November 2017

JUNEAU CHAMBER OF COMMERCE

JUNEAU BUSINESS FREIGHT SURVEY

Prepared for
Juneau Chamber of Commerce

Prepared by
McDowell GROUP

Juneau Business Freight Survey

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Juneau Chamber of Commerce

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Executive Summary

The Juneau Chamber of Commerce (JCC) contracted with McDowell Group to conduct a survey of Juneau businesses and organizations to address barriers to business development associated with freight transportation into and out of Juneau. Previous survey research and economic development planning highlighted freight costs as a barrier to business and economic development in Juneau. This survey project was intended to delve deeper into the issue, and potentially identify steps to mitigate freight transport-related barriers to growth in Juneau.

The online survey was conducted during the summer of 2017 and garnered responses from 116 Juneau-area businesses and organizations. The survey was conducted in two phases, with the first phase targeting a selection of 40 businesses that are particularly reliant on in-bound and out-bound shipping, and the second phase in which the survey was opened to all interested businesses and organizations.

McDowell Group supplemented the survey results with a summary of freight statistics for Juneau. This data provides an indication of the role of various transportation modes in meeting Juneau's freight transportation needs.

Key research findings are summarized below.

Juneau Freight Volumes

- Juneau's 2016 container traffic, according to US Army Corps of Engineers Waterborne Commerce data, totaled 69,800 loaded in-bound Twenty-foot equivalent units (TEUs) and 26,400 loaded out-bound TEUs.
- Juneau's in-bound loaded container traffic declined by 9 percent between 2015 and 2016. Out-bound loaded container traffic was down 6 percent over the same period.
- A total of 606,000 tons of freight and fuel were shipped into Juneau in 2015 (the most recent available data), while 259,000 tons were shipped out. This includes 476,000 tons of in-bound non-petroleum product freight, and 234,000 tons of out-bound non-petroleum freight.
- In 2016, 14 million pounds of freight were flown into Juneau, 6 percent more than in 2015. Out-bound air freight increased by 14 percent in 2016, totaling 10 million pounds. In addition, 4.6 million pounds of mail were flown into Juneau in 2016, while 3.4 million pounds were flown out.
- In 2015, 819 vans were loaded on to AMHS ferries in Juneau, while 940 vans were off-loaded in Juneau. Van traffic across the ferry system has been declining in recent years, as service has declined.

The Survey Sample

- Businesses and organizations participating in the survey account for a collective total of roughly $700 million in annual sales/budgets. (Juneau has – roughly – a $3 billion economy.) Businesses of all sizes

are represented in the survey sample; 19 reported annual sales/budgets of more than $10 million, while 20 reported annual sales/budgets of less than $1 million.

- Survey respondents collectively account for approximately 4,000 full-time and part-time jobs in Juneau, representing just under one-quarter of Juneau's total wage and salary employment base of approximately 17,900 full and part-time jobs. Eleven survey respondents have more than 100 employees; 29 have ten or fewer employees.

- Survey results are reported with cross-tabulations for five categories: Construction (21 firms in the category), Manufacturing (5), Food/beverage (10), Trade (36), and All Others (66). (The total number of firms in each category adds to more than 116 because some placed their companies in more than one category.)

Markets Served

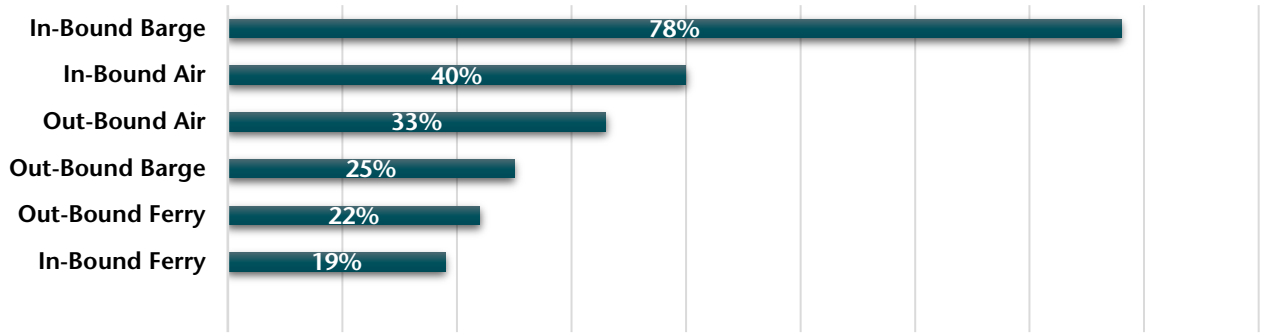
- Logically, Juneau, where in-bound shipping is the critical factor, is the principal market served by the majority of survey respondents.

- However, out-bound freight service is critical to Juneau's manufacturers, who sell to outside markets and draw money back into the local economy, providing basic industry activity. Similarly, local retailers and wholesalers, construction companies, and others who sell goods and services to customers elsewhere in the region also rely on out-bound freight service.

Importance of Freight Transportation Modes

With surface transportation options limited to barge and ferry, it is not a surprise that in-bound barge service is very important to more local businesses than any other aspect of freight transportation in and out of Juneau. In-bound barge service rates as very important to three-quarters (78 percent) of survey respondents.

Percent of Businesses Reporting Freight Service as Very Important to Their Cost of Doing Business



- All but one of the 40 targeted businesses rated in-bound barge service as very important to their cost of doing business.

- The specific needs of Juneau's manufacturing sector are reflected in their responses to a question on the importance of freight service: out-bound air was noted as very important to 80 percent of survey

respondents engaged in manufacturing, 60 percent noted out-bound barge is very important, and 40 percent noted out-bound ferry was very important.

Shipping by Barge

- While most of the freight tonnage that arrives in Juneau on a barge is in a container, most businesses require less-than-container load (LCL) in-bound shipping services. More than 90 percent of survey respondents require some in-bound LCL shipping, and about 40 percent require LCL shipping exclusively.
- About half (46 percent) of less-than-container load shippers have flexibility in the volume they ship, and more than one-third (38 percent) have timing flexibility. Recognizing the potential cost savings associated with shipping in container loads, this flexibility with less-than-container load shipping may present an opportunity for in-bound freight cost-savings.
- Food and beverage businesses report the least flexibility in terms of in-bound volume. The manufacturing sector reports the least flexibility in timing (understandable given the inventory control requirements for larger manufacturers).
- Out-bound LCL shipping may also have potential for cost-savings, as shippers take advantage of their volume and timing flexibility.

Shipping by Ferry

- Approximately 40 percent of the AMHS van arrivals in Juneau are from Prince Rupert or Bellingham. There were 383 van arrivals from these two ports in 2015 (out of 940 total van arrivals in Juneau).
- Evidently AMHS is filling some of the gap in freight volume between barge and air for the transport of perishable goods. It is also evident that most of these vans return south (empty) on the barge.
- AMHS moved a significant number of vans from Juneau to outlying communities, including 158 to Gustavus, 146 to Haines, and 108 to Hoonah, in 2015.

Shipping by Air

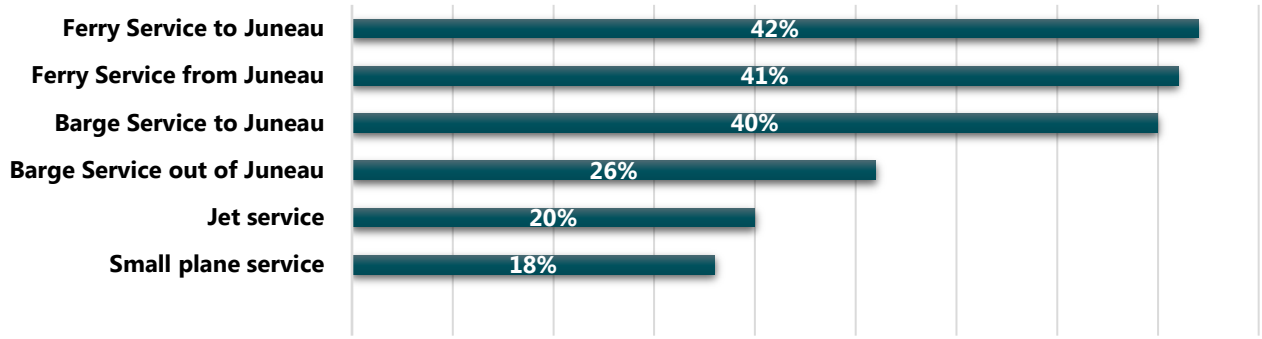
- A total of 9.7 million pounds of air freight were shipped from Anchorage to Juneau in 2016. Seattle, the next most important point of origin for air freight to Juneau, accounted for 1.9 million pounds.
- Top out-bound air freight destinations include Sitka (3.0 million pounds), Seattle (2.8 million pounds), and Anchorage (1.9 million pounds).
- Providing goods and materials by small plane to outlying communities is an important aspect of operations for some Juneau businesses. In 2016, 337,000 pounds of freight was flown from Juneau to Skagway, 300,000 pounds to Haines, 278,000 pounds to Hoonah, and 192,000 pounds to Gustavus. Kake, Angoon, and Pelican combined accounted for 291,000 pounds of air freight from Juneau. These figures do not include mail (which in total is about equal to the amount of freight).

- In-bound small-plane air freight, in 2016, included 71,000 pounds of freight flown to Juneau from Haines, 67,000 pounds from Hoonah, 56,000 pounds from Pelican, and 53,000 pounds from Gustavus. Skagway, Kake, and Angoon together accounted for another 111,000 pounds.

Freight Service Frequency as Barrier to Growth

- Just as many Juneau businesses see frequency of ferry service as a barrier to their growth as frequency of in-bound barge service (about four in ten survey respondents).

Businesses Reporting Service Frequency as Barrier to Business Growth

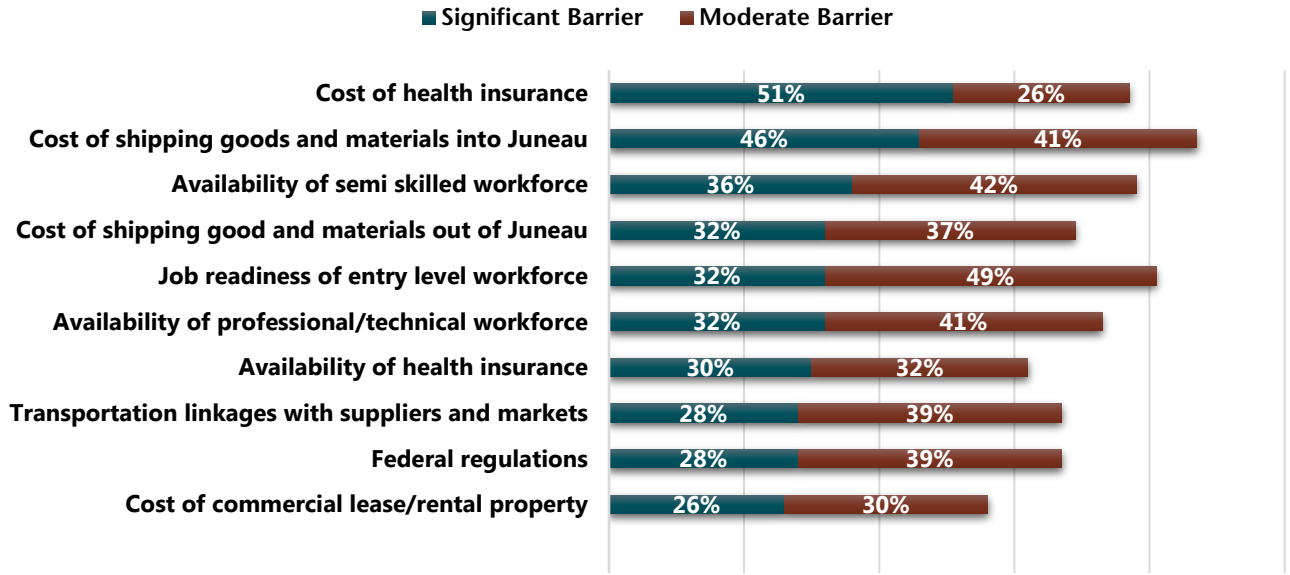


Barriers to Growth

The survey asked respondents to rate a broad range of factors as either significant, moderate, or not significant barriers to their business's growth. The purpose of the question was to place freight-related concerns in a broader context of all the issues that present challenges to local businesses.

- In addition to cost of shipping, health insurance and labor force-related issues top the list of barriers. Responses are generally consistent by sector, with the notable exception of the manufacturing sector, which most often reported cost of commercial lease/rental property as a significant barrier.

Top 10 Barriers to Business Growth in Juneau



- When asked to identify the single most important barrier, overall cost of shipping into Juneau was the number one response (noted by 20 percent of respondents). Manufacturers were again the exception, with 60 percent noting cost of commercial lease/rental property as the single most significant barrier.
- Several survey respondents identified other barriers to their business, including lack of road connection to Juneau, frequency and capacity of ferry service for moving freight, and expensive internet and telephone, among others.

