

# The Capital Profile

Issue #6

A biannual report on economic, social and environmental measurements  
of sustainable community indicators.

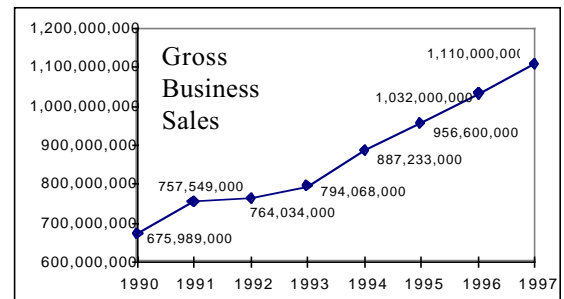
Spring 1998

Produced by the Juneau Economic Development Council,  
612 West Willoughby Avenue, Suite A - Juneau, Alaska 99801 (907) 463-3662

## Highlights

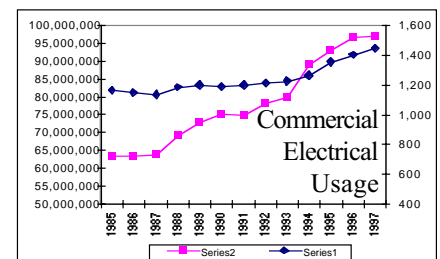
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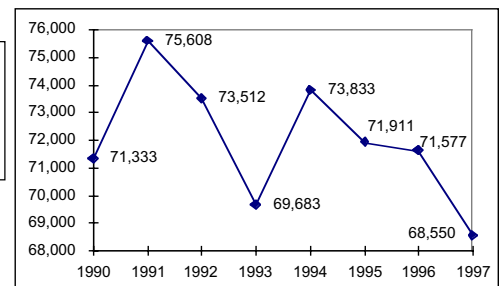
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Alaska Marine  
Highway  
Passenger  
Arrivals



**LETTER FROM THE EXECUTIVE DIRECTOR -  
CAPITAL PROFILE, SPRING '98**

. . . Charlie Northrip, Executive Director

**“Juneau’s Regional Role: In Lending and as a Shopping Hub”**

One of the major tasks assigned to the JEDC by the CBJ Assembly is to extend a helping hand to our neighbor communities in Southeast Alaska. The Council has been doing just that through its business assistance programs since 1994.

A more recent development is the JEDC’s Southeast Alaska Revolving Loan Fund (RLF). As we provided business help and counseling throughout the region, we realized a need for greater access to capital for business start-ups and expansions. In areas hardest hit by timber industry downturns and fishing industry problems, the traditional lending climate had to become more conservative. It’s times like that when business people need help the most. In April of last year, with assistance from the City and Borough of Juneau, the JEDC began its Revolving Loan Fund. It was offered as a regional fund, capable of making loans throughout Southeast Alaska.

To date, Juneau, Wrangell, Sitka, Thorne Bay and Haines have joined the Fund. Each community has made a sum of money available for business loans through the Fund. The Fund has made two loans, so far, with several others now in the pipeline. The JEDC’s Gary Parr directs the RLF, guided by a loan committee composed of representatives of the communities served. We’ve just been notified that the Fund will be receiving a loan of \$1 million from the U. S. Department of Agriculture for re-lending throughout Southeast Alaska. For more information on the Fund, including eligible loan purposes and how to apply, contact Gary or Helen Davies at the JEDC. The Loan Fund is helping Juneau solidify its role as a regional hub for Southeast Alaska.

Juneau also serves as a regional shopping hub. Previous *Profiles* have shown increases in ferry traffic to and from Juneau from other Southeast locations, as new retailers have moved into our community. The recent announced closures of J. C. Penney and Rite-Aid have sparked some concern that retail capacity may be declining. Our *Capital Profile* reports, however, show a steady increase in gross business sales. The Penney and Rite-Aid closures were actually consequences of national corporate decisions and had little to do with Juneau’s specific market characteristics. The recent news that Office Max will be opening in Juneau in the fall is testimony to continued growth in Juneau retailing and to the growth of Juneau as a shopping hub.

The various versions of the Southeast Alaska Transportation Plan currently being circulated by the Alaska Department of Transportation all will make Juneau more accessible to other communities and those communities more accessible to Juneau residents. The idea of more road links and shorter, day-boat-type ferry links will make auto travel among our communities much more convenient and low-cost. A market of over 75,000 looks much better to retailers than separate, isolated markets of 30,000, 15,000, 10,000, and so on. No one’s crystal ball is infallible, but the immediate future looks promising for retailing, especially if those transportation plans come to fruition.

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## A LETTER FROM THE EDITOR

. . . Kirk Flanders, Assistant Director

Welcome to the sixth edition of *The Capital Profile*. We've gone back to the basics, publishing Juneau's top 20 employers, looking at basic wage data and tracking summer economic activities including housing starts and cruise ship passengers.

Reflection on these trends leads us to view Juneau's economy as steady and somewhat flat, lacking the strong performance we have experienced over the past five years, yet not raising strong warning signals. Greens Creek has helped support the average private sector wage, although private wages did not increase over the past year. Federal, State and local government total wages paid were all down slightly, perhaps demonstrating the effect of early retirement initiatives.

Comparing private to public sector wages paid, the public sector still contributes 53% of the total. The private sector now exceeds the public sector in total jobs, though many are seasonal and part-time, by 2,743. Just five years ago they were nearly even.

