

The Juneau Economic Development Council Presents

The Juneau and Southeast Alaska Economic Indicators 2010



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August 2010

Dear Readers,

The Juneau Economic Development Council (JEDC) is very pleased to make our 2010 edition of local and regional economic indicators available to you. Through this and other research publications, we hope to increase public awareness and appreciation of local and regional economic issues. Many thanks to those groups and individuals that provide information to us, with special thanks to the Alaska Department of Labor's Debbie Berggren, the Alaska Department of Fish and Game's Cathy Tide, the City and Borough of Juneau's (CBJ) Robin Potter, and so many others. We are also extremely grateful to our corporate sponsors and the CBJ whose generous support enables us to create this publication.

JEDC is a non-profit organization whose mission is to foster a healthy and sustainable economic climate in Juneau and throughout Southeast Alaska. In collaboration with other organizations JEDC implements initiatives to maintain, expand and create economic opportunities. JEDC enjoys a special relationship with the CBJ, which (along with the Juneau Chamber of Commerce) was instrumental in the founding of the organization in 1987 and has provided annual financial support to the organization since that time.

JEDC's dedicated all-volunteer eleven member Board of Directors brings an enormous amount of experience, knowledge, and know-how to the Council. JEDC also has a fine team of dedicated professionals on staff. We want to give special credit to JEDC staff member Meilani Schijvens for producing this year's report.

JEDC has engaged in several new endeavors this past year, including applying for Google JuneauBroadband.com connectivity, hosting the Juneau Maritime Festival, working with the Alaska Forward Initiative to develop more competitive industries in Alaska, expanding Juneau's Farmer's Market, providing business consulting services, and coordinating educational programs such as FIRST robotics (statewide). Please sign up for JEDC News to learn about our efforts.

We are very interested in your ideas for economic development in Juneau and the region, and how our organization can better serve the community. Call or email us to become part of the conversation. As you will read in our report, 2009 was a tough year economically for our community. We expect that 2010 will remain stable and are optimistic for 2011.

Regards,

A handwritten signature in black ink, appearing to read "Mark Mickelson".

Mark Mickelson
Chairman, JEDC Board of Directors

A handwritten signature in black ink, appearing to read "Brian Holst".

Brian Holst
Executive Director, JEDC

Please visit JEDC.org to see an electronic version of this report as well as other JEDC research.

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Board members are appointed by the CBJ Assembly based upon their experience and expertise in fields relating to economic development, business, entrepreneurship, natural resource development, tourism, banking, finance, engineering, construction, and government.



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Juneau By the Numbers

	2009	2008	% Change from 2008
Juneau Employment and Wages¹			
Total Employment	17,529	18,127	↓-3.3%
Total Government Employment	7,284	7,256	↑ 0.4%
Total Private Sector Employment	10,245	10,906	↓-6.1%
Total Payroll	\$754 .6 million	\$755.1 million	↓-0.1%
Total Private Sector Payroll	\$374.1 million	\$390.7 million	↓-4.3%
Average Wage	\$43,048	\$41,653	↑3.3%
Unemployment	6.10%	4.80%	↑ 1.3% pts
Juneau Demographics¹			
Population	30,661	30,427	↑0.8%
Population Age 60 and Older	4,387	4,165	↑5.3%
Median Age	38	38	0%
Juneau Schools			
K-12 School District Enrollment²	4,953	4,930	↑ 0.5%
University of Alaska Southeast³ Enrollment (Juneau campus)	2,811	2,632	↑6.8%
Child Care Capacity⁴	583	542	↑7.6%
Juneau Housing			
Average Rent in Juneau¹	\$1,131	\$1,125	↑0.5%
Average Cost of Single Family Home⁵	\$307,955	\$295,061	↑4.3%
Starts: New Housing Units Permitted⁶	38	39	↓-2.6%
Juneau Transportation			
Ferry Passenger Arrival⁷	73,189	82,957	↓-11.8%
Alaska Airlines Passenger Arrivals⁸	257,719	284,097	↓-9.3%
Cruise Passenger Arrivals⁹	1,018,700	1,032,300	↓-1.3%
Capital City Transit (Bus) Ridership⁶	1,229,061(FY10)	1,223,221(FY09)	↑0.5%

Sources: ¹ Alaska Department of Labor; ² Alaska Department of Education and Early Development; ³ University of Alaska; ⁴ Association for the Education of Young Children – Southeast Alaska; ⁵ Southeast Alaska Multiple Listing Service; ⁶ City and Borough of Juneau; ⁷ Alaska Marine Highway System; ⁸ Juneau International Airport; ⁹ McDowell Group and Cruise Line Agencies of Alaska

Southeast Alaska By the Numbers

	2009	2008	% Change from 2008
SE Employment and Wages¹			
Total Employment	36,209	37,035	↓ -2.2%
Total Government Employment	13,295	13,199	↑ 0.7%
Total Private Sector Employment	22,914	23,836	↓ -3.9%
Total Payroll	\$1.437 billion	\$1.425 billion	↑ 0.8%
Total Private Sector Payroll	\$795.4 million	\$804.1 million	↓ -1.1%
Average Wage	\$39,698	\$38,463	↑ 3.2%
Unemployment	8.4%	6.8%	↑ 1.6% pts
SE Demographics¹			
Population	69,338	69,163	↑ 0.3%
Non Juneau SE Population	38,677	38,758	↓ -0.2%
Median Age	39.3	39.1	↑ 0.5%
Southeast Schools			
K-12 School District Enrollment²	11,438	11,421	↑ 0.1%
University of Alaska Southeast³ Enrollment (all campuses)	3,834	3,600	↑ 6.5%
SE Commercial Seafood Industry			
SE Pounds Landed (all commercial pounds)⁴	282.9 million	231.1 million	↑ 22%
Total Salmon	217.7 million	162.2 million	↑ 34%
Ex-Vessel Value⁴	\$234.1 million	\$284.0 million	↓ -18%
Fishermen and Crew (SE Residents)⁵	4,674	4,663	↑ 0.2%
SE Industry Employment¹			
Mining	413	432	↓ -4%
Logging and Wood Manufacturing	214	259	↓ -17%
Private Health Care	3,576	3,489	↑ 2.5%
Southeast Transportation			
Airline Passenger Arrivals⁶	574,114	627,492	↓ -8.5%
Air Freight Arrival⁶	30.5 million lbs	32.1 million lbs	↓ -5.0%
Cruise Passenger Arrivals⁷	1,018,700	1,032,300	↓ -1.3%

Sources: ¹ Alaska Department of Labor; ² Alaska Department of Education and Early Development; ³ University of Alaska; ⁴ Alaska Department of Fish and Game; ⁵ Bureau of Transportation Statistics; ⁶ McDowell Group and Cruise Line Agencies of Alaska

Executive Summary

Juneau residents and businesses clearly experienced the negative effects of the national economic recession in 2009. Despite economic challenges, there were also positive 2009 indicators, and indications that some things will improve in 2010.

Employment and Wages

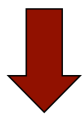
Employment and payroll were both down in 2009 (mostly in the private sector)¹

In 2009, annual average employment in Juneau shrank by 3.5 percent, with losses almost entirely confined to Juneau's private sector. Annual average employment in the private sector was down 6.1 percent, or 661 annual average jobs.² Juneau's private sector also paid out \$16.6 million less in wages. A summary of the most significant changes is below:



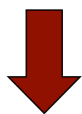
Construction related employment

- -179 Jobs (Average Annual Employment)
- -\$10 million in wages



Food services and drinking establishments

- -142 Jobs (Average Annual Employment)
- -\$2.6 million in wages



Juneau's retailers

- -136 Jobs (Average Annual Employment)
- -\$3.2 million in wages



Scenic and sightseeing transportation

- -113 Jobs (Average Annual Employment)
- -\$3.4 million in wages



Biggest Gains

- Real Estate = +68 Jobs
- Private Health = +36 Jobs
- Local/Tribal Govt. Wages = +\$10 million

¹ Alaska Department of Labor (ADOL)

² Just a note here, annual average employment is not exactly the same as jobs. The monthly tally of people who have job each month is averaged over the entire year to determine "annual average employment," a term we occasionally simplify as "jobs" in this document.

In positive news, the continuing loss of State jobs we have seen in past years did not materialize in 2009, with Juneau holding onto a similar number of State jobs in 2009 as in 2008. (In the previous two years, Juneau had lost 145 State jobs). Other key employment related findings for 2009 include:

- Juneau's average 2009 unemployment rate was 6.1 percent, significantly lower than the state and national averages for that same year of 8.0 percent and 9.3 percent, respectively.
- In 2008, 5,188 non-locals earned \$104 million in Juneau, making up about a quarter of the total Juneau workforce and a third of the private sector workforce.

Demographics

The populations of both Juneau and Southeast were up in 2009 (albeit slightly)³

- In 2009 the population of Juneau increased by less than one percent (256 people) to 30,661.
- The population of the region also increased by less than one percent (175 people) to 69,338.



Juneau has more seniors and kids

Between 2006 and 2009, despite an overall population decline of one half of one percent, the number of seniors in Juneau between the ages of 60 and 75 grew by 24 percent (675 seniors). Juneau's shifting demographics mean that Juneau's senior population is becoming more significant by the year.

During the same period, there has also been significant growth among Juneau's youngest residents. Between 2006 and 2009 the population of children under 10 in Juneau increased by 10 percent (or by 400 children).

Juneau crime was down (but that doesn't mean that its low)⁴

Juneau residents are somewhat less likely to experience a violent crime than the average US resident but more likely to be the victim of property crime. Juneau's property crime rate was 37.8 property crimes per 1,000 people in Juneau in 2008, versus the national rate of 32.1. Juneau residents often do not lock their houses and cars, directly contributing to the higher theft and larceny rates. In 2008, 974

³ ADOL

⁴ FBI as reported by Juneau Police Department

cases of theft were reported in Juneau. Although this figure is high, it represents a 14 percent decrease in theft from 2007.⁵

Enrollment in grade school and University increased⁶

In the 2009-2010 school year, the number of K-12 students enrolled in the Juneau School District increased for the first time since 2001. On October 1, 2009, 4,953 students were enrolled in Juneau schools, a one half of one percent (23 student) increase from the previous year. While middle school and high school student populations were still down incrementally, elementary school enrollment was up by three percent, or 60 students, from the October 2008 count.

In the fall of 2009, 2,811 students attended the University of Alaska Southeast at its Juneau campus. This represents an increase of 6.8 percent from fall 2008.

Housing

Despite the national housing crisis everywhere else, Juneau housing prices are up⁷



The average price of a single-family residence in the first half of 2010 was \$313,385—a four percent increase over the first half of 2009 and similar to 2006 prices. The number of home sales in the second quarter of 2010 were unusually high, due to the start of Kensington mining operations (and the 200 new jobs that came with it) and the end of the first time buyer tax federal tax credit.

The average monthly cost, including utilities, for a rental unit in Juneau was \$1,131 in 2009, a less than one percent increase over 2008.⁸

The median monthly Juneau homeowner cost was \$2,040 in 2008 (for homeowners with a mortgage). Comparatively, these costs are 17 percent higher than the Alaska median and 35 percent higher than the national median.⁹

⁵ Crime is a lagging indicator, so the last full year we can report on is 2008.

⁶ Alaska Department of Education and the University of Alaska

⁷ Southeast Alaska Multiple Listing Service

⁸ Alaska Department of Labor (ADOL)

⁹ Selected monthly housing costs for homeowners include payments for mortgages, taxes, insurance, utilities, and other components of monthly housing expenses. The determination of Selected Monthly Owner Costs is based on all mortgage payments – first, second or junior, and home equity – real estate taxes, homeowners insurance premiums, condominium fees and mobile home costs, if applicable, and all utility costs.

New housing construction is down¹⁰

In 2009, 38 new housing units were permitted for construction in Juneau (down from 39 in 2008). New housing construction is down significantly from earlier years: In 1996, 307 housing units were permitted. The annual average number of housing units permitted in Juneau between 1996 and 2008 was 129.

Transportation (Ships, Planes, Buses)

In 2009, 49,000 fewer people arrived in Juneau via air, cruise ship, or ferry. This represents a four percent decrease in total passenger disembarkations over 2008. These declines mirror national and international declines in travel and spending due to the recession. In 2009, the following number of passengers arrived:

- **1.02 million cruise ship tourists**—a one-percent decline in cruise passenger traffic over 2008 represents the first cruise traffic decrease since 1989.
- **73,189 ferry passengers**—a one-year decrease of 12 percent from 2008. (Unexpected repair issues played an additional role in decreased AMHS passenger arrivals).
- **257,719 deplaning Alaska Airlines passengers**—down nine percent from 2008 figures.
- **22,853 passengers from other airlines**—down 5 percent from 2008.

On the other hand, residents and visitors took 1,229,061 trips on Capital City Transit buses in FY10, meaning ridership was up one half of one percent over FY2009.



Passenger numbers will improve moving forward

In the first half of 2010, Alaska Airlines passenger deplanements were up 3.1 percent (4,321 more passengers) compared to the first half of 2009. Statistics for May 2010 show an 8.5 percent increase in passenger deplanements compared to May 2009.

While Juneau will see even fewer cruise passengers in 2010 than in 2009, the number of cruise passengers visiting Juneau should be back over a million again by 2012. Juneau's current cruise lines have reduced ships and sailings to Juneau in 2010, decreasing capacity by 150,000 from 2009. However, Disney Cruise Line, Crystal Cruises, Oceania Cruises and Inner Sea Discoveries have each announced sailings for 2011 that could bring more than 65,000 "new" passengers to Juneau. Moreover, in June 2010 Governor Parnell signed legislation reducing the amount

¹⁰ City and Borough of Juneau Permitting

of the Juneau cruise ship head tax to entice cruise lines such as Princess and Holland America to bring ships and sailings back to 2008 levels.

Key Industry Statistics

Mining

The Kensington Mine—After two decades of efforts, the Coeur-owned Kensington Mine began producing gold in June of 2010. Coeur management anticipates that Kensington will produce 50,000 ounces of gold during the remainder of 2010 and will average approximately 125,000 ounces of gold annually over the mine's initial 12.5-year life. The Kensington will eventually require 200 employees to operate the mine.



Hecla Greens Creek Mine—In 2009, Juneau's largest private sector employer was once again the Greens Creek Mine with 333 employees. Greens Creek produced 7.5 million ounces of silver in 2009. The mine also produced 67,278 ounces of gold, 70,379 tons of zinc and 22,253 tons of lead.

By 2011, JEDC expects Juneau's two mines to have 550 employees and a combined payroll of \$45 to \$50 million annually.

Fishing and Seafood

In 2009, according to Fish and Game, the ex-vessel value of the Southeast Alaska fisheries (money paid to fishermen) was \$234 million, an 18 percent decline over 2008. Conversely, the pounds of seafood landed in Southeast Alaska in 2009—283 million—was up 22 percent over 2008. In 2009, a total of 190 million pounds of seafood was processed in Southeast Alaska by 597 processors.



According to the Alaska Commercial Fisheries Entry Commission (CFEC), 4,674 Southeast Alaska residents (2,129 commercial fishermen and 2,545 crew members) fished in 2009, including 697 Juneau residents. Regionally, this represents a less than one percent increase in the number of fishermen from 2009 numbers, and a three percent increase in fisheries participation among Juneau residents.

Employment and Payroll

If your impression was that 2009 was a rough year economically for Juneau, the numbers are in, and your instincts were correct. In 2009, annual average employment in Juneau shrank by 3.5 percent (633 jobs) to 17,529, with an overall loss of wages totaling \$2 million (-0.3 percent). The losses were almost entirely confined to the private sector, which posted an annual average employment loss of 6.1 percent (661 jobs) and a decrease in wages of \$16.6 million fewer wages, with construction and tourism related businesses being hit hardest. However, these economic challenges were not unique to Juneau. Alaska's employment decreased for the first time in 22 years, and the effects of the recession hit much harder in the Lower-48.

