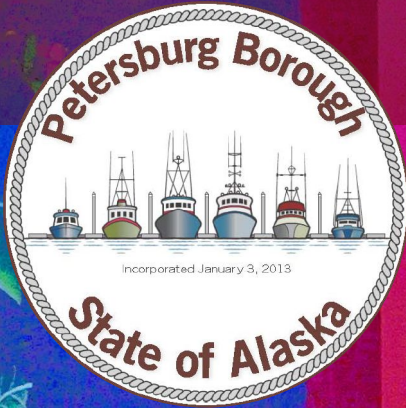


Petersburg Business Climate and COVID-19 Impacts Survey



**SOUTHEAST
CONFERENCE**

June 2020

Developed and Prepared by

Rain
Coast Data

Rosemaling
Centennial Project
Donated by the Muskeg Maleriers

Telemark Rosemaling
Centennial Project
Donated by the Muskeg Maleriers

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Petersburg 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 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 Petersburg.

This Petersburg breakout was developed in a partnership between Southeast Conference and the Petersburg Borough. Rain Coast Data developed the survey instrument and survey report on behalf of this partnership.

The survey invited Petersburg 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 45 Petersburg business leaders participated in the survey, representing 664 current Petersburg workers. The survey results include the following findings:

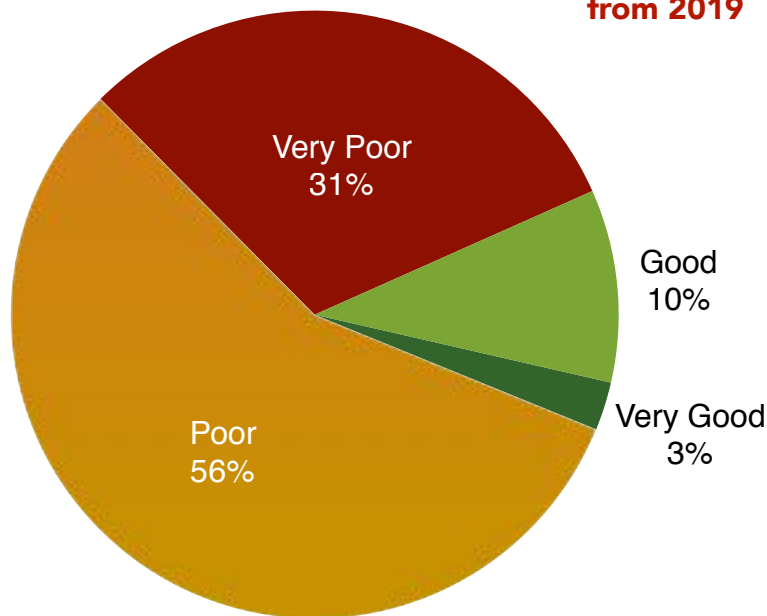
- 50% of responding Petersburg businesses have received COVID-19 business support funding.
- Responding Petersburg employers have laid off 6% of their total workforce due to the COVID-19 virus, and cancelled hiring an additional 113 workers. One-fifth of businesses expect to cut more staff.
- Petersburg business revenue was down 53% in 2020 so far, compared to the same period in 2019.
- More than one-fifth (21%) of respondents are at risk of closing permanently, while 46% say that they are not at risk of closure. The remainder are uncertain.
- Most (87%) of respondents call the current economy poor or very poor, and 58% feel that the upcoming year will be worse.

The following pages summarize Petersburg survey findings. To read the entire regional study, or to see breakouts from other communities, go to www.seconference.org/southeast-alaska-business-climate-and-covid-19-impacts-survey-2020.

Petersburg Business Climate Survey Results 2020

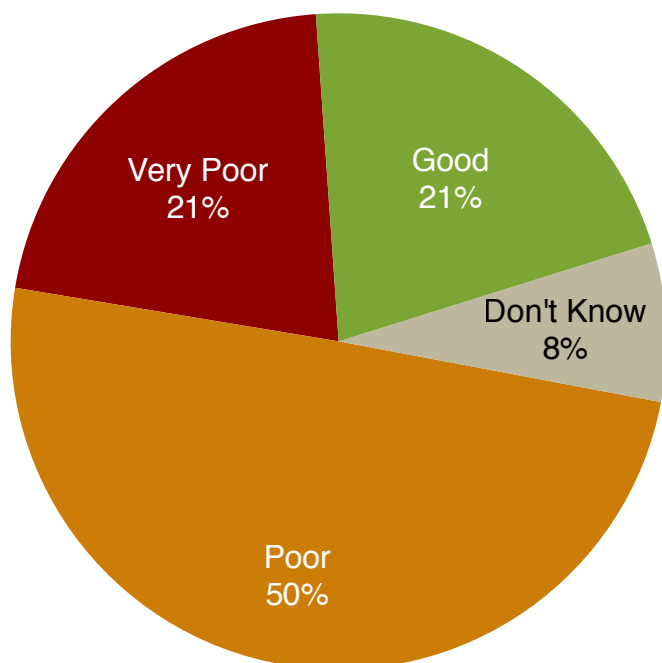
June **2020** Petersburg Alaska: **How do you view the overall business climate right now?**

13% Positive / 87% Negative +58% negative from 2019



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

21% Positive / 71% Negative



Petersburg Alaska Annual Business Climate Survey

In June of 2020, 45 Petersburg 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?

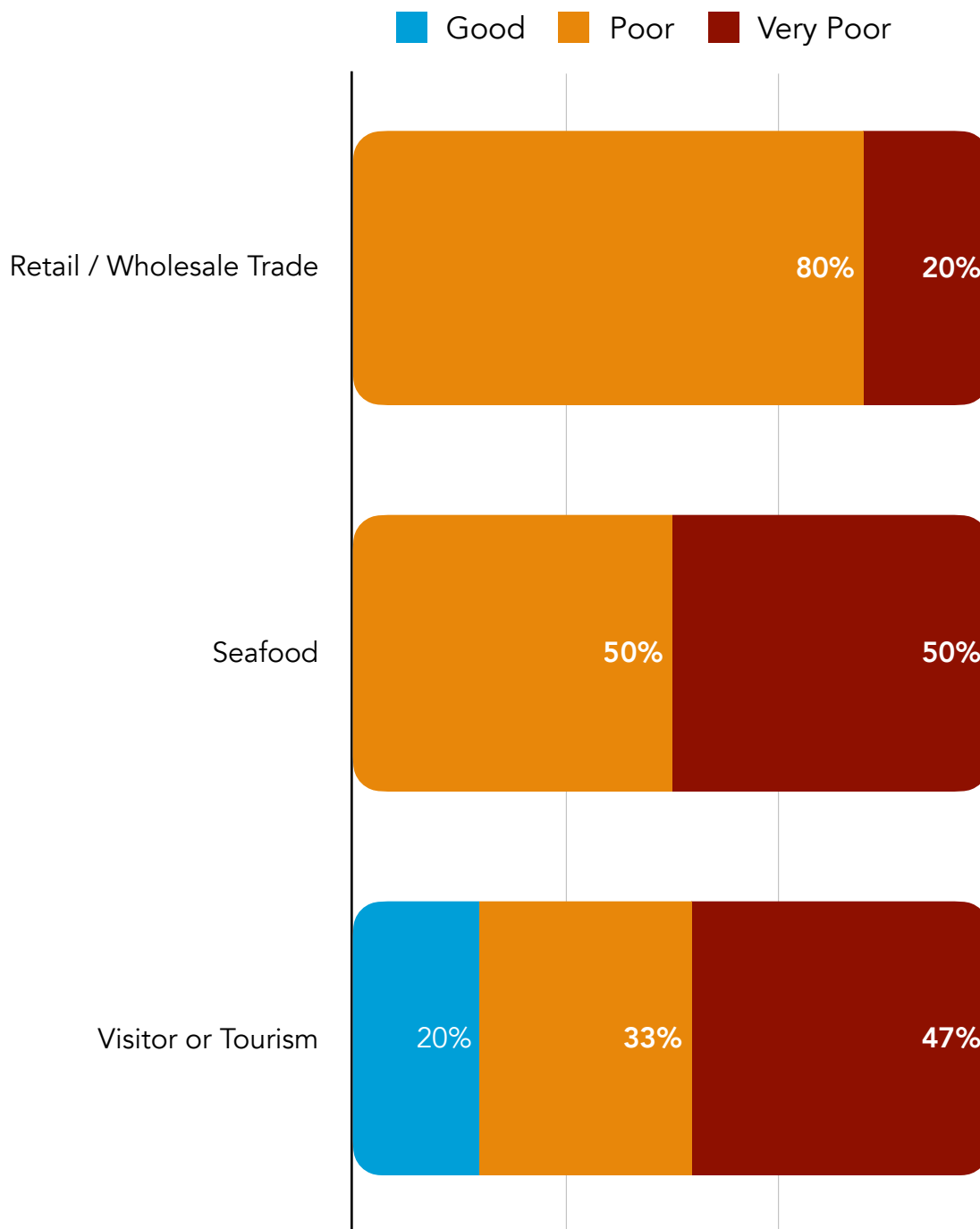
While across the region, business confidence declined precipitously in the wake of COVID-19, Petersburg business leaders showed the least change between 2019 and 2020. Presumably this is because Petersburg was left out of the economic benefits of growth in the large-scale cruise industry, and therefore also shielded from the impact of the loss of those ships to the region. Most (87%) of respondents are concerned about state of the economy, calling the business climate "poor" (56%) or "very poor" (31%), a 16% percent increase in those who view the economy negatively from last year. Thirteen percent of business leaders called the Petersburg business climate "good" or "very good" in 2020 — a decline of 8% over 2018.

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

Petersburg Business Climate Survey Results 2020: by Industry

The following graphic breaks out how the current Petersburg Alaska business climate is viewed by each various sector. Only three sectors had enough respondents to develop a breakout. 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.

