



# Juneau Economic Indicators

## April 2004

JEDC's latest update of Juneau economic indicators, compiled by the McDowell Group, reveals recent economic trends in Juneau and the region. Economic indicators are great for developing hindsight, however, keep in mind trends can change quickly. How our economic future evolves is in a large part due to our own ingenuity, adaptability and entrepreneurialism.

We are optimistic about Juneau's immediate future. Several public and private projects are pending. Construction of the NOAA facility at Lena Point is underway. Bartlett Hospital expansion plans are evolving along with those for a new high school. The CBJ is acquiring property for an off-load facility in Auke Bay, and expanding the Douglas Harbor. Along with the fast-ferry homeport, this infrastructure will spur development of Juneau-based maritime industries. Private sector development including the new pier at the rock dump, a new fish processing facility in Auke Bay, and the Kensington mine development will all provide new jobs, expansion of Juneau's revenue and tax base, and provide new opportunities for ancillary enterprises.

Our economic strengths include:

- State government, fueled largely by oil revenues, remains Juneau's economic base (Juneau is essentially an oil town).
- Due to Juneau being a transportation hub we are now the 7<sup>th</sup> largest halibut port in the world. Juneau is among the top 10 sablefish ports in Alaska.
- With the Greens Creek Mine, Juneau is the largest silver producer in the US, and the 4<sup>th</sup> largest silver producer in the world.
- The Mendenhall Glacier is one of the top visited destinations in Alaska. Juneau is the jumping off point for Glacier Bay, one of the nation's most famous National Parks. For major cruise lines, Juneau is one of the most popular destinations in the world.
- There is a growing local manufacturing industry, exporting products to the world.
- Native corporations add significantly to the economic base of the community.
- The recreational opportunities and the arts community are unparalleled for a town of 30,000.
- Juneau stands out in the technology sector as well, being home to Wostmann & Associates, one of the largest IT firms in the state (based on revenues).
- The University of Alaska Southeast has experienced dramatic growth, launching 11 new academic programs in the last two years, while the student population has grown over 12% in the last four years.

Juneau's economic health is tied to the economies of Southeast Alaska, the state and the world. For example, the 1% growth in population of Juneau is in part due to the in-migration from other communities in the region (Southeast Alaska overall experienced a 0.13% population decline in 2002-2003). Due to slow regional economic growth and population declines, Juneau's population and economic base may also decline unless we embrace an entrepreneurial spirit and the excitement for trying new ventures.

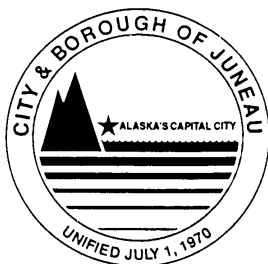
Juneau's tremendous assets can be leveraged to both sustain and grow our economy. We, at the JEDC, are striving to create wealth through a range of programs including direct business counseling, commercial lending, and entrepreneurial training programs aimed to help existing and startup businesses as well as through initiatives focused on the application of technology and science to industries in Juneau, in Southeast Alaska, and throughout the state.

We welcome your ideas and comments.

Sincerely,

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Chairman, JEDC



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**KEY INDICATORS**

**Population**

The City and Borough of Juneau and the State of Alaska showed slightly higher population growth than the U.S. as a whole from 2002 to 2003 (1.1 percent compared to almost 1.0 percent). While Juneau has been growing slightly, the rest of Southeast has been losing population (negative 1.07 percent).