Juneau Employment by Industry, 2009

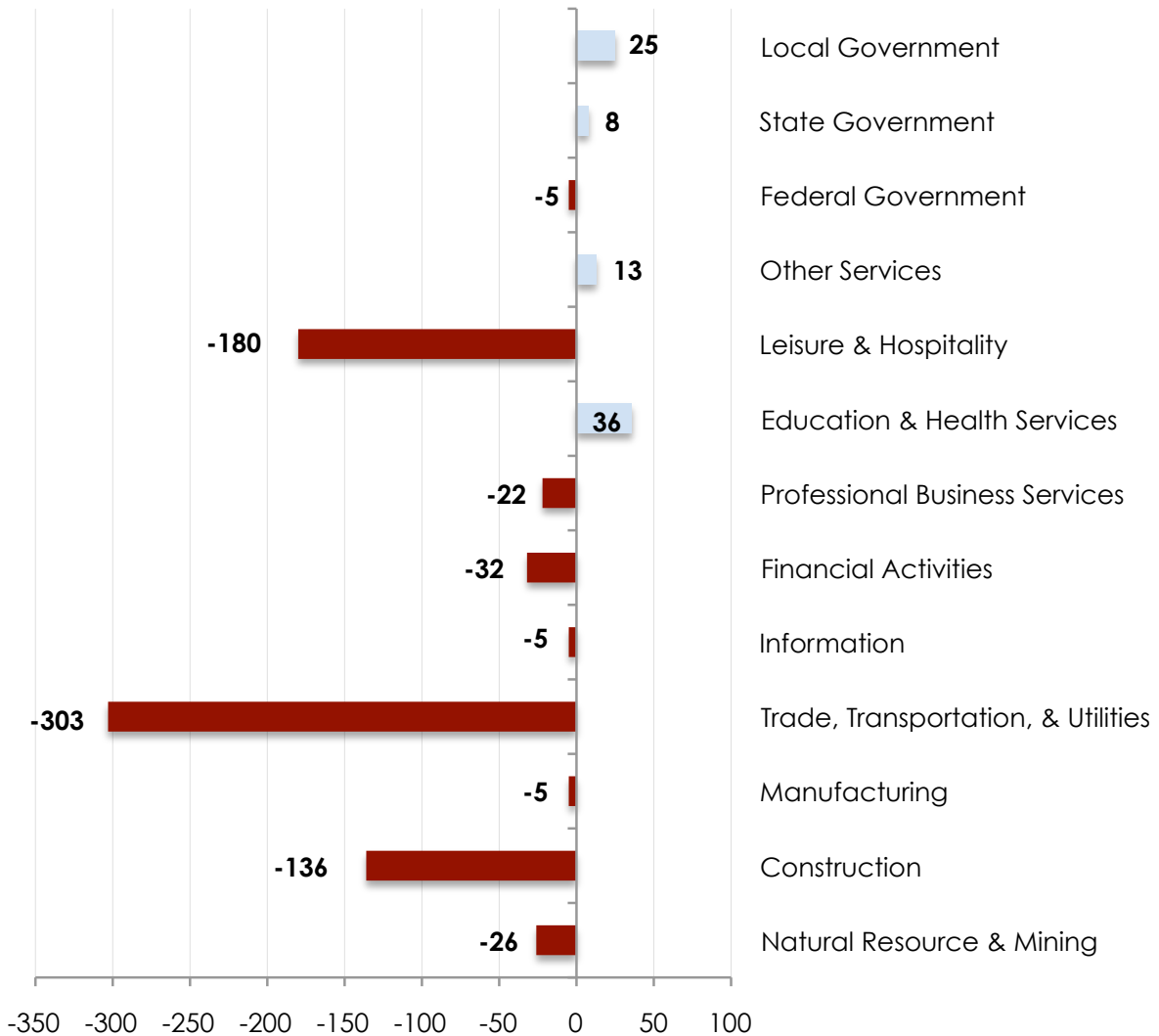
	Annual Average Employment 2009	Annual Average Employment 2008	Change in Employment 2008-2009	Total Payroll (in thousands)	Annual Avg. Wage
Private Sector	10,245	10,906	-6.1%	\$374,096	\$36,515
Natural Resource & Mining	450	476	-5.5%	\$38,850	\$86,382
Construction	745	881	-15.5%	\$44,375	\$59,570
Manufacturing	275	280	-1.7%	\$9,669	\$35,160
Trade, Transportation, & Utilities	3,314	3,617	-8.4%	\$104,127	\$31,420
Information	275	280	-1.7%	\$12,875	\$46,761
Financial Activities	604	636	-5.1%	\$28,506	\$47,234
Professional Business Services	849	871	-2.5%	\$34,195	\$40,301
Education & Health Services	1,696	1,660	2.2%	\$59,734	\$35,216
Leisure & Hospitality	1,437	1,617	-11.1%	\$23,421	\$16,297
Other Services	601	588	2.2%	\$18,344	\$30,539
Total Government	7,284	7,256	0.4%	\$380,491	\$52,238
Federal Government	832	837	-0.6%	\$64,841	\$77,942
State Government	4,221	4,213	0.2%	\$210,434	\$49,857
Local/Tribal Government	2,231	2,206	1.1%	\$105,215	\$47,157
Total Employment	17,529	18,162	-3.5%	\$754,587	\$43,048

Source: Alaska Department of Labor

Some of the largest losses include the following:

- Construction related employment (including building material and construction equipment suppliers) shrank by 179 annual average jobs, and \$10 million in wages.
- Food services and drinking places were down 142 annual average jobs, and \$2.6 million in wages. Retail trade as a whole was down by 136 jobs and \$3.2 million in wages.
- Scenic and sightseeing transportation decreased by 113 annual average employees, and \$3.4 million in wages.
- Mining and federal government jobs each posted 2009 payroll losses in excess of \$2 million, despite significantly smaller employment losses.

Change in Juneau Average Annual Employment, 2008-2009



The bright spots in the economy included growth in real estate (an increase of 68 jobs), private health care (which grew by 36 jobs), and local government. The latter paid \$10 million more in wages in 2009 than in 2008, which helped counteract the huge payroll losses in the private sector. While Juneau lost 145 State jobs from 2006 to 2008, there was no loss in State employment in 2009—which was more good news.

The natural resource/mining and federal government sectors paid out Juneau's highest annual average wages of \$86,382 and \$77,942, respectively, while the annual average leisure and hospitality wage was the lowest at \$16,297. (The hospitality industry has a higher percentage of part-time jobs, and the data sets do not differentiate between full and part-time employment).

Excluded groups

Certain segments of Juneau's employed population are **excluded** from Department of Labor (ADOL) statistics that have been presented thus far as ADOL's numbers are derived from unemployment insurance coverage data. The self-employed are excluded from the ADOL numbers since they are not covered by unemployment insurance. In Juneau, there are 1,531 residents who are self-employed. It should be noted that these are not necessarily mutually exclusive employment in that Juneau's self-employed may also hold a job that is counted by the ADOL. The three top categories of self-employment in Juneau include professional services, fishing, and construction.

Self-employed 2008

	Juneau	Southeast
Self-employed:	1,531	4,222
Professional services	26%	17%
Fishing and hunting, forestry (mostly fishermen)	16%	20%
Construction	16%	16%
Educational, health and social services	15%	11%
Retail trade	6%	7%
Finance and insurance, and real estate and rental and leasing	6%	5%
Arts, entertainment, and recreation, and accommodation and food services	6%	9%
Transportation, warehousing, utilities	3%	6%
Wholesale trade	2%	2%
Other services, except public administration	2%	5%
Manufacturing	1%	3%

Source: American Community Survey (Worker in own not incorporated business workers age 16+)

Active duty Coast Guard employment is also **excluded** from the DOL figures. In 2010, there are 300 active duty Coast Guard employees in Juneau according to the US Coast Guard.

State Employment

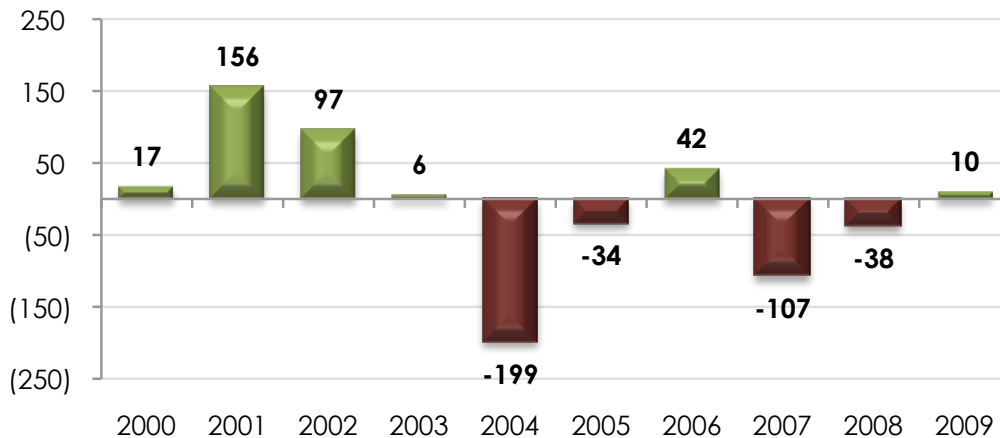
In 2009, the most important source of Juneau jobs and income continued to be the Alaska state government, with 4,221 employees and a payroll of \$210 million in wages. The State accounted for 24 percent of all Juneau jobs, and 28 percent of all local wages.¹¹

Juneau State employees were paid an average wage of \$49,900, which was 16 percent higher than Juneau's overall average wage (of \$43,048) and 37 percent higher than Juneau's average private sector wage (which was \$36,515).

The largest State employer in Juneau is the Alaska Department of Transportation and Public Facilities with 652 employees, including 290 employees of the Alaska Marine Highway System. The Department of Health and Social Services is the next largest with 557 employees, followed by the Department of Administration with 475 employees.

From 2004 through 2008, Juneau's annual average State employment declined by 336 jobs. Those jobs could have contributed an additional \$16.8 million in payroll to the local economy in 2009. The good news was there was no decline in State employment in 2009 and State employment actually recovered by 0.2 percent.

Change in Annual average State Government Employment in Juneau, 2000-2009



¹¹ Juneau's historic dependence on State government has been declining, as two decades ago, the state accounted for 34 percent of all local jobs, and 42 percent of total wages in Juneau.

State of Alaska Employment in Juneau, 2009 and 2007

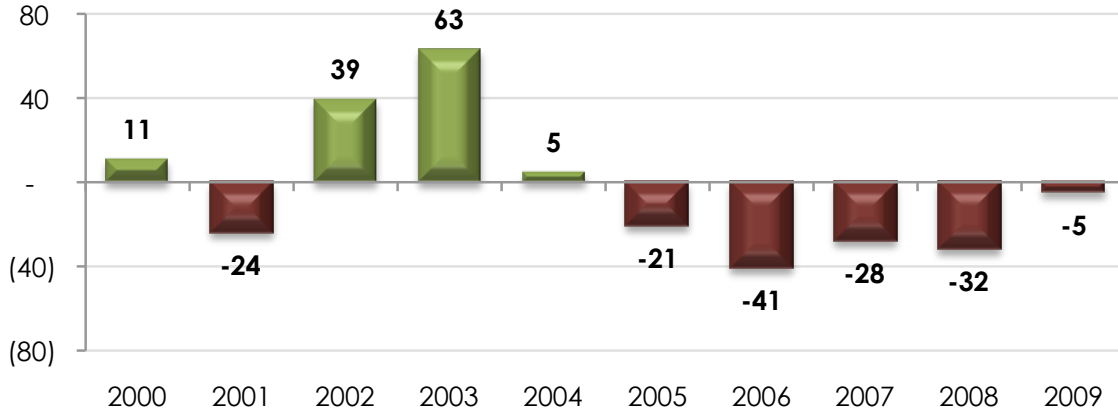
State of Alaska Employer	Annual average Employment 2009	Annual average Employment 2007	Annual average Wage 2009
AK Department of Transportation & Pub Fac	652	709	\$60,470
AK Department of Health & Social Services	557	550	\$45,000
AK Department of Administration	475	480	\$46,540
University of Alaska	448	438	\$39,820
AK Department of Fish & Game	322	322	\$48,210
AK Department of Labor & Workforce Development	309	280	\$45,960
AK Department of Legislative Affairs Agency	251	256	\$50,840
AK Department of Education	237	230	\$46,860
AK Department of Revenue	194	189	\$57,500
AK Department of Community & Economic Development	165	164	\$44,480
AK Department of Environmental Conservation	128	118	\$51,240
AK Department of Corrections	110	114	\$49,790
AK Department of Law	89	87	\$61,970
Office Of The Governor	80	90	\$60,750
AK Department of Natural Resources	52	61	\$46,720
AK Department of Public Safety	43	44	\$53,500
Alaska Court System	39	38	\$51,820
Legislative Audit	27	28	\$56,290
Terminated Accounts	23	31	\$99,300
Alaska Housing & Finance Corp	12	13	\$44,070
AK Department Military & Veterans Affairs	7	7	\$58,070
Total	4,221	4,249	\$49,860

Federal Employment

Twenty-seven federal agencies have operations in Juneau. The US Coast Guard has the largest employment presence in Juneau with more than 300 employees, followed by the National Oceanic and Atmospheric Administration with just over 200 employees, and the Forest Service with just under 200 employees. NOAA employees have the highest annual average federal government wage of just over \$90,000.

Like state employment, federal employment in Juneau is also declining. Between 2005 and 2009, federal government employment in Juneau declined by 127 jobs. Federal employees earned an average of \$77,942 in 2009, more than twice the private sector average of \$36,515. The loss of these 127 annual average jobs since 2005 translated into a payroll loss to the local economy of \$9.9 million in 2009.

Change in Annual average Federal Government Employment in Juneau, 2000-2009



Southeast Alaska Employment and Wages

In 2009 the number of total jobs in Southeast Alaska shrank by two percent (825 annual average jobs) to 36,209, eliminating gains made in 2008. More than three-quarters (77 percent) of this loss was in Juneau alone, and the loss in regional construction employment was confined entirely to Juneau. Outside of Juneau, regional construction employment actually grew by one half of one percent. If Juneau's payroll losses are set aside, total non-Juneau regional payroll actually increased by \$15 million, or 2.2 percent. (The table below includes Juneau).

Total Southeast Alaska Employment by Industry, 2008-2009

	Annual average Employment 2009	Annual average Employment 2008	Change in Employment 2008-2009	% of Employees in Juneau by Sector	Total Payroll (in thousands)	Avg. Annual Wage
Private Sector	22,914	23,836	-4%	45%	\$795,357	\$34,711
Natural Resource & Mining	744	770	-3%	61%	\$53,285	\$71,651
Construction	1,436	1,569	-8%	52%	\$87,106	\$60,648
Manufacturing	1,869	1,818	3%	15%	\$64,429	\$34,477
Trade, Transportation, & Utilities	7,219	7,781	-7%	46%	\$223,694	\$30,987
Information	561	571	-2%	49%	\$23,819	\$42,453
Financial Activities	1,319	1,358	-3%	46%	\$56,812	\$43,088
Professional Business Services	1,325	1,333	-1%	64%	\$52,784	\$39,827
Education & Health Services	3,666	3,585	2%	46%	\$140,560	\$38,342
Leisure & Hospitality	3,558	3,840	-7%	40%	\$64,873	\$18,234
Other Services	1,212	1,210	0%	50%	\$27,857	\$22,977
Total Government	13,295	13,199	1%	55%	\$642,082	\$48,294
Federal Government	1,745	1,786	-2%	48%	\$120,846	\$69,269
State Government	5,483	5,447	1%	77%	\$268,867	\$49,039
Local Government	6,068	5,966	2%	37%	\$252,370	\$41,590
Total Employment	36,209	37,035	-2%	48%	\$1,437,440	\$39,698

Source: Alaska Department of Labor

Areas in which losses were felt in the **non-Juneau** Southeast region included the following:

- Retail trade, down 118 jobs (average annual employment);
- Leisure and hospitality, down 102 jobs;
- Accommodation, down 80 jobs;
- Real estate, down 59 jobs;
- Scenic and sightseeing transportation, down 51 jobs; and
- Federal employment, which had 36 fewer jobs.

At the same time 77 local government jobs were added, along with 60 seafood product preparation and packaging annual average jobs, 56 general merchandise store jobs, and 48 health care jobs.

Unemployment

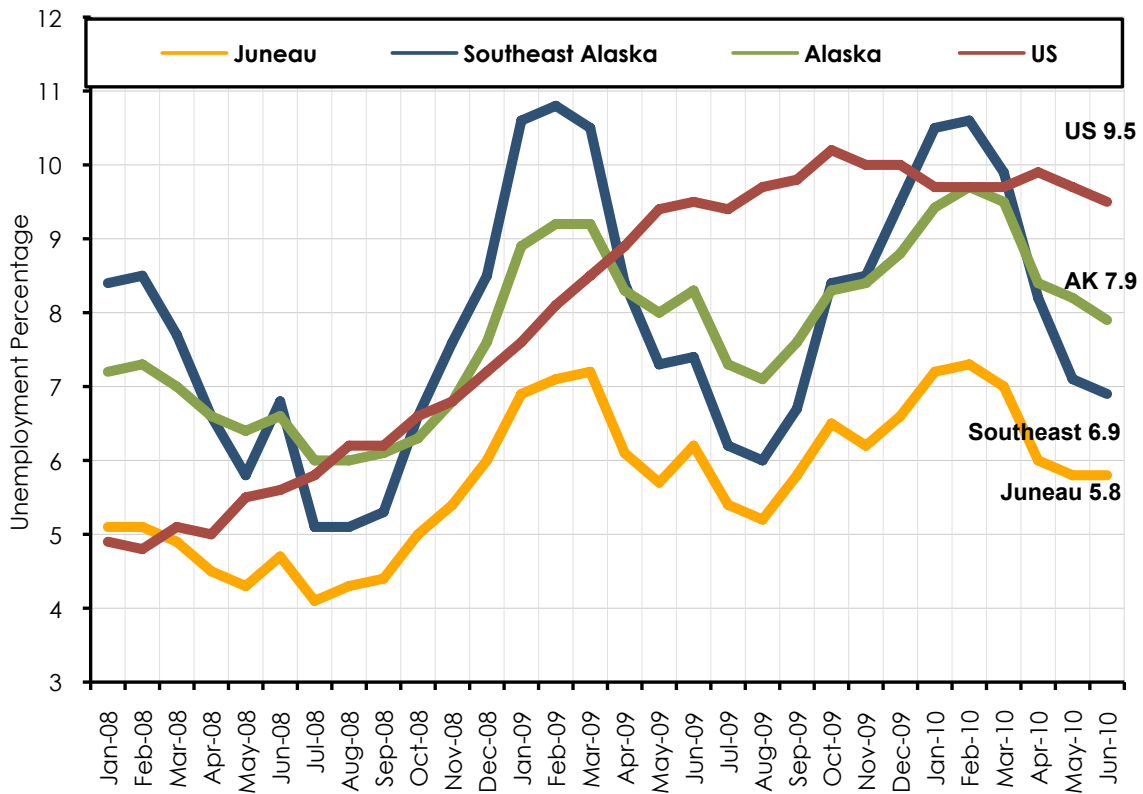
Juneau's average 2009 unemployment rate was 6.1 percent, significantly lower than the state and national averages for that same year of 8.0 percent and 9.3 percent, respectively.

