

SITKA 2021

Economic Trends

PREPARED FOR

Sitka Economic
Development Association



PREPARED BY



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Table of Contents

Summary	1
Introduction.....	3
Demographics.....	4
Population	4
Births/Deaths	5
Migration	7
Age and Demographics.....	7
Population Projection	8
Economic Profile	10
Sitka’s Economic Footprint.....	10
Employment Trends.....	11
Job Losses in 2020, By Month	12
Wage Trends	13
Wage/Salary Employment and Self-Employment.....	14
Labor Force/Unemployment	15
Nonresident Workers.....	17
Personal Income.....	18
Key Industry Conditions and Trends.....	21
Seafood Industry	21
Seafood Processing	22
Hatchery Benefits.....	23
Visitor Industry	24
Health Care and Social Services.....	26
Federal Government.....	27
Other Economic Activity	27
COVID-19 Relief	29
Unemployment Insurance	29
Other Federal Relief Funds to Sitka.....	30

List of Tables

Table 1. Population Trends in Sitka and Other Areas, 2011-2020	4
Table 2. Population Projections through 2045.....	9
Table 3. Sitka Employment Trends, 2016-2020.....	11
Table 4. Sitka Monthly Wages and Total Annual Wage Trends, 2016-2020	13
Table 5. Average Monthly Wage, Statewide and Selected Communities, 2020	13
Table 6. Annual Average Unemployment Rates (%), by Area, 2011-2020.....	16
Table 7. Sitka Resident Participation, Harvest, and Earnings, Value of Sitka Landings, 2010-2019.....	22

List of Figures

Figure 1. Sitka Population, 1991 to 2020	4
Figure 2. Sitka Population Change (2010 = 1.00).....	5
Figure 3. Sitka Births, Deaths, and Natural Population Change, 2002-2020	6
Figure 4. Birthrates for Alaska and Selected Communities, 2020.....	6
Figure 5. Sitka Net Migration, 2002-2020	7
Figure 6. Sitka Population by Age Group, 2010 to 2020	8
Figure 7. Sitka Employment by Month 2019-2020	12
Figure 8. Sitka Job Loss by Month 2020	12
Figure 9. Wage and Salary Employment and Self-Employment, 2019 Sitka.....	14
Figure 10. Sitka Labor Force, 2011-2020	15
Figure 11. Unemployment Rate (%), by Area, 2011-2020	16
Figure 12. Nonresidents in the Sitka Workforce, 2019	17
Figure 13. Share of Local Residents in the Sitka Workforce, 2010 to 2019	17
Figure 14. Share of Workers that are Local Residents, 2019	18
Figure 15. Sitka Total Personal Income, 2010-2019 (\$ millions)	18
Figure 16. Sitka Per-Capita Personal Income. 2010-2019.....	19
Figure 17. Sitka Personal Income Sources by Area. 2019.....	20
Figure 18. Per-Capita Income, Top Ten Boroughs/Census Areas in Alaska, 2019	20
Figure 19. Sitka Resident Commercial Fishing Earnings, 2010-2019 (\$ millions)	21
Figure 20. Estimated Seafood Landings Value in Sitka, 2010-2019 (\$ millions)	21
Figure 21. Sitka Fisherman Earnings (\$ millions) by Permit Type, 2019.....	22
Figure 22. Monthly Seafood Processing Employment in Sitka (2019-2020)	23
Figure 23. Highly Seasonal Industry Employment in Sitka (2019-2020)	24
Figure 24. Sitka Cruise Passenger Visitation, 2010-2020 Actuals, 2021-2022 Forecasts	25
Figure 25 Sitka Quarterly Bed Tax Receipts 2019-2020.....	25
Figure 26 Sitka Air Passenger Traffic, 2019-2020, by Month	26
Figure 27. Federal Employment in Sitka, 2015-2019	27
Figure 28. Unemployment Insurance (Total Dollars Paid), January 2020-April 2021	29
Figure 29. Number of Unemployment Insurance Claimants by Annual Income Category	30
Figure 30. Breakdown of Sitka Federal Relief Funds	31

The latest available economic data shows substantial pandemic-related damage done to the Sitka economy in 2020, though with signs of recovery late in the year and early 2021. Key indicators of Sitka's economic distress and recovery to date include:

- Monthly employment losses averaged 560 jobs over the course of 2020 compared to 2019, a 13% decline. Job losses were most severe in April, May, and June, when employment in Sitka was 1,100 jobs below the same period in 2019, a 24% drop. December 2020 employment was 5% below December 2019.
- Sitka's unemployment rate in 2020 peaked in May at 12.5%, well above the May 2019 rate of 3.5%. The unemployment in May of 2021 was 4.9%.
- Total wages in Sitka dropped by \$15.6 million in 2020, compared to 2019, a 7.4% decline. Total annual wages dropped from \$209 million to \$193 million. Second quarter 2020 wages were down 13% from the same period in 2019 and 3rd quarter wages were down 18%.
- Sectors experiencing the greatest absolute and relative job losses included the following:
 - The heavily visitor-affected scenic and sightseeing sector saw employment in the 2nd quarter of 2020 drop 130 jobs from the same period in 2019 (a 72% cut). Employment was down 155 jobs in the 3rd quarter (a 63% reduction from the same period in 2019).
 - Employment in the accommodations sector (including hotels and other lodging establishments) was down 92 jobs in the 2nd quarter of 2020 compared to 2nd quarter 2019, a 54% reduction. Losses moderated slightly in the 3rd quarter, when employment was down 80 jobs (36%).
 - Employment in restaurants and bars was down 145 jobs in the 2nd quarter and 94 jobs in the 3rd quarter, reductions of 41% and 25%, respectively.
- Sitka's losses in jobs and wages were more severe than most of Alaska. In Alaska overall, employment dropped by 8% in 2020 and total wages were down 1.4%. Sitka experienced a 13% loss in employment and wages were down just under 8%.
- Full year 2020 gross business sales data is not yet available. However, FY2020 (July 1, 2019 to June 30, 2020) sales were down 3.7% compared to FY2019, a loss of \$15 million. Among sectors most impacted by the pandemic, total gross sales were down \$28 million, a 10% reduction. The transportation sector was hardest hit, with total sales down 24%, between FY2019 and FY2020.
- Sitka air traffic dropped sharply in 2020, from 89,000 air passenger enplanements in 2019 to 38,000 in 2020, a 57% reduction. Passenger enplanements were down 94% in April compared to April of 2019.

- The 2020 cruise season was entirely cancelled (when 200,000 passengers were expected to visit Sitka). Sitka is forecasted to host 90,000 cruise passengers in a shortened 2021 season. The 2022 cruise season is projected to set a record for Sitka with 397,000 passengers visiting the community in 266 port calls.
- The seafood industry suffered from lower prices for typically high-value products, such as halibut and black cod. Some quota was left unharvested (only 81% of the Southeast TAC was harvested, when more than 95% is usually caught). Sitka resident crew licenses sold in 2020 were 48% below 2019. Processors spent heavily on PPE, quarantining, and other measures to control spread of the virus among plant workers.

Unemployment insurance payments and federal COVID-19 relief payments offset some of the economic damage done by the pandemic. This includes:

- Unemployment insurance (UI) benefits paid in 2019 totaled \$429,000. The 2020 total was \$7.6 million. The number of claimants peaked in May 2020 at 579, more than ten times the number of UI claimants in May 2019 (32).
- The most recent data for Sitka shows declining UI payments. In April 2021, 176 UI claimants received \$302,000 in payments, well below the April 2020 totals of 505 claimants receiving \$1.3 million.
- Federal Individual Economic Impact Payments to Sitkans totaled an estimated \$14 million, including 2020 and 2021 payments.
- Paycheck Protection Program (PPP) grants and loans to Sitka businesses and organizations totaled approximately \$40 million. This includes 560 Sitka businesses and organizations that received a total of 735 loans/grants under \$150,000, totaling \$21.8 million. A total of 29 Sitka businesses and organizations received a total of 30 PPP grants and loans over \$150,000, totaling \$18.5 million.
- Emergency Injury Disaster Loans (EIDL) of up to \$150,000 to 225 Sitka businesses and organizations total \$13.4 million (through 2020). EIDL advances (which do not require repayment) totaled just under \$1 million.
- Sitka's share of CARES Act funding distributed by the State of Alaska totaled \$14.1 million.
- Additional financial resources will flow to Sitka residents in 2021 from the NOAA fisheries assistance program and other sources.
- A comprehensive accounting of all relief funds flowing to Sitka is beyond the scope of this report. However, CARES Act funding, PPP funding, federal Economic Impact Payments, expanded unemployment insurance payments, and other sources of federal funds likely total \$90 million.

Looking ahead, while full recovery from the economic effects of the pandemic may take several years, Sitka's economic diversity provides confidence in the future, 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 document provides a high-level overview of the latest data available on key socioeconomic indicators for Sitka. Nearly all economic indicators have been affected by the COVID-19 pandemic and related closures and restrictions. The observed effects of COVID-19 on the economy are described where possible.

Information is presented in three segments:

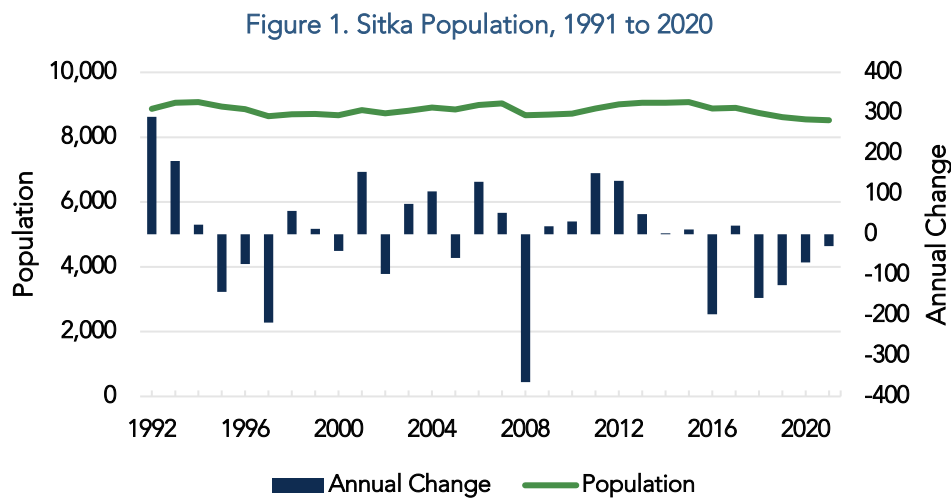
- Demographics
- Economics
- Industry trends

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), Small Business administration (SBA), and various McKinley Research 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).

Population

- Sitka’s population totaled 8,523 residents in 2020, down slightly (0.3%) from 2019. This is the fourth consecutive annual decline, but the smallest decline over that period. Since 2014, Sitka’s population has dropped by a total of 555 residents, a 6.1% decrease.
- Sitka’s population has been reasonably steady over the last 30 years with total population between highs of about 9,100 and lows of around 8,500. However, Sitka’s population remains at its lowest point since the 1980s.



Source: DOLWD.

