

# Sitka Economic Development Association Strategic Plan 2016

**Part 1:** SEDA's Action Plan Goals & Objectives (page 1-3)

**Part 2:** Summary of Key Economic Indicators (page 4-10)

**Part 3:** SEDA's recent activities and projects (page 11-14)



Prepared by  
**Rain Coast Data**

# SEDA Strategic Plan 2016

## Strategic Direction Objectives & Action Items

### Sitka Economic Development Association Mission

*Foster a business climate that is receptive and conducive to existing and new business, help promote the creation of family wage jobs, and enhance the quality of life for Sitkans.*

This Strategic Plan was formulated by the Sitka Economic Development Association (SEDA) Board at a planning meeting held on December 4, 2015. The plan sets the strategic direction objectives and actions for SEDA over the next five years.

### ❖ Enhance Sitka's Maritime Sector

- ◆ **Develop and support the local seafood & fisheries sector.**
  - Research innovative ways to increase the value of the fishery.
  - Support the development of a mariculture industry.
  - Explore new product and species development.
- ◆ **Continue to support Sitka's marine services.**
  - Maintain services to keep ship and boat work in Sitka.
  - Reduce leakage of maritime jobs from Sitka.

### ❖ Leverage Locally Based Natural Resources & Assets

- ◆ **Water**
  - Continue to market and manage bulk and bottling water resources.
- ◆ **Explore opportunities for mineral resource development.**
- ◆ **Utilize scenic assets to grow the visitor industry.**
  - Support the Sitka Chamber's new role in visitor marketing.
- ◆ **Research development of other local assets.**

## ❖ Support Development of Housing

- ◆ **Increase the level of housing stock available for Sitka's workforce.**
- ◆ **Open additional lands for housing construction.**
- ◆ **Investigate high-density housing concepts, such as trailers, manufactured homes, and mini homes.**
- ◆ **Support SCDC, BIHA, etc.**
- ◆ **Research zoning and building codes effects on housing density.**
- ◆ **(For development of senior housing: See Senior Growth objective.)**

## ❖ Maintain and Develop Essential Infrastructure

- ◆ **Continue to support and develop transportation infrastructure.**
  - Roads
  - Ferries
  - Airports
- ◆ **Increase telecommunications connectivity to Sitka.**
- ◆ **Maintain and grow Sitka's marine infrastructure.**
  - Harbors
  - Docks
- ◆ **Continued development of the Gary Paxton Industrial Park.**
- ◆ **Other**

## ❖ Support Workforce Development & Vocational Education

- ◆ **Determine how to train Sitka's youth for Southeast Alaska jobs.**
  - Partner with UAS and others on workforce development.

## ❖ Prepare For Senior Growth & Development of Retirement Industry

- ◆ **As Sitka's population continues to age, work to support the needs of a growing senior population.**
  - Develop housing concepts suitable and desirable for Sitka's seniors.
  - Work with other regional partners to investigate opportunities to support and retain Sitka's older populace.

## ❖ Support Other Economic Enterprises

- Health care industry
- Energy
- Government
- Manufacturing
- Support existing local businesses
- New business development

Understanding and presenting recent economic trends and changes taking place in Sitka is a core element of SEDA's work. Economic indicator reports are prepared quarterly and can be viewed at [www.sitka.net/News/Trends.html](http://www.sitka.net/News/Trends.html). The following pages provide an overview of Sitka's economic structure, along with showing changes that took place over the past five years. This summary was developed for the SEDA board and presented at their strategic planning session.

## Five Years of Change in Sitka: 2010 to 2014

The following table tracks key Sitka Alaska indicators over the past 5 years, along with associated changes.

