

Nature-Based Tourism in Southeast Alaska: Results from 2005

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Prepared for the Alaska Conservation Foundation

September 2006

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Executive Summary

This report covers Phase II of a larger research project with the goal of providing a broad overview of the regional economy of Southeast Alaska, including trends over time for individual communities and boroughs. The primary purpose of the Southeast Alaska economy project is to add to the information and knowledge base available to help people make informed decisions.

The field research was organized into two case studies: 1) Ketchikan as a *gateway community* for nature-based tourism activities, and 2) Chichagof Island as a *destination*. The communities investigated included Ketchikan, Elfin Cove, Hoonah, Pelican, Tenakee Springs, Sitka and Juneau. An important goal of the summer 2005 field work was to determine which field methods were most effective and efficient.

As part of this research, field staff interviewed both nature-based tourism businesses and visitors. In Ketchikan, 37 companies and 223 visitors, including cruise, air and ferry passengers, were interviewed. In the communities on Chichagof Island, 67 companies were interviewed. Additional local experts and other travelers were interviewed to expand our understandings of the sub-sector details of the tourism industry.

On Chichagof Island, 9 companies were interviewed in Elfin Cove, 15 in Hoonah, 21 in Juneau, 10 in Pelican, 9 in Sitka, and 3 in Tenakee. Sitka and Juneau businesses were interviewed if they provided trips or travel to Chichagof Island and only the Chichagof Island portion of their business activities are included.

In addition to businesses, field staff also interviewed the harbor masters at Tenakee Harbor and Hoonah Harbor and fuel docks personnel in Elfin Cove and Hoonah; staff at Convention and Visitor's Bureau in Sitka and Ketchikan; personnel with the U.S. Forest Service, Alaska Department of Fish & Game, and Borough/city accounting offices in Sitka and Ketchikan; the Hoonah City Accountant; and the mayors of Hoonah and Pelican.

A number of key findings emerged from this research, despite its limited geographic scope. These include:

- Tourism in Southeast Alaska is primarily focused on nature-based activities as people are attracted to the region for its beautiful scenery, fisheries, wildlife, marine mammals, glaciers, and other natural attributes of the region's public lands.
- A large and growing portion of Southeast Alaska's tourism sector and visitors are cruise ship passengers. These visitors are similarly interested in nature-based tourism services as independent travelers. The majority of shore excursions provide nature-based activities from hikes and glacier viewing to flightseeing and forest canopy zip lines.
- While most cruise passengers are interested in nature-based visitor activities which are offered by an assortment of companies, there is a complex and extremely competitive system for booking cruise visitors with specific businesses and making information available to cruise passengers on services offered and their prices. While having a shore excursion contract with cruise lines appears to

ensure a consistent client base, the trade-off is accepting the marketing, advertising, pricing, and commission restrictions imposed by the cruise companies.

- Tourism businesses that appear to be doing best either have a cruise ship shore excursion contract or are catering to overnight guests providing high quality and high value services. Examples of these types of businesses include sportfishing lodges and yacht cruises.
- Unless a company offers a new creative shore excursion idea, it is difficult to compete with businesses with existing cruise contracts. This is especially true if the new business requires a large number of clients to be profitable.
- There is some evidence that visitors are willing to pay premium prices for higher quality experiences in more pristine environments, such as the sport fishing lodges in secluded Elfin Cove as compared to Pelican, Hoonah or Tenakee. It is not clear, however, what specific attributes (seclusion, fishing experience, food, services, perceived exclusivity, and environmental amenities) are the key components of this higher market value.
- It is possible to design a community-based tourism program that provides employment to local residents as is occurring in Hoonah. However, Elfin Cove appears to bring in more in gross revenues than Hoonah with about one-eighth as many visitors because Hoonah's operation is relying on volume while Elfin Cove's is relying on a higher-priced fishing lodge experience. Day trips seem to be relatively higher cost, lower profit operations.
- Independent travelers appear to avoid the crowds and many are repeat visitors, having visited Alaska numerous times. Most tend to stay longer and have more open itineraries. These characteristics contribute to making them more difficult to survey directly.
- There was a vocalized interest by companies in several communities to move more toward marine wildlife viewing and sightseeing and away from sport fishing. Operators preferred wildlife viewing as it was less stressful with less pressure to catch fish. Wildlife viewing is highly attractive to visitors attributable to spectacular scenery and abundant wildlife including whales and other marine mammals. Some operators were making these changes, while others did not think they could bring in the same amount of revenue but wished they could.

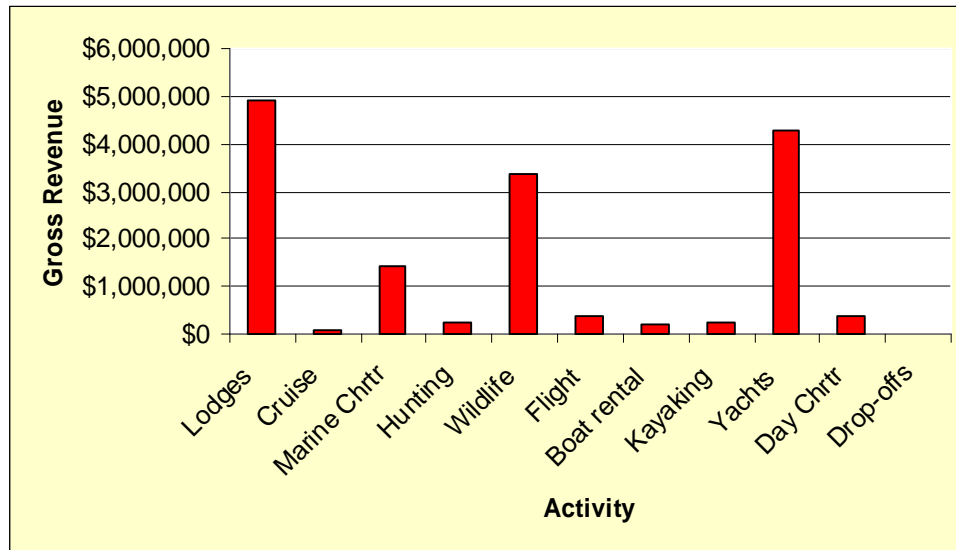
**Table E-1.
Estimated Revenue by Community for
Nature-based Tourism Activities,
Chichagof Island, Summer, 2005**

Community/Activity	Revenue	Visitors
Elfin Cove		
Lodges	\$4,889,500	1,528
Small Cruise Ships*	\$90,000	3,000
Subtotal	\$4,979,500	4,528
Hoonah		
Marine charters/Fishing lodge	\$840,320	1,060
Hunting	\$252,000	20
Sightseeing/Wildlife	\$3,360,350	33,610
Subtotal	\$4,452,670	34,690
Juneau		
Flight	\$268,230	--
Boat rental	\$209,000	72
Guided Kayaking	\$259,280	283
Charter Yachts	\$4,059,450	1,105
Subtotal	\$4,795,960	1,460
Pelican		
Day Charters	\$396,900	300
Charters/Lodging & Lodging only	\$396,000	350
Drop-offs	\$17,130	90
Subtotal	\$810,030	740
Sitka		
Marine Charters/Kayaks	\$19,930	40
Flight Service	\$92,390	360
Multi-night	\$240,930	100
Subtotal	\$353,250	500
Tenakee		
Marine Charters	\$155,000	100
Estimated Total	\$15,546,410	42,018
*The small cruise ship industry is centered on northern Southeast Alaska in part due to the scenic beauty of Chichagof Island. As a result, these numbers are underestimates of economic activity attributable to small cruise ships.		
** Flight service companies provided only very rough estimates of passengers. Revenues were estimated based on numbers provided by businesses receiving clients from flight service companies that did not include transportation in their tour prices. These are likely underestimates.		
Sources: Company interviews and websites, summer 2005.		

**Table E-2.
Estimated Revenue by
Activity for Nature-based Tourism Activities,
Chichagof Island, Summer, 2005**

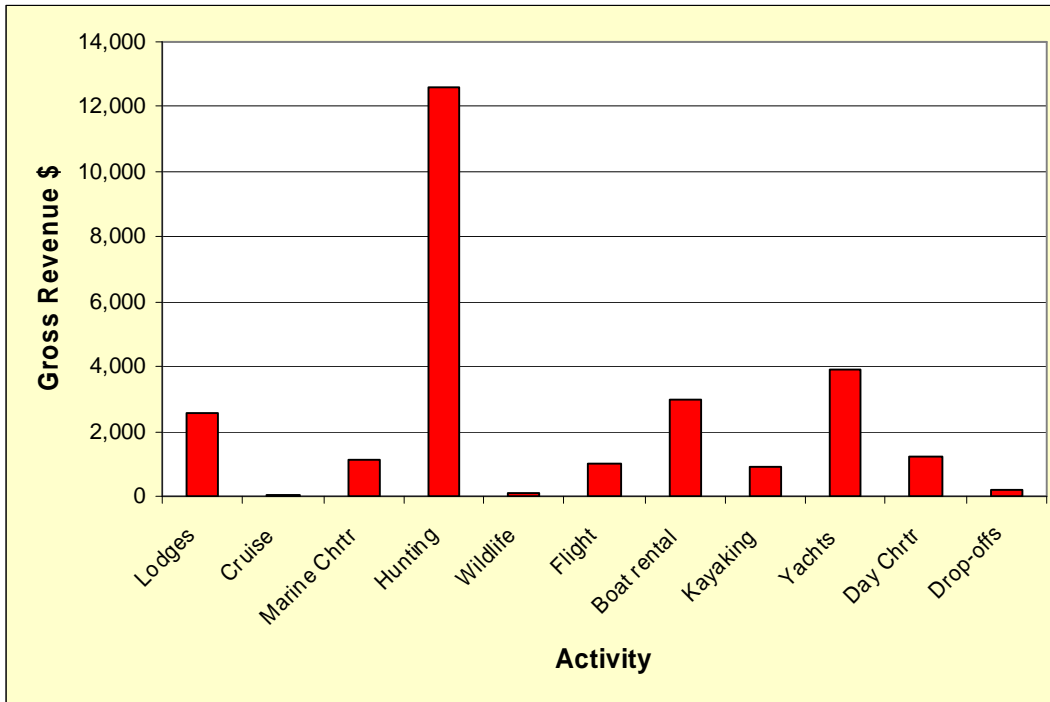
Activity	Revenue	Visitors
Lodges	\$4,917,550	1,908
Small Cruise Ships*	\$90,000	3,000
Marine charters	\$1,409,320	1,270
Hunting	\$252,000	20
Sightseeing/Wildlife	\$3,360,350	33,610
Flight Service	\$360,620	360
Boat rental	\$209,000	70
Guided Kayaking	\$261,210	285
Charter Yachts	\$4,300,380	1,110
Day Charters	\$371,850	300
Drop-offs	\$17,130	90
Total	\$15,549,410	42,023
*The small cruise ship industry is centered on northern Southeast Alaska in part due to the scenic beauty of Chichagof Island. As a result, these numbers are underestimates of economic activity as a result of small cruise ships.		
Sources: Company interviews and websites, summer 2005.		

