

The City of Wrangell

by Kristen Tromble and John Boucher

Wrangell is located in the Tongass National Forest at the mouth of the Stikine River. Fur, gold, fish, and lumber have each played leading roles in creating and sustaining Wrangell's economy. While natural resources have provided strong support for Wrangell's economy, dependence on them has proven to be the economy's greatest weakness. Throughout its history, Wrangell has been susceptible to boom and bust cycles as resource industry activity rises and falls.

Fort founded on the fur trade

Wrangell's beginnings date back to the Russian fur trade. When Russian explorers arrived around 1800, they found the Tlingit settled throughout the area. The abundance of otter, beaver, mink, and other fur bearing animals provided the impetus for the Russians to establish trade with the Tlingit and expand into the area. In 1834, the Russians erected a fort on the site that is now Wrangell to protect their fur trade. The fort, leased to the British in 1840, was abandoned in 1849 when the fur trade collapsed. The first boom had busted.

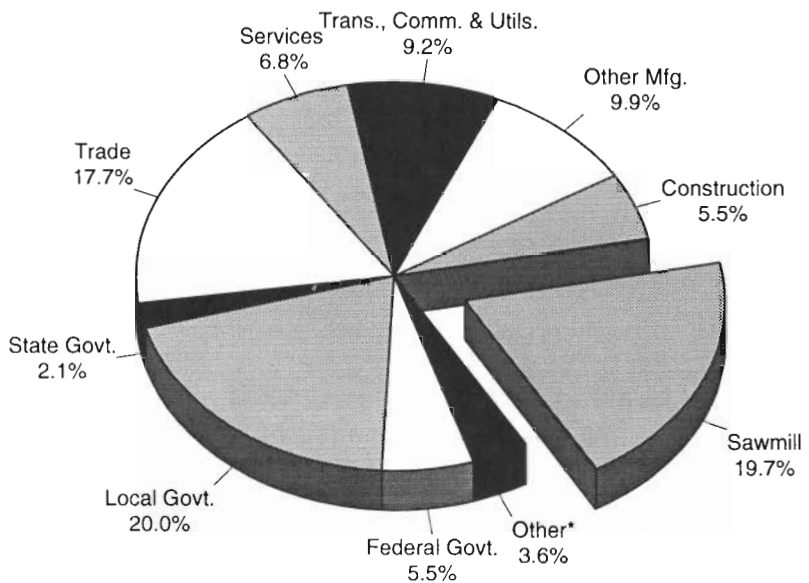
Gold was the next resource to affect the area's economy. Three times in the next 50 years, the town's population surged to supply an onrush of miners and then fell when the rush abated. The last short-lived gold boom in 1897 provided one more jolt to Wrangell's economy before it settled down to develop the fishing and timber resources which would see it through the next century.

Rich sea and timber resources fueled economic expansion. The first salmon cannery in the area opened in the 1880s, a second soon followed, and by the end of that decade the first sawmill started operations.



Figure • 1

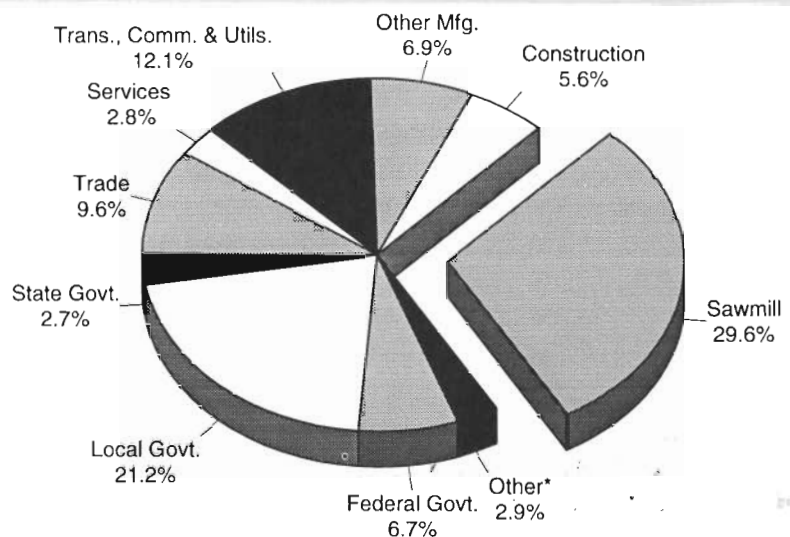
The Sawmill: Over 19% of Wrangell's Jobs ... Nonagricultural Wage & Salary Jobs, 1994



*Other = Finance, insurance and real estate; agriculture, forestry and fishing; and nonclassifiable.
Source: Alaska Department of Labor, Research & Analysis Section.