Annual average Unemployment Rates, 2006-2009

	2006	2007	2008	2009	Change 2008-09
Juneau	4.8%	4.4%	4.6%	6.1%	1.5% pts
Alaska	6.5%	6.1%	6.5%	8.0%	1.5% pts
United States	4.6%	4.6%	5.8%	9.3%	3.5% pts

Source: ADOL <http://laborstats.alaska.gov/?PAGEID=67&SUBID=188>;
 BLS Labor Force Statistics from the Current Population Survey
http://data.bls.gov/PDQ/servlet/SurveyOutputServlet?data_tool=latest_numbers&series_id=LNU04000000&years_option=all_years&periods_option=specific_periods&periods=Annual+Data

Juneau, Alaska & US Monthly Unemployment Rates to June 2010



Source: Alaska Department of Labor

In June of 2010, the local and regional unemployment rates were lower than those of the state or nation. The Juneau and Southeast June unemployment rates were 5.8 and 6.9 percent, respectively, while the state and national unemployment rates were 7.9 and 9.5 percent, respectively. Juneau, Southeast and the state experience dramatic changes in seasonal unemployment rates, while the US as a whole does not.

Personal Income

Juneau's per capita personal income grew to \$48,435 in 2008, a five percent increase from 2007.¹² Regionally, the per capita personal income levels in Ketchikan, Haines and Skagway were all higher than in Juneau.

Per Capita Personal Income, 2000-2008

Borough or Census Area	2008	2007	2000	Change 2007-08	Change 2000-08
Juneau City and Borough	\$48,435	\$46,011	\$35,767	5%	35%
Ketchikan Gateway Borough	\$52,030	\$48,380	\$35,338	8%	47%
Sitka City and Borough	\$41,872	\$39,472	\$29,716	6%	41%
Haines Borough	\$52,887	\$49,084	\$33,223	8%	59%
Hoonah-Angoon Census Area	\$38,066	NA	NA	NA	NA
Skagway Borough	\$62,685	NA	NA	NA	NA
Wrangell-Petersburg Census Area	\$41,514	\$39,276	\$28,441	6%	46%
Skagway-Hoonah-Angoon Census Area	NA	\$42,797	\$30,473	NA	NA
Prince of Wales-Outer Ketchikan Census Area	\$28,359	\$25,496	\$21,589	11%	31%
Yakutat City and Borough	\$44,168	\$39,865	\$28,841	11%	53%
Anchorage Municipality	\$49,805	\$47,051	\$34,389	6%	45%
Alaska state total	\$43,922	\$41,081	\$30,531	7%	44%

Source: Regional Economic Information System, Bureau of Economic Analysis, US Department of Commerce, June 2010 <http://www.bea.gov/regional/reis/drill.cfm>

Total personal income rose 7 percent from 2007 to \$1.5 billion in 2008. In Juneau, employment related income accounts for about 70 percent of total personal income. Another source of income in Juneau is "transfer payments" that include the PFD, Medicare and public assistance medical payments, government retirement income, social security, food stamps, and unemployment insurance payments. Juneau residents also receive income from dividends (other than the PFD), interest, and rent.

¹² Per capita personal income is the total personal income of an area divided by population. Employment income represents approximately 70 percent of per capita income.

Total Personal Income, 2000-2008
(in millions of dollars)

	Juneau	Southeast	Alaska
2008	\$1,501	\$3,244	\$30,224
2007	\$1,405	\$3,037	\$28,030
2000	\$1,097	\$2,383	\$19,158
Change 2007-2008	7%	7%	8%
Change 2000-2008	37%	36%	58%
% of AK income 2008	5%	11%	

Source: Regional Economic Information System, Bureau of Economic Analysis, US Department of Commerce, April 2010

Median Income

The following table compares recently released statistics for Juneau, the region, the state, and the nation. Juneau had higher average and median household and family incomes than these areas in 2008. Juneau's median household income was 45 percent higher than the national median.

Comparing Juneau, Southeast and Alaska: 2008

	Juneau	Southeast Alaska	Alaska	United States
Median household income	\$75,597	\$63,958	\$66,293	\$52,175
Median family income	\$86,415	\$74,342	\$77,020	\$63,211

Source: American Community Survey 2006-2008

Household income includes all 11,740 Juneau households, while family income only includes households containing family units (7,713 Juneau households).

Top Private Employers

Juneau's Top 10 Private Employers, 2009

2009 Rank	2008 Rank	Employer	Average Number of Employees (Range)
1	1	Hecla Greens Creek Mining Company	250 - 499
2	2	Fred Meyer Stores Inc.	100 - 249
3	5	Reach Inc.	100 - 249
4	4	Central Council Tlingit & Haida	100 - 249
5	3	Wal-Mart Associates Inc.	100 - 249
6	6	SEARHC (Southeast Alaska Regional Health Consortium)	100 - 249
7	7	Juneau Youth Services	100 - 249
8	8	Alaska Airlines Inc.	100 - 249
9	10	The Alaska Club	100 - 249
10	11	SERRC (Southeast Alaska Regional Resource Center)	100 - 249

Source: DOL

Southeast Alaska's Top 10 Private Employers, 2009

2009 Rank	2008 Rank	Employer	Average Number of Employees (Range)
1	1	SEARHC (Southeast Alaska Regional Health Consortium)	750 - 999
2	2	Ketchikan General Hospital	250 - 499
3	3	Wal-Mart Associates Inc.	250 - 499
4	4	Hecla Greens Creek Mining Company	250 - 499
5	5	Alaska Airlines Inc.	250 - 499
6	8	Reach Inc.	100 - 249
7	7	Trident Seafood Corporation	100 - 249
8	9	Safeway Inc.	100 - 249
9	6	Fred Meyer Stores Inc.	100 - 249
10	10	Central Council Tlingit & Haida	100 - 249

Source: DOL

In 2009, Juneau's largest private sector employer was once again the Greens Creek Mine with 333 employees. Southeast Alaska's list of top private employers looks remarkably similar to the Juneau top private employer list, with the exception of Ketchikan General Hospital and Trident Seafoods. There was no change in the

names on Southeast Alaska's top 10 list; however, some minor shuffling in ranking took place.

Nonresident Employment

In 2008, 5,188 non-locals (those from outside Alaska as well as Alaskans from outside Juneau) earned \$104 million in Juneau and accounted for a quarter of the Juneau non-federal workforce. (Federal employees are excluded from this study). Alaska residency is determined by PFD eligibility.

Nonresident and Non-local Resident Workers in Juneau Private Sector, State and Local Government, 2000-2008

Year	Non-Alaska Resident Workers	Alaska Resident Non-local Workers	Total Non-Juneau Resident Workers	Total Wages for Non Juneau Resident Workers
2000	2,403	1,396	3,799	\$57,799,064
2007	3,621	1,571	5,192	\$109,886,076
2008	3,571	1,617	5,188	\$104,154,139
Change 2007-2008	-1.4%	2.9%	-0.1%	-5.2%
Change 2000-2008	49%	16%	37%	80%

Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

Juneau's private sector has higher levels of nonresident participation than its public sector. Nonresidents accounted for nearly a third (32 percent) of all private-sector employees and earned a quarter (24 percent) of all private-sector wages in 2008. Approximately 14 percent of those classified as non-residents are recent arrivals in Juneau who later earn their residency. According to the Alaska Department of Labor, non-residents typically do not work all four quarters in a year, but instead work only during summer months or in other short-term seasonal positions. The top private-sector, nonresident occupations included retail salespersons, food preparation and service workers, and tour guides.

Top Non Juneau Resident Private Sector Labor Occupations, 2008

Occupation	Non Juneau Employees
Retail Salespersons	234
Food Preparation and Service Workers	182
Tour Guides	161
Bus Drivers	155
Construction Laborers	146
Cashiers	118
Waiters and Waitresses	92
Sales and Related Workers	85
Seafood Processing Workers	84
Maids and Housekeeping Cleaners	83

Source: DOL

Demographics

Juneau and Regional Population Trends

In 2009, the Juneau population increased, albeit slightly. The population of Juneau increased by 256 people (+0.8 percent) to 30,661. The population of the region also increased by 175 people (+0.3 percent) to 69,338, and the Alaska population grew by 1.5 percent to 692,314 between 2008 and 2009.

Juneau and Regional Population Overview

Population	2009	2008	2000	Change 2008-2009	Change 2000-2009
Juneau	30,661	30,405	30,711	0.8%	-0.2%
Southeast Alaska	69,338	69,163	73,082	0.3%	-5.1%
Non Juneau Southeast Alaska	38,677	38,758	42,371	-0.2%	-8.7%
Alaska	692,314	681,977	626,931	1.5%	10.4%
United States	307,006,550	304,059,724	282,216,952	1.0%	8.8%

Source: DOL <http://laborstats.alaska.gov/?PAGEID=67&SUBID=171>

In 2009, the non-Juneau Southeast region was 8.7 percent below its 2000 population level, while Juneau is less than one percent below its 2000 population. In this way, we lag behind state and national trends. Between 2000 and 2009, the population of Alaska increased by 65,383 (10 percent), while the population of Juneau decreased by 50 and the population of the region decreased by 3,744.

Anywhere from 2,700 to 2,900 permanent residents move to and from Juneau each year. In 2009, 26 more people moved away from Juneau than moved here; at the same time our population increased because there were 282 more births than deaths.

Components of Juneau and Southeast Alaska Population Change, 2000-2009

	Natural Increase (Births – Deaths)		Net Migration (In-Out)		Population Change		% Pop. Change	Total Pop
	2008- 2009	2000- 2009	2008- 2009	2000- 2009	2008- 2009	2000- 2009	2008- 2009	2009
Southeast Region	470	4,560	-295	-8,304	175	-3,744	0.3%	69,338
Juneau City and Borough	282	2,349	-26	-2,399	256	-50	1.0%	30,661
Ketchikan Gateway Borough	84	861	-80	-1,936	4	-1,075	-0.7%	12,984
Sitka City and Borough	52	606	-66	-814	-14	-208	0.2%	8,627
Wrangell-Petersburg Census Area	8	172	-113	-1,004	-105	-832	-0.6%	5,852
Prince of Wales-Outer Ketchikan Census Area	27	367	7	-1,132	34	-765	1.1%	5,392
Skagway-Hoonah-Angoon Census Area	7	133	-7	-661	0	-528	-1.3%	2,908
Haines Borough	2	36	-38	-142	-36	-106	2.8%	2,286
Yakutat City and Borough	8	36	28	-216	36	-180	-4.3%	628
Alaska	8,076	67,916	2,261	-2,533	10,337	65,383	0.8%	692,314

Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section.
<http://laborstats.alaska.gov/?PAGEID=67&SUBID=171>

Population by Southeast Alaska Community

There are 34 communities in Southeast Alaska with a population of more than one. The populations of the nine most populated communities in the region shifted by one to two percent between 2008 and 2009. The community of Hoonah had the most dramatic population loss of the year, losing 7 percent of its population, along with its long-held spot among the ten most populated communities in the region (Klawock is now number 10). Hyder also lost 7 percent of its population. Southeast communities with significant population gains included Yakutat (+6 percent), Hollis and Coffman Cove (+8 percent), and Pelican (+9 percent). The smaller communities of Port Alexander, Whale Pass, Edna Bay and Elfin Cove all saw double digit increases, while Southeast's smallest communities of Kupreanof, Game Creek, Point Baker, and Whitestone Logging Camp each had double digit decreases (which in some cases just meant two fewer people).

Southeast Alaska Community Population Change, 2000-2009

Southeast Alaska Community	2009	2008	2000	Change 2000-09	Change 2008-09
Juneau City and Borough	30,661	30,405	30,711	0%	1%
Ketchikan Gateway Borough	12,984	12,980	14,059	-8%	0%
Sitka City and Borough	8,627	8,641	8,835	-2%	0%
Petersburg City	2,973	3,010	3,224	-8%	-1%
Haines City and Borough (includes Covenant Life, Mosquito Lake, Mud Bay, Lufak, and Excursion Inlet)	2,286	2,322	2,392	-4%	-2%
Wrangell City and Borough	2,058	2,109	2,451	-16%	-2%
Craig (AK Native Village Statistical Area)	1,400	1,413	1,725	-19%	-1%
Metlakatla Indian Community	1,385	1,370	1,447	-4%	1%
Skagway Municipality	865	846	862	0%	2%
Klawock City	782	781	854	-8%	0%
Hoonah City	764	819	860	-11%	-7%
Yakutat City and Borough	628	592	808	-22%	6%
Kake City	497	519	710	-30%	-4%
Gustavus City	451	446	429	5%	1%
Angoon City	442	429	572	-23%	3%
Thorne Bay City	424	439	557	-24%	-3%
Hydaburg City	340	341	382	-11%	0%
Hollis CDP	193	179	139	39%	8%
Coffman Cove City	152	141	199	-24%	8%
Pelican City	122	112	163	-25%	9%
Naukati Bay CDP	118	123	135	-13%	-4%
Tenakee Springs City	104	99	104	0%	5%
Hyder CDP	87	94	97	-10%	-7%
Klukwan CDP (Chilkat)	72	72	139	-48%	0%
Port Protection CDP	72	66	63	14%	9%
Port Alexander City	61	51	81	-25%	20%
Whale Pass CDP	60	48	58	3%	25%
Kasaan City	56	54	39	44%	4%
Edna Bay CDP	49	40	49	0%	23%
Elfin Cove CDP	25	22	32	-22%	14%
Kupreanof City	24	27	23	4%	-11%
Game Creek CDP	16	18	35	-54%	-11%
Point Baker CDP	11	15	35	-69%	-27%
Whitestone Log. Camp CDP	9	11	116	-92%	-18%

Source: ADOL, Research and Analysis Section and the US Census Bureau. 2009 populations greater than one.

Note: CDPs (census-designated places) are populated areas that resemble incorporated places, but lack separate municipal government.

Median Age

In 2009 the median age in Juneau was 38 (unchanged from 2008) and the lowest median age in the region. The state and national median ages were both lower than Juneau, 33.5 and 36.7 respectively. The regional median age was 39.3, although some areas of the region are notably older, such as Haines, with a median age of 46.4, Wrangell at 45.2, and Hoonah-Angoon at 44.7.

Median Age, 2009

Area	Median Age
Juneau	38.0
Southeast	39.3
Alaska	33.5
United States	36.7

Source: ADOL, US Census

Increasing Senior Population

Juneau has aged at a faster pace than the state and the nation and Juneau's senior population has been increasing rapidly. According to the Alaska Commission on Aging, the number of older Alaskans is increasing at a rate more than four times the national average. Juneau's shifting demographics mean that Juneau's senior population is becoming more significant by the year.

The proportion of those 55 and older in Juneau increased from 10 percent in 1990 to 22 percent in 2009. By 2020 those 55 and older are expected to make up 30 percent of the local population, and a full third of the regional Southeast population.

Juneau Residents 55 and Older: by Percent of Population 1990, 2009, 2020 (est.)

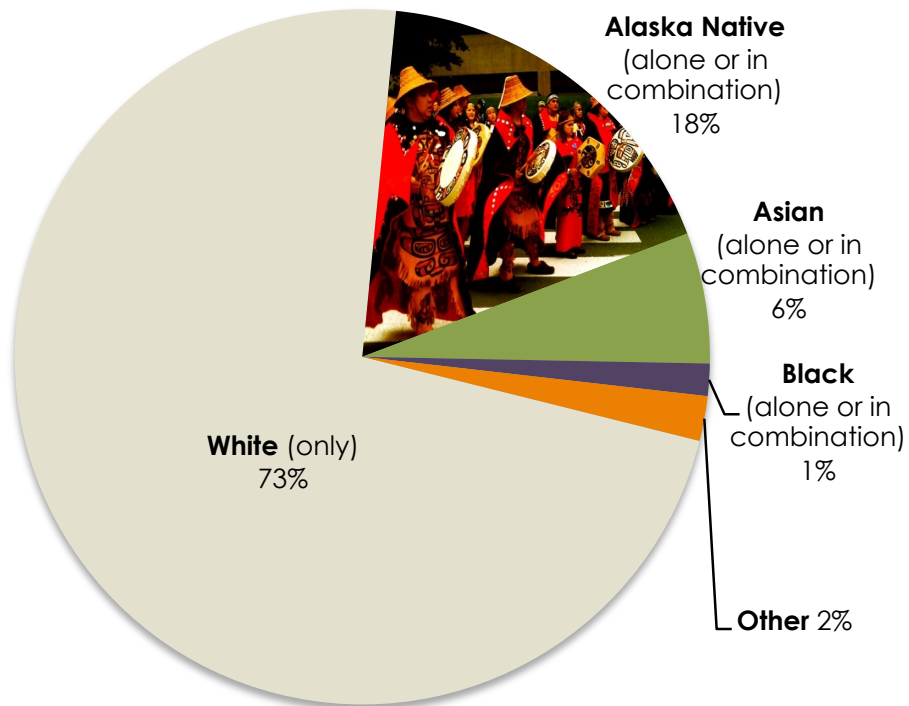
Area	1990	2009	2020
55 to 64	5%	14%	13%
65 to 74	3%	5%	12%
75 plus	2%	3%	5%
Total 55+ %	10%	22%	30%
Total 55+ Count	2,800	6,900	11,500

Source: ADOL, Research and Analysis Section and the US Census Bureau.

