

Skagway Business Climate and COVID-19 Impacts Survey 2021

SPC



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**SOUTHEAST
CONFERENCE**



By Rain Coast
Data

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

Survey created in partnership with



Skagway Alaska Business Survey Results 2021

Each year Southeast Conference conducts a regional business climate and investment survey in order to track Southeast Alaska business confidence on an annual basis. The results are analyzed by community and economic sector, allowing the data to be used to form projections regarding the economic direction of Southeast Alaska.

A breakout report for Skagway was developed in partnership with the Skagway Development Corporation. Rain Coast Data designed the survey instrument on behalf of this partnership.

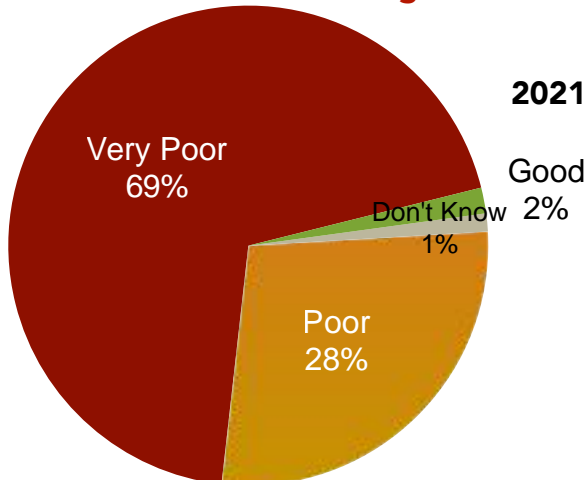
The survey invited Southeast Alaska business owners and top managers to respond to 19 questions. The web-based survey was administered electronically from April 9th through April 23rd. A total of 73 Skagway business leaders participated. The results include the following key findings:

- **Revenue Decline:** On average, reporting businesses in the region lost 42% of their revenue due to COVID-19, while Skagway businesses are down 61% overall—the highest for any community in Southeast Alaska.
- **Risk of Closure:** Nearly a quarter of regional businesses are at risk of closing permanently or have already closed. In Skagway, a third of responding businesses say they are at risk of closing, one of the highest rates in the region.
- **Impact of Relief Funding:** Skagway businesses were asked about the impact of the COVID-19 aid they received. Nearly half reported that they would have closed permanently without the pandemic relief dollars. A third said that the funding allowed their businesses to retain staff. A quarter of businesses used their relief funding to pivot their operation model to attract new customers, move online, or move into new markets.
- **State of the Economy, and Outlook:** Confidence in the Skagway business climate continues to be incredibly poor in the wake of COVID-19. Nearly all (97%) of respondents are concerned about the state of the economy, calling the business climate poor or very poor. A third of survey respondents expect their prospects to get worse or much worse over the next year, while 12% expect the outlook for their businesses to improve in the coming year.
- **Job Projections:** One-third of Skagway business leaders expect to maintain job levels in the coming year, 7% expect to add employees, while nearly a quarter expect to reduce staffing levels.

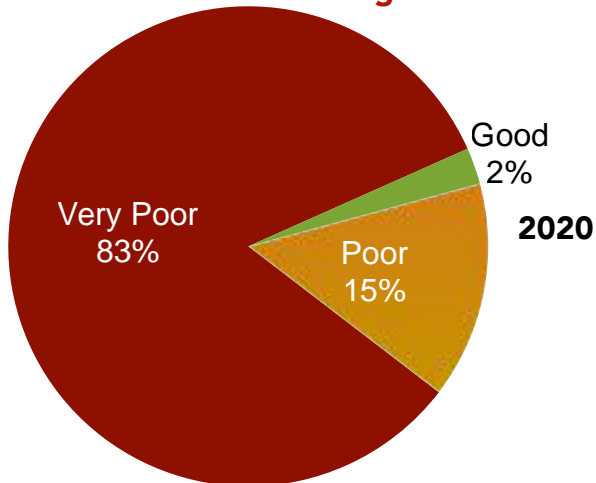
Skagway Business Climate Survey Results 2021

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

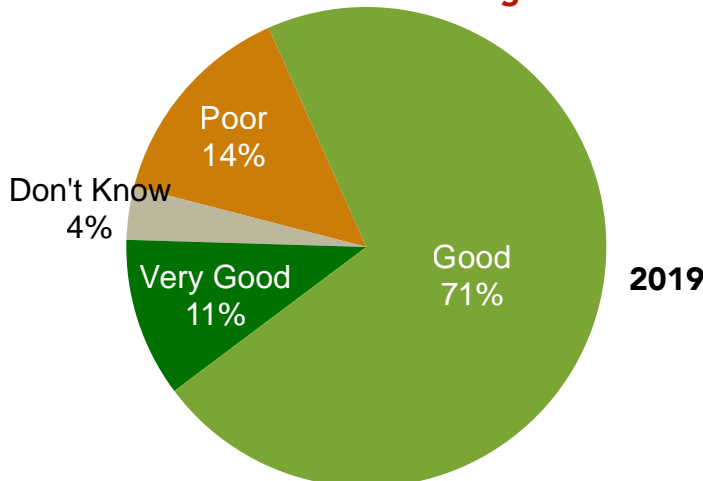
2% Positive / 97% Negative



2% Positive / 98% Negative



82% Positive / 14% Negative



Southeast Alaska Annual Business Climate Survey

In April of 2021, 73 Skagway Alaska business owners and top managers responded to Southeast Conference's Business Climate and Private Investment Survey.

How do you view the overall business climate right now: Skagway

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

Nearly all (97%) respondents are concerned about the state of the economy, calling the business climate "poor" (28%) or "very poor" (69%). This has improved since last year when the "very poor" ratings in Skagway were 14 percent higher. Just two percent of business leaders called the Skagway business climate "good" in 2021 — the same as in 2020. No business leader called the overall business climate "very good."

Skagway businesses had the most negative perception of the overall economy, compared to all other regional communities.

