

Wrangell Alaska Economic Conditions Report



For the City and
Borough of Wrangell
May 2020



A Publication by
Rain Coast Data



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A History of the Wrangell Economy

The City and Borough of Wrangell—located on Wrangell Island near the Stikine River—represents approximately 3 percent of total population, jobs, and earnings for Southeast Alaska. The community of Wrangell has restructured its economy and identity many times over the years. Centered around the fur trade in the early 1800's, Wrangell went on to become a military fort, a mining center, and a base for canneries and fishing. In the early 1900's plentiful spruce and hemlock in the area gave rise to a timber economy, and by the early 1990's timber industry jobs accounted for twenty percent of Wrangell's workforce, and nearly a third of all direct local wages.

When the Alaska Pulp Company sawmill closed in 1994, the local economy was devastated. During the same period, salmon prices tumbled reducing the value of the area's commercial fisheries, and community's largest seafood processor filed bankruptcy. Although the community would go on to briefly attract major interest from the large-scale cruise industry, after three years the ships moved on. Between 1994 and 2006, the population of the community fell by 18% (losing more than 500 residents).

Reeling from these losses, the community leaders reviewed their remaining assets, and refocused on developing and supporting their maritime resources. Immediately the community set about enhancing its locally based seafood and marine services sector: converting the old mill site downtown into a marine services center and boat yard; building a third boat harbor; upgrading the local seafood processing infrastructure; and investing in its boatbuilding and repair facilities. The community also turned its attention to the visitor and cultural maritime economy, upgrading its cruise ship dock, constructing a convention and visitors center, restoring the Chief Shakes Tribal House, and completing a major downtown revitalization facelift.

In 2018, Wrangell Alaska had 1,151 year-round equivalent jobs and nearly \$50 million in workforce earnings. The top economic drivers of the community are seafood, tourism, health care, and industrial maritime. With some of the lowest electrical rates in Alaska, the highest school district test scores, a reemerging visitors industry, the lowest unemployment rate in decades, and a high level of entrepreneurship (more than a quarter of all workers are self-employed), Wrangell was moving in a positive economic direction.

In 2020, the COVID-19 virus devastated the global economy, and Wrangell has been feeling the impacts acutely. An estimated 26,000 visitors had been projected to spend \$6.2 million in Wrangell's economy in 2020. Now it unclear if any tourists will visit this summer. Seafood processing, which was already significantly curtailed in the expectation of a poorer than average salmon season, could see additional reductions. Access to state and federal dollars will provide Wrangell with some short-term gains, but the ability to pay for longer-term infrastructure improvement projects could be in jeopardy. This document, Wrangell Alaska Economic Conditions Report, provides a baseline summary of the economy of Wrangell prior to the 2020 pandemic event, to provide an economic planning tool for stabilizing and re-growing the economy moving forward.

CHANGES IN WRANGELL: 2010 to 2019

This table tracks key economic indicators in Wrangell 2010, 2015, and 2019, along with associated changes. In many cases 2018 is the latest available data, and is used in place of 2019 numbers.

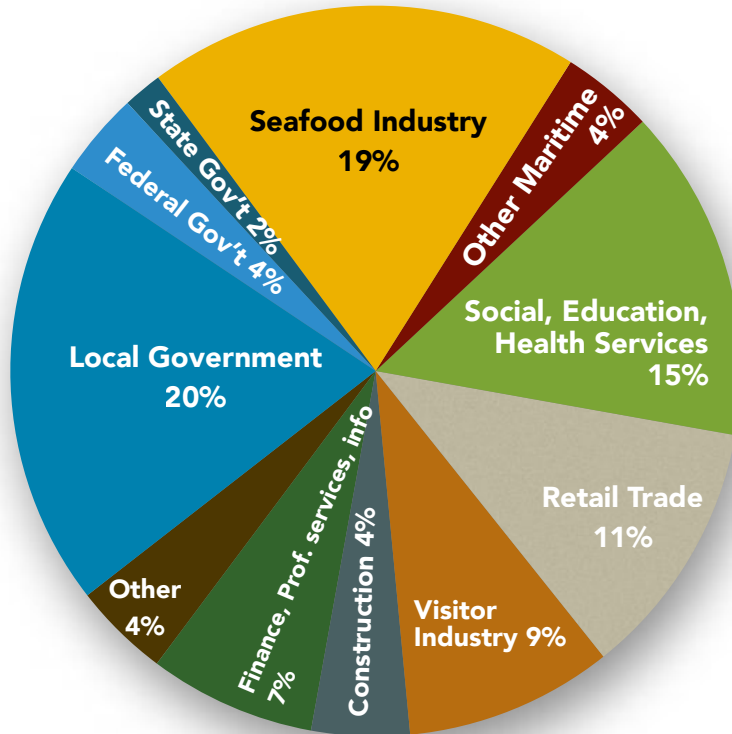
Demographics	2010	2015	2019	% Change 2015-2019
Wrangell Population	2,369	2,444	2,400	-2%
65+-year olds	374	469	528	13%
Median Age Wrangell (AK is 35.5)	46.4	47.8	47.5	-1%
K-12 Students	312	274	308	12%
18 and under	542	518	540	4%
General Economic Conditions	2010	2015	2018	Change
Total Annualized Jobs	1,168	1,215	1,151	-5%
Total Job Earnings	\$45,285,755	\$46,507,622	\$49,575,379	7%
Annual Average Wage	\$38,772	\$38,278	\$43,072	13%
Annual Unemployment Rate	8.8%	7.8%	2019 is 7.7%	-1%
Maritime Economy	Top Sector: 28% of employment earnings			
Seafood Jobs	271	281	220	-22%
Seafood Earnings	\$14,961,150	\$13,371,074	\$11,868,545	-11%
Other Maritime (Boatbuilding, etc.)	24	47	47	0%
Other Maritime Earnings	\$1,335,825	\$1,620,018	\$2,102,650	30%
Port of Wrangell: Total Seafood Pounds	2,116,100	3,751,754	3,292,910	-12%
Port of Wrangell: Total Seafood Value	\$2,857,169	\$4,809,060	\$4,883,033	2%
Government	Public Sector: 31% of all employment earnings			
Total Government Employment	318	309	292	-6%
Federal Employment	58	51	43	-16%
State Employment	23	23	20	-13%
City and Tribal Employment	236	235	229	-3%
Total Government Payroll	\$14,148,023	\$14,291,774	\$15,403,583	8%
Health Care Sector	Key Industry: 14% of all employment earnings (data confidential)			
Visitor Industry	Key Industry: 9% of all jobs			
Visitor Industry Employment	na	95	106	12%
Total Visitor Industry Wages/Earnings	na	\$2,093,291	\$2,889,447	38%
Wrangell Passenger Arrivals	2010	2015	2019	Change
Total Arrivals	22,741	29,979	40,702	36%
Air Passengers	10,587	12,512	14,637	17%
Cruise Ship Passengers	3,869	10,011	21,540	115%
Alaska Marine Highway System	7,325	6,130	2,907	-53%
Yacht Passengers	960	1,326	(2018) 1,618	22%
Other Selected Statistics	2010	2015	2019/2018	Change
Sales Tax Receipts	\$2,196,229	\$2,682,623	\$2,650,000	-1%
Housing Starts	3	13	7	-46%
Total MWh Sold in Wrangell	27,221	34,166	37,729	10%
Total Assessed Property Value	\$121,950,067	\$143,146,844	\$149,469,100	4%
Total City and Borough Revenue	\$6,760,814	\$7,068,905	\$6,486,045	-8%

Sources: Alaska Department of Labor (ADOL); ADOL Southeast Alaska Population by Age; Alaska Department of Education and Early Development; Based on the quarterly Alaska Housing Unit Survey, a survey of local governments and housing agencies; 2017 US Census Nonemployer (self-employment) Statistics; ADF&G Southeast Alaska Commercial Seafood Industry Harvest and Ex-Vessel Value Information; Cruise Line Agencies of Alaska; US Bureau of Transportation Statistics (RITA); Alaska Marine Highway System data. Note: Because no self-employment data for Wrangell was available pre-2013, 2013 numbers were used in place of 2010 numbers. Self-employment represents approximately one-fourth of Wrangell's annualized employment.

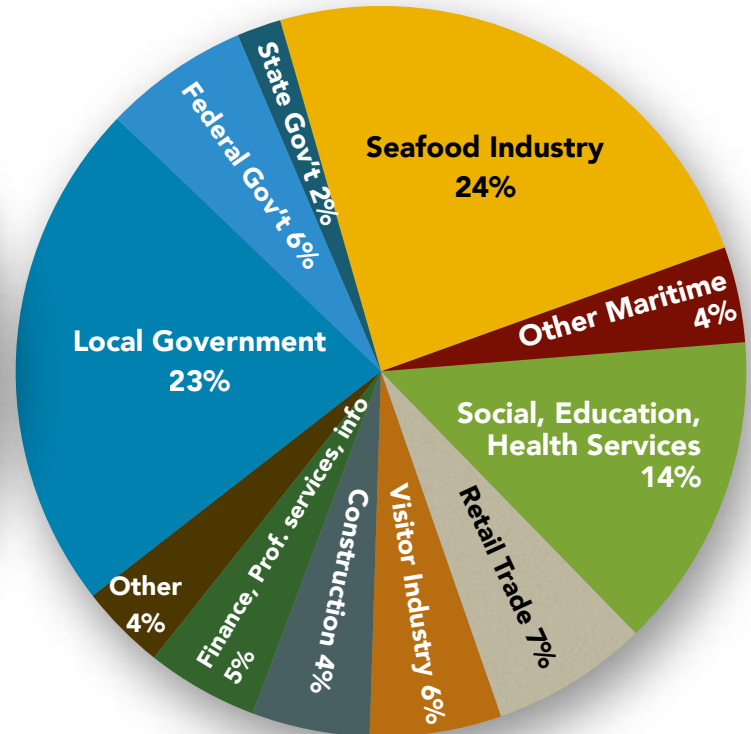
The Whole Wrangell Alaska Economy 2018

In 2018, Wrangell Alaska had 1,151 year-round equivalent jobs and nearly \$50 million in workforce earnings. Half of all jobs and three-fifths of all wages are in government or maritime, including seafood.

Annualized Jobs 1,151 Jobs



Employment Earnings \$49.6 Million Workforce Earnings



2018 Wrangell Alaska Employment Earnings

	EMPLOYMENT RELATED EARNINGS			EMPLOYMENT NUMBERS		
	Wages (2018)	Self-Employment Earnings (2017)	Total Earnings	Annual Average Employment (2018)	Self-Employed (2017)	Total Employment
Local Government	\$11,244,452	-	\$11,244,452	229	-	229
Federal Government	\$3,185,263	-	\$3,185,263	43	-	43
State Government	\$973,868	-	\$973,868	20	-	20
Seafood Industry	\$2,919,545	\$8,949,000	\$11,868,545	75	145	220
Other Maritime	\$1,323,650	\$779,000	\$2,102,650	36	11	47
Social, Health and Education Services	\$6,627,539	\$305,000	\$6,932,539	156	14	170
Retail Trade	\$3,274,045	\$173,000	\$3,447,045	120	12	132
Visitor Industry	\$2,137,447	\$752,000	\$2,889,447	81	25	106
Construction Industry	\$1,216,642	\$1,369,000	\$2,585,642	32	18	50
Financial Activities	\$662,551	\$441,000	\$1,103,551	19	18	37
Professional and Business Services	\$230,002	\$424,000	\$654,002	9	25	34
Information	\$692,980	\$5,000	\$697,980	12	2	14
Other Services	\$986,395	\$904,000	\$1,890,395	20	29	49
Total	\$35,474,379	\$14,101,000	\$49,575,379	852	299	1,151