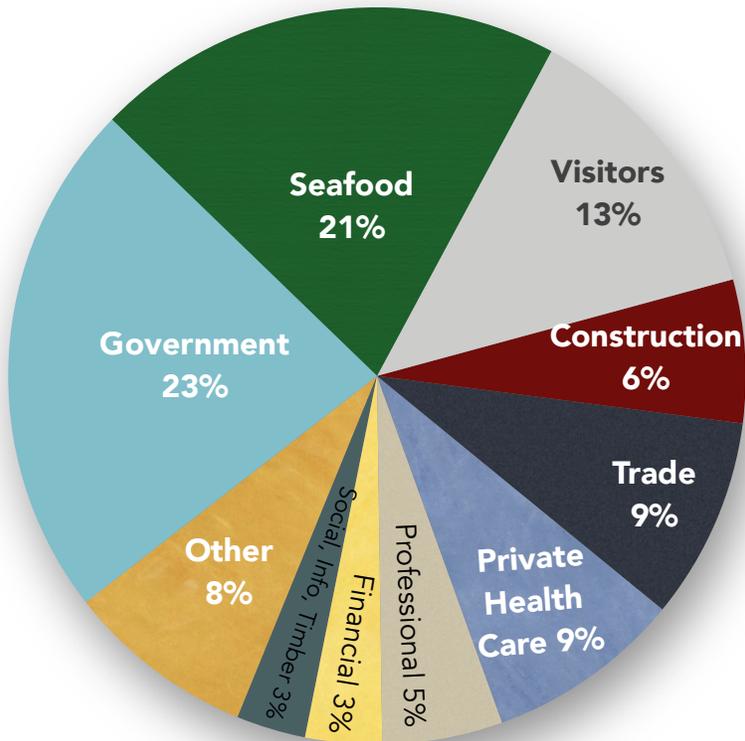
DEMOGRAPHICS	2010	2013	2014	CHANGE 2010-14
Population	8,881	9,034	9,061	2%
Population Under Five	624	582	567	-9%
65 to 79 year olds	741	902	930	26%
Median Age	38.1	39.2	38.8	2%
P-12 School District Enrollment	1,349	1,395	1,375	2%
<b>GENERAL</b>				
Labor Force (jobs, excludes self-employed & USCG)	4,256	4,447	4,535	7%
Wages (excludes self-employment earnings & USCG)	\$163,951,370	\$190,475,979	\$198,960,080	21%
Average Annual Wage	\$38,522	\$42,832	\$43,872	14%
Per Capita Personal Income	\$41,654	\$57,225	\$61,204	47%
Annual Unemployment Rate	6.3%	5.4%	5.1%	-1.2%
Southeast Alaska Labor Force	44,195	46,015	45,694	3%
Alaska Labor Force	323,410	335,366	336,764	4%
<b>TOP ECONOMIC SECTORS</b>	<b>2010</b>	<b>2013</b>	<b>2014</b>	<b>% CHANGE</b>
<b>GOVERNMENT</b>				
<b>PUBLIC SECTOR: 26% OF ALL EMPLOYMENT EARNINGS</b>				
Total Government Employment	1,202	1,180	1,178	-2%
Federal Employment	159	131	125	-21%
Total Government Payroll	\$54,670,150	\$58,055,231	\$61,944,229	13%
<b>COMMERCIAL FISHING &amp; SEAFOOD INDUSTRY</b>				
<b>KEY INDUSTRY: 27% OF ALL EMPLOYMENT EARNINGS</b>				
Total Seafood Employment	421	495	648	54%
Total Commercial Fishermen	572	587	585	2%
Total Seafood Employment Earnings	\$15,943,670	\$23,817,043	\$29,910,590	88%
Total Commercial Fisherman Earnings	\$38,262,000	\$42,774,000	\$47,224,000	23%
<b>OTHER MARITIME</b>				
<b>COMBINED MARITIME IS 47% OF PRIVATE SECTOR EMPLOYMENT</b>				
Other Maritime (wage and labor only) Earnings	\$7,074,209	\$12,504,780	\$14,000,979	98%
Other Maritime (wage and labor only) Earnings	165	247	232	41%
<b>HEALTH</b>				
<b>KEY INDUSTRY: 13% OF ALL EMPLOYMENT EARNINGS</b>				
Health Care Employment	770	727	676	-12%
Health Care Wages	\$38,151,194	\$39,797,325	\$38,330,679	0%
<b>CONSTRUCTION INDUSTRY</b>				
<b>KEY INDUSTRY: 9% OF ALL EMPLOYMENT EARNINGS</b>				
Construction Employment	196	296	286	46%
Construction Wages	\$12,620,024	\$21,863,711	\$21,927,256	74%
<b>VISITOR INDUSTRY</b>				
<b>KEY INDUSTRY: 7% OF ALL EMPLOYMENT EARNINGS</b>				
Total Visitor Industry Employment (excludes self-employed)	530	648	670	26%
Total Visitor Industry Wages/Earnings	\$12,422,985	\$17,002,662	\$18,283,024	47%
<b>Total Passenger Arrivals</b>	<b>224,763</b>	<b>187,658</b>	<b>174,323</b>	<b>-22%</b>
• Cruise Passengers	144,383	103,400	90,200	-38%
• Total Air Passenger Arrivals in Southeast	63,013	67,247	71,148	13%
• Total Southeast AMHS Passengers Arrivals	17,367	17,011	13,540	-22%
<b>OTHER SELECTED STATISTICS</b>				
<b>2010</b>				
<b>2013</b>				
<b>2014</b>				
<b>% CHANGE</b>				
Cost of living (US Military, compared to US avg.)	138	144	144	6%

Sources: <sup>1</sup>Alaska Department of Labor (ADOL); <sup>2</sup>ADOL Southeast Alaska Population by Age, 2010 to 2014; <sup>3</sup>Alaska Department of Education and Early Development; <sup>4</sup>Building Permits Survey, US Census; <sup>5</sup>US Coast Guard; <sup>6</sup>2012 US Census Nonemployer (self-employment) Statistics; <sup>10</sup>McDowell Group & Cruise Line Agencies of Alaska; <sup>11</sup>US Bureau of Transportation Statistics (RITA); <sup>12</sup>Alaska Marine Highway System

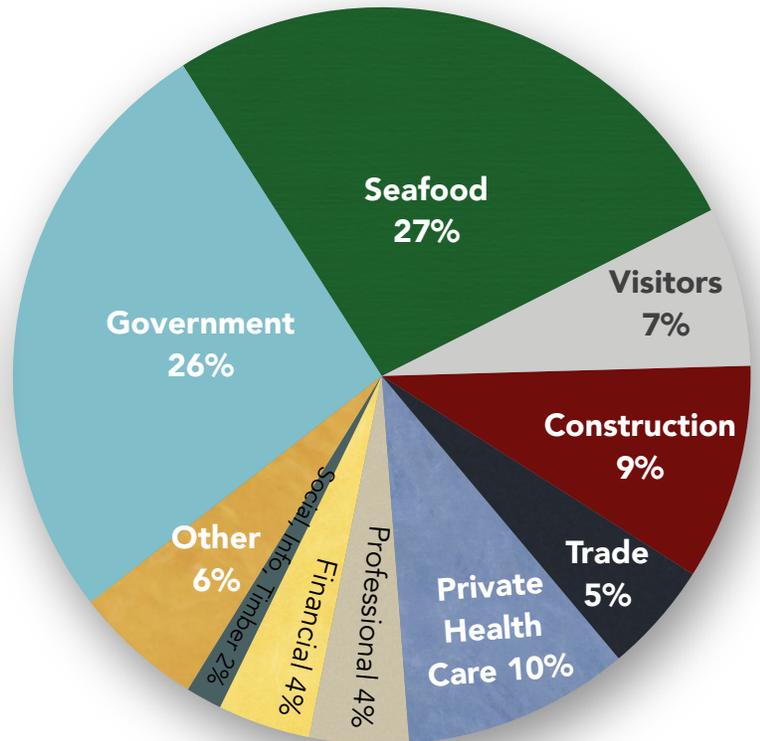
# The Whole Sitka Economy: 6,000 Jobs, \$290 million job earnings

