

Haines Winter Visitor Industry

Economic Impact and Market Assessment

March 2015

Prepared for
Haines Borough

Prepared by
McDowell
GROUP

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www.mcdowellgroup.net

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Executive Summary

Like many visitor destinations in Alaska, Haines' visitor traffic is largely concentrated in the summer months of May through September. However, Haines has much to offer winter visitors – heli-skiing, cross-country skiing, and snowmachining, to name a few. These visitors provide much needed spending during an otherwise slow economic period. The Haines Borough contracted with McDowell Group to estimate the economic impact of these visitors during the winter months (defined in this report as October through April), in addition to assessing each market in terms of its current status and future outlook.

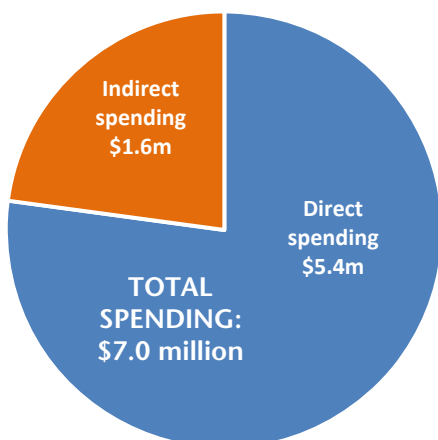
The study team relied on a variety of sources, including over 40 interviews with business owners, recreational club representatives, and event organizers; traffic data from the Alaska Marine Highway System, Bureau of Transportation Statistics, and U.S. Border; bed and sales tax data from the Haines Borough; license and tag sales from the Alaska Department of Fish and Game; and economic data from the Alaska Department of Labor and Workforce Development and Bureau of Economic Analysis. Following are key findings from the study.

Winter Visitor Economic Impacts

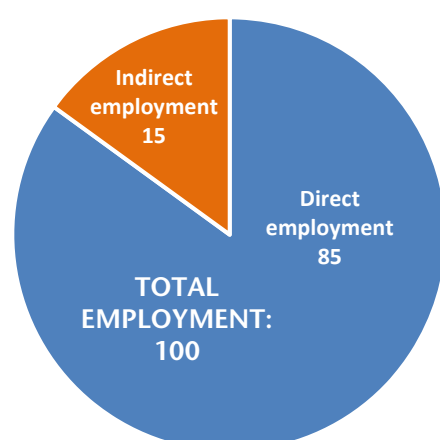
Visitors to Haines between October 2013 and April 2014 spent an estimated \$5.4 million in the community. "Direct" spending by visitors occurs in a variety of sectors, primarily lodging, dining, tour, and retail. Total spending impacts include "indirect" impacts (spending by visitor-related businesses) and "induced" impacts (spending by employees of visitor-related businesses); this spending occurs throughout the local economy. Total spending is estimated at \$7.0 million.

Employment associated with direct spending is estimated at 85 jobs, including 30 associated with the heli-skiing industry (the most significant winter pleasure market). Total employment, including indirect and induced impacts, is estimated at 100 jobs. This employment is equal to about 10 percent of Haines' average monthly employment of October through April period.

Haines Winter Visitor-Related Spending, Winter 2013-14 (Direct and Indirect)



Haines Winter Visitor-Related Employment, Winter 2013-14 (Direct and Indirect)



Winter Visitor Volume

Haines receives an estimated 9,000 visitors during the October through April period. The majority of these visitors (about 7,000 out of 9,000) are not pleasure-related. They visit Haines for the purposes of business, visiting friends and relatives, attending sporting or other school-related events, or passing through between points south (other Southeast Alaska communities, the Lower 48), and points north (typically Anchorage or Fairbanks).

This report primarily focuses on the pleasure market. Non-pleasure visitors are likely to visit Haines regardless of any efforts to attract them. While it is important to make information available to non-pleasure visitors about tour, retail, lodging, and dining options, they should not be a priority for Haines in terms of promoting the community as a winter destination.

The number of visitors that travel to Haines for pleasure is estimated at 2,000. These are distributed throughout a variety of market segments, with the largest number of visitors attributable to heli-skiing, backcountry skiing, Yukon sportfishermen, and special events such as the Bald Eagle Festival. Other significant pleasure markets include eagle photography (not including Festival attendees) and snowmachining. The remainder of pleasure visitors travel to Haines for the purposes of guide training, cross-country skiing, mountain climbing, and hunting.

Winter Traffic Data

FERRY

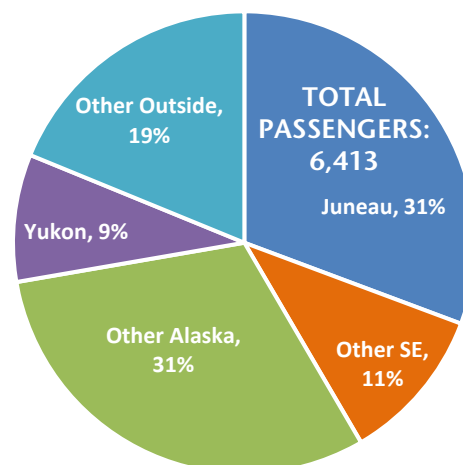
Alaska Marine Highway System traffic data shows that over 6,000 non-Haines residents embarked on a ferry at Haines between October 2013 and April 2014. Nearly three-quarters of passengers were from Alaska, including 31 percent from Juneau, 11 percent from other Southeast communities, and 31 percent from elsewhere in Alaska (primarily Anchorage and Fairbanks). Over one-quarter of passengers (28 percent) were from Outside Alaska, including 9 percent from the Yukon. Over the last five winter seasons, non-resident ferry traffic decreased by 5 percent, with the Yukon being the only market to show an increase: by 55 percent. In terms of pleasure markets, this mode is used most often by snowmachiners and special events attendees.

Haines Winter Visitor Volume Estimate By Market, 2013-14

	Estimated Volume
Pleasure Visitors	2,000
Heli-skiing	550
Backcountry skiing	300
Snowmachining	100
Guide training	50
Other sports	50
Yukon sportfishing	350
Eagle photography	100
Special events	400
Misc.	100
Non-Pleasure Visitors	7,000
Total	9,000

Source: McDowell Group estimates.
Notes: Although approximately 450 heli-skiers visited Haines in 2014, the figure 550 is used here because it represents a more typical heli-skiing season. Individuals who took multiple trips are counted once for each trip.

AMHS Non-Resident Embarkations at Haines, By Origin, October 2013-April 2014



Source: AMHS.

HIGHWAY

U.S. Border (Dalton Cache) statistics shows that over 7,000 occupants of private vehicles crossed the border into the U.S. on the Haines Highway between October 2013 and April 2014. Over the last five years, winter season crossings by U.S. citizens (which account for about 60 percent) has decreased by 35 percent, while crossings by non-citizens has increased by 22 percent. Presumably the vast majority of non-citizens crossing the border are Yukon residents. Other pleasure markets tend to travel by air or ferry. (Note that highway and ferry traffic overlap significantly; many highway travelers board the ferry, and vice versa.)

AIR

Bureau of Transportation Statistics data shows that 4,150 passengers enplaned at Haines between October 2013 and April 2014. Air carriers report that nearly all of these passengers are Haines residents. Enplanements have decreased by 7 percent over the last four winter seasons. Markets that tend to use air as their mode of transport to Haines include heli-skiers, backcountry skiers, and some special events attendees.

Winter Market Assessment and Outlook

Each of the winter visitor markets mentioned above have unique characteristics and outlook for growth. Please see both the “Winter Visitor Markets” and “Opportunities and Challenges” chapters for further details.

While the markets discussed below offer opportunities, it is important to note that any growth in Haines’ winter visitor volume will start as an uphill battle. Winter visitor sector employment has been decreasing over the last several years, as has ferry, highway, and air traffic, as well as bed tax revenues. It is also problematic that summer visitor traffic and employment indicators are likewise trending down, since the summer visitor economy provides a base for visitor-related businesses. Such challenges will require concerted and targeted promotional efforts – and funding – to overcome.

HELI-SKIING

Heli-skiing has the most potential to increase the impact of winter visitors in Haines. They account for the largest number of winter pleasure visitors, and spend the most on a per-person basis. Although Haines is already well known as a heli-skiing destination, exposure is likely to increase due to its participation in the Freeride World Tour event in 2015, and planned construction of a winter recreation lodge featuring heli-skiing. Growth in this sector is currently constrained by permitting and regulations; it will be up to the community to decide if growth in this sector is desired.

