

July 2020

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# Sitka Economic Profile, 2020

Prepared for Sitka Economic Development Association



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PREPARED FOR:

**Sitka Economic Development Association**

July 2020

**McDowell Group Anchorage Office**

1400 W. Benson Blvd., Suite 510  
Anchorage, Alaska 99503

**McDowell Group Juneau Office**

9360 Glacier Highway, Suite 201  
Juneau, Alaska 99801

**Website: [www.mcdowellgroup.net](http://www.mcdowellgroup.net)**

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This document provides a high-level overview of the latest data available on key socioeconomic indicators for Sitka. Many of the economic effects of the COVID-19 pandemic are not yet evident in available data, which may have time lags of a month to more than a year. The observed or likely effects of COVID-19 are discussed where possible.

The information is presented in three segments:

- Demographics
- Economics
- Industry trends

For some key indicators, data for other communities or Alaska overall are provided for context.

Key sources of data include Alaska Department of Labor and Workforce Development (DOLWD), Alaska Department of Fish and Game (ADF&G), the federal Bureau of Economic Analysis (BEA), and various McDowell Group research publications. Where warranted, monetary values have been presented in both nominal and real (inflation-adjusted) dollars using the Bureau of Labor Statistics (BLS) Urban Alaska Consumer Price Index (CPI).

COVID-19 has dramatically changed the local, state, and national economic landscape. Economic losses have been severe, and the path to recovery is unclear.

As Sitka entered 2020, several underlying trends were evident in socioeconomic data:

- Sitka's economy is diverse, with important contributions from the seafood industry, tourism, health care, and "national interest" federal government, including the U.S. Coast Guard (USCG) and the U.S. Forest Service (USFS). This diversity provides a degree of economic resiliency.
- Sitka's economy has shown long-term stability, with employment fluctuating within a narrow band over the past decade. Sitka has largely been spared the losses Alaska suffered through the 2015-2018 recession driven by the 2014 oil price collapse.
- While employment and population have been generally flat, total and per-capita real (inflation-adjusted) income earned by Sitka residents has been growing through at least 2018 and probably into 2019.
- Recent population decline is of concern. With another year of decline in 2019, Sitka has experienced three consecutive years of population loss. Compared to 2014, Sitka's population has declined by a total of 534 residents, a 6% decrease. Based on demographic trends through 2019, Sitka's population is projected to continue slowly declining, slipping to 8,300 by 2030, about 250 fewer residents than in 2019.

The economic shutdown in March and April resulted in sharp declines in business sales and steep employment cuts. By April, unemployment in Sitka reached 12.8%, triple the March rate of 4.2%. More than 500 Sitka resident workers filed unemployment claims in April. May and June numbers showed some improvement, with unemployment at 12.4% and 11.7%, respectively. (The statewide unemployment rate in June was 12.3%, while the national rate was 11.2%.)

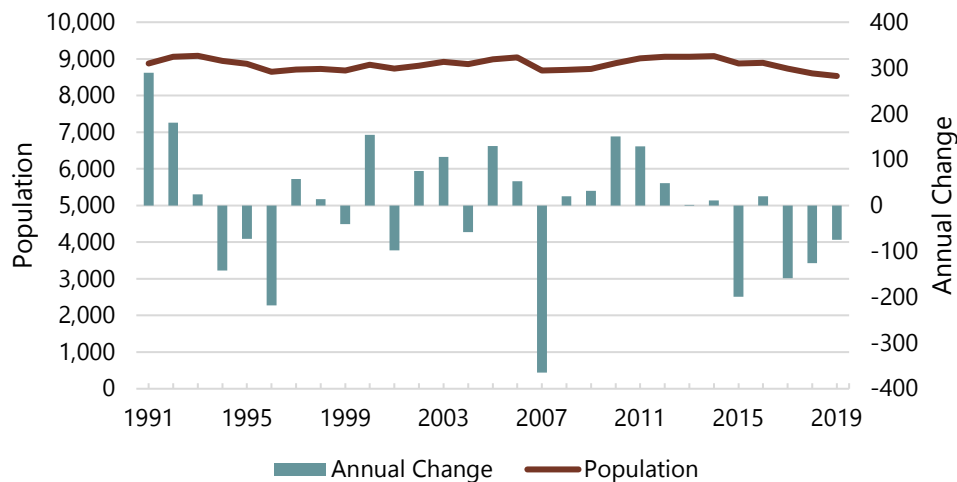
The economic damage associated with COVID-19 crosses many sectors of the economy, particularly restaurants and bars, hotels, retailers, and health care services. Further damage will unfold over the summer due to losses in the visitor industry, which could cost the Sitka economy more than \$30 million in direct visitor spending.

CARES Act funding, Payroll Protection Program (PPP) funding, Economic Impact Payments, expanded unemployment insurance payments, and other sources of federal funds have added (or will be adding) much needed cash (likely totaling more than \$40 million) to local residents, businesses, and other organizations. However, these are temporary infusions into an economy that could take several years to fully recover.

## Population

- Sitka’s population totaled 8,532 residents in 2019, down a little less than 1% from 2018. While the decline was small, it was the third consecutive annual decline. Since 2014, Sitka’s population has dropped by a total of 534 residents, a 6% decrease.
- Sitka’s population has been fairly steady over the last 30 years with total population cycling between highs of about 9,100 and lows of around 8,600. However, Sitka’s population is now at its lowest point since the 1980s.

**Figure 1. Sitka Population, 1991 to 2019**



Source: DOLWD.

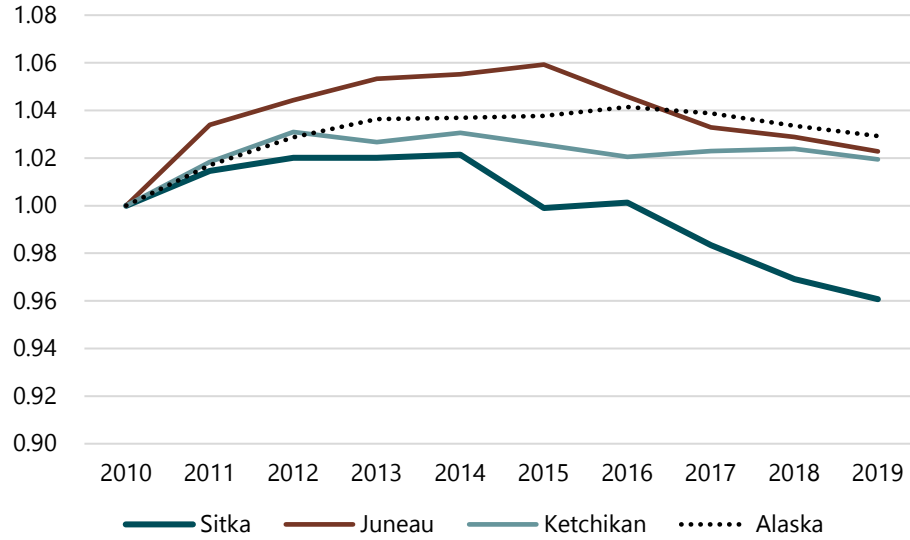
- The recent population decline in Sitka is greater than declines in other communities and in Alaska overall. While Sitka’s population was down by 4.2% between 2016 and 2019, Alaska’s was down 1.2%, Juneau’s was down 2.2%, and Ketchikan’s was down 0.1% over the same period.

**Table 1. Population Trends in Sitka and Other Areas, 2010-2019**

Year	Sitka	Juneau	Ketchikan	Alaska
2010	8,881	31,275	13,477	710,231
2011	9,018	32,331	13,722	722,159
2012	9,052	32,657	13,891	730,603
2013	9,054	32,941	13,836	736,071
2014	9,066	33,000	13,889	736,423
2015	8,899	33,128	13,820	737,022
2016	8,905	32,705	13,753	739,676
2017	8,748	32,302	13,782	737,847
2018	8,652	32,247	13,843	736,239
2019	8,532	31,986	13,739	731,007

Source: DOLWD.

