

Haines Borough

by Kristen Tromble

Haines Borough's nearly 2,400 square miles of rainforest, lakes, rivers and mountains lie at the northern end of Lynn Canal in the northern extremities of the Southeast Alaska Panhandle. Roughly double the area of the state of Rhode Island, Haines Borough shares part of its border with Canada's British Columbia.

With access through the Coast Mountains, Haines bridges the waterways of Southeast and the interiors of Alaska and Canada. This strategic location has nurtured the development of transportation and trade as strong influences on the Haines economy. Throughout its history, these industries have combined with and complemented the use of the area's natural resources to sustain the population. The Tlingits, Alaska Natives who first settled the area, controlled the mountain passes and traded fish products with interior Indian tribes in exchange for animal skins. Caucasian settlers arrived around 1880 and established canneries. Near the turn of the century, Haines flourished as a supply point for gold miners—first, those rushing to the Klondike; and then, those working the nearby gold discovery of the Porcupine Mining District.

Haines' more recent history includes a sawmill that operated in the 1960s and '70s and sporadically in the '80s. The sawmill reopened in late 1987. Employment peaked in 1990 with 140 employees, 14.5% of Haines' total employment in that year. However, with the closure of the mill the following year, sawmill employment returned to zero.

Haines Borough includes the city of Haines and the communities of Covenant Life, Lutak, Mosquito Lake and Excursion Inlet. The Tlingit village of Klukwan, population 140, is surrounded by and economically attached to the Haines Borough but is not included in it. In 1996, the Borough's population approached 2,400, averaging out to a population density of about one person per square

mile. Of this total, however, 1,400 reside in the city of Haines. With the exception of a cannery in Excursion Inlet, the city of Haines is the center of most of the borough's economic activity.

Manufacturing shrinks; services and retail expand

Since 1984, wage and salary employment has fluctuated, reaching a high of 964 in 1987 and dropping to a low of 697 in 1992 following the sawmill closure. In 1996, employment climbed to 876, the third highest level in 17 years. (See Table 1 and Figure 7.) Haines' economy appears to be successfully transitioning through a significant shift in industry mix. Mirroring state and regional trends, contraction in the manufacturing sector has been

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Haines bridges the waterways of Southeast and the interiors of Alaska and Canada

offset by gains in services and retail trade. In 1990, manufacturing firms provided over 25 percent of wage and salary employment in Haines. In 1996, manufacturing's share had dropped to under 12 percent. Almost all of the remaining manufacturing jobs were in seafood processing. (See Figure 1.)

Over the same period, the services and retail sectors combined added more jobs than manufacturing lost. Services expansion occurred in hotels, amusement and recreation, and membership organizations. Employment in health care, the next largest services employer, has also grown. In retail, food stores, eating and drinking places and miscellaneous retail outlets have added jobs. Many of the new retail and services jobs appear to be tourism related.

Transportation and tourism drive growth

With access by road, sea, and air, transportation links may be Haines' greatest economic asset.

Utilizing the area's strategic transportation routes and scenic setting, tourism has developed as a driving force behind the economy. Haines is one of only three Southeast Alaska communities with

road access to the outside. The Haines Highway runs north through British Columbia and the Yukon Territory, connecting to the Alaska Highway, and thereby allowing access to the Alaskan Interior, Canada and the contiguous United States.

As a port along the Alaska Marine Highway System, Haines is a jumping-off-point to the state's several-hundred-mile-long panhandle region. Southeast residents and tourists can ferry up to Haines, then take the road north or east. Likewise, Alaskans and tourists can drive to Haines, then catch the ferry to other Southeast Alaska communities. Despite general tourism growth, the number of ferry passengers disembarking in Haines was down 13.0% (to just under 39,500) in 1996 compared to its 1992 peak of over 45,000. Both northbound and southbound highway traffic peaked in 1993.

At the Haines airport, both passenger and freight traffic is increasing. An 8,800-square-foot addition is planned for the airport terminal, which recently shifted from local government to private ownership. Tourism accounts for some of the growth. Cruise ship passengers can tour the Inside Passage and fly home from Haines. Haines offers the closest access to Glacier Bay National Park, and flightseeing tours are also popular.

