

**STATEMENT OF GERARD GABRYS, CHIEF EXECUTIVE OFFICER,
GUEST SERVICES INC., FOR THE NATIONAL PARK HOSPITALITY ASSOCIATION
BEFORE THE U.S. SENATE COMMITTEE ON ENERGY AND NATURAL RESOURCES
OVERSIGHT HEARING ON SUSTAINABLE SUPPLEMENTARY FUNDING FOR
AMERICA'S NATIONAL PARKS,
JULY 25, 2013**

Mr. Chairman and Members, I am Gerry Gabrys and I appear today on behalf of the National Park Hospitality Association (NPHA). NPHA is the national trade association of businesses that provide lodging, food services, gifts and souvenirs, equipment rentals, transportation and other visitor services in national parks. I serve on the NPHA Board of Directors and its Executive Committee. NPHA members deliver great park experiences to tens of millions annually. Our staffs drive the jammer buses on the Going to the Sun Highway in Glacier – and add stories about the construction of that amazing road. They bake the famed popovers at Jordan Pond House in Acadia. They operate the High Sierra Camps in Yosemite and Phantom Ranch at the bottom of the Grand Canyon. And our waiters and waitresses always find time to help families take treasured pictures while dining at the edge of the Grand Canyon or on the banks of the Potomac River. The first Director of the National Park Service, Stephen T. Mather, was a strong proponent of our industry, explaining, "Scenery is a hollow enjoyment to the tourist who sets out in the morning after an indigestible breakfast and a fitful night's sleep on an impossible bed."

I am also the CEO of Guest Services Inc., which operates a variety of hospitality businesses across the nation, including food, retail and recreation services in the National Park Service's National Capital Region, and food and lodging in Mount Rainier National Park and at the North Cascades Lodge at Stehekin.

NPHA applauds the action of this Committee to consider ways to provide adequate funding for park protection and visitor programs of the National Park Service. Our national parks are a wonderful shared legacy. They should provide outstanding memories and experiences for all Americans long into the future, as they have for many of us, but today's federal budgetary travails make new financial strategies essential to achieving that goal.

Concessioners have played a key role in making park visits memorable since the 1870's. We now serve some 100 million park visitors annually in approximately 160 park units. NPHA members have a combined workforce of nearly 25,000 persons – mostly front-line, visitor contact jobs, and provide in excess of \$1 billion in goods and services to visitors annually. Franchise payments from concessioners to NPS now approach \$100 million annually; that is about equal to the funds raised annually by the National Park Foundation and all members of the Friends Alliance combined. In addition, annual concessioner marketing and promotion efforts total more than \$10 million, and are coordinated with the marketing and promotion efforts of state and park gateway communities that equal that amount.

Concessioners are committed to meeting America's needs – needs for healthier lifestyles, for better and lifelong educational opportunities, for strong local and regional economies that can sustain and protect our parks and for connecting all Americans across differences in regions, ages, income and ethnicity.

Unfortunately, the portion of Americans visiting national parks has been declining for several decades. Even as the US population has grown by 30% since the late 1980's, and the number of park units has grown to 401, the number of park visitors has declined – a decline actually masked in part by increases in international visitors.

Especially disconcerting is a decline in visits by younger Americans who are choosing video screens over time enjoying active outdoor fun in America's treasured landscapes. A recent study by the Kaiser Family Foundation indicated that, on average, America's youth now spend 7.5 hours each day watching a screen or monitor. No wonder the nation's youth are increasingly obese and at risk of Type II diabetes due to poor nutrition and a lack of exercise!

Connecting all Americans to their parks is an important goal with numerous benefits – including improved health, more widespread public appreciation for the environment, economic stability for many gateway communities and a better understanding of our nation's history. To achieve this connection, the National Park Service and its partners – including concessioners – need to undertake new outreach and marketing efforts.

Recently, NPSA joined with other leading park community organizations to host the first-ever America's Summit on National Parks – a remarkable gathering of conservation, recreation, tourism, health, education and historic preservation interests. We then joined in a survey of Americans to better understand sentiments of the public toward parks – and found remarkable consistency in support for our parks across political, geographic, demographic and age groupings – and an equally remarkable willingness to make personal commitments to support our parks. Information on our findings is attached to my testimony.

