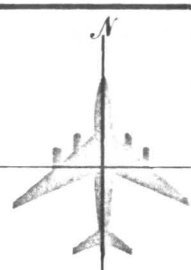


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## Economy of Anchorage area picking up speed

By ROBERT G. KNOX  
Editor, Alaska Industry Magazine

WITH THE START this spring of actual construction work on the giant trans-Alaska pipeline project, the state's youngest and largest city of Anchorage — and its surrounding area — is setting new records for rapid and sustained growth.

While the actual pipeline construction activity is centered more around the interior city of Fairbanks, its beneficial effects are also being felt by the transportation and trade center of Anchorage. And the larger, Cook Inlet city is being spared some of the problems of a booming growth being felt by the smaller communities.

The pipeline project is the most immediate and most evident reason for Anchorage's new round of economic growth, but there are a number of other important factors. One is the Alaska Native Land Claims Settlement Act and the growing role being played in the economy by the various regional Native corporations. Other reasons are to a large extent connected with the petroleum industry, and include developments still in the making, such as the coming oil play in the Lower Cook Inlet and federal plans for a giant oil and gas lease sale and development offshore in the Gulf of Alaska.

The yardstick used to measure Anchorage's continuing expansion and growth the last several years — and its quickening pace this past year — is the dollar value of construction placed, taken together with estimated population increases. The growth of construction value has been impressive: In the past five years, building permits have been running in the \$50 million to \$70 million range. During the past year of 1974, permits for the Anchorage city and borough totaled \$162,296,052.

Anchorage itself was the byproduct of an early-day federal construction program. The city came into being in 1915 during the construction of the Alaska Railroad, when the area where it was to grow was used as a cargo offloading point for work crews. In its early days it continued its close association with the railroad but its growth was only modest.

It blossomed into true city status as a result of World War II military activities in Alaska. Its more recent population increases have also been based on government and military activities, as well as on the tourism and transportation industry, and most recently and most particularly on the petroleum industry.

At present the Anchorage area is considered to have three main props for its economy. These are contained in its role as the state's transportation center, as the center of commercial wholesale and retail trade, and as its financial center. All of these parts of the economy have been important and they are continuing to grow in size and importance along with the city.

### City located at head of Cook Inlet

Anchorage is located at the head of Cook Inlet in Southcentral Alaska. It is situated on an alluvial plain some eight miles wide by 20 miles long. The city is bordered to the north, south and west by the waters of Cook Inlet and to the east by the Chugach Mountains.

The city's geographic location is latitude 61 degrees (the same as Oslo, Norway) and longitude 150 degrees (7 degrees west of Honolulu). The city is 1,425 ocean miles from Seattle and three hours away by commercial jetliner. Fairbanks is 263 air miles away or some 350 miles by road or railroad.

Because of Anchorage's location near the top of the world where today's jet airliner routes between Europe and Asia and between North America and those two continents come together, it claims the title of "Crossroad of the Air World." Its Anchorage International Airport is a stopping point for numerous international air carriers.

At the same time, the city also occupies the strategic spot in relation to its own state. It is an Alaska transportation hub in every sense of the word. Anchorage is the midpoint control center and headquarters for the Alaska Railroad, which operates between the seaports of Seward and Whittier and the interior railhead of Fairbanks. Anchorage is also at the center of a network of paved highways and secondary roads fanning out in all directions and giving it direct links to the growing oil production and industrial centers of the Kenai Peninsula and the peninsula's important playgrounds for the growing tourist industry.

Anchorage also has direct highway connections to all points in the interior, and to the Alaska Highway which provides a road connection through Canada to the other states. Anchorage also has its own port facilities with year-round direct container ship service to Seattle and a port traffic that makes the port the busiest in the state. In

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### Oil biggest factor in area development

The giant North Slope oil discoveries focused the attention of the world on Alaska's petroleum potential. But the state's oil industry goes back a number of years before those Arctic discoveries.

Alaska's oil industry had its beginning on the Kenai Peninsula near Anchorage in 1957. In the years since that first well came in, petroleum rapidly became the leading producer in the mineral field in Alaska and has edged out commercial fishing as the leading dollar-value industry in the entire state.

In future years the industry can be expected to grow to really giant proportions as production starts to flow in the North Slope area and as new fields are found and brought into production in other areas of the state. There are several known areas of promise offshore Alaska, including the Lower Cook Inlet, Gulf of Alaska, Norton Sound and the Bering Sea.

