

Haines Alaska Business Climate and COVID-19 Impacts Survey



June 2020

Developed and Prepared by
Rain Coast
Data

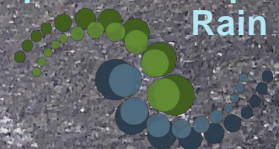


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Haines Business Survey Results 2020

Each year Southeast Conference conducts a regional business climate and investment survey in order to track Southeast Alaska business confidence on an annual basis. The results are analyzed by community and economic sector, allowing the data to be used by policy leaders, program developers, and project proponents to form projections regarding the economic direction of Southeast Alaska.

This year several comprehensive questions regarding COVID-19 business impacts were added to the survey, along with questions to clarify how the private sector can best be supported moving forward moving through this period of pandemic. Open-ended questions allowed for increased input by the business community. The survey analysis provides data so that policy leaders can gauge how ongoing needs vary between sectors, industries, and communities. Several communities wanted to have a standalone version of the report for their own community, including Haines.

This Haines breakout was developed in a partnership between Southeast Conference and the Haines Chamber of Commerce. Rain Coast Data developed the survey instrument and survey report on behalf of this partnership.

The survey invited Haines Alaska owners and top managers to respond to 28 questions. The web-based survey was administered electronically from June 4th through June 18th. A total of 34 Haines business leaders participated in the survey, representing 161 current Haines workers. The survey results include the following findings:

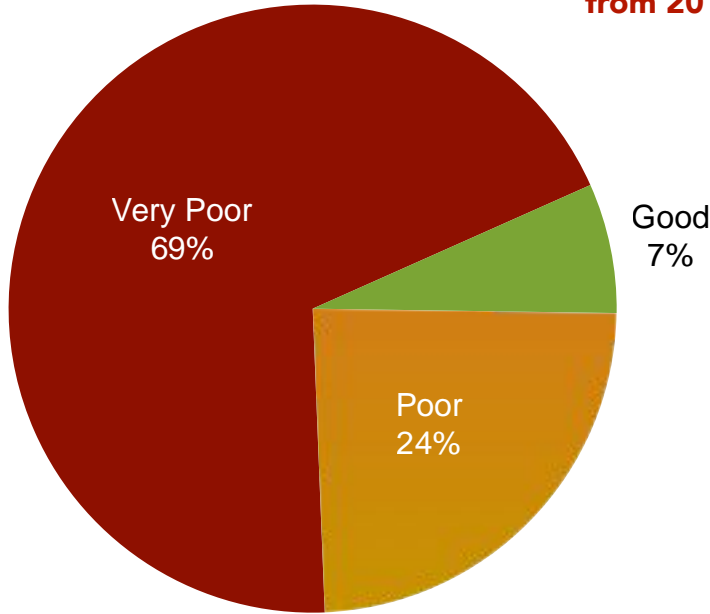
- 71% of responding Haines businesses have received COVID-19 business support funding, including 50% that received PPP funding.
- Responding Haines employers have already laid off 34% their total workforce due to the COVID-19 virus, and cancelled hiring an additional 141 workers - mostly in the tourism sector. More than a fifth of businesses (21%) expect to cut more staff.
- Haines business revenue was down 68% in 2020 so far, compared to the same period in 2019. Skagway leads all Southeast communities in highest average percentage of lost business revenue, followed by Haines.
- 13% of respondents say that they are at risk of closing permanently, while 19% say that are not at risk of closure. The remainder are uncertain.
- Most (93%) of respondents call the current economy poor or very poor, and 71% feel that the upcoming year will be worse.

The following pages summarize Haines survey findings. To read the entire regional study, or to see breakouts from other communities, go to www.seconference.org/southeast-alaska-business-climate-and-covid-19-impacts-survey-2020

Haines Business Climate Survey Results 2020

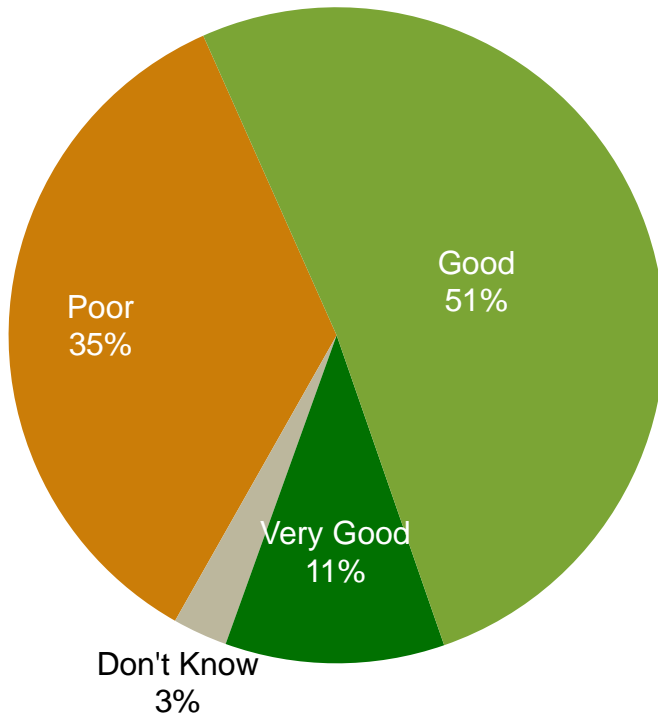
June **2020** Haines Alaska: **How do you view the overall business climate right now?**

7% Positive / 93% Negative +58% negative from 2019



April **2019** Haines Alaska: **How do you view the overall business climate right now?**

62% Positive / 35% Negative



Haines Alaska Annual Business Climate Survey

In June of 2020, 34 Haines business owners and top managers responded to Southeast Conference's Business Climate and Private Investment Survey.

How do you view the overall business climate right now?