YUKON VISITORS

The Yukon is the only traffic market showing growth during the winter period over the last five years, with both highway and ferry modes indicating significant gains. The largest Yukon market segment in the winter are those traveling to sportfish, but there is potential for other kinds of winter visitors: cross-country skiers (particularly for a race) and snowmachiners, plus hockey players if a regulation rink is constructed. A growing young population and healthy economy make the Yukon a perfect target for winter travel promotion.

JUNEAU CROSS-COUNTRY SKIERS AND SNOWMACHINERS

While Haines is already a popular destination for Juneau snowmachiners, this market does have some growth potential, according to Juneau snowmachine enthusiasts. Their club is growing rapidly, and Haines' better snow conditions and relatively unrestricted terrain will continue to attract this market – particularly if the ferry schedule maintains its convenient Friday arrival-Sunday return schedule.

Haines currently attracts few cross-country skiers from Juneau, but the outlook for growth in this market is positive. Haines' recent trail grooming activities, new trails, and ski race all bode well for increased visitation from Juneau, where snow conditions often lead skiers to seek alternatives. Juneau ski contacts were uniformly enthusiastic about the new cross-country ski opportunities in Haines. The recent growth in Juneau's youth ski program is also a promising sign. Trail maps, a website, and signage are all important steps in growing this market.

OTHER MARKETS

A number of other markets show potential, albeit not to the extent of those outlined above.

- **Backcountry skiing** – This category includes downhill skiers who access the backcountry via snowmachine, snowcat, and fixed-wing airplane. Those interviewed agreed that there is potential for growth in this market, particularly if heli-skiing grows and increases Haines' exposure in the worldwide downhill ski market.
- **Special events** – Contacts agreed that there is potential for growth for both Bald Eagle Festival and ALCAN 200 events. The opening of the Aspen Hotel (planned for June 2015) will increase the available lodging capacity and may appeal to out-of-town participants.
- **Ice hockey** – A Juneau hockey representative was confident several adult teams would attend a hockey event in Haines, if a covered, regulation-sized rink were constructed. Whitehorse is another potential source for hockey teams.
- **Meetings/conferences** – There were no meetings/conferences held in Haines last winter, according to the Haines Convention and Visitors Bureau. Indeed, Haines will continue to be challenged in attracting this market due to its location, weather, and lack of jet service. However, the new Aspen Hotel (which will include meeting facilities) will make Haines more appealing to meeting planners.

Please refer to the body of the report for more in-depth analysis of each market.

Introduction and Methodology

Introduction

While visitor traffic to Haines clearly drops off significantly during the winter months (defined in this report as October through April), it does account for a sizeable amount of spending in a time of year many businesses close due to a lack of customers, and others experience major slowdowns. These visitors participate in a wide variety of activities – heli-skiing, backcountry skiing, cross-country skiing, snowmachining, special events, and sportfishing, to name a few – with varying levels of volume and spending associated with each market. The Haines Borough contracted with McDowell Group, a research and consulting firm based in Juneau and Anchorage, to estimate the economic impact of winter visitors, along with an assessment of each market in terms of its volume and future outlook.

Methodology

Visitor volume estimates were based on data obtained from the Bureau of Transportation Statistics, Alaska Marine Highway System, U.S. Department of Homeland Security (Dalton Cache Station), and Alaska Visitor Statistics Program. This data was supplemented with information obtained in interviews with Haines business owners and event organizers.

The market assessments are based on traffic data; interviews with Haines business owners and event organizers; interviews with contacts in Juneau and Whitehorse; and license/tag data from the Alaska Department of Fish and Game. Bed tax, sales tax, and heli-skiing permit data was provided by the Haines Borough.

The economic impact analysis is based on data obtained from the Alaska Department of Labor and Workforce Development and Bureau of Economic Development, as well as the volume and spending estimates developed in the course of the research above. Analysis of multiplier effects is supported by the IMPLAN model, which is described in more detail in the Visitor Spending and Economic Impacts chapter.

Over 40 people provided information for this report in the form of emails and phone interviews. These included representatives of lodging establishments, tour providers, restaurants, gas stations, retail stores, and grocery stores in Haines; winter recreational clubs (snowmachining, ice hockey, cross-country skiing) in Juneau, Whitehorse, and Haines; a Yukon-based tourism consultant; and a Juneau-based heli-skiing consultant. A list of contact names can be found below. The study team would like to thank these contacts for their valuable insight and information.

List of Contacts

Miki Atkins, Chilkat Bakery
Jessie Badger, Haines Borough
Patti Balsillie, Patti Balsillie Management Consulting (Yukon tourism consultant)
Larry Beck, Captain's Choice Motel
Tim Blust, Juneau Nordic Ski Club
Mike Borcik, Mountain Market
Tanya Carlson, Alaska Travel Industry Association
Brooke Davis, Aspen Hotels
Stuart DeWitt, Dick Hotch Basketball Tournament
Sean Dog, Alaska Heliskiing
Dan Egolf, Alaska Nature Tours and Alaska Backcountry Outfitter Store
Sean Gaffney, Alaska Mountain Guides
Mike Gladish, Whitehorse Cross Country Ski Club
Bill Glude, Alaska Avalanche Specialists
Fred Gray, Delta Western/Tesoro
Savannah Grove, Alaska Department of Fish and Game
Robby Harris, 33-Mile Roadhouse
Bart Henderson, Chilkat Guides (formerly)
Tom Heywood, Babbling Book
Daymond Hoffman, Haines Hockey
Janis Horton, Eagle's Nest Motel
Jack Kreinheder, Juneau Snowmobile Club
Kathy Lapp, Chilkat Snowburners Association
Mike Laudert, Juneau Snowmobile Club
Reuben Loewen, Haines Ski Club
Cheryl McRoberts, Alaska Bald Eagle Festival
Chris Mertl, Juneau Hockey Association
Paul Nelson, Big Foot Auto
Drake Olson, Fly Drake
Joe Ordonez, Rainbow Glacier Adventures
Leslie Ross, Haines Convention and Visitors Bureau
Greg Schlachter, Expedition Broker
Norm Smith, Fort Seward Lodge
Scott Rinkenderger, Wings of Alaska
Scott Sundberg, SouthEast Alaska Backcountry Adventures
Sarah Swinton, Oleruds
Bart Watson, Juneau Nordic Ski Club
Mark Wilke, Juneau Snowmobile Club

Additional interviews were conducted with representatives of the following businesses:

Bamboo Room
Chilkat Eagle Bed and Breakfast
Howsers IGA
Lighthouse Restaurant

Winter Visitor Markets

Winter visitors who travel to Haines for pleasure purposes can be segmented into markets primarily based on their main activity: heli-skiing, back country skiing, snowmachining, etc. Other (non-pleasure) visitors can be segmented based on their trip purpose: business, visiting friends/relatives, school-related events, and passing through. Each of these markets are discussed below, along with their future outlook, where relevant.

Heli-Skiing

There are currently two heli-skiing operators in Haines, Alaska Heliskiing and SouthEast Alaska Backcountry Adventures (SEA-BA). (A third operator, Alaska Mountain Guides, has been granted user days in each of the last four years, but did not use them in either 2013 or 2014.) The heli-skiing market is concentrated in the mid-February through April period.

As the table below shows, Haines' heli-skiing market had several years of stability (2011-13) with nearly 2,000 skier days each year. A big downturn in user days occurred in 2014 due to several factors, including poor weather conditions and a fatality which caused one operator to cancel the remainder of their season.

Based on interviews with the two operators, it is estimated that heli-skiing drew 450 visitors to Haines in 2014. The previous winter, a more representative year in terms of the last several years, drew approximately 550 visitors to Haines. (Although the number of skier days was down by half in 2014, the actual number of skiers was not down as drastically because many participants simply skied fewer days.)

Operators report that heli-skiing visitors are primarily from the Lower 48 and Europe with a much smaller percentage from Alaska and other countries. These visitors are generally on week-long packages that include skiing and lodging. These guests make additional purchases in restaurants and in retail stores. This spending is detailed further in the Economic Impact section.

Haines Heli-Skiing Permits and Usage, 2010-2014

	# skier days allowed	# skier days used	% change in usage
2010	1,200	1,274	-
2011	2,600	1,931	+52%
2012	2,600	1,959	+1%
2013	2,600	1,971	+1%
2014	2,600	913	-54%
% change 2010-2014			-28%

Source: Haines Borough.