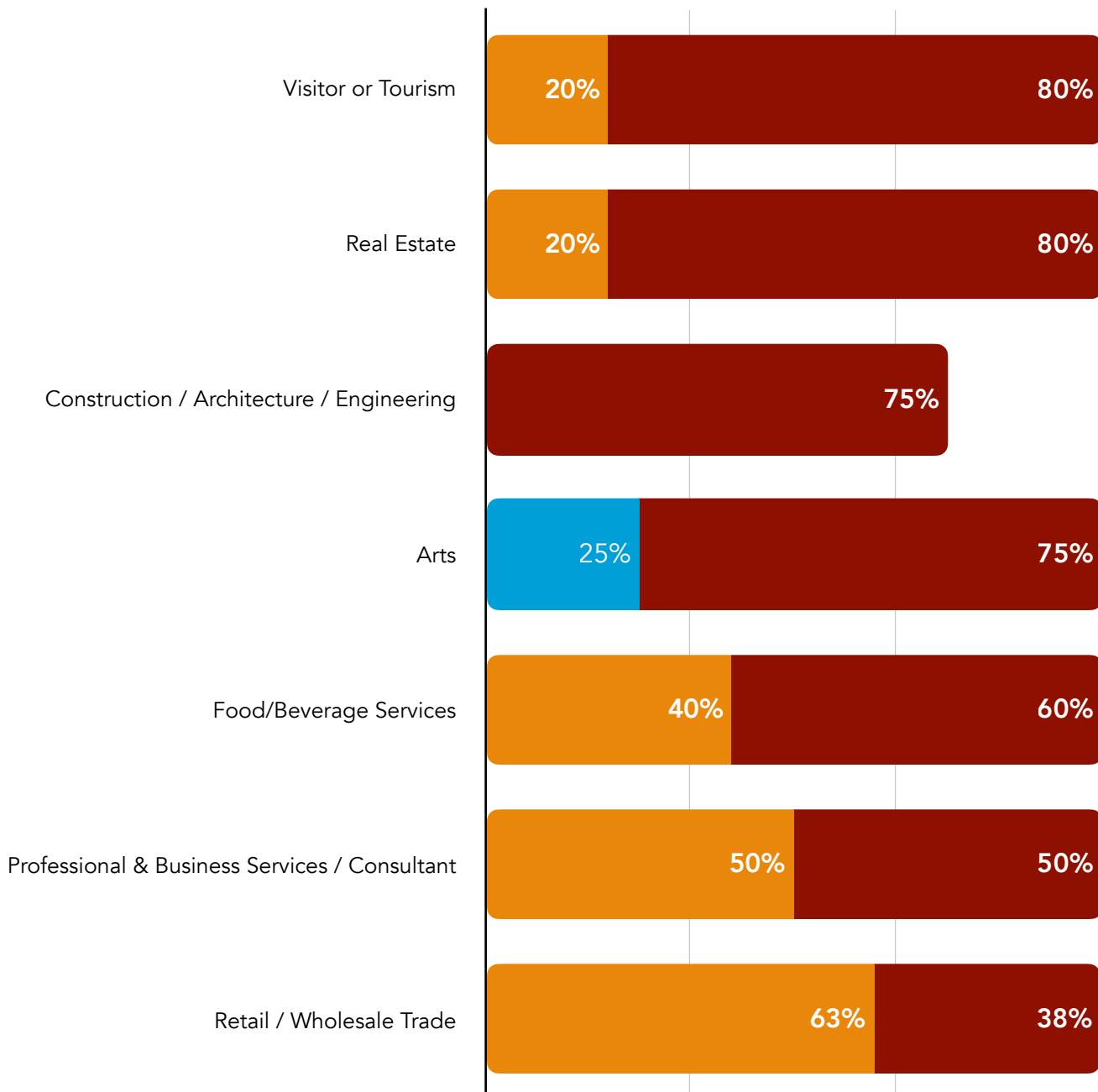
While all sectors have a negative perspective on the current economy, those in the visitor and real estate sectors are most likely to say that the economy is **very** poor.

Skagway Business Climate Survey Results 2021: by Industry

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

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

■ Good/Very Good ■ Poor ■ Very Poor

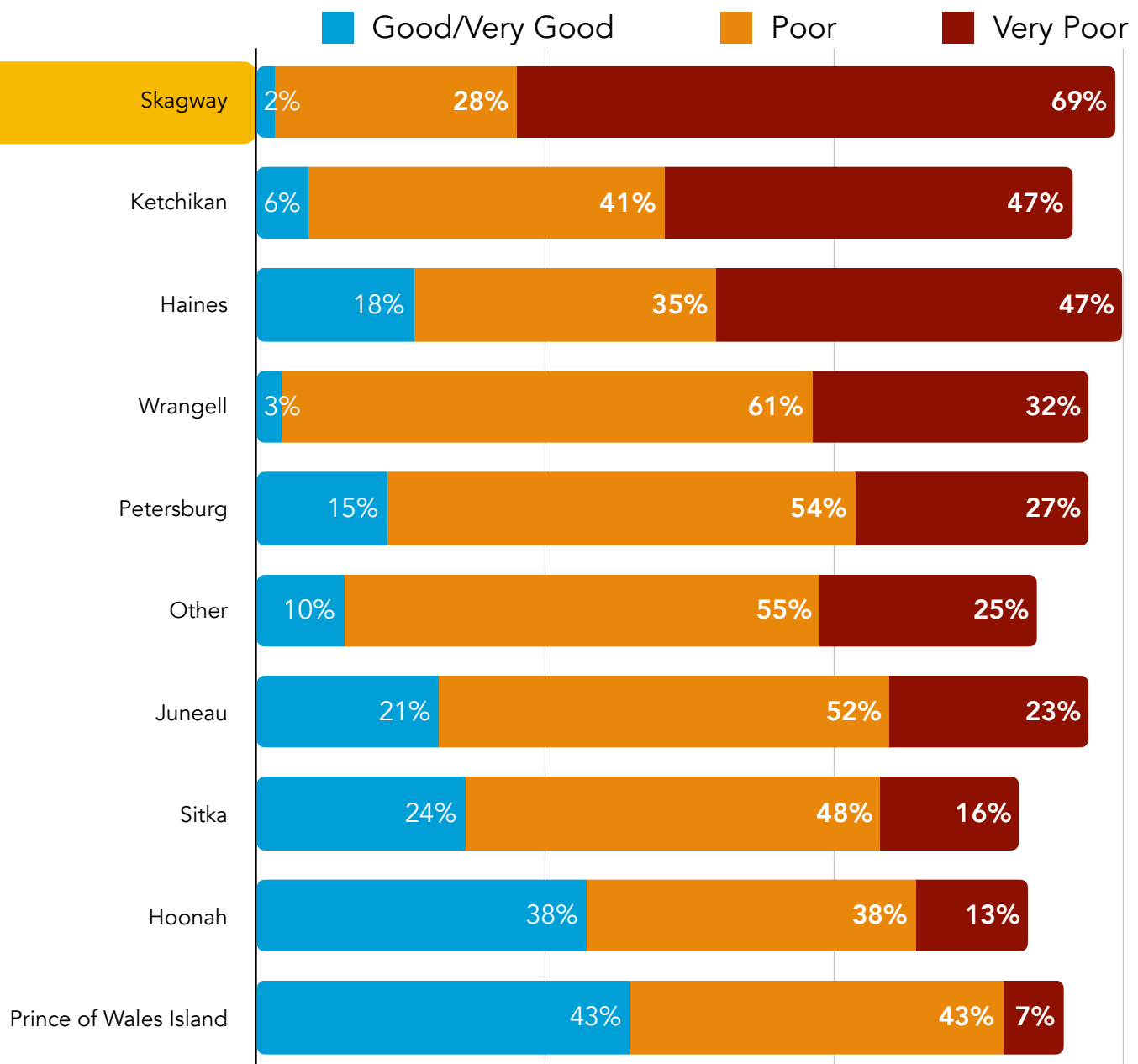


The "don't know" category has been excluded from this chart.

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

The graphic below shows how the current regional business climate is being experienced by business leaders in each community. While all communities are clearly suffering, Skagway has been the hardest hit, with 69% of businesses saying that the business climate is “very poor” followed by Ketchikan and Haines at 49%.

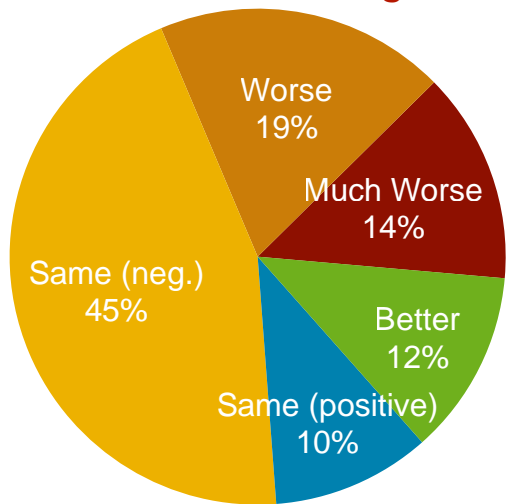
April **2021** Southeast Alaska: **How do you view the overall business climate right now?**



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

Skagway Economic Outlook

22% Positive / 78% Negative



2021

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

Skagway Economic Outlook

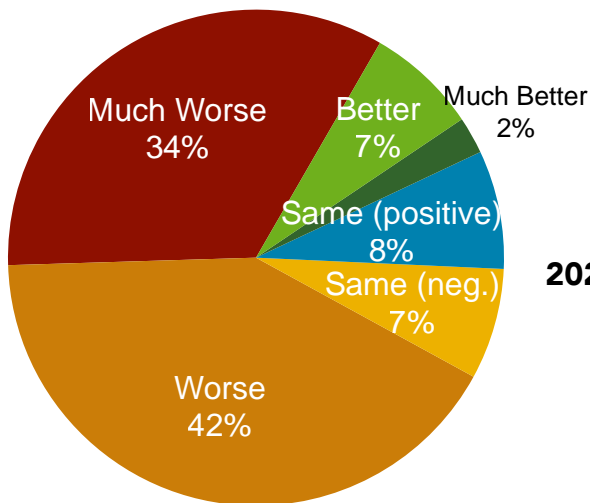
Historically, the overall economic outlook for business leaders tends not to change much on an annual basis, however 2020 and 2021 are clearly exceptions. In 2021, 78% of businesses say the economic outlook for their business or industry over the next 12 months is negative.