**Figure 2. Population Change (2010 = 1.00)**



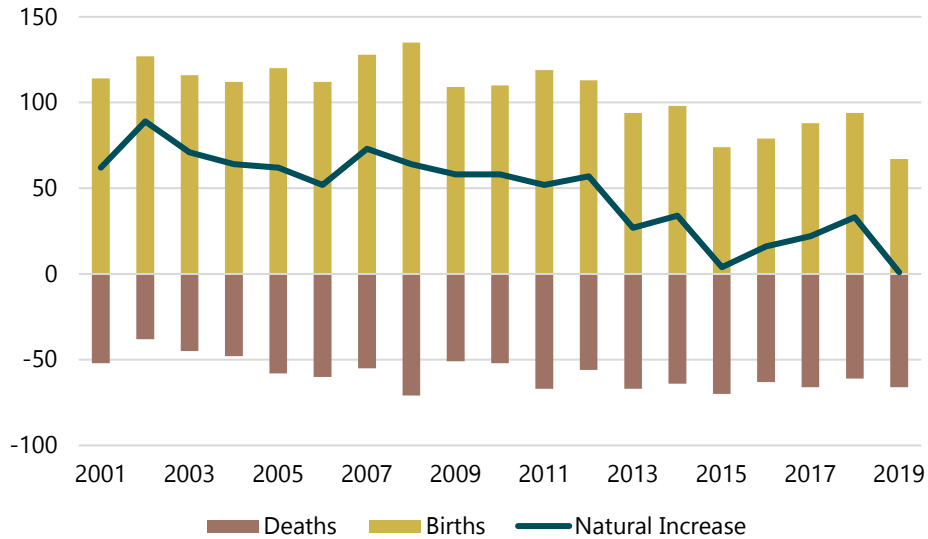
Source: DOLWD.

- Declining school enrollment in Sitka reflects out-migration and other demographic shifts. School enrollment in 2019-20 (1,251 students) was at its lowest point since peaking in 2013-14 (1,421 students). Enrollment is down 12% over the 2013-14 to 2019-20 period.

## Births/Deaths

- Population change results from a combination of net migration and natural increase. Natural increase is the difference between the number of local deaths versus the number of births.
  - Sitka experienced a natural increase of one in 2019 with 67 births and 66 deaths.
  - The rate of Sitka's natural increase has been trending down over the last two decades as a result of both decreasing birth rates and increasing death rates.

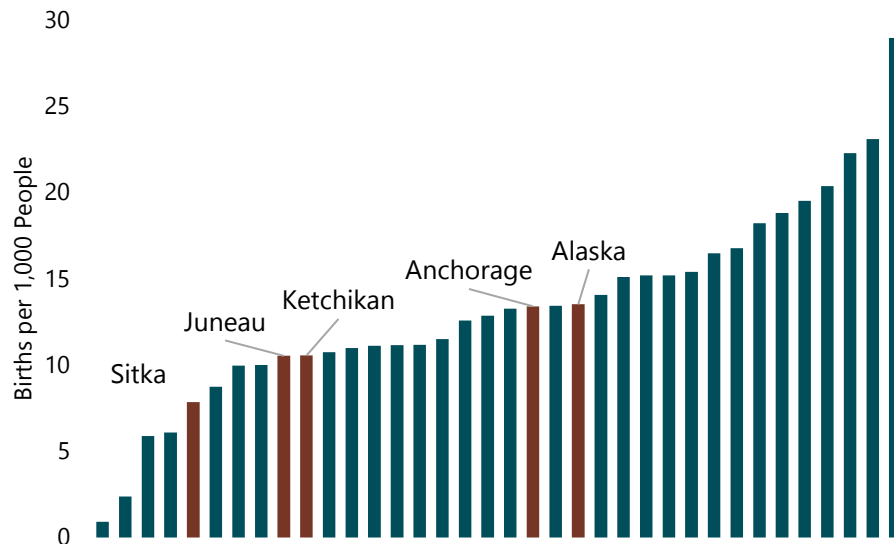
**Figure 3. Sitka Births, Deaths, and Natural Population Change**



Source: DOLWD; McDowell Group calculations.

- Sitka has seen a steadily decreasing birth rate over the last 20 years. During the 2000s, Sitka’s birth rate averaged 13.5 births per 1,000 people. Last year Sitka had a birth rate of just 7.9.
- Sitka’s birth rate is now one of the lowest of any region in Alaska and is 42% lower than Alaska as a whole.

**Figure 4. Birthrates for Alaska and Selected Communities, 2019**



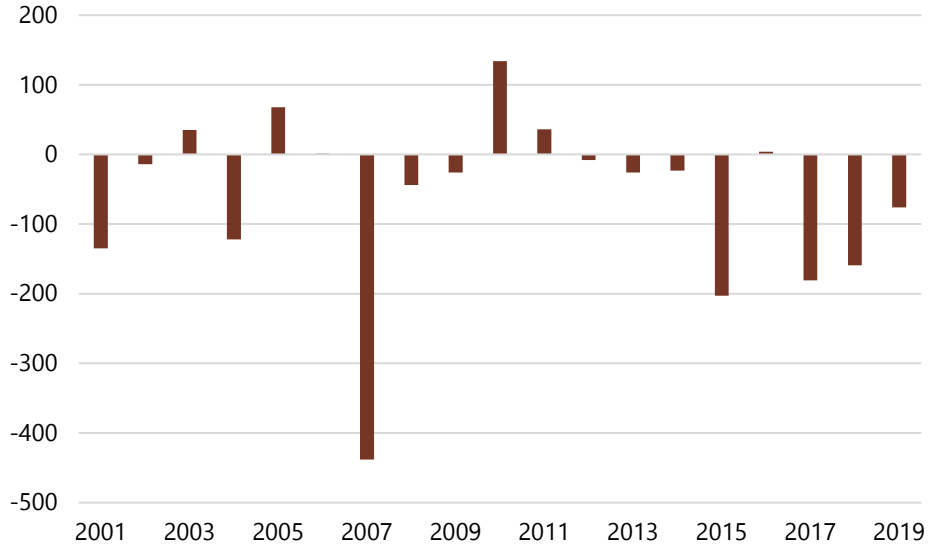
Source: DOLWD; McDowell Group calculations.

## Migration

- In the last eight years, Sitka has only seen one year with positive net migration. In 2016, four more people moved to Sitka than left. Over the last four years alone, 615 more people moved away from Sitka than moved to Sitka.



**Figure 5. Sitka Net Migration**

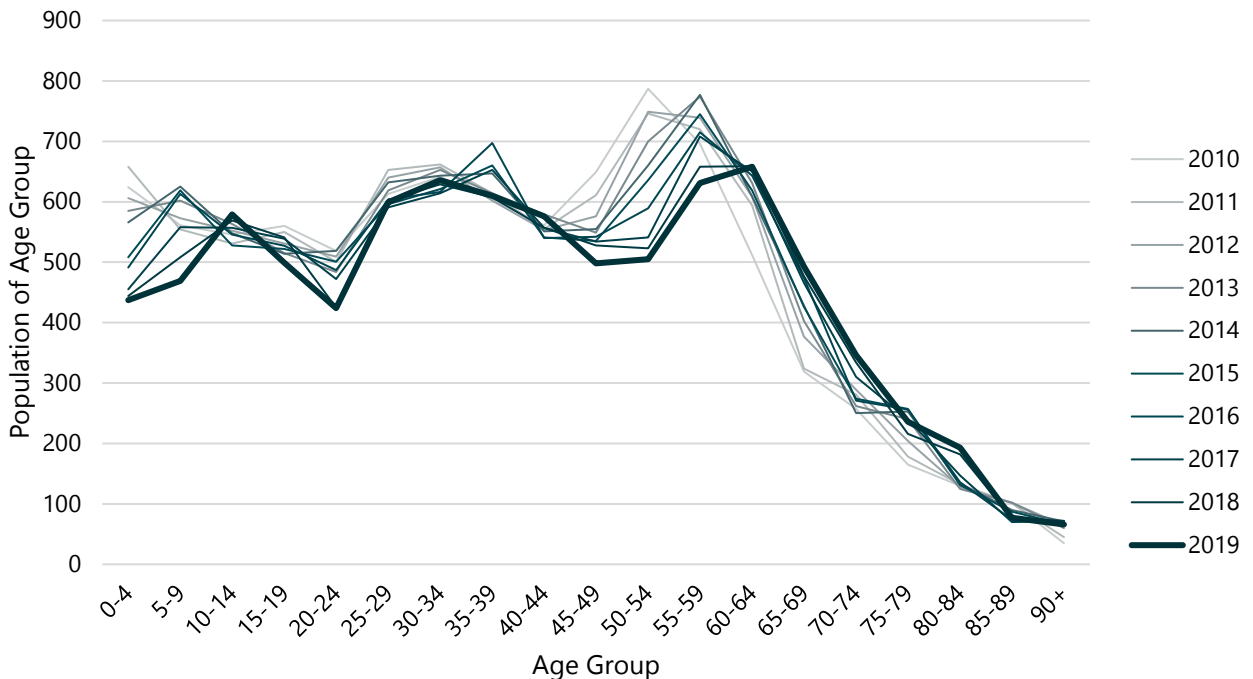


Source: DOLWD; McDowell Group calculations.

## Age and Demographics

- Sitka’s population is getting older. The median age of a Sitka resident has grown from 38.1 to 40.1 over the last 10 years. This is significantly higher than the Alaska median age of 35.5 but similar to that of other Southeast communities. Of the 14 borough/census areas in Alaska with the highest median age, nine are in Southeast Alaska, led by Haines with a median age of 48.6.