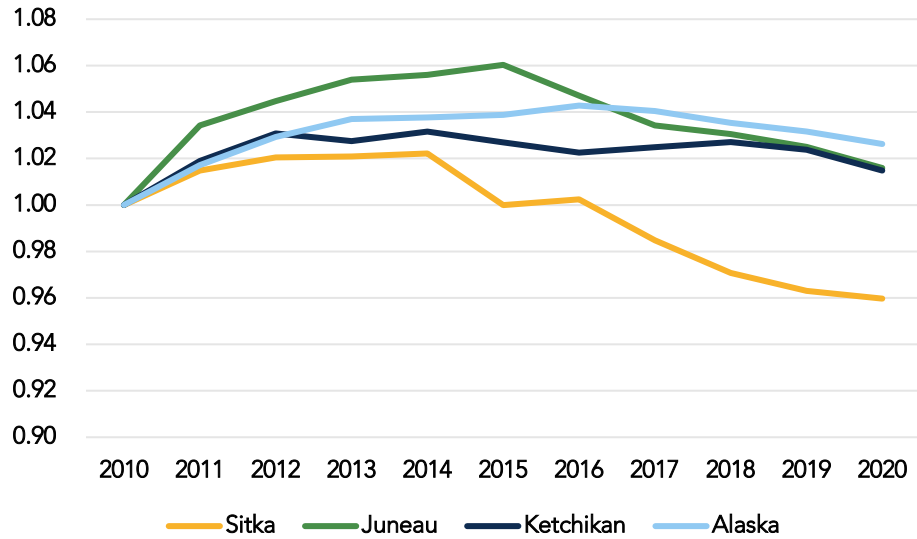
- The recent population decline in Sitka parallel declines in other Southeast communities and in Alaska overall. Between 2019 and 2020, Juneau lost 286 residents (0.9%) while Ketchikan lost 112 residents (0.8%). Alaska overall experienced a net loss of 3,831 residents (0.5%)

Table 1. Population Trends in Sitka and Other Areas, 2011-2020

Year	Sitka	Juneau	Ketchikan	Alaska
2011	9,013	32,345	13,732	722,473
2012	9,063	32,676	13,893	731,005
2013	9,066	32,963	13,847	736,552
2014	9,078	33,027	13,903	737,053
2015	8,881	33,162	13,841	737,786
2016	8,903	32,747	13,781	740,637
2017	8,746	32,347	13,813	738,920
2018	8,621	32,231	13,843	735,367
2019	8,552	32,059	13,798	732,734
2020	8,523	31,773	13,677	728,903

Source: DOLWD.

Figure 2. Sitka Population Change (2010 = 1.00)



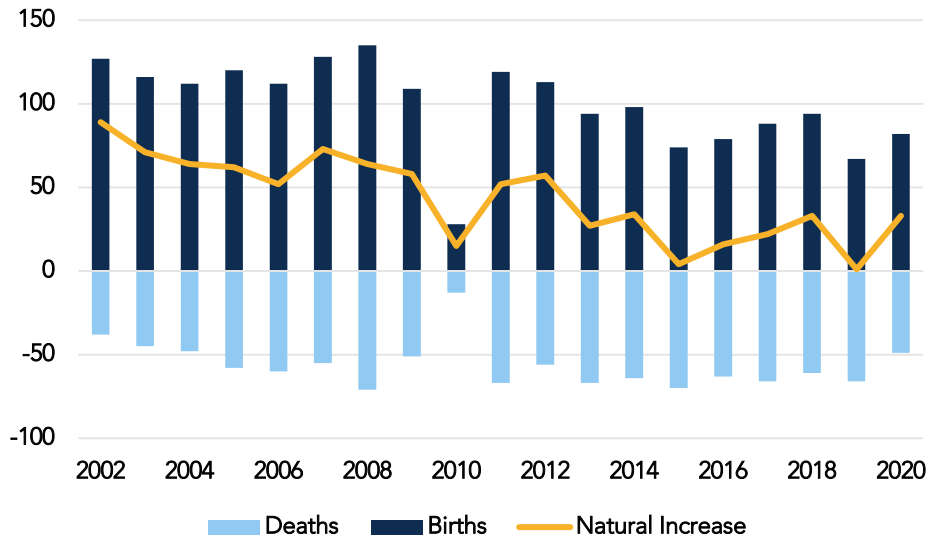
Source: DOLWD.

- Declining school enrollment in Sitka reflects out-migration and other demographic shifts. School enrollment continued to decline in 2020-21, totaling 1,179 students, the lowest count since peaking in 2013-14 at 1,421 students. Enrollment is down 17% since the 2013-14 school year.

Births/Deaths

- Changes in population result from natural increase and net migration. Natural increase is the difference between the number of deaths versus the number of births in Sitka. Net migration is the difference between the number of people moving to Sitka and the number that leave Sitka.
 - Sitka experienced a natural increase of 33 in 2020 with 82 births and 49 deaths.
 - Over the past five years, the number of births has exceeded the number of deaths by an annual average of 21, with an average of 82 births and 61 deaths.

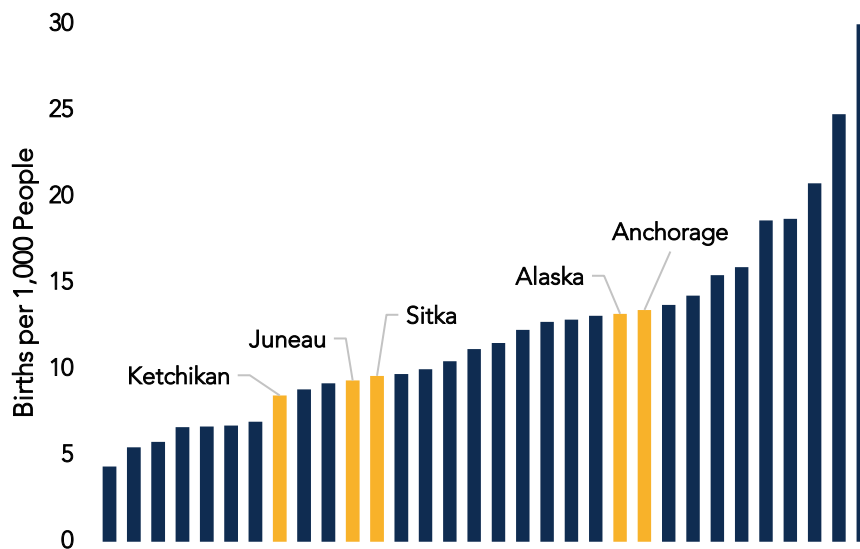
Figure 3. Sitka Births, Deaths, and Natural Population Change, 2002-2020



Source: DOLWD; McKinley Research Group calculations.

- Sitka’s birth rate has trended down over the past 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 9.6 per thousand.
- Sitka’s birth rate in 2020 was lower than the statewide average of 13.2 births per thousand residents, but above other communities in Southeast, including Juneau and Ketchikan at 9.3 and 8.5, respectively. The highest birth rates in Alaska in 2020 were in rural areas, including Kusilvak (32.5) and Bethel (24.8) Census Areas

Figure 4. Birthrates for Alaska and Selected Communities, 2020

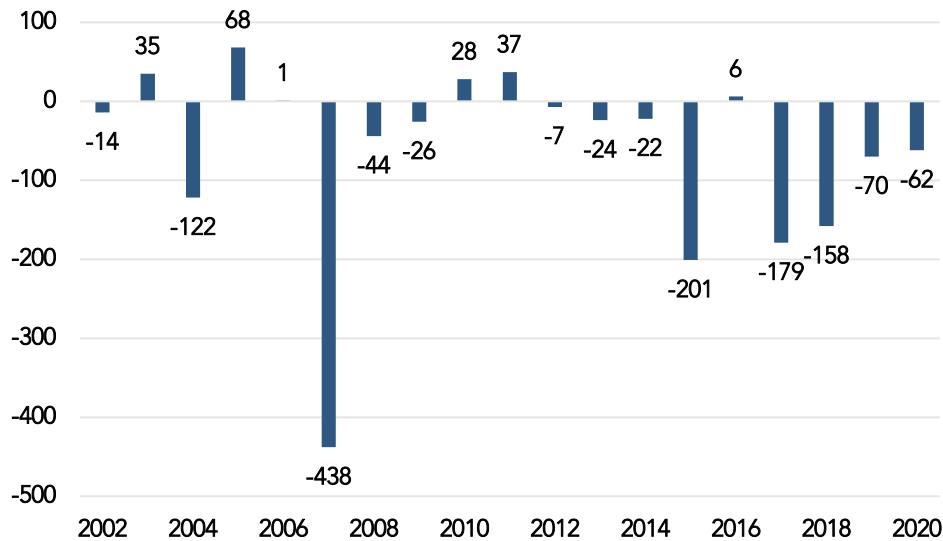


Source: DOLWD; McKinley Research Group calculations.

Migration

- Over the past decade, Sitka has had only one year, in 2016, with positive net migration, when more people moved in than moved out. Since 2011, net (out) migration totaled 680 people.

Figure 5. Sitka Net Migration, 2002-2020

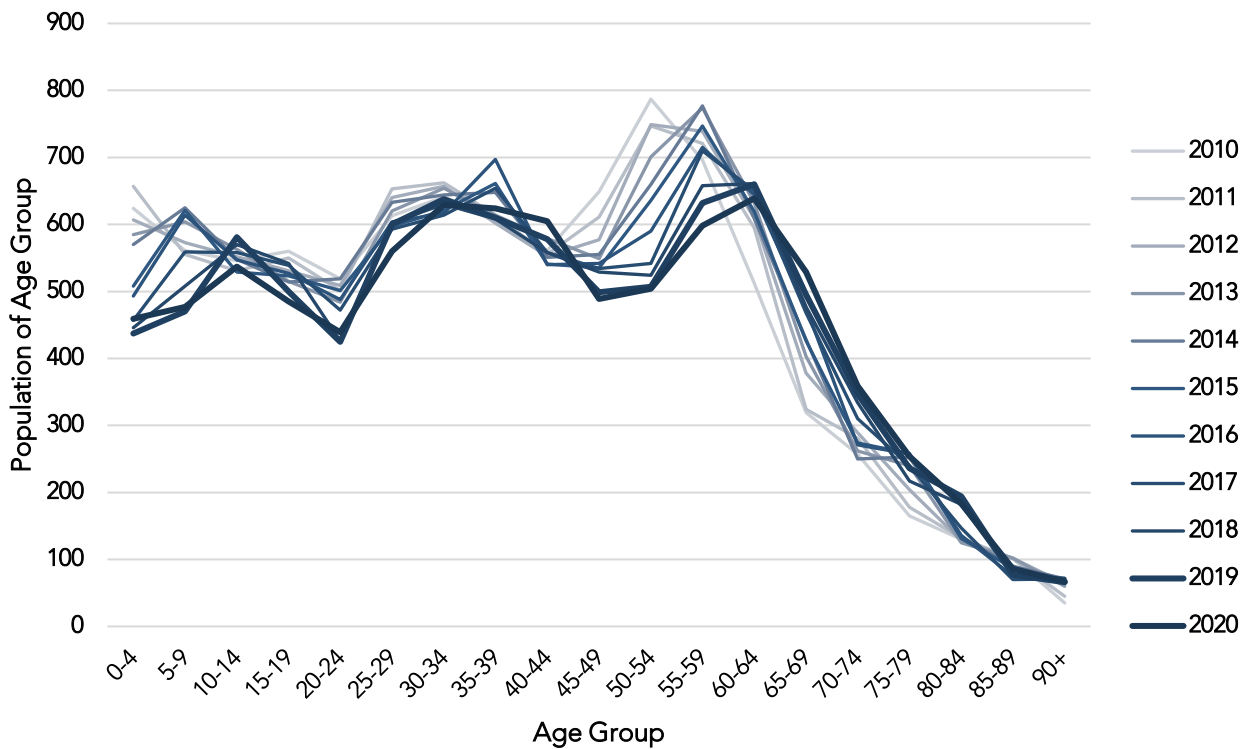


Source: DOLWD; McKinley Research Group calculations.

