



# **Economic Impact of COVID-19 on Tourism and Service Sector Business in Valdez, Alaska**

By Keenan Britt and Brandon Roberts

**Survey Date: April 6 – 15, 2020**

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## **Abstract**

Businesses and other organizations in the tourism and service sectors of Valdez, Alaska were surveyed to assess the economic impacts of COVID-19. The surveys were sent via email to members of the Valdez Convention & Visitors Bureau. The results indicate a significant decrease in business and employment and a substantial risk of permanent closure for many businesses.

## **Introduction**

The novel coronavirus, SARS-CoV-2, or COVID-19 (hereafter COVID-19) originated in Wuhan, China in 2019 and subsequently spread globally<sup>[1]</sup>. The spread of COVID-19 was declared to be a pandemic by the World Health Organization on March 11, 2020<sup>[2]</sup>.

On March 11, 2020 Alaska Governor Mike Dunleavy declared a public health disaster emergency, anticipating an outbreak of COVID-19 in Alaska<sup>[3]</sup>. The first case of COVID-19 in Alaska was reported the following, March 12, 2020<sup>[4]</sup>. The number of cases subsequently grew over the following weeks; according to the Alaska Department of Health and Social Services, there are 337 total cases of COVID-19 in Alaska as of April 23, 2020<sup>[5]</sup>.

Restrictions on travel were imposed by the State of Alaska to limit the spread of COVID-19. On March 18, 2020, Governor Dunleavy issued Health Mandate 3.1 which closed all restaurants and bars in Alaska to public dine-in service<sup>[6]</sup>. On March 23, Governor Dunleavy issued Health Mandate 10.1 which imposed a 14-day quarantine on individuals arriving to Alaska from interstate or international travel<sup>[7]</sup>. On March 27, social distancing requirements were implemented for Alaskans in Health Mandate 11<sup>[8]</sup> and intrastate travel between communities was limited to critical needs in Health Mandate 12<sup>[9]</sup>.

The first community response meeting in Valdez, Alaska was held on March 10, 2020 by Mayor Jeremy O'Neil. On March 23, the City of Valdez issued Local Health Mandate #001, which imposed a 14-day quarantine on individuals arriving to Valdez, with certain exceptions for critical infrastructure and hunting and fishing<sup>[10]</sup>. On March 25, Mayor Pro Tempore Sharon Scheidt approved an emergency proclamation urging Valdez residents to shelter in place<sup>[11]</sup>.

The economic impact of these and other mandates, as well as public concern about traveling, have affected local businesses in Valdez, Alaska. The threat to the local business community became more apparent on April 1, 2020 when the permanent closure of local business Valdez U-Drive was announced by owner Jeff Johnson on social media<sup>[12]</sup>.

A special meeting of the board of directors of the Valdez Convention & Visitors Bureau (hereafter, VCVB) was held on April 3, 2020 to address the economic impact. The VCVB is a non-profit destination marketing organization which promotes Valdez, Alaska as a year-round tour and travel destination. The VCVB is governed by a board of directors elected by the VCVB membership-base of local tourism-related businesses.

During the April 3 special meeting, the board of directors directed the VCVB staff to prepare an economic impact survey for Valdez, Alaska businesses. Board President Patty Relay stated that “Economic impact data is essential to future advocacy efforts”<sup>[13]</sup>.

### **Methods**

The VCVB staff – Executive Director Sharon Anderson, Membership Manager Brandon Roberts, and Services Manager Keenan Britt – prepared an economic impact survey to send to the VCVB membership.

The survey was presented as follows:

1. *Total number of current employees? \**
2. *Total number of employees laid off so far? \**
3. *Total number of summer hires in 2019? \**
4. *Total number of anticipated summer hires in 2020? \**
5. *Have you delayed or suspended hiring summer employees because of budget concerns? \**  
Yes  
No
6. *Have you reduced hours for your current employees? \**  
Yes  
No
7. *Is your business at risk of closing permanently because of impact caused by COVID-19? \**  
Yes - Significant Risk  
Yes - Moderate Risk  
Uncertain  
No - Not at Risk
8. *If you are at risk of closing, how many weeks of the current situation do you think your business will be able to survive? \**  
Two or Less  
Three to Four  
Five to Seven  
Eight to Ten  
12 to 18  
19 to 51  
52+