**Figure 6. Sitka Population by Age Group**



Source: DOLWD; McDowell Group calculations.

- Sitka’s population has three distinct age groups:
  - **Children age 10 to 19:** Ten years ago, there were 1,185 children aged 9 or under. Now, 10 years later, these children are aged 10 to 19. The current number of children aged 10 to 19 is 1,078, meaning that this cohort of children has declined by 9% over the last 10 years.
    - There are now only 906 children aged 9 and under, a 24% reduction from 10 years ago. This means that not only has the cohort of children currently aged 10 to 19 shrunk by 9%, the number of children replacing them has shrunk even further.
  - **Adults age 25 to 44:** The number of adults aged 25 to 44 in Sitka has been consistent over the last 10 years, staying between about 2,420 and 2,480. The size of this group holds steady while there are persistent reductions in age group populations on either side. This implies that some of this cohort moves to Sitka at around 25 and then slowly begins leaving Sitka starting at about 35.
  - **Adults age 55 to 64:** This age group represents the largest cohort in Sitka. Ten years ago, when these residents were age 45 to 54, they were by far the largest age group in Sitka. As they have aged, their population has decreased by about 9%.

## Population Projection

- Sitka’s population is projected to decrease to 8,300 by 2030 and to 7,500 by 2045, based on the trajectory of current migration and natural change trends.
- Sitka’s projected 25-year decline, at 11.7%, is greater than Juneau’s (-0.6%) and Ketchikan’s (-8.2%) and in sharp contrast to the statewide growth projection (+14.6%) over the next 25 years.
- It is important to note that DOLWD population projections are not updated every year and may be adjusted in the future to reflect current population trends as well as economic events. These projections were prepared prior to the COVID-19 pandemic.

**Table 2. Population Projections Through 2045**

Year	Sitka	Juneau	Ketchikan	Alaska
2019	8,532	31,986	13,739	731,007
2020	8,609	32,242	13,620	746,582
2025	8,489	32,554	13,561	770,392
2030	8,312	32,640	13,418	790,777
2035	8,092	32,531	13,186	808,367
2040	7,829	32,240	12,919	823,771
2045	7,530	31,783	12,607	837,806
<b>Total Change (%)</b>	<b>-11.7%</b>	<b>-0.6%</b>	<b>-8.2%</b>	<b>+14.6%</b>

Source: DOLWD; McDowell Group calculations.

## Sitka's Economic Footprint

There are various ways to describe the size of Sitka's economy.

- The Bureau of Economic Analysis measured Sitka's Gross Domestic Product (GDP) in 2018 at \$512 million, up from \$488 million in 2017. GDP is a measure of the market value of final goods and services produced in Sitka annually. In 2018, the private sector accounted for \$367 million (72%) of Sitka's total GDP.
- BEA estimated total earnings in Sitka at \$397 million in 2018, up from \$377 million in 2017. Total earnings is a measure of wages and self-employment income for residents and non-residents working in Sitka.
- Sitka residents' personal income totaled \$622 million in 2018, up from \$589 million in 2017. Total personal income is a measure of income from all sources earned by residents of Sitka. This measure does not include wages earned locally by nonresidents.
- Total gross business sales are a measure of local business activity and provides a good barometer of overall trajectory of the economy. According to City and Borough of Sitka data, gross sales totaled \$411 million in FY2018 and \$407 million in FY2019.

## Employment Trends

- Sitka’s economy included an average of 4,311 wage and salary jobs in 2019, according to DOLWD data. This measure of employment does not include self-employed fishermen, other self-employed people, or active duty military.
- Wage and salary employment in Sitka increased 1.7% (70 jobs) between 2018 and 2019. The significant decrease in local government employment (down 87 jobs, 12.8%) and the increase in health care jobs (up 82 jobs, 14.1%) are likely the result of SEARHC assuming control of Sitka Community Hospital.
- **COVID-19:** While specific data is not yet available, sectors hit hardest by the COVID-19 pandemic include leisure & hospitality, retail trade, transportation, and health care. Additional information about employment impacts of COVID-19 is provided in the labor force section of this report.

**Table 1. Sitka Employment Trends, 2016-2019**

Industry	2016	2017	2018	2019	2018-19 Change	2018-19 Change %
<b>Government Sector</b>						
Federal Government	126	120	113	108	-5	-4.0%
State Government	326	320	323	315	-8	-2.5%
Local Government	681	692	679	592	-87	-12.8%
<b>Private Sector</b>						
Construction	188	158	154	156	+2	+1.1%
Manufacturing	445	495	477	547	+70	+15.7%
Seafood Processing	363	411	393	462	+69	+19.0%
Retail	449	449	459	448	-11	-2.4%
Transportation	290	293	270	270	0	0.0%
Scenic & Sightseeing	145	140	113	125	+12	+8.3%
Financial Activities	125	119	117	116	-1	-0.8%
Professional & Business Services	173	177	187	203	+16	+9.2%
Educational and Health Services	664	678	688	771	+83	+12.5%
Educational Services	83	ND	78	80	+2	+2.4%
Health Care & Social Assistance	581	ND	609	691	+82	+14.1%
Leisure & Hospitality	521	522	518	521	+3	+0.6%
Accommodations	138	149	157	148	-9	-6.5%
Restaurants and Bars	357	341	332	343	+11	+3.1%
All Other	241	260	257	264	+7	+2.9%
<b>Total Employment</b>	<b>4,229</b>	<b>4,283</b>	<b>4,241</b>	<b>4,311</b>	<b>+70</b>	<b>+1.7%</b>

Source: QCEW, DOLWD.

## Wage Trends

- Wages earned in Sitka in 2019 totaled \$208.7 million, up 6% from the 2018 total of \$196.6 million. The change included a drop in government wages and an increase in private sector wages, likely related to change in hospital management.
- The average monthly wage in Sitka in 2019 was \$4,033 (the equivalent of \$48,396 annually). The average was higher in the government sector (\$4,734; local, state, and federal combined) than in the private sector (\$3,818).
- Sitka's average monthly wage in 2019 was about 15% below the statewide average of \$4,748.

**Table 4. Sitka Monthly Wage and Total Annual Wages Trends, 2014-2019**

	2014	2015	2016	2017	2018	2019
<b>Total Annual Wages (\$millions)</b>						
Government	\$61.9	\$62.6	\$62.1	\$61.4	\$63.4	\$57.7
Private industry	\$137.0	\$133.1	\$121.7	\$124.1	\$133.2	\$151.0
<b>All Sectors</b>	<b>\$199.0</b>	<b>\$195.6</b>	<b>\$183.7</b>	<b>\$185.5</b>	<b>\$196.6</b>	<b>\$208.7</b>
<b>Avg. Monthly Wages</b>						
Government	\$4,382	\$4,433	\$4,565	\$4,521	\$4,739	\$4,734
Private industry	\$3,402	\$3,274	\$3,271	\$3,302	\$3,550	\$3,818
<b>All Sectors</b>	<b>\$3,656</b>	<b>\$3,572</b>	<b>\$3,617</b>	<b>\$3,624</b>	<b>\$3,862</b>	<b>\$4,033</b>

Source: QCEW, DOLWD.

**Table 5. Average Monthly Wage, Statewide and Selected Communities, 2019**

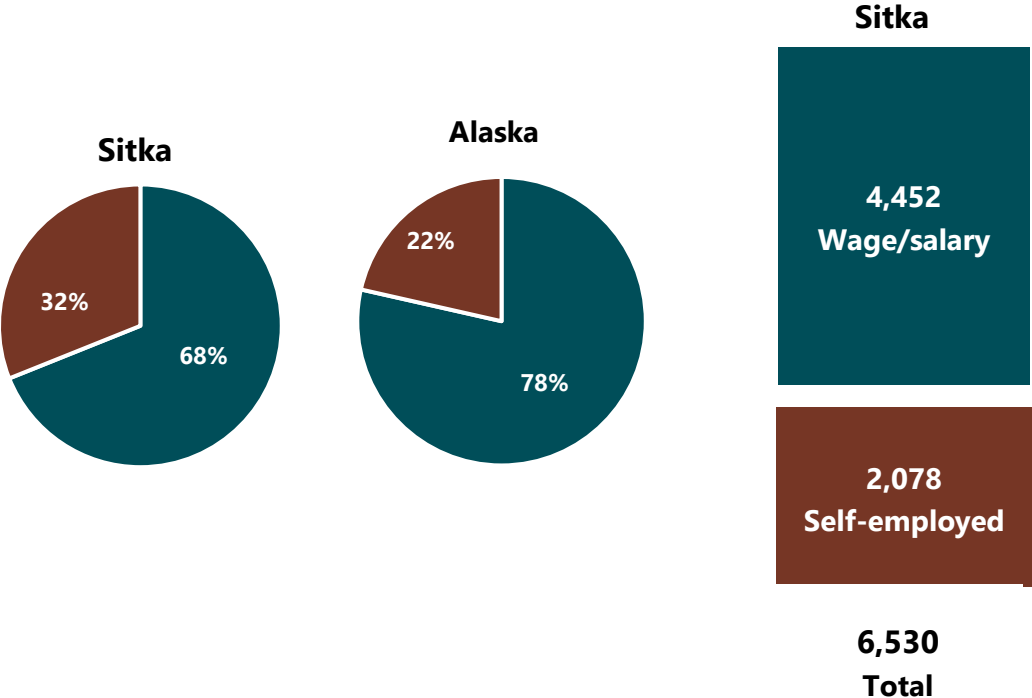
	Average Monthly Wage
Alaska	\$4,748
Anchorage	\$5,002
Juneau	\$4,397
Ketchikan	\$4,047
<b>Sitka</b>	<b>\$4,033</b>
Petersburg	\$3,576
Wrangell	\$3,546

Source: QCEW, ADOLWD.

