

Skagway Business Climate and COVID-19 Impacts Survey



June 2020

Prepared by
Rain Coast
Data

The logo for Rain Coast Data, featuring a stylized graphic of green and blue dots arranged in a circular pattern.

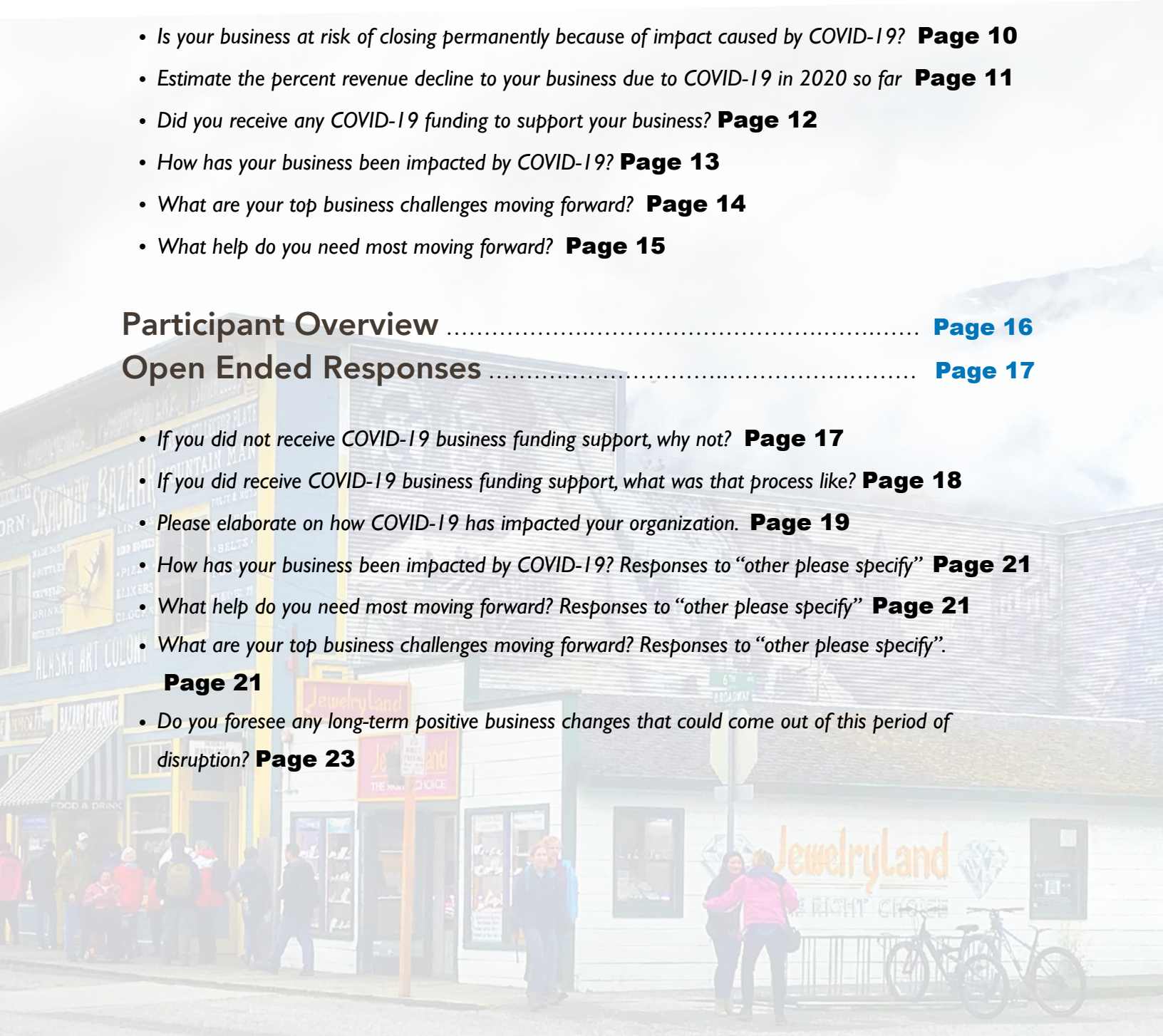
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Skagway Business Survey Results 2020

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 by policy leaders, program developers, and project proponents to form projections regarding the economic direction of Southeast Alaska.

This year several comprehensive questions regarding COVID-19 business impacts were added to the survey, along with questions to clarify how the private sector can best be supported moving forward moving through this period of pandemic. Open-ended questions allowed for increased input by the business community. The survey analysis provides data so that policy leaders can gauge how ongoing needs vary between sectors, industries, and communities. Several communities wanted to have a standalone version of the report for their own community, including Skagway.

This Skagway breakout was developed in a partnership between Southeast Conference and the Skagway Development Corporation. Rain Coast Data designed the survey instrument on behalf of this partnership.

The survey invited Skagway Alaska owners and top managers to respond to 28 questions. The web-based survey was administered electronically from June 4th through June 18th. A total of 47 Skagway business leaders participated in the survey, representing 128 current Skagway workers. The survey results include the following findings:

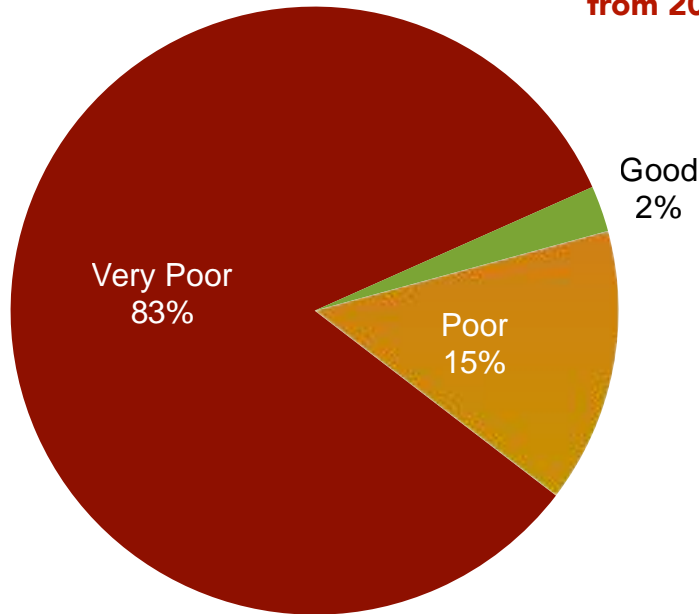
- 60% of Skagway businesses have received COVID-19 business support funding, including 51% that received PPP funding.
- Responding Skagway employers have already laid off 66% their total workforce due to the COVID-19 virus, and cancelled hiring an additional 379 workers - mostly in the tourism sector. More than a third of businesses (36%) expect to cut more staff.
- Skagway business revenue was down 80% in 2020 so far, compared to the same period in 2019. Skagway leads all Southeast communities in highest average percentage of lost business revenue.
- More than one-third of respondents say that they are at risk of closing permanently, while only 16% say that are not at risk of closure.
- 98% of respondents call the current economy poor or very poor, and 76% feel that the upcoming year will be worse.

The following pages summarize survey findings.

Skagway Business Climate Survey Results 2020

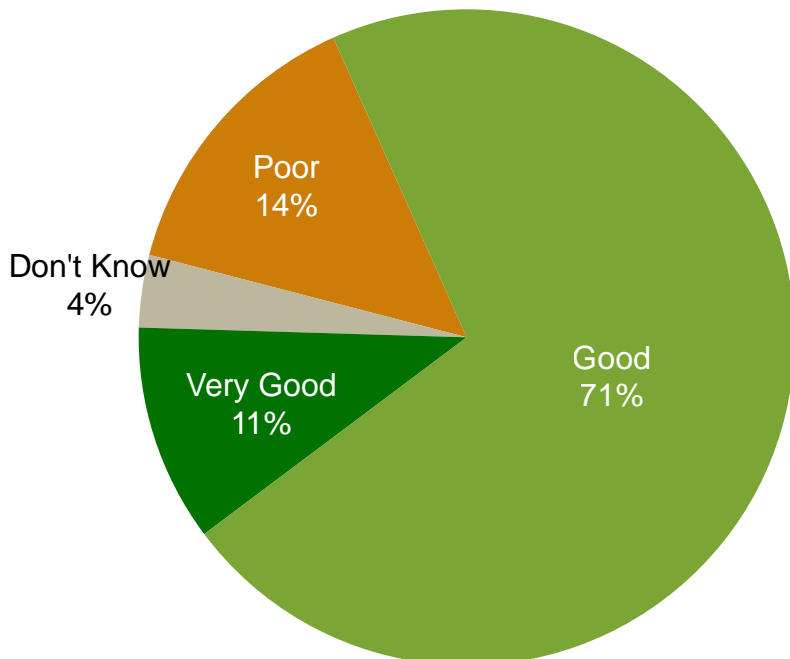
June **2020** Skagway Alaska: **How do you view the overall business climate right now?**

2% Positive / 98% Negative +84% negative from 2019



April **2019** Skagway Alaska: **How do you view the overall business climate right now?**

82% Positive / 14% Negative



Skagway Alaska Annual Business Climate Survey

In June of 2020, 47 Skagway business owners and top managers responded to Southeast Conference's Business Climate and Private Investment Survey.

