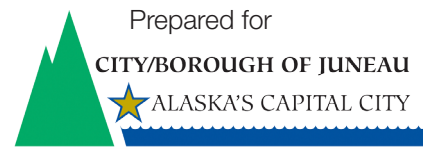


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JUNE 2014

Juneau Economic Baseline Report

WORKING DRAFT



CBJ Economic Development Plan Juneau Economic Baseline Report

WORKING DRAFT

Prepared for:
City and Borough of Juneau

Prepared by:



Juneau • Anchorage

*In association with
Sheinberg Associates*

June 2014

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Executive Summary

The Juneau Economic Baseline Report was produced as part of the 2014 economic development planning process conducted by McDowell Group and Sheinberg Associates for the City and Borough of Juneau. The purpose of the report is to inform development of a 10-year strategic economic development plan for the city, the *Juneau Economic Plan*. The baseline report describes Juneau's current economic conditions and trends over the past 10 years, with special focus on Juneau's key industries. The report also describes Juneau's demographic profile and trends.

Over the past ten years Juneau's economy has been in a period of slow growth, measured in terms of population, employment, and personal income. Growth has been slower in Juneau than in Alaska overall. These and other trends are summarized below.

Income Trends

Growth Slow, though Average Personal Income Remains Higher than Statewide Averages

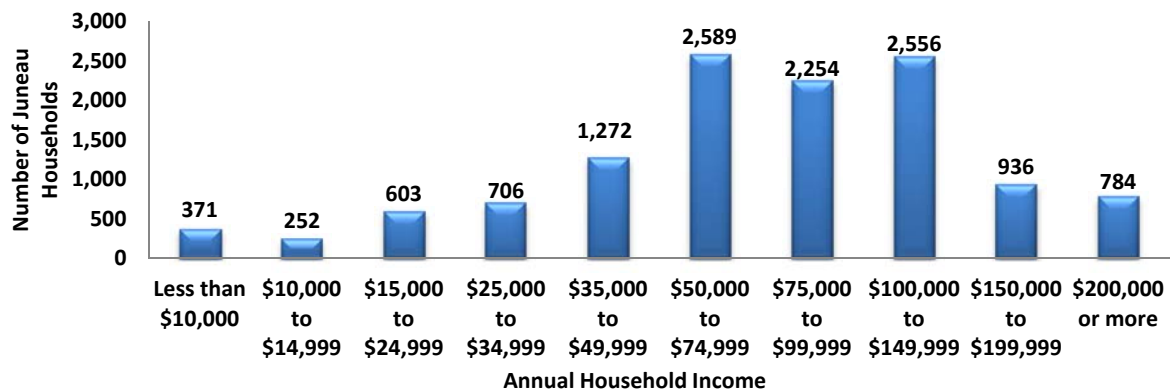
- Juneau resident personal income totaled \$1.8 billion in 2012. In "real" inflation-adjusted dollars Juneau experienced 18 percent growth in total personal income between 2003 and 2012, versus 26 percent in Alaska overall.
- Real per capita personal income increased 13 percent in Juneau between 2003 and 2012. Per capita personal income in Juneau was \$55,167 in 2012, 12 percent higher than Alaska statewide (\$49,436) and 26 percent the U.S. (\$43,735).
- Total personal income growth in Juneau has been occurring at an average annual rate of about 1.7 percent. Per capita personal income has been growing at an annual rate of about 1.2 percent.
- While income growth in Juneau has lagged behind the rest of urban Alaska, Juneau incomes remain above statewide and national averages. Juneau's median household income was \$78,947 in 2012, 13 percent higher than the Alaska average of \$69,917 and 54 percent more than the U.S. average of \$51,371.
- A smaller percentage of Juneau's population (6.4 percent) lives below the federal poverty level than in Alaska statewide (9.6 percent) or the U.S. (14.6 percent).



Gastineau Channel (Photo Credit: Devita Writer).

- Among Juneau’s 12,323 households, annual income for one-fifth (21 percent) was between \$50,000 and \$75,000, 18 percent had income between \$75,000 and \$100,000, and another fifth (21 percent) had income between \$100,000 and \$150,000.

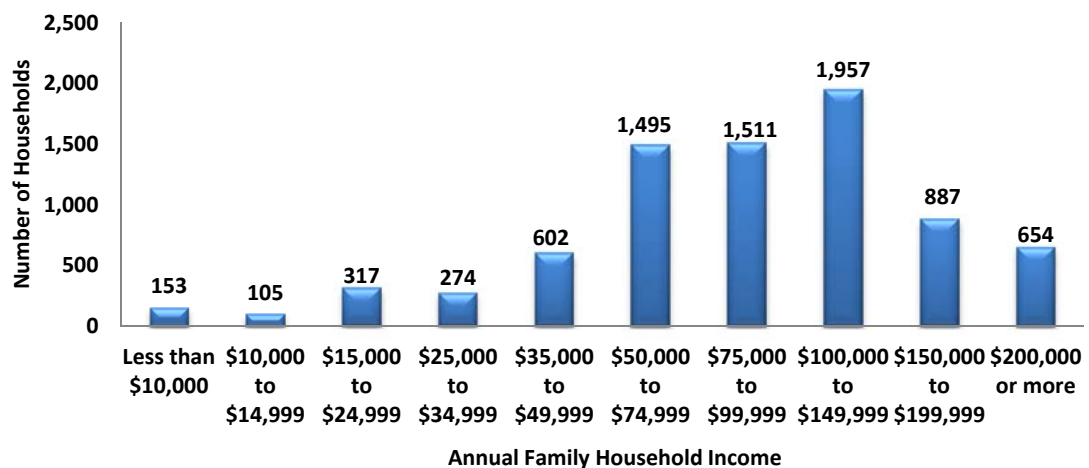
Figure ES-1. Number of Juneau Households by Annual Income



Source: American Community Survey, 2008-2012.

- Included among Juneau’s 12,323 households are 7,955 family households (a family household is a group of two people or more related by birth, marriage, or adoption and residing together). The median income among Juneau family households is \$92,002, with a mean of \$110,154. Juneau’s median family income is 12 percent above the statewide median of \$81,572 and 47 percent above the U.S. median of \$62,527.

Figure ES.2. Number of Family Households by Annual Income



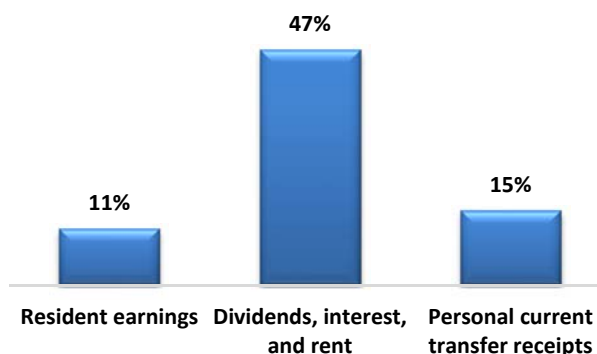
Source: American Community Survey, 2008-2012.

- Alaska Native median family income in Juneau is estimated at \$60,208, about one-third below the community-wide family household median income (this ACS estimate has a margin of error of \pm \$18,348).
- Juneau males aged 15 and over with income had median income of \$44,243, while females had median income of \$33,279, based on 2010-2012 ACS data.

Retirement and Investment Income Increasingly Important for Juneau Resident Personal Income

- Earnings from employment accounted for 68 percent of Juneau’s total personal income in 2012; dividends, interest, and rent for 21 percent; and transfer receipts for 11 percent.
- Between 2003 and 2012, Juneau resident personal income from dividends, interest, and rent grew at a much faster rate (47 percent total increase) than the other two primary sources of income: resident earnings increased 11 percent and transfer receipts increased 15 percent.

Figure ES-3. Growth in Juneau Resident Personal Income, Percent Change, 2003 – 2012



Source: Bureau of Economic Analysis.

Employment

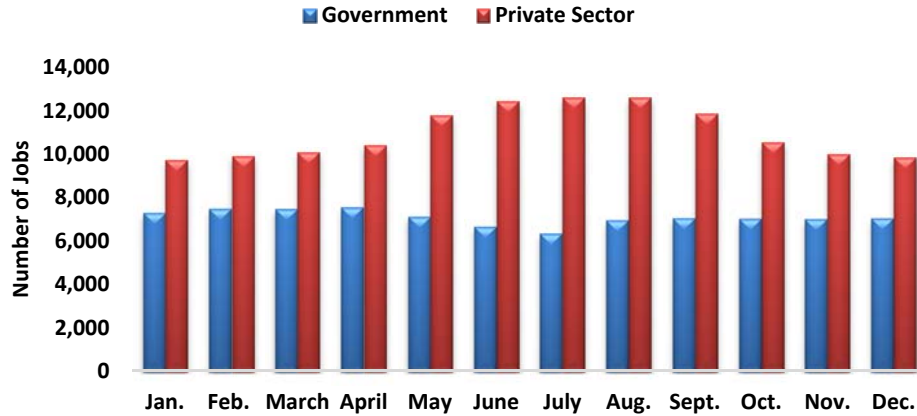
Slow Job Growth Overall – Declines in Government, Increases in the Private Sector

- Juneau’s economy in 2013 included a total of 18,086 wage and salary jobs, with a summer high of 19,543 (in August) and a winter low of 16,902 (in December). These job counts include jobs held by residents and non-residents.
- Private sector wage and salary employment in Juneau is quite seasonal, rising from a winter low-point of 9,751 jobs (in January 2013) to an August high of 12,591. That represents a 30 percent change in employment over the course of the year.
- Government sector employment is actually counter-cyclical to the private sector. In 2013, government employment was at its highest in April (7,445 jobs) and at its lowest in July (6,337 jobs). The change is due largely to reduced school district employment in the summer.



Entry Level Miner Trainees (Photo Credit: UAS).

ES-4. Juneau Government and Private Sector Wage and Salary Employment, by Month, 2013

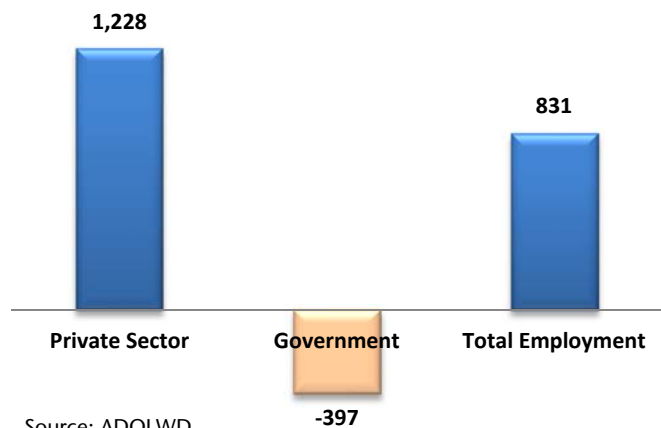


Source: ADOLWD.

Employment Trends

- From a long-term perspective, wage and salary employment in Juneau has been growing slowly, at an average annual rate of about 0.5 percent between 2004 and 2013. In total, employment increased by 831 jobs over that ten-year period.
- The number of government sector jobs declined by 397 between 2004 and 2013, while private sector employment increased by 1,228. Government sector employment in Juneau has fallen in each of the last three years, with a total loss of 341 jobs since 2010. Local government accounts for most of that loss; down 259 jobs (11 percent).
- Juneau’s unemployment rate dropped to 4.6 percent in 2013, the lowest point since 2007. Juneau’s unemployment rate in 2013 was lower than the Alaska average (6.5 percent) and the national average (7.4 percent).
- While the longer-term trend has been one of slow growth, the most recent available employment data indicates Juneau lost 241 jobs in 2013, compared to 2012. Most of that decline (200 jobs) was in the government sector, but the private sector also lost ground (down 41 jobs).

ES-5. Change in Juneau Employment, 2004 – 2013



Source: ADOLWD.

- Employment in local, state and federal government declined in 2013, though, proportionately, federal government suffered the greatest loss (8 percent decline, versus 5 percent for local government and 0.7 percent for state government). In addition to jobs associated with City administration, local government includes the school district, Bartlett Regional Hospital, and tribal government.

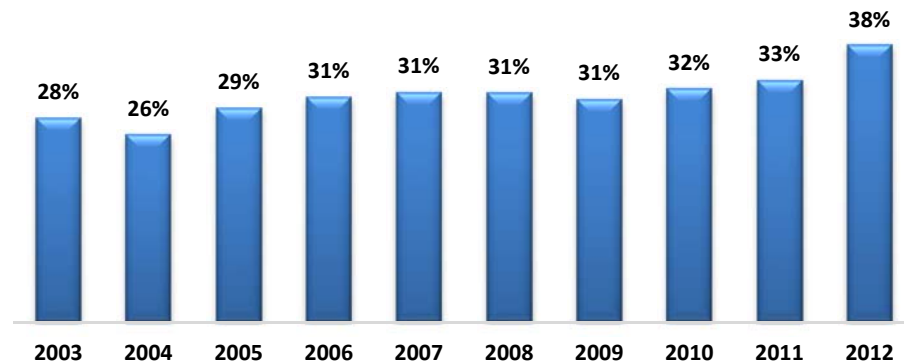
Earnings

- Wage and salary payroll in Juneau totaled \$881 million in 2013, including \$421 million in government wages and \$460 million in private sector wages.
- The average monthly wage among all jobs in Juneau in 2013 was \$4,062. This included a government sector average of \$4,946 and private sector average of \$3,490.
- Within the government sector, federal government pays (by a wide margin) the highest monthly wages, at an average of \$7,295 in 2013 (annualized to \$87,540). State government pays an average \$4,777, while local government pays an average of \$4,430 per month.
- Private sector wages are topped by the mining industry, at \$8,047 per month, or \$96,564 per year. Other above-average wage sectors include construction (\$5,361), telecommunications (\$5,872), water transportation (\$5,202), and the “professional, scientific and technical” sector (\$5,224).
- Lower-paying sectors include leisure and hospitality (\$1,514 – a figure that does not capture tip income) and retail trade (\$2,347). Both these sectors have relatively high proportions of part-time workers. The leisure and hospitality sector (which includes restaurants, bars, and hotels) should not be considered synonymous with the visitor industry. The visitor industry also includes jobs in air and water transportation, as well as jobs in the retail sector.

Non-Residents a Large and Growing Part of the Juneau Labor Force.

- Based on 2012 data, 30 percent of the people employed in Juneau are non-residents, including workers from outside Alaska and workers from elsewhere in the state.
- In 2012, the Juneau labor force totaled 21,394 workers, including 2,586 non-local residents and 3,806 non-Alaska residents. (This data does not include federal government workers or the self-employed.)
- Non-Juneau residents working in Juneau earned a total of \$167 million in wages in 2012. Juneau resident wages totaled \$600 million.
- Non-local residents accounted for 38 percent of the private sector labor force and 31 percent of private sector wages. In total 5,375 non-local residents earned \$134 million in private sector wages in 2012. A total of 8,766 local residents earned \$301 million in private sector wages.
- The share of non-residents in the Juneau workforce has grown steadily over the past 10 years, from 28 percent in 2003 to 38 percent in 2012.
- The number of Juneau residents in the labor force has declined from 15,960 in 2006 to 15,002 in 2012, a 6 percent decrease.

Figure ES-6. Non-Resident Workers as Percentage of Total Private Sector Workforce, 2003 – 2012



Source: ADOLWD

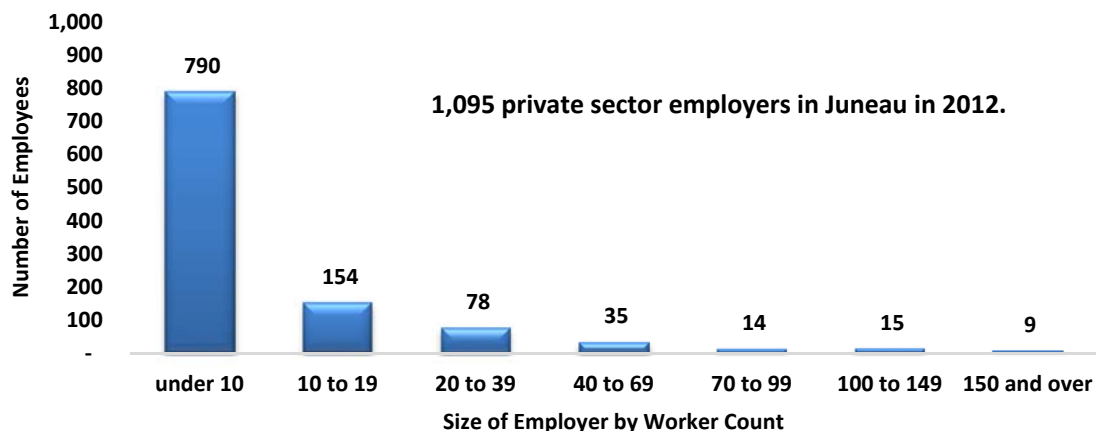
The Majority of Juneau Employers are Small Businesses with Less than Ten Employees.

- In 2012, 72 percent of Juneau businesses employed fewer than 10 workers. These small businesses had a total of 2,694 employees, who earned a total of \$75 million in annual wages.
- The 24 firms that had 100 or more workers in Juneau employed a collective total of 4,246 workers in 2012, who earned a total of \$151 million in annual wages.
- A total of 7,201 workers were employed by 281 “mid-sized” employers who had between 10 and 99 employees. These businesses accounted for about 50 percent of total private sector employment in 2012.



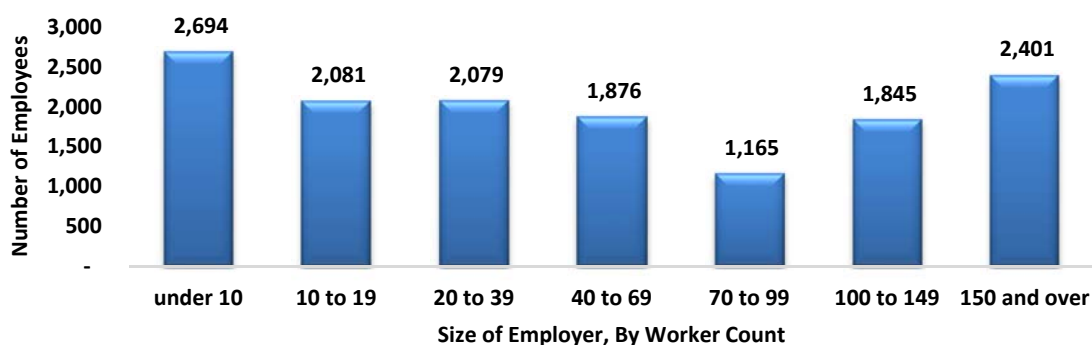
Tracy's Crab Shack (Photo Credit: Juneau Empire).

Figure ES-7. Number of Juneau Private Sector Employers, By Size Class (Worker Count), 2012



Source: ADOLWD

Figure ES-8. Total Juneau Employees, By Size of Employer, 2012



Source: ADOLWD

Demographics

Slow Population Growth but a Rapidly Aging Population

- Over the past decade Juneau’s population has been growing slowly. Since 2004, Juneau has grown at an average annual rate of 0.5 percent. Juneau’s population in 2013 was 33,064, 1,851 above the 2004 population.
- Since 2010, Juneau’s population growth has accelerated, rising at an average annual rate of 1.9 percent.
- Approximately seven in ten Juneau residents identify themselves as White, 12 percent identify themselves as American Indian or Alaska Native, and 6 percent as Asian. Nine percent identify themselves by “two or more races.”
- Juneau’s population has been aging steadily, with median age rising from 31.9 years in 1990 to 37.9 years in 2013.
- Between 2000 and 2013, the number of Juneau residents age 55 and over increased from 14 percent to 25 percent of the total population. Over the same time period, the percent of youth 19 years old and under declined from 30 percent to 25 percent.
- Within ten years, one-fifth of Juneau’s population will be over 65 years of age. In 2013, 10 percent of the Juneau population was age 65 and over. By 2025, the percent is projected to double to 20 percent and remain at or near that rate through 2042. This local trend is consistent with national trends.



Pioneers’ Home (Photo Credit: KTOO).

Key Industry Trends

State Government Remains the Economy's Key Driver, though Juneau is Diversifying

State Government

- State government employment in Juneau has been reasonably steady over the past few years at around 4,300 jobs. Despite growth in other sectors, State government remains the dominant force in Juneau's economy.
- In 2013, an average of 4,273 workers were employed by state government in Juneau. These workers earned a total of \$245 million in wages.
- State government employees accounted for 24 percent of total cash earnings and 22 percent of monthly average employment in Juneau in 2013.
- Including indirect and induced jobs created by state government related spending in Juneau, the state likely accounts for 7,000 jobs and \$350 million in annual wages in Juneau.
- Juneau's share of state government employment in Alaska has been trending down. State government employment in Juneau in 2013 was about 75 jobs below the 2004 level. Statewide, employment in state government increased by 2,055 jobs over the same period. As a result, the percentage of state workers located in Juneau fell from 18.1 percent in 2004 to 16.3 percent in 2013.



Federal Government

- Civilian federal government employment in Juneau declined steadily, dropping from 959 in 2004 to 761 in 2013, a decline of 21 percent. NOAA and the USDA account for most civilian federal employment in Juneau, with 226 and 200 workers, respectively.
- In 2013, federal government accounted for \$66.6 million in annual wages and generated the highest average wages in the community, after the mining industry. Federal workers in Juneau earned an average of \$87,540.
- Statewide, civilian federal government employment has declined during the past decade as well, shedding 1,702 jobs since 2004 (a decline of 10 percent).
- The Coast Guard is actually the largest federal government employer in Juneau, with approximately 320 active duty personnel based in Juneau.

Local and Tribal Government

- Juneau’s economy included an average of 2,061 local and tribal government jobs with \$109.6 million in total wages in 2013. In addition to jobs in city government, these figures include employment with the Juneau School District, Bartlett Regional Hospital, and jobs with various tribal organizations (mainly the Central Council Tlingit Haida Indian Tribes of Alaska-CCTHITA).
- Core CBJ functions (not including the school district, the hospital, or tribal government) account for approximately 590 jobs (as of FY2013).
- Local and tribal government employees directly accounted for 12 percent of total wages and 10 percent of employment in Juneau in 2013. The average job in this sector paid \$51,160 in 2013.
- Local and tribal government employment in Juneau trended down since 2010, shedding 259 jobs between 2010 and 2013.

Visitor Industry

- According to the most recent available data, Juneau’s visitor industry accounts for about 2,200 jobs and \$75 million in annual wages. Including multiplier effects, the visitor industry accounts for 2,750 jobs and \$95 million in wages.
- With the exception of a downturn in the 2009/2010 period, the visitor industry has been a steadily growing component of Juneau’s economy over the past two decades. It is Juneau’s largest private sector industry in terms of employment and total wages.
- Cruise passenger visitation peaked in 2008, with 1,032,300 passengers. A steep decline (of 14 percent) in 2010 was followed by strong increases of 6 percent in 2012 and another 6 percent in 2013. The slight decline of 1.5 percent projected for 2014 reflects a decision by one cruise line to shift a small portion of their capacity to Asia.
- The visitor industry is an important source of sales tax revenue for the CBJ. It has been estimated that 20 percent of Juneau’s sales tax revenue stems from non-resident visitor spending.
- The visitor industry outlook is generally positive for the foreseeable future, with either steady or slow growing cruise volume and independent visitor traffic.



Cruise Ship from Sandy Beach (Photo Credit: Kirk Hardcastle).

Health Care and Social Assistance

- In 2013, the health care and social assistance sector accounted for 2,100 jobs and over \$100 million in payroll in Juneau. These figures include Bartlett Regional Hospital, SEARHC, REACH, Inc., and a wide variety of other health care and social services providers.
- Approximately 1,325 people are employed in the health care sector in Juneau, with total wages of approximately \$75 million. This sector had been growing slowly but steadily over the past decade, before leveling off (and actually declining slightly) in 2013.
- The social assistance sector includes housing services, behavioral health services, community centers, vocational rehabilitation, child care, and senior services, among others. This sector has grown more quickly than health care. Key players in this sector in Juneau include REACH and Catholic Community Services.
- The social assistance sector employs approximately 840 people, with total annual wages of \$26.5 million. Over the last decade, employment in the sector has grown by about 75 jobs, a nine percent increase.

Mining

- The mining industry was one of Juneau's fastest growing industries over the past decade. Since 2004, employment in the sector more than doubled, from 275 to approximately 700 in 2013. Annual wages totaled approximately \$65 million in 2013.
- The mining industry pays the highest average monthly wages in Juneau at \$8,047, nearly double the economy-wide average of \$4,062. The average annual wage in Juneau's mining industry was \$96,564 in 2012.
- The mining industry includes Juneau's two largest property tax payers. In 2013, Coeur Alaska (Kensington Mine) paid \$1.15 million in property taxes. Hecla (Greens Creek Mine) paid \$839,000 in property taxes in 2013. The next largest property tax payer (AEL&P) paid approximately \$200,000 in property taxes that year.



*Hard Rock Mining Near Juneau
(Photo Credit: Coeur Alaska).*

Seafood Industry

- Juneau is home to approximately 700 active commercial fishermen (including active permit holders and crew) and 300 commercial fishing boats. In 2013, 394 Juneau residents held 667 limited entry commercial fishing permits. This includes 275 local permit holders who actually fished 417 permits in 2013. A total of 438 Juneau residents purchased a crew license in 2012 (2013 figures are not yet available).
- Over the past ten years the number of active permit holders living in Juneau has declined, from 295 in 2004 to 275 in 2013.

- Juneau commercial fishermen earned \$24.7 million in total ex-vessel value (gross income) in 2013 from a total harvest of 17 million pounds of fish. Salmon harvests generated \$15.6 million in gross earnings for Juneau fishermen, 63 percent of total commercial fishing ex-vessel income. Halibut was the next most important in terms of gross income at \$3.96 million, 16 percent of the total. Sablefish (black cod) accounted for \$2.5 million, 10 percent of total gross earnings.

- The current value of permits and quota shares owned by Juneau fishermen is approximately \$72 million.

- Juneau is home to five shore-based seafood processors. These processors employed 389 workers during the peak of the 2013 processing season. Wages and salaries totaled \$6.1 million in 2013, an increase of over 50 percent from 2010.



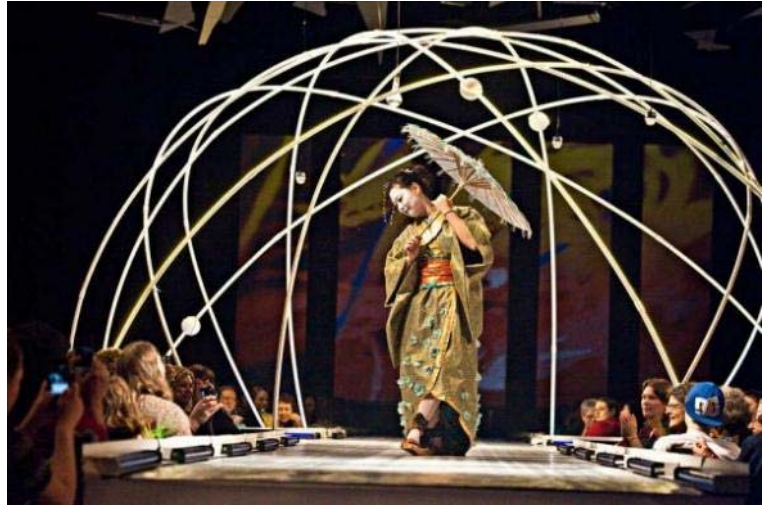
- Seafood processing employment in Juneau is at a long-time high, increasing significantly since the mid-2000s, when non-resident workers began filling most of the new jobs. In 2012 a total of 118 Juneau resident workers were employed in seafood processing in Juneau, along with 317 non-residents.
- The value of seafood landed in Juneau topped \$50 million in both 2011 and 2012. Juneau processors have processed 15 to 25 million pounds of seafood each year over the past several years.
- Juneau's share of the state's Fisheries Business Tax has grown significantly due to the increased volume of seafood processing in Juneau and higher ex-vessel fish prices. In 2013, Juneau's share was just under \$385,000, three times the level of 20 years ago.

Other Industries

In addition to the industries described above, Juneau's economy includes a diverse mix of other commercial and non-commercial activity. For example:

- Juneau's education sector (composed mainly of the University of Alaska Southeast and the Juneau School District) accounts for approximately 1,000 jobs, including full and part-time workers. UAS is a source of significant basic sector activity (drawing new money into the local economy), with approximately 275 jobs.
- Juneau's construction industry employed an annual average of 692 workers in 2013, who earned a total of \$44.5 million. Peak season employment totaled over 800 workers.
- The professional and business services sector accounted for 978 Juneau jobs and \$52.5 million in wages in 2013. This sector includes engineering, architectural, accounting, law, consulting and other business services firms. It also includes waste management companies.

- Juneau’s manufacturing sector included an annual average of 325 jobs and \$12.4 million in annual wages in 2013. This sector is composed primarily of seafood processing, but also includes Alaskan Brewing Company, a notable manufacturing success story in Juneau.
- The financial activities sector accounted for 540 jobs in Juneau in 2013, and \$24.8 million in payroll. This sector includes banks and credit unions, insurance companies, and real estate brokerage firms.
- Juneau’s retail sector includes 144 establishments that employed a total of 1,985 workers in 2013. Workers in the retail sector earned a total of \$55.9 million in wages.
- While the economic impact of Juneau’s arts industry has not been measured in many years (since 1995 in fact) it is an important source of income for many local residents. A previous McDowell Group study measured the employment impact at 354 full-time, part-time, and temporary jobs in Juneau, with total annual payroll of \$5.4 million.



Wearable Art Show (Photo Credit: Juneau Empire).

Business Sales and Tax Base

The strength and diversity of a community’s tax base is a measure of economic activity and the vitality of the economy. Local tax revenue collected is an important component of the funding that supports city government services and maintenance of public facilities and infrastructure. Local tax revenue typically accounts for about 30 percent of the CBJ General Government operating revenue.

- CBJ took in \$44 million in property tax revenue and \$42 million in sales tax revenue in FY2013.
- In nominal dollars, Juneau sales and property tax receipts have been rising over the last decade though sales tax took a 10 percent dip in 2009. The average annual growth rate between 2004 and 2013 for sales tax revenue was 3.0 percent and for property tax revenue was 4.3 percent.
- However, sales tax revenue to the CBJ has not been keeping pace with inflation. Real sales tax revenue in 2013 was about 9 percent below the 2007 and 2008 levels, and also slightly below 2011 and 2012.
- Property tax revenue has just been keeping pace with inflation, i.e., no real growth or decline over the past five years. Real property tax revenues during the 2007 through 2012 period were consistently in the \$43 million to \$44 million range.

- In 2013 a total of \$2.39 billion in gross sales was reported to the CBJ (for purposes of sales tax collection). After adjusting for inflation, business sales increased at an annual average rate of about 3 percent between 2004 and 2013, though the growth trend was interrupted in 2009 when gross sales dropped by more than \$100 million over a 12 month period.
- A total of 3,162 businesses reported gross sales in 2012 (the most recent data available showing sales by level). One-third of those businesses (1,064) are small, with annual sales of less than \$10,000. At the other end of the spectrum, 40 business reported annual sales of more the \$10 million in 2012.
- The number of businesses reporting sales in Juneau has changed little over the past ten years, ranging from a low of 3,077 to a high of 3,166.
- The effective sales tax rate on gross sales decreased from 2.19 percent in 2004 to 1.75 percent in 2013. If Juneau’s gross sales were taxed at the same effective rate in 2013 as they were in 2004, an extra \$10 million in tax receipts would have been generated. The difference between 2004 and 2013 in senior sales tax exemptions was \$1.7 million, leaving \$8.8 million in taxes not collected in 2013 as a result of other exemptions when compared to 2004. One reason is that the cap of \$7,500 on any individual sale (\$375 in sales tax) has been fixed at that rate for several years while inflation acts continuously to increase the nominal value of gross sales. Further analysis is needed to identify other reasons for the declining effective sales tax rate.
- Juneau’s undeveloped taxable acreage (essentially Juneau’s undeveloped privately owned land) has remained at about 45 percent of the total taxable land base over the past decade. In 2013 there were 5,800 undeveloped acres. Only about one-third of that 5,800 acres is on the road system. Most (65 percent) of the undeveloped land is zoned Rural Reserve, and just over one-quarter (1,648 acres) is zoned for Residential use (of this 180 acres is on Shelter Island).
- When all types of residential development are considered together, between 2004 and 2013, the number of parcels with residential development increased by almost 6 percent and the amount of acreage developed for residential purposes increased by just over 4 percent. Between 2004 and 2013, Juneau’s population grew by 6 percent.
- The assessed value of all types of development in Juneau increased over the last decade. However, during the 2008 through 2013 period the value of commercial property decreased by 4 percent. Valuation change for residential property was flat to slow with condo valuation stagnant despite some new units built. Residential property and apartments appreciated by 3 percent and 4 percent, respectively. During this same five-year period the assessed value of industrial property increased significantly.