But still as of today almost all of the actual oil and gas production is contained within the Cook Inlet Basin near Anchorage, and for headquarters and sources of transportation, communications and supplies. Alaska's oil industry is and will remain centered for all practical purposes in the Anchorage area.

The wells now in production on the Kenai Peninsula and offshore in Cook Inlet have already pushed Alaska well into the top 10 in petroleum producing states in the nation. When production does start in other areas of the state — such as the North Slope — Alaska could well edge out California and Texas and become the nation's leading producer.

This exploration and the later associated production activity — no matter where in the state — is of great importance to the economic future of Anchorage. But perhaps of even greater importance is the offshoot petrochemical industry. A subsidiary of Union Oil Company of California has established the first petrochemical plants near Kenai on the Kenai Peninsula with a dual complex producing ammonia and urea fertilizer. The supply of natural gas is also being tapped to produce liquefied natural gas which is being produced and exported to Japan by Phillips Petroleum Company and Marathon Oil Company.

One large West Coast public utility has announced plans and filed for necessary permits to construct an additional LNG plant in the Kenai area with its output to be transported to California for use in the energy-short market there. Still more plants could be added to this complex (which also includes the state's two producing refineries) in the next few years.

Alaska's construction industry is centered around Anchorage. A major share of construction work in other areas of the state is staged through Anchorage, and the Anchorage area itself has had a big dollar value construction program going each of the past several years.

The past three construction seasons have continued that pattern and the current year is also expected to be a good one. In 1969 total value of construction under permits inside the city of Anchorage — much of the Anchorage area construction is outside the city limits — was \$25.8 million. In 1970 this figure more than doubled to a record high of \$52 million. In 1971 it again edged up to \$55 million. This past year, the total for the city and borough, was \$162,296,052.

### Yardsticks show continuing area growth

Continuing economic growth in the Anchorage area is shown by the conventional economic yardsticks. They include:

- Motor vehicle registrations. State figures show that for the Anchorage area this total has increased from some 78,570 in 1969 to 156,442 this past year.
- School enrollments. In 1960 the area had a total of 12,760 pupils in school. In 1974 this figure had increased to 35,109 pupils, and in addition, 10,056 college students.
- Bank statistics. During the most recent 10-year period, the area's total in bank assets, bank deposits, bank loans and discounts just about tripled. At the close of 1974, the loans and discounts in commercial banks in the area totaled \$459,159,405; the deposits in area banks totaled \$799,792,289; and total assets were reported at \$943,114,270. In addition, savings banks and savings and loan institutions showed savings of \$129,369,274 and total assets of \$168,600,982.
- Gross business receipts. Total gross receipts in the area for the year 1973, the most recent figures available, were \$1,400,787,050. By contrast, the total in 1970 was \$949,638,060.72.

The most important single labor market in Alaska is encompassed within the Anchorage area. An average of 40 per cent or more of all civilians employed in the state live in the area.

In 1961 total area employment stood at a monthly average of 26,689. During 1974 the civilian labor force in the area averaged 63,100, according to the state Department of Labor. Estimates are that the labor force total should go over 80,000 by the end of the 1980s — but in view of the past growth rate, this appears highly conservative.

The industries expected to contribute increased employment opportunities in the area include transportation, communications and utilities, finance, insurance and real estate, wholesale and retail trade, construction, and the mining-petroleum industry.

### Center of state transportation network

A well-organized and still expanding sea-surface-air transportation network is one of Anchorage's major assets.

While Alaska has been plagued since its beginning by its isolation and lack of efficient transportation, the Anchorage area has become the real hub of the transportation system which has been developing in recent times. These capabilities have been growing rapidly in the past few years and now permit the movement of increasing quantities of cargo and a growing number of passengers into and out of Anchorage without major strain.

Still both cargo and passenger movements are expected to continue to increase very rapidly in the next several years and it will be necessary for the area's land, sea and air transportation facilities to increase in proportion.

The major airport in the area, Anchorage International, was one of the first 10 airports in the U. S. to be designated by the FAA as a Category II airport. This major state-operated airport, which handles all of the area's larger scheduled airliner service, is complemented by the city-operated Merrill Field. This is one of the busiest small aircraft landing fields in the nation catering to wheel

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addition airlines give direct flight service to all parts of the state, to the other states and to Europe and Asia.

### Climate is an extra advantage

Located in a state that has a reputation for harsh winters and short summers, Anchorage seems to have an extra advantage even in the climate. While it receives a fair amount of precipitation it is shielded by the mountains to the south from the really large amounts received in nearby coastal communities. At the same time the Anchorage area's near-coastal location — plus the towering mountains to the north — keep it from experiencing the extremely cold winters of the interior regions.