A third of survey respondents expect their prospects to get even worse (19%) or much worse (14%) over the next year, while just 12% expect the outlook for their businesses to improve in the coming year.

Compared to all other communities in Southeast Alaska, Skagway has the most negative outlook, followed by Haines and Hoonah. Prince of Wales, Gustavus, and Sitka have the least negative outlooks.

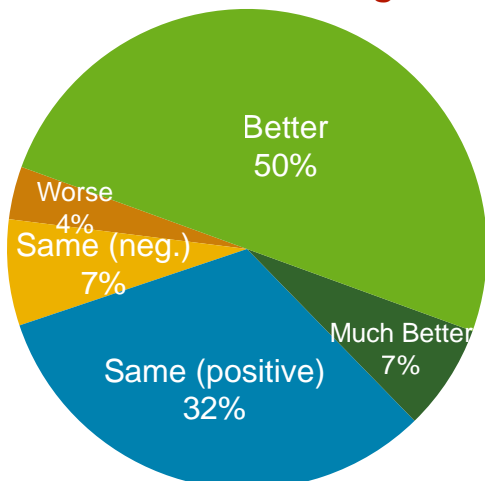
Regionally, the mining sector's economic outlook is most positive moving into 2022, followed by the nonprofit and healthcare sectors. The real estate, food/beverage, and tourism sectors have the most negative outlooks looking forward.

17% Positive / 83% Negative



2020

89% Positive / 11% Negative



2019

Southeast Economic Outlook: by Community and Industry

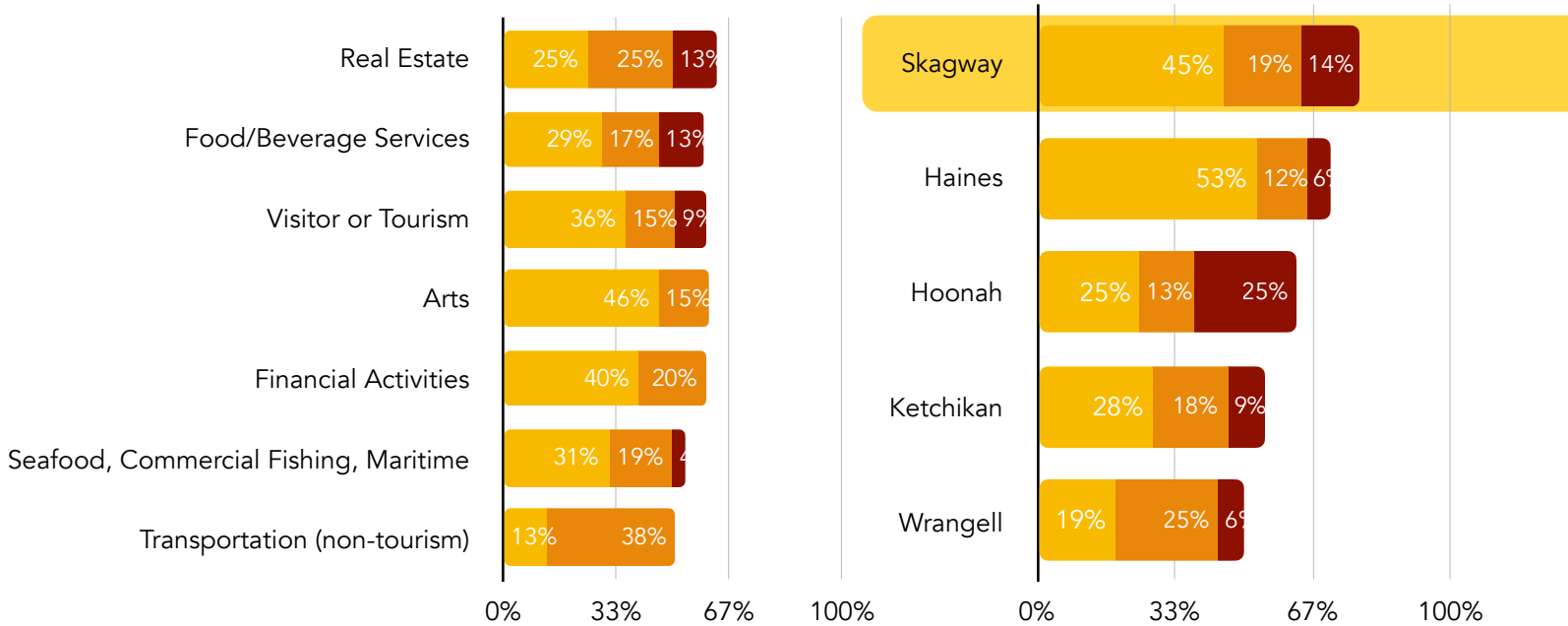
The below graphics show economic outlook breakdowns for the next year by industry as well as by community.

