

*Socioeconomic Impacts of the  
Fort Knox Mine*

*Prepared for:  
Fairbanks Gold Mining, Incorporated*



Research-Based Consulting

Juneau  
Anchorage

*October 2011*

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# Summary of Key Findings

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The Fort Knox Mine, located near Fairbanks, was opened in 1994, and the first gold pour was in 1996. Since 1998, the mine has been fully-owned by Fairbanks Gold Mining, Incorporated, a subsidiary of Canadian-based Kinross Gold Corporation. The mine is a conventional open pit mine located approximately 26 miles northeast of Fairbanks via road. Fort Knox sits on land owned by the State of Alaska and the Alaska Mental Health Trust. The mine is open year-round, operating 24-hours per day, seven days a week. Development of a heap-leach facility in late 2009 has extended the mine's life by approximately five years, with closure now expected in 2017. Heap-leaching is estimated to continue until 2021.

To fully understand how the Fort Knox Mine affects local and Alaska economies, Fairbanks Gold Mining, Incorporated contracted with McDowell Group to conduct a socioeconomic impact study. McDowell Group used several different research methodologies, including a review of mine spending data and a survey of mine employees. Following is a summary of key findings.

## Employment and Payroll Impacts

### Direct Impacts

- Fort Knox Mine employed an annual average of 502 workers in 2010, making it the fifth largest private sector employer in the Fairbanks North Star Borough (FNSB) and the tenth largest employer overall.
- All Fort Knox employees live in the FNSB. Fort Knox Mine's 11-member management team averages 19 years of Alaska residency and 22 years of mining industry experience.
- Total 2010 payroll for mine employees was \$45.3 million, averaging \$90,280 per employee. On average, Fort Knox Mine employees have wages approximately 2.1 times higher than the 2010 average income of private sector workers in the FNSB.
- Fort Knox spent \$171.4 million with approximately 400 private sector vendors in Alaska, representing 62 percent of its total spending on goods and services (both in and outside Alaska) in 2010.
  - 32 percent (\$55.6 million) of the mine's Alaska spending went to wholesale and retail businesses located in Alaska.
  - 21 percent went to Alaska utilities, including \$35.8 million spent on power from Golden Valley Electric Association and other utilities.
  - 21 percent (\$35.6 million) was spent with Alaska fuel suppliers.
  - 16 percent (\$28.2 million) was spent with Alaska construction firms.
- Fort Knox Mine paid FNSB \$4.7 million in real property and business property taxes in 2010, making the mine the largest taxpayer in FNSB.

- The State of Alaska received \$11.1 million in taxes and fees from Fort Knox, including \$5.7 million in mining license tax.

### **Indirect Impacts**

- Multiplier effects, including indirect and induced impacts related to Fort Knox Mine included 450 jobs in the FNSB and an additional 100 jobs elsewhere in Alaska.
- Indirect and induced payroll totaled \$31.7 million in the FNSB and an additional \$9 million elsewhere in Alaska.

### **Total Impacts**

- Fort Knox Mine-related direct and indirect employment *statewide* totaled 1,050 jobs in 2010 with a total payroll of \$86 million.
- Mine-related direct and indirect employment in the *FNSB* totaled 950 jobs in 2010 with a total payroll of \$77 million.

## **Other Measures of Economic Impacts**

### **Community Contributions**

- Dozens of Alaska nonprofit organizations received a combined total of \$145,900 in contributions from Fort Knox Mine. These organizations represented membership groups, as well as charitable programs, such as youth sports, public safety support, social assistance, and civic organizations.
- Nearly two out of three Fort Knox employee households (63 percent) made cash contributions, 29 percent volunteered and 44 percent donated material goods to more than 130 charitable organizations, largely in the Fairbanks area.
- Fort Knox Mine employee households gave an average of \$582 to charitable organizations. Those households that contributed their time to non-profit organizations provided 158 hours of volunteerism to their community in 2010.

### **Fairbanks Schools**

- Approximately 260 of the 325 school age children belonging to Fort Knox Mine employee households attend public schools in the Fairbanks North Star Borough School District.
- Based on the State Aid Entitlement Funding figure of \$5,680 per student, mine-related enrollment represented approximately \$1.5 million in state education funding to the Fairbanks North Star Borough School District in 2010.

## **Other Employee Contributions to the Economy**

- On average, Fort Knox Mine employees spend \$107 per week commuting to work.
- Two out of three Fort Knox employees own their home. Assuming all of this real estate lies in fire and police protection areas, FNSB property tax revenues from these properties totaled approximately \$1 million in 2010.
- Fort Knox Mine is a stable, year-round employer. Nearly one-half of employees (47 percent) have worked at the mine for five years or more, with 16 percent having worked there for more than 10 years. On average, employees have lived in the Fairbanks area for 13 years, with 40 percent of employees living in the FNSB for 15 years or more.