# Wage/Salary Employment and Self-Employment

- Wage and salary employment and self-employment together accounted for 6,530 jobs in Sitka in 2018, according to the latest available BEA data.
- Wage and salary employment accounted for 4,452 jobs, or 68% of all employment in Sitka in 2018. Self-employment accounted for 2,078 jobs (32%).
- Self-employment accounts for a larger share of jobs in Sitka (32%) than in Juneau (21%), Ketchikan (24%), and Alaska overall (22%); the discrepancy is likely attributable to Sitka's high number of commercial fishermen.

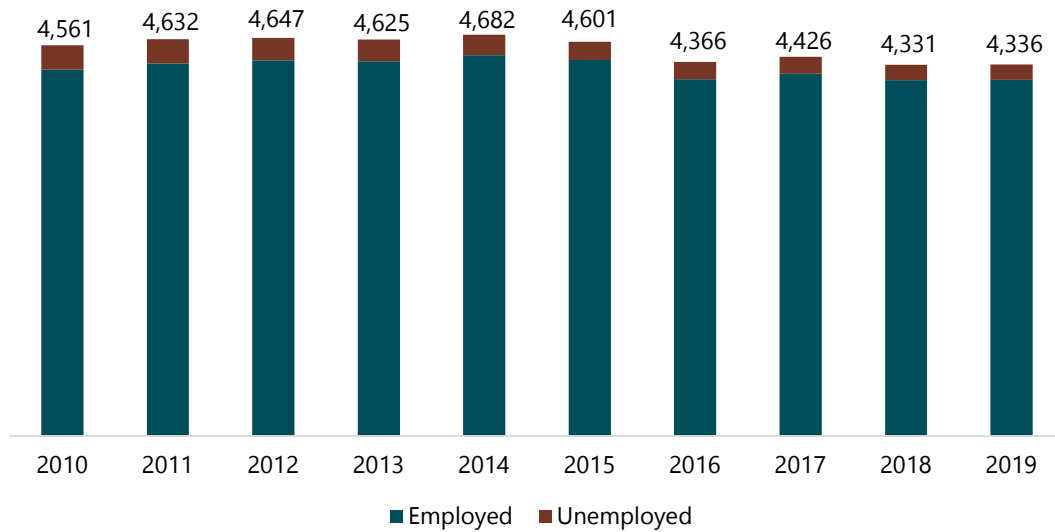
**Figure 7. Wage and Salary Employment and Self-Employment, 2018**



## Labor Force/Unemployment

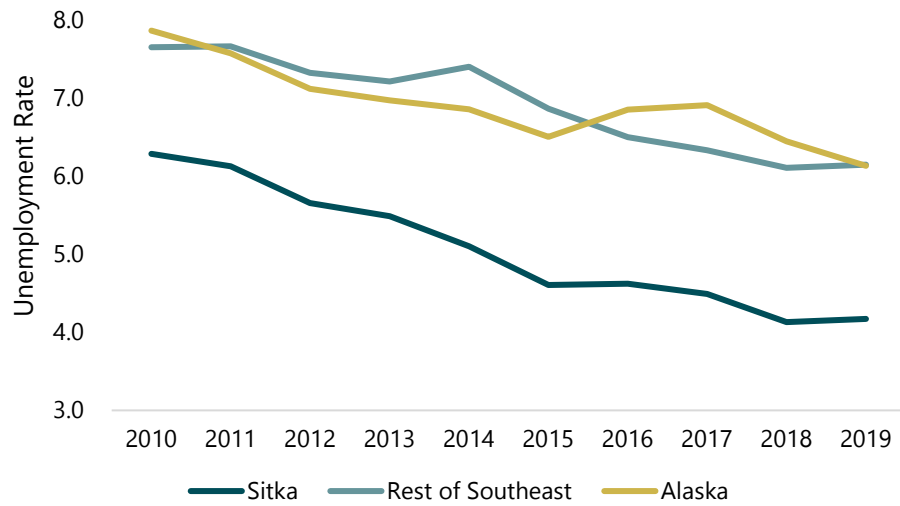
- Sitka’s labor force averaged 4,336 workers in 2019, ranging from 3,879 in January to 5,012 in July. The labor force includes employed and unemployed (but seeking employment) residents. It does not include seasonal nonresident workers.
- Sitka’s average annual unemployment rate had been declining steadily over the past eight years, until 2019.
- **COVID-19:** Labor force statistics provide the first measures of the economic impact of the pandemic.
  - Sitka’s unemployment rate climbed to 12.8% in April, triple the March rate of 4.2%. In April, 519 Sitka resident workers were unemployed, out of the total resident labor force of 4,063. In a typical April, approximately 170 to 190 Sitka workers are unemployed.
  - The 505 Sitkans who received unemployment insurance payments in April 2020 received a total of \$1.31 million in benefits for the month, including the \$600 per-week federal supplement.

**Figure 8. Sitka Labor Force, 2010-2019**



Source: DOLWD.

**Figure 9. Unemployment Rate (%), by Area, 2010-2019**



Source: DOLWD.

**Table 6. Unemployment Rates (%), by Area, 2010-2019**

	Sitka	Rest of Southeast	Alaska
2010	6.3	7.7	7.9
2011	6.1	7.7	7.6
2012	5.7	7.3	7.1
2013	5.5	7.2	7.0
2014	5.1	7.4	6.9
2015	4.6	6.9	6.5
2016	4.6	6.5	6.9
2017	4.5	6.3	6.9
2018	4.1	6.1	6.5
2019	4.2	6.2	6.1

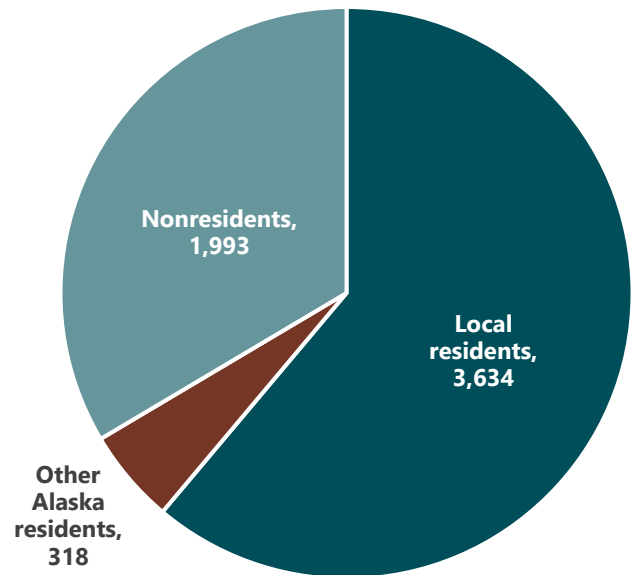
Source: DOLWD.



## Nonresident Workers

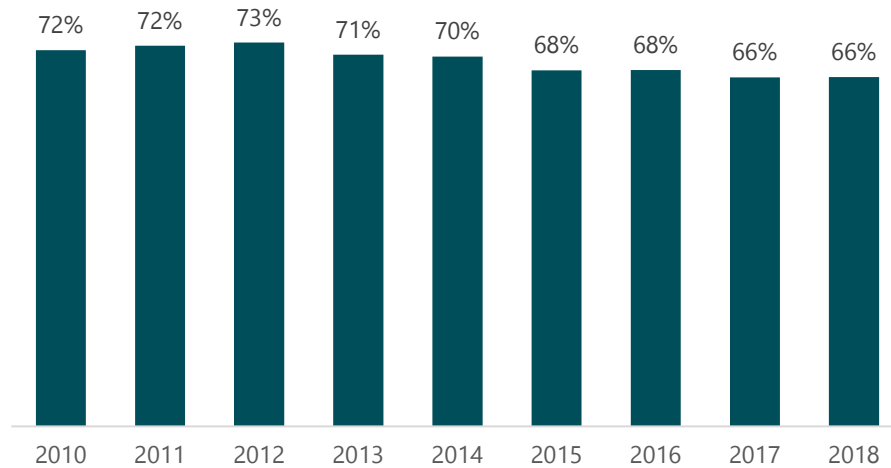
- In 2018, Sitka’s workforce included 1,993 non-Alaska residents and 318 Alaskans from elsewhere in the state.
- Nonresidents are an important source of labor for Sitka employers. Non-Alaska residents accounted for 34% of the local workforce in 2018. Including Alaska residents from elsewhere in the state, 39% of the workforce was non-local.
- In the private sector, nonresidents represented 39% of the Sitka labor force in 2018. Those workers took home 26% of the private sector wages earned in Sitka.
- Sitka is more dependent on nonresident workers than Ketchikan and Juneau, as illustrated below.

