MARCH 2023

Skagway Economic Baseline Report

Prepared for

Skagway Development Corporation

Prepared by

McKINLEY RESEARCH GROUP, LLC

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Cover: Stock photo

Executive Summary

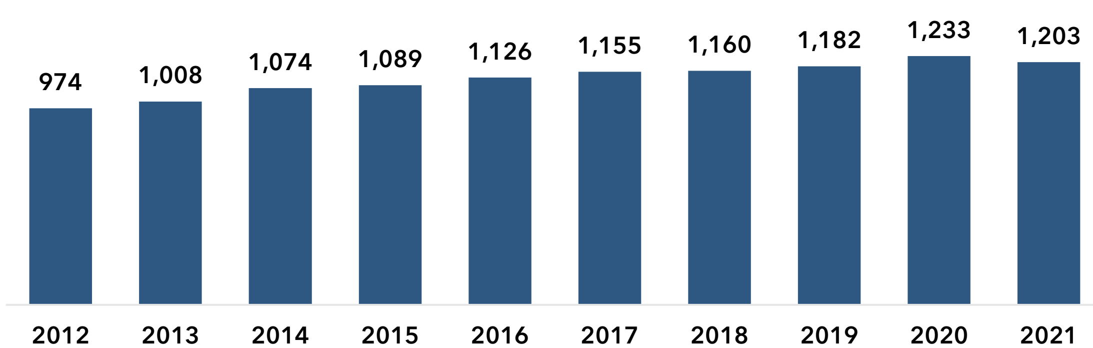
Skagway Development Corporation contracted with McKinley Research Group to develop an economic baseline report and a five-year economic development plan. This document is the economic baseline report and is intended to serve as a foundation for development of the strategic plan, to provide a set of metrics against which to measure future progress and trends, and to inform program and policy development.

Baseline Data

DEMOGRAPHICS

Skagway was home to about 1,200 residents in 2021. From 2012 to 2021, Skagway's population grew by 24%. Analysis of vital statistics and Permanent Fund Dividend filer data indicates that about 75% of the population growth was driven by net migration (people moving to Skagway) and about 25% was driven by natural population increase (births).

Population, Municipality of Skagway, 2012-2021

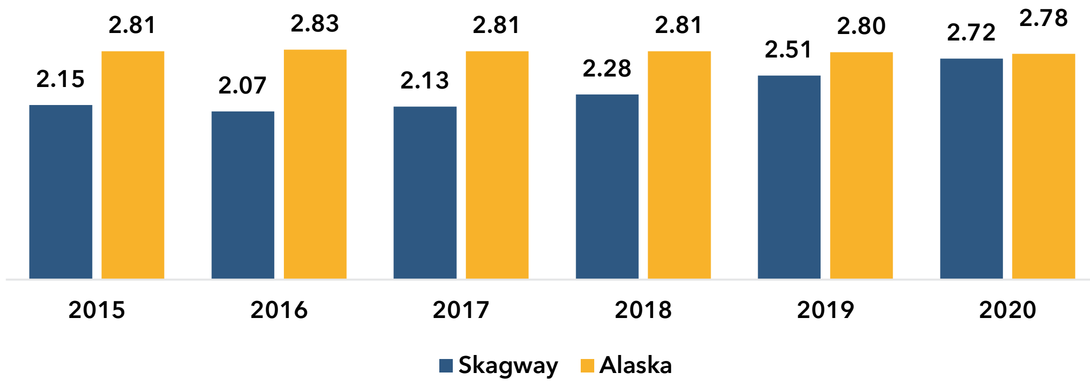


Skagway's school district enrollment grew by 55% over the decade, with marked growth from 2012 to 2016. In the 2021-2022 school year there were 144 students enrolled pre-kindergarten through grade 12. Skagway's median age in 2020 was 41.6, slightly above the median age of 40.4 in the Southeast economic region and 35.6 in the state. Skagway's population is about 79% White, 9% multi-racial, 4.5% American Indian/Alaska Native, 4.5% Black, and 3% Asian.

HOUSING

There were 644 housing units in the Municipality of Skagway in 2020, about two-thirds owner occupied and one-third occupied by renters. Median home values in Skagway in 2020 were $416,000, which was 44% higher than the state median. By contrast, average rent for Skagway housing in 2020 (at $1,141) was 14% below the state average. Skagway's average household size in 2020 was 2.72 people per household, approaching the statewide average of 2.78 people.

Average Household Size, Skagway and Alaska Statewide, 2015-2020

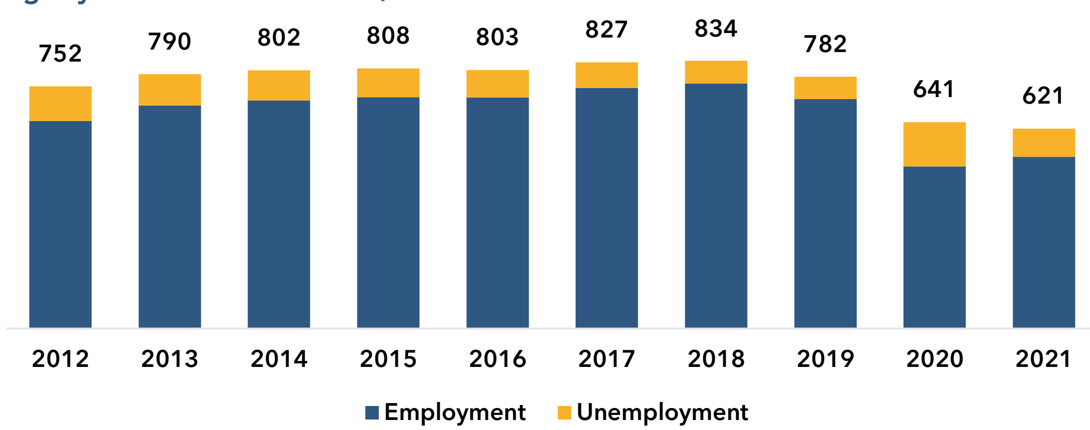


Source: American Community Survey.

LABOR FORCE

From 2012 through 2018, wage and salary employment in Skagway grew 11%. In 2020, employment dropped dramatically when the COVID-19 pandemic canceled cruise activity. In 2021, there were 621 wage and salary jobs in Skagway – 70% in the private sector and 30% in the public sector – with total wages of $29.6 million.

Skagway Resident Labor Force, 2012-2021



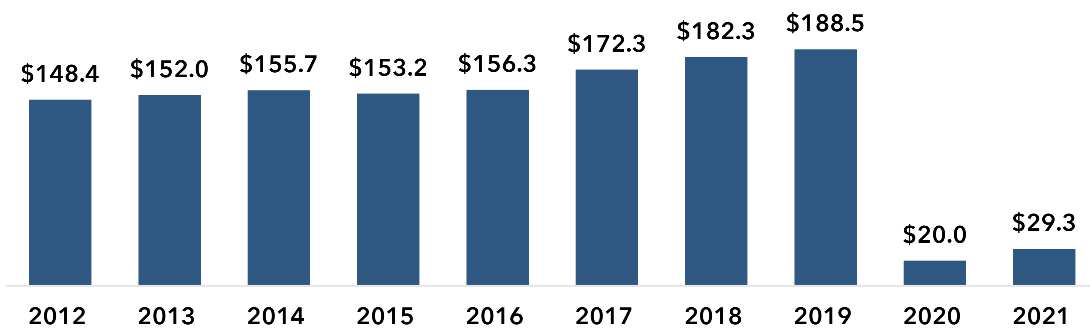
Source: Alaska Department of Labor and Workforce Development.

Skagway's labor force is highly seasonal; in 2021, employment peaked in August at 831 jobs, 69% above January's low of 492 jobs. For most of the past decade, about two-thirds of Skagway's labor force was comprised of non-Alaska residents. The largest private-sector industry was Trade, Transportation & Utilities with nearly 40% of all jobs, followed by Leisure & Hospitality with 15% of jobs. Local government was the most significant public-sector employer. Median household income in Skagway grew by 16% between 2016 and 2020, to $81,080, which was 2% below the state median.

INDUSTRY TRENDS

After rising 27% from 2012 through 2019, business sales in the Municipality of Skagway plummeted 90% when the COVID-19 pandemic hit in 2020. Business sales began to recover in 2021, but remained 80% below 2012 levels.

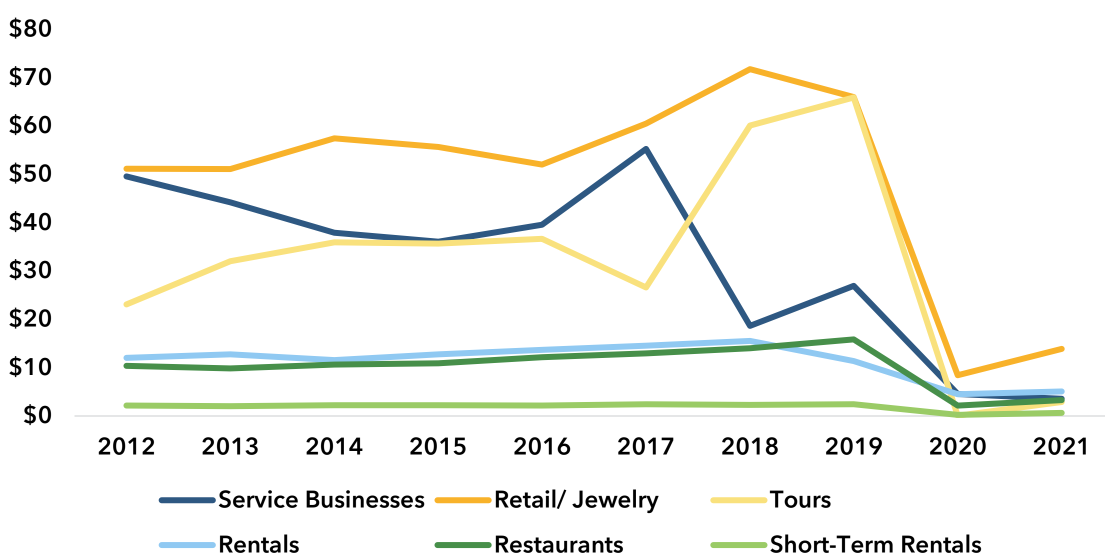
Business Sales, Municipality of Skagway, 2012-2021 (Millions $2021)



Source: Municipality of Skagway.

The Municipality groups business sales in six categories. Over the last decade, Retail/Jewelry was the top-grossing category, with sales peaking at $71.8 million in 2018 and lowest in 2020 at $8.4 million. Service Businesses and Tours were the next-largest categories, and both experienced significant volatility from 2016 through 2021. The other three categories – Rentals, Restaurants, and Short-Term Rentals – had lower total sales over the decade and less volatility.

Taxable Business Sales by Type, Municipality of Skagway, 2012-2021 (Millions, $2021)



Source: Municipality of Skagway.

Community Perspectives

An online survey open to all Skagway residents ages 18 and over was conducted in fall of 2022, and was completed in whole or in part by 139 residents. Select findings are noted below.

ECONOMIC WELLBEING AND EXPECTATIONS

Respondents, on the whole, were more positive about their household's current economic condition than the condition of Skagway's economy. On a scale of 1 (struggling) to 5 (thriving), respondents' average rating for their household wellbeing was 3.0, compared to 2.3 for Skagway's economic condition. Respondents' expectations of economic wellbeing for the next three to five years were about the same for their household and for Skagway, averaging 3.1 and 3.0, respectively, indicating community expectations that Skagway's economy will recover.

COMMUNITY STRENGTHS AND WEAKNESSES

Asked the open-ended question, "What makes Skagway special that you wouldn't want to lose?" the most frequently used word was "community" and related words like "people" and "small-town." Many mentioned year-round and winter opportunities, economic engines such as "businesses" and "tourism," and descriptors like "historic" and "beautiful."

