

HB

244

House Resources Committee
Juneau, Alaska

April 22, 2001

Dear Co-Chair Masek, Co-Chair Scalzi and Committee Members:

Thank you for the opportunity to provide input on HB 244.

My name is Linda Paganelli. I am a long time resident of the Denali Borough living on the Stampede Trail in the Panguingue Creek Subdivision. This coming summer will mark my 20th season driving a bus on the Denali National Park Road for the Park's concessionaire. For the past five months, I have been employed by the Northern Alaska Environmental Center in the capacity of Denali Watch Coordinator. While I do support efforts to assess possible solutions to park access issues, I do not support the North Access solution as put forth in HB 244 based on the following:

Determinations made by the Alaska State Department of Natural Resources, the National Park Service, and the United States Congress* are unanimous in their findings that the area in question, The Wolf Townships, serves as an important habitat for wildlife, particularly for park caribou and wolf populations. These lands should remain in public ownership for the purposes of maintaining wilderness recreation opportunities for local, regional, and statewide users and protecting fish and wildlife habitat. [*NPS Land Protection Plan]

In 1986, the Denali Subsistence Resource Commission conveyed, to the Secretary of the Interior, their strong opposition to any construction of new roads or railroads in Denali National Park and Preserve. The Commission reiterated their opposition to north access efforts in 1993 and 1994. Any activity that impairs the overall health of an ecosystem, natural processes or resource availability has the potential to adversely impact the customary and traditional activities practiced by subsistence users. The Wolf Townships, retained in State ownership, will continue to serve to protect the natural ranges of large park mammals from incompatible development and will thus, better ensure the continuance of the subsistence lifestyle. Although HB 244, stipulates access development only to the boundary of the National Park, it is implied that this is only an incremental step to pushing the road through the Park's northern additions.

I am concerned with the stipulation contained in this bill that grants over 45,000 acres of prime public land to the Denali Borough. I am in agreement with the Department of Natural Resources, "that a more efficient and equally effective approach would be for the Borough and Kantishna Holdings, Inc. to identify the corridor first, then DNR transfer the land, or Kantishna Holdings, Inc., simply apply for a ROW from DNR."

I am concerned that this bill grants sole rights of project development to one company, Kantishna Holdings, Inc., without the opportunity for a competitive bid process. On this basis, I question the constitutional validity of the bill *. What's the legislative purpose behind granting Kantishna Holdings Inc., a sweetheart deal and a legislatively mandated seat at the planning table? Where's the state's common interest in bestowing this deal to Kantishna Holdings, Inc.?

***Alaska State Constitution: Article I, Sec. 15 and Article II, Sec. 19**

Article I, Sec. 15: "special privilege", consulting on route, as well as preference in ultimate development

Article II, Sec. 19: the legislative act must be "reasonably related to a matter of common interest to the whole state." Where's the State's common interest for KHI?

An unreasonable fixed date, for the transfer of lands from the State to the Borough, fails to encourage or even permit public input as to whether these lands should be transferred at all. Impacts to homeowners, sport and subsistence hunters, local guiding businesses, and other local, regional, and statewide users will consequently be ignored. Transfer to the municipality should not be approved until the recommended changes to the Tanana Basin Area Plan have been publicly reviewed through the amendment and reclassification processes as defined by Alaska Statutes:

AS 38.04.065 Land Use Planning and Classification.

(a) Except as provided in (d) and (h) of this section, the commissioner shall, with local governmental and public involvement under AS 38.05.945, adopt, maintain, and, when appropriate, revise regional land use plans that provide for the use and management of state-owned land.

AS 38.05.035 Powers and Duties of the Director.

(e) Upon a written finding that the interests of the state will be best served...

(5) public notice requirements relating to the sale, lease, or other disposal of available land...

AS 38.05.945 Notice.

(a) This section establishes the requirements for notice given by the department for the following actions:

(1) classification or reclassification of state land under AS 38.05.300 and the closing of land to mineral leasing or entry under AS 38.05.185;

The Denali Borough Government boasts a "do nothing" policy towards guiding growth and development in the Borough. This shortsighted approach towards planning, in a gateway community to one of the world's leading tourist destinations, should not be downplayed. Representative Jeannette James contends that the Borough's lack of experience in planning is not a significant factor since local government officials will be relying on a private consulting firm, Alaska Transportation Consultants, Inc., to guide them in their decision making efforts. A private developer, Kantishna Holdings, Inc., and a private consulting firm, both with undisclosed agendas, being the leaders on this development project creates added concerns that affected citizens will be further distanced from participating in the process and the project.

The language of this bill is too loosely woven: it designates no time frames for surveys, development or construction completion, it does not define what happens to the land if the railroad is never developed, it does not define what "facilities" may be developed, and does not maintain an accountability of action for the designated contractor. At a minimum, a drop-dead date should be included, as discussed in the House Transportation Committee Hearing on April 17, 2001, whereby the land is transferred and no developments occur by a specified date, the land reverts back to the State.

North Access is based on speculation. Proponents speculate that the route will continue through the National Park to Kantishna and create a loop corridor, speculate that demand will exist for year-round operation, speculate that 350-900 permanent jobs will be created by this development, speculate that concerns for environmental and social and cultural impacts to the

area are inconsequential, and speculate that the proposed 30 mile rail route, which provides minimal opportunity for mountain or wildlife viewing, will provide visitors with a satisfactory experience. The State Legislature and the people of Alaska deserve to be provided with the following information before a determination of this proposal can be justly assessed: the project's feasibility, a finding that a rail route located in this region is in the State's best interest, a determination of the socio-economic impacts to the people of the Borough and the State, a proof of funding ability by Kantishna Holdings, Inc., and an unequivocal demonstration of the need for north access.

The State of Alaska has the opportunity to contribute to the fulfillment of a vision of creating enhanced park experiences for the people of Alaska, the nation, and the world by supporting in partnership with the NPS the implementation of plans already identified and studied to address these concerns. On behalf of the Northern Alaska Environmental Center and myself, as a local resident, I request that the Resources Committee vote **No Pass on HB 244**.

I would like to thank you for the opportunity to provide input on this much-debated and highly contentious issue. If I can be of further assistance to you in this matter, please let me know. Thank you for your time and considerations regarding this bill.

Linda A. Paganelli
Denali Watch Coordinator, Northern Center
Healy, Alaska
907 683-2744
lindapag@mtaonline.net

cc: Representative Jeannette James, DNR Commissioner Pourchot

FISCAL NOTE

STATE OF ALASKA
2001 LEGISLATIVE SESSION

Fiscal Note Number: _____
 Bill Version: HB 244
 () Publish Date: _____
 Dept. Affected: Natural Resources
 BRU: Minerals, Land & Water Dev
 Component: Land Sale/Muni Entitle
 Component Number: 2456

Revision Date/Time (Note if correction): _____
 Title: ROW to DENALI BOROUGH for RR/Utility
 Sponsor: Rep. James
 Requester: (H) TRA

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
Personal Services	16.0				28.2	
Travel	0.5				3.0	
Contractual	5.0				1.0	
Supplies						
Equipment						
and Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	21.5	0.0	0.0	0.0	32.2	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	21.5				32.2	
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type)						
TOTAL	21.5	0.0	0.0	0.0	32.2	0.0

Estimate of any current year (FY2001) cost: None

Check this box if funding for this bill is included in the Governor's FY2002 budget proposal: []

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

DNR assumes that, because the bill mandates conveyance of the 46,000 acres within 60 days, HB 244 intends and will be amended to specifically state that the conveyance is exempt from AS 38.05.035 (preparation of a Best Interest Finding). Similarly, DNR assumes the bill intends the conveyance to be exempt from AS 38.04.045, surveys. The FY 2002 costs are to identify and reserve valid existing rights, including the RS 2477 right-of-way along the Stampede Trail (RST 340). They also include public notice, title checks, and drafting and issuance of deeds. Public notice is constitutionally required for state land disposals and will be done under AS 38.05.945, unless the bill is amended to exempt the conveyance.

