

# The State of Sitka's Economy

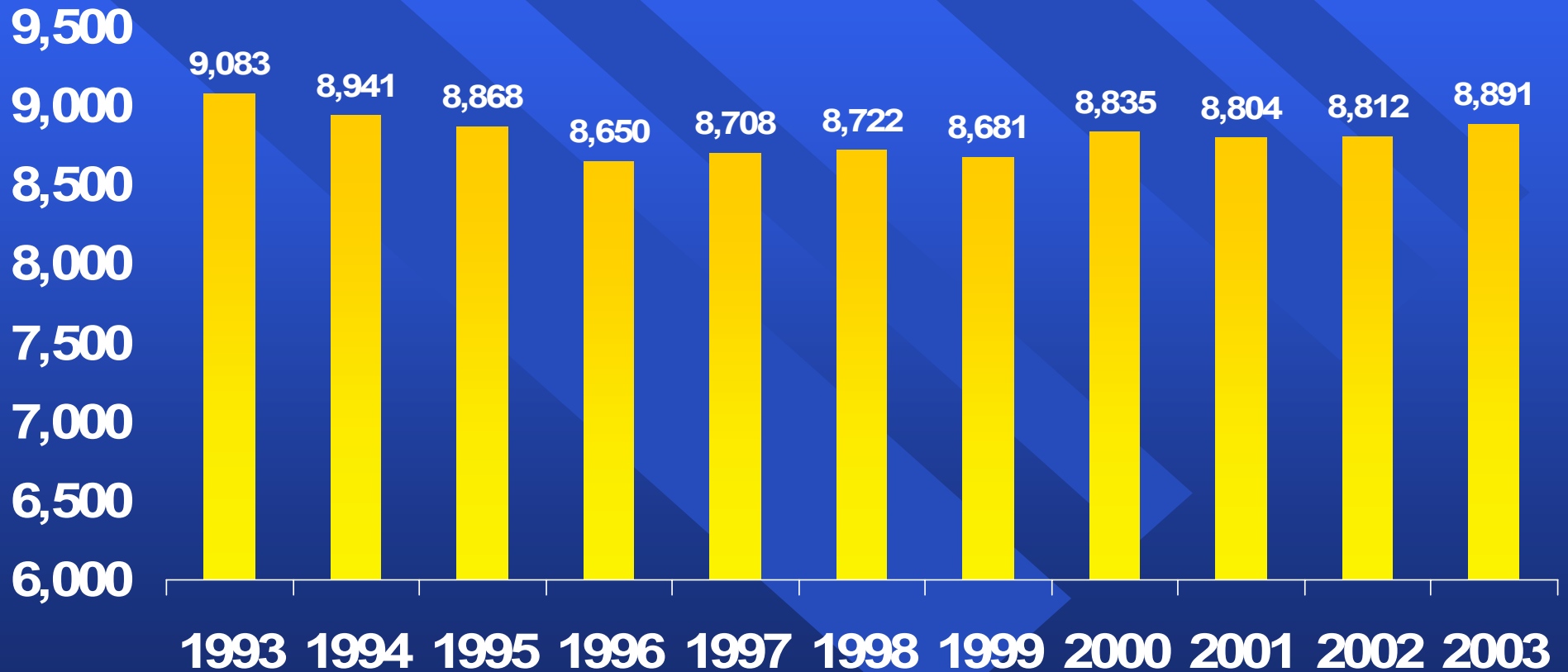
Prepared for:  
**Sitka Economic  
Development Association**