FUTURE OUTLOOK

Most of the heli-skiing contacts interviewed for this study believed there to be strong potential for growth in Haines' heli-skiing market. Both operators stated that in previous years they have had to turn away business

due to permitting constraints. (It is necessary to have more user days than will actually be used because of unpredictable weather conditions. Operators must be able to book all their user days, knowing that there will be some weather cancellations.) Many contacts also pointed out that Haines is becoming more well-known in the worldwide heli-skiing market, due to films and other exposure.

The Borough recently granted permits for an event called the Freeride World Tour to be held in March 2015. The event is projected to draw 40 competitors and 40 media/staff. Additional out-of-town guests and media are anticipated. The resulting publicity is certain to increase interest in Haines among the worldwide heli market.

Big Salmon Ventures, a company associated with SEA-BA, has been planning an eco-lodge at 26-mile of the Haines Highway for the last several years. They are currently in the permitting process with the Borough and are awaiting the outcome of a noise study to be conducted in 2015. Pending the permits and study results, the facility could be operational for the 2016-17 winter season. If constructed, the facility will increase capacity for heli-skiing in Haines as well as other winter recreational activities planned for the facility, including backcountry skiing and cross-country skiing, among others. Additional detail is provided in the Opportunities and Challenges chapter.

Other Winter Sports

Backcountry Skiing

This category includes downhill skiers who access the backcountry through various means: snowmachine, snowcat, and fixed-wing airplane. One of the heli-skiing operators offers snowmachine and snowcat services, while two local flight services offer drop-offs and pickups for backcountry skiers who spend multiple days in the backcountry. Like heli-skiers, the backcountry skiing market tends to be from the Lower 48 and Europe, rather than regional (Alaska/Yukon) visitors.

Based on interviews with operators, this market is estimated at about 300 people in a given winter season. Those using snowmachines and snowcats tend to stay in Haines about three nights. Those using air drop-offs are on longer trips (one to two weeks), but spend more of their nights camping in the backcountry (five to ten days). They do spend time in Haines before and after their trip, sometimes extra nights before their trip waiting for favorable flying conditions. Some skiers combine snowmachine, snowcat, and fixed-wing drop-offs into one trip. And, there are a few die-hard skiers who spend up to two months in Haines to take advantage of the entire ski season.

FUTURE OUTLOOK

According to contacts, Haines is not as well known in the backcountry ski world as in the heli-skiing market. However, it is becoming better known. One of the backcountry operators is considering providing temporary yurt-like structures for overnight stays in the mountains, an area of particular growth within backcountry skiing. The proposed eco-lodge at 26-mile would generate addition volume. In general, contacts saw strong potential for growth in Haines backcountry skiing.

Snowmachining

Unlike the above mentioned skiers who use snowmachines to access backcountry ski areas, these visitors treat snowmachining as an activity in and of itself. Haines hosts an annual snowmachine race, the Alcan 200, detailed in the **Special Events** section. The vast majority of snowmachining visitors come from Juneau; they value Haines' large amount of accessible terrain, lack of restrictions, and better weather conditions. It is a less common destination for Yukon snowmachiners because their weather is generally more favorable, although some Yukoners attend the Alcan 200 event. Very few people come from the Lower 48 or outside the U.S. to Haines only to participate in snowmachining; it tends to be a regional market.

Representatives of the Juneau Snowmobile Club estimated that not including the Alcan 200 event, Juneau snowmachiners represent about 100 visitors to Haines over the winter. This figure includes many who make multiple trips over the course of the season. They usually bring their snowmachines on the ferry and stay two to three days. They reportedly tend to stay with friends and family in Haines (although many stay in motels for the Alcan 200 event).

FUTURE OUTLOOK

Because Juneau's snowmachine community is reportedly growing, particularly among young people, the outlook is positive for growth in this market. The Juneau contacts generally agreed, however, that growth is being constrained by ferry schedules and pricing. Currently vehicles with trailers are charged by length, leading to ticket costs equivalent to those paid by commercial trucks.

Cross-Country Skiing

Historically Haines has not attracted many cross-country skiers from out of town, largely because of its lack of groomed trails. While some visitors may participate in the activity, they generally do not travel to Haines for the express purpose of cross-country skiing. However, the local ski club has been very active the last couple of years in increasing grooming activity, acquiring grooming equipment, and creating new trails. There were several groomed areas in 2013-14, the most of any season to date. The ski club plans to groom trail at the Fairgrounds in the future. The club's first race, the Dennis Miles Memorial Ski Race, was held in March 2014. There are hopes this will become an annual event that attracts skiers from Juneau, Whitehorse, and Haines Junction. The ski club has made additional progress in creating a Facebook page and a website with updated trail conditions. However, there is no trail map, nor are the current trails marked, both of which would be important to draw out-of-town skiers in the future.

FUTURE OUTLOOK

Both Juneau contacts from the Juneau Nordic Ski Club were enthusiastic about cross-country skiing in Haines and saw potential for growth. One pointed out that Juneau's youth Nordic program is growing particularly fast and saw that as a positive trend for Haines. The most important asset for Haines to develop, according to one contact, is an interesting course with varied terrain, not too difficult, with attached loops where more advanced skiers can be challenged. He also stated, "Although it requires greater grooming effort, setting the trail for skating as well as classic would make a big difference." Another recommendation was to groom at least 25 kilometers of trail to appeal to out-of-towners. The Haines golf course, he said, is too flat to be much of a draw.

The Juneau contacts noted their willingness to help Haines in consulting on cross-country ski improvements, designing a course, creating a race, etc. They suggested that at a minimum, Haines needs to develop consistently groomed trails; a website that is updated with conditions; and trail maps.

The potential for Yukon skiers to come to Haines for weekend ski trips is more limited due to the well-developed trails and more favorable conditions in the Yukon. That said, Haines may be able to market itself as an attractive alternative when the Yukon weather gets extremely cold. The proposed eco-lodge will offer additional incentive for the Yukon market.

A race has the highest (and most immediate) potential to draw Yukon skiers to Haines. A representative of the Whitehorse Cross Country Ski Club said members were “hungry” for out-of-town races. He also said people enjoy going to Haines because it is “special” and has the advantage of being on the coast. One difficulty is schedule: if you avoid the weekend of the Buckwheat and the weekends before/after, and also avoid spring break (two weeks for Yukoners), options in the prime weather months (March and April) become very limited. That said, he did estimate that a Haines event has the potential to draw about 50 racers. He noted that around 200 Whitehorse skiers currently attend the Buckwheat race in Skagway, but in the beginning years less than 50 attended. He said that the longer drive compared with Skagway would be a limiting factor, particularly in inclement weather.

Yukon Sportfishermen

Alaska Department of Fish and Game data shows 223 fishing licenses sold to Canadians in Haines in October 2013, primarily 1-day and 3-day licenses. Including family and friends traveling with the license holder, the total market is estimated at around 350 visitors. According to contacts, these visitors come to fish for silver salmon, stocking up their freezers for the winter. Some stay in local hotels, while others bring campers down. They usually stay for a weekend. (Over three-quarters of the Canadian license holders were from the Yukon; all Canadians are included in the volume estimate because they are likely to have traveled to Haines from the Yukon, even if they reside in other provinces.)

FUTURE OUTLOOK

Along with other Yukon visitor markets, the sportfishing market has strong potential for growth. The following chapter shows how Yukon visitation via both highway and ferry have been trending up over the last five years (even while other traffic has trended downwards).

Ice Skating/Hockey

There is currently an outdoor rink at the Southeast Alaska State Fairgrounds. While Haines residents have been taking advantage of this recreational opportunity, the rink does not generally attract visitors from outside the community.

FUTURE OUTLOOK

There are current plans to build a covered rink near the library. It will not be regulation-sized for hockey matches and thus will have little potential to draw outside visitors. However, depending on the success of the rink among local residents, it may be possible in the future to expand it for the purposes of hockey. A Juneau hockey club

representative stated that if Haines had a covered, regulation-sized rink, and hosted an adult tournament, it is likely three to four Juneau teams would attend.

A youth tournament would also likely draw Juneau teams; however, this has a longer-term outlook. While Haines already has adult players that participate in regional tournaments, it will take time to build a comparable “hockey culture” among local youth.

