

Wrangell Business Climate and COVID-19 Impacts Survey2021



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**SOUTHEAST
CONFERENCE**



By Rain Coast
Data

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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?

Survey created in partnership with



Spruce Root
COMMUNITY DEVELOPMENT



Wrangell 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 Wrangell was developed in partnership with the City and Borough of Wrangell. Rain Coast Data designed the survey instrument on behalf of this partnership.

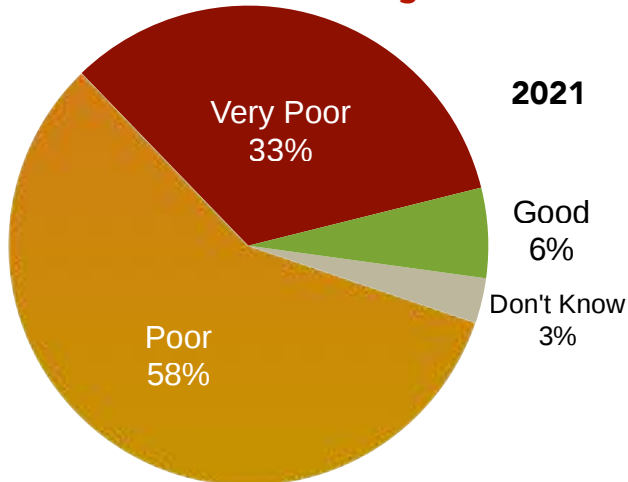
The survey invited Southeast Alaska business owners and top managers to respond to 19 questions. The web-based survey was administered electronically from April 9th through April 23rd. A total of 41 Wrangell business leaders participated. The results include the following key findings:

- **Revenue Decline:** On average, reporting businesses in the region lost 42% of their revenue due to COVID-19, while Wrangell businesses were down 48% overall—the third highest for any community in Southeast Alaska.
- **Risk of Closure:** Nearly a quarter of regional businesses are at risk of closing permanently or have already closed. In Wrangell, seventeen percent of responding businesses say they are at risk of closing.
- **Impact of Relief Funding:** Wrangell businesses were asked about the impact of the COVID-19 aid they received. Nearly a quarter reported that they would have closed permanently without the pandemic relief dollars. A fifth said that the funding allowed their businesses to retain staff.
- **State of the Economy, and Outlook:** Confidence in the Wrangell business climate continues to be incredibly poor in the wake of COVID-19. Nearly all (91%) of respondents are concerned about the state of the economy, calling the business climate poor or very poor. Nearly a third of survey respondents expect their prospects to get worse or much worse over the next year, while 27% expect the outlook for their businesses to improve in the coming year.
- **Job Projections:** More than half of Wrangell business leaders expect to maintain job levels in the coming year, 4% expect to add employees, while 12% expect to reduce staffing levels.

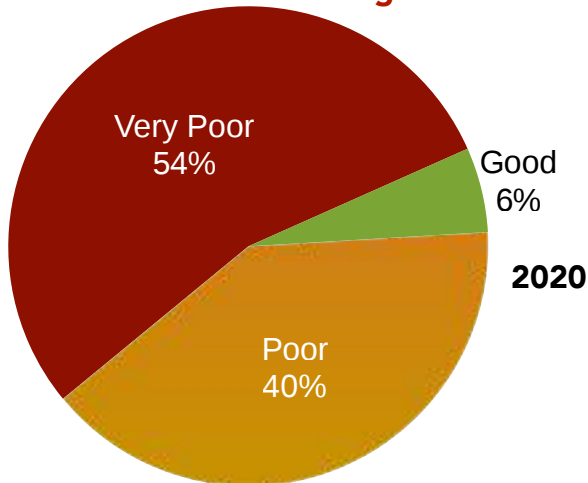
Wrangell Business Climate Survey Results 2021

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

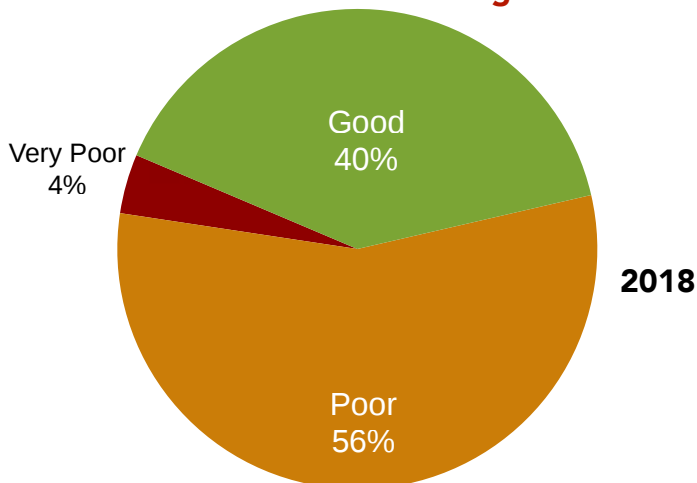
6% Positive / 91% Negative



6% Positive / 94% Negative



40% Positive / 60% Negative



Southeast Alaska Annual Business Climate Survey

In April of 2021, 41 Wrangell 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: Wrangell

Confidence in the Wrangell business climate continues to be poor in the wake of COVID-19.

Nearly all (91%) respondents are concerned about the state of the economy, calling the business climate "poor" (58%) or "very poor" (33%). This has improved since last year when the "very poor" ratings in Wrangell were 21 percent higher. Just six percent of business leaders called the Wrangell business climate "good" in 2021 — the same as in 2020. No business leader called the overall business climate "very good."

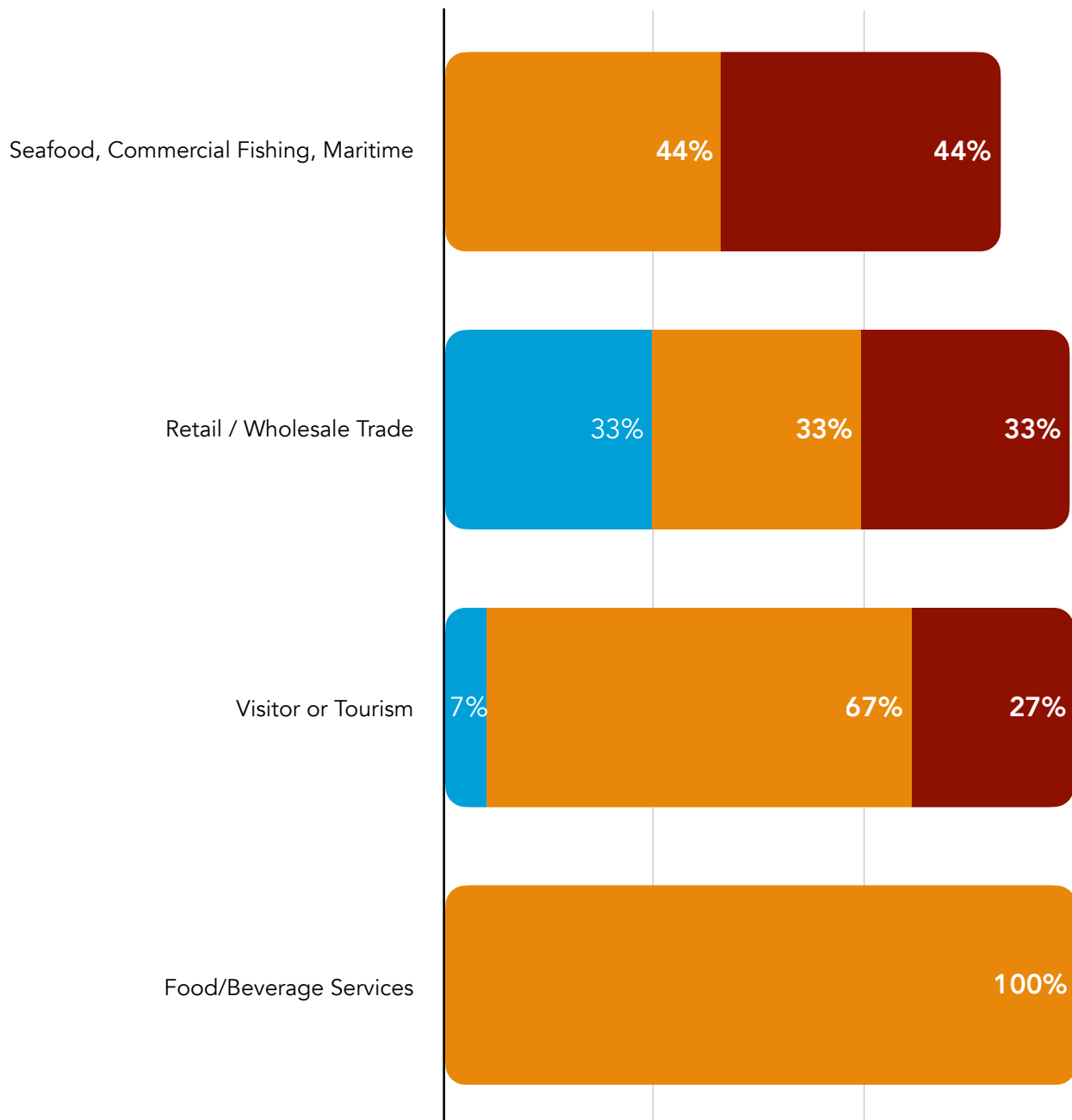
While all sectors have a negative perspective on the current economy, those in the Wrangell seafood sector are most likely to say that the economy is **very** poor.

