

03/19/13

**Presentations:  
Importance of  
Creating an  
Economic  
Development  
Plan and Denali  
National Park  
Visitor Center**

<TARGET><BILL></BILL><SUBJECT>03-19-13 Presentations  
Importance of Creating an Economic Development Plan and  
Denali National Park Visitor  
Center</SUBJECT><COMM>HEDT28</COMM></TARGET>

# Alaska State Legislature

Representative Shelley Hughes, Chair

Session Address:  
Alaska State Capitol, Room 409  
Juneau, Alaska 99801-1182  
Phone: (907) 465-3743  
Fax: (907) 465-2381  
House District 8



Representative Lynn Gattis  
Representative Bob Herron  
Representative Pete Higgins  
Representative Craig Johnson  
Representative Kurt Olson  
Representative Lance Pruitt  
Representative Harriet Drummond  
Representative Geran Tarr

## *House Special Committee on Economic Development, Trade and Tourism*

To: House Economic Development, Trade and Tourism Committee Members

From: Representative Shelley Hughes, Chair

Date: March 14, 2013

Re: Committee Schedule for the Weeks Beginning March 18, 2013

---

The House Special Committee on Economic Development, Trade and Tourism (EDT) meets in the Barnes Room 124, on Tuesdays and Thursdays from 11:15am to 12:45pm.

**Tuesday, March 19, 2013** 11:15am in Room 124

+ Development of an economic development plan

Don Dyer, Economic Development Director, Matanuska-Susitna Borough

**Thursday, March 21, 2013** 11:15am in Room 124

+ Presentation on Unmanned Aircraft Systems

Ro Bailey, Dpty Dir, AK Center for Unmanned Aircraft Systems Integration – RDT&E

Invited testimony

Please feel free to contact the EDT committee aide, Ginger Blaisdell at 465-5265 with questions.

\* First Hearing in First Committee of Referral

+ Teleconferenced

= Bill was Previously Heard/Scheduled

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## *House Special Committee on Economic Development, Trade and Tourism*

### AGENDA

March 19, 2013

#### 1. Call to Order

~Gavel~ Welcome to House Economic Development, Trade and Tourism Committee. The meeting is called to order. The time is \_\_\_\_\_. Welcome, everyone. Thanks to LIO monitor, \_\_\_\_\_, and our recording secretary, Debbie, and to committee aide, Ginger Blaisdell.

#### 2. Roll Call and Agenda

- For the record, in attendance are: (representative xx, representative xx,... and representative xx – and remember to include self!)
  - Several members may be coming and going due to other committee meetings underway.
- First up today, we are hearing from Don Dyer, Economic Development Director for the Matanuska-Susitna Borough regarding the statewide impact of some significant projects and the importance of developing an economic development plan.
  - Don Dyer, MSB Economic Development Director
  - Chris Gates, economic development consultant
- I believe Don's presentation will flow easily into the second part of the presentation regarding the statewide benefit of the South Denali Visitors Center. Presenters will be:
  - Ben Ellis, Dept of Natural Resources, Division Director for State Parks
  - Visit Anchorage: David Caster and James Minton
  - John Bitner, Anch Economic Development Council

### 3. Calendar Review

- I am looking forward to Thursday's meeting. We will hear a presentation by Ms. Ro Bailey, Retired Air Force Brigadier General and Deputy Director of the Alaska Center for Unmanned Aircraft Systems Integration – RDT&E.
- Her presentation will provide the preliminary information for the resolution scheduled for hearing on Tuesday, March 26.
- She is also scheduling to bring an unmanned aircraft with her – kind of a show and tell.

### 4. EDTT committee Tour of Alaska

- June 4-6 (Tuesday through Thursday)
  - Tuesday early morning – Anchorage bus to Talkeetna
  - Talkeetna optional river raft, flight seeing, etc.
  - O/N Denali Princess hotel
  - Wednesday morning free
  - Afternoon tour of Usibelli
  - Dinner on Riverboat Discovery
  - O/N Fairbanks Princess or flight to Anchorage
  - Thursday optional tour of Fairbanks or flight to Anchorage
- How many members, spouses and family, and committee staff?
- Is this week impossible for most members? Is another Tu-Th week in June better?

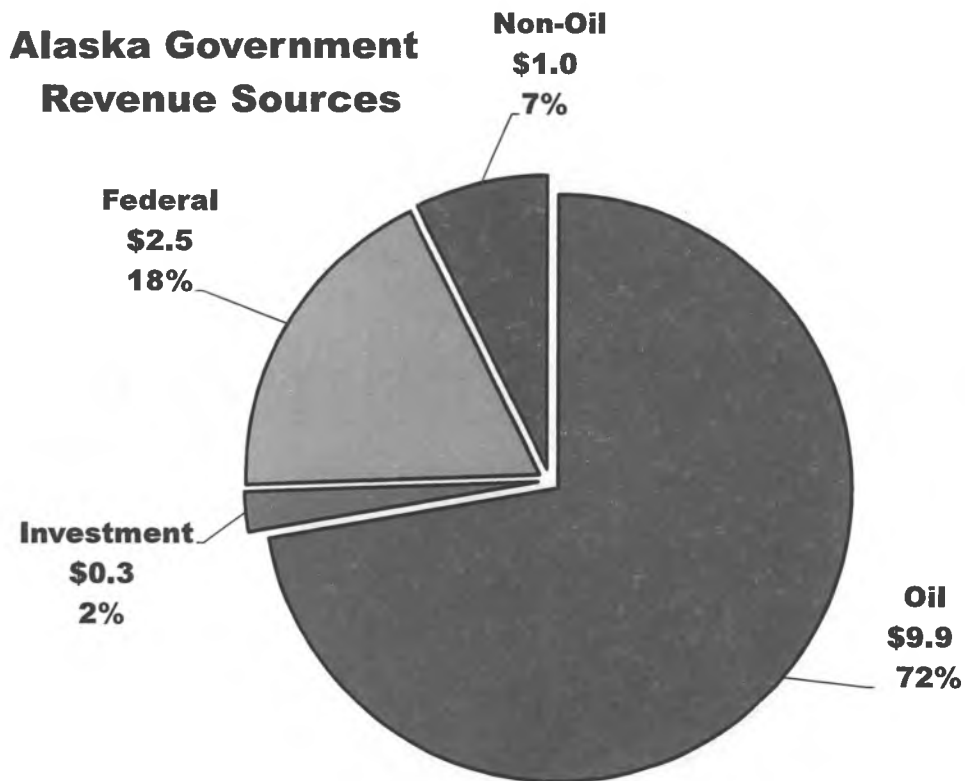
Do members have any closing comments?

- Thank you. We are ADJOURNED at 12:\_\_\_ (time).” ~Gavel~



# Matanuska-Susitna Borough Economic Development Overview

March 19, 2013



***90%***

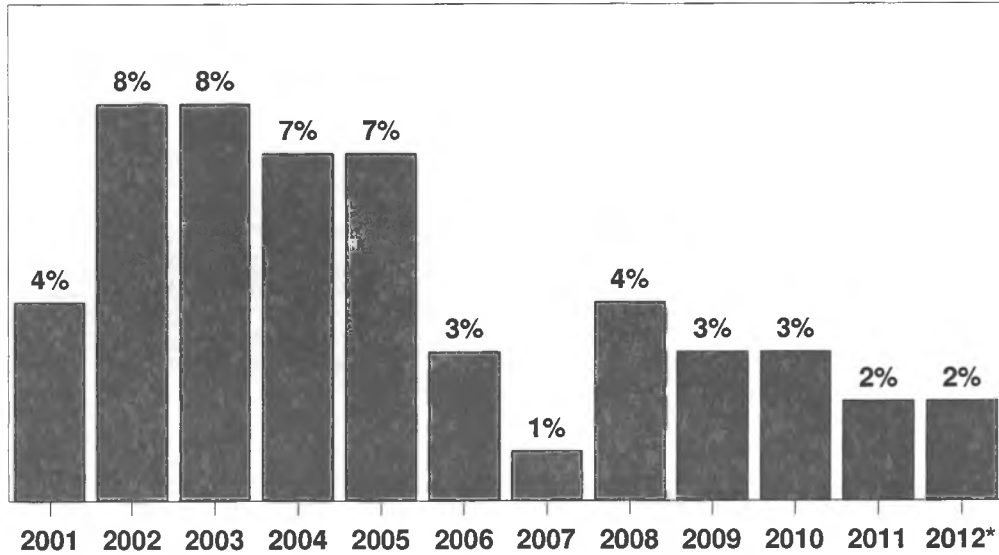
**Federal Programs & Oil  
Tax Revenue**

**Post-Oil Economy**



# Employment Never Faltered In The Mat-Su

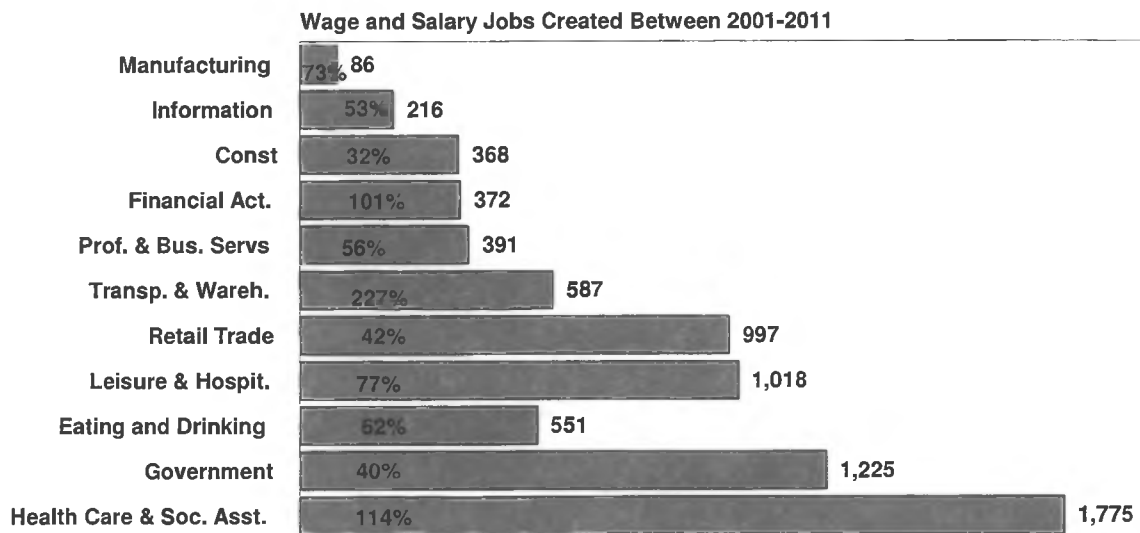
Annual employment growth



\*From Neal Fried

\*Preliminary, based on first 6 months  
Sources: Alaska Department of Labor and Workforce Development, Research and Analysis

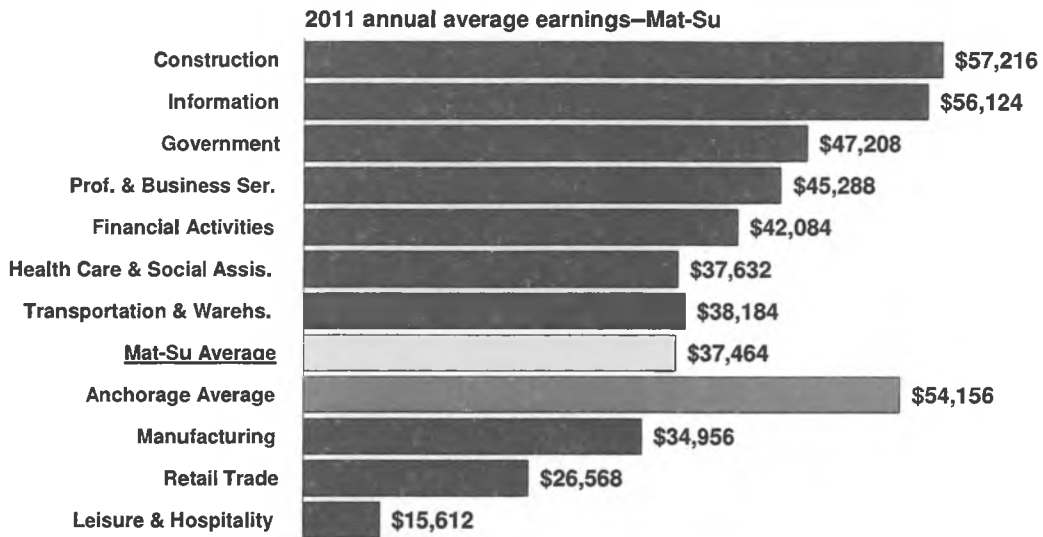
## Where The Jobs Were Created In The Mat-Su During The Past Decade (7,400 in all)



Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section.

\*From Neal Fried

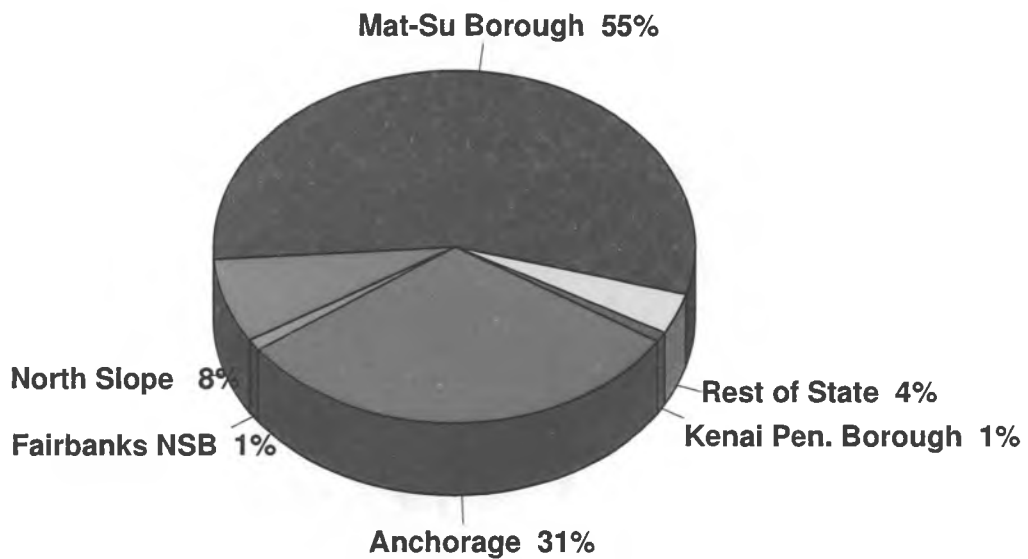
## How the Mat-Su's Average Annual Earnings Stack Up



Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section.

\*From Neal Fried

## Where Mat-Su Residents Work

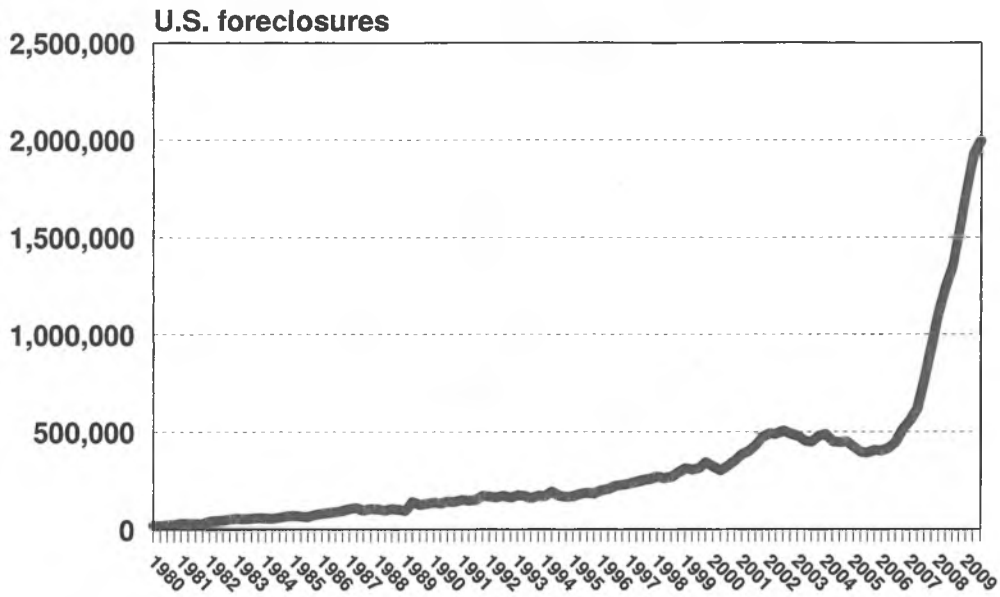


<sup>1</sup>Excludes uniformed military, federal and self-employed workers, 2010.

Sources: Alaska Department of Labor and Workforce Development, Research and Analysis

\*From Neal Fried

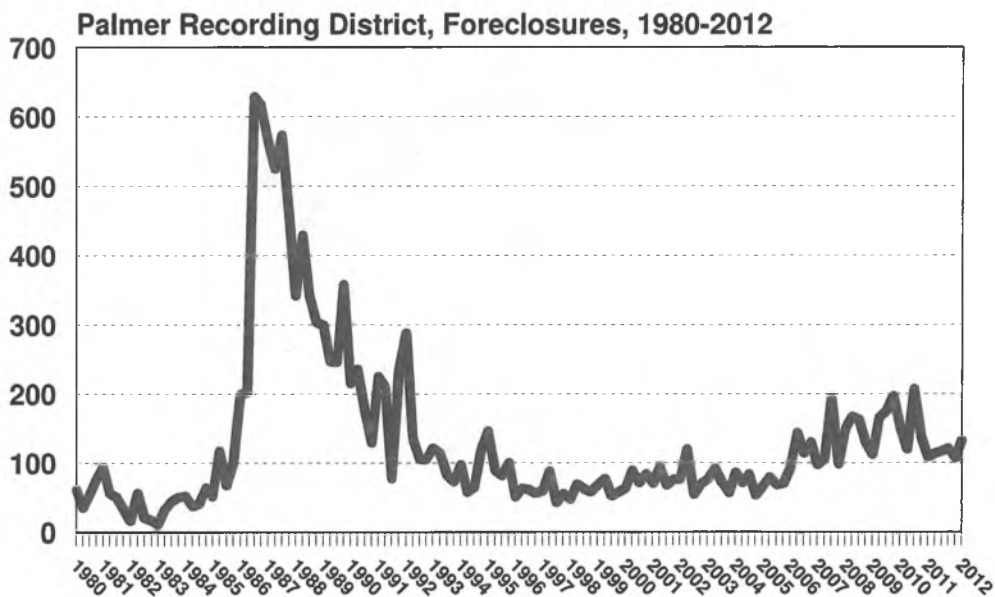
# The U.S. Story



\*From Neal Fried

Sources: Mortgage Banking Association.

## Foreclosures, Up A Little But Nothing Like The 80s



\*From Neal Fried Sources: Alaska Department of Natural Resources and Alaska Department of Labor and Workforce Development, Research and Analysis.

