



SETTLEMENT OF THE MAT-SU

How Alaska's fastest-growing borough came to be

By **ERIC SANDBERG**

The Matanuska-Susitna Borough has been Alaska's fastest growing area for decades. In the last five years, while most other boroughs and census areas held steady or lost population, Mat-Su continued to grow at a rate of over 2 percent a year.

In 2015, Mat-Su passed the Fairbanks North Star Borough to become the second-largest in the state. Mat-Su also topped the 100,000 mark for population in the past year.

Officially formed in 1964, the borough encompasses a large region at the head of Cook Inlet where three large rivers (Matanuska, Susitna, and Knik) descend out of the mountains to meet the sea. A lowland plain between the rivers, scoured by glaciers, contains most of the population and settlement.

Beginning of the 20th century

At the turn of the 20th century, Mat-Su was not heavily populated, even by Alaska standards of the time. (See Exhibit 1.) About 300 people lived in the area, over 90 percent of whom were Dena'ina Athabascan.

The Dena'ina arrived between 1,500 and 2,000 years ago, according to archaeological evidence. Mat-Su lay at the northern end of their territory, which covered

nearly all of Southcentral Alaska including both sides of Cook Inlet. Most Dena'ina lived in villages along the Matanuska or Susitna rivers or in the coastal village of Knik.

Alaska of the early 20th century was a rapidly changing place. Gold strikes in the Klondike and Seward Peninsula brought a rush of outsiders into the territory, where they fanned out in search of the next valuable deposit.

In Mat-Su, known gold fields in the Talkeetna Mountains brought in new settlers. The Willow Creek area became a mining district, with dozens of claims of placer miners staked within it.

By 1910, Mat-Su had greatly changed from just 10 years earlier. While the population remained under 500 people, it was now majority non-Alaska Native. A large number of homesteaders and miners lived in coastal or river towns such as Knik or Susitna Station. From there, trails led to both Mat-Su gold areas as well as regions of the Interior such as the gold town of Iditarod.

The Alaska Railroad

With the search for valuable minerals in Alaska ongoing, large coal deposits were discovered in the Matanuska Valley. In an era when large naval ships ran on coal, it was a strategic asset. Reaching the coal fields became one of several objectives that spurred the U.S. government to build a railroad.



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

The chosen route took the trains up from Seward through the future site of Anchorage and into Mat-Su. Near the modern-day Glenn-Parks Interchange at Matanuska Junction, the railroad split in different directions. One route went west into the Susitna Valley and continued up to Fairbanks, while the other route (now defunct) traveled up the Matanuska Valley toward the coal mines.

The coming of the railroad changed the layout of the Mat-Su population. Settlement began to shift from towns with easy access to the sea, such as Knik and Susitna Station, to points on the railroad. Several stops along the route grew into settlements, including Wasilla, Houston, and Talkeetna. Lots were sold off and homesteads developed in the surrounding areas.

By the 1920 Census, the population of Mat-Su had grown to more than 1,000, with 86 percent non-Native. For this brief period, a majority lived near the ends of the railroad. On one end, nearly 40 percent of the population lived in temporary railroad worker camps north of Talkeetna as they worked to extend the line north. Around 30 percent were at the other end, in the coal areas of the Matanuska Valley. This line, completed in 1917, was already in use sending Mat-Su coal

down to market.

After President Warren Harding drove in the golden spike at Nenana in 1923, signaling the end of railroad construction, Mat-Su's growth began to sputter. Railroad workers who had populated many of the stops along the line moved on. By 1930, the population had fallen to 950.

Mining was the main industry at the time, employing over 30 percent of the workforce. Besides the coal mines, several gold mines (collectively known as the Independence Mines) at the head of Willow Creek employed a large number of people. While some prospectors still worked placer claims, more capital-intensive hard rock mining came to dominate gold mining in the Mat-Su. Other residents made their living farming, trapping, or working for the railroad.

