

Wrangell Business Climate and COVID-19 Impacts Survey



June 2020

Developed and Prepared by

Rain
Coast Data



Table of Contents

Introduction	Page 1
Business Climate Survey Results	Page 2
Wrangell Economic Outlook	Page 5
Wrangell Jobs Outlook	Page 7
Wrangell Businesses COVID-19 Impacts	Page 9

- *Estimate the percent revenue decline to your business due to COVID-19 in 2020 so far* **Page 10**
- *Did you receive any COVID-19 funding to support your business?* **Page 11**
- *How has your business been impacted by COVID-19?* **Page 12**
- *What are your top business challenges moving forward?* **Page 13**
- *What help do you need most moving forward?* **Page 14**

Participant Overview	Page 15
Open Ended Responses	Page 16

- *If you did not receive COVID-19 business funding support, why not?* **Page 16**
- *If you did receive COVID-19 business funding support, what was that process like?* **Page 17**
- *Please elaborate on how COVID-19 has impacted your organization.* **Page 18**
- *How has your business been impacted by COVID-19? Responses to “other please specify”* **Page 20**
- *What help do you need most moving forward? Responses to “other please specify”* **Page 20**
- *What are your top business challenges moving forward? Responses to “other please specify”.* **Page 20**
- *Did you receive any COVID-19 funding to support your business? Responses to “other please specify”* **Page 21**
- *Do you foresee any long-term positive business changes that could come out of this period of disruption?* **Page 22**

Wrangell Business Survey Results 2020

Each year Southeast Conference conducts a regional business climate and investment survey in order to track Southeast Alaska business confidence on an annual basis. The results are analyzed by community and economic sector, allowing the data to be used by policy leaders, program developers, and project proponents to form projections regarding the economic direction of Southeast Alaska.

This year several comprehensive questions regarding COVID-19 business impacts were added to the survey, along with questions to clarify how the private sector can best be supported moving forward through this period of pandemic. Open-ended questions allowed for increased input by the business community. The survey analysis provides data so that policy leaders can gauge how ongoing needs vary between sectors, industries, and communities. Several communities wanted to have a standalone version of the report for their own community, including Wrangell.

This Wrangell breakout was developed in a partnership between Southeast Conference and the City and Borough of Wrangell. Rain Coast Data developed the survey instrument and survey report on behalf of this partnership.

The survey invited Wrangell Alaska owners and top managers to respond to 28 questions. The web-based survey was administered electronically from June 4th through June 18th. A total of 40 Wrangell business leaders participated in the survey, representing 160 current Wrangell workers. The survey results include the following findings:

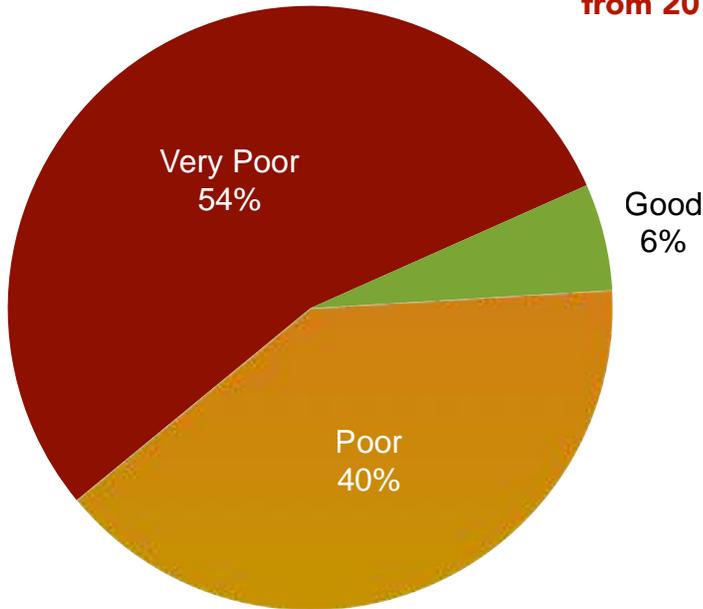
- 62% of responding Wrangell businesses have received COVID-19 business support funding.
- Responding Wrangell employers have already laid off 28% of their total workforce due to the COVID-19 virus, and cancelled hiring an additional 124 workers. More than two-fifths of businesses (41%) expect to cut more staff.
- Wrangell business revenue was down 53% in 2020 so far, compared to the same period in 2019.
- More than one-third (36%) of respondents say that they are at risk of closing permanently, while 31% say that they are not at risk of closure. The remainder are uncertain.
- Most (94%) of respondents call the current economy poor or very poor, and 79% feel that the upcoming year will be worse. Wrangell has the most negative outlook of any community in the region.

The following pages summarize Wrangell survey findings. To read the entire regional study, or to see breakouts from other communities, go to www.seconference.org/southeast-alaska-business-climate-and-covid-19-impacts-survey-2020.

Wrangell Business Climate Survey Results 2020

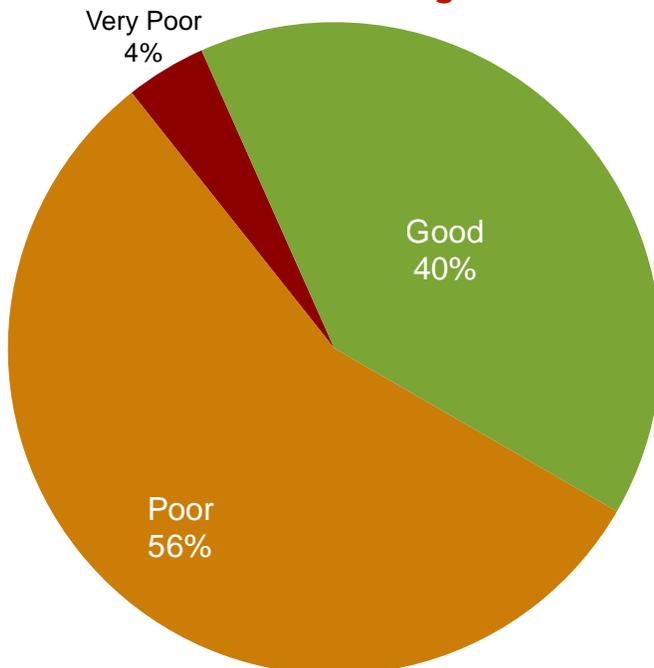
June **2020** Wrangell Alaska: **How do you view the overall business climate right now?**

6% Positive / 94% Negative +58% negative from 2019



April **2018** Wrangell Alaska: **How do you view the overall business climate right now?**

40% Positive / 60% Negative



Wrangell Alaska Annual Business Climate Survey

In June of 2020, 40 Wrangell business owners and top managers responded to Southeast Conference's Business Climate and Private Investment Survey.

How do you view the overall business climate right now?