**Figure 10. Nonresidents in the Sitka Workforce, 2018**



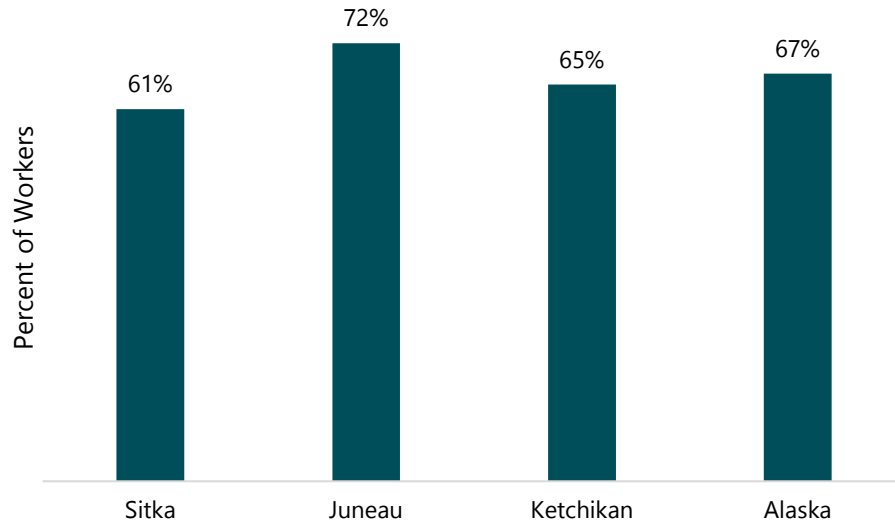
Source: ADOLWD.

**Figure 11. Share of Alaska Residents in the Sitka Workforce, 2010 to 2018**



Source: DOLWD.

**Figure 12. Share of Workers that are Local Residents**



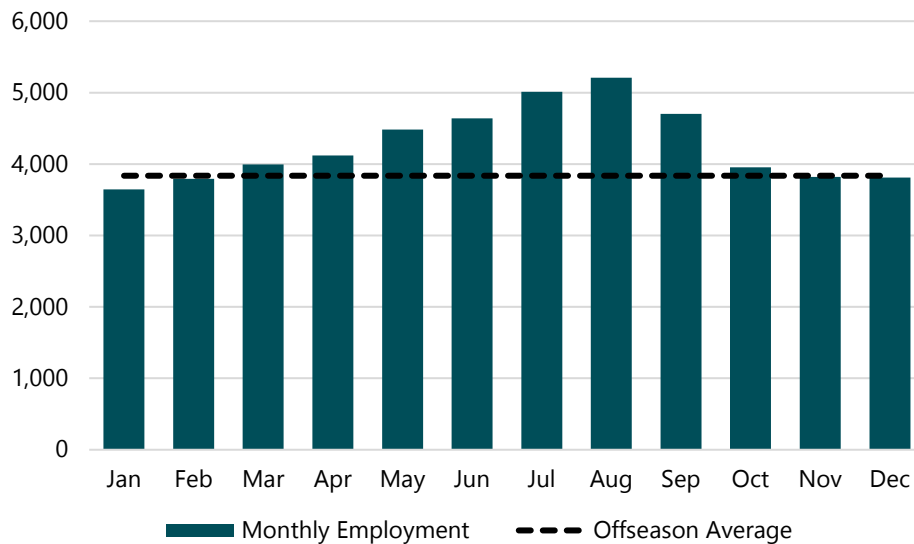
Source: DOLWD.

## Seasonality of Employment

### Overall Seasonality

- During the off-season months of October to March, Sitka has averaged 3,836 employees over the last four years. In the peak month of August, employment has averaged 5,209 over the same period, 36% higher than the off-season. This number does not include self-employment, such as commercial fishermen, or active duty military.

**Figure 13. Sitka Employment by Month (Averages for Jan. 2016 – Sept. 2019)**



Source: QCEW, McDowell Group calculations.

## Seasonality by Sector

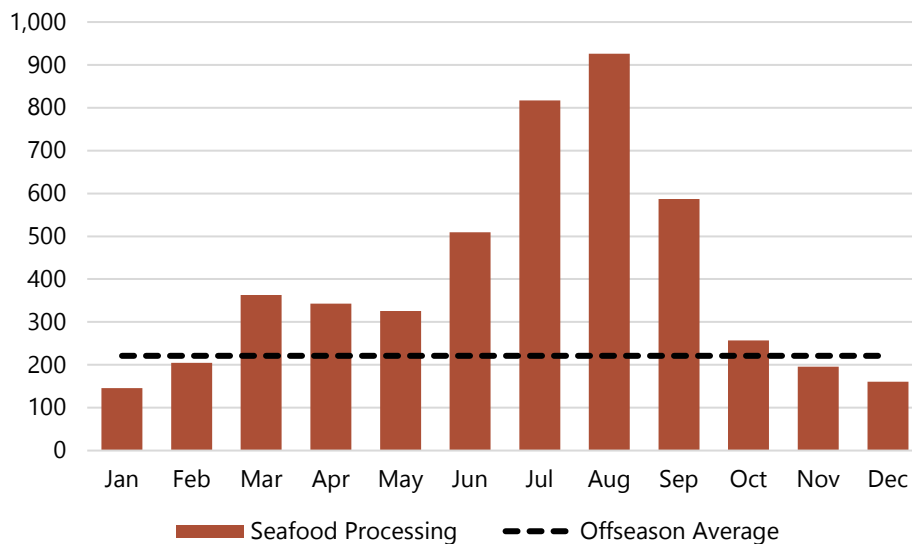
For the following analysis, Sitka employment is broken into four categories:

- Seafood processing employment
- Seasonal tourism-dependent employment
- Moderately seasonal tourism-influenced employment
- Non-seasonal employment.

### SEAFOOD PROCESSING EMPLOYMENT

- Seafood processing is Sitka's most seasonal sector, peaking at more than 900 employees during the summer months and dropping below 200 in the winter.

**Figure 14. Average Monthly Seafood Employment in Sitka (Jan. 2016 – Sept. 2019)**

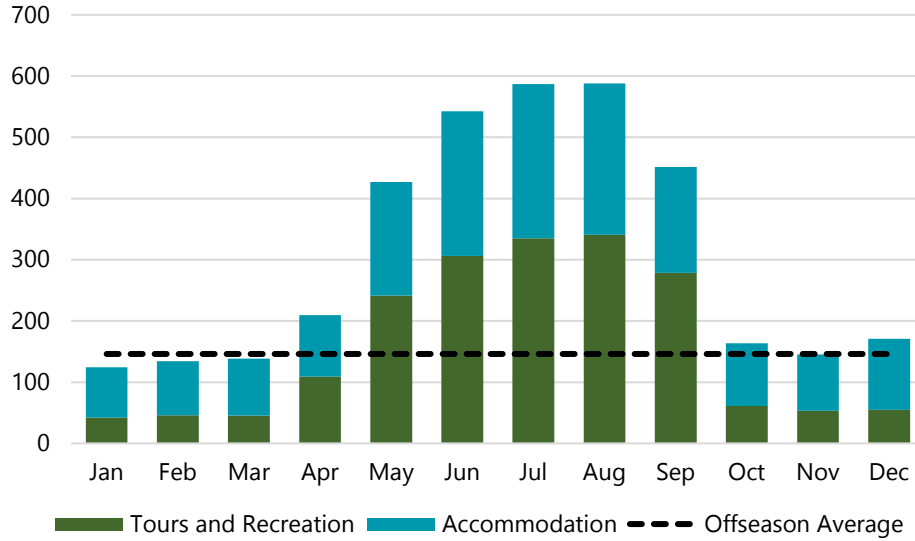


Source: QCEW, McDowell Group calculations

### EMPLOYMENT IN TOURISM-DEPENDENT SECTORS

- The tourism-dependent sectors of tours and recreation and accommodation are highly seasonal, accounting for about 150 jobs in the winter months and almost 600 in July and August.

