

# Sitka Business Climate and COVID-19 Impacts Survey

SEDA



SOUTHEAST  
CONFERENCE

June 2020

Developed and Prepared by

Rain  
Coast Data



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# Sitka 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 Sitka.

This Sitka breakout was developed in a partnership between Southeast Conference and the Sitka Economic Development Association. Rain Coast Data developed the survey instrument and survey report on behalf of this partnership.

The survey invited Sitka 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 36 Sitka business leaders participated in the survey, representing 560 current Sitka workers. The survey results include the following findings:

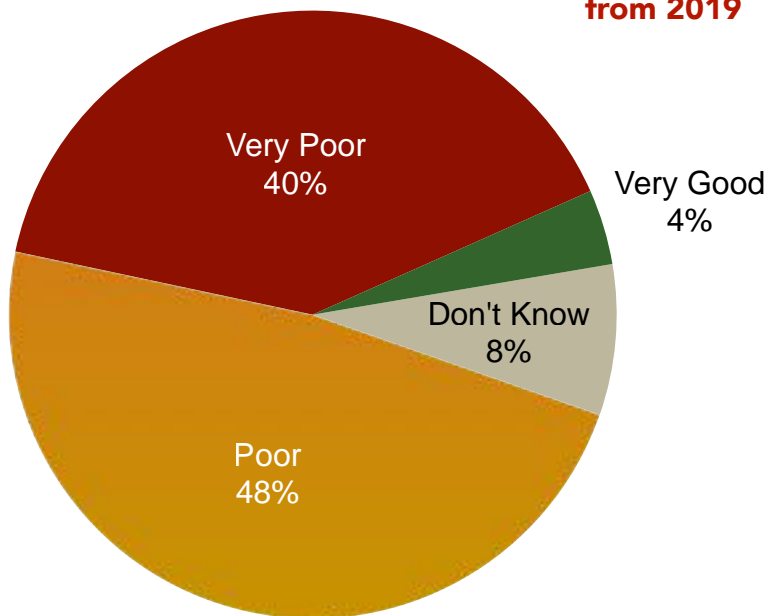
- Just over half, 54% of responding Sitka businesses, have received COVID-19 business support funding.
- Responding Sitka employers have already laid off 22% of their total workforce due to the COVID-19 virus, and cancelled hiring an additional 344 workers. 17% of business leaders expect to cut more staff.
- Sitka business revenue was down 60% in 2020 so far, compared to the same period in 2019.
- Nearly a quarter (22%) of respondents say that they are at risk of closing permanently, while 33% say that they are not at risk of closure. The remainder are uncertain.
- Most (88%) of respondents call the current economy poor or very poor, and 44% feel that the upcoming year will be worse. Sitka has the least negative outlook of any community in the region.

The following pages summarize Sitka 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](http://www.seconference.org/southeast-alaska-business-climate-and-covid-19-impacts-survey-2020).

# Sitka Business Climate Survey Results 2020

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

**4% Positive / 88% Negative +33% negative from 2019**



## Sitka Alaska Annual Business Climate Survey

In June of 2020, 36 Sitka business owners and top managers responded to Southeast Conference's Business Climate and Private Investment Survey.

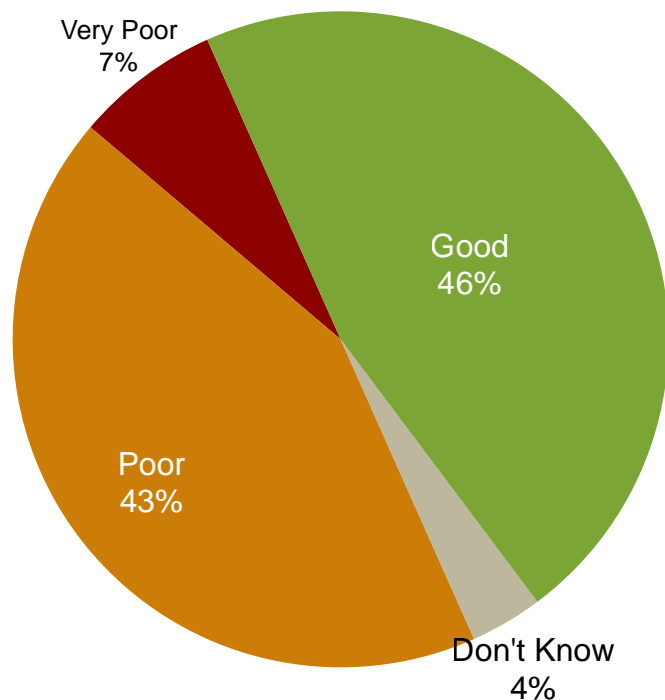
### How do you view the overall business climate right now?

Unsurprisingly, confidence in the Sitka business climate has decreased significantly in the wake of COVID-19. Most (88%) respondents are concerned about state of the economy, calling the business climate "poor" (48%) or "very poor" (40%), a 33 percent increase in those who view the economy negatively from last year. Four percent of business leaders were positive about the Sitka business climate in 2020 — a decline of 42% over 2019.

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

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

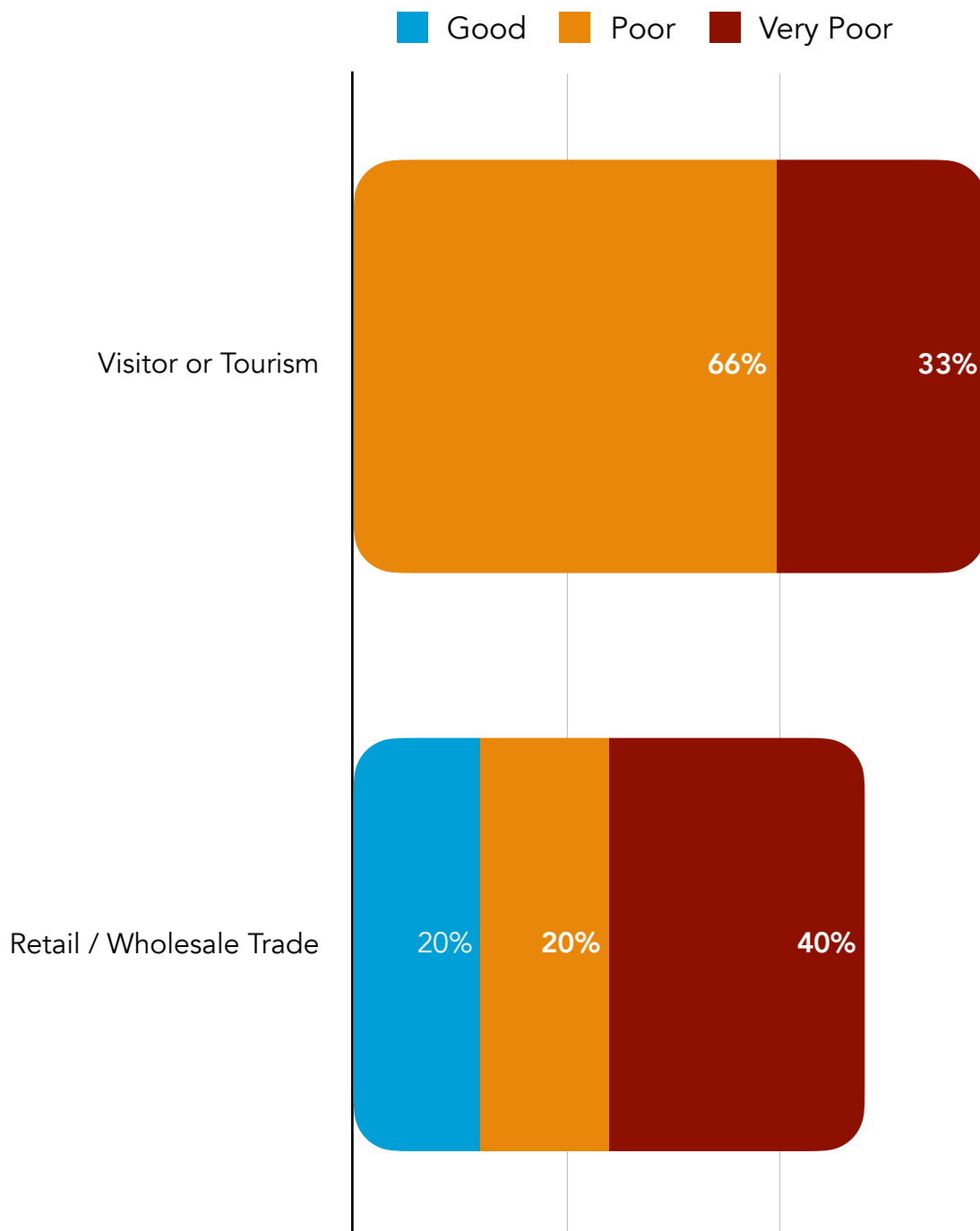
**46% Positive / 50% Negative**



# Sitka Business Climate Survey Results 2020: by Industry

The following graphic breaks out how the current Sitka Alaska business climate is viewed by each various sector. Only two 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.