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

The following graphic breaks out how the current Wrangell 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. Those in the seafood sector are the most likely to call the Wrangell economy very poor.

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

■ Good/Very Good ■ Poor ■ Very Poor

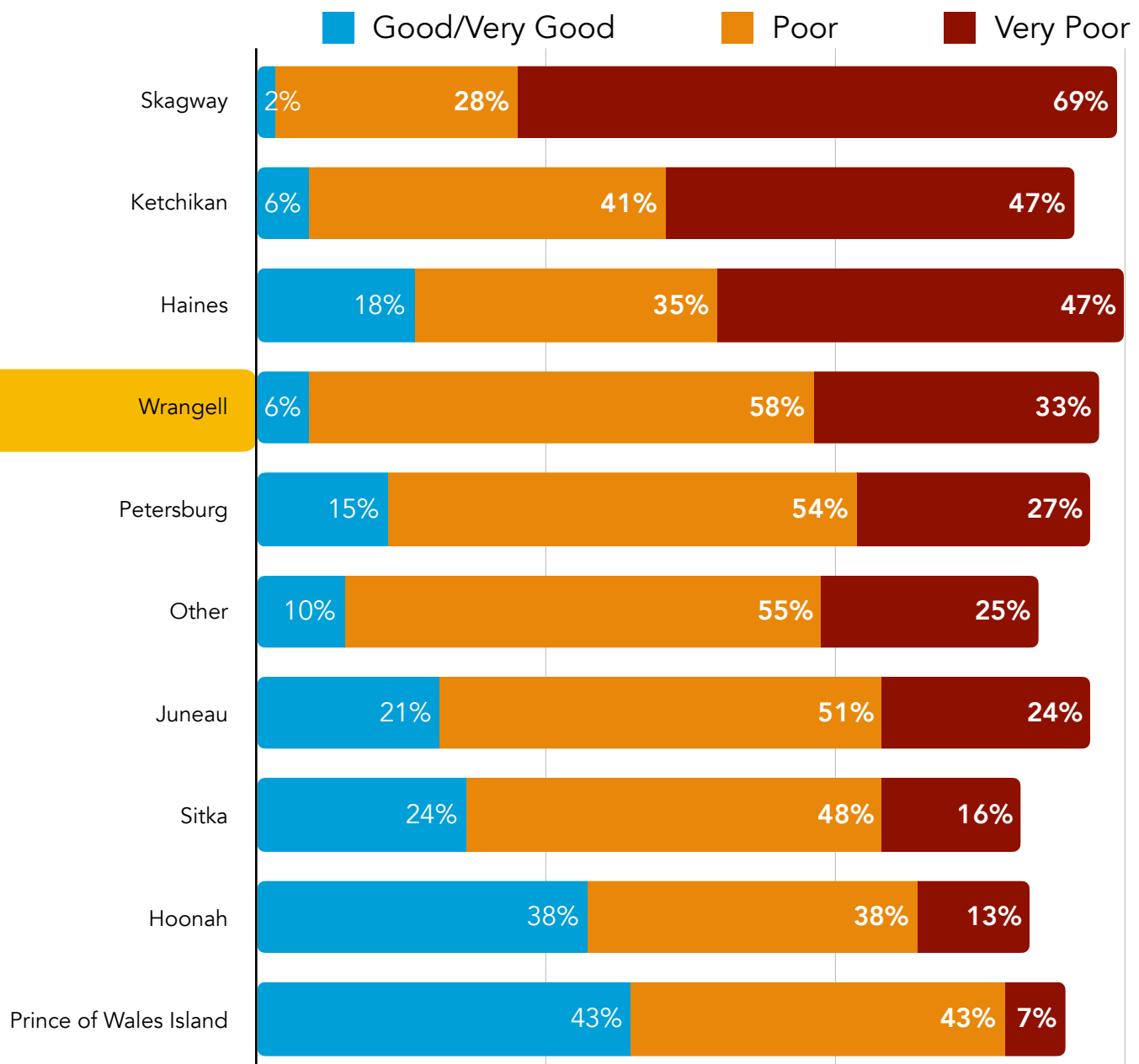


The "don't know" category has been excluded from this chart.

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, Wrangell had the second lowest rate of business owners who view the economy as good; however three other communities have a higher “very poor” ranking than Wrangell.

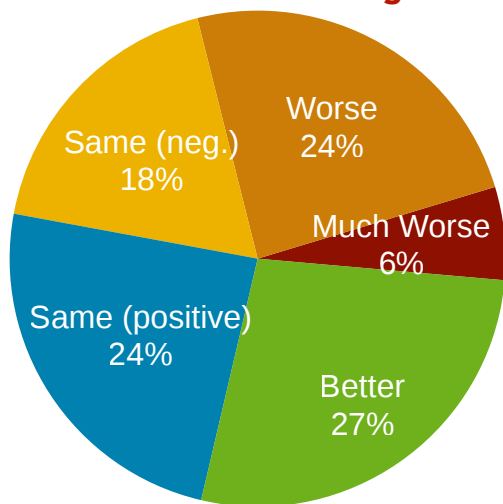
April **2021** Southeast Alaska: **How do you view the overall business climate right now?**



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

Wrangell Economic Outlook

51% Positive / 48% Negative



2021

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

Wrangell Economic Outlook

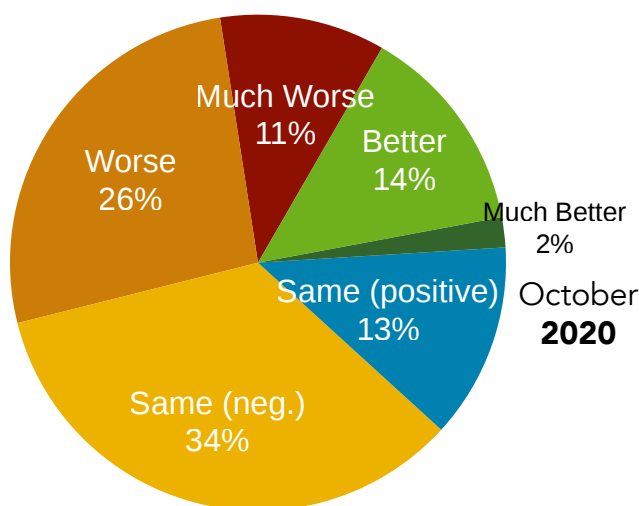
Despite nearly universal agreement that the current economy is poor or very poor, the outlook on the economic future of the community has grown more positive over the past year. In April of 2020, 88% of Wrangell business leaders had a negative outlook for the next 12 months. By October, the negative outlook had dropped slightly to 71%, and by April 2021, less than half (48%) of Wrangell business leaders expected the economy to worsen or continue to remain as poor.

