

Economy of the Kenai Peninsula Borough

with a focus on
The City of Kenai

Presented to the
Kenai Chamber of Commerce
August 29, 2007



Discussion Topics

Demographics

Sales

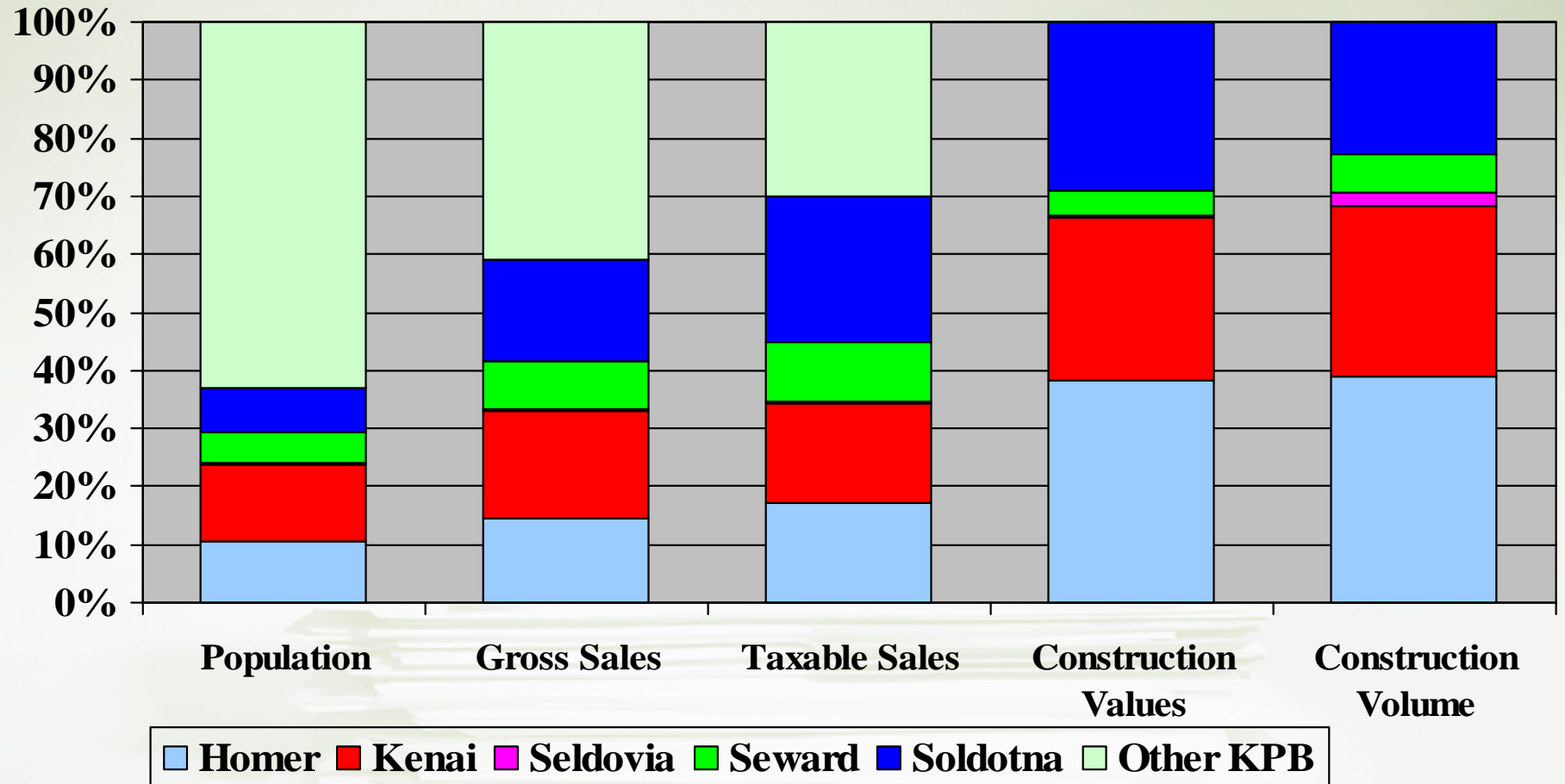
Property Values

Construction Costs

Employment



Share of the 2006 Kenai Peninsula Borough Economy



Population/Demographics



Population of Economic Impact Areas - 2006

Greater Kenai – 13,910

Kenai.....	6,864
Nikiski.....	4,179
Ridgeway.....	1,961
Salamatof.....	906

Greater Homer – 12,303

Anchor Point.....	1,803
Diamond Ridge.....	690
Fritz Creek.....	1,723
Fox River.....	639
Halibut Cove.....	24
Happy Valley.....	472
Homer.....	5,454
Kachemak City.....	458
Nanwalek.....	228
Nikolaevsk.....	297
Port Graham.....	136
Seldovia.....	379

KPB Total – 51,350

Greater Seward – 4,989

Bear Creek.....	1,922
Crown Point.....	81
Lowell Point.....	76
Moose Pass.....	204
Primrose.....	79
Seward.....	2,627

Greater Soldotna – 13,422

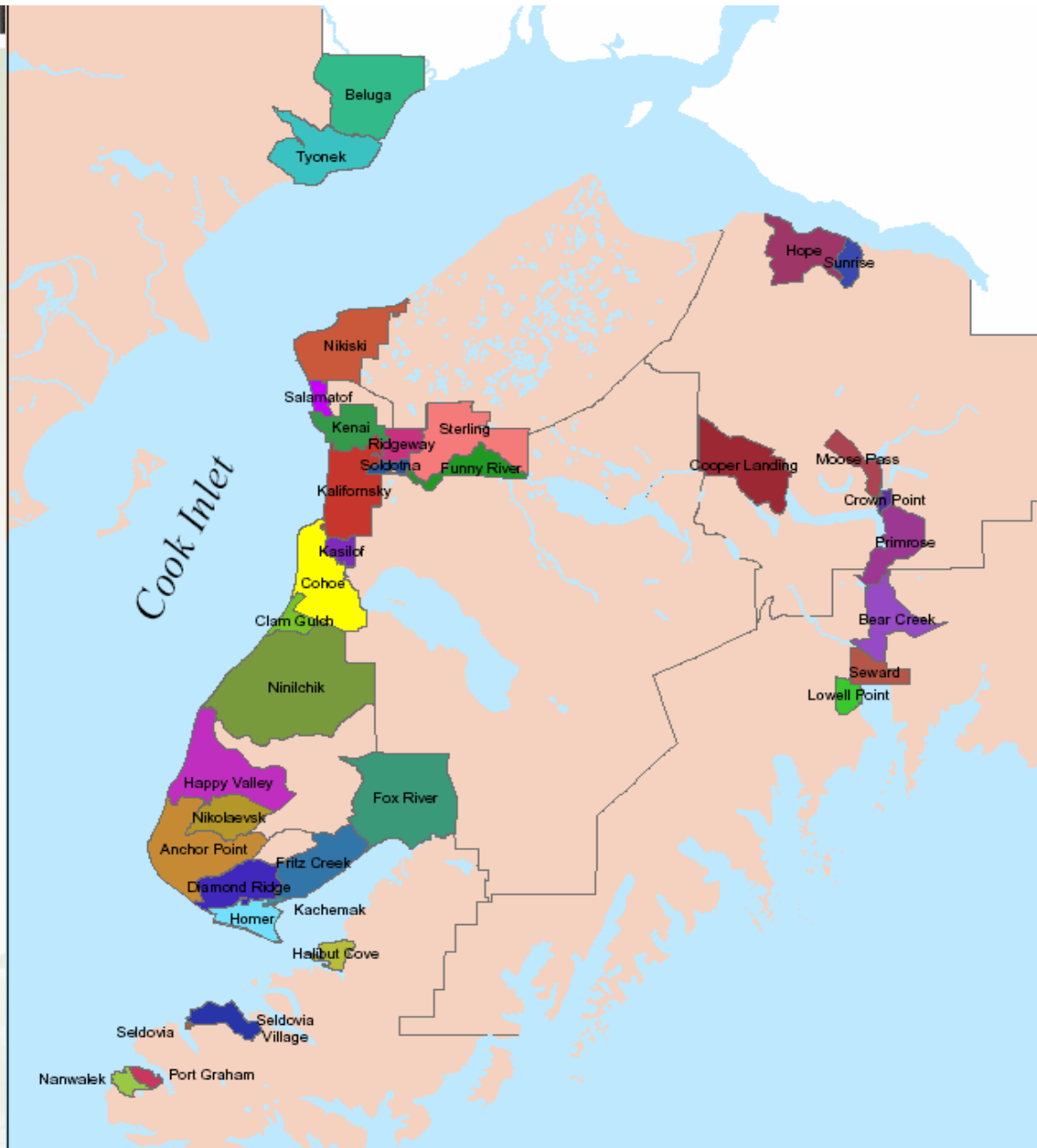
Clam Gulch.....	165
Cohoe.....	1,260
Funny River.....	729
Kalifornsky.....	6,914
Kasilof.....	547
Soldotna	3,807