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

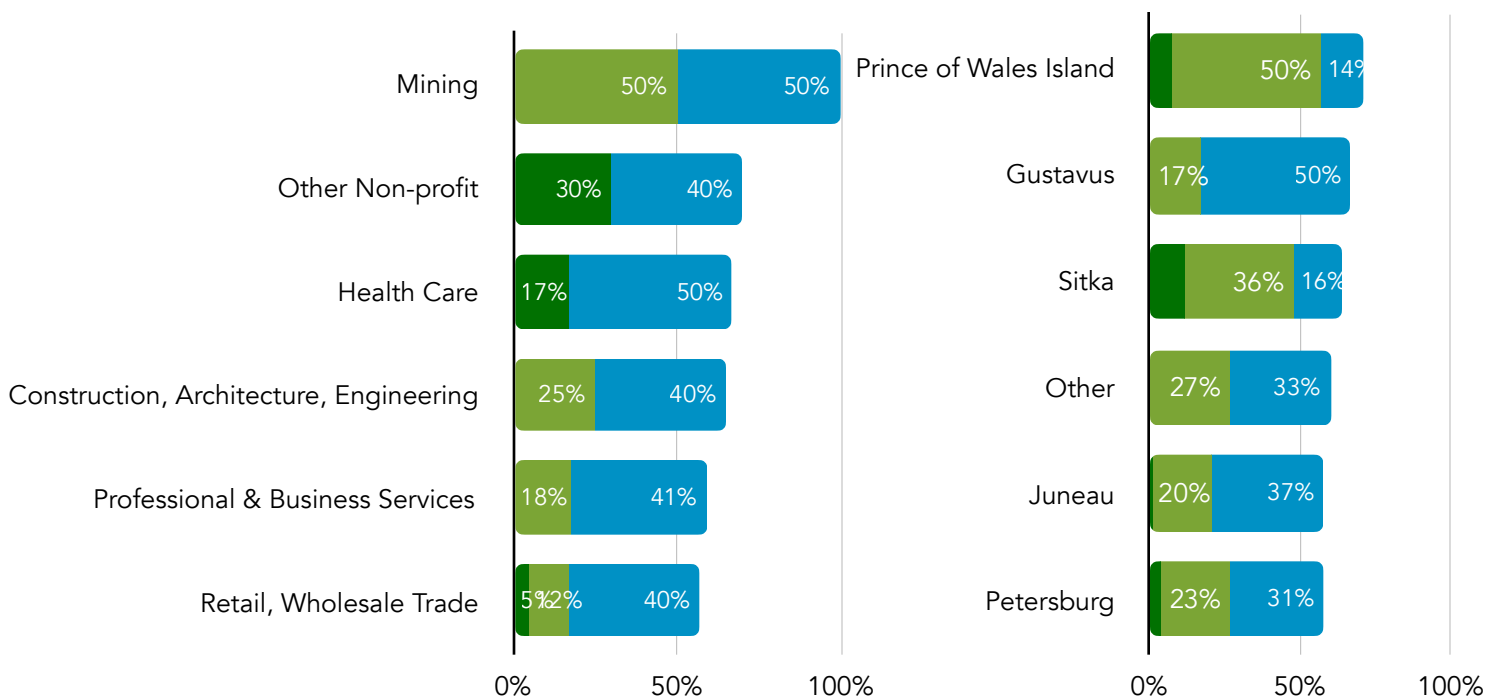
By Industry

By Community

■ Same (generally negative)
 ■ Worse
 ■ Much Worse



■ Much Better
 ■ Better
 ■ Same (generally positive)



Southeast Economic Outlook: by Industry

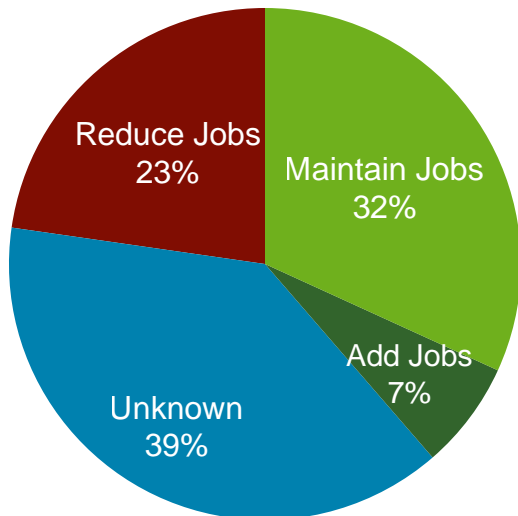
The following table shows a detailed economic outlook by industry for the region as a whole. Skagway business leaders generally tracked along with regional averages.

In Skagway, those in the construction sector were the most pessimistic regarding the upcoming year, followed by a negative outlook by the food and beverage sector, while those in the arts were the most positive looking forward.

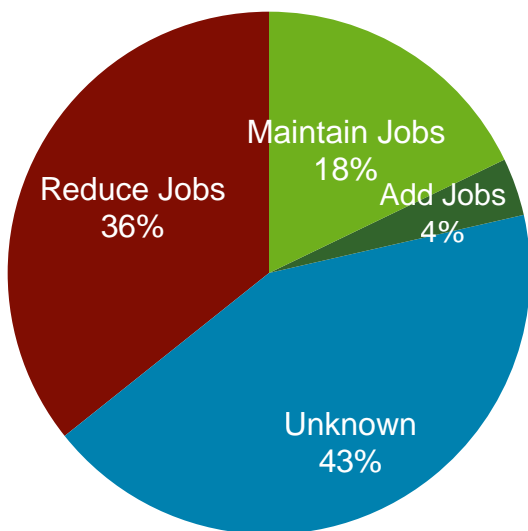
What is the economic outlook for your business or industry? Regional Response Summary						
Sector	Much Better	Better	Same (generally a positive statement)	Same (generally a negative statement)	Worse	Much Worse
Mining	0%	50%	50%	0%	0%	0%
Energy	0%	0%	75%	25%	0%	0%
Other Non-profit	30%	0%	40%	20%	0%	10%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

Skagway Jobs Projections in 2021 & 2022

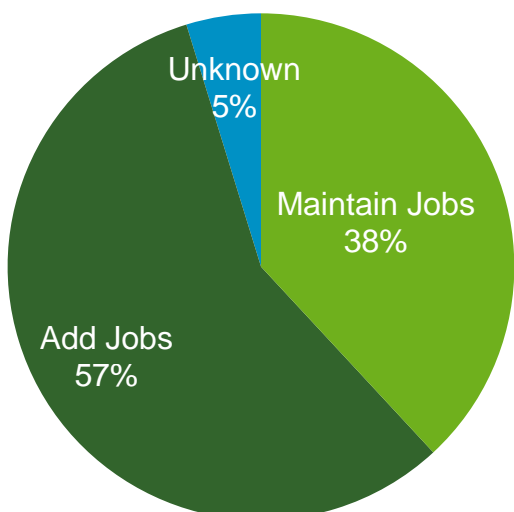
2021: Jobs Outlook



2020: Jobs Outlook



2019: Jobs Outlook



Over the next 12 months, do you expect your organization to add jobs, maintain jobs, reduce jobs, or are you unsure (For those business with staff)

Skagway employment changes in the next year

When asked about staffing expectations, one-third of Skagway business leaders (32%) expect to maintain job levels in the coming year, and 7% expect to add employees (or add employees back after the declines of 2020).

Nearly a quarter (23%) of business leaders in Skagway expect to reduce staffing levels. Those expecting to add or maintain job levels doubled over the previous year.

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

In Skagway and the region, employment reductions will be most concentrated in the food and beverage sector.

