Juneau Alaska Business Climate and COVID-19 Impacts Survey 2021

A Publication of

SOUTHEAST CONFERENCE

May 2021

By Rain Coast Data

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Juneau Alaska **Business** Survey Results **2021**

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 to form projections regarding the economic direction of Southeast Alaska. A breakout report for Juneau was developed on request.

The survey, designed by Rain Coast Data, invited Southeast Alaska owners and top managers to respond to 19 questions. The web-based survey was administered electronically from April 9th through April 23rd. A total of 93 Juneau business leaders participated in the survey. The survey results include the following findings:

- **Revenue Decline:** On average, reporting businesses in the region have lost 42% of their revenue due to COVID-19, while Juneau businesses are down 33% overall. However, businesses in the Juneau tourism sector have lost 85% since the pandemic began. Juneau tourism businesses have the highest revenue losses compared to other regional communities.

- **Risk of Closure:** Nearly a quarter of regional businesses are at risk closing permanently or have already closed. In Juneau, 10% of responding businesses are at risk of closing. Conversely, only 10% of those in the Juneau tourism sector say they are **not** at risk of closing permanently. A quarter of Juneau tourism businesses say they are at risk of closing, 62% say they are uncertain if they can remain open, and 4% of respondents have already closed.

- **Impact of Relief Funding:** A quarter of Juneau businesses receiving COVID-19 relief dollars reported that they would have closed permanently without the funding. Just over half (53%) said that the funding allowed them to stay open during the pandemic, and 51% said that the funding allowed their businesses to retain staff. A quarter used their relief funding to pivot their operation model to attract new customers, move online, or move into new markets.

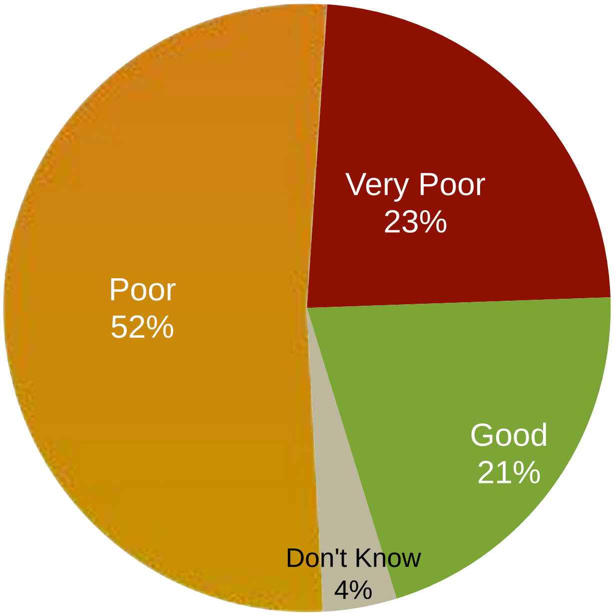
- **State of the Economy, and Outlook:** 75% of Juneau business leaders call the current economy poor or very poor, and 13% feel that the upcoming year will be worse.

- **Job Projections:** Half of Juneau business leaders expect to maintain current job levels over the next year. While 18% of businesses expect to add jobs, another 13% expect to make further cuts, with the food and beverage sector expecting the highest level of job cuts.

Juneau **Business** Climate Survey Results 2021

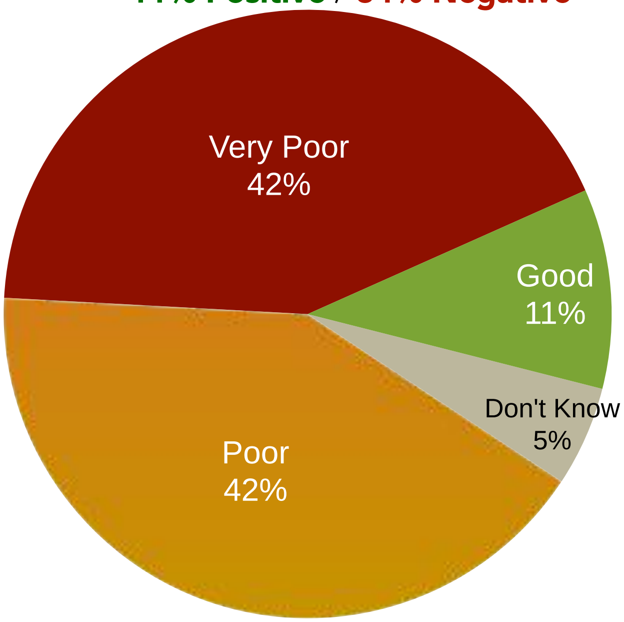
April **2021** Southeast Alaska: **How do you view the overall business climate right now?**

21% Positive / **75% Negative**



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

11% Positive / **84% Negative**



Southeast Alaska Annual Business Climate Survey

In April of 2021, 93 Juneau Alaska business owners and top managers responded to Southeast Conference's Business Climate and Private Investment Survey.

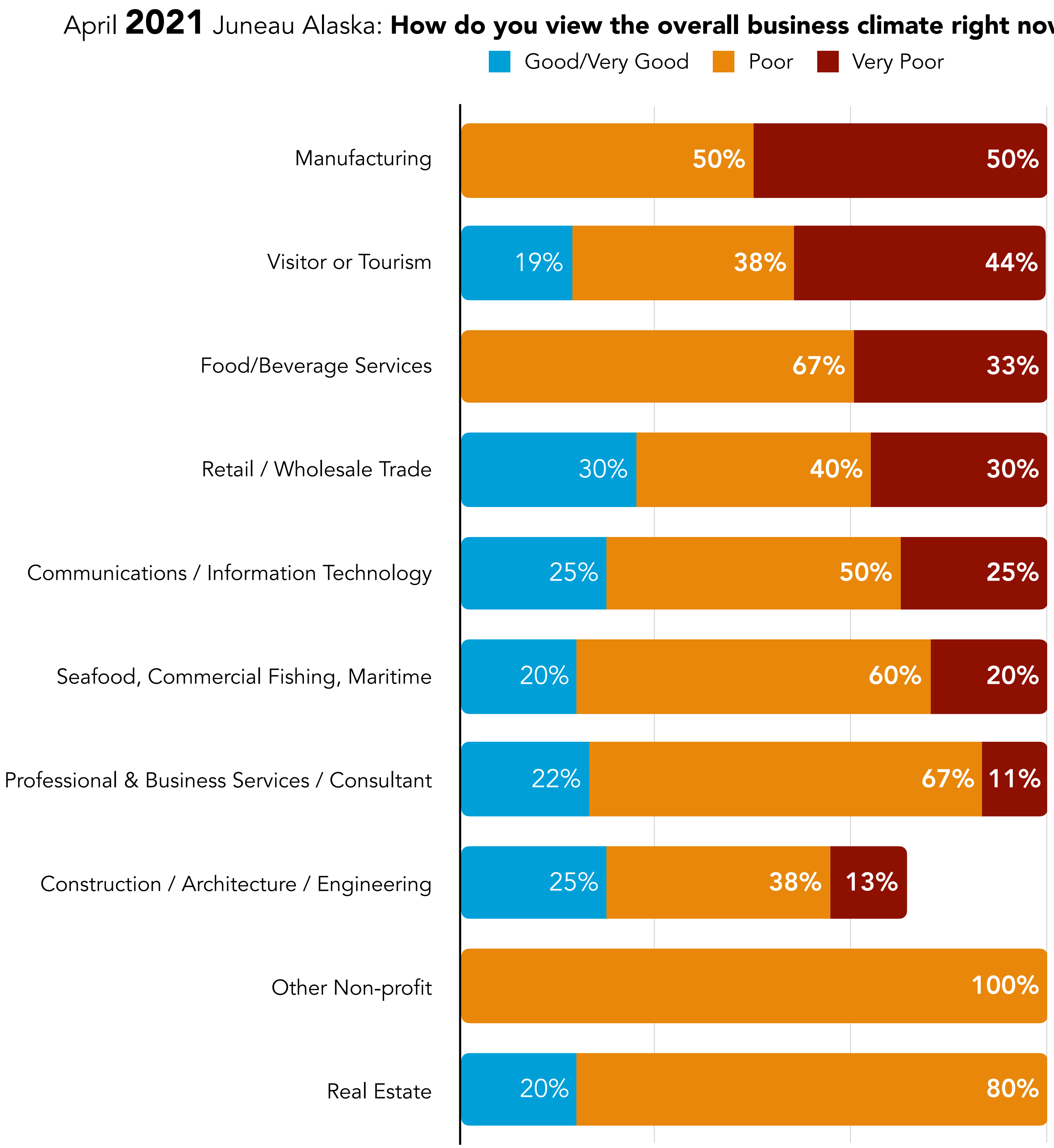
How do you view the overall business climate right now?

Unsurprisingly, confidence in the Juneau business climate continues to be poor in the wake of COVID-19. Three-quarters respondents are concerned about state of the economy, calling the business climate "poor" (52%) or "very poor" (23%). This has improved since last year when the negative perception ratings in Juneau were nine percent higher. Twenty-one percent of business leaders called the Juneau business climate "good" in 2021 — nearly twice as many as in 2020. No business leader called the overall business climate "very good."