Treat separately – 6,177

Cooper Landing -	357
Ninilchik -	784
Sterling –	5,036

Others - 549

Beluga -	21
Hope -	143
Sunrise -	22
Tyonek –	199
At Large -	164

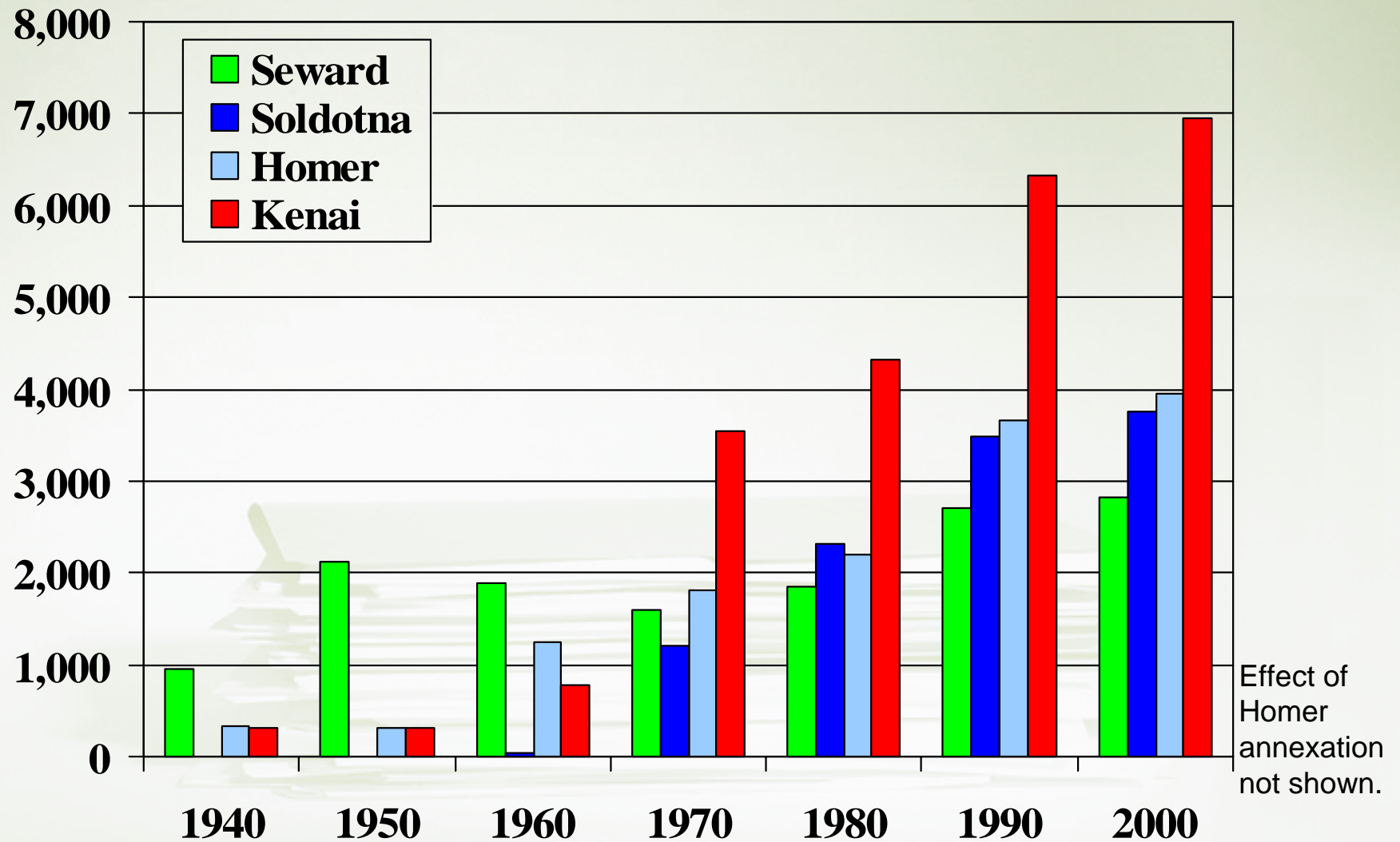


KENAI PENINSULA BOROUGH CENSUS DESIGNATED PLACES

Source – KPB GIS Department

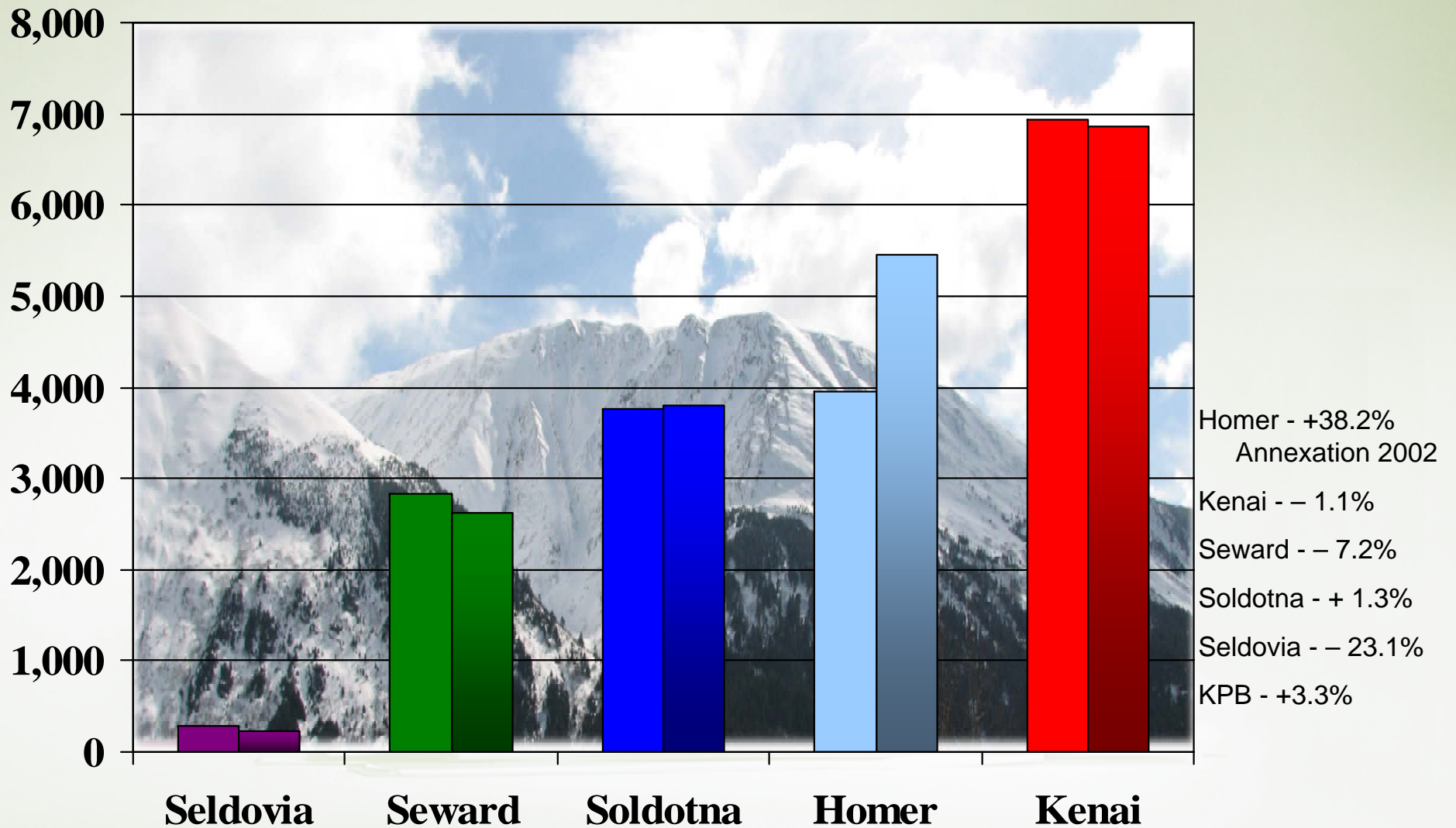
Population Change by Census

Kenai, Homer, Seward, Soldotna



Source – United States Census Bureau

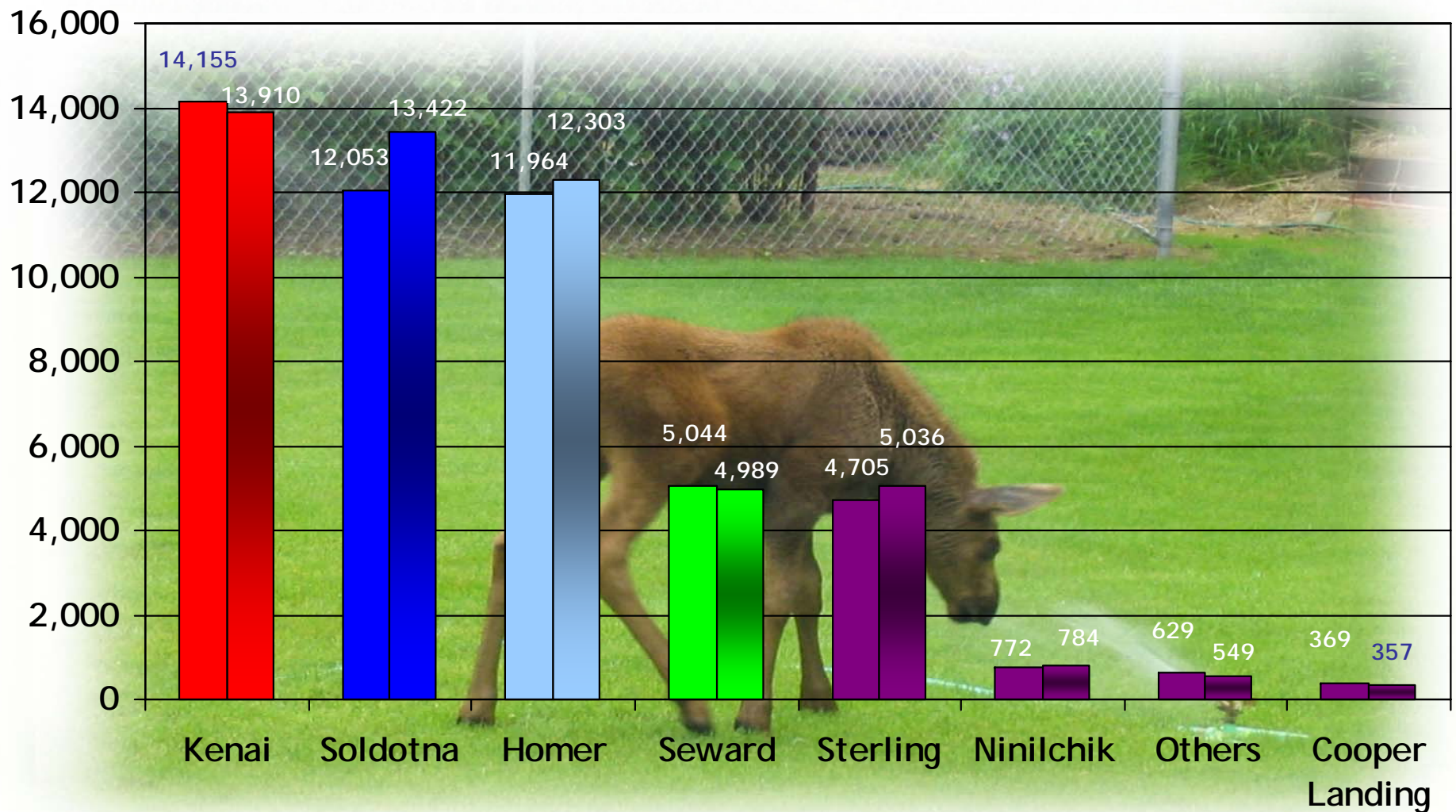
Population Change since Census 2000 (Bold), Estimate 2006 (Shaded) Homer, Kenai, Seldovia, Seward, Soldotna



Source - United States Census Bureau, Alaska Department of Labor and Workforce Development

Population Estimates of Impact Area

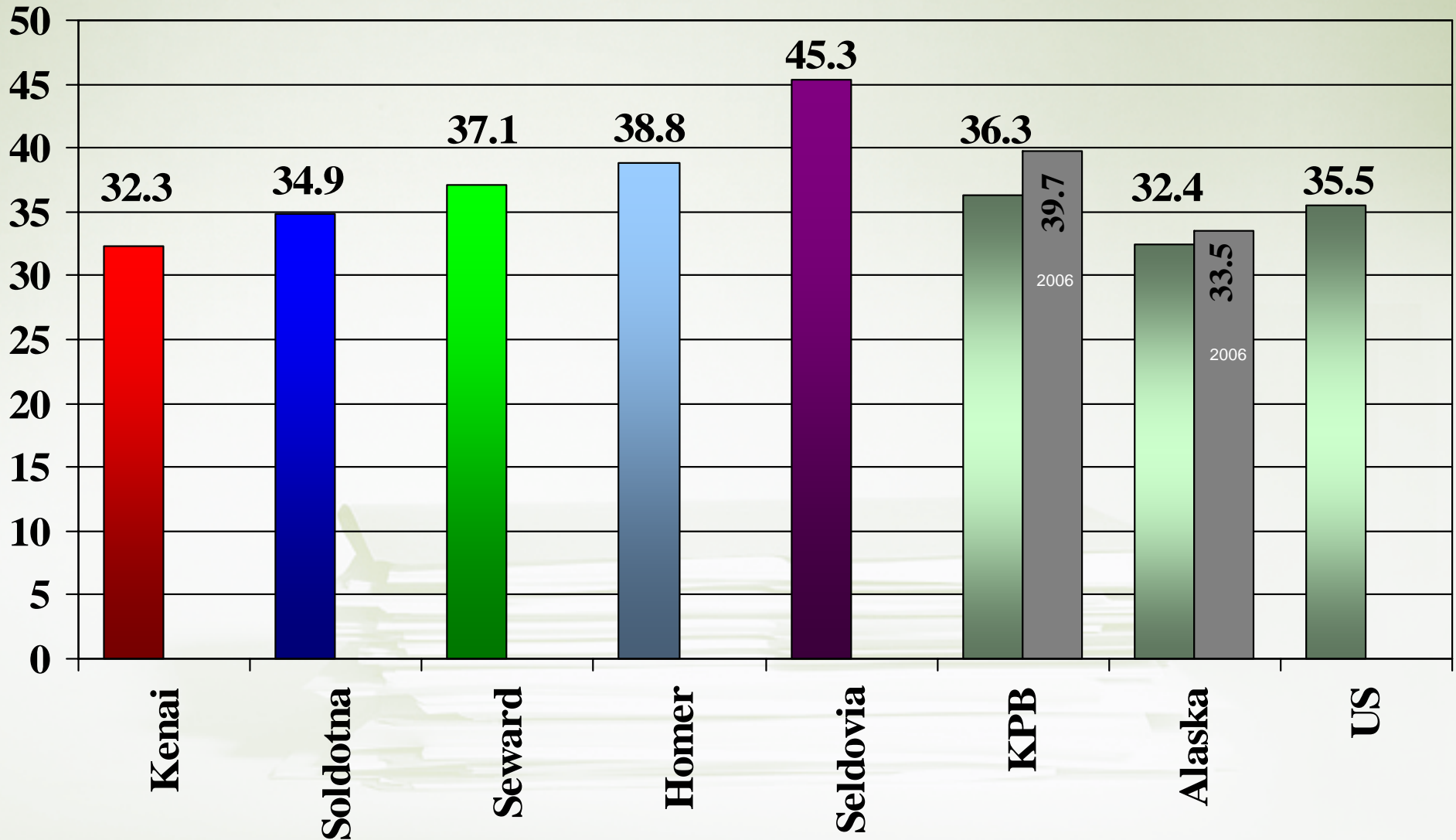
2000 (Bold) v 2006 (Shaded)



Source – United States Census Bureau, Alaska Department of Labor and Workforce Development

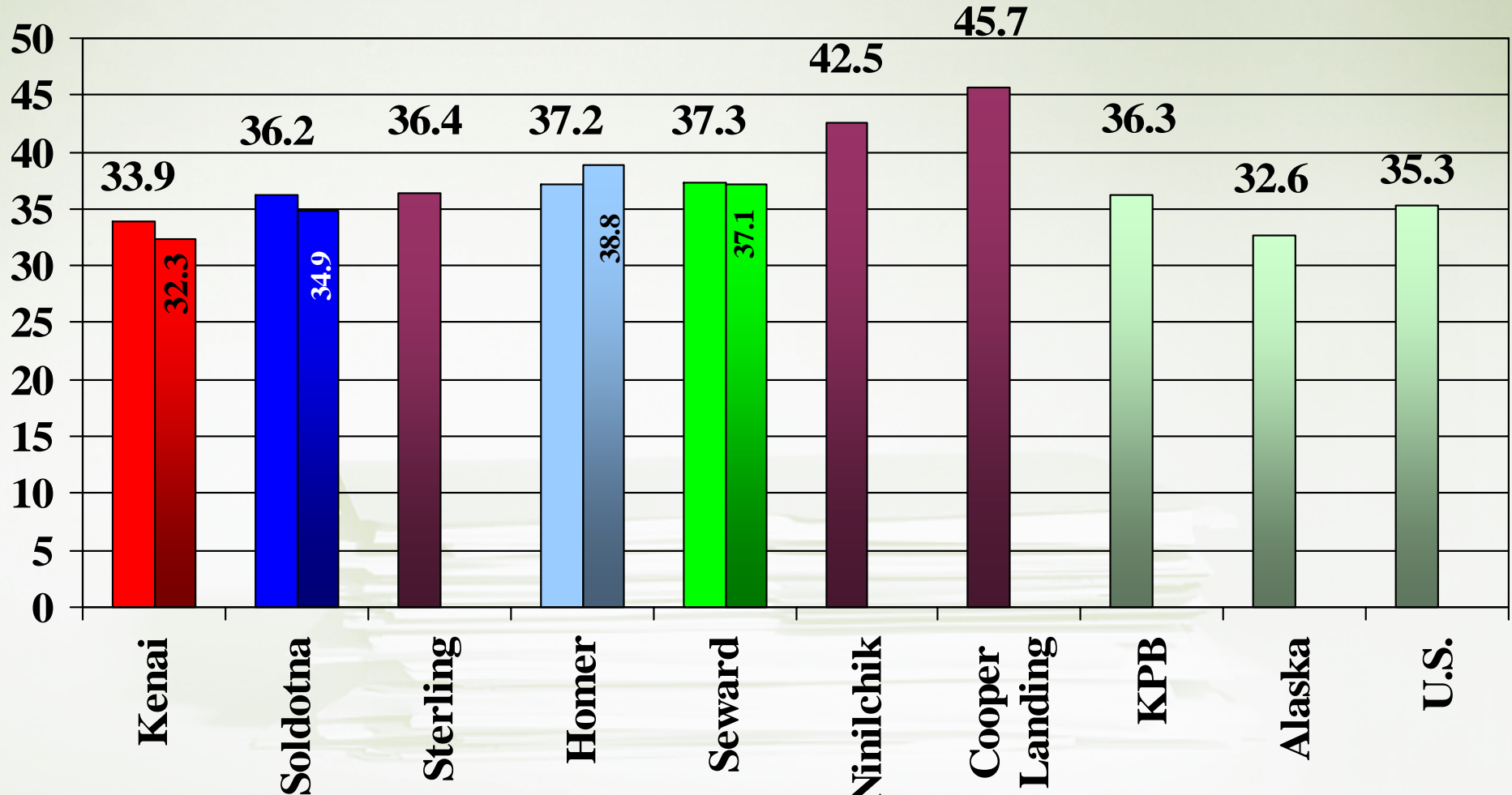
Median Age - Census 2000

2006 - KPB, Alaska



Source - United States Census Bureau, Alaska Department of Labor and Workforce Development

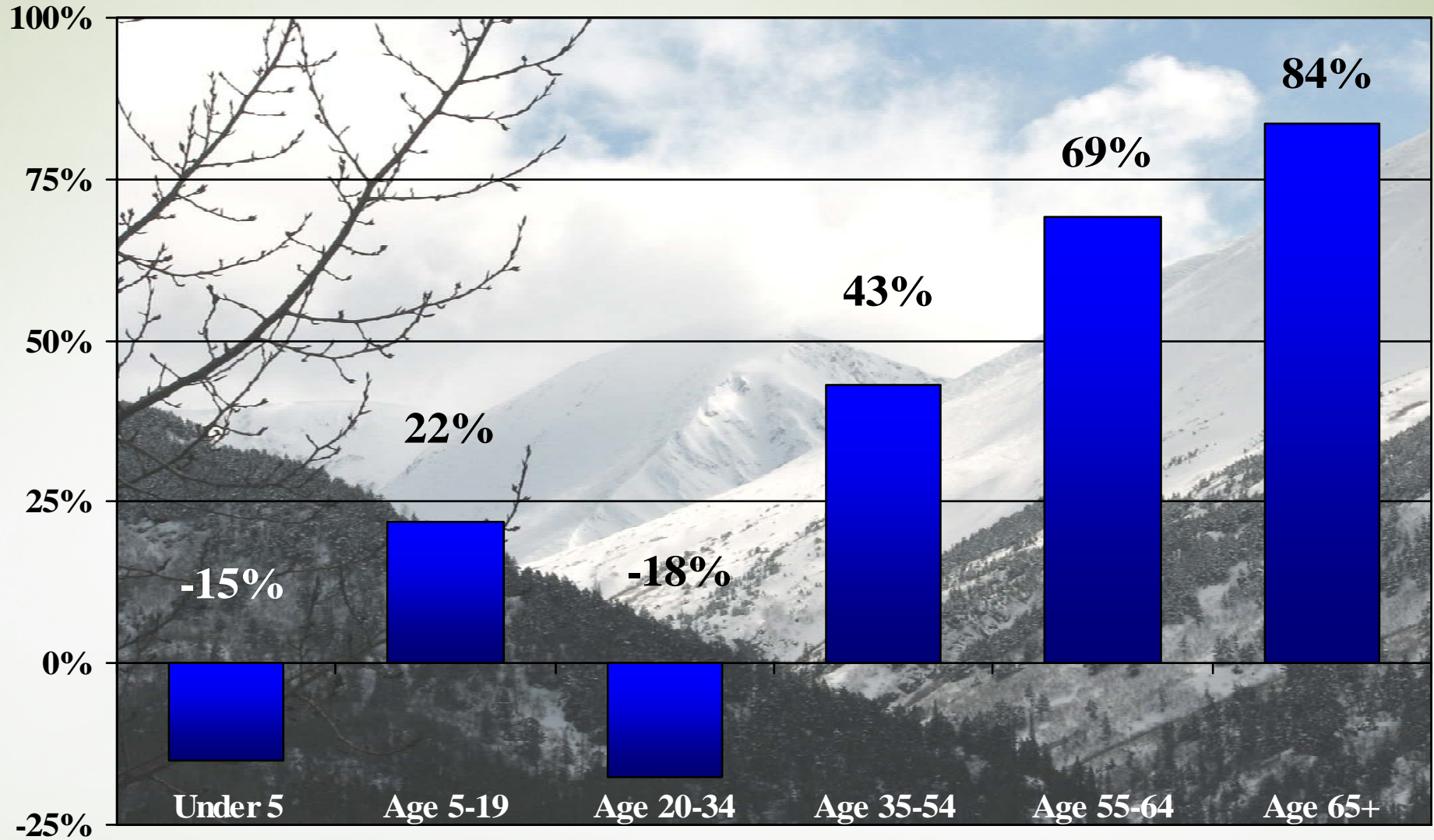
Median Age of Economic Impact Area Compared to City Alone (Shaded) Census 2000



Source – United States Census Bureau, Alaska Department of Labor and Workforce Development

KPB Percentage Change by Age Cohort

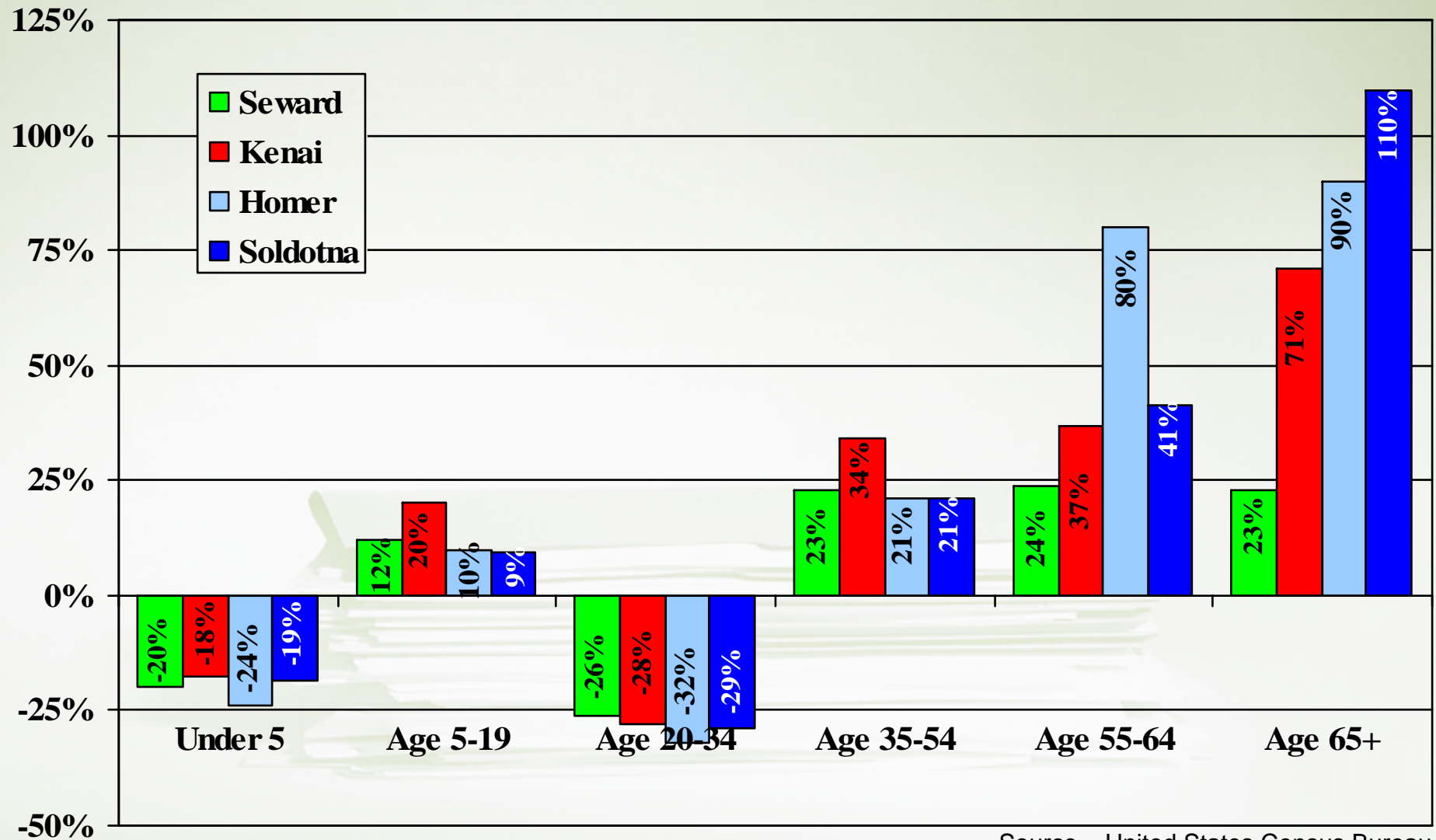
Census 1990 to Census 2000



Source – United States Census Bureau

Percentage Change by Age Cohort

Cities, KPB - Census 1990 to Census 2000



Source – United States Census Bureau

Age, Education, Income, Poverty - by City

2000

	Homer	Kenai	Seldovia	Seward	Soldotna	KPB
Total Population	3,946	<u>6,942</u>	<u>286</u>	2,830	3,759	49,691
Median Age	38.8	<u>32.3</u>	<u>45.3</u>	37.1	34.9	36.3
Bachelor's Degree + (over 25)	<u>18.5%</u>	16.0%	16.4%	<u>10.1%</u>	15.5%	20.3%
Individuals in Poverty	9.3%	9.8%	7.9%	<u>10.6%</u>	<u>6.6%</u>	10.0%
Median Family Income	\$53,571	\$56,856	<u>\$58,000</u>	\$54,904	<u>\$52,372</u>	\$54,106
Median Household Income	<u>\$42,821</u>	\$45,962	\$45,313	\$44,306	<u>\$48,420</u>	\$46,397
Per Capita Income	\$21,823	\$20,789	<u>\$23,669</u>	<u>\$20,360</u>	\$21,740	\$20,949

