Feasibility Study for 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 examines the feasibility of the proposed South Denali Visitor Center in Denali State Park. We find that the proposed facility would generate significant operating margins annually from about $1.2 million in the initial year to $2.8 million annually by 2023 under modest assumptions and 3% visitor growth. The study includes projected construction costs, various revenues from operations, and facility costs projected annually from completion in 2014 out ten years to 2023.

Feasibility Study for the South Denali Visitor Center
Prepared by the University of Alaska Center for Economic Development
Final Report: March 21, 2011

Executive Summary

This analysis examines in an economic context the feasibility of the proposed South Denali Visitor Center in Denali State Park. The analysis focuses on direct economic measures associated with the project; thus, qualitative or non-pecuniary aspects of the proposed project are evaluated. The analysis is based primarily on updated estimates of construction costs provided by the Department of Natural Resources (DNR), operational revenue, and cost data provided by Denali National Park, Princess Tours, Alaska Geographic, and visitor traffic projections from modeling visitation to similar Park sites located in South Central Alaska.

Our principal findings are as follows:

(1) Once the Center is fully operational we project the proposed Visitor Center will be a viable economic driver for the State of Alaska and its operating partners-the National Park Service and Matanuska Susitna Borough. Under fairly modest assumptions, our projections indicate that the South Denali Visitor Center will generate surplus receipts in excess of $1 million annually.

(2) Several visitor scenarios were considered for the analysis as well as future tourism growth rates based on historical trends. In all cases the analysis is robust in predicting that revenues will greatly exceed operating costs. In fact, the center will break even - exactly cover operations costs - with just 121,400 annual visitors, or just 52.6% of our projected annual visitor traffic.

(3) Baseline visitation is projected at 230,600 annually based on a model of 2010 visitor counts at four other popular south central national park visitor facilities. This estimate is somewhat conservative when compared with the 303,000 visitors that Denali National Park received in 2010. With greater accessibility and shorter driving distance to both Anchorage and Talkeetna the proposed South Denali Visitor Center could, over time, exceed the visitation of Denali National Park.

(4) Operating revenues will largely come from the $10 per visitor entrance fee projected at $2.38 million. Concession receipts for food, gifts and books, campground fees, and contract tour operations add an estimated $.7 million. It is important to note that these revenues are highly contingent on packaged tour operators whose business is dependent on general economic conditions. That said, even with the slight declines in visitation experienced during 2009 these numbers of visitors would easily cover the proposed South Denali Center's operating costs.

(5) Assuming a long term average 3% increase in annual visitors strengthens the financial performance of the proposed center resulting in surplus receipts to exceed $2 million annually by 2019.

(6) The annual operations costs are dominated by projected long-term maintenance expenditures. Assuming approximately 1% of the total project's construction costs will be required annually, after the initial startup period, maintenance activities represent nearly $1.3 million or 2/3 of our

projected total annual operations cost. We believe this amount is a conservative estimate of long-term maintenance costs, costs which could be further reduced if an asset management plan is developed and implemented by the State of Alaska upon completion of the project.

(7) Construction of the proposed visitor center would bring substantial economic development to the area known as “Denali Country” of the Matanuska Susitna Borough. This development would lead to additional hotel room capacity, utilities expansion, and increased employment year-round, but especially during the summer season. Support for the visitor industry would expand, creating additional employment and economic opportunities for area residents, as well as additional bed tax receipts.

(8) Finally, possible revenues derived from meetings and conferences have been excluded from the analysis. While a comprehensive study of MatSu infrastructure indicated that the Matanuska Susitna Borough needs expanded meeting facilities we felt that incorporating these activities into the present analysis would be too speculative (MCDowell Group, Inc., June 2006).

Contents

Introduction

Our analysis examines the feasibility of the proposed South Denali Visitor Center to be constructed in Denali State Park. The center as proposed would be a world-class facility located near Curry Ridge, approximately four miles off the Parks Highway at mile 136. The project includes extensive facilities and infrastructure components as the proposed site lacks any development or existing utilities. This study was commissioned for use by the State of Alaska Department of Natural Resources and its project partners-National Park Service and the Matanuska Susitna Borough –for advancing the project through the funding process. It is expected that the State of Alaska Department of Natural Resources, the National Park Service, and the Matanuska Susitna Borough will share responsibility for operating the facility once construction is completed and the center is operational.