Prepared by:  
**McDowell Group, Inc.**

**November 30, 2004**

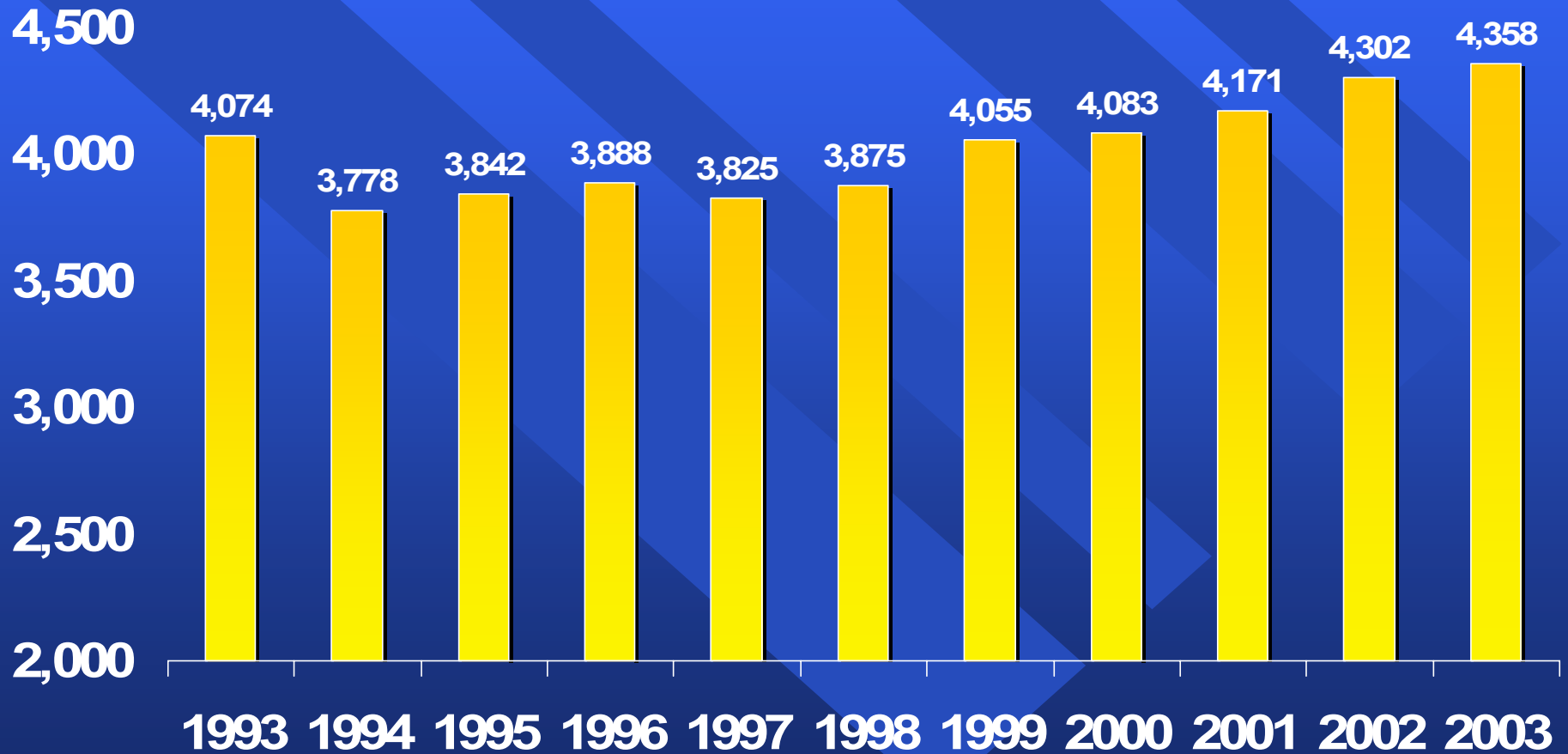
# I. The State of Sitka's Economy

# Sitka Population 1993-2003



