

Healthy Local Economy & Borough Fiscal Health

Economy Overview: Diverse and Highly Seasonal

- A robust economy, based on tourism, coal, federal spending
- A highly seasonal economy; swinging from Alaska's lowest to its highest unemployment.
- Access to spectacular natural landscapes – mostly undeveloped, mostly publicly owned – support the lion's share of the borough economy



Tourism & Recreation

Denali Borough's largest economic sector

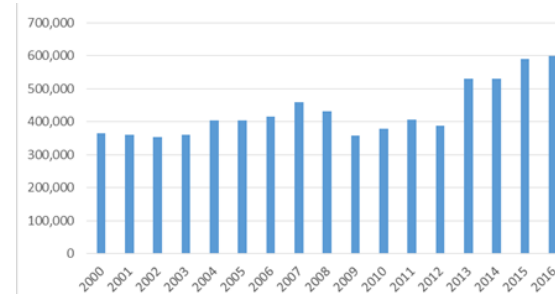
More visitors to Alaska: **1,857,500** summer visitors in 2016,; the state's biggest year ever. Alaska continues to be a popular destination: "Alaska is exotic, but safe and accessible."

More visitors to Denali National Park: Growing from **375,000** in 2000, to almost **600,000** in 2016. Tourism businesses have been consistently adding capacity in recent years, or about **1** new hotel per year.

Locally-based spending: Denali National Park visitors spend **\$600 million** annually, the 4th highest in the U.S., which supports about **2,500** local, mostly summer jobs.

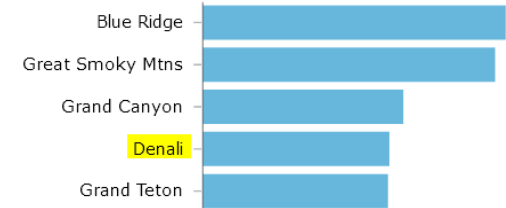
Expanding Visitor Season: Visits to Denali outside summer are growing, from nearly zero 20 years ago to about 1500/month in the heart of winter in recent years.

Quality of Life: Access to wild lands is a major reason people live in the borough.



Denali N.P. Annual Visitation, 2000 - 2016

Top 5 National Parks by Visitor Spending



Federal, State & Local Government

National Park: about 300 employees, most are seasonal

School District: about 100 jobs

Clear AFB: about 400 jobs, permanent and contract employees. Large upgrade project may bring additional large, short influx of on-base construction jobs

Denali Borough 9 full-time jobs, 1 part time, 1 seasonal



Coal, Electricity, LNG Pipeline?

Coal: Usibelli coal provides about 120 good paying, year-round jobs.

GVEA: Operation of Golden Valley Electric's plant adds an additional 40 jobs (60 when operating at peak).

Alaska LNG Project: a major potential project through the borough. If and when this would happen is uncertain at this time.



Local Support Services

Local commercial services are limited; most needs are met through shopping in Fairbanks or Anchorage, or online.

Existing local services include: post office, restaurants and gas stations operating year-round, bank, itinerant medical care, and some construction.

The Healy medical clinic will be closing, uncertain if or when it will re-open at this time.



Fiscal Overview

Bed tax pays the bills

- In 2016, **\$3.5 million** collected in bed tax, about **2/3** of all borough revenue.
- Denali Borough is a lean operation: services offered are schools, solid waste, land planning, and general administration.
- School district funding makes up about **2/3** of borough expenditures
- Other revenue and expenditures: mining severance tax, fees and costs associated with solid waste service

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Future Issues, Opportunities & Choices



Tourism Attractions & Spending

The Park Service aims to slow growth of in-park vehicles, and to guide anticipated recreation and tourism demand to “front country” locations and non-summer seasons, and to rely on more on local private sector partners.

- How will this policy affect overall visitation (and bed tax revenues)?
- What new, local economic opportunities may become available?
- Could Healy and/or Park Entrance become year-round town centers for tourists (and residents)?



Coal, Gas & Energy

Usibelli Coal Mine currently serves the Alaska market. The future could bring renewed exports, and/or growing pressures to reduce carbon-based fuel usage.



Government Spending & Impacts on Borough

- About **79%** of Denali Borough School District funding (**\$8.3 million**) comes from state and federal sources. Alaska’s budget problems mean local residents may need to pay for a larger share of local public services. How to respond to reduced state spending on schools, roads, police, other services?
- **\$700 million** is being invested at Clear AFS. Much of the technical work is being done out of state, and producing few locally-based jobs and other economic benefits. Could this change in the future?



Local Services & Facilities: Public and Private Sector

The borough’s population is small and aging. School enrollment is flat or declining, and local schools have significant unused capacity.

- How will these demographic trends affect the borough’s economic health?
- Are there arguments for growth in the right locations, in the right style, as a way to sustain or improve desired local facilities and services? Examples from the survey: a recreation center, trails & roads, medical clinic. What about expanding services and shops serving local residents?



A Less-than-Clear Crystal Ball: External Forces

Stable Economy? By Alaska standards, the Borough economy is stable and diverse. But coal, tourism, and government spending follow national & global trends.

State and Federal Spending What future at Clear AFB, with Park Service budgets, and with State support to borough schools and roads?

LNG Pipeline Wildcard The proposed natural gas pipeline would pass through the Borough, creating jobs and potentially substantial property tax.

Climate Change Alaska’s climate is warming twice as fast as global averages. What will this mean for issues from tourism to road maintenance costs?



To Grow or Not to Grow? Tough Choices

“Today, it’s tough to offer a 3-generation economy: parents, children and grandchildren can make a good living in the same place.”

The survey results, while *not* statistically valid, showed diverse opinions among residents, but overall a real reluctance or opposition to growth.

At the same time, there was support for benefits that come with growth: new facilities, capacity to define and maintain neighborhood character, and expanded economic opportunities. Some questions to consider:

- Is it realistic to stop growth?
- Could tourism evolve toward all-season activities, bringing more year-round jobs? Would that be a net positive for the borough?
- If growth is guided in a way that matches the community’s values, can a growing economy and growing population be a good thing long term?

“These days, no place stays special by accident.” - Planner Ed McMahon, presentation to the Borough, 1998