



Southeast Alaska Economic Overview

**Presented to:
Southeast Conference**

**Presented by:
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September 19, 2006**

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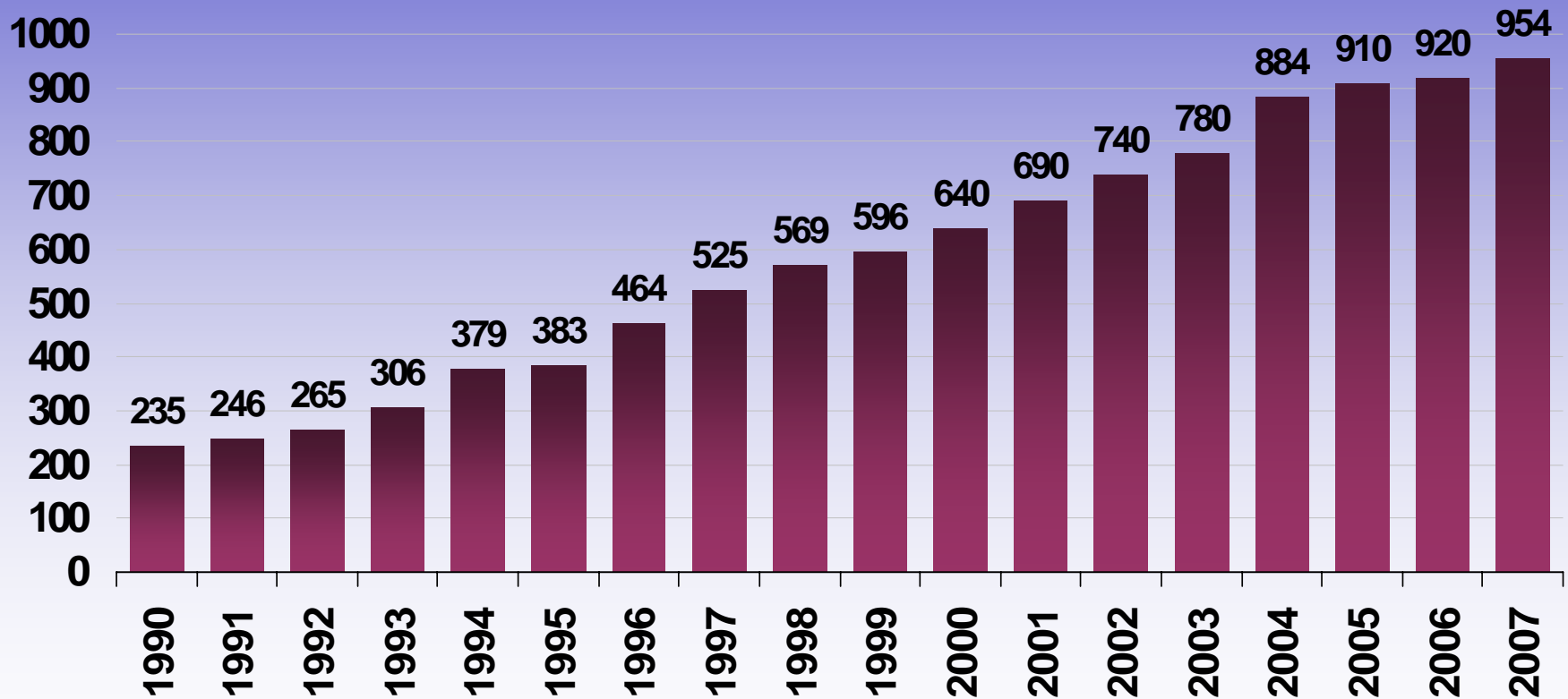
Visitor Industry



Southeast Cruise Traffic

1990-2007 est

■ Number of Cruise Passengers (in thousands)



Passenger Estimates Based on Berth Capacity

	2007	% change (2006 to 2007)
Ketchikan	850,000	6%
Wrangell	5,000	-17%
Sitka	211,000	-21%
Juneau	954,000	4%
Hoonah	156,000	15%
Haines	23,000	-36%
Skagway	785,000	8%
Prince Rupert	104,000	11%