Juneau Ethnicity

In Juneau, Alaska Natives (and American Indians) comprise 18 percent of the Juneau population. Of that group, 10.5 percent identify themselves as Alaska Native only, 7 percent identify themselves as White and Alaska Native, and 0.5 percent identify themselves as Alaska Native in combination with other racial groups. Regionally, 20 percent of all Southeast residents identify themselves as Alaska Native.

Juneau Population by Ethnicity, 2008

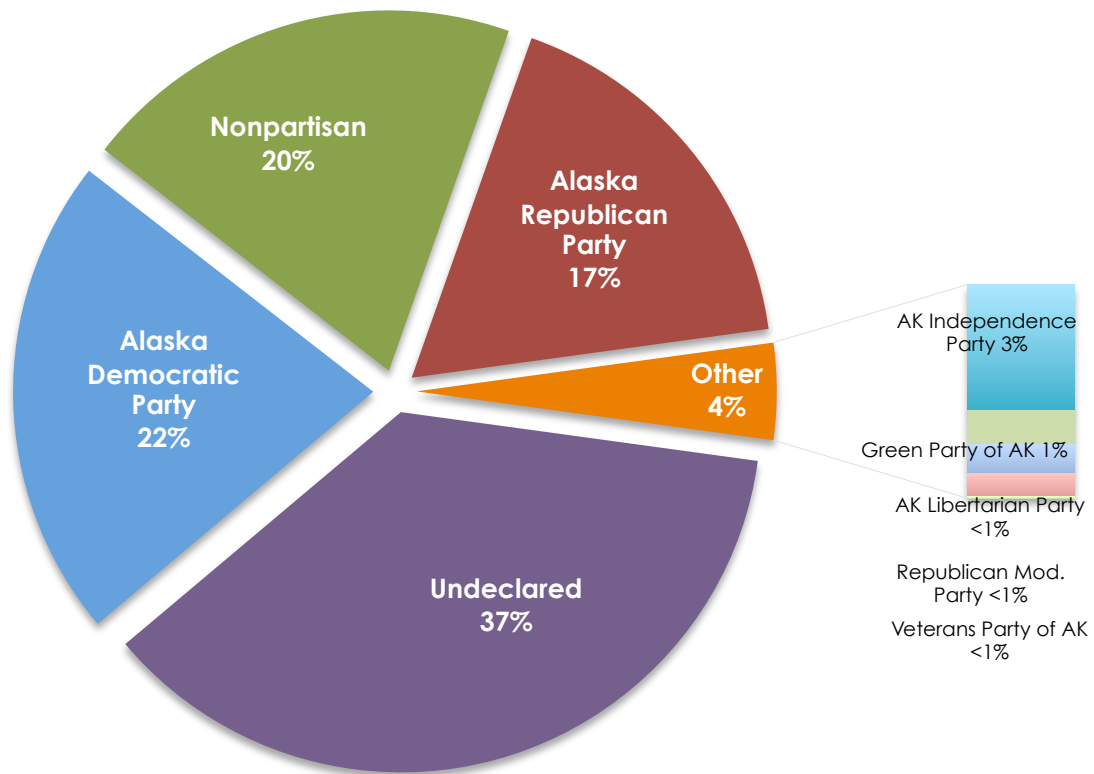


Source: American Community Survey 2006-2008, US Census

Juneau Voter Registration

Nonpartisan and undeclared voters in Juneau make up 57 percent of all local registered voters. Democrats in Juneau slightly outnumber Republicans, with 22 percent of all registered voters belonging to the Alaska Democratic Party and 17 percent belonging to the Alaska Republican Party. (Regionally 20 percent are Republicans, and 22 percent are Democrats). An additional 4 percent of Juneau's voters belong to other political parties, such as the Alaska Independence Party or the Green Party of Alaska.

In the two previous presidential elections, Juneau residents voted in favor of the Democratic candidate. In 2008 the split was 64 percent to 32 percent, and in 2004 the split was 59 percent to 37 percent.



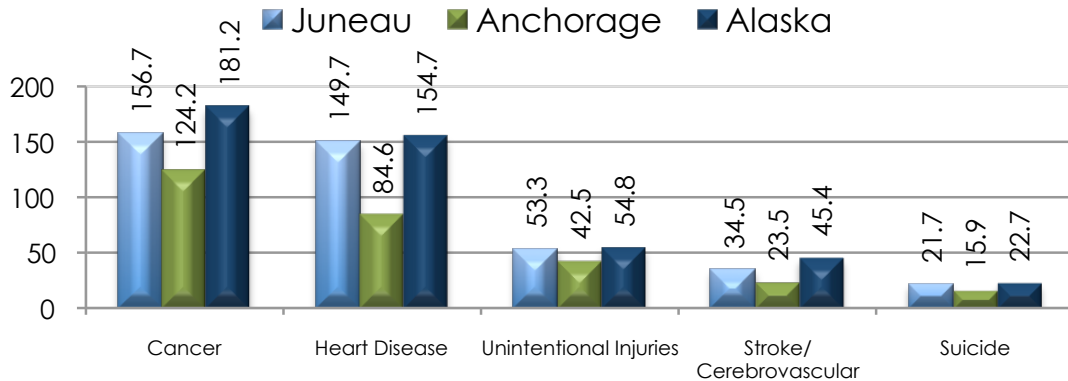
Source: Alaska Division of Elections

There are 24,278 registered voters in Juneau, despite the fact that there are only 22,967 Juneau residents aged 18 and older. According to the Alaska Division of Elections, the discrepancy is due to residents relocating, both temporarily and permanently. (If a registered voter moves and does not vote in another state, he or she will remain on the rolls for 4 years before they are finally purged from the voter registration master list).

Vital Statistics

The top five leading causes of death in Juneau are cancer, heart disease, unintentional injury, stroke, and suicide. However, in each of these categories the rate of death per 100,000 residents is more than the statewide average.

Top Five Leading Causes of Death in Juneau, 2008



Source: The Alaska Bureau of Vital Statistics www.hss.state.ak.us/dph/bvs

Crime Rates

Juneau and Southeast residents are somewhat less likely to experience a violent crime than the average US resident but more likely to be the victim of property crime. The Juneau Chief of Police recently discussed these statistics with JEDC staff, noting that Juneau residents often do not lock their homes and vehicles, directly contributing to the higher theft and larceny rates. In 2008, there were 974 cases of theft reported in Juneau. Although this figure is high, it actually represents a 14 percent decrease in theft from 2007.

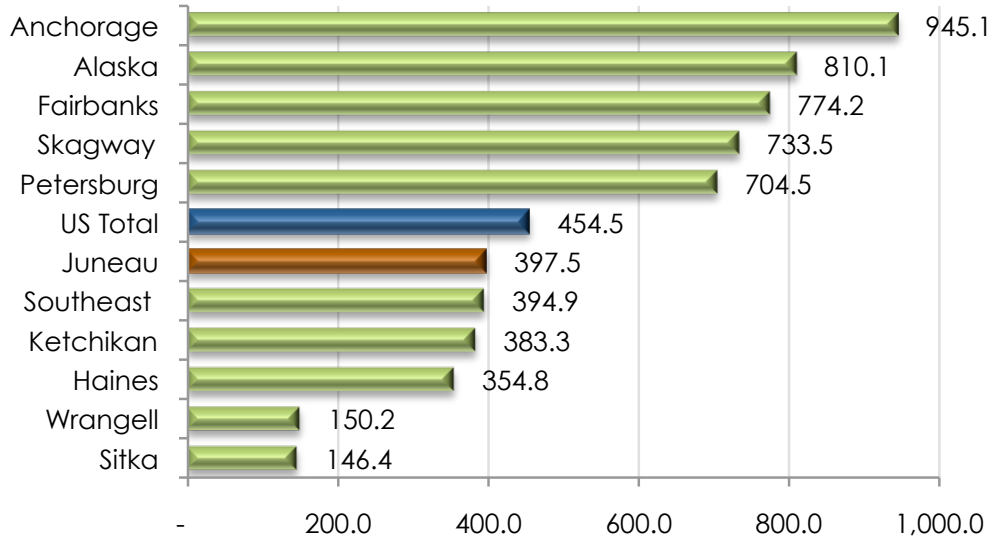
Crime Rate per 100,000 Inhabitants, 2008

Year 2008	Juneau	Southeast	Alaska	US
Violent crime rate	397.5	394.9	810.1	454.5
Murder rate	-	5.6	4.0	5.4
Forcible rape rate	88.0	79.7	85.1	29.3
Robbery rate	29.3	20.4	136.1	145.3
Aggravated assault rate	280.2	289.2	584.9	274.6
Property crime rate	3,782.7	4,054.4	3,368.3	3,212.5
Burglary rate	459.4	444.9	442.1	730.8
Larceny-theft rate	3,173.5	3,394.4	2,673.1	2,167.0
Motor vehicle theft rate	149.9	215.0	267.9	314.7

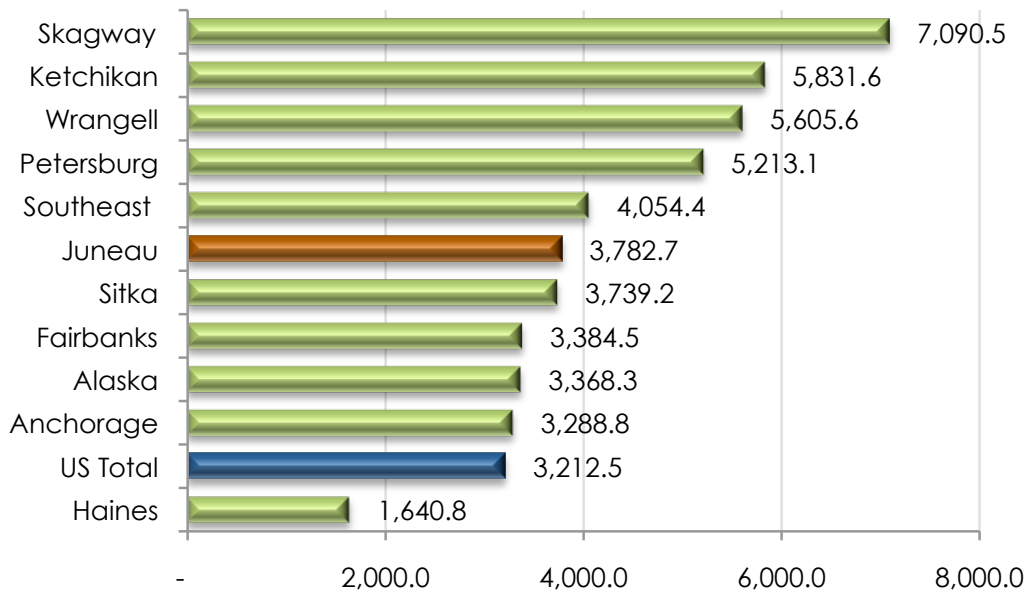
Source: FBI http://www.fbi.gov/ucr/cius2008/data/table_01.html

Statewide the violent crime rate is nearly twice the national average. Juneau's rape rates are high, and Juneau's aggravated assault rates are just above the national average.

Violent Crime Rate per 100,000 Inhabitants, 2008



Property Crime Rate per 100,000 Inhabitants, 2008



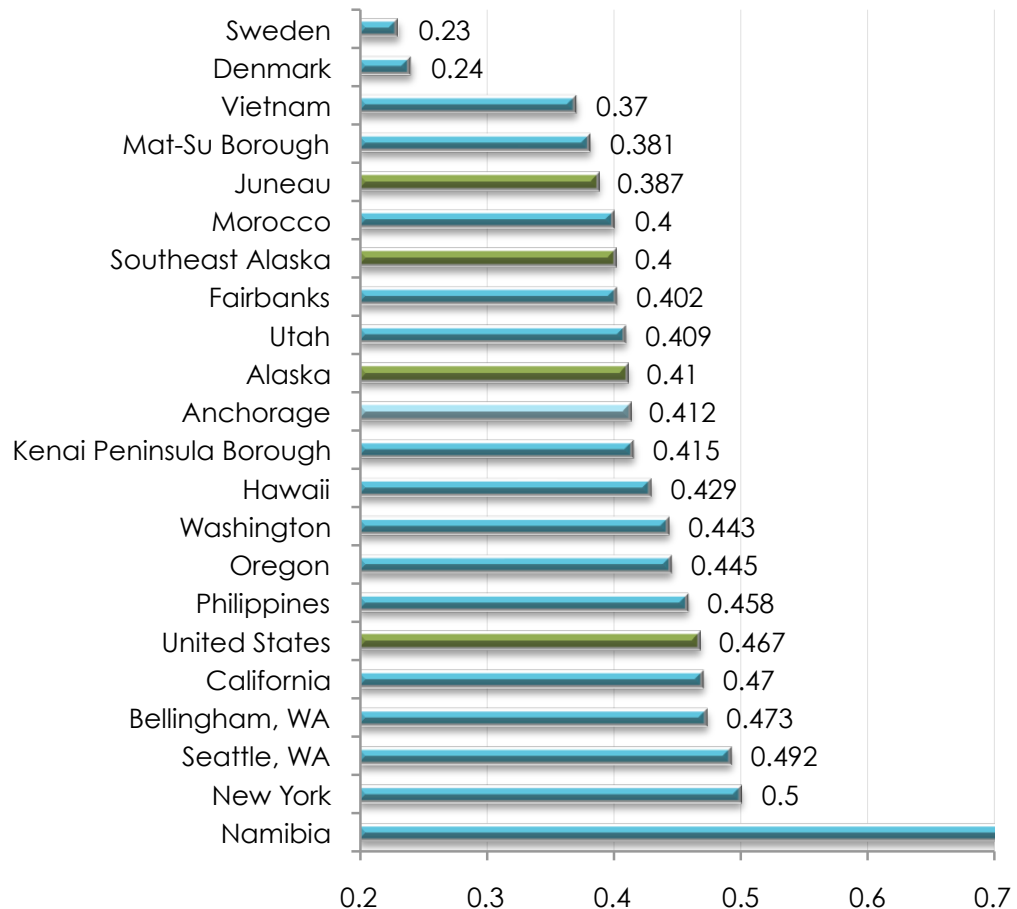
Source: Crime in the United States, 2008 U.S. Department of Justice — Federal Bureau of Investigation

Income Equality in Juneau

Differences in income equality are measured by the Gini coefficient. The Gini coefficient is a number between 0 and 1, where 0 corresponds with perfect equality (where everyone has the same income) and 1 corresponds with perfect inequality (where one person has all the income and everyone else has zero income). The index is calculated from the Lorenz curve, in which cumulative family income is plotted against the number of families arranged from the poorest to the richest. To get a sense of how Juneau rates in terms of income equality, let's start with the world. Using the Gini coefficient to rate 135 countries, Sweden has the greatest income equity with a Gini coefficient of 0.23, and Namibia has the greatest disparity, with 0.71. The US ranks 98th with a score of 0.47 meaning there are 97 countries with more income equality than the US.

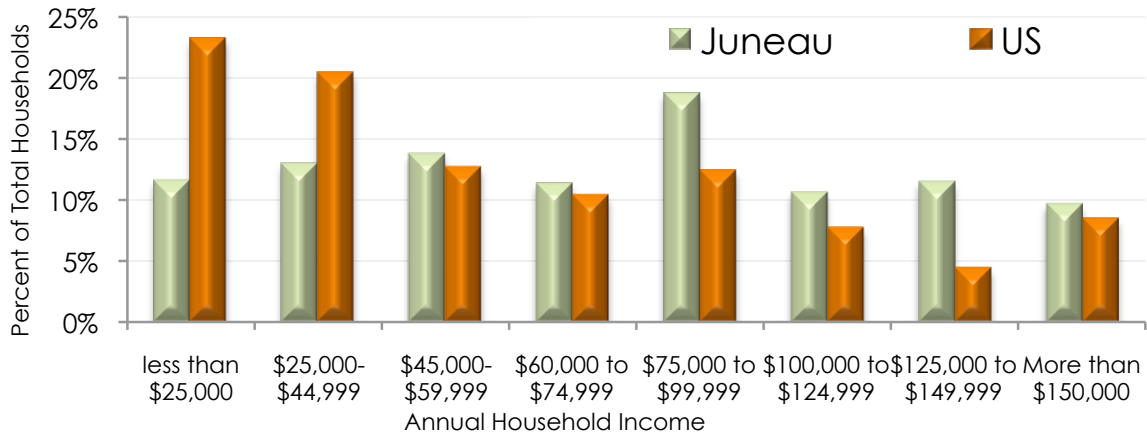
Comparing states within the US, Alaska scores comparatively well with a score of 0.41. In fact only one other state, Utah, has more income equality than Alaska. The community of Juneau has even greater income equality than the state as a whole. Juneau's Gini coefficient is 0.387. A graph with some comparative examples is presented below.

Distribution of family income - Gini index Score



Another way to compare income equality between Juneau and the US as a whole is to look at the distribution of household income. The following chart compares levels of annual household income between Juneau and the US as a whole by percentage. One-quarter (25 percent) of Juneau households earn less than \$45,000 annually, compared to 44 percent of households nationally; and nearly a third (31 percent) of Juneau households earn more than \$100,000 annually, compared to one-fifth (21 percent) of US households.