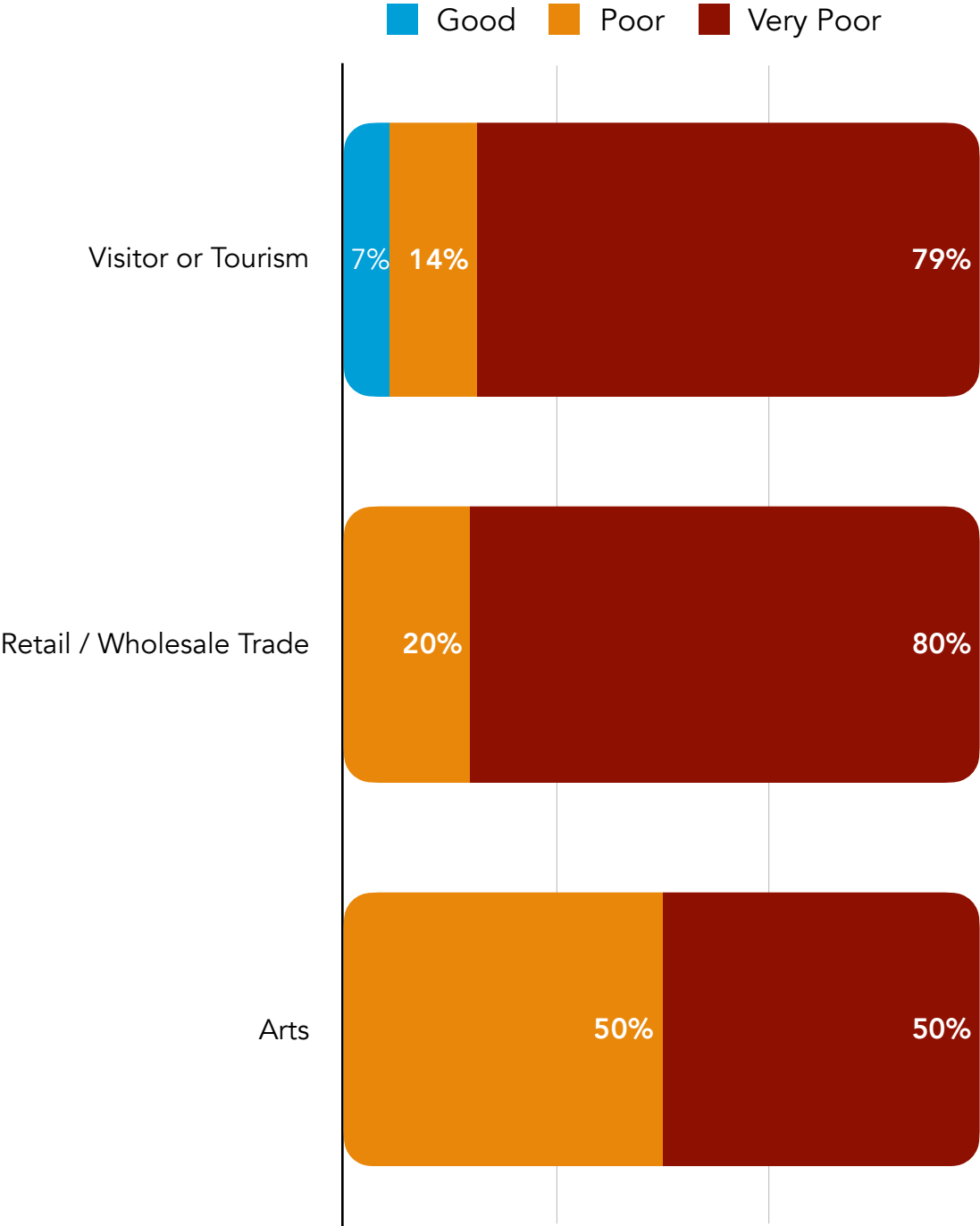
Unsurprisingly, confidence in the Haines business climate has crumbled in the wake of COVID-19. Nearly all (93%) respondents are concerned about state of the economy, calling the business climate "poor" (24%) or "very poor" (69%), an 58 percent increase in those who view the economy negatively from last year. Seven percent of business leaders called the Haines business climate "good" in 2020 — a decline of 55% over 2019.

The Southeast Alaska communities that have been most negatively impacted by the COVID-19 pandemic so far are Skagway and Haines.

Haines Business Climate Survey Results 2020: by Industry

The following graphic breaks out how the current Haines Alaska business climate is viewed by each various sector. Only three sectors had enough respondents to develop a breakout. Usually such a breakout reveals significant differences between sectors. However, the 2020 breakout shows that no industry has escaped a significant negative impact due to COVID-19.

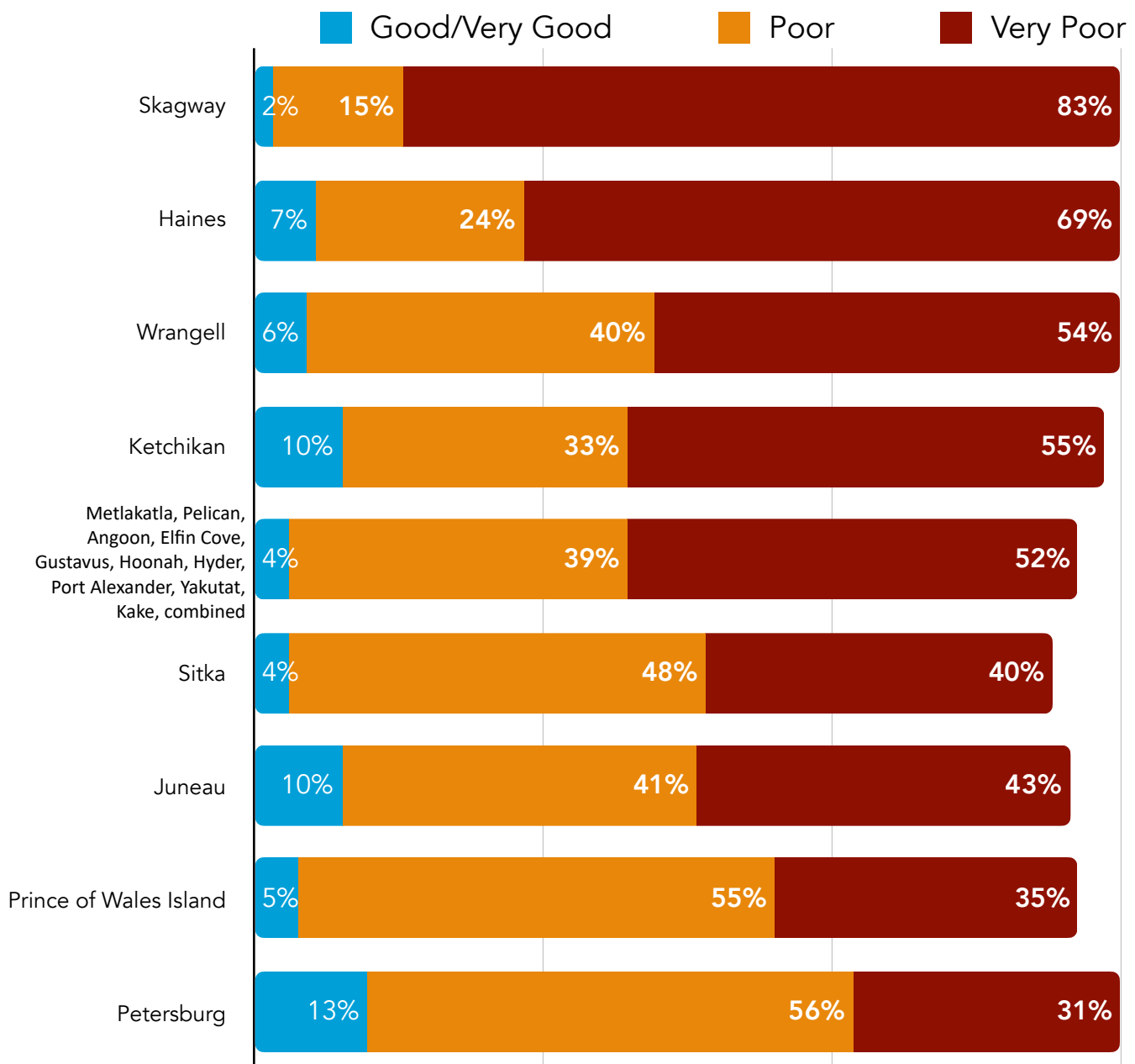
June 2020 Haines: How do you view the overall business climate right now?



Southeast Business Climate Survey Results 2020: by Community

The graphic below shows how the current regional business climate is being experienced by business leaders in each community. While all communities are clearly suffering, Skagway has been the hardest hit, with 83% of Skagway businesses saying that the business climate is “very poor” followed by Haines at 69%.

