

2008

Petersburg Economic
Development Council

Economic Trends

PO Box 750
Petersburg, AK 9833
Phone: 907.772.4042
E-Mail: pedc@gci.net

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Introduction

The Petersburg Economic Development Council is pleased to publish the first annual economic trends report for the City of Petersburg. The goal of the report is to improve our community's understanding of the local, regional, and statewide economy. Readers should note the data contained in the report was obtained from secondary sources; the notes section at the end of the report addresses limitations of the data.

Summary

The report indicates Petersburg is facing many of the same challenges as other communities in our region, particularly among key Indicators.

- Decline in population.
- Decline in school enrollment.
- Employment growing slower than the statewide average.
- Lack of real growth in most commercial sectors.

Overall, Petersburg's economic trends show some warning signs, but there are also some positive aspects in that the steep downturns of the late 1990's and early 2000's appear to have stabilized, and in most cases, Petersburg is faring better than other communities in the region. For example, while employment numbers are not keeping up with statewide growth, Petersburg is certainly doing as well, if not better, than the regional average.

We hope the information contained in this report will prove useful and it will encourage the community to continue efforts to support local business, diversify the economy, and invest in our future. PEDC welcomes your ideas and comments.

2008 PEDC Board of Directors

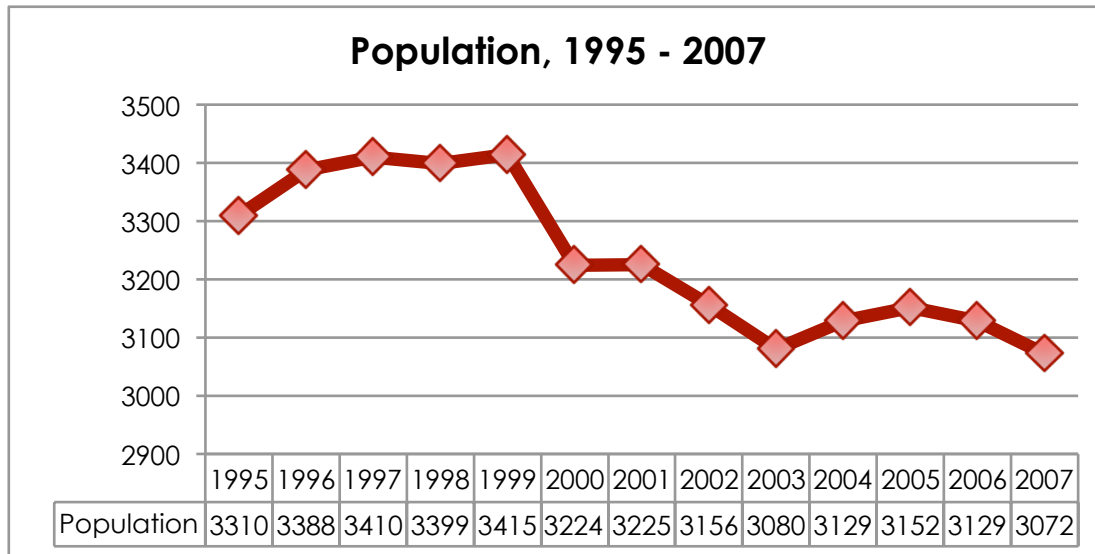
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Population

- The 2007 population estimate indicates a decrease in local population from 3,159 in 2006 to an estimated 3,072 in 2007. ¹
- This continues the general downward population trend, which began in 2000, and is consistent with population trends throughout much of the region.



(Source: Division of Community and Regional Affairs, 2007.)

