

Economic Impacts of the Implementation of the Proposed South Denali Visitor Center

Prepared for the State of Alaska, Department of
Natural Resources, Division of Parks and Outdoor
Recreation

By the Center for Economic Development
at the University of Alaska Anchorage

March 2011

This study assesses the direct and indirect economic impacts associated with the proposed plan to develop a visitor center near Curry Ridge in Denali State Park. We project significant temporary and permanent economic impacts related to the proposed South Denali Visitor Center and associated facilities.

Executive Summary

Our study finds substantial temporary and permanent economic impacts associated with the proposed South Denali Visitor Center (Visitor Center). We identify and model the proposed spending activities and use these to project the direct and total economic impacts on the local Matanuska-Susitna Borough as well as the State of Alaska. Direct impacts are generated for spending on construction and operations; total impacts consider both the indirect and induced impacts that arise from the increased spending and employment that generate increased support activities and related businesses and the impacts from increased income/wages that households spend for goods and services.

The study focuses on the region known as “Denali Country” in upper Matanuska-Susitna Borough. This region begins at the Talkeenta Junction on the Parks highway and runs north to the Denali National Park border. We provide an inventory of the existing or baseline visitor facilities and visitation to the region.

We provide construction spending estimates for both the public and private sources. Our study assumes that construction of the proposed South Denali Center will spur significant private development of additional lodging capacity and related visitors’ services in the region. Our study models these impacts on the Matanuska-Susitna Borough, Anchorage, and State of Alaska economy.

Once the facilities are completed and operational, we forecast increases in visitor related direct spending to exceed \$18.4 million annually in the Matanuska-Susitna Borough alone. The total economic impacts for this increased visitation will generate almost \$30 million annually when the indirect and induced impacts are included. It is important to note that these impacts will continue in perpetuity, and will be sustainable or “green.” Tourism has a small environmental impact relative to other development related activities.

Our study updates an earlier analysis by (Colt et al., 2008). Similar to this earlier one, this study models and assesses the impact from several spending scenarios but the present study employs recent visitor data and the recently completed feasibility study for the proposed visitor center. One other important difference between the studies concerns the modeling of the economic impacts. This study assumes a multiplier of 1.62 to project the total-indirect and induced-economic impacts. The earlier study used the IMPLAN input/output to predict the effects on local and regional spending. The multiplier captures the total economic impacts from a direct spending change. For example, increased spending for operations of the visitor center generates direct impacts from increased wages paid to employees and increased contractor services for maintenance. The payments for maintenance and wages to employees create additional purchases by households that in turn generate indirect and induced economic impacts. The multiplier uses these related impacts to capture the total impacts from a given change in economic activity.

Introduction:

Strong tourism growth over the past decade has prompted interest in expanding visitor opportunities in Denali State Park. Our study examines the economic impacts of construction and operation of the proposed South Denali Visitor Center (Visitor Center) to be located east of the Parks Highway at mile post 135.6. As envisioned the Visitor Center, would be a world-class destination with panoramic views of the Alaska Range, Mt McKinley, and Denali State Park. The proposed development would include parking areas, a transportation hub, shuttles to transport visitors to and from the center, and a 16,000 sq ft facility capable of accommodating up to 400 people at a time. Our study updates an earlier study of the proposed Visitor Center by Steve Colt and Nick Szymoniak completed in 2008 (Colt et al.). The current study differs from the earlier one in several key respects: (1) revised visitor data, (2) updated construction costs, and (3) incorporation of the feasibility study of Visitor Center operations.

The economic effects of implementing the proposed development include increased levels of economic activity, particularly in the upper Matanuska-Susitna Borough region. This increased level of economic activity encompasses business growth driven by increased spending for construction of facilities, expansion and growth of businesses that provide visitor related services, and increased employment by the visitor industry and related support businesses. This increase in economic activity occurs primarily from public and private spending for facilities construction, and increases in annual visitor numbers and spending by those visitors. This study considers the following categories of spending:

Construction spending by the State of Alaska

Construction spending by private development to support the increased visitation to the region