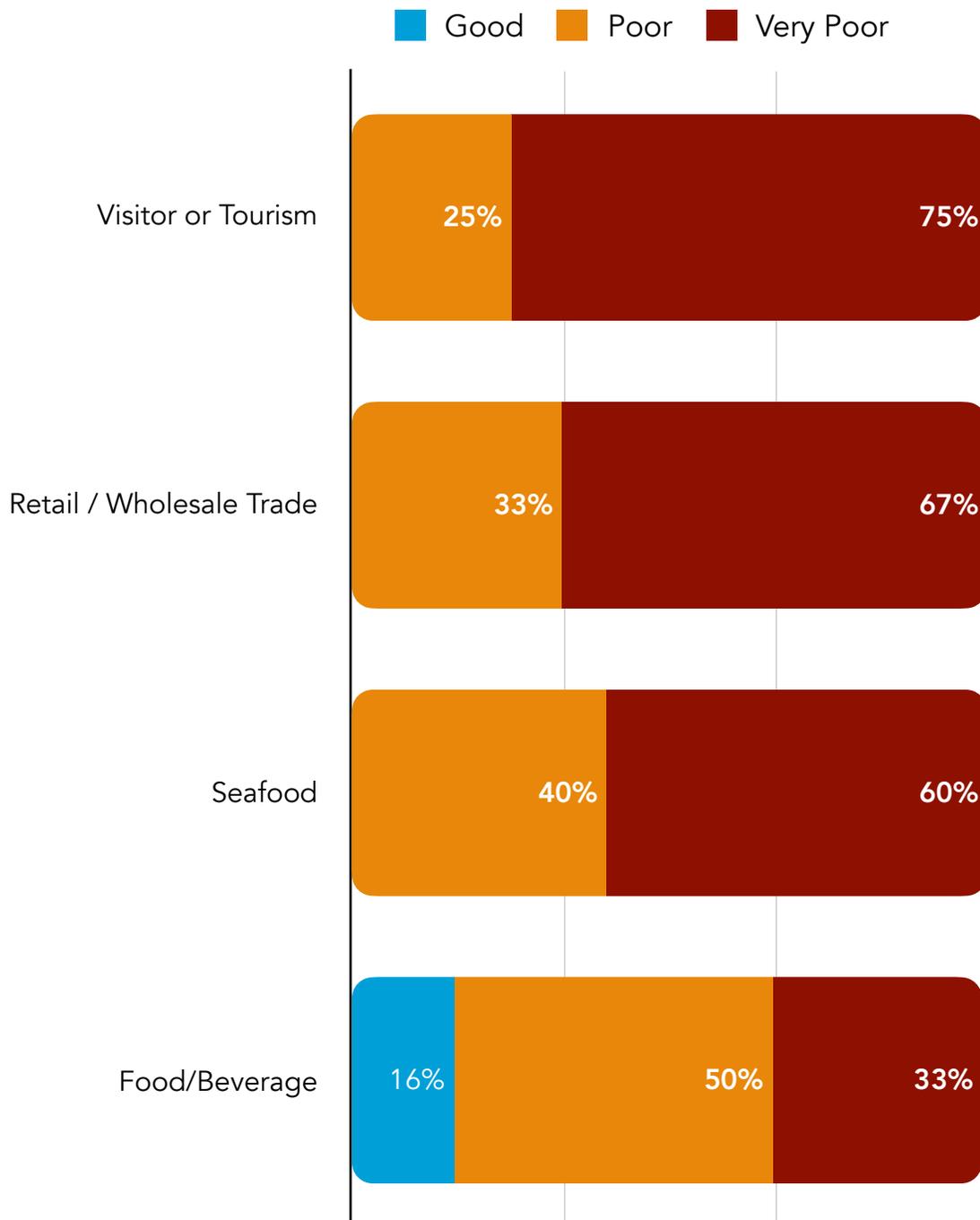
Unsurprisingly, confidence in the Wrangell business climate has decreased in the wake of COVID-19. Nearly all (94%) respondents are concerned about state of the economy, calling the business climate "poor" (40%) or "very poor" (54%), a 34 percent increase in those who view the economy negatively from two years ago. Six percent of business leaders called the Wrangell business climate "good" in 2020 — a decline of 34% over 2018. (Note, not enough Wrangell businesses participated in the 2019 survey, so a 2018 comparison was used instead).

The Southeast Alaska communities that have been most negatively impacted by the COVID-19 pandemic so far are Skagway and Haines.

Wrangell Business Climate Survey Results 2020: by Industry

The following graphic breaks out how the current Wrangell Alaska business climate is viewed by each various sector. Only four sectors had enough respondents to develop a breakout. Usually such a breakout reveals significant differences between sectors. However, the 2020 breakout shows that no industry has escaped a significant negative impact due to COVID-19.

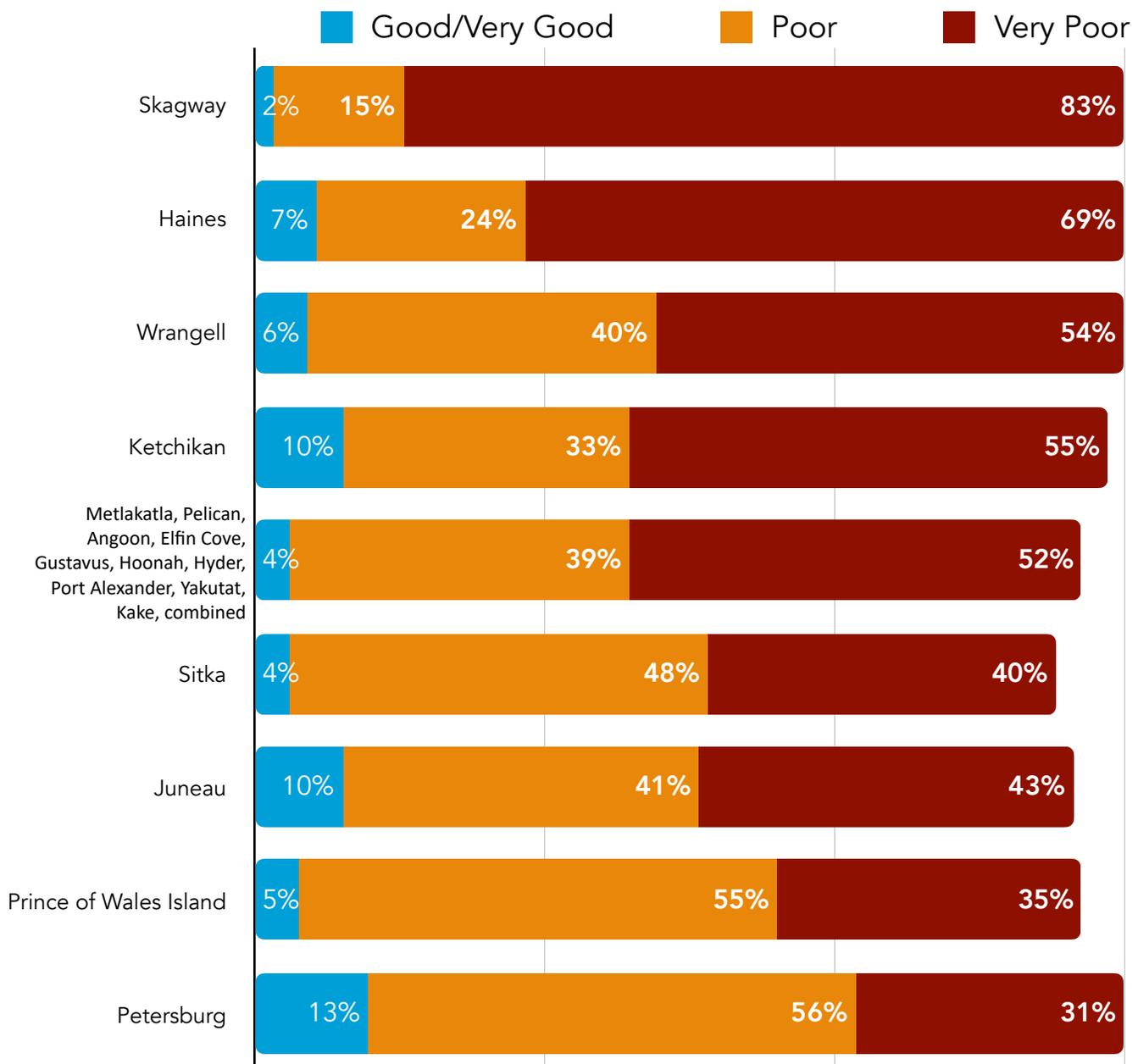
June **2020** Wrangell: **How do you view the overall business climate right now?**



Southeast Business Climate Survey Results 2020: by Community

The graphic below shows how the current regional business climate is being experienced by business leaders in each community. While all communities are clearly suffering, Skagway has been the hardest hit, with 83% of Skagway businesses saying that the business climate is “very poor” followed by Haines at 69%.