Source – United States Census Bureau

Income Source by City

	Homer	Kenai	Seldovia	Seward	Soldotna	KPB
Total Households in Area	1,581	<u>2,668</u>	129	914	1,409	18,438
Households With Earnings	84.9%	<u>86.9%</u>	<u>80.6%</u>	84.9%	85.3%	85.4%
Mean Earnings	\$49,127	<u>\$50,527</u>	<u>\$47,577</u>	\$49,842	<u>\$52,771</u>	\$51,932
Households w/ Soc Security Income	19.7%	18.0%	<u>25.6%</u>	<u>16.1%</u>	20.9%	18.3%
Households With Pub Assist Income	8.5%	<u>15.8%</u>	<u>5.4%</u>	11.4%	11.8%	10.2%
Households With Retirement Income	16.9%	<u>11.2%</u>	<u>18.6%</u>	15.9%	17.6%	15.5%
Mean Retirement Income	\$19,730	<u>\$17,256</u>	<u>\$23,763</u>	\$19,011	<u>\$16,151</u>	\$21,872
Median Income Male Full Time Year Around	\$38,062	<u>\$48,371</u>	\$41,250	<u>\$36,900</u>	\$43,162	\$44,106
Median Income Female Full Time Year Around	\$30,494	<u>27,112</u>	<u>\$33,750</u>	\$30,508	<u>\$24,598</u>	\$28,107

Source – United States Census Bureau

Sales

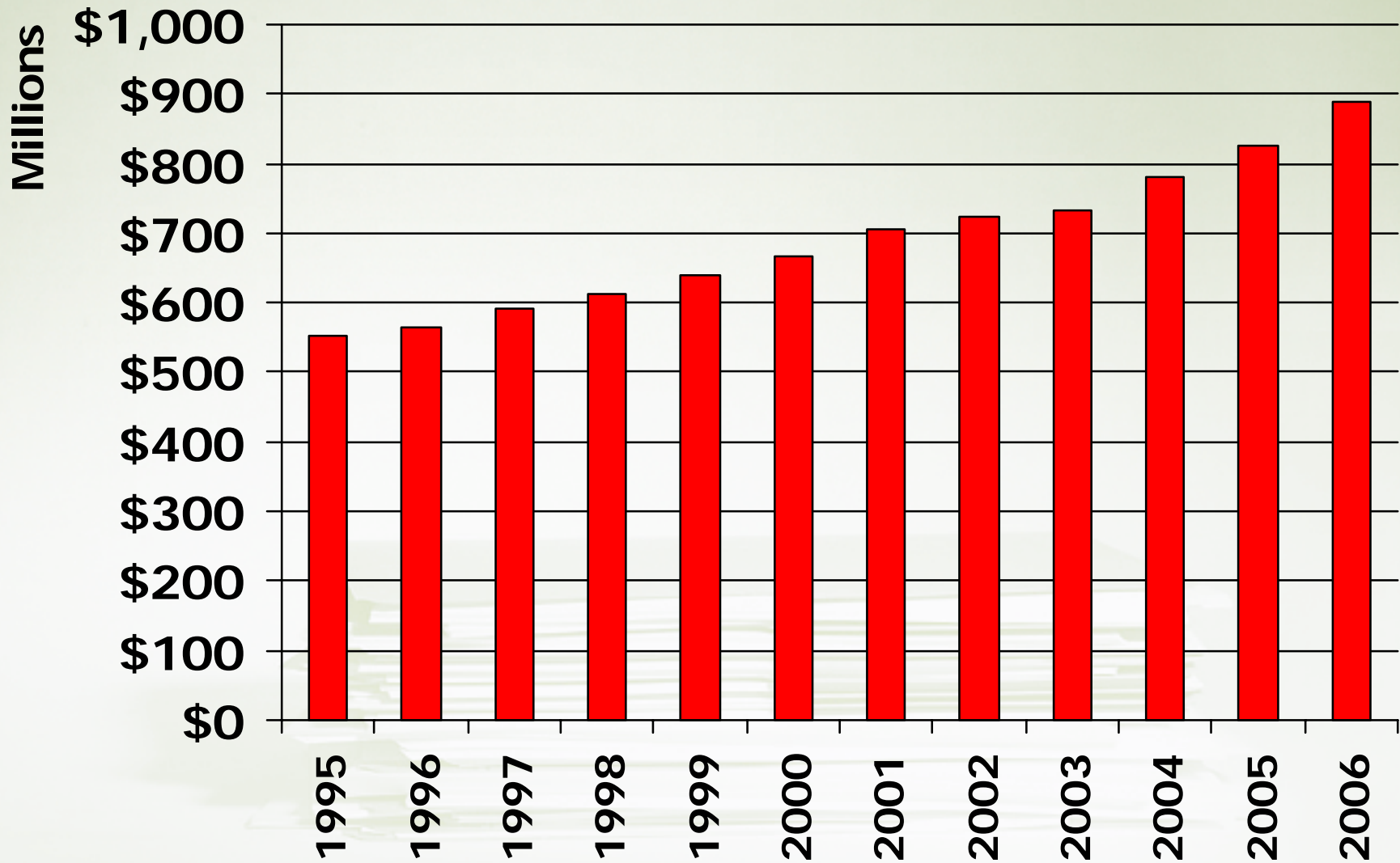


Taxable Sales

KPB Sales Exempt from Sales Tax Assessments:

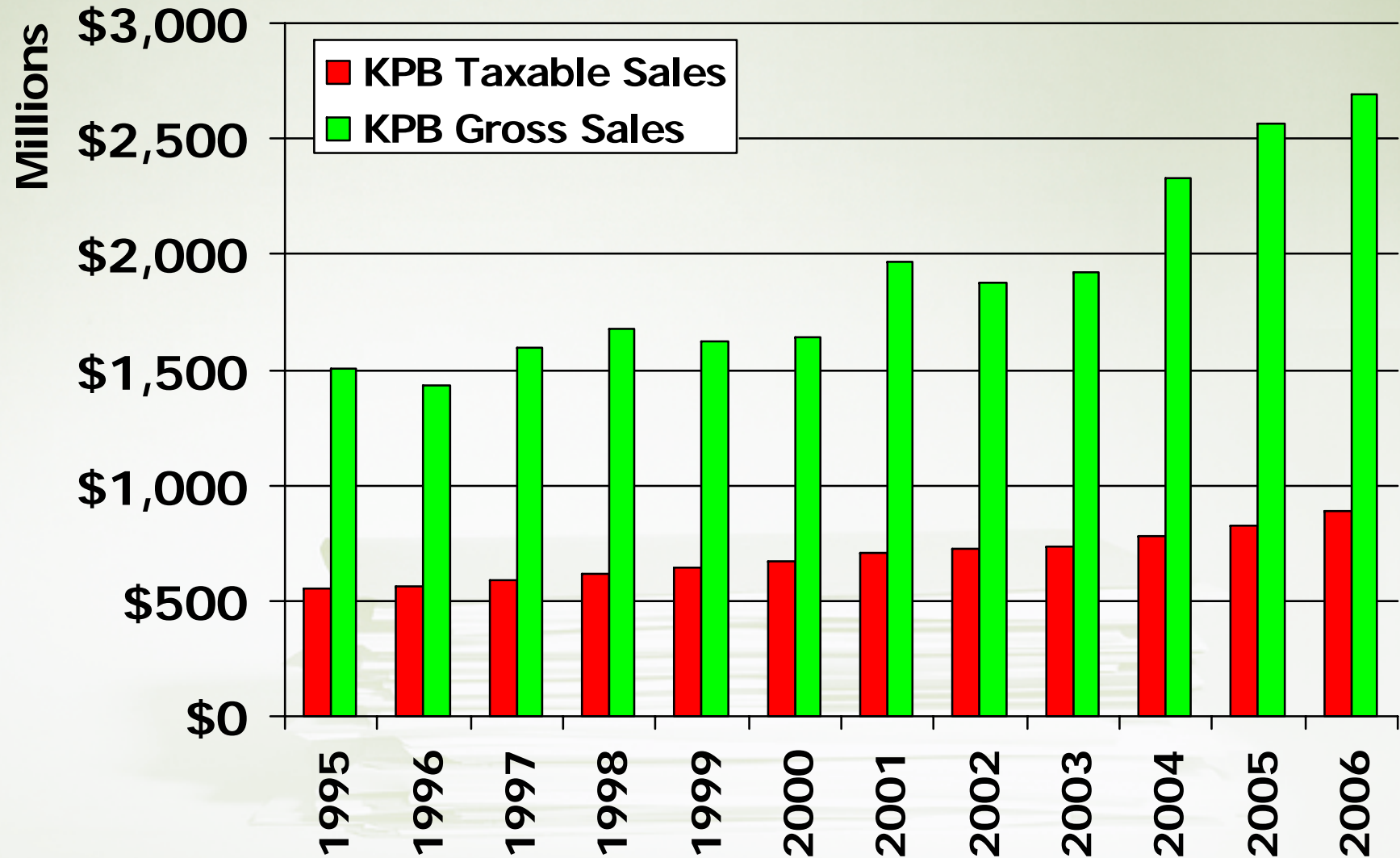
- Sales outside the borough;
- Sales for resale;
- Sales to government agencies;
- Sales to tax exempt organizations; and
- Sales in excess of \$500.