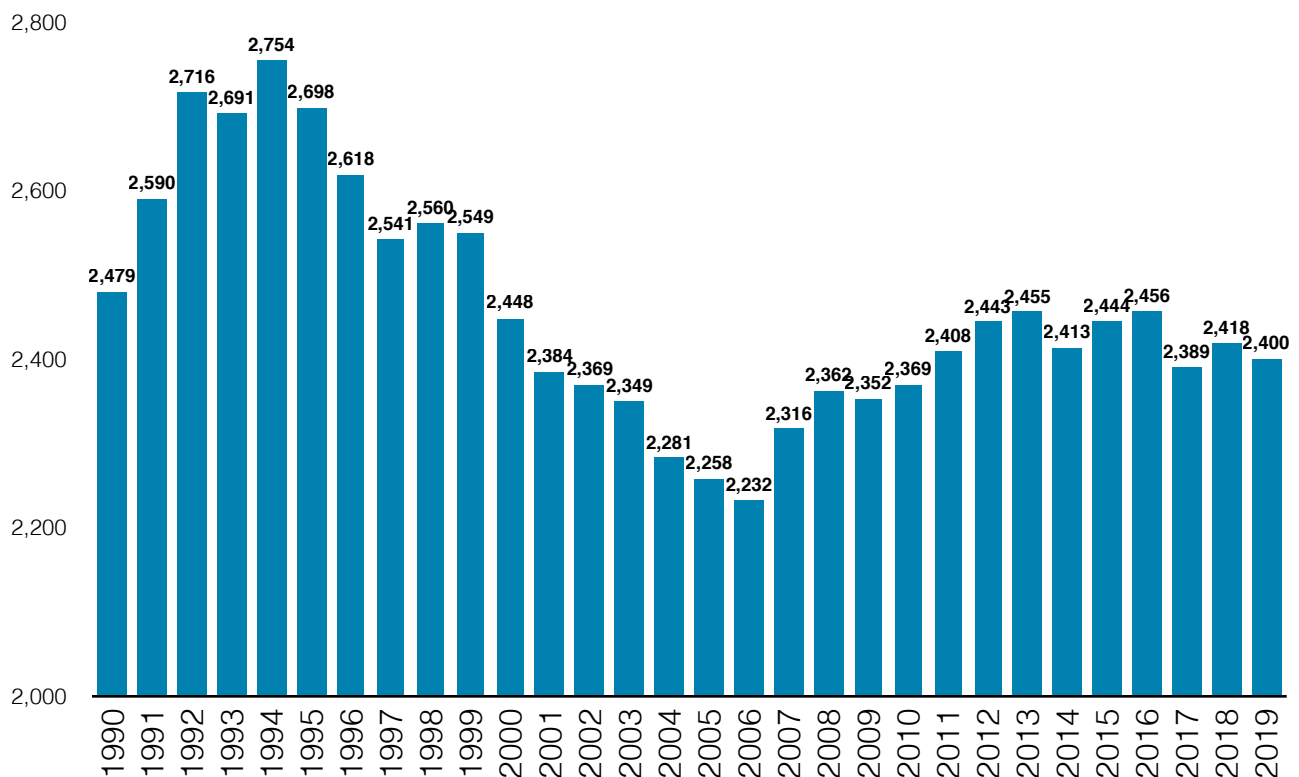
Sources: Alaska Department of Labor 2018 Employment & Wage data; 2017 (latest available) US Census Nonemployer (self-employment) Statistics. Note: public health care jobs are included in local government. Health care is 14% of all workforce earnings in the community, and 10% of all jobs.

Demographics

Population¹

Wrangell's population peaked in 1994. After decreasing for twelve years due to the loss of the timber industry, Wrangell's population hit bottom in 2006 with 2,232 residents. Between 2006 and 2013, the population increased each year but one, for an overall gain of ten percent—rising to 2,456 in 2013. This rise made Wrangell one of the fastest growing communities in the region during this period. Since then, the population has decreased by 2% to 2,400 people in 2019.

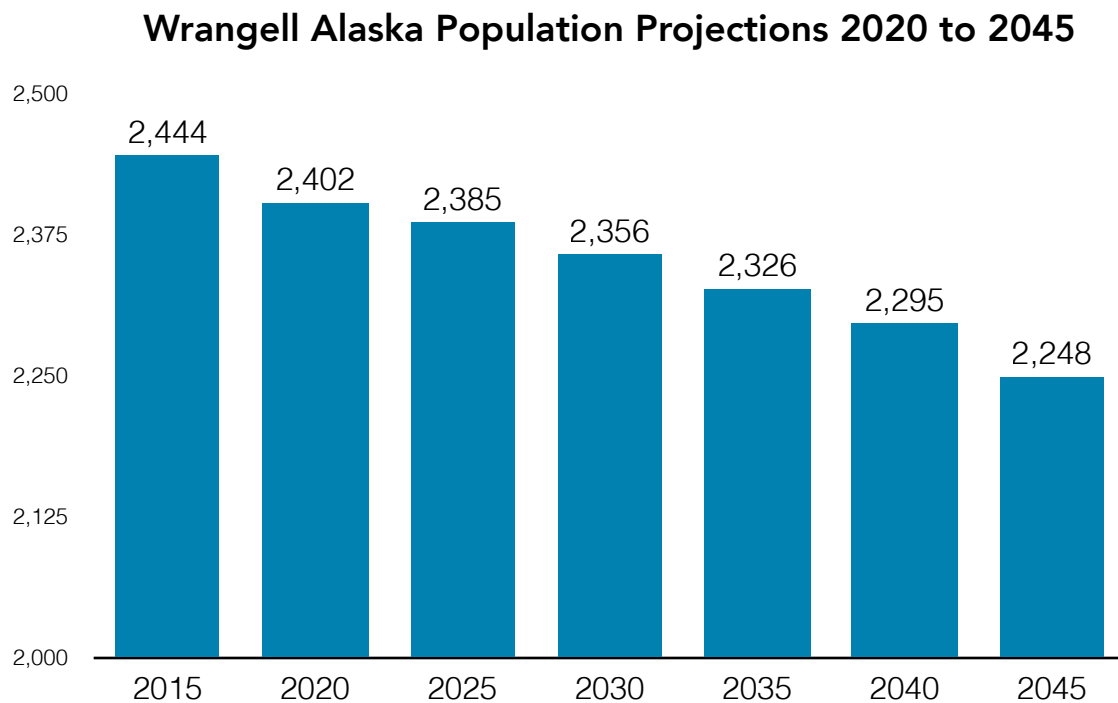
Wrangell Alaska Population 1990-2019



¹ State of Alaska, Department of Labor and Workforce Development, Research and Analysis. 1990-2020.

Population Projections²

Wrangell population is expected to grow incrementally in 2020 with two additional residents projected. However, sustained decline is projected following 2020. The Alaska Department of Labor and Workforce Development released population projections for Alaska in March of 2020. According to these pre-COVID-19 estimates, between 2020 and 2045, the community is expected to lose 6% of its population, with a loss of 8% in the three decades between 2015 and 2045. These numbers must be understood as projections should indicators continue along their current paths. Much can and will change between now and 2045.



² Alaska Department of Labor and Workforce Development. The population projections are based on the current population and historical birth, death, and migration trends, and were developed before an analysis of COVID-19's impact on population levels could be developed. <https://live.laborstats.alaska.gov/pop/projections.cfm>

Age³

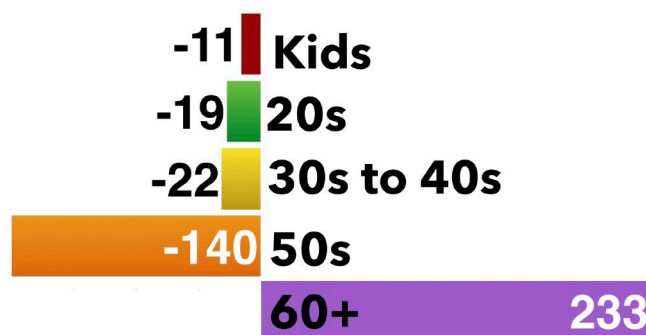
Despite a similar overall population levels over the past decade, some specific sub-demographic groups have changed much more quickly than total population. Between 2010 and 2019, those under the age of ten increased by 15% (+41), while those aged ten to nineteen fell by 17% (-52), and those in their 20s fell by 8%, for a loss of 19 people in this age category. Those in their 30s grew by 29%, which was balanced by a loss of 26% of those in their 40s.

On the other end of the age spectrum, those aged 60 and older grew by 39%, for an increase of 233 older residents, who are aging in place in Wrangell. This 60+ age group was 24% of the total Wrangell population in 2010 and grew to 33% of the population in 2019. The median age in 2019 was 47.5, far above the state median age of 35.5 years old.

Wrangell Population by Age Group, 2010 to 2019

Age Group	2010	2019	Change 2010-2019
Under 10	265	306	15%
10 to 19	307	255	-17%
Twenties	231	212	-8%
Thirties	202	261	29%
Forties	313	232	-26%
Fifties	478	338	-29%
Sixties	322	470	46%
70s+	251	326	30%
Median Age	46.4	47.5	2%
Total Population	2,369	2,400	1%

9 Years of Wrangell Population Change +31 people +1%

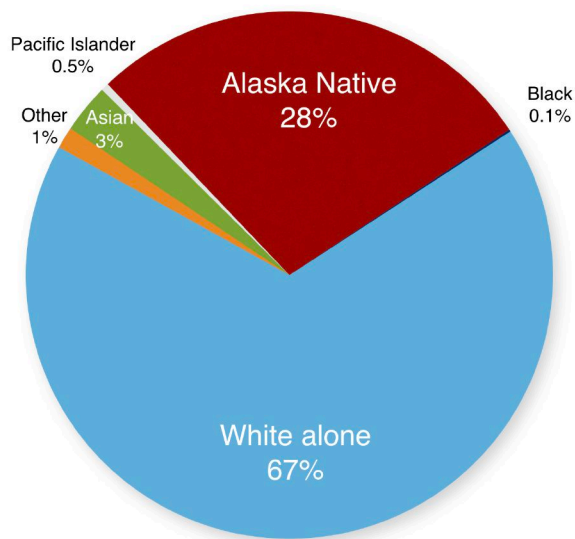


³ State of Alaska, Department of Labor and Workforce Development, Research and Analysis. Age and Sex, Cities of 1,000 or More People, 2010 to 2019.

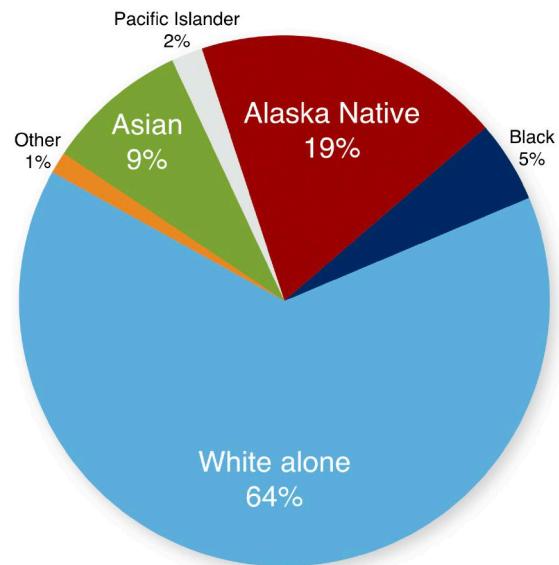
Race⁴

Wrangell has a very significant Alaska Native population. More than a quarter of all residents are Alaska Native, a proportion that has been growing. The community has a larger Alaska Native population than the state as a whole, as well as a larger white population, with little other ethnic diversity. Across the community, 67%, of all residents are Caucasian, 28% are Alaska Native, 3% are Asian, and just 0.1% are black.

WRANGELL ETHNICITY



ALASKA ETHNICITY



Poverty⁵

Eight percent of the total Wrangell population lives below the poverty level (192 individuals). While in many communities children, the elderly, or minority groups are more likely to have higher poverty levels than the community as a whole, in Wrangell the only group to experience poverty more acutely are young adults. Those aged 18 to 34 were more than twice as likely to experience poverty as the rest of the population, with 19% living below poverty levels in 2018.