Additional Winter Pleasure Markets

EAGLE PHOTOGRAPHY

An estimated 100 out-of-town visitors come to Haines in the November-December period to photograph eagles in the Chilkat Bald Eagle Preserve, not including participants in the Bald Eagle Festival (see Special Events section, below). These visitors generally travel in groups on packages of around five days. Haines’ eagle photography market has strong potential for growth, believes a local tour provider. Nationwide, birding is growing fast: the U.S. Fish and Wildlife Service characterizes birding as the second-fastest growing hobby in the country.¹ One potential constraint on growth is the decline in eagle numbers – one contact said the number of eagles has dropped in half since 2000.

GUIDE TRAINING

The International Wilderness Leadership School, a division of Alaska Mountain Guides and Climbing School, attracts around 50 participants annually for 12 to 24-day backcountry guide training programs. Each participant spends five to seven nights in Haines before/after their backcountry experience.

MOUNTAIN CLIMBING

This is a very small market of serious mountain climbers who use Haines as a base to climb nearby peaks, particularly Mt. Fairweather. According to providers of flight services for these climbers, the total number of people in a given year is less than 30 (with large variances year-to-year depending on the weather). While small in number, these visitors do spend time and money in Haines, stocking up and preparing for their journeys.

HUNTING

According to data from the Alaska Department of Fish and Game, around 200 hunting licenses were sold in Haines between October 2013 and April 2014. Only five of these were sold to non-residents of Alaska. While residents of other Alaska towns may have accounted for a few hunters, the vast majority of off-season licenses are likely sold to Haines residents. That said, Alaska guided hunt packages usually represent significant spending: around \$7,500 to \$10,000 for a mountain goat and around \$18,000 for a bear, based on a recent McDowell Group study of Alaska hunting guides. (The five non-residents who purchased licenses in Haines purchased one tag for each of the following species: brown bear, black bear, deer, mountain goat; plus three wolf tags.) This is a very small visitor market, albeit with a high per-visitor impact.

¹ <http://www.kdrv.com/birding-business-is-booming/>

Special Events

Alaska Bald Eagle Festival

The annual Alaska Bald Eagle Festival is a week-long event run by the American Bald Eagle Foundation. The festival takes place in November to take advantage of the peak viewing of the approximately 3,000 to 4,000 bald eagles that gather at the Chilkat River each year to feed on a late run of salmon. Along with the eagle viewing, there are photography workshops, banquets, presentations featuring rehabilitated birds, and other activities. Participation for the past several years has been approximately 250 to 300 visitors, with the majority of visitors from out-of-state.

FUTURE OUTLOOK

Many people interviewed for this study agreed that the Bald Eagle Festival has significant potential for growth. However, it is currently limited by the number of available beds in the off-season. The opening of the Aspen Hotel, a 50-room property under construction in downtown Haines, will significantly increase festival capacity. At that point increased promotion of the event will be required.

ALCAN 200

Organized by the Chilkat Snowburners Association, the ALCAN 200 is the longest snowmachine road race in North America. The 200-mile course starts at the U.S.-Canadian Border, roughly 40 miles from Haines, and continues along the Haines Highway until the turnaround point at Dezadeash Lodge in the Yukon Territory of Canada. The event is held in January of each year and spans a weekend. An auction is held on Friday, the actual race is Saturday, and a snow drag event occurs on Sunday. For the past several years, there have been approximately 35 riders registered, with riders evenly split among Southeast Alaska residents, other Alaska residents, and Canadians. Overall the race draws around 50 to 100 people to Haines from out of town including participants and spectators (some Canadian attendees do not go all the way to Haines, just to the race site at the border, before returning home).

FUTURE OUTLOOK

The number of riders has been fairly steady, though the organizers did mention the race has potential for expansion if more marketing of the event is done. A representative of the Juneau Snowmobile Club suggested that the AMHS run a special ferry for the ALCAN 200 race, as they do for the Haines Fair. They said many more Juneauites would attend if there were more ferry space, and if ferry rates were lower for trailers. They also suggested that the ALCAN not be held on the same weekend as a swim meet which has put further constraint on ferry space in past years.

Dick Hotch Basketball Tournament

Organized by Chilkat Indian Village, the Dick Hotch Basketball Tournament takes place in February or March. Each year six to eight teams, or approximately 50 to 60 people, gather for a weekend of basketball. Nearly all the teams are from Haines, Klukwan, and Juneau, though a team from Whitehorse has attended several times over the past 10 years. There are usually two to three teams from out-of-town, representing about 20 to 30 visitors. Tournament attendance has been steady for the past several years.

FUTURE OUTLOOK

The limiting factor in growth of the tournament is gym time availability and the event organization itself. For example, this past year, participants were only given three weeks' notice before the event occurred. Additionally, only male teams compete. To increase attendance, female teams could be invited; however, at least four teams need to commit in order for a female tournament to take place at the same time as the male tournament.

Olen Nash Memorial Big Air Competition

A one day event each April, the Olen Nash Memorial Big Air Competition is a ski and snowboard jumping competition located on one of the Chilkat Mountains near Haines. In 2014, the event was held at Old Faithful Mountain, located roughly 26 miles outside of Haines, and drew 13 local competitors. The event is mostly a volunteer effort, with SEA-BA donating snowcats and equipment to make jumps for the competition and to haul competitors and spectators up the mountain. The event is mostly locals or friends of locals. It was started in 1995 by Olen Nash, and is now an annual tradition carried on by his friends and family after his passing. Depending on the year, it may draw only a few people from out of town.

FUTURE OUTLOOK

According to organizers, there is no desire for the friendly, local nature of the competition to change in the future. It should not be considered in strategies to increase winter tourism unless the organizers decide to expand it.

Meetings/Conferences

According to the Haines Convention and Visitors Bureau, there were no meetings or conferences that drew out-of-town visitors to Haines in the winter of 2013-14. Because the organization just recently started keeping records of meetings in the last couple of years, there is no previous data for winter season conferences.

FUTURE OUTLOOK

The meeting/conference market is highly competitive among small towns in Alaska. Haines will have difficulty marketing itself as a meeting/conference destination in the off-season for obvious reasons: remote location, lack of jet service, winter weather, and limited facilities in terms of meeting, lodging, and dining. However, the anticipated opening of the Aspen Hotel will make Haines much more attractive to meeting planners. The renovated fairground facilities represent an additional asset that should be promoted. Marketing efforts should be focused on small, in-state meetings/conferences, particularly those organizations of which Haines residents are members and can advocate for the community as a meeting site.

Haines has had recent success in attracting two large conferences (100+ participants): Museums Alaska and Tourism Industry Association (TIA) Yukon. While both of these occurred in the summer season (May and September), it is important to capitalize on these recent successes; they are likely to put Haines on the radar of other meeting planners. The study team also recommends that Haines dedicate some time to ensuring that Alaska meeting planners learn of the Aspen Hotel.

Other Markets

Business

While business travelers to Haines represent an important source of revenue to local lodging and dining establishments, they are not a focus of this study because the community cannot actively attract them – they are going to travel to Haines for their own business-related reasons, not due to any promotional effort, and not for the purposes of engaging in winter activities. The most HCVB can be expected to do for business travelers is make information available on local lodging, retail, dining, and tour opportunities.

Visiting Friends/Relatives

Like the business market, those visiting Haines for the purposes of visiting friends and relatives (also known as VFRs) are difficult to track and not a focus of this study. VFRs tend to spend less than the average visitor because they are staying (and often eating) in local homes rather than businesses.

However, a portion of this market is likely to be interested in winter activities, and making Haines a more attractive destination in the off-season may give VFRs one more reason to visit the area. Rather than marketing to VFRs directly, Haines will attract more of this market by ensuring that local residents are aware of all of the activities available to visitors, as well as special events, off-season discounts, etc. Local residents are the most effective promotional tool in terms of the VFR market.

School Sporting and Other Events

School-related events that bring students and their families to town from elsewhere in Southeast Alaska result in additional out-of-town visitation. One contact mentioned that a recent swim meet brought 40 families to Haines, representing a significant number of visitors. Like VFRs, these visitors often stay with local families, and are likely too busy with their event to engage in winter activities.

They do represent a source of income for some dining and lodging establishments, and if they are informed ahead of time of local winter activity opportunities, they may add time to their trip, resulting in additional economic impact. Alternatively, they may discover what is available locally, and decide to make a future trip. As local cross-country skiing and ice skating/hockey infrastructure is developed, Haines should look for opportunities to let incoming families know about these resources. Visitors from smaller towns such as Skagway, Hoonah, and Gustavus, with less winter sports infrastructure, may be particularly interested in taking advantage of winter sports opportunities, and stay in town longer.