KPB Taxable Sales



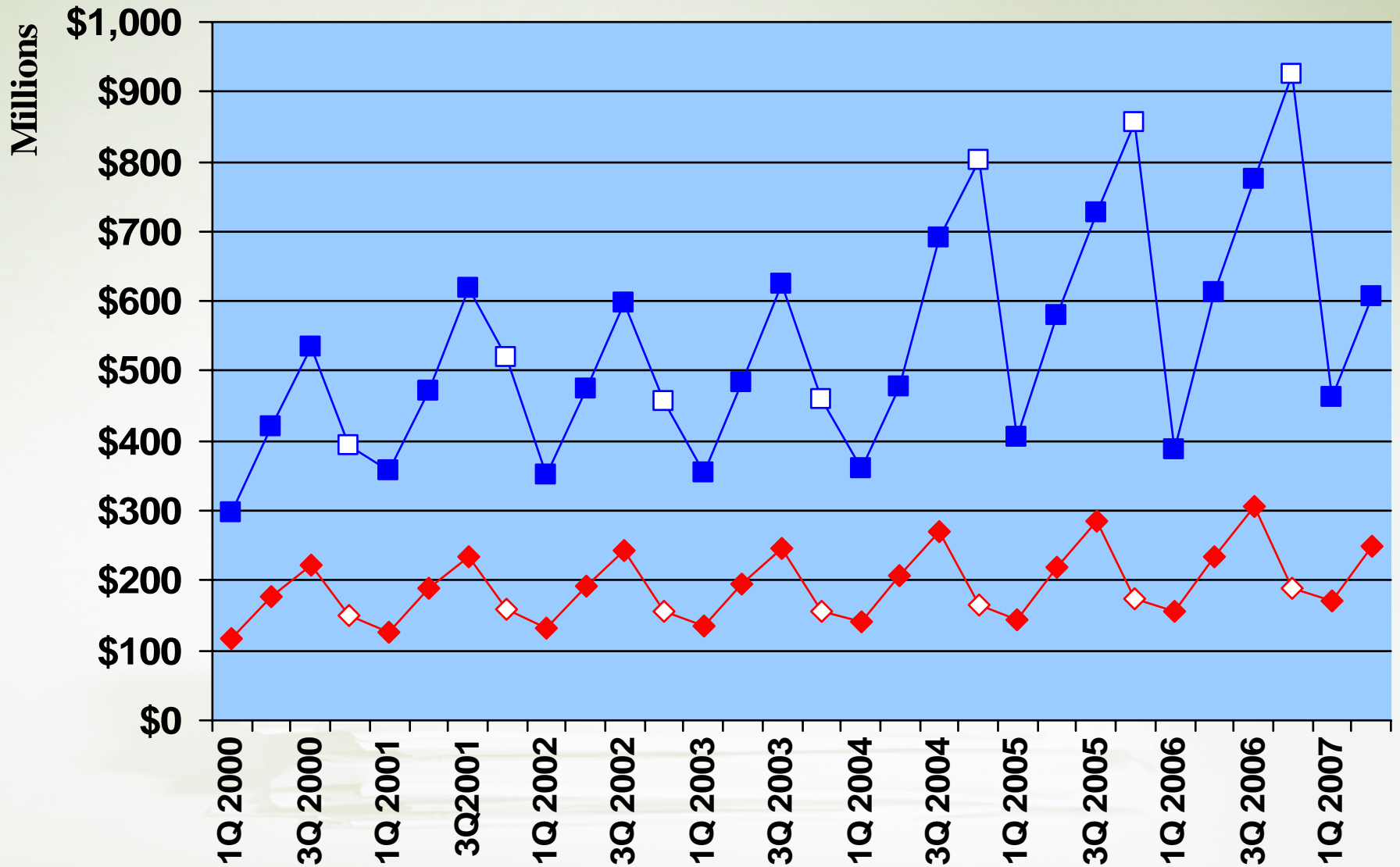
Source – KPB Finance Department

KPB Sales



Source – KPB Finance Department

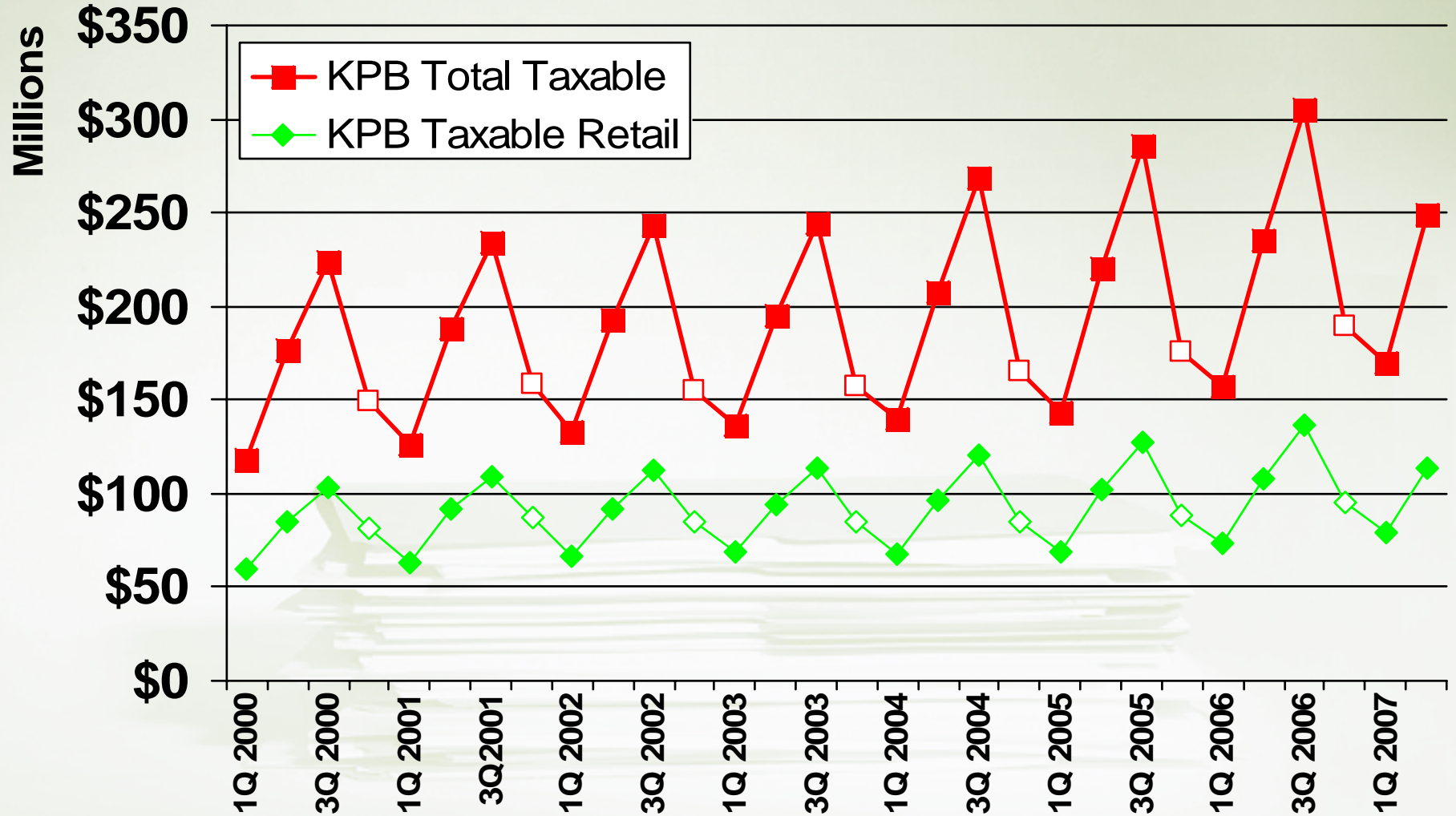
KPB Gross and Taxable Sales by Quarter



Source – KPB Finance Department

KPB Taxable Sales – Retail as a Portion

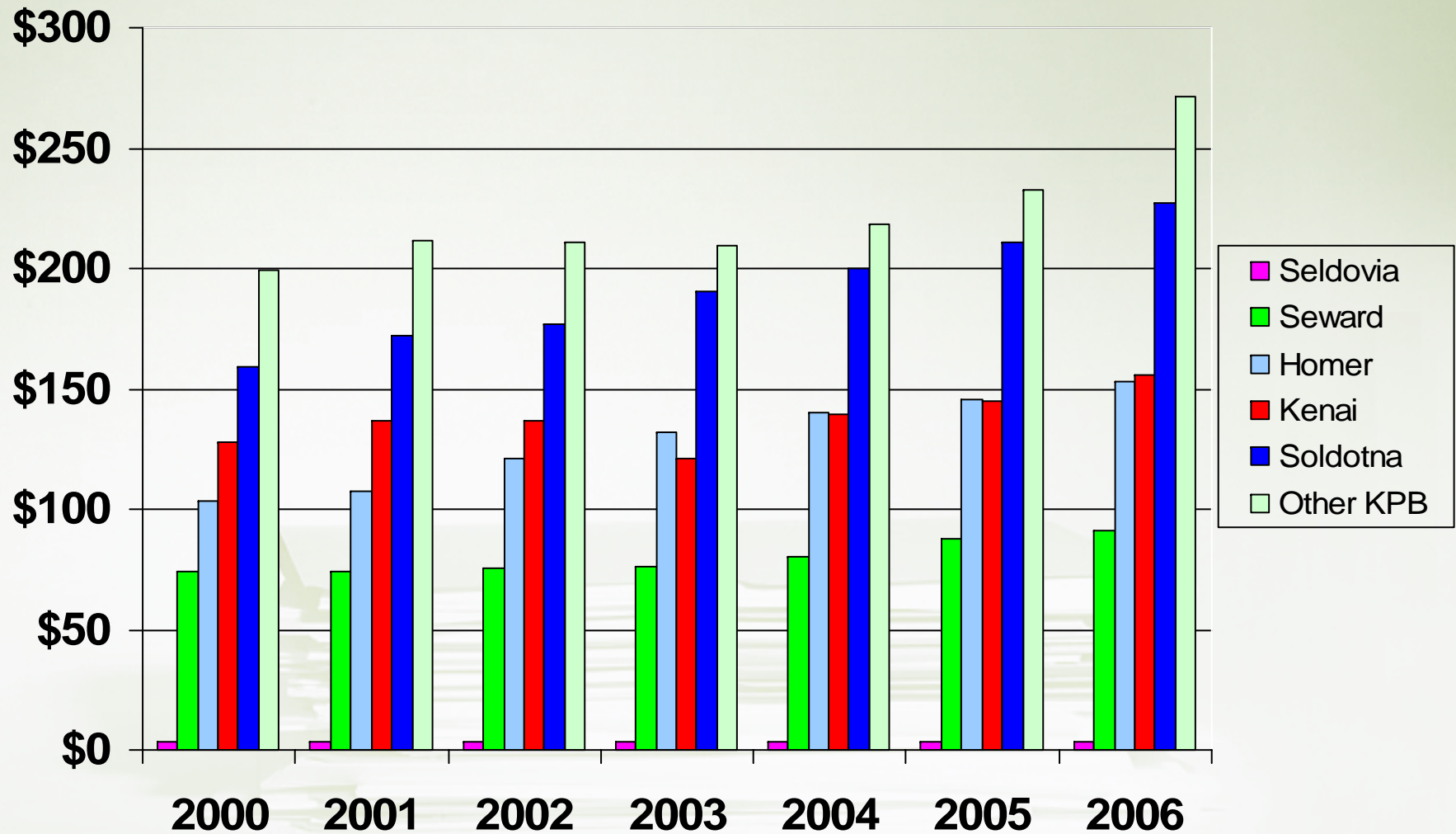
2000-2006 (2007 1Q) NAICS



Source – KPB Finance Department

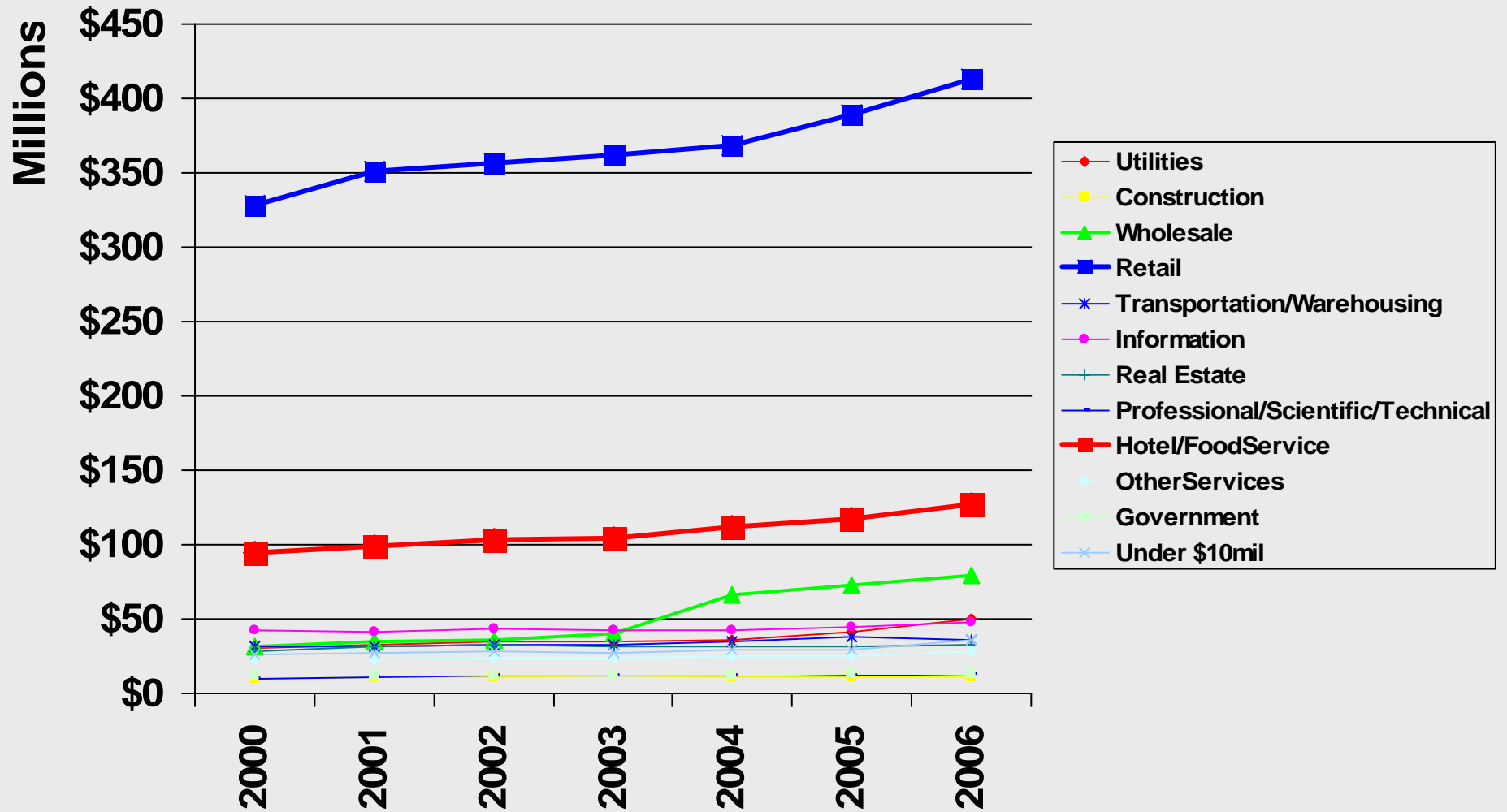
Taxable Sales by Area

in Millions \$

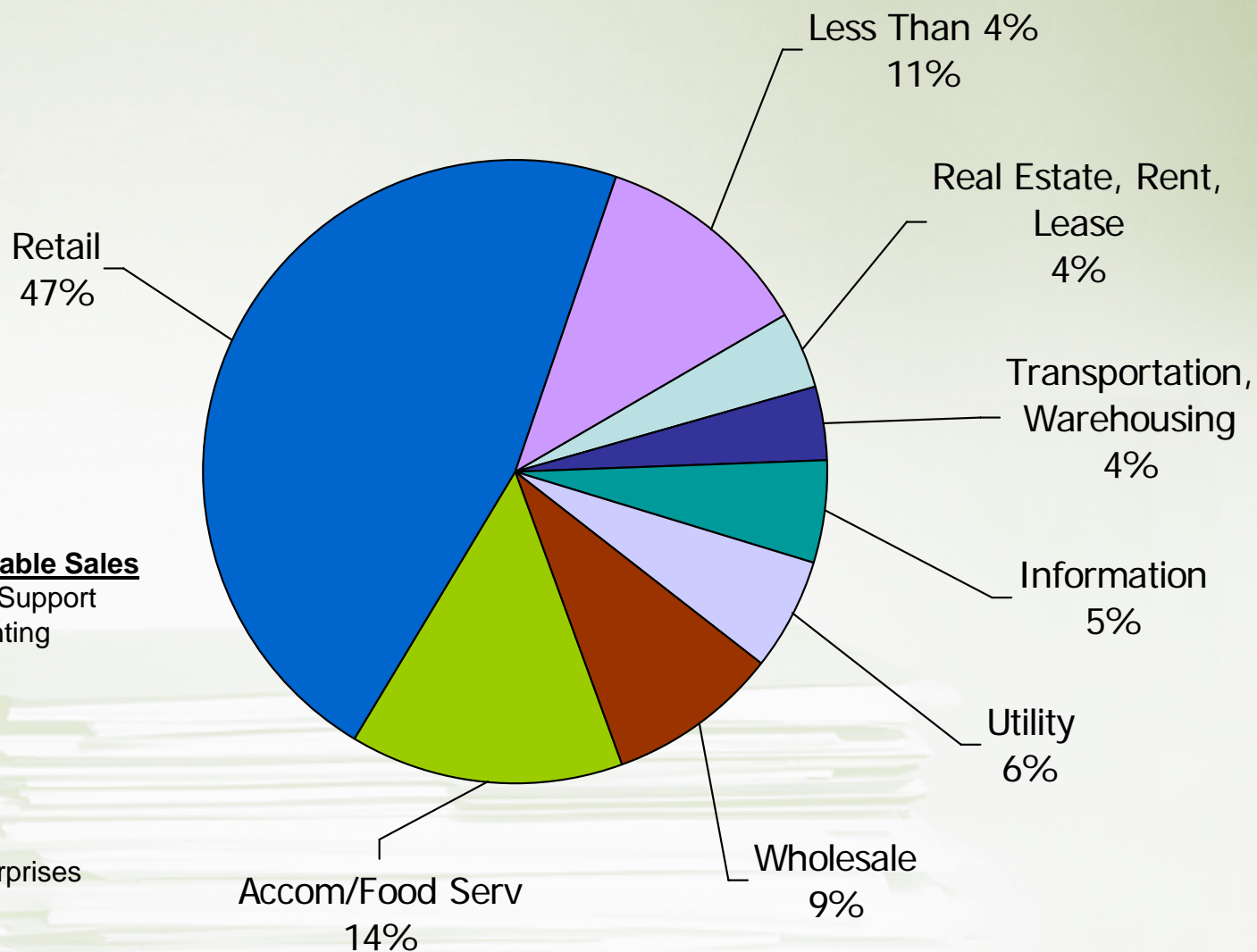


Source – KPB Finance Department

KPB Line-of-Business TAXABLE Sales



Taxable Sales – 2006

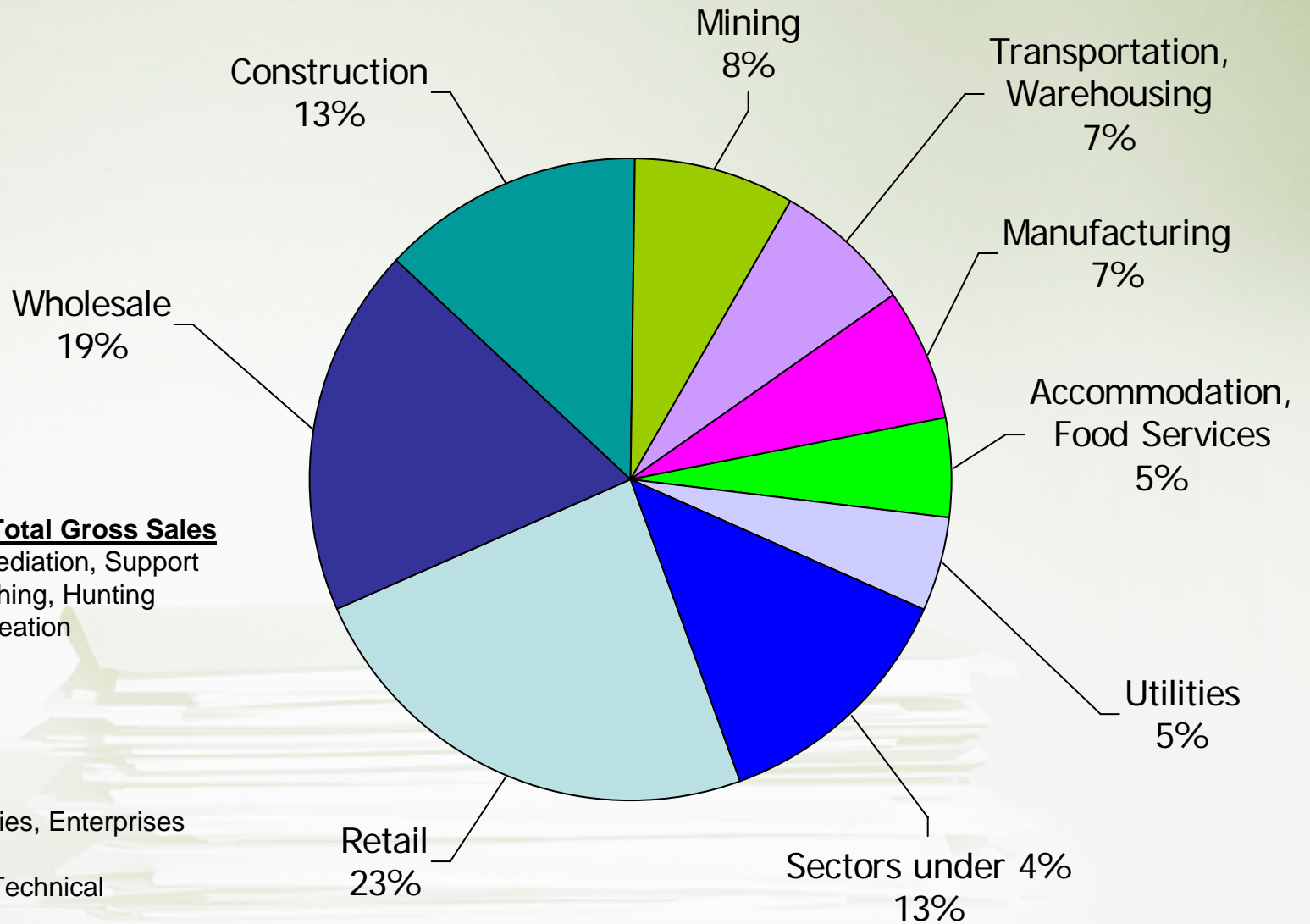


Less Than 4% of KPB Total Taxable Sales

- Admin, Waste Mgt, Remediation, Support
- Agriculture, Forestry, Fishing, Hunting
- Arts, Entertainment, Recreation
- Construction
- Education Services
- Finance, Insurance
- Health, Social Services
- Manufacturing
- Management of Companies, Enterprises
- Mining
- Other Services
- Professional, Scientific, Technical
- Public Administration