⁴ 2018: American Community Survey 5-Year Estimates

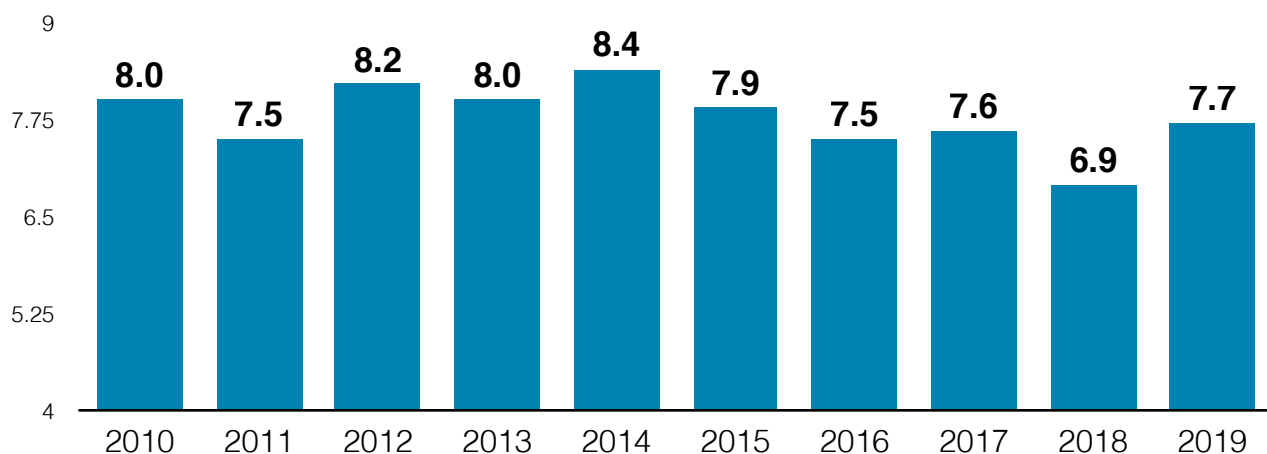
⁵ 2018: American Community Survey 5-Year Estimates

Unemployment⁶

Unemployment over the past 10 years in Wrangell has ranged from an annual high of 8.4% in 2014, to a low of 6.9% in 2018. Because much of the employment in the community is seasonal, there is significant variation between unemployment rates during a given year. January and February typically are the months with the highest unemployment levels. January 2010 was the highest standalone month in the past 10 years, with an unemployment rate of 13.2%. July and August have the lowest levels. August 2018 had just a 5% unemployment rate, the lowest of the past decade.

Unemployment in Wrangell, 2010 to 2020

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Annual
2020	8.0	7.9	7.2										
2019	9.8	10.2	9.2	7.6	6.7	7.4	6.2	6.1	6.0	7.1	8.0	8.4	7.7
2018	9.4	9.3	8.4	6.2	5.9	6.6	5.2	5.0	5.2	6.3	7.4	8.0	6.9
2017	9.9	9.7	9.0	7.4	6.8	7.0	5.7	6.1	6.6	6.8	8.2	8.5	7.6
2016	10.5	10.3	9.2	6.9	6.3	7.0	5.7	5.7	6.5	6.8	8.1	8.1	7.5
2015	10.6	10.5	9.0	7.5	7.2	7.5	6.1	5.5	6.3	7.1	8.7	9.5	7.9
2014	12.0	12.5	9.7	8.0	7.0	7.5	6.0	5.9	6.8	7.8	9.1	9.8	8.4
2013	11.3	11.3	9.8	6.9	6.3	6.7	6.0	5.5	5.9	8.1	9.4	10.4	8.0
2012	11.6	11.4	10.9	8.4	7.4	7.4	6.1	5.8	6.5	7.4	7.5	9.0	8.2
2011	10.0	9.4	8.5	7.3	6.6	7.2	5.4	5.1	5.8	7.6	8.3	10.4	7.5
2010	13.2	12.7	10.5	7.5	7.4	7.1	5.4	5.3	5.8	6.8	7.1	8.0	8.0



⁶ Alaska Department of Labor. Annual Unemployment Rates for City and Borough of Wrangell and Alaska 2010 to 2019. <https://live.laborstats.alaska.gov/labforce/labdata.cfm?s=30&a=0>

Educational Attainment⁷

For those aged 25 and older in Wrangell, 12% have less than a high school degree, 38% have only a high school degree only, 21% have an associate's or bachelor's degree, and 7% have a graduate or professional degree. Those with only a high school degree earned a median of \$30,395 last year, while those with graduate or professional degrees earned a median of \$68,611.

Top Educational Attainment and Wages for Wrangell Residents Aged 25 and Older

Population 25 years and over	Percent	Median Earnings
Less than high school	11.7%	\$31,023
High school graduate only (includes equivalency)	37.6%	\$30,395
Some college, no degree	23.1%	\$36,842
Associate's degree	6.9%	na
Bachelor's degree	14.0%	\$44,342
Graduate or professional degree	6.7%	\$68,611

Residency⁸

Wrangell generally has a high level of residential workforce compared to other Southeast Alaska communities. Of the total workforce, 390 employees are from outside Wrangell or Alaska, and 749 are local Wrangell residents. (This is not a measurement of annualized jobs, but workers). Locals make up 66% of all workers in Wrangell, and earn 78% of all community workforce wages.

An exception to this is the seafood processing sector. Only 21.5% of Wrangell's seafood processing workers are local residents, who earn 39% of total seafood processing workforce wages. These figures do not include self-employment numbers.

Wrangell Non Residents versus Resident Workers, 2018

Sector	Total Wrangell Workers	Wages (millions)	Seafood Processing Workers	Seafood Processing Wages
Locals	749	\$25.7	37	\$0.95 mill
Nonlocal Alaskans	90	\$2.4	Combined below	Combined below
Non Alaska Residents	300	\$4.9	Combined below	Combined below
Total non Wrangell	390	\$7.3	137	\$1.43 mill
Percent local workers	65.8%	77.9%	21.3%	39.9%

⁷ 2018: American Community Survey 5-Year Estimates

⁸ Nonresidents Working in Alaska: 2018. Alaska Department of Labor and Workforce Development. February 2018.

Government

Government in Wrangell makes up 31% of all workforce earnings, and 25% of all jobs. In 2018, government accounted for 292 average annual jobs, and \$15.4 million in earnings. Local government (including tribal government)—with 229 employees last year and \$11.2 million in wages last year—make up the bulk of all government jobs in the community. However, 40% of this total is estimated to be hospital related, and will not be part of the budget moving forward. City and Borough of Wrangell (CBW) employment in 2018 included employees of the Wrangell School District, Wrangell Municipal Light and Power, Wrangell Medical Center, the Public Library, the Nolan Center, and garbage services.

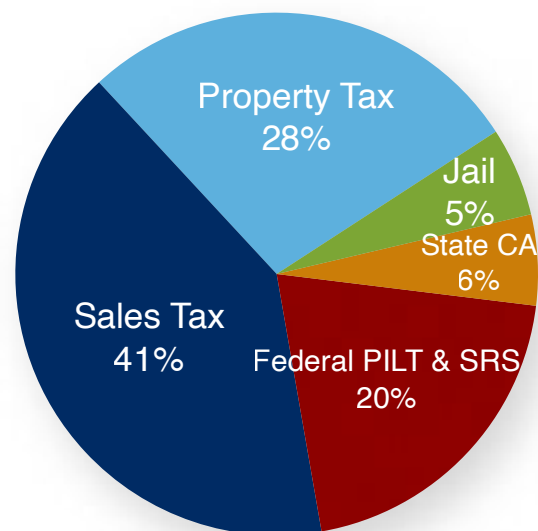
Government employment is down substantially over the past five years. Total government jobs fell by 10% between 2013 and 2018. Federal employment dropped by 14% (7 jobs), state jobs were reduced by 20% (5 jobs) and local government employment fell by 8% (21 jobs). Total workforce earnings remained relatively stable in nominal dollars, but adjusted for inflation represents a loss of 6%. While some of these losses were due to the hospital moving approximately 55 jobs from CBW jobs to SEARHC, this move did not occur until November 2018, and would not impact jobs numbers for the full year significantly.

Government employment and earnings in Wrangell, 2010 to 2018

Government Sector	2010	2013	2015	2018	Change 2013-2018
Total Government Employment	318	325	309	292	-10%
Federal Employment	58	50	51	43	-14%
State Employment	23	25	23	20	-20%
City and Tribal Employment	236	250	235	229	-8%
Total Government Payroll	\$14,148,023	\$15,246,007	\$14,291,774	\$15,403,583	1%

Major Wrangell Revenue Sources FY2019 Total = \$6,486,334⁹

Sales tax represents the largest source of annual revenue for the municipality of Wrangell, at 41% in FY2019. Property tax provided 28% of revenue in that year, followed by federal payment in lieu of taxes (PILT) and Secure Rural Schools (SRS) dollars (20%). State Community Assistance (CA) was 6%. In real dollars, revenue has decreased by 13% between FY2015 and FY2019, primarily representing a loss of state income.



⁹ Approved budget of the City and Borough of Wrangell

Seafood Sector¹⁰

Seafood is one of the most important sources of jobs and workforce earnings for Wrangell. In 2018 seafood provided 19% of all community annualized jobs (220), and 24% of total workforce earnings (\$11.9 million). The Wrangell fishing sector is important to community due to the number of fishermen the rich fisheries support, but also due to its seafood processing facilities.

Jobs and wages decreased significantly between 2015 and 2018 due to a significant decline in processing in the community. While the seafood harvest by Wrangell fishermen has been relatively stable in recent years, total seafood processing jobs have been down significantly. Between 2015 and 2018, total pounds harvested in Wrangell dropped by 12%, while total processing jobs decreased by 39%, and by 53% from 2014.

Wrangell Seafood Sector, 2010-2018

Seafood Sector	2010	2015	2018	Change 2015-2018
Seafood Jobs (annualized)	271	281	220	-22%
Total Seafood Workforce Earnings	\$14,961,150	\$13,371,074	\$11,868,545	-11%
Seafood Processing Workers (peak)	377	284	174	-39%
Total Seafood Processing Wages	\$2,743,874	\$4,006,185	\$2,383,743	-41%
Total Seafood Pounds Landed	2,116,100	3,751,754	3,292,910	-12%
Total Seafood Value (nominal \$)	\$2,857,169	\$4,809,060	\$4,883,033	2%

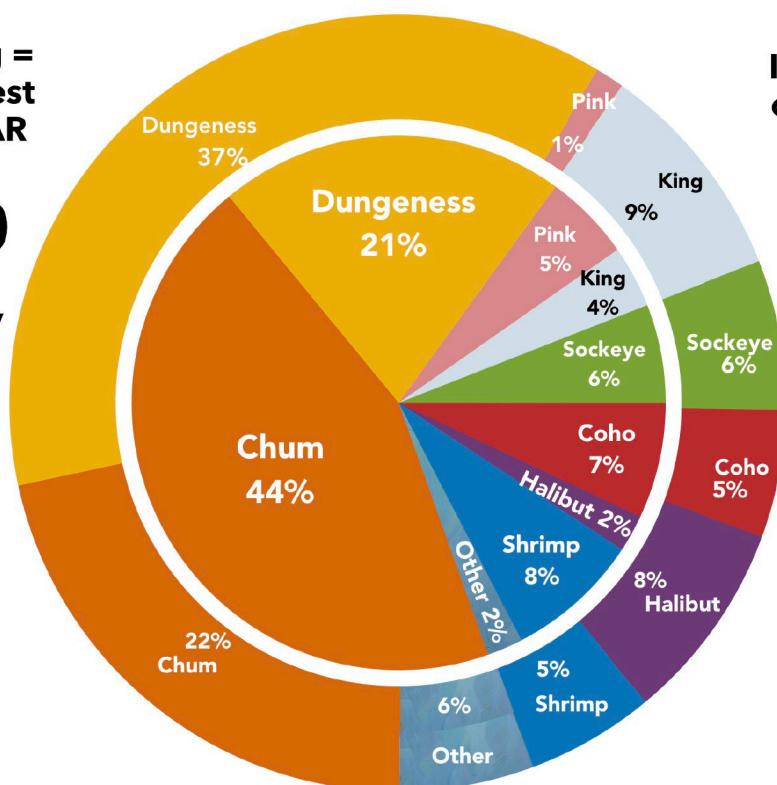
¹⁰ Alaska Department of Labor 2018 Employment & Wage data; 2018 (latest available) US Census Nonemployer.

Total Volume and Value of Wrangell Seafood¹¹

By pounds, two-thirds of the Wrangell fishery is salmon. On average salmon made up 66% of total pounds caught over the past 10 years, primarily Chum salmon. By value, salmon make up approximately two-fifths (43%) of total fishery value over the last decade. More than one-third, 37% of the total Wrangell harvest value is Dungeness crab. Halibut and King salmon make up 6% of pounds landed, and 17% of the total harvest value, on average. Pink salmon, which has a very cyclical return, are much less prevalent in Wrangell than the region as a whole.