Figure • 2

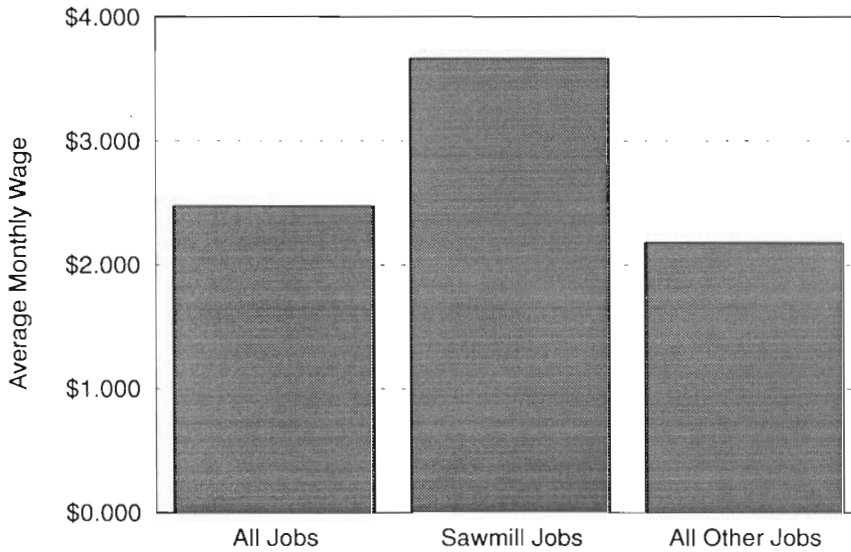
... And More than 29% of Wrangell's Payroll Nonagricultural Wage & Salary Earnings, 1994



*Other = Finance, insurance and real estate; agriculture, forestry and fishing; and nonclassifiable.
Source: Alaska Department of Labor, Research & Analysis Section.

Figure • 3

Sawmill Workers Earned More
Sawmill and Total Nonagricultural Employment in Wrangell, 1994



Source: Alaska Department of Labor, Research & Analysis Section.

Through the following decades commercial fisheries were established for salmon, halibut, pollack, flounder, herring, crab, and shrimp. Spruce and hemlock trees provided wood for the mills. Lumber and wood products became Wrangell's major industry.

Sawmill was city's economic centerpiece

Modern Wrangell's economy has been built on the manufacturing industry, in particular wood products. (See Table 1.) The Alaska Pulp Corporation's sawmill has been Wrangell's economic foundation. At its peak, the sawmill employed nearly 250 people and indirectly supported a number of other jobs. Last year, the mill provided one out of every five jobs in Wrangell. (See Figures 1 and 2.) In addition, sawmill workers received an average wage more than 50 percent higher than wages paid for other jobs. (See Figure 3.) As a result, the sawmill accounted for nearly 30 percent of payroll wages in Wrangell.