**So... where does all  
of this good news  
come from?**

## **2012 Oil Tax Revenue Impact**

<b>SOA Revenue</b>	<b>\$13,600,000,000</b>
<b>Oil = 72%</b>	<b>\$9,792,000,000</b>
<b>Households</b>	<b>253,000</b>
<b>Oil Tax Revenue / Household</b>	<b>\$38,704</b>
<b>Residents</b>	<b>725,000</b>
<b>Oil Tax Revenue / Individual</b>	<b>\$13,506</b>

## **What if Oil Tax Revenue Was Cut 25% and Replaced by Another Tax?**

<b>Need</b>	<b>\$9,792,000,000</b>
<b>Revenue</b>	<b>\$7,344,000,000</b>
<b>Shortfall</b>	<b>\$2,448,000,000</b>
<b>Households</b>	<b>253,000</b>
<b>Taxes per household</b>	<b>\$9,676</b>
<b>Individuals</b>	<b>725,000</b>
<b>Taxes per individual</b>	<b>\$3,377</b>

**What is the MatSu  
Borough doing  
about all of this?**

# MATANUSKA-SUSITNA BOROUGH, ALASKA

## Economic Development Strategic Plan

Prepared for:  
The Mat-Su Borough

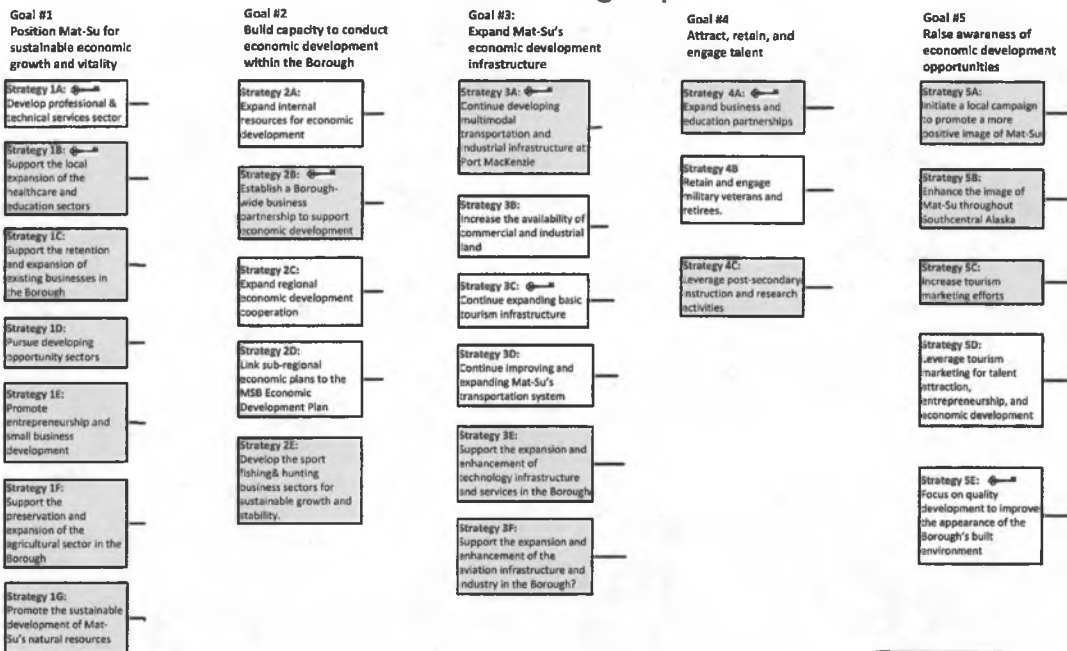


Prepared by:



APRIL 22, 2010

### MSB Economic Development Plan Workgroups



# 2012 ALASKA TAX MODEL COMPARISON

Property***	MSB	Wasilla	Palmer*	Houston*	FNSB	Fairbanks*	Juneau	Anchorage
<b>Real Estate &amp; Business Property</b>	0.9956%	0.9956%	1.2956%	1.296%	1.297%	1.724%	1.051%	1.572%
Property Tax Score	1	1	3	4	5	7	2	6
<b>Business Assets</b>								
<b>Infrastructure? (aka: Personal Property)</b>	No	No	No	No	No	No	Yes	Yes
Inventory?	Yes	Yes	Yes	Yes	No	No	Yes	Yes
Exempt \$	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	N/A	N/A	\$100,000	\$20,000
Tax on \$50K of Infrastructure?***	\$0	\$0	\$0	\$0	N/A	N/A	\$526	\$786
Tax on \$500K of goods?	\$0	\$0	\$0	\$0	N/A	N/A	\$4,204	\$7,546
Total Asset Tax Burden	\$0	\$0	\$0	\$0	N/A	N/A	\$4,730	\$8,332
Asset Tax Score	2	2	2	2	1	1	3	4
<b>Commerce</b>								
Sales Tax	0.00%	2.00%	3.00%	2.00%	0.00%	0.00%	5.00%	0.00%
Purchase Cap	N/A	\$500.00	\$1,000.00	\$500.00	N/A	N/A	0.00	N/A
Commerce Tax Score	1	2	3	2	1	1	4	1
<b>Tourism</b>								
Bed	5.00%	5.00%	5.00%	5.00%	8.00%	8.00%	7.00%	12.00%
Car Rental	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	8.00%
Marine Passenger Fee	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	\$5.00	0.00%
Tourism Tax Score	1	1	1	1	3	3	2	4
<b>A&amp;T Taxes</b>								
Alcohol	0.00%	0.00%	0.00%	0.00%	5.00%	5.00%	3.00%	0.00%
Tobacco	5.50%	5.50%	5.50%	5.50%	8.00%	8.00%	\$1.00	\$1.48
Wholesale Value of Tobacco/non Cigarette	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	55.00%
A&T Tax Score	1	1	1	1	3	3	2	5
Overall Score	6	7	10	10	13	15	13	20
<b>Business Friendly Rank</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>	<b>8</b>

Rank: #1 Most Friendly - # 8 Least Friendly  
 Taxes in \$ are per sales unit

\*Borough and City rate combined  
 \*\* Assumes 100% of exemption used on inventory  
 \*\*\* There is a wide variation in services delivered. Some jurisdictions may have additional fees.



Copyright 2010 Alaska Aerial Technologies

# **What are some strategies the SOA can use to prepare for a Post Oil Economy?**

## **Strategies**

- **Invert the business model / paradigm**
- **Learn lessons from the past**
- **Keep a state wide focus**
- **Manage for Abundance**
- **Reasonable Tax & Permitting Policies**

# *Invert the business model / paradigm*

That phrase again... “Economies of Scale”

- Accept that, as is, Alaska does not have a consumer population large enough to support most industries.
- Move on from using the Alaska consumer model.
- **Think Global!** Use the global export market as the consumer “economy of scale” model, with Alaskan consumers getting their share.

## **Alaska’s Competitive Advantages in Asia**

- Proximity to... Hong Kong
  - Los Angeles = 7,253
  - San Francisco = 6,939
  - Seattle = 6,381
  - Vancouver = 6,367
  - Prince Rupert = 5,994
  - **Pt. Mac/Anchorage = 5,083 - 30% Closer Than LA!**

**4,000+ Ships Per Year!**



- Joint Ventures  
of countries SOA  
for agricultures
- ANWR
- DOW Shell Consortium  
petrochemical
- ARDOR

**2000 Cargo Aircraft Per Month!**



• WS Dam

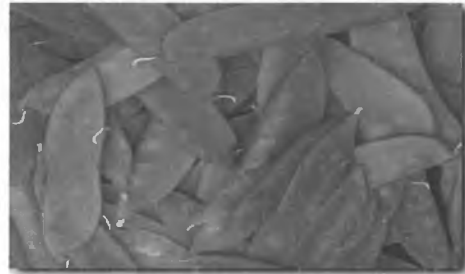
# Agriculture

## Pork



- Ractopamine Free Pork
- Absence of Swine Diseases

## Vegetables



- Alaska Pure – *this is a biggie!*
- Alaska Sweet
- We grow best what Asians like

# Ractopamine - \$600 Million Loss

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HOME QUICK NEWS OPINION MARKET DATA PERSONAL FINANCE TECH POLITICS SUSTAINABILITY

## U.S. Meat Exporters Call Russia Ban 'Significant' Sales Loss

By Elizabeth Campbell - Feb 7, 2013 12:56 PM GMT-0800

[f](#) [t](#) [in](#) [+](#) 0 COMMENTS

Russia's proposed ban on U.S. meat exports next week will mean a "significant business in a market that was the sixth largest for beef sales, an industry group

The sales halt set to start Feb. 11 will be "a hard kick in the you-know-what," U.S. Meat Export Federation's chief executive officer, told reporters today at conference in Tampa, Florida. Russia imposed the ban on U.S. pork and beef month that the meats may contain a feed additive known as ractopamine, which increases lean muscle in livestock.

"The loss in Russia is significant," Seng said. "This is a regrettable situation but we were hopeful that we could have improved relations with Russia, especially in

## Banned in 160 Nations... Yet U.S. FDA Regards it as Safe?

March 06, 2010 | 121,730 views | [+ Add to Favorites](#)

2,015 19 6 791 2 1.6k 

[f](#) [t](#) [in](#) [+](#) [Email](#) [Print](#)

A livestock drug banned in 160 nations and responsible for hyperactivity, muscle breakdown and 10 percent mortality in pigs has been approved by the FDA.

The beta agonist [ractopamine](#), a repartitioning agent that increases protein synthesis, was recruited for livestock use when researchers found the drug, used in asthma, made mice *more muscular*.



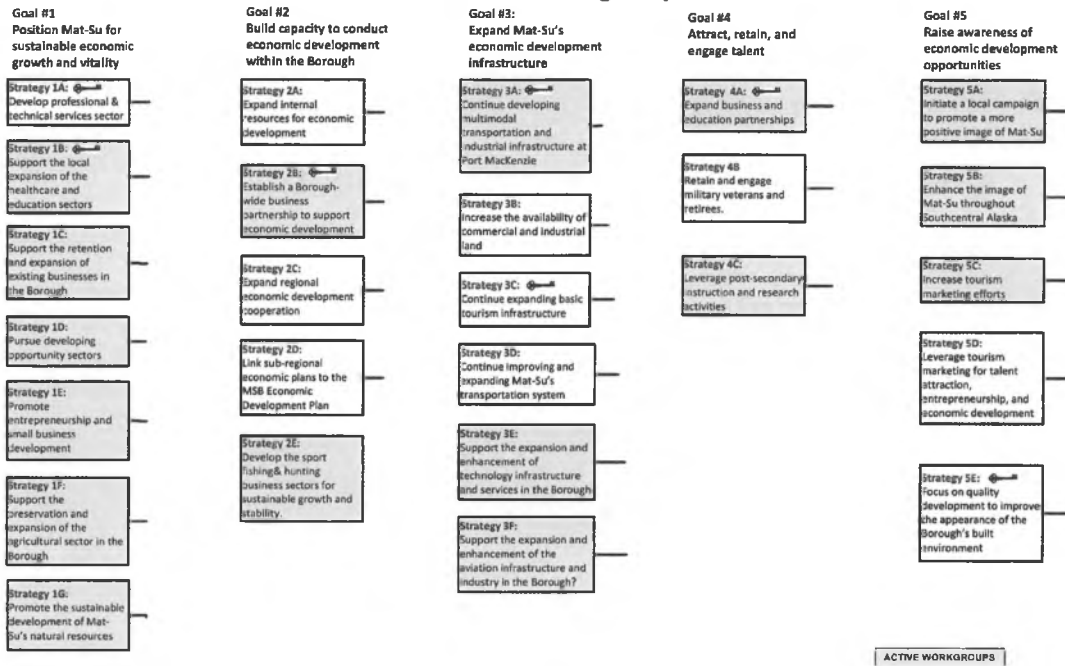
## *Learn Lessons From the Past*

- Study Successes
  - Clean natural resource development
  - Seafood Marketing
- Analyze Failures
  - Dairy
  - Grain
- Alaska's share – *In-Kind?*

## *Keep an Alaska Wide Focus – How?*

- Think of Alaska as a Country. The Lower 48 does!
- Make a State Wide Econ. Dev. Plan
- Grass roots buy-in is a *MUST*.
- Remember- it is not the SOA's plan. ***It belongs to the private sector.***
- Economic plans from the State to the local level need to follow the same formatting to assist roll-up/ drill-down reporting.

## MSB Economic Development Plan Workgroups



## Invest in Abundance

- 4,260,810,716 Asian/Middle Eastern consumers right now.
- 300,000,000 new consumers will be born in Asia in the next five years.
- Alaska has *MASSIVE* capacity to produce both renewable and non-renewable products for these markets.

**Can it happen here?**

**Why not?**

**Look at Dubai**

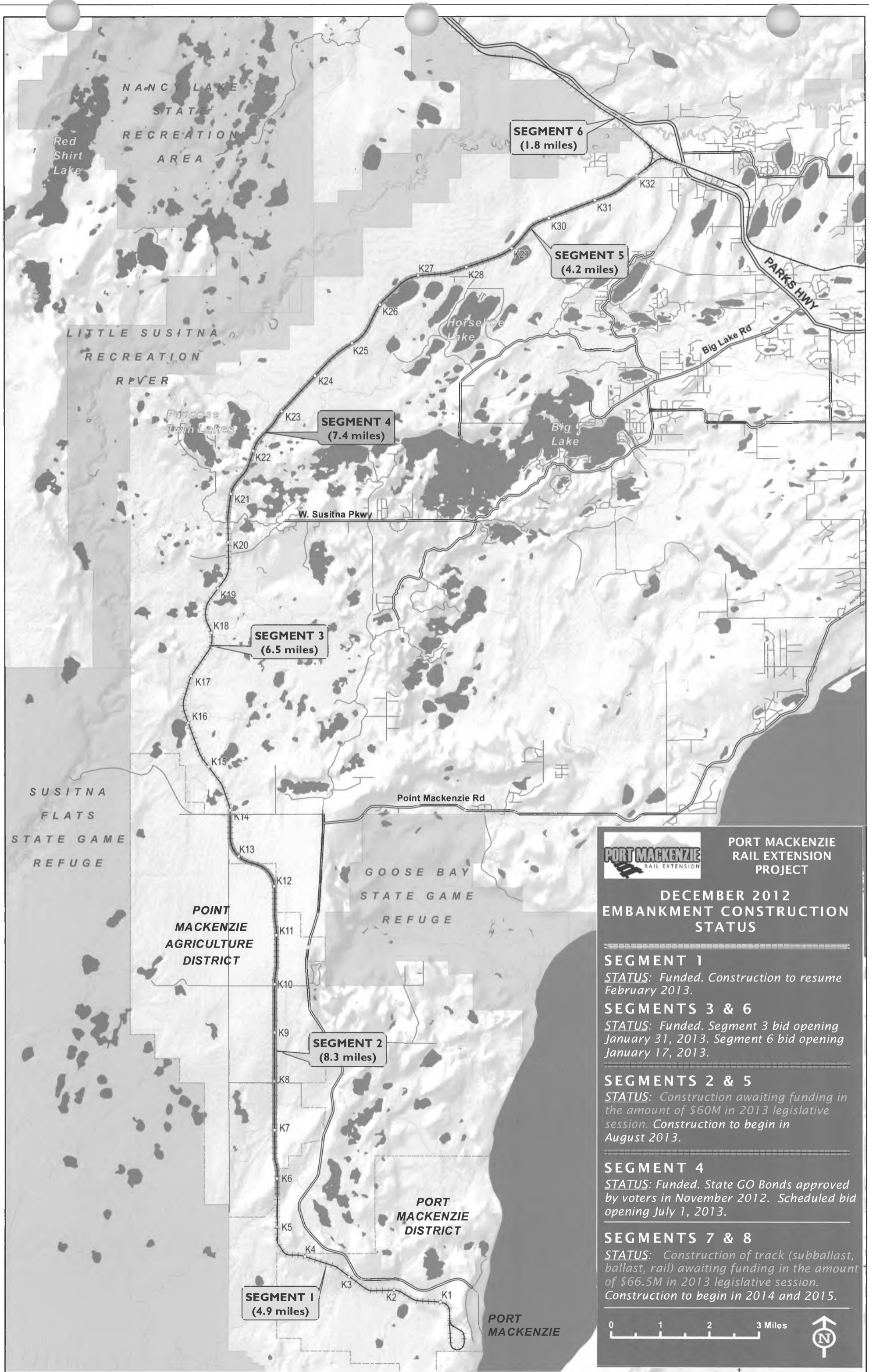


## **Reasonable Tax & Permitting Policies**

- **Jobs are a product of profits**
- **Investment is a product of good prospects**
- **North Dakota vs. Alaska – 57% vs. 77%**
- **Set aside non-renewable revenue to build a renewable future.**
- **One Stop Permitting**

**Alaska's  
Port MacKenzie  
Rail Project**

***Thank You!***



**PORT MACKENZIE RAIL EXTENSION PROJECT**

**DECEMBER 2012 EMBANKMENT CONSTRUCTION STATUS**

---

**SEGMENT 1**  
 STATUS: Funded. Construction to resume February 2013.

**SEGMENTS 3 & 6**  
 STATUS: Funded. Segment 3 bid opening January 31, 2013. Segment 6 bid opening January 17, 2013.

---

**SEGMENTS 2 & 5**  
 STATUS: Construction awaiting funding in the amount of \$60M in 2013 legislative session. Construction to begin in August 2013.

---

**SEGMENT 4**  
 STATUS: Funded. State GO Bonds approved by voters in November 2012. Scheduled bid opening July 1, 2013.

---

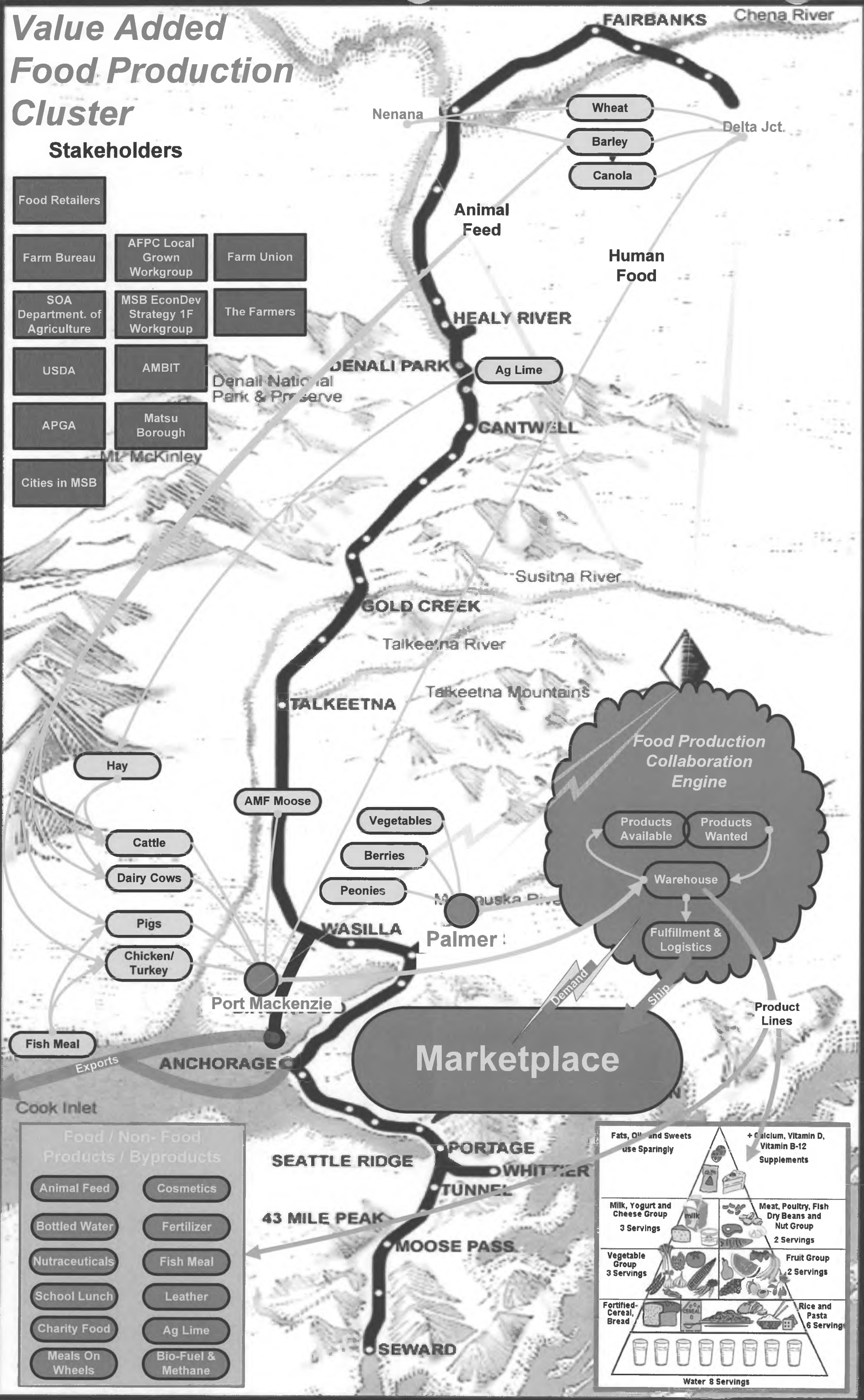
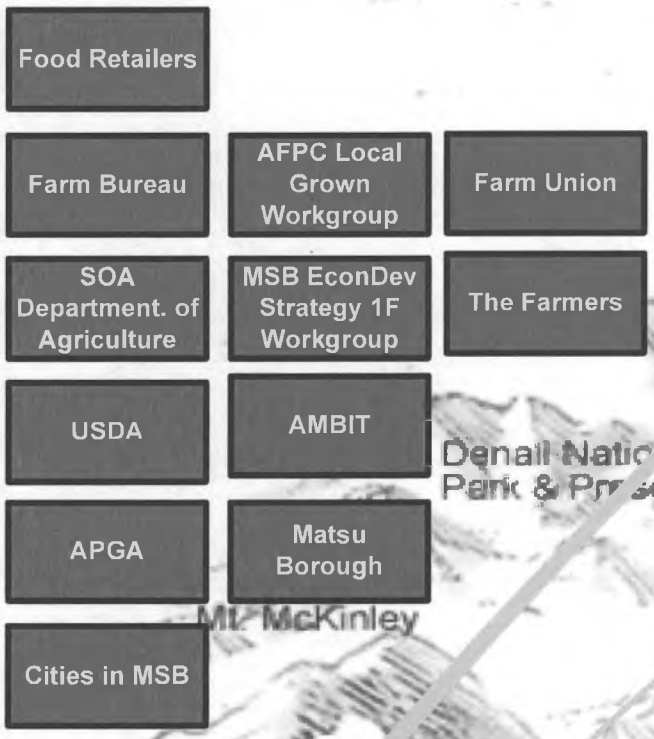
**SEGMENTS 7 & 8**  
 STATUS: Construction of track (subballast, ballast, rail) awaiting funding in the amount of \$66.5M in 2013 legislative session. Construction to begin in 2014 and 2015.