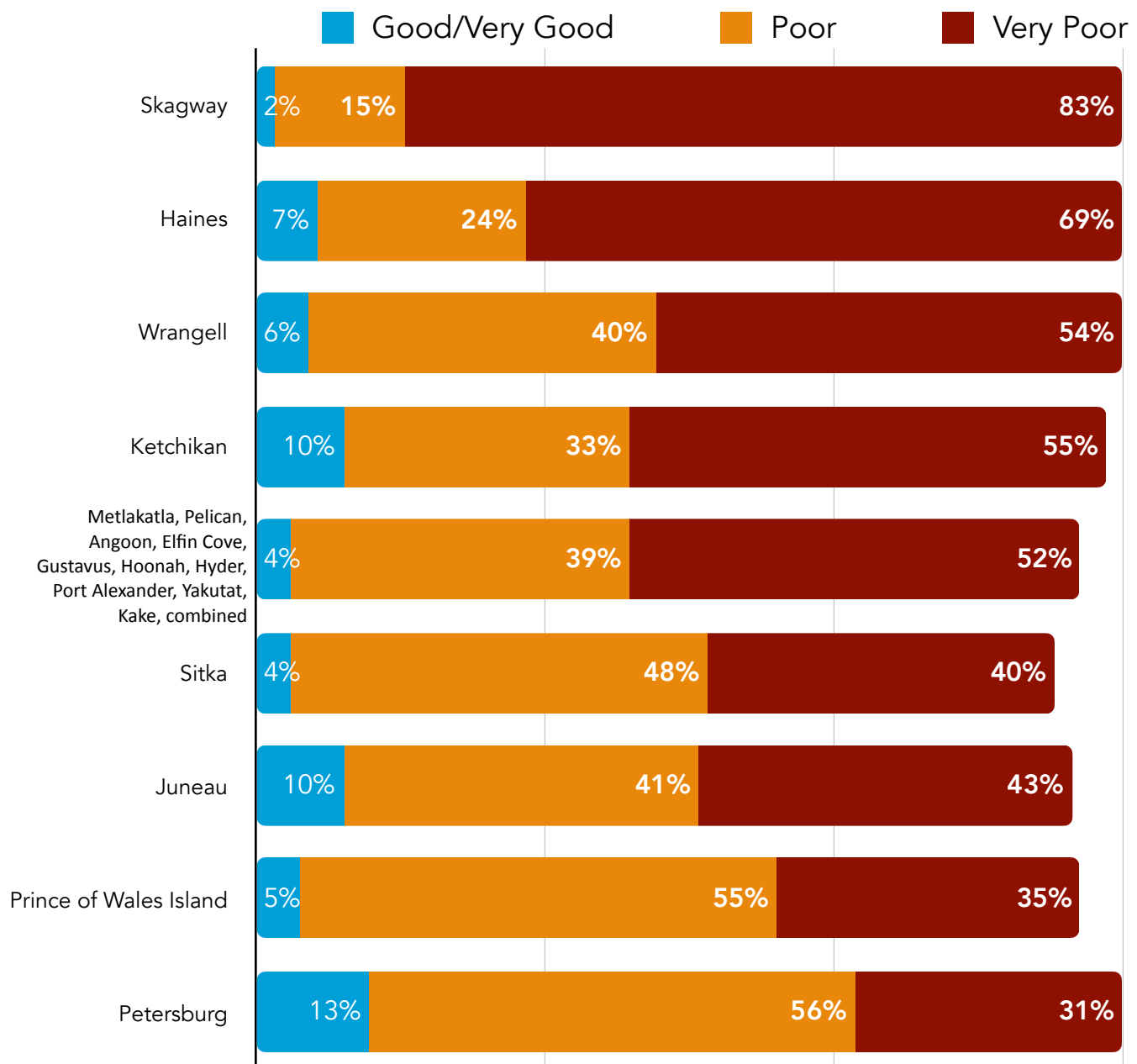
June **2020** Petersburg: **How do you view the overall business climate right now?**



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." On the other end of the spectrum, 31% of Petersburg business owners called the economy "very poor."

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

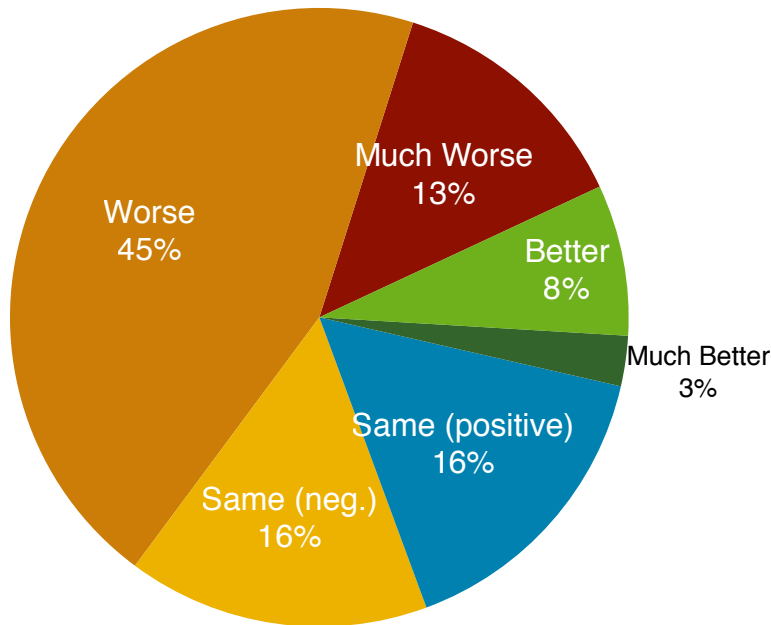


The "don't know" category has been excluded from this chart.

Petersburg Economic Outlook

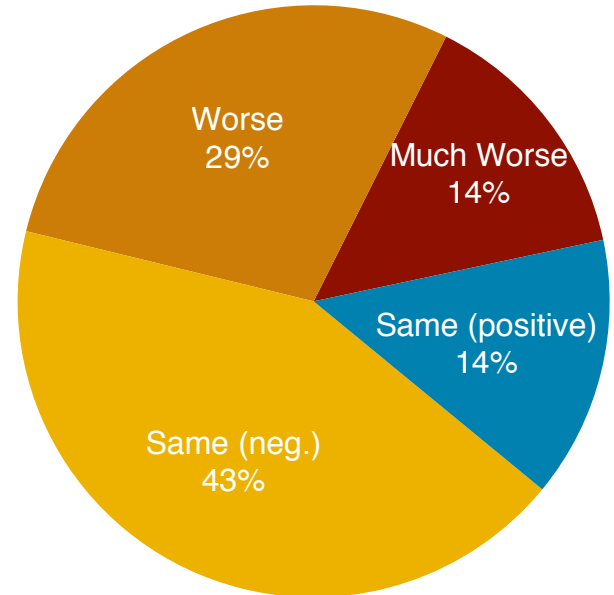
2020: What is the economic outlook for your business or industry?

26% Positive / 74% Negative



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

14% Positive / 86% Negative



Petersburg Economic Outlook

Approximately three-quarters (74%) of Petersburg businesses say the economic outlook for their business or industry over the next 12 months is negative. In 2019, 86% of Petersburg businesses had a negative outlook.

More than half (58%) of Petersburg survey respondents expect their prospects to be worse (45%) or much worse (13%) over the next year, while 11% expect the outlook for their business or industry to improve in the coming year.

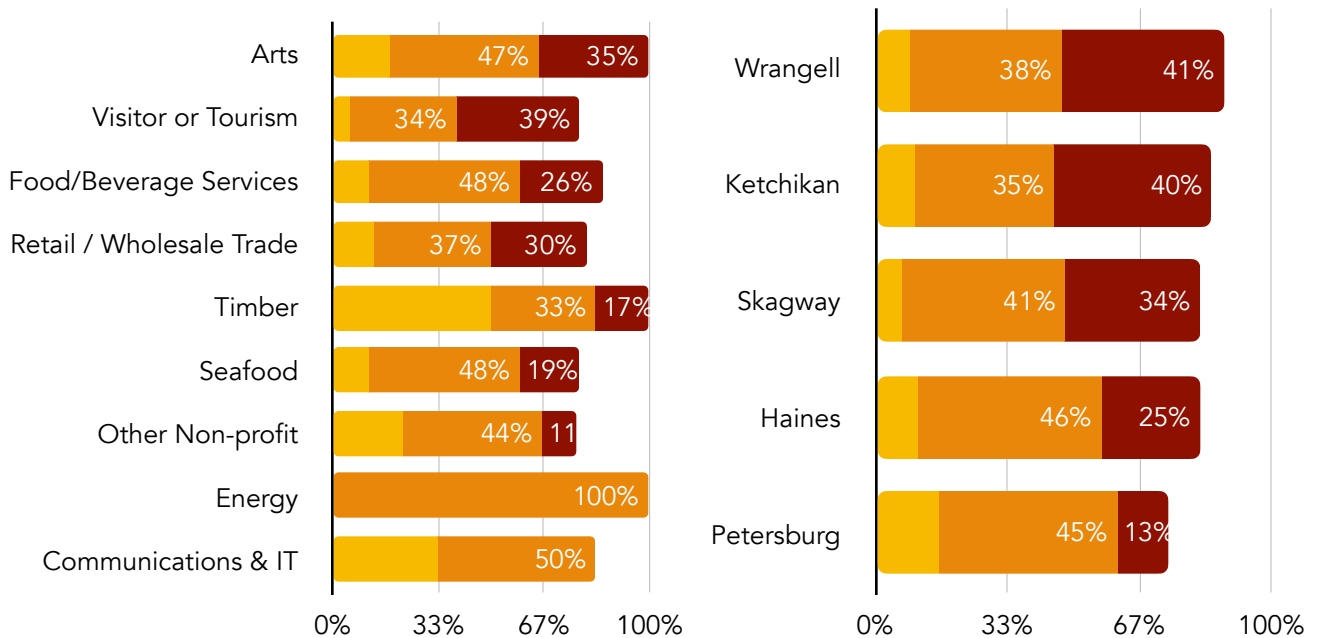
When compared by communities across the region, Wrangell has the most negative outlook of all communities. Sitka has the least negative outlook. Petersburg had the smallest difference between the economic outlooks for 2019 and 2020. No community expressed a positive outlook.