(Continued)

Prepared by: Bob Loeffler Phone 269-8600
 Division: Mining, Land and Water Date/Time 13-Apr-01
 Approved by: Pat Pourchot Date 16-Apr-01
 Agency: Natural Resources

For distribution information, call the Governor's Legislative Office

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House of Representatives
House District 34

Sponsor Statement, HB 244

4/12/01

In order to help bring about economic development in the Denali Borough, and to relieve a bottleneck at the single entrance to Denali National Park, many Alaskans have strongly supported a new route into the park -- for tourists and for Alaskans alike.

In 1998 HB 386 was signed into law, which authorized the Alaska Industrial Development and Export Authority to engage in a number of economic development activities. Section 25 of the bill provided for a right of way for a railroad and utility corridor to connect Healy with the eastern boundary of Denali Park, generally paralleling the Stampede Trail.

Kantishna Holdings, Inc. was authorized to finance and complete the project. HB 386, however, did not require AIDEA to act on the provisions of Section 25, and it did not.

The **technical purpose** of HB 244 is twofold. First, it substitutes the Denali Borough for AIDEA as drafted in HB 386. Second, it cancels the AIDEA authorization in Section 25 of that bill.

The **overall purpose** of HB 244 is to create real economic development opportunity in the Denali Borough by facilitating development of a visitor-oriented railroad and other facilities by Kantisha Holdings, Inc. HB 244 is strongly supported by the Denali Borough Mayor and Assembly. HB 244 is also consistent with findings of the National Park System Advisory Board -- Denali Park Task Force for improving park access through a new Northern entry route.

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House of Representatives
House District 34

Q&A on HB244

April 17, 2001

ISN'T A 40,000 ACRE SELECTION EXCESSIVE, CONSIDERING ONLY 3,500 ACRES WILL BE RETAINED FOR A RAIL/UTILITY CORRIDOR?

It is necessary to select a larger area in order to insure the best possible right of way is surveyed. There needs to be a wide swath to select from, so all the varied interests and concerns -- from being a good neighbor to avoiding wildlife habitat or wetlands -- can be addressed. In addition, it's ideal to have a larger parcel to select a smaller one from so it can meet specific needs for rail, such as curve and grade.

DO WE NEED A "DROP-DEAD" DATE?

The practical difficulty with writing an end-date into HB244 is that it would raise a tempting target to those who would oppose the project through use of stall and delay tactics.

IF HB244 PASSES, WON'T KANTISHNA HOLDINGS' PROJECT BE A 'SOLE SOURCE' CONTRACT?

No. Kantisha Holdings' effort to obtain a right-of-way is no different than a river rafting operator who seeks a lease of public land for a base of operations. There is no RFP -- and neither the state, borough or federal government is asking that anything be done. This is a private proposal to build on public lands for public convenience. The state government, Denali Borough and Alaska Railroad retain ownership of all land involved.

SHOULDN'T THIS R.O.W. BE PART OF THE BOROUGH'S LAND SELECTION?

This grant of land is for economic development and is restricted to the uses described. While there might be ancillary uses of the land that benefit the borough, but the prime goal is rail and related facilities.

ALASKA STATE LEGISLATURE

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House of Representatives
House District 34

WOULDN'T THE STAMPEDE TRAIL BE THE BEST R.O.W FOR A RAIL LINE?

The Stampede Trail (Stampede Road) is not a railroad route. It was built by Yutan Construction with old D-3 Caterpillar Tractors and would not even be considered a road if it was built today. It should be noted that no part of the proposed route crosses designated wilderness areas.

WHY CONSTRUCT A SECOND ACCESS JUST A FEW MILES NORTH OF THE EXISTING PARK ROAD?

It's true that this proposed R.O.W. is just 17 miles north of the park entrance. But the two access routes are separated by a massive mountain range. Eventually, park visitors could complete a loop using the existing road for the inbound or outbound portion, while enjoying a unique viewing experience throughout the entire route.

COULD HB244 THREATEN THE \$1.5 MILLION SET ASIDE FOR NORTH DENALI ACCESS CONSTRUCTION IN FEDERAL TEA-21 FUNDING?

No. Federal TEA-21 funds can be used for a survey or EIS as well as for actual construction under legislative intent language.

Rep. Jeanette James
State Capitol
Rm 214
Juneau, Alaska 99801-1182



Re: HB-244
April 12, 2001

Dear Rep. James:

When the George Parks Highway opened in 1972, there was already a recognition among transportation planners, far sighted legislators and visitor industry leaders of the need for better access into Denali National Park and Preserve. Prior to the Parks Highway opening, an overland trip to Denali meant driving to Paxon Lodge via Glenallen from Anchorage or through Delta Junction from Fairbanks, then venturing across the Denali Highway, little more than a seasonal trail in those days, a beautiful, but long trip. It's important to note that the Parks Highway is the most recent major transportation infrastructure Project to be built in Alaska, now approaching 30 years of age. Today, Delta and Glenallen are the gateways to Prince William Sound and Wrangell Saint Elias NP.

The other way to get to Denali before the Parks Hwy opened was via the Alaska Railroad from Fairbanks or Anchorage. Rail was a less arduous, more reliable and far more comfortable way to travel. However today, even with all the changes in how to get there, Denali Park is still served by the same single internal road (a road that fails even to comply with national or state highway safety standards) and the visitor volume has grown from between 40,000 to 60,000 in 1970's to over 500,000 per annum in 2000. Unfortunately, only about 2% of the visitors who come to see Mt. McKinley across Wonder or Reflection Lakes ever do.

Kantishna Holdings, Inc. (KHI) first proposed building a railroad to the vicinity of Kantishna in 1991. Upon exploration, KHI determined that a rail system operation transferring bus and rail passengers at a terminal location near Wonder Lake would allow the Park visitor volume to double without any additional vehicles being placed on the road system. Not only that, but the actual number of vehicles events on the road each year could be reduced when NPS administrative vehicles were eliminated in favor of Park personnel using the railroad. Likewise, passenger, freight and equipment delivery to the Kantishna would made simple, fast and cost efficient for the NPS, the railroad and other Park Inholders.

This Project is an environmentally sound and sensible proposal to provide for long term resource protection in Denali while allowing visitors, especially children, to see the park without having to endure an 8 hr bus ride - out and back. There are over 70,000 school age children in the Alaska's railbelt, not to mention the balance of the state, of whom perhaps less than 3% have ever been to Wonder Lake. And, the entire route is outside the Wilderness Areas of the Park. We firmly believe that those allowed to view the Park will help to preserve it for future generations.

Perhaps the most significant statewide impact of this bill is the advancement of the Denali Railway System Project and its effect on the expanding visitor industry which has been growing at about 7% p.a. for the past 10 years. At this writing, there is no proposal by the State of Alaska or the Federal Government for new access into Denali Park. The NPS and a group of state employees did conjure up a publicly funded plan for the South Side of Denali but it had no real access into the park and has all but failed at this point. Prior to that plan being hatched, the National Park System Advisory Board had made a finding in the Denali Task Force process endorsing the creating of a new northern railroad route to Wonder Lake.

The main impact of northern rail access development at Denali Park will be new year-round jobs for Alaskans and a new economic base for the Denali Borough. Keep in mind, the Denali Borough is not likely to directly benefit much from the proposed Alaska Natural Gasline Project, the proposed National Missile Defense System and no new major mining project is planned in the area. In fact, gas development and transport may have an adverse effect on the Usibelli Mine operations, the premiere coal operation in Alaska, and that could adversely impact the residents and future of the Denali Borough. In other words, between the Talkeetna Cutoff and Fairbanks there is virtually no proposed major economic development project outside of this Project.

As for cost-benefit analysis, it's fairly simple: Minimal public cost, great community benefit. The Denali Borough has an active role in the management of the lands already under their control and they have the experience and competent personnel needed to manage the activities outlined in HB-244. Clearly, there will be ample oversight on this project, not only the portion covered in HB-244, which is all state land, but also on the portion extending into the Park. HB-244 also shows the new Secretary of the Interior that the State of Alaska has the willingness to pursue other types of economic development beyond oil and gas.

Simply put, this is a Public/Private undertaking, the kind so often promoted by economic development organizations in Alaska and nationally, that will provide for long term economic provision in the Denali Borough. It is year-round infrastructure developed through private capital for the long term.

