

FAIRBANKS ECONOMY MOVING FAST

The go-ahead on the trans-Alaska oil pipeline has exerted considerable influence on the economic health of the Fairbanks area in the past six months.

The employment picture has improved substantially as several thousand new jobs can be directly attributed to the pipeline. The result of the improved employment situation can be measured by the May 1974 insured unemployment rate which was only 5.2 percent compared to a 9.4 percentage rate in May 1973. Total population has also shown a reversed trend with an estimated increase of about 8,000 persons this year; in 1973 there were 45,571 persons in the area compared to a 1970 population of 45,864. From 1970 to 1973 there were 4,017 births and only 557 deaths but outmigration totaled 3,753 persons, 960 of which were civilian and the rest military.

Although the employment picture has brightened considerably in the Fairbanks area, many out of State workers who came have not been able to find jobs. The Salvation Army reported they have been deluged by transient persons seeking employment on the pipeline. As a result the Salvation Army reported a 350 percent increase in lodging requests and a 450 percent increase in meals served. For the nonresident, unskilled worker, jobs are still and will be very scarce in the area. State and local government officials advise out of state workers not to come to Alaska unless they have a firm guarantee of a job.

The improved employment picture with the resulting increase in population has brought the vacancy rate in adequate housing nearly down to zero. Apartment owners are turning away an unprecedented number of apartment seekers and long waiting lists have been established. Hotels, motels and campgrounds were filled to overflowing this summer. The high demand for housing has pushed up monthly apartment rates from \$200 to \$325 for a one bedroom unit and \$250 to \$450 for a two bedroom unit. These high rents and low vacancy rates make it difficult for the newcomer to find adequate housing for himself and his family.

More housing, however, will be available in the future as indicated by the building permits for single family

and multi family residences for the Greater Fairbanks area. In the first six months of 1974 building permits were issued for 362 new dwelling units, an increase of 117 percent over the same period in 1973, according to data compiled by the Fairbanks Industrial Development Corporation. Also as a response to high rent costs and shortage of housing, the State has plans to build a \$5 million high rise apartment complex for low income and elderly persons next spring. Alyeska has also helped lessen the housing crunch by renting 27 declared surplus buildings at the U.S. Army's Fort Wainwright to house 1,100 to 1,300 workers. These buildings are being renovated at a cost of \$3 million this season. Mobile homes have also become more numerous during the period and provided some quick relief.

The contract construction industry is benefiting greatly from the pipeline. About 3,500 men and women, many whom were hired in Fairbanks, were at work north of the Yukon River on the pipeline haul road. Construction crews had completed the initial gravel overlay on September 29 and upgrading of the road will continue after this date. Recently three contracts of undisclosed amounts were awarded for the start of work on pump station number 8, located 40 miles south of Fairbanks and pump station number 10, a 40 acre site 42 miles south of Big Delta on the Richardson Highway. The remaining contract was for a camp 8 miles North of Delta which will have 20 modular dormitories and two kitchens when completed.

Also spurred on by pipeline activity was a \$45 million expansion program by North Star Terminal which called for clearing and grading a 70 acre staging area and construction of three 60,000 square foot warehouses. Energy Corporation of Alaska announced intent to start construction of its \$50 to \$60 million petroleum refinery next March. The Alaska National Bank also intends to construct a ten story commercial office building, which will serve as its new bank headquarters.

Fairbanks' role as a service and supply center has put heavy demands on warehousing and office space. During September there was a shortage of about 100,000 square feet in the downtown area and about

150,000 square feet in other areas. Modular type office space will provide some relief with availability beginning in October. Although warehousing was limited during the period, the \$45 million Phase II of North Star Terminal will provide some relief. For willing developers there was around 3,000 acres of prime light and heavy industrial space available for development in the Railroad Industrial Area, at the Fairbanks International Airport, the Van Horn-Peger Road Area and at North Pole.

Fairbanks' strategic geographic location in relation to the pipeline has made it a center for communications and transportation. Telephone lines were jammed throughout the past six months; 26,520 phones were in service during September with a waiting list of 638 phone subscribers. Airfreight leaving Fairbanks International Airport was up greatly over last year totaling 168 million pounds for the first eight months of this year compared to 67.5 million pounds for all of last year. Alaska Airlines increased to 12 its total number of daily flights between Anchorage and Fairbanks, Alaska's two largest and busiest cities.

Labor turnover has been high among Fairbanks employers in the retail trade, finance and service industries. Increased economic growth as a result of the pipeline pushed up the demand for labor while the supply has been limited in some highly technical occupations. Many workers changed jobs, taking newly created jobs on the pipeline that had higher hourly rates of pay and usually about 30 hours of overtime each week or else they moved into better paying jobs vacated by those going to work on pipeline jobs. The supply of labor was also held back by the limited amount of housing. Unless more housing in the low and moderate price range is encouraged, employers who cannot compete with pipeline wages will have to hire younger workers, older workers, or more part-time workers.

Labor turnover has also been high in the construction industry where wages are among the highest. There appears to be a number of factors influencing workers to separate from their jobs. The long work schedule of 10 hour days, 7 days a week for eight continuous weeks on and then 2 weeks off without pay didn't appeal to some workers. Loneliness caused by being away from families, friends and familiar surroundings also has taken its toll. Severe climatic conditions have caused some workers to leave after a few days or weeks. Some workers remained on the job for

several months but once they earned what they felt was a normal yearly wage, they left their jobs. The high wages and long hours of overtime work made it possible for some workers to earn large salaries in a few months.

Although many unemployed area residents have found employment and therefore are no longer drawing unemployment insurance, there is a substantial number of persons who have left the labor force after earning what they believe was sufficient to last for some time. These persons have not drawn unemployment insurance benefits after separation from their jobs. It is anticipated, however, that unemployment lines will grow once winter weather slows down most out-of-doors construction activities.

The economic future of Fairbanks for the next several years should continue to be healthy as a result of the pipeline. Residential and commercial construction within the City of Fairbanks will be encouraged by the Chena River Flood Control project which will be about 25 percent complete at the end of September and is scheduled for completion in 1977. An oil refinery with a lower energy cost should attract new industry. And with world energy and mineral resources predicted to be in high demand in the future, Fairbanks will continue as the service and supply center as Northern Alaska's resources are developed.

ALASKA'S ECONOMY IN AUGUST

Employment — Unemployment: Total employment continued to rise in August, although not as spectacularly as it had in July. The August total employment was 136,900, only 500 greater than the July total, and a sizable 10,900 greater than August of the previous year. The number of unemployed dropped to 12,500 from 13,600 in July, and this number was 100 less than the 12,600 figure for August of the year before. The unemployed rate for August was 8.4 percent, compared to 9.1 percent in July of 1974 and 9.1 percent in August, 1973, a decline of 0.7 percent points in both cases. The continuing strength of the State's economy was evidenced by continuing increases in total employment, and by corresponding decreases in unemployment.

Mining: Employment in the mining industry in August remained at 2,500, no gain over the previous