

SJR

25

FISCAL NOTE

STATE OF ALASKA
1997 LEGISLATIVE SESSION

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Revision Date _____ Dept. Affected _____
 Title Support Access to Denali/Wonder Lake BRU _____
 Component _____
 Sponsor Senator Wilken _____
 Requester Senate Transportation Component Serial No. _____

Expenditures/Revenues (Thousands of Dollars)

OPERATING EXPENDITURES	FY 98	FY 99	FY 00	FY 01	FY 02	FY 03
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES []						
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
1091 Designated Program Receipts						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY97) cost: 0.0

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

This resolution has no fiscal impact on state departments.

Prepared by Senate Transportation Committee Phone 465-6641
 Division _____ Date _____
 Approved by Senator Jerry Ward, Chairman Date 4/4/97
 Agency _____

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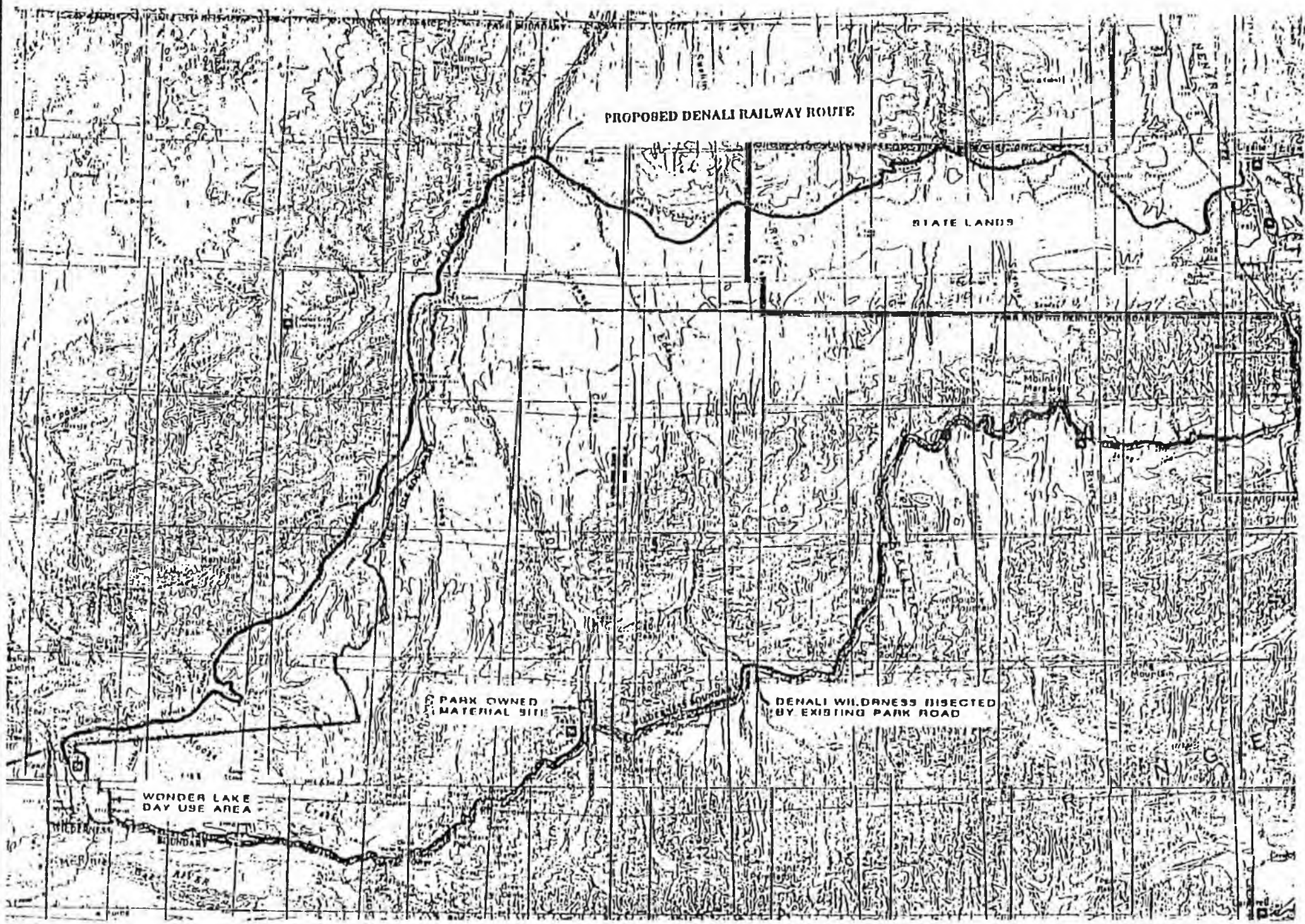
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SPONSOR STATEMENT

Senate Joint Resolution 25 "Support Access to Denali/Wonder Lake"

SJR 25 calls for the Alaska Legislature's endorsement of a proposed northern access railroad route into Denali National Park. A new northern railroad route, connecting the Alaska Railroad with Wonder Lake, would not only provide enhanced viewing opportunities for Alaskans, but for visitors to the state as well. This could serve to bolster tourism in Alaska, since the Park, the Mountain and all of the surrounding wild beauty would be accessible on a year-round basis, instead of just the summer months. In addition to improving access into the Park, this proposal would enable the state to encourage and monitor development opportunities involving the private sector, without substantially affecting the state's financial resources.