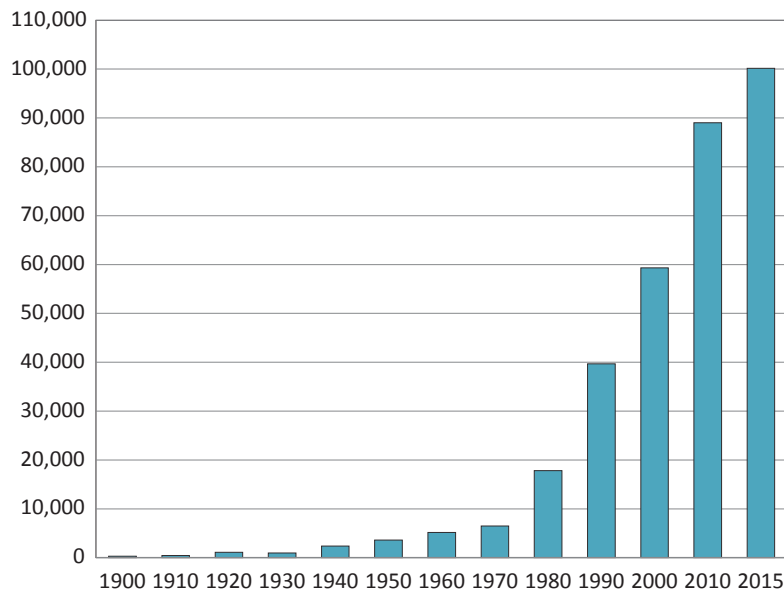
Matanuska Colony

Palmer, previously not much more than a railroad stop along the Matanuska Spur, quickly became the population center of Mat-Su during the 1930s. The impetus was the federal government establishing the Mata-

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A Burgeoning Population

MATANUSKA-SUSITNA BOROUGH, 1900 TO 2015



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

nuska Colony. The colony was a New Deal program to move mostly destitute farmers from the Midwest to the fertile soil of the Mat-Su. Around 200 farm families from three upper Midwest states (Minnesota, Wisconsin, and Michigan) were relocated to the Palmer area.

The colonists arrived in the summer of 1935 to much national news and fanfare. After selecting 40-acre lots and waiting on final construction, the colonists moved into their new homes. Though many families ended up leaving within a few years, the federal government quickly replaced them.

The colony's presence began to modernize the Mat-Su. The population grew by 150 percent during the 1930s. New roads were built, including a highway (now known as the Old Glenn) that connected Mat-Su to Anchorage, making a commute possible. Within a few years, electricity became more widely available with the creation of the Matanuska Electric Co-op.

At the cusp of World War II, Mat-Su's population had climbed to more than 2,400 people. About 30 percent of workers were now in agriculture versus 12 percent in 1930. While the colony had brought that growth, the lack of a large market for crops made it a difficult existence for farmers.

World War II

World War II shifted the population geography of the

entire territory. Before the war, Southeast Alaska was the most populous region, with around 35 percent of the total, and it included the most populous cities. Anchorage and Mat-Su combined represented about 9 percent. By the end of the war, Anchorage had become the largest city and Southcentral the most populated region.

The shift came with construction of the military base Fort Richardson in Anchorage to counter the Japanese threat in the Pacific. With the military's arrival, the construction industry boomed to create enough housing. Many Mat-Su farmers, sensing opportunity, left their families in charge of the farm and traveled to Anchorage for work.

Another lasting effect of the military buildup in the region was the resulting system of roads and its connection to the outside. At the outset of the war, Mat-Su had a small road system mostly within the Palmer-Wasilla corridor with one connection to Anchorage. When the Alaska Highway was completed in 1942 to connect the territory to the Lower 48, the Glenn Highway was extended through the Matanuska Valley to Glennallen.

The war also changed the economy of Mat-Su, effectively bringing the previous era to an end. The primacy of agriculture and mining in Mat-Su economic life diminished. Manpower and materials were needed elsewhere.

Federal control of the Matanuska Colony ended in 1942, leaving Mat-Su farm families to fend for themselves. A wartime order closing all gold mines shuttered the productive Independence Mines.

After the war

The changes brought by WWII made Southcentral Alaska the postwar epicenter of Alaska's economy and population. Mat-Su continued to grow, but at a much slower pace than Anchorage, its booming neighbor.

By 1950, Mat-Su had just over 3,500 people. The Palmer area held a majority of the population, and by the next year it was incorporated as the area's first city.