June **2020** Southeast Alaska: **How do you view the overall business climate right now?**

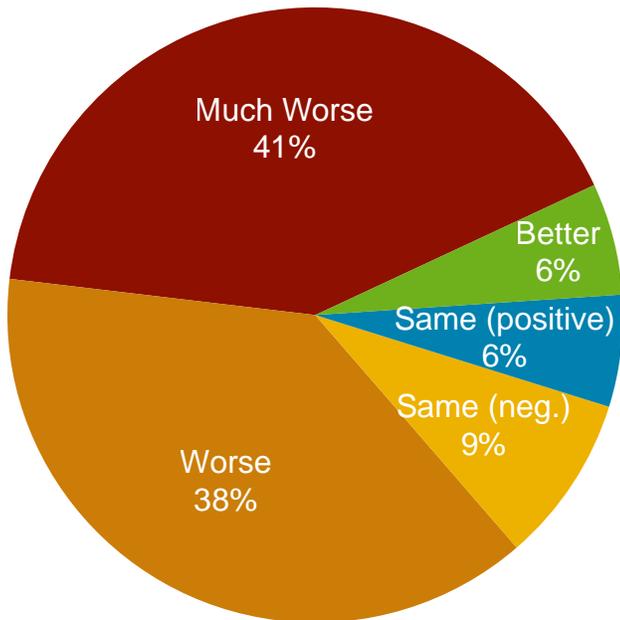


The “don’t know” category has been excluded from this chart.

Wrangell Economic Outlook

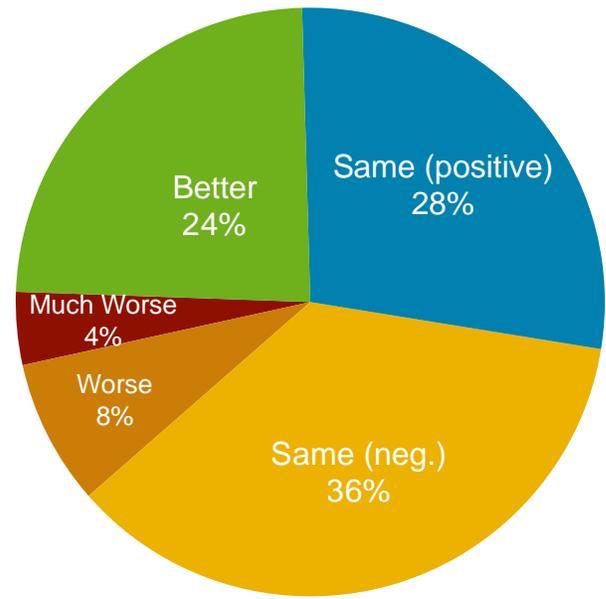
2020: What is the economic outlook for your business or industry?

12% Positive / 88% Negative



2018: What is the economic outlook for your business or industry?

52% Positive / 48% Negative



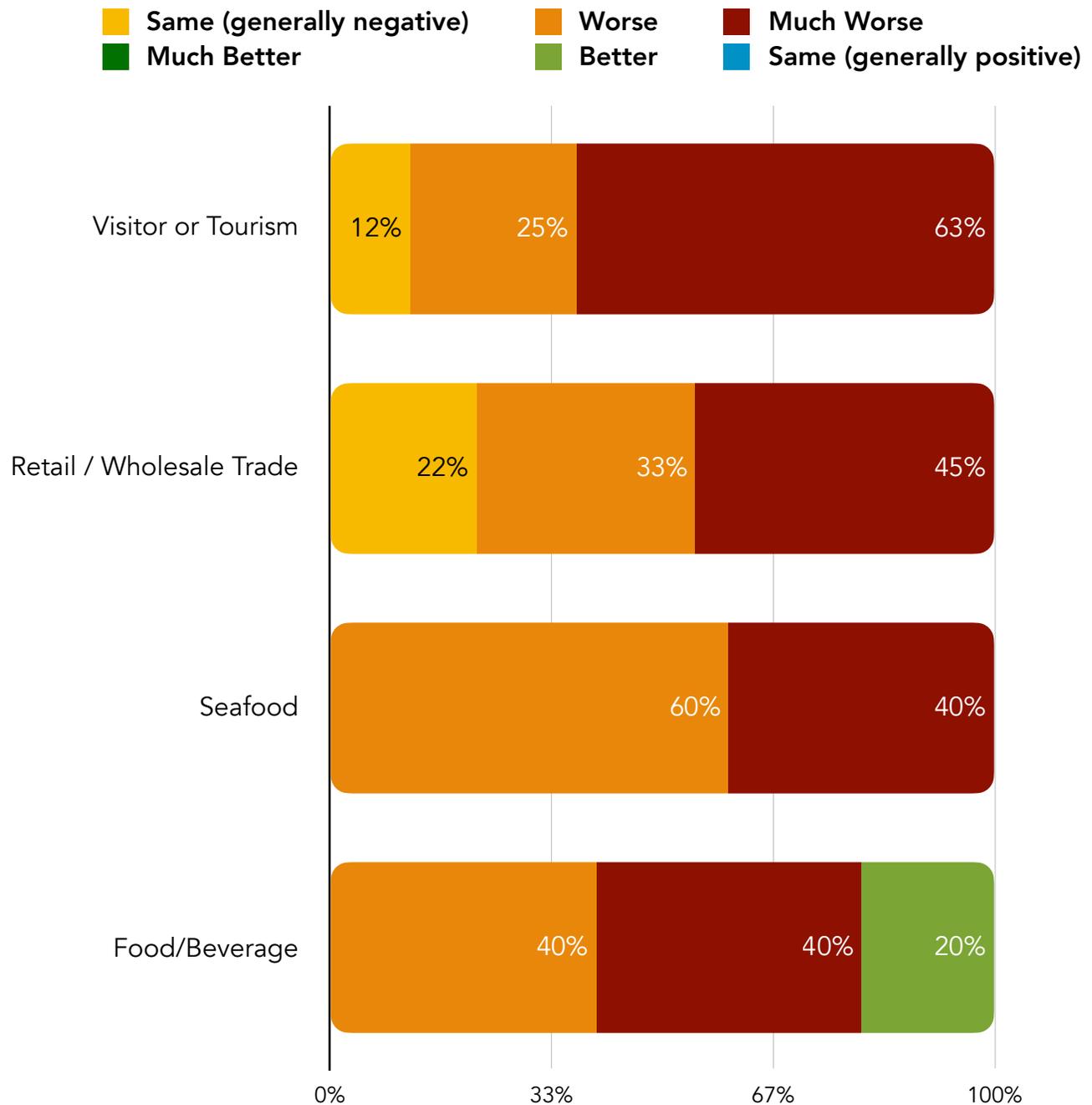
Wrangell Economic Outlook

Most (88%) of Wrangell businesses say the economic outlook for their business or industry over the next 12 months is negative. In 2018, 48% of Wrangell businesses had a negative outlook. Nearly four-fifths (79%) of Wrangell survey respondents expect their prospects to be worse (38%) or much worse (41%) over the next year, while only 6% expect the outlook for their business or industry to improve in the coming year.

When compared by communities across the region, Wrangell has the most negative outlook of all communities. Sitka has the least negative outlook. No community expressed a positive outlook.

Wrangell Economic Outlook: by Industry

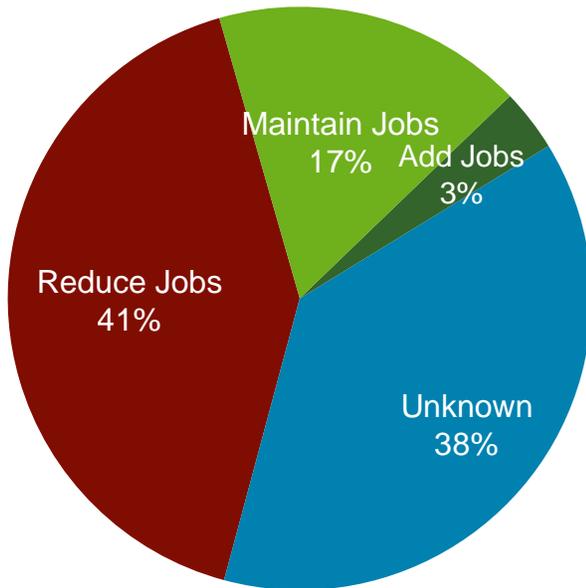
The below graphics show economic outlook breakdowns for the next year by industry. Four Wrangell sectors had a large enough response rate to breakout findings.