We have continued to work with organizations to address long-term needs of our national parks, including co-sponsorship of a very important gathering in March of this year hosted by the Bipartisan Policy Center and featuring prominent national leaders associated with both political parties. Most importantly, we led the development of a collection of white papers, compiled into a document entitled **Sustainable Supplementary Funding for America's National Parks**, for that meeting. The white papers covered these topics:

Enhancing Park Experiences Through Fees
Penny for Parks and the Great Outdoors
Park Legacy Partnership Fund: A Public Private Partnership
Expanded Visitor Services Through Concessioners
National Park Endowment
Expanding Use of Historic Tax Credits
Expansion of Guest Donation Efforts
Expanded Cooperation with Destination Marketing Organizations
Conservation Service Corps
Non-Appropriated Fund Instrumentalities
Park Zone Taxes
Energy Savings and Utilities
Bonds, Revolving Loans and More
Increases in Volunteerism
Commemorative Coins/Stamps
Special Fundraising Events

A copy of our paper is submitted as an attachment to this testimony.

This Committee has already begun action on one of the topics addressed at that session by identifying a possible source of matching funds for what we labeled the **Park Legacy Partnership Fund** and we express our appreciation for this.

We must address the long list of restoration and maintenance needs affecting virtually every NPS unit and totaling an estimated \$11 billion – a problem that has persisted for years and is growing. The agency centennial in 2016 should be a catalyst for action.

NPHA wishes to commend Director Jon Jarvis and other NPS leaders for encouraging and exploring new financial models for the National Park Service. In addition to participating actively in the Summit and the Bipartisan Policy Center program in March, the Director has assembled an internal team to review our ideas and others. The Director has also clearly indicated that developed portions of national parks can and should allow visitors to utilize cell phones and to connect to the Internet – services which concessioners anticipate providing in ways that will generate revenues to cover all costs and produce additional franchise fees paid to the NPS. The agency has also established a working group to look at possible additional visitor services to be provided in parks, and to overcome some barriers to introducing appropriate new services.

We support action on many of the topics raised, but I would like to address one of the papers from the Bipartisan Policy Center's March session of special relevance to the concessions community: ***Expanded Visitor Services Through Concessioners.***

The visitor services we provide in national parks are often inhibited by NPS policies which limit visitor experiences and reduce our payments, called franchise fees, to the agency. The buildings we operate, including lodges, are federally-owned – even though most were originally built with private capital. They are historic in almost every case, and expensive to maintain and operate. They constitute a significant portion of the backlog of deferred maintenance reported by the National Park Service – in excess of a billion dollars. For example, the Ahwahnee Hotel in Yosemite needs some \$60 million in investment immediately according to the agency. Private capital can be attracted to reduce the need for federal appropriations – but doing so would require adequate contract terms and use of the Leasehold Surrender Interest provisions of the 1998 park concessions act. Until very recently, NPS declined to utilize the 20-year contract terms authorized by that statute.

By contrast, 60% of our nation's downhill skiing activity is provided at largely world-class facilities under agreements between business partners and the Forest Service that extend 40 years or more. All investments are made by the private sector. Similar-length terms for park concessions contracts would produce the needed investment in our lodges and other structures and open the door to another tool: historic investment tax credits.

We would also note the leading role this Committee played in passage of legislation urging the Forest Service to facilitate the addition of non-winter recreational opportunities at ski areas – and urge consideration of similar encouragement for expanding appropriate in-park services. Parks should not add activities that are inappropriate or unrelated to parks. We do urge expansion of bike and kayak rentals and tours, of guided wildlife photo trips, of rentable tents and cabins in park campgrounds. These services would make park visits more memorable and enjoyable – and help fund park operations. And we certainly feel it is vital to not eliminate current, valued visitor services, as a recent draft plan for Yosemite operations in the Merced River corridor suggested. Our comments on that plan are attached.

We are confident that increases in visitor services, including lengthening operating hours at units like Alcatraz and Statue of Liberty, adding appropriate services and allowing dynamic pricing of services, could increase franchise fees to the NPS by 50% within three years.