With recent discussions of change in ownership of the Snettisham hydro plant and AEL&P's near capacity utilization of the facility, we have tried to provide some benchmark information on Juneau's energy consumption on pages 6 & 7. Readers will note the comparatively high home heating costs of electricity. We anticipate a renewed interest in other forms of energy including natural gas and alternative forms such as, tidal and wood waste.

There were 232 new housing units added in 1997, which should continue to help lift our low vacancy rate. Juneau building officials also reported 36 new commercial buildings in 1997. (See related information on page 8.) CBJ's Community Development Department also tracks Juneau's population by major neighborhood and they found nearly 40% of our population resides in the East Mendenhall Valley (see page 10).

There have been some interesting shifts in Juneau's largest employers, most notably the strong comeback of Greens Creek Mining Company. Comparing our largest employers from 1992 to 1997, we see Greens Creek, Kmart, Catholic Community Services, Central Council Tlingit & Haida and Glacier Village Supermarket breaking into the top ten.

## Economy . . .

### Juneau's 20 Largest Private Employers Year Ending June 30, 1997

Rank	Firm	Annual Average Employment
1	Fred Meyer Inc.	249
2	Greens Creek Mining Co.	225
3	Kmart Corp.	158
4	SE AK Regional Health Corp.	146
5	AK Airlines Inc.	139
5	REACH Inc.	139
7	Catholic Community Svc Inc.	133
8	Central Council Tlingit & Haida	130 *
9	Glacier Village Supermarket Inc.	125
10	Westmark Hotels Inc.	122
11	Williams Inc.	120
12	Carr Gottstein Foods Co.	115
12	JRC Inc.	115 **
14	Juneau Youth Services	100
15	M&S Associates Inc. (McDonalds)	99
16	Costco Wholesale Corp.	82
17	AK Electric Light and Power Co.	81
18	Juneau Airport Travelodge	79
19	St. Anns Care Center Inc.	75
20	Taku Smokeries	68

\* Employer's estimate

\*\* Employer's estimate. Does not include employees paid in kind.

Source: Alaska Dept. of Labor, Research and Analysis Section  
0059

### Juneau's 10 Largest Private Employers 1992

Rank	Firm	Annual Average Employment
1	Fred Meyer Inc.	204
2	AK Airlines Inc.	146
3	Foodland Supermarket	135
4	Westmark Hotels Inc.	110
5	REACH, Inc.	105
6	SEARCH	104
7	Hathaway Enterprises, Inc.	90
8	M&S Associates Inc. (McDonalds)	79
9	St. Anns Care Center Inc.	67
10	JC Penney's	67

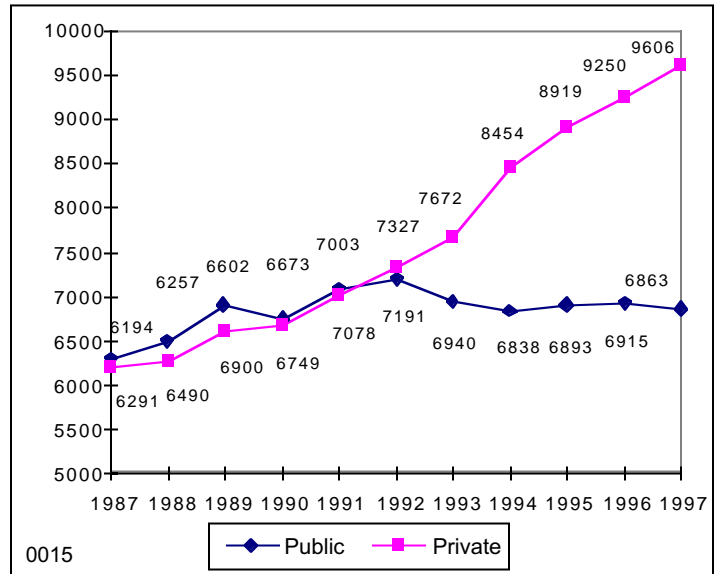
# Economy . . .

## Shift in Juneau's Job Base Continues

In 1992, a major shift began to occur in Juneau's job base. With government employment at an all time high, Juneau's private sector employers surpassed the public sector in number of individuals employed. The services sector employs the most people in Juneau after State government. Retail trade is the third largest source of employment.

From 1993 to 1994 Juneau's private sector added 745 jobs. During the period from 94 to 95, 502 jobs were created, an additional 240 jobs in 1996 and 356 in 97, bringing the total to 9,606. For comparative purposes, the total public sector employment in 1997 is estimated at 6,863, reflecting a continuing downward trend. There were approximately 147 less State of Alaska employees, five less federal employees and 56 less local government employees, based on average annual monthly employment compared to 1996.

## Private vs. Public Sector Employment



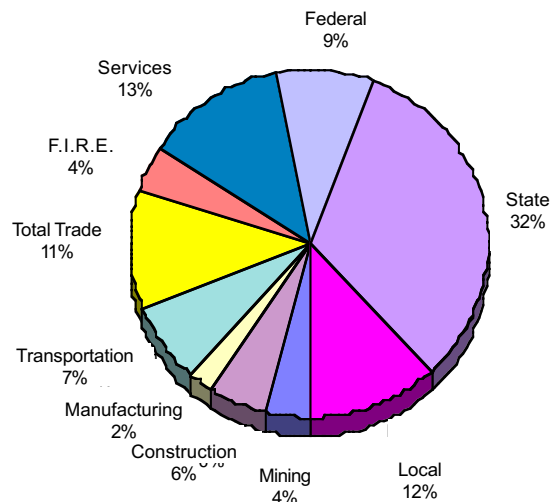
Source: Alaska Department of Labor, Research and Analysis Section

## Juneau Wages

There were \$519.5 million in wages paid in 1997. That represents an increase of over \$10 million compared to 1996. The average annual salary of all workers was \$31,500. The average private sector wage was \$25,560 and showed no increase over 1996 levels. The average public sector job wage was \$39,901, down \$80 from 1996.