**Figure E-1.
Estimated Revenue by Activity,
Chichagof Island, Summer 2005**



Note: Small cruise ship revenue is based only on shore activities and expenditures by passengers in Elfin Cove.

**Figure E-2.
Estimated Revenue per Person by Type of Nature-based
Tourism Activity, Chichagof Island, Summer 2005**



Note: Small cruise ship revenue is based only on shore activities and expenditures by passengers in Elfin Cove.

1. Introduction

This report covers Phase II of a larger research project with the goal of providing a broad overview of the regional economy of Southeast Alaska, including trends over time for individual communities and boroughs. The primary purpose of the Southeast Alaska economy project is to add to the information and knowledge base available to help people make informed decisions.

This report explores the economic contribution of nature-based tourism in Southeast Alaska with two case studies. The nature-based tourism sector is growing rapidly in Southeast Alaska, however, its contribution to the local economy is difficult to assess using traditional economic analysis methods based on publicly available data. To gain a more in depth view, two field researchers spent eight weeks of field time in Southeast communities during summer 2005. We conducted finer-scale research on the amount of revenue generated, which activities are attracting tourists, and how the money flows through the economy.

The field research was organized into two case studies: 1) Ketchikan as a *gateway community* for nature-based tourism activities, and 2) Chichagof Island as a *destination* (Map 1). These two cases constituted different approaches, as tourism in Ketchikan is mainly driven by cruise ships, with people leaving town on different excursions for partial day trips. Chichagof Island, on the other hand, encompasses several small communities, is more difficult to access, and attracts primarily independent travelers visiting a wider geographic area. The communities investigated included Ketchikan, Elfin Cove, Hoonah, Pelican, Tenakee Springs, Sitka and Juneau. An important goal of the summer 2005 field work was to determine which field methods were most effective and efficient. A larger goal of this field work is to link direct and indirect visitor revenue to specific geographic areas using Geographic Information System (GIS) methods.

Map 1 – Southeast Alaska



2. Methods

In Ketchikan, we spent 2.5 weeks and collected data from 32 nature-based tourism companies and 43 cruise ship 'shore excursion' tours. We talked to both visitors and tourism operators to determine how many people booked various tours, what geographic areas were visited, and how much money visitors spent to participate in various activities. Informal interviews were conducted with visitors at the cruise dock, Alaska Marine Highway System ferry terminal, and Ketchikan airport. Meetings were also held with companies offering flightseeing, sport fishing charters, wildlife viewing, and other nature-based products to collect data on customer volumes and company expenses. Phone interviews were made when operators were unable to meet in person. Occasionally information on approximate numbers of clients was obtained from dock representatives if they had worked multiple seasons and were familiar with the visitor travel patterns and bookings. Economic information was also obtained from the Ketchikan Borough tax office and Ketchikan Visitor and Convention Bureau.

We spent 5 weeks studying Chichagof Island as a destination. Field research was done primarily by interviewing nature-based tourism businesses, as visitors were widely dispersed in time and space. For all locations, whenever possible company interviews were done in person with the business manager or owner. Phone interviews were conducted with business owners or managers who were not available to meet in person. We also interviewed companies in Juneau and Sitka that make drop-offs or use Chichagof Island for charters. Overall, we contacted over 70 companies that operate on Chichagof Island.

Many companies were reluctant to provide detailed economic information, so interview questions were often focused on numbers of visitors and activity patterns. Companies were asked about the types of tours or excursions offered and how many people they took (either total numbers for the season or average numbers per day and length of season for each tour). When possible, they were asked to highlight geographic locations on a map. This information combined with tour price listings on the internet, brochures, or obtained directly from businesses allowed calculation of revenues. No company was asked for gross revenues, although it was given voluntarily on several occasions.

People often estimated the number of visitors since they did not know precise totals. Sometimes employees did not want to guess at their company's numbers which made it difficult to obtain precise data. In these cases, questions such as "would you say more than 70% went on the longer tour..." would help prompt estimates. Information on the capacity of vessels or buses was obtained for companies that could not provide detailed data.

In addition to visitor and company interviews, a number of other local experts were consulted including an economist, hotel owners, hostel managers, accommodation booking services, sport fish charter booking services, borough tax offices, harbor masters, convention and visitors bureaus. Internet listings and shore excursion descriptions offered by different cruise lines were used to make a check-list of shore excursions. The cruise lines did not usually advertise the name of the company providing the excursion, but the information could usually be obtained by talking to dock representatives.

Other important sources of information were the U.S. Forest Service and the Alaska Department of Fish and Game (ADF&G). The U.S. Forest Service provided detailed information on the special permit holders: how many client days they had last year and what specific locations they took specific numbers of clients too. Companies must have permits to bring clients to the Tongass National Forest land above mean high tide, and must provide a season summary which becomes public information. These data should be very valuable to the project. The ADF&G, Division of Sport Fish charter fishing data base contains extensive information on fishing effort by statistical area as well as charter fishing companies. As a result of the availability of this information, interviews with charter operators focused more on understanding the costs of running a charter boat business.

3. Ketchikan as a Gateway

In 2005, Ketchikan hosted approximately 887,000 cruise ship passengers. This number reflects a steady increase in cruise passengers over the last ten years. As a result of these large and growing numbers, Ketchikan has a well-developed network and system of shore excursion offerings. There are 47 shore excursions advertised among the different cruise lines. Of these, 33 are directly nature-based and an additional four are nature-related.

Map 2 – Ketchikan and Environs



The large influx of cruise visitors over the last ten years has changed the face of tourism in Ketchikan. It has also resulted in two types of visitors—the cruise and non-cruise visitor—with the latter often being referred to as the independent traveler. However, the latter group also includes a significant number of package tour visitors such as those who do week-long, all-inclusive fishing trips.

Most nature-based activities from Ketchikan fall into four main categories: flightseeing, marine charters, adventure experiences, and general sightseeing. The following four sections provide an overview of who is participating in each of the categories as well as their basic structure.

Flightseeing: Misty Fjords and Bear Viewing

Flightseeing, especially over Misty Fjords National Monument, is one of the most publicized cruise ship shore excursions in Ketchikan. Ten flight companies operate directly from the waterfront in town, ranging in size from fleets of ten planes to a single plane/single pilot operation. Over 95% of the passengers taken on flightseeing tours out of Ketchikan are cruise travelers who have pre-booked the flight through the cruise line. Most trips to Misty Fjords involve approximately 1.5 hours of flying time with a ten minute water landing in one of the fjords, and cost between \$200 and \$230.

In mid to late July, bear viewing begins, which is another popular excursion. Bear viewing tours involve a 25 to 45 minute flight from Ketchikan where the visitors are dropped off and met by a Forest Service ranger or a company guide, and walk a short distance to a bear viewing platform. Prices run between \$275 and \$400 per person depending on the destination, and are fairly uniform among operators. Major destinations include Anan Creek, Polk Inlet on Prince of Wales, Traitors Cove, and Margaret Bay.

Misty Fjords National Monument is one of Ketchikan's largest draws. Each season, 90,000 to 100,000 tourists visit Misty Fjords via one of the ten Ketchikan-based flightseeing operators or two marine cruise companies. This visitation amounts to over 600 people per day and around \$20 million in revenue for the season. These figures are from day-trips alone and do not include independent boaters or kayakers, or the several guided group kayak trips per season that are led by a Ketchikan-based company.

Marine Charters

The Alaska Department of Fish and Game distributes permits to over 120 different marine sport fish charter companies in Ketchikan, including those in the nearby marinas of Ward and Knudson Coves. While some of these companies are lodges or other marine sightseeing operations for which fishing is only a portion of the business, there are also a significant number of independent sportfish charter operators consisting of just one boat and captain.

Many of these independent companies are affiliated with one of the four larger booking agencies in town (Ketchikan Sportfishing, Alaska Sportfish Adventures, Knudson Cove Marina and Baranof Skiffs.) Ketchikan does not have a sportfishing cooperative but these four companies allocate the majority of the cruise ship passengers to their fleet of 20 or so captains, all of whom provide similar half-day tours and are paid by the booking company. Three of these four companies took in a combined 20,000 clients during the 2005 summer season, and generated approximately \$4.2 to \$4.4 million in revenue.

Many charter boat captains affiliated with booking agents will also take charters independently, usually from their websites and sometimes walk-ups on the dock. The going rate per person for sport fish charters is \$250 for a full day, \$175 for six hours, and \$135 for a half day.

Captains that are not affiliated with a booking agency must have effective websites, wide-spread reputation, or representatives at the Visitors Bureau or dock that will help book charters. One independent captain mentioned that he tries to make at least \$400 per trip and will negotiate with people on the price accordingly. He pays commission fees to other representatives on the dock who help him put together charters, and he sometimes shows up at the dock early in the morning to walk around and hope for a phone call.

Non-fishing marine charters include wilderness and sightseeing-oriented boat rides. Several tours included underwater cameras or a glass bottom boat. The six prominent companies engaged in these activities had approximately 55,000 to 65,000 clients in 2005, and generated an estimated \$4.3 to \$4.5 million in revenue. These figures include the popular "Duck Tour" which involves a city tour and a tour around the Tongass Narrows in the same vessel/vehicle.

Cruise passengers make up the overwhelming majority of marine charter clients. There are a limited number of people who arrive in Ketchikan by plane or ferry and will charter a boat for one to several days, taking either guided trips with a captain or renting a skiff to access U.S. Forest Service cabins in the area.

Adventure

The adventure tours sector has been growing rapidly in Ketchikan in the past few years with new offerings targeted directly at cruise ship passengers. Adventure excursions include canoeing, kayaking, "adventure-karts," snorkeling, zip-line canopy tours, and biking. They take place on both public and private land, encompassing Herring Cove, Mountain Point, Harriet Hunt Lake, Clover Pass, Tatoosh Island, and Knudson Cove. Most of these locations are found on the road system and are generally less than 25 minutes by bus from the cruise docks. While not accessing any remote locations, getting out of town provides cruise passengers with an opportunity for a more personal outdoor experience. The five predominant adventure companies took over 70,000 clients in 2005, generating approximately \$6.2 million in revenue.

While some of the excursions cover a wide geographic area, the companies generally run the same tour routes over and over, usually visiting the exact same location several times a day everyday for the entire season. As a result, there is a concentration of use by each company in just a few specific areas.

