PETERSBURG ECONOMIC PROFILE

PREPARED FOR:

CITY OF PETERSBURG
ECONOMIC DEVELOPMENT STEERING COMMITTEE
PETERSBURG, ALASKA

McDowell GROUP

Research-Based Consulting

Juneau
Anchorage

IN ASSOCIATION WITH:

Sheinberg Associates

APRIL 2001

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INTRODUCTION:
PETERSBURG ECONOMIC PROFILE

The *Petersburg Economic Profile* is a factual documentation of the recent history and current status of the Petersburg economy. This document is an integral part of the *Petersburg Economic Analysis and Strategic Development Plan* – a cooperative effort between the City of Petersburg Economic Development Steering Committee and its economic development planning contractor, the McDowell Group, Inc. of Juneau and Anchorage in association with Sheinberg Associates of Juneau. The *Petersburg Economic Profile* is a necessary baseline of information that serves as a springboard for the final product – the *Petersburg Strategic Development Plan*.

The *Petersburg Economic Analysis and Strategic Development Plan* is a three-phase process conducted between August 2000 and May 2001.

- **Phase I: Economic Analysis**. This is a preliminary assessment of Petersburg economic assets and challenges that includes history, status and outlook of major economic influences in the Southeast Alaska region. Phase I also included two major surveys – the *Petersburg Household Economic Issues Survey* and the *Petersburg Employers Economic Survey*. This phase concluded with a public workshop that was primarily educational in nature.

- **Phase II: Economic Analysis, Part II.** The research included an inventory, assessment and documentation of the recent and current Petersburg economy, as complied in the *Petersburg Economic Profile*. The study team also developed preliminary recommendations for the *Petersburg Economic Development Plan*. This phase concluded with a committee workshop refining the preliminary strategic recommendations and reviewing the findings of the profile document.

- **Phase III: Development Planning.** This phase focuses on the *Petersburg Strategic Development Plan*, a detailed action plan for long-run improvement in Peterburg's economy. The action plan is designed to be consistent with the values and nature of the community, and considerate of the assets and challenges of the area. A work session with the Petersburg City Council and an open-house style of public workshop will conclude this phase.

- **Follow-up Phase**: The consulting team is available for consultation and will visit Petersburg at six and twelve months after the Strategic Development Plan is completed.

The *Petersburg Economic Profile* is a product of Phase II and an interim step in the full process that will culminate in a practical and effective action plan.

SECTION 1: PETERSBURG'S ECONOMY

- ECONOMIC SUMMARY
- MODELING PETERSBURG'S ECONOMY

Petersburg Population and Employment

The population of Petersburg (3,224 as of 2000) has remained stable in recent years, with only a 0.2 percent growth between the 1990 and 2000 U.S. Census counts. During the 1990s the community experienced some economic fluctuation resulting primarily from changes in the seafood and forest products industries. School enrollment has waned, as evidenced by a 12 percent decrease between 1997 and 2000, a loss of about 90 students – partly due to home schooling and partly due to out-migration. These population indicators show some aging of the population and out-migration of families with children.

Wage and salary employment as tracked by the Alaska Department of Labor and Workforce Development has declined moderately in recent years from 1,560 in 1995 to 1,436 average annual jobs in 1999. The loss has been primarily in private sector jobs. However, employment captured by the Alaska Department of Labor and Workforce Development does not take into account seafood harvesting jobs and uniformed military, including U.S. Coast Guard. The McDowell Group estimates seafood harvesting employment at 542 annual average jobs, and employment reported by the U.S. Coast Guard at 27 jobs, for a total of 2,005 in 1999. Please note: all employment data in this report, including seafood harvesting, is expressed as *annual average employment*. This standard term includes all full-time, part-time and seasonal jobs, averaging them for the year.

Table 1, a list of Petersburg's largest employers, provides an accurate summary of the local economy. Seafood processing, and government in all its forms, are the two dominant legs of the local economy. The trade sector also contributes to the list of largest employers. The emerging visitor industry is represented by the eleventh largest employer (not shown), the Tides Inn with 15 employees.

Table 1
Petersburg's Top 10 Employers, 1999

Employer	Industry	Estimated Annual Average Employment
Icicle Seafoods, Inc.	Seafood processing	162
U.S. Forest Service	Federal government, primarily forest products	121
Norquest Seafoods, Inc.	Seafood processing	118
Petersburg School District	Local government, education	103
City of Petersburg	Local government, administration	89
Petersburg Medical Center	Local government, health care	67
Ocean Beauty Seafoods, Inc.*	Seafood processing	63
The Trading Union, Inc.	Retail trade	40
Hammer & Wikan, Inc.	Retail trade	33
Alaska Dept. of Fish & Game	State government, primarily seafood	23

Source: Alaska Department of Labor and Workforce Development.
* Source: McDowell Group, Inc. estimate.

Petersburg Resident Income from Labor and Other Sources

In addition to wage and salary income earned by workers and fishermen, Petersburg residents receive considerable income from other sources. The following numbers are either actual reported receipts by Petersburg residents or are estimated by the study team, largely from federal and state government data sources.

A central finding of the *Petersburg Economic Profile* is that large portions of the local economy are not from traditional resource industries or even trade and service employment. Not only do residents receive household income from a variety of other sources, but the community receives both capital and operating money for many purposes such as social services, health care, senior housing, and Native housing construction. In addition, Petersburg's strong and active nonprofit industry provides jobs, scholarships and grants.

Table 2
Petersburg Household Income from Labor and Other Sources

Source of Income	Amount of Income
Earnings from Labor	
Non-agricultural wage and salary earnings (1999)	$39,000,000
Seafood harvesting income (1999)	20,900,000
Proprietors income (1999)	5,000,000
Total earnings from labor	$64,900,000
Senior Income	
Retirement income (1998)	$13,500,000
Alaska Longevity Bonus (2000)	501,000
Social Security Benefits (1999)	3,900,000
Supplemental Security Income (1999)	114,000
Total senior income	$18,015,000
Other Income	
Alaska Permanent Fund dividends 1999	$5,952,000
Dividends, interest and rent (excluding PFDs) (1998)	12,000,000
Adult Public Assistance (1999)	183,000
Unemployment payments (1998)	600,000
Total other income	$18,734,000
Total Petersburg Resident Income	**$100,650,000**

Sources: Non-agriculture wage and salary earnings, Alaska Department of Labor and Workforce Development; seafood harvesting earnings, McDowell Group, Inc. estimates based on Commercial Fisheries Entry Commission data. Retirement income, dividends interest and rent, and unemployment payments based on pro-rata population distribution of Bureau of Economic Analysis data for 1998. Social Security and SSI income based on pro-rata population distribution of Social Security Administration data. Adult Public Assistance and Alaska Longevity Bonus payments, Alaska Department of Health and Social Services. Alaska Permanent Fund Dividend payments, Alaska Department of Labor and Workforce Development.

Other Petersburg Economic Indicators

Table 3 shows that both ferry and air traffic have declined moderately in recent years, while arrivals by small cruise ship (not shown) have increased.

Housing construction peaked during 1997 at 45 units and just five homes were constructed in 2000. Historically, housing construction averages 15 to 25 new homes per year.

The assessed value of property has remained stable, keeping pace with inflation with an increase of 2.4 percent between 1999 and 2000. The current value is $196.1 million.

Table 3
Selected Petersburg Economic Indicators, 1990, 1994 – 2000

	1990	1994	1995	1996	1997	1998	1999	2000
Population Indicators								
Population	3,207	3,262	3,329	3,368	3,385	3,310	3,230	3,224
School enrollment	703	759	752	765	769	752	699	678
Employment Indicators								
Employment (shore-side civilian)	N/A	1,541	1,560	1,454	1,394	1,383	1,436	N/A
Private employment	N/A	1,057	1,078	973	916	904	956	N/A
Government employment	N/A	484	482	481	478	479	480	N/A
Seafood harvesting employment (est.)	N/A	N/A	N/A	N/A	N/A	N/A	542	N/A
Income Indicators								
Annual payroll (nominal, millions)	N/A	$41.5	$42.9	$40.1	$38.2	$37.2	$39.0	N/A
Ave. monthly wage (nominal)	N/A	$2,244	$2,291	$2,298	$2,284	$2,242	$2,263	N/A
Seafood harvesting payroll (millions)	N/A	N/A	N/A	N/A	N/A	N/A	$20.9	N/A
Transportation Indicators								
Air passenger enplanements (major and commuter carriers)	17,767	17,251	20,049	20,177	19,215	18,527	17,855	N/A
Ferry passengers disembarking	15,042	14,313	13,143	12,601	10,951	10,856	12,109	11,027
Construction and Property Value Indicators								
Number of dwelling units constructed (multi- and single-family)	14	18	25	25	45	16	12	5
Assessed value of real and personal property (nominal, millions)	$135.6	$150.2	$155.9	$163.5	$177.1	$188.8	$191.5	$196.1

Source: 1990 and 2000 population, U.S. Census; 1994 – 1999 population estimated by McDowell Group, Inc.
Other Sources: Alaska Department of Labor & Workforce Development, Petersburg School District, FAA/APO Terminal Area Forecasts, Alaska Marine Highway System, City of Petersburg. McDowell Group, Inc. estimates for seafood harvesting.

Some factors contributing to the current soft local economy include the decline of the regional forest products industry, the loss of some fishing crew jobs due to the Individual Fishing Quota (IFQ) system, and weakening economic conditions in outlying communities that use Petersburg as a supply and service base.

On the other hand, the *Petersburg Economic Profile* also reveals that Petersburg has a wide variety of economic assets that could provide a promising economic future for the community. These assets include:

- The region's most productive seafood harvesting fleet
- Good seafood industry support infrastructure
- A strong processing sector
- A good-paying and relatively stable government sector
- Available land
- Nearby forest and mineral resources
- A small but promising tourism industry
- A strong and generous nonprofit sector
- A growing senior population with substantial income, and
- A community that widely supports moderate economic growth in several sectors of the economy

The following pages document the recent history and current status of Petersburg's economy.

Petersburg's "Economic Engines" — The Basic Economy

Economic base industries are those industries that bring new money into the local economy by exporting some goods or services outside the local area. The remainder of the local economy consists of support industries that cater to the local population and business community. Support businesses do not create new wealth for the community. However, money brought to the economy by the basic industries and other outside sources, such as retirement income, impacts the local economy in many ways as it cycles through the support businesses.

Industries that provide the economic base for a region determine the overall prosperity of a community. A good example is the seafood industry. In Petersburg, local residents harvest salmon, halibut, crab, sablefish, and a variety of other finfish and shellfish species. Residents of Petersburg then process and export finished seafood to consumers in the U.S., Japan, and the rest of the world. In exchange, Petersburg fishermen and processors are paid with money that originates outside the local economy. The fishermen and processor employees in turn spend a portion of their paycheck in Petersburg's support sector on such things as groceries, electricity, maintenance, daycare, health care, and rent. These expenditures create additional support jobs in the Petersburg economy.

The economic base of Petersburg consists primarily of the industries described below:

Seafood Industry

The seafood industry is the largest industry in Petersburg. Annual equivalent employment in 1999 for Petersburg fishermen is an estimated 542. Employment in the processing industry was 337. The Alaska Department of Fish and Game (ADF&G) also contributes to Petersburg's economic base by managing the area-wide fisheries for all Alaska and non-Alaska residents. In all, fishermen, the processing industry, and ADF&G contributed approximately 78 percent of Petersburg's economic base employment and 44 percent of total employment.

Visitor Industry

Tourists and other visitors bring new money to Petersburg's economic base. Over the past several years, the number of tourists visiting Petersburg has been stable. Increased small-ship cruise visitors have balanced out fewer visitors arriving by ferry and air. Annual tourism-related employment in 1999 was an estimated 75 jobs. Tourism was responsible for approximately 7 percent of economic base employment and 4 percent of total employment.

National Interest Industries

So called "national interest industries," such as the U.S. Forest Service and U.S. Coast Guard, also contribute to Petersburg's base economy. For several years, U.S. Forest Service jobs in Petersburg have been declining due to funding cuts. However, national interest is still Petersburg's second largest economic base, contributing over 14 percent of the base jobs and 8 percent of total jobs.

Manufacturing

Manufacturing and heavy construction provide another portion of the economic base of Petersburg. During 1999, manufacturing (marine construction and forest products) and heavy construction employed 22 Petersburg residents, contributing 2 percent of the economic base and slightly over 1 percent of total jobs.

Other Basic Industries

To the extent that nonprofit organizations are supported by funding from outside the community, they also contribute to the base economy. This new money may be in the form of grants or medical benefits such as Medicare. Wood products (with employment of five) and mining are basic industries that currently do not play a major role in the Petersburg economy. Both have been important parts of the economic base in Southeast Alaska in the past.

Petersburg's Support Industries

Petersburg support industries provide goods and services to the local population and business community. In Table 4, support industries account for 867 average annual jobs and $21 million in payroll. Support industries provide 44 percent of total employment and 35 percent of total earning.

In order of employment, the most important support industries in Petersburg are trade, government administration, education, health care, other services, transportation and utilities, finance and real estate, construction, and support manufacturing such as printing.

Government

Government is a major cornerstone of the Petersburg economy. When all of its functions (health care, education, resource management, and local, state, federal and tribal government) are included, government is the largest support industry.

In total, government accounts for 514 average annual jobs and $17 million in payroll. More important, government provides many of Petersburg's "family wage jobs" with a monthly salary averaging $3,000. This is 59 percent higher than the average Petersburg private sector job.

Trade

Trade refers to all businesses selling physical goods. Trade is a major portion of Petersburg's support industry sector, with 259 jobs and nearly $5 million in payroll. Grocery, clothing and gift stores, as well as restaurants, are some examples. Another 32 retail trade jobs are included in the base economy because they are associated with the tourism industry.

Service

Petersburg's service industries are another major factor in the support economy. Some examples of service jobs include hotels, charter fishing operations, personal care services and medical services. When health care (23 jobs) is added to other service industries (131 jobs), total service employment is 154. Another 25 service jobs are included in the base economy because they are associated with the tourism industry.

Transportation, Communications, and Utilities

This key infrastructure sector provides 50 jobs and $1 million in payroll. Like trade and services, 18 jobs are included in the base economy due to their tourism relationship.

Finance, Insurance, and Real Estate

These support businesses add 25 jobs and $500,000 in payroll to the support economy.

Petersburg Economic Model Output

In Table 4, below, are the results of McDowell Group's modeling of the Petersburg economy. The model concept is simply called the Export Base Model. The model is intended to show the dynamic relationship between the basic and support sectors of the economy. As explained above, basic industry exports goods and services to markets outside the local area and brings in new money in exchange. Support industry serves the local population and business community, as residents trade existing dollars with their neighbors.