Impacts of Lower or Higher Shipping Costs

Survey respondents were asked to describe the impact on their business of a 10 percent reduction in their total shipping costs, and the impact of a 10 percent increase in their shipping costs. Detailed responses are provided elsewhere in this report, though the following statements generally encompass the range of responses:

A 10 percent reduction in shipping costs

- "Free up capital to increase the pace of our expansion efforts."
- **"**This would make us more competitive with the suppliers in Puget Sound."
- "Any reduction in freight costs makes Juneau a more affordable place to live as the cost of housing, food, and energy drops."
- "Freight costs are passed on directly to our customers. A 10 percent reduction for us would be a 10 percent reduction for them."
- "It would free up capital for other uses, like technology improvements."
- "It would also address the problem we are having competing with Amazon Prime."
- "Allow us to better compete with online retail."

A 10 percent increase in shipping costs

- **"**Split half between operating cost and increased cost to customer resulting in higher shelf prices for our products."
- "It would probably push me closer to warehousing all my merchandise outside and shipping from there, so that most inbound goods would never reach Juneau at all."
- "Would reduce profitability. Would make e-commerce a very small part of my business. Would contribute toward declining retail performance."
- "Would reduce margins further and benefits to stakeholders. As we compete with the internet and free shipping, we can't just raise our prices."
- "This would cause us to have to raise prices, which consumers already feel are high, and decrease our sales."

- "…we reduce our profits to offset increasing freight costs to compete with the national retailers. As freight cost rise the national retailers need only outlast local businesses which would lead to fewer and fewer local businesses."

Freight Service Improvements Needed

Survey respondents were asked whether there are freight service improvements, other than lower costs, that could allow them to increase production/sales. Detailed responses are provided elsewhere in this report; however, responses generally fell into the following categories:

- More frequent service, for all modes of transportation
- Increased out-bound air freight capacity
- Road connection to Juneau and other regional road development
- Greater opportunity to use AMHS to ship freight
- Enhanced opportunity for out-bound fish shipping
- More competition in the freight transport market

Respondents' Final Comments

In the final question of the survey, respondents were asked to provide additional comments about how freight service to and from Juneau affects their business or about how enhanced freight service might enable their business' growth. The most frequent comments were about road access to Juneau and competition in Juneau's freight business.

A few representative responses are provided below.

- "The connections with other communities in Alaska are difficult. If we were able to ship affordably to Anchorage, Sitka, and Ketchikan, we would be able to supply our products to these markets. Without direct connections to these places, shipping is cumbersome and expensive."

- "Juneau access is the single most important issue for our community. The second is a deep-water port. Without these two issues being resolved competition cannot flourish and Juneau's ability to grow will continue to be [stunted]."

- "Cost-effective small package shipping would allow me to compete by providing special order service to my local customers. Also it would allow me to sell items and ship them to customers outside of Juneau."

- "More frequent incoming barges would help but not if it increases cost. Competition in both barge and air would help us."

- "I have no complaints about the frequency of service, or the other services we receive from the freight companies. The only issue is the cost, which seems to increase each year at a much higher rate than inflation in general."

Summary Discussion

As a community without road access, Juneau does not have the full spectrum of over-land, marine, and air freight transportation opportunities that businesses in many communities can choose from. Without that full spectrum, businesses lack the opportunity to choose the shipping methods that best meet their specific needs. Further, the community's relative isolation and distance from major supply centers and markets mean shipping costs are always likely to be a critical aspect of the cost of doing business in Juneau, and for the cost of living overall. Finally, the freight business has substantial barriers to entry and, in Juneau, has dominant, heavily-invested, well-established, and well-run businesses providing barge, jet, and small-plane freight service. The reality of all these factors is that there are no easy solutions for mitigating the freight-related barriers many businesses perceive to be constraints on their growth.

Opportunities for improvement do exist, however. In the near-term, for example, further investigation may be productive into how local businesses might work together to consolidate their less-than-container load shipping needs to take better advantage of container-load rates. Also, recognizing that some local businesses depend on ferry freight service, Juneau can voice its support for AMHS funding at levels necessary to sustain service. Longer-term, Juneau can make commitments and take steps to build road and port infrastructure needed to support community growth in the future.

Introduction

Juneau's isolation from the continental highway system and distance from key markets and supply centers make freight transportation infrastructure and services critical to the community's business and economic development potential. A key economic development goal identified in the *Juneau Economic Plan* (JEP) is to "enhance essential infrastructure" by supporting "transportation infrastructure-related policies and developments that will…control or lower the cost of freight shipment into and out of Juneau." In the JEP business survey, when asked to identify specific barriers to their own business/organization's growth, more than one-third of respondents noted shipping costs as a significant barrier. Also, the cost of living in Juneau, which is closely linked to transportation costs, was mentioned more often than any other factor as a significant barrier to business development.

The Juneau Chamber of Commerce (JCC) committed to play a lead role in further investigation and strategic planning around Juneau's shipping cost environment. The Juneau Business Freight Survey is one element of that commitment.

An important goal of this survey research effort was to determine if there are steps that businesses or the community in general can employ individually or collectively to mitigate transportation-related barriers to business development.

Scope of Work and Methods

The Juneau Freight Survey was conducted in two phases. In the first phase, a password-protected link to an online survey was sent to a selection of local businesses known to be reliant on in-bound shipping of materials, supplies, or inventory; business that sell products or materials to non-local markets; and other businesses that depend on the movement of materials and equipment into or out of Juneau. Selection of these businesses was a joint effort between JCC and McDowell Group. Efforts to engage these selected businesses in the survey began May 24, 2017 and continued for approximately two months. A total of 40 useable surveys were gathered in this first phase.

The second phase involved distribution of an open link to the survey to all Chamber members and other local businesses and organizations. Blanket emails with links to the survey were sent to Chamber members and others August 10 and again on August 22. The survey closed on August 31. Phase 2 garnered 76 additional useable surveys.

Content of the survey was determined in close consultation with JCC. In addition to questions classifying respondent businesses by type (such as manufacturing, construction, wholesale, retail, etc.) and scale of operations (such as number of employees and annual sales), the survey addressed issues including:

- Importance of various shipping modes (air, barge, ferry)
- Impacts of shipping costs on overall business expenses and pricing
- Suggestions for specific changes in shipping services that could spur their own business growth
- Expected business benefits of enhanced freight service

- Impacts on business of increases or decreases in cost of freight transportation

The survey concluded with an opportunity for respondents to provide additional input they deemed relevant to Juneau's freight-related business and economic development barriers and opportunities. The survey instrument is provided in the appendix.

This survey was conceived as part of a larger two-part research and planning project. The second part, if conducted, will include comprehensive interviews with freight transportation providers to identify their operational challenges and opportunities, any infrastructure or facility constraints on their Juneau services, and their reactions and suggestions with respect to the results of the business survey. The goal is to identify opportunities to mitigate shipping-related barriers to economic development in Juneau. Part 2 would also include a quantitative summary of the role of freight costs in the overall cost of living in Juneau, based on high-level modeling. Having a better understanding of how the community in general (businesses, non-profit and government enterprises, and households) might benefit economically from improved freight service would inform a discussion of the costs and benefits of public investment in policies or facilities aimed at mitigating Juneau's freight cost-related challenges.

Juneau Freight Statistics

This chapter provides the most recent publicly-available data for waterborne (barge), air, and Alaska Marine Highway System freight traffic to and from Juneau. Key data sources include the U.S. Army Corps of Engineers (USACE), federal Bureau of Transportation Statistics (BTS), and Alaska Marine Highway System traffic database. Though not part of McDowell Group's contracted scope of work, the study team determined that some data reflecting freight transportation to and from Juneau was needed to provide appropriate context for the survey results.

According to USACE data, in 2016, Juneau in-bound container traffic included 69,781 loaded 20-foot equivalent units (TEUs) and 14,384 empty TEUs. Juneau out-bound container traffic included 26,362 loaded TEUs and 24,236 empty TEUs. In-bound container traffic was down 9 percent in 2016, compared to 2015. The following table provides four years of container traffic data for Juneau.

Table 1. Juneau Container Traffic, 2013 to 2016 (TEUs)

Year	In-Bound Loaded	In-Bound Empty	Out-Bound Loaded	Out-Bound Empty
2013	75,077	16,956	27,978	30,526
2014	76,233	13,605	26,462	23,708
2015	76,945	18,374	28,004	26,282
2016	69,781	14,384	26,362	24,236
% Change '15 to '16	-9%	-22%	-6%	-8%

Source: USACE

According to BTS waterborne commerce data, a total of 606,000 tons of freight and fuel was shipped into Juneau in 2015 (the most recent available data), while 259,000 tons were shipped out. This includes 476,000 tons of non-petroleum product freight in-bound, and 234,000 tons out-bound.

The poundage of air freight into and out of Juneau has increased steadily over the past few years. In 2016, 14 million pounds of freight were flown into Juneau, 6 percent more than in 2015. Out-bound air freight increased by 14 percent in 2016, totaling 10 million pounds.

Table 2. Juneau Air Freight, 2013 to 2016 (Pounds)

Year	In-Bound Freight	In-Bound Mail	Out-Bound Freight	Out-Bound Mail
2013	12,310,113	4,283,398	9,499,998	3,205,163
2014	12,929,469	4,180,431	9,356,879	3,109,445
2015	13,296,015	4,552,088	8,842,016	2,921,432
2016	14,051,450	4,598,611	10,044,106	3,411,694
% Change '15 to '16	+6%	+1%	+14%	+17%

Source: Bureau of Transportation Statistics

The Alaska Marine Highway System plays a role in moving freight in and out of Juneau. In 2015, 819 vans were loaded in Juneau destined for various locations in the region, Prince Rupert, or Bellingham. In the same year, 940 vans were off-loaded in Juneau. Van traffic across the ferry system has declined in recent years.

Table 3. AMHS Juneau Van Departures and Arrivals, 2012 to 2015

Year	Departures	Arrivals
2012	943	938
2013	945	1,017
2014	833	961
2015	819	940
% Change '14 to '15	-1.7%	-2.2%

Source: AMHS

The following tables provide a variety of additional data concerning movement of freight in and out of Juneau.

Table 4. Freight Deplaned and Enplaned in Juneau (Pounds), 2016

Origin	In-Bound Freight	In-Bound Mail	Destination	Out-Bound Freight	Out-Bound Mail
ANC	9,660,951	1,276,513	SIT	2,967,446	248,795
SEA	1,908,594	2,429,981	SEA	2,757,756	789,962
KTN	1,095,873	214,069	ANC	1,905,118	492,211
SIT	735,008	241,920	KTN	620,015	328,338
PSG	161,543	96,752	SGY	337,312	353,575
HNS	71,110	79,938	HNS	299,876	463,609
HNH	66,801	36,034	HNH	278,091	188,248
PEC	55,762	6,960	GST	192,395	164,165
GST	53,117	24,942	YAK	179,057	5,762
SGY	48,021	91,287	KAE	142,995	94,104
KAE	38,314	12,289	AGN	88,978	68,250
WRG	31,386	42,977	PEC	59,532	35,478
AGN	24,917	10,345	TKE	49,872	32,520
FAI	23,290	6	PSG	39,088	84,199
YAK	23,081	15,430	CDV	37,108	316
CDV	20,591	1,022	ELV	36,122	12,163
JNU	15,001	827	WRG	18,418	42,386
ELV	9,061	5,647	JNU	15,001	827
TKE	8,083	6,630	EXI	14,210	4,787
EXI	946	4,825	DLG	4,410	-
Other	-	217	Other	1,306	1,999
Totals	**14,051,450**	**4,598,611**		**10,044,106**	**3,411,694**

Source: Bureau of Transportation Statistics.