How do you view the overall business climate right now?

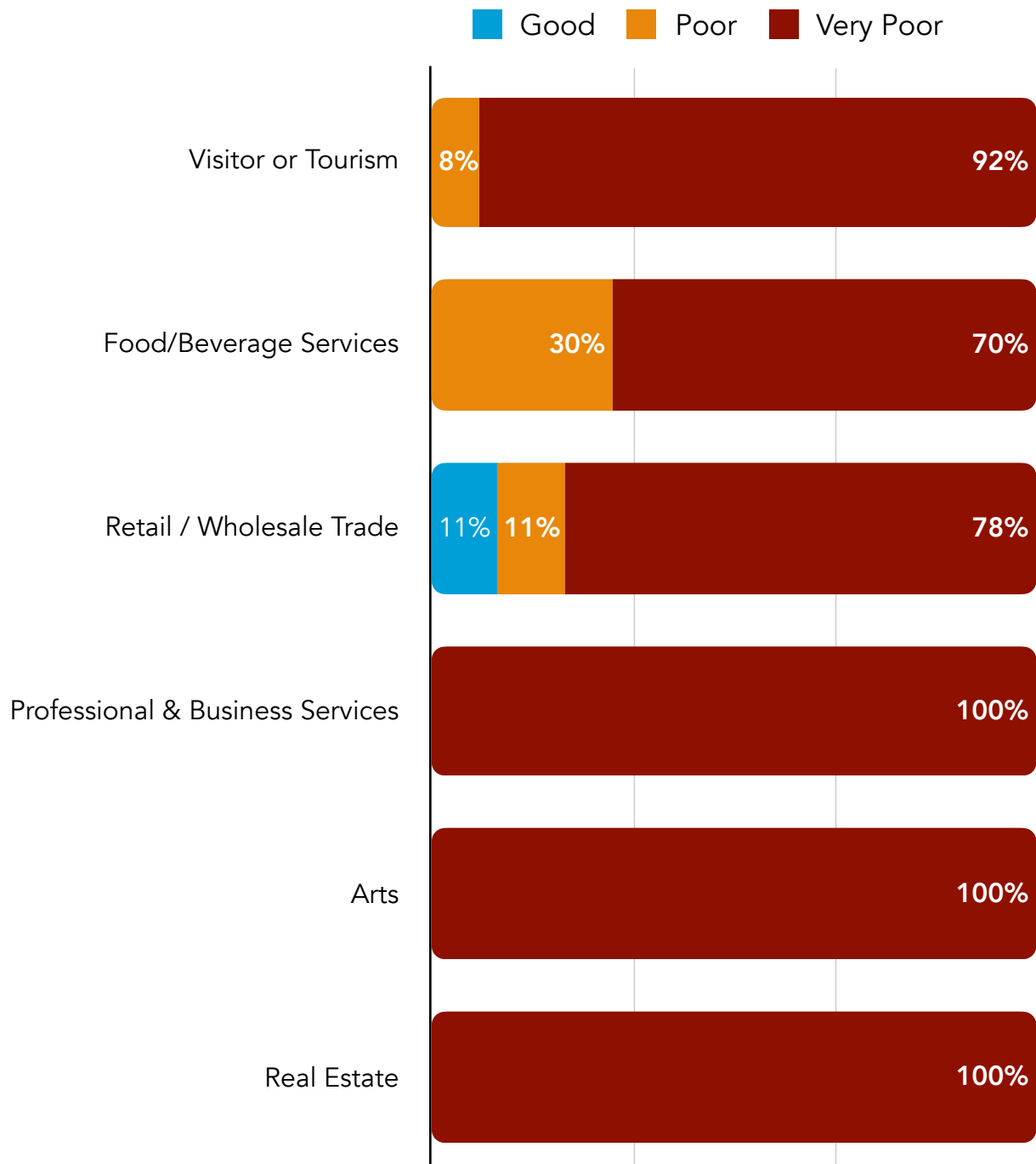
Unsurprisingly, confidence in the Skagway business climate has crumbled in the wake of COVID-19. Nearly all (98%) respondents are concerned about state of the economy, calling the business climate "poor" (15%) or "very poor" (83%), an 84 percent increase in those who view the economy negatively from last year. Two percent of business leaders called the Skagway business climate "good" in 2020 — a decline of 80% over 2019.

The Southeast Alaska communities that have been most negatively impacted by the COVID-19 pandemic so far are Skagway and Haines.

Skagway Business Climate Survey Results 2020: by Industry

The following graphic breaks out how the current Skagway Alaska business climate is viewed by each various sector. Usually such a breakout reveals significant differences between sectors. However, the 2020 breakout shows that no industry has escaped a significant negative impact due to COVID-19.

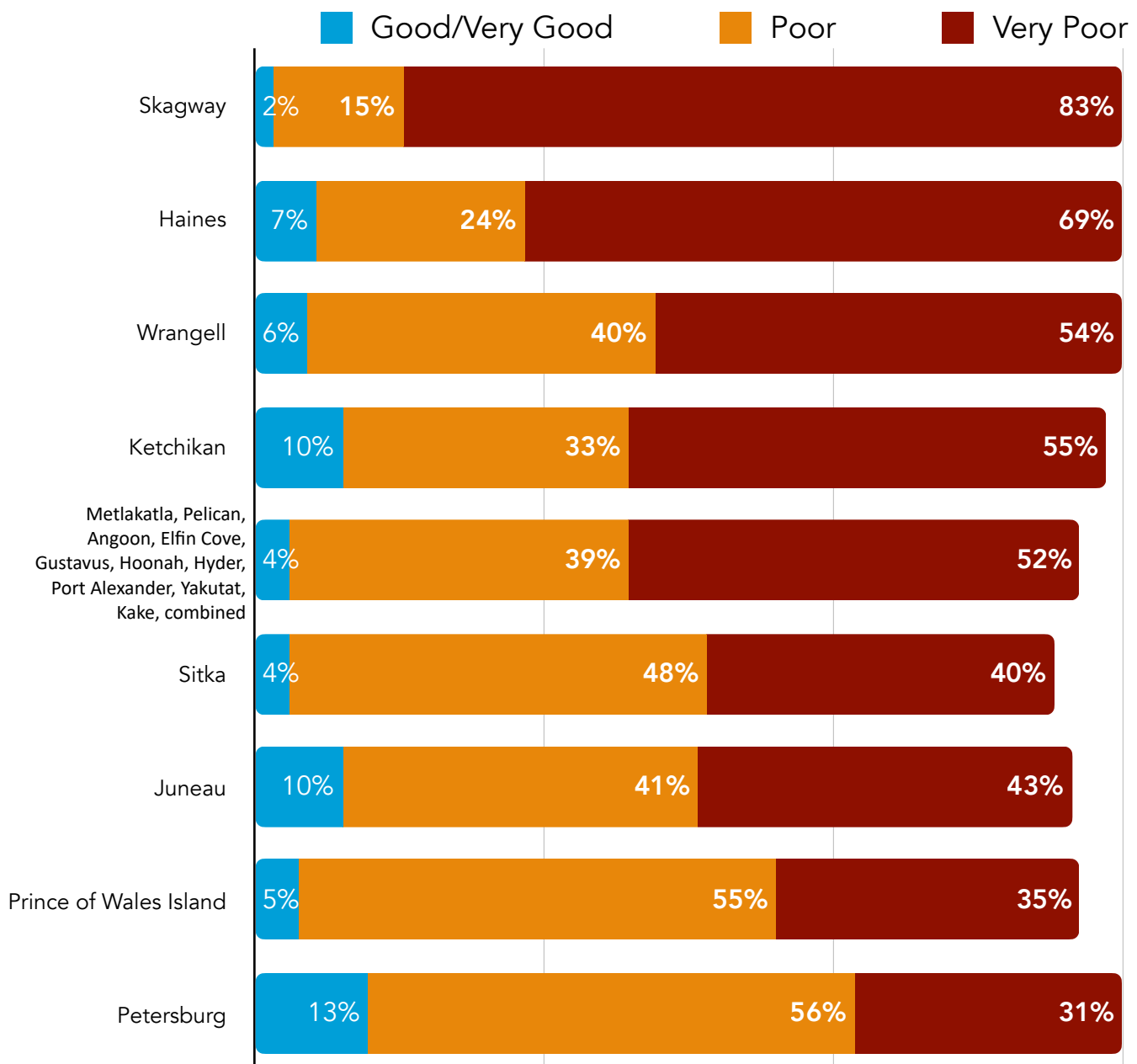
June **2020** Skagway: **How do you view the overall business climate right now?**



Southeast Business Climate Survey Results 2020: 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 83% of Skagway businesses saying that the business climate is "very poor" followed by Haines at 69%.