## **Infrastructure Development**

### **GOLDEN VALLEY ELECTRIC COOPERATIVE**

Fort Knox Mine is Golden Valley Electric Association's (GVEA) single largest commercial customer. According to GVEA, the mine purchased approximately 20 percent of the total kilowatt-hours sold each year by GVEA at a total of \$35.5 million in 2010. Fort Knox accounted for 16 percent of GVEA's total revenues of \$218 million in 2010.

Based on GVEA's analysis, the size of Fort Knox's power usage translates into significant rate savings worth millions of dollars for all its residential, commercial and industrial customers.

## Summary of Fort Knox Mine Economic Impacts, 2010

| Economic Activity  | Impacts         |
|--|-----------------|
| <b>Direct Impacts</b>  |                 |
| Ranking among FNSB's largest private sector employers                        | 5 <sup>th</sup> |
| Annual average employment  | 502             |
| Annual payroll   | \$45.3 million  |
| Private sector spending on goods and services                                | \$171.4 million |
| Percent of total spending made in Alaska                                     | 62%             |
| Percent of total Alaska private sector spending in FNSB                      | 90.3%           |
| Number of Alaska vendors   | 400             |
| Payments to local government (FNSB)  | \$4.7 million   |
| Payments to state government   | \$11.1 million  |
| <b>Multiplier Effects</b>  |                 |
| Indirect and induced employment in Alaska                                    | 550             |
| Indirect and induced employment in FNSB only                                 | 450             |
| Indirect and induced payroll in Alaska                                       | \$40.7 million  |
| Indirect and induced payroll in FNSB only                                    | \$31.7 million  |
| <b>Total Impacts</b>   |                 |
| Total employment (direct, indirect, and induced) in Alaska                   | 1,050           |
| Total employment (direct, indirect, and induced) in FNSB only                | 950             |
| Total payroll (direct, indirect, and induced) in Alaska                      | \$86 million    |
| Total payroll (direct, indirect, and induced) in FNSB only                   | \$77 million    |
| <b>Other Economic Impacts</b>  |                 |
| Average annual employee household cash charitable contribution               | \$582           |
| Average annual giving employee household volunteerism                        | 158 hours       |
| Estimated employee household public school enrollment                        | 260             |
| Estimated state education funding from mine-related public school enrollment | \$1.5 million   |

Source: Fort Knox Mine, Alaska Department of Labor and Workforce Development and McDowell Group estimates.

# Methodology

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Kinross Gold contracted with McDowell Group to conduct a socioeconomic impact study of the Fort Knox Mine, located in the Fairbanks North Star Borough. This study provides an analysis of the economic impact of the mine and also presents a socioeconomic assessment of the mine's impact on local school enrollment, population, employee households, and charitable organizations.

A variety of data sources were used for this study. Fort Knox Mine provided McDowell Group with employment, payroll, labor costs, vendor spending, and charitable giving data. The mine also provided information regarding its workforce development programs. McDowell Group accessed other data provided by the Alaska departments of Commerce, Community and Economic Development, Natural Resources, Labor and Workforce Development, and Revenue. The Fairbanks North Star Borough provided tax data. IMPLAN, a model for estimating economic impacts, was used to assess the mine's multiplier effect on Alaska and the Fairbanks North Star Borough.

McDowell Group also conducted a survey of Fort Knox Mine employees. The survey was designed by McDowell Group with input from Fort Knox representatives and administered during an employee meeting on July 26, 2011. Employees were given the option to complete the survey online or by paper. Contract workers did not participate in the survey. Employees were allowed to complete the survey during work hours. Of the approximately 500 workers employed, 352 completed all or some portion of the survey, representing a response rate of 70.4 percent. A list of nonprofits supported by Fort Knox employees is found in the Appendix.

In addition to creating a demographic profile of mine employees, survey data was used to estimate the impacts of Fort Knox Mine employees on Alaska and the Fairbanks economy.

# Overview of Fort Knox Mine

In production since 1996, Fort Knox is owned by Fairbanks Gold Mining, Incorporated, a subsidiary of Canadian-based Kinross Gold Corporation. The mine is a conventional open pit mine located approximately 26 miles northeast of Fairbanks via road (21 miles paved and 5 miles unpaved). The mine sits on land owned by the State of Alaska and the Alaska Mental Health Trust. It is located in the Fairbanks' mining district, a belt of lode and placer gold deposits considered one of the largest gold producing areas in Alaska.

The mine operates 24-hours per day, seven days a week, year-round. The high-grade ore is processed at a mill facility with a daily capacity of approximately 45,000 tons per day. In 2007, permits were acquired from the State of Alaska for a mine heap-leaching project in the Walter Creek drainage area, and in 2008 the facility was constructed to process lower-grade ore. With the addition of the heap-leach facility in late 2009, the mine life was extended an additional five years, to 2017. Heap-leaching is estimated to continue until 2021.

## Production

Approximately 14 million to 15 million tons of ore are processed each year at Fort Knox. Gold production has fluctuated from 2007 to 2010, with a low of 263,000 ounces in 2009 to a high of nearly 350,000 ounces in 2010. Throughout the mine's life, gold production has averaged approximately 333,000 ounces per year. The mine poured its 5 millionth ounce in April 2011.