---

0 1 2 3 Miles

# Value Added Food Production Cluster

## Stakeholders



- Wheat
- Barley
- Canola

Animal Feed

Human Food

HEALY RIVER

DENALI PARK

Ag Lime

CANTWELL

GOLD CREEK

Talkeetna River

TALKEETNA

Talkeetna Mountains

Hay

AMF Moose

Vegetables

Berries

Cattle

Dairy Cows

Peonies

Pigs

Chicken/Turkey

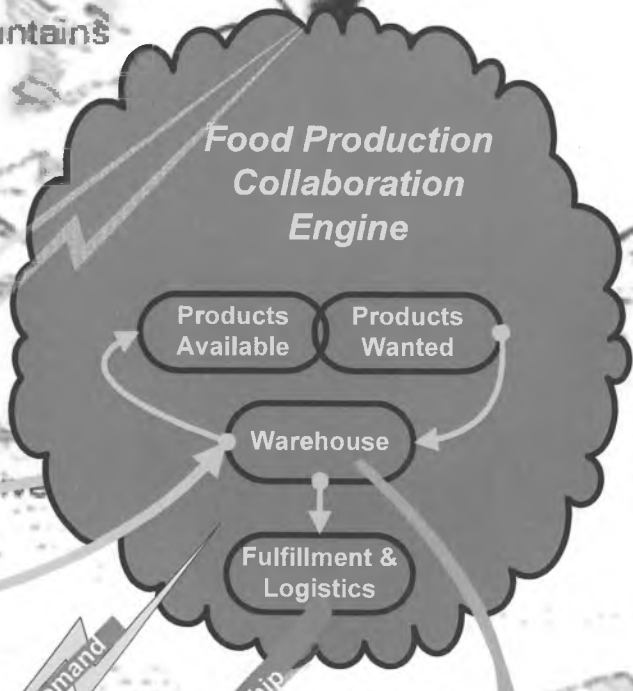
WASILLA

Palmer

Port Mackenzie

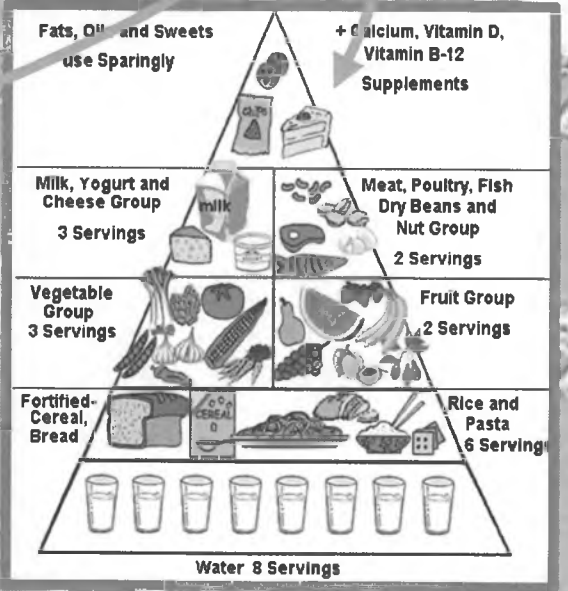
Fish Meal

ANCHORAGE



Product Lines

- Food / Non-Food Products / Byproducts
- Animal Feed
  - Cosmetics
  - Bottled Water
  - Fertilizer
  - Nutraceuticals
  - Fish Meal
  - School Lunch
  - Leather
  - Charity Food
  - Ag Lime
  - Meals On Wheels
  - Bio-Fuel & Methane





# South Denali Visitor Center

Ben Ellis, Director  
Division of Parks and Outdoor Recreation  
Department of Natural Resources

House Special Committee on Economic Development,  
Trade, and Tourism – March 19, 2013

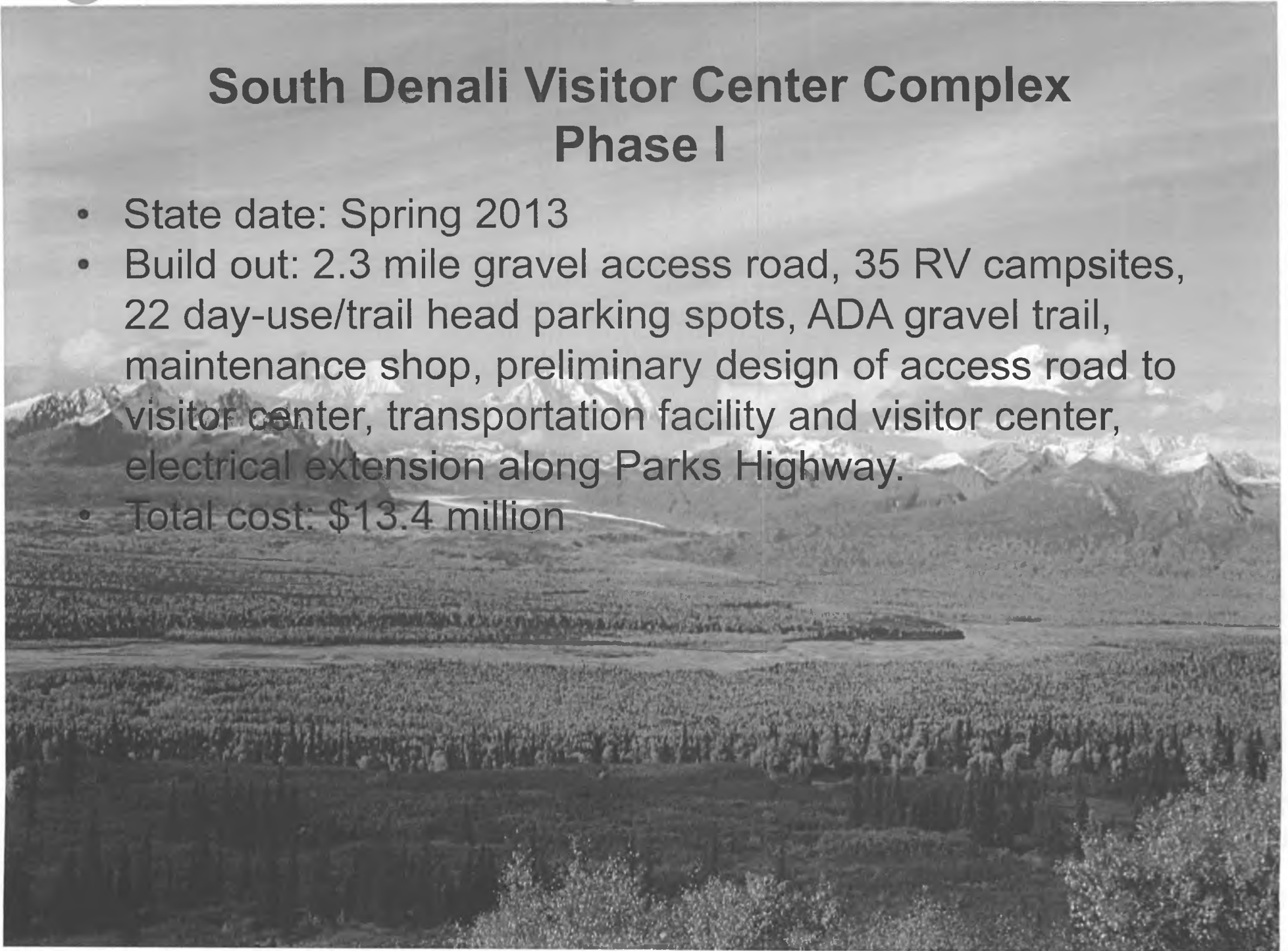
## South Denali Visitor Center Complex

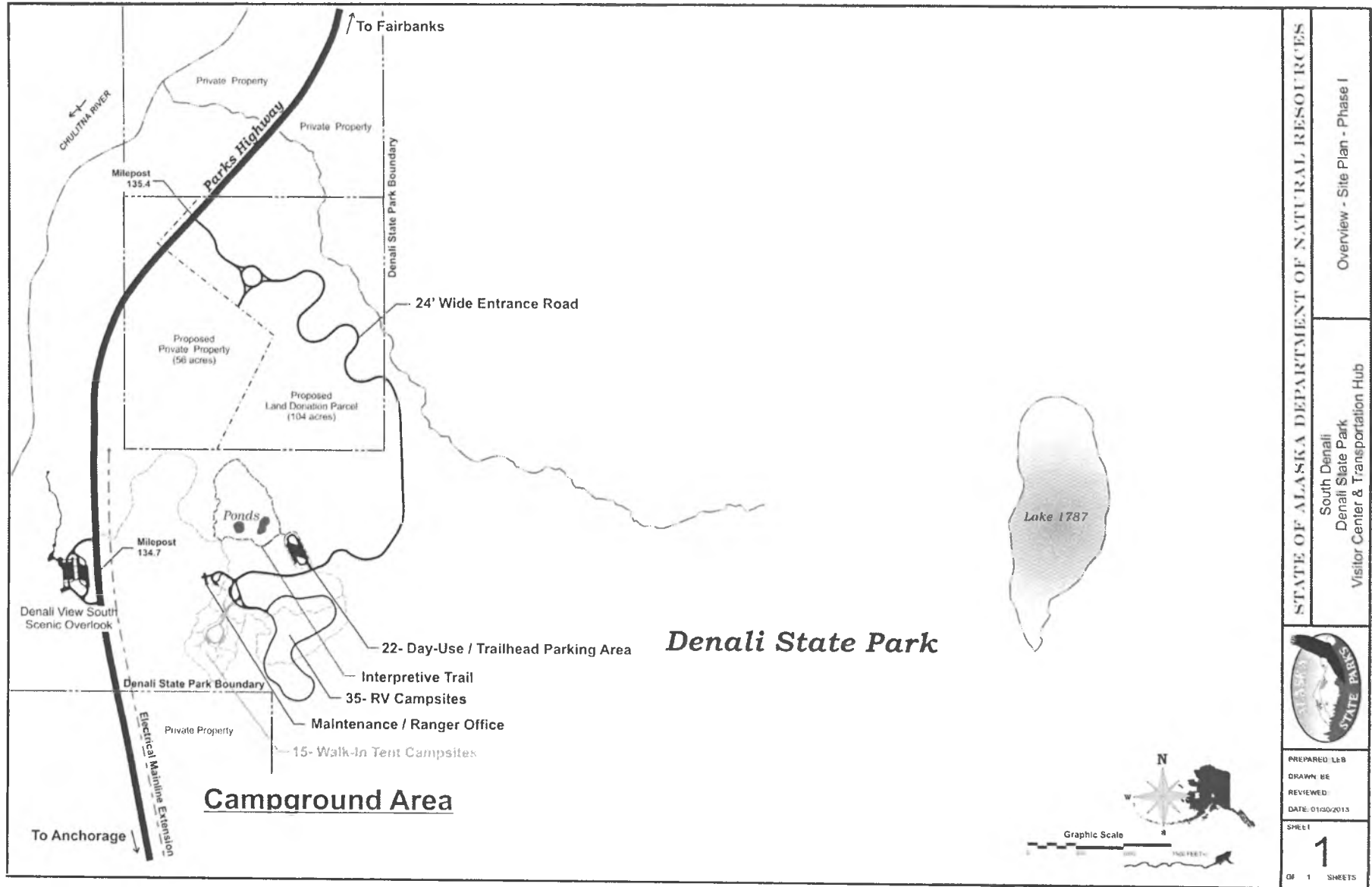
- Location: Denali State Park adjacent the Parks Highway
- Total build out: Visitor Center, campground, trails, electrify
- Total cost: \$46 million
- Funds to date: \$13.4 million state, \$1 million corporate



# South Denali Visitor Center Complex Phase I

- State date: Spring 2013
- Build out: 2.3 mile gravel access road, 35 RV campsites, 22 day-use/trail head parking spots, ADA gravel trail, maintenance shop, preliminary design of access road to visitor center, transportation facility and visitor center, electrical extension along Parks Highway.
- Total cost: \$13.4 million





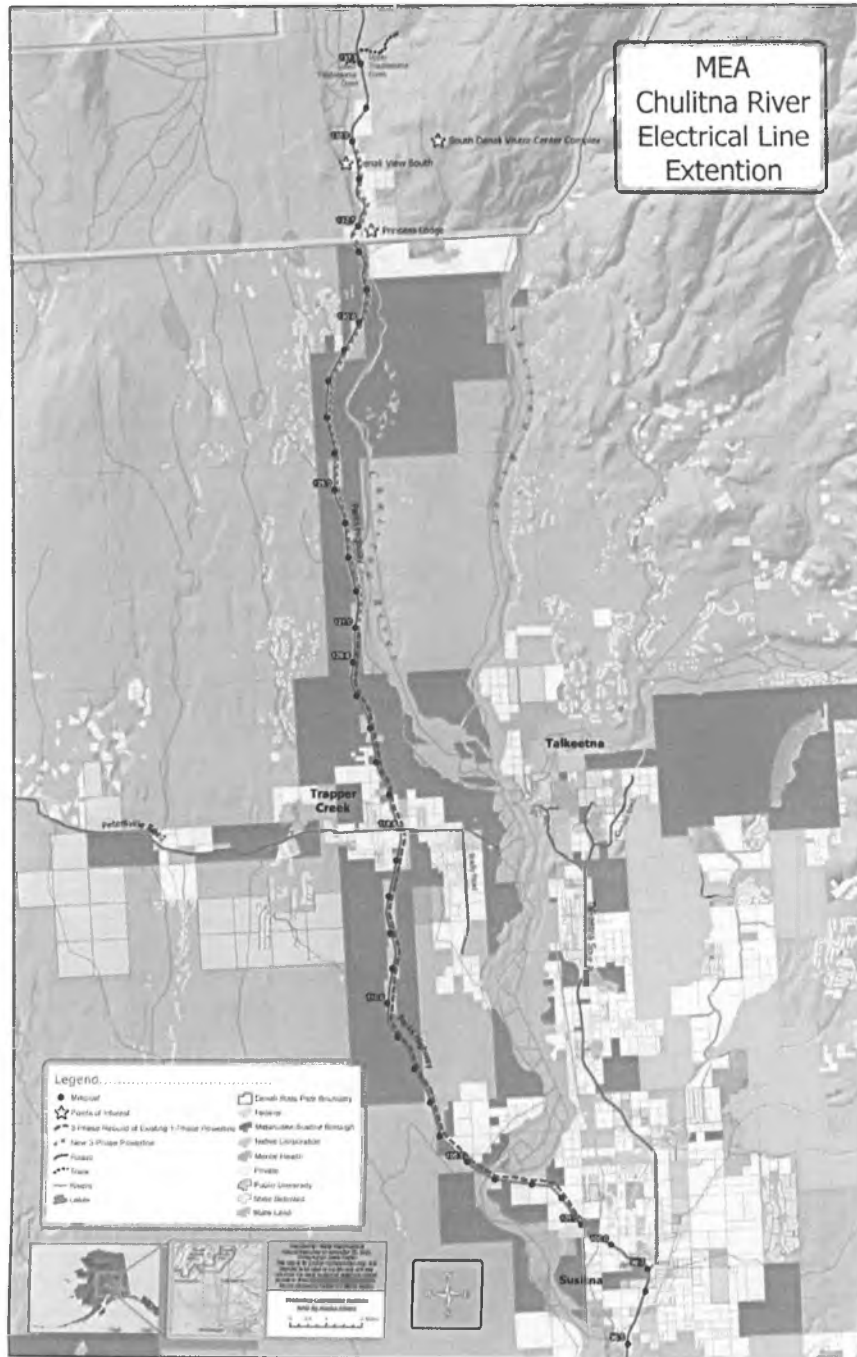
STATE OF ALASKA DEPARTMENT OF NATURAL RESOURCES  
 South Denali  
 Denali State Park  
 Visitor Center & Transportation Hub  
 Overview - Site Plan - Phase I