Military and Other Pass-Through Travelers

Not included in any of the aforementioned markets are those people who pass through Haines on their way north or south, via the ferry and the Haines Highway. These travelers are often re-locating to or from Alaska, moving vehicles and belongings. A significant portion of these travelers, according to local lodging establishments, are military personnel. Drivers of commercial vehicles that travel the Haines Highway, and are not Haines residents, are included in the pass-through market. U.S. Border data shows that about 800 passengers of commercial trucks enter the U.S. via the Haines Highway during the October to April period.

Judging from border crossing and ferry embarkation data as well as interviews with local lodging businesses, this market is assumed to represent a significant number of Haines visitors, with associated spending in local lodging, dining, and retail establishments. Similar to the business market, because there is virtually no opportunity to influence this market either in terms of growing it, or increasing its local spending impact, it is not a focus for this study. Likewise for business travelers, it is important that information be readily available to pass-through travelers on local lodging, dining, and tour opportunities.

Winter Visitor Volume Estimate

An estimated 9,000 visitors traveled to Haines between October 2013 and April 2014. Approximately 7,000 of these visitors were traveling for non-pleasure purposes: visiting friends or relatives (VFRs), business, sporting or other school events, or passing through (including military). Readers are advised that these volume figures are, in most cases, rough estimates only. They are based on a combination of traffic data (see next chapter), Borough data, Alaska Department of Fish and Game license/tag data, and interviews.

The heli-skiing market estimate, at 550, was adjusted upward from the 2014 reported total of 450 because the last season had an unusually high number of cancellations. According to data provided by operators, 550 more accurately represents a typical heli-skiing season. Note that the “snowmachining” market does not include the ALCAN 200, which is included in “Special Events.” Also, the snowmachining volume estimate of 100 includes those that make multiple trips, in order to properly calculate spending impacts. A snowmachiner visiting Haines twice in one winter is therefore counted as two visitors.

Haines Winter Visitor Volume Estimate By Market, 2013-14

	Estimated Volume
Pleasure Markets	2,000
Heli-skiing	550
Backcountry skiing	300
Snowmachining	100
Guide training	50
Mountain climbing, cross-country skiing, other sports	50
Yukon sportfishing	350
Eagle photography	100
Special events	400
Hunting, other misc. pleasure	100
Non-Pleasure Visitors	7,000
VFRs, business, school sports, military, pass-through	
Total	9,000

Source: McDowell Group estimates.

Notes: Although approximately 450 heli-skiers visited Haines in 2014, the figure 550 is used here because it represents a more typical heli-skiing season.

Individuals who took multiple trips are counted once for each trip.

Winter Visitor Traffic

Ferry Traffic

In comparison to other transportation modes (air and highway), the ferry brings the largest number of visitors to Haines in the off-season. This is a popular transportation mode for several markets: snowmachiners, Bald Eagle Festival and other special event attendees, and Yukoners traveling via Skagway, to name a few. While a certain portion of ferry passengers can be assumed to be passing through Haines via the highway, they are likely to at least stop in the community for food and gas, if not spend the night there.

Due to the ability of the Alaska Marine Highway System (AMHS) to sort passenger data by resident zip code and month, it is possible to determine the exact number of visitors who exited Haines via ferry in the off-season, along with their resident community. AMHS data shows that around 6,000 to 7,000 visitors depart Haines by ferry in a given winter season. The last season showed a decline of 12 percent, following two years of strong growth (6 percent in 2011-12, then 15 percent in 2012-13). Compared to five years ago, 2013-14 ferry visitation was down by 5 percent.

Visitors to Haines on Alaska Marine Highway (Embarkations) By Origin, October through April, 2009-10 through 2013-14

	Juneau	Other Southeast	Other Alaska	Yukon	All Other	TOTAL	% change
2009-10	2,234	758	2,198	355	1,239	6,784	-
2010-11	2,068	799	1,713	357	1,084	6,021	-11%
2011-12	2,153	793	1,732	461	1,255	6,394	+6%
2012-13	2,353	1,140	1,989	481	1,360	7,323	+15%
2013-14	1,962	679	1,999	550	1,231	6,421	-12%
% change 2009-10 to 2013-14	-12%	-10%	-9%	+55%	-1%	-5%	

Source: Alaska Marine Highway System.

Nearly three-quarters of ferry visitors in the 2013-14 winter season were from Alaska, while one-quarter were from Outside Alaska. Juneau represented the most common community of origin at 31 percent. Juneau passenger volume has hovered around 2,000 to 2,300, with a large decline (by 17 percent) in 2013-14. Other Southeast passengers represented 11 percent in 2013-14. Other Alaska, at 31 percent of passengers, has stayed relatively steady at around 2,000 passengers. (The most common two “other Alaska” communities were Anchorage at 11 percent and Fairbanks at 9 percent.)

While the Yukon represented just 9 percent of total ferry visitors, this market has been growing fast, with the number of passengers in 2013-14 up 55 percent over five years. The “all other” category, representing out-of-state visitors other than the Yukon, has stayed steady at around 1,200 passengers (19 percent).

Visitors to Haines on Alaska Marine Highway (Embarkations) By Origin, October through April, 2013-14

	Embarkations	% of Total
Alaska	4,640	72%
Juneau	1,962	31%
Other Southeast	679	11%
Other Alaska	1,999	31%
Outside	1,781	28%
Yukon	550	9%
All other	1,231	19%
Total	6,421	100%

Source: Alaska Marine Highway System. Columns may not add to 100% due to rounding.

The most common month for departing ferry visitors is October at 24 percent (some of these passengers are likely long-haul travelers catching the ferry at the end of extended summer trips). Other popular months are April at 20 percent, November at 19 percent, and March at 14 percent. Like other visitor traffic indicators, the months of December, January, and February represent the low months for ferry visitors.

Visitors to Haines on Alaska Marine Highway (Embarkations) By Month, October through April, 2013-14

	Embarkations	% of Total
October	1,225	19%
November	1,038	16%
December	763	12%
January	793	12%
February	759	12%
March	834	13%
April	1,009	16%
Total	6,421	100%

Source: Alaska Marine Highway System.

The above ferry data shows only embarkations, not disembarkations, because the bulk of ferry visitors are on round-trip traffic patterns. However, there is a certain amount of pass-through ferry traffic (for example, people re-locating between the Lower 48 and further north in Alaska) that is one-way, rather than round-trip. Careful examination of both embarkation and disembarkation data was undertaken to ensure that pass-through, one-way ferry passengers (both northbound and southbound) were included in visitor volume estimates.

The Marine Highway System was able to provide traffic data for dates around two special events: the Bald Eagle Festival in November 2013, and the ALCAN snow machine race in January 2014. Non-resident ferry passenger arrivals at Haines on Friday November 15 totaled 153, significantly above the other Fridays in November which ranged between 30 and 60. (Non-resident arrivals earlier in the week were about average.) Non-resident passenger departures from Haines on Sunday November 17 totaled 139, again way above other Sundays in November which ranged between 43 and 81. ALCAN dates also showed bumps in non-resident ferry traffic:

non-resident arrivals on Friday January 17 totaled 102, compared to between 7 and 21 on other Fridays the same month. Non-resident departures the following Sunday totaled 106, compared to between 29 and 44 on other Sundays the same month. While not all non-resident passengers can be attributed to these special events, it appears they represented the bulk of ferry passengers on the specific dates.

Highway Traffic

The following table shows the number of passengers in personal vehicles crossing into the U.S. via the Haines Highway. The figures include both Haines residents and visitors. Note that there is some overlap between ferry passengers and highway travelers.

Border crossings on the Haines Highway has been decreasing over the last five years, with the 2013-14 season 20 percent lower than 2009-10. The 2013-14 traffic showed the most significant drop at 10 percent. A Haines border official speculated that the decline was related to increasing gas prices.

Breaking out the traffic by U.S. citizen versus non-citizens reveals that domestic traffic was down by 35 percent over the last five years, while international traffic was up by 22 percent. The international figure is likely nearly all Yukon residents, due to the rarity of other international visitors in the winter. A few European groups reportedly come via highway (after flying in to Whitehorse) to photograph bald eagles in November.