Photo credit: Peter Johnston

Respondents were asked to rate 12 attributes in terms of how much of a strength they represent for Skagway's economic well-being. Transportation and education topped the list of strengths: "access to Canada and the North American road system" had the highest average rating, while "quality of education" had the second-highest average rating. At the bottom of the list of strengths were housing, child care, and health care, indicating these attributes are perceived as areas of weakness.

Word Cloud: Infrastructure Weaknesses

Similarly, respondents were asked to rate 12 attributes in terms of how much of a barrier they represent for Skagway's economic well-being. Cost of transportation and freight topped the list of barriers, followed by cost of living and housing.

Asked to list top infrastructure strengths and weaknesses, ports emerged as both the top strength and top weakness or vulnerability.

Roads/highway were another top infrastructure strength. Housing and internet were frequently cited weaknesses.

EMPLOYMENT

Overall, 82% of survey respondents said they were employed, including almost half (47%) who were employed full-time year-round and 29% employed full-time seasonally. Among all respondents, 9% said someone in the household primarily works remotely.

Photo credit: Cari Hill

Half (52%) of employed residents identified the tourism/hospitality industry, which includes food and beverage businesses, as their primary source of income. The next-most cited industries were government (10%) and professional services (8%). One-third of those employed said they were self-employed.

Introduction

Background and Purpose

This economic baseline report has been prepared for Skagway Development Corporation (SDC), a nonprofit entity whose mission is

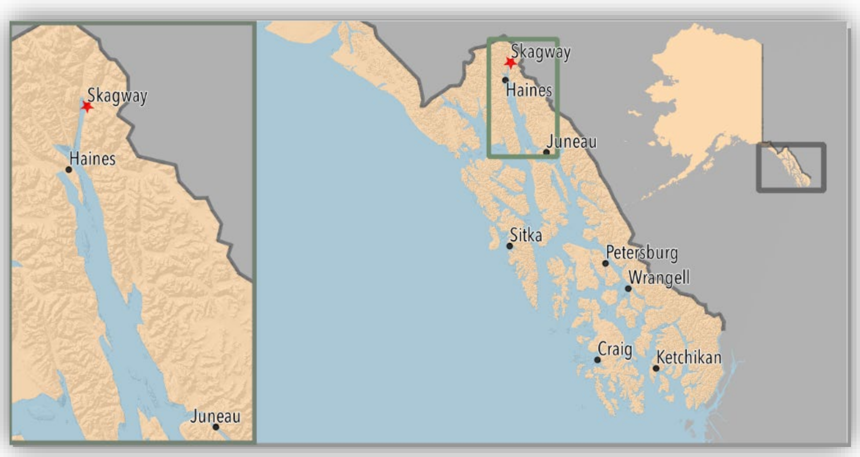
> *to serve the community of Skagway as an advisory, administrative and technical source, by supporting business enterprise and community well-being through connecting people, ideas and resources.*

SDC serves as Skagway's community development office, with services that include a Small Business Resource Center, marketing and promotion activities, funding and fiscal sponsorship for community-based projects, and support of Skagway's 2020 Comprehensive Plan.

SDC recognizes that effective economic development initiatives require a clear understanding of the forces that shape a community's economic wellbeing. To help guide its efforts over the next five years, SDC engaged McKinley Research Group to produce two related products:

(1) A comprehensive report of economic baseline data for all business and industry sectors in Skagway and related economic factors, and
(2) An actionable 5-year economic development strategic plan for the area.

This document is the economic baseline report. It is intended to meet several needs: to serve as a foundation for development of the strategic plan, offering data-driven insights to complement community input and inform discussion; to provide a set of metrics against which to measure future progress and trends; and to serve as a standalone document for program and policy development.



Methodology

This economic baseline report was developed in coordination with SDC. The report synthesizes information and insights gleaned through data collection and analysis and a community survey.

Data Collection and Analysis

Target data sets included population demographics, labor force characteristics, employment and wages, personal income and income distribution, business sales, city revenues, transportation data including cross-border movement, and fisheries permit data. For most data sets, ten-year time series were used to provide trends over the past decade. Data sources included the following:

- *Federal:* U.S. Census and American Community Survey, Bureau of Economic Analysis, Bureau of Labor Statistics, Bureau of Transportation Statistics.
- *State:* Departments of Labor and Workforce Development; Fish and Game; Revenue; Commerce, Community, and Economic Development; and Transportation and Public Facilities.
- *Local:* Skagway Municipality and Borough, Skagway Development Corporation, Skagway Traditional Council, and local associations.

Community Survey

The study team conducted an online survey open to all adult residents of Skagway. The survey instrument was designed in close collaboration with SDC, and asked about residents' sense of personal economic wellbeing, perceptions about the health of the local economy, future expectations, and other questions. The survey was open from September 30 to November 1, 2022, and was fully or partially completed by 139 residents. The survey was incentivized with an opportunity to enter a drawing for one of three gift certificates for local businesses, valued in combination at $468. The survey instrument can be found in the Appendices to this report.

Photo credit: Kaitlyn Jared

Economic Conditions and Trends

Community Overview

Situated at the northern end of the Inside Passage, the Southeast Alaska community of Skagway is home to about 1,200 people. The community is located about 90 miles north of Juneau by water or air and 112 miles south of Whitehorse, Yukon by road. A narrow-gauge railroad also links the community to Canada.

"Skagway" is derived from the Tlingit word *Skaqua* or *Shgagwéi*, "a windy place with white caps on the water" or "the place where the north wind blows." While Skagway's climate is maritime, it is less rainy than most Southeast Alaska communities, with an average of 41 inches of rain (compared to 90 inches in downtown Juneau) and 262 inches of snow.

Surrounded by the rugged peaks of the Coast Range, Skagway's location offers access to the Chilkoot Trail, a rare year-round route through the coastal mountains that historically served as an important trading route linking coastal Tlingit peoples and Interior Athabaskan tribes. In 1897-98, following discovery of gold in the Klondike region of the Yukon, the trail drew tens of thousands of gold seekers. At the height of the Klondike Gold Rush in 1898, Skagway was briefly the largest city in Alaska with a population of nearly 10,000 and an estimated 1,000 prospective miners per week transiting through.

Today, tourism is Skagway's biggest economic driver, and the town plays homage to its colorful Gold Rush history in period-style building facades, tours, and attractions. Recreational draws include hiking the 33-mile Chilkoot Trail and riding the historic White Pass and Yukon Route railway.

Skagway's strategic location and water, rail, and road connections make it an important hub for cross-border movement of people and goods. The Klondike Highway provides a critical linkage between Southeast Alaska and the North American highway system. Skagway's port infrastructure includes an ore terminal, cruise dock, state ferry dock, and private moorage, and is critical to the economy and everyday life in the community.

Photo Credit: Reba Hylton

Demographics

With a population of about 1,200, Skagway has grown steadily since statehood.

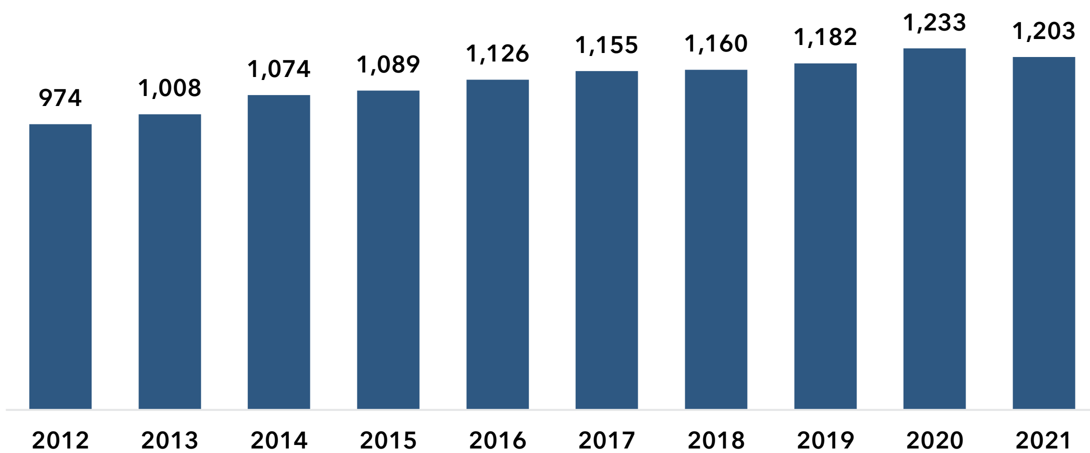
Table 1. Skagway Population, Decennial Census, 1960-2020

	1960	1970	1980	1990	2000	2010	2020
Population	659	675	768	692	862	968	1,233
Ten-Year Change		+2%	+14%	-10%	+26%	+12%	+27%

Source: U.S. Census.

From 2012 to 2021, Skagway's population increased by 24%, to 1,203 in 2021.

Figure 1. Total Population, Municipality of Skagway, 2012-2021



Source: Alaska Department of Labor and Workforce Development.

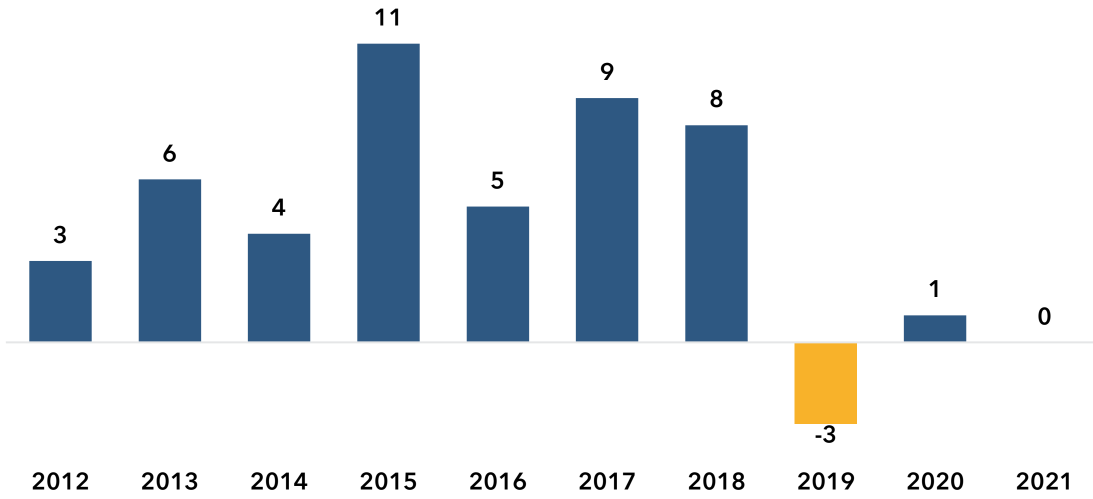
Components of Population Change

State data on births and deaths, combined with Alaska Permanent Fund dividend filer information, shed light on drivers of Skagway's population change. From 2012 to 2021, natural population change – change due to births and deaths – added 43 residents. Net migration – the number who moved in minus the number who moved away - added 128 residents over that period.

This indicates that 25% of the previous decade's population growth was a result of natural increase, while 75% was a result of net in-migration, or people moving to Skagway.

The following figures show Skagway's natural population change (the net result of births and deaths), and net migration over the past decade.

