



Southeast Alaska Business Climate Survey 2015

Prepared for



September
2015

Prepared by

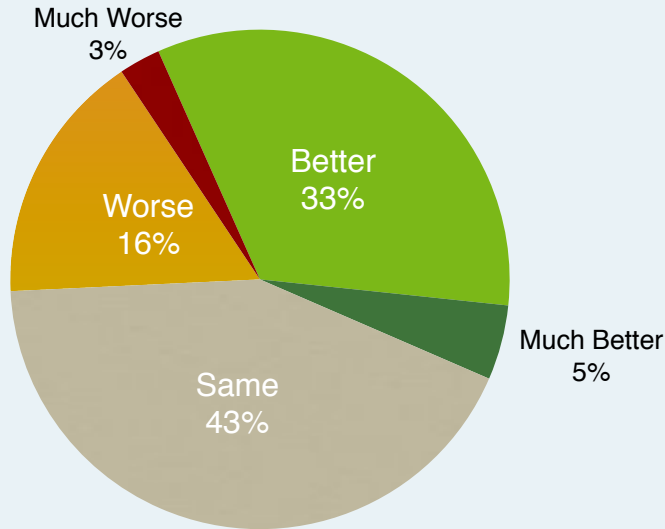


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Executive Summary

What is the economic outlook for your business or industry?



In the Summer of 2015, 416 Southeast Alaska business owners and top managers from 29 communities in the region responded to the Southeast Alaska Business Climate Survey, answering 45 questions about their experience operating businesses in Southeast Alaska.

More than a third (38%) of those surveyed expect the outlook for their business or industry to improve. This was especially true for the visitor and food and beverage industries, and for those businesses located on Prince of Wales Island, Skagway, and Hoonah.

Approximately one-fifth (19%) of business leaders expect the regional business climate to become worse or much worse. Those least optimistic about the direction of their industry in Southeast Alaska included those involved in the timber, construction, and health care industries, along with those with businesses located in Angoon, Metlakatla, and Ketchikan.

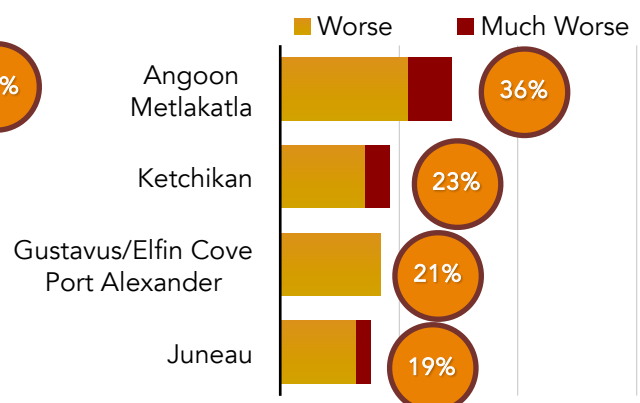
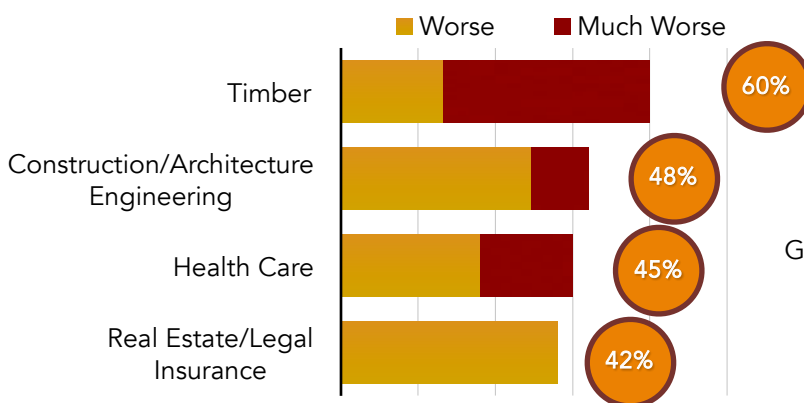
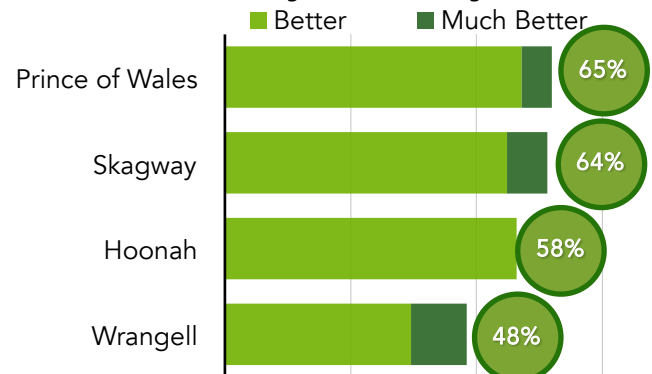
The largest segment of respondents (43%) said that they expect their business or industry to maintain current trends.

What is the economic outlook for your business or industry?

By Industry



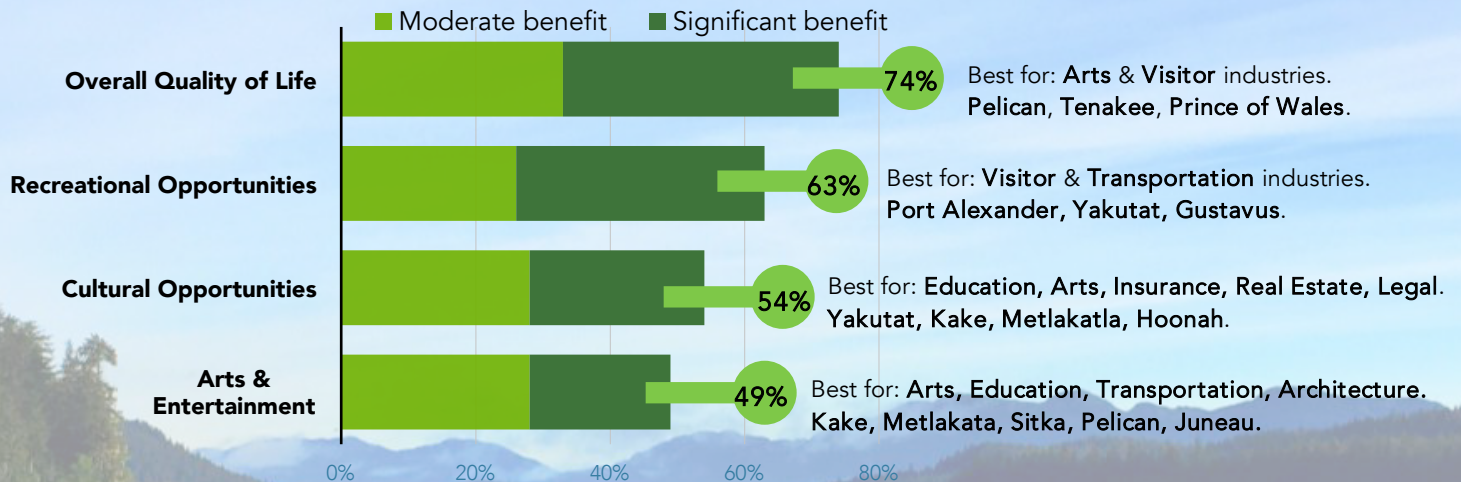
By Community



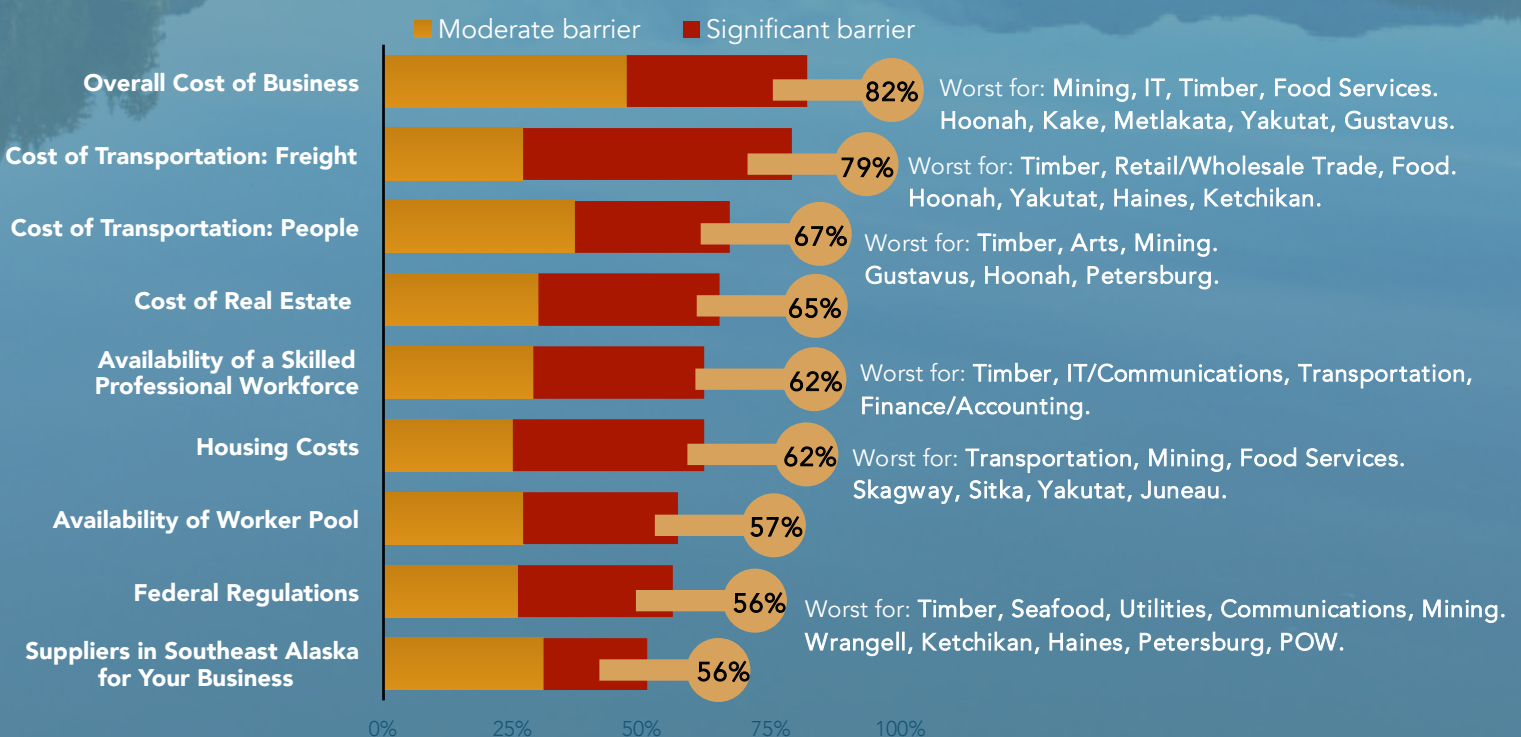
How Significant are These Elements to Operating Your Business in Southeast Alaska?

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

Top Benefits



Top Barriers



Project Overview

The Southeast Alaska Business Climate Survey takes the “pulse” of our local business community and the economy. It is completed every five years to help us better understand the obstacles and advantages of owning and operating a business in Southeast Alaska. The survey tracks change in economic outlook over time by industry and community, along with tracking which institutions are most valuable to local businesses. Finally, it tracks private investment in the region. The survey focused on Southeast Alaska business owners and top managers, though non-business leaders could take a much shorter version of the survey as well. The first Southeast Alaska Business Climate Survey was conducted in 2010 in a partnership between the Juneau Economic Development Council and the Southeast Conference. The 2015 online survey was designed and administered by Rain Coast Data. The survey was conducted between mid May and early July 2015.

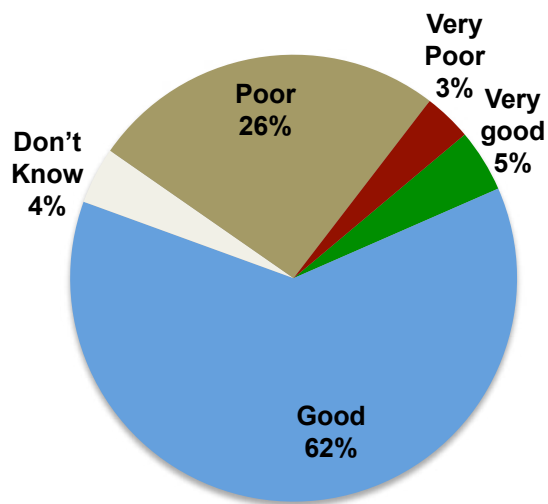
The survey was taken by 506 individuals, including 416 Southeast Alaska business owners and top managers. Business owners and operators from 29 communities in Southeast Alaska responded to the survey. This includes 165 company presidents, owners, or CEOs, and 84 senior executives, senior officials, directors, vice presidents, or managers. An additional 167 who took the survey identified themselves as self-employed.

Where We Are Now

The economy has grown significantly over the past five years, and the survey findings reflect this rise. When asked about the current state of the regional business climate, those who reported it was “good” or “very good” rose from 54% to 67%. Similarly, those reporting the economy was “poor” or “very poor” fell from 45% to 29%.