Spending for operations costs of the facility

Spending by nonresident visitors

Spending by Alaska residents

An economic impact analysis traces the flows of spending associated with activity in a region to identify changes in income, sales, and jobs due to that economic activity. Our study estimates spending levels for each of these categories and then models the forecasted impacts on the Matanuska-Susitna Borough, Anchorage and the State of Alaska. Our study quantifies both income/sales and employment impacts for each region. However, our primary focus is on the “Denali Country” region immediate to the proposed visitor center that begins at the Talkeetna junction of the Parks Highway and extends to the border of Denali National Park. This area will experience the greatest development and economic impacts. The activities of this project primarily consist of construction and tourism. Other socio-economic impacts, while important to local residents, are beyond the scope of this study. Spending activities generate a number of impacts: a direct impact from changes in income and employment levels, and indirect and induced impacts. The indirect and induced impacts occur as a result of the increased economic activity that in turn generates growth in such support sectors of the economy as transportation, food service suppliers, utilities, and increased spending by households. These indirect and induced impacts are

captured by application of economic multipliers on the spending changes that are contemplated with an activity.¹

Project Activities/Construction

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 the following scenario to describe construction and changes in visitor and resident spending patterns as a result of the implementation of the Denali Implementation Plan.² Figure 1 provides an overview and map of the proposed development at milepost 135.6 of the Parks Highway. Construction costs and operations data were obtained from the Feasibility Study of the Proposed South Denali Visitor Center.³

Baseline Economic Activities

The baseline level of economic activity assumes by definition existing levels of visitor volumes and spending by those visitors. This spending and its associated economic impacts are tracked by the State of Alaska Department of Commerce, Community and Economic Development Division of Economic Development. These annual visitor surveys provide important assessments of the visitor sector of Alaska's economy. For this study we utilize the annual visitor statistics Program VI, produced annually for both summer and winter visitor periods; we also incorporate several additional studies that assess the economic impacts and survey visitor spending in Alaska that are identified below:

Feasibility Study for the Proposed South Denali Visitor Center 2011
Economic Impact of Alaska's Visitor Industry 2010
Economic Importance of Sportfishing in the Matanuska-Susitna Borough 2009
Economic Impacts of the South Denali Implementation Plan 2008
Alaska Visitor Statistics Program VI Interim Visitor Volume Report Summer 2010
Alaska Visitor Statistics Program VI Interim Visitor Volume Report Fall/Winter 2009-10
Summer 2006 Alaska Visitor Statistics Program (AVSP) Exit Intercept data file

The following sections provide details on relevant aspects of the visitation and related spending in Alaska. Following this is an overview of the existing visitor infrastructure that currently exists in the Denali Country region of the Matanuska-Susitna Borough. The next section develops our estimates of increased spending for construction, operations, and visitors related to the South Denali Visitor Center

¹ For example if the multiplier is 2, then every \$1 change in spending generates an additional \$1 of indirect and induced spending.

² The Implementation plan envisioned a number of development projects: construction of a visitor center and facilities near Curry Ridge, and the development of facilities including parking, river access, and campgrounds in the Trapper Creek and Petersville Road. This study focuses on the visitor center and facilities near Curry Ridge.

³ State of Alaska, Department of Natural Resources, Division of Parks and Outdoor Recreation, Feasibility Study for the Proposed South Denali Visitor Center, March 2011.

implementation plan. Alaska residents are also anticipated to visit Denali Country more frequently as a result of the construction of the Visitor Center; these impacts are discussed as well. The last section presents our analysis of the predicted economic impacts-direct and indirect-from the proposed construction and related build-up of visitor facilities at the proposed Visitor Center, and the impacts of both increased numbers of visitors and increased visitor spending associated with the operations of the proposed Visitor Center.

Present Facilities

Existing Facilities/Infrastructure: As discussed previously, this study focuses on the region beginning at the Talkeetna junction of the Parks Highway extending to the southern boundary of Denali National Park. Existing facilities in this area include approximately 900 rooms. Almost 700, or 60%, of these rooms are contained in two hotels-the CIRI Talkeetna Alaskan Lodge and the Princess Mount McKinley Wilderness Lodge. These rooms generate substantial revenues-\$12 million in 2007 alone⁴-that impact the regional economy through operations, employment, and bed taxes. The remaining 40% of rooms are in smaller establishments, including bed & breakfasts.