SEAFOOD LANDED IN WRANGELL BY SPECIES, 10 YEAR AVERAGE

Outer ring =
% of harvest
by DOLLAR
value:
\$5.0
million
annually



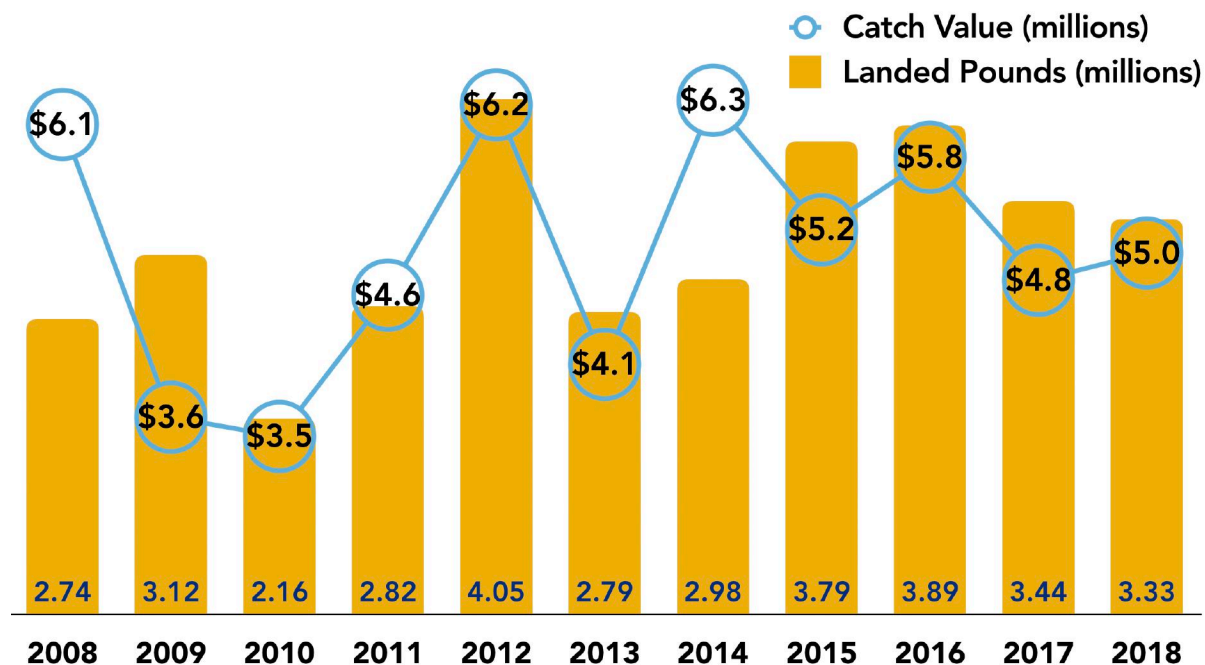
Inner pie = %
of harvest by
POUNDS
landed:
3.2
million
pounds
annually

Between 2008 and 2018, the average value of the Wrangell fishery was \$5 million (adjusted for inflation) and the average volume landed was 3.2 million pounds.

¹¹ Alaska Department of Fish and Game Division of Commercial Fisheries 2008 - 2018 Commercial Fisheries Value by Species, Wrangell

Because the volume of seafood can fluctuate so much annually, it is important to track using average values over time, rather than comparing years directly. In the last decade, the value of the Wrangell seafood catch has fluctuated between \$6.3 million in total value in 2014 to \$3.5 million in 2010, while total pounds landed was over four million pounds in 2012, and down to 2.2 million pounds in 2010.

VALUE & POUNDS OF SEAFOOD LANDED WRANGELL ALASKA 2008 TO 2018 (INFLATION ADJUSTED)



In contrast to earlier in the decade the Wrangell seafood catch has been relatively stable, both in terms of value and pounds landed, over the past four years.

Seafood Processing¹²

Seafood processing creates additional value in this industry. In 2012 a total of 11.4 million pounds of seafood were processed in Wrangell, with a wholesale value of \$32.6 million. However, in the years 2013-2019, the Wrangell specific data is confidential.

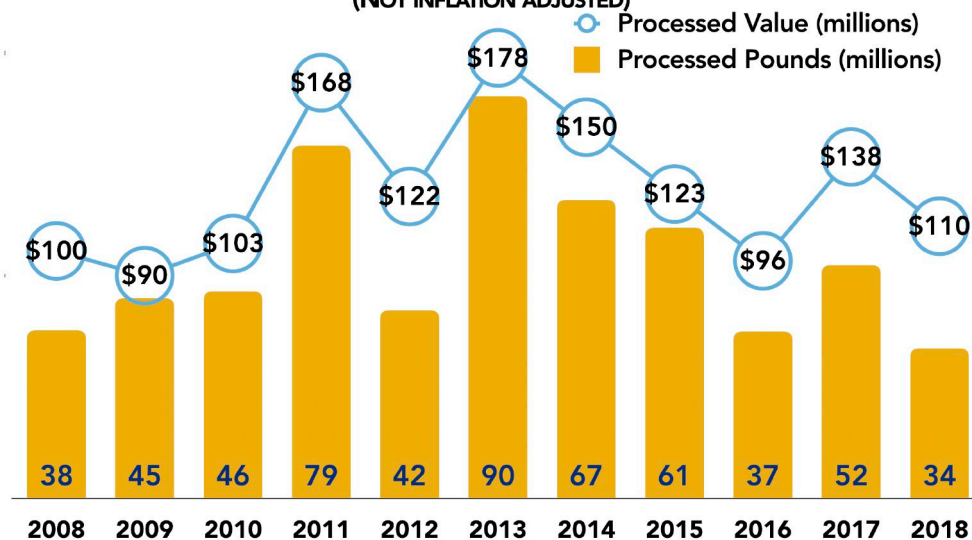
¹² Alaska Department of Fish and Game Division of Commercial Fisheries 2008 - 2018 Petersburg/Wrangell Production Shorebased Processors and Direct Marketers custom processing with Shorebased Processors

Value and Pounds of Seafood Processed, Wrangell

Operation Year	Port Name	Net Weight (Sum)	Wholesale Value (Sum)
2008	Wrangell	4,339,840	\$11,441,454
2009	Wrangell	6,168,541	\$9,891,141
2010	Wrangell	13,227,717	\$26,774,348
2011	Wrangell	20,409,870	\$42,382,058
2012	Wrangell	11,401,552	\$32,564,612
2013 to 2019	Wrangell	confidential	confidential

In 2012 Wrangell processing accounted for 26% of both pounds processed and value in the Wrangell-Petersburg area. In 2018 there were 17 seafood processors in the Petersburg-Wrangell area. These processed 34 million pounds of seafood with a wholesale value of \$110 million, significantly below 2017 levels in which 52 million pounds of seafood were processed in the area.

VALUE & POUNDS OF SEAFOOD PROCESSED WRANGELL-PETERSBURG ALASKA 2008 TO 2018 (NOT INFLATION ADJUSTED)

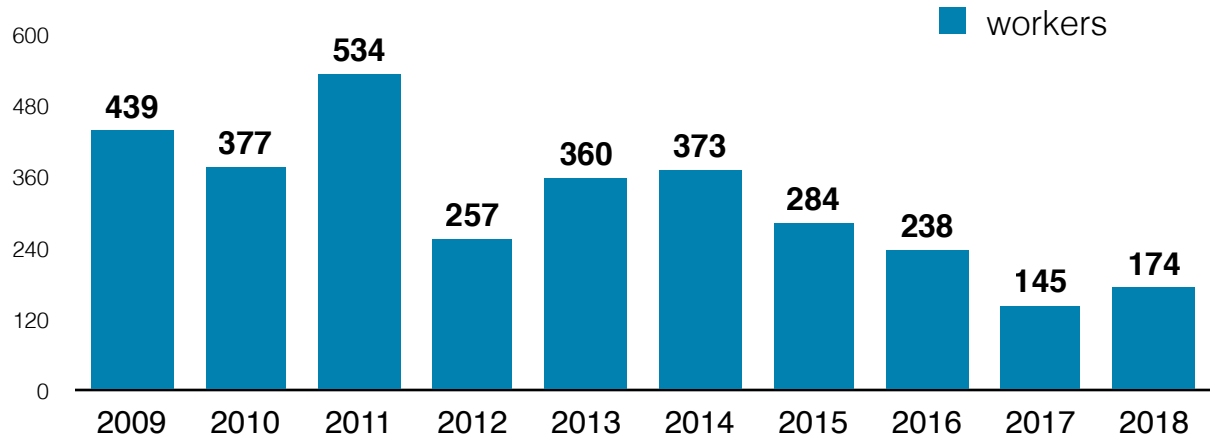


Total count of workers in the Wrangell seafood industry is much higher than the annualized job count. Seafood processing employment peaks in late July when the processors are at maximum effort. In 2018 in Wrangell, peak seafood processing jobs peaked in July with 161 workers (down approximately 50 workers from the peak two years earlier).

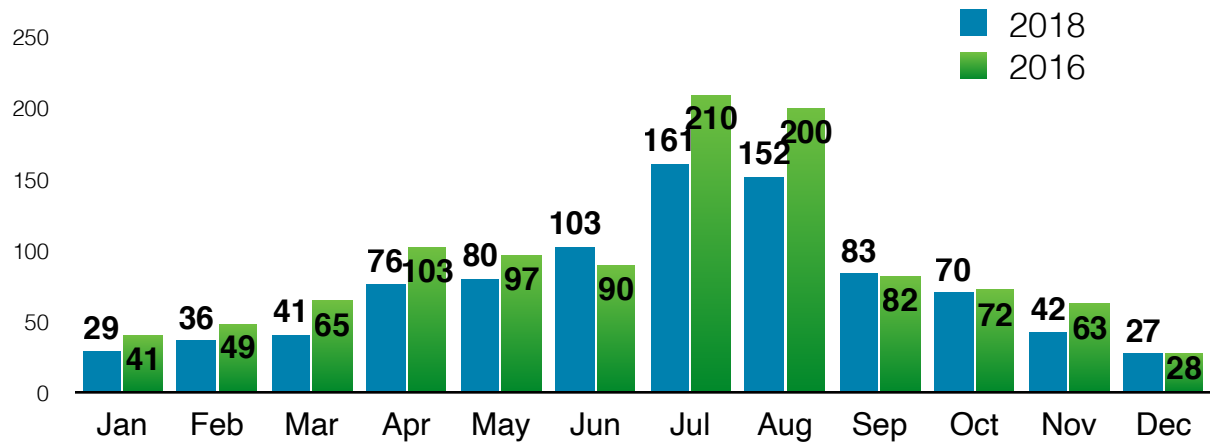
Wrangell seafood processing jobs have been declining. In 2011 there were 534 peak jobs, and by 2018 that number has fallen by 67% to 174 total seafood processing worker in the community.¹³ That figure is expected to decrease through 2020. Trident Seafoods, one of the two main seafood processors in Wrangell, has decided not to operate during the 2020 salmon season, due to a prediction of a low salmon abundance.

¹³ Alaska Department of Labor. Seafood Processing Workforce and Wages by Borough, 2009 - 2018.

Wrangell Seafood Processing Workers 2009 to 2018



Wrangell Seafood Processing Workers 2016 & 2018 by Month



Seafood Processing Workforce and Wages 2009-2018

Year	Total Workers	Wages	% non-resident workers
2009	439	\$2,760,843	71.3%
2010	377	\$2,743,874	71.1%
2011	534	\$3,991,965	80.9%
2012	257	\$2,610,723	68.5%
2013	360	\$4,472,669	75.8%
2014	373	\$4,015,454	79.4%
2015	284	\$4,006,185	75.7%
2016	238	\$2,643,179	63.0%
2017	145	\$1,980,904	68.3%
2018	174	\$2,383,743	76.4%
Change 2015-2018	-38.7%	-40.5%	0.7%

Other Maritime

In Wrangell there were 267 private “blue jobs”—as maritime jobs are sometimes called—with \$14 million in associated workforce earnings in 2018. It is the community’s largest sector outside of Wrangell’s government sector, and it draws from nearly every element of the local workforce. Nearly all of Wrangell’s maritime sector is driven by seafood. Seafood processing, mariculture and commercial fishing account for most of the maritime jobs in the community, but the shipyard also creates an increasingly significant level of jobs and wages. While jobs associated with the shipyard—47 annualized jobs—did not increase between 2015 and 2018, total workforce earnings associated with the shipyard increased by 30% to \$2.1 million

Wrangell Shipyard Employment and Workforce Earnings, 2010 to 2018

Seafood Sector	2010	2015	2018	Change 2015-2018
Other Maritime (Boatbuilding, etc.)	24	47	47	0%
Other Maritime earnings	\$1,335,825	\$1,620,018	\$2,102,650	30%

The Wrangell Shipyard

After the demise of the regional timber industry, Wrangell began to focus on providing maritime industrial services to southern Southeast Alaska. Wrangell is centrally-located in Southeast Alaska, allowing fishermen to access emergency repairs while remaining close to fishing grounds. Southeast Alaska vessel owners are taking advantage of the ability to have their repairs completed close to home.