Age and Demographics

- Sitka's gradual rise in median age continued in 2020, increasing to 40.4 years, up from 40.1 in 2019 and 39.8 in 2018. Sitka's median age is higher than the Alaska median of 35.7 but similar to that of other Southeast communities. Of the 14 boroughs/census areas in Alaska with the highest median age, nine are in Southeast Alaska, led by Haines and Hoonah/Angoon with median ages of 48.6.

Figure 6. Sitka Population by Age Group, 2010 to 2020



Source: DOLWD; McKinley Research Group calculations.

- Age group analysis reveals interesting trends:
 - Ten years ago, in 2011, there were 1,212 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 1,022, meaning that this cohort of children has declined by 16% over the last 10 years.
 - There are now only 936 children aged 9 and under, a 23% reduction from 10 years ago. This means that not only has the cohort of children currently aged 10 to 19 shrunk by 16%, but the number of children replacing them has declined even further.
 - The number of residents aged 25 to 44 in Sitka has been relatively consistent over the last 10 years, fluctuating between 2,399 and 2,484. 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.
 - Ten years ago, when residents aged 55 to 64 were age 45 to 54, they were 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 8,130 by 2030 and to 7,448 by 2045, based on the trajectory of current migration and natural change trends, according to DOLWD.

- Sitka’s projected 25-year decline, at 12.7%, is greater than Juneau’s (-1.0%) and Ketchikan’s (-4.9%) and in sharp contrast to the statewide growth projection (+11.3%) over the next 25 years.
- DOLWD population projections are not updated every year and may be adjusted in the future to reflect new population trends as well events affecting the local economy.

Table 2. Population Projections through 2045

Year	Sitka	Juneau	Ketchikan	Alaska
2019	8,532	31,986	13,739	731,007
2020	8,407	32,000	13,709	731,566
2025	8,289	32,273	13,711	753,360
2030	8,130	32,374	13,652	771,767
2035	7,943	32,315	13,506	787,706
2040	7,717	32,087	13,310	801,596
2045	7,448	31,682	13,067	813,822
Total Change (%)	-12.7%	-1.0%	-4.9%	11.3%

Source: DOLWD; McKinley Research Group calculations.

Sitka's Economic Footprint

There are several metrics that describe the size and overall trajectory of Sitka's economy. Key metrics from the federal government do not yet reflect the economic impact of COVID-19.

- The Bureau of Economic Analysis measured Sitka's Gross Domestic Product (GDP) in 2019 at \$538 million, up from \$519 million in 2018. GDP is a measure of the market value of final goods and services produced in Sitka annually. In 2019, the private sector accounted for \$396 million (73%) of Sitka's total GDP, up from 71% in 2018.
- BEA estimated total workplace earnings in Sitka at \$415 million in 2019, up from \$399 million in 2018. Total earnings are a measure of wages and self-employment income for residents and non-residents working in Sitka.
- Sitka residents' personal income totaled \$632 million in 2019, up from \$610 million in 2018. 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 is a measure of local business activity and provide a good barometer of the overall trajectory of the economy. According to City and Borough of Sitka data, gross sales totaled \$407 million in FY2019 and \$392 million in FY2020 (July 1, 2019 through June 30, 2020) a \$15 million decline. In the most pandemic-affected sectors, sales dropped \$28 million (-10%), in the period of March through June.

Employment Trends

- Sitka’s economy included an average of 3,751 wage and salary jobs in 2020, according to DOLWD data. This measure of employment does not include commercial fishermen, other self-employed people, or active-duty Coast Guard or other military.
- Wage and salary employment in Sitka decreased 13% (560 jobs) between 2019 and 2020. This pandemic-driven decline was focused in the leisure and hospitality sector (-126 jobs), as well as in the transportation (-96 jobs), seafood processing (-64 jobs), and retail (-37 jobs) sectors. The large decline in local government employment and increase in health care employment are due in part to a shift in ownership of the community hospital.

Table 3. Sitka Employment Trends, 2016-2020

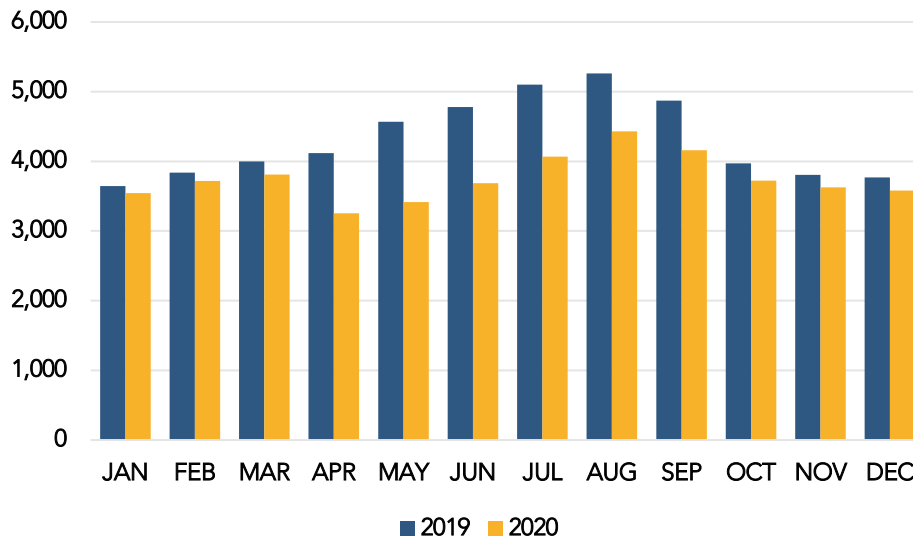
Industry	2016	2017	2018	2019	2020	2019-20 Change	2019-20 % Change
Government Sector							
Federal Government	126	120	113	108	117	9	8.3%
State Government	326	320	323	315	288	-27	-8.6%
Local Government	681	692	679	592	446	-146	-24.7%
Private Sector							
Construction	188	158	154	156	137	-19	-12.2%
Manufacturing	445	495	477	547	450	-97	-17.7%
Seafood Processing	363	411	393	462	398	-64	-13.9%
Retail	449	449	459	448	411	-37	-8.3%
Transportation	290	293	270	270	174	-96	-35.6%
Scenic & Sightseeing	145	140	113	125	50	-75	-60.0%
Financial Activities	125	119	117	116	111	-5	-4.3%
Professional & Business Services	173	177	187	203	196	-7	-3.5%
Educational and Health Services	664	678	688	771	792	21	2.7%
Educational Services	83	ND	78	80	46	-34	-42.5%
Health Care & Social Assistance	581	ND	609	691	746	55	8.0%
Leisure & Hospitality	521	522	518	521	395	-126	-24.2%
Accommodations	138	149	157	148	95	-53	-35.8%
Restaurants and Bars	357	341	332	343	276	-67	-19.5%
All Other	241	260	257	264	235	-29	-11.0%
Total Employment	4,229	4,283	4,241	4,311	3,751	-560	-13.0%

Source: QCEW, DOLWD.

Job Losses in 2020, By Month

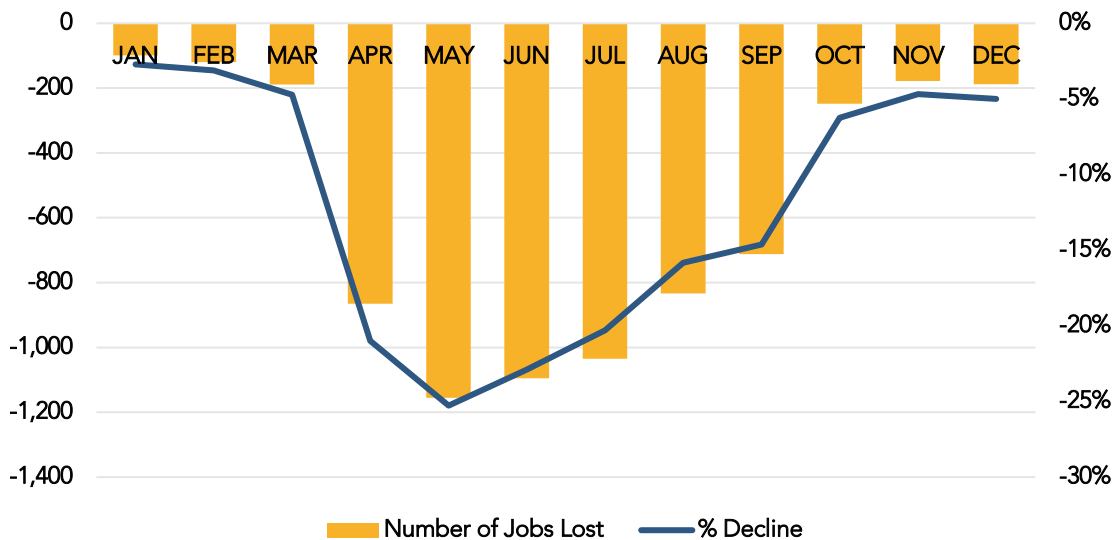
- COVID-19 related job losses began in earnest in April 2020 and by May there were 1,155 fewer jobs than in May 2019, a 25% drop. In the final quarter of 2020 (October through December), employment in Sitka average 205 jobs below the same period in 2019, a 9% loss. Monthly employment data for the first few months of 2021 is not yet available.

Figure 7. Sitka Employment by Month 2019-2020



Source: QCEW, DOLWD.

Figure 8. Sitka Job Loss by Month 2020



Source: QCEW, DOLWD, McKinley Research Group calculations.

Wage Trends

- Wages earned in Sitka totaled \$193.0 million in 2020, down 7.4% (\$15.6 million) from the 2019 total of \$208.6 million. The change included an 11% drop in government wages and a 6% decrease in private sector wages, declines mainly related to the COVID-19 pandemic.
- The average monthly wage in Sitka in 2020 was \$4,287 (the equivalent of \$51,444 annually). Government wages are, on average, higher than in the private sector (\$5,025 versus \$4,071, respectively).
- Sitka wages have been trending up, in both the public and private sectors. Government wages increased 10% between 2016 and 2020 while private sector wages were up 19% over the same period. Some of the increase in 2020 was likely due to the disproportionate loss of lower-wage jobs, driven by the pandemic.
- Sitka's average monthly wage in 2020 was 13% below Juneau's average wage and about 16% below the statewide average. Sitka is well above Wrangell and Petersburg, which had average wages just above \$3,700 in 2020.