Source – KPB Finance Department

Gross Sales - 2006



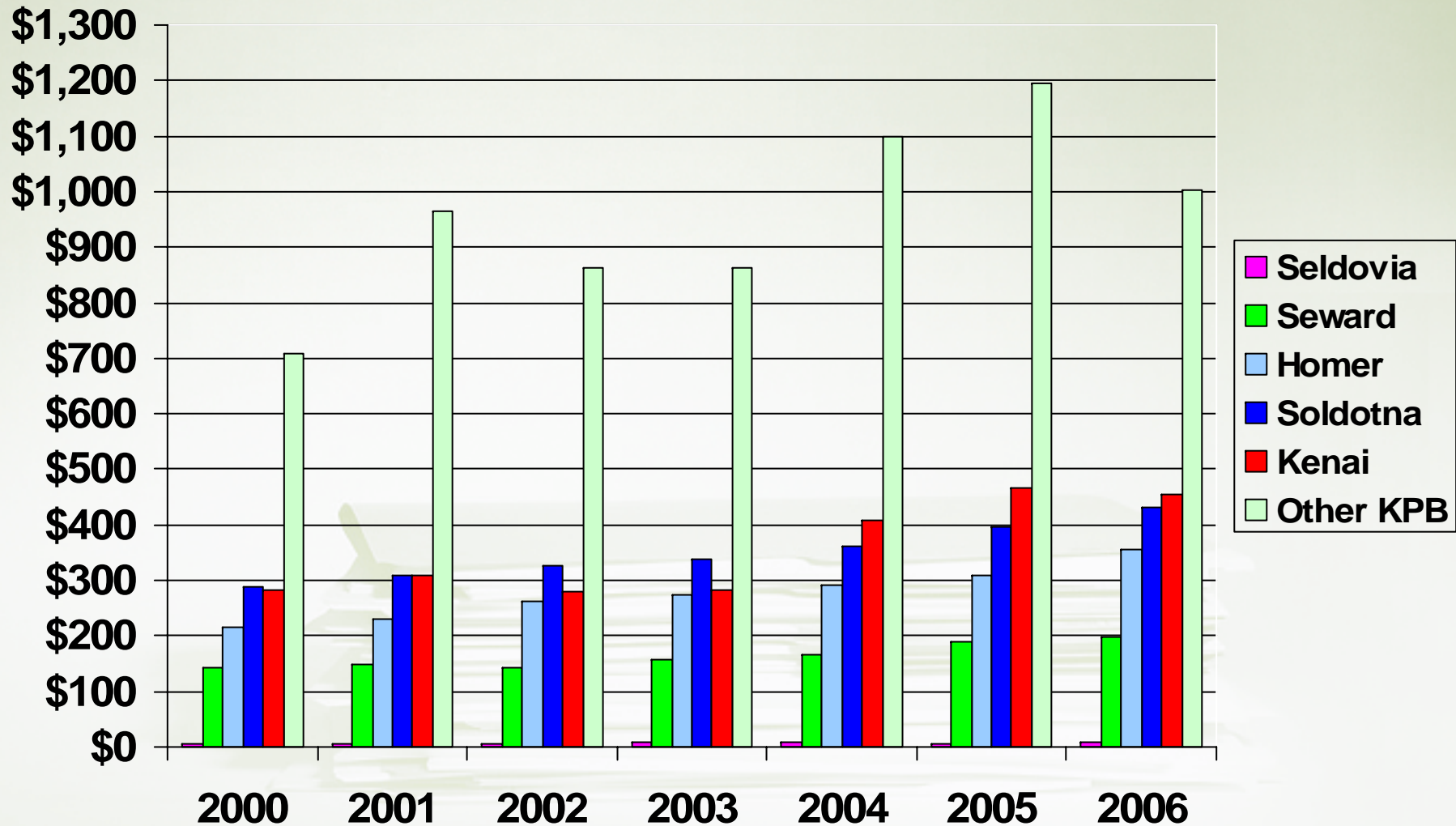
Less Than 4% of KPB Total Gross Sales

- Admin, Waste Mgt, Remediation, Support
- Agriculture, Forestry, Fishing, Hunting
- Arts, Entertainment, Recreation
- Construction
- Education Services
- Finance, Insurance
- Health, Social Services
- Information
- Management of Companies, Enterprises
- Other Services
- Professional, Scientific, Technical
- Public Administration
- Real Estate

Source – KPB Finance Department

Gross Sales by Area

in Millions \$



Source – KPB Finance Department

Tourism



Primary (90% Model) Tourism Activity SIC - A Subset of Service and TCPU

SIC Codes Selected as Primary Tourism Industry - requires that the business activity is tourist related and that 90% or more of annual sales occur between April 1 and September 30.



- **Transportation**

- 4141 - Local Bus Charter Service
- 4499 - Water Transportation Services NEC
- 4724 - Travel Agencies
- 4725 - Tour Operators



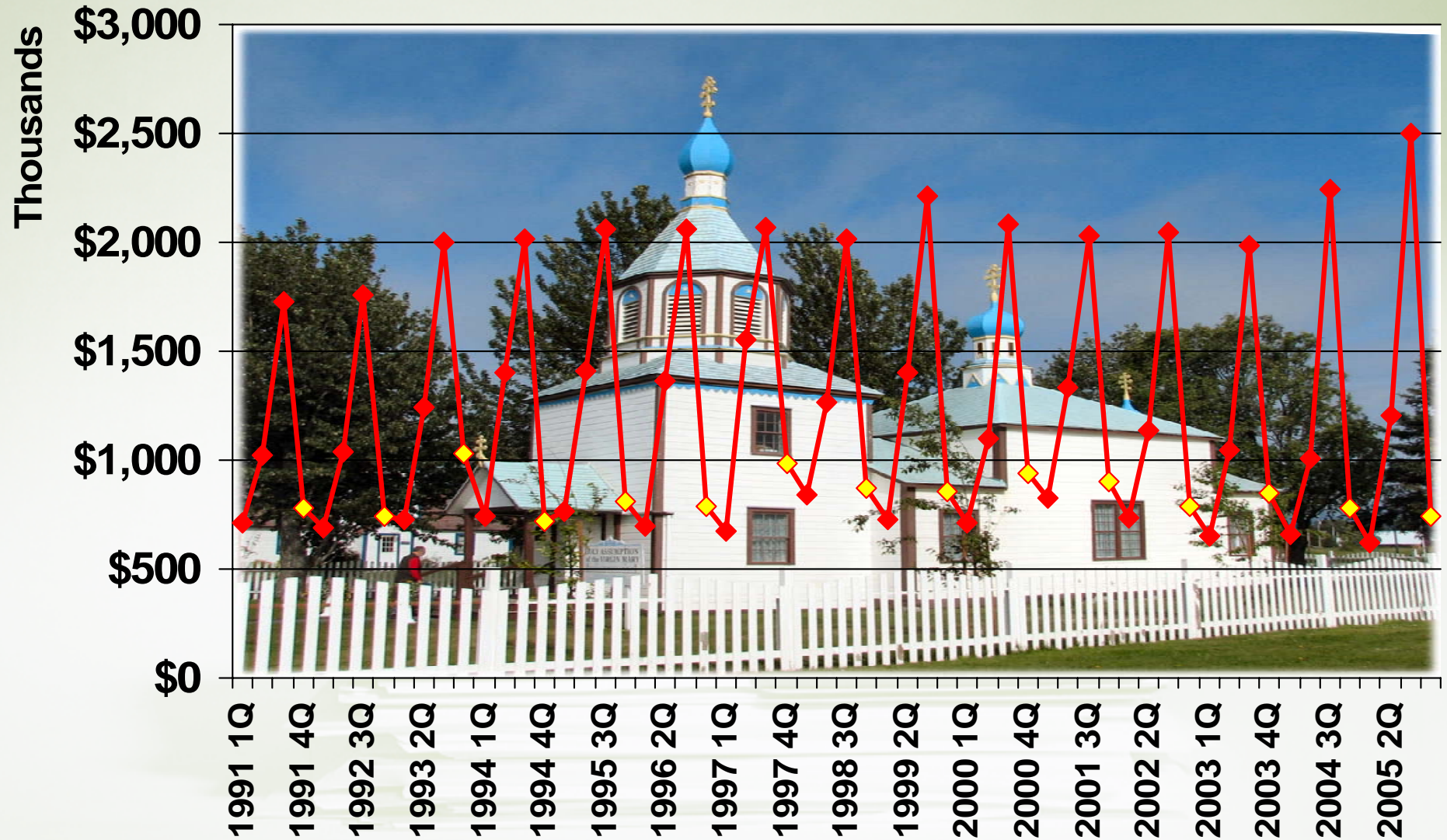
- **Services**

- 7000 - Hotels and Other Lodging Places
- 7011 - Hotels, Motels, Tourist Courts
- 7021 - Rooming & Boarding Houses
- 7032 - Sporting & Recreational Camps
- 7033 - RV Parks & Campsites
- 7041 - Hotels, Lodging House/Members
- 7519 - Utility Trailer and RV Rental
- 7999 - Amusement, Recreation Svc, NEC - Includes Guides



Kenai Taxable Tourism Sales

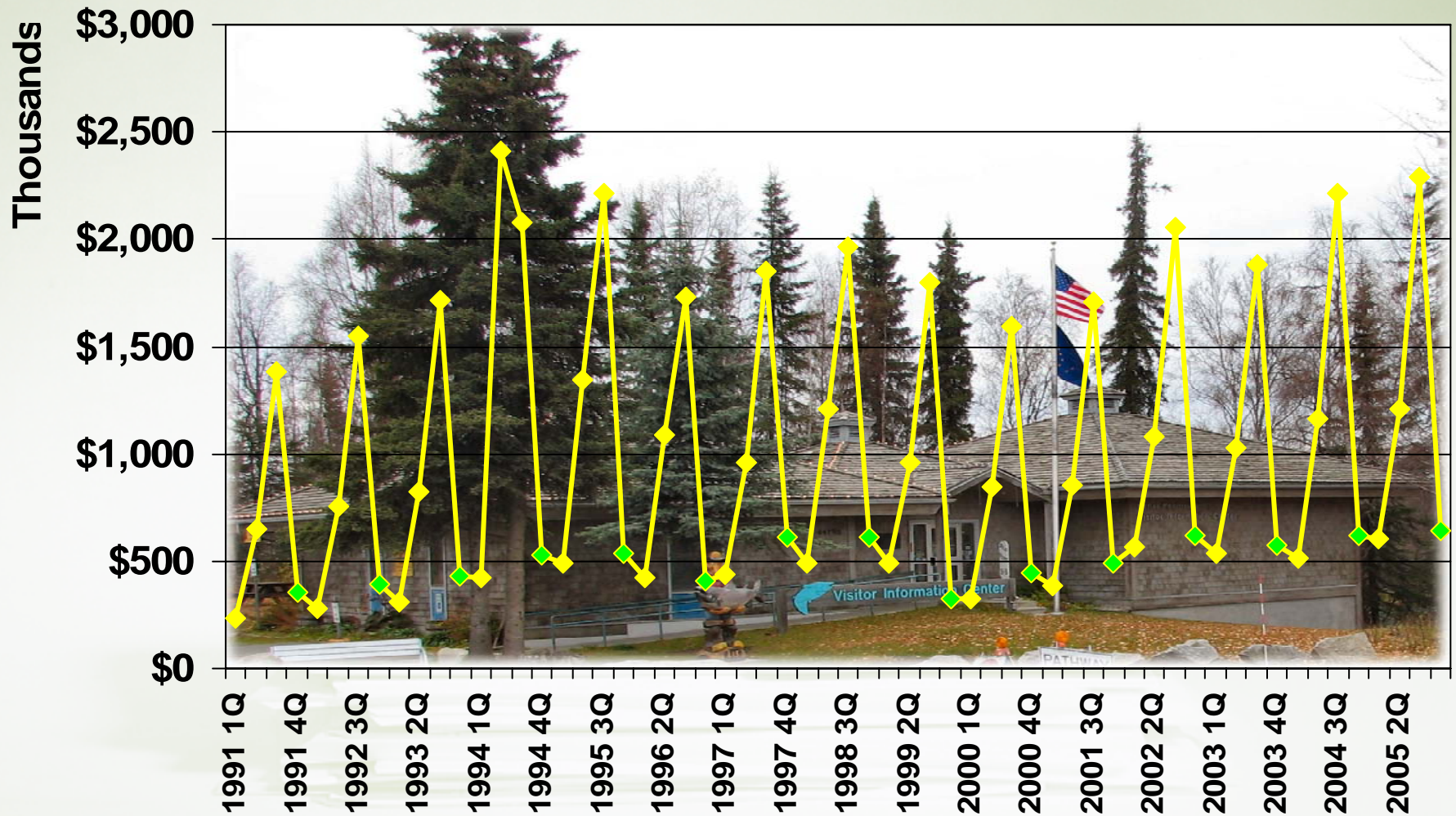
90% Model - SIC



Source – KPB Finance Department, Sales Tax Division

Soldotna Taxable Tourism Sales

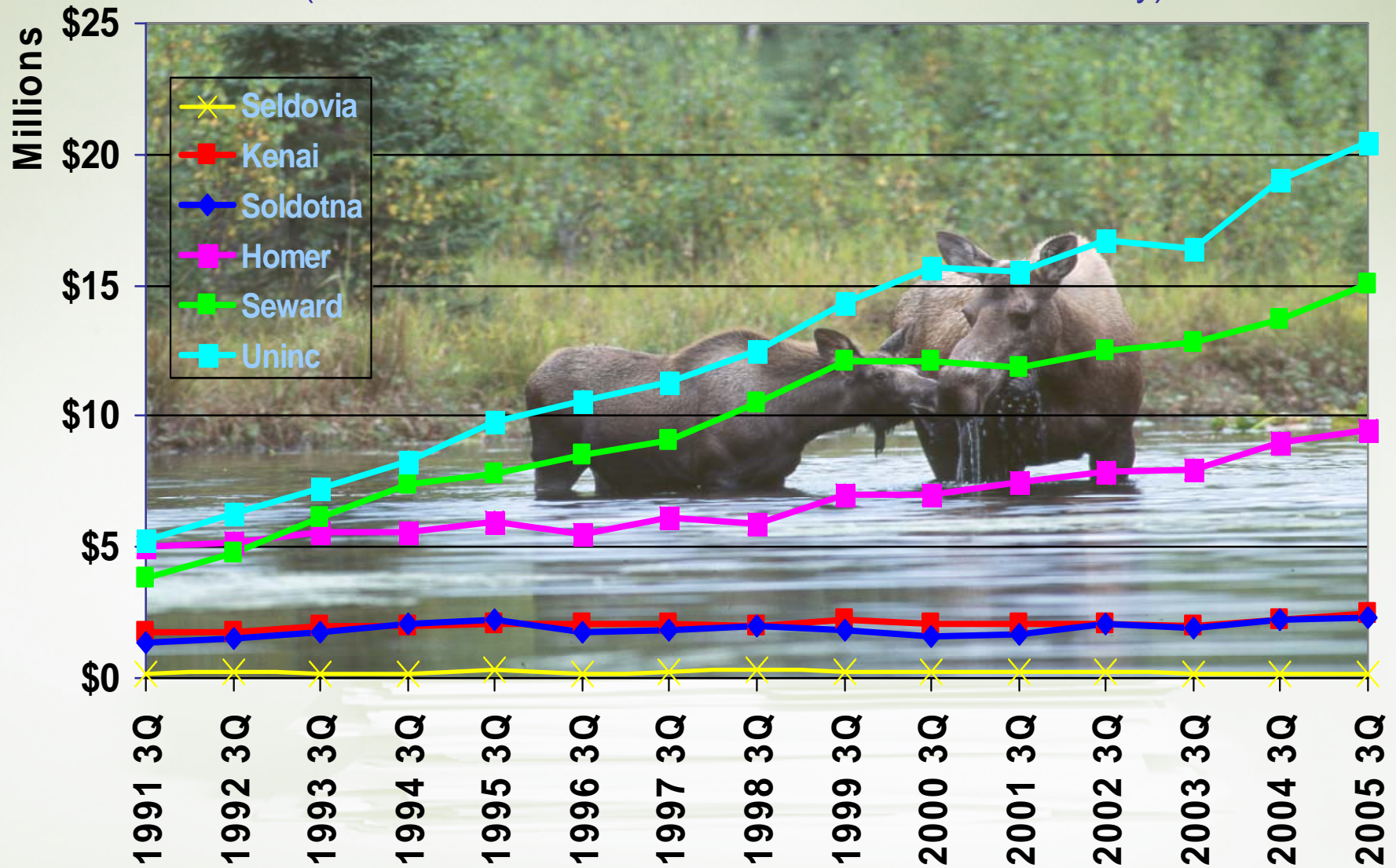
90% Model - SIC



Source – KPB Finance Department, Sales Tax Division

3rd Quarter Tourism Sales - SIC - 90% Model

(Third Quarter Provides KPB Peak Tourism Activity)



Source – KPB Finance Department, Sales Tax Division

KPB Expanded (60% Model) Tourism Sales

A More Realistic Measure

-Additional SIC Code Data - now includes some retail sales

SIC Codes that could be impacted by tourism and 60% or more of annual sales occur during the April thru September main tourist season.