PREPARED BY  
 DRAWN BY  
 REVIEWED  
 DATE: 01/30/2013

SHEET  
**1**  
 OF 1 SHEETS

# Phase One



## Benefits of Electrical Upgrade

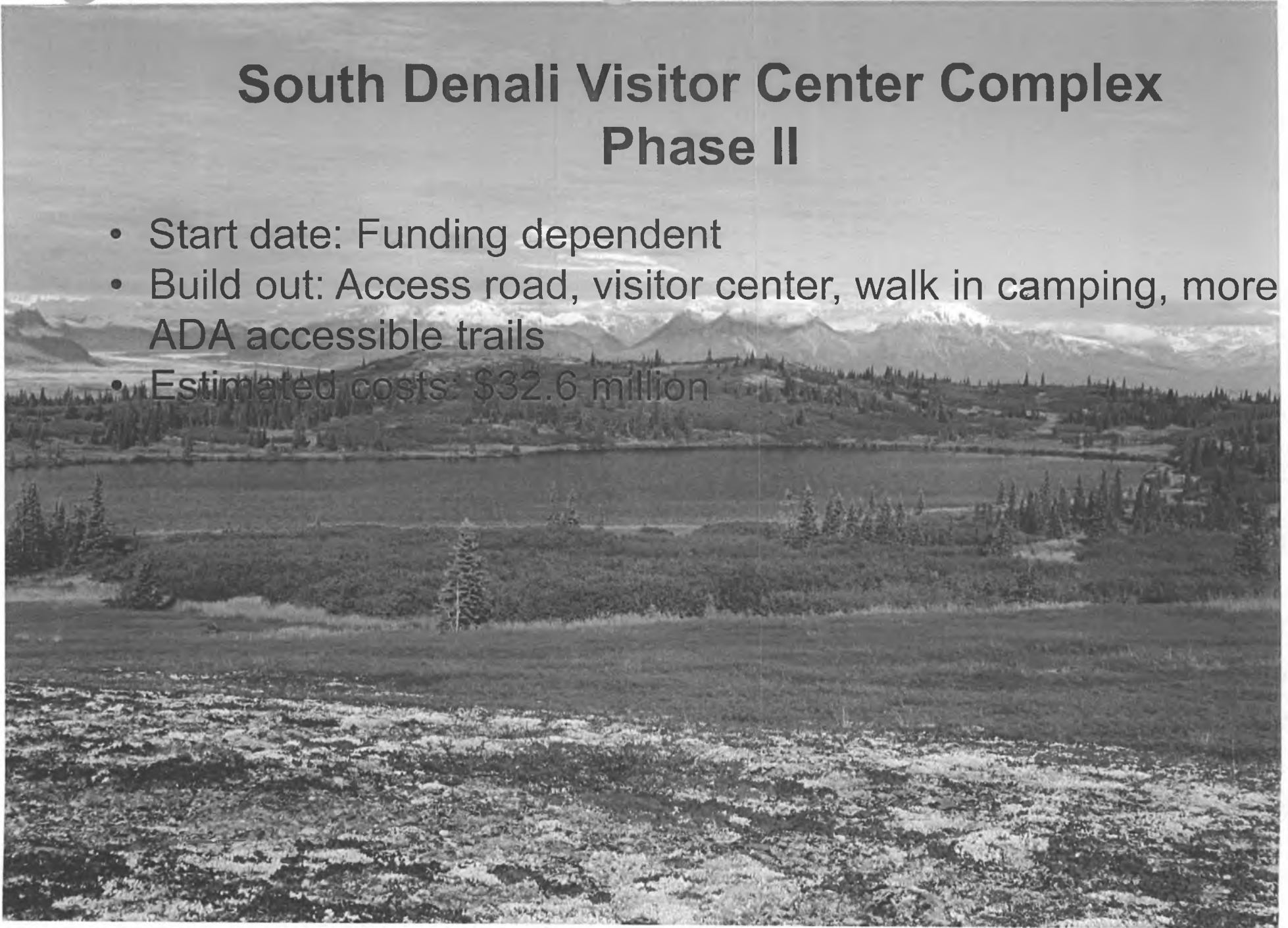
- Upgrade from Single Phase to Three Phase power lines
- Provides community of Trapper Creek with Three Phase Power
- Extension of power from MP 121 to MP 135
- Energizes Parks Highway corridor

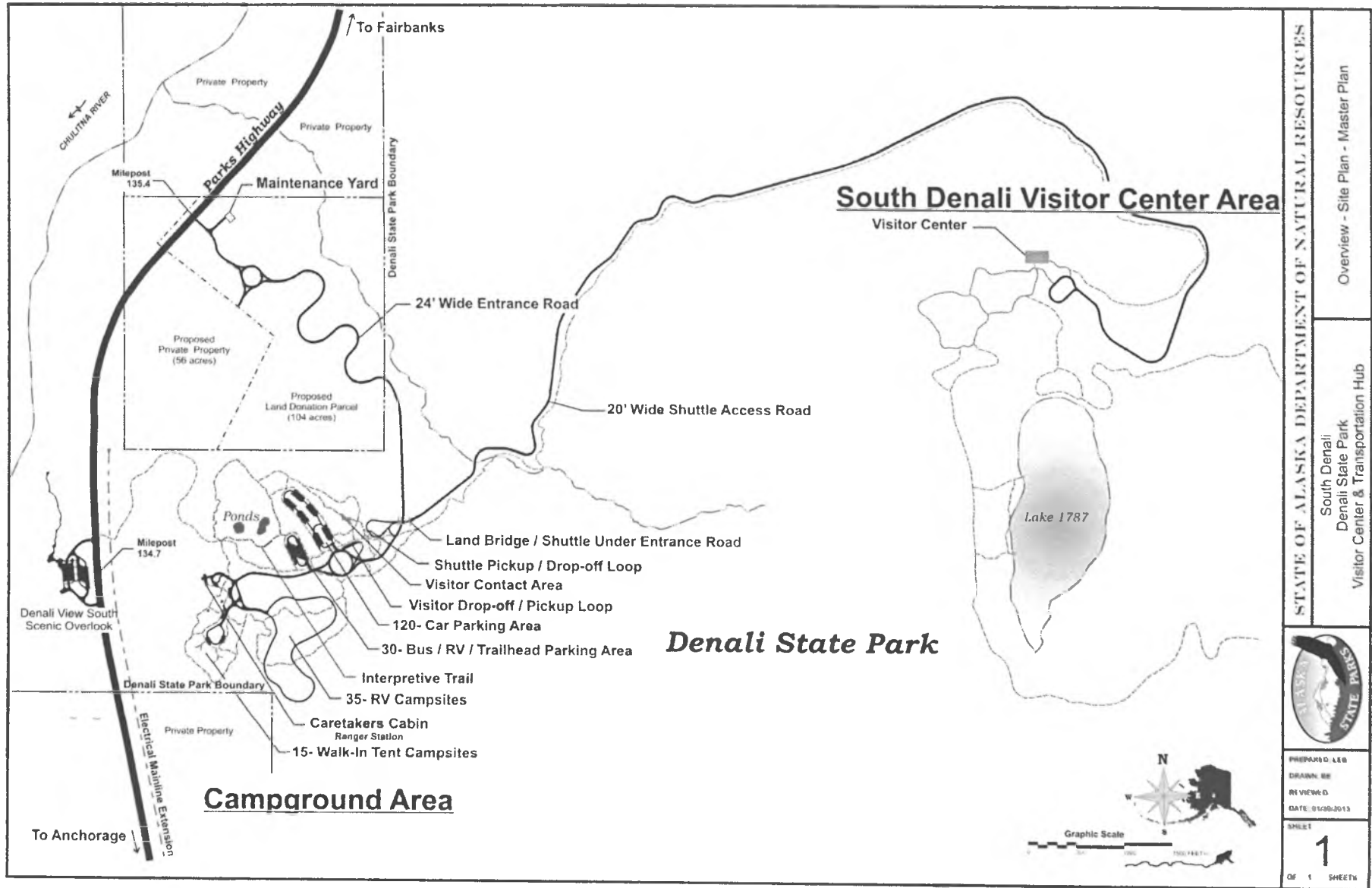
## Payoff

- More tourism relate business opportunities

# South Denali Visitor Center Complex Phase II

- Start date: Funding dependent
- Build out: Access road, visitor center, walk in camping, more ADA accessible trails
- Estimated costs: \$32.6 million





# Phase Two – Master Plan

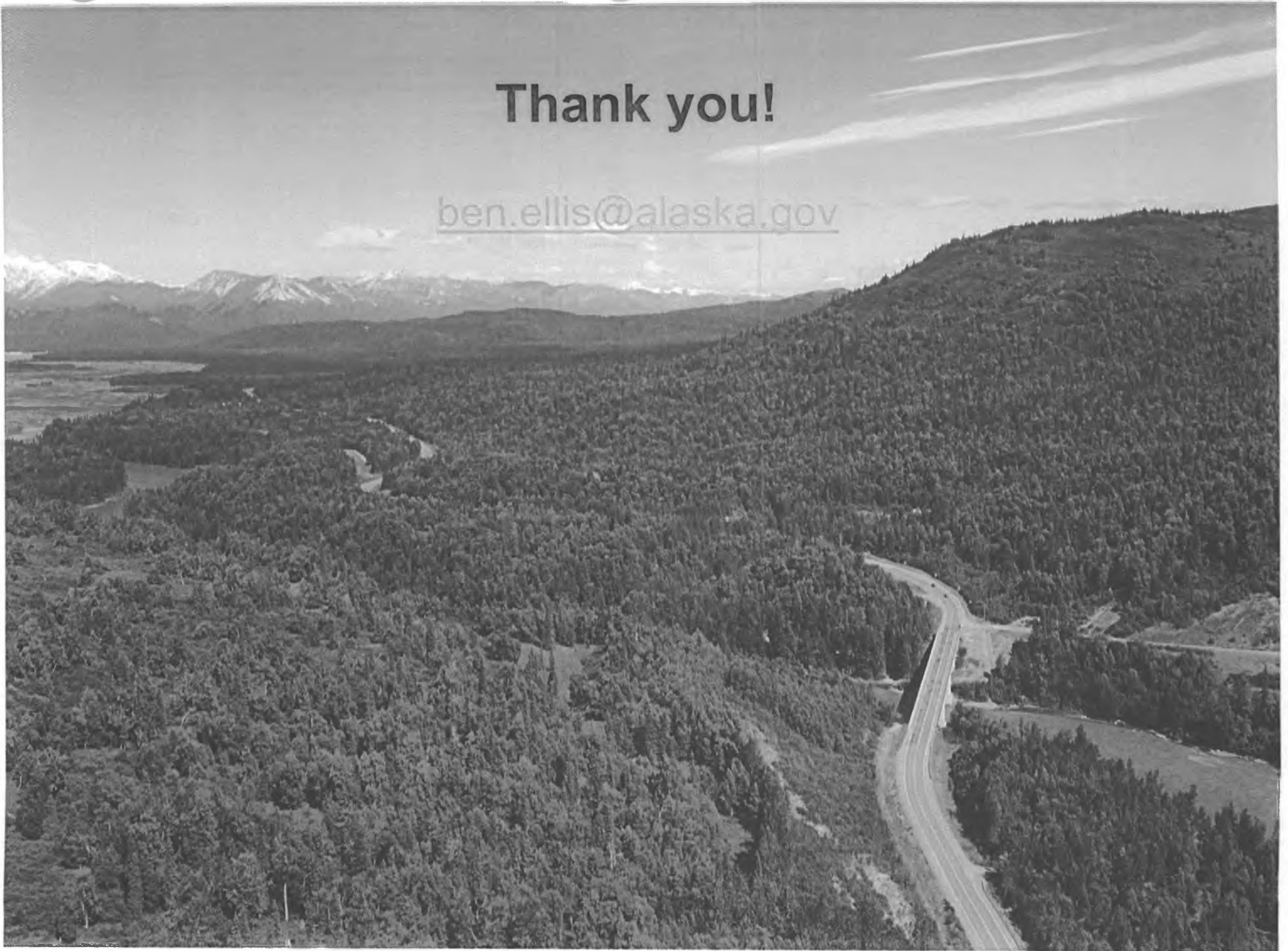
# Positive Economic Impacts

- Additional resident and non-resident visitor expenditures
- Tourism expenditures \$17.8 million to \$44.8 million per year
- Job creation – construction activities (116-213) and visitor services (221-549)
- Development of adjacent private lands supporting tourism growth

*South Denali Economic Assessment, Institute of Social and Economic Research, University of Alaska January 2008*

**Thank you!**

[ben.ellis@alaska.gov](mailto:ben.ellis@alaska.gov)



# **Economic Impacts of the South Denali Implementation Plan**

prepared for:

National Park Service  
and  
Planning and Land Use Department,  
Matanuska-Susitna Borough

prepared by:

Steve Colt  
Nick Szymoniak  
Institute of Social and Economic Research  
University of Alaska Anchorage

in collaboration with:

Ginny Fay  
EcoSystems  
1101 Potlatch Circle  
Anchorage AK

contact:

[steve.colt@uaa.alaska.edu](mailto:steve.colt@uaa.alaska.edu)

907-786-1753

Final Report

February 2008

## **Abstract**

This study estimates the economic effects of carrying out the South Denali Implementation Plan. The plan provides for construction of new visitor facilities in the South Denali Region. ISER economists used the IMPLAN input-output modeling system to project the jobs, income, and sales due to 1) initial construction activity; 2) ongoing operation and maintenance expenses; and 3) additional visitation and visitor spending attributable to the new facilities. The model results include the effects at the Mat-Su Borough and statewide Alaska levels. Local area impacts are also estimated.

## **Suggested Citation:**

Colt, Steve, Fay, Ginny, Szymoniak, Nick. 2008. *Economic Impact of the South Denali Implementation Plan*. Prepared for the National Park Service, Denali National Park and Preserve and the Matanuska-Susitna Borough Planning and Land Use Department. Anchorage: University of Alaska Anchorage Institute of Social and Economic Research.

## **Acknowledgments**

We thank:

Charlie Ball, John Shively and other cruise line executives, for information about future industry plans.

Dick Cattanaach, Associated General Contractors of Alaska, for construction spending information.

Peter Fix, associate professor of economics at University of Alaska Fairbanks, for early results from the Alaska Resident Statistics Program.

Caryl McConkie, State of Alaska Office of Tourism Development, for Alaska Visitor Statistics Program data.

Dan Oberlatz, Alaska Alpine Adventures and Alaska Wilderness Recreation and Tourism Association, for input on visitor center impacts on small Alaska-based companies and potential use of the proposed facilities.

Brandon Walker, Bond Stephens & Johnson, for construction cost information.

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## Executive Summary

The South Denali Implementation Plan (the Plan) calls for additional visitor facilities including buildings, parking areas, campgrounds and trails. The economic effects of implementing the plan include additional jobs, income, and sales resulting from five types of spending:

- spending by government for construction of public facilities;
- spending by private businesses for the construction of new travel related facilities;
- spending by government for facility operations and maintenance;
- spending by nonresident visitors to Alaska; and
- spending by Alaska residents.

The purpose of this study is to estimate these effects separately for the Matanuska-Susitna Borough economy and for the Alaska economy. The analysis considers a baseline or “current status” scenario with no new facilities and compares that baseline to two alternatives: a **high scenario** and a **medium scenario**.<sup>1</sup> The IMPLAN input-output economic model is used to translate direct spending into jobs and income and to calculate economic multiplier effects.

### **High scenario**

The high scenario is based on full implementation of the Plan. Key assumptions include:

- The South Denali Visitor Center at Curry Ridge plus additional trails, campgrounds, and enhancements to the Petersville Road are built at a total cost of \$46.0 million.
- Private sector investors spend \$15 million on 75 new hotel rooms and an additional \$15 million on other tourism facilities such as gas stations and restaurants
- The visitor center is staffed with a \$551,000 annual payroll.
- Nonresident Visitors to Alaska spend an additional \$30.9 million
- Alaska residents spend an additional \$12.7 million in the Mat-Su Borough

The resulting economic impacts to the Mat-Su Borough under this scenario can be summarized as follows:

**Jobs.** Full implementation of the Plan, which includes the Curry Ridge Visitor Center as well as Parks Highway and Petersville Road enhancements, results in a net increase in the Matanuska-Susitna Borough of 403 construction jobs each year for three years and 669 annual on-going jobs from new non-resident and resident visitor spending and visitor center staffing and maintenance.

**Income.** These jobs translate into \$21.3 million in construction sector annual income for three years plus \$19.0 million annual on-going personal income.

**Construction spending** from full implementation of the plan equals \$76 million -- \$46 million in public spending plus \$30 million of additional private sector investment. The private sector construction expenditures are expected to occur in a new development node in the vicinity of the new visitor center.

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<sup>1</sup> See the Project Plan section on page 8 for more details on facilities.

**New business development** is likely to occur in the road corridor from the north boundary of Denali State Park south to Trapper Creek, the Y and Talkeetna. New visitation will require approximately 235 new overnight rooms, four or more restaurants, a general retail outlet and gas station. New car rental business activity would most likely be located in Anchorage.

**Tourism growth.** Full implementation of the plan is expected to result in 20% of current tourism visitors spending an additional day in the vicinity of the visitor center and a 20% increase in the number of cruise land tour visitors spending three days and two nights in the area.

### ***Medium Scenario***

The medium scenario is based on partial implementation of the Plan. Key assumptions include:

- The South Denali Visitor Center at Curry Ridge is built at a cost of \$28.1 million.
- The visitor center is staffed with a \$551,000 annual payroll.
- Nonresident Visitors to Alaska spend an additional \$11.7 million
- Alaska residents spend an additional \$880,500 in the Mat-Su Borough

The resulting economic impacts to the Mat-Su Borough under this scenario can be summarized as follows:

**Jobs.** Partial implementation of the Plan, which includes only the South Denali Visitor Center, results in a net increase in the Matanuska-Susitna Borough of 119 construction jobs each year for three years and 184 annual on-going jobs from new non-resident and resident visitor spending and visitor center staffing and maintenance.

**Income.** These jobs translate into \$6.4 million in construction sector annual income for three years and \$5.8 million annual on-going personal income related to increased visitation.

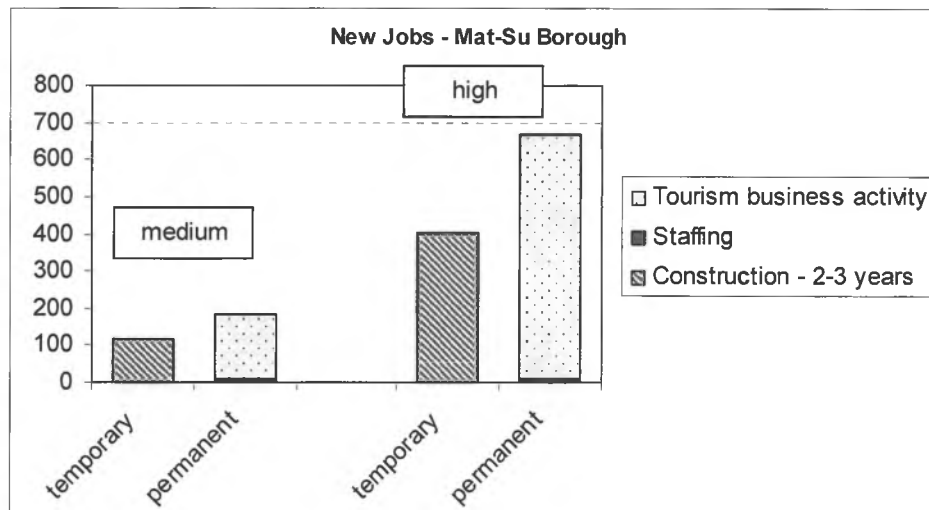
**Construction spending** under this scenario is \$28.1 million in public funds.

**New business development** is likely to occur in the road corridor from the north boundary of Denali State Park south to Trapper Creek, the Y and Talkeetna but is likely to be more limited than under full implementation of the plan.

**Tourism growth.** Under this scenario the partial implementation of the Plan results in 20% of current tourism visitors spending an additional half-day in the vicinity of the visitor center and also a 10% increase in the number of cruise land tour visitors spending three days and two nights in the area.

## Summary of jobs, income, and expenditures in the Mat-Su Borough

	Scenario	
	Medium	High
<b>Employment (avg annual jobs)</b>		
Construction (2-3 years)	119	403
<b>Ongoing Activity, total</b>	<b>184</b>	<b>669</b>
Visitor center staffing	9	9
Nonresident Visitor spending	159	478
Alaska resident traveler spending	16	182
<b>Income (\$ million per yr)</b>		
Construction (2-3 years)	6.4	21.3
<b>Ongoing Activity, total</b>	<b>5.8</b>	<b>19.0</b>
Visitor center staffing	0.7	0.7
Nonresident Visitor spending	4.7	14.2
Alaska resident traveler spending	0.4	4.1
<b>Expenditures / Output (\$ million per yr)</b>		
Construction (2-3 years)	13.2	43.0
<b>Ongoing Activity, total</b>	<b>14.0</b>	<b>47.9</b>
Visitor center staffing	1.3	1.3
Nonresident Visitor spending	11.5	34.8
Alaska resident traveler spending	1.2	11.8



## Local Area Business Development

The local area for this analysis is defined as the highway corridor from the northern border of Denali State Park to Trapper Creek and the "Y" community, and including Talkeetna. Under the high scenario, the input-output model projects that additional visitor activity and spending will be sufficient to support the following new business development within the local area:

- \$15 million spent on 75 new hotel rooms close to the visitor center to accommodate additional cruise-tour traffic.
- \$15 million additional spent in the local area, at one or more small development nodes, on 40-60 additional hotel rooms (in addition to the 75 above); approximately 4 eating establishments, and approximately one gasoline station.

