

# Fairbanks North Star



The economy and the people at the heart of Alaska's interior

By **SARA WHITNEY**

The Fairbanks North Star Borough, at the center of Alaska's interior in the Tanana Valley, is North America's northernmost settlement of its size. While the borough has just two incorporated cities — Fairbanks and North Pole — and a handful of smaller communities, its land mass is about the size of New Jersey.

The borough was Alaska's second most populated, after Anchorage, until 2015 when the Matanuska-Susitna Borough topped the 100,000 mark and pushed the North Star Borough into third place. While the borough isn't far behind, at 97,738 people in 2017, that's a decrease from its peak of 100,664 people in 2012. (See Exhibit 1.)

The borough's size and location make it the cultural and commercial center of the Interior Region as well as a hub for villages hundreds of miles in every direction. The area is home to a diverse community of Alaska Natives from all over the state as well as Athabascans, its original inhabitants.

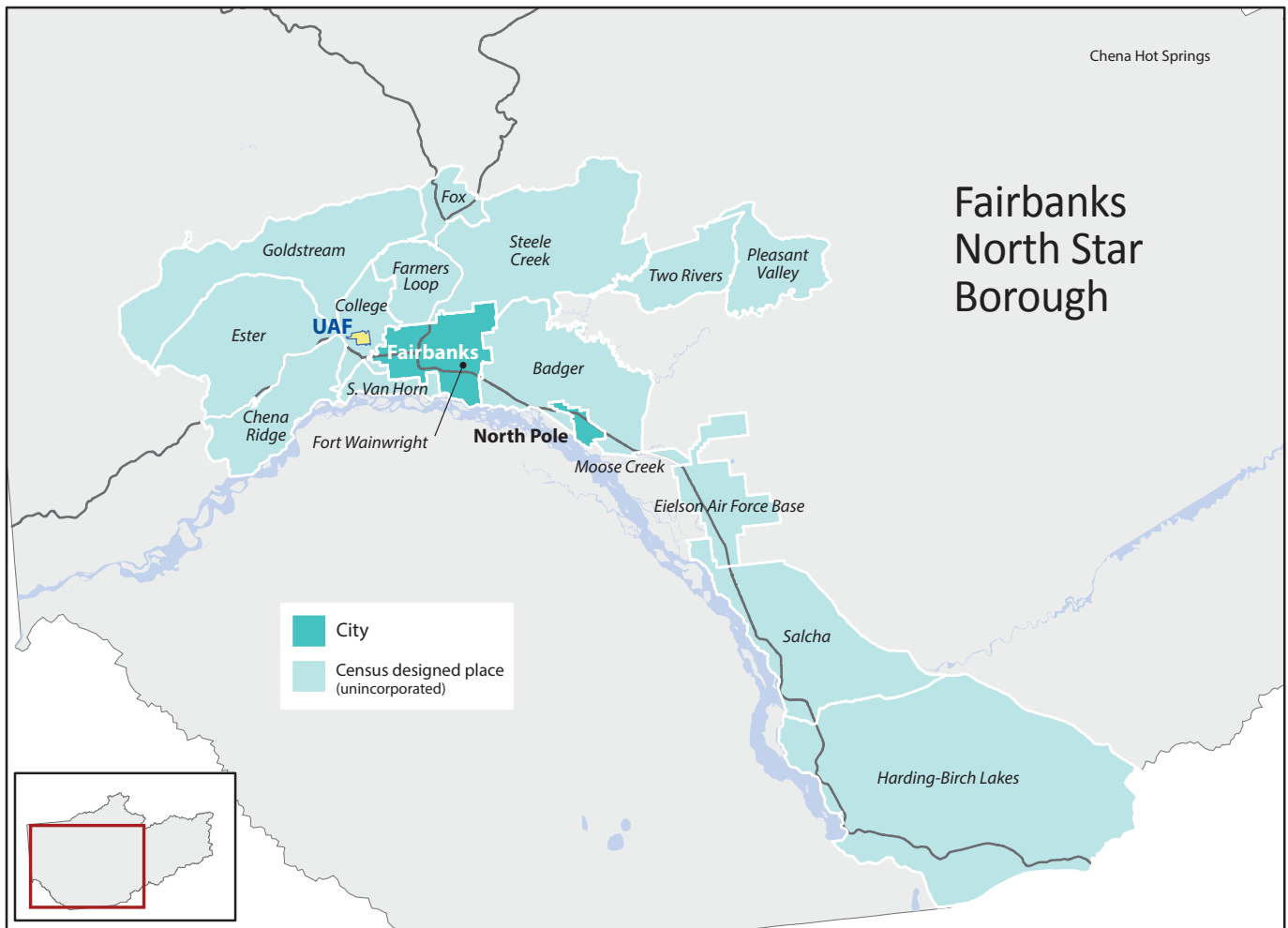
Archaeological digs show human activity in what is now the Fairbanks North Star Borough at least as far back as 10,000 years. There's no evidence it was ever a permanent Native settlement, but Alaska Natives have been hunting and fishing there since the last ice age.