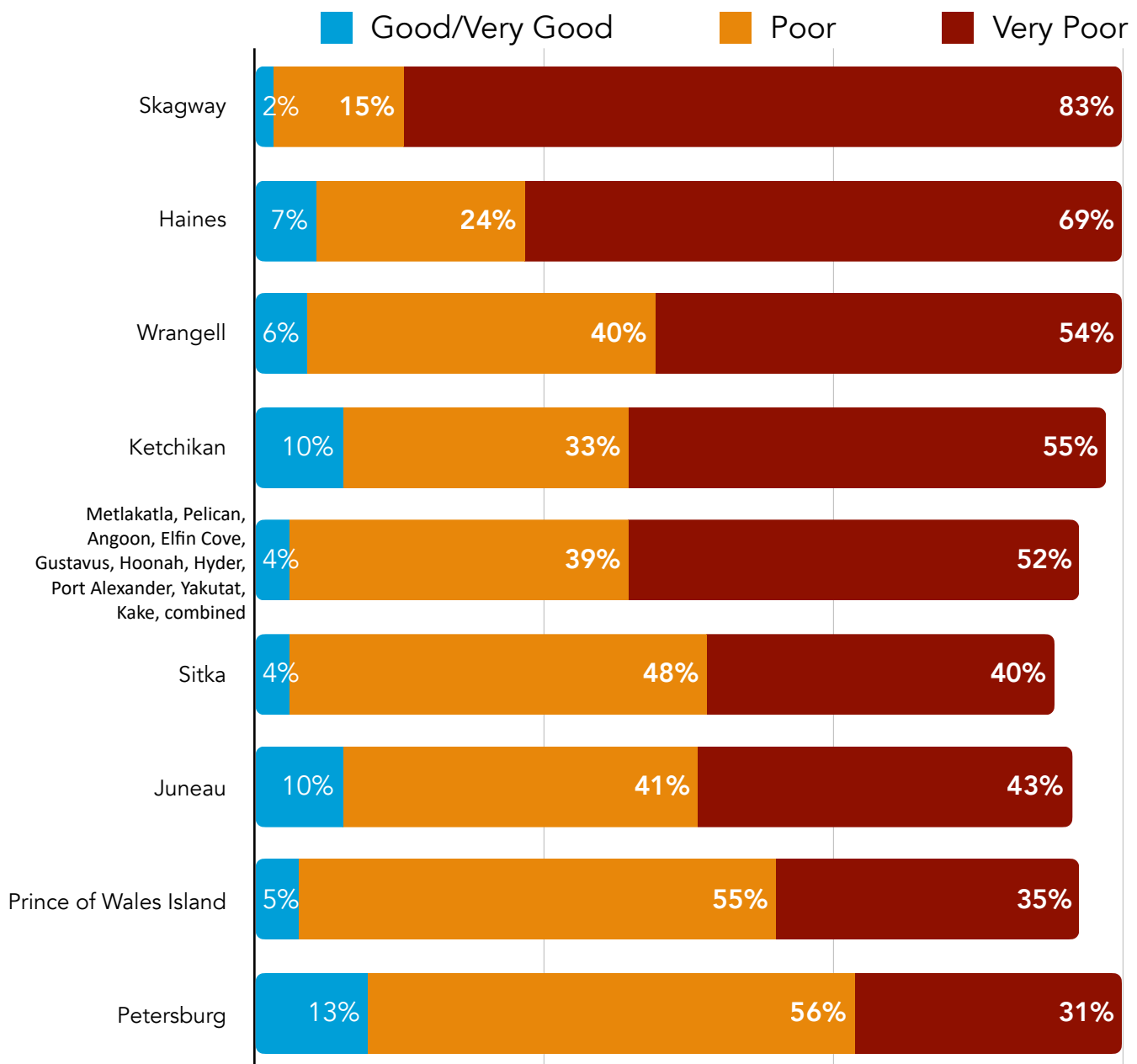
June **2020** Sitka: **How do you view the overall business climate right now?**



# 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."

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

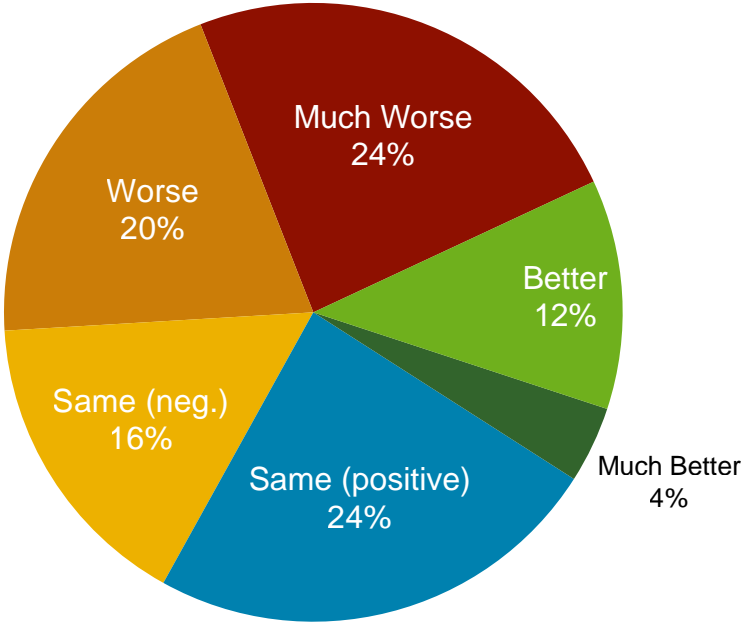


The "don't know" category has been excluded from this chart.

# Sitka Economic Outlook

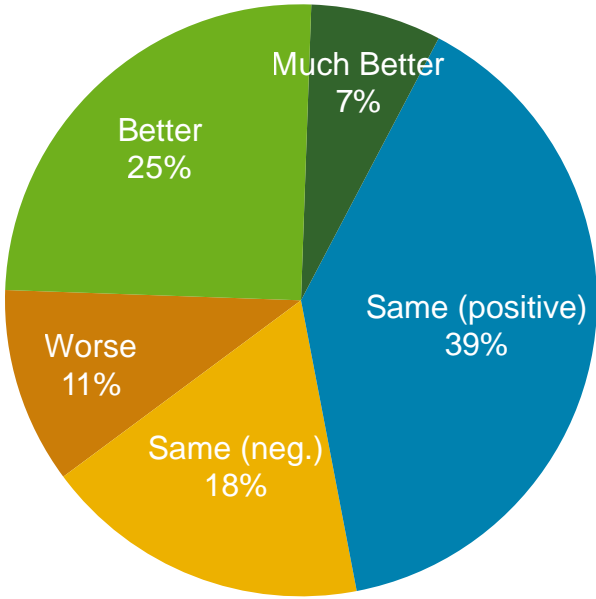
**2020:** What is the economic outlook for your business or industry?

**40% Positive / 60% Negative**



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

**71% Positive / 29% Negative**



## Sitka Economic Outlook

Three-fifths (60%) of Sitka businesses say the economic outlook for their business or industry over the next 12 months is negative. In 2018, just 29% of Sitka businesses had a negative outlook. Less than half (44%) of Sitka survey respondents expect their prospects to be worse (20%) or much worse (24%) over the next year, while 16% expect the outlook for their business or industry to improve in the coming year.

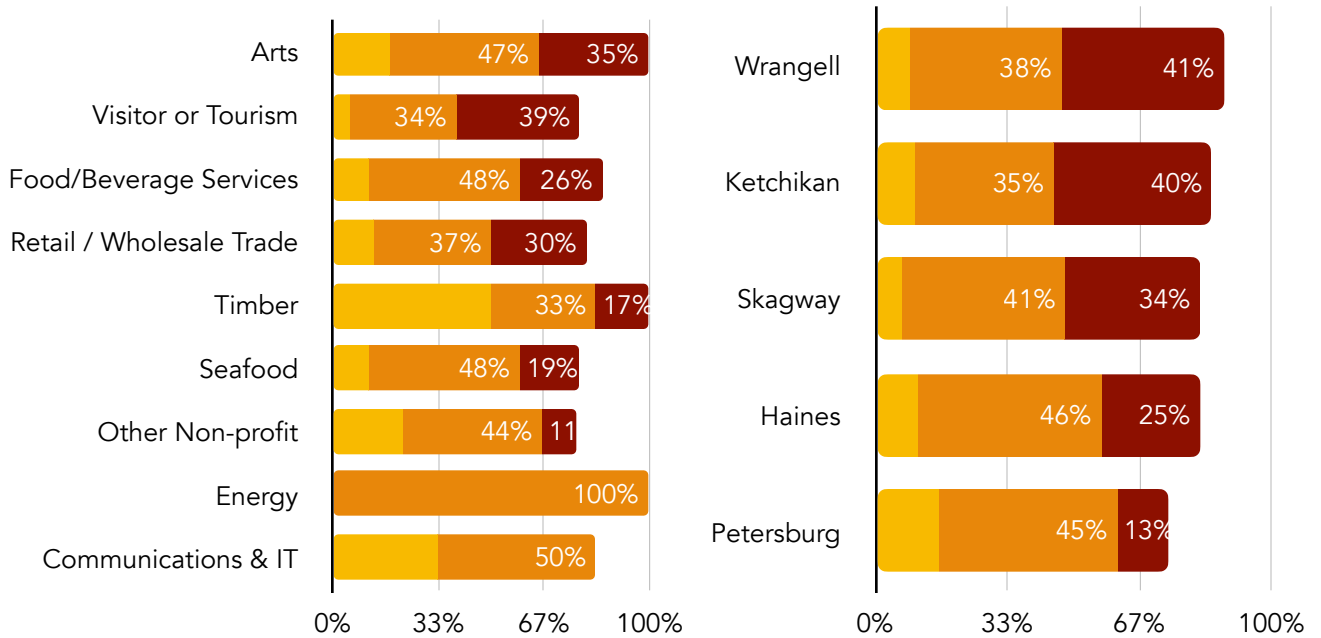
When compared by communities across the region, Wrangell has the most negative outlook of all communities. Sitka has the least negative outlook. No community expressed a positive outlook.