Under the medium scenario, spending increases are lower and we project that additional demand can be met by the expansion of activity at existing business establishments.

Estimated local area economic impacts are shown in the following table. These include between 95 and 322 short-run jobs driven by construction and between 94 and 337 ongoing jobs driven by tourism.

### Summary of jobs, income, and new business development in the local development area

	Total Mat-Su impact		% of total in local area	Local area impact	
	Medium	High		Medium	High
<b>Employment (avg annual jobs)</b>					
<b>from Construction (2-3 years)</b>				<b>95</b>	<b>322</b>
Visitor Facilities in the Plan	119	193	80%	95	154
Hotel rooms & other business construction	0	210	80%	0	168
<b>from Ongoing Visitor Spending</b>				<b>94</b>	<b>337</b>
Visitor center staffing	9	9	80%	7	7
Nonresident Visitor spending	159	478	50%	79	239
Alaska resident traveler spending	16	182	50%	8	91
<b>Income (\$ million per yr)</b>					
<b>from Construction (2-3 years)</b>	<b>6.4</b>	<b>21.3</b>	<b>25%</b>	<b>1.6</b>	<b>5.3</b>
<b>from Ongoing Activity</b>				<b>1.4</b>	<b>4.7</b>
Visitor center staffing	0.7	0.7	25%	0.2	0.2
Nonresident Visitor spending	4.7	14.2	25%	1.2	3.5
Alaska resident traveler spending	0.4	4.1	25%	0.1	1.0
<b>New business development (# built)</b>				<b>Local area impact</b>	
(impacts of this new development are included above)				<b>Medium</b>	<b>High</b>
<b>New hotel rooms</b>				(existing business expands)	<b>115-135</b>
<b>New restaurants</b>					<b>4</b>
<b>New gas station mini-marts</b>					<b>1</b>

\*Local Area is defined as highway corridor from the northern border of Denali State Park to Trapper Creek and the Y and including Talkeetna

Source: Mat-Su Borough total impacts from ISER IMPLAN model runs based on scenarios described in text. Allocations of impacts to local area are authors' assumptions.

## Introduction

Visitation in the South Denali region continues to increase, requiring additional resident and non-resident visitor opportunities and new methods of management to protect natural and cultural resources and quality of life values in local communities. To address these needs, the State of Alaska, Matanuska-Susitna Borough (Mat-Su), and National Park Service developed the South Denali Implementation Plan to consider alternatives for the area. The Plan calls for additional visitor facilities including a new visitor center, parking areas, campgrounds and trails (see Map 1 at the end of this report).<sup>2</sup> The proposed facilities are at approximately mile 134 of the Parks Highway between Anchorage and Denali National Park. A new visitor complex would be constructed on approximately 4.1 acres at the highway site in Denali State Park. The total building requirement would be approximately 16,000 square feet. A facility this size could accommodate up to 300-400 people at a time. This analysis estimates the economic impacts of full and partial implementation of the South Denali Plan.

## Economic Impact Analysis

The economic effects of implementing the plan include additional jobs, income, and sales resulting from five types of spending:

- spending by government for construction of public facilities;
- spending by private businesses for the construction of new travel related facilities;
- spending by government for facility operations and maintenance;
- spending by nonresident visitors to Alaska; and
- spending by Alaska residents.

The purpose of this study is to estimate these effects separately for the Matanuska-Susitna Borough economy and for the State of Alaska economy. We also estimate potential additional development in a local impact area or development node, which we define as the highway corridor from the northern border of Denali State Park to Trapper Creek and the “Y” and including Talkeetna.

An economic impact analysis traces the flows of spending associated with activity in a region to identify changes in sales, income, and jobs due to that economic activity. For this study the principal activities are construction, travel, and tourism. Economic impact assessments focus on actual flows of money into a region as contrasted with economic valuation or benefit-cost studies that generally measure willingness to pay and consumer surplus. Economic impact analysis measures benefits to the region, not the benefits to the visitors themselves.<sup>3</sup>

As a result, health, quality of life, enjoyment and other user benefits are not included in this analysis, which traces flows and impacts of spending in the economy. These user benefits, while not directly measured in this analysis, are clearly important, especially for local residents who will use the facilities. Because we are not attempting to quantify these benefits here, one might consider the numbers we do present as a conservative estimate of the overall social benefits of the project.

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<sup>2</sup> [www.southdenaliplanning.com](http://www.southdenaliplanning.com)

<sup>3</sup> Stynes, Daniel J., 2005. *Economic Significance of Recreational Uses of National Parks and other Public Lands*, National Park Service, Social Science Research Review, Volume 5, Number 1, Winter 2005.

An input-output model is a representation of the flows of economic activity within a region. The model captures what each business or sector must purchase from every other sector in order to produce a dollar's worth of goods or services. Using an input-output model, in this case IMPLAN, flows of economic activity associated with a change in spending may be traced through the economy. By tracing these linkages between sectors, input-output models can estimate secondary effects of visitor spending, often captured in the form of multipliers.

Secondary effects of visitor spending are of two types: indirect and induced. Indirect effects are the changes in sales, income or jobs in sectors within the region that supply goods and services to the recreation/tourism sectors. The increased sales in linen supply businesses resulting from more lodging overnight stays is an indirect effect of visitor spending. Induced effects are the increased sales within the region from household spending of the income earned in the tourism and supporting sectors. Motel or park employees spend the income they earn from visitors on housing, utilities, and groceries. These represent induced effects of the visitor spending.

Multipliers capture the size of the secondary effects, usually expressed as a ratio of total effects to direct effects. Total effects are direct effects plus the secondary (indirect plus induced) effects. A sales multiplier of 2.0, for example, means that for every dollar received directly from a visitor, another dollar in sales is created within the region through indirect or induced effects.

## The Project Plan

The South Denali Project Record of Decision and Environmental Impact Statement calls for the construction of *Alternative C: Parks Highway* of the South Denali Implementation Plan. We developed scenarios that describe changes in visitor patterns and spending and construction as a result of the new South Denali facilities.

The current status scenario assumes that no visitor center or South Denali related facilities are constructed. This scenario serves as a benchmark against which impacts can be measured.

Under the medium scenario, the South Denali Visitor Center at Curry Ridge is constructed at a cost of \$28.1 million. No additional components of the Plan are implemented as part of this scenario.

The high scenario is based on full implementation of the plan at a total construction cost of \$46.1 million. It includes the South Denali Visitor Center plus construction of the following additional facilities:

- Improve parking area/wayside at MP 121.5 and create new parking area at milepost 122 Parks Highway,
- Parking area near Rabideux Creek (west side of Parks Highway),
- Informational kiosk near Parks Highway/Petersville Road intersection,
- Non-motorized boat access near Troublesome Creek,
- Campground near Petersville Road near the Forks,
- Bike path along Petersville Road from milepost zero to seven,
- Turnouts at MP 12.8 and MP 16.3 of Petersville Road, and

- Redesign of Kroto Creek parking lot.

An overview map and map of full implementation of this alternative are shown in Maps 1 and 2 (following the text). Construction costs and annual staff employment and wage estimates are from the Final South Denali Implementation Plan and Environmental Impact Statement<sup>4</sup> and updated construction cost estimates of the total costs of full implementation of the plan are from the National Park Service.

## Baseline Situation

The scenarios are built from baseline data about current travel and expenditure patterns. To develop this baseline, we used the following principal primary data sources:

- Summer 2006 Alaska Visitor Statistics Program (AVSP) Exit Intercept data file
- Discussions with cruise tourism industry participants and experts<sup>5</sup>
- Alaska Resident Statistics Program preliminary cross-tabulations
- ISER 1993 Angler Expenditure Survey

For the purpose of this study, we have defined the **local area** to be the highway corridor from the northern border of Denali State Park to Trapper Creek and the Y and including Talkeetna. Visitor facilities in this area include about 900 existing hotel rooms: 460 rooms at Mount McKinley Princess Wilderness Lodge, 212 rooms at the Talkeetna Alaska Lodge, and about 238 rooms in other smaller establishments. These represent almost 60% of the approximately 1,600 rooms in the Borough, of which 1,200 are open year-round.<sup>6</sup> Based on reported Mat-Su bed tax (5%) collections, these hotel rooms generated \$12 million in revenues in 2007. By comparison, Anchorage hotel rooms generated approximately \$147 million in revenues, based on their reported \$11.8 million in bed tax (8%) collections.<sup>7</sup>

## Non-Resident Visitors

There were about 1.6 million nonresident Visitors to Alaska during summer 2006. According to the AVSP data, approximately 28 percent of these nonresident Visitors (hereafter: "Visitors," with a capital "V") included an overnight stay at Denali National Park and Preserve as part of their Alaska experience. Another 5 percent were day visitors to Denali (Table 1). Expenditures by these Visitors to Denali NP and where they occur are shown in Table 2. We also obtained data on cross-Gulf of Alaska cruise passenger volumes directly from cruise companies. These data produce a slightly higher total number of estimated Denali overnight visitors (512,543). We used this higher number as the basis for building the scenarios described below.

It is important to remember that AVSP expenditures are reported by survey respondents as dollars per party per region visited. (Only a subsample of the full survey sample provides

<sup>4</sup> National Park Service, Denali National Park and Preserve, Denali National Park and Preserve Final South Denali Implementation Plan and Environmental Impact Statement, April 2006.

<sup>5</sup> Interview notes are available upon request.

<sup>6</sup> These room counts are based on data tabulated by the Mat-Su Convention and Visitors' Bureau for the "McKinley Country" region, which is slightly larger than the local area defined here.

<sup>7</sup> Alaska Taxable, 2007. <http://www.commerce.state.ak.us/dca/osa/assessor.cfm>

expenditure data.) Expenditures expressed as \$ per person per day are derived from overall totals. For this study we rely heavily on two of these numbers: First, the average spending while in Alaska of Visitors who spent at least one night visiting Denali NPP was \$132 per person per day. Second, the average spending while in Alaska of Visitors who visited Denali NPP but did not spend a night there was \$90 per person per day.

We used the expenditure data specific to particular regions to adjust the spending *patterns* in developing our scenarios. For example, AVSP data shows that people who visited Talkeetna spent a significant portion of their money on tours. This relatively heavy spending fraction is reflected in how the \$90/person/day figure for day visitors is allocated across industries when it is input to the economic model.

**Table 1. Characteristics of Denali National Park and Preserve overnight and day nonresident Visitors, Summer 2006**

	Denali National Park	
	Overnight	Day visitor
<b>Number of visitors</b>	456,820	81,575
<b>% of total AK visitors</b>	28%	5%
<b>mean # nights @ Denali NP</b>	2.9	
<b>Frequency of nights stayed</b>	<b>Percent</b>	
	1	10.3
	2	34.5
	3	31.0
	4	10.3
	5	3.4
	6	10.3
<b>Exit mode</b>	<b>Percent</b>	
Domestic air	49.7	56.5
International air	18.8	17.4
Ferry	5.4	6.5
Cruise ship*	13.2	3.3
Highway	12.9	16.3
Male	53.1	60.9
Female	46.9	39.1
Retired?		
Yes	50.9	46.7
No	47.6	52.2
Children living in household		
Yes	18.7	18.5
No	79.9	80.4
Average age (years)	56	55
Average party size	2.4	2.2
Average length stay- days	13.5	12.7

Source: Alaska Department of Commerce, Community and Economic Development, Alaska Visitor Statistics Program V, data file, 2007.

\*As these are cross Gulf cruises, they fly one way and cruise the other. The actual percentage of overnight visitors on land tours that are cruise passengers is 26.4%.

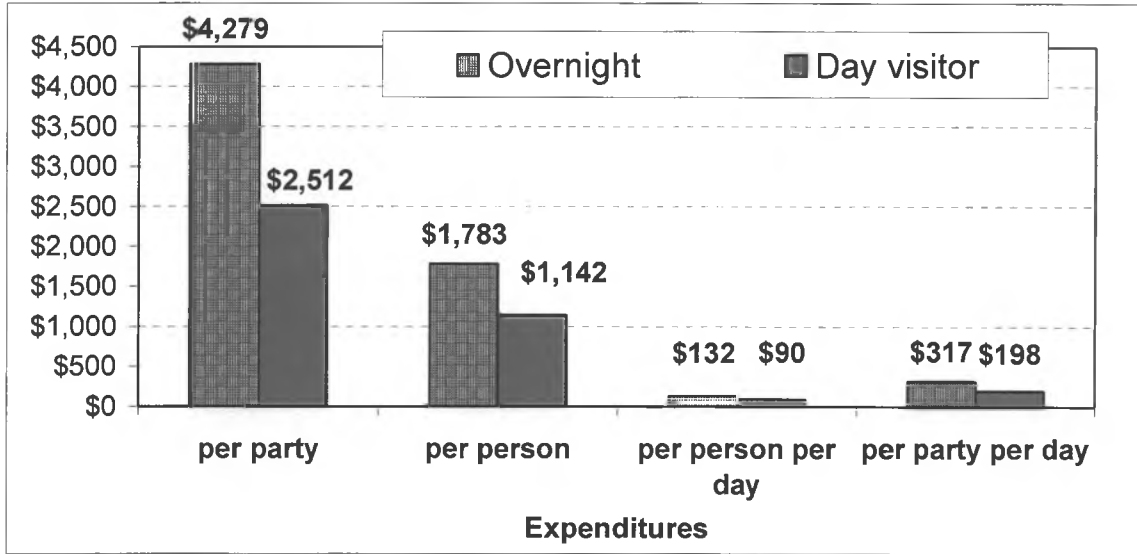
**Table 2. Expenditures by Denali National Park and Preserve overnight and day Visitors, Summer 2006**

<b>Persons who visit Denali National Park</b>		
<b>In-State Expenditures</b>	<b>Overnight</b>	<b>Day visitor</b>
Total Alaska per party	\$4,279	\$2,512
Total Alaska per person	\$1,783	\$1,142
Total Alaska per person per day	\$132	\$90
Total Alaska per party per day	\$317	\$198
<b>Expenditures per party by location</b>		
<b>Denali-Healy-Cantwell average</b>		
Lodging	\$180	\$0
Tours	\$156	\$61
Gifts/Souvenirs/Clothing	\$62	\$14
Food-beverages	\$84	\$14
Rental cars-fuel-transp.	\$28	\$6
other	\$60	\$0
Total	\$569	\$96
Portion total Alaska trip expenditures	13%	4%
Denali per party per day exp.	\$196	\$96
Half day increase	\$98	\$48
<b>Talkeetna average</b>		
Lodging	\$93	\$158
Tours	\$147	\$75
Gifts/Souvenirs/Clothing	\$36	\$30
Food-beverages	\$60	\$77
Rental cars-fuel-transp.	\$13	\$125
other	\$0	\$12
Total	\$349	\$476
Portion total Alaska trip expenditures	8%	19%
<b>Palmer-Wasilla average</b>		
Lodging	\$60	\$55
Tours	\$14	\$6
Gifts/Souvenirs/Clothing	\$17	\$31
Food-beverages	\$54	\$62
Rental cars-fuel-transp.	\$71	\$60
other		\$0
Total	\$216	\$213
Portion total Alaska trip expenditures	5%	8%
<b>Anchorage</b>		
Lodging	\$267	\$265
Tours	\$52	\$74
Gifts/Souvenirs/Clothing	\$118	\$101
Food-beverages	\$140	\$168
Rental cars-fuel-transp.	\$396	\$376
other	\$91	\$157
Total	\$1,063	\$1,141
Portion total Alaska trip expenditures	25%	45%

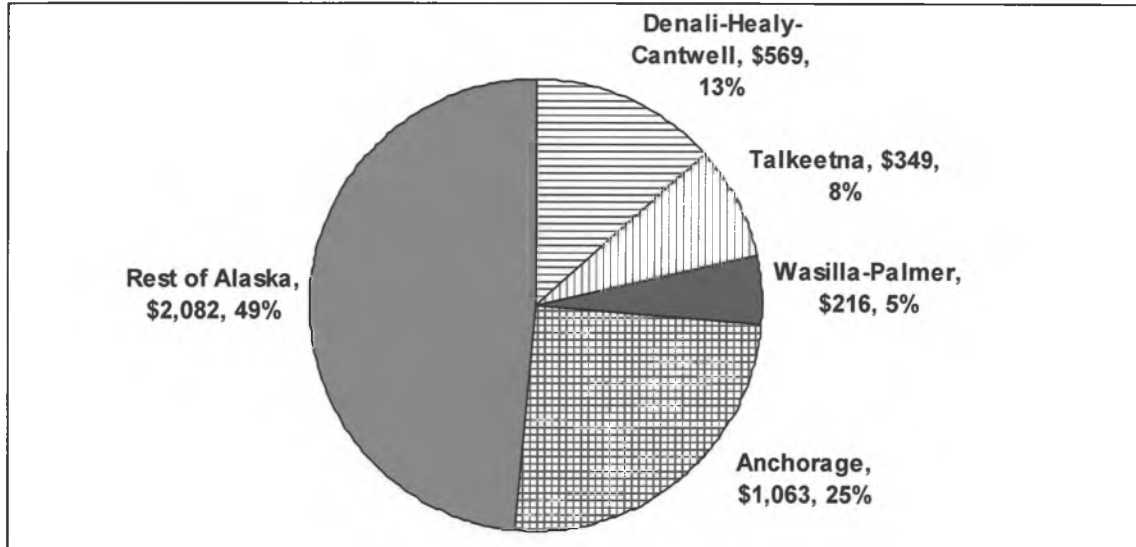
Source: Alaska Department of Commerce, Community and Economic Development, Alaska Visitor Statistics Program V, data file, 2007.

Notes: These are per party expenditures for surveyed non-resident Visitors who visited Denali NP during summer 2006.

**Figure 1. Alaska in-state expenditures by Denali National Park and Preserve Visitors, Summer 2006**



**Figure 2. Distribution of Alaska in-state per-party expenditures by Denali National Park and Preserve Visitors, Summer 2006**



**Alaska Resident Travel**

The Alaska Resident Statistics Program collected data on **trips** by Alaska residents and on activity patterns while traveling. The ARSP is a new program and the full raw dataset was not available for use in this study. Instead, we obtained data on total trips to the Mat-Su Borough made by people living outside the borough. We also obtained data on what activities were pursued during these trips.



actual outcome is likely to be a mixture of these attributes falling somewhere along the spectrum bracketed by the medium and high scenarios.

High and medium scenarios represent:

- Projected shifts in the numbers of non-resident Visitors;
- Incremental changes in these Visitors' expenditures;
- National Park Service visitor center staffing;
- Public construction of the new visitor facilities in the Plan, as well as private construction spending for additional accommodations and other businesses to support increased visitation.
- Shifts in Alaska resident travel and spending from other Alaska regions and to Mat-Su

### ***Current Status Scenario***

**Construction.** Under this scenario, **no new facilities** are constructed.

**Visitor Center Staffing.** Under this scenario, there are **no changes** in the number of NPS employees.

**Nonresident Visitors.** This scenario assumes there are **no changes** in the number of visitors, their length of stay, or their expenditures in Alaska. Total visitor expenditures and underlying expenditure growth trends would remain the same as they currently are.