Table 4 Petersburg Base and Support Industries, Employment and Payroll, 1999

Industry	Annual Average Employment		Percent of Total Employment	Total Payroll (Millions of dollars)		Percent of Total Payroll
Seafood	892		44.4%	$31.5		51.2%
Seafood harvesting[1]		*542*			*$20.9*	
Processing		*337*			*$10.2*	
Alaska Department Fish & Game		*13*			*$0.4*	
Tourism[2]	75		3.7%	$1.3		2.1%
National Interest	149		7.4%	$6.7		10.9%
U.S. Forest Service		*122*			*$5.5*	
U.S. Coast Guard[3]		*27*			*$1.2*	
Manufacturing	15		0.8%	$0.8		1.3%
Forest products		*5*			*$0.3*	
Marine construction		*10*			*$0.5*	
Heavy construction	7		0.4%	$0.3		0.5%
Total Basic Industry	**1,138**		**56.8%**	**$40.6**		**66.0%**
Support Industry						
Government	143		7.1%	$4.6		7.5%
Local[4]		*89*			*$2.8*	
State[5]		*37*			*$1.2*	
Federal[6]		*10*			*$0.5*	
Tribal[7]		*7*			*$0.1*	
Manufacturing – printing	9		0.5%	$0.3		0.5%
Wholesale and Retail Trade[8]	259		12.9%	$4.8		7.8%
Education[9]	128		6.4%	$4.1		6.7%
Construction	25		1.3%	$0.9		1.5%
Transportation, Communication, Utilities[10]	50		2.5%	$1.3		2.1%
Health Care[11]	104		5.2%	$2.9		4.7%
Services[12]	124		6.2%	$1.5		2.4%
Finance, Insurance & Real Estate	25		1.3%	$0.5		.8%
Total Support Industry	**867**		**44.3%**	**$20.9**		**34.0%**
Total All Industries	**2,005**		**100.0%**	**$61.5**		**100.0%**

Source: Compiled by McDowell Group, Inc., based on Alaska Department of Labor & Workforce Development data except where noted.
1. Seafood harvesting employment and income from McDowell Group, Inc. estimates, based on CFEC permit data.
2. Tourism employment and income based on McDowell Group, Inc. estimates.
3. U.S. Coast Guard employment and income from U.S. Coast Guard.
4. Local government employment and income from Alaska Department of Labor, less 81 Health Care-related jobs and 125 Petersburg School District jobs reallocated to Education.
5. State government employment and income from Alaska Department of Labor data, less 13 Alaska Department of Fish & Game jobs to Seafood and 3 University of Alaska jobs allocated to Education.
6. Federal government employment and income from Alaska Department of Labor data, less 122 U.S. Forest Service jobs allocated to National Interest.
7. Tribal government employment and income from Petersburg Indian Association.
8. Wholesale and retail trade employment and income from Alaska Department of Labor, less 32 restaurant and gift shop jobs allocated to tourism.
9. These include Petersburg School District (125 jobs) and University of Alaska (3 jobs).
10. Transportation, communication, and utilities employment and income from Alaska Department of Labor data, less 18 jobs allocated to tourism.
11. Includes 81 Petersburg Health Center and other Health Care related local government jobs.
12. Services employment and income from Alaska Department of Labor data, less 25 jobs allocated to tourism and 23 jobs allocated to health care.

Figure 1
Petersburg's Basic Industry Composition
(Percent of annual average basic industry employment)

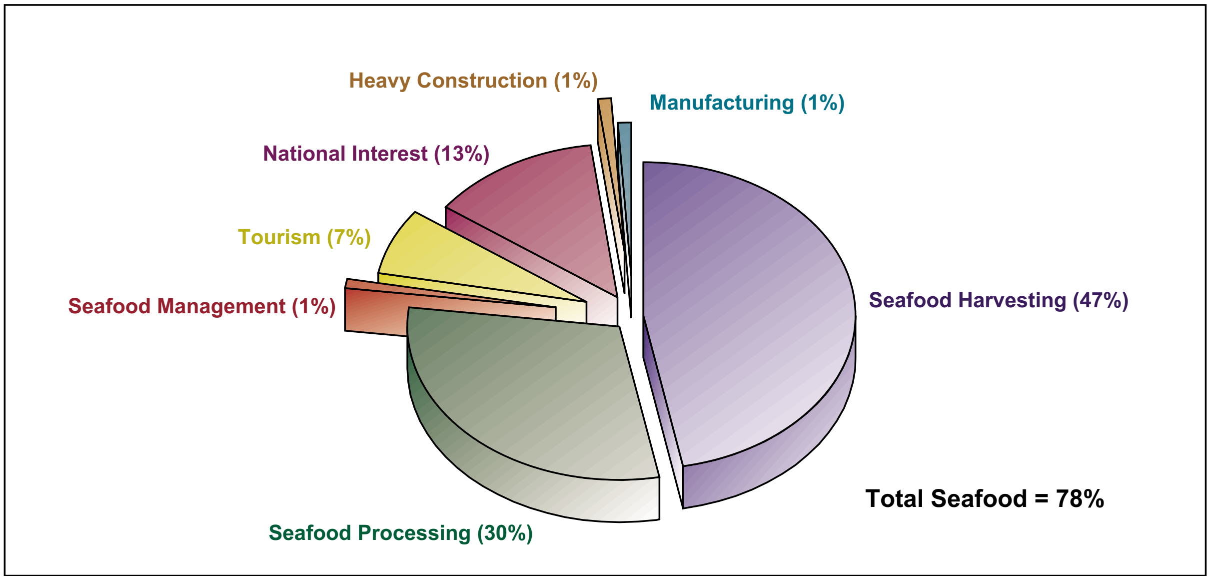
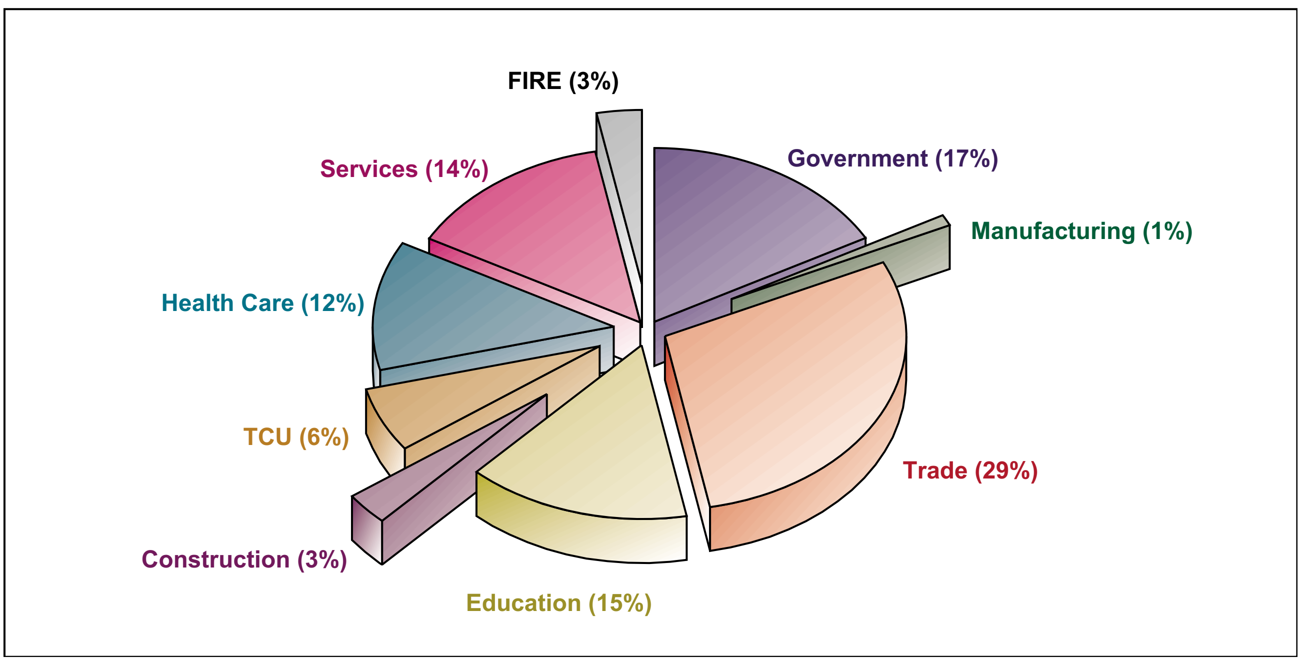


Figure 2
Petersburg's Support Industry Composition
(Percent of annual average support industry employment)



FIRE: Finance, Insurance, and Real Estate

TCU: Transportation, Communications, and Utilities

Basic and Support Employment by Industry

The following table organizes Petersburg 1999 employment data by industry, showing the jobs in both basic and support industries. While the data are the same as in the preceding table, jobs are shown by industry to illustrate how they were allocated between basic and support industry.

Table 5
Distribution of Petersburg 1999 Employment by Basic and Support Industry (Annual average employment)

Industry	Basic Industry Employment	Support Industry Employment	Total Employment
Manufacturing			**361**
Seafood processing	337		
Forest products	5		
Marine construction	10		
Printing		9	
Seafood Harvesting	**542**		**542**
Construction			**32**
Heavy construction	7		
Other construction		25	
Transportation and Communications			**68**
Tourism-related	18		
All other transportation and communications		50	
Trade			**291**
Tourism-related	32		
All other trade		259	
Finance, Insurance and Real Estate		25	**25**
Services			**172**
Tourism-related	25		
Health care		23	
All other services		124	
Government			**514**
U.S. Coast Guard	27		27
Federal			132
U.S. Forest Service	122		
All other		10	
State			53
Alaska Department of Fish and Game	13		
All other		40	
Local			295
Administration		89	
Education		125	
Health Care		81	
Tribal		7	7
Total Employment All Industries			**2,005**

SECTION 2: RESOURCE INDUSTRIES

- SEAFOOD
- VISITOR
- FOREST PRODUCTS
- MINING

Seafood Harvesting

- In 1999, 374 Petersburg residents participated in commercial fishing as permit holders, fishing a total of 826 permits, and landing over 90 percent of their volume in Southeast Alaska fisheries.
- Additionally, 471 crew members claim Petersburg as their place of residence. Permit holders who work as crew are not included in this crew total.
- One in four Petersburg residents participated in commercial fish harvesting as a permit holder or crew member during 1999, a total of 845 individuals.
- During 1999, Petersburg permit holders landed over 70 million pounds of seafood in Alaska, earning $36 million.
- The top fisheries, as defined by resident permit holders' income, are salmon, halibut, crab, and sablefish. These four categories accounted for 94 percent of permit holder earnings ($34 million) in 1999.
- In terms of annual average employment and payroll (to convert seafood harvesting to match with all other employment and payroll data), seafood harvesting provides the Petersburg economy with 542 annual average jobs and $20.9 million in payroll.

Table 6
Petersburg Resident Harvest and Earnings, 1990-1999
Permit Holders Fishing, Permits Fished and Gross Earnings

Year	People Fishing	Permits Fished	Landings (Millions of pounds)	Gross Earnings (Millions of dollars)	Gross Earnings Per Person
1990	397	905	49.2	$36.8	$92,682
1991	426	944	53.9	32.5	76,280
1992	411	984	55.5	35.1	85,457
1993	394	943	63.2	33.1	84,054
1994	361	891	63.8	43.7	121,089
1995	390	926	48.7	42.3	108,550
1996	384	911	64.9	39.1	101,887
1997	370	885	56.0	37.9	102,435
1998	371	863	56.1	28.0	75,454
1999	374	826	70.1	36.5	97,678
10-year average	**388**	**908**	**58.1**	**$36.5**	**$94,557**

Source: Alaska Commercial Fisheries Entry Commission

1999 Seafood Harvesting Employment and Earnings Estimates

To form a complete picture of Petersburg's economy, the McDowell Group made the following estimates of the annual average employment and take-home pay of Petersburg-based skippers and crew. These estimates are essential because standard government reports do not include employment or personal income from seafood harvesting, Petersburg's most important industry.

Following the methods used in McDowell Group's 1989 *Alaska Seafood Industry Study*, the study team considered the preparation and fishing time and assigned months of participation to each fishery. Typical crew sizes were assumed for various size vessels. Estimates of net earnings as a percent of gross fishery earnings were estimated. The effects of the same vessels and crews being used for different fisheries were considered. Finally, the assumption was made that Petersburg vessels were crewed primarily by Petersburg residents. The result was 542 seafood harvesting jobs and $20.9 million in skipper and crew personal income, comparable to 12-month land-based salaries and wages. Annual average employment includes full-time, part-time and seasonal employment, averaging them for the year.

Table 7
Petersburg Seafood Harvesting By Fishery
Employment and Earnings Estimates, 1999

Fishery	Permits Fished	Annual Average Employment	Fishery Gross Earnings (Millions of dollars)	Estimated Payroll (Millions of dollars)
Salmon	237	204	$13.4	$6.7
Halibut	202	189	8.4	5.4
Crab	165	72	6.9	4.1
Sablefish	68	*10	5.4	3.5
Herring	77	32	1.4	0.7
Other	77	35	0.7	0.4
Total	826	542	$36.2	$20.9

Source: Permits fished and gross earnings, Commercial Fisheries Entry Commission. Annual employment and estimated payroll are estimates by McDowell Group, Inc., based on standard crew sizes, months of participation in each fishery, and study team estimates of net "take-home pay" by skippers and crew.
* IFQ sablefish harvesting employment is assumed to be captured in IFQ halibut employment and is therefore excluded. Seasons are concurrent and harvest of both species often occurs during the same trip. Sablefish permits fished, gross earnings and fishery payroll include all sablefish fisheries, but employment is limited to fisheries in state waters.

Petersburg Resident Permits, Harvest and Gross Earnings

Salmon is the income leader for Petersburg permit holders. Residents hold 237 salmon permits, including 51 active Southeast purse seine permits. The seine fishery is by far the most productive, with each permit averaging a harvest of nearly 900,000 pounds and $164,000 in earnings, for a total of $8.4 million. Petersburg residents fished 73 Southeast gillnet permits, earning $1.8 million. They also fished 27 Bristol Bay gillnet permits, earning $1.5 million. Southeast power trollers round out Petersburg's million-dollar salmon fisheries, earning $1.4 million for 50 permits fished in 1999.

Halibut is the second-largest income source for Petersburg resident permit holders, totaling $8.4 million in 1999. There are 202 quota holders, averaging 20,900 pounds of halibut quota per person.

At $6.9 million, crab ranks third among Petersburg residents' income sources from seafood harvesting. Petersburg dominates the region in terms of earnings: Residents made up just 4 percent of Southeast Alaska population in 1999, but earned 52 percent of crab harvest value in the region. Petersburg residents hold 27 percent of Dungeness crab permits, accounting for 56 percent of 1999 harvest value. One-half of all Southeast Alaska king and tanner crab pot permits are held by Petersburg residents.

Sablefish longline ranks fourth in earnings for Petersburg permit holders ($5.4 million), and provides high average income for permit holders ($80,000). Residents hold a significant amount of quota for vessels over 60 feet. The average holding for this size class is 62,800 pounds per permit holder. Petersburg also has a significant presence in the Chatham Strait and Clarence Strait blackcod fisheries, accounting for 22 of 137 permits in those two fisheries.

Harvest and Earnings by Petersburg Residents

Table 8 outlines Petersburg resident harvest and earnings by fishery for 1999. The data is separate and distinct from landings at Petersburg. It states harvest and earnings of Petersburg residents, regardless of where they landed the fish.

