

The Nome Census Area

From the gold rush to a service-based economy



The Nome Census Area has fewer than 10,000 people and less than one person per square mile, but its presence is much larger.

People are often familiar with Nome as the finish line of the world-famous Iditarod sled dog race, and recently as the site of a Discovery Channel reality show called “Bering Sea Gold.” It’s also a stop along the well-known Iron Dog snowmachine race. In many ways, Nome reflects Alaska’s grandeur and many recreational opportunities.

Outside of the area’s fame, its population and economy resemble many rural places in Alaska. The Nome Census Area, whose land mass is almost as large as West Virginia, includes 16 communities with Nome as its transportation and economic center. (See Exhibit 1.)

Although a road connects Nome to Teller, the other villages are off the road system and only accessible by small plane, boat, or snowmachine. Commercial jets carry mail, passengers, and freight to Nome, where they are loaded into smaller aircraft destined for the villages.



Above, this T.A. Rickard photo shows early gold miners in Nome, circa 1909. At the top of the page, a sled dog awaits the start of the Iditarod in Willow. Photo by Frank Kovalchek

Traditional Native villages in the area were located near rivers with salmon, or on islands close to abundant supplies of marine mammals and birds. Today, six of the area’s villages are on islands and the rest are located on the coastline, mostly near rivers. White Mountain is the only inland village that’s still occupied.