Just under a third of survey respondents expect their prospects to be worse (24%) or much worse (6%) over the next year, while 27% expect the outlook for their businesses to improve in the coming year.

Compared to all other communities in Southeast Alaska, Wrangell has the 5th most negative outlook, preceded by those dependent on cruise ships — Skagway, Haines, Hoonah, and Ketchikan. Prince of Wales, Gustavus, and Sitka have the least negative outlooks.

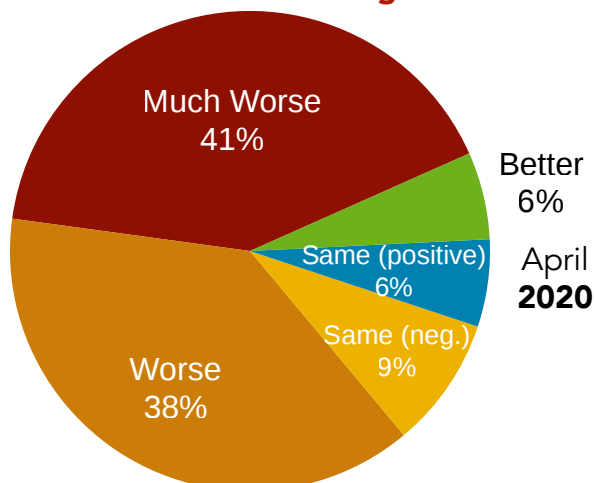
Regionally, the mining sector's economic outlook is most positive moving into 2022, followed by the nonprofit and healthcare sectors. The real estate, food/beverage, and tourism sectors have the most negative outlooks.

29% Positive / 71% Negative



October 2020

12% Positive / 88% Negative



April 2020

Southeast Economic Outlook: by Community and Industry

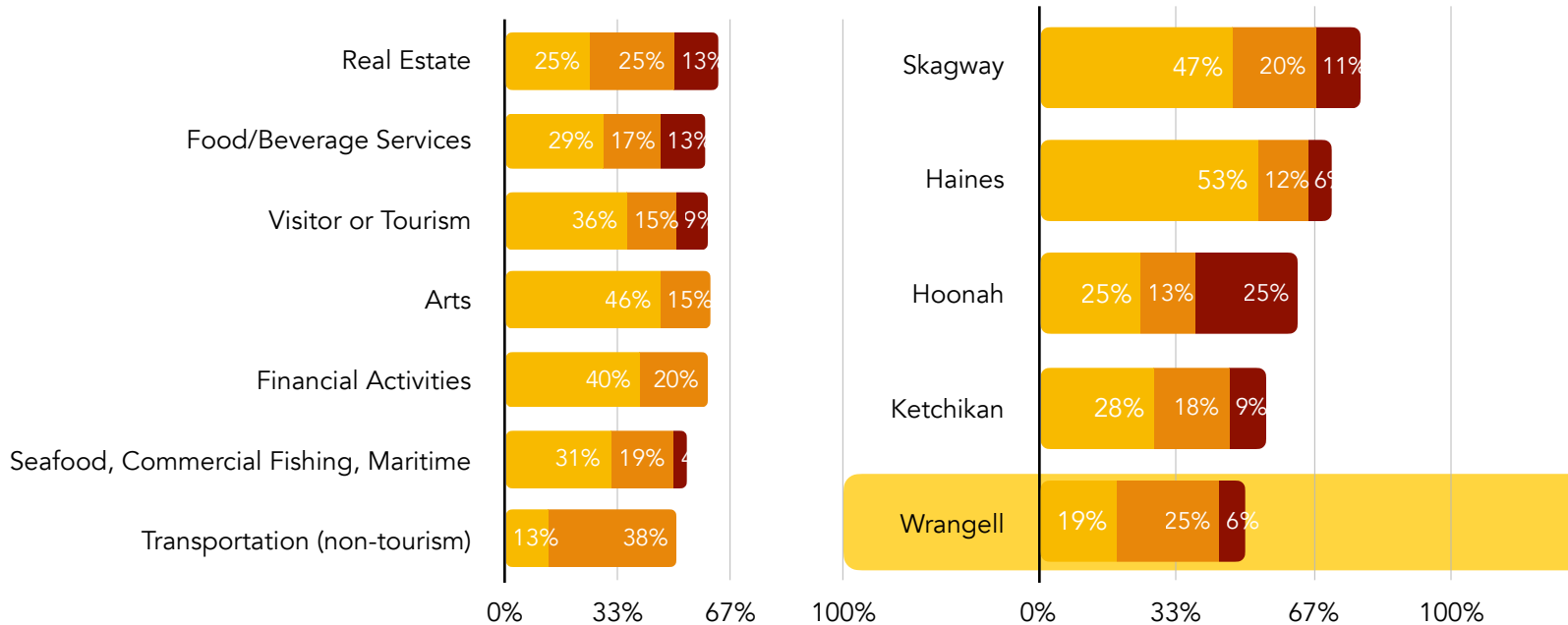
The below graphics show economic outlook breakdowns for the next year by industry as well as by community.