# Southeast Economic Outlook: by Community and Industry

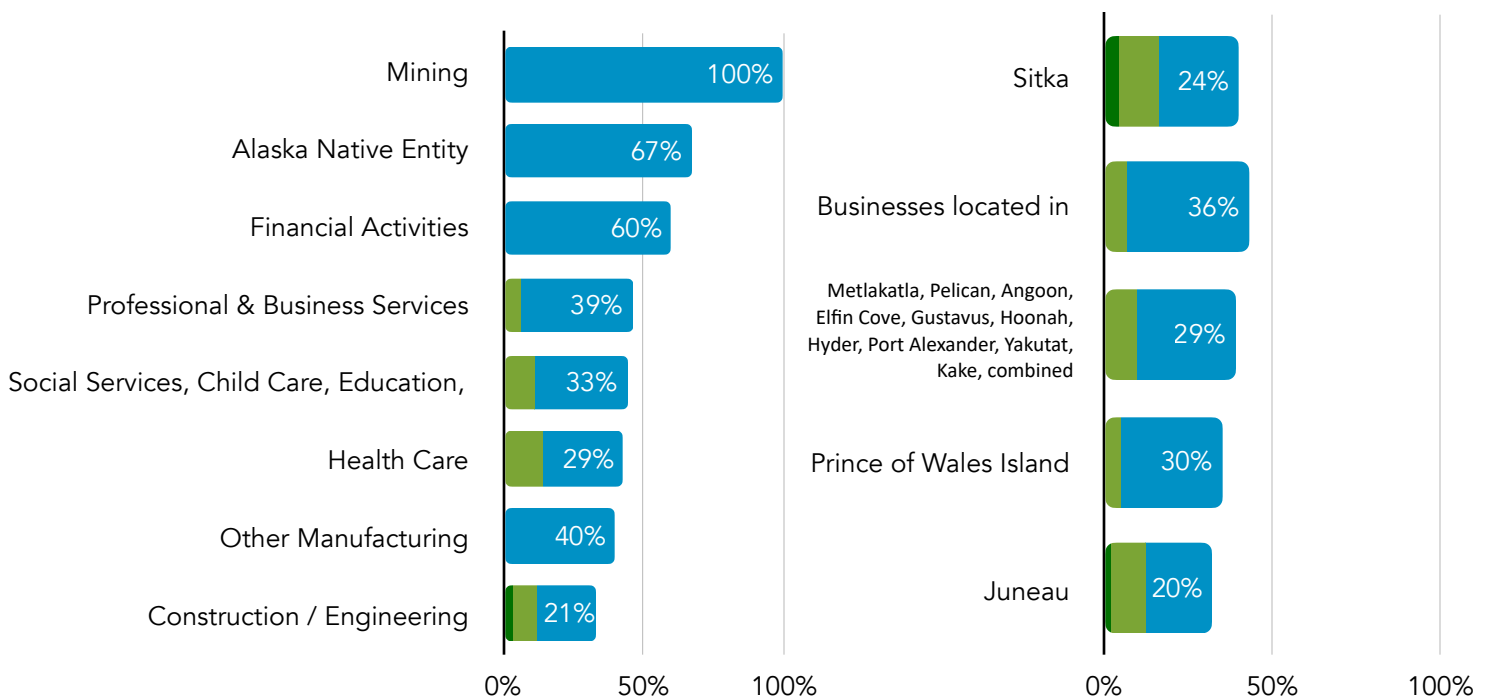
The below graphics show economic outlook breakdowns for the next year by industry and well as by community. Sitka businesses have the least negative outlook.

**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)



# Sitka Economic Outlook: by Industry

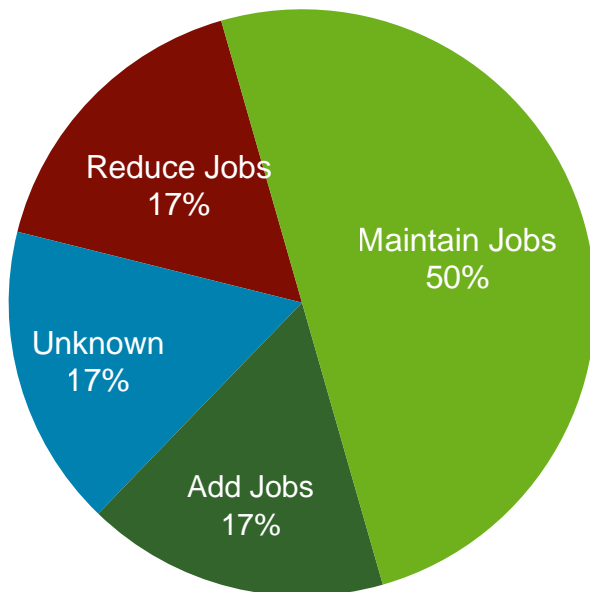
Two Sitka sectors had a large enough response rate to breakout findings.



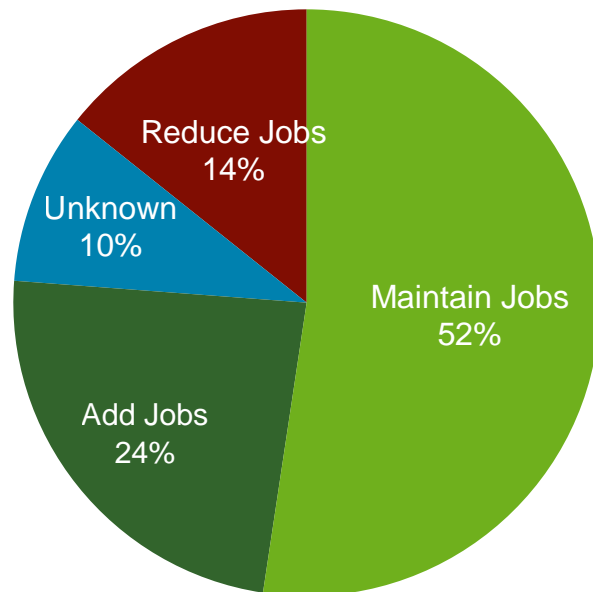
# Jobs Outlook in 2020 and 2021

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)

Sitka **2020: Jobs Outlook**



Sitka **2019: Jobs Outlook**



## Employment changes in the next year

17% of Sitka business leaders surveyed expect to reduce the number of jobs associated with their businesses over the next 12 months, while an equal number, 17%, expect to add more employees. Half of respondents expect to maintain total jobs at their current level.

Across all Southeast communities, business leaders in Wrangell, Ketchikan and Skagway expect the greatest job reductions for their businesses moving forward. Sitka businesses are the most likely to add and maintain workers.

