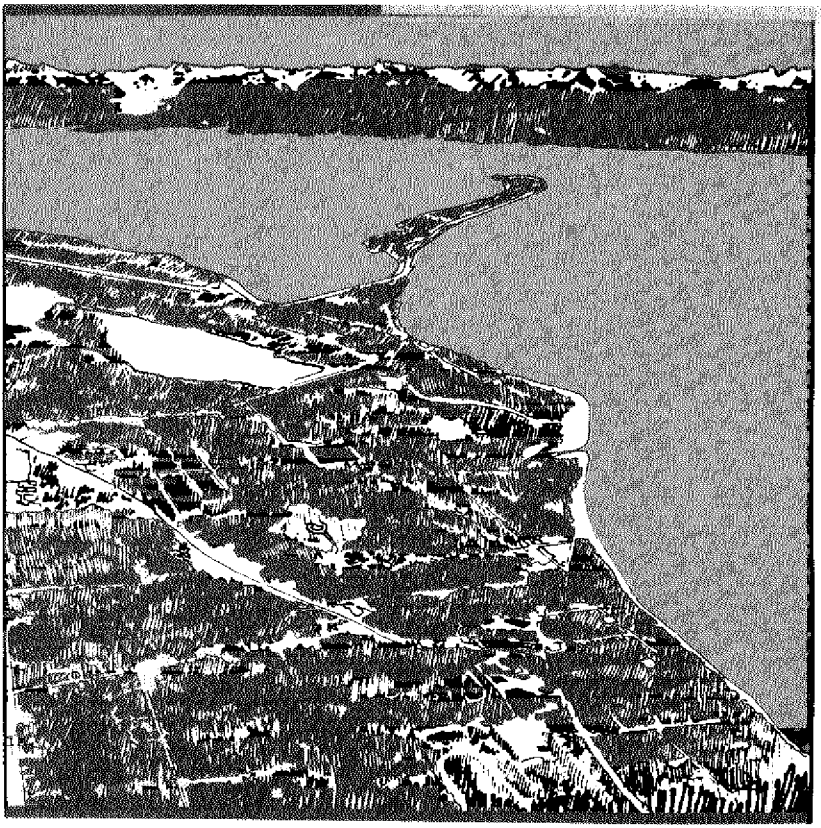

# COMMERCIAL FISHING INDUSTRY STUDY HOMER, ALASKA

By
D. Douglas Coughenower

University of Alaska
Marine Advisory Program

Marine Advisory Bulletin # 33
November 1987

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Cover by Karen Stomberg
Drawings by Jan Chapman

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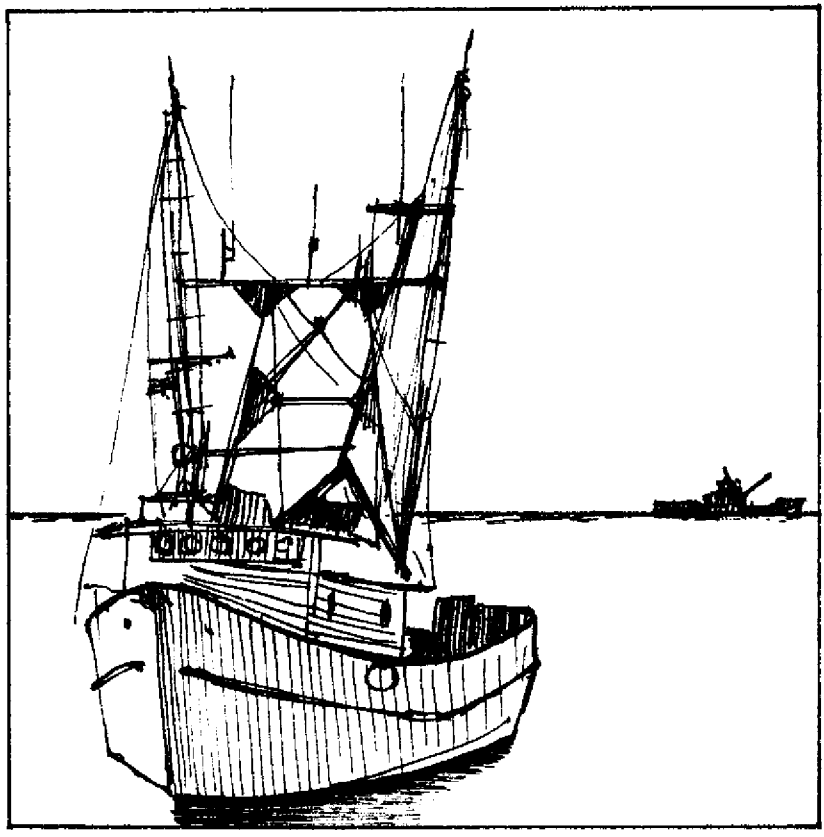
## ABSTRACT

Information from the Alaska Commercial Fisheries Entry Commission and two local surveys was used to estimate the impact of commercial fishing on the economy of the southern Kenai Peninsula. In 1985 there were 535 permit holders who fished 924 commercial permits. These fishermen landed over 43 million lb of fish and shellfish worth an estimated $26,020,151. After applying several adjustments to this figure and adding in other fisheries related income it is estimated that the commercial fishing industry brought approximately $28.5 million into the Homer area economy. Along with this income the industry is credited with providing the equivalent of 457 full-time jobs for the area economy.



## INTRODUCTION

It is generally recognized that commercial fishing has been the backbone of the Homer area economy for the past 30 years. Even though diversification in the forms of tourism, commercial and government services, and a growing non-fishing population are changing the complexion of the area's economic base, commercial fishing still stands as the single most important industry. At a time when Alaska's oil-based economy is severely depressed, healthy fish stocks, relatively high prices and expanding domestic and world markets have made fishing one of the few bright spots in the state's and Homer's economic future.