Seafood Industry

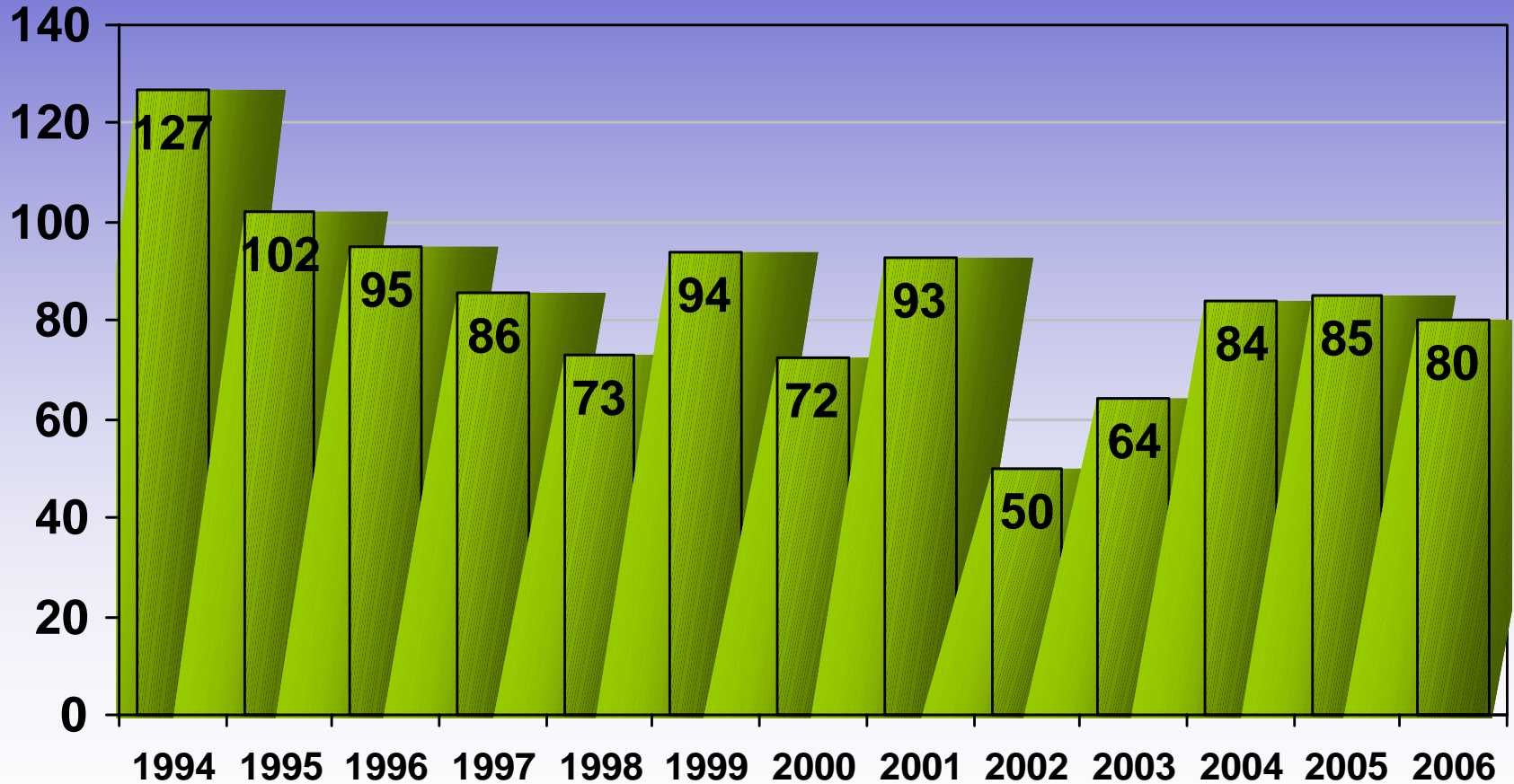


Commercial Fishing

- **Salmon permit values climb...**
 - **SE Seine \$47K, ↑ \$5k**
 - **SE Gillnet \$37K, ↑ \$7k**
 - **Power Troll \$33K, ↑ \$5k**
- **Halibut & Blackcod prices strong, total ann. catch down slightly**
- **2005 SE salmon value \$85 million**
- **Estimated 2006 value \$80 Million**
 - **2006 harvest 41 million salmon below 2006 projected harvests**
