

ALASKA STATE LEGISLATURE
HOUSE SPECIAL COMMITTEE ON ECONOMIC DEVELOPMENT, INTERNATIONAL
TRADE AND TOURISM

March 13, 2012
10:28 a.m.

MEMBERS PRESENT

Representative Bob Herron, Chair
Representative Neal Foster
Representative Wes Keller
Representative Cathy Engstrom Munoz
Representative Berta Gardner
Representative Chris Tuck

MEMBERS ABSENT

Representative Kurt Olson, Vice Chair
Representative Reggie Joule
Representative Steve Thompson

COMMITTEE CALENDAR

PRESENTATION: SOUTH DENALI VISITOR'S CENTER

- HEARD

PREVIOUS COMMITTEE ACTION

No previous action to record

WITNESS REGISTER

BEN ELLIS, Director
Division of Parks and Outdoor Recreation
Department of Natural Resources (DNR)
Anchorage, Alaska

POSITION STATEMENT: Provided a PowerPoint presentation entitled, "South Denali A Visitor Center on the Horizon," dated 3/13/12.

ACTION NARRATIVE

[10:28:29 AM](#)

CHAIR BOB HERRON called the House Special Committee on Economic Development, International Trade and Tourism meeting to order at

10:28 a.m. Representatives Herron, Tuck, Munoz, and Keller were present at the call to order. Representatives Foster and Gardner arrived as the meeting was in progress.

PRESENTATION: SOUTH DENALI VISITOR'S CENTER

[10:29:26 AM](#)

CHAIR HERRON announced that the only order of business would be a presentation on the South Denali Visitor Center by Ben Ellis, Director, Division of Parks and Outdoor Recreation.

[10:29:37 AM](#)

BEN ELLIS, Director, Division of Parks and Outdoor Recreation, Department of Natural Resources (DNR), provided a PowerPoint presentation entitled, "South Denali A Visitor Center on the Horizon," dated 3/13/12. Mr. Ellis said this project is one of the most exciting of which the Division of Parks and Outdoor Recreation (Alaska State Parks) has had the lead, and is 40 years in the making. There have been over 200 public meetings on the project, beginning under the leadership of the U.S. National Park Service (NPS), and now under his division. The environmental impact study (EIS) on the area was completed in 2009, and an interpretative master plan has been created. Although the design and pinpoint location are undecided, the "feel and intent" of the proposed center has been captured. Mr. Ellis advised there is a contract with the University of Alaska Anchorage (UAA) Center for Economic Development for a feasibility study, an economic impact study, and an operation business plan for the project. He said the information presented at this time is accurate, but still needs operations, maintenance, and staffing issues to be well defined. Slide 1 was the view from the general location of the visitor center, which will be located within Denali State Park, and has a good view of Mt. McKinley from the south side. A visitor center at that location would relieve congestion at the Denali National Park and Preserve Denali Visitor Center. Slide 3 was a map showing the common border between the Denali National Park and Preserve and Denali State Park. The area surrounding the proposed center is about 321,000 acres, with two existing recreational developments: Byers Lake Campground, and Kasugi Ridge Trail.

[10:35:59 AM](#)

REPRESENTATIVE MUNOZ asked how to access the trailhead.

MR. ELLIS said access is at Byers Lake and other trailheads. He listed the experiences now available at the state park year around including public use cabins, RVs, camping, hiking, rafting, snow machines, dog sledding, skiing, snowshoeing, mountain biking, and winter biking. The visitor center project is a cooperative partnership between the state, the Matanuska-Susitna (Mat-Su) Borough, NPS, and private enterprise. The purposes of the proposed visitor center are: share the beauty of the South Denali region; provide a unique visitor experience; enhance recreational opportunities; and provide educational and interpretive activities.

[10:38:34 AM](#)

MR. ELLIS displayed slide 11 which was a map showing existing and proposed trails, and proposed road access to the visitor center. It is envisioned that visitors will use the trails as a gateway to the nearby surrounding area and for hiking and overnight backpacking in the wilderness. Access from the George Parks Highway will cross 130 acres of private property that will be donated to the state park for this purpose, and will lead to a transportation hub. The intent is for a shuttle system to run from the transportation hub to the visitor center during the summer peak season. During shoulder and off seasons, the road to the visitor center will be open to vehicles. The interpretative master plan seeks to have the center - even though on a hill - somewhat hidden from the Parks Highway. The concept of a transportation hub is to avoid just putting visitors on a bus. For those visitors on a tour, Mr. Ellis estimated the experience at the visitor enter would last about two hours, and for those who wish to hike, the experience would last up to six hours. There would also be a three-mile trail from the transportation hub for hiking or biking to the center. Slide 12 was a concept site map of the transportation hub which indicated the location of bus parking and loading, car parking, campgrounds, a ranger station, a shuttle pickup area, and an interactive display. The project has received a \$1 million grant from Scenic Byways, America's Byways, Federal Highway Administration, U.S. Department of Transportation, for interpretative purposes. Mr. Ellis advised that all of the park ranger station and maintenance facilities at Byers Lake will be moved to this area. Slide 13 indicated the total project cost of \$36 million, not including an electrical grid extension to the Parks Highway. He noted that the agencies involved in this project agreed not to put in the access road without full funding for the project, thus the first efforts are on the lower

section in a "phased approach." The estimated cost of the road to the visitor center is \$4.5 million, and the estimated cost of the visitor center is \$19 million. At this time, \$13 million has been received through state appropriations from the general fund (GF) in the amounts of \$8.9 million in fiscal year 2009 (FY 09) and \$3 million in FY 12, in addition to \$950,000 from the Scenic Byways grant.