Examples of the new developments in the adventure tour market are two zip-line canopy tours, sold by Southeast Exposure and the Alaska Rainforest Sanctuary. Both of these excursions were immediately popular and business continues to grow as their reputations spread.

Almost all adventure tour patrons are cruise passengers, as most of the tour companies contract exclusively with the cruise lines and the tours are pre-booked aboard the ship. Even those that do not pre-book on the ships reported that over 95% of their business came from selling half-day tours to cruise ship passengers. Research showed limited tour offerings tailored to independent travelers, with many activities not being advertised off the ship. Several travelers interviewed in the airport and many of those interviewed in the AMHS ferry terminal expressed interest in hiking, although information about the trails was limited. One comprehensive trails guide was

found at the Southeast Alaska Discovery Center but there was little else to direct people on how to access the forest on their own.

Sightseeing

Sightseeing tours are abundant in Ketchikan. This project focused on those that were ‘nature-based’, specifically advertising a natural location or natural quality as one of the primary attractions. Major categories of sightseeing included town and totem tours, Misty Fjord tours, and wildlife and scenery tours. This section does not provide figures for number of clients and revenue generated by such activities as some of the companies have been included in other sections.

Because of the distance, tours to Misty Fjords are mostly limited to flightseeing, which were discussed previously as a separate category. Two companies, however, run boat tours to Misty Fjords despite the limited time window of cruise passengers. Goldbelt Tours, in tandem with various flightseeing companies, offers a combined cruise and flight tour where passengers fly one direction and boat the other. Allen Marine, the other prominent day cruise company, operates boats fast enough to make the round trip in four hours. Both excursions can be purchased on the cruise ship or by walk-up travelers.

Wildlife and scenery tours, another category of tourism, take place by bus and boat and offer chances to view wildlife and marine life around Ketchikan. Some interesting offerings include the Light Island Ventures, whose military-built boat is equipped with both underwater microphones and cameras. Two other examples are the Alaska Undersea Tour, a semi-submersible tour boat, and the Wilderness Exploration and Crab feed, which combines a naturalist-narrated boat tour to check crab pots with an all-you-can-eat crab lunch.

Because of the large number of sightseeing tours in the area, competition between companies appeared high. This has led to negative feelings between the cruise-ship affiliated tour operators and those whose excursions were not sold aboard the ships. Many smaller independent operators felt as though the cruise companies were increasingly shutting locals out of the sightseeing industry in order to capture a greater percentage of the profits. All of the sightseeing tours, however, relied almost entirely on cruise ship passengers for their business whether they were pre-booked or walked off the ship.

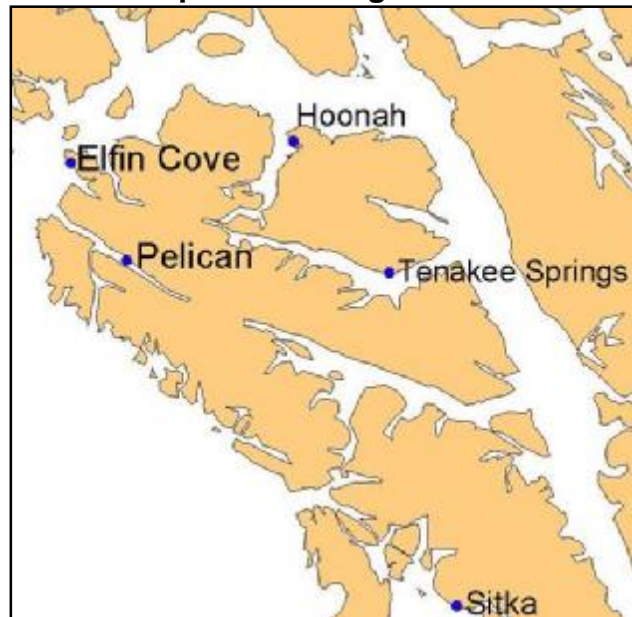
In summary, as a result of the trial methodology used in Ketchikan, insufficient data were collected to estimate total gross revenues attributable to nature-based tourism activities. However, it is clear that well over \$50 million in gross revenues can be attributed to nature-based tourism activities based in Ketchikan

4. Chichagof Island as a Destination

Chichagof Island is located in northern Southeast Alaska. It contains a few scattered communities whose economies have primarily been dependent on timber harvesting and commercial fishing. Most of the forested landscape is part of the 17 million acre Tongass National Forest. The communities of Tenakee Springs and Hoonah were surrounded by extensive timber harvesting in the 1970s and 1980s, much of which was halted after the closing of the pulp mills in Ketchikan and Sitka and the passage of the Tongass Timber Reform Act in

the early 1990s. Elfin Cove and Pelican served the commercial fishing fleet. Pelican was home to a fish processing facility, which closed in the late 1990s as a result of low salmon prices and profits brought about by competition from world farmed salmon production. Elfin Cove transitioned to a sport fishing center with its strategic location on Icy Strait, but Pelican's more remote setting presents more of a challenge to tourism development. Collectively, North Chichagof offers scenic beauty and outdoor recreation opportunities that are driving the development of nature-based tourism in the region. The next sections discuss tourism development in individual communities, as well as Juneau and Sitka, which serve as gateways for supplies and access.

Map 3 – Chichagof Island



4.1 Elfin Cove

Elfin Cove is a small community on the northwest coast of Chichagof Island along Icy Strait. For decades, the community's economy was centered on commercial fishing but in recent years the focus has shifted to tourism and sportfishing. This transformation has resulted in a seasonal population which fluctuates between 12 people in the winter to almost 200 in the summer.

Fishing Lodges

The vast majority of tourism revenue comes from eight sport fishing lodges tucked into the small cove, plus one on a nearby island. In sum, these nine lodges bring in \$4.5 to \$5.2 million per summer and about 15,000 clients. Each lodge offers similar four-day/five-night packages, which typically include transportation from Juneau, lodging, meals, fishing equipment, and fish processing and shipping. The capacity of these lodges ranges from 8 to 25 guests; the average price is \$580 per person per night. Most lodges reported being fully booked throughout the season from mid-May to September. The majority of the lodges rely on repeat clients and referrals to book their customers.

Approximately 54 people are employed directly by the lodges, of which almost 95% are non-local to Elfin Cove. A significant portion of lodge owners and employees maintain their primary residence out of state, most commonly in the Pacific Northwest. Food and fishing supplies used by the lodges are generally purchased in Juneau and Seattle and transported to Elfin Cove by the same charter planes that carry their clients in and out of the community. Most food items come from Costco and Juneau Wholesale. One lodge owner estimated that 40% of the money that flows through his lodge goes directly to Juneau businesses. In contrast, fuel is purchased locally in the cove, costing the lodges between \$600 and \$1,500 per week depending on number and type of boats, and the distance to where they fish on those particular days.

Most sport fishing activity based in Elfin Cove takes place in the waters of Cross Sound, from Lemnashire Island in Icy Strait to Deer Harbor on the outer coast of Yakobi Island. A few of the lodges also take clients into Dundus Bay in Glacier Bay National Park as well as some of the freshwater streams on Chichagof Island depending on whether they have the appropriate permits from the U.S. Forest Service and the National Park Service.

Small Cruise Ships

In the past five years, Elfin Cove also began receiving small cruise ships, mostly carrying 60 and 70 passengers with one ship carrying 130 passengers. Visitors are primarily attracted to its scenic and quaint boardwalk setting. In 2005, there were 30 cruise ship dockings during the course of the summer with an estimated \$2,000 to \$4,000 of revenue associated with each cruise ship stop. One local resident is employed directly, speaking to passengers on the ship before it docks and directing activities while onshore. Aside from walking around on the boardwalks and browsing the community museum, there are no specialized activities designed for cruise passengers.

Transient Boaters

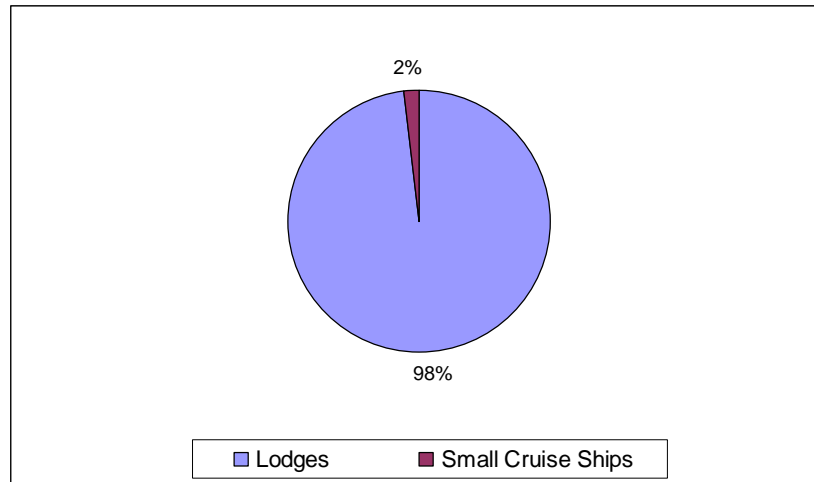
Transient recreational boats, sailing vessels, and yachts come through Elfin Cove on their way through Icy Strait. According to fuel dock records, about one-third of business comes from these boaters. Numbers were not available for the entire season at the time of research, but the logbook indicated 124 transient boaters refueled there during June 2004. The fuel dock attendant indicated more independent boaters came in May and August, especially from Washington, first on their way north and then heading south at the end of the summer. Fewer boats cross the Gulf in the middle of the summer and most of the non-local boats that refuel in July are fishing vessels.

Exact numbers of transient recreational boaters stopping at Elfin Cove are unknown since the town is not incorporated and there is no harbor master. The dock is owned and operated by the State of Alaska. Accommodations are limited other than the fishing lodges, and most visitors sleep aboard their boats. The general store manager could not predict what percent of business might be attributed to these visitors, but most of her patrons were commercial fishermen.

Table 1. Elfin Cove Tourism Estimated Revenue and Visitors, 2005

	Revenue
Lodge	\$4,889,500
Small Cruise Ships	\$90,000
TOTAL	\$4,979,500
# of visitors 2005	1,528

Figure 2.
Elfin Cove Tourism Estimated Revenue, 2005



Data Caveats

The \$2,000 to \$4,000 estimate for revenue per cruise ship stop was provided by a local resident involved in directing Elfin Cove cruise tourism, but was questioned by other locals who had negative feelings about cruise passengers in their community.

Five of the lodges provided information on the length of their season and an estimate of the degree of occupancy instead of exact numbers of clients per season. Figures were calculated from these estimates.