While all sectors have a negative perspective on the current economy, those in the manufacturing, food or beverage industry, and the visitor sector are most likely to say that the economy is ***very*** poor.

Juneau **Business** Climate Survey Results 2021: by Industry

The following graphic breaks out how the current Juneau business climate is viewed by each various sector. Usually such a breakout reveals significant differences between sectors. However, the 2021 breakout shows that no industry has escaped a significant negative impact due to COVID-19. Not all industries are shown, due to small sample sizes.

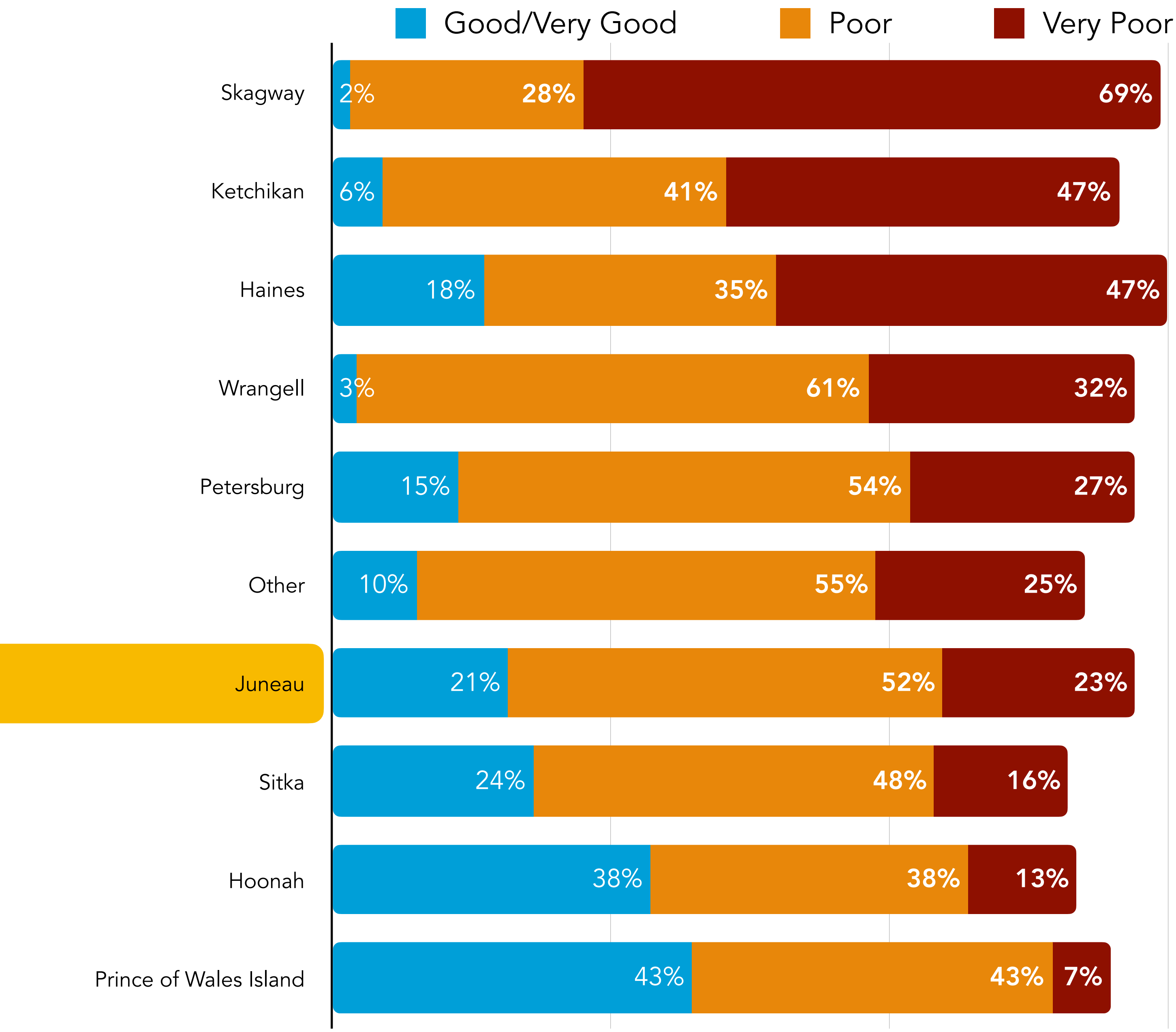


The "don't know" category has been excluded from this chart.

Southeast **Business** Climate Survey Results 2021: by Community

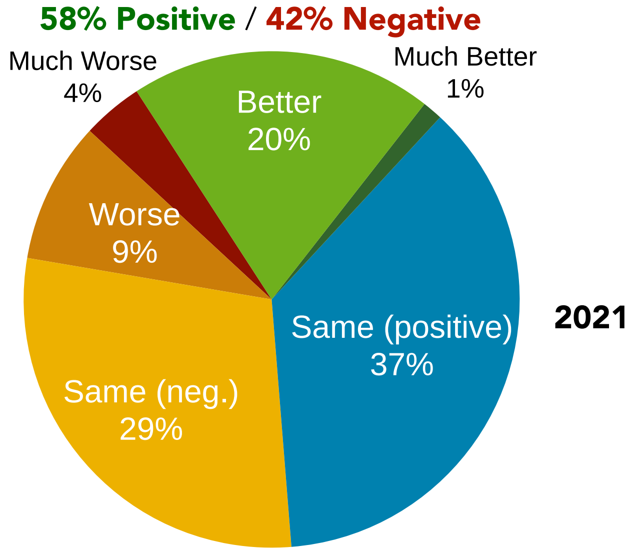
The graphic below shows how the current regional business climate is being experienced by business leaders in each community. While all communities are clearly suffering, Skagway has been the hardest hit, with 69% of businesses saying that the business climate is "very poor" followed by Ketchikan and Haines at 47%.

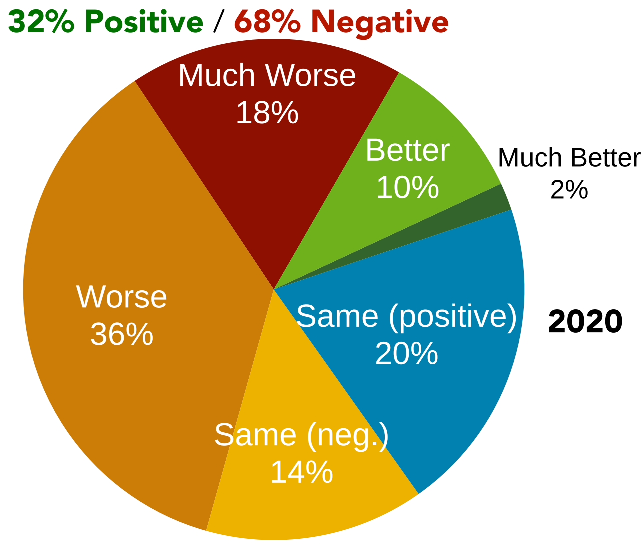
April **2021** Southeast Alaska: **How do you view the overall business climate right now?**

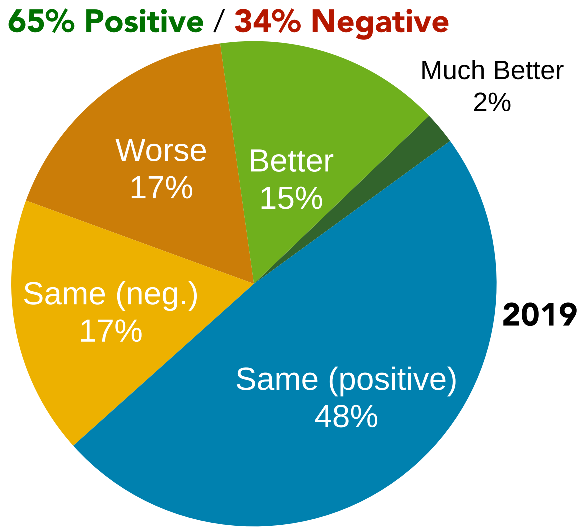


The "don't know" category has been excluded from this chart.

Juneau **Economic Outlook**







What is the economic outlook for your business/industry over the next year (compared to the previous year)?

Juneau Economic Outlook

Historically, the overall economic outlook for Juneau business leaders tends not to change much on an annual basis, with two-thirds positive, and one-third negative, however 2020 and 2021 are clearly exceptions. In 2021 42% of businesses say the economic outlook for their business or industry over the next 12 months is negative.

Only 13% of survey respondents expect their prospects to be worse (9%) or much worse (4%) over the next year, while a larger number (21%) expect the outlook for their businesses to improve in the coming year.