Table 8
Petersburg Resident Commercial Fishing Permits
Landings and Earnings, 1999

Permit Code	Fishery	Permits Fished	Pounds	Gross Earnings	Avg. Gross Earnings	Data
S01A	SE seine	51	44,937,633	$ 8,386,086	$ 164,433	actual
S03A	SE gillnet	73	4,991,879	$ 1,785,691	$ 24,462	actual
S03M	AK Peninsula gillnet	*1*	*85,377*	*$ 89,092*	*$ 89,092*	fishery average
S03T	Bristol Bay gillnet	27	1,853,827	$ 1,538,676	$ 56,988	actual
S04M	AK Peninsula setnet	*1*	*89,702*	*$81,083*	*$ 81,083*	fishery average
S05B	SE hand troll	34	89,914	$ 122,725	$ 3,610	actual
S15B	SE power troll	50	1,026,978	$ 1,380,351	$ 27,607	actual
	Total Salmon	**237**	**53,075,310**	**$ 13,383,704**	**$ 56,471**	
B06B	Halibut longline, under 60'	127	1,770,058	$ 3,523,710	$ 27,746	actual
B61B	Halibut longline, over 60'	75	2,449,180	$ 4,848,231	$ 64,643	actual
	Total Halibut	**202**	**4,219,238**	**$ 8,371,941**	**$ 41,445**	
D9AA	SE Dungeness crab, 300 pot	26	871,346	$ 1,520,572	$ 58,484	actual
D9BA	SE Dungeness crab, 225 pot	16	469,065	$ 803,636	$ 50,227	actual
D9CA	SE Dungeness crab, 150 pot	25	327,167	$ 558,326	$ 22,333	actual
D9DA	SE Dungeness crab, 75 pot	17	162,124	$ 274,962	$ 16,174	actual
K09Z	Norton Sound king crab pot	*1*	*2,546*	*$ 8,114*	*$ 8,114*	fishery average
K19A	SE red/blue king crab pot	*2*	*4,837*	*$ 30,398*	*$ 15,199*	fishery average
K29A	SE red/blue/brown king crab pot	2	*	*	*	non-disclosable
K39A	SE brown king crab pot	2	*	*	*	non-disclosable
K49A	SE red/blue king, tanner pot	11	304,062	$ 829,337	$ 75,394	actual
K59A	SE brown king, tanner pot	*2*	*44,262*	*$ 101,182*	*$ 50,591*	actual
K69A	SE red/blue/brown king, tanner pot	32	955,841	$ 2,706,643	$ 84,583	actual
T10A	SE Tanner ring net	28	19,939	$ 39,246	$ 1,402	actual
T19A	SE Tanner pot	*1*	*18,969*	*$ 41,735*	*$ 41,735*	fishery average
	Total Crab	**165**	**3,180,158**	**$ 6,914,151**	**$ 41,904**	
C06B	Sablefish longline, statewide under 60'	23	867,053	$ 1,608,881	$ 69,951	actual
C61A	Sablefish longline, Chatham Strait	17	465,480	$ 951,907	$ 55,995	actual
C61B	Sablefish longline, statewide over 60'	23	1,445,216	$ 2,681,408	$ 116,583	actual
C61C	Sablefish longline, Clarence Strait	5	102,971	$ 206,620	$ 41,324	actual
	Total Sablefish	**68**	**2,880,720**	**$ 5,448,816**	**$ 80,130**	

Source: Alaska Commercial Fisheries Entry Commission
Where available, fishery average harvest and earning are used in place of confidential data specific to Petersburg. Italicized.

Table 8
Petersburg Resident Commercial Fishing Permits
Landings and Earnings, 1999, continued

Permit Code	Fishery	Permits Fished	Pounds	Gross Earnings	Avg. Gross Earnings	Data
G01A	SE roe herring seine	11	2,537,303	$ 428,799	$ 38,982	actual
G01T	Bristol Bay roe herring seine	5	923,310	$ 115,412	$ 23,082	actual
G34A	SE herring gillnet	32	909,212	$ 98,216	$ 3,168	actual
G34S	Security Cove herring gillnet	*1*	*24,855*	*$ 3,446*	*$ 3,446*	fishery average
G34T	Bristol Bay herring gillnet	*2*	76,855	$ 9,608	*$ 4,804*	fishery average
G34Z	Norton Sound herring gillnet	*1*	*43,915*	*$ 6,221*	*$ 6,221*	fishery average
H01A	SE bait herring seine	*3*	*840,125*	*$ 113,499*	*$ 37,833*	fishery average
L21A	NSE herring spawn on kelp	18	28,817	$ 93,129	$ 5,821	actual
L21C	SSE herring spawn on kelp	4	3,265	$ 9,656	$ 2,414	actual
	*** Total Herring**	**77**	**5,055,320**	**$ 1,396,607**	**$ 18,833**	updated total
P09A	SE shrimp pot, under 60'	*2*	*3,264*	*$ 10,268*	*$ 5,134*	fishery average
P17A	SE shrimp beam trawl	5	1,048,941	$ 337,493	$ 67,499	actual
P91A	SE shrimp pot gear	11	49,941	$ 164,714	$ 14,974	actual
	Total Shrimp	**18**	**1,102,146**	**512,475**	**$ 28,471**	
J11A	Geoduck, dive gear	4	5,422	$ 8,916	$ 2,229	actual
Q11A	SE sea cucumber, dive gear	12	44,231	$ 86,357	$ 7,196	actual
U11A	SE sea urchin, dive gear	*1*	*51,035*	*$ 20,924*	*$ 20,924*	fishery average
	Total Dive-Gear Fisheries	**17**	**100,688**	**$ 116,197**	**$ 6,835**	
M06B	Statewide misc finfish longline, under 60'	22	128,720	$ 36,356	$ 1,653	actual
M09B	Statewide misc finfish pot gear, under 60'	2	*	*	*	non-disclosable
M26B	Statewide misc finfish mechanical jig	1	*	*	*	non-disclosable
M61B	Statewide misc finfish longline, over 60'	13	74,390	$ 32,012	$ 2,462	actual
	Total Finfish	**38**	**203,110**	**$ 68,368**	**$ 1,799**	
I25B	SE ling cod dinglebar	*1*	*7,703*	*$ 5,291*	*$ 5,291*	fishery average
O09B	Statewide octopus/squid pot, under 60'	*1*	*3,688*	*$ 1,202*	*$ 1,202*	fishery average
Y06A	SE rockfish longline, under 60'	*2*	*18,426*	*$ 18,188*	*$ 9,094*	fishery average
	Total Miscellaneous	**4**	**29,817**	**$ 24,681**	**$ 6,170**	
		permits fished	pounds	gross earnings	average earnings	
	Total Petersburg	**826**	**69,846,507**	**$ 36,233,940**	**$ 43,867**	

Source: Alaska Commercial Fisheries Entry Commission
Where available, fishery average harvest and earning are used in place of confidential data specific to Petersburg. Italicized.

* Totals for herring harvest and earnings reflect CFEC update of 3/7/01. Specific fishery figures are from a previous CFEC report and do not match that total.

Seafood Processing

Petersburg is a major seafood port, processing an average of 85 million pounds of seafood a year between 1995 and 1999. In terms of volume, Petersburg consistently ranks among America's top 20 seafood ports. The ex-vessel value of seafood delivered for processing in the community averaged $38 million between 1995 and 1999. Most volume and value comes from four species: salmon, crab, sablefish and halibut.

Salmon is the mainstay of Petersburg's processing industry, accounting for 90 percent of volume and half (49 percent) of value during the last five years. Petersburg is a production center for canned pink salmon and pinks make up half of the region's harvest volume.

- During the last five years, one-tenth (9.2 percent) of Alaska's entire salmon harvest has been processed in Petersburg.

Halibut, crab and sablefish make up only about 10 percent of landings but account for half the value of seafood processed in Petersburg. Value distribution is fairly even among these three species. Between 1995 and 1999:

- Halibut harvest quota remained fairly stable but Petersburg landings declined, probably a result of port competition.

- Petersburg crab landings fluctuated with changes in Southeast harvest, but the community's share remained steady at slightly over one-half of the region total.

- The volume of sablefish landed in Petersburg declined substantially, a result of reduced harvest quotas rather than port competition.

Shrimp landings in Petersburg are approximately two million pounds annually, but most of this is pink shrimp (recent price of 24 cents per pound). Value seldom exceeds $500,000 annually – just 1 percent of Petersburg's total value.

Processing volume and value in the tables below are separate and distinct from the harvest volume of permit holders who live in Petersburg. Petersburg-resident permit holders fish throughout the state and may or may not land their catch at home. Processing volume quantifies the amount and value of fish that is purchased and processed in Petersburg, without regard to residence of the harvester.

Table 9
Seafood Landings at Petersburg
Selected Species Volume, (Millions of pounds)

Year	Salmon	Halibut	Crab	Sablefish	Total
1995	87.7	2.3	5.0	3.1	98.1
1996	91.1	2.6	4.2	2.8	100.7
1997	55.3	2.6	2.9	1.9	62.7
1998	59.9	2.7	2.8	1.8	67.2
1999	84.5	2.3	3.3	1.8	91.9

Source: Halibut figures NMFS, all others, ADF&G.

Table 10
Seafood Landings at Petersburg
Selected Species Ex-Vessel Value (Millions of dollars)

Year	Salmon	Halibut	Crab	Sablefish	Total
1995	$ 28.7	$ 4.8	$ 12.6	$ 5.9	$ 52.1
1996	$ 19.1	$ 6.0	$ 6.6	$ 9.2	$ 40.9
1997	$ 14.8	$ 5.7	$ 6.4	$ 7.4	$ 34.3
1998	$ 13.8	$ 4.0	$ 5.1	$ 4.6	$ 27.6
1999	$ 17.9	$ 4.6	$ 5.8	$ 6.2	$ 34.5

Source: ADF&G; 1995 sablefish, CFEC

Petersburg Raw Fish Tax Revenue

Alaska's statewide raw fish tax applies to seafood landed in each community for processing. A portion of these proceeds are then returned by the state to the community. Since Petersburg is a major seafood port, the community has collected between $500,000 and $1 million annually, depending on the ex-vessel value of the seafood landed for processing.

Table 11
Fisheries (Raw Fish) Tax Receipts, FY 1990 - 2000

Fiscal Year	Receipts ($)
1990	$1,021,756
1991	729,582
1992	599,514
1993	736,308
1994	752,393
1995	835,346
1996	862,900
1997	685,500
1998	569,838
1999	497,051
2000	659,748

Source: City of Petersburg.

Individual Fishing Quota Management

In 1995, management of the halibut and sablefish longline fisheries shifted to the Individual Fishing Quota (IFQ) system. The management shift had significant benefits and equally significant disadvantages for the longline fleet and for coastal communities.

Fleet Impacts

Petersburg lost a significant number of crew jobs and crew income under the IFQ system. During the open access years Petersburg fielded competitive vessels and crews in the longline fisheries. In the early 1990s, Petersburg residents averaged 24 percent of the regional sablefish harvest and 10 percent of the halibut harvest.

Management of the Chatham Strait and Clarence Strait blackcod fisheries switched to a shared quota system in 1994 and IFQ management was implemented the following year. This ended the competitive advantage of large boats and crews, and encouraged "stacking" of quota shares and state blackcod permits on single boats. The result is that fewer boats (and fewer crewmembers) are employed catching Petersburg residents' quota.

The IFQ system has had positive impacts, primarily for quota and vessel owners:

- Compared to open-access fishing, profit has increased for quota holders because of decreased crew cost and other efficiencies of operation possible with a long season.
- The long season helped create a fresh market for halibut at substantially increased prices. Sablefish deliveries can now be timed to take advantage of market opportunities.
- For remaining crew in the longline fisheries, jobs are stable and lucrative. This is especially true of vessels operating at or near the poundage cap.
- Creation of wealth: Fishermen initially granted quota shares can continue earning from harvest, but also have a major financial asset in the form of salable harvesting rights. In many cases, the value of IFQ's is several hundred thousand dollars or more.

Petersburg residents appear to be investing in the halibut fishery. Between 1995 and 1999 resident harvest increased from nine percent to 12 percent of the 2C/3A quota. This is up from an average 10 percent of the quota between 1990 and 1994, the last five years of open-access halibut fishing.

Petersburg resident participation in the blackcod fisheries has declined since inception of IFQ's, apparently a result of quota consolidation. IFQ and state sablefish permits totaled 94 in 1995, but dropped to 68 by 1999. Petersburg residents' share of the regional harvest increased from 17 percent to 19 percent during that time.

Landing-Port Impacts

Petersburg processors have seen significant reductions in landed volume of both sablefish and halibut. The reduction in sablefish results from decreased harvest quotas. While harvest poundage has declined, the percentage share of regional harvest landed at Petersburg increased during each of the last four years.

The decline in halibut landings represents a real loss of harvest share for Petersburg processors. Since 1996, the percentage of 2C/3A halibut landed at Petersburg has declined from 9 percent to 6 percent. This is likely the result of a fresh-market focus for halibut, and the attendant need for reliable air freight service. Juneau processors, with excellent air freight access, pay higher prices. Halibut landings at Juneau exceeded Petersburg landings by one million pounds in 2000.

Crystal Lake Hatchery

Crystal Lake hatchery is a state-owned hatchery that currently contracts with the Southern Southeast Regional Aquaculture Association (SSRAA) to operate the facility. The hatchery employs three full-time staff, one nine-month technician, and four one-month technicians, and produces returns of about 7,000 to 10,000 king salmon and 2,500 to 7,500 coho per year.

Commercial trollers catch most of the coho, with the chinook catch is split about evenly between trollers and sport fishermen. Since there are no large local returns of naturally spawning king salmon, chinooks produced by the hatchery are especially important to Petersburg. Charter operators, local sport fishermen, and commercial trollers all benefit substantially from the facility's production. If Crystal Lake hatchery were to close, the loss of hatchery king salmon returns would deal a serious economic blow to local charter and troll fisheries.

Although funding appears secured for the hatchery through 2003, and possibly 2005, a long-term funding plan for the hatchery is necessary to ensure continued operation of the facility. Funding could come either from a combination of local organizational and government funding, or through a long-term hatchery production plan that produces chum or pink salmon to provide adequate cost recovery and enhancement tax revenue.

Seafood Industry Infrastructure

Petersburg municipal government and private industry provide excellent infrastructure in support of seafood harvesting and processing, including:

Harbor Facilities

- Three major harbors
- 499 berths
- 105 transient spaces
- Accommodate vessels up to 140' in length

- Current major harbor expansion in progress (2001)
- Reasonable moorage and storage rates
- Petersburg moorage rates are one-third lower than Ketchikan and less than half the cost of moorage in Juneau (see Table 12).

Services

- Electricity at all berths over 17′
- Fresh water loading zones
- Showers/restrooms
- Laundry facilities

Haulouts

- Marine railway accommodating up to 300 tons
- Floating drydock (up to 38′)
- 5-ton and 2.5-ton cranes
- Tidal grids (up to 200 tons)
- Travelift
- 120′ city dock with 5-ton hoist

Repair facilities

- Several skilled shipwrights
- Welding and repair facilities for aluminum, fiberglass and wood
- Machine shops and engine repair
- Marine electronics sales and service
- 180′x16′ gear float

Supplies

- Two fuel docks
- Four marine and fishing supply stores
- Full retail – groceries, clothing, etc.

Other Seafood Industry Support Factors

- Very positive community attitude toward seafood industry
- Strong and varied processing sector – large processors, custom, and small specialized processors
- Some, but limited, airlift capacity for seafood export
- Frequent ferry and barge service for van shipping
- Three-phase power
- Surplus fresh water

Table 12
Moorage Rates
(Including Tax and Prepay Incentives)

	35'	45'	58'	80'
Monthly Transient Moorage Rates				
Juneau	$ 184	$ 236	$ 305	$ 420
Ketchikan	122	156	202	278
Petersburg	74	95	123	170
Annual Permanent Moorage Rates				
Juneau	$675	$ 877	$ 1,399	$ 2,310
Ketchikan	633	814	1,049	1,447
Petersburg	408	524	691	925

Alaska Visitor Industry

Recent development in the Alaska tourism market includes a tripling in the past decade of the large ship cruise market (from 188,000 passengers in 1989 to 630,000 passengers in 2000). Most ships carry between 1,000 and 2,000 passengers and at least several hundred crew. Industry experts forecast about 670,000 large ship passengers in 2001, a 7 percent increase.