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

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

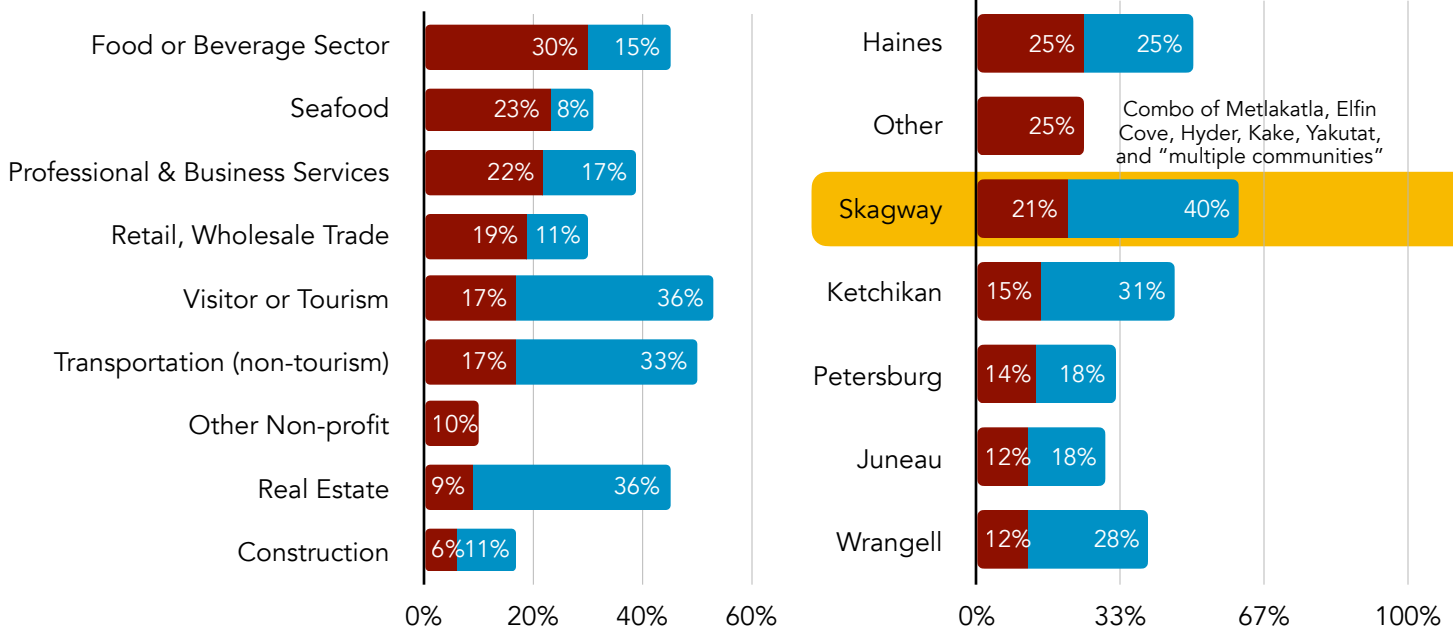
By Community: Jobs in Next 12 Months

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

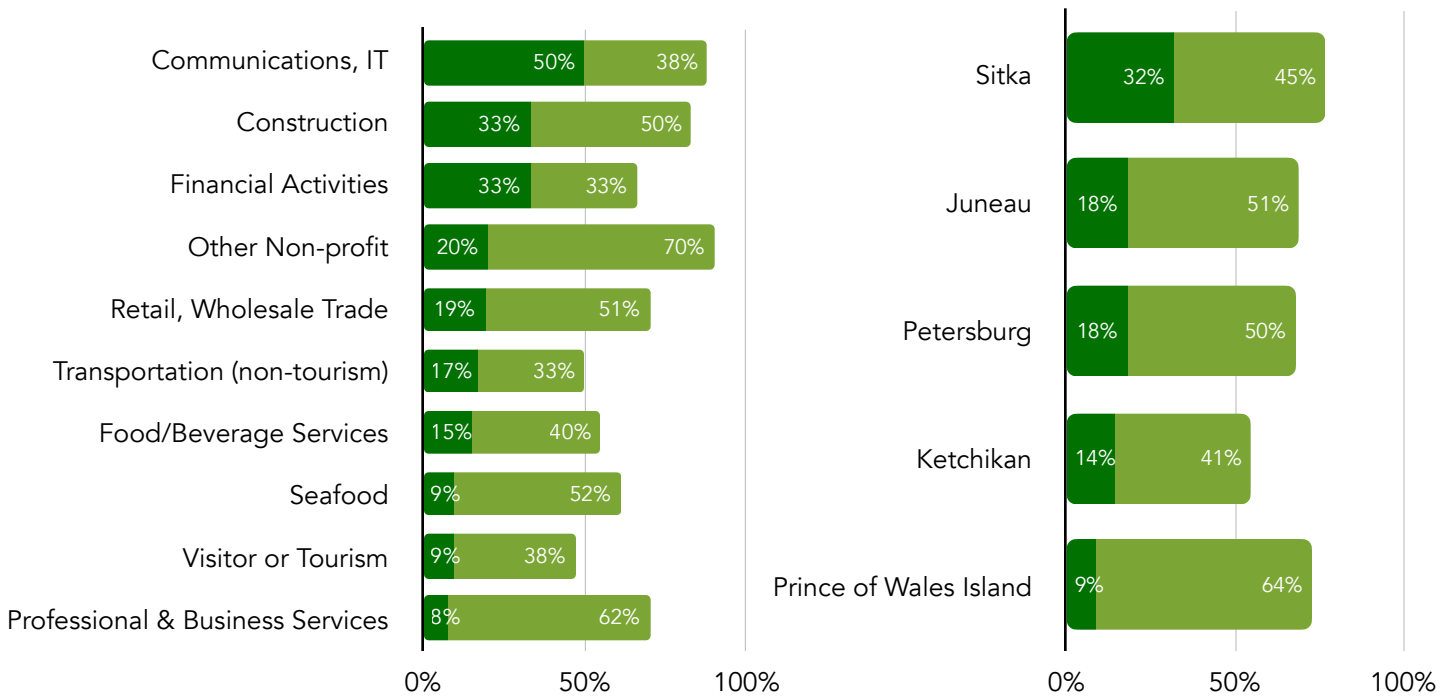
By Regional Industry

By Community

■ Reduce total jobs ■ Unknown at this time



■ Add jobs ■ Maintain the same amount of jobs



Skagway Businesses COVID-19 Impacts

Skagway business leaders were asked how COVID-19 is impacting their businesses. Responding employers have already laid off 71% of their total workforce due to the COVID-19 virus. Skagway business revenue was down 61% so far due to the pandemic. A third of respondents say that they are at risk of closing permanently, while 19% say that they are not at risk.

Total Businesses Responding = 73

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

= -61% overall

83% of responding businesses received COVID relief funding

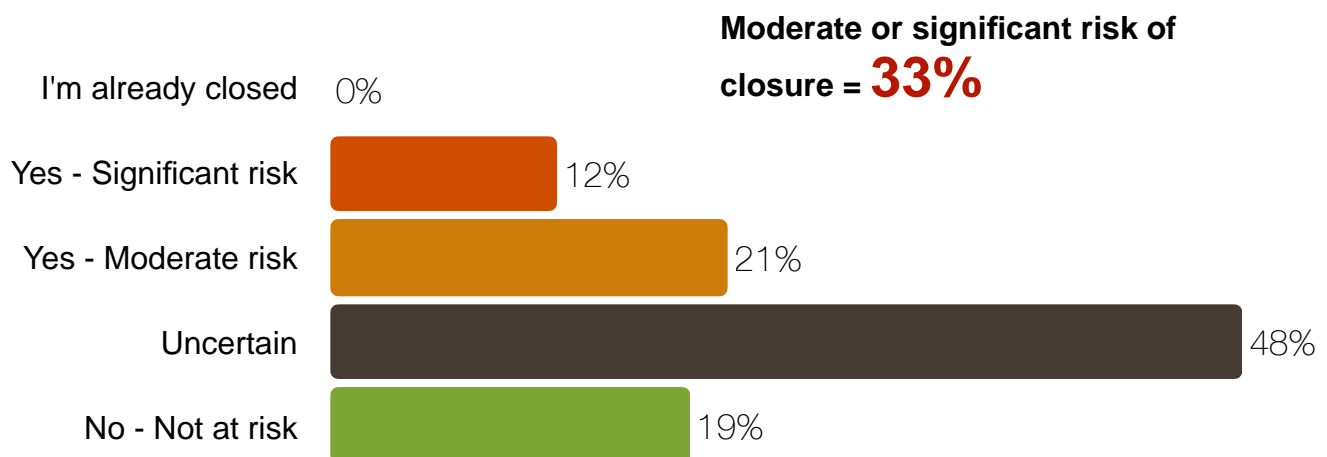
Respondents have laid off **71%** of existing staff so far due to COVID-19