 - **Pink harvest down 48 million fish from 2005**
 - **Chum harvest up 7 million fish**

SE Salmon Harvest Value

1996-2006 (ex-vessel, million \$)



SE Commercial Fishermen

- 1,200 permit holders actually fished
- 3,300 permits fished
- \$92 million earned in '05

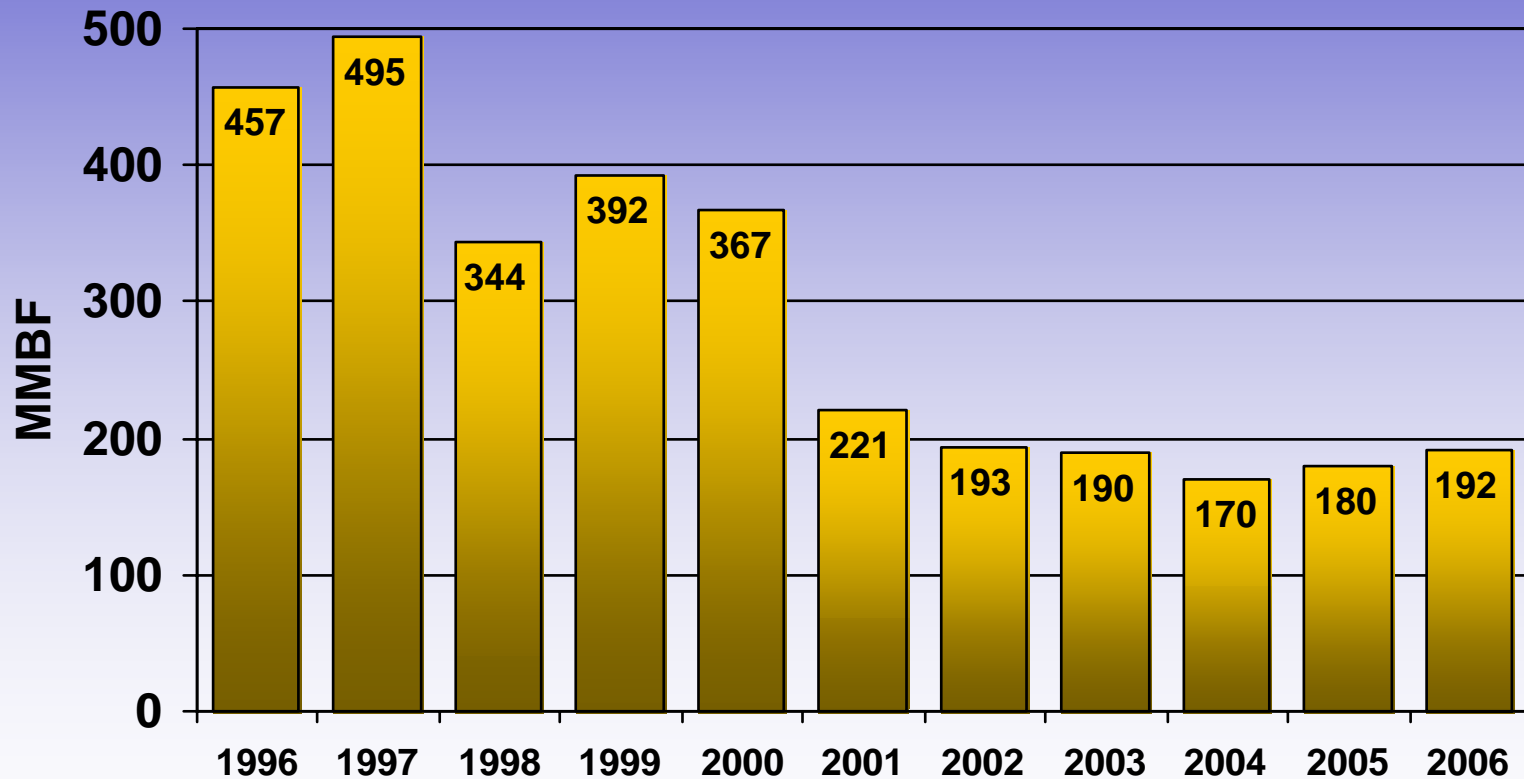
- Processing
 - 3,800 employees (1,800 resident)
 - \$38 million in payroll

