

TESTIMONY OF SUTTON BACON, NANTAHALA OUTDOOR CENTER
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REP. ROB BISHOP, CHAIRMAN
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TESTIMONY SUBMITTED BY SUTTON BACON
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BOARD OF DIRECTORS | OUTDOOR INDUSTRY ASSOCIATION
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Introduction

Mr. Chairman, Ranking Member Grijalva, and members of the Committee, thank you for the opportunity to testify before you today. My name is Sutton Bacon, and I am the Chief Executive Officer of the Nantahala Outdoor Center. Established in 1972, NOC is an outdoor recreation company located at the intersection of the Appalachian Trail and the Nantahala River in the Nantahala National Forest in Swain County, North Carolina. Originally a roadside inn, the company has evolved into one of the largest outdoor recreation companies in the nation. We are also one of Western North Carolina’s largest employers with approximately 250 full-time employees and over 1,000 employees during peak season.

Over one million guests visit NOC annually to embark on a diverse collection of over 120 different river and land-based itineraries predominantly on public lands, learn to kayak at NOC’s world-renowned Paddling School, travel abroad to foreign countries with NOC’s Adventure Travel program, shop at one of our LEED-certified flagship retail stores, or enjoy NOC’s resort amenities including our three restaurants and multi-tiered lodging. Each year, NOC guests paddle over one million river miles on federal lands, enough for two voyages to the moon and back. NOC has recently been recognized as “The Nation’s Premier Paddling School” by *The New York Times*, “Best Place to Learn” by *Outside Magazine*, and as “One of the Best Outfitters on Earth” by *National Geographic ADVENTURE*. In addition, 22 Olympians, including two Olympic Gold Medalists, have called NOC home.

Through our programming, we strive to educate and engage adventure-seekers through dynamic, world-class instruction and tours on some of the world’s most beautiful whitewater rivers and landscapes. We are committed to sharing our passion for the outdoors and our penchant for exploration with our guests. Our employees share a common vision of keeping NOC a dynamic, enjoyable, and successful place to work and of participating actively, considerately, and sustainably in the communities in which we operate. We firmly believe in the triple bottom line of people, planet, and profits.

My testimony today will discuss how our nation’s public lands and waterways offer a pathway for economic prosperity, especially in rural communities. I will articulate how NOC and our partners have established a vibrant public-private partnership in the Nantahala National Forest. I will discuss the present challenges at a federal level in actualizing additional opportunities for recreational access and economic impact through the outdoors. Finally, I will provide some solutions I feel can assist the federal government in fostering enhanced partnership opportunities in this difficult economic and budget environment.

Public-Private Partnerships and Rural Economic Development

NOC is located high in the rugged mountains of Western North Carolina in a small county with a population of 14,000 and a county seat of only 1,400 residents. Like so many other small, rural communities, our economy has suffered immensely through the recession. We continue to suffer from the loss of traditional manufacturing jobs to international outsourcing, as textile, garment, and furniture plants continue to close. Our housing and construction industries have collapsed. And Swain County suffers from one of the highest unemployment rates in North Carolina (19.0%) and an equally-disturbing rate of poverty (22.5%). A recent study indicated that 19.9% of Swain residents faced "food insecurity," in other words, not knowing from where their next meal would come.

Approximately 88% of Swain County is federally-owned, such as the Nantahala National Forest and Great Smoky Mountains National Park. Some might say that our current economic situation is exacerbated by these large federal land holdings diminishing our tax base. However, nothing could be further from the truth. In fact, our small community has fully embraced that our public lands and waters are the pathway to a growing and sustainable prosperity – a type of prosperity that cannot be outsourced overseas and is rooted in the value of experiencing these places directly.

Swain County's new economy is an experience-based economy. Whereas extraction and manufacturing industries have come and gone, our public lands boast a wealth of waterways, trails, and recreation areas, making Swain County a popular destination for outdoor enthusiasts. In fact, while our local manufacturing base continues to contract, the region's outdoor-based tourism economy has seen exponential growth, as has interest in tourism re-development, the enhancement of existing public-private tourism product, and the utilization of tourism-related natural resources in an environmentally-sensitive manner. Human-powered outdoor tourism is the backbone of our future.