Personal Vehicle Border Crossings, Haines Highway October-April, 2009-10 to 2013-14

Year	All Vehicle Occupants	% Change	U.S. Citizens	% Change	Non-U.S. Citizens	% Change
2009 – 10	9,175	-	6,713	-	2,462	-
2010 – 11	8,366	-9%	5,131	-24%	3,235	+31%
2011 – 12	7,841	-6%	4,762	-7%	3,080	-5%
2012 – 13	8,175	+4%	4,956	+4%	3,219	+5%
2013 – 14	7,354	-10%	4,355	-12%	2,999	-7%
Change 2009-10 to 2013-14		-20%		-35%		+22%

Source: U.S. Department of Homeland Security, Dalton Cache Border Station.

Note: "U.S. Citizens" includes legal U.S. residents.

The following table shows that overall personal vehicle border traffic is heaviest in October and April. The other months each represent 10 to 13 percent of traffic, with the exception of December (perhaps related to a road closure in 2013). International traffic differs greatly from domestic traffic, with nearly half of international entries (47 percent) occurring in October, and most of the rest (22 percent) occurring in April. The strong international October traffic likely reflects the Yukon sportfishing market, mentioned in the previous chapter. There may also be some international travelers completing their summer journeys in October; the Yukon is a popular summer destination for European travelers, who often fly into Whitehorse, then rent vehicles or RVs and visit Haines via highway.

**Personal Vehicle Border Crossings, Haines Highway
Distribution By Month and Origin, October through April, 2013-14**

	All Vehicle Occupants	% of Total	U.S. Citizens	% of Total	Non-U.S. Citizens	% of Total
October	2,264	31%	851	20%	1,413	47%
November	981	13%	648	15%	333	11%
December	5	<1%	5	<1%	0	0%
January	883	12%	699	16%	184	6%
February	706	10%	540	12%	166	6%
March	927	13%	681	16%	246	8%
April	1,588	22%	931	21%	657	22%
Total	7,354	100%	4,355	100%	7,354	100%

Source: U.S. Department of Homeland Security, Dalton Cache Border Station.

Note: "U.S. Citizens" includes legal U.S. residents.

Air Traffic

Two airlines service the Haines Airport: Wings of Alaska/Seaport and Alaska Seaplane Service. About 4,000 to 5,000 passengers depart Haines via these providers over the winter months, according to enplanement data from the Bureau of Transportation Statistics. These figures include both Haines residents as well as visitors.

As the table below shows, the numbers have fluctuated over the last four years, although the last two seasons were comparatively stable at 3,971 and 4,150.

**Enplanements at Haines Airport
October through April, 2010-11 through 2013-14**

	Passengers	% Change
2010-11	4,471	-
2011-12	5,024	+12%
2012-13	3,971	-21%
2013-14	4,150	+5%
% change 2010-11 to 2013-14		-7%

Source: Bureau of Transportation Statistics.

Note: 2009-10 data is not included because it is not comparable to subsequent years.

Haines' Winter Economy

The following information on Haines' wintertime sales and bed tax revenues, employment, and wages provides context for tourism-specific analysis.

Sales Tax

Haines Borough sales occurring in the October through April period is largely concentrated in Retail, representing 54 percent of all sales tax revenues. The "Tourism" category represented just 5 percent, although additional tourism-related sales occur in other categories, particularly lodging at 8 percent, and eating and drinking at 10 percent. Companies included in the Tourism category are predominately tour providers and guides, plus a few air carriers.

Winter month (2013-14) sales tax revenues represented 42 percent of annual (2013) revenues. (Readers are reminded that for the purposes of this report, winter represents seven out of 12 months.) Winter month sales tax revenues resulting from the Tourism category represent 15 percent of annual Tourism revenues. Combining Tourism and Lodging, that portion increases to 23 percent.

Between 2012-13 and 2013-14, Tourism tax revenues increased by 20 percent, from \$51,377 to \$61,712. Combined Lodging and Tourism tax revenues increased by only 5 percent.

Sales Tax Revenue to Haines Borough October through April, 2013-14

	Revenues	% of Total Winter Revenues	% of Annual Revenues by Category
Retail	\$646,905	54%	47%
Services	\$259,212	22%	57%
Eating and drinking	\$122,542	10%	40%
Lodging	\$93,555	8%	36%
Tourism	\$61,712	5%	15%
Construction	\$14,475	1%	45%
Total	\$1,198,402	100%	42%

Source: Haines Borough.

Note: Lodging includes revenues associated with transient and resident (rentals/leases) lodging.

Bed Tax Revenues

Winter season bed tax revenues totaled just over \$19,000 in 2013-14. This figure represents 24 percent of annual bed tax revenues (\$83,000 in calendar year 2013). Winter bed tax revenues show a slight downward trend over the last five years, with 2013-14 revenues 10 percent below 2009-10. The most recent season saw a 3 percent drop.

Bed Tax Revenues to Haines Borough October through April, 2009-10 through 2013-14

	Revenues	% change
2009-10	\$21,356	-
2010-11	\$20,683	-3%
2011-12	\$19,490	-6%
2012-13	\$19,692	+1%
2013-14	\$19,139	-3%
% change 2009-10 to 2013-14		-10%

Source: Haines Borough.

In terms of month, bed tax revenues were highest in October and November of 2013-14 at 23 percent each month, followed by April at 17 percent and March at 13 percent. December, January, and February each account for less than 10 percent of off-season revenues. The table below shows that these percentages are fairly consistent with previous years, although March and April accounted for fewer revenues in the most recent season.

Bed Tax Revenues to Haines Borough Distribution by Month, 2013-14 and Five-Year Average

	Oct-April 2013-14	Five-year Average
October	23%	24%
November	23%	19%
December	9%	7%
January	9%	8%
February	7%	8%
March	13%	14%
April	17%	20%

Source: Haines Borough.

Employment and Wages

Monthly Employment and Wages

In 2013, Haines Borough had an average monthly employment of 1,018 with total payroll of \$36.1 million.² Wage and salary employment is quite seasonal, however, with peak summer employment more than double winter lows. In 2013 July employment averaged 1,544 jobs. January was the low month, at 716 jobs.³

Haines Borough Average Monthly Employment, 2013



Source: DOLWD QCEW 2013.

Visitor-Related Employment and Wages

Visitor industry employment is concentrated in the Leisure & Hospitality, Retail Trade, and Transportation sectors. Not all of the jobs in these sectors are related to serving visitors; retail trade establishments and transportation providers serve residents and non-residents. The Leisure & Hospitality sector is the most strongly visitor-influenced, as it includes lodging establishments, tour providers, and other businesses that cater primarily to non-residents.

Overall, peak Leisure & Hospitality sector employment is in July and August, nearly four times the employment in December and January. The category with the most seasonality is Arts, Entertainment and Recreation. Employment in this category ranged from a low of 14 in November to a high of 171 in July, in 2013. Leisure & Hospitality employment in Haines averaged 111 jobs for the months of January through April and October through December, 2013.

² Data in this analysis is from the Alaska Department of Labor and Workforce Development Quarterly Census of Employment and Wages (DOLWD QCEW). It provides monthly employment data by industry, by borough. Due to confidentiality concerns, data is suppressed if it may be possible to infer employment and wages from a specific employer. In small boroughs, this limits analysis to industry groupings that are sufficiently large to ensure employer anonymity. QCEW data does not include commercial fishermen or sole proprietorships.

³ Excursion Inlet seafood processing employment is included in ADOLWD data for Haines Borough. This employment has little or no impact on the Haines economy.

Haines Borough Employment in the Leisure & Hospitality Sector, 2013

	Arts, Entertainment & Recreation	Accommodation	Food Services & Drinking Places	Total Leisure and Hospitality
January	48	19	27	94
February	54	21	43	118
March	57	32	44	133
April	54	39	62	155
May	103	55	80	238
June	145	55	89	289
July	171	66	90	327
August	165	62	89	316
September	132	38	85	255
October	28	24	58	110
November	14	25	47	86
December	22	25	36	83

Source: DOLWD QCEW, 2013.

The following table shows winter season employment in Haines for the previous five winters. The table includes Leisure & Hospitality employment and Retail Trade employment in establishments potentially affected by visitor spending. Data for employment in the Transportation sector is non-disclosable due to confidentiality restrictions. For winter 2013-14, employment in visitor-affected sectors averaged 212, 16 jobs below the winter of 2012-13 and 24 jobs below winter 2011-12.