9. *Please indicate the estimated loss in 2020 business / bookings as compared to this time in 2019. \**
- No Loss*
  - Less than 10%*
  - 11-25%*
  - 25-50%*
  - Greater than 50%*
10. *Please indicate the estimated loss in revenue for your business in 2020 as compared to this time in 2019. \**
- No Loss*
  - Less than 10%*
  - 11-25%*
  - 25-50%*
  - Greater than 50%*
11. *Have you, or are you planning to apply for any assistance or SBA loans? \**
- Yes*
  - No*
  - Not Sure*

The survey was sent via email on April 6 to the 124 email addresses representing the contact information of the VCVB membership-base. Phone calls were made to every member of the VCVB on April 10 reminding them to complete the survey before the deadline of, April 15.

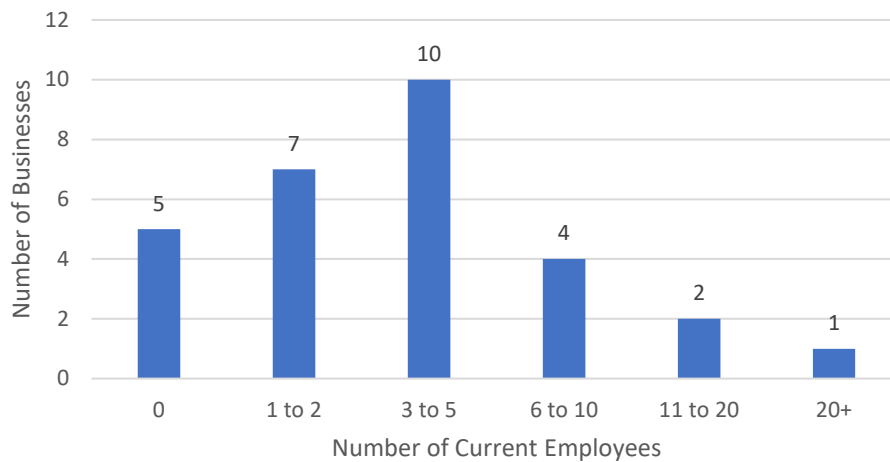
## **Results**

A total of 33 survey responses were received by the deadline, and the responses were compiled. Answers were only accepted for questions if a value was given. A blank entry was *not* assumed to be zero. Therefore, the total number of responses for each question does not always total to 33.

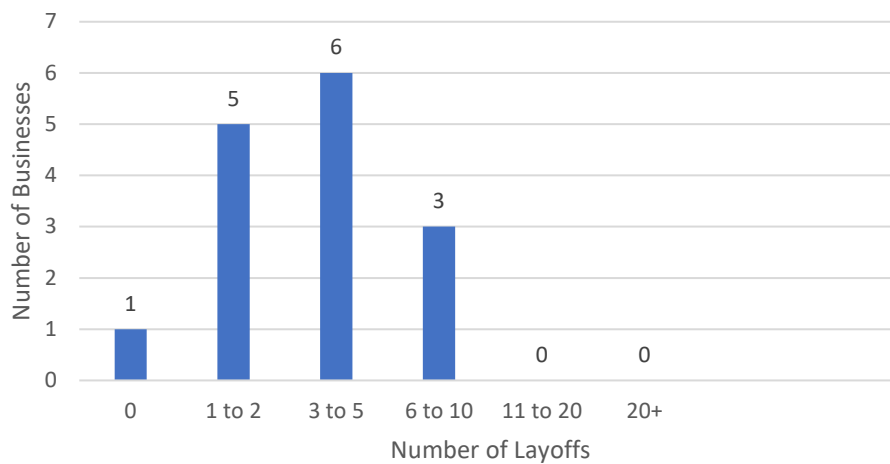
The 33 responses were from VCVB members across several business fields, including tour operators, fishing charters, museums and arts, restaurants, lodging, retail, and other community organizations.

The results presented here are graphs generated from the survey results.

