

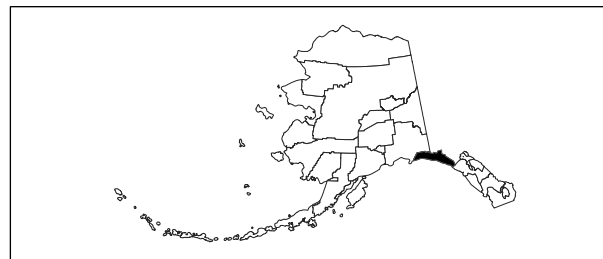
## Fishing then, fishing now

**L**ocated halfway between Juneau and Anchorage, the isolated fishing borough of Yakutat, like many other small Alaska communities, is only accessible by air or sea. Yakutat has the smallest population of any borough in the state, only 590 year-round residents, but a lot of real estate. (See Exhibit 1.) With 7,650 square miles of land, the Yakutat City and Borough is larger than the state of Connecticut.

The Yakutat City and Borough<sup>1</sup> rests on an isolated stretch of coastline, connecting Southeast Alaska with the rest of the state. It gets 150 inches of rain a year and 200 inches of snow. Mount Saint Elias – at 18,008 feet high, it's the third-highest peak in North America<sup>2</sup>

<sup>1</sup> Yakutat became a city in 1948; the city was dissolved and it became the City and Borough of Yakutat in 1992.

<sup>2</sup> The highest peak is Denali, at 20,320 feet, and the second highest is Mount Logan, which is 19,551 feet high and 25 miles northeast of Mount Saint Elias, in Canada.



– is 67 miles northwest of Yakutat, on the border with Canada. The Alaska Department of Fish and Game calls Yakutat's Situk River the most productive river in Southeast Alaska; its steelhead run, the biggest in the state, is one of the largest remaining wild steelhead stocks on earth.

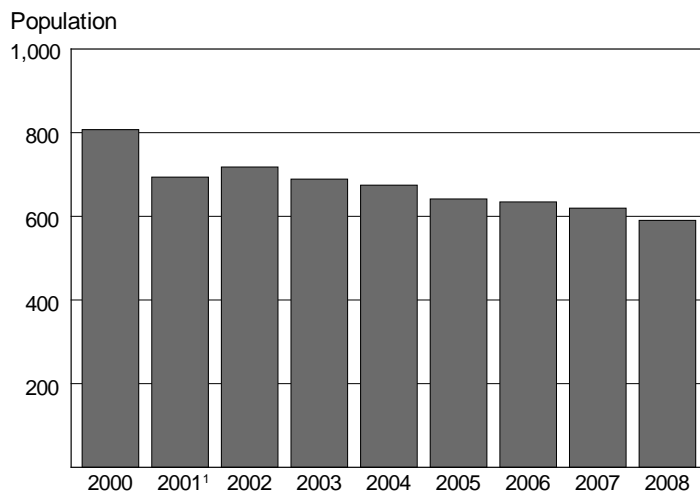
Hubbard Glacier, one of the world's few advancing glaciers, is 30 miles north of Yakutat. The tidewater glacier was in the news in 1986 and 2002 when it temporarily shut off Russell Fjord, creating the earth's largest glacier-dammed lake. Experts say if a future jam raised the lake level to 135 feet above sea level (it rose to 83 feet above sea level in 1986 and 61 feet above in 2002), it could flood the Situk River, possibly ruining its fisheries and impacting Yakutat's economy.

Surfing in Yakutat has also been big in the news: *Outside* magazine, *National Geographic Adventure* magazine, *Surfer* magazine, *CBS News* and *Newsweek* have written about professional surfers, film crews, locals and others going after waves coming off the Gulf of Alaska. The waves, usually 6- to 8-footers, turn into 15- to 20-footers several times a year.