Land and waters surrounding Elfin Cove are also used by several companies based out of Gull Cove (a tiny settlement east of Elfin Cove, directly across from Glacier Bay). No Gull Cove companies were available for interviews during the time of research, and their revenue is not covered in this report. However, one lodge on one of the Inian Islands, about five miles by boat from Elfin Cove, was interviewed and included in the data.

4.2 Pelican

The community of Pelican, population 115, is situated in the Lisianski Inlet on the northwest coast of Chichagof Island. It is 80 miles north of Sitka and 70 miles west of Juneau. Like many of the communities in Southeast Alaska, Pelican's economy was historically based on commercial fishing, supported in large part by a fish processing plant located on one end of town. The citizens of Pelican have struggled to redevelop their economy to preserve the town and their way of life in the face of recent changes in the commercial fishing industry and

international markets as a result of the growth of salmon farming, and the closure of the processing plant.

While there have been low levels of tourism activity in the community for some time, declines in commercial fishing activity in Pelican have encouraged more growth in tourism businesses. Tourism activity in town is predominantly focused on sportfishing and wildlife viewing marine charters. In addition, the town serves as a jumping-off point for travelers accessing the West Chichagof and Yakobi Island Wilderness area. Three U.S. Forest Service cabins are located within the designated Wilderness, including the popular White Sulfur Hot Springs cabin.

Charter Operators

Day Charters and Lodges. Twelve marine charters operate out of Pelican, offering a range of activities including sportfishing, wildlife viewing, guided hiking, and kayak drop-offs. In the 2005 summer season, these businesses brought in an estimated 740 clients. Seven of the twelve operators provide lodging, either in an adjacent lodge or in their private home. The remaining clients stay at a newly opened 40-person lodge, or are dropped off in the wilderness to camp. Most of the charter businesses are small scale, often owned and run by a single family or captain. While several of the lodges are located on the boardwalk in Pelican, many are further out of town and require water transportation. Collectively, these businesses generate an estimated \$720,000 to \$840,000 per season.

Prices for day trips on marine charters averaged \$200 per person, while the charter/lodging combination averaged \$300 per person per day. Most visitors stayed four to five days, going out each day with the same captain. Common destinations are Lisianski Inlet, the outer coast of West Chichagof Island, and Yakobi Island.

Revenue from Fuel, Supplies, and Transportation. Charter operators generally purchase fuel at the fuel dock in Pelican. One captain estimated his consumption at 30 to 55 gallons of fuel in a typical day fishing around Yakobi Island. This translated to \$95 to \$175 at Pelican's 2005 summer prices.

Most supplies for the lodges come from Juneau, and are transported in by floatplane and on the bi-weekly Alaska Marine Highway System (AMHS) ferry. A recent termination of barge transport that previously serviced the community significantly increased the cost and difficulty of transporting supplies to the community, also causing frustration among business owners.

Unlike Elfin Cove, Pelican fishing lodges and charters do not include transportation from Juneau in the cost of fishing packages. The round trip cost for scheduled service is \$250 per person. With 740 clients, the revenue from transportation would be approximately \$185,000. However, it should be noted that sometimes kayakers using charter services for drop-offs from Pelican arrive or depart on the ferry. The three main air service companies used by Pelican clients are based in Juneau and Gustavus.

Drop-offs. Approximately 90 to 100 backcountry enthusiasts use the water taxi services of Pelican companies each season, generating \$16,000 to \$19,000 in gross revenue. Most clients are dropped off at White Sulfur Hot Springs, a two to four-hour round trip from Pelican

depending on the boat and conditions. The going rate to the hot springs is \$150 per person for a round trip drop-off or pick-up. Reported fuel costs ranged from \$100 to \$130 per trip.

It appears that Pelican will maintain continued growth in the marine charter sector, with two additional businesses expected to offer marine charter services in 2006. A lack of available lodging was previously a constraint on the number of visitors the community could support. However, the construction of the large new lodge is providing accommodations for those seeking day trips.

Independent Boaters

Pelican also receives a steady but unquantified amount of traffic from independent boaters and kayakers. Independent boaters, often traveling from Juneau, Sitka, or other ports in the lower 48 states, appear to use Pelican as a stopping place either before or after visiting the West Chichagof area. These travelers have extremely variable itineraries, with trips ranging from several days to several months and visiting a wide range of destinations both on Chichagof Island as well as throughout Southeast Alaska. Popular areas include West Chichagof and Yakobi Island, particularly the Forest Service Cabins at White Sulfur Hot Springs and Greentop Harbor, south of White Sulfur Hot Springs.

Independent boaters use some of the town's services, including the grocery store, the four restaurants and bars, and the fuel dock. Many travelers, however, are unlikely to buy large amounts of fuel or supplies in Pelican unless absolutely necessary because of higher prices and smaller selection of goods, compared to Sitka or Juneau.

Kayakers

The West Chichagof-Yakobi Wilderness area is home to world-class kayaking. The area does not receive as many adventure enthusiasts as Glacier Bay or Prince William Sound as a result of its remoteness, more challenging outside waters kayaking conditions, and lack of publicity. However, there are kayakers that come back year after year for extended trips through the small islands and lagoons that rim Chichagof's western coast. Because Pelican is serviced by the AMHS, the community sometimes serves as a gateway for kayakers accessing these areas. In 2005, eleven kayaks were transported to Pelican from Juneau on the ferry, and four kayaks were taken back to Juneau. In addition, one company in town recently began renting kayaks at a rate of \$50 and \$75 a day, but the rental portion of the business is in its fledgling stage.

The total number of kayakers in the Pelican/West Chichagof area is difficult to estimate since most paddlers have personal kayaks or rentals from Juneau, and do not necessarily stop in the town of Pelican. One local suggested that kayakers had little economic impact in town because they often camp instead of paying for lodging, and may also bypass town all together rather than traveling the extra distance up the inlet to visit the community. However, field researchers observed kayakers in Pelican during the summer of 2005 purchasing food and restaurant meals from Pelican businesses.

Alaska Marine Highway Service

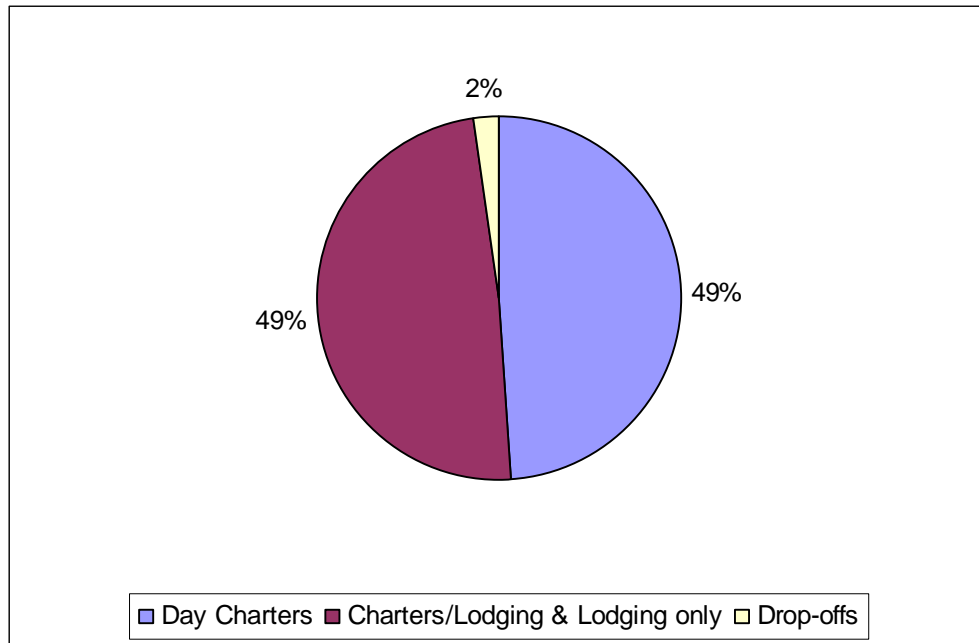
The Alaska Marine Highway System services Pelican bi-weekly during summer months, providing locals with less expensive access to supplies. The ferry also provides visitors a

beautiful day trip through Icy Strait with almost certain opportunities to see whales and other marine mammals, and an opportunity for a “peek” at a small, rural Southeast community. The ferry leaves Juneau in the morning, spends two hours in Pelican in the afternoon, and returns to Juneau in the late evening. A sales promotion offering half price fares dramatically increased ridership during the summer of 2005, with 190 to 205 passengers per trip. During a return trip from Pelican in early August, twenty-seven parties were interviewed (accounting for 77 people), and 74% of the parties indicated they were on a day trip from Juneau to enjoy a scenic day along Icy Straits. Sixty percent of the parties were Juneau locals and an additional 11% were living in Juneau for the summer. Fifteen percent of the parties (nine people) were kayakers, all of whom stayed at least two weeks in the Chichagof Island area.

Table 2.
Pelican Tourism Estimated Revenue and Clients, 2005

Activity	Revenue	Total Clients
Day Charters	\$ 396,900	299
Charters/Lodging & Lodging only	\$ 396,000	350
Drop-offs	\$ 17,130	92
TOTAL	\$ 810,030	740

Figure 2.
Pelican Tourism Estimated Revenue, 2005



Data Caveats

Two marine charter operators were unable to be reached during the time of research. This included one day-trip charter and one charter/lodge. Averages for number of clients and revenue were taken for the other ten charters and extrapolated to include the two missing charters. Since it was unknown whether the two operators made drop-offs to West Chichagof, they were assumed to make none.

4.3 Tenakee Springs

Tenakee Springs is a community of 120 residents located on the north side of Tenakee Inlet in eastern Chichagof Island. Unlike its other Chichagof Island neighbors, Tenakee has gained a reputation as a quiet retirement community and does not provide a base for significant commercial fishing or tourism operations. An estimated 25% of the houses are second homes. Two family-run marine charters are the only tourism activities in town, and Tenakee residents have been vocally opposed to tourism development.

Marine Charters

Between the two marine charters, Tenakee attracts about 100 people per season for salmon and halibut fishing, whale watching, wildlife viewing, and sightseeing. While both companies are primarily fishing charters, they each emphasize enjoying the other aspects of nature, and seek to provide a 'real wilderness experience'. Revenue from these companies totals approximately \$120,000 to \$155,000 per season. Prices run \$300 and \$425 per person per night, and trips generally last four to five days. Like Pelican, air transportation to Tenakee is not included in the package price.

One of the charters, in an effort to patronize other local businesses, provides a massage by a local masseuse as part of the fishing package. Many of the clients schedule additional massages after their initial visit. The charter also brings clients back to town each evening, and encourages shopping at the local store, gift shop, and bakery. The other charter utilizes its live-aboard boat and typically does not return to Tenakee in the evenings. All activities take place on or from the boat.