Our analysis includes all proposed construction costs but not the business plan or startup costs. An assumption underlying all of the analysis presented is that the facility will achieve full operation upon completion. The validity of this assumption depends on construction completion and implementation of a business plan that includes promotion and marketing of the facility.

Our analysis is based on a number of data sources for construction costs, operations expenditures, visitor projections, and revenue estimates from various project components. Due to the uniqueness of the project and lack of comparable facilities our study relies extensively on modeling of revenue and cost estimates from other visitor facilities in South Central Alaska. The basis for our modeling of projected visitation is an established methodology (Gramann, 2003), which takes into account qualitative factors that are consistent across various sites and facilities.

Our study is organized as follows: Visitor projections and the modeling assumptions are discussed in the following section. These projections form the foundation for our revenue forecasts that are developed in section 3. Facilities and infrastructure construction cost estimates are presented in Section 4. The operations costs and expenditures are developed in Section 5. The final section identifies other ancillary activities associated with the proposed project.

Figure 1 on the following pages presents a summary schedule of the feasibility analysis for the Visitor Center. The schedule provides evidence from the initial forecast year that the Visitor Center revenues exceed operating costs by a considerable amount. The summary table can be interpreted several ways. The first column, designated Year T, represents the first full year of operations. Under the assumption that there is no growth in visitor volumes over future periods this initial year is representative of the expected annual revenues and cost for all future years.[1]

[1] The forecast of static receipts and costs relies on the additional assumption that revenues and costs increase equally in proportion over future periods (e.g. price level changes).

The dominant driver (or factor) for the strong operating margin is visitor volume. Under relatively modest assumptions discussed more completely in Section 3 Visitor Forecasts, projected annual visitation during the initial opening year (2014) is 230,600 people. This forecast is derived from a composite weighted average of 2010 actual visitation to qualitatively similar National Parks located in South Central Alaska. By way of comparison our initial year forecast's visitation is just 76% of Denali National Park's front country visitor total for 2010 of 303,085. With greater accessibility and shorter driving distance to both Anchorage and Talkeetna the proposed South Denali Visitor Center could, over time, exceed the visitation of Denali National Park.

To examine the sensitivity of our projections to changes in actual visitor traffic we conducted break-even analysis to determine the minimum level of visitation required to cover the proposed center's annual operating cost. While not presented in Figure 1, the number of visitors required to generate sufficient revenues to cover expenses is just 121,400, or 52.6% of the projected annual visitation.

Assuming that visitor traffic increases at an annual rate of 3%, the additional columns present the forecasted amounts of revenues and expenditures nine years hence-year 2015 to year 2023. Our 3% estimated growth rate is quite conservative. By comparison, the historical growth trend in visitors to Denali National Park for the 10 years ending in 2007 was 3.8%. It is interesting to note, that under this assumed annual growth of visitor traffic the predicted surplus operating margins nearly double by 2023, the tenth year forecasted, to more than $2.8 million from the base year's 1.25 million dollars. As discussed more completely in Section 2 in our modeling of visitation, our predicted visitor numbers are a composite estimate of similar facilities in the region. It is likely that the actual visitation numbers will be greater given that our base year estimate is just 76% of Denali National Parks' 2010 visitor counts.

Under a higher assumed growth rate of 6%-which reflects the longer 20-year visitor growth rate to Alaska-the 2023 revenues are forecasted at $6.7 million with associated expenditures of $1.9 million producing a surplus margin in excess of $4.7 million. We consider this growth trend optimistic and recognize that it relies on continued growth in tourism capacity-namely, cruise ships and strong economic growth both nationally and internationally-that has been forecasted for 2011. However, in the longer term this growth may not be sustainable given national economic conditions.