The small ship cruise market has experienced moderate, but substantial growth in the past decade. However, this market numbered less than 20,000 passengers in 2000. These small cruise ships carry from a dozen passengers to as many as 150, with the average being about 65 passengers per ship.

Alaska's independent (i.e., non-cruise) market, on the other hand, has not increased since 1996, remaining flat at about 500,000 visitors annually. Marketing plays a major role in tourism-industry growth, but the statewide marketing program has been reduced for several years.

Within Alaska, a major trend in recent years is the development of an increasing variety and number of visitor services, experiences and retail opportunities. Literally hundreds of new tours, excursions, lodges, bed and breakfast facilities (B&B), shops, and other facilities now exist. The rise of the Internet in travel planning and booking is a dramatic new trend in tourism marketing.

Southeast Alaska Visitor Industry

Southeast Alaska gets all of Alaska's large and small cruise ship volume, but only about one-third of the state's independent market. In the last decade, ferry travel to the region has declined. Highway travel to Haines and Skagway has also slumped moderately. Air travel to the region is increasing, but modestly.

Reflecting the statewide trend, the strongest growth in the region has been in tours of all kinds offered to both cruise and independent visitors. Guided marine sightseeing, adventure experiences, flightseeing, charter fishing, and local tours have increased significantly in all major communities, including those not experiencing large cruise ship traffic, such as Petersburg and Wrangell. The alternative lodging (i.e., B&B) market has also blossomed in the region.

Petersburg Visitor Industry

The Petersburg visitor industry is in its formative stages. McDowell Group estimates that Petersburg hosts approximately 40,000 visitors annually, with significant numbers arriving by all three access modes – small cruise ship, ferry, and air.

Petersburg is a favored port of call for the small ship cruise trade. Most of the Alaska small ship fleet calls at Petersburg while no large ships do so. In 2000, seven cruise lines with 15 ships made 142 stops bringing over 9,000 visitors to Petersburg. Small ship volume to Petersburg is scheduled to increase to 159 stops with over 11,000 passengers in 2001. Local interests provide tours and experiences for these visitors and some of them overnight in the community.

The community has increased its offerings of marine sightseeing, charter fishing, local tours, alternative lodging, and adventure experiences. These developments have particular appeal to independent visitors and also serve visitors arriving by small cruise ships. Anecdotal evidence shows that Petersburg is popular among independents, and that the community is attracting an increasing number of independent visitors in a regional market that is stable at best.

Petersburg Visitor Industry Assessment – The Five A's

1) Attractions

Petersburg has a mix of attractions for independent travelers, small ship cruise passengers, and small tour groups. These include historical, cultural and industrial features of interest to visitors, as well as a beautiful setting and immediate access to spectacular scenery and marine environment that support marine sightseeing, fishing, and adventure experiences. A summary of Petersburg's assets includes:

Local Attractions:

- Clausen Memorial Museum
- Sons of Norway Hall
- Viking Ship
- Fishermens' Memorial
- Sing Lee Alley
- Petersburg boat harbors
- Scenic viewing of Wrangell Narrows
- New Tlingit totem poles
- Tours of local area
- Tours of seafood processing

- Trumpeter Swan Observatory
- Crystal Lake Hatchery
- Native fish trap remains (low tide)
- Three Lakes Loop Road
- USFS hiking trails

Heritage:

- Historic Norwegian heritage
- Native American heritage, primarily Tlingit

Premium Alaska Experiences:

- Wildlife viewing
- Whale watching
- Glacier viewing
- Sport fishing

Adventure Experience Tours[1]:

- Charter sport fishing
- Commercial fishing participation
- Glacier viewing in LeConte Glacier Bay by vessel
- Glacier and other scenic flightseeing
- Whale watching by vessel, especially in Frederick Sound
- Sea kayaking, guided
- Custom sightseeing
- Viewing and cruising Wrangell Narrows by vessel

Special Events:

- Little Norway Festival
- Salmon derby
- July 4th celebration
- Octoberfest and Octoberfest Artshare

[1] Fourteen adventure tour and charter companies have Internet Websites

- Seafood Fest and Humpy 500 Gocart Race
- Festival of Lights (Thanksgiving)
- Julebukking (Christmas Eve)

Parks and Recreation Areas:

- Sandy Beach Picnic Area
- Ohmer Creek Campground
- Eagles Roost Park
- Recreation areas
- Blind Slough
- Blind River Rapids
- Three Lakes
- Wilson Creek

2) Access

Transportation access to Petersburg is somewhat limited. Air service is indirect, costly, and inconveniently timed. These factors limit air visitor volume to some degree. However, daily jet service from Petersburg to major centers is an asset. While ferry access is economical and frequent, ferry arrival and departure times are not always convenient and ferry travel is time-consuming. Small cruise ship access is excellent in summer.

Petersburg Visitor Access Summary

- Mainline jet service: Daily year-round service to Seattle, Anchorage, and Southeast regional centers.
- Commuter air service: Daily to several regional communities.
- Ferry service: Near daily in summer, less in winter.
- Small cruise ship access: 15 ships and 142 voyages from May to September in 2000.
- Private vessel access: Excellent harbor facilities and service for transient private vessels.

Small Ship Cruise traffic

Small ship cruise passengers can be classified as pleasure visitors. While historic volume data is not available, this market has expanded significantly in Petersburg and is expected to grow again in 2001 to more than 11,000 visitors.

Table 13
Petersburg Small Ship Cruise Ship Arrivals, Summer 2000

Cruise Line	Number of Ships
Cruise West	6
Special Expeditions	2
Clipper Cruise Line	1
Society Expeditions	1
American Safari	2
Glacier Bay Tours & Cruises	1
Centurian	1
2000 season totals:	142 port calls; 9,223 passengers
2001 season forecast:	159 port calls; 11,250 passengers

Source: City of Petersburg Harbor Department.

Air Passenger Traffic

Air passenger enplanements in Petersburg have declined by 13 percent in the three year period, 1996 to 1999. Air passenger data include Petersburg residents, other Alaskans and non-residents of Alaska. Probably a minority of the 18,000 air passengers are pleasure visitors to Petersburg.

Alaska Marine Highway Traffic

Alaska Marine Highway System traffic data for Petersburg shows a long-term downward trend typical of the entire system in the 1990s. From a peak in 1990 of over 15,000 ferry passengers, Petersburg has experienced a 27 percent decline to 11,000 passengers in 2000. These passenger numbers include Petersburg residents, other Alaskans and non-residents of Alaska. However, most AMHS traffic is in summer when visitor traffic is dominant, indicating fewer ferry-related visitor traffic to the community.

3) Accommodations

Petersburg has a variety of accommodations but some capacity limitations. A small number of food service establishments exist in the community, including some quality restaurants. For shopping, there are several clever gift shops of interest to visitors.

Petersburg's tourism support businesses accommodate the specialized nature of the community's niche markets. For example, marine hardware serves private vessels, fishing supply stores accommodate both charter and individual fishermen, and grocery stores provide for the RV and camping markets.

Table 14
Petersburg Accommodations Summary

Type	Number	Rooms/sites
Hotel/motel	3	95
Bed and Breakfasts	13	31
Guest houses/lodges/cabins	8	51
Tent campgrounds	2	50
Campgrounds/RV parks	2	20
RV parks	4	N/A

4) Attitude

Attitude means the preferences of Petersburg residents and businesses toward tourism development in general in each of its specific forms. The *Petersburg Household Economic Issues Survey* in 2000 showed selective community support for several forms of moderate tourism development. The most favored forms of tourism growth were:

Table 15
Petersburg Household Opinions on Tourism Development

Type of Tourism	Percent of Households Favoring Some Growth
Guided local sightseeing	76%
Active adventure tourism	75
Ferry foot passengers	71
Guided marine sightseeing	65
Independent tourism	60

Source: Petersburg Household Economic Issues Survey, McDowell Group, Inc.

Most other forms of tourism received significantly more support for growth than decline. These include flightseeing, sport and charter fishing, and small ship cruise tourism, and Alaska Marine Highway passengers with recreational vehicles. Conversely, the community was clear about not encouraging large ship tourism.

5) Advertising

The community of Petersburg and most Petersburg businesses have limited marketing efforts. The community has a Website (www.petersburg.org), produces and distributes a quality visitors guide, and participates to a limited degree in regional promotions. The Petersburg Chamber of Commerce is the lead local tourism agency. The Petersburg Visitor Information Center is a cooperative effort between the U.S. Forest Service and the Petersburg Chamber of Commerce. Several other Websites also offer information on the community but are not dedicated solely to visitor information. These include www.ci.petersburg.ak.us (the city's site), www.alaskainfo.org (regional visitor information site), www.alaskans.com, and www.pe.net.

Trends in Overnight Visitor Volume

Petersburg Hotel Bed Tax receipts provide an indication of the overnight visitor trade in the community. After adjusting for an increase in the bed tax from 3 percent to 4 percent, sales are estimated at $1.1 million in FY 2000, indicating some growth in the overnight market since the low year of 1996.

Table 16
Petersburg Hotel Bed Tax Receipts, 1993 - 2000

Year	Tax Revenues	Room Sales	Rate of Change
1993	$27,771	$925,700	
1994	26,804	893,467	-3.5%
1995	27,510	917,000	2.6%
1996	25,967	865,567	-5.6%
1997	29,919	997,300	15.2%
1998	35,231	1,086,289	8.9%
1999	35,030	875,750	-19.4%
2000	44,733	1,100,000	25.0%

Note: The bed tax rate increased from 3 percent to 4 percent in FY 1998.
Source: City of Petersburg; room sales estimates by McDowell Group, Inc.

Visitor Industry Employment and Payroll

Visitor industry employment is based on official records of the Alaska Department of Labor and Workforce Development, identifying all firms with employment in visitor-related sectors of transportation, service, and trade. The study team estimates visitor industry average annual employment at 82 jobs and payroll at $1 million. Since most of these jobs are seasonal, peak season employment is estimated between 200 and 250 individuals. This estimate of total individuals earning income from tourism includes estimates of self-employed people and charter operators.

Recreation Infrastructure

Recreational infrastructure is important to both the visitor industry and to Petersburg residents. The City of Petersburg, the State of Alaska, and the U.S. Forest Service have public recreation resources and facilities on the island. Private businesses also provide several tour and charter options.

The City of Petersburg owns and manages the Melvin Roundtree Memorial Swimming Pool, Community Gymnasium, ball fields, parks, playgrounds, trails, open space, picnic areas, and the Tent City Campground. Petersburg residents approved a sale of $2.8 million in general obligation bonds for a new swimming pool but the pool's $5.6 million price tag will likely delay the project for some time. Tent City Campground is underutilized and more use and revenue from this facility is needed.

Major state-owned recreation areas are the “Snow Bowl” area in the mountains east of the city, the gun range, Beecher Pass State Marine Park, Ernie Haugen Public Use Area, and Ideal Cove area.

The Forest Service owns and manages approximately 85 percent of all the land on Mitkof Island, including Raven’s Roost Cabin, Twin Creeks and Frenchy Ridge shelters, Blind River Rapids Trail, Trumpeter Swan Observatory, Blind Slough Picnic Area, Man Made Hole Picnic Area, Ohmer Creek Nature Trail and Campground, Bear Creek Bridge, Le Conte Glacier Overlook, Three Lakes Recreation Area, and Woodpecker Cove. Data collected on use of these sites shows that several times during the summer of 1999 more than 20 cars were parked at Blind Slough (more than 40 people at an average of two persons per car). Ohmer Creek Interpretive Trail and Campground had approximately 1,006 overnight campers and 2,640 day-use visitors.

Overview

Historically, timber harvesting and processing have been important parts of the economy of Petersburg and much of Southeast Alaska. A diminished old-growth timber base, growing global competition, weaker Asian markets, and changing public attitudes toward timber harvesting make it unlikely that timber will be as important again in the foreseeable future. While the new presidential administration may reverse some policy trends, the timber industry will continue to face issues such as growing mixed-use demands on the Tongass National Forest, shipping constraints, strong competition and relatively long regeneration times for Southeast Alaska timber.

Currently, just a few Petersburg residents are employed in the industry. Three small mills provide lumber and custom-cut products to the local market. One of these mills plans to add kiln-dried products. Other mills in southern Southeast Alaska have established markets in the Pacific Northwest, and this may be an additional source of demand for Petersburg mills as well.

While Southeast Alaska timber harvests have declined substantially, supplies in the Petersburg area are ample for the local producers. The timber needed by local mills will continue to be available from a variety of sources, including private landholders, Mental Health Trust land, selected cuttings from larger timber sales, helicopter logging, beach and salvage logging. The most valuable timber in the area is old growth Sitka spruce, western red cedar and Alaska yellow cedar. These premium woods will always be in demand for specific products and markets.

Timber Supply

Future Tongass National Forest harvests are estimated to be less than 100 million board feet (MMBF) per year and could be as low as 30 MMBF under the so-called "Roadless Rule." However, much of the most accessible timber in the Tongass is located near Petersburg and Wrangell. For example, Mitkof Island currently has approximately 200 miles of roads and three timber sales on the Forest Service's draft April 1, 2001 Six Month/Twelve Month program of active or expected sales. One of the sales is slated for helicopter logging only.

The Forest Service is also experimenting on Prince of Wales Island with ways to prepare and market timber sales more quickly, particularly small sales. In all, the Forest Service has identified approximately 375 MMBF (saw log plus utility grade) of potential timber sales in the Petersburg Ranger District over the next ten years. It is not known how much of this timber will actually be logged.

Another potential source of timber is the Mental Health Trust Authority. The Trust estimates that up to 2,000 acres of its land in the Petersburg area may ultimately be made available for commercial harvest. Total estimated yield would be 40 to 45 MMBF. The individual sales under consideration would be small, similar to those offered by the Forest Service under its small-sale program.

Currently, local mills obtain timber primarily from private sources and occasionally from small state timber sales. Native corporations, on the other hand, are not a likely source for local mills. Native timber is not subject to the same export restrictions as federal timber. As a result, most lumber-grade Native timber is shipped overseas with little or no local processing.

Market Potential

In spite of the fact that the Southeast Alaska timber industry has declined overall, the potential for small-scale forest products businesses in the Petersburg area is comparatively good. The foundation market for Petersburg mills is the local building and industrial market. Local demand exists for dimension lumber, moulding, siding and other building components, as well as pallets and other industrial wood products. Many familiar with the Southeast lumber industry believe that locally produced lumber products could largely displace those currently imported from the Pacific Northwest. The total volume of solid lumber products used in Southeast Alaska is small. A 1998 McDowell Group study estimated the volume at 8 MMBF, with less than 0.5 MMBF used in Petersburg in an average year. A challenge in capturing this market is convincing buyers that local products will perform to their needs.

Niche markets outside Alaska remain an opportunity for Southeast Alaska mills. These include providing custom components to manufacturers in the Pacific Northwest and cutting dimension lumber, decking, siding, mouldings, and other products for local builders. Specialty markets such as those for instrument-grade wood and cedar products are also available to Southeast mills.

Plans to introduce a new lumber grade for “Alaska Spruce” and possibly for other Alaska species could make locally produced lumber more competitive. If tests confirm some experts’ assertions that Alaska species are stronger than similar woods from southern regions, Alaska lumber could command higher prices.