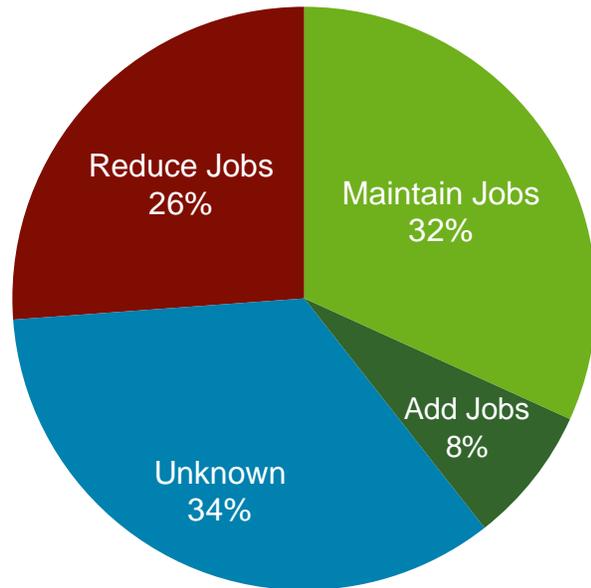
Decreasing Jobs in 2020 and 2021

Over the next 12 months, do you expect your organization to add jobs, maintain jobs, reduce jobs, or are you unsure?
(For those business with staff)

Wrangell **2020: Jobs Outlook**



Southeast **2020: Jobs Outlook**



Employment changes in the next year

Approximately two-fifths (41%) of Wrangell business leaders surveyed expect to reduce the number of jobs associated with their businesses over the next 12 months, while 17% expect to maintain total jobs, and 3% expect to add more employees.

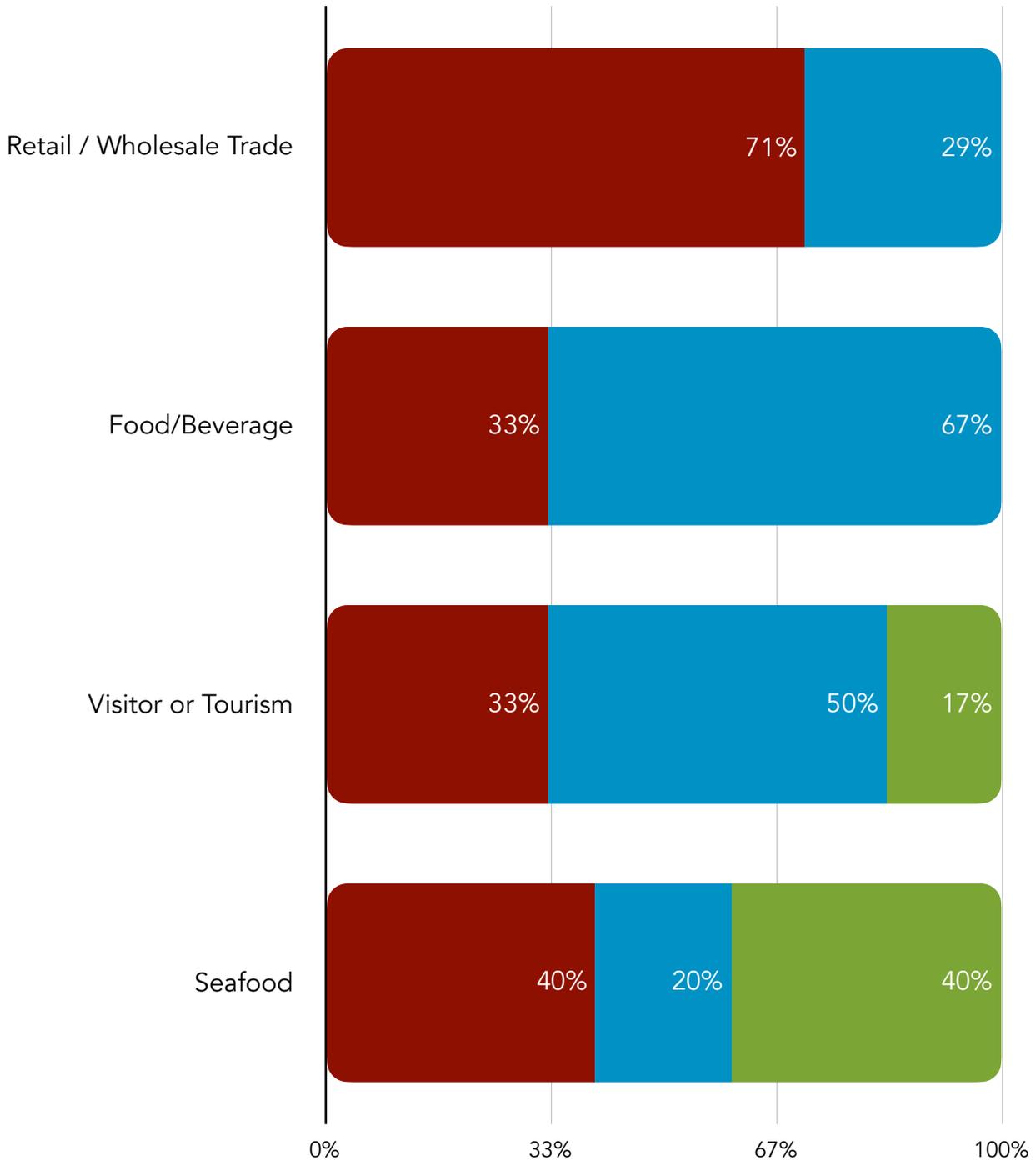
Employment reductions are expected to be most significant in the retail wholesale trade sector with 71% expecting to make additional jobs cuts in the next year.

Across all Southeast communities, business leaders in Wrangell, Ketchikan and Skagway expect the greatest job reductions for their businesses moving forward.

By Industry: Jobs in Next 12 Months

Over the next year, do you expect your organization to add jobs, maintain jobs, reduce jobs, or are you unsure?

- Reduce total jobs
- Unknown at this time
- Maintain the same amount of jobs
- Add jobs



Wrangell Businesses COVID-19 Impacts

Wrangell business leaders were asked how COVID-19 is impacting their businesses. Responding employers have already laid off 34% of their total workforce due to the COVID-19 virus, and cancelled hiring an additional 141 workers. Local business revenue was down 53% in 2020 so far, compared to the same period in 2019. More than one-third (36%) of businesses say that they are at risk of closing permanently, while 31% of respondents say that they are not at risk.

Total Businesses Responding = 40

Representing 160 current Wrangell workers

Responding businesses have typical peak employment of 505

With a year-round resident workforce of 47%

62% of responding businesses received PPP funding

Respondents have laid off 28% existing staff so far due to COVID-19

and did not bring on an additional 124 planned hires

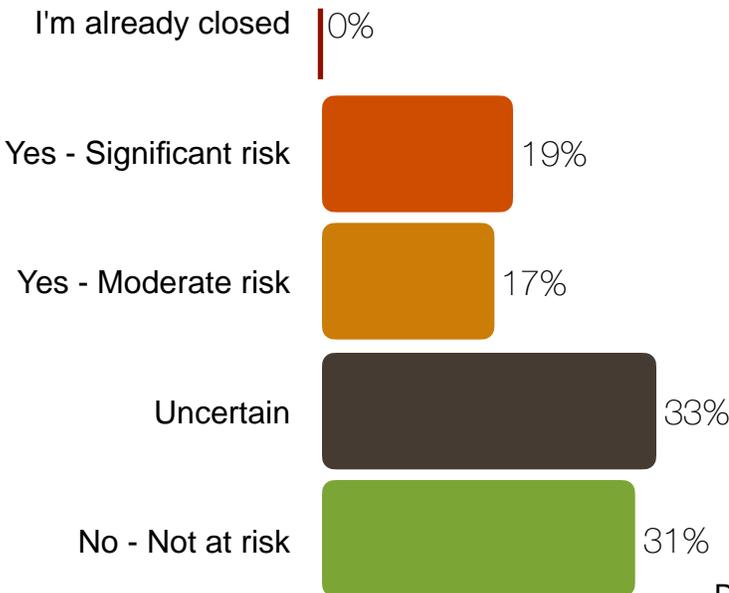
41% expect to make more employment cuts in the future due to COVID-19

Is your business at risk of closing permanently because of impact caused by COVID-19?