Southeast Economic Outlook: by Community and Industry

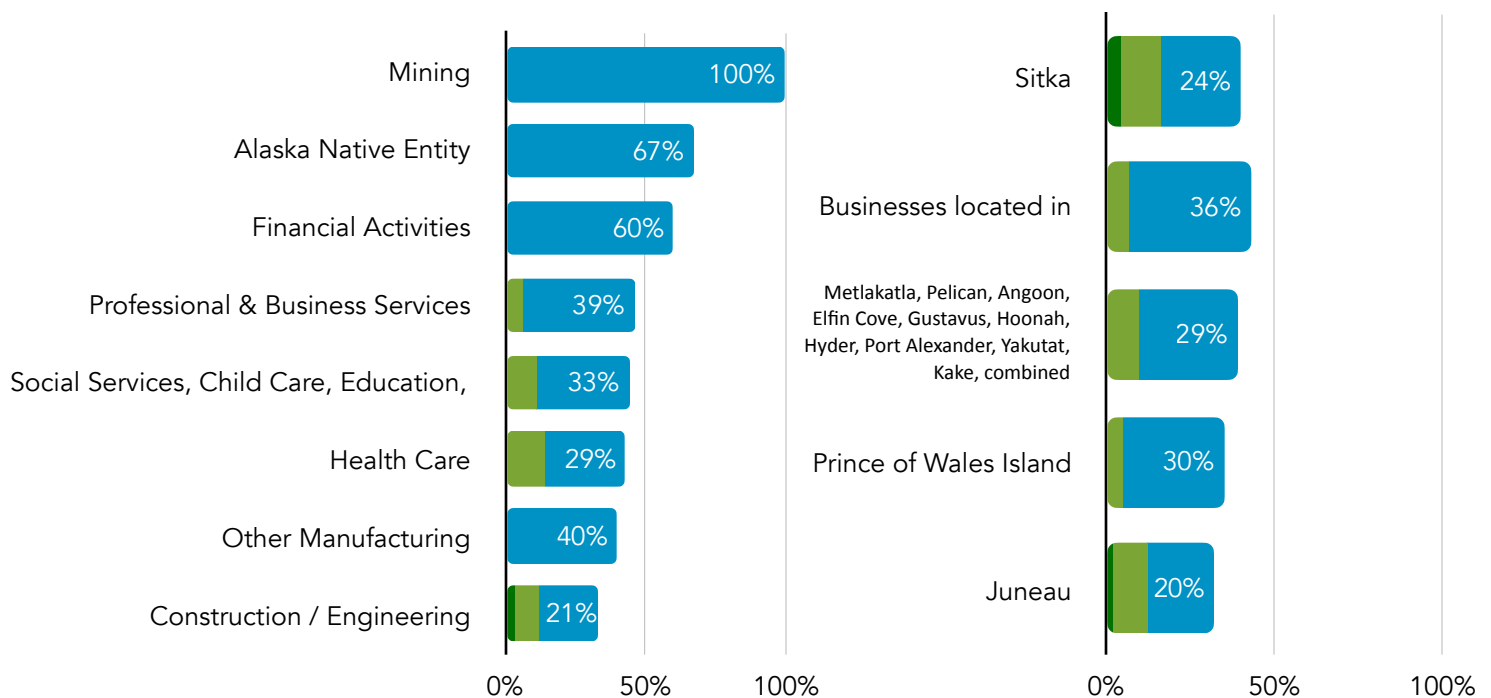
The below graphics show economic outlook breakdowns for the next year by industry and well as by community. Sitka businesses have the least negative outlook.

2020: What is the economic outlook for your business or industry? By Southeast Industry By Community

Same (generally negative) Worse Much Worse

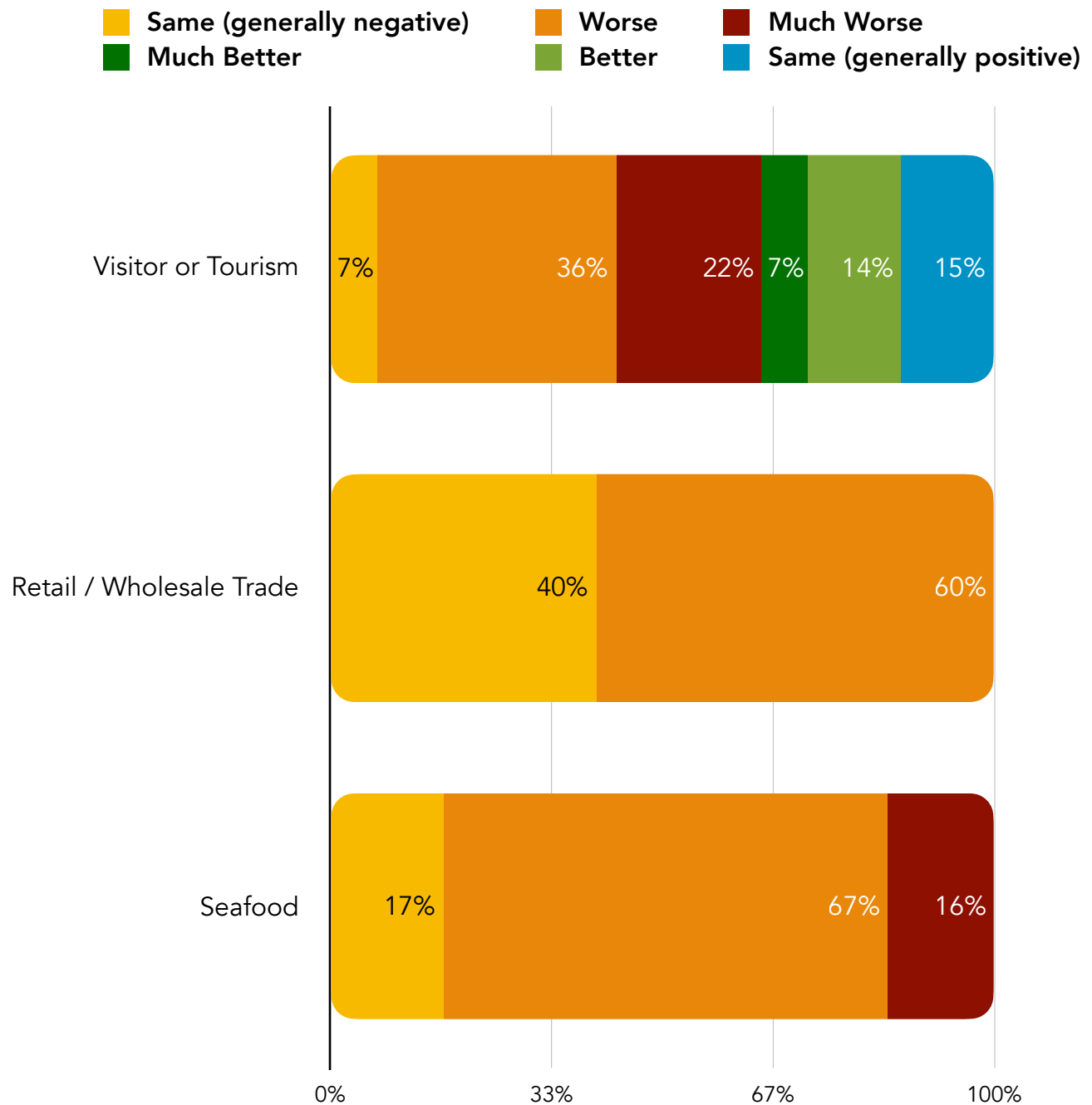


Much Better Better Same (generally positive)



Petersburg Economic Outlook: by Industry

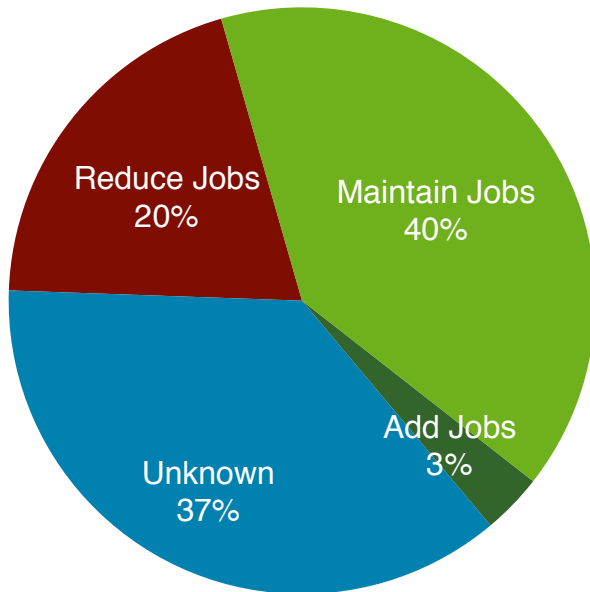
The below graphics show economic outlook breakdowns for the next year by industry. Three Petersburg sectors had a large enough response rate to breakout findings.