### Mine Operations, 2007-2010

|                 | 2007           | 2008           | 2009           | 2010           |
|-----------------|----------------|----------------|----------------|----------------|
| Tons mined      | 46.0 million   | 46.3 million   | 28.8 million   | 21.8 million   |
| Tons moved      | -              | 52.1 million   | 48.8 million   | 42.4 million   |
| Tons milled     | 14.0 million   | 15.1 million   | 14.1 million   | 14.6 million   |
| Gold production | 338,047 ounces | 328,857 ounces | 263,260 ounces | 349,729 ounces |

Sources: Kinross annual meeting PowerPoints, 2008-2011.

As of December 2010, Fort Knox had over 253 million tons of proven and probable reserves with an average grade of 0.44 grams per metric ton. Additionally, there is an estimated 160 million metric tons with a grade of 0.43 grams per ton in measured and indicated resources. The 2010 proven and probable reserves of gold were estimated to be 3.6 million ounces with another 2.2 million ounces in measured and indicated resources.

### Mineral Reserve and Resource Summary

|                                  | Metric Tons<br>(in thousands) | Grade<br>(g/t) | Ounces<br>(in thousands) |
|----------------------------------|-------------------------------|----------------|--------------------------|
| <b>Gold</b>                      |                               |                |                          |
| Proven and probable reserves     | 253,434                       | 0.44           | 3,579                    |
| Measured and indicated resources | 160,458                       | 0.43           | 2,214                    |

Notes: Measured and indicated resources exclude proven and probable resources. Totals as of December, 31, 2010.  
Source: Kinross, 31 December 2010.

## Employment and Payroll

### Jobs

Fort Knox Mine had annual average employment of 502 in 2010. Based on Alaska Department of Labor and Workforce Development (ADOLWD) rankings, Fort Knox Mine was the fifth largest private sector employer and the tenth largest employer overall in FNSB in 2010. Though published data is not available, if measured in terms of annual payroll, Fort Knox would be the second or third largest private sector employer in the FNSB.

### Ranking of Top 15 Employers in Fairbanks, including Private and Public Sector, 2010

|  | Employment     |
|--|----------------|
| Federal Government                             | 1000+          |
| University of Alaska                           | 1000+          |
| Fairbanks North Star Borough School District   | 1000+          |
| State of Alaska (excluding University)         | 1000+          |
| Banner Health System                           | 1000+          |
| Wal-Mart Associates Inc.                       | 750-999        |
| Fred Meyer Stores Inc.                         | 750-999        |
| ASRC, AES Pipeline Power and Communication     | 500-749        |
| Fairbanks North Star Borough                   | 500-749        |
| <b>Fairbanks Gold Mining, Inc.</b>             | <b>500-749</b> |
| Golden Valley Electric Association             | 500-749        |
| Fountainhead Development Inc.                  | 250-499        |
| Ambrose LLC (McDonald's Restaurants of Alaska) | 250-499        |
| City of Fairbanks                              | 250-499        |
| Fairbanks Native Association, Inc.             | 250-499        |

Source: ADOLWD. Specific employment data for individual employers is not available due to confidentiality restrictions.

### RESIDENT WORKFORCE

According to Fort Knox employee W2 tax forms, the entire mine workforce are Alaska residents and all live in FNSB.<sup>1</sup> Currently, the mine's 11-member management team averages 19 years of Alaska residency and 22 years mining industry experience.

<sup>1</sup> The Alaska Department of Labor and Workforce Development (DOLWD) reported 9.8 percent of Fairbanks Gold Mining Inc.'s employment in 2009 was nonresident. DOLWD's methodology for calculating workforce residency is based on Permanent Fund Dividend (PFD) applications, which produces a conservative estimate of "resident" employment. A new resident to Alaska must reside in the state for a full calendar year before he or she is eligible to apply for a PFD. A new Alaska resident who arrived in the state in the March of 2010, for example, would not be eligible to apply for a PFD until the 2012 application period. As a result, this person would

## Payroll and Wages

Fort Knox employee payroll totaled \$45.3 million in 2010. Regular wages, overtime and bonuses are included in this total. Total mine payroll divided by annual average employment of 502 indicates an annual average income of \$90,280 per job. In addition to wages, Fort Knox Mine workers receive benefits equal in value to 30 percent of gross wages (in the form of medical, disability and life insurance, 401K and employer's portion of federal tax on wages). Fort Knox Mine's total labor costs in 2010 were \$63.9 million.

According to ADOLWD data, the average private sector monthly wage in FNSB was \$3,558 for 2010. This represents annual income of \$42,696. For Knox employee income was approximately 2.1 times higher than the 2010 average income of private sector workers in the FNSB.

