

Southeast Alaska Economic Overview

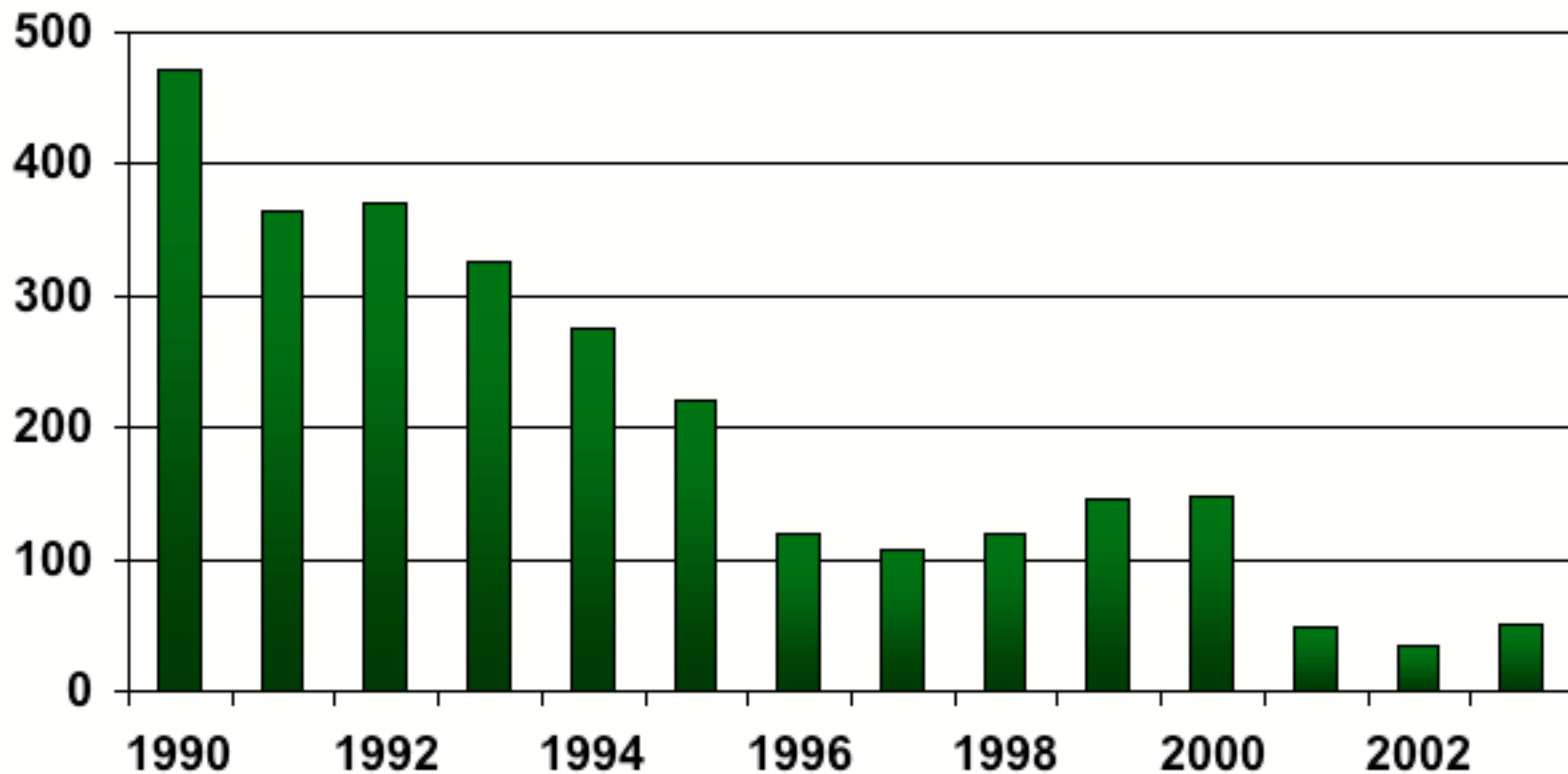
**Presented to:
Southeast Conference**

**Presented by:
McDowell Group, Inc.
September 21, 2004**

Presentation Contents

- **Regional Industry Trends**
- **Community Economic Trends**
- **Community Population Trends**