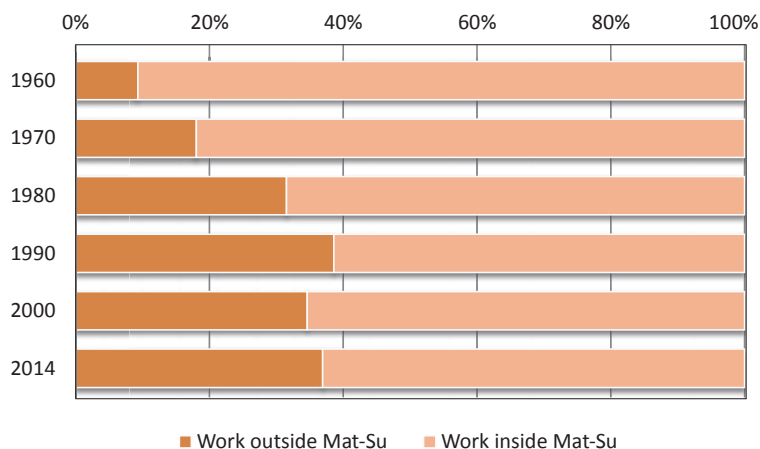
The military building boom in Southcentral Alaska continued with the onset of the Cold War with nearby USSR. With the creation of new military bases, the federal government invested large amounts of money into building homes in the Anchorage area, providing a growing industry for Southcentral workers.

With more workers traveling to Anchorage (9 percent around the time of statehood), the roads in Mat-Su began to steadily improve and expand. By the early 1960s,

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More Commuters Over Time

WORKERS LIVING IN MAT-SU BOROUGH, 1960 TO 2014



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

a shorter route to Anchorage following the railroad across the Knik Flats had been built. Roads expanded out to the recreation area of Big Lake and up toward Talkeetna, which had been an off-road community.

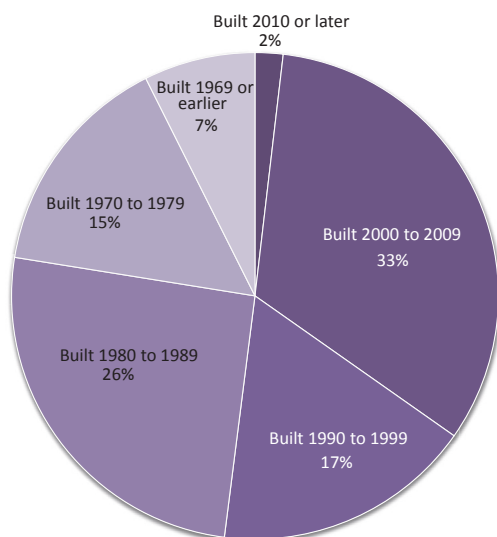
By 1970, the percentage of workers commuting out of Mat-Su doubled to 18 percent. (See Exhibit 2.) The building of the Parks Highway in the early 1970s further improved access to the Wasilla area.

As the economy expanded after the war, Mat-Su's old industries continued to decline. Mining and agriculture, responsible for over 60 percent of employment before WWII, fell to around 20 percent by statehood in 1959. The Independence Gold Mines in the Talkeetna Mountains briefly reopened after the war before being abandoned in the early 1950s. The Jonesville coal mine, the largest in Mat-Su, stayed open longer to fill the electricity needs of Southcentral but also closed in the late 1960s as Cook Inlet natural gas became the region's primary source of electricity.

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Most Homes Built Recently

MAT-SU BOROUGH, 2014



Source: U.S. Census Bureau, American Community Survey 2010 to 2014

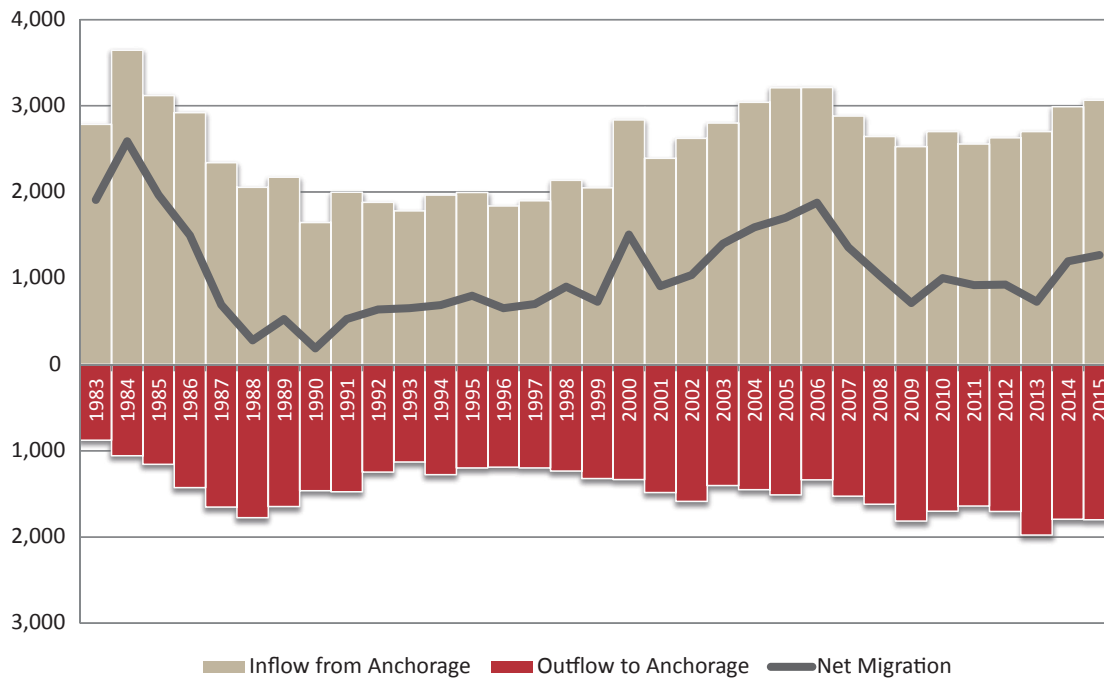
Oil discovery at Prudhoe Bay brings major changes