### Comparison of Annual Average Wages in FNSB, by Sector

|                                   | Average Annual Wage |
|-----------------------------------|---------------------|
| <b>Fort Knox Mine</b>             | <b>\$90,280</b>     |
| All Private and Public Sector     | \$45,468            |
| Construction                      | \$71,064            |
| Federal Government                | \$62,640            |
| State Government                  | \$48,048            |
| Local Government                  | \$45,288            |
| All Private Sector                | \$42,696            |
| Health Care and Social Assistance | \$42,144            |
| Retail                            | \$30,588            |

Source: ADOLWD.

## Indirect Economic Impacts

The economic impact of Fort Knox Mine is felt throughout the FNSB economy and elsewhere in Alaska. This economic impact happens at three levels:

- Direct impacts, including the mine's own employment and payroll.
- Indirect impacts, including jobs and income in businesses providing goods and services to the mine.
- Induced impacts, including the jobs and income created as a result of mine employees spending their payroll dollars in the local economy.

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actually reside in Alaska for nearly two years before being recorded as an Alaska resident. New hires from outside Alaska and intra-company transfers, therefore, may actually reside in the FNSB (as indicated in Fort Knox's W2 tax form data), but not yet be identified as a resident by DOLWD.

Fort Knox Mine had a 2010 direct payroll of \$45.3 million and average annual employment of 502 workers. Based on analysis of Fort Knox multiplier effects (using IMPLAN and vendor data provided by the mine), indirect and induced employment related to Fort Knox totaled 450 jobs in FNSB. Total FNSB employment (direct, indirect and induced) related to Fort Knox Mine was 950 jobs in 2010 and payroll (direct, indirect and induced) totaled \$77 million.

Statewide, the indirect and induced impacts of Fort Knox were estimated to total 550 jobs and \$40.7 million in payroll in 2010. Based on these estimates, total Fort Knox Mine related direct, indirect and induced employment statewide was 1,050 jobs with a total payroll of \$86 million.

## Taxes

### Local Government

#### REAL PROPERTY/BUSINESS PERSONAL PROPERTY

Fort Knox Mine paid the FNSB \$4.7 million in real property and business property taxes in 2010. Real property taxes are assessed against the land, roads, and permanent structures owned by the mine. Business personal property taxes are assessed against the non-permanent structures owned by the mine: business machinery and equipment, vehicles, computers, office furniture and fixtures, and all other property not considered part of the real estate and used by the mine in the normal course of conducting business both within and outside the mine.

Fort Knox was the largest property tax payer in FNSB in 2010 (see table below). Neither the City of Fairbanks nor the FNSB have a sales tax.

#### FNSB's Top 10 Taxpayers, 2010

|                                 | Tax Payments       |
|---------------------------------|--------------------|
| <b>Fort Knox Mine</b>           | <b>\$4,672,590</b> |
| Doyon                           | \$3,843,331        |
| Flint Hills Resources Refinery  | \$2,248,042        |
| Fountainhead Development Inc.   | \$1,087,845        |
| Wal-mart and State Street Bank  | \$906,802          |
| ASC (PTA Communications)        | \$849,341          |
| Fred Meyer Stores, Inc.         | \$748,859          |
| Airport Equipment Rentals, Inc. | \$698,624          |
| GCI Cable Fairbanks             | \$684,238          |
| Westmark Hotel                  | \$581,046          |

Source: Fairbanks North Star Borough, Department of Financial Services, Division of Treasury and Budget.

## **State Government**

### **MINING LICENSE TAX**

The State of Alaska collected \$5.7 million in mining license tax from Fort Knox in 2010, representing 12 percent of the state's mining license revenue in 2010. This is a tax on the net income of all mining property in the state irrespective of land ownership status.

### **OTHER PAYMENTS**

Fort Knox Mine paid an additional \$5.4 million in other payments to the State in 2010, including corporate income tax to the Alaska Department of Revenue and employment taxes to the Alaska Department of Labor and Workforce Development. Other fees were paid to the Mental Health Trust Land Office, Alaska Department of Fish and Game, and other departments of state government.

## **Mine Spending**

### **In-state Spending**

Due to the specialized nature of mining, some goods and services needed by Fort Knox Mine are unavailable locally. Even so, Fort Knox spent approximately \$171.4 million with Alaska private sector vendors (not including government agencies), representing 62 percent of its total spending on goods and services in 2010.

### **PROFILE OF MINE VENDORS**

Alaska businesses provide a wide range of services to Fort Knox, including retail and wholesale trade goods (supplies, equipment, parts, tires, office supplies, etc.), electric power and other utilities, fuel, construction services, professional and technical services (environmental services, engineering, various services (mechanics, repair services, printers, etc.), transportation (trucking, freight couriers and air), accommodations and hospitality (hotels and food services), and other goods and services. The chart that follows provides a breakout of the mine's private sector spending in Alaska by sector.