Figure • 1

Sawmill Closure Changes Industry Mix Haines Borough—Employment by Industry

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

¹FIRE = Finance, Insurance and Real Estate.

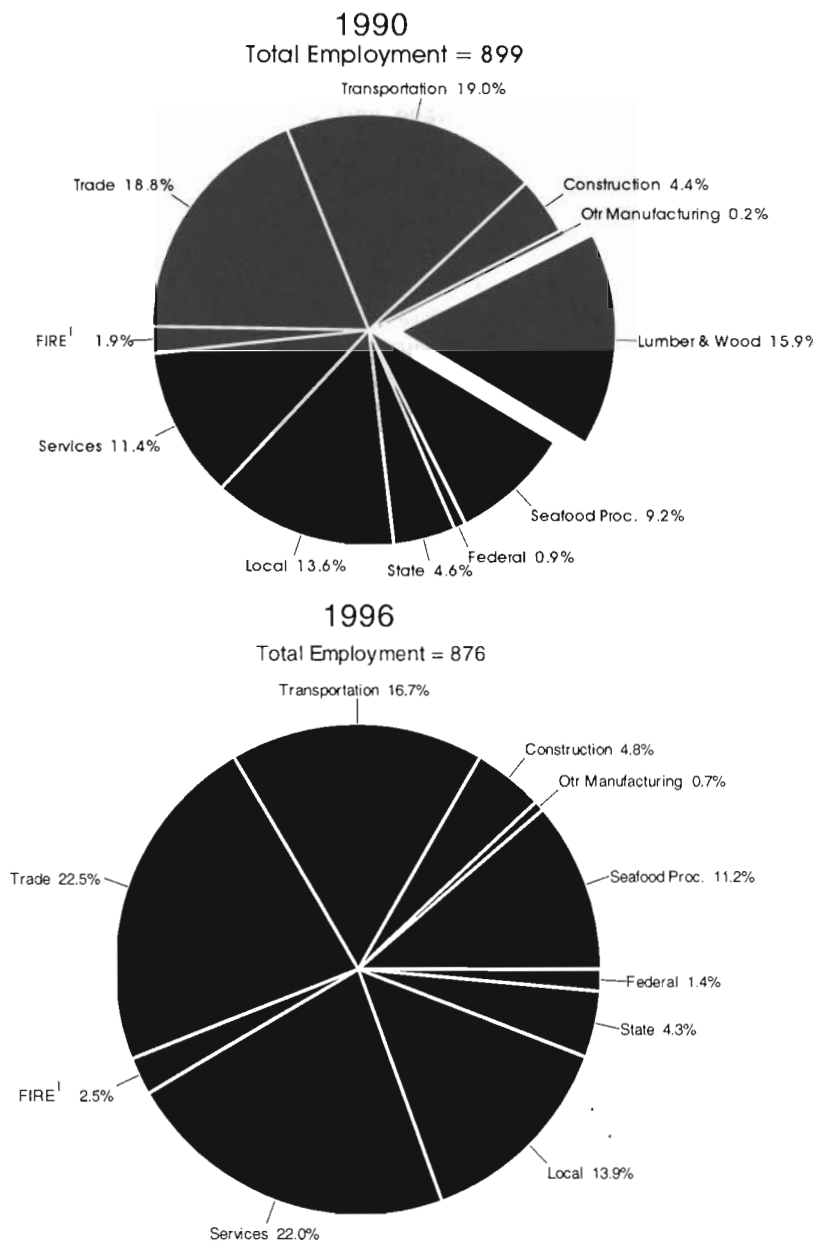


Figure • 2

Small cruise ships have brought an increasing number of tourists to Haines. A recent dock expansion which allows larger ships to dock is also boosting passenger counts. The number of cruise passengers has more than doubled from 1994 and is expected to exceed 105,000 in 1997. The upward trend is expected to continue through 1998. (See Figure 2.)