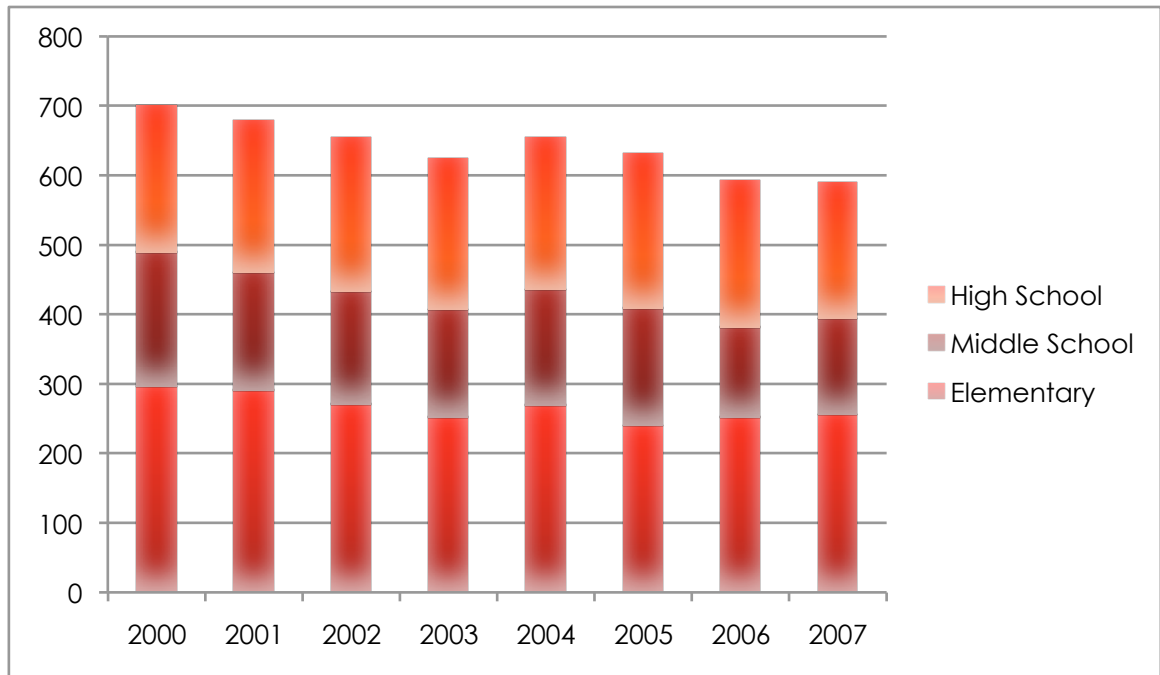
Regional Population Trends

The population of Southeast Alaska decreased to 70,503 in 2006; down 751 residents from 2005, and has decreased every year for the last nine years except one (the population increased by 148 persons in 2002). Compared to other communities in the region, Petersburg is about average in terms of population loss, with a slightly better than average performance in the last couple of years. (Source: Juneau Economic Development Council, 2007)

Community	Change 2005-2006	Change 2000-2006	Change 1995-2006
Juneau	-1.7%	-0.2%	6.8%
Ketchikan	0.4%	-6.3%	-10.8%
Petersburg	-0.7%	-2.9%	-5.5%
Prince of Wales	0.2%	-12.9%	-19.6%
Skagway	2.5%	-0.9%	10.2%
Wrangell	-3.2%	-17.2%	-29.2%
Regional avg.	-1.1%	-4.1%	-4.1%

School Enrollment

K-12 enrollment in the Petersburg Public Schools declined slightly to 589 students in 2007 from 592 in 2006². While the total number of students declined, enrollment at both Rae C. Stedman Elementary and Mitkof Middle School increased slightly over the previous year.



(Source: Alaska Department of Education, District Enrollment Totals by Year, 2007)

Regional and Statewide Comparisons

	2001	2002	2003	2004	2005	2006	2007	Change 2006-2007	Change 2000-2007
Juneau	5,463	5,540	5,506	5,429	5,310	5,216	5,161	-1.1%	-8.6%
Petersburg	678	653	623	654	631	592	589	-0.5%	-15%
Alaska	132,146	133,105	132,973	131,210	131,210	131,374	130,776	-0.5%	-1.7%

(Source: Juneau Economic Development Council, 2007)

Employment

- Employment growth has lagged behind the statewide figures, but Petersburg is faring better than Southeast as a whole.
- Industry sectors showing increases are: Natural Resources/Mining, Local Government, and Seafood Processing. Sectors showing employment declines include Federal Government; Construction; and Trade, Transportation, and Utilities, including retail.

Average Annual Employment, 2000 – 2007^{3,4}

	2000	2001	2002	2003	2004	2005	2006	2007	Change 2006-07	Change 2000-07
Petersburg	1,442	1,402	1,413	1,518	1,397	1,410	1,511	1,535	1.6%	6.4%
Southeast	36,250	35,950	35,800	36,350	35,950	36,700	36,900	36,950	.5%	-1.9%
Alaska	280664	-	-	-	-	-	314800	317600	.8%	13.1%

(Sources: Alaska Department of Labor, Research and Analysis, 2007;
Juneau Economic Development Council, 2007)

Petersburg's Top Private Employers, 2006

Petersburg's top employers reflect the composition of the local economy, with seafood processing being the dominant sector.

Name of Company	Average Annual Employment
Icicle Seafoods Inc	182
Trident Seafoods	63
Ocean Beauty	52
Hammer & Wikan	41
The Trading Union	31
Rock-n-Road Construction	17
Prowler, LLC	16
Tongass Cutting LLC	16
Rooney's LLC	16
Pilot Publishing	15

(Source : Alaska Department of Labor, 2007.)

Average annual employment data captured by the Department of Labor does not take into account seafood harvesting jobs, self-employed, and uniformed military, including the US Coast Guard.