HB-244 works, for Denali National Park and its neighbors. I wish to compliment you and the rest of the Legislature for your farsightedness in this matter and, I look forward to any questions you may have regarding the Project.

With thanks and very best regards I am.

Sincerely yours,
Joseph N. Fields III, President
Kantishna Holdings Inc.

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DENALI BOROUGH

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April 12, 2001

Representative Joannette James
State Capitol Building
Juneau, AK 99801

John C. Gonzales, Mayor
(907) 582-2346

Re: HB-244

Dear Representative James:

Thank you for the introduction of House Bill 244. I feel this bill has been a long time coming.

As you know, the Denali Borough Assembly adopted a resolution in 1993 endorsing a railroad/utility corridor for a northern Denali National Park access. Approximately one half million visitors come to the Park, and of this number only about 2% are able to go all the way to Wonder Lake. It's a shame that only this small number of visitors are permitted entrance to Wonder Lake.

We Alaskans should be proud to be able to share the wonders of not only the Mountain itself, but also the wildlife and beautiful scenery with those who wish to participate. This bill allows more visitors to share in the "Denali experience". I wish to remind you that Denali National Park is a critical element in the Alaska visitor industry throughout the State.

Kantishna Holdings has proposed an environmentally sound, sensible, innovative, and unique tourism railroad between Healy and Wonder Lake to provide access to the growing number of Alaskan visitors.

On April 8, 2001 the Denali Borough Assembly voted unanimously in support of your bill and stated they urge you to make this bill a reality.

Representative James, let me assure you that I have complete confidence that the Denali Borough government is more than capable of administering the intent of this bill. We are not only capable, but we welcome the challenge.

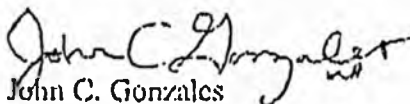
The Legislature by law has required local government to share in supporting its citizens.

Through this law the Borough must find ways to create revenue. In order to create revenue, we must have economic development and employment.

With your bill, the Denali Borough government and its citizens can continue to work toward self-sufficiency.

Please feel free to contact me if you have any questions. The Denali Borough Assembly, Staff and myself are at your service.

Sincerely,



John C. Gonzales
Mayor

FRANK H. MURKOWSKI
ALASKA

COMMITTEES:
SELECT COMMITTEE ON INTELLIGENCE (VICE CHAIRMAN)
ENERGY AND NATURAL RESOURCES
FOREIGN RELATIONS
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April 2, 1993

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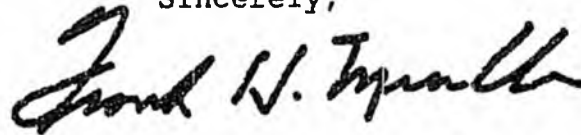
Mr. Joseph N. Fields, III
Director
Kantishna Group Incorporated
P. O. Box 71047
Fairbanks, Alaska 99707

Dear Joseph:

Thank you for your update on the railroad into Denali National Park. As you know, I support increased access to the Park and appreciate your proposal.

It sounds like you are on the right track, and I appreciate your efforts to keep me informed.

Sincerely,



Frank H. Murkowski
United States Senator

April 23, 2001

Testimony before House Resources Committee
RE: HB 244

I appreciate the opportunity to testify regarding HB 244. My long residence and employment in the Denali Borough gives me some perspective on the issue. I have worked at the entrance to the Park, in Kantishna for over 20 seasons, and I own personal property in the Borough. In addition, I am familiar with the Stampede trail, having skied this route in the early 1970's. Currently I am President of Denali Citizens Council, a local group of concerned citizens.

I urge you not to support this bill. My reasons are detailed below.

1. A North Access project of this scope would have immediate and long-term detrimental impacts upon the resource values of the Stampede townships and of the surrounding National Park lands. The North additions to Denali National Park were added specifically to provide habitat for large mammals, caribou, and their predators, wolves. The Stampede townships, nestled within these additions, are as important to these species as are the neighboring Park lands. The Denali Subsistence Commission, a broad based local advisory group, has come out on several occasions against the construction of either rail or road to the North of Denali as being detrimental to subsistence uses.
2. It is easy to say that "rail only access" would be environmentally friendly, but HB 244 provides no safeguards to prevent the building of a network of roads and "facilities" along the entire route of the railroad. If the sponsors of this bill are concerned that rail **only** be built, they need to provide safeguards against the use of the 3500 acres for any other transportation purpose, and provide for the return of these lands to the state if they are not used for the original project. They need to address the problem of strip development along any transportation route. This development will occur if not regulated.
3. The North Access Feasibility Study of 1997 lists tremendous costs for planning, permitting and construction of a railroad in this area (see my testimony for House Transportation). The responsibility for showing that this project is cost effective should rest with Kantishna Holdings. However we have not seen a detailed business plan, projection of costs, discussion of how revenues will meet costs or description of proposed "facilities." Has the Alaska Railroad been contacted for a competitive bid? Has the developer shown that a ride on this railroad will be affordable?
4. The State of Alaska has an Area Planning process (Tanana Basin Area Plan in this case) and provisions for "best interest findings" during land conveyances. These processes ensure that there be public input prior to a change in land use patterns. Why are these processes avoided in this bill? The stakeholders in the future of the Stampede Townships are local residents, many of whom moved to Healy and Denali with a certain rural lifestyle in mind. Their voice in this process is not optional.

5. While change is inevitable, I support comprehensive planning to avoid mistakes that are both financially and environmentally costly. In the past 20 years, visitation at Denali National Park has tripled. The pace of this change has generated problems with crowding, traffic safety and the quality of experience for tourists and locals. Although North Access advocates would like you to believe that their plan will take pressure off the Denali Park entrance, it will only bring these problems further North in a Borough where very little attention is paid to the quality of development. In my view, it is time, first, to step back and address the existing transportation and development issues along the Parks Highway.

Thank you for the opportunity to speak. If any of the documents quoted in my testimony would be of interest, please contact me for references.

Sincerely,

Nancy Bale
PO Box 240054
Anchorage, Alaska 99524
(907) 277-3825

Subject: (HB 244)

Date: Sat, 21 Apr 2001 14:57:01 -0700 (PDT)

From: Dan King <blkwolf17@yahoo.com>

To: Jennifer_Yuhas@legis.state.ak.us

Denali Park has changed much in the last few years. Between Cantwell and Healy has become a city in itself. To open up more access to the park will only invite more businesses to build along this corridor. The massive motel being built on the bluff now overlooking Denali is an example of money over common sense.

Denali is a preserve, meant to be left alone. NO MORE ACCESS ROUTES ARE NEEDED! Any more routes in are strictly for tourism dollars, those of us who live here, we want Denali left alone.

Dan King
North Pole

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Subject: HB 244 in Resources Committee

Date: Sun, 22 Apr 2001 06:15:50 -0800

From: "Nancy Bale" <nancybale@hotmail.com>

To: Jennifer_Yuhas@legis.state.ak.us

Dear Ms. Yuhas,


Attached is my testimony on HB 244 for the Monday Resources Committee meeting. I would like to be present by teleconference from the Anchorage LIO. Please email me if there is a problem receiving this attachment.

Thank you

Nancy Bale

(907) 277-3825

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 Testimony for HB 244.doc	Name: Testimony for HB 244.doc Type: Winword File (application/msword) Encoding: base64 Download Status: Not downloaded with message
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Subject: HB 244

Date: Sun, 22 Apr 2001 11:13:04 -0800

From: "The Brauns" <sueb@usibelli.com>

To: <Jennifer_Yuhas@legis.state.ak.us>

Ref: HB244

Dear House Resources Committee,

Please stop House Bill 244. It *donates* at least 3500 acres of land to developers. One year ago my family sold one and a half acres of land near Denali National Park and Preserve. We signed a Confidentiality Agreement so we cannot tell you how much money we recieved. It is accurate however to say that some land near Denali is worth at least thirty times what it was worth in 1980, and its value continues to rise, apparently at the same rate. Based on current land values in Panguingue Subdivision and my personal experience I believe 3500 acres of commercial land in the Wolf Townships are worth at least \$63 million and in the near future could be worth many times that. Kantishna Holdings Inc. and the Denali Borough are well aware of the value of this land. The potential return on investment justifies these land prices but Denali Borough will get this land for free in addition to their borough entitlement. The borough is already heavily subsidised by state government, and residents have repeatedly refused to give any financial support to their local government.