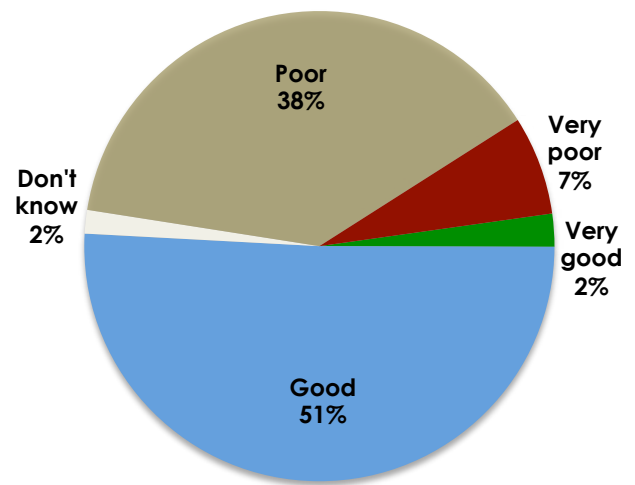
2015

How do you view the overall business climate in Southeast Alaska? (All Respondents = 464)



2010

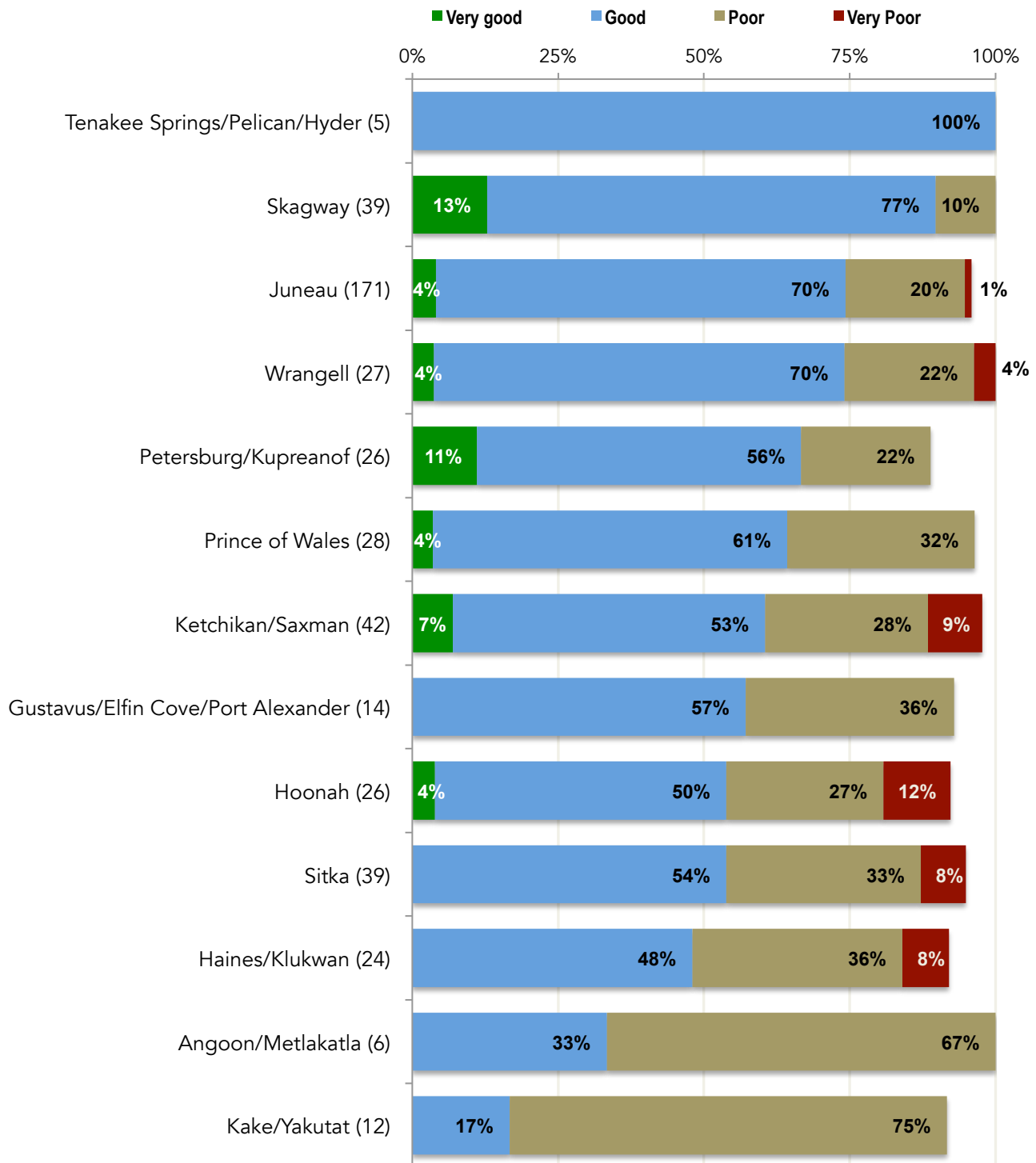
How do you view the overall business climate in Southeast Alaska? (All Respondents = 309)



Those involved in the transportation, construction, tourism, and health care industries reported the most positive assessments of regional economy, with those in the visitor industry most likely to call the Southeast Alaska economy “very good”. On the other hand, those involved with the timber and energy industries were most likely to say the economy was poor or very poor.

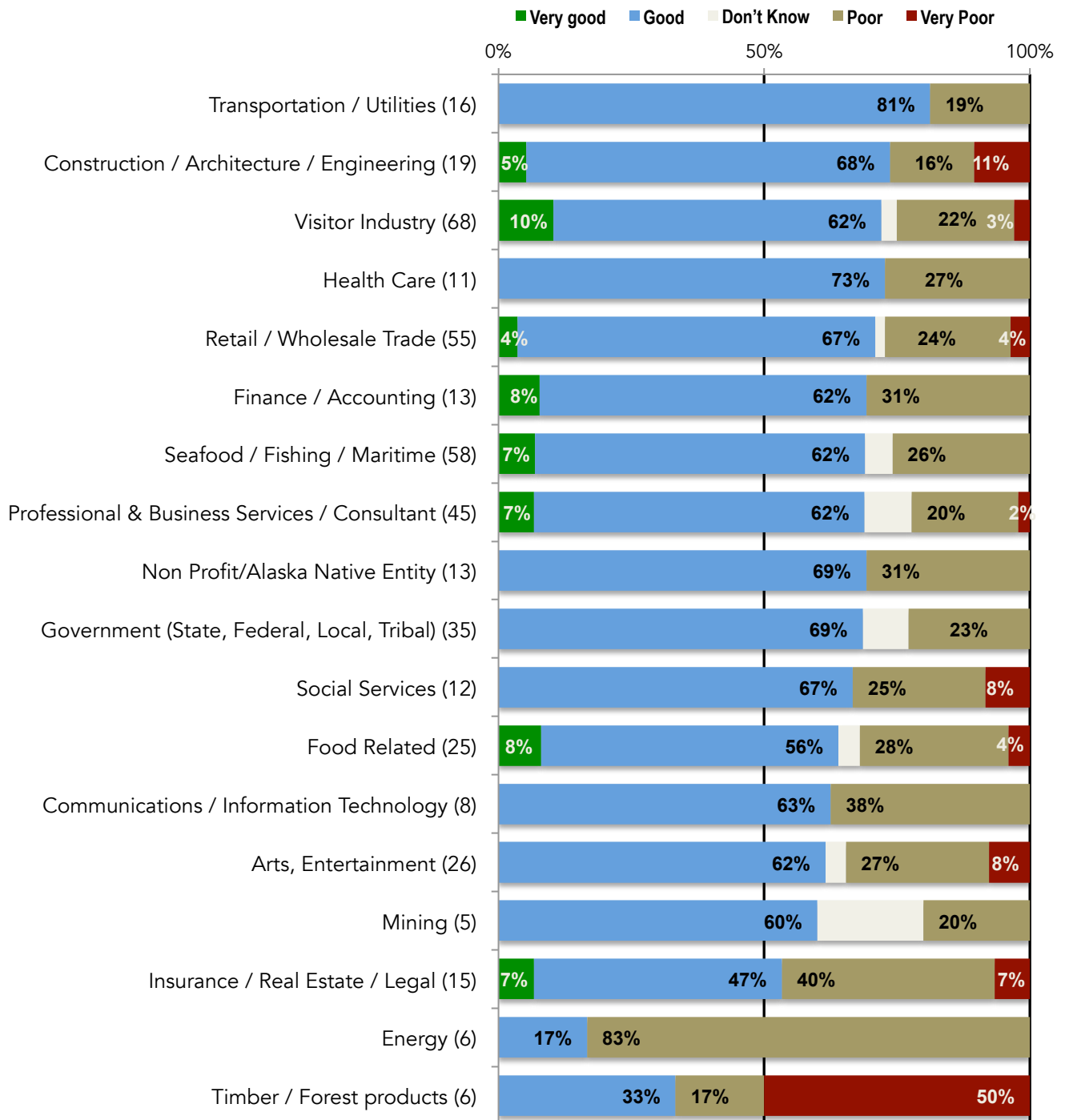
Community business leaders mostly likely to report a positive assessment of the regional economy were located in Skagway, Juneau, Wrangell, and the combined Tenakee/Pelican/Hyder areas. Business leaders from Skagway and Petersburg were most likely to report that the economy was “very good” at the time they took the survey. Business leaders from Kake, Yakutat, Angoon, and Metlakatla were most likely to report that the economy was poor overall, with respondents from Hoonah most likely to report that the economy was “very poor.”

How do you view the overall business climate in Southeast Alaska? By Community.



Note: Number in parentheses is the number of respondents by community.

How do you currently view the overall business climate in Southeast Alaska? By Industry

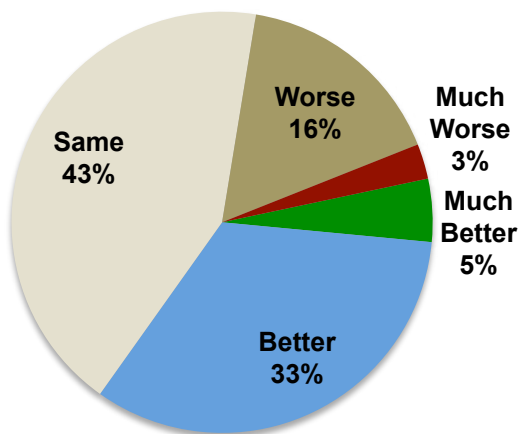


Note: Number in parentheses is the number of respondents by industry.

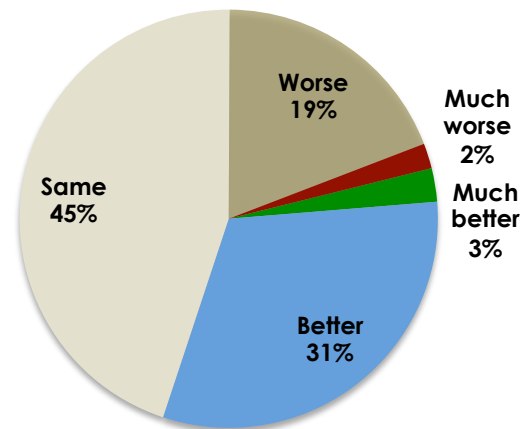
Where We Are Going

The business climate survey also asked industry leaders to predict the economic future for their industry or business. Survey respondents were slightly more optimistic than they were five years previously: 38% expected an economic improvement in the foreseeable future, compared to 34% five years ago. Those who expected their businesses or industry to shrink decreased from 21% in 2010 to 19% in 2015, which is roughly similar.

2015
What is the economic outlook for your
business/industry?
(Business Leader Respondents Only = 372)



2010
What is the economic outlook for your
business/industry?
(Business Leader Respondents Only = 243)

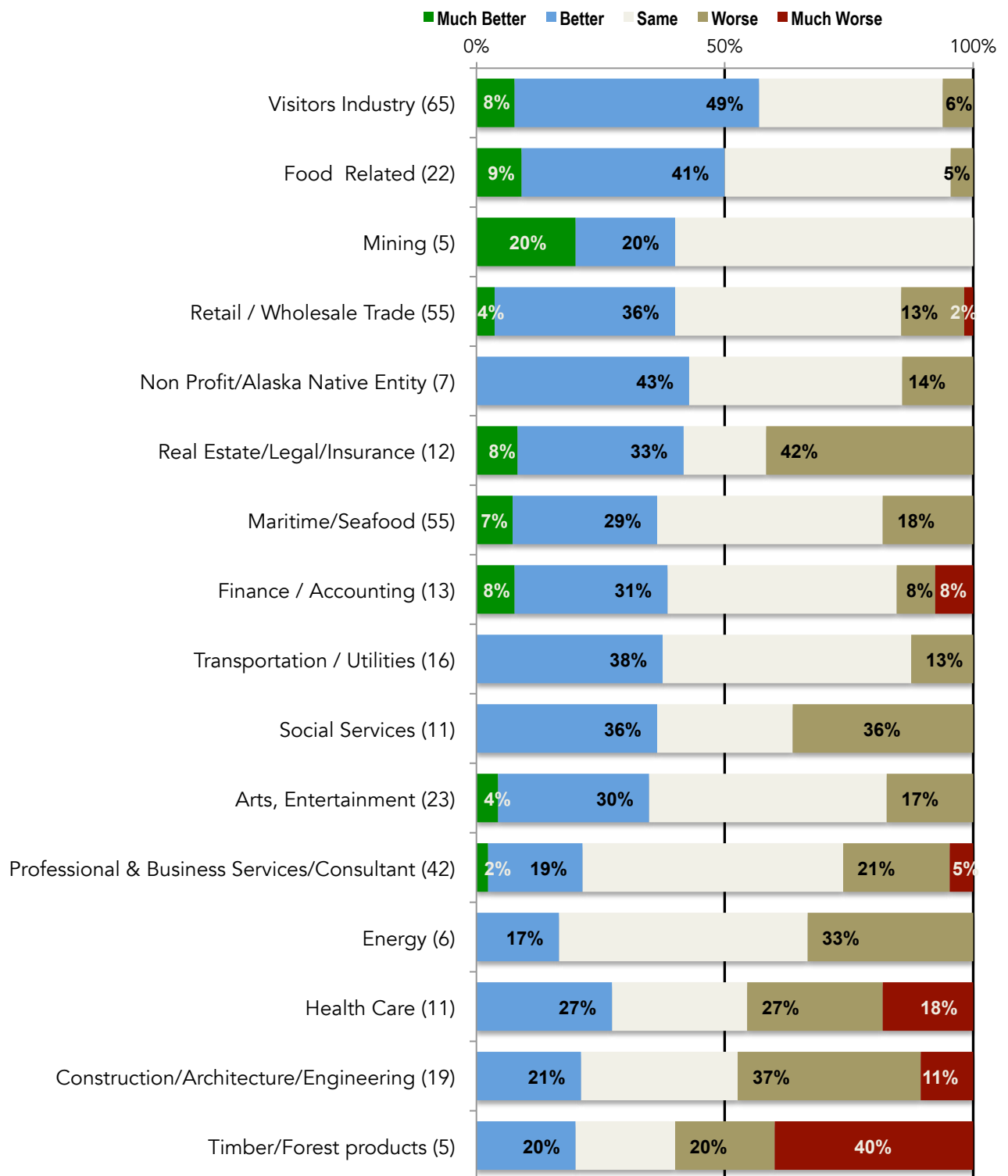


Business men and women on Prince of Wales Island are the most optimistic about the direction the economy is headed for their businesses in particular, followed by Skagway, Hoonah, and the combined Tenakee Springs/Pelican/Hyder area. In each of these communities more than half of the business leaders responding to the survey expect their economic outlooks to improve. Business leaders in Wrangell were most likely to expect their business outlook to be "much better" than it is now.