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

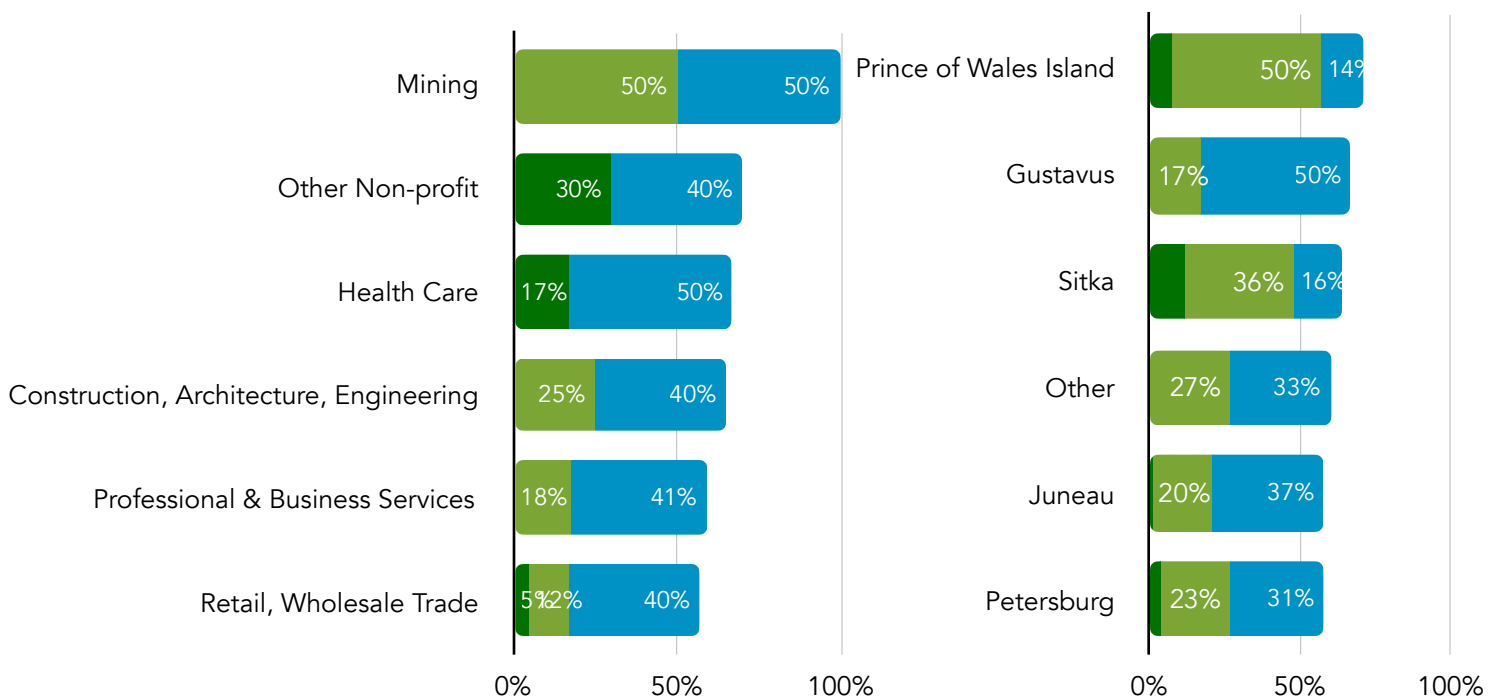
By Industry

By Community

■ Same (generally negative) ■ Worse ■ Much Worse



■ Much Better ■ Better ■ Same (generally positive)



Wrangell Economic Outlook: by Community

The following table shows a detailed economic outlook by industry for Wrangell. Wrangell business leaders generally tracked along with regional averages.

In Wrangell, those in the seafood sector were the most likely to project that the outlook for their industry would become much worse over the coming year. Conversely, a third of those in the seafood sector expect the seafood sector to improve. Those in tourism were most likely to forecast a better outlook over the next year.

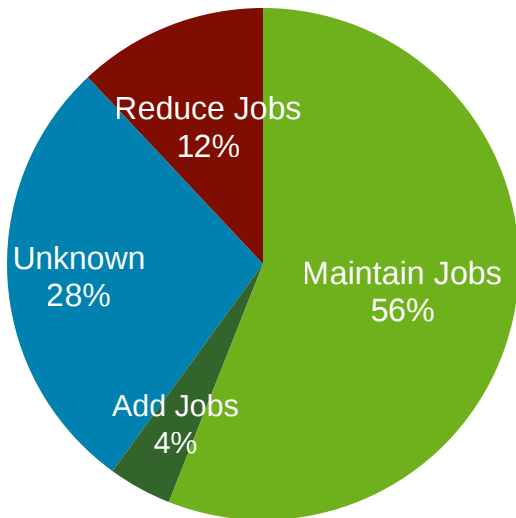
Not all industries are shown, due to small sample sizes.

What is the economic outlook for your business or industry? Regional Response Summary

Sector	Much Better	Better	Same (generally a positive statement)	Same (generally a negative statement)	Worse	Much Worse
Food/Beverage Services	0%	0%	50%	50%	0%	0%
Retail / Wholesale Trade	0%	0%	67%	0%	33%	0%
Seafood, Commercial Fishing, Maritime	0%	33%	11%	22%	22%	11%
Visitor or Tourism	0%	40%	20%	13%	20%	7%

Wrangell **Jobs** Projections in 2021 & 2022

2021: 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)

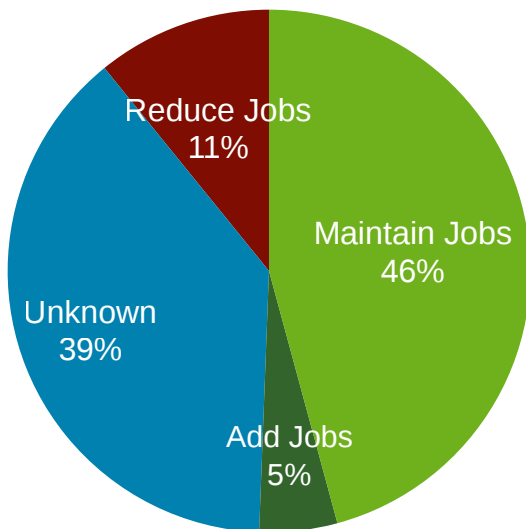
Wrangell employment changes in the next year

When asked about staffing expectations, more than half of Wrangell business leaders (56%) expect to maintain job levels in the coming year, and 4% expect to add employees (or add employees back after the declines of 2020).

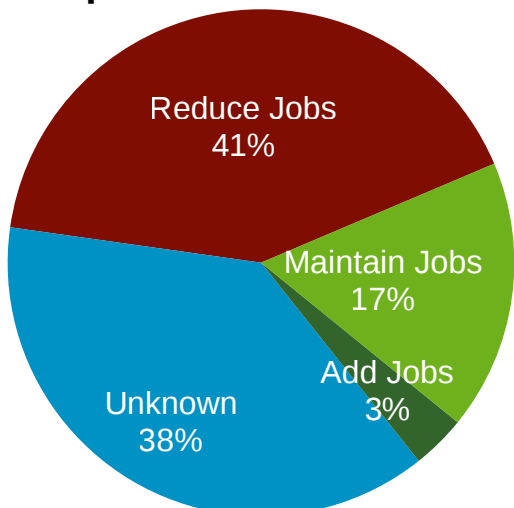
Twelve percent of business leaders in Wrangell expect to reduce staffing levels over the next year. After the economic shocks of 2020, this jobs forecast shows some stability returning to the Wrangell economy. Hiring uncertainly, prevalent in the October of 2020 survey, the last time this question was asked, appear to have transitioned into "maintain jobs" by April of 2021.

In the region, expected job gains will be most significant in the communication/IT and construction sectors. In Wrangell, some seafood jobs are expected to return.

October 2020: Jobs Outlook



April 2020: Jobs Outlook

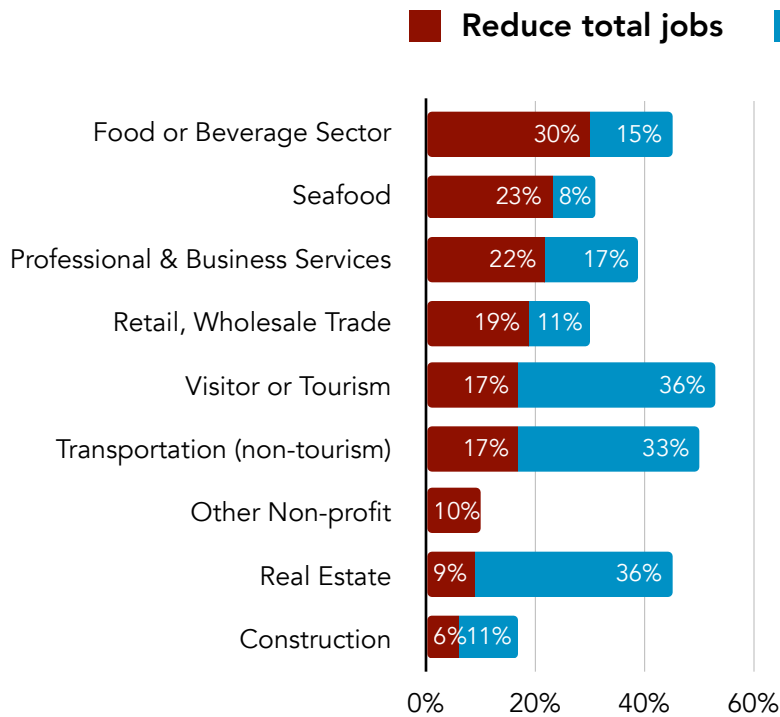


Business leaders in Skagway, Haines and rural "other" communities expect the most significant job reductions for their businesses moving forward. Sitka has the most positive jobs outlook with a third of employers saying they expect to add jobs in the coming year. Juneau is the second most likely community in the region to add jobs in 2021.