Source: Alaska Department of Labor and Workforce Development

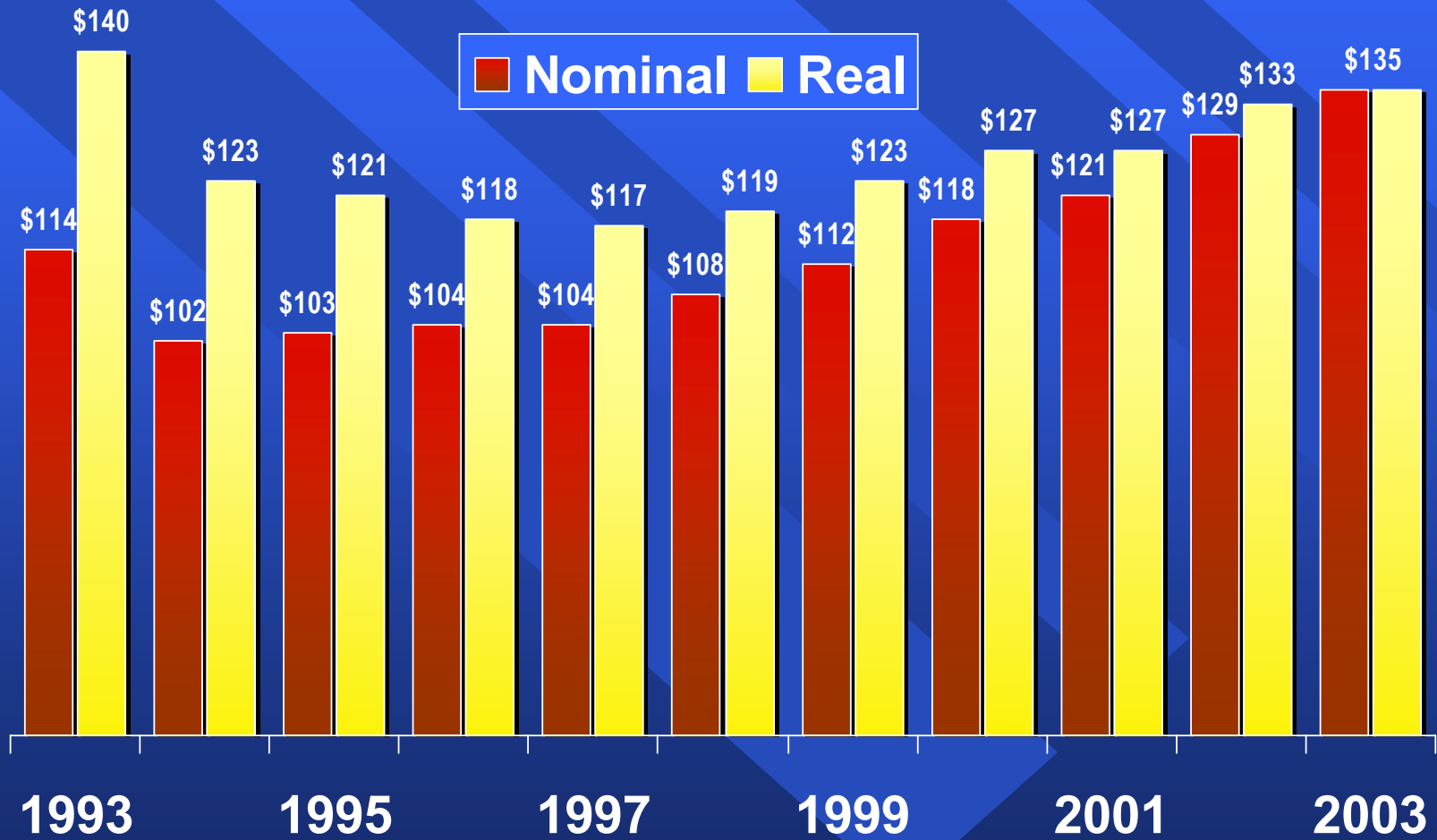
# Sitka Employment 1993-2003



Source: Alaska Department of Labor and Workforce Development

