

Statement of
Armand Ortega, President, Ortega Family Enterprises
Before the
Subcommittee on National Parks, Forests, and Public Lands
Committee on Natural Resources, U.S. House of Representatives

Building on America's Best Idea: The Next Century of the National Park System

May 25, 2010

Mr. Chairman and Members of the Subcommittee, my name is Armand Ortega and I am President of Ortega Family Enterprises based in Santa Fe, New Mexico. I also appear as a representative of the National Park Hospitality Association (NPHA). I am honored to be asked to appear before you today to discuss the future of the National Park System and, in particular, the role of concessioners working in partnership with the National Park Service (NPS) to promote park visitation and provide outstanding services and experiences for the millions of people who visit units of the National Park System each year.

Ortega Family Enterprises is an established company operating in New Mexico, Arizona, and California. We operate 12 businesses, four of which are NPS concession contracts. We got started in the NPS concessions business 15 years ago when we were fortunate enough to be awarded the concession contract at the small but wonderful Bandelier National Monument near Santa Fe, New Mexico.

We focus on finding small to medium size park operations where we can make a real difference. We take great pride in taking on under-performing park concessions, turning them around, and bringing them up to and beyond the expectations of the NPS and its visitors. Our success is in large part due to the fact that we do not consider the National Parks just another business. We consider it a privilege to work as junior partners with the NPS to keep the Parks "America's Best Idea".

In 2005 we took over the White Sands National Monument concession operation. Years of neglect had taken a toll on the historic building housing the concession, the operation was not well run, and the visitor experience was poor. Upon assuming the concession operation we undertook a comprehensive restoration of the entire concession space and gifted the improvements to White Sands National Monument. We dramatically improved the quality of the thematic merchandising and service levels and created a concession worthy of the beautiful White Sands National Monument. The results have not only been good for visitors but also the NPS and us. Revenues have doubled since we took over and the franchise fee being returned to the NPS has increased by 250%!

In 2008 we were awarded the Carlsbad Caverns National Park concession contract and worked side-by-side with the NPS to initiate major capital improvements to transform the outdated restaurant and retail operations. Based on the results we achieved at Bandelier and White Sands, the NPS understood that we could deliver a new vision, capital investment, and operational experience to transform the concession operation. In addition to the capital improvements, we

changed the food service type from a full-service restaurant to a healthy quick-service concept to better serve today's visitors and their needs.

Newest in our portfolio is the NPS' showcase sustainable foods operation at Muir Woods National Monument. We were awarded the concession contract in early 2009 and worked hand-in-hand with the NPS to remodel the interior of the historic building to provide a fresh updated look and feel. Our tables, chairs, and retail displays were custom-made from reclaimed docks and we re-purposed 80-year-old redwood tables that we owned as part of our Carlsbad Caverns concession operation for the floor restoration at Muir Woods. The tables were damaging to the cave ecosystem and needed to be removed and we were happy to gift them to the NPS for reuse at Muir Woods. Finally, we designed the café layout and procedures to eliminate cooking and baking, which could damage the historic building and introduce unnatural smells to the Muir Wood environment. We are currently seeking Leadership in Energy and Environmental Design (LEED®) Existing Building (EB) certification.

We are also excited about Muir Woods because the operation represents *the* showcase sustainable food and beverage operation within the NPS. Eighty-five percent of our produce is sourced within 30 miles of the operation and 90% of our menu items achieve a high level of sustainability and/or are organic and healthy. We have achieved an 85% solid waste diversion rate by using recycled and compostable materials and returning our compost to the farms where we buy our ingredients. The food service is a National Green Certified Restaurant, a Marin County Green Certified Business, and recently won an "Exceptional Sustainable Green Business Award" from the Marin Conservation League. It will also be featured on the Food Network show "The Best Thing I Ever Ate" set to air mid-2010.

We are proud of the important role we play in helping people enjoy these parks. Visitors come to the national parks to be inspired by the intrinsic beauty of the parks while relaxing, recreating, learning, and having a good time – often with family and friends. What we do as concessioners has a great deal to do with the overall experience that the family has when they visit the park. In this regard, we're an integral part of the national park experience and an important element in helping the NPS meet its mission.

To my mind, parks are all about people and connecting them to nature, history, culture, recreation, and their heritage. In fact, I found it interesting that in a recent hearing on the national parks, Ken Burns, who produced the "America's Best Idea" film about the history of the national parks, praised the first National Park Service Director Stephen Mather as a premier promoter, working actively with railroads and others to build roads to and through parks and to build visitors facilities ranging from lodges to restaurants in the expanding national park system. Mather's motive was clear from his oft-quoted statement: "*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.*" And Ken Burns concluded his testimony with an interesting comment, saying, "If you think you have a good park but no one knows about it, you don't have a good park."