### Fort Knox Mine Private Sector Spending in Alaska, by Sector, 2010

|  | Spending<br>(\$million) | % of Total    |
|--|-------------------------|---------------|
| Wholesale and Retail Trade                                     | \$55.6                  | 32.4%         |
| Utilities (Electricity, Telecommunications, and Waste Removal) | \$35.8                  | 20.9          |
| Fuel   | \$35.6                  | 20.8          |
| Construction   | \$28.2                  | 16.4          |
| Professional and Technical Services                            | \$6.0                   | 3.6           |
| Services   | \$6.1                   | 3.5           |
| Transportation Services  | \$2.9                   | 1.7           |
| Accommodations and Hospitality                                 | \$0.5                   | 0.3           |
| Education and Health Services                                  | \$0.1                   | 0.1           |
| Nonprofit (Membership and charitable organizations)            | \$0.1                   | 0.1           |
| Other  | \$0.5                   | 0.3           |
| <b>Total</b>   | <b>\$171.4</b>          | <b>100.0%</b> |

Alaska vendors were largely centered in FNSB, representing nine out of every 10 mine dollars spent with Alaska's private sector.

### Fort Knox Mine Private Sector Spending in Alaska, by Vendor Location

|                              | Spending<br>(\$million) | % of Total    |
|------------------------------|-------------------------|---------------|
| Fairbanks North Star Borough | \$155.6                 | 90.8%         |
| Anchorage/Eagle River        | 14.3                    | 8.4           |
| Palmer/Wasilla               | 1.2                     | 0.7           |
| Other                        | 0.3                     | 0.2           |
| <b>Total</b>                 | <b>\$171.4</b>          | <b>100.0%</b> |

## Community Contributions

Included in Fort Knox's 2010 spending are membership dues to industry support organizations, such as the Council of Alaska Producers, Alaska Miners Association, and Alaska State Chamber, as well as charitable contributions to dozens of local nonprofit organizations, including the University of Alaska athletics program, local public radio, Arctic Man Ski & Snogo Classic, local fire departments, Fairbanks Community Food Bank, Boy Scout and Girl Scout groups, and local high school and youth sports programs. In 2010, Fort Knox Mine contributed \$145,900 to Alaska's nonprofit community.

In December 2010, Fort Knox Mine started the Mining Engineering Research Endowment (MERE) at the University of Alaska Fairbanks (UAF) with an initial gift of \$25,000. In 2011, Fort Knox pledged an additional \$990,000 over the next three years. The Endowment will be used to support graduate student research projects in the UAF Masters of Engineering or Doctorate programs.

## **Employee Volunteerism and Community Support**

According to results from the mine employee survey, 77 percent of Fort Knox Mine employees made cash contributions, 29 percent volunteered and 44 percent donated material goods to more than 130 charitable organizations. Fort Knox Mine employee households donated an average of \$582 to charitable organizations. Households that contributed time to non-profit organizations provided 158 hours of volunteerism to their community in 2010. A list of supported organizations mentioned by Fort Knox employees can be found in the Appendix.

## **Fairbanks Schools**

Based on State Aid Entitlement Funding figure of \$5,680 per student, Fort Knox Mine-related public school students accounted for approximately \$1.5 million in state education funding to the Fairbanks North Star Borough School District in 2010.

## **Infrastructure Development**

### **Golden Valley Electric Association**

Fort Knox Mine is Golden Valley Electric Association's (GVEA) single largest commercial customer. According to GVEA, the mine purchased approximately 20 percent of the total kilowatt-hours sold each year by GVEA at a value of \$35.5 million in 2010. Fort Knox is one of GVEA's eight industrial customers and accounted for 16 percent of GVEA's total revenues of \$218 million in 2010.

Based on GVEA's analysis, the size of Fort Knox's power usage translates into significant rate savings for all its residential, commercial and industrial customers.<sup>2</sup>

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<sup>2</sup> Communication with Dave Gardner, Vice President of Marketing and Member Services, GVEA, September 27, 2010.

# Employee Profile

This employee profile was developed from responses to the *2011 Fort Knox Mine Employee Survey*. Surveys were completed by 70 percent of the mine’s employees. Some tables may not equal 100 percent due to rounding.

## Gender and Age

Most Fort Knox Mine employees are male (90 percent).

The average age of employees responding to the survey was 40. The age group with the fewest employees was the youngest (age 18 to 24) at 3 percent. The remainder of employees was fairly evenly distributed between four age groups. One out of five employees was age 55 or older.

### Employee Age

| Age                | % of Total      |
|--------------------|-----------------|
| 18-24 years        | 3%              |
| 25-34 years        | 21              |
| 35-44 years        | 27              |
| 45-54 years        | 30              |
| 55+ years          | 19              |
| <b>Average age</b> | <b>40 years</b> |

## Ethnicity

Most respondents are white (91 percent).

### Respondent Ethnicity (multiple responses accepted)

|                                     | % of Total |
|-------------------------------------|------------|
| White/Caucasian                     | 91%        |
| Alaska Native/American Indian       | 5          |
| Hispanic or Latino                  | 3          |
| Asian                               | 2          |
| Black or African-American           | 1          |
| Native Hawaiian or Pacific Islander | 1          |
| Other                               | 3          |
| Don't know                          | 1          |

## Length of Residency in Fairbanks North Star Borough

Based on W-2 tax form data, all Fort Knox Mine employees live in the Fairbanks North Star Borough.

