

# Denali Borough Economy: Parks, Missiles and Coal

By Neal Fried

Most people think of a large mountain when they hear the word "Denali"; fewer think of the local borough which takes its name from that mountain. This might be because of the borough's recent creation. Entering its third year of existence, it was incorporated in December of 1990. Because of its relative newness, there has been little information available to explain some of its economic qualities. This article will attempt to shed a little light on various economic characteristics of the state's second-newest borough.

The borough encompasses more than 12,000 square miles, including the communities of Cantwell, Healy, Lignite, Ferry, Anderson, McKinley Village and much of Denali National Park. Nearly all of its 1,832 residents live along the stretch of the Parks Highway from the city of Anderson in the north (just 20 miles south of Nenana) to Cantwell (immediately north of the MatSu Borough). These two communities define the borough's north-south boundaries. (See Figure 1.)

## Some frontier demographics

The demographics of the borough are different from the rest of Alaska. The ratio of adult men to women is in the frontier tradition—1.5 males for every female, compared to 1.1 statewide. Ethnically, there is little diversity. Nearly 93% of the population is white and 4.5% is Alaska

Native. The average household size is more in line with the rest of the state, but the median age for most of the Denali Borough communities is older. (See Table 1.)

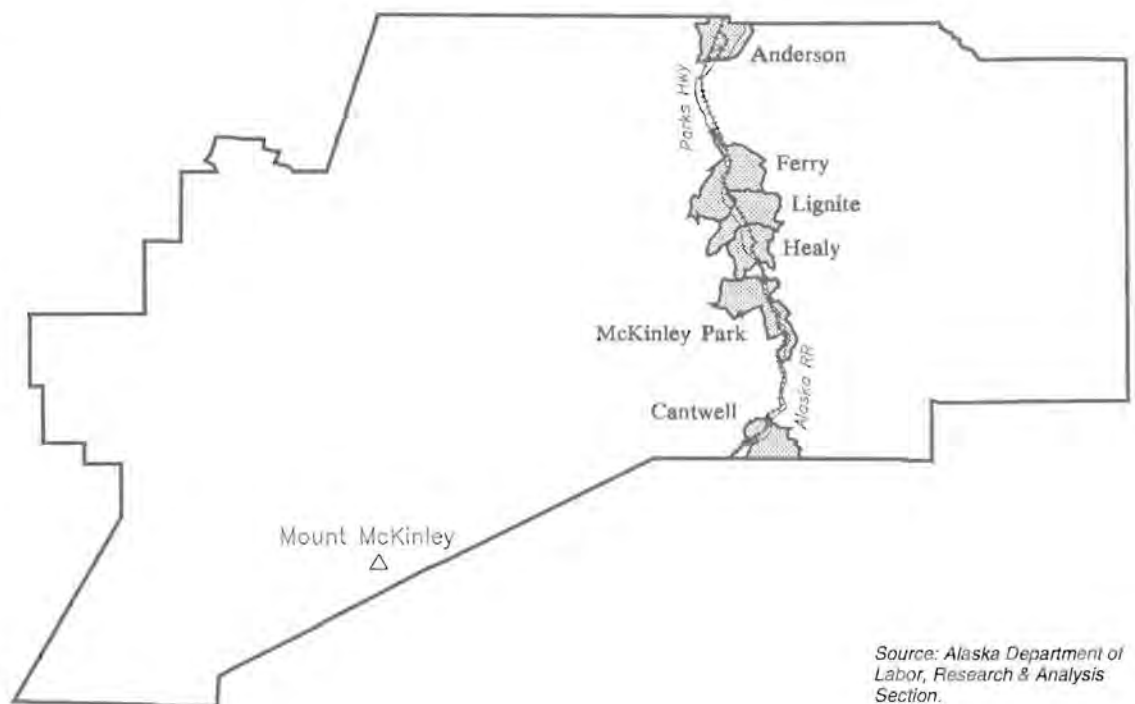
## Parks, missiles and coal makes the economy tick

For its size, this rural borough has a diverse and eclectic economy. It is fueled by three well-defined enterprises—Denali National Park, Usibelli Coal Mine, and Clear Air Force Base. The borough's largest source of employment is Denali National Park and all of the activities associated with it. The resident population figure of 1,832 belies the borough's true picture during the year. During the peak summer months, the population triples because of the

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Figure • 1

## Denali Borough



Source: Alaska Department of Labor, Research & Analysis Section.