Includes US Coast Guard Payroll & Self-Employment

**Jobs**



**Employment Earnings**



A challenge in analyzing Sitka Alaska's economy is that Sitka's commercial fishing fleet and U.S. Coast Guard members are often omitted due to lack of data. Employment and wage data do not include self-employed individuals or their earnings, nor do they include active duty military. In Sitka these groups are significant. This analysis includes self-employed individuals and Coast Guard personnel to get a better picture of the whole economy. There are important differences in how employment, self-employment, and active duty military data are measured, but combining these data sets with Alaska Department of Labor's Employment and Wage data provides a clear and accurate picture of the local economy as a whole.

## 2014 Sitka Alaska Employment & Related Earnings

	EMPLOYMENT RELATED EARNINGS			EMPLOYMENT NUMBERS		
	Wages (2014)	Self Employment Earnings (2013)	Total Earnings	Annual Average Employment (2014)	Self-Employed (2013)	Total Employment
Government (includes Coast Guard)	\$61,944,229	\$14,701,600	\$76,645,829	1,178	184	1,362
Seafood Industry	\$29,910,590	\$47,224,000	\$77,134,590	648	585	1,233
Visitor Industry	\$18,283,024	\$1,958,000	\$20,241,024	670	104	774
Construction Industry	\$21,927,256	\$5,586,000	\$27,449,711	286	90	376
Trade: Retail and Wholesale	\$12,891,442	\$1,189,000	\$14,080,442	476	54	530
Health Care Industry (private only)	\$27,660,904	\$1,061,000	\$28,721,904	490	23	513
Professional and Business Services	\$7,093,134	\$5,496,000	\$12,589,134	172	144	316
Financial Activities	\$5,399,404	\$6,360,000	\$11,759,404	131	70	201
Social Services, Information, Timber	\$4,104,336	\$492,000	\$4,596,336	159	23	182
Other	\$9,745,761	\$6,684,000	\$16,429,761	325	182	497
<b>Total</b>	<b>\$198,960,080</b>	<b>\$90,751,600</b>	<b>\$289,711,680</b>	<b>4,535</b>	<b>1,459</b>	<b>5,994</b>

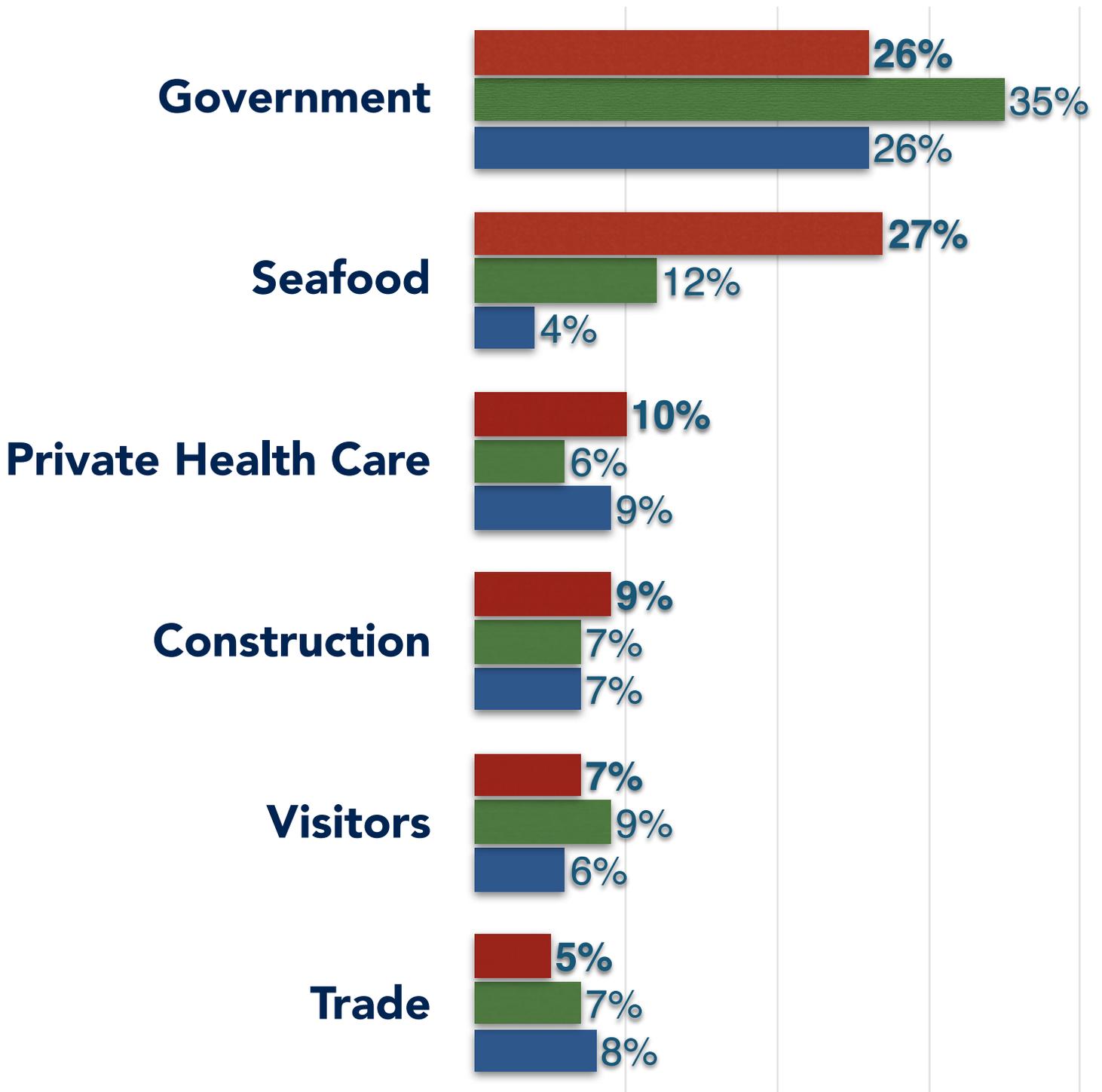
**Sources:** Alaska Department of Labor 2014 Employment & Wage data; 2013 US Census Nonemployer (self-employment) Statistics; 2013 US Coast Guard employment & wage data.