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

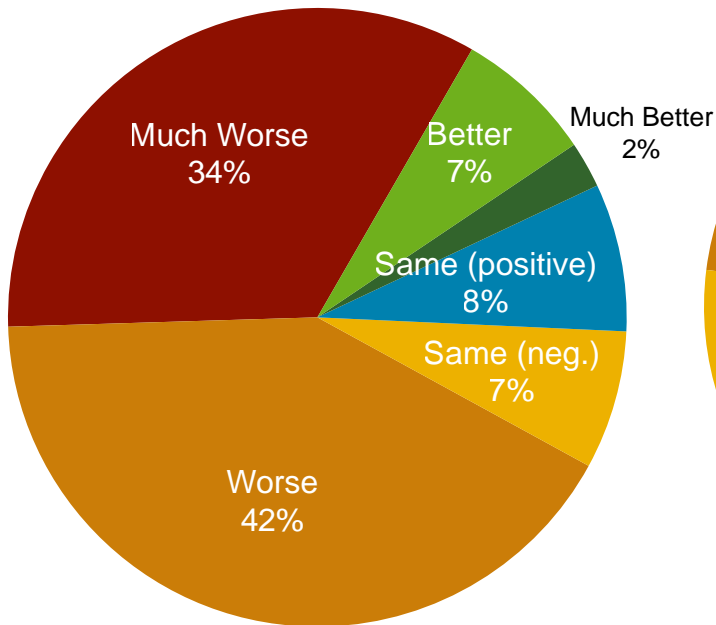


The "don't know" category has been excluded from this chart.

Skagway Economic Outlook

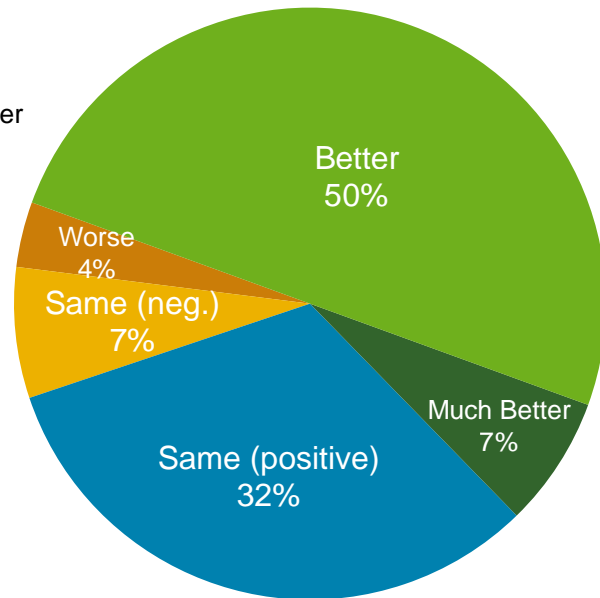
2020: What is the economic outlook for your business or industry?

17% Positive / 83% Negative



2019: What is the economic outlook for your business or industry?

89% Positive / 11% Negative



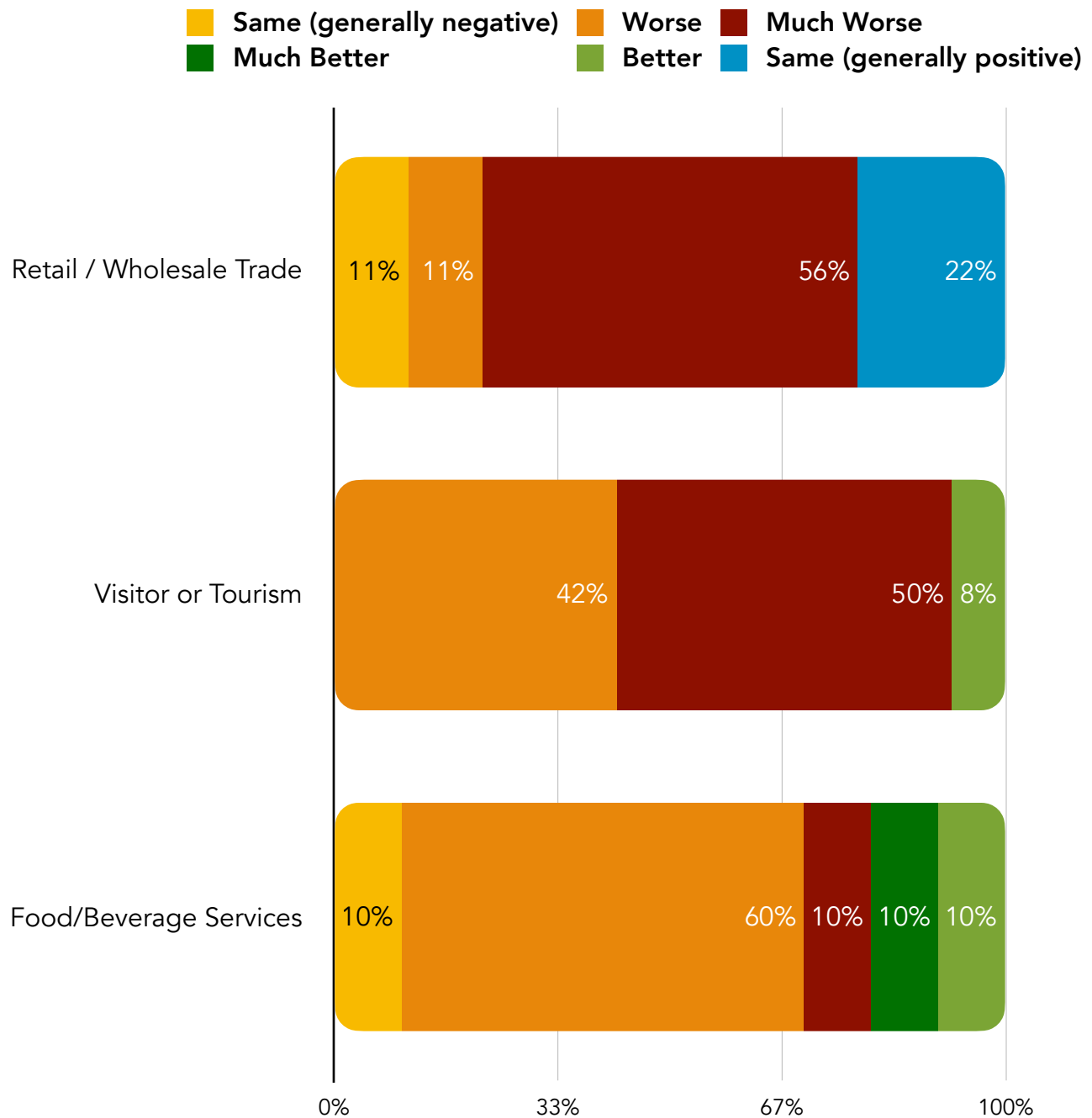
Skagway Economic Outlook

Five-sixths of Skagway businesses say the economic outlook for their business or industry over the next 12 months is negative. In 2019, just 11% of Skagway businesses had a negative outlook. More than three-quarters (76%) of Skagway survey respondents expect their prospects to be worse (42%) or much worse (34%) over the next year, while only 9% expect the outlook for their business or industry to improve in the coming year.

When compared by community, Sitka has the least negative outlook. The community with the most negative outlook is Wrangell.

Skagway Economic Outlook: by Industry

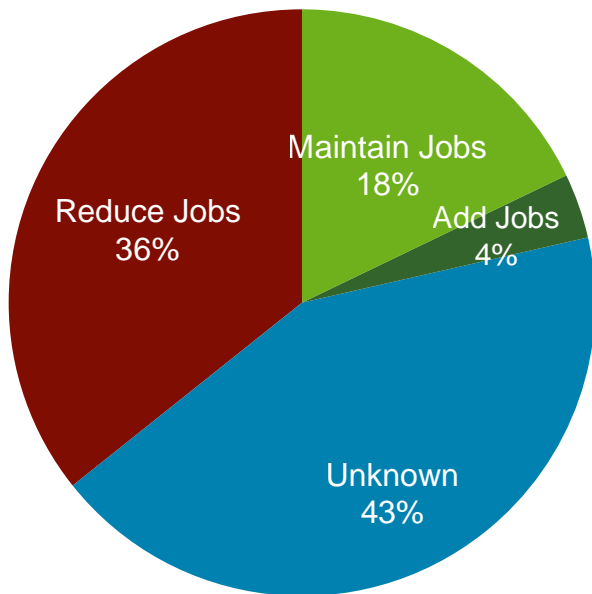
The below graphics show economic outlook breakdowns for the next year by industry. Three Skagway sectors had a large enough response rate to breakout findings.