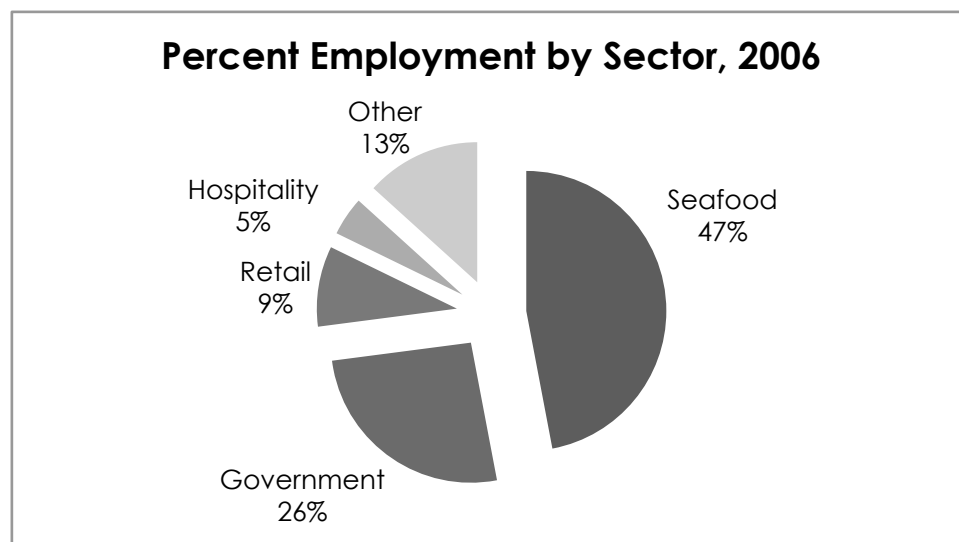
- Employment in the seafood-harvesting sector seems to have rebounded slightly in the last few years, based mostly on increase in local crew members.⁵

Year	Permitholders	Crewmembers	Total
2000	467	440	907
2001	NA	NA	NA
2002	467	387	854
2003	467	370	837
2004	472	391	863
2005	478	410	888
2006	481	430	911

Source: Commercial Fisheries Entry Commission, 2006.

Total Employment By Sector

In 2006, seafood processing and harvesting accounted for an estimated 952 or 47% of average annual jobs⁶, while Federal, State and local government accounted for 525 jobs or 26% of total employment. Retail trade also makes an appearance in the top ten list of employers, and overall accounts for 9% of total employment. The Leisure/Hospitality doesn't have a single large employer, but as a sector it accounts for 5% of total employment.



Firms by Industry

- Total number of establishments with at least one employee has declined since 2000 from 173 to 166. Greatest declines were in construction, and professional services (lawyers and accountants).
- Sectors with new establishments include Information (telecommunications), and Wholesale Trade (Fish and Seafood Sales).

	2000	% of Total	2006	% of Total
Total	173	100%	166	100%
Forestry, fishing	21	12.1%	23	13.9%
Mining	0	-	1	0.6%
Construction	18	10.4%	14	8.4%
Manufacturing	7	4.0%	8	4.8%
Wholesale trade	4	2.3%	7	4.2%
Retail trade	34	19.7%	32	19.3%
Transportation & warehousing	14	8.1%	12	7.2%
Information	2	1.2%	5	3.0%
Finance & insurance	3	1.7%	3	1.8%
Real estate & rental & leasing	5	2.9%	4	2.4%
Professional, scientific & technical	9	5.2%	5	3.0%
Admin, support, waste mgt, remediation	3	1.7%	5	3.0%
Educational services	1	0.6%	1	0.6%
Health care and social assistance	10	5.8%	12	7.2%
Arts, entertainment & recreation	4	2.3%	5	3.0%
Accommodation & food services	15	8.7%	16	9.6%
Other services (except public administration)	13	7.5%	13	7.8%
Unclassified establishments	10	5.8%	-	-

(Source: US Census Bureau, Zip Code Business Patterns, 2000 and 2006)

Commercial Activity

Business Licenses

- The State of Alaska recorded 506 business licenses with Petersburg addresses.
- This is approximately .7% of all licenses in the state.