Our analysis excludes winter season visitation of the proposed center. While the area is in close proximity to Alaska's largest city and 66.6% of the State's population, very little data is available to predict what level of usage will occur during the winter season. The Parks Highway is the most heavily traveled transportation corridor in the State. It is likely that residents will use the proposed facility in numbers at least as great as Denali National Park, which in recent years has been 1% to 4% of the total annual visitation. If the South Denali Visitor Center is built, it will advance the development of infrastructure in the Denali country region of the Matanuska Susitna Borough. These facilities will boost overall availability and usage of the area through the expansion of hotels, restaurants, and independent tour activities. It is likely that many residents and nonresidents will take advantage of off-season recreational experiences. Finally, this development will provide additional jobs and economic opportunities for residents from construction on through operations.

Figure 1 - Feasibility Summary (assuming 3% growth)

	Year T	2015	2016	2017	2018
Visitor #s	230,626	252,011	259,572	267,359	275,379
Revenues					
Entrance Fees	$ 2,375,448	$ 2,674,756	$ 2,796,323	$ 2,923,416	$ 3,056,285
Concessionaire	193,152	217,490	227,375	237,709	248,513
Bookstore	138,200	155,614	162,686	170,080	177,811
Campgrounds	110,943	114,322	116,036	117,777	119,544
Tour Operators	185,168	190,807	193,669	196,574	199,522
Total Revenues	$ 3,002,911	$ 3,352,987	$ 3,496,089	$ 3,645,556	$ 3,801,675
Expenditures					
Operations	$ 57,569	$ 59,322	$ 60,212	$ 61,115	$ 62,032
Bldg Utilities	56,650	58,375	59,251	60,139	61,041
Sewer/Trash	92,700	95,523	96,956	98,410	99,886
Shuttle	32,396	33,382	33,883	34,391	34,907
Staffing	491,310	506,270	513,864	521,572	529,396
Maintenance	1,025,593	1,025,593	1,025,593	1,025,593	1,025,593
Total Costs	$ 1,756,217	$ 1,778,465	$ 1,789,758	$ 1,801,221	$ 1,812,855
Projected Surplus	**$ 1,246,694**	**$ 1,574,522**	**$ 1,706,331**	**$ 1,844,335**	**$ 1,988,820**

T = the assumed initial year of operations and the annual projected revenues and associated expenses under a no growth of visitation in future years.

Figure 1 - Feasibility Summary (continued)

	2019	2020	2021	2022	2023
Visitor #s	283,641	292,150	300,915	309,942	319,240
Revenues					
Entrance Fees	$ 3,195,194	$ 3,340,415	$ 3,492,237	$ 3,650,959	$ 3,816,895
Concessionaire	259,808	271,616	283,961	296,867	310,359
Bookstore	185,892	194,341	203,174	212,408	222,062
Campgrounds	121,337	123,157	125,004	126,879	128,782
Tour Operators	202,515	205,553	208,636	211,766	214,942
Total Revenues	$ 3,964,746	$ 4,135,082	$ 4,313,012	$ 4,498,879	$ 4,693,040
Expenditures					
Operations	$ 62,963	$ 63,907	$ 64,866	$ 65,839	$ 66,826
Bldg Utilities	61,957	62,886	63,830	64,787	65,759
Sewer/Trash	101,384	102,905	104,449	106,015	107,606
Shuttle	35,430	35,962	36,501	37,049	37,605
Staffing	537,337	545,397	553,578	561,882	570,310
Maintenance	1,025,593	1,025,593	1,025,593	1,025,593	1,025,593
Total Costs	$ 1,824,664	$ 1,836,650	$ 1,848,816	$ 1,861,164	$ 1,873,699
Projected Surplus	**$ 2,140,080**	**$ 2,298,432**	**$ 2,464,196**	**$ 2,637,715**	**$ 2,819,341**

Visitor Projections

As noted in the earlier section, visitor projections are the most important component underlying this feasibility analysis because they drive most of the projected revenues and some of the projected costs. Our study models visitation consistent with established methodology followed in other feasibility studies (Gramann, 2003). Since there are no exact comparable facilities to use as a reference we selected four qualitatively similar facilities with which to construct a composite weighting of visitor traffic. These four centers include Denali National Park (front country), Wrangell-Saint Elias National Park, Begich Boggs, and Kenai Fjords National Park. All are located in South Central Alaska, within 200 miles of the proposed visitor site. Each of these facilities offers viewing of wild life and spectacular scenery.