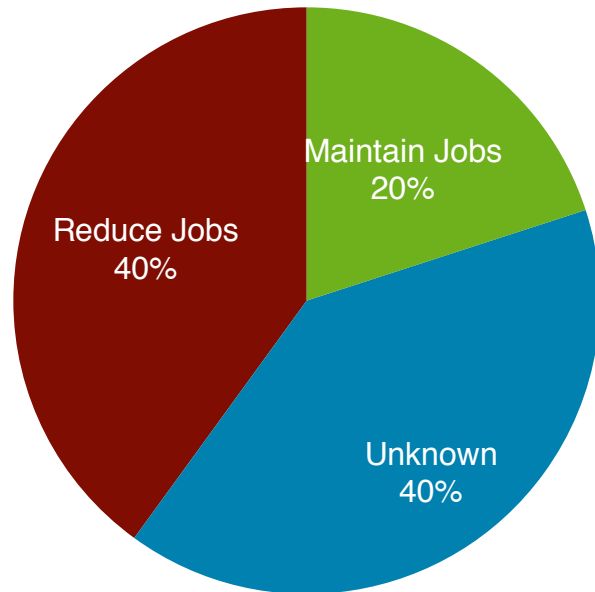
Petersburg Jobs Outlook

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)

Petersburg **2020: Jobs Outlook**



Petersburg **2019: Jobs Outlook**



Employment changes in the next year

One-fifth (20%) of Petersburg business leaders surveyed expect to reduce the number of jobs associated with their businesses over the next 12 months, while 40% expect to maintain total jobs, and 3% expect to add more employees.

Employment reductions are expected to be most significant in the retail wholesale trade sector with 71% expecting to make additional jobs cuts in the next year.

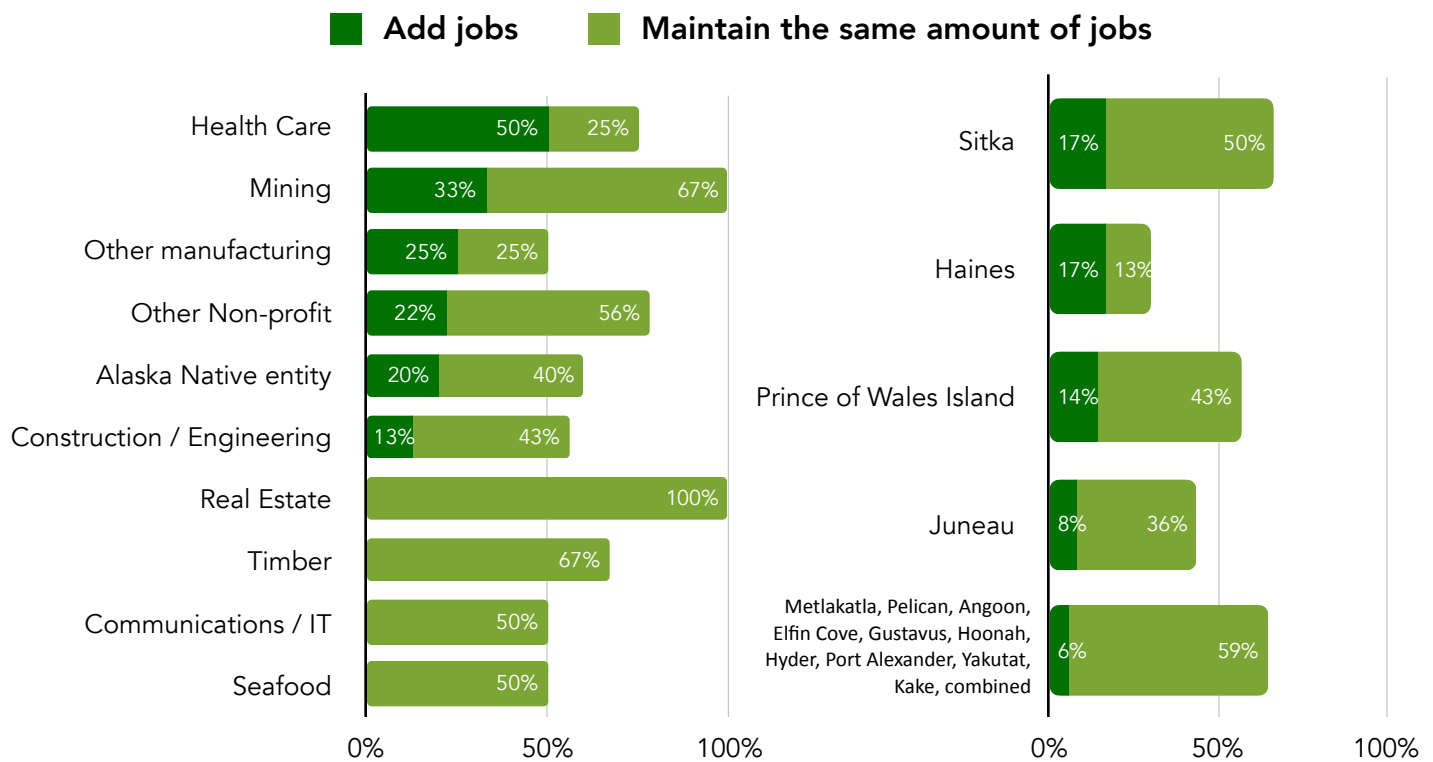
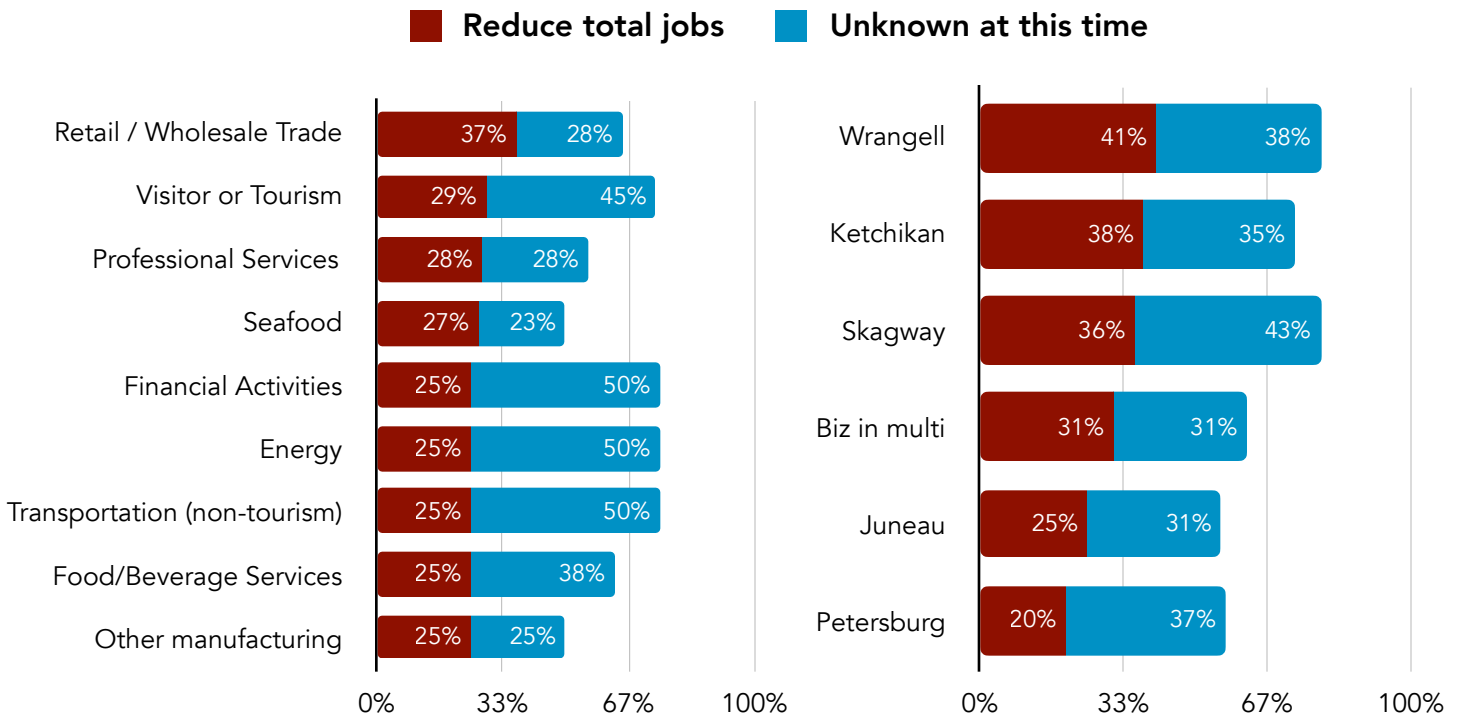
Across all Southeast communities, business leaders in Wrangell, Ketchikan and Skagway expect the greatest job reductions for their businesses moving forward.