### Early on

Historically Tlingit, Eyak and Aleut tribes lived in various bays throughout what is now the City and Borough of Yakutat. Rich resources coupled

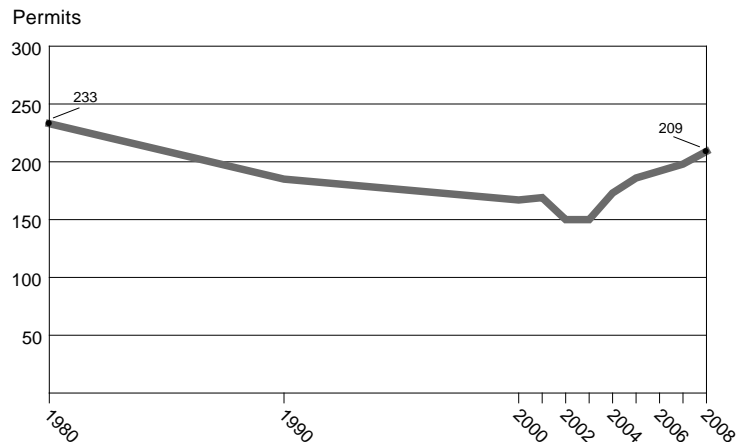
## 1 Yakutat's Population 2000 to 2008



<sup>1</sup> The closure of the Icy Bay logging camp in the early 2000s contributed to the decline in Yakutat's population since 2000.

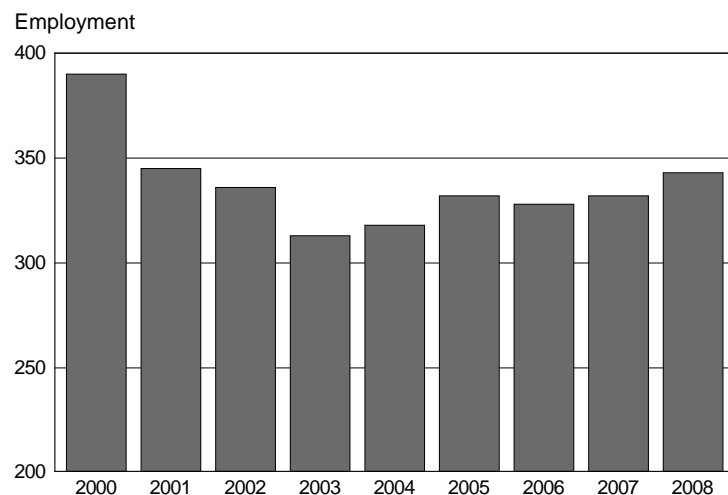
Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

## 2 Permit Numbers Near Historic Highs Yakutat resident fishing permits, 1980 to 2008



Source: Alaska Department of Fish and Game, Commercial Fisheries Entry Commission

## 3 Small Employment Changes Yakutat payroll employment, 2000 to 2008



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

with trade and protection from landslides and tsunamis encouraged the settlement of Yakutat Bay. The bay provided shelter, fish and hunting for settlers.

In 1805, the Russian-American Company built a fort and began to harvest salmon and sea otter pelts, which were most of Yakutat's economy. After the company blocked the Tlingits' access to their traditional fishing grounds, the Tlingits attacked the Russians and burned their fort, killing nearly everyone. A similar conflict occurred in Sitka, a strategic location for the Russians. But

unlike the Sitka conflict, the Russians chose not to return to Yakutat.

### One train and a lot of fish

Americans began to slowly trickle into Yakutat after the U.S. bought Alaska from Russia in 1867. Yakutat sits on Monti Bay, the only sheltered deep-water port in the Gulf of Alaska. In 1903, the Stimson Lumber Company, which later became the Yakutat and Southern Railroad Company, built a cannery in Yakutat and an 11-mile railroad.

Commercial fishing boats caught sockeye and silver salmon on the fishing grounds at the mouth of the Situk River, and the train transported the fish to the cannery to be processed. The railroad greatly reduced the cost of getting the fish to the cannery, which operated some 67 years before it closed in 1970.

The railroad had a second life when it was briefly used to transport construction materials for a U.S. Army Air Force aviation garrison during World War II. The airmen stationed there built a paved runway that is still used today as part of the Yakutat Airport.

### Today's economy resembles the past

Commercial fishing continues to dominate Yakutat's economy. Yakutat residents fished more than 200 commercial permits in 2008.<sup>3</sup> (See Exhibit 2.) That includes 135 permits held by resident setnetters for all five species of salmon. Other commercially fished species in 2008 include rockfish, ling cod, king and Dungeness crab, halibut and shrimp. The fact that there are a lot of setnet permits in Yakutat sets it apart from many Southeast communities.