Our community recognizes the importance of activating public-private partnerships with our natural resources to affect rural economic development. The collaboration we have amongst the outfitting community, the US Forest Service, Duke Energy, and Swain County is worthy of examination and even imitation. These diverse organizations all manage and utilize the Nantahala Gorge and work together every day to share the resource with hundreds of thousands of paddlers, hikers, and bikers, to meet the energy needs of our region, and to maintain the forest's healthy local ecosystem. Our collaboration is based on trust, mutual respect and admiration, open communication, and alignment.

I can cite numerous examples of how this stakeholder group collaborated and compromised for the benefit of our community and our forest user groups, from a decade's-long FERC relicensing project that ensured consistent water flows on the Nantahala to a successful bid to host the 2013 World Freestyle Kayaking Championships to collectively mitigating drought conditions to participating actively in the new forest planning process. The impact of our continual collaboration enhances our river and forest's reputation, informs the investments we make in our communities, and contributes to the branding and positioning of our entire region as an international destination for active outdoor enthusiasts.

At a national level, we all recognize the economic impacts of outdoor recreation. According to a recent study by the Outdoor Industry Association, Americans spend \$646 billion on

outdoor recreation every year. This is twice as much as they spend on pharmaceuticals or cars. Outdoor recreation creates \$40 billion in federal tax revenue and \$40 billion in state and local tax revenue. And, over six million Americans are directly employed by outdoor recreation providers, retailers, manufacturers, outfitters, and guides. In North Carolina, outdoor recreation generates \$19 billion in consumer spending and supports 192,000 jobs.

The national and state numbers are staggering and in some ways hard to grasp. But, what does that mean at a local level, in a rural community such as Swain County? Several years ago we commissioned a study from Western Carolina University to quantify the economic impact of the Nantahala Outdoor Center and public outdoor recreation on the Nantahala River. The researchers calculated that the direct annual economic impact from the Nantahala was \$62 million with another \$23 million of indirect economic impact, for a total annual contribution of over \$85 million to our local economy – while employing directly and indirectly supporting over 1,000 full-time jobs in our community. If you then compare that number to the total workforce in Swain County, it can be said that 20% of Swain County workers are now employed due to the outdoor recreation economy.

None of this economic and civic revitalization would happen without our cherished public lands and waters. Our guests travel from all over the world to experience our mountains, rivers, and forests in a direct and meaningful way. The jobs created by using our natural resources to provide experience rather than extraction cannot be outsourced. As long as the health and integrity of our lands and waters are maintained, these jobs will never go away.

Challenges Inherent to Fully Activating the Outdoor Recreation Economy

In a time filled with economic uncertainty nationwide, instead of hunkering down, NOC has been boldly embarking on a number of new initiatives we firmly believe will transform our company. We have invested nearly \$10 million of capital in the last three years in support of our outfitting operations on federal lands. We believe in the power of the outdoor recreation economy, and we have seen significant financial dividends from it. Since the recession, NOC has grown at a compounded annual growth rate of nearly 15% and added over 150 jobs, with plans to increase employment again in 2013. For a mature, 40-year old business in such a remote rural area, we are proud of our business growth.

Unfortunately, the federal government does not approach public lands management and investment through the same business lens. The outdoor industry on a national basis grew at a 5% growth rate during the recession while many if not most other industries contracted. Americans value recreation and having quality spaces to get outside and recreate, especially in these trying economic times. If government took a business-style profit and loss approach to land management, it would take notice of the significant financial dividends from the \$646 billion outdoor recreation economy along with the healthy, positive growth rates of the industry. It would then invest significant capital into our nation's outdoor recreation infrastructure to fuel future growth and enhance financial returns, just as NOC and many other outdoor businesses have invested their own capital into this growing segment.

However, the future of recreation lands and waters is neither protected nor vested. The nation's outdoor recreation economy depends primarily on the integrity, protection and stewardship of our natural resources, but it also depends on fundamental recreational infrastructure, including parks, trails, and open spaces necessary to enjoy places both

remote and close to home. America's public lands and waters are to the outdoor recreation industry what highways are to the transportation industry, or power lines to the energy industry – absolutely critical infrastructure that requires recognition and funding. For example, the USFS recreation budgets – both nationally and locally – are declining at an alarming rate. Trails, campgrounds, and recreation sites close every day, and the funding to manage others is evaporating. Our rangers are doing more with less and are having to cut important services from interpretative programming for children to basic trash collection along our river corridors. When the outdoors is such a critical economic driver for our country, these cuts are impacting visitor experiences and will, over time, turn visitors away.