Timber Industry



- Employment of about 450 in SE for 2006
 - 280 logging and construction
 - 120 in mills
 - 50 small operators
- Including indirect impacts, timber still generates income for over 1,500 workers in SE

Total Southeast Timber Harvest, 1996-2006 (mmbf)

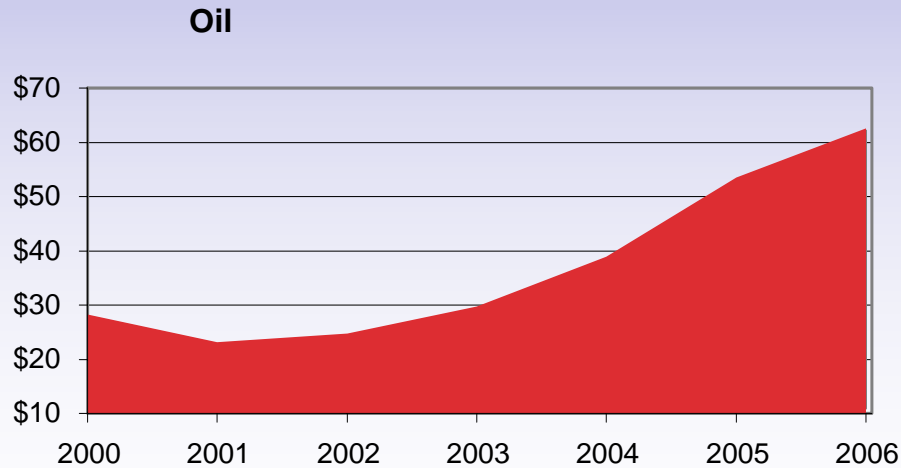
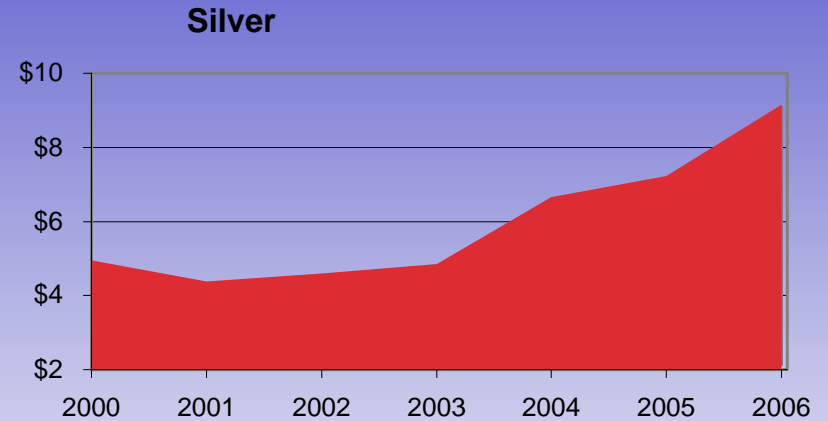
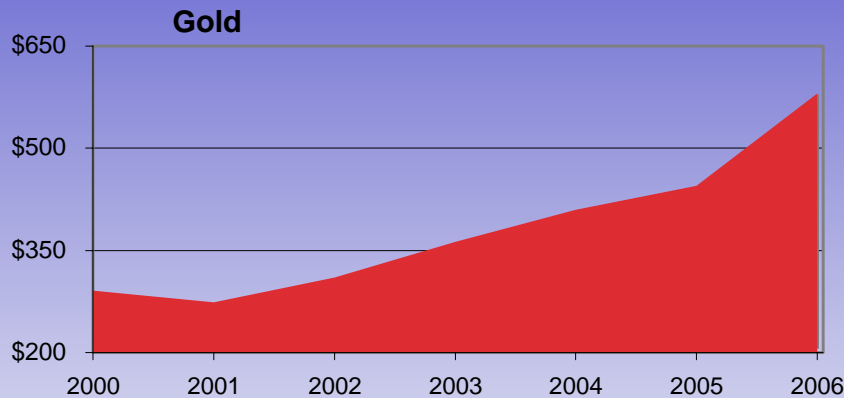