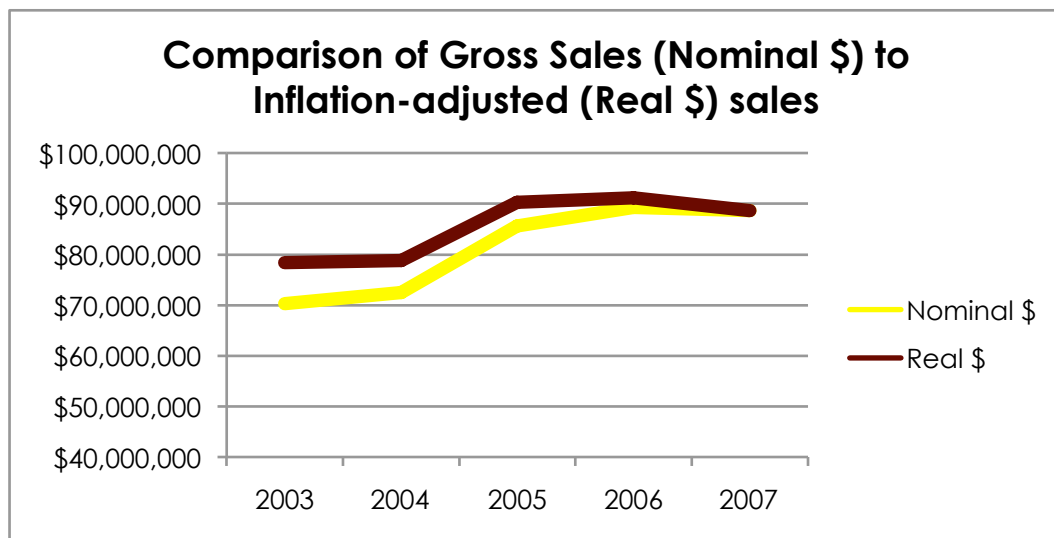
Address on License	Number of Licenses	Licenses per Capita
Juneau	4,149	.13
Ketchikan	2,378	.18
Sitka	1,374	.15
Craig	252	.18
Wrangell	307	.16
Petersburg	506	.16

(Source: University of Alaska, Institute of Social and Economic Research, 2008)

Gross Business Sales

Business sales are a useful indicator of total commercial activity in our community. Gross sales figures represent all commercial activity occurring within the City, and include sales for businesses that are not located here, but conduct commerce here, such as car rental agencies, XM radio, and out of town contractors.

When comparing gross sales figures from year to year, one must recognize inflation has increased price levels for goods and services. Year to year increases in sales reflect these inflationary prices. To compensate for the effect of inflation, the consumer price index for Anchorage was used to inflate all sales to 2007 dollars for comparison.⁷



(Source : City of Petersburg ; CPI-Anchorage, U.S. Bureau of Labor Statistics)

- In the last year, gross sales decreased slightly both in nominal dollars, and in inflation-adjusted dollars.
- Between 2003 and 2007, gross sales in inflation-adjusted dollars increased by 13%.

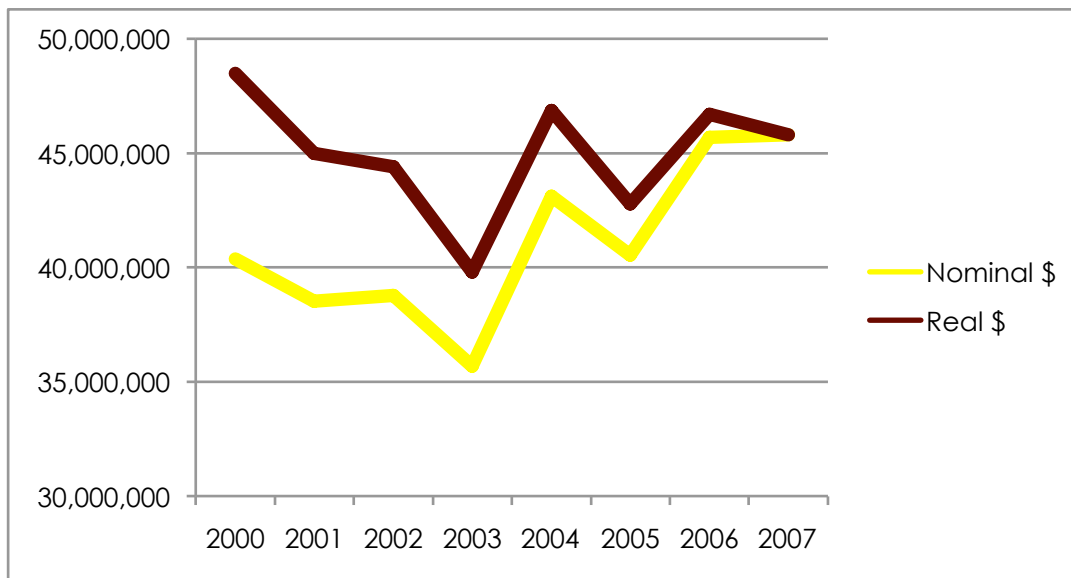
Changes in Gross Sales

	% Change 2006 – 2007	% Change 2003 – 2007
Gross Sales (nominal dollars)	-0.06%	26.16%
Gross Sales (inflation-adjusted)	- 2.82%	13.12%

(Source: CPI-Anchorage, U.S. Bureau of Labor Statistics)

Taxable Sales

City sales tax is probably a better indicator of commercial activity for Petersburg-based sales. Sales tax figures are not representative of all sales, but rather 'taxable sales'. Sales to residents over the age of 65, fees for medical services, purchases made for resale, rental charges, and purchases in excess of \$1,200 are all exempt from the City's 6% sales tax.