*Construction in Statter Harbor
(Photo Credit: Andy Wink).*

Cost of Living

The cost of living is an important factor in household economic well-being and in business development. Areas with relatively high living costs (relative to other others and relative to local income levels) are at a competitive disadvantage in terms of attracting new residents, new employees, and new business.

- While the cost of living is higher in Juneau than many other communities, median household and family incomes in Juneau are also higher, so cost of living indices tend to overstate the real relative cost of living differential in Juneau.
- An analysis conducted for purposes of this study compared Juneau’s cost of living and median incomes with six Lower 48 communities (Bellingham, Boise, Colorado Springs, Flagstaff, Laramie, and Olympia). The analysis indicates that after equalizing for median income, Juneau’s overall cost of living is less than four of the six communities, while in the unadjusted cost of living data all six were lower than Juneau.
- Regardless of how Juneau compares to other communities “at the median,” high living costs, especially high housing costs, can be particularly burdensome for lower-income individuals and families. Mortgage lenders typically impose a limit of 28 percent of household income allowable for housing payments, including principal, interest, taxes and insurance, or 36 percent total debt-to-income. For renters, according to the U.S. Department of Housing and Urban Development) “Families who pay more than 30 percent of their income for housing are considered cost burdened and may have difficulty affording necessities such as food, clothing, transportation and medical care.”
- A significant segment of Juneau’s population resides in housing situations that could be characterized as unaffordable (or at least outside guidelines for affordability). According to ACS data, 35.4 percent of Juneau home owners with mortgages spend more than 30 percent of their household income on housing (not including utilities or basic maintenance), including 21.6 percent who pay more than 35 percent. Among renters, 42.5 percent pay more than 30 percent of their household income for rent, including 32.4 percent who pay more than 35 percent.



Franklin Street (Photo Credit: Devita Writer).

Summary

The *Juneau Economic Plan Economic Baseline Report* is a working document intended to serve as a repository for data, other information, and economic analysis that supports the formation of Juneau’s 10-year strategic economic development plan. The full report may be revised or updated as warranted during the next phases of the planning process, particularly as economic development priorities are established. This executive summary provides a range of high-level information that is intended to provide a brief snapshot of conditions and trends in the local economy. Readers are encouraged to view the full report to gain a more detailed perspective on local economic conditions.

Purpose and Scope

The purpose of this economic baseline report is to describe trends in Juneau’s economy, identify the forces that drive those trends, and to consider the direction of Juneau’s economy over the next decade. Results from this report are intended for use in development of a 10-year strategic economic development plan for Juneau (the *Juneau Economic Plan*).

Sources and Methods

The Juneau economic baseline report investigates overall trends in the local economy, and then isolates and analyzes specific features of the economy to develop a comprehensive, in-depth understanding of key drivers, as well as potential directions the economy may take over the next ten years.

A first step in this process was compilation of all available data that reflects trends and conditions in Juneau’s economy. This included collection and analysis of data regarding population demographics, employment, wages, personal income, business sales, and a variety of industry-specific trends. Data sources include the U.S. Census and American Community Survey, Bureau of Economic Analysis, and Bureau of Labor Statistics; various state agencies, including the departments of Labor and Workforce Development, Fish and Game, Revenue, Commerce, Community and Economic Development; and local sources, including the CBJ.

In addition to this economic information, this report considers industry-level conditions and trends, with a focus on Juneau’s key “basic” industries. These industries include the visitor, mining, and seafood sectors; other private sectors, such as business and professional services, finance, construction, and health care; and state and federal government. Other sectors, including retail and arts and culture, are also included in this analysis.

Report Organization

This report is organized into three main sections:

Chapter 1 – Current Economic Conditions and Trends includes personal and household income, employment and earnings, labor force characteristics (including residency), and employer statistics.

Chapter 2 - Demographics profiles the Juneau population. Demographic information in this section describes population trends and projections, including special attention to aging trends, and household characteristics.

Chapters 3 and 4 – Key Industry Profiles details the condition of each of Juneau’s key industry sectors, including information on employment and earnings. Chapter 3 focuses on the public sector, while Chapter 4 focuses on the private.

Chapter 5 – Tax Revenue and Trends reports on trends in Juneau’s taxable sales, property assessments, and taxes generated.

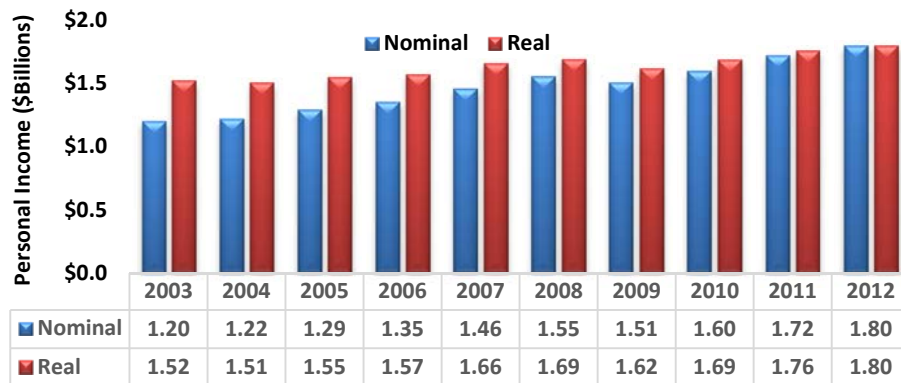
Chapter 1: Conditions and Trends in Juneau’s Economy

This chapter reports on the economic conditions and trends that are necessary to describe Juneau’s economy. A variety of measures, including personal income, employment, payroll, business sales, and others, are presented.

Personal Income

In 2012, personal income in Juneau totaled \$1.8 billion. This number includes personal income for Juneau residents only; it does not include income earned by non-resident workers working in Juneau. In terms of inflation-adjusted (“real”) dollars, total personal income grew by a total of 18 percent between 2003 and 2012. Over that ten-year period, growth was interrupted in 2009 (during the global recession), but otherwise increased annually. Between 2009 and 2012, total personal income increased at an average annual rate of 3 percent.

Figure 1. Juneau Resident Personal Income, Nominal and Inflation-Adjusted (Real), \$Billions, 2003 – 2012



Source: Bureau of Economic Analysis.

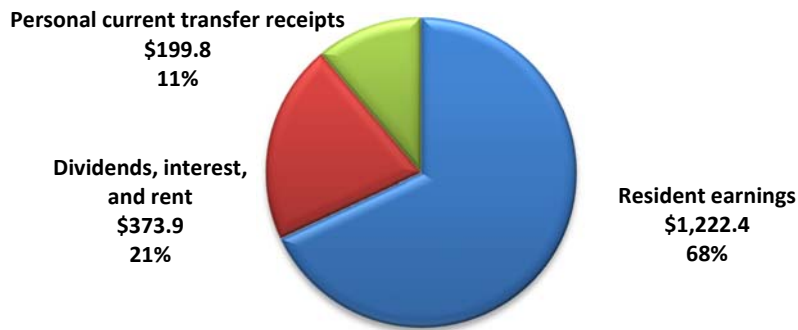
From 2003 to 2012, Juneau’s personal income growth of 18 percent lagged behind personal income growth in Alaska overall. Total personal income in Alaska increased 26 percent over the ten-year period. However, personal income growth in Juneau between 2009 and 2012 (11 percent total increase) was slightly higher than the statewide increase of 9 percent.

Total personal income includes three broad categories of income: resident earnings; dividends, interest, and rent; and personal current transfer receipts (also known as transfer payments). “Resident earnings” refer to the income earned by Juneau residents from employment (or from a business). “Dividends, interest, and rent” describes investment income, such as dividend income from stock ownership (including dividends paid to retirement plans), interest earned on savings accounts and bonds, and rental income from property ownership. “Personal current transfer receipts” are payments from government to individuals, including Medicare and

Medicaid payments, Social Security payments, food stamps, and similar payments. This category also includes Permanent Fund dividend payments.

Resident earnings accounted for 68 percent of Juneau resident total personal income in 2012; dividends, interest and rent for 21 percent; and transfer receipts for 11 percent.

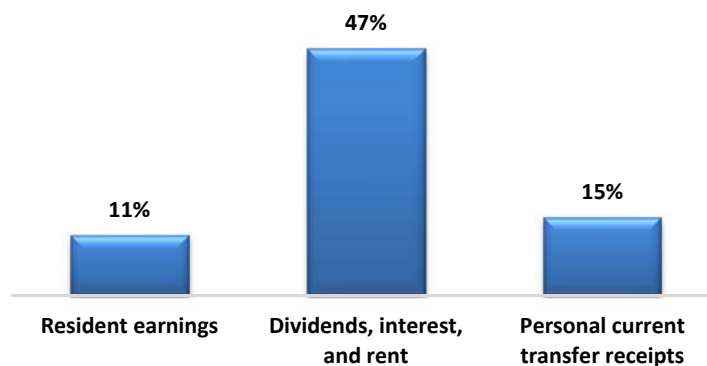
Figure 2. Juneau Resident Personal Income, by Source, in \$Millions, 2012



Source: Bureau of Economic Analysis.

Between 2003 and 2012, Juneau resident personal income from dividends, interest, and rent grew at a much faster rate (47 percent total increase) than the other two primary sources of income. Over the ten-year period, income from resident earnings increased 11 percent, and transfer receipts were up a total of 15 percent. Statewide, real resident earnings increased 21 percent; dividends, interest, and rent were up 46 percent; and transfer receipts were up 29 percent.

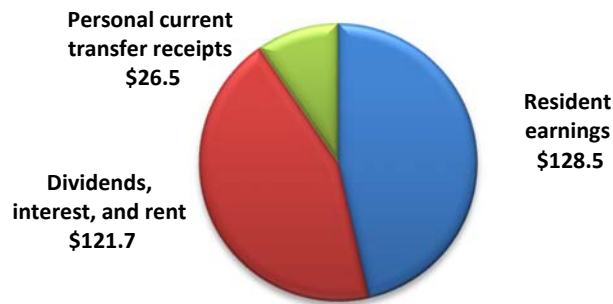
Figure 3. Growth in Juneau Resident Personal Income, Percent Change, 2003 – 2012



Source: Bureau of Economic Analysis.

Between 2003 and 2012, Juneau’s total real personal income increased by \$277 million. This includes \$128.5 million in earnings, \$121.7 million in dividends interest and rent, and \$26.5 million in transfer receipts.

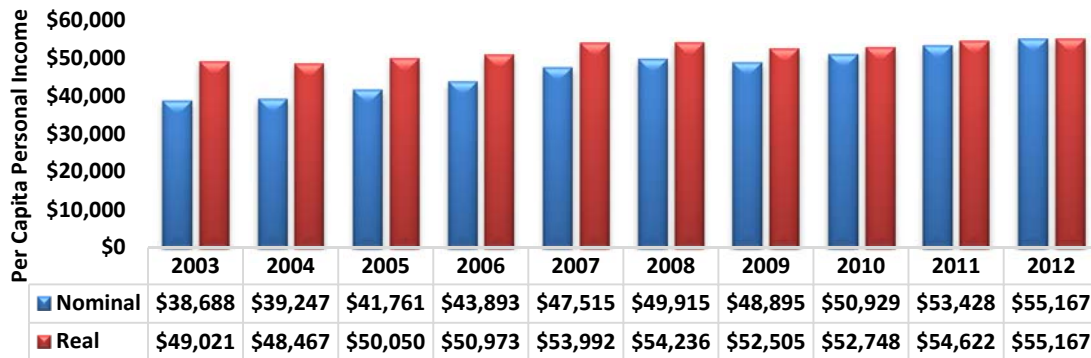
Figure 4. Growth in Juneau Resident Personal Income, in \$Millions, 2003 – 2012



Source: Bureau of Economic Analysis.

Real per capita personal income increased 13 percent in Juneau between 2003 and 2012. Per capita personal income in Juneau was \$55,167 in 2012. This is a measure of total personal income divided by Juneau’s total population. Similar to trends in total personal income, per capita income in Juneau has steadily increased, with the exception of a decline in 2009.

Figure 5. Juneau Resident Per Capita Personal Income, Nominal and Inflation Adjusted (Real) Dollars, 2003 – 2012



Source: Bureau of Economic Analysis.

Per capita personal income in Juneau in 2012 was 12 percent above the statewide level of \$49,436, and 26 percent above the national level of \$43,735.

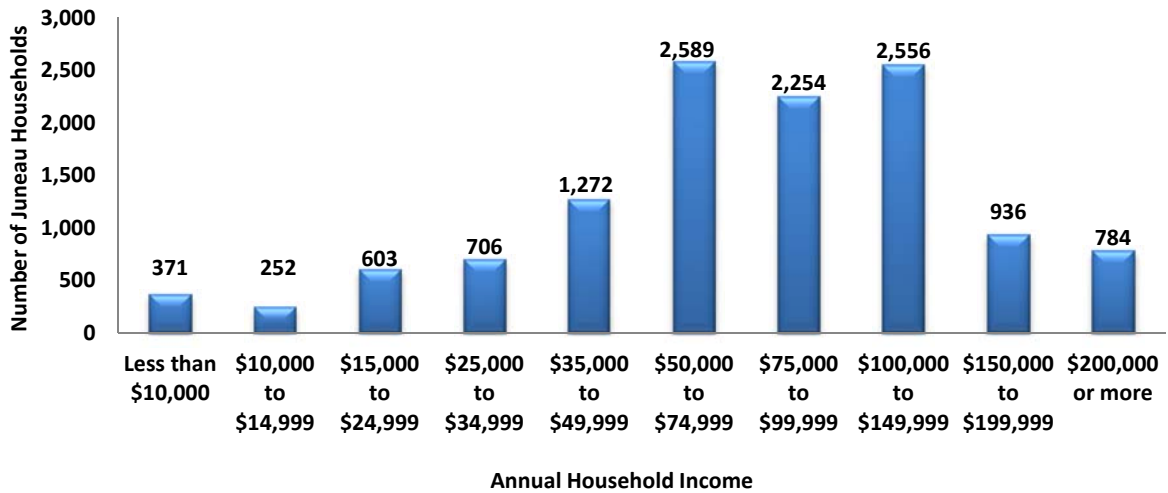
Juneau males aged 15 and over with income had median income of \$44,243, while females had median income of \$33,279, based on 2010-2012 ACS data.

Household Income

According to the Census Bureau’s American Community Survey (ACS), Juneau’s median household income is \$78,947 (based on 2008-2012 ACS data). Mean (average) household income is estimated at \$95,433. Juneau’s median household income is 13 percent above the Alaska statewide median of \$69,917. U.S. median household income was \$51,371 in 2012.

The distribution of Juneau households across various annual income levels is illustrated in the following chart. Among Juneau’s 12,323 households, annual income for one-fifth (21 percent) was between \$50,000 and \$75,000, 18 percent had income between \$75,000 and \$100,000, and another fifth (21 percent) had income between \$100,000 and \$150,000.

Figure 6. Number of Juneau Households by Annual Income



Source: American Community Survey, 2008-2012.

Included among Juneau’s 12,323 households are 7,955 family households (a family household is a group of two people or more related by birth, marriage, or adoption and residing together). The median income among Juneau family households is \$92,002, with a mean of \$110,154. Juneau’s median family income is 12 percent above the statewide median of \$81,572 and 47 percent above the U.S. median of \$62,527.

Figure 7. Number of Family Households by Annual Income



Source: American Community Survey, 2008-2012.

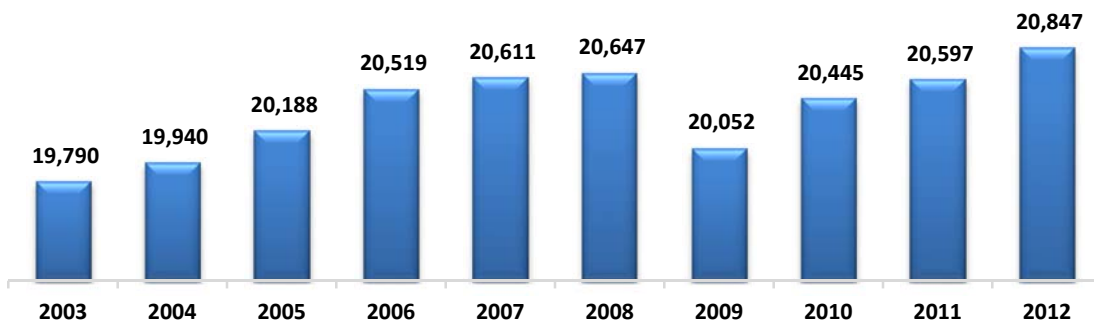
Alaska Native median family income in Juneau is estimated at \$60,208, about one-third below the community-wide family household median income. (It is important to note that this estimate has a margin of error of \pm \$18,348, according to ACS.)

Also according to 2008-2012 ACS data, 6.4 percent of Juneau’s population lives below the federally-defined poverty level. Statewide, 9.6 percent of the population is below the poverty level, and nationally 14.6 percent are below the poverty level. Federally defined poverty levels vary with household size. They are not adjusted to account for geographic cost of living differentials. As such, the number of Juneau residents living below the poverty line, as measured by the federal government, understates poverty relative to communities elsewhere in the country that have a lower cost of living.

Employment and Earnings

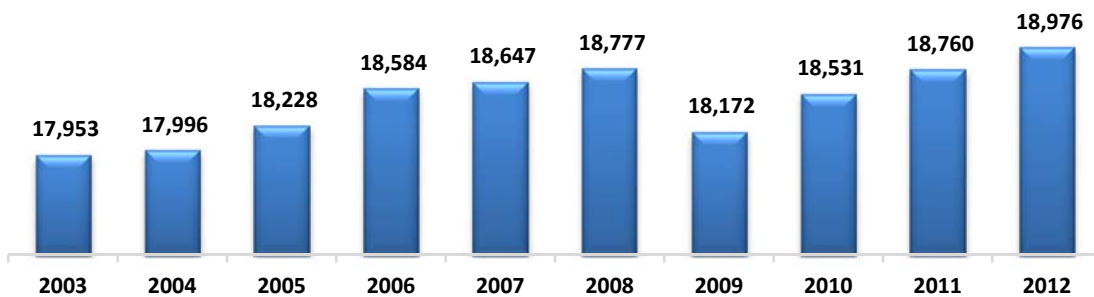
The Bureau of Economic Analysis provides two measures of employment in Juneau, including wage and salary employment and proprietor employment (self-employed). According to BEA, data employment in Juneau in 2012 (the most recent available data) totaled 20,847 jobs, including 18,976 wage and salary positions and 1,871 proprietors. Based on this data wage and salary employment has increased steadily since 2009, following a 600 job drop between 2008 and 2009.

Figure 8. Juneau Total Employment, 2003 – 2012



Source: Bureau of Economic Analysis.

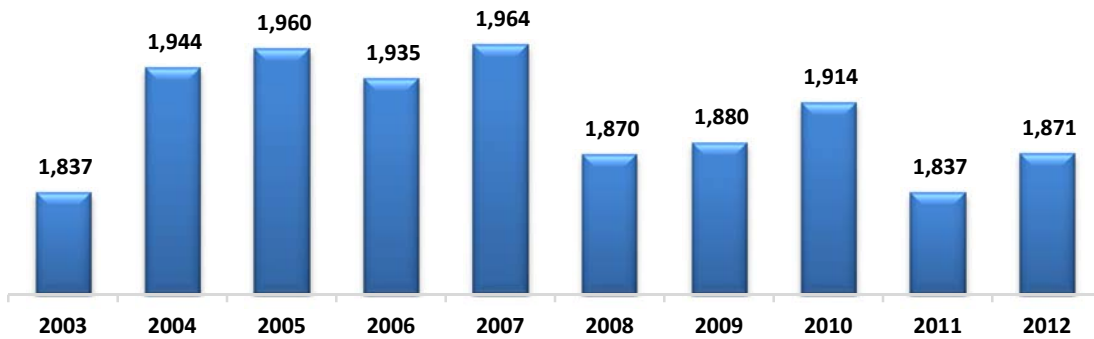
Figure 9. Juneau Wage and Salary Employment, 2003 – 2012



Source: Bureau of Economic Analysis.

The number of proprietors employed in Juneau has been reasonably steady at between 1,800 and 1,900 over the past several years.

Figure 10. Juneau Proprietor’s Employment, 2003 – 2012



Source: Bureau of Economic Analysis.

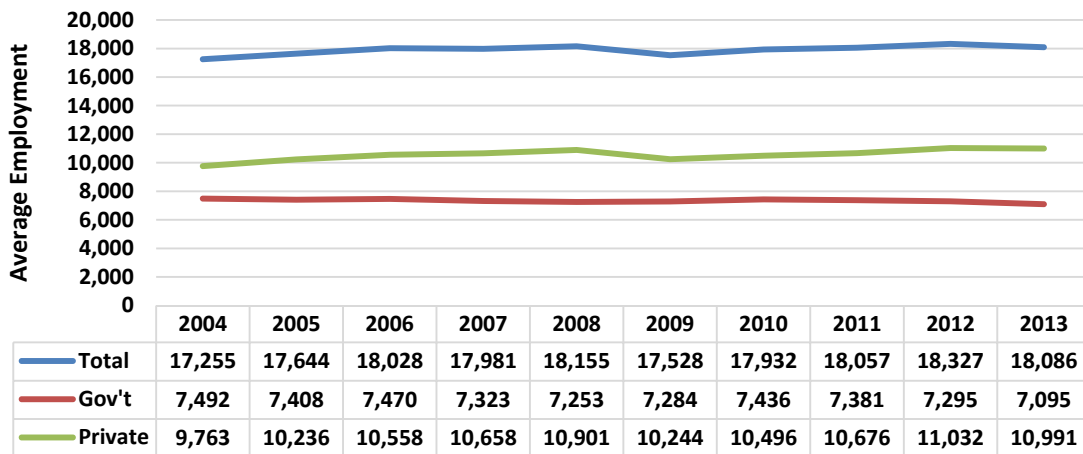
Wage and Salary Employment

Wage and salary employment data from the Alaska Department of Labor and Workforce Development (ADOLWD) provides a generally reliable and up-to-date measure of employment and wage trends. ADOLWD’s QCEW data does not account for all jobs; it excludes uniformed military personnel (such as the Coast Guard), commercial fishermen, and other self-employed “proprietors.” Nevertheless, this data set captures over 80 percent of all jobs in Juneau.

TEN-YEAR TRENDS

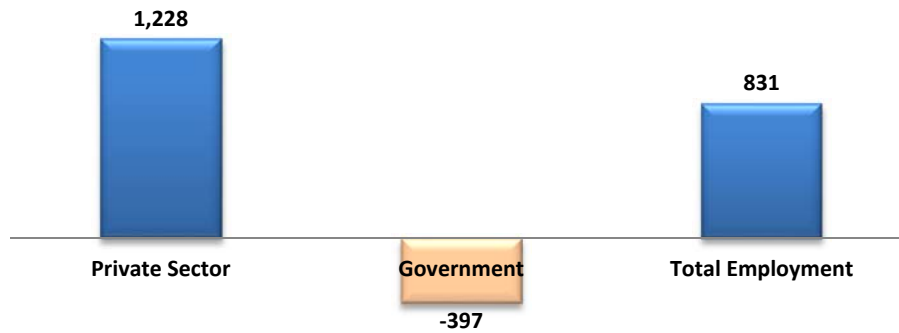
In 2013, wage and salary employment in Juneau totaled 18,086. Individuals holding these jobs earned an annual total of \$881 million in wages. Employment grew slowly in Juneau between 2004 and 2013, increasing at an annual rate of about 0.5 percent. The total increase over the ten-year period was 831 jobs. However, this includes a decline in the government sector of 397 jobs and an increase in private sector employment of 1,228 jobs.

Figure 11. Juneau Wage and Salary Employment, 2004 – 2013



Source: ADOLWD.

Figure 12. Change in Juneau Employment, 2004 – 2013



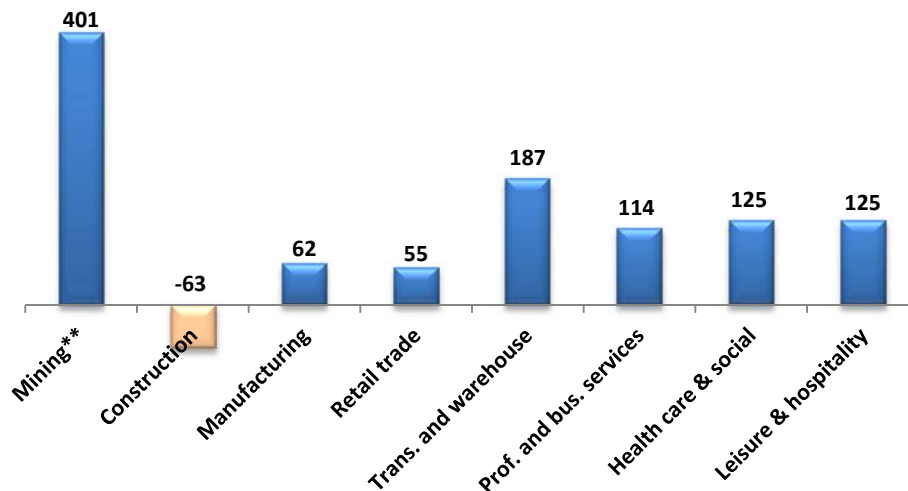
Source: ADOLWD.

Within Juneau’s private sector, only the construction industry had lower employment in 2013 than in 2004. Mining experienced the most growth over the ten year period, both proportionately and in terms of total new jobs. The mining sector added just over 400 jobs between 2004 and 2013, a nearly 150 percent increase (the result of expansion of Greens Creek and Kensington mine development).

Other growing sectors in Juneau’s economy included transportation (primarily due to visitor industry-related growth), health care and social assistance (health care has been one of the fastest growing sectors in Alaska’s economy in terms of employment), and professional and business services (a sector that includes engineering firms, architects, accountants, legal services, etc.).

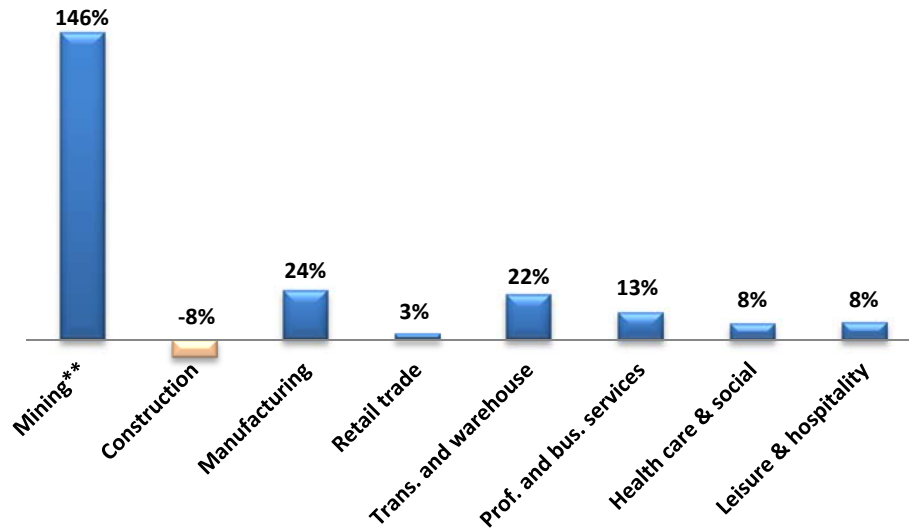
Detailed information regarding conditions in Juneau’s key industries is provided in a following chapter in this report.

Figure 13. Change in Juneau Private Sector Employment, 2004 – 2013



** Data for Mining were not able to be disclosed for 2013, so data in the graph above is from 2012.
Source: ADOLWD, compiled by McDowell Group.

Figure 14. Percent Change in Juneau Private Sector Employment, 2004 – 2013

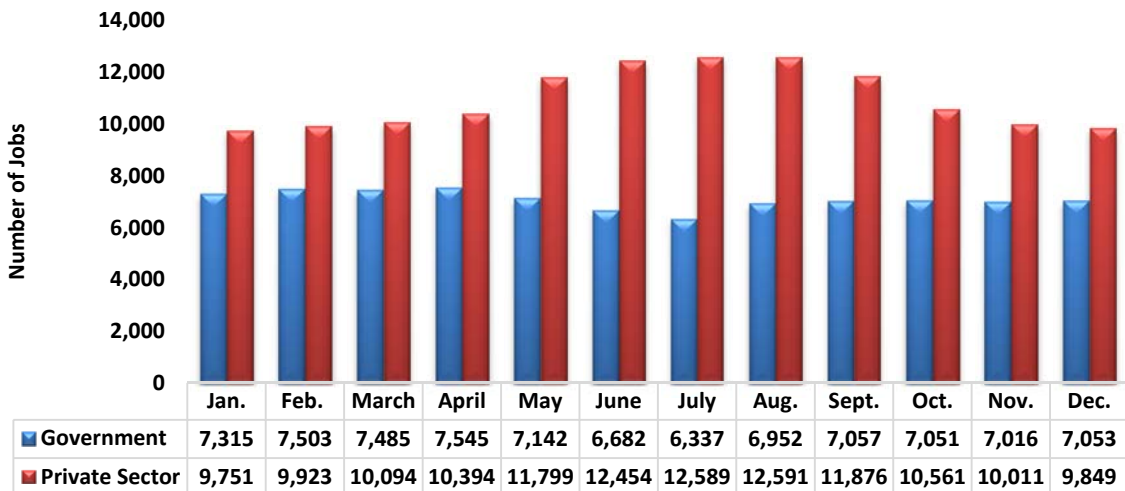


** Data for Mining were not able to be disclosed for 2013, so data in the graph above is from 2012.
 Source: ADOLWD, compiled by McDowell Group.

Private sector wage and salary employment in Juneau is quite seasonal, rising in 2013 from a winter low-point of 9,751 jobs (in January) to an August high of 12,591. That represents a 30 percent change in employment over the course of the year.

Government sector employment is actually counter-cyclical to the private sector. In 2013, government employment was at its highest in April (7,445 jobs) and at its lowest in July (6,337 jobs). The change is due largely to reduced school district employment in the summer.

Figure 15. City and Borough of Juneau Government and Private Sector Wage and Salary Employment, by Month, 2013



Source: ADOLWD.

RECENT TRENDS

Average employment in 2013 was about 241 jobs below the average of 2012. Most of the decline is in the government sector, including 101 fewer local government jobs and 68 fewer federal government jobs. The private sector reported 41 fewer jobs in 2013 compared to 2012.

Wages in Juneau

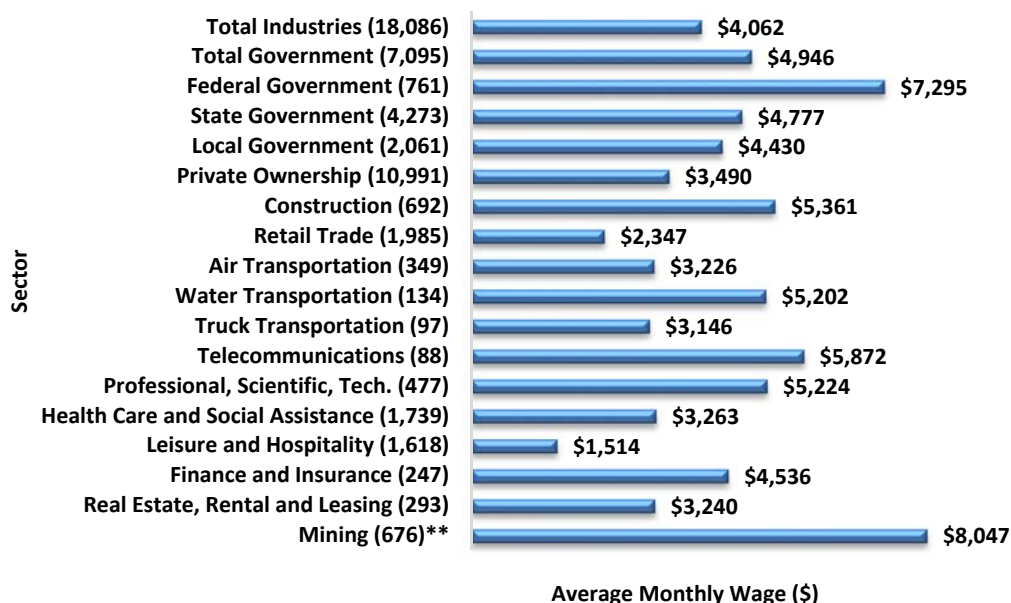
AVERAGE MONTHLY WAGES

ADOLWD’s Quarterly Census of Employment and Wages (QCEW) data also provides detailed information regarding average monthly wages paid in various sectors of the economy. For 2013, the average monthly wage among all jobs in Juneau was \$4,062. This included a government sector average of \$4,946 and private sector average of \$3,490.