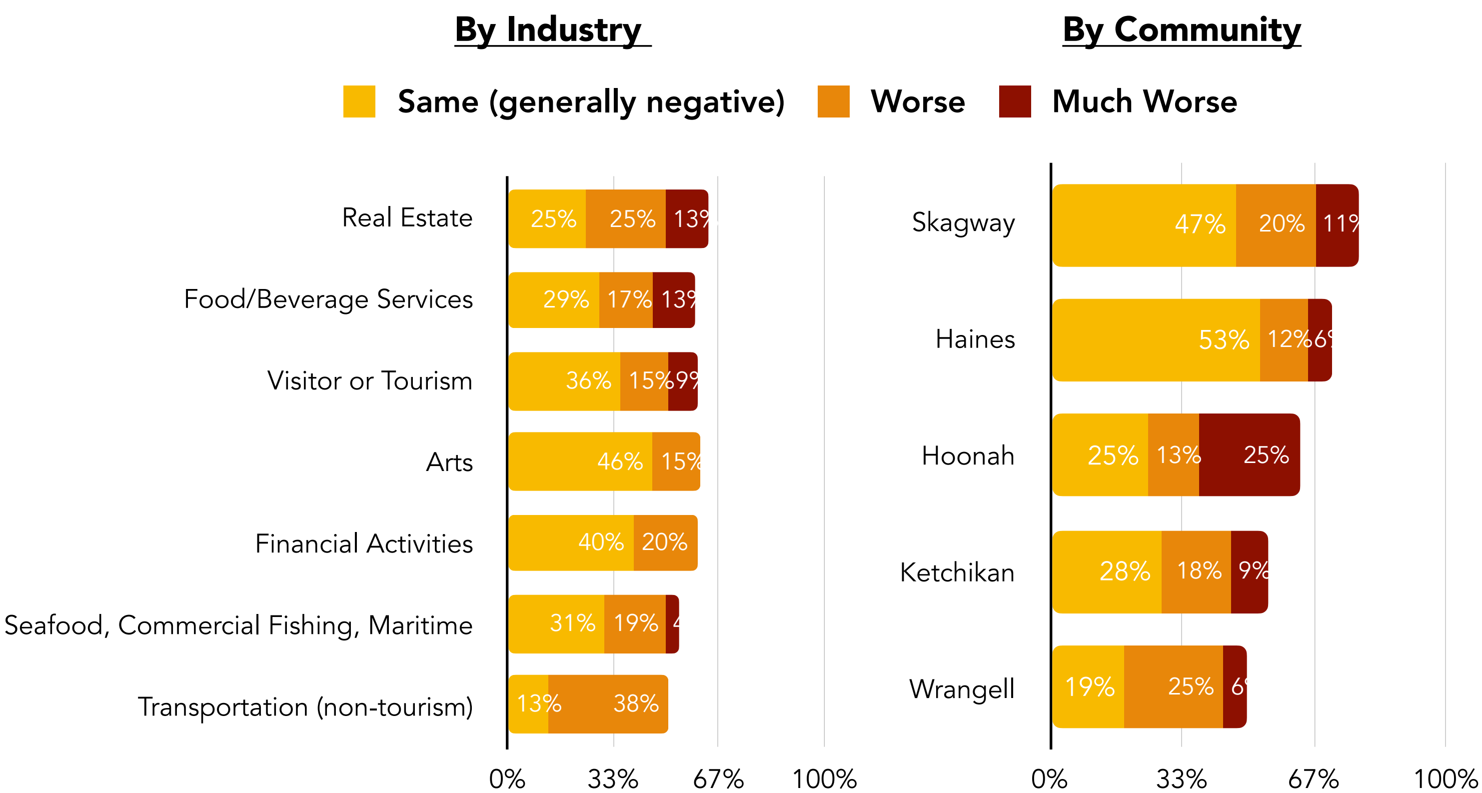
The communities with the most negative outlook include Skagway, Haines, and Hoonah. Prince of Wales, Gustavus, and Sitka have the least negative outlooks. The outlook of Juneau business leaders is slightly better than the average for the region as a whole.

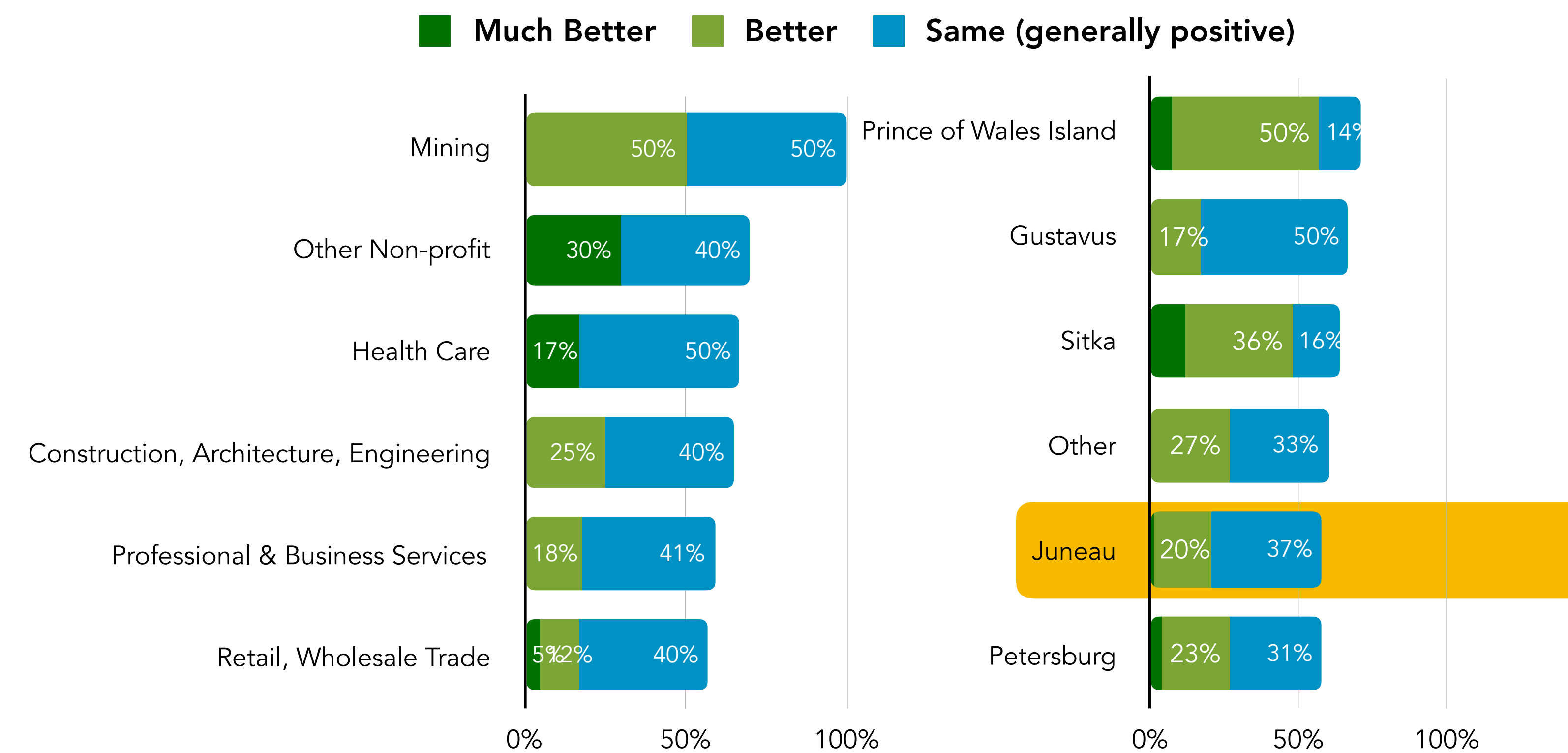
The mining sector's economic outlook is most positive moving into 2022, followed by the nonprofit and healthcare sectors. The real estate, food/beverage, and tourism sectors have the most negative outlooks looking forward.

Southeast Economic **Outlook**: by Community and Industry

The below graphics show economic outlook breakdowns for the next year by industry as well as by community.

2021: What is the economic outlook for your business or industry?





Southeast Economic **Outlook**: by Industry

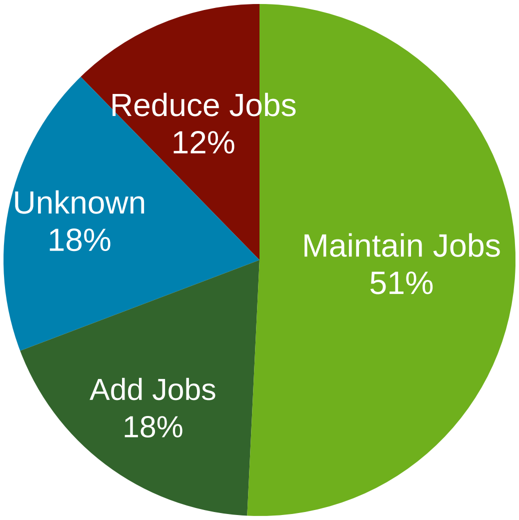
The following table shows a detailed economic outlook by industry for the region as a whole. Juneau's business leaders generally tracked along with regional averages. In Juneau, those in the real estate sector were the most pessimistic regarding the upcoming year, followed by a negative outlook by the tourism sector, while those in mining were the most positive looking forward.

What is the economic outlook for your business or industry?