The Petersburg area, like the entire Southeast region, is highly mineralized and is dotted with hundreds of mining claims. There are currently 761 active mining claims in the Petersburg Quadrangle – 752 federal and nine state claims – according to official agency sources. In addition, major mining companies continue their long-term exploratory activity throughout the region, including the Petersburg area. Recently, the City of Wrangell helped sponsor and finance aerial geophysical magnetic surveys in central Southeast Alaska.

Petersburg has some mine development history and at one time nearby Castle Island at the south end of Duncan Canal was the site of a major barite mine. Following the turn of the 20th century, four mines were active in the general area. The most notable was the Helen S. Mine which operated a stamp mill for gold on Northwest Woewodski Island.

Due to a combination of major forces outside of local Petersburg control, mine development is not likely in the near future. World mineral prices, competing deposits in developing countries, changing national attitudes regarding industries with environmental impacts, the mine permitting process, and public process all at least prolong, if not prevent, mine development. Today, industry experts indicate twenty years may be necessary to turn a discovery into a working mine.

The study team considers it important to track ongoing exploration activity. The community can consider how Petersburg might play an economic role in the event of mine development. Nearby Prince of Wales Island is also the site of exploration activity as well as the site of a recently developed limestone deposit. Activity in that area should also be monitored.

SECTION 3: GOVERNMENT INDUSTRIES

- FEDERAL
- STATE
- LOCAL
- TRIBAL

Public Sector Employment

Government in all its forms is one of two dominant economic influences in Petersburg's economy. Second only to the seafood industry, government generates annual average employment of 480 and a payroll of $17.3 million. Government has been more stable than Petersburg's moderately declining private sector. Government jobs pay 60 percent more than land-based private sector jobs in the community ($36,000 vs. $22,400) and 32 percent above the overall local average wage of $27,200.

Federal Government

In 1999, federal government employment totaled 132 annual average jobs and $6 million in payroll. The bulk of federal jobs were in the U.S. Forest Service (122 full-time plus seasonal), the U.S. Coast Guard (27 jobs), U.S. Postal Service (7 jobs), National Oceanic & Atmospheric Administration (2 jobs), and the Federal Aviation Administration (1). Please note that these are numbers of individuals employed at the time of this study rather than an annual average, which is why the total is more than the 132 annual average employment figure. Federal government employment in Petersburg (and elsewhere in Southeast) has been declining in recent years as a result of Forest Service cutbacks. Federal government jobs are an important part of the local economy. Many of the jobs are year-round and average salaries are 67 percent above the community average ($45,400 vs. $27,200).

State Government

State employment in Petersburg has held steady over the last decade, at about 53 positions. There are a number of state offices in Petersburg: Alaska Department of Fish and Game (28 jobs), Transportation and Public Facilities (8 jobs), Health and Social Services (5 jobs), the state public health center within the city's hospital complex (2 jobs), and other state offices (10 jobs). State positions pay an average of $35,800, which is 32 percent above the local average.

Local Government

Petersburg's local government employment has increased over the last ten years, as it has in much of Alaska, in large part due to budget cuts in state government programs, thereby shifting service and fiscal responsibilities to local governments. The city has 89 jobs in 2001, including Mountain View Manor, Petersburg School District has 128 jobs, the city-owned Petersburg Medical Center offers 73 jobs, and Petersburg Volunteer Fire Department has 2 jobs. Local government jobs pay the least of the three government categories – $31,900 or 17 percent above the local average wage.

Again, the numbers above are individuals employed at the time of this study, not the official 1999 Alaska Department of Labor and Workforce Development annual average employment figure used for analysis in other parts of this report. In Section I, Table 4 of this report the official 1999 total of 295 for local government is divided into administration (89), education (125) and medical services (81).

Tribal Government

About 400 enrolled tribal members belong to the Petersburg Indian Association (PIA), a federally recognized tribe. It is important for readers to understand the PIA is a local tribal government organization empowered under the federal Indian Reorganization Act (IRA) of 1934. This act gave Native Americans a structure to manage affairs of social and cultural importance to each local tribal entity. There are over 200 local IRA tribal councils in Alaska communities. The PIA and other tribal government organizations are not at all related to Native corporations. Native corporations were created by the Alaska Native Claims Settlement Act of 1971 as compensation for loss of Native lands. Native corporations are profit-making entities, with fiduciary responsibility to shareholders to generate profits just like other corporations. Some of them are among the most powerful economic entities in Alaska and as a group they account for an important share of the entire Southeast regional economy.

PIA has two full-time and approximately five part-time employees as well as many volunteers. Its payroll is typically between $5,000 to $6,000 per month. PIA owns a building in downtown Petersburg and manages the Alaska Native Brotherhood (ANB) Hall in town. The PIA offers many services to assist Petersburg residents, including a Housing Improvement Program, Energy Assistance Program, Public Assistance for Native Families, Johnson O'Malley youth programs, and environmental programs. During FY 1999 - 2000, PIA combined grant income and payroll generated over $450,000 to the community that was spent locally. This included, for example, hiring over 20 Native and non-Native laborers and carpenters to work on local housing improvements. Likewise, the PIA's new federally funded environmental coordinator will soon be providing community education on recycling and healthy water and air for Native and non-Native residents.

As a federally recognized tribe, many federal grants and programs are available to PIA and the community. In other Southeast Alaska towns the tribal government and city government successfully cooperate to capture federal grant money for water, sewer, and road improvement projects. These and other public-private-tribal partnerships could be more actively explored in Petersburg.

In addition to the PIA, the Central Council Tlingit & Haida Tribes of Alaska employs at least two full-time and several part-time workers within Petersburg to provide Head Start and social work services within the community.

Total Petersburg Government Employment and Payroll

The following tables provide a recent history of employment and payroll for federal, state and local government in Petersburg.

Table 17
Petersburg Government Employment, 1992 – 1999, (Average annual employment)

	1992	1993	1994	1995	1996	1997	1998	1999
Federal government	165	166	161	143	142	140	133	132
State government	55	52	51	53	48	48	50	53
Local government	279	281	272	286	291	290	296	295
Total	499	499	484	482	481	478	479	480

Source: Alaska Department of Labor and Workforce Development.

Table 18
Petersburg Government Payroll, 1992 - 1999, (Millions of Dollars)

	1992	1993	1994	1995	1996	1997	1998	1999
Federal government	$6	$4.6	$6.6	$6.1	$6.2	$6.4	$6.3	$6.0
State government	2.2	2.1	2.1	2.3	1.8	1.8	1.8	1.9
Local government	7.5	7.7	8.3	8.9	9.4	9.7	9.4	9.4
Total	15.7	14.4	17.0	17.3	17.4	17.9	17.5	17.3

Source: Alaska Department of Labor and Workforce Development.

Local Government Revenues

Like many local governments in Alaska, the City of Petersburg has been adjusting to steadily declining revenue. The State of Alaska is accepting less fiscal responsibility for Alaska's cities, forcing more of the revenue burden onto local governments. Table 19 shows the dramatic loss of state fiscal support for the City of Petersburg. Revenues from state sources (municipal assistance, revenue sharing and raw fish taxes) have declined from approximately $1.7 million in 1990 to about $820,000 in 1999, a 50 percent decline. On a per capita basis, revenue from state sources has declined from $534 in 1990 to $240 in 1999.

Table 19
City of Petersburg, Revenues from State Government Sources
1990 - 1999

Tax	Municipal Assistance	Revenue Sharing	Raw Fish	Total from State Sources	Per Capita from State Sources
1990	$291,221	$398,302	$1,021,756	$1,711,279	$534
1991	293,643	406,199	729,582	1,429,424	436
1992	282,869	411,598	599,514	1,293,981	390
1993	258,542	367,347	736,308	1,362,197	412
1994	235,279	330,242	752,393	1,317,914	404
1995	188,564	269,139	835,346	1,293,049	391
1996	168,146	237,978	862,900	1,269,024	375
1997	148,200	222,723	685,500	1,056,423	310
1998	139,976	207,517	569,838	917,331	270
1999	134,570	188,810	497,051	820,431	240

Source: City of Petersburg. Per capita calculations prepared by McDowell Group, Inc.

As a result of a sharp decline in timber harvests from the Tongas National Forest, federal funding has declined dramatically, falling from $850,000 in 1995 to only $187,000 in 1999.

Revenues from Petersburg's 6 percent sales tax declined by about $150,000 between 1998 to 1999. Sales tax revenues had been stable at about $2.3 million annually, before the drop in 1999. Per capita sales tax revenue has declined from $700 to $640 over the past three years. Increasing property tax revenues have offset this recent decline in sales tax revenue. Sales and property tax revenues totaled $3.9 million in 1999, about 3 percent above the 1998 total.

Revenue to Petersburg from state, federal, and local sales and property taxes totaled $4.9 million in 1999. Revenues from these sources have declined 15 percent since reaching $5.8 million in 1996. The decline is more pronounced when the effects of inflation are considered. Real (inflation-adjusted) revenues have declined 20 percent since 1996, and per capita revenues have declined 22 percent.

Federal government timber receipts have declined to a fraction of their former level. However, recent federal legislation restores local government forest receipts to their former levels for six years, until 2007. This means approximately $600,000 in additional revenue for the City of Petersburg.

Table 20
City of Petersburg, Revenues from Local and Federal Sources
1990 - 1999

	Total Sales Tax Revenues	Per Capita Sales Tax Revenues	Property Tax Revenues	Per Capita Property Tax Revenues	Revenue from Federal Sources (Mostly timber receipts)	Per Capita Federal Sources
1990	$1,806,628	$563	$1,169,283	$365	N/A	N/A
1991	1,943,258	592	1,215,384	370	N/A	N/A
1992	1,964,552	593	1,307,509	395	$936,211	$292
1993	2,055,142	621	1,209,839	366	306,688	93
1994	2,094,501	642	1,254,634	385	349,340	105
1995	2,237,461	676	1,349,907	408	851,331	257
1996	2,382,477	703	1,400,371	413	725,262	222
1997	2,311,943	678	1,467,524	430	581,510	176
1998	2,323,003	683	1,458,045	429	116,409	34
1999	2,184,180	640	1,726,831	508	186,810	55

Source: City of Petersburg. Per capita calculations prepared by McDowell Group Inc.

Table 21
City of Petersburg, Revenues from All Sources, Inflation Adjusted
1990 - 1999

	Unadjusted Dollars		Inflation Adjusted Dollars	
	Total Revenue	Per Capita Revenue	Total Revenue	Per Capita Revenue
1990	$4,687,190	$1,462	$5,872,820	$1,831
1991	4,588,066	1,398	5,498,279	1,675
1992	5,502,253	1,660	6,377,807	1,925
1993	4,933,866	1,492	5,550,132	1,678
1994	5,016,389	1,538	5,523,790	1,694
1995	5,731,748	1,732	6,134,229	1,853
1996	5,777,134	1,705	6,015,992	1,776
1997	5,417,400	1,589	5,559,569	1,630
1998	4,814,788	1,417	4,877,147	1,435
1999	4,918,252	1,440	4,918,252	1,440

Source: City of Petersburg. Per capita and inflation-adjusted calculations prepared by McDowell Group, Inc.
Note: Includes revenues from state and federal sources, and local sales and property taxes.

SECTION 4: SUPPORT INDUSTRIES

- RETIREMENT AND SENIOR INCOME
- HEALTH CARE
- NONPROFITS
- TRANSPORTATION
- TELECOMMUNICATIONS AND UTILITIES
- TRADE
- SERVICE
- FINANCE, INSURANCE & REAL ESTATE
- CONSTRUCTION

Retirement income is a major source of economic stimulation throughout Alaska and is particularly important in the Southeast region with its slowing economic growth and aging population. Economically, the source of most retirement income comes from outside the community and is new money to the Petersburg economy.

Currently, approximately 50,600 Alaskans age 60 or older bring more than $1 billion into the state each year, primarily in the form of Social Security payments, other retirement income, and federal medical benefits. In July 1999, 12.8 percent of the Wrangell-Petersburg census area's residents were age 60 or older, according to the Alaska Department of Labor and Workforce Development (statewide, 8.1 percent were age 60 or older).

In addition to retirement income and medical benefits, many seniors provide economic benefits to their families and communities by volunteering and working as unpaid caregivers. If statewide averages apply to Petersburg, the value of the time contributed by Petersburg seniors age 60 and over is approximately $1.6 million, according to a recent survey conducted for the Alaska Commission on Aging.[2]

Based on Bureau of Economic Analysis data the study team estimates total retirement income in Petersburg at approximately $13.5 million. Nearly one of every five Petersburg households (16 percent) said retirement is their main source of income.[3] Petersburg seniors also bring in Alaska Longevity Bonus payments, Social Security payments and Supplemental Security (disabled) income. The study team estimates that Petersburg seniors bring more than $18 million in new money into the community annually.

Table 22
Sources of Petersburg Senior Income

Retirement income (1998)	$13,500,000
Alaska Longevity Bonus (2000)	501,000
Social Security Benefits (1999)	3,900,000
Supplemental Security Income (1999)	114,000
Total Senior Income	**$18,015,000**

Sources: Bureau of Economic Analysis, Social Security Administration, State of Alaska, and McDowell Group, Inc. estimate.

Between 2000 and 2025 the number of seniors age 60 and over in Alaska will triple, and as a percent of the Alaska population will grow from 8 percent to 20 percent. Nearly all older Alaskans (92 percent) plan to remain in Alaska. Clearly, the economic role of seniors in Petersburg's economy is significant and will become even more important.

[2] *Issues Affecting the Economic Well-being of Alaska Seniors,* McDowell Group, Inc., 2000.
[3] *Petersburg Household Economic Issues Survey,* November 2000, McDowell Group, Inc.

A wide variety of public, private, and nonprofit health care providers offer a fairly complete network of physical and mental health care and senior services within the community.

The 27-bed Petersburg Medical Center and clinic provide many health care services in town, including a 24-hour emergency room, long-term care services, acute and coronary intensive care, chemotherapy treatments, respiratory therapy, diagnostic radiology, mammography, physical therapy, obstetrics, limited surgery, alcohol detoxification, and a physicians'clinic. There are 12 acute-care hospital beds and 15 long-term care beds. The facility has excess capacity nearly all of the time. Petersburg has five doctors – three who practice in the Medical Center's clinic, and two in private practice. The Medical Center has a nursing staff of about 20, for a total of about 70 employees. While the Medical Center is owned and operated by the city, funding comes from patient revenue, insurance, and Medicare/Medicaid.

The facility has 60 to 70 emergency room visits per month. Long-term care supports the facility and provides its financial stability. It is estimated that about 95 percent of those using the Medical Center's services are Petersburg residents. Kake residents also regularly visit the Center.

Patients, personal health care insurance, and federal Medicare and Medicaid receipts are the major source of revenue for the hospital and the long-term care facility, comprising about $4.5 million of gross operating revenue each year. Non-operating revenue is approximately $400,000. Petersburg Medical Center receives a small amount of state aid for hospitals, which has continually decreased in recent years. State revenue fell from $80,604 in 1995 - 1996 to $32,447 in 1999. This is another example of the shift of fiscal responsibility from state to local government.

Services at the Petersburg Medical Center are supplemented by a state public health center with a full-time nurse and receptionist. Services include prenatal training, infant through adult checkups, well-child check-ups, and immunizations. The public health nurse also serves those within the community who cannot afford health care through other means, and helps them obtain funding for needed services.

Petersburg has five physicians, a chiropractic clinic, two dental offices, and several massage therapists. A fairly broad array of visiting physicians such as ophthalmologists, podiatrists, etc., stop regularly in town. Petersburg also has a veterinarian.