One of the companies reported getting 80% of their supplies from Juneau and Seattle, while the other used their own garden and the local store for much of their food purchases.

Transient Boaters

The majority of Tenakee's visitors are transient boaters stopping in on their way through Southeast waters. In 2004, 230 recreational boats came through Tenakee during the summer season, May through September. One-hundred forty four boats stayed one night, and 12 boats stayed 6 days or more. More than 45% were from out of state, mainly Washington, and one-third were from Juneau. Moorage fees from these boaters totaled \$4,600 for the season.

According to the general store owner, transient boaters do not make up a significant portion of store business. Most boats large enough to handle the windy seas of Chatham Straits have the capacity to carry ample food and supplies, and consequently these visitors make few if any purchases in Tenakee. The town bakery did receive some business but it usually amounted to a greeting card or croissant.

Other Travelers

Other than the visitors described above and people coming to visit friends or relatives, Tenakee attracts few tourists. A major reason, one local pointed out, is the limited accommodations. "Travelers move on when they find out there are no facilities, no places to stay, and that camping is illegal," another noted. Tenakee does, however, attract couples from Juneau coming for a weekend getaway and a soak in the hot springs located in the center of town. These trips are

facilitated by the convenient Friday/Sunday ferry service. Several cabins are rented periodically, but likely have a total revenue of less than \$15,000 per season. It cannot be assumed that all occupants take part in nature-based activities.

In addition, deer hunters from the region come to Tenakee in the fall for several days at a time, but many have second homes or stay with friends, so their impact on the economy is minimal.

In summary, approximately 125 people visited Tenakee Springs in 2005 for nature-based activities. Revenue from these visitors is estimated to be approximately \$140,000. This does not include air charter revenues for companies based in Juneau.

Data Caveats

Another local resident was said to rent a cabin periodically but was unavailable for interview. Their visitor numbers and revenue is not included in this report.

4.4 Hoonah

Hoonah is the largest Tlingit Native settlement in Alaska. Situated on the northeast shore of Chichagof Island, 40 miles west of Juneau, the Tlingit tribe has inhabited the Glacier Bay region for centuries. The current population of Hoonah is approximately 880, and the local economy relies mostly on the commercial fishing and logging industries. As a result of its proximity to Glacier Bay, its position along the Icy Strait thoroughfare, and its accessibility via a short plane hop from Juneau, it occupies a strategic location for developing local tourism. The economy of Hoonah has undergone a marked change with the construction and opening of Icy Strait Point, a cruise ship port of call that began receiving visitors in 2004.

Icy Strait Point

Decades ago, Icy Strait Point was the home of one of the world's most productive salmon canneries. Beautifully restored, the cannery site reopened in 2004 as a museum and base for other tours and nature-based activities. Icy Strait Point is a partnership between the Huna Totem Corporation and the Icy Strait Development Corporation. In 2005, its second summer of operation, the site hosted 37 cruise ship visits and a total of 55,000 passengers. Located 1.5 miles from town, Icy Strait Point quickly became the largest single employer in Hoonah with 124 employees working three to four days per week. Ninety-six percent are Hoonah residents.

Among the ten tours offered, six are directly nature-based. These include a forest and nature visit, whale watching and marine mammal cruise, remote bush exploration and brown bear search, all-terrain vehicle expedition, and salmon and halibut fishing charter.¹ These nature-based tours attracted over 30,000 people in the 2005 season, bringing in \$3.3 to \$4.3 million in gross revenue.

According to the Icy Strait Point director, each cohort of cruise ship passengers leaves behind \$70,000 to \$90,000 from tours, restaurant meals, and gift shop purchases. In 2006, Icy Strait Point is expected to receive 55 or more ships, roughly doubling the number of cruise days and

¹ A Glacier Bay flightseeing tour is also offered, but Glacier Bay is not in Chichagof Island study area selected for this research.

tours. Employment is expected to increase to 135 or 140, with current employees working more days per week.

Economic Impacts. New tourism ventures are having economic multiplier effects on the Hoonah economy. Local business owners observed that with higher employment, people have more disposable income to spend at restaurants and other local merchants. In addition, some businesses benefit directly from the cruise passengers. In 2005, Icy Strait Point began operating a bus between their site and the town of Hoonah, selling 300 to 400 tickets per day (\$55,000 to \$75,000 for the season). This provided a better chance for passengers to patronize local businesses. One popular restaurant catering to passengers on cruise days reported serving 200 to 400 cruise passengers and crew per day, generating a minimum \$65,000 in revenue from the 37 ship days alone.

The Hoonah city mayor also noted increased interest in Hoonah from outside agencies, likely a result of the tourism expansion. In the past three years, Hoonah received 'more projects and agency grants than the town has seen in its entire life'. As of 2005, \$40 million in projects are contracted including funds to upgrade the harbor. In 2004, the city collected \$83,000 in sales tax from Icy Strait Point business activity. Icy Strait Point business increased substantially in 2005. As a result, sales tax revenues to Hoonah are also expected to rise dramatically, and will likely continue to grow with twice as many ships planned for 2006.

Despite these employment, tax, and revenue benefits, some locals still feel the portion of money trickling back to the Hoonah economy from cruise ventures is less than what it should be. Given that Icy Strait Point appears to provide significantly greater benefits than other cruise destinations in Southeast Alaska, this highlights the tensions often accompanying tourism development. One business owner noted that cruise passengers only buy the cheapest items in her store, and displace the locals who avoid the crowds on cruise days.

Independent Operators

A handful of independent guides and marine charters operate out of Hoonah, including marine charters and others described below.

Marine Charters. Four recognized marine charters serve Hoonah visitors, providing salmon and halibut fishing, whale watching, wildlife viewing, and beach walks. These are 'Mom and Pop' operations, generally with one boat and one captain. At least one operator takes groups on multi-night adventures in which clients sleep on the boat, and another overnights clients in his lodge. Two companies were not reachable during the time of research, but the impression was given that all four companies take cruise passengers that have booked online independently. An estimated \$185,000 to \$215,000 is generated by these charters including the lodge.

Logging Road Excursions. A central restaurant in Hoonah books visitors on bear viewing and sightseeing tours along the logging road with local residents. Most of the clients are cruise passengers. An estimated 30 to 40 people per week took tours. In addition, about 200 clients went on guided stream fishing day-trips from the road with a local fisherman. Revenue from stream fishing and bear viewing was estimated at \$160,000 to \$215,000 for the 2005 season.

Hunting. Hoonah is home to two local bear hunting guides, and four guides are registered with the Hoonah Ranger District. The going rate for non-resident guided bear hunting is approximately \$12,000 per client per trip. Most guides take one to two clients at a time and stay on a live-aboard boat for up to ten days (until the hunt is successful). Three of the four hunting guides were unable to be reached. Assuming all have similar operation of approximately seven clients per year, bear hunting activity in the Hoonah area generates over \$300,000 in gross revenue.

Lodging. Six accommodations options are available in Hoonah, including two lodges and several bed and breakfasts/rentals. Several of the owners indicated that most of their clients were business travelers. Rooms ranged around \$60 to \$80 per night.

Independent Boaters. Hoonah's strategic location provides an ideal stopping point for many non-local independent boaters. About 50% of the business at the Hoonah fuel dock comes from transient recreational boaters. According to the fuel dock attendant, an average of one recreation boat per hour stops to refuel on a busy day. These boats are estimated to generate \$15,000 to \$20,000 dollars in fuel dock business during the summer season. According to the Hoonah harbor, about 40% of the boats stopping in Hoonah are recreational skiffs, yachts, sailboats, or sport vessels. Residents noted that these visitors commonly get out and walk around town. With a well-protected harbor and comparatively low moorage fees, Hoonah is becoming a popular port in which to over-winter boats owned both by Southeast Alaska residents and by non-resident visitors leaving boats in Southeast Alaska and returning each year.

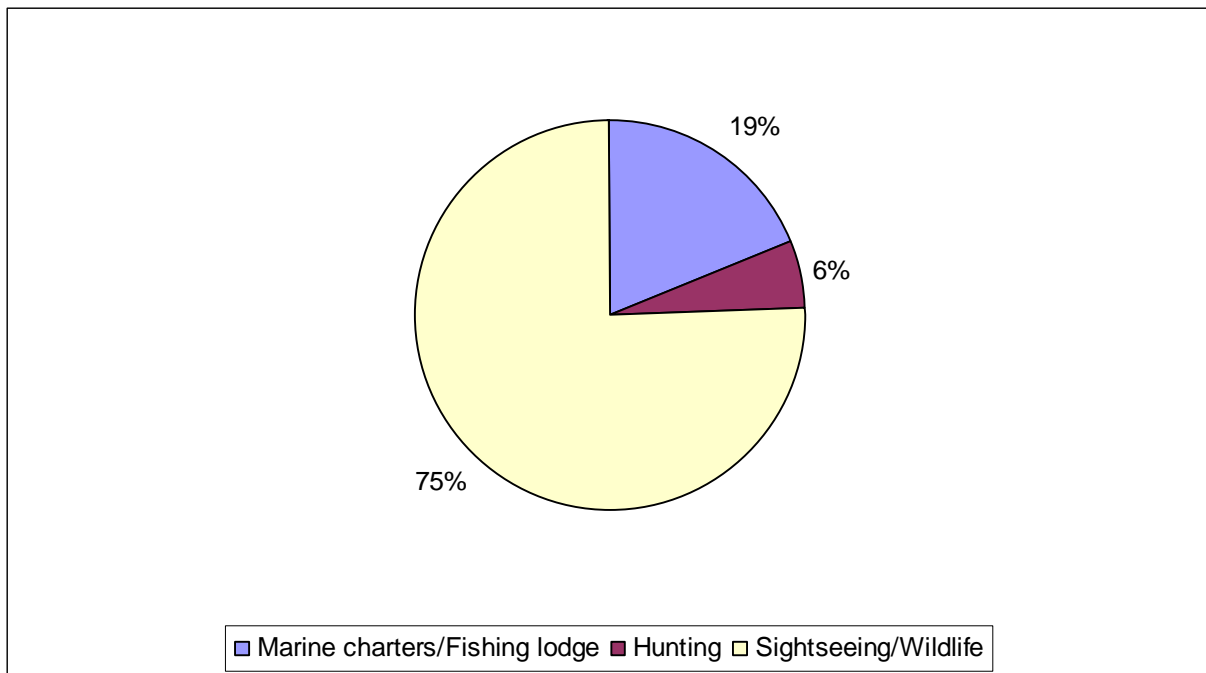
Regional visitors. According to local residents, there has been a visible increase in visitors from Whitehorse and other parts of Canada in recent summers. These visitors often keep their boats in Skagway and travel to Hoonah for fishing and deer hunting. Numbers of these boaters increase during weekends and the fuel dock attendant noted that on holidays, "its Canadians all day long." Other Canadian visitors are driving to Haines, putting their vehicle on the ferry, and spending several days driving the logging roads. These visitors often camp along the road but stay in Hoonah on either end of their trip. In addition, parties of fishermen and hunters without personal boats arrive in Hoonah via small plane. In 2005, Skagway Air made 20 chartered flights from Skagway to Hoonah with groups of sport fishermen. Two other flight companies also bring visitors from Juneau.