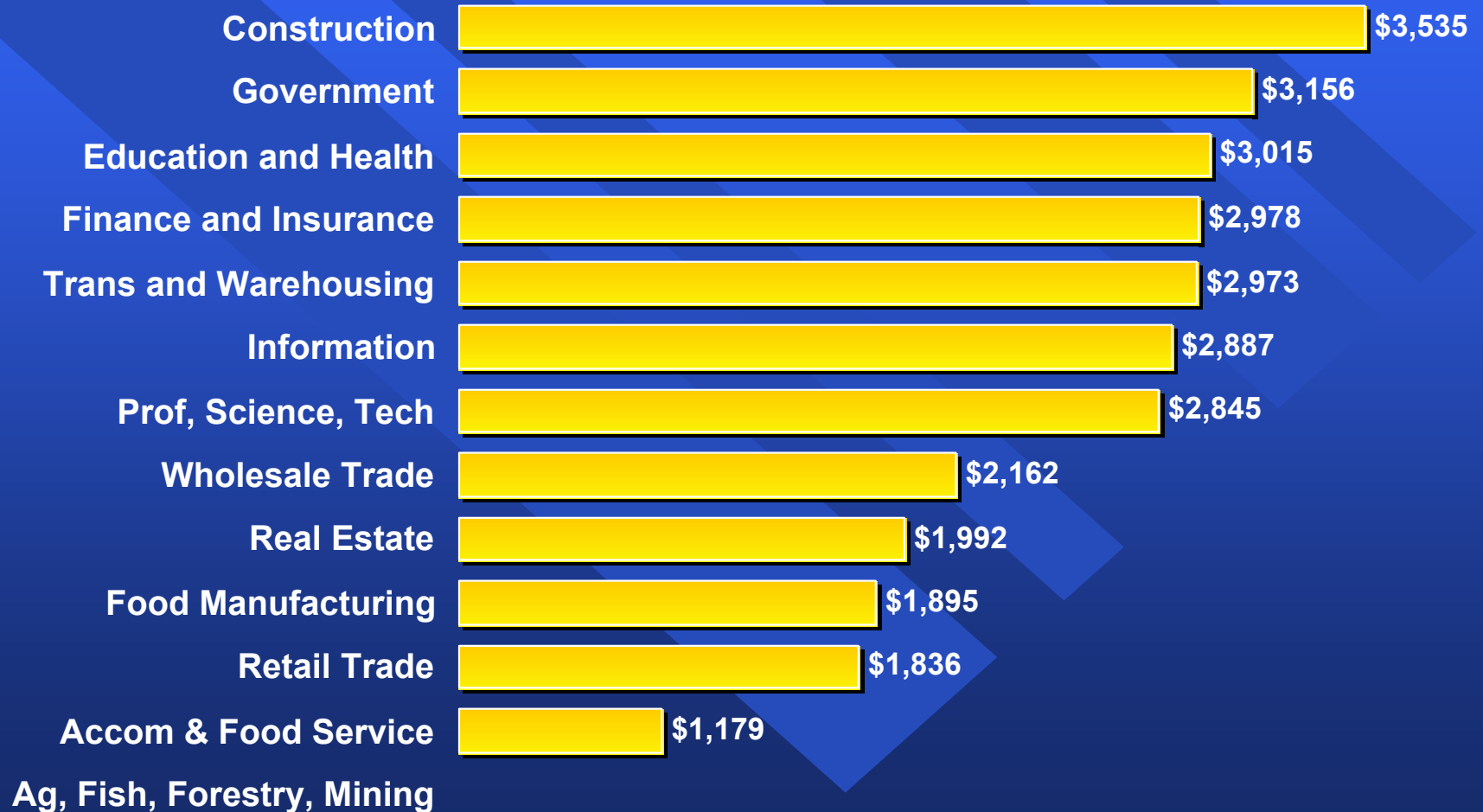
# Sitka Payroll

## 1993-2003, \$millions

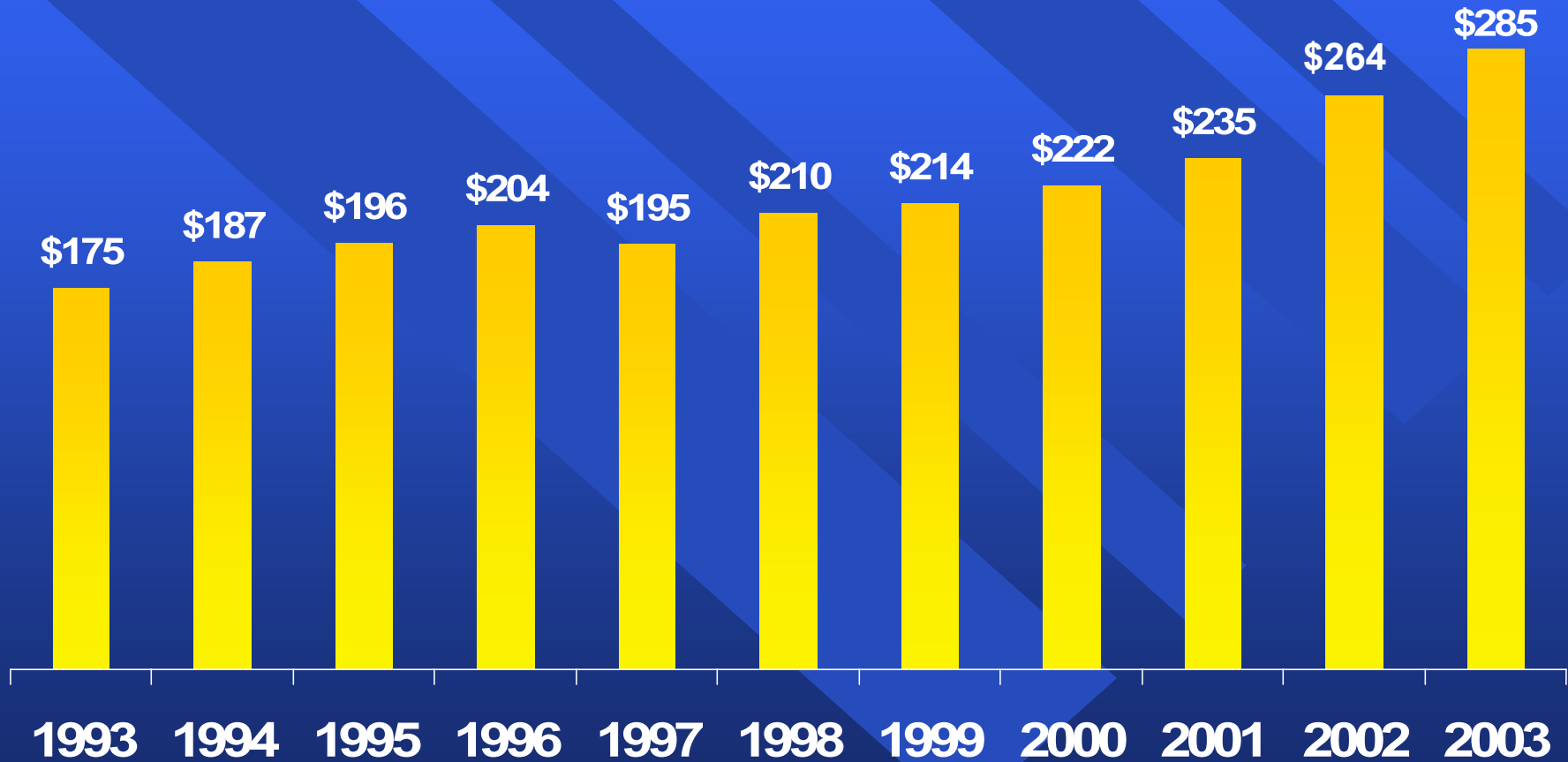


Source: Alaska Department of