The area's climate is described as like that of the Great Lakes region of the U. S. Winters are relatively mild by Alaskan standards and the summers are also mild. January temperatures average 13 degrees above zero. Summer month averages range from 45.7 degrees in May to a high average of 57.6 in July and back to 47.7 in September. The city's all-time record high temperature was 86 degrees and the all-time low was 38 degrees below zero. Average annual precipitation is 19.2 inches and the average annual snowfall is 79.6 inches.

The elevation of the city is 114 feet above sea level. The prevailing wind direction is from the southeast and mean hourly speed is 6.8 mph. On the shortest day of the year there are 5 hours 28 minutes of daylight and on the longest day, 19 hours and 23 minutes. Growing season is 100 to 120 days.

### Anchorage always a government town

Anchorage has been a government town since its earliest days. The early-day economy could support only a small labor force but it was based on the federally-owned Alaska Railroad and included a few other government offices as well as some wholesale trade with outlying mining camps, canneries, and fur farms.

The first big change and the first big growth in the economy and the labor force came in the 1940s. The construction — and later expansion — of the state's two largest military bases in the immediate Anchorage area provided the stimulus. These two bases, the Alaskan Air Command's Elmendorf Air Force Base (which also houses the headquarters of the unified Alaskan Command) and the Army's Fort Richardson, were built just north and east of the city. Today they employ directly some 3,000 civilians, and military dependents are also a factor in the civilian labor force.

Other areas of government — federal, state and local — are also large contributors to the total payroll of the Anchorage area.

At times in its past, the Anchorage area economy was almost exclusively based on military activity. While today, other sectors of the economy have assumed larger importance, the military establishment is still an important part of the picture.

Some idea of its importance can be gained from 1974 statistics released through the Greater Anchorage Chamber of Commerce. These show that for the fiscal year 1974, military bases in the Anchorage area had a population of 12,734 military personnel and 3,518 Department of

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aircraft. The Lake Hood-Lake Spenard complex handles floatplane traffic while the military operates Elmendorf Air Force Base's airfield and the Army has its own landing field.

Anchorage grew up as the headquarters for the federally-owned and operated Alaska Railroad and the railroad continues to play an important part in the overall transportation picture. The Anchorage municipal port has also become one of the most active in the state and has been enlarged twice in recent years. In addition, the city is also the hub of the state's connected highway system which stretches across the state and into Canada and thus to the other states.

### Tourism will play a growing role

The Anchorage area is expected to share to a great extent in future growth of the visitor industry.

The city is strategically located midway between two natural tourist-playground areas, the Matanuska-Susitna Valleys and the Kenai Peninsula. And, of course, at the same time it offers all of the amenities of a large city. With these natural advantages, plus its ever-increasing air and ground transportation facilities, it appears Anchorage's role as a tourist center for Alaska is bound to be of increasing importance in the years ahead.

### Railroad experiencing biggest year

The main line of the Alaska Railroad is a modernized single-track system extending from the port city of Seward to the railroad's headquarters in Anchorage and continuing north to the city of Fairbanks. A short branch line extends south of Anchorage to the alternate rail port of Whittier, which has attracted a major share of cargo in recent years.

In the past the federal government has announced plans to sell the Alaska Railroad if a buyer could be found, but during the past year these plans were canceled. This past year, and continuing on into 1975, the railroad has been experiencing its greatest growth in freight traffic in history, due mainly to greatly increased activity brought on by start of construction on the trans-Alaska pipeline.

While plans to sell the road have been abandoned, there has been no definite move toward extending the railroad, either to the Arctic North Slope area, or to the south where it might eventually link up with Canadian and U. S. railroads. Although such an extension remains a possibility, and has been discussed by the present state administration, no drastic change in operation of the railroad is expected in the near future years.

As it stands today the federally-owned and operated rail line is an important link in Alaska's transportation system and a factor in the Anchorage economy. With the line's headquarters and control center in Anchorage, the railroad property — located in close proximity to the downtown business district — includes passenger and freight terminals, marshaling yards, warehousing facilities, and a repair shop.

In recent years the railroad has invested large sums to convert its locomotive fleet entirely to diesel. It has also spent substantial amounts to acquire modern rolling stock, to upgrade its line, and to develop a container cargo system.

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Defense civilians. Total population impact, including dependents, was listed at 25,630 off the bases, and 20,278 on-base.

Payroll figures were listed at \$111,843,000 for military personnel and \$55,198,000 for Defense Department civilian employees.