June **2020** Southeast Alaska: **How do you view the overall business climate right now?**

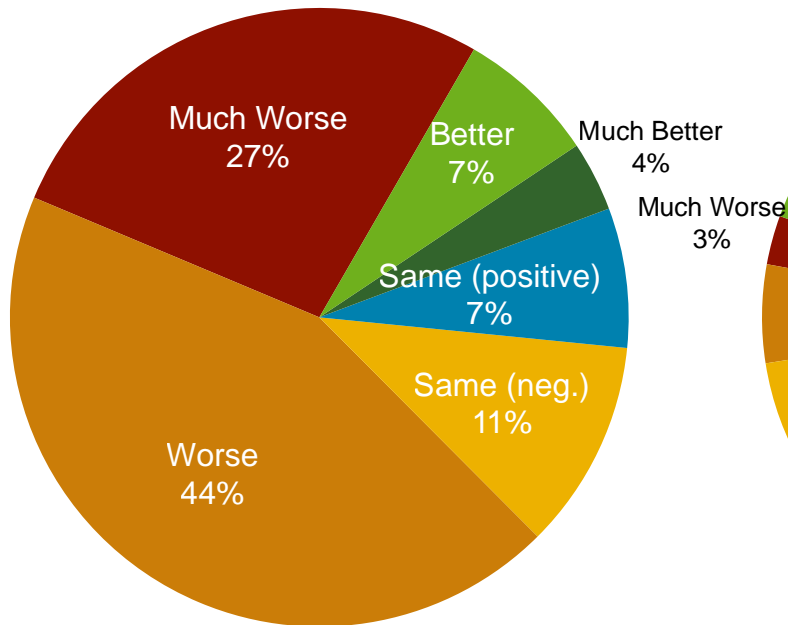


The “don't know” category has been excluded from this chart.

Haines Economic Outlook

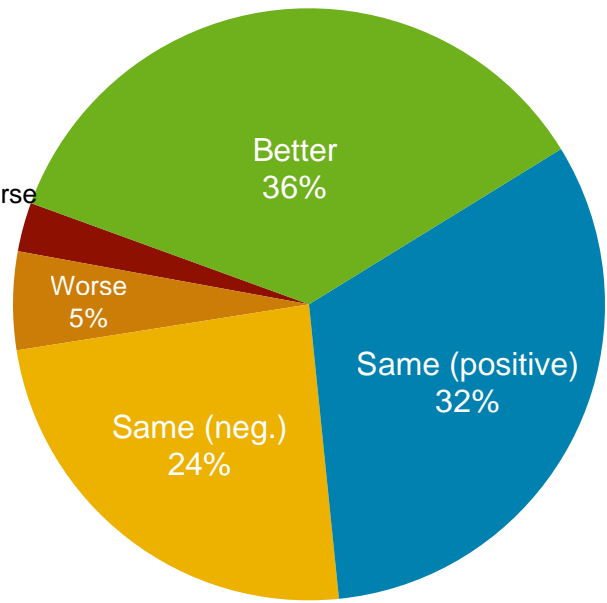
2020: What is the economic outlook for your business or industry?

18% Positive / 82% Negative



2019: What is the economic outlook for your business or industry?

68% Positive / 32% Negative



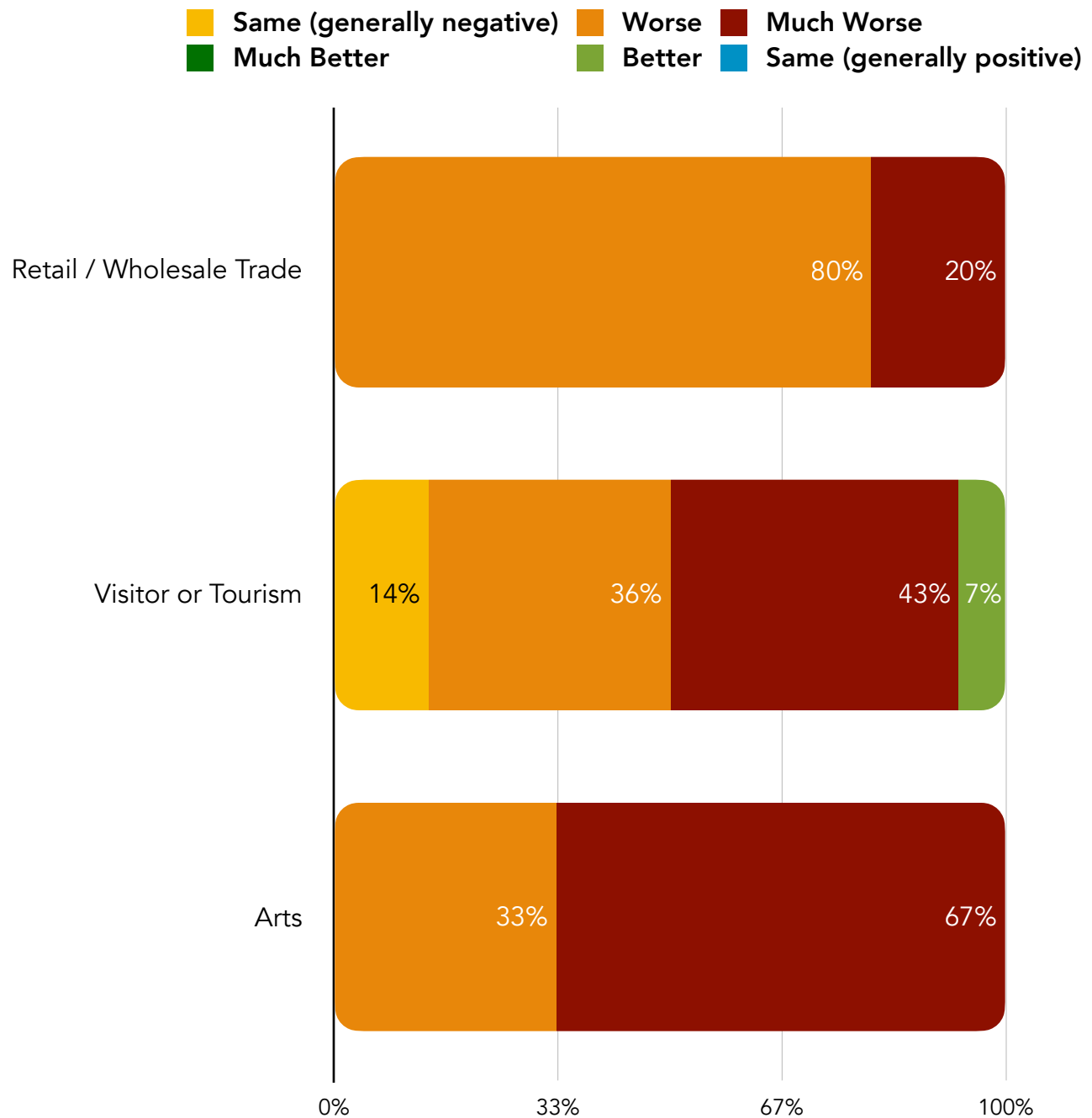
Haines Economic Outlook

Most (82%) of Haines businesses say the economic outlook for their business or industry over the next 12 months is negative. In 2019, just 32% of Haines businesses had a negative outlook. Nearly three-quarters (71%) of Haines survey respondents expect their prospects to be worse (44%) or much worse (27%) over the next year, while only 18% expect the outlook for their business or industry to improve in the coming year.

When compared by community, Sitka has the least negative outlook. The community with the most negative outlook is Wrangell.

Haines Economic Outlook: by Industry

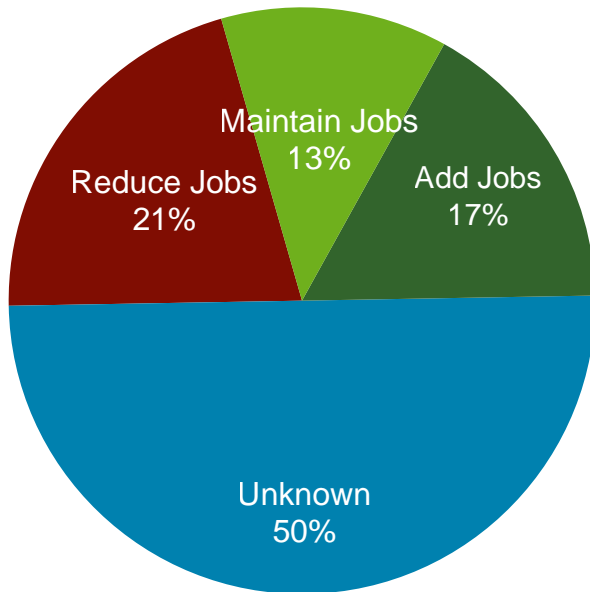
The below graphics show economic outlook breakdowns for the next year by industry. Three Haines sectors had a large enough response rate to breakout findings.