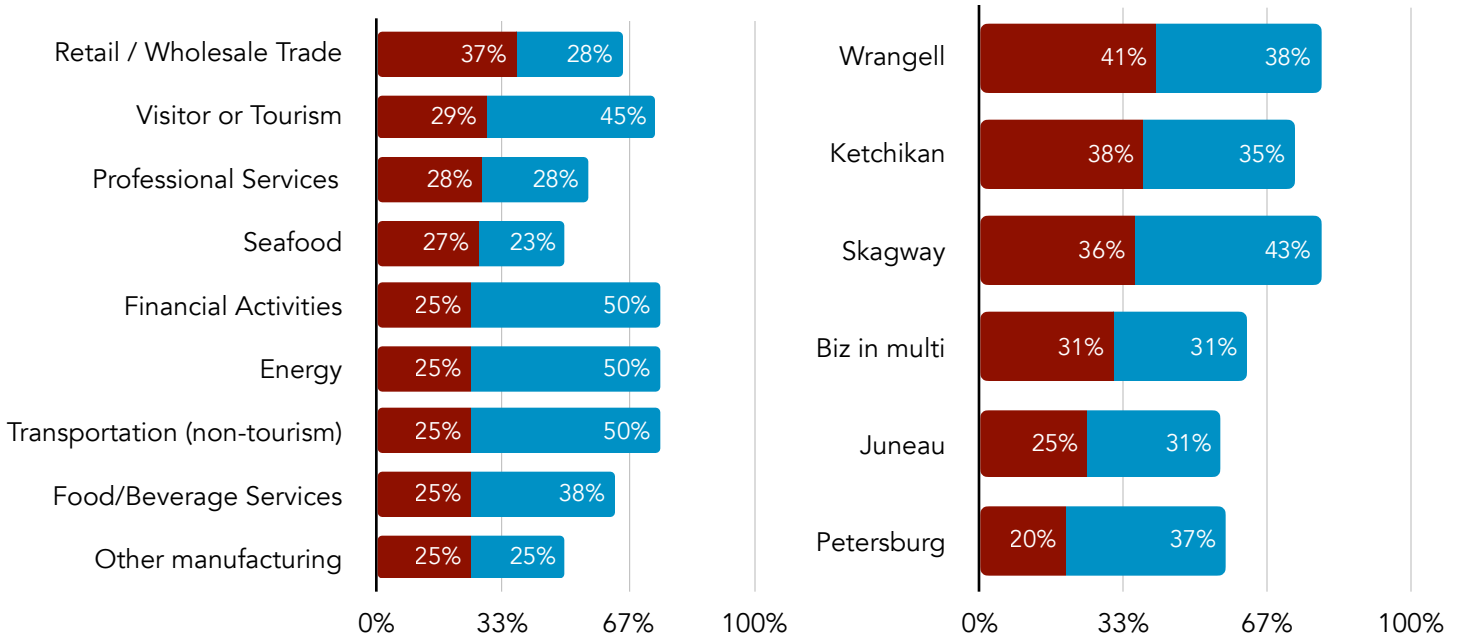
# By Community: Jobs in Next 12 Months

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

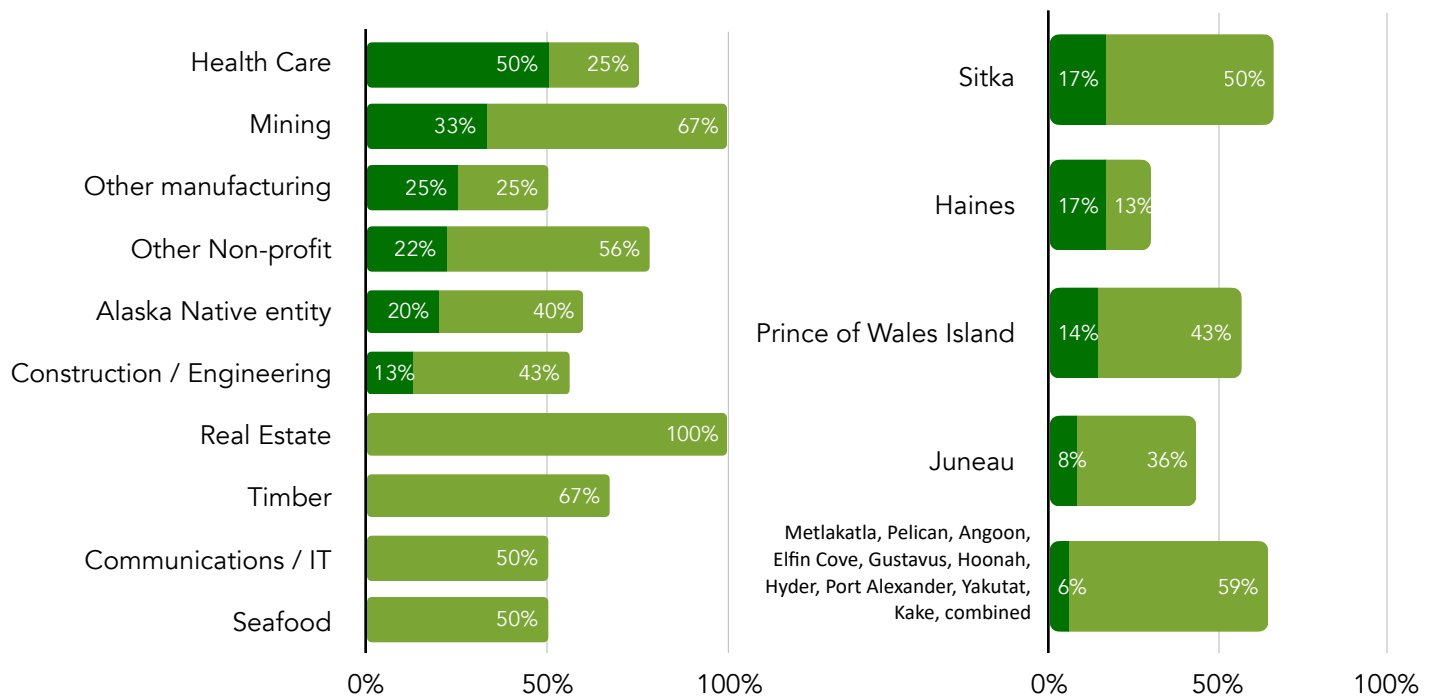
## By Southeast Industry

## By Community

■ Reduce total jobs   ■ Unknown at this time



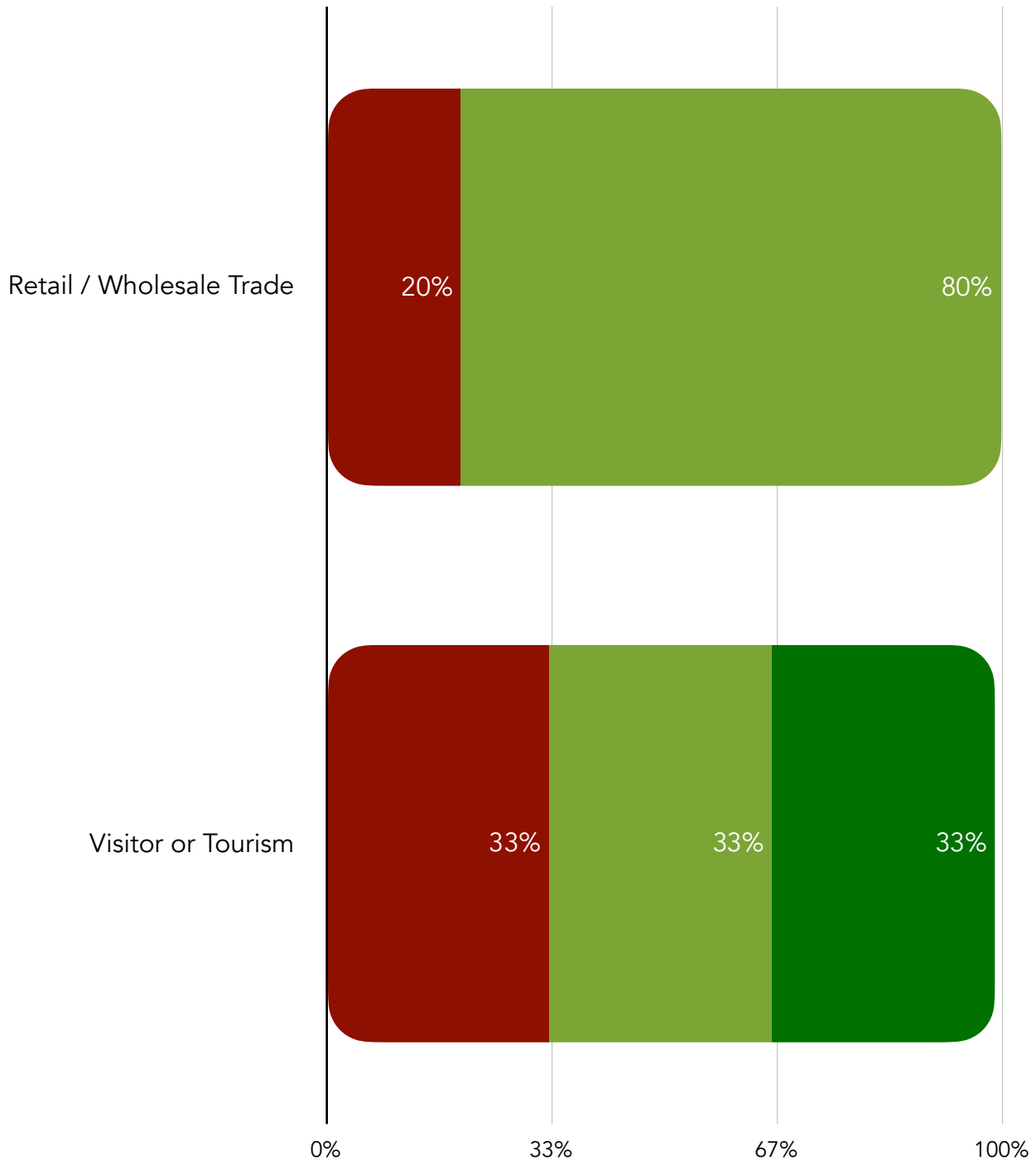
■ Add jobs   ■ Maintain the same amount of jobs



# By Sitka 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
- Maintain the same amount of jobs
- Unknown at this time
- Add jobs



# Sitka Businesses COVID-19 Impacts

Sitka business leaders were asked how COVID-19 is impacting their businesses. Responding employers have already laid off 22% of their total workforce due to the COVID-19 virus, and cancelled hiring an additional 344 workers. Local business revenue was down 60% in 2020 so far, compared to the same period in 2019. Less than a quarter (22%) of businesses say that they are at risk of closing permanently, while 33% of respondents say that they are not at risk.

