

Prince of Wales Island

by Neal Gilbertsen
and Dan Robinson
Labor Economists

Timber has fallen and fish prices are slippery, leaving fewer jobs and economic uncertainty

Prince of Wales Island in Southeast Alaska's Alexander Archipelago is the third largest island in the United States. With an area of 2,231 square miles and a coastline 900 miles long, it is larger than the state of Delaware. Its southern tip lies within sight of the Canadian border, and its northern extremity lies west of Wrangell.

The Tlingit people were the first inhabitants of Prince of Wales Island. Their main settlement appears to have been Klawock, though archaeological finds dating to thousands of years ago have recently been excavated in the vicinity of Coffman Cove.

Haidas from the Queen Charlotte Islands established themselves on the island around the time Europeans arrived in the area. Both Kasaan and Hydaburg began as Haida communities. Hydaburg was established after the earlier community of Kaigani was ravaged by smallpox.

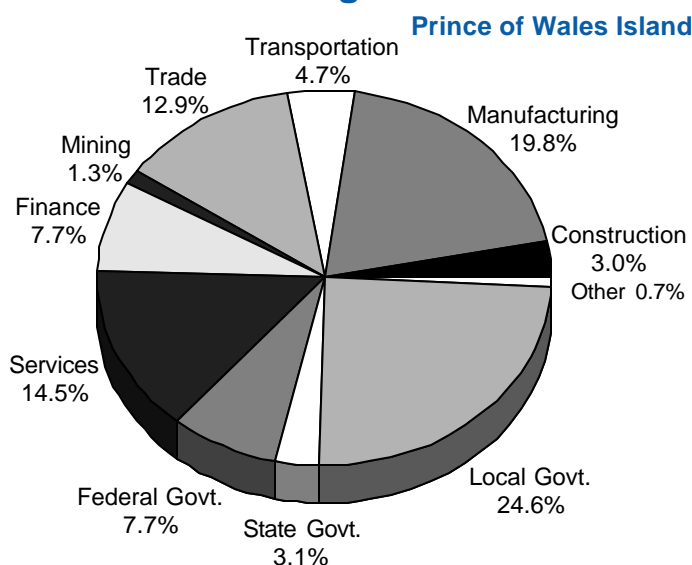
Three rival European nations explored the Northwest Coast, and Prince of Wales is where their efforts collided. George Vancouver renamed the island for the heir to the British throne, while earlier Spanish names remain to dot the outer coast: Cordova Bay, Noyes Island, Heceta Island, the Gulf of Esquibel, and Bucareli Bay. The Russians contributed Kosciusko Island and Kashevaroff Pass, named after a half Tlingit officer in the Russian Navy. Late-coming American fur traders added Meares Pass and Dixon Entrance to the polyglot nomenclature.

Prince of Wales was an early center of economic activity in Alaska. Alaska's first gold rush took place in 1854 at Gold Harbor located on nearby Dahl Island, and its first salmon cannery opened at Klawock in 1878. Copper, lead, zinc, uranium, limestone and marble have all been mined at various times in the island's history, mostly early in the twentieth century.

Timber's economic role has declined

The Tongass National Forest, a lush rainforest of western hemlock and Sitka spruce, covers much

Nearly a Quarter of Wages Came from local government in 2000



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

of Prince of Wales. Ketchikan Pulp Company turned this rich natural resource into a major industry when it opened in the 1950s. Timber harvesting quickly became the centerpiece of the island's economy. Extensive logging activity continued until the mid-1990s when the Ketchikan pulp mill closed. A legacy of this era is the network of U.S. Forest Service logging roads, more miles of them than in all the rest of southeast Alaska.

Timber harvests, at a greatly reduced level, continue to play an important role in the island's economy. Manufacturing, almost all of which is related to the timber industry, accounted for 19.8% of all Prince of Wales wages in 2000. (See Exhibit 1.) As recently as 1994 timber wages made up 32.8% of all wages.

The volume of timber harvested from the Tongass National Forest has declined 75 percent since 1990. Timber industry employment is at its lowest point in 30 years. The loss of 1,700 timber-related jobs throughout Southeast has had a staggering

effect on local economies throughout the region, including those on Prince of Wales.

Two broad trends lie behind the decline in logging. One is that the large timber corporations have shifted their attention from domestic sources to the more profitable forests in the third world. The other is a reassessment of the propriety of commercial clearcutting in the publicly-owned national forests. These trends contribute to lowered prospects for logging in the Tongass.