Q1: Total Number of **CURRENT** Employees



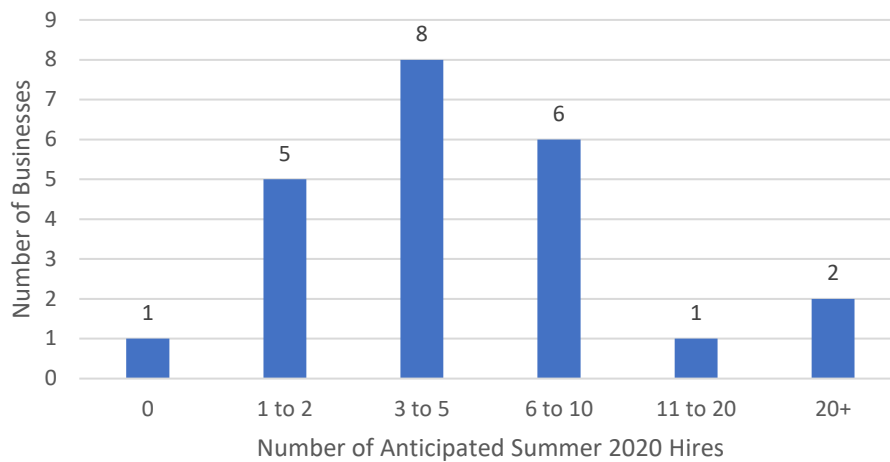
Q2: Total number of Layoffs Since COVID19?



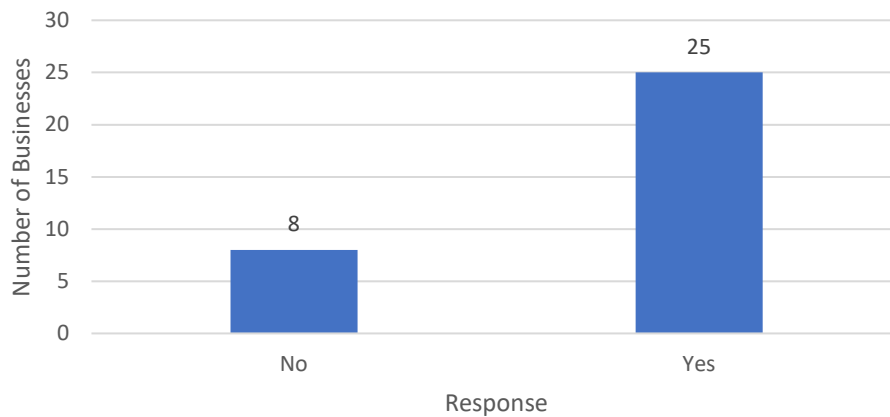
Q3: Total Number of Summer Hires in 2019?



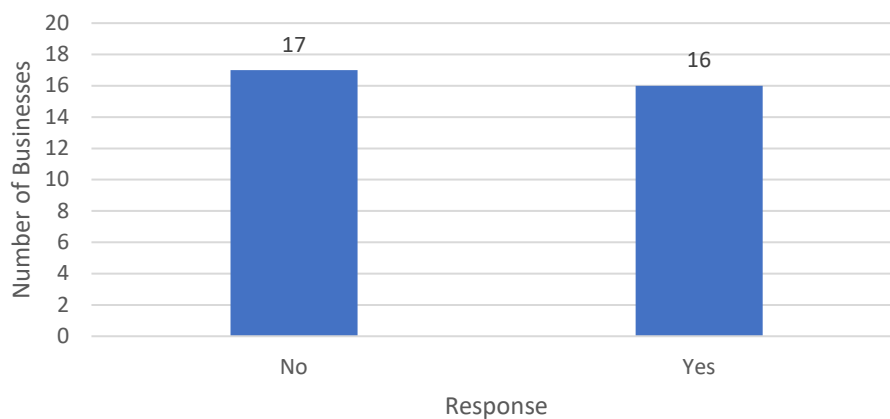
#### Q4: Total Anticipated Summer Hires for 2020?



