

## An economy steeped in fishing, but the Coast Guard and tourism play a role too

**W**hen Alaska was purchased from Russia in 1867, sea otter hunting was booming in Kodiak, Alaska's largest island. After the hunting ban in 1911, commercial fishing became the island's mainstay. By the late 19th century, Kodiak had become Alaska's unofficial commercial seafood processing capital and by 1968 it was the largest fishing port in the nation.

Forty years later, in 2008, Kodiak's commercial fishing gross earnings were \$140 million and it harvested 251 million pounds (see Exhibit 1), making it third and fifth in the nation, respectively.<sup>1</sup>

Over the years, government, tourism, retail and health care jobs have added diversity and stability to the economy of the Kodiak Island Borough. But despite that increased diversity, the commercial fishing industry continues to be a cornerstone of the borough's economy. In 2008, a third of all the jobs in the borough and half of

all earnings were related to commercial fishing and seafood processing.

### Who lives here and where?

The Alutiiq people had lived on the island for thousands of years and had developed a rich subsistence economy by the time Russian fur trappers settled Kodiak in 1792 and made it the Russian territorial capital.

The present-day Kodiak Island Borough has 13,860 residents,<sup>2</sup> making it seventh in population of the state's 29 boroughs and census areas. Almost half of the 13,860 live in the city of Kodiak – the borough government seat and the state's eighth largest city – and nearly 10 percent live in Kodiak Station, the Coast Guard base six miles southwest of the city of Kodiak. (See Exhibits 2 and 3.)

Nine communities are on either Kodiak Island or Afognak Island, four miles to the north. Only two of the nine, Chiniak and Womens Bay, are accessible by road. The other seven range in population from 38 to 200 and are accessible only by air or water – Karluk, Larsen Bay, Port Lions, Ale-neva, Ouzinkie, Old Harbor and Akhiok.

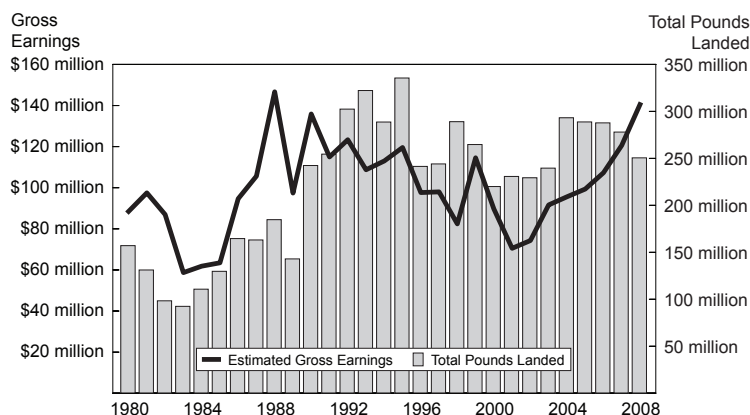
The median age of the borough's residents is slightly younger than statewide – 33.1 years versus 33.5. And young people represent more of the borough's population – 31.4 percent of the borough's population was under 18 in 2009, compared to 28.9 percent statewide.

The borough's population breaks down to 63.4 percent white (versus 72.0 percent statewide),

<sup>1</sup> The year 2008 is the most recent year for which complete data are available.

<sup>2</sup> According to 2009 estimates; population estimates in this article are from Research and Analysis' Demographics Unit in the Alaska Department of Labor and Workforce Development, unless noted otherwise.

## 1 Kodiak's Commercial Fishing Earnings and pounds landed, 1980 to 2008



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

19.0 percent Asian and Pacific Islanders (versus 6 percent statewide), and 16.4 percent Native Alaskans (versus 17.9 percent statewide). Six percent of the borough's population is of Hispanic origin<sup>3</sup> (versus 4 percent statewide).<sup>4</sup>

### Commercial fishing year-round

The Kodiak Island Borough's commercial fishing industry is less seasonal – varying less dramatically during the year – than any other fishing borough in the state. The borough's number of fish harvesting jobs still varies. June, July and August are the peak months and December is the lowest month.

More than half the jobs during the peak months come from salmon harvesting, which occurs June through September. On an average annual basis, salmon fishing jobs made up 28 percent of all fish harvesting jobs in 2008, but only 14 percent of the estimated gross earnings – \$20.3 million.