Within the government sector, federal government pays (by a wide margin) the highest monthly wages, at an average of \$7,295 (annualized to \$87,540). State government pays an average \$4,777, while local government pays an average of \$4,430 per month. In addition to jobs associated with city administration, local government includes the school district, Bartlett Regional Hospital, and tribal government.

In the private sector, mining provides the highest wages, averaging \$8,047 per month (based on 2012 data). Other relatively high wage sectors include construction (\$5,361), telecommunications (\$5,872), water transportation (\$5,202), and the “professional, scientific and technical” sector (\$5,224). Lower-paying sectors include leisure and hospitality (\$1,514) and retail trade (\$2,347). Both these sectors have relative high proportions of part-time workers, which brings down average monthly wage figures. The leisure and hospitality sector (which includes, restaurants, bars, and hotels) should not be considered synonymous with the visitor industry. The visitor industry includes jobs in air and water transportation, as well as jobs in the retail sector.

Figure 16. Average Monthly Wages in Juneau, by Sector (Number of Jobs in Sector), 2013

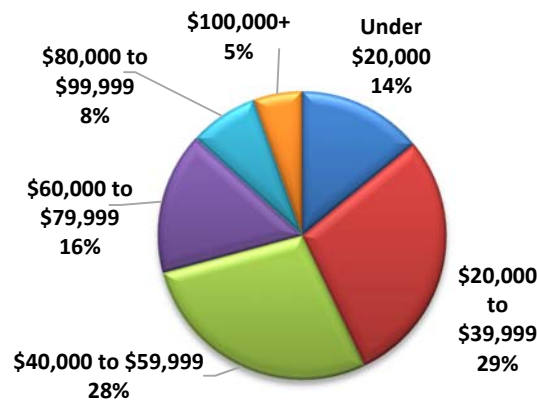


**Based on 2012 data. Source: ADOLWD.

WAGE DISTRIBUTION, BY AMOUNT OF MONTHLY WAGE

Another way to examine wages in Juneau is to consider the number of workers at various wage categories. ADOLWD conducted a special analysis of wage distribution in Juneau’s economy, focusing on workers with wages in all four quarters of 2012 (the analysis includes resident and non-resident workers). The analysis found that, of the 13,513 workers who were employed in Juneau in all four quarters of 2012, 14 percent earned total wages of less than \$20,000. About equal numbers of workers earned between \$20,000 and \$40,000 (29 percent) and between \$40,000 and \$60,000 (28 percent). At the other end of the wage spectrum, five percent of Juneau workers earned more than \$100,000.

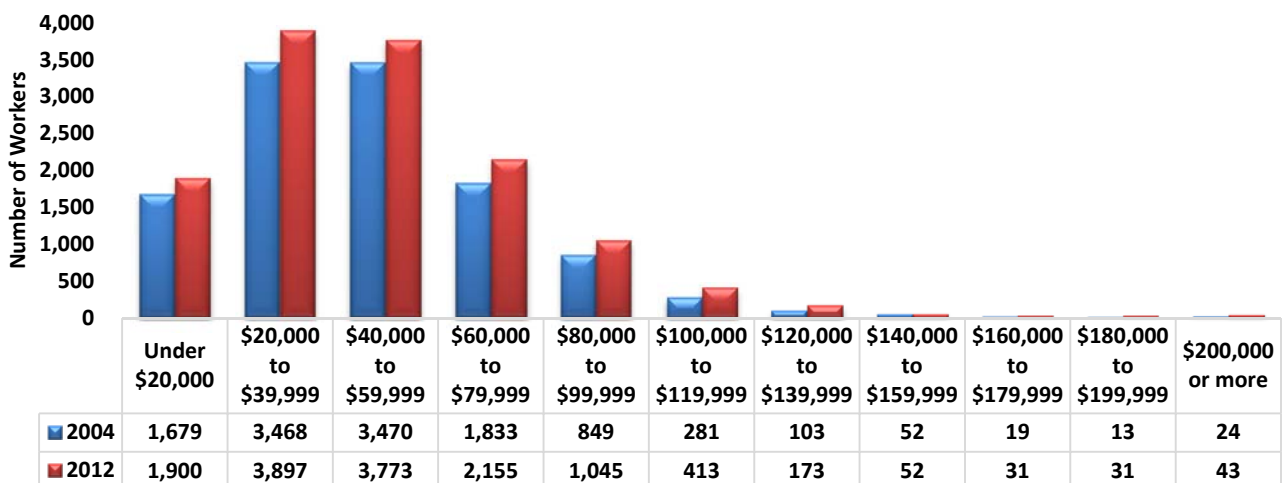
Figure 17. Wage Distribution in Juneau, By Annual Wage Category, 2012



Source: ADOLWD.

The wage distribution analysis also examined changes between 2004 and 2012. The analysis found very little change in the distribution of annual wages over the ten year period.

Figure 18. Wage Distribution in Juneau, By Annual Wage Category, 2004 and 2012



Note: Includes both resident and non-resident workers with wages in all four quarters of the year. Wages in 2004 were adjusted using 2012 dollars.

Source: ADOLWD.

OTHER WAGE TRENDS

Overall, average wages paid in Juneau have been keeping ahead of inflation. The average monthly wage paid in Juneau in 2003 was \$3,824, as measured in inflation-adjusted 2012 dollars. The monthly average in Juneau in 2012 was \$3,935, about 3 percent above the 2003 average. Real average government sector wages increased from \$4,539 to \$4,794 over the same ten year period, while private sector wages increased from \$3,261 to \$3,367. Wage data for 2003 was adjusted to 2012 values using the Anchorage Consumer Price Index (CPI).

Labor Force Residency

In 2012, 30 percent of the Juneau work force was non-resident, including workers from outside Alaska and workers from elsewhere in the state. The local labor force (not counting federal government workers and the self-employed) totaled 21,394 workers in 2012, including 2,586 non-local residents and 3,806 non-Alaska residents. There were 15,002 Juneau residents in the labor force in 2012. Statewide, 20.4 percent of the 2012 labor force was non-resident.¹

Non-Juneau residents working in Juneau earned a total of \$167 million in wages in 2012. Juneau resident wages totaled \$600 million.

Juneau's private sector workforce of 14,141 included 8,766 local residents, 1,975 non-local Alaska residents, and 3,400 non-Alaska residents. Non-local residents accounted for 38 percent of the private sector labor force and 31 percent of private sector wages. In total 5,375 non-local residents earned \$134 million in private sector wages in 2012. Juneau residents earned \$301 million in total private sector wages.

Non-residents are much more likely to hold seasonal jobs and therefore earn less in Juneau on an annual basis. Juneau resident workers earned an average of \$34,300, while non-local Alaskans earned an average of \$31,342 and non-Alaskans earned \$21,265.

Alaska economic sectors that typically employ high percentages of non-residents include seafood processing, the oil and gas industry, mining, construction, and various sectors within the visitor industry. Seafood processing employment in Juneau in 2012 included a total of 435 total workers who earned \$5.0 million in wages, including 317 non-resident workers (73 percent) and \$3.0 million in non-resident wages (60 percent).

Data is not available for non-resident participation in other specific Juneau industries, though statewide data serves as a reasonable proxy, in most instances. Statewide, metal mining employment was 38 percent non-resident in 2012. Non-resident participation in the mining industry has increased in recent years as the demand for suitably skilled labor has increased. The industry added 400 new jobs between 2001 and 2012. Juneau's mine workforce likely has lower non-resident participation, as daily commutes from town to the mines are possible, unlike the remote Red Dog and Pogo mines.

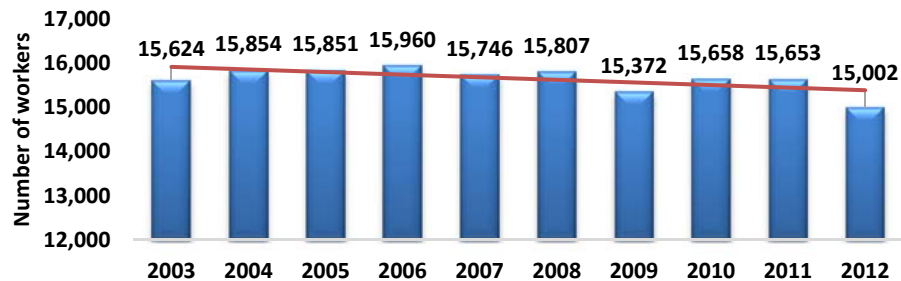
Statewide, Alaska's construction industry workforce was 23 percent non-resident in 2012. Several visitor-affected sectors are above the statewide average: air transportation workers are 22 percent non-resident, scenic and sightseeing transportation 52 percent, accommodations (hotels and lodges) 42 percent, and food services and drinking places 25 percent.

¹ *Residency of Alaska Workers, 2012*. ADOLWD, Research and Analysis Section, 2014.

TRENDS IN WORKFORCE RESIDENCY

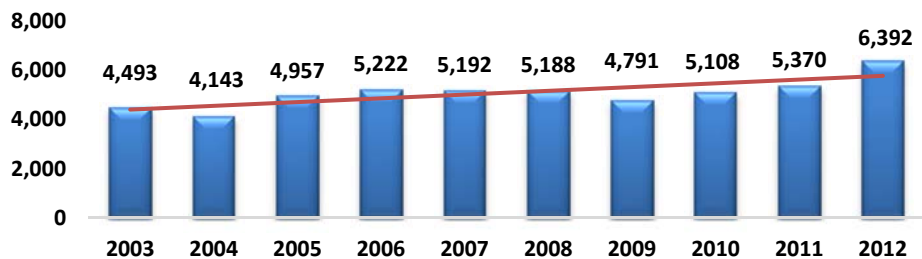
The 15,002 Juneau residents in the local work force represented the lowest number of workers in the ten years examined in this study. During the 2003 through 2012 period, resident labor participation peaked at nearly 16,000 workers in 2006. Since then the local resident labor force has decline by more than 950 workers, a decline of about 6 percent. Meantime Juneau’s population has been rising slowly. The result is a workforce participation rate that declined from 52 percent in 2006 to just under 46 percent in 2012. Meantime, the number of non-residents in the Juneau workforce has increased by 1,170 since 2006 and by 1,900 since 2003.

Figure 19. Juneau Total Resident Workers, 2003 – 2012



Source: ADOLWD.

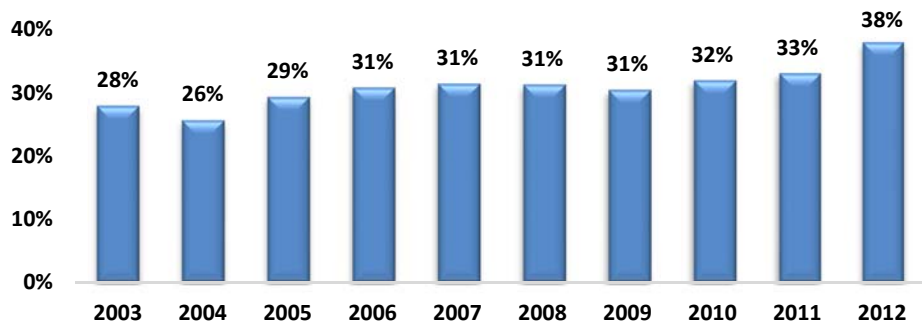
Figure 20. Juneau Total Non-Resident Workers, 2003 – 2012



Source: ADOLWD.

The increase in non-resident participation in the Juneau workforce is even more pronounced in the private sector. Between 2003 and 2012, non-residents participation increased from 28 percent to 38 percent.

Figure 21. Juneau Non-Resident Workers as Percentage of Total Private Sector Workforce, 2003 – 2012



Source: ADOLWD.

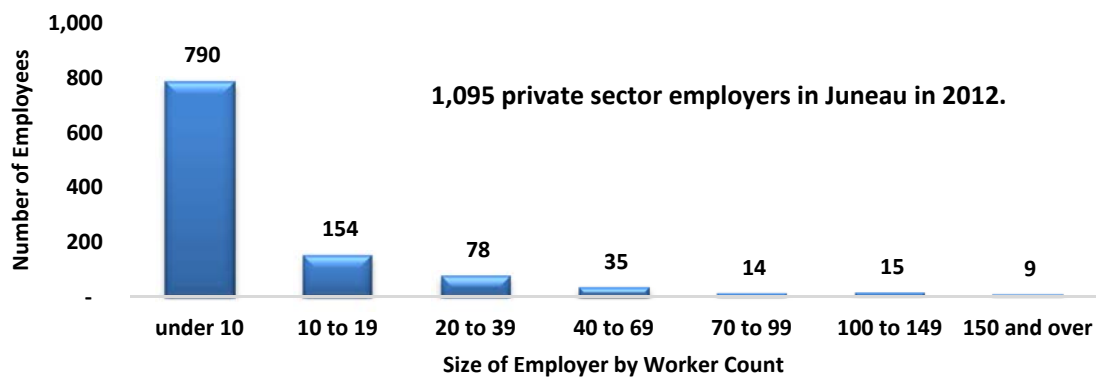
Profile of Juneau Employers

In 2012, 1,095 private sector firms reported employment in Juneau (all businesses with employees are required to report number of workers and wages to ADOLWD each quarter). Seven in ten employers (72 percent) had fewer than 10 workers. These small businesses had a total of 2,694 employees who earned a total of \$75 million in annual wages.

Another 14 percent of Juneau’s employers had between 10 and 19 workers. Firms in this size class had 2,081 employees in total and accounted for \$59 million in annual wages.

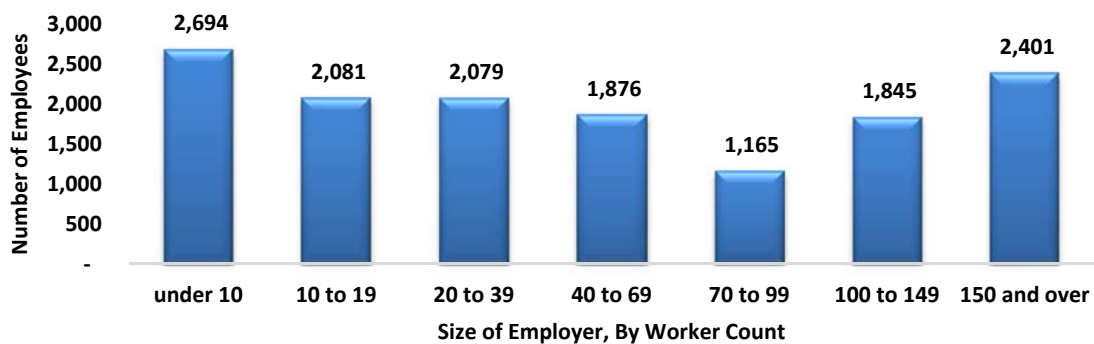
Juneau had 24 private sector employers with 100 workers or more, including nine firms with 150 or more. ADOLWD cannot disclose the identity of these employers due to confidentiality restrictions. However, it is likely that Hecla/Greens Creek Mine, Coeur/Kensington Mine, SEARHC, CCTHITA, Reach, Catholic Community Services, Fred Meyer, and Walmart are among these largest private sector employers. The 24 firms that each employed more than 100 workers in Juneau employed a collective total of 4,246 workers in 2012, who earned a total of \$151 million in annual wages.

Figure 22. Number of Juneau Private Sector Employers, By Size Class (Worker Count), 2012



Source: ADOLWD

Figure 23. Total Juneau Employees, By Size of Employer, 2012

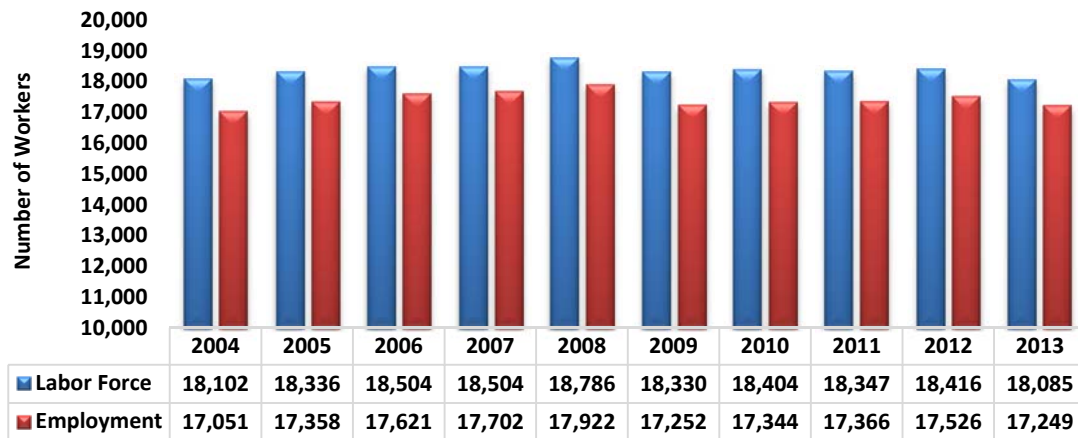


Source: ADOLWD

Labor Force and Unemployment

ADOLWD labor force data used to calculate unemployment rates provides additional measures of employment trends in Juneau. The labor force data presented below differs from the resident/non-resident labor force data presented elsewhere in this report in that this data includes all Juneau residents in the labor force, including federal government workers and the self-employed. It also includes Juneau residents who work outside the community. This data indicates that in 2013, there were 18,085 Juneau residents in the labor force, 17,249 who were actually employed. Both the number of residents in the labor force and the number employed are at or near low points for the past decade.

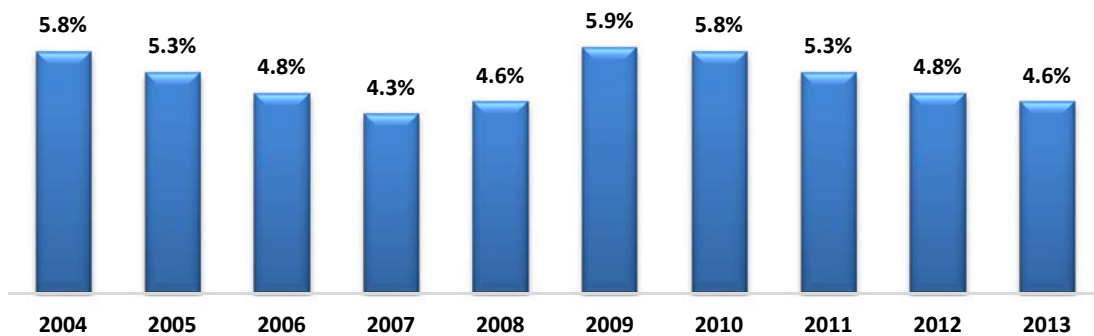
Figure 24. Juneau Labor Force and Employment, 2004 – 2013



Source: ADOLWD.

Juneau’s unemployment rate dropped to 4.6 percent in 2013, the lowest point since 2007. Juneau’s unemployment rate in 2013 was lower than the Alaska average (6.5 percent) and the national average (7.4 percent). In 2013, the unemployment rates in some other urban areas of Alaska were somewhat higher than in Juneau: 5 percent in Anchorage and 5.8 percent in Fairbanks.

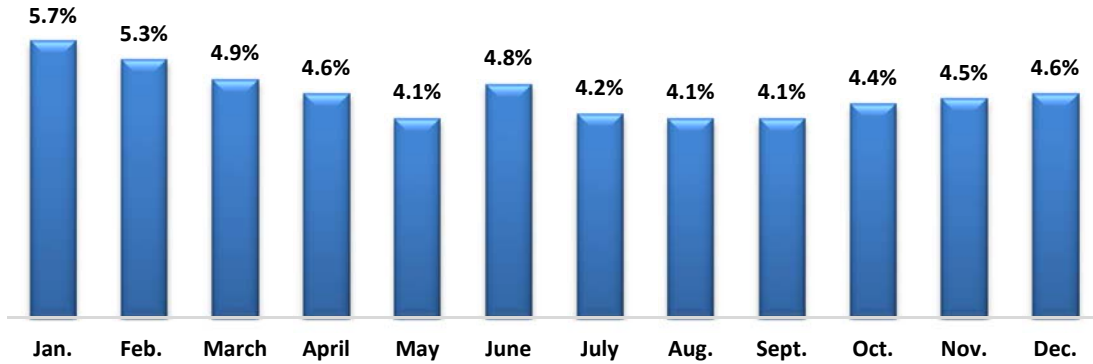
Figure 25. Juneau Annual Average Unemployment Rate, 2004 – 2013



Source: ADOLWD.

The 4.6 percent annual average rate in 2013 includes a monthly high of 5.7 percent in January and a low point of 4.1 percent in August and September.

Figure 26. Juneau Monthly Unemployment Rate, 2013



Source: ADOLWD.

Business Sales

The total value of gross business sales provides another measure of trends in the Juneau economy. In 2013 a total of \$2.39 billion in gross sales was reported to the CBJ (for purposes of sales tax collection). After adjusting for inflation, business sales increased at an annual average rate of about 3 percent, between 2004 and 2013, though the growth trend was interrupted in 2009 when gross sales dropped by more than \$100 million over a 12 month period.

Some of the larger sectors, in terms of gross sales in Juneau, include general and specialized retail sales (\$394 million in 2013), professional services (\$300 million), construction contractors \$244 million), foods (\$196 million), and liquor/restaurants (\$133 million).

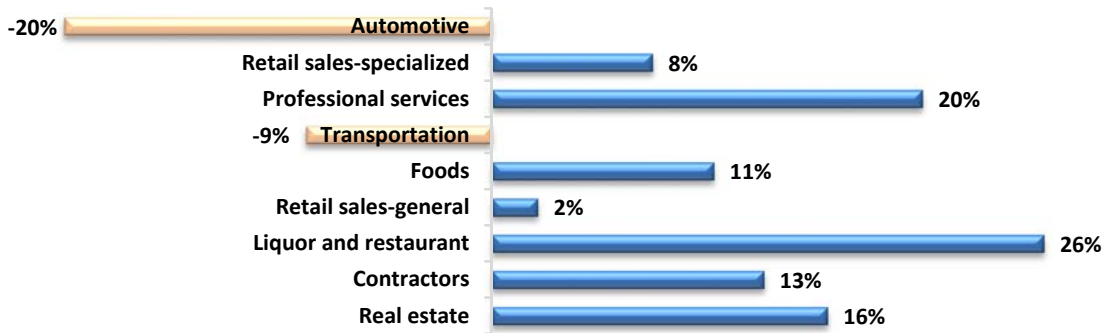
Growth in real (inflation-adjusted) dollars was mixed across sectors. Liquor and restaurant sales increased the most (relatively) rising 26 percent, followed by professional services (up 20 percent), and real estate sales (up 16 percent). The automotive sales category showed significant decline over the 2004 to 2013 period, down 20 percent. Transportation was also down (9 percent).

Figure 27. Juneau Gross Business Sales, Nominal and Real (Inflation-adjusted, \$Billions), 2004 – 2013



Source: CBJ.

**Figure 28. Juneau Gross Business Sales, Percent Change in Selected Sectors
Real Dollars (Inflation-adjusted), 2004 – 2013**

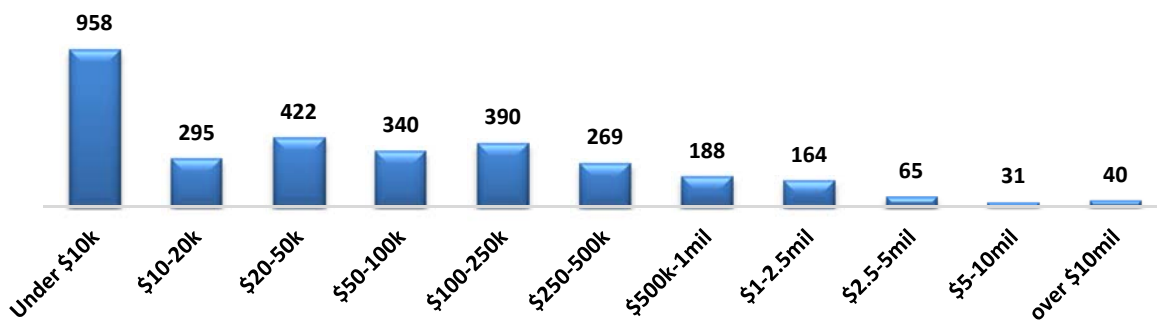


Source: CBJ.

A total of 3,162 businesses reported gross sales in 2012 (the most recent data available showing sales by level). One-third of those businesses (1,064) are small, with annual sales of less than \$10,000. At the other end of the spectrum, 40 businesses reported annual sales of more the \$10 million in 2012.

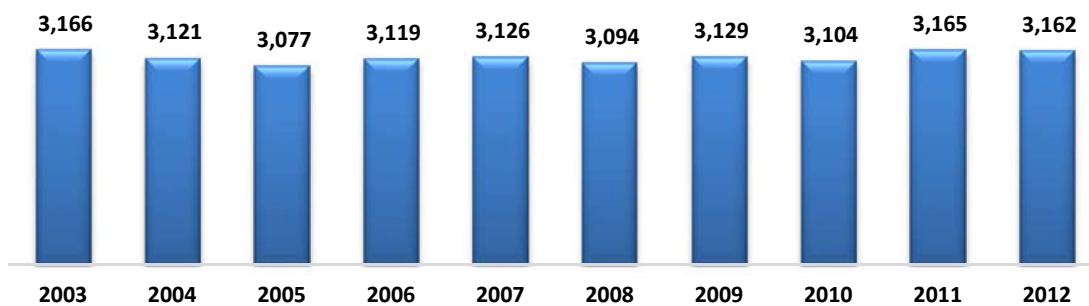
The number of businesses reporting sales in Juneau has changed little over the past ten years, ranging from a low of 3,077 to a high of 3,166.

Figure 29. Number of Juneau Businesses Reporting Sales, by Sales Level, 2012



Source: CBJ.

Figure 30. Number of Businesses Reporting Sales in Juneau, 2003 – 2012



Source: CBJ.

Cost of Living

Very little current, comprehensive cost of living data is available to assess Juneau's cost of living relative to other communities, either elsewhere in Alaska or outside the state. Though now six years out of date, McDowell Group's 2008 Alaska Geographic Cost Differential Study (GDS) provides a robust comparison between the cost of living in Juneau and other communities in the state. That study found that Juneau's cost of living was about 10 to 15 percent higher than in the Anchorage, Kenai Peninsula Borough, and Mat-Su Borough areas. The study also found that the cost of living in Juneau, Sitka, and Ketchikan was about equal between the three cities.²

The GDS did not measure the cost of living in Juneau relative to Lower 48 communities. The only on-going program intended to measure the cost of living in U.S. communities is the Council for Community and Economic Research (C2ER) ACCRA Cost of Living Index. Volunteers gather price data in participating communities for a market basket of about 60 items. The ACCRA Cost of Living Index is widely used, but has substantial limitations. For example, as described on the C2ER web site:

"The Index reflects cost differentials for professional and executive households in the top income quintile. Operationally, this standard of living is set by the weighting structure. Homeownership costs, for example, are more heavily weighted than they would be if the Index reflected a clerical worker standard of living or average costs for all urban consumers."

Further, the ACCRA Cost of Living Index does not account for sales or property taxes. Nevertheless, the ACCRA Cost of Living Index is the best data available and has some value in better understanding Juneau's cost of living relative to other areas.

As measured by the ACCRA Cost of Living Index, the cost of living in Juneau is about 34 percent above the average for all participating communities. Particular components of the household budget may be higher or lower than this percentage. For example, housing costs (which account for 27 percent of the composite index) and utilities (10 percent of the index) are measured at 62 percent above the national composite cost of living. Groceries (14 percent of the index) in Juneau are 20 percent higher, transportation (12 percent of the index) is 14 percent higher. Health care (at about 5 percent of the index) in Juneau is 47 percent above the national level.

Anchorage and Fairbanks are similarly high relative to the national average, with exceptions in certain categories. For example, the cost of utilities is substantially lower in Anchorage (a result of natural gas use) and substantially higher in Fairbanks (with more extreme winter weather conditions).

² Alaska Geographic Differential Study, 2008. Prepared by McDowell Group, Inc. for Alaska Department of Administration April 30, 2009

Table 1. Relative Cost of Living in Juneau, Anchorage and Fairbanks, Relative to National Average Index of 100, First and Third Quarters of 2013

	Juneau	Anchorage	Fairbanks
Composite (100%)	134.3	125.3	135.5
Grocery (13.6%)	120.3	113.7	121.1
Housing (27.2%)	162.4	151.8	132.4
Utilities (10.3%)	162.2	97.9	232.3
Transportation (12.4%)	113.6	107.7	114.0
Health (4.6%)	146.7	135.8	145.8
Miscellaneous (32.2%)	113.7	122.0	119.9

Source: ACCRA Cost of Living Index, Council for Community and Economic Research.

Juneau’s cost of living is significantly higher than a sample of other communities examined for purposes of this study (see table below).

Table 2. Cost of Living in Juneau and a Sample of Lower 48 Communities, Relative to National Average Index of 100, First and Third Quarters of 2013

	Juneau	Boise, ID	Bellingham, WA	Olympia, WA	Flagstaff, AZ	Colorado Springs, CO	Laramie, WY
Composite (100%)	134.3	94.1	108.8	102.9	112.8	95.7	98.6
Grocery (13.6%)	120.3	86.9	101.7	97.4	100.8	92.5	98.7
Housing (27.0%)	162.4	86.3	124.8	102.8	148.7	94.7	104.2
Utilities (10.3%)	162.2	89.7	76.4	88.1	89.6	99.9	93.2
Transportation (12.4%)	113.6	103.4	112.9	112	105.8	96.5	91.6
Health (4.6%)	146.7	103.9	111.7	120.4	99.1	102.4	106.9
Miscellaneous (32.2%)	113.7	100.1	106.7	104.2	99.9	95.2	97.3

Source: ACCRA Cost of Living Index, Council for Community and Economic Research.

This data indicates, for example, that housing costs in Boise, Idaho, are 53 percent of the cost of housing in Juneau. Similarly, the data indicates that grocery costs in the sample communities are between 72 percent and 85 percent of Juneau’s (see following table).

Table 3. Cost of Living in a Sample of Lower 48 Communities Compared to Juneau, Sample Communities as Percent of Juneau, First and Third Quarters of 2013

	Boise, ID	Bellingham, WA	Olympia, WA	Flagstaff, AZ	Colorado Springs, CO	Laramie, WY
Composite (100%)	70%	81%	77%	84%	71%	73%
Grocery (13.6%)	72	85	81	84	77	82
Housing (27.0%)	53	77	63	92	58	64
Utilities (10.3%)	55	47	54	55	62	57
Transportation (12.4%)	91	99	99	93	85	81
Health (4.6%)	71	76	82	68	70	73
Miscellaneous (32.2%)	88	94	92	88	84	86

Source: ACCRA Cost of Living Index, Council for Community and Economic Research.

While the cost of living is higher in Juneau than the national composite and in comparison to many other communities, it is important to note that median household and family incomes in Juneau are also higher than the national medians, so cost of living indexes such as the ACCRA index tend to overstate the real relative cost of living differential in Juneau. According to the Census Bureau’s American Community Survey (ACS), the median household income for Juneau is \$78,947 (based on 2008-2012 ACS data), 54 percent above the U.S. median household income of \$51,371 in 2012.

As illustrated in the following table, household and family income is substantially higher than the sample of Lower 48 communities. Median family income in Boise, for example, is only 69 percent of Juneau’s median family income, while Bellingham’s is 73 percent of Juneau’s.

Table 4. Median Household and Family Incomes in Juneau Compared to a Sample of Lower 48 Communities, 2012

	Juneau	Boise, ID	Bellingham, WA	Olympia, WA	Flagstaff, AZ	Colorado Springs, CO	Laramie, WY
Median HH Income	\$78,947	\$49,182	\$47,017	\$63,386	\$48,676	\$54,351	\$36,940
% of Juneau	100%	62%	60%	80%	62%	69%	47%
Median Family Income	\$92,002	\$63,775	\$66,886	\$76,170	\$67,302	\$68,796	\$62,794
% of Juneau	100%	69%	73%	83%	73%	75%	68%

Source: American Community Survey, 2008-2012.

In an effort to illustrate real cost of living differentials between Juneau and other communities, ACCRA cost of living differentials were adjusted to account for higher incomes in Juneau. These median family income-adjusted cost of living differentials are provided in the following table.

Table 5. Income-Adjusted Cost of Living Differentials between Juneau and a Sample of Lower 48 Communities, 2013

	Juneau	Boise, ID	Bellingham WA	Olympia, WA	Flagstaff, AZ	Colorado Springs, CO	Laramie, WY
Composite (100%)	1.00	1.01	1.11	0.93	1.15	0.95	1.08
Grocery (13.6%)	1.00	1.04	1.16	0.98	1.15	1.03	1.20
Housing (27.2%)	1.00	0.77	1.06	0.76	1.25	0.78	0.94
Utilities (10.3%)	1.00	0.80	0.65	0.66	0.76	0.82	0.84
Transportation (12.4%)	1.00	1.31	1.37	1.19	1.27	1.14	1.18
Health (4.6%)	1.00	1.02	1.05	0.99	0.92	0.93	1.07
Miscellaneous (32.2%)	1.00	1.27	1.29	1.11	1.20	1.12	1.25

Source: McDowell Group.