(Source : City of Petersburg ; CPI-Anchorage, U.S. Bureau of Labor Statistics)

- In the last year, taxable sales increased slightly in nominal dollars, but have declined slightly in inflation-adjusted dollars.
- Between 2003 and 2007, taxable sales in inflation-adjusted dollars increased by 15%.

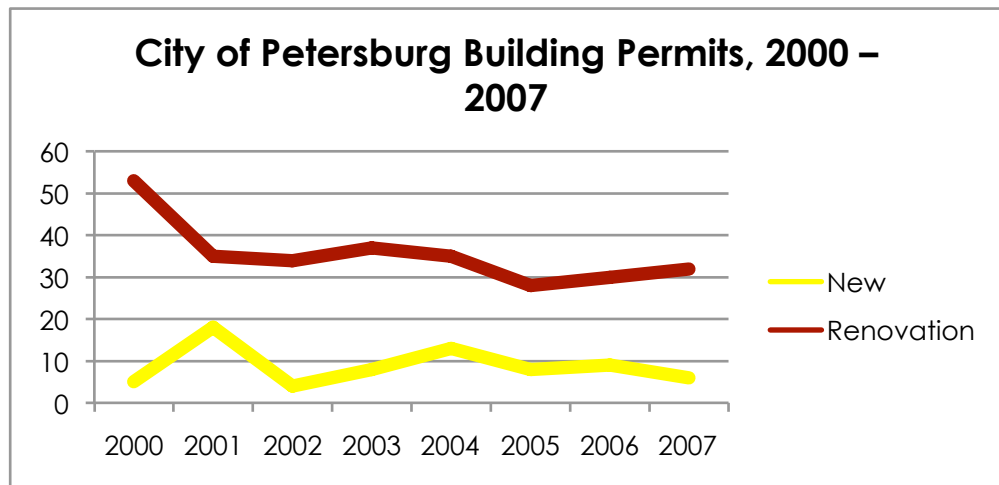
Changes in Taxable Sales

	% Change 2006 - 2007	% Change 2003 - 2007	% Change 2000 - 2007
Taxable Sales (nominal dollars)	.22%	28.32%	13.41
Taxable Sales (inflation- adjusted)	- 1.95%	15.05%	-5.58

(Source: CPI-Anchorage, U.S. Bureau of Labor Statistics)

Residential Construction

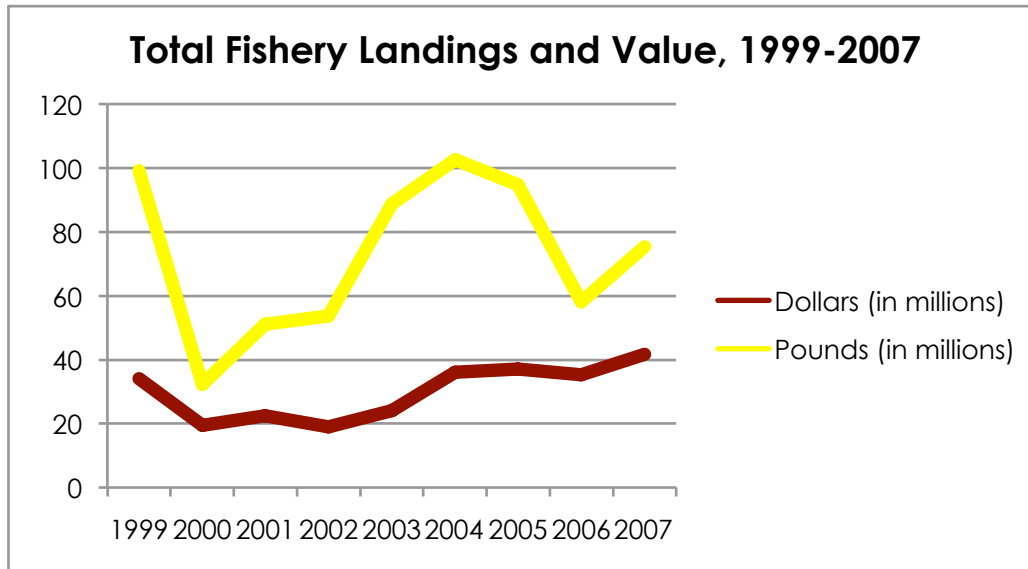
- In 2007, with only 6 new building permits issued, the pace of new residential housing fell below the seven-year average of 9.2 permits per year.
- Permits for residential remodeling and additions (including accessory buildings) have been increasing steadily since 2005, though the 32 permits issued in 2007 is below the seven-year average of 36.