\*These cells in Government refer to 2015 active duty Coast Guard personnel employment and wages, and not self-employment data.

**Notes:** **Seafood Industry** includes animal aquaculture, fishing & seafood product preparation (NAICS 1125,1141,3117) and Southeast Alaska resident commercial fishermen (nonresident fishermen & crew that did not report income are excluded). **Visitor Industry** includes leisure & hospitality, and visitor transportation (air, water, scenic) (NAICS 71, 72, 481, 487, 483) **Timber** includes forestry and logging support activities for forestry, and wood product manufacturing (NAICS 113, 1153, 321).

# 2014 Sitka Employment as a % of All Earnings, Compared to Alaska and Southeast

■ Sitka   
 ■ Southeast Alaska   
 ■ Alaska



# SITKA MARITIME: 1,653 Jobs \$106.1 M Wages

Private and US Coast Guard Maritime Employment & Workforce Earnings



**Fishing & Seafood Processing**  
Jobs: **1,233**  
Wages: **\$77.1 M**



**Marine Tourism**  
Jobs: **90**  
Wages: **\$4.6 M**



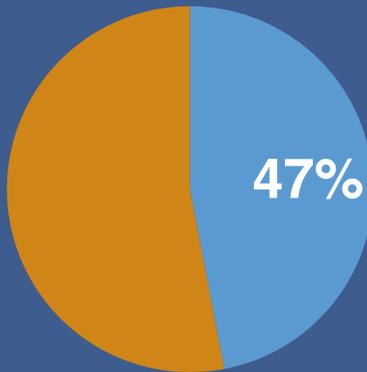
**US Coast Guard**  
Jobs: **188** (Active Duty and Civilian)  
Wages: **\$15 M**



**Other: Marine Transportation, Ship Building, Repair, Marinas, Construction**  
Jobs: **142**  
Wages: **\$9.4 M**

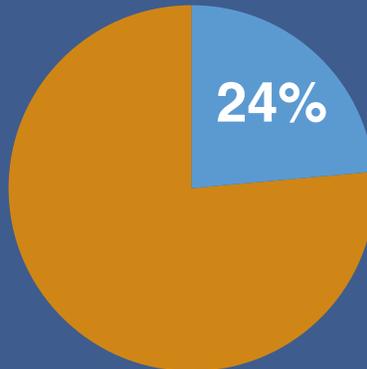
## Maritime as a % of all Private Sector/USCG earnings

**Sitka Maritime**  
1,652 Jobs



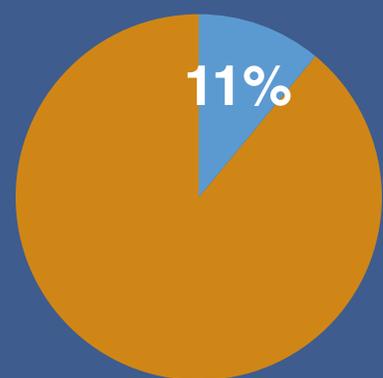
Total Wages:  
\$106.1 Million

**Southeast Maritime**  
6,770 Jobs



Total Wages:  
\$395 Million

**Alaska Maritime**  
29,091 Jobs



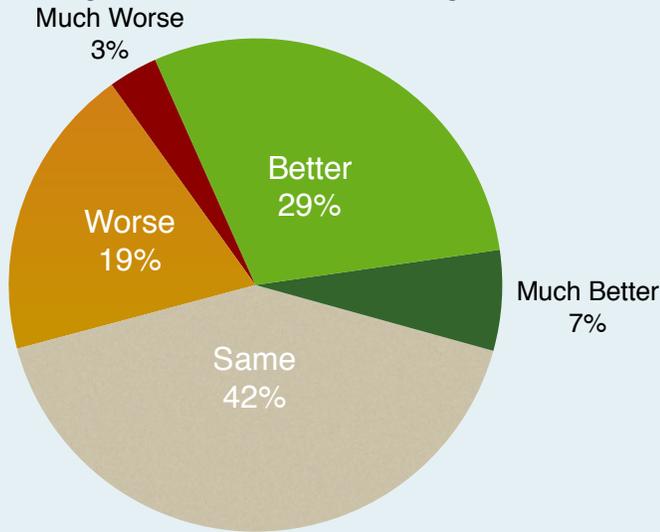
Total Wages:  
\$1.6 Billion

Maritime icons created by graphic illustrator Averyl Veliz.

