HISTORY OF THE CONCESSION AT
DENALI NATIONAL PARK
(FORMERLY MOUNT MCKINLEY NATIONAL PARK)*

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*Mount McKinley National Park was renamed Denali National Park and Preserve on December 2, 1980.
ATTENTION:

Portions of this scanned document are illegible due to the poor quality of the source document.
"IF THE UNITED STATES WISHES TO SHARE IN THE PROFITS OF THE TOURIST BUSINESS, IT MAY READILY DO SO. ANY WELL CHOSEN EXPENDITURE MADE IN BUILDING GOOD ROADS AND HOTELS IN OUR NATIONAL PARKS WILL RETURN LARGE DIVIDENDS NOT ONLY IN DOLLARS AND CENTS BUT ALSO IN THE HEALTH, ENJOYMENT AND EDUCATION OF OUR PEOPLE. THE TRAVELING PUBLIC WILL SOON LEARN THAT ONE OF THE GRANDEST OF OUR PARKS, ONE OF THE MOST WORTH VISITING IS THAT WHICH, LET US HOPE, IS SOON TO BE ESTABLISHED IN THE MOUNT MCKINLEY REGION." (U.S. GEOLOGICAL SURVEY, 1917)
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Supporters of legislation to establish Mount McKinley National Park cited the probable benefits of increased tourism among its advantages. Robert Sterling Yard, who visited the McKinley Region in 1915, presented his ideas before the committee on territories in 1916.

"Immediate benefits to the people of Alaska may be expected to follow the creation of Mount McKinley National Park. It will be a tremendous advertisement for the new railroad, which will bring visitors to the threshold of the Park. Increased business will come with the tide of tourist travel. Hotels will be established and roads built. Some of those who come to see the scenery will remain as residents, and others will find opportunities for investment."\(^2\)

The act establishing Mount McKinley National Park was signed on February 26, 1917. Section 7 of the Act allowed the Secretary of the Interior to "execute leases to parcels of land not exceeding twenty acres in extent for periods not to exceed twenty years whenever such ground is necessary for the erection of establishments for the accommodations of visitors." Since then Mount McKinley National Park has lured many successful and some unsuccessful private and government enterprises to provide tourist facilities in the Park.

THE FIRST CONCESSIONER IN MOUNT MCKINLEY NATIONAL PARK (1923-1925)

By 1922 applications were being received at the National Park Service office in Washington from persons who wanted to build hotels, camps and establish transportation systems in the Park. They were investigated with the intent of having some accommodations by 1923.

With the completion of the Alaska Railroad from Seward to Fairbanks in 1923, Mount McKinley National Park became a destination for the average Alaskan tourist. The Curry Hotel, located in the town of Curry along the route of the Alaska Railroad, opened in 1923 and provided tourists with the type of accommodations desired at that time: a scenic view, golf, tennis and a swimming pool.\(^3\) Maurice Morino built a roadhouse at the Park entrance around 1915 and benefited from the patronage of the railroad construction workers. In 1923 Morino built a new roadhouse to provide tourists to the Park with accommodations, postal service and supplies.

In anticipation of tourists arriving at the Park on the railroad, Dan Kennedy requested a permit to operate tent camps and a pack and saddle train within the Park. An old time Alaskan, Kennedy had for many years operated a guide service for his game hunters who came to Alaska in search of trophies. In the winter of 1923 Dan Kennedy was given a permit to operate the tourist concession under a five year contract. Three camps were to be established, extending 50 miles into the Park from the railroad at McKinley Park station.\(^4\)
SAVAGE CAMP 1923 - COOK HOUSE AND DINING TENT
(National Park Service)

For the 1923 season, Kennedy brought 20 pack and saddle horses and materials from Seattle and established a camp at Savage River - 12 miles from the railroad station. He employed six men at his tent camp composed of a large cook tent and sleeping tents furnished with iron beds, coil springs, bed linen and all the comforts of an up-to-date hotel. Savage Camp was the only camp established by Kennedy; his failure to construct the two additional camps required in his contract prevented visitors from reaching the interior of the park.

Visitors to the park entrance were numerous during the 1923 season. Superintendent Henry Karstens greeted a congressional party of 65, the Brooklyn Eagle party of 70 which formally dedicated the Park, a Presidential party of 70 and 12 members of the Massachusetts Forestry Association. Those spending the night stayed at the Morino Roadhouse. Thirty-four people actually made the trip to Savage Camp in 1923. Besides providing tourist accommodations, Kennedy's business profited from packing powder for the Kennicott Copper Company which was building a tunnel at Copper Mountain.
THE MT. MCKINLEY TOURIST AND TRANSPORTATION COMPANY

In 1925 the Mt. McKinley Tourist and Transportation Company was incorporated by Mr. Thomas Marqua, president, Mr. James Gallen, vice-president, and Robert Sheldon, manager. James Gallen was president of the Richardson Highway Transportation Company and was associated with prominent transportation officials in Alaska. The company recognized that since a road system was being developed in the park there would be a need for automobile transportation, so the company bought Dan Kennedy's interest and acquired his permit to operate the tourist concession.

At the opening of the park season in 1925, 12 miles of road were graded, allowing vehicles to operate between McKinley Park Station and Savage Camp. The Mt. McKinley Tourist and Transportation Company brought in four tourist cars to replace the more expensive and laborious horse transportation. At times during the latter part of the season, travel was so heavy that the four cars had difficulty handling all who wished to go into the Park. The increased efficiency and comfort of auto travel brought an increase in visitation -- 206 persons visited Savage Camp in 1925 compared to 62 visitors in 1924.5

A reorganization of the Mt. McKinley Tourist and Transportation Company in 1928 resulted in considerable improvement of transportation and camp accommodations. The eight touring cars that operated between the railroad and Savage River Camp gave efficient and comfortable service. The tourist camp at Savage was enlarged to accommodate 52 visitors with meal service for up to 60 people. The "tent house colony" consisted of a large dining hall, a social hall with a dancing floor, two barns, a corral, garage and store house. In addition to those facilities, there were twenty-six 10' x 12' tent houses, each furnished with two beds and washstands. There was running water to the camp, although it was not piped to individual tents. Thirty saddle and pack horses were maintained for those wishing to travel further into the Park.6

By 1928 four additional tent camps were established, extending from Savage Camp to Copper Mountain (renamed Mount Eielson in 1930), a distance of 60 miles. Accommodations included:

<table>
<thead>
<tr>
<th>Location</th>
<th>Accommodations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Igloo Creek</td>
<td>4 - 10' x 12' tents</td>
</tr>
<tr>
<td></td>
<td>1 - 14' x 16' tent</td>
</tr>
<tr>
<td></td>
<td>1 - 8' x 10' cache</td>
</tr>
<tr>
<td>Polychrome Pass</td>
<td>1 - 14' x 16' tent</td>
</tr>
<tr>
<td>Toklat River</td>
<td>2 - 10' x 12' tents</td>
</tr>
<tr>
<td></td>
<td>1 - 14' x 16' tent</td>
</tr>
<tr>
<td></td>
<td>1 - 8' x 8' cache</td>
</tr>
<tr>
<td>Copper Mt.</td>
<td>2 - 10' x 12' tents</td>
</tr>
<tr>
<td></td>
<td>1 - 14' x 16' tent</td>
</tr>
<tr>
<td></td>
<td>1 - 8' x 10' cache</td>
</tr>
</tbody>
</table>

All of the camps were supplied with canvas cots, blankets, mattresses and essential equipment for visitors' parties.7
The company's season ran from early or mid-June until the fifteenth of September each year. Usually two or three tents would be left up until October to accommodate hunting parties. (Hunting was permitted until 1932.)

The Mt. McKinley Tourist and Transportation Company and the Alaska Railroad

The scenic attractions of Mount McKinley National Park made it the most valuable asset of the Alaska Railroad in developing tourist travel in Alaska. Between 1926 and 1929 the railroad conducted an extensive marketing effort to bring more vacationers to Alaska. To ensure quality services to tourists, Noel W. Smith, general manager of the Alaska Railroad, gave substantial and technically unlawful assistance to the Mt. McKinley Tourist and Transportation Company. In 1926 he allowed the new company to use the cold storage facilities at Curry and to draw on commissary stocks at Curry and Anchorage. Smith arranged for telephone service between Fairbanks and McKinley Tourist and Transportation Company's line in the Park. In 1927, the railroad encouraged the company by hauling its stage coaches and horses to the Park without charge. The stage coaches and horses were used for packing equipment and providing scenic tours between Savage Camp and Igloo Creek, Toklat River, and Copper Mountain.

Expansion of Mt. McKinley Tourist and Transportation Company

The Mt. McKinley Tourist and Transportation Company continually added to it's equipment and housing facilities in order to meet the increased tourist demand. By 1929 100 guests at a time could be accommodated at Savage Camp; the facilities were strained to the limit. As many as 40 persons a day were turned away. By that time the automobile and bus fleet consisted of two 22 passenger buses, nine touring cars, two trucks and a trailer.