The pie chart on the right shows the distribution of wages by major industry. State government still remains the top wage provider in Juneau's economy with \$166 million provided. The services sector was the next largest wage provider at 13%, closely followed by local government, trade and the federal government. The remaining 13% were fairly evenly distributed.

## Key Industry Wages October 96 - Sept 97



Note: F.I.R.E. = Finance, Insurance & Real Estate

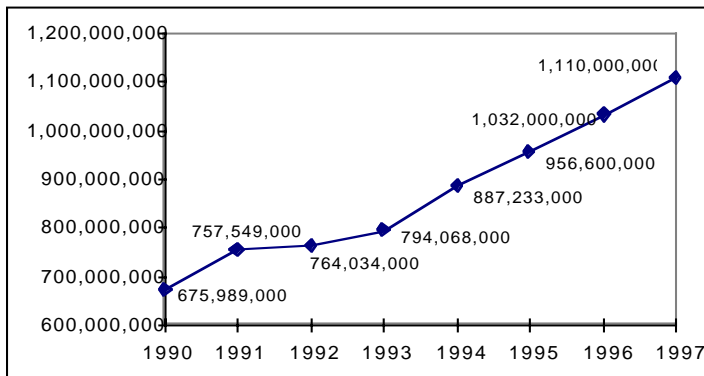
Source: Alaska Department of Labor, Research & Analysis Section

# Economy . . .

## Gross Business Sales

A look back to 1980 reveals that business activity in Juneau climbed steadily through 1985. In 1986 there was a significant reduction in gross business sales which remained flat until 1989. The early 90's saw steady growth with a steep climb since 1993. This trend continued with gross business sales surpassing \$1 billion in 1996 and climbing to \$1.11 billion in 1997.

**Gross Business Sales were up \$79 Million in 1997, Climbing to \$1.11 Billion**



Source: City and Borough of Juneau, Sales Tax Administration

## Unemployment Rates Southeast Alaska Region and Census Area

Juneau continues to post a favorable unemployment rate without extreme shifts from summer to winter.

Not Seasonally Adjusted	Percent Unemployed	
	Jun-97	Jan-98
United States	5.2	5.2
Alaska Statewide	6.7	7.8
Southeast Region	6.3	10.6
Haines Borough	6.9	17.3
Juneau Borough	4.6	6.9
Ketchikan Gateway Borough	7.7	11.1
Prince of Wales-Outer Ketchikan	13.2	19.5
Sitka Borough	4.9	7.4
Skagway-Hoonah-Angoon	4.5	12.7
Wrangell-Petersburg	6.8	17.2
Yakutat Borough	8.8	16.0

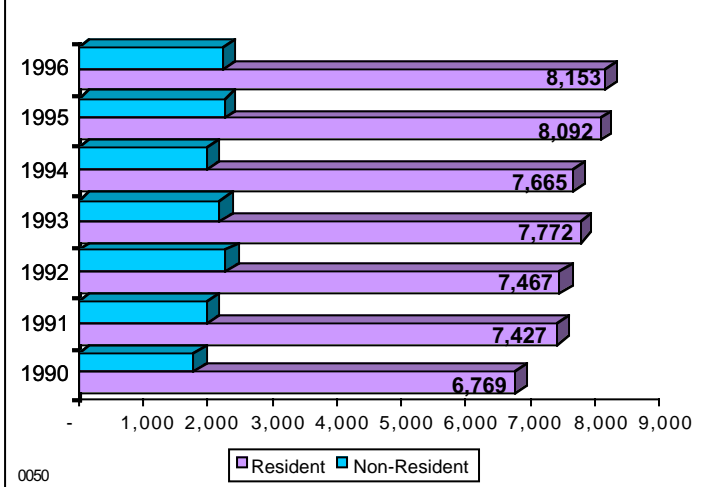
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Source: State of Alaska Department of Labor, Research and Analysis Section

## Private Sector Non-Resident Workers and Earnings in Juneau, Alaska

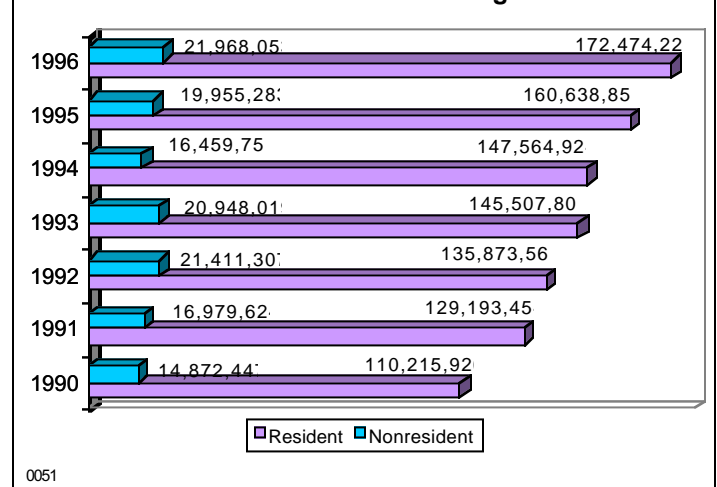
Juneau's nonresident private sector employees total 2,237 representing 21.5% of the work force. These same employees took "home" nearly \$22 million in wages, i.e., approximately 13% of total wages paid.