Hoonah is a popular destination for hunting for Alaska residents coming from Juneau, Skagway, and Haines because of ease of access by ferry and the road system into more remote areas out of town. Regional visitors often arrive by ferry and camp in their recreational vehicles or stay in the lodges. The number of independent travelers staying in lodges was not determined and the number of people who come in their own vehicle and depart for remote areas out of town immediately after disembarking off the ferry is unknown.

Table 3.
Hoonah Estimated Tourism Revenue, 2005

Activity	Revenue	# Clients
Marine charters/Fishing lodge	\$840,320	33,528
Hunting	\$252,000	21
Sightseeing/Wildlife	\$3,360,350	1,061
Total	\$4,452,670	34,610

Figure 3.
Hoonah Estimated Tourism Revenue, 2005



Data Caveats

Two bear hunting guides and two sport fish charters were unavailable for interview during the time of research. Revenue and clients for the bear hunters were calculated using the going rate of \$12,000 per client and the same number of clients as other bear guides in the area. The sport fish operators were assumed to take out one party of cruise passengers each day a cruise ship was in dock. These numbers are likely conservative estimates, as there were only two cruise ships a week and the companies advertised multiple marine activities in addition to fishing.

Despite interviewing accommodation owners, it was difficult to estimate a specific number of travelers that can be attributed to nature-based tourism in Hoonah. Many visitors were business travelers. Some were construction workers staying a long time working on community projects. People were hesitant to provide numbers, or the numbers they gave came with a lot of explanation. Two accommodations known to house recreational visitors were unable to be interviewed. As a result of this uncertainty, no revenue estimates were made for Hoonah accommodations, which consequently underestimates total revenue.

Another important aspect of tourism in the Hoonah area is the activity generated by Point Adolphus. Located on Chichagof Island 15 miles northwest of Hoonah and 10 miles south of Gustavus, the waters off Point Adolphus are some of the most nutrient-rich in Southeast Alaska, and they attract a large and consistent population of humpback whales during the summer. Boats and kayakers are virtually assured of seeing whales, sometimes bubble feeding in groups near the point. Consequently, the area around Point Adolphus has one of the highest levels of recreational use on the Tongass, attracting campers, kayakers, multi-day charter tours, private yachters and boaters, commercial wildlife viewing operations, locals, and even cruise ships.

Clearly, revenue attributable to Point Adolphus is extremely high. However the focus necessary to generate accurate dollar estimates was not possible in this study.

4.5 Sitka

Sitka, a town with a population of 9,000 on the gulf coast of Baranof Island, serves as one of the gateway points for visitors traveling to Chichagof Island. As a result of the distance, the exposed gulf sea conditions, and higher costs, Chichagof receives less traffic from Sitka than from closer communities with better access such as Juneau and Gustavus. Most visitors coming from Sitka use private boats or get dropped off by marine charters or float planes.

Air Service. In 2005, three flight operations transported about 360 people per season to Chichagof Island for outdoor recreation. The average price for a round trip drop-off and pick-up runs around \$730, and the total summer gross revenue is approximately \$85,000 to \$100,000. The most popular destinations are White Sulfur Hot Springs, Goulding and Suloia cabins, followed by Greentop Cabin, Sitkoh Lake, Crab Bay, Kook Lake, and several other bays. Pilots reported an average of two to three people per party. One pilot indicated about half his clients were from out of state, and the average length of stay on Chichagof was five to six days.

Water Taxis. Three local water taxis transport kayakers and other outdoor enthusiasts to the west coast of Chichagof Island. Combined, these operators take approximately 30 to 35 people per season with revenue totaling about \$18,000. The cost of a drop off and pick up averages \$2,000, and a round trip can take anywhere from 6 to 12 hours depending on the speed of the boat and the specific destination.

Multi-Night Marine Charters. In addition, three Sitka-based companies offer multi-night marine charters in the Chichagof area. About 100 people book these trips per season, bringing in around \$235,000 to \$240,000 in gross revenues. Activities on the charters include freshwater fishing, beach hiking, and exploring with small skiffs, mostly in the Hoonah Sound area. These trips are two to four days and cost \$1,100 to \$2,700 per person.

Boaters. Independent boaters and kayakers also access Chichagof Island from Sitka. Information on these parties is sparse since their activity is dispersed and they reach sites by their own means. The U.S. Forest Service has placed a survey at the head of the one-mile trail to White Sulfur Hot Springs periodically since the mid 1990's. Surveys were completed by ten parties in June and July of 2005. The average group size was 3.1 people and the average length of stay in the West Chichagof Wilderness area was 5 to 6 days. Half of the parties were traveling by sailboat. Half were residents of states other than Alaska. All parties mentioned paddling, solitude, or exploring for reasons they visited the area.

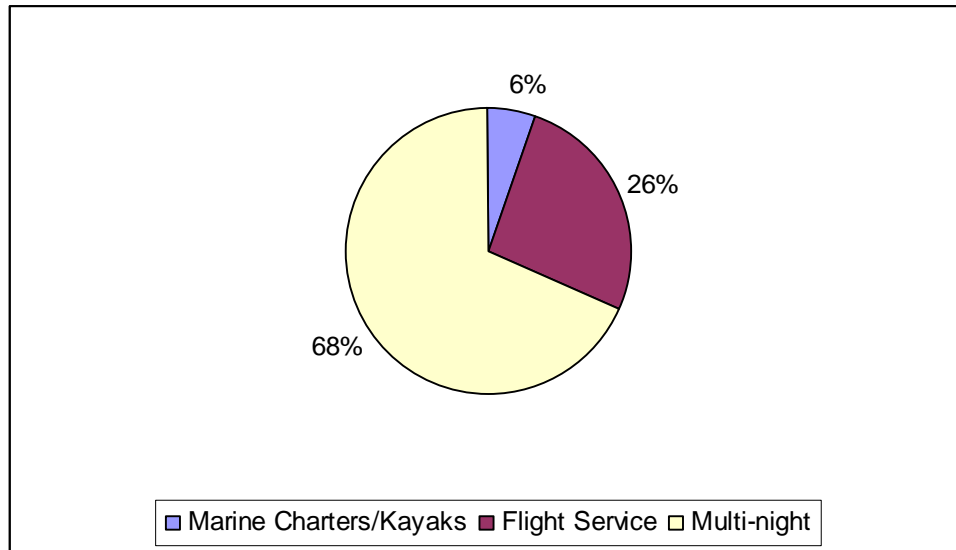
Cabins. U.S. Forest Service records show 111 reserved nights in 2004 for the White Sulfur Hot Springs, Goulding, and Suloia cabins. It is widely recognized that these numbers underreport the actual total use because many people staying in the cabins do not register. There are a total of 9 cabins on Chichagof Island. Greentop is another popular cabin which has registered guests somewhere between 30-75 nights a season.

Kayakers. Most kayakers paddling around Chichagof Island bring their own kayaks or use rentals from communities other than Sitka. Only one company in Sitka rents kayaks for extended periods of time, and less than \$2,000 of the revenue could be attributed to Chichagof in 2004². However, this should not imply that kayakers do not affect the local economy. It can be assumed that most kayak parties departing from Sitka will spend more than five days in the wilderness and likely buy supplies before they leave.

Table 4.
Sitka Estimated Tourism Revenues by Activity, 2005

Activity	Revenue
Marine Charters/Kayaks	\$19,930
Flight Service	\$92,390
Multi-night	\$240,930
Total	\$353,250

Figure 4.
Sitka Estimated Tourism Revenues by Activity, 2005



Data Caveats

On several occasions, it was not stated whether parties were dropped off and picked up on Chichagof, or just dropped off. For air drop-offs, all parties were assumed to be picked up as parties did not have means to get back on their own. The ‘round trips’ reported by water taxis were also assumed to be drop-offs and pick-ups, although it is likely that instances occurred where kayakers paddled back to Sitka on their own or continued on to Pelican.

Two bear hunting guides operate out of Sitka. The information associated with this business is included in the hunting section of this report. Similarly, many high-end charter yachts contribute to the Sitka economy; these are included in the Juneau Charter Yacht section.

² This included a drop-off

4.6 Juneau

Juneau, the state capital of Alaska and regional hub of Southeast, also serves as a gateway for visitors accessing Chichagof Island for recreation. Most visitors come to Chichagof Island from Juneau by charter plane, scheduled air service, rental boats, charter yachts, and personal watercraft. Because the closest tip of Chichagof is over 30 miles by air from Juneau and significantly further by water, day trips are uncommon and most people stay for several days to several weeks.

Air Services. Five flight companies serve Chichagof Island from Juneau. Two of the companies have wheeled planes and only service Hoonah. The remaining companies have floatplanes and land at Elfin Cove, Pelican, Tenakee, and other bays, lakes, and inlets around the island. It was difficult for the company staff to determine numbers of clients coming for outdoor recreation, especially for those providing scheduled service, as the companies do not gather information on travelers' full itineraries (and people often come for dual purposes- visit family and fish). Collective estimates by four of these five companies suggest approximately 17,600 people fly to Chichagof Island for recreation in the summer and fall; gross revenue from these flights is approximately \$260,000 to \$275,000 per season. This does not include, however, the company that serves Elfin Cove lodges (around 1,500 people per season) and Pelican, which leaves out a substantial portion of the business.³

Charter Yachts. Another major sector of Chichagof Island tourism includes high-end charter yachts, often traveling between Juneau and Sitka. Twelve yacht companies were identified that use Chichagof waters, which collectively serve an estimated 1,900 people per season. Trips average eight days, and revenue from these companies is approximately \$4 million. Yacht owners observed that their clients typically spent one additional night on each end of their trip in Juneau or Sitka, and have a significant impact on the local economy of each of the communities of Juneau and Sitka. Since the trips usually attract high-income visitors, they leave behind substantial revenue in restaurants, hotels, and local shops. One operator noted that his clients alone spent about \$40,000 at one Alaska art shop in Sitka.

Boat Rentals. Two Juneau companies rent boats or yachts to parties for one to three week trips. While many go to Glacier Bay or other areas of Southeast Alaska, the company owners estimated 15 to 18 groups spent time in the Chichagof area, and around \$200,000 in rental fees could be attributed to the island and surrounding waters.