In 1926 two Old Faithful Concord stages were donated and brought from Yellowstone Park where they had been replaced by automobiles. The coaches, drawn by four horses each, were used on trips up into the mountains from Savage River Camp. During the 1928 season two additional stages were brought from the Klondike where they had been used in the Royal Mail Service and in carrying passengers during the gold rush days. "These are greatly enjoyed by the tourists as reminiscent of the days of the wild west and especially by the younger generation to whom a ride behind a four horse team was a new and thrilling experience."

As the Mt. McKinley Tourist and Transportation Company continued to expand, problems arose with the Alaska Road Commission and the National Park Service. Under an agreement with the National Park Service, the Alaska Road Commission was constructing and maintaining all roads and trails in the Park. Lack of cooperation by the Transportation Company led to conflicts with the Road Commission. "They (the Transportation Company), will not assist them (the Road Commission) in any way because of their lack of appreciation, unfairness and lack of integrity."
SAVAGE RIVER CAMP
(National Park Service Photo)

Superintendent Karstens spent considerable time with Robert Sheldon, manager of the Transportation Company, to resolve complaints raised by the visitors of "inefficiency, dirtiness, poor food and little of it." Problems were encountered with the Transportation Company's employees killing caribou and later sheep just outside the Park boundary and serving the meat to camp guests.

The National Park Service and the Mt. McKinley Tourist and Transportation Company

From references made in Superintendent Karstens' monthly narrative reports, it appears that matters such as tent additions, permit requests, and schedules of rates were taken up directly between the concessioner and the Superintendent. In the fall of 1928, the Superintendent reported to the Director of the National Park Service that "the modifications of the new contract of the Mt. McKinley Tourist and Transportation Company was accepted by them and will run ten years, starting January 1, 1929. An annual permit was issued for the period from January 1, 1928 to January 1, 1929."
The following rates were in effect from 1926 to 1929 by the Transportation Company:

McKinley Park Station (Railroad Depot) to Savage River Camp;
14 miles by automobile, round trip fare................................. $ 10.00
Savage River Camp (base camp) to Igloo Creek Camp; 18 miles
one way; round trip fare..................................................... $ 38.00
To the head of Savage River, returning via the Sanctuary
River; a two day trip by saddle horse; round trip fare............... $ 30.00
To Copper Mt. near the base of Mount McKinley; an eight day
trip, partly by automobile and partly by saddle horse and
animal train; round trip fare.............................................. $100.00

Savage Camp, Igloo Creek Camp, Toklat River Camp, head of Savage
River Camp, Copper Mountain Camp:
lodging, two persons in tent house each per day.................. $ 1.50
lodging, one person in tent house per day.......................... $ 2.00
meals per person per day.................................................. $ 6.00

ROBERT SHELDON - MANAGER OF THE MT. MCKINLEY TOURIST AND TRANSPORTATION CO.
(National Park Service Photo)
There was an understanding that nothing of a permanent nature would be constructed by the Tourist and Transportation Company because Savage Camp would be abandoned when the road was completed to Copper Mountain (renamed Mount Eielson in 1930), where a modern hotel would be built. During August of 1929, a party consisting of T.G. Vint, National Park Service landscape architect, James Gallen of the Transportation Company and Superintendent Harry Liek went to the Copper Mountain district and chose a suitable site for the proposed hotel. It was estimated that work would begin in 1931.

**Difficult Years For the Mt. McKinley Tourist and Transportation Company**

The years between 1930 and 1935 showed for the first time a decrease in visitors to Mount McKinley National Park.* This was a result of the depression years and bad conditions in "the states". The decrease in visitation coupled with increased passenger and freight rates on the Alaska Railroad led to operating losses for the concessioner. The Mt. McKinley Tourist and Transportation Company's Statements of Operation showed the following net losses:14

<table>
<thead>
<tr>
<th>Year</th>
<th>Net Loss</th>
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<tbody>
<tr>
<td>1930</td>
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</tr>
<tr>
<td>1931</td>
<td>-4452.28</td>
</tr>
<tr>
<td>1932</td>
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<td>1933</td>
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</tr>
<tr>
<td>1934</td>
<td>-955.47</td>
</tr>
<tr>
<td>1935</td>
<td>-1584.55</td>
</tr>
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</table>

Beginning in 1930, the Mt. McKinley Tourist and Transportation Company began operating an air charter service. A permit was issued to them by the National Park Service and a 1500 ft. landing field was cleared on the Savage River bar.15 Alaska Airlines provided a six passenger plane and the first "tour" occurred at the end of July. For $90.00 a visitor could fly from Savage Camp, toward Mount McKinley, over Mount Eielson to the Muddy River vicinity and return over the Muldrow Glacier, a distance of 150 to 175 miles round trip. Although the gross revenue of the airplane business was $3199.00, the Transportation Company's profit was only $430.00. That was considered good since the new service was experimental.

*Visitation to Mt. McKinley National Park:*

<table>
<thead>
<tr>
<th>Year</th>
<th>Visitation</th>
</tr>
</thead>
<tbody>
<tr>
<td>1922</td>
<td>7</td>
</tr>
<tr>
<td>1923</td>
<td>34</td>
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<td>1930</td>
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<td>1931</td>
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<td>1932</td>
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<td>1935</td>
<td>628</td>
</tr>
<tr>
<td>1936</td>
<td>877</td>
</tr>
</tbody>
</table>
THE MCKINLEY PARK HOTEL

Early Ideas

The first substantial plans for a hotel in Mount McKinley National Park were prepared and submitted by Mr. C.D. Pollock and Mr. Holmes of Anchorage to Col. Lee H. Landis, general manager of Alaska Railroad, in 1924. The plans included 72 guest rooms, 18 private baths, 5 public baths, a 40' x 60' dining room, a 20' x 40' kitchen and a 38' x 36' lobby. Estimates for building equipment and furnishings ranged from $170,000 to $184,000 depending on whether log construction or victorian paneled stucco were used for the exterior of the hotel. An additional $30,000 was estimated necessary to provide a power plant, water supply and tennis courts. A location had not been selected and estimates did not include the construction of any roads into the park. On April 13, 1924, a letter was sent to Mr. C.D. Pollock from Col. Lee Landis:

"I am indebted to Mr. Holmes and yourself for the interest displayed and for the results you have obtained. It is a rather sad piece of news, however, that our appropriation for the current year, and in fact the next fiscal year, has a string attached to it that will preclude our proceeding further in this hotel matter for the time being at least. In fact, about the only thing we can do now is preserve our files until next year."16

Nothing ever became of those plans.

From the late 1920's into the 30's it was generally assumed that hotels would be constructed at Mt. Eielson and at Mt. McKinley Station.17 The major argument for a hotel was that the tent camps at McKinley Park were too basic for travelers from the "lower 48" to Alaska. Even though the idea of a hotel was in several minds, it was Col. O.F. Ohlsen, general manager of the Alaska Railroad, who worked to convert it to a reality. Within a year of his arrival in 1928 he had decided on a hotel in the Park, "where it should have been located in the first place instead of Curry."18 Ohlsen was unable to attract private interests for construction, but beginning in 1935 the Interior Department took the idea under active consideration.

When Alaska Territorial Governor Ernest Gruening visited Savage Camp in 1936 he recognized that adequate accommodations for tourists were the park's most pressing need, Gruening promised to see what could be done when he returned to Washington. He argued that: "the purpose of our great national parks was only partially fulfilled unless the National Park Service could furnish accommodations, either by its own actions or through a concessionaire, so that people could enjoy the Park's wonders."19 Gruening worked with Park Service personnel and persuaded Secretary of the Interior Harold Ickes to appropriate funds for a hotel at the Park entrance. In 1937, $350,000 was appropriated to the government to build a tourist hotel at McKinley Park Station. This amount was made possible through Work Projects Administration (WPA) funds allotted to the Alaska Railroad with the National Park Service designated to design and construct the building.
Building Begins

Harry Liek, Superintendent of Mt. McKinley National Park, was in charge of the hotel project. Thomas C. Vint from the Branch of Plans and Designs in Washington, D.C., was Supervising Architect. Allston G. Gutterson was the Architect and Victor Rivers was Construction Engineer. Beginning on May 15, 1937, a site was surveyed for the hotel and utility structure at a location approximately 300 yards from the train station. The hotel was built close to the railroad depot for reasons of accessibility. Ground was broken on July 12, 1937, and all work was suspended on December 15 for the winter season. Alaska Railroad construction crews were used with laborers being paid $.75 per hour, carpenters $1.25 and job foremen $1.50 per hour. Substantial assistance was given by the Alaska Steamship Company by giving a 35% reduction of freight rates on materials for the hotel project. In addition, minimal expenses were incurred in shipping freight from Seward to Mt. McKinley Park Station by rail.