I would emphasize again that the Denali Borough Assembly has refused to regulate land use as charged by the legislature. They have not abided by their agreement with the state and I believe it is irresponsible to convey land to them.

Sincerely

David P. Braun
Box 222
Healy Ak.99743
683-2654

Subject: HB 244

Date: Sun, 22 Apr 2001 12:54:21 -0800

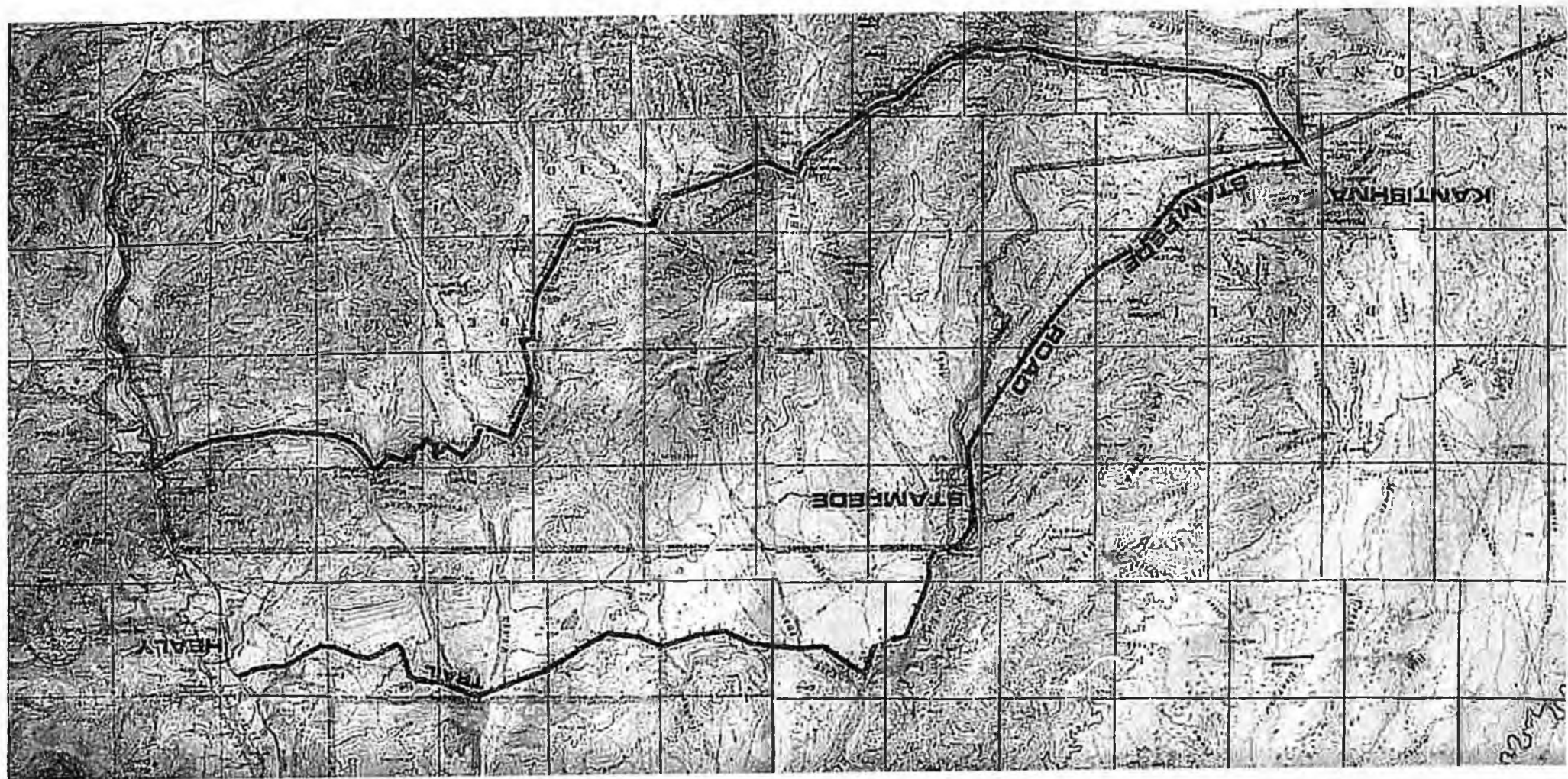
From: "The Brauns" <sueb@usibelli.com>

To: "Jennifer Yuhas" <Jennifer_Yuhas@legis.state.ak.us>

Dear Members of the Resource Committee,

I oppose House Bill 244. Among other reasons, I think the transferring of excess land to the borough and then transferring back the part not needed for the railroad is a very sloppy way of doing business. The bill should be stopped on those grounds alone.

Sincerely,
Susan Braun
PO Box 222
Healy, AK 99743
(907) 683-2654



Dear House Resources Committee member,

I am opposed to House Bill 244. Public and private land developers are trying to appropriate state land in Denali Borough. They want to make the Wolf Townships an extension of Denali National Park's transportation system, and develop it for their own financial gain.

On Thursday April 19 House Transportation Committee quickly passed HB 244 out of committee without providing for any public comment or public hearing. The history of this bill is interesting. A working draft of the bill distributed at the Denali Borough Assembly Meeting April 7th said "The Denali Borough shall identify and survey a railroad and utility corridor ...from near the community of Healy to the eastern boundary of Denali National Park and Preserve." It also said "The borough may retain not more than 3500 acres of the land granted to the borough under this section." This land would be in addition to the borough entitlement and is worth many millions of dollars. The citizens of Alaska will not be adequately compensated for the loss of this public land.

A legislative staffer noted that having Denali Borough do a survey for a private enterprise put the borough in the role of developer. The bill was changed so that Kantishna Holdings Inc. (KHI) would identify and survey the railway, but the Denali Borough would still get 3500 acres to develop whether the railroad was built or not. Its political and economic feasibility is in doubt. Contrary to public statements made by Mr. Fields, spokesman for KHI, he still wants a hotel at Wonder Lake. Mr. Fields also is not open about his backers; KHI is a private corporation with private information.

This bill is an attempt to give valuable public land to Denali Borough to sell, lease or otherwise develop. The ultimate use of any land conveyed to the borough is completely unpredictable. The Borough Assembly is unwilling to regulate land use as charged by the legislature. Hunting in the Wolf Townships is especially threatened by chaotic development. Intense hunting pressure is only sustainable now because any animal that steps out of Denali Park and Preserve is fair game.

Contrary to what supporters of HB 244 say the question is not whether development should occur but where it should be. There are tens of thousands of acres east of Panguingue Subdivision open to Borough land selection. Leaving the Wolf Townships as they are encourages development that is independent of Denali National Park and will continue to give Alaskans and tourists an alternative to the congestion and bureaucracy of the park. It is worth noting that now travelers from all over the globe are purposely coming to the Wolf Townships as the result of Jon Krakaur's book Into the Wild, the story of Chris McCandless's death. It is shortsighted and impossible to funnel all our visitors through Denali National Park. We can learn from mistakes made outside parks in the lower 48.

I question the motives of those who are hostile to Denali National Park but would force the park to expand its transportation system onto our public land.

If HB 244 passes what we have now will be lost forever.

Sincerely

David P. Braun 683 - 2654 phone and fax.
sueb@usibelli.com

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P. 01
P. 02

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HOUSE BILL NO. 244

IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTY-SECOND LEGISLATURE - FIRST SESSION

BY REPRESENTATIVE JAMES

Introduced:
Referred:

A BILL
FOR AN ACT ENTITLED

1 "An Act relating to a grant of state land to the Denali Borough for a railroad and utility
2 corridor and a railroad development project; repealing provisions relating to a grant of
3 a right-of-way of land for a railroad and utility corridor to the Alaska Industrial
4 Development and Export Authority; and providing for an effective date."