Kayaking. Guided kayaking outfits coming from Juneau and Gustavus also spend time around Chichagof Island. Point Adolphus, a world class whale-watching area, is the main draw for guided kayak tours. Two companies took a total of about 283 people to Point Adolphus and its shores in 2005, ranging from one-day trips and four to five-day trips. These activities generated about \$260,000 of gross revenue attributable to Chichagof areas.⁴

³ Assuming 1,500 clients per summer, transportation to and from Elfin Cove fishing lodges would generate approximately \$300,000 at the schedule fare of \$100 per one-way trip per person. Since lodges have seasonal contacts with air service companies, the rate is slightly less.

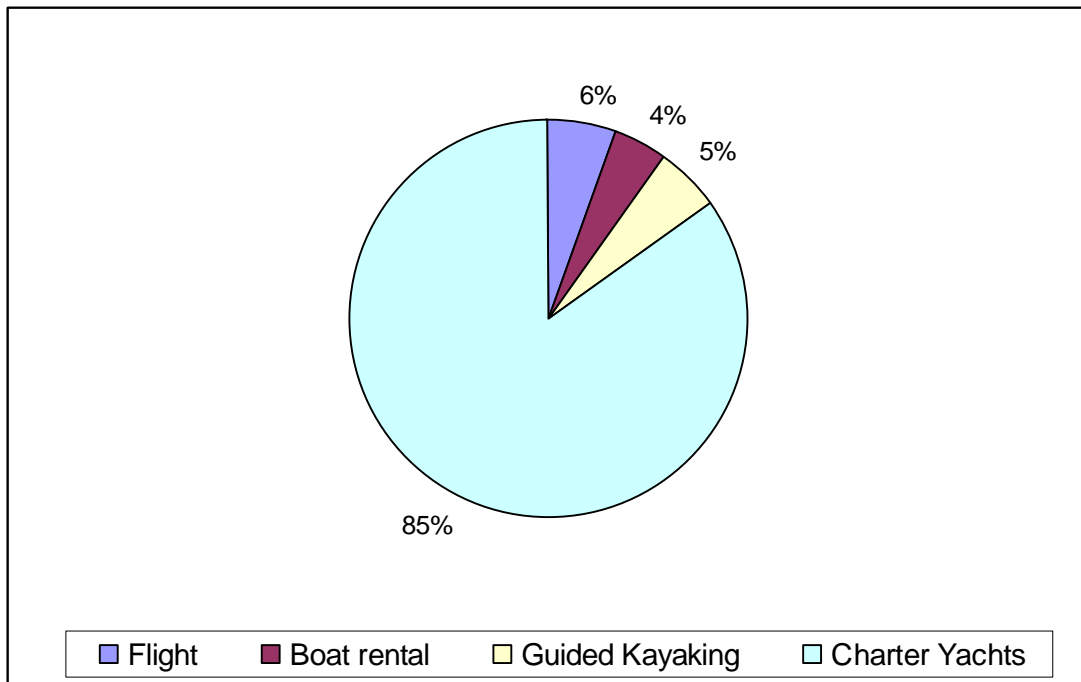
⁴ Several trips had components in Glacier Bay but only the percentage of time at Point Adolphus was used to calculate revenue.

Supply Hub. Juneau is a major beneficiary of Chichagof Island tourism as a result of the large quantities of the supplies purchased by companies providing services to visitors. All of the charter yachts buy groceries, fuel, and other items in Juneau and Sitka at the beginning or end of each trip. One captain reported spending \$600 to \$700 per week on groceries in Sitka or Juneau for his four to six-client boat. A larger boat reported bi-weekly purchases of \$3,000 to \$4,000 at Safeway and Costco and \$15,000 for fuel in Juneau. This totals \$144,000 to \$152,000 for one boat alone. In addition, fishing lodges in Elfin Cove and Pelican rely almost entirely on Juneau for food and supplies.

Table 5.
Juneau Tourism Estimated Revenues by Activity, Chichagof Island, 2005

Activities	Revenue
Flight	\$268,230
Boat rental	\$209,000
Guided Kayaking	\$259,280
Charter Yachts	\$4,059,450
Total	\$4,795,960

Figure 5.
Juneau Tourism Estimated Revenues by Activity, Chichagof Island, 2005



Data Caveats

It is difficult to estimate the number of companies who take clients to Chichagof Island from Juneau because some companies include Chichagof intermittently in their itineraries and routes.

There are a large number of companies in Juneau and this research effort was not able to contact all of them. Several companies were not contacted including one fly-in fishing, one outdoor leadership, and one marine charter company.

Charter yacht gross revenues were calculated after interviewing and gathering information on seven of 12 charter yacht companies; the remaining five were assumed to be similar to average of the seven interviewed.

Without considerably more research, it was not possible to estimate the number of visitors traveling on personal boats. It is safe to assume that almost all personal yachts coming up from the Lower 48 and spending a month or more in Alaska stop in Juneau at some time in their journey. Vessel owners spend money in Juneau on transient mooring fees and buying fuel, food, supplies, boat repairs, and other expenses. These are probably a significant source of economic activity in Juneau but have not been included in the calculations.

5. Conclusions from Case Studies

5.1 Key Findings

A number of key findings emerged from this research, despite its limited geographic scope. These include:

- Tourism in Southeast Alaska is primarily focused on nature-based activities as people are attracted to the region for its beautiful scenery, fisheries, wildlife, marine mammals, glaciers, and other natural attributes of the region's public lands.
- A large and growing portion of Southeast Alaska's tourism sector and visitors are cruise ship passengers. These visitors are similarly interested in nature-based tourism services as independent travelers. The majority of shore excursions provide nature-based activities from hikes and glacier viewing to flightseeing and forest canopy zip lines.
- While most cruise passengers are interested in nature-based visitor activities which are offered by an assortment of companies, there is a complex and extremely competitive system for booking cruise visitors with specific businesses and making information available to cruise passengers on services offered and their prices. While having a shore excursion contract with cruise lines appears to ensure a consistent client base, the trade-off is accepting the marketing, advertising, pricing, and commission restrictions imposed by the cruise companies.
- Tourism businesses that appear to be doing best either have a cruise ship shore excursion contract or are catering to overnight guests providing high quality and high value services. Examples of these types of businesses include sportfishing lodges and yacht cruises.
- Unless a company offers a new creative shore excursion idea, it is difficult to compete with businesses with existing cruise contracts. This is especially true if the new business requires a large number of clients to be profitable.

- There is some evidence that visitors are willing to pay premium prices for higher quality experiences in more pristine environments, such as the sport fishing lodges in secluded Elfin Cove as compared to Pelican, Hoonah or Tenakee. It is not clear, however, what specific attributes (seclusion, fishing experience, food, services, perceived exclusivity, and environmental amenities) are the key components of this higher market value.
- It is possible to design a community-based tourism program that provides employment to local residents as is occurring in Hoonah. However, Elfin Cove appears to bring in more in gross revenues than Hoonah with about one-eighth as many visitors because Hoonah's operation is relying on volume while Elfin Cove's is relying on a higher-priced fishing lodge experience. Day trips seem to be relatively higher cost, lower profit operations.
- Independent travelers appear to avoid the crowds and many are repeat visitors, having visited Alaska numerous times. Most tend to stay longer and have more open itineraries. These characteristics contribute to making them more difficult to survey directly.
- There was a vocalized interest by companies in several communities to move more toward marine wildlife viewing and sightseeing and away from sport fishing. Operators preferred wildlife viewing as it was less stressful with less pressure to catch fish.

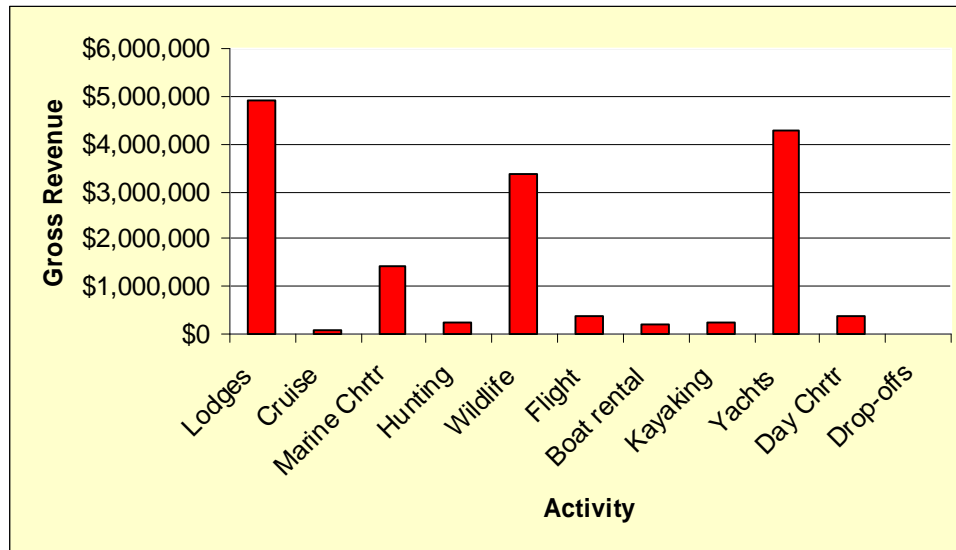
Table 6.
Estimated Revenues by
Community for Nature-based Tourism Activities,
Southeast Alaska, Summer, 2005

Community/Activity	Revenue	Visitors
Elfin Cove		
Lodges	\$4,889,500	1,528
Small Cruise Ships*	\$90,000	3,000
Subtotal	\$4,979,500	4,528
Hoonah		
Marine charters/Fishing lodge	\$840,320	1,060
Hunting	\$252,000	20
Sightseeing/Wildlife	\$3,360,350	33,610
Subtotal	\$4,452,670	34,690
Juneau		
Flight	\$268,230	--
Boat rental	\$209,000	72
Guided Kayaking	\$259,280	283
Charter Yachts	\$4,059,450	1,105
Subtotal	\$4,795,960	1,460
Pelican		
Day Charters	\$396,900	300
Charters/Lodging & Lodging only	\$396,000	350
Drop-offs	\$17,130	90
Subtotal	\$810,030	740
Sitka		
Marine Charters/Kayaks	\$19,930	40
Flight Service	\$92,390	360
Multi-night	\$240,930	100
Subtotal	\$353,250	500
Tenakee		
Marine Charters	\$155,000	100
Estimated Total	\$15,546,410	42,018
*The small cruise ship industry is centered on northern Southeast Alaska in part due to the scenic beauty of Chichagof Island. As a result, these numbers are underestimates of economic activity attributable to small cruise ships.		
** Flight service companies provided only very rough estimates of passengers. Revenues were estimated based on numbers provided by businesses receiving clients from flight service companies that did not include transportation in their tour prices. These are likely underestimates.		
Sources: Company interviews and websites, summer 2005.		