Fairbanks hosts the annual World Ice Art Championships, which attracts ice carvers from all over the world. Ice Alaska announced the 2018 event is canceled due to funding challenges from rebuilding after a 2016 fire, but the event will resume next year. Photo by Flickr user Scott McMurren

## Economy takes shape with gold

Settlement of the area ramped up with the Gold Rush that began in the late 1800s as traders and settlers discovered it was a rich source of gold. The prospector E.T. Barnette founded a trading post at what is now Fairbanks, becoming the city's first mayor in 1903.



Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

By World War I, the easily reachable gold was dwindling. The population began to drop, but construction of the Alaska Railroad revitalized the area and kept the gold mining industry booming because Fairbanks' location was ideal for transporting supplies. When President Warren G. Harding drove a golden spike into the rail near Nenana in 1923 to signal the railroad's completion, it solidified Fairbanks' role in transporting goods to the Gulf of Alaska for shipping.

Gold would fade as the primary economic driver, but it kept the population growing throughout the 1930s and provided a soft landing during the Great Depression, when gold prices soared.

The borough's modern identity began to form in the 1940s and 1950s with military buildups, as Fairbanks became a staging area for construction of military depots for World War II and the early Cold War. Then, with the discovery of oil at Prudhoe Bay in 1968, Fairbanks' location midway between the North Slope and Valdez made it an ideal supply point for the oil patch and the Trans-Alaska Pipeline that was built soon thereafter, ushering in the state's

## The area is known for sports, and the weather is no excuse

Winters may be dark, with less than four hours of daylight at the winter solstice, but that doesn't mean they're sleepy. Much of Fairbanks' local flavor centers on winter sports, both indoor and outdoor, from hockey and curling to skiing, skijoring, ice carving, snowmachine racing, dog mushing, and running. The local running club even holds races in January.

Fairbanks is home to two annual races that call themselves "the world's toughest": the Yukon Quest, an international 1,000-mile sled dog race from Fairbanks to Whitehorse, Yukon Territory, and the Iron Dog, a 2,031-mile snowmachine race to Fairbanks from Big Lake.

The city hosted the Arctic Winter Games at its 5,000-seat sporting arena, the Carlson Center, in 2014 and is home to the annual World Ice Art Championships, which attracts ice carvers from all over the world. (Ice Alaska recently reported this year's event is canceled due to a fire that destroyed its headquarters in 2016, but next year's event is in the works.)