**Juneau Private Sector Workers 1996**



0050

**Juneau Private Sector Earnings 1996**



0051

Source: Alaska Department of Labor, Research and Analysis Section

# Environment . . . Power to the People

Alaska Electric Light and Power (AEL&P) produced and purchased the following amounts of energy for Juneau's 12,500 residential and 1,700 commercial and government customers.

1997 301.2 million kilowatt-hours (MKWhr's) compared to  
 1996 314.4 million kilowatt-hour why the difference?

Between 1996 and 1997, total energy production decreased by 13.2 MKWhr's. Approximately 8 MKWhr's was due to not selling surplus or interruptible energy to customers. The other 5.2 MKWhr's was due to a drop in firm energy sales.

Why the drop in firm energy sales? The average temperature was warmer in 1997 than 1996 and some homes switched from electric heat to oil heat. 1997 had an average year-round temperature of 44 F while 1996 had an average temperature of 40 F. The Heating degree-days for 1997 compared to 1996 were less ... which means the

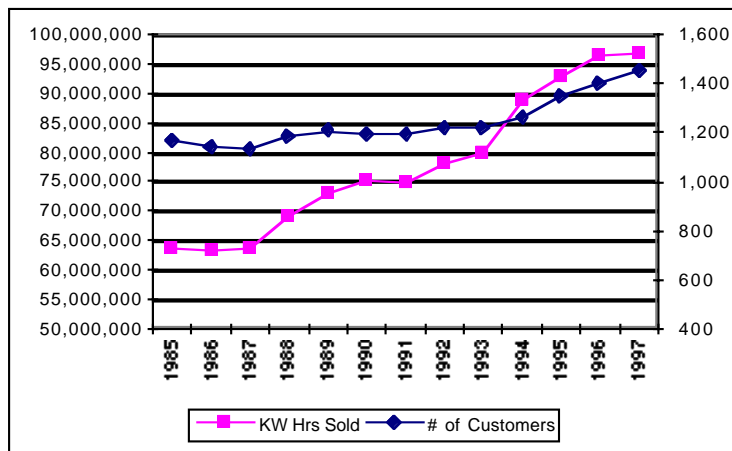
Electric Use	Single-Family Home	Multi-Family -- Apartment-Condo	Average
Space Heat	9,773 / \$880	3,877 / \$349	7,759 / \$698
Water Heat	5,933 / \$534	3,051 / \$275	4,949 / \$445
Lighting	2,354 / \$212	1,177 / \$106	1,952 / \$176
Other	5,420 / \$488	3,471 / \$312	4,754 / \$428
<b>Annual Total</b>	<b>23,479 / \$2,114</b>	<b>11,576 / \$1,042</b>	<b>19,414 / \$1,747</b>

average temperature was higher throughout 1997. AEL&P's records show that 1996 had a total of 9004 Heating Degree Days (HDD) and in 1997 a total of 7541 HDD . . . a 19% difference. (Heating degree days are defined as daily high temperatures less than 65 degrees. A 55 degree high temperature = 10 HDD)

As you know, Juneau's electricity is generated by hydroelectric power. This power costs less to produce than generating with diesel. Area water reservoir levels are important because they are the fuel tanks for the four hydro plants. At the end of 1996 these reservoir levels were 94% of normal. At the end of 1997 they were 134% of normal, giving the community an excellent storage prior to the winter period.

AEL&P saw a 2.8% increase in customers in 1997 compared to 1996 (1997=13,914). 89% of the 2.8% increase were residential accounts and the remaining 11 % were commercial accounts.

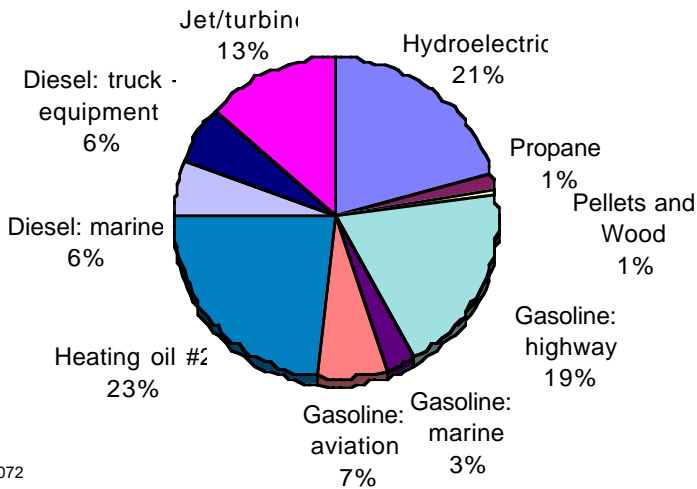
Residential electric sales were down 5.1% from 1996 and commercial sales were down by 2.3%. Overall firm energy sales were down by 4.7%. Overall firm and interruptible energy sales were down by 3.6%. Energy sales for 1998 are continuing down an additional 5%, comparing year to date figures from 1997.