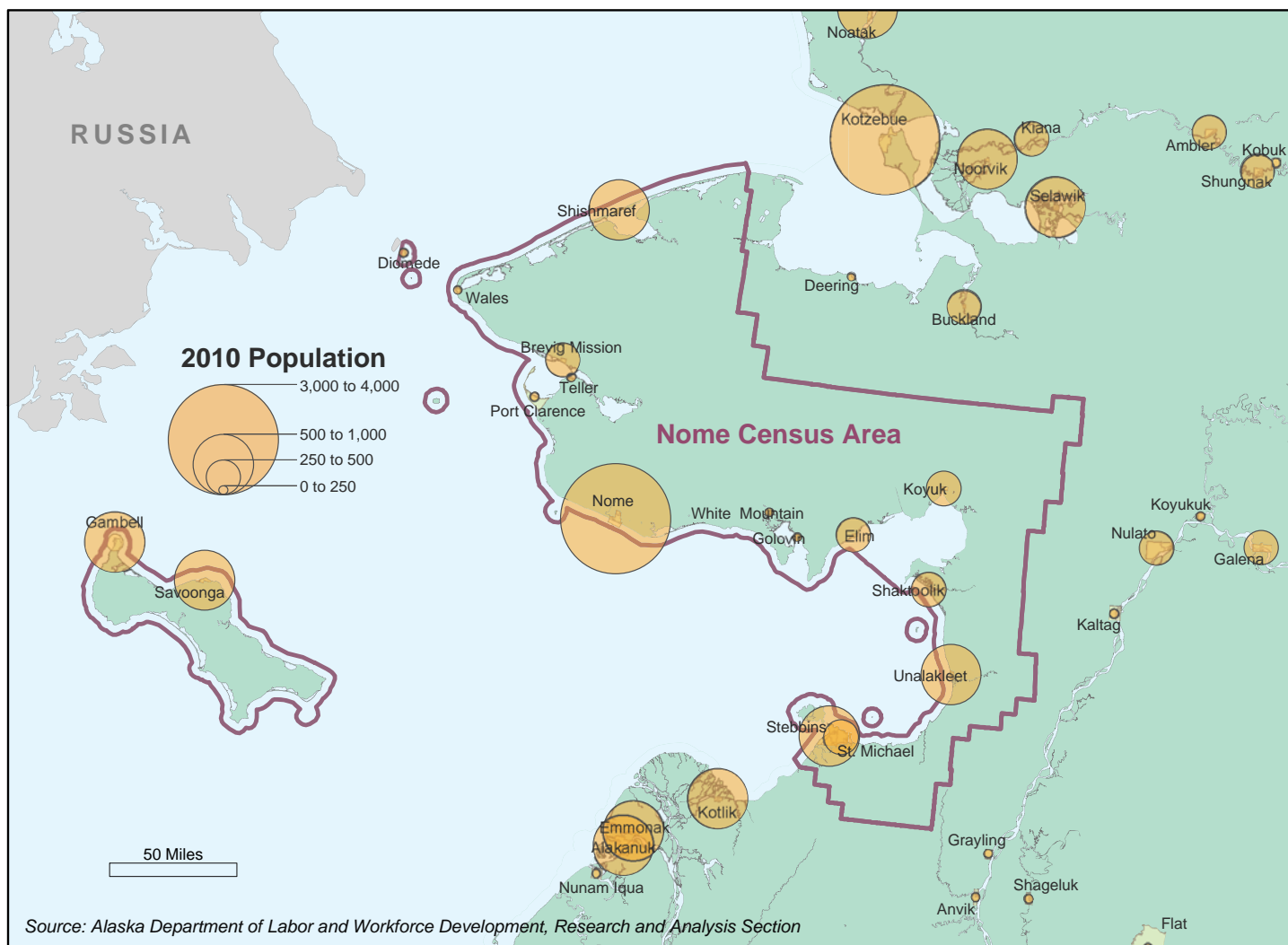
Just 2.4 miles from Russia

Census area boundaries extend into the Pacific Ocean, and two of its islands are close to Russia. Little Diomed, with its 107 residents in Diomed village, is just 2.4 miles from the Russian island of Big Diomed. The Natives of the Diomed Islands traded freely with each other before the establishment of the border between the United States and Russia in 1867.

The second island, St. Lawrence, is the area’s largest and was first settled at least 2,000 years ago. Gambell, a village on the northwestern tip, is just 36 miles from Russia. These residents also had family ties to the Russian Natives and traveled to Russia by boat, but the Cold War effectively closed the border in 1948, separating the families.



A bird's eye view of Nome. Photo by Sir Mildred Pierce



A young Native population

Eighty-one percent of residents are Alaska Native, according to the 2010 Census. Specifically, the Natives are of three distinct groups: Inupiaq, Siberian Yupik, and Central Yupik.

More people are leaving the census area than staying, but the area is still growing due to a high rate of natural increase, or births minus deaths. Between 1991 and 2011, the population increased in 12 of 16 communities. (See Exhibit 1.)

The state's average birth rate in 2010–2011 was 1.6 per 100 people, but the Nome Census Area had a rate of 2.7. The area is also relatively young, with 38 percent of the population under age 19 at the time of the 2010 Census. The area's median age was 27.6, considerably younger than the statewide median of 33.8 years.