Commercial fishing a cornerstone of the island's economy

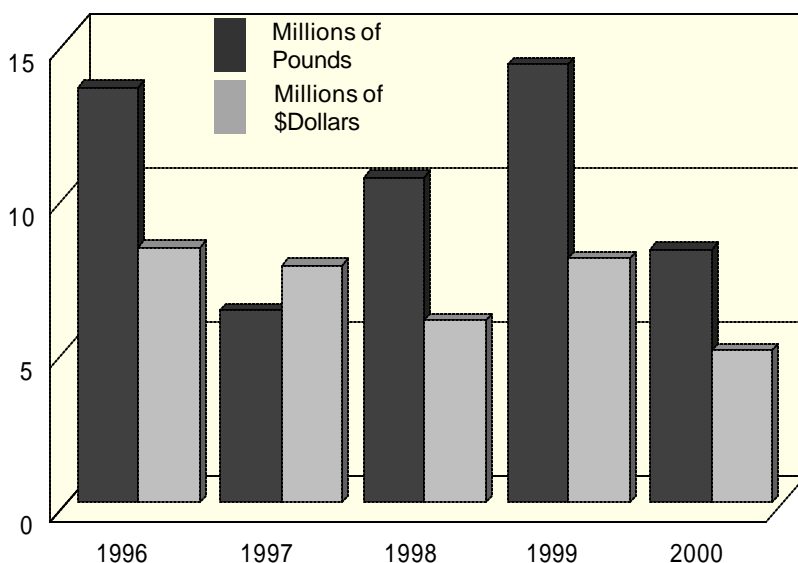
Prince of Wales has strong economic ties to the fishing industry. Salmon, halibut, herring, shellfish and other seafood delicacies are all harvested or grown in waters surrounding the island.

In 2000, 416 individuals held 835 limited entry permits in the Prince of Wales/Outer Ketchikan Census Area. Of those permits, 374 were actually fished, resulting in landings of 8,198,601 pounds of seafood valued at \$4,935,270. (See Exhibit 2.) On-island production (excluding Metlakatla) saw 337 permits fished for a harvest of 6,625,384 pounds, valued at \$4,515,501.

The salmon purse seine fishery provided the largest single harvest in terms of poundage with 2,968,690 pounds landed in 2000. In terms of value, the salmon power troll fishery continued to lead all industry segments with a catch valued at \$1,073,533. This was followed closely by earnings of \$951,105 in the shrimp pot fishery and \$522,565 in the geoduck clam fishery.

Depressed ex-vessel prices for salmon and herring have been somewhat offset by increased shrimp harvests and development in the dive fisheries for geoduck clams, sea urchins and sea cucumbers. The 2000 salmon season saw a nearly 40 percent decline in value from the 1999 season, with the purse seine and power troll fisheries especially hard hit.

2 Catch by Resident Fishers On Prince of Wales Island



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

Preliminary reports on the 2001 salmon season indicate a dramatic improvement over 2000. Purse seine harvests in Districts 2, 3, and especially 4 seem strong, while gillnet catches in District 6 have been very good. Strong early showings of coho would indicate a good season for trollers as well. While ex-vessel prices remain low, increased volume should lead to higher earnings.

Most of the harvest originating in Prince of Wales waters is taken by off-island fishers and transported for processing to Ketchikan, Wrangell and Petersburg. These fishers contribute to the local economy when they purchase fuel and supplies and seek recreation, especially in the city of Craig. Craig also has three processing facilities that provide year-round employment for local workers.

Craig is the island’s largest community and home to the largest number of fishers. In 2000, 117 Craig residents fished 211 limited entry permits and landed over three million pounds of seafood valued at \$2,652,409, amounting to 58% of the on-island total. Fisheries are also important to Point Baker, Hydaburg, Edna Bay, Klawock, and other communities on the island.

In terms of harvesting sector employment, the combined fisheries provided a total of 564 jobs for local residents. Troll fisheries were the largest employment source with 90 power troll permits and 42 hand troll permits fished in 2000.

Fishing lodges anchor the visitor industry

The richness of Prince of Wales fishing grounds makes the island a dream destination for sport fishers. Guided saltwater sport fishing has developed into a thriving industry. The island’s many fishing lodges and burgeoning charter boat fleet suggest that the industry has the potential for even further growth.

The rehabilitated Waterfall Cannery remains the largest lodge on the island and the island’s fifth

largest employer. (See Exhibit 3.) During peak summer months the lodge has more than 100 employees on the payroll. Recreational fishers are also attracted to the several lodges in and around Coffman Cove and Whale Pass where they can fish for salmon, halibut, and other saltwater species, or steelhead in the island’s freshwater streams.