**Alaska resident travel.** This scenario assumes **no change** in net visitation patterns to the Mat-Su Borough by residents of other regions. Underlying growth commensurate with population growth will continue.

### ***Medium Scenario***

**Construction.** The South Denali Visitor Center at Curry Ridge is built at a cost of \$28.1 million. The construction costs are divided one third each among construction wages/labor, materials, and project management. The labor and project management dollars would be paid to Alaskans while the materials portion would largely be spent on materials produced out of state. Even if materials are purchased from an Alaska firm, that firm purchases them from out of state and most of the dollars leave Alaska. For modeling purposes, it is assumed 70% of the total construction expenditure stays in Alaska and 30% is spent out of state. There are sufficient and adequately skilled construction companies based in the Mat-Su or with laborers living in the Mat-Su to assume that all construction wages paid would go to Mat-Su residents. For the project management third, 75% is paid to Mat-Su companies and 25% to Anchorage companies.

**Visitor Center Staffing.** Under this medium scenario, it is also assumed that the NPS receives a budget increase to fund additional NPS employees in the new visitor center (\$551,000). As a result, employment and wages for new visitor center staff is a net increase in wages paid to employees residing in the Mat-Su Borough. There is no loss of NPS wages to the Denali Borough.

**Non-resident Visitors.** The medium scenario assumes that 1) the current number of Visitors increase their length of stay and expenditures in Alaska and 2) there are also changes in the number of Visitors as a result of the additional facilities and activities offered at the new visitor center. Based on discussions with tour operators, cruise line, and backcountry visitor representatives, we assume that the increases in visitation are proportional across market sectors (cruise, domestic air, highway/ferry).

According to AVSP V summer visitor intercept data, approximately 28% of Alaska Visitors currently overnight at Denali NP area, spending 2.9 days. Another 5% do day visits. **In this medium scenario, we assume that 10% of these Denali Visitors spend an additional half day in the Denali area (mostly on the South side) and their expenditures therefore increase by half of their average per person per day: a \$66 increase for overnight Visitors and a \$45 increase for day Visitors.** These assumptions result in a total of \$3.4 million in increased expenditures by overnight Visitors and a \$366,700 increase in expenditures by day Visitors. This increased spending is allocated 75% to the Mat-Su Borough and 25% to the Interior region north of the borough.

In addition to the extra time spent by current visitors, we assume that there is an increase in the number of people on cross Gulf of Alaska cruises who take land tours. Approximately 350,000 visitors took cruises that crossed the Gulf in 2007. Of these, approximately 175,000 to 200,000 took Denali NPP land tours. According to cruise company representatives, the new opportunities and tours that would be developed to take advantage of the visitor center would increase the portion of cross Gulf cruise passengers taking land tours. We assume each passenger spends two nights and three days on these tours, based on interviews with industry representatives. **Under the medium scenario, we assume that the Denali land tour subsector of the cross-gulf cruise market grows by 10 percent, or 20,000 additional tours of 3 days + 2 nights each.** This results in a \$7.9 million increase in visitor spending from cruise land tours. This spending is allocated 80% to the Mat-Su Borough and 20% to Anchorage.

The grand total net increase in Visitor expenditures under the medium scenario is \$11.7 million (extended stay plus new cruise tours).

**Alaska resident travel.** In this medium scenario we assume that the baseline number of visits for hiking, camping, wildlife viewing, and snowmachining is about 630,000. Each visit is assumed to generate one person-day of activity. In this scenario we assume that this number **increases by 5%** as a result of South Denali facilities and that each additional person-day generates an additional \$28 of spending within the Mat-Su Borough. This figure is based on the ISER 1993 Angler expenditure survey data adjusted for inflation. The total increase in direct spending within the Mat-Su Borough is \$880,500. This increase represents a shift in spending by Alaskans within Alaska and is not included when measuring statewide impacts.

## **High Scenario**

**Construction.** The South Denali Visitor Center at Curry Ridge plus other Parks Highway and Petersville Road enhancements are built for a total cost of \$46.1 million. The allocation of this spending is the same as in the medium scenario: 70% of the total construction expenditure stays

in Alaska and 30% is spent out of state. All direct construction wages would go to Mat-Su residents. For the project management third, 75% is paid to Mat-Su companies and 25% to Anchorage companies.

It is also assumed that 75 additional hotel rooms are constructed to handle the increased cruise-tour visitor nights. At \$200,000 per hotel room, this adds \$15 million to construction expenditures. These are similarly proportioned to the visitor center construction pattern of one third each to labor/wages, material and construction management.

Finally, in this scenario \$15 million is also assumed to be spent in the local area, at one or more small development nodes, on 40-60 additional hotel rooms (in addition to the 75 above); approximately 4 eating establishments, and approximately one gasoline station.

**Visitor Center Staffing.** Under this scenario, it is also assumed that the NPS receives a budget increase to fund additional NPS employees in the new visitor center (\$551,000). As a result, employment and wages for new visitor center staff is a net increase in wages paid to employees residing in the Mat-Su Borough. There is no loss of NPS wages to the Denali Borough.

**Non-resident Visitors.** The high scenario includes the same types of impacts as the medium scenario. However, in this high scenario, we assume that **20% of all current Denali visitors spend an additional full day in the Denali area and their expenditures increase by the average per person per day expenditure: A \$132 increase for overnight visitors and a \$90 increase for day visitors.** These assumptions result in a total of \$15.0 million in increased Visitor expenditures. This increase is allocated 100% to the Mat-Su Borough.

As in the medium scenario, we assume that there is an increase in the number of people on cross Gulf of Alaska cruises who take land tours. In 2007 approximately 350,000 people did the Gulf crossing and approximately 175,000 to 200,000 took Denali NP land tours. Based on information from cruise line officials, we assume that in the high scenario **there will be a 20% increase in these tours** because of the new opportunities and new tours developed to take advantage of the visitor center. We assume each tour customer spends two nights and three days. This results in a \$15.9 million increase in visitor spending from cruise land tours. This spending is allocated 80% to the Mat-Su Borough and 20% to Anchorage.

The grand total net increase in Visitor expenditures under the high scenario is \$30.9 million (extended stay plus new cruise tours).

**Alaska resident travel.** In the high scenario we assume that the baseline number of visits for hiking, camping, wildlife viewing, and snowmachining is 848,000. Each visit is assumed to generate 1.5 person-days of activity. In this scenario we assume that this number **increases by 10% as a result of South Denali facilities and that each additional person-day generates an additional \$100 of spending** within the Mat-Su Borough. This \$100 figure is based on the AVSP spending patterns used above (\$132 / person / day) with adjustments to reduce the amounts spent on commercial tours and gifts and to increase the amount spent on motor fuel. The result of these assumptions is a projected \$12.7 million increase in direct spending within

the Mat-Su Borough. This increase represents a shift in spending within Alaska and is not included when measuring statewide impacts.

Tables 4 and 5 provide a summary of these scenario assumptions. Table 4 highlights the major assumptions in each scenario. Table 5 shows the assumed increases in non-resident Visitor spending in more detail.

**Table 4. South Denali economic impact scenarios**

	Current	Medium	High
<b>New facilities</b>	None	Curry Ridge Visitor Center	Curry Ridge Visitor Center plus Parks Highway and Petersville Road enhancements
<b>Construction spending</b>	\$0.0	\$28.1 million	\$46.0 million
One-third each labor, management and materials; labor to Mat-Su residents; 90% project management 75% Mat-Su and 25% Anchorage materials out of state			
<b>New hotel room construction</b>	None	None	\$30 million for new accommodations & other businesses; spending distributed similar to visitor center construction
<b>Visitor center staffing</b>	No new \$\$	\$551,000; net increase in NPS wages paid to staff residing in Mat-Su Borough	\$551,000; net increase in NPS wages paid to staff residing in Mat-Su Borough
<b>Nonresident Visitors</b>	No change	Net increase: 10% all visitors 1/2 day longer; 10% increase 3-day, 2-night land tours	Net increase: 20% all visitors 1 day longer; 20% increase in 3-day, 2-night land tours
<b>Alaska resident direct spending in MatSu</b>	No change	\$880,500 additional	\$12.7 million additional
<b>Distribution of direct increase in visitor spending:</b>			
Extended length of stay	No net increase in visitor spending	25% Denali, 75% Mat-Su	100% Mat-Su
New land tours	No change	20% Anchorage, 80% Mat-Su	20% Anchorage, 80% Mat-Su

**Table 5. Net increase in direct expenditures by nonresident Visitors to Denali National Park and Preserve, medium and high scenarios**

	Baseline (2006)		Medium scenario		High scenario	
	Overnight	Day	Overnight	Day	Overnight	Day
<b>Longer visits:</b>						
Baseline Visitors	512,543	81,575	512,543	81,575	512,543	81,575
Additional Visitor-days	0	0	25,627	4,079	102,509	16,315
Additional spending per Visitor-day			\$132	\$90	\$132	\$90
Additional Visitor spending			\$3,384,554	\$366,650	\$13,538,217	\$1,466,598
<b>Total additional spending from longer visits</b>			<b>\$3,751,204</b>		<b>\$15,004,815</b>	
<b>Additional cruise land tour activity:</b>						
Number of additional 3-day, 2-night tours			20,000		40,000	
Additional spending per tour			\$396		\$396	
<b>Total additional spending from more tours</b>			<b>\$7,924,151</b>		<b>\$15,848,301</b>	
<b>**Grand total additional Visitor spending</b>			<b>\$11,675,354</b>		<b>\$30,853,116</b>	
<b>Location of spending:</b>						
Denali Borough			\$937,801		\$0	
Mat-Su Borough			\$9,152,723		\$27,683,456	
Anchorage Municipality (20% of tour \$)			\$1,584,830		\$3,169,660	
Total			\$11,675,354		\$30,853,116	

Source: Alaska Department of Commerce, Community and Economic Development, Alaska Visitor Statistics Program V, data file, 2007; industry interviews; ISER estimates.

## Results

### *Mat-Su Borough and Alaska Impacts*

Table 6 (p. 20) summarizes the economic effects of these scenarios for the Mat-Su Borough. Table 7 (p. 21) shows the statewide effects. The following general points should be noted. Construction-related impacts are temporary. However, in the medium and high scenarios more permanent jobs are generated in visitor services than in the construction efforts.

Tables 8 (p. 22) and 9 (p. 23) show summaries of total impacts for the Mat-Su Borough and Alaska, respectively, with a side-by-side comparison of results across scenarios. For example, the employment gain in the Mat-Su Borough due to ongoing nonresident Visitor spending varies from 0 in the base case to 484 jobs in the high scenario.

In some categories impacts to Alaska are greater than impacts to the Mat-Su Borough. The key example of this is nonresident Visitor spending impacts. Some of these impacts occur in Anchorage or other Alaska regions outside the Mat-Su Borough, so total Alaska impacts are greater than Mat-Su impacts.

In other categories Mat-Su Borough impacts are greater. The most important example of these is spending by Alaska residents traveling to the Mat-Su Borough and spending more money there.

This spending is a displacement of purchases by Alaskans that would otherwise be made in other regions of the state and hence does not add to the overall Alaska impact.

**Table 6. Summary of direct, indirect and induced impacts of the South Denali Implementation Plan on the Mat-Su Borough (\$ million per yr or average annual employment)**

		Direct	Indirect	Induced	Total
<b>Current Status Scenario</b>		0.0	0.0	0.0	0.0
<b>Medium Scenario</b>					
<b>Construction</b>					
<b>Parks Hwy Visitor Center</b> <i>(per year for 3 years)</i>	Expenditures	9.4	1.1	2.7	13.2
	Employment	80	11	28	119
	Labor Income	5.1	0.5	0.8	6.4
<b>Visitor Spending*</b> <i>(ongoing, nonresidents)</i>	Expenditures	8.2	1.4	2.0	11.5
	Employment	123	15	21	159
	Labor Income	3.6	0.5	0.6	4.7
<b>Alaska Resident Spending</b> <i>(ongoing)</i>	Expenditures	0.9	0.2	0.2	1.2
	Employment	12	2	2	16
	Labor Income	0.3	0.1	0.0	0.4
<b>Visitor Center Staffing</b> <i>(ongoing)</i>	Expenditures	0.9	0.1	0.3	1.3
	Employment**	23	1	3	27
	Labor Income	0.6	0.0	0.1	0.7
<b>High Scenario</b>					
<b>Construction</b>					
<b>Parks Hwy Visitor Center</b> <i>(per year for 3 years)</i>	Expenditures	15.3	1.6	4.4	21.4
	Employment	130	17	46	193
	Labor Income	8.3	0.7	1.3	10.4
<b>New Hotel Rooms &amp; other business construction</b> <i>(per year for 2 years)</i>	Expenditures	15.0	2.0	4.7	21.7
	Employment	140	22	48	210
	Labor Income	8.7	0.9	1.4	11.0
<b>Visitor Spending*</b> <i>(ongoing, nonresidents)</i>	Expenditures	24.7	4.1	6.0	34.8
	Employment	370	46	62	478
	Labor Income	10.9	1.4	1.8	14.2
<b>Alaska Resident Spending</b> <i>(ongoing)</i>	Expenditures	8.5	1.6	1.7	11.8
	Employment	146	18	18	182
	Labor Income	3.1	0.5	0.5	4.1
<b>Visitor Center Staffing</b> <i>(ongoing)</i>	Expenditures	0.9	0.1	0.3	1.3
	Employment**	23	1	3	27
	Labor Income	0.6	0.0	0.1	0.7

\*\* Direct employment of visitor center staffing is seasonal jobs

Source: ISER IMPLAN model runs based on scenarios described in text.

**Table 7. Summary of direct, indirect and induced impacts  
of the South Denali Implementation Plan on Alaska  
(\$ million or average annual employment)**

		Direct	Indirect	Induced	Total
<b>Current Status Scenario</b>		0.0	0.0	0.0	0.0
<b>Medium Scenario</b>					
<b>Construction</b>					
<b>Parks Hwy Visitor Center</b> <i>(per year for 3 years)</i>	Expenditures	9.4	2.3	3.5	15.1
	Employment	69	14	32	114
	Labor Income	4.9	0.7	1.1	6.7
<b>Visitor Spending</b> <i>(ongoing, nonresidents)</i>	Expenditures	10.4	2.6	3.4	16.3
	Employment	149	22	31	202
	Labor Income	4.8	0.8	1.1	6.7
<b>Alaska Resident Spending</b> <i>(ongoing)</i>	Expenditures		No impact because total		
	Employment		spending within Alaska		
	Labor Income		remains constant.		
<b>Visitor Center Staffing</b> <i>(ongoing)</i>	Expenditures	0.9	0.2	0.4	1.4
	Employment**	23	2	3	28
	Labor Income	0.6	0.1	0.1	0.7
<b>High Scenario</b>					
<b>Construction</b>					
<b>Parks Hwy Visitor Center</b> <i>(per year for 3 years)</i>	Expenditures	15.3	3.8	5.7	24.8
	Employment	112	21	51	185
	Labor Income	8.0	1.1	1.8	10.9
<b>New Hotel Rooms &amp; other business construction</b> <i>(per year for 2 years)</i>	Expenditures	15.0	3.0	5.8	23.9
	Employment	118	24	53	195
	Labor Income	8.2	1.2	1.8	11.2
<b>Visitor Spending</b> <i>(ongoing, nonresidents)</i>	Expenditures	27.5	6.8	8.9	43.2
	Employment	394	57	81	532
	Labor Income	12.7	2.2	2.8	17.6
<b>Alaska Resident Spending</b> <i>(ongoing)</i>	Expenditures		No impact because total		
	Employment		spending within Alaska		
	Labor Income		remains constant.		
<b>Visitor Center Staffing</b> <i>(ongoing)</i>	Expenditures	0.9	0.2	0.4	1.4
	Employment**	23	2	3	28
	Labor Income	0.6	0.1	0.1	0.7

\*\* Direct employment of visitor center staffing is seasonal jobs

Source: ISER IMPLAN model runs based on scenarios described in text.

**Table 8. Summary of economic impacts of the  
South Denali Implementation Plan on the Mat-Su Borough  
(\$ million per yr or average annual employment)**

	Scenario		
	Current	Medium	High
<b>Employment (avg annual jobs)</b>			
<b>Construction (2-3 years)</b>	<b>0.0</b>	<b>119</b>	<b>403</b>
<b>Ongoing Activity, total</b>	<b>0.0</b>	<b>184</b>	<b>669</b>
Visitor center staffing*	0.0	9	9
Nonresident Visitor spending	0.0	159	478
Alaska resident traveler spending	0.0	16	182
<b>Income (\$ million per yr)</b>			
<b>Construction (2-3 years)</b>	<b>0.0</b>	<b>6.4</b>	<b>21.3</b>
<b>Ongoing Activity, total</b>	<b>0.0</b>	<b>5.8</b>	<b>19.0</b>
Visitor center staffing*	0.0	0.7	0.7
Nonresident Visitor spending	0.0	4.7	14.2
Alaska resident traveler spending	0.0	0.4	4.1
<b>Expenditures / Output (\$ million per yr)</b>			
<b>Construction (2-3 years)</b>	<b>0.0</b>	<b>13.2</b>	<b>43.0</b>
<b>Ongoing Activity, total</b>	<b>0.0</b>	<b>14.0</b>	<b>47.9</b>
Visitor center staffing*	0.0	1.3	1.3
Nonresident Visitor spending	0.0	11.5	34.8
Alaska resident traveler spending	0.0	1.2	11.8

\*Visitor center avg annual employment converted from previous tables assuming positions are 4 mos/yr

Source: ISER IMPLAN model runs based on scenarios described in text.

**Table 9. Summary of economic impacts of the  
South Denali Implementation Plan on Alaska**

	Scenario		
	Current	Medium	High
<b>Employment (avg annual jobs)</b>			
Construction (2-3 years)	0.0	114	380
<b>Ongoing Activity, total</b>	<b>0.0</b>	<b>211</b>	<b>542</b>
Visitor center staffing*	0.0	9	9
Nonresident Visitor spending	0.0	202	532
Alaska resident traveler spending	0.0	0	0
<b>Income (\$ million per yr)</b>			
Construction (2-3 years)	0.0	6.7	22.1
<b>Ongoing Activity, total</b>	<b>0.0</b>	<b>7.4</b>	<b>18.4</b>
Visitor center staffing*	0.0	0.7	0.7
Nonresident Visitor spending	0.0	6.7	17.6
Alaska resident traveler spending	0.0	0	0
<b>Expenditures / Output (\$ million per yr)</b>			
Construction (2-3 years)	0.0	15.1	48.7
<b>Ongoing Activity, total</b>	<b>0.0</b>	<b>17.8</b>	<b>44.6</b>
Visitor center staffing*	0.0	1.4	1.4
Nonresident Visitor spending	0.0	16.3	43.2
Alaska resident traveler spending	0.0	0	0

\*Visitor center avg annual employment converted from previous tables assuming positions are 4 mos/yr

Source: ISER IMPLAN model runs based on scenarios described in text.

## ***Potential Business Development in Local Area***

The local area for this analysis is defined as the highway corridor from the northern border of Denali State Park to Trapper Creek and the Y and including Talkeetna. As a result of the implementation of the South Denali Plan, the industry sectors that potentially experience the most growth include automobile rental, sightseeing and ground transportation, hotels and accommodations, eating and drinking places, recreation and amusement establishments, general retail outlets and gas stations. With the exception of auto rentals, these are also the businesses that could potentially be developed in the local area.

Table 10 (p. 25) shows the approximate number of additional businesses of “average” size that could potentially be supported by this new spending in the medium and high scenarios. While the Table 10 results are based on total spending within the Borough, it is reasonable to assume that new establishments would be concentrated in the local area at one or more development nodes close to the new facilities.

