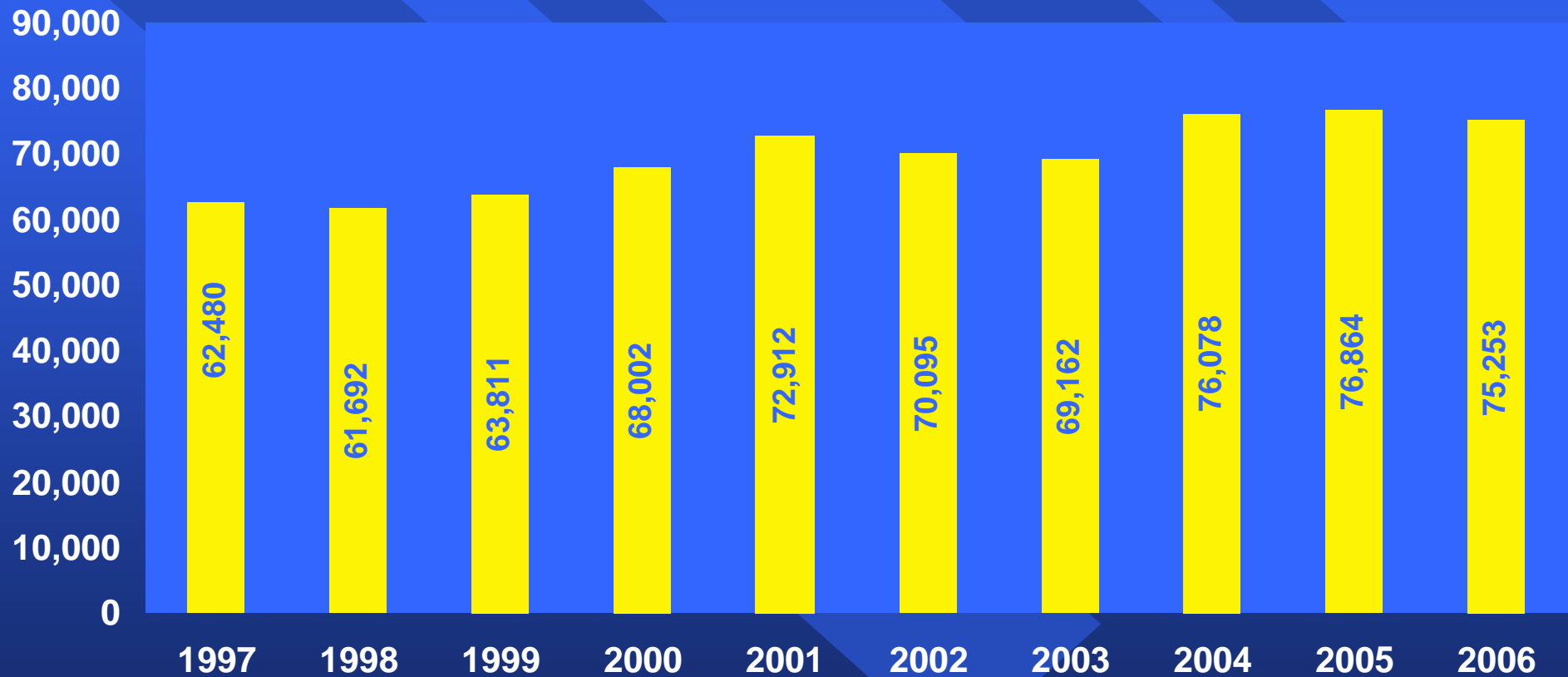
Summer Visitor Volume

	2006 Volume
Alaska	1,631,500
Southeast	1,160,000
Sitka	286,000

Sitka Cruise Ship Visitors 1997-2007

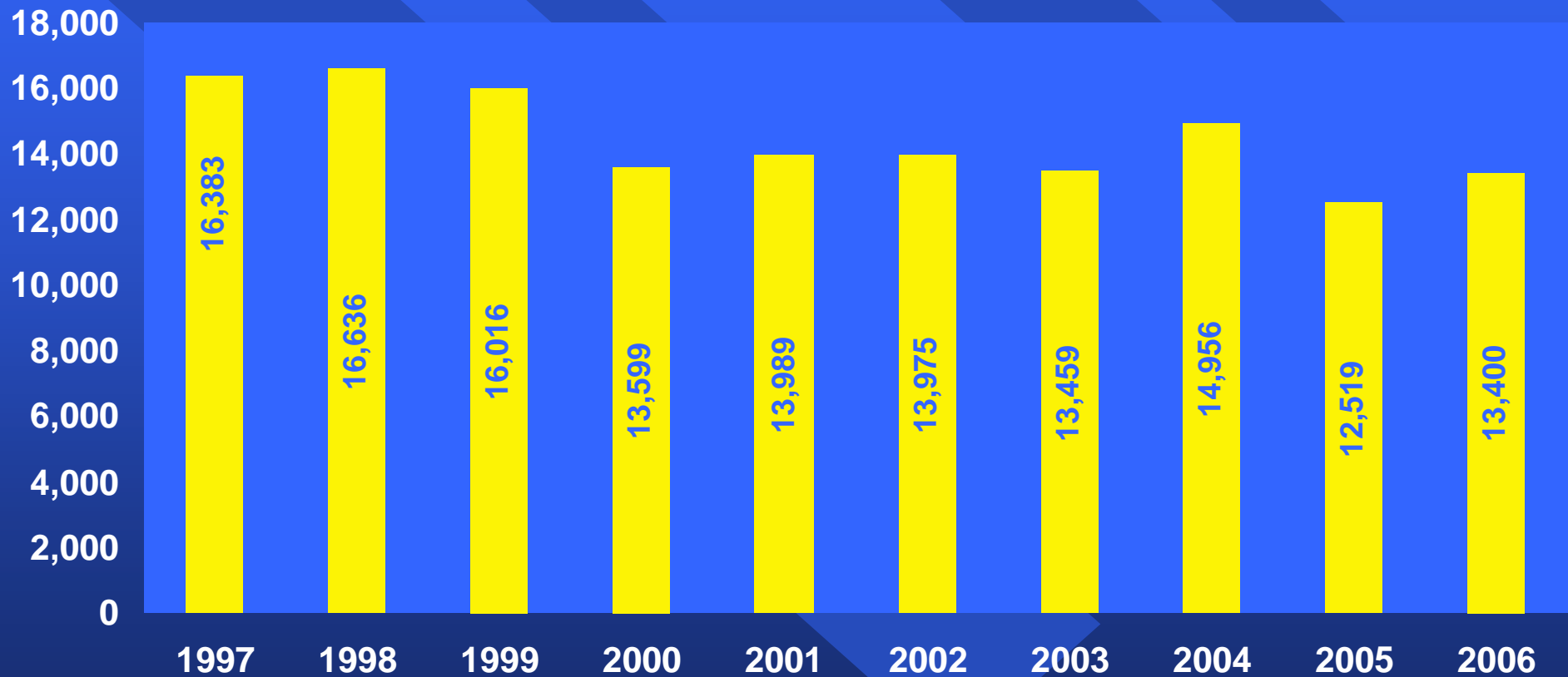


Enplaning Passengers, Sitka Airport* 1997-2006



*Includes residents and visitors

Disembarking Ferry Passengers* Sitka Ferry Terminal 1997-2006



*Includes residents and visitors

Sitka Passenger Volume 2006

Mode	2005	2006	% change
Cruise Visitors	229,800	267,000	+16%
Total Air Passengers	76,864	75,253	-2%
Ferry Passengers	12,519	13,400	+7%