Tourism in Alaska has grown markedly over the past several decades. Table 1 provides a breakdown, by transportation method, of visitors from 2008 to 2010. The total number of visitors to Alaska in 2010 is estimated at just over 1.5 million. This total is off the record number of 1.7 million visitors, set in 2007. The statistics clearly show that the cruise market, at 878,000 visitors, is the largest participant in the visitor industry in Alaska despite the declines suffered in 2009 and 2010 as a result of the national economic downturn. Forecasts for 2011 predict a strong recovery for the cruise market with announcements of additional boats and increased numbers of cruises by existing vessels. The non-cruise visitor counts actually increased in 2010 relative to 2009.

Table 1: Visitor Volume, by Exit Mode and Cruise Market, Summers 2008-2010

Exit Mode	2008	2009	2010	% Chg 2009-10	% Chg 2008-10
Air	800,600	702,800	693,400	-1.3%	-13.4%
Cruise Ship	836,500	835,000	742,700	-11.1%	-11.2%
Highway	59,900	55,200	59,500	+7.8%	-0.7%
Ferry	10,400	8,700	10,000	+14.9%	-3.8%
Total	1,707,400	1,601,700	1,505,600	-6.0%	-11.8%
Cruise Market					
Cruise	1,033,100	1,026,600	878,000	-14.5%	-15.0%
Non-Cruise	674,300	575,100	627,000	+9.1%	-6.9%

Tables 2 & 3 present descriptive data on visitors to Denali National Park. This data was collected as part of a special survey in summer 2006 to assess visitor spending in Alaska in several popular destinations. For the purposes of this analysis it is important to note that of the total number of visitors to Alaska during summer 2006, 31% took a ground excursion to Denali National Park with 28% electing an overnight stay; 5% were only day visitors.

⁴ S Colt et al., 2008 p10.

Table 2: Characteristics of Denali National Park and Preserve Nonresident Visitors, Summer 2006.

Denali National Park		
	Overnight	Day Visitor
Number of Visitors	456,820	81,575
% of total Alaska Visitors	28%	5%
Mean # of Nights at Denali NP	2.9	
Frequency of Nights Stayed	Percentage	
1	10.3	
2	34.5	
3	31.0	
4	10.3	
5	3.4	
6	10.3	
Exit Mode	Percent	
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 of stay - days	13.5	12.7

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

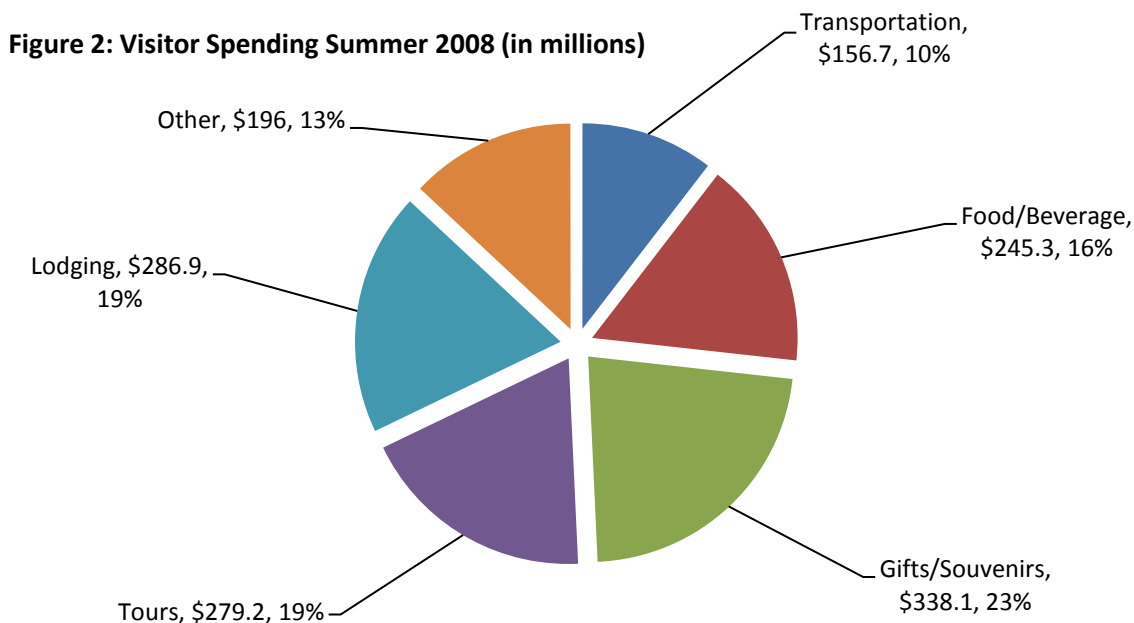
The same survey collected data on visitor spending during their Alaska visit; this information is presented in Table 3. Spending data for visitors who traveled to Denali National Park is important for our analysis. It is one of the few sources documenting the expenditures of visitors for ground-based excursions and features a wealth of data on lodging, meals, transportation and other spending activities. This data indicates that average spending per day by overnight and day only visitors was \$132 and \$90, respectively.⁵

⁵ These amounts are in 2006 dollars. For our analysis we adjust these amounts for changes in general price levels to reflect prices changes since 2006.