Visitor Related Average Monthly Winter Employment, 2009-10 through 2013-14

	2009-10	2010-11	2011-12	2012-13	2013-14 (est.)	2009 - 2013 Percent Change*
Leisure & Hospitality	123	128	117	111	102	-17%
Arts, Entertainment & Recreation	-	41	42	42	32	-21%
Accommodation	-	35	26	26	29	-16%
Food Services & Drinking Places	50	52	48	43	41	-18%
Other / Undisclosed Leisure & Hospitality	73	-	-	-	-	-
Retail Trade	103	107	118	117	110	+8%
Food & Beverages	49	52	56	57	54	+10%
Miscellaneous Retail	10	7	6	7	6	-40%
Other / Undisclosed Retail	44	48	56	53	50	+13%
Visitor Related Total	226	235	235	228	212	-6%

Notes: Winter 2013 includes estimates for April 2014. Due to confidentiality concerns, data is not disclosed for some years.

*Percent change for Arts, Entertainment & Recreation and Accommodation is from 2010 to 2013.

Source: DOLWD QCEW, 2009-2013.

Visitor Spending and Economic Impacts

Visitor Spending

Visitors to Haines for winter 2013-14 are estimated to have spent \$5.4 million while in the area, with an average per-person spending figure of approximately \$600. This spending is distributed through a variety of sectors: primarily lodging and tour businesses, but also dining, retail, and transportation.

Of the \$5.4 million in total spending, 83 percent is attributable to pleasure-related visitors, while 17 percent is attributable to non-pleasure visitors. This occurs despite the fact that non-pleasure visitors account for over three-quarters of visitor volume (7,000 out of 9,000). Non-pleasure visitors spend much less on a per-person basis: roughly \$130, compared to \$2,250 among pleasure visitors.⁴ The majority of non-pleasure visitors are passing through Haines, perhaps only filling up their gas tank or buying a meal in a restaurant while in town, if they stop at all. Some non-pleasure visitors are staying with friends or relatives, sleeping and eating in their homes rather than in local businesses. Although business visitors tend to make expenditures on lodging and dining, they spend little in the tour and retail categories.

Pleasure visitors, on the other hand, are more likely to stay in Haines longer; to stay in local lodging; to make retail purchases such as gifts and recreational gear; to dine out; and most importantly, to make purchases related to their activity, such as heli-skiing packages, snow-cat services, flight drop-offs (for backcountry skiing), photography packages, or passes to a special event.

Spending estimates were calculated by applying visitor volume estimates to per-visitor spending rates, by market and spending category. The resulting figures were compared with sales tax data to ensure compatibility. The table below does not identify spending by market because certain markets have only one or two operators, and disclosing spending may compromise their confidentiality. Also, because these estimates are based on information gathered in interviews as well as common visitor industry spending patterns, there is some degree of uncertainty on the individual market level.

Haines Visitor Spending, Winter 2013-14

	Spending	% of Total
Pleasure visitors (heli-skiing, backcountry skiing, sportfishing, snowmachining, special events, etc.)	\$4.5 million	83%
Non-pleasure visitors (business, VFR, school events, pass-through)	\$0.9 million	17%
Total	\$5.4 million	100%

Source: McDowell Group estimates.

⁴ Alaska Visitor Statistics Program VI: Fall/Winter Visitor Profile 2011-12, prepared by McDowell Group for the Alaska Department of Commerce, Community, and Economic Development. The per-person average spending figure of \$2,250 among Haines winter pleasure visitors is significantly higher than the statewide fall/winter pleasure visitor average of \$1,491, likely due to the large number of high-spending heli-skiers in Haines' market.

Economic Impacts

Visitor spending in Haines creates jobs and income for local residents, as well as some non-residents. As described above, these jobs are in the lodging sector; with tour providers; in restaurants, grocery stores and other retail establishments; in the transportation sector; and elsewhere in the local economy. There are also “multiplier effects” associated with visitor spending in Haines, including “indirect” and “induced” impacts. Indirect impacts occur when motels spend money locally in support of their operations (on staff, supplies, utilities, etc.), creating additional jobs and wages. Induced economic impacts occur when guides, employees of motels, and others employed in the winter visitor industry spend their wages in the local economy.

Measuring all of the direct, indirect, and induced economic impacts of Haines’ winter visitor spending requires the use of economic models, such as IMPLAN (the most widely-used U.S. input-output model for analyzing the economic impact of industrial and commercial activity). Input-output models such as IMPLAN provide local and statewide multipliers for a broad range of industry sectors, including the various sectors affected by visitor spending.

Precisely measuring the indirect and induced impact of any component of the economy requires econometric modeling beyond the resources available for most economic impact studies. However, by using models it is possible to broadly measure the magnitude of total direct, indirect, and induced economic effects. It is important to note IMPLAN often requires some degree of modification to account for non-resident labor force participation and other factors common to Alaska’s coastal community economies.

Winter Season Visitor-Related Employment and Wages

DIRECT EMPLOYMENT

As presented above, analysis of sales tax data, transient lodging tax, and information collected from interviews with local visitor-affected businesses indicates that visitors spent approximately \$5.4 million in Haines during the 2013-14 winter season.

The largest sector in terms of employment is lodging. ADOLWD data indicates an average of about 30 workers over the October through April period. This is more employment than modelling suggests would be commensurate with the amount of visitor spending on lodging in Haines. It is likely that some winter season lodging employment in Haines is mainly supported by income generated during the much-busier summer season.

Employment with heli-ski operations is another significant source of winter employment. Including managers, guides, pilots, and support personnel, it is estimated these businesses account for approximately 30 jobs, including jobs held by Haines residents and non-residents. These jobs are concentrated in the February through April period.

Winter visitor spending-related jobs elsewhere in the Haines economy include those in restaurants and bars, service stations, stores, and transportation providers. Employment in all of these sectors combined is estimated at approximately 25 jobs.

In total, it is estimated that \$5.4 million in winter-season visitor spending generated 85 direct jobs in Haines, at the peak of the winter season (February through April). Total wages and proprietor’s income associated with these jobs is estimated at \$1.5 million.

TOTAL DIRECT, INDIRECT, AND INDUCED EMPLOYMENT

Some of the \$5.4 million in direct annual winter visitor spending is re-spent in the local economy. This secondary spending occurs as tour companies, motels, etc., and their employees make purchases in Haines. Including direct, indirect and induced effects, it is estimated that approximately \$7 million in total Haines-area spending can be attributed to winter visitor spending.

As the direct winter visitor spending circulates through the Haines economy, it creates jobs in addition to the 85 direct jobs described above. In general, multiplier effects in Haines are small relative to larger, more developed economies, such as Juneau’s. Modelling indicates employment and wage multipliers associated with Haines winter visitor sector are about 1.20. That means that for every five direct jobs, one additional job in Haines can be attributed to winter visitor spending. Based on that multiplier, total (direct, indirect and induced) employment is approximately 100 jobs and \$1.8 million in wages.

The 100 jobs attributable to winter visitors is equal to about 10 percent of Haines’ average monthly employment of October through April period. Government (mainly local government, including school employment) is the largest sector in terms of employment, accounting for approximately 25 percent of winter employment. Health care about for about 15 percent of winter employment, construction 10 percent, and retail (unrelated to visitor spending) about 10 percent. The balance includes employment in professional services, communications, transportation (unrelated to visitors), eating and drinking establishments (also unrelated to visitor spending) and elsewhere.

Economic Impact of Haines Winter Visitors, 2013-14

	Direct	Total (Direct plus Indirect)
Spending	\$5.4 million	\$7.0 million
Employment	85 jobs	100 jobs
Labor income	\$1.5 million	\$1.8 million

Source: McDowell Group estimates.

Opportunities and Challenges

Opportunities

Local Support

According to those interviewed, people involved in Haines' tourism industry are generally supportive of growth in winter tourism, for obvious reasons: it brings spending and jobs to town in an otherwise slow economic period. It also coincides well with local priorities of increasing winter recreation opportunities, such as hockey and cross-country skiing. While support may vary in terms of the kinds of growth desired, there appears to be overall support of this sector.

Heli-Skiing Potential

Haines' heli-skiing industry has potential for growth. By all accounts, it has become known as a world-class extreme skiing destination, particularly over the last several years. Operators report turning away up to 50 clients on an annual basis. With the Freeride World Tour scheduled for 2015, and the eco-lodge planned for 26-mile (see below), Haines' exposure and popularity is likely to grow further. It is up to the community to decide whether to capitalize on this growth potential.

Aspen Hotel Opening

The Aspen Hotel represents a huge opportunity for winter tourism growth. An extra 50 beds in one convenient, downtown location will make Haines that much more attractive not only for conferences/meetings but Eagle Festival attendees, cross-country ski race participants, snowmachiners from Juneau, etc. The property will include a meeting room with a capacity for around 40 people. An Aspen Hotel employee reports that they are hoping to open in June 2015. (Unfortunately the additional beds may cause other local lodging establishments to close down in the off-season, if not altogether.)