Annual Household Income in the US and Juneau by Percent of Households, 2008



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Student Statistics

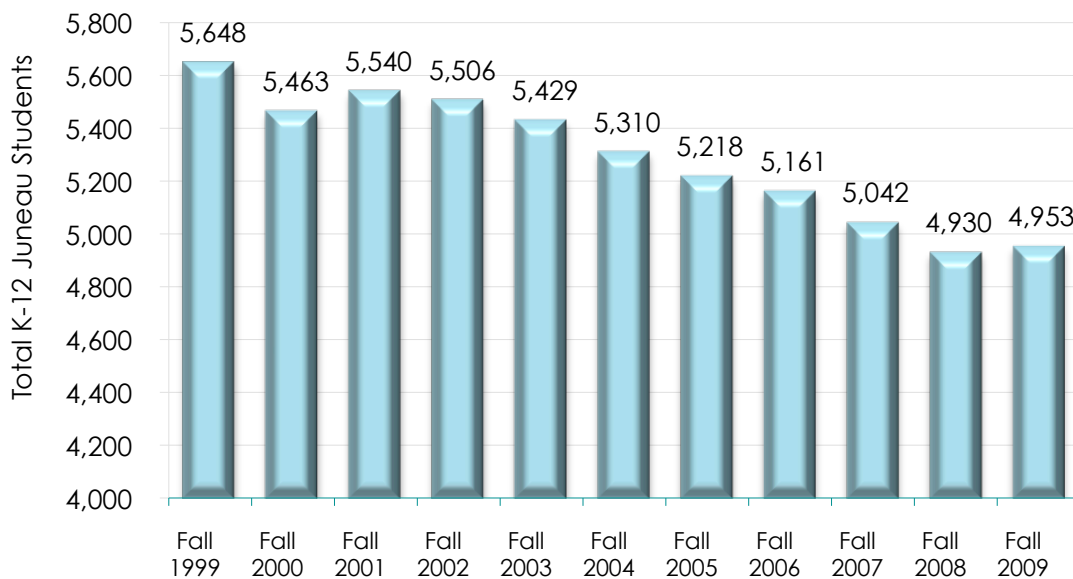
Juneau School District Enrollment

In the 2009-2010 school year, the number of K-12 students enrolled in the Juneau School District (JSD) increased for the first time since 2001. On October 1, 2009, 4,953 students were enrolled in Juneau schools, a one-half of one percent (23 student) increase from the previous year. Enrollment exceeded the "high case" enrollment estimates by the School District.

While middle school and high school student populations were still down incrementally, elementary school enrollment was up by three percent, or 60 students, from the October 2008 count. Increases in the grade school population are likely to continue, as between 2006 and 2009 the population of children under 10 in Juneau increased by 10 percent (400 children).

Regionally, enrollment was up 0.1 percent to 11,438 students (a 17 student increase), while statewide K-12 enrollment increased 0.3 percent.

Juneau School District K-12 Enrollment, Fall 1999 - 2009



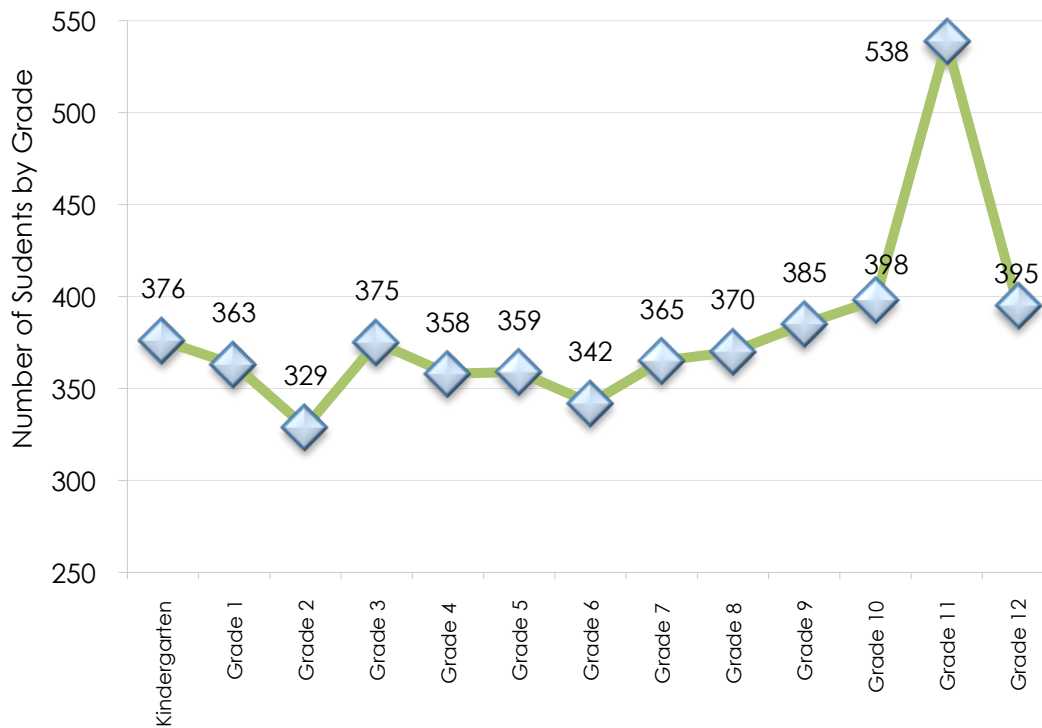
Source: State of Alaska Department of Education and Early Development and JSD.

Juneau School District Enrollment, 1999-2009

Year	Grade School	Middle School	High School	Total Enrollment
Fall 1999	2,555	1,322	1,771	5,648
Fall 2008	2,100	1,092	1,738	4,930
Fall 2009	2,160	1,077	1,716	4,953
Change Fall '08 to Fall '09	+2.9%	-1.4%	-1.3%	+0.5%
Fall 2011 CBJ Projection	2,173	1,040	1,534	4,747
Fall 2019 CBJ Projection	2,032	1,101	1,580	4,713

Source: State of Alaska Department of Education and Early Development and JSD.

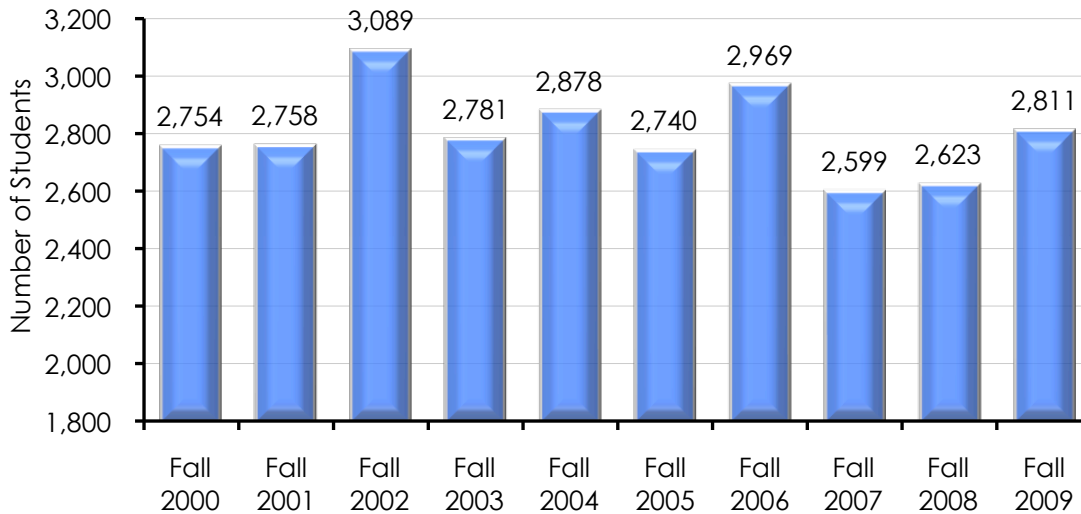
Distribution of Juneau Students by Grade, October 1, 2009



University of Alaska Southeast: The Juneau Campus

In the fall of 2009, 2,811 students attended the University of Alaska Southeast campus in Juneau. This represents an increase of 6.8 percent from fall 2008. Regionally, University of Alaska Southeast enrollment was up by 6.5 percent, to 3,834 students.

University of Alaska Juneau Enrollment
Fall 2000 to Fall 2009



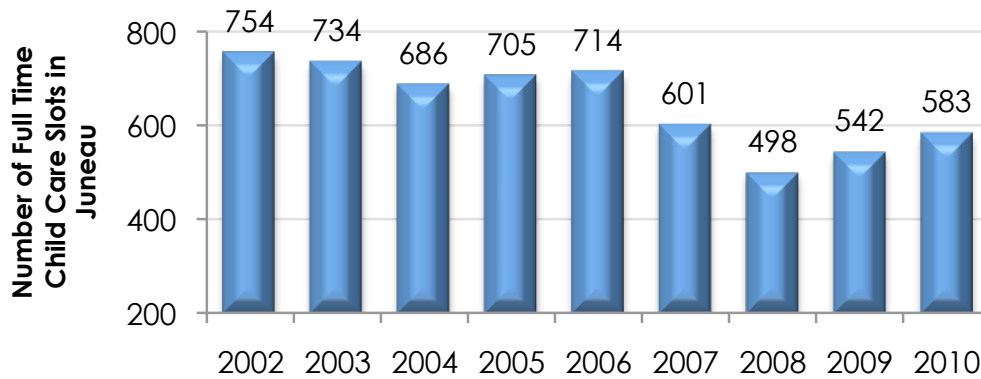
Source: University of Alaska. <http://www.alaska.edu/opa/publications/budget-summary/>

Note: Enrollment includes part time and full time students, as well as students auditing courses.

Childcare Capacity and Costs

In 2009, Juneau's population included 2,500 children under the age of six. According to the US Census American Community Survey, 65 percent of Juneau children live in homes where all available parents or guardians are employed, meaning 1,600 Juneau children are likely in need of childcare. In 2010, Juneau has 583 total licensed and approved child care slots. It follows that approximately 1,000 children under six in Juneau are in "unknown" child care situations – either with relatives or in unlicensed child care. Although child care capacity has increased by 85 slots over the last two years, the number of children under six increased by 150. The waiting list times for some programs are long and capacity is most limited for Juneau's youngest children. Of the total full-time child care slots in Juneau in 2010, just 45 are available for Juneau's 415 infants. The annual average cost of child care for a preschooler in Juneau is \$8,800 per child, and \$10,000 for an infant.

Number of Full Time Child Care Slots in Juneau 2002 to 2009

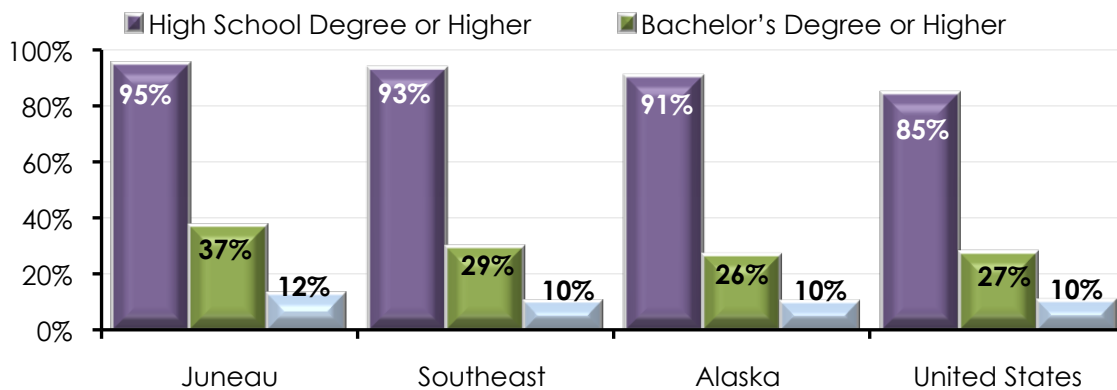


Source: Association for the Education of Young Children - Southeast Alaska

Educational Attainment

Juneau and Southeast Alaska residents have a higher level of average educational attainment than the state and national populations. In 2008, 95 percent of Juneau residents over the age of 25 had at least a high school degree, and 12 percent had a graduate degree. The percent of Juneau high school graduates is 10 percentage points higher than the US average of 85 percent. Overall, 93 percent of Southeast Alaska residents have at least a high school degree (or equivalent).

Educational Attainment by Percent 2008, Age 25+



Level of Education	Juneau	Southeast	Alaska	US
High School Degree or Higher (age 25+)	95%	93%	91%	85%
Bachelor's Degree or Higher (age 25+)	37%	29%	26%	27%
Graduate Degree or Higher (age 25+)	12%	10%	10%	10%

Source: US Census (American Fact Finder)

Cost of Living

Comparing Living Costs

Several studies are conducted periodically to try to determine the living costs in Alaska and Juneau compared with other communities. Three national cost of living price indexes compare the cost of living in Juneau to an "average" US city: the Runzheimer Plan, the ACCRA Cost of Living Index, and the US Military Cost of Living Index. Generally, Juneau is 30 to 39 percent more expensive to live in than the "average" US city, and 11 percent more expensive than Anchorage. Because housing is such a large component of household spending, it is the high cost of local housing that significantly inflates Juneau's overall cost of living.

Comparative Cost of Living Studies

Study Sponsor	Juneau Compared to Average US City
ACCRA (2010)	39% Higher
US Military COLA ¹³ (2010)	30% Higher
Runzheimer (2008)	30% Higher

Comparing Costs Within Alaska

In 2009, the Alaska Department of Administration and the McDowell Group published a comprehensive study comparing the cost of living in communities across Alaska, using Anchorage as the basis for comparison. The overall cost of living in Juneau was 11 percent higher than the cost of living in Anchorage, and the cost of housing in Juneau was 14 percent higher.

State of Alaska Cost of Living Differential By Selected Community

Community	Percent of Average
Anchorage	100%
Mat-Su	95
Fairbanks	103
Juneau	111
Ketchikan	104
Petersburg	105
Sitka	117
Kotzebue	161

Source: Alaska Department of Administration, Alaska Geographic Differential Study, 2009.
www.state.ak.us/local/akpages/ADMIN/GDS/home.shtml

Note: Anchorage cost of living equals 100% in each category, so each cost of living value represents a comparison to the cost of living in Anchorage.

¹³ <http://www.defensetravel.dod.mil/perdiem/allowcol.html>

ACCRA Index (Compares Higher Income Households)

The ACCRA Cost of Living Index provides a useful measure of living costs among different cities. The index reflects cost differentials for professional and executive households in the top income quintile. According to the index, it costs 39 percent more to live in Juneau than a standard US city. Professional and executive housing is 73 percent more expensive in Juneau than an average US city (partly because ACCRA looks at new executive homes, which in Juneau is likely to mean waterfront).

ACCRA Cost of Living Index – 1st Quarter, 2010

Category	Juneau	Anchorage	Fairbanks
Housing	173%	147%	159%
Grocery	133	135	127
Utilities	141	93	159
Transportation	123	122	118
Health Care	145	133	145
Other Goods & Services	116	124	118
Composite	139%	129%	140%

Source: ACCRA Cost of Living Index.

Note: The ACCRA Cost of Living Index measures relative price levels for consumer goods and services in participating areas. The average for all participating places, both metropolitan and nonmetropolitan, equals 100, and each participant's index is read as a percentage of the average for all places.

Food Costs

The University of Alaska Fairbanks' Cooperative Extension Service surveys communities in Alaska to determine the cost of low-expense food items that meet the minimum recommended levels of nutritional needs. The survey uses an identical market basket for each community. According to the findings, in 2010 it costs 10 percent more to feed a family of four in Juneau than in Anchorage. In Sitka, it costs 37 percent more.

Food Costs, 2010

Community	Family Weekly Food Cost*	% of Anchorage Food Cost
Juneau	\$136	110
Anchorage	\$124	100
Fairbanks	\$128	103
Haines	\$166	134
Ketchikan	\$151	121
Sitka	\$170	137

Source: University of Alaska Fairbanks, Cooperative Extension Service.

www.uaf.edu/ces/fcs/. *Family of 4 including 2 school age children, 6-11 years old.

Energy Costs

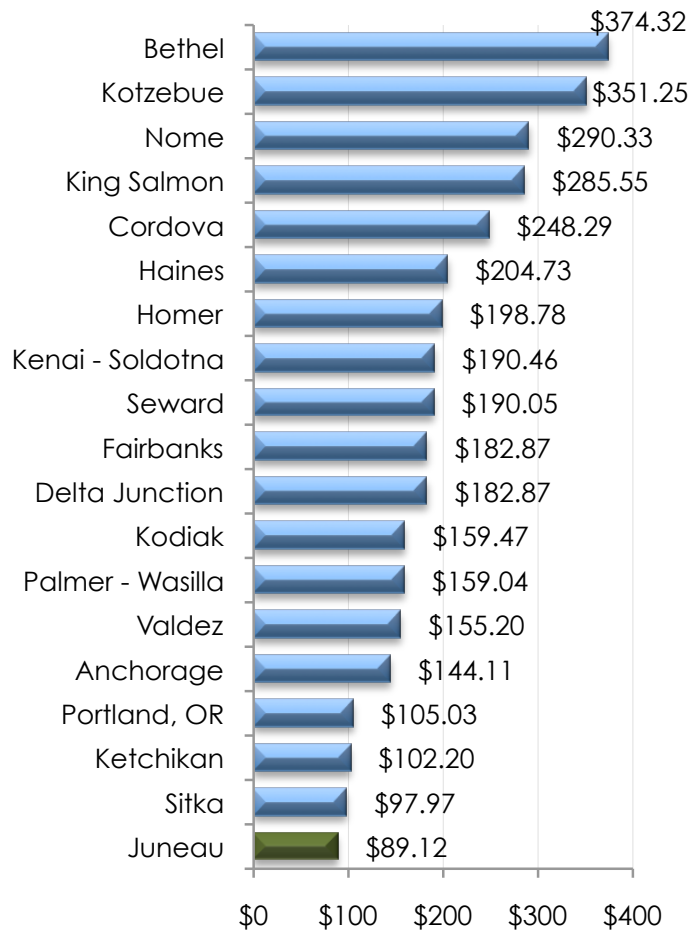
In 2009, Juneau became one of the first communities in the nation to move to a 100 percent renewable electricity resource. Juneau's energy has long been clean, plentiful and relatively inexpensive. The Snettisham Hydroelectric Project, which has provided approximately 85 percent of Juneau's power, began providing power to Juneau in 1973.

