Southeast Alaska Economic Overview

Presented to:
Southeast Conference

Presented by:
McDowell Group, Inc.
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Presentation Contents

• Industry Overview
  • Visitor Industry
  • Seafood
  • Mining
  • Forest Products
  • Oil
  • Health & Social Services

• Employment & Population Trends

• Outlook
Visitor Industry
Southeast Cruise Traffic
1990-2006 est

Number of Cruise Passengers

- 1990
- 1992
- 1994
- 1996
- 1998
- 2000
- 2002
- 2004
- 2006

0 100,000 200,000 300,000 400,000 500,000 600,000 700,000 800,000 900,000 1,000,000
## Cruise Traffic by Port

<table>
<thead>
<tr>
<th>Port</th>
<th>2005 Passenger Traffic</th>
<th>Percent Change 04-05</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ketchikan</td>
<td>877,000</td>
<td>+1.2%</td>
</tr>
<tr>
<td>Wrangell</td>
<td>44,000</td>
<td>-8%</td>
</tr>
<tr>
<td>Sitka</td>
<td>216,000</td>
<td>-7.5%</td>
</tr>
<tr>
<td>Juneau</td>
<td>915,000</td>
<td>+3.5%</td>
</tr>
<tr>
<td>Hoonah</td>
<td>75,000</td>
<td>+11%</td>
</tr>
<tr>
<td>Haines</td>
<td>31,000</td>
<td>+4.6%</td>
</tr>
<tr>
<td>Skagway</td>
<td>759,000</td>
<td>+4.9%</td>
</tr>
<tr>
<td>Prince Rupert</td>
<td>94,000</td>
<td>+46%</td>
</tr>
</tbody>
</table>
Cruise news...

- 2006 traffic up slightly overall
- Fleet changes...
  - 1 additional HAL ship in Alaska in 2006 (7 to 8)
  - NCL dropping a ship (4 to 3)
  - Crystal leaving
- Ketchikan traffic down 10% in 2006
- Hoonah up to 120,000 (from 75,000)
- Wrangell down sharply in 2006
Alaska Travelers Survey

- 5,500 intercept surveys, 3,000 in Southeast
- All major modes of transportation
- Current market research data including
  - Visitor demographics
  - Trip planning and booking information
  - Satisfaction ratings
  - Expenditures
- Clients include KVB, JCVB, SCVB, ACVB, DCCED, CBJ
Seafood Industry
Commercial Fishing

- Salmon prices mostly up…
  - King, chum, pink and sockeye up

- Salmon harvest volume mixed…
  - Pink harvest up to 58 million fish
  - Chum harvest down to 6 million fish
  - Sockeye down to 1.6 million fish
Commercial Fishing

• Salmon permit values climb…
  – SE Seine $45K, up from $30K last year
  – SE Gillnet $30K, up from $22K
  – Power Troll $29K, up from $15K

• Halibut & Blackcod prices, harvest remain strong
SE Commercial Fishermen

- 3,100 permit holders
- 2,000 permit holders actually fished
- 6,200 permits issued
- 3,400 permits fished
- $93 million earned in '04
SE Salmon Harvest Value
1996-2005 (ex-vessel, million $)
Seafood Processing

- 50 employers with total ann. ave. employment of 1,500
- Peak employment of 3,800
- Low season employment of 400
- $32 million in payroll
The Mining Industry

- Juneau area
  - Kensington development underway
    • 225 perm jobs projected
    • Construction underway
    • Early 2007 start-up
    • 10+ years mine life
  - 260 jobs at Greens Creek
    • 9+ years reserves
- Other activity
  • Union Bay, Woewodski Island, Niblack
The Oil Industry

- Ann. production of 920,000 b/d
- Current price of $63/b
- FY 06 forecast price $39/b
- $1.5 billion in additional revenue
- 2,500 oil industry jobs in Alaska, average annual salary of $128,000
Government

- 2,050 Federal gov’t jobs in SE, up 300 since 2001
- 5,450 State gov’t jobs, down 200
- 6,050 Local gov’t jobs, down 100
Timber Industry

- Employment of about 450 in SE
  - 300 in the woods
  - 150 in mills

- Including indirect impacts, timber still generates income for over 1,500 workers in SE
Tongass Timber Harvest
1996-2005 (mmbf)
Total Southeast Timber Harvest, 1996-2005 (mmbf)
Health and Social Services

• 3,300 jobs in SE in 2004
  – $79 million in total payroll
• 1,200 in social services programs
  – $25 million in total payroll
• 1 in 10 SE jobs is in health & social services
Alaska Regional Employment Trends, 2003 to 2004

• Fairbanks up 2.5% (900 new jobs)
• Gulf Coast up 1.8% (500 new)
• Anchorage up 1.5% (2,100 new)
• SW up 1.3% (250 new)
• SE down 1.1% (down 400 jobs)
• Northern down 1.9% (down 300)
## Local Employment Trends 2003 to 2004

<table>
<thead>
<tr>
<th>Location</th>
<th># Change</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ketchikan</td>
<td>+86</td>
<td>+1.3%</td>
</tr>
<tr>
<td>POW/OK</td>
<td>+73</td>
<td>+3.8%</td>
</tr>
<tr>
<td>Haines</td>
<td>+55</td>
<td>+5.8%</td>
</tr>
<tr>
<td>Yakutat</td>
<td>+6</td>
<td>+1.9%</td>
</tr>
<tr>
<td>Wran/Pet.</td>
<td>-85</td>
<td>-3.3%</td>
</tr>
<tr>
<td>Sitka</td>
<td>-93</td>
<td>-2.1%</td>
</tr>
<tr>
<td>S/A/H</td>
<td>-129</td>
<td>-7.9%</td>
</tr>
<tr>
<td>Juneau</td>
<td>-209</td>
<td>-1.2%</td>
</tr>
</tbody>
</table>
Most recent regional employment trends...

• July ‘05 employment in SE even with last year (41,200 jobs)

• Unemployment is down in all areas except Yakutat, as of July ‘05
Regional Population Trends

- 70,600 as of July 2004
  - Down from 71,800 in 2003
  - Total decline of 2,460 over 4 years (3.4%)
- Anchorage up 1.9%, Mat-Su 3.8%, Fairbanks 3.4%, 2003 to 2004
- SW, Northern, and Gulf Coast all down
## Recent Local Population Trends, 2003 to 2004

<table>
<thead>
<tr>
<th>Location</th>
<th># Change</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ketchikan</td>
<td>-500</td>
<td>-3.7%</td>
</tr>
<tr>
<td>Wrangell</td>
<td>-100</td>
<td>-4.7%</td>
</tr>
<tr>
<td>Petersburg</td>
<td>+45</td>
<td>+1.4%</td>
</tr>
<tr>
<td>Sitka</td>
<td>-90</td>
<td>-1%</td>
</tr>
<tr>
<td>Juneau</td>
<td>-280</td>
<td>-0.9%</td>
</tr>
<tr>
<td>Haines</td>
<td>-75</td>
<td>-3%</td>
</tr>
</tbody>
</table>
Things to watch:

• Interest rates
• The dollar
• Oil prices
• Transportation funding
Southeast Alaska Economic Overview

McDowell Group, Inc.
Anchorage • Juneau
Providing consulting and research to Alaska businesses and organizations since 1972
Economics, Market Research, Business Feasibility, Survey Research