For methodology, notes and sources, see [www.raincoastdata.com/sites/default/files/Maritime by the Numbers.pdf](http://www.raincoastdata.com/sites/default/files/Maritime%20by%20the%20Numbers.pdf)

# Sitka Business Climate Survey Results

## What is the economic outlook for your business or industry?



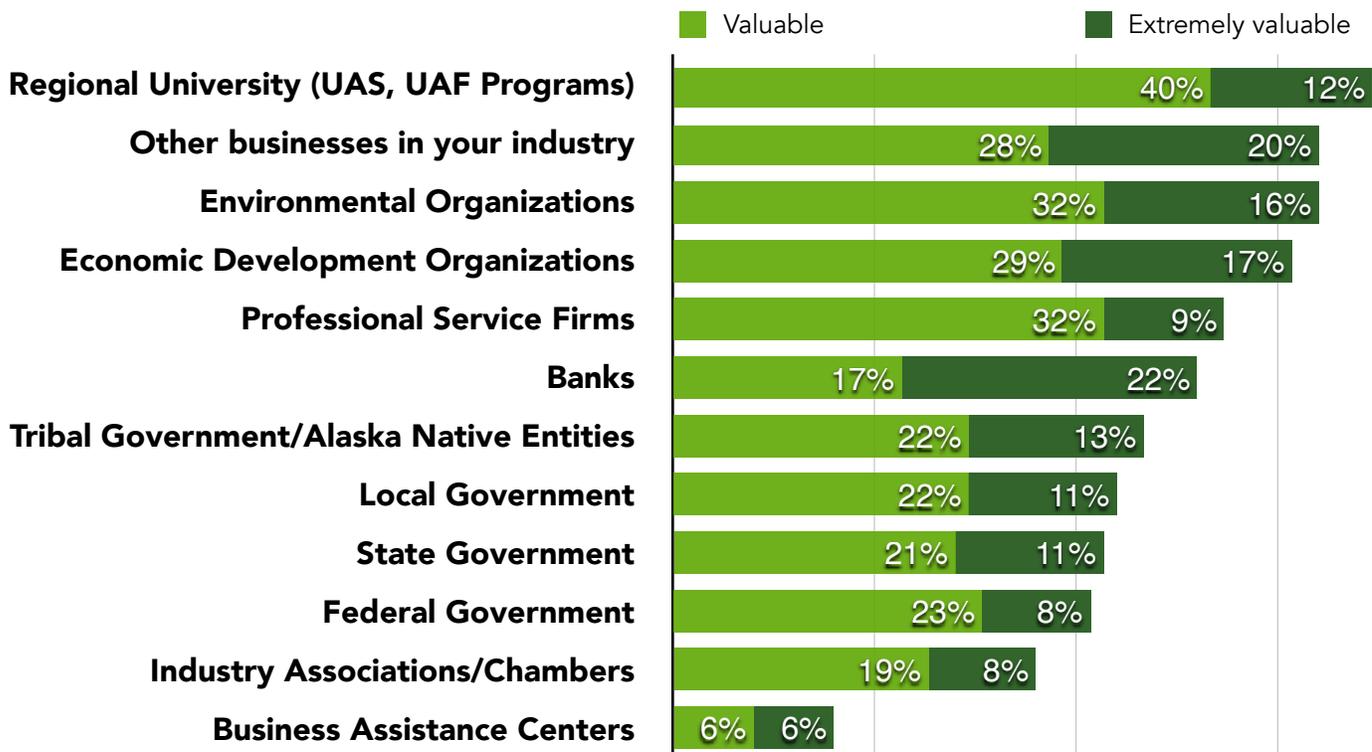
In the Spring of 2015, 39 Sitka business owners and top managers responded to Southeast Conference's Business Climate Survey, answering 45 questions about their experience operating businesses in Southeast Alaska. Some key findings are presented here. Just over one-third (36%) of those surveyed expect the outlook for their business or industry to improve. This was especially true for the visitor industry.

One-fifth (21%) of business leaders expect the Sitka business climate to become worse or much worse. Those least optimistic about the direction of their industry in Sitka were those involved in fishing - where not a single respondent thought their business would improve.

The largest segment of responders (42%) said that they expect their business or industry to maintain current trends.

## Networks: Interactions

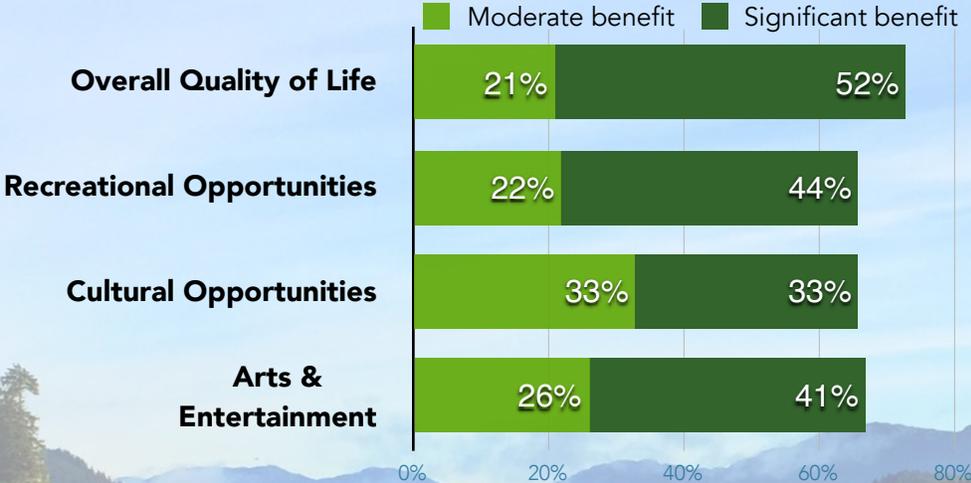
Sitka businesses rated the value with interactions with each of the following institutions to their business.