In the summer of 1938, Ernest Gruening arrived at McKinley Park Station with Secretary Harold Ickes for an inspection of the hotel's partially completed facilities. Ickes, viewing the new hotel, expressed strong disapproval. He said it looked like a factory and that he expected to hear the whistle blow. He complained that the dining room was inadequate; an average train load of passengers would have required four settings to get through a meal; the lobby was too small, there were too few rooms; the power house which cost $68,000 was unnecessary - a diesel engine in the basement would have sufficed. The following morning a meeting was held with all of the involved parties which was "a ghastly revelation of administrative inefficiency." Secretary Ickes stated that Harry Liek was unqualified to oversee a project of that nature, and the fault was not his (Liek's), for he should never have been given such a task. Both the architect and engineer were equally inexperienced, but the unhappiest figure of all was Thomas Vint who had no explanation for the hotel's deficiencies. The Secretary decided that it would be necessary to tear out the end of the dining room and extend it so that it could accommodate a train load of guests at one sitting and add a wing to bring the total number of accommodations to approximately one hundred rooms. The additional funds were supplied by the railroad; Col. Ohlsen had accumulated a surplus of $125,000 during the previous year. On December 8, 1938, the construction supervision was turned over to the Alaska Railroad. Harry Liek was relieved of his responsibility for the project. Gutterson was ordered back to Washington and Thomas Vint was ordered to consult with Ohlsen on all matters.

While the McKinley Park Hotel was being built questions arose over its operation. The National Park Service was not eager to operate the hotel but agreed to undertake the task if it was assigned to them. James Gallen of the Mt. McKinley Tourist and Transportation Company wanted to build a hotel at Savage River to replace the Savage River Camp, but was unable to acquire the funds. Along with many others, Gallen believed the McKinley Park Hotel at McKinley Park Station would not prove profitable and to consider operating the hotel, wanted a guarantee against
losses. Col. Ohlsen of the railroad was not enthusiastic about managing the hotel and was certain that "whatever satisfactions or benefits derived thereof would not justify the deficit the railroad would incur through the hotel operation." In order to have one agency operate both the hotel facilities and the major transportation system, it was decided by the Department of the Interior in Washington that the Alaska Railroad should operate the McKinley Park Hotel.

Hotel Opens

The new Mt. McKinley Park Hotel opened on June 1, 1939 with 108 guests registered. There were 86 rooms, 34 with bath and a normal capacity for 175 guests. A maximum of 200 people could be accommodated. The dining room had a capacity of 120 people. The building also contained a meeting room with a seating capacity of approximately 200 people, a cocktail lounge with a capacity of approximately 36 people, a large lobby, a lounge, a storage room, an employee dining room, a kitchen, manager's quarters, a snack bar and an assembly room. In addition to the hotel structure itself, the facilities included a power plant building and an employees' dormitory. Rates for the 1939 season were:

- Double Room with Bath - $7.50
- Single Room with Bath - 5.00
- Exclusive Occupancy - 6.00
- Double Room without Bath - 6.50
- Single Room without Bath - 4.00
- Single Occupancy - 5.00
- Breakfast - 1.00
- Luncheon - 1.50
- Dinner - 2.00

Interpretive programs were presented at the hotel by Park Rangers with color slides and a motion picture of the second Mount McKinley climb. Also, the rangers began to accompany the passengers on each bus trip to Mount Eielson to provide information about the park. A major complaint concerning the new hotel was that it afforded no view of the Park's chief attraction - Mount McKinley.

Competition arose between the Mt. McKinley Tourist and Transportation Company and Alaska Railroad's operation of the new hotel. As ordered by the Park Service, a major portion of Savage Camp was moved to mile 66 and renamed Camp Eielson. In addition, many visitors preferred the much less elaborate accommodations at Camp Eielson. Other tourists, when they found out there would be an additional expense for hotel accommodations at Camp Eielson, decided to cancel their bus trip to the interior of the park and stay at the hotel at the park entrance. That was especially prevalent on cloudy or stormy days when it was likely that the mountain would be hidden. Although the season at Mount McKinley National Park officially extended through September 15, the new hotel closed on August 31 due to lack of business. Even though Camp Eielson remained open for the entire season, the gross revenue of the Mt. McKinley Tourist and Transportation Company was seriously affected for 1939 ($25,000 in 1939 compared to $36,000 in 1938).
THE ALASKA RAILROAD ACQUIRES THE CONCESSION

In 1939 Secretary of the Interior, Harold Ickes, began a campaign for government ownership of private concession operations within National Parks. His targets were Mount McKinley (Alaska) and Mount Rainier (Washington) National Parks. Ickes told the Public Land Committee: "I have been opposed and I am opposed to the concession system. Two bills will be presented to give Congress the opportunity with respect to two parks to wipe out the concessionaire system. I do not believe in it."29 As a result, on March 29, 1940, H.R. 4868 was approved which provided: "for adequate housing, feeding, and transportation of the visiting public and residents of McKinley Park, Alaska...to construct, maintain, and operate hotels, lodges and other structures and buildings of the Mt. McKinley Tourist and Transportation Company out of revenues from the appropriations for the Alaska Railroad." Funds appropriated were not to exceed $30,000.

With the passage of the bill approving the purchase of the Mt. McKinley Tourist and Transportation Company, the visitor facilities became entirely government owned and operated. Superintendent Frank Been was concerned that the statutory requirement that the Alaska Railroad pay for itself would be reflected in the service. Been felt that with the luxury facilities at the hotel, the disappearance of the informal friendliness which should characterize a National Park would be inevitable.30

Although the bill authorizing the Alaska Railroad to purchase the Mt. McKinley Tourist and Transportation Company was passed in March 1940, it was not until December 1941 that funds were actually appropriated. The concessionaires' contract was extended for the 1940 and 1941 seasons and the Transportation Company continued to operate the bus and automobile tours and lodging facilities at Camp Eielson.31 Each year manager Robert Sheldon considered it to be their last season in the park and was reluctant to spend more than absolutely necessary. On numerous occasions in 1941 there were not sufficient beds for all who desired to stay at Camp Eielson overnight. An additional problem was that saddle horses were not available for visitors; complaints resulted in the Park Service ordering Sheldon to acquire horses. He refused to comply.32 On December 31, 1941, the Alaska Railroad bought nearly all of the personal property of the Mt. McKinley Tourist and Transportation Company for $22,044.99. An additional $2,000.00 was paid the following summer for the remaining items at Camp Eielson.33

Net profits for the Mt. McKinley Tourist and Transportation Company the years 1936 to 1941 were as follows.34

<table>
<thead>
<tr>
<th>Year</th>
<th>1936</th>
<th>1937</th>
<th>1938</th>
<th>1939</th>
<th>1940</th>
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<td>1,495.61</td>
<td>5,093.55</td>
<td>5,866.38</td>
<td>*</td>
<td>896.72</td>
<td>19,464.40</td>
</tr>
</tbody>
</table>

*record not available
WWII AND THE US ARMY REST AND RECREATION CAMP (1942-1943)

Due to the wartime conditions during 1942, there was no tourist travel to Mt. McKinley National Park. A skeleton crew remained at the hotel and the National Park Service cooperated with the Alaska Railroad in maintaining the facilities. With the Japanese attack on the Territory of Alaska by the air raid of Dutch Harbor on July 3, the residents of the park were put on alert for possible attacks further north. To prepare for possible attack and to assist the military, incendiary bomb extinguishers were placed at all buildings, emergency food caches were placed at park headquarters and at the hotel, 40 tons of scrap metal and 3 tons of rubber were loaded onto railroad flat cars (old McKinley Tourist and Transportation Company automobiles and buses), and radios were loaned to the Alaska Aircraft Warning Service.

US Army Rest and Recreation Camp

The McKinley Park Hotel was closed to civilians from April 10, 1943 until June 10, 1945. During these years, the hotel was not operated by the railroad but was made available to the Alaska Defense Command as an Army recreation camp. Costs were borne by the Army except for wages for a hotel manager, power plant engineer and hostess. The Railroad provided free transportation of equipment and supplies. The recreation camp, operating year round, offered skiing at Mile 6 of the Park road where a rope tow was installed. A new snowplow was used to keep the road open to the ski field. Hiking to Horseshoe Lake behind the hotel and ice-skating were also offered. The National Park Service rangers gave regular slide shows at the hotel and daily demonstrations were made with the Park dog team. A major accomplishment of the Army engineers was the completion of the 3400 foot landing strip at McKinley Park Railroad Station in October of 1943. The last Army furloughs to visit the Army rest and recreation camp departed March 1, 1945. During the two years of operation, over 11,000 military personnel spent a week in the Park.
CAMP EIELSON Closes - Winter Use by Air Force-Recreation Camp (1946-1951)

After being closed to civilians for two years the hotel and Camp Eielson opened to the public on June 10, 1946. Only two guests arrived on the opening day and practically all of the visitors to the park for the first half of the season were Alaskans. Due to promotional problems and lack of funds for advertising, it was suggested by the Chief of Alaska Branch, Division of Territories and Island Possessions, that National Park Concessions Inc., a non-profit distributing corporation, operate the Mt. McKinley and Curry Hotels. Plans were developed to transfer the hotel operations from the Alaska Railroad to a concessionaire, but were never executed.