The borough's other commercial fisheries include groundfish, halibut, herring and sablefish. (See Exhibit 4.) Groundfish made up the largest share, 36 percent, of the harvest earnings in 2008, and halibut represented 28 percent.

Groundfish harvesting occurs throughout the year, unlike fishing for other species, and the employment is the highest from January to May.

### Interregional fishing

Like many commercial fishermen in Alaska, Kodiak fishermen often fish in other regions of the state – the Bering Sea, Aleutians, Prince William Sound, Gulf of Alaska and Southeast – and they bring their earnings home with them.

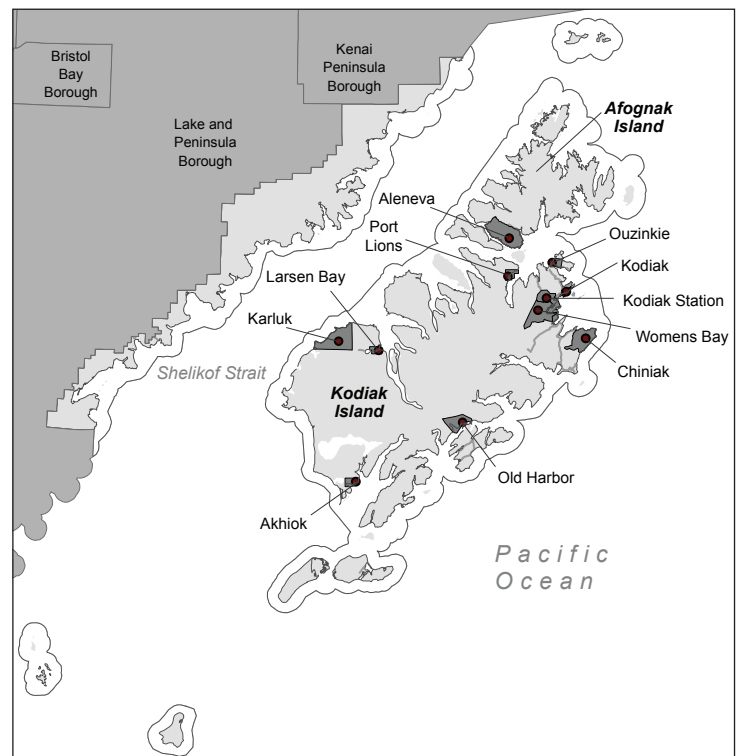
<sup>3</sup> People of Hispanic origin may belong to any race.  
<sup>4</sup> According to 2008 population estimates

## The Kodiak Island Borough's Population 2000 to 2009 **2**

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Kodiak Island Borough	13,913	13,565	13,643	13,817	13,573	13,693	13,457	13,664	13,954	13,860
Akhiok (city)	80	57	49	51	57	42	41	36	48	51
Aleneva	68	88	96	59	44	46	46	61	57	67
Chiniak	50	53	56	49	50	52	41	44	44	48
Karluk	27	29	27	28	32	35	34	40	38	38
Kodiak (city)	6,334	6,073	6,100	6,109	6,210	6,139	5,670	5,796	6,541	6,626
Kodiak Station	1,840	1,758	1,939	2,189	1,764	1,977	1,887	1,974	1,235	1,321
Larsen Bay (city)	115	113	107	95	96	97	83	89	68	79
Old Harbor (city)	237	236	226	211	198	200	179	201	185	193
Ouzinkie (city)	225	204	189	172	187	189	172	166	168	170
Port Lions (city)	256	246	227	233	240	220	196	193	191	200
Womens Bay	690	683	684	681	689	704	759	747	792	740
Remainder of borough	3,991	4,025	3,943	3,940	4,006	3,992	4,349	4,317	4,587	4,327

Sources: Alaska Department of Labor and Workforce Development, Research and Analysis Section, Demographics Unit; U.S. Census Bureau, Census 2000