The Mining Industry



- **Kensington development underway**
 - 200 perm jobs projected
 - 300 jobs in peak construction
 - Late 2007 start-up
 - 10 years mine life - 1 mill oz gold
- **Greens Creek employs 280**
 - 24 more contractors
 - 11 years reserves
 - Newly on AEL&P Hydropower
- **Other activity**
 - Union Bay - Platinum
 - Woewodski Island - Gold Silver Zinc
 - Niblack - Copper Gold

Prices of gold, silver, and oil



The Oil Industry



- **FY06 average price \$72/b**
 - Forecast FY06 price was \$39/b
- **FY 07 forecast price \$54/b**
 - New forecast in Oct.
- **FY06 N. Slope production 852,000 b/d**
 - FY05 ann. production 920,000 b/d
- **2,600 oil industry jobs in Alaska,**
average annual salary of \$145,000

PPT Tax Impact

- Predicted revenue for FY07 with PPT:
 - \$6.2 b assuming \$70/b (w/o Pr Bay issues)
 - \$2.2 billion over ELF
 - \$4.9b assuming \$54/b
 - \$1.2 billion over ELF
- \$3.6 billion in revenue FY06

Government



Southeast Jobs

- 5,500 State gov't jobs ↑ 50
- 2,000 Fed. gov't jobs ↓ 50
- 5,950 Local gov't jobs ↓ 100
- 800 Tribal gov't jobs ↓ 50

Alaska Regional Employment Trends, 2004 to 2005

- Anchorage ↑ 1.8% (2,700 new)
- SE ↑ 1.7% (600 new jobs)
- Fairbanks ↑ 1.6% (600 new jobs)
- Northern ↑ 1.5% (250 new)
- Gulf Coast ↓ 0.1% (down 50)
- SW ↓ 0.5% (down 100)

Local Employment Trends

↑ 2004 to 2005

	# Change	% Change
Haines	48	4.8%
S/A/H	65	4.3%
Yakutat	13	4.1%
Sitka	153	3.6%
Juneau	389	2.3%
Wran/Pet.	54	2.1%
POW/OK	34	1.7%
Ketchikan	55	0.8%