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 Southeast Industry

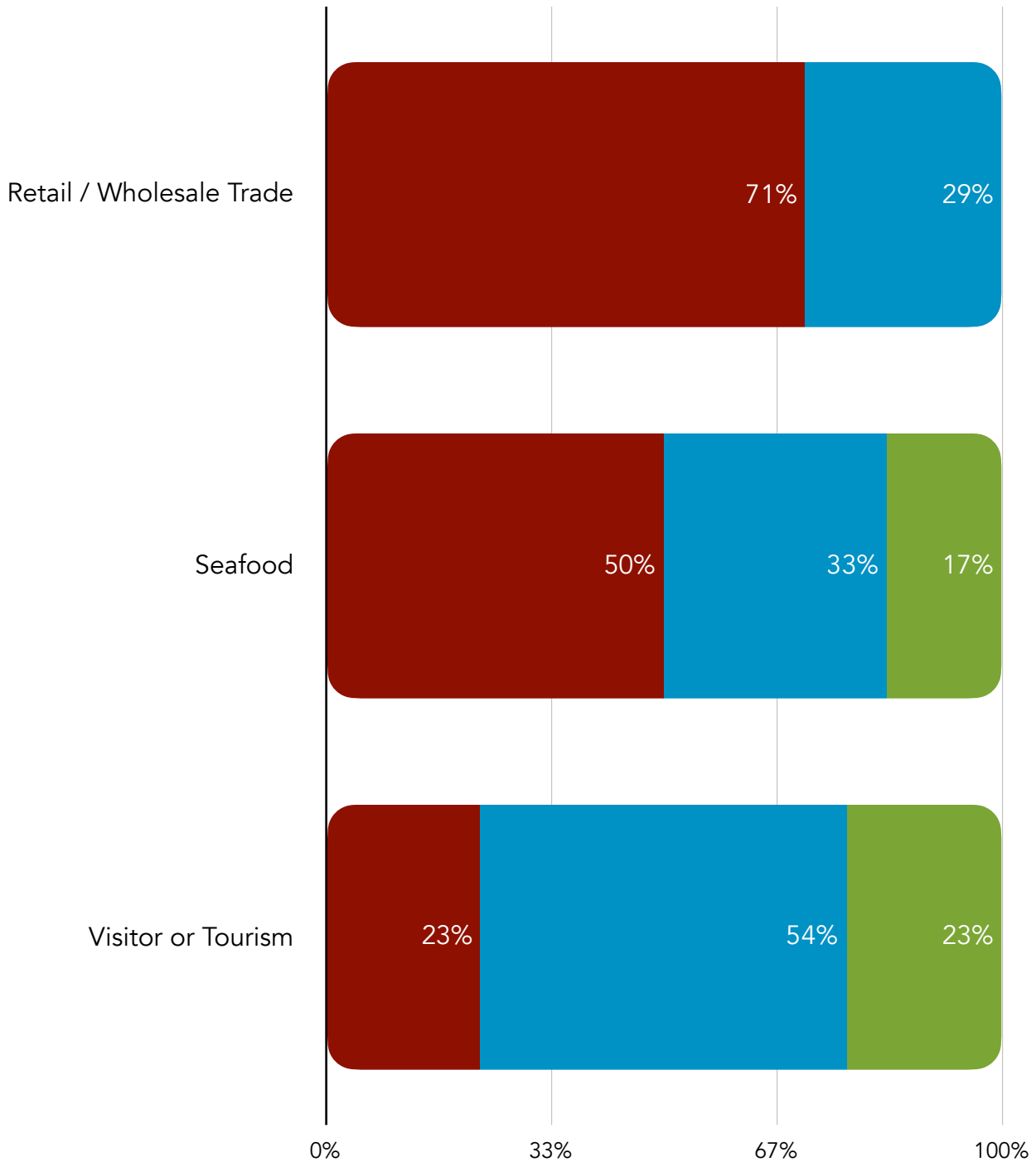
By Community



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



Petersburg Businesses COVID-19 Impacts

Petersburg business leaders were asked how COVID-19 is impacting their businesses. Responding employers have already laid off 6% of their total workforce due to the COVID-19 virus, and cancelled hiring an additional 113 workers. Local business revenue was down 53% in 2020 so far, compared to the same period in 2019. More than one-fifth (21%) of businesses say that they are at risk of closing permanently, while 46% of respondents say that they are not at risk.

Total Businesses Responding = 45

Representing 664 current Petersburg workers

Responding businesses have typical peak employment of 833

With a year-round resident workforce of 66%

39% of responding businesses received PPP funding

Respondents have laid off 6% existing staff so far due to COVID-19

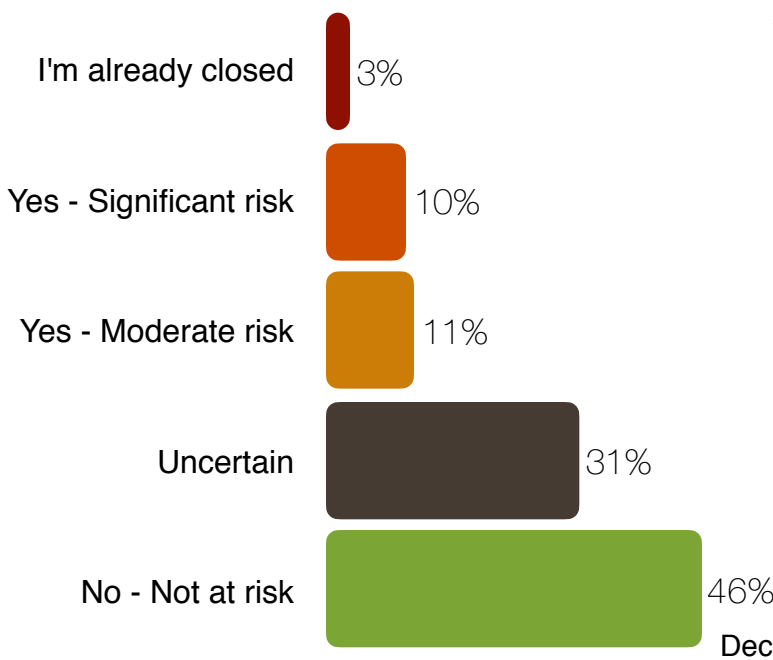
and did not bring on an additional 113 planned hires

20% expect to make more employment cuts in the future due to COVID-19

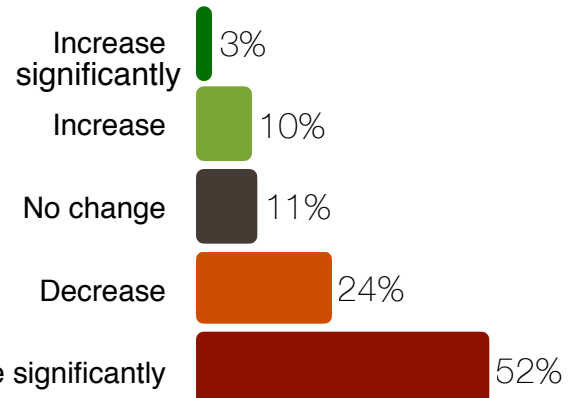
Is your business at risk of closing permanently because of impact caused by COVID-19?

Avg. workers laid off so far per business = **-1**

Avg. planned hires cancelled = **-3**



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. = 22**

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

= -53%

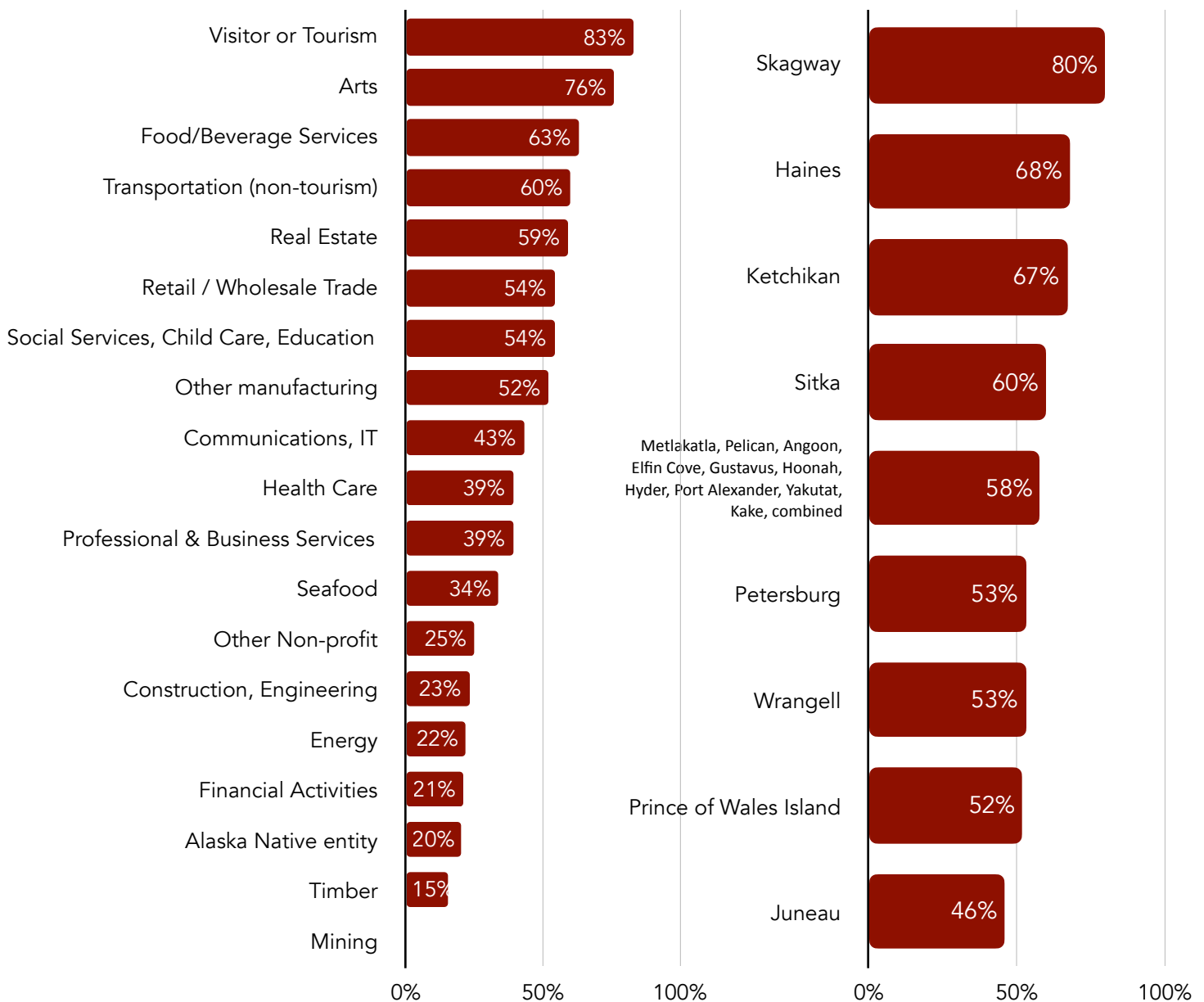
Please estimate the percent revenue decline to your business due to COVID-19 in 2020 so far (compared to same period in 2019)? By Industry and Community

On average, reporting regional businesses have lost **57%** 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 83%, while arts sector is down by 76%. The mining, timber, and Alaska Native entities are down the least, with mining not reporting any revenue losses year-to-date. By community, Skagway businesses have lost the most, with reported average revenue loss of 80%, followed by Haines and Ketchikan. Juneau businesses report the smallest average revenue decline of "only" 46%.

