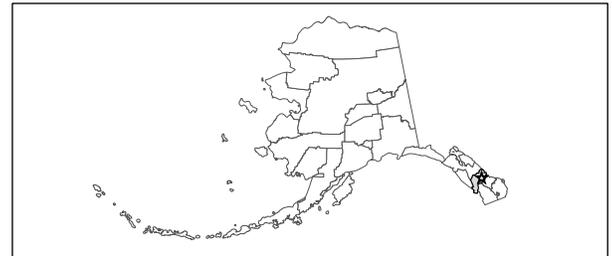


The story of a 100-year-old fishing community

Ask Alaskans what they know about Petersburg and if they don't know anything else, you can be sure they'll mention at least two things: fishing and Norway. Perhaps no other mostly non-Native community in Alaska is so identified with its cultural past as Petersburg.

Named after Peter Buschmann, a Norwegian immigrant who opened a cannery on his homestead there in the late 1890s, the community is located about halfway between Juneau and Ketchikan on the northwest part of Mitkof Island where the Wrangell Narrows meets Frederick Sound.

Access to rich fishing grounds and a picturesque Southeast Alaska location – that probably felt much like their native Norway – helped attract Buschmann's fellow countrymen and other Scandinavians and northern Europeans to the area.



By 1910, the population of Petersburg had grown to nearly 600, and papers were filed to incorporate the community as a municipality.

One hundred years later, residents are busy boiling the lutefisk, rolling the lefse and donning their horned Viking helmets in celebration of their community's centennial.

But Petersburg isn't all about rosemaling and little shrimp. In this article we'll look at more.

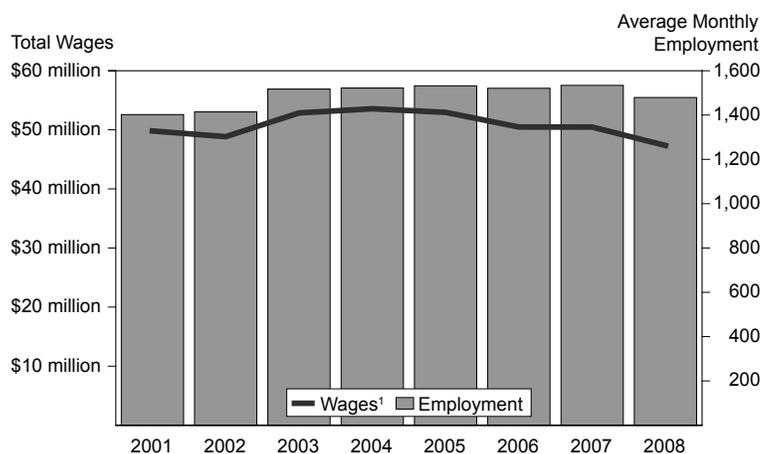
Who lives there?

Though the community identifies strongly with its Norwegian roots, when Buschmann arrived in the late 1890s, Tlingit Indians were already there and fishing. In the 2000 Census, 12 percent of the Petersburg population self-reported to be at least part American Indian or Alaska Native. Almost 87 percent were white, 4.5 percent Asian and the remainder some other race.¹

Petersburg's estimated 2009 population was 2,973. That's a loss of about 250 since the 2000 Census and marks the first time since the early 1980s that the city's population has dipped below 3,000.

Petersburg's population story isn't unlike that of many other small Southeast Alaska communities.

1 Petersburg's Wages and Employment 2001 to 2008



¹ In 2008 inflation adjusted dollars

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

¹ Respondents were given the option of selecting one or more race categories to indicate their racial identities.

2 Fisheries Earnings¹ Petersburg, 1999-2008

Year	Permit Holders with at Least One Landing	Total Pounds Landed	Estimated Gross (2008 constant dollars)
1999	372	68,894,920	\$46,519,040
2000	379	41,628,650	\$41,086,980
2001	375	64,538,490	\$41,175,330
2002	371	54,715,480	\$35,358,600
2003	365	70,931,300	\$42,319,460
2004	381	71,775,370	\$46,325,710
2005	376	71,879,420	\$45,129,430
2006	381	47,883,780	\$48,238,040
2007	379	66,479,160	\$54,787,670
2008	378	46,727,070	\$55,398,640

¹ Estimated earnings adjusted for inflation using the U.S. Consumer Price Index.

Source: Alaska Commercial Fisheries Entry Commission (CFEC)

The median² age for the Petersburg Census Area (which includes Kake, Kupreanof, Port Alexander and surrounding areas) was estimated at 40.8 years in 2009, up 3.6 years from the 2000 Census's 37.2 years. This is significantly higher than the statewide estimated median age of 33.5 years in 2009, up only 1.1 years from 32.4 in 2000.