The analysis indicates that after equalizing for median income, Juneau’s overall cost of living (the composite) is less than four of the six communities included in the analysis, while in the un-adjusted data all six were lower than Juneau.

Utilities is the only category where Juneau is uniformly higher than the other sample communities. Juneau’s housing costs are higher than in Boise, Olympia, Colorado Springs, and Laramie, but lower than in Bellingham and Flagstaff.

This is a highly simplified analysis of relative income-adjusted cost of living. A wide variety of factors affect the relationship between income levels, living costs, and living standards. Based on this analysis, though the overall cost of living in Juneau may be higher than many other communities, it is not uniformly higher.

Housing Costs

Housing is the single largest component of most household budgets. Further, it is generally recognized that the cost of housing in Juneau is high in absolute terms compared to other areas, and relative to household income, especially for lower-income households.³ Housing infrastructure is an important consideration in an economy, as a mismatch between housing supply and demand can negatively impact economic growth and household economic well-being in a variety of ways.

A detailed inventory of Juneau's housing stock, housing values and costs, and an assessment of housing affordability in Juneau, was prepared in 2012 for the CBJ by the Juneau Economic Development Council.⁴ Key findings from that study include:

- There were 1,790 "cost-burdened" renter households in Juneau in 2011 (households paying more than 30 percent of their household income for rent).
- In 2010, there were 1,183 households in homes they could not afford.
- There were 441 fewer rental units priced at \$700 per month than low-income renters needed.
- In 2011, Juneau needed 170 to 230 additional rental units to reach a 5 percent vacancy rate in the rental market.⁵
- In 2011, Juneau needed 513 to 517 single family homes to reach a 5 percent vacancy rate in the owner-occupied housing market.

It is well beyond the scope of this economic baseline report to update and supplement JEDC's 2012 study. Conditions in Juneau's housing market are the result of a complex blend of economic, demographic, and policy issues. A formal effort to address housing cost and availability in Juneau has been initiated with formation of the CBJ Juneau Affordable Housing Commission. The commission expects to conduct a detailed study and planning effort beginning in late 2014. The housing study will ultimately be aimed at identifying ways to encourage more private sector housing development in Juneau and expand the local housing inventory in a way that better matches local demand than is currently the case.

With a few high-level indicators, the following analysis serves to briefly update conditions measured in Juneau's housing market in the 2012 study. In addition to updating some of the information gathered in previous studies, it is assumed that a comprehensive housing development plan would include a detailed study of the financial feasibility of constructing housing of various types, particularly higher-density housing (whether single

³ The Juneau Affordable Housing Coalition described the challenges in Juneau's housing market in its December 2006 report, *The Need for Affordable Housing in the City and Borough of Juneau*.

⁴ *Juneau Housing Needs Assessment*, prepared for the City and Borough of Juneau by Juneau Economic Development Council, November 2012.

⁵ A 5 percent vacancy is generally considered a "healthy" vacancy rate, where the range of housing units available in terms of price, location, quality is adequate to meet buyers/renters needs yet not so high as to constrain construction of new housing as population grows.

family or multi-family). With such an analysis in hand, it would be possible to identify policies and initiatives to lower household development costs and enhance housing “affordability” in Juneau.

Latest Local Housing Trends

While Juneau’s high housing costs evidently persist, there are a number of indicators that suggest housing market conditions are improving. For example, as illustrated in the Construction sector discussion in this economic baseline report, new housing construction activity is trending up, with 156 new housing units permitted in 2013, double the 2012 level of 74 permitted units. Housing construction activity in 2013 was at the highest level since 2006. Growth in 2013 occurred across all types of housing, as illustrated in the following table.

Table 6. City and Borough of Juneau Housing Units Permitted, 2004 – 2013

	Single Family	Duplex	3-4-Plex	5+ Multifamily	Mobile Homes	Total
2004	64	28	20	14	3	149
2005	80	28	8	10	5	152
2006	69	14	0	40	2	157
2007	59	12	0	0	4	97
2008	19	4	0	16	4	58
2009	14	8	0	16	6	46
2010	42	2	3	10	12	75
2011	42	2	0	0	4	65
2012	29	1	3	24	3	74
2013	63	10	7	49	11	156

Source: CBJ.

In addition to reflecting recent increases in new housing construction, the data also indicate that Juneau’s housing inventory, at a highly aggregate level, has expanded at a rate about equal with population growth. Between 2004 and 2013, Juneau’s population increased by 1,934 residents, or 6.2 percent (from 31,130 to 33,064, according to ADOLWD data). Meanwhile, Juneau’s total inventory of housing units increased by a total of 1,029, an 8 percent increase, from 12,000 units in 2004 to just over 13,000 in 2013. This of course ignores any mismatches between supply and demand in terms of price, quality, location, etc., but nevertheless suggests the problem may not be getting worse.

According to the Alaska Housing Finance Corporation (AHFC) annual rental market survey (which is conducted by ADOLWD), Juneau’s rental vacancy rate declined from 6.2 percent in 2009, to 4.1 percent in 2010, and 3.2 percent in 2011. AHFC data indicates some slight recent improvement in the rental vacancy rate in Juneau. In 2012, the Alaska Annual Rental Market Survey measured a rental vacancy rate of 3.2 percent in Juneau. The 2013 survey found a 3.5 percent vacancy rate.

The Census Bureau’s ACS provides a variety of housing cost data for Juneau. Though subject to limitations associated with small sample sizes, the data concerning housing costs as a percentage of household income is the best available.

According to 2010-2012 ACS data, during that period Juneau had a total of 12,314 occupied housing units, and another 766 vacant housing units, for a total of 13,080 units. The overall vacancy rate was 5.9 percent.

Most relevant to the economic baseline analysis is data describing housing affordability. Mortgage lenders typically impose a limit of 28 percent of household income allowable for housing payments, including principal, interest, taxes and insurance, and a 36 percent total debt-to-income. For renters, according to the U.S. Department of Housing and Urban Development (HUD), "Families who pay more than 30 percent of their income for housing are considered cost burdened and may have difficulty affording necessities such as food, clothing, transportation, and medical care."⁶

As illustrated in the following table, a significant segment of Juneau's population remains in housing situations that might be characterized as unaffordable (or at least outside guidelines for affordability). According to ACS data, 35.4 percent of Juneau home owners with mortgages spend more than 30 percent of their household income on housing (not including utilities or basic maintenance), including 21.6 percent who pay more than 35 percent. Among renters, 42.5 percent pay more than 30 percent of their household income for rent, including 32.4 percent who pay more than 35 percent.

Table 7. Juneau Housing Cost as a Percent of Household Income, 2010 – 2012

% of HH Income	Owners with Mortgages	Percent of Owners	Renters	Percent of Renters
Less than 15.0%	--	--	395	9.4%
15.0 to 19.9%	--	--	812	19.3%
Less than 20.0%	1,708	31.9%	--	--
20.0 to 24.9%	1,005	18.8%	701	16.7%
25.0 to 29.9%	749	14.0%	512	12.2%
30.0 to 34.9%	737	13.8%	423	10.1%
35.0% or more	1,160	21.6%	1,362	32.4%
Totals	5,359	--	4,205	--

Source: American Community Survey, 2010-2012

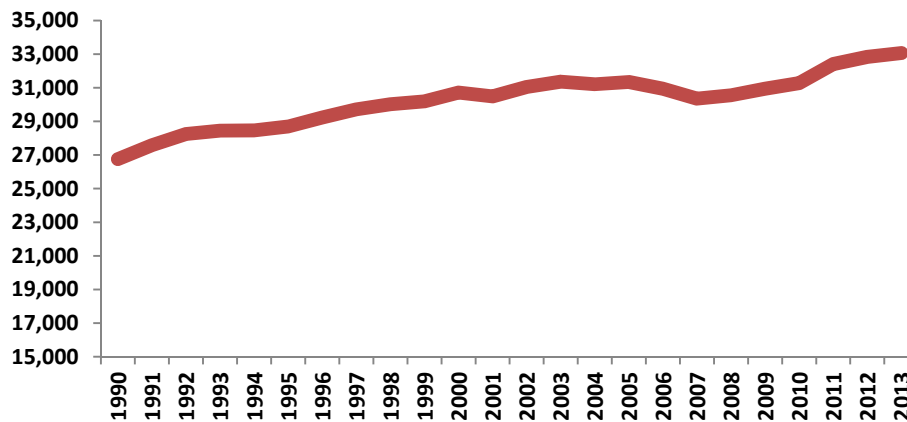
⁶http://portal.hud.gov/hudportal/HUD?src=/program_offices/comm_planning/affordablehousing/.

Chapter 2: Demographic Trends

Juneau Population Profile

The City and Borough of Juneau population totaled 33,064 residents in 2013. Over the past few decades, the population increased by almost a quarter (24 percent), from 26,751 in 1990. More recently, Juneau’s population increased by 8 percent between 2000, when the population was 30,711, and 2013. Juneau population growth has proceeded more slowly than for Alaska overall. Between 2000 and 2013, Alaska’s population grew by 17 percent.

Figure 31. City and Borough of Juneau Population, 1990 – 2013



Source: ADOLWD and U.S. Census Bureau.

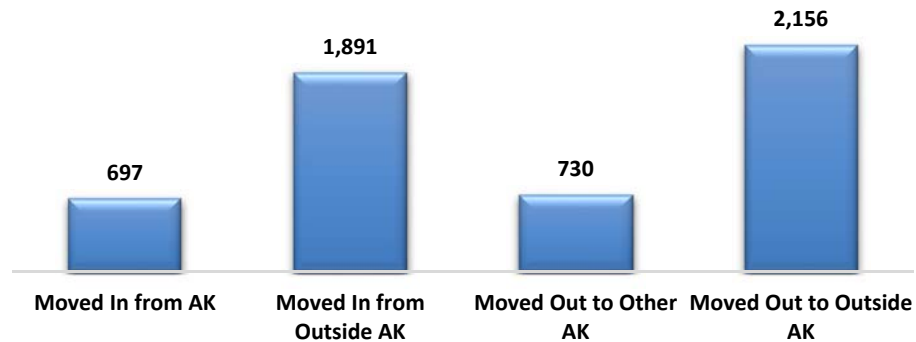
Table 8. City and Borough of Juneau Population, 1990 – 2013

Year	Population	Year	Population
1990	26,751	2002	31,047
1991	27,579	2003	31,364
1992	28,253	2004	31,213
1993	28,448	2005	31,340
1994	28,454	2006	30,943
1995	28,700	2007	30,350
1996	29,230	2008	30,554
1997	29,713	2009	30,946
1998	30,021	2010	31,275
1999	30,189	2011	32,410
2000	30,711	2012	32,838
2001	30,482	2013	33,064

Source: U.S. Census Bureau.

People who migrate in to Juneau have primarily originated from outside Alaska. In 2012, 2,588 people moved to Juneau. Almost three-quarters (73 percent) of those people moved from outside the state. The balance moved from elsewhere in Alaska. Of the 2,886 people that moved out of Juneau, 75 percent left the state, while the remainder left Juneau but stayed in Alaska.

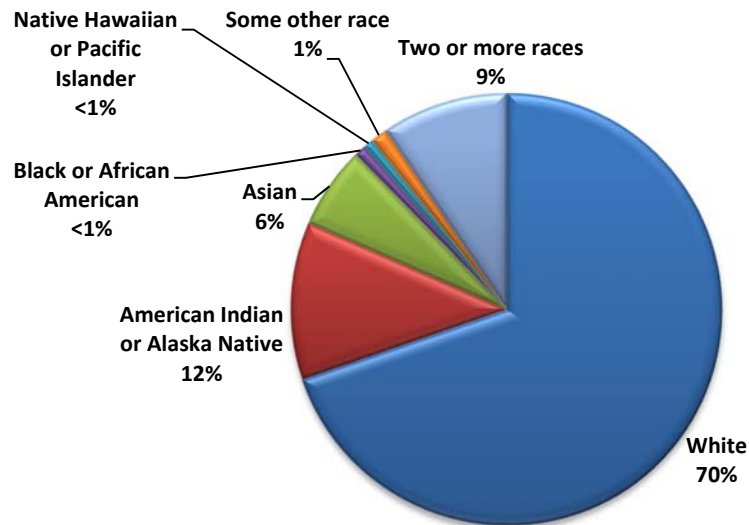
Figure 32. Migration In/Out of Juneau, 2012, Number of People



Source: ADOLWD.

Currently, the Juneau population is fairly evenly split by gender, with an estimated 49 percent of the population being female and 51 percent male.⁷ Approximately seven of ten Juneau residents identify themselves as White, 12 percent identify themselves as American Indian or Alaska Native, and 6 percent as Asian. Nine percent identify themselves by “two or more races.”

Figure 33. City and Borough of Juneau Population, by Race, by Percentage, 2010



Note: Comparison of community racial composition to previous years’ data is not available due to racial category option changes over time. For example, ‘two or more races’ was not an option in 1990.

Source: U.S. Census Bureau.

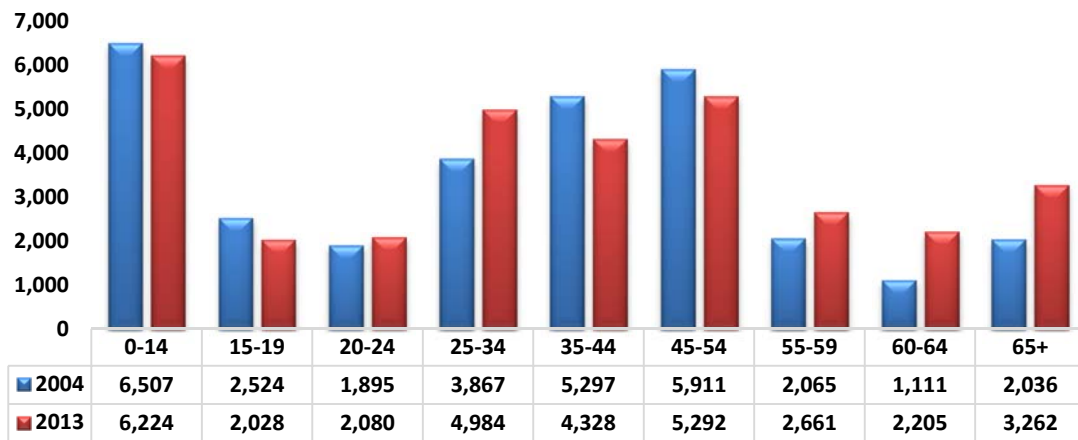
⁷ American Community Survey, 2008-2012.

While the Juneau population has remained relatively constant over the last few decades, the age composition has changed significantly, trending toward an older population on average. Also, the population has become more educated as a whole over that same period.

Population Profile – Aging

Between 2000 and 2013, the percentage of Juneau residents age 55 and over increased from 14 percent to one-quarter (25 percent) of the total population. Over the same time period, the percent of children 19 years old and under fell by approximately 5 percent, from 30 percent in 2000 to 25 percent in 2013.

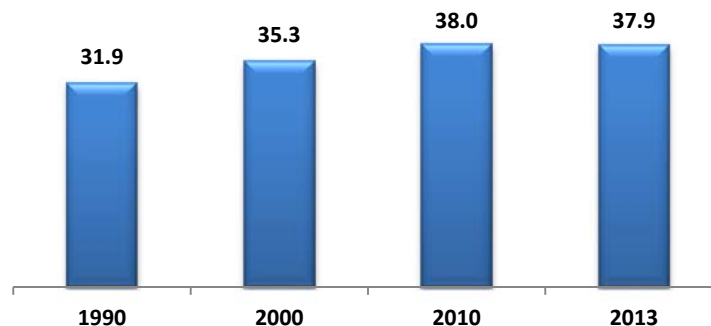
Figure 34. City and Borough of Juneau Population, by Age Group, 2004 and 2013



Source: ADOLWD and U.S. Census Bureau.

This aging trend is also illustrated by the increase in median age of the population, from 31.9 years in 1990 to 37.9 years in 2013.

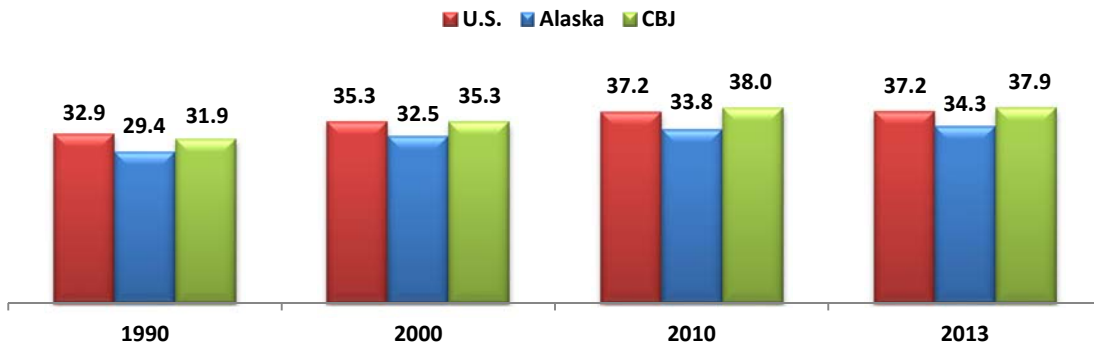
Figure 35. City and Borough of Juneau Population, Median Age in Years, 1990, 2000, 2010, and 2013



Source: ADOLWD and U.S. Census Bureau.

Overall, Juneau’s population has aged relatively consistently with the United States population. The median age for the Alaska population has also increased, though Alaska’s median age is consistently younger than that of either the CBJ or the United States (see the following chart).

Figure 36. United States, Alaska, City and Borough of Juneau Population, Median Age in Years, 1990, 2000, 2010, and 2013

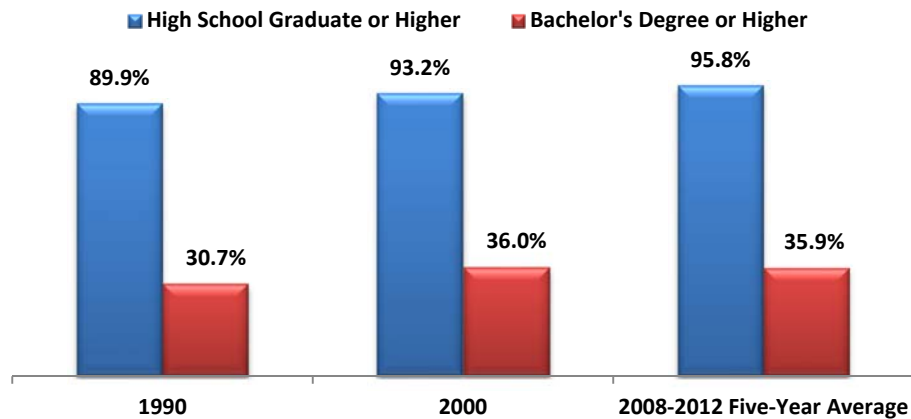


Source: ADOLWD and U.S. Census Bureau.

Population Profile – Educational Attainment

Ninety-six (96) percent of CBJ residents who are 25 years and over hold a high school degree or higher. Over one-third of the population (36 percent) holds a bachelor’s degree or higher. The percentage of high school graduates in the CBJ population has increased, from 90 to 96 percent, in the last two decades.⁸ The percentage of the population with a bachelor’s degree or higher also increased during the same period, from 31 to 36 percent.

Figure 37. City and Borough of Juneau Educational Attainment Percentage, Population 25 Years and Over, 1990, 2000, and 2008-2012 Five-Year Average

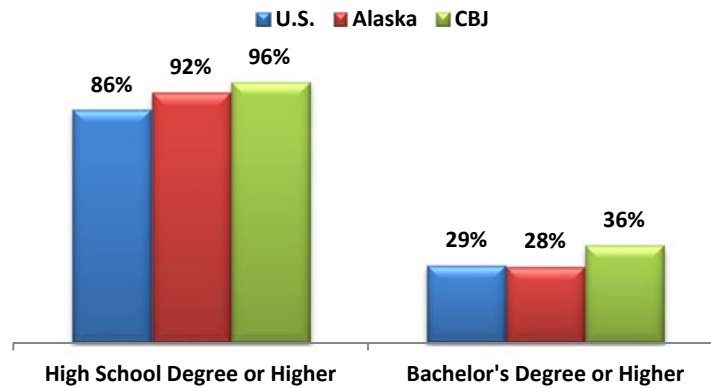


Source: U.S. Census Bureau and American Community Survey.

Over the past few decades, CBJ educational attainment has been consistently higher than the Alaska and United States populations. The 2008 to 2012 five-year average of residents with a high school degree or higher (for the population 25 years and over) for the United States is 92 percent, compared to 86 percent for Alaska, and 96 percent for Juneau. The percent of the population with a bachelor’s degree in the United States is 29 percent, versus 28 percent for Alaska as a whole and 36 percent for Juneau.

⁸ 2008-2012 American Community Survey.

Figure 38. United States, Alaska, and City and Borough of Juneau Educational Attainment Percentages, Population 25 Years and Over, 2008-2012 Five Year Average

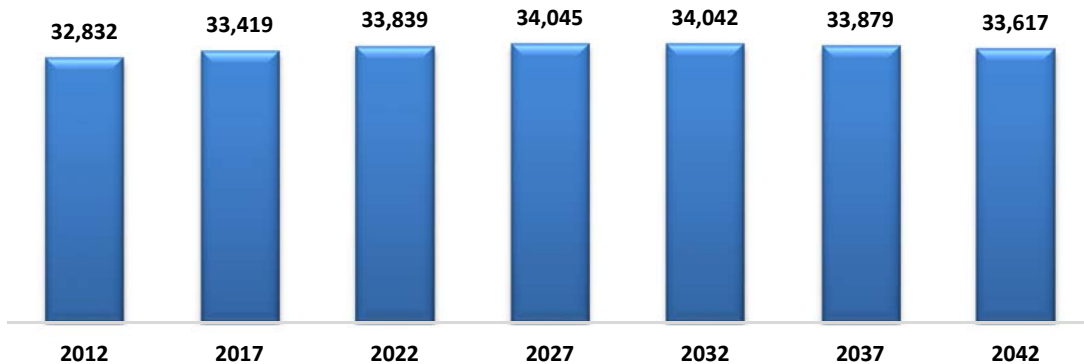


Source: American Community Survey.

Population Projections

In total, Juneau’s population is projected to remain steady for the next few decades, ranging between 33,000 and 34,000 through 2042. The population is projected to grow by only .6 percent in total over the 25 years from 2017 to 2042.

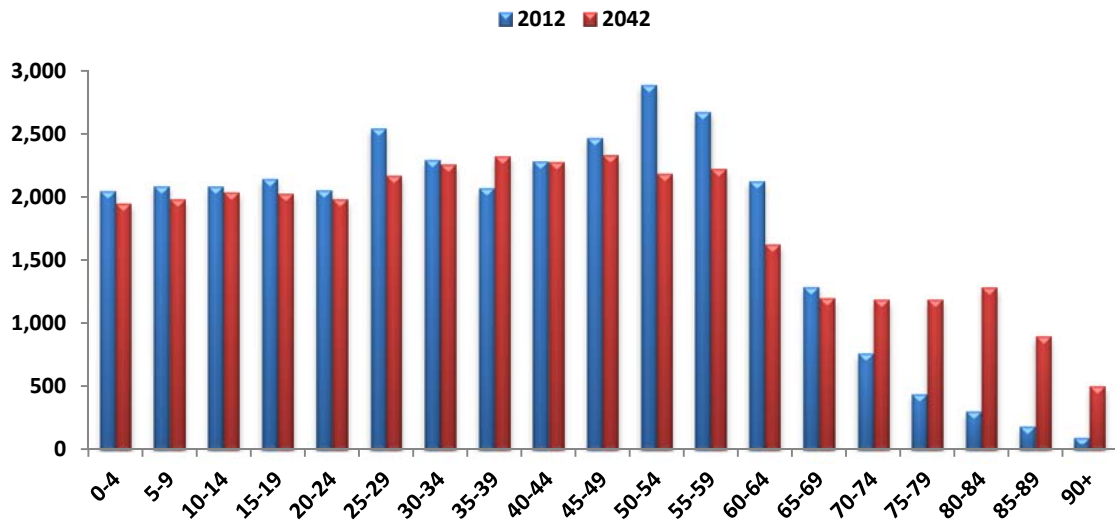
Figure 39. City and Borough of Juneau Total Population Projection, 2012 – 2042



Source: ADOLWD.

While population numbers overall will remain steady, Juneau will continue to age. The aging trend is projected to continue through 2042. A large increase in the number of CBJ residents 65 years old and older is projected between 2012 and 2042. This trend is coupled with a projected decrease in the number of residents age 45 through 59, as well as in residents age 15 through 29.

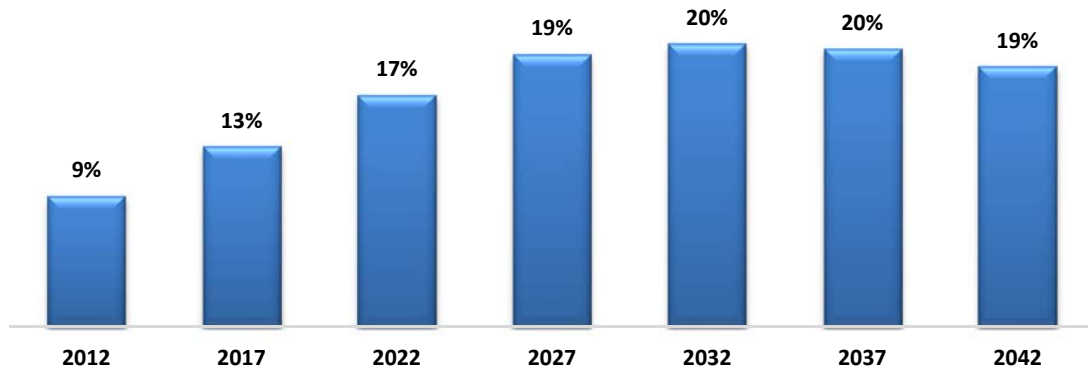
Figure 40. City and Borough of Juneau Age Projections, 2012 and 2042



Source: ADOLWD.

In 2013, 10 percent of the Juneau population was age 65 and over. By 2025, the percent is projected to double to 20 percent and remain at or near that rate through 2042.

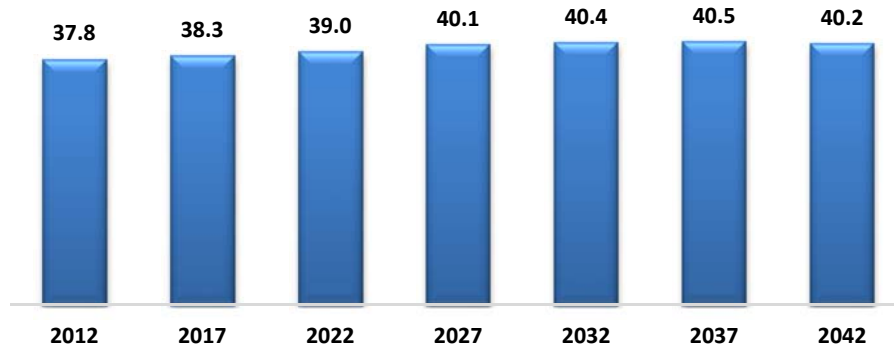
Figure 41. City and Borough of Juneau Population, Percent of Population 65 and Over, 2012 – 2042 Projections



Source: ADOLWD.

This aging trend is also reflected in the projected increase in median age for Juneau, from 38.8 years old in 2015 to 40.1 in 2027, and to 42.0 in 2042.

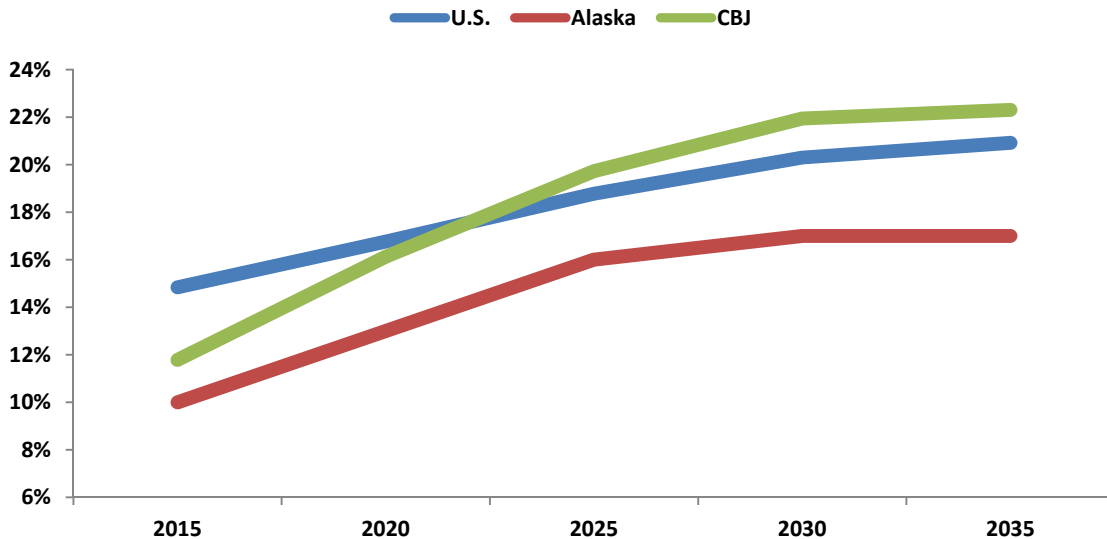
Figure 42. City and Borough of Juneau Population Projections, Median Age in Years, 2012 – 2042



Source: ADOLWD.

This aging trend is not isolated to Juneau; the percentage of residents 65 years old and over is expected to rise in Alaska and in the United States population as a whole over the next twenty years.⁹ However, as a percentage, the 65 and over population in Juneau is expected to grow at a faster pace than Alaska as a whole. By 2025, 16 percent of the Alaska population is projected to be 65 years old or older, compared to 19 percent of the U.S. population, and 20 percent of the CBJ population. The disparity is projected to continue to increase a decade later, with 17 percent of the Alaska population aged 65 or over by 2035, compared to 21 percent of the U.S. population and 22 percent of the CBJ population.

Figure 43. United States, Alaska, and City and Borough of Juneau Projection of Percentage of Population Over 65 Years, 2015 – 2035



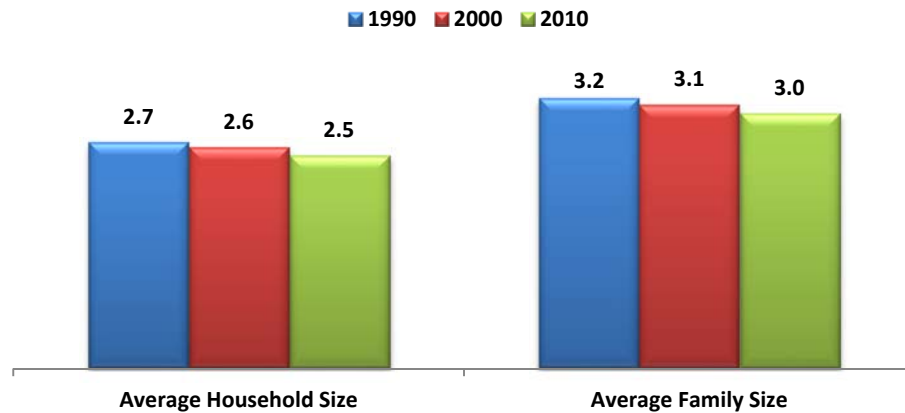
Source: ADOLWD and U.S. Census Bureau.

⁹ Data is not yet available further out than 2035 for the U.S. population.

Juneau Household Profile

Overall, Juneau’s household profile changed only slightly between 1990 and 2010. The average household size in Juneau fell in those two decades, from 2.7 to 2.5. The average family size also fell slightly, from 3.2 people per family on average in 1990 to 3.0 in 2010.¹⁰

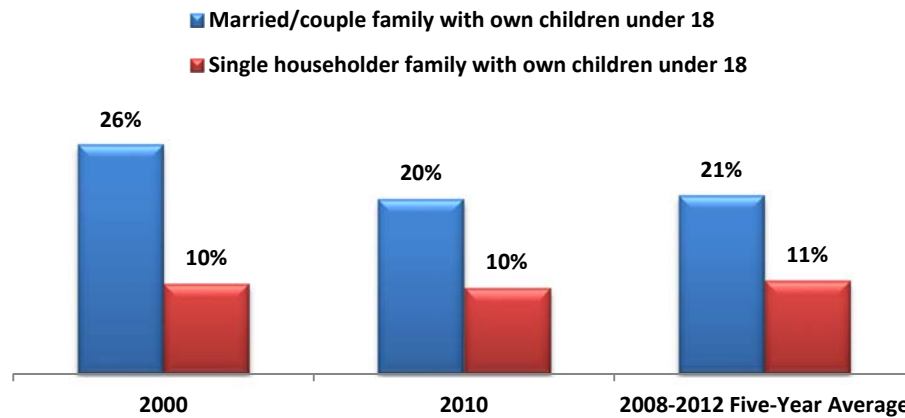
Figure 44. City and Borough of Juneau Average Household and Family Size, 1990, 2000, 2010



Source: U.S. Census Bureau.