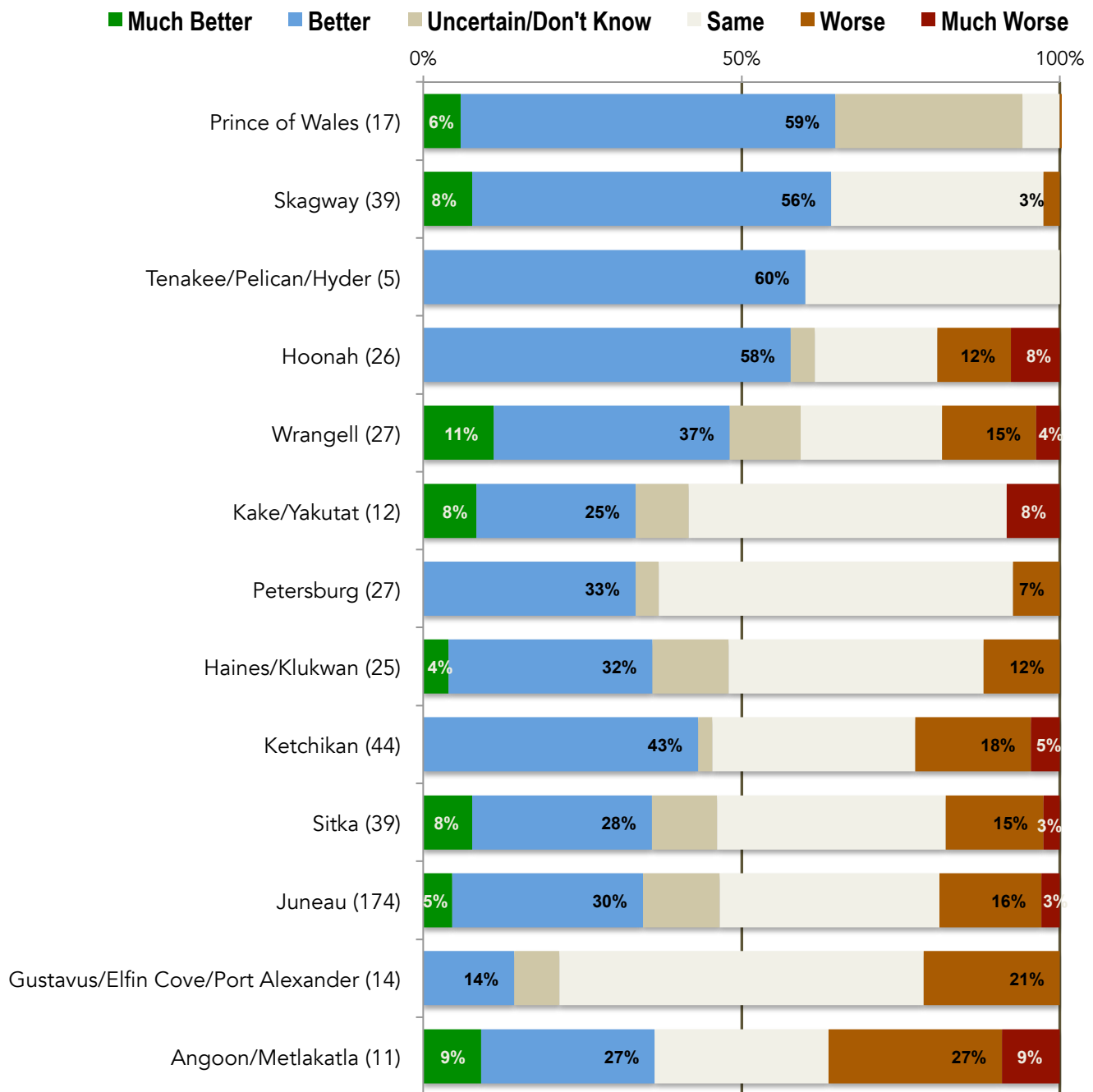
The only industry in which the majority of business leaders responding expect the economic outlook of their industry to become "better" or "much better" is the visitor industry. Those involved in food and beverage services were also optimistic about an improving outlook.

On the other end of the spectrum, business leaders from the timber, construction, healthcare, and energy sectors are all very pessimistic about worsening economic conditions for their industries.

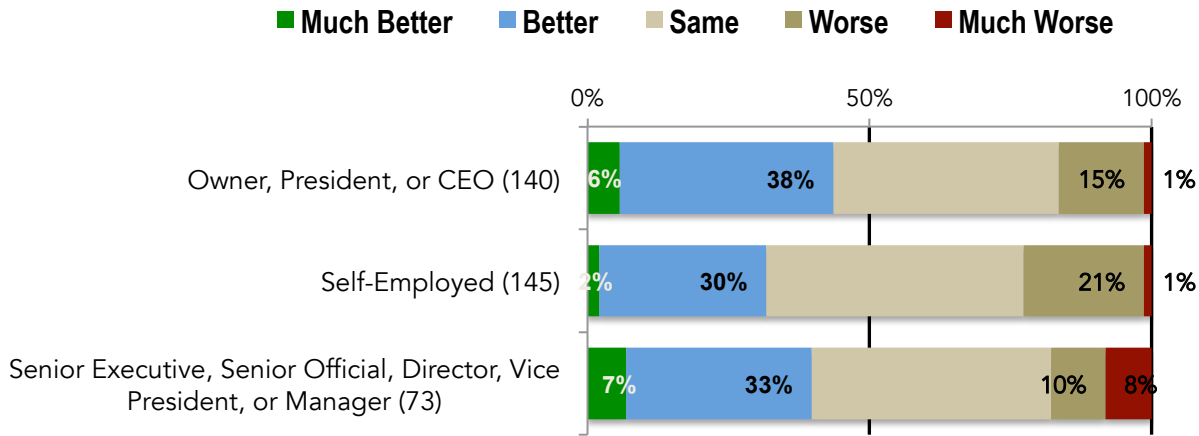
What is the economic outlook for your business/industry?



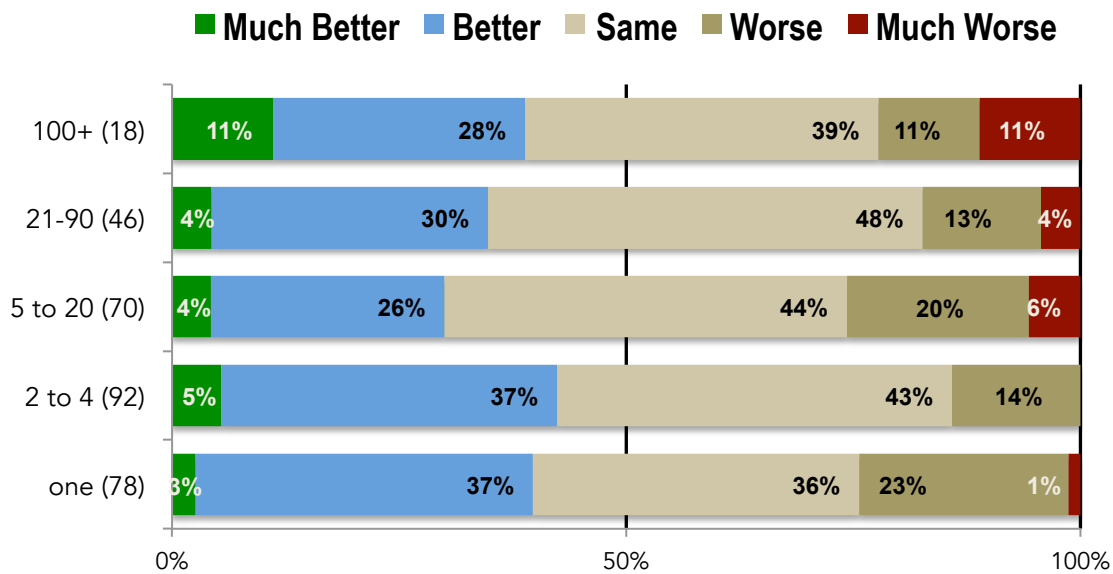
What is the outlook for your community? Combined with What is the outlook for your industry? Analysis by community.



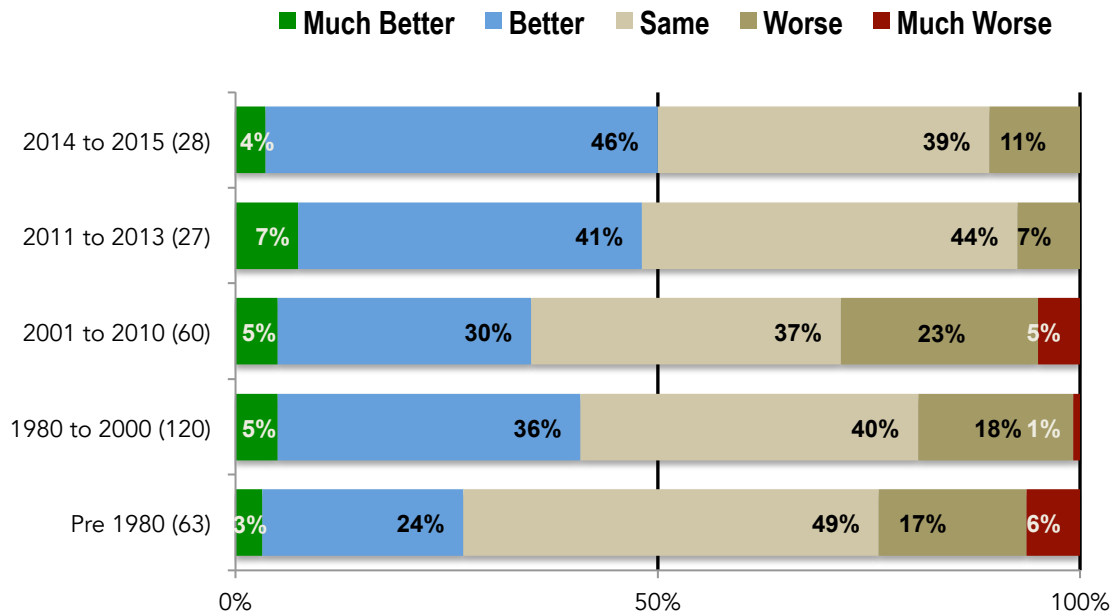
What is the economic outlook for your business or industry?
By Position.



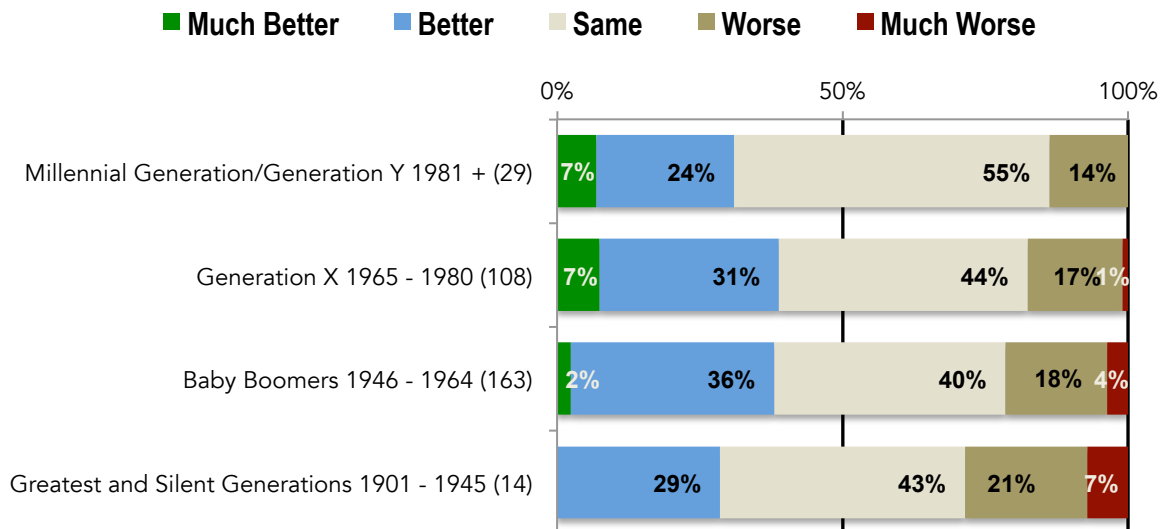
What is the economic outlook for your business or industry?
By Company Size.