Things are changing on the southern Kenai Peninsula. Decisions are being made about port and harbor rates, taxes and services

that will have economic significance to all industries, businesses and people of the area. It is vitally important that an industry like commercial fishing state its case in the development of the southern Kenai Peninsula. While almost everyone agrees that commercial fishing is an important industry, there are almost no numbers or figures to document the extent of that importance. At the request of the North Pacific Fisherman's Association, this study was initiated in an attempt to provide some of the facts about the fishing industry in the Homer area.

## METHODOLOGY

This study pieces together existing facts about this complex industry we call commercial fishing. In addition to sleuthing out existing information, two new sources of information were developed. One was a survey of commercial fishermen and the other was a survey of area businesses that depend on commercial fishermen for some or all of their business. The year 1985 was selected for study because it is the most recent year for which the Alaska Commercial Fisheries Entry Commission (CFEC) has complete statistics. CFEC data is an essential part of the study. The geographical coverage of the study is the southern Kenai Peninsula including the communities of Anchor Point, Nikolaevsk, Homer, Seldovia, Halibut Cove, Port Graham, and English Bay. For the sake of brevity, this area will be referred to throughout this report as the Homer area.

This study estimates the amount of gross income and number of jobs generated by the commercial fishing industry in the Homer area. There will also be some analysis of how this industry impacts local businesses and households.

## THE INDUSTRY

For those readers who are not familiar with the commercial fishing industry in general and the Homer area industry in particular, a brief description is in order.

## HARVESTING SECTOR

The largest segment of the industry is the harvesters or fishermen. In 1985, there were 525 people who held commercial fishing permits in the Homer area. Actually, there were 910 permits issued, putting the average number of permits per person at just under two. The most permits held by one individual was nine, and the least of course was one. Having six or seven permits was fairly common, especially among full-time fishermen.

Homer area fishermen participate in 48 different fisheries from Norton Sound to Southeastern Alaska. Keep in mind that the Alaska Department of Fish and Game issues permits based not only on the target species, but also on the gear type and location. Thus, there are 13 different salmon permits and five different herring permits being fished by area fishermen. As you might expect, the species that make up the bulk of the fishermen's catches are the same species that make up the bulk of catches across the state: salmon, halibut, herring, shrimp, and crab. More recently, black cod (sablefish) has become a high value species hotly pursued by a few area boats.

Almost every type of gear and boat, from 18 ft skiffs to 100 ft or longer catcher/processors, can be found in the Homer harbor. Onboard you can find fishermen working their longlines, gillnets, seines, pots, trawls, dredges, and hand troll gear. If one thing characterizes the Homer fishing fleet, it is diversity: the willingness and ability of fishermen to go where the fish are and use whatever it takes to catch them.

## PROCESSING SECTOR

Processing is the second largest segment of the commercial fishing industry. There are two major processors in the Homer area, with permanent facilities (one in Homer and one in Seldovia), several processors who buy in the Homer area from time to time and, finally, a number of smaller independent processing

operators who have developed their own special niche in the industry.

The largest local processor is Seward Fisheries, a branch of Icicle Seafoods. This company participates heavily in all local fisheries (salmon, halibut, crab, shrimp, and herring) and is usually willing to help fishermen seek markets for other fisheries as they develop. In addition to processing locally caught fish, they occasionally handle overflow catches from other parts of Alaska. Processing at their facility takes many forms, including fresh, frozen and cooked, all in a variety of styles and packs. These products are then marketed throughout the world. In 1987, one other major processor, Dragnet Fisheries, established a permanent facility in Homer and may become a major player in the processing sector for the area.

Other major Alaskan processors, primarily from around the peninsula, purchase fish in the Homer area, especially during the salmon and halibut seasons. Homer is growing in importance as a halibut landing port. In 1985, approximately 3.6 million lb were landed through Homer. In 1986, that number jumped to 6.7 million lb, making Homer second only to Kodiak in halibut landed in West Coast ports. Most out-of-the-area companies that buy fish in Homer have no permanent facilities and do not contribute to the local economy. Even the raw fish tax collected for fish bought in Homer goes to the community where the company is based.

In addition to major processors, several small independent companies (Lobo Seafoods, Katch Canning, and others) have established themselves as specialty processors. These independent operators produce a variety of products, such as smoked fish and gourmet items. Their services range from retail sales to custom processing.

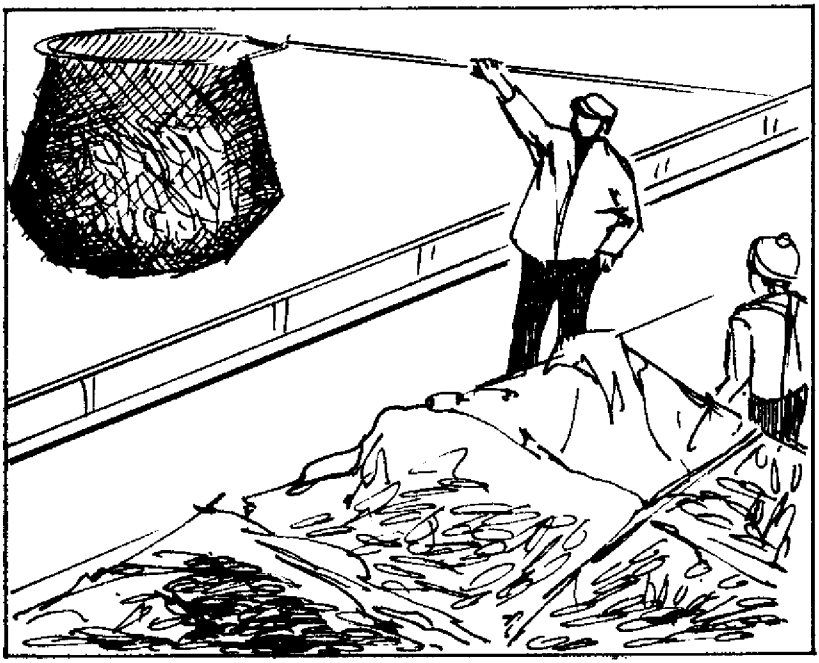
## MANAGEMENT/REGULATORY SECTOR

Another significant piece in the commercial fishing complex around Homer is state and federal management. These govern-