In 1946 request were made for a total of $743,000 for the "Alaska Railroad Appropriation Fund". This was to pay in for additions to the McKinley Park Hotel, improvement and construction at Camp Eielson and construction of a Wonder Lake Lodge facility. Plans were developed by the National Park Service for a hotel enlargement to accommodate 300 guests and a lodge to be built at Wonder Lake. Later in the year, the Railroad Division of Budget and Administrative Management stated that funds were not available for construction in McKinley Park, due to Congressional efforts to restrict post-war construction in Alaska to veterans' housing.

Apparently there was no inter-bureau agreement between the Railroad and the National Park Service for the operation of the visitor facilities. Questions arose over what accommodations the Railroad should provide at Camp Eielson. The Railroad wanted to close the camp because it was not showing a profit. The National Park Service insisted on keeping it open as an overnight stopping place until a hotel could be built at Wonder Lake. Although the facilities were very plain, many people liked Camp Eielson because of its wilderness setting and imposing view of Mount McKinley. The tent frames were deteriorating and the Railroad finally
ran out of funds to repair the camp. It was closed following the 1950
season. Many of the buildings remained and were used by backpackers
until 1960 when the Eielson visitor center was constructed.

Winter Use of the Hotel

The hotel continued to be open on an informal basis during the winter
months from 1946 to 1949 attracting conventions and meetings from
Anchorage. Problems associated with keeping the hotel functioning
during the winter months were numerous: during -30 degree temperatures
a concrete foundation buckled, $8,000 damage resulted from freezing
pipes; the ceilings of the second floor rooms dripped after frost formed
on the main roof and the rooms were overheated due to defective radia-
tors. During winters from 1949 to 1953 the Air Force used the hotel.
The accommodations were used primarily by military personnel and their
dependents; the Alaska Air Command furnished all of the food facilities,
supplied the fuel for the operation of the power plant and reduced the
Alaska Railroad's personnel to a minimum. The railroad received an
average of $6,000 a month for transportation services from Anchorage to
McKinley Park Station. Each season the Air Force camp closed in April,
and by May the hotel changed back to commercial operation.
By 1950 the McKinley Park Hotel was proving to be a financial failure for the Alaska Railroad. Even with the high lodging rates, the hotel costs were even higher. This led to the eventual assignment of the hotel to the National Park Service.

In 1952 the House Appropriations Committee slashed the Alaska Railroad funds from $16,000,000 to $3,906,000. In addition it recommended that the McKinley Park Hotel be placed under concession contract. Anxious to relieve the burden of the hotel from the railroad, Mr. J.P. Johnson, general manager of the railroad, began soliciting hotel operators. Four bids were considered and finally the concession was awarded to E.W. "Bud" Lauesen, doing business as McKinley Park Service Inc., Mr. Lauesen of Anchorage incorporated McKinley Park Services in 1952 for the purpose of operating the hotel for the 1953 season. "Bud" Lauesen became president and manager with B.A. Buch as vice-president, Vallery Loyer as treasurer, and F.T. Larson as secretary.

On the basis of a proposed contract (No. 14-04-003-226) with the Alaska Railroad covering a period of twenty years beginning June 13, 1953, McKinley Park Services Inc. began operating the hotel. The contract was signed by Mr. Lauesen on behalf of his corporation and by Mr. J.J. Delaney, Contracting Officer of the Alaska Railroad. The contract was approved by Mr. J.P. Johnson, general manager of the railroad but did not receive the necessary approval of the Secretary of the Interior.

Following the receipt of the McKinley Park Services Inc. proposal to operate the hotel, an investigation was made by the Department of the Interior. It was determined that neither Mr. Lauesen nor his associates had the financial means to assume a continual operation of the hotel until a profit could be earned. Also, there was a lack of hotel experience by the proposed management group. The Regional Director of the National Park Service concluded that a contract was not warranted unless the corporation would agree to secure additional capital totaling $200,000 by November 1, 1953. Although the Park Service recommended against the contract, it acquiesced, providing the contract "did not confer any other operating rights within the Park unless approved by the Director". Changes to the contract were never made.

During the 1953 season numerous improvements were made by McKinley Park Services Inc., including painting the exterior of the hotel and initiating a service of air tours operating from the landing strip at McKinley Park Station. An extensive and vigorous radio and newspaper advertising campaign was conducted by the new hotel management. Beginning September 1, 1953, a winter rate went into effect in hopes of stimulating winter travel. As an added inducement to attract visitors to the hotel, the management offered rooms free to any persons visiting Mount McKinley National Park from December 1 to 22. The hotel remained open all winter with sporadic occupancy - a high of 237 people registered at the hotel in February. The last season the hotel was open during the winter months was 1954.
PUBLIC LAND ORDER 919: THE NATIONAL PARK SERVICE ACQUIRES THE HOTEL

By the fall of 1951 the possibility of the National Park Service taking over the McKinley Park Hotel was being discussed. In early 1953 a report to the General Accounting office reviewed the Alaska Railroad's 1952 operating deficit of $797,646 (compared to a profit of $99,877 for 1951). Recommendations to the railroad included that the McKinley Park Hotel be turned over to the National Park Service. Through Public Land Order 919, signed by the Secretary of the Interior on October 12, 1953, the Alaska Railroad transferred approximately 205.20 acres of land including the McKinley Park Hotel and all other buildings, with all equipment and vehicles, to the National Park Service.

The National Park Service began negotiations with McKinley Park Services Inc. for a contract to operate the hotel facilities. On February 25, 1954, a five-year contract was negotiated and approved by Congress. During the period of contract negotiations the financial difficulties of the concessionaire became serious. A letter was written to the corporation reserving "the right of the Secretary to terminate the contract upon ninety days written notice if the company becomes involved in financial difficulties to the extent that the Secretary may find it in the public interest to terminate the contract." This was made as a final condition to the contract, dated July 6, 1954 and was forwarded through the Regional Director and the Superintendent. However, the letter and the contract were never delivered to Mr. Lauesen of McKinley Park Services Inc.

The Secretary of the Interior decided that, because of the severe financial difficulties of the McKinley Park Services Inc., no contract would be given. The corporation should be relieved of operation responsibility and the facility returned to the National Park Service.

On July 27, 1954, Mr. C.L. Wirth, Director of the National Park Service, requested that the National Parks Concessions Inc. assume management of the McKinley Park Hotel. Mr. Garner Hansen of the National Parks Concessions Inc. arrived at the hotel on August 4 with National Park Service officials, members of the Justice Department and U.S. District Attorneys. Superintendent Grant Pearson delivered a letter from the Director of the National Park Service to Mr. Lauesen advising him that his company was being relieved of the operation of the hotel. Mr. Lauesen, after reading the letter, requested his attorney from Anchorage. The following day Mr. Lauesen and his attorney advised the Park Service that his company did not agree with the conditions set forth in the letter and therefore refused to relinquish the operation of the hotel. Legal discussions and court proceedings were conducted from August 5 until August 25. Finally, at 4:00 pm on August 25, 1954, McKinley Park Service Inc. relinquished its operation of the concession facility in the park and turned over the government-owned facilities and inventories to the National Park Service. National Parks Concessions Inc. assumed management of the hotel under a concessions contract (#14-10-099-103) effective from July 28, 1954 until the end of the season.
An audit was made of McKinley Services Inc.'s accounts and records for the period June 15, 1953 through August 25, 1954. The report declared the corporation insolvent and indebted to government agencies for $97,652. It revealed that no records had been kept of accounts received and accounts paid, that inventories were not controlled, that guests' checks and receipts were disposed of, that insufficient funds resulted in employees being paid from cash on hand, and that approximately $20,000 in withholding taxes had not been paid. The audit stated that even if it were possible to operate the hotel with a 100% occupancy during the tourist season, with the worn out facilities it would be impossible to operate at a profit.
NATIONAL PARK CONCESSIONS INC. OPERATES THE HOTEL (1955-1957)

From 1955 through 1957 National Parks Concessions Inc. ran the McKinley Park Hotel and bus tours to Mount Eielson and Wonder Lake while the National Park Service solicited qualified concessionaires to operate the hotel and tourist facilities. Superintendent Grant Pearson gave numerous tours around the park to prospective operators. Mr. Stanley Chin, who ran the hotel in Healy, was very interested in operating the facilities, but did not have the financial backing. Each year a contract was negotiated between the National Parks Concessions Inc. and the National Park Service. A condition of the contract was that $7,500 would be paid each year to the corporation by the government for a manager's salary, general overhead, and other costs with the stipulation that it would be reimbursed for any difference in the event that the disbursements exceeded the receipts. Conversely, if receipts exceeded disbursement, the excess was to be paid to the Secretary of the Interior for deposit in the U.S. Treasury.