What is the economic outlook for your business or industry?
By Year Company was Founded.



What is the economic outlook for your business or industry?
By Generation of Respondent.



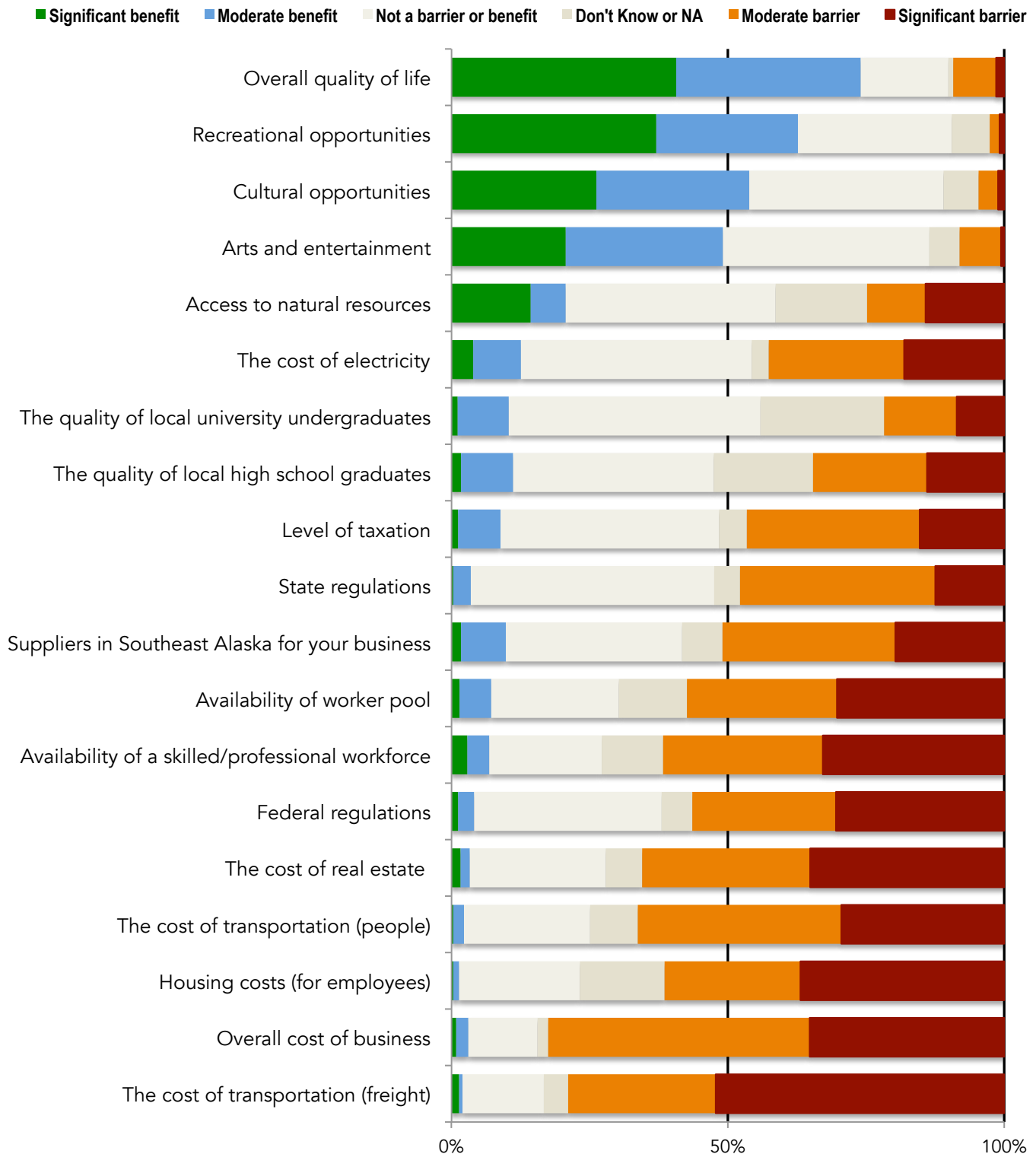
Barriers and Benefits

The main component of the Southeast Alaska Business Climate Survey was a list of 20 elements that are considered traditional barriers or benefits to business operations. Business leaders were presented these elements and asked to ascribe the following ratings:

- Significant benefit
- Moderate benefit
- Not a barrier or benefit
- Moderate barrier
- Significant barrier
- Don't Know
- Not Applicable

Business leaders were more likely to ascribe a barrier rating to the elements presented, signifying that Southeast Alaska business operations may have to overcome more barriers than those in more traditional areas. Elements which business leaders were most likely to call barriers included the overall cost of business, with 82% of all business leaders surveyed calling business costs a moderate or significant barrier. Other top barriers included transportation costs—both the costs of transporting freight and people; the cost of real estate—in terms of business real estate and the high cost of housing for employees; and the availability of a skilled professional workforce. The top benefit was the overall quality of life in the region, followed by recreation, culture, and the arts.

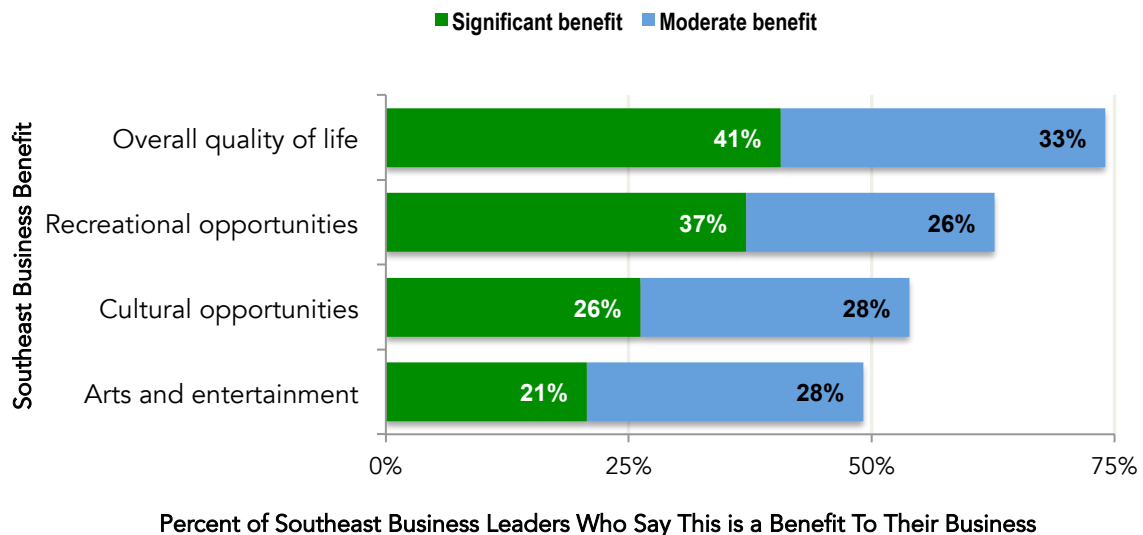
How significant are each of the elements listed below to operating your business in Southeast Alaska? (359 respondents)



The following discussion provides a break out analysis to the previous chart in order to present how the regional business community ranked the major benefits and barriers.

Regional Business Benefits

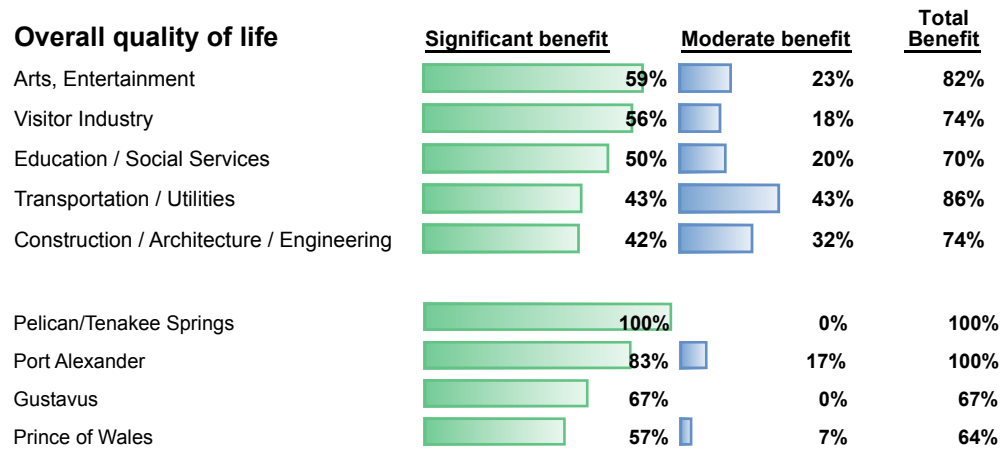
How significant are each of the elements listed below to operating your business in Southeast Alaska? Top Benefits



Only four factors were rated as providing a higher benefit than barrier. These are described below with a detailed analysis of which industries and communities most benefit from these factors:

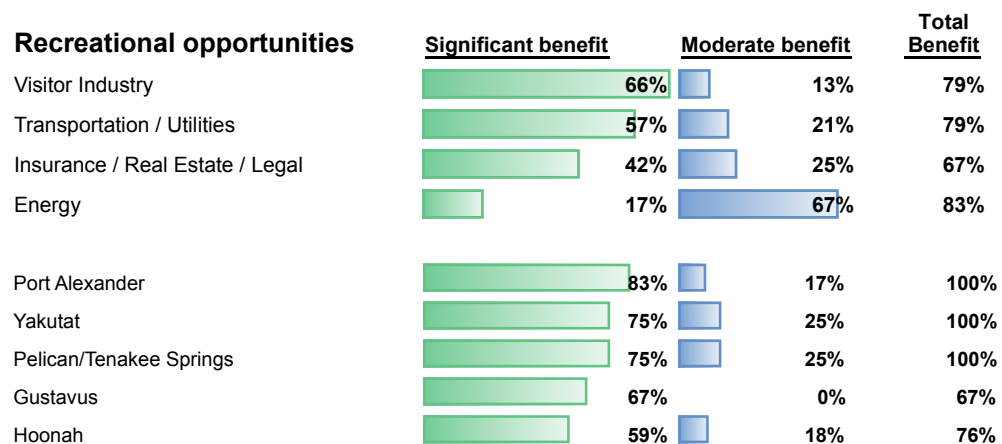
Overall Quality of Life:

74% of business leader respondents said that the overall quality of life offered by living and working in Southeast Alaska is a benefit to their business. In terms of total benefit (significant benefit + moderate benefit) those in the transportation/utilities sector rated overall quality of life the highest, with 86% of business leaders calling overall quality of life a benefit to their businesses, while more than half of all arts and visitor industry leaders called quality of life a significant benefit. Business leaders in Pelican, Tenakee Springs, Port Alexander, and Gustavus were most likely to call overall quality of life a significant benefit, followed by Prince of Wales communities, while business leaders in Angoon, Ketchikan, and Skagway were least likely to do so.



Recreational Opportunities:

63% of business leader respondents said access to the region's recreational resources is a significant or moderate benefit to their business. While energy sector leaders gave this the highest total benefit rating, with 83% calling recreation a benefit to their business, more than half of visitor and transportation/utilities sector leaders called access to recreation a significant benefit to their businesses. Business owners in Port Alexander, Yakutat, Pelican, Tenakee Springs, and Hoonah were most likely to call recreational opportunities in their communities a significant benefit to their businesses, while those located in Metlakatla and Skagway were least likely to do so.



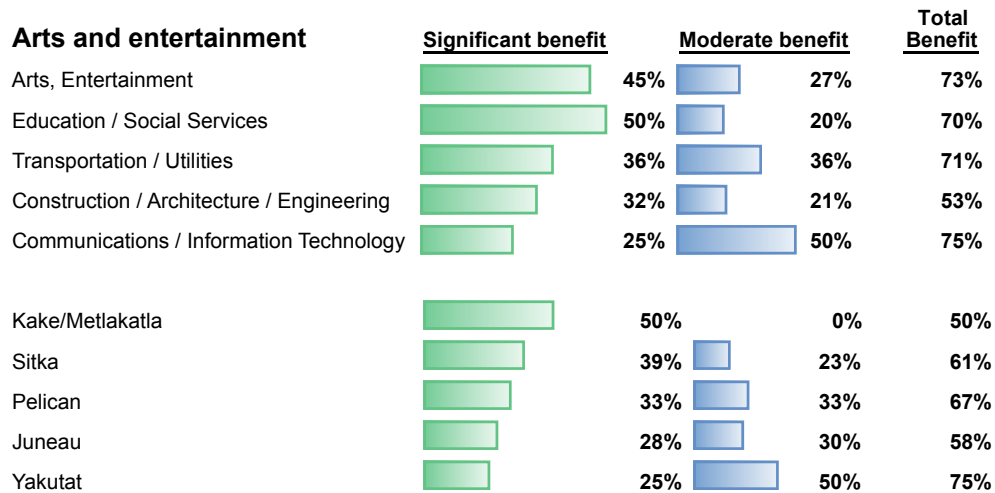
Cultural Opportunities:

54% of business leader respondents said that Southeast's cultural opportunities are beneficial to their business, with the education & social services, arts & entertainment, insurance/real estate/legal, and transportation/utilities sectors rating local culture higher than all other industry sectors. While also rating culture highly, it was surprising not to see the visitor industry in the top four industries calling cultural opportunities a significant benefit. Business leaders in Yakutat, Pelican, Kake, Metlakatla, Hoonah, and Gustavus were most likely to call culture a "significant benefit" to their businesses. "Cultural opportunities" were not specifically defined for the purposes of this survey.