ment agencies exist principally and in some cases exclusively because of the fishing industry. Consequently, the income and jobs brought into the area are directly related to commercial fishing. The agencies in this sector are: the Alaska Department of Fish and Game (Commercial Fisheries and Fisheries Rehabilitation, Enhancement and Development divisions) and the U.S. Coast Guard. Although the Coast Guard has a significant impact on the Homer area, it is difficult to determine what portion of their budget can be attributed to the local fishing industry.

## TENDERING AND OTHER VESSEL OPERATIONS

While most Homer area-based fishing vessels are involved in the harvesting sector, some vessels are involved part of the time in other activities associated with the fishing industry. Receiving fish from harvesting vessels and transporting them to a processor is known as tendering. A number of Homer area vessels are used for this purpose, especially in the salmon and herring fisheries. Local boats are also leased to other fishermen when not being used by their owners. Other leasing or charter arrangements are also possible. An attempt will be made to include these activities in the economic impact section of this report.



**MARINE BUSINESS**

An indirect yet very important part of the commercial fishing industry in the Homer area is the businesses that exist wholly or in part to provide goods and services to the maritime industry. A special marine business, the Port of Homer, will be examined separately because it is such an integral part of the fishing industry. While not all port activities are fishing related, it's clear that the beginnings of the Port of Homer and a significant portion of its operating budget are a result of commercial fishing.

Approximately 150 businesses in the Homer area received a marine business survey, and 52 answered. This number represents the majority of businesses that to one degree or another make their living from the fishing industry. Results of the survey will be presented later in this report.

## GROSS ECONOMIC IMPACTS

### HARVESTING SECTOR

The Commercial Fisheries Entry Commission, a division of the Alaska Department of Fish and Game, annually produces catch and gross earning statistics based on fish ticket landing records. Table 1 shows the 1985 catch data for all fishermen who used Homer, Anchor Point, Seldovia, Port Graham, or English Bay as their place of residence on any applications to the CFEC.

**Table 1. 1985 landings and earnings for fishermen residing in five Homer area communities based on ADF&G fish ticket statistics**

| Census Area | Number of permit holders | Number of permits fished | Landings (lbs) | Est. Gross earnings (dollars) |
|---|---|---|---|---|
| Anchor Point | 87 | 149 | 3,493,442 | 2,521,901 |
| English Bay | 7 | 7 | 84,585 | 50,913 |
| Homer | 353 | 627 | 32,801,547 | 18,923,908 |
| Port Graham | 19 | 25 | 1,418,905 | 515,064 |
| Seldovia | 69 | 116 | 5,299,596 | 4,008,365 |
| Total | 535 | 924 | 43,098,075 | 26,020,151 |

From Table 1 you can see that Homer area (throughout this report the Homer area includes all the communities listed in Table 1) fishermen landed more than 43 million lb of raw fish (including shellfish) in 1985, worth an estimated $26 million. This value will be examined in greater detail later.

To add a historical perspective to the 1985 catch data, the same information is listed in Table 2 for 1975, 1980, and 1984.

**Table 2. Catch and earnings for Homer area fishermen in 1975, 1980, and 1984 based on ADF&G fish ticket statistics**

| Year | Number of permit holders | Number of permits fished | Landings (lbs) | Est. Gross earnings (dollars) |
|---|---|---|---|---|
| 1975 | 247 | 413 | 27,633,217 | 5,382,089 |
| 1980 | 563 | 932 | 46,108,091 | 23,937,245 |
| 1984 | 547 | 916 | 39,703,057 | 21,350,497 |

## PROCESSING SECTOR

Only information from the Homer area's major processor, Seward Fisheries, will be presented in this section. Some of the contributions to the local economy by Seward Fisheries (Homer plant only) are listed in Table 3.

Seward Fisheries paid $14,500 in sales tax to the Kenai Peninsula Borough in 1985. They also paid $385,000 in raw fish tax to the State of Alaska. This tax represents approximately $13 million in ex vessel revenue paid to fishermen. From the $385,000, 50 percent goes to the state, 25 percent to the Kenai Borough and 25 percent to the City of Homer. For this study, all of Homer's share of this tax and 24 percent of the borough's share (the Homer area contains approximately 24 percent of the Kenai Borough population) was assumed to affect the Homer area, for a total of $119,350. Certainly some of the state's share of this tax also has an impact in the study area, but it is impossible to guess how much.

Seward Fisheries also had a 1985 gross payroll of $3.8 million. Many of the processing jobs are seasonal; however, the management at Seward Fisheries estimates it had the equivalent of 105 full-time positions in 1985.

The total contribution to the Homer area economy by Seward Fisheries equals $6,205,350.