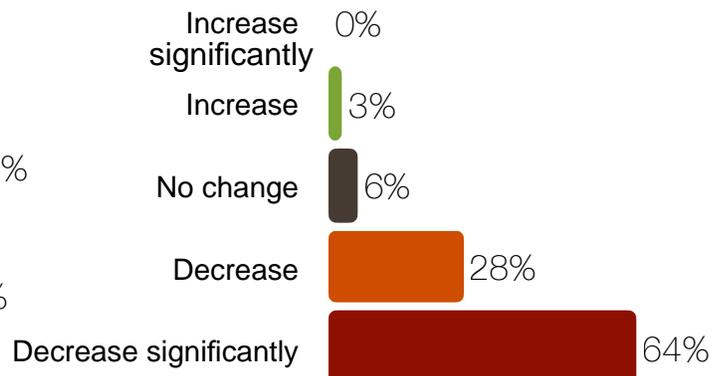
Avg. current workers per org. = 4 (12 at peak)

Avg. workers laid off so far per business = -2

Avg. planned hires cancelled = -4



How much do you project your revenues will change in the remainder of 2020 compared to the same period in 2019?



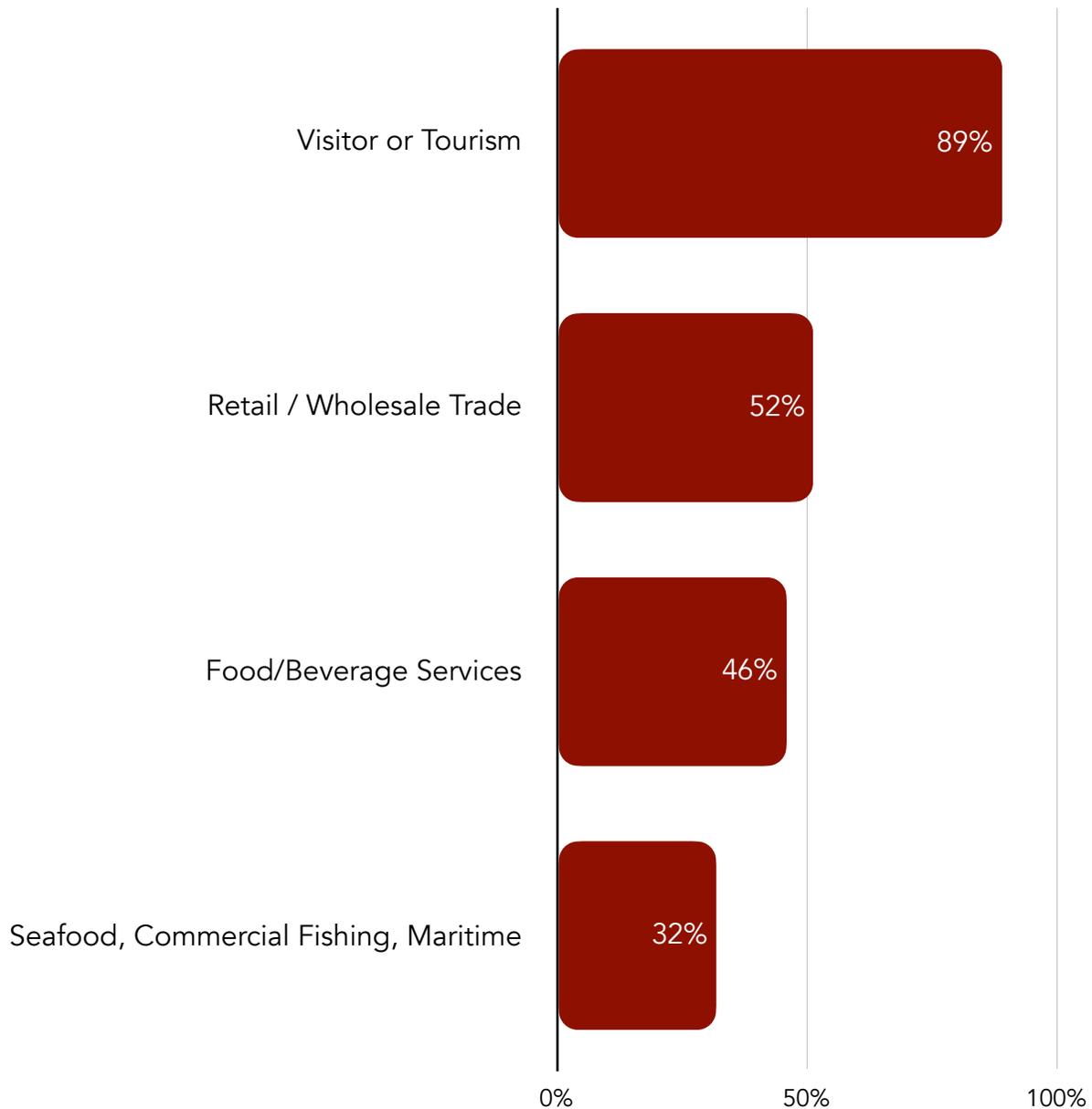
If you answered "yes" above, how many weeks of the current situation do you think you will be able to survive? Avg. = 23

Please estimate the percent revenue decline to your business due to COVID-19 in 2020 so far (compared to same period in 2019)? = -53%

Please estimate the percent revenue decline to your business due to COVID-19 in 2020 so far (compared to same period in 2019)? By Industry

On average, reporting Wrangell businesses have lost **53%** of their revenue due to COVID-19 in 2020 compared to the same period last year. However, there has been variation between industry in community impacts. Businesses in the tourism sector are down by 89%.

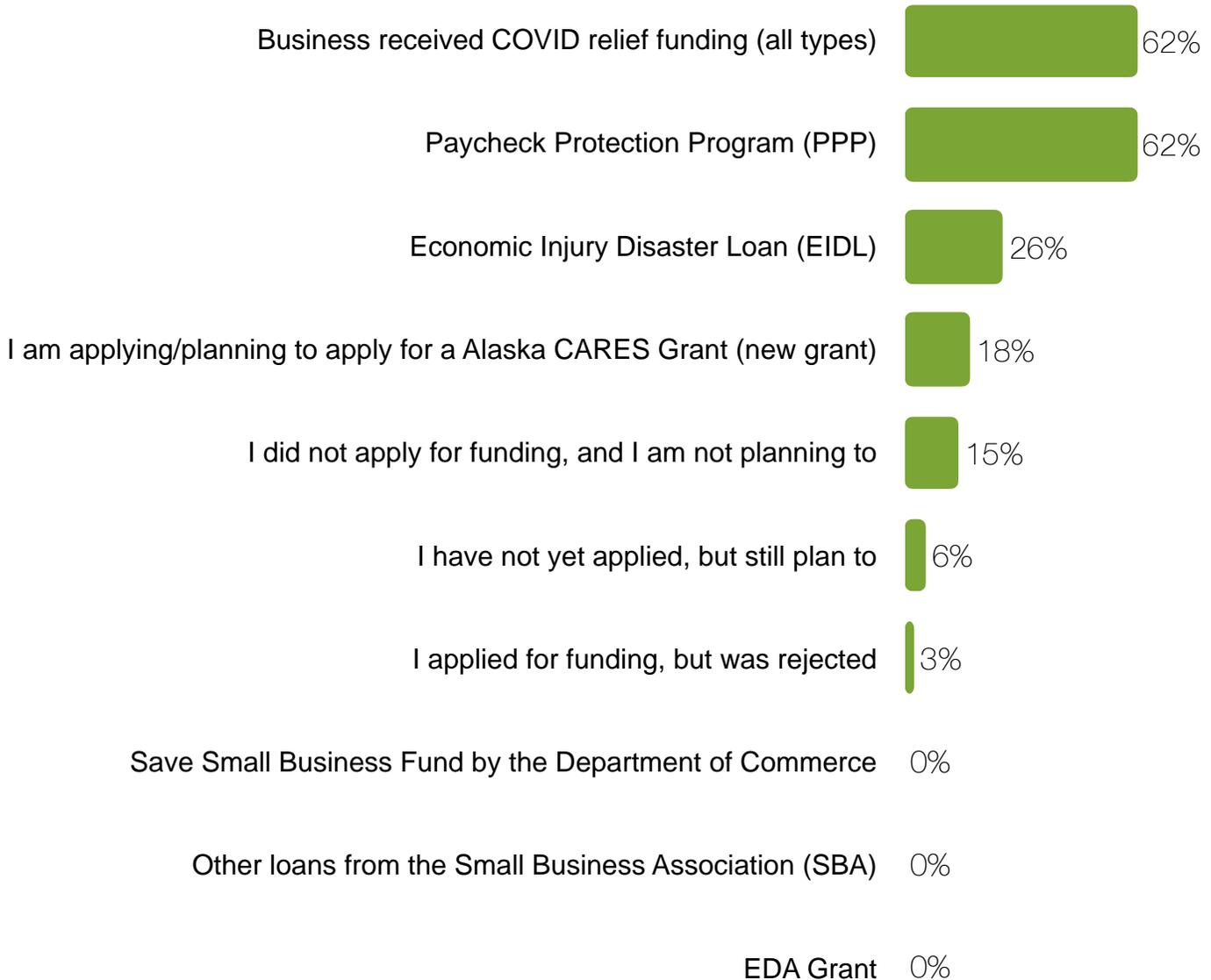
■ Average percent revenue decline to your business due to COVID-19 in 2020