Juneau's electrical utility, Alaska Electric Light and Power (AEL&P), has recently completed its Lake Dorothy hydroelectric project. It cost \$70 million to construct and came online in September of 2009, increasing Juneau's hydroelectric output by 20 percent. The hydroelectric project will reduce the use of diesel in Juneau by seven million gallons annually, partly because the new capacity has allowed the Greens Creek Mine to shift from diesel generator use to hydroelectric power. According to AEL&P, if Lake Dorothy had been available during the avalanches of 2008 and 2009, at least 30,000 gallons of diesel would have been saved each day.

The project also puts in place a framework that will keep Juneau's energy costs low and renewable for generations to come: A second phase of the project will be constructed as loads grow sometime in the future, and will increase Juneau's electrical capacity by an additional 20 percent.

According to the 2009 University of Alaska Fairbanks, Cooperative Extension Service survey, Juneau paid the least for electricity of all communities surveyed.

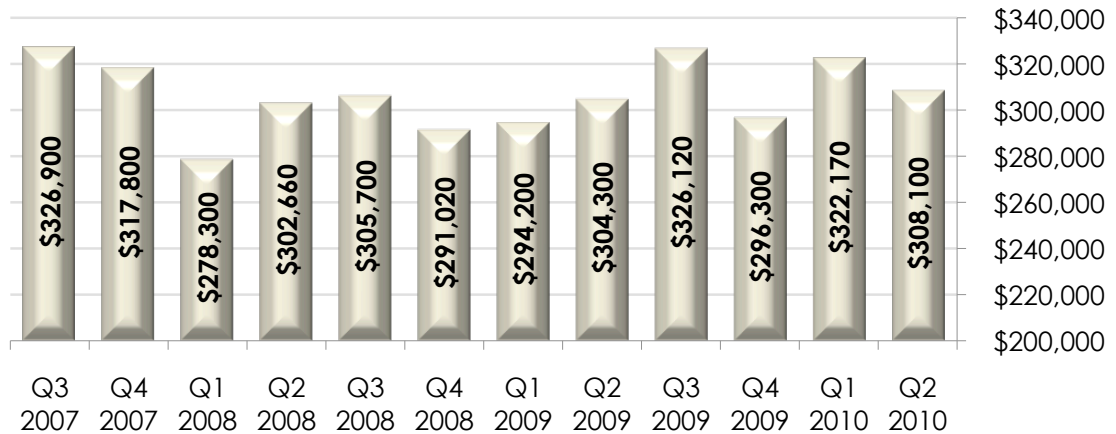
Cost of 1000 kWh of Electricity, September 2009



Housing

Juneau Housing Sales and Prices

Single-Family Residential Prices in Juneau



In the first half of 2010, home prices were up, and the average number of days on the market was down. The average price of a single-family residence was \$313,385—a four percent increase over the first half of 2009 and similar to 2006 prices. Housing sales were unusually brisk in the second quarter of 2010: There were 83 single-family home sales and the average number of days single-family homes spent on the market was 61. Despite quarterly data that goes back to the late 1990's, JEDC analysts cannot find another quarter in which as many as 83 homes were sold in a single quarter. Looking back at all quarters from 2000 to 2010, the average number of single family homes sold quarterly in Juneau was 58, and the average days on the market in the last decade was 87.

The high number of sales in the second quarter of 2010 is likely attributable to two things: The Home Buyer Tax Credit and the "Kensington Effect." The Home Buyer Tax Credit provided a temporary tax credit for qualified first-time home buyers, but required buyers to have signed contract be in place by April 30, 2010 and applied to closings that took place by June 30, 2010, thus encouraging an increase in sales, and speeding up closings.¹⁴ The Kensington Mine, located near Juneau, began production operations in June of 2010 with a staff of 155 and is gearing up to 200, resulting in families moving to Juneau for employment.

¹⁴ The Home Buyer Tax Credit was later extended until September 2010 for buyers that had a contract in place in April 2010.

Annual Single-Family Residential Sales in Juneau

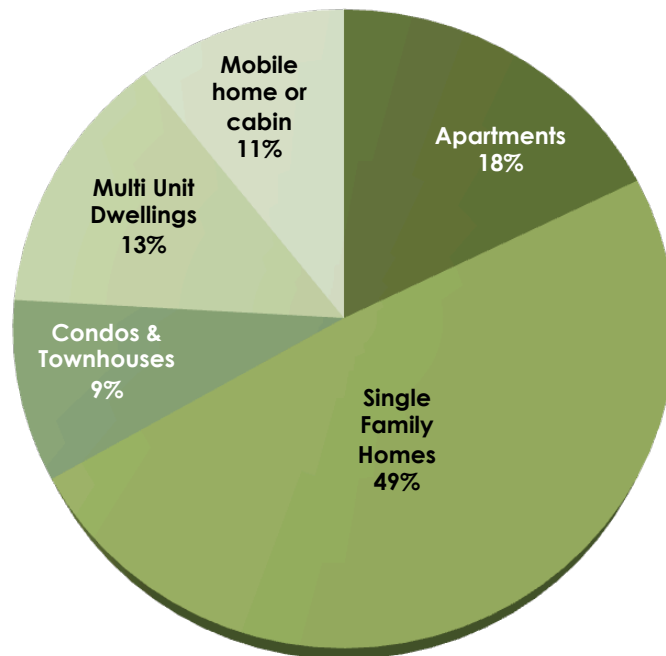
Year	Single-Family Homes			Average Days on Market
	Sales Closed	Average Price	Change from Prior Year	
2010 (6 mo.)*	133	\$313,385	4%	79
2009	228	\$307,955	4%	93
2008	227	\$295,061	-9%	94
2007	241	\$322,779	2%	73
2006	290	\$315,656	5%	95
2005	254	\$299,796	7%	89
2004	229	\$279,244	11%	105

Source: Southeast Alaska MLS, ADOL
 *2010 data is only for Jan-June (6 months)

The average price of a single-family residence in 2009 was \$307,955, which was 4.3 percent higher than the 2008 average.

Juneau Housing Inventory

According to the Juneau City Assessor, in 2010 there are 12,974 housing units in Juneau (not including boats and RVs). Approximately half (49 percent) of these housing units are single-family homes, and nearly one-fifth (18 percent) are apartments.



Juneau Housing Units by Type, 2010

Housing Unit Type	2010
Total Units	12,974
Apartments	2,309
Apartments (Low Income Tax Credit)	344
Apartments	1,310
Apartment (in a residence)	655
Single Family Homes	6,349
Single Family Residence	4,842
Zero lot line	852
Single Family Residence (with apartment)	655
Condos and Townhouses	1,190
Condo	1,013
Townhouse	177
Multiple Units	1,745
Duplex Units	571
Triplex Units	144
Fourplex Units	404
Multiple buildings on property	626
Mobile home or cabin	1,381
Mobile home on lot	242
Mobile home in park	974
Cabin	165

Source: CBJ with analysis by JEDC, 2010

An internal City and Borough of Juneau analysis was conducted on Juneau's housing units in 2001 and again in 2008. Between 2001 and 2008, the number of housing units in Juneau increased by 704 (6 percent) from 12,207 housing units in 2001 to 12,911 in 2008. Apartments in family homes saw the largest increase during this period (16 percent) to 683 apartments in residences, accounting for 97 percent of the housing unit increase. The number of single-family homes increased by 8 percent over this period as well.

In the two-decade-plus period between 1988 and 2010, the number of housing units in Juneau increased by 24 percent, from 10,447 to 12,974 (excluding boats and RVs). Most of this increase took place in the first half of this period, between 1988 and 1998, as the local population and the number of housing units each increased by 15 percent. From 2001 to 2010, the population of Juneau remained flat while the total number of housing units continued to increase by 6 percent.

Juneau Housing Unit Occupancy

Renting Versus Owning

Juneau is similar to the region, state, and nation in terms of the distribution between renters and homeowners in housing units. Approximately one-third (34 percent) of occupied housing units in Juneau are inhabited by renters, while two-thirds (66 percent) of occupied dwellings are lived in by homeowners.

Owner and Renter Occupied Units, 2008

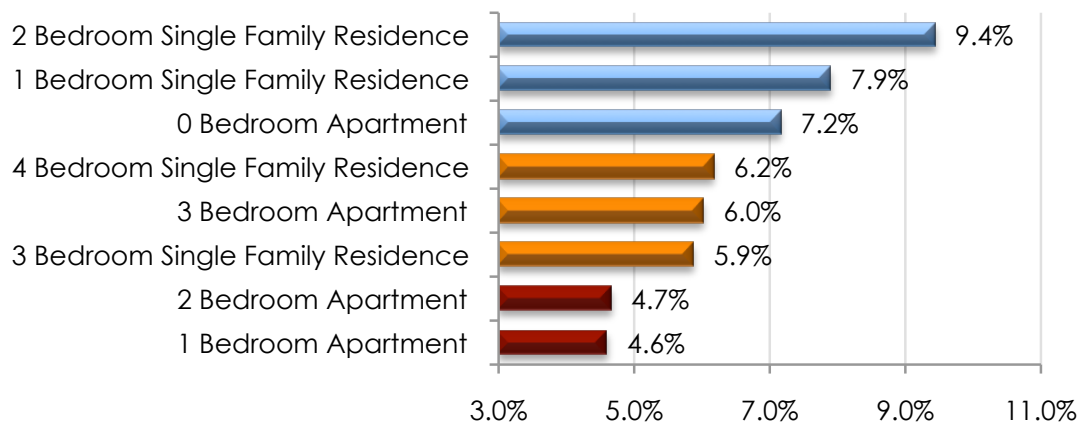
	Juneau %	SE Alaska %	Alaska %	US %
Occupied housing units	11,740	28,427	235,500	112,386,298
Owner-occupied	65.6%	64.7%	64.1%	67.1%
Renter-occupied	34.4%	35.3%	35.9%	32.9%

Source: US Census Bureau, 2008 American Community Survey

Rental Vacancy Rates

Juneau has long been plagued by low rental vacancy rates, making it difficult for renters to find suitable housing. Juneau's rental vacancy rate in 2008, according to Census data, was significantly lower than the region, state and nation. To better understand the longer-term trends in rental vacancies, the following chart averages ADOL Alaska Housing and Finance Corporation Rental Market Survey data from the past five years of rental housing vacancy type. According to analysis of the resulting five-year trend, the two types of rentals with the lowest vacancy rates (and therefore the highest levels of need) are one and two-bedroom apartments. Smaller single-family homes (those with one to two bedrooms) have higher levels of vacancy, presumably because they are less affordable to the rental population.

Vacancy Rate by Rental Unit Type and Number of Bedrooms, Juneau 2005-2009 Average

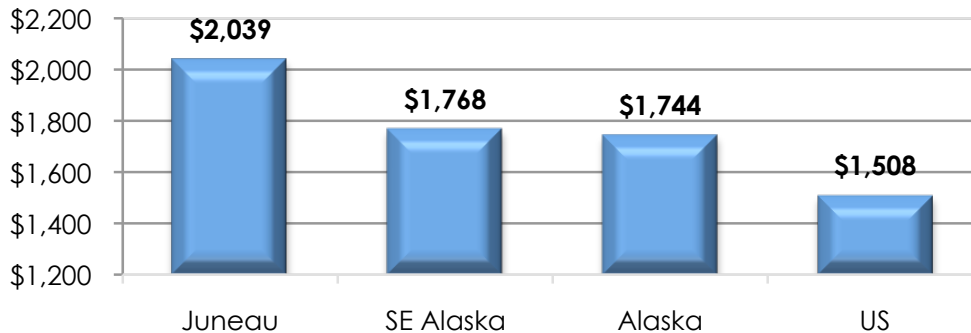


Housing Affordability in Juneau

Housing Costs as a Percentage of Household Income

In 2008, one-third (nearly 4,000) Juneau households spent more than 30 percent of their household incomes on household costs: including rent, mortgage, taxes, insurance, utilities, and other components of monthly housing expenses. Twelve percent of Juneau households (1,350 households) spent more than 50 percent of their incomes on these costs. Households that spend more than 30 percent of income on housing are considered “burdened,” as 30 percent is the amount of income a family can spend on housing and still have enough left over for other nondiscretionary spending. Households that spend more than 50 percent on housing are “severely burdened.”

Median Monthly Owner Costs for Homes with a Mortgage



Source: U.S. Census Bureau, 2008 American Community Survey

Monthly Homeowner Costs

Selected monthly housing costs for homeowners include payments for mortgages, taxes, insurance, utilities, and other components of monthly housing expenses.¹⁵ The median monthly Juneau homeowner cost for those with a mortgage was \$2,039 in 2008. Comparatively, these costs are 17 percent higher than the Alaska median and 35 percent higher than the national median.

Monthly Rental Costs (Market Rates)

In 2009, Alaska Department of Labor (ADOL) surveyed 1,262 market rate rental units in Juneau for this survey.¹⁶ According to ADOL, in 2009 the average monthly

¹⁵ The determination of Selected Monthly Owner Costs is based on all mortgage payments – first, second or junior, and home equity – real estate taxes, homeowners insurance premiums, condominium fees and mobile home costs, if applicable, and all utility costs.

¹⁶ There are 667 rental units in Juneau that are designated as low-income units, and do not charge market rent.

cost for a rental unit in Juneau was \$1,131 including utilities, a one percent increase over 2008.

Average Juneau Rental Prices 2000-2009

Year	Average Adjusted Rent Juneau
2009	\$1,131
2008	\$1,125
2000	\$922
Change 2008-2009	+1%
Change 2000-2009	+23%

Source: DOL. Above rents are the average rents for all units. Adjusted rents are calculated rents determined by adding estimated utility costs that are not included in the contract rent.

ADOL also calculates average rental rates by unit type. Average Juneau rental prices ranged from \$786 per month (including utilities) for a zero-bedroom apartment to \$2,459 for a four-bedroom house.

Average Adjusted Rent by Rental Unit Type and Number of Bedrooms, Juneau 2009

Number of Bedrooms	Apartment Average Adjusted Rent	Single Family Residence Average Adjusted Rent
0 Bedroom	\$786	NA
1 Bedroom	\$933	\$972
2 Bedroom	\$1,168	\$1,394
3 Bedroom	\$1,536	\$1,857
4 Bedroom	NA	\$2,459

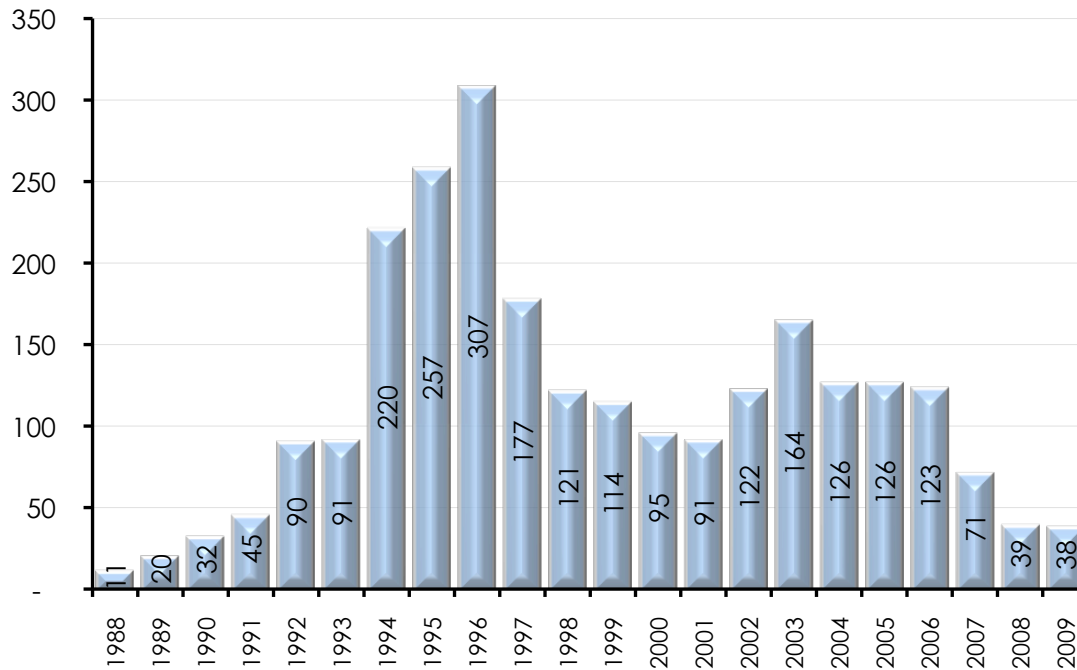
Source: DOL. Above rents are the average rents for all units. Adjusted rents are calculated rents determined by adding estimated utility costs that are not included in the contract rent.