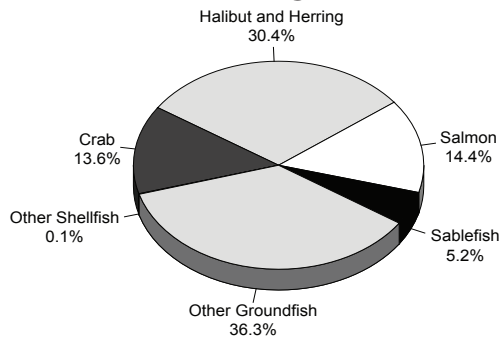
## The Kodiak Island Borough 2010 **3**



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

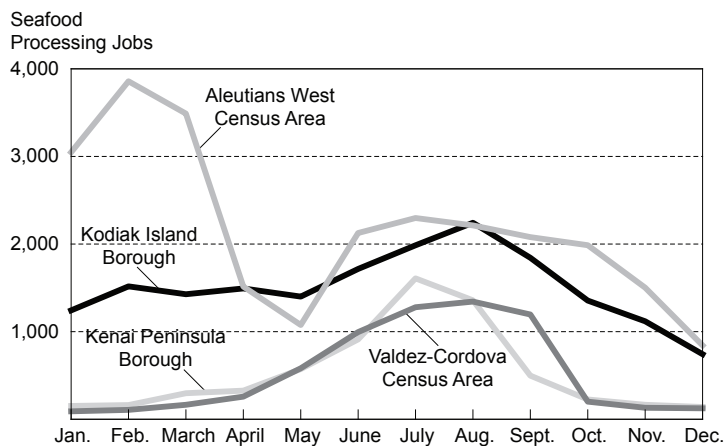
Crab – Dungeness, king and Tanner – is a good example. Crab made up 14 percent of all fisheries earnings in the borough in 2008, but it represented only 3 percent of the total pounds harvested in the borough. Most of the crab was caught in the Bering Sea and Aleutian Islands regions, which in 2005 became catch-share fisheries.

## 4 Gross Earnings by Species Kodiak Island Borough, 2008<sup>1</sup>



<sup>1</sup> The year 2008 is the most recent year for which complete data are available.  
Source: Alaska Department of Fish and Game, Commercial Fisheries Entry Commission

## 5 Kodiak Has Less Seasonality Seafood processing jobs, Alaska 2008



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

Catch-share, also known as crab rationalization, allocates predetermined shares of an annually determined total catch to harvesters, processors and coastal communities. Since the program began in 2004, the number of permits fished in the Kodiak Island Borough has gone down from 209 to 61 in 2008, but the value of the crab harvested has gone up from \$13.5 million to \$19.1 million.

### First catch, then process

Looking at the borough's fish harvesting jobs combined with wage and salary jobs, seafood processing accounted for 23 percent of the jobs in 2008 and 17 percent of the earnings.

The borough has 16 seafood processing plants; only the Bristol Bay Borough has more, with 26.

The Kodiak Island Borough, compared to other areas, had the least dramatic seasonal seafood processing employment swings in 2008. (See Exhibit 5.)

Linked with that, the borough was also among Alaska's eight boroughs and census areas with the smallest percentage of nonresident processing workers in 2008<sup>5</sup> (see Exhibit 6), and the largest resident processing work force.

Nonresidents accounted for 43.9 percent of the borough's processing work force in 2008, compared to 74.4 percent statewide.

The fact that processing jobs are available year-round makes it possible to sustain such a large resident work force. Even in December – a low month for processing jobs across the state – the borough, in 2009, had the highest level of seafood processing employment of any borough or census area – 682 jobs.

### Fishing supports other industries

Like most fishing communities, commercial fishing brings more to the borough than just harvesting and processing jobs. Most of the borough's jobs have ties to fishing.

Kodiak's status as the state's commercial seafood capital is the reason many organizations are located there, including the U.S. Coast Guard, University of Alaska Fairbanks' Fisheries Industrial Technology Center and Kodiak Fisheries Research Center.

The Fisheries Industrial Technology Center, which focuses on increasing the value of the state's fishing industry through education and research, represents 71 jobs in the borough. It has two degree programs, sustainable harvesting and seafood processing, and multiple specialties.

The borough owns the 45,937-square-foot Kodiak Fisheries Research Center, a laboratory and office building for the National Marine Fisheries Service, Alaska Department of Fish and Game, and University of Alaska Fairbanks. The \$20 million facility, built in 1998, was partially paid for with Exxon-Valdez Oil Spill settlement money.