# 1 Populations by Area in Fairbanks North Star Borough

2000 AND 2010 CENSUSES AND 2011-2017 ESTIMATES

Name	Census	Census	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Avg Annual Chg	
	Apr 2000	Apr 2010	Jul 2011	Jul 2012	Jul 2013	Jul 2014	Jul 2015	Jul 2016	Jul 2017	2000-17	2010-17	
<b>Fairbanks North Star Borough</b>	<b>82,840</b>	<b>97,581</b>	<b>98,234</b>	<b>100,664</b>	<b>99,985</b>	<b>98,779</b>	<b>98,727</b>	<b>98,954</b>	<b>97,738</b>	<b>0.96%</b>	<b>0.02%</b>	
Fairbanks (incl Ft Wainwright, S Van Horn)	30,803	32,093	31,201	32,589	32,802	32,449	32,653	32,557	32,457	0.30%	0.16%	
Fox, Steele Crk, Pleasant Valley, Two Rivers	5,816	8,523	8,676	8,728	8,707	8,713	8,618	8,830	8,647	2.27%	0.20%	
Chena Ridge, Ester, Goldstream	7,879	11,770	12,226	12,495	12,485	12,449	12,437	12,520	12,372	2.57%	0.69%	
College and Farmers Loop	14,930	17,817	18,287	18,386	18,203	18,119	17,847	17,625	17,143	0.80%	-0.53%	
College (includes UAF)	11,402	12,964	13,323	13,383	13,241	13,144	13,003	12,803	12,359	0.47%	-0.66%	
North Pole (includes Badger)	15,828	21,599	21,993	22,122	21,687	21,379	21,268	21,471	21,104	1.66%	-0.32%	
Eielson Air Force Base	5,388	2,647	2,682	3,144	2,944	2,604	2,867	2,918	2,958	-3.38%	1.53%	
Salcha, Moose Creek, Harding/Birch Lakes	1,620	2,141	2,131	2,138	2,072	2,023	1,984	1,993	1,984	1.17%	-1.05%	
Alaska	626,932	710,231	722,388	731,042	735,776	736,906	737,467	739,709	737,080	0.94%	0.51%	

Notes: Vintage 2017 population estimates. All numbers are based on 2017 geography.

Sources: U.S. Census Bureau; and Alaska Department of Labor and Workforce Development, Research and Analysis Section

massive oil boom in the 1970s and '80s.

The Fairbanks North Star Borough incorporated in 1964, naming Fairbanks as borough seat. There are separate borough and city governments, each with their own mayor, rather than the unified city-boroughs common in some parts of Alaska (Juneau and Sitka, for example). The borough assembly has nine members and includes a nonvoting representative each from the cities of Fairbanks and North Pole as well as from the school board. Fairbanks and North Pole both have a six-seat city council.

## The borough's two cities

Fairbanks, called the Golden Heart City, sits in the central Tanana Valley astride the Chena River. The city limits are relatively small. (See the map on page 5.) Including Fort Wainwright, it's home to about a third of the borough's population.

The city wasn't named for an Alaskan but rather for Sen. Charles Fairbanks of Indiana, who later became vice president under Theodore Roosevelt.

North Pole, 13 miles southeast of Fairbanks on the Richardson Highway, began as homesteads in the 1940s and became a city in 1953. North Pole is home to 21,104 people including the Badger area, but its best-known and uncounted resident is Santa Claus. Every year, North Pole receives hundreds of thousands of letters sent to Santa from all over the world at 99705, known as Santa's ZIP Code. And for more than 60 years, volunteers have answered them.

Visitors to North Pole know they're in the right place, too, as the city features candy cane themed light posts



North Pole signs, courtesy of Wikimedia Commons user Beeblebrox (above) and Flickr user Amy Meredith (right).

as well as Christmas-themed shops and street names, such as Snowman Lane and St. Nicholas Drive.

North Pole's economy relies on seasonal tourism but also on its proximity to Fairbanks and Eielson Air Force Base and on the Petrostar oil refinery. The city had two refineries until Flint Hills closed in 2014.

## Smaller outlying communities

Most borough residents live outside the two cities in unincorporated areas the Census Bureau calls "Census-designated places," or CDPs. The largest is Badger, which includes the areas off Badger Road between Fairbanks and North Pole. About 19,000 people live off Badger Road, down from 20,000 in 2012.

Some of the borough's outlying areas, such as Badger, are neighborhoods but others consider themselves separate communities with discrete identities. (See the sidebar on page 8 and the map for more on CDPs, which can differ from how residents categorize these areas.)

For example, Ester, to the west of Fairbanks, is sometimes called "The People's Republic of Ester." The com-



Winter Fairbanks panorama, photo courtesy of Flickr user Neverbutterfly

munity began as a gold mining camp on Ester Creek in the early 1900s, and it still has three active gold mines.