Did you receive any COVID-19 funding to support your business? (check all that apply)

Nearly two-thirds (62%) of all reporting business leaders had received COVID relief funding for their organizations, including 62% who received the funds from the Payment Protection Program.

A total of \$1.3 million in funding was reported received. The average assistance amount was \$62,860.



Total Funding Reported to be Received by Wrangell Businesses = \$1.3 million

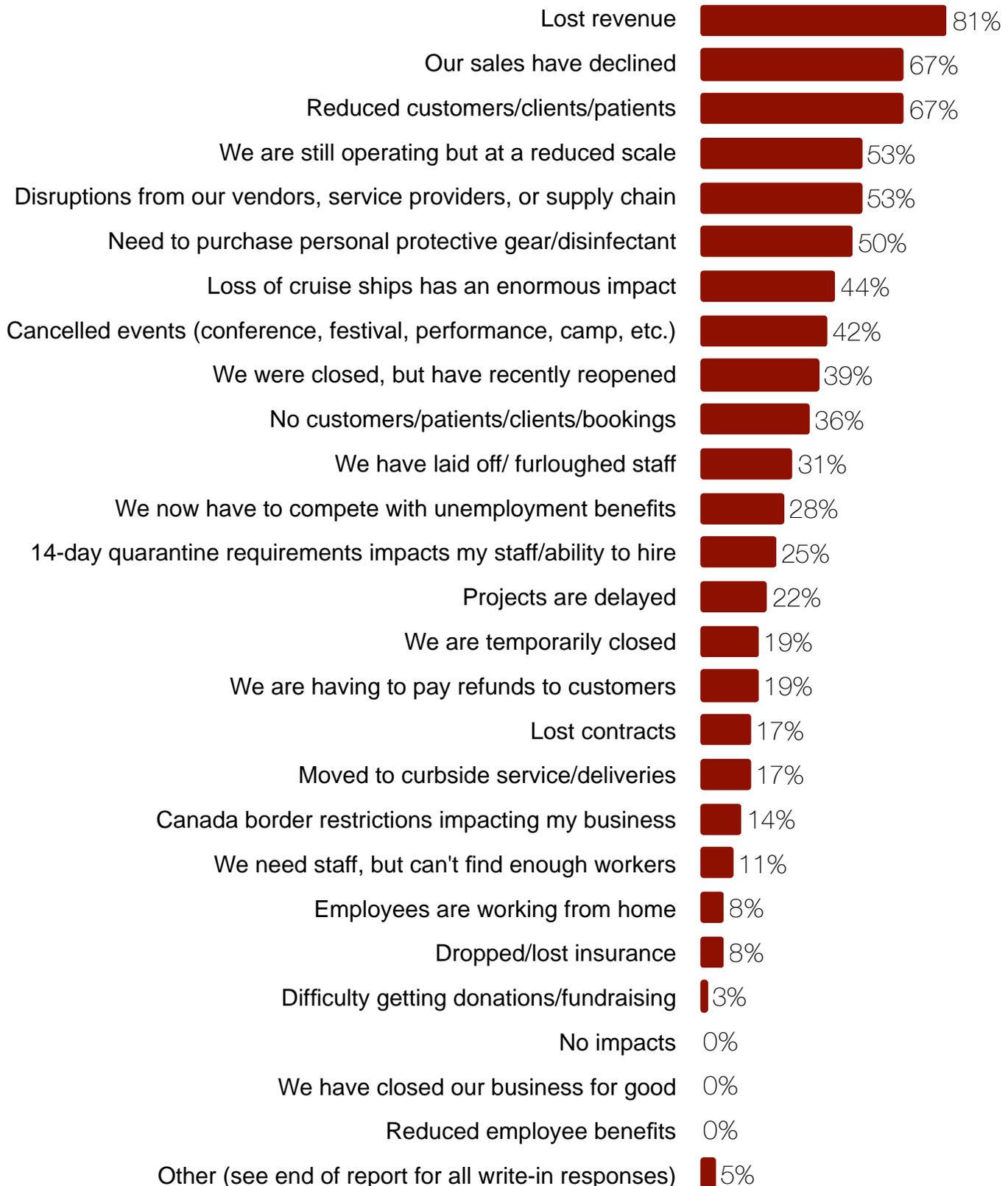
Average amount received by businesses receiving funds = \$62,860

Businesses receiving funding = 62%

How has your business been impacted by COVID-19?