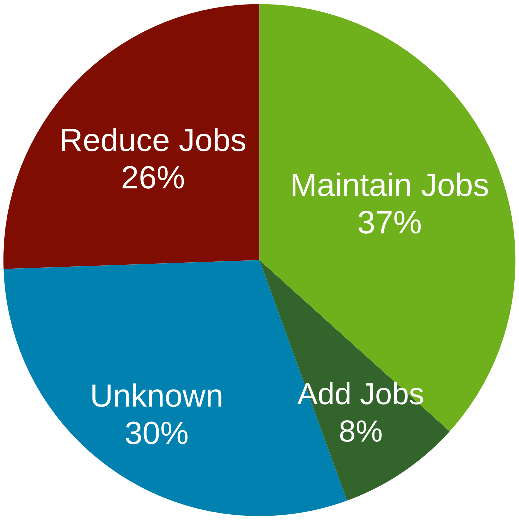
Sector	Much Better	Better	Same (generally a positive statement)	Same (generally a negative statement)	Worse	Much Worse
Mining	0%	50%	50%	0%	0%	0%
Energy	0%	0%	75%	25%	0%	0%
Other Non-profit	30%	0%	40%	20%	0%	10%
Health Care	17%	0%	50%	0%	17%	17%
Alaska Native entity	0%	0%	67%	0%	33%	0%
Construction / Architecture / Engineering	0%	25%	40%	20%	5%	10%
Professional & Business Services / Consultant	0%	18%	41%	18%	24%	0%
Retail / Wholesale Trade	5%	12%	40%	28%	14%	2%
Communications / Information Technology	0%	22%	33%	22%	11%	11%
Transportation (non-tourism)	0%	25%	25%	13%	38%	0%
Child Care, Education, Social Services	0%	25%	25%	50%	0%	0%
Seafood, Commercial Fishing, Maritime	0%	35%	12%	31%	19%	4%
Food/Beverage Services	8%	13%	21%	29%	17%	13%
Visitor or Tourism	3%	23%	15%	36%	15%	9%
Financial Activities	0%	0%	40%	40%	20%	0%
Arts	0%	15%	23%	46%	15%	0%
Real Estate	0%	25%	13%	25%	25%	13%

Juneau **Jobs** Projections **in 2021 and 2022**

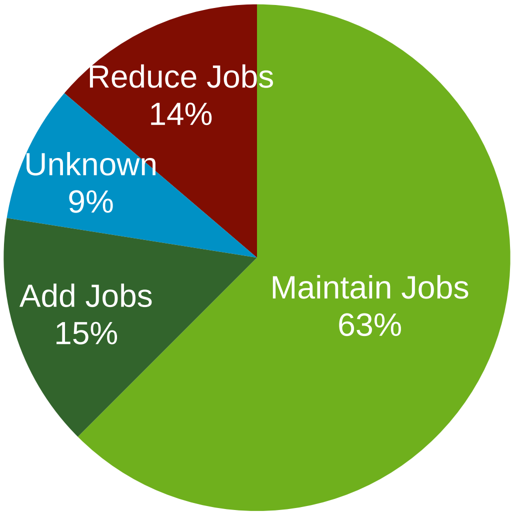
2021: Jobs Outlook



2020: Jobs Outlook



2019: Jobs Outlook



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)

Juneau employment changes in the next year

When asked about staffing expectations, half of Juneau business leaders (51%) expect to maintain job levels in the coming year, and 18% expect to add employees (or add employees back after the declines of 2020).

Twelve percent of business leaders in Juneau expect to reduce staffing levels. Staffing decisions fall about halfway in-between 2019 and 2020 survey responses.

In Juneau and the region, expected job gains will be most significant in the communication/IT and construction sectors.

In Juneau and the region, employment reductions will be most concentrated in the food and beverage sector. In Juneau real estate is the next most likely sector to project job cuts.

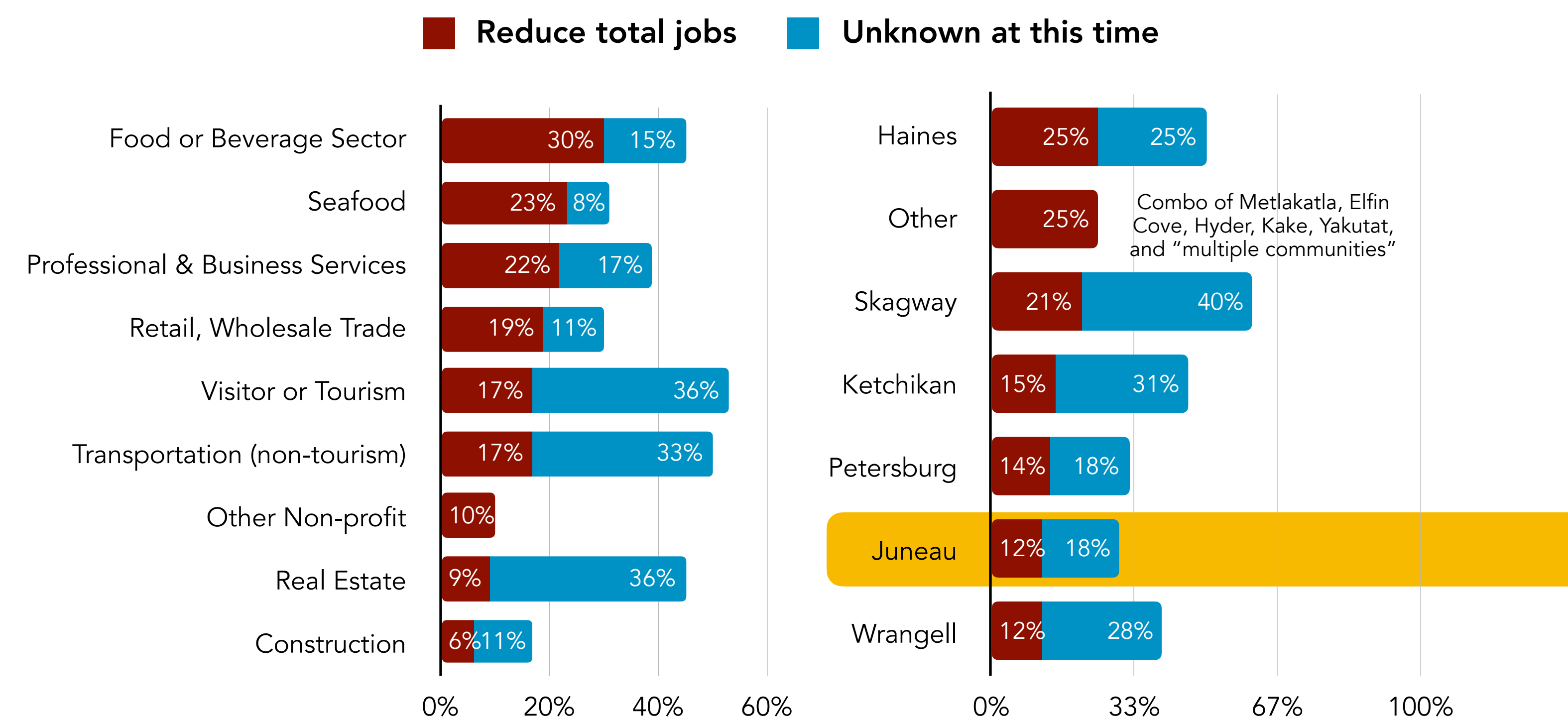
Business leaders in Haines, Skagway, Ketchikan, and rural "other" communities expect the greatest job reductions for their businesses moving forward.