The relatively high median age of residents is partly responsible for a lower than statewide-average birthrate and a higher than statewide-average mortality rate. There is also a general trend of migration away from rural areas toward more urban ones in the state. Petersburg's economy has been at best, fairly flat: wage and salary employment is fairly constant, but total wages have declined since 2004. (See Exhibit 1.) These, as well as other factors have combined to keep the city's population from growing in recent years.

Alaska Department of Labor and Workforce Development estimates that of the more than 1,200 wage and salary workers that claimed Petersburg as their residence in 2008 – not counting federal, military or self-employed workers – 189 were between 55 and 64 years old, and another 22 were more than 65 years old.³ About 46 percent of its residents who worked in 2008

² Half of the residents in the area are younger than the median and half are older.

³ See the article on older workers in this issue.

were at least 45 years old compared to 39 percent of the state's.

Fishing and fish processing

Fish harvesting and processing have been traditional forces in Petersburg's economy, and many of the city's residents still earn their primary income from fishing or processing.

Wage and salary data exclude self-employed workers involved with fish harvesting. However, the Alaska Department of Fish and Game's Commercial Fisheries Entry Commission estimates that in 2008, 378 fish harvesters (permit holders who made at least one landing) and 419 crewmembers fished 784 permits targeting salmon, halibut, sable fish, crab, herring, a variety of groundfish and other species. The group earned \$55 million⁴ in estimated gross earnings. (See Exhibit 2.)

Though not directly comparable, Petersburg's annual average monthly wage and salary employment of almost 1,500 jobs generated more than \$47 million in 2008. The impact that fishing has on the community's economy can't be overstated.

Near term issues

Like many Southeast and other Alaska communities, Petersburg will be impacted again this year from a drop in halibut catch limits. The catch limit for Area 2C, Southeast Alaska, was set at 4.4 million pounds for 2010 by the International Pacific Halibut Commission, a cut of more than 12 percent from 2009.

This summer, Ocean Beauty Seafoods won't operate its plant in the city for the first time since it acquired the plant in 1984. The closure is expected to be for this season only and is related to an expected poor pink salmon run.

But even a one-season closure will mean fewer fishing boats will need gearing up and fewer processing workers will frequent local restau-

⁴ Gross earnings are currently the most reliable data available, but they aren't directly comparable to wages as expenses have not been deducted.

rants, bars and stores. It will mean the city will collect lower fisheries business and sales tax revenue and that a major water and electricity customer won't be buying utilities for the season. The city generated \$2.8 million in sales taxes and received a share of more than \$765,000 in fisheries business taxes in 2009.

The other two major processors in Petersburg, Trident Seafoods and Icicle Seafoods will be operating this summer, but their hiring levels will likely be dependent on the pink run as well.

Employment

Petersburg is a fishing community that attracts tourists. As might be expected with this combination, employment is going to be seasonal.

Private-sector wage and salary employment was almost 2½ times greater in August 2008 than it had been in January of that year. Seafood processing is responsible for most of the seasonal difference.

Traditional tourism-related industries, such as leisure and hospitality, and retail trade, show seasonal increases each year as well.

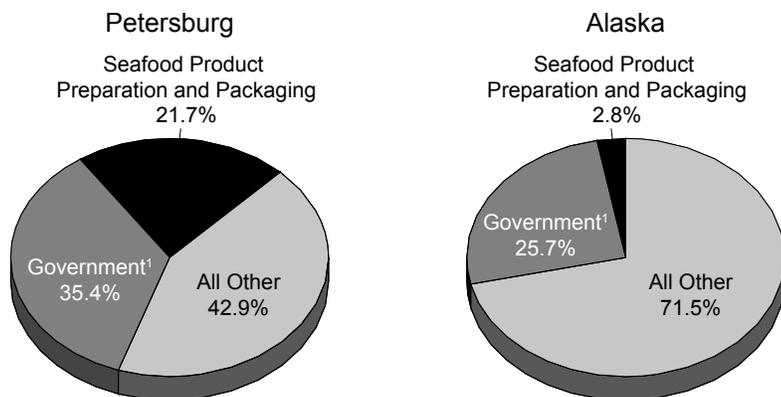
Government is an important employer for the area accounting for about 35 percent of total employment. (See Exhibit 3.)

Local government was the largest single industry sector in 2008 with a monthly average of almost 360 employees. It accounted for nearly a quarter of all wage and salary employment and more than a quarter of all wages for the area in 2008. (See Exhibit 4.) There are small decreases in local government in the summer, mostly due to summer school closures.

State government employs an average of about 50 in Petersburg, mostly with the Departments of Fish and Game, and Transportation.

More than 100 federal employees work out of Petersburg. Most of them are with the U.S. Forest Service. Employment for Forest Service peaks during summer months.