# Environment . . .

When converted to gallons of fuel, Juneau's energy consumption is estimated at 34.5 million gallons per year. Juneau's economy is dependent on petroleum to a far greater degree (perhaps 4 times greater) if we consider marine diesel for cruise ships and jet fuel not purchased locally.

## Total Energy: Juneau Local Economy



0072

Source: Alaska Applied Science; Leighty, W.C.; JEDC Estimate

## Common Units: Energy equated to gallons of fuel

Source:	Gallons
Hydroelectric	7,081,000
Propane	500,000
Pellets and Wood	209,000
Gasoline: highway	6,700,000
Gasoline: marine	1,000,000
Gasoline: aviation	2,300,000
Heating oil #2	8,100,000
Diesel: marine	2,000,000
Diesel: truck + equipment	2,000,000
Jet/turbine	4,600,000
<b>Total</b>	<b>34,490,000</b>

Note: 300 million KWhr's of hydroelectricity is roughly equivalent in BTU's to 7 million gallons of oil.

## Wood Residue for power assessed in Southeast Alaska

Source: Energy Update; Volue 2, Issue 1; Alaska Department of Coummunity and Regional Affairs; Division of Energy

A major assessment of sawmill waste, logging residue, and other low value wood material is being conducted by Sealaska Corporation with the assistance of the Alaska Department of Community and Regional Affairs (DCRA), Division of Energy.

Sealaska is working with the National Renewable Energy Laboratory (NREL) to study the feasibility of establishing a facility which would convert much of the region's bark, sawdust, chips and other material into ethanol.

Disposal of wood waste remains a major issue for wood processing developers and local communities in Southeast Alaska. Landfill space is limited and options for disposal are expensive.

Early results indicate availability of over 630,000 green tons of wood residue per year. NREL estimates that a 16 million gallon per year facility would require about 402,000 green tons of wood residue annually.

In addition to wood residue, another 782,000 green tons of clean wood chips are also potentially available each year; however, the chips also supply a volatile fiber market outside the state.

An important market for ethanol is Anchorage, where a 10% ethanol blend is used as an oxygenate for gasoline during the winter months as part of a plan to meet air quality standards for carbon monoxide.

Last spring the Alaska Legislature voted to retain a tax exemption of 8 cents per gallon of blended "gasohol" year-round if the ethanol was derived from wood in the first five years of a facility's production. Gasohol not meeting these criteria receives a 6 cent per gallon tax exemption only during the months that it is required.

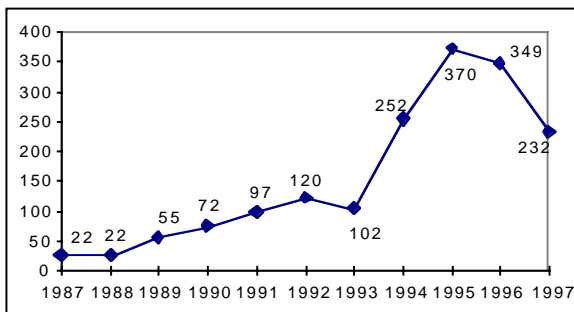
Work will result in updated information on the quantity, quality, cost, and long-term availability of wood waste and fiber in the area of Ketchikan, Metlakatla, Wrangell, Craig-Klawock, and Thorne Bay.

## New Housing Construction Peaked in 1995

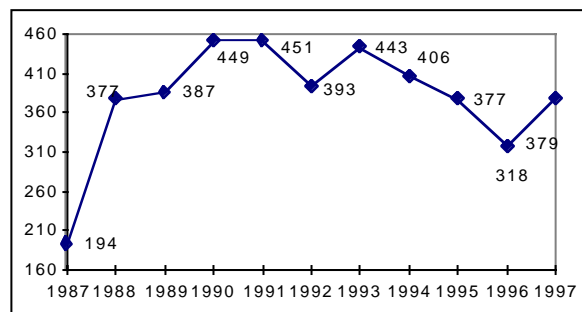
Juneau's construction boom of 1995 continued down in 1996 and 1997, as new housing permits, commercial remodeling and total construction permits issued all posted less activity. New commercial building permits rose from 32 in 1995 to 59 in 1996, and then trended down to 36 in 1997. It appears residential remodeling remains a strong component of Juneau's housing situation.

In July of 1994, the *Juneau Multi-Family Housing Program Feasibility Study*, prepared for the CBJ by Milton Barker, Thomas King and the McDowell Group, projected housing demand in Juneau through the year 2000. Their report projected a net demand of 752 multifamily units and 904 "other" housing units would be required to raise Juneau's vacancy rate to 5% by the year 2000. It would appear we have succeeded in meeting our multifamily housing demand two years early. Our average overall rate has improved although choices remain limited (see related story on page 10). Please contact Christian Roust, CBJ Building Official for additional information on the graphs provided below.