Table 4. Sitka Monthly Wages and Total Annual Wage Trends, 2016-2020

	2016	2017	2018	2019	2020
Total Annual Wages (\$ Millions)					
Government	\$62.1	\$61.4	\$63.4	\$57.7	\$51.3
Private industry	\$121.7	\$124.1	\$133.2	\$150.9	\$141.7
All Sectors	\$183.7	\$185.5	\$196.6	\$208.6	\$193.0
Avg. Monthly Wages					
Government	\$4,565	\$4,521	\$4,739	\$4,734	\$5,025
Private industry	\$3,271	\$3,302	\$3,550	\$3,818	\$4,071
All Sectors	\$3,617	\$3,624	\$3,862	\$4,032	\$4,287

Source: QCEW, DOLWD.

Table 5. Average Monthly Wage, Statewide and Selected Communities, 2020

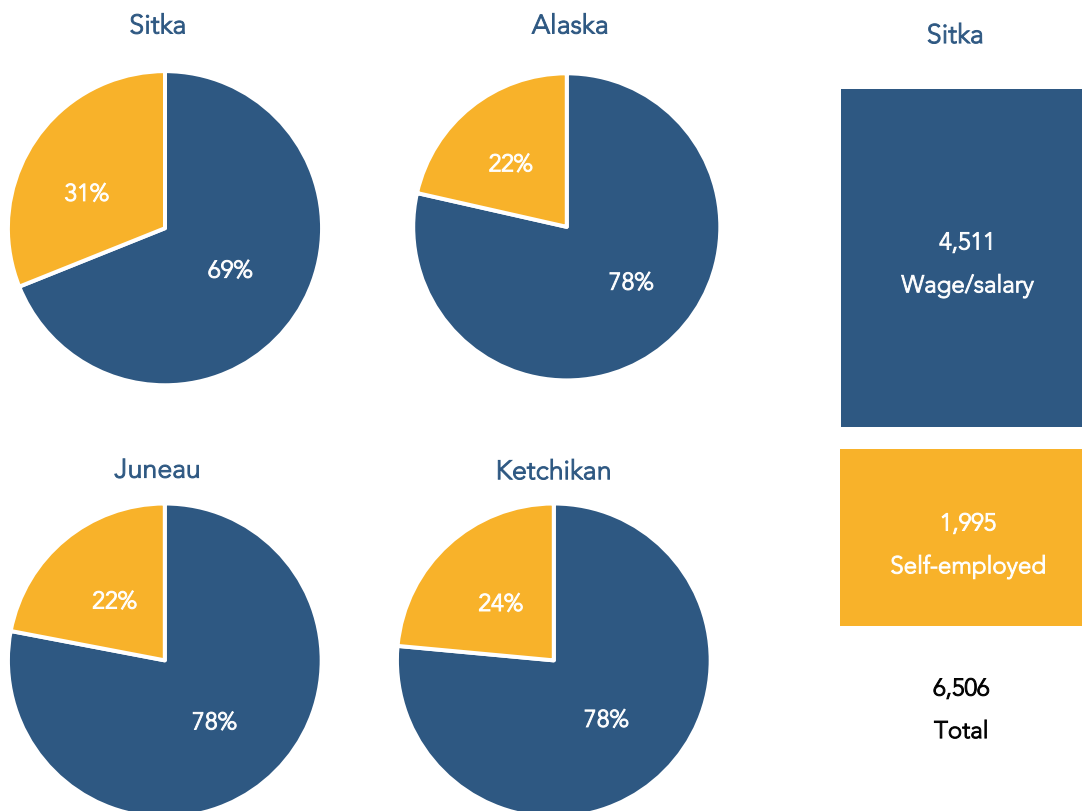
	Average Monthly Wage
Alaska	\$5,094
Anchorage	\$5,376
Juneau	\$4,925
Ketchikan	\$4,374
Sitka	\$4,287
Petersburg	\$3,720
Wrangell	\$3,721

Source: QCEW, DOLWD.

Wage/Salary Employment and Self-Employment

- Wage and salary employment and self-employment together accounted for a total of 6,506 jobs in Sitka in 2019, according to the latest available BEA data. This total includes fishermen and active duty Coast Guard personnel.
- Wage and salary employment accounted for 4,511 jobs, or 69% of all employment in Sitka in 2019. Self-employment accounted for 1,995 jobs (31%).
- Self-employment accounts for a larger share of jobs in Sitka (31%) than in Juneau (22%), Ketchikan (24%), and Alaska overall (22%). The difference is likely attributable to Sitka’s relatively high number of commercial fishermen in the local work force.

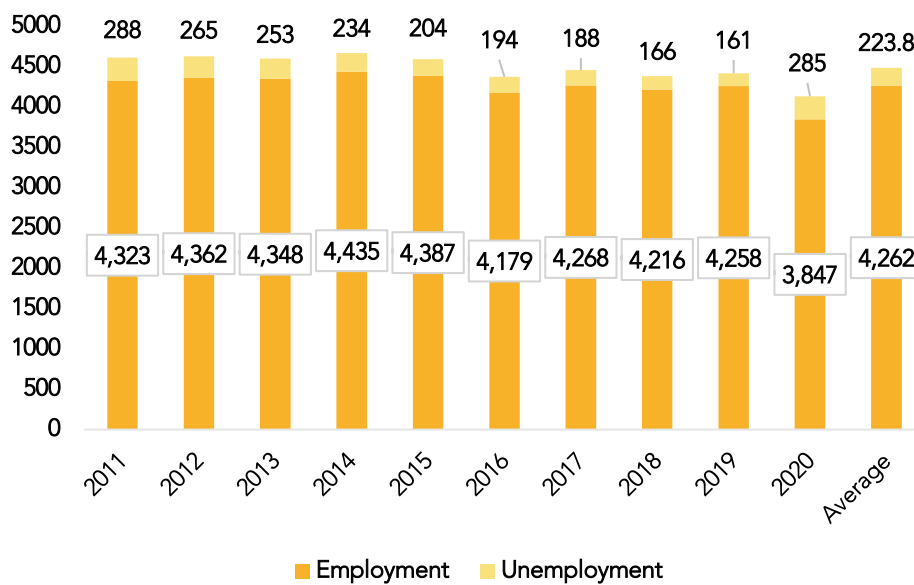
Figure 9. Wage and Salary Employment and Self-Employment, 2019 Sitka



Labor Force/Unemployment

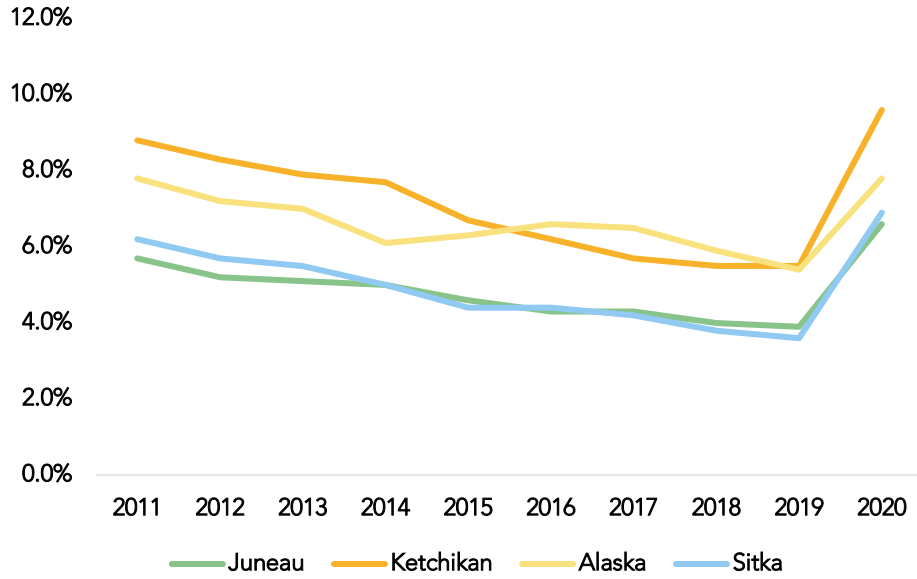
- Sitka’s labor force averaged 4,132 workers in 2020, ranging from 3,861 in January to 4,595 in August. The labor force includes employed and unemployed (but seeking employment) residents. It does not include seasonal or other temporary nonresident workers.
- Sitka’s average annual unemployment rate had been declining over the past eight years, until 2020 when it increased significantly, from 3.6% to 6.9%, due to the COVID-19 pandemic. Sitka’s average unemployment rate in 2020 was slightly higher than Juneau’s (6.6%) and significantly lower than Ketchikan’s (9.6%) and the statewide average (7.8%).
- Labor force statistics provided the first measures of the economic impact of the pandemic.
 - Sitka’s unemployment rate climbed to 12.5% in May, more than double the March rate of 4.7%. In May, 502 Sitka resident workers were unemployed, out of the total resident labor force of 4,026. In a typical May, approximately 170 to 190 Sitka workers are unemployed.

Figure 10. Sitka Labor Force, 2011-2020



Source: DOLWD.

Figure 11. Unemployment Rate (%), by Area, 2011-2020



Source: DOLWD.

Table 6. Annual Average Unemployment Rates (%), by Area, 2011-2020

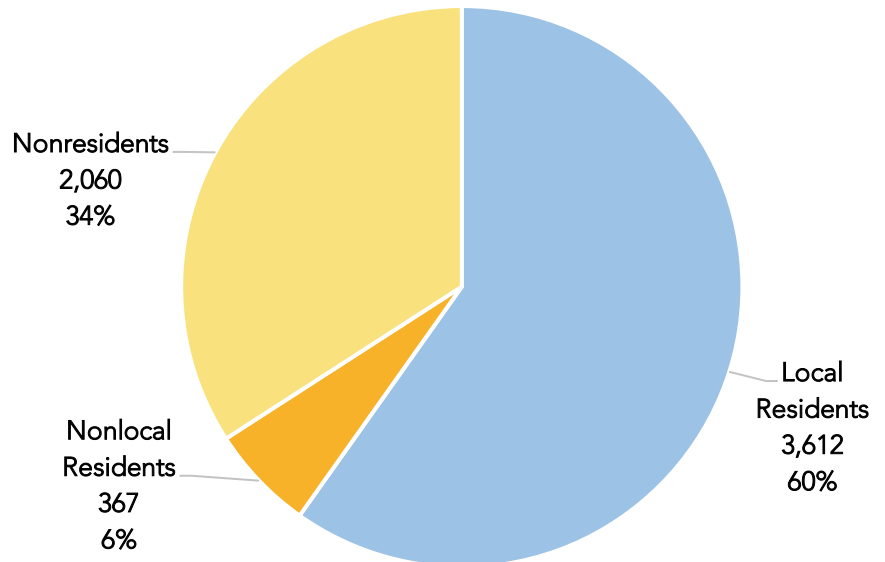
	Sitka	Juneau	Ketchikan	Alaska
2011	6.2	5.7	8.8	7.8
2012	5.7	5.2	8.3	7.2
2013	5.5	5.1	7.9	7.0
2014	5.0	5.0	7.7	6.1
2015	4.4	4.6	6.7	6.3
2016	4.4	4.3	6.2	6.6
2017	4.2	4.3	5.7	6.5
2018	3.8	4.0	5.5	5.9
2019	3.6	3.9	5.5	5.4
2020	6.9	6.6	9.6	7.8

Source: DOLWD.