**Figure 15. Average Highly Seasonal Industry Employment in Sitka (Jan. 2016 – Sept. 2019)**

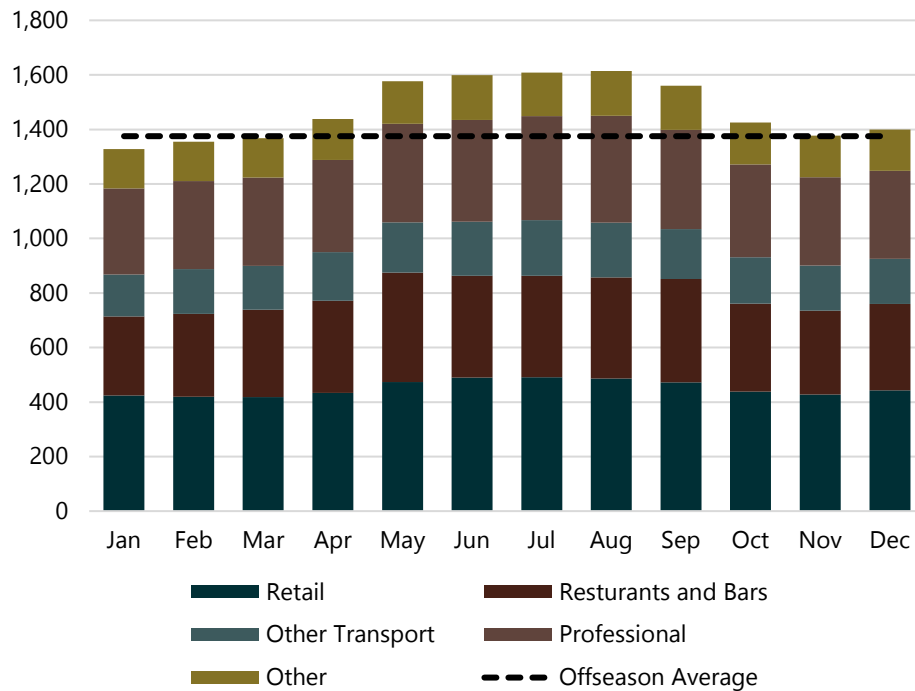


Source: QCEW, McDowell Group calculations.

**EMPLOYMENT IN MODERATELY SEASONAL SECTORS**

- A number of sectors are moderately dependent on tourism, increasing 15% to 30% during the summer months. These include retail, restaurants and bars, and other transportation. Other sectors are also somewhat seasonal, such as professional services. The winter average employment for these industries combined is 1,375 while the August peak climbs to more than 1,600.

**Figure 16. Average Moderately Seasonal Industry Employment in Sitka (Jan. 2016 – Sept. 2019)**

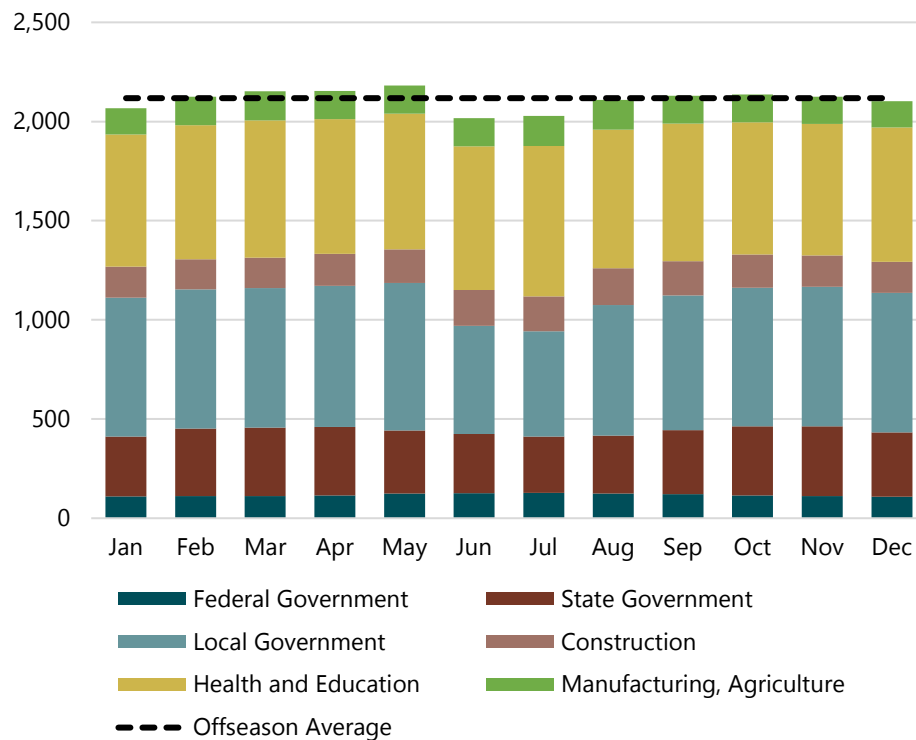


Source: QCEW, McDowell Group calculations.

## NON-SEAFOOD/TOURISM EMPLOYMENT

- Employment is generally consistent throughout the year for sectors not directly impacted by seafood or tourism. This includes local, state, and federal government, as well as health care. The slight dip in employment in June and July is related to school district employment.

**Figure 17. Non-Seafood/Tourism Employment in Sitka (Jan. 2016 – Sept. 2019)**

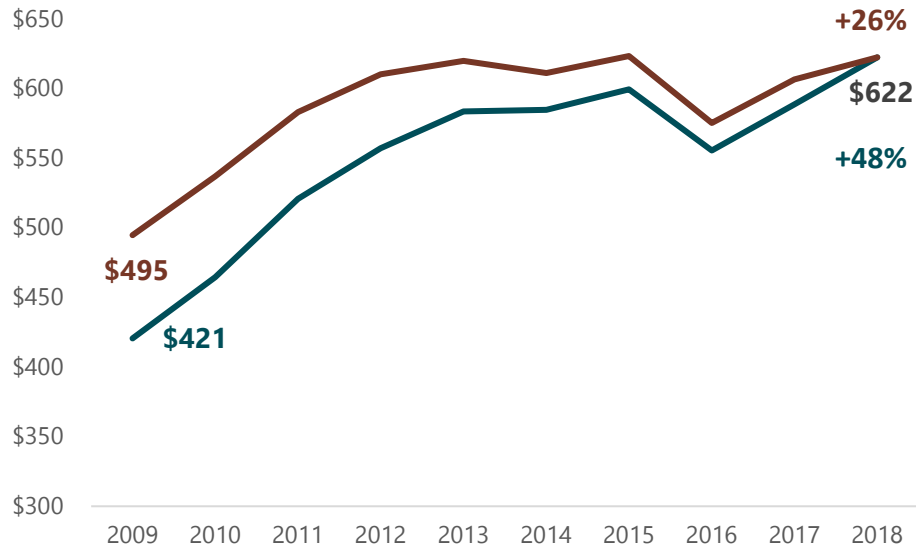


Source: QCEW, McDowell Group calculations.

## Personal Income

- Sitka residents earned \$622 million in total personal income in 2018. This is a measure of income from all sources, including from employment, investments, and transfers from government.
- Between 2009 and 2018, total personal income increased by 48% in nominal dollars and 26% in “real” (inflation-adjusted) dollars.

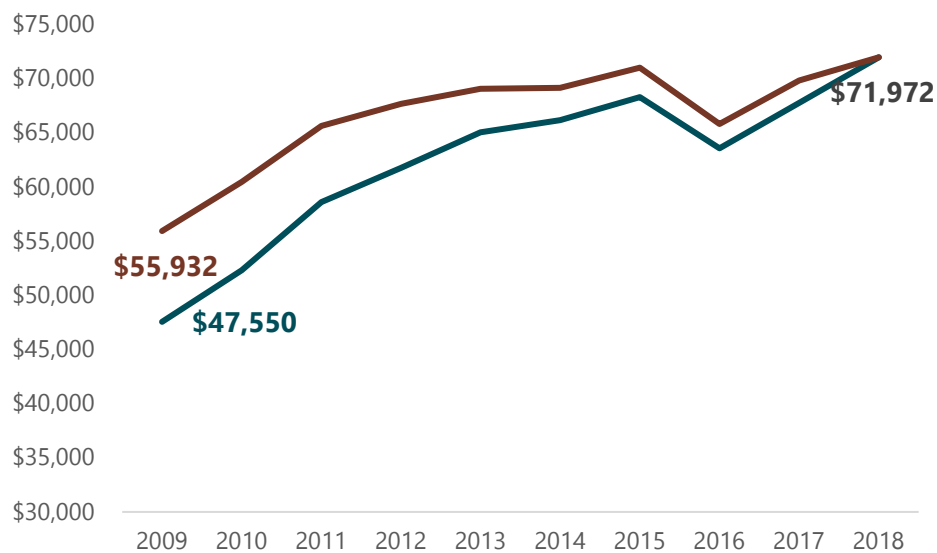
**Figure 18. Sitka Total Personal Income, 2009-2018 (\$millions)**



Source: BEA, DOLWD, CPI. Real values calculated by McDowell Group using the Urban Alaska CPI.