Tongass Timber Harvest 1990-2003 (mmbf)



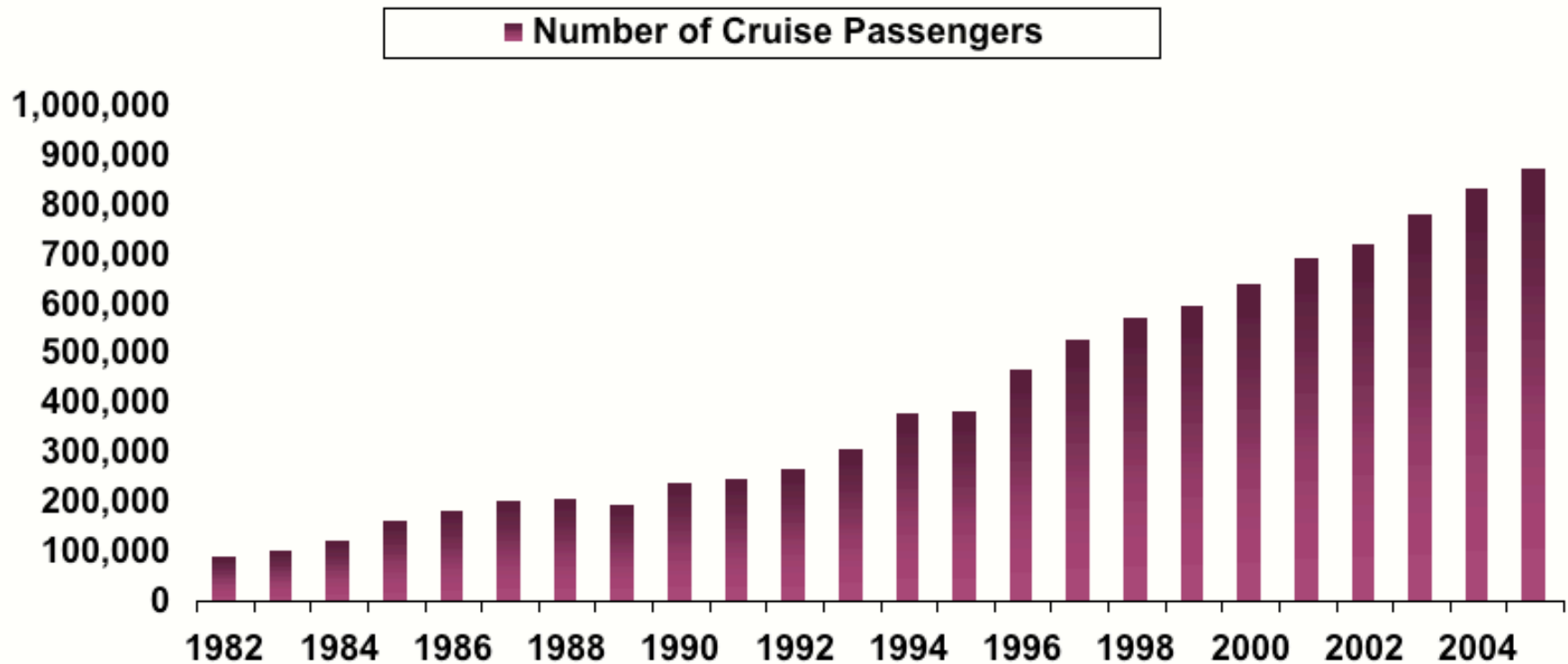
Timber Industry



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- Very strong markets in 2004
- Total regional employment at about 450 direct jobs in 2004
- Sustainable private (Sealaska) harvest at 100 mmbf
- Sustainable State harvest at 18 mmbf (more in near term)
- Tongass ASQ of 267 mmbf