The City of Wrangell took advantage of the 5-acre former mill site, literally building its marine center—complete with tunnel freezer, cold storage, vessel haul-out, and boat storage—on top of the sawdust ruins left behind. In 2006, a 150-ton travel lift was installed. In 2014, a 300-ton boatlift was installed to haul out boats up to 180-feet long. As Wrangell’s marine services expand and the yard’s capabilities improve, the reputation and use of Wrangell’s maritime facilities has also grown. Wrangell is home to excellent craftsmen who provide services for yachters and the commercial fleet. There are people employed through shipyard activities as wooden shipwrights, fiberglass workers, machinists, steel welders, commercial painters, sandblasters, and in metal fabrication, along with those with expertise in hydraulics, electronics, and refrigeration.

Health Care

Health care in the community has recently transitioned from a primarily public sector enterprise to a privately run industry. Southeast Alaska Regional Health Consortium (SEARHC) took over the city-owned Wrangell Medical Center in November 2018. SEARHC is constructing a new facility that is planned to be opened in 2021. For various reasons, health care jobs in 2018 in Wrangell are confidential. However in 2016, there were 112 annualized health care jobs in the community.¹⁴ This includes an estimated 55 health care workers that were employed by the CBW.

Assuming Wrangell health care workers earned the average regional wage for that industry, the health care sector in Wrangell is responsible for 14% of all workforce earnings in the community, and 10% of all jobs. Since most of the health care jobs in the community were part of the municipal workforce in the pie chart on page 3, the 2019 and 2020 pie chart for the community is going to look quite different moving forward.

Alaska Health Care Workers, City and Borough of Wrangell, 2016

Occupational Title	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Annual Average
Healthcare Support Workers	26	25	24	23	25
Medical Transcriptionists	18	18	21	20	19
Nursing Assistants	18	17	15	16	17
Registered Nurses	18	14	18	15	16
Medical Assistants	7	7	7	7	7
Dental Assistants	3	3	3	3	3
Radiologic Technologists	3	3	3	3	3
Healthcare Practitioners	2	2	4	3	3
Nurse Practitioners	2	2	2	2	2
Healthcare Social Workers	2	2	2	1	2
Dental Hygienists	1	1	1	1	1
Dentists, General	1	1	1	1	1
Health Educators	1	1	1	1	1
Medical Services Managers	1	1	1	1	1
Health Information Technicians	1	1	1	1	1
Pharmacists	1	1	1	1	1
Home Health Aides	0	0	1	1	1
Pharmacy Aides	0	1	0	1	1
Self-employed	9	9	9	9	9
Total	114	109	115	110	112

¹⁴ Alaska Department of Labor. <https://live.laborstats.alaska.gov/odb/odb.cfm?a=000275>

Visitor Overview

This is a summary of the Wrangell Visitor Industry by the Numbers 2019 report. The full document can be read on the CBW website. In the summer of 2018, an estimated 20,019 tourists visited Wrangell. This represented a 6% increase over 2017. These tourists spent an estimated \$5.1 million in Wrangell that summer. In 2020, an estimated 26,000 visitors had been projected to spend \$6.2 million in Wrangell.

Wrangell's Visitor Industry by the Numbers 2010 - 2018

	Year 2010	Year 2014	Year 2017	Year 2018	% Change
Total Air, Cruise, Ferry, Yacht Passenger Arrivals	2010	2014	2017	2018	Change 2017-2018
Air Passengers	10,587	11,896	13,088	13,809	6%
Summer Only Air Passengers (May-August)	4,833	5,380	6,163	6,309	2%
Mid Sized Cruise Ship Passenger Arrivals	3,869	5,171	11,442	12,000	5%
Small Ship Passenger Arrivals (capacity, not actuals)	2,910	2,925	2,198	2,991	36%
Alaska Marine Highway System	7,325	6,803	4,841	3,749	-23%
Summer Only Passengers	3,954	3,674	2,359	2,056	-13%
Total Yacht Visitors	960	1,052	1,334	1,618	21%
Total Passenger Arrivals in Wrangell (via Air, Cruise, Ferry & Yacht)	25,651	27,847	32,903	34,167	4%
Summer Tourists to Wrangell	2010	2014	2017	2018	Change 2017-2018
Total Summer Tourists	11,507	13,256	18,944	20,019	6%
Cruise (21,540 passengers expected 2019)	6,779	8,096	13,640	14,991	10%
Yacht Visitors	960	1,052	1,334	1,618	21%
Air (estimate)	1,768	2,008	2,606	2,449	-6%
Ferry (estimate)	2,000	2,100	1,364	961	-30%
Total Summer Tourist Spending (estimate)	\$3,146,849	\$3,286,171	\$4,597,453	\$5,116,591	11%
Summer Yacht Traffic	2010	2014	2017	2018	Change 2017-2018
Total Yacht Arrivals	310	377	489	605	24%
Average Days Yachts Visited	2	2	2	2	0%
Total Yacht Visitors	840	1,052	1,334	1,618	21%
Total Yachter Spending (estimate)	\$273,840	\$342,952	\$434,884	\$566,300	30%
Hotel Room Nights	2010	2014	2017	2018	Change 2017-2018
Total Hotel Room Sales All Year	7,748	6,787	7,833	7,665	-2%
May-Sept Only Room Rental Nights	4,877	4,574	3,995	4,737	19%

<i>Wrangell's Visitor Industry by the Numbers Continued</i>	Year 2010	Year 2014	Year 2017	Year 2018	% Change
Jobs and Earnings	2010	2014	2017	2018	Change 2017-18
Average Visitor Industry Wage	<i>n/a</i>	\$22,227	\$24,066	\$27,259	13%
Total Visitor Industry Employment	<i>n/a</i>	101	100	106	6%
Total Visitor Industry Workforce Earnings	<i>n/a</i>	\$2,244,990	\$2,406,618	\$2,889,447	20%
Peak Visitor Industry Employment	<i>n/a</i>	137 (July)	124 (July)	135 (July)	9%
Total Visitor Industry Businesses	<i>n/a</i>	37	37	39	5%

Employment

Tourism is an economic driver in the community. In 2018, visitor industry employment made up 9% of all private sector employment in Wrangell, accounting for 106 annual average jobs with associated workforce earnings of \$2.9 million. The visitor industry accounted for 6% of total Wrangell workforce earnings in 2018. This sector is smaller in Wrangell than the region as a whole; the visitor industry represents 18% of all jobs and 11% of all employment earnings for Southeast Alaska, versus 9% and 6% respectively for Wrangell. The Wrangell visitor sector is also growing much more slowly than it is in the region, seeing no employment growth between 2014 and 2017. Between 2017 and 2018, visitor industry wages grew by 20%, from \$2.4 million to \$2.9 million and the community increased tourism jobs by 6%.

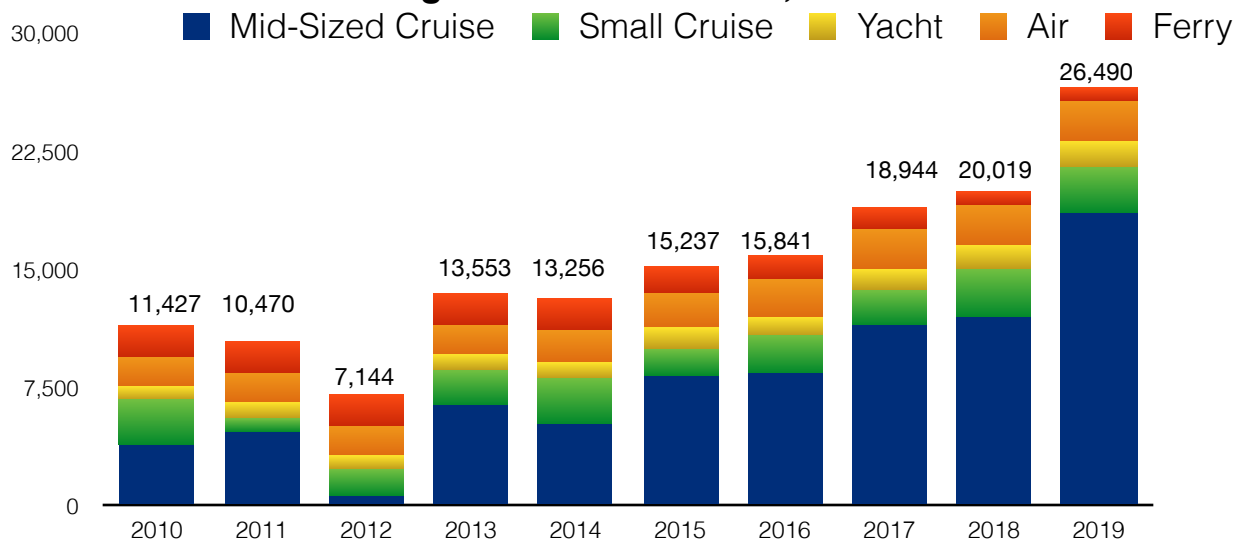
Change in the Visitor Industry

After reaching a low point in 2012 of 7,144 tourists, the total number of visitors coming to Wrangell in the summer significantly increased over the past six years, mirroring regional trends. A total of 26,490 tourists came to Wrangell in 2019. Visitor industry jobs and wages in Wrangell had remained relatively stagnant through 2017, despite an increasing number of visitors. The primary reason for this disparity appears to be Wrangell's previous reliance on the ferry system for bringing independent (non-cruise) visitors to the community. Ferry tourism decreased by 54% in Wrangell between 2014 and 2018 due to deep budget cuts to the Alaska Marine Highway System, reduced and unattractive schedules for tourists, and a lack of reliability due to last-minute cancellations of bookings by the ferry system. While cruise visitation nearly doubled during the same period, cruise passengers spend fewer dollars per visitor in the community than ferry tourists did, as they stay for a much shorter time and do not require overnight accommodations.¹⁵ Another reason for lack of tourism industry growth is a cap on the number of people allowed to visit Anan each year.¹⁶ The Anan Wildlife Observatory is managed by the Wrangell District of the Tongass National Forest and is only accessible by boat or plane. With constraints on this prime visitor attraction it is difficult to grow the visitor sector as a whole.

¹⁵ Total arriving ferry passengers have decreased by 70% since 1999.

¹⁶ While Anan capacity is not always met, daily caps in addition to seasonal caps mean that last minute cancellations for inclement weather or other factors cannot be "made up" at later dates.

Total Wrangell Summer Tourists, 2010 to 2019



Summer Visitation and Spending Analysis

In 2018, more than 20,000 summer tourists visited Wrangell and spent an estimated \$5.1 million in the local economy. This includes expenditures on accommodations, food, excursions, and shopping. Across all visitor arrival modes, visitor spending was calculated at \$256 per person per visit in 2018.

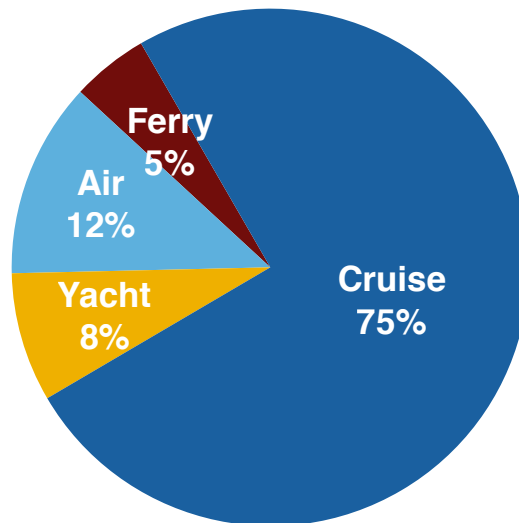
Cruise visitors represented three-quarters (75%) of all tourists in 2018, but represented less than half (49%) of all estimated summer visitor spending in 2019. Independent tourists (those staying overnight in Wrangell) are estimated to have spent \$2.6 million during the summer of 2018.