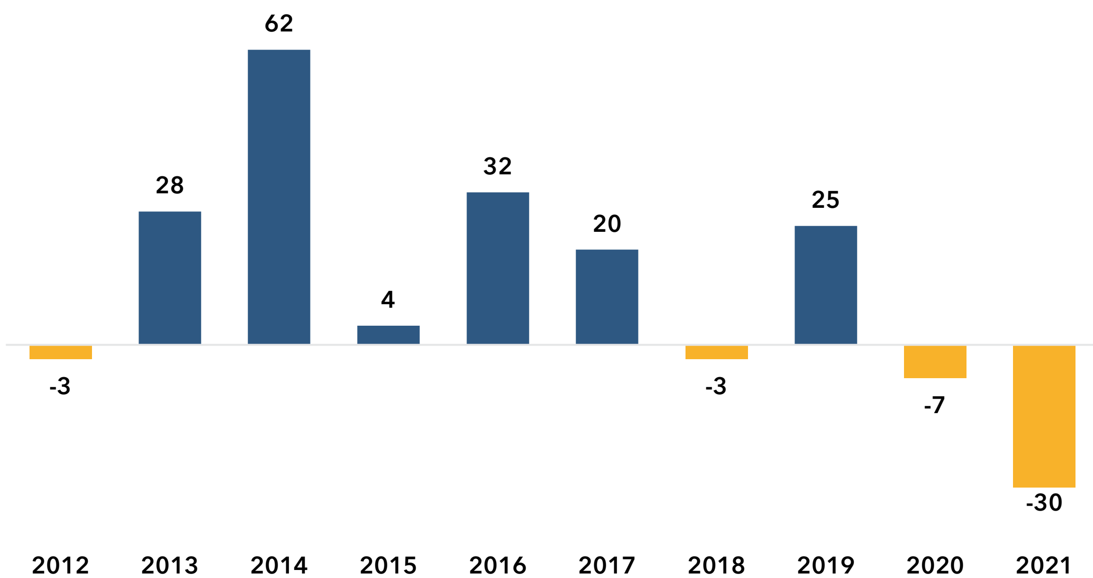
Figure 2. Natural Population Change, Municipality of Skagway, 2012-2021



Source: Alaska Department of Labor and Workforce Development.

Note that net migration figures are larger than natural population change figures.

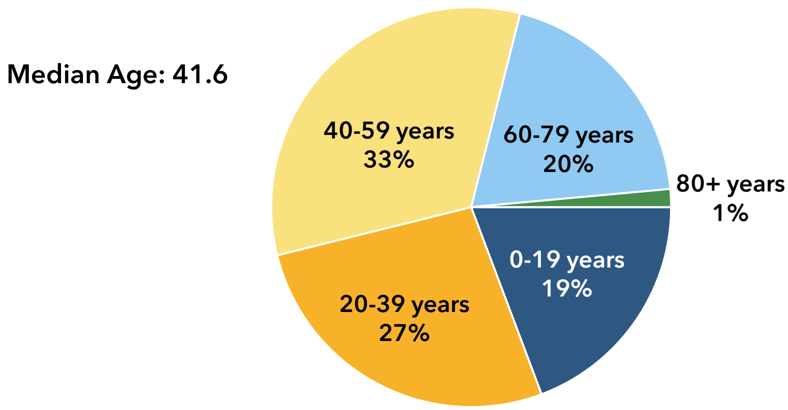
Figure 3. Net Migration, Municipality of Skagway, 2012-2021



Source: Alaska Department of Labor and Workforce Development.
Note: Net migration figures may not sum to PFD-based migration data.

The Alaska Department of Labor and Workforce Development (DOLWD) identifies six economic regions; the Southeast region encompasses communities from Ketchikan Gateway Borough through Yakutat Borough and includes the Municipality of Skagway. Skagway's median age in 2020 was 41.6. Median age in the Southeast economic region was 40.4, and 35.6 in the state.[1]

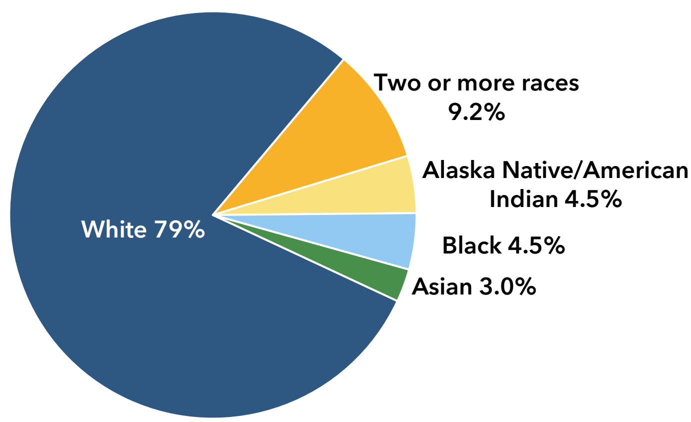
Figure 4. Age Distribution, Municipality of Skagway, 2020



Source: Alaska Department of Labor and Workforce Development.

Skagway's population is 79% White. About 9.2% of residents identify as multi-racial, and 4.5% each identify as American Indian/Alaska Native (AI/AN) or Black/African American, and 3% as Asian.

Figure 5. Race and Ethnicity, Municipality of Skagway, 2020



Source: Alaska Department of Labor and Workforce Development.
Note: Percent minority as defined by the U.S. Environmental Protection Agency for Skagway in 2020 was 21%.

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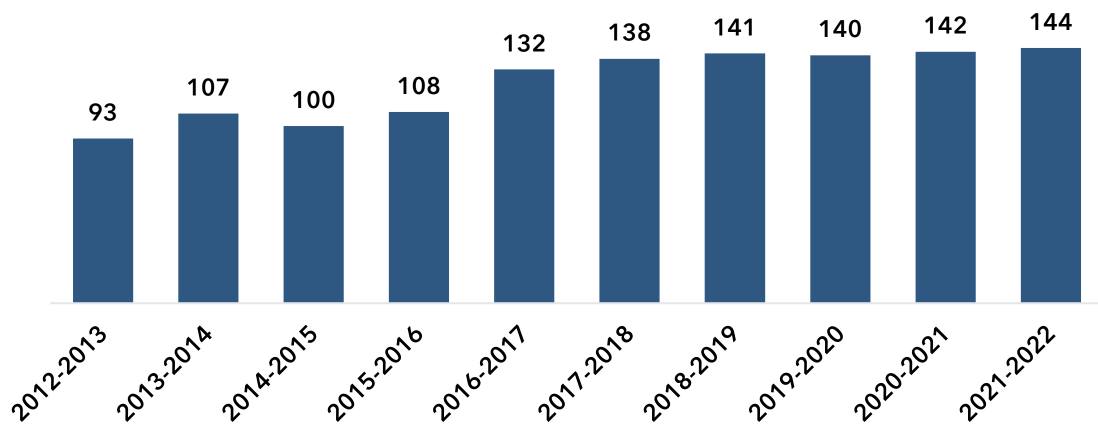
[1] Alaska Department of Labor and Workforce Development, Alaska Population Estimates.

Skagway's school district enrollment grew by 55% over the past decade, with marked growth between the 2015-2016 and 2016-2017 academic years, followed by relatively stable enrollment. Figures include pre-kindergarten through grade 12 enrollment.

Figure 6. Skagway School District Enrollment, 2012-2021

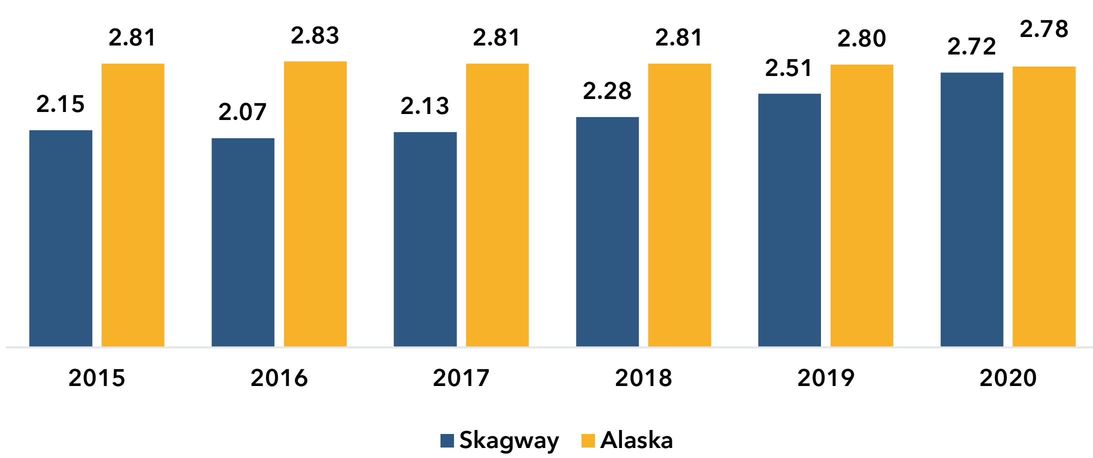


Source: Alaska Department Education & Early Development.

Housing

Skagway's average household size in 2020 was 2.72 people per household, approaching the statewide household average of 2.78 people.

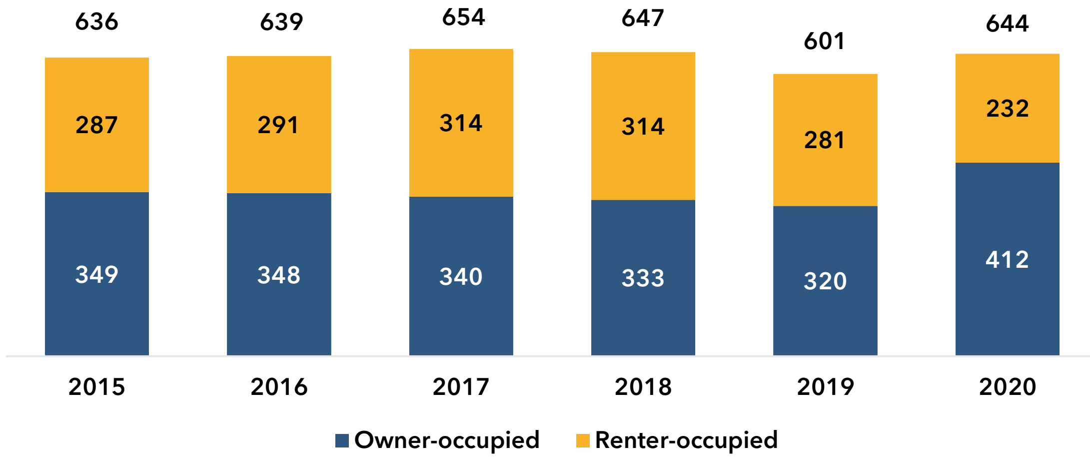
Figure 7. Average Household Sizes, 2015-2020



Source: U.S. Census Bureau, American Community Survey.

The total number of housing units in the Municipality of Skagway in 2020 was 644. About two-thirds were owner occupied and one-third were occupied by renters.

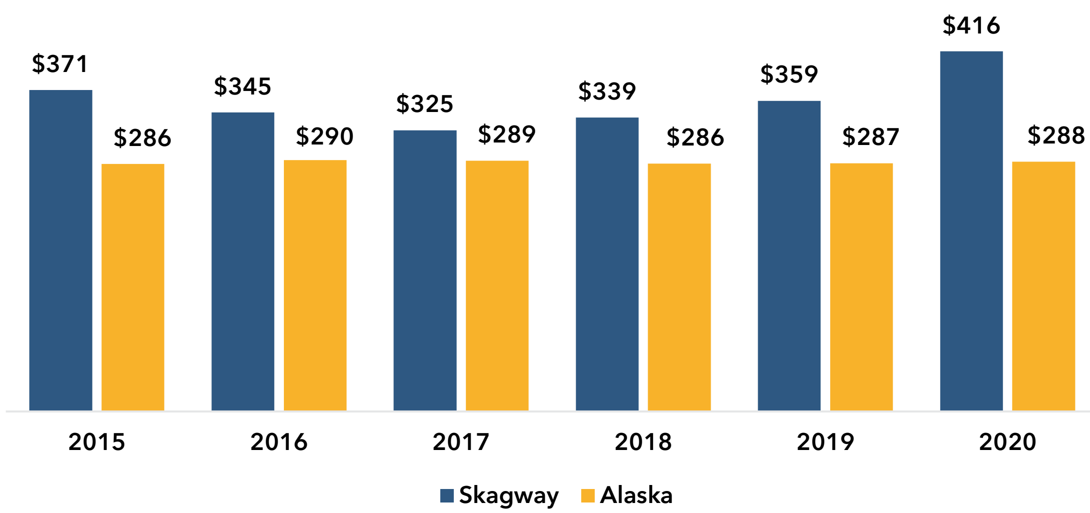
Figure 8. Municipality of Skagway, Total Housing Units by Ownership, 2015-2020



Source: U.S. Census Bureau, American Community Survey.