Table 5. Juneau Waterborne Freight Tonnage, 2015

Commodity	In-Bound	Out-Bound	Total
Manufac. Prod. NEC	114,563	32,909	147,472
Groceries	77,422	9,882	87,304
Gasoline	60,095	1,984	62,079
Distillate Fuel Oil	50,443	1,953	52,396
Unknown or NEC	48,881	3,832	52,713
Food Products NEC	35,883	9,503	45,386
Glass & Glass Prod.	24,374	643	25,017
Cement & Concrete	24,082	38,032	62,114
Fab. Metal Products	22,648	8,008	30,656
Manufac. Wood Prod.	22,059	3,170	25,229
Misc. Mineral Prod.	17,572	4,632	22,204
Machinery (Not Elec)	16,201	9,769	26,220
Vehicles & Parts	12,524	3,527	16,051
Petro. Products NEC	12,071	176	12,247
Hydrocarbon & Petrol Gases, Liquefied and Gaseous	6,720	447	7,167
Alcoholic Beverages	6,065	33,727	39,792
Fish (Not Shellfish)	5,177	8,263	13,440
Fish, Prepared	4,709	5,352	10,061
Explosives	3,938	1,973	5,911
Copper Ore	3,522		3,522
Lube Oil & Greases	3,344	16,702	20,046
Paper Products NEC	3,106	674	3,780
Textile Products	2,794	2,443	5,237
Petroleum Coke	2,703	384	3,087
Forest Products NEC	2,694	527	3,221
Chem. Products NEC	2,539	3,749	6,288
Fuel Wood	2,449	159	2,608
Electrical Machinery	2,143	561	2,704
Metallic Salts	1,583	1,061	2,644
Organic Comp. NEC	1,568	4,790	6,358
Non-Metal. Min. NEC	1,540	772	2,312
Pigments & Paints	1,198	147	1,345
Naphtha & Solvents	1,094	247	1,341
Non-Ferrous Ores NEC	1,023	5,407	6,430
Primary Wood Prod.	1,012	937	1,949
I&S Pipe & Tube	784	248	1,032
Wood Chips	564	15	579
Ships & Boats	525	160	685
Grain Mill Products	489	961	1,450
Newsprint	459	30	489
All Other*	3,321	41,112	44,433
Total	**605,881**	**258,868**	**864,999**

*Out-bound "Other" composed primarily of material for recycling.
Source: US Army Corp of Engineers.

Table 6. AMHS Van Departures from Juneau by Port of Disembarkation, 2015

Port Pair	Summer	Fall/Winter/ Spring	Total
JNU-ANG	2	76	78
JNU-BEL	4	1	5
JNU-GUS	102	56	158
JNU-HNH	31	77	108
JNU-HNS	80	66	146
JNU-KOD	1		1
JNU-KTN	9	4	13
JNU-PSG	19	4	23
JNU-SGY	53	9	62
JNU-SIT	31	32	63
JNU-WRG	23	8	31
JNU-WTR	44	9	53
JNU-YAK	3	1	4
JNU-YPR	30	44	74
Total	**432**	**387**	**819**

Source: AMHS

Table 7. AMHS Van Arrivals in Juneau by Port of Embarkation, 2015

Port Pair	Summer	Fall/Winter/ Spring	Total
ANG-JNU	2	70	72
BEL-JNU	63	105	168
GUS-JNU	79	72	151
HNH-JNU	15	54	69
HNS-JNU	91	61	152
KTN-JNU	9	3	12
PSG-JNU	4		4
SGY-JNU	42	33	75
SIT-JNU	8	1	9
WRG-JNU	-	2	2
WTR-JNU	5	2	7
YAK-JNU	2	2	4
YPR-JNU	101	114	215
Total	**421**	**519**	**940**

Source: AMHS

Table 8. AMHS Van Departures from Juneau by Port of Disembarkation, 2013

Port Pair	Summer	Fall/Winter/ Spring	Total
JNU-ANG	6	6	12
JNU-BEL	44	39	83
JNU-GUS	79	54	133
JNU-HNH	43	103	146
JNU-HNS	89	111	200
JNU-HOM	1	-	1
JNU-KAE	1	-	1
JNU-KOD	1	-	1
JNU-KTN	3	7	10
JNU-PSG	4	6	10
JNU-SGY	46	10	56
JNU-SIT	45	51	96
JNU-WRG	8	-	8
JNU-WTR	31	20	51
JNU-YAK	4	1	5
JNU-YPR	53	79	132
Total	**458**	**487**	**945**

Source: AMHS

Table 9. AMHS Van Arrivals in Juneau by Port of Embarkation, 2013

Port Pair	Summer	Fall/Winter/ Spring	Total
ANG-JNU	4	2	6
BEL-JNU	84	123	207
GUS-JNU	78	73	151
HNH-JNU	13	87	100
HNS-JNU	97	128	225
KAE-JNU	-	1	1
KTN-JNU	19	8	27
PSG-JNU	5	2	7
SGY-JNU	32	16	48
SIT-JNU	9	7	16
WRG-JNU	4	1	5
WTR-JNU	5	4	9
YAK-JNU	4	1	5
Total	**447**	**570**	**1,017**

Source: AMHS

This chapter shows results to the online business survey of 116 businesses and organizations, including 40 targeted businesses. Readers should note the small sample sizes associated with some results, shown in the top rows of each table as "n=", particularly those based to individual business sectors.

Profile of Survey Respondents

Sectors

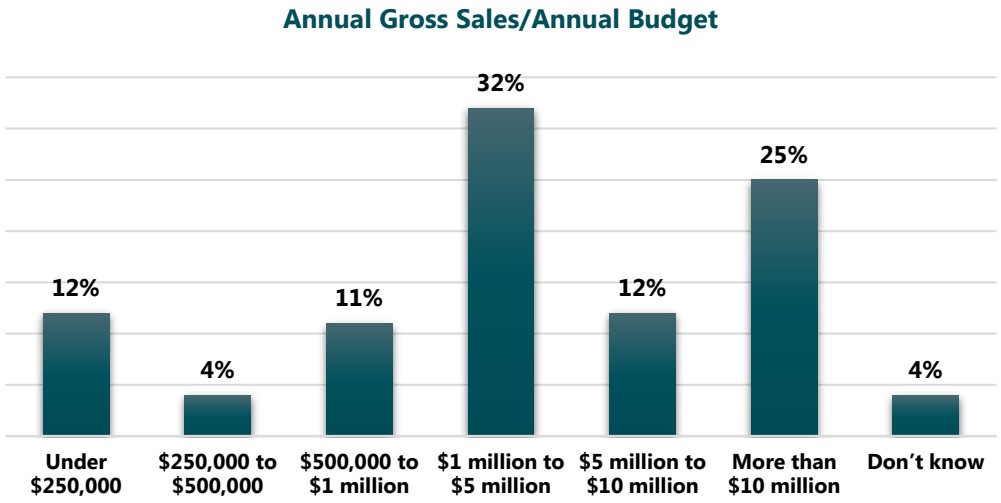
The distribution of survey respondents across various sectors is provided in the following table. Retail establishments are the most broadly represented sector of the survey sample, with 36 respondents, including 19 targeted firms.

Table 10. Which of the following best describe your business or organization? By Count (multiple answers allowed)

	Total By Count n=116	Targeted Businesses by Count n=40	All Others by Count n=76
Trade - Retail	**36**	19	17
Other professional businesses	**15**	1	14
Construction – Commercial	**12**	5	7
Maintenance/repair	**11**	5	6
Food/beverage service	**10**	6	4
Construction – Residential	**9**	1	8
Construction – Industrial	**9**	3	6
Transportation (freight)	**9**	3	6
Tours/excursions	**8**	3	5
Government	**7**	-	7
Transportation (passenger)	**7**	3	4
Trade - Wholesale	**6**	2	4
Commercial fishing	**5**	-	5
Healthcare/social service	**4**	1	3
Lodging	**4**	3	1
Mining	**4**	4	-
Non-profit	**4**	-	3
Utilities	**4**	2	1
Manufacturing - Seafood processing	**3**	3	-
Manufacturing – Other than seafood processing	**2**	2	-
Other	**8**	4	1

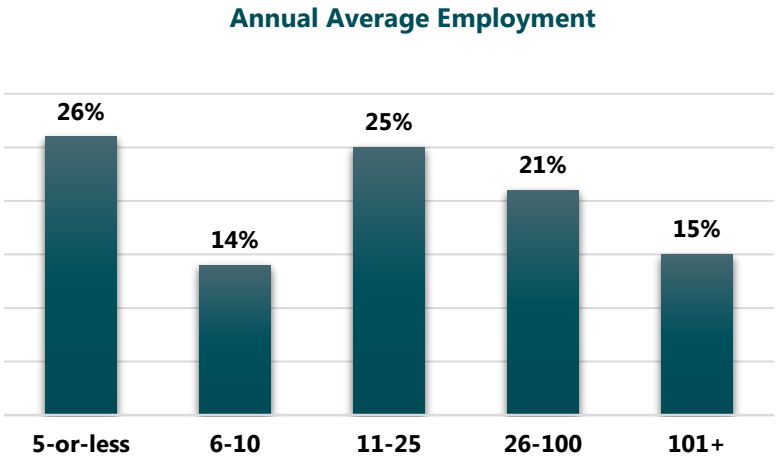
Annual Sales/Budget

Businesses and organizations included in the survey account for a collective total of $700 million in annual sales/budgets. To place this figure in perspective, Juneau's annual economic output totaled approximately $3 billion in 2016. Among survey respondents, 19 reported annual sales/budgets of more than $10 million. Twenty respondents reported annual sales/budgets of less than $1 million. Not all survey respondents provided annual sales/budget information.



Employment

Survey respondents collectively account for approximately 4,000 full time and part time jobs in Juneau. Juneau's economy includes approximately 17,900 full and part time jobs.[1] Eleven survey respondents have more than 100 employees; 29 have ten or fewer employees.



[1] Alaska Department of Labor and Workforce Development, QCEW data.

Comparison Across Sectors

Survey results are aggregated and cross-tabulated for five categories of respondents: construction, manufacturing, food/beverage, trade (retail and wholesale), and all other.

In 2016, Juneau's construction industry employed an annual average of 689 workers, with peak employment of 846. Wages totaled $47.9 million in 2016. In 2015, contractors' sales totaled $379 million, according to CBJ data.

Most of Juneau's manufacturing activity is "basic" industry, meaning goods are sold to non-local markets, and new money is drawn into Juneau's economy. Juneau's manufacturing sector employed an annual average of 335 workers in 2016, with peak employment at over 500, and total annual wages of $13.3 million. Juneau's seafood processing operations and brewery are notable components of Juneau's basic industry manufacturing sector.

Food services and drinking places accounted for an average 1,052 jobs in Juneau in 2016, and $20.6 million in annual wages. This sector of the economy has a seasonal component, with the peak season job count reaching 1,251 in July.

Juneau's retail and wholesale trade sectors together accounted for about 2,100 jobs and $66 million in wages in 2016. These sectors, including the big retail outlets such as Fred Meyer, Costco, and Home Depot and Juneau's grocery stores, which account for the majority of in-bound freight shipments.

The following tables profile the sales and employment characteristics of the survey sample. A significant number of respondents did not provide sales and employment data (as indicated by "n" values of 75 and 73).

Table 11. Which of the following categories best describes your organization's annual gross sales? (%)

	Total n=75	Construction n=15	Manufacturing n=5	Food-Beverage n=6	Trade n=27	All Others n=37
Under $250,000	**12**	20	-	-	4	19
$250,000 to $500,000	**4**	7	-	17	-	3
$500,000 to $1 million	**11**	7	-	-	15	16
$1 million to $5 million	**32**	20	60	33	37	27
$5 million to $10 million	**12**	27	-	-	22	-
More than $10 million	**25**	13	40	33	19	30
Don't know	**4**	7	-	17	4	5

Table 12. How many people do you currently employ in Juneau? (%)

	Total n=73	Construction n=14	Manufacturing n=5	Food-Beverage n=6	Trade n=27	All Others n=35
5 or less	**26**	36	20	17	19	31
6-10	**14**	7	-	17	22	9
11-25	**25**	43	20	-	22	26
26-100	**21**	14	20	17	26	17
101+	**15**	-	40	50	11	17

Table 13. How many people (full-time and part-time) do you employ in Juneau in a peak month? (%)

	Total n=73	Construction n=14	Manufacturing n=5	Food-Beverage n=6	Trade n=27	All Others n=35
5 or less	**26**	43	20	17	19	31
6-10	**10**	-	-	-	15	9
11-25	**23**	29	20	17	26	20
26-100	**26**	29	20	17	30	23
101+	**15**	-	40	50	11	17

Markets Served

The survey sample has a Juneau market focus, though it includes some businesses that rely on transportation to non-local markets. Manufacturing businesses, in particular, depend on sales to markets outside Alaska. The relatively high reliance of food/beverage businesses on markets outside Alaska may reflect sales to non-resident visitors while in Juneau.

Table 14. Please estimate the percentage of your business's total sales that can be attributed to each of the following markets. (%)

	Total n=116	Construction n=21	Manufacturing n=5	Food-Beverage n=10	Trade n=36	All Others n=66
Juneau	**68**	81	20	69	74	63
Outside of Alaska	**13**	2	69	26	11	15
Other Southeast communities outside of Juneau	**13**	16	6	6	12	13
Other Alaska communities outside of Southeast	**6**	1	5	-	3	9
Other	**-**	-	-	-	-	-

Shipping by Barge

In-Bound Barge

Barge service is an essential component of Juneau's freight transportation infrastructure, accounting for 95 percent of all in-bound freight, in terms of volume. In 2015, just over 475,000 tons of non-petroleum freight was shipped into Juneau via marine transport.