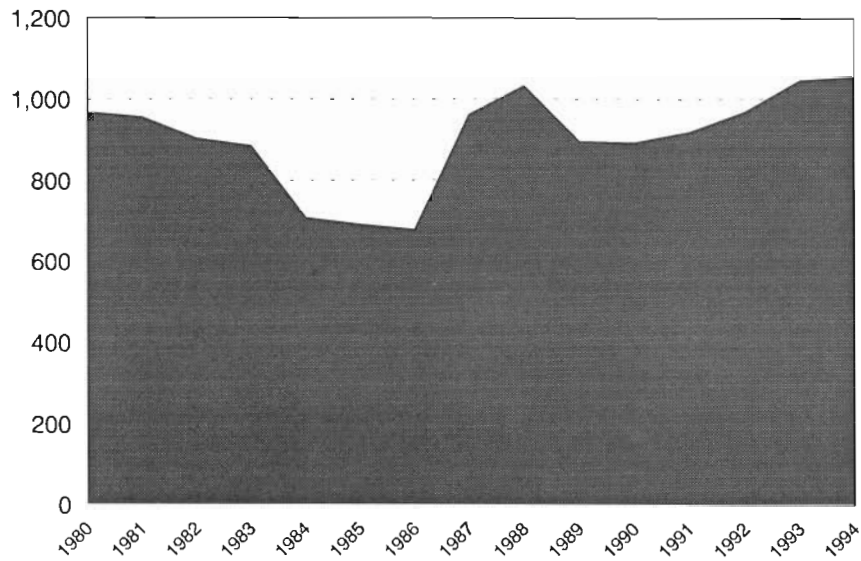
Table • 1

Wrangell's Employment by Industry 1980-1994

	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994
Total Nonag. Wage/Salary	966	954	901	883	704	688	675	960	1,031	894	891	917	967	1,044	1,059
Mining	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Construction	64	102	56	157	48	57	53	27	17	27	19	23	45	55	59
Manufacturing	387	340	306	171	96	89	86	397	429	254	239	280	292	344	315
Trans., Comm. & Util.	104	78	79	89	103	100	82	80	97	104	120	88	91	101	98
Trade	142	151	154	164	146	141	140	143	153	164	159	166	169	171	188
Finance, Ins. & R.E.	10	11	11	11	12	12	13	14	13	15	18	15	14	14	14
Services	56	56	67	64	57	52	58	58	72	67	76	74	75	77	72
Other	12	12	13	15	17	20	20	21	17	15	15	9	11	12	20
Government	190	205	214	211	225	218	222	221	232	248	246	262	270	270	294
Federal	46	55	64	58	54	51	46	47	45	45	49	49	46	53	59
State	2	3	2	5	4	5	4	4	4	5	4	23	22	22	22
Local	142	148	147	148	168	162	172	170	183	197	193	190	201	196	213

Note: 1984 through 1986 manufacturing numbers exclude the sawmill due to lack of cooperation of the mill operator at that time. An approximate upward adjustment of 150-175 in those years would more accurately reflect total employment in Wrangell. Industry employment numbers may not add to total due to rounding.
 Source: Alaska Department of Labor, Research & Analysis Section.

**Wrangell's Employment Has Been Fairly Stable
Wage & Salary Employment 1980-1994¹**



¹ See note on Table 1 for 1984-1986.
Source: Alaska Department of Labor, Research & Analysis Section.

Wrangell's Fifteen Largest Employers¹

Rank	Firm	1994 Annual Avg. Employment
1	Alaska Pulp Corporation	210
2	City of Wrangell	84
3	Wrangell Public Schools	78
4	Wrangell Fisheries	54
5	U.S. Forest Service	50
6	Wrangell General Hospital	49
7	Campbell Towing	48
8	City Market & Sentry Hardware	33
9	Dock Side Restaurant	22
10	Woolly Mammoth Construction	18
11	Sea Island Cutting Inc.	17
12	BPO Elks 1595	15
13	Wrangell Mental Health Service	14
13	Sea Level Seafoods Inc.	14
14	Ritchie Transportation Company	13
15	Stikine Inn	12

¹ Published with permission of employers. Two private employers in the top fifteen list asked to be excluded from the table.

Source: Alaska Department of Labor, Research & Analysis Section.

In 1993, its last full year of operation, the sawmill's share of employment and payroll was even larger, close to 22 percent of jobs and 33 percent of total payroll.

The mill's closure in late 1994 resulted in a severe economic setback for the community. An unofficial estimate of Wrangell's unemployment showed a sharp increase in the city's jobless rate. In January 1995, immediately following the closure, Wrangell's unemployment rate jumped to over 21 percent. After the closure, unemployment has hovered in the 20 percent range. Since 1990, unemployment during the first quarter has typically been around 13 percent.