Table • 1

## A Few Characteristics of Denali Borough Residents

	Population 1991	Median Age	Persons Per Household	Percent High School Graduates	Percent College Graduates	Per Capita Income	Percent Living in Poverty
Denali Borough	1,832	33.1	2.68	88.3	19.3	\$18,515	10.2
Anderson city	649	34.2	2.96	88.1	16.3	18,360	7.0
Cantwell	147	37.8	2.37	79.3	5.0	20,128	16.6
Ferry	58	35.5	2.43	80.0	12.5	14,112	20.7
Healy	500	29.0	3.02	88.1	19.5	18,160	6.9
Lignite	101	29.8	2.68	96.9	29.7	18,061	20.6
McKinley Park	176	35.7	1.97	94.7	48.1	20,917	4.1
Rest of Borough	201	n/a	2.58	90.1	12.2	17,950	22.0
Alaska	570,300	29.4	2.80	86.6	23.0	17,610	9.0

n/a: Data not available.

Source: 1991 population estimates from the Alaska Department of Labor, Research & Analysis Section. All other data from Bureau of the Census, 1990 Census.

large number of visitors to Denali National Park and its itinerant work force.

The jobs created by more than ten hotels, the many rafting operations and other visitor services catering to park visitors is the reason that the largest slice of the borough's work force is employed in the service sector. (See Figure 2.) Public sector employment is also influenced by the visitors to the park because many of the government employees in the borough are Park Service employees. According to the Division of Tourism, Denali National Park is the state's 7th most popular visitor destination. More impressive is the fact that visitors spent \$18.5 million at the park in 1990, which made it the community with the fourth highest visitor expenditures in the state—putting it right behind Juneau.

Unlike the other major employers in the borough, however, most of the employment associated with Denali National Park is seasonal—made evident by Figure 3. The Park Service itself has approximately 44 year-round permanent personnel and 50 seasonal positions. Nearly a third of the jobs in the borough are held by nonresidents, and most of this nonresident employment is tied to the park. Because of the seasonal nature of park employment and the large nonresident compo-

nent, there are big economic leakages out of the borough. But year-round economic impacts of Denali National Park also exist. For example, slightly more than half of borough revenue in fiscal year 1992 came from a hotel bed tax.

Another difference between the park and the other major employers in the borough is that the park's economic impact has expanded dramatically during the past decade. In 1980 the Park Service counted 133 hotel rooms near the entrance of the park. In 1993 the count will be approximately 1,000 rooms. The number of visitors entering the Park increased by 56%, or 182,000 since 1982. (See Figure 4.) In concert with these increases in visitors, there has been a proliferation of activities offered to visitors just outside of Denali National Park, such as rafting operations, horseback riding and air flightseeing.

How much room exists for park-related growth is in question. The number of visitors who can enter the park to observe wildlife during the peak season (June-August) has reached capacity. (See Figure 5.) The Park Service believes if capacity is increased the wildlife would move away from the road system. This restraint could make past growth trends more difficult to sustain in the future.

Growth opportunities do exist in off-peak times or in the area surrounding the park. There is room for additional visitors during the "shoulder months" of May and September. An increase in winter traffic is another possibility. It is more probable though that future growth will concentrate on activities around the park. An increasing number of visitors may not even enter the park but instead take advantage of other attractions. Visitors may also stay longer because of the growing number of options available. Other activities such as conventions may become a bigger piece of the area's business. The park itself may simply become one of the many attractions in the area.

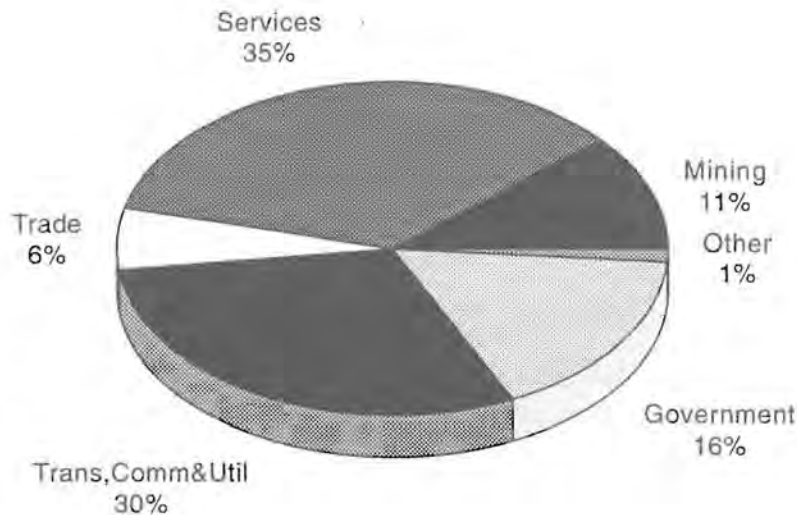
There is the possibility of building a second road into the park. Federal funds have been allocated for planning and route identification. Whatever the Denali National Park's future configuration is, it will most likely remain the borough's biggest engine for growth.