Median home values in Skagway in 2020 were 44% higher than the state median, at $416,000 compared to $288,000. Adjusted for inflation, Skagway home values rose 12% from 2015 to 2020, while statewide values rose less than 1% over the same period.

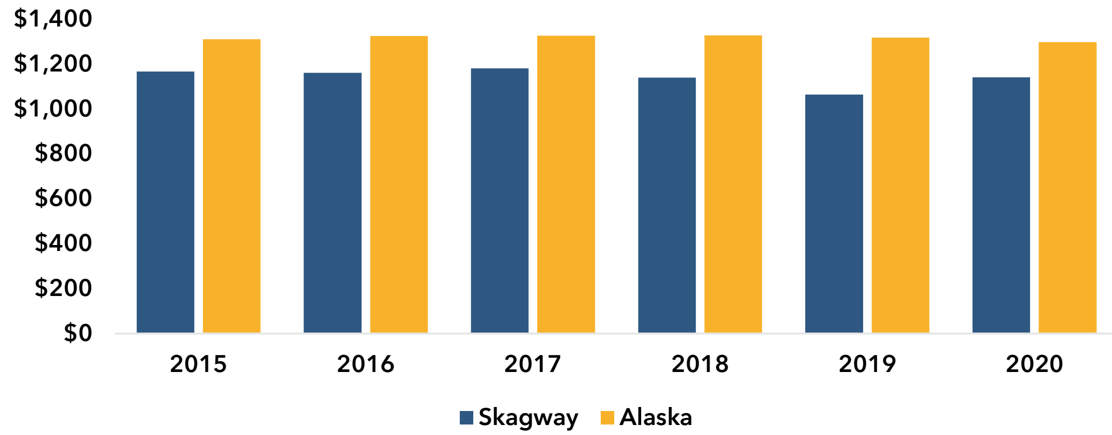
Figure 9. Median Home Values, Skagway, 2015-2020 (Thousands $2021)



Source: U.S. Census Bureau, American Community Survey.

In contrast to home values, average rents for housing in Skagway were lower than statewide average rents from 2015 through 2020, by 14% in 2020. Adjusted for inflation, average rents in Skagway fell by 2% from 2015 to 2020, while statewide average rents fell 1% over the same period.

Figure 10. Average Rents, Skagway, 2015-2020 ($2021)



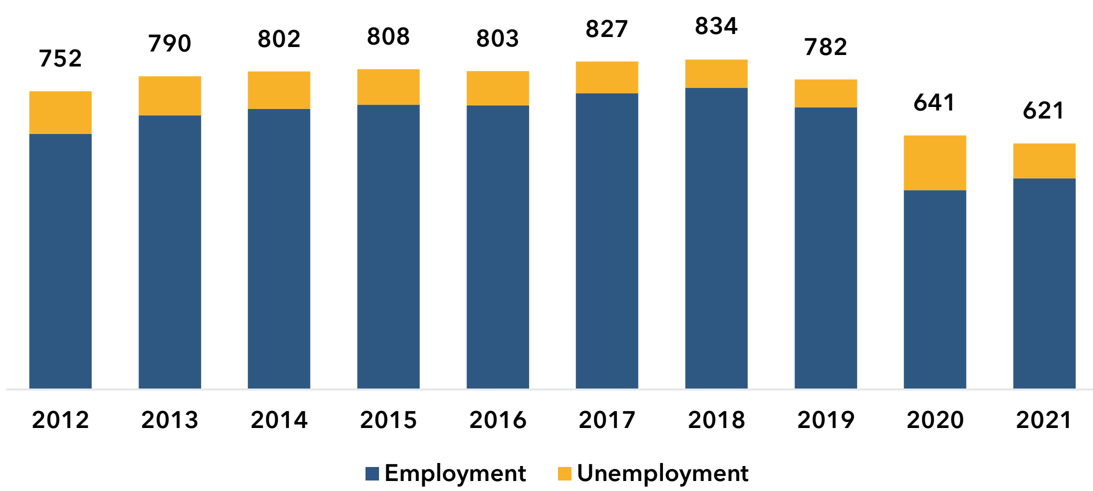
Source: U.S. Census Bureau, American Community Survey.

Labor Force and Unemployment

The figure below shows the number of Skagway residents in the labor force annually from 2012 through 2021. The labor force includes people who are employed (full-time or part-time) as well as those who are unemployed and actively seeking work. For purposes of this data set, employment includes wage and salary jobs, as well as self-employment, and counts those with more than one job only once. This data includes area residents who travel elsewhere for work and excludes nonresidents who work in Skagway.

The data indicate that Skagway's labor force grew from 2012 through 2018 before declining in 2019 and falling further again in 2020. The 2022 resident labor force was about 26% smaller in 2021 than at its peak in 2018.

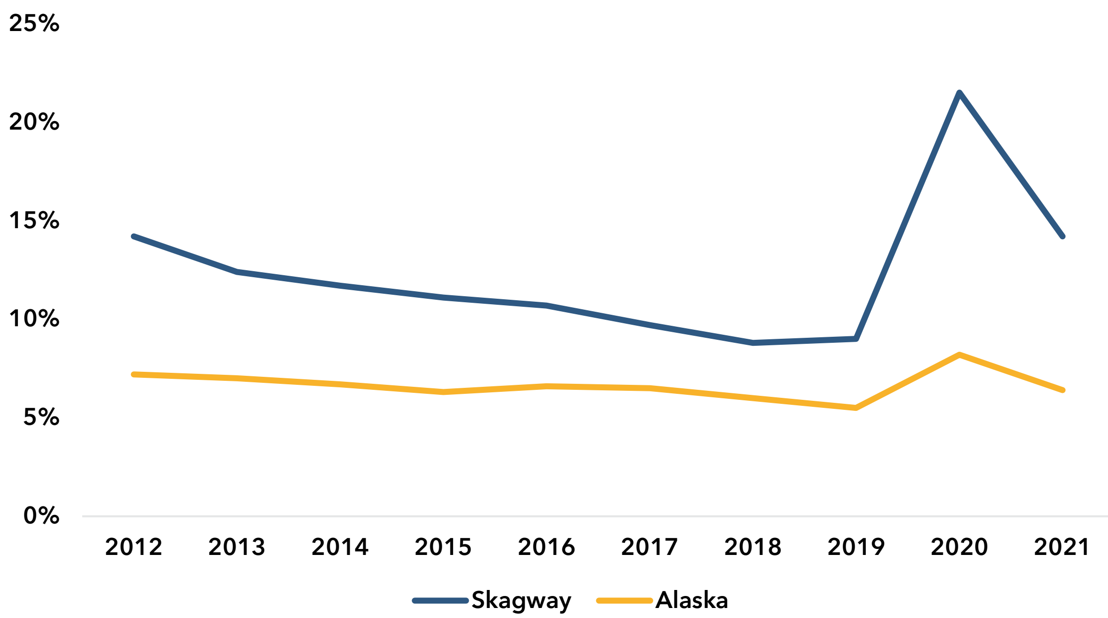
Figure 11. Skagway Resident Labor Force, 2012-2021



Source: Alaska Department of Labor and Workforce Development.

Unemployment rates in Skagway declined from 2012 through 2018. After spiking in 2020, unemployment rates fell in 2021. Skagway's unemployment rates have been higher than state unemployment rates over the previous decade.

Figure 12. Unemployment Rates, Skagway and Alaska Residents, 2012-2021



Source: Alaska Department of Labor and Workforce Development.

Wage and Salary Employment

Wage and salary employment includes all formal employment in Skagway, including jobs held by nonresidents. This data does not include business owners and self-employed workers. If a person holds two wage and salary jobs, total employment will reflect both jobs.

In 2021 there was an annual average of 623 wage and salary jobs in Skagway. Of these, 70% were in the private sector (438 jobs) and 30% in the public sector (185 jobs). Wages totaled about $30 million, 64% of which were generated in the private sector and 36% in the public sector, indicating higher average wages in the public sector than the private sector.

The largest private-sector industry was Trade, Transportation & Utilities with 242 jobs, nearly 40% of all jobs, followed by Leisure & Hospitality with 96 jobs (15% of all jobs) . Local government was the most significant public-sector employer with 121 jobs, followed by 53 federal jobs and 11 state government jobs.

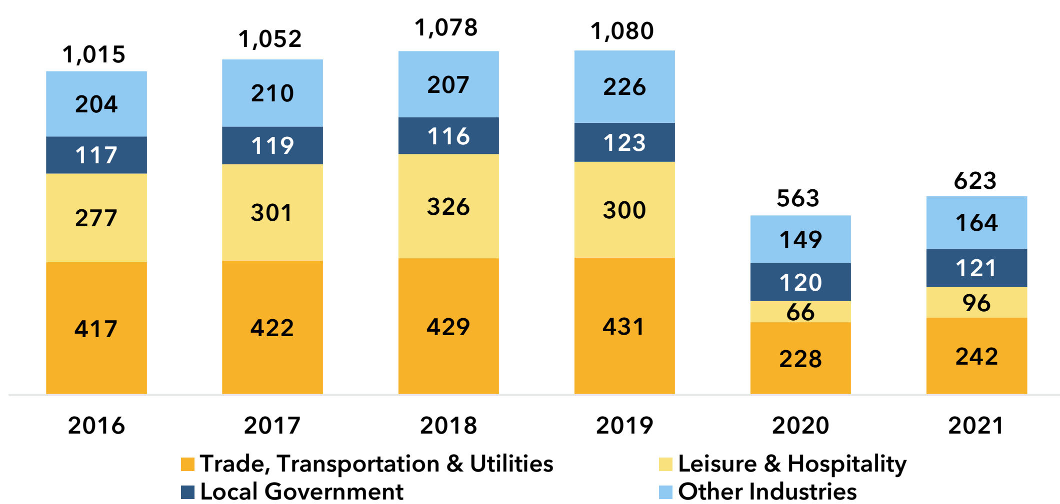
Table 2. Wage & Salary Employment, Skagway, 2021

Industry	Employment	Employment Share	Wages (Millions)	Wages Share
Government Sector	**185**	**30%**	**$10.7**	**36%**
Federal Government	53	9%	$3.9	13%
State Government	11	2%	$0.5	2%
Local Government	121	19%	$6.2	21%
Private Sector	**438**	**70%**	**$18.9**	**64%**
Construction & Manufacturing	47	8%	$2.1	7%
Trade, Transportation & Utilities	242	39%	$11.8	40%
Retail	*87*	*14%*	*$2.7*	*9%*
Financial Activities	14	2%	$0.6	2%
Leisure & Hospitality	96	15%	$3.5	12%
Arts, Entertainment & Recreation	*25*	*4%*	*$1.2*	*4%*
Accommodation & Food Services	*71*	*11%*	*$2.3*	*8%*
All Other	39	6%	$0.9	3%
Total	**623**	**100%**	**$29.6**	**100%**

Source: Alaska Department of Labor and Workforce Development, QCEW.
Note: Numbers may not total to 100% due to rounding.

Skagway's top two industries by employment were also the most heavily impacted by the COVID-19 pandemic. Between 2019 and 2020, employment in Trade, Transportation & Utilities fell by 47% and employment in Leisure & Hospitality dropped by 81%. Local government remained stable over the period, while all other employment fell by 34% from 2019 to 2020.