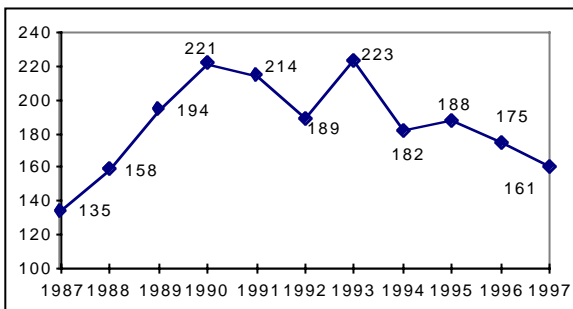
**New Housing Unit CBJ Permits Issued**



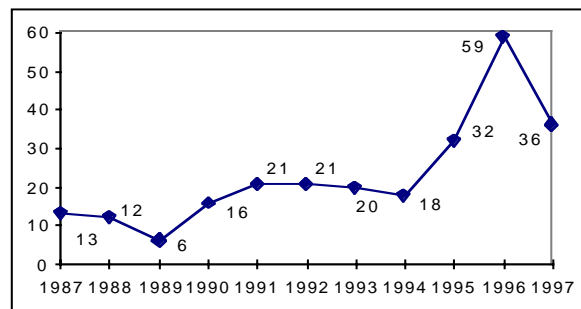
**Residential Remodel / Additions CBJ Permits**



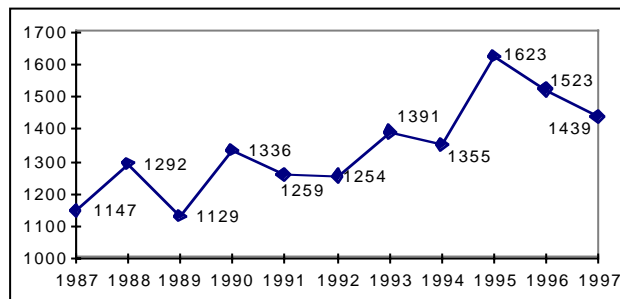
**Commercial Remodel / Additions CBJ Permits Issued**



**New Commercial Building CBJ Permits Issued**



**Total CBJ Construction Permits Issued**



Page Sources: City and Borough of Juneau, Community Development



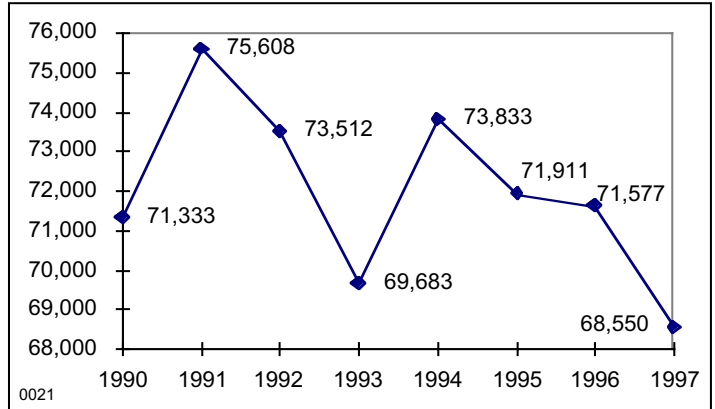
# Our Community . . . A Tourist and Shopping Destination

Juneau continues to experience a decline in Marine Highway passenger arrivals, which was further reduced last year by the Prince Rupert blockade. The northern Southeast panhandle continues to experience strong ridership to Juneau from Hoonah, Kake, Haines and Skagway, although this was down also.

Arrivals via passenger jet remained flat since the loss of Mark Air, which provided discounted airfare.

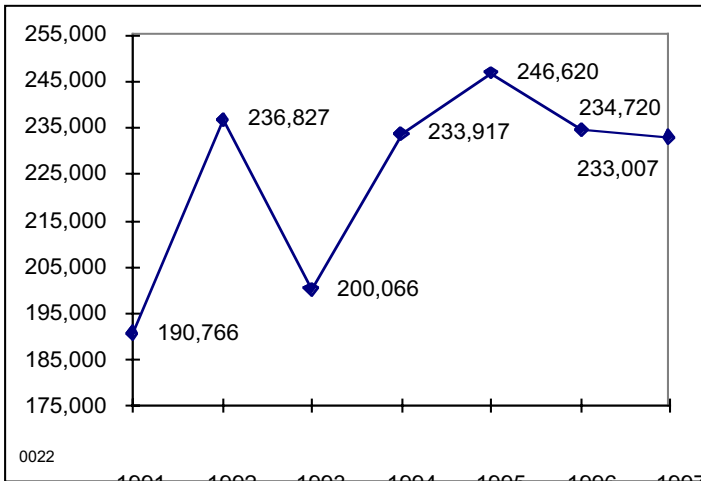
The 1997 hotel occupancy rate continued to decline from 1996 levels as reported by the Juneau Convention and Visitors Bureau.