Air and ferry data include residents and visitors

Sitka Hotel Bed Tax Receipts 1997-2006

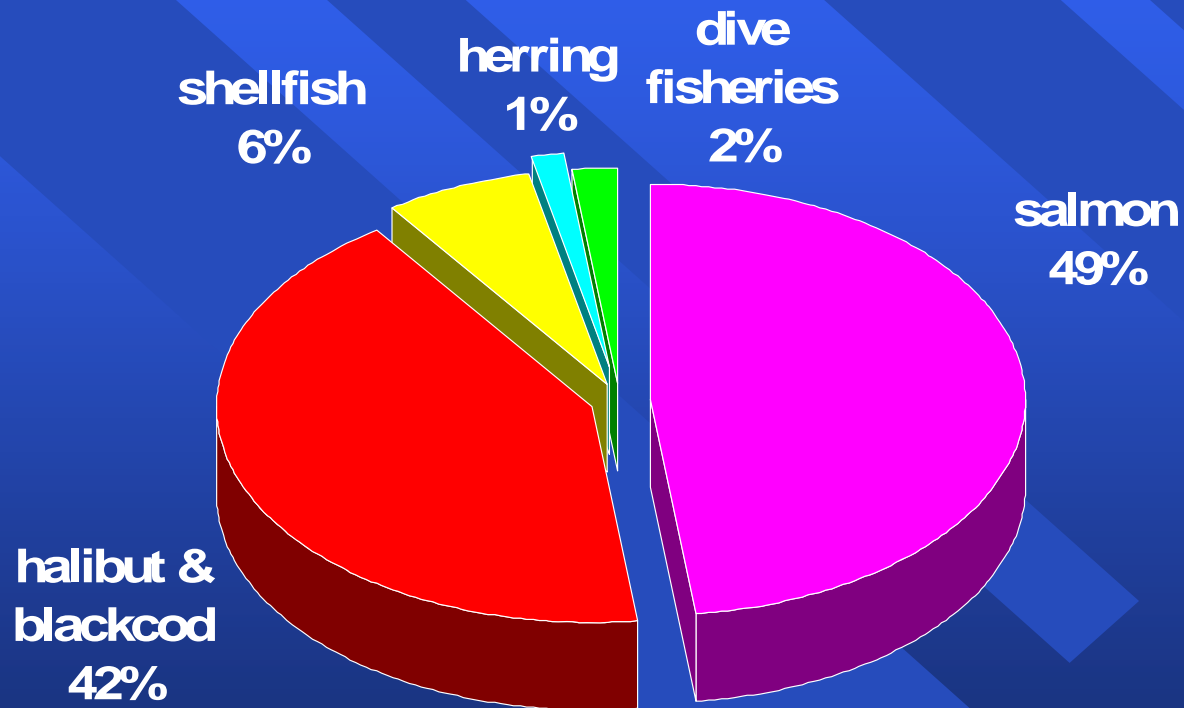


Alaska Visitor Statistics Program

- Summer 2006 report in April
- Special analyses includes
 - Southeast region
 - Nine SE communities including Sitka
 - Sport fishing (guided & unguided)
 - B&B
 - Native culture
 - Repeat visitors
 - International
- Visitor trends

IV. Seafood Industry Profile

Major SE Fisheries 2006 Ex-Vessel Value



Southeast Seafood Production 2005

	Pounds	Value
Ex-vessel:		
Salmon	236,901,185	\$72,462,095
Non-salmon	53,786,889	\$100,305,957
Total	290,688,074	\$172,768,052
First Wholesale:		
Salmon	135,409,330	\$175,771,993
Non-Salmon	48,860,786	\$136,022,931
Total	184,270,116	\$311,794,923

Sitka Land-based Processor Production Only, 2005

	Pounds	Value
Ex-vessel:		
Salmon	22,969,533	\$17,920,933
Non-salmon	12,132,817	\$27,356,321
Total	35,102,350	\$45,277,254
First Wholesale:		
Salmon	17,078,867	\$32,499,784
Non-Salmon	11,650,301	\$37,195,483
Total	28,729,168	\$69,695,267

Sitka Seafood in 2006

- Sitka Ranks 13th largest port by value, 23th largest port by volume in U.S
- Substantial IFQ landings port
 - Sitka #2 in sablefish, #4 in halibut
- Increased salmon fillet production
 - Increased labor required
 - Fillet is the preferred product of domestic market buyers
- Increased Ex-vessel and First Wholesale value for Pink and Chum Salmon
- New seafood processor

Sitka Seafood Stats

- Sitka residents fished 749 permits Harvesting 37.9 million pounds valued at \$33.4 million in 2005
- In 2006 Sitka residents fished 720 permits harvesting 27.8 million pounds
- Sitka processed +25% of total SE region landings by value in 2005, while only processing 12% of the total SE harvest
- Sitka first wholesale value of \$69 million does not include floaters or fish harvested at Sitka and processed elsewhere

Southeast Seafood Trends

- Strong wholesale prices
- More seafood product shipping by air (capacity limits)
- More specialized seafood processors
- More low-value species processing in China
 - Product form shifts have driven recovery in the canned market
- Air capacity and consolidation planning

Southeast Seafood Situation

- Over 1/2 of SE income from species other than salmon
- Prices, stocks and markets generally healthy for non-salmon species
- Halibut TAC down substantially in 2C