**Table 1  
Population**

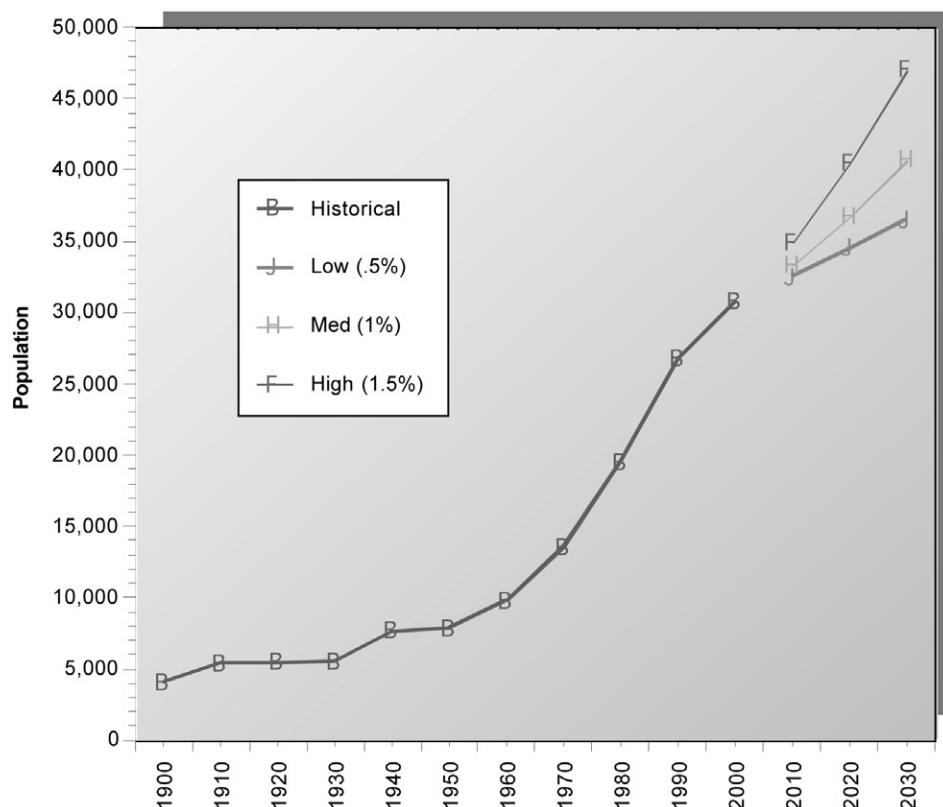
	2002	2003	Change 2002-2003
Juneau	30,940	31,283	1.11%
Rest of Southeast	40,995	40,558	-1.07%
Alaska	641,482	648,818	1.14%
United States	287,973,924	290,809,777	0.98%

Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section and the U.S. Census Bureau.

**Population Projections**

The recent Juneau Second Channel Crossing study forecast Juneau population growth under low, medium, and high scenario rates of 0.5, 1.0, and 1.5 percent respectively. Under the low growth scenario CBJ population would be 32,500 in 2010, medium growth estimate is 33,300, and high growth is 34,900.

**Figure 1  
City and Borough of Juneau Historical and Projected Population  
(1900 through 2030)**



Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section and the U.S. Census Bureau. Projections are McDowell Group estimates.

## Employment

Employment in Juneau rose by one-quarter of a percent (44 workers) from 2001 to 2002. This compares to 1.5 percent employment growth in the state while nationally employment declined by 1.1 percent. Preliminary data for the first three quarters of 2003 suggest that Juneau has experienced some additional minor growth from 2002.

**Table 2**  
Annual Average Wage and Salary Employment

	2001	2002	Change 2001-2002
Juneau	17,288	17,332	0.25%
Alaska	287,941	292,286	1.51%
United States	131,826,000	130,376,000	-1.10%

Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section and the U.S. Bureau of Labor Statistics.

Forty-three (43) percent of the City and Borough of Juneau's employment is in the public sector. This compares to the statewide average of 27 percent. The percentage of private sector employment is less than the statewide averages in all categories except Leisure and Hospitality, which is slightly higher and reflects the demand for workers in the tourism industry. Industry classifications have undergone significant reclassification since 2001 so no comparisons are made to previous years.

**Table 3**  
Employment by Industry

Employment 2002	Juneau		Alaska		U.S.	
	Employment	Percent	Employment	Percent	Employment	Percent
<b>Private Sector</b>	<b>9,813</b>	<b>56.6%</b>	<b>213,488</b>	<b>73.0%</b>	<b>108,833,083</b>	<b>83.5%</b>
Natural Resource & Mining	362	2.1	11,361	3.9	582,500	0.4
Construction	901	5.2	15,925	5.4	6,716,500	5.2
Manufacturing	218	1.3	11,152	3.8	15,256,750	11.7
Trade, Transportation, and Utilities	2,916	16.8	61,060	20.9	25,498,417	19.6
Information	291	1.7	7,075	2.4	3,394,250	2.6
Financial Activities	481	2.8	12,122	4.1	7,848,167	6.0
Professional Business Services	824	4.8	24,549	8.4	15,975,750	12.3
Educational & Health Services	1,513	8.7	29,453	10.1	16,202,500	12.4
Leisure & Hospitality	1,766	10.2	28,913	9.9	11,986,417	9.2
Other Services	541	3.1	11,834	4.0	5,371,833	4.1
<b>Government</b>	<b>7,519</b>	<b>43.4%</b>	<b>78,798</b>	<b>27.0%</b>	<b>21,509,750</b>	<b>16.5%</b>
Federal Government	891	5.1	16,761	5.7	2,749,880	2.1
State Government	4,541	26.2	23,847	8.2	5,000,001	3.8
Local Government	2,087	12.0	38,190	13.1	13,759,869	10.6
<b>Total Employment</b>	<b>17,332</b>		<b>292,286</b>		<b>130,342,833</b>	

Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section. U.S. statistics obtained from U.S. Bureau of Labor Statistics, Current Employment Statistics (CES).