The leading employer on the island is A&M, Inc. a grocery chain with stores in Craig, Klawock and Thorne Bay. The top 21 employers include seven from the public sector, 11 from the private sector, and two Native entities.

Average Annual Employment Prince of Wales Largest Employers–2000 3

Rank	Firm	Employment
1	A&M, Inc.	93
2	Craig City School District	79
3	City of Craig	55
4	U.S.D.A. Forest Service	50
5	Klawock City School District	40
5	Waterfall Group, Ltd.	40
7	Shaan Sheet, Inc.	33
8	Viking Lumber Company, Inc.	31
9	Klawock Heenya Corp.	30
10	Ruth Ann's Restaurant	27
10	Hydaburg City School District	27
12	City of Klawock	26
13	Ketchikan Pulp Mill	25
14	Southeast Island School District	23
15	Alaska Kiku Fisheries, LLC	19
16	SE Alaska Regional Health Corp.	18
17	Craig Bar & Liquor Store, Inc.	16
18	Southeast Stevedoring Corp.	15
19	Burger King	14
19	JES Corporation	14

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

Karst, caves and spelunkers

Of growing interest to visitors is the extensive cave system on the northern end of the island. A topography known as karst, characterized by caves, sinkholes, and underground streams, covers approximately 700 square miles. Exploration of the cave system on Prince of Wales is just beginning, but it may be one of the largest networks of caves in the country. So far, the Thorne Bay Ranger District has developed a 1,300-foot access trail into the El Capitan Cave, and a 250-foot trail and viewing deck near Cavern Lake Cave for the benefit of spelunkers.

Prince of Wales has no shortage of roads

Unlike many Southeast Alaska communities, which rely on air and water transportation for links with each other and the outside world, Prince of Wales has an extensive network of roads that connect most of the island's towns and villages. The logging roads built by the Forest Service and maintained by grants from the Federal Highway

Administration make it easy for residents and visitors to move around the island for recreational opportunities and to exchange goods and services. In terms of possible economic development, this unique island-wide road system could prove to be a major asset.

The extensive road system on Prince of Wales is also being considered by SEATrails (Southeast Alaska trail system) for inclusion in an innovative project to create a network of hiking, biking, kayaking, and canoeing routes connected by the Alaska Marine Highway ferry system. The idea is to provide a connecting route for independent travelers who want to see all that Southeast Alaska has to offer.

Improved ferry access coming soon

While roads connect most communities on Prince of Wales, the Alaska Marine Highway System is an important link to other Southeast communities. The system provides daily ferry service to Prince of Wales in the summer and limited service in the winter. The state has considered several plans to improve ferry service, but has yet to make a

4 Employment by Industry 1990–2000

Prince of Wales Island

	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
Total Industries	1,588	1,580	1,499	1,436	1,480	1,622	1,593	1,625	1,516	1,644	1,359
Construction	68	50	48	50	61	89	71	78	53	76	39
Manufacturing	609	551	476	340	344	444	296	331	263	243	202
Trans/Comm/Util	131	134	141	148	149	147	155	147	152	125	61
Trade	199	208	214	228	252	250	320	329	305	301	286
Finance/Insur/RE	60	47	58	62	51	45	42	57	93	180	71
Services & Misc.	157	185	133	170	179	198	227	231	239	255	274
Government	364	405	429	438	444	449	482	452	411	464	426
Federal	97	104	122	128	121	110	116	103	64	66	69
State	30	32	34	27	28	26	27	28	29	28	28
Local	237	269	273	283	295	314	339	321	318	371	324

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

definite commitment to a particular approach. Meanwhile, the Inter-Island Ferry Authority (IFA), a group of six Southeast communities (Coffman Cove, Craig, Klawock, Petersburg, Thorne Bay, and Wrangell) that is supplementing marine highway service, is prepared to begin twice-daily, year-round shuttle service between Ketchikan and Hollis starting in December of this year. The IFA also has plans to start ferry service between Coffman Cove, Petersburg and Wrangell.

Construction projects

Though construction employment was down significantly in 2000 (see Exhibit 4), a significant number of projects are under way, thanks in part to a variety of federal grants. Examples are the U.S. Department of Agriculture grant awarded to the Craig Community Association to complete its new building, and the Federal Housing Health and Safety grant being used by the Klawock Cooperative Association to repair and upgrade a number of tribal homes. Also, the village of Kasaan is building a six-plex and a new tribal lodge.

With an eye to the future of the construction industry on Prince of Wales, a non-profit training program is being implemented to develop a skilled local workforce. The program, called the Alaska Works Partnership, is funded by a federal grant through the Denali Commission. It works with the island's Native associations to create apprenticeship opportunities on the tribes' construction projects. The benefits of having more skilled local construction workers will include higher earnings for island residents and the retention of more dollars in the Prince of Wales economy.