Ferry tourists represent an ever decreasing number of visitors to Wrangell. 2017 was the first year that tourists arriving by air outnumbered tourists arriving by ferry, and 2018 was the first year that tourists arriving by yacht outnumbered tourists arriving by ferry. In 2018, just 5% of tourists came by ferry, versus 28% in 2012.

Summer Tourists by Mode of Arrival and Expenditures in Wrangell

	2018	Estimated Summer Visitor Spending 2018	Total Estimated Spending Per Passenger
Total Tourists	20,019	\$5,116,591	\$256
Cruise Passengers	14,991	\$2,525,984	\$169
Yachters	1,618	\$566,300	\$350
Visitors by Air	2,449	\$1,591,850	\$650
Ferry	961	\$432,450	\$450

Summer Tourists Arriving in Wrangell by Mode, 2018



Three-quarters of all tourists arrived by cruise ship in 2018, while 12% arrived by air, 8% arrived by yacht, and just 5% arrived by ferry.

Total visitor arrivals in Wrangell were up by 6% between 2017 and 2018. Yacht passenger numbers increased the most, growing by 21%. Summer visitors arriving by cruise ship increased by 10%, while 6% fewer tourists arrived via plane to the community. However, one segment was down significantly —the total number of tourists traveling by ferry decreased by 30%.

Summer Tourists to Wrangell 2010-2018

	2010	2014	2017	2018	% Change 2010-2018	% Change 2017-2018
Total Visitors	11,907	13,256	18,944	20,019	68%	6%
Cruise	6,779	8,096	13,640	14,991	121%	10%
Yachters	960	1,052	1,334	1,618	69%	21%
Air	1,768	2,008	2,606	2,449	39%	-6%
Ferry	2,000	2,100	1,364	961	-52%	-30%

Between 2010 and 2018, the total number of tourists arriving via ferry decreased by 52%, while those arriving by cruise ship increased by 121%. In 2019, cruise passengers increased by an additional 32% over 2018 levels.

Summer Tourist Expenditures by Category

Of the \$5.1 million in summer spending by visitors, \$2.7 million (53% of all spending) was spent on excursions. Excursions include jet boat tours, kayaking or canoe rentals and tours, whale watching, bus tours, sports fishing, photography tours, walking tours, flight seeing, museum visits and Shakes Island visitation.

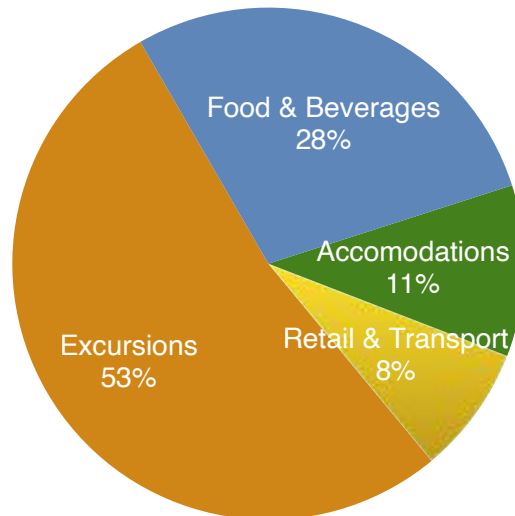
Visitors spent close to an estimated \$1.5 million on food and beverages, including restaurants, bars, cafes, and grocery store spending. They spent more than a half million dollars on accommodations, including nights at hotels, inns, bed and breakfasts, cabins, and RV and tent campgrounds. Just under a half million dollars was spent by visitors on retail and localized transportation. Local transportation includes use of taxis and car rental, and does not include transportation to and from Wrangell, or excursions.

Total Summer Tourist Spending

Summer Spending by Visitors by Category	2017	2018
Total estimated summer tourist spending	\$4,597,453	\$5,116,591
Excursions	\$2,113,395	\$2,694,747
Food, Alcohol, Coffee	\$1,463,496	\$1,452,121
Retail Spending and Transportation	\$549,016	\$416,155
Hotel	\$471,546	\$553,568

Rain Coast Data developed an estimate of summer visitor spending by category using local sales tax records for retail spending, bars, and restaurants; transient tax database actuals for hotel rooms; Anan ticket fee actuals; Nolan Center receipts; estimates for other trips using operator survey data; and other executive interviews, research, and data analyses.

Wrangell Summer Tourist Expenditures by Category

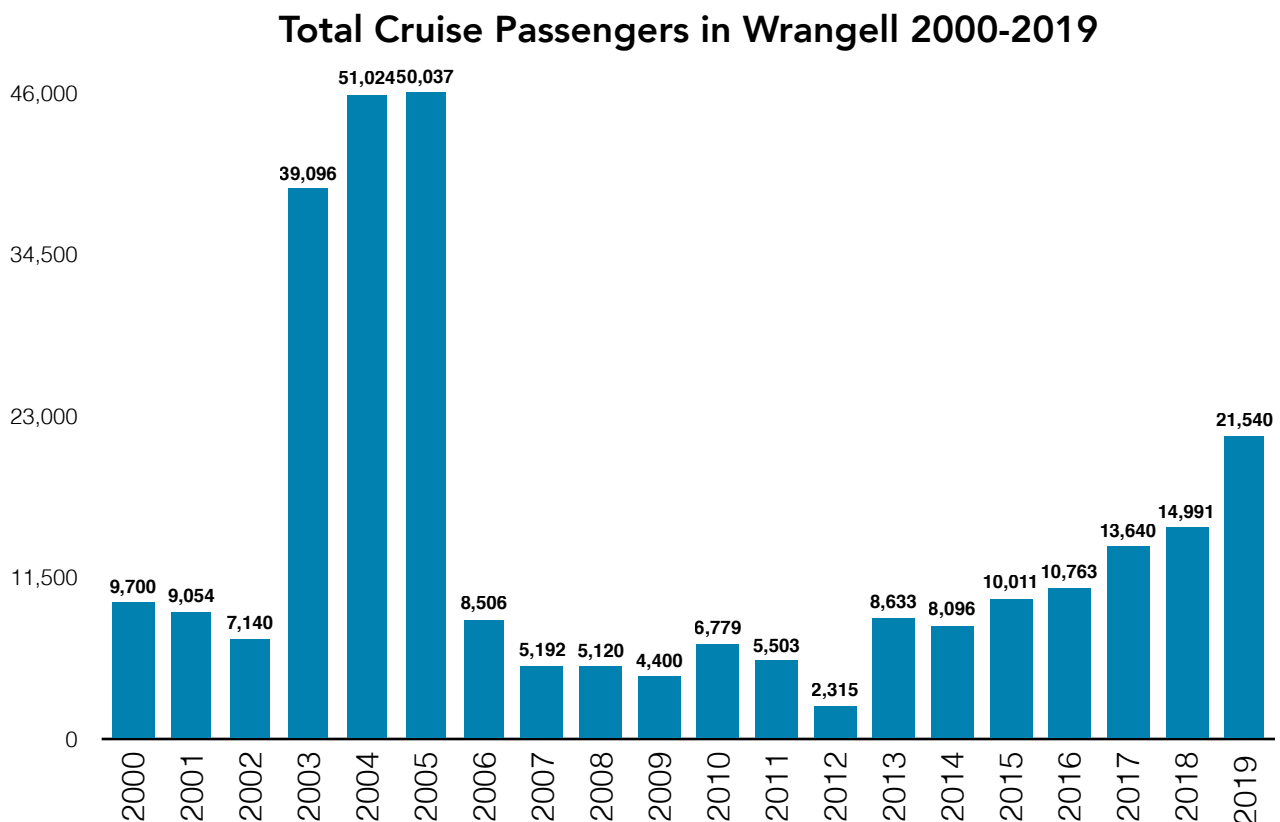


Cruise Passengers¹⁷

The number of cruise passengers arriving in Wrangell saw more than a nine-fold increase—from a low point in 2012 of 2,315 cruise passengers to 21,540 passengers in 2019—visiting Wrangell on small to mid-sized cruise ships.¹⁸ Nine small cruise ships made port calls. Eight medium-sized cruise ships visited Wrangell in 2019. Four of these ships have the capacity for 200-700 passengers and made multiple visits to the community, including the Regatta, Seabourn Sojourn, Silver Muse, and Star Legend. The Maasdam was the largest cruise ship to visit Wrangell in 2019, with a total passenger capacity of 1,266. It made three visits.

For the purposes of this analysis, small cruise ships include those with 30 to 199 passengers per vessel; mid-sized cruise ships includes those with 200 to 1,299 passengers per vessel. Wrangell currently has no large cruise ship visitations, those with at least 1,300 passengers per vessel.

In 2019 more than 21,000 passengers visited Wrangell. This represents a 44% increase in total arriving passengers from 2018.



¹⁷ Midsized cruise passenger actuals were provided by McDowell Group & Cruise Line Agencies of Alaska. 2019 are estimates based on capacity. All other cruise passenger data are estimated totals based on small cruise ship schedules and research regarding total capacity.

¹⁸ This figure combines actual numbers from midsized cruise ship arrivals and capacity numbers from smaller cruise ships.

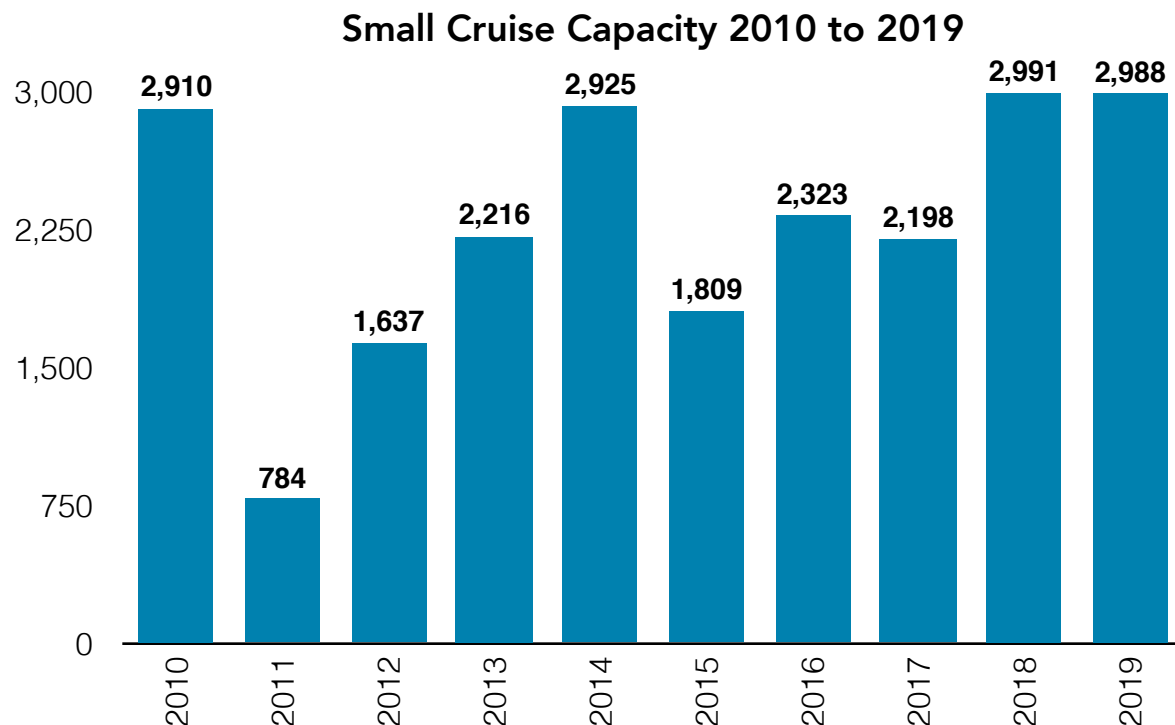
Small Cruise Ships

Small ships are an important part of the Wrangell visitor economy.

In 2019 total small cruise ship visitation to the community was roughly similar to 2018 levels, for a total of 2,988 passengers. (Note that small cruise ship data only measures capacity, and not final actuals, which is not available). In 2020 an increase of 35% had been expected.