5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

6 * Section 1. The uncodified law of the State of Alaska is amended by adding a new section
7 to read:

8 GRANT FOR RAILROAD AND UTILITY CORRIDOR. (a) The Department of
9 Natural Resources shall grant to the Denali Borough the land described under (b) of this
10 section for the purpose of supporting economic development in the borough by enabling
11 Kantishna Holdings, Inc., and its successors and assigns in interest, to provide for a utility
12 corridor and for the design, construction, development, operation, and maintenance of a
13 railroad and facilities to support that development project. The grant to the borough may not
14 impair current valid property rights in the land granted under this section.

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1 (b) By September 1, 2001, the Department of Natural Resources shall transfer to the
2 Denali Borough the following state land:

3 (1) Township 12 South, Range 7 West, Fairbanks Meridian

4 Section 6: S1/2

5 Section 7;

6 (2) Township 12 South, Range 8 West, Fairbanks Meridian

7 Section 1: S1/2

8 Section 2: E1/2 of S1/2

9 Section 7: S1/2

10 Section 13: W1/2

11 Sections 11, 12, and 14 - 23, inclusive;

12 (3) Township 12 South, Range 9 West, Fairbanks Meridian

13 Sections 7 - 24, inclusive;

14 (4) Township 12 South, Range 10 West, Fairbanks Meridian

15 Sections 9 - 24 and 28 - 30, inclusive;

16 (5) Township 12 South, Range 11 West, Fairbanks Meridian

17 Sections 13 - 14, inclusive;

18 Section 15: S1/2

19 ^{10/21} Sections 19 - 35, inclusive.

20 (c) ^{10/21} The Denali Borough shall identify and survey a railroad and utility corridor not
21 more than 300 feet in width that runs from near the community of Healy to the eastern
22 boundary of Denali National Park and Preserve through the land granted under this section.

23 ^{10/21} The borough shall also select and survey ancillary land necessary to support the development
24 and operation of a railroad and facilities to support economic development in conjunction
25 with the railroad development project. By September 1, 2006, the borough shall transfer land
26 granted under this section that is not needed for the corridor or the railroad development
27 project back to the state. The borough may retain not more than 3,500 acres of the land
28 granted to the borough under this section.

29 * Sec. 2. Sections 24(c) and 25, ch. 109, SLA 1998, are repealed.

30 * Sec. 3. This Act takes effect July 1, 2001.

Richard:

This Draft \F does not work the way it is. It puts the borough into the role of developer delete words in [] and substitute the words immediately following in "bold"

Page 1
Section 1
Line 10,

after - "enabling"

Should read:

[The] "Kantishna Holdings, Inc. and its successors and assigns in interest, or Kantishna Holdings, Inc. or its successors and assigns in interest, to select a railroad and utility..." And

Page 2
Section 1 (c)
line 20

after " (c) "

Should read:

[The Borough] "Kantishna Holdings, Inc., shall identify..." And

Page 2
Section 1 (c)
line 23

Should read:

[The Borough] "Kantishna Holdings, Inc., shall also select..."

--I've already called Mayor Gonzales. And I can take the text of the the amended draft as an unofficial document.

House Resources Committee
Juneau, Alaska

April 22, 2001

Dear Co-Chair Masek, Co-Chair Scalzi and Committee Members:

Thank you for the opportunity to provide input on HB 244.

My name is Linda Paganelli. I am a long time resident of the Denali Borough living on the Stampede Trail in the Panguingue Creek Subdivision. This coming summer will mark my 20th season driving a bus on the Denali National Park Road for the Park's concessionaire. For the past five months, I have been employed by the Northern Alaska Environmental Center in the capacity of Denali Watch Coordinator. While I do support efforts to assess possible solutions to park access issues, I do not support the North Access solution as put forth in HB 244 based on the following:

Determinations made by the Alaska State Department of Natural Resources, the National Park Service, and the United States Congress* are unanimous in their findings that the area in question, The Wolf Townships, serves as an important habitat for wildlife, particularly for park caribou and wolf populations. These lands should remain in public ownership for the purposes of maintaining wilderness recreation opportunities for local, regional, and statewide users and protecting fish and wildlife habitat. [*NPS Land Protection Plan]

In 1986, the Denali Subsistence Resource Commission conveyed, to the Secretary of the Interior, their strong opposition to any construction of new roads or railroads in Denali National Park and Preserve. The Commission reiterated their opposition to north access efforts in 1993 and 1994. Any activity that impairs the overall health of an ecosystem, natural processes or resource availability has the potential to adversely impact the customary and traditional activities practiced by subsistence users. The Wolf Townships, retained in State ownership, will continue to serve to protect the natural ranges of large park mammals from incompatible development and will thus, better ensure the continuance of the subsistence lifestyle. Although HB 244, stipulates access development only to the boundary of the National Park, it is implied that this is only an incremental step to pushing the road through the Park's northern additions.

I am concerned with the stipulation contained in this bill that grants over 45,000 acres of prime public land to the Denali Borough. I am in agreement with the Department of Natural Resources, "that a more efficient and equally effective approach would be for the Borough and Kantishna Holdings, Inc. to identify the corridor first, then DNR transfer the land, or Kantishna Holdings, Inc., simply apply for a ROW from DNR."

I am concerned that this bill grants sole rights of project development to one company, Kantishna Holdings, Inc., without the opportunity for a competitive bid process. On this basis, I question the constitutional validity of the bill *. What's the legislative purpose behind granting Kantishna Holdings Inc., a sweetheart deal and a legislatively mandated seat at the planning table? Where's the state's common interest in bestowing this deal to Kantishna Holdings, Inc.?

***Alaska State Constitution: Article I, Sec. 15 and Article II, Sec. 19**

Article I, Sec. 15: "special privilege", consulting on route, as well as preference in ultimate development

Article II, Sec. 19: the legislative act must be "reasonably related to a matter of common interest to the whole state." Where's the State's common interest for KHI?

An unreasonable fixed date, for the transfer of lands from the State to the Borough, fails to encourage or even permit public input as to whether these lands should be transferred at all. Impacts to homeowners, sport and subsistence hunters, local guiding businesses, and other local, regional, and statewide users will consequently be ignored. Transfer to the municipality should not be approved until the recommended changes to the Tanana Basin Area Plan have been publicly reviewed through the amendment and reclassification processes as defined by Alaska Statutes:

AS 38.04.065 Land Use Planning and Classification.

(a) Except as provided in (d) and (h) of this section, the commissioner shall, with local governmental and public involvement under AS 38.05.945, adopt, maintain, and, when appropriate, revise regional land use plans that provide for the use and management of state-owned land.

AS 38.05.035 Powers and Duties of the Director.

(e) Upon a written finding that the interests of the state will be best served...

(5) public notice requirements relating to the sale, lease, or other disposal of available land...

AS 38.05.945 Notice.

(a) This section establishes the requirements for notice given by the department for the following actions:

(1) classification or reclassification of state land under AS 38.05.300 and the closing of land to mineral leasing or entry under AS 38.05.185;

The Denali Borough Government boasts a "do nothing" policy towards guiding growth and development in the Borough. This shortsighted approach towards planning, in a gateway community to one of the world's leading tourist destinations, should not be downplayed. Representative Jeannette James contends that the Borough's lack of experience in planning is not a significant factor since local government officials will be relying on a private consulting firm, Alaska Transportation Consultants, Inc., to guide them in their decision making efforts. A private developer, Kantishna Holdings, Inc., and a private consulting firm, both with undisclosed agendas, being the leaders on this development project creates added concerns that affected citizens will be further distanced from participating in the process and the project.

The language of this bill is too loosely woven: it designates no time frames for surveys, development or construction completion, it does not define what happens to the land if the railroad is never developed, it does not define what "facilities" may be developed, and does not maintain an accountability of action for the designated contractor. At a minimum, a drop-dead date should be included, as discussed in the House Transportation Committee Hearing on April 17, 2001, whereby the land is transferred and no developments occur by a specified date, the land reverts back to the State.