The areas north of Fairbanks, home to many of the area's dog mushers, include Two Rivers and Fox, a bedroom community for Fairbanks and Fort Knox Gold Mine to the northeast. Like Ester, Fox was established as a mining camp in the early 1900s. Today it's known for Silver Gulch Brewery and Fox Spring. For the last 50 years, the spring has attracted cabin-dwellers, villagers, and people who have wells, which are common in the area. Some people travel hundreds of miles, often along the haul road from the North Slope, to fill up on fresh drinking water.

Forty miles south of Fairbanks, past North Pole and Eielson Air Force Base on the Salcha River, is Salcha and the nearby Harding and Birch lakes, known for fishing and seasonal homes. The area was originally known as "Salchaket," an Athabascan name meaning "The Mouth of Salcha."

Eielson Air Force Base and the University of Alaska Fairbanks also lie outside city limits.

## Military, UAF are job heavyweights

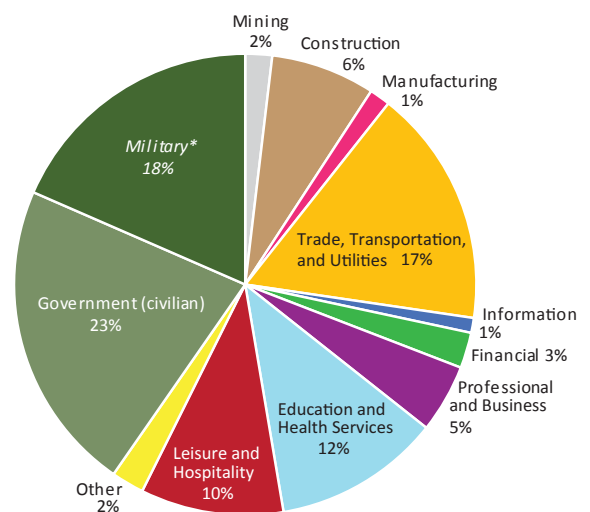
Eielson Air Force Base was built during World War II, near what was then Ladd Field, and is home to the 354th Fighter Wing. Eielson is preparing to house two new F-35 fighter jet squadrons in the next couple of years, and construction has ramped up with more population growth on the horizon. From 2016 to 2017, Eielson was one of the few parts of the borough that grew.

Fort Wainwright was first commissioned in the 1930s as Ladd Field and then Ladd Air Force Base before being transferred to the U.S. Army in 1961. The base, part of the City of Fairbanks, is home to the U.S. 1st Stryker Brigade Combat Team of the 25th Infantry Division.

UAF, the University of Alaska system's flagship school, enrolled 7,082 students at its Fairbanks campuses in fall 2017. It's one of the world's primary locations for Arctic and northern research, but the school began with just six students in the early 20th century when it was

## 2 Government, Military the Largest Share of Jobs

FAIRBANKS N. STAR BOROUGH, 2017\*



\*Because military jobs aren't included in the wage and salary employment data this chart uses, the military slice is a count of active duty military personnel in 2017. The other industries reflect average monthly job counts. Notes: Excludes self-employment

Sources: Alaska Department of Labor and Workforce Development, Research and Analysis Section; and U.S. Census Bureau

known as the Alaska Agricultural College and School of Mines.

The university and the military bases contribute heavily to the high percentages of government jobs in the borough. (See Exhibit 2.) The area had about 37,600 wage and salary jobs in 2017 on average, and about 10,700 of those were in civilian federal, state, and local government, which includes tribal government and public schools. That job total doesn't include the military, which had 8,487 active-duty personnel in the area in 2017.