By Southeast Industry

By Community

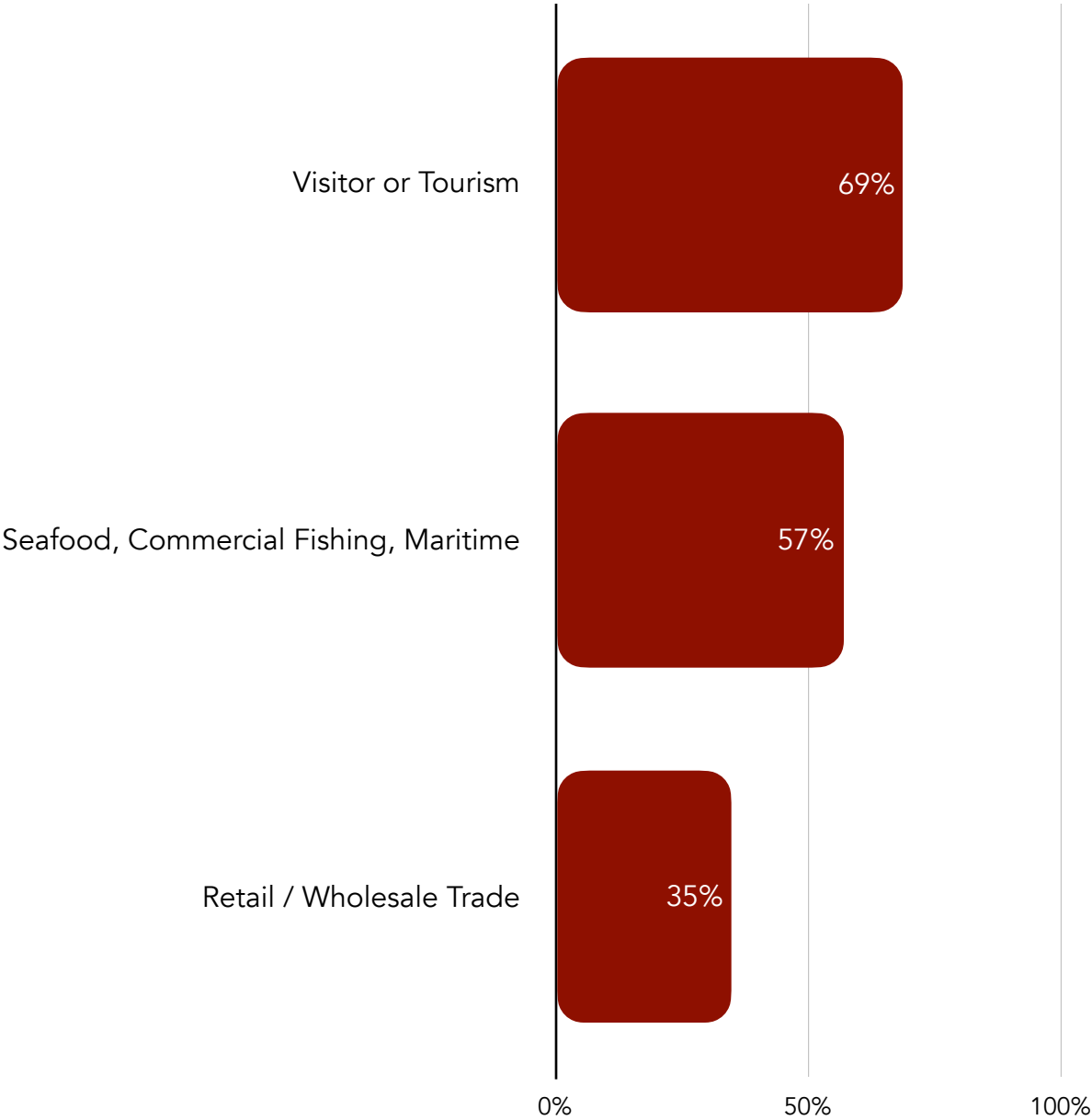
■ Average percent revenue decline to your business due to COVID-19 in 2020



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 Petersburg businesses have lost **53%** of their revenue due to COVID-19 in 2020 compared to the same period last year. However, there has been variation between industry in community impacts. Businesses in the tourism sector are down by 69%.

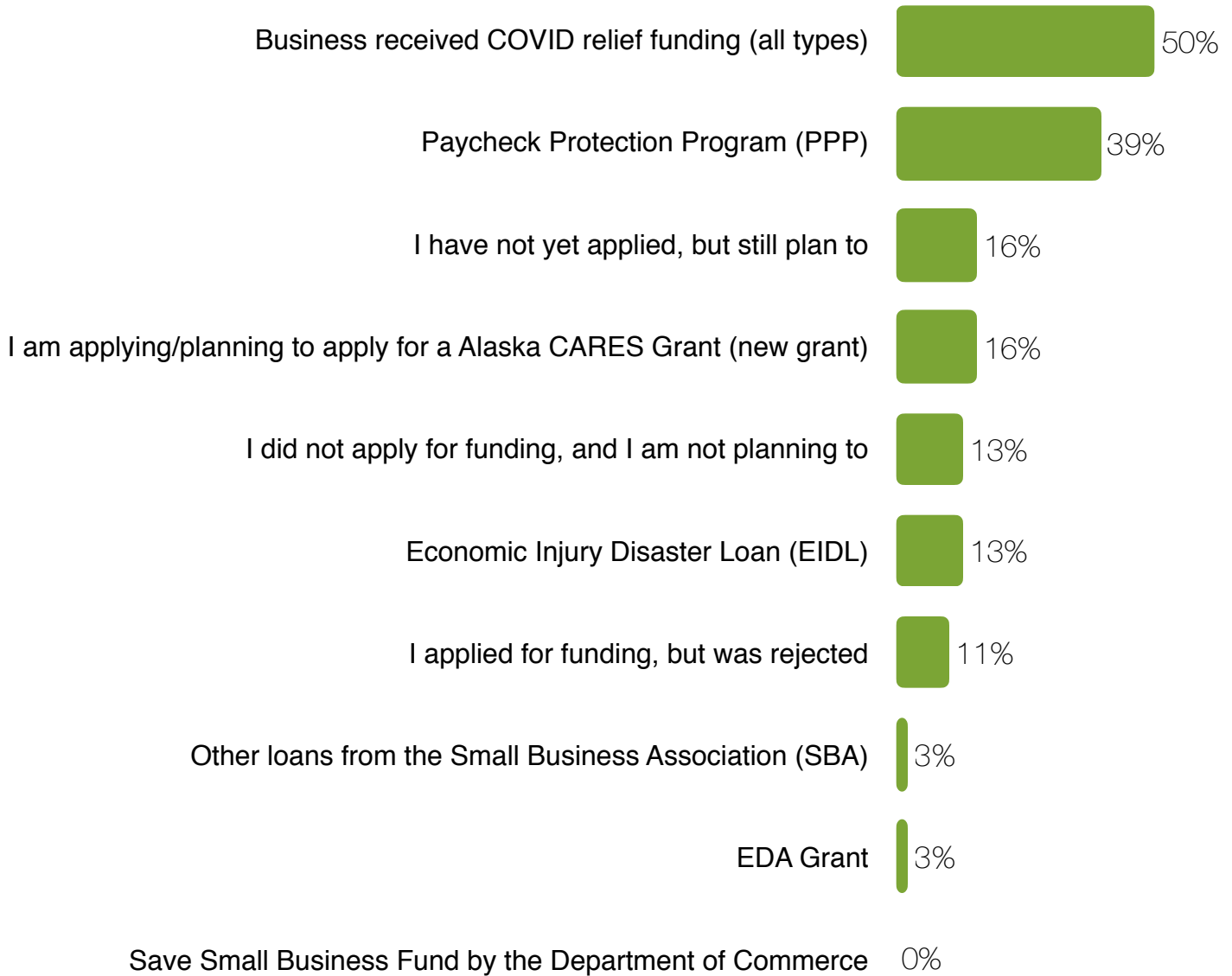
■ Average percent revenue decline to your business due to COVID-19 in 2020



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

Half of all reporting business leaders had received COVID relief funding for their organizations, including 39% who received the funds from the Payment Protection Program.