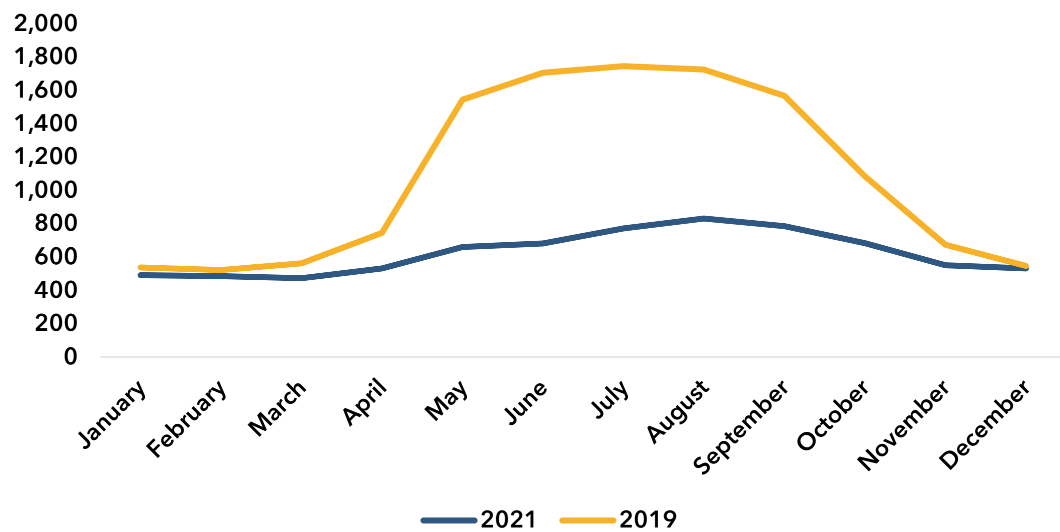
Figure 13. Employment by Industry, Skagway, 2016-2021



Source: Alaska Department of Labor and Workforce Development, QCEW.

Skagway's employment is highly seasonal. Note that monthly peak wage and salary employment exceeds the annual average wage and salary employment. As the figure below indicates, the reduced 2021 tourism season can be seen in a lower seasonal employment bump.

Figure 14. Monthly Wage and Salary Employment, Skagway, 2019 and 2021

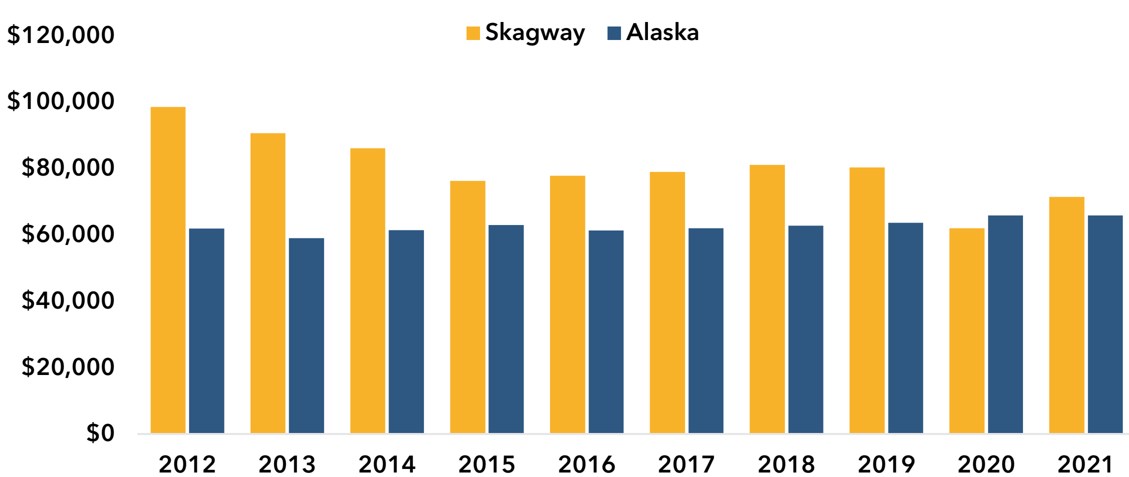


Source: Alaska Department of Labor and Workforce Development.

Personal Income

The figure below shows per-capita personal income among Skagway residents. Personal income includes income from employment earnings, investment income, and government transfers including Permanent Fund Dividends. While government transfers increased in 2020 due to pandemic-related aid, data suggest that aid did not fully offset declines in employment earnings.

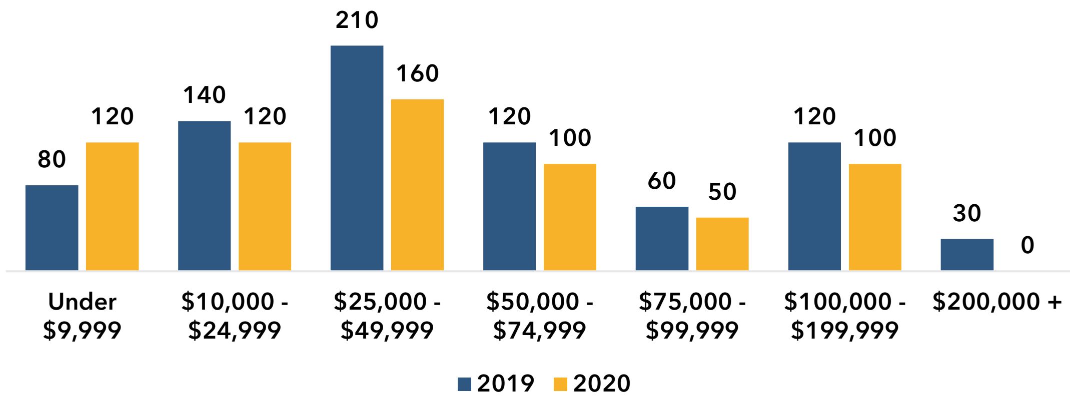
Figure 15. Per-Capita Personal Income, Skagway, 2012-2021 (2021$)



Source: U.S. Bureau of Economic Analysis.

The following figure shows the distribution of Skagway tax filers in 2019 (pre-pandemic) and 2021, the most recent year for which data are available. The IRS rounds to the nearest ten filers per bracket. The chart indicates a downward shift in Skagway households' incomes from 2019 to 2021. In 2021, there were more filers than in 2019 with taxable income under $10,000 and fewer filers with taxable income in all other brackets. At the upper end of the income spectrum, number of filers earning $200,000 or more fell from about 30 to zero from 2019 to 2021. In 2021, there were about 100 fewer total returns than in 2019.

Figure 16. Approximate Number of Filers by Tax Bracket, Skagway, 2019 and 2021

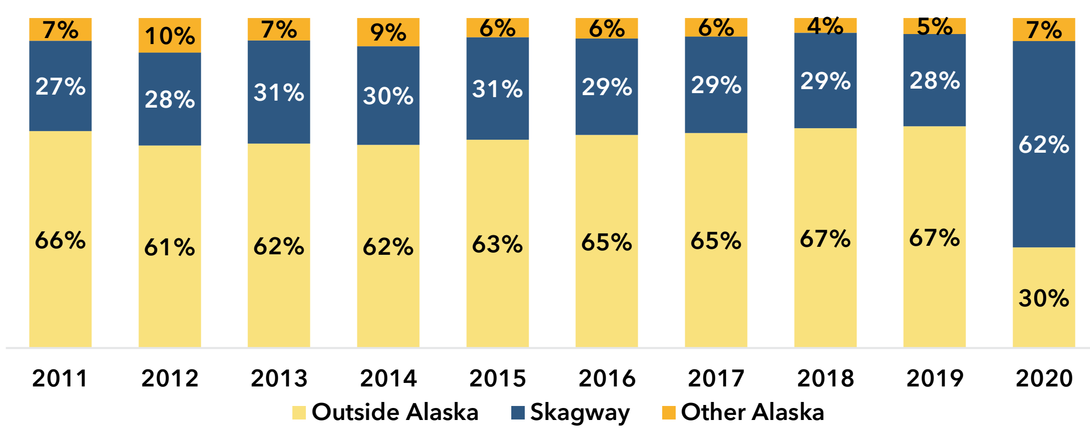


Source: U.S. Internal Revenue Service, SOI Tax Stats.

Worker Residency

Over most of the 2011-2020 decade, about two-thirds of people working in Skagway were non-Alaska residents, while just under one-third were Skagway residents and the remainder came from elsewhere in Alaska. In 2020, when COVID-19 severely curtailed employment as well as travel, Skagway's workforce was almost two-thirds local residents (62%).

Figure 17. Worker Share by Residency, Skagway, 2011-2020



Source: Alaska Department of Labor and Workforce Development.

Industry Trends

Tourism plays a significant role in Skagway's economy. The COVID-19 pandemic abruptly shut down almost all domestic and international tourism in 2020, significantly disrupting Skagway's economy. Public sector and other private sector employment provided stability during the pandemic. This section provides data related to these trends.

Skagway's top three sectors by employment are Trade, Transportation, and Utilities; Leisure and Hospitality; and Local Government. Tourism plays a significant role in both of the top-two sectors. In 2020 and 2021, local government employment eclipsed Leisure and Hospitality as a result of stark declines in tourism activity.

Transportation and Visitor Industry

Statewide, summer visitors are most likely to travel to and from Alaska by cruise ship, followed by air and highway/ferry. This trend is more extreme in Skagway: in 2016, 96% of summer visitors were cruise passengers. Just 3% of Skagway's visitors entered and exited the state via air, and 1% via highway or ferry (2016 is the most recent year Skagway's visitors were surveyed about their travel patterns).

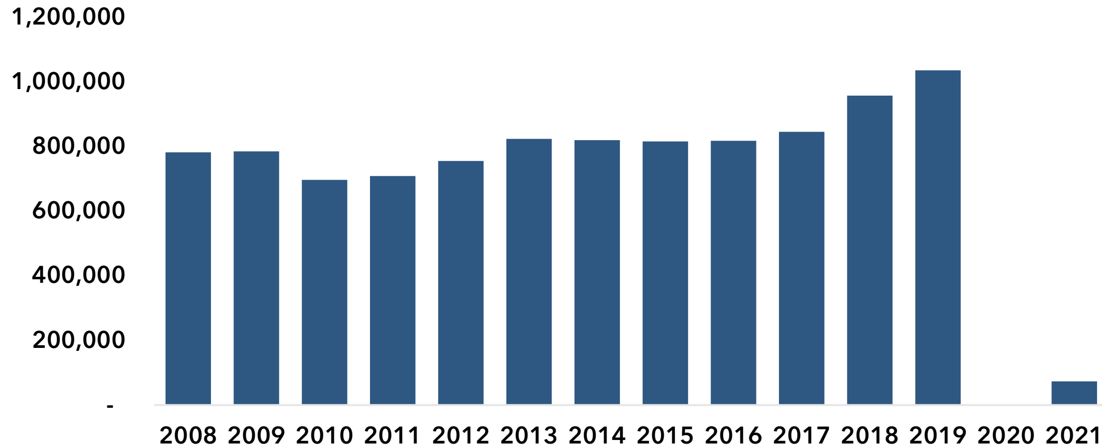
Table 3. Visitor Transportation Market, Alaska and Skagway, Summer 2016

Transportation Market	All Alaska Visitors	Skagway Visitors
Cruise Ship	55%	96%
Air	40%	3%
Highway/Ferry	5%	1%

Source: Alaska Visitor Statistics Program 7.

In 2019, Skagway reached the 1 million cruise passenger mark following steady growth over the preceding decade. There were 441 port calls and 142 days with ships in port in 2019, for an average of 3.1 ships in port each day. Expectations for an even bigger cruise year in 2020 evaporated in a global pandemic that brought 2020 cruise visitation to zero. Recovery began in 2021 with 73,200 passengers. Cruise passenger numbers are not yet available for 2022, but cruise visitation was high with 158 days with ships in port and 465 port calls with total capacity of almost 1.2 million passengers.