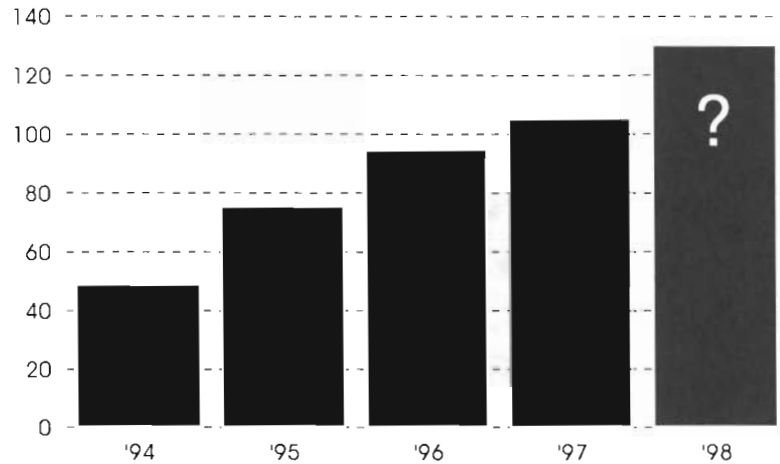
New private ferry services also have increased passenger traffic.

A venture between Klukwan, Inc., and Allen Marine of Sitka shuttles passengers between Skagway and Haines from May to October. However, employment in water transportation has dropped due to losses in marine cargo handling. This industry's health moved up and then down along with the sawmill's. Some pick-up in water transportation may be seen as private ferry service increases. Freight activity has also perked as strong demand in the Alaskan Interior has increased the volume of freight transitting Haines.

As a tourist destination, Haines has several attractions, besides its accessibility. Haines offers spectacular scenery and convenient access to three national parks, including Glacier Bay. It boasts abundant wildlife, both marine and land animals, including moose, bears, and mountain goats, and in the winter, the largest gathering of bald eagles in the world in the Alaska Chilkat Bald Eagle Preserve. Wilderness activities include river rafting and kayaking. Haines is a full-service, working community, providing a vari-

More People Cruise into Haines

Thousands of passengers

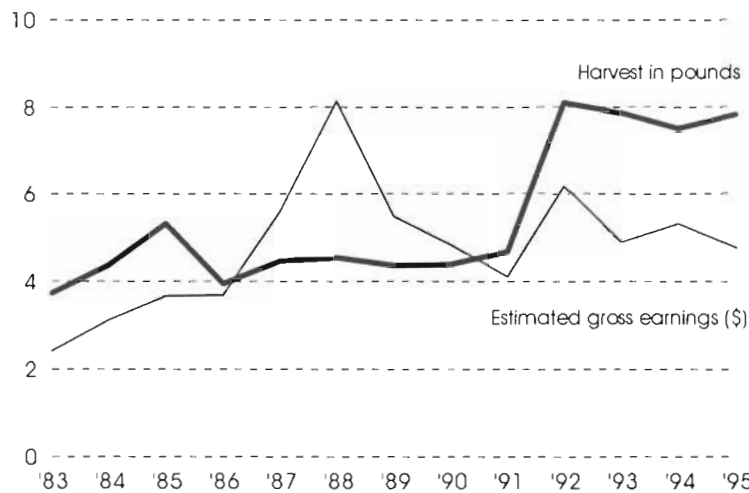


Source: Haines Visitor Center. 1998 projection based on additional data from Cruise Line Agencies of Alaska.

Figure • 3

Haines' Seafood Harvest

Millions



Source: Commercial Fisheries Entry Commission.

ety of services and conveniences not available in many other rural areas of the state.

This year and last, local residents noted that the number of independent tourists appears to have dropped, a change that could be reflected in less