Among Juneau households that are described as families (single, couples, or married), approximately 30 percent included children under 18, down from 36 percent in 2000.¹¹ This change occurred primarily among married/couple family households rather than single family households. In part, this change likely reflects the increase in age of household members and, thus, the decrease in likelihood that a child under 18 will be living with them.

Figure 45. Percentage of City and Borough of Juneau Family Households with Children Under 18, by Family Type, 2000, 2010, and 2008-2012 Five-Year Average



Source: ADOLWD, U.S. Census Bureau, and ACS 2008-2012 Five-Year Average.

¹⁰ Family is defined as “two or more people (one of whom is the householder) related by birth, marriage, or adoption residing in the same housing unit.”

¹¹ This number only includes family households with their *own* children under 18.

Chapter 3: Key Industry Profiles: Public Sector

State Government

Sector Summary

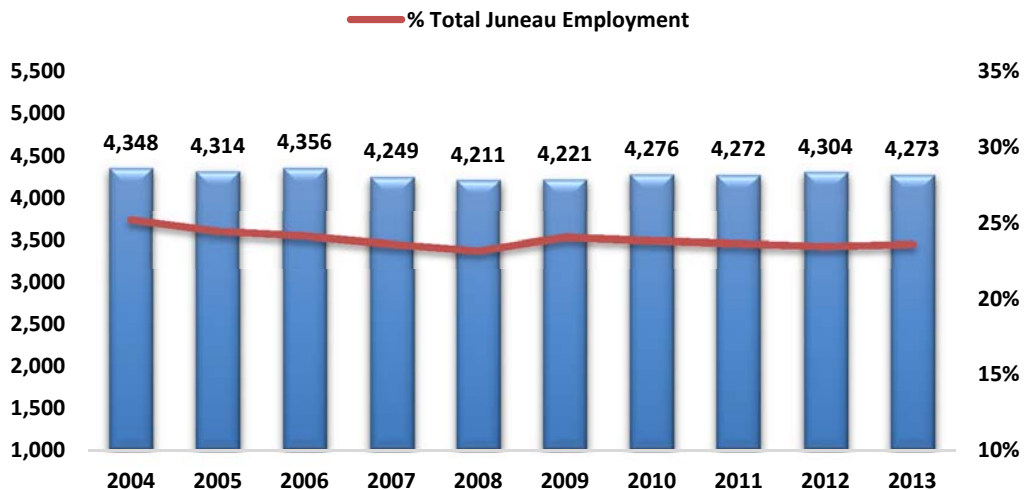
State government is the main driver of Juneau’s economy. In 2013, an average of 4,273 workers were employed by state government in Juneau, earning a total of \$245 million in wages. State government employees accounted for 24 percent of total wages and 22 percent of employment in Juneau during 2013.

Employment Trends

Juneau has lost 75 state government jobs since 2004. Statewide, employment in state government increased by roughly 2,055 jobs during the same period. As a result, the percentage of state workers who are located in Juneau fell from 18.1 percent in 2004 to 16.3 percent in 2013. State government employment in Juneau has rebounded slightly since 2008, but remains below early 2000 levels.

Employment in state government, as a percentage of total Juneau employment, also declined over the past decade. In 2004, state government accounted for 25.2 percent of all wage/salary jobs. This figure steadily declined, reaching 23.6 percent in 2013.¹²

Figure 46. State Government Employment in Juneau, 2004 – 2013



Source: ADOLWD and McDowell Group estimates.

State government employment trends show gains in every other region of Alaska outside of Juneau since 2004. The Anchorage/Mat-Su region gained the most state government jobs, posting an increase of 1,638. Fairbanks and the Interior gained 155 jobs, while the Kenai and Prince William Sound region gained 174. The rest of Southeast Alaska gained 139 jobs.

¹² Compared to all other wage/salary jobs covered by DOLWD data.

Table 9. State of Alaska Employment in Juneau and by Region, 2004 – 2013

	2004	2013	Difference
Juneau	4,348	4,273	-75
Other Southeast	1,104	1,243	+139
Greater Anchorage/Mat-Su	10,525	12,163	+1,638
Fairbanks and Interior	5,478	5,633	+155
Western Alaska	818	857	+39
Northern Alaska	357	383	+26
Kenai and PWS	1,412	1,586	+174
Other or Outside of Alaska	16	23	+7
Statewide	24,059	26,114	+2,055

Note: Totals may not sum due to rounding.
Source: ADOWLD.

The three largest state agencies, in terms of employment in Juneau, are the Department of Transportation, Department of Health and Social Services, and Department of Administration. Together, they employ 44 percent of all state government workers in Juneau. However, state government employment in Juneau is broadly distributed among more than a dozen state agencies.

Table 11. State of Alaska Employment by Department in Juneau and Statewide, 2013

	Juneau Employment	Pct. of Juneau SOA Employment	Statewide Employment	Pct. of Statewide SOA Employment
Governor's Office	77	2%	134	1%
Administration	464	11	996	4
Law, Court System, and Legis.	331	8	1,909	8
Revenue	194	5	522	2
Education and Early Dev.	245	6	322	1
Health and Social Services	555	13	3,258	14
Labor and Workforce Dev.	294	7	817	3
Commerce, Community, and Econ. Dev	174	4	478	2
Environmental Conservation	148	4	511	2
Military and Vet. Affairs	4	<1	294	1
Natural Resources	43	1	897	4
Fish and Game	342	8	1,444	6
Public Safety and Corrections	176	4	2,455	10
Transportation and Public Facilities	806	19	3,420	15
University of Alaska	309	7	4,949	21
AK Housing Finance Corp.	N/A	N/A	362	2
AK Railroad Corp.	N/A	N/A	704	3

Note: A special data request was made to the Division of Personnel and Labor Relations. This data reflects state government employment as of 6/30/2013 but is missing some agencies/departments. McDowell Group has supplemented this data with jobs counts from other sources to fill in significant gaps in the Personnel data. Some departments have been combined to condense the data. Sources: Department of Administration (Division of Personnel), University of Alaska Southeast website, Alaska Office of Management and Budget, compiled by McDowell Group.

AN AGING STATE GOVERNMENT WORKFORCE

The median age of state government workers is rising. It rose by two years, from 45 years old in 2002 to 47 in 2012. As of 2012, 42 percent of all Juneau state workers were 50 years old or older (1,831 workers). By comparison, the median age of Juneau's private sector workers was 36.

An aging workforce and budgetary pressures may combine to present a threat to state government employment in Juneau in coming years. Retirement allows state departments to trim personnel costs through attrition as opposed to layoffs. There is a potential for continued loss of high-wage, upper-level state government jobs through attrition (or relocation). For context, if the State opts not to rehire or relocates the positions of 1-in-5 retiring workers (of the 50 and older state worker cohort), the resulting economic impact would be on par with losing the Kensington Mine, with its more than 300 workers.

Revenue and Budget Trends

The State of Alaska contains 17 departments, with a total budget of roughly \$11 billion (in FY2014). The State's financial system is a complex mix of discretionary and mandatory spending directives using state, federal, and matching funds. While a comprehensive analysis of the State's budget is beyond the scope of this project, this section does highlight important factors that will impact State government in Juneau.

Alaska state government revenues peaked in FY2008 and are expected by many to continue declining in the near term. Unrestricted general fund (UGF) revenue, the vast majority of which comes from taxes and royalties on petroleum production, has ranged from \$1.45 billion to \$10.73 billion since FY2003. UGF typically pays for the majority of state government expenditures. UGF revenues have declined by 59 percent since FY2012 based on preliminary revenue projections for FY2015.

Alaska's state government is largely funded with unrestricted general fund revenues (i.e. oil revenues) and federal receipts. These two funding sources accounted for 81 percent of the total budget in FY2013. The remainder of state government is mostly funded with designated general funds, largely comprised of "program receipts," whereby government services are paid for by users – such as University of Alaska tuition or fees paid by commercial fishermen (to name two examples).

The State of Alaska is projected to spend roughly \$10 billion in FY2015 (not including Permanent Fund Dividend payments). Expenditures on agency operations and capital appropriations often account for the bulk of state government spending. Operational appropriations to Alaska agencies are a crucial metric for Juneau because these cash flows dictate the budgets of the State's individual departments, and hence the amount of money those departments have to direct towards personal services (i.e. state employment) and other agency expenditures. Agency appropriations for operational purposes have increased steadily since FY2003, but with declining revenue there will obviously be pressure to limit agency spending. Also, the Governor's Office and Legislature have cut agency appropriations several times in the past, so there is some precedence for such a move.

Capital appropriations create a significant number of jobs in Alaska, particularly in the construction and professional services sectors. Capital spending is projected to hit \$1.94 billion in FY2015, a 31 percent decline since FY2013, even without adjusting for inflation.

Table 10. Key Alaska Revenue and Appropriation Figures, in \$Millions, FY2004 – FY2015

Fiscal Year	Revenues		Appropriations (Spending)		
	Total Revenue (Less PFD)	Unrestricted General Funds	Total Approp. (Less PFD)	Agency Operations	Capital Appropriations
FY2004	4,859	2,346	6,394	N/A	1,214
FY2005	5,851	3,189	6,800	N/A	1,563
FY2006	6,847	4,200	7,080	N/A	1,653
FY2007	8,290	5,159	7,767	N/A	1,708
FY2008	13,723	10,728	7,701	N/A	1,241
FY2009	8,183	5,831	11,317	5,935	1,908
FY2010	9,716	5,513	7,356	6,156	1,379
FY2011	11,842	7,673	9,815	6,721	2,115
FY2012	12,745	9,485	11,372	7,128	2,758
FY2013	10,643	6,932	12,075	7,459	2,814
FY2014	9,796	4,698	11,333	7,555	1,972
FY2015	8,699	3,946	10,643	7,754	1,943

Notes: Agency operations and capital appropriations do not sum to total budget (less PFD payments/costs) because the State routinely transfers money into and out of savings and incurs other costs not reflected in this table. Figures are not adjusted for inflation. All spending figures represent projections based on appropriation bills for that particular fiscal year. Due to a change in reporting formats, consistent data for agency operations is not available for the entire period. Spending data is based on the most recently issued, publicly available, fiscal summary.

Sources: AK OMB (Annual Fiscal Summary) and Dept. of Revenue (source books FY2003 to FY2014), compiled by McDowell Group.

State government departments are often dependent on petroleum revenues and federal spending. These funding sources often hinge on factors mostly outside of the Alaska's control, as opposed to program receipts.

Table 11. State of Alaska Budget by Department and Funding Source, in \$Millions, FY2013

	FY2013 Budget	% of Total State Budget	% from UGF	% from Federal
Governor's Office and Legislature	\$113.4	1%	99%	<1%
Administration	365.1	3	31	1
Law and Court System	217.2	2	83	2
Revenue	454.6	4	31	19
Education and Early Dev.	1,695.7	15	83	14
Health and Social Services	2,684.8	24	47	46
Labor and Workforce Dev.	219.7	2	27	46
Commerce, Comm., and Econ. Dev.	1,123.3	10	84	4
Environmental Conservation	179.3	2	37	37
Military and Vet. Affairs	123.6	1	48	35
Natural Resources	203.4	2	50	16
Fish and Game	239.5	2	38	30
Public Safety and Corrections	559.7	5	86	3
Transportation and Public Facilities	1,749.6	16	38	41
University	1,098.7	10	47	14
Total	\$11,027.6	-	56%	25%

Notes: Not all UGF is generated by petroleum revenues. The Department of Administration (DOA) is largely funded by other state departments; because of state accounting DOA reliance on UGF is likely understated here. Budgets represent projections based on enacted appropriation bills from FY2013.

Sources: Alaska Office of Management and Budget, compiled by McDowell Group.

Oil taxes and royalties accounted for 93 percent of UGF in FY2013; which funds over three-quarters of several Alaska departments including: Commerce, Public Safety/Corrections, and Education. UGF pays for virtually all of Alaska's executive branch and legislative functions as well. Oil revenue funded 56 percent of the state's total budget in FY2012.¹³

In FY2012, federal funds accounted for 19 percent of Alaska's total state budget.¹⁴ Federal revenues are largely supplied by income taxes on American workers and businesses. In FY2010, income and payroll taxes on U.S. workers and businesses accounted for 91 percent of all federal government revenue.¹⁵ As a result, the federal government may be looked at as a conduit whereby federal taxes paid by Alaskans are re-routed to the State of Alaska for government services. However, Alaska receives much more federal funds than its residents and businesses pay in taxes. In FY2012, Alaska received \$1.42 in federal funding for every \$1.00 it paid to the government. This ratio has trended down in recent years.

Mandatory expenditures account for about two-thirds of the overall federal budget and are primarily set by federal statute. As a result, programs that rely on funding mandated by statute are much less likely to see drastic cuts. Social security payments, Medicaid/Medicare, unemployment compensation, food stamps, and federal/military retirement are all examples of mandatory expenditures.

Discretionary spending is easier for Congress to cut, and Alaska departments which depend on discretionary federal spending could be at risk of losing funding if the trend of declining federal spending continues. Education, Transportation, Labor, and Health/Social Services all have significant exposure to federal spending. These departments account for roughly half of all Alaska state government employment, with Health/Social Services and Transportation employing the largest number of workers.

Federal Government

Sector Summary

Juneau hosts many federal government agencies that provide services in the city and coordinate or support operations around the state. Federal government jobs are an important part of Juneau's economy, as they tend to be high-paying, year-round positions. Furthermore, the majority of these jobs are funded by "new" money flowing into the region.

Employment Trends

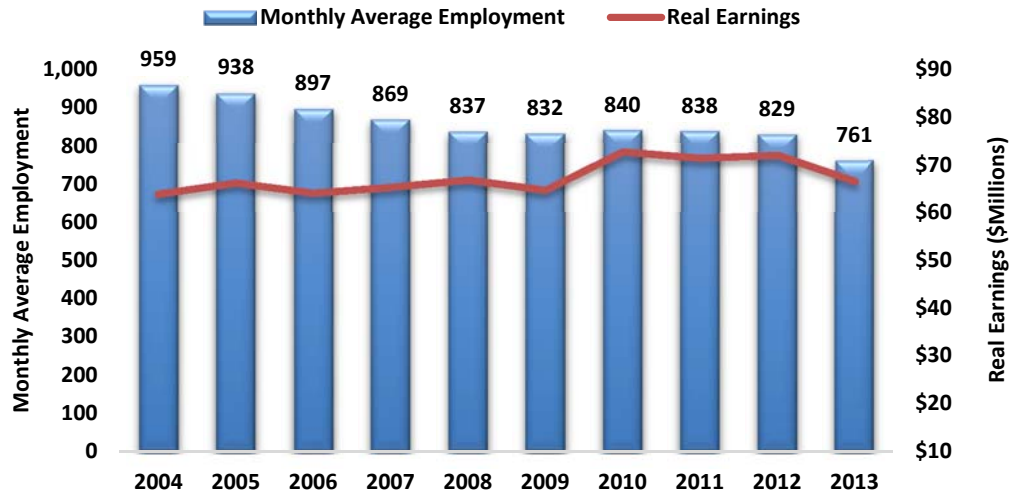
Civilian federal government employment in Juneau has been steadily declining, dropping from 959 in 2004 to 761 in 2013, a decline of 21 percent. On average, federal jobs pay average wages well above that of Juneau's private sector or state/local government. In 2013, federal government accounted for \$66.6 million in annual wages and generated the highest average wages in the community, after the mining industry. Federal workers in Juneau earned an average of \$87,540.

¹³ *Understanding Alaska's Revenue*, www.alaskabudget.com/revenue

¹⁴ *Understanding Alaska's Revenue*, www.alaskabudget.com/revenue

¹⁵ Roberton Williams, *The Numbers: What are the federal government's sources of revenue?*, Tax Policy Center – Urban Institute and Brookings Institution, <http://www.taxpolicycenter.org/briefing-book/background/numbers/revenue.cfm> (March 26, 2014).

Figure 47. Civilian Federal Government Employment and Earnings in Juneau, 2004 – 2013



Note: These figures do not include active duty Coast Guard personnel.
Source: ADOLWD.

Overall, (civilian) federal government employment in Alaska declined during the past decade as well, shedding 1,702 jobs since 2004 (a decline of 10 percent). Alaska lost 917 federal government jobs in 2013 and total earnings declined by \$82 million.

Juneau accounts for 4.9 percent of all federal government jobs (not including active duty military personnel) in the state. This percentage has fallen slightly since 2004 (5.6 percent). By comparison, 56.1 percent of all federal government jobs are located in Anchorage.

The Coast Guard is actually the largest federal government employer in Juneau, with approximately 320 active duty personnel based in Juneau. NOAA and USDA are the next largest, with 226 and 200 employees, respectively. Other federal agencies in Juneau combine to employ 315 workers.

Table 12. Federal Employment and Wages in Juneau, by Agency, 2012

	Average Monthly Employment	Total Wages (\$Millions)	Avg. Ann. Wages
U.S. Coast Guard ¹ and DoD	409	N/A	N/A
NOAA	226	\$23.05	\$102,009
USDA (mostly Forest Svc.)	200	16.55	82,755
DOT and Homeland Security	174	14.01	80,508
U.S. Post Office	71	5.02	70,644
Bureau of Indian Affairs	21	1.73	82,358
U.S. Fish and Wildlife Svc.	16	1.22	76,114
Other Agencies	33	2.52	76,328
Total	1,149	N/A	N/A

¹ Coast Guard figures include an estimated 320 active duty personnel. As no income data was available for these workers, the average earnings of all other federal government employees in Juneau was used as a proxy to estimate total earnings for Coast Guard personnel. Average earnings figures for Coast Guard personnel refer only to civilian personnel, for which standard employment statistics are available.

Note: Totals may not sum due to rounding.
Source: ADOLWD.

BUDGET TRENDS

Federal spending in Alaska has been on the decline since 2010. It is estimated that federal spending declined \$3.1 billion between FY2013 and FY2010, or 25 percent, on a nominal basis.¹⁶ The federal government spent an estimated \$9.5 billion in FY2013, which is slightly lower than spending levels prior to 2009 (after accounting for inflation). According to ISER, about one third of all jobs and personal income in Alaska can be traced back to federal spending.

Defense spending accounted for 41 percent of all federal spending in Alaska in FY2010. Alaska ranks sixth in per capita spending on non-defense items, behind Maryland, Connecticut, New Mexico, North Dakota, and West Virginia. On a per capita basis Alaska receives less federal money from transfer payments (social security, Medicare/Medicaid, assistance programs, and federal retirement benefits) than any other state.

Figure 48. Federal Government Spending in Alaska, FY2004 – FY2013



* McDowell Group estimates, complete data was not available.

Source: U.S. Census (Consolidated Federal Funds Report) and McDowell Group estimates based on www.USAspending.org.

Grants and wages earned by Defense personnel account for over half of all federal spending in Alaska. Transfer payments and Defense procurement contracts account for 21 percent and 41 percent, respectively. Civilian wages/salaries and civilian procurement contracts round out the rest, at 7 percent and 5 percent respectively. Alaska receives more grants and defense spending, but far less transfer payments as a percentage of total spending compared to the U.S. as a whole.

Table 13. Federal Spending in Alaska versus U.S., by Source, in \$Millions, FY2010

	Spending in Alaska	AK % of Total	U.S. % of Total
Transfer Payments	\$2,631	21%	53%
Grants	3,465	27%	21%
Procurement (Civilian)	688	5%	6%
Wages/Salaries (Civilian)	834	7%	5%
Defense Total	5,211	41%	17%
Total Federal Spending	\$12,615	-	\$3,276,422

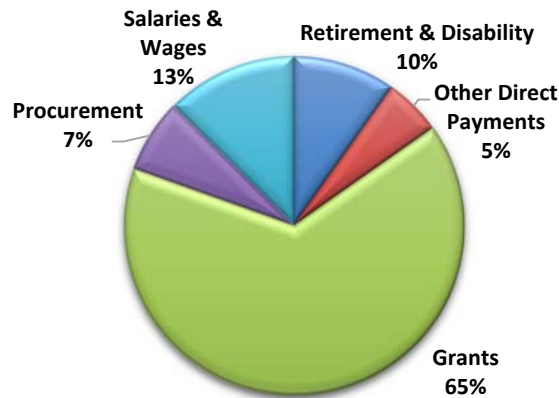
Note: Data is not available beyond FY2010.

Source: U.S. Census (Consolidated Federal Funds Report).

¹⁶ Comprehensive data on federal spending in Alaska was discontinued after FY2010. As a result, McDowell Group has used available data sources to estimate federal spending in Alaska after that time.

Federal spending in Juneau totaled \$779.7 million during FY2010 (the most recent year for which data is available). Federal spending declined significantly between FY2009 and FY2010. Federal spending in Juneau may be inflated somewhat due to its position as the State’s capital. State agencies based in Juneau receive significant amounts of federal dollars; however, these dollars may be directed elsewhere in the state.

Figure 49. Federal Spending in Juneau (\$Millions), FY2010



Note: Data is not available beyond FY2010.
Source: U.S. Census (Consolidated Federal Funds Report).

Local and Tribal Government

Sector Summary

Juneau’s economy included an average of 2,061 local and tribal government jobs and \$109.6 million in total wages in 2013. In addition to jobs in city government, these figures include employment with the Juneau School District, Bartlett Regional Hospital, and jobs with various tribal organizations (mainly the Central Council Tlingit Haida Indian Tribes of Alaska-CCTHITA).

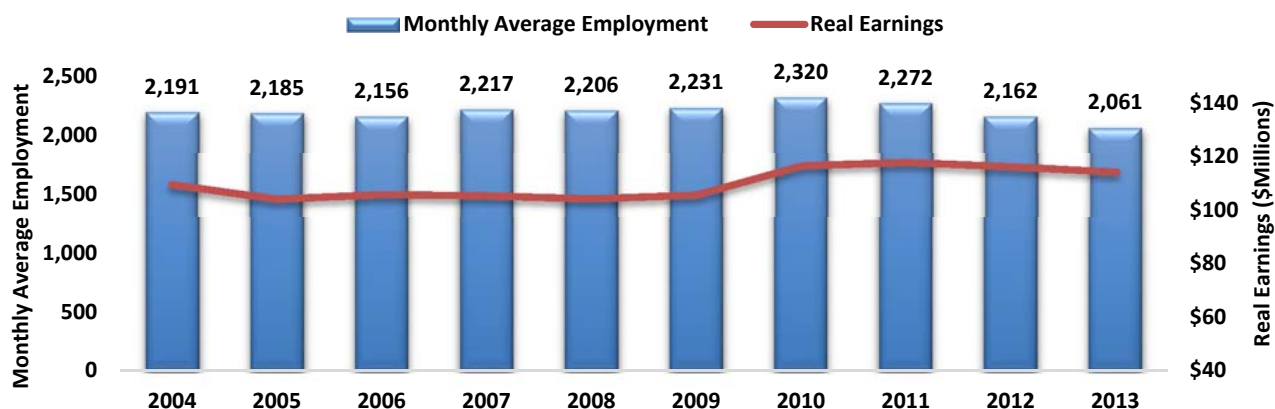
Local and tribal government employees directly accounted for 12 percent of total wages and 10 percent of employment in Juneau in 2013. The average job in this sector paid \$51,160 in 2013.

Employment Trends

Local and tribal government employment in Juneau trended down since 2010, shedding 259 jobs. Total wages have remained steady, in real terms, but did increase in 2009. Average local government wages have been relatively flat during the past decade after adjusting for inflation, ranging from \$47,000 to \$53,000 per job.

The City and Borough of Juneau supports 1,637 full-time equivalent jobs. However, many workers are seasonal or part-time. Many of these employees work for the Juneau School District or Bartlett Hospital. Both institutions are covered elsewhere in this report. Outside of the school district and the hospital, the city supports 587 full-time equivalent jobs across 21 different departments/sections. The City’s core employment increased by 100 jobs, or 21 percent, between FY2003 and FY2013. Public transit, parks/recreation, and the harbor departments showed the largest increase in staffing since FY2003.

Figure 50. Local and Tribal Government Employment and Earnings in Juneau, 2004 – 2013



Source: ADOLWD and McDowell Group estimates.

Table 14. City Employment by Function/Program, Full-Time Equivalent, FY2003 – FY2013

	FY2003	FY2006	FY2009	FY2013
Mayor and Assembly	9	9	9	9
Attorney	10	9	9	10
City Manager's Office	7	8	8	8
City Clerk	2	2	2	3
Human Resources	5	5	4	4
Lands & Res. Mgmt.	2	2	2	3
Data Processing	11	12	12	13
Insurance	3	3	5	5
Finance	47	46	46	45
Engineering	29	35	37	23
Eaglecrest	8	6	7	7
Libraries	21	21	21	22
Parks/Recreation	-	73	77	99
Community Dev.	25	25	28	26
Police	90	88	93	95
Fire	43	41	44	44
Public Works	26	26	27	27
Public Transportation	20	35	35	38
Utilities	50	50	50	51
Harbors	16	23	22	26
Airport	22	22	24	29
Hospital	349	378	382	410
School District	579	602	687	640
Total (Less Hospital and School District)	487	508	527	587
Total	1,415	1,488	1,596	1,637

Source: FY 2013 CBJ CAFR.

Chapter 4. Key Industry Profiles: Private Sector

Visitor Industry

Sector Summary

Over the last several decades, Juneau’s visitor industry has grown to become one of the community’s major economic engines. The industry’s status as a “basic” economic sector underscores its importance: non-residents make local purchases, drawing outside money into the local economy.

The visitor industry is also one of the more complex sectors to track and measure because it involves many areas of the economy: transportation, retail, accommodations, food/beverage, and entertainment/recreation, for example. This section provides an overview of the industry as well as the most recent data available on volume, spending, employment, and economic impacts.

Economic Impacts

Spending by visitors and businesses that serve visitors, creates jobs and income in Juneau’s economy. Economic impacts are generally measured in terms of “direct” impacts (jobs and income resulting from spending by visitors, crew members, and cruise lines) and “indirect” impacts (jobs and income resulting from spending by visitor industry businesses and their employees). “Total” impacts reflect direct plus indirect impacts.

The most recent study of the economic impacts of Juneau’s visitor industry covers October 2007 to September 2008.¹⁷ While these impact figures are somewhat dated, the visitor industry’s overall economic footprint has not changed markedly since that time. It is reasonable to assume current impacts approximate these figures, with some allowance for the slight decrease (5 percent) in cruise passengers, as well as inflation impacts.

Total direct spending for the period, including spending by visitors, crew members, and cruise lines, was estimated at \$210 million. This direct spending accounted for 2,230 jobs and \$75 million in labor income during the study period. Including direct and indirect spending, the visitor industry accounted for 2,750 jobs and \$95 million in labor income.

Figure 51. Economic Impacts of Juneau’s Visitor Industry, 2007 – 2008



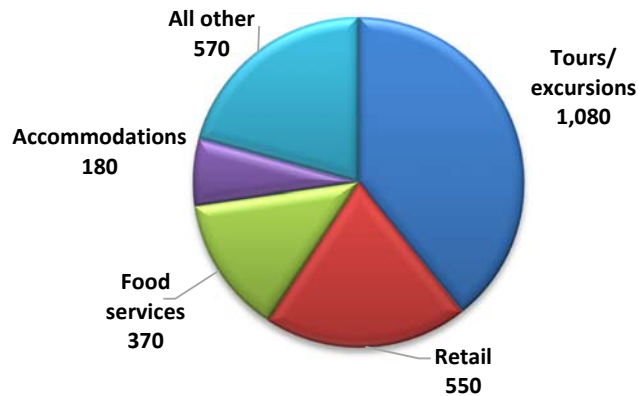
Source: *The Economic Impacts of Juneau’s Visitor Industry*, conducted by McDowell Group for the Juneau Convention and Visitors Bureau.

¹⁷ *Economic Impacts of the Visitor Industry in Juneau, 2007-08*, conducted by McDowell Group for Juneau Convention and Visitors Bureau. Note: Impact figures reflect spending by out-of-state visitors only.

The visitor industry accounted for 13 percent of total Juneau employment and 9 percent of total Juneau labor income over the study period.

The tour/excursion sector claims the largest portion of the 2,750 jobs that result from the visitor industry, at 39 percent (1,080 jobs), followed by retail at 20 percent (550 jobs), food services at 13 percent (370 jobs), and accommodations at 7 percent (180 jobs). The “all other” category (21 percent; 570 jobs) is primarily made up of the indirect jobs associated with the visitor industry, such as those in health care, construction, and finance.

Figure 52. Juneau Visitor Industry Related Employment by Sector, 2007 – 2008



Source: *The Economic Impacts of Juneau's Visitor Industry*, conducted by McDowell Group for the Juneau Convention and Visitors Bureau.

VISITOR MARKETS

Juneau's visitor industry can be considered in terms of the following major markets and sub-markets. While the list is not exhaustive, it is helpful to consider the industry in these terms for discussions of traffic and impacts.

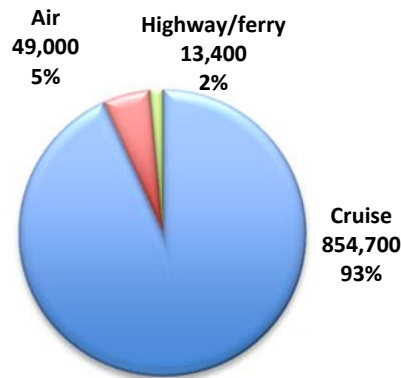
- **CRUISE.** Cruise visitors represent the bulk of Juneau's visitors. Nearly all of Juneau's cruise visitors arrive and depart via large ship (over 250 passengers), and spend between six and 12 hours in port. Passengers off of small cruise ships represent a minor sub-market; some arrive and/or depart via airplane, and may overnight in Juneau. Another sub-market is cruise ship crew members, a portion of whom disembark while in port and make local purchases.
- **AIR.** Air visitors arrive and depart Juneau via airplane, and include a wide variety of sub-markets: independents, those visiting friends/family (VFRs), package visitors (including adventure travel packages and sportfishing packages), and business visitors.
- **FERRY.** Ferry visitors arrive or depart Juneau via the Alaska Marine Highway System. They tend to be independent vacation/pleasure visitors who are on extended Alaska vacations, traveling to many communities while in the state.
- **FALL/WINTER.** Fall/winter visitors travel to Juneau between October and April. They represent a tiny fraction of annual visitation (see below), and are primarily VFRs and business travelers.
- **CONVENTION/MEETING.** The convention/meeting market primarily consists of fall/winter visitors who travel from within Alaska.

VISITOR VOLUME

Juneau is the most visited destination in Alaska, attracting 61 percent of the statewide visitor market in summer 2011.¹⁸ This is largely due to its status as the number one cruise port in the state: virtually all Alaska cruises include Juneau in their itinerary. The pie chart below helps illustrate the importance of the cruise industry within Juneau’s overall summer visitor volume.

Juneau attracted over 900,000 visitors in summer 2011, with 93 percent traveling to/from Alaska by cruise ship, 5 percent by air, and 2 percent via highway/ferry.¹⁹ (Note: These figures refer to out-of-state visitors only.) Fall/winter volume in 2011-12 totaled 14,000 visitors – under 2 percent of the 12-month total of 931,100.

Figure 53. Juneau Visitor Volume by Transportation Mode, Summer 2011

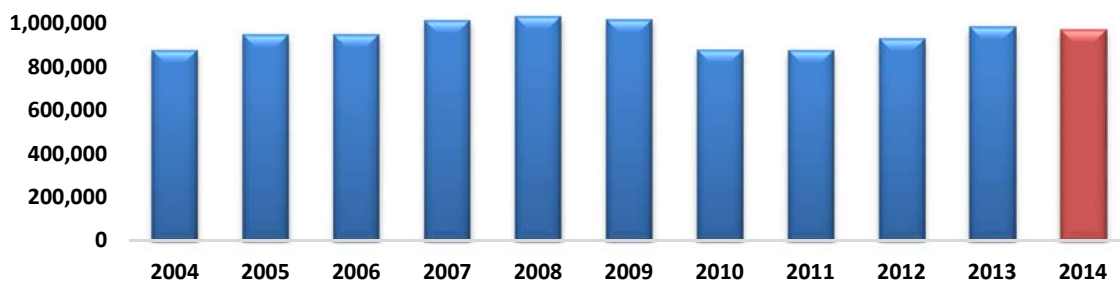


Notes: Out-of-state visitors only. Excludes crew members and cruise ship passengers who did not disembark while in Juneau.

Source: Juneau Visitor Profile, Summer 2011.