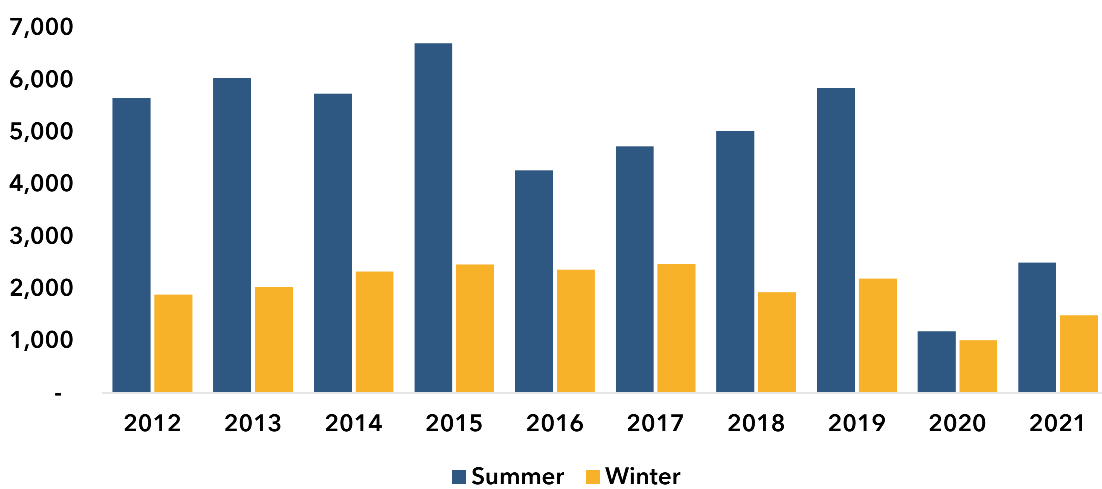
Figure 18. Skagway Cruise Passenger Volume, 2008-2021



Source: Alaska Visitor Statistics Program.
Note: Skagway had zero cruise passengers and zero port calls in 2020.

Those traveling by air are a mix of visitors and residents. Summer air travel is higher due to the impact of seasonal visitors and because winter weather conditions tend to be less favorable for small-plane travel. Total arrival numbers are about equal to total departure numbers. Air arrivals and departures in 2020 were 72% below 2019 levels, and 2020 summer air travel was only slightly higher than winter air travel, reflecting the loss of tourism. In 2021, air travel increased by 82% over 2020, and was 50% below average air travel numbers between 2010 through 2019.

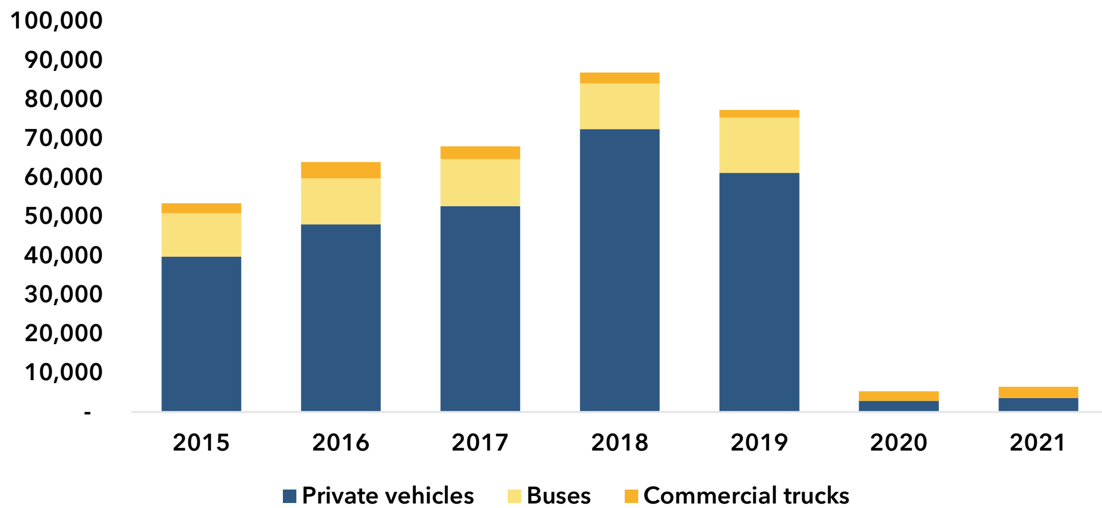
Figure 19. Air Passenger Arrivals and Departures in Skagway, 2012-2021



Source: U.S. Bureau of Transportation Statistics, TranStats.
Note: Summer includes May through September (five months) and winter is October through April (seven months).

People can arrive and depart Skagway by land across the border from Canada in private vehicles (e.g., cars and pickup trucks), commercial buses, or commercial trucks. Buses generally transport visitors in conjunction with cruises (nearly all on day trips from Skagway), and commercial trucks transport freight. While private vehicles dominate the type of vehicles crossing the border, buses are responsible for transporting the most people across the border. A negligible number of people cross the border on foot or by bicycle each year.

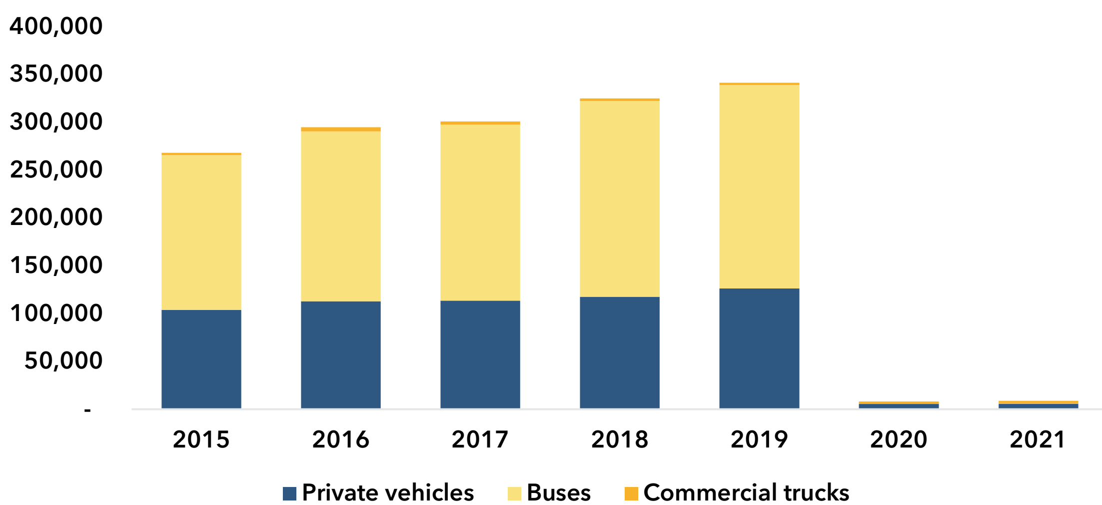
Figure 20. Skagway Vehicle Border Crossings, 2015-2021



Source: U.S. Department of Homeland Security.

The number of passengers crossing the border increased steadily from 2015 through 2019, reaching 341,000 in 2019. The 2019 figure includes 212,000 people (62% of the total) who crossed in 14,000 buses. In 2020 no buses crossed the border, and in 2021 just 30 buses crossed with a total of 347 people aboard.

Figure 21. Skagway Passenger Border Crossings, 2015-2021

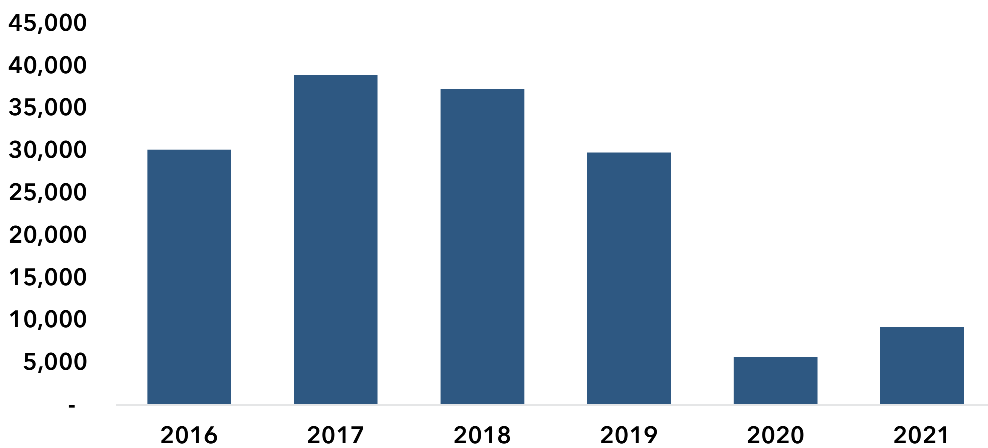


Source: Department of Homeland Security.

Residents and visitors also travel to and from Skagway via the Alaska Marine Highway System (AMHS), the state-run ferry system. In recent years the system has experienced disruptions related to funding reductions, vessel service needs, and labor issues. From 2016 through 2021, the number of passengers arriving and departing in Skagway peaked at 75,000 in 2017. Year-to-year fluctuations were high even before the pandemic, with up to 25% change in ridership from one year to the next. Ridership fell by 80% from 2019 to 2020. Ridership recovered somewhat in 2021, increasing to 18,000.

Skagway's top three port pairs are Juneau, Haines, and Bellingham, which together accounted for an average of 93% of Skagway ferry arrivals and departures from 2016 through 2021. Juneau was the origin or destination for 56% of Skagway ferry riders, Haines for 33%, and Bellingham for 4%.

Figure 22. Ferry Passenger Arrivals in Skagway, 2016-2021

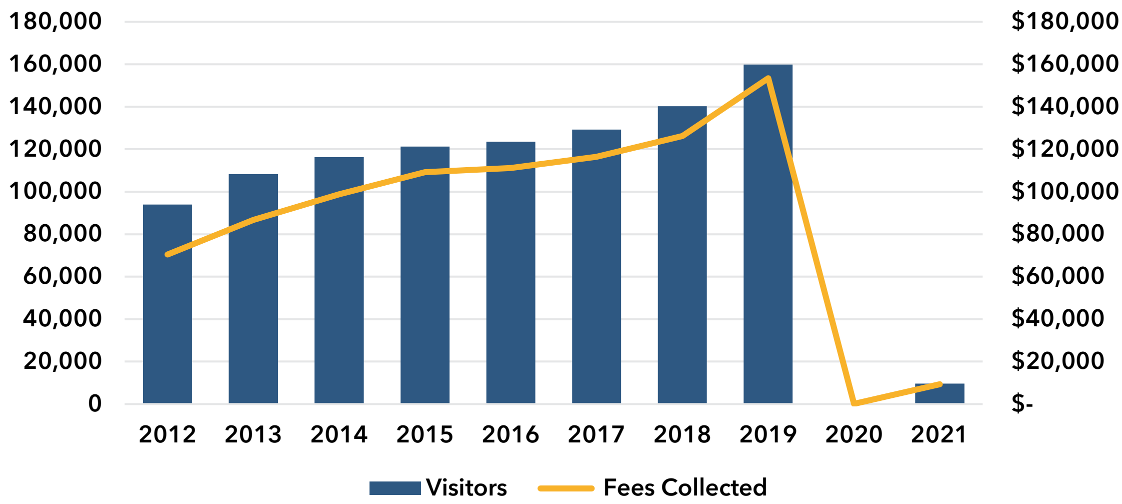


Source: Alaska Marine Highway System.

The Municipality of Skagway collects user fees for commercial use of the small boat harbor and commercial tours to Dyea. The fees are collected through permitted operators.

Commercial operators using the small boat harbor offer wildlife tours and/or shuttle services to and from Haines. From 2012 to 2022, the number of permitted operators fell from 13 to 8 (after peaking at 14 operators in 2015), while the number of passengers climbed steadily until the pandemic. In 2019, commercial users of the small boat harbor served 160,000 passengers, an increase of 70% from 2012. The passenger fee has also risen, from $0.75 per person in 2012 to $1.01 in 2022, with revenues peaking at $153,000 in 2019.

Figure 23. Small Boat Harbor Passenger Fees and Number of Passengers, 2012-2021



Source: Municipality of Skagway.

The table below shows the numbers of permitted operators and fee rates from 2012 through 2022.