Table 3: Expenditures by Denali National Park and Preserve overnight and day Visitors, Summer 2006.

Persons Who Visit Denali National Park		
In-State Expenditures	Overnight	Day Visitor
Total Alaska per Party	\$4,279	\$2,512
Total Alaska per Person	\$1,783	\$1,142
Total Alaska per Person per Day	\$132	\$90
Expenditures per Party by Location		
Denali-Healy-Cantwell Average		
Lodging	\$180	\$0
Tours	\$156	\$61
Gifts/Souvenirs/Clothing	\$62	\$14
Food-Beverages	\$84	\$14
Rental Cars-Fuel-Transportation	\$28	\$6
Other	\$60	\$0
Total	\$569	\$96
Portion total Alaska trip expenditures	13%	4%
Denali per party per day expense	\$196	\$96
Half day Increase	\$98	\$48
Talkeenta Average		
Lodging	\$158	\$93
Tours	\$147	\$75
Gifts/Souvenirs/Clothing	\$36	\$30
Food-Beverages	\$60	\$77
Rental Cars-Fuel-Transportation	\$13	\$125
Other	\$0	\$12
Total	\$	\$
Portion total Alaska trip expenditures		
Palmer-Wasilla Average		
Lodging	\$60	\$55
Tours	\$14	\$6
Gifts/Souvenirs/Clothing	\$17	\$31
Food-Beverages	\$54	\$62
Rental Cars-Fuel-Transportation	\$71	\$60
Other	\$0	\$0
Total	\$216	\$216
Portion total Alaska trip expenditures	5%	8%
Anchorage		
Lodging	\$267	\$265
Tours	\$52	\$74
Gifts/Souvenirs/Clothing	\$118	\$101
Food-Beverages	\$140	\$168
Rental Cars-Fuel-Transportation	\$396	\$376
Other	\$91	\$157
Total	\$1,063	\$1,141
Portion total Alaska trip expenditures	25%	45%

Figure 2 (presented below) illustrates visitor spending by the economic sector during summer 2008. These expenditures totaled \$1.5 billion and contributed significantly to Alaska’s economy-both in rural and larger communities. This spending has an estimated total economic impact of \$3.4 billion to Alaska’s economy when both direct and indirect impacts are considered.⁶



Source: Economic Impact of Alaska’s Visitor Industry (2010).

Alaska Resident Travel

It is anticipated that the proposed Visitor Center will also attract Alaska residents to the Matanuska-Susitna’s Denali region. Table 4 presents data on residents collected for the Alaska Resident Statistics Program. A review of the table indicates that about 50% of the population residing in South-central and interior communities make at least one trip to the Mat-Su Borough each year. Popular activities include snow machining, fishing, wildlife viewing and hiking. The data, however, doesn’t provide information on the duration of these visits. To address this, we follow the similar assumptions made by the previous Colt et al. study when spending projections are discussed in the impact section of this study.

Table 4 provides data on the numbers of Alaska residents visiting Mat-Su Borough from South-central and Interior regions, number of visits, and frequency of activities while visiting. This data was collected as part of a special Resident Visitor Statistics program that is ongoing.⁷

⁶ Total impacts on the Alaskan economy were derived using the IMPLAN input/output model of local and state economies. The difference between the direct and total impacts implies an economic multiplier of 1.619. This is the multiplier we use for all of our impact analyses.

⁷ Since this study has yet to be published, we by necessity have reproduced the table from the Colt et al 2006 Study.