Most employees have lived in FNSB for more than five years, with 40 percent having 15 or more years of residency. About a quarter (27 percent) lived in the community for less than five years. The average length of Fairbanks residency of all mine workers was 13 years.

### Fairbanks Area Residency

|                                | % of Base<br>n=167 |
|--------------------------------|--------------------|
| Less than 5 years              | 27%                |
| 5-14 years                     | 33                 |
| 15 or more years               | 40                 |
| <b>Average number of years</b> | <b>13 years</b>    |

One-third of employees (32 percent) reported that they had moved to the Fairbanks area specifically to work at Fort Knox Mine.

## Employment Tenure

Nearly one-half of employees (47 percent) have worked at Fort Knox for five years or more, with 16 percent having worked there for more than 10 years. One out of ten employees had been employed for less than one year at Fort Knox.

### Employee Tenure

|                    | % of Total |
|--------------------|------------|
| Less than one year | 11%        |
| Two to four years  | 42         |
| Five to 10 years   | 31         |
| More than 10 years | 16         |

## Household Income

The most common income brackets among employees were \$70,001 to \$100,000 (23 percent) and \$100,001 to \$125,000 (24 percent). Nearly three of ten employees reported household incomes greater than \$125,000.

Wage data obtained from Fort Knox indicates an average income per employee of \$90,280. Nearly one-half of employees (45 percent) reported having no additional wage earners in their household. Eight percent of survey respondents reported that their spouse, significant other, or partner also worked at the mine.

### Annual Household Income, 2010

|                     | % of Total* |
|---------------------|-------------|
| \$45,000 or less    | 4%          |
| \$45,001-\$60,000   | 8           |
| \$60,001-\$75,000   | 11          |
| \$75,001-\$100,000  | 23          |
| \$100,001-\$125,000 | 24          |
| \$125,001-\$150,000 | 17          |
| More than \$150,000 | 12          |

\*Does not equal 100 percent due to rounding.

## Household Characteristics

### Family Characteristics

Three-quarters of Fort Knox Mine employees are either married or living with a significant other or partner.

### Employee Marital Status

|  | % of Total |
|--|------------|
| Married                                    | 65%        |
| Living with a significant other or partner | 11         |
| Single/divorced/separated                  | 23         |

Fort Knox Mine employees reported an average household size of 2.9 people. More than a half (55 percent) have three or more people living in their household. One out of six households (17 percent) has only one member; 28 percent have two members.

When survey response rates are applied to all mine employee households, there are an estimated 1,460 household members of Fort Knox employees residing in Fairbanks. This is approximately 1.5 percent of the Fairbanks North Star Borough 2010 Census population.

### Employee Household Size

|                               | % of Total        |
|-------------------------------|-------------------|
| One person                    | 17%               |
| Two people                    | 28                |
| Three people                  | 21                |
| Four people                   | 20                |
| Five or more people           | 14                |
| <b>Average household size</b> | <b>2.9 people</b> |

Half of employee households (52 percent) have no children under the age of 18 living at home. Only two percent of households had anyone over the age of 65.

### Households with Children and Seniors

|   | % of Total |
|---|------------|
| Households with No Children                                 | 52%        |
| Households with Children<br>(Under 18 years of age)         | 48         |
| Households with School Aged Children<br>(5-17 years of age) | 21         |
| Households with Seniors (65+ years)                         | 2          |

### School Attendance

Of the 48 percent of households with children under age 18, 75 percent reported having school age children (age 5 to 17).

Employees were asked if their children attended public school, private school, or were home-schooled. When survey results are expanded to all mine employees the results suggest that approximately 180 mine employee households have about 325 children age 5 to 17.

Most children attend public schools (80 percent) while 15 percent are home-schooled and 6 percent attend private schools.

### Estimated Children of Employees Receiving K-12 Education by Type

*(Base: Those with school age 5-17 children in the household)*

|                                 | # of Students | %           |
|---------------------------------|---------------|-------------|
| Public Schools                  | 260           | 80%         |
| Home-Schooled                   | 47            | 15          |
| Private Schools                 | 18            | 6           |
| <b>Total estimated students</b> | <b>325</b>    | <b>100%</b> |

Note: The number of students has been estimated by extrapolating results of the household survey to reflect all employee households.

## Housing Tenure

Fort Knox Mine workers have a fairly high level of home ownership, with two-thirds owning their own home. Slightly less than one-third rent.

### Employee Housing Status

|                        | % of Total |
|------------------------|------------|
| Own                    | 67%        |
| Rent                   | 31         |
| Some other arrangement | 2          |

Among employees who rent, the average monthly payment is \$1,116. Three out of ten employees (29 percent) who rent stated utilities are included in their monthly rent payment.