Transportation

- 4130 – Intercity Bus Transport
- 4493 – Marinas
- 4500 – Air Transportation
- 4512 – Air Transportation – Scheduled
- 4522 – Nonscheduled Air Transportation

Services

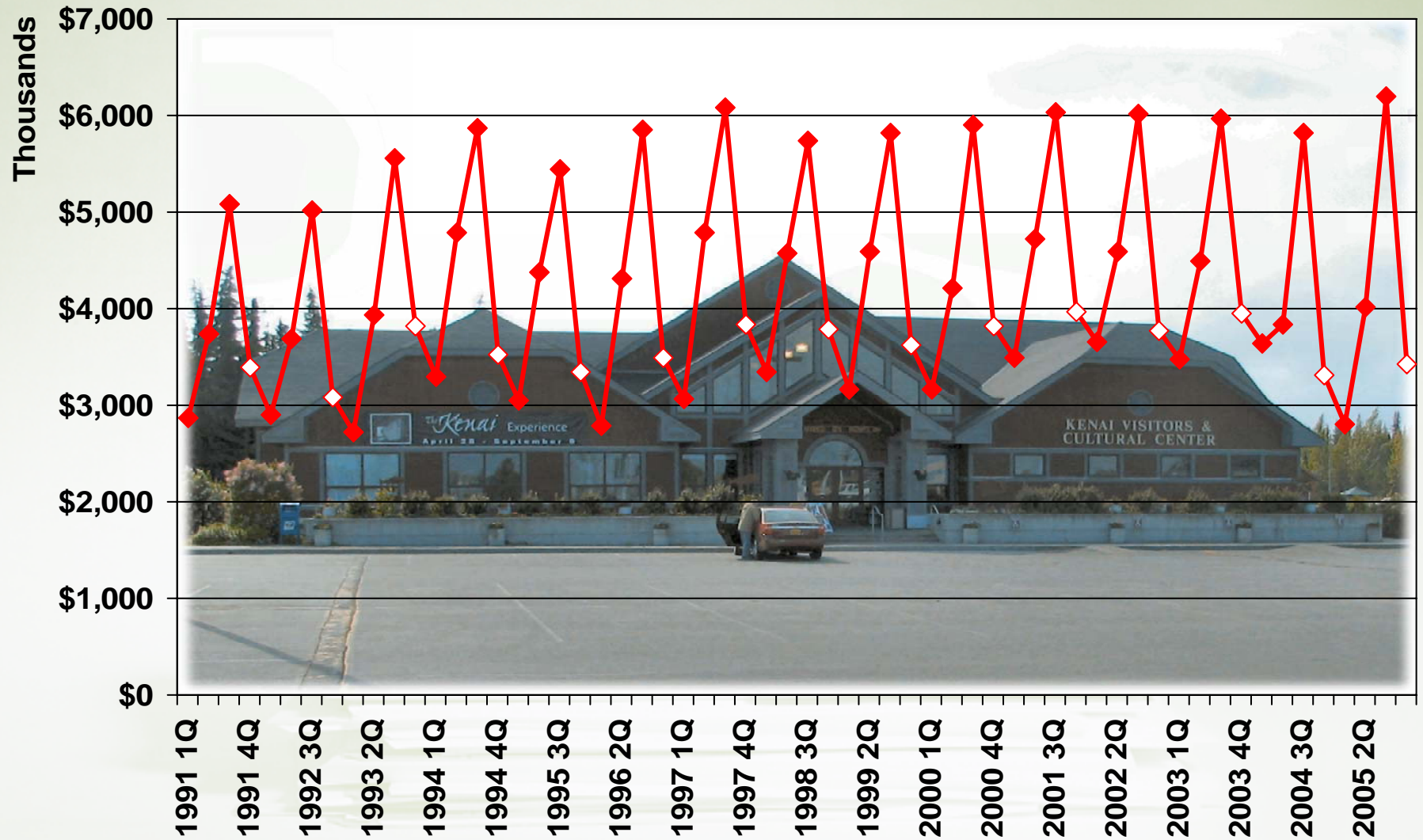
- 7211 – Power Laundries
- 7514 – Passenger Car Rental
- 7215 – Coin Op Laundry & Dry Cleaning
- 8400 – Museums, Art Galleries & Zoos

Retail Sales

- 5421 – Seafood Markets
- 5461 – Retail Bakeries
- 5541 – Gas Service Stations & Repairs
- 5800 – Eating and Drinking Places
- 5812 – Eating Places
- 5813 – Drinking Places
- 5947 – Gift/Novelty/Souvenir Shops