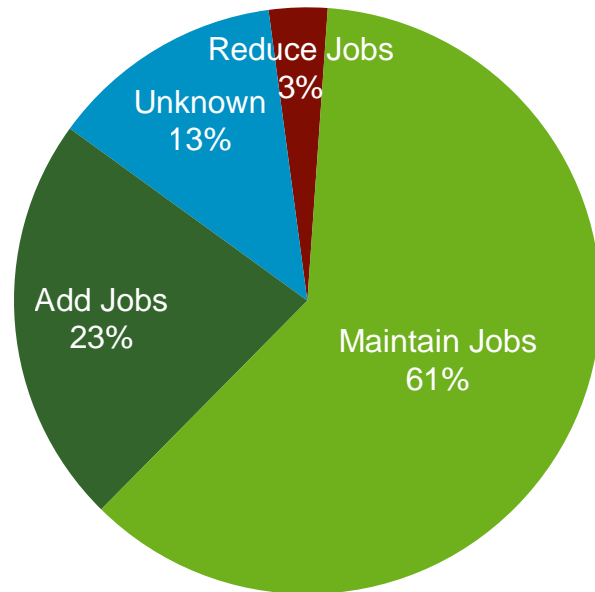
Decreasing Jobs in 2020 and 2021

Over the next 12 months, do you expect your organization to add jobs, maintain jobs, reduce jobs, or are you unsure?
(For those business with staff)

Haines **2020: Jobs Outlook**



Haines **2019: Jobs Outlook**



Employment changes in the next year

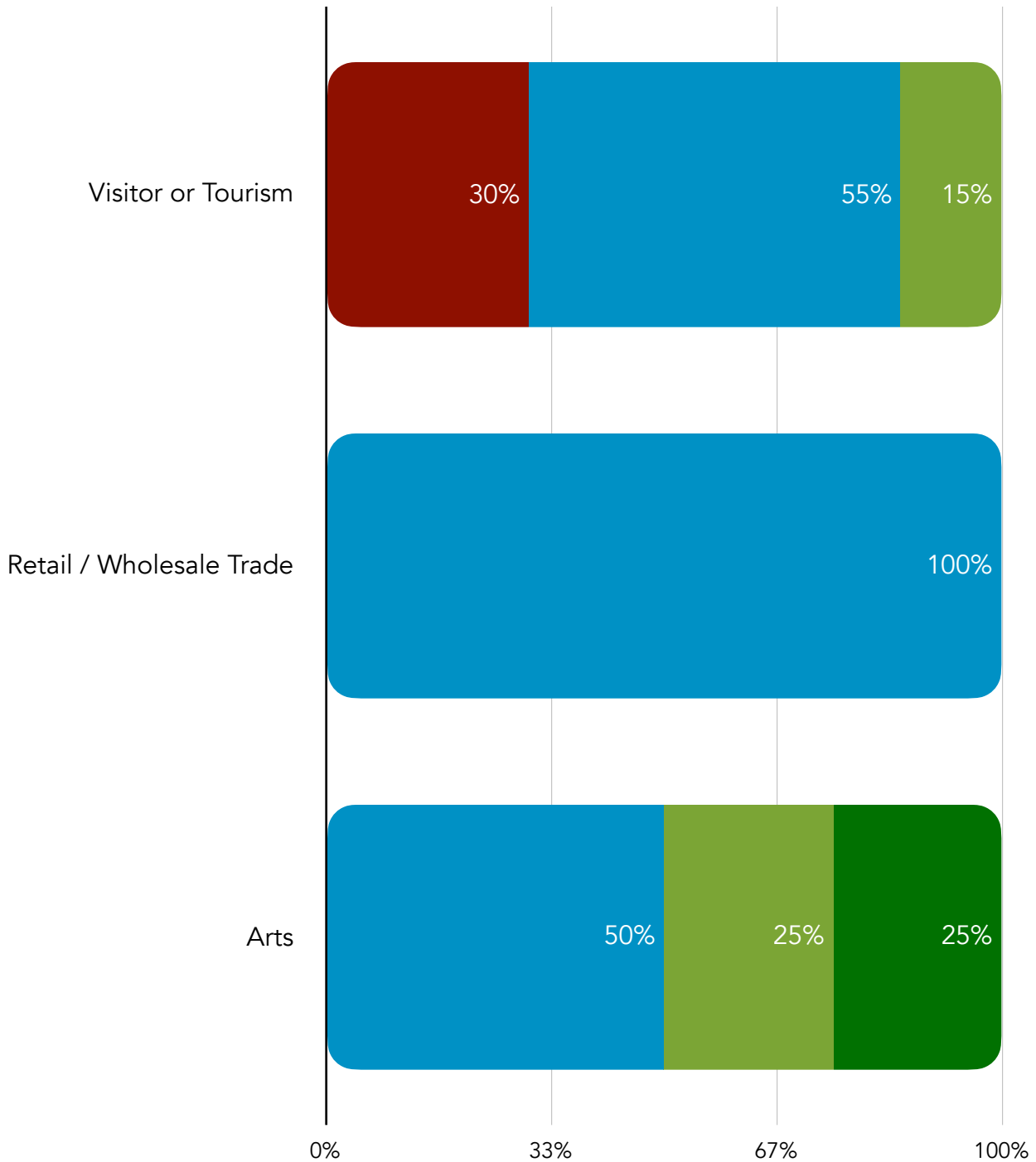
Approximately one-fifth (21%) of Haines business leaders surveyed expect to reduce the number of jobs associated with their businesses over the next 12 months, while 13% expect to maintain total jobs, and 17% expect to add more employees.

Employment reductions are expected to be most significant in the tourism sector with 30% expecting to make additional jobs cuts in the next year.

By Industry: Jobs in Next 12 Months

Over the next year, do you expect your organization to add jobs, maintain jobs, reduce jobs, or are you unsure?

- Reduce total jobs
- Maintain the same amount of jobs
- Unknown at this time
- Add jobs



Haines Businesses COVID-19 Impacts

Haines business leaders were asked how COVID-19 is impacting their businesses. Responding employers have already laid off 34% of their total workforce due to the COVID-19 virus, and cancelled hiring an additional 141 workers — mostly in the tourism sector. Local business revenue was down 68% in 2020 so far, compared to the same period in 2019. Thirteen percent of businesses say that they are at risk of closing permanently, while 19% of respondents say that they are not at risk.