Table 4: Numbers of Alaska residents visiting Mat-Su Borough from Southcentral and Interior regions, number of visits, and frequency of activities while visiting

Population base (18+)	333,066		
Total people making visits		159,848	
Total Visits (lower bound estimate)	736,222		
Total Visits (best estimate)	1,021,852		
Activity Frequency:	Lower bound Estimate		Best estimate
Visit developed campgrounds		99,790	138,330
Visit developed trail systems		196,827	270,466
Hike		190,633	262,895
Camp		148,653	208,527
Wildlife viewing		180,310	249,819
Fishing (freshwater)		131,448	181,687
Boating (non-motorized)		48,863	66,068
Ski and snowshoe		62,627	86,026
Snowmachine riding		109,336	126,796
Note: The columns “lower bound estimate” and “best estimate” reflect the range of values obtained from the same raw data but using two different methods for tabulating the raw data.			
Source: Alaska Resident Statistics Program, preliminary results. People living inside the Mat-Su Borough are excluded from these counts			

Source: Economic Impacts of the South Denali Implementation Plan 2008.

Proposed South Denali Visitor Center Impacts:

Our Study considers the economic impacts of the proposed Visitor Center on both the Matanuska-Susitna Borough and the State of Alaska. As discussed earlier, our focus is on the immediate construction-related impacts and the longer term impacts from increased non-resident and resident visitors to the Visitor Center. In this section we develop estimates of spending by these categories and then discuss our predicted changes in sales, income, and employment associated with the project. It is important when interpreting our forecasts to emphasize that visitation and the visitor industry are sensitive to changes in the national economic condition.

Alternative 1: No South Denali Visitor Center.

We develop our analysis by considering first the construction related impacts associated with the proposed Visitor Center. Under the baseline scenario there would be no South Denali Visitor Center constructed, Denali State Park would continue to attract visitors with existing facilities, and enhancements and expansion of visitor facilities would occur largely through private funding and construction. There would not be significant additional employment and no changes in the numbers of nonresident visitors to the region or Denali State Park. Finally, Alaska residents would continue to travel to the Matanuska-Susitna Borough for recreational activities year round.

Alternative 2: Construction of South Denali Visitor Center

Construction activities: The current projected construction cost for the proposed Visitor Center is \$39.2 million. The project is expected to take three years to complete, so we assume that these costs are expended evenly over the construction period. These costs are further divided equally among labor, material, and project management costs. The labor and management costs are assumed to stay within Alaska while materials costs would predominantly be paid to out of state suppliers. It is further assumed that most of the project's labor would be paid to workers residing in the Matanuska-Susitna Borough. Project management costs would be split 75:25 between the Matanuska-Susitna Borough and Anchorage.

We also assume private construction would occur as well to provide the lodging and services capacity necessary to support the increased visitation the Visitor Center would attract. Following Colt et al. (2008), we assume that private spending will fund at least one large hotel complex-75 rooms- and smaller lodges, eateries, and stores will generate additional private construction spending of \$44.6 million. For simplicity we make similar assumptions about how spending on these projects will occur and the allocation of spending between regions within Alaska and out-of-state suppliers.

Table 5 presents proposed construction spending plans for the Visitor Center and private developments over the three-year construction period for the Matanuska-Susitna Borough, Anchorage, and State of Alaska. These are only representations of the possible spending activities for modeling the economic impacts associated with construction of these facilities. The construction of private facilities may not begin until construction of the Visitor Center is near completion; however, this fact does not alter the magnitude of our predicted economic impacts, only their timing and duration.

Operational Impacts Associated with the Proposed Visitor Center

Once completed, the Visitor Center will employ a large staff to support operations and maintain the facility. We model these longer term permanent impacts using the projected receipts the Visitor Center will collect from visitors annually. This data is contained in the Feasibility Study for the Proposed South Denali Visitor Center (2011). We use forecasted expenditures for the initial year of operation (excluding depreciation). We use this amount instead of the 2006 visitor spending survey data reported earlier in Table 3 because these receipts represent additional amounts that visitors are predicted to spend at the Visitor Center.

We follow Colt et al. in assuming that the proposed Visitor Center will increase both the number of non-resident visitors who opt for a ground-based tour to Denali Park and extend the duration of existing (baseline) land-based visitors.⁸ While these assumptions are supported by discussions with cruise industry executives, they are also intuitive. The proposed center's proximity to Anchorage will allow for day trips from Anchorage at a much lower cost than existing land-based tours. In addition, the new facility will be a major attraction for existing land based tours to Denali National Park resulting in visits of longer duration. Both of these changes will result in increased spending by non-resident visitors.