Annual visitation data was collected for 2009 and 2010 for each site. Visitation at Denali National Park front country offers what is arguably a comparable experience to that at the proposed South Denali Visitor Center with the minor exception that the developed facilities and infrastructure will be much less at the proposed site. For this reason a double weighting of Denali National Park visitor counts was employed in constructing our composite average for calendar year 2010. This composite projection forms the basis for our base year visitor projections used throughout this analysis.

Other methodologies were considered including the historical trend of exit passengers compiled by the State of Alaska's Department of Commerce and Economic Development. Historically, 33% of the nonresident visitor volume spent at least a day in Denali National Park.[2] However, 2010 visitor statistics were not available at the time our analysis was assembled. The 2009 statistics resulted in higher predictions than our composite average visitor projections. For this reason we feel that our methodology is conservative in terms of estimating the number of annual visitors to the proposed visitor center.

An important caveat to interpreting our projections: visitation levels are highly dependent on national economic climate. For the first time in more than a decade of steady increases, visitor traffic to Alaska declined in 2008. We can only speculate on economic conditions in two or three years, when the proposed South Denali Center could be completed and opened for visitors.

[2] Source: Alaska Department of Commerce, Community and Economic Development, Alaska Visitor Statistics Program V, Data file 2007. These nonresident visitor volume estimates are based on exit mode surveys.

Revenues/Receipts

This section presents our modeling and assumptions used to project the proposed visitor center's revenues. Our revenue projections are largely driven by forecasted visitor levels. Besides visitor entrance fees our revenue projections include food, bookstore, campground, and independent tour operator concession receipts. A majority of the forecasted revenue is generated through admission receipts assumed to be similar to the $10 entrance fee charged at Denali National Park during 2010.[3] Based on the projected visitor counts at the $10 per person fee, we predict total admission receipts of at least $2.375 million annually. Fees will be collected at the shuttle terminal ensuring that all visitors will incur the fee. Either a contract operator or kiosk will administer ticket sales.

It is important to note that the projections presented in Figure 1 can be interpreted two ways: Year T reflects a steady state of approximately 230,600 visitors annually, generating nearly $2.4 million in annual revenues. Allowing for a 3% increase in visitation and fee increases consistent with predicted price level changes produces annual revenue increases of about 7% per year through 2021. At 77% of total projected revenues, this source of revenue is by far the dominant source for the proposed center.

Further, our revenue forecasts assume that visitor spending and activities at the proposed South Denali Visitor Center will be similar to those at Denali National Park's front country. Camping fees are also assumed to be comparable to those at Denali National Park.

Most services at Denali National Park are provided to visitors through an exclusive concessionaire contract with Doyon/ARAMark joint venture. This contract operator provides food services, tour bus operations, manages the various campgrounds, and other incidental services. For our study we assume similar visitor spending levels and base our forecasts using actual 2010 expenditures data.[4] During 2010, a typical visitor spent an average of $5.28 each on food items (this amount excludes bus ticket fees, bookstore purchases and camping fees). Using this amount and assuming a similar concessionaire contract arrangement at the South Denali Visitor Center, 15.4% of gross receipts, we predict annual receipts from food service operations of at least $205,000. Similar to our projections for visitor entrance fees, we expect these receipts to grow at the current 1.5% price index rate during the forecast horizon.

We assume that the visitor bookstore at the proposed center will be operated by Alaska Geographic under a contract similar to its other park operations and that it will generate sales comparable to those at Denali National Park. Alaska Geographic currently operates stores at twelve other park visitor facilities. Approximately 50% of the net receipts are shared with the park under these operating agreements. Based on actual receipts for Denali National Park[5], adjusted for differential visitor volumes under our forecasted visitation numbers, we projected receipts of approximately $138,200 for year T.

[3] We assume for this analysis that all visitors will pay the $10 fee. In actual practice the entrance fee may be reduced or waived for seniors, families, season pass or golden pass holders and others. Application of these considerations does not impact the conclusions of this study.
[4] We are grateful to the National Park Service for sharing this proprietary data with us.
[5] Data provided by Alaska Geographic.