The concessioner showed a loss of $3,083 for the 1955 season, primarily due to the confusion of the previous season and a July house count that was 25% below that of 1954. However, in 1956 and 1957 the concessionaire showed profits of $3,198 and $41,380, respectively.47

An extensive report of the management of McKinley Park Hotel was prepared each year. The 1955 report suggested a rehabilitation and restoration program for the hotel and government funds were approved to upgrade the facilities. During the 1956 season approximately $147,000 was spent modernizing the government hotel. In addition, a contract was awarded to Cupples Construction Company in Anchorage, totaling $53,362, for renovation work. At the end of the 1957 season the following improvements had been made:

- Installation of a new heating plant
- New water intake system
- General carpentry and plumbing rehabilitation
- Reconstruction of portions of the hotel roof
- Overall strengthening of the building
- Painting the building's exterior and interior
- Refinishing floors
- Replacement of storm sash and window screens
- Modernization of the hotel kitchen
- Installation of a new fire alarm system costing $13,480

To replace the old buses which continually broke down, two new 12 passenger buses were acquired.48

The Denali Highway opened on August 4, 1957, enabling visitors to drive from Anchorage and Fairbanks to the park. During the 1957 season 438 automobiles were registered in the Park. The average stay was six days.49

In response to the National Park Service's prospectus inviting offers to operate the McKinley Park Hotel, Don Hummel and Al Donau visited the tourist facilities in September of 1957. At that time, Hummel and Donau were operating the concession at Lassen National Park. By January of 1958 Hummel submitted a proposal to Congress for a contract to operate McKinley Park Hotel and associated facilities. Both the Congressional Committees pushed the contract through: it was only the second time since concession contracts had been reviewed by Congress that such action occurred.  

A new corporation, the Mt. McKinley National Park Company, was created with Don Hummel as president and Al Donau as vice-president. A ten year contract was signed on February 6, 1958 (#14-10-0100-1023). For the first time the McKinley National Park contract granted the concessioner a preferential right to provide accommodations, facilities and services in the Park and to provide new accommodations as needed. It also granted a preferential right of contract renewal to the concessioner. Apparently the issue of preferential rights was discussed at length. In a note from the Regional Director of the National Park Service to the Superintendent concerning the concession contract, it was stated that: "both the Congressional Committees and the Alaska Delegate are fully aware of the preferential rights of his contract."  

The contract required the concessioner to construct a general store and gas station to be completed before September 1958. The contract also allowed compensation to the concessioner for the concessioner's possessory interest, allowed free transportation and reduced rates for other accommodations to visiting federal employees and required a franchise fee to be paid on a yearly basis. The franchise fee was to be a flat fee of $500 and one-half of one percent (½%) of the concessioner's gross receipts as a condition of the concessioner's contract. Beginning June 1960, the concessioner assumed all costs of heating the hotel and dormitory for the full twelve months of the year. Previously, the Government had absorbed the winter maintenance costs of the hotel.  

The Mt. McKinley National Park Company was awarded the concession contract and operated the tourist facilities at Mount McKinley National Park between 1958 and 1970. The four managers at the hotel from 1958 to 1970 were Author Hanson (1958), Harold Franklin (1959-1960), Robert Vaughn (1961-1965) and Wally Cole (1966-1970). During those years the ten year contract was renegotiated to a twenty year contract, the franchise fee formula was revised, numerous improvements were made to the hotel, a service station was built and a lodge at Wonder Lake was planned.  

During the first few seasons of operation of the Mt. McKinley National Park Company, the combination service station/grocery store was completed by contract between the Mt. McKinley National Park Company and Standard Oil Company of California (Mr. Hershel Keathley, a contractor
in Anchorage, was in charge of the construction). In addition, in 1958 a $162,709 contract was awarded to the Northern Electric Corporation of Fairbanks for the installation of two 50kw electric generators at the hotel powerhouse and a distribution system to the National Park Service headquarters. In May of 1960 the concessioner began rehabilitating the employee dormitory. In 1966 a rehabilitation program was undertaken in the winter to give the interior of the hotel a facelift that included the complete redecoration of the rooms, changes in the main lobby, dining room and bar, installation of wall to wall carpeting and new furnishings.52

With the opening of the Denali Highway in 1957, an increase in park visitation resulted from people car camping along the park road. Beginning in 1958 there was an increase in visitation as a result of visitors arriving as "tour groups" via the Alaska Railroad. The company's gross revenues climbed from $112,092 in 1958 to $310,000 in 1960.53

During the 1960's visitation to Mount McKinley National Park continued to increase. Even in 1964, when most Alaskan tourist accommodations suffered heavily from cancellations after the March 27th earthquake, the McKinley Park Hotel enjoyed a fair season.54 Tour groups began arriving via the Lingo Airstrip, three miles outside the park boundary, which had been developed by George Lingo and Jack Farley. Alaska Airlines scheduled two stops daily at the airport and Mr. Lingo provided a shuttle service to the hotel.

Approximately 90% of the guests who stayed at the hotel remained for only one night. At 3:00 am the guests would be served a "sourdough breakfast", and between 4:00 and 11:00 am they would take the wildlife tour to Mt. Eielson and back (Mt. Eielson Visitor Center was completed in 1960) in order to catch the noon train.55 The Mt. McKinley National Park Company used two World War II surplus buses which they acquired with the concession operation in 1958; they purchased two new 40 passenger buses in 1961.

Evening programs were presented in the hotel recreation room by National Park Service naturalists. It was not uncommon for over 100 people to be present. Superintendent Sam King commented on the overall inadequacies of the hotel facilities for presenting an audio-visual program.56

The Mt. McKinley National Park Company's contract (#14-10-0100-1023) provided (section 9c) that at the end of the sixth year either party could request a renegotiation of the provisions for franchise fees. Between 1961 and 1964 the concessioner's receipts and profits were evaluated and the Regional Director of the National Park Service stated that the franchise fees were insufficient. Between 1958 and 1965 the following franchise fees were received:57

<table>
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<th>Year</th>
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<th>Fee 2</th>
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<tr>
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<td>$500</td>
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<tr>
<td>1959</td>
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<tr>
<td>1960</td>
<td>500</td>
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<tr>
<td>1961</td>
<td>500</td>
<td>1,444.33</td>
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</table>
The contract was amended on February 15, 1966. An annual $3000 fee for use of government-owned structures assigned to the concessioner (employees dorm $320; hotel and appurtenant outbuildings $2,680) and a franchise fee of one percent of the concessioner's gross receipts for the preceeding year. During the 1966 season, fees paid were $7,531.38 ($3,000 + 4,531.38).

Twenty Year Contract (1968)

A Notice of Intention to Negotiate a Concessioner's contract with the Mt. McKinley National Park Company was published on May 27, 1967. No proposals were received, so a contract was drafted and sent to the Mt. McKinley National Park Company for review. The previous contract had had the unique provision of a preferential right of renewal for a further term of ten years upon expiration of the full term (deleted in the 1968 contract). Because of the rights to renewal and the lack of other proposals a 20 year contract was signed with the Mt. McKinley National Park Company on September 21, 1967 (#14-10-9-900-57).

A major addition to the contract was the requirement that the concessioner expend funds necessary to equip facilities at Wonder Lake and place them in operation. The facilities were programmed for construction by the National Park Service in 1970. Other changes to the contract were:

- under Section 2. Accommodations, Facilities and Services authorized: saddle and pack animal services and with trailer facilities were deleted.
- under Section 9, Franchise Fees: the percentage to be paid of the concessioner's gross receipts increased from one percent (1%) to one and a half (1½%). The annual building use fee of $3,000 remained the same.
- under Section 16, Preferential Rights: "this section shall not apply to concession operations in connection with lands hereafter acquired for the park;" was added.
ANCHORAGE TIMES

LODGE CAMP PLANNED FOR WONDER LAKE

Funds for the construction of a picturesque lodge camp at Wonder Lake in McKinley Park will be sought from the forthcoming session of Congress by Col. O. F. Ohlson, general manager of the Alaska Railroad.

The lodge will be located on a vantage point with the whole Alaska range visible. It is expected to afford tourists one of the most attractive stopping places on their entire travels through the territory.

Cabins will be built at Wonder Lake, each one accommodating from two to eight persons. They will be above the mosquito line so that there will be no trouble with these pests.