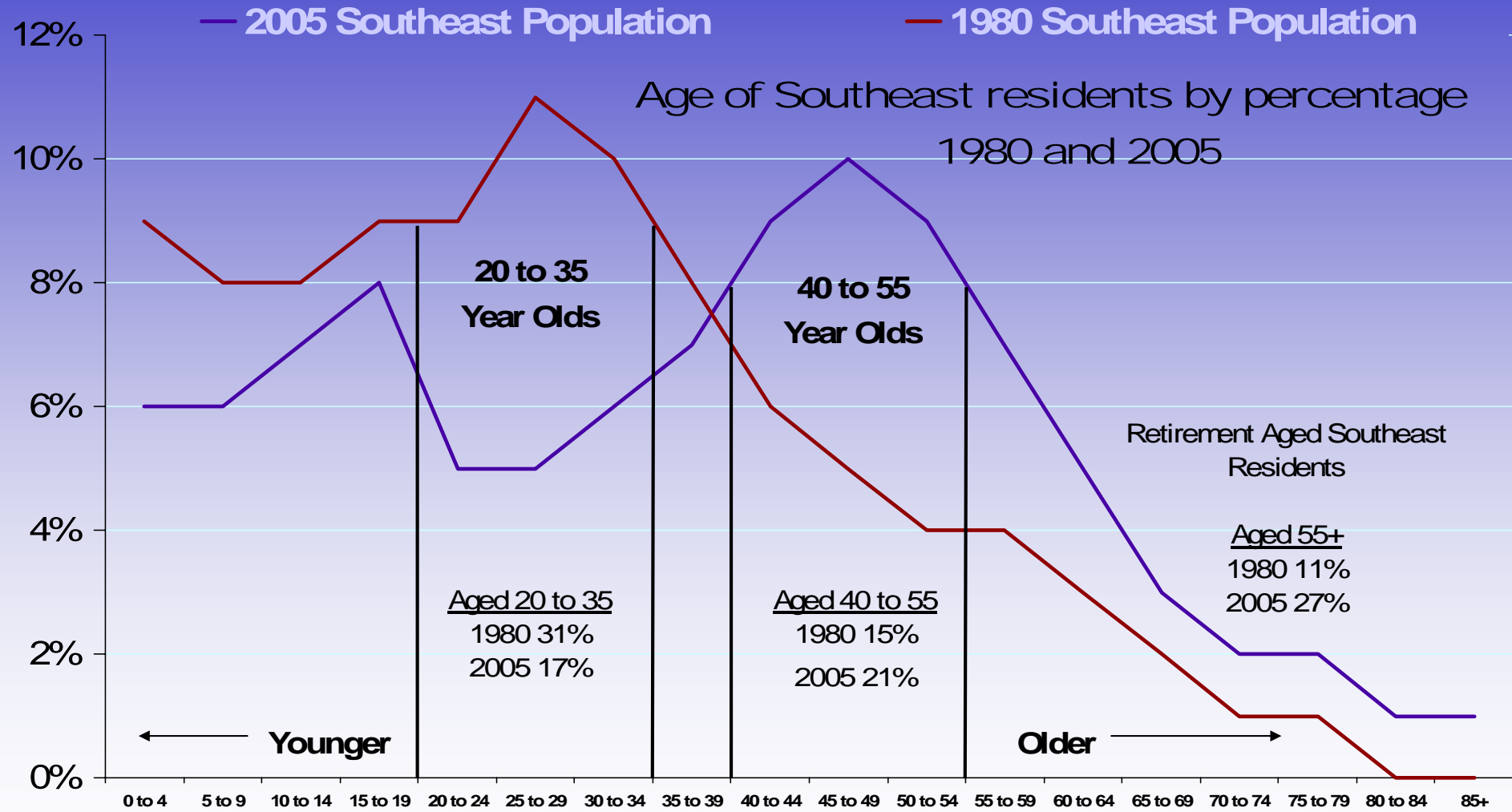
Most recent regional employment trends...

- August '06 employment in SE up 800 jobs from last year (41,700 jobs)
- August unemployment down from slightly from last year

Recent Local Population Trends, 2004 to 2005

	# Change	% Change
Sitka	115	1.3%
Petersburg	21	0.6%
Juneau	51	0.1%
Ketchikan	-33	-0.4%
Haines	-47	-2.0%
Wrangell	-50	-2.5%