## Unemployment

Juneau's unemployment rate is typically less than the statewide average. The average annual unemployment rate for both 2002 and 2003 was 5.9 percent. Peak unemployment for 2003 occurred in December when the rate reached 6.9 percent and the low for the year was in May at 5.2 percent.

**Table 4**  
Average Annual Unemployment Rates (2002 and 2003)

	2002	2003	Change 2002-2003
Juneau	5.9	5.9	0.0%
Alaska	7.7	7.5	-0.2%
United States	5.8	6.0	0.2%

Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section and the U.S. Bureau of Labor Statistics.

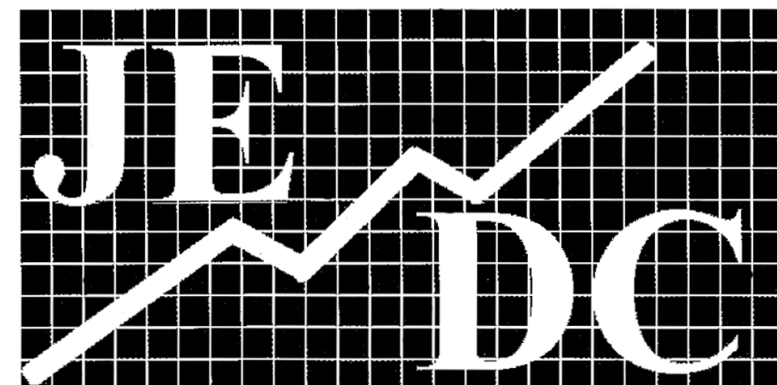
## Payroll

Total payroll in the City and Borough of Juneau increased 3.1 percent from 2001 to 2002 (the most recent complete year of earnings data). The average annual wage increased 2.8 percent during this same period. This compares to the increase in the Consumer Price Index - Anchorage (a measure of inflation) for 2001 to 2002 of 1.9 percent. The average annual monthly wage in Juneau tends to be higher than the rest of Southeast Alaska, \$2,874 compared to \$2,682. Juneau wages are slightly lower than the statewide monthly average of \$3,058.

**Table 5**  
Total Payroll and Average Annual Earnings

	2001		2002		Percent Change 2001-2002	
	Total Payroll (millions)	Average Annual Monthly Wage	Total Payroll (millions)	Average Annual Monthly Wage	Total Payroll	Average Annual Wage
Juneau	\$ 579.9	\$ 2,795	\$ 597.8	\$ 2,874	3.1%	2.8%
Southeast	1,126.8	2,627	1,144.9	2,682	1.6%	2.1%
Alaska	10,288.6	2,977	10,727.1	3,058	4.3%	2.7%