23% expect to make more employment cuts in the future due to COVID-19

Average current workers per organization = **4**

Average workers laid off so far per business = **-10**

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



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

Average = 22

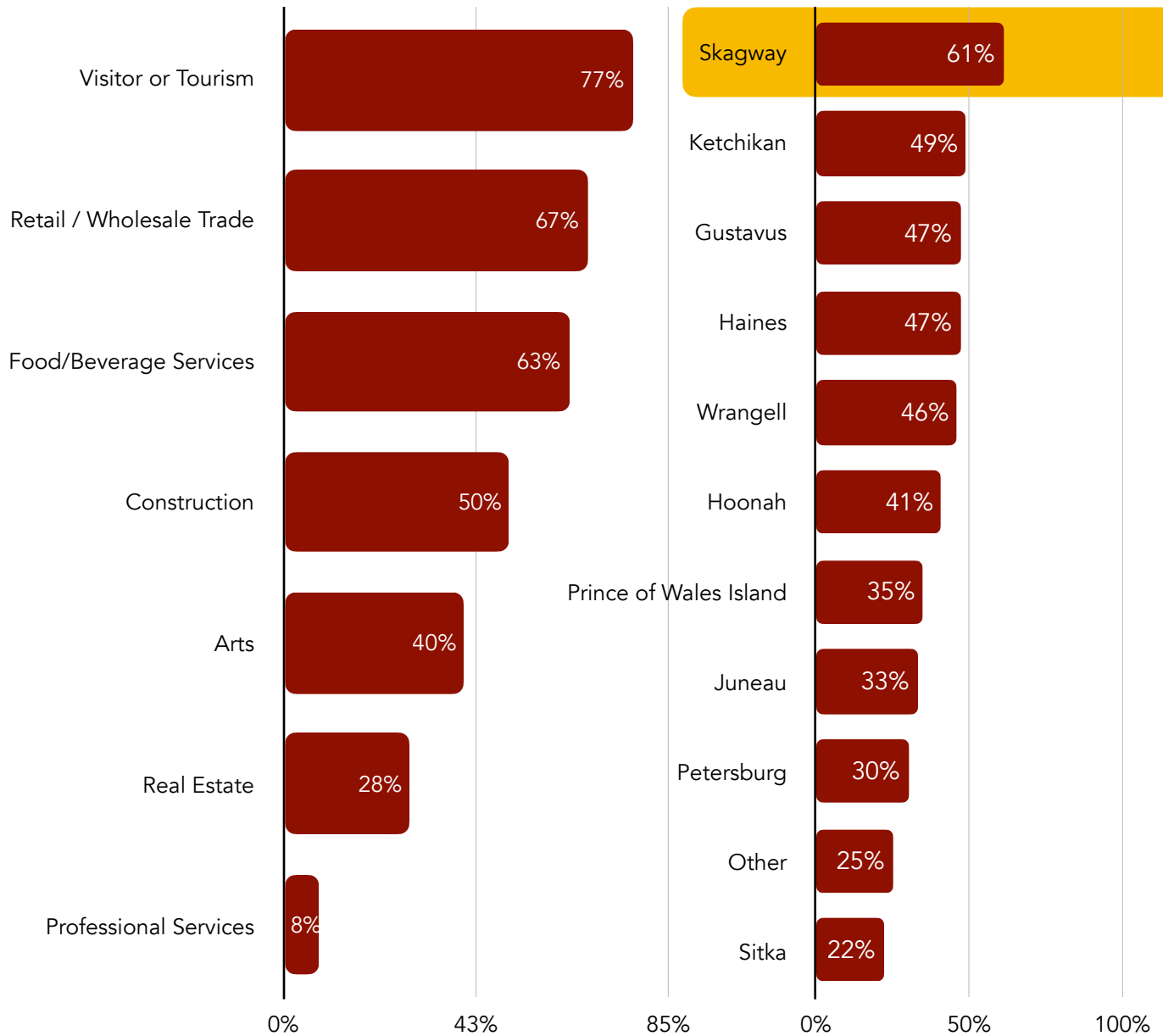
Please estimate the percent revenue decline to your business due to COVID-19: **By Industry and Community**

On average, reporting businesses have lost **42%** of their revenue due to COVID-19. By community, Skagway businesses have lost the most, with reported average revenue loss of 61%, followed by Ketchikan, Haines, and Gustavus. Sitka businesses report the smallest average revenue decline of “only” 22%. In Skagway, the tourism sector is down by 77%, while the retail sector is down by 67%.

By Industry in Skagway

By Regional Community

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

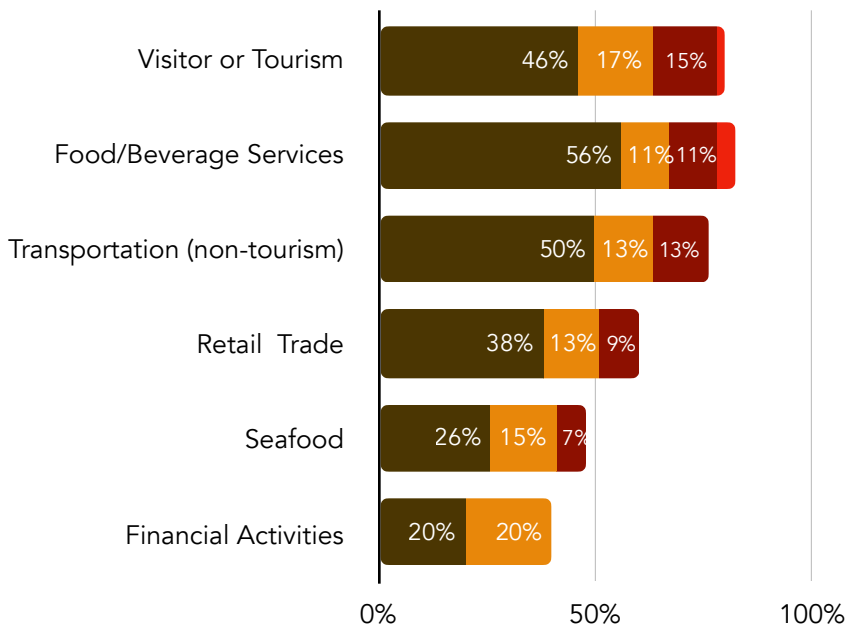


Is your business at risk of closing permanently because of impacts caused by COVID-19? By Industry and Community

Nearly a quarter of respondents (22%) are at risk of closing permanently or have already closed. The following charts analyzed which sectors and communities are at the greatest risk of being unviable due to the COVID economy. Businesses in Hoonah, Ketchikan, and Skagway face the highest risks of closure, while Sitka businesses appear to be the most resilient at the moment. Tourism, the food and drink sector, and transportation have the greatest risk of closing due to the pandemic, while the mining and Alaska Native entities have the lowest risk.