Mining reshaped early economy

Before jobs and wages, residents relied on salmon, seal,

Most Communities Have Grown

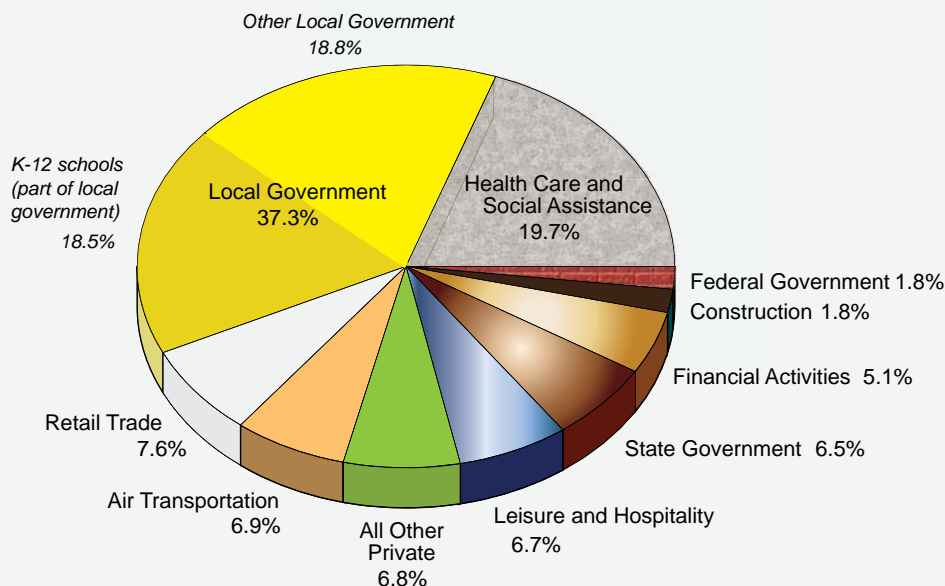
Nome Census Area, 1991 to 2011

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Community	1991	2011	Change	Annual Growth
Nome Census Area	8,522	9,730	1,208	0.71%
Brevig Mission	220	414	194	4.4%
Savoonga	543	704	161	1.5%
Nome	3,540	3,695	155	0.2%
Stebbins	434	585	151	1.7%
Gambell	551	677	126	1.1%
St. Michael	298	411	113	1.9%
Shishmaref	465	573	108	1.2%
Koyuk	248	347	99	2.0%
Shaktolik	188	258	70	1.9%
Elim	268	332	64	1.2%
Golovin	145	171	26	0.9%
White Mountain	180	199	19	0.5%
Wales	158	154	-4	-0.1%
Teller	256	245	-11	-0.2%
Unalakleet	727	692	-35	-0.2%
Diomedes	175	107	-68	-1.9%
Balance	126	166	40	1.6%

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

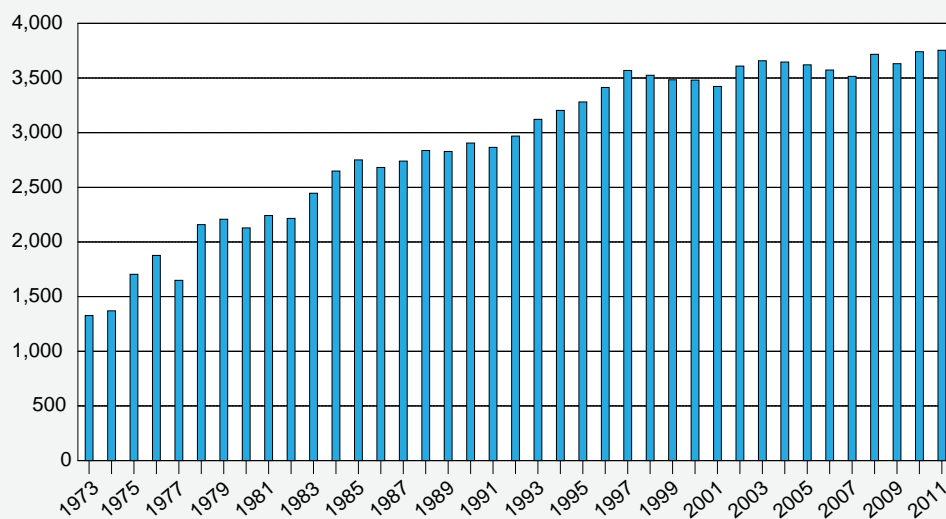
2 Local Government, Health Care Lead Industries Nome Census Area, 2011



Note: Percentages do not sum to 100 due to rounding.

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

3 Annual Employment Has Risen Steadily Nome Census Area, 1973 to 2011



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

whale, birds, walrus, and moose supplemented by berries and greens in the summer.

The area's subsistence economy began to change in the late 1800s with the gold rush. In 1898, three prospectors known as the Lucky Swedes found gold near the city of Nome, and people soon realized that gold could also be panned on the beaches.

The population swelled, and by the 1900 Census, Nome's population of 12,488 made it Alaska's largest city. Unofficial estimates were as high as 20,000 people during the summer of 1901.