**Table 3. Some contributions to the local economy by Seward Fisheries**

| | |
|---|---|
| Local vendors | |
| Trucking | $79,000 |
| Homer Electric Association | 259,000 |
| Refuse | 8,000 |
| Groceries | 51,000 |
| Office supplies | 6,000 |
| Professional services | 8,000 |
| Automotive/marine parts and services | 112,000 |
| Fishermen supplies | 140,000 |
| Fuel | 650,000 |
| Hardware | 68,000 |
| Tendering (local boats only) | 805,000 |
| Total | $2,186,000 |
| City of Homer port fees, utilities, etc. | 100,000 |

## MANAGEMENT/REGULATORY SECTOR

The Alaska Department of Fish and Game, Division of Commercial Fisheries and Fisheries Rehabilitation, Enhancement and Development division (FRED) are important contributors to the local economy.

The total budget for the Division of Commercial Fisheries during the 1986 fiscal year (July 1985 to June 1986) for shellfish, salmon, herring, groundfish, and the vessel *Pandalus* was $764,000. This budget includes salaries, benefits, and operating budget. Commercial Fisheries Division personnel for this period included nine permanent full-time 12-month employees, one permanent full-time 6-month employee and five seasonal jobs.

The FRED budget for a similar period was $558,700. In addition to personnel and general support, these funds include Homer sport fisheries, Leasure Lake stocking and fertilization, and the Tutka Hatchery. Jobs included four permanent full-time employees and 12 seasonal employees.

## U.S. COAST GUARD

The U.S. Coast Guard's impact on the Homer area economy is significant. It consists of the 180 ft buoy tender *Sedge*, homeported in Homer, with a crew of six officers and 51 enlisted personnel. Annual salaries for fiscal year 1986 (Oct. 1, 1985 to Sept. 30, 1986) amounted to $728,117. Additionally, the operating budget for the ship (FY87) stands at $490,000 and includes fuel, housing, maintenance and aids to navigational equipment. The gross impact of the Coast Guard is about $1,218,000. Two things complicate the picture when trying to relate this amount to commercial fisheries. First, not all of this gross amount is spent in the Homer area. Second, the *Sedge* is a buoy tender, a mission not directly related to the commercial fisheries. The *Sedge* and the Coast Guard do, however, perform search and rescue operations in the area and many of these do relate to commercial fisheries. For this reason this study assumed that about 10 percent of the Coast Guard's budget ($121,800) could be attributed to the commercial fishing industry in the Homer area.

## TENDERING AND OTHER VESSEL OPERATIONS

The fishing income presented in this section does not represent all of the income earned by Homer area vessels through tendering or other operations such as leasing. Tendering income is estimated at $779,731 and income from vessel leasing at $385,666. Only a portion of this income was accounted for through returned surveys and personal communications with fishermen. Some tendering income is also included in the processing sector accounts. No effort was made to assess the number of jobs provided by tendering and other vessel operation.

## JOBS/EMPLOYMENT

A good indicator of the economic impact of any industry is the number of jobs created. A difficulty with using this indicator is defining jobs in such a way that they can be meaningfully compared to jobs in other industries. When considering a seasonal industry like commercial fishing it is normal to convert the total number of jobs to a full-time equivalent number of jobs through some kind of hours per day or months per year conversion. While this approach is used in this study, a direct comparison between converted seasonal jobs and full-time jobs may not be appropriate. For instance, the average commercial fishing job lasts about three months, so it would normally take four of these seasonal jobs to equal one full-time job. The income earned in three months of fishing is in some cases enough to provide for annual living expenses and the fishing boat crew member or operator does not need or want to seek additional employment. For many fishermen, their seasonal job is equivalent to a full-time job.

Another pitfall in analyzing jobs in the fishing industry is equating crew positions with jobs. It is easy to take the average number of crew positions in a fishery, multiply that by the number of permits fished and equate the total to the number of jobs in a fishery. The relationship between crew positions and jobs is not direct. In the Homer area fleet many captains employ the same crew member in more than one fishery. Therefore, one job may cut across several crew positions. I have attempted to compensate for this by multiplying the total number of crew positions by .7, a factor derived from information gathered in the commercial fisherman's survey. Fishermen responding to the survey were asked to report the number of crew positions for each fishery in which they participated. They were asked how many crew members they employed (jobs). This ratio, jobs : crew positions, averaged 0.7.

The following facts about jobs created by the harvesting sector of the Homer area commercial fishing industry were also derived from the survey:

1. There were 1,929 crew positions in all fisheries.

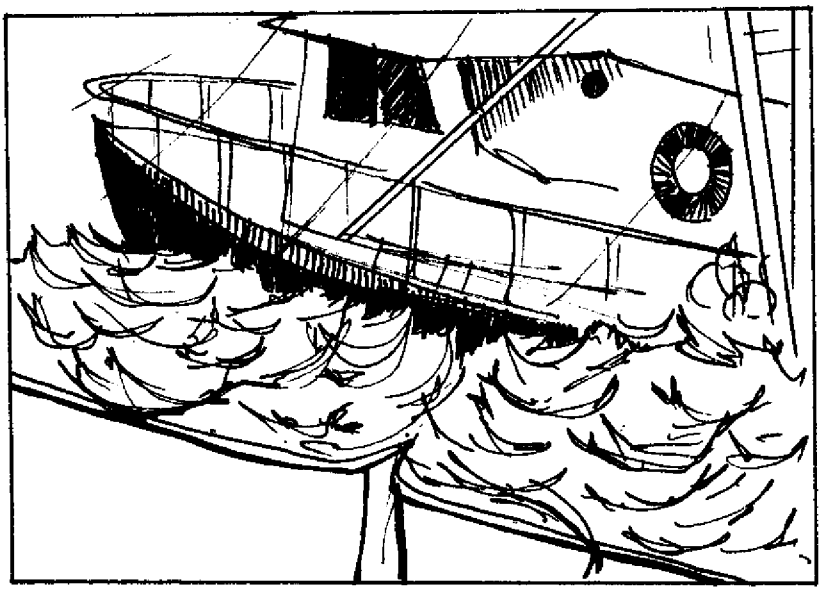
2. There were 1,320 seasonal jobs (1,929 x .7).