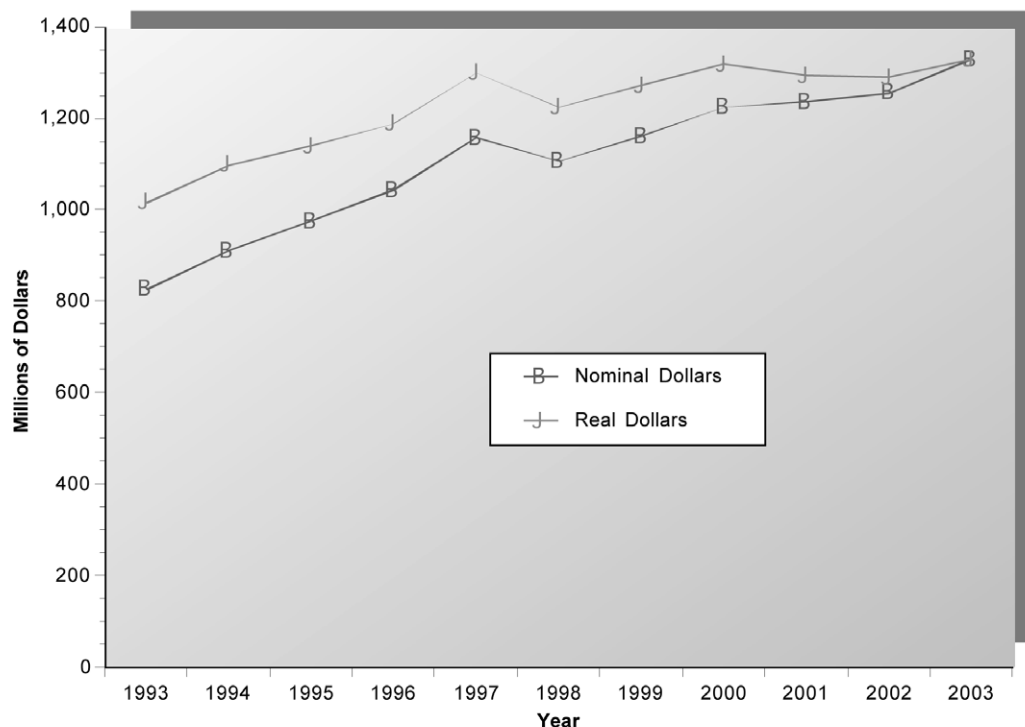
Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section.  
Note: Does not include self-employed workers, such as commercial fishermen. It also does not include uniformed military personnel.



**Business Sales**

Preliminary gross business sales for 2003 are \$1,329,500, a 5.8 percent increase over the 2002 total. Inflation-adjusted gross business sales increased by 31 percent from 1993 to 2003.

**Figure 2  
Gross Business Sales  
(Millions of Dollars)**

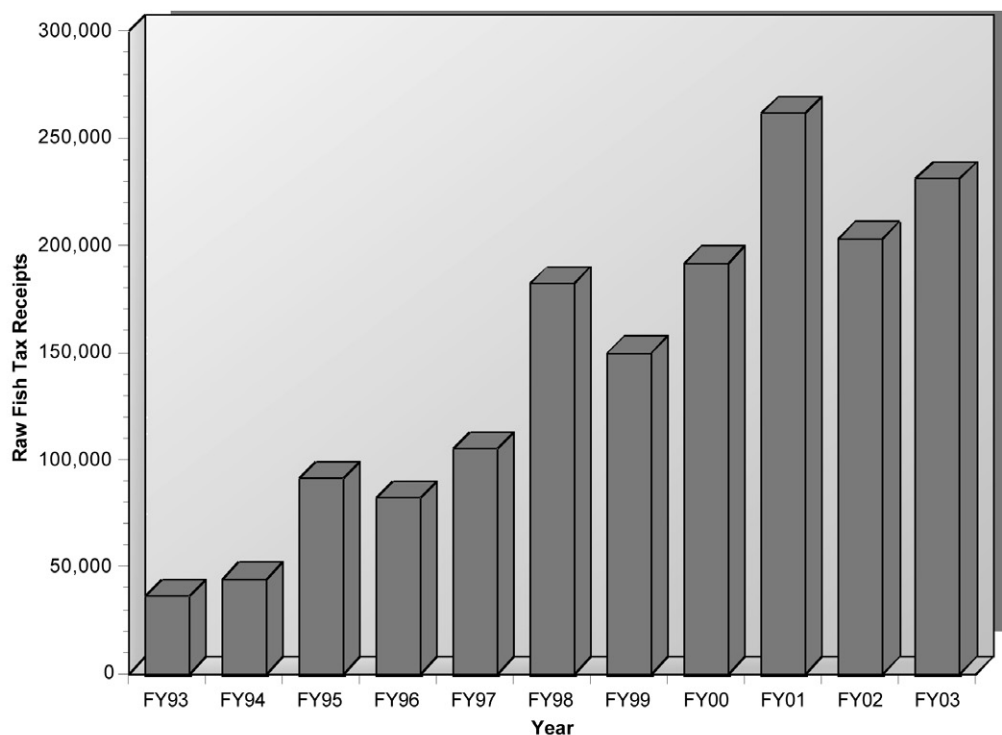


Source: City and Borough of Juneau tax department. 2003 gross business sales are preliminary as not all returns have yet been filed.