Total Businesses Responding = 34

Representing 161 current Haines workers

Responding businesses have typical peak employment of 234

With a year-round resident workforce of 64%

50% of responding businesses received PPP funding

Respondents have laid off 34% existing staff so far due to COVID-19

and did not bring on an additional 141 planned hires

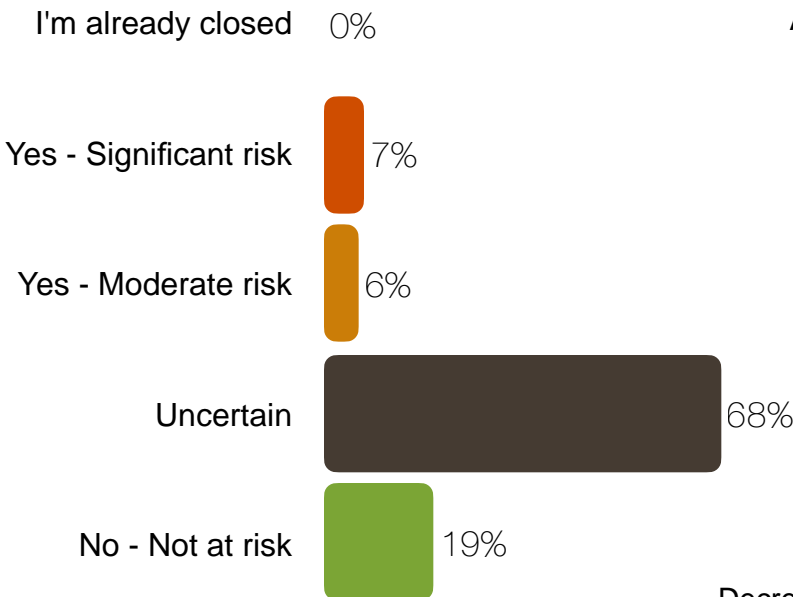
21% expect to make more employment cuts in the future due to COVID-19

Is your business at risk of closing permanently because of impact caused by COVID-19?

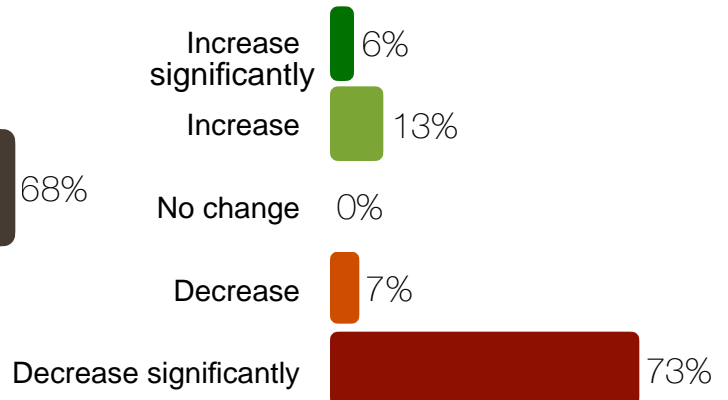
Avg. current workers per org. = 5 (7 at peak)

Avg. workers laid off so far per business = -3

Avg. planned hires cancelled = -5



How much do you project your revenues will change in the remainder of 2020 compared to the same period in 2019?



If you answered "yes" above, how many weeks of the current situation do you think you will be able to survive?

Avg. = 24

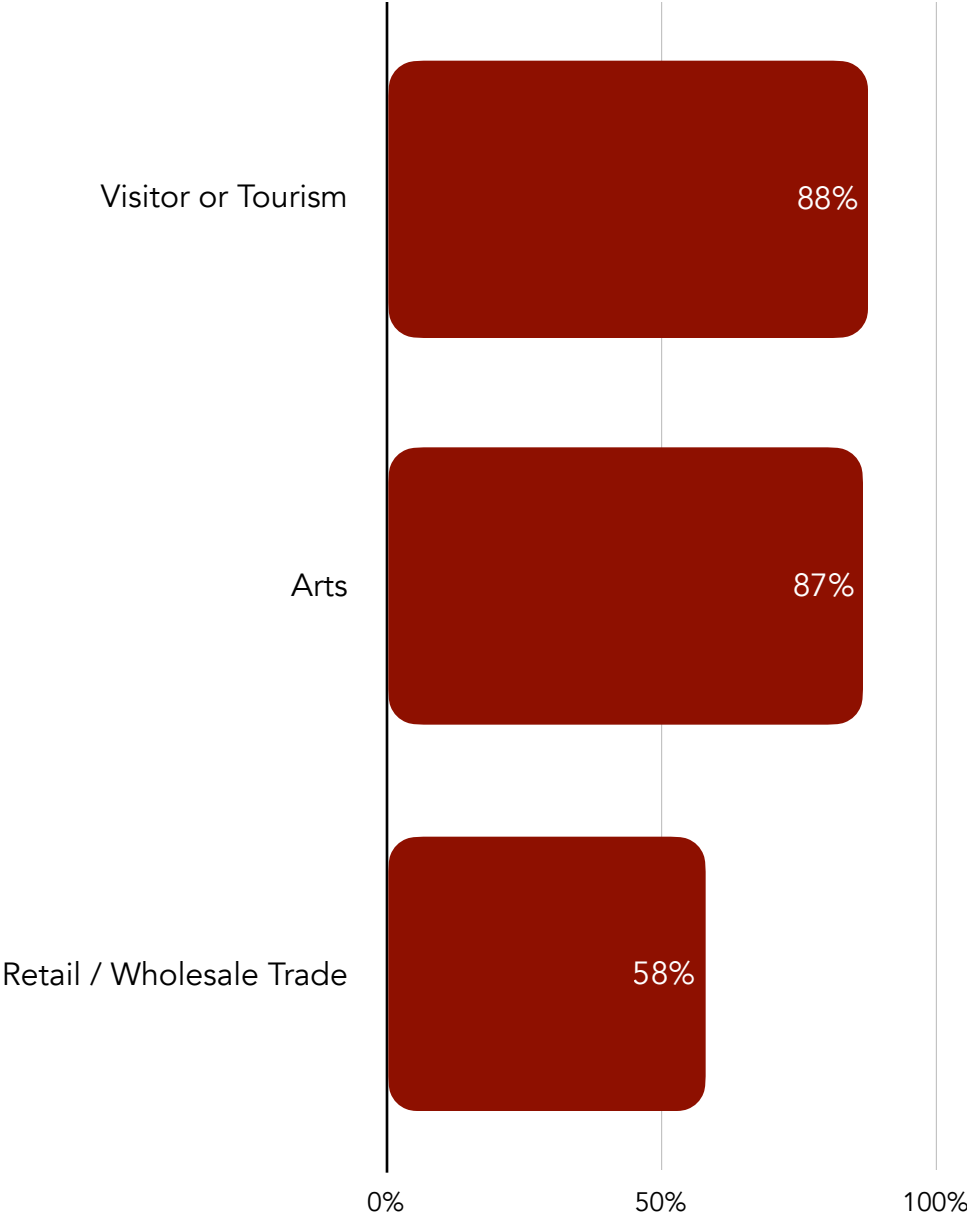
Please estimate the percent revenue decline to your business due to COVID-19 in 2020 so far (compared to same period in 2019)?

= -68%

Please estimate the percent revenue decline to your business due to COVID-19 in 2020 so far (compared to same period in 2019)? By Industry

On average, reporting Haines businesses have lost **68%** of their revenue due to COVID-19 in 2020 compared to the same period last year. However, there has been variation between industry in community impacts. Businesses in the tourism sector are down by 88%, while arts sector revenue is down by 87%.