With so much of Juneau’s visitor industry associated with the cruise industry, cruise passenger traffic has a tremendous impact on industry performance. (It is also relatively easy to track, in comparison to the air and ferry markets, where traffic data combines residents with visitors.) Juneau’s cruise volume fluctuated over the last decade. The peak volume was in 2008, with 1,032,300 passengers. A steep decline (of 14 percent) in 2010 was followed by strong increases in both 2012 and 2013. A slight decline, of 1.5 percent, is projected for 2014.

Figure 54. Juneau Cruise Passenger Volume, 2004 – 2013 (2014 Projected)



Source: Cruise Line Agencies of Alaska.

¹⁸ *Alaska Visitor Statistics Program VI (Summer 2011)*, conducted by McDowell Group for Alaska Department of Commerce, Community, and Economic Development. Refers to out-of-state visitors only.

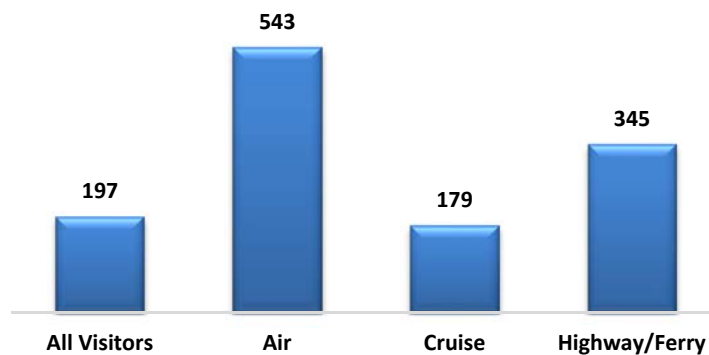
¹⁹ *Juneau Visitor Profile, Summer 2011*, prepared by McDowell Group for Juneau Convention and Visitors Bureau. Refers to out-of-state visitors only. Transportation modes refer to modes used to enter/exit Alaska (not necessarily Juneau).

VISITOR SPENDING

Visitors to Juneau in summer 2011 spent an average of \$197 per person while in the community. This figure differs significantly by market. Cruise passengers reported the lowest average spending at \$179 per person due to their shorter average stay in Juneau. Highway/ferry visitors spent an average of \$345 per person, while air visitors spent an average of \$543 per person.

Visitors who traveled to Juneau during fall/winter 2011-12 spent an average of \$345 per person. Crew members off of cruise ships represent additional visitor spending. Although spending by fall/winter visitors and crew members is not reflected in the chart at right, it is accounted for in the economic impact figures below.

Figure 55. Average Per Person Spending by Juneau Visitors, by Transportation Market, Summer 2011



Transportation markets refer to method of arriving/departing Alaska.

Source: Juneau Visitor Profile, Summer 2011.

Recent Trends

As noted above, cruise passenger volume increased in both 2012 and 2013, by 6 percent each year. The summer of 2013 was also reported to be strong in terms of shore excursion sales in Juneau. The unusually sunny weather led to increased tour participation as well as fewer weather-related cancellations. (Juneau's retail sector reportedly did not fare as well, since passengers were more likely to spend the sunny days outdoors.) The slight decline in passenger volume projected for 2014 (of 1.5 percent) reflects a decision by one cruise line to shift a small portion of their capacity to Asia. No other cruise lines have yet announced additional capacity shifts from Alaska. For the foreseeable future, cruise volume is likely to stay relatively consistent.

The independent market is more difficult to track but business owners generally reported a strong season in 2013. The following traffic indicators appear to indicate overall growth in the independent sector:

- The number of airplane passengers departing Juneau and flying out of Alaska between May and September increased by 2 percent in 2013, following a 3 percent increase in 2012. (Passengers include both residents and visitors.)²⁰

²⁰ Alaska Visitor Statistics Program (AVSP) VI Interim Visitor Volume Report, Summer 2013. Prepared by McDowell Group for Alaska Department of Commerce, Community, and Economic Development.

- Ferry passenger embarkations at Juneau by out of state residents were flat in calendar year 2013, following a 3 percent increase in 2012.²¹
- City and Borough of Juneau bed tax revenues for 2nd and 3rd quarter 2013 were up by 12 percent, following a 9 percent increase in 2012 (likely reflecting rate increases as well as higher occupancy).²²

In general, businesses serving the independent market are optimistic about the summer 2014 season. According to the Juneau Convention and Visitors Bureau, hotels and B&Bs have reported increased bookings over last year. Advance tour sales to both independent and cruise passengers are also up from 2013.

The most recent employment data from DOLWD shows a mixed bag for visitor industry sectors when comparing average employment for quarters 2 and 3 (April-September) between 2012 and 2013. Employment in the scenic and sightseeing transportation sector grew by 2 percent; employment in the accommodations sector grew by 3 percent; and employment in the miscellaneous retail sector grew by 10 percent. The only visitor-related sector showing a decline in employment was air transportation, with an 8 percent decrease.

Health Care and Social Assistance

Sector Summary

Health care and social assistance is playing an increasing role as an economic engine in Juneau. In 2013, the health care and social assistance sector accounted for 2,100 jobs and over \$100 million in payroll in Juneau.²³ These figures include Bartlett Regional Hospital, SEARHC, Catholic Community Services, REACH, Inc., and a wide variety of other health care and social services providers. Juneau's health care and social assistance industry captures a wide spectrum of health-related businesses, including medical transport, physicians, substance abuse treatment, delinquent youth facilities, parenting support, child care services, and vocational support services among others. The health care and social assistance components of this sector are often difficult to separate, for example an independent senior living facility with nursing support and regularly scheduled physician clinics provides both social and medical services. Due to their overlapping nature, these sectors are frequently discussed and reported together. This sector is largely driven by demographic characteristics, and as Juneau's population ages, the health care and social assistance sector may continue to be a growth sector in the community.

Employment Trends

The following entities are part of Juneau's health care and social assistance sector.

BARTLETT REGION HOSPITAL

Bartlett Regional Hospital is a 73-bed facility employing over 400 people to serve Juneau and the surrounding area. With 57 acute care beds, 16 substance abuse beds, an operating room, and on-site laboratory and

²¹ Alaska Marine Highway System.

²² AVSP VI.

²³ Bartlett data is officially included under the industry classification "local government."

diagnostic imaging, Bartlett provides a wide range of medical services. In addition to providing services to Juneau, the hospital serves much of the surrounding Southeast Alaska region.

REACH, INC.

Since 1977 REACH, Inc. has supported children and adults with developmental delays or disabilities through a variety of means, including housing, caregiver respite, and employment. REACH, Inc. is one of Juneau’s largest private employers, with approximately 300 employees.

SOUTHEAST ALASKA REGIONAL HEALTH CONSORTIUM

Established in 1975, SEARHC, the Southeast Alaska Regional Health Consortium, is a non-profit tribal health consortium serving the interests of Tlingit, Haida, Tsimshian, and other Native people of Southeast Alaska and serves 18 different communities. SEARHC services range from Mt. Edgecumbe Hospital in Sitka, to behavioral health, and short-term housing. In Juneau, SEARHC services also include the Ethel Lund Medical Center and several medical clinics. SEARHC has 215 employees in Juneau.

CATHOLIC COMMUNITY SERVICES

Catholic Community Services (CCS) has supported people and families in need since 1973. CCS operates three divisions: Senior Services, Child Care & Family Resources, and Hospice & Home Care. CCS has a \$10 million budget, and serves nearly 3,000 clients in Juneau, employs 210 people, and utilizes over 200 volunteers.

In terms of employment, the largest health care and social assistance providers in Juneau are located in the table below.

Table 15. Juneau Health Care and Social Assistance Employers

Health Care	Social Assistance
Bartlett Regional Hospital	REACH, Inc.
Southeast Alaska Regional Health Consortium	Catholic Community Services
Hope Community Resources, Inc.	Juneau Alliance For Mentally Ill (JAMI)
Wildflower Court	Southeast Regional Resource Center (SERRC)
Cornerstone Home Health, Inc.	Aware Inc.
Family Practice Physicians, Inc.	Big Brothers Big Sisters Of Alaska
Juneau Bone & Joint Center LLC	Center For Community
Juneau Youth Services, Inc.	Salvation Army
Southeast Medical Clinic	Southeast Alaska Guidance Association (SAGA)
Valley Medical Care	Southeast Alaska Independent Living

In addition to these employers, approximately 20 more primary care facilities operate in Juneau. Also, an analysis of Medicare data excluding hospitals shows 106 independent providers in Juneau, such as doctors, nurse practitioners and physical therapists, were paid \$2.2 million in 2012 for Medicare services.

Health Care Sector

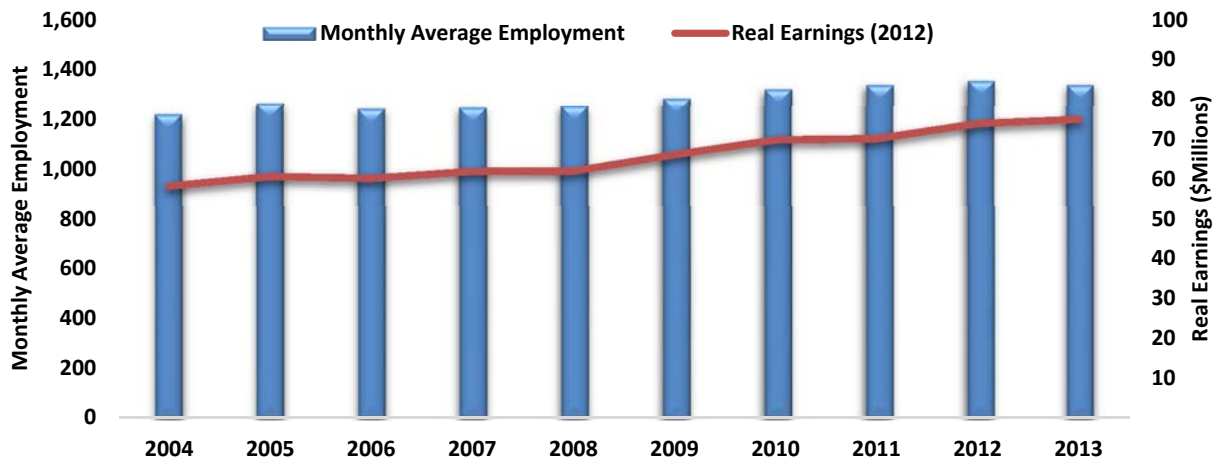
The health care industry in Alaska is one of the fastest growing economic sectors. Including health insurance, government health expenditures, and related activities, the health sector grew from nine percent of Alaska's GDP in 1997 to 14 percent in 2012. Over the last couple of decades, medical care has shifted from predominantly acute care to chronic disease management. Increased emphasis on preventative medicine and healthy living has given the formal health sector fluid boundaries. In this report, the health sector is limited to the more traditional definition of direct medical services provided by people whose primary purpose is to restore people to health.

EMPLOYMENT TRENDS

Healthcare Employment and Wages

Approximately 1,325 people are employed in the health care sector in Juneau, with total annual wages of approximately \$75 million.²⁴ Health care sector employment directly accounts for approximately seven percent of Juneau's total workforce and eight percent of total wages. Employment growth averaged one percent per year between 2004 and 2013. However, between 2008 and 2012 employment in the sector grew more quickly, at two percent annually, before dropping 1.2 percent in 2013.

Figure 56. Juneau Health Care Employment and Earnings, 2004 – 2013



Note: Includes NAICS codes 621, 623, and Bartlett Regional Hospital.
Source: ADOLWD

Real earnings between 2004 and 2008 grew 2.8 percent annually and then jumped to 3.8 percent annual growth through 2013. Similar to the employment trend, this growth slowed, as 2013 is only 1.5 percent above 2012.

²⁴ QCEW for 2013 reports 899 average monthly employment in NAICS 621000 and 623000 with total wages of \$41,192,449; Bartlett Regional Hospital FY 2014 budgets 440 FTEs with a total salary, excluding benefits, of \$34,917,800.

Health Care Expenditures

Though significant, employment and wages alone understate the impact of the health care sector on Juneau's economy. Health-related expenditures in Alaska are conservatively estimated to be \$10,600 per person.²⁵ However, due to Juneau's older population, the age adjusted estimate for Juneau is \$11,200 per person.²⁶ The population of Juneau is aging and this will have a noticeable impact across the economy. Every year there are nearly 200 additional senior citizens in Juneau. There is a marked increase in health expenditures as people age. In total, including insurance and taxes related to health care, expenditures by Juneau residents on health care services are estimated to be \$367 million in 2013. It is important to note that not all of these expenditures occur in Juneau.

Table 16. Health Expenditures for Juneau Residents by Age Cohort, 2013

Age Group	Estimated Alaska Expenditures per Capita	Juneau Population	Total Estimated Health Expenditures by Juneau Residents
0-19	\$5,800	8,252	\$49 million
20-44	\$7,400	11,392	\$83 million
45-54	\$11,500	5,292	\$61 million
55-64	\$17,100	4,866	\$82 million
65-74	\$23,700	2,218	\$49 million
75+	\$41,600	1,044	\$43 million
Total	\$11,200	33,064	\$367 million

Note: Columns may not sum due to rounding.

Source: CMS, National Health Statistics Group; DOWLD, Research and Analysis; U.S. Census. Calculations by McDowell Group.

Social Assistance Sector

The social assistance sector includes housing services, behavioral health services, community centers, vocational rehabilitation, child care, and senior services, among others. This sector, while relatively small, at less than two percent of GDP, has grown more quickly than the health care sector. Key players in this sector in Juneau include Catholic Community Services, REACH, the Salvation Army, Southeast Regional Resource Center (SERRC), and the Pioneer Home.

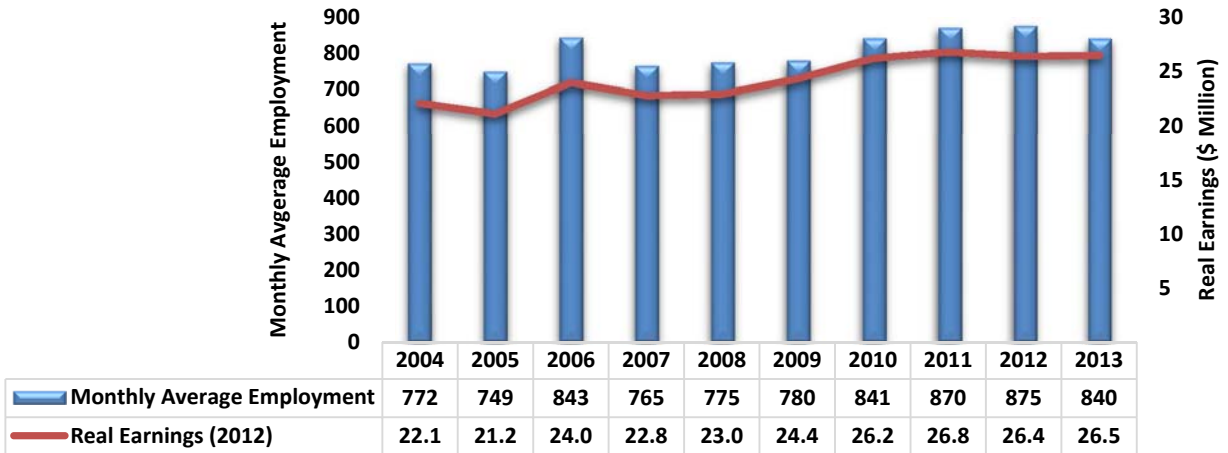
EMPLOYMENT TRENDS

In Juneau, the social assistance sector of the economy employs approximately 840 people, with total earnings of \$26.5 million. Over the last decade, employment in this sector has grown nine percent while earnings have increased 20 percent in real dollars.

²⁵ McDowell Group calculation based on 2009 CMS National Health Expenditure data and using 3 year minimum growth rates.

²⁶ McDowell Group calculation based on national cost estimates by age adjusted for Alaska costs and Juneau's population. This estimate is only based on relative age differences. For example, health status is strongly correlated with income and residents of Juneau have higher-than-average incomes; this income effect may off-set the demographic effect and it is possible the average cost in Juneau is actually less than the average Alaska per capita cost.

Figure 57. Juneau Social Assistance Employment and Earnings, 2004 – 2013



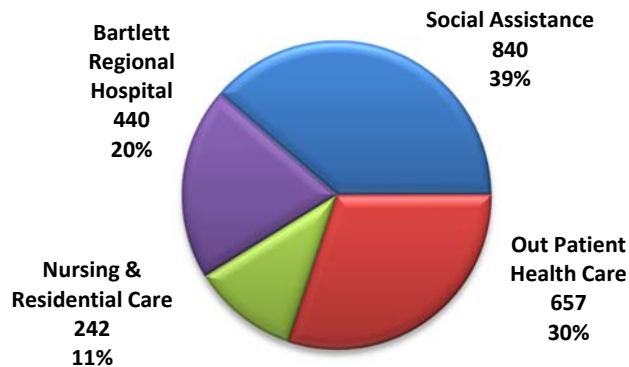
Source: ADOLWD.

Sector Outlook

Juneau will face health care and social assistance demands similar to the rest of the state, namely an increased demand for primary care services, including behavioral health and preventative medicine, and geriatric specialists, including home care support and pharmaceutical management.

These demand pressures will contrast with efforts by insurers, employers, and other payors to reduce growth in healthcare expenditures. A community with strong social supports and access to care can help many patients avoid costly hospitalizations. As the following graph shows, Juneau’s social assistance sector is expanding more rapidly than the health care sector.

Figure 58. Juneau Health Care and Social Assistance Employment, 2013



Source: ADOLWD and CBJ.

Professional and Business Services and Financial Activities

Professional and Business Services Sector Summary

The Juneau professional and business services sector consists of three segments:

- Professional, scientific, and technical services;
- Administrative and support services, and, waste management and remediation services; and
- Management of companies and enterprises.

This sector accounted for 978 jobs in Juneau and \$52.5 million in wages. The average monthly wage for the sector was \$4,477, or a \$53,724 annual wage, in 2013. Businesses in this industry include scientific and technical assistance; engineering, architectural, planning, and specialized design services; legal advice and representation; accounting, bookkeeping, and payroll services; research services; office administration, such as hiring and placing of personnel, document preparation and similar clerical services; security and surveillance services; cleaning; landscaping services; waste management and remediation services; and establishments that manage other companies.

Table 17. Juneau Professional and Business Services Sector, 2013

	Average Annual Employment	Total Annual Wages (\$Millions)	Average Monthly Wage	Total Businesses
Professional and Business Services Sector	978	\$52.5	\$4,477	146
Professional, scientific, and technical services	477	29.9	\$5,224	82
Administrative and waste services	414	15.3	\$3,072	61
Management of companies and enterprises	87	7.4	\$7,075	3

Source: ADOLWD.

Employment Trends

After a decline between 2005 and 2009, professional and business services employment levels have been on an upward trend for the past several years. Average annual employment increased by 13 percent, from 864 jobs in 2004 to 978 jobs in 2013.

Financial Activities Sector Summary

The Juneau financial activities sector is comprised of two categories:

- Finance and insurance;
- Real estate, rental, and leasing.

The finance and insurance Industry includes establishments primarily engaged in financial transactions and/or in facilitating financial transactions, including central bank monetary authorities, credit intermediation, securities, commodity contracts, insurance carriers, funds, trusts, and other financial vehicles. A business may

be classified within the finance and insurance industry if it engages in raising funds by taking deposits and incurring liabilities; pooling of risk by underwriting insurance and annuities; or providing specialized services facilitating or supporting financial intermediation, insurance, and employee benefit programs. Real estate, rental, and leasing establishments consist of Juneau organizations primarily engaged in buying, selling, renting, appraising, or managing real estate.

This sector accounted for 540 jobs in Juneau in 2013, and \$24.8 million in total wages. The average monthly wage for the sector was \$3,833, or a \$45,996 annual wage, in 2013. The two components of this sector are roughly similar in terms of number of employees. However, average annual wages in the finance and insurance industry are considerably higher than the other components of this sector. In 2013, the average finance and insurance annual wage was \$54,432, compared to \$38,880 for real estate, rental, and leasing. After peaking in 2007, the Juneau financial activities sector has been experiencing mostly downward trends in the past six years. These declines have been across the board. Average annual employment in the financial activities sector decreased by 2 percent, from 553 jobs in 2004 to 540 jobs in 2013.

Table 18. Juneau Financial Activities Sector, 2013

	Average Annual Employment	Total Annual Wages (\$Millions)	Average Monthly Wage	Total Businesses
Financial Activities Sector Total	540	\$24.8	\$3,833	85
Finance and Insurance	247	13.4	\$4,536	39
Real Estate, Rental, and Leasing	293	11.4	\$3,240	46

Source: ADOLWD.

Mining

Sector Summary

The mining industry was one of Juneau’s fastest growing industries over the past decade. Since 2004, employment in the sector more than doubled, from 275 in 2004 to approximately 700 in 2013 (based on partial year data). The most recent full year data is for 2012, when mining employment averaged 676 jobs, with peak employment of 722 (in July), and \$65.3 million in total annual wages.

The mining industry pays the highest average monthly wages in Juneau at \$8,047, nearly double the economy-wide average of \$4,062, according to ADOLWD data. The average annual wage in Juneau’s mining industry was \$96,600 in 2012.

The two principal firms in Juneau’s mining industry are Hecla Mining Company and Coeur Alaska, operators of the Greens Creek and Kensington mines, respectively. These mines, along with other mining related activity in the Juneau area, are described below.

GREENS CREEK MINE

Hecla’s Greens Creek is an underground mine located on Admiralty Island about 15 air miles from Juneau. The mine produces approximately 2,200 tons of ore per day and is among the top ten largest silver producers in

the world. In 2013 the mine produced 7.4 million ounces of silver, along with 57,000 ounces of gold, 58,000 tons of zinc and 20,000 tons of lead.²⁷

Green Creek mine employs approximately 400 workers with total annual wages of approximately \$38 million. Greens Creek is the largest private sector employer in Southeast Alaska, in terms of annual wages. Approximately two-thirds of the mine's workforce resides in Juneau. The local economic impact of Greens Creek Mine includes the substantial property tax payments it makes each year. In 2013, the mine paid \$839,000 in property taxes, second only to Coeur Alaska's \$1.15 million. Greens Creek employees pay another half million in CBJ property taxes, according to the most recently available data.²⁸

Greens Creek's first production was in 1989 and the mine has been in continuous operation since 1996. The mine has substantial reserves to support production well in to the future, with current proven and probable silver reserves of 92.5 million ounces, 713,000 ounces of proven and probable gold reserves, 256,130 tons of lead, and 677,940 tons of zinc in proven and probable reserves. In addition, there are a measured and indicated silver resource of 9.4 million ounces and inferred silver resource totaling 31.8 million ounces. Measured and indicated gold resources currently total 72,000 ounces and inferred gold resources total 216,000 ounces.²⁹

KENSINGTON MINE

Coeur Alaska's Kensington mine is an underground gold mine located approximately 45 miles north of Juneau. The mine produces approximately 1,800 tons of ore per day and in 2013 recovered 115,000 ounces of gold.

Kensington currently employs 318 workers and, along with Greens Creek, is one of the largest private sector employers in the region. As noted above, Kensington is Juneau's single largest property tax payer.

Kensington began operations in 2010 and has substantial resources to support future operations. The mine currently has proven and probable reserves of 900,000 ounces of gold, measured and indicated resources of approximately 566,000 ounces and inferred resources of 263,000 ounces.³⁰

HERBERT GOLD PROJECT

The Herbert Gold project is an on-going prospect evaluation focused on a high-grade gold deposit located near Herbert Glacier, just a few miles off the Juneau road system. Grande Portage Resources, Limited, a Vancouver-based exploration firm, has a 65 percent interest in the project, with Quaterra Resources, Inc. holding the remaining 35 percent.

Work on the property has included more than 50,000 feet of core drilling, which has identified an indicated resource of 821,100 metric tons containing 182,400 ounces of gold and an inferred resource of 51,600 metric tons containing 12,800 ounces of gold. Work planned for 2014 includes another 30,000 feet of core drilling.³¹

²⁷ Source: Hecla Mining Company Annual Report, 2013.

²⁸ *Socioeconomic Impact of Greens Creek Mine*, prepared by McDowell Group for Hecla Greens Creek Mining Company, 2008.

²⁹ Source: www.hecla-mining.com.

³⁰ Source: www.coeur.com/mines-projects/mines/kensington

³¹ Source: www.grandeportage.com

The project holds potential for development of a small-scale (relative to Greens Creek and Kensington) gold mine. Baseline environmental water studies have been conducted for the past three years.

AJ MINE

The Alaska-Juneau (AJ) Mine operated from 1883 to 1944, producing approximately 3.5 million ounces of gold from what was, at that time, one of the largest underground gold mines in the world (producing 10,000 tons of ore per day). The AJ mine property is now jointly owned by the CBJ and AJT Mining Properties. The historic mining property still contains an estimated 785,000 ounces of gold, with a current value of approximately \$1 billion.

Between 1985 and 1997, Echo Bay Mines spent \$100 million in an ultimately unsuccessful pursuit of reopening the AJ mine. More recently, in 2011, the AJ Mine Advisory Committee, was formed by the CBJ to consider under what circumstances the CBJ might again pursue development of the AJ Mine.³² That effort culminated with the delivery of a report, to the Assembly, with various recommendations regarding the conditions under which AJ should be redeveloped. These recommendations pertained to protection of the Gold Creek water supply, tailings disposal (all underground), mine access (outside of Last Chance Basin, Sheep Creek, and residential and commercial areas), milling (conducted underground), and a variety of other issues.

The economic and regulatory feasibility of reopening the AJ, at any scale of operation, is unknown. An investment of more than \$100 million would likely be required to make that determination. However, if the mine could be redeveloped at a scale of about 3,500 tons per day (the scale considered by the AJ Mine Advisory Committee), the economic impacts in Juneau in terms of employment and tax revenues would be consistent with, or perhaps somewhat greater than those realized from either Greens Creek or Kensington, in terms of employment and property tax revenues (several hundred jobs and \$1 million in annual tax revenues). As co-owner of the AJ property, the CBJ would also benefit from royalty revenues, estimated at approximately \$20 million over ten years.³³

Seafood

Juneau is the nation's 44th largest commercial fishing port, by both value and poundage, and the 13th largest commercial fishing port in Alaska. Commercial fishing and seafood processing are important sources of jobs, income, and tax revenue for Juneau. Juneau also benefits economically from being the base of operations for many federal and state government functions that manage or promote the fisheries around Juneau and elsewhere in the state. The DIPAC salmon hatchery creates additional jobs and income in Juneau, and the DIPAC and Armstrong-Keta salmon hatcheries make the regional seafood resource more abundant, creating additional jobs in Juneau as well.

³² AJ Mine Advisory Committee Report to the City and Borough Assembly, May 2, 2011

³³ Based on production of 78,000 ounces of gold per year. Page 27, AJ Mine Advisory Committee Report to the City and Borough Assembly, May 2, 2011

COMMERCIAL FISHING SECTOR SUMMARY

Participation

Juneau is home to approximately 700 active commercial fishermen (including active permit holders and crew) and 300 commercial fishing boats. In 2013, 394 Juneau residents held 667 limited entry commercial fishing permits. This includes 275 local permit holders who actually fished 417 permits in 2013. A total of 438 Juneau residents purchased a crew license in 2012 (2013 figures are not yet available). This number of crew includes people who may have crewed in multiple fisheries over the course of the year and people who may have crewed for just a few gillnet openings, for example.

Juneau commercial fishermen earned \$24.7 million in total ex-vessel value (gross income) in 2013 from a total harvest of 17 million pounds of fish. Data is not available on the actual “take-home” pay of permit holders and crew, however, based on McDowell Group estimates net pay for Juneau fishermen is approximately \$12 million. The balance is spent on fuel, fishing gear, insurance, and fishing-related goods and services. The current value of permits owned by Juneau fishermen is approximately \$72 million.

Table 19. Juneau Commercial Fishing Profile, 2013

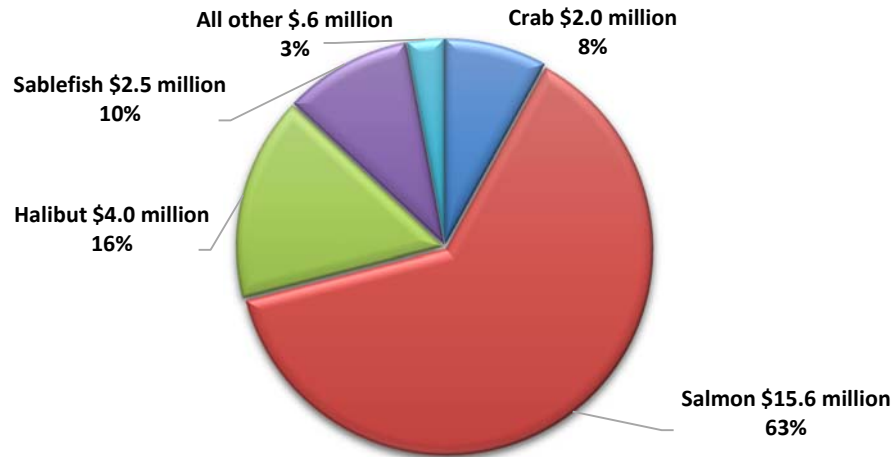
Permits - Held/Fished	667/417
Permit Holders – Total/Active	394/275
Crew Members (2012)	438
Total Active Fishermen	713
Gross Earnings (\$Millions)	\$24.7
Estimated Net Profit and Crew Shares (\$Millions)	\$12.0
Harvest Volume (Millions lbs.)	17.2
Estimated Total Permit/Quota Value (in \$Millions)	\$71.9

Sources: ADFG, CFEC, and McDowell Group estimates.

Earnings

Salmon account for the majority of Juneau’s commercial fishing income. In 2013, salmon harvests generated \$15.6 million in gross earnings for Juneau fishermen, 63 percent of total commercial fishing ex-vessel income. Halibut was the next most important in terms of gross income, \$3.96 million, 16 percent of the total. Sablefish (black cod) accounted for \$2.5 million, 10 percent of total gross earnings.

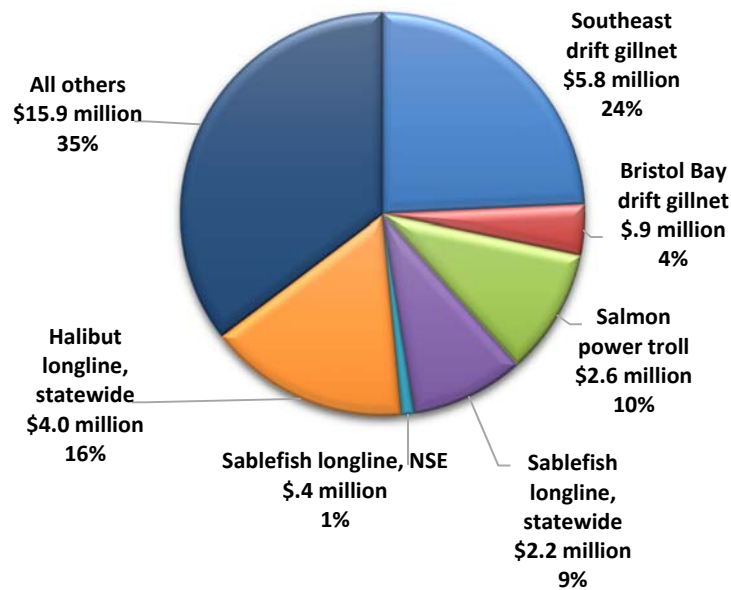
Figure 59. Juneau Resident Seafood Harvest Value, by Species, 2013



Source: CFEC.

Particular fisheries most important to Juneau residents include the Southeast drift gillnet fishery, which in 2013 generated \$5.8 million in gross revenue for Juneau fishermen. Juneau residents who fished Bristol Bay drift net permits earned \$0.9 million. The salmon power troll fishery accounted for \$2.6 million in gross earnings for Juneau residents in 2013.

Figure 60. Juneau Resident Seafood Harvest Value, by Fishery, 2013

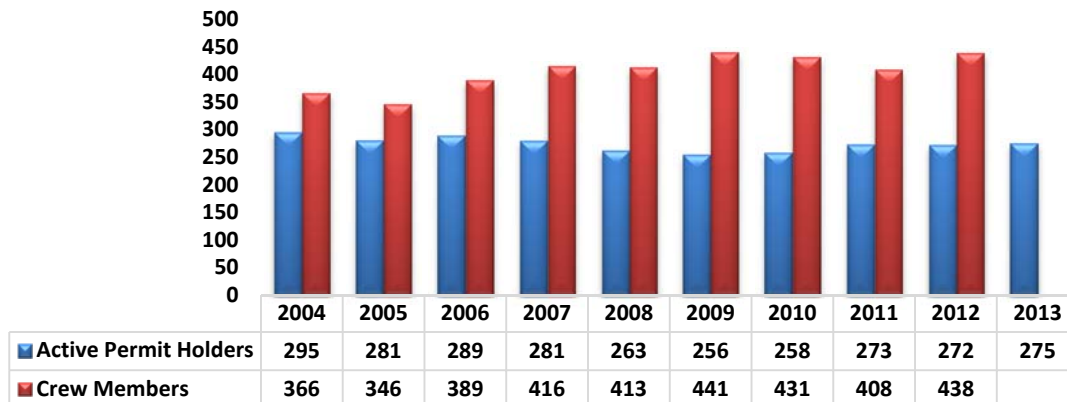


Source: CFEC.