Mental Health services in town are provided by Petersburg Mental Health Services. This private, nonprofit provides services to severely and emotionally disturbed adults and children with one full-time clinician, another in town several days week, and up to nine support personnel that primarily work part time. The yearly operating budget (grants, payroll) is about $300,000. There appears to be enough demand to support another local clinician. Alcohol and drug-related services are provided by Changing Tides Counseling Services, a private nonprofit organization that employs three full-time and one part-time staff.

In March 2001 the Petersburg Medical Center board decided to begin the legal process of converting the hospital from a "Perspective Payment System" to a "Critical Access Hospital." The goal is to complete this process by July 2001 (beginning of the 2002 fiscal year). It is expected that this change will allow the Petersburg Medical Center to reap up to $100,000 annually in increased Medicare payments.

Two other important health care resources in town are the excellent Emergency Medical Services (EMS) squad and regular access to Airlift Northwest services which medivacs the critically ill to major hospitals. Petersburg's all-volunteer fire department is responsible for fire protection, pre-hospital emergency care and transport, fire prevention and life safety programs in the community. One of the two full-time paid staff is an EMS coordinator. The EMS squad has more than 30 active volunteers, and provides pre-hospital emergency care and transport. EMS responds to an average of 140 emergency medical calls per year which range from car wrecks to patient transfers to medivac services on Airlift Northwest.

Table 23
Petersburg Primary Physical and Mental Health Care Services

Name of Organization	Services	Number of Employees	Clients Served	Operating Budget/year	Revenue Sources
Petersburg Medical Center & Clinic (owned & operated by City)	Emergency room, 12 acute-care hospital beds, 15 long-term care beds, misc. medical, X-ray, physicians' clinic, laboratory, etc.	70 FTE	Ave. daily census: In-patient: 1.43 Long term: 11.8 Outpatient/lab/ER /other-40.6	Approx. $4.5 million of gross operating revenue each year. Non-operating revenue is approx. $400,000	Patients, personal medical insurance, and federal Medicare and Medicaid receipts, some state aid
Petersburg Public Health Center (State)	Prenatal training, infant through adult checkups and immunizations, well-child, family planning	2 FT	100/month	$100,038	State
Petersburg Mental Health Services (private nonprofit)	Severely and emotionally disturbed adults and children, rehabilitation, training	2 FT, up to 8 PT	Approx. 400/year	$300,000	State, city, grants, Medicaid, 3rd party
Changing Tides Counseling Services	Drug and alcohol counseling	3 FT, 1PT	25-30 /month	$162,000	State, city, fees
Petersburg Chiropractic Clinic	Chiropractic services	3 PT	2,500/year (1/3:returning, 1/3:new, 1/3:1-2x/year)		70% private insurance, 20% cash, 10% other (Medicare)
Dentists	Two in separate private practices				
Doctors	Three associated with hospital, two in private practice.				

Civic, Fraternal, Nonprofit, Religious, and Education Services

A wide variety of nonprofit, civic, fraternal, religious, and education organizations play a significant role in Petersburg by providing services and employment, and by capturing and re-circulating money within the community. At the same time, these are typically the organizations in town that are integral to residents' own definitions of quality-of-life -- without these, life in town would not be as interesting, vibrant and varied.

Some of these organizations are:

Social/Fraternal/Civic

- Infant Learning Program
- Women Infants & Children (WIC)
- a Veterans representative
- Changing Tides Counseling Services
- Community Connections
- Tlingit Haida Central Council Social Services
- State Division of Public Assistance
- Woman Against Violent Emergencies (WAVE)
- Woman in Safe Homes (WISH)
- State Division of Family and Youth Services
- Petersburg Apartments
- Alaska Housing Finance Corporation
- Senior /disabled services at Mountain View Manor
- Mountain View Food Service
- Volunteer Hospice and Respite Care (c/o Petersburg Medical Center)
- Petersburg Children's Center daycare
- Petersburg Community Preschool
- Petersburg Head Start and Infant Learning Programs
- Daycare Assistance program
- Petersburg Community Schools
- Moose Lodge 1092
- Rotary Club
- Elks Lodge
- Sons of Norway

- Chamber of Commerce
- Alaskans for Drug Free Youth
- Mountain View Manor
- Mountain View Manor Food Service

Physical and Mental Health

- Petersburg Medical Center and physicians' clinic
- Public Health Center
- Chiropractic clinic
- Petersburg Mental Health Services
- Diabetes Support Group "Sweet People"
- Cancer Support Group
- Care Givers Support Group
- American Cancer Society
- private dental and medical offices
- Massage therapists
- veterinarian

Religious

- Baha'i Center
- Church of Jesus Christ of Latter-day Saints
- Faith Christian Fellowship
- First Baptist Church
- First Presbyterian Church
- Lighthouse Assembly of God
- Petersburg Bible Church
- Petersburg Lutheran Church
- Salvation Army
- Seventh Day Adventist Church
- Society of Friends (Quakers)
- St. Andrew's Episcopal Church
- St. Catherine's Catholic Church

Art, Cultural, Athletic and Educational

- Clausen Memorial Museum
- Visitors' Center
- KFSK Public Radio
- Petersburg Arts Council
- Viking Swim Club
- Little League Baseball

Education

- Petersburg Marine Mammal Center
- Alaska Sea Grant Marine Advisory
- Community Schools
- CHIPS

A snapshot review of just over a dozen of Petersburg's primary organizations of this type shows 11 full-time and 30 part-time employees, with a combined annual operating budget of more than $1.5 million. Local fundraising events, dues and membership comprise a significant portion of these organizations, budgets. Sources of revenue from outside the community are state and federal government funding, and church-related mission funds.

The following table is a partial list of nonprofit, civic, fraternal, religious, and educational groups that offer services in Petersburg. Not only is this a partial list, but it doesn't begin to describe the myriad of services and functions provided and the charitable causes supported. For example, the community schools' small budget and one part-time employee provide administrative and coordination services for about 70 classes and programs each year. These vary from Eastern philosophy and jewelry making to QuickBooks instruction and administration of G.E.D. tests. Likewise, the employees at the community's religious organizations form a Ministerial Network to ensure those in need do not "fall through the cracks" in Petersburg. Each of these organizations in town has a similar story and effect on the local economy and Petersburg's quality of life.

Table 24
A Partial List of
Petersburg Nonprofit, Civic, Fraternal, and Education Service Organizations

Name of Organization	Members	Number of Employees	Annual Operating Budget	Revenue Sources
Alaska Sea Grant Marine Advisory	N/A	1FT, 1PT	$250,000	State (82%), federal (18%)
Chamber of Commerce	100	2-3 PT	$90,000	1-room tax; 2-dues; 3-$ for specific projects from City
Clausen Memorial Museum	180	1 FT, 1 PT	$60,000	1-City, other: admission, grants, donations, memberships, store sales
KFSK Public Radio	670+	3.5 FT	$320,000	1-Alaska Public Broadcasting Commission, 2- Corporation for Public Broadcasting, 3-local grants, underwriting, and membership
Lutheran Church	350	3 FT, 5PT, some hourly	$287,000	Donations
Elks Club	502	1 FT, 8 PT employees	$300,000	Dues, bar, restaurant, pull-tabs, fund-raisers
Moose Lodge 1092	635	1FT, 13PT	$400,000	Dues, bar proceeds, pulltabs, local fundraisers, donations
Petersburg Arts Council	125	0	$18,000	local fundraisers, dues, grants
Petersburg Community Schools	N/A	1 PT	$12,000	Fees, grants, UAS-Sitka
Petersburg Marine Mammal Center	65	0	$8,000	Grants, donations, memberships
Petersburg Rotary Club	27	0	$21-$30,000	1-local fundraisers, 2- dues
Salvation Army (Church & Thrift Store)	50	2 FT, 3PT	$84-$96,000	Missionary Grant from headquarters, thrift store, inkind donations of food, and goods.
Sons of Norway	435	0	$50,000	1-bingo, 2-hall rental, 3-dues
Viking Swim Club	80	2 PT	$100,000	1-dues, 2-local fundraisers, 3 business sponsors
Total		**12.5 FT, 36 PT**	**$2.0 million**	

Air Service

Petersburg's James A. Johnson Airport is classified as a district airport. Operations at the Petersburg Airport have historically been comprised of 40 percent scheduled commercial and 44 percent air taxi; the remaining 16 percent include local and transient private planes and military operations. In both summer and winter Petersburg has one daily scheduled Alaska Airlines flight northbound and one southbound. In addition, Petersburg receives separate airmail service daily by twin-engine aircraft.

A major issue in Petersburg's economic development is the need for additional air cargo service for timely seafood export. The current airport has an insufficient cargo staging area to efficiently consolidate seafood shipments. Further, limited cargo space is available on many of the flights for these shipments.

Table 25
Petersburg Air Passenger Enplanements, 1990 - 1999

Year	Air Carrier	Commuter	Total	Rate of Change*
1990	14,649	3,118	17,767	
1991	13,895	2,332	16,227	-8.7%
1992	16,542	2,161	18,703	15.3
1993	14,861	2,426	17,287	-7.6
1994	15,198	2,053	17,251	-0.2
1995	17,408	2,641	20,049	16.2
1996	17,494	2,683	20,177	0.6
1997	16,841	2,374	19,215	-4.8
1998	16,058	2,469	18,527	-3.6
1999	16,132	1,723	17,855	-3.6

Source: Federal Aviation Administration, APO Terminal Area Forecast Detail Report.

Barge Service

Lynden Transport and its subsidiary, Alaska Marine Lines, and Northland Services, the parent company of Glacier Marine Transport, operate barges to and from Petersburg. Alaska Marine Lines (AML) is the dominant shipper, carrying 95 percent of Petersburg's barge freight. AML owns and operates the old Mitkof Lumber company transfer bridge located two miles south of downtown in Scow Bay. It provides twice-a-week barge service to Petersburg. This includes third class mail. Barges leave Seattle on Wednesday and Friday and arrive at Petersburg on Sunday and Tuesday. Only one southbound barge operates in winter. It arrives from Juneau on Wednesdays, on its way to Seattle. From April through October, a second southbound run is added, primarily to accommodate seafood shipments.

Alaska Marine Highway System

The Alaska Marine Highway System (AMHS) freight service fills a gap between slower, less expensive barge services and faster, more expensive airfreight. Currently, there are three mainline and two regional voyages per week north and southbound in the winter. There are six mainline and two regional voyages per week in the summer from Petersburg.

Table 26
Petersburg AMHS Passenger and Vehicle Traffic, 1990 - 2000

Year	Vehicles Embarking	Vehicles Disembarking	Passengers Embarking	Passengers Disembarking	Rate of Change*
1990	3,729	3,833	15,042	15,068	
1991	3,413	3,421	14,440	14,989	-0.5%
1992	3,362	3,415	13,856	14,029	-6.4
1993	3,508	3,390	13,303	13,503	-3.7
1994	3,497	3,427	14,313	14,978	10.9
1995	3,202	3,080	13,143	13,626	-9.0
1996	3,082	2,808	12,601	12,916	-5.2
1997	2,622	2,473	10,951	11,149	-13.7
1998	2,535	2,401	10,856	11,069	-0.7
1999	2,677	2,543	12,109	12,401	12.0
2000**	2,523	2,486	11,027	11,000	-11.3

*Rate of change applies to passengers disembarking.
**Figures for 2000 are preliminary.
Source: Alaska Marine Highway System. Two changes to local ferry service will happen relatively soon: construction of a ferry terminal on South Mitkof Island, and initiation of Inter-Island Ferry Authority (IFA) service.

Implementation of the Southeast Alaska Transportation Plan (SATP) over the next several years will involve construction of a new ferry terminal on South Mitkof Island to eliminate the constraints of "riding" the Wrangell Narrows tides. AMHS ferry travel through this part of Southeast Alaska will then be by road across Mitkof Island from the South Mitkof terminal to the Petersburg ferry terminal. Addendum One to the SATP calls for an IFA and AMHS Ketchikan shuttle to use the South Mitkof terminal and the Juneau shuttle to use the Petersburg terminal. Mainline ferry service will continue in the summer and winter.

Inter-Island Ferry Authority

Beginning in 2002, Prince of Wales Island will be provided ferry service by an independent entity, the Inter-Island Ferry Authority. A small ship is under construction that will initially serve the Ketchikan to Hollis link, replacing the current Alaska Marine Highway System service. The new vessel will carry both passengers and vehicles but will be smaller, cheaper to operate and have a small crew. Future plans could include extending the IFA system to other Prince of Wales locations and further to the South Mitkof proposed terminal area.

Telecommunications

Alaska Power and Telephone provides local telephone service. Petersburg's local telephone rates are competitive with other Southeast communities. Long distance providers are AT&T Alascom and GCI. ACS Wireless and Cellular One provide analog and digital cellular phone. Table 27 compares basic single-line local telephone service and prices among the region's major communities, including Petersburg. The charges depict residential and business rates for single-line telephone service plus all federal and local taxes and surcharges.

Like most of Southeast Alaska, Petersburg does not yet benefit from high-speed fiber optics. By mid-2002, however, AP&T expects to complete a submarine fiber-optic digital network connecting Southeast's smaller communities, including Petersburg, to Juneau, Northern Alaska, and the Lower 48. In March 2001, Petersburg had three local dial-up Internet Service Providers, with wireless service and high-speed DSL on the horizon. Petersburg has a well-designed community Web site and is already using the Internet to promote the community and some of its products.

Table 27
Local Telephone Service Options, (2000 data)
Selected Southeast Communities

Community	Provider	Basic Residential Service - Monthly Charge	Basic Business Service - Monthly Charge
Juneau	ACS of Alaska (formerly TUA)	$15.26	$24.22
Ketchikan	Ketchikan Public Utilities	17.77	25.77
Petersburg	Alaska Telephone Company/AP&T	19.15	24.78
Sitka	ACS of the Northland (formerly TUNI)	15.26	24.22
Wrangell	Alaska Telephone Company/AP&T	20.07	25.70

Electrical Supply

Petersburg Municipal Light and Power (PML&P) is a municipally owned electric utility providing electric service to approximately 1,900 customers within the Petersburg city limits and on Mitkof Island. The utility's primary source of electrical energy (75 percent) is the Tyee Hydroelectric Power Project. The Tyee project (part of the State of Alaska's Four Dam Pool) can produce 20 megawatts of hydropower for the communities of Petersburg and Wrangell. Tyee presently has surplus capacity and the power plant is designed such that an additional 10-megawatt generator can be added to the project. The remaining 25 percent of Petersburg's energy requirements are met by the Crystal Lake hydro project. The utility also has 7.6 megawatt of standby diesel generation.

PML&P's electrical distribution system has been rebuilt since 1985 with increased electrical capacity. The table below shows the average revenue per kilowatt-hour for the five largest communities in Southeast Alaska. Petersburg has the second lowest rates, following Juneau.

Table 28
Revenue per Kilowatt-hour

1999 Year Data	Residential (avg. $/kwh)	All (avg. $/kwh)
PMP&L (Petersburg)	$0.0987	$0.0866
AELP (Juneau)	0.0949	0.0834
SEU (Sitka)	0.0908	0.0907
KPU (Ketchikan)	0.0935	0.0877
WLP (Wrangell)	0.1055	0.0962

The Tyee project and the three other hydroelectric power projects that make up the Four Dam Pool are in the process of being sold by the State of Alaska to a joint-action agency representing the communities and utilities for which the projects produce energy. The sale is expected to be complete by December 31, 2001.

A Southeast Alaska electrical transmission line intertie has been authorized by the federal government. The first phase would connect Ketchikan with Wrangell and Petersburg.