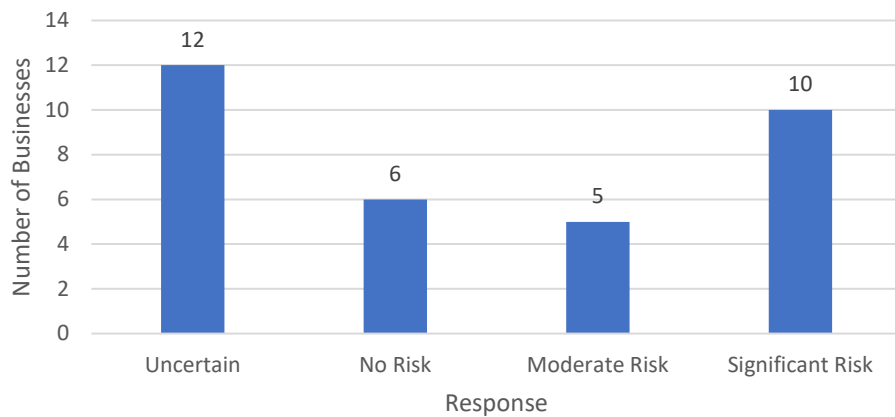
#### Q5: Have you delayed or suspended hiring summer employees because of budget concerns?



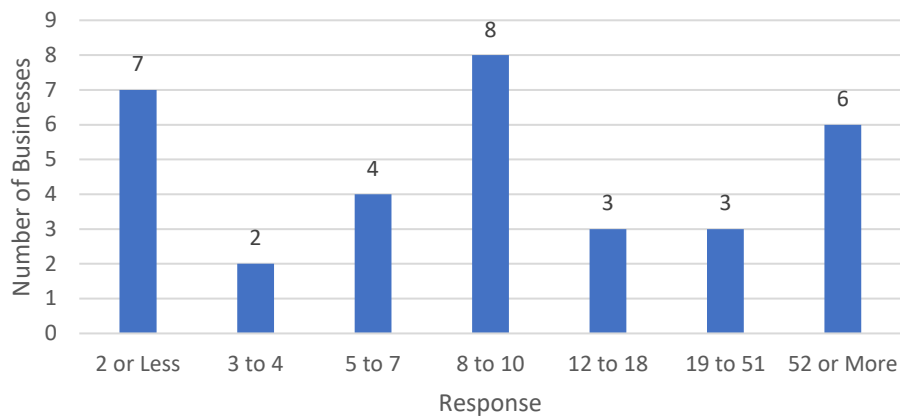
#### Q6: Have You Reduced Hours for Your Current Employees?



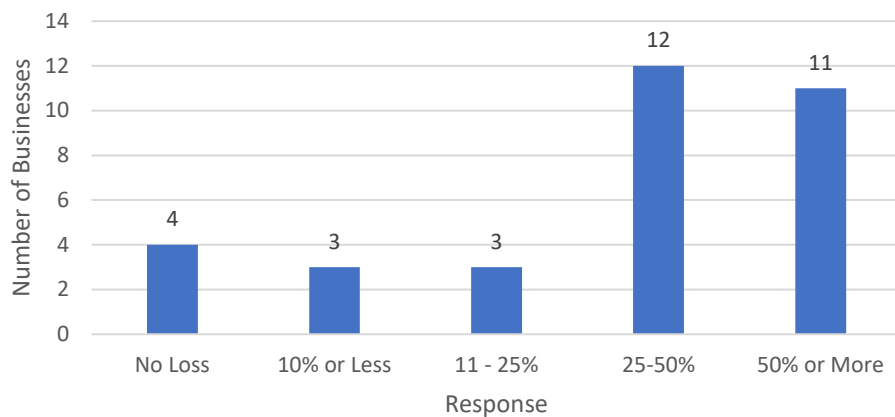
**Q7: Is your business at risk of closing permanently because of COVID-19 impact?**