COMMERCIAL FISHING EMPLOYMENT TRENDS

Over the past ten years the number of active permit holders living in Juneau has declined while the number of crew members has increased. In 2004, there were 295 active permit holders residing in Juneau, while there were 275 in 2013. The number of Juneau residents purchasing crew licenses increased from 366 in 2004 to 438 in 2012 (the latest available data).

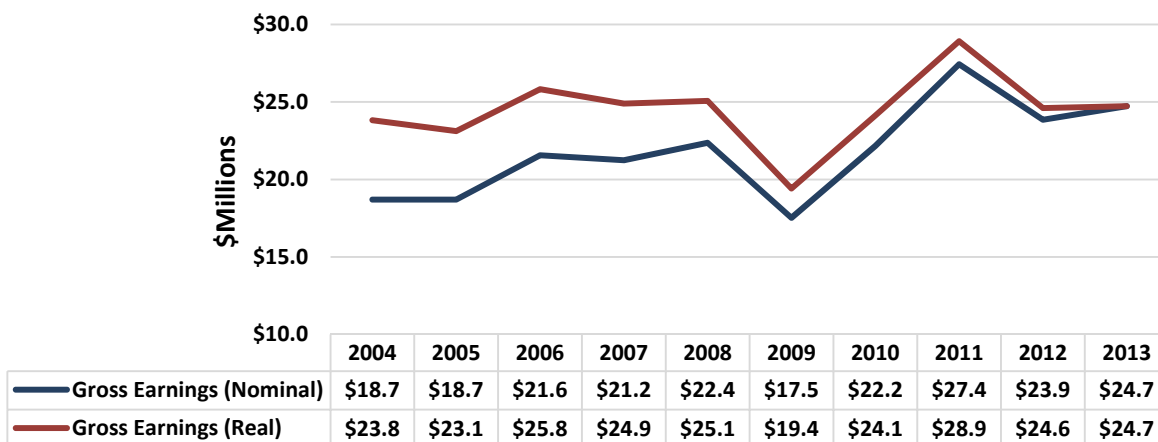
Figure 61. Juneau Resident Active Permit Holders and Crew Licenses Purchased, 2004 – 2013



Note: 2013 data is preliminary.
Source: ADFG COAR data.

The vast majority of Juneau-based fishermen participate in Southeast Alaska fisheries. Juneau’s resident commercial fishermen grossed \$24.5 million per year over the ten year period, on average (after adjusting for inflation). Active permit holders averaged gross earnings of \$90,500.

Figure 62. Gross (Ex-vessel) Earnings for Juneau Permit Holders, Nominal and Real, 2004 – 2013

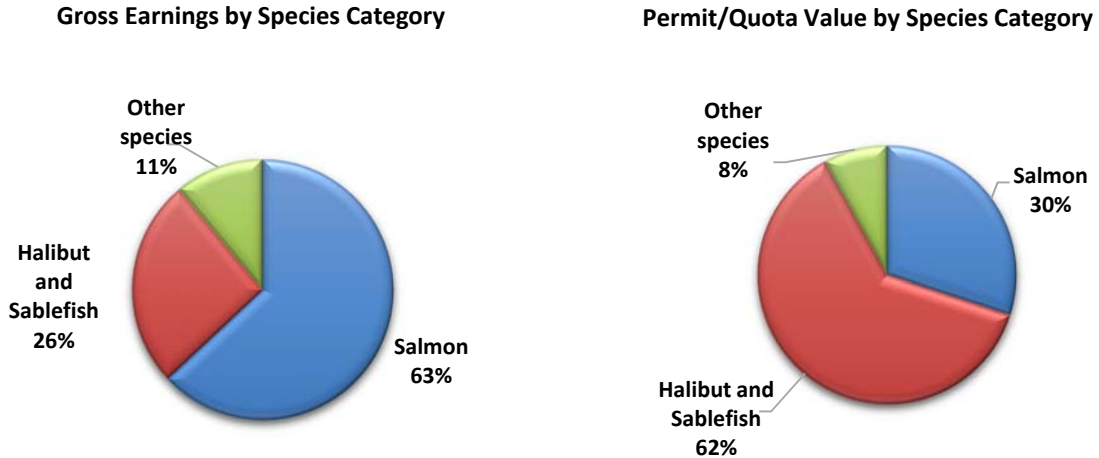


Source: CFEC.

Permit Values

Juneau residents own an estimated \$72 million worth of permits and quota. The majority of the value comes from halibut and sablefish (black cod) quota. Salmon permits account for 30 percent of the value. Although halibut and black cod are worth more in terms of quota value, the majority of Juneau residents’ gross fishing income comes from salmon. Crab makes up the majority of the value derived from “other” fisheries.

Figure 63. Harvest Value and Permit/Quota Value of Juneau Residents, 2013



Source: ADFG/CFEC and NOAA, compiled by McDowell Group.

SEAFOOD PROCESSING SECTOR SUMMARY

Volume and Value

Juneau is home to five shore-based seafood processors. These processors employed 389 workers during the peak of the 2013 processing season. Wages and salaries reached \$6.1 million in 2013, and increase of over 50 percent versus 2010.

Table 20. Juneau Seafood Processing Profile, 2012 & 2013

2013 Average Monthly Employment ¹	182
Peak monthly employment	389
Total workers (2012)	435
2013 Wage and Salary Earnings (\$Millions)	\$6.1
% Non-resident - Workers/Wages (2012)	73%/61%
Resident Workers and Resident Wage/Salary Earnings (\$Millions) (2012)	118/\$1.9
Number of Shore-based Processors (2013)	5

¹ Data was only available for 'Food Manufacturers', while most employment is likely related to seafood processing, it could include other food manufacturing businesses as well.
Sources: ADFG and AKDOLWD, compiled by McDowell Group.

The value of seafood landed in Juneau reached \$50 million in both 2011 and 2012. Juneau processors (and, to a lesser extent, retailers like Super Bear and A&P) typically process 15 to 25 million pounds of seafood each year. The volume of seafood bought by Juneau processors and retailers declined since 2007 and yet the value has increased substantially. This is likely the result of better prices for keta (chum) salmon, halibut, and black cod.

Figure 64. Juneau Seafood Processing Value and Volume, 2003 – 2012

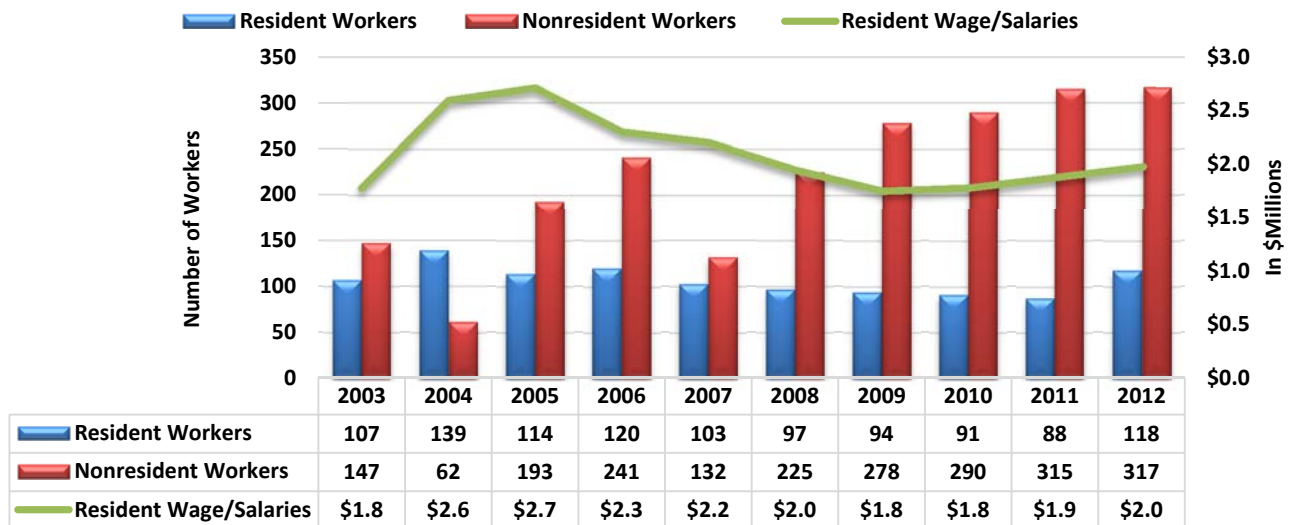


Source: ADFG COAR data.

Employment and Wages

The number of workers employed in seafood processing in Juneau at its highest point in over a decade. As with other areas in Alaska, the majority of Juneau’s processing workers are seasonal, non-resident workers who are brought into handle the summer rush of salmon, halibut, and black cod. The number of processing workers working in Juneau has increased significantly since the mid-2000s, with non-resident workers filling most of the new jobs. Meanwhile, the number of Juneau resident processing workers has remained more steady (at roughly 90 to 120 workers).

Figure 65. Juneau Seafood Processing Employment and Wages, 2003 – 2012



Source: DOLWD.

Note: 2013 data not available.

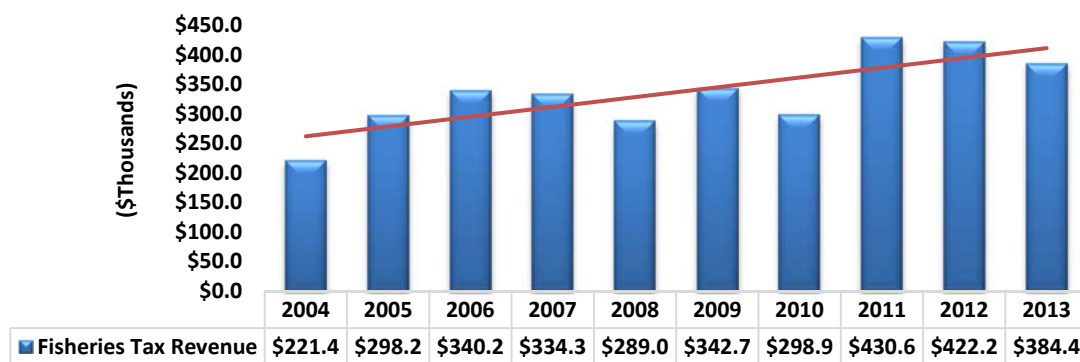
Despite a predominance of non-resident processing laborers, most upper level positions are held by local residents. These jobs pay better than the seasonal line jobs commonly held by non-residents. The average wage for resident workers is nearly twice that of non-residents. Residents are typically employed in higher-paying positions or work for longer periods throughout the year. Although Juneau has a population base large enough

to supply seasonal workers, the summer months offer Juneau residents many other employment opportunities (hence the need for non-resident processing workers).

State Shared Taxes

The State collects a three to five percent tax from seafood processors (onshore or in state waters) based on the price of fish paid to fishermen at the point of processing. Revenues from this Fisheries Business Tax are shared with communities impacted by the fishing industry. The amount of shared revenue Juneau receives is directly linked to the amount of fish processing occurring in Juneau and the price of fish.

Figure 66. State Fisheries Business Tax Revenue Shared with City and Borough of Juneau, FY2004 – 2013



Source: Alaska Department of Revenue Shared Taxes and Fees Annual Reports

Over the last decade Juneau’s share has about doubled because more seafood processing is occurring in Juneau and fish prices have been generally in an upward cycle. In 2013, Juneau’s share of the State’s Fisheries Business Tax was \$384,415; for comparison 20 years ago in 1993 it was \$35,863.

Government Functions Related to Commercial Seafood

Government functions related to Alaska’s commercial fisheries are also an economic driver in Juneau. Since many state and federal government operations tied to the industry are based in Juneau, the city benefits from these jobs.

The major government employers (related to the commercial seafood industry) are NOAA and the Alaska Department of Fish and Game (ADFG). These two agencies employ an estimated 407 workers who earned an average of \$68,500 in 2012. Other State agencies also have staff in Juneau whose positions relate to the seafood industry; these departments employed an estimated 24 additional workers in 2012. Collectively, it is estimated that government functions related to the commercial seafood industry directly employed 431 people in Juneau who earned \$29.6 million in 2012. Virtually all of these jobs are held by Juneau residents.

SALMON HATCHERIES

Douglas Island Pink and Chum (DIPAC) maintains production and administrative facilities in Juneau employing roughly 80 people.). DIPAC is a major visitor attraction during the summer tourist season. The Armstrong Keta hatchery operates a small administrative office in Juneau, employing 3 people (according to the group’s

website. It is estimated that salmon hatcheries account for five percent of all commercial seafood earnings earned by Juneau residents.

Figure 67. Total Ex-vessel Value of DIPAC Salmon Harvested in Common Property Commercial Fisheries, in \$Millions, 2001 – 2012



Note: 2012 data is preliminary.
Source: DIPAC, 2013.

Education

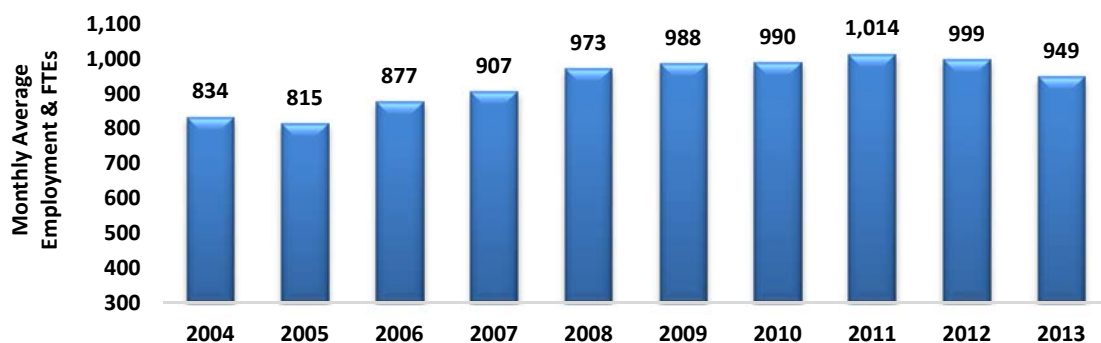
Sector Summary

Education creates a significant number of jobs in Juneau, though of course its biggest contribution is in developing the city’s most valuable asset: Juneau’s youth. The majority of these jobs are included in city and state government employment totals, as the Juneau School District (JSD) and the University of Alaska Southeast (UAS) are both government entities.

Employment Trends

Juneau’s education sector accounts for 949 jobs (including FTE and average monthly employment). Employment in Juneau’s education industry ranged from 815 to 1,014 during the past decade, peaking in 2011. Employment increased between 2005 and 2011, including a jump in 2008 with the opening of Thunder Mountain High School. The University and the school district both added jobs during that period.

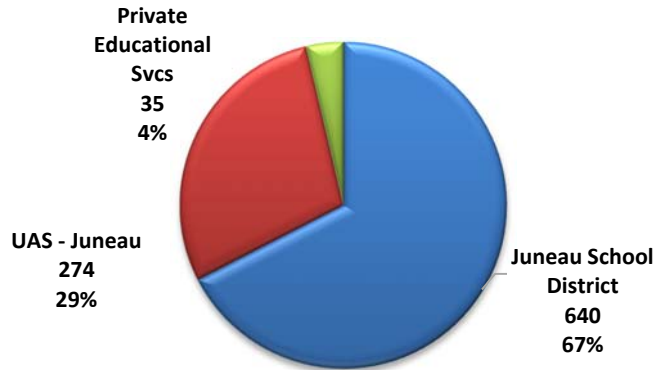
Figure 68. Education Employment in Juneau, 2004 – 2013



Note: 2013 data is incomplete, extending only through September.
Source: DOLWD, OMB, and City of Juneau (CAFR).

The JSD accounts for two-thirds of all education employment, and is one of the largest employers in Juneau. The UAS Juneau campus employs 274 people. Private educational service companies, such as the Juneau Montessori Pre-School and Kindergarten program, provide 35 jobs.

Figure 69. Juneau Education Employment by Source, 2013

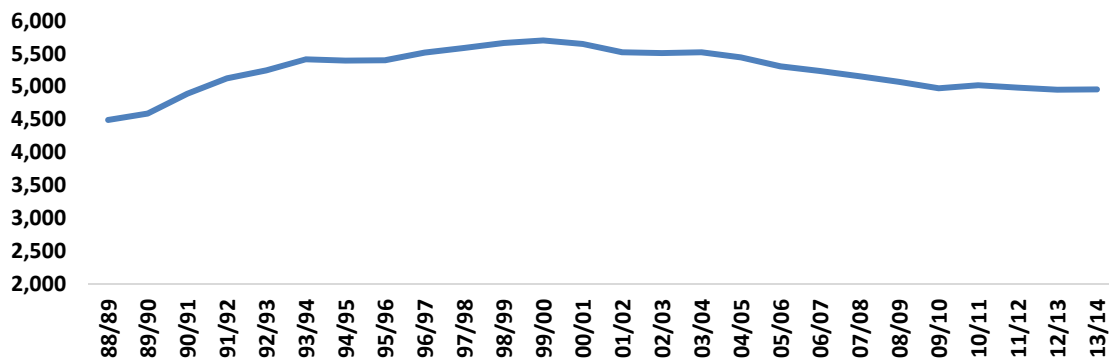


Note: Figures represent the average number of monthly jobs or FTEs.
Source: DOLWD, OMB, and City of Juneau (CAFR).

JSD Enrollment

Juneau School District’s average daily attendance has steadily declined from a high of 5,700 in FY99 to less than 5,000 during the past fifteen years. Since the 1999-2000 school year, school attendance has held fairly steady, at 4,970 to 5,020 average students per day.

Figure 70. Juneau School District Average Daily Attendance Pre-School – Grade 12, 1988/1989 – 2013/2014



Source: Alaska Department of Education.

University of Alaska Southeast

UAS Juneau provides educational opportunities for traditional college-aged students. The local campus also serves an important role as a source for Juneau residents of all ages to acquire an education or upgrade skills without having to leave the community. UAS enrollment averages approximately 2,600 students.

Over the last five years, approximately one out of ten students on the Juneau campus originated from outside Juneau. As with other base industries, the dollars that these students spend (both on-campus and off-campus)

are new to Juneau’s economy. Also, when local students decide to attend UAS, dollars that might otherwise be spent at a university in another state remain in Juneau.

In addition to the impacts related to campus expenditures in the Juneau economy, UAS provides Juneau residents with a better quality of life and like arts and culture, has an indirect positive effect on Juneau’s economy.

Construction

Sector Summary

Construction companies operating in Juneau created jobs for a monthly average of 692 workers in 2013, with \$44.5 million in total wages. Construction employment peaks in the summer, and reached a high point in 2013 of 819 workers during August. Construction directly accounts for 5 percent of total wages in Juneau and 3 percent of employment. The average construction job paid an annual wage of \$64,332 in 2013. A total of 134 construction companies operated in Juneau during 2013, not including self-employed individuals, an increase of 6 companies from 2012.

Approximately half of all Juneau’s construction employment comes from specialty trade contractors that focus on specific aspects of a construction project, such as electrical components. Building construction contractors are the next largest sub-sector of Juneau’s construction industry, accounting for over one-third of all wage/salary employment in 2013. Heavy construction companies account for another 14 percent of Juneau’s total construction employment.

Table 21. Juneau Construction Employment by Sub-Sector, 2013

Sub-Sector	Avg. Mo. Employment	Total Annual Wages (\$Millions)	Avg. Earnings
Construction of Buildings	234	\$12.0	\$51,432
Heavy Construction	99	9.7	98,472
Specialty/Trade Contractors	359	22.7	63,324
Total	692	\$44.5	\$64,332

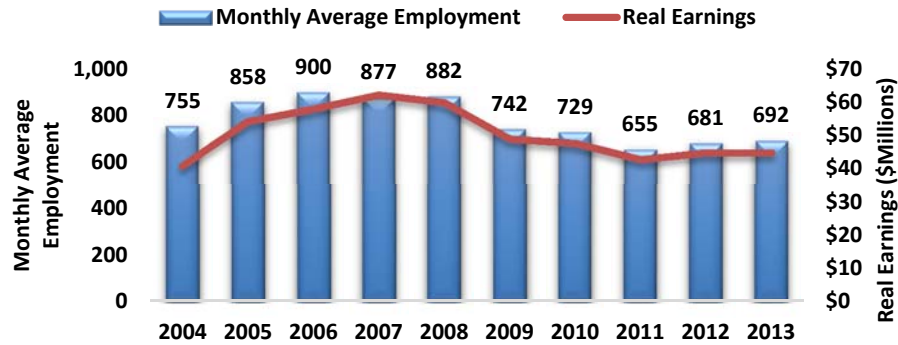
Source: ADOLWD.

It is estimated that Juneau’s self-employed construction workers account for roughly 100 full-time equivalent jobs. Self-employed individuals are not included in wage/salary data.

Employment Trends

Annual employment in Juneau’s construction industry ranged from 655 to 900 during the past decade, peaking in 2006. Employment has slowly risen in recent years, but remains below levels seen during the mid-to-late 2000s. Total annual earnings, after adjusting for inflation, declined by \$17.7 million from 2007 to 2013 as employment fell. The average construction job paid \$64,300 in 2013 (in real terms). Average real earnings have been steady in recent years, averaging about \$65,000.

Figure 71. Construction Employment and Average Earnings in Juneau, 2004 – 2013



Source: ADOLWD.

Retail

Sector Summary

Juneau’s retail sector includes 144 establishments that employed 1,985 workers in 2013. Workers in the retail sector earned a total of \$55.9 million in wages. Juneau’s retail sector has a significant seasonal aspect as a result of summer visitor spending in the community. In 2013, retail employment peaked at 2,247 (in August), while the low point was 1,797, in January.

A wide variety of businesses make up Juneau’s retail sector, ranging from car dealerships to hardware stores to grocery stores. The largest employers in the retail sector include the “General Merchandise” stores, such as Fred Meyer and Walmart, “Food and Beverage” stores, which includes Juneau’s grocery stores.

The “Clothing and Clothing Accessory” and “Miscellaneous” categories are the most visitor-affected. Employment in these categories more than doubles between winter and summer.

Table 22. Retail Employment and Wages in Juneau 2013

	No. of Firms	Annual Ave. Employment	Total Annual Wages (\$Millions)	Ave. Monthly Wage
Motor Vehicle and Parts Dealers	10	174	7.4	3,543
Furniture and Home Furnishings	8	36	0.9	2,151
Electronics and Appliances	9	24	0.6	2,091
Building Material and Garden	9	194	5.5	2,345
Food and Beverages	15	501	12.2	2,033
Health and Personal Care	8	43	1.3	2,561
Gasoline Stations	5	38	1.2	2,578
Clothing and Clothing Accessories	26	122	3.3	2,225
Sporting Goods, Books, Music, etc.	11	74	1.0	1,157
General Merchandise	5	490	15.0	2,552
Miscellaneous	32	206	3.8	1,518
Nonstore Retailers	6	83	3.8	3,780
Total	144	1,985	\$55.9	\$2,347

Source: ADOLWD

Employment Trends

Juneau’s retail sector is only slightly larger than in was ten years ago, in terms of employment. In 2004, an average of 1,930 workers were employed in Juneau retail establishments. Retail employment in Juneau has actually trended down since 2008, when 2,181 workers were employed, a decline of about 9 percent.

Total retail employment in 2013 was slightly above 2012 (on an annual average basis), however, employment was down in all retail sectors except “Motor Vehicle and Parts Dealers” (up 68 jobs) and “Miscellaneous Retail” (up 26 jobs).The rest of the retail sector combined was down 60 jobs.

Total wages in Juneau’s retail sector has been trending down over the past decade. In real (inflation-adjusted) dollars, retail wages in 2013 were about 7 percent below the 2004 level and 11 percent below the 2008 level.

Table 23. Retail Employment and Wages in Juneau, 2004 – 2013

Year	No. of Firms	Annual Avg. Employment	Total Annual Wages (\$Millions)	Total Annual Real Wages (\$Millions)
2004	159	1,930	47.0	59.9
2005	162	2,024	48.4	59.8
2006	162	2,043	48.7	58.3
2007	158	2,098	51.3	60.1
2008	151	2,181	56.0	62.8
2009	154	2,045	52.9	58.6
2010	146	1,996	51.1	55.6
2011	143	1,994	52.1	54.9
2012	144	1,951	52.9	54.6
2013	144	1,985	55.9	55.9

Source: ADOLWD.

Gross sales data for Juneau’s retail sector shows overall growth over the past decade, though growth has been slow in terms of inflation-adjusted dollars. Food sales have had the most growth, rising about 11 percent between 2004 and 2013, in real (inflation-adjusted) dollars. “General” retail sales increased about 2 percent and specialized retail about 8 percent over the ten year period. Automotive sales in particular suffered from the 2008-09 recession, with one local dealership closing its doors.

Table 24. Retail Sales Juneau, \$Millions of nominal dollars, 2004 – 2013

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Retail sales-general	164.3	175.4	179.7	200.0	217.0	202.6	204.3	210.3	206.1	213.9
Foods	139.2	159.6	171.5	168.8	168.2	159.7	178.5	198.6	189.7	196.1
Retail sales - specialized	131.5	137.5	142.5	153.0	151.7	143.1	140.8	148.7	156.4	180.3
Automotive	81.9	81.0	76.1	83.1	86.6	73.5	68.6	78.4	69.7	83.1
Total	516.8	553.4	569.8	605.0	623.6	578.9	592.2	636.0	621.9	673.4

Source: CBJ.

Table 25. Retail Sales Juneau, \$Millions of inflation-adjusted dollars, 2004 – 2013

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Retail sales-general	209.3	216.8	215.2	234.5	243.3	224.5	222.4	221.8	212.6	213.9
Foods	177.4	197.3	205.5	197.9	188.6	176.9	194.4	209.5	195.6	196.1
Retail sales – specialized	167.5	170.0	170.7	179.4	170.0	158.5	153.3	156.8	161.4	180.3
Automotive	104.3	100.1	91.2	97.4	97.1	81.4	74.7	82.6	71.9	83.1
Total	658.5	684.2	682.6	709.1	698.9	641.3	644.7	670.7	641.5	673.4

Source: McDowell Group based on CBJ gross sales data.

Manufacturing

Juneau’s manufacturing sector includes an annual average of 325 jobs and \$12.4 million in annual wages, based on 2013 ADOLWD data. Food manufacturing (which is mainly seafood processing) accounts for more than half (56 percent) of manufacturing employment in Juneau.

Alaskan Brewing Company is the largest manufacturing firm in Juneau outside the seafood processing sector. Other employers in this sector include the local printing companies (Alaska Litho, Capital Copy, Commercial Signs and Printing, Printing Trade Company). The sector also include manufacturers of industrial control panels (Boreal Controls), concrete products, and wood products.

Though a relatively small part of Juneau’s economy, manufacturing is noteworthy because of growth in the sector and potential for further growth in the future. As noted earlier in this report, seafood processing employment has increased significantly over the past decade, increasing by over 70 percent (from about 100 jobs in 2004 to approximately 175 jobs in 2013). Peak season employment in seafood processing increased from 175 to 375 over the same period.

Alaskan Brewing Company is a notable manufacturing success story in Juneau. Founded in 1986, Alaskan Brewing Company beer is now distributed in 14 states. The Brewers Association lists Alaskan Brewing as the 17th largest craft beer brewer in the U.S. in terms of 2013 sales volume (no other Alaska breweries are in the top 50) and the 24th largest brewery overall.³⁴ Alaskan Brewing Company currently employs approximately 100 workers in Juneau.

Arts and Culture

Juneau enjoys a vibrant and varied arts sector that includes residents who create, sell, promote, and teach art. It includes the performing arts, such as theatre, dance, and music; and a wide variety of visual arts, such as painting, drawing, print making, design, photography, sculpture or carving of wood, stone, metal and other materials, ceramics, glass, weaving and other textiles, jewelry, and art made with found objects.

The arts industry is a complex economic network encompassing both non-profit and for-profit activity and a great deal of volunteer activity. Most of the economic activity related to the arts is not captured in government

³⁴ <http://www.brewersassociation.org/press-releases/brewers-association-lists-top-50-breweries-of-2013/>

employment and earnings statistics. Further, the majority of people in Juneau's arts industry are active in the industry only part-time.

The most recent comprehensive assessment of the economic impact of Juneau's arts industry was conducted by McDowell Group in 1995 for the Juneau Arts and Humanities Council. That study found that the arts accounted for 354 full-time, part-time, and temporary jobs in Juneau, with total annual payroll of \$5.4 million. Sales and other income totaled \$10.7 million.³⁵

Without doubt Juneau's arts industry has evolved over the past 20 years, and its economic impact is larger than it was when measured in 1995. However, more recent studies capture only a portion of art-related economic activity in Juneau. The Arts & Economic Prosperity IV project, conducted by Americans for the Arts, measured \$5.6 million in arts and culture organization spending in Juneau in 2010, along with \$1.1 million in audience spending. That study identified 298 full-time equivalent jobs associated with arts organization and audience spending.

In terms of economic impact, the single largest cultural event in Juneau is Sealaska's Celebration. The event generated \$2.2 million in total local spending in 2012, including \$1.5 million in spending by non-residents, \$200,000 in spending by local organizations in support of the event, and \$500,000 in spending multiplier affects. Attendance at Celebration 2012 total 5,300, including 2,800 visitors.³⁶ This semi-annual event was extended from three days to four days in 2014, likely resulting in a significant increase in the economic impacts of Celebration.

Other arts events and organizations with measurable economic impacts include the Alaska Folk Festival, Perseverance Theatre, Juneau Jazz and Classics, and a variety of others.

Art and culture are important not only for the direct economic activity they create, but also for quality of life-related benefits. Arts and cultural opportunities play a role in attracting and retaining mobile professionals, retirees, and others, all of whom have an economic impact on the community, an impact that might not occur in the absence of the arts.

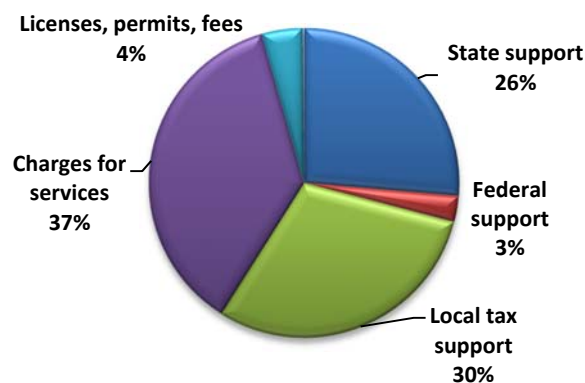
³⁵ The Arts Economic Impact on Juneau, prepared by McDowell Group for Juneau Arts and Humanities Council, April 1995.

³⁶ The Economic Impact of Celebration, prepared by McDowell Group for Sealaska Heritage Institute, September 2012.

Chapter 5: Tax Revenue and Trends

The strength and diversity of a community's tax base is a measure of economic activity and the vitality of the economy. The resultant tax revenue collected is an important component of the funding that supports city government services and maintenance of public facilities and infrastructure. Local tax revenue typically accounts for about 30 percent of the City and Borough of Juneau (CBJ) General Government operating revenue. This section of the report looks at trends in Juneau's taxable sales, property assessments, and taxes generated.

Figure 72. City and Borough of Juneau General Government Operating Revenue by Source, FY2013



Source: CBJ FY15 and FY16 Summary of Revenues

Trends

Both Juneau's taxable sales and assessed property values have been rising over the last decade, though sales tax took a ten percent dip in 2009, and sales tax revenue is growing slower than property tax revenue.

Sales Tax

Over the last decade, the CBJ sales tax levy has held steady at five percent. This five percent sales tax is comprised of one permanent and one temporary one percent sales tax and a three percent temporary tax (all temporary taxes are subject to regular voter reauthorization). Sales tax revenue was climbing until 2009 when it dipped almost 10 percent, or \$4 million. After that, it began climbing again. In 2013, CBJ sales taxes generated \$41.8 million in revenue, which is slightly above 2012 and the highest collected to date (not considering the effects of inflation).

Property Tax

Juneau's property tax mill rate over the last decade has varied from a high in 2004 of 12.00 mills to a low in 2006 of 10.17 mills. Currently (2013), it is 10.66 mills. This means that in 2013 a Juneau property owner's assessed property value is multiplied by 0.01066 (or slightly over 1 percent) to determine how much property

tax is owed for that year, minus any exemptions. The 10.66 mills are comprised of the four components as illustrated in the following table.