3. Each seasonal job averages 2.4 months. Therefore, the number of full-time equivalent jobs is 270 $\left(\frac{1,350 \times 2.4}{12}\right)$.

4. Homer area residents were employed in 224 of these jobs, so about 83 percent of these jobs went to locals.

5. Salaries paid to residents ranged from a high of $42,205 (for 5 months) to a low of $600 (2 weeks) with the average being $10,213.

Commercial fishing wages are so variable that it would be difficult to make any kind of economic impact projections based on the average income quoted. The number of jobs (seasonal and full-time equivalent) are, however, believed to be an indication of commercial fishing's impact in the Homer area. Keep in mind also that the job analysis presented in this section is for the harvesting sector only. Additional job impacts are mentioned in other sections of this report.



## BUSINESS COMMUNITY SURVEY

As a part of this study, an effort was made to survey local firms that do business with the commercial fishing industry. Fifty-two businesses responded to the survey. They represented all sectors of commerce in the Homer area including professionals, parts and repair operations, transportation companies, suppliers, electronics sales and service and so on. A summary of the type of businesses responding to the survey is listed in Table 4.

The focus of this survey was to see how local businesses perceived their interaction with the fishing industry. The key word here is perceived. Many businesses have no way of knowing when they are doing business with someone from the fishing industry, so the most that could be hoped for was to get their impressions of their fishing-related business.

**Table 4. Businesses responding to the survey**

| Type | Number |
|---|---|
| Marine engine sales and service | 5 |
| Automotive repairs and parts | 5 |
| Boat storage hauling, launching | 4 |
| Medical services | 4 |
| Miscellaneous boating services | 4 |
| Electronics sales and service | 4 |
| Insurance | 3 |
| Electrical contracting | 3 |
| Legal services | 3 |
| Accounting services | 3 |
| Fishing gear and hardware | 3 |
| Welding fabrication and repair | 2 |
| Seafood processing | 2 |
| Building materials | 2 |
| Transportation (air and land) | 2 |
| Fuel oil | 1 |
| Groceries | 1 |
| Printing | 1 |

The cover letter for this survey provided an estimate of the number of households in the Homer area in 1985 that probably earned some of their gross income from commercial fishing (Table 5).

**Table 5. Estimates of households in the Homer area with income from commercial fishing**

| Area | Total 1985 fishing households | 1985 Commercial permit holders |
|---|---|---|
| Homer | 2,505 | 353 |
| Anchor Point | 828 | 87 |
| Seldovia | 271 | 95 |

The survey itself contained only four questions. The first asked businessmen to estimate the percent of their customers that are commercial fishermen. Four percent of the responding businesses felt that 90 to 100 percent of their customers were fishermen, and 16 percent felt that 80 percent or more were commercial fishing-related. On the other end of the scale, 16 percent felt that fishermen made up less than 10 percent of their customers and 54 percent perceived that fewer than 30 percent of their customers were fishing commercially.

The second question asked local businesses to choose the income range that best approximated their gross income from commercial fishermen. Most of the estimates were in the lower range of the scale. Sixteen percent said that less than $5,000 of their gross income was from fishermen, 42 percent felt it was less than $40,000, and 64 percent estimated less than $80,000. On the other end, 4 percent of the responding businesses grossed more than $1 million from the fishing industry, 12 percent earned more than $600,000 and 30 percent said more than $100,000 of their revenue comes from commercial fishermen. See Appendix A for a complete table of these results.

Answers to Questions 1 and 2 of the survey suggest that local businesses do a significant trade with the fishing industry. We hoped to make a comparison between the business community's perception of its interaction with commercial fishermen and the actual interaction based on information from the fishermen's survey. Some comparisons are possible, but not to the extent originally hoped (see commercial fishermen's survey).

The last two questions on the business survey dealt with jobs and how they would be affected if the commercial fishing industry were suddenly to disappear from the Homer area (Table 6).

Based on the information in Table 6, it would appear that approximately 50 full-time equivalent jobs in the Homer area are directly dependent on the fishing industry. This estimate is derived by dividing the permanent part-time jobs by two

**Table 6. The effect on employment in the Homer area if commercial fishing were discontinued in those communities**

| Job category | Total jobs reported [1] | Jobs lost if no fishing | Percent of total |
|---|---|---|---|
| Full-time | 151 | 32 | 21 |
| Permanent part-time | 42 | 16 | 38 |
| Part-time | 32.5 | 17 | 52 |
| Seasonal | 37.5 | 26 | 69 |

[1]These jobs are from businesses that support the commercial fishing industry.

(assuming half time employment) and dividing the part-time and seasonal jobs by four (assuming three month employment). Remember that this estimate (50 jobs) relates only to those businesses that responded to the survey.

## PORT OF HOMER

The Port of Homer is a local business with ties to the fishing industry that are so strong that it deserves special consideration. Table 7 shows a breakdown of the revenue collected by the port for fiscal years 1985 by various categories. It also shows the percent and the amount contributed by commercial fishermen in each category.

Table 7 shows that the commercial fishing industry accounted for almost 64 percent of the Port of Homer's revenue for fiscal year 1985. Employment provided by the Port of Homer during the same time period is given in Table 8.