The largest shares of private sector jobs are in trade, transportation, and utilities followed by education



# 3

## Demographics of the Fairbanks North Star Borough

BY AREA, PLACES WITH 1,000 OR MORE PEOPLE, 2012 TO 2016

Area	Age				Race*						Ethnicity*	Household Income			Poverty
	0-17	18-34	35-64	65+	Wht	Native	Blk	Asian	Othr	2+	Hispanic	\$50k+	\$75k+	\$100k+	Rate
<b>Fairbanks North Star Borough</b>	<b>24%</b>	<b>32%</b>	<b>35%</b>	<b>8%</b>	<b>77%</b>	<b>7%</b>	<b>4%</b>	<b>4%</b>	<b>1%</b>	<b>8%</b>	<b>7%</b>	<b>84%</b>	<b>52%</b>	<b>33%</b>	<b>8%</b>
Fairbanks (incl Ft Wainwright, S Van Horn)	24%	39%	29%	7%	66%	8%	8%	6%	2%	10%	12%	85%	40%	22%	12%
Fox, Steele Crk, Pleasant Valley, Two Rivers	23%	20%	48%	9%	80%	5%	0%	2%	3%	9%	6%	84%	60%	39%	8%
Chena Ridge, Ester, and Goldstream	22%	26%	45%	8%	88%	6%	0%	1%	0%	4%	1%	82%	60%	40%	4%
College and Farmers Loop	22%	33%	35%	10%	75%	7%	4%	4%	0%	9%	6%	85%	57%	42%	5%
College	21%	36%	34%	9%	72%	8%	5%	5%	0%	10%	5%	83%	55%	38%	4%
North Pole (includes Badger)	28%	28%	38%	7%	85%	5%	1%	1%	0%	7%	7%	83%	54%	35%	8%
Eielson Air Force Base	33%	50%	17%	0%	77%	1%	7%	4%	1%	11%	13%	93%	57%	27%	4%
Salcha, Moose Creek, Harding-Birch Lakes	26%	32%	35%	7%	95%	1%	1%	2%	0%	0%	2%	86%	54%	30%	7%
Alaska	25%	26%	39%	9%	66%	14%	3%	7%	1%	8%	7%	85%	53%	35%	10%

\*Alaska Native includes American Indians. Asian includes Pacific Islanders. Hispanics can be of any race.

Source: U.S. Census Bureau, 2012 to 2016 American Community Survey

and health services. The latter category includes the privately owned Fairbanks Memorial Hospital, which opened a new heart care center in 2009, as well as other health care providers, private schools, and nonprofit social service organizations.

Gold mining is still part of the North Star economy, too. Although it's been a comparatively small piece of local employment since the Gold Rush, it spiked with the opening of Fort Knox Gold Mine north of Fairbanks in 1997 and Pogo Gold Mine 85 miles to the southeast in 2007. In 2017, about 2 percent of area jobs were in natural resources and mining, jobs known for their high wages.

### The borough is young, but demographics vary by place

The Fairbanks North Star Borough is young compared to the state as a whole due to its large military and student populations. It's less racially diverse overall, however, at 77 percent white versus 66 percent statewide. But demographics vary by area, often considerably. (See Exhibit 3.)

The City of Fairbanks, including Fort Wainwright, is the most diverse and more in line with Alaska overall, at around 66 percent white, 18 percent Alaska Native or multirace, and 8 percent black (compared to just 3 percent statewide). About 12 percent are Hispanic, nearly double that of the borough as a whole.

The university area is also more diverse than the rest of the borough, and it stands out for its unsurprisingly higher educational attainment. Forty-three percent of College residents have a bachelor's degree or higher versus 33 percent for the borough and 29 percent statewide.

### About the data

The U.S. Census Bureau calls the unincorporated areas in this article "Census-designated places," but they may not reflect how people living in these areas see them. For example, locals consider some of the CDPs in this article part of Fairbanks (although they are outside city limits) and others are separate communities.

Census Bureau data for places this small are released less often and tend to have large margins of error. The sections of this article that discuss these outlying areas use the Census Bureau's American Community Survey 2012 to 2016 data, including for borough-wide and statewide numbers. While more current or precise numbers are available for Alaska and the borough as a whole, using ACS 2012 to 2016 is necessary for making comparisons.

Eielson Air Force Base has the borough's youngest population. A third of Eielson residents are under 18, and 50 percent are between 18 and 34.

In contrast, the oldest population and correspondingly smallest households are in the Farmers Loop area just north of Fairbanks. Fourteen percent of Farmers Loop residents are 65 or older compared to 9 percent statewide and 8 percent in the borough.