## Alaska Marine Highway Passenger Arrivals



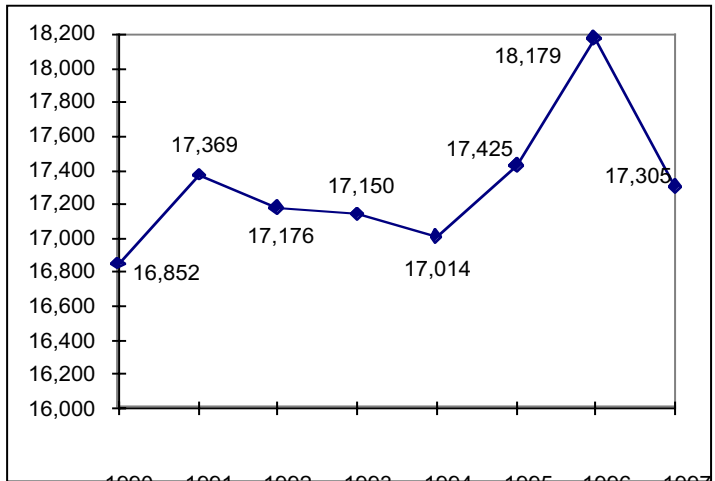
Source: Alaska Marine Highway

## Arrivals via Passenger Jet



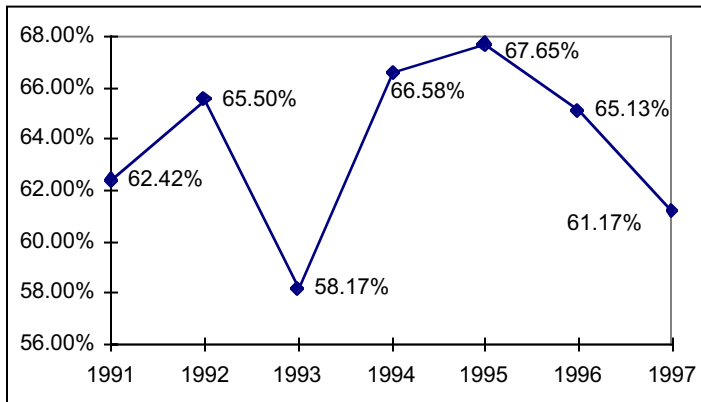
Source: City and Borough of Juneau

## Alaska Marine Highway Vehicle Arrivals



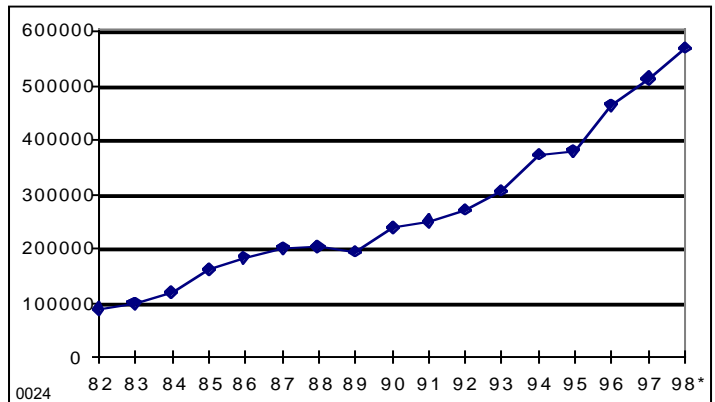
Source: Alaska Marine Highway

## Hotel Occupancy: 1997 Total Rooms = 4,333 Annual Average



Source: Juneau Convention and Visitors Bureau

## Growth in Cruise Passengers



Source: Juneau Convention and Visitors Bureau

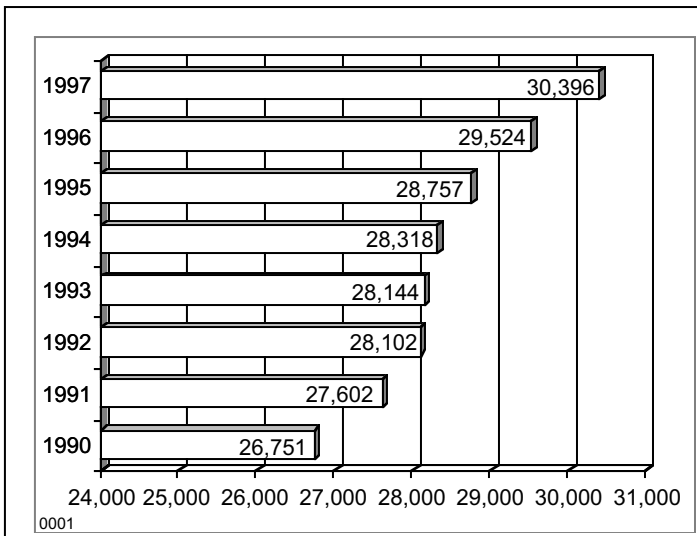
Note: This table does not include the Best Western Motel which chose not to participate.

\* projected - subject to change

# Our Community . . . Population Distribution and Vacancy

## Juneau's Population

Since 1980, Juneau's population has grown from 20,506 to its current level of approximately 30,396. This 32% increase over the past seventeen years occurred on a relatively incremental 3 to 5% rate until 1987-89 when it took a slight dip. In 1990, the population recovery was complete, as it rose above 1986 levels. Since 1990, Juneau's population has continued to increase, maintaining a growth rate of .5 to 3% per year.



## Population Distribution

Location	Total Persons	% of Total
Douglas	2,009	6.61%
West Juneau	1,463	4.81%
North Douglas	1,543	5.08%
Thane	181	0.60%
Juneau	3,864	12.71%
Salmon/ Lemon/ Switzer Creek	4,580	15.07%
East Mendenhall Valley	12,058	39.67%
West Mendenhall/ Pennisula/ Auke Bay	3,127	10.29%
Lena Loop/ Tee Harbor/ Out the road	1,438	4.73%
Other (Shelter Island/ South Douglas)	133	0.44%
	30,396	100%

## Occupancy Distribution

CBJ Totals	Total Units	Vacancy Rate	Occupied Units	Persons Per Household	Persons in Households	Group Quarters	Total Persons
Single Family	4,446	1.07%	4,393	2.89			
Condo/Townhouse	1,018	1.90%	1,002	1.86			
Duplex	1,710	0.00%	1,710	2.80			
Zero-Lot	778	1.33%	771	2.90			
Multifamily	2,421	6.73%	2,259	1.96			
Mobile Home	1,235	2.08%	1,209	2.77			
Boats	152	0.00%	152	1.78			
RV's	20	0.00%	20	1.00			
<b>Total/Overall Avg.</b>	<b>11,780</b>	<b>3.55%</b>	<b>11,516</b>	<b>2.66</b>	<b>29,862</b>	<b>534</b>	<b>30,396</b>