The cost of in-bound shipping is an important aspect of the cost of doing business in Juneau, particularly for construction firms, manufacturers, food and beverage providers, and retailers, among others. More than three-quarters (78 percent) of survey respondents reported the cost of shipping goods and materials to Juneau by barge is a very important part of their cost of doing business in Juneau.

Table 15. Is the cost of shipping goods and materials TO Juneau by barge a very important, somewhat important, or not important part of your cost of doing business in Juneau? (%)

	Total n=103	Construction n=27	Manufacturing n=5	Food Beverage n=9	Retail Trade n=32	All Others n=57
Very important	**78**	100	100	100	94	60
Somewhat important	**14**	-	-	-	6	25
Not important	**9**	-	-	-	-	16

Point of Origin

The Puget Sound region is the primary point of origin for goods and materials shipped to Juneau by barge. Overall, an average of 74 percent of shipper's in-bound barged goods and materials were supplied from the Puget Sound area. Retailers in general have greater reliance on points-of-origin other than Puget Sound, with one-quarter of retail respondents (23 percent) reporting points of origin in the Lower 48 other than Puget Sound. Several businesses reported that 100 percent of their in-bound barge transportation needs were for freight barged from elsewhere in Southeast.

Table 16. Primary points of origin for goods and materials shipped to Juneau by barge (%)

	Total n=90	Construction n=20	Manufacturing n=5	Food-Beverage n=9	Trade n=32	All Others n=44
Other Southeast communities	**8**	14	4	0	6	8
Anchorage	**4**	2	4	5	5	3
Puget Sound area	**74**	81	90	81	65	70
Other US	**13**	2	2	11	23	17
International	**1**	0	0	3	1	1

In-Bound Container Loads/Less Than Container Loads

While most of the freight tonnage that arrives in Juneau on a barge is in a container, most businesses ship less-than-container loads. Almost half (43 percent) reported no in-bound shipping in container load volumes. Among all survey respondents, about three-quarters (73 percent) shipped in-bound in less than container load volumes (not weighted by tonnage, with large and low-volume shippers averaged equally). The largest businesses (by sales) responding to the survey, including big retailers, ship in-bound almost entirely in container loads. The vast majority of tonnage arrives in containers; however, it is not possible to estimate the actual tonnage split between container load and less-than-container load, using survey results.

Table 17. Percentage (in terms of volume) of the goods shipped to Juneau by barge as container loads (%)

	Total n=89	Construction n=20	Manufacturing n=5	Food-Beverage n=9	Trade n=32	All Others n=43
0%	**43**	30	20	56	41	56
1%-49%	**26**	45	40	11	28	14
50%-99%	**21**	20	40	22	16	23
100%	**7**	-	-	11	16	-
Don't know	**3**	5	-	-	-	7
Avg. % ship to Juneau in container loads	**27%**	**15%**	**39%**	**27%**	**31%**	**22%**

Table 18. Percentage (in terms of volume) of the goods shipped to Juneau by barge as less than container loads (%)

	Total n=89	Construction n=20	Manufacturing n=5	Food-Beverage n=9	Trade n=32	All Others n=43
0%	**7**	-	-	11	16	-
1%-49%	**16**	5	40	11	9	19
50%-99%	**31**	60	40	22	34	19
100%	**43**	30	20	56	41	56
Don't-know	**3**	5	-	-	-	7
Avg. % ship to Juneau in less than container loads	**73%**	**85%**	**61%**	**73%**	**69%**	**78%**

Recognizing the potential cost savings associated with shipping in container loads, it is useful to consider opportunities for businesses with less-than-container load shipping needs to cooperatively share container space. This requires some volume and timing flexibility.

About half (46 percent) of less-than-container load shippers have flexibility in the volume they ship, and more than one-third (38 percent) have timing flexibility. Food and beverage businesses report the least flexibility in terms of volume. The manufacturing sector reports the least flexibility in timing (understandable given the more precise supply and inventory control requirements for larger manufacturing operations).

Table 19. Flexibility in the volume and timing of goods shipped to Juneau by barge as less-than-container loads (%)

	Total n=84	Construction n=20	Manufacturing n=5	Food-Beverage n=8	Trade n=27	All Others n=44
Volume Flexibility						
Yes	**46**	40	40	25	44	52
No	**46**	60	60	63	52	36
Don't-know	**7**	-	-	13	4	11
Timing Flexibility						
Yes	**38**	50	20	50	33	39
No	**56**	50	80	38	59	55
Don't-know	**6**	-	-	13	7	7

Out-Bound Barge

One-quarter of survey respondents reported that the cost of out-bound barge service is a very important part of their cost of doing business in Juneau. Out-bound costs are particularly important to local manufactures who sell product to outside markets. Other businesses reporting reliance on out-bound barge service include large and small retailers, construction companies, and service/repair firms, among others.

Table 20. Is the cost of shipping goods and material OUT of Juneau by barge a very important, somewhat important, or not important part of your cost of doing business in Juneau? (%)

	Total n=95	Construction n=20	Manufacturing n=5	Food-Beverage n=8	Trade n=32	All Others n=49
Very important	**25**	15	60	13	31	20
Somewhat important	**31**	40	40	25	22	31
Not important	**44**	45	-	63	47	49

OUT-BOUND DESTINATIONS

Survey respondents noted with about equal frequency the Puget Sound region and elsewhere in Southeast as destinations for goods and materials shipped out of Juneau by barge: an average of 45 percent of outbound need is to "other Southeast communities," and 43 percent is to the Puget Sound region. These percentages do not reflect share of volume to these destinations. Construction companies have the greatest need for barge service to other Southeast communities. Manufacturing and food/beverage companies have the greatest need for barge service to the Puget Sound region (note small sample sizes).

Table 21. Primary Destinations for goods and materials shipped from Juneau by barge (%)

	Total n=50	Construction n=11	Manufacturing n=5	Food-Beverage n=3	Trade n=17	All Others n=22
Other-Southeast communities	**45**	72	22	33	56	30
Anchorage	**3**	2	4	0	3	4
Puget Sound area	**43**	26	66	67	30	57
Other US	**7**	0	8	0	12	5
International	**2**	0	0	0	0	5

OUT-BOUND CONTAINER LOADS/LESS THAN CONTAINER LOADS

Similar to in-bound barge shipping needs, most of the freight tonnage that departs Juneau on a barge is in a container, and most businesses ship less-than-container loads. Half (49 percent) reported that none of their out-bound shipping was in container load volumes. Among all survey respondents who ship out-bound, about three-quarters (72 percent) said their freight is shipped out in less-than-container load volumes (not weighted by tonnage, with large and small shippers averaged equally). The largest businesses responding to the survey ship out-bound almost entirely in container loads. While the majority of out-bound tonnage departs in a container, it is not possible to estimate the actual out-bound tonnage split between container loads and less-than-container loads using survey results.

Table 22. Percentage (in terms of volume) of the goods shipped out of Juneau by barge as container loads (%)

	Total n=47	Construction n=10	Manufacturing n=4	Food-Beverage n=3	Trade n=17	All Others n=21
0%	**49**	60	25	33	65	38
1%-49%	**9**	10	25	-	-	10
50%-99%	**21**	10	25	33	18	24
100%	**11**	10	25	33	12	14
Don't-know	**11**	10	-	-	6	14
Avg. % ship out of Juneau in container loads	**29%**	**19%**	**49%**	**60%**	**22%**	**36%**

Table 23. Percentage (in terms of volume) of the goods shipped out of Juneau by barge as less than container loads (%)

	Total n=47	Construction n=10	Manufacturing n=4	Food-Beverage n=3	Trade n=17	All Others n=21
0%	**11**	10	25	33	12	14
1%-49%	**11**	-	25	33	-	14
50%-99%	**19**	20	25	-	18	19
100%	**49**	60	25	33	65	38
Don't-know	**11**	10	-	-	6	14
Avg. % ship out of Juneau in less-than-container loads	**72%**	**81%**	**51%**	**40%**	**78%**	**64%**

About half (53 percent) of less-than-container load shippers have flexibility in the volume they ship out-bound, and nearly one-third (30 percent) have timing flexibility. Similar to in-bound less-than-container load shipping, the manufacturing sector reports the least flexibility in timing, as well as in volume. One survey respondent suggested that less-than-container load barge shipping options are not available for fish products, a freight service gap that presents major challenges for new, small-scale processing operations. This was not independently verified for purposes of this study.

Table 24. Flexibly in the volume and timing of goods and materials shipped from Juneau by barge as less-than-container-loads (%)

	Total n=43	Construction n=9	Manufacturing n=4	Food-Beverage n=2	Trade n=15	All Others n=18
Volume Flexibility						
Yes	**53**	56	25	50	53	56
No	**37**	44	50	-	47	33
Don't-know	**9**	-	25	50	-	11
Timing Flexibility						
Yes	**30**	33	25	-	27	33
No	**60**	67	50	50	73	56
Don't-know	**9**	-	25	50	-	11

Barge freight destined for markets outside Juneau is sometimes sold freight-on-board (FOB) Juneau and some is sold with freight costs included in the purchase price. A few survey respondents (8 respondents, or 16 percent of business reporting out-bound barge shipping) reported selling exclusively FOB Juneau. Roughly the same number reported shipping exclusively with freight costs included in the price of their product (10 respondents, or 20 percent of business reporting out-bound barge shipping). All others use a combination of FOB and cost-included sales practices.

Table 25. Sales to customers outside of Juneau, that are shipped by barge, sold FOB Juneau (%)

	Total n=49	Construction n=11	Manufacturing n=5	Food-Beverage n=3	Trade n=17	All Others n=21
0%	**20**	27	20	33	12	24
1%-49%	**12**	27	40	-	12	5
50%-99%	**24**	27	20	-	29	19
100%	**16**	-	20	-	29	10
Don't-know	**27**	18	-	67	18	43
Avg. % shipped out of Juneau-sold-FOB	**49%**	**27%**	**42%**	**0**	**65%**	**41%**

Table 26. Sales to customers outside of Juneau, that are shipped by barge, sold with freight included in the purchase price (%)

	Total n=49	Construction n=11	Manufacturing n=5	Food-Beverage n=3	Trade n=17	All Others n=21
0%	**16**	-	20	-	29	10
1%-49%	**12**	9	-	-	12	14
50%-99%	**24**	45	60	-	29	10
100%	**20**	27	20	33	12	24
Don't-know	**27**	18	-	67	18	43
Avg. % shipped out of Juneau with freight cost included	**51%**	**73%**	**58%**	**100%**	**35%**	**59%**

Shipping by Alaska Marine Highway

In-Bound Ferry

As reported previously, a total of 940 vans arrived in Juneau via AMHS in 2015 (most recent available data). Ferry service from Prince Rupert and Bellingham accounted for the largest number of van arrivals (215 and 168 vans, respectively). Haines (152 vans) and Gustavus (151) also accounted for significant numbers of van arrivals in Juneau in 2015.

One-in-five survey respondents (19 percent) reported the cost of shipping goods and materials to Juneau via AMHS is very important to their cost of doing business in Juneau.

Table 27. Is the cost of shipping goods and materials TO Juneau by the Alaska Marine Highway a very important, somewhat import, or not important part of your cost of doing business in Juneau? (%)

	Total n=100	Construction n=19	Manufacturing n=5	Food-Beverage n=10	Trade n=33	All Others n=53
Very important	**19**	21	-	30	15	21
Somewhat important	**23**	21	40	10	21	25
Not important	**58**	58	60	60	64	55

Survey results indicate that businesses using AMHS for in-bound freight transport are typically transporting freight from elsewhere in Southeast (42 percent of ferry shippers) and the Puget Sound area (39 percent). Nine percent of ferry users reported Anchorage was the primary point of origin. Small sample sizes warrant caution in interpreting these industry-level survey results.

Table 28. What are the primary points of origin for goods/materials you have shipped to Juneau by ferry? (%)

	Total n=37	Construction-n=7	Manufacturing n=2	Food-Beverage n=3	Trade n=11	All-Others n=20
Other Southeast communities	**42**	34	100	0	27	48
Anchorage	**9**	23	0	34	5	4
Puget Sound area	**39**	43	0	66	54	39
Other US	**6**	0	0	0	5	8
International	**4**	0	0	0	9	2

Out-Bound Ferry

A total of 819 vans departed from Juneau via AMHS in 2015. Ferry service to Gustavus and Haines accounted for the largest number of van departures (158 and 146 vans, respectively). Hoonah (108 vans), Angoon (78), and Prince Rupert (74) also accounted for significant numbers of van departures from Juneau in 2015.

Similar to in-bound ferry freight, approximately one-in-five survey respondents (22 percent) reported the cost of shipping goods and materials from Juneau via AMHS is very important to their cost of doing business in Juneau.