⁸ See Colt et al. 2006 for additional discussion regarding this assumption.

We assume that the proposed Visitor Center will result in 20,000 more visitors who opt for land-based tours. We further assume that these visitors will stay an average visit of three days and two nights, leading to an additional \$8.8 million of visitor spending annually. Further, we assume that 10% of all existing visitors opting for the land-based Denali National Park tour will increase the duration of their total visit by an additional full day, resulting in an additional spending of \$7.5 million annually.

Finally, we project an increase in the number of Alaska residents visiting the Mat Su borough for recreational activities as a result of construction of the Visitor Center. Based on the data presented in Table 4 the baseline for visitation by residents is approximately 1 million visits annually from communities outside of the Matanuska-Susitna Borough. We assume that this volume increases by 10% or 100,000 visits annually. For our spending estimates we rely on a study of sportfishing economic impacts commissioned by the Matanuska-Susitna Borough in 2009. This study surveyed both resident and nonresident angler spending. For our analysis we assume that resident visitors spend \$212 per day for transportation, meals and lodging/camping⁹ and generate an additional \$2.5 million of spending annually in the Matanuska-Susitna Borough. This spending estimate is based on an earlier survey of angler activities in the Matanuska-Susitna Borough (Haley et al 1999).¹⁰ It is important to note that this spending activity does not increase the overall level of economic activity within the State of Alaska; rather, it represents a shift to the Matanuska-Susitna Borough from other areas of the State.

Economic Impacts

Table 5 presents a summary of the spending impacts from construction activities and additional visitor spending on the level of economic activity including direct, indirect, and induced assuming a multiplier of 1.62.¹¹ The table also presents estimates of these spending forecasts on employment levels within the Matanuska-Susitna Borough, Anchorage, and State of Alaska. Generally, our findings are qualitatively similar to those reported by Colt et al. 2008. We find that the impacts on the Matanuska-Susitna Borough's economy are significant and positive. These impacts are discussed by the categories and for the Matanuska-Susitna Borough and the State of Alaska.

⁹ This study reported in Table 1 spending estimates: low \$212, medium \$399 and high \$550, per day, respectively. To be conservative, we base our resident spending projections on the low amount.

¹⁰ This study reported \$28 per day per person based on 1993 dollars. This figure is quite dated and thus is not likely a reliable estimate of resident spending.

¹¹ The magnitude of the economic multiplier used in other studies ranges from 1.35 to 2.0. We selected 1.62 because this was the multiplier implied in Colt et al. (2008). The 1.35 multiplier was advanced by Goldsmith (1989) but recent studies, including the Colt et al study, suggest that the multiplier has increased most likely as a result of Alaska's transition to a more mature, developed economic base.

Table 5 Economic Impacts from the South Denali Visitor Center

Activity	Spending			Employment		
Construction Spending (Per year)- Temporary	Direct Spending	Indirect & Induced	Total Impacts	Direct	Indirect & Induced	Total
Public						
MatSu	\$7,414,627	\$4,589,654	\$12,004,280	117	90	206
Anchorage	\$768,637	\$475,786	\$1,244,424	12	9	21
Alaska	\$8,183,264	\$5,065,440	\$13,248,704	129	99	228
Private						
MatSu	\$6,503,378	\$4,025,591	\$10,528,969	103	79	181
Anchorage	\$929,030	\$575,070	\$1,504,100	15	11	26
Alaska	\$7,432,408	\$4,600,661	\$12,033,069	117	90	207
Visitor Spending - Permanent						
Visitor Center Operations -MatSu	\$1,230,625	\$761,757	\$1,992,382	24	15	39
Longer Stays-MatSu	\$7,541,730	\$4,668,331	\$12,210,061	147	91	238
Additional Visitors						
MatSu	\$7,064,311	\$4,372,808	\$11,437,119	138	85	223
Anchorage	\$1,766,078	\$1,093,202	\$2,859,280	34	21	56
Alaska						
Alaska Residents	\$8,830,389	\$1,574,736	\$4,118,735	52	31	83