Water and Sewer

With the Cabin Creek Reservoir and Watershed on line, Petersburg's water system will be adequate past the year 2020 at the projected annual 1 percent growth rate. When municipal water service is extended to 4.5 mile at Scow Bay (by 2005), and sewer improvements in the airport area (by mid-2001), water and sewer will be available to more than 80 percent of residents. Only an industry that uses more than one million gallons of water or more per day would have an immediate impact on the current system. Developers on South Mitkof Highway provide their own wells and septic systems.

The Water Utility operates and maintains the City Creek and Cabin Creek reservoirs and dams, treatment plant and water distribution systems. Cabin Creek was developed to alleviate water shortages in Petersburg due to seven years of low snow and rainfall. The Wastewater Utility operates the city's pump stations and collection system, treatment plant and bio-solids disposal site. As enterprise funds, both the water and sewer utilities are intended to be self-supporting, but have fallen short in recent years, as the city has begun to fund depreciation of utility infrastructure. The Water Utility has a current year deficit of $55,361. The total budget is $623,761. Water rates were recently increased 40 percent for residential and commercial customers. The rate hike ranges from an additional $6.11 per month to an additional $268.55, depending on the size of the service. The water rate increase will keep the fund solvent for the next decade. The Wastewater Utility deficit is $100,750; the current year budget totals $693,301. Depending on long-term planning, the city may also need to increase sewer rates.

Garbage / Landfill

Petersburg generates about 2,800 tons of solid waste per year. With the conversion in 1996 to a balefill and recycling facility, the remaining life of Petersburg's Class 3 landfill on Reservoir Road is expected to be 15 to 20 years. Alaska Marine Lines ships the bales to a regional landfill in the Lower 48. Only treated municipal sewage sludge, construction-waste materials, and ash from city burn piles are dumped. Currently, waste metals, including vehicles and white goods, are stored, awaiting shipment. The city is working with the Southeast Conference on a joint shipping plan for scrap metals.

The Petersburg baler/landfill facility is operated under the Sanitation Utility Enterprise Fund. This fund has been operating at a loss, with a $29,493 deficit in FY 2000. As a result, the hazardous materials and spring clean up were eliminated and an operations supervisor was laid off. Rates at the landfill also were increased. These actions are expected to reverse the cash-flow problem and begin to build a reserve fund in about two years. Rates for curbside service have not been raised. The city offers curbside pickup beyond the city limits to Papke's Landing. The Forest Service is responsible for trash pickup at national forest sites on South Mitkof Island.

With the exception of manufacturing, wholesale and retail trade is the largest private wage and salary employer in Petersburg. Over the last decade, Petersburg has seen a steady increase in trade employment until recently. Between 1992 and 1999, wholesale and retail trade employment increased by 21 percent to 291. This probably reflected some population growth in the middle of the decade plus a construction boom late in the decade.

The trade sector engages in the sale of physical goods. Major employers include grocery and marine supply stores, as well as the entire retail sector that includes gifts, clothing, retail seafood, and restaurants.

Recent business closings, increased housing vacancies, and declining school enrollment indicate a softening of the economy for the trade sector. Further, retail trade in the region overall has been affected by the boom in Internet shopping.

Petersburg's trade industry serves as a supply center for some nearby communities, and provides substantial fleet support. The tourism industry is a good customer for some Petersburg businesses.

The service industry is one of the largest sectors due to its breadth of business. This industry has remained relatively stable over the past several years. Currently, the service industry ranks as the third largest private employer behind manufacturing and trade. Employment has ranged between 207 in the early 1990s and 179 in 1999.

The relatively stable nature of the service industry is due in part to population growth patterns. With little or no growth in population, demand for services has remained relatively flat over the past decade. The service industry includes such businesses as hotels, personal, business, health, legal, and social services to name just a few.

FINANCE, INSURANCE AND REAL ESTATE

The finance, insurance and real estate (FIRE) sector of the Petersburg economy is relatively small, but essential. It includes banking, brokerages, real estate sales and management, financial holding companies, and insurance activity. Annual equivalent employment totals 25 jobs with a payroll of about $500,000.

Petersburg construction industry is a small but essential element in the local economy. Construction employment peaked in 1995 at 61 jobs but slipped to 29 in 1999. This is witnessed in the residential construction trends over the last decade. Housing construction increased during the mid-1990s, peaking in 1997 at 45 new dwelling units, then decreasing to just five units in 2000. Typically, new housing construction in Petersburg averages 15 to 25 units per year. Average salaries for the construction industry are $41,400, about 52 percent above the community average of $27,200.

SECTION 5:
SELECTED ECONOMIC INDICATORS

- EMPLOYMENT AND PAYROLL
- PETERSBURG HOUSEHOLD INCOME DATA
- TAXABLE BUSINESS SALES
- HOUSING AND REAL ESTATE
- COST OF LIVING
- CAPITAL PROJECTS AND GRANTS

The following employment and payroll figures by industry in Tables 29 and 30, below, are from official records of the Alaska Department of Labor and Workforce Development and include only shore-side and civilian employment – excluding seafood harvesting and USCG uniformed personnel employment. The data includes employee income plus income of business owners who deduct payroll taxes from their own paychecks (most business owners do so, especially in larger businesses). These official employment and payroll records are called Non-Agriculture Wage and Salary (the acronym is NAWS).

Please note: Some of these numbers in Tables 29 and 30 appear to differ from Tables 4 and 5 in Section I of this report which include *all* Petersburg employment and payroll. This is not due to error but to dividing employment into basic and support industries in Tables 4 and 5. First, Table 29 shows only civilian shore-side employment of 1436. Add to this number McDowell Group's estimate of seafood harvesting employment of 542 and uniformed USCG personnel of 27, for total Petersburg annual average employment of 2,005, the total shown in Tables 4 and 5. Second, the general categories in Table 29 are divided into basic and support industries in Tables 4 and 5. For example, Table 29 shows construction employment of 32. Tables 4 and 5 show *basic* industry construction employment of seven and *support* industry construction employment of 25, for a *total* of 32, the same as in Table 29.

Payroll figures in Table 4 also add seafood harvesting "payroll" for skippers and crew and uniformed USCG personnel earnings. When added to the civilian shore-side payroll of $39 million in Table 30, the Petersburg total is the $61.5 million shown in Table 4. Fishermen's income had been excluded because fish harvesting is considered agricultural and payment methods are in terms of crew shares and skippers/owners shares – not in standard wage payments normally collected by the Department of Labor and Workforce Development.

Table 29
Annual Average Employment in Petersburg by Industry, 1992 – 1999
(Excludes 542 seafood harvesting jobs and 27 uniformed USCG personnel)

	1992	1993	1994	1995	1996	1997	1998	1999	Percent of Total Local Employment
Mining	NA	NA	NA	NA	NA	NA	NA	*	NA
Construction	21	24	32	61	51	43	49	32	2.0%
Manufacturing	396	407	447	467	375	323	312	361	25.1
Transportation	72	72	80	66	67	70	55	68	4.7
Wholesale trade								10	0.7
Retail trade	241	254	266	265	264	259	262	281	19.6
Finance, ins., real est.	27	25	25	24	25	24	25	25	1.7
Services	207	195	207	195	191	197	201	179	12.5
Federal government	165	166	161	143	142	140	133	132	9.2
State government	55	52	51	53	48	48	50	53	3.7
Local government	279	281	272	286	291	290	296	295	20.5
Total	1,463	1,476	1,541	1,560	1,454	1,394	1,383	1,436	100.0
Private ownership	964	977	1,057	1,078	973	916	904	956	
Government	499	499	484	482	481	478	479	480	
Percent private	65.9%	66.2%	68.6%	69.1%	66.9%	65.7%	65.4%	66.6%	
Percent government	34.1%	33.8%	31.4%	30.9%	33.1%	34.3%	34.6%	33.4%	

Source: Alaska Department of Labor and Workforce Development. Includes all Non-agricultural Wage and Salary (NAWS). Employment excludes seafood harvesting (542 workers) and USCG uniformed personnel (27).

Table 30
Annual Payroll in Petersburg by Industry, 1992 – 1999 (Millions of dollars)
(Excludes seafood harvesting and uniformed USCG personnel earnings)

	1992	1993	1994	1995	1996	1997	1998	1999	Percent of Total Local Employment
Mining	NA	NA	NA	NA	NA	NA	NA	NA	
Construction	$0.7	$0.9	$1	$2.1	$2.1	$1.7	$1.8	$0.7	1.8%
Manufacturing	10.5	11.4	13	12.9	10.3	8.3	8.5	11.3	29.2
Transportation	1.8	1.9	2.1	1.8	1.8	1.7	1.3	1.7	4.4
Wholesale trade								0.4	1.0
Retail trade	4.0	4.3	4.6	4.9	4.8	4.9	4.9	4.8	12.4
Finance, ins., real est.	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.5	1.3
Services	1.9	1.8	2.0	2.0	1.8	2.2	2.1	2.0	5.2
Federal government	6.0	4.6	6.6	6.1	6.2	6.4	6.3	6.0	15.5
State government	2.2	2.1	2.1	2.3	1.8	1.8	1.8	1.9	4.9
Local government	7.5	7.7	8.3	8.9	9.4	9.7	9.4	9.4	24.3
Total	$35.8	$38.3	$41.5	$42.9	$40.1	$38.2	$37.2	$39.0	
Private ownership	19.5	20.9	23.3	24.3	21.4	19.4	19.2	21.4	
Government	15.7	14.4	17	17.3	17.4	17.9	17.5	17.3	
Percent private	55.4%	59.2%	57.8%	58.4%	55.2%	52.0%	52.3%	55.3%	
Percent government	44.6%	40.8%	42.2%	41.6%	44.8%	48.0%	47.7%	44.7%	

Source: Alaska Department of Labor and Workforce Development. Includes all Non-agricultural Wage and Salary (NAWS) payroll. Excludes seafood harvesting income and wages for USCG uniformed personnel.

The following tables describe a variety of sources of Petersburg household income. These include Alaska Permanent Fund distributions, Longevity Bonus payments, and public assistance payments to Petersburg residents. Certain other data is only available by Wrangell/Petersburg Census Area. These include Social Security and Supplemental Security Income payments, and personal income from all sources, including proprietors' income, unemployment, rental income, and wage and salary earnings. These income sources are not included in this section.

Table 31
Petersburg Permanent Fund Dividend Payments, 1990 - 1999

Year	Resident Population	PFD Amt.	Total
1990	3,047	$952.63	$2,902,330
1991	3,118	931.34	2,903,825
1992	3,148	915.84	2,883,339
1993	3,142	949.46	2,982,871
1994	3,098	983.90	3,048,073
1995	3,145	990.30	3,113,998
1996	3,219	1,130.68	3,639,207
1997	3,240	1,296.54	4,200,141
1998	3,229	1,540.88	4,975,579
1999	3,363	1,769.84	5,951,972

Note: 1990-98 values based on 95 percent of population receiving a PFD. However, 1999 payments are actual values.
Source: Alaska Permanent Fund Dividend Corporation.

Table 32
Petersburg Longevity Bonus Payments, 2000

Year	Number of Recipients	Ave. Monthly Payment	Total Monthly Payments	Total Annual Payments
2000	189	$221	$41,769	$501,228

Source: Alaska Department of Administration.

Table 33
Petersburg Adult Public Assistance and Payments, 1990 - 2000

Year	Number of Recipients	Total Monthly Payment*	Total Yearly Payment**	Ave. Monthly Payment to Recipient
1990	14	$3,223	$38,676	$230.21
1991	17	3,886	46,632	228.59
1992	19	5,180	62,160	272.63
1993	17	4,633	55,596	272.53
1994	23	7,419	89,028	322.57
1995	28	7,387	88,644	263.82
1996	31	9,211	110,532	297.13
1997	39	11,160	133,920	286.15
1998	33	9,288	111,456	281.45
1999	34	9,536	114,432	280.47
2000	46	15,158	181,896	329.52

* Based on the month of April.
** Based on using April as an average month.
Source: Alaska Department of Health and Social Services.

Gross *taxable* business sales increased nearly $4 million in 2000 over the previous year. Petersburg does not currently maintain data on gross business sales or sales by industry. Gross business sales would include tax-exempt sales. Exemptions include the following: casual and isolated sales not made in the regular course of business; sale of goods or services over one thousand dollars; fees for medical services; sales of goods for use outside the city; rental charges; utility services, and sales made to elderly Alaska residents. Petersburg has maintained a 6 percent sales tax since it was adopted.

The following table does not include sales of a small number of businesses located outside the city limits. However, the city is investigating the option of annexing some amount of surrounding area. Were this to occur, additional sales tax collections would result.

Table 34
Taxable Sales in Petersburg, 1990 – 2000,
(Millions of dollars)

Year	Total Sales Tax Revenue (Millions of dollars)	Taxable Sales (Millions of dollars)
1990	$1.8	$30.1
1991	1.9	32.4
1992	2.0	32.7
1993	2.1	34.3
1994	2.1	34.9
1995	2.2	37.3
1996	2.4	39.7
1997	2.3	38.5
1998	2.3	38.7
1999	2.2	36.4
2000	2.4	40.4

Residential Housing

Petersburg has a wide variety of housing types, styles, values, and quality. Today there are approximately 1,350 dwelling units in town. Another estimated 100 to 150 dwelling units are outside city limits. Over the last decade, the number of housing units has increased by 18 percent while population is up less than 1 percent. This means higher vacancy rates than a decade ago, and a decrease in the average number of persons per household. Single-family dwellings account for three-quarters of Petersburg's housing.

Table 35
Number and Type of Dwelling Units in Petersburg, 1990-2000

	1990	2000	Percent Increase since 1990
Single Family (including mobile homes)	874	1,031	18%
SF Conversion to Duplex		-9	
Duplex	40	55	36
2-4 units	123	126	2
5-9 units	92	102	10
10 units or more	38	46	21
Total dwelling units	1,167	1,350	15
Population	3,207	3,224	1
Ave persons per household	2.7	2.4	-13

Sources: City of Petersburg Building Reports, Comprehensive Plan, Alaska DCED Community Profiles, Alaska DOL, Sheinberg Associates.

Varied housing types and programs help ensure adequate housing for all residents. Programs include U.S. Housing Urban Development (HUD) subsidized housing, Tlingit Haida Regional Housing Authority (THRHA) homes, and a senior housing complex.

Petersburg has a 12-unit and 24-unit apartment complex for persons who qualify for HUD-subsidized rental housing. In addition, the Section 8 program provides a rent voucher for low-income individuals to assist with rent in dwellings throughout the community. The THRHA built 20 single-family dwellings in town in 1996-97. All units are currently sold. To qualify for these homes one must be Alaska Native, and the house payment must be no more than 28 percent of the family's total income. Homeowners may sell the home on the open market to anyone, or turn it back to THRHA who reimburses them for the equity they have accumulated. THRHA housing is not subject to local property taxation but the federal government makes payments in lieu of taxes (PILT) to the City of Petersburg. City revenue from this PILT payment is typically less than property taxes would generate. Further, state legislation requires local governments to exempt up to $150,000 in property owned by all seniors. This state policy means less local property tax revenue. It is particularly important in the Petersburg/Wrangell Census Area, where 12 percent of the population is seniors compared to just 8 percent statewide.