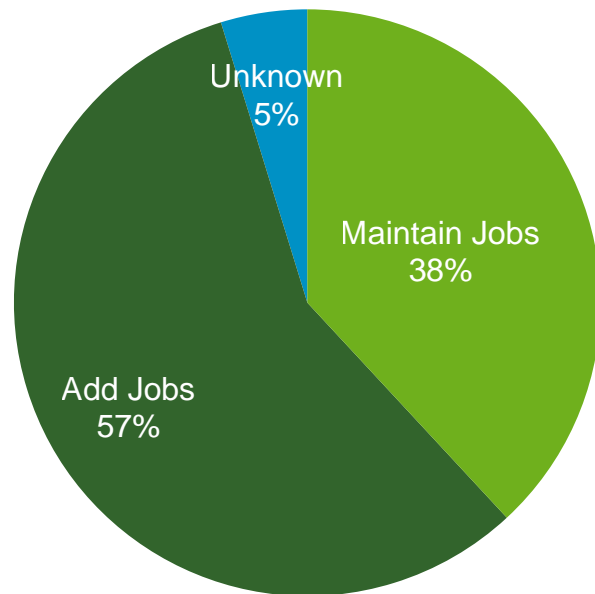
Decreasing Jobs in 2020 and 2021

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 2020: Jobs Outlook



Skagway 2019: Jobs Outlook



Employment changes in the next year

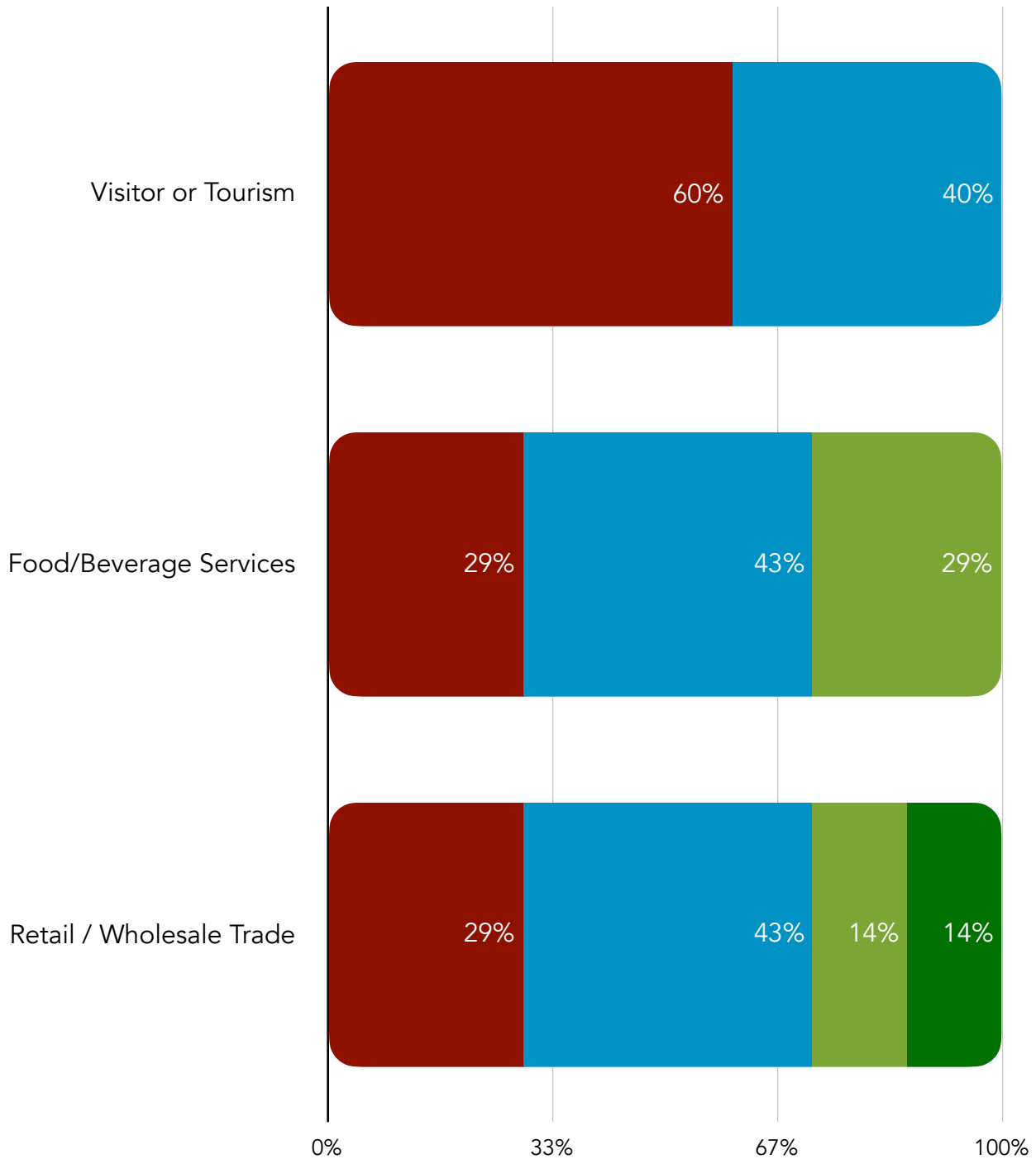
More than a third of Skagway business leaders surveyed expect to reduce the number of jobs associated with their businesses over the next 12 months, while 18% expect to maintain total jobs, and 4% expect to add more employees.

Employment reductions are expected to be most significant in the tourism sector with 60% expecting to make additional jobs cuts in the next year.

By Industry: 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?

- Reduce total jobs
- Unknown at this time
- Maintain the same amount of jobs
- Add jobs



Skagway Businesses COVID-19 Impacts

Skagway business leaders were asked how COVID-19 is impacting their businesses. Responding employers have already laid off 66% of their total workforce due to the COVID-19 virus, and cancelled hiring an additional 379 workers — mostly in the tourism sector. Local business revenue was down 80% in 2020 so far, compared to the same period in 2019. Thirty-six percent of businesses say that they are at risk of closing permanently, while 16% of respondents say that they are not at risk.

Total Businesses Responding = 47

Representing 128 current Skagway workers

Responding businesses have typical peak employment of 639

With a year-round resident workforce of 33%

51% of responding businesses received PPP funding

Respondents have laid off 66% existing staff so far due to COVID-19

and did not bring on an additional 379 planned hires

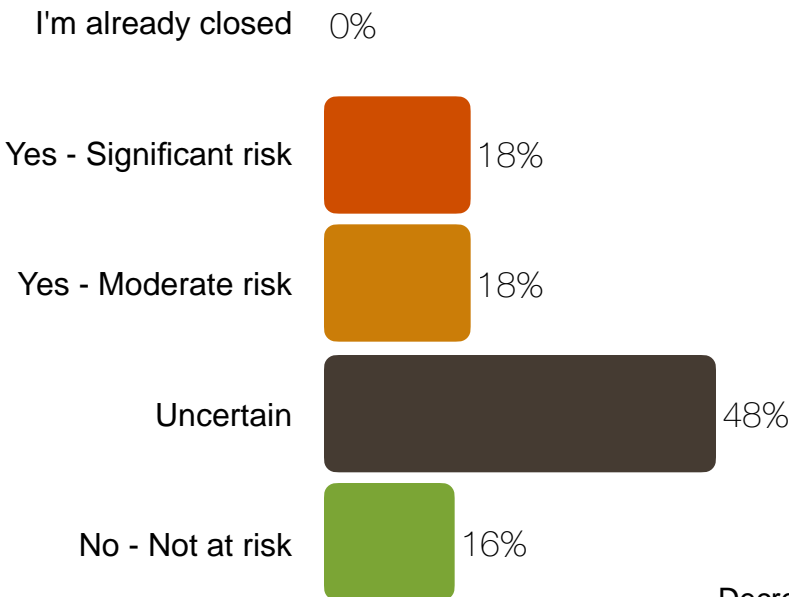
36% expect to make more employment cuts in the future due to COVID-19

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

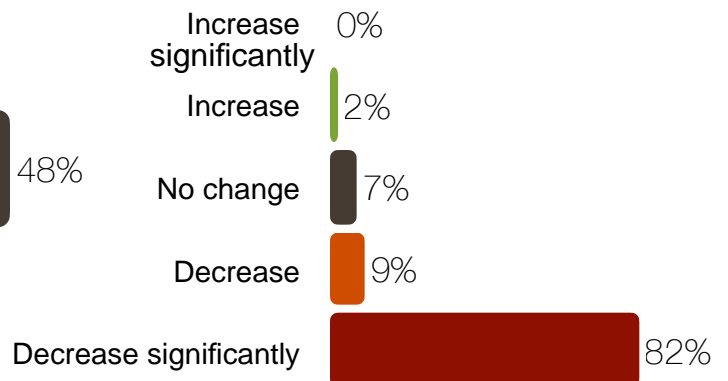
Avg. current workers per org. = 3 (14 at peak)

Avg. workers laid off so far per business = -7

Avg. planned hires cancelled = -9



How much do you project your revenues will change in the remainder of 2020 compared to the same period in 2019?