**Table 7. Revenue collected by the Port of Homer in 1985**

| Item | Total (dollars) | Portion of total collected from commercial fishermen (percent) | Amount collected from fishermen (dollars)[1] |
|---|---|---|---|
| Taxes | 40,000 | 40 | 16,000 |
| Fish tax | 85,000 | 100 | 85,000 |
| Main dock | 86,000 | 30 | 26,000 |
| Storage | 12,000 | 90 | 11,000 |
| Impound fees | 4,000 | 90 | 4,000 |
| Ice | 53,000 | 100 | 53,000 |
| Buyer stations | 25,000 | 100 | 25,000 |
| Cold storage | 2,000 | 100 | 2,000 |
| Crane | 73,000 | 90 | 66,000 |
| Seafood wharfage | 8,000 | 100 | 8,000 |
| Stall rentals | 179,000 | 70 | 125,000 |
| Energy | 73,000 | 80 | 58,000 |
| Transient | 302,000 | 40 | 121,000 |
| Grid | 28,000 | 90 | 25,000 |
| Miscellaneous | 21,000 | 25 | 5,000 |
| Total | 991,000 | | 630,000 |

[1]Amounts rounded to nearest thousand.

**Table 8. Jobs provided by the Port of Homer in 1985**

| | |
|---|---|
| Full-time | |
| Harbor officers | 6 |
| Harbormaster | 1 |
| Clerks | 2 |
| Ice plant manager | 1 |
| Ice plant workers | 3 |
| Port employees | 2 |
| Seasonal (about 4 months each) | |
| Harbor | 5 |
| Fish dock | 1 |

If we convert the six seasonal jobs to two full-time equivalents, there are 21 full-time employees. Since commercial fishing contributes 64 percent of the revenue to the Port of Homer, it seems reasonable to attribute 64 percent, or 13, of these full-time positions to the industry.

## COMMERCIAL FISHERMEN'S SURVEY

The purpose of surveying commercial fishermen directly was to get a better understanding of how and where they spend their fishing income in the Homer area. Because of the diverse nature of the Homer area fleet, it was obvious that some portion of their income was spent outside of the local area. It was necessary to get an estimate of this exported income and also to get a clear picture of fishermen's local spending patterns.

Approximately 170 surveys were distributed to Homer area fishermen on a selected basis. An advisory group of fishermen assisted in selecting permit holders to receive a survey. Selection was based on anticipated cooperation in providing the information requested. Consequently, the results from the survey are not random but are more representative of the full-time fishermen whose major income source is commercial fishing. Forty-one surveys returned were complete enough to use. This 25 percent return was not high (no surveyor is ever satisfied with the return rate) but it provided enough data to draw some conclusions about fishermen's average spending patterns.

The survey also requested information about jobs: how many, how much, and who got them. Because of the wide range in gross fishing incomes represented by the returned surveys it seemed advisable to divide them into three income groups: less than $50,000 gross fishing income (GFI), greater than $50,000 but less than $100,000 GFI, and more than $100,000 GFI. The bulk of the survey information is summarized in Appendix B.

## COMPARISON WITH OTHER ALASKAN PORTS

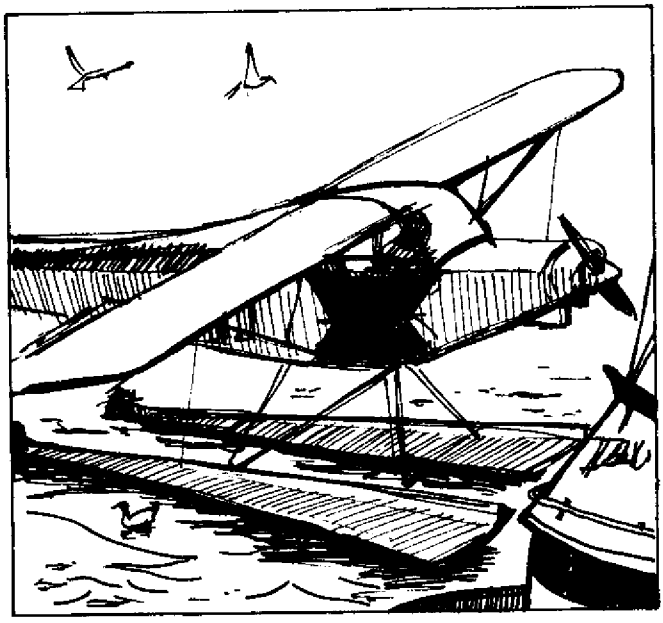
The focus of this study has been the impact of commercial fishing in the Homer area. To get a slightly broader perspective, it is worthwhile to compare landings of the Homer fishing fleet to those from other Alaskan ports. Table 9 shows the 1985 catch data provided by the Commercial Fisheries Entry Commission for eight Alaskan communities.

**Table 9. Data on participation and landings for commercial fishermen in eight Alaskan ports**

| City | Number of permit holders | Number of permits fished | Landings (lbs) | Est. Gross earnings |
|---|---|---|---|---|
| Kodiak | 706 | 1,232 | 86,529,888 | 57,681,149 |
| Cordova | 401 | 620 | 61,438,424 | 27,772,204 |
| Homer area | 535 | 924 | 43,098,075 | 26,020,151 |
| Petersburg | 364 | 700 | 47,550,261 | 24,998,184 |
| Anchorage | 783 | 920 | 32,189,261 | 22,002,655 |
| Ketchikan | 380 | 584 | 31,832,781 | 14,664,605 |
| Sitka | 412 | 728 | 20,906,639 | 13,661,404 |
| Juneau[1] | 404 | 638 | 19,555,617 | 12,061,645 |

[1]Includes Auke Bay, Douglas and Juneau

Remember that Table 9 reflects only the landings and gross earning of the harvesting sector in each community. It tells nothing about the infrastructure that is an integral part of the industry and which has been detailed elsewhere in this report. In 1985, the Homer area ranked third in the state in estimated gross earnings and fourth in pounds landed.



## SUMMARY

Direct economic impacts and job impacts discussed throughout this study are summarized in Table 10.