Nonresident Workers

- In 2019, Sitka's workforce included 2,060 non-Alaska residents and 367 Alaskans from elsewhere in the state.
- Non-Alaska residents accounted for 34% of the workforce in 2019. Including Alaska residents from elsewhere in the state, 40% of the Sitka workforce was non-local.
- In the private sector, nonresidents represented 39% of the Sitka labor force in 2019. Those workers took home 25% of the private sector wages earned in Sitka.

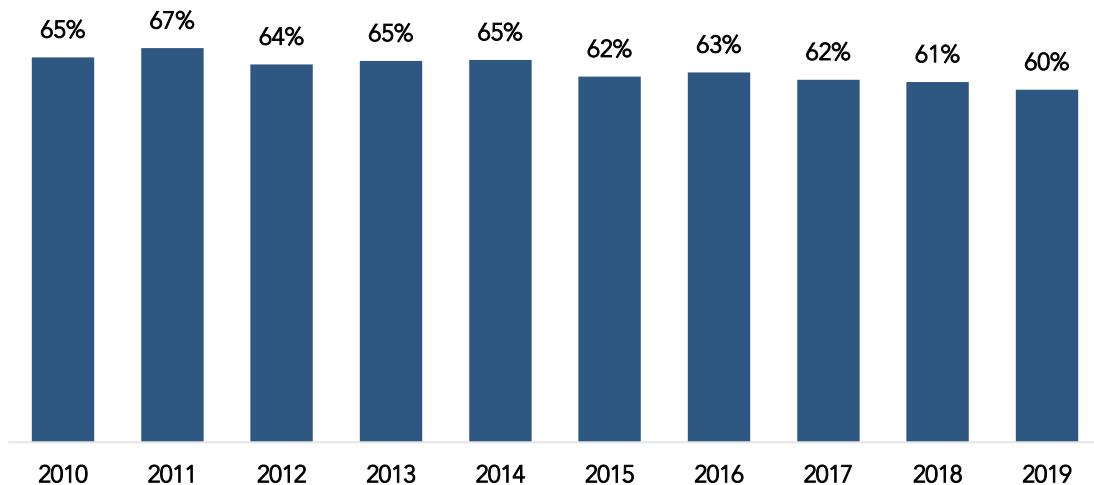
Figure 12. Nonresidents in the Sitka Workforce, 2019



Source. DOLWD.

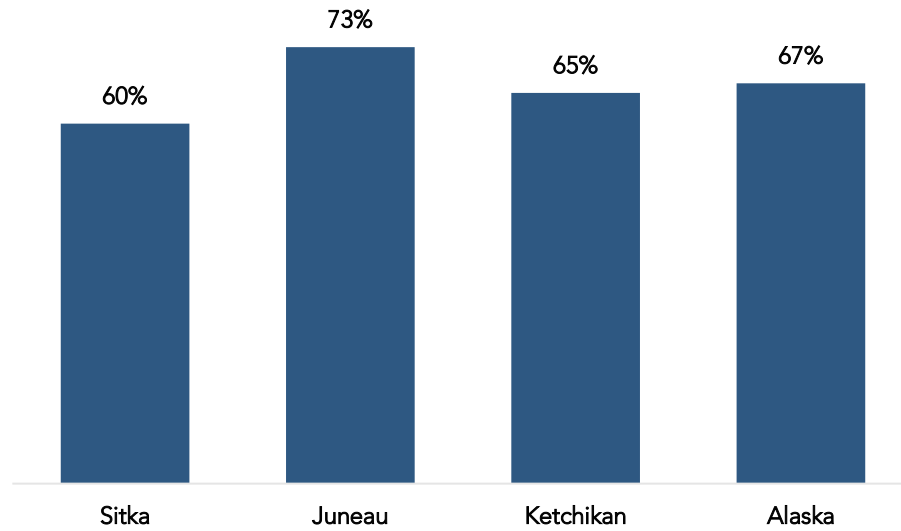
- Sitka is gradually becoming more dependent on nonresident workers. Over the past decade the share of Alaska residents in the workforce has fallen from 67% to 60%. Data for 2020 will likely show a sharp decrease in nonresident participation in the Sitka workforce, due to COVID-19 travel related restrictions.
- As of 2019, Sitka was more dependent on non-local workers than Ketchikan and Juneau, as illustrated in Figure 12.

Figure 13. Share of Local Residents in the Sitka Workforce, 2010 to 2019



Source: DOLWD.

Figure 14. Share of Workers that are Local Residents, 2019

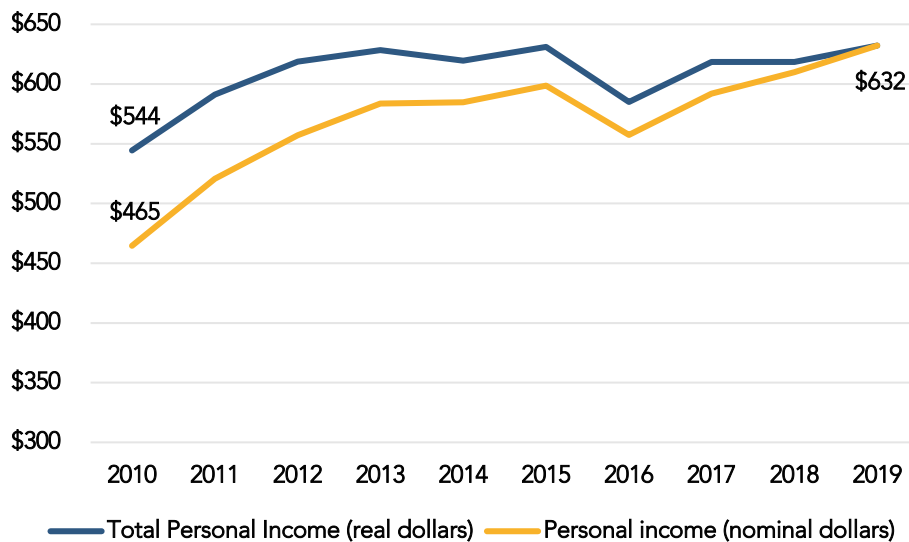


Source: DOLWD.

Personal Income

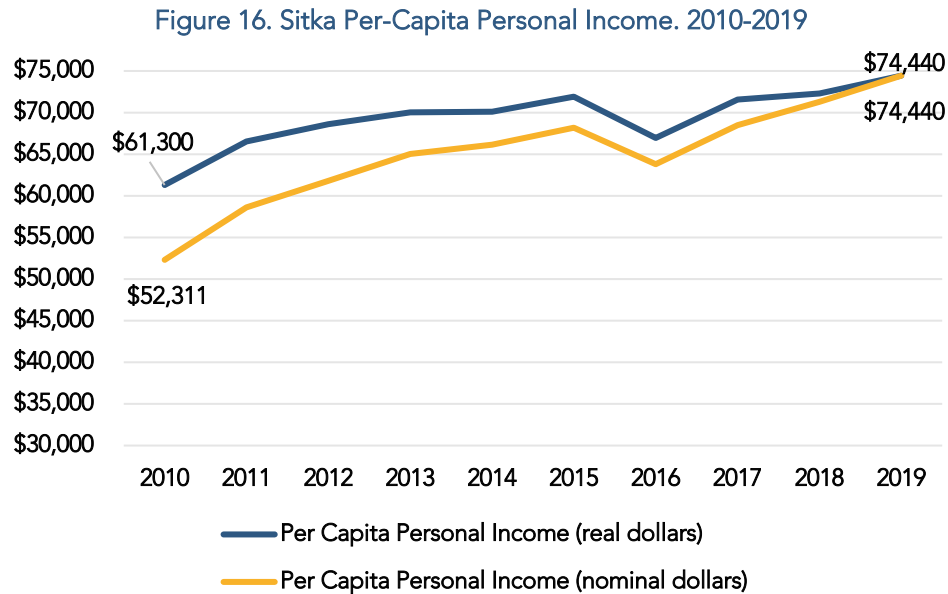
- Sitka residents earned \$632 million in total personal income in 2019, a 2% increase from 2018. This is a measure of income from all sources, including from employment, investments, and transfers from government.
- Between 2010 and 2019, total personal income increased by 36% in nominal dollars and 16% in “real” (inflation-adjusted) dollars.

Figure 15. Sitka Total Personal Income, 2010-2019 (\$ millions)



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

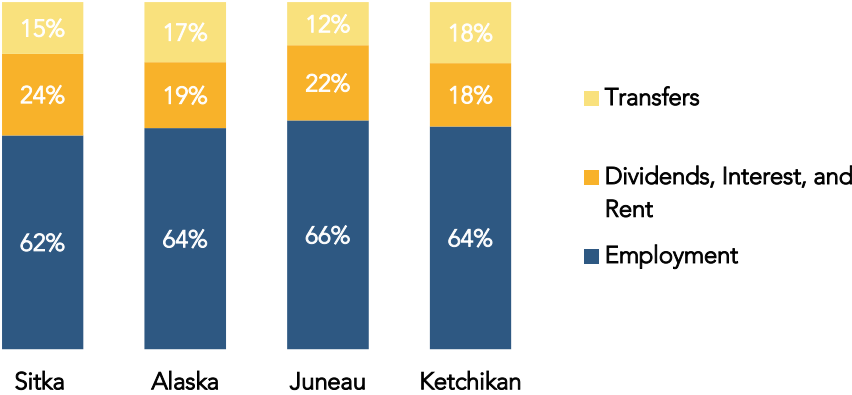
- Per capita income among Sitka residents was \$74,440 in 2019. Nominal per capita income in Sitka increased each year between 2010 and 2019, except in 2016.
- Per capita income increased 21% between 2010 and 2019, similar to the 16% growth in personal income.



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

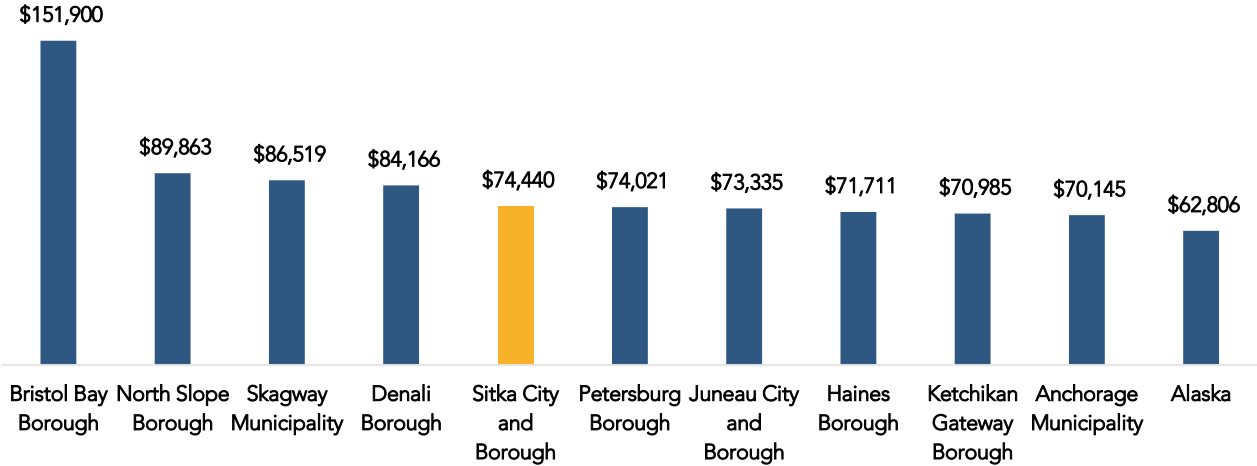
- Employment income represents 62% of Sitka resident income; dividends, interest and rent account for 24%; and transfer payments (from government to individuals) account for the balance. Employment income includes both wage and salary income and proprietor’s income (including self-employed fishing).
- Over the last 10 years, income from dividends, interest and rent has grown faster than employment income and has accounted for more than half of the growth in real personal income in Sitka. It reached its peak share of resident income in 2017 at 27%.
- The 24% 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 17. Sitka Personal Income Sources by Area. 2019



Source: BEA.