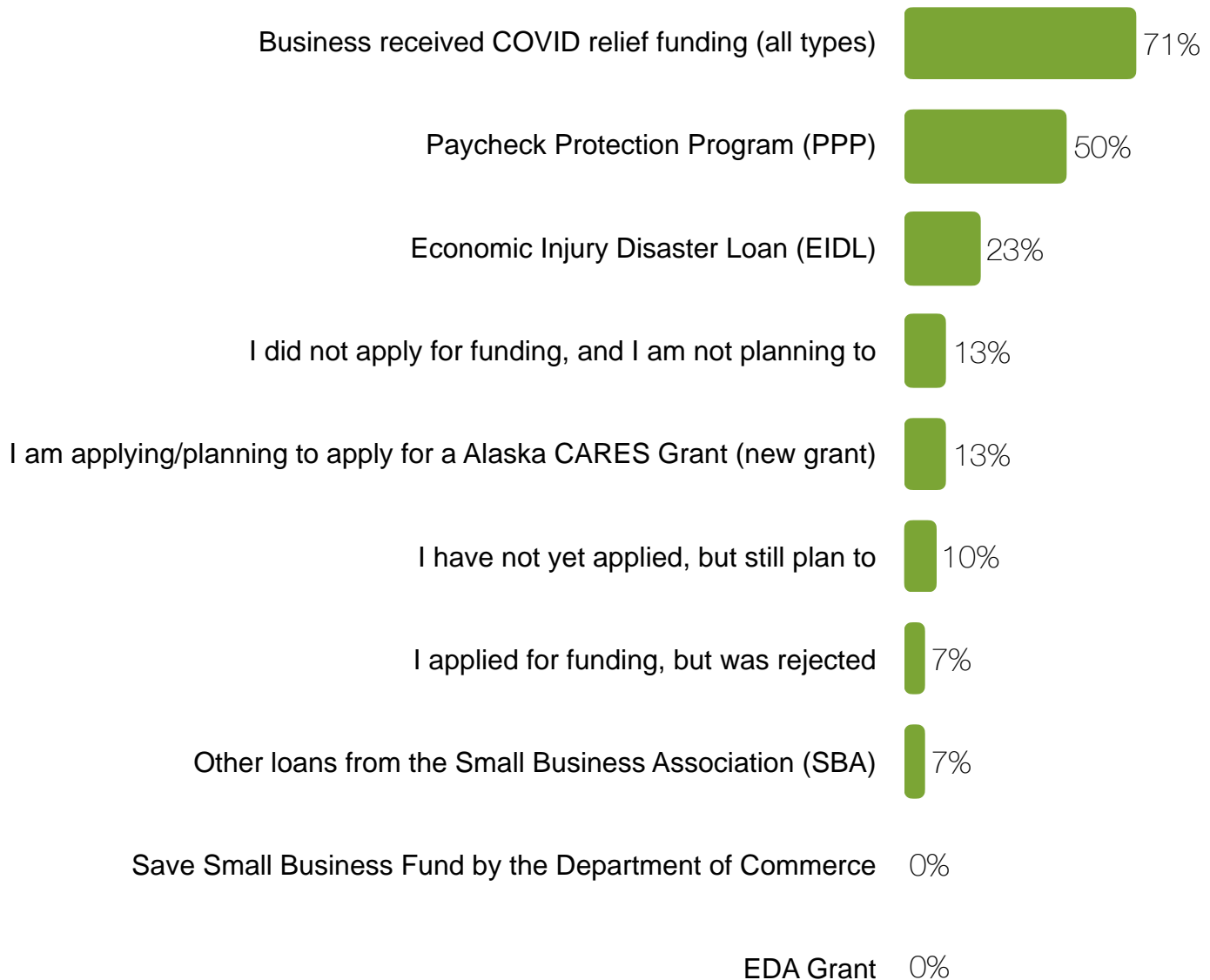
■ Average percent revenue decline to your business due to COVID-19 in 2020



Did you receive any COVID-19 funding to support your business? (check all that apply)

71% of all reporting business leaders had received COVID relief funding for their organizations, including 50% who received the funds from the Payment Protection Program.

A total of \$1.9 million in funding was reported received. The average assistance amount was \$67,514.

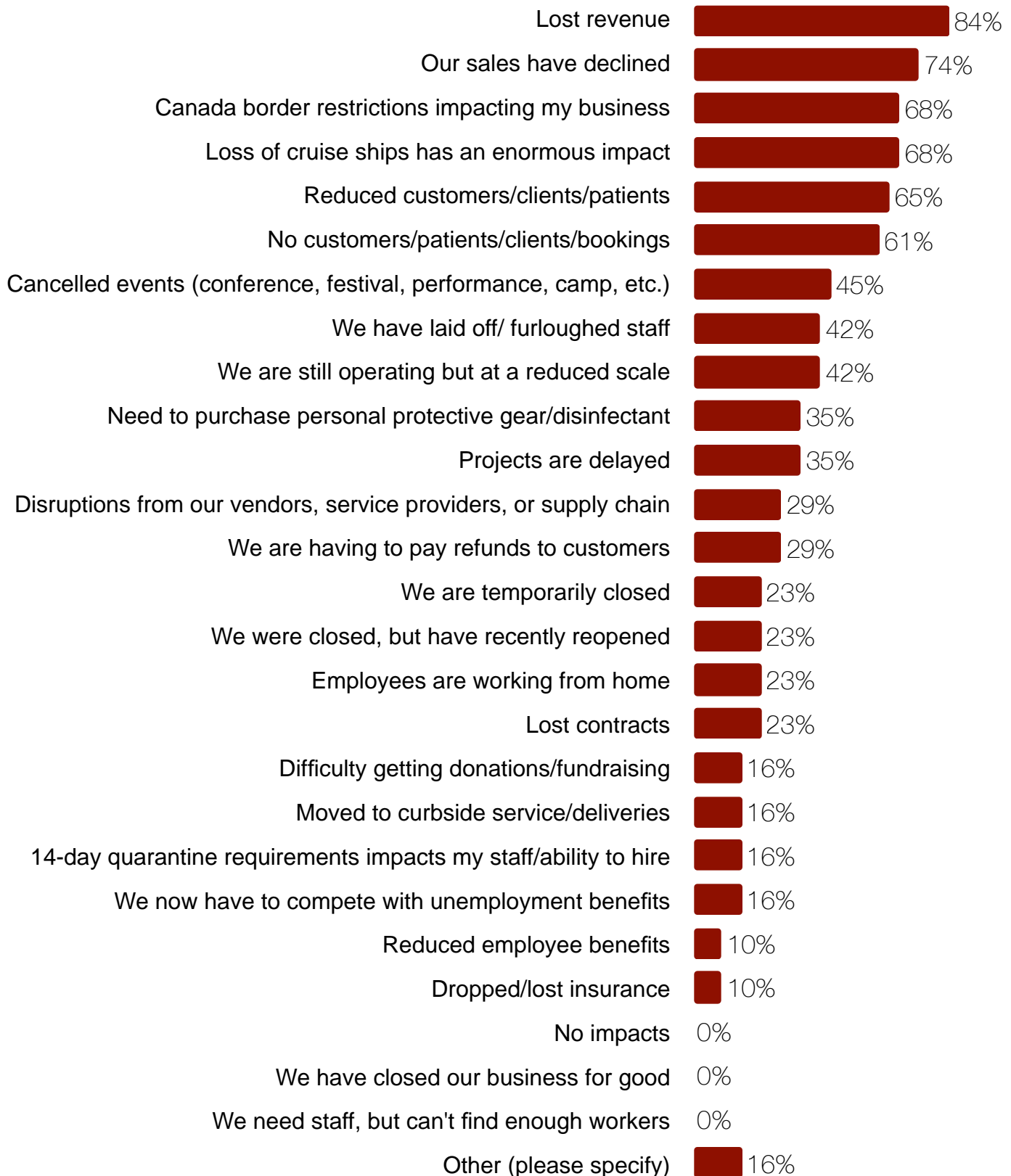


Total Funding Reported to be Received by SE Businesses = \$1.9 million
Average amount received by businesses receiving funds = \$67,514
Businesses receiving funding = 71%

How has your business been impacted by COVID-19?