Other population booms were recorded in the nearby villages of Teller and Council. With the prospectors came a flurry of construction and a market economy. Stores, saloons, churches, and schools sprang up, and gold remained the economic driver for decades.

It wouldn't last forever. By 1910, the census reflected a decrease of nearly 10,000 people, to 3,200. Ten years later, the population was just 852.

In 1925, remaining area miners discovered they could use steam to thaw the frozen ground. Mining then shifted to commercial-sized dredges that would eventually move inland, away from the beaches.

The last dredge ceased operations in 1962, but the remnants can still be seen today. More than 100 years after the gold rush, mining is no longer the area's main industry, but still a small and visible portion of the area's economy.

Service industries paramount today

Today, the area's economy is mostly based on service industries, which provide more than 90 percent of jobs and wages. The majority of jobs are in local government, health care, and social services. (See Exhibit 2.)

Every village has a clinic and a public school, which provide employment opportunities where jobs are scarce. About half of local government employment is in the region's elementary and secondary schools, and the other half is in a variety of city and tribal agencies.

After local government, health care and social services is the area's second-largest sector. In 2011, it accounted for 20 percent of jobs, with average annual employment of 737.

Norton Sound Health Corporation operates a large hospital in Nome that supports 15 village clinics. The health care firm has actively promoted growth in the region, and in 2009 it secured funds to build a new 150,000-square-foot hospital in Nome, scheduled to open this year. Additional funds have helped upgrade village clinics.

Retail, leisure, and air transportation are the next-largest industries, a mix that provides some economic stability.

In 2008, Nome lost more than 100 high-paying jobs after the Rock Creek Mine closed, but by 2011, annual employment had rebounded to 3,755 jobs — the highest since 1973 when comparable data were first gathered. (See Exhibit 3.) The area's average annual employment grew overall between 2001 and 2011, gaining 332 jobs for a growth rate of 1 percent per year — slightly below the statewide average of 1.3 percent. Overall, most large industries gained jobs, except federal government and financial activities, which includes banking, real estate, and insurance. (See Exhibit 4.)

Tourism and entertainment

A few cruise ships stop in Nome, though the num-



Gambell, a village on the northwestern tip of St. Lawrence Island. Siberia is visible on the horizon. Photo by K. Klunder

ber of annual passengers is small compared to other parts of the state. However, the area draws many independent visitors.

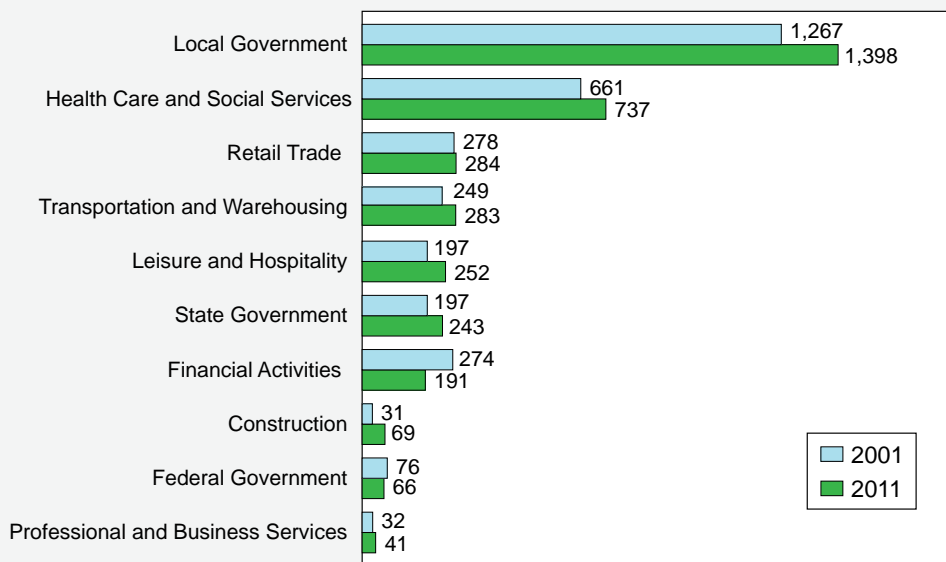
The Iditarod, which began in 1973, attracts tourists each year from all over the world to see the teams cross the finish line. Mushers and dog teams compete for more than \$500,000 in prizes, traveling more than 1,000 miles along the historic route taken by freight mushers carrying mail and supplies during the gold rush.