- Per capita income among Sitka residents was \$71,972 in 2018. Nominal per capita income in Sitka increased each year between 2009 and 2018, except in 2016.
- Per capita income increased 29% between 2009 and 2018, similar to the 26% growth in personal income.

**Figure 19. Sitka Per-Capita Personal Income. 2009-2018**

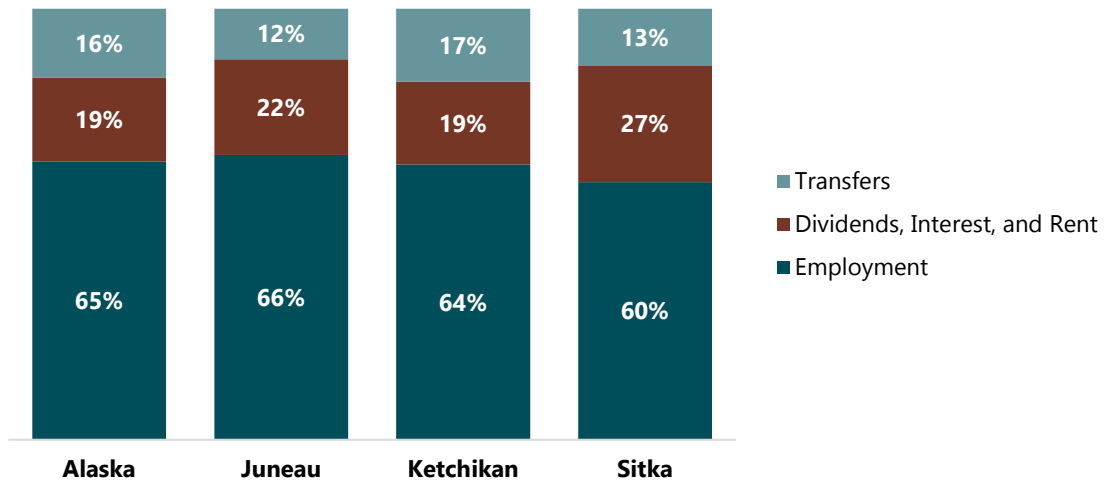


Source: BEA, DOLWD, CPI. Real values calculated by McDowell Group using the Urban Alaska CPI.

- Employment income represents 60% of Sitka resident income; investments account for 27%; and transfer payments (from government to individuals) account for the balance. Employment income includes both wage and salary income and proprietor's income (including self-employed fishing).
- Over the last 10 years, investment income has grown faster than employment income and has accounted for more than half of the growth in real personal income in Sitka.

- The 27% of Sitka’s income attributable to dividends, interest, and rent is higher than Ketchikan, Juneau, and the state as a whole. It has been a major driver of Sitka’s income growth over the last 10 years and has helped make Sitka’s per-capita income among the highest in the state.

**Figure 20. Sitka Personal Income Sources by Area. 2018**



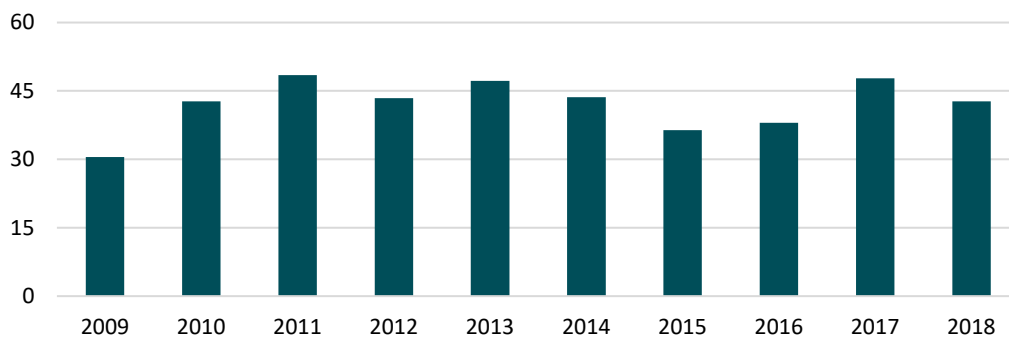
Source: BEA.

# Key Industry Conditions and Trends

## Seafood Industry

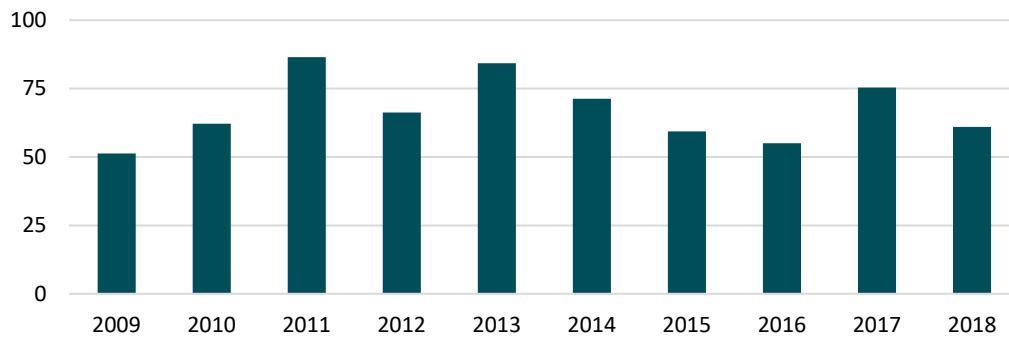
- The seafood industry is a key source of jobs, income, and tax revenue in Sitka. Based on preliminary Commercial Fisheries Entry Commission (CFEC) data, in 2019, 398 Sitka resident permit holders harvested 27.8 million pounds of fish with a total ex-vessel value of \$38.5 million.
- The ex-vessel value of all seafood landed (and processed) in Sitka in 2018 totaled \$61 million (2019 data is not yet available).

**Figure 21. Sitka Resident Commercial Fishing Earnings, 2009-2018 (\$ Millions)**



Source: CFEC

**Figure 22. Estimated Seafood Landings Value in Sitka, 2009-2018 (\$ millions)**



Source: CFEC



**Table 10. Sitka Resident Participation, Harvest, and Earnings, Value of Sitka Landings, 2009-2019**

	Active Permit Holders	Total Pounds Harvested (millions)	Total Ex-vessel Earnings (\$ millions)	Estimated Sitka Landings Value (\$ millions)
2009	468	29.4	30.5	51.3
2010	458	33.9	42.7	62.2
2011	467	37.4	48.5	86.5
2012	481	25.5	43.4	66.2
2013	456	50.2	47.2	84.3
2014	456	35.7	43.6	71.3
2015	445	36.5	36.4	59.4
2016	450	24.3	38.0	55.0
2017	425	33.5	47.8	75.4
2018	414	23.9	42.7	61.0
2019 (prelim.)	398	27.8	38.5	na

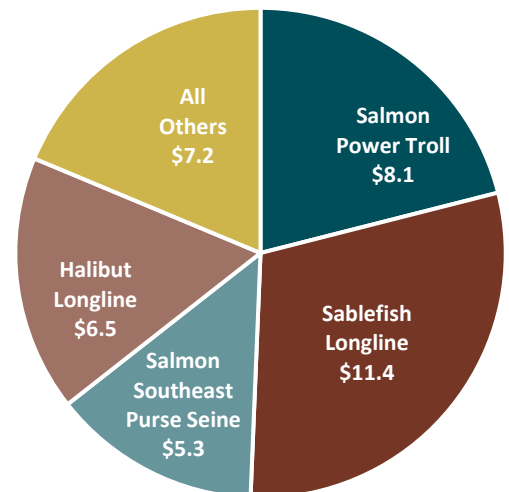
Source: CFEC

- Sitka resident harvest of sablefish (black cod) accounted for more than \$11.4 million in ex-vessel income in 2019. Sitka power trollers earned \$8.1 million. Local halibut fishermen earned more than \$6.5 million in ex-vessel income, based on preliminary data. Seiners earned \$5.3 million.

## Seafood Processing

- Seafood processing accounted for an annualized average of 462 jobs in Sitka in 2019. This includes peak monthly employment of 1,048 (August) and a monthly low of 170 (January).
- Sitka’s seafood processing sector generated total wages of \$24.2 million in 2019.
- Seafood processing generated \$1.2 million in raw fish tax for the City and Borough of Sitka in FY2019.
- Sitka’s largest property taxpayer and three of the top eight property taxpayers are seafood processors. Those three processors had a total combined assessed property valuation of \$33 million in 2019.<sup>1</sup>

**Figure 23. Sitka Fisherman Earnings (\$ millions) by Permit Type, 2019**



<sup>1</sup> City and Borough of Sitka FY2019 Comprehensive Annual Financial Report.