### Missile tracking is big business in the borough

Clear Air Force Base, within the city limits of Anderson, is the borough's second-larg-

Figure • 2

### Where Denali Borough Residents are Employed



Source: Alaska Department of Labor, Research & Analysis Section.

Figure • 3

### Most Jobs Are Seasonal in the Borough



Source: Alaska Department of Labor, Research & Analysis Section.

Figure • 4

### A Decade of Denali National Park Visits

Source: National Park Service.

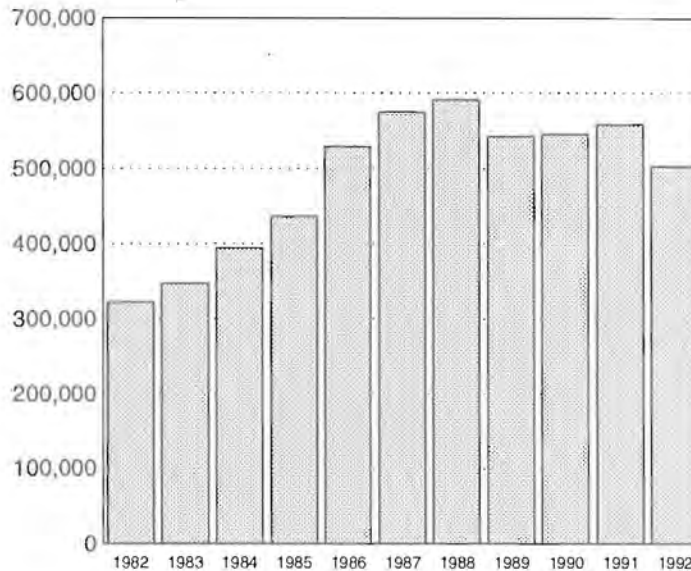
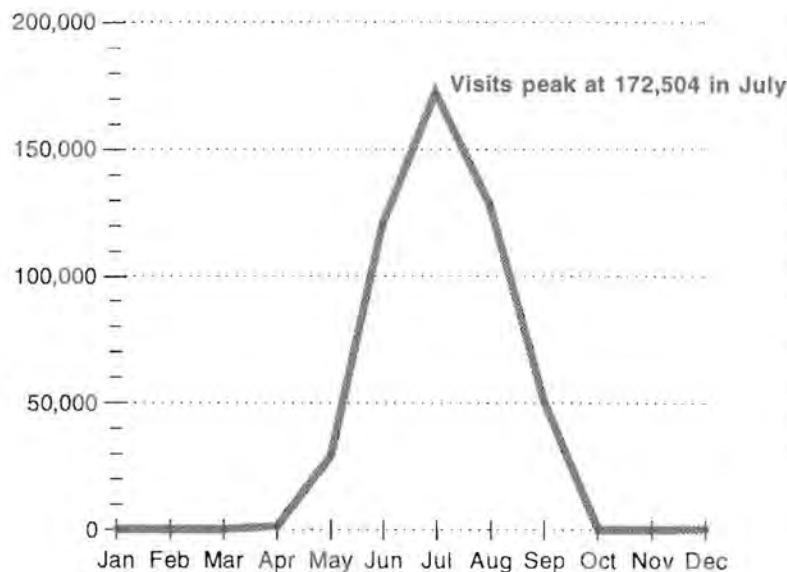


Figure • 5

### Denali Park Visitors Come in the Summer

Source: National Park Service, 1992.



est employer. Anderson is the area's only incorporated community—also the largest. (See Table 1.) The base is a distant early warning missile radar site. Nearly all the work force in Anderson is employed on the base. Unlike most air force bases, it employs more civilians than uniformed personnel.

There are 100 uniformed air force personnel working on the base. Approximately 250 civilians help maintain the system. Most of them work for a private contractor. Because its work force is made up of highly skilled workers the wages tend to be quite high. This is the principle reason why Anderson enjoys an above-average median family income. (See Figure 6.)