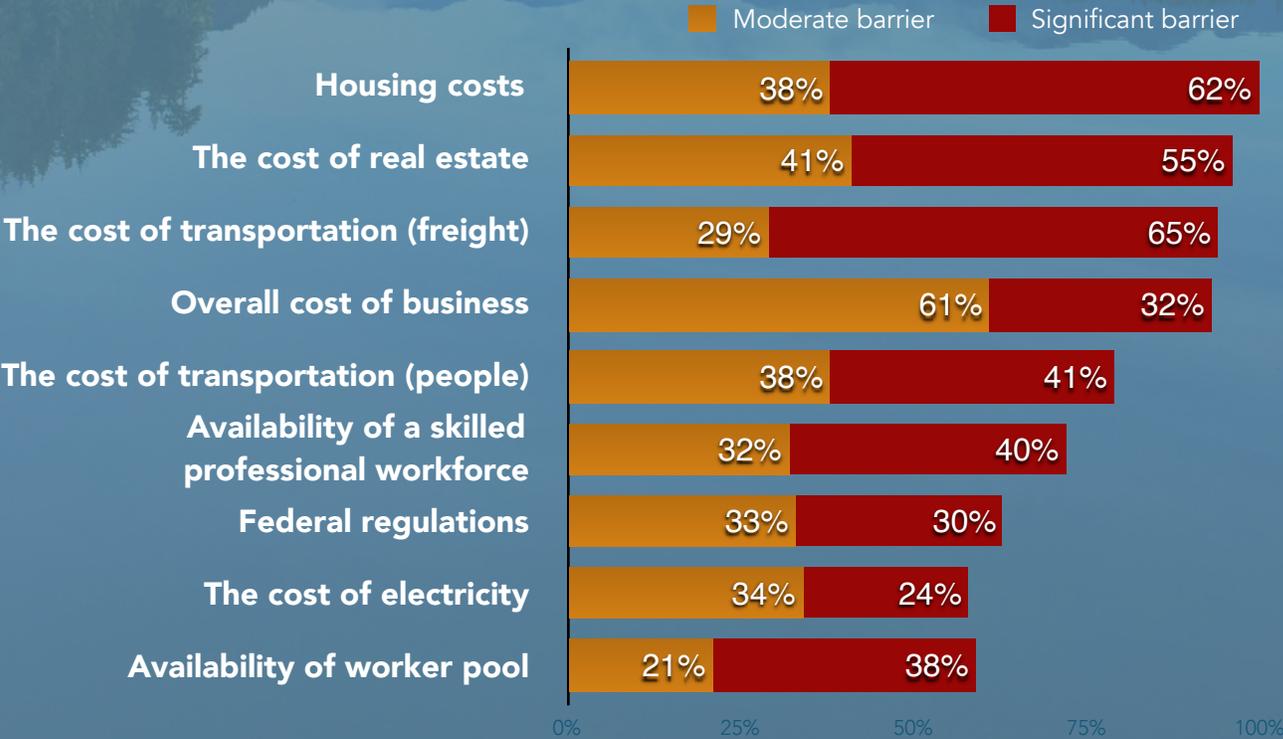
# How Significant are These Elements to Operating Your Business in Sitka?

We also asked business owners and operators about the top barriers and benefits to having their businesses in Southeast Alaska. The overall quality of life and recreational opportunities stood out as elements that provided overall advantages. The top categories of barriers centered around housing & real estate costs, transportation costs, the lack of qualified candidates available for hire.

## Top Benefits



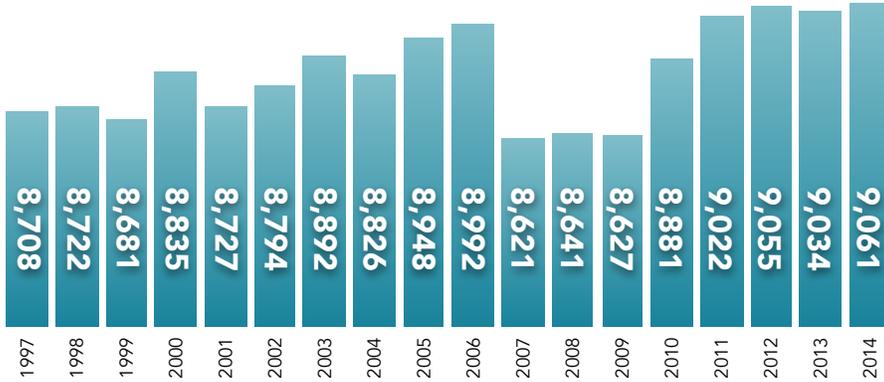
## Top Barriers



# Demographics

## 9,061 People

**SITKA ALASKA POPULATION  
1997-2014**



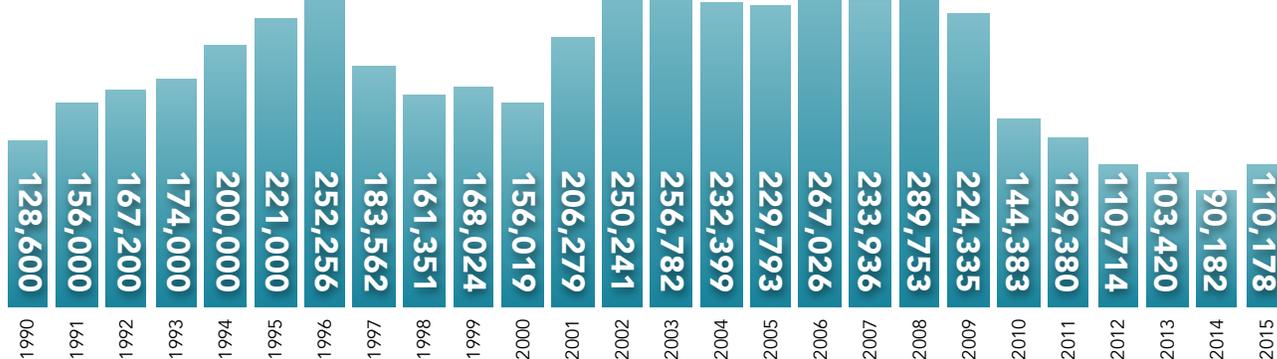
Sitka's population has been fairly consistent since 1990. In 1993 Sitka reached a peak population of 9,083. Between 1993 and 1996 Sitka lost 433 residents. This corresponds to the closure of the pulp mill in 1993 and the loss of approximately 400 jobs. A second decline is seen between the 2006 population estimate of 8,992 and the 2007 estimate of 8,621. This decline represents the loss of 371 residents and corresponds to the closure of Sheldon Jackson College with a loss of about 109 jobs. Sitka's 2014 population of 9,061 is nearly equal to the previous peak.