Population up and down again

Remarkably, Prince of Wales' 2000 population is just one person more than it was in 1990. (See Exhibit 5.) A look at the mid-point of the last decade reveals that the population has not been static, but has fluctuated substantially and returned to its 1990 level.

Total population on the island rose to 5,154 in 1995. From 1990 to 1995, Craig's population grew 54.4%, making it the state's fastest growing city during that period. Since 1995, the city's population decreased from 1,946 to its 2000 level of 1,397, more than a 28 percent decline. However, a change in the census boundaries for Craig exaggerates the city's 1995 to 2000 population loss. This same technical change accounts for the large growth in the Balance of POW category shown in Exhibit 5. Almost all of the Balance of POW growth is in areas within Craig and in areas commonly regarded as part of the city of Craig. Many of the island's logging communities have completely disappeared, and the majority of Prince of Wales communities show a population decline since 1995.

Population Same as in 1990 5 Prince of Wales Island

	April 1990	April 2000	Percent Change
Prince of Wales	4,652	4,653	0
Craig	1,260	1,397	10.8
Klawock	722	854	18.3
Thorne Bay	581	557	-4.1
Balance of POW	430	746	73.49
Hydaburg	384	382	-1.0
Coffman Cove	186	199	7.0
Naukati Bay	93	135	45.2
Hollis	111	139	25.2
Whale Pass	75	58	-22.7
Edna Bay	86	49	-43.1
Polk Inlet	135	0	-100
Port Protection	62	63	1.6
Point Baker	39	35	-10.3
Kasaan	54	39	-27.8
Port Alice	30	0	-100
Labouchere Bay	149	0	-100
Dora Bay	57	0	-100
Long Island	198	0	-100

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

6 Statistics from the 2000 Census Prince of Wales-Outer Ketchikan C.A.

	Prince of Wales Outer Ketchikan CA ¹	Alaska
Total Population	6,146	626,932
A higher percentage was male . . .		
Percent Male	54.5	51.7
Similar age distribution . . .		
Percent under 5 years old	7.4	7.6
Percent school age population (5 to 17)	23.6	22.8
Percent adult workforce population (18 to 64)	63.3	63.9
Percent seniors (65 and over)	5.7	5.7
A more bi-racial population . . .		
Percent White ²	59.6	74.0
Percent Alaska Native and American Indian	45.3	19.0
Percent Hispanic (of all races)	1.7	4.1
Percent Asian	1.2	5.2
Percent Black	0.4	4.3
A higher percentage owned than rented . . .		
Owner-occupied housing units	69.8	62.5
Renter-occupied housing units	30.2	37.5
Fewer vacant housing units . . .		
Occupied housing units, percent	74.0	62.5
Vacant housing units, percent	26.0	37.5
Slightly smaller household and family size . . .		
Average household size	2.68	2.74
Average family size	3.25	3.28

¹Includes Metlakatla and other small communities not on Prince of Wales Island

²Numbers add to more than 100% because individuals may report more than one race

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

The census area for Prince of Wales Island also includes Metlakatla and Hyder, which have a combined population of 1,393. (See Exhibit 6.) The Prince of Wales-Outer Ketchikan Census Area has some interesting differences from the state of Alaska as a whole. At 54.5%, the percentage of males is notably higher than the state's at 51.7%. The percentage of Alaska Natives and American Indians is also significantly higher, although many of the Alaska Natives are concentrated in the predominately Native village of Metlakatla.

A higher percentage of people own their homes in this area than in the state as a whole, and there is a substantially lower rate of vacant housing units. The age distribution of area residents and average household and family size are remarkably close to statewide numbers.

Prince of Wales' future uncertain

With a declining manufacturing sector and fewer jobs in recent years (see Exhibit 4), Prince of Wales is in a transitional period. The services sector of the economy, of which the visitor industry is a significant part, has grown consistently since the early 1990s, and opportunities for continued growth appear to exist in this area. Major changes that have taken place in the economic climate and the political climate surrounding the timber industry in the national forest make its role in the Prince of Wales economy a smaller one than in the past.

The island's economy faces challenges in the coming years. Nevertheless, it possesses assets. The Native association apprentice program should augment the island's skilled workforce. The introduction of twice-daily ferry service between Hollis and Ketchikan will facilitate interaction between the communities while lowering transportation and freight costs. Finally, the addition of a northern route shuttle ferry should further stimulate this exchange and contribute to Prince of Wales' already impressive transportation network.