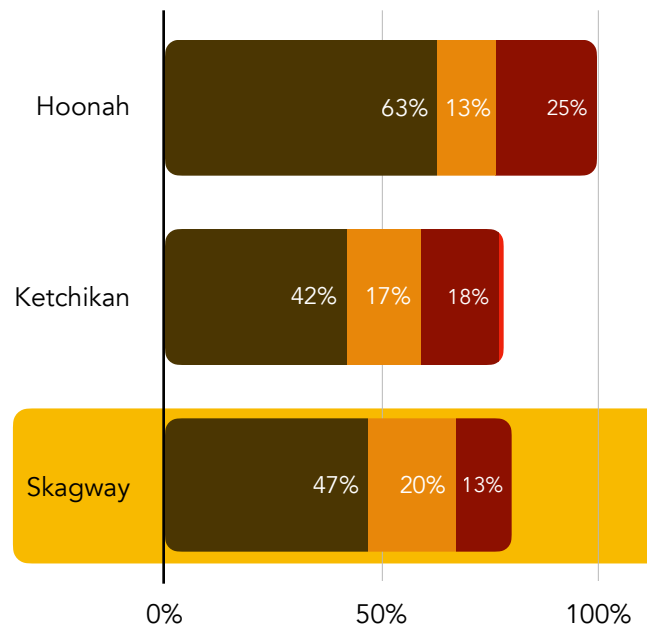
By Southeast Industry

■ Uncertain
■ Yes - Significant risk

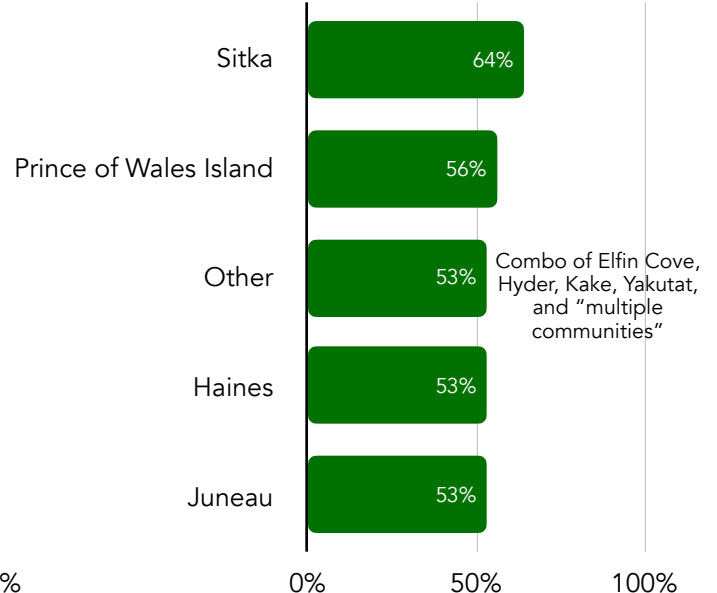
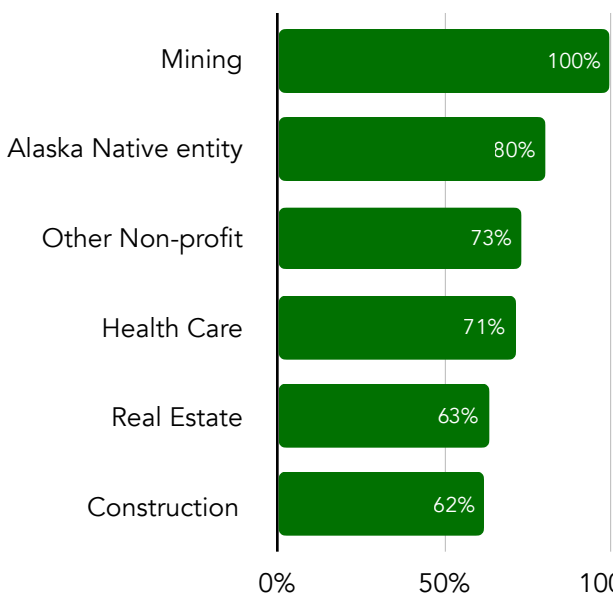


By Community

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

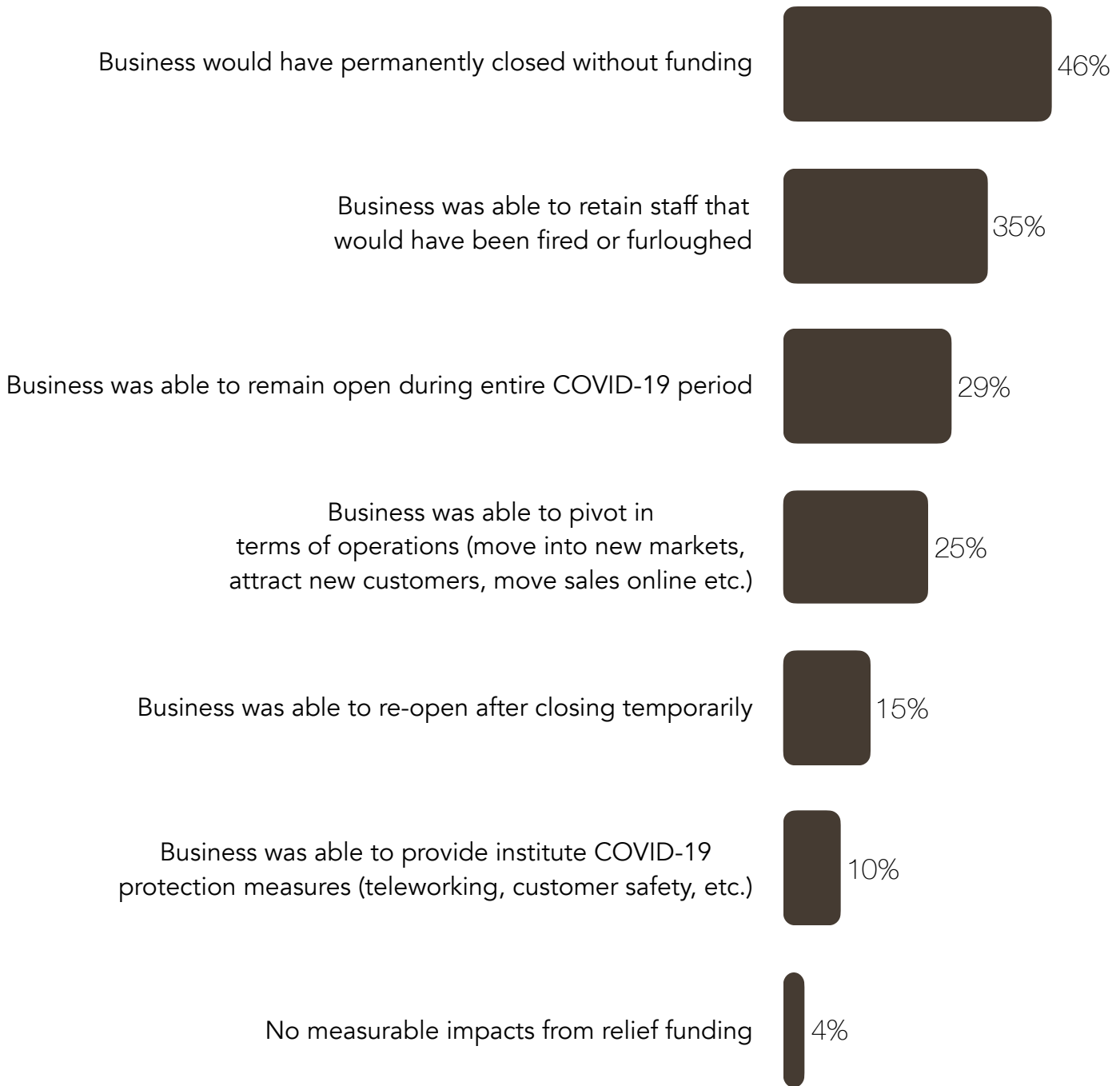


No - Not at risk of closing permanently



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

Businesses that received funding were asked about the impact of the COVID-19 aid they received. **Nearly half (46%), reported that they would have closed permanently without the pandemic relief dollars.** A third of respondents said that the funding allowed their businesses to retain staff. A quarter of businesses used their relief funding to pivot their operation model to attract new customer, move online, or move into new markets.