Our predicted bookstore receipts increase each year based on our increasing projected visitor counts and by general price level changes.

Our forecasts for campground and independent tour operator receipts are intertwined with a key assumption regarding occupancy rates for the proposed campground facilities. The campground at South Denali will have 47 sites. We assume a similar annual occupancy rate as Denali National Park, which was 85% during the 2010 season.[6] We further assume that only campers will engage in independent tour excursions. This assumption is based on the expectation that most of the visitors to South Denali will already be part of an organized tour package. Accordingly, these visitors will arrange tours with these independent operators before arriving at South Denali.

Our forecasted receipts for campground fees are $185,000 annually with increases in annual camping fees consistent with general price level changes in years through 2023. The campgrounds are assumed to be operated by Alaska State Park staff. Independent tour receipts are based on the assumption that every camper will undertake one tour per day. Data provided by Princess Tours, which operates the Mt McKinley lodge just three miles from the proposed South Denali Visitor Center, suggest that all of their guests participate in at least one tour each day and these tours range in cost from $69 to over $300 each. We assumed an average margin from these tour operators of just $25, a conservative estimate given the possible volume of independent visitors that may stop at the South Denali Visitor Center. Forecasting these receipts out to 2023, we only assume an increase for general price increases, not increases in visitation volumes (we assume only campers will participate and this number is fixed at 47 spaces over the entire forecast period).

It is important to note that all of our forecasted revenues are predicated primarily on summer[7] operations of comparable facilities. We don't consider possible winter revenues, which makes our forecast conservative with respect to off season operations. A number of possible shoulder and off-season activities could be incorporated into the facility's final business plan. These might include winter camping and hosting of retreats and conferences. Currently, Denali State Park experiences a large number of winter recreational users that might utilize camping facilities operated by the South Denali Visitor Center. Further, there may be significant demand for meeting space available at the proposed visitor center if off-season accommodations were available in close proximity.

[6] We thank Denali National Park for sharing this data with us. Camping fees are assumed to be identical to Denali National park.

[7] For this study summer season is defined identical to the time period used by the Department of Commerce, Community and Economic Development's Alaska Visitor Statistics Program from May 1 to September 30.

Construction/Project Costs

Construction cost estimates for each component of the facility and infrastructure requirements are identified below. These cost estimates were developed for the South Denali Environmental Impact statement (National Park Service, April 2006) and have been updated using a price index to reflect estimated 2010 construction costs.[8]

South Denali Visitor Center

Component	Component Estimate	Total Cost	Life Cycle in Years	Estimated Annual Cost
Site Development	$211,400	$211,400	Indefinite	$0
Main Facility	$10,781,400	$10,781,400	50 years	$215,628
Fixtures, Furnishings & Equipment	$1,638,350	$1,638,350	15 years	$109,223
Utilities Infrastructure	$988,295	$988,295	50 years	$19,766
Transportation Hub Facility	$3,012,450	$3,012,450	50 years	$60,249
Fixtures, Furnishing & Equipment-Transportation Hub	$404,275	$404,275	15 years	$26,952
Utilities Infrastructure Transportation Hub	$4,228,000	$4,228,000[A]	50 Years	$121,977
Parking & Access Roads	$7,399,000	$7,399,000	20 years	$369,950
Shuttle (4)	$194,430	$777,720	15 years	$51,848
Landscaping	$211,400	$211,400	Indefinite	$0
Campground Facilities	$1,000,000	$1,000,000	20 years	$50,000
Design (15%)	$4,611,823	$4,611,823[B]	Indefinite	$0
Construction Administration & Contingency (15)%	$4,611,823	$4,611,823[B]	Indefinite	$0
Project Total	$39,293,646	$39,875,936		$1,025,593

Notes on Cost Estimates presented: (A) $4 million of electrical extension to be paid by private partners; (B) 15% administration and contingency reserve is based on the estimated total project costs.