Figure • 4

Haines' Average Monthly Wage is Lower

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

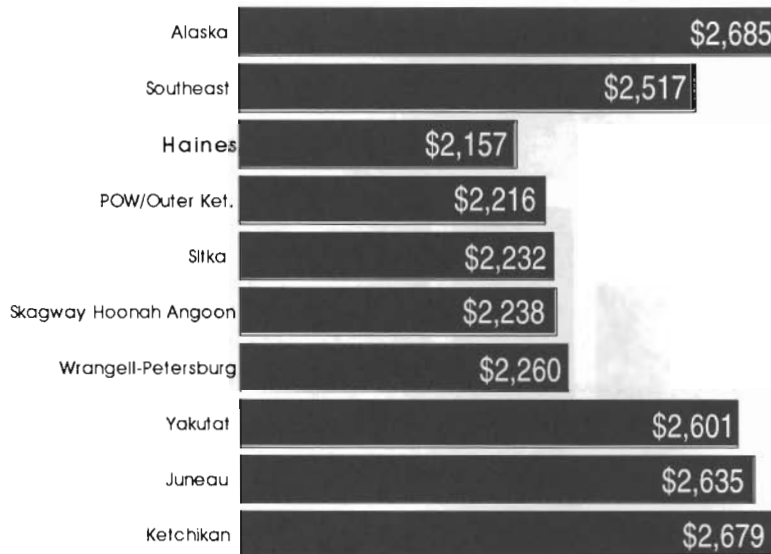


Table • 1

Haines Borough Employment by Industry¹

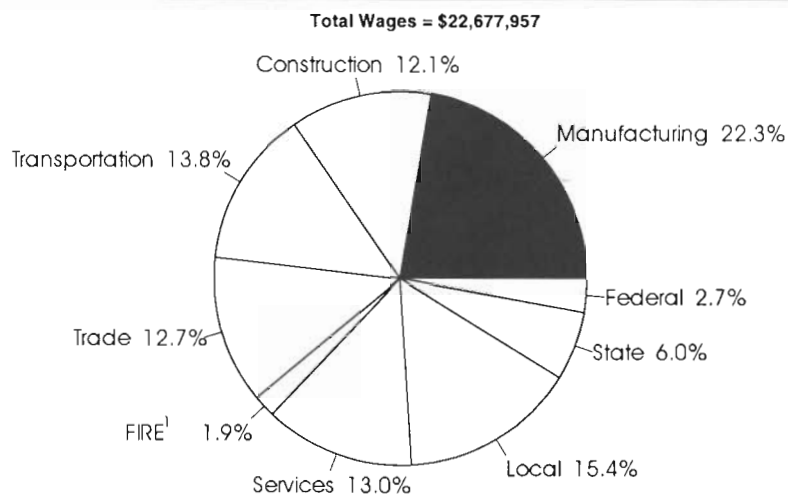
	1988	1989	1990	1991	1992	1993	1994	1995	1996
<i>1988 and 1989, manufacturing and total employment adjusted for employment that was misreported in Haines.</i>									
Total	738	799	899	827	697	844	845	799	876
Construction	27	39	39	45	47	64	57	57	42
Manufacturing	178	191	225	152	80	166	144	104	104
Seafood Proc.	77	72	82	89	67	128	111	89	98
Lumber & Wood	96	118	141	60	9	33	28	10	2
Transportation	104	131	169	167	116	130	149	149	146
Trade	168	155	167	158	145	166	180	165	197
Wholesale	0	0	4	7	4	4	5	2	1
Retail	168	155	163	151	141	162	175	163	196
FIRE	30	16	17	15	16	17	16	16	22
Services	88	94	101	113	112	121	124	143	193
Nonclassified or Misc.	1	0	6	0	0	1	0	0	0
Government	139	168	170	173	175	174	171	160	172
Federal	9	9	8	9	9	9	10	11	12
State	37	43	41	39	38	37	38	34	38
Local	93	116	121	125	128	128	123	115	122
<i>1990-1993 government and total employment adjusted for miscounted non-covered local government workers.</i>									

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

road and ferry passenger traffic. The Summer Olympics in Atlanta, Georgia, in 1996 and the spate of floods and other weather-related disasters across the country are cited as possible reasons for the decline. Another major concern is that cuts in the state's tourism marketing program have resulted in fewer independent visitors—a development that could portend a longer term downward trend.

In attempts to boost the number of independent tourists, the community is developing events that target specific groups. For instance, this summer, a major bicycle race attracted around 1,000 riders from across the nation, along with their support teams

Manufacturing Provides Most Private Sector Wages—Haines Borough 1996



¹FIRE = Finance, Insurance and Real Estate.