**Total Businesses Responding = 36**

**Representing 560 current Sitka workers**

**Responding businesses have typical peak employment of 855**

**With a year-round resident workforce of 79%**

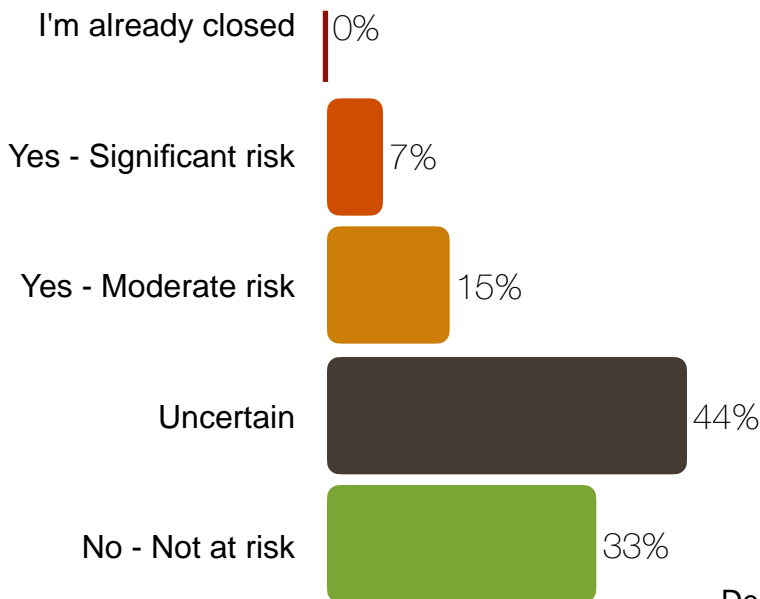
**41% of responding businesses received PPP funding**

**Respondents have laid off 22% existing staff so far due to COVID-19**

**and did not bring on an additional 344 planned hires**

**17% 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?**

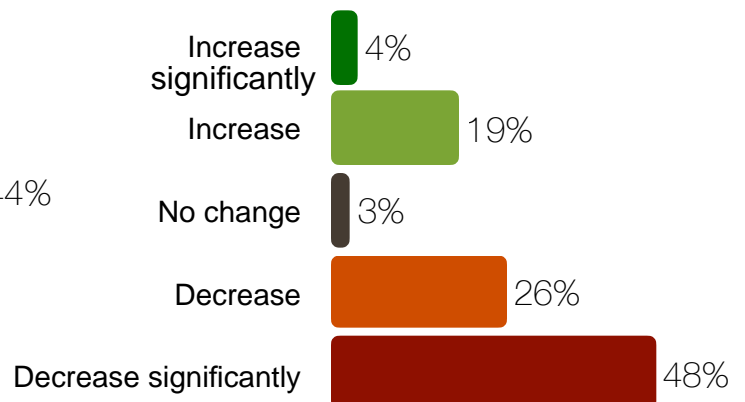


**Avg. current workers per org. = 4 (12 at peak)**

**Avg. workers laid off so far per business = -2**

**Avg. planned hires cancelled = -4**

**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. = 26**

**Please estimate the percent revenue decline to your business due to COVID-19 in 2020 so far (compared to same period in 2019)? = -60%**

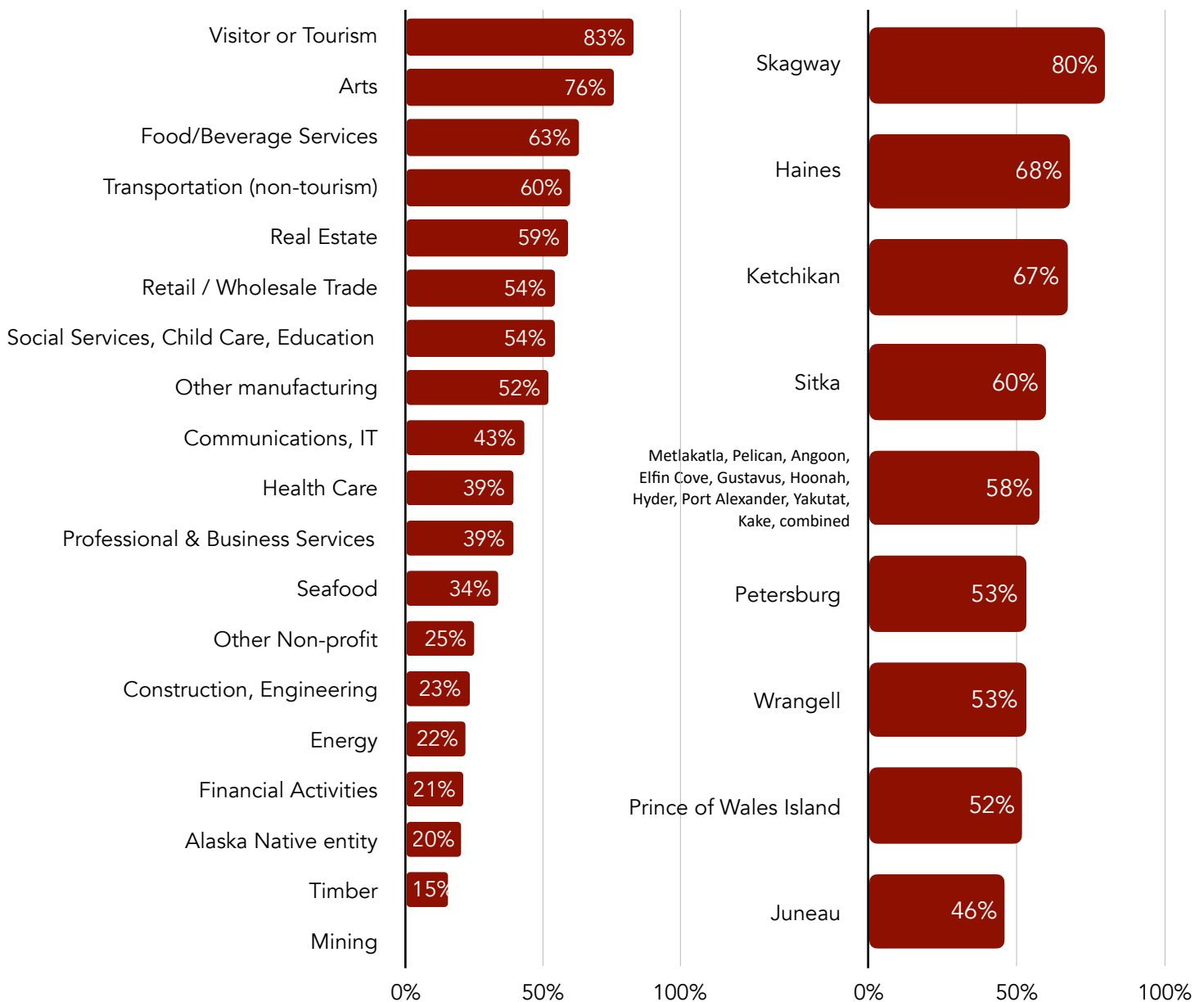
# Please estimate the percent revenue decline to your business due to COVID-19 in 2020 so far (compared to same period in 2019)? By Industry and Community