Table 29. Is the cost of shipping goods and material OUT of Juneau by ferry a very important, somewhat important, or not important part of your cost of doing business in Juneau? (%)

	Total n=96	Construction-n=19	Manufacturing n=5	Food-Beverage n=9	Trade n=32	All-Others n=50
Very important	**22**	26	40	11	22	20
Somewhat important	**19**	26	20	22	13	18
Not important	**59**	47	40	67	66	62

Businesses using AMHS for out-bound freight transport are most often transporting freight to other Southeast communities (72 percent of ferry shippers). Fifteen percent of ferry users reported the Puget Sound area as the primary destination. Small sample sizes warrant caution in interpreting these industry-level survey results.

Table 30. What are the primary destinations for the goods and materials you ship out of Juneau by ferry? (%)

	Total n=38	Construction- n=10	Manufacturing n=3	Food-Beverage n=3	Trade n=10	All-Others n=19
Other Southeast communities	**72**	99	34	33	71	70
Anchorage	**6**	1	33	0	0	7
Puget Sound area	**15**	1	17	67	19	18
Other US	**7**	0	17	0	10	6
International	**0**	0	0	0	0	0

There was limited response to the survey questions about whether AMHS freight destined for markets outside of Juneau is sold FOB Juneau or with freight costs included in the purchase price. In general, results are about evenly split, with seven businesses (20 percent) reporting entirely FOB AMHS shipping, and nine business (26 percent) reporting entirely price-included AMHS shipping.

Table 31. Can you estimate what percent of your sales to customers outside of Juneau, that are shipped by Alaska Marine Highway, are sold FOB Juneau? (%)

	Total n=35	Construction- n=10	Manufacturing n=3	Food-Beverage n=2	Trade n=10	All-Others n=17
0%	**26**	60	-	-	40	18
1%-49%	**6**	10	33	-	-	-
50%-99%	**6**	-	-	-	10	6
100%	**20**	-	33	-	30	18
Don't-know	**46**	30	33	-	20	65
Avg. % sales outside of Juneau shipped via AMHS sold FOB Juneau	**42%**	**1%**	**51%**	**-**	**48%**	**50%**

Table 32. Can you estimate what percentage of your sales to customers outside of Juneau, that are shipped by Alaska Marine Highway, are sold with freight included in the purchase price? (%)

	Total n=35	Construction- n=10	Manufacturing n=3	Food-Beverage n=2	Trade n=10	All-Others n=17
0%	**20**	-	33	-	30	18
1%-49%	**3**	-	-	-	10	-
50%-99%	**9**	10	33	-	-	6
100%	**26**	60	-	-	40	18
Don't-know	**46**	30	33	-	20	65
Avg. % of sales outside of Juneau with freight included in purchase price	**58%**	**99%**	**50%**	**-**	**53%**	**50%**

AMHS plays a greater freight transportation infrastructure role than reflected by in-bound and out-bound van traffic for Juneau businesses. People and businesses located in outlying communities use the ferry to transport goods purchased from Juneau businesses. About one-third of survey respondents (37 percent) indicated they had customers who used the AMHS to transport purchased goods. Customers in outlying communities who use AMHS account for an average 20 percent of sales, among business who sell to those customers.

Table 33. Do you have customers in outlying Southeast communities who use the ferry to transport goods purchased from you? (%)

	Total n=95	Construction- n=19	Manufacturing n=5	Food-Beverage n=9	Trade n=31	All-Others n=50
Yes	**37**	47	80	22	55	18
No	**54**	53	20	56	39	70
Don't-know	**9**	-	-	22	6	12

Table 34. If you have customers in outlying Southeast communities who use the ferry to transport goods purchased from you, approximately what percentage of your total sales are to those customers? (%)

	Total n=35	Construction- n=9	Manufacturing n=4	Food-Beverage n=2	Trade n=17	All-Others n=9
0%	**3**	-	25	-	-	-
1%-49%	**86**	89	75	100	94	78
50%-99%	**3**	-	-	-	6	-
100%	**9**	11	-	-	-	22
Don't-know	**-**	-	-	-	-	-
Avg. % of sales to customers in outlying communities transported via ferry	**20%**	**22%**	**3%**	**5%**	**14%**	**33%**

Shipping by Air

In-Bound Air

Air freight transportation is also very important to a large component of the Juneau economy. As noted above in the Juneau Freight Statistics section, 14 million pounds of freight were deplaned in Juneau in 2016. Overall, 40 percent of survey respondents noted the cost of shipping good and materials to Juneau by air freight is a very important part of their cost of doing business in Juneau. It is important to note that this question addresses both jet and small plane freight service.

Table 35. Is the cost of shipping good and materials TO Juneau by air freight a very important, somewhat important, or not important part of your cost of doing business in Juneau? (%)

	Total n=100	Construction- n=20	Manufacturing n=5	Food-Beverage n=8	Trade n=35	All-Others n=53
Very important	**40**	50	60	13	37	38
Somewhat important	**46**	45	20	88	49	43
Not important	**14**	5	20	-	14	19

Survey results indicate that businesses using air for in-bound freight transport most typically are transporting freight from the Puget Sound area (58 percent). About one in five air freight users (19 percent) reported locations in the Lower 48 outside of the Puget Sound area are a primary point of origin. Ten percent of air freight users indicated that other Southeast communities are primary points or origin for in-bound air freight.

Table 36. What are the primary points of origin for goods and materials you have shipped to Juneau by air? (%)

	Total n=81	Construction-n=18	Manufacturing n=4	Food-Beverage n=8	Trade n=28	All-Others n=39
Other Southeast communities	**10**	10	1	13	9	10
Anchorage	**9**	8	<1	1	12	8
Puget Sound area	**58**	56	98	87	47	56
Other Alaska	**3**	6	0	0	4	3
Other US	**19**	20	1	0	27	21
International	**2**	0	0	0	<1	3

Out-Bound Air

In 2016, 10 million pounds of air freight were enplaned in Juneau. One-third (33 percent) of survey respondents reported the cost of shipping goods and materials out of Juneau by air freight is a very important part of their cost of doing business in Juneau. Among this group are seafood processors, who need air freight service to take full advantage of high-value fresh product markets.

Table 37. Is the cost of shipping goods and materials OUT of Juneau by air freight a very important, somewhat important, or not important part of your cost of doing business in Juneau? (%)

	Total n=95	Construction-n=19	Manufacturing n=5	Food-Beverage n=8	Trade n=33	All-Others n=49
Very important	**33**	26	80	-	39	31
Somewhat important	**25**	26	-	50	24	24
Not important	**42**	47	20	50	36	45

Businesses using air freight for out-bound transport are most often transporting freight to other Southeast communities (57 percent of air shippers). Twenty (20) percent of air shippers reported that areas in the Lower 48, other than Puget Sound, were the primary destination. Puget Sound is the primary destination for 15 percent of air shippers. Though not evident in the survey data, shipment of fresh fish is probably the single largest component of out-bound air freight.

Table 38. What are the primary destinations for the goods and materials you have shipped OUT of Juneau by air? (%)

	Total n=53	Construction-n=10	Manufacturing n=4	Food-Beverage n=4	Trade n=21	All-Others n=25
Other Southeast communities	**57**	73	21	50	75	42
Anchorage	**7**	5	5	0	2	12
Puget Sound area	**15**	12	50	38	11	13
Other Alaska	**1**	1	0	0	1	<1
Other US	**20**	10	20	13	11	33
International	**<1**	0	4	0	0	0

Most businesses using air freight to supply markets outside of Juneau sell some of their goods FOB Juneau and some with air freight cost included in the purchase price. Among businesses using air freight, an average of 62 percent of sales are FOB Juneau. A few survey respondents (9 respondents, or 18 percent of business reporting

out-bound air shipping) reported selling exclusively FOB Juneau. About the same number reported shipping exclusively with freight costs included in the price of their product (11 respondents, or 22 percent of business reporting out-bound air shipping). All others use a combination of FOB and cost-included sales practices.

Table 39. Can you estimate what percent of your sales to customers outside of Juneau, that are shipped by air, are sold FOB Juneau? (%)

	Total n=51	Construction-n=10	Manufacturing n=4	Food-Beverage n=4	Trade n=20	All-Others n=24
0%	**18**	30	-	25	15	25
1%-49%	**2**	-	25	-	-	-
50%-99%	**29**	30	50	25	40	17
100%	**22**	10	25	-	30	17
Don't-know	**31**	30	-	50	20	42
Avg. % of sales attributed to shipping goods and services outside of Juneau by air sold FOB Juneau	**62%**	**46%**	**63%**	**38%**	**71%**	**49%**

Table 40. Can you estimate what percent of your sales to customers outside of Juneau, that are shipped by air, are sold with freight included in the purchase price? (%)

	Total n=51	Construction-n=10	Manufacturing n=4	Food-Beverage n=4	Trade n=20	All-Others n=24
0%	**22**	10	25	-	30	17
1%-49%	**20**	20	25	25	25	13
50%-99%	**12**	10	50	-	15	4
100%	**18**	30	-	25	15	25
Don't-know	**31**	30	-	50	20	42
Avg. % of sales outside of Juneau sold with freight included in purchase price	**39%**	**54%**	**38%**	**63%**	**29%**	**51%**

Freight Service Improvements Needed for Business Growth

Survey respondents were asked: *"Other than lower costs, are there freight service improvements that could allow you to increase production/sales?"* A representative selection of responses is provided below.

Air Freight Service

- [We need greater] "Air freight availability and reliability (via small plane). Competition would be very helpful (example being Sitka, where you can use AA Air Cargo, Alaska Seaplanes, or Harris), as it expands shipping options and reduces costs."
- "Availability. Construction season is also fish-shipping season. If we have a construction need in another community, it takes over a day to address it: for instance, we had a survey instrument die, and we could

not get a replacement until early the next day. Doesn't seem like much, but that leaves a construction crew looking for things to do until that equipment shows up. Expensive!"

- "Better air traffic to other Southeast Alaska towns...more freight space availability."
- "Outgoing airfreight frequency is not a problem, capacity IS a major problem. We compete for outgoing space: with other processors, with passenger loads and with FedEx, which no longer flies its own planes in here but contracts with AK Air to provide their outgoing air shipment capacity. A viable, competing airfreight provider would be a huge help."
- "Better scheduling. Need weekend airfreight (counter to counter) availability. A 2-day delay in or out of Juneau could cost 3 to 5-day delay in getting parts and personnel in place and working."
- "Desperately need a freezer storage and more freighters to ship seafood. The inconsistency of [service] has caused huge hardship and the ability to increase our business… we lose a ton of money on shipments that don't make it in time."
- "Small Parcel shipment in and out is a major problem. Many suppliers will not ship to Juneau because we don't have UPS or FEDEX ground, and forwarding through [Puget Sound forwarding company] is very expensive. Outbound, shipping more than a few pounds by USPS is extremely costly. We are an ecommerce business, and it is cheaper for us to warehouse things outside and ship them from there, than to ship from Juneau."

Ferry

- "Better ferry service, frequency."
- "Cooperation with ferry system to make over-the-road freight service more affordable and much more efficient."
- "Allowing freight on ferry without being in vehicle or accompanying travelling passenger (drop off and pick up on baggage cart)."
- "Reduced winter schedules…does impact our ability to schedule and do work. In the summer it is tough to get a reservation on AMHS."
- "Create a road so the AMHS Ferry System could bypass the narrows going to Sitka and extend the road past Berners Bay and have a shuttle ferry that commutes to Haines Alaska 4 to 6 times a day. The planes are maxed with fish product and you cannot ship fish on AMHS Ferries because you do not know if they will break down or sit in a city for a week when product will spoil or not meet a timeline that a restaurant or store demands..."
- "Road access with more frequent ferry feeder connections would improve communications and customer service in the region."

Barge Service

- "More frequency in barges."

- "More frequent and direct sailings from Seattle would improve services provided to customers and allow fresh product to move out of Juneau in a reliable and purchasable window for customers in the Puget Sound area."

- "If we could ship less than a container load of frozen material south and/or north, it would allow us to expand our business. As it stands, it is impossible to ship our product out of Juneau due to the requirement it stay frozen continually."

- "Survey seems to assume that barge freight service providers offer [seafood] lcl [less than container load] outbound. They do not, so we end up leveraging our business relationships with other companies to get space in their outgoing containers. Startup businesses are SOL on this, so end up shipping by air at 3-4 times the cost. We dealt with that first few years and I can assure you it's a HUGE impediment to starting a seafood business in Juneau."

- "More frequent barge service, UPS or FedEx ground outbound, return to container spotting at no charge."

- "More frequent barges, competition in barge service, stopping fuel surcharge, taking credit for payments …. lower costs, on time deliveries."

- "More frequent in bound and out bound barges."

- "More frequent sailings in Southeast. Lower minimum freight charges."

- "Properly Rated Freight Bills. Easier access to equipment. Better integration of our needs to services rendered by the barge company. Oversight [of barge operations]."