With such a large percentage of the population tied to commercial fishing, changes in fisheries earnings ripple through Yakutat's economy. In the past 20 years or so, several years of persistent high or low earnings in the fishing industry

<sup>3</sup> The 200 covers all permits with any recorded landings belonging to people listing Yakutat as their permanent address on their Commercial Fisheries Entry Commission registration, including interim-use permits and permits that were later revoked.

have been accompanied by gains or losses in payroll employment. (See Exhibits 3 and 4.)

The 2.2 million pounds of fish landed and roughly \$3.1 million earned in 2008 continue a trend of high gross earnings in Yakutat's fisheries. Recent earnings are far below the historic highs of the 1980s and 1990s but they're a decent recovery from the early 2000s. (See Exhibit 4.)

Big commercial fishing leads to big seafood processing. In the high harvest months of summer, close to 100 people work in seafood processing. Although seafood processing employment has declined a little in recent years, employment at the city's three seafood processors still makes up about 13 percent of total average monthly employment. (See Exhibit 5.) In comparison, the number of seafood processing jobs statewide represents only 3 percent of all employment.

Nonresident workers<sup>4</sup> are a big part of Yakutat's seafood processing employment, but they represent a bigger part statewide. Nonresidents made up 33 percent of Yakutat's seafood processing work force in 2007, yet they made up 75 percent of the same work force statewide.

Yakutat in 2007 had the fourth-lowest percentage of nonresidents in seafood processing of all of the seafood-producing boroughs in Alaska.

One of the reasons nonresidents make up a smaller portion of Yakutat's seafood processing is because the industry is small enough that locals can supply a higher percentage of the required labor.

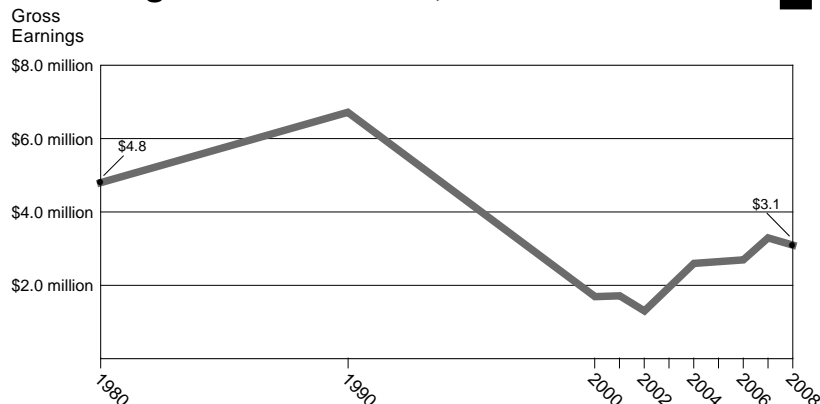
Across all private industries in Yakutat, 30 percent of all workers were nonresidents in 2007.

<sup>4</sup> Alaska residency was determined by matching the Alaska Department of Revenue's Permanent Fund dividend data file with the Department of Labor's wage records file.

The PFD file is a list of Alaskans who applied for a PFD. Workers included in the wage file were considered Alaska residents if they applied for either a 2007 or 2008 PFD.

The wage records file contains quarterly reports submitted by every employer subject to the state's unemployment insurance laws. Those quarterly reports contain industry, occupation, wages and place of work for each worker.

## A Modest Rebound in Fisheries Earnings in 2009 dollars, Yakutat fisheries **4**



Notes:

Gross earnings are estimated.

Data for 2003 and 2005 are omitted due to confidentiality.

Source: Alaska Department of Fish and Game, Commercial Fisheries Entry Commission

## Wage and Salary Employment Yakutat, 2008 **5**

	Average Monthly Employment in 2008	
	Yakutat	Alaska
Total Public and Private Employment	250-499	321,700
Total Private Employment	250-499	240,800
Natural Resources and Mining	10-19	15,900
Construction	5-9	17,300
Manufacturing	20-49	13,000
Seafood Processing	20-49	9,000
Trade, Transportation and Utilities	50-99	64,800
Retail Trade	20-49	36,200
Transportation and Warehousing	10-19	20,200
Utilities	5-9	1,900
Information	0	7,000
Financial Activities	20-49	14,800
Professional and Business Services	1-4	26,200
Educational <sup>1</sup> and Health Services	0	37,600
Leisure and Hospitality	50-99	32,200
Other Services	10-19	11,700
Government	100-249	81,000
Federal Government <sup>2</sup>	20-49	16,900
State Government <sup>3</sup>	10-19	25,000
Local Government <sup>4</sup>	50-99	39,100