[10:48:56 AM](#)

CHAIR HERRON asked whether the GF funds were requested by the governor or by the legislature.

MR. ELLIS said the requests were from the governor. The remaining funding needed is \$23 million for the building project. Regarding the aforementioned electrical cost, he advised that the facility requires three-phase electrical power or diesel generators. Matanuska Electrical Association, Inc. (MEA) estimates an extension of three-phase power to the visitor center will cost \$6 million, and Princess Tours will contribute \$1 million toward its cost. The extension would provide an incentive for economic development along the surrounding corridor.

[10:52:15 AM](#)

CHAIR HERRON asked for the amount of funding the project partners should next pursue.

MR. ELLIS opined the next funding needed is for the design of the center and the road up to it. Slide 16 was a conceptual view of the 16,000 square foot visitor center. A portion of the center is planned to be open for winter use if possible. The exhibits will be state-of-the-art, but he restated the intent is to encourage visitors to go outside. Slide 20 indicated the parameters of the feasibility/economic impact studies used by the UAA Center for Economic Development were the following: a composite forecast model methodology; baseline visitation projected at 230,600; and forecast based on visitor counts at four other parks.

[10:55:49 AM](#)

CHAIR HERRON asked for the official comments on the project from representatives of Princess Tours.

MR. ELLIS relayed they have been very supportive and have participated in discussions on visitor participation, commenting that the center would be an addition to their tour package. He turned to the subject of revenue, noting the primary revenue would be from a \$10 charge for transportation from the lower transportation hub to the visitor center, however, there would be no entrance fee. Receipts from campgrounds, tour operators, food, and bookstore concessions are projected at \$625,000 per year. In response to Representative Gardner, he said there would be no fee for those walking or biking to the center, and the fee for a ride would be \$10 per person. A pass or discount for Alaska residents visiting any of the national or state facilities in the Denali area is a possibility.

MR. ELLIS continued to operations costs, saying that facility maintenance is estimated at \$1 million per year for both facilities, and staffing for 22 positions, including state, NPS, Mat-Su Borough employees, and volunteer stipends, is estimated at \$491,000. The potential state employees will have three full-time and five seasonal positions. National Park Service staff may be moved from Talkeetna to the proposed center location, but there will be more discussion on this matter. He stressed that the estimates are for the entire complex, including campgrounds. Utilities and operations are estimated at \$240,000. Slide 23 indicated that a margin or surplus of \$1.25 million is projected for the initial year, with a margin of \$2.8 million annually by 2023, based on 3 percent investment growth and contingent upon timing, start up, and marketing. There will be a margin because there will be no debt service.

[11:01:39 AM](#)

MR. ELLIS indicated the overall economic impacts of the project are measured by the projected expenditures by the state and federal governments and private individuals, and the multiplier of indirect and induced spending. The impacts of the construction and operations phases - expenditures and new jobs - will affect the state, the region, and local economies. Construction, beginning with the construction of the lower access road - this summer - and the construction of the transportation hub - which is currently being designed - will spur expenditures in the amount of \$13 million annually, and will create 230 new jobs. After construction, annual operations will spend \$1.9 million annually and fund 39 new jobs. Additional spending by visitors, residents, and business development after the center has matured is expected to be \$30.6 million annually and to support 600 new jobs.

11:03:33 AM

CHAIR HERRON asked whether the governor has requested funding for the project in this year's budget.

MR. ELLIS said, "We're wanting to make sure that our number is right."

CHAIR HERRON asked if the legislature appropriated funding, whether the commissioner and the governor would be supportive of its inclusion in the current capital budget.

MR. ELLIS observed the commissioner and the governor have been very supportive of the project overall, as evidenced by the funding approved last year. However, there are many options to be weighed.

CHAIR HERRON, on behalf of Representative Foster, asked for comments on the contributions of Seal Lion Corporation (SLC) and United Companies, Inc. (UCI).

11:05:12 AM

MR. ELLIS said they were "fantastic." His experience with UCI was that it has been very cooperative; in fact, the access provided by UCI reduced costs and increased the safety of the grade of the road by several degrees. In further response to Chair Herron, he said Representative Neuman is in support of the project. At the conclusion of the presentation, he offered to provide a breakdown of the funding needed.

REPRESENTATIVE KELLER expressed his support for a discount or entrance pass for Alaskans.

MR. ELLIS added that the transportation shuttle will only operate in summer, so there will be no cost to drive to the center - when possible - during the shoulder season.

11:07:42 AM

ADJOURNMENT

There being no further business before the committee, the House Special Committee on Economic Development, International Trade and Tourism meeting was adjourned at 11:08 a.m.