A total of \$2.8 million in funding was reported received. The average assistance amount was \$147,200



Total Funding Reported to be Received by Petersburg Businesses = \$2.8 million

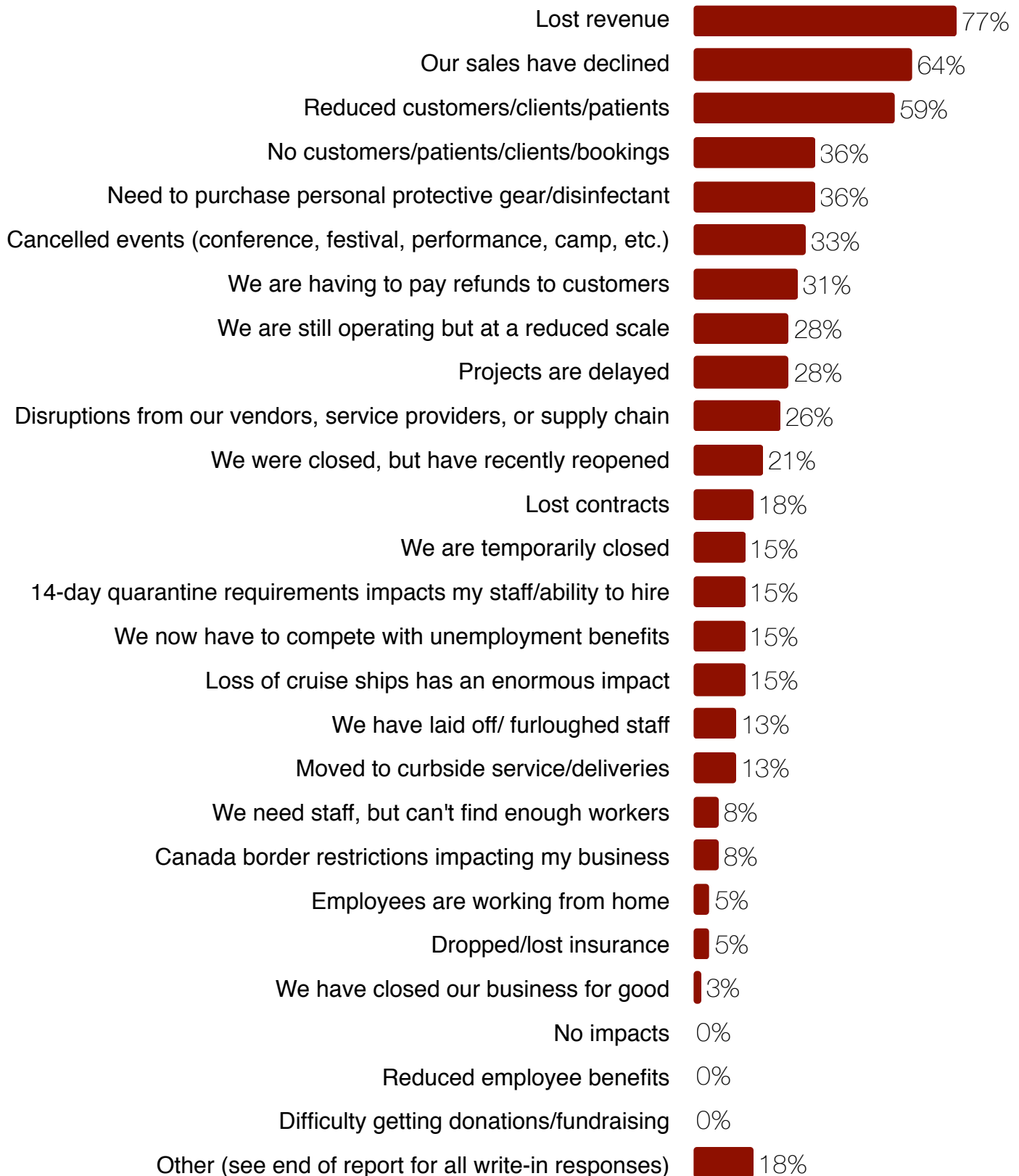
Average amount received by businesses receiving funds = \$147,200

Businesses receiving funding = 50%

How has your business been impacted by COVID-19?

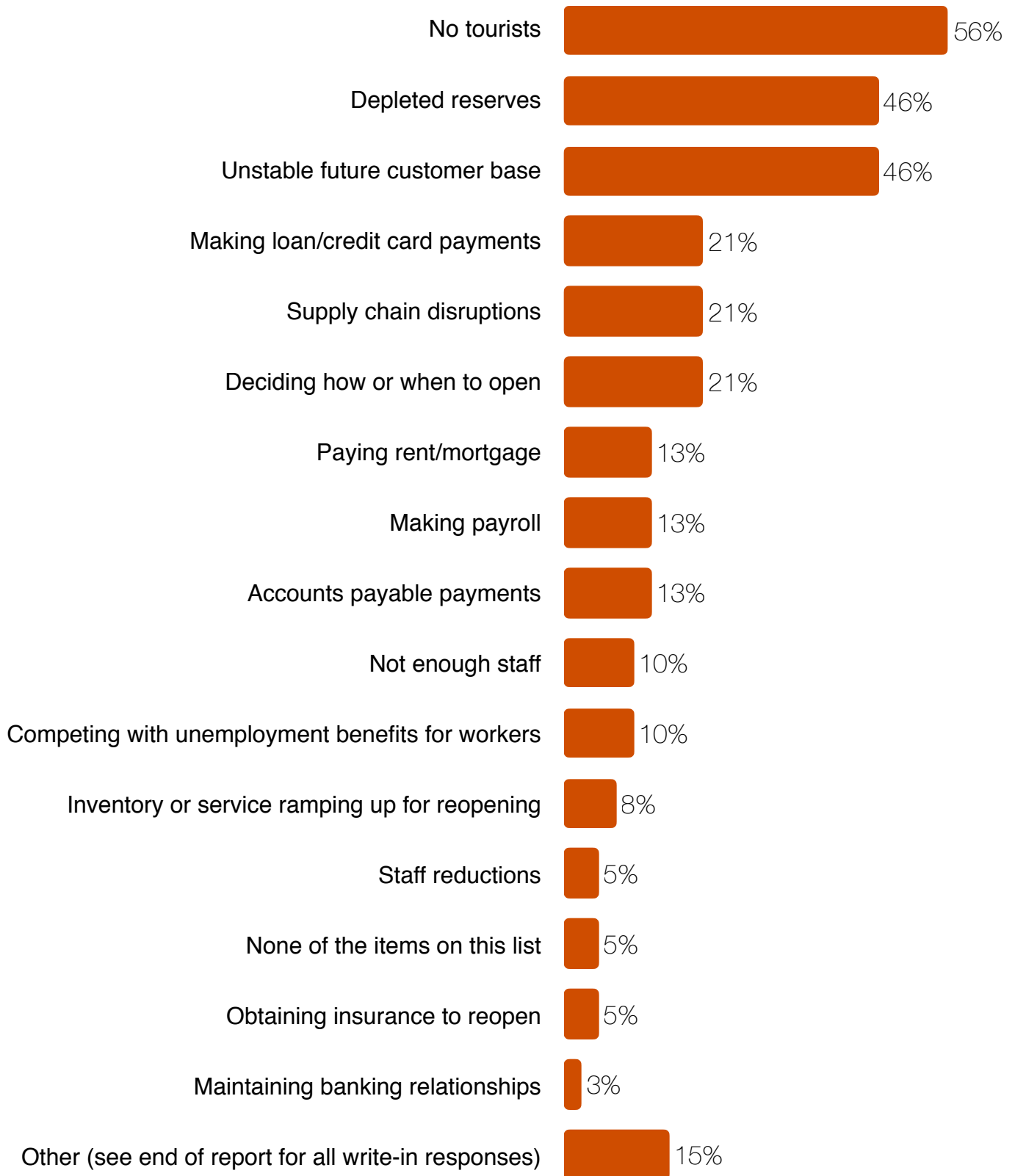
(check all that apply)

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



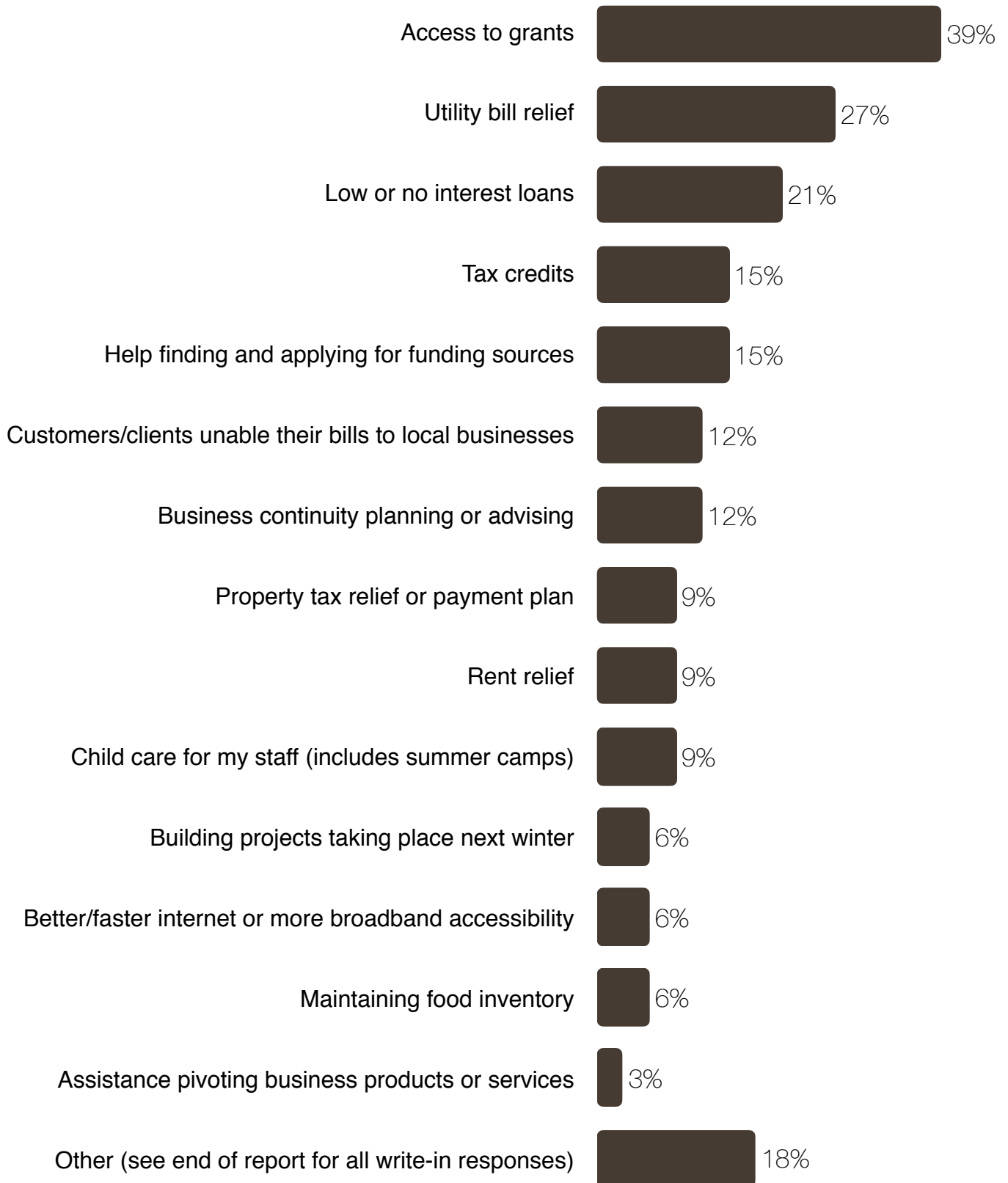
What are your top business challenges moving forward? (check all that apply)

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 45 businesses from Petersburg responded to the survey in 2020.