- "Short term: The old Northland dock at Salmon Creek could be reopened and leased to [a barge operator]…. Long term: The CBJ could build a deep-water port on the back of Douglas or open land for that purpose. Ultimately this is the single most important project required to address the deficiencies in water transportation to Juneau."

- "Faster delivery once barge arrives. Consolidation of parcels into one pallet and one charge."

- "The biggest obstacle is the frequency of the loads and the time it takes to arrive."

Other Comments

- "Better flexibility with scheduling, more choices on shipping alternatives."

- "Competition in the market will improve cost, service, and frequency."

- "Competition."

- "A new transportation system, such as drones that are faster than the barge and cheaper than air freight."

- "Cost is the primary constraint."

- "Easier consolidation of freight from various vendors to consolidate in Seattle to come to Juneau."
- "[Greater] frequency."
- "Frequency increase would allow for reduced par levels and reduced expensive air transport."
- "Fresher products."
- "Having a road in and out of Juneau would allow me to acquire products faster and sometime cheaper than via barge service. Some of my vendors are in Canada with Whitehorse as an FOB point. The cost to truck from Whitehorse to Juneau would/could be far cheaper."
- "I think our freight companies do a good job at providing to our community."
- "If I could get a daily shipment, I wouldn't have to have as much inventory on hand. This would allow for better sales of "special order" items and reduce cash flow issues."
- "Improved frequency."
- "More shippers! More competition!"
- "Not for my business, but for the people I do work for the freight costs are very important. I they could save on freight costs they would make more money and thus be more willing to purchase my services. So indirectly all freight costs effect my business."
- "…. Living in Juneau is logistically difficult and thus requires more upfront effort. Simplification of those logistics would allow more manpower to be applied to direct productivity (as opposed to indirect activities like logistics). An example is vendors down South offer vendor-managed inventories. Because of the expensive and complex logistics and difficulty/expense for a vendor to get to Juneau, it is not possible for them to offer the service in Juneau."
- "Road out of Juneau." [noted multiple times]
- "Better customer service communication, Improved equipment and processes for handling materials to prevent damage, claim service is not customer friendly, transparent costs (trust), more customer centric."
- "…having the road would make an immense difference in our ability to grow. Being able to ship outbound LCL by truck would be HUGE!"
- "…it kills my business to have to ship hazmat (ammunition, cleaning supplies) by barge."

Freight Service Frequency as a Barrier to Growth

Air Freight Service

Jet air freight service was noted as a barrier by one-in-five survey respondents, though manufacturing firms more frequently cited it as a barrier. [Note: Among basic industries in Juneau, seafood processing would have

the most to gain from more frequent air freight service, as processors would have greater opportunity to sell more product into high-value fresh fish markets.]

About one-in-five survey respondents reported frequency of small plane freight service as a barrier to business growth. Juneau retailers would benefit from better opportunity to ship via small plane to outlying communities. Opportunity and cost to ship parts to outlying communities was also noted as a barrier in the construction sector.

Table 41. Is the frequency of available air freight service via jet aircraft a barrier to growth for your business? (%)

	Total n=90	Construction-n=19	Manufacturing n=5	Food-Beverage n=8	Trade n=32	All-Others n=45
Yes	**20**	21	60	13	22	13
No	**72**	74	40	75	75	76
Don't know	**8**	5	-	13	3	11

Table 42. Is the frequency of available air freight service via small airplane- a barrier to growth for your business? (%)

	Total n=90	Construction-n=19	Manufacturing n=5	Food-Beverage n=8	Trade n=32	All-Others n=45
Yes	**18**	21	20	-	25	16
No	**74**	68	80	88	69	76
Don't know	**8**	11	-	12	6	9

The frequency of AMHS was more likely to be noted as a barrier to business growth than either air freight or barge service. Overall, 42 percent of survey respondents considered it a barrier to growth, with the manufacturing sector highest at 60 percent. Among the 40 targeted businesses, 35 percent noted ferry service in and out of Juneau as a barrier to growth.

Table 43. Is the frequency of available Alaska Marine Highway service a barrier to growth for your business or organization? (%)

	Total n=95	Construction-n=19	Manufacturing n=5	Food-Beverage n=9	Trade n=31	All-Others n=50
Ferry service to Juneau						
Yes	**42**	37	60	33	39	42
No	**47**	47	40	67	52	50
Don't know	**11**	16	-	-	10	8
Ferry service out of Juneau						
Yes	**41**	47	40	22	42	42
No	**47**	37	60	67	48	50
Don't know	**12**	16	-	11	10	8

Overall, 40 percent of respondents reported the frequency of barge service to be a barrier to growth. Companies engaged in construction (53 percent) and trade (50 percent) were most likely to describe the frequency of barge service as a barrier to growth.

Table 44. Is the current frequency of barge service a barrier to growth of your business? (%)

	Total n=90	Construction-n=19	Manufacturing n=5	Food-Beverage n=8	Trade n=32	All-Others n=45
Barge service to Juneau						
Yes	**40**	53	20	25	50	31
No	**53**	47	80	75	44	60
Don't know	**7**	-	-	-	6	9
Barge service out of Juneau						
Yes	**26**	32	60	25	25	20
No	**68**	68	40	75	72	69
Don't know	**7**	-	-	-	3	11

Impacts of Lower or Higher Shipping Costs

Survey respondents were asked to describe the impact on their business of a 10 percent reduction in their total shipping costs, and the impact of a 10 percent increase in shipping costs. A selection of responses is provided below.

Effect of a 10 percent reduction in shipping costs

- "We would pass this savings onto our customers and hopefully grow our business."
- "…freeing up capital to increase the pace of our ongoing expansion efforts."
- "It would allow those funds to be used for personnel costs and capital improvements."
- "This would make us more competitive with the suppliers in Puget Sound as customers rarely factor in freight when buying product. It would also address the problem we are having competing with Amazon Prime. Any reduction in freight costs makes Juneau a more affordable place to live as the cost of housing, food and energy drops."
- "…[make more] money available for reinvestment, or wages. But for outgoing sales, it would make e-commerce possible."
- "Cost savings to the customer in lower prices, also able to add personnel."
- "Freight costs are passed on directly to our customers. A 10 percent reduction for us would be a 10 percent reduction for them."
- "It would be a direct savings to our customers, which currently is about 7 percent of our overhead."
- "We could pass that savings on to customers."
- "A 10% reduction would allow me to hire 2-3 more associates allowing me to better serve my customers."

- "For a small business it would make it so I can compete with the big box stores."
- "This reduction would allow us to be more compatible with internet sales. It would also allow us to hire more people."
- "Lower prices for the consumer, improved sales as Amazon ships for free, allows us to better compete with online retail."
- "Remain competitive with fewer price increases over time to cover the ever-rising freight costs."
- "Our prices would not appear to be so far out of line with the lower 48. Almost everything we sell is heavy, so freight costs are a large part of our landed cost of goods."
- "Since most of our shipping costs are pass-thru directly to our customers, it would not change our bottom-line, however it would impact our customers' ability to buy more."
- "Current barge freight rates, transfer fees and fuel surcharges have increased significantly in the last few years. We have had to raise our prices to compensate. It's hard to say if we would be more competitive or would have gotten more work had our prices not raised, but we assume so."
- "Saving 10% would help me be more competitive with the internet businesses in the same field. Or I could pay better wages to my local employees who in turn spend their money locally."
- "More money would be passed on to the raw material supplier."
- "Would definitely help…small business to compete with the out of state big box corporations that are getting volume discounts on product as well as shipping. Narrowing this shipping gap would be a huge help. More reasonable shipping would also allow us to shop our purchases around more to be able to find better product pricing without losing all of our work to a min. freight charge."
- "It would increase my margins that have been eroded by the runaway cost of freight."
- "Better pricing for my customers Increase profit margins."
- "Freight is a big part of our business. [We are] always competing with down south pricing and now with Amazon doing free shipping any freight reduction would help a lot."
- "10% reduction would help sales, I could offer lower prices on our product."
- "It would allow us to consider broadening services offered to the community."
- "It would be a direct savings to our customers…"
- "Not directly relevant to our business, but would help our customers and help Juneau's economy grow, which indirectly benefits our business."
- "It would lower cost for the community we serve."
- "It would free up capital for other uses, like technology improvements."

- "We currently have a tough time competing with … Seattle …, even though the customer has the same if not more of a freight cost when they purchase something in Seattle they look at our freight cost and figure they can purchase it in Seattle and load it with other smaller purchases to justify the freight cost. Whether it be additional household good like appliances and furniture for a homeowner, or power tools and building supplies for a Contractor. You can see how when that happens not only does my business lose out on a sale but many other small business in Juneau miss out."
- "Although freight is a significant factor it is not the only factor in our business model. However, anytime you have a 10 percent reduction to expense, this will always have a positive impact on the business."
- "Lower wholesale costs, allow to keep prices stable."
- "Local customers would pay less for goods and services and local vendors would earn more money per pound from goods purchased and shipped south to the Puget Sound customer base."

Effect of a 10 percent increase in shipping costs

- "Split half between operating cost and increased cost to customer resulting in higher shelf prices for our products."
- "This would cause us to have to raise prices, which consumers already feel are high, and decrease our sales."
- "It would probably push me closer to warehousing all my merchandise outside and shipping from there, so that most inbound goods would never reach Juneau at all."
- "Reduced capital improvement expense and increase in final cost."
- "We have already seen an increase in people purchasing items in Seattle from the additional max. sales tax from CBJ."
- "Would reduce profitability. Would make e-commerce a very small part of my business. Would contribute toward declining retail performance."
- "Would reduce margins further and benefits to stakeholders. As we compete with the internet and free shipping, we can't just raise our prices."
- "It would be cheaper to send air freight than to ship on the barge."
- "I'm already struggling to be competitive with businesses in the lower 48 (via the internet) that have lower cost of living and therefore can pay lower wages or have cheaper real estate costs. An additional 10% shipping cost would mean I need to lower wages or increase sales prices, making me even less competitive in the southeast area."
- "Quite simply this creates a significant consumer issue. It also fortifies the statement it's cheaper to buy something outside."
- "Ultimately we would have to reduce staff and take away good and services to our [members].

- "Basically it drastically reduced the variety of things we are able to offer our customers. Product we bring in has to be ordered in larger lots so lower volume Items are removed. Cost of items goes up because we have to get as many items as we can on one shipment. Frequency of orders of product gets longer meaning we run out of things and can't get them back on the shelves until we have a big enough order to make it viable."

- "We have already seen a decrease in business due to shipping costs. We don't encourage FEDEX orders due to the problems but it's a necessary part of our winter business."

- "The cost would be passed onto the customer and this would negatively impact most of Juneau."

- "Unfortunately, it would have to be passed along to our customers. There is a point where materials become so expensive that people just don't do the projects. The more freight costs rise, the more that comes into play."

- "Our business competes with Big Box retailers who have national shipping contracts and can freight average across all their stores; they already have an overwhelming advantage. The result is we would have to operate on lower margins to complete and have less resources to reinvest in our business."

- "…we reduce our profits to offset increasing freights costs to compete with the National retailers. As freight cost rise the National retailers need only outlast local businesses which would lead to fewer and fewer local businesses."

- "Some projects that require high freight costs such as shipping cabinets or roof insulation likely will not happen if the freight costs continue to increase. for many products such as sheetrock and insulation we are currently paying more for freight than the actual cost of the product that we are shipping."

Enough Information to Make Shipping Decisions

Survey respondents were asked if they are able to get enough information to make good shipping decisions for their business or organization. Most (79 percent) felt they have enough information, though construction companies were most likely to feel under-informed.

Table 45. Are you able to get enough information to make good shipping decisions for your business or organization? (%)

	Total n=77	Construction-n=15	Manufacturing n=5	Food-Beverage n=6	Trade n=28	All-Others n=38
Yes	**79**	73	100	83	82	79
No	**12**	20	-	-	11	13
Don't know	**9**	7	-	17	7	8

Respondents offered a few comments, when asked what additional information would be most helpful.

- "It takes a full time (40hrs/wk) person to schedule, track and figure shipping. We need a quality freight forwarding and logistics company that will help get odd shipments in and out of Juneau 7 days a week."