Wrangell's small cruise ship sector experienced a disruption in 2010 when Cruise West ceased operations at the end of the summer season. Cruise West accounted for the vast majority of small ship passenger volume in Alaska. While the number of small cruise ship passengers went on to increase between 2011 and 2014, the number of passengers dropped again in 2015 when the 88-guest SS Legacy stopped making visits to the Wrangell port.

In the last several years Wrangell has rebuilt the small cruise visitor market. Wrangell competes with other Southeast Alaska communities to attract operators.



Yacht Visitors

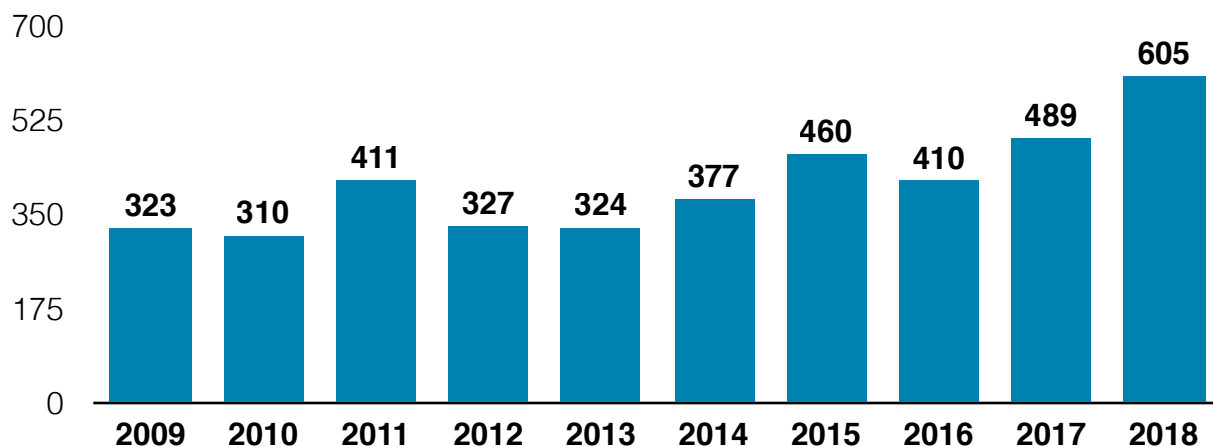
City and Borough of Wrangell staff record the size of yachts and length of stay, along with total passengers, for each yacht visit to the city. In 2018, a total of 1,618 people came to Wrangell aboard yachts and stayed an average of two days each. The “average yacht” is 44.6 feet. Total yacht visits were up by 24% in 2018 over 2017. The average number of people per yacht is approximately three, and remained the same as the year before. Total visitors arriving by yacht increased by 21% between 2017 and 2018.

Wrangell Yacht Traffic

Year	Total yacht visits	Average yacht length	Average People per Vessel	Average Days Stayed	Total Days Stayed	Total Visitors
2009	323	45.5		2	557	
2010	310	46.4		2	665	
2011	411	46.0		2	700	
2012	327	46.2		2	639	
2013	324	50.2		2	700	
2014	377	49.0	2.8	2	858	1,052
2015	460	48.5	2.9	2	1,052	1,326
2016	410	47.5	3.1	2	868	1,178
2017	489	45.3	2.7	2	1,015	1,334
2018	605	44.6	2.7	2	1,189	1,618
Change 2017-2018	24%	-2%	0%	0%	17%	21%

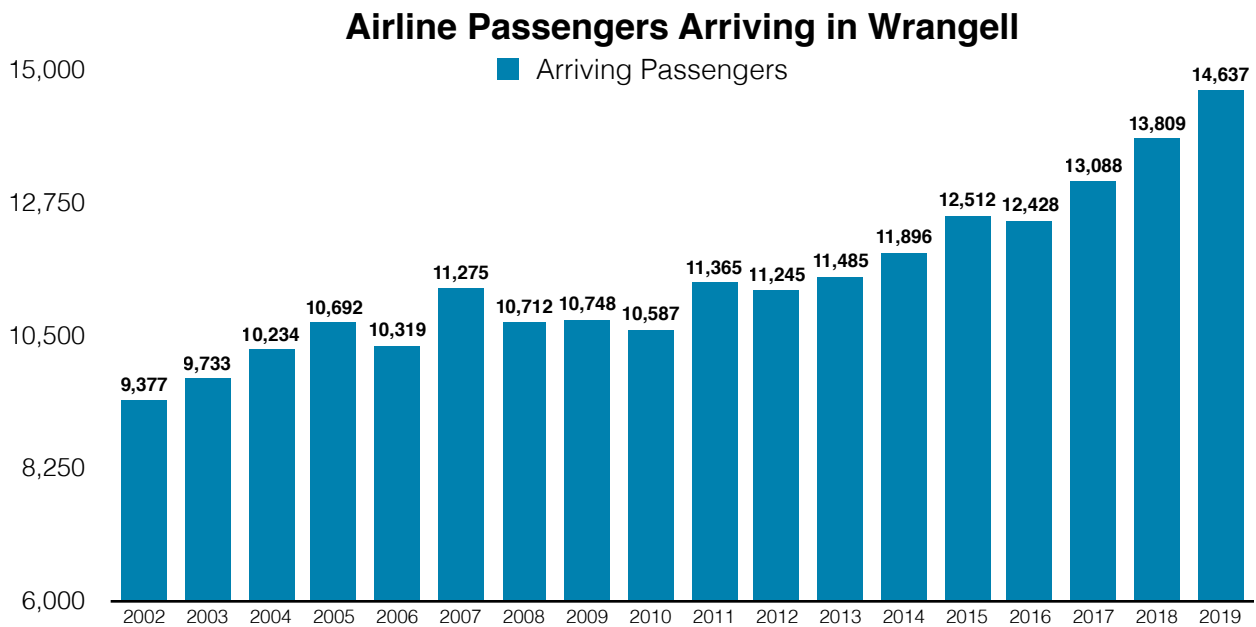
Note: Totals exclude Meyers Chuck yacht visits.

Wrangell Yacht Visits: 2009 to 2018



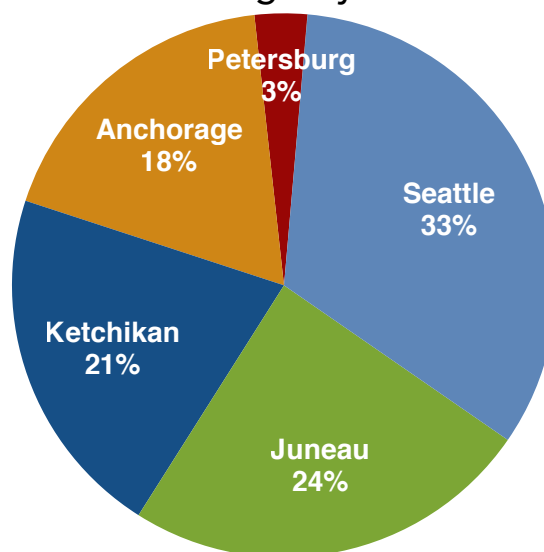
Air Passengers¹⁹

In 2019, there were 14,637 air passengers arriving in Wrangell. This represents a 6% increase in total passengers from 2018, and a 38% increase since 2010.



Looking at a full year of passenger data, the greatest percentage of passengers arrived in Wrangell via Seattle (33%), while nearly a quarter (24%) arrived via Juneau, and 21% of arrivals came by way of Ketchikan. Approximately 2,500 passengers—18%—arrived via Anchorage. Three percent of Wrangell passengers came on flights via Petersburg. (Data includes all scheduled flights only).

Passengers Disembarkments by Connecting City 2018

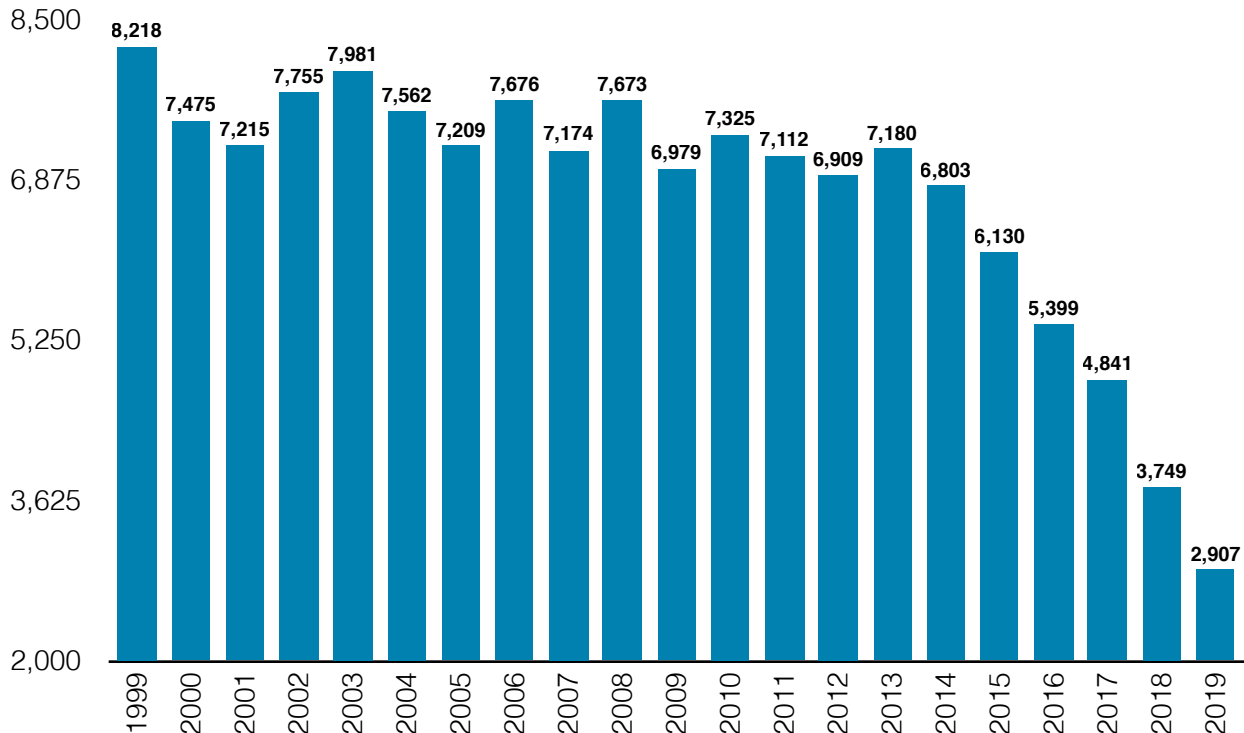


¹⁹ Bureau of Transportation Statistics T-100 Market data.

Ferry Passengers²⁰

In 2018, a total of 3,749 Alaska Marine Highway (AMHS) ferry passengers arrived in Wrangell; of these, 55%, or 2,056, arrived during the summer (May through September). Total ferry passenger numbers decreased by 23% between 2017 and 2018. Since 2013, the number of passengers disembarking in Wrangell has decreased every year, with significant annual decreases since 2015. Total arriving passengers are 65% lower than they were 20 years ago.

Ferry Passengers Arriving in Wrangell 1999 to 2019



In recent years the Alaska Marine Highway System has been hit hard by state budget cuts, significantly reducing state funding levels. Service and port calls have been cut significantly, and Wrangell has been disproportionately impacted. The unreliability of the ferry scheduling and the increase in costs to travel have impacted ferry users, but even more significantly impacted those who have built their businesses around serving ferry passengers. A reputation for the unreliability of the ferry system means that potential customers are less likely to want to use the ferry for travel, further impacting total ridership numbers.