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

and families. Special activities, including a mountain run, have been organized around the July Fourth holiday. Other events include an annual home brew and craft beer festival and Actfest, a biannual gathering of drama troupes. Each August, Haines hosts the Southeast Alaska state fair. In winter, visitors are treated to a spectacular nature-viewing event when thousands of eagles gather at the bald eagle preserve along the Chilkat River flats near Klukwan from October through January.

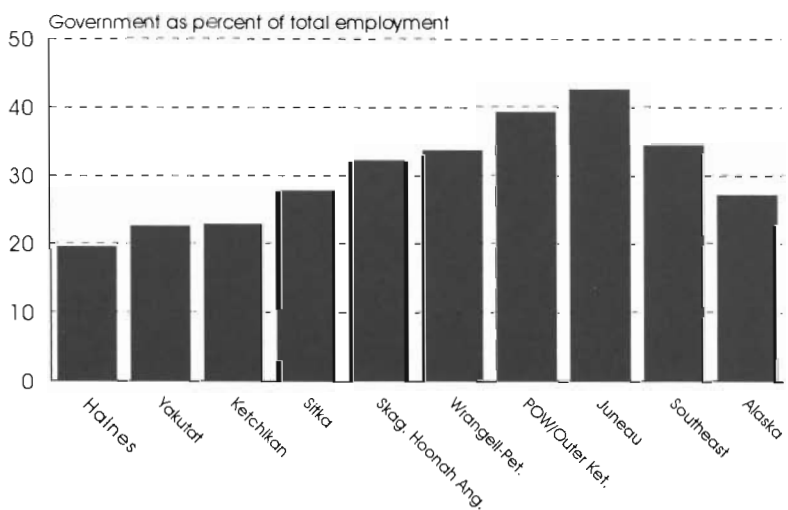
A proposed development on Wards Cove Packing land at Letnikof Cove would expand tourist-related infrastructure. This facility could include a small marina, cannery, maritime museum, salmon bake, convenience store and RV park. The complex may also include rental space for small businesses and artists. If this project moves forward, the salmon bake and construction of some facilities could begin next year.

The community is also working to expand another segment of its visitor industry—convention business. It has facilities to handle meetings of up to 300 people.

Seafood continues resource tradition

Currently, the seafood industry is the only traditional resource-based industry providing significant employment. In fact, Wards Cove Packing's plant in Excursion Inlet is the Borough's largest employer and wage provider. (See Table 2.) Typically for this industry, jobs are seasonal with most employment occurring in the third quarter. In

Haines has Smaller Government Sector



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

Table • 2

Haines' Top Employers

Rank	Industry	Employment
1	Wards Cove Packing Co. Inc.	Seafood processing 96
2	Haines Borough School Dist.	Local government 70
3	City of Haines	Local government 27
4	Northern Timber Corporation	Heavy construction 26
5	LAB Flying Service Inc.	Air transportation 25 ¹
6	Howsers Supermarket LTD	Food store 22
6	Williams Inc.	Food store 22
7	Hotel Halsingland Inc.	Hotel 21
8	Chilkat Guides LTD	Amusement & rec. 20
9	Haines Airway Inc.	Air transportation 19
9	Haines Borough	Local government 19
10	Port Chilkoot Potlatch Inc.	Eating places 18

¹Estimate based on information provided by employer.

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

1996, processing employment spiked from virtually none in the winter to over 500 jobs in July. As many seafood processing jobs are held by non-residents, the impact of these jobs and wages on the local economy is muted. However, the plant does offer job opportunities to interested Alaska residents and contributes tax revenue to local government.

Fish harvesting, particularly a local gillnet fleet, has been an important contributor to the Haines economy. In 1995, 117 Haines residents held commercial permits, earning an estimated \$4.8 million. Salmon made up over 88 percent of the pounds of fish they caught. As elsewhere in the state, though recent harvests have been strong, low salmon prices have held estimated earnings down. (See Figure 3.) This trend has likely continued since 1995, weakening this portion of Haines' economy. Reportedly, some fishers have found expenses running higher than gained income; some are leaving the industry. A decline in harvesters' disposable real income also impacts local providers of goods and services.