The average value of mine employees' homes is \$232,000; the estimated median value is \$210,000. According to the FNSB Assessor, the median value of a single-family home in Fairbanks in 2010 was \$213,300.<sup>3</sup>

Assuming an average housing value of \$232,000, Fort Knox workers own approximately \$78 million worth of FNSB residential real estate.<sup>4</sup> Assuming all of this real estate lies in fire and police protection areas, FNSB property tax revenues from these properties totaled approximately \$1 million (based on the 2010 FNSB real property tax rate of 12.99 mills).

## Commuting Costs

On average, Fort Knox Mine employees spend \$107 per week commuting to work.

### Per Week Spending for Work-Related Transportation

|                            | % of Total*  |
|----------------------------|--------------|
| \$0                        | 2%           |
| \$1-\$49                   | 8            |
| \$50-\$99                  | 36           |
| \$100-\$149                | 31           |
| \$150 or more              | 21           |
| Don't know                 | 2            |
| <b>Average Weekly Cost</b> | <b>\$107</b> |

<sup>3</sup> Does not include mobile homes, but does include condominiums and townhouses.

<sup>4</sup> This value was calculated using estimated average annual employment of 502 for 2010, multiplied by the 67 percent of survey respondents who said they own their homes and the average home value from survey responses of \$232,000.

## Education and Training

Almost one out of three (28 percent) of Fort Knox Mine employees have a college degree. Another 29 percent have taken some college courses, but not received a degree.

### Highest Level of Education Attainment

|                                     | % of Total |
|-------------------------------------|------------|
| College degree                      | 28%        |
| Associates degree                   | 11         |
| Bachelors degree                    | 14         |
| Graduate/professional degree        | 2          |
| Some college, no degree             | 29         |
| Vocational or Technical Certificate | 13         |
| High school graduate                | 25         |
| Less than high school diploma       | 5          |

## Future Plans When Mine Closes

Employees were asked, *“When Fort Knox Mine operations end, what will be your most likely course of action?”* The majority of employees stated they would remain or attempt to remain in the Fairbanks area.

### Future Plans

|  | % of Total* |
|--|-------------|
| Attempt to remain in Fairbanks area      | 29%         |
| Definitely remain in Fairbanks area      | 23          |
| Move from the Fairbanks area permanently | 19          |
| Move from the Fairbanks area temporarily | 1           |
| Other                                    | 3           |
| Don't know                               | 25          |

For those employees who would attempt to remain or definitely remain, 48 percent are likely to find a new mining job.

**Employment Plans of Employees**  
*(Base: Those who expect to stay in the Fairbanks area)*

|                              | % of Total* |
|------------------------------|-------------|
| Find a new mining job        | 48%         |
| Find a new job not in mining | 15          |
| Retire                       | 11          |
| Go back to school            | 3           |
| Other                        | 10          |
| Not sure                     | 13          |

For those employees who expect to leave Fairbanks when Fort Knox Mine closes, a quarter expects to leave before the mine closes and another quarter expects to leave immediately after closure.

**Departure Plans of Employees**  
*(Base: Those who expect to leave Fairbanks area)*

|                                    | % of Total* |
|------------------------------------|-------------|
| Within 6 months of closure         | 32%         |
| Before closure                     | 25          |
| Immediately after closure          | 25          |
| Six months to a year after closure | 7           |
| More than 12 months                | 1           |
| Other                              | 4           |
| Not sure                           | 6           |

## Charitable Activities

### Cash Contributions

Almost two out of three mine employee households (63 percent) reported making a charitable financial contribution in 2010. On average, Fort Knox employee households donated \$582 in 2010.

#### Employee Household Charitable Cash Contributions, 2010

|                                | % of Total   |
|--------------------------------|--------------|
| Zero                           | 23%          |
| Less than \$100                | 9            |
| \$100-\$249                    | 14           |
| \$250-\$499                    | 12           |
| \$500-\$749                    | 9            |
| \$750-\$999                    | 2            |
| \$1,000-\$2,000                | 8            |
| Over \$2,000                   | 10           |
| Don't know                     | 14           |
| <b>Average total donations</b> | <b>\$582</b> |

When asked *"To which organizations in Alaska do you financially contribute?"* employees mentioned a wide range of social service, religious, youth, community, educational, and sports organizations. A complete list of responses is included in the Appendix.

### In-Kind or Volunteer Support

In addition, Fort Knox Mine employees were asked *"Do you or other members of your household volunteer or otherwise participate in Alaska charitable activities?"* Twenty-nine percent of employee households volunteered their time and 44 percent had donated material goods. Employees mentioned church, youth, community, educational, and sports organizations. A complete list of responses is included in the Appendix. On average, households that volunteered provided 158 hours of service in 2010.