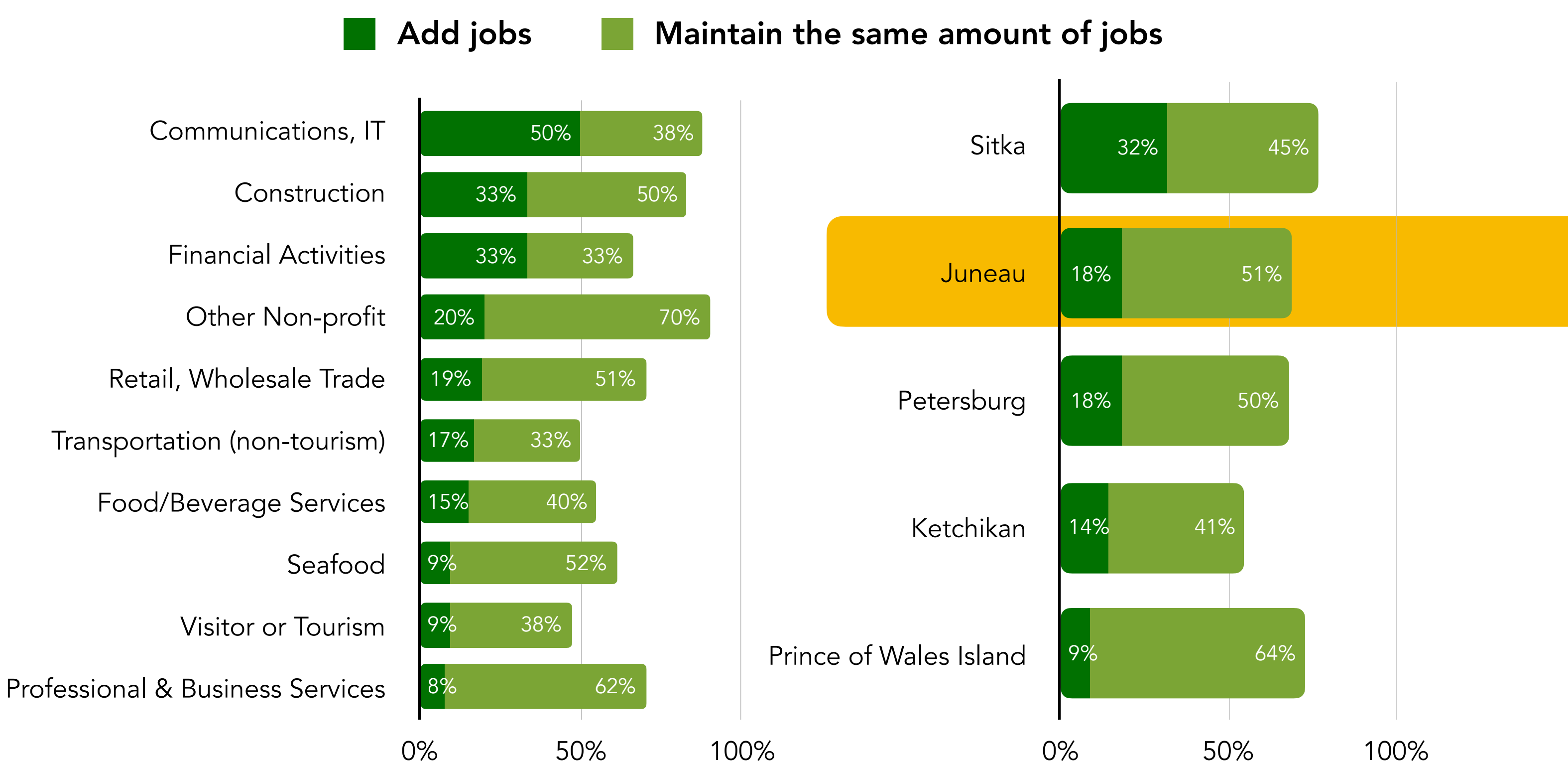
Sitka has the most positive jobs outlook with a third of employers saying they expect to add jobs in the coming year. Juneau is the second most likely community in the region to add jobs in 2021, according the outlook of business leaders.

By Community: 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?

By Regional Industry | **By Community**





Juneau Businesses **COVID-19 Impacts**

Juneau business leaders were asked how COVID-19 is impacting their businesses. Responding employers have already laid off 30% of their total workforce due to the COVID-19 virus. Juneau business revenue was down 33% so far due to the pandemic. Ten percent of respondents say that they are at risk of closing permanently, while 53% say that they are not at risk.

Total Businesses Responding = 93

Please estimate the percent revenue decline to your business due to COVID-19 so far.

= **- 33% overall**

75% of responding businesses received COVID relief funding

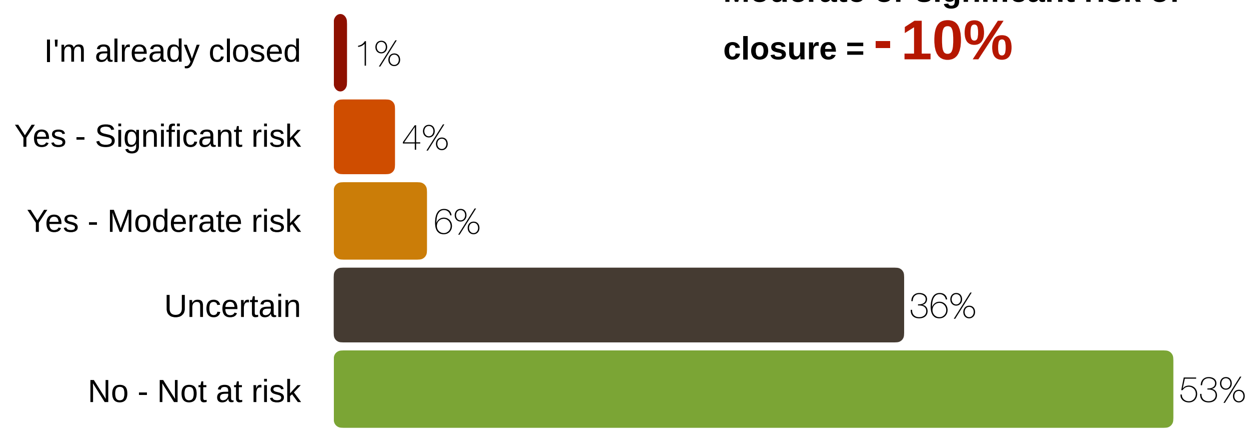
Respondents have laid off 30% of existing staff so far due to COVID-19