The public-funded construction direct impacts over the three year estimated construction period for the Matanuska-Susitna Borough (State of Alaska) are \$7.4 million (\$8.2 million) annually. Privately funded construction direct impacts are similar at \$6.4 million (7.4 million) for the Matanuska-Susitna Borough (State of Alaska). Combined projected economic impact from both public and privately funded construction on the Matanuska-Susitna Borough (State of Alaska) is \$10.5 million (\$12 million) when the direct and indirect/induced effects of this increased spending are considered. Employment gains are also very strong. We project an additional 209 (228) constructional related jobs to be created in the Matanuska-Susitna Borough (State of Alaska) over the three year construction period.¹²

South Denali Visitor Center Operational Impacts

Once the proposed Visitor Center is completed and operational, our analysis projects that it will have a substantial economic impact on the Denali Country region of the Matanuska-Susitna Borough. Table 5 presents predicted annual operational spending for the Visitor Center of \$1.2 million. The total economic impacts associated with these expenditures-including direct and indirect/induced-is estimated

¹² We based our employment impacts assuming that the additional jobs created as a result of the public and private build-up would pay the 2010 average construction wage of \$63,440 reported by the State of Alaska Dept of Commerce and Community Development, Division of Economic Development.

at \$2 million annually. The total projected increase in employment for the Matanuska-Susitna Borough associated with operation of the Visitor Center is 83, based on the 2009 median wage rate of \$51,221.¹³

The longer duration visits by nonresidents to Denali Country are estimated to generate an additional direct (total impact) economic impact of \$7.5 million (\$12.2 million). It is assumed that all of these impacts will be captured by the Matanuska-Susitna Borough. This change will generate employment increases of 238 positions using the same median wage rate as discussed above.

The increased number of nonresident visitors opting for a ground based tour to Denali Country is predicted to generate a direct economic impact of \$7 million (\$8.8 million) in the Matanuska-Susitna Borough (State of Alaska) and to increase Matanuska-Susitna Borough employment by 279 permanent positions.

Finally, the projected impact from increased visitation by Alaska residents is an additional \$2.5 million direct and \$4.1 million total annually to the Matanuska-Susitna Borough. These impacts represent a shift in spending from other regions of Alaska to the Matanuska-Susitna Borough's economy.

Summary

In summary, the proposed South Denali Visitor Center would provide strong economic benefits to the Matanuska-Susitna Borough and the State of Alaska. Our estimates indicate that following the buildup from construction-related activities, the Denali Country region of the Matanuska-Susitna Borough would enjoy permanent long-term growth of \$29.8 million annually, and employment gains of approximately 637 permanent positions. It is important to realize that these impacts will continue in perpetuity and will be sustainable or "green." Tourism has a small environmental impact relative to other development-related activities.

¹³ The median annual wage of \$51,221 is likely high for the employment sectors typically represented by the visitor industry. However, chose this amount because there is no composite wage benchmark available.

Works Cited

The Center for Economic Development at the University of Alaska Anchorage. (2011). *Feasibility Study for the Proposed South Denali Visitor Center*. Anchorage: State of Alaska Department of Natural Resources Division of Parks and Outdoor Recreation.

Colt, S. & Schwoerer, T. (August 2009). *Economic Importance of Sportfishing in the Matanuska-Susitna Borough*. Anchorage : Institute of Social and Economic Research UAA.

Colt, S. & Szymoniak, N. (2008). *Economic Impacts of the South Denali Implemental Plan*. Anchorage: Institute of Social and Economic Research UAA.

Goldsmith, S. (January 1989). Regional Impacts of State Budget Reductions. Institute of Social and Economic Research UAA.

Haley,S., Berman, M., Goldsmith, S., Hill, A. and Kim, H.(December 1999) *Economics of Sport Fishing in Alaska*. Alaska Department of Fish and Game.