#### Employee Household Charitable Volunteerism, 2010 (Base: Those households that volunteer)

|   | % of Total       |
|---|------------------|
| 1-49 hours  | 46%              |
| 50-99 hours                                       | 14               |
| 100 or more hours                                 | 39               |
| <b>Average support by volunteering households</b> | <b>158 hours</b> |

## Survey Respondent Comments

Mine employees were given the opportunity at the end of the survey to add any comments they had *"regarding Fort Knox Mine or your households' contribution to your community?"* A complete list of comments was provided to Fairbanks Gold Mining, Incorporated.

# Appendix: Employee Charitable Support

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## Cash Contributions

Below is a list of organizations to which Fort Knox Mine employees make cash contributions.

### Animals

- *Alaska Equine Rescue*
- *Animal Shelter (3 responses)*
- *Rocky Mountain Elk Foundation*

### Community Services

- *Center for Non-Violent Living (2 responses)*
- *Fairbanks Community Food Bank (33 responses)*
- *Fairbanks Counseling & Adoption*
- *Fairbanks Native Association*
- *Fairbanks Rescue Mission (11 responses)*
- *Fairbanks Resource Agency (17 responses)*
- *Fire Departments (4 responses)*
- *Golden Valley Electric Association (2 responses)*
- *Law enforcement (4 responses)*
- *Literacy Council of Alaska (4 responses)*
- *Love Inc.*
- *Meals on Wheels*
- *Mothers Against Drunk Driving*
- *PFLAG*
- *Public radio & television (8 responses)*
- *Samaritan Counseling Center (2 responses)*
- *The Salvation Army (11 responses)*
- *United Way (7 responses)*
- *University of Alaska (3 responses)*

### Fraternal and Veterans Organizations

- *American Legion (2 responses)*
- *Emblem Club*
- *Lions Club (4 responses)*
- *Shriners (3 responses)*

- *USO (2 responses)*
- *Veterans organizations (5 responses)*
- *VFW (3 responses)*

## **Health Care**

- *Alcoholics Anonymous*
- *Alzheimer's Association*
- *American Cancer Society (7 responses)*
- *American Diabetes Association*
- *American Heart Association (4 responses)*
- *Autism*
- *Blood Bank of Alaska (2 responses)*
- *Care*
- *Breast Cancer Detection Center (4 responses)*
- *Fairbanks Heart Center*
- *Hospice*
- *March of Dimes*
- *National Breast Cancer Coalition*
- *Planned Parenthood*
- *Providence Hospital*

## **Religious Organizations**

- *Church (46 responses)*

## **Youth**

- *Big Brothers Big Sisters (2 responses)*
- *Boy Scouts of America (6 responses)*
- *Boys and Girls Club (3 responses)*
- *Boys and Girls Home*
- *Fairbanks Hockey Association*
- *Fairbanks Trap Club Jr. Shooting*
- *FNSB School District (2 responses)*
- *Girl Scouts*
- *HIPOW - Catholic Schools of Fairbanks*
- *Joel's Place*
- *School fundraisers*
- *Special Olympics (6 responses)*

- *Young Life*
- *Youth groups*
- *Youth sports (3 responses)*

## **Other**

- *All the ones Fort Knox contributes to*
- *Bingo*
- *Community projects*
- *FFRF and NORML*
- *Fred Meyers Stores*
- *Government*
- *Handy Rep*
- *Meet the Needy*
- *Misc fundraisers*
- *NA*
- *National Rifle Association*
- *political contributions*
- *Private individuals in times of need (3 responses)*
- *welfare*

## **In-Kind or Volunteer Support**

Below is a list of organizations to which Fort Knox Mine employees support through donation of material goods or volunteerism.

### **Community**

- *Chena Goldstream Fire 7 Rescue*
- *Civil Air Patrol*
- *Community Clean Up Day*
- *Fairbanks Lions Motorcycle Club*
- *Fairbanks Lions Snowmachine Club*
- *Fairbanks Resource Agency*
- *Fire Department*
- *FNSB Hazmat Team*
- *Habitat for Humanity (2 responses)*
- *Love, Inc*
- *Midnight Sun Intertribal*
- *Pioneer Home*

- *Salvation Army (3 responses)*
- *Samaritan Counseling Center*

## **Health Care**

- *American Diabetes Association*
- *American Heart Association*
- *Assisting elderly and home bound on an independent basis*
- *Cancer (2)*
- *Care Net*
- *NA (3)*
- *National Breast Cancer Coalition*

## **Fraternal and Veterans Organizations**

- *American Legion Post 157 (3 responses)*
- *Fairbanks Emblem Club #109*
- *Fairbanks Veterans Association*
- *Lions Club (4 responses)*
- *Shriners (2 responses)*
- *VFW*
- *YMCA*

## **Religious**

- *Church (17 responses)*
- *Mission work above the Arctic Circle*

## **Youth**

- *Alaska Resource Education*
- *Big Brothers Big Sisters*
- *Boy Scouts of America (4 responses)*
- *HIPOW - Catholic Schools fundraiser*
- *Linus Project*
- *Open Arms Child Care Center*
- *Schools (2 responses)*
- *Special Olympics*
- *Youth sports (10 responses)*

## **Other**

- *AFS*
- *VBT*