(Source: City of Petersburg, Building Permits Report, 2007)

Seafood Landing/Ex-vessel Value

- Petersburg landings are dominated by high-volume/low value species, which is reflected in the relatively flat dollar value.
- In 2007, dollar value of all landings topped \$40 million.



(Source: National Marine Fisheries Service, 2008)

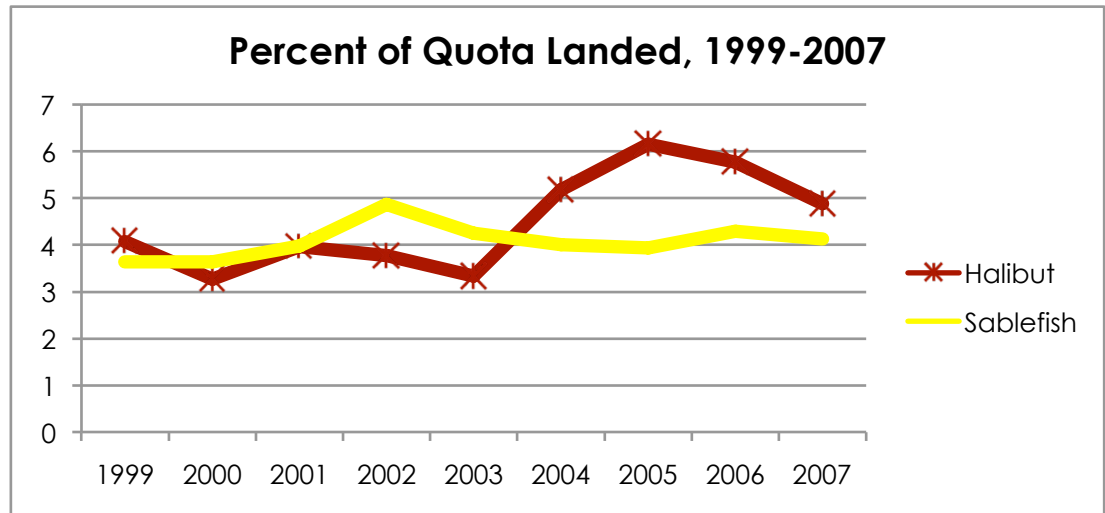
Regional Comparison (2007)

Port	Landings (in millions of pounds)	Dollar Value (in millions)	% Change in Landings 2006-2007	% Change in Dollar Value 2006-2007
Juneau	19.5	\$21.1	2.6%	- 8.6%
Kodiak	320	\$126	- 3.8%	24%
Petersburg	75.4	\$41.8	29.5%	18%
Sitka	55.5	\$50.8	18.3%	- 4.5%
Ketchikan	83.5	\$28.6	66%	46%

(Source: National Marine Fisheries Service, 2008)

Halibut and Sablefish

- In the initial year of the IFQ program (1995), 7.2% of the halibut quota, and 4.23% of the sablefish quota was landed in Petersburg.
- In 2007, Sablefish landings continued their relatively flat trend, with 4.1% of the total quota landed in Petersburg, while the percentage of halibut landings declined to 4.8%, after topping out at 6.1% in 2005.



(Source: RAM, National Marine Fisheries Service, 1995-2007)

Visitor Industry

Statewide, the summer visitor industry was flat in 2006 remaining at about 1.6 million visitors, 82 percent of them vacation/pleasure visitors, while 2007 showed a return to the industry's long-term growth pattern by increasing to an estimated 1.7 million visitors. The cruise market accounted for virtually all of the growth with air travel to Alaska remaining relatively stable and the highway/ferry market segment continuing its significant long-term decline.

- Petersburg's estimated visitor volume, both day and overnight, for May 1 – September 30, 2006 was 29,000. This was approximately 2.5% of the region's total visitor volume of 1,160,000 for the summer of 2006.
- On average, overnight visitors to Petersburg spent 3.7 nights in town; this is below the regional average of 5.7 nights.

(Source: Alaska Visitor Industry Statistics Program, 2007; State of the Sitka Economy, McDowell Group, 2007)

Cost of Living

Home Ownership

- Nationally, the median home price fell 1.4 percent in 2007 to \$218,900.
- In Petersburg, the median home price was significantly below the national figure at \$189,950.

Median and Average Purchase Price for Single-Family Home, 2007

City	Median Price	Average Price
Petersburg	\$189,950	\$203,506
Juneau		\$302,079
Anchorage		\$317,576
Ketchikan		\$207,191
Alaska		\$271,122
US	\$218,900	\$266,000

(Source: Petersburg Properties, Canary and Associates, National Realtor's Association, Juneau Economic Development Council)

Food⁹

- Food costs in Petersburg are comparable to other small urban communities, but significantly higher than larger communities in Alaska, such as Anchorage or Fairbanks.
- In December 2007, weekly food costs for a family of four averaged \$160.50 in Petersburg, which is approximately 32% higher than Anchorage.