While Juneau's 2009 average rental prices were seven percent higher than the Alaska study average, Juneau did not have the highest average rent in the state. The Valdez-Cordova Census Area, Kodiak and Sitka had higher rental prices.

New Home Construction

In 2009, 38 new housing units were permitted for construction in Juneau, including 14 single-family homes and 24 duplex or multiplex units. This is down significantly from earlier years. In 1996, 307 housing units were permitted. From 1996 to 2008, on average, 129 housing units were permitted in Juneau annually.

Number of New Housing Units Permitted in Juneau 1988-2009



Year	Single Family Detached	Single Family Attached	Duplex Units	Multi Plex Units	Total Housing Units Permitted
2000	75	6	4	10	95
2008	19	-	4	16	39
2009	13	1	8	16	38

Source: CBJ.

Buildable Lands

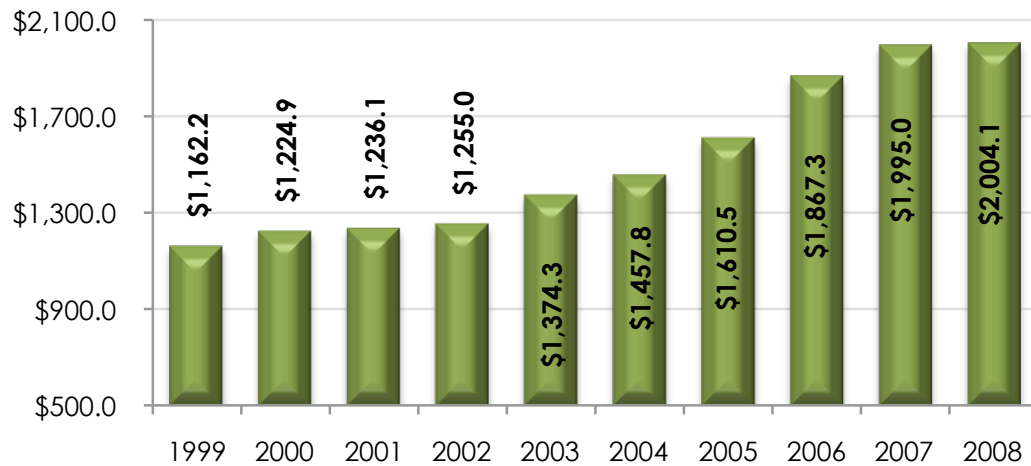
As reported in the 2008 City and Borough of Juneau (CBJ) Comprehensive Plan, there are very few buildable land parcels in the city or borough that are readily suitable for development. Most undeveloped land in the CBJ is dominated by wetlands, forests, steep slopes and variable terrain, and/or is inaccessible by road. Even if such terrain were developable, the costs to engineer development and mitigate environmental impacts would be prohibitive to all but the highest-priced, lowest-density residences.

For more on housing, please see JEDC's recent report: "City and Borough of Juneau Housing Needs Assessment 2010" located online at jedc.org/affordablehousing.shtml.

City Sales and Taxes

In 2008, gross business sales in Juneau were more than \$2 billion, up 0.5 percent from the previous year, and up 64 percent from 2000.

Gross Business Sales in Juneau, 2000 to 2008
in Millions of Dollars



Source: DOL and CBJ

Through June 2009, revenues from two CBJ taxes were down: the CBJ bed tax brought in seven percent less revenue than in 2008 and tobacco tax was down by nine percent. Sales tax revenues were up by six percent.

Various City and Borough of Juneau Taxes
2000-2009

Year	Bed Tax	Liquor Tax	Sales Tax	Tobacco Tax
2009	\$1,100,000	\$840,000	\$41,577,389	\$525,000
2008	\$1,184,151	\$826,600	\$39,175,428	\$578,473
2000	\$900,000	\$545,000	\$27,945,000	\$269,400
Change 2008-2009	-7%	2%	6%	-9%

Source: DOL

Travel and Visitor Industry

In 2009, 1.37 million passengers disembarked in Juneau by airplane, cruise ship, or ferry. This represents a four percent decrease in total passenger disembarkations over the previous year (49,000 fewer passengers) a decline that mirrors national and international trends resulting from the global recession. Nationally, air passenger volume fell by six percent in 2009.

Juneau Cruise, Air, and Ferry Traffic 2007-2009

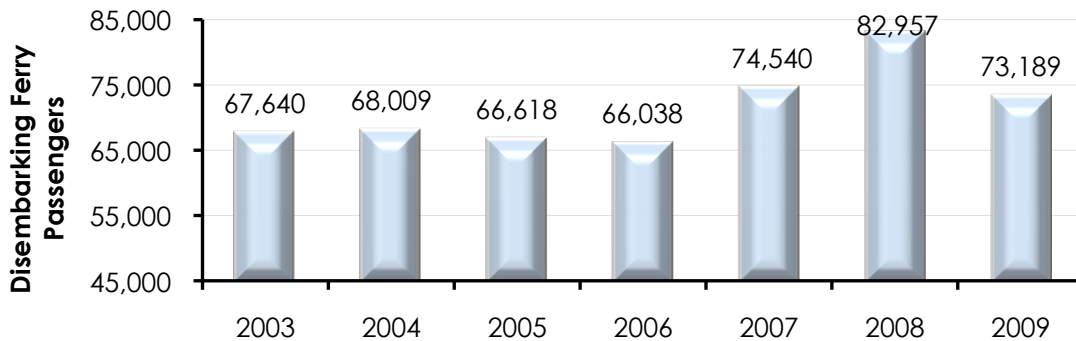
	Ferry	AK Air	Other Air	Cruise	Total
2009	73,189	257,719	22,853	1,018,700	1.372 million
2008	82,957	284,097	24,023	1,030,100	1.421 million
2007	74,540	297,267	29,003	1,017,000	1.418 million
Change 2008-09	-12%	-9%	-5%	-1%	-3.4%

Source: Ferry traffic is disembarking passengers in Juneau from the Alaska Marine Highway System. Alaska Airlines deplanements are obtained from Juneau International Airport. Cruise line traffic obtained from Cruise Line Agencies of Alaska. Other airline arrivals is from the US Bureau of Transportation Statistics.

Ferry Passengers

In 2009, 73,189 ferry passengers disembarked in Juneau. This represents a 12 percent decrease over 2008 (82,957 passengers). According to Alaska Marine Highway Marketing Manager Danielle Adkins, AMHS had unexpected maintenance issues with vessels last spring that reduced passenger ridership Southeast Alaska in 2009. "Both the Fairweather and Matanuska had extended delays that put them out until late June early July. The LeConte and Malaspina were left to cover the additional routes that also impacted the communities normally serviced by these vessels. The decline in independent visitor and resident travel associated with the economy certainly had an overall impact on ridership as well," explained Adkins.

Disembarking Ferry Passengers in Juneau, 2003-2009



Airline Passengers

The number of passengers disembarking in Juneau using Alaska Airlines declined for the second year in a row. In 2009, Alaska Airlines passenger deplanements were down nine percent, a reduction of more than 26,000 passengers compared to 2008. The greatest decrease occurred from May through August, when passenger deplanements were down 15 percent over the previous year, while the months of February and November showed declines of less than one percent.

In the first half of 2010, Alaska Airlines passenger deplanements were up 3.1 percent, 4,321 additional passengers, compared to the first half of 2009. Statistics for May 2010 show an 8.5 percent increase in passenger deplanements compared to May 2009.

Another way to look at airline traffic is through passenger arrivals. Passenger arrivals are different from passenger deplanements, as the figures represent all passengers landing in Juneau, and not just those getting off the plane (so passengers continuing on to other destinations are also counted). Total passenger airline arrivals were down nine percent in 2009 from the previous year. In 2009, according to the Bureau of Transportation Statistics, 331,661 air passengers landed in Juneau, 31,000 fewer than the year before. In 2008, a third of all airline passengers (102,514) arrived in Juneau directly from Seattle.

Air Passenger Arrivals to Juneau in 2009, by City of Origin

Origin City	2009 Passengers	2008 Passengers	Passenger Change 2008-2009
Seattle, WA	102,514	119,285	-14%
Anchorage, AK	87,580	94,612	-7%
Sitka, AK	51,361	52,876	-3%
Petersburg, AK	25,410	27,526	-8%
Ketchikan, AK	22,782	24,848	-8%
Yakutat, AK	15,054	15,272	-1%
Hoonah, AK	6,398	6,661	-4%
Haines, AK	5,821	6,098	-5%
Skagway, AK	4,789	4,995	-4%
Gustavus, AK	3,363	4,582	-27%
Angoon, AK	1,584	1,664	-5%
Kake, AK	1,218	1,618	-25%
Tenakee, AK	720	705	2%
Pelican, AK	506	679	-25%
Wrangell, AK	1,784	436	309%
Other	777	982	-21%
Grand Total	331,661	362,839	-9%

Source: Bureau of Transportation Statistics. The data does not include most charter flights, and is direct link only.

Juneau's smaller airline services experienced some major changes in recent years. In 2007, Skagway Air Service closed down after 43 years of service; and in 2008, L.A.B. Flying Service was shut down and did not reopen. In 2009, Wings of Alaska brought 40 percent more passengers to Juneau than in 2007 to make up for some of those losses in service.

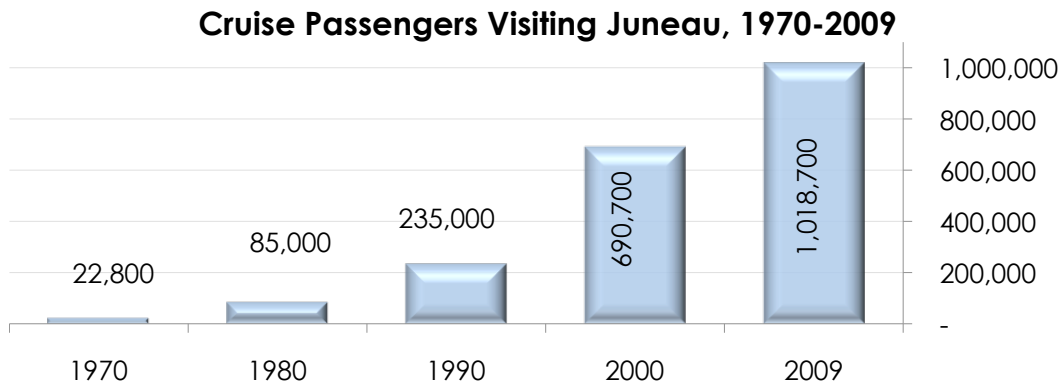
Air Passenger Arrivals to Juneau in 2009, by Carrier

Carrier Name	2009	2008	Change 2008-2009
Alaska Airlines Inc.	308,808	338,816	-9%
Wings Of Alaska	19,473	16,950	15%
L.A.B. Flying Service Inc.	-	3,587	-100%
Alaska Seaplane Service	3,244	3,402	-5%
Other	136	84	62%
Grand Total	331,661	362,839	-9%

Source: Bureau of Transportation Statistics.

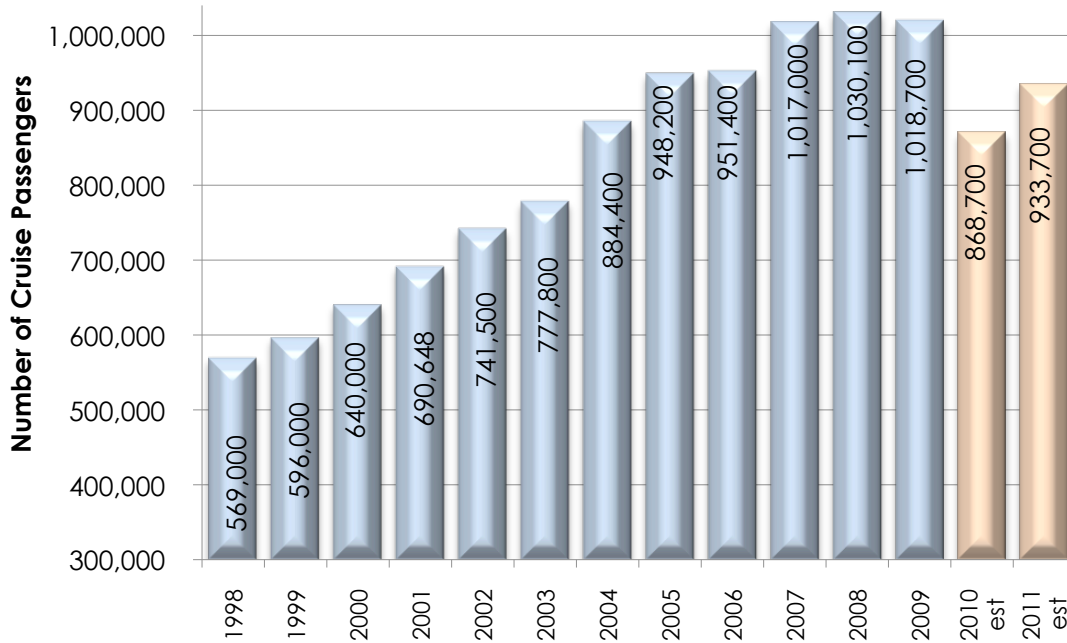
http://www.transtats.bts.gov/DL_SelectFields.asp?Table_ID=259&DB_Short_Name=Air%20Carriers The data does not include most charter flights, and is direct link only. The AK Airlines numbers include 51,089 passengers, not included in the AK Airlines deplanement data from above, who landed in Juneau but did not deplane.

Cruise Ship Traffic



In 2009, Juneau and Southeast Alaska were visited by 1.02 million cruise ship tourists, a one-percent decline in cruise passenger traffic over 2008 (the last time cruise passengers decreased was 20 years ago in 1989, following the Exxon Valdez oil spill. It is of interest to note this decrease was followed by a 22 percent passenger increase in 1990). According to the Juneau Convention and Visitors Borough, Juneau is expected to have 150,000 fewer cruise passengers in 2010 over 2009 due to ship redeployment and schedule changes.

Southeast Alaska Cruise Passengers 1998-2009



Source: McDowell Group and Cruise Line Agencies of Alaska. Estimates by JEDC.

However, other cruise lines are taking advantage of those reductions and are adding Juneau and Southeast Alaska to their itineraries in 2011. Disney Cruise Line, Crystal Cruises, Oceania Cruises and the smaller Inner Sea Discoveries have each announced new sailings that could bring more than 65,000 passengers to Southeast Alaska in 2011.

The Alaska cruise ship head tax and global recession have been cited as contributing to some lines' decision to reduce ships and sailings. To mitigate one of these issues, Governor Parnell signed legislation in June to reduce the amount of the head tax. Although 2012 schedules have not yet been released, JEDC anticipates that by 2012 Juneau and Southeast Alaska cruise passengers numbers will once again exceed one million.

Bus Ridership

In FY10, Juneau residents and visitors took 1.23 million trips on the local Capital Transit bus system. This represents a less than one percent increase over FY2009 ridership, and a 22 percent increase over FY2002, when ridership was 1.01 million bus trips.



Health Care and Social Assistance

Health care and social services employment represents 16 percent of all private sector employment in Southeast Alaska. In the private sector alone, there are nearly 3,600 employees in this industry regionally with a payroll of \$139 million.

The largest health care provider in the region is the Southeast Alaska Regional Health Consortium (SEARHC). SEARHC is a non-profit tribal consortium that provides health and wellness services to Native Alaskans and their families. SEARHC is also Southeast Alaska's largest private employer with a regional staff of nearly 800 in 18 communities around Southeast Alaska, including a Juneau staff of nearly 200 employees.

The Bartlett Regional Hospital is the region's next largest health care provider and offers a full range of medical services. The hospital has a staff of 407 full-time-equivalent employees and 55 inpatient beds. In 2009, Bartlett delivered 396 babies, discharged 2,240 patients after treatment, performed 4,040 surgeries, and treated 13,600 patients in the emergency room. The Bartlett Regional Hospital is considered part of City Government in employment statistics. The third largest health care provider in the region is the Ketchikan General Hospital with nearly 400 employees.

Private Southeast Health Care and Social Assistance Employment and Earnings, 2008 and 2009

	2009	2008	Change 2008-2009
Annual average Employment	3,576	3,489	2%
Annual average Wages	\$38,800	\$37,195	4%
Total Payroll	\$139 million	\$130 million	7%

Source: ADOL.

Health Care Outlook

According to the Alaska Department of Labor, the aging of Southeast Alaska's baby boomers is resulting in growth of health care services, as older people require more health care. As the state and region continue to age, the scale of the local and regional health care industries must grow to meet increasing demand.

Mining Industry

Southeast Alaska is one of the most mineral rich areas of North America. The Juneau gold belt stretches from Windham to Berners Bay, approximately 90 miles across the heart of the Alaska panhandle. The community of Juneau was founded on gold mining in 1880. It is fitting that mining remains a significant contributor to the regional Southeast economy. In 2009, there were 413 mining jobs in Southeast Alaska with a total payroll of \$38 million. Mining workers in Southeast earned an average of \$92,000 annually.

Kensington

After two decades of efforts, the Coeur Alaska owned Kensington Mine began producing gold in June of 2010. (Production had been postponed by litigation). The company anticipates that Kensington will produce 50,000 ounces of gold during the remainder of 2010 and will average approximately 125,000 ounces of gold annually over the mine's initial 12.5 year life.

The Kensington will ultimately employ about 200 workers to operate the mine once it is in full production. Direct payroll is expected to be approximately \$16 million annually (or \$25 million including direct and indirect wages). According to Coeur Alaska, 30 percent of the workers currently at Kensington are Native or Native affiliated, and approximately 75 percent are Alaska residents. The mine is also expected to pay \$1.5 million in taxes to the city each year, and spend \$9.3 million annually on local supplies and services.