I recognize that this hearing is focused on the outstanding work of the Second Century Commission as it looked forward to future uses and management of the national parks. It is an honor to be part of a hearing with many of the distinguished commissioners who contributed to

the production of their report. I have to say, though, that one glaring omission in the Commission's report was the lack of reference to the important partnership that exists between concessioners and national park managers – a relationship that is already more than 125 years old – and neglects to describe the opportunities to build upon this proven relationship in the future.

Concessioners have served park visitors since the 1870's and today 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 fee payments to NPS generated from the approximately 600 concessions contracts are some \$70 million annually, or about the total sum raised annually by the National Park Foundation and all members of the Friends Alliance combined. Concessioner marketing and park promotion efforts exceed \$10 million, and are coordinated with the marketing and promotion efforts of state and gateway communities that equal that amount. Concessioners are leading efforts to find ways to focus promotion on the national park system and those Americans unaware of the great benefits available through time in our parks rather than on specific parks and services and traditional park visitors. Most importantly, concessioners are committed to contribute 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.

As many of you know, park visitation by Americans has been declining for several decades and, while visitation to the showcase parks remains high, many smaller units of the national park system (including some of the parks where I operate) offer wonderful experiences but are highly underutilized. This is one area, in particular, where I believe that promotion efforts led by park concessioners can be helpful – in promoting increased visitation and use of the many under-visited and underutilized units of the park system.

Promoting national park visitation is important for many reasons. Not only is it good for businesses like mine that depend on visitors for jobs and income, but also it is a way to reconnect people to nature, to provide them with an opportunity to recreate and get exercise, to learn, and to share quality time as a family. Today we live in a world that is filled with distractions - a world where we can connect with information and communicate with people almost instantaneously. Unfortunately, these alternatives seem to increase the extent to which people become disconnected from nature and focused on virtual connections to places and to people. A recent study by the Kaiser Family Foundation indicated that, on average, America's youth spend 7.5 hours a day focused on a screen or monitor of some sort. No wonder that the nation's youth are increasingly obese and at risk of Type II diabetes due to poor nutrition and a lack of exercise.

Connecting Americans to their parks is an important goal with numerous benefits – including improved health, a more widespread public appreciation for the environment, and 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. The efforts would not be based on advertising – as if we were selling a car or a theme park. But the efforts should include outreach

to schools and to families with children and greatly improved information on the internet. In fact, Secretary Salazar undertook a major outreach and marketing effort last year – which he is repeating again this year -- creating fee-free periods at national parks.

Many creative strategies have been devised to promote park visitation in recent years. For example, the New England Mountain Bike Association has developed a family bike ride along the route of Paul Revere's historic journey in conjunction with the Minuteman National Historic Park in Boston. The ride permits parents and children to travel the route from Lexington to Concord, learning a bit of history and getting some exercise in the process. In California, the Yosemite Fund cooperated with the state of California to create a specialty license plate touting Yosemite National Park. The program – now 15 years old – generates nearly \$1 million annually for park projects and reminds countless drivers of Yosemite's attractions. In Virginia, the Shenandoah National Park Trust has successfully applied for a similar license plate that will return \$15 to the Trust for every plate sold. And similar programs exist in several additional states. I am submitting to the Subcommittee the results of an inventory conducted recently in cooperation with the National Park Service Tourism Office of innovative marketing and promotion efforts by state and national park units.

The newly established National Parks Promotion Council (NPPC) will help reconnect Americans to their national parks by helping the National Park Service address downward trends in park visitation that threaten future support for the parks and the organizations, communities, states and economies which dependent upon visitors. The NPPC is a non-profit membership organization with a board of directors comprised of representatives of national park cooperative and friends associations, the National Park Foundation, tourism/ hospitality entities, state tourism offices, gateway communities, the National Park Service (in an ex-officio capacity), park advocacy organizations and others interested in national parks. The NPPC has already established research and marketing committees comprised of nationally respected persons, unifying many efforts now underway locally and nationally. The NPPC will build awareness of the entire National Park System, including all natural, historical and cultural places within it – not just those park units with concessions. The NPPC will develop promotional funding strategies, create partnerships, and craft campaigns that stimulate visitor appreciation and appropriate use of the treasured landscapes and educational resources of the National Park System.