Weekly Cost of Food for a Family of Four (2 adults, 2 children aged 6-11)

Community	Jun-90	Jun-95	Jun-00	Dec-07	Change 2000-2007
Anchorage	\$98.91	\$88.85	\$101.27	\$121.31	19.7%
Haines	-	-	\$127.95	\$172.10	34.5%
Juneau	98.83	97.83	111.19	\$140.79	26.6%
Ketchikan	95.90	98.51	105.16	\$134.73	28.1%
Petersburg	112.03	107.28	116.96	\$160.50	37.2%
Sitka	109.72	109.95	123.23	\$152.00	23.3%

(Source: University of Fairbanks, Cooperative Extension, Alaska Food Cost Survey, 2007; Sheinberg & Associates, 2000; PEDC, 2007)

Electricity

- Petersburg's new electric rates are quite competitive even when compared to rates in larger communities.

Community	Cost of 1000 kWh (Dec 2007)
Anchorage	\$134.04
Haines	\$196.67
Juneau	\$112.19
Ketchikan	\$100.50
Petersburg	\$108.90
Sitka	\$97.04
Portland, OR	\$102.74

(Source: University of Fairbanks, Cooperative Extension, Alaska Food Cost Survey, 2007, City of Petersburg, 2008)

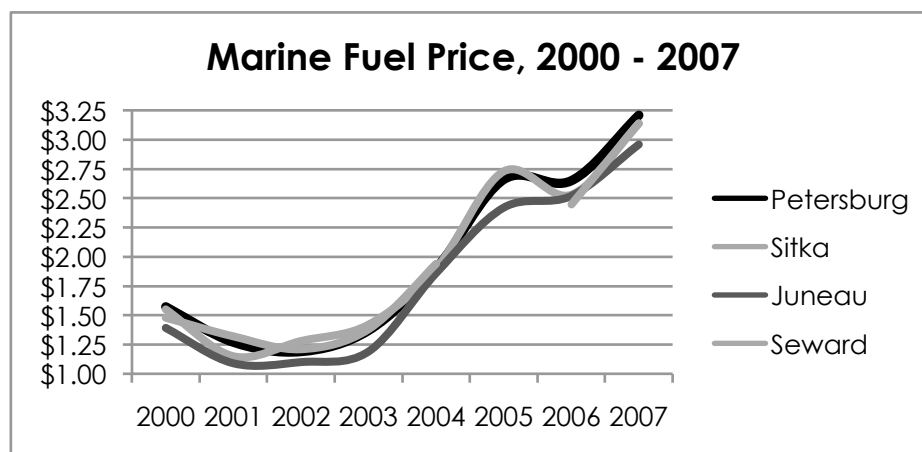
Heating Oil

Community	Cost per Gallon (Dec 2007)
Anchorage	\$3.26
Haines	\$3.67
Juneau	\$3.52
Ketchikan	\$3.58
Petersburg	\$3.64
Sitka	\$3.57
Portland, OR	\$3.52

(Source: University of Fairbanks, Cooperative Extension, Alaska Food Cost Survey, 2007)

Marine Fuel

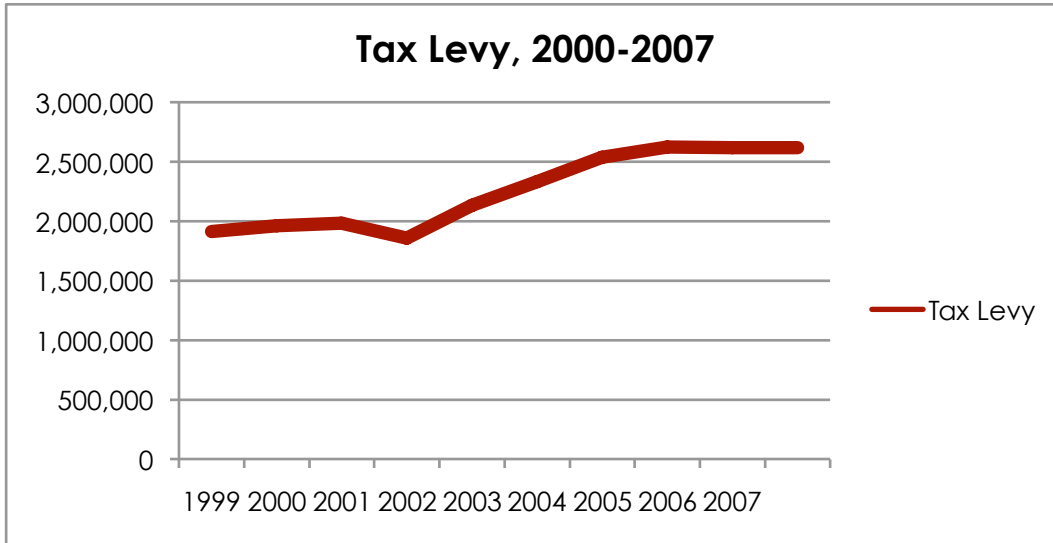
- The price of marine diesel fuel at the dock has increased by 104% since 2000.