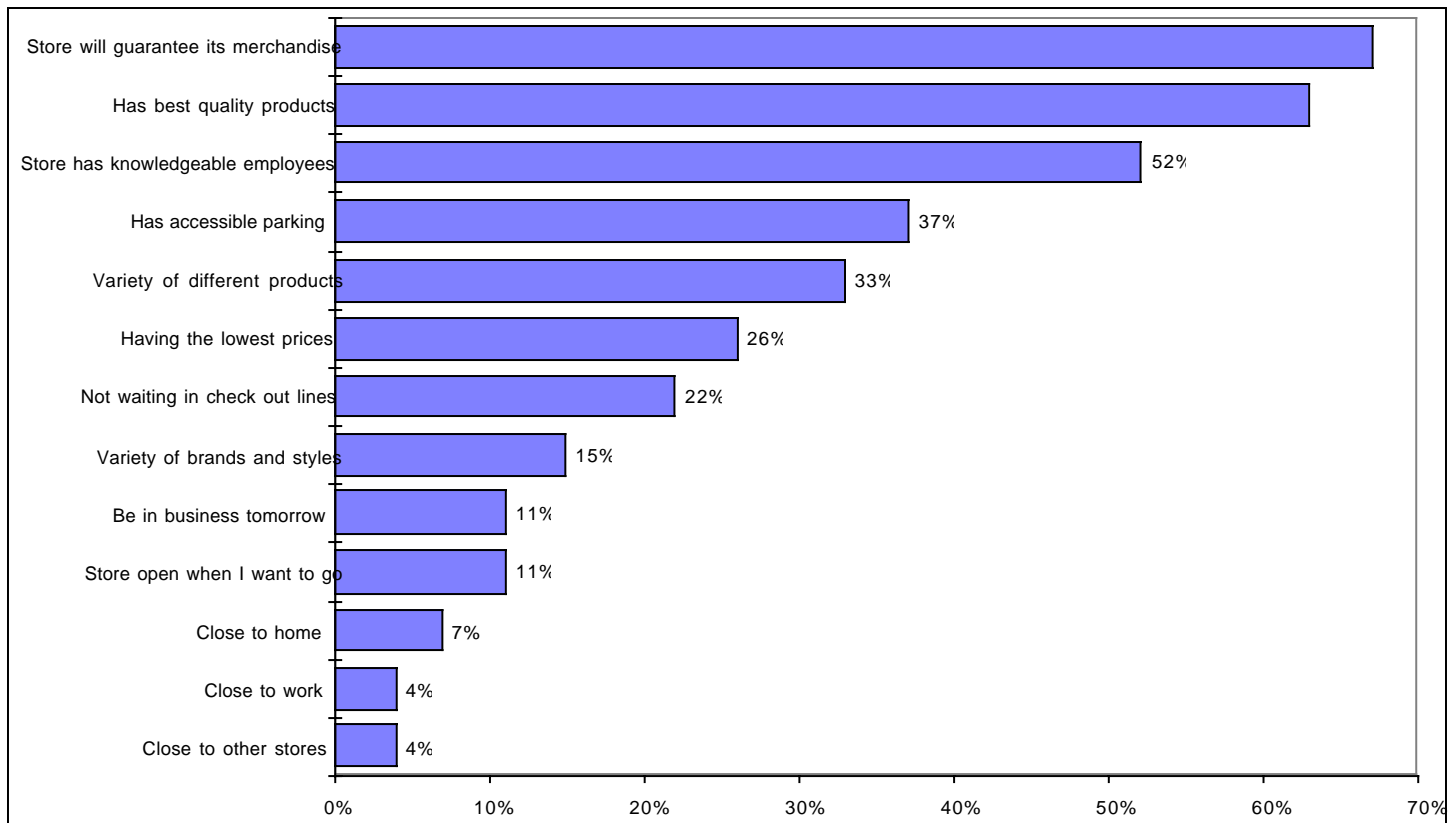
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Page Source: City and Borough of Juneau, Community Development Department

# Our Community . . . Consumer Shopping Preferences

The following survey results were excerpted from a study conducted by two Masters of Business Administration degree candidates supervised by Dr. Jim Goes at the University of Alaska Southeast. Chuck Greeson and Paul Hanson provide a synopsis of current information on our changing retail market in order to provide Juneau's business community with information that would assist them in formulating a strategy for effectively competing. They found some interesting reasons why Juneau shoppers chose some stores over others. As you see below, guarantees and quality ranked higher than the commonly held belief of price and location as the driving factors of choice.

## Juneau Shopping Habits - Retail Consumer Survey



Source: Formulating a Competitive Strategy in the Juneau Retail Market: Greeson, Chuck; Hanson, Paul; Spring 1998; University of Alaska Southeast; MBA Capstone

### Credits . . .

Kirk Flanders, Editor

We would also like to recognize and thank those who helped make this and past publications possible:

AK Dept. of Community and Regional Affairs  
 AK Dept. of Labor, Research and Analysis  
 AK Dept. of Health and Social Services  
 University of Alaska Southeast  
 CBJ Sales Tax Administration  
 CBJ Police Department

Kelly Lammon, Desk-top Publishing

CBJ Capital Transit  
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# The Capital Profile

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