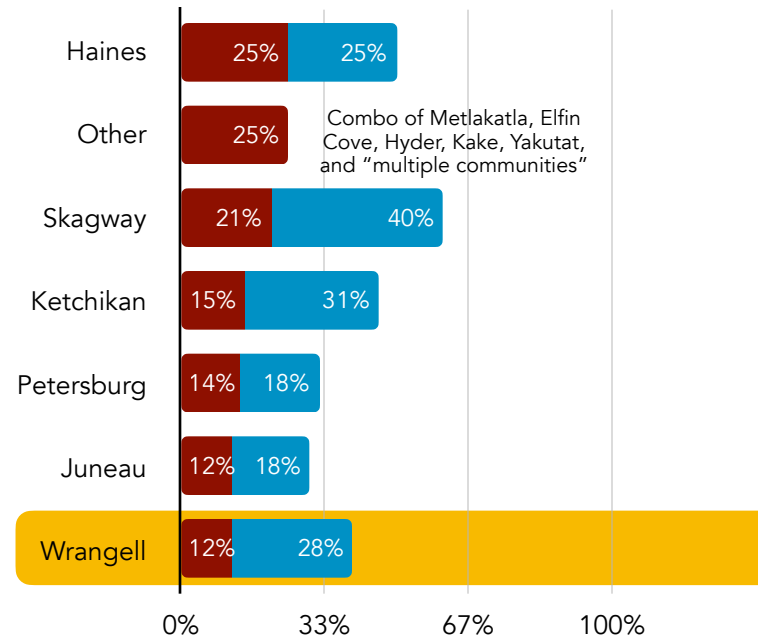
By Community: Jobs in Next 12 Months

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

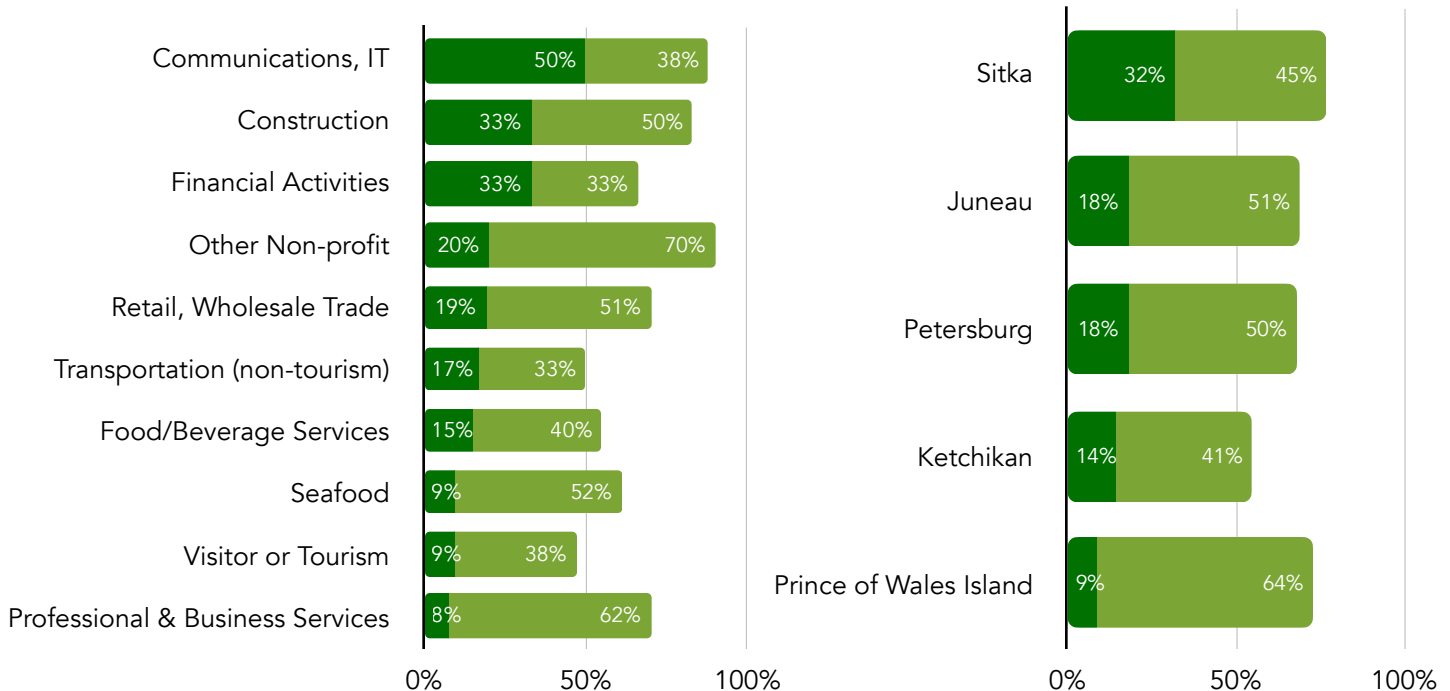
By Regional Industry



By Community



■ Add jobs ■ Maintain the same amount of jobs



Wrangell Businesses COVID-19 Impacts

Wrangell business leaders were asked how COVID-19 is impacting their businesses. Responding employers have already laid off 36% of their total workforce due to the COVID-19 virus. Wrangell business revenue was down 48% so far due to the pandemic. Seventeen percent of respondents say that they are at risk of closing permanently, while 43% say that they are not at risk.

Total Businesses Responding = 41

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

= -48% overall

88% of responding businesses received COVID relief funding

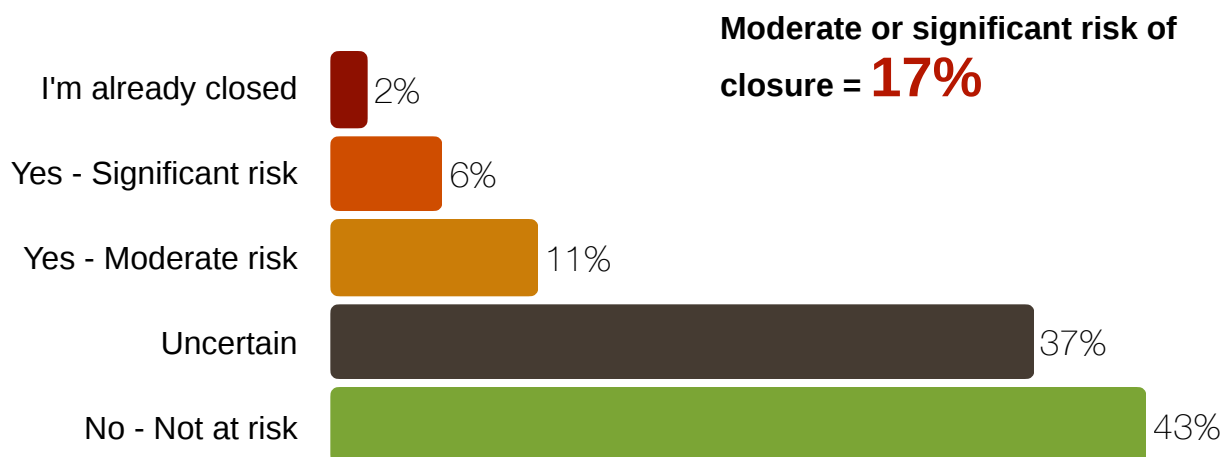
Respondents have laid off **36%** of existing staff so far due to COVID-19