Figure • 7

Haines' Population Grows Despite Unsteady Employment

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



Another resource-based industry, mining, could again offer some returns to Haines, if the proposed Kensington gold mine moves forward. Nearby in the Juneau Borough, the mine could offer job opportunities to local residents willing to commute. In recognition of this opportunity, Klukwan, Inc., has joined a consortium with mine owner Coeur Alaska that aims to provide training and jobs to qualified shareholders.

Construction weathers industry shift

The recent economic changes do not appear to have negatively impacted construction. Construction employment has run at higher levels throughout the 1990s when compared to the previous decade. The number of building permits issued was highest in the most recent four of the last 10 years. Residential construction is expected to slow this year because two new subdivisions were recently completed. However, this trend may be short lived as new subdivisions could open up by next year. Work on the tourism complex at Letnikof Cove could also boost construction employment.

Public construction spending this year includes \$2.5 million for trail work in the bald eagle preserve. Next year, there is a possibility that \$10 million in work on the Haines Highway may commence.

Wages lower than average, income higher

On face value, total wages appear to have held up well. Though wages dropped in 1992, by 1996 they reached their second highest level in at least nine years, within 1.5% of 1990's peak level. However, when inflation is considered, a real decline in purchasing power emerges. Inflation-adjusted wages (based on the Anchorage CPI-U) were 18.1% less in 1996 than in 1990.

Wages in Haines have run well below the regional average since at least 1988. In 1996, Haines'

A Snapshot of Haines Borough Current Statistics—1996 unless noted

	Alaska	Haines
Population	607,800	2,373
The population of Haines is older		
Median age	30.9	37.2
with fewer children, more seniors		
Percent under 20	34.1	29.7
Percent 20 to 64	61.0	60.6
Percent 65 years & over	4.9	9.7
and is more predominantly white		
Percent White	74.6	85.3
Percent Native American	16.5	14.2
Percent Black	4.5	0.2
Percent Asian & Pacific Islander	4.4	0.3
and slightly more female		
Percent female	47.8	49.1
Fewer people have degrees...		
Percent high school graduate or higher (1990) ¹	86.6	78.5
Percent bachelors degree or higher (1990) ¹	23.0	17.6
and more are looking for work.		
Percent of all 16 years+ in labor force	51.2	68.7
Percent unemployed	7.4	10.8
Wages are lower		
Annual average monthly earnings (1995)	\$2,691	\$2,296
but incomes, higher.		
Personal per capita income (1994) ²	\$23,437	\$26,226
Percent of total personal income (1994) from... ²		
Transfer payments	16.8	17.1
Dividends, interest and rent	10.6	15.5
Earnings ³	72.6	67.4
Percent of earnings (1994) from... ^{2, 4}		
Wages & salaries ⁴	77.5	63.0
Other labor income ⁴	8.6	9.1
Proprietor's income ⁴	13.8	27.8

¹Source: U.S. Department of Commerce, Bureau of the Census.

²Source: U.S. Department of Commerce, Bureau of Economic Analysis.

³Earnings based on place of residence.

⁴Earnings based on place of work.

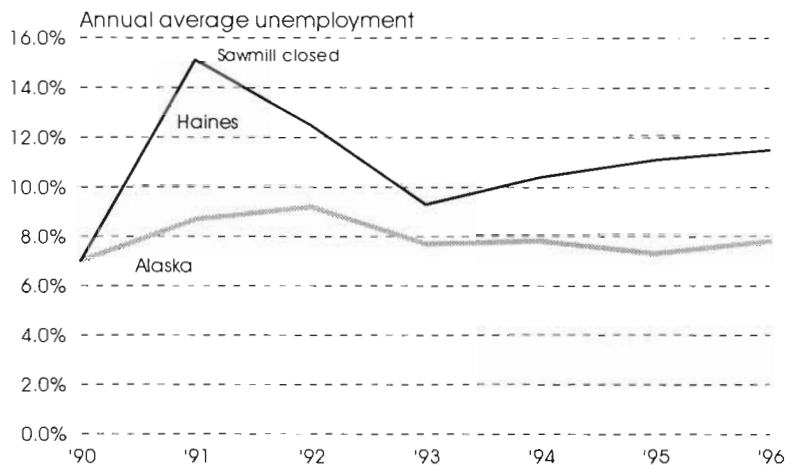
Source: Alaska Department of Labor, Research and Analysis Section.

annual average monthly wage was the lowest in the region, falling \$528 below the statewide average. (See Figure 4.) One factor is the predominance of seafood processing, which comprises most manufacturing in the Borough and is its

Figure • 8

Unemployment Above Statewide Average

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



largest wage-paying industry. (See Figure 5.) Jobs in this industry pay a lower average wage. These jobs have increased their share of the wage pie, with the loss of generally higher paying timber jobs.