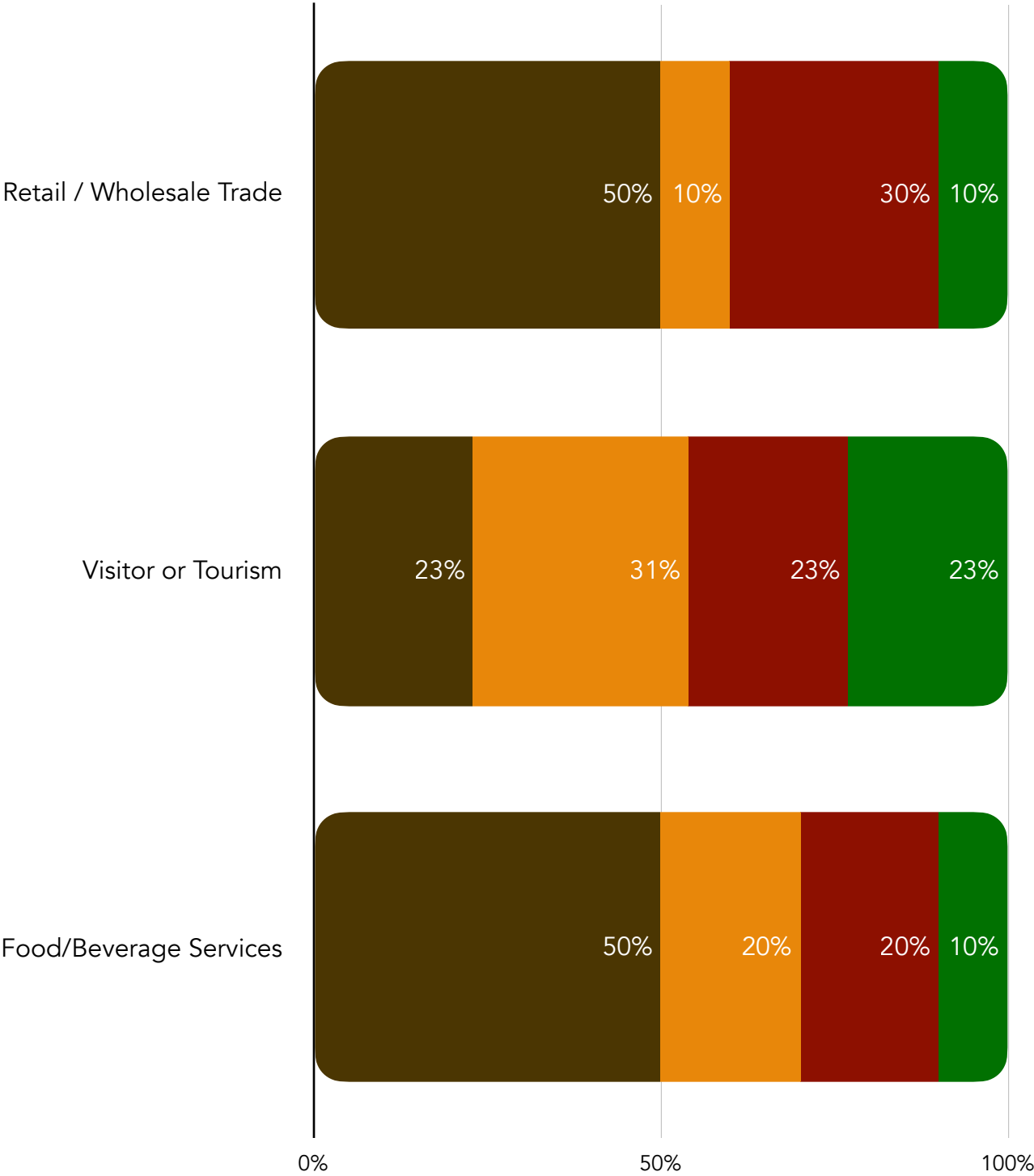
If you answered "yes" above, how many weeks of the current situation do you think you will be able to survive? Avg. = 31

Please estimate the percent revenue decline to your business due to COVID-19 in 2020 so far (compared to same period in 2019)? = -80%

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

The following charts analyzed which Skagway sectors are at the greatest risk of being unviable due to the COVID economy.

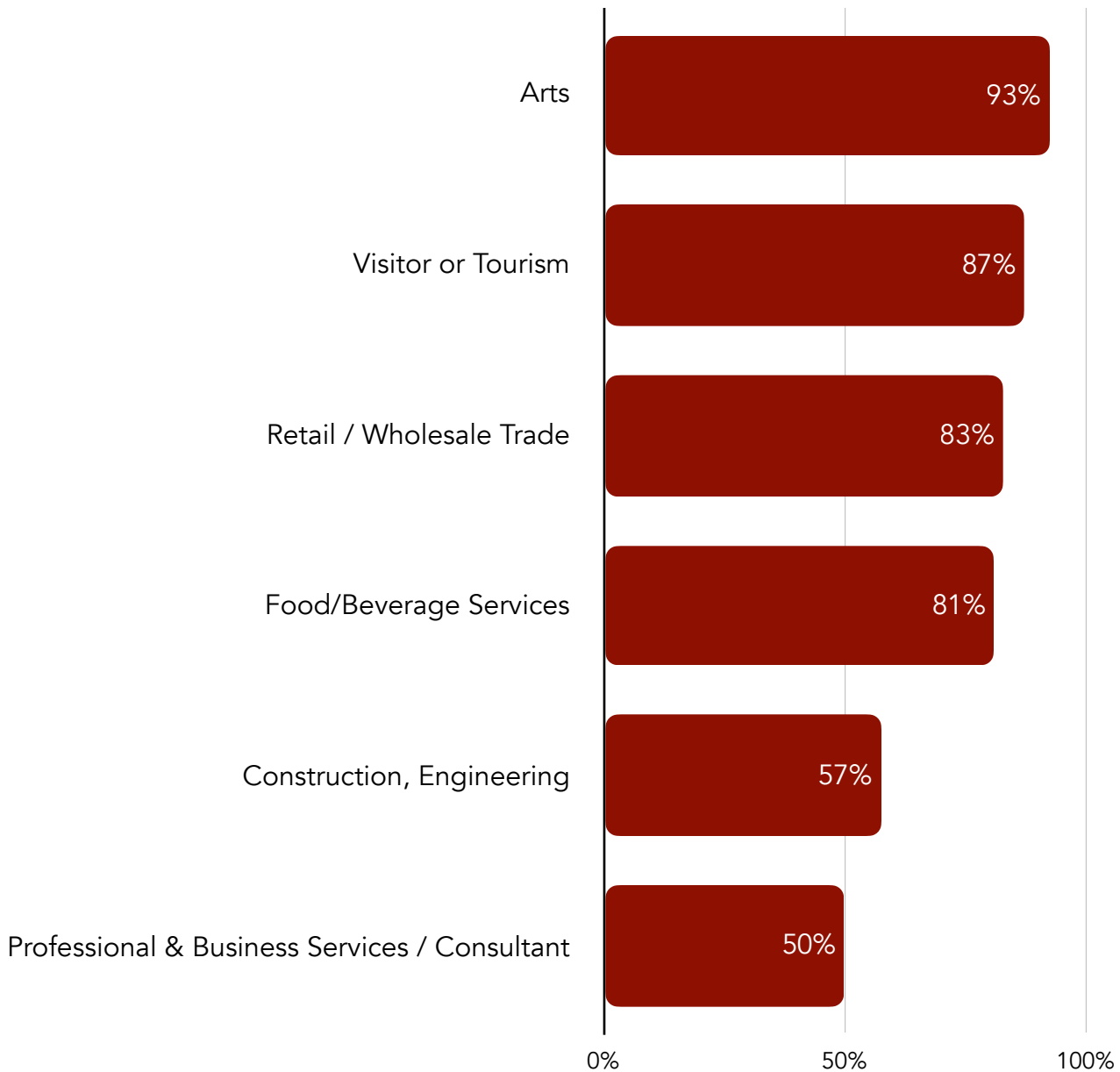
■ Uncertain ■ Yes - Moderate risk ■ Yes - Significant risk ■ No - Not at risk



Please estimate the percent revenue decline to your business due to COVID-19 in 2020 so far (compared to same period in 2019)? By Industry

On average, reporting Skagway businesses have lost **80%** of their revenue due to COVID-19 in 2020 compared to the same period last year. However, there is significant variation between industry in community impacts. Businesses in the tourism sector are down by 87%, while arts sector is down by 93%.