<sup>5</sup> The most recent year for which complete data are available

## The second-largest economic player

The Coast Guard's Kodiak Station brings in big dollars from out of state and in that way is a huge contributor in its own right to the borough's economy – its 2009 payroll was \$53 million.

The Coast Guard is the second-largest economic player in the borough, after commercial fishing (harvesting and processing).

Kodiak Station provides search and rescue and fisheries enforcement for the Gulf of Alaska, Bering and Chukchi seas, and out to the end of the Aleutian Islands.

The military has played a role in Kodiak's economy since 1938; the island was a main North Pacific staging area during World War II. The Coast Guard set up an Air Detachment on the island in 1947. Both the Navy's and Army's WWII installations were converted to a Coast Guard station in 1972.

Since then, the Coast Guard has maintained a sizeable presence. It's the largest Coast Guard base in the nation as far as physical size (36 square miles). Compared to Alaska's other boroughs and census areas, Kodiak's military represents the largest proportion of the total population.

Kodiak Station had 1,067 active military and 1,642 dependents as of March,<sup>6</sup> making it Alaska's fifth-largest military installation in terms of the number of people.

## Other government jobs

The borough mirrors Alaska statewide in the percentage of payroll jobs in the public sector – roughly one in four wage and salary jobs. (See Exhibit 7.)

Local government accounts for 14 percent of the jobs and 14 percent of the wages. The Kodiak Island Borough School District is the largest wage and salary employer.<sup>7</sup> The district had 2,568 students, kindergarten to grade 12, at 14 schools during the 2009-2010 school year.

State government makes up about 5 percent of

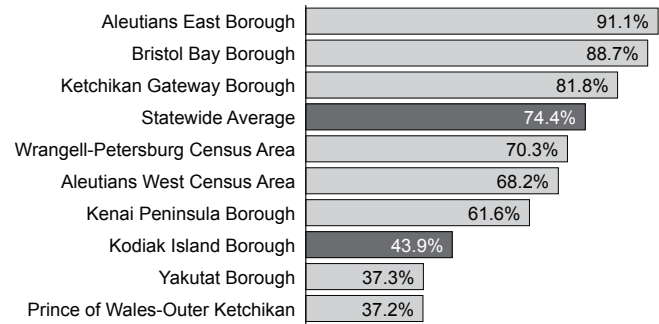
<sup>6</sup> According to the joint-military Alaskan Command, or ALCOM

<sup>7</sup> This count excludes the Coast Guard and fishermen.

## Fewer Nonresidents in Kodiak Seafood processing, Alaska 2008

# 6

Nonresidents as a percentage of total seafood processing workers in 2008<sup>1</sup>



<sup>1</sup> The year 2008 is the most recent year for which data are available.

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

the borough's payroll jobs. A host of state agencies have offices in the borough.

The state maintains six state parks in the borough, three of which are on the road system: Ft. Abercrombie State Historical Park, and Buskin River and Pasagshak River state recreation sites.

The Coast Guard owns Kodiak's airport, but leases it to the state and the state maintains it. Kodiak College, also included in state government, has 50 full-time and 400 to 600 part-time students. The college is a two-year satellite campus of the University of Alaska Anchorage.

Federal jobs make up about 6 percent of the borough's payroll jobs. Those include the offices for the National Marine Fisheries Service, Kodiak National Wildlife Refuge, Katmai National Park and Preserve, and National Weather Service.

## Health care continues to grow

The borough had about 550 health care jobs in 2009, which is up from 300 in 2002, but that number doesn't include the health care jobs held by uniformed personnel on Kodiak Station.