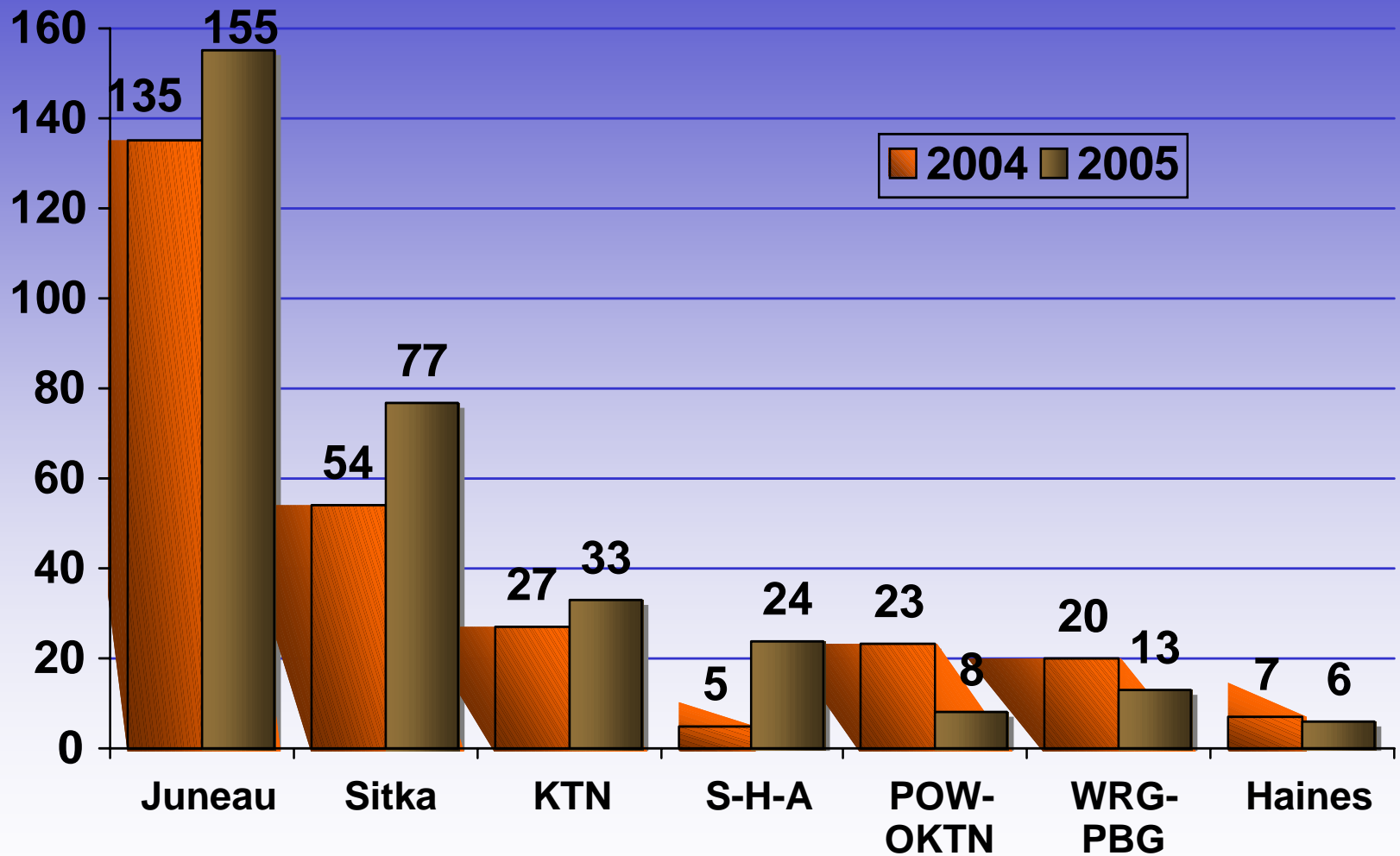
The Aging of SE AK



Cost of Living in Alaska

- **Wage earners needed to purchase house**
 - Juneau \$281,000 = 1.8, up from 1.6 in 2002
 - Ketchikan \$232,000 = 1.8, up from 1.5
 - Alaska \$249,000 = 1.5, up from 1.4
 - Fairbanks \$200,000 = 1.3, up from 0.9
 - Housing prices up 53% since 2000 in AK
- **Military COLA 2006**
 - Juneau=128, KTN=138, Sitka=136, Anch=122
 - Does not include housing

Building Activity





Southeast Alaska Economic Overview

McDowell Group, Inc.

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