### Highest incomes, home values are west of Fairbanks

Farmers Loop has the borough's highest median household income as well. Fifty percent of Farmers Loop households bring in more than \$100,000 per year ver-

# 4

## Utilities Drive Up Costs in Fairbanks

2017 INDEX FOR PROFESSIONAL HOUSEHOLDS, U.S. AVERAGE FOR SELECT CITIES = 100

	Total Index	Groceries	Housing	Utilities	Transportation	Health Care	Misc.
<b>Category's weight*</b>	<b>100.0%</b>	<b>13.47%</b>	<b>28.15%</b>	<b>9.90%</b>	<b>8.99%</b>	<b>4.57%</b>	<b>34.92%</b>
Anchorage	128.2	125.6	147.2	103.6	112.4	143.8	122.8
<b>Fairbanks</b>	<b>132.6</b>	<b>123.3</b>	<b>122.4</b>	<b>217.9</b>	<b>121.9</b>	<b>151.8</b>	<b>120.5</b>
Juneau	133.2	143.5	150.5	119.9	128.3	155.6	117.3
Kodiak	130.3	148.5	141.0	121.1	132.1	140.4	115.4
Portland, Oregon (comparable)	129.1	115.2	178.9	78.0	106.4	107.1	117.6
McAllen, Texas (lowest)	76.0	82.9	62.5	87.7	87.6	73.8	78.1
Manhattan, New York City (highest)	238.3	138.3	494.6	117.6	130.0	115.1	148.5

\*The percentage of a household's income typically spent on that category  
 Source: The Council for Community and Economic Research (C2ER)

sus 33 percent borough-wide. The borough's median household income is slightly lower than the state's, at \$73,831 and \$74,444, respectively.

The areas west of Fairbanks also have higher incomes. About 42 percent of households in the university area and Farmers Loop make more than \$100,000 per year and it's 40 percent for Chena Ridge, Ester, and Goldstream — nearly double the City of Fairbanks' percentage.

Chena Ridge also has the highest median home value, at \$286,900. The comparable values were \$257,100 statewide and just \$224,000 for the borough.

### Sky-high utilities expenses offset lower housing costs

Local housing costs are relatively low, and raw land is more available and affordable in the North Star Borough than in other population centers such as Anchorage and Juneau where water or mountains limit physical expansion.

In addition to lower average home values and rents, 6 percent of borough homes lack indoor plumbing. Dry cabins, a popular and affordable option for college students, are concentrated to the west, with more than half in Chena Ridge, Ester, and Goldstream.

Utilities more than offset the relatively low food and housing costs, however. Because households spend about 10 percent of their income on utilities, that disparity drives up Fairbanks' overall cost of living considerably, according to the most recent Council for Community and Economic Research study of urban areas that includes Anchorage, Fairbanks, Juneau, and Kodiak. (See Exhibit 4.)

Given an index value of 100 as the average for U.S. cities included in the study, Fairbanks' cost of living came

in at 132.6 in 2017, nearly on par with Juneau (133.2) and above Anchorage (128.2).

Fairbanks' utilities index is more than double the U.S. average, at 217.9. Anchorage and Juneau utility indexes were at 103.6 and 119.9, respectively. Anchorage has access to affordable natural gas for heat, but the Fairbanks area relies heavily on oil and pays the high fuel costs often associated with parts of rural Alaska.

### Location creates a unique climate

The borough's extreme climate further complicates heating affordability, as warm summers give way to dark, often bitterly cold and clear winters. (The aurora borealis is typically visible 200 days a year.)

Fairbanks' low-lying position in the Tanana Valley causes it to accumulate cold air in the winter, creating some of the strongest surface-based temperature inversions in the U.S. and producing thick layers of ice fog. Another side effect of inversion layers is they trap air pollution, which can reach dangerous levels in the winter.

The mercury often falls below -40F on multiple days during the winter, and average winter lows range from -15 to -25. Getting around in those temperatures means most vehicles are plugged in to electrical outlets outdoors during the winter, connected to battery blankets and engine block heaters, just so they'll start. A vehicle that's "lived" in Fairbanks is often recognizable by the cord coming out of the grille, and plug-ins are common in local parking lots — just two of many recognizable local features.

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