## Bears, other wildlife and sportfishing

The Kodiak brown bear – the largest of the brown bears – and other wildlife are big draws for visitors. The potential outdoor activities include photography, hiking, camping, hunting;

# 7 Jobs, Fishermen and the Military

## Kodiak Island Borough, 2000 to 2009

	Employment										Average Annual Wages in 2009
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	
Total Wage and Salary <sup>1</sup>	5,701	6,091	5,616	5,240	5,507	5,381	5,553	5,616	5,803	5,961	\$37,203
Natural Resources and Mining	–	–	94	90	122	118	78	29	86	97	\$48,151
Construction	–	–	184	183	192	166	148	166	178	173	\$60,342
Manufacturing	–	–	1,536	1,153	1,383	1,375	1,464	1,435	1,514	1,544	\$36,589
Seafood Manufacturing	–	–	1,532	1,147	1,376	1,368	1,458	1,428	1,507	1,539	\$36,632
Trade, Transportation and Utilities	–	–	852	824	825	815	823	792	801	785	\$30,746
Retail Trade	–	–	549	518	535	540	535	520	516	495	\$25,655
Transportation and Warehousing	–	–	224	221	208	195	211	200	218	220	\$28,324
Information	–	–	68	70	72	67	68	72	69	66	\$39,408
Financial Activities	–	–	189	186	187	192	227	218	227	243	\$42,130
Professional and Business Services	–	–	308	177	157	134	147	202	224	232	\$42,423
Educational <sup>2</sup> and Health Services	–	–	352	373	539	463	547	578	585	664	\$43,227
Health Care	–	–	291	318	439	372	457	466	469	547	\$47,842
Leisure and Hospitality	–	–	504	486	465	469	438	411	418	441	\$16,080
Other Services	–	–	272	380	230	243	250	253	236	238	\$19,833
Government	1,145	1,229	1,258	1,302	1,330	1,339	1,361	1,456	1,463	1,475	\$42,470
Federal Government <sup>3</sup>	208	208	216	233	243	241	239	342	344	347	\$50,279
State Government <sup>4</sup>	225	240	251	258	265	277	273	273	268	274	\$51,822
Local Government <sup>5</sup>	713	781	791	812	822	821	849	841	851	854	\$36,283
Fish Harvesting Jobs <sup>6</sup>	971	791	697	698	697	740	721	764	720	n/a	
Uniformed Military Population <sup>7</sup>	913	924	924	830	844	817	943	983	1,003	975	

### Notes:

A dash indicates employment isn't publishable at that industry detail due to a change of industry classification systems. Before 2002, the Alaska Department of Labor and Workforce Development reported industry employment using the Standard Industrial Classification system. Since 2002, the Department of Labor has reported industry employment using the North American Industrial Classification System.

The abbreviation "n/a" in these cases means not available.

<sup>1</sup> Excludes self-employed workers, fishermen, domestic workers, unpaid family workers and nonprofit volunteers

<sup>2</sup> Private education only

<sup>3</sup> Excludes uniformed military

<sup>4</sup> Includes the University of Alaska

<sup>5</sup> Includes public school systems

<sup>6</sup> "Fish harvesting jobs" represent the estimated number of jobs created for commercial permit holders and their crew who are directly involved in harvesting fish. They don't include the many jobs in processing, tendering and other related activities. Fish harvesting numbers are not a part of the wage and salary employment reported in the table above.

<sup>7</sup> The uniformed military count is a special population series collected annually from military sources by Research and Analysis' Demographics Unit within the Department of Labor. These numbers aren't comparable with the wage and salary employment reported above.

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

and sportfishing for all five species of salmon, cod, rainbow trout and steelhead.

Bear viewing will increase in June 2011 when the Kodiak National Wildlife Refuge opens the O'Malley River area on the southwest side of Kodiak Island for bear viewing from platforms, much like McNeil River and Brooks Camp in Katmai National Park and Preserve.<sup>8</sup>

Tourists headed to Kodiak and Southwest Alaska stay longer, spend more money and are 33 percent more likely to be repeat visitors than the average Alaska tourist. In 2006, the average Kodiak visitor stayed 12 nights and spent \$2,062.<sup>9</sup>

<sup>8</sup> According to the refuge

<sup>9</sup> According to the Alaska Visitor Statistics Program; the year 2006 is the most recent year for which AVSP has published data.

Two cruise ship companies dock in Kodiak as part of their longer Alaska tours, Holland America Line and Princess Cruises.

### The only fish-free zone

The only economic development in Kodiak with virtually no ties to fishing is the Kodiak Launch Complex, which was built in 1998 on Narrow Cape, 44 miles south of the city of Kodiak. The Alaska Aerospace Corporation, established by the State of Alaska, developed, owns and operates the spaceport. It was designed for polar space launches and it's used by the military and private companies, according to the corporation.