Skagway businesses receiving grants or loans = 83%

COVID-19 Funding Distributions in Skagway

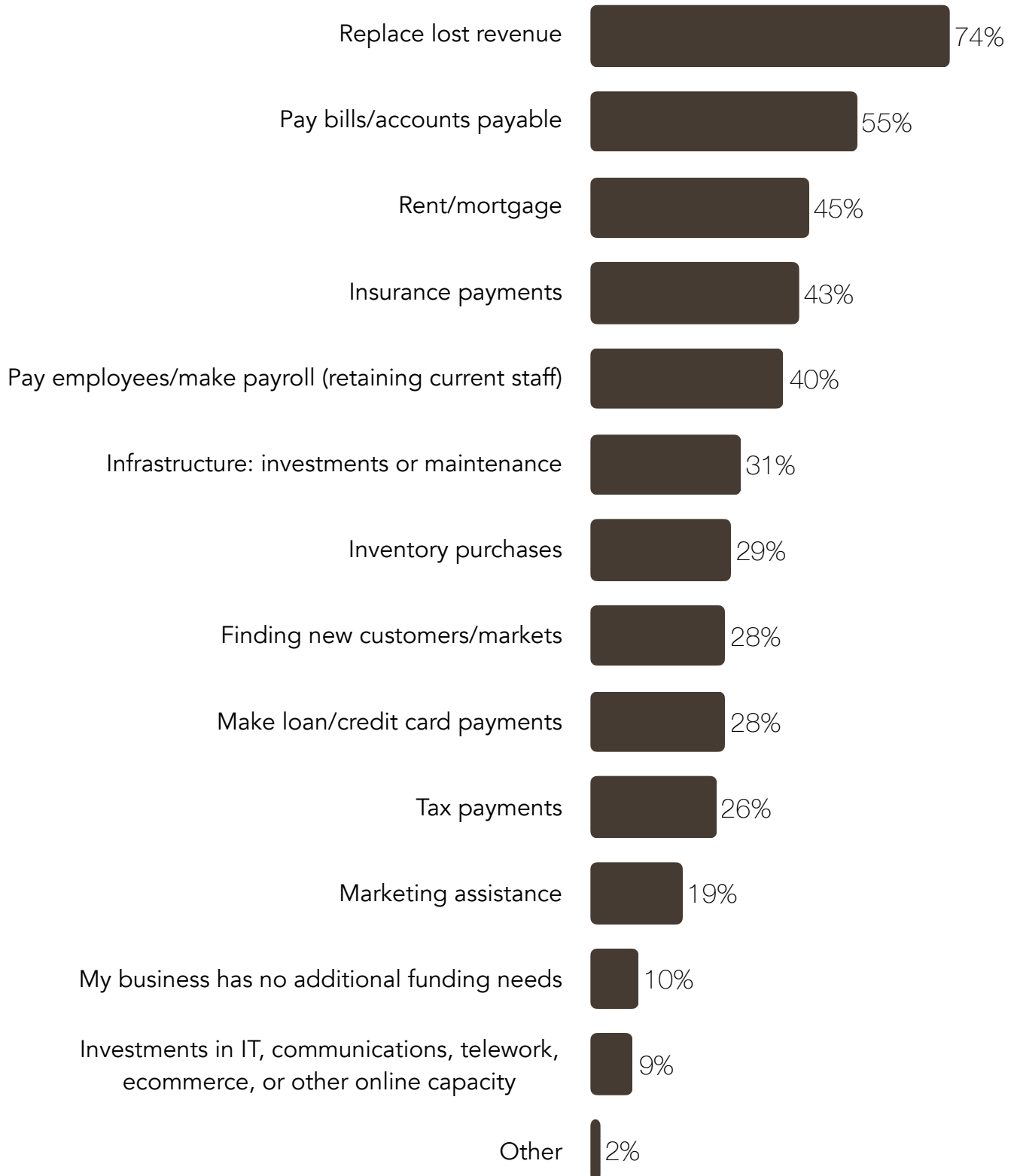
According to the Alaska Small Business Development Center (SBDC), which tracks four stimulus programs: PPP, EIDL (and EIDL Advanced), Alaska's state CARES program, and the local municipal grants, Skagway businesses and organizations have received \$27 million in COVID-19 funding.

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

In addition to the analysis above, additional funds were allocated to the Skagway Traditional Council and to the Tlingit Haida Regional Housing Authority on behalf of Skagway.

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

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



Open Ended Responses

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

Visitor or Tourism

- As a recreational tourism rental business, we needed people here in volume to make any money. Since that hasn't happened, we had to pivot and open an online gift store. Our business was supposed to open in May 2020. Because of this we didn't qualify for PPP because we had no payroll, but we have all the same expenses as an established business.
- COVID has decimated the tourism economy in Skagway. No cruise ships are allowed to sail. I am moving to online sales in an effort to make it to next year.
- Covid-19 shut down our business entirely. We are an in-person, tourism-based business so remote products/new markets aren't realistic. We are desperately trying to stay afloat until tourists are able to return to Skagway.
- Cruise industry. We have been completely shut down.
- No cruise ships = No business
- No cruise ships equaled no business. Simple.
- Thankfully we have a 20 year + business. No mortgage. Never overextended our debt. But neither of these helps put wages into employees pockets
- We are a store in a tourist town with no tourists for the second straight summer. Local business amounts to only 5% of our revenue.
- We are doing a line of wholesale items to sell for the upcoming tourist season. Skagway is a very unusual place in Southeast Alaska because our only commerce is Tourism. We are really struggling and losing families weekly. My fear is that by the time the cruise ships return there will be no one here to serve them, except the cruise ships themselves.
- We have no hope without a) Cruise ships returning by July 1, 2021 or b) In lieu of ships a grant program so we can pay insurance, rent, equipment payments etc. 100% of our customers arrive by cruise ship and we have not had revenue since October 2019. The balance sheet for our company has collapsed. We have mortgaged our home for needed cash. There is no financing available if you do not have a date certain to be back in business. We need revenue replacement grants at this point.

Food/Beverage Services

- We are a seasonal business located in Skagway, Alaska. We are 100% dependent on cruise ships, and without the cruise ships, there is no way to open and afford the cost of overhead. We have not been open since September 2019, and we will not open until the cruise ships return. I am in support of waiting until the risk can be managed properly and safely; however, the fact is since we closed almost two years ago, I have still had to pay license, insurance, utilities, legal, accounting, and make investor payments. All of this has come out of my own pocket, and I have not been able to lock in anything besides the \$4,000 in the form of the advance EIDL. I have been trying to submit a loan

package to attempt to make improvements, put money into the community, but with the unknown, the banks are extremely wary of the situation. In short, between 2020 and 2021, we will lose nearly a million in revenue. All my equipment will be aging and will most likely need work or replacements when reopening.

- We aren't doing much different. Just hanging on.

Retail / Wholesale Trade

- No tourism means way less customers. Luckily I have a loyal local following helping me keep my business afloat. But tourist dollars get me past just breaking even.
- We are a tourism town and rely on the cruise ships. No cruise ships for the last year and this year, have drastically dropped our economy. When the cruise ships return hopefully our community will rebound.

Arts

- Several stores that sell my photography have not been open since before the pandemic. This has significantly impacted my sales...and left me with a surplus of inventory. I have a website and continue to promote through there.
- Program modification with COVID Mitigation efforts in place.
- Closed borders impacted printing of our paper in Whitehorse. We pivoted to online. Used grant money to print. We don't pay ourselves. Business partner and I work for free in order to pay the bills. We work external jobs to pay our personal bills.

Construction / Architecture / Engineering

- I think our economy will come roaring back. With financial backing we could expand infrastructure and be prepared to meet the new demand.
- My business has completely stopped. I have no hope for this year - 2021. I can only hope to hold out to the 2022 season. We cannot even drive to Whitehorse.
- Our local economy is down over 92%! I'm trying to secure federal contracts to bring outside money into our town, as local money is nonexistent. Since Thanksgiving of last year, over 80% of my business receivables have gone unpaid.

Other

- The seasonal employees and tourists utilize my services have greatly comprised my small growing business that I have built from the ground up,
- We are 100% on the cruise industry. We have had \$0 revenue with no additional funding consideration any different to other business with a much smaller loss. Those in the cruise industry haven't received any additional special funding, yet we are impacted the most.
- Insurance customers dropped drastically.
- We have not been able to pick up new contracts or add an employee.
- I have concerns regarding lack of business; and if my business and other local businesses can make it through until May 2022 when cruise ships return. If ships return to Skagway in May 2022 that would be 30 months between cruise ships with a global pandemic cherry right on top that has decimated

Skagway's economy and forced long term families and individual persons with talent to leave Alaska for better prospects.

- The programs do not do much for building owners who are landlords. Our tenants are not paying rent but our mortgages are still due.