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

Average current workers per organization = **2**

Average workers laid off so far per business = **-1**

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



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

Average = 22

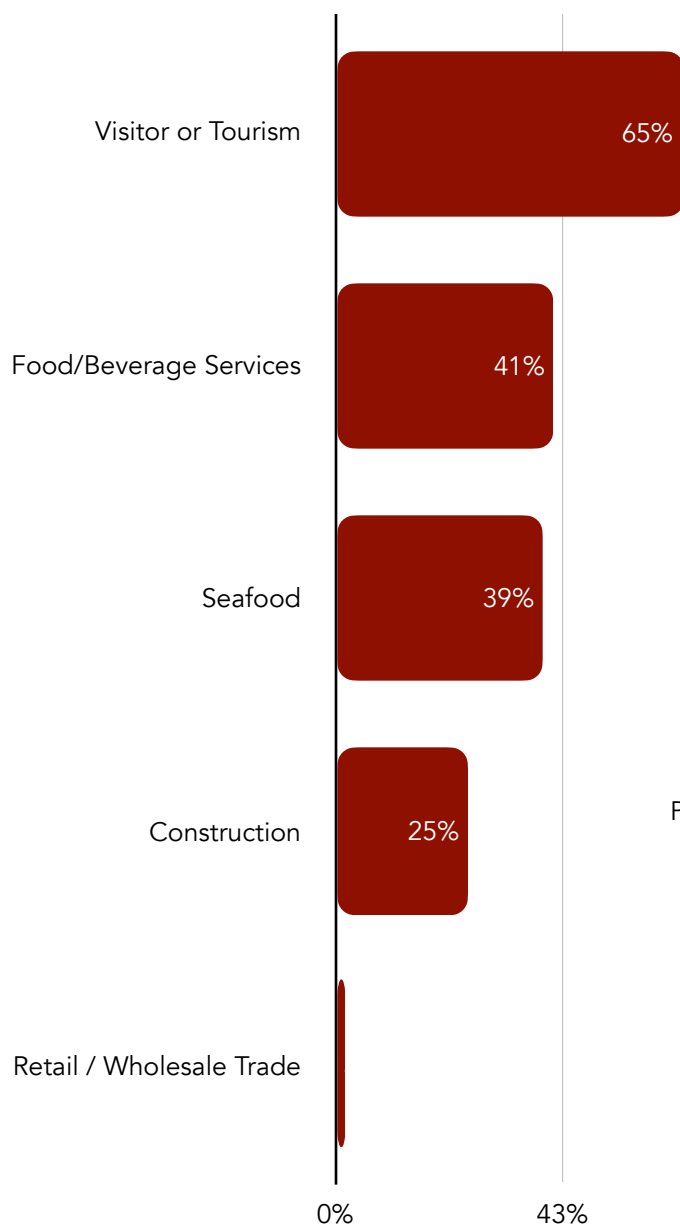
Please estimate the percent revenue decline to your business due to COVID-19: **By Industry and Community**

On average, reporting businesses have lost **42%** of their revenue due to COVID-19. By community, Skagway businesses have lost the most, with reported average revenue loss of 61%. Wrangell has lost the third most, at 48%. Sitka businesses report the smallest average revenue decline of "only" 22%.

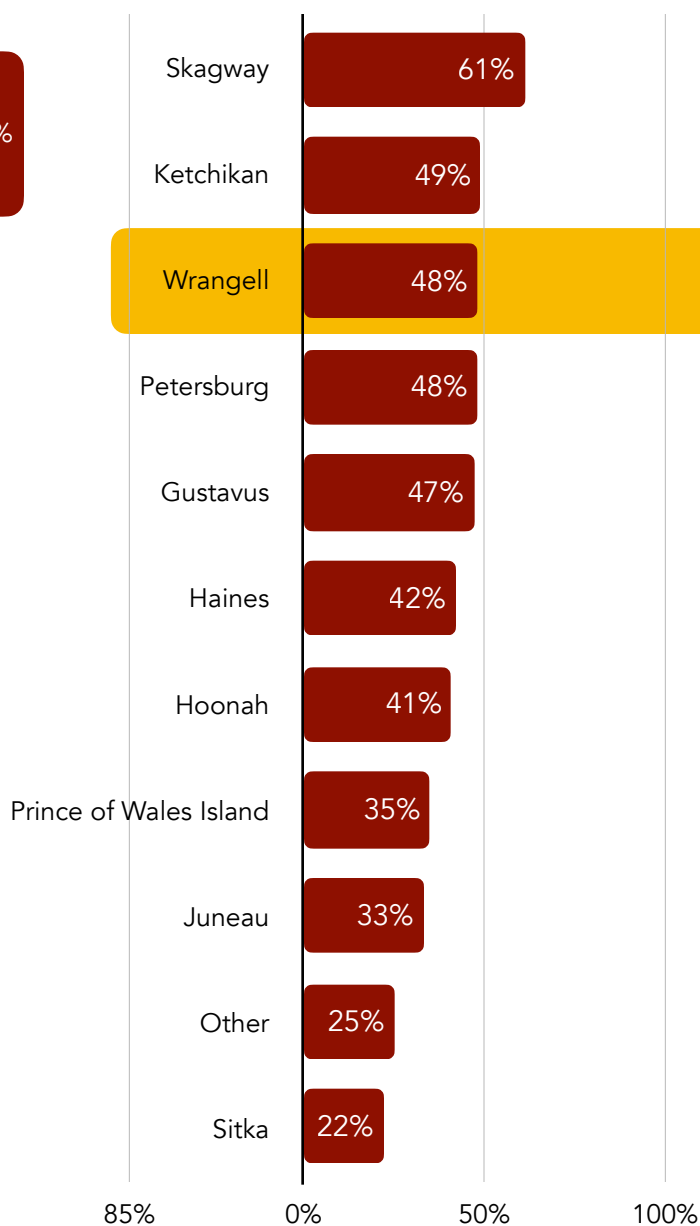
Wrangell businesses in the tourism sector are down by 65%, while the food and beverage sector is down by 41%.

By Industry in Wrangell

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



By Regional Community

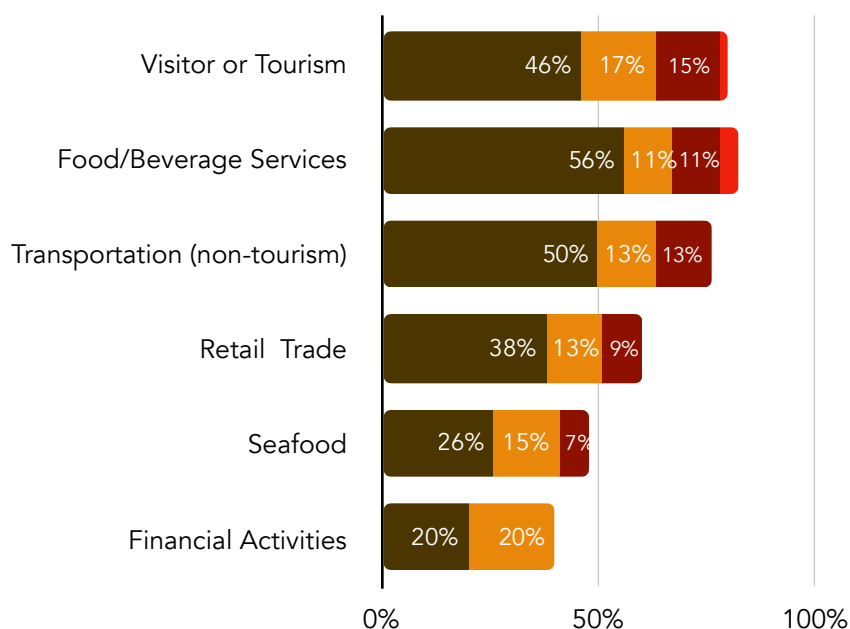


Is your business at risk of closing permanently because of impacts caused by COVID-19? By Industry and Community

Regionally, nearly a quarter of respondents (22%) are at risk of closing permanently or have already closed. The following charts analyze which sectors and communities are at the greatest risk of being unviable due to the COVID economy. Wrangell is neither on the top or the bottom of this list. Businesses in Hoonah, Ketchikan, and Skagway face the highest risks of closure, while Sitka businesses appear to be the most resilient at the moment. Tourism, the food and drink sector, and transportation have the greatest risk of closing due to the pandemic, while the mining and Alaska Native entities have the lowest risk.