**Raw Fish Taxes**

The Shared Fisheries Business Tax Program was created by the legislature in 1991. There are two elements to the program; taxes collected by the State Department of Revenue for fish processing activity inside the municipalities and boroughs (FY93 was the first year) and a second allocation made by the Department of Community and Economic Development for activity outside the municipalities (FY94 was the first year). The CBJ is receiving a greater share of these taxes in recent years as local seafood processing activity has increased. FY01 was the peak year when the Borough received nearly \$262,000 in raw fish taxes. Raw fish tax receipts for FY03 were \$231,375.

**Figure 3  
Historical CBJ Revenues from Shared Fish Taxes**

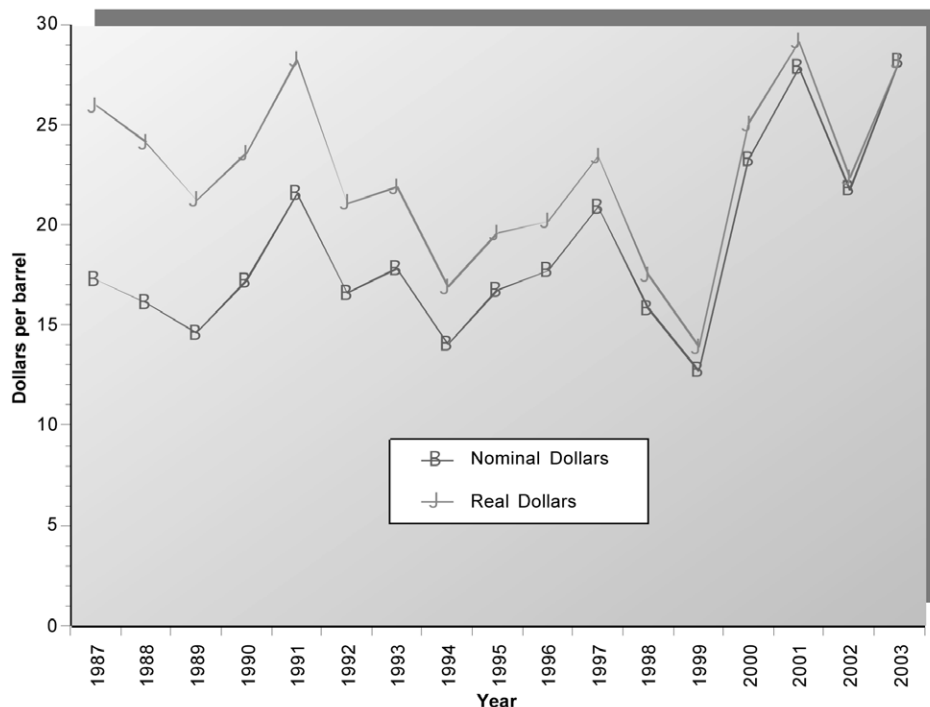


Source: City and Borough of Juneau Finance Department Tax Division.

**Oil Prices**

Oil revenues fuel much of Juneau's state government-dependent economy. North Slope oil production has been declining in recent years; however oil prices are at historically high level. Alaska North Slope West Coast average crude oil price for fiscal year 2003 was \$28.15.