Figure 18. Per-Capita Income, Top Ten Boroughs/Census Areas in Alaska, 2019



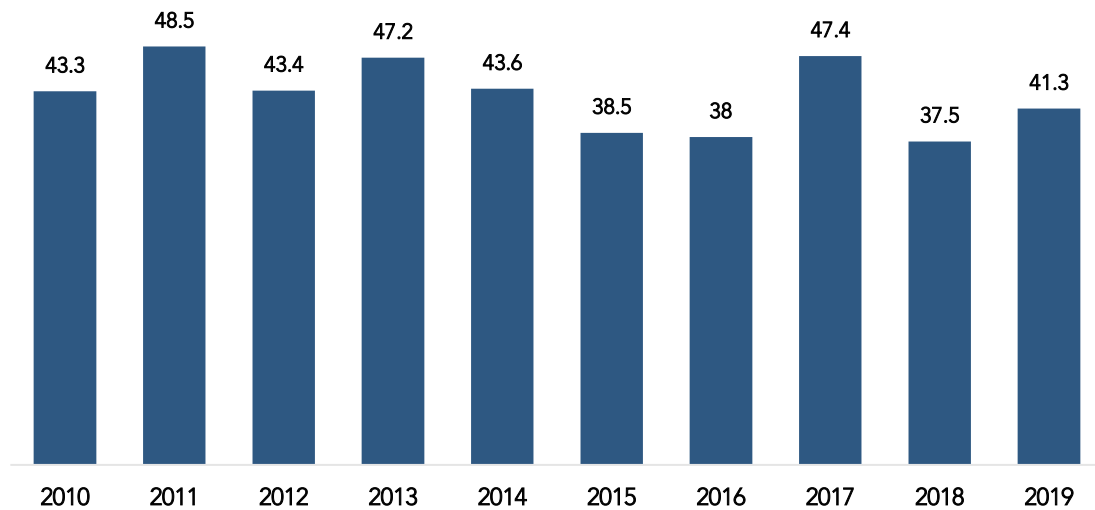
Source: BEA

Key Industry Conditions and Trends

Seafood Industry

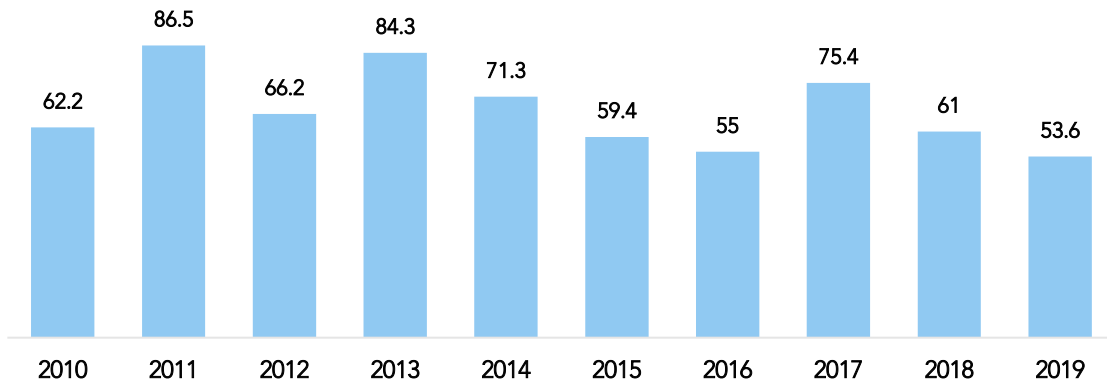
- The seafood industry is a key source of jobs, income, and tax revenue in Sitka. Based on Commercial Fisheries Entry Commission (CFEC) data, for 2019, 398 Sitka resident permit holders harvested 27.8 million pounds of fish with a total ex-vessel value of \$41.3 million. Complete data for 2020 is not yet available. Preliminary data point toward lower total volumes and values in 2020.
- The ex-vessel value of all seafood landed (and processed) in Sitka in 2019 totaled \$53.6 million.

Figure 19. Sitka Resident Commercial Fishing Earnings, 2010-2019 (\$ millions)



Source: CFEC.

Figure 20. Estimated Seafood Landings Value in Sitka, 2010-2019 (\$ millions)



Source: NOAA.

Table 7. Sitka Resident Participation, Harvest, and Earnings, Value of Sitka Landings, 2010-2019

	Active Permit Holders	Total Pounds Harvested (millions)	Total Ex-vessel Earnings (\$ millions)	Estimated Sitka Landings Value (\$ millions)
2010	461	34.6	43.3	62.2
2011	467	37.4	48.5	86.5
2012	481	25.6	43.4	66.2
2013	450	48.8	47.2	84.3
2014	458	34.6	43.6	71.3
2015	443	37.6	38.5	59.4
2016	450	24.4	38.0	55.0
2017	426	33.5	47.4	75.4
2018	409	22.5	37.5	61.0
2019	398	27.8	41.3	53.6

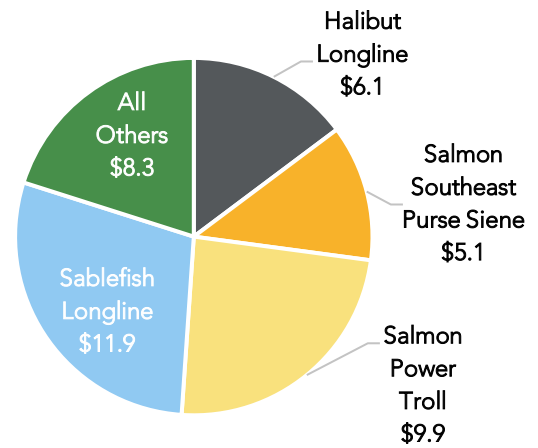
Source: CFEC.

- o The number of crew licenses in Sitka declined sharply in 2020. In 2019 there were 469 Sitka crew licenses of all types. The 2020 total was 263. The number of resident crew licenses dropped from 384 to 201.

Seafood Processing

- o Seafood processing accounted for an annual average of 398 jobs in Sitka in 2020, down 14% from 2019.
- o Sitka’s seafood processing sector generated total wages of \$21.8 million in 2020, down 10% from 2019.
- o Seafood processing generated \$1.2 million in raw fish tax for the City and Borough of Sitka in FY2020.
- o Sitka’s largest property taxpayer and three of the top four property taxpayers are seafood processors. Those three processors had a total combined assessed property valuation of \$35.4 million in 2020.¹

Figure 21. Sitka Fisherman Earnings (\$ millions) by Permit Type, 2019



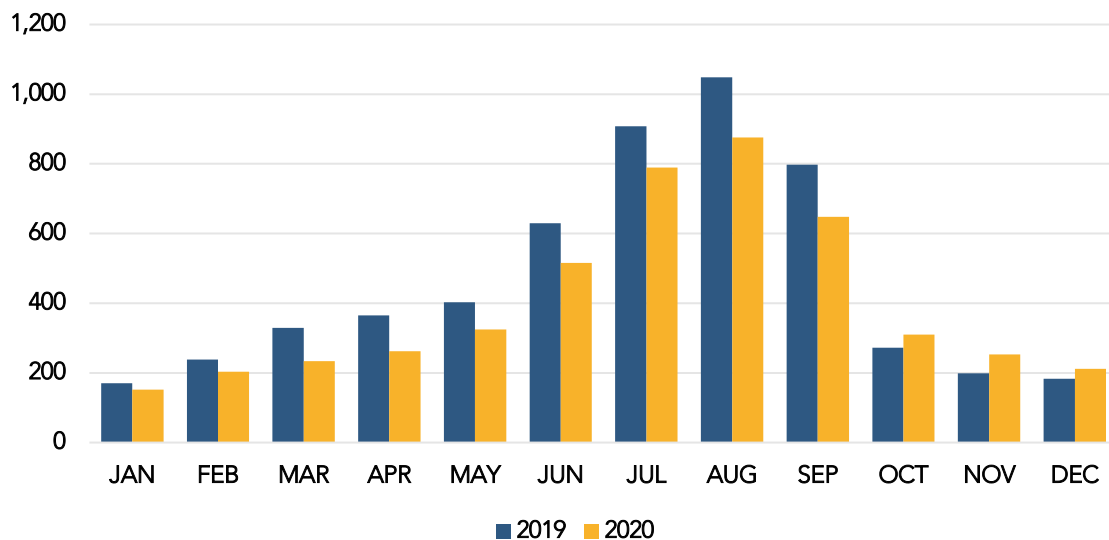
Source: CFEC.

¹ City and Borough of Sitka FY2020 Comprehensive Annual Financial Report.

SEAFOOD PROCESSING EMPLOYMENT BY MONTH

- Seafood processing is Sitka’s most seasonal sector; employment peaked at 876 employees during the summer months in 2020, falling to 152 in the winter.
- By month, the decline in seafood processing employment in 2020 was greatest in March and April at 29% and 28% lower, respectively, than the previous year. Seafood processing employment in the fall of 2020 reversed course and exceeded employment in fall of 2019. November 2020 employment was 27% (about 50 jobs) over 2019.

Figure 22. Monthly Seafood Processing Employment in Sitka (2019-2020)



Source: QCEW, DOLWD, McKinley Research Group calculations.

Hatchery Benefits

- Northern Southeast Regional Aquaculture Association (NSRAA), based in Sitka, produced salmon for commercial harvest with a total ex-vessel value of \$6.8 million in 2020, a 58% decrease from 2019.² The year 2018 was a record high, with a total ex-vessel value of \$29 million. NSRAA projects the 2021 salmon return will be 60% higher than the 2020 return.³
- According to a recent McDowell Group (now McKinley Research Group) study focusing on the 2012-17 period, 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.