North Access is based on speculation. Proponents speculate that the route will continue through the National Park to Kantishna and create a loop corridor, speculate that demand will exist for year-round operation, speculate that 350-900 permanent jobs will be created by this development, speculate that concerns for environmental and social and cultural impacts to the

area are inconsequential, and speculate that the proposed 30 mile rail route, which provides minimal opportunity for mountain or wildlife viewing, will provide visitors with a satisfactory experience. The State Legislature and the people of Alaska deserve to be provided with the following information before a determination of this proposal can be justly assessed: the project's feasibility, a finding that a rail route located in this region is in the State's best interest, a determination of the socio-economic impacts to the people of the Borough and the State, a proof of funding ability by Kantishna Holdings, Inc., and an unequivocal demonstration of the need for north access.

The State of Alaska has the opportunity to contribute to the fulfillment of a vision of creating enhanced park experiences for the people of Alaska, the nation, and the world by supporting in partnership with the NPS the implementation of plans already identified and studied to address these concerns. On behalf of the Northern Alaska Environmental Center and myself, as a local resident, I request that the Resources Committee vote **No Pass on HB 244**.

I would like to thank you for the opportunity to provide input on this much-debated and highly contentious issue. If I can be of further assistance to you in this matter, please let me know. Thank you for your time and considerations regarding this bill.

Linda A. Paganelli
Denali Watch Coordinator, Northern Center
Healy, Alaska
907 683-2744
lindapaq@mtaonline.net

cc: Representative Jeannette James, DNR Commissioner Pourchot

Subject: HB244

Date: Sat, 21 Apr 2001 17:21:31 -0800

From: "Kenneth W. Therriault" <hectors@ptialaska.net>

To: Representative_Beverly_Masek@legis.state.ak.us

I'd like to express my support for HB244 and ask for your assistance in passage of this legislation.

Ken Therriault

Subject: HB 244

Date: Sat, 7 Apr 2001 19:27:16 -0800

From: "Hal Hume" <hmh@alaska.net>

To: "Beverly Masek" <Representative_Beverly_Masek@legis.state.ak.us>,
"Drew Scalzi" <Representative_Drew_Scalzi@legis.state.ak.us>,
"Joe Green" <Representative_Joe_Green@legis.state.ak.us>,
"Mike Chenault" <Representative_Mike_Chenault@legis.state.ak.us>,
"Lesil McGuire" <Representative_Lesil_McGuire@legis.state.ak.us>,
"Gary Stevens" <Representative_Gary_Stevens@legis.state.ak.us>,
"Beth Kerttula" <Representative_Beth_Kerttula@legis.state.ak.us>,
"Jeannette James" <Representative_Jeannette_James@legis.state.ak.us>

This is a request for passage out of committee for HB 244.

This bill is not only important to Interior Alaskans, but also to all Alaskans and to all visitors to Denali Park. As a forty-five year resident, I find it unbelievable that it is nearly impossible for us to visit our own park. My wife and I have visited the park on one occasion during our forty-five years of residence - only because it is not a pleasant experience to sit in a school bus for the drive in, as well as the great difficulty in getting reservations today.

With the development of an environmentally friendly, economical railroad running into the park from the north side, we can easily double the opportunities for visitors to see the park; and, in a far more pleasant and desirable manner. If one would, with honest objectivity, consider the most desirable method of visiting the park, the railroad running entirely around the north side and back along the present route of the park road would win hands down.

As I understand the current proposal, Kantishna Holding Company would like to build the railroad to Wonder Lake. If this plan were to prevail, the visit to Wonder Lake would be enhanced by providing a two legged trip: one leg by motor vehicle and the other by rail. Visitors might not travel the same route twice, at least this would be an option. Certainly, the rail option would be a clean, comfortable and highly desirable manner of travel. Most importantly, it would be the safest by far!

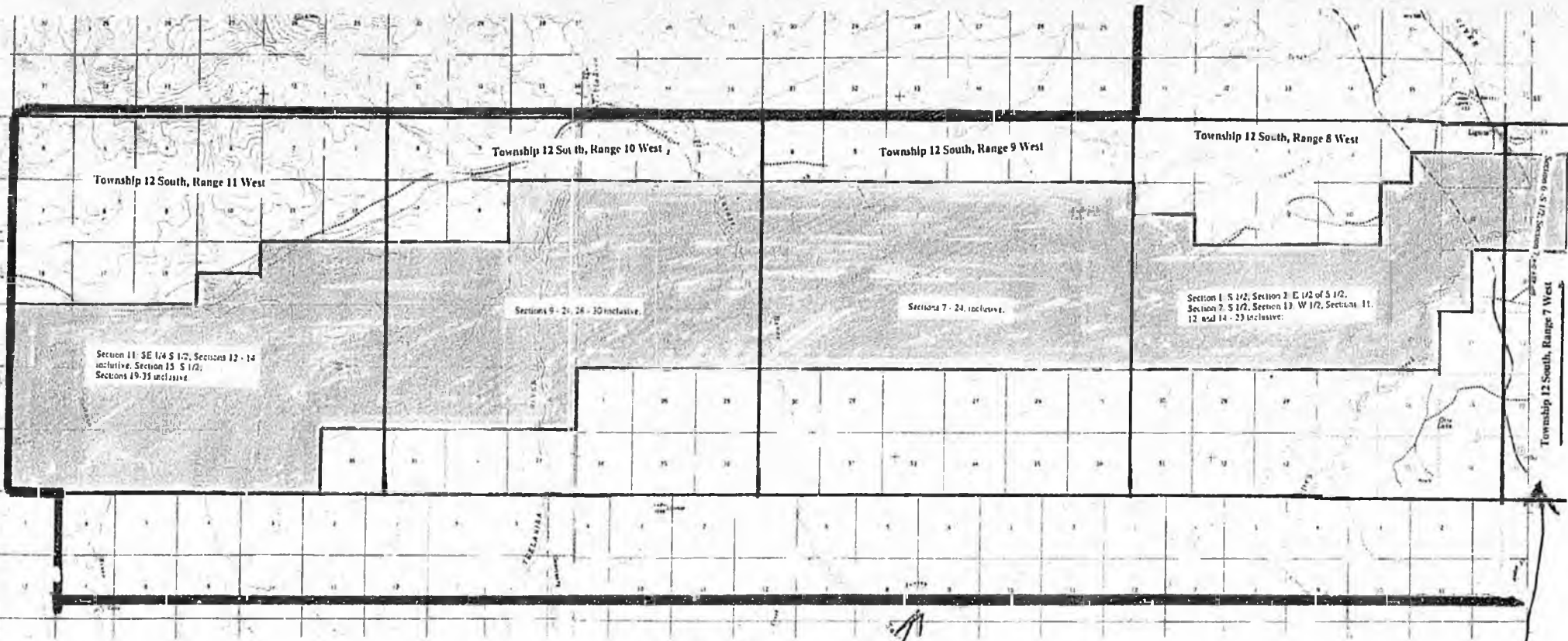
Government control of this beautiful parcel of land has certainly been less than "user friendly", and it is time to give the private sector the opportunity to provide a first class visit to our park.

Please, please, please pass HB 244 out of committee at the first opportunity.