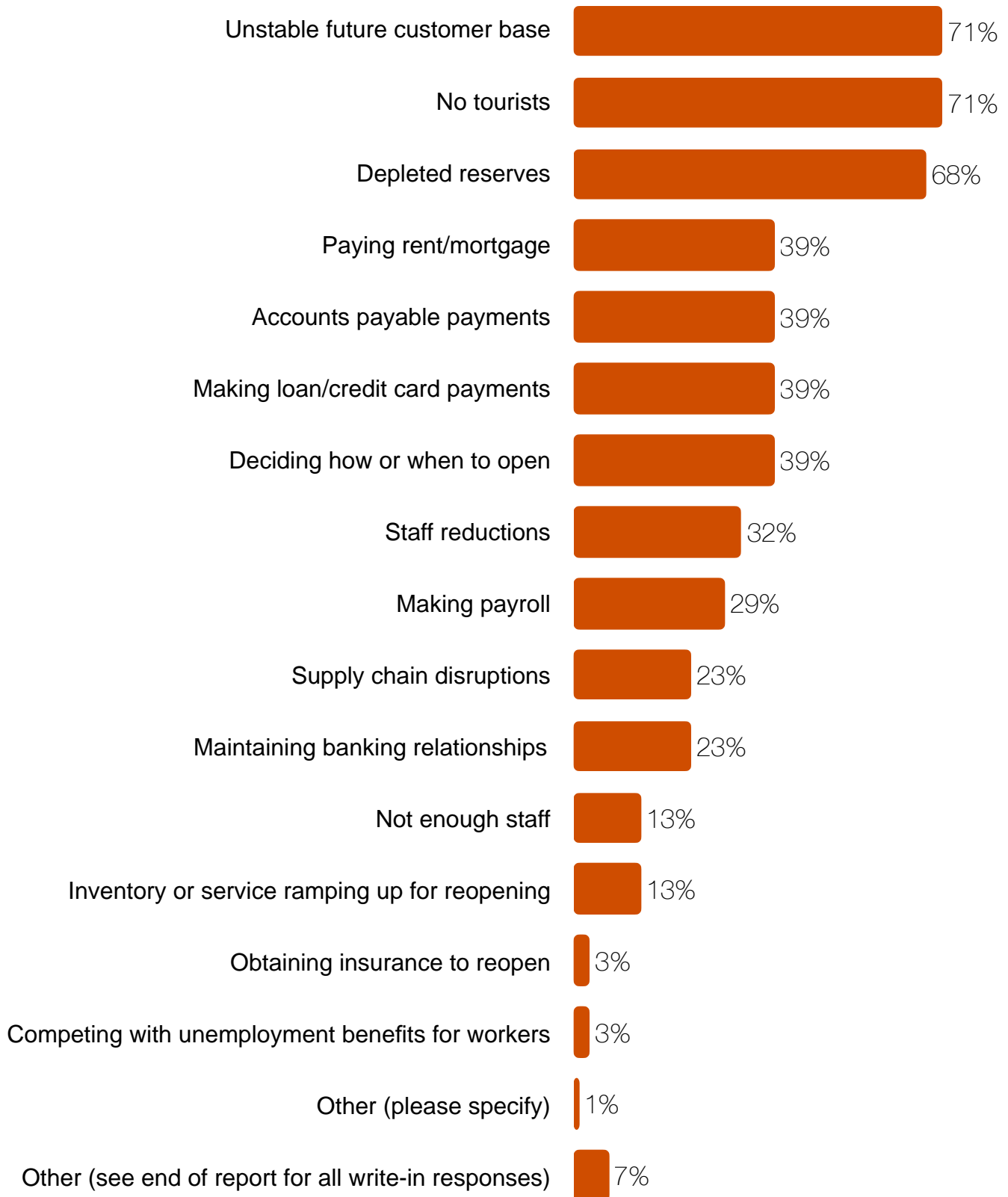
(check all that apply)

Business leaders were asked how their organizations have been impacted by the pandemic.



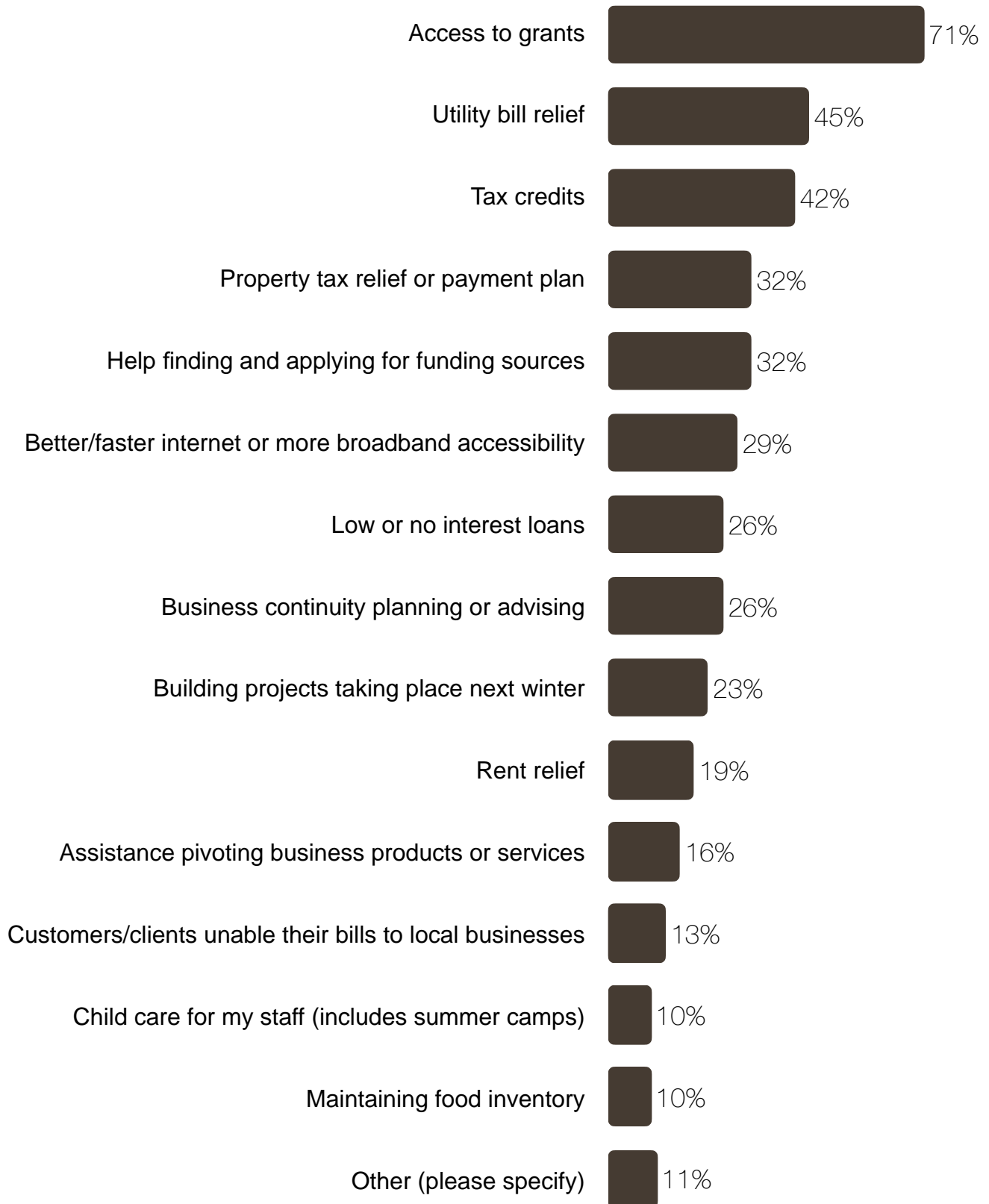
What are your top business challenges moving forward? (check all that apply)

Owners and managers were asked what their top business challenges are moving forward.



