



CITY AND BOROUGH OF WRANGELL

INCORPORATED MAY 30, 2008

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October 10, 2020

Honorable Michael Dunleavy, Governor
State of Alaska
PO Box 11001
Juneau, Alaska 99811-0001

Re: Declaration of Economic Disasters – Updated Wrangell Data

Dear Governor Dunleavy:

On August 25, 2020 the Wrangell Borough Assembly approved Resolution No. 08-20-1539 declaring an economic disaster in the municipality. The declaration is based on two economic failures – the disintegration of the statewide summer tourism season due to COVID-19, and the collapse of the regional Southeast salmon fisheries due to poor returns of all species. In early September the Declaration and a cover letter were sent to you respectfully requesting corresponding State declarations be issued, and that they be submitted for federal consideration as well. Wrangell cited several sources of economic data supporting the declaration. Working with staff from your office, Wrangell was asked to provide updated figures.

Wrangell Business Survey

The City & Borough of Wrangell hired Raincoast Data in Juneau to assist with obtaining updated numbers to those previously cited from June. The data is current as of Thursday, October 8, 2020. There were 114 responses to the survey – a nearly 40% return rate. The most salient impacts are captured below:

- Responding employers laid off 32% of their total workforce due to COVID-19 and the 2020 seafood season, and cancelled planned hires of 138 additional workers.
 - Eleven percent (11%) of businesses expect to cut more staff over the next 12 months.
- More than one-fifth (21%) of respondents say that they are at risk closing permanently (including 2% that say they have already closed).
 - Another 43% are unsure about the future risk of closure.
- Of those who answered “yes” to the risk of closure 23% have 10 or fewer weeks they can survive under the current situation.
 - 77% of businesses at risk of closing won’t last a year under the current situation.
 - Businesses in the tourism, retail, seafood, and maritime industries have the highest risk of closing due to the pandemic.
- 37% of respondents feel that the upcoming year will be worse.
- Wrangell business revenue was down 50% on average in 2020 so far, compared to the same period in 2019.
 - By industry, the tourism sector experienced the greatest revenue losses at 77%.

- Commercial Fishing/Seafood is down 49%.
- Retail is down 49%.
- The most significant impacts to Wrangell businesses from COVID-19 include lost revenue (reported by 79% of businesses), followed by loss of clientele (50%), and declining sales (44%).
- Top challenges moving forward include trying to make good business decisions in the face of considerable uncertainty (reported by 54% of businesses), managing an unstable customer base (52%), depleted reserves (43%), paying off debts (43%), and a lack of ferry service (42%).
- The help Wrangell businesses are most wanting include access to grants (63%), utility bill relief (41%), and financial assistance (35%).

Commercial Fishing

Data from the 2020 season is still being tabulated, but here is what we know at this time.

- From those independent commercial fishermen responding to the October survey business was down 49%.
- Wrangell has two seafood processing plants. Due to projected returns only one plant opened.
 - At the time of this letter only data on four of the eight species processed in Wrangell was available. Below is a comparison between 2019 and 2020:
 - One species of shellfish: 32% reduction in the amount processed; 56% reduction in price paid per pound to fishermen.
 - Two species of salmon: 59% and 58% reductions in the amount processed; 36% and 7% reductions in price paid per pound to the fishermen.
 - One species of groundfish: 42% reduction in amount processed; 49% reduction in price paid per pound to fishermen.
- Given the stated reductions in processing volume and the closure of one plant Wrangell is estimating an 80% reduction in Fish Tax (if the current sharing structure remains intact). Based on a three-year average of revenues from 2018-2020 this is a reduction from \$302,110 to \$60,422.

Municipal Revenue Losses

- Sales Tax: Wrangell is anticipating at least a 50% reduction in sales tax revenue in FY21. Sales tax is reported quarterly, so the first quarter numbers will not be available until the end of October. They will be reported as soon as available. The loss is expected to be nearly \$1 million.
- Nolan Center: The Nolan Center is a City & Borough of Wrangell facility that houses the Wrangell Museum, Gift Shop, Visitor Center, Event/Conference Center and Theater. Calendar year revenue as compared to 2019 is down 87%. This represents the difference between \$258,911 and \$32,456 in annual revenue.
- Parks & Recreation: Programmatic and facility revenue loss is anticipated at 70% for FY 2021, when compared to FY 2020 that is a reduction from \$286,826 to \$86,798.
- Fish Tax: to repeat the bullet under Commercial Fishing - Given the stated reductions in processing volume and the closure of one plant Wrangell is estimating an 80% reduction in Fish Tax (if the current sharing structure remains intact). Based on a three-year average of revenues from 2018-2020 this is a reduction from \$302,110 to \$60,422.
- Harbor Transient Moorage Losses: Wrangell saw more than 600 Yachts visiting the harbors during the summer of 2019. The number for the summer of 2020 can be counted on two hands –about 10. General transient moorage was also down considerably. Wrangell budgeted \$170,000 in transient moorage revenue in FY 2020. Actual revenue was \$57,000. Anticipated FY 2021 revenue is \$80,000 a 53% reduction.
- Port (Cruise Ship) Revenue: The cruise season in Alaska was a total loss. FY 2020 revenue was only down 17% as most of the cruise season within the fiscal year was in 2019. FY 2021 is expecting a 63% loss in revenue.
- Commercial Passenger Vessel (CPV) Tax: Wrangell is expecting a nearly 100% loss in CPV payments – meaning about \$60,000.

- Marine Service Center: Wrangell's Marine Service Center saw more than a 50% drop in revenue in FY 2020 declining from \$190,000 to \$85,915. FY 2021 revenue is expected to be approximately the same – a 50% reduction.

This morning, a local Wrangell business owner used the term “staggering” to describe existing and projected revenue losses. The data outlined above is a reflection of the economic situation in our community, and likely in many other Southeast and Statewide locations. Your swift action in declaring these emergencies is necessary to avoid a potential catastrophic rupture to our economic recovery. As always, we stand ready to assist these efforts in any way. Your leadership in this matter is appreciated beyond measure.

Sincerely,



Stephen Prysunka, Mayor

Enclosure: October 2020 Wrangell Alaska Business Impact Survey

CC: Senator Bert Stedman
Representative Dan Ortiz
Senator Lisa Murkowski
Senator Dan Sullivan
Congressman Don Young
Wrangell Borough Assembly
Randy Ruaro, Governor's Office
Carol Rushmore, Wrangell Economic Development Director
Wrangell Economic Development Committee
Wrangell Convention & Visitors Bureau
Wrangell Chamber of Commerce
Ray Matiashowski
Roberston, Monagle & Eastaugh
Nils Andreassen, Alaska Municipal League
Robert Venables, Southeast Conference
David Landis, Southern SE Regional Aquaculture Association
Frances Leach/Scott Kelley, United Fisherman of Alaska
Kelly Hansen, Southeast Alaska Fishermen's Alliance
Susan Doherty, Southeast Alaska Seiners Association
Max Worhatch, United Southeast Gillnetters
Amy Daugherty, Alaska Trollers Association
Sarah Leonard, Alaska Travel Industry Association