Thank you,

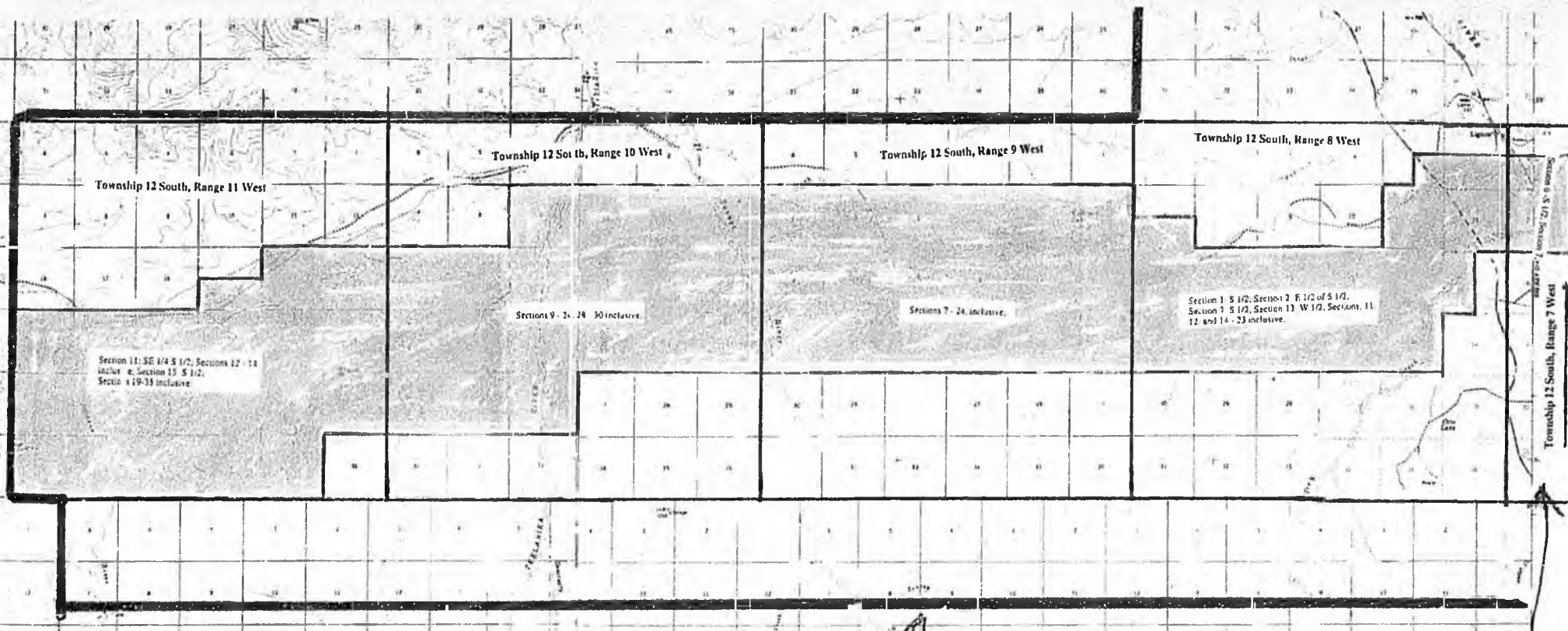
Hal Hume
4016 Birch Lane
Fairbanks, Alaska 99709


907-479-6724
907-479-6777 (FAX)



Reference map of proposed land corridor to be transferred to the Denali Borough from which a railroad right-of-way is to be selected by Kantishna Holdings, Inc.

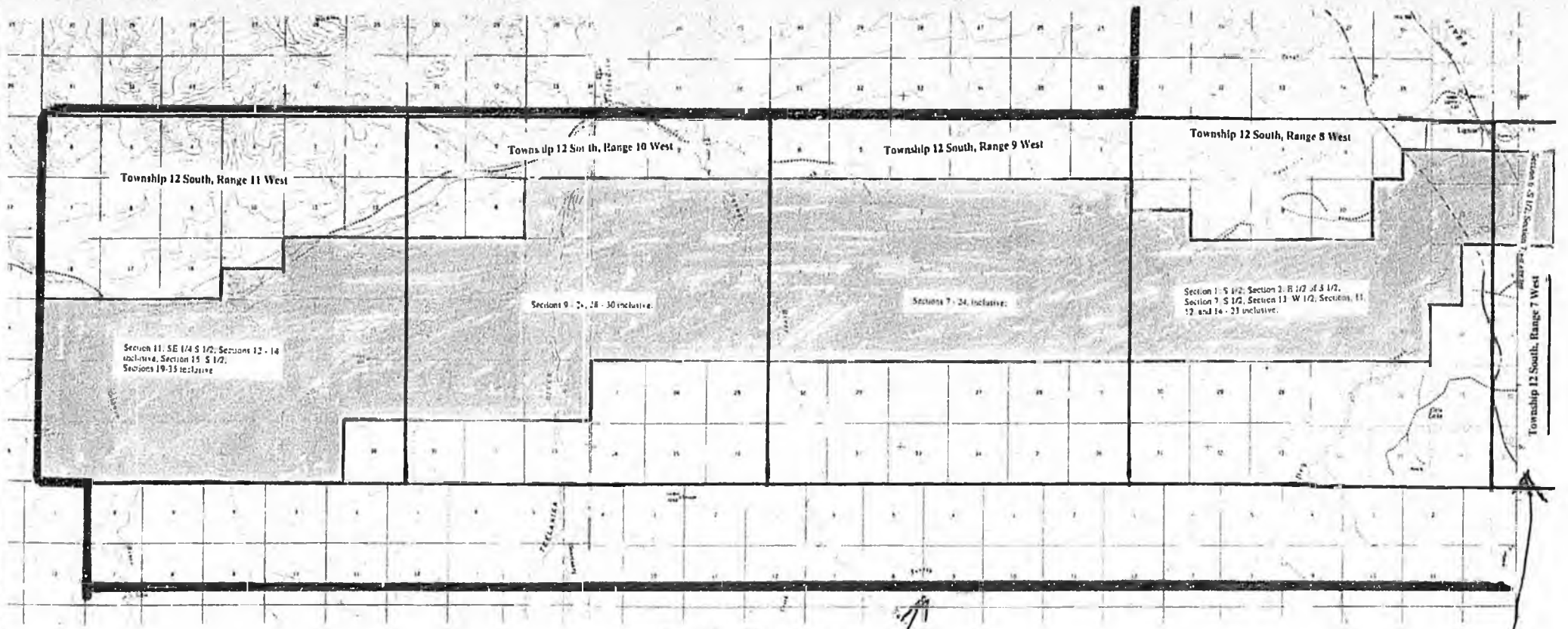
Note:
 Only the portion of T 12 S, R 7 W containing the proposed corridor is shown on this map - KHI



PARK Boundary 

Reference map of proposed land corridor to be transferred to the Denali Borough from which a railroad right-of-way is to be selected by Kantishna Holdings, Inc.

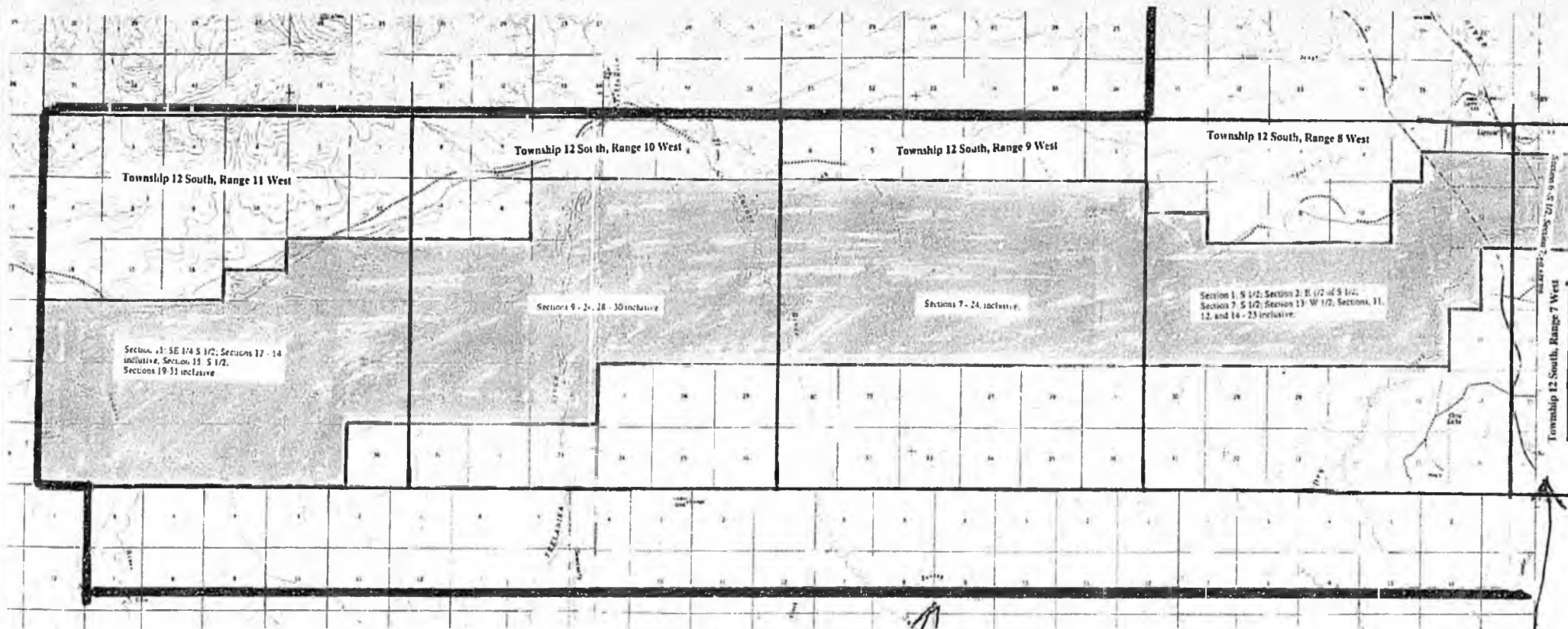
Note:
 Only the portion of T 12 S, R 7 W containing the proposed corridor is shown on this map - KHI



PARL. Boundary

Reference map of proposed land corridor to be transferred to the Denali Borough from which a railroad right-of-way is to be selected by Kantishna Holdings, Inc.