Early indications are that other industries cannot absorb all of the displaced workers and that many workers and their families have either left or will leave Wrangell. Higher rental unit vacancy rates, an increasing number of residences for sale, dropping school enrollment, and increased outgoing barge traffic all point to population out-migration.

Another indicator of contraction is the drop in city sales tax revenue. Compared to the first quarter of 1994, Wrangell's sales tax revenue for the first quarter of 1995 fell 12.5%. In the last several years, sales tax revenue had grown at a 4.0% annual rate. The current decline indicates that the loss of income and population is driving down the demand for goods and services. Even Wrangell businesses not tied to the mill suffer from these losses. This in turn affects job prospects in other industries.

Many Wrangell businesses have been affected by the closure of the city's largest employer. (See Table 2.) In canvassing the list of large employers, several reported they are re-trenching or refocusing their efforts in response to the sawmill closure. One firm will close this summer with

T a b l e • 3

**A Snapshot of Wrangell City
Statistics from the 1990 Census**

	Wrangell	Alaska
Wrangell's population grew more slowly...		
Percent change 1980-1990 (1990 Population = 2,481)	13.6%	36.9%
The racial mix is less diverse...		
Percent White	78.8%	75.5%
Percent American Indian, Eskimo, or Aleut	20.0%	15.6%
Percent Hispanic (of all races)	1.6%	3.2%
Percent Asian/Pacific Islander	0.7%	3.6%
Percent Black	0.3%	4.1%
Fewer people hold degrees...		
Percent high school graduate or higher	78.4%	86.6%
Percent bachelor's degree or higher	16.2%	23.0%
More workers are self-employed...		
Percent private wage and salary workers	61.0%	61.9%
Percent government workers	24.4%	29.6%
Percent self-employed workers	13.9%	8.2%
Percent unpaid family workers	0.8%	0.3%
Fewer households have incomes over \$50,000...		
Median household income in 1989	\$37,358	\$41,408
Percent with less than \$5,000 income	1.7%	3.5%
Percent with \$5,000-\$9,999 income	5.7%	4.8%
Percent with \$10,000-\$14,999 income	9.3%	6.4%
Percent with \$15,000-\$24,999 income	9.3%	13.2%
Percent with \$25,000-\$34,999 income	19.2%	13.6%
Percent with \$35,000-\$49,999 income	21.2%	18.5%
Percent with \$50,000-\$74,999 income	20.1%	21.3%
Percent with \$75,000-\$99,999 income	8.4%	10.9%
Percent with \$100,000 or more income	5.1%	7.7%
Housing costs are lower...		
Median monthly mortgage for owner occupied units	\$817	\$1,059
Median gross rent	\$502	\$559
Percent rented for less than \$200	7.6%	1.7%
Percent rented for \$200-\$299	7.6%	5.4%
Percent rented for \$300-\$499	30.2%	27.8%
Percent rented for \$500-\$749	39.2%	29.8%
Percent rented for \$750-\$999	5.1%	12.8%
Percent rented for \$1,000 or more	2.9%	9.1%
Percent with no cash rent	7.0%	13.5%

Source: U.S. Bureau of the Census.

the owner citing the decline in work available in Wrangell as the reason.

Fisheries, tourism Wrangell's strengths

The sawmill's closure was a devastating blow to Wrangell's economic well-being, but other opportunities may cushion the impact. Current activity focuses on enhancing Wrangell's fisheries and tourism industries. Feasibility studies are underway for a cold storage and a haul-out and boat storage facility, which would expand the infrastructure for Wrangell's fishing industry. In the tourism arena, applications and permits for outfitter guides on U.S. Forest Service lands have increased since the mill closure.

Residents plan to generate additional tourism activity by promoting the Stikine/LeConte wilderness area and the world-class bear viewing area at Anan. There is also hope that the sawmill will reopen at some point in the future.

The immediate outlook for Wrangell appears bleak, but the community has survived previous downturns and may again parlay its resource strengths into an economic recovery. Future economic stability may depend on the ability of the community to expand into new areas such as tourism. The challenge for the community will be to stimulate demand for these activities and develop the skills needed to meet it.

Trends profiles are a new feature which will appear periodically in **Alaska Economic Trends**. For more information, contact
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