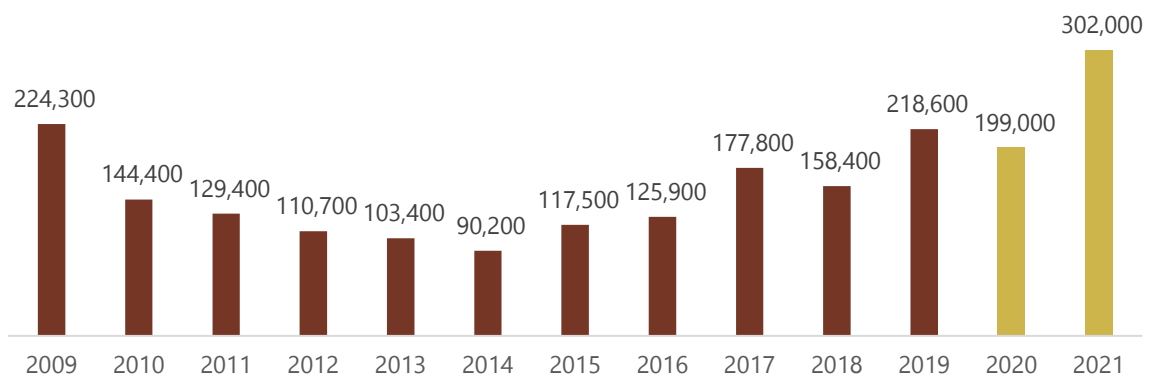
## Hatchery Impacts

- Northern Southeast Regional Aquaculture Association (NSRAA), based in Sitka, produced commercially harvested salmon with a total ex-vessel value of \$16 million in 2019. The year 2018 was a record high, with total ex-vessel value of \$29 million.
- According to a recent McDowell Group study focusing on the 2012-17 period:
  - Hatchery salmon accounted for \$120 million in statewide ex-vessel value, representing 22% of total salmon value.
  - Hatchery salmon accounted for \$361 million in first wholesale value, representing 24% of the statewide total.
  - Southeast Alaska hatcheries accounted for 2,000 jobs and \$90 million in annual labor income
- NSRAA generates approximately 30% of the regional economic impact of salmon hatcheries.

## Visitor Industry

- Sitka cruise ship traffic reached a 10-year high in 2019, when passenger volume totaled 218,600. Pre-COVID-19, the expectation for 2020 was just under 200,000 passengers. The 2020 cruise season has been essentially canceled due to COVID-19, although small cruise vessels are still planning some sailings in August and September.

**Figure 24. Sitka Cruise Passenger Visitation, 2009-2019 Actuals, 2020 and 2021 (Pre-COVID-19 Forecasts)**



Source: Cruise Lines Agencies of Alaska

Before COVID-19, cruise passenger traffic to Sitka was projected to reach slightly more than 300,000 passengers in 2021, topping Sitka's previous peak of 290,000 passengers in 2008.

- In 2019, Sitka captured 16% of Alaska's total cruise market of 1.36 million passengers.
- Though a large part of the local economy, there are no regularly published, comprehensive measures of the employment impact of Sitka's visitor industry, as it is spread across many sectors of the economy.

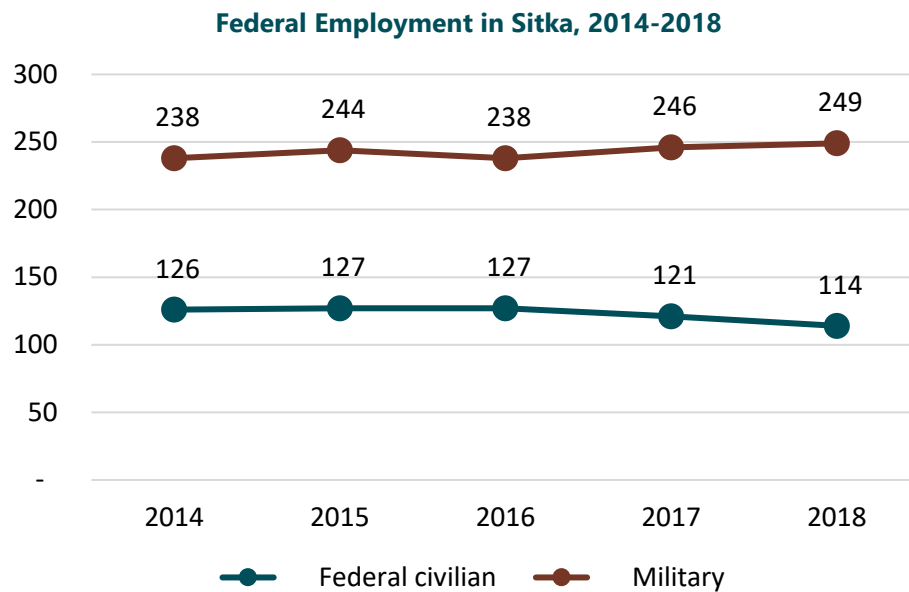
- In 2016 (the most recent analysis available), \$715 million in visitor spending generated 11,925 jobs and \$445 million in total annual labor income in Southeast Alaska, including all direct, indirect, and induced economic effects. Visitor spending in Sitka accounted for 8% of regional spending.

## Health Care and Social Services

- DOLWD reported 691 private-sector jobs in Sitka in health care and social assistance in 2019. Workers in these jobs earned \$44.2 million in total annual wages in 2018. The significant increase over 2018 is due to Sitka Community Hospital, previously reported under local government employment, transitioning to SEARHC management.
- With approximately 500 employees, SEARHC is the single largest source of employment (and wages) in the community.
- DOLWD figures do not include the Pioneer Home, which is reported under state government employment.
- The health care sector's economic benefits to Sitka include year-round employment and comparatively high wages. Monthly wages are about one-third higher than average.
- This sector included 97 workers and \$2.6 million in annual wages associated with providing various forms of social assistance. There are 10 employers in this category, including the Center for Community, Sitka Counseling, and Youth Advocates of Sitka.
- Private out-patient care providers accounted for an average of 49 jobs and \$1.6 million in wages in 2019.

## Federal Government

- The “national interest” sector is another important source of year-round employment and other economic activity in Sitka. BEA reported uniformed military employment in Sitka at 249 active duty and reservists in 2018, with \$22.6 million in total annual wages and benefits.
- Civilian federal government employment averaged 114 jobs and \$13.8 million in wages and benefits in 2018. The U.S. Forest Service is the largest component of federal employment in Sitka. Federal government workers earned a monthly average wage of \$6,978 (\$83,700 annually), making them among the highest paid workers in the community.
- Federal employment has declined by about 10% over the past two years.



Source: BEA.

## Other Economic Activity

While seafood, health care, tourism, and federal government form the foundation of Sitka's economy, there are other important sources of economic activity.

- Organizations focused on Alaska Native affairs are a powerful economic force in Sitka. This includes SEARHC (Sitka's largest single employer), the region's Indian Health Service provider. Sitka Tribe of Alaska (STA) is the federally recognized government entity representing the interests of 4,000 tribal citizens residing in Sitka and elsewhere. STA provides a broad range of services and operates a variety of tribal enterprises. Shee Atiká is Sitka's urban corporation resulting from the Alaska Native Claims Settlement Act (ANCSA) and is the source of income, scholarships, and other benefits for local shareholders.
- Manufacturing is big business in Sitka, mainly in the form of seafood processing. However, there is other manufacturing activity creating jobs and income. In 2019, there were 85 jobs and \$4.7 million in wages in manufacturing (mainly boat building) not related to seafood.
- Sitka's Professional and Business Services sector accounted for 203 jobs and \$7.3 million in total wages in 2019. This sector includes a wide variety of occupations, such as attorneys, accountants, and engineers; science and technology professionals; and a range of administrative and facility management services. Employment in this sector averaged 187 jobs in 2018, with total annual wages of \$6.5 million.
- In 2019 employment in the retail sector averaged 448 jobs, with total annual wages of \$13.2 million. Fifty companies reported employment in the retail sector. Though a portion of this sector is visitor-related, retail employment is fairly steady over the year, ranging from a monthly low of 417 to a high of 484 workers. The retail sector saw some decline in employment between 2018 and 2019 (from 459 to 448 jobs); however, retail wages increased, from \$12.9 million to \$13.2 million.
- Construction employment in Sitka averaged 156 jobs in 2019, with total annual wages of \$12.5 million. These are high-wage jobs, averaging \$6,651 per month, or just over \$79,800 annually. Construction employment held steady between 2018 and 2019 (at 154 and 156 jobs, respectively), though total wages increased, from \$10.1 million to \$12.5 million.