

Committee on Resources

Subcommittee on National Parks & Public Lands

Witness Statement

**Testimony of
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Before the
Subcommittee on National Parks and Public Lands
Committee on Resources
U.S. House of Representatives
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Mr. Chairman and Members of the Committee,

Thank you for allowing us to address you on this most important and timely piece of legislation.

As Chairman of Glacier Park, Incorporated, I've been involved in this concession since 1982 and am intimately aware of its operational challenges created by its extremely short and risky season.

Glacier National Park is indeed very unique and has enormous natural and cultural resource needs such as:

- The rebuilding of the Going to the Sun Road
- The rebuilding of its infrastructure
- The rebuilding of its hotels

All of these issues have come together at one point in time with a huge price tag.

We believe the rehabilitation of the Many Glacier Hotel will cost approximately \$36 million with a total price tag of \$80 million for all of the in-Park facilities.

For the private sector to make these enormous investments, it is critical that they have the terms and conditions to allow them to seek both debt & equity financing and assure their ability to service it.

Our collective teams have been diligently focused upon solutions for this problem. This team included the Department of the Interior's Don Barry, Destry Jarvis, Lars Hanslin and the National Park Service's Cindy Orlando and Glacier National Park Concession Manager Jan Knox. This team, working with the Montana Legislative team, specifically Congressman Rick Hill's offices and Senator Conrad Burns' offices, are trying to find the long-term solution in the spirit of stewardship and partnership.

As we all know, through Congressman Rick Hill's efforts, there has been a separate citizen's advisory board established for the rebuilding of the Going to the Sun Road.

The rebuilding of the Park's infrastructure is an imperative consideration, to have finished before the rebuilding of the hotel facilities.

The rebuilding of the hotels and their related services must take into consideration any number of factors, to mitigate the extreme risk of operating in Glacier National Park. It should be well understood that Glacier National Park is likely the most risky of all concessions in the lower 48. Its volatile weather, creating extremely short 100-day operating season, its inaccessibility to major markets for creation of demand or availability of employees, all make for very risky investment conditions.

The following are the terms and conditions we feel are necessary to mitigate these risks:

1. Guest Needs: Understanding the specific needs of future visitors so that appropriate facilities can be designed to meet them. This would include handicap accessibility, creature comfort, historic values, interpretation of park and first nation people's values, guestroom needs, food & beverage needs, retail needs, etc.

2. Pricing: Ensuring that the facilities and their pricing allow access to all pocketbooks. We believe that having a variety of facilities will allow all Americans access to Glacier National Park.

Conversely, it is important that the pricing reflect the ability to service debt and equity. Currently, price is based on comparability. It will be important in Glacier's case to have the newly formed concession advisory committee work closely with Glacier to ensure these risks are MINIMIZED.

3. Elongating Glacier's Season: As previously mentioned, Glacier Park's season is extremely risky. Its questionable weather consistency makes it difficult to attract a market.

The difficulty is equally matched in attracting and maintaining employees. In order to minimize this, we feel an elongated season from mid-May through the end of October would be appropriate, filling our shoulder season with group meetings, which would accomplish two objectives.

a. Ensures that people honor their room reservations due to their commitment to attend the meeting.

b. While people attend meetings to learn and create relationships, they will be inside our facilities and not in the Park.

3. Minimizing Construction Costs: Rehabilitating historic buildings is an expensive project in any geography. Rehabilitating Glacier will bring significant added costs: finding contractors who are accessible to our area and the complexities of working within Glacier's very severe cold conditions. A number of considerations need to be brought to the table. Do they shut down the hotels for a number of years, adding to the expense of the project? Or, do they try to rebuild the hotels during our off-seasons?

4. Employee Housing: to ensure the ability to attract and maintain an excellent caliber of employee. We ask that the employee housing be totally rebuilt and that these facilities be easily accessible to the workplace.

5. Leasehold Surrender Value: this is a crucial component to be used as collateral in borrowing money

(formerly known as Possessory Interest).

6. Historic Tax Credit: The IRS provides a 20% tax incentive, based on a 39-year amortization. Assuming the rebuilding of all these hotels within Glacier National Park will be at least \$80 million, this \$16 million will be an enormous benefit to help reduce costs.

Mr. Chairman, we have a very unique opportunity and responsibility to the American people to do what's right for all generations to come. As the primary concessionaire in Glacier, we well understand the risk we face in supporting this legislation in that we will be asked to put our contract out to bid.

We took this risk with the understanding that the need for rebuilding these marvelous facilities far outweighs this potential liability. We therefore have focused our efforts on ensuring that whoever wins this opportunity would have the ability to do so in the spirit of making future risks under what we thought were reasonable conditions.

Again, we thank you for your support in this initiative and do hope that Congressman Rick Hill's bill will have the support of the entire Montana Delegation, the full committee and all of Congress.

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