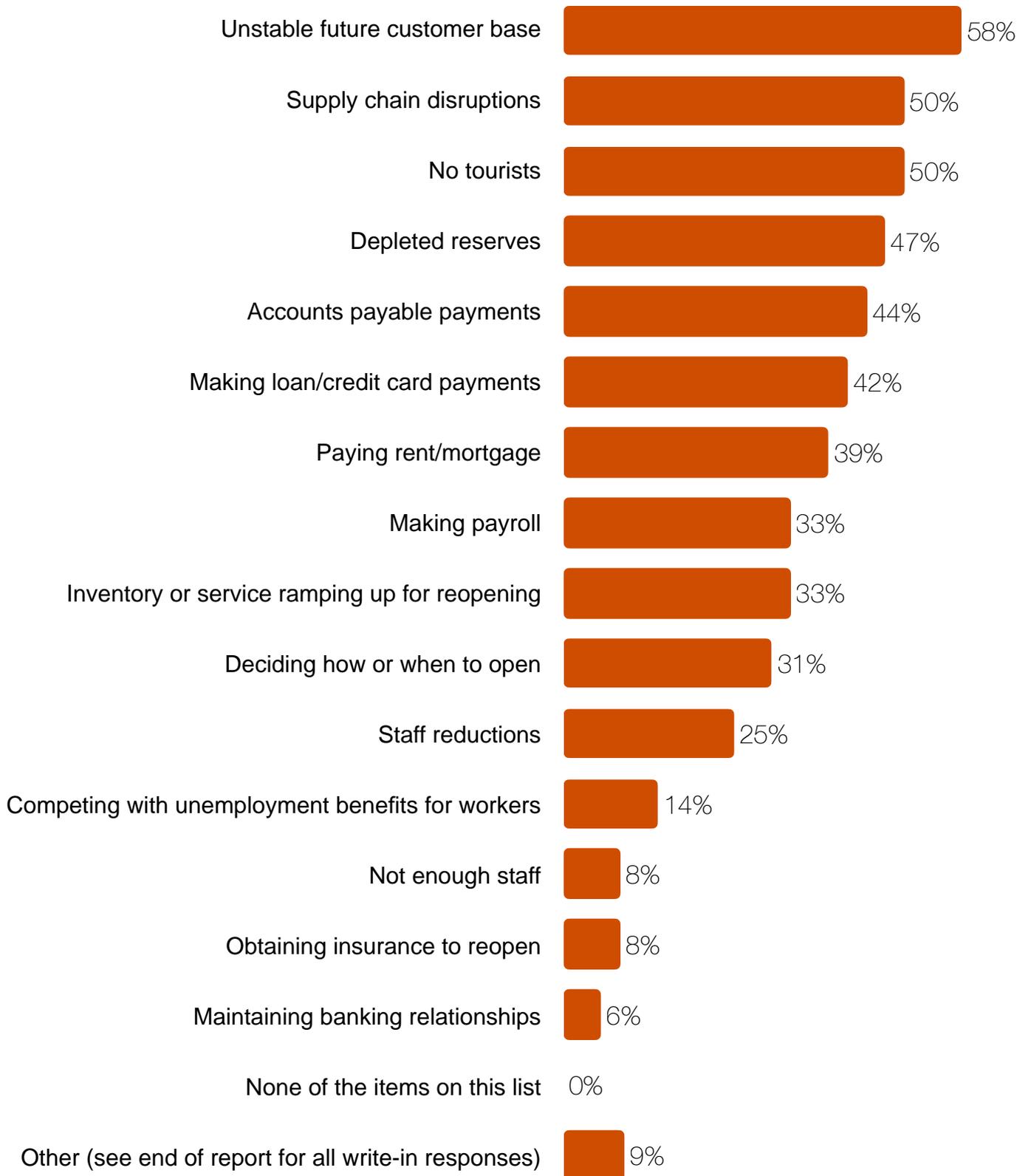
(check all that apply)

Business leaders were asked how their organizations have been impacted by the pandemic.



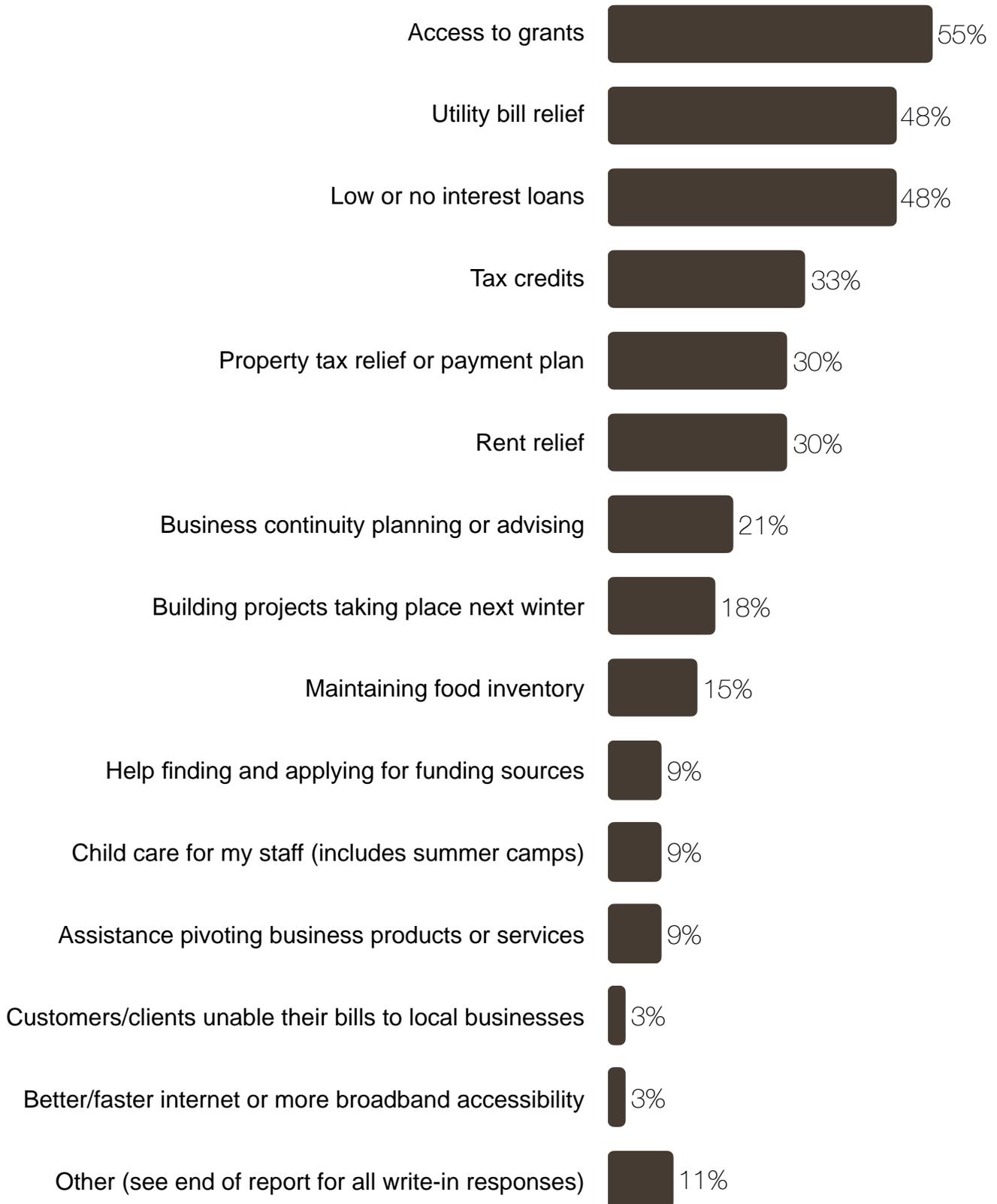
What are your top business challenges moving forward? (check all that apply)

Owners and managers were asked what their top business challenges are moving forward.



What help do you need most moving forward? (check all that apply)

Business leaders were asked what help they most want and need moving forward.



Participant Overview

A total of 40 businesses from Wrangell responded to the survey in 2020.

Which best describes the primary industry focus of your company?

Answer Options	Response
Retail / Wholesale Trade	10
Visitor or Tourism	9
Food/Beverage Services	7
Seafood, Commercial Fishing, Maritime	5
Professional & Business Services / Consultant	2
Construction / Architecture / Engineering	2
Real Estate	1
Child Care, Education, Social Services	1
Alaska Native entity	1
Other Non-profit	1
Other	1
TOTAL	40

Open Ended Responses

In this section, the responses to open-ended questions by business leaders are presented.

If you did not receive COVID-19 business funding support, why not? And do you plan to re-apply in the future?

- 17 years ago I obtained a few felony convictions. I am 17 years clean, sober & a contributing member to my community. But the SBA does not allow felons of my nature (drug related) to obtain loans. Thus, I never applied.
- Applied for EIDL funding. I have not received any payments to-date.
- I was approved for EIDL but did not continue the process. The initial application was straight forward as I have a comprehensive bookkeeping system. I am not interested in a loan that I may never be able to repay.
- Because our fishery is seasonal, we will not have an accurate accounting until fall.
- Had irregular payroll and didn't qualify LLC. Our other business showed a loss so no assistance, even though I still have bills to pay, rent, insurance and operational costs
- Haven't really looked into it.
- I was told I would not qualify because I have no employees. No unless the regulations change.
- No
- We did not qualify for the AK CARES Grant because we had received funds from SBA EIDL and PPP. If the eligibility changes in the future, we will re-apply.
- We have not heard if we will receive funding or not.
- We were unable to remain open in 2019 due to zoning problem brought on a neighbor
- Yes

If you did receive COVID-19 business funding support, what was that process like for you? (Application process, receipt of funds, limitations? etc.)