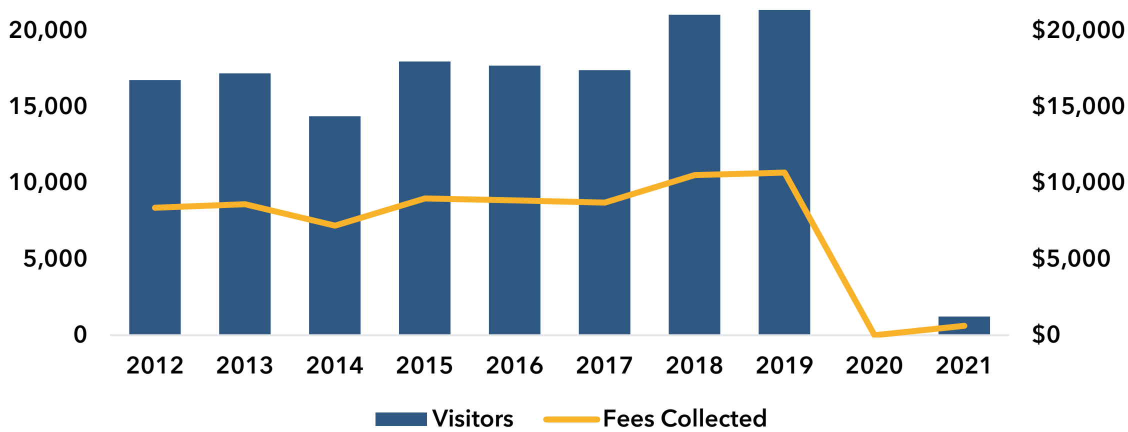
Table 4. Small Boat Harbor Number of Operators and Fee Rates, 2012-2021

	Number of Operators	Per-Passenger Fee
2012	13	$0.75
2013	13	$0.80
2014	12	$0.85
2015	14	$0.90
2016	12	$0.90
2017	11	$0.90
2018	9	$0.90
2019	10	$0.96
2020	8	$0.98
2021	8	$0.98
2022	8	$1.01

Source: Municipality of Skagway.

From 2012 through 2022, there were four permitted operators for Dyea, a popular visitor destination at the start of the historic Chilkoot Trail. The city's user fee was $0.50 per visitor throughout the period. Excluding pandemic-affected years, over the past decade the number of visitors to Dyea ranged from a low of 14,000 in 2014 to a high of 21,000 in 2019, generating city revenues of about $7,000 to $11,000 annually.

Figure 24. Dyea User Fees and Number of Visitors, 2012-2021

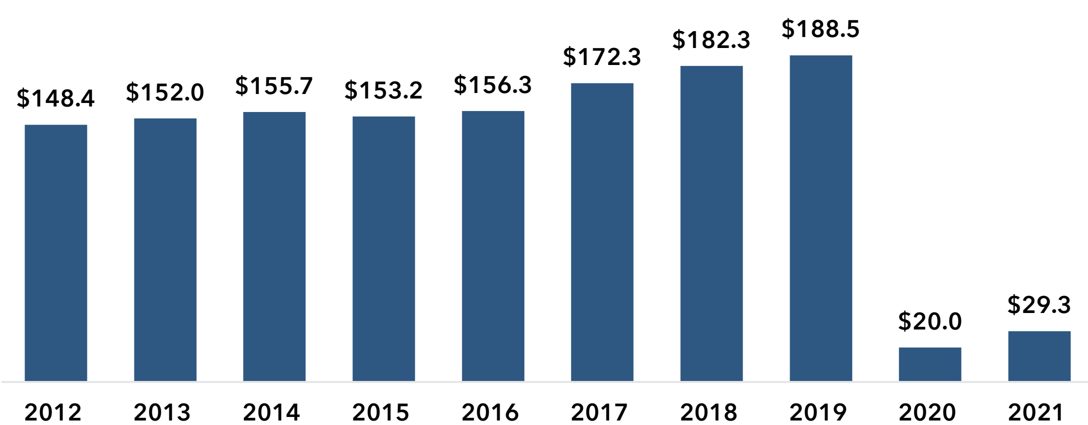


Source: Municipality of Skagway.

Taxable Business Sales

The COVID-19 pandemic significantly impacted business sales in the municipality. After rising 27% from 2012 through 2019, sales plummeted 90% between 2019 and 2020. Business sales in 2021 recovered somewhat, growing by 46% from 2020 to 2021, though remained significantly below pre-pandemic sales. Overall, 2021 sales were 80% below 2012 sales.

Figure 25. Taxable Business Sales, Municipality of Skagway, 2012-2021 (Millions $2021)

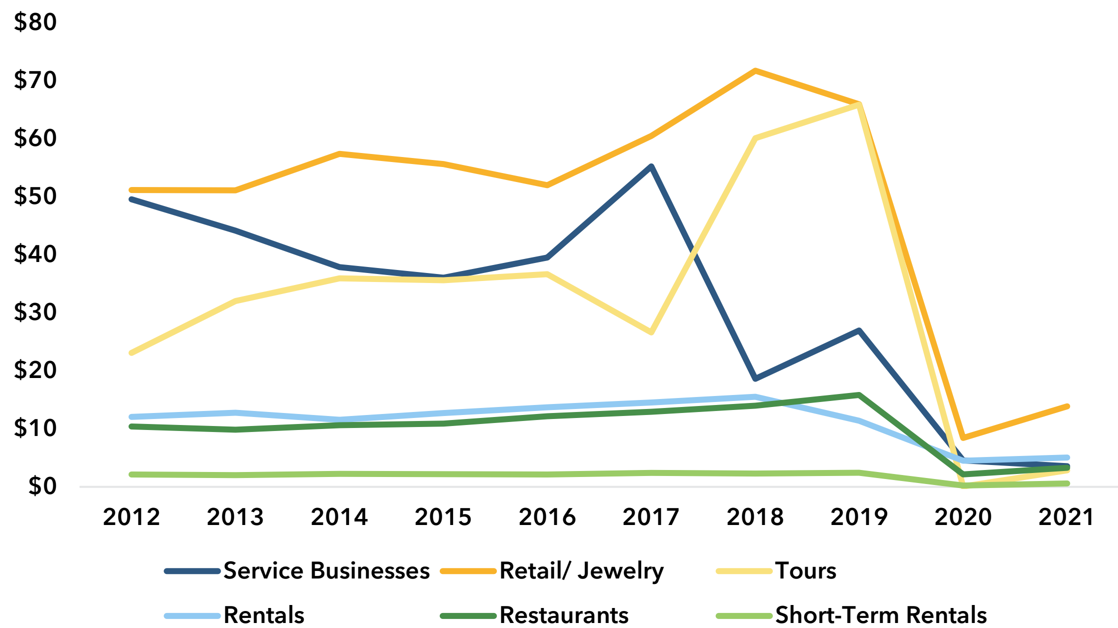


Source: Municipality of Skagway.

The Municipality of Skagway groups business sales in six categories, as shown on the following page. Over the past decade, retail/jewelry has been the top-grossing category, with sales ranging from a pandemic low in 2020 of $8.4 million to a high of $71.8 million in 2018. Service businesses and tours were the next-largest categories. Like retail/jewelry they showed significant volatility, particularly from 2016 through 2021.

The other three categories – rentals, restaurants, and short-term rentals – had lower total sales over the decade but showed greater stability, with slow steady growth from 2012 through 2019. Sales dropped significantly across all categories from 2019 to 2020 and began to rise in all categories in 2021.

Figure 26. Taxable Business Sales by Type, Municipality of Skagway, 2012-2021 (Millions $2021)



Source: Municipality of Skagway.

The table below shows the business sales numbers used in the figure above.

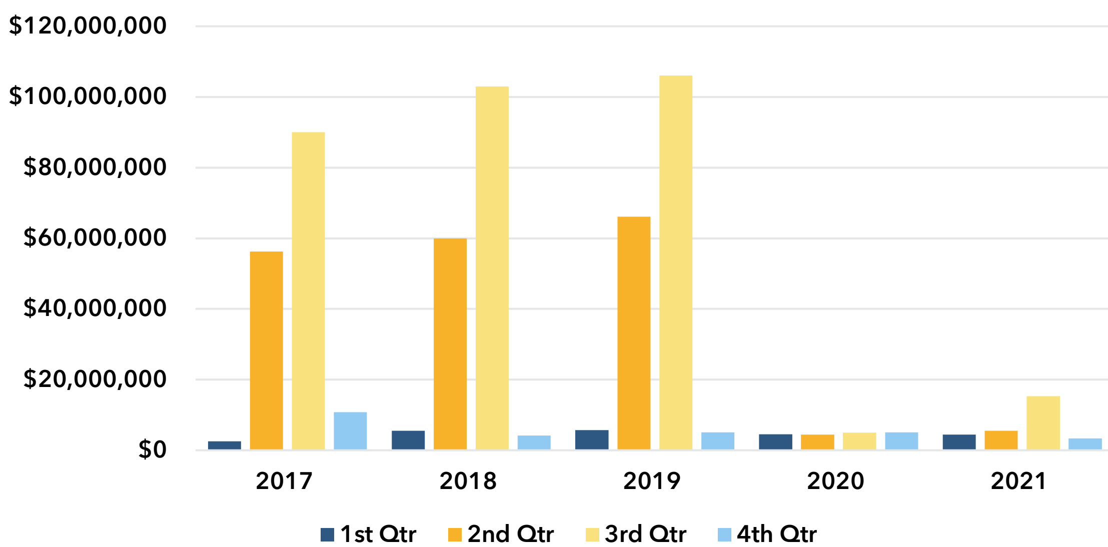
Table 5. Business Sales by Type, Municipality of Skagway, 2012-2021 (Millions $2021)

	Service Businesses	Retail/ Jewelry	Tours	Rentals	Restaurants	Short-Term Rentals	Total
2012	$49.6	$51.2	$23.1	$12.1	$10.4	$2.2	**$148.4**
2013	$44.2	$51.1	$32.0	$12.8	$9.8	$2.0	**$152.0**
2014	$37.9	$57.4	$35.9	$11.6	$10.6	$2.3	**$155.7**
2015	$36.0	$55.7	$35.6	$12.7	$10.9	$2.2	**$153.2**
2016	$39.6	$52.0	$36.7	$13.7	$12.2	$2.1	**$156.3**
2017	$55.3	$60.5	$26.6	$14.5	$13.0	$2.4	**$172.3**
2018	$18.6	$71.8	$60.1	$15.5	$14.0	$2.3	**$182.3**
2019	$26.9	$66.0	$65.9	$11.4	$15.8	$2.4	**$188.5**
2020	$4.6	$8.4	$0.1	$4.5	$2.2	$0.2	**$20.0**
2021	$3.6	$13.9	$2.9	$5.1	$3.3	$0.6	**$29.3**

Source: Municipality of Skagway.

Quarterly sales data shows the impact of 2020's lost tourism season on second- and third-quarter sales compared to pre-pandemic years. In 2021 a modest recovery brought a slight bump in third-quarter sales.

Figure 27. Quarterly Taxable Revenues, 2017-2021



Source: Municipality of Skagway.

Commercial Fishing

Skagway has a small but steady commercial fishing sector. In 2022, six Skagway residents held 13 permits for limited-entry fisheries. Unlike some rural communities, Skagway has experienced steady to increasing commercial fisheries permit ownership since the advent of the state's limited entry fishing system in the 1970s.

Due to the small numbers of participants, harvest data and value associated with these permits is not publicly available, but personal communication suggests the salmon drift gillnet fishery is the biggest revenue generator for Skagway commercial fishing permit holders. Skagway residents also hold permits for the following fisheries: halibut longline, Dungeness crab, herring roe and food/bait gillnet, and herring spawn on kelp.

Table 6. Commercial Fisheries Permits Held by Skagway Residents, 1982-2022

	1982	1992	2002	2012	2022
Number of permits	8	10	7	10	13
Number of permit holders	3	6	4	6	6

Source: Commercial Fisheries Entry Commission, Alaska Department of Fish and Game.