The Iron Dog, a long-distance snowmachine race, also stops in Nome and attracts visitors each year. Nome is the halfway point of the 2,000 mile race, and the town hosts an annual banquet. Snowmachine racing is also popular among locals — the treeless rolling tundra and frozen ground provide vast acreage for riding.

A number of tour operators cater to independent travelers and offer a variety of outdoor activities. These other popular tourist attractions include gold panning, hunting and fishing, and bird watching. The area's wetlands, ocean, and high alpine tundra are a stop for more than 150 species of migratory birds.

The leisure and hospitality industry, which includes many tourism-related jobs, increased by

4 Most Industries Have Gained Jobs Nome Census Area, 2001 to 2011



Note: A small number of construction jobs are classified under local government. Employment data for the mining industry is suppressed due to confidentiality laws that protect the privacy of individual employers.

Source: United States Department of Labor, Bureau of Labor Statistics

27.9 percent between 2001 and 2011. Most of the jobs were provided by hotels, restaurants, and bars, and these employers paid 85.7 percent of the industry's \$3.9 million in wages in 2011. The other 14.3 percent was mostly bingo and pull tab parlors and a few museums and tour operators.

Nome's golden sands

Nome doesn't currently have a working commercial mine, but plenty of small-scale operations are under way. The Discovery Channel's reality television show "Bering Sea Gold," currently in its second season, showcases mining by small independent operators using a method called suction dredging.

Dredges of various sizes and shapes float on the surface of the ocean while a cold-water diver swims below and vacuums up sand and gravel from the ocean floor. Workers then sift the pay dirt for gold. It's a low cost form of placer mining that doesn't use chemicals to extract the gold, and dredges can be operated by just a few workers.

Though suction dredging has been used for years, the show's popularity has generated increased

interest. During the summer of 2012, 148 applicants were granted permits to suction dredge in Nome's public mining area, which is roughly 640 acres. Additional acreage is available only to those who have leased mineral rights from the state.

In 2011, the Alaska Department of Natural Resources' Division of Mining, Land, and Water held a public auction for 84 lease tracts near Nome. A company from South Africa spent \$5.5 million for the rights to develop 16,900 out of 23,500 total acres along 17 miles of coastline, and smaller operators purchased the rest of the tracts.

These ventures suggest mining will continue in some form, although the future of large-scale gold mining is uncertain. A

mining company called Nova Gold was awarded permits in 2006 for an open pit mine that it expected to provide 135 jobs for at least four years. Its Rock Creek Mine opened in September 2008 and closed in November of that year. According to news reports at the time, the mine closed because of permit violations, equipment problems, and budget overruns.

In November 2012, Bering Straits Native Corporation purchased the mine, all patented mining claims in the Rock Creek and Big Hurrah project areas, and gravel and sand resources in and around Nome. The local Native corporation will evaluate whether mining can resume at the site.

Nome aims for a deep water port

The Port of Nome is a massive piece of infrastructure, with hundreds of large boulders stacked on top of each other to form a 2,982 foot causeway that extends into the Bering Sea. An additional 3,025 foot breakwater forms the entrance to the harbor.

Vessels carrying fuel, building supplies, vehicles, and equipment are offloaded at the port, which is used by fishing vessels as well as the mining in-

dustry. It's an economic asset that the city hopes to expand into a deep water port.