[8] Facilities construction cost estimates generated by the State of Alaska, Department of Natural Resources (ADNR) were developed using 2003 RSMeans Square Foot Costs, 24th Annual Edition; historical data from previous Alaska State Parks construction projects for similar facilities; and cost estimating worksheets provided by the State of Alaska, Department of Transportation and Public Facilities (ADOT&PF)

Operations Costs

Forecasting the proposed facilities operations costs was tenuous. There are not comparable facilities other than the front country center at Denali National Park, and this facility operates only during the summer visitor season.[9] The proposed South Denali Visitor Center is located in a remote area. It will have highway access but will still be more than 100 miles from any large city. The proposed facility will be operated under an agreement with project partners: the National Park Service and the Matanuska Susitna Borough.

By far the largest operations cost of the proposed visitor center will be the annual maintenance, which represents more than 58% of the total annual operation expenses. We estimated these at approximately 1% of estimated capital construction costs. If an asset management plan is developed for infrastructure maintenance activities, this estimated cost could likely be reduced substantially.

Visitor center staffing is a distant second at $491,000, or 28% of total costs. A schedule of expected staff is presented in Figure 2 below. Some of these positions would be transferred from the National Park Service visitor center in Talkeetna, Alaska, and from existing positions in Denali State Park. These positions and associated salaries include employee benefits and taxes. Our annual forecasts to 2021 assume wage increases equal to predicted price level changes (1.5%).

Shuttle operations involve four units operating continuously during the peak summer visitor season and at a reduced schedule during slower periods. Shuttles will take 30 minutes to complete a round trip between the transportation hub and the Visitor Center, which includes loading and unloading of passengers. Operations costs include fuel and regular maintenance expenses.[10] Maintenance will be performed offsite using contracted services. Depreciation costs associated with the shuttle vehicles and trailers amounts to $52,000 annually and are included in total maintenance costs discussed above.

Finally, utilities and sewer/trash are projected to total approximately $150,000 annually. These costs are based on operations costs provided by Princess Tours for the Mt McKinley lodge located 3 miles from the proposed site. These cost estimates are likely high because while the lodge operates only seasonally, it accommodates a total population, including guests and support staff, of nearly 900. As such, while the proposed visitor center will have higher rates of visitation, the duration and thus utility demand will be much lower. Additionally, this comparable facility is older, and was not built to the energy efficiency standards under which the South Denali Visitor Center will be constructed.

[9] This period is defined as May 1 to September 30. See note 7 for additional information about how this period is defined.

[10] Costs for shuttle operators have been omitted because it is assumed that the shuttles will be operated under contract with a private company. Driver costs will be recovered through fees. If DNR operates the shuttles the estimated additional operating costs would be approximately $144,000 annually.

Figure 2: Proposed Visitor Center Staffing

Staffing Needs		
Natural Resource Manager I	1 position year-round	
Park Ranger I	1 position year-round	
Park Specialist	1 position seasonal (7 months)	
Park Technician	3 positions seasonal (6 months)	
Maintenance Worker I	1 position year-round	
Laborer	1 position seasonal (6 months)	
Park volunteer	1 position year-round	
Park volunteers	8 positions seasonal (5 months)	
Mat-Su Upper Valley Planner	1 position Year-round	
NPS Biological Technician	2 positions seasonal (6 months)	
NPS Interpretation Ranger	1 position seasonal (6 months)	
NPS Visitor Use Assistant	1 position seasonal (6 months)	
Total 22 positions		**$491,310**

Other Considerations

This final section will identify and discuss additional considerations related to the South Denali Visitor Center. As mentioned earlier our analysis was limited in some areas due to the lack of reliable data.

Additional visitor facilities

Currently, two large hotels in the region generate significant economic development. These two properties account for most of the region's hotel rooms. Development of the proposed visitor center will likely result in significant expansion of visitor facilities and expand hotel capacity by 50%.[11] These facilities are projected to include an additional large hotel complex and a number of smaller Inns or B&B operations. These additional facilities will have two important impacts on the Matanuska Susitna Borough: increased tourism spending locally for lodging, meals, tours and incidentals, and increased bed tax revenues. The increased visitor activity will create a number of local jobs both directly and indirectly through supporting activities. Further, the increased lodging will increase the associated property tax receipts to the Matanuska Susitna Borough.