Table 26. City and Borough of Juneau Mill Rates, 2013

Service	Mill Rates
Education/administration	6.64
Fire	0.39
Roaded with police	2.23*
Bond debt	1.40
Total	10.66

Note: Government operations tax cap set at 12 mills plus bond debt.

* Roaded area only.

Source: 2013 Alaska Taxable.

Figure 73. City and Borough of Juneau Tax Revenue, 2004 – 2013



Source: Sales tax from CBJ Finance Department. Property tax from DCCED Alaska Taxable

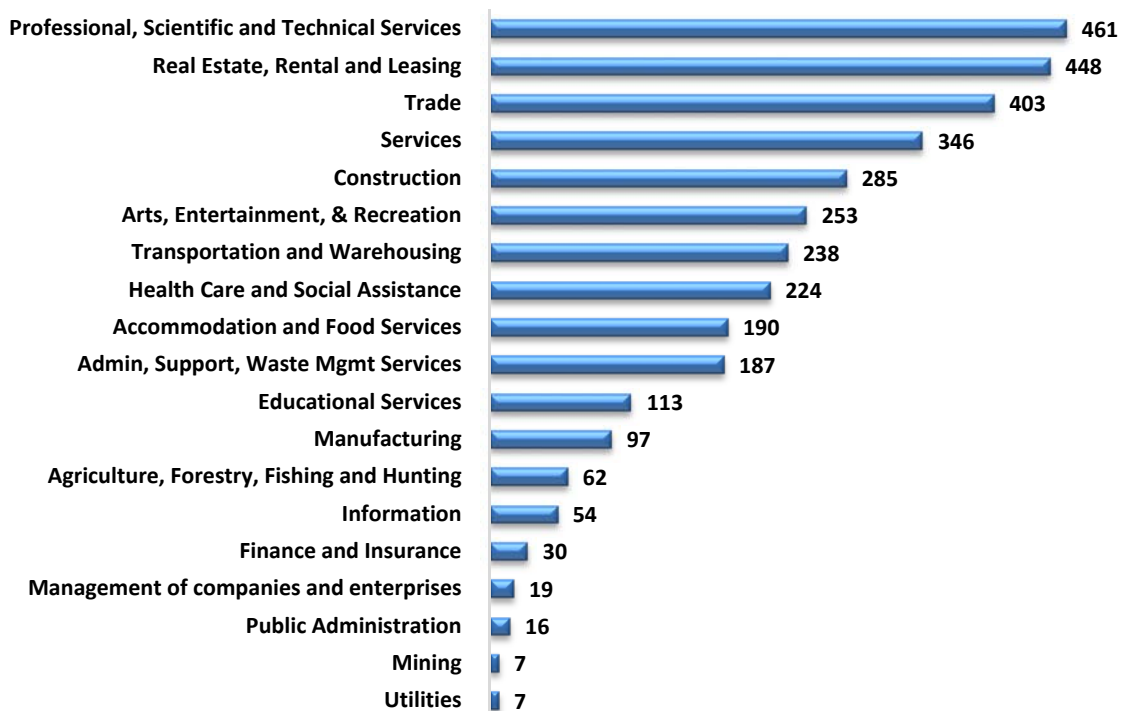
Gross and Taxable Sales Analysis

This analysis considers the types of businesses that are active in Juneau, and tax data trends by business type. Data was obtained on the number and types of businesses that report taxable sales to the CBJ, the amount of taxes that classes of businesses paid, and on the number and types of state business licenses issued in Juneau.

All businesses operating in Juneau are required to register with the CBJ, regardless of whether they have taxable sales of goods or services. The State of Alaska also requires business owners to obtain a state business license, so data can be obtained for those that are physically located in Juneau or whose license-holder lives in Juneau. In terms of the number of businesses in Juneau, these two datasets are within ten percent of one another. The State shows 3,440 business licenses in Juneau and the CBJ lists 3,778 that report sales tax information (see graphs on next page). The CBJ and State, however, aggregate the classes or types of business in different ways, as each uses the data for different purposes. Both show the highest numbers of businesses are those offering Professional Services (the CBJ clearly “lumps” a number of categories here that the state “splits”). Also of note is the CBJ “other” category, which lumps businesses that only have a few in that category so that disclosing their tax data would violate confidentiality rules. Some of those lumped in the CBJ “other” category include

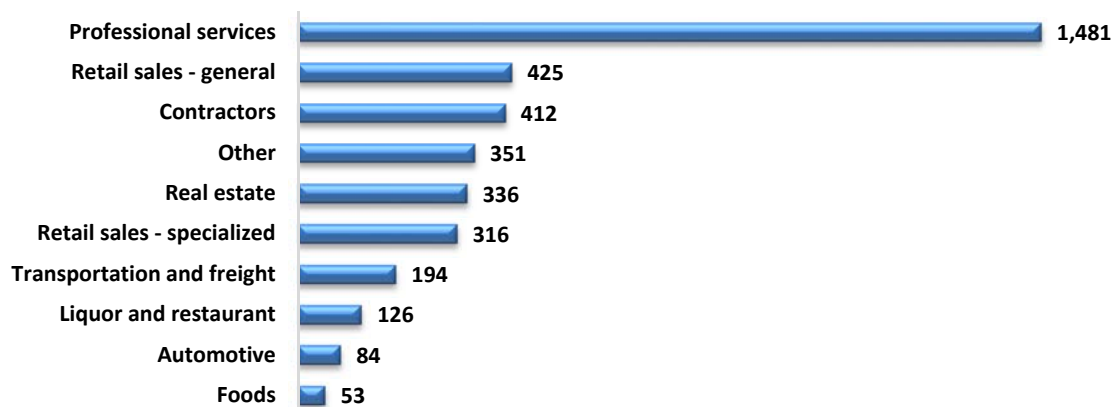
mining, fishing, forestry, wholesale trade, metal fabrication, and furniture and fixtures, and motion pictures, among others.

Figure 74. Number of Businesses that Report on Taxable Sales to City and Borough of Juneau, by Type, 2013



Source: CBJ Finance Department

Figure 75. Number of State of Alaska Business Licenses in Juneau, by Type, May 2014



Source: Alaska DCCED, Division of Corporations, Business & Professional Licensing

NUMBER OF JUNEAU BUSINESS DECLINES BETWEEN 2012 AND 2013

Over the last decade the number of merchants in Juneau tracking and reporting sales has increased for businesses in the following categories: Real Estate, Contractors, Liquor, Foods, Transportation and Freight, Air transportation and freight, Taxicab and buses, Car rentals, Jewelry stores and art galleries and Other.

Over the last decade the number of merchants in Juneau tracking and reporting sales has decreased for businesses in the following categories: Retail Sales – General, Retail Sales – Specialized, Professional Services, Automotive, Hotels and Motels, Bars, Restaurants, Tour Providers and Travel Agencies, Curio and Gift Shops, and Photography Stores.

Between 2012 and 2013, there was a decrease of almost 190 businesses (5 percent) that track sales of goods or services and report to the CBJ. The total in 2013 of 3,778 merchants was the lowest number in the last decade according to CBJ records.³⁷ The biggest declines in 2013 were in Professional Services (80), General Retail Sales (30), and Other (21). Gross sales and sales tax revenue between these two years was almost flat, with less than a half a percent growth for both. There was almost a 13 percent decline in sales tax from professional services businesses and just over a 7 percent decline in sales tax revenue coming from contractors. Even though there was a decline in the number of general retail sales businesses, this group had a slight increase in gross sales and sales tax generated.

PERCENT OF GROSS SALES IN JUNEAU THAT ARE COLLECTED THROUGH CBJ SALES TAX IS DECREASING

Economic activity and gross sales in Juneau do not have a one-to-one correlation with sales tax collected. When determining taxable sales, merchants take their gross sales and deduct allowable exemptions including items such as sales to government agencies and non-profits, sales on goods ordered and delivered outside of Juneau, goods or services that are purchased for resale, sales to seniors, sales for construction materials associated with a building permit, that portion of a sale for a single item that exceeds \$7,500, and others (see CBJ code and CBJ Sales Tax Guideline for complete list of exemptions).

Over the last decade after businesses reported their exempt sales, the percent of sales tax collected from gross sales has varied from 1.71 percent to 2.19 percent (Table 29). In 2013, the CBJ collected 0.44 percent less from gross sales than it did in 2004. If the CBJ had collected the same percentage of gross sales in 2013 that it did in 2004, the additional sales tax to the CBJ would be \$10,457,286. The difference between 2004 and 2013 in senior sales tax exemptions was \$1,663,165, leaving \$8.8 million in other exemptions in 2013 when compared to 2004. Further analysis is needed to determine why the percentage of sales tax collected has been dropping.

This analysis also shows that while the CBJ is collecting relatively less sales tax, this does not necessarily correlate with reduced gross sales or economic activity and instead is at least partially linked to more tax exempt sales.

Another way to consider the same situation is to look at the total percent of sales exempted from sales tax; similarly this shows that in 2004, 56 percent was exempted and in 2013, 65 percent was exempted (Table 30). These trends will be considered in more detail as the Juneau Economic Plan is prepared.

³⁷ These numbers differ from those presented in Chapter 1, which excluded businesses that reported no sales.

Table 27. Percent of Juneau’s Gross Sales Collected Through Sales Tax, 2004 – 2013

Year	Gross Sales	Sales Tax	# of Merchants	% of Sales Tax Collected from Gross Sales
2004	\$1,457,847,628	\$31,976,905	3,815	2.19%
2005	\$1,610,503,924	\$34,145,202	3,783	2.12%
2006	\$1,867,339,675	\$36,003,257	3,816	1.93%
2007	\$2,119,902,163	\$39,008,238	3,828	1.84%
2008	\$2,004,099,313	\$40,502,548	3,794	2.02%
2009	\$1,885,805,499	\$36,873,529	3,824	1.96%
2010	\$2,083,281,536	\$37,744,309	3,873	1.81%
2011	\$2,343,149,514	\$40,092,756	3,923	1.71%
2012	\$2,392,875,196	\$41,191,979	3,967	1.72%
2013	\$2,386,034,736	\$41,796,875	3,778	1.75%
Total	\$20,150,839,185	\$379,335,598		1.88%

Source: CBJ Finance Department

Table 28. Percent of Juneau’s Gross Sales Exempted from Sales Tax, 2004 – 2013

Year	Gross Sales	Total Exempt Sales Tax	% of Gross Sales Exempted from Sales Tax
2004	\$1,457,847,628	\$820,144,691	56%
2005	\$1,610,503,924	\$935,171,341	58%
2006	\$1,867,339,675	\$1,191,689,831	64%
2007	\$2,119,902,163	\$1,219,942,137	58%
2008	\$2,004,099,313	\$1,198,339,350	60%
2009	\$1,885,805,499	\$1,154,354,334	61%
2010	\$2,083,281,536	\$1,336,297,464	64%
2011	\$2,343,149,514	\$1,547,561,209	66%
2012	\$2,392,875,196	\$1,393,375,099	58%
2013	\$2,386,034,736	\$1,557,821,011	65%

Source: CBJ Finance Department

TRENDS IN BUSINESS ACTIVITY

Gross sales have increased for all types of business over the decade in nominal dollars, though barely for automotive (auto sales, rentals, gas stations). Moreover, like sales tax collection trends between 2012 and 2013, gross sales are essentially flat with a decline between these two years for contractors, transportation and freight, professional services, and other.

The most tax revenue to the CBJ comes from the business category of Retail Sales-General (\$7.9 million in 2013), which has had slow, steady growth for a decade (2004-2013), but also lost 92 merchants during this period.

The largest gross sales come from the business category of “Other” (\$810 million in 2013), which includes a number of different businesses that generally only have a few establishments each so confidentiality restricts

reporting by type, this includes mining, fishing, forestry, wholesale trade, metal fabrication, and furniture and fixtures, and motion pictures, among others. These “Other” businesses experienced increased gross sales of \$500 million over the decade. CBJ tax receipts from “Other” businesses, however, are only ranked 4th highest, and has grown slowly over the decade, after recovering from a big drop in 2009. This indicates that there are a large number of exempt sales in this business category. It also shows that taxes collected are not necessarily indicative of the strength of the business category or the Juneau economy’s overall activity.

Professional Services has the 2nd highest amount of gross sales (\$293 million in 2013), but is only ranked 7th in amount of tax collected; this suggests that similar to “Other,” there are a large number of exempt sales in this category.

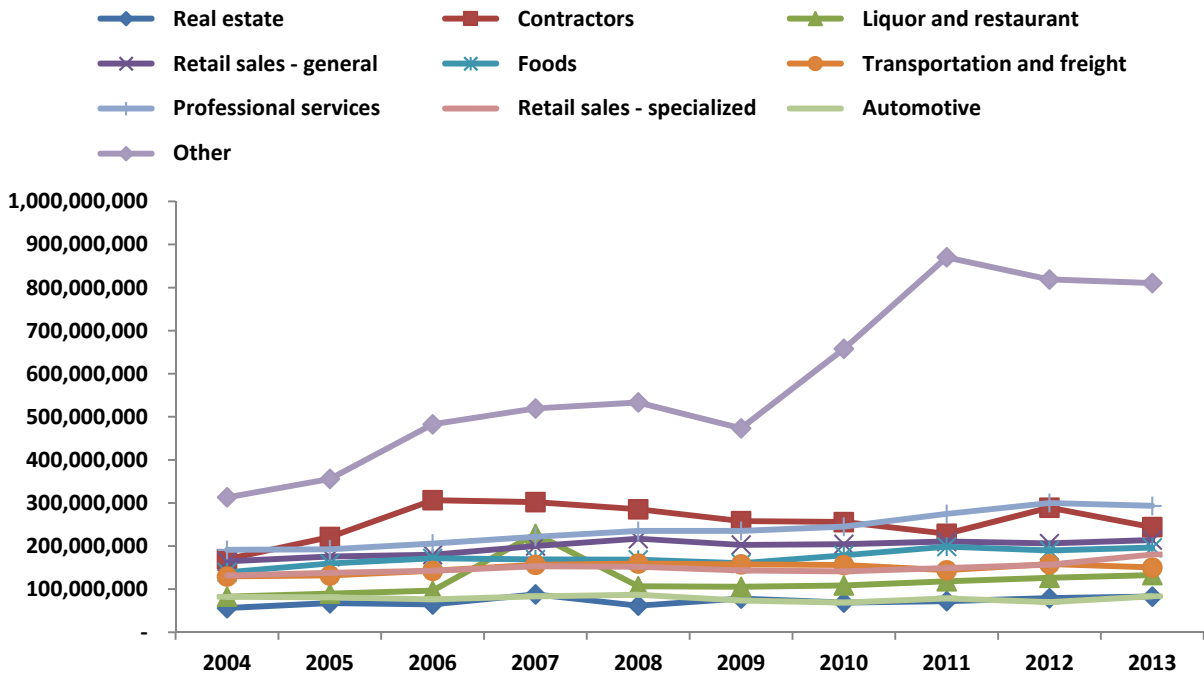
Automotive related sales (includes gas stations) have lost 12 business over the decade and experienced essentially flat gross sales during this period. Taxes collected from this category of business peaked in 2008 and has been declining since.

Table 31. City and Borough of Juneau Taxes Collected and Gross Sales Trends, by Business Category, 2004 – 2013

Category	Taxes (sales, liquor, lodging)		Gross Sales		Change in # of Merchants Over Last Decade
	Rank	Trend Over Last Decade	Rank	Trend Over Last Decade	
Retail Sales - General	1	Slow growth, peaked in 2008, recovering from drop 2008-2009	4	Grew by \$50 million, slow steady growth	-92
Retail Sales-Specialized	2	Steadily climbing	6	Grew by almost \$50 million, slow steady growth	-46
Food	3	Slow growth, recovering from big drop in 2010	5	Grew by \$57 million, slow steady growth	14
Other	4	Slow growth, recovering from big drop in 2009	1	Large growth, grew by \$500 million	68
Liquor and restaurant	5	Steady slow growth	8	Grew by \$50 million, slow steady growth with 1-year spike in 2007	16
Transportation and freight	6	Steady slow growth	7	Grew by \$21 million, very slow growth with ups & downs	3
Real Estate	9	Very slightly up	9	Grew by \$27 million, peaked in 2007 & now recovering	42
Contractors	10	Flat	3	Peaked in 2006 & again in 2012, grew by \$74 million total, dropped from 2012 to 2013	21
Professional services	7	Peaked in 2007	2	Up \$100 million, flat to slight decline from 2012 to 2013	-51
Automotive	8	Peaked in 2008, flat over decade	10	Flat, grew \$1 million	-12

Source: CBJ.

Figure 76. Annual Gross Sales by Type of Juneau Business, 2004 – 2013



Source: CBJ Finance Department.

Property Assessment and Tax Analysis

This section reviews changes to Juneau’s taxable and non-taxable parcel base and assessed property valuation. A parcel is a subdivided and surveyed piece of land; it can be any size.

Non-taxable parcels are those that are not subject to property tax; such as those owned by the local, state, or federal government, most of those used for educational, religious, charitable, community, or hospital purposes, or those listed in State Statute AS 29.45.030 or in CBJ Code at 69.10. Parcels that are partially exempt, such as property owned by those over age 65 are not included in the non-taxable parcel count because usually only a portion of the assessed value is exempted, and, if sold to someone under 65, the property tax exemption is removed.

Over the last decade the number of parcels and acreage on the CBJ tax roll has increased, though the percent of acreage and parcels that is taxable versus non-taxable has been fairly steady. In 2013, there were 1,167 non-taxable parcels, which cover 64,500 acres (100 square miles). Of that total, 16,991 acres (27 square miles) are owned by the CBJ and classified as vacant (not parks, airport, etc.).

Table 29. Taxable and Non-Taxable Parcels in Juneau, 2004, 2008, and 2013

Parcels in CBJ Assessor's Database	2004		2008		2013	
	# parcels	Acres	# parcels	Acres	# parcels	Acres
Taxable parcels	9,315	13,241	12,008	12,766	12,185	12,945
Non-taxable parcels	1,183	62,658	1,151	64,371	1,167	64,526
<i>% of all parcels that are non-taxable</i>	11%	83%	9%	83%	9%	83%
Non-taxable parcels owned by CBJ that are classified as vacant	234	14,496	335	15,941	365	16,991
Total # of Parcels	10,498	75,899	13,159	77,137	13,717	77,471

Source: CBJ Finance Department; 2004, 2008, 2013 Real Property Database.

UNDEVELOPED TAXABLE LAND

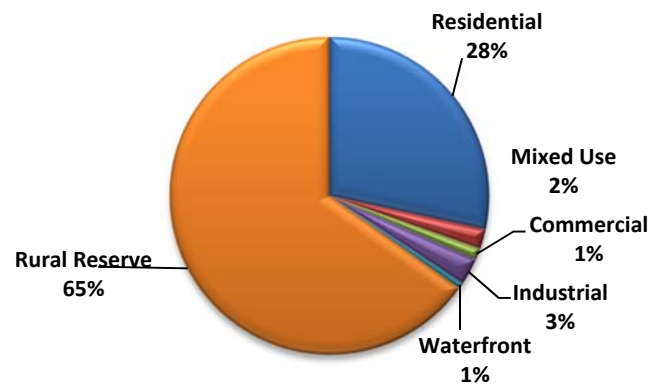
In 2013, there were just under 13,000 acres (20 square miles) of taxable land (privately-owned) in the assessor's parcel database; of that 5,800 acres is undeveloped (Table 33). However, slightly less than one-third of that 5,800 acres is on the road system. Most (65 percent) of this undeveloped land is zoned Rural Reserve, and just over one-quarter (1,648 acres) is zoned for residential use (of this 180 acres is on Shelter Island). There are 158 acres of undeveloped industrial zoned land spread out over 137 parcels; 20 are over one acre with the two largest being a 28-acre parcel that is part of the landfill and the other a 13-acre parcel off Industrial Blvd. There are 108 parcels of undeveloped commercial zoned land; only 12 are larger than one acre with the largest a 17-acre parcel behind and northwest of the Gold Creek salmon bake.

Table 30. Taxable Parcels that are Vacant (Undeveloped) in Juneau, 2004, 2008, and 2013

	2004		2008		2013	
	# parcels	Acres	# parcels	Acres	# parcels	Acres
Total Taxable Parcels	9,315	13,241	12,008	12,766	12,185	12,945
Of Total Taxable Parcels, Those That Are Vacant (land only, no improvements)	1,508	6,029	1,452	5,571	1,343	5,805
Percent Vacant	16%	45%	12%	44%	11%	45%
Vacant Taxable Parcels by Type of Zoning						
Residential	895	1,865	848	1,741	770	1,648
Mixed Use	54	119	48	117	43	116
Commercial	128	81	120	75	108	69
Industrial	179	207	157	178	138	158
Waterfront	37	29	38	31	43	34
Rural Reserve	214	3,727	241	3,431	241	3,780
Vacant Taxable Parcels On or Off Road System						
On Road System	1,242	3,114	1,128	1,916	1,022	1,811
% of vacant parcels that are on road system	82%	52%	78%	34%	76%	31%
Off Road System	266	2,915	307	3,215	300	3,253
Roaded, no Fire			17	440	21	741

Source: CBJ Finance Department; 2004, 2008, 2013 Real Property Database, Taxable Parcels Only

Figure 77. Current Zoning for 5,800 Acres of Taxable (privately-owned) Undeveloped Parcels in Juneau, 2013



Source: CBJ Finance Department.

INVENTORY OF DWELLING UNITS AND COMMERCIAL STRUCTURES

Between 2004 and 2013, Juneau’s population grew by 6 percent (it also grew the same 6 percent between 2010 and 2013 because between 2004 and 2009 Juneau lost population that it subsequently regained). Since 2004, the increase in residentially developed property has matched or exceeded the rate of population growth, except for mobile homes on lots and in parks and triplexes (which are all starter homes and affordable housing). In the last five years (2008-2013) the acreage developed with most multi-family dwellings and mobile homes on lots declined.

Growth in the number of single-family parcels averaged 18 per year between 2008 and 2013 while only a few parcels with duplexes were developed. Parcels and acreage used for residences with apartments jumped 8-10%, which reflects policy change that encourages this type of development. Townhomes also have been increasing.

In addition to the current demand for affordable and moderately priced starter homes and dwellings for employees, demographic analysis by planners’ forecasts increased demand for condos, small residential dwelling units, and rental units in the future.

Over the decade the number of parcels with commercial buildings grew. But the acreage with retail buildings, hotels and motels all declined. Similar to residential growth, when change over the last five years only is considered, growth was slow or stagnant for most types of commercial development. More analysis is warranted to understand the change in undesignated commercial property over the last five years; here the number of parcels dropped 20 percent, yet the acreage grew.

Table 31. Juneau’s Development Growth by Type of Unit, 2004 – 2013

	2004		2008		2013		% Change 2004-2013		% Change 2008-2013	
	# Parcels	Acres	# Parcels	Acres	# Parcels	Acres	# Parcels	Acres	# Parcels	Acres
Residential										
Single family	4,620	2,378	4,795	2,456	4,885	2,489	6%	5%	2%	1%
Duplex	276	91	285	98	291	100	5%	10%	2%	2%
Triplex	47	10	51	13	48	11	2%	10%	-6%	-15%
Fourplex	94	25	101	31	110	28	17%	12%	9%	-10%
Residential + Apt	606	248	633	261	685	286	13%	15%	8%	10%
Zero lot	795	121	841	125	850	127	7%	5%	1%	2%
Townhouse	158	12	174	13	184	14	16%	17%	6%	8%
Condo	941	<1	1,013	<1	1,033	<1	10%		2%	
Cabin	160	637	158	633	161	660	1%	4%	2%	4%
Mobile Home Parks	15	167	15		17	189	13%	13%	13%	
Mobile Home on Lot	262	164	248	126	238	113	-9%	-31%	-4%	-10%
Mobile Home in Park	990		965		974		-2%		1%	
Apartment Buildings	91	78	88	75	101	113	11%	45%	15%	51%
Commercial										
Boat Condo	42		42	0	250	23	495%		495%	
Retail Building	49	113	63	113	63	109	29%	-4%	0%	-4%
Office Building	71	97	131	212	133	214	87%	121%	2%	1%
Medical Facility	20	35	26	48	28	49	40%	40%	8%	2%
Hotel & Motels	20	16	22	16	22	15	10%	-6%	0%	-6%
Undesignated Comm	519	4,526	772	4,582	607	4,793	17%	6%	-21%	5%

Source: CBJ Finance Department; 2004, 2008, 2013 Real Property Database.

PROPERTY TAX BASE GROWTH

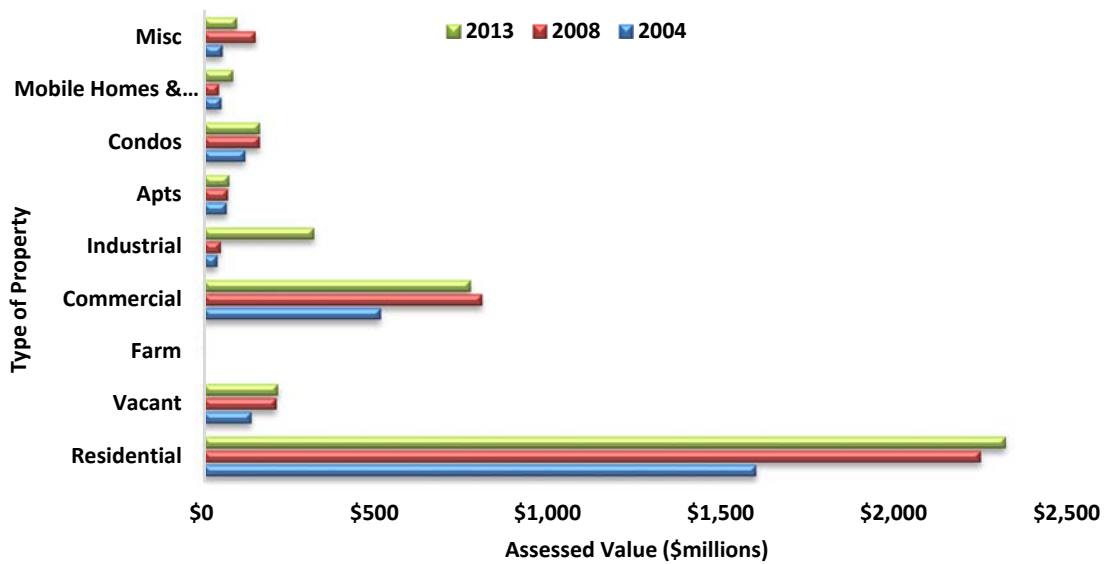
The assessed value of all types of development in Juneau increased over the last decade. However, the picture is a little different when considering change only between 2008 and 2013. During this period the value of farm property, commercial property, and miscellaneous property decreased. Valuation change for residential property was flat to slow with condo valuation stagnant despite some new units built, and residential property and apartments appreciating 3 percent and 4 percent, respectively. During this same five-year period the assessed value of industrial property and mobile homes and parks increased significantly.

Table 32. Juneau’s Change in Assessed Value for Types of Development, 2004 – 2013

	2004	2008	2013	% Change 2004-2013	% Change 2008-2013
Residential	\$1,592.1	\$2,238.6	\$2,310.0	45%	3%
Vacant (2004=residential Vacant)	\$137.9	\$209.7	\$214.0	55%	2%
Farm		\$0.9	\$0.7		-22%
Commercial	\$509.6	\$800.9	\$767.9	51%	-4%
Industrial	\$39.4	\$48.8	\$317.7	706%	551%
Apartments	\$66.7	\$69.9	\$72.8	9%	4%
Condos	\$119.6	\$161.1	161.3	35%	0%
Mobile Homes & Parks	\$50.6	\$44.4	\$84.9	68%	91%
Miscellaneous	\$54.1	\$149.4	\$96.0	77%	-36%
Total	\$2,570.0	\$3,723.7	\$6,038.30	57%	8%

Source: Alaska Taxable, Table 6A (2008, 2013) and Table 6B (2004).

Figure 78. Juneau Property Assessment Values, by Type of Development, 2004 – 2013



Source: Alaska Taxable, Table 6A (2008, 2013) and Table 6B (2004).

SENIOR EXEMPTIONS

Property Tax Exemptions

State law mandates that the first \$150,000 of assessed value be exempted from property taxes if the property is owned and occupied as the primary residence and permanent place of abode by (1) a resident 65 years of age or older; (2) a disabled veteran; or (3) a resident at least 60 years old who is the widow, widower, or surviving same-sex domestic partner of a person who qualified for an exemption under (1) or (2) of this subsection.

The CBJ has enacted a state-allowed optional property tax exemption for seniors or disabled veterans experiencing financial hardship. It is granted only for that portion of an eligible applicant’s real property tax liability in excess of two percent of the applicant’s gross household income as calculated after the senior citizen and disabled veteran property tax exemption as required by state law is applied. The applicant’s gross household income, from all sources in the prior year, may not exceed 120 percent of the most current Median Family Income for Juneau as set by the U.S. Department of Housing and Urban Development for a similar sized household.

Sales Tax Exemptions

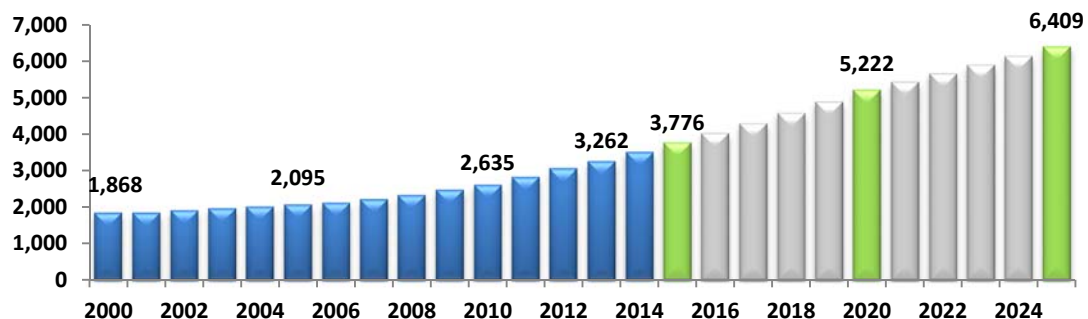
The CBJ allows several sales tax exemptions, including one for senior citizens. Anyone 65 years of age or older who is a resident of the state may apply for a senior citizen sales tax exemption card, which entitles the cardholder and the cardholder's spouse or same-sex domestic partner to be exempt from sales tax for the sales of goods, services and rentals, with the exception of sales of alcoholic beverages. Sales tax exemptions for seniors may not be used when goods or services purchased are for trade, business, or for others than the cardholder or his/her spouse. Current rules require obtaining a senior sales tax exemption card once with no renewal; this has made identifying the total number of valid active cards impossible because if someone moves or dies they still have a valid card.

Number of Residents Eligible for Tax Exemptions and Lost Revenue to CBJ

In 2013, a total of 1,562 applicant properties benefited from the senior property tax reduction for a total exempted value of \$221.3 million and \$2.3 million in exempted property tax. Also in 2013, the senior sales tax exemption removed \$57 million from taxable sales (compare to the total exempt sales that year of \$1.6 billion) reducing sales tax revenue by \$2.5 million.

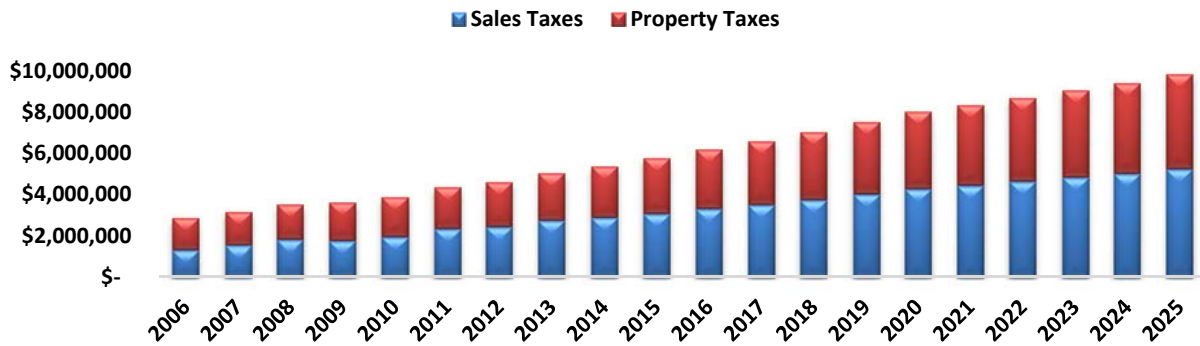
The number of Juneau residents age 65 or older is currently about ten percent of our total population. By 2025, the number of Juneau residents age 65 or older is projected to double. The level of exemptions are expected to grow accordingly.

Figure 79. Juneau’s Projected Population 65 Years and Over, 2000 – 2025



Source: ADOLWD.

Figure 80. Projected Revenue Associated with Exempted Property and Gross Sales, City and Borough of Juneau, 2006 – 2025



Source: CBJ Finance Department