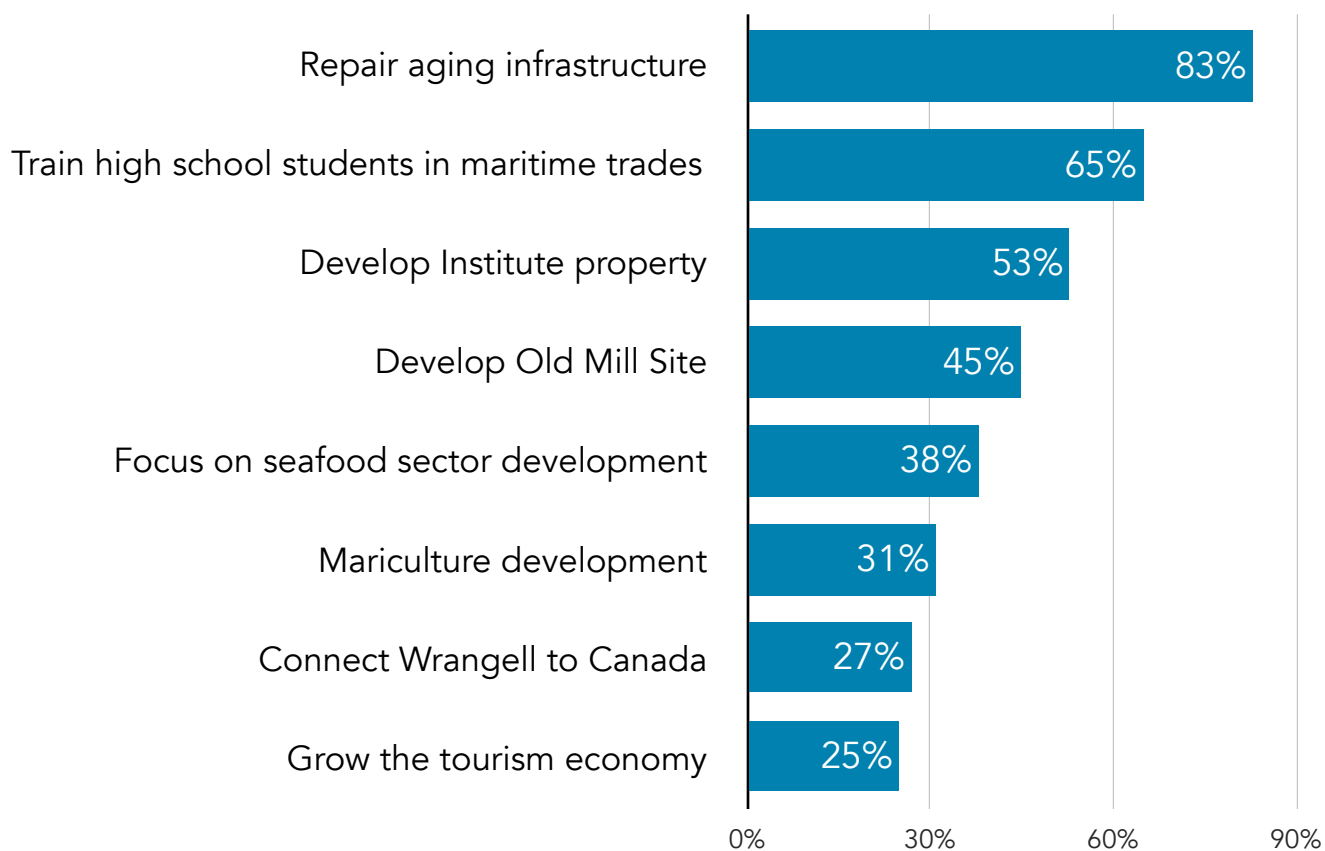
²⁰ Alaska Marine Highway System Annual Traffic Volume Reports for 2010 and 2014. Direct data request for 2016, 2017, 2018, and 2019 data.

2019 Wrangell Economic Survey

The Wrangell Cooperative Association (WCA) conducted a community survey in 2019, including questions regarding the local economic development preferences. Rain Coast Data designed the survey on behalf of the WCA. The web-based survey was administered electronically from June 21st through July 19th, 2019. A total of 482 people in Wrangell took the survey.

Respondents were asked which of eight economic development initiatives are the most valuable to the community at this time. The top three economic development related needs in the community include 1) repairing aging infrastructure, 2) training high school students in the maritime trades, and 3) developing the former Wrangell Institute property for housing and mixed-use neighborhoods. While nearly two-thirds of Wrangell residents (61%) say growing the tourism economy has a high or medium level of demand, it ranked at the bottom of the eight community economic development initiatives presented in the survey, with only a quarter of residents saying that tourism growth is highly needed.

How Important are the Following Economic Development Initiatives in Wrangell?



Housing

Housing in Wrangell has many unique characteristics that make it stand apart from other communities in the Southeast Alaska region, as well as the state as a whole, including the following:

Larger Homes—The average home size in Wrangell is 1,875 square feet, which makes it the largest, on average in Southeast Alaska. The SE average is 1,576 square feet. As a reference, Wrangell homes are more than twice the average size of homes in Hoonah. In addition, Wrangell homes are not “overcrowded.” The overcrowding rate is 0.2%. Wrangell is one of the least overcrowded cities in Alaska.

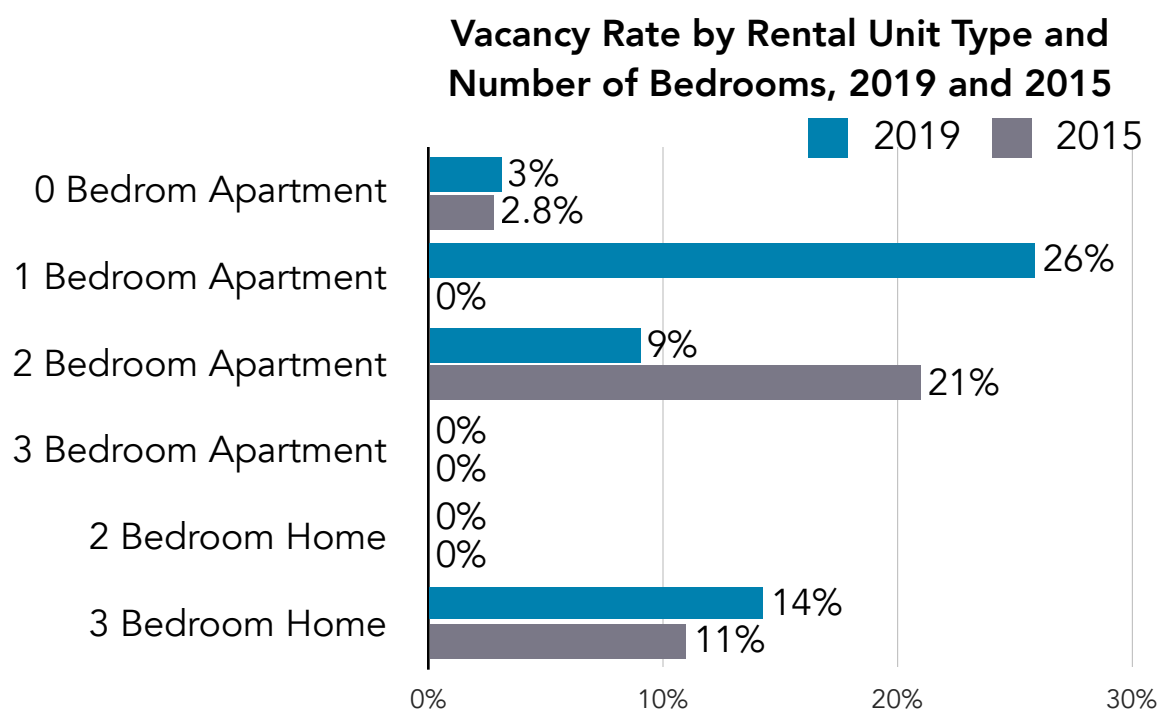
Low-Quality Housing—Based on available data, Wrangell homes appear to be lower in quality than other comparable communities. Wrangell has more older homes than the region as a whole. On average, 12% of homes were built pre-1940’s, compared to 8% across the region. Moreover, Wrangell has the lowest percentage of homes in the region (5%) with continuous ventilation systems.

Inefficient Home Energy—There appears to be a marked lack of energy efficiency in Wrangell homes. Wrangell has the highest energy use and costs in the region: \$6,590 annually. This is 2.4 times more than the cost in Anchorage, and 3.1 times more than the national average. The average annual energy cost for homes in Southeast Alaska is \$5,440. This is even more remarkable due to the relatively low cost of electricity in Wrangell, which is among the lowest in the region. Even taking the larger than normal house size into account, Wrangell’s energy per square foot is the second highest in the region. For occupied housing annual energy costs constitute 13% of census median area income—versus 8% for the region.

Low Percentage of Rentals—Another element that sets Wrangell apart from other housing markets is a lower than average amount of housing units available for rent. Typically rental units comprise just over one-third of the housing market—approximately 35%. In Wrangell, just 28% of the units are renter-occupied, while 72% are owner-occupied. Wrangell would need to have an additional 90 housing units available for rent to create a more typical balance between housing categories.

Fewer Multi-units and 2- to 3-Bedroom Homes—The mix of housing types is also unique in Wrangell. Just 20% of Wrangell’s homes are in multi-unit buildings, compared to 34% in Southeast Alaska as a whole. Wrangell also has more mobile homes than other areas (14% of all occupied housing units in Wrangell compare to 5% statewide, and 8% across the region.) Also in comparison to other places, Wrangell has a higher percentage of one-bedroom homes, and a smaller percentage of 2-3 bedroom homes. Nearly a quarter (22%) of Wrangell’s housing units are one-bedroom, compared to 16% across the region, while 54% of Wrangell homes are 2-3 bedroom, compared to 62% across the region.

Low Rental Vacancy Rates—While vacancy rates in Wrangell are not as low as they were in 2015, in 2019 Wrangell had the lowest rental vacancy rates in the state in several categories. According to the Alaska Housing Market Indicators 2019 Residential Rental Market Survey, the vacancy rates for three-bedroom apartments and two-bedroom single families homes was zero. It is also important to note that the rental surveys are conducted in spring, prior to Wrangell’s busy summer season that attracts those in the seafood industry, shipyard workers, and those serving the tourism sector.



High Housing Affordability—Statewide, Wrangell is considered to have the most “affordable housing” of any community. This is measured by the “Rental Affordability Indexes” computed by the Alaska Department of Labor. The affordability index looks at how many average wage earners are required to afford the average contract rent—the amount paid to the landlord each month—assuming 24 percent of gross income is available for rent. In Wrangell, less than a single wage earner is needed to make rent (0.92), the lowest in the state. An alternate way to measure housing affordability is to look at the percentage of total household income that goes towards housing. In Wrangell, one-fourth of households spend more than 30% of total income on housing costs, which include rent, utilities, and energy costs—which means one-quarter of Wrangell households are “cost burdened” by housing. In comparison one-third of the region and state is cost burdened, while in the US the share is 37%. Finally, the regional Business Climate Survey conducted by Southeast Conference reported that business leaders in Wrangell were the least likely across the region to call housing prices an economic barrier in their community.

Low Rental Prices—According to the Alaska Housing Market Indicators 2019 Residential Rental Market Survey, despite such low vacancy rates, the lowest median adjusted rents in Alaska in 2019 were in the Wrangell Borough. This was also true for two-bedroom and three-bedroom rentals. Overall, rent in Wrangell is two-thirds the average for Southeast Alaska as a whole. Rental homes in Wrangell are half the cost of Juneau and apartments are 43% less.

Low Housing Prices—Home sales prices are also comparatively lower in Wrangell. According to the US Census, the median value of a home is just 60% that of the median value for all homes in the region. Moreover, an analysis of the Juneau and Wrangell Assessor's Databases shows the average single family home in Wrangell is assessed at \$151,818, less than half of the average Juneau value of \$361,001. A unique disadvantage to further developing housing in Wrangell is that residents are accustomed to lower price points for housing than other communities in the state and region, and the willingness to pay market rate for new and improved housing is under-developed.

Based on the state of housing in Wrangell, the following recommendations have been made:

- **More rentals**—especially for rentals with one or two bedrooms;
- **Higher quality housing** with better **energy efficiency**;
- More **two- to three-bedroom single family homes**;
- More **short-term or summer housing options** for those involved in the maritime and tourism sectors; and
- Development of an **assisted living senior housing facility**.

Land Ownership

The City and Borough of Wrangell encompasses 2,582 square miles of land and 883 square miles of water. Like most places in Southeast Alaska, Wrangell's land ownership is dominated by the federal government, which manages 97 percent of the land base. The State manages 2.5 percent of the total land base, while the City and Borough of Wrangell manages less than one tenth of one percent of the entire land base at 0.08%. Other private land holdings account for 0.17%. The lack of municipally or privately owned land and land available for development impedes the ability of Wrangell to nurture the private sector.