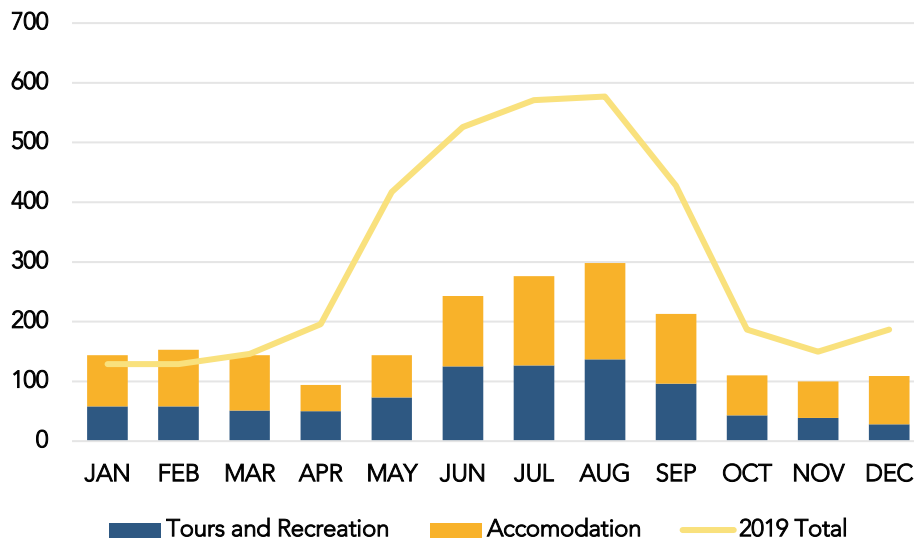
² NSRAA Ex-Vessel Value Estimates (By Species).

³ NSRAA 2021 Return Projections

Visitor Industry

- Sitka experienced sharp employment declines in visitor-dependent sectors in 2020. From April-December 2020, employment in key visitor-dependent sectors declined between 33%-65% compared to the previous year.⁴ The decline in total jobs peaked in July with 295 fewer jobs than July 2019. It is important to note that this not a full accounting of visitor industry jobs lost in 2020. That are also jobs created by visitor spending in the retail and food service sector, air transportation, and other sectors.⁵

Figure 23. Highly Seasonal Industry Employment in Sitka (2019-2020)



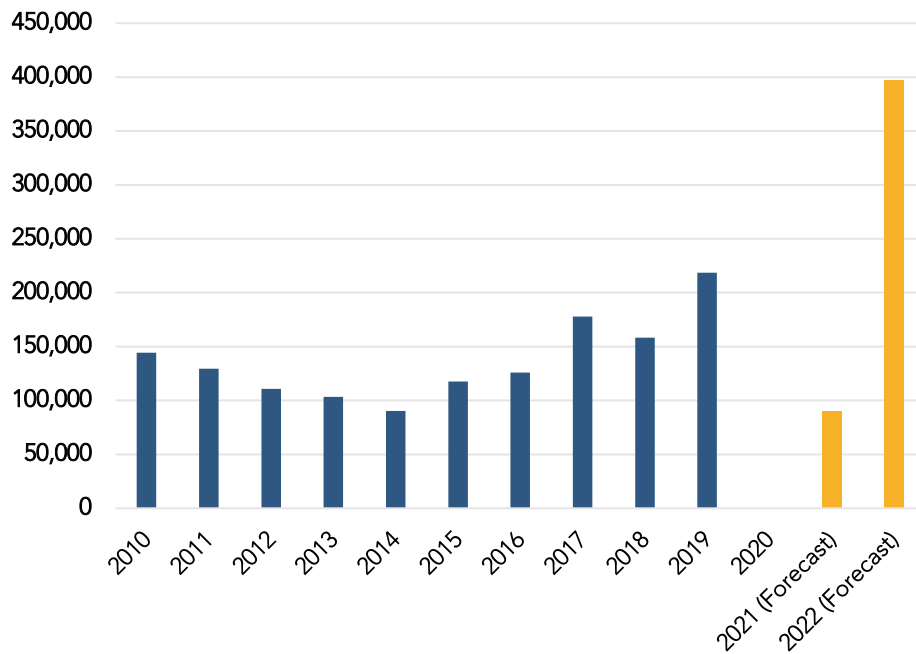
Source: QCEW, DOLWD.

- COVID-19 related restrictions hit the visitor industry hard, in Sitka and elsewhere in Alaska. None of the expected 200,000 cruise visitors arrived in Sitka in 2020. The independent travel market was hit hard as well, though not quite to the extent as the cruise sector.
- Prior to the COVID-19 pandemic, cruise passenger traffic to Sitka had been projected to reach slightly more than 300,000 passengers in 2021, topping Sitka's previous peak of 290,000 passengers in 2008. The majority of the 2021 cruise season has been canceled due to the continued closure of Canadian ports to foreign passenger vessels.
- Thanks to the passage of the Alaska Tourism Restoration Act cruises to Alaska are scheduled to resume in late July. Sitka is forecasted to host 90,000 cruise passengers during the shortened season. The 2022 cruise season is projected to set a new record for Sitka with 397,000 passengers visiting the community in 266 port calls throughout the season. This represents a 45% increase in passenger traffic compared to 2019 and a 27% increase from Sitka's previous peak in 2008.

⁴ Includes the scenic and sightseeing transportation sector, the arts and entertainment sector, and the accommodations sector, which all have significantly seasonal employment.

⁵ Though it is 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.

Figure 24. Sitka Cruise Passenger Visitation, 2010-2020 Actuals, 2021-2022 Forecasts

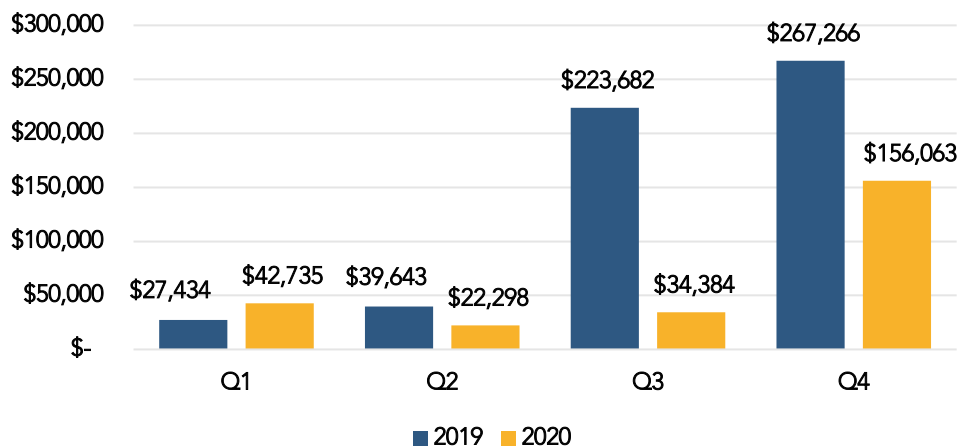


Source: Cruise Lines Agencies of Alaska; Old Sitka Dock.

Note: 2021 is based on lower berth capacity; actual volume is likely to be even lower due to likely reduced capacity requirements due to COVID-19.

- Bed tax receipts show a sharp decline in revenue due to the COVID-19 pandemic. In 2020, annual receipts fell 54% compared to 2019, from \$558,025 to \$255,480. This is likely almost entirely due to the absence of the regular visitor season. Third quarter receipts fell by 85% in 2020 compared to 2019. Fourth quarter receipts fell by 42%.

Figure 25 Sitka Quarterly Bed Tax Receipts 2019-2020

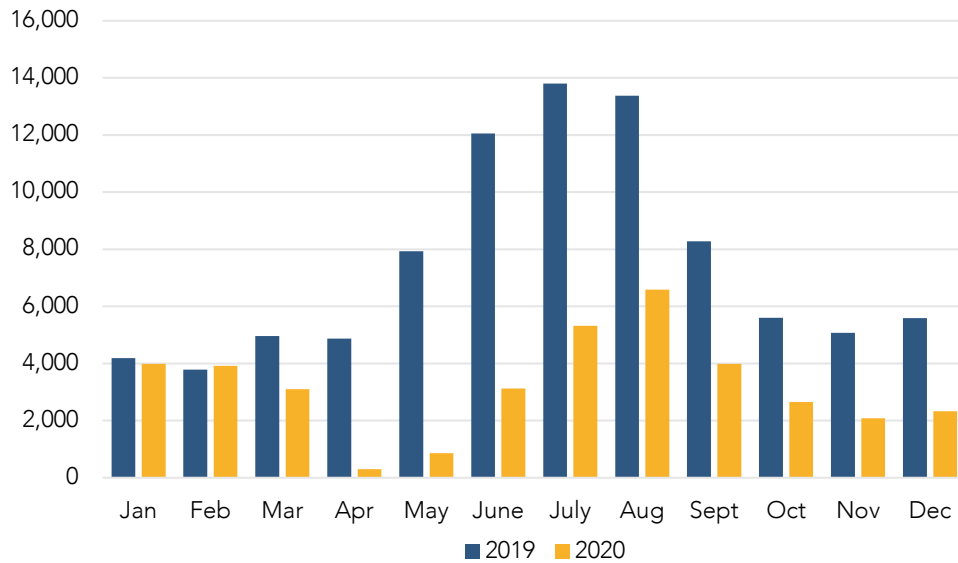


Source: City and Borough of Sitka

Note: Quarterly due dates are the last days of the month following the end of the calendar quarters. Therefore, bed tax receipts are highest in the third and fourth quarters following the highest visitor months in the second and third quarters of the year.

- Air passenger traffic in Sitka fell from 89,000 in 2019 to 38,000 in 2020, a 57% reduction. In April 2020 there was a 94% reduction in air passenger enplanements compared to 2019.

Figure 26 Sitka Air Passenger Traffic, 2019-2020, by Month



Source: Bureau of Transportation Statistics

Health Care and Social Services

- DOLWD reported an average of 746 private sector jobs in Sitka in health care and social assistance in 2020. This is an 8% increase from 2019. Workers in these jobs earned just over \$50 million in total annual wages in 2020, a 12% increase from 2019.⁶ These increases are largely due to the transition of Sitka Community Hospital (SCH) from the City to SEARHC. SCH jobs were previously reported as part of local government employment. Those jobs are now reported as private sector health care jobs.
- With approximately 500 employees, SEARHC is the single largest source of employment (and wages) in the community.
- DOLWD figures for health care 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-quarter higher than the economy-wide average.

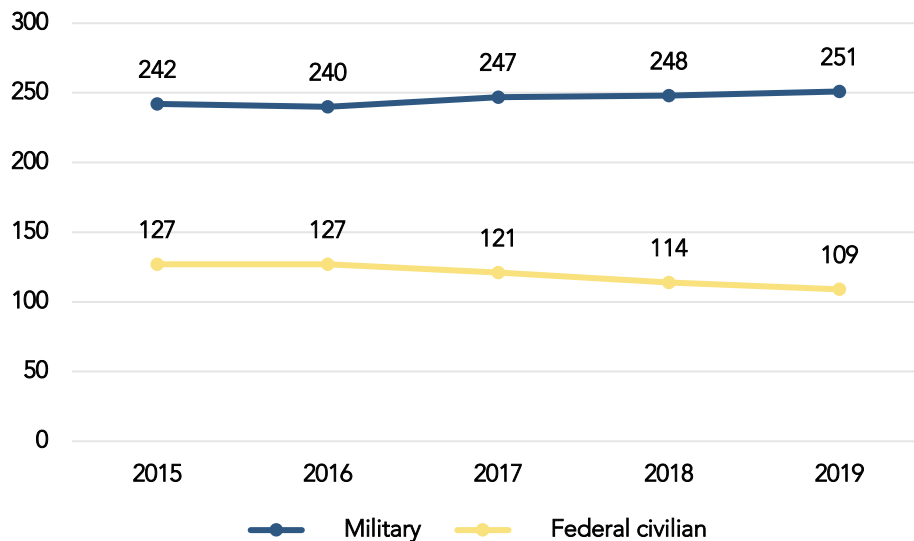
⁶ Beginning in 2018 Sitka Community Hospital, previously reported under local government employment, transitioned to Southeast Alaska Regional Health Consortium (SEARHC) management.