Table 7.
Estimated Revenues by
Activity for Nature-based Tourism Activities,
Southeast Alaska, Summer, 2005

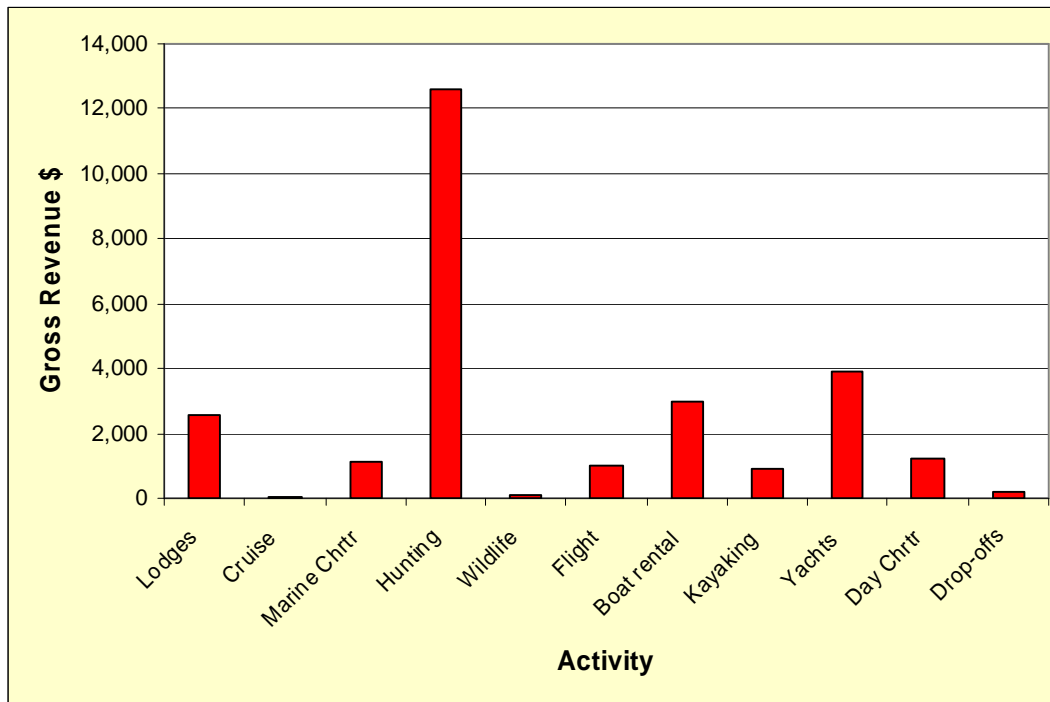
Activity	Revenue	Visitors
Lodges	\$4,917,550	1,908
Small Cruise Ships*	\$90,000	3,000
Marine charters	\$1,409,320	1,270
Hunting	\$252,000	20
Sightseeing/Wildlife	\$3,360,350	33,610
Flight Service	\$360,620	360
Boat rental	\$209,000	70
Guided Kayaking	\$261,210	285
Charter Yachts	\$4,300,380	1,110
Day Charters	\$371,850	300
Drop-offs	\$17,130	90
Total	\$15,549,410	42,023
*The small cruise ship industry is centered on northern Southeast Alaska in part due to the scenic beauty of Chichagof Island. As a result, these numbers are underestimates of economic activity as a result of small cruise ships.		
Sources: Company interviews and websites, summer 2005.		

Figure 6.
Estimated Revenues by Activity,
Chichagof Island, Summer 2005



Note: Small cruise ship revenue is based only on shore activities and expenditures by passengers in Elfin Cove.

**Figure 7.
Estimated Revenues per Person by Nature-based Tourism Activity,
Chichagof Island, Summer 2005**



Note: Small cruise ship revenue is based only on shore activities and expenditures by passengers in Elfin Cove.

5.2 Effective Research Methods

Field research in Southeast Alaska during the 2005 summer season focused on the economic impacts of nature-based tourism on the economies of local communities. A primary goal of this research was to test various methodologies for estimating business revenues from tourism activities. In Ketchikan, research focused on testing data quality and data collection efficiency of intercepting visitors versus interviewing tourism businesses. These methodologies were tested in relation to a community's role as a visitor gateway, destination, or combination of both.

The 2005 fieldwork season served as a pilot project to determine which methodology was most effective in collecting economic data. Several clear conclusions could be drawn by the end of the summer. First, company interviews proved to be more effective than visitor interviews. Company interviews provided coverage on a larger amount of people in a short amount of time as figures could be collected on summer totals of visitors doing a specific activity. Additionally, companies could provide accurate information on what visitors actually did, instead of what they were thinking of doing since the visitors intercepted during the summer didn't always have a full itinerary. One of the biggest drawbacks of visitor interviews was the difficulty of systematically interviewing independent travelers since their movement was so dispersed. This was especially apparent on Chichagof Island where it seemed impossible to scale up from such varied itineraries.

Company interviews also had several drawbacks. Companies were not always as open or easy to interview as visitors, especially when competition was stiff such as in Ketchikan. Researchers

were not able to ask direct questions regarding revenue. Also, company interviews did not always catch the independent travelers depending on the types of services the travelers were patronizing. If a kayaker had their own kayak, were dropped off on Chichagof by a friend, and bought groceries from Fred Meyer in Juneau, their economic contribution would be lost in the sea of Juneau residents.

The destination-based approach used on Chichagof Island was determined to be more effective than the gateway approach used in Ketchikan. The destination-based approach made it easier to discern what areas and which travelers should and should not be covered. Boundaries were more clearly defined – any activity taking place on Chichagof no matter where the company was based or how the travelers accessed the island. One drawback of the destination approach involved the difficulties with feeder communities like Juneau and Sitka. Considerable time was used trying to determine which companies went to Chichagof since it was only a small portion of activities originating in Juneau.

The gateway approach made it difficult to draw boundaries for the area of focus. Issues came up with Ketchikan that complicated matters, such as how to count activities taking place on Prince of Wales Island, or other areas close to Ketchikan that might be accessed by other jumping off points. Huge revenue was generated by scattered fishing lodges on Prince of Wales, but the island was a totally separate destination with varying links to Ketchikan. Similar problems arose with Misty Fjords. Do you capture the full revenue generated by travel to Misty Fjords if some visitors do not stop in Ketchikan? Research would need to start working backwards to catch all the people. In addition, many independent travelers are missed who only buy support services in Ketchikan without taking tours. To fully gauge the population of independent travelers, more interviews would be required which was deemed to be a less efficient method of collecting data. In general, the gateway methodology may capture direct visitor purchases but misses the more complex money flow – fuel, supplies for lodges elsewhere, etc. – when only focusing on people leaving from the gateway.

In conclusion, as the focus of this study is nature-based tourism, a sub-sector of the tourism industry, we found that focusing on the businesses offering the services proved considerably more efficient than attempting to intercept visitors. We also found that in places such as Ketchikan where independent travelers comprise such a small portion of the visitor population, intercepting visitors resulted in a very small sample of these (independent) travelers. Missing independent travelers resulted in missing a growing business segment catering to a relatively small number of visitors taking high value, semi-custom trips. Rather than increasing the visitor-intercept sample in order to obtain a sufficient number of independent travelers, it was significantly more efficient to target tourism businesses, including those frequented by independent travelers. The business interview method was used almost exclusively for obtaining information on nature-based tourism on Chichagof Island.

Appendix A

List of Contacts

List of Companies

Bold –Interviewed someone associated with company

Italics – used data from another source (U.S. Forest Service Special use permit, website)

Plain text – estimated visitors and revenues based on similar companies

Ketchikan

Alaska Amphibious Tours

Alaska Rainforest Sanctuary

Alaska Travel

Alaska Travel Adventures

Alaska Undersea and Northern Tours

Alaska Wilderness Outfitting

Alie Bob Charters

Allen Marine

Awesome Adventures

Bailey Bay Charters

Baranoff Skiffs

Cape Fox

Carlin Air

Experience Alaska Tours

Explore AK

Family Air

First Light Charters

Goldbelt Tours

Grayline of Alaska

Guard Island Excursions

Island Wings

Ketchikan International Youth Hostel

Ketchikan Reservation Services

Knudson Cove

KTN Charter Boats

Light Island Ventures

Misty Fjords

Northern & Undersea Tours

Pacific Air

Promech Air

Rainbird

RDM Pilot and Guide

Ryteful Adventures

Sea Wind Aviation

Snorkel Alaska

Southeast Aviation

Southeast Exposure

Southeast Seakayaks

Stimson Charters

Taquan

Wilderness/Crab Feed

Elfin Cove

Cross Sound Lodge

Eagle Charters

Elfin Cove Lodge

Fishmaster Inn

Hobbit Hole

Icy Straits Adv.
Inner harbor Lodge
Tanaku Lodge
The Cove Lodge

Hoonah

Tok River outfitters
Icy Strait Point Development Corporation
Hoonah Indian Association
Ken Meserve
The Office Bar
Royal Charters and Tours
The Galley
Tinas Lodge
Whale Watch Lodge/F.I.S.H.E.S.
Wind and Sea B&B
Mayor of Hoonah
Hoonah City Accountant
Hoonah Trading Company
Tideland Tackle
Hubbards' B&B
Ear Mt. B&B

Juneau

Admiralty Tours
58 Degree Charters
Spirit Walker
Alaska Seaplanes
LAB
Skagway Air
Nine Lives Charters
Wings of Alaska
Alaska Fly N Fish
West Wind Charters
Alaska Bear Yacht Charters
Alaska Song
Alaska Story
The Boat Company
Alaska on the Homeshore
Adventurer
Explorer
Snow Goose
Ursa Major
Alaska Legion
Safari Quest

Pelican

Avery Simmons
Chicobi Charters
Dragonfly Charters
Highliner Lodge
Howard Charters
Joe Quinn
Ken Wolfe
Lisianski Café Charters
Lisianski Charters and Lodge

**Mayor of Pelican
Pelican Charters**

Sitka

**Air Sitka
Burgess Bauder
Charlie Clark
Dragon Lady
Harris Air
Hunter Air
Davey Lubin
Sitka Sound Ocean Adventures**

Tenakee

**Fishing Bear Charters
Jason's Custom Charters
Snyder Mercantile
Wings of Alaska**

Tenakee Harbor
Hoonah Harbor
Ketchikan Visitor's Bureau
Sitka Visitor's Bureau
U.S. Forest Service
Alaska Department of Fish & Game
Borough/city accounting offices