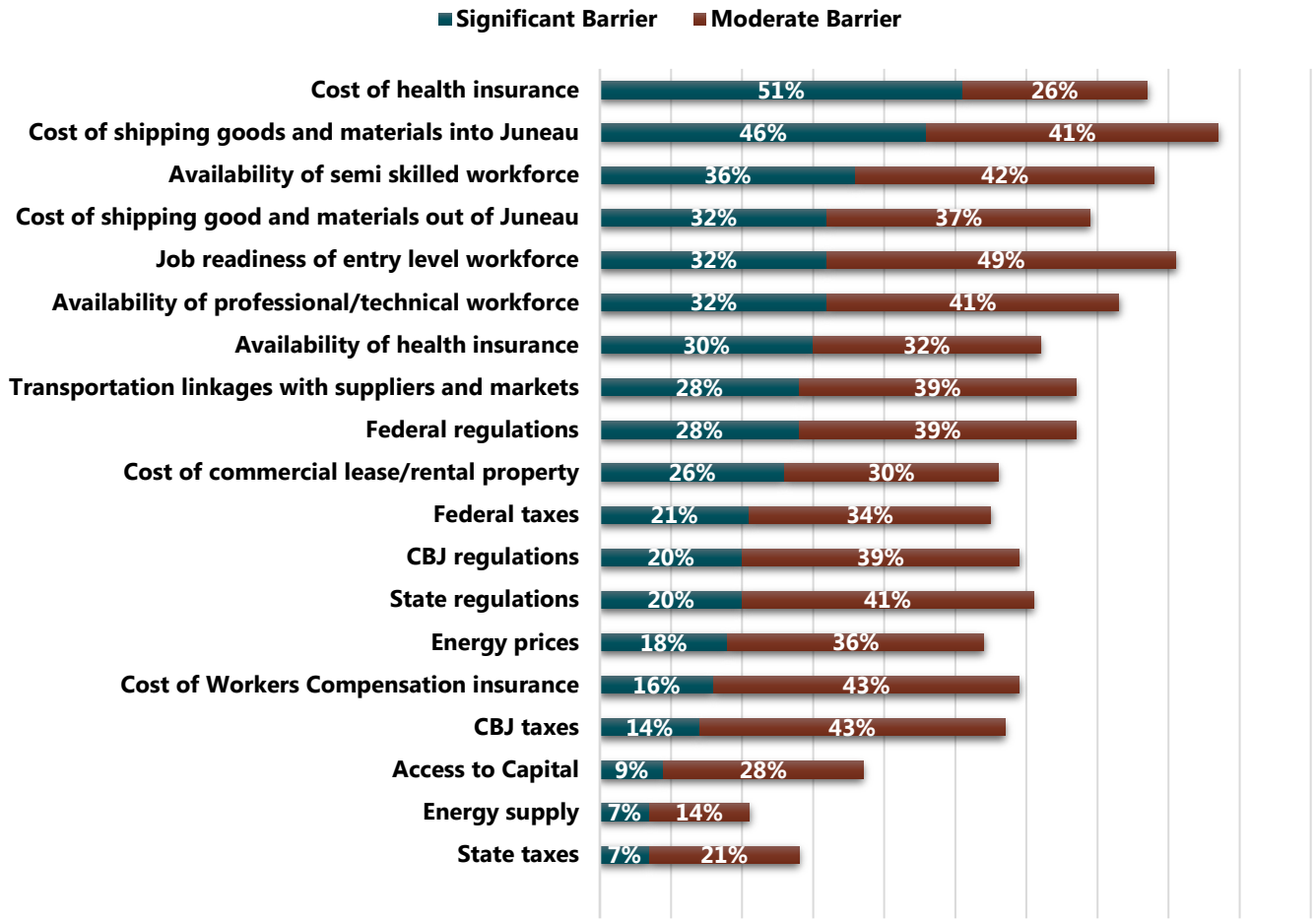
- "Clearer restrictions on shipments to Alaska."
- "Easy to understand rate cards."
- "Reliable information, we often feel misinformed or service falls short of expectation, financial cost of service are not always apparent."

Barriers to Growth

The purpose of this survey was to gather information about Juneau's freight transportation services, and how those services might be enhanced to support business and economic development. It is important, however, to place that challenge in perspective with other challenges to growth in Juneau. To provide context, survey respondents were asked to rate the degree to which various factors are barriers to their business.

Among all survey respondents, the cost of health insurance was most often (51 percent of respondents) rated as a significant barrier to growth. It is no surprise that cost of shipping into Juneau scores highly as a barrier (rated as a significant barrier by 46 percent), given that the survey was directed at businesses with significant shipping needs. Cost of outbound shipping was rated as a significant barrier by 32 percent of survey respondents. Workforce issues account for three of the top six barriers.

Barriers to Business Growth in Juneau – All Survey Respondents



Survey respondents from the construction sector most often rated cost of health insurance and cost of shipping goods and materials into Juneau as significant barriers (both rated as significant barriers by 47 percent of construction sector respondents).

Manufacturing sector respondents were focused on the cost of commercial lease/rental property as a significant barrier (80 percent), followed by availability of a professional/technical workforce (60 percent).

Food and beverage businesses most often rated cost of shipping goods and materials into Juneau as a significant barrier (50 percent). Retail/wholesale trade businesses most often rated cost of health insurance (63 percent), followed by in-bound shipping costs (52 percent).

See table, next page.

Table 46. Are the following factors a significant barrier, moderate barrier, or not a barrier to your business or organization's growth? (%)

	Significant Barrier	Moderate Barrier	Not a Barrier	Not Applicable	Don't Know
Access to capital					
Total *(n=76)*	**9**	**28**	**49**	**9**	**5**
Construction *(n=15)*	13	20	53	13	-
Manufacturing *(n=5)*	40	-	40	-	20
Food/beverage *(n=6)*	-	33	17	33	17
Trade *(n=27)*	7	30	56	4	4
All others *(n=38)*	8	32	45	13	3
Federal taxes					
Total *(n=76)*	**21**	**34**	**33**	**7**	**5**
Construction *(n=15)*	20	27	40	7	7
Manufacturing *(n=5)*	40	40	20	-	-
Food/beverage *(n=6)*	17	17	50	-	17
Trade *(n=27)*	26	30	41	-	4
All others *(n=38)*	13	37	32	13	5
State taxes					
Total *(n=76)*	**7**	**21**	**53**	**16**	**4**
Construction *(n=15)*	7	20	47	20	7
Manufacturing *(n=5)*	-	40	40	20	-
Food/beverage *(n=6)*	-	17	67	-	17
Trade *(n=27)*	11	15	56	19	-
All others *(n=38)*	5	24	50	16	5
CBJ taxes					
Total *(n=76)*	**14**	**43**	**34**	**4**	**4**
Construction *(n=15)*	7	40	40	7	7
Manufacturing *(n=5)*	20	40	40	-	-
Food/beverage *(n=6)*	17	17	67	-	-
Trade *(n=27*	19	63	15	-	1
All others *(n=38)*	11	39	37	8	5
Federal regulations					
Total *(n=76)*	**28**	**39**	**26**	**-**	**7**
Construction *(n=15)*	20	40	27	-	13
Manufacturing *(n=5)*	20	60	20	-	-
Food/beverage *(n=6)*	-	33	50	-	17
Trade *(n=27)*	22	41	33	-	4
All others *(n=38)*	34	42	18	-	5
State regulations					
Total *(n=76)0*	**20**	**41**	**33**	**-**	**7**
Construction *(n=15)*	20	33	33	-	13
Manufacturing *(n=5)*	-	60	40	-	-
Food/beverage *(n=6)*	-	33	50	-	17
Trade *(n=27)*	22	37	37	-	4
All others *(n=38)*	26	42	26	-	5

Table 46. Are the following factors a significant barrier, moderate barrier, or not a barrier to your business or organization's growth? (%) (continued)

	Significant Barrier	Moderate Barrier	Not a Barrier	Not Applicable	Don't Know
Availability of professional/technical workforce					
Total *(n=76)*	**32**	**41**	**21**	**3**	**4**
Construction *(n=15)*	27	47	13	7	7
Manufacturing *(n=5)*	60	40	-	-	-
Food/beverage *(n=6)*	17	33	50	-	-
Trade *(n=27)*	30	37	30	-	4
All others *(n=38)*	32	42	13	5	8
Availability of semi-skilled workforce					
Total *(n=76)*	**36**	**42**	**16**	**3**	**4**
Construction *(n=15)*	20	53	13	7	7
Manufacturing *(n=5)*	40	60	-	-	-
Food/beverage *(n=6)*	17	50	33	-	-
Trade *(n=27)*	37	44	15	-	4
All others *(n=38)*	29	39	18	5	8
Job readiness of entry level workforce					
Total *(n=76)*	**32**	**49**	**12**	**4**	**4**
Construction *(n=15)*	27	53	7	7	7
Manufacturing *(n=5)*	40	40	20	-	-
Food/beverage *(n=6)*	17	83	-	-	-
Trade *(n=27)*	41	37	19	-	4
All others *(n=38)*	18	55	11	8	8
Transportation linkages with suppliers and markets					
Total *(n=76)*	**28**	**39**	**24**	**7**	**3**
Construction *(n=15)*	20	47	27	7	-
Manufacturing *(n=5)*	20	80	-	-	-
Food/beverage *(n=6)*	33	17	33	-	17
Trade *(n=27)*	33	33	33	-	-
All others *(n=38)*	21	42	21	13	3
Cost of shipping goods and materials into Juneau					
Total *(n=76)*	**46**	**41**	**4**	**8**	**1**
Construction *(n=15)*	47	40	7	7	-
Manufacturing *(n=5)*	40	40	20	-	-
Food/beverage *(n=6)*	50	50	-	-	-
Trade *(n=27)*	52	44	4	-	-
All others *(n=38)*	37	45	-	16	3

Table 46. Are the following factors a significant barrier, moderate barrier, or not a barrier to your business or organization's growth? (%) (continued)

	Significant Barrier	Moderate Barrier	Not a Barrier	Not Applicable	Don't Know
Cost of shipping good and materials out of Juneau					
Total *(n=76)*	**32**	**37**	**21**	**9**	**1**
Construction *(n=15)*	27	33	33	7	-
Manufacturing *(n=5)*	20	80	-	-	-
Food/beverage *(n=6)*	33	17	50	-	-
Trade *(n=27)*	41	33	19	7	-
All others *(n=38)*	26	42	16	13	3
Energy prices					
Total *(n=76)*	**18**	**36**	**41**	**1**	**4**
Construction *(n=15)*	7	33	47	7	7
Manufacturing *(n=5)*	-	60	40	-	-
Food/beverage *(n=6)*	17	17	67	-	-
Trade *(n=27)*	22	41	33	-	4
All others *(n=38)*	21	32	39	3	5
Energy supply					
Total *(n=76)*	**7**	**14**	**67**	**7**	**5**
Construction *(n=15)*	7	13	67	7	7
Manufacturing *(n=5)*	-	20	80	-	-
Food/beverage *(n=6)*	-	-	83	17	-
Trade *(n=27)*	11	19	52	11	7
All others (n=38)	5	16	66	8	5
CBJ regulations					
Total *(n=76)*	**20**	**39**	**36**	**-**	**5**
Construction- *(n=15)*	20	47	20	-	13
Manufacturing *(n=5)*	40	40	20	-	-
Food/beverage *(n=6)*	-	33	67	-	-
Trade *(n=27)*	22	33	41	-	4
All others *(n=38)*	18	42	34	-	5
Cost of commercial lease/rental property					
Total *(n=76)*	**26**	**30**	**32**	**9**	**3**
Construction *(n=15)*	13	40	40	7	-
Manufacturing *(n=5)*	80	-	20	-	-
Food/beverage *(n=6)*	17	33	33	17	-
Trade *(n=27)*	30	30	22	15	4
All others *(n=38)*	24	29	34	11	3

Table 46. Are the following factors a significant barrier, moderate barrier, or not a barrier to your business or organization's growth? (%) (continued)

	Significant Barrier	Moderate Barrier	Not a Barrier	Not Applicable	Don't Know
Cost of health insurance					
Total *(n=76)*	**51**	**26**	**13**	**7**	**3**
Construction *(n=15)*	47	33	13	7	-
Manufacturing *(n=5)*	40	40	-	20	-
Food/beverage *(n=6)*	33	33	17	17	-
Trade *(n=27)*	63	7	19	7	4
All others *(n=38)*	50	26	13	5	5
Availability of health insurance					
Total *(n=76)*	**30**	**32**	**29**	**7**	**3**
Construction *(n=15)*	40	20	33	7	-
Manufacturing *(n=5)*	40	20	20	20	-
Food/Beverage *(n=6)*	17	17	50	17	-
Trade *(n=27)*	37	22	30	7	4
All Others *(n=38)*	26	37	26	5	5
Cost of Workers Compensation insurance					
Total *(n=76)*	**16**	**43**	**33**	**5**	**3**
Construction *(n=15)*	20	33	40	7	-
Manufacturing *(n=5)*	20	80	-	-	-
Food/beverage *(n=6)*	-	33	50	17	-
Trade *(n=27)*	22	41	26	7	4
All others *(n=38)*	13	39	37	5	5

When asked which of the listed barriers were the top three most important for their business, survey respondents most often indicated cost of shipping goods and materials into Juneau as the single most important. One-in-five (20 percent) noted in-bound shipping cost as their most important barrier. Availability of a semi-skilled workforce was the second most frequently mentioned, as the top barrier to growth.