A bill to authorize this project was introduced in the last Congress but failed of passage. It will be re-introduced during 1940.

The Act of Congress is necessary in order to authorize a government agency such as the Alaska Railroad to construct a hotel within a national park.

(New Year Review Anchorage Times 1939)
WONDER LAKE LODGE

Plans for a Wonder Lake Lodge were in various stages of development and review from the late 1930's until 1970. The primary reason for development of a lodging facility at Wonder Lake was to provide visitors to Mount McKinley National Park with a view of the mountain. Visitors to the McKinley Park Hotel frequently complained that there was no view of the mountain from the hotel. In 1937 the first drawings were made showing the details of the lodge structure with a utilities layout (currently located in the Denali Park National Park blueprint file). Plans were put aside during the war years.

In 1945 the Alaska Railroad agreed to transfer $10,000 from its funds to the National Park Service for the preparation of plans for the construction of the Wonder Lake facilities and additional facilities at the McKinley Park Hotel. As a result a preliminary study of the Wonder Lake Lodge was prepared by the Park Service showing a 100 room hotel at a site close to the present campground facilities (drawing #2051A).

Special attention was given in Mt. McKinley National Park Master Plans during the 1950's and 1960's to the development of a site near Wonder Lake which "would provide adequate space for a 150 site campground and a 200 pillow overnight accommodation with required food and supply services, information interpretive facilities, and quarters and other working requirements for National Park Service and concession employees".

In the discussion of the Mt. McKinley National Park Company's contract renewal in 1967 Superintendent Oscar Dick recommended that the concessioner not be required to undertake the proposed development at Wonder Lake. An estimated $2,500,000 would be required for the lodge facilities and the concessioner was incapable of finding the investment capital to do the job. Instead, facilities at Wonder Lake were programmed for NPS construction in 1970 subject to availability of funds. The twenty-year contract signed in 1967 provided (Section 1b) that the concessioner would equip the Wonder Lake facilities and place these facilities in operation. The concessioner was to be notified within 90 days of the completion date of the lodge and was to have the facility equipped and made available for public use thereafter as designated by the Secretary.

According to Merrill Mattes, Chief Park Planner in 1968, his predecessor, Al Kuehl, was a strong advocate of the Wonder Lake lodge. Apparently the lodge idea was "a gleam in the Secretary's eye...it probably faded away for three reasons: cost factors, accessibility factors, and a serious question about the wisdom of planting a facility in the middle of a superb wilderness". In addition, with the arrival of Secretary of the Interior Hickel, there was a new focus on Curry Ridge, southeast of the park, to provide accommodations with a view of Mount McKinley.

In 1970 a letter was sent by the Deputy Director of the National Park Service to the concessioner relieving the concessioner of the responsibility of operating the proposed Wonder Lake lodge: "we advise you
that funds for facilities at Wonder Lake have not been programmed for Fiscal Year 1970 nor are contemplated to be programmed for Fiscal Year 1971. Therefore, your Company will not be obligated to equip and operate such facilities pursuant to Section 1(b) of Contract No. 14-10-9-900-57 during calendar year 1970. "63 Since 1970, planning documents have considered Wonder Lake a poor choice for a lodge site because of high development and management costs and anticipated environmental impacts from increased traffic and development.
U.S. NATURAL RESOURCES INC. ACQUIRES THE 
MT. MCKINLEY NATIONAL PARK COMPANY (1970-1971)

In early March of 1970, Mr. Don Hummel, vice-president of the Mt. 
McKinley National Park Company, made a proposal to merge the Mt. Mc- 
Kinley National Park Company and the Mt. Lassen concession into U.S. 
Natural Resources, Inc. The proposal was based on Hummel's feelings 
"that with the demands on the two areas and the scarcity of loan funds, 
it would be difficult for us to provide the necessary facilities". The U.S. 
Natural Resources, Inc. was interested in expanding its Recreation 
Resources Division which had earlier in the year acquired the 
Yosemite Park and Curry Company, operators of the concession in Yosemite 
National Park; Mr. George Flehart, who merged his interest in the 
Yosemite Park Company into U.S. Natural Resources, became the vice- 
president of the Recreation Resources Division of U.S. Natural Resources.

On March 16, 1970, U.S. Natural Resources, Inc. acquired the stock of 
Mt. McKinley National Park Company and Lassen National Park Company and 
the two were merged to form the Mt. McKinley - Lassen National Parks 
Company, a wholly owned subsidiary of U.S. Natural Resources, Inc. Don 
Hummel and Al Donau continued operating the hotel, in addition, Mr. 
Hummel became director of the Yosemite Park and Curry Company. Mr. Al 
Donau, who had received stock in U.S. Natural Resources, Inc. for his 
interest in Mt. McKinley National Park Company, commenting on the merger 
with U.S. Natural Resources Inc. and the creation of the Mt. McKinley - 
Lassen Company stated "it was the biggest mistake of my life, the stock 
(U.S. Natural Resources) was worthless...I'd still be there today if I 
hadn't sold". The Mt. McKinley - Lassen National Parks Company owned 
the concession at Mt. McKinley National Park from March 16, 1970 until 
December 31, 1971.

West Wing Addition

In 1970 the 48 room west wing addition to the McKinley Park Hotel was 
completed. Secretary of the Interior Walter Hickel approved the 48 room 
addition in 1969 to provide additional accommodations to handle the 
increase in park visitors expected from the opening of the highway 
between Anchorage and Fairbanks. The construction was financed by the 
Mt. McKinley - Lassen National Park Company and the new concessioner 
acquired possessory interest in the structure. The 48 modular units 
were constructed in Spokane, Washington, shipped by railroad to Seattle, 
barged to Alaska, and then brought by railcars to McKinley Park Station. 
The addition increased the hotel's capacity about 60%, providing add- 
ditional accommodations for about 96 people.
OUTDOOR WORLD LTD. ACQUIRES THE CONCESSION (1972)

During the last half of 1971, George Fleharty, vice-president of U.S. Natural Resources, Inc., Recreation Resources Division, visited the park and saw that the concession could use improvement. Mr. Fleharty arranged to retire from U.S. Natural Resources, Inc., purchased the concession through stock trade, and established a new company, Outdoor World Ltd. On January 1, 1972, Outdoor World Ltd. began operating the concession at Mt. McKinley National Park. The major stockholders were George Fleharty (43.6%); Jon S. Kelly (25.5%); Robert Kelly (25.5%); and Russel Olsen (5.4%).
SHUTTLE BUS SYSTEM INITIATED (1972)

Prior to 1972 road access to Mt. McKinley National Park was by 170 miles of rough unpaved road from Paxson - the Denali Highway. Most visitors preferred to travel via the Alaska Railroad then ride into the park on the concessioner's tour buses. Those who arrived by private automobile often drove to the interior of the park on the 85 mile road to Wonder Lake.

When the paved highway between Anchorage and Fairbanks opened in late 1971 the park became more easily accessible by automobile. In anticipation of the visitor traffic expected from the highway, the National Park Service implemented a policy to minimize impacts of the increased traffic. On June 1, 1972, a transportation policy went into effect which prohibited driving private vehicles beyond Savage River and allowed people using the campsites beyond Savage River to drive their vehicles no further than the reserved campsite and provided public bus transportation at no cost to the user.

To implement the transportation system a Memorandum of Agreement dated June 1, 1972, authorized the concessioner to operate, with exclusive rights, a transportation service within the park through December 31, 1987. (In 1981 the concession contract was rewritten and the exclusive right provision was not included). The buses, referred to as shuttle buses, were operated by the concessioner until 1981 through a contract negotiated every year with the concessioner on a reimbursable 10% profit basis. The contractor leased regular city school buses from a school transportation company during the summer season. The shuttle bus contract has been put out for bid annually since 1982.

The concessioner operates a wildlife tour every day to Mt. Eielson, departing the hotel at 6:00 am and 3:00 pm. The wildlife tour differs from the shuttle bus service in that the concessioner owns the wildlife tour buses and visitors are charged for the trip ($18.00 in 1978 and $25.00 in 1981) the buses are of higher quality and more attention is given to park interpretation. Reliable connections with train arrivals and departures are another benefit.
FIRE DESTROYS THE MCKINLEY PARK HOTEL

At approximately 7:30 pm, on September 3, 1972, a fire broke out in the McKinley Park Hotel. By the time the Park Service and Healy fire trucks arrived, there was no hope in saving the 34 year old government-owned hotel building. No lives were lost. A successful evacuation of the burning hotel was in part attributed to a routine fire drill that had taken place a few hours prior to the fire. The new 48 room concession-owned west wing survived but was damaged by smoke and water. The government-owned power plant and dormitory were saved. The dining room and kitchen, which the National Park Service was in the process of remodeling and expanding, were also destroyed and the cost to replace the hotel building began at 1.5 million dollars.