This proposed northern access route is supported by the National Park Service Advisory Board along with many of the organizations and communities along the existing Alaska Railroad corridor, including but not limited to the Municipality of Anchorage, Fairbanks North Star Borough, the City of North Pole, the City of Nenana, the City of Seward, and the Mantanuska-Susitna Borough.



PROPOSED DENALI RAILWAY ROUTE

STATE LANDS

WONDER LAKE
DAY USE AREA

PARK OWNED
MATERIAL SITE

DENALI WILDRNESS BISECTED
BY EXISTING PARK ROAD

The Denali Railway System Project

Park Access for the 21st Century

The purpose of this overview is to illustrate how the Denali Railway System will positively effect the visitor/tourism industry in the railbelt region of Alaska and its communities while at the same time making positive impact on future operations of Denali National Park and Preserve.

The Denali Railway System Project (DRS), is tourism infrastructure development for all of Alaska. Infrastructure is usually developed with government funds, the public's money, and generates no revenue, either to repay the cost of the development or produce ongoing revenue for the government that supplied the funds. The DRS is different. The DRS will be built with private capital for the public's benefit. The DRS will be a "keystone" in the tourism infrastructure of Alaska.

The DRS creates a new Denali venue for Alaska's highway visitors and the cruise ship industry during the traditional summer season. Through the implementation of Air-Rail Touring[®], utilizing the international airports at Anchorage and Fairbanks and the Alaska Railroad System, the DRS will attract a new element of visitors to Alaska and Denali - year-round.

Kantishna Holdings Inc., (KHI) an Alaskan corporation, conceived and developed the DRS to provide adequate and feasible access into the Park interior for visitors, inholders and the National Park Service (NPS) and, to create a controlled and regulated form of efficient transportation that will assure long term resource protection of the park environs. The DRS is a "System" which incorporates and integrates all necessary facilities for a complete visitor experience, at the edge of, and in the interior of the Denali National Park. Additionally all elements of the system are located outside the Wilderness areas of the Park. The DRS system includes Visitor Center-Hotels inclusive of Railroad Terminals at both ends of its service line. In short, the DRS will create a new, much needed venue for all Americans and their visitors into Denali.

KHI has proposed that all track and facilities be located on NPS managed lands within Denali, not private lands. This placement should insure the highest level of development quality and eliminate the potential of rambling development. Several sites are suitable for the location of "in-park" facilities in the viewshed of Wonder Lake and Mt. McKinley.

The main objective of the DRS is to provide rail passenger service to the interior of Denali, reducing the congestion on the existing road - a 300' wide Park strip - bisecting the two Wilderness Areas of the Denali.

With the existing road reaching its carrying capacity, the shifting of NPS administrative and other utility traffic destined for the Wonder Lake and Kantishna area, the **DRS** could eliminate about 1,000 to 1,200 vehicle events per year (each vehicle into the park equaling one vehicle event), which an NPS consultant estimates could be converted to visitor bus events, thus allowing 47,000 to 56,400 more visitors into the park annually.

Wonder Lake is an Icon of Alaska, the location of the best known photos of Mt. McKinley and a remarkable place. As example, a recent PBS series called "Living Edens" was filmed in Denali. The film extolled the virtues of Wilderness, but to the experienced eye, the film was shot mostly from road side locations near Wonder Lake. In truth, Wonder Lake is one of the least accessible destinations for the average Park visitor due to the woefully inadequate transportation system. The **DRS** will solve this problem without conflicting with visitor activities on the existing road. The road and rail system are in different valleys of the Park separated by a mountain range. The two systems would be in view of each other only near the north end of Wonder Lake. With the volume of visitors to Alaska growing by 7-8% per year the **DRS** will provide adequate visitor capacity well into the next century. Starting with the estimated 525,000 visitors now visiting the state on a year-round basis who are unable to get into Denali.