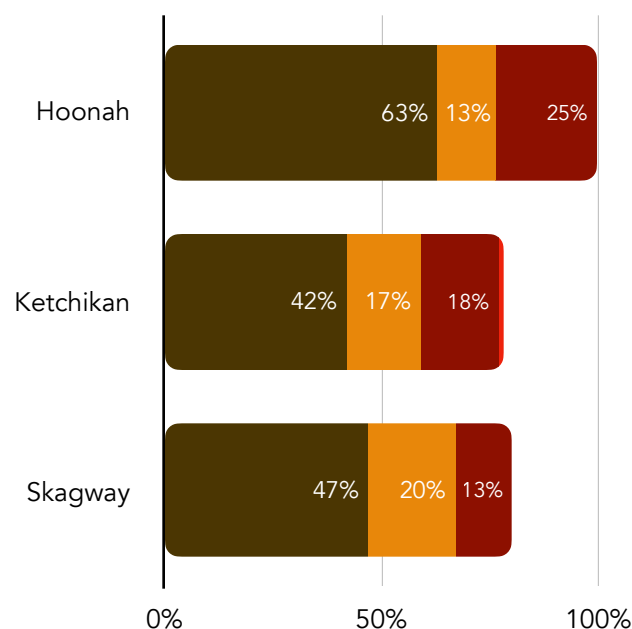
By Southeast Industry

■ Uncertain
■ Yes - Moderate risk
■ Yes - Significant risk

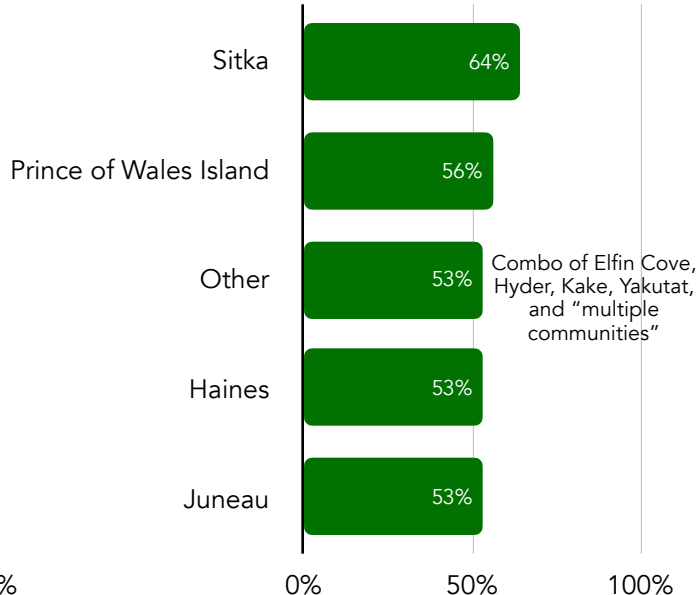
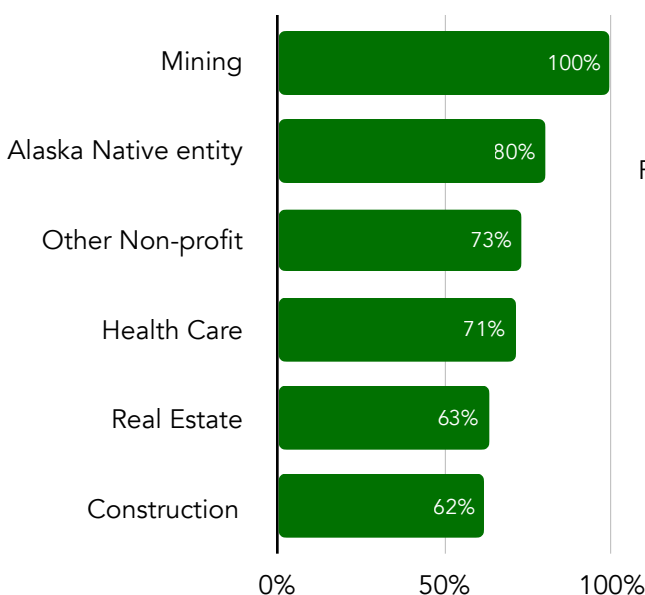


By Community

■ Yes - Moderate risk
■ I've already closed permanently

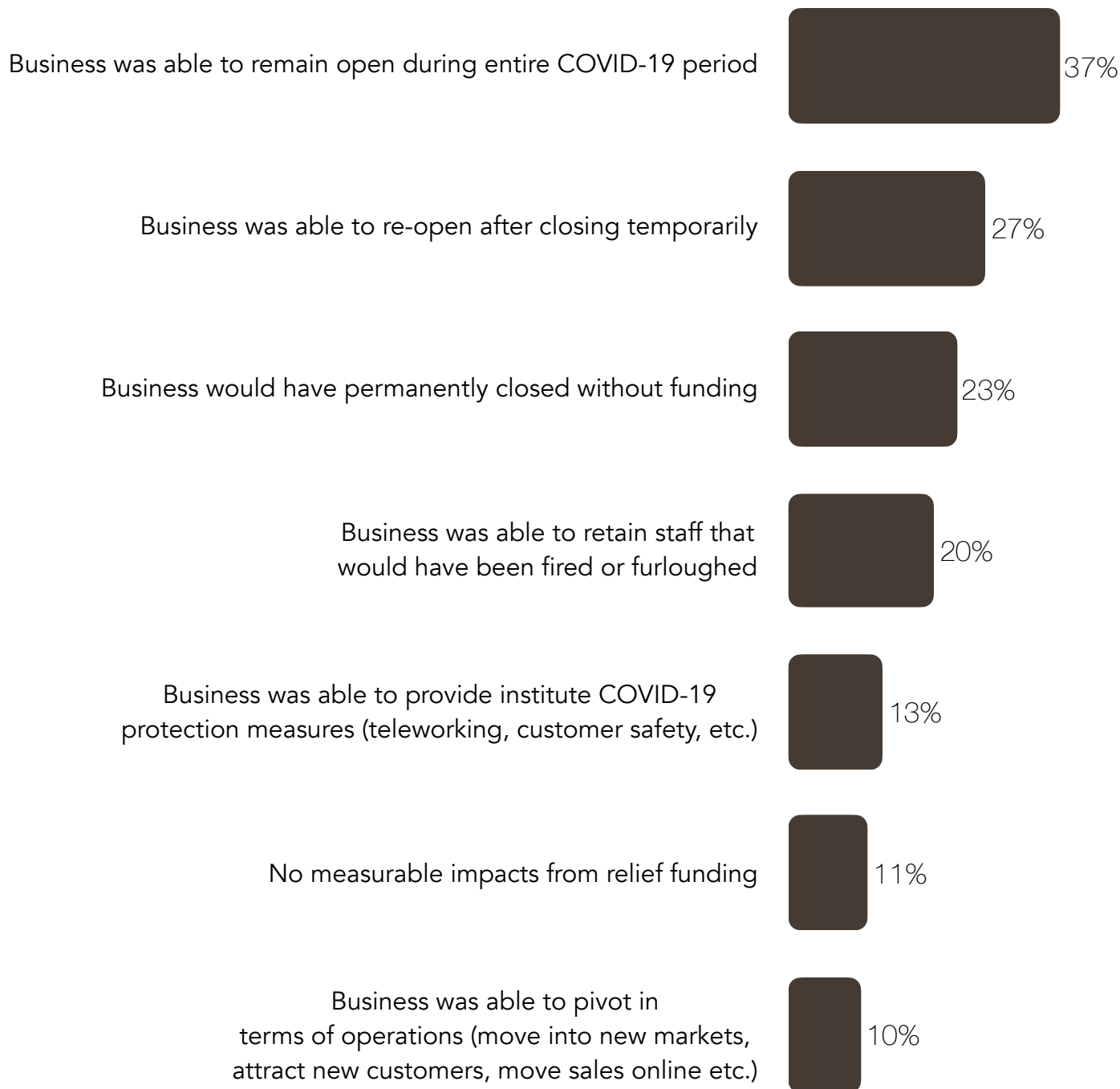


No - Not at risk of closing permanently



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

Businesses that received funding were asked about the impact of the COVID-19 aid they received. **Nearly a quarter (23%), reported that they would have closed permanently without the pandemic relief dollars.** A fifth of respondents said that the funding allowed their businesses to retain staff.