During the 1960s, Mat-Su's population growth slowed from previous decades. A few places within the borough, such as Palmer, had even lost population. But Alaska transformed with the discovery of large oil reserves in Prudhoe Bay in 1968, and Mat-Su, while not on the Trans-Alaska Oil Pipeline route or home to any of the large companies, began to feel the changes. The 1970s marked the beginning of a sustained population boom. With money flowing in from oil development, a land rush began to take shape as buyers looked at

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More Move From Anchorage than Move To Anchorage

MATANUSKA-SUSITNA BOROUGH, 1983 TO 2015



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

Mat-Su's vicinity to Anchorage and the cheap, open spaces available.

The population rose during the 1970s from around 6,500 to nearly 18,000. Palmer, the newly incorporated city of Wasilla, and the surrounding areas caught most of the new residents. However, places that hadn't had many full-time residents, such as Big Lake and Houston, soon numbered several hundred people each.

Mat-Su's oil boom years hit their peak in the first half of the 1980s. The borough's single-year population growth rates for both 1983 and 1984 were about 20 percent. In the drive to find new land, many of the old homesteads and farms were sold off and divided into subdivisions. Construction and retail trade became the largest industries in the borough.

In the second half of the decade, a hard statewide recession interrupted this progress. New land sales dried up and foreclosures rose. The borough's population during the decade peaked in 1986 at more than 40,000, which was followed by several years of decline. By 1989, the population had fallen by 6 percent. Still, the massive influx in the early part of the decade meant that by 1990, Mat-Su's population was more than double what it had been 10 years earlier.

Despite the speed bump at the end, the wild first two

decades of the oil economy built the foundation for Mat-Su in the years to come. Its population center shifted from Palmer west toward the Wasilla area. While Palmer gained a modest number of residents in the '80s, Wasilla jumped from around 1,500 in 1980 to more than 4,000 by 1990 to become Mat-Su's largest city, which it remains today. Improved highway access to Anchorage and the number of jobs with higher salaries available in the city made commutes feasible, and by 1990, nearly 40 percent of Mat-Su workers were commuting outside the borough.