Arctic waters have less ice during the summer and remain open for long periods of time. A proposed port expansion into deeper waters would accommodate the increased number of mining-related vessels and make Nome a contender for future arctic commerce.

Growing seafood industry

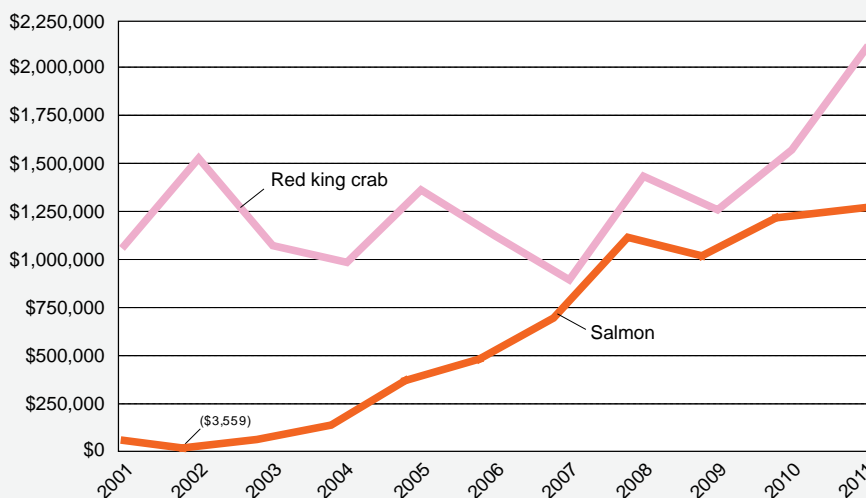
The Norton Sound salmon fishery is concentrated in waters near the villages of Golovin, Elim, Unalakleet, Koyuk, and Shaktoolik and is a significant source of jobs for census area residents. According to the Alaska Commercial Fisheries Entry Commission, 84 percent of area permit holders had a village mailing address, and 12 percent listed Nome or Anchorage.

Silver and chum salmon are the main species harvested, and a strong return and good prices resulted in a record-setting payout to salmon fishermen in 2011. (See Exhibit 5.)

The area's other major fishery, red king crab, is primarily a summer harvest restricted to smaller boats. In 2011, the ex-vessel price — the amount paid directly off the boat — was 5.23 cents per

5 Record Payouts for Salmon, Crab

Ex-vessel values, Norton Sound, 2001 to 2011



Source: Alaska Commercial Fisheries Entry Commission public database

pound for crab, resulting in another record payout that year. Many of these fishermen were locals — of the permit holders, 34 percent were from Nome and 64 percent lived in the surrounding villages.

Norton Sound also has a small herring fishery, which had an ex-vessel value of \$260,776 in 2011. Though the area's herring biomass is significant, the sea ice makes it hard to get to them during the fishing season.

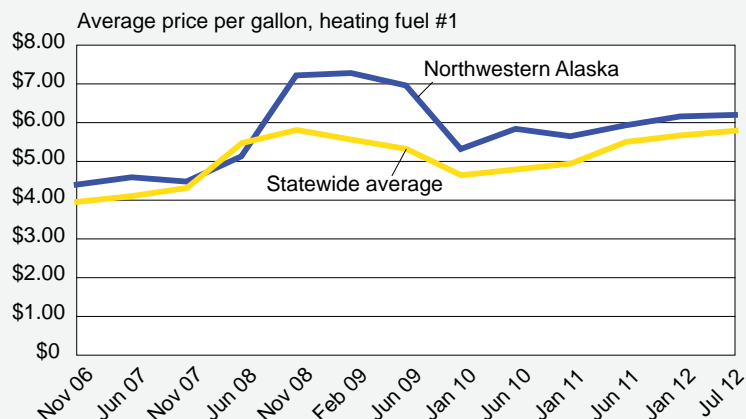
Higher cost of living

Like many rural parts of the state, the cost of living in the Nome area is high. A major factor in the overall cost is heating fuel — northwestern Alaska communities pay some of the highest fuel prices in the state. Average prices in Nome topped \$6.00 per gallon in 2012. (See Exhibit 6.)