Community Survey

Methodology

To gain insights into Skagway residents' household economic conditions, perceptions, and priorities, an online survey of Skagway residents was conducted from September 30 through November 1, 2022. The survey, open to ages 18 and older, was promoted with a QR code shared on Facebook, via SDC's email list, and on flyers at popular locations around town. A prize drawing was held as an incentive to participate in the survey, offering those who shared their email address a chance to win one of three gift certificates: $368 for Alaska Seaplanes, $50 for Skagway Hardware Store or $50 for Grizzly's General Store.

Ninety-nine residents fully completed the survey, and 139 residents completed at least part of the survey. Findings are shared below. Because the survey was open to all residents rather than a randomly generated sample, caution should be used in interpreting results.

Findings

Economic Well-being and Expectations

Respondents were more positive about their household's economic well-being than that of Skagway's economy as a whole.

- On a scale of 1 (struggling) to 5 (thriving), respondents were most likely to select the middle value for their household economic well-being, with 43% choosing 3.
- Using the same scale, respondents were most likely to rate Skagway's economic condition in the middle (39%), but the average rating was 2.3, reflecting a lean toward struggling.

Table 7. Economic Well-being (%)

	1 Struggling	2	3	4	5 Thriving	Average rating
Overall, how would you rate your household's economic well-being? n=136	13%	13%	45%	24%	7%	**3.0**
How would you rate the current condition of Skagway's economy? n=129	23%	32%	39%	4%	2%	**2.3**

On average, respondents expected both their household economic well-being and Skagway's economy to stay about the same over the next five years.

- About half (49%) of respondents chose the middle value – stay about the same – when asked their expectations for their household's economic well-being. The average rating was 3.1.
- While responses were more spread out for expectations of Skagway's economy over the next five years, the average rating was in the middle at 3.0.

Table 8. Expectations for Economic Well-being Over the Next Five Years (%)

	1 Get worse	2	3	4	5 Get better	Average rating
Over the next five years, do you expect your household's economic well-being to get better, get worse, or stay about the same? n=136	8%	12%	50%	22%	8%	3.1
Over the next five years, do you expect Skagway's economy to get better, get worse, or stay about the same? n=129	16%	14%	33%	26%	12%	3.0

What Makes Skagway Special?

Respondents were asked the open-ended question, "What makes Skagway special that you wouldn't want to lose?" In the word cloud below, the size of each word correlates to its frequency of use in respondent answers. The word "community" stands out; respondents indicated repeatedly they value Skagway's sense of community. Other frequently used words were "people" and "small-town." Many mentioned year-round and winter opportunities. Economic engines such as "businesses," "tourism," and "cruise" were noted, and frequently used descriptors included "historic," "beautiful," and "clean." A full list of responses is included in an Appendix to this document.

Figure 28. Word Cloud: 'What Makes Skagway Special'

Strengths and Barriers

Respondents were asked to rate 12 attributes in terms of how much of a strength they represent for Skagway's economic well-being on a scale of 1 (not a strength) to 5 (major strength). Transportation and education topped the list of strengths.

- Access to Canada and the North American Road System had the highest average rating (4.4), and two-thirds (64%) of respondents called this access a major strength.
- Quality of education had the second-highest average rating (4.0), with very low negative ratings – only 8% rated it a 1 or 2.
- Air and marine access was the third-highest rated (3.8), but opinion was more divided with 59% percent rating it a strength, 21% calling it neutral, and 20% deeming it not a strength.
- Housing was at the bottom of the list of strengths, with an average rating of 2.5. Health care and child care were second- and third-to-last, respectively.

Table 9. How much of a strength do each of the following represent for Skagway's economic well-being? (%)

n=125	1-Not a strength	2	3	4	5-Major strength	Average rating
Access to Canada/N. American road system	2	-	15	18	64	4.4
Quality of education	2	6	19	32	41	4.0
Air and marine access	10	10	22	11	47	3.8
Transportation and freight	12	14	19	17	38	3.5
Availability of jobs	6	14	29	26	25	3.5
Trails and recreational opportunities	-	1	20	35	44	3.3
Port and harbor infrastructure	12	20	29	15	24	3.2
Availability of workforce	14	25	26	17	18	3.0
Broadband infrastructure	21	14	34	14	17	2.9
Child care	29	15	22	15	18	2.8
Health care	30	19	17	13	21	2.7
Housing	45	10	14	10	21	2.5

Respondents were asked to rate 12 attributes in terms of how much of a barrier they represent for Skagway's economic well-being. Costs topped the list of barriers.

- Cost of transportation and freight garnered the highest average rating (4.6), closely followed by cost of living (4.5), and housing (4.4). Sentiment consistent: no respondents gave these items a 1 ("not a barrier").

- Six items garnered average ratings of 4 or higher; in addition to those noted above, they are availability of transportation and freight (4.2), health care (4.1), and natural hazards (4.0).
- Consistent with their high strength rating, schools were lowest on the list of barriers.

Table 10. How much of a barrier do each of the following represent for Skagway's economic well-being? (%)

n=120	1-Not a barrier	2	3	4	5-Significant barrier	Average rating
Cost of transportation and freight	-	1	9	24	66	**4.6**
Cost of living	-	1	9	29	61	**4.5**
Housing	-	3	14	26	57	**4.4**
Availability of transportation and freight	1	3	18	28	51	**4.2**
Health care	-	8	23	23	46	**4.1**
Natural hazards such as landslides and floods	4	6	21	23	47	**4.0**
Availability of workforce	1	7	28	31	33	**3.9**
Child care	7	7	24	23	39	**3.8**
Port and harbor infrastructure	3	10	33	30	24	**3.6**
Broadband infrastructure	7	13	36	27	18	**3.4**
Availability of jobs	7	18	30	21	25	**3.4**
Schools	43	17	21	10	10	**2.3**

Infrastructure Strengths and Weaknesses

Respondents were asked to list Skagway's one to three strongest infrastructure assets, and one to three weakest or most vulnerable infrastructure assets. The following word cloud indicates the port was the most frequently used word under strengths.

Figure 29. Word Cloud: Skagway's Top Infrastructure Strengths

Other top infrastructure strengths cited were roads, notably the Klondike Highway, the railroad, and airport. Skagway's power supply and the ferry were also cited. When all words from the top-three are combined, the same words rise to the top, with the port, road/highway, and airport as the three most commonly listed assets, followed by the railroad.

As the word cloud below indicates, the port and docks – particularly the railroad dock – also showed up as the most important infrastructure weaknesses or vulnerabilities. Housing and internet/broadband also figured prominently as infrastructure weaknesses.

Figure 30. Word Cloud: Skagway's Top Infrastructure Weaknesses or Vulnerabilities

Employment

Overall, 82% of survey respondents said they were employed, including almost half (47%) who were employed full-time year-round and 29% employed full-time seasonally. For purposes of the survey, part-time work was defined as less than 30 hours per week on average, and full-time work was 30 hours or more on average.

Table 11. Employment Status (%)

n=120	
Employed NET	82
Employed full-time year-round	47
Employed full-time seasonally	29
Employed part time year-round	3
Employed part time seasonally	3
Unemployed, not looking for work	3
Unemployed, looking for work	2
Retired	10
Homemaker	4

Among respondents who said they were employed, half (52%) indicated the tourism/hospitality industry, which includes food and beverage businesses, was their primary source of income. The next-most cited industries were government (including Tribal government and public education) at 10%, and professional services at 8%.

Table 12. Primary Source of Income, by Industry

n=98	
Tourism/hospitality (including food/beverage)	52%
Government (including Tribal and public education)	10%
Professional services	8%
Construction and trades	7%
Arts	5%
Health care	4%
Transportation and freight	2%
Nonprofit	1%
Other	10%

Among all respondents, 9% said someone in the household primarily works remotely. Among those who were employed, one-third said they were self-employed.

Respondents were asked what additional industries or activities provide income for their household.

- Thirty-nine percent indicated the tourism/hospitality industry (including food and beverage businesses) was an additional source of household income.
- Government provided additional household income for 18% of respondents, followed by the arts (11%) and construction/trades (11%).
- Those who selected "other" (11%) listed retail/grocery/sales, agriculture, cannabis industry, and property management.

Table 13. Other Industries or Activities That Provide Household Income
Multiple Responses Allowed

n=114	
Tourism/hospitality (including food/beverage)	39%
Government (including Tribal and public education)	18%
Arts	11%
Construction and trades	11%
Professional services	9%
Transportation and freight	7%
Child care	4%
Nonprofit	4%
Health care	3%
Mining	1%
Other	11%
None	21%

Two-thirds (69%) of respondents said they had just one full-time job (including seasonal), while 16% said they had two full-time jobs. (Respondents may also have one or more part-time jobs.)

Table 14. Number of Full-Time Jobs

n=114	
None	14%
1	69%
2	16%
3 or more	1%

Note: Includes full-time seasonal jobs.

Asked how many part-time jobs they had (including seasonal part-time), about half (46%) said none, while about half said they had one (39%) or two (11%) part-time jobs, and 5% had three or more part-time jobs. (Respondents may also have one or more full-time jobs.)

Table 15. Number of Part-Time Jobs

n=114	
None	46%
1	39%
2	11%
3 or more	5%

Note: Includes part-time seasonal jobs.

Household Characteristics

Respondents' average household size was 2.3 people.

- The most common household size, selected by 43% of respondents, was two people.
- About one-quarter (28%) of respondents live alone.

Table 16. Household Size

n=100	
1	28%
2	43%
3	12%
4	11%
5 or more	6%
Average	**2.3 people**

Three-quarters (73%) of respondents said no children 18 years or under lived in their household.

- About 11% said one child lived in their home and 11% said two children did.
- Another 4% said three children lived in their household, and 1% said four.
- Among households with at least one child, the average number of children was 1.8.

Table 17. Children 18 and Under in Household

n=100	
None	73%
1	11%
2	11%
3	4%
4	1%
Average of households with children	**1.8 children**

Just over half (56%) of respondents said they owned their home; 37% rented, and 7% indicated they had other arrangements.

Table 18. Home Tenure Type

n=100	
Own	56%
Rent	37%
Other	7%

Demographics

The median length of residency in Skagway among respondents was 18 years.

- Four in 10 (41%) lived in Skagway for a decade or less.
- Another 38% lived in Skagway for 11-30 years, and 21% for more than 30 years.

Table 19. Length of Skagway Residency

n=139	
10 years or fewer	41%
11-30 years	38%
More than 30 years	21%
Median	**18**

Respondents' median age was 50.

Table 20. Age

n=159	
18-34	9%
35-49	21%
50-64	22%
65+	11%
Decline	37%
Median	**50**

Asked to identify their race or ethnicity, 87% of respondents indicated they were White, 7% Alaska Native/American Indian, 4% Asian, 3% Hispanic or Latino, and 1% each Native Hawaiian/Pacific Islander and "other race or ethnicity." Seven percent declined to identify their race or ethnicity.

Table 21. Race/Ethnicity

n=100	
White	86%
Alaska Native/American Indian	7%
Asian	4%
Hispanic or Latino	3%
Native Hawaiian/Pacific Islander	1%
Black/African American	-
Other race or ethnicity	1%
Decline	7%

Fifty-nine percent of respondents said they were female, 31% said they were male, and 10% declined to identify their gender.

Table 22. Gender

n=99	
Female	59%
Male	31%
Decline	10%

Respondents were asked to select the income range that best describes their total household income before taxes in 2021.

- Respondents' median household income was $75,000.
- One-third (34%) of respondents identified their household income as $50,000 to $100,000.
- Forty-one percent reported lower incomes, including 29% whose household incomes were $25,000 to $50,000; and 12% whose incomes were below $25,000.
- Among those who reported higher household incomes, 7% had household incomes of $100,000 to $150,000; and 9% had household incomes above $150,000.

Table 23. Household Income, 2021

n=100	
Less than $25,000	12%
$25-50K	29%
$50-100K	34%
$100-150K	7%
$150K+	9%
Decline	9%
Median	**$75,000**

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