12% expect to make more employment cuts in the future due to COVID-19

Average current workers per organization = **23**

Average workers laid off so far per business = **-11**

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



Moderate or significant risk of closure = - 10%

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

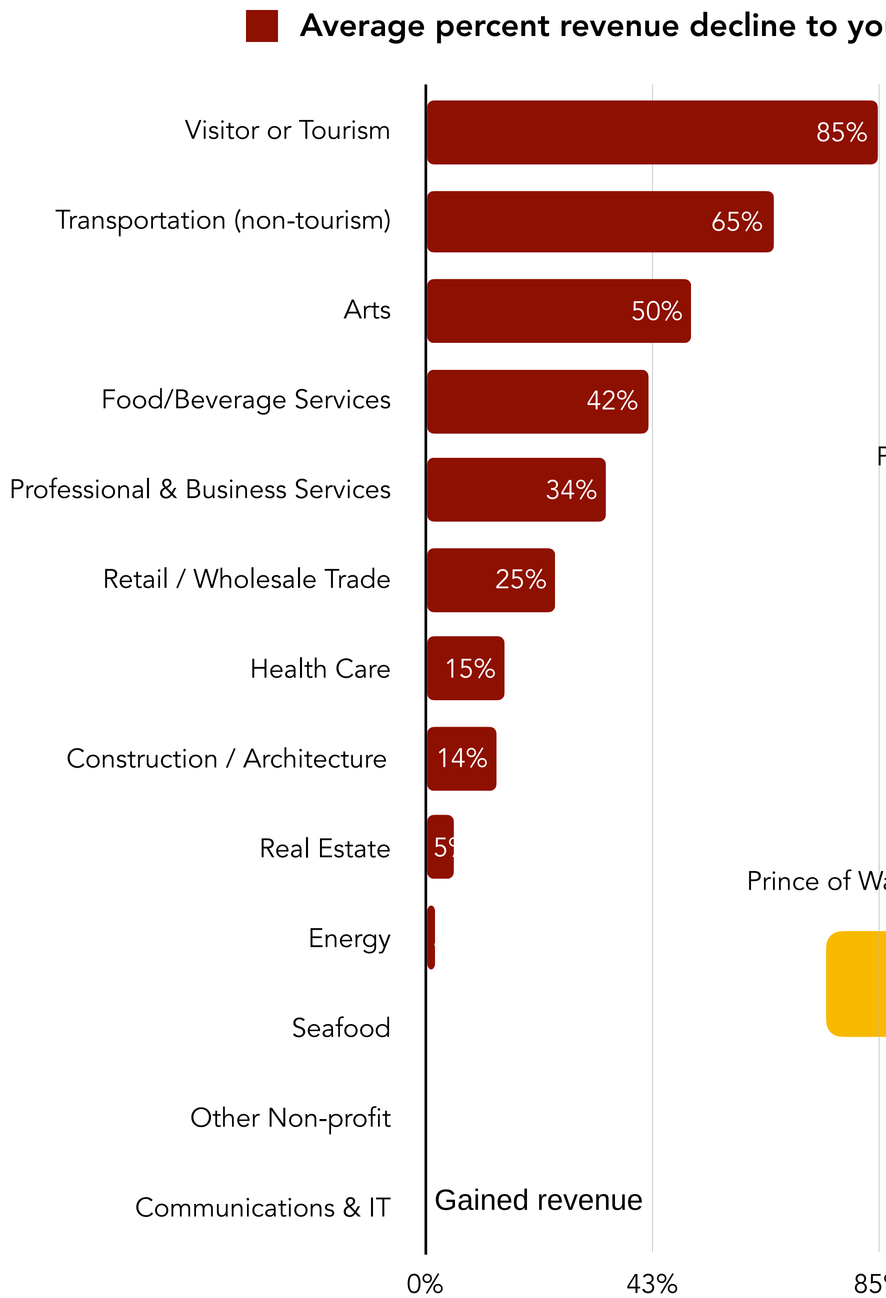
Average = 36

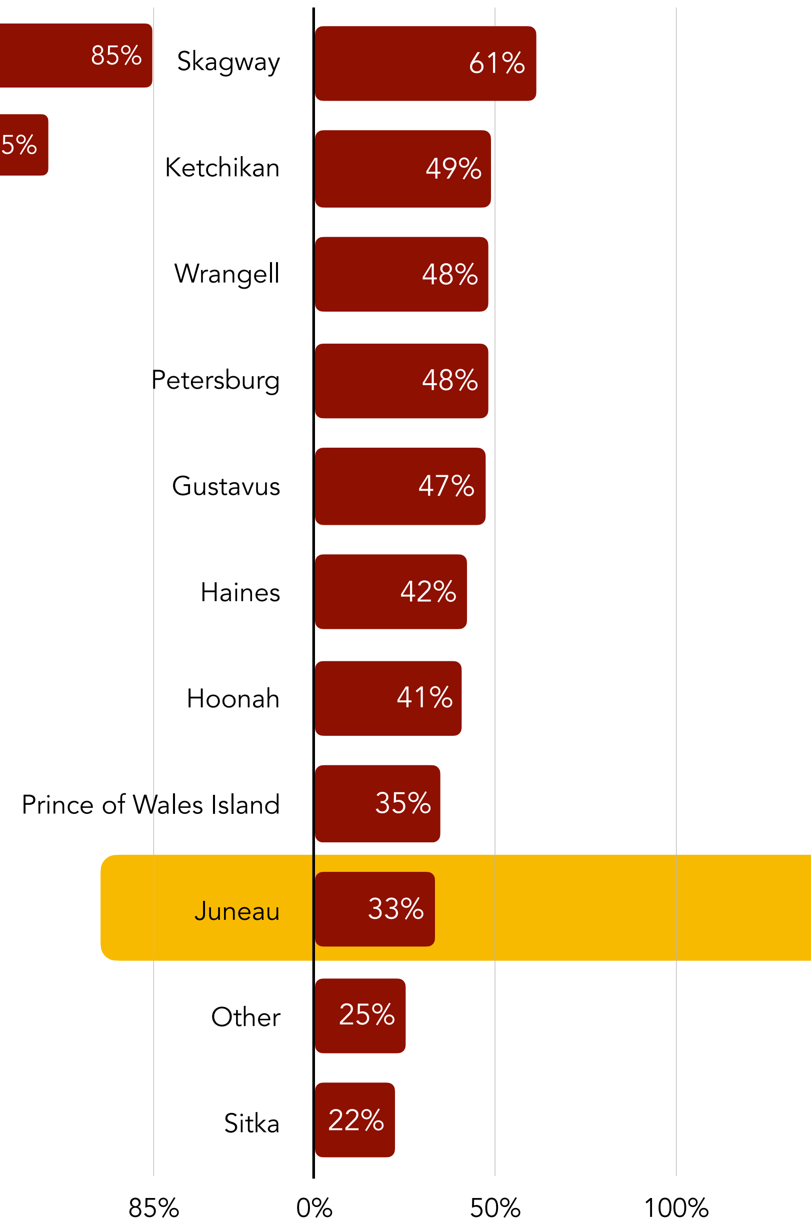
Please estimate the percent revenue decline to your business due to COVID-19: **By Industry and Community**

On average, reporting businesses in the region have lost 42% of their revenue due to COVID-19, and Juneau businesses are down 33% overall. However, there is significant variation between industry in community impacts. Businesses in the Juneau tourism sector are down by 85%. **Juneau tourism businesses were the hardest hit by revenue losses during the pandemic compared to every other regional community.** In Sitka the tourism sector lost 80% of their revenues, followed by Skagway and Haines.

By Industry in Juneau

By Regional Community





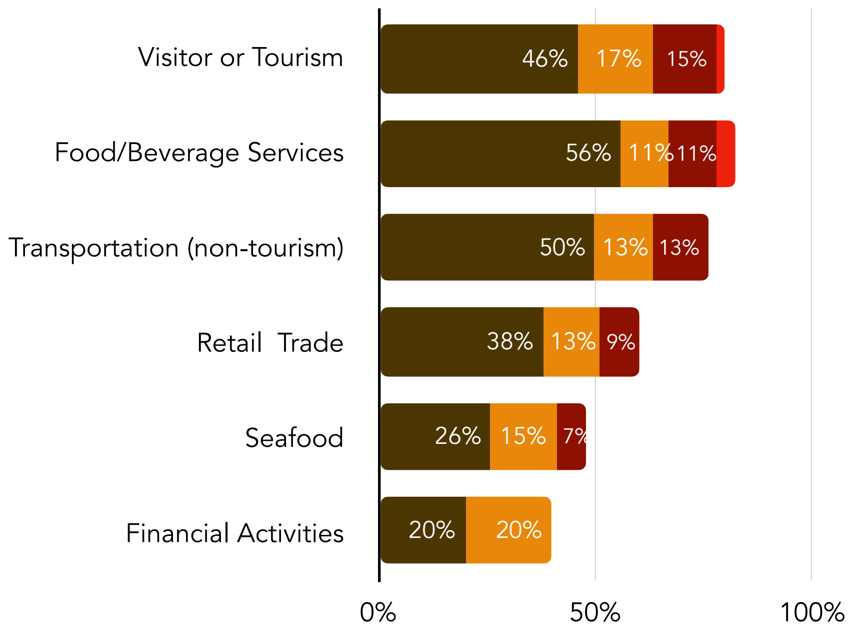
Is your business at risk of closing permanently because of impacts caused by COVID-19? By Industry and Community

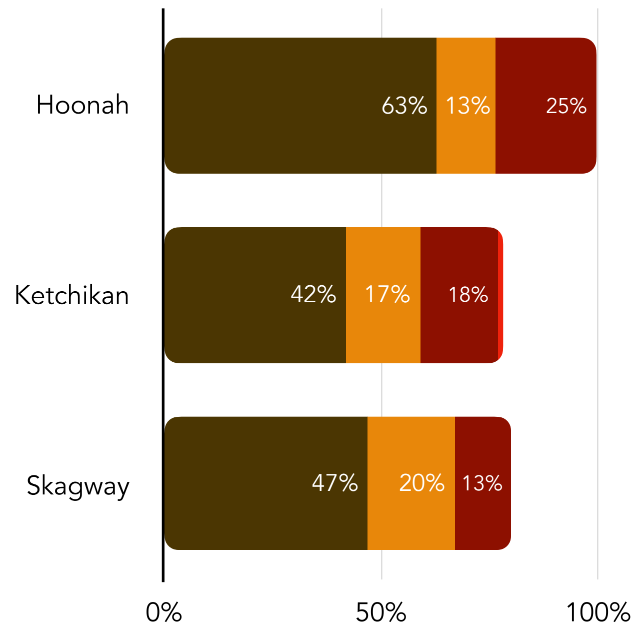
The following charts analyzed which sectors and communities are at the greatest risk of being unviable due to the COVID economy. The tourism and food and drink sectors have the greatest risk of closing due to the pandemic, while the mining and Alaska Native entities have the lowest risk. Businesses in Hoonah, Ketchikan, and Skagway face the highest risks of closure, while Sitka businesses appear to be the most resilient at the moment. In Juneau, 10% of responding businesses are at risk of closing. **Only 10% of those in the Juneau tourism sector say they are *not* at risk of closing permanently.** This includes 24% of tourism businesses who say they are at risk of closing, 62% who say they are uncertain, and 4% that have already closed.

By Southeast Industry

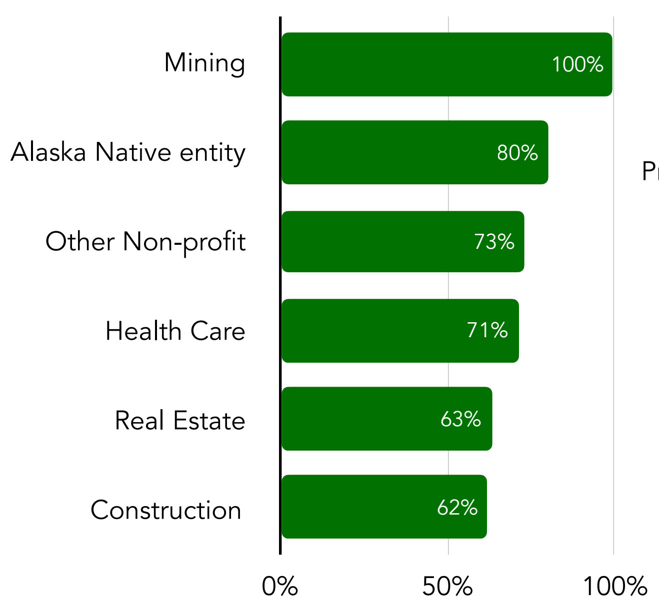
By Community

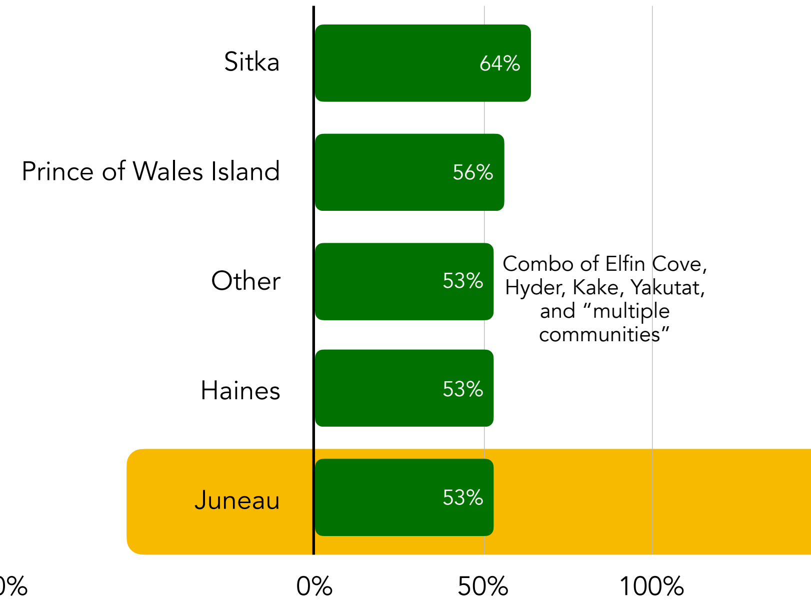
Uncertain
Yes - Significant risk
Yes - Moderate risk
I've already closed permanently