**SOUTHEAST ALASKA POPULATION  
CHANGE 2010 TO 2014**

Community	2010	2014	Change
Juneau City & Borough	31,275	33,026	6%
Ketchikan Borough	13,477	13,825	3%
<b>Sitka City &amp; Borough</b>	<b>8,881</b>	<b>9,061</b>	<b>2%</b>
Petersburg	2,948	2,964	1%
Haines Borough	2,508	2,537	1%
Wrangell City	2,369	2,406	2%
Metlakatla	1,405	1,480	5%
Craig	1,201	1,198	0%
Skagway Municipality	968	1,031	7%
Klawock	755	802	6%
Hoonah	760	787	4%
Yakutat City & Borough	662	631	-5%
Kake	557	626	12%
Thorne Bay	471	530	13%
Gustavus	442	516	17%
Saxman	411	419	2%
Angoon	459	416	-9%
Hydaburg	376	405	8%
Coffman Cove	176	174	-1%
Tenakee Springs	131	128	-2%
Naukati Bay	113	121	7%
Hollis	112	94	-16%
Hyder	87	91	5%
Klukwan	95	84	-12%
Pelican	88	75	-15%
Kasaan	49	75	53%
Port Protection	48	56	17%
Edna Bay	42	46	10%
Port Alexander	52	45	-13%
Whale Pass	31	39	26%
Kupreanof	27	25	-7%
Game Creek	18	18	0%
Elfin Cove	20	16	-20%
Point Baker	15	13	-13%
<b>Total</b>	<b>71,664</b>	<b>74,280</b>	<b>+4%</b>

# Cruise Visitors

**ARRIVING PASSENGERS FROM LARGE  
CRUISE SHIPS VISITING SITKA  
1990-2015**



Sources: Alaska Department of Labor (ADOL); ADOL Southeast Alaska Population by Age, Sex and Borough/Census Area, 2010 to 2013; Alaska Department of Education and Early Development; Alaska Population Projections 2012 to 2042, April 2012; 2010 US Census.

# 2015 SEDA Activity Summary

This is a list of work and ongoing efforts that the SEDA staff and board members have engaged in over the past year. To learn more about these projects or issues, visit the SEDA website at [www.sitka.net](http://www.sitka.net).

## STRATEGIC PLAN SPECIFIC

### Promote/Enhance Economic Enterprises

#### 1. **Seafood Industry**

- Organized and hosted the first Sitka Seafood Innovation Summit held in October 2015.
- Attended the Alaska Shellfish Growers Association conference in Ketchikan, November 2015.
- Researched R&D and innovation initiatives for the seafood industry and how to create opportunities for Sitka.
- Executive Director, as a Board member of Southeast Conference, revived the Fisheries Committee as the Chair.
- Continually track and analyze seafood industry data to identify trends. Publish new data and trends to websites: [www.sitka.net](http://www.sitka.net) and [www.sitkamarine.com](http://www.sitkamarine.com)

#### 2. **Visitor industry**

- Participates in visitor industry planning and marketing efforts.
- Submitted a proposal to take over a contract to provide Visitor and Convention marketing services for the City and Borough of Sitka.
- Continually track and analyze visitor industry data to identify trends that will affect the local and regional economy.
- Provided information to walk-in visitors on an almost daily basis in the summer.

#### 3. **Healthcare industry**

- Supports efforts of SEARHC and Sitka Community Hospital.

#### 4. **Manufacturing**

- On-going marketing of the Gary Paxton Industrial Park (GPIP) to potential manufacturing businesses. Newest leases include I Water (potential water bottling plant) and Alaska & Pacific Packing (manufacture of seafood industry related equipment).
- Worked with Monarch Tannery with sale of GPIP property to increase tannery production.

#### 5. **Education**

- The SEDA Executive Director is a member of the UAS Sitka Campus Advisory Council.

#### 6. **Government**

- Developed relationships with Federal and State Delegations and staff.
- Works with the CBS on a regular basis.

#### 7. **Stewardship collaborations**

#### 8. **Work with potential business to see how we can attract them to our community**

- Over the past few years, activities have mostly been associated with Sitka's fresh water assets. SEDA provides information about the asset and potential site locations for bottling plants at the GPIP and the Executive Director takes visitors on tours to highlight assets in Sitka and the GPIP.
- Currently working on a strategy to make Sitka a center for seafood and marine Industry research and development.

## **9. Promote value of economic development**

- Presentations at the Sitka Chamber of Commerce annual Sitka Economic Summit.
- Post learning resources to the [www.sitka.net](http://www.sitka.net) website.
- Met with new Assembly member to provide an overview of trends in the local economy and highlight key challenges and opportunities.
- Publish the Sitka Trends quarterly economic newsletter. This goes to about 335 people via e-mail.

## **10. Collaborate with regional economic development groups**

- Southeast Conference mid-session and annual meetings – SEDA's Executive Director is a Board member of Southeast Conference and was elected Board President as of September 2015.
- Participates in Marine Industry Cluster – Southeast Conference.
- Attended the International Economic Development Council annual meeting. Informed on best practices in economic development.