**Figure 4**  
**Historical Alaska North Slope Crude Oil Prices**  
**(Dollars per barrel)**

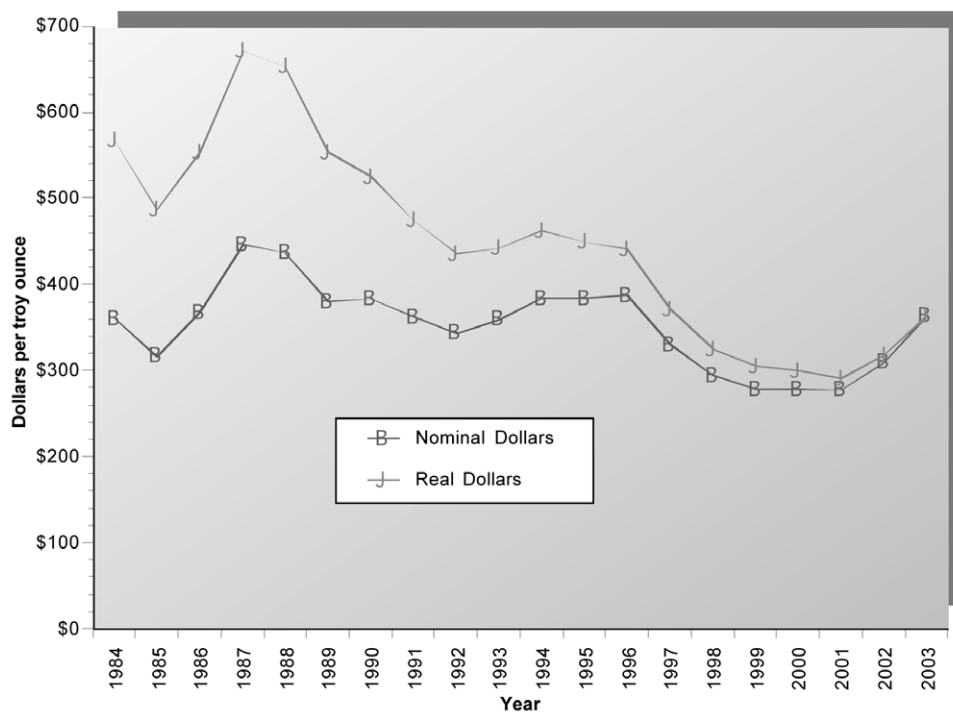


Source: State of Alaska Department of Revenue Tax Division. Prices based on average ANS West Coast sales for state fiscal years.

**Gold Prices**

The average price of gold surpassed \$400 in the first two months of 2004. The price of gold is relevant to Juneau because gold is an important product for the Greens Creek Mine and will be the primary product of the proposed Kensington Mine. The Alaska Department of Environmental Conservation recently issued a permit to Greens Creek Mine to expand its tailing operations. The Kensington Gold Project Environmental Impact Statement is scheduled for publication in 2004 and as long as gold prices remain at current or higher levels, this project is expected to move forward as well.

**Figure 5**  
**Average Annual Historical Gold Prices**  
**(Dollars per troy ounce)**

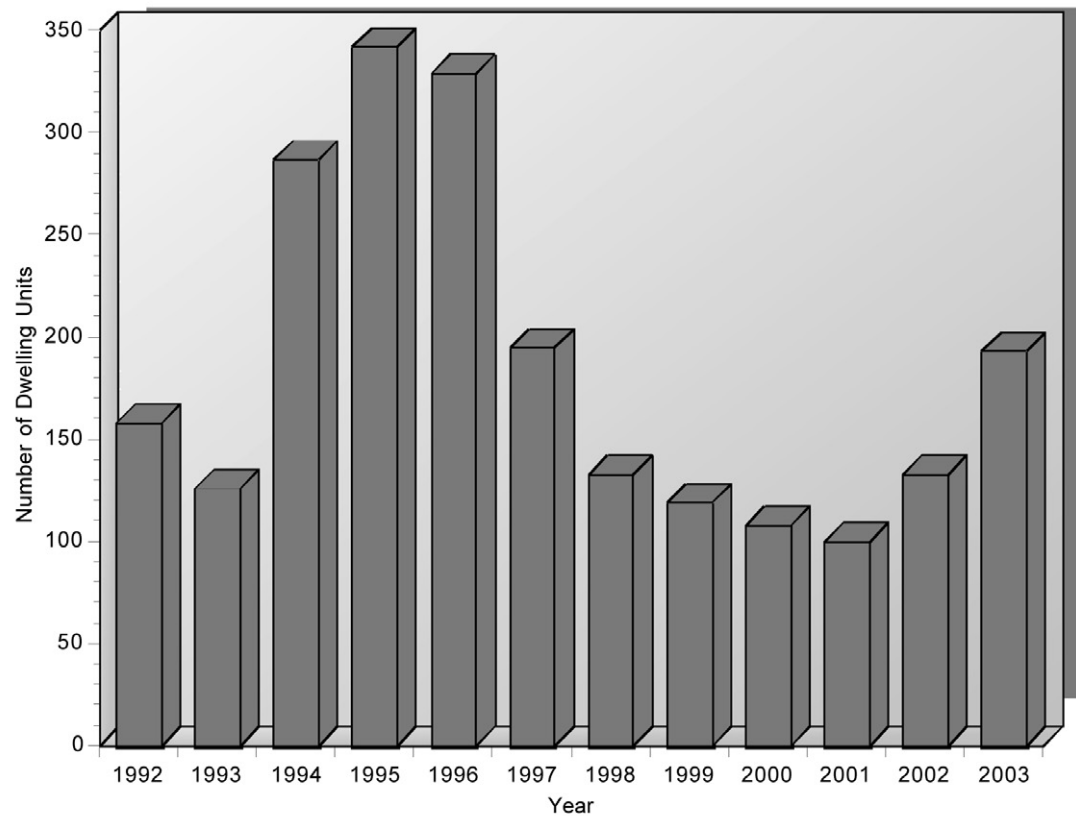


Source: The Gold Institute. Prices from 1984 through 1994 obtained from the World Gold Council. 1995 through 2003 prices from Kitco Inc.