Kenai Taxable Tourism Sales

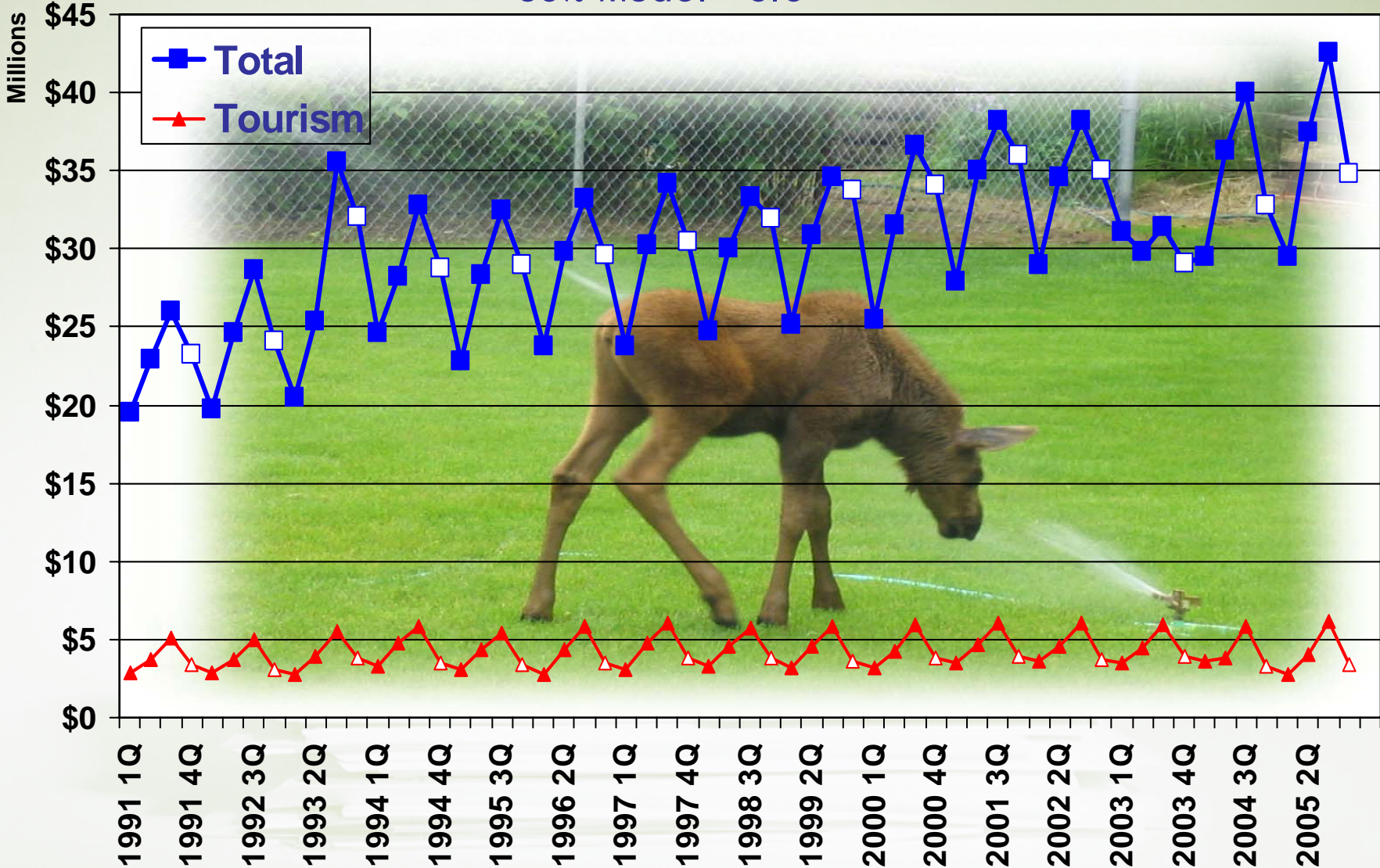
60% Model - SIC



Source – KPB Finance Department, Sales Tax Division

Kenai Taxable Sales - Tourism v Total

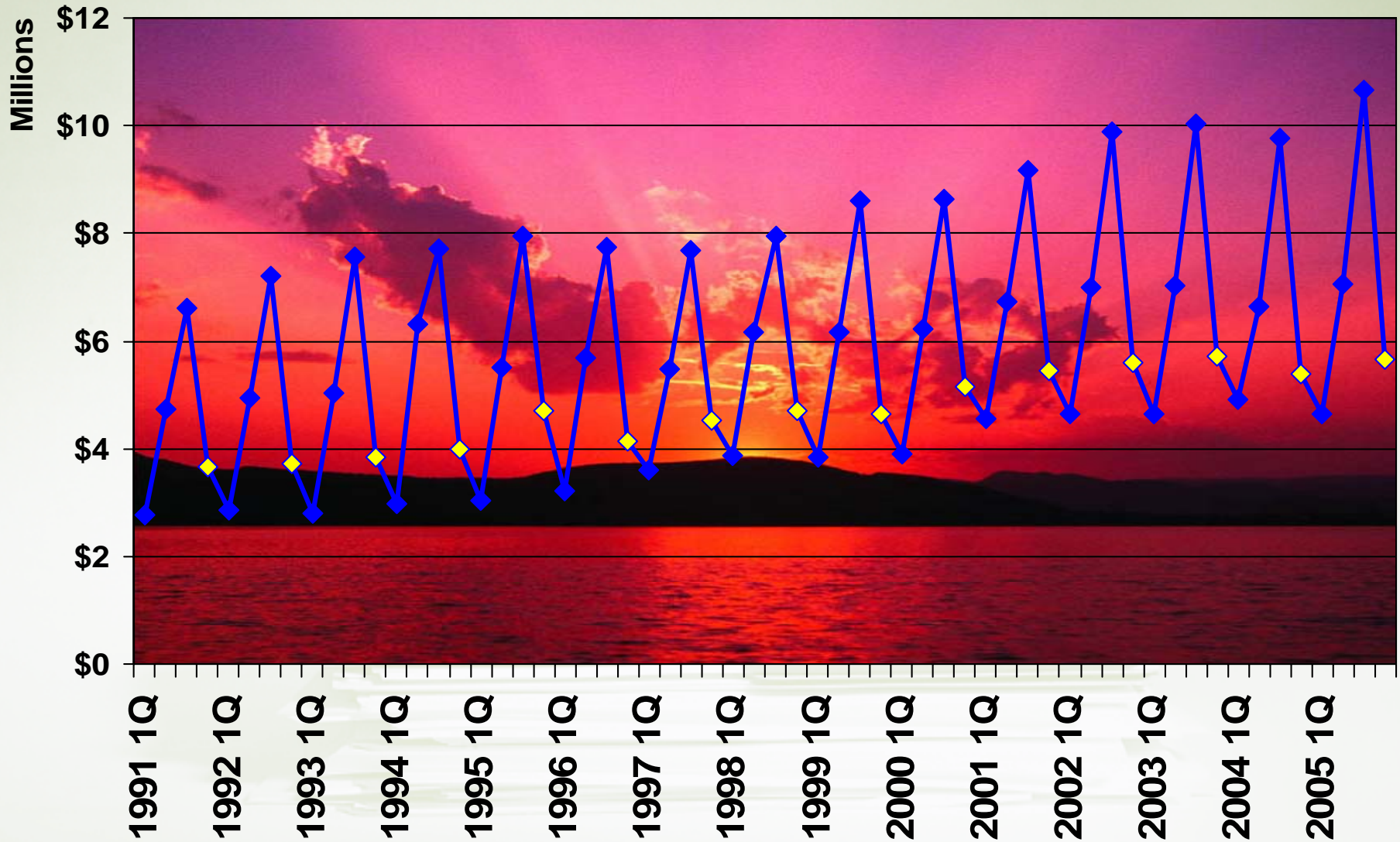
60% Model - SIC



Source - KPB Finance Department, Sales Tax Division

Soldotna Taxable Tourism Sales

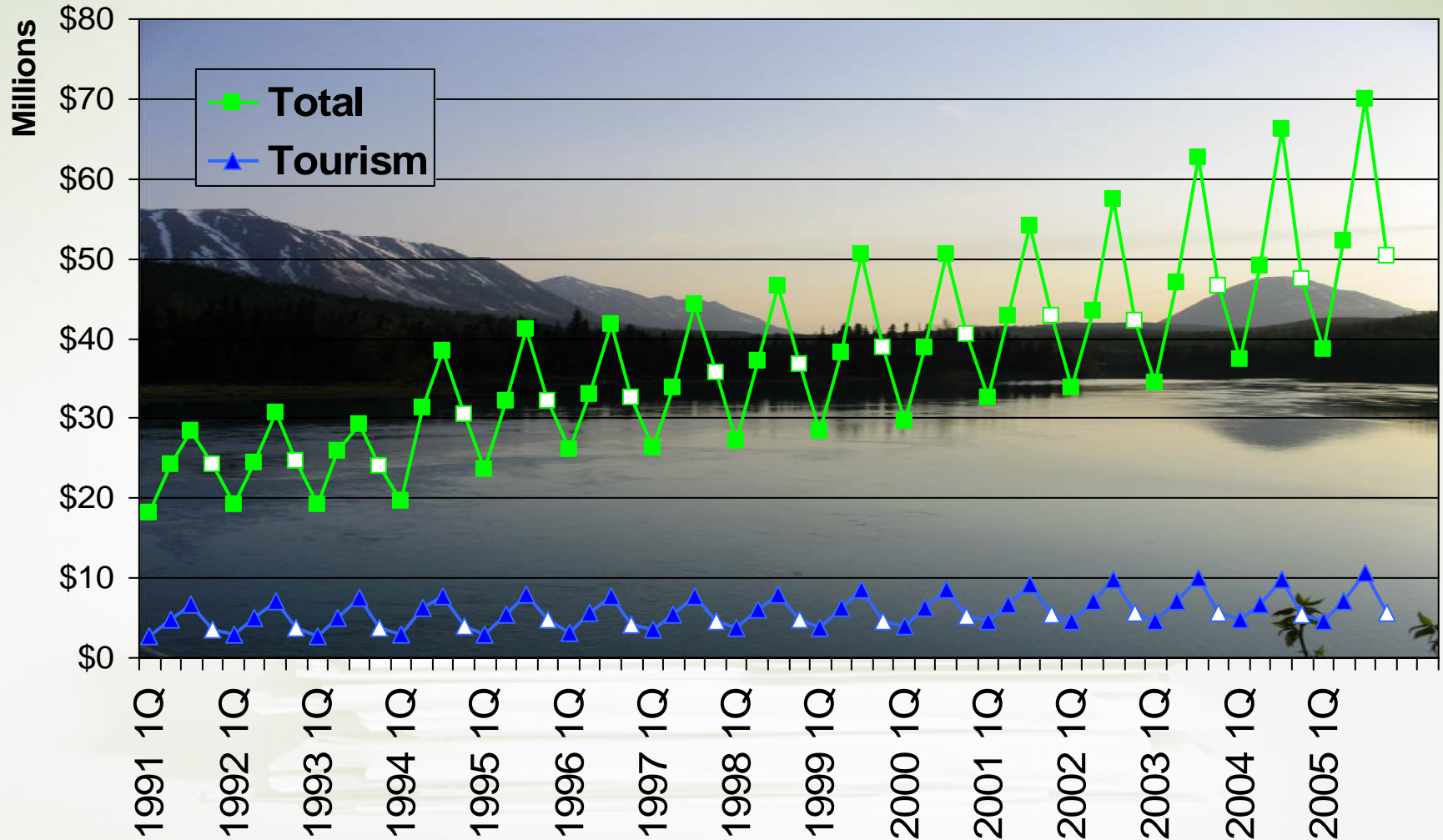
60% Model



Source – KPB Finance Department, Sales Tax Division

Soldotna Taxable Sales - Tourism v Total

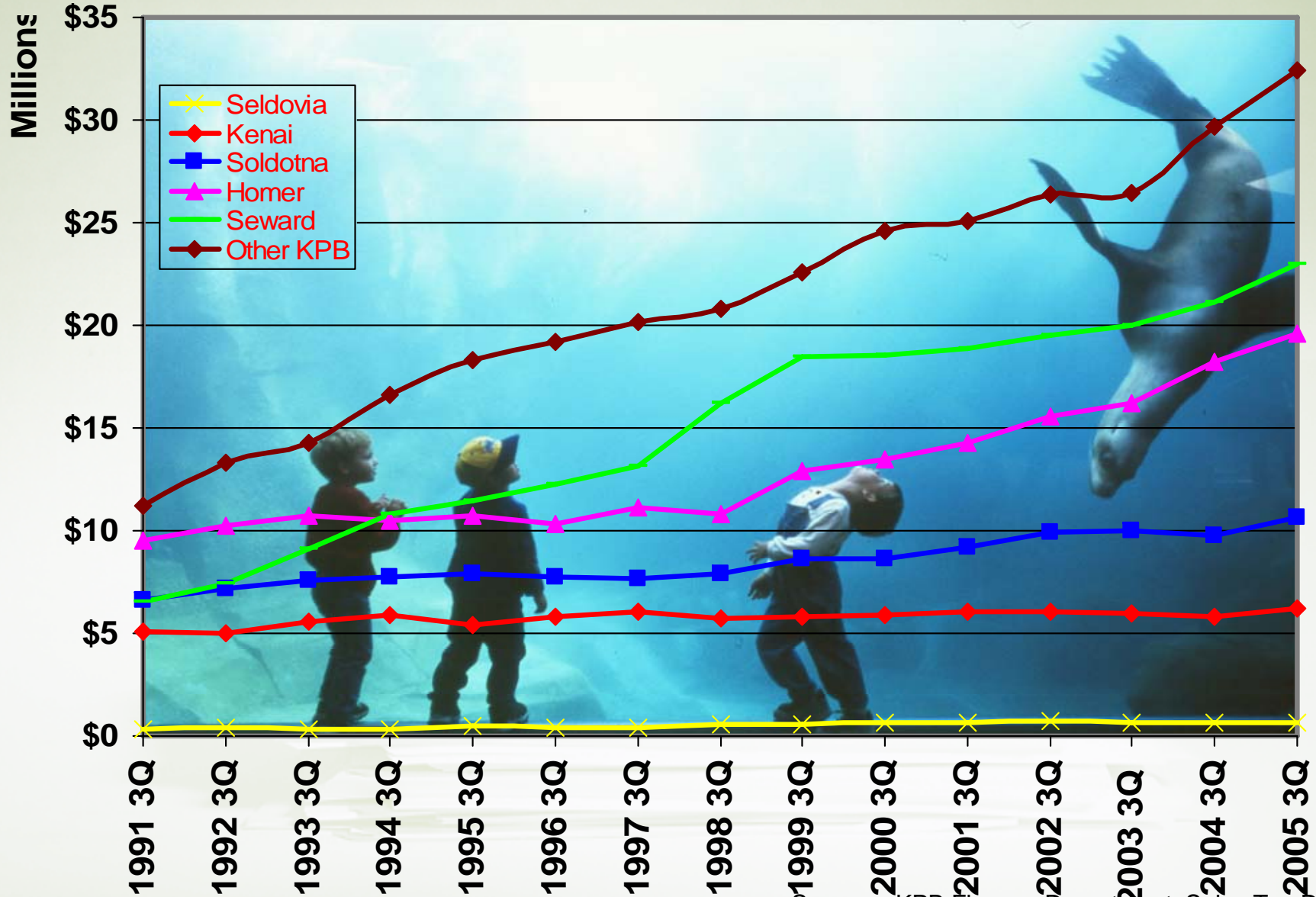
60% Model - SIC



Source - KPB Finance Department, Sales Tax Division

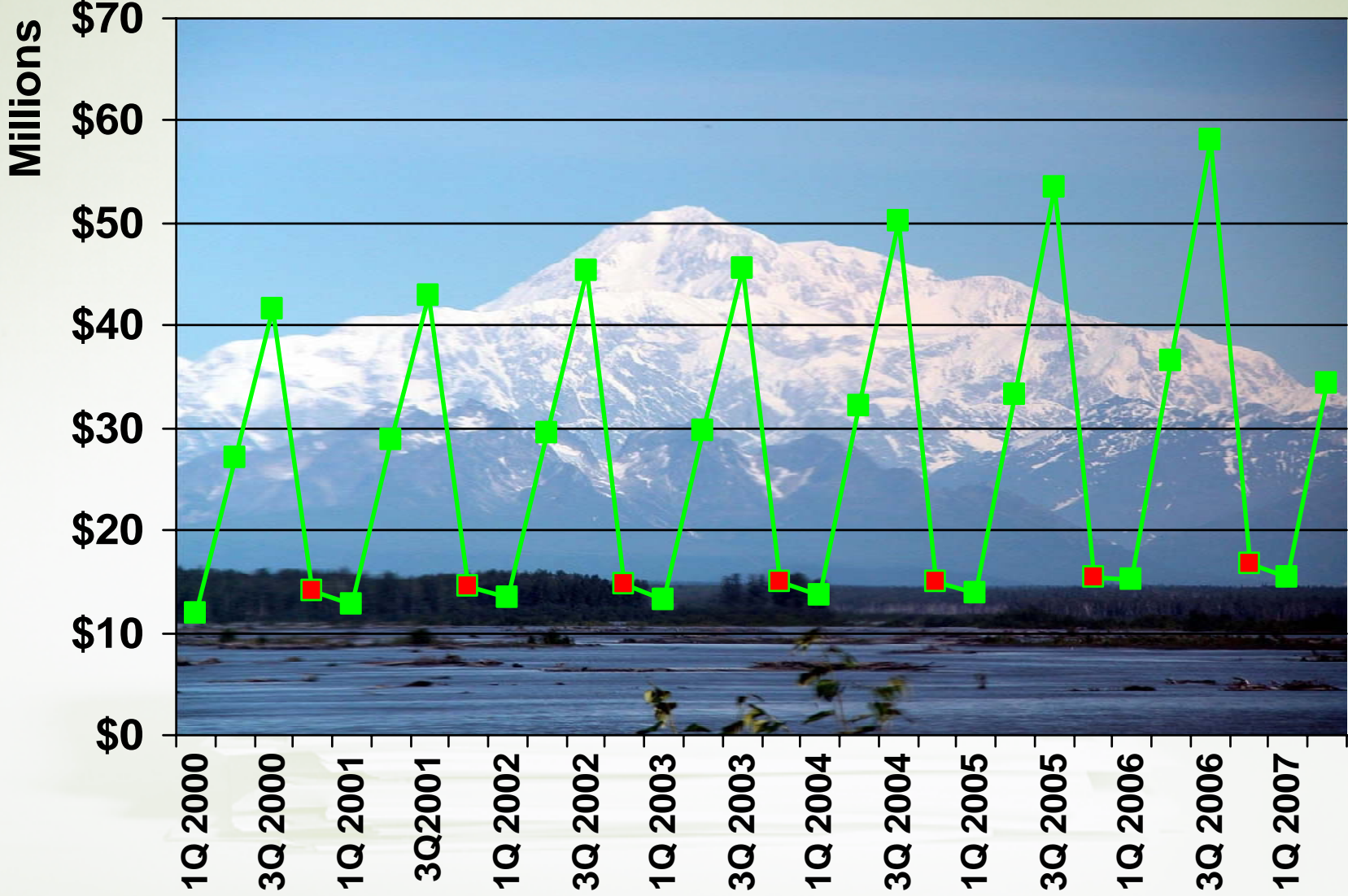
3rd Qtr Tourism Sales by City

60% Model - SIC



Source - KPБ Finance Department, Sales Tax Division

KPB Taxable Accommodations & Food Service Sales (NAICS)



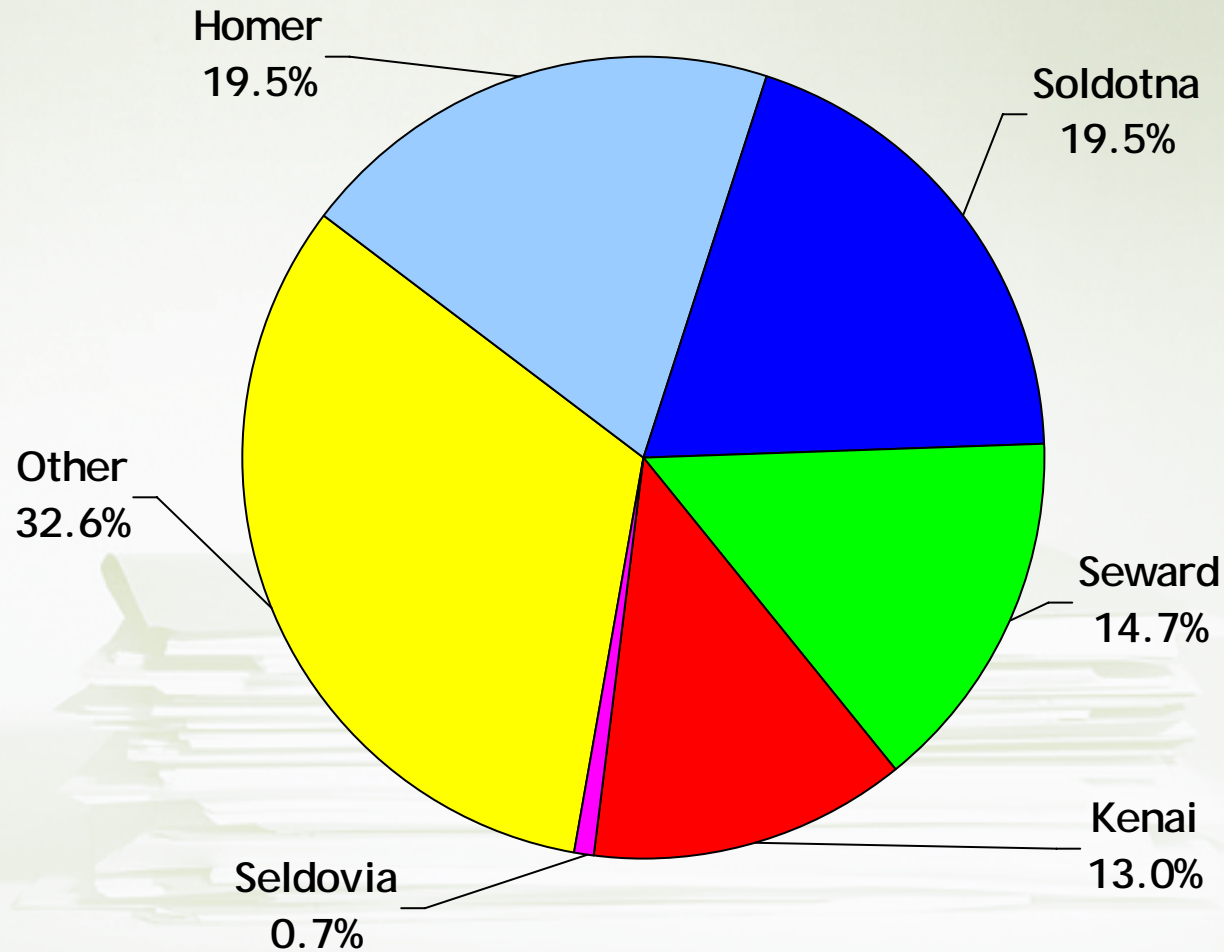
Source – KPB Finance Department

Nontaxable Accommodations 2006 through Second Quarter 2007

Nontaxable Accommodations Sales - in \$				
	2006	Nontaxable	2007	Nontaxable
1 st Qtr	Gr- 16,202,460 Tx- 15,238,026	\$964,434 6.0%	Gr- 18,516,338 Tx- 16,099,417	\$2,416,921 13.1%
2 nd Qtr	Gr- 39,946,666 Tx- 36,953,818	\$3,352,848 8.4%	Gr- 38,459,990 Tx- 36,074,080	\$2,385,910 6.2%
3 rd Qtr	Gr- 65,309,904 Tx- 58,167,189	\$7,142,715 10.9%		
4 th Qtr	Gr- 18,107,341 Tx- 17,019,089	\$1,088,252 6.0%		
Total	Gr- 139,566,371 Tx- 127,018,122	\$12,548,249 9.0%		

Source – KPB Finance Department

2006 Accommodations & Food Services Taxable Sales by Area



Source – KPB Finance Department

Accommodations - 2002

Rounded to 1,000

	# Establishments	Receipts	Annual Payroll	# Paid Employees
Homer	16	\$6,563,000	\$1,990,000	92
Kenai	9	\$8,662,000	\$2,412,000	<u>137</u>
Seward	13	\$9,414,000	\$2,657,000	81
Soldotna	18	\$5,384,000	\$1,551,000	127
Other	29	<u>\$12,969,000</u>	<u>\$3,465,000</u>	96
KPB Total	85	\$42,992,000	\$12,075,000	533

Percent of KPB Total				
	Establishments	Receipts	Annual Payroll	Paid Employees
Homer	18.8%	15.3%	16.5%	17.3%
Kenai	10.6%	20.2%	20.0%	25.7%
Seward	15.3%	21.9%	22.0%	15.2%
Soldotna	21.2%	12.5%	12.8%	23.8%
Other	34.1%	30.2%	28.7%	18.0%

Source – U.S. Census Bureau, 2002 Economic Census

Food Services - 2002

Rounded to 1,000

	# Establishments	Receipts	Annual Payroll	# Paid Employees
Homer	33	\$9,048,000	\$2,453,000	206
Kenai	26	\$10,148,000	\$2,633,000	272
Seward	<u>25</u>	\$9,175,000	\$2,387,000	113
Soldotna	42	<u>\$17,368,000</u>	<u>\$4,207,000</u>	<u>346</u>
Other KPB	38	9,259,000	\$2,481,000	166
KPB Total	164	\$54,998,000	\$14,161,000	1,103

	Establishments	Receipts	Annual Payroll	Paid Employees
Homer	20.0%	16.5%	17.3%	18.7%
Kenai	15.9%	18.5%	18.6%	24.7%
Seward	<u>15.2%</u>	16.7%	16.9%	10.2%
Soldotna	25.6%	31.6%	29.7%	31.4%
Other KPB	23.2%	16.8%	17.5%	15.1%

Source – U.S. Census Bureau, 2002 Economic Census

2006 GROSS Sales in Goods, Services, Government

	Goods Producing	Service Providing	Government	Total
Homer	74,935,174	276,593,370	3,997,559	355,526,103
Kenai	<u>130,676,357</u>	<u>321,640,004</u>	<u>3,494,476</u>	<u>455,810,837</u>
Seldovia	2,368,051	4,775,641	402,424	7,546,116
Seward	58,693,277	133,468,474	<u>6,159,339</u>	198,321,090
Soldotna	102,731,833	<u>328,125,598</u>	1,119,273	431,976,704
Other KPB	478,897,603	524,235,287	512,629	1,003,645,519
KPB Total	848,302,295	1,588,838,374	15,685,700	2,452,826,369

Source – KPB Finance Department, Sales Tax Division

2006 GROSS Sales in \$

Select Lines of Business

	Construction	Manufacturing	Wholesale	Transportation & Warehousing	Information & Communication	Real Estate, Rentals, and Leasing
Homer	55,713,200	5,169,339	41,874,329	18,900,444	8,573,767	13,678,079
Kenai	40,422,731	<u>29,222,261</u>	<u>53,888,047</u>	<u>75,968,120</u>	<u>11,880,836</u>	17,752,116
Seldovia	1,030,135	12,259	1,590,217	358,162	306,055	1,325,657
Seward	38,326,342	10,410,509	27,657,623	21,632,880	4,159,799	9,274,861
Soldotna	<u>73,283,710</u>	10,856,645	15,456,999	7,644,833	10,918,974	<u>18,354,949</u>
Other KPB	153,003,076	121,508,634	124,093,998	62,539,002	23,818,108	27,749,004
KPB Total	361,779,194	177,179,647	264,561,213	187,043,441	59,657,539	88,134,666

Source – KPB Finance Department, Sales Tax Division

2006 TAXABLE Sales in Goods, Services, Government

	Goods Producing	Service Providing	Government	Total
Homer	8,214,995	140,757,266	3,939,804	152,912,065
Kenai	10,423,085	143,108,269	2,160,749	155,692,103
Seldovia	105,293	3,273,828	272,173	3,651,294
Seward	3,679,326	81,139,276	<u>6,087,059</u>	90,905,661
Soldotna	<u>11,103,325</u>	<u>215,026,532</u>	958,451	<u>227,088,308</u>
Other KPB	26,030,732	230,531,270	15,303	256,577,305
KPB Total	59,556,756	813,836,441	13,433,539	886,826,736

Source – KPB Finance Department, Sales Tax Division

Property Issues



**570314 © Division of Community
and Business Development**

Real Property Exemptions

Properties Exempt from Taxation - Mandated by State Law.

Fire System Prevention	ANCSA Native	Charitable
Mental Health Trust	Government	Cemetery
Native Allotment	Farm Deferment	Armed Forces
Electric Cooperative	Religious	Senior Citizen
Conservation Easements	Disabled Veteran	Hospital
State Educational		

KPB Exemptions Include:

Homeowner's Exemption	Senior Citizen Exemption
Disabled Veteran Exemption	Volunteer Firefighter/EMS Exemption
Resident Tax Credit	Disabled
River Restoration Exemption	River Habitat Tax Credit
Timber Harvest Exemption	Disaster Tax Reduction