The proposed facility will offer an alternative land based destination for Alaska's visitor industry. Due to its proximity to Anchorage, land based tours to the South Denali Visitor Center would offer a more affordable alternative to the extended stay required to tour Denali National Park. Cruise operators may find strong demand for a land based tour that offers similar sightseeing yet does not require an overnight stay at the Park. Further, the National Park Service and others have acknowledged that Denali National Park is near its infrastructure's visitor capacity. The proposed South Denali Center may help reduce or mitigate the impacts of the future visitor growth on Denali National Park.

Meetings/conferences

The development of the South Denali Visitor Center will provide meeting space currently lacking in the MatSu area. A recent study commissioned by the Borough estimated that a conference or convention facility could produce increased visitor spending in the range of $700,000 to $1.6 million annually through a combination of lodging and other expenditures (MCDowell Group, Inc., June 2006). Despite its relatively remote location the proposed South Denali Visitor Center could provide an attractive meeting/conference facility for corporate and trade meetings due to the lodging in close proximity and all weather highway access just two hours from Anchorage's International airport. These off season activities would provide additional economic benefits during a traditionally slow fall and winter period. Promoting the area can lead to synergistic benefits by exposing attendees to available activities and facilities (like all-weather road system, trails, and visitor facilities).

[11] Source: Economic Impacts of the Proposed South Denali Visitor Center (Colt, 2008).

With little existing data available on these activities at comparable sites, we can only speculate on the amounts of net receipts that would accrue directly to the proposed South Denali Visitor Center. Thus, we have decided to omit estimates of the direct impacts that hosting meetings and conferences might generate.

Winter tourism

Currently, the upper Matanuska Susitna Borough is a popular area for a diverse number of outdoor activities. The nearby Petersville area boasts many popular snowmachine and ski trails. Construction of the South Denali Visitor Center will expand the number of winter activities available and attract additional visitors during the winter season. These increases in visitation would likely lead to additional year-round facilities and activities, and promote the area as a destination for both Anchorage and Fairbanks residents. Greater utilization of hotel and other visitor facilities would increase the economic viability for these services and increase year-round employment by these businesses.

Economic Development in Denali Country

Denali country, defined as the area between Willow and Denali, currently has 58% of the available rooms in the Matanuska Susitna Borough and accounts for 60% of total bed tax receipts annually[12]. Construction and operation of the South Denali Visitor Center would add substantially to the area's economic base. The Center and the related build up of additional hotel capacity, infrastructure, and support businesses will significantly affect employment and economic opportunity for area residents. Construction of the visitor center will extend the existing electrical service north into Denali State Park, which will further development of existing private lands. There will be substantial spillover or indirect benefits from both the visitor industry and support businesses that service these additional visitors. Finally, this build up will increase the assessed value of property subject to property taxes in this region of the Matanuska Susitna borough.

[12] Denali country bed tax revenues from S. Colt et al., 2008, Total Matanuska Susitna Borough bed tax receipts for 2007 were provided by Chris Drashner, Borough Accounting Specialist.

References

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

Gramann, J. (2003). National Park Service. In J. J. Pigram, *Encyclopedia of Leisure and Outdoor.* New York: Routledge.

McDowell Group. (July 2009). *Alaska Visitor Statistics Program V Interim Visitor Volume Report Fall/Winter 2008-09.* Juneau: State of Alaska Department of Commerce, Community and Economic Development.

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

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

MCDowell Group, Inc. (June 2006). *Matanuska-Susitna Borough Tourism Infrastructure Needs Study.* Juneau: McDowell Group Inc.

McNamee, P. D. D. (October 1999). *Understanding GASB 34's Infrastructure Reporting Requirements.* Virginia : PricewaterhouseCoopers LLP.

National Park Service, U. D. (April 2006). *South Denali Park & Perserve Final South Denali Implementation Plan and Environmental Impact Statement.* Denali National Park: National Park Service.

Schmeeckle Reserve Intrepreters. (August 2009). *South Denali Visitor Center Complex Interpretive Master Plan.* Anchorage: Alaska Department of Natural Resources, National Park Service-Alaska Region, MatSu Borough .