Labor and Workforce Development

# Average Monthly Earnings by Industry - 2003



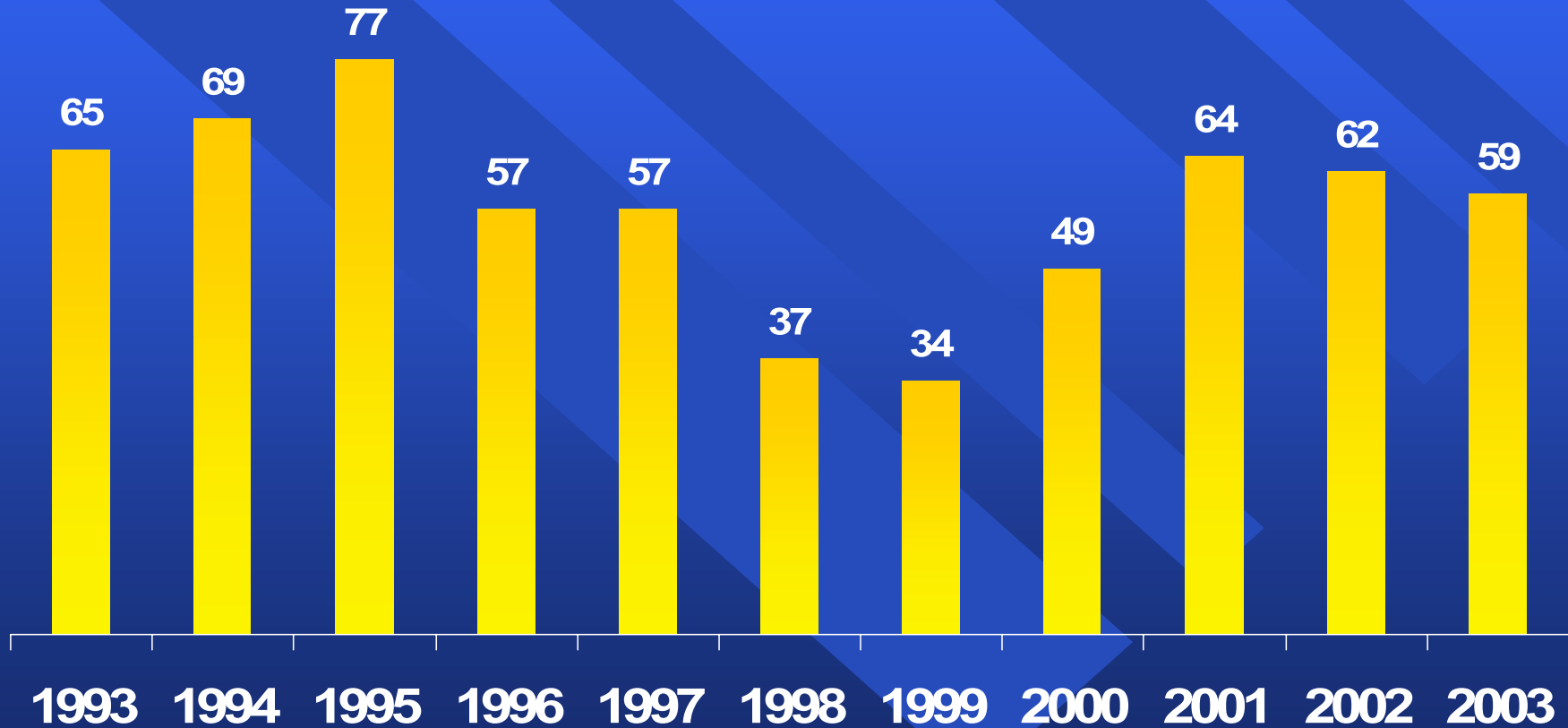
# Sitka Gross Business Sales 1993-2003 (\$ million)