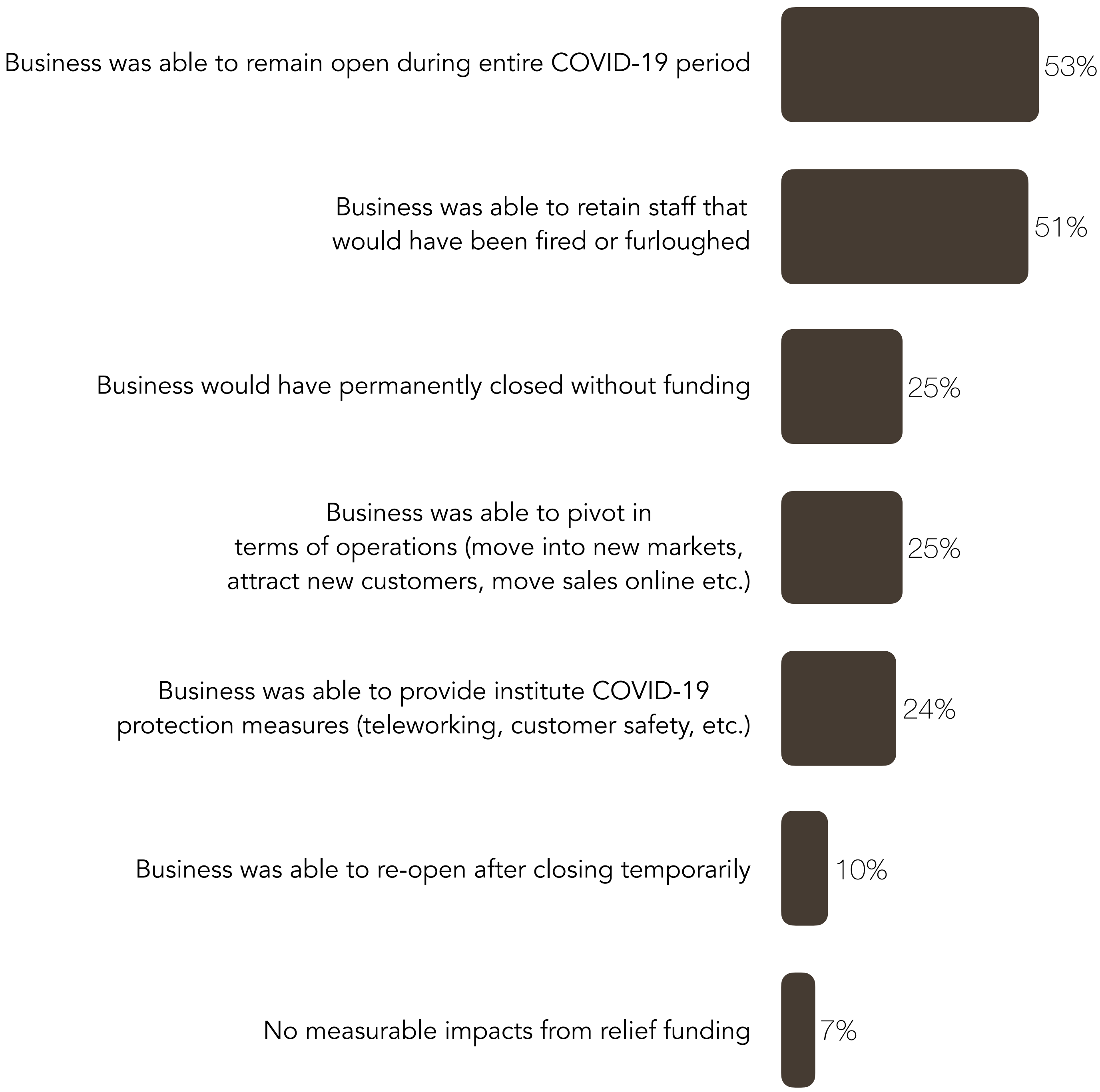
No - Not at risk of closing permanently





What was the impact of relief funding to your Juneau organization? (check all that apply)

Juneau businesses that received funding asked about the impact of the COVID-19 aid they received. **A quarter reported that they would have closed permanently without the pandemic relief dollars.** Just over half (53%) said that the funding allowed them to stay open during the pandemic, and 51% said that the funding allowed their businesses to retain staff. A quarter used their relief funding to pivot their operation model to attract new customer, move online, or move into new markets.



Juneau businesses receiving grants or loans = 75%

COVID-19 Funding Distributions in Juneau

According to the Alaska Small Business Development Center (SBDC), which tracks four stimulus programs: PPP, EIDL (and EIDL Advanced), Alaska's state CARES program, and the local municipal grants, Juneau businesses and organizations have received $189 million in COVID-19 funding. Among industries that were tracked, the accommodation and food services sector received the highest level of relief funding ($35.4 million) followed by retail trade ($31.6 million) and health and social services ($28.3 million.) Southeast Alaska received 16% of the overall Alaska funding in these programs. The full result of the Alaska SBDC analysis is below:

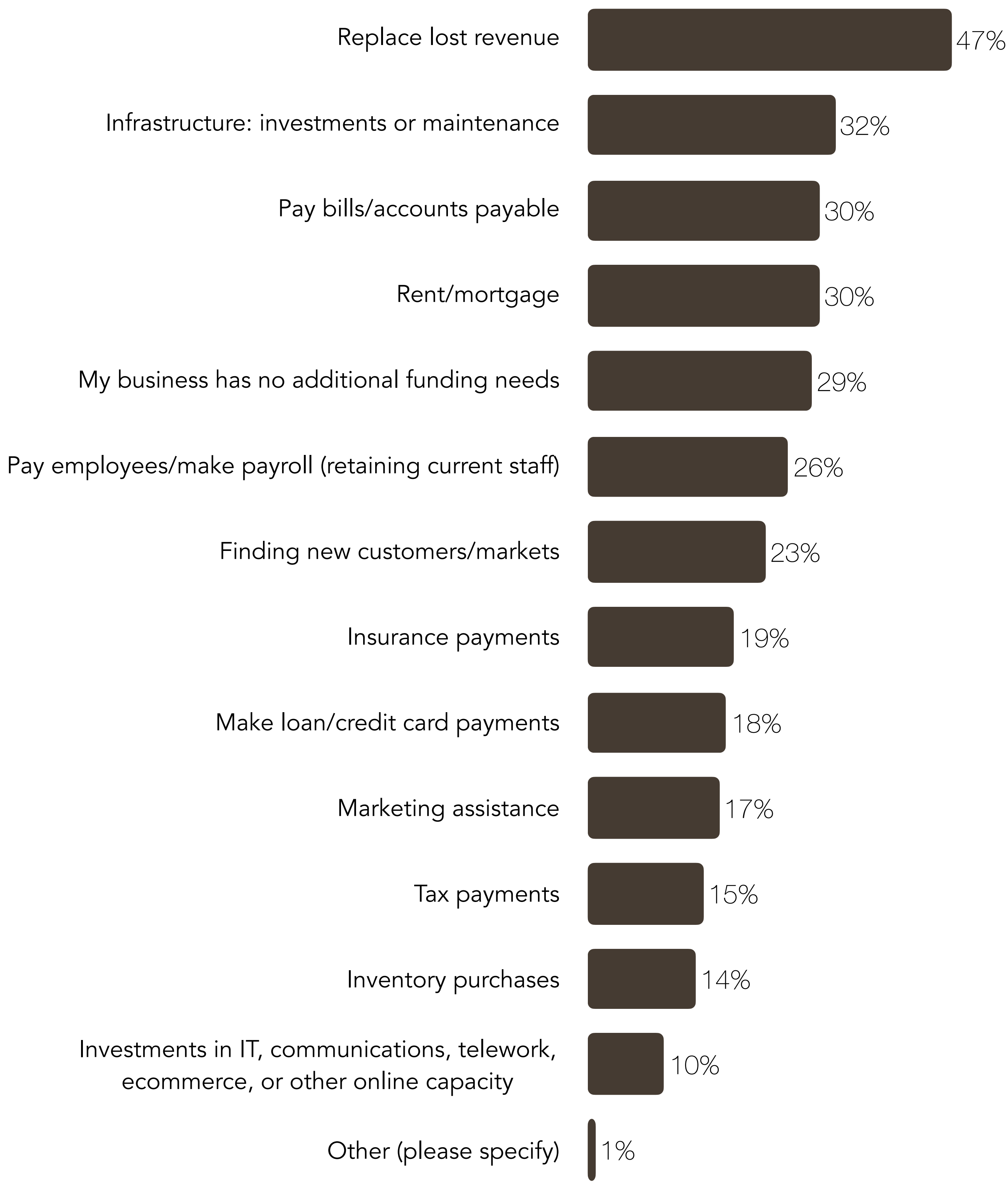
Juneau Industry Sector	Funding Received
Health Care and Social Assistance	$15,828,552
Accommodation and Food Services	$13,923,575
Retail Trade	$10,371,751
Transportation and Warehousing	$8,473,290
Construction	$7,837,404
Professional Scientific and Technical Services	$6,134,458
Manufacturing	$5,045,300
Arts, Entertainment, and Recreation	$4,299,371
Real Estate Rental and Leasing	$3,950,053
Commercial Fishing	$2,927,379
Agriculture, Forestry, FIshing, Hunting	$2,710,391
Management of Companies and Enterprises	$2,338,906
Educational Services	$1,878,841
Public Administration	$1,800,399
Wholesale Trade	$1,223,312
Admin & Support of Waste Mgmt & Remediation Services	$636,258
Finance and Insurance	$581,617
Information	$397,471
Mining	$184,393
Fed, State, & Local Gov't, excl. schools, hospitals & USPS	$46,896
Utilities	$15,232
Other Services (Except Public Administration)	$27,221,974
Unclassified (significant portion is local grants)	$71,454,337
Total Juneau Grant and Loans	**$189,281,160**