List of Benefits of the **DRS**

- The **DRS** creates a new venue within the Park and allows for increased access for visitors and residents in a controlled and regulated manner
- The **DRS** will be located on State lands and National Park lands and be a long term, environmentally safe and sensible solution to visitor and Inholding access problems at Denali National Park.
- The entire route of the **DRS** and all facilities will be located outside the Wilderness Areas of the Park.
- The **DRS** will provide adequate and feasible access to the interior of the park on a year-round basis.
- The **DRS** connects the "Day Use" at Wonder Lake to a gateway area, just north of Healy, Alaska, reducing congestion near the existing Park entrance (a concept suggested in the Vail Agenda).
- The **DRS** eastern terminus, near Healy, is out of view of the George Parks Highway. Therefore the Project will not contribute to the sense of urban sprawl present near the Park entrance.
- The **DRS** western terminus at Wonder Lake, could include a Ranger Station with state-of-the-art communications for providing security in the interior region of the park. The **DRS** proposes to provide residential units for the NPS personnel, eliminating the need for an expanded NPS budget to facilitate the development of the **DRS**.
- The dry, interior, non-maritime climate of the north side provides grand vistas to the **DRS** traveler, including the ultimate north side view of Denali.
- All **DRS** "in-park" facilities are proposed to use LNG / LPG fuel systems and the latest in co-generation techniques for the cleanest possible operation.

- The DRS will comply fully with the Americans With Disabilities Act and will actively market to and encourage use of the system by people experiencing disabilities.
- The DRS will be an all First Class System, providing comfort and safety to the elderly and young. Lodging facilities will be of 2 Stars quality or better.
- KHI has proposed the construction of a 60 bed Travelers Hostel near the Wonder Lake area facilities in order to provide a lower price point facility for those traveling on student budgets.
- Terminals will have emergency medical facilities capable of providing service to the interior region of the Park on an emergency basis. The DRS will develop a comprehensive emergency plan for the entire route including fire response.
- The DRS will generate new revenue for Denali National Park and Preserve. Based on a \$5 per passenger head fee, the estimated 525,000 passengers annually could generate \$2,625,000 in revenue, about 40% of the current operating budget of the Park. This revenue should exceed any increase in operational costs experienced by the NPS in relation to the operation of the DRS.
- The DRS will create a museum quality, educational and informative atmosphere within the Visitor Center/Hotel/Terminal facilities. Diorama, electronic, pictorial, mechanical, and other methods of display will be used in the interpretive process.
- The DRS will provide an alternative to those not wishing to take the arduous 8 to 12 hour bus based wildlife tours on the park road and those more interested in the opportunity to view The Mountain.
- All developmental and operational costs for the DRS will be undertaken with private capital.
- The DRS will connect to the Alaska Railroad System which in turn connects to International Airports in Fairbanks and Anchorage. The DRS is truly an efficient and ethical Intermodal infrastructure concept. Air-Rail Touring packages for the independent traveler as well as, the larger packaged groups will be able to utilize the DRS infrastructure.

On Dec. 14th, 1994, following a presentation KHI, the National Park System Advisory Board (NPSAB), the parent board of the Denali Task Force, endorsed the creation of a new northern railroad route to Wonder Lake. Soon after, in early February of 1995, KHI petitioned Secretary of the Interior Bruce Babbitt to create a rail / utility corridor and grant a lease of that right-of-way to KHI under the Secretary's management powers. In 1996, Congress mandated a "North Access Study" for Denali, to be completed by late March or early April of 1997, subject to that study and other factors, the decision to create a right-of-way is still pending before the Secretary.

The DRS Project has another very significant potential that other proposed activities around Denali do not. The DRS system will create long term year-round jobs for Alaskans, between 350 and 650 people seasonally. Current efforts to create "Touch the Park experiences", outside the park, south of the Park's entrance all rely on the appropriation of public funds, and create very few, if any, year-round jobs. At best, the South Side Plan will be 10 to 15 years in the making. The DRS can be complete within four years with elements operational

within two years. There is no doubt that this development will benefit the Alaskan economy in a far superior fashion.

Denali National Park is a very large Park, 6.4 Million Acres or 10,000 square miles. Imagine a quarter mile long strip of land. Walk to the middle of that strip, turn 90 degrees either direction and walk for forty thousand miles! That is the size of Denali. The existing road corridor is about 3,300 Acres (300' x 90mi.), the equivalent of 1/1955th of the Park. The 57 miles of 200' wide DRS railroad right-of-way equals only 1381 acres - 1/4631th of the Park. Two - thirds (2/3) of Denali, about 4.2 million acres is non-Wilderness Area, Park and Preserve, mostly on the north side. In all that area, there are scarcely more than 10 miles of road, none connecting to the front country of the park without going through the Wilderness Area. This Project will have little negative impact on the Park

In closing, the DRS Project is an ideal opportunity for a Public - Private development relationship. Clearly, Denali is an economic engine for Alaska, particularly so for the Railbelt of the Alaska. But it needs better access.

The attached documents present the broad constituency the DRS Project has developed in Alaska. We believe this constituency is very similar to the make-up of the general population of America and that the DRS concept is a unique and innovative way of dealing with the problems facing many of the other national parks in the west as well. If you have questions or comments, please contact me directly.

Sincerely,

Joseph N. Fields III, Chairman & President
Kantishna Holdings Inc.