Let me share an example of the opportunities which exist to benefit both visitors and NPS. Dry Tortugas National Park in Florida adopted a General Management Plan (GMP) in 2001 that establishes a daily visitation cap of 330 persons. The park is in mid-ocean, 90 miles from Key West, and visitors can only arrive in one of three ways: by the high-speed ferry operated by the park concessioner; by seaplane; or by private vessel. The General Management Plan (GMP) specifies limits for each mode, including 150 via the high speed ferry. For a variety of reasons, visitor arrivals via seaplanes and private vessels are

dramatically under quota and the park now hosts far fewer than the authorized 330 guests per day. Yet the concessioner must turn away 50 or more potential ferry passengers per day, despite having a vessel rated by the Coast Guard to safely transport 250. Thousands of potential visitors lose the chance to see this marvelous park, and the park is losing revenues in entrance fees and franchise fees roughly equal to the funding drop due to sequestration this year.

Conversion of certain NPS functions to concessioner operations, including entrance fee collection in some parks, could further reduce NPS expenses. More campground operations by concessioners can add new, net revenue of more than \$50 million annually, again also within three years.

There has been a significant drop in overnight stays in national park campgrounds, and especially in RV-associated stays which have declined from more than 4 million overnights in the 1980s to about 2 million overnights currently. RV ownership during this period has grown dramatically, now reaching 8.5% of all US households and 11% of the households headed by 35-50 year-olds, prime years for families with children. Private sector campground use has grown appreciably during this period – and private campgrounds have adapted to today's campers. NPS campgrounds need to be upgraded to include sites with utility hook-ups, WiFi, dumpstations and other features that will better serve 21st Century campground users.

There are other important opportunities for concessioner support of national parks. We now invite guests staying in national park lodges to contribute a dollar per night under the Guest Donation Program. This program will generate approximately \$1 million in donations in 2013 at approximately 12 park units. It can be rapidly restructured and expanded with a goal of collecting at least \$10 million annually by 2016, sustained indefinitely, while at the same time better connecting visitors to the national parks, the National Park Foundation and local friends and advocacy organizations.

In order for the Guest Donation Program to flourish, however, concessioners need more information about the benefits from the donations to pass on to visitors. Guests are required to be offered the chance to "opt out" of the contribution, and with little information to pass on to guests by concessioner employees about how their visits were aided by prior contributions or how their donations will be used, the incentive for donations drops and "opting out" increases. The status of concessioners as "prohibited sources" for direct project support under Director's Order 21 has an adverse impact on concessioners, since they cannot directly aid park projects receiving guest contributions. Once a visitor has made a contribution under the program, they should be thanked and invited to connect with parks in a more robust fashion as a volunteer, advocate and philanthropist. Yet NPS concerns about privacy have limited these efforts. And proposals to solicit a national sponsor offering to match guest contributions have run into concerns over conflicts with provisions of Director's Order 21.

Concessioners are committed to the long-term future of our national parks and are excited by the focus on this future created by the upcoming centennial of the National Park Service in 2016. In addition to feeling a deep connection to the parks in which we operate, without parks, we are out of business. We are proud to develop and implement state-of-the-art environmental practices that reduce energy and water use and generation of waste and support sustainable agriculture. We are delighted to partner with NPS on Healthy Parks and Healthy People, including providing and promoting good food choices. We assume risks that many in the hospitality industry feel are too large – from fires to government shutdowns to falling rocks and more – because we see our work not just as a business but as a commitment to what some call our Nation's best idea. We feel the challenges facing

the national parks and the National Park Service are great, but solvable through partnership efforts of NPS, the National Park Foundation, friends and cooperating organizations and concessioners.

We thank you for the attention you are giving to this important issue and pledge our active engagement and support.

Gerard Gabrys, Chief Executive Officer
Guest Services Inc.
3055 Prosperity Avenue
Fairfax, VA 22031-2290
703-849 9304, ggabrys@guestservices.com

On behalf of the National Park Hospitality Association, 1200 G Street, NW, Suite 650, Washington, DC 20005.

Attachments:

- (1) News release on Summer 2012 Survey of Americans on National Park Issues
- (2) Sustainable Supplementary Funding for America's National Parks
- (3) NPHA Comments on NPS Merced River Plan