(Source: Pacific States Marine Fisheries Commission, West Coast Fuel Survey)

Property Tax

- The tax levy is the amount of revenue the City of Petersburg raises through property tax.
- Between 2000-2007, the city tax levy increased nearly 34%, but the levy decreased slightly from 2006-2007 by -.12%

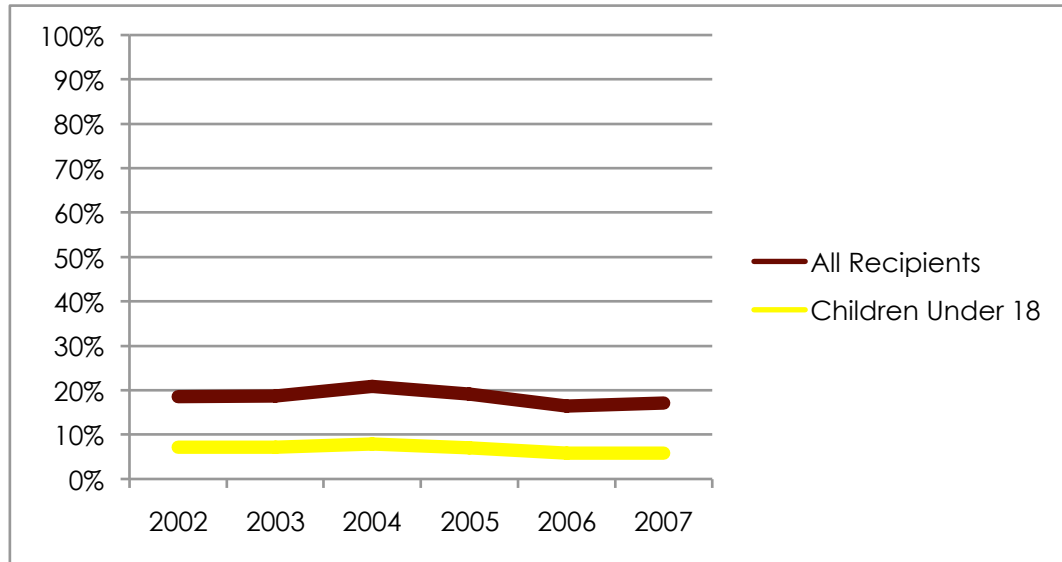


(Source: City of Petersburg, 2008)

Public Assistance¹⁰

- Between 2002 and 2007, 13-16% of the total population received some type of public assistance.
- Over 50% of public assistance recipients are children under the age of 18.

Recipients of Public Assistance as a Percentage of Total Population, 2002-2007



(Source: Alaska Department of Health and Human Services, 2007)

Notes

1. 2007 population has not yet been certified by the State of Alaska. The figure being used is an estimate.
2. School enrollment data is based on the number of students enrolled in October 2007, at the beginning of the school year, and reported to the Alaska Dept. of Education.
3. Employment data provided by the Department of Labor is 'average annual employment', i.e. the number of jobs, not necessarily the number of workers. This data makes no distinction between full-time and part-time employment, so if an individual holds two part-time jobs, both jobs would be counted. If an individual held a seasonal 6-month job, it would be counted as .5 jobs.
4. Due to a change in the way employment is being reported, 2004 and 2005 employment figures do not include USFS jobs in Petersburg. The 2006 and 2007 figures are based on estimates rather than actual AK DOL figures.
5. CFEC is not releasing CFEC Crew member data for 2001 because of a problem with the data.
6. To compare employment numbers, seafood harvesting permit and crewmember jobs were converted to average annual employment figures. PEDC developed the estimate by assuming the average permit holder works 9 months of the year, and the average crewmember works 6 months of the year.
7. The Consumer Price Index for Anchorage is available from the Bureau of Labor Statistics.
8. The trade area for Petersburg includes the City of Petersburg, City of Kupreanof, Mitkof Island and outlying areas. For this calculation, a local population estimate of 3319 was used to account for additional trade area residents.
9. Foods cost surveys have not been conducted on a regular basis in Petersburg, and will likely only occur on an annual basis in conjunction with this report.
10. Public assistance numbers for Petersburg include the Temporary Assistance Program, Food Stamp Program, Medicaid Program, Adult Program, and Senior Benefits Program.