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

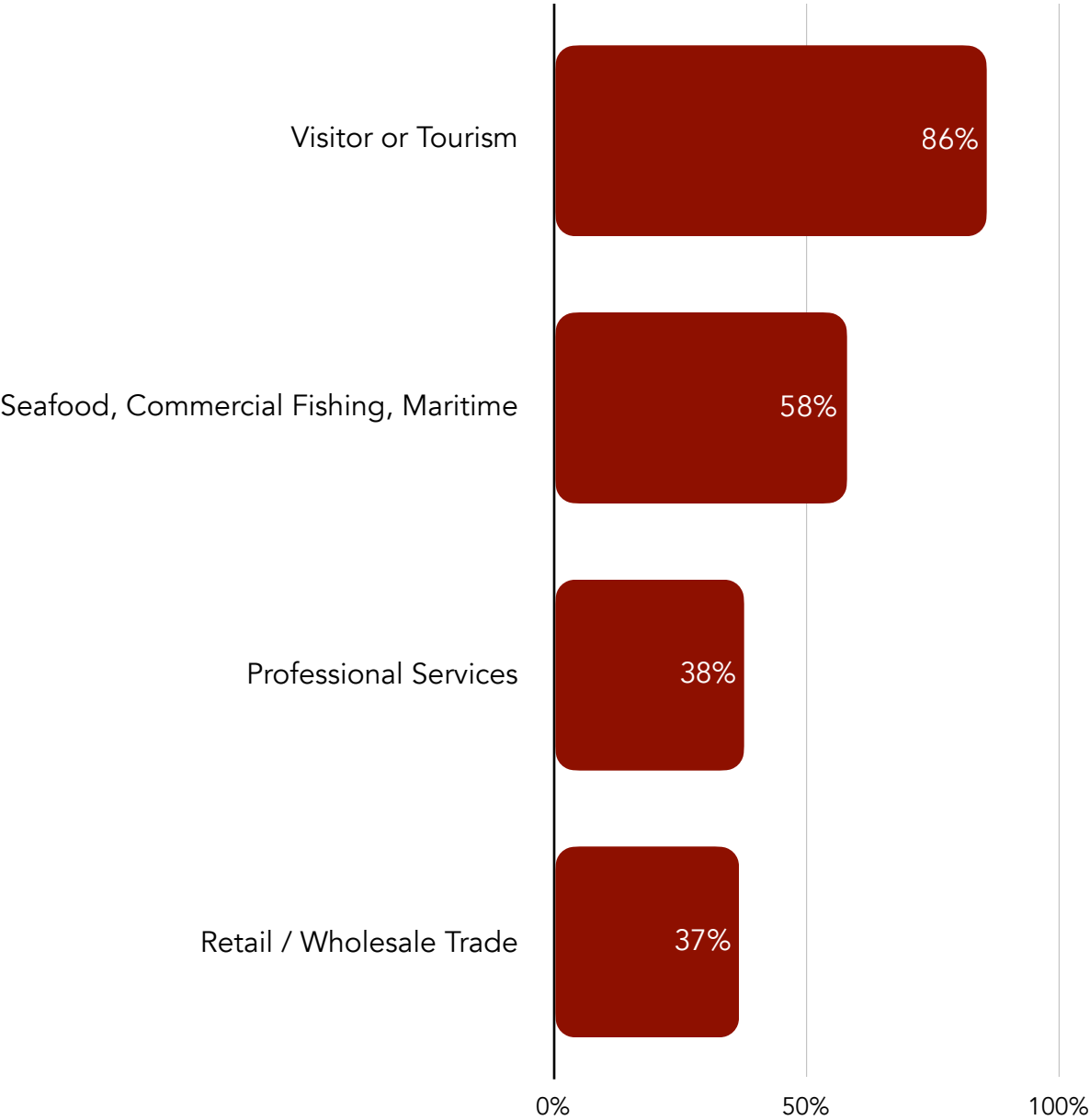
■ Average percent revenue decline to your business due to COVID-19 in 2020



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

On average, reporting Sitka businesses have lost **60%** of their revenue due to COVID-19 in 2020 compared to the same period last year. Businesses in the tourism sector are down by 86% so far.

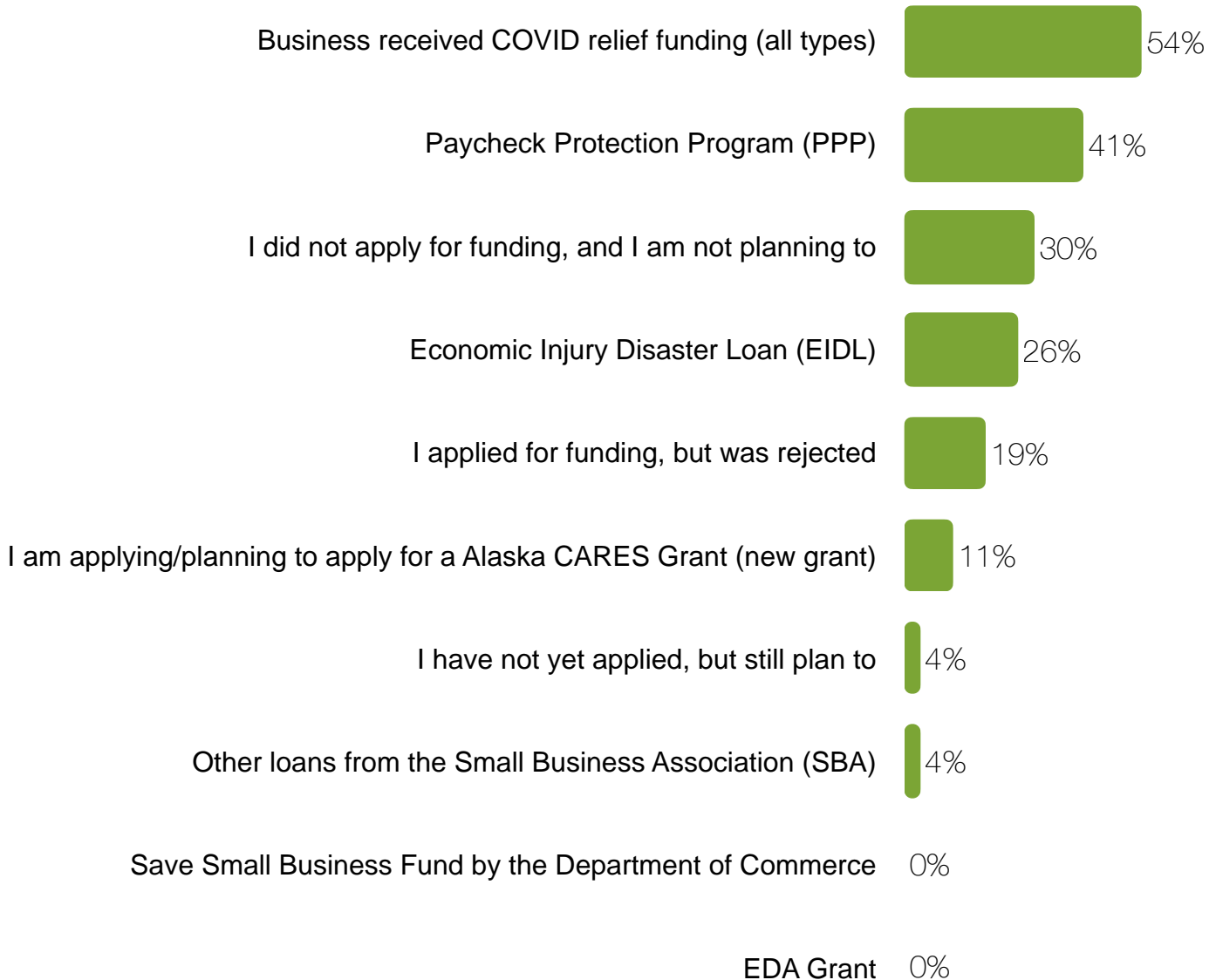
## ■ Average percent revenue decline to your business due to COVID-19 in 2020



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

More than half (54%) of all reporting Sitka business leaders had received COVID relief funding for their organizations, including 41% who received the funds from the Payment Protection Program.

A total of \$5.9 million in funding was reported received. The median assistance amount was \$85,646.