Southeast Cruise Traffic 1982-2004



Cruise Industry

- **Cruise industry impacts in SE:**
 - \$330 million in spending by cruise visitors
 - \$39 million in direct cruise line spending
 - Cruise industry-related employment at 7,000, \$200 million in payroll
 - 14% of SE employment

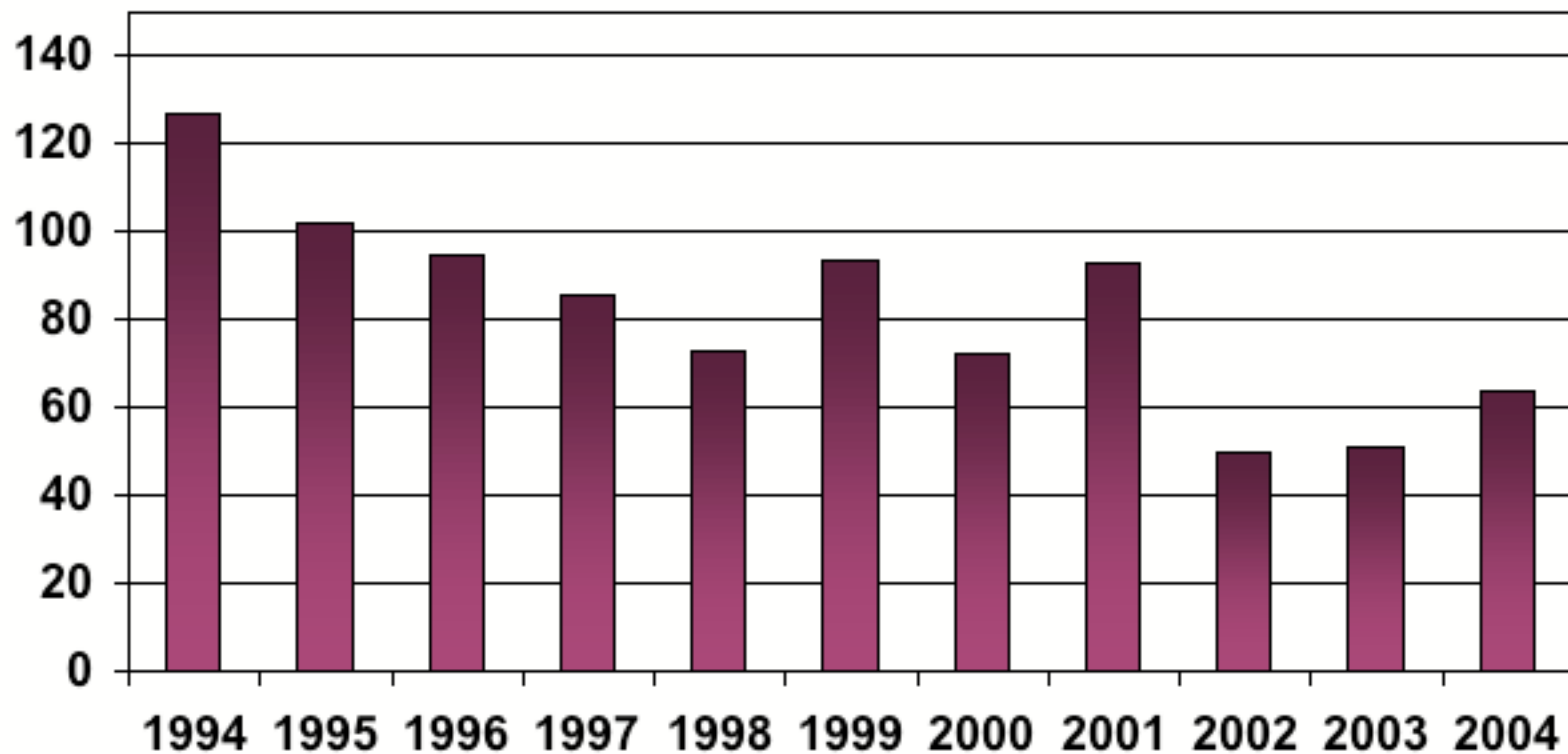


Cruise Traffic by Port

	2004 Passenger Traffic	Percent Change 03-04
Ketchikan	826,000	+7%
Wrangell	50,000	+28%
Sitka	240,000	-7%
Juneau	846,000	+9%
Haines	32,000	+100%
Skagway	720,000	+15%