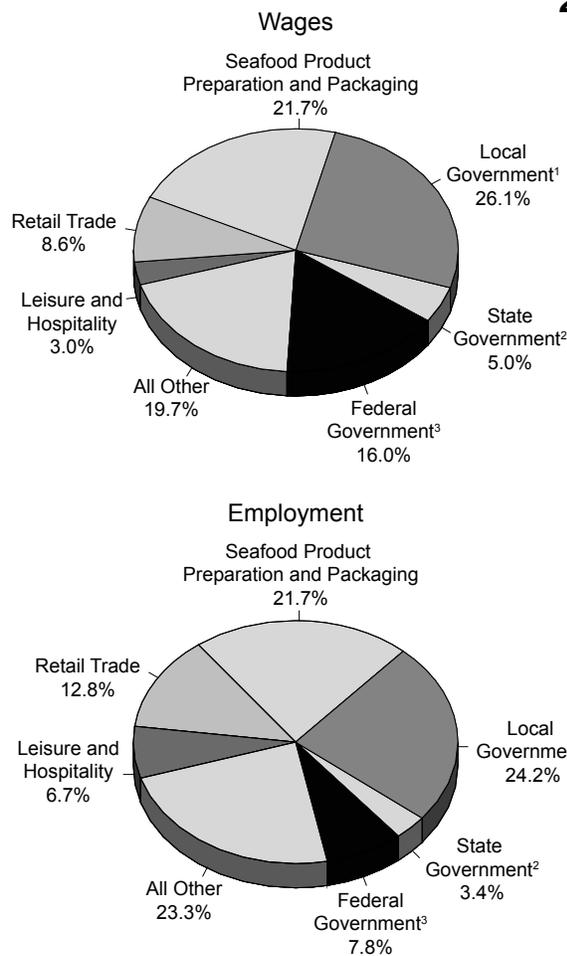
Seafood and Government are Big Wage and salary jobs, 2008 3



¹ The government category includes the University of Alaska and public school systems, but doesn't include the uniformed military.

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

Petersburg Employment and Wages 2008 4



¹ Includes public school systems

² Includes the University of Alaska

³ Excludes the uniformed military

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

5 Petersburg Top Employers 2008

Company	Average Monthly Employment in 2008
Icicle Seafoods (Petersburg Fisheries)	100 to 249
City of Petersburg	100 to 249
Federal Government	100 to 249
Petersburg School District	100 to 249
Petersburg Medical Center	50 to 99
Hammer & Wikan	50 to 99
Trident Seafoods Corporation	50 to 99
Ocean Beauty Seafoods	50 to 99
State Government	50 to 99
The Trading Union	20 to 49

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

Employers and occupations

Petersburg Fisheries, now a subsidiary of Icicle Seafoods with roots going back more than 100 years in Petersburg, was the largest employer in Petersburg in 2008. The City of Petersburg and the federal government were second and third respectively. (See Exhibit 5.)

Three of the top four private-sector wage and salary employers in Petersburg were seafood processors. Five of the top 10 are government-related.

Though most of the workers who work in the city's seafood processing plants are not from the area, there are a significant number who do claim Petersburg as their residence. Enough, in fact, that in 2008 there were more resident workers who were meat, poultry and fish cutters than any other single occupation.

Tourism

Tourists have visited Petersburg for years, but as other traditional sources of the economy have struggled, the community has embraced tourism even more.

More than 50,000 tourists visit Petersburg each year. Alaska Airlines has daily flight service going both north and south and the community is serviced by the state ferry system. Small cruise ships deliver visitors to one of two docks: one for small vessels downtown and a second for

larger vessels within a mile of downtown. More than 7,000 cruise ship passengers arrived in 2009 on about 90 port calls.

Petersburg doesn't have a convenient deep-water port, so the very large cruise ships that arrive in other Southeast communities are not able to dock in Petersburg.

When visitors do arrive there are the typical Southeast adventure tours and outdoor experiences, lodging and dining opportunities, and shops, most of which stay open all year (Petersburg was included in *Coastal Living* magazine's list of the top-10 bed and breakfast towns in 2008). Petersburg hasn't yet added the inexpensive T-shirt shops and jewelry stores found in some other Southeast towns.

What's ahead?

This year, Petersburg is celebrating its centennial in true Petersburg style. Monthly events are planned that began with a polar dip in January and will culminate with a centennial ball in December. In between, among other events scheduled to mark the important year, is the city's annual – and famous – Little Norway Festival in May.

But in the midst of the celebration, there's cause for some concern at least in the short-term. A low expected pink salmon run, a temporary processor closure and anticipated lower-than-hoped-for money coming into the city coffers are ahead for this summer.

But Petersburg is first and foremost a fishing community that understands the impacts that stock level and fish price fluctuations have on the whole community. This is just part of living in Petersburg. This is the way it's been since Peter Buschmann first arrived and is most likely the way it will be for the foreseeable future.