Source: City and Borough of Sitka

# Sitka Construction Activity

## Number of Dwelling Units, 1993-2003

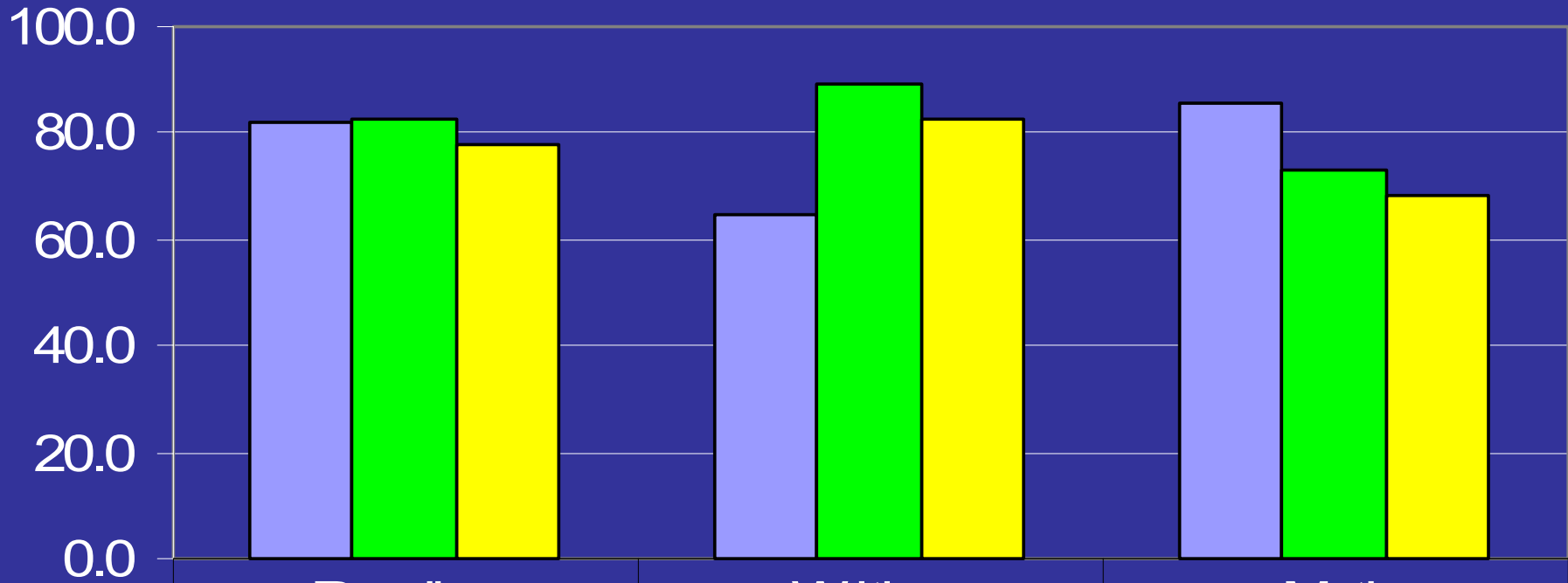


Source: City and Borough of Sitka

# Sitka Education Performance

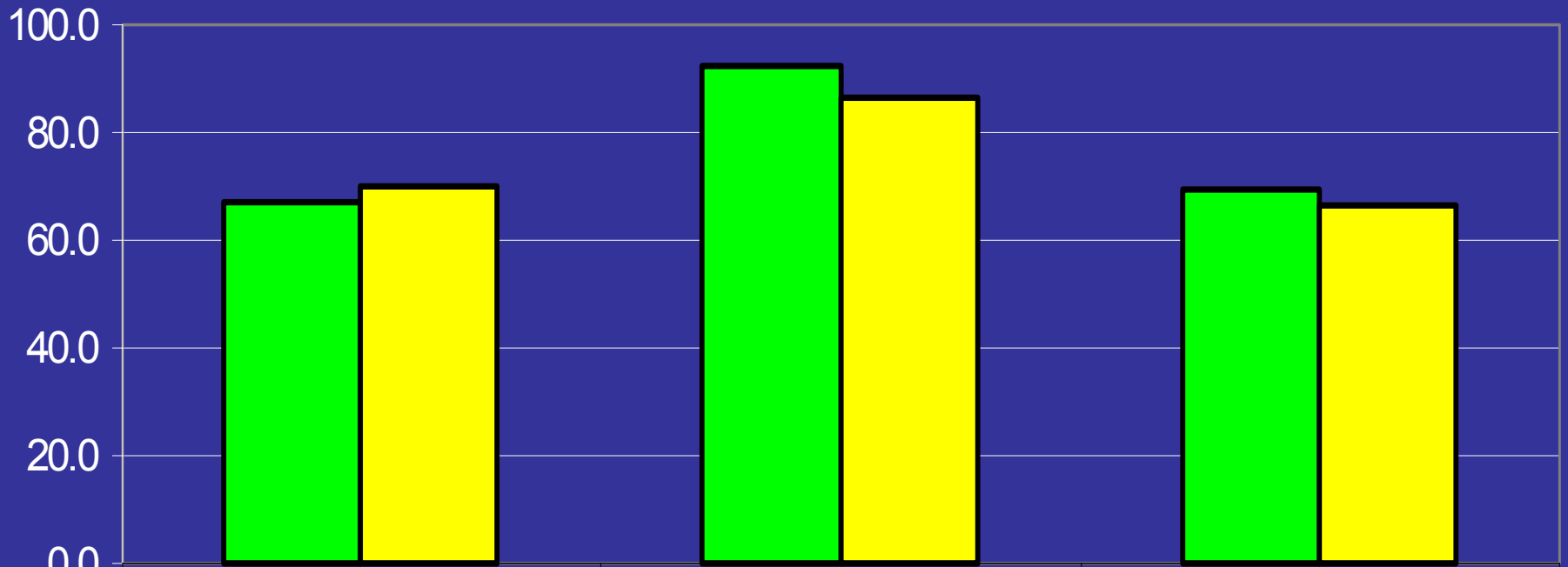
- School enrollment down in 2003, stable in 2004
- Benchmark results higher than statewide
- High School Graduation Qualifying Exam results better than statewide for writing and math
- Schools meeting Adequate Yearly Progress (AYP) standards:
  - Sitka High School
  - Mt. Edgecumbe High School
  - Blatchley Middle School
  - Sitka Correspondence

# Benchmark Results: 3rd, 6th & 8th Grades



	Reading	Writing	Math
Grade 3	81.9	64.8	85.7
Grade 6	82.6	89.1	72.8
Grade 8	77.6	82.8	68.1

# High School Graduation Qualifying Exam Results



	Reading	Writing	Math
■ Sitka	67.2	92.1	69.6
■ Statewide	70.1	86.2	66.7

# Sitka in 2004

- Population appears stable
- School enrollment stable
- Cruise visitors down
- OK independent visitor season
- Seafood harvest and production up
- Construction value up, housing down a little
- Summer labor market tight
- Municipal budget issues

# II. Regional Economics

# Regional Population Trends 2000-2003

	Average Annual % Change
<b>Sitka</b>	<b>+0.2%</b>
<b>Juneau</b>	<b>+0.6%</b>
<b>Ketchikan</b>	<b>-1.1%</b>
<b>All Other Southeast</b>	<b>-2.3%</b>
<b>Southeast Alaska</b>	<b>-0.5%</b>

# Regional Employment

- Up slightly in 2003 (about 450 jobs gained overall)
- Preliminary data shows further increase in 2004
- 36,250 jobs in the region

# Per Capita Personal Income, 2002

Anchorage	\$37,442
Juneau	\$36,086
Ketchikan	\$37,012
<b>Sitka</b>	<b>\$31,554</b>
Alaska	\$32,799
U.S.	\$30,906

# Average Monthly Wages, 2003

<b>Anchorage</b>	<b>\$3,300</b>
<b>Juneau</b>	<b>\$3,018</b>
<b>Ketchikan</b>	<b>\$2,676</b>
<b>Sitka</b>	<b>\$2,579</b>
<b>Alaska</b>	<b>\$3,113</b>

# Tourism, Timber and Mining

# Tourism

- Regional cruise growth continues
- Independent market stronger in 2004
- Repeat visitors increasing
- Alaska Marine Highway transformation
- Relative cost of passenger air access to region
- Statewide marketing deficit
- Sitka cruise market down
- Sitka Independent market healthy