<sup>1</sup> Private education only

<sup>2</sup> Excludes the uniformed military

<sup>3</sup> Includes the University of Alaska

<sup>4</sup> Includes the public school system

Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section; U.S. Department of Labor, Bureau of Labor Statistics

In comparison, 20 percent of all workers statewide were nonresidents.<sup>5</sup> (See Exhibit 6.)

<sup>5</sup> For more information, see "Nonresidents Working in Alaska 2007," which is produced by the Alaska Department of Labor and Workforce Development's Research and Analysis Section. Go to the section's Web site at [laborstats.alaska.gov](http://laborstats.alaska.gov), click on "Employment" on the left, then "Resident Hire." Then click on the name of the publication in the middle of the page.

# 6 Yakutat's Nonresident Workers 2007

Industry	Number of Total Workers	Number of Nonresident Workers	Number of Resident Workers	Percentage of Total Workers Who Are Nonresidents	Percentage of Total Wages That Go to Nonresident Workers
Manufacturing	90	30	60	33.3%	23.4%
Trade, Transportation and Utilities	79	13	66	16.5%	8.9%
Financial Activities	22	5	17	22.7%	11.9%
Leisure and Hospitality	98	43	55	43.9%	36.6%
State Government <sup>1</sup>	15	0	15	0.0%	0.0%
Local Government <sup>2</sup>	145	20	125	13.8%	9.9%
Other	30	6	24	20.0%	17.6%

<sup>1</sup> Includes the University of Alaska

<sup>2</sup> Includes public school systems

Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section; Alaska Department of Revenue, Permanent Fund Dividend Division

Sport fishing attracts more people from out of state as tourists than as workers. Subsidized daily commercial jet service, an unusual bonus for such a small community, makes it easier for tourists to get to Yakutat. An Alaska Marine Highway System ferry stops in Yakutat about twice a month in the spring, summer and early fall. The visitors stay in the area's lodges and bed and breakfasts, many of them owner-operated.

Some visitors come to sightsee, hike or hunt, but most come for the fishing. The Situk River's popular steelhead fishery, as mentioned earlier, attracts anglers from all over the world. The river, like area streams and lakes, also has resident rainbow trout, cutthroat trout and Dolly Varden, among others. Sport fishermen catch all five species of salmon in freshwater and from charter boats in saltwater. Sockeye and silvers are the most popular. Sport fishermen on charter boats also go after halibut and ling cod in Yakutat Bay and the Gulf of Alaska.

With much of the private economy tied to sport and commercial fishing, it is not surprising that fisheries agencies account for one of the largest pieces of federal and state government employment. The National Oceanic and Atmospheric Administration and Alaska Department of Fish and Game make up 26 percent, and the U.S. Forest Service makes up 28 percent. Others include the federal Travel Security Administration (15 percent) and the Alaska Department of Transportation and Public Facilities (15 percent).

High levels of government employment usually help stabilize job levels, but with fishing being the 800-pound gorilla in its economy, Yakutat is an exception to the rule. Even though nearly 40 percent of Yakutat's employment is in government, the community's employment isn't particularly stable. From 2000 to 2008, the total number of average monthly payroll jobs fluctuated

between 313 and 390. (See Exhibit 3.) Such a small range of employment would be considered stable in a larger economy, but in Yakutat it's nearly a quarter of total employment.

## A little diversity

Yakutat's economy is undeniably fishing-dependant, but intermittent logging adds economic diversity. Industry employment varies dramatically with the availability of timber harvests. In the years since 2000, logging employment has been as much as 7 percent of all private employment, and in other years it has fallen to zero. The closure of the Icy Bay logging camp about 70 miles northwest of Yakutat in the early 2000s contributed to the decline in Yakutat's population since 2000. (See Exhibit 1.)