A fire investigation report was prepared at the request of the National Park Service by Robert Tumlin, a private investigator. He concluded that "the only items that could have caused ignition of the fire that were uncovered were concealed "BX" wiring which seems to be the most probable cause". Apparently the BX cable was installed during the construction of the hotel between 1937-1939. Electrical codes soon changed so that BX wiring could only be concealed for a distance of 18 inches. The necessary corrections in the wiring were never made. Tumlin stated that with the rising, shrinking and falling of the building from permafrost action, the BX wiring pulled apart from a connection and started the fire in a concealed three foot ceiling above the bar.

Rebuilding the Facilities

After the fire destroyed the hotel facilities, George Fleharty, president of Outdoor World Ltd., decided to use railroad cars and modular motel units to provide visitor facilities for the following season. According to newspaper releases, Mr. Fleharty wanted to make a facility similar to the Victoria Station Restaurant in San Francisco, on a nostalgic old time railroad theme. The idea of using railroad cars to house park visitors had been proposed in National Park Service master plans for the park in both 1968 and 1969. However, the Alaska Railroad had advised against the use of railroad cars because of problems that would occur with the utility hookups and ventilation. Outdoor World has experienced ventilation problems with the rail cars and uses garden hoses to cool them in the summer.

In an effort to provide facilities for the next season's visitor traffic Alaska Senator Ted Stevens requested Congress appropriate supplemental funding to the park. On October 31, 1972 an appropriation of $350,000 was approved (P.L. 92-607) to assure the availability of visitor facilities for the 1973 summer season. Of this amount, $176,000 was contracted for the construction of the kitchen, dining room, lobby, walkways and utilities. In addition, $119,000 was budgeted for incidental costs relating to the facilities not covered by contract such as utility connection, shipping costs, kitchen equipment, etc. Of the remaining $55,000, $10,000 was earmarked for planning costs relating to the placement of temporary facilities and the remaining $45,000 was for planning of a permanent hotel site.
In the original planning it was George Fleharty's idea to build the entire complex himself with the government to reimburse him for the kitchen and dining room facilities. Outdoor World used the architectural and engineering firm of John Graham and Company to prepare drawings and specifications and arrange for construction. On October 24, 1972 a proposal was submitted by Irvin and Company, an Anchorage contractor, to build the entire complex for $498,043. Since it was determined that the Park Service could not allow its appropriation to be used as payment to Outdoor World for a portion of the costs, the proposal was rejected.72

After extensive contract negotiations, planning reviews and revisions of drawings and specifications, Outdoor World entered into an agreement with Irvin and Company on December 18, 1972 to build fifty modular units at a cost of $345,000. In February of 1973 the National Park Service prepared a contract with Irvin and Company and negotiated a price of $175,374 for the contractor to provide the kitchen, dining room, waiting room, lobby, restrooms, porch and walkways.73

The entire atmosphere of planning and negotiations was of expediency and economics. The installation was not intended as a permanent fixture, but as a temporary measure to allow the concessioner to serve the public until additional funds could be obtained for a permanent facility. The primary considerations under which the National Park Service, Outdoor World Ltd. and Irvin and Company were guided were that the facility should be open by the start of the tourist season.

Because of the urgency to replace the hotel complex, Irvin and Company began construction in the winter of 1973 before a contract was signed with the National Park Service. Although work had begun, it was not until the final contract was signed on March 7, 1973 that the government assigned a contracting representative to the project. On March 28, 1973 Mr. Dan Babbitt arrived at the hotel site and worked in a unique capacity representing the contracting officer while also employed as the government's concession contract representative. That placed Mr. Babbitt in a difficult position of seeing that the concessioner's obligations to the government were met, through a subcontractor who had no knowledge of the contract with the government, while seeing that the same contractor complied with its contract to the government.

Problems were encountered in constructing the new facilities. Plumbers and pipefitters walked off the job as a result of conflicts between the contractor and the government. Irvin and Company experienced financial problems on other projects and the burdens of the McKinley contract placed them in a position of insolvency. Irvin and Company arranged with their joint partners, Jesse Kennedy and Don Butts, to take over the work; they also became insolvent as a result of the contract requirements. The site preparation was done in sub-zero temperatures using materials from frozen pits. As the ground thawed in the spring the earth began to heave and sink, resulting in a racking and twisting of the structure. Carpenters would hang doors and windows one day and find them several inches out of plumb the next.
In May of 1974 Irvin and Company submitted a claim for $136,972 for extra costs incurred in the performance of the contract. After numerous hearings and reviews, the Government paid the contractor a sum of $75,000 on March 6, 1979.74

In May of 1973 the hotel reopened with 11 railcars and 48 prefabricated modular units built by the concessioner. The new modular units, railroad cars and the 50 unit west wing addition provided accommodations for 250 to 300 people, which was the capacity of the hotel complex before the fire. The National Park Service rebuilt the kitchen, dining room and lobby at a cost of $283,000. Eighteen thousand people stayed at the hotel during the 1973 season, an increase of 2,000 from the previous season.75

The concessioner, Outdoor World Ltd. requested a waiver of its 1972 franchise fee based on losses resulting from the hotel fire. In May of 1974, the entire franchise fee for 1972 was waivered because the losses associated with the fire were beyond the control of the concessioner. The total waived was $18,401 which included the annual fee of $3,000 for the use of the Government-owned structures and the franchise fee of 1½% of the concession's annual receipts.76

The hotel fire and subsequent rebuilding of temporary facilities raised questions over the concessioner's collection of insurance proceeds on Government-owned facilities. The temporary facilities constructed by the concessioner were recognized as "concessioner improvements" and a compensable possessory interest was granted. (See the appendix for a summary of the possessory interest issue.)

**Railroad Cars**

On February 26, 1973, the Alaska Railroad agreed to help provide a portion of the needed temporary accommodations by selling seven and leasing four railcars to Outdoor World Ltd. The railcars were purchased for a total of $4,500 and a $5,000 rental fee was paid in 1973 to the Alaska railroad by Outdoor World (Contract No. 69-25-0003-4033).

In September 1973 an agreement was made between the National Park Service and Outdoor World Ltd. to provide the necessary services for the management and operation of a youth hostel at Mt. McKinley National Park (Contract No. CX-9100-4-0005). As of 1982 the National Park Service rented the railcars from the Alaska Railroad and reimbursed Outdoor World Ltd. for costs incurred beyond the revenues received. The park paid $360 for annual rent on the railroad cars and paid $1,151.47 to Outdoor World for operating costs above the amount the hostel took in, making a total payment of $1,511.47 by the National Park Service.

Between 1972 and 1983 a series of rearrangements and removals of railroad cars occurred at the hotel complex with the last car that the railroad leased to Outdoor World Ltd. being removed during the summer of 1983. Currently there are nine railroad cars in use as offices, bar and lounge, snack bar and budget overnight accommodations.
ARA SERVICES PURCHASES OUTDOOR WORLD LTD (1978)

In 1977, Outdoor World Ltd., in order to clarify a partnership arrangement, prepared a prospectus to sell its assets. ARA Services, Inc. responded and on June 1, 1978 acquired Outdoor World Ltd. The National Park Service approved the sale based on ARA Services' satisfactory performance as a concessioner in Shenandoah and Mesa Verde National Parks. Outdoor World Ltd. became a division of ARA Services and George Fleharty remained as president. With the sale of Outdoor World Ltd. to ARA, the contract was amended for the third time to change the reporting period of Outdoor World to conform to that of the parent company, ARA Services, October 1 through September 30.

As part of the Outdoor World Ltd. purchases, ARA acquired 46 acres just outside the park, within 2 miles of the hotel. ARA and Outdoor World began construction of McKinley Chalets on that site in 1978; the facility currently accommodates 148 people.
20 YEAR CONTRACT (1981)

As part of the sale agreement between ARA and Outdoor World Ltd. in 1978, ARA wanted a guaranteed contract extension of twenty years from the National Park Service. They did not receive a contract extension but purchased anyway.

The National Park Service recognized the need for significant non-revenue producing improvements to be made to the existing concession facilities at the McKinley Park Hotel. The needed improvements were first summarized in a letter dated December 11, 1978 and again in a letter from the Director of the Alaska Regional Office to the Director of the National Park Service in 1981. The plans were consistent with the Park's development concept plans and included the construction of a major bus maintenance facility, the construction of an audio visual room, additional employee housing, an employee food service area, carpentry shop/storage, shower facility and coffee shop, the upgrading of the government-owned dormitory and the moving of employee housing. It was estimated that the improvements would cost over two million dollars.

Based on the large investment required of the concessioner to provide the needed improvements, the agreement that the concessioner would write off the improvements over a 20 year term and would have no possessory interest at the end of the term and that the improvements would not be subject to reevaluation for compensation from the government to any concessioner, a 20 year contract was signed on September 26, 1981 (No. CC-9100-1-002). The contract provided for a building and improvement program of two million one hundred thousand dollars including correction of life safety issues, which had been identified in a 1981 General Accounting Office study at Denali.