Cultural opportunities	<u>Significant benefit</u>	<u>Moderate benefit</u>	<u>Total Benefit</u>
Education / Social Services	 50%	 30%	80%
Arts, Entertainment	 45%	 23%	68%
Insurance / Real Estate / Legal	 42%	 17%	58%
Transportation / Utilities	 36%	 36%	71%
Yakutat	 75%	 25%	100%
Pelican	 67%	 33%	100%
Kake	 50%	0%	50%
Metlakatla	 50%	0%	50%
Hoonah	 35%	 24%	59%
Gustavus	 33%	 33%	67%

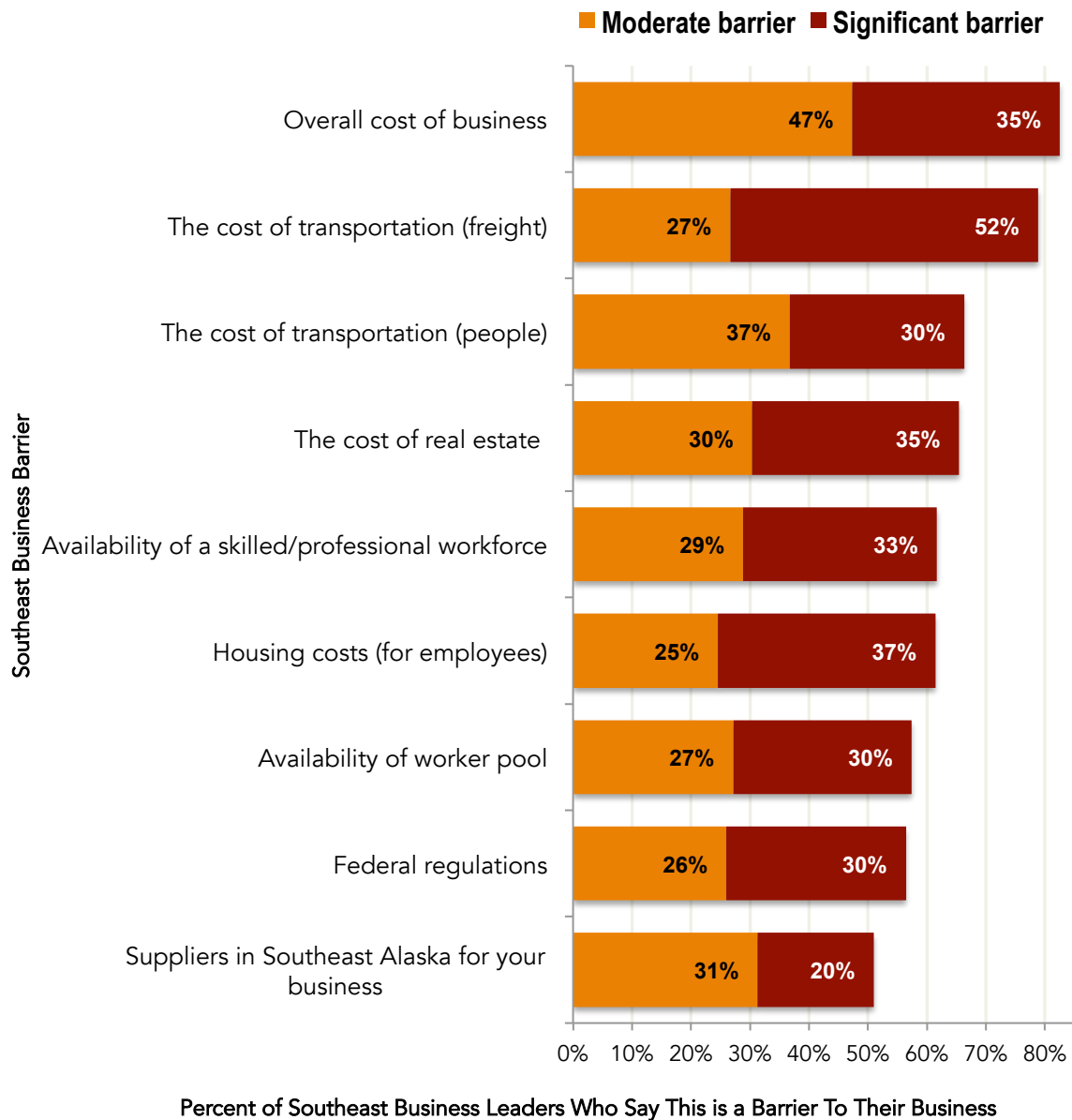
Arts:

49% of all business leaders responded that the arts is a benefit to their businesses. Art was most highly rated by the IT and Arts sectors, while education/social services sector respondents were most likely to call arts and entertainment a significant benefit. Business leaders in Kake, Metlakata, Sitka, Pelican, Juneau, and Yakutat were most likely to call the Arts a significant benefit to their businesses, with Yakutat ranking the Arts as the highest total benefit. No business leaders in Angoon, Prince of Wales, Haines, or Gustavus rated arts and entertainment as a significant benefit to their industry.



Regional Business Barriers

How significant are each of the elements listed below to operating your business in Southeast Alaska? Top Barriers N=359



Regional Business Barriers

More than half of respondents describe nine factors as a significant or moderate barrier. These are described below with a detailed analysis of which industries and communities most feel these factors are barriers:

Overall Cost of Business:

82% of all business leaders surveyed called the costs associated with doing business in the region a barrier. All of those in mining and IT called overall costs a barrier, while 80% of those in the timber industry called associated costs a significant barrier. While all respondents from Kake, Metlakatla, Port Alexander, and Gustavus called the overall cost of business a barrier, Hoonah business leaders were most likely to name this as a significant barrier.

Overall cost of business	<u>Significant barrier</u>	<u>Moderate barrier</u>	<u>Total Barrier</u>
Mining	 60%	 40%	100%
Communications / Information Technology	 50%	 50%	100%
Timber / Forest products	 80%	 0%	80%
Food / Beverage Services	 59%	 36%	95%
Transportation / Utilities	 27%	 67%	93%
Arts, Entertainment	 17%	 74%	91%
Visitor Industry	 47%	 42%	89%
Hoonah	 65%	 18%	82%
Kake	 50%	 50%	100%
Metlakatla	 50%	 50%	100%
Port Alexander	 50%	 50%	100%
Yakutat	 50%	 50%	100%
Gustavus	 33%	 67%	100%

Cost of Transportation (freight):

The high cost of freight transportation is deemed a barrier to 79% of regional business leaders. More than half of all industry leaders called freight transportation costs a significant barrier to business operations. Freight costs are felt most painfully for those in the timber, trade, and food industries. More than half of all business leaders in Hoonah, Yakutat, Haines, Ketchikan, Sitka, Skagway, and Petersburg noted that freight costs pose a significant barrier to their businesses.

The cost of transportation (freight)	Significant barrier	Moderate barrier	Total Barrier
Timber / Forest products	 80%	 20%	100%
Retail / Wholesale Trade	 75%	 21%	96%
Food / Beverage Services	 59%	 36%	95%
Visitor Industry	 52%	 34%	87%
Seafood / Fishing / Maritime	 56%	 26%	81%
Hoonah	 76%	 12%	88%
Yakutat	 75%	 25%	100%
Haines	 71%	 18%	88%
Ketchikan	 63%	 14%	77%
Sitka	 63%	 28%	91%
Skagway	 62%	 24%	85%
Petersburg	 60%	 15%	75%

Cost of Transportation (people):

67% of the region's business leaders called the cost of transporting people to and from and within the region a barrier to operating their business, with 37% referring to this as a "significant" barrier. The industry feeling most impacted by the costs of transportation include timber, arts, mining, education/social services, along with the visitor and health care industries. Business leaders in Gustavus, Hoonah, Port Alexander, Petersburg, Sitka, and Ketchikan were most likely to call the cost of traveling a significant barrier.

The cost of transportation (people)	Significant barrier	Moderate barrier	Total Barrier
Timber / Forest products	 60%	 40%	100%
Arts, Entertainment	 52%	 35%	87%
Mining	 40%	 40%	80%
Education / Social Services	 40%	 40%	80%
Visitor Industry	 41%	 31%	72%
Health Care	 27%	 45%	73%
Gustavus	 67%	 33%	100%
Hoonah	 65%	 18%	82%
Port Alexander	 50%	 17%	67%
Petersburg	 40%	 20%	60%
Sitka	 39%	 39%	77%
Ketchikan	 37%	 43%	80%

Cost of Real Estate:

The high cost of real estate was considered a problem by 65% of industry officials, with those in the food/beverage, transportation/utilities, and trade sectors reporting the highest levels of impacts to their businesses. In terms of location, those operating businesses out of Hoonah, Sitka, Skagway, Juneau, and Ketchikan are most likely to find the cost of renting or purchasing a building or land to operate their businesses a burden.

The cost of real estate	Significant barrier	Moderate barrier	Total Barrier
Food / Beverage Services	 59%	 27%	86%
Transportation / Utilities	 53%	 33%	87%
Retail / Wholesale Trade	 47%	 34%	81%
Hoonah	 59%	 18%	76%
Sitka	 53%	 38%	91%
Skagway	 47%	 38%	85%
Juneau	 41%	 27%	68%
Ketchikan	 29%	 37%	66%

Housing Costs:

More than half of industry officials in the transportation, mining, and food industry sectors, along with those located in Skagway, Sitka or Yakutat, said that housing costs for employees is a significant barrier to their operations.

Housing costs	Significant barrier	Moderate barrier	Total Barrier
Transportation / Utilities	 67%	 7%	73%
Mining	 60%	 40%	100%
Food / Beverage Services	 52%	 19%	71%
Skagway	 58%	 15%	73%
Sitka	 55%	 35%	90%
Yakutat	 50%	 25%	75%
Hoonah	 44%	 25%	69%
Juneau	 42%	 22%	64%
Ketchikan	 37%	 34%	71%

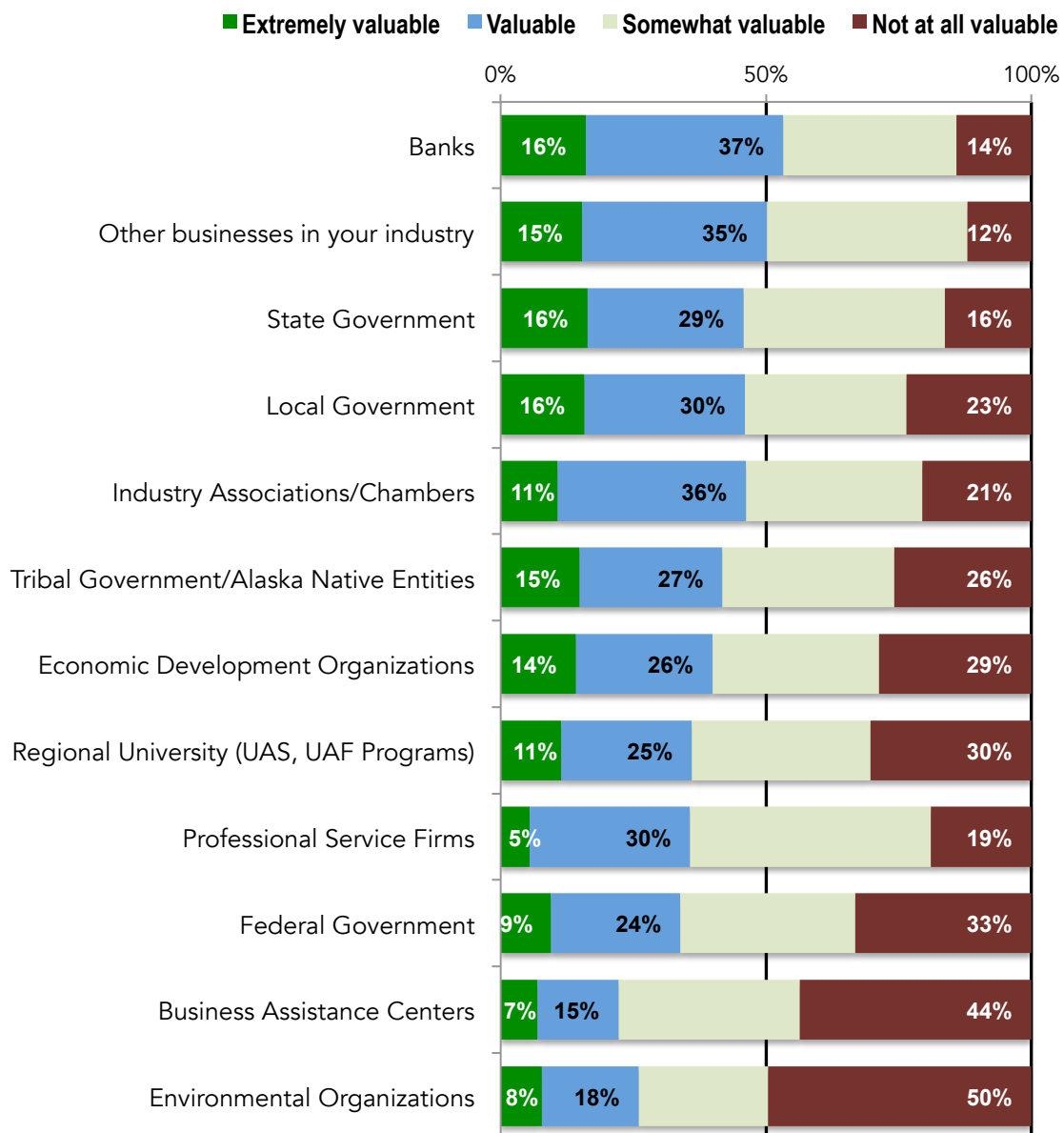
Electricity Costs:

While electricity costs were not rated as one of the top nine business barriers overall—all business leaders responding from Angoon, Kake, and Tenakee Springs called electric costs a “significant barrier” along with more than three-quarters of respondents from Hoonah and Yakutat.