To estimate additional accommodations demand, we converted spending per establishment into spending per room using the average establishment size of 13 rooms. This yields a demand for 234 additional rooms. The 75 rooms estimated to be added to accommodate new cruise tour visitors would address approximately one-third of these potential additional rooms; the planned 100 campground spaces would also be available to address the need for new overnight accommodations. This leaves a potential opportunity for approximately 40 to 60 additional rooms. Some of this additional demand would probably be served by additional business at existing Bed and Breakfast establishments or the conversion of some properties into B&B establishments. Combining all of this information yields our estimate that between 115 and 135 additional hotel rooms would be built in the high scenario.

In addition to accommodations, food and drinking places would potentially also be needed. Based on a similar analysis of how much revenue is required to support one establishment, we assume four new eating and drinking establishments under the high scenario and one new gas station mini-mart. In total, we have added an additional \$15 million of new construction of additional overnight accommodations, restaurants and a gas station for the high scenario. No additional construction is included in the medium scenario as the increased expenditures under that scenario most likely would be captured by existing businesses. As previously noted, the two scenarios bracket a range of plausible outcomes.

Estimated local area economic impacts are shown in the Table 11 (p. 26). We have estimated these impacts as a percentage of the corresponding total Mat-Su Borough economic impacts.<sup>9</sup> We assume that 80% of construction and visitor center staffing jobs and 50% of additional tourism-driven jobs occur in the local area. We assume that 25% of the total income associated with these jobs – including income from multiplier effects -- accrues to local area residents.

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<sup>9</sup> The local area economy is too sparse to be treated as a separate region within the input-output model.

**Table 10. Direct, indirect and induced output impacts of visitor expenditures and potential additional establishments in the Mat-Su Borough, medium and high scenarios**

Industry	Additional Economic Output (\$)				Current Mat-Su Total Output (\$)	%	Business Establishments		
	Direct	Indirect	Induced	Total			Current Mat-Su number	Output per establishment	Potential additional
<b>High Scenario</b>									
Automotive rental & leasing	312,267	1,519	1,973	315,759	352,000	90%	5	70,400	4
Scenic & sightseeing transportation	7,789,138	188,199	24,291	8,001,628	13,195,000	61%	9	1,466,111	5
Hotels and motels	12,009,794	90,824	101,736	12,202,354	41,608,000	29%	63	660,444	18
Other amusement & recreation	1,402,361	2,743	40,326	1,445,430	6,077,000	24%	32	189,906	8
Food & drinking places	7,772,862	96,594	449,646	8,319,101	68,857,000	12%	122	564,402	15
Travel reservations	0	371,490	20,330	391,820	6,792,000	6%	--	--	--
Miscellaneous store retailers	574,277	7,124	50,726	632,127	13,302,000	5%	32	415,688	2
Gasoline stations	1,158,753	14,902	91,143	1,264,798	31,209,000	4%	23	1,356,913	1
<b>Medium Scenario</b>									
Automotive rental & leasing	99,405	435	539	100,379	352,000	29%	5	70,400	1
Scenic & sightseeing transportation	2,473,560	57,849	6,641	2,538,050	13,195,000	19%	9	1,466,111	2
Other amusement & recreation	754,914	592	11,027	766,533	6,077,000	13%	32	189,906	4
Hotels and motels	2,958,873	22,974	27,823	3,009,670	41,608,000	7%	63	660,444	5
Food & drinking places	1,462,948	23,420	122,957	1,609,325	68,857,000	2%	122	564,402	3
Miscellaneous store retailers	204,030	1,861	13,880	219,771	13,302,000	2%	32	415,688	1
Travel reservations	0	92,845	5,559	98,404	6,792,000	1%			
Gasoline stations	351,428	3,894	24,941	380,263	31,209,000	1%	23	1,356,913	0

Source: Economic impacts and current business activity from ISER IMPLAN projections; # of establishments from Alaska Department of Labor and Work Force Development, 2006 earnings and employment data.

**Table 11. Summary of economic impacts of the South Denali Implementation Plan on the local area\***

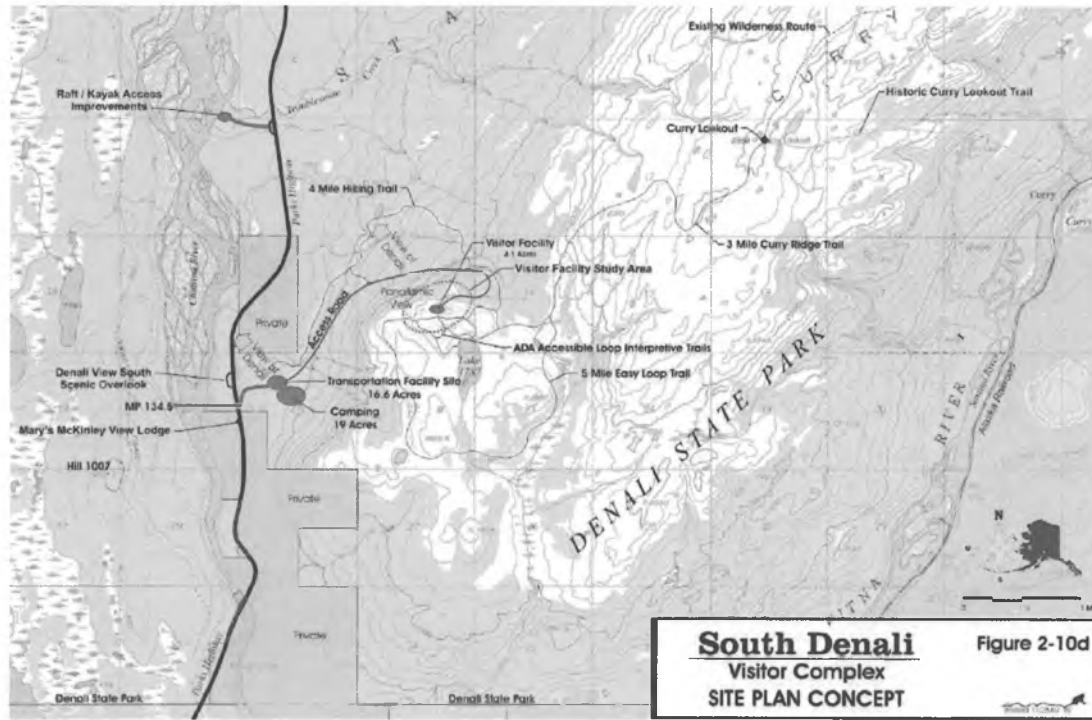
	Total Mat-Su impact		% of total in local area	Local area impact	
	Medium	High		Medium	High
<b>Employment (avg annual jobs)</b>					
<b>from Construction (2-3 years)</b>					
Visitor Facilities in the Plan	119	193	80%	95	154
Hotel rooms & other business construction	0	210	80%	0	168
<b>from Ongoing Visitor Spending</b>					
Visitor center staffing	9	9	80%	7	7
Nonresident Visitor spending	159	478	50%	79	239
Alaska resident traveler spending	16	182	50%	8	91
<b>Income (\$ million per yr)</b>					
<b>from Construction (2-3 years)</b>					
	6.4	21.3	25%	1.6	5.3
<b>from Ongoing Activity</b>					
Visitor center staffing	0.7	0.7	25%	0.2	0.2
Nonresident Visitor spending	4.7	14.2	25%	1.2	3.5
Alaska resident traveler spending	0.4	4.1	25%	0.1	1.0
<b>New business development (# built)</b>				<b>Local area impact</b>	
(impacts of this new development are included above)				<b>Medium</b>	<b>High</b>
<b>New hotel rooms</b>				(existing business expands)	<b>115-135</b>
<b>New restaurants</b>					<b>4</b>
<b>New gas station mini-marts</b>					<b>1</b>

\*Local Area is defined as highway corridor from the northern border of Denali State Park to Trapper Creek and the Y and including Talkeetna

Source: Mat-Su Borough total impacts from ISER IMPLAN model runs based on scenarios described in text. Allocations of impacts to local area are authors' assumptions.



**Map 2. Curry Ridge Visitor Center site plan concept**



[Home](#)[Current Status](#)[History](#)[Final Master  
Interpretive  
Plan](#)[Documents](#)[Photo Gallery](#)[Contact Information](#)[Join Here!](#)

## South Denali History

[The '70s](#)[The '80s](#)[The '90s](#)[EIS Process 2004-2006](#)[Intrepretive Plan Public Meetings \(2007\)](#)

In general, there has been a shared vision among public land managers in the south Denali region that the south side of Denali should receive greater use and development for visitors. However, the issues related to such development have historically generated extensive public controversy.



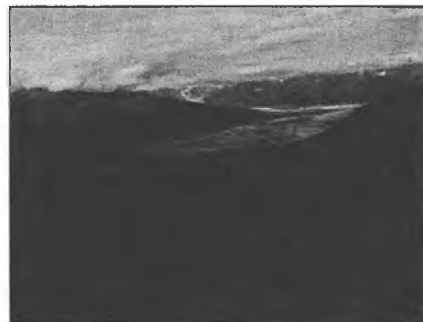
### The '60s and '70s

In 1968 the U.S. and Alaska Departments of Commerce proposed a facility at Chulitna Pass. That was followed by a 1969 proposal by the National Park Service and the Alaska Division of Tourism for a facility on South Curry Ridge (NPS 1969). The location at Chulitna, which is only 70 miles from the main entrance of Denali National Park, and lack of existing infrastructure at both sites made these projects unappealing to many people. Neither proposal materialized, though the designation of Denali State Park in 1970 was intended to provide the land base and protections needed for a major public tourism facility (Cresap, McCormick, and Paget; 1968).

In 1974 Alaska State Parks proposed a lodge, visitor center, park headquarters, and a downhill ski area at Byers Lake (Alaska State Parks, 1974 and 1975). This project was actually let out for competitive proposals and a contract was awarded; however, the successful bidder never seriously pursued the project.

### The '70s

The concept of locating recreation facilities in the Peters Hills emerged from a study undertaken by the state in 1970 to explore ways to increase the role of tourism in the Alaskan economy. One of the study recommendations was the construction of a hotel in the south Denali area. Bradford Washburn, the director of the Boston Museum of Science and world renown Mount McKinley cartographer and photographer, recommended that visitor facilities be constructed at a site south of the Tokositna River (Environmental Investigation and Site Analysis – Tokositna, Denali State Park, 1980).



In 1972, U.S. Senator Mike Gravel urged the state and the federal government to jointly study the feasibility of locating visitor facilities in the south Denali area. In 1973, the Mount McKinley National Park master plan recommended an expansion of the park boundary to the south and a shift of visitor attention and facilities to the south side. The 1975 Denali State Park master plan recommended the addition of the Tokositna study area to the state park for the development of visitor and recreation facilities.

In 1976, the state legislature added to the state park the land that comprises the study area (Environmental Investigation and Site Analysis – Tokositna, Denali State Park,

1980).

Following these two events, State Senator Patrick Rodey and Representative Clark Gruening, with the strong support of Senator Gravel, sponsored the passage of two appropriation bills in the 1978 legislature. One bill appropriated \$310,000 to the Alaska Department of Natural Resources to investigate the feasibility of constructing a lodge and visitor center complex at Tokositna, and the second bill appropriated \$85,000 to the Alaska Department of Transportation and Public Facilities to study access to the area. These developments led to a memorandum of understanding, signed in October 1978 by the secretary of the U.S. Department of Interior, the governor of Alaska, and the mayor of the Matanuska-Susitna Borough, to jointly plan visitor facilities and programs in Denali State Park (Environmental Investigation and Site Analysis – Tokositna, Denali State Park, 1980).

In May 1979, the state legislature set up the Tokositna Special Committee, with Senator Gravel, State Senator Rodey, and Commissioner of Natural Resources Robert LeResche as members. The purpose of this committee was to provide direction for the Tokositna project. The vision for this project was a major, year-round tourism and recreation destination that included commercial lodging and a variety of other facilities and services; various outdoor recreation activities including alpine skiing; campgrounds; trailheads; an airstrip; and a Teflon dome enclosure to house many of these facilities. Four reports were produced that deal with the feasibility of developing major recreation facilities at Tokositna: 1) Environmental Investigation and Site Analysis; 2) Market Analysis and Economic Study; 3) Downhill/cross-country Ski and Outdoor Recreation Study; and 4) Transportation Study.

The Environmental Investigation and Site Analysis (1980) analyzed key environmental information about the physical aspects of the Tokositna area. The Market Analysis/Economic Feasibility Study (1979) analyzed the potential in-state and out-of-state visitor use demand. The Skiing Feasibility Analysis (1979) passed a positive judgement on the feasibility of skiing in the south Denali area: "Based upon the scope and quality of terrain the tentatively selected site compares favorably with other successful ski resorts in the U.S., Canada and Europe" (Sno Engineering 1979, p.2). Disadvantages included high development and operating costs, sensitive environmental and wilderness values, conflict with existing mining claims, and unproved technologies with regard to the Teflon dome enclosure.

#### **The '80s**

These studies were followed by a series of site proposals. In 1980 the Alaska Division of Parks and the NPS proposed facilities at the Tokositna site. In 1986 the Denali National Park and Preserve General Management Plan proposed cooperative state, federal, and private development of a visitor center/hotel complex on South Curry Ridge (ADNR and NPS 1986). The plan calls for the development of visitor services and access to the South Denali region to take advantage of the area's dramatically sculptured landscapes and mountain-oriented recreational opportunities, and recommends the project be planned and developed cooperatively with the state of Alaska and with involvement from the private sector.

Three years later the 1989 Denali State Park Master Plan proposed a facility for High Lake in the north end of Denali State Park (ADNR 1989; ADNR 1990). The Master Plan recommends facility construction in the South Denali region because, "Tremendous views of the Mt. McKinley massif and the diversity of surrounding areas make the park an appropriate location for a 'South Denali Visitor Complex'. The visitor complex will provide a focal point and staging area for the Denali State Park interpretive program."

#### **The '90s**

In 1990 CIRI proposed a facility about a mile south of the Talkeetna townsite. Most proposals were rejected because they weren't accessible by road and railroad. Only two points on the main highway system in the south side area offer both railroad access and a good view of Mount McKinley – High Lake and Talkeetna. High Lake was rejected after considerable public opposition and after it was determined to be only

marginally feasible for hotel development.

In October 1990 the Senate Appropriations Committee directed the National Park Service to address visitor facility development in Talkeetna, Denali State Park, and on the south side of Denali National Park. The 1991 report in response to the directive from the Senate Committee on Appropriations concluded that the CIRI site for a Talkeetna Visitor Center would be suitable and economically feasible (DOI NPS 1991).

In 1993, the National Park Service published a Draft South Slope Denali Development Concept Plan/Environmental Impact Statement that proposed two visitor centers: one in Talkeetna on CIRI-owned land, and one along the Parks Highway. The 1993 draft plan did not resolve the controversial issues, so in 1994 at the request of Secretary of the Interior Bruce Babbitt, a Denali Task Force was established to make recommendations on, among other matters, the cooperative management and recreation development of Denali's south side. The task force submitted its final report to the National Park System Advisory Board in December 1994, and the report's recommendations for the south side were adopted by the advisory board without modification (Denali Task Force 1994).

In 1995 the Alaska Visitors Association (AVA) proposed a tram to Alder Point to access south Denali. The AVA recommended further study of a 2-stage aerial tramway at Alder Point extending from the south end of Denali State Park several miles toward, and into, Denali National Park.

In May 1995, south side planning was reinitiated cooperatively by an intergovernmental planning team. Governor Tony Knowles directed the state to take a lead role in this cooperative effort to increase recreation and tourism opportunities on the south side of Denali. The cooperative planning team was comprised of representatives from the National Park Service, State of Alaska, Denali Borough, Matanuska-Susitna Borough, and two Native regional corporations (Ahtna, Inc., and Cook Inlet Region, Inc.). One component of this cooperative endeavor was the preparation of a 1997 South Side Development Concept Plan/Environmental Impact Statement (DCP/EIS). The purposes of the DCP/EIS were to:

Provide opportunities for high quality, resource-based destination experiences and provide information, orientation, and recreation services and facilities convenient to park visitors.

Develop facilities and access in a location and manner that minimizes impacts on resources, local lifestyles, and communities.

Establish working partnerships for funding and phasing development.

Provide access to and a location for interpretation of the special qualities found in Denali National Park and Preserve and Denali State Park, including access to the spectacular alpine landscape on the south side of the Alaska Range.

Offer a range of experiences and opportunities to meet the diverse needs of the traveling public, including information and orientation to the region, and new or improved recreation facilities.

Ensure that, viewed as a whole, facilities and services benefit all visitors, including Alaska residents, independent travelers, and package tour travelers.

Design and develop facilities and access improvements to support public use and understanding of the south side and its outstanding resources.

Establish a research program and identify management needs to guide facility and road development.

Facilitate orderly economic development in the region consistent with resource

protection.

Minimize and mitigate adverse effects on fish and wildlife resources, habitat, cultural resources, local rural quality of life, and existing public land and resource uses, including subsistence uses.

Establish methods, responsibilities, and necessary steps to control unwanted secondary impacts of tourism and to minimize conflicts between different visitor groups.

In compliance with the National Environmental Policy Act of 1969, as amended, the National Park Service was the lead federal agency responsible for the DCP/EIS; the state and the two boroughs were cooperating agencies. The two Native corporations could not serve as cooperating agencies under the National Environmental Protection Act, but were considered planning partners pursuant to ANCSA (P.L. 92-203, Sec. 2(b) and in accordance with National Park Service policy and the Federal Advisory Committee Act.

The revised draft DCP/EIS was filed with the Environmental Protection Agency (EPA) in March 1996 and the final was filed with the EPA in January 1997. The selected alternative in the final DCP/EIS provides for enhanced access and recreational opportunities throughout the south Denali region for a variety of visitors, including Alaskans, independent travelers, and package tour travelers, while at the same time protecting the important resource and community values in the area, including the rural lifestyle of local residents. The DCP/EIS plans visitor facilities for the Tokositna area at the western edge of Denali State Park near the end of an upgraded and extended Petersville Road; in the central development zone of Denali State Park along the George Parks Highway; at Chelatna Lake; and in the Dunkle Hills. Developments would include a visitor center, parking, up to 50 campsites, a picnic area, hiking trails, information and safety signage, and associated facilities.



*The 1997 Record of Decision (ROD) for the DCP/EIS commits the NPS to take all practicable measures to avoid or minimize adverse environmental effects that could result from implementation of the selected action. These measures include conducting cooperative research on the natural and cultural resources and human uses on the south side; protecting sensitive wildlife habitat and activities; protecting, to the extent practicable, wetlands and vegetation; implementing best management practices to protect water quality and surface water resources; implementing measures to reduce soil loss; implementing measures to reduce the potential for human/wildlife conflicts; protecting archeological and historic resources, as necessary; and incorporating sustainable design principles and aesthetics into facility design and siting. Adverse environmental effects also will be minimized by implementing additional land use controls prior to major development and managing recreational and other activities to protect south side resources.*

At the same time, the Matanuska-Susitna Borough finalized the Petersville Road Corridor Management Plan. One of the objectives of the 1998 Matanuska-Susitna Borough Petersville Road Corridor Management Plan (Maps) is to enhance the visitor experience of Petersville Road in conjunctions with facility development in the South Denali region. Recommendations include interpretive panels, informational kiosks, vegetative buffers, and retention of scenic qualities along the road corridor.

These planning processes relied heavily on public input; however, portions of the 1997 plan remained controversial even after substantial modifications were made to address public concerns. To address implementation of the south side plan, in 1997 the Governor of Alaska chartered the South Denali Citizens Consultation Committee, which included representatives from south side communities and interested user groups.