The military construction program for the fiscal year was listed at \$24,601,000, which represented a considerable increase from the \$9,120,000 of the previous year, although far lower than the really big military construction years of the past.

Other operations and maintenance expenditures were listed at \$32,517,000 for the current fiscal year.

### Census figures show growth rate

The official U. S. Census figures show that the Anchorage area has been gaining population at a rate of better than 6,000 new residents annually in recent years. That increase is larger than Anchorage's entire population just 20 years ago.

The city made its first appearance in official census figures in 1920 when its population stood at 1,856. This was confined to the city limits, but all later census totals also reported the number of people living in the Anchorage area both inside and outside the city limits. These give a more accurate picture as they include immediate suburbs normally thought of as making up Anchorage.

In 1940 the city total had reached 3,495 and the area total was 4,229. The really big increases were just about to start during the World War II years and in the postwar years. During the next two decades the population shot up by a total 658 per cent (between the years 1939 and 1950) and increased an additional 158 per cent from 1950 to 1960.

These increases brought the city limits population to 44,237 and the metropolitan area total to 82,833 in 1960. By 1968 a special U. S. Census showed big new gains. The city proper had increased by only a small amount to 45,076 but the area population had taken another big jump — to 113,522.

In 1970 the official U. S. Census repeated this pattern of increases. The city limits total was recorded as 48,029 and the Anchorage area total at 124,542. (Population of the entire state was 302,173.)

Census statistics that year showed the largest proportion of the population in the Anchorage area was under 14 years old, with the second largest group of residents in the age group from 25 to 44 years.

An estimate of population for 1972, prepared by the Greater Anchorage Area Borough, showed new increases to 54,714 within the city and 138,500 in the city and surrounding suburban areas making up the entire borough.

These estimates increased to totals of 76,610 and 154,610 for 1973. For 1974 the estimates increased again to 78,929 within the city and 162,500 for the entire borough. (By contrast, the population of the entire state — including the Anchorage area — is set at 338,175.)

City and borough planners are expecting further big increases in population for the area. Greater Anchorage area population projections by the Chamber of Commerce show 200,000 residents by the year 1978 and 260,000 by the year 1988.

### International airport traffic heavy

The title of "Crossroads of the Air World" which Anchorage has claimed for many years appears more justified now than ever.

The very busy Anchorage International Airport is served regularly by some 17 scheduled airlines as well as a dozen or more nonscheduled operators. Anchorage International can provide intrastate service to all parts of Alaska and also direct and often nonstop service to numerous cities in the other states, including Seattle, Chicago, New York, and Honolulu. In addition a traveler can board an airliner in Anchorage and fly nonstop to Tokyo or other Far East cities or to London, Paris and other European cities.

With such service available — far greater than that offered by any comparable U. S. city — it is not surprising that Anchorage's airport has chalked up huge increases in both passenger traffic and cargo operations in recent years. Even bigger increases are expected in the years immediately ahead as the jumbo jets come into greater use.

In 1967 passenger total at the airport amounted to 955,173. By this past year that figure had grown to 2,081,642. In cargo operations, the total went from 97,915,977 pounds in 1968 to 175,254,891 pounds this past year.

The airport has completed a modernization program, including new runways with SST capability, a large new terminal structure and a great increase in parking space. The airport complex, both public and private facilities, is valued at an estimated \$100 million.

### Municipal port is state's busiest

Although located at the head of Cook Inlet and miles from the coast, the Anchorage municipal port is still one of the largest and busiest in the state. It handles an estimated 50 per cent of all dry cargo shipments into the state, and nearly all inbound petroleum products.

The port provides year-around container ship service as well as servicing a large amount of tanker and tug and barge traffic.

In addition to this municipal port facility, Anchorage is also served by rail from two other modern ports located at Seward and Whittier. Seward has a large-capacity dock which was completely rebuilt following the 1964 earthquake and seismic waves which destroyed the original Seward port facilities. The Port of Whittier, originally built by the Army as an alternate port to Seward in World War II, is served by a short spur of the Alaska Railroad and is equipped to handle roll-on-roll-off railroad car service by ship and barge from the Seattle-Vancouver area and from Prince Rupert, B. C.

Despite these more established alternates, the City of Anchorage's own port has shown astonishing growth in the past 10 years. The port opened for business in 1961 and in that first year handled only 38,259 tons of cargo. The big jump came with the start of year-round service by vanships direct to the Anchorage port following the earthquake which destroyed or badly damaged port facilities in other area cities. By 1969 the port was handling a total of 1,592,742 tons of cargo and this past year that had increased to 2,255,175 tons. ●