Where I live, we are known for the Great Smoky Mountains National Park. However, millions more people visit the three National Forests that surround the Great Smoky Mountains National Park – the Nantahala, Pisgah, and Cherokee National Forests – than the GSMNP itself. These National Forests have remarkable public recreation venues, wilderness areas, and treasured landscapes that rival if not soundly exceed what the GSMNP offers. Yet, when our Forests had to close trails and limit recreation areas due to budget cuts and the sequester, they did not receive nearly the national media attention and public outcry as the closures in the Smokies and other iconic National Parks around the country. Nonetheless, cuts in those National Forests will impact far more visitors and local economies. It is crucial that we elevate the discourse around funding shortfalls in our National Forests to the same level as our National Parks, as they are of equal importance.

Today, this Congress and the Forest Service allocate roughly \$300 million dollars to manage recreation on 193 million acres. That equates to about \$1.50 an acre. Amazingly, there is good news here. With that investment, Forest Service lands and waters host an amazing array of world-class recreation on which NOC is able to provide a spectrum of recreational opportunities, from world-class extreme whitewater rivers to relaxed, family-oriented float trips to wilderness-oriented Wild and Scenic excursions. However, in order to sustain this thriving, unique, and sustainable outdoor recreation economy, Congress must fully fund a national outdoor recreation system with investments in all agency recreation programs, it must fully fund the Land and Water Conservation Fund – especially the stateside program – that allows for fundamental recreation infrastructure investment, and we must partition the exorbitant and unpredictable costs of fire suppression from impacting our agency recreation, habitat protection, and public lands health budgets.

Comprehensive Solutions to Foster the Outdoor Recreation Economy

All of this said, we all know that our nation is facing a serious budget and debt crisis. Simply requesting from Congress that it increase funding of federal recreation programs is not the only solution nor is it practical. Instead, we must seek a holistic, comprehensive approach – inclusive of the private sector – in order to fully actualize the potential economic benefits of outdoor recreation. By replicating in other places the public-private partnership model on the Nantahala, we can put more Americans to work, especially in rural areas, we can provide Americans more close-to-home access to their public lands, and we can create a guest-centric approach to our public lands whereby we are managing them to meet the changing desires, demographics, and geographies of our nation.

America is changing. In order for our natural resources to remain relevant, we must examine the outfitted public and who they are. For example, we are witnessing the aging of

adventurous baby boomers who built the outdoor recreation business decades ago. They still want to stay active and outdoors but with softer recreation. We are experiencing declining participation rates in outdoor recreation from the millennial generation, who are bombarded with technology and distractions. 80% of Americans now live in urban settings, often with limited access to or knowledge of the outdoors, and we are faced with a dilemma of how to reach this audience and introduce a new generation to their inheritance.

Resources like our southern forests – located near major population centers with compelling developed recreation opportunities already within – are positioned squarely at these changing demographics. Americans increasingly seek and demand ready access to recreation experiences, professional guides and rental equipment that are off-the-shelf and close to their homes. Multiple-experience, developed recreation areas in front-country settings represent the future reality to reach new audiences. There is nationwide demand for this style of front-country developed recreation. Facilitated through the Ski Area Recreation Opportunity Enhancement Act, a bill sponsored by this committee and which passed the House unanimously, ski areas are moving assertively toward this approach.

Likewise Forest Service must develop a 21st century concession model that can address and, most importantly, fund evolving guest desires and expectations on public lands. Rejuvenating existing developed recreation sites can be both costly and ambitious. Without even funds to address even the most critical backlogged maintenance, the Forest Service must create streamlined pathways to encourage willing, local partners to invest private-sector capital, resources, and expertise on public lands. These partners can further the interpretive and recreational mission of the agency, enhance guest services and social experiences, invest in core infrastructure and address deferred maintenance, market to new audiences, and create jobs and rural economic development.