Networks

We also asked business leaders (only) about how valuable their interactions with other organizations are to their businesses. Possible answers included: Not At All Valuable, Somewhat Valuable, Valuable, Extremely Valuable, Not Applicable, and Don't Know. Business leaders said that banks provide the most value to them, while interactions with environmental groups provide the least value.

Please rate how valuable interaction with each of the following Southeast Alaska institutions is to your business. N=336



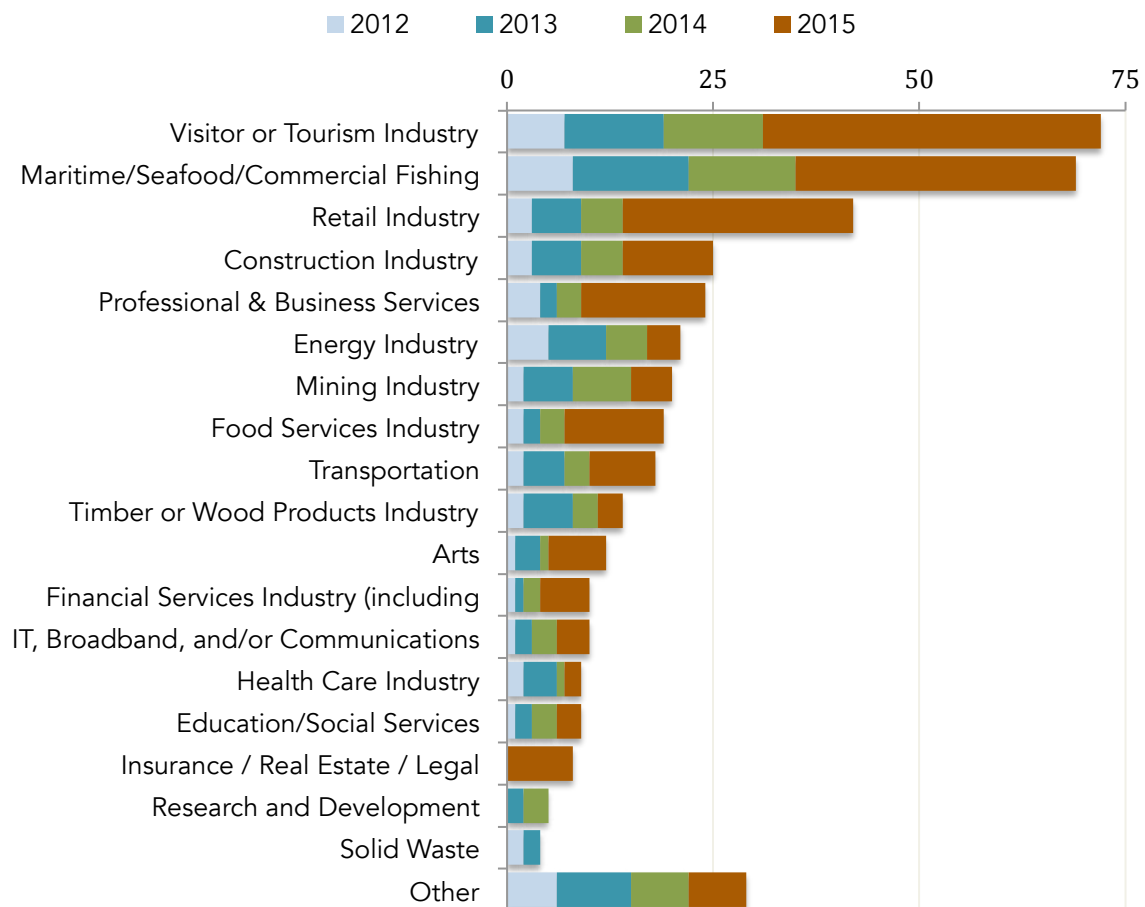
Private Investment Findings

The Southeast Alaska Private Investment Survey is conducted annually, and in 2015 these investment questions were asked in conjunction with the Business Climate Survey. Survey respondents reported private investments by 202 businesses in 24 Southeast Alaska communities. (An additional 82 businesses reported that they made no investments beyond business and payroll expenses). Investors were asked to report investment ranges, rather than exact dollar amounts. Overall, the Southeast Alaska 2015 Private Investment Survey documents \$215 million to \$474 million of private investment in the region over the past 12 months (July 2014 through June 2015), with a midpoint investment of \$345 million. The following charts and tables provide a more detailed summary of the survey findings.

Responding Investors by Sector

Approximately half of all respondents in 2015 who reported investments were in the visitor, maritime, and retail sectors. Other industries with some of the largest amount of investment represented by respondents in 2015 included professional & business services, and food services. Respondents reporting no investments were not included in this chart.

Number of Respondents by Sector 2012-2015



Private Investment Word Cloud

Business leaders were asked to provide a short description of the purpose of their investments in the last year. This word cloud is a visualization of the 202 responses, with more frequently used words appearing more prominently. To see verbatim responses, see Appendix II.



Private Investment Range by Sector

Results were also analyzed by investment range per sector. Overall, \$216 million to \$474 million of private investment in the Southeast Alaska region was documented by the survey in the 12-month period between July 2014 and June 2015. Despite reports from only five mining businesses, the regional mining industry reported the highest level of private sector investment—between \$50 and \$100 million in the past 12 months. Businesses involved in retail and wholesale trade also reported a high level of private dollars invested in the region—between \$43 and \$90 million. (Methodology Note: Because organizations involved in mining, trade, transportation, energy, and health care each reported investments of “\$20 million or higher” the maximum ranges for these industries are unknown. For the purposes of reporting, \$30 million was used in place of a maximum amount.)

Total Investment, by Sector (Reported in Ranges)

Sector	Minimum	Maximum	Midpoint	Number of Businesses Reporting Investments
Mining	\$51,100,003	\$105,500,000+	\$78,300,002	5
Retail / Wholesale Trade	\$43,160,018	\$90,550,000+	\$66,855,009	30
Transportation / Utilities	\$27,300,007	\$58,500,000+	\$42,900,004	8
Energy	\$22,005,002	\$50,010,000+	\$36,007,501	4
Health Care	\$20,500,001	\$41,000,000+	\$30,750,001	2
Tourism / Recreation / Hospitality / Accommodations	\$11,770,036	\$25,400,000	\$18,585,018	41
Communications / Information Technology	\$10,555,003	\$21,110,000	\$15,832,502	4
Education / Social Services	\$10,030,002	\$20,060,000	\$15,045,001	3
Construction / Architecture / Engineering	\$6,340,011	\$15,985,000	\$11,162,506	12
Seafood / Fishing / Maritime	\$3,605,031	\$16,550,000	\$10,077,516	36
Arts, Entertainment	\$5,105,004	\$10,215,000	\$7,660,002	8
Professional & Business Services / Consultant	\$1,375,011	\$6,065,000	\$3,720,006	15
Other Non profit	\$1,050,003	\$5,100,000	\$3,075,002	3
Timber / Forest Products	\$1,030,002	\$5,060,000	\$3,045,001	3
Finance / Accounting	\$305,005	\$1,210,000	\$757,503	6
Food / Beverage Services	\$255,008	\$825,000	\$540,004	13
Insurance / Real Estate / Legal	\$250,005	\$805,000	\$527,503	8
Alaska Native Entity	\$5,000	\$10,000	\$7,500	1
Grand Total	\$215.7 million	\$474 million	\$344.9 million	202 business

Despite having a higher number of reported investors, the maritime and visitor industries reported a lower level of total investment (\$3.6 to \$16.5 million and \$11.8 to \$25.4 million respectively). This is because 27 of the 36 maritime business owners reporting in this category are private commercial fishermen whose investments primarily include upgrades and general upkeep of their fishing vessels. Many of the visitor industry investments centered around minor upgrades, remodels, maintenance, and vehicle purchases in preparation for the tourist season.

Investment Range and Respondent by Sector

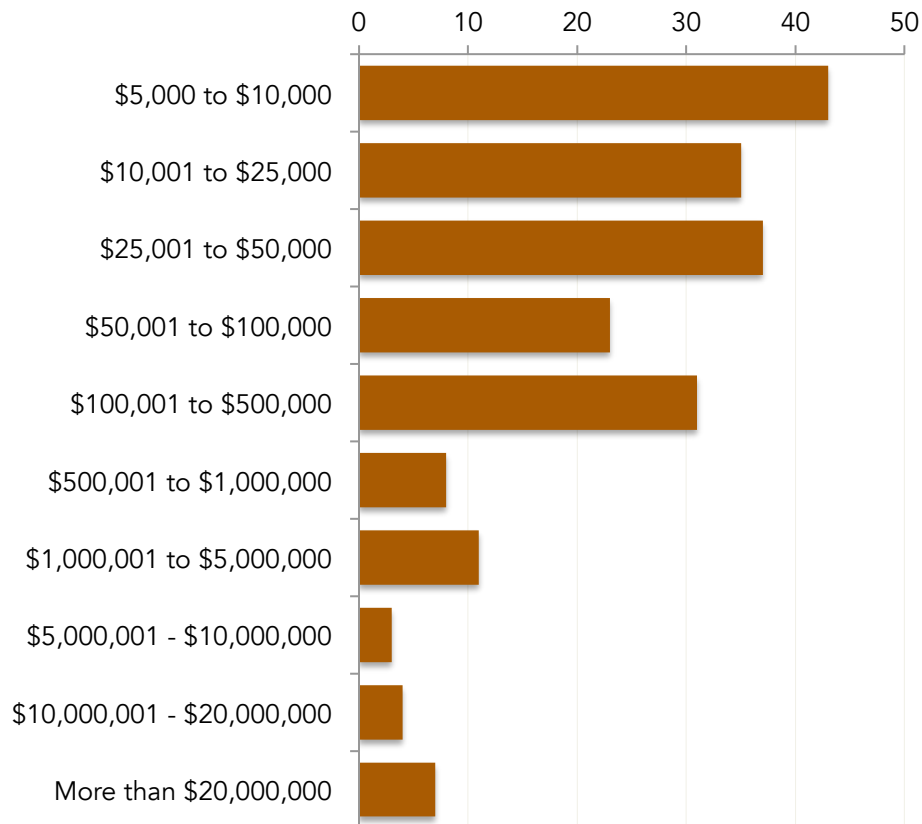
This table shows both respondents and investment range reported by sector, in order to better understand the frequency of private investment by sector.

	\$5,000 to \$10,000	\$10,001 to \$25,000	\$25,001 to \$50,000	\$50,001 to \$100,000	\$100,001 to \$500,000	\$500,001 to \$1,000,000	\$1,000,001 to \$5,000,000	\$5,000,001 - \$10,000,000	\$10,000,001 - \$20,000,000	More than \$20,000,000	Total
Tourism / Recreation / Hospitality / Accommodations	5	12	11	5	6	1	0	0	1	0	41
Retail / Wholesale Trade	10	5	2	2	4	3	1	0	0	2	29
Professional & Business Services / Consultant	4	3	3	3	1	0	1	0	0	0	15
Construction / Architecture / Engineering	1	1	4	2	1	0	1	1	0	0	11
Insurance / Real Estate / Legal	3	1	1	2	1	0	0	0	0	0	8
Arts, Entertainment	4	1	1	1	0	0	0	1	0	0	8
Food / Beverage Services	5	3	4	0	0	0	0	0	0	0	12
Maritime / Seafood / Fishing	5	8	4	6	11	0	1	0	0	0	35
Finance / Accounting	1	0	2	1	2	0	0	0	0	0	6
Education / Social Services	1	0	1	0	0	0	0	0	1	0	3
Timber / Forest products	1	0	1	0	0	0	1	0	0	0	3
Health Care	0	0	0	0	0	1	0	0	0	1	2
Mining	0	0	0	0	1	0	1	0	1	2	5
Transportation / Utilities	0	0	0	0	3	2	1	1	0	1	8
Communications / Information Technology	1	0	0	1	0	1	0	0	1	0	4
Energy	1	0	0	0	0	0	2	0	0	1	4
Other	1	1	3	0	1	0	2	0	0	0	8

Respondents by Investment Range

More than half of respondents (56%) reported spending \$50,000 or less on investment into their private businesses, representing private investment of \$1.5 to \$3.2 million. While only 14 companies reported more than \$5 million in private investments into the region last year, these investments totaled \$195 to \$390 million+ in total investments. The top three “super investor” industries include mining, transportation/utilities, and retail/wholesale trade.

Number of Respondents by Total Investment



Workforce Readiness: Spotlight Analysis

As part of the Business Climate section, business owners and operators were asked about several aspects of workforce readiness. Specific elements were identified as benefits or barriers to operating a business in Southeast Alaska. In each workforce area (quality of local high school and university graduates, and availability of workers and professional labor) business owners were more likely to say that the quality or job readiness of the workforce was a barrier rather than a benefit.

The confidence business leaders have in the various elements of the workforce has decreased in the five years since the last time this survey was administered. Business owners and operators were only half as likely to call any of the elements of workforce readiness a benefit. Those calling local high school and university graduates a benefit fell from 19% for each in 2010 to 11% and 10% respectively. On the other hand, those calling the quality of these graduates a barrier essentially did not change.

Those indicating that the pool of workers—professional, technical, and otherwise—are a benefit fell from 14% in 2010 to just 7% in 2015. Those saying that the lack of qualified candidates was a barrier to their business increased. In 2015, nearly two-thirds (62%) of business leaders called the availability of professional and technical candidates to fill vacant positions a barrier to their business, up from 47% in 2010.