# Southeast Cruise Traffic 1993-2004

■ Number of Cruise Passengers

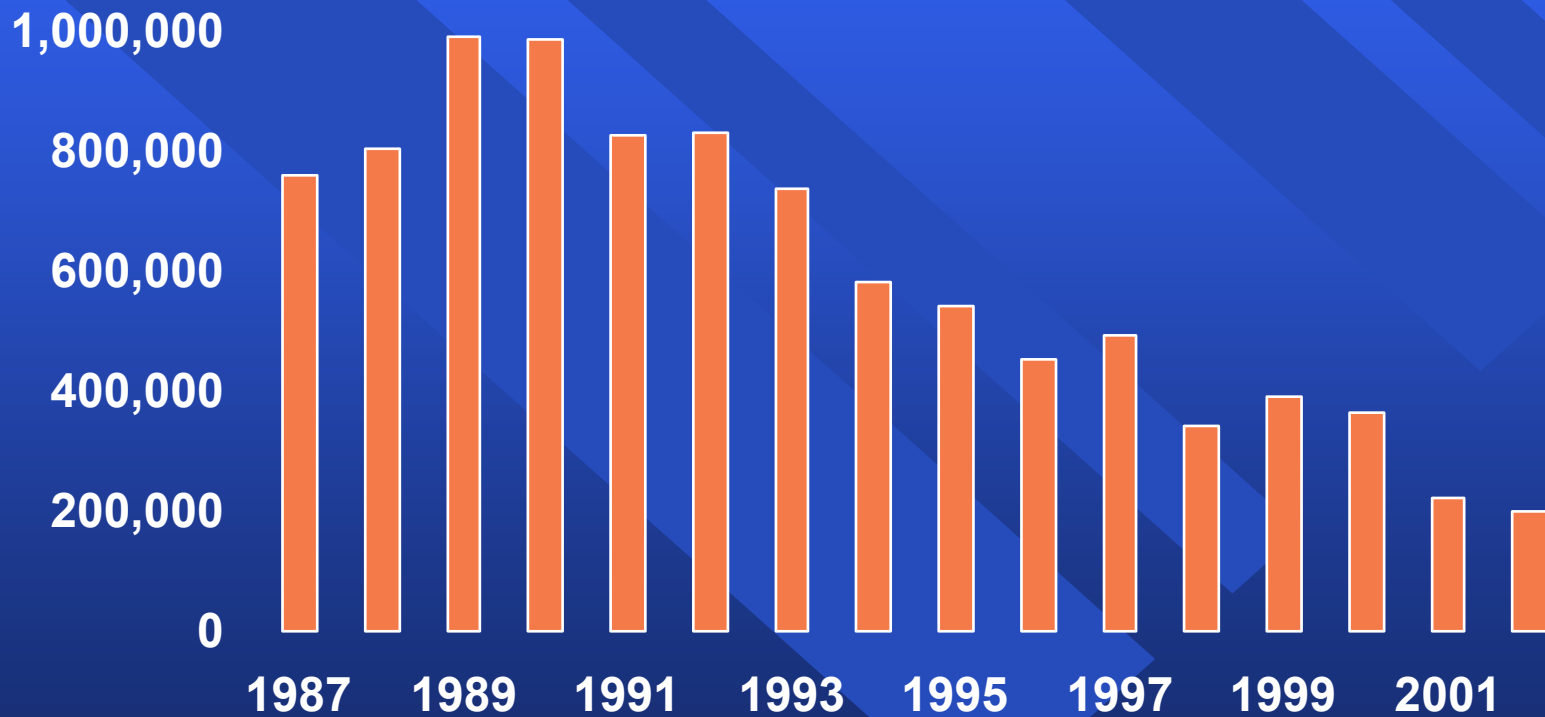


# Cruise Traffic by Port

## (% Change 2003-2004)

	Percent Change 03-04
Wrangell	+21%
Skagway	+15%
Juneau	+14%
Ketchikan	+12%
Haines	+6%
Sitka	-9%

# Southeast Timber Harvest 1987-2002 (000bf)



# Mining

- **270 jobs at Greens Creek Mine**
- **Pays highest wages in the Juneau community. Single largest private sector employer in Juneau**
- **Kensington Mine poised for development**

# Special Report: Regional Seafood Industry

# Regional Seafood Trends

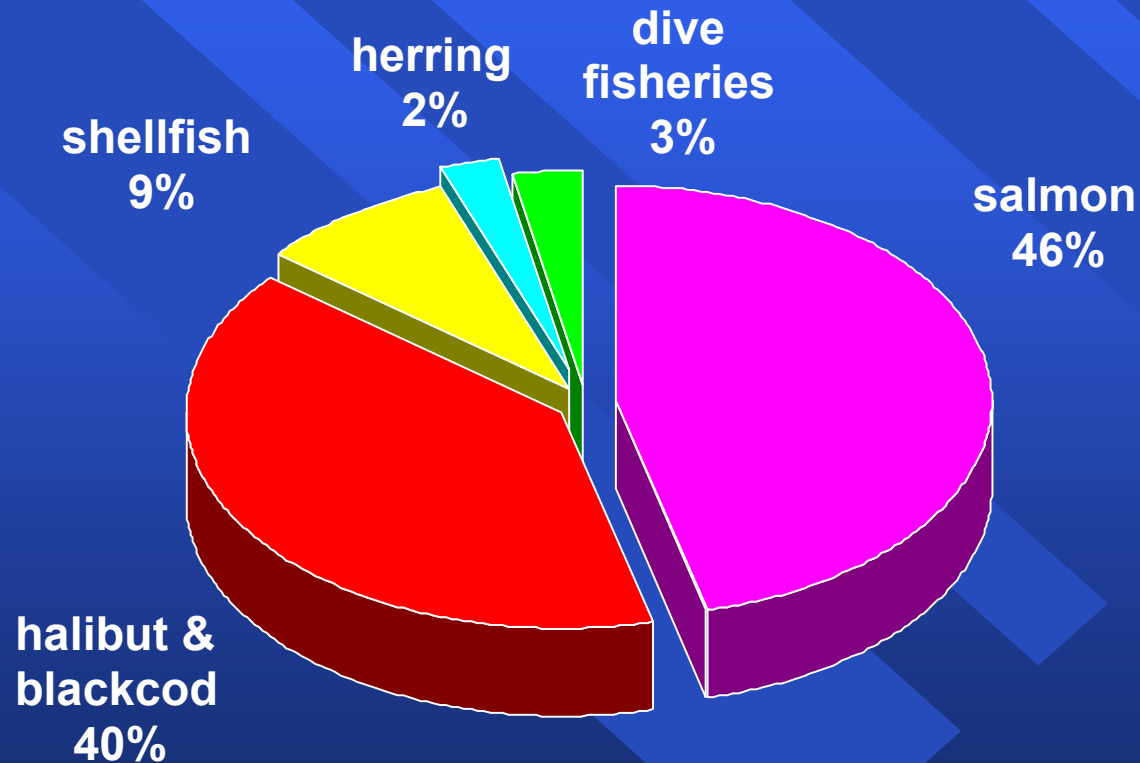
- Increase in wholesale prices
- Processor shift to value-added product forms produced in the region – increased fillet production - especially Sitka
- More seafood product shipping by air
- Plans to increase cold storage capacity
- Freight consolidation planning