## **11. Business Development**

## **12. Quality of life**

## **13. Support Development of Housing that is Affordable**

Currently researching the role of housing affordability for economic development, the phenomenon of "aspenization," and best practices in workforce housing development.

### **a. Research cost of rock in Sitka**

SEDA staff continues to monitor developments in the rock and gravel industry in Southeast Alaska to identify needs and opportunities.

### **b. Assist CBS to increase public access to rock**

Continue to work with the GPIB Board and the City and Borough of Sitka to determine the best use of the rock and fill material that was generated by the Blue Lake dam expansion project.

### **c. Research CBS fees and regulations that affect housing/land development costs**

SEDA continues to look at other communities for successful affordable housing initiatives that may work in Sitka. Specific attention is being paid to actions being taken in Juneau.

### **d. Research high density housing concepts**

### **e. Senior housing**

- SEDA continues to track and analyze data on Sitka's aging population and how changing demographics may affect the local economy
- SEDA advocates for the development of more senior friendly housing units that will allow residents to age in place.
- SEDA supports training more contractors in universal design concepts that can be applied to retrofit older homes so owners can remain in place for as long as possible.

### **f. Support SCDC, BIHA, etc.**

SEDA Supported efforts of SCDC to acquire "old city shops" property to implement a community land trust concept.

## 14. Support Renewable Energy Projects in Sitka

### a. *Short Term – Blue Lake expansion*

Through the management contract for Gary Paxton Industrial Park, SEDA was directly involved in the lease of property at the GPIP for contractors and City staff working on the Blue Lake Project. Now that the Blue Lake dam expansion is complete, the City has an excess electric capacity and is trying to sell this electricity. SEDA considers this an asset to use in marketing the community to potential businesses.

### b. *Long Term – Takatz Hydro project*

### c. *Energy efficiency programs*

### d. *Bio-fuel projects (wood heating)*

### e. *Other cost effective energy projects*

## 15. Community Economic Relationship Development (Public Education and Outreach)

### a. *Community presentations on community issues*

- Presentation update on SEDA activities – Greater Sitka Chamber of Commerce
- Presentation on state of the Sitka economy – GSCC Sitka Economic Summit

### b. *Visit existing business on community topics*

- Met with business involved in the Marine Services Industry to investigate increasing Industry regionally.

### c. *Visit the Assembly table more often to discuss topics of economic development during persons to be heard*

### d. *Advertise in Sitka Sentinel on economic topics*

### e. *Other*

- Quarterly “Sitka Trends” economic newsletter distributed to 335 people via e-mail.
- Provide information to visitors and residents on a walk-in basis.
- Provide information and statistical data to residents and non-residents via phone inquiries.
- Maintained three websites: [www.sitka.net](http://www.sitka.net) (SEDA), [www.sawmillcove.com](http://www.sawmillcove.com) (renamed the Gary Paxton Industrial Park) and [www.sitkamarine.com](http://www.sitkamarine.com) (Sitka Marine Industries Directory). Currently working to update these websites.
- Maintained one of the two City webcams.
- Grant Opportunities tracked and forwarded to organizations that may qualify to apply.

## 16. Support Redevelopment of the Former Sheldon Jackson College Campus

Supports efforts of the Sitka Sound Science Center and Sitka Fine Arts Camp

## 17. Support Airport Expansion – Increase Economic Activity

Researched trends in spoke and hub system for regional air service.

- *Maximize benefits to Sitka with runway expansion*
- *Advocate for terminal upgrade/expansion*
- *Explore ways to increase air freight traffic*
- *Advocate for development of land near old airport access road for business purposes*

# GENERAL ECONOMIC DEVELOPMENT

## Networking and Participation

- Attended USDA meetings in Sitka.
- Attended/participated in the Mid-Session and Annual meetings of the Southeast Conference.

## Advocacy - Resolutions, letters of support, etc.

- SEDA Resolution on Salmon Treaty
- SEDA Resolution on allocation of revenues generated from the City Bed Tax
- Submitted comments on the proposed summer 2016 AMHS ferry schedule.
- Letters of support provided to:
  - Sitka Tribe of Alaska to promote Sitka as the location for the 2017 Alaska Travel Industry Association annual convention.
  - CBS application to the Alaska Energy Authority for a Round IX grant from the Renewable Energy Fund Program.
  - Sitka Community Development Corporation in support of the concept of affordable housing development on the Old City Shops property.
  - Sitka Tribe of Alaska grant application
  - Sitka Sound Science Center application for a grant for a sea water heat pump.
  - Sitka Sound Science Center letter to Governor in support of funding.

## Research and Analysis - data supplied as requested

- Horan & Company Appraisals – provided tax revenue data from City.
- Sitka Community Hospital – employee presentations

# GARY PAXTON INDUSTRIAL PARK (GPIP) MANAGEMENT & DEVELOPMENT

- GPIP Port Planning – continue working with City staff and contractors.
- Provided information to numerous parties inquiring about bulk water. Provided tours of the GPIP and Sitka to bulk water parties visiting Sitka on initial scouting trips
- Participated in discussions with a number of parties interested in either purchasing the existing water bottling plant or establishing a new plant.
- Negotiated and drafted leases for GPIP property.
- Drafted at Port Tariff Schedule for the Industrial Park for movement of materials and freight over the GPIP waterfront.
- Prepared the FY2016 GPIP Legislative Priority request.
- Drafted FY2016 budget for the GPIP.
- Held public meetings of the GPIP Board of Directors.
- Provided tours of the GPIP and other areas of Sitka to visiting Congressional Delegation members and their representatives; State legislators and their representatives; Blue Lake project contractors and other potential lessees for property at the GPIP.