A higher percentage (28 percent) of the 40 targeted businesses reported cost of shipping goods and materials into Juneau as their single most important barrier.

Table 47. Which of these are the first, second, and third most important barriers to your growth? Single Most Important Barrier by Sector (%)

	Total n=76	Construction-n=15	Manufacturing n=5	Food-Beverage n=6	Trade n=27	All-Others n=38
Cost of shipping goods and materials into Juneau	**20**	27	-	33	30	13
Availability of semi-skilled workforce	**13**	7	20	-	19	8
Federal regulations	**11**	-	-	-	4	21
Availability of professional/technical workforce	**11**	20	-	17	11	11
Cost of commercial lease/rental property	**7**	7	60	-	7	3
Cost of health insurance	**7**	7	-	-	7	11
Access to capital	**4**	7	20	-	-	5
Job readiness of entry-level workforce	**4**	-	-	17	4	3
Cost of shipping goods and materials out of Juneau	**4**	-	-	17	-	5
Federal taxes	**3**	7	-	-	-	3
State regulations	**3**	7	-	-	-	5
CBJ taxes	**1**	-	-	-	4	-
Transportation linkages with suppliers and markets	**1**	-	-	-	-	3
Energy prices	**1**	-	-	-	-	3
State taxes	**-**	-	-	-	-	-
CBJ regulations	**-**	-	-	-	-	-
Energy supply	**-**	-	-	-	-	-
Availability of health insurance	**-**	-	-	-	-	-
Cost of Workers Compensation insurance	**-**	-	-	-	-	-

Table 48. Which of these are the first, second, and third most important barriers to your growth? Single Most Important Barrier, Targeted and All Others (%)

	Total n=70	Targeted Businesses n=40	All Others n=36
Cost of shipping goods and materials into Juneau	**20**	28	11
Availability of semi-skilled workforce	**13**	13	14
Federal regulations	**11**	8	14
Availability of professional/technical workforce	**11**	13	8
Cost of commercial lease/rental property	**7**	8	6
Cost of health insurance	**7**	3	11
Access to capital	**4**		8
Job readiness of entry-level workforce	**4**	5	3
Cost of shipping goods and materials out of Juneau	**4**	5	3
Federal taxes	**3**	3	3
State regulations	**3**	5	-
CBJ taxes	**1**	-	3
Transportation linkages with suppliers and markets	**1**	3	-
Energy prices	**1**	-	3
State taxes	**-**	-	-
CBJ regulations	**-**	-	-
Energy supply	**-**	-	-
Availability of health insurance	**-**	-	-
Cost of Workers Compensation insurance	**-**	-	-

The same two barriers rank at the top when all top three barriers are combined. Cost of shipping goods and materials into Juneau was mentioned as either the first, second, or third most important barrier to business growth by 38 percent of respondents. Availability of a semi-skilled workforce was mentioned among the top three barriers by 24 percent of respondents.

Among the 40 targeted businesses, 50 percent mentioned cost of shipping goods and materials into Juneau as among top three barriers to business growth. Availability of a semi-skilled workforce ranked second overall at 23 percent.

See table, next page.

Table 49. Which of these [barriers] are the first, second, and third most important barriers to your growth? First, Second, Third Most Important Combined by Sector (%)

	Total n=76	Construction-n=15	Manufacturing n=5	Food-Beverage n=5	Trade n=27	All-Others n=38
Cost of shipping goods and materials into Juneau	**38**	40	20	50	48	29
Availability of semi-skilled workforce	**24**	20	20	17	26	16
Availability of professional/technical workforce	**20**	27	20	17	19	21
Cost of health insurance	**20**	20	-	-	22	26
Cost of shipping goods and materials out of Juneau	**16**	7	-	33	15	16
Cost of commercial lease/rental property	**14**	7	60	17	22	8
Job readiness of entry-level workforce	**13**	20	20	17	7	11
Federal taxes	**11**	13	40	-	7	8
Federal regulations	**11**	-	-	-	4	21
Transportation linkages with suppliers and markets	**9**	13	-	17	7	11
State regulations	**8**	7	-	-	-	16
CBJ regulations	**8**	13	20	-	15	3
Access to capital	**7**	7	40	-	-	8
CBJ taxes	**7**	7	-	-	15	3
Cost of Workers Compensation insurance	**7**	7	20	-	4	8
Energy prices	**5**	-	-	17	-	8
Availability of health insurance	**5**	13	-	-	7	8
State taxes	**1**	-	-	-	4	-
Energy supply	**1**	-	-	-	-	3

Table 50. Which of these [barriers] are the first, second, and third most important barriers to your growth? First, Second, Third Most Important Combined, Targeted and All Others (%)

	Total n=76	Targeted Businesses n=40	All Others n=36
Cost of shipping goods and materials into Juneau	**38**	50	25
Availability of semi-skilled workforce	**24**	23	25
Availability of professional/technical workforce	**20**	15	25
Cost of health insurance	**20**	18	22
Cost of shipping goods and materials out of Juneau	**16**	25	6
Cost of commercial lease/rental property	**14**	15	14
Job readiness of entry-level workforce	**13**	15	11
Federal taxes	**11**	15	6
Federal regulations	**11**	8	14
Transportation linkages with suppliers and markets	**9**	10	8
State regulations	**8**	10	6
CBJ regulations	**8**	13	3
Access to capital	**7**		14
CBJ taxes	**7**	5	8
Cost of Workers Compensation insurance	**7**	8	6
Energy prices	**5**	3	8
Availability of health insurance	**5**	3	8
State taxes	**1**	3	-
Energy supply	**1**	3	-

Other Barriers Noted by Survey Respondents

Following are largely verbatim comments provided by survey respondents about other barriers to their businesses growth. Some comments were edited for clarity or to remove specific business names.

- "Qualified workforce, cost of living (Juneau)."
- "The cost of real estate on South Franklin prohibits us from reaching a larger share of the tourism market. With rents so high in that area, it is hard for local businesses with low margins to afford spaces."
- "Frequency and available capacity of ferry service. It's a huge barrier, we produce product in an outlying community and the only viable means of shipping in volume is the ferry which is infrequent, has limited capacity for our needs and is not all that good at sticking to the schedule. We have looked into using a private shipping provider but the cost is prohibitive, due in part to the absence or extremely high cost of access to suitable infrastructure in Juneau. The shipping bottleneck between our production facility and Juneau is by far the single largest factor constraining our growth. At this point we are simply capping production at the maximum volume that we can reliably ship by ferry to Juneau."

- "Expensive internet and telephony. We get slower service and pay higher rates than most other urban areas. Transient workforce which often produces low results for high wages, then moves on once they finally have a degree of training. I'm working with out-of-state and overseas contractors now for nearly all internet tasks, since they have the expertise and can work periodically. And you don't spend $10,000 training them and then have them "find their bliss" somewhere, leaving you to start over. Finding one's bliss is great, but it's going to affect my hiring habits."

- "Health insurance, at $40,000/year (without subsidies) for worthless insurance is an insult and a devastating drain on capital. A business making $160,000-200,000/yr can't afford to pay 20-25 percent of its earnings for insurance with a $10,000 deductible, plus pay all its own medical bills. It's the world's most expensive bankruptcy insurance. An embarrassment. I have a choice of de-capitalizing my business with insurance or to try to put it in my retirement so as to get more subsidies. Both hurt my cashflow."

- "Banking in Juneau can be problematic. I often received bad and/or incomplete information from loan officers, which resulted in it requiring 6 months to refinance my loan. Local banks are very high cost, and the Outside banks are far from the decision-making. Online banking with local banks also tends to be sub-standard. I estimate it costs me an extra $5-8,000 in postage and freight to live in Juneau rather than the lower 48, but that's the cost of living in paradise. Still, I have to do a lot of workarounds to make things work. [Local provider] screwed up 2 of the 3 transshipments I've used them for to get to warehouses down south, so I no longer use them at all. Too slow…for this kind of work."

- "I have to match online prices. My customers want to include CBJ 5 percent tax in their calculations. My profit margin is 5-9%. I can't pay nine times what a lower '48 retailer pays for freight and cover local tax. Local sales tax is a significant factor in my ability to maintain and grow my business."

- "Qualified and skilled employees."

- "Gaining enough "fresh" supplies to make a difference in the quality of products. The cost is high and waste/rot is more."

- "Oil prices"

- "Consumer confidence due to the Alaskan economy, lack of a fiscal plan, statesmanship of elected officials (lack thereof)."

- "Outside Competitors. I am the only locally owned and operated company of [my] type remaining in Southeast Alaska. Therefor we have a different operation cost foundation."

- "Physical constraints in downtown Juneau."

- "Honest reliable work force with a good work ethic. Our educators have trouble instilling that in the work force at both the high school and college level."

- "Lack of a hard link (a road) into Juneau."

- "Human culture, behaviors and transitions to clean energy alternatives."

- "Location is a barrier to professional recruitment with specialized skillsets. Risk of diminished barge service or significant increase in costs could create significant barriers. Location is a barrier for employee travel which causes retention issues."
- "State budget and general economic conditions, cost of living in Juneau, poor access for passenger traffic (not just freight), aging demographics, no population growth."
- "Failing economy, drug free skilled workers, outrageous regulations and over-priced health care."

Other Comments About Freight Services to and From Juneau

In the final question of the survey, respondents were asked to provide any other comments about how freight service to and from Juneau effects their business or how enhanced freight service might enable their business's growth. A selection of responses is provided below. Some comments were edited for clarity or to remove specific business names.

- "… we depend on freight to be accurate and on time. Without other options for freight services of the magnitude needed to support our business it leaves us exposed if there were to be any catastrophic emergencies to the supply chain."
- "The connections with other communities in Alaska are difficult. If we were able to ship affordably to Anchorage, Sitka, and Ketchikan, we would be able to supply our products to these markets. Without direct connections to these places, shipping is cumbersome and expensive."
- "A road would enhance the opportunity for commerce. The current systems are limited in their ability, antiquated, and inefficient."
- "Road me."
- "… stronger liaisons with other Less than Container shippers, including FEDEX and UPS,…would help."
- "Cost effective small package shipping would allow me to compete by providing special order service to my local customers. Also it would allow me to sell items and ship them to customers outside of Juneau."
- "Juneau access is the single most important issue for our community. The second is a deep water port. Without these two issues being resolved competition cannot flourish and the Juneau's ability to grow will continue to be [stunted]" Currently, nearly all freight moving in and out of SE Alaska by water is on [the] barge. This monopoly isn't healthy as evidenced by the dramatically increasing cost to ship into SE Alaska."
- "Lower prices and more barges"
- "Competitive barge transport needed in Juneau"

- "I'd suggest the barge lines and bush plane companies provide their plan. Perhaps pose it to them as a challenge. What would they do if someone else came the market with a viable plan. Would they close or compete?"

- "The cost of freight is massive for us. Fuel surcharges kill us. More frequent incoming barges would help but not if it increases cost. Competition in both barge and air would help us. Not being able to fly hazardous materials also affects our sales as we can no longer fly batteries, fluids, etc. to other SE communities."

- "Increased frequency in the summer would be helpful, especially for moving vehicles and equipment. Lots of construction happening in the summer, so fast response saves tens of thousands of dollars in costs."

- "There has to be either regulator over the barge system or an actual competitor in the market place. The community cannot afford the annual increase in rates that are taking place in the amount and frequency."

- "Need more competition. The last consolidation that was allowed was a mistake. And the mandated time frames … will just mean less competition in the future with higher prices and less service."

- "Persuade suppliers that shipping to Alaska is beneficial to all and that USPS is preferred."

- "I'm not sure it would affect growth, but it would make my life a lot easier. Today I tried to buy something, but could not, because the seller will not ship to Alaska. About once a year, I order a bunch of supplies and have them sent to someone in Seattle then I consolidate for the barge."

- "True competition in the barge transportation market has gone away. Some freight rates have nearly tripled in the last 3 years."

- "Improved-cost is our biggest driver, reliability, quality control, customer service."

- "I have no complaints about the frequency of service, or the other services we receive from the freight companies. The only issue is the cost, which seems to increase each year at a much higher rate than inflation in general."

- "Freight is a big part for our business - we need another barge company to come to town to help the monopoly that we have now to get the pricing down. It has gone up a whole lot since we now only have 1 barge company."

- "Mine is a home-based consulting business. Nearly all of my office supplies are now obtained from Amazon Prime. No charge for shipping and lower price than local office supply stores."

- "Our sales are not frequent but as an example it costs $460.00 for me to order 1 unit of product I resell for $2,000. So by the time I add the freight, I need to charge 24% more than the product cost. After adding 5% CBJ sales tax, I'm basically increasing the overall cost of my product by 1/3 over MSRP."