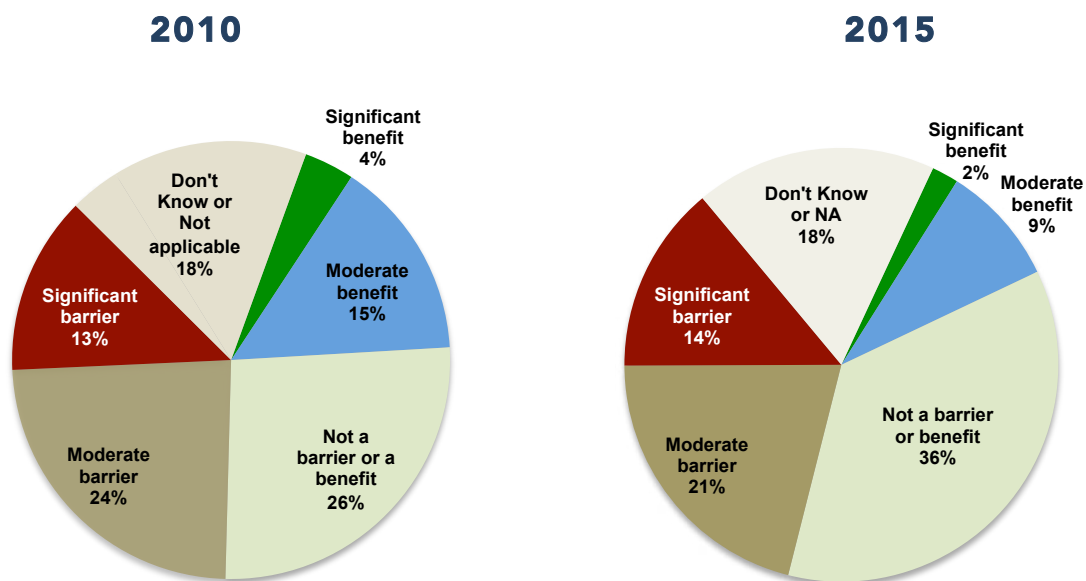
How Significant are Each of the Workforce Elements Listed Below to Operating Your Business in Southeast Alaska?

	The quality of local high school graduates		The quality of local university undergraduates		Availability of a worker pool		Availability of professional & technical workforce	
	2010	2015	2010	2015	2010	2015	2010	2015
Net benefit	 19%	 11%	 19%	 10%	 14%	 7%	 14%	 7%
Significant benefit	 4%	 2%	 5%	 1%	 5%	 1%	 4%	 3%
Moderate benefit	 15%	 9%	 13%	 9%	 9%	 6%	 9%	 4%
Net barrier	 37%	 35%	 21%	 22%	 45%	 57%	 47%	 62%
Moderate barrier	 24%	 21%	 16%	 13%	 28%	 27%	 28%	 29%
Significant barrier	 13%	 14%	 5%	 9%	 17%	 30%	 19%	 33%
Other	 26%	 54%	 35%	 68%	 26%	 35%	 40%	 31%
Not a barrier or benefit	 4%	 36%	 6%	 46%	 2%	 23%	 24%	 20%
Don't Know or NA	 14%	 18%	 20%	 22%	 13%	 12%	 16%	 11%

Quality of K-12 Education in Southeast Alaska

Southeast Alaska business owners have changed their view of the quality of Southeast Alaska public school system. While in 2010, nearly a fifth (19%) said that the quality of local high school graduates was a moderate or significant benefit to their businesses, in 2015 only 11% called the skills possessed by local high school graduates a benefit, with the response “not a barrier or a benefit” increasing by 10%.

How Significant is the Quality of Local High School Graduates to Operating Your Business In Southeast Alaska?



- More than half of business owners in Angoon, Hyder, Hoonah, Yakutat, and Kake called the quality of education of local high school graduates a “significant barrier”.
- Business owners in Tenakee Springs, Pelican, Port Alexander, and Petersburg rated their high school graduates as a benefit for local businesses.

Participants Overview

The survey was taken by 506 individuals, including 416 Southeast Alaska business owners and top managers. Business owners and operators from 29 communities in Southeast Alaska responded to the survey. This includes 165 company presidents, owners, or CEOs, and 84 senior executives, senior officials, directors, vice presidents, or managers. An additional 167 business persons who took the survey identified themselves as self-employed. Non business owners and officials could take a shorter community survey, and thus there were also 44 government officials, and 46 community members who also began the survey. Generally the “blank” category below represents incomplete surveys, except in the case of “other.” Overall, 463 surveys were considered to be completed enough to be responsive.

Responses by Industry

Industry	Owner President CEO	Senior Executive Official Director VP, or Manager	Self- Employed	Gov't	Other	Total
Alaska Native entity	1	2				3
Arts, Entertainment	7	3	19		1	30
Communications / Information Technology	4	1	2		1	8
Construction / Architecture / Engineering	13	4	6			23
Education / Social Services	2	2	4		1	13
Energy	3	2	2			7
Federal government				4		4
Finance / Accounting	3	9	1			13
Food / Beverage Services	13		7		5	25
Health Care	2	5	4			12
Insurance / Real Estate / Legal	6	3	6			15
Local government	1	1		18		16
Mining	1	4				5
Other Non profit	3	3			6	12
Professional & Business Services / Consultant	19	10	17			46
Retail / Wholesale Trade	33	3	22			58
Seafood / Fishing / Maritime	8	7	44			61
State government			2	12		12
Timber / Forest products	2	2	2			6
Tourism / Hospitality / Accommodations	32	9	24		3	70
Transportation / Utilities	5	13	1			19
Tribal Government	2	1		1		4
(blank)	5		3	9	30	43
Grand Total	165	84	167	44	46	506

Responses by Business Location

Business officials operating organizations in 29 Southeast Alaska communities took the survey. While the survey response generally matches population distribution, business owners in the communities of Juneau, Ketchikan and Sitka are all slightly under-represented, while businesses in Hoonah and Skagway are slightly over-represented.

Community	Responses
Angoon	3
Coffman Cove	2
Craig	10
Edna Bay	1
Elfin Cove	4
Gustavus	4
Haines	25
Hoonah	26
Hyder	1
Juneau	176
Kake	6
Kasaan	6
Ketchikan	43
Klawock	4
Klukwan	1
Kupreanof	1
Metlakatla	3
Naukati Bay	1
Pelican	3
Petersburg	26
Point Baker	1
Port Alexander	6
Multiple communities/other	12
Saxman	1
Sitka	39
Skagway	39
Tenakee Springs	1
Thorne Bay	3
Wrangell	27
Yakutat	6
Non-responsive/incomplete	25
Grand Total	506

Location of Participant

The list below shows where the businesses of business leader respondents were located.

Borough or Census Area	Responses
City and Borough of Juneau	176
Ketchikan City and Borough	44
Sitka City and Borough	39
Haines Borough	25
Skagway Municipality	39
City and Borough of Wrangell	27
Prince of Wales-Hyder Census Area	44
Hoonah-Angoon Census Area	42
Petersburg Borough	27
Yakutat City and Borough	6
Total	469
Multiple/other	12
Non-responsive/incomplete	25
All Surveys	506

Appendix I – Matrix of survey responses by position, industry, and community

	Owner, President, or CEO	Senior Executive, Senior Official, Director, Vice President, or Manager	Self-Employed	Government	Other	Total
Alaska Native entity	1	2				3
Kake		1				1
Klawock	1					1
Petersburg		1				1
Arts, Entertainment	7	3	19		1	30
Elfin Cove			1			1
Hoonah			1			1
Juneau	5		7			12
Kake			1			1
Kasaan			1			1
Ketchikan		1				1
Metlakatla			1		1	2
Petersburg			1			1
Sitka	2		1			3
Sitka, Hoonah			1			1
Skagway			1			1
Yakutat			1			1
Did not list community		2	2			4
Communications / Information Technology	4	1	2		1	8
Juneau	3	1				4
Ketchikan	1		1			2
Sitka			1			1
Wrangell					1	1
Construction / Architecture / Engineering	13	4	6			23
Haines		1				1
Hoonah			1			1
Juneau	7	2	3			12
Ketchikan	1	1				2
Petersburg			1			1
Sitka			1			1
Skagway	2					2
Did not list community	3					3
Education / Social Services	2	2	4	4	1	13
Hoonah		1				1
Juneau	1		4	2	1	8
Sitka				2		2
Thorne Bay		1				1
Did not list community	1					1

	Owner, President, or CEO	Senior Executive, Senior Official, Director, Vice President, or Manager	Self-Employed	Government	Other	Total
Energy	3	2	2			7
Angoon			2			2
Auke Bay, Angoon, Hoonah, Kake, Klukwan, Chilkat Valley	1					1
Craig	1					1
Juneau		1				1
Ketchikan	1					1
Presence in virtually all SE AK communities		1				1
Federal government				4		4
Juneau				4		4
Finance / Accounting	3	9	1			13
Haines		1				1
Juneau	2	1	1			4
Ketchikan	1	4				5
Petersburg		1				1
Skagway		1				1
Wrangell		1				1
Food / Beverage Services	13		7	2	3	25
Elfin Cove			1			1
Hoonah			1			1
Juneau	4		1	1		6
Ketchikan			1		1	2
Pelican	1					1
Petersburg			1			1
Port Alexander	1		1			2
Sitka	2			1	1	4
Skagway	5		1			6
Thorne Bay					1	1
Health Care	2	5	4	1		12
Haines	1					1
Hoonah		2				2
Juneau	1	1	2			4
Multiple communities/other		1				1
Sitka				1		1
Skagway			1			1
Wrangell			1			1
Did not list community		1				1
Insurance / Real Estate / Legal	6	3	6			15
Craig			1			1
Haines	1					1
Hoonah			1			1
Juneau	3		2			5
Ketchikan	1	1	2			4
Multiple communities/other		1				1
Yakutat	1	1				2

	Owner, President, or CEO	Senior Executive, Senior Official, Director, Vice President, or Manager	Self-Employed	Government	Other	Total
Local government	1	1		14		16
Hoonah				1		1
Juneau	1			5		6
Kasaan		1		1		2
Petersburg				1		1
Sitka				1		1
Skagway				1		1
Wrangell				3		3
Yakutat				1		1
Mining	1	4				5
Juneau	1	4				5
Other Non profit	3	3			6	12
Elfin Cove					1	1
Hoonah					1	1
Juneau	1				2	3
Kake					1	1
Ketchikan					1	1
Multiple communities/other	1					1
Sitka		1				1
Skagway		1				1
Did not list community	1	1				2
Professional & Business Services / Consultant	19	7	17	3		46
Coffman Cove	1					1
Haines			3			3
Juneau	14	5	7	2		28
Ketchikan	2			1		3
Pelican		1				1
Petersburg			1			1
Sitka	1	1	3			5
Skagway			1			1
Wrangell	1					1
Wrangell, Ketchikan, Petersburg, Juneau, Hoonah, Skagway			1			1
Did not list community			1			1
Retail / Wholesale Trade	33	3	22			58
Haines	5	1	1			7
Hoonah			1			1
Hyder	1					1
Juneau	14		4			18
Kake	1					1
Ketchikan	3					3
Petersburg	2		2			4
Sitka	2	1	2			5
Skagway	2	1	9			12
Wrangell	1		2			3
Yakutat	1					1
Did not list community	1		1			2

	Owner, President, or CEO	Senior Executive, Senior Official, Director, Vice President, or Manager	Self-Employed	Government	Other	Total
Seafood / Fishing / Maritime	8	7	44	2		61
All SE AK		1				1
Coffman Cove				1		1
Craig	1		2			3
Elfin Cove			1			1
Haines	1		2			3
Juneau	2	1	11	1		15
Ketchikan	2	3	1			6
Kupreanof			1			1
Metlakatla			1			1
Multiple communities/other		2				2
Pelican			1			1
Petersburg	1		9			10
Point Baker			1			1
Port Alexander			1			1
Sitka	1		5			6
Skagway			1			1
Wrangell			5			5
Did not list community			2			2
State government			2	10		12
Juneau			1	9		10
Skagway			1			1
Did not list community				1		1
Timber / Forest products	2	2	2			6
Hoonah	1					1
Hoonah, Kake, Ketchikan, POW		1				1
Ketchikan	1	1				2
Thorne Bay			1			1
Wrangell			1			1
Tourism / Recreation / Hospitality / Accommodations	32	9	24	2	3	70
Craig	1		1			2
Gustavus	1	1	1			3
Haines	1	1	3	1		6
Hoonah	4	1	4			9
Juneau	11					11
Kasaan				1		1
Ketchikan	2	2	1		1	6
Klawock					2	2
Multiple communities/other	1	1				2
Petersburg	1					1
Port Alexander		1	2			3
Sitka	1		2			3
Skagway	3	1	6			10
Tenakee Springs	1					1
Wrangell	4		3			7
Yakutat		1				1
Did not list community	1		1			2

	Owner, President, or CEO	Senior Executive, Senior Official, Director, Vice President, or Manager	Self-Employed	Government	Other	Total
Transportation / Utilities	5	13	1			19
Craig		1				1
Gustavus		1				1
Juneau		5				5
Ketchikan	1	2				3
Multiple communities/other		1				1
Presence in nearly all SE AK communities		1				1
Sitka	2	1				3
Wrangell			1			1
Did not list community	2	1				3
Tribal Government	2	1		1		4
Hoonah	1					1
Kasaan	1	1				2
Sitka				1		1
Community Respondents	5		3	4	31	43
Craig						1
Edna Bay						1
Haines						1
Hoonah						1
Juneau						13
Klawock						1
Naukati Bay						1
Petersburg						3
Saxman						1
Sitka						1
Wrangell						2
Did not list community	5		3	4	5	17
Grand Total	165	81	167	47	46	506