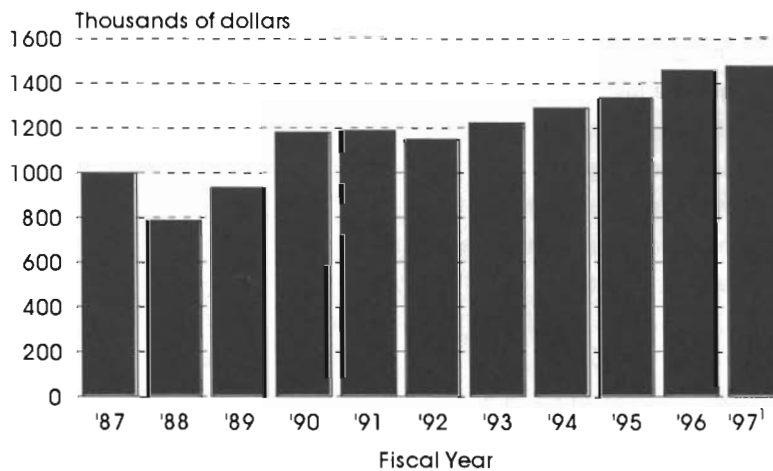
Another industry with higher average pay is notably smaller in Haines. Haines is less dependent on the government sector than any other comparable area in the region. (See Figure 6.) In 1996, the combined government sector provided less than a fifth of employment and less than a quarter of wages. Statewide, federal, state and local governments contributed over 27 percent of employment and over 31 percent of wages. Local government accounted for the bulk of the government jobs in Haines. Over 70 percent of the local government jobs were education related.

Figure • 9

Sales Tax Collections Rise Combined City and Borough of Haines

Source: Haines Borough.

¹Includes an increase of 0.5 percentage point in the Borough tax rate, effective Jan. 1, 1997.



Despite the lower average wages, in 1994, per capita income was higher in Haines than statewide. Compared to all Alaskans, Haines residents received a significantly higher proportion of income from dividends, interest and rent, and proprietor's income (which includes most income from fish harvesting) and a much lower proportion from wages and salaries. (See Table 3.)

Haines attracts retirees

After tourism, Haines' growing status as a retirement community may be its most important economic asset. Local perception is that the number of

retirees moving into Haines has been on a definite gradual upward trend, with many coming from out of state. The retirees bring income into the community that helps offset the declining wage base and may partly explain the greater proportion of income from dividends, interest and rent. They also have helped support the local property market. Since the late 1980s, population has trended upwards despite the economy's unsteady employment performance. (See Figure 7.)

Age data do not belie the perception of new retirees. The age profile of Haines does differ significantly from the state's. The Haines population has been older than that of both the state and the southeast region. This trend continued in 1996 when the median age of Haines residents was 37.2, compared to that of Southeast, 34.5, and statewide, 30.9. However, since 1990, the region's median age increased 10.0%, somewhat faster than the Haines increase of 9.0%. The statewide increase, at 5.8%, was much slower.

Other economic indicators mixed

Since 1990, unemployment in Haines has run above the statewide average. The rate, which peaked in 1991 following the sawmill closure, has been gradually increasing since 1993. (See Figure 8.) However, other signs follow more positive trends. The amount of sales tax collected has trended upward. (See Figure 9.) Property assessments also have risen.

Summary

Transportation remains an important industry in the Haines Borough. The impacts of tourism and retirees also boost its economy. However, the influence of natural-resource-based industries on Haines' economy has diminished. Timber industry employment will likely be limited to some smaller scale logging. Seafood processing and harvesting still play important roles, though low salmon prices have hurt harvesters.