In fact, we are collaborating with Cherokee National Forest on partnership concepts to revitalize the USFS Ocoee Whitewater Center, site of the 1996 Olympic kayaking events but largely dormant since. We are working with the agency, local partners, and the TVA to restore water flows, host international events, invest in recreation and guest facilities, assist the local Forest with funding shortfalls, and catalyze significant economic development and job growth just as we have done on the Nantahala. We are making great progress, but it is clear that the agency lacks a defined pathway to effectuate impactful change at a local level without incurring substantial costs to either the local forest or potential partner.

To that end, our local forests must also have the ability to retain as many locally-collected fees as possible to provide for maximum local economic and forest impact. The agency also struggles with a shortfall of skilled special use permit professionals and an intense and growing backlog of permit requests. One potential solution is for the local forest to retain all permit receipts so long as they are then reinvesting those receipts into permit administration to enhance public access to our forests as well the availability of high-quality outfitted services. While potentially controversial, the agency must focus on localized revenue generation activity to address agency funding gaps. If forest managers are incentivized through fee retention to sensibly partner with the private sector and outfitting community, the localized rural economic impacts of each forest will be greatly enhanced.

Another critical issue facing our National Forests is branding and communication. As previously mentioned, the three National Forests surrounding the Great Smoky Mountains

National Park attract substantially more visitors annually than does the Park itself. However, these beloved forests have little name recognition and no friends groups supporting the forests. This is because the Forest Service provides protection, management and enhancement of its resources, but it does not bestow an identity or a sense of place. This is critical. The Smokies gateway communities thrive off the Smokies' reputation, and the Park's admirers rally around this identity. In fact, the sense of place relative to the Smokies is so significant that many visitors to our National Forests think that all of our mountains here are "in the Smokies." Cultivation of identity and communication of value are specialties of the National Park Service, and they have created self-sustaining momentum.

With better branding, our agencies can do much more to reach out to their gateway communities. In the Southeast, the economies of our gateway communities to our national parks and forests are booming. The reason that guests visit destinations such as Gatlinburg, Tennessee and Asheville, North Carolina is because of their connection to nearby public treasures. Therefore, the Forest Service should consider a program branding its exemplary recreation areas and treasured landscapes as premier venues for human-powered recreation, conferring a special status to specific locations that gateway communities can rally behind. These communities should be relied on to help promote their local natural resources and play an active role in introducing forests and active outdoor recreation to new audiences. Having location-specific identities and shareback programs (using, for example, the Ski Conservation Fund as a model) whereby visitors to gateway communities can directly invest in these forests also make it easier to raise funds and support. Most forest users have no idea how they can support the Forest Service or if that money will go to benefit locations that they care about or simply be directed to the Treasury.

Finally, as authorizers, this committee needs to lead the conversation on establishing a recreation culture, mission, and workforce within the agencies. We need to foster a culture shift within our agencies to where outdoor recreation, healthy Americans, and healthy local economies are considered agency mandates, missions and mantras. The agencies must all support recreation through their land and water use plans, prioritize recreation to reflect, for example, 21st century demands for developed, front-country recreation so that the American people have a wide spectrum of opportunities and experiences on public lands, conducted in a variety of settings, from river trips to hiking to biking. The goal of this subcommittee should be to foster that spectrum of opportunities, services, and experiences on federal lands and waters while providing them in a sustainable manner that formally recognizes, nurtures, and overtly supports local recreation economies.

Conclusion

In these trying economic times, it is clear that Americans need more than ever the physical, emotional, and psychological benefits that human-powered outdoor recreation provides. Another OIA research project showed that 80% of Americans feel that they are happier, have better family relationships and less stress in their lives when they engage in outdoor recreation. Anecdotally, during the recession, we have seen more hikers pass through NOC on the Appalachian Trail than we have in years.

Our own internal research over the last 40 years indicates whenever there is economic uncertainty or a precipitous rise in gas prices, our guest numbers increase. This affirms the importance of human-powered outdoor recreation during difficult times. We take this charge seriously and appreciate our guests' confidence in our ability to deliver these

authentic outdoor experiences. We also take seriously our ability to create jobs and positively impact local economies in need, especially in rural areas such as ours. The jobs we are creating through the outdoor recreation economy can never be outsourced so long as we have open spaces, healthy forests, free-flowing rivers, and recreation infrastructure.

I truly appreciate this invitation to speak with you today. Thank you for your attention, and I would be pleased to answer any questions you may have.