**Total Funding Reported to be Received by Sitka Businesses = \$5.9 million**

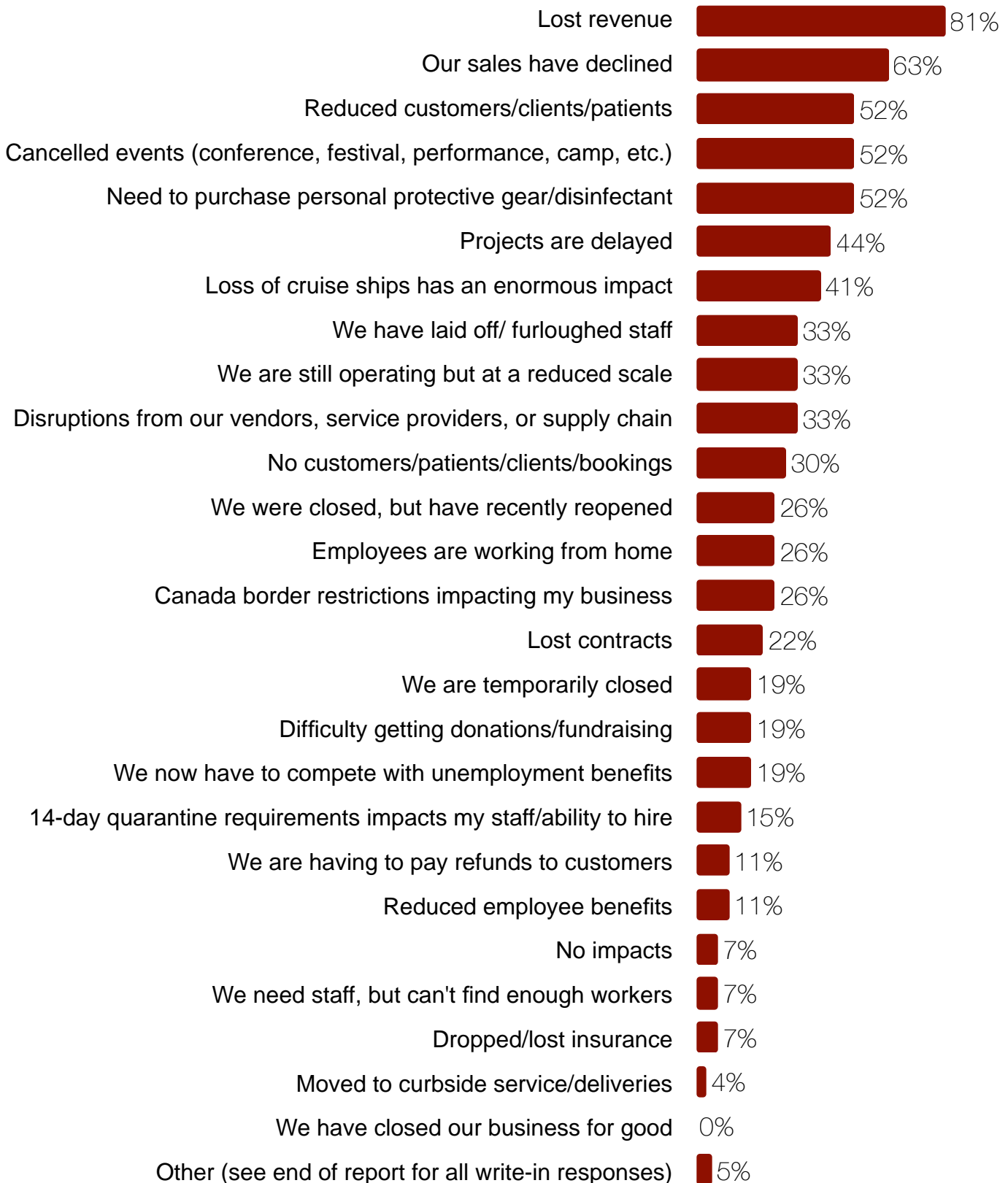
**Median amount received by businesses receiving funds = \$85,646**

**Businesses receiving funding = 54%**

# How has your business been impacted by COVID-19?

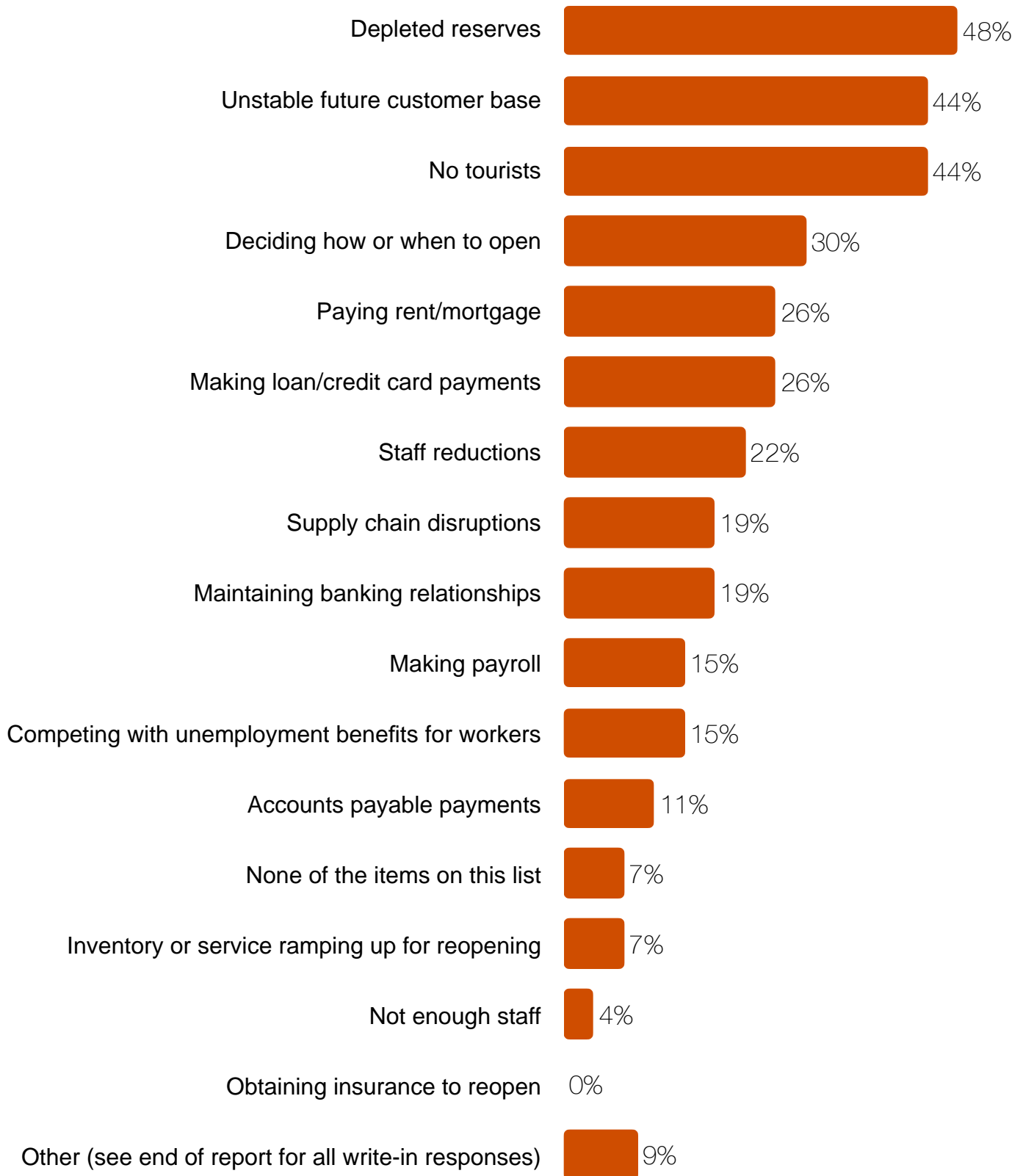
(check all that apply)

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



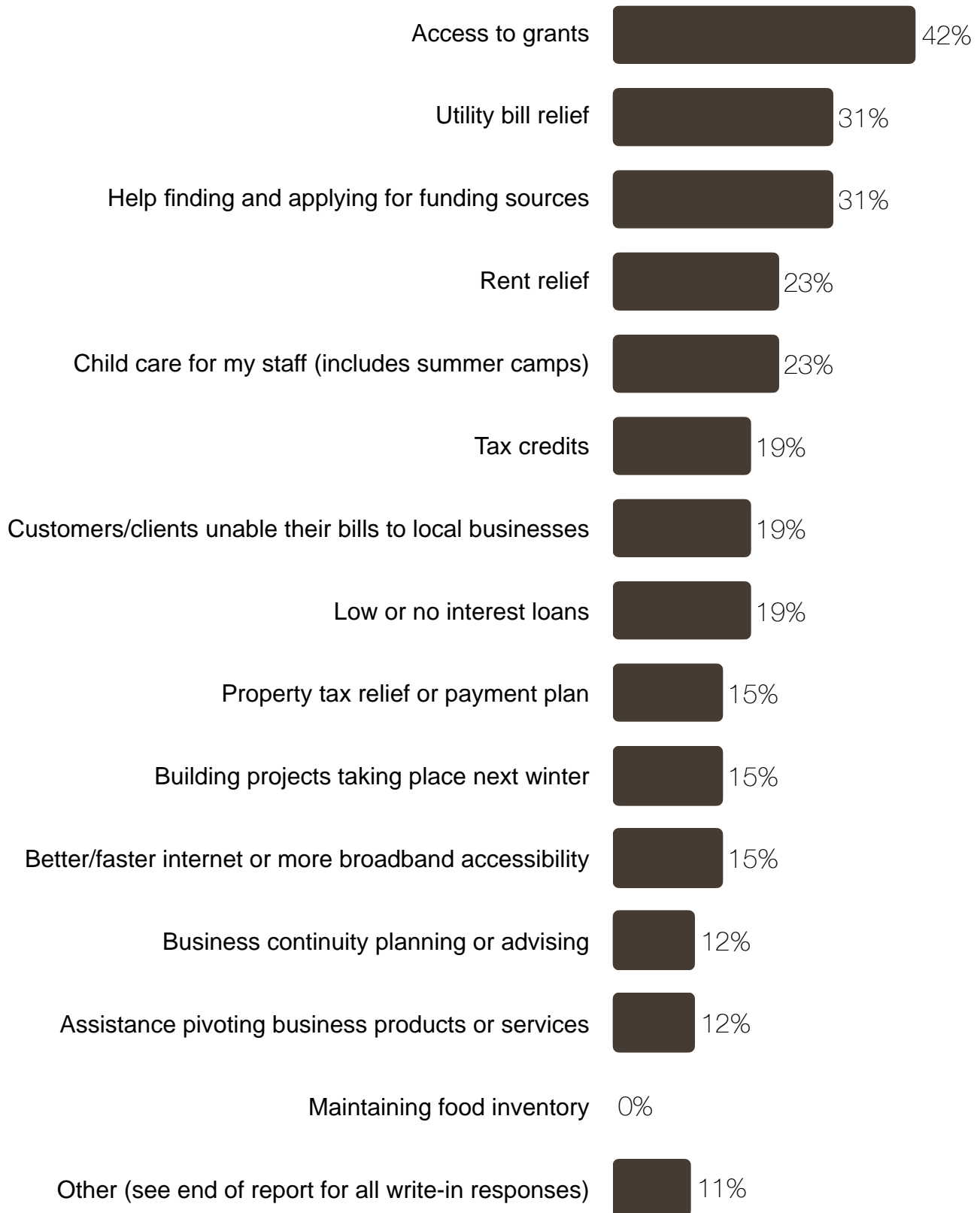
# What are your top business challenges moving forward? (check all that apply)