The 1999 South Denali Citizens Consultation Committee Final Report

recommended modifying the development concepts in the South Side Denali Development Concept Plan while remaining consistent with its goals and objectives: to provide resident and visitor facilities throughout the south side of the Alaska Range to meet a wide range of needs and interests of the region's diverse user groups. The committee recommended that a nature center be constructed within the Denali State Park boundary and avoid an extensive upgrade of the Petersville Road through the canyon, thereby minimizing impacts to mining and backcountry uses.

The 2000-2001 Denali National Park Business Plan offers south Denali development as the long-term solution for an alternative tourist destination to Denali National Park and Preserve: "The area offers beautiful views of Mount McKinley and the Alaska Range, glaciers, streams, and much of the impressive array of wildlife for which the Denali Park Road is famous. This alternative visitor destination would be created through partnerships with the state, local communities, and native corporations."

#### **EIS Process 2004-2006**

The National Park Service received a fiscal year '04 Congressional appropriation to develop facilities in the South Denali region, and a Notice of Intent to prepare a South Denali Implementation Plan was published in the Federal Register in February 2004. The South Denali Implementation Plan and EIS were developed between 2004 and 2006 with an exhaustive public involvement process that yielded the preferred alternative of Curry Ridge. This excellent resource is constantly utilized as we move forward with implementation. The second record of decision was signed in 2006 [click here](#) to view a copy of that document.

[Click here](#) for the Scoping Newsletter published in February, 2004.

#### **Interpretive Planning Meetings**

The State of Alaska contracted with Schmeekle Reserve Interpreters from the University of Wisconsin at Stevens Point to prepare an interpretive master plan for the South Denali Visitor Complex. In 2007 the Schmeekle Reserve Interpreters held information gathering sessions in Trapper Creek, Wasilla and Anchorage to record responses to the following questions:

- What stories would you share with an out-of-town visitor? (About your community? About Curry Ridge and this region?)
- What effects do you foresee the South Denali facility having on the region, your community, or Curry Ridge? (Potential benefits? Concerns?)
- How can the South Denali facility be developed to benefit Alaska residents? (specific features of the visitor center/specific features of the site?)
- What/who are some resources that we can investigate or interview to learn more about this area?

The following generalized comments from these meetings provide insight into the vision and concerns of local regional citizens:

- Anticipate and mitigate impacts to the alpine flora and wildlife. Conduct biological inventories and monitor wildlife (important area for bears and moose).
- All development should be sensitive to the viewshed and tranquility of the site and minimize environmental impact. Shuttle to the top strongly supported.
- Avoid "glitter gulch" developments along the Parks Highway.
- Minimize recreational impacts on Curry ridge from trampling and motorized vehicles.
- Provide non-motorized shoulder season and winter use of the facilities and site by

locals and schools.

- Interpret local history (town of Curry, railroad, indigenous Athabaskans, mountaineering, aviation, mining, homesteading, Parks Highway).
- Interpret the ecological and geological history and geomorphology.
- The center and trails will be an important recreational resource for Alaska residents and should be designed to meet their needs as well as out-of-state visitors.

Complete responses from these meetings are recorded in Appendix 2 of the South Denali Visitor Complex Interpretive Master Plan.

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## South Denali Planning - Current Status

**Design Funds Received:** Alaska State Parks received \$3,000,000 from State of Alaska general funds for design of the visitor center facilities. Design work will proceed throughout 2011 and into early 2012.

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The State received an access road right-of-way donation from United Companies Incorporated whose primary shareholder is the Native owned and operated Sea Lion Corporation. This right-of-way gives the State a better access to the South Denali project with less impacts and gentler grades. It also sets the stage for the acquisition of a large portion of a Denali State Park inholding.

Here is an audio file courtesy of KTNA Talkeetna Community Radio of an interview regarding this land donation by UCI.

The State has adequate funding in place to begin development of Phase I of the South Denali project. This will be design and construction of the access road to the base transportation hub and its associated amenities as detailed in the EIS and Master Interpretive Plan.

**Feasibility Report Completed:** The State contracted with the University of Alaska's Center for Economic Development to develop a Feasibility Report for the South Denali Visitor Center Complex. This report consists of a Feasibility Study and an Economic Impacts report.

**National Scenic Byway Grants Awarded:** Alaska State Parks received two National Scenic Byway grants totaling \$1,000,080. The \$80,000 will be used to develop a Master Interpretive Plan for the George Parks National Scenic Byway. The \$1,000,000 is for constructing the visitor contact station portion of the South Denali Visitor Center complex transportation center. This visitor contact station is in close proximity to the Parks Highway.

**Contract Awarded for Road Design Studies:** In 2009, Dowl HKM was awarded the contract for road alignment, geotechnical, and environmental studies to layout the road, base facilities and visitor center area. DOWL HKM will complete this work within the next two years.

**Scenic Corridor Study:** This project will provide a scenic analysis of Matanuska-Susitna Borough and additional public land adjacent to the Parks Highway MP 105 - 132, generally from the Susitna River Bridge to the Chulitna Bridge. The Final Scenic Corridor Study and Study Maps & Recommendations explore options for protecting scenic resources into the future, balanced with other development and Community Use Needs. The study area was selected because of its proximity to Denali State Park and the future South Denali Visitor Center Complex proximity, and because contiguous public land exists along the roadway—including 9,500 acres of MSB land—that creates an opportunity for a "green ribbon" and protection of extensive scenic resources. A large percentage of these lands already are protected under a 1993 scenic buffer agreement, and lands directly to the north have scenic easements as protected under MSB 17.17 Denali SPUD.

**George Parks National Scenic Byway:** The George Parks Highway National Scenic Byway begins just south of the South Denali Visitor Center facility and ends in

Fairbanks. The George Parks Highway Corridor Partnership Plan is complete. The National Scenic Byway status was announced in mid-October. Future efforts could be undertaken to achieve All American Road status.

**LIDAR & Imagery:** Airborne radar was collected and processed to produce 2 foot contours of the study area. Complementary aerial imagery was also collected. Used collectively these provide a powerful planning and design tool for the South Denali facilities.

**Electrical Extension Planning:** Alaska State Parks is funding a design study by Matanuska Electric Association to develop a plan and cost for extending power to mile 134.6 of the Parks Highway. Having electrical power is a critical element for the success of the proposed development.

**Trail Planning:** Trail planning is ongoing with coordination between the Master Interpretive Plan developers and Landscape Architects from Alaska State Parks. This will yield the best possible trails with complete attention to user needs and resource sensitivity.

**Environmental Analysis:** Additional environmental studies will be conducted in the project area. The studies include a historic and archaeological survey and a wetlands delineation.

**Access Road Design:** Alaska State Parks received State funding dedicated to the design and construction of the access road for the South Denali Visitor Center. Data collection, planning, and preliminary design will proceed.

**S.P.U.D:** The Denali State Park Special Land Use District, MSB 17.17, is currently being reviewed by a planning team consisting of Borough staff, residents, local businesses, and interested park users. Changes to the regulations are being considered to ensure compatibility with the revised DSP Master Plan, and the recommendations in the South Denali Implementation Plan and EIS. For more information, contact Eileen Probasco, Mat-Su Borough Chief of Planning at (907) 746-7431.

**Master Interpretive Plan:** Alaska State Parks, with funding from the Matanuska Susitna Borough, contracted with Schmeckle Reserve Interpreters, a consulting team from the University of Wisconsin-Stevens Point to develop and produce a master interpretive plan for a new visitor center complex to be constructed in Denali State Park. The plan will help guide the development of the facility, site, trail systems, and media associated with the visitor center. This plan was amended to include the base transportation center and is now complete. Please click on the link below to view it.



Final Interpretive Master Plan - August 2009

### South Denali Visitor Center Site Location

Refined Visitor Center location near Lake 1787 (Site 2) selected following extensive planning, site surveys and public and agency input, including:

- The Visitor Center area is **geographically separate from the main expanse of Curry Ridge**, thereby reducing the potential visitor impacts on the main ridge. Impacts within the visitor center area can be managed through proper management and design of trails that guide visitors around sensitive areas.

- The concept site proposed in the EIS (Site 1) would require **more extensive vegetation removal** to enhance viewing opportunities.

• The more open mosaic of trees and shrubs at Site 2 improves visibility along trails to **reduce surprise wildlife encounters**, protecting both visitors and local wildlife.

• Site 2 offers a greater **variety of natural features** that through interpretive programming will enhance the visitor's understanding and appreciation for the Denali region, including unique glacial erratics, beaver ponds, rocky knolls, Lake 1787, etc.

• The gentler topography at Site 2 offers **greater accessibility** to visitors of varied physical abilities for activities around the visitor center (nature trails, scenic viewpoints, trails to and around Lake 1787).

This location selection is dependent upon the results of a wetlands delineation, historical and archeological survey, and geotechnical evaluation to ensure that it is suitable for facility development.

This careful site selection of the South Denali Visitor Center supports agency and project goals and is consistent with the *South Denali Implementation Plan and EIS*.

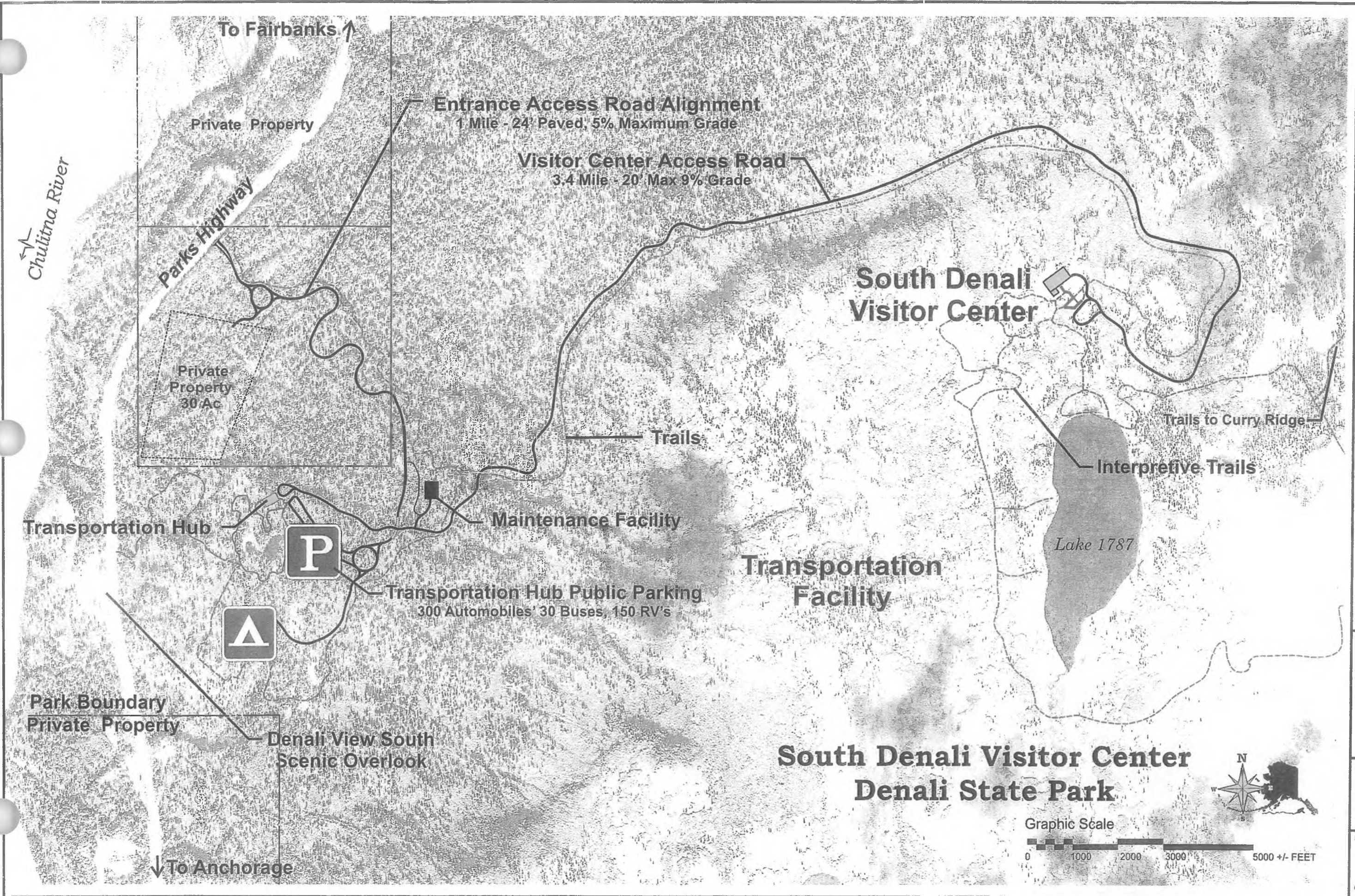
For a map of the proposed visitor center location, [click here](#).

For more information on the site selection please [click here](#).



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**South Denali Visitor Center  
Denali State Park**



PREPARED: BE  
DRAWN: BE  
REVIEWED:  
DATE: 09/15/11

Denali State Park



The proposed South Denali Visitor Complex will...  
*Purpose*

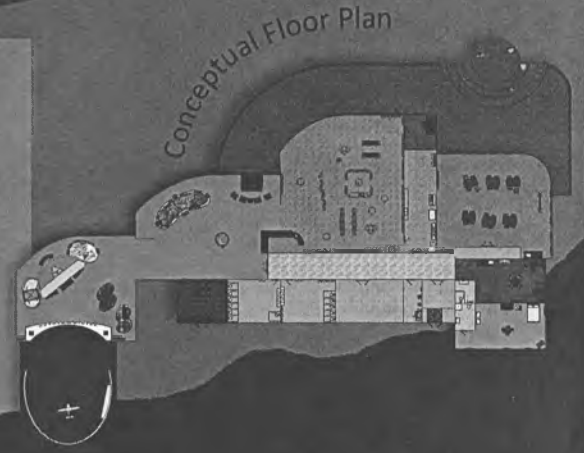


# South Denali

## Visitor Center Complex

A Visitor Center on the Horizon

- Showcase the **natural beauty** of the South Denali Region
- Provide **access** to Denali State Park
- Enhance **outdoor recreation** opportunities
- Educate visitors and residents on the **natural history and ecology** of the area
- Highlight **partnerships** that support the mission of the facility
- Inform visitors of **opportunities** along the Scenic Byway





**N**estled atop the rolling foothills of Curry Ridge, the proposed South Denali Visitor Center will provide an unparalleled visitor experience that offers dramatic views of Mt. McKinley and the Alaska Range, while highlighting the wilderness values of the South Denali Region.

- Provide a quality visitor experience while protecting resource values in the South Denali Region;
- Enhance recreational and access opportunities throughout the South Denali Region for the benefit of a wide variety of visitors including Alaskans, independent travelers, and package tour operators; and
- Develop interpretive components that offer interactive programs, and enhance visitor appreciation of, and connection to the cultural and natural history of the South Denali Region.

Denali State Park Goal

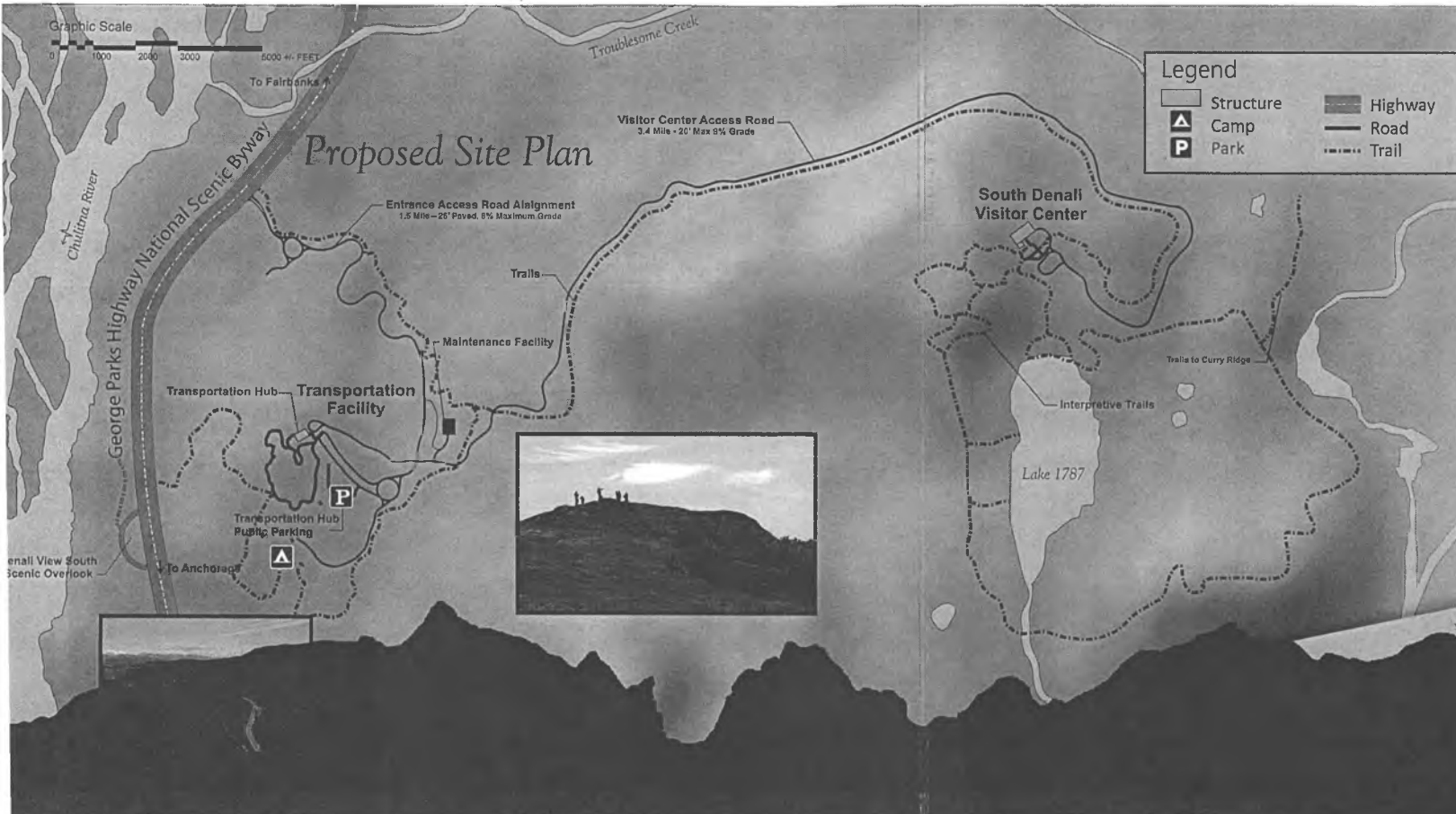
For more information [www.southdenali.alaska.gov](http://www.southdenali.alaska.gov)

January 2012





# Proposed Site Plan



Legend			
	Structure		Highway
	Camp		Road
	Park		Trail

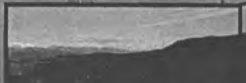


## Phase 1—Years 1 & 2

- Design and construct Visitor Contact Station/Transportation Hub, access road, campground, and interpretive trail system

## Phase 2—Years 3 & 4

- Design and construct Visitor Center, access road, parking area, and interpretive trail system





Denali State Park

Goal

State Park

- Provide a quality visitor experience while protecting resource values in the South Denali Region;
- Enhance recreational and access opportunities throughout the South Denali Region for the benefit of a wide variety of visitors including Alaskans, independent travelers, and package tour operators; and
- Develop interpretive components that offer interactive programs, and enhance visitor appreciation of, and connection to the cultural and natural history of the South Denali Region.

# South Denali

## Visitor Center Complex

A Visitor Center on the Horizon

January 2012