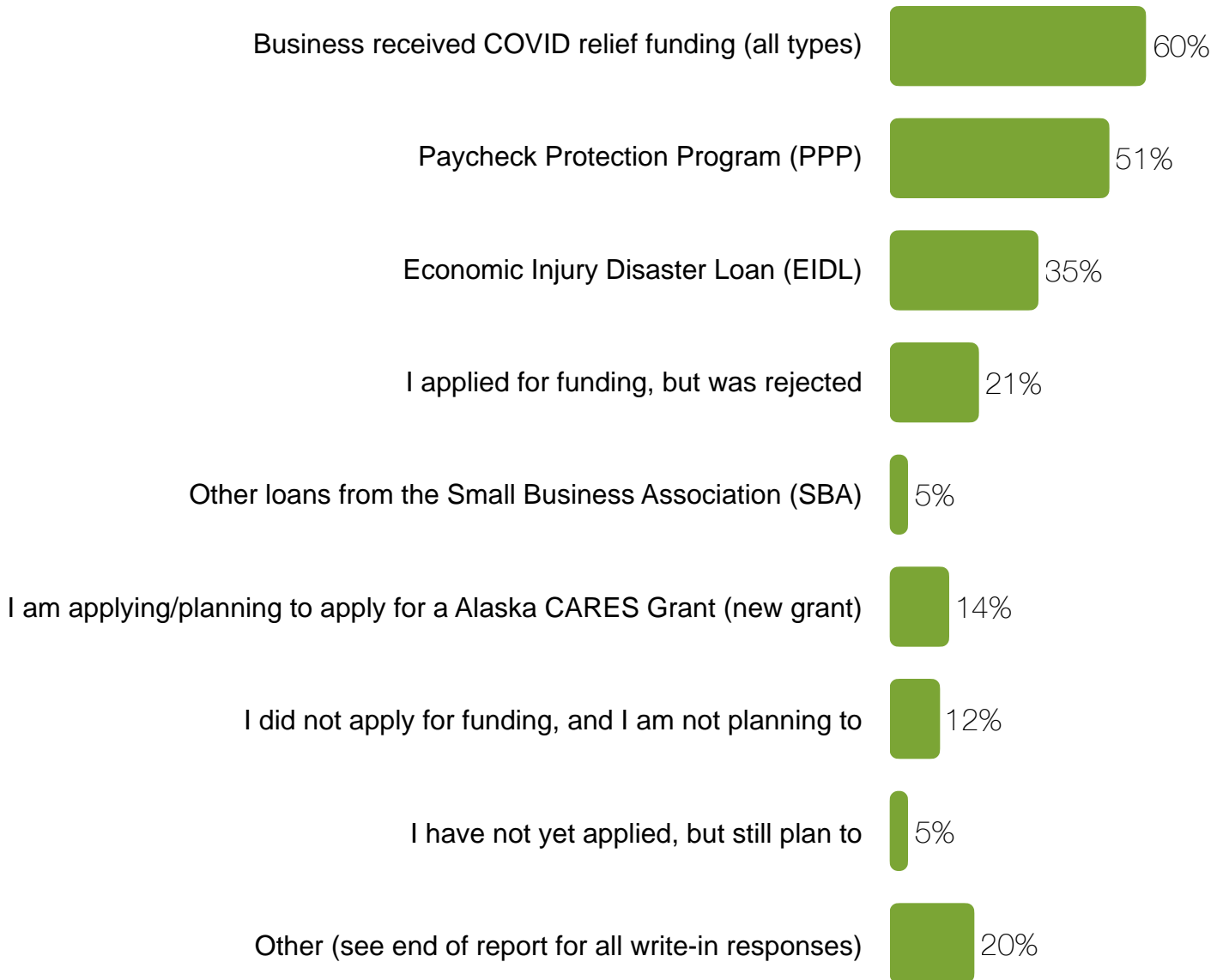
■ Average percent revenue decline to your business due to COVID-19 in 2020



Did you receive any COVID-19 funding to support your business? (check all that apply)

60% of all reporting business leaders had received COVID relief funding for their organizations, including 51% who received the funds from the Payment Protection Program.

A total of \$4 million in funding was reported received. The average assistance amount was \$96,600.



Total Funding Reported to be Received by SE Businesses = \$4 million

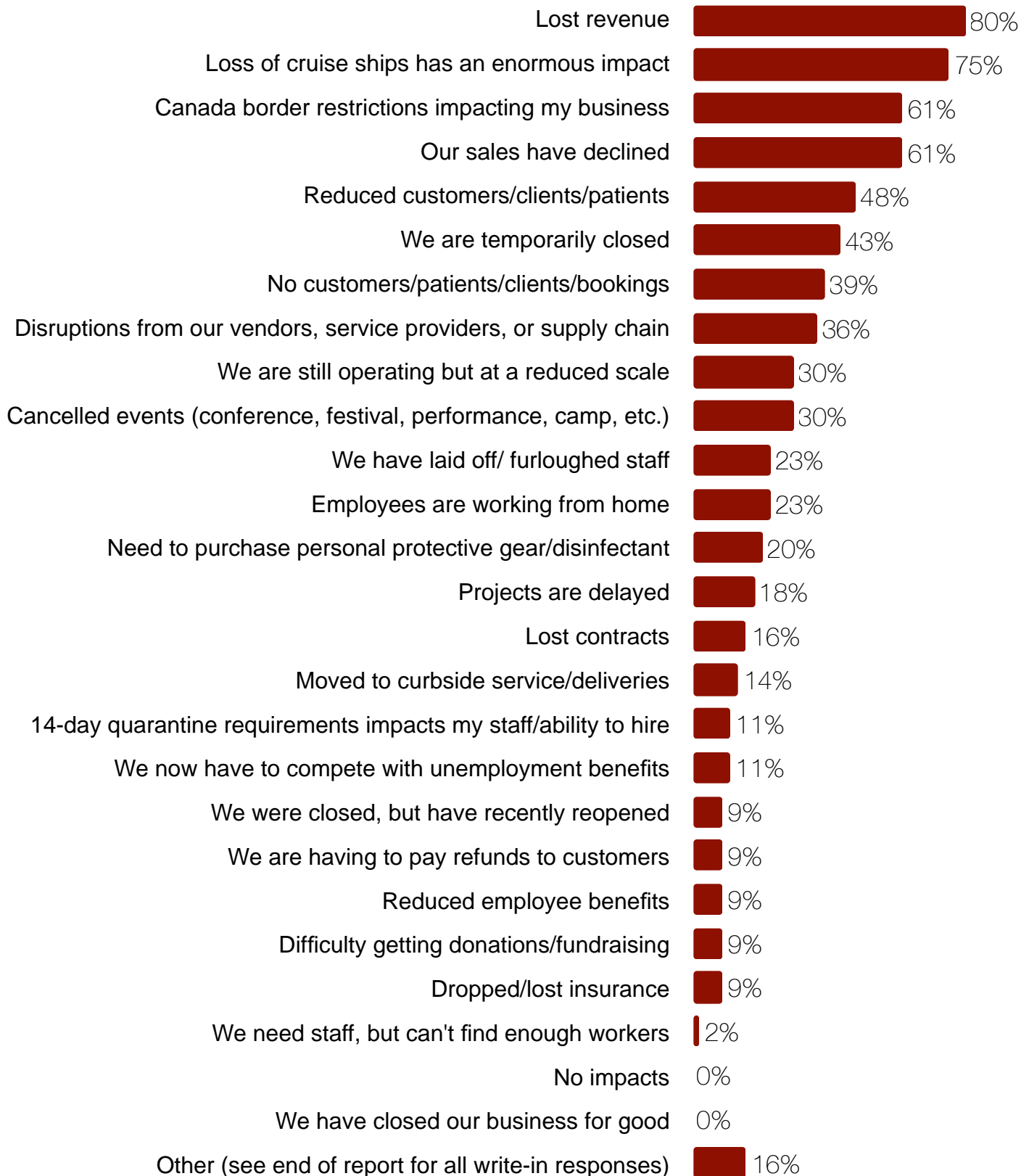
Average amount received by businesses receiving funds = \$96,600

Businesses receiving funding = 60%

How has your business been impacted by COVID-19?