Given the massive downsizing of the nation's military, there is always a question about a particular installation's future. There is little information available about the future of this base where the number of personnel has fallen in past years.

The military is considering locating a \$150 million High Frequency Active Auroral

Research Program at Clear. This could actually boost activity there. Nothing firm has been decided on this project.

### Borough exports electricity and coal

Another big economic player in the Denali Borough is Usibelli Coal Mine at Healy. This is the only operating coal mine in the state, and has operated since 1943. From an employment standpoint, it is the third largest mine in the state. Until 1981 most of the coal was used in the interior to generate power. Golden Valley Electric Co-operative of Fairbanks operates a coal-fired plant at the site of the mine, with approximately 25 employees. In 1981 Usibelli began to export coal to Korea.

Usibelli has approximately 110 employees. Their wages are above average. Nearly all of these jobs represent permanent-year round jobs. The miners average hourly wage is \$25 per hour. Healy's average household income of \$56,313 is 36% above the statewide average. (See Figure 7.) Most of this income is from the wages paid at the mine. The borough levies a severance tax on the coal. In fiscal year 1992 the taxes the mine paid represented nearly 7% of the borough's revenues.

Unlike the park, the level of employment at the mine has changed little over the past decade. However, this could change shortly.

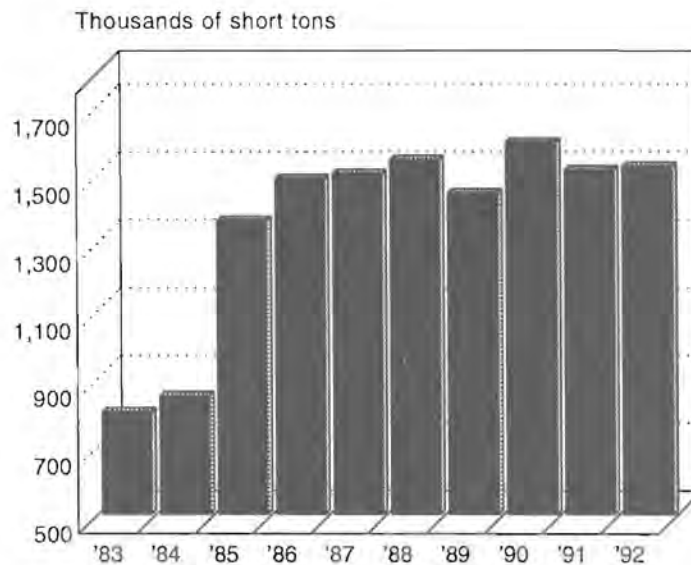
In 1994, a \$193 million state-of-the-art 50 megawatt coal-fired power plant is planned to be built in Healy. This power plant is designed to demonstrate new clean-burning technology. Funds came from the U.S. Department of Energy, with the state providing matching funds. The Alaska In-

dustrial Development and Export Authority will own the plant; Golden Valley Electric Association (GVEA) will run it and buy the power.

The biggest economic impact of the new plant will come from the construction work force. Construction is scheduled to begin in 1994, with completion in 1996. The peak construction work force will be 300 in 1994. During the construction phase the borough's population could increase by as much as 350-500 since many of these workers will come from outside the borough. This project will be a temporary boomlet to the borough and will boost its permanent work force modestly. The mine plans to increase its work force by eight and Golden Valley Electric will increase theirs by 25. Because more coal will be sold, the borough will be able to collect more taxes.

Figure • 6

### Production at the Usibelli Coal Mine



Source: Usibelli Coal Mine.

### The borough is on firm economic ground

Although it would be misleading to imply that all employment in the borough is connected to these three employers, most of it is. Other employers in the borough, such as the local school district, exist to cater to these enterprises and their families. There are some road houses, auto service business and road maintenance crews that exist to take care of the Parks Highway through traffic. And some Cantwell businesses cater to the Valdez Creek mine on the Denali Highway in the MatSu Borough.

### Summary

Unlike many of Alaska's smaller rural areas, the Denali Borough is home to three large employment generators. These employers provide its residents with a mixture of high-paying year-round jobs and lower-paying seasonal jobs. At least two of these—the national park and the coal mine are likely to provide a growing number of economic opportunities for its residents. For a borough as young as Denali, its economy and its economic outlook stacks up nicely against most others in the state.

Figure • 7

### Denali Borough Residents Earn Respectable Household Incomes

Source: Bureau of the Census, 1990 Census; Alaska Department of Labor, Research & Analysis Section.