SE Salmon Harvest Value

1994-2004 (ex-vessel, million \$)



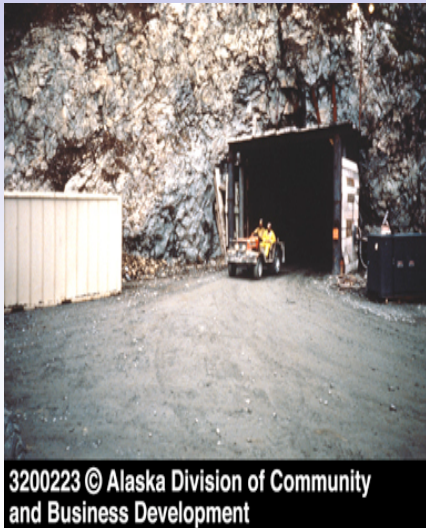
Seafood Industry



- Halibut and blackcod prices and quota strong
- Purchase of Ward Cove facilities by E.C Phillips & Ocean Beauty Seafoods stabilize processing sector

Mining

- **Juneau area**
 - **260 jobs at Greens Creek**
Single largest private sector employer in Juneau, \$20 million in payroll
 - **Kensington poised for development**
Additional 225 jobs projected
- **Ketchikan area**
 - **Union Bay**
 - **Woewodski Island**



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Oil Industry



- Oil revenues account for 80 percent of state unrestricted revenues
- Oil production down from 2 mmbd to 1 mmbd
- Current prices well above the state's long term forecast of \$22/b
- Oil production expected to be at about 900,000 bpd

Government

- 200 new gov't jobs in '03 (but down in 2004)
- Gov't payroll in SE at \$730 million
- Federal gov't funneled \$1.3 billion into SE in 2002



Regional Employment and Income

- Total SE employment up by 1.3%, 2002 to 2003
- Total regional payroll up by 4%, to \$1.2 billion
- Total personal income up to \$2.5 billion
- Average wages up by 3%

Local Employment Trends 2003

	# Change	% Change
Ketchikan	+80	1.3%
Wrangell	-100	-12%
Petersburg	+100	7%
Sitka	+55	1.3%
Juneau	+135	0.8%
Haines	+55	6%
POW/OK	+100	6%
Skag/Ang/Hoonah	+85	5%
Yakutat	-15	-5%

Local Population Trends, 2002 to 2003

	# Change	% Change
Ketchikan	-150	-1%
Craig	-65	-4%
Wrangell	-55	-2.5%
Petersburg	-60	-2%
Sitka	+80	+1%
Juneau	+343	+1.1%
Haines	-35	-1.5%

Local Population Trends, 2002 to 2003

	# Change	% Change
Yakutat	-29	-4%
Skagway	+1	<1%
Hoonah	-26	-3%
Pelican	-3	-3%
Angoon	-38	-7%
Kake	-18	-3%
Klawock	-3	<1%
Metlakatla	-27	-2%
Thorne Bay	-20	-4%

Local Economic Trends

Business sales

- *down in Haines, 1st half 2004,*
- *up 7% in Juneau, 1st half 2004*
- *up 5% in Sitka, 1st half 2004*
- *up 8% in Skagway through 2003 and 2004*
- *up 2% in Ketchikan, 1st half 2004*
- *up in Petersburg (FY 04)*
- *up 12% in Wrangell, 1st half 2004*
- *up 2% in Craig, following three years of decline*

The big picture....

- **Strong fishing season and increase in cruise traffic push local and regional growth**
- **Strong construction season**
- **Continuing shake-out in seafood processing**
- **Turning point for forest products**

Things to watch....

- **Interest rates**
- **Oil prices**
- **Federal highway funding**

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