Potential Eco-Lodge

The eco-lodge planned by Big Salmon Ventures for 26-mile represents an additional opportunity to grow winter tourism to Haines. The main lodge is designed include seven to 10 bedrooms, with up to six outlying cabins. Wintertime activities available to guests will include heli-skiing, dog-sledding, showshoeing, wildlife viewing, cross-country skiing, ice skating, ice fishing, ice climbing, ice carving, horse-drawn sleighs, horseback riding, snowmachining, mountain climbing, and backcountry skiing (via snowcat). While the lodge will be open year-round, the initial focus will be on the January-April period.

Growing Yukon Visitation

Yukon visitation to Haines in the off-season appears to be growing rapidly, even as other traffic indicators are trending down. Border crossings by non-U.S. citizens/residents (likely mostly Yukoners) were up by 22 percent over the last five winters, while Yukoners visiting Haines on the ferry were up by 55 percent. Yukon's population

is also growing: by 12 percent between 2006 and 2011, with continued growth projected.⁵ A Yukon-based tourism consultant commented that Yukoners consider Haines is their backyard playground – it offers not only access to the ocean (and related activities of fishing, kayaking, etc.) but also friends, family, and cultural ties. She characterized the potential for additional growth in winter recreation tourism as strong, based on a growing population of young, adventurous Yukon residents. She pointed out that the Haines Highway was much more reliable and safe for winter travel in comparison to the Klondike Highway. Haines should take every opportunity to encourage this market, by letting Yukoners know about local events and activities in the off-season, including sportfishing opportunities.

Cross-Country Ski Momentum

There is clearly strong momentum for Haines cross-country skiing, with a new race event, new trails, and more reliable grooming in the last year. Skiers in Juneau and Whitehorse reported they are enthusiastic about opportunities to cross-country ski (and race) in Haines. Growth potential will increase significantly with investment in maps, trail markings, and signage.

Other Regional Recreational Visitors

While Haines' winter weather may preclude the vast majority of visitors, winter recreation enthusiasts from the Yukon value its comparatively warm weather, while Juneau (and other Southeast) visitors can usually count on accessing snow and escaping the rain. In addition to cross-country skiing, it is likely possible to grow the Juneau snowmachine market, and Juneau's hockey team is excited to bring teams if a regulation rink is built.

Consistent, Convenient Ferry Schedule

The ferry schedule is very consistent for the 2014-15 winter season, with weekly sailings similar throughout the October to April period. Consistency is important for regional visitors who know they can depend on weekend transportation access regardless of which month they want to travel. The schedule is also fairly convenient for visitors from Skagway/Whitehorse and Juneau. On Fridays a ferry departs Juneau at 7 AM, arriving at 11:30 AM. Also on Fridays, a ferry departs Skagway at 2 PM, arriving at Haines at 3 PM. On Sundays a ferry departs Haines at noon bound for Skagway, and another departs Haines at 4 PM bound for Juneau. (There are no ferries on Saturdays.) These are generally favorable arrival/departure times for regional visitors on three-day weekends.

Challenges

Winter Traffic and Tourism Employment Trending Down

According to nearly all traffic data collected for this study, visitor-related traffic to Haines in the off-season has been trending down in recent years. Compared to four to five years ago, non-resident ferry traffic is down by 12 percent; air traffic is down 7 percent; border crossings by U.S. citizens are down 35 percent; and bed taxes are down 10 percent. Winter employment in Leisure and Hospitality is also down by 17 percent in the last five

⁵ <http://www.yukoncommunities.yk.ca>

years. Some of the decline may be attributable to non-pleasure visitors, such as pass-through military personnel and business travelers. Still, increasing visitor activity in the off-season may begin as an uphill battle.

Summer Tourism Trending Down

While this report addresses the winter market, it is important to acknowledge that winter tourism requires a healthy base tourism economy, anchored in the summer when the vast majority of traffic occurs. ADOLWD data shows Leisure and Hospitality employment in the summer months was down by 19 percent between 2009 and 2013. Yukon highway border crossing data for the Haines Highway shows a decline in May-September personal vehicle crossings of 19 percent between 2009 and 2013.⁶ Although cruise traffic (among ships calling directly at Haines) has fluctuated over the last several years, the number of passengers in 2014 (29,100) is down by 50 percent from 2009 (43,600), according to data from Cruise Line Agencies of Alaska. The summer tourism economy is essential for winter tourism to thrive, as it largely depends on lodging and dining businesses (plus a few year-round tour businesses) that rely on summer revenues to survive. The declining state of Haines' summer tourism economy presents another challenge to growing the winter market.

Heli-Skiing Potential Limited

While the heli-skiing market contributes the most on a per-visitor basis to Haines pleasure-related winter tourism economy, growth is by no means guaranteed. According to local operators as well as others familiar with the business, the current limits on permitted days and allowable terrain constrain the market and make it difficult for operators to be successful. It is also possible that Haines' reputation as a heli-skiing destination may be adversely affected by reports of limited permitted terrain and insufficient capacity to meet demand. A related issue is safety: a heli-skiing expert and operators concurred that limited permitted terrain and skier days reduces guiding options from a safety perspective. While growth is possible, the community must decide whether it is desired.

Closed Businesses

Many of Haines' retail, lodging, and dining businesses close for the winter season. While the addition of the Aspen Hotel will help combat this problem, some visitors may still be discouraged by the lack of dining and retail options. The situation will only be remedied by more visitors coming to town and creating the demand, causing business owners in turn to consider opening for more months of the year (as has already occurred in response to the heli-skiing market).

Limited Funding and Promotion

Haines Convention and Visitors Bureau's website has a section on winter tourism that details tour, lodging, and dining options. However, there are no funds dedicated to promoting Haines as a winter recreation destination to, for example, Juneau and Whitehorse residents. Special events such as the Bald Eagle Festival likewise have limited promotional funding. Borough data shows that winter tourism sales represent 13 percent of annual

⁶ *Alaska Visitor Statistics Program Interim Visitor Volume Report*, prepared by McDowell Group for Alaska Department of Commerce, Community, and Economic Development, November 2013.

tourism sales (23 percent including lodging). HCVB will have to consider carefully the “bang for the buck” in terms of investment in winter tourism promotion.

Ferry Pricing Prohibitive for Longer Vehicles

Ferry pricing, particularly for larger vehicles (which apply to trailers used by snowmachiners) does represent an obstacle for regional visitation in the off-season. As the table below shows, a snowmachiner from Juneau with a 21-foot truck, carrying snowmachines in the bed on a “sled deck”, would pay \$216 for vehicle plus \$74 for passenger fare, round trip. Add a 16-foot trailer, and the vehicle price becomes nearly \$400 round trip, not including passenger fare. While it is unlikely that AMHS will change its structure solely for the purposes of promoting winter tourism to Haines, it is worth pointing out that they may actually gain passengers during a time when ferries are often empty, if they offer some kind of discount or alternate pricing system either in the winter months and/or for recreational trailers.

**Alaska Marine Highway System
One-Way Fares between Haines and Juneau/Skagway
Effective Through September 30, 2015**

	Haines-Juneau	Haines-Skagway
Passengers	\$37	\$31
Vehicle <10 feet	\$49	\$31
Vehicle <15 feet	\$75	\$41
Vehicle <19 feet	\$86	\$49
Vehicle <21 feet	\$108	\$58
Rate per foot over 21'	\$5.70	\$3.30

Source: Alaska Marine Highway System.

Creating a Common Vision for Growth

Many people interviewed for this study, regardless of their personal views, agreed that developing a community vision for winter tourism has been challenging. Others noted that changes in Assembly and Borough leadership have also made it difficult to maintain and pursue consistent objectives. Moving forward, it will be important for Haines to establish a common vision that residents can support and pursue. Successful market development will require ongoing, sustained commitment and community support.

Additional Suggestions from Interviews

Interviews with local residents yielded several suggestions for increasing winter tourism in Haines, not addressed previously in the report: creating an eco-challenge/traverse event; creating an ice-fishing event; promoting fall color viewing to regional residents; and creating a hut-to-hut system for cross-country and/or backcountry skiers. Some of these require more funding and effort than others; as in any small town with limited tourism funding, the success will depend on the efforts of local residents.