Greens Creek

The Greens Creek Mine, Juneau's top private employer with 333 employees, is located on Admiralty Island near Juneau. The mine is the second largest silver producer in North America and the sixth largest silver producer in the world. The mine was purchased by the Hecla Mining Company for \$750 million in April 2008. It produced 7.5 million ounces of silver in 2009, along with 67,278 ounces of gold, 70,379 tons of zinc and 22,253 tons of lead. Milled tonnage averaged 2,167 tons per day, 8 percent higher than production in 2008. Despite slightly lower mined grades of silver and gold in 2009, metal production of silver, gold, zinc and lead was higher compared with metal production in 2008. Unit operating costs for mining and milling in 2009 were \$65.55 per ton, or 18 percent lower than unit costs in 2008.

During the first quarter of 2010, the Greens Creek mine produced 1.6 million ounces of silver. Milled tonnage averaged 2,201 tons per day, 6 percent higher than production in the first quarter of 2009. Although total production costs at Greens Creek were higher in the first quarter of 2010 compared to the same 2009 period, increased production volumes lowered unit operating costs for mining and

milling by 5 percent to \$64.05 per ton compared with unit operating costs in the first quarter of 2009.¹⁷

By 2011, JEDC expects Juneau's two mines to have 550 employees in total and a combined payroll of \$45 to \$50 million annually.

Other Mining Prospects in Southeast Alaska



Other mining prospects in the region include the following:

- The gold rich copper-lead-zinc volcanic massive sulfide Niblack Prospect on Prince of Wales Island.
- Bokan Mountain on Prince of Wales Island was historically a high-grade uranium mine. The site is currently being explored by Ucore Uranium.
- The Poorman Prospect near Kaasan is being explored for its magnetite (iron ore) potential.
- The copper-rich Palmer Project, near Haines, represents one of North America's newest volcanogenic massive sulphide discoveries.
- The gold, silver and zinc Woewodski and Zarembo prospects are located on separate islands near Petersburg.

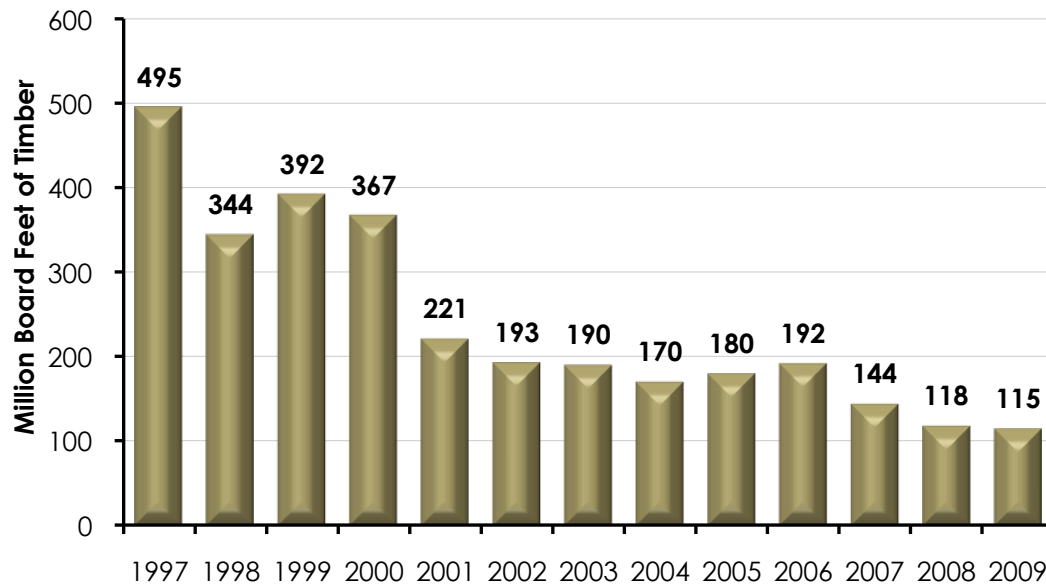
¹⁷ Hecla Mining Company press releases www.phx.corporate-ir.net/phoenix.zhtml?c=63202&p=irol-news&nyo=0

Timber Industry

In the past two years, logging and wood products manufacturing employment in Southeast Alaska dropped 43 percent—from 372 in 2007 to 214 in 2009—as two large and one small mills closed or became idle. The decline of the timber industry in Southeast Alaska has directly contributed to declines in the non-Juneau regional population (which decreased 8.7 percent between 2000 and 2009.) In 1990, 3,400 workers were employed in the timber industry in Southeast Alaska—so 2009 numbers represent an employment decline of 94 percent since that time.

In 2009, the total Southeast Alaska timber harvest was 114 million board feet (mmbf). This includes 51 mmbf from Sealaska; 15 mmbf from Mental Health timber operations; 43 mmbf from the US Forest Services; and 6 mmbf from State timberlands. The total 2009 harvest represents a 3.5 percent decrease from 2008, and is less than a third of the Southeast harvest from a decade earlier in 1999.

Total Southeast Timber Harvest, 1997-2009 (mmbf)



Source: Alaska Forest Association

Timber Mill Production in Southeast Alaska

In 2008, the estimated mill capacity in Southeast Alaska was 282 mmbf, a 3.4 percent reduction from 2007 mill capacity levels. Mill production was estimated at 24 mmbf in 2008, a production decline of 25 percent.

The State of the Regional Timber Industry

Of the three largest sawmills in Southeast Alaska, only the **Viking Mill** in Craig is operating; however timber purchased by the mill faces costly litigation and delay. The Diesel Timber Sale, which was purchased by Viking Lumber Company, was litigated. A second timber sale that would provide further timber to the Viking Mill, the Slake Sale, is currently undergoing the NEPA analysis.

The **Silver Bay Mill** in Wrangell was closed in 2009 and is being dismantled for scrap. The **Icy Straits Lumber & Milling** saw mill in Hoonah was destroyed by an explosion in July of 2010. The **Pacific Log & Lumber Mill** in Ketchikan has not operated for the last two years. The federal District Court for the District of Alaska has enjoined the Orion Timber Sale that had been purchased by PL&L. The Forest Service elected not to appeal that decision to the Ninth Circuit.

Sealaska Timber Company' harvests remained flat from 2008 to 2009. Sealaska is pursuing Congressional legislation to complete its land selection process. This Bill will include the transfer to Sealaska of new lands from the Tongass suitable for timber harvest that will allow it to continue its current timber program.

As a result of an injunction from the Ninth Circuit Court of Appeals in 2005, timber sales from the Tongass National Forest were substantially reduced pending preparation of the 2008 Amended Tongass Land Management Plan (TLMP). The 2008 Amended TLMP was completed in January 2008, but the timber industry's decline continues.

While the Secretary of Agriculture announced a Transition Plan for the Tongass in May of 2010, which calls for the industry to shift from a timber supply primarily based on old growth timber from roadless areas of the Tongass National Forest to small diameter logs from second growth stands and from roaded areas, it appears that there is insufficient second growth Tongass timber legally eligible for harvest to support an industry. Moreover, the Transition Plan could be considered an amendment to the 2008 Amended TLMP requiring a new NEPA analysis that would be used as a reason to enjoin timber sales pending completion of the new analysis.

The switch in raw material supply called for in the plan will require investment in new equipment. Such investment will be difficult to finance without the assurance of a reliable supply of economic timber from the Forest Service. The Forest Service will be hard pressed to provide such assurance given the history and results of Tongass timber litigation. Accordingly, further declines are expected.

Seafood Industry

Fishing has long been a key element of the Southeast Alaska economy. Southeast Alaska has several dozen fisheries conducted by a fleet of mostly small boats. Regional seafood processors dot the entire archipelago from Ketchikan to Haines. Processors range from fishermen direct operators to larger operations in Ketchikan, Petersburg, and Sitka. Juneau hosts several mid-size processors. Salmon remains the bedrock for Southeast's small boat fleet, but unlike many Alaska fishing regions, Southeast also has a diverse array of high-value, low-volume fisheries.

This section explores the economic impacts of the regional fisheries in two ways: first by examining the value and volume of seafood caught in Southeast Alaska waters—including ex-vessel and first wholesale value—and second by examining the level of participation, pounds landed, and estimated gross earning of Southeast Alaska residents who fish commercially in Alaska.

Commercial Harvest in Southeast Alaska

In 2009, the ex-vessel value (or money paid to fishermen) of the Southeast Alaska fisheries was \$234 million. In dollars, fishermen earned 18 percent less for their seafood in 2009 over 2008, despite a 22 percent increase in pounds landed.

Southeast Alaska Commercial Seafood Industry Harvest & Value Information, 2008-2009

Species Groups	Landed (Fish Ticket Pounds)			Calculated Ex-Vessel Value		
	2009	2008	Change	2009	2008	Change
Salmon	217,704,265	162,174,245	34%	\$111,215,839	\$133,184,217	-16%
Halibut	10,039,049	11,564,930	-13%	\$32,755,929	\$50,191,720	-35%
Sablefish	9,847,620	11,724,439	-16%	\$49,075,299	\$54,952,948	-11%
Dungeness crab	3,572,064	4,736,319	-25%	\$6,326,238	\$10,231,466	-38%
Herring	34,341,480	34,112,064	1%	\$17,991,427	\$21,206,373	-15%
Geoduck, Sea Cucumbers, Urchins	2,709,504	2,521,625	7%	\$8,505,381	\$5,944,931	43%
King and bairdi crab	1,298,359	1,243,644	4%	\$3,949,943	\$4,032,078	-2%
Shrimp	612,862	503,827	22%	\$2,462,540	\$2,281,874	8%
Miscellaneous Groundfish	2,783,320	2,543,280	9%	\$1,816,298	\$1,948,106	-7%
Total	282,908,521	231,124,371	22%	\$234,098,894	\$283,973,713	-18%

Source: ADF&G - COAR & Fish Ticket Databases, 07/20/10

In 2009, the five salmon species represented more than three quarters (77 percent) of the region's catch in terms of volume and less than half (48 percent) of the total ex-vessel value. In 2009, sablefish made up three percent of the total volume caught yet accounted for 21 percent of the total ex-vessel value. Participants

must hold federal quota rights, or Individual Fishing Quota (IFQ) in order to fish sablefish, and there is a small state managed sablefish fishery in Lynn Canal just north of Juneau.

Halibut also emerged as a valuable fishery for harvesters after it became a quota fishery in 1995. The quota system helped increase the value of the fishery for participants and benefits consumers with fresh halibut year round. Juneau is a benefactor of the change in management with an increase in quota shares of 3 percent since 1995. In 2009 halibut accounted for 3.5 percent of the total Southeast harvest and accounted for 18 percent of total ex-vessel value.

There are several other relatively small, yet valuable fisheries. Herring, crab, groundfish and dive fisheries (sea cucumber, sea urchin and geoduck) can be lucrative for permit holders—or at the very least a profitable addition to a fishing operation.

Seafood Processing in Southeast Alaska

The first wholesale value (also known as production value) of the Southeast Alaska fisheries was \$392 million in 2009. The following table breaks out Southeast Alaska first wholesale values by species. In 2009, total Southeast Alaska first wholesale values decreased by eight percent.

Southeast Alaska Commercial Seafood First Wholesale From Processors, by Species, 2008 and 2009

Species	Number of Processors 2009	Net Weight in Pounds	2009 Production Value (\$000s)	2008 Production Value (\$000s)	Change 2008-2009
Salmon	456	141,643,722	\$259,613	\$267,524	-3%
Halibut	25	8,315,252	\$40,262	\$57,626	-30%
Sablefish	18	6,368,989	\$33,968	\$41,949	-19%
Pacific Cod	13	183,613	\$519	\$584	-11%
Dungeness Crab	12	2,309,355	\$10,136	\$13,987	-28%
Herring	10	27,841,967	\$27,140	\$24,945	9%
Dive Fisheries	16	1,312,061	\$11,183	\$7,453	50%
Large Crab	10	790,522	\$4,069	\$5,428	-25%
Shrimp	84	582,256	\$2,366	\$2,051	15%
Other	160	1,060,698	\$2,353	\$5,260	-55%
Total	597	190,408,435	\$391,609	\$426,807	-8%

Source: ADF&G

Note: Processor activity does not necessarily represent fishing activity in a specific area.

Another measure of the economic value of commercial fishing in the region is how many Southeast Alaska residents participated in the Alaska commercial fishing industry. According to the Alaska Commercial Fisheries Entry Commission (CFEC), 4,674 Southeast Alaska residents (2,129 commercial fishermen and 2,545

crew members) fished in 2009, including 697 Juneau residents. Regionally, this represents a less than one percent increase in the number of fishermen from 2009 numbers, and a three percent increase in fisheries participation among Juneau residents.

Southeast Alaska Resident Fishermen, Crew and Permits, 2009

Borough or Census Area	Permit Holders	Fishermen who Fished	Permits Issued	Permits Fished	Crew Members
Wrangell-Petersburg	745	577	1,625	1,091	645
Sitka	574	466	1,102	756	547
Juneau	387	256	669	391	441
POW-Outer KTN	334	256	608	406	297
Ketchikan	325	217	566	345	317
Skagway-Hoonah-Angoon	223	137	361	200	149
Yakutat	158	137	251	199	52
Haines	110	83	177	128	97
Total SE Alaska 2009	2,856	2,129	5,359	3,516	2,545
Total SE Alaska 2008	2,892	2,140	5,492	3,568	2,523
Change 2008-2009	-1%	-1%	-2%	-1%	1%

Source: Commercial Fisheries Entry Commission. <http://www.cfec.state.ak.us/gpbycen/2009/mnu.htm> and <http://www.cfec.state.ak.us/cpbycen/2009/Mnu.htm>

Note: Fishermen Who Fished is a count of permit holders who made at least one landing during the year. Permits Fished is the number of permits with recorded landings.

In 2008, the total pounds landed by Southeast Alaska fishermen was 143 million, with associated estimated gross earnings of \$181 million. This represents a 25 percent decrease in pounds landed over 2007, and a six percent increase in gross earnings over the same period. Estimated gross earnings were derived from an ex-vessel price per pound developed by the CFEC.

The positive news for Southeast is that the upward trend in value of seafood extends to captains and crew. However, IFQ makes the cost of entry higher and is leading to consolidation among existing quota holders. The number of fishing participants is generally declining in Southeast as it is across the state as harvest capacity and resource access are consolidated. Remote fishing communities are sustaining diminished ownership deliveries as high value seafood, such as halibut, flow towards ports with better transportation to markets.¹⁸ There are opposing views regarding this consolidation. On one hand, the increased values are now making operations profitable when before they were not. Reinvigorated earnings allow for greater reinvestment, which helps diversify these operations. Conversely, the consolidation imposes a greater burden for entry into the industry. New entrants are necessary for the long-term viability of the industry. Workforce development efforts are important to ensure that young Alaskans are ready to take over the helm of these operations.

¹⁸ Small rural Southeast communities quota share ownership is down 47% between 1995 and 2009. Data from US Department of Commerce, National Oceanographic & Atmospheric Administration, National Marine Fisheries Service, Restricted Access Management.

Southeast Alaska Resident Commercial Fisheries Pounds Landed and Gross Earnings, 2007-2008

Area of Residency	Pounds Landed			Gross Earnings (estimated)		
	2008	2007	Change 2007-08	2008	2007	Change 2007-08
Juneau	16,789,078	21,170,000	-21%	\$22,366,354	\$21,242,000	5%
Haines	7,601,718	5,939,000	28%	\$7,312,504	\$5,840,000	25%
Ketchikan	24,710,627	34,056,000	-27%	\$20,036,999	\$18,540,000	8%
Wrangell-Petersburg	54,419,253	78,140,000	-30%	\$67,904,338	\$66,036,000	3%
Skagway-Hoonah-Angoon	3,850,667	4,102,000	-6%	\$7,651,523	\$7,278,000	5%
Sitka	22,001,417	30,333,000	-27%	\$38,267,224	\$36,712,000	4%
POW-Outer KTN	11,458,413	14,553,000	-21%	\$14,483,867	\$12,188,000	19%
Yakutat	2,167,409	2,353,000	-8%	\$3,266,486	\$3,218,000	2%
Total SE Alaska	142,998,582	190,644,000	-25%	\$181,289,295	\$171,053,000	6%

Source: Commercial Fisheries Entry Commission.

Note: Pounds landed and gross earnings are by residency of the fishermen only, and does not necessarily represent fishing activity in a specific area.

2010 Prices Update

In 2010, fish prices are up significantly over the 2009 season. According to the Capital City Weekly, "the demand has boosted early prices to levels not seen in two decades." In July of 2010 Southeast Alaska gillnetters were earning two dollars per pound for sockeye, an increase of 75 cents per pound over 2009. Some ports are paying five dollars a pound for halibut—up from an average Southeast ex-vessel value of \$3.26 in 2009. Prices for chums, coho, and pink salmon are also up.

2010 Juneau Maritime Festival

In 2010 the Juneau Economic Development Council hosted Juneau's first annual Juneau Maritime Festival, celebrating Juneau's maritime geography, history, culture, and commerce. The May 22 celebration (coinciding with National Maritime Day) attracted approximately 3,000 people with music, free salmon samples, Alaska Native dancing, story telling, a Wild Alaska Marinade Contest, a Coast Guard helicopter rescue, vessel tours, an Alaskan Brewing Co. beer garden, survival suit contests, and kids activities.

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