Wrangell businesses receiving grants or loans = 88%

COVID-19 Funding Distributions in Wrangell

According to the Alaska Small Business Development Center (SBDC), which tracks four stimulus programs: PPP, EIDL, Alaska's State CARES program, and local municipal grants, Wrangell's businesses and organizations received \$111.8 million in COVID-19 funding including loans and grants.

In addition to the list below, the Wrangell Cooperative Association was allocated \$1.14 million.

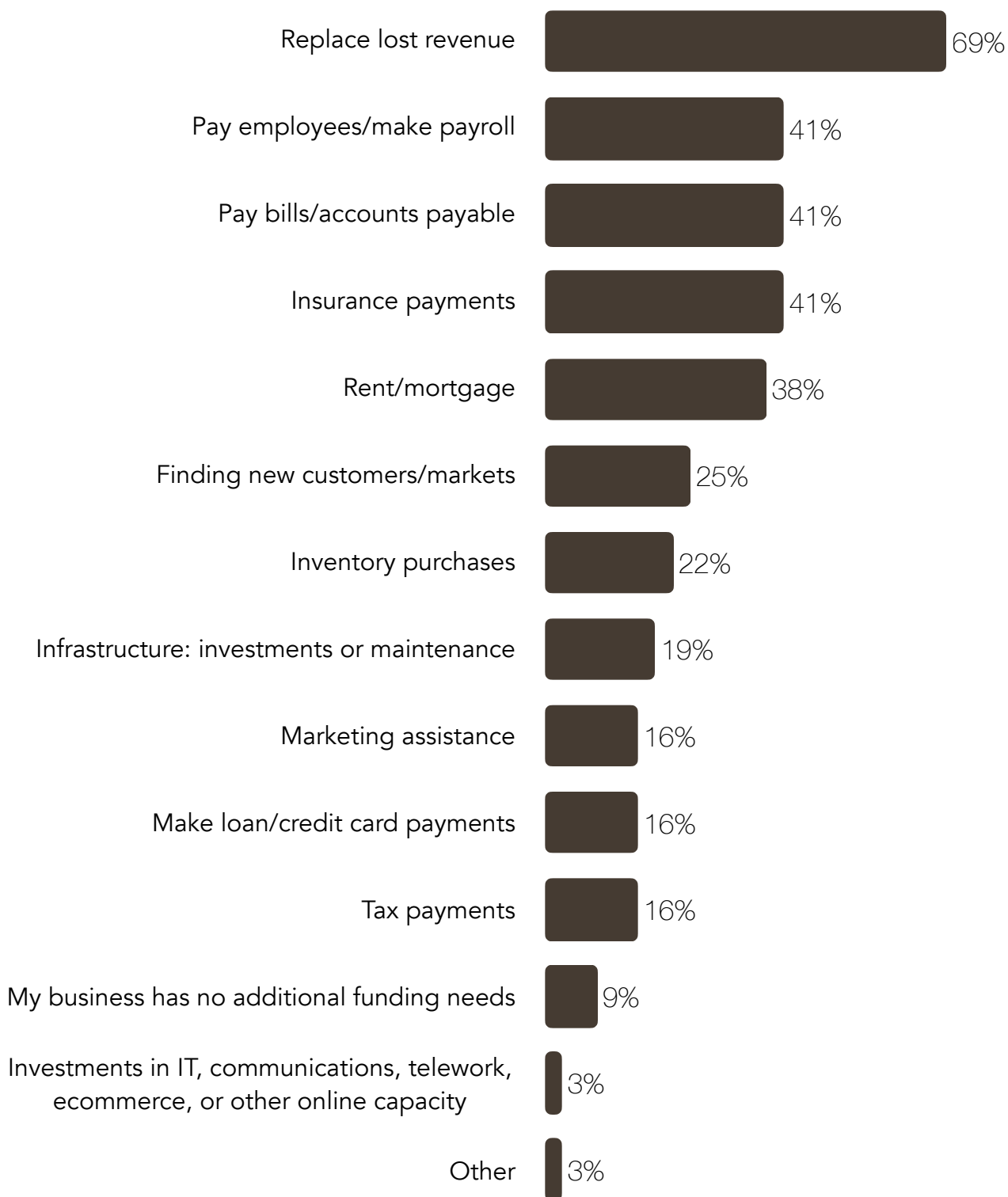
Wrangell COVID-19 Relief Distributions, by Sector and Program Type

Industry Sector	Funding Received
Commercial Fishing	\$2,872,434
Agriculture, Forestry, Fishing, Hunting	\$2,092,945
Accommodation and Food Services	\$735,748
Transportation and Warehousing	\$473,088
Retail Trade	\$460,399
Other Services (Except Public Administration)	\$428,041
Construction	\$374,579
Professional Scientific and Technical Services	\$201,897
Manufacturing	\$196,826
Arts, Entertainment, and Recreation	\$63,528
Health Care and Social Assistance	\$27,885
Fed, State, & Local Gov't, excl. schools, hospitals & USPS	\$15,794
Real Estate Rental and Leasing	\$2,668
Unclassified (significant portion is local grants)	\$5,719,317
Total Wrangell community income	\$13,665,149

Funding Type	Funding Received
PPP	\$4,214,089
EIDL	\$2,222,200
AK CARES	\$3,766,325
Local Grants	\$3,365,535
EIDL Advance	\$97,000
Total Wrangell community income	\$13,665,149

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

Wrangell business leaders were asked what help they most want and need moving forward. Top answers include replacement of lost revenue, help making payroll, paying bills, rent, and insurance.



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?

Visitor Sector Businesses

We lost about 93% of our gross revenue. We had to take an EIDL for \$120,000 at 3.75%. This interest accrues and we need to pay it back. We expect minimal revenue for 2021 yet have to go through all the permitting and inspection processes, repairs and maintenance of equipment, pay rent and insurance. Basically we are digging further into the hole. As we dig, interest is piling up, making it more difficult to recover. Online is not an option for a tour provider. We are trying to develop new products and collaborate with operators in communities that will likely recover faster, to improve revenue by offering more services.

Being in the accommodation industry with the majority of my income from tourists, last year was devastating. This year is looking better for August, but June and July still have minimal visits booked.

2019 gross sales were over 1.7 million. 2020 was about 212,000. Devastating result from COVID shut down of our industry. Hoping 2021 is going to continue the upward, positive direction!!

96% decline 2019 to 2020. And 2021 is looking better, but still most of this was just rebooking people that were forced to cancel their trips in 2020. I have rebooked many of them to 2022 for various reasons (Big ships can sail, Australians can't travel yet)

Seafood

COVID 19 has reduced seafood values by more than 50% while operating cost have risen and continue to rise. Gear cost is up 30 to 40%, fuel is up 25% and insurance has risen by up to 75%. All while fisheries product prices have declined by 50%.

Reduced ex-vessel prices of seafood as markets were severely disrupted and processors had significant costs to operate under health safety mandates; we reduced spending wherever possible and have slowed development plans.

The price reduction of Dungeness Crab impacted us the most. Also the frequent closings of our seafood buyer due to covid in employees. This caused us to miss fishing days. We are hoping to diversify some of our products and add some new products also looking to expand our customer base.

Other Wrangell Businesses

Loss of revenue. Hopefully the economy will stop diving, and prices will stop raising.

We have adjusted our menu a little to make everything easy to-go. Our dining room is open short hours, but a majority of our sales are still to-go.