# Regional Seafood Situation

- Over 1/2 of SE income from species other than salmon
- Prices, stocks and markets generally healthy for non-salmon species
- Salmon prices rebounding for sockeye, king & coho
- Strong political force behind salmon industry recovery
- Communities becoming proactive about seafood infrastructure

# Major SE Fisheries

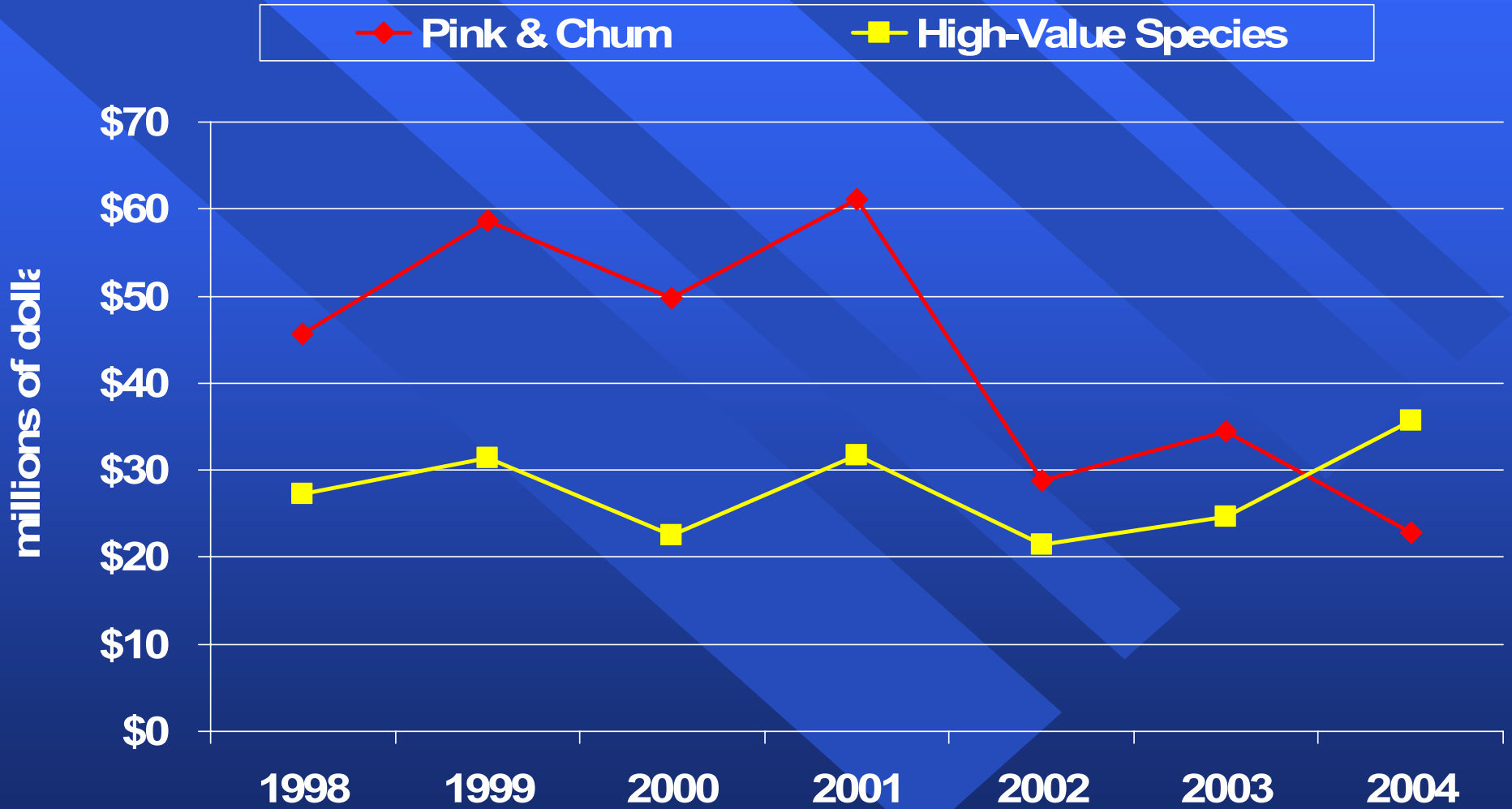
## 2003 Ex-Vessel Value, \$128 million



# Salmon

- Largest king salmon harvest in 20 years
- Price recovery in traditional high-value species
- Pink and chum prices remain depressed, but market indicators show early signs of modest recovery
- Strong domestic-market interest in wild salmon benefits SE
  - Closest to U.S. market
  - Longest season in AK (fresh market)

# SE Ex-vessel Salmon Value



# Other Species

- Halibut price at record levels, stocks high
- Sablefish prices down in 2004, AK allowable catch up 30% from typical levels
- Tanner crab stocks in decline, king crab stock assessment in question
- Strong value in 2004 Sitka herring fishery

# Sitka Seafood in 2004

- Increase in troll landings
- Substantial increase in IFQ landings
  - Sitka #3 in sablefish, #6 in halibut
- Increased salmon fillet production
- Significant increase in wholesale value
- New processor
- Excellent support services
- Good marine infrastructure - need more
- Supportive community
- Municipal cold storage

# SE First Wholesale Salmon Value, May-August Average, \$/lb

	<u>2003</u>	<u>2004</u>
Fresh King	\$2.18	\$3.37
Fresh Sockeye	\$1.93	\$2.53
Fresh Coho	\$1.57	\$2.13
Frozen King	\$1.19	\$2.90
Frozen Sockeye	\$1.68	\$2.49
Frozen Coho	\$1.37	\$2.17

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