A 2008 cost-of-living study conducted for the Alaska Department of Administration showed that Nome also has higher housing and utility costs than the state's larger communities. With adjustments for the sizes

6 Rising Fuel Costs

Northwest Alaska, Nov. 2006 to July 2012



Source: Alaska Department of Commerce, Community, and Economic Development, Division of Community and Regional Affairs

7 Living Costs Higher in Rural Alaska

Cost-of-living survey, March 2012

Community	Groceries 1 week ¹	Heating Oil 1 gallon	Gasoline 1 Gallon	Electricity 1,000 Kw/h
Dillingham	\$360.74	\$5.22	\$7.29	
Nome	\$283.19	\$6.00	\$5.95	\$175.75*
Bethel	\$281.82	\$5.90	\$6.13	\$337.79*
Cordova	\$225.24	\$4.77	\$4.95	
Haines	\$207.61	\$4.72	\$4.97	\$212.96*
Delta Junction	\$188.85	\$4.37	\$4.23	\$233.30
Valdez	\$184.22	\$4.50	\$4.69	\$271.70
Ketchikan	\$173.28	\$4.66	\$4.05	\$102.20
Fairbanks	\$158.83	\$4.34	\$4.16	\$233.30
Palmer-Wasilla	\$157.71	\$4.40	\$4.21	
Juneau	\$153.45	\$4.42	\$4.34	\$133.21
Kenai-Soldotna	\$152.62	\$3.90	\$4.52	\$194.39
Anchorage	\$146.62			

Note: Not all categories were available for all participating communities.

¹Weekly cost for a family of four with two children ages 6-11.

*These communities participate in the state's power cost equalization program.

Source: University of Alaska Fairbanks, Cooperative Extension Service

of homes, Nome's combined cost for utilities and shelter was 24 percent more than Anchorage and 10 percent higher than Juneau.

A University of Alaska Fairbanks 2012 survey of select communities also showed Nome's living costs were some of the highest in the state. (See Exhibit 7.)

Although a permanent solution to the high cost of heating fuel has yet to be found, the census area has 34 installed wind turbines — 18 in Nome and 16 in the surrounding area — which reduce the amount of diesel required to generate electricity.

Another project that could lower the cost of living in Nome is a proposed 500-mile road that would connect the town to Fairbanks, following the north side of the Yukon River. In 2012, voters approved a bond package for statewide transportation projects that included \$6.5 million for the first 54 miles of

the road from Manley Hot Springs to Tanana.

If the road were built, it would become possible to move building materials, fuel, food, vehicles, equipment, and other large items by truck.

Unemployment tends to be high

The Nome Census Area has higher-than-average unemployment, which is also typical of rural Alaska. The census area's overall unemployment rate was 12.3 percent in 2011 — considerably over the statewide average of 7.6 percent — and rates tend to be especially high in the smaller villages.

In 2012, 12 out of 16 census area communities were deemed distressed, according to criteria determined by the Denali Commission. One is "average market income," which divides commercial fishing and payroll income by the number of residents over age 16.

It's not considered a measurement of individual nor household income because it doesn't include earnings from self-employment, military, or federal jobs — however, it does suggest a significant income difference for those living in the distressed communities.

Nome's average market income was \$31,660 in 2011. In contrast, the average market income in Savoonga — the area's second largest village — was just \$8,298. Overall, the average market income for the 12 communities deemed distressed was \$16,120.

The three villages that did not meet the federal definition of distressed in 2012 were Unalakleet, Shaktoolik, and Golovin — all three had significant commercial fishing earnings. Unalakleet had the highest average market income of \$22,432 per year. It also had the highest number of permit holders for commercial salmon fishing, and the second highest for king crab.