Yakutat's rather un-Alaska outdoor sport – surfing – draws in a few more tourists and gives Yakutat a touch more economic diversity. Along with waves big enough to surf, Yakutat gets a warm current from the Pacific that raises the summer water temperatures to the low 60s. Surfing with the snow-covered Mount Saint Elias as a backdrop offers surfers a novel experience that they can't get anywhere else. Logging and surfing give Yakutat a few more irons in the fire, but they don't change the fact that it's a fishing town.

## Demographically different

Yakutat varies from the state as a whole in many ways. (See Exhibit 7.) The borough's median household income of \$46,786 is far below the

## How Yakutat Compares Yakutat and Alaska residents, 2000



state's, and the percentage of families below the poverty line is 5 percent higher. Fuel oil is used for heat in 91 percent of Yakutat's homes – versus 36 percent of the homes statewide – so the recent high fuel prices have been particularly hard for Yakutat.

The racial makeup of Yakutat versus the state is quite different. The borough is 40 percent Alaska Native, more than double the statewide average – reflecting its deep roots as a Native settlement.

The borough has one of the lowest birthrates – the number of births per 1,000 in population – in Southeast, next to the Petersburg Census Area and the City and Borough of Wrangell. Yakutat's seven births in 2008<sup>6</sup> (a birthrate of 11.6 ) has been typical since 1990. The state's birthrate, in contrast, has been around 16 since 1990.

Yakutat's low birthrates can be explained in part by Yakutat being nearly 60 percent male and having a high median age – 37 in Yakutat versus 32 statewide.

The Yakutat School had 121 students, kindergarten to grade 12, as of October 2008; it has had similar enrollment since 2003.

Yakutat has a lower percentage of college graduates compared to the state.

The borough and the state as a whole do have some demographical similarities. The two have similar percentages of residents who are veterans, and roughly 29 percent of both populations have attended some college but not received a degree.

### What's in store

Yakutat's future, perhaps even more than its past, will expand and contract based on fishing. Yakutat's dependence on fishing results in an economy vulnerable to fluctuations in fish prices and stock levels. In the past, Yakutat has managed to ride out tough times in the fishing industry, and it's likely these strong relationships between the health of the fishing industry and the overall economy will continue well into the future.

	2000 Census	
	Yakutat	Alaska
<b>Age</b>		
Median age	37	32
Under 5 years	4.8%	7.6%
18 years and over	71.9%	69.6%
65 years and over	5.3%	5.7%
<b>Race and Ethnicity</b>		
White	50.4%	69.3%
Black or African American	0.1%	3.5%
American Indian and Alaska Native	39.6%	15.6%
Asian	1.2%	4.0%
Native Hawaiian and Other Pacific Islander	0.7%	0.5%
Other	0.0%	1.6%
Two or more races	7.9%	5.4%
Hispanic (of any race)	0.7%	4.1%
<b>Gender</b>		
Female	40.7%	48.3%
Male	59.3%	51.7%
<b>Marital Status</b>		
Never married	34.3%	28.4%
Divorced	17.0%	11.7%
<b>Veteran Status</b>		
Percentage of population who are veterans	16.2%	17.1%
<b>Born in Alaska</b>		
Percentage of population born in Alaska	50.1%	38.1%
<b>Residence</b>		
Percentage of population who lived in the same house in 2000 as in 1995	54.2%	46.2%
<b>Educational Attainment</b>		
Less than 9th grade	2.3%	4.1%
9th to 12th grade, no diploma	13.4%	7.5%
High school graduate	33.3%	27.9%
Some college, without degree	28.9%	28.6%
Associate degree	4.4%	7.2%
Bachelor's degree	11.3%	16.1%
Graduate or professional degree	6.3%	8.6%
<b>Income</b>		
Families below poverty level	11.8%	6.7%
Median household income	\$46,786	\$51,571
Per capita income		
<b>Home Heating Fuel</b>		
Utility gas	0.0%	45.9%
Bottled, tank or propane gas	1.5%	2.2%
Electricity	3.0%	10.2%
Fuel oil, kerosene and other	91.3%	35.8%
Coal or coke	0.0%	0.5%
Wood	3.4%	3.7%
Solar energy	0.0%	0.0%
Other fuel	0.8%	1.1%
No fuel used	0.0%	0.5%

Source: U.S. Census Bureau, Census 2000

<sup>6</sup> From July 1, 2007, to June 30, 2008