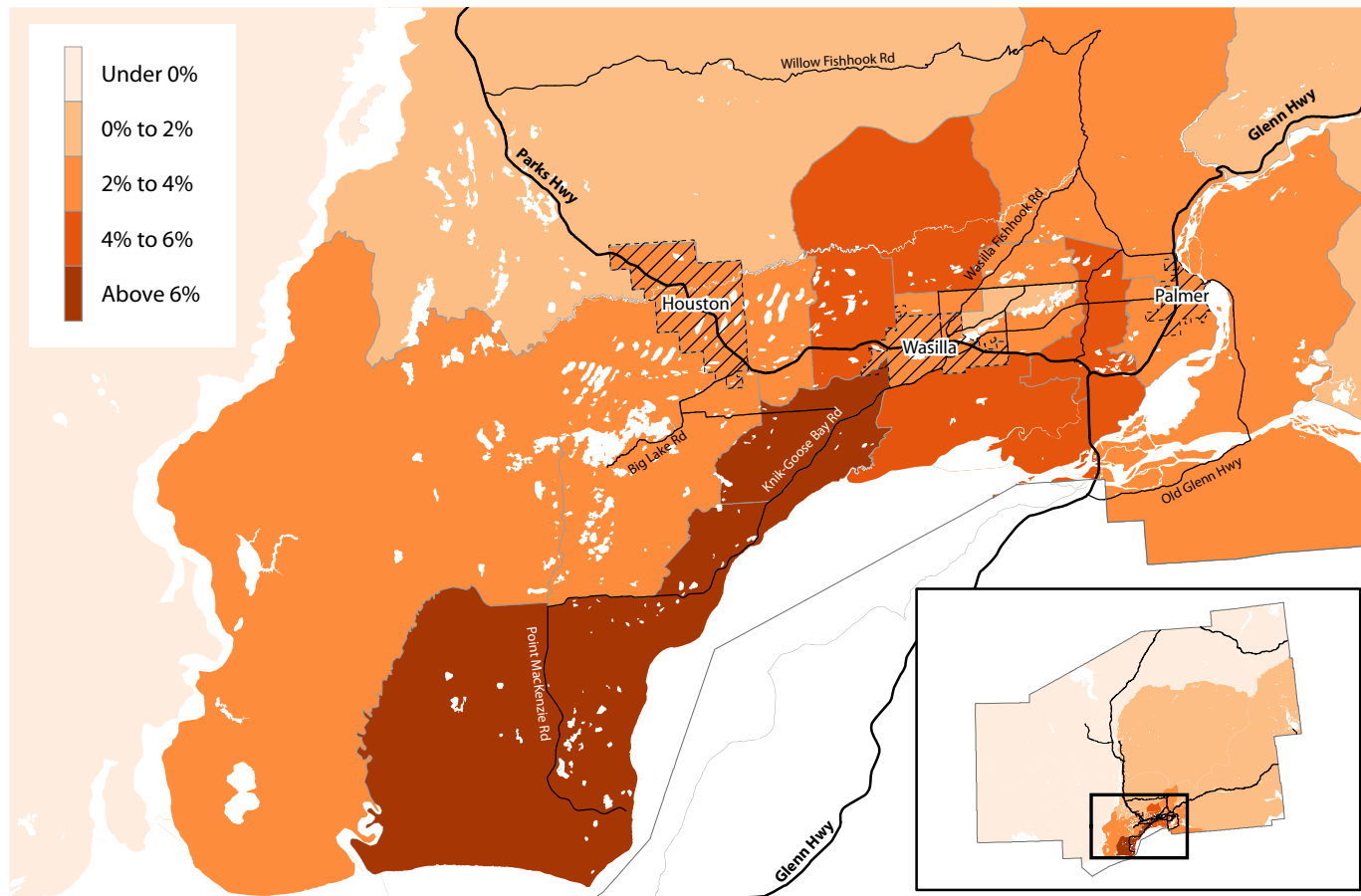
Still growing today

Since 1990, Mat-Su's population has resumed its upward trend, outpacing the rest of the state by a large margin. In the last quarter-century, Mat-Su has averaged 3.4 percent growth per year versus 1.2 percent for the state. The borough makes up 14 percent of the state's population today, up from 7 percent in 1990.

The 2000s brought another strong building boom, and a third of Mat-Su homes were built during that decade. (See Exhibit 3.) A large part of the increase has been former Anchorage residents. Exhibit 4 shows the migration flows between the two areas for the last 32 years based on Permanent Fund Dividend applications

5 Average Yearly Growth Rates Around the Borough

MATANUSKA-SUSITNA, 2000 TO 2015



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

as well as the net migration difference between them. For the entire period, more people moved from Anchorage to Mat-Su than the reverse.

While the net population gains from Anchorage migration are not at the oil-boom levels of the early '80s, Mat-Su has gained more than 500 people per year from its neighbor since 1990. Through the 1990s and most of the 2000s, this inflow grew steadily as a more measured housing boom brought in more movers.

While the number of migrants from Anchorage has fallen from its 2006 peak, it has been on the rise again over the last two years. Everywhere except the remote

areas of Western Mat-Su have grown, but the highest levels have been more concentrated. (See Exhibit 5.)

In the areas southwest of Wasilla along Knik-Goose Bay Road, average yearly growth has topped 6 percent. This area, home to around 4,500 people in 2000, has added more than 9,500 people in the last 15 years. Other areas have also topped the borough average, including south and northwest of Wasilla as well as areas near the Glenn-Parks Interchange, which have all grown by over 4 percent a year.

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