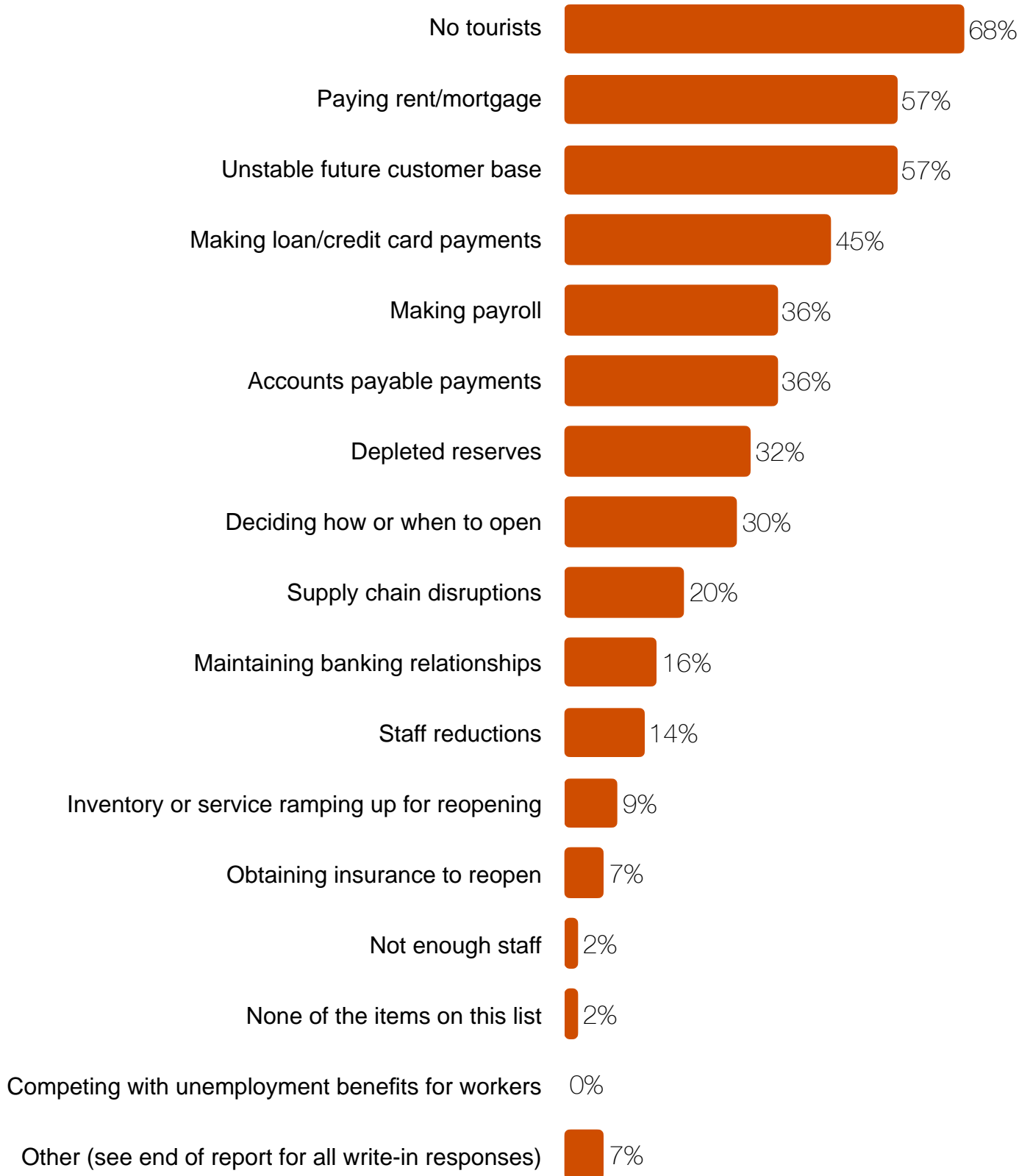
(check all that apply)

Business leaders were asked how their organizations have been impacted by the pandemic.



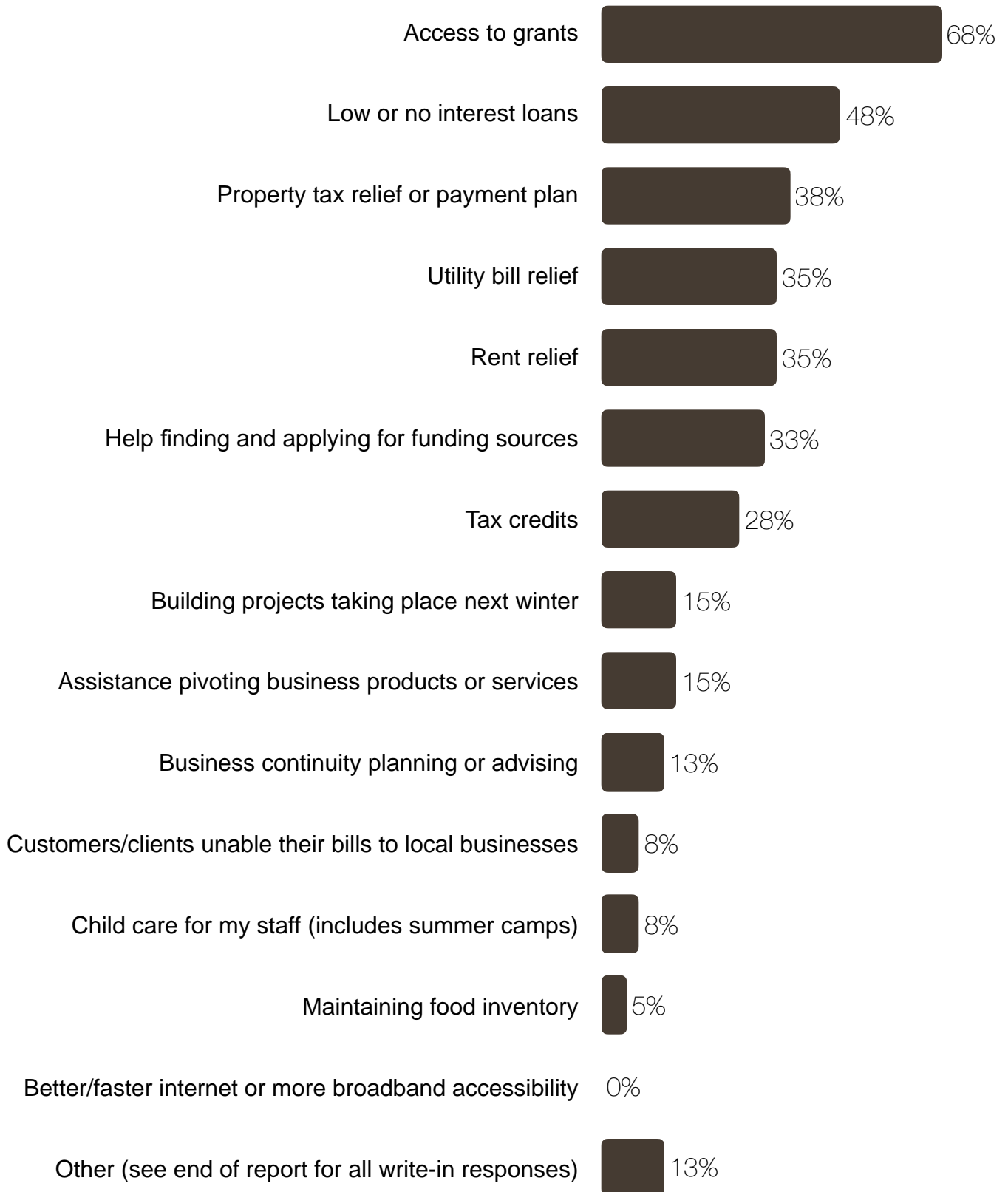
What are your top business challenges moving forward? (check all that apply)

Owners and managers were asked what their top business challenges are moving forward.



What help do you need most moving forward? (check all that apply)

Business leaders were asked what help they most want and need moving forward.



Participant Overview

A total of 47 businesses from Skagway responded to the survey in 2020.

Which best describes the primary industry focus of your company?

Answer Options	Response
Visitor or Tourism	15
Retail / Wholesale Trade	10
Food/Beverage Services	10
Professional & Business Services / Consultant	2
Construction / Architecture / Engineering	2
Real Estate	2
Arts	2
Communications / Information Technology	1
Government	1
Energy	1
TOTAL	47

Open Ended Responses

If you did not receive COVID-19 business funding support, why not? And do you plan to re-apply in the future?

- EIDL application rejected because funding was going to agriculture only. We have reapplied. Still waiting to hear.
- Funding ran out. I have not heard back on my second application
- Haven't applied yet
- I am shut down for now, receiving pandemic self-employed unemployment. I do not plan to apply; other businesses are in more dire need than me.
- I applied for EIDL, and my loan still says processing. I didn't even get the \$10,000 emergency money yet. When I call and ask, they say "you are still in the que". I applied last day of March.
- I do not qualify for any of the currently available grants.
- I have no employees or mortgages. I own my property. Free and clear. No, I will not reapply. I can't handle the paperwork.
- local government
- Most funding is limited to 501 (c) 3 or 19 non-profits, we are a 501 (c) 6
- Most options geared toward payroll or don't apply to seasonal businesses. I don't want to go further in debt.
- Not sure if I'm eligible as a sole proprietor/sub-contractor working for another contractor.
- Ownership shifted to us in March.
- pending
- SBA stopped taking application within a few days. Yes, I plan to apply if I get a chance.
- still have not had a response to our application
- Still Waiting.
- We were not heavily impacted
- Why take out loans and add to my debt load.
- Yes

If you did receive COVID-19 business funding support, what was that process like for you? (Application process, receipt of funds, limitations? etc.)