In addition to the construction of the facilities outlined above, the contract changed the franchise fee rate from 1 1/4% to 3/4% of the concessioner's gross receipts. The annual fee for the use of the government buildings increased from $3,000 to $8,480 per annum. The requirements that the concessioner furnish transportation within the park free of charge and accommodations at reduced rates to government employees were deleted from the new contract. Additions to the contract included Section 18b, which provides that the concessioner is not entitled to be awarded or to have sole negotiating rights to any federal procurement (this led to open bidding for the shuttle bus service); Section 12d, an additional clause for contract termination for default for unsatisfactory performance where operations are to be continued, and tighter insurance requirements.

Improvements

Since the signing of the 20 year contract in 1981, the concessioner has corrected many life safety issues. The gift shop opened in May of 1981, the audio visual room was completed in June of 1983 and the bus maintenance facility was completed in June of 1984. Construction began in September of 1983 on the Denali snack shop and was completed in the
summer of 1984. Spring of 1984 was the beginning of construction for an employee dining room and a tentative opening of June 1985 is currently planned.

Between October 1982 and June 1, 1983, the National Park Service rehabilitated the government-owned concession operated dormitory. Under the National Park Service's Park Restoration and Improvements Program, $630,000 was appropriated and the work was contracted out to the Sunset Construction Company of Anchorage.
THE VISITOR FACILITY FUND (1984)

In August of 1981, the National Park Service began the development of a building inventory inspection program to document the current condition of the National Park Services' visitor facilities. At approximately the same time, the Visitor Facility Fund was established to channel moneys collected as franchise fees into improvements to government-owned concession facilities. The objective of the visitor facility program is to effect the repair of structures severely threatened by deterioration and modernize visitor services. Since 1981, studies of the hotel facilities at Denali National Park have included The Emergency Survey of Concession's Facilities - Mt. McKinley National Park (1981 by the Denver Service Center), a GAO study in 1981 which identified safety deficiencies in the park and finally, a Georgia Tech study completed in 1983 that evaluated the various maintenance needs for National Park Service owned concession operated facilities.

The visitor facility fund presented an opportunity for the temporary structures at the hotel complex to be rebuilt. The rationale was that instead of continually spending money on deteriorating temporary structures it was appropriate to request funding for permanent, well designed facilities. The cost of constructing the hotel, gift shop and support facilities was estimated at $12,250,072.00. Meetings were held in the belief that the funding would be approved.

On February 7, 1984 the Director of the National Park Service informed the Alaska Regional Director that the hotel at Denali National Park would not be considered for the Visitor Facility Fund because of the extent to which the projects at Denali would deplete the fund.
LINE ITEM CONSTRUCTION PROGRAM

When it was learned that the hotel reconstruction project was being dropped from consideration for VFF funding it was quickly inserted into the Service-wide Line Item Construction Program. This is the program through which the majority of all large National Park Service construction or rehabilitation projects are accomplished. The Denali Hotel project has received a relatively high priority and is currently proposed for construction beginning in FY 87. Advance planning monies were appropriated in FY 85 and an Architect--Engineer contract of $400,000 was awarded to Maynard and Partch, Anchorage in February 1985 for preliminary site analysis and design. The current construction cost estimate for the reconstruction work is $11,200,000.
REFERENCES


7. Ibid.


12. Ibid.


24. Ibid.

25. Ibid.


27. Alaska Railroad Files, Mt. McKinley National Park, H.F. 514, Ohlson to Mrs. Ruth Hameton, Acting Director, Division of Territories and Island Possessions, November 9, 1937.


32. Ibid.


34. Business papers of the Mt. McKinley Tourist and Transportation Company, Manuscript holding at the Rasmuson Library, University of Alaska, Fairbanks, MS-228.


39. Ibid. Jack B. Fahy, Acting Director, Division of Territories and Island Possessions, to Johnson of the Alaska Railroad.


43. Ibid.


47. Ibid.

48. Ibid.


50. Lawrence C. Merriam, Director of the National Park Service, to Superintendent of Mt. McKinley National Park, February 11, 1958.

51. Ibid.


58. Director of National Park Service to Regional Director, July 7, 1967.


61. Superintendent of Mt. McKinley National Park to Regional Director, February 8, 1967, Ref. C3823.


63. Thomas Flynn, Deputy Director, National Park Service, to Don Hummel, January 10, 1970, Ref. C3823-C.
64. Don Hummel to George Hartzog, Director, National Park Service, March 16, 1970.


69. Ibid.

70. Bailey Breedlove, National Park Service, Alaska Regional Office.


73. Ibid.


76. Assistant Director of Concessions Management to Assistant Director, Park System Management, May 16, 1974.

77. Final Building Reports - VFF, Superintendent of Denali National Park from Associate Director, Park Operations, October 17, 1983.
CONTRACT SUMMARY


1972 - June 1, 1972 Memorandum Agreement between Department of the Interior and the Mt. McKinley National Park Company for furnishing transportation services at Mt. McKinley National Park.

- Amendment No. 1, Outdoor World Ltd.
- Amendment No. 2, Outdoor World Ltd.
- Amendment No. 3, Outdoor World Ltd.
- Maintenance Agreement for contract #CC-9100-1-002.
- Plan of Operation for contract #CC-9100-1-002.

- Amendment No. 1, November 21, 1958 (copy unavailable).

1957 - For 1957 season, National Parks Concessions Inc. contract #14-10-0100-704 (copy unavailable).


1954 - July 28, 1954 emergency operations until the end of the season. National Parks Concessions Inc. contract #14-10-099-103. (copy unavailable.)

1953 - June 15, 1953 through June 15, 1973 [20 years]. Signed by McKinley Park Services but not approved by the Secretary of the Interior, contract #14-04-003-226 (copy unavailable).
Possessory Interest

On December 31, 1971 Outdoor World Ltd. obtained the concession contract to operate the government-owned hotel in Mount McKinley National Park. With this contract agreement Outdoor World Ltd. acquired possessory interest in the 48 room west wing annex, built in 1970 by the preceding concessioner, McKinley National Park Company.

The fire on September 3, 1972 completely destroyed the 81 government-owned guest rooms, kitchen and restaurant. The government-owned dormitory and power plant were saved. The 48 room concession-owned west wing survived but was damaged by water and smoke. The concessioner had provided a fire insurance policy for the hotel and applied the insurance proceeds, $186,914, towards 48 new modular guest rooms costing $347,184, and 11 railway cars to replace the hotel rooms destroyed by the fire. The National Park Service replaced the kitchen, lobby and dining rooms at a cost of $283,000.

The temporary facilities constructed by Outdoor World Ltd. were recognized on August 13, 1973 by the Assistant Secretary for Fish and Wildlife and Parks, as concessioner improvements carrying a compensable possessory interest.

Questions soon arose regarding: 1) The reinvestment of insurance proceeds attributed to the government buildings; 2) The concession contract requirements to provide adequate insurance on government-owned facilities; and 3) Outdoor World Ltd's claim of possessory interest in the 48 temporary rooms it built to replace the 81 government-owned guest rooms destroyed by the fire.

Subsequent investigations in 1978 by the Associate Solicitor of Conservation and Wildlife once again interpreted the Concession Policy Act (16 USC Section 20e) and the contractual language to recognize that Outdoor World Ltd. had a compensable possessory interest on the "48 prefabricated
portions of the temporary McKinley Park Station Hotel it constructed as concessioner's improvements". No compensable possessory interest was granted for the railroad cars. Since Outdoor World Ltd. did not have a contractual obligation to replace the government facilities if damaged, the normal interpretation of the Concession Policy Act requires that possessory interest is gained. In fact, the contract provided that the concessioner was not required to repair or rebuild government improvements damaged by casualty. Under the contract language the government was not named as an insured party and therefore did not have a voice in determining how the proceeds were to be distributed. The most current review of this matter was transmitted to the concessioner on May 14, 1979.

Summary of the facilities at the McKinley Park Hotel:

Concessioner Facilities

1) Temporary facilities in which the concession has compensable possessory interest:
   - North and south wing modular units totaling 48 rooms.

2) Additional Facilities with possessory interest:
   - Gift shop
   - Employee units
   - Audio-visual room (completed in 1983)
   - New bus barn
   - Gas station and store
   - West wing of hotel

3) Facilities with no compensable possessory interest:
   - 9 railroad cars consisting of: snack shop, 1 car; bar/lounge, 2 cars; general and reservations office, 2 cars; and 4 Pullman sleeping cars totaling 40 rooms.
National Park Service Facilities

- Dormitory
- Dining room
- Old bus barn
- Kitchen
- Lobby