## Residential Construction

The number of new residential dwelling units constructed in Juneau increased from 133 units in 2002 to 193 units in 2003. This level of construction is lower than the 1995 and 1996 peak when more than 300 residential dwelling units were permitted for construction.

**Figure 6**  
Number of New Dwelling Units Constructed in Juneau



Source: City and Borough of Juneau – Juneau Permit Center.

## School Enrollment

Juneau public school enrollment declined slightly from 2002 to 2003 with a loss of a little over one percent of the student population. University of Alaska enrollment at the Juneau campus, however, increased 12 percent from Fall of 2001 to Fall of 2002 while the statewide UA enrollment increased 9 percent for the same time.

**Table 6**  
Juneau School District and UAS Enrollment

	School Enrollment										Change 2002- 2003
	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	
Public School Enrollment <sup>1</sup>											
<b>Juneau</b>	5,408	5,372	5,531	5,699	5,727	5,791	5,699	5,494	5,608	5,543	-1.2%
<b>Alaska</b>	123,161	124,474	125,340	127,733	129,945	133,357	133,047	133,356	134,358	134,364	0.0%
University of Alaska Enrollment <sup>2</sup>											
<b>Juneau campus</b>	2,516	2,783	2,927	2,456	2,698	2,604	2,515	2,754	2,758	3,089	12.0%
<b>Statewide</b>	33,063	32,850	32,481	31,917	31,184	31,106	30,249	30,480	30,625	33,516	9.4%

1. Enrollment as of October 1 of the school fiscal year. (i.e. 2002 is enrollment on October 1, 2001)

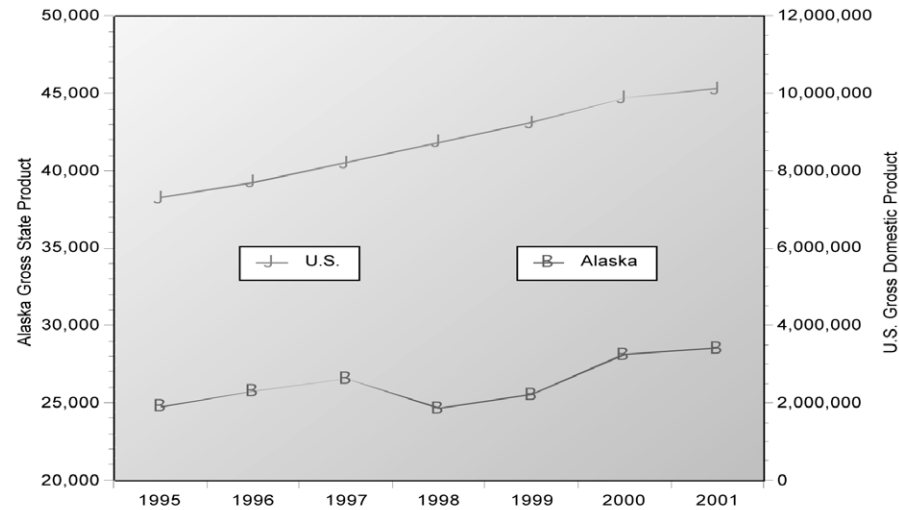
2. Fall semester enrollment for the fiscal year. (i.e. 2002 is Fall 2001)

Source: State of Alaska Department of Education and Early Development for public school enrollment and University of Alaska Statewide Office of Budget and Institutional Research for University enrollment.

## Alaska and U.S. Gross Product

Alaska's gross state product (GSP) grew by 1.6 percent from 2000 to 2001 (the most recent year available). Inflation-adjusted GSP grew by 3.1 percent from 1995 to 2001 while the U.S. gross domestic product grew, inflation-adjusted, by 24 percent during the same period. Alaska ranked 45<sup>th</sup> out of 50 states in terms of contribution to the U.S. gross domestic product. This compares to 1999 when Alaska ranked 49<sup>th</sup>.

**Figure 7**  
Gross State Product (in millions of dollars)



Source: U.S. Bureau of Economic Analysis.