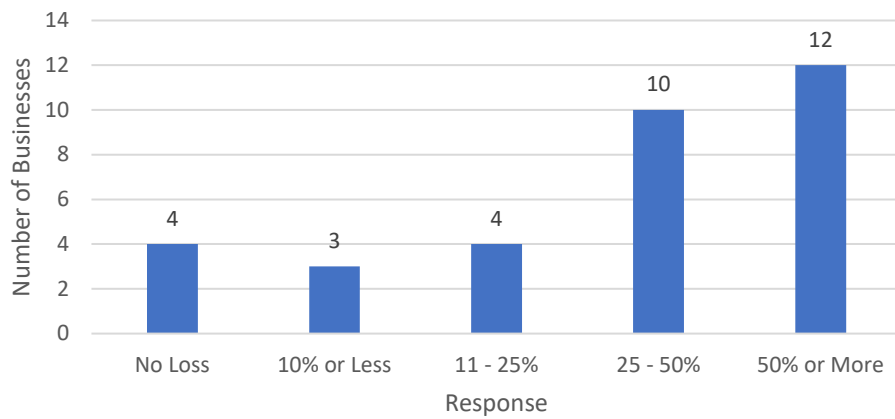
**Q8: If at Risk of Closing, How Many Weeks of the Current Situation Will Your Business Survive?**



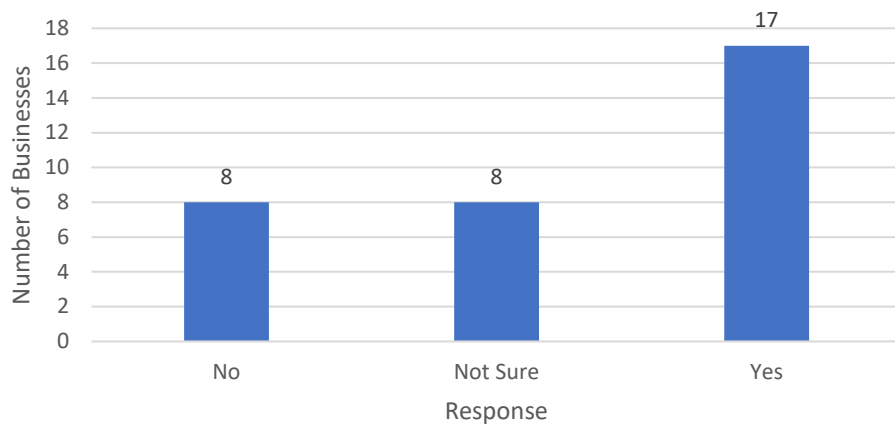
**Q9: Estimated Loss in 2020 business/bookings compared to this time in 2019**



Q10: Estimated Loss in Revenue in 2020 as Compared to this Time in 2019



Q11: Have you, or are you planning to apply for any assistance or SBA loans?





## **Discussion**

Questions 1 through 6 relate to employment. All but one of the 15 survey respondents who answered Question 2 indicated they had laid off employees (the one respondent who had not laid off any employees indicated that they did not have any employees at the time). Questions 3 and 4 indicate an overall shift to businesses anticipating hiring fewer summer employees in summer 2020 than in summer 2019. On Question 5, 25 out of 33 responses indicated a delay or suspension of summer hiring, and on Question 6 just under half, 16 out of 33, responses indicate a reduction in hours for current employees.

Questions 7 through 11 relate to the vitality of the businesses. Question 7 indicates that 15 out of the 33 respondents are either at moderate or significant risk of permanently closing. From Question 8, it is observed that a majority of the respondents (21 out of 33) believe they could continue less than 10 weeks in the current conditions before having to close their business; some (7 out of 33) believe they can continue for less than two weeks. Questions 9 and 10 indicate a significant decline in revenue and business/bookings for 2020 compared to 2019, with a full third of respondents (11 out of 33) reporting business to be down by more than 50%, and another approximate third (12 out of 33) reporting business down by between 25%-50%. A majority of the respondents in Question 11 indicated they have or intend to apply for Small Business Administration loans.

## **Conclusion**

This study surveyed the economic impacts of the COVID-19 crisis on local tourism and service sector business in Valdez, Alaska. The results imply a dire situation in Valdez for employees in these sectors, with many employees being laid off, others having hours reduced, and seasonal hiring being delayed or suspended. The survey also demonstrates a severe economic situation for business owners and the businesses or organizations themselves, with substantial loss of business and revenue and significant risk of permanent closure.

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12. Personal Communication.
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