What help do you need most moving forward? (check all that apply)

Business leaders were asked what help they most want and need moving forward.



Participant Overview

A total of 34 businesses from Haines responded to the survey in 2020.

Which best describes the primary industry focus of your company?

Answer Options	Response
Visitor or Tourism	15
Retail / Wholesale Trade	5
Arts	4
Construction / Architecture / Engineering	2
Food/Beverage Services	1
Seafood, Commercial Fishing, Maritime	1
Child Care, Education, Social Services	1
Health Care	1
Transportation (non-tourism)	1
Other Non-profit	1
Other manufacturing	1
Other	1
TOTAL	34

Open Ended Responses

If you did not receive COVID-19 business funding support, why not? And do you plan to re-apply in the future?

- By the time I attended a webinar and learned of PPP programs I was eligible for the funding was gone. I am hoping with a new expansion project moving forward in July I will not need to.
- I didn't apply.
- I am self-employed as an artist and vacation rental owner. I don't fit the requirements.
- I have been applying to other funds. But I am starting to look at the business funding support.
- Pending.
- I will re-apply.
- We are scared of debt.

If you did receive COVID-19 business funding support, what was that process like for you? (Application process, receipt of funds, limitations? etc.)

- The PPP loan process was straightforward since I have a good relationship with our banker and applied immediately when it opened. I also applied for the SBA EIDL around the same time and have not heard back about that for 2 months now. I did get a few thousand-dollar deposit from the SBA (which I assume was the advance, though it was not \$10,000 as expected) with no communication that it was happening or if our loan was still under consideration. The PPP was helpful for about 8 weeks of operating expenses, which will end June 17th for us. I realize there is now more time to spend it, but there's not any more money so that's not very helpful in our situation. We need more support after that funding runs out.
- I applied 3 times (too early at first), the process was complicated, PPP was not very helpful and not sure if it will be forgiven, EIDL proved to be quite easy once the platform updated, unemployment funding has been tough to navigate, still pending
- I found my bank to be unhelpful and had to go to another for help. Once I found someone willing to do the PPP loan for us the process was fairly quick and easy. The forgiveness and loan payback seem to be rather difficult though.
- It was not complicated to fill out. But now we need an inventory (stock) grant funding program.
- It went rather smooth and FNBA was my bank to assist and they were very helpful.
- Lack of communication was a source of anxiety, but overall process was straight forward.
- Lots of wait time with no information while waiting 2 months from applying to getting any info. Then another month before finding out the approval.
- Pending receipt of funds.
- It was fast

Please elaborate on how COVID-19 has impacted your organization.

- We will not operate this season which is a 100% loss in revenue.
- 80% of our business requires entry into Canada. With borders closed we are closed.
- Canadian Borders are closed. No one is coming to town.
- COVID and travel restrictions shut down our business for all of 2020. If it wasn't for the PPP funds being held in reserve for spring 2021 startup, we would never open our doors again. I have found resources on the national level and help on the local level with HEDC but have otherwise not found much help on the state level, both with advice/guidance and financial support.
- Devastating, yet with funding, there is a silver lining. Might emerge stronger.
- Have a tour company and rental cabins. No cruise ships means all tours are cancelled, plus most of our renters are from abroad coming through Canada and all travel is halted from other countries. Plus, not feeling like it would be safe to conduct business during time of health crisis. All of our products require hands-on contact with travelers and/or their belongings.
- loss of customers
- Lower sales no summer bump of extra sales.
- mobility
- No income at all. Summer tourism is when we generate revenue. But we have been closed and there are no tourists.
- No income. No customers. Changed how people shop. Doing online purchases except necessity immediate items
- No Tourist coming in.
- our Heli ski season was shut down and all summer bookings canceled.
- The border closure has been devastating to Haines and Skagway.
- Two things, people aren't buying much, and the vacation rental market is dead for this year.
- We had to issue over \$50,000 in pre-booking refunds over the last three months. We generally work with approximately 15,000 cruise passengers in a summer, and all that business appears to be lost, based on the cruise projections and our sales over the last few years, I expect approximately \$1M loss in gross sales.
- We have closed our in person office as of March 14 and operated strictly under telemedicine since with plans to open on limited basis at the end of June if the local outbreak does not worsen to serve those that were unable to access telemedicine or were not appropriate for this type of service. Home visits have also stopped, and these two changes reduced our census and revenue by about 30% overall. I had planned for a full-time employee to staff a new Juneau office June 1, but this was delayed until July due to COVID and a trip for this employee to get oriented and set up space and build census early April was cancelled. We were already operating a hybrid in home/telemedicine model for our Juneau clients, so this transition was relatively easy as we already had the infrastructure but the limitations to our home bound and/or office only patients have been frustrating.

How has your business been impacted by COVID-19? Responses to “other please specify”

- We cannot order inventory.
- Our business is closed for the 2020 season
- The expansion to satellite office in Juneau delayed and service to Skagway stopped
- Unclear messaging from local government
- We have received PPP funds so some of the staff are working, doing projects but that will end June 21st.

What help do you need most moving forward? Responses to “other please specify”

- Local government understanding the importance of the arts and culture for effective post pandemic rebound.
- Not sure how anyone can help, it is devastating to business and the future of tourism.
- Nothing, I am self-employed, and it is working out
- Assistance with understanding and getting business to comply with health mandates.
- Buying inventory (stock).
- Customers!
- We have received the PPP loan/grant and EIDL loan, so as of now, we are ok.

What are your top business challenges moving forward? Responses to “other please specify”

- We are not going to operate for 2020. 98% of our clients come from cruise ships.

Did you receive any COVID-19 funding to support your business? Responses to “other please specify”

- Applied and received.
- Applied for June 1 deadline, not yet heard; Applied for NEA Cares Act organizational support-did not hear yet
- Arts and humanities grants applied for
- I'm a c6 we so are not eligible
- Not much is available to business who received the PPP.
- Pending Pandemic Assistance through UI of Alaska
- PPP was for payroll and utilities for 8 weeks.
- Received 2k from EIDL and 12k from PPP
- Unemployment
- Unemployment insurance

Do you foresee any long-term positive business changes that could come out of this period of disruption?

- A chance to look at the growth of the travel industry, perhaps with better planning for the cruise ship traffic.
- Construction projects ongoing has created time to get this done.
- I do not see any long-term positive business changes.
- I see many positive outcomes that will benefit more people if we dig more deeply into better communication, inclusivity and public participation in building capacity for change.
- More use of technology. More business flexibility. Better ability for staff to work from home.
- Yes, more closely evaluating business practices to stay viable.
- No.
- None that apply to seasonal travel industry
- Shorter workdays. More internet business (online local store)
- They are building a new building for our other business. No people No interruptions for them. My RV park is only 1/2 the capacity, and no one can come.
- Unsure, but I feel fortunate to have been able to remain open and serving the communities despite the challenges due to technology. Reduced commute to town and use of power and fuel in the office are certainly a positive environmental outcome.
- We have been able to use this time to do some deferred maintenance and upgrades. The business will benefit greatly from a summer of strictly housekeeping chores, but those come at a heavy cost as well.
- We operate two retail bike shops and bike sales are booming. I'm not sure how long that will last, and unfortunately, we aren't able to take much advantage since our supply chains are disrupted and even working with 3 of the largest brands/distributors in the business we are looking at September or October until we are able to order more bikes. If the bike boom lasts, it will be a small benefit once we are able to restock our inventory. With that said, the lost tours and rentals make up 90% of our gross income, so the additional sales are nice but ultimately without visitors our business is very different.
- Shorter workdays.