Sitka 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 36 businesses from Sitka responded to the survey in 2020.

Which best describes the primary industry focus of your company?

Answer Options	Response
Retail / Wholesale Trade	8
Visitor or Tourism	6
Professional & Business Services / Consultant	5
Seafood, Commercial Fishing, Maritime	5
Child Care, Education, Social Services	3
Arts	2
Other Non-profit	2
Construction / Architecture / Engineering	1
Food/Beverage Services	1
Communications / Information Technology	1
Alaska Native entity	1
Energy	1
<b>TOTAL</b>	<b>36</b>

# 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?**

- I commercial fish so am able to work.
- I do not qualify for Federal Funding.
- I received a low interest loan but no grant yet. My nonprofit group that represents us does not qualify for aid. It runs on voluntary membership which is down considerably due to COVID. Without this group we would be out of business.
- Not sure.
- Others need the money more. I may apply in the future.
- Sole proprietor, free-lancer and it's difficult to get funding.
- Did not apply.
- Did not need it.
- Did not need it and don't believe the government should fund private business in any way.
- Don't qualify.
- God will provide.

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

- Applying was easy. First application was lost. Second application went through, but amount was based on 'profit' number, which did not reflect things accurately for this sole proprietor, so eligible amount was significantly less than amount preferred.
- For PPP application was easy and funding happened right away. For EIDL, it was tedious, we had to fill out the application 3 times due to it changing and the website being overloaded. It took 2 months to receive the money and it was capped at 150,000.
- Frustrating but understandably so. Nobody expected the immense need in such a compressed time frame. What is now frustrating is being excluded from AK Grant money because we worked hard and were proactive in receiving PPP and EIDL Federal dollars. Being on the hook to repay 150K in EIDL \$'s to pay bills and salaries when state grant money is now available. Hmm? Could AK Grant money be used to help small businesses with the increased future debt burden that we have taken on to be a good corporate citizen?
- I got the PPP. I got help from Clover, my POS system processor. They partnered with SmartBiz to connect me with a small bank in Utah to get the funds.
- Odd. Strangely liberal, very little documents required. I'm nervous about future drawbacks. In Future Taxes. Future restrictions. Where is this money coming from? Who will pay it back?
- We applied, (process relatively easy) have not received final approval. Amount offered is very low relative to lost revenue.
- We received \$6,000 funding from the EIDL - Helpful, but not nearly enough when the business overhead is usually about \$18,000/month.
- Working with First Bank to get a PPP Loan was easy and my experience was positive.

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

- All revenue ceased starting in April, do not anticipate revenue resuming until a year later.
- Delayed projects or cancelled projects equating to reduced revenue.
- I am an owner/operator, my tour businesses is shut and the 2 ships I contract with as a guest lecturer will not happen. I have no business this summer.
- I believe we may have to close.
- I can't put enough students in class (distanced) to pay for my teachers.
- I cannot travel to consult. Internet seems to have slowed making it more difficult to get work done.
- I lost all my charter bookings when the cruise ships cancelled.
- I own a small seafood restaurant. We usually serve many cruise ship passengers and tourists. There are not very many people traveling to Sitka right now, so our revenue is down. Also, I have only been doing takeout. My space is very small, and social distancing for dine in is not a possibility.
- It has made it busier
- Lock down has made things complicated. Fish plants closed shoreside to fishermen. Everything takes longer (apart from COVID aid) as it is all done via phone or internet. Showers, Chandler work, unloading is going to be complicated this summer. COVID mandates are stricter for fishermen than anyone else including tourist.
- Lower product prices
- Most of the impact we have seen from a revenue standpoint has been outside of Alaska with our government contracting companies and the slowing down of approval processes within the government agencies. In Alaska, the biggest impact has been on our employees' inability to have childcare so they can continue to work. Additionally, we have not yet scheduled our Annual Meeting, which is a requirement for ANCSA corporations.
- My clients have stopped calling and the contracts that I had are past due and cannot be re-enacted. Lost a very big contract and doubt that it will be able re-instated.
- Retail sales: crippled. Wholesale of our products to restaurants nationwide: crippled. Wholesale to Alaskan Businesses catering to visitors: crippled. Wholesale to lower 48 stores 50% reduction. Online sales after a concerted marketing effort and pivot: up 350% Loan money and Online sales look as if they can maintain a year or bare bones operations. In 2021 if we see 30% of the projected 2020 visitors, we should be able to stay marginally viable through 2021.
- The hardest part was trying to remain positive for the staff. Keep customers calm and feeling safe in our store. Difficult navigating all the mandates the state would throw at us. Trying to work with a depleted supply chain was hard.
- Vast majority of my work year-round is conducted in other communities in Alaska, with Alaska being the primary source of transport. Restructured flight schedule has resulted in very inefficient routing in SE Alaska, for my purposes. Some travel now requires boat transport,

which is substantially more time commitment and is much less reliable and efficient, due to weather.

- We have lost cruise ships for the summer and that is 2/3 of our revenue. It helps us to survive in the winter months. We will survive the summer scaled down dramatically, but we aren't sure we will survive past December.

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

- Closed for 2 months, opened in a limited capacity after accruing many disinfectants, polled previous attendees and found that 10% are currently comfortable rejoining.
- Employees working at the office, but the office is closed to the public.
- I am normally operating at a reduced level during the summer, but I am completely closed this summer.
- More business
- No business this summer
- Wholesale orders cancelled

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

- Assistance in reopening tourism industry, especially for 2021.
- None
- Public confidence. People won't enroll their children in gymnastics if they think it could threaten their health.
- Renewed air schedules.

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

- All to most business needs to be done via the internet. This is difficult as broad band is unavailable. Had to buy a smart phone. Used to do business in the public library.
- International flights curtailed.
- No work, no income, tough times
- Planning for Annual Meeting virtually is challenging
- Reduced value of underutilized assets.
- Transportation- Business depends on air travel efficiency
- Unstable customer base is a common issue for us in the summers as families are fishing together or traveling. But only having 10% of our usual is beyond sustainable. We currently have pre-paid rent but are unsure if we'll be able to pay beyond what is currently paid.

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

- A business I have ownership interest in and am on the board of in Anchorage received a PPP loan.
- I am not interested in a loan. I was told I'm ineligible for PPP.
- PPP was received, but a small amount. Helpful, but not adequate for the reality of the situation.
- We are having challenges qualifying because of our 501c6 status.

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

- Everyone has an increased knowledge of using online platforms for meetings and communicating virtually. One of our subsidiaries is an IT services company and we anticipate additional work in the future. Another of our subsidiaries has expertise in Health Sciences and will be bidding on work related to COVID-19 research.
- Hard to gauge at this point. If flight schedules remain inefficient, boat travel will become a permanent part of my operation. And I don't plan to ever count on the ferry system. I live in Sitka.
- I do appreciate heightened attention to cleanliness, sanitation, and general health.
- If we can get through? Yes. Challenge brings ingenuity and focus.
- It has given me time to work on being ready for when things open. Still have work to do but have made significant impacts on what needed to be done.
- less travel because of improvements to virtual meetings
- More direct marketing of seafood
- more use of technology
- More use of technology - not necessarily a good thing.
- Meetings on Zoom. That's the only positive.
- No
- No
- No
- None other than dealing with others fear.
- Not in this profession
- Not sure yet.
- Positive? NO
- Probably not
- We have found working from home is an option for certain employees and may continue.