- Convoluted, stressful, NEVER any feedback from anyone. Had to figure everything out on our own, as it seemed like nobody ever had any answers.
- Did not get enough funding. Only received 7250
- Did not receive
- Difficult and confusing!!! Time consuming!!! Despite the fact that we got a PPP, we cannot pay for it if it is not forgiven.
- EIDL funding was way less than expected although we could easily qualify for more. We need 6 months of operating costs to get to next May when cruise ships return.
- Everything has been stressful. We did get the PPP, but I almost wish we hadn't, because we don't have employees, nor need them without tourism. Then I could have at least applied for grants like the AK Cares Act.
- First rejected by Wells Fargo. Went to a different bank and did receive 191,000. Payroll is normally \$750,000. Process was relatively easy
- Frustrating, delays in response from financial institutions, answers not clear. I hope I made the best choice/received what I was fully eligible to receive.
- Glad I got SBA EIDL money. The process was crazy and there was NO ONE to talk to and then all of the sudden 7 weeks later - series of quick emails and bam ... money in my account.
- I found the process for both EIDL Loan and PPP to be straight forward, easy, and timely.
- Lengthy. Frustrating due to misinformation
- Painful
- PPP process was easy enough, but we got caught up in the limbo period where we had to use previous year's 941 totals on loan application, then it was allowed to have summer-only 941 total but I missed that and got far less than I could have received. Hoping CARES grant through local SDC can make up difference and also address rent, utilities and other fixed costs so able to survive the winter and stay open.
- PPP was not too bad as Northrim bank did a lot the work for us. Slow response for SBA and not able to borrow more than \$150,000 was disappointing. Still haven't received those SBA loan \$\$ yet.
- Slow
- So confusing. No outlines of how they all interact or no knowing that if you get small help from PPP or EIDL then you will be denied other help, even if you still need it. And for me nothing seems to be able to be used on credit card debt. Honestly the process was so stressful, more applications to programs seem daunting for a sole proprietor.
- Still Waiting.
- Tedious. Too many unknowns and rules changing quickly.

Please elaborate on how COVID-19 has impacted your organization.

- As a seasonal business, that needs summer revenue to remain open in winter- I'm not sure that will happen this winter and worry about viability of small-town economy. If can't borrow enough to see into 2021, the business will close for good
- Blew everything good out of the water. Devastating to friend's family and town.
- Closed for 18 months
- Closed for the season.
- Closed my business for 2020 and may not ever reopen thereafter. Rent is too high in Skagway as it is, and if the cruise industry returns, it won't be at 100%. My future in Skagway is very uncertain.
- Closure of school buildings and travel restrictions to communities prevented me from providing mediation and facilitation services for special education disputes.
- Facing ethical dilemma. Is in-person service-based tourism worth the risk of increased infection? Do we as an industry have an obligation to lead by example and initiate post-COVID 19 industry standards. Is doing nothing and hoping for a return to normal unethical?
- I have three retail spaces that I lease to seasonal shops. No cruise ships equals no visitors equals seasonal shops do not open equals no funds to pay rent to me equals I can just barely pay the interest only on my commercial loan which means that I will now have a balloon payment at the end of my loan.
- I make art and jewelry which I sell through several galleries, all but one a closed. I also sell through local markets- these are canceled.
- I'm stuck with a lease I cannot pay and 60,000 worth of inventory I cannot sell.
- It has hampered our training.
- It has left me a mound of debt from buying supplies over the winter and now with no sales to pay off those cards. And if I want to stay open for next year, I will need to rebuy all of my perishable ingredients.
- Loss income and don't know how long we can get renters; businesses closes because of tourism industry. No cruises, no workers to come and look for place to rent.
- Loss of an entire year of income. No ability to finance our business or pay outstanding bills.
- Much stress of uncertainty - not clear if what we are doing is the best, when things will change again, want to spend \$ to support local biz and invest in my business but don't know for how long to plan funds availability, ability to keep people hired.
- My seasonal business in Skagway is the only source of income for my annual expenses. If there is no business in this season, I will have no income.
- My summer customers are primarily seasonal workers here in Skagway buying art supplies. My winter customers are locals primarily having artwork framed or purchasing artwork. There are no seasonal workers making money and the locals are saving what they have to make sure they can get through the winter months coming up.
- No cruise ships amounts to an economic disaster for everyone in Skagway. We need help. Our city is listening, thankfully.

- No cruise ships means nobody wants to finance construction projects. The little scraps of projects that are offered don't appeal, but it looks like it will be the only way to survive, if that's even possible.
- Perfect storm. If this happened in October, we would be fine. But it happened when we were very low on income from 2019. We have 1.8 M in inventory, mortgage payments of \$350,000, utilities of \$100,000, property taxes of \$90-100,000, insurance of \$100,000, freight of \$75 to \$100,000. Line of credit already taken for \$675,000 to make mortgage payment and payroll. Without at least a million-dollar loan, we will not make it through the summer without laying off our skeleton crew.
- Possible situation that could shut us down for good
- We have lost advertising for our tourist guide. We cannot print our paper due to border closure. We are online with PDF papers for our subscribers.
- We have NO income as a tourist seasonal store. We pray for ships in 2021 and hope we can stay afloat until then.
- We have no revenue this summer as 100% of our customers come by cruise ship. We have no revenue until May 2021.
- we have not been able to open for the 2020 season
- We lost 99% of our customer base
- We were hoping to open and make substantial profits this year, but we are now operating on a much more limited basis.
- We've reduced our business to 2 days per week curbside pickup.
- would have hired on an employee, but business took on no new clients

How has your business been impacted by COVID-19? Responses to “other please specify”

- Cannot pay fellow Alaskans for merchandise they sold us for retail
- Cruise ships have canceled to Skagway
- I’m open 2 hours a week.
- lost rental from building and sale to current occupant fell through
- Lost tenants because of COVID 19, loss rental income
- No income from October 1st, 2019-May 1st, 2021
- Shift in service focus to help small businesses survive

What help do you need most moving forward? Responses to “other please specify”

- Customers that are interested in Alaska made products
- I need help paying off my credit cards which I used over the winter to make purchases for the summer season.
- Reopening of schools and no travel restrictions.
- We need renters.
- Am okay for now.

What are your top business challenges moving forward? Responses to “other please specify”

- All aid and support funding running out December 2020 and not having any source for 2021
- No renters, no businesses and no tourists
- Paying property taxes

Did you receive any COVID-19 funding to support your business? Responses to “other please specify”

- Applied for PUA
- ATIA/DCCED Grant
- I do not qualify for the grants offered
- I received a small PPP but returned it before the forgivable date because I was worried about losing unemployment insurance and could not get answers. I also received \$1000 from EIDL but was denied for a loan.
- Most programs targeted at paying payroll, and N/A to me when I am closed.
- PUA
- Skagway Cares Act relief
- Took PPP now NOT eligible for others.
- We did not receive any COVID 19 funding to support our business

Do you foresee any long-term positive business changes that could come out of this period of disruption?

- Hopefully more online orders.
- I don't think so
- I was in the process of making more gallery and workspace out of my old home and switching to carrying more beads and jewelry supplies rather than art supplies.
- May force me to fully retire.
- More efficient monetary transactions as cash becomes dangerous and obsolete. Increased efficiency of online communication for official documentation (insurance, licensing, permits, etc.).
- Moving out of state and opening a new location away from Alaska and cruise industry
- No
- No
- No
- No
- No
- No really not for SE Alaska people come here physically to visit.
- No.
- None
- Not at all.
- Not in our tourist-based economy.
- Not unless bankruptcy, or the possibility of the IRS showing up and taking everything, I own would be a positive thing.
- Not that will help our tourist season. I have been working on my website. The shipping of a \$15 item costs \$15 to ship it so we cannot offer free shipping
- Probably more use of technology and non-tourist jobs being able to have a flex work schedule (i.e. at home and at the office). Also, a new motivation to redefine and enhance our market.
- Probably more use of technology.
- Rest
- Those maintenance projects and training manuals will finally get done!
- We have already worked in more technology. We will maintain the business, but we will not be able to pay ourselves for quite a while.
- We rely on the retail experience, people walking in the door of our bookstore and browsing. We have e-commerce as an alternative but has never amounted to much, even now.
- working from home, more use of technology and development of touch-less solutions for visitors.