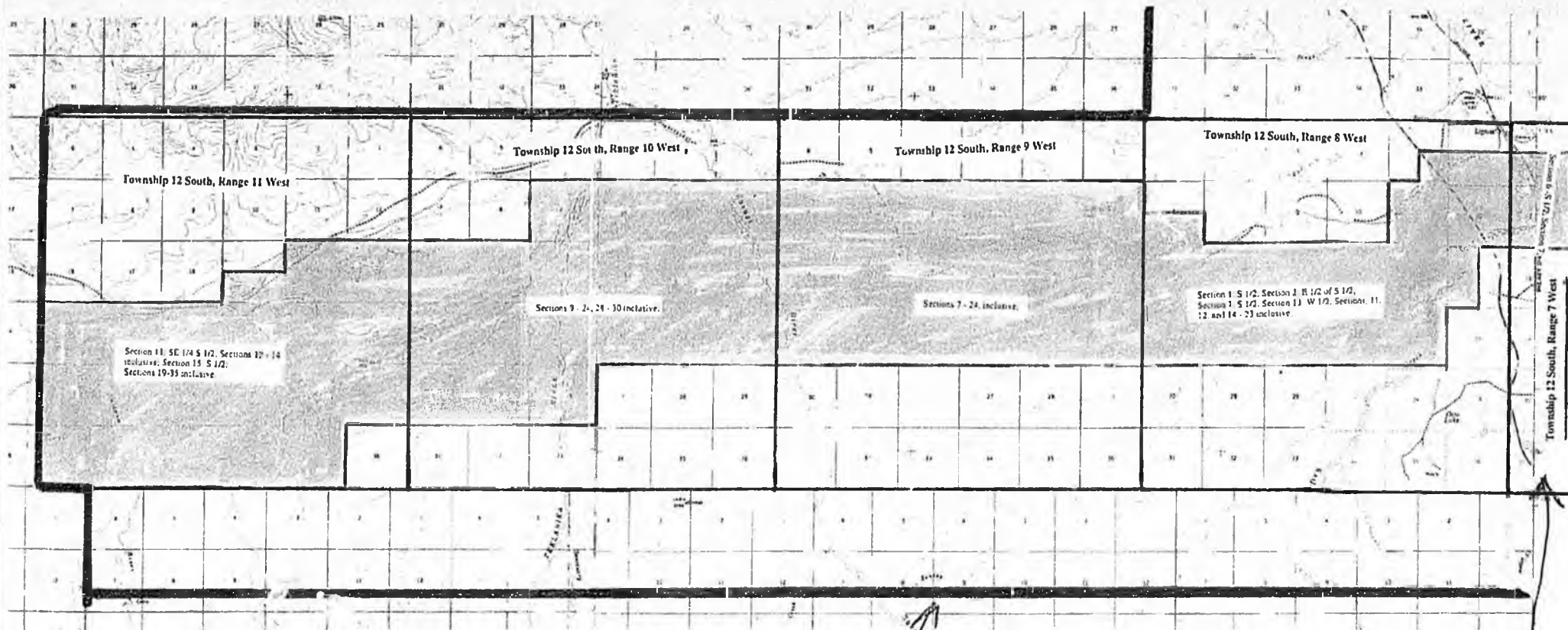
Note:
Only the portion of T 12 S, R 7 W containing the proposed corridor is shown on this map - KHI



PABL Boundary

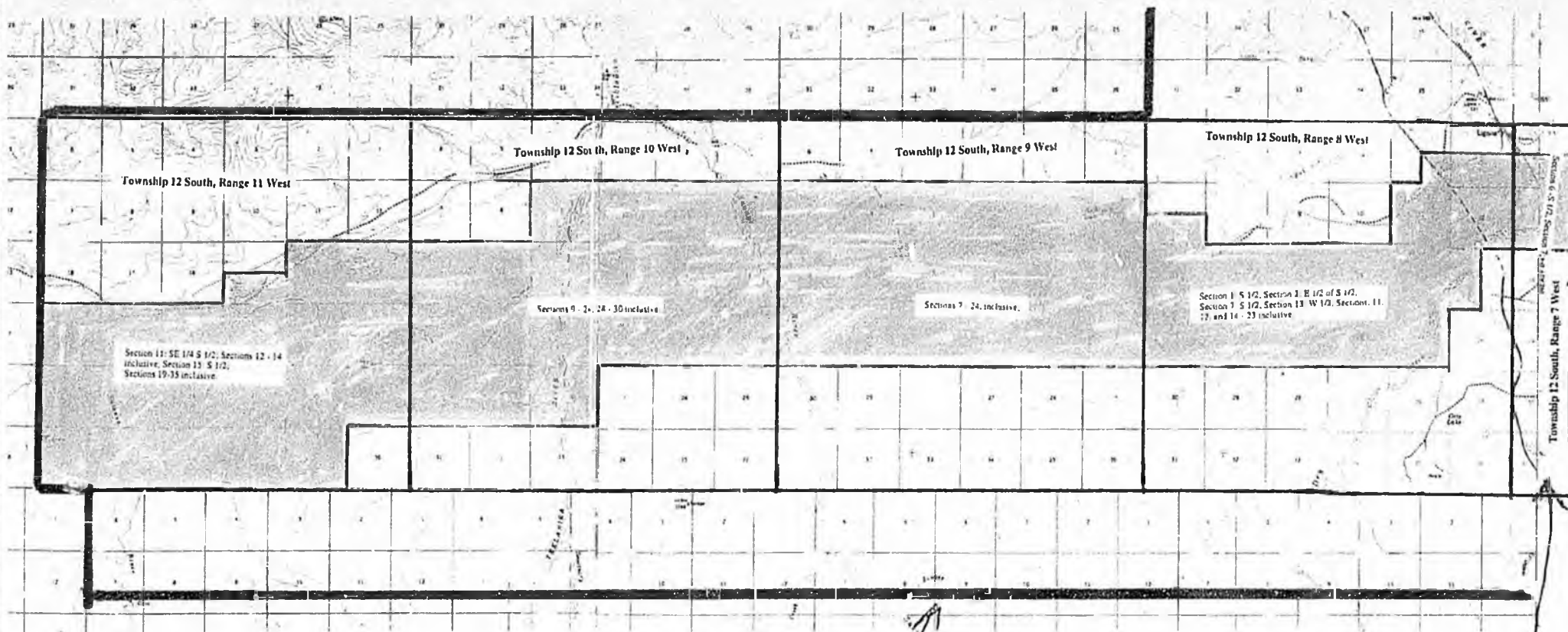
Reference map of proposed land corridor to be transferred to the Denali Borough from which a railroad right-of-way is to be selected by Kantishna Holdings, Inc.

Note:
Only the portion of T 12 S, R 7 W containing the proposed corridor is shown on this map - KHI



Reference map of proposed land corridor to be transferred to the Denali Borough from which a railroad right-of-way is to be selected by Kantishna Holdings, Inc.

Note:
 Only the portion of T 12 S, R 7 W containing the proposed corridor is shown on this map - KHI



PARL. BOUNDARY

Reference map of proposed land corridor to be transferred to the Denali Borough from which a railroad right-of-way is to be selected by Kantishna Holdings, Inc.

Note:
Only the portion of T 12 S, R 7 W containing the proposed corridor is shown on this map - KHI