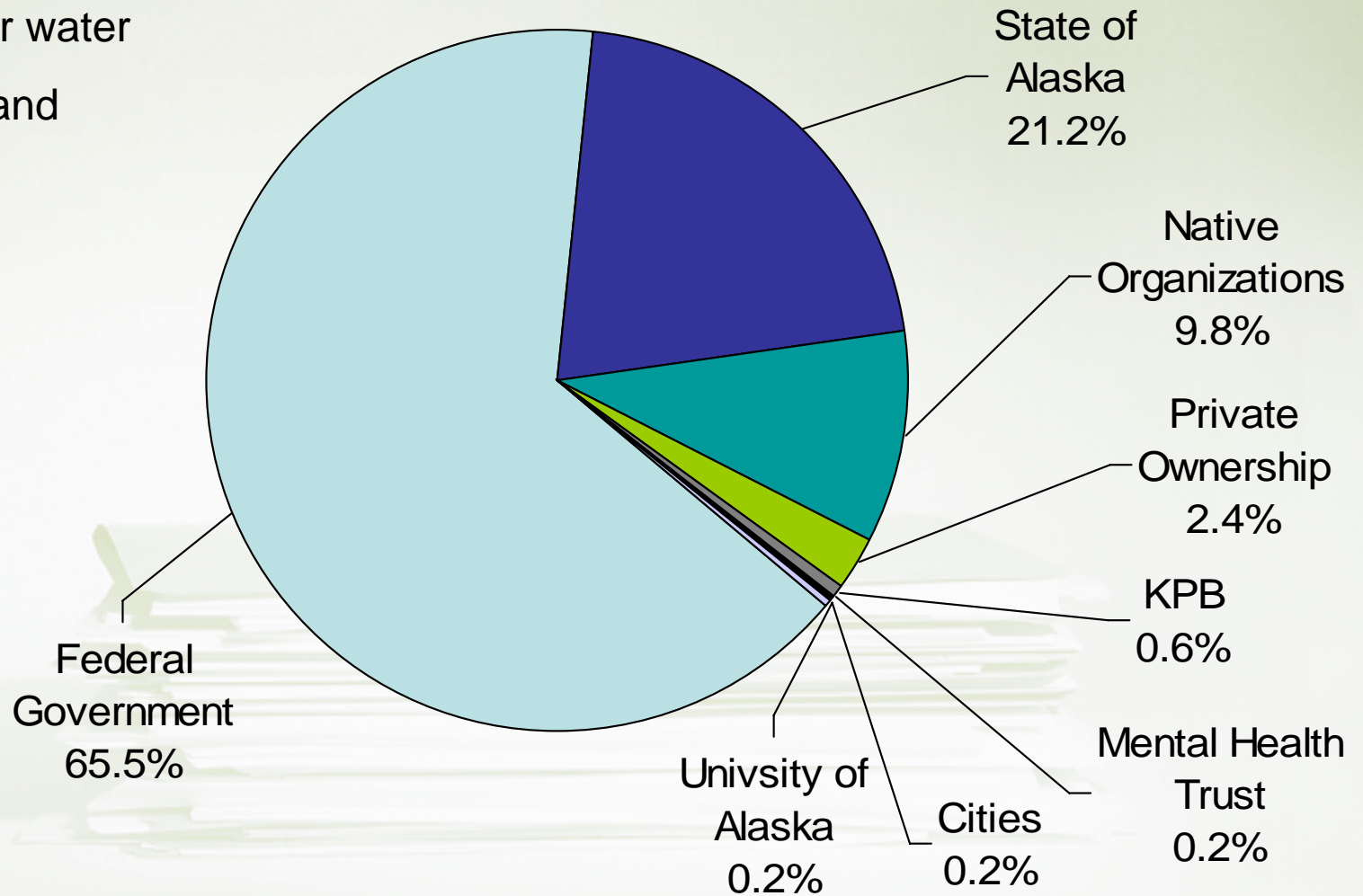
Source - KPB Assessing Department

Land Ownership

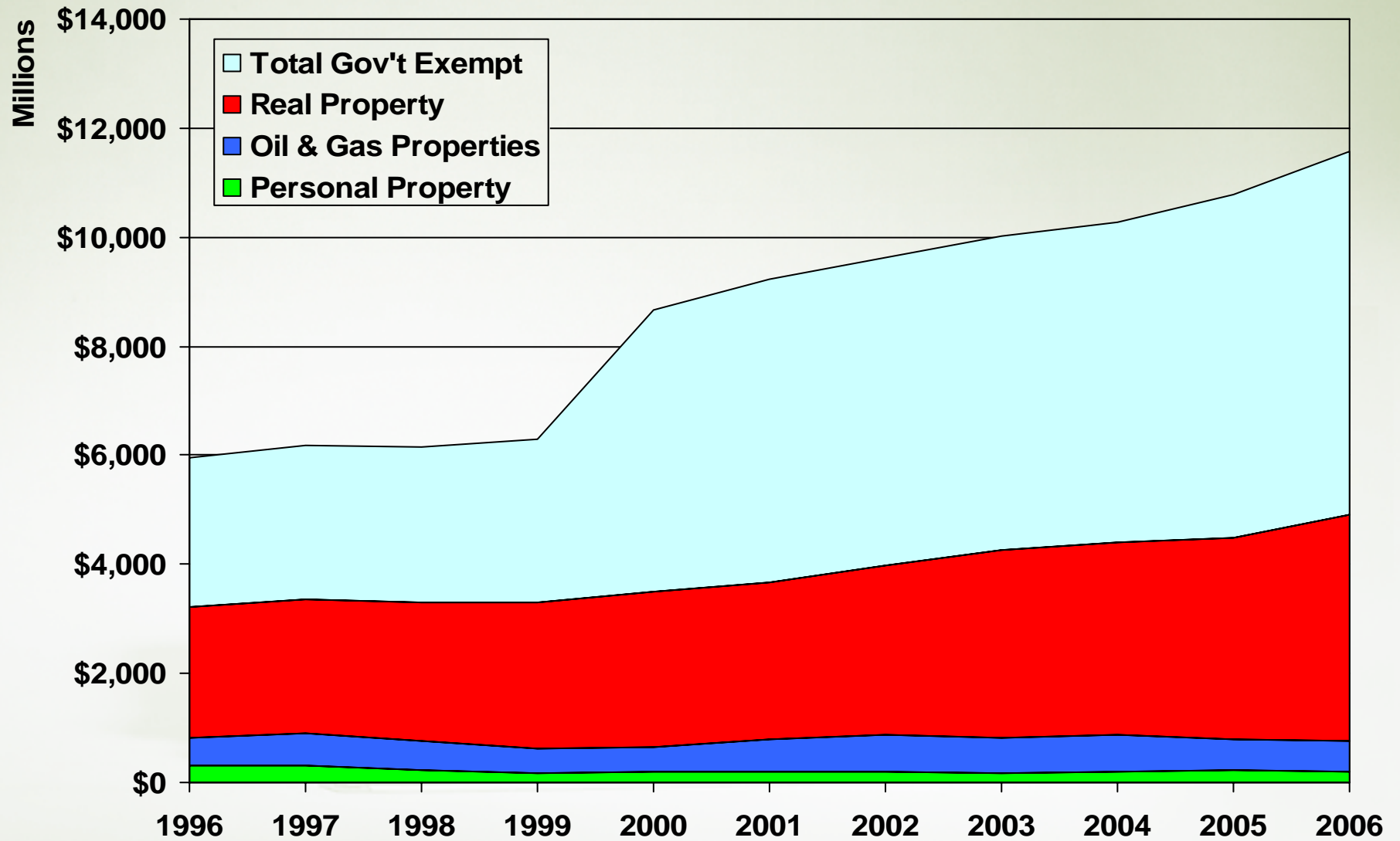
KPB – 24,737 mi²

34.5% under water

65.5% - upland



KPB Assessed Property Values Over Time



Source - KPB Assessing Department

Full and Assessed Real Property Values

Annual Change of Full Value			
	2004	2005	2006
KPB	5.2%	5.9%	11.6%
Homer	12.6%	19.2%	14.0%
Kenai	3.4%	3.4%	-0.1%
Seward	8.7%	3.7%	11.4%
Soldotna	3.1%	7.2%	13.1%

Annual Change of Assessed Value			
	2004	2005	2006
KPB	3.4%	4.7%	12.1%
Homer	6.8%	19.8%	15.3%
Kenai	3.2%	2.3%	0.0%
Seward	2.1%	7.5%	5.9%
Soldotna	4.1%	6.2%	8.0%

Source – KPB Assessing Department



Housing

Average Assessed Value of New Homes Permitted - 2006, 2005

	Total Value 2006	Total Volume 2006	Average Value 2006	Average Value 2005
Homer	<u>\$10,055,800</u>	<u>49</u>	\$205,220	\$141,371
Kenai	\$7,419,500	37	\$200,527	<u>\$182,229</u>
Seldovia	\$85,000	3	\$28,333	\$150,000
Seward	\$1,118,000	8	\$139,750	\$160,682
Soldotna	\$7,599,440	29	<u>\$262,050</u>	\$178,206
Total KPB Cities	\$26,277,740	126	\$208,553	\$159,907

Source – Homer, Kenai, Seldovia, Seward, Soldotna

Value of New Homes Permitted Average 1997-2006, Annual 2006

	Ten Year Annual Average Total Value	Ten Year Annual Average Total Volume	Ten Year Average Value	Average Value 2006
Homer	<u>\$5,270,035</u>	<u>35</u>	\$152,755	\$205,220
Kenai	\$4,695,450	31	\$150,979	\$200,527
Seldovia	\$161,400	3	\$55,655	\$28,333
Seward	\$1,136,015	8	\$149,476	\$139,750
Soldotna	\$3,730,290	22	<u>\$168,031</u>	<u>\$262,050</u>
Total KPB Cities	\$14,993,189	98	\$152,525	\$208,553

Source – Homer, Kenai, Seldovia, Seward, Soldotna

Construction Costs



Construction Costs

Average Price of Materials for a New Home Fixed basket of Goods

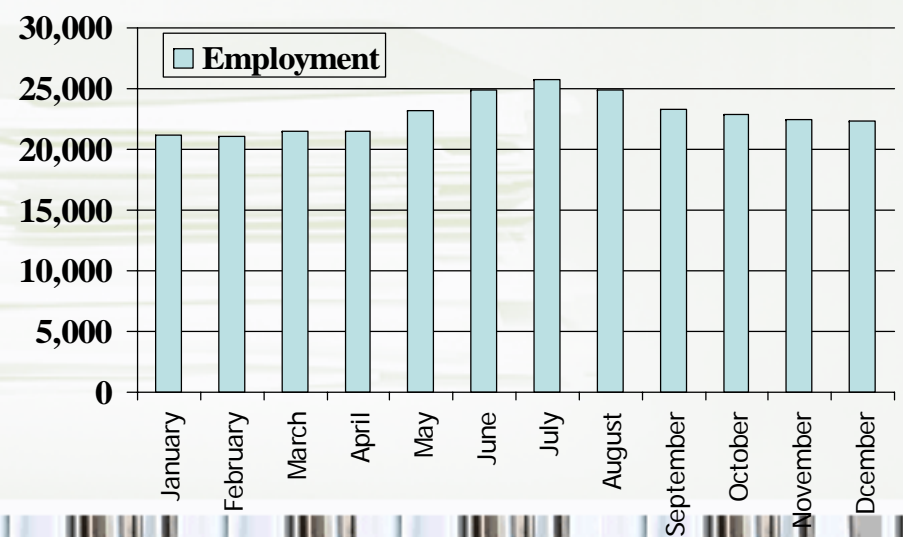
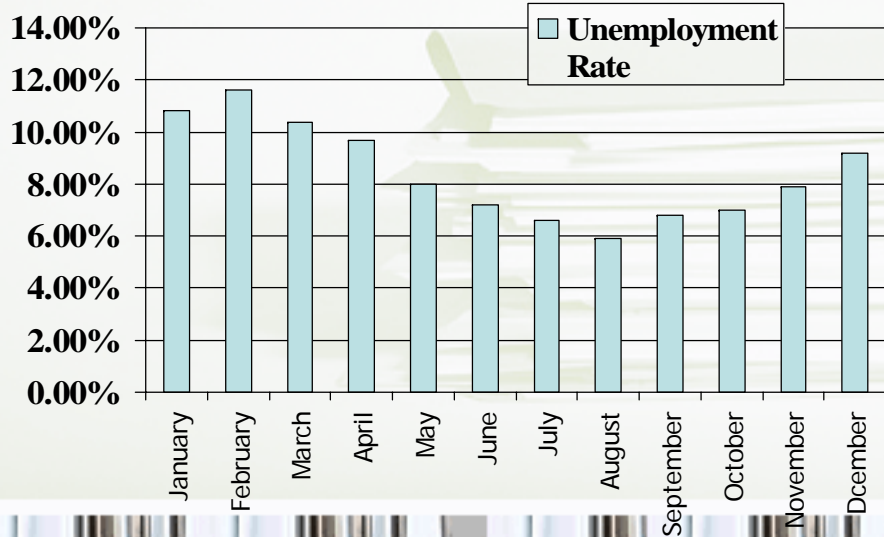
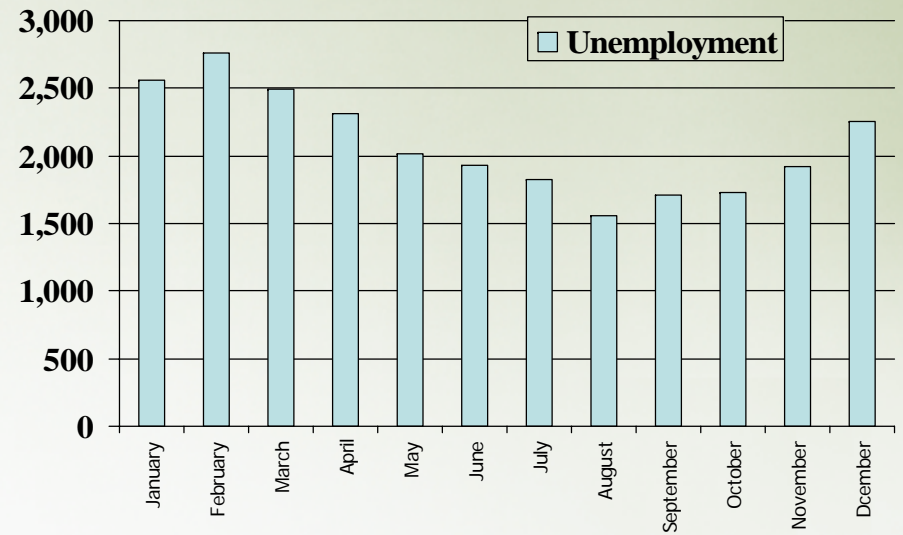
	2003	2004	2005	2006
Kenai - total with concrete, rebar	\$21,611	\$24,244	\$24,393	\$24,216
Plus windows and doors	\$2,843	\$3,413	\$3,095	\$3,667
Anchorage- total with concrete, rebar	\$19,475	\$20,757	\$23,802	\$24,983
Plus windows and doors	\$3,382	\$3,169	\$2,524	\$2,976
Wasilla- total with concrete, rebar	\$19,576	\$22,405	\$24,043	\$25,836
Plus windows and doors	\$2,516	\$3,201	\$3,459	\$3,643
Fairbanks - total with concrete, rebar	\$22,999	\$23,381	\$25,584	\$25,986
Plus windows and doors	\$3,851	\$4,189	\$3,503	\$3,471

Source – Alaska Department of Labor & Workforce Development

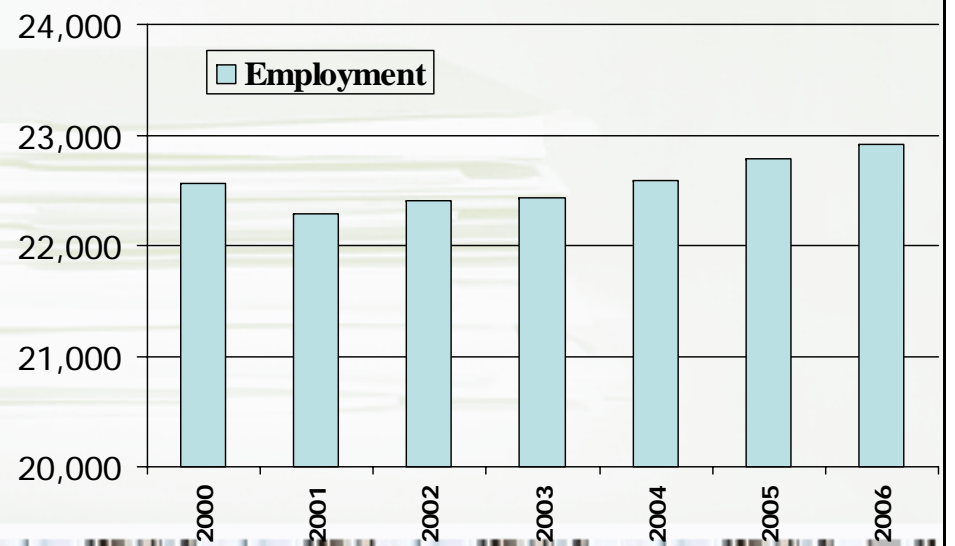
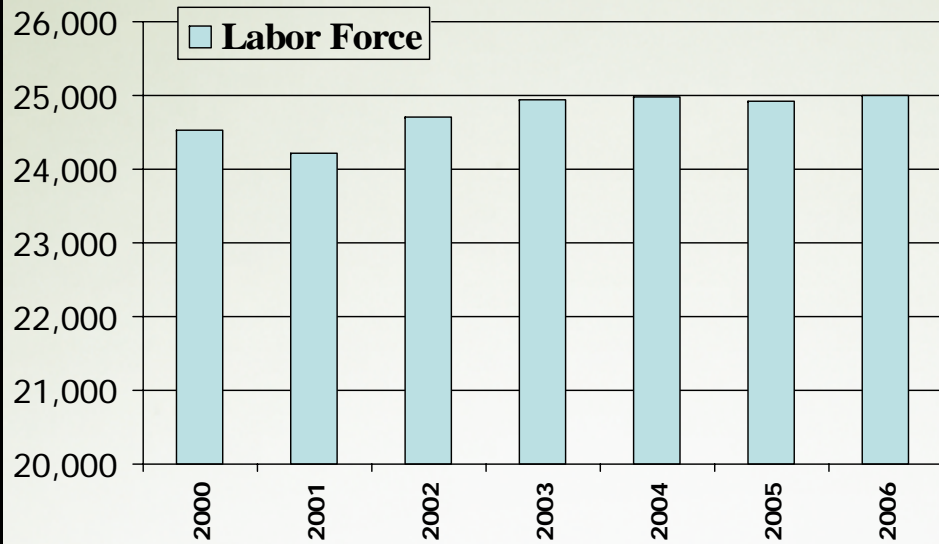
Employment



2006 – KPB Labor Statistics



Annual Monthly Average Unemployment Statistics



KPB Top Employers - 2006

Rank	Name of Business, Organization	Location	Business Activity	# Employees
1	Kenai Pen Borough School District	Soldotna	Public education	1,307
2	State of Alaska, excludes University	KPB	State govt	948
3	Central Peninsula General Hospital	Soldotna	Local govt,hosp	474
4	U.S. Government	KPB	Federal govt	428
5	Safeway/Eagle Stores	KPB	Grocery	401
6	Kenai Peninsula Borough	Soldotna	Local govt	387
7	Frontier Community Services	Soldotna	Janitorial serv	304
8	South Peninsula Hospital	Homer	Local govt,hosp	261
9	Alaska Petroleum Contractors	North Kenai	Oilfield services	255
10	Fred Meyer	Soldotna	Gen Merchandise	236
11	Peak Oilfield Services	North Kenai	Oilfield services	228
12	Univ of Alaska - includes student employment	KPB	State govt, univ	210
13	Tesoro Alaska Petroleum Company	North Kenai	Refinery	181
14	Agrium U.S., Inc	North Kenai	Petrochemical manu	162
15	Union of California	Kenai	Oil/gas extract	156

Top Employers by City - Homer - 2006

Rank	Name of Business/Agency	# Employees
1	KPB School District	313
2	South Peninsula Hospital	261
3	South Peninsula Behavioral Health Services	148
4	City of Homer	118
5	Safeway/Eagle Stores	98
6	State of AK, excludes University	97
7	Land End Resort	85
8	Federal Government	69
9	Homer Electric Association	66
10	Chugach Electric	64

Top Employers by City - Kenai - 2006

Rank	Name of Business/Agency	# Employees
1	State of AK, excludes University	291
2	Kenai Peninsula Borough School District	236
3	Peak Oilfield Services	228
4	Federal Government	222
5	Tesoro Alaska Petroleum Company	181
6	Agrium	162
7	Union Oil Company of California	134
8	Home Depot	122
9	City of Kenai	118
10	Safeway	110

Top Employers by City - Seldovia - 2006

Rank	Name of Business/Agency	# Employees
1	Seldovia Village Tribe	58
2	Kenai Peninsula Borough School District	16
3	City of Seldovia	14
4	Main Street Market	10
5	Miller and Linwood	6
6	Hopkins Brothers Construction	6
7	Seldovia Native Association	6
8	Kenai Peninsula Boys and Girls Club	5
9	Seldovia Fuel and Lube	5
10	Tidepool Cafe	4

Top Employers by City - Seward - 2006

Rank	Name of Business/Agency	# Employees
1	State of AK, excludes University	339
2	Seward Assoc for Advance Mariners (SeaLife)	143
3	City of Seward	112
4	Providence Alaska	112
5	Icicle Seafoods	103
6	Safeway	85
7	Kenai Peninsula Borough School District	96
8	CIRI Alaska Tourism	94
9	Ocean Beauty	89
10	Federal Government	58

Top Employers by City - Soldotna - 2006

Rank	Name of Business/Agency	# Employees
1	Kenai Peninsula Borough School District	607
2	Central Peninsula General Hospital	474
3	Kenai Peninsula Borough	387
4	Frontier Community Services	304
5	Alaska Petroleum Contractors	255
6	Fred Meyer	236
7	State of AK, excludes University	195
8	University of Alaska - includes students	128
9	Laidlaw Education Services	116
10	Safeway	108



All data presented here is the most recent data available.

Variation from previous reports may be due to updates as data are constantly being adjusted due to late or corrected reports, auditing changes, and such.

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