The city owns the Mountain View Manor near the new post office. Mountain View Manor is a HUD-subsidized complex providing safe, clean, and affordable living environment for senior residents in compliance with city, state, and HUD requirements. Mountain View Manor has 24 units that include 23 one-bedroom apartments, two wheelchair accessible apartments, and one manager's apartment. To live there, one must be at least 62 years of age, or handicapped or disabled, and have an annual income not exceeding $19,200 if single, or a combined income of $21,950 if a couple. The apartment rent is 30 percent of the monthly income after allowable deductions and includes electricity, water, heat and garbage. Senior meals are served every Monday, Wednesday and Friday.

An expansion that will add 16 single-bedroom and four, two-bedroom units, including assisted living, was recently approved by the City. The Alaska Housing Finance Corporation is providing more than $2.5 million in grants and low-interest loans for the project. Ten of the single-bedroom units will be designated for seniors whose income is 50 percent or less of Petersburg's median income. Other proposed amenities include a new multi-purpose room, exercise room, lobby, community kitchen, storage, janitorial and equipment rooms, and an elevator. Senior citizens in Petersburg will benefit from the assisted-living alternative that the Mountain View Manor expansion will provide.

Rental Market

Until the late 1990s vacancy rates for rental apartments were very low. Apartments were taken quickly and generally found by word of mouth. In the late 1990s, a building boom in single-family dwellings as well as an increase in remodeling of existing housing opened up the Petersburg housing market in town. The increase in the number of apartments listed for rent is another confirmation of this trend.

Table 36
Number of Listings and Average Price of Rental Apartments in Petersburg

	Oct. 2000	Oct. 1999	Oct. 1997	Oct. 1995	Oct. 1993	Oct. 1990
Number of apartments listed for rent	8	7	0	0	1	1
Average asking price	$601	$560	N/A	N/A	$850	$650

Source: Petersburg Pilot, compiled by Sheinberg Associates.

Average and median rents and vacancy rates for several urban Alaskan boroughs or census areas are reviewed quarterly by the Alaska Housing Finance Corporation. This data presents a one-month snapshot in time. Long-term trends cannot be inferred. It shows that Petersburg vacancy rates were high and average rents in March 2000 were less than the $690 average of five Southeast Alaskan communities.

Figure 3
Average Monthly Rent (all units) March 2000
Comparison of Selected Alaska Cities

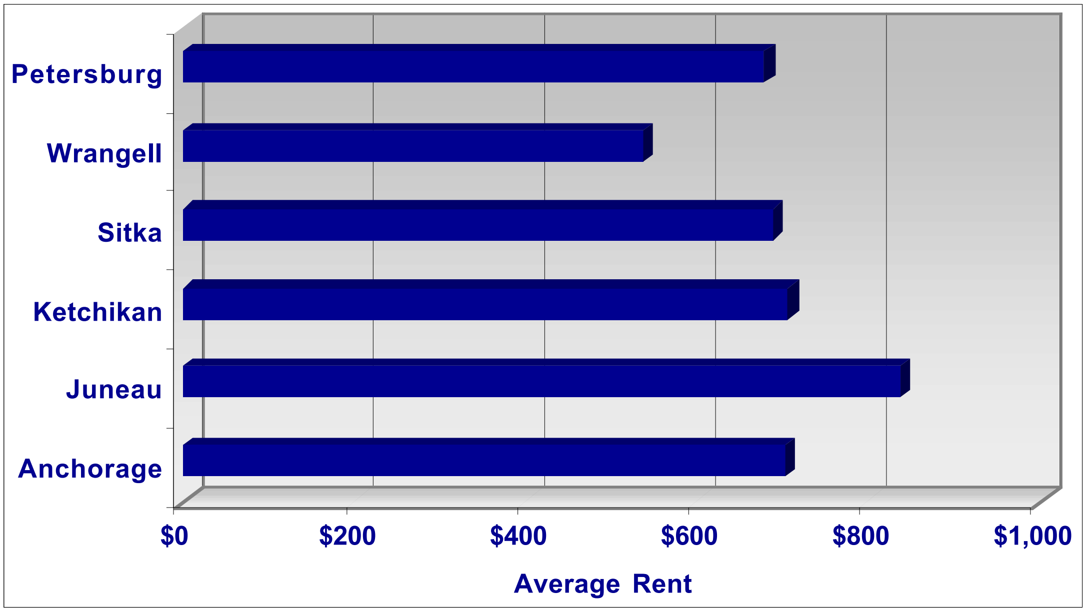
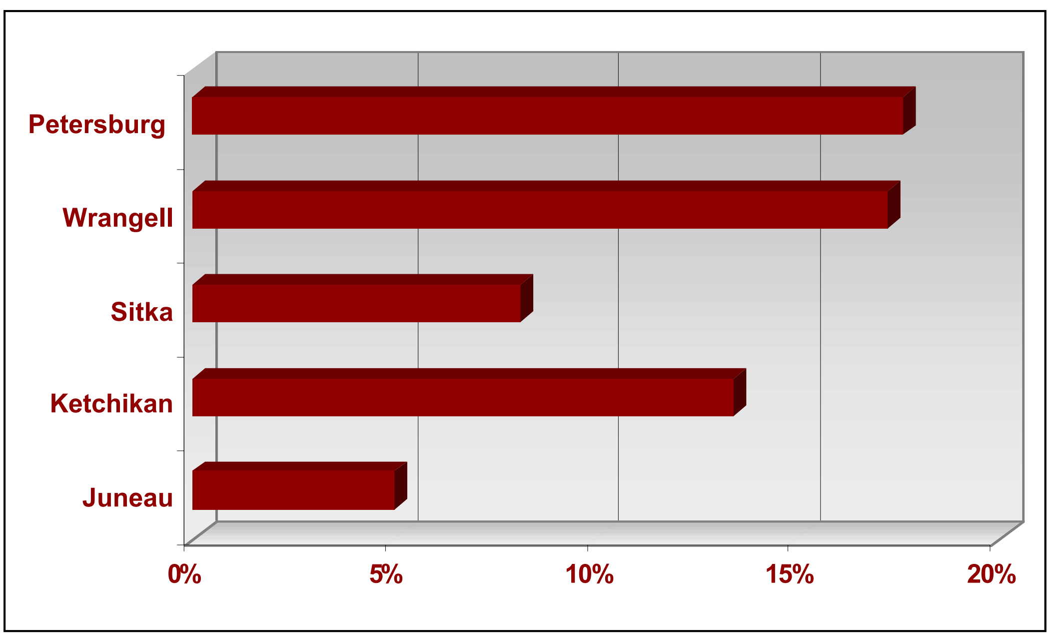


Figure 4
Vacancy Rates for all Rental Units, March 2000
Comparison of Selected Alaska Cities



Source: Alaska Housing Finance Corporation.

Undeveloped Land

To get a sense of the availability and cost of undeveloped land in the Petersburg area, a survey of the price of lots advertised in the Petersburg Pilot was conducted for October 2000, 1999, 1995, 1993, and 1990. While this is not a random statistical survey, and the size of the lots being offered is varied, it does provide a sense of the number and price of lots that are actively on the market. Some of this land consists of one to three-acre waterfront parcels within five miles of the community. Much of this land is currently outside city limits, but nearby and on the road system.

Table 37
Number and Price of Undeveloped Lots for Sale in Petersburg Area

	Oct. 2000	Oct. 1999	Oct. 1997	Oct. 1995	Oct. 1993	Oct.1990
Number of area lots for sale	18	8	12	6	9	9
Size (acres)	0.3-3.5 (excluding a 34.5 ac)	0.1-1.6	0.3-22	0.2-5.0	0.2-5.0	0.2-12.2
Average price	$41,817 (excluding a 34.5 ac)	$65,167 (only 3)	$50,318	only 2 w/ price	only 1 w/ price	only 2 w/ price

Source: Petersburg Pilot, compiled by Sheinberg Associates.

Petersburg has a good supply of undeveloped land, although it will take significant capital improvements to provide support infrastructure. This includes residentially zoned land along Cabin Creek Road and south of Lake Street. The former lots have only a pioneering road and a water main with untreated (fire prevention) water. Other land is completely without infrastructure at this time. There is also a pioneering road and water main being developed across airport property and undeveloped land to Scow Bay. This road (not open for public use) crosses state land and four large privately owned tracts. None of this land is currently zoned.

Value of Building Construction and Property

A component of the total value of property in Petersburg is the value of new construction. During the last decade construction activity peaked in the mid-late 1990s.

Table 38
Value of Petersburg's Residential, Commercial, Industrial and Public Building Construction, 1990 – 2000

Year	Value (Millions of dollars)
1990	$2.0
1991	3.0
1992	4.0
1993	2.4
1994	5.4
1995	10.0
1996	5.0
1997	8.0
1998	5.0
1999	4.4
2000	3.0

Source: City of Petersburg, Building Permit Reports.

The assessed value of property in Petersburg has remained stable, keeping pace with inflation. Between 1999 and 2000, assessed values increased 2.4 percent, with a current value of $196.1 million.

Table 39
Assessed Value of Property, 1990 – 2000

Year	Value (Millions of dollars)
1990	$136.0
1991	139.0
1992	133.0
1993	139.0
1994	150.2
1995	156.0
1996	164.0
1997	177.1
1998	189.0
1999	192.0
2000	196.1

Petersburg levies a 10-mill property tax within all three of its service areas. There is no property tax levied in the unorganized borough that is outside the city boundary. In 1999 about $1.73 million in property tax was collected.

Petersburg's cost of living in terms of food costs is typical of smaller urban areas in Southeast Alaska such as Sitka, but not as economical as the larger communities that benefit from strong competition of chain and large discount stores.

The comparison to U.S. averages may reflect government methodology changes more than actual cost differences. The data show higher costs in the U.S. average than in Alaska.

Table 40
Weekly Cost of Food for a Family of Four

	Jun-90	Jun-95	Jun-00
Anchorage	$98.91	$88.85	$101.27
Juneau	$98.83	$97.83	$111.19
Ketchikan	$95.9	$98.51	$105.16
Petersburg	$112.03	$107.28	$116.96
Sitka	$109.72	$109.95	$123.23
US Average	$100.90	$114.20	$129.10

Cost of Living Data Sources: Compiled by Sheinberg Associates using data from Alaska Cooperative Extension Service, University of Alaska Fairbanks, Cost of Food Surveys; CPI data from U.S. DOL-Bureau of Labor Statistics.

Table 41
Capital Projects and Grants as of January 2000

Lead Agency	Year	Status	Description	Stage	Agency Cost	Total Cost	Total Agency Cost
AHFC	2000	Funded	Pending construction contract Hydraulic Line Renovation	Preliminary	$133,000	$133,000	$133,000
DCED	1994	Funded	Leg. Grant/Muni Fire Department Improvements	Completed	80,000	80,000	
DCED	1994	Funded	Leg. Grant/Muni Downtown Parking Space Acquisition	Completed	150,000	150,000	
DCED	1994	Funded	Leg. Grant/Muni Water System Access and Improvement Project at Cabin Creek	Completed	1,700,000	1,700,000	
DCED	1994	Funded	Leg. Grant/Muni Scow Bay Water Line Feasibility	Completed	250,000	250,000	
DCED	1994	Funded	Capital Matching/Muni Small Boat Harbor Renovation & Expansion	Completed	142,634	169,246	
DCED	1995	Funded	Capital Matching/Muni South Small Boat Harbor Expansion	Completed	133,224	158,081	
DCED	1996	Funded	Capital Matching/Muni South Small Boat Harbor Renovation and Expansion Project	Completed	126,976	152,615	
DCED	1997	Funded	Capital Matching/Muni Small Boat Harbor Expansion and Renovation	Completed	84,003	101,208	
DCED	1998	Funded	Capital Matching/Muni Second Street Improvement Project Petersburg Hospital	Completed	38,781	43,946	
DCED	1998	Funded	Capital Matching/Muni Harbor Expansion and Renovation	Completed	84,180	91,606	
DCED	1999	Funded	Capital Matching South Harbor Expansion and Renovation Project	Construction	84,117	84,117	
DCED	2000	Funded	Capital Matching Small Boat Harbor Expansion and Renovation	Preliminary	84,633	84,633	
DCED	2001	Funded	Capital Matching Small Boat Harbor Expansion & Renovation Project	Preliminary	83,675	104,079	3,042,223
DEC	2000	Funded	Municipal Grant, AHFC $1,722.0 Scow Bay Water, Ph II	Design	0	1,722,000	
DOT&PF	2000	Planned	This project is a part of the SE plan. Modify the ferry terminals at Petersburg, Wrangell, and Auke Bay	N/A	3,333	33,333	
DOT&PF	2001	Planned	Widen and pave South Mitkof Highway from Papke's Landing to South Mitkof Ferry Terminal Mitkof Highway Upgrade	N/A	27,100	300,000	
DOT&PF	2001	Planned	Mitkof Island: South Mitkof Island Terminal, Ph 3	N/A	1,070,100	11,850,000	

Source: Alaska Department of Commerce and Economic Development.

Table 41
Capital Projects and Grants as of January 2000, continued

Lead Agency	Year	Status	Description	Stage	Agency Cost	Total Cost	Total Agency Cost
DOT&PF	2001	Planned	Construct a separated path on the uphill side and install lighting along the Mitkof Highway between the ferry terminal and MP 4. Mitkof Highway Coastal Path	N/A	$9,000	$100,000	
DOT&PF	2002	Planned	Mitkof Highway Upgrade, Ph 3	N/A	225,700	2,500,000	
DOT&PF	2002	Planned	Mitkof Highway Coastal Path, Ph 3	N/A	4,500	50,000	
DOT&PF	2004	Planned	Rehabilitate the pavement and sidewalks on Haugen Drive between Nordic Drive and the Airport. Includes construction of turn lanes and a separated path from the airport to Sandy Beach Road, resurfacing beyond the airport and additional lighting. Haugen Dri	N/A	18,100	200,000	
DOT&PF	2004	Planned	Mitkof Highway Coastal Path, Ph 4	N/A	0	2,200,000	
DOT&PF	2005	Planned	Haugen Drive Upgrade and Path Extension, Ph 3	N/A	24,400	270,000	
DOT&PF	2005	Planned	Construction of a U-turn route from North Nordic Drive to North First Street to alleviate traffic congestion and safety concerns. North Nordic U-Turn Route	N/A	4,500	50,000	
DOT&PF	2006	Planned	Haugen Drive Upgrade and Path Extension, Ph 4	N/A	233,400	2,585,000	
DOT&PF	2008	Planned	This project is a part of the SE plan. Construct two shuttle ferries to transport passengers, vehicles, and freight between Petersburg, Juneau, and the Chatham Strait Terminal. Petersburg/Chatham Vessels	N/A	0	62,000,000	$1,620,133
EDA	2000	Funded	Timber Impact Project South Harbor Upgrade	Preliminary	3,000,000	5,000,000	3,000,000
FAA	2001	Planned	Airport Master Plan	N/A	300,000	300,000	300,000
N/A	2000	Potential	North Second St. Reconstruction	N/A	908,997	908,997	
N/A	2001	Potential	School Kitchen & Cafeteria Renovation	N/A	456,775	652,535	
N/A	2001	Potential	EPA $1,306.1, AHFC $435.3. Will serve 68 new customers and upgrade 35 existing, adds 20 fire hydrants Scow Bay Water, Phase III	N/A	0	1,741,500	
N/A	2001	Potential	Baled solid waste is currently shipped to Washington state. Landfill Closure	N/A	68,761	68,761	
N/A	2001	Potential	School Fascia/Soffit Repair/Replacement Recovery of Funds	N/A	112,960	161,371	1,547,493
					9,642,849	95,996,028	

Source: Alaska Department of Commerce and Economic Development.