- This sector included 90 workers and \$2.6 million in annual wages associated with providing various forms of social assistance. There are 15 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 40 jobs and \$1.4 million in wages in 2020.

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 251 active duty and reservists in 2019, with \$23.2 million in total annual wages and benefits.
- Civilian federal government employment averaged 109 jobs and \$13.2 million in wages in 2019. The U.S. Forest Service is the largest component of federal employment in Sitka. Federal government workers earned a monthly average wage of \$6,481 (\$77,772 annually), making them among the highest paid workers in the community.
- Federal employment has declined by about 14% over the past three years.

Figure 27. Federal Employment in Sitka, 2015-2019



Source: BEA.

Other Economic Activity

Seafood, health care, tourism, and federal government form the foundation of Sitka’s economy, however, 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

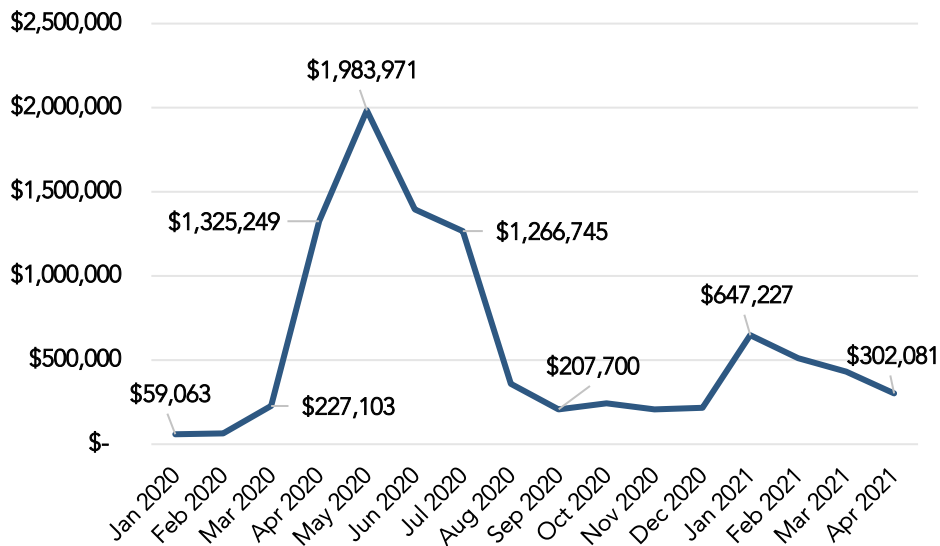
citizens residing in Sitka and elsewhere. STA provides a broad range of services and operates a variety of tribal enterprises. Shee Atiká is Sitka's urban corporation resulting from the Alaska Native Claims Settlement Act (ANCSA) and is the source of income, scholarships, and other benefits for local shareholders.

- Manufacturing in Sitka consists mainly of seafood processing. However, there is other manufacturing activity creating jobs and income. In 2020, there were 52 jobs and \$3 million in wages in manufacturing (mainly boat building) not related to seafood processing. This is a 39% decrease in jobs compared to 2019 and a 36% drop in total wages.
- Sitka's Professional and Business Services sector accounted for 196 jobs and \$7.3 million in total wages in 2020. 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 the sector was down about 5% in 2020 compared to 2019, but was down by as much as 40 jobs at one point (in August), or 17% below 2019.
- In 2020, employment in the retail sector averaged 411 jobs, with total annual wages of \$13.3 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 380 to a high of 433 workers. Overall, the retail sector saw an 8% decline in employment between 2019 and 2020, however, visitor-dependent retailers experienced much greater losses. Total retail sector wages increased very slightly, from \$13.2 million to \$13.3 million.
- Construction employment in Sitka averaged 137 jobs in 2020, with total annual wages of \$10.7 million. These are high-wage jobs, averaging \$6,566 per month, or about \$78,800 annually. Construction employment decreased 12% between 2019 and 2020 (from 156 to 137 jobs), and total wages decreased 13%, from \$12.4 million to \$10.8 million.

Unemployment Insurance

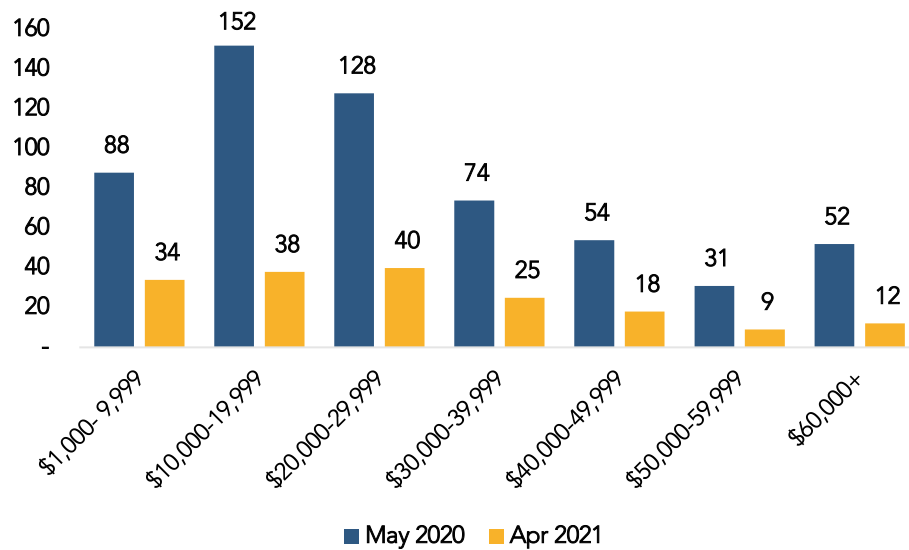
- Sitka unemployment insurance claimants received a total of \$7.6 million in 2020, almost 18 times the total amount paid in 2019. Claims peaked in May when nearly \$2 million was paid to 579 claimants. Individual payments averaged \$831 per week, replacing 82% of lost wages.
- The most recent data is from April 2021. That data shows 176 Sitka claimants received \$302,081, which averages \$403 per week per claimant.
- The sharp increase in April and May of 2020 was due to the mandatory COVID-19 closures and a \$600 increase in weekly unemployment benefits included in the CARES Act which began in mid-April and ended on July 31. The act also provided an extra 24 weeks of unemployment benefits after an individual had exhausted their state benefits; required states to provide flexibility regarding active job-search requirements; and encouraged states to waive a mandatory one-week waiting period by reimbursing the initial week of benefits. Benefits were extended until March 2021.
- The act extended unemployment benefits to many individuals who are not normally eligible, including self-employed workers such as independent contractors, freelancers, and workers seeking part-time work, and workers who do not have a long-enough work history to qualify for state unemployment insurance benefits. This program was extended through March 14, 2021.

Figure 28. Unemployment Insurance (Total Dollars Paid), January 2020-April 2021



Source: DOLWD

Figure 29. Number of Unemployment Insurance Claimants by Annual Income Category, May 2020 and April 2021



Source: DOLWD

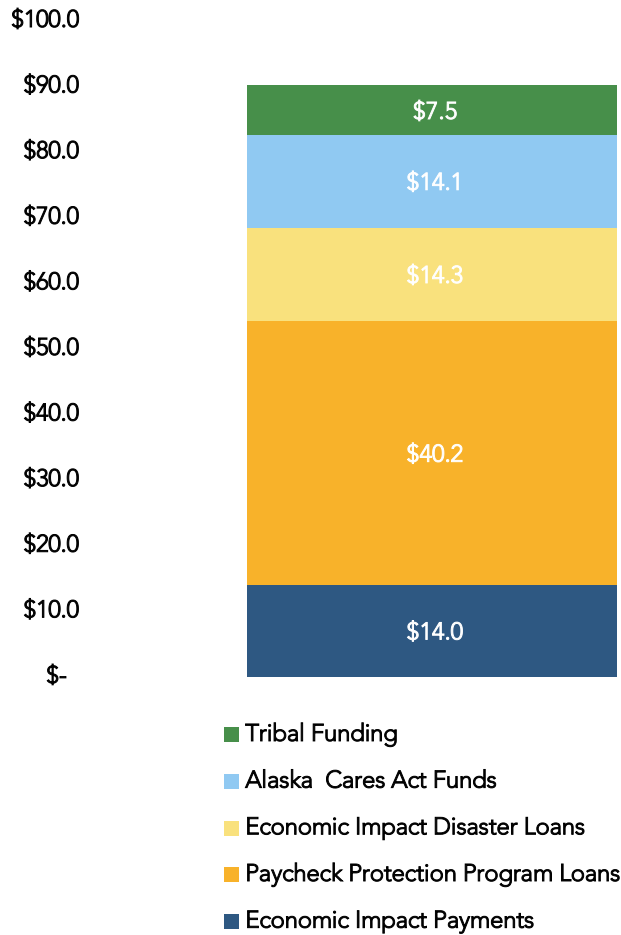
- Most of the unemployment claimants were lower wage earners. Sixty-three percent of claimants earned less than \$30,000 in the first four of the last five completed calendar quarters before the claimant filed and 76% earned below \$40,000.

Other Federal Relief Funds to Sitka

More than \$4 trillion in federal Covid-19 relief funds have been authorized by Congress since March 2020. Approximately \$90 million has been distributed to Sitka residents, businesses, and organizations.

- Sitka residents received an estimated \$14 million in Individual Economic Impact Payments (EIPs) (\$8 million in 2020, \$6 million more in 2021).
- Sitka businesses and organizations received approximately \$40.2 million from the Paycheck Protection Program (PPP), which provided forgivable loans to help small businesses and organizations cover payroll costs, and interest on mortgages, rent, and utilities for up to eight weeks. This included self-employed business owners such as fisherman who employ crew. In 2020:
 - 560 recipients received loans under \$150,000, totaling \$21.8 million.
 - 29 recipients received loans over \$150,000, for an estimated total of \$18.5 million.
- \$14.3 million in Economic Injury Disaster Loans were made to businesses and nonprofits, including \$13.4 in loans and \$883,000 in advances.
- Sitka's share of the State of Alaska Cares Act funds was \$14.1 million.
- Sitka area tribal entities received \$7.5 million in funding.

Figure 30. Breakdown of Sitka Federal Relief Funds



Source: Small Business Administration, BIA, NOAA.

- Alaska was allocated \$50 million in CARES Act assistance for commercial fishermen, seafood processors, sport charter operators, subsistence users, and hatchery operators. The funds allocation will include 35% for commercial fishermen, 32% for the processing sector (including wholesalers and distributors, as well as processors), 27% for sport charter operators, 5% for subsistence, and 1% for aquaculture. Sitka's portion of this money is not yet known.