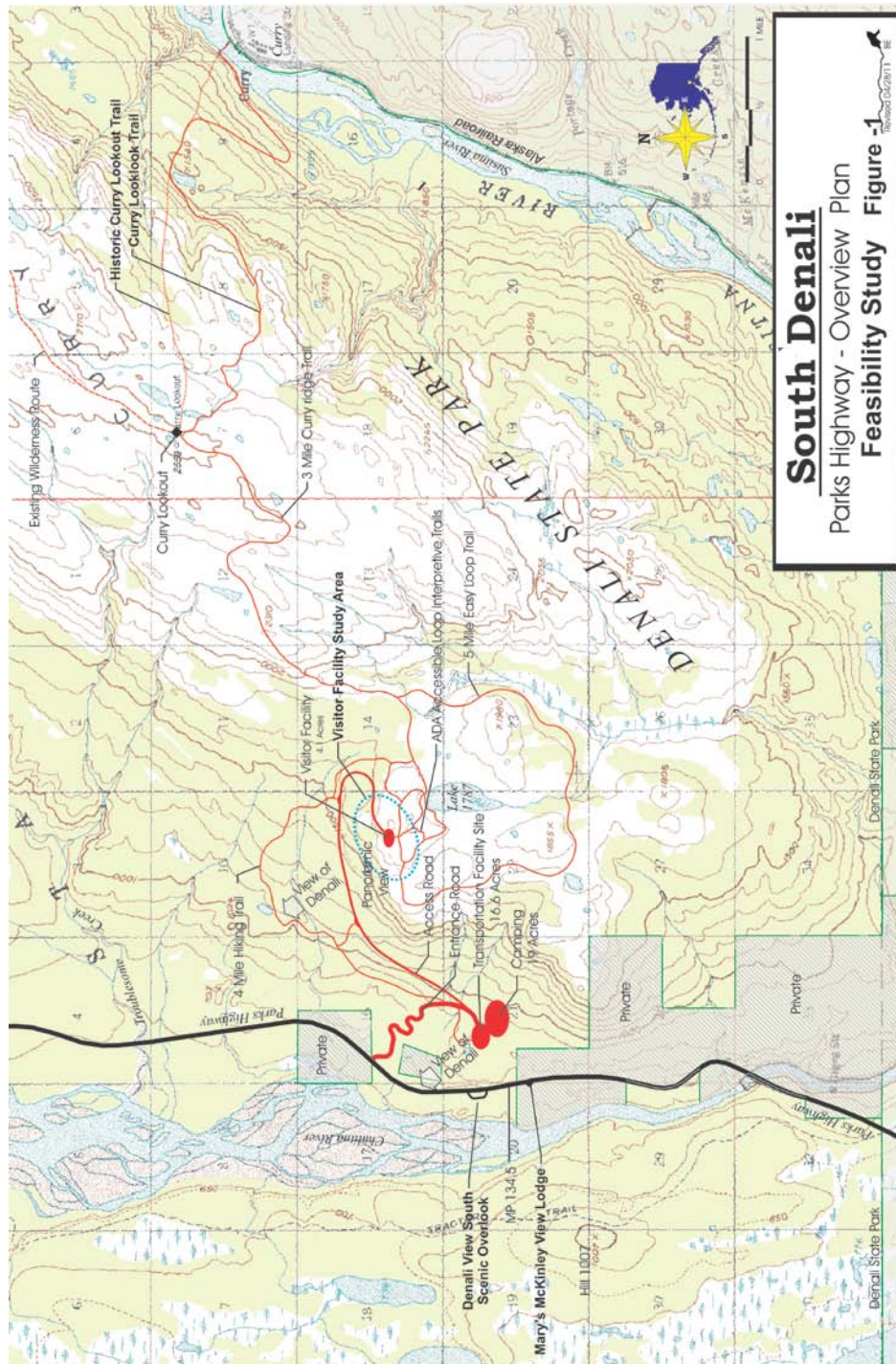
Matanuska-Susitna Borough. (August 2009). *Economic Importance of Sportfishing in the Matanuska_Susitna Borough*. Anchorage: Institute of Social and Economic Research UAA.

McDowell Group. (2010). *Alaska Visitor Statistics Program V Interim Visitor Volume Report Summer 2009*. Juneau: State of Alaska Department of Commerce, Community and Economic Development Division of Economic Development.

McDowell Group. (March 2010). *Economic Impact of Alaska's Visitor Industry* . Juneau: State of Alaska Department of Commerce, Community and Economic Development, Office of Economic Development.

McDowell Group . (2011). *Alaska Visitor Statistics Program VI Interim Visitor Volume Report Fall/Winter 2009-10*. Juneau: State of Alaska Department of Commerce, Community and Economic Development Disvision of Economic Development.

McDowell Group. (2011). *Alaska Visitor Statistics Program VI Interim Visitor Volume Report Summer 2010*. Juneau: State of Alaska Department of Commerce, Community and Economic Development Division of Economic Development.



South Denali
Parks Highway - Overview Plan
Feasibility Study Figure -1