Appendix II - Private investment descriptions

Responses to "Short Description of Purpose of Investment" presented below:

- 1,000,000 preparation and tooling for building ferries in KTN.
- 40'x120' pole storage building remodeling of existing buildings
- Added a second unit.
- Adding buildings 150,000.
- Airplane maintenance
- Bldg. remodel
- Boat always needs something
- Bought a medium size excavator.
- Purchased a spray polyurethane foam machine.
- Build another hoop house for plant growing
- Building ceramic studio
- Building improvements and upgrades, and addition of shop.
- Business start up funds
- Changed all store lighting to LED to save energy and cost of electricity.
- Commercial fishing for salmon and crab in southeast
- Commercial real estate
- Commercial real estate and improvements
- Complete renovation of Downtown Juneau retail space
- Computer system development less than \$5K
- Concrete sidewalk completely around the house, lawn planted, paved driveway, continuing to complete private residence of home and improving marketing strategies
- Constant maintenance.
- Painting
- Construction of 2 greenhouses, update of equipment in older greenhouse
- Conversion to e-cash register point of sale system
- Create better work stations for employees
- Develop new niche products for market
- Design & construction of cruise ship dock and upland transportation, tourism infrastructure & buildings
- Develop property for business activities.
- Developing mariculture cultivation techniques
- Development of a heli pad and lodge site to improve operations and customer experience for our heli ski operations.
- This will be our second lodge in the Haines area. We have already invested in a historic building in Haines.
- Electronic Equipment replacement
- Electronics
- Energy
- Energy and communications infrastructure.
- Energy and telecom infrastructure
- Energy efficiency upgrades, improvements to commercial fishing vessel, increase/build/purchase gear storage.
- Equipment

- Equipment and Facilities
- Equipment and new location
- Equipment and Technology
- Equipment excavator and skid steer
- Equipment for the boat and boat improvements
- Equipment purchase
- Equipment replacement
- Equipment upgrades
- Equipment upgrades.
- Expanded bear viewing platforms
- Expansion, enhance visitor experience
- Facility and equipment remodeling and upgrades.
- Facility improvements and expansion.
- Facility improvements. Equipment upgrades.
- Facility investments on multiple projects for buildings and equipment
- Facility remodel
- Facility remodel & maintenance, equipment upgrades
- Facility Remodel and New Signage
- Facility repairs
- Feasibility study
- Fishing boat systems upgrade
- Fishing vessel improvements (2 boats) and permit/quota purchases
- Given the economic climate, did not invest during the time period identified. In fact, divested.
- Grow internet business
- I added my first employee. Despite much higher operating costs the IRS still decided they deserve more money from me working 80+hrs a week than what I do. And due to my high IRS bills I am unable to get financing to purchase more equipment that would benefit my business.
- I have not made any investments greater than \$5000 this year that are beyond payroll & usual business expenses this year.
- Improve reliability of our boats.
- Improvement and equipment
- Improvement the fuel dispenser(s) area with cement pour.
- Improvement to commercial fishing boat
- Improvements to commercial fishing vessel
- Improvements to fishing vessel and purchase of net and gear.
- Improvements to rental properties & Bed n' Breakfasts
- Increase services available to community, increase profit
- Information technology upgrades.
- Invested \$ in boat repair, equipment, and fishing gear.
- Invested in new outboard engine and new vehicle to transport guests
- Land improvement, facility improvements
- Land improvements, purchasing new equipment, upgrades and repairs to equipment
- Land improvements.
- Work space upgrade.
- Leasehold improvements

- Loans for community and business development
- Local food
- Location improvements
- Maintenance and major repairs
- Marketing
- Minor improvements to retail space, new shop equipment
- Money to Start up new business.
- Moved grandstand to allow for public promenade and sheet wall repair
- Multiple improvement projects
- My business is significantly related to State capital projects.
- Given major declines in those funds, we have scaled back investments, and reduced staff slightly to weather this lengthy period of decline.
- New 120 bed freshmen residence hall
- New and upgraded equipment and inventory
- New buses
- New computer and office software. Cost \$1600
- New fishing vessel
- New fur sewing machine
- New hangar, aircraft
- New housing construction and Weatherization of private homes
- New safety gear on commercial fishing vessel
- Remodeled a cabin for staff use
- New upgrades on boat
- No investments this year.
- No significant investment. We are just hanging on.
- None no profit for the past 3 years in our business
- Not able to invest due to the market and not making money.
- Not enough income to qualify for a loan for improvements due to the economy
- Office move
- Office remodel
- Opened a new store general operating of both
- Personal training program
- Provide for early floriculture crop.
- Publishing
- Purchase commercial building
- Purchase new land
- Purchase new van to grow business
- Purchase of commercial grade tools for shop
- Purchase of existing business prohibited expenditures beyond this endeavor.
- Purchase of fishing gear
- Purchase of new fishing nets, salmon and long-lining gear, upgrading and maintenance of boat electronics
- Purchase quota share, vessel upgrades
- Purchased another retail business, leased a bigger space, bought a waterfront piece of property
- Purchased IFQ. Built shop.
- Purchased new boat

- Purchased three boats to rent out.
- Re-engine project on small commercial vessel
- Rebuild boat engine and decks on our charter/commercial fishing vessel.
- Refrigeration Seawater System installation
- Remodel
- Remodel
- Remodel
- Remodel and upgrade facility
- Remodel of Bunkhouses to accommodate more employees during peak times.
- Remodel of interior space
- Remodel of space
- Remodel office
- Remodeling of sleeping rooms
- Renovation of dining room and bathroom
- Renovation of retail space
- Renovation of Retail Spaces
- Renovation of roof
- Renovations expansion of facilities.
- Renovations to Hotel
- Rental property
- Research for ways to provide educational support
- Residential construction.
- Retail storage
- Rig my boat up for new fishery
- Road construction for logging and mineral exploration.
- Saving for plans of purchasing new vehicle equipment possibly in the next year.
- Seed money to open to new shop, furnish new retail space.
- Seed money to start business
- Seed money to start new business.
- Seed money to start new company renovation of retail space efficiency upgrade apartment renovation
- Shipyard improvements and tooling for Alaska Class Ferry
- Small expansion of business
- Software/computer upgrades to meet federal regulations
- Staff development - enhanced skillsets
- Start up funds for new business.
- Startup of \$250,000
- Store remodel
- Store remodel, Web Based Store Services
- Sustain and extend mine life
- To get the operation at a level that can compete with storefronts in Skagway during the tourism season.
- To survive
- Tour vehicle
- Trailer purchase for housing.
- Training and Development
- Transfer of ownership.

- Transportation equipment
- Upgrade to facilities.
- Upgraded equipment and preventive maintenance
- Upgrades
- Upgrades
- Upgrades to commercial fishing operation
- Used Juneau as the visual platform for TV commercials
- Vessel upgrade
- We purchased the business
- Weatherizing, furnace replacement, general repairs to old historic building
- Wrangell shipyard

Appendix III - Southeast Alaska Business Climate Survey Instrument

Southeast Alaska Business Climate Survey

Introduction

Are you a Southeast Alaskan small businesses owner, the CEO of a large firm, a vice president of operations, a manager, a commercial fishermen, or an independent artist? If so, then this five minute survey is for you. If you are not a business owner or manager, you will be directed to an important one minute survey just for you.

Every five years Southeast Conference prepares an economic development strategy for Southeast Alaska. The information you provide in this Southeast Alaska 2020 Business Climate Survey will be used to develop the Southeast Alaska economic blueprint for the region. The purpose of this Southeast Alaska Business Climate Survey is to better understand the obstacles and advantages of owning and operating a business in Southeast Alaska. It will also enable us to track change in economic outlook over time by industry and community, along with which institutions are most valuable to local businesses. Finally, it allows us to track reported private investment in the region.

Individual responses will remain confidential, and the findings will only be reported in aggregate. If you have questions, please contact our contractor, Meilani Schijvens, at meilani@raincoastdata.com. Thank you for your participation!

*** 1. Which best describes you?**

- ☐ Owner, President, or CEO
- ☐ Senior Executive, Senior Official, Director, Vice President, or Manager
- ☐ Self-Employed Southeast Alaskan (including small business owners, commercial fishermen, independent artists, etc.)
- ☐ Government
- ☐ Other



Southeast Alaska Business Climate Survey

Business Type

*** 2. Which best describes the primary industry focus of your company? (If your company is involved with more than one focus, check the one that creates the majority of its revenues.)**

- | | | |
|---|---|--|
| ☐ Tourism / Recreation / Hospitality / Accommodations | ☐ Finance / Accounting | ☐ State government |
| ☐ Retail / Wholesale Trade | ☐ Education / Social Services | ☐ Federal government |
| ☐ Professional & Business Services / Consultant | ☐ Timber / Forest products | ☐ Tribal Government |
| ☐ Construction / Architecture / Engineering | ☐ Health Care | ☐ Alaska Native entity |
| ☐ Insurance / Real Estate / Legal | ☐ Mining | ☐ Energy |
| ☐ Arts, Entertainment | ☐ Transportation / Utilities | ☐ Other Non profit |
| ☐ Food / Beverage Services | ☐ Communications / Information Technology | ☐ Other |
| ☐ Seafood / Fishing / Maritime | ☐ Local government | |

Other (please specify)

Southeast Alaska Business Climate Survey

Overall Economic Climate

*** 3. In which Southeast Alaska community are you located?**

Other (You may use box below to name multiple communities - but first check this option from the dropdown menu above)

4. What is the economic outlook for your community?

- ☐ Very good
- ☐ Good
- ☐ Uncertain
- ☐ Poor
- ☐ Very Poor
- ☐ Don't Know

5. How do you view the overall business climate in Southeast Alaska right now?

- ☐ Very good
- ☐ Good
- ☐ Poor
- ☐ Very Poor
- ☐ Don't Know

Southeast Alaska Business Climate Survey

Overall Business Climate

*** 6. Please identify the community in which your business is located.**

Other (You may use box below to name multiple communities - but first check this option from the dropdown menu above)

7. How do you view the overall business climate in Southeast Alaska right now?

- ☐ Very good
- ☐ Good
- ☐ Poor
- ☐ Very Poor
- ☐ Don't Know

8. What is the economic outlook for your business/industry?

- ☐ Much Better
- ☐ Better
- ☐ Same
- ☐ Worse
- ☐ Much Worse

Business Environment: The Cost of Doing Business

9. How significant are the key barriers and benefits to operating your business in Southeast Alaska?

[illegible]

Business Environment: Workforce

[illegible]

Business Environment: Regulatory/Other

[illegible]

Business Environment: Quality of Life

[illegible]

Southeast Alaska Institutions

13. Please rate how valuable interactions with each of the following Southeast Alaska institutions are to your business.

[illegible]

Southeast Alaska Business Climate Survey

Southeast Alaska Private Investment Survey 2015

Private sector investment in a region is a key economic indicator. Southeast Conference tracks private investment in Southeast Alaska annually. This is the 4th Annual Southeast Alaska Private Investment Survey.

Please submit information about any significant private project investments your business or company made between July 1, 2014 and June 30, 2015 in Southeast Alaska.

Investment is any expenditure beyond your typical business and payroll expenses. Examples from last year include:

Facility remodel. Improvements to commercial fishing vessels. Land improvements. Purchase of halibut quota shares. New Airplane. Renovation of retail space. Road construction. Seed money to start a new company. Feasibility Study. Energy- efficiency upgrade.

We are tracking private sector business or company investments, regardless of the source of the funding. As with the rest of the survey, all individual survey answers are 100% confidential. Results will be reported in aggregate only.

14. Short description of purpose of investment:

15. Total Amount of Investment (between July 1, 2014 and June 30, 2015).

- ☐ \$5,000 to \$10,000
- ☐ \$10,001 to \$25,000
- ☐ \$25,001 to \$50,000
- ☐ \$50,001 to \$100,000
- ☐ \$100,001 to \$500,000
- ☐ \$500,001 to \$1,000,000
- ☐ \$1,000,001 to \$5,000,000
- ☐ \$5,000,001 - \$10,000,000
- ☐ \$10,000,001 - \$20,000,000
- ☐ More than \$20,000,000
- ☐ No investments

Southeast Alaska Business Climate Survey

Business Information

16. What year did your business first establish a presence in this region?

17. Approximate number of people employed by your business in Southeast Alaska.

18. What were the Gross Revenues for your company in 2014 (approximately)?

- ☐ Less than \$500,000
- ☐ \$500,000 to \$1 million
- ☐ \$1 million to \$4.9 million
- ☐ \$5 million or more
- ☐ Don't know

Southeast Alaska Business Climate Survey

Generations

19. What generation do you consider yourself a part of?

- ☐ Greatest Generation 1901 - 1927
- ☐ Silent Generation 1928 - 1945
- ☐ Baby Boomers 1946 - 1964
- ☐ Generation X 1965 - 1980
- ☐ Millennial Generation/Generation Y 1981 +

20. How long have you lived in Southeast Alaska?

- ☐ Less than 2 years
- ☐ 2 to 5 years
- ☐ 6 to 15 years
- ☐ More than 15 years

Southeast Alaska Business Climate Survey

Thank You For Taking the Survey

21. To avoid duplication of responses, please provide the information below. (Remember, all individual surveys and answers are confidential).

Name

Organization

Email

Thank you so much for taking this survey!

If you have any questions about this survey, contact Meilani Schijvens at meilani@raincoastdata.com or

Shelly Wright, Southeast Conference Executive Director at shellyw@seconference.org. To learn more about

the Southeast 2020 Economic Plan visit our website at <http://seconference.org/strategy>.

Please share this survey. The direct link is <https://www.surveymonkey.com/r/SEbusinessSurvey>