**Table 10. Summary of economic and job impacts discussed in this study**

| Industry sector | Dollars generated | Full-time jobs |
|---|---|---|
| Harvesting[1] | 19,760,000 | 270 |
| Processing[2] | 6,205,350 | 105 |
| ADF&G[3] | 764,000 | 11 |
| ADF&G[4] | 558,000 | 8 |
| Coast Guard | 121,000 | N/A |
| Tendering/leasing | 1,065,397 | N/A |
| Business sector | Indirect | 50 |
| Port of Homer | Indirect | 13 |
| Total | 28,473,747 | 457 |

[1]Fishermen
[2]Seward Fisheries employees
[3]Commercial Fisheries Division employees
[4]FRED Division employees

So how does the Homer area commercial fishing industry impact the local economy? The simple answer is that it contributes more than $28 million and more than 450 full-time jobs. It would be negligent, however, to leave it at that because the real answer to this question is not easy.

Approximately 15 percent of the households in the Homer area earn all or part of their annual income from harvesting fish. As many as 1,600 jobs are created by this industry, More than 85 percent of these jobs go to local people. Even the 15 percent that don't go to local people benefit the local economy to some extent. They bring new people to the area, some decide to stay and all spend at least part of their income in Homer. Some of these jobs are seasonal, lasting only three to four months, but they are jobs. Many people prefer seasonal work in the fishing industry to working full-time at something else.

The estimated $28 million provided to the Homer area by commercial fishing is multiplied as it works its way around the community. How much it is multiplied can only be guessed without further studies, but there is no question that those dollars reach into all corners of the business community. Businessmen should spend a few minutes looking at the information presented in Appendix B. Here one can get a good idea of how fishermen spend their money. An average of 76 percent of a fisherman's gross earning is spent locally. Closer to 100 percent of the income is spent locally for common expenses such as contractors, gear, bait, ice, parts, repairs, professional services, and so forth.

Knowing how much income commercial fishing brings into the Homer area is important. But what does it mean in terms of the total area economy? The only data available for direct comparison comes from the May 1986 edition of the Kenai Peninsula Borough Situations and Prospects. Numerous borough statistics are compiled in this document including gross sales receipts by place. In 1985, the combined gross sales receipts for Homer and Seldovia were $141.5 million. Unfortunately, the gross sales outside of these two cities but still within the boundaries of the

Homer area are not separately accounted for in Situations and Prospects. If, however, we use the $141.5 million as a reasonable approximation of the total retail sales on the southern Kenai Peninsula, we can see that the commercial fishing income is 20 percent of the total gross sales. This should help put into perspective the total economic impact of this industry.

The infrastructure required to support this industry is substantial. Much of it has been detailed in this study but some has been missed and some of the details could be more complete. Also, the infrastructure is constantly changing. The recent expansion of the Homer boat harbor and the development of the fish dock and ice plant have opened the door for substantial changes in the fishing fleet. Important discussions are also underway as to how and if future development of the harbor and adjacent areas on the Homer Spit should take place. All of these things will impact the commercial fishing industry, and in turn the Homer area. Just how remains to be seen.

Commercial fishing is a complex industry that touches many parts of the local and state economy with national and international implications as well. This study was not intended to be a comprehensive analysis of the industry, but the results presented here are a realistic beginning.

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## APPENDIX A
## RESULTS OF THE SURVEY OF LOCAL BUSINESSES

Question 1. What percent of your customers are commercial fishermen?

| Range (percent) | Percent of those surveyed who responded |
|---|---|
| 0-10 | 16 |
| 11-20 | 24 |
| 21-30 | 14 |
| 31-40 | 6 |
| 41-50 | 4 |
| 51-60 | 10 |
| 61-70 | 0 |
| 71-80 | 14 |
| 81-90 | 4 |
| 91-100 | 4 |

Question 2. How much of your gross annual business income came from commercial fishermen or was related to commercial fisheries?

| Range (dollars) | Percent of those surveyed who responded |
|---|---|
| <5,000 | 16 |
| 5,001-20,000 | 16 |
| 20,001-40,000 | 10 |
| 40,001-60,000 | 14 |
| 60,001-80,000 | 10 |
| 80,001-100,000 | 6 |
| 100,001-200,000 | 8 |
| 200,001-300,000 | 8 |
| 300,001-400,000 | 2 |
| 400,001-500,000 | 0 |
| 500,001-600,000 | 0 |
| 600,001-700,000 | 4 |
| 700,001-800,000 | 2 |
| 800,001-900,000 | 0 |
| 900,001-1,000,000 | 2 |
| >1,000,000 | 4 |

## APPENDIX B
## RESULTS OF SURVEY OF COMMERCIAL FISHERMEN

The information in Tables B-1 and B-2 was taken from the 41 surveys returned by commercial fishermen. The fishermen who participated in the survey earned most (an average of 87 percent) of their annual income from commercial fishing. Therefore, data in the table is typical for full-time fishermen but not all commercial fishermen. Table B-3 compiles the results of the job summary completed for this report.