Which best describes the primary industry focus of your company?

Answer Options	Response
Visitor or Tourism	15
Seafood, Commercial Fishing, Maritime	6
Retail / Wholesale Trade	5
Professional & Business Services / Consultant	3
Arts	3
Food/Beverage Services	2
Transportation (non-tourism)	2
Communications / Information Technology	2
Construction / Architecture / Engineering	1
Real Estate	1
Child Care, Education, Social Services	1
Timber	1
Health Care	1
Government	1
Alaska Native entity	1
TOTAL	45

Open Ended Responses

In this section, the responses to open-ended questions by business leaders are presented.

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

- 2019 taxes not complete. Conflicting info about liabilities of taking funds and repayments.
- Did not apply.
- Did not need it.
- Didn't qualify for PPP loan. Need to have a better monthly income than a onetime shot that I'd eventually have to pay back. Have no working PC or printer at home so trying to get ahold of anyone is impossible.
- Hard to find programs we qualified for.
- Haven't applied yet. Still operating on personnel reserves.
- I am not in favor of government bailouts. Don't overextend your businesses. I will not apply.
- I applied for EIDL on the first day and still have not gotten anything
- I applied to one through a national program early on (I forget the name) but never heard back. I don't have employees so have limited options.
- I don't need another loan; the private economy is bearing the unsustainable burden of supporting the public economy
- I have been too busy to apply, and the process is too difficult.
- No
- Probably not.
- The PPP loan/grant took a long time to process through my banking institution! Still in the process!
- Trying to get through without applying.
- We have a B&B and it is extra income for us, but not absolutely necessary to live. Others needed it worse than us.

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

- Application was confusing, especially for the PPP. Each lender had different information required and for us, a general partnership, some didn't know what to do with 1065/K-1 self-employment earnings.
- For the tax rebate it was a simple online application and followed up with sharing my receipt.
- Government - direct funding.
- In a time of great stress, this only added to the worry. Then to find out all of the money was gone to big business in the first 5 days was heartbreaking.
- it was a lot of work, and still is, but it was worth it to get the support when we needed it
- It was worth the time and effort.
- Much easier than a traditional loan.
- Payed bookkeeper to help get it right.
- PPP = my local bank was amazing. But due to the timing of my PPP I only received enough funds to help with about 4 weeks of payroll.
- Process was positive but funding available to my business was very limited due in part to the accounting methods used to determine support amounts.
- The application for the PPP was easy and required just enough documentation for identification.
- Totally frustrating. Lack of clear instructions and 'help' lines that were no help. The applications were not geared towards my type of business and some of the stipulations made no sense.
- We got funding from Native tribal support and a local grant funding source, thank God!
- We provided applications twice before receiving very limited funding to help keep our employees from being laid off.

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

- Since the purchase, there have been many expenses in the tens of thousands of dollars range. There has not been any income and there is no income at this time. The reaction of COVID-19 will have impacts into the future. As we look to the unknown future, we will "keep hope alive" and strive to be successful and productive. Time will give us more clarity to assess the full impact of the government's reaction to COVID-19.
- To date exvessel fish prices have been 50% less than previous seasons, yet operational costs are skyrocketing.
- My business is down. I have several clients going out of business and have lost several clients
- due to it. I had to cancel MANY large projects and am now unsure about how the rest of the summer is going to go. I am still looking for another employee. This was supposed to be a record year where I was going to be able to bring on two new-full time employees.
- Business relies 99% on non-residents ability to come to Petersburg...travel restrictions not doable for vast majority of clients.
- Cancellations for Airbnb rentals.
- Changed business model, impacted getting goods, not able to hire employees due to high unemployment benefits.
- Closed operations 3/24/20 and reopened on a limited basis 6/1/20. Very limited business so far.
- Covid-19 has significantly caused business to slow, as charter fishing is mostly reliant on tourism.
- Getting materials/parts have been delayed. Orders have been pushed back.
- I have gotten busier.
- I have shut down for this season.
- I lost more than half of my clients. School became a home affair and could not work in my office. Art events I performed in were canceled. Reduced confidence in how to be open to the public for foot traffic.
- Loss of tourism dollars; reduction in quality of life for residents; worsening relations with some community members regarding COVID restrictions.
- No business.
- No guests could come to AK with a quarantine in effect.
- No summer tourism, walk-ins prohibited, and can't take a full day of clients cuz I need more time in between everyone, to clean and sanitize
- Ongoing costs directly related to preventing the spread of COVID in communities is currently in the millions. It's been challenging to bring in a summer workforce due to quarantine and testing requirements for our company, plus the changes to our policies make it much less attractive to work here.
- Prices and regulations or mandates have reduced fish prices, consumption of seafood products has been reduced, the private economy is being crushed by the public economy
- reduced customer ability to come to town and spend money

- reduced gross sales by 70% from previous years. small high overhead business, expensive insurance and uncertain immediate future
- Reduced revenue and client access
- Significantly lower customer traffic into the store.
- Some reduction in case load, but this has made things more manageable for us. We are usually stretched thin as the only private practice on our island. The downside is not knowing when we'll feel comfortable seeing people in the office again.
- Some work from home, but otherwise operations are as normal
- The funding we received help us retain 2 employees for 2 months.
- Total shut down of guide business and fish prices slashed
- We closed for 2.5 months due to the state mandates on the school districts statewide and then were told we were essential and when we tried to reopen, we were facing a financial and operational burden with staff and attendance. We still have financial uncertainties.
- Unfortunately, half our employees had to stay home with children and receive COVID FMLA pay and benefits.

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

- 50% drop in ex vessel fish prices
- Astronomical spending on COVID prevention
- Employees have to stay home with children
- It's a new business with huge startup cost...no income
- Lack of childcare caused loss of available work hours for employees
- Really busy
- We are seeing all clients on-line; office is closed.

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

- People to wear masks so this issue can go away.
- Don't need help.
- How to recover from loss.
- It's a new company. Will we make it? Fail? We need hope.
- Remove all restrictions and penalties and open the private economy
- Time. Business will hopefully improve as we get a handle on health aspects.

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

- Accounts Receivable Payments from Customers and clients.
- Continued COVID prevention costs are incredibly high.
- It's impossible to remain socially distance in our office setting, and wearing masks really isn't feasible. Our family has medical issues that make is susceptible to this virus. The employees recorded above are really the two co-owners living in the same house.
- Maintaining equipment without income.
- Reduced purchasing by everyone and restricted hours and service at retail outlets.
- We had a healthy savings account that we are using to buffer the loss in revenue.

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

- Borough sales tax rebate.
- Did not apply, I don't need another loan.
- Hard to find funding we qualified for.
- I received a small sales tax refund. I have not yet accepted the loan from the EIDL as I struggle with putting myself further in debt just to keep my doors open.
- Local EDC
- Tax rebate from Petersburg.
- Treasury Cares Act Funding.
- Trying to apply for self-employed unemployment insurance but am having trouble getting ahold of a person who will answer questions!
- Unemployment.
- We have had some grants be paid to us thank God!

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

- Being forced to find new ways to be paid by customers, specifically email invoices and paid via credit card online. Very much a time saver.
- Hopefully more acceptance of utilizing online venues to deliver services to clients who are unable to come to the office due to disability, social anxiety, or lack of childcare.
- I always try to look at the positive side of things. But having shorter workdays and added cleaning expense, means less revenue and a hardship trying to meet my business expenses
- I am a sole prop of a small business. I supplement a very small retirement just to get by with this business.
- more use of technology and online marketing to drive sales, it was good to force us into some changes
- More use of technology instead of flying all over the state for meetings on a frequent basis.
- More use of technology, less in-person meetings. We are hopeful that with more consumers will continue to learn to cook seafood at home. Retail sales have been very high due to shelter-in-place and restaurants closing. Hoping the trend continues.
- More use of technology.
- No
- No
- No
- No. 38 million Americans on unemployment. Self-employed people out of work or with lost businesses. Alcohol and drug use on the rise. Mental illnesses and increased suicides for 2020. Family members separated by mandates. One positive is that our immediate family has grown closer as we've shared the struggle together.
- no. especially not with our local state and federal leadership. I can't help feeling as though we are inching towards a full collapse.
- None
- None
- None at this time.
- Not for my business.
- Not for our employees. Transitioning to an online platform and remote desk only benefits us, the owners.
- Not really.
- Nothing positive for the private economy. The public economy is getting pay increases and creating more jobs which will require more taxes on the declining private economy
- Technology upgrades
- The long break we had allowed us to recharge our batteries. AND this time allows us to advocate for our desperate need of support!!!
- The losses cannot be made up.
- We will not recognize any positive benefit from the COVID disruption. It has cost our business unrecoverable financial losses.