Southeast Salmon in 2006

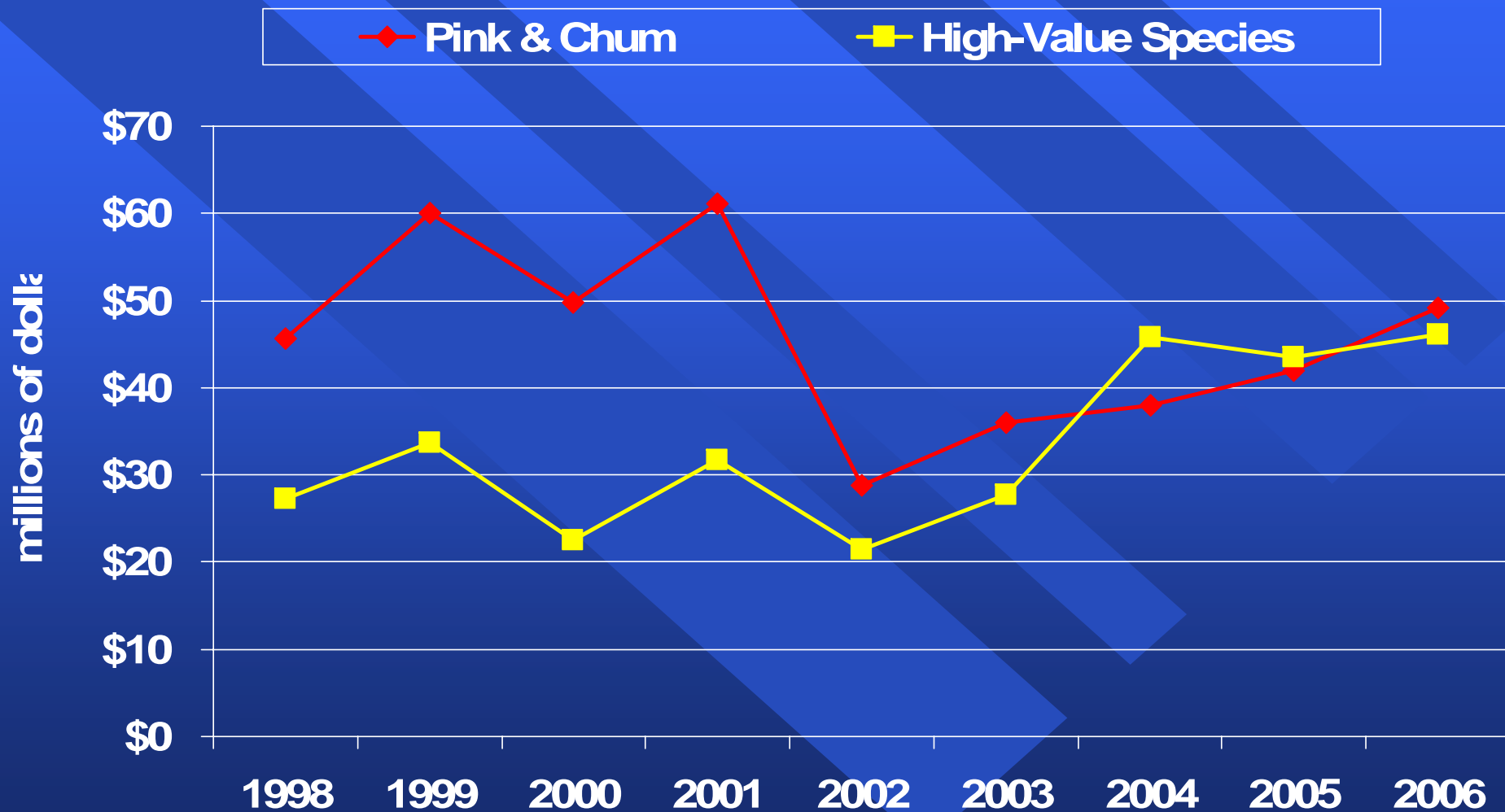
- King salmon harvest down 18 %, ex-vessel value up 10%
- Coho Salmon harvest down 24 %, ex-vessel value up 13%
- Pink harvest down, chum harvest up: Total low-value harvest of 171 million pounds (124 million pounds of chum)
- Strong domestic-market interest in wild salmon benefits SE
 - Closest to U.S. market
 - Longest season in AK (fresh market)

SE Ex-Vessel Prices Average in \$ Per Pound

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
King	\$1.20	\$2.07	\$2.53	\$3.37
Sockeye	\$0.90	\$0.86	\$1.05	\$1.09
Coho	\$0.65	\$0.92	\$0.95	\$1.41
Pink	\$0.10	\$0.10	\$0.12	\$0.12
Chum	\$0.22	\$0.23	\$0.30	\$0.35
<i>Halibut</i>	<i>\$3.00</i>	<i>\$3.03</i>	<i>\$3.11</i>	<i>\$3.80</i>
<i>Sablefish</i>	<i>\$2.44</i>	<i>\$2.15</i>	<i>\$2.30</i>	<i>\$2.55</i>

Source: ADFG and NOAA

SE Ex-vessel Salmon Value



Source: ADF&G

Other Species

- Halibut price at start of 2007 season record high, 2C TAC down
- Increased quota for 2007 Sitka Sac Roe fishery

V. Assets and Opportunities

Sitka's Assets

- Growing shore-based seafood processing sector
- Successful industrial park under local management and control
- History of local support for municipal investment in infrastructure - air infrastructure next?

Sitka's Opportunities

- **New bulk water pipeline**
- **Multiplier impacts of additional shore-based seafood processing**
- **SBS decision to increase land available for housing**
- **DOT planned increase in Sitka aviation-related land**

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