## Per Capita Income

Juneau area per capita personal income is almost 16 percent higher than the rest of Southeast and more than 11 percent higher than the State of Alaska.

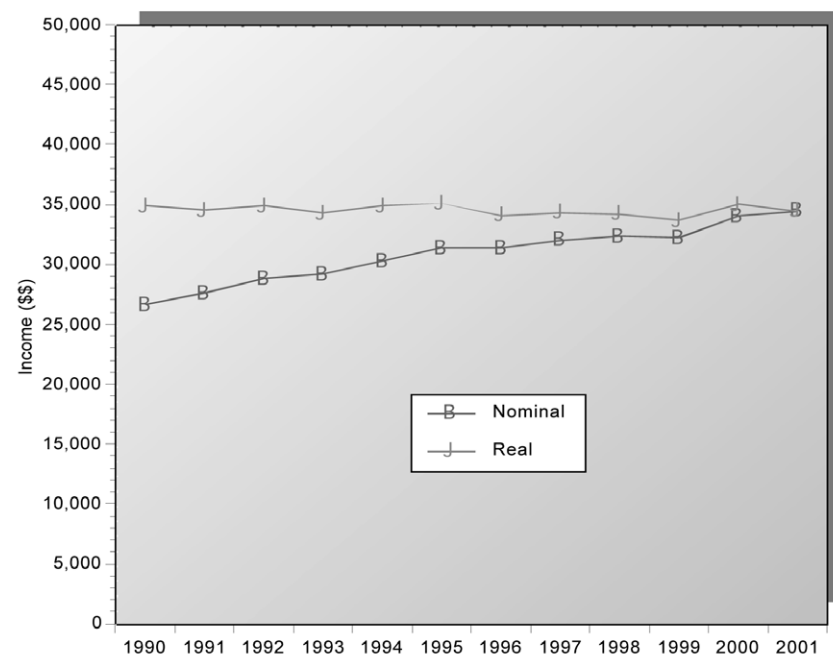
**Table 7**  
Per Capita Personal Income  
(dollars)

	2000	2001	Change 2000-2001
Juneau	\$34,113	\$34,487	1.1%
Rest of Southeast	29,453	29,757	1.0%
Alaska	29,960	31,027	3.6%
United States	\$29,760	\$30,413	2.2%

Source: U.S. Bureau of Economic Analysis and the McDowell Group, Inc.

Juneau's per capita personal income, while growing steadily since 1990, declined by 1.24 percent in inflation-adjusted dollars from 1990 to 2001.

**Figure 8**  
Historical Juneau Per Capita Personal Income



Source: U.S. Bureau of Economic Analysis and the McDowell Group, Inc.

**Personal Income**

Juneau total personal income increased by almost one percent from 2000 to 2001 while the rest of Southeast decreased by 0.6 percent. The State of Alaska total personal income grew by 4.5 percent.

**Table 8  
Personal Income  
(millions of dollars)**

	2000	2001	Change 2000-2001
Juneau	\$1,047	\$1,057	1.0%
Rest of Southeast	1,246	1,238	-0.6%
Alaska	18,806	19,660	4.5%
United States	\$8,398,871	\$8,677,490	3.3%

Source: U.S. Bureau of Economic Analysis.

**Traffic**

Cruise ship passenger traffic increased by 7.1 percent from 2001 to 2002 and by 5 percent from 2002 to 2003. Traffic data for 2003 shows 777,000 visitors, the largest number of cruise passengers ever to visit Juneau. Deplaning air passengers decreased from 2001 to 2002 by 3.9 percent and then increased slightly from 2002 to 2003 by 0.2 percent. Disembarking ferry passengers increased by 13 percent from 2001 to 2002 but decreased from 2002 to 2003 by 7.4 percent.

**Table 9  
Juneau Transportation Traffic**

Passenger Type	2001	2002	2003*	Change 2001-2002	Change 2002-2003*
Ferry	64,334	72,782	67,381	13.1%	-7.4%
Air	275,500	264,710	265,236	-3.9%	0.2%
Cruise	690,648	739,757	776,991	7.1%	5.0%

Note: \*2003 is preliminary data.

Source: Ferry traffic is disembarking passengers in Juneau from the Alaska Marine Highway System. Air passengers are deplanements obtained from Juneau International Airport manager's office. Cruise line traffic obtained from Cruise Line Agencies of Alaska. Percent change calculated by the McDowell Group, Inc.