- Application process was confusing for PPP and had to be modified. The amount was not enough to help.
- Applied for the AK Cares Grant it was pretty simple.
- Confusing, constant changes.
- Confusing, so many changes, uncertainties regarding what would be best. Lack of access to qualified businesses advisors.
- Everything went well. I consulted Ian Grant at the SBCD, and he helped me every step of the way.
- Fairly simple.
- Fairly simple and First Bank was extremely helpful.
- Forgiveness was complex.
- It was fairly simple so far. Unsure how the forgiveness part will go as of now?
- No overly burdensome, but confusing, because the information regarding EIDL and PPP and AK CARES was changing every week.
- Overall it was good with very few hiccups.
- Pretty straight forward. First Bank provided wonderful assistance.
- process was easy, but it took a long time to come through. Had to sell personal assets hoping that things would improve, and funding would come through.
- Process was simple thanks to our bankers.
- Super easy process our bank help with!
- The PPP was fairly easy as I have a comprehensive bookkeeping system but for a business that only did its books once a year at tax time it might be more of a challenge.
- We received PPP support through our local bank. The experience was well done.

Please elaborate on how COVID-19 has impacted your organization.

- All my tourist clients are cancelling.
- Allowed us to gradually open and add a few employees.
- Devastating and confusing.
- Everyone is spending less wondering about their futures. This trickle-down effect touches every business.
- I am struggling with the weight of being a complete failure. I lost everything. The mental strength it will take to pull my business off of the ground is just about as tough as it will be to find the financial resources to do the same.
- I have been home since March. Normally I put money aside to order merchandise, jewelry but I've spent it on living. I am looking for grants to help so I can open when I feel it's safe to do so for me
- It has drastically reduced our revenues.
- It has significantly impacted our sales and the loss of revenue will not be able to recover this year.
- It is costing us more money to do business and we are being paid less for our product. Dishing time has also been decreased.
- My business is nearly all based on commission from travel product (cruise, tour etc.) sales. 97% of suppliers only pay commission AFTER the travel. Since 99% of my bookings since March have cancelled, I have realized zero income for all my work for cancelled and postponed 2020 cruises and tours while still having to service the client until the trip is either fully refunded or taken in 2021 or 2022. that is a huge obligation for no income.
- No cruise ship.
- No tourism or fundraising events led to a \$25,000 budget deficit. Board Members are working full time for free instead of hiring staff.
- No tourists means no Inn guests. We have changed to a long-term rental strategy.
- Prices for seafood have decreased significantly, while costs have gone up to comply with health mandates.
- The impact has delayed projects, with the exception of the project we had already initiated. Our future and development in Wrangell currently, while not completely deterred, has to be evaluated based upon how the rest of this year presents and based on indicators for our next FY.
- Vendors not selling, buyers not spending, no tourism!
- We are not only expecting no revenue but have had to refund all of the revenue we received as deposits. Additionally, we have had to pay rent, insurance, permit fees, inspection fees.... despite not having any revenue and the terrible outlook.
- We are so isolated on these island communities, we virtually no visitors arriving and not many options to reinvent ourselves without customers. We are busy working canceling trips, applying for loans busy unable to apply for unemployment but no revenue and unable to pay ourselves

- We have gone from \$700,000 annual sales to none.
- We have had difficulty with the availability of supplies, food prices has at times tripled and some have to been available. Finding staff has been nearly impossible. Sales are down for the year. We have lost all of our rental income for our short stay rentals. Cost to collect money have increased a full 2 percent because people are afraid of using cash. Customers are nervous and now delivery is a service that we felt we had to offer to stay open. Even though we are shorthanded. The overall unknown as to whether or not we will be shut down due to an outbreak has been a very heavy burden. The cancellation of our towns largest tourist event will cause us a significant amount of our yearly revenue.
- We have seen a severe decline in our customer base and supply chain.
- We were set up for take out anyway, it was just the lack of customers in the beginning.
- We were unable to work on gear or have deckhands come from other communities. Completely unsure of our buyers and had buyers tell us they were unable to buy our product.

How has your business been impacted by COVID-19? Responses to “other please specify”

- Crew members getting to us.
- Reduced market value of product due to COVID restrictions.
- Reduced sales prices/revenues due to market disruptions; increased costs to operate safely and comply with health mandates.

What help do you need most moving forward? Responses to “other please specify”

- Access to loans that accommodate a credit score of 558. Nobody will lend, all credit cards have taken down balances and left my overall debt ratio high which is pushing the score down even more. I was not able to apply for the stimulus loans since I was self-employed and didn't have anyone on “payroll” it's just me, a one-man band.
- Business opened up so that our product can sell.
- New revenue sources.
- Rebuilding market during and after COVID.

What are your top business challenges moving forward? Responses to “other please specify”

- Booked my 100-ish clients on cruises/tours for 2020 and have had to cancel, refund, rebook all of them while there is little to no income. Plus, on several of the 2021 replacement bookings the income is far smaller than was to have been in 2020. So, three times the work (initial work, put all on hold work, now start to re-do it again) ALL for no realized income this year, and reduced income associated with these bookings for next with 3 times the work into it.
- No funds left in the savings to purchase new inventory for the summer season, still stuck with spring inventory I couldn't sale and winter inventory that I couldn't close out. My business depends on fresh inventory to keep customer base. I'm totally screwed and unable to get any help.
- Price of fish, demand of fish product.
- Reduced gross revenues and increased costs to operate.

Did you receive any COVID-19 funding to support your business? Responses to “other please specify”

- Applied for EIDL and received confirmation but received no money.
- Applied for EIDL. No funding to date.
- As a felon, I am not qualified for SBA loans. I’m scared that I’ll take a loan and COVID will strike again, just putting me further in debts I’ll never be able to pay off.
- Hoping to receive COVID relief from state for fisheries relief
- I was provisionally approved for EIDL however with no income there is no money to pay it back, so I did not go forward with it.
- Plan to apply for assistance from local CARES funds

Do you foresee any long-term positive business changes that could come out of this period of disruption?

- Absolutely NOT.
- As far as long term positives go, I hope we will be looked at in our community in a positive way based on how we handled this pandemic. I will be restructuring my business loans in order to have a more resilient and less costly monthly financial burden.
- Maybe try to diversify to include another product such as clams, oysters or kelp. Look for our own niche markets possibly or not fish as much to conserve resources.
- More use of technology.
- no
- No
- no
- No
- No
- no
- None
- None
- None
- None.
- Nope
- Nope!!! Well maybe the possibility of working from home for a lot of people.
- Not really at this time.
- Not too much positive coming out of this for me. Except I did have a couple of days of down time which I used to research new technology (to me) to make my business more efficient. But I already work from home and make use of technology to help organize. For me, this impact of the devastation of my business, which relies on clients coming to cruise Alaska, is currently and for the next year means a three times the work for the same or less pay and that pay is not to be realized this year...and not until the trip actually happens in 2021 or 2022. So basically, I worked for 2020 for free and 2021 commission payments are at least a year away. Will be very hard to stay open, but I have an obligation to my clients. I am already dipping into what is supposed to be my retirement, which was supposed to be in 2022. Who knows when retirement will be now? I must say however that I have amazing clients and they do make it easier to work hard for them so they get the best value out of this circumstance and eventually in 2021 and 2022, get the fantastic vacation they will most certainly deserve by then!!
- Potential for cheap money for projects with interest rates low if we see a bounce back in 2021.
- Yes
- Yes, I think we will get better at technology. And reconnect with what is really important. But as a boat tour operator I need actual visitors and they have to be willing and able to come

here to contribute to operate. One thing that might be helpful is I think for my industry it will shake the tree a bit and possibly eliminate all but the most dedicated of operations

- Yes, for the businesses who can survive and pivot, the seafood industry will likely continue to thrive in retail, and with more people staying home, more people may be willing to try cooking seafood at home, which may expand our customer base in the long term. As well, direct sales to consumer businesses are thriving and that will likely continue, as well as the sentiment to "buy local" or "buy US produced seafood".
- Yes, I will attempt to adapt to this huge disruption somehow, possibly getting another business on top of the 2 I already have. (neither received funding)