**Table B-1. Summary of information from 41 surveys returned by commercial fishermen**

| | Average amount spent on expenses (dollars) | | | |
|---|---|---|---|---|
| | All | 50,000[1] | 100,000[2] | >100,000[3] |
| Gross fishing income | 132,748 | 28,752 | 75,288 | 241,376 |
| **Capital Improvements** | | | | |
| Buildings | 4,625 | 708 | 11,999 | 3,357 |
| Contractors | 1,799 | 0 | 390 | 3,881 |
| Skiffs | 1,990 | 1,439 | 3,530 | 1,533 |
| Outboards | 1,372 | 648 | 1,556 | 1,792 |
| Vehicles | 2,845 | 1,214 | 5,707 | 2,453 |
| Other | 10,768 | 0 | 10,560 | 18,661 |
| **Lending institutions** | | | | |
| Boat loans | 15,789 | 7,308 | 12,599 | 23,707 |
| Gear loans | 1,563 | 1,930 | 700 | 1,778 |
| Permit loans | 5,210 | 3,862 | 9,400 | 3,856 |
| Other | 4,690 | 385 | 1,290 | 9,688 |
| Insurance | 6,115 | 1,002 | 4,779 | 10,551 |
| Fuel | 5,111 | 2,097 | 3,150 | 8,377 |
| Crew Shares | 42,474 | 5,632 | 18,598 | 82,346 |
| **Professional fees** | | | | |
| Acc't./taxes | 513 | 116 | 711 | 689 |
| Legal fees | 228 | 256 | 30 | 318 |
| Medical | 974 | 184 | 1,426 | 1,294 |
| Other | 1,980 | 0 | 1,378 | 3,744 |
| **Gear and supplies** | | | | |
| Fish gear | 5,408 | 2,319 | 4,065 | 8,384 |
| Electronics | 1,166 | 365 | 600 | 2,059 |
| Groceries | 3,591 | 1,096 | 2,965 | 5,742 |
| Bait | 1,741 | 603 | 732 | 3,124 |
| Ice | 47 | 46 | 82 | 28 |
| Equipment | 1,782 | 151 | 1,620 | 3,050 |
| Other | 63 | 0 | 260 | 0 |
| **Repair and maintenance** | | | | |
| Engine | 1,506 | 559 | 1,620 | 2,126 |
| Boat | 1,743 | 209 | 1,062 | 3,228 |
| Equipment | 1,952 | 995 | 1,369 | 2,967 |
| Parts | 772 | 175 | 286 | 1,472 |
| Vehicles | 651 | 315 | 336 | 1,068 |
| Other | 839 | 34 | 33 | 1,867 |
| Port/harbor | 1,101 | 452 | 1,163 | 1,536 |
| Taxes | 1,093 | 439 | 1,411 | 1,388 |
| Other | 2,174 | 263 | 845 | 4,292 |
| Total | 133,691 | 34,802 | 106,254 | 220,353 |

[1]This column shows results from the 13 surveys that were returned by people who grossed $50,000 or less annually from commercial fishing.
[2]This column shows results from the 10 surveys that were returned by people who grossed between $50,000 and $100,000 annually from fishing.
[3]This column shows results from the 18 surveys that were returned by people who grossed more than $100,000 annually from fishing.

**Table B-2. Summary of information from 41 surveys returned by commercial fishermen**

| | Average percentage of goods and services spent in Homer | | | |
|---|---|---|---|---|
| | All | 50,000[1] | 100,000[1] | >100,000[1] |
| GF Income | 87 | 80 | 80 | 96 |
| **Capital Improvements** | | | | |
| Buildings | 90 | 100 | 77 | 100 |
| Contractors | 100 | 0 | 100 | 100 |
| Skiffs | 85 | 100 | 100 | 50 |
| Outboards | 94 | 100 | 100 | 89 |
| Vehicles | 49 | 60 | 16 | 62 |
| Other | 66 | 0 | 75 | 62 |
| **Lending institutions** | | | | |
| Boat loans | 20 | 25 | 14 | 21 |
| Gear loans | 62 | 100 | 50 | 33 |
| Permit loans | 0 | 0 | 0 | 0 |
| Other | 35 | 50 | 25 | 40 |
| Insurance | 54 | 80 | 50 | 50 |
| Fuel | 72 | 79 | 72 | 66 |
| Crew Shares | 88 | 72 | 94 | 94 |
| **Professional fees** | | | | |
| Acc't./taxes | 82 | 94 | 70 | 83 |
| Legal fees | 91 | 100 | 100 | 80 |
| Medical | 95 | 100 | 100 | 89 |
| Other | 89 | 0 | 97 | 86 |
| **Gear and supplies** | | | | |
| Fish gear | 85 | 85 | 85 | 85 |
| Electronics | 93 | 100 | 100 | 86 |
| Groceries | 78 | 78 | 83 | 75 |
| Bait | 98 | 100 | 100 | 94 |
| Ice | 100 | 100 | 100 | 100 |
| Equipment | 79 | 100 | 86 | 60 |
| Other | 100 | 0 | 100 | 0 |
| **Repair and maintenance** | | | | |
| Engine | 79 | 54 | 100 | 90 |
| Boat | 89 | 67 | 97 | 90 |
| Equipment | 85 | 84 | 86 | 86 |
| Parts | 86 | 85 | 90 | 84 |
| Vehicles | 81 | 78 | 100 | 78 |
| Other | 83 | 100 | 100 | 76 |
| Port/harbor | 93 | 100 | 89 | 91 |
| Taxes | 51 | 45 | 40 | 61 |
| Other | 48 | 60 | 46 | 45 |
| Total | 76 | 82 | 79 | 74 |

[1]Average percent of gross annual income from commercial fishing.

**Table B-3. Employment statistics**

| | Total jobs | Months | Compensation paid | Average compensation | Average number of jobs per income class | | | |
|---|---|---|---|---|---|---|---|---|
| | | | | | All | 50,000 | 100,000 | 100,000 |
| All | 199 | | | | 4.9 | 2.0 | 4.4 | 7.0 |
| Homer | 167 | 394 | 1,705,497 | 10,213 | 4.0 | 1.4 | 4.0 | 5.9 |
| Alaska | 19 | 61 | 375,221 | 19,748 | 0.6 | 0.2 | 0.2 | 0.7 |
| Outside | 13 | 24 | 114,133 | 8,779 | 0.3 | 0.1 | 0.1 | 0.4 |