Borough Name	Updated PPP	EIDL	AK CARES	EIDL Advance	Local Grants	Total
Juneau	$86,664,259	$30,570,500	$16,837,011	$1,921,000	$53,288,390	$189,281,160
Ketchikan Gateway	$55,171,734	$19,400,900	$12,101,232	$860,000	$24,296,962	$111,830,828
Sitka	$31,538,964	$13,444,700	$10,328,797	$883,000	$13,872,489	$70,067,950
Petersburg	$14,550,154	$6,535,900	$8,883,111	$394,000	$4,669,365	$35,032,530
Skagway	$8,564,780	$7,301,400	$3,991,615	$274,000	$7,301,019	$27,432,814
Haines	$5,734,361	$4,786,000	$5,189,718	$300,000	$3,497,809	$19,507,888
Prince of Wales-Hyder	$5,685,488	$2,916,200	$3,541,603	$145,000	$4,017,498	$16,305,789
Wrangell	$4,214,089	$2,222,200	$3,766,325	$97,000	$3,365,535	$13,665,149
Hoonah-Angoon	$3,178,375	$2,693,200	$1,948,335	$196,000	$3,526,453	$11,542,363
Yakutat	$1,753,865	$729,300	$935,661	$24,000	$1,566,335	$5,009,161
#N/A	$0	$0	$182,693	$0	$149,389	$332,082
	$217,056,071	$90,600,300	$67,706,101	$5,094,000	$119,551,244	$500,007,714

In addition to the analysis above, $60.5 million in direct payments has been allocated to Southeast Alaska's tribes.

What does your business need funding for most moving forward? Juneau only (check all that apply)

Juneau business leaders were asked what help they most want and need moving forward. Top answers include replacement of lost revenue, help paying bills, infrastructure costs, making payroll, and mortgage and rent payments.



Open Ended **Responses**

Please elaborate on how COVID-19 has impacted your organization. Looking forward what are your hopes or concerns? Are you refocusing on online services or remote employment? Are you changing the products you create to try to capture new markets?

Construction / Architecture / Engineering Sector

- Covid-19 has eliminated in person collaboration which is unsustainable. Our business, fortunately, was already set up to work remotely and was really for when people wanted to work after normal working hours from home to catch up on a project etc...not to work for over a year with no in-person meetings or collaboration. The office is essentially empty with people trying to do work remotely and teach their kids school at the same time. Covid-19 has eliminated having interns which are the next generation of professionals as its very hard to have interns work remotely and learn the needed skills and get in their required hours towards their professional licenses. Overall Covid-19 has been a negative on our business, economy, community and country.
- Federal and State projects are drying up -- hopefully will see the economy rebounding
- Success of our business is subject to success of other businesses, organizations, State and local governments. We do not stand apart.

Professional & Business Services / Consultant

- Our work is with multiple communities, and COVID 19 reduced the amount of travel we were able to do, thus reducing the work. Fortunately, by basing all operations from Prince of Wales Island, we were able to pick up enough new work that others could not travel to the island for, in order to maintain operations.
- We need a working, affordable, reliable, and sustainable ferry system! We also need to switch over to sustainable zero-carbon energy, now!

Real Estate Sector

- As a commercial property owner, this industry has had the toughest year. Many are now deciding to keep teleworking a more permanent situation for them and their employees. I also cannot understand what data CBJ is using for justification of huge tax increases at a time they should be looking for some relief. The occupancy rate in many commercial buildings in Juneau is dismal and with teleworking and little tourism. Also, with many commercial properties hitting record low occupancy rates, CBJ tax increases could push owners out on the margins.
- More remote, work away from the office to complete daily tasks.
- The available inventory is down, the costs of product is rapidly increasing.
- We are okay for now, but when interest rates rise, the entire real estate market is in for a shock.

Retail / Wholesale Trade

- Consumer decline in spending. We are adding product offerings to broaden our market, to include international markets.
- My business was closed March - May 2020. This was a tough time and we lost a lot of business. When we reopened business took off but we were short staffed. We ended the year only down 15% but had to work incredibly hard and get a state grant to pull through.
- No tourists for the summer sales, and no public market. I developed an Esty shop, and increased marketing through a variety of areas.
- We hope to see a thriving construction market in SE AK, hoping for investment by the State & Feds (but not holding our breath)

Seafood, Commercial Fishing, Maritime Sector

- Prices went significantly down on seafood. I had no visitor market in 2020. Local buyers were concerned with finances and did not spend as much on my fish products.

Visitor or Tourism Sector

- I had a successful pivot, but I'm not sure how sustainable that will be. Without a steady influx of visitors, I don't know that I will be able to survive another summer.
- Lack of cruise ships has decreased my business 98%.
- Most of our small ships have been shut down since September of 2019 with no operations or revenue. We hope to start operation on May 16th.
- Our summer reservations are rolling in. As people get vaccinated, they are ready to get back out on the road. Prior to that we were sure we were going to have to close the business. Thank goodness for SBA, PPP, and some grants! It kept us alive.
- Private charter business. Had to reschedule several trips from 2020 to 2021 but was able to backfill a portion in 2020. Revenue for 2021 is therefore less, but now have a backlog of requests and a full schedule.
- Our tourism market was negatively impacted by 99.7%, our industrial support was impacted by delayed starts and a reduced season and the overall infrastructure and general costs of doing business (cleaning products and services) were increased markedly,
- There are no shows. There are no events. I have attempted to change my business to more suitable things to support local businesses instead of tourism.
- Travel and tourism are still very low going into our high season for the hotel. Bookings in the summer months exceeded 80% occupancy, currently it looks like 35% maybe. There are things we need to do for the property but we cannot afford them due to the decrease in revenues.
- Unfortunately we are in a position where we have invested over 40 years into a very specific (and previously successful) business model. Because of the competitive nature of our industry we are unable to pivot into other markets. fortunately we do have assets we could sell if we are unable to rebound. Our future depends on the revival of the cruise industry to even moderate levels.
- We hired remote workers located out of state. We rented out rooms monthly instead of nightly just to lessen the hemorrhage of cash.

Other Sector

- Lost two of five main market sales outlets. Had to pivot and focus more on remaining three markets
- the cruise ship closure reduced retail sales; we were forced to convert many services to virtual and online; investors and grant providers shifted their focus to food security and housing
- Required a rethinking of my business. Learned to conduct my business in different ways.
- We're a small non-profit daycamp. We had to cancel our entire 2019 season but still had bills to pay, and four people missed out on their summer jobs. 2020 looks like it's going ahead, but enrollments are down, and our maximum number of students had to be reduced by 20% from the start.
- COVID-19 significantly impacted a large part of our client base, our income from tourist-based businesses was basically non-existent, however our business from non-profit and support services increased and our work with existing client shifted from office-based to home/remote based.
- Work from home has fast-forwarded many developments in the IT space but remain concerned about reduced spending going forward and especially with the State budgets being depleted.
- Electric sales have been fairly stable in our rural southeast communities.
- Fortunately very little impact. My business is safe.
- Covid has added significant cost in payroll and outside services. Much of the outside service costs went to a few local businesses.
- Need to roll out new manufacturing capabilities and hopefully rebuild the team.
- During a time when EVERY business has been affected by COVID, the City of Juneau continues to raise taxes--whether online sales collection, raising the mill rate slightly or drastically increasing property values--the CITY is making things worse for businesses.
- United Way received a grant of $800,000 plus another $130,000 raised to provide food service for the Glory Hall, the AWARE shelter and the cold weather shelter. We were able to provide over $845,000 to 24 restaurants to produce meals three times a day for 7 months. This kept restaurants working and avoided having to layoff restaurant staff. Full report available if interested.