Mr. Chairman, we urge the Congress to act on several important opportunities to assure that the parks are able to remain relevant and loved over the next hundred years. First, to promote expanded visitation to the Parks and encourage more outdoor recreation and learning associated with visits to NPS units, we suggest two alternatives to fund parks outreach and marketing initiatives. Second, to help the National Park Service address its facilities and infrastructure needs, we encourage partnership-based construction of beautiful, state of the art, and enduring visitor facilities for the next century of park operations. And third, we urge you to consider whether the next century of the parks would be well served by a new institution that enables creative investments in needed infrastructure – a quasi-public agency that could build upon the lessons of the Presidio and more.

Funding Sustainable Outreach and Promotion Efforts

The NPHA believes that the National Park Service should undertake expanded outreach and marketing efforts – especially directed to urban Americans, Americans of color, new Americans and other portions of the American public with limited traditions of park visitation. To facilitate this, we offer the following alternatives.

One option would be to provide the agency with authority to utilize franchise fees paid by national park concessioners annually to support NPS outreach and marketing efforts. Concessioners pay some \$70 million in franchise fees. The NPHA urges you to consider committing 10% of the total franchise fees paid or nearly \$7 million annually, to a new National Park Outreach and Promotion Fund. Had such authority existed in the current fiscal year, it could have been utilized to offset the significant loss of entrance fee collections at specific national park units from the fee-free weekends – in some cases exacerbated by higher visitor numbers and a resulting increase in operational costs to the park.

Alternatively, 10% of the receipts from annual sales of the America the Beautiful Pass could be dedicated to a matching fund to support park promotion efforts. Purchase of the annual pass – permitting access to virtually all federal recreation sites for 12 months – should be a major component of park promotion efforts. Holders of passes can be reached to communicate opportunities in parks – and because they can enter any park without paying an entrance fee they are likely to be interested in learning more about when and where they can add to their park experiences.

Current annual park pass sales are very limited, but a new promotion coalition can boost sales significantly, adding substantially to the current \$175 million in park fees collected annually. If these funds could be used on a 50-50 matching basis with resources from private sources such as non-profit and philanthropic organizations, concessioners and other private interests, then the NPS could double its money and greatly expand outreach to minorities and other underserved communities, young adults, families with children, and the ever expanding number of older Americans with grandchildren. This effort would be good for gateway communities, generating jobs and added income, and could help to expand interest and awareness among an entire generation of Americans who, without this promotion, are likely to remain unaware of this wonderful legacy of National Parks. If successful, this effort could reverse recent trends in park visitation, and help generate additional income to support the parks and improve facilities and visitor services.

New, Enduring Visitor Infrastructure

In addition, we urge you to consider a new idea for creating new park facilities in the tradition of the grand, enduring structures, many predating the creation of the National Park Service in 1916 that are synonymous with the National Park system. Unique architecture and quality construction mark structures like the Ahwahnee and El Tovar Hotels, lodges in Glacier and Yellowstone and many more historic structures that help make 21st Century park visits lifelong memories. Yet not all visitor structures in our parks are grand, or even park-appropriate. Many of those constructed mid-20th century are quite unremarkable, are costly to operate and produce inferior

visitor experiences. These structures fail to meet expectations of the Congress, the agency, concessioners and the public that our parks should serve as outstanding examples of design in harmony with nature.

We believe that one of the greatest opportunities associated with the upcoming 100th anniversary of the National Park Service can and should be a limited number of new structures that, even in 2116, will still demonstrate national park-appropriate design and operations. This would mean quality design and materials that meet LEED and ADA design requirements. The resulting structures would minimize barriers to serving all Americans well while also achieving agency-espoused goals in energy efficiency, reducing water use, and other environmental objectives. The National Park Service has undertaken some important planning in this area, although much of the planning has focused on buildings, which would be constructed with appropriated funds and used for visitor centers, offices and more. This base of knowledge, though, could be united with the knowledge of concessioners operating in the park and other companies to achieve truly outstanding results.

One example of recent innovative thinking and action which will serve visitors well for generations is found in Golden Gate National Recreation Area: the restoration of historic buildings at Fort Baker and addition of complementary structures to create the Lodge at the Golden Gate. Although not operated as a concession – primarily because the needed private investment far exceeded that which could be justified under the maximum concession contract of 20 years – the Lodge offers an example of an NPS/private partner venture that serves public purposes extremely well.

A New Park Visitor Facility Investment Trust

An alternative approach might involve the establishment of a new Park Visitor Facility Investment Trust which is empowered to issue bonds and generate funds to be borrowed by concessioners to reinvest in existing but deteriorated infrastructure and add new, appropriate facilities at underutilized units at parks like Voyageurs, perhaps, or even new park units created from repurposed former military bases. As a further incentive to build infrastructure in new or underutilized park units, the rate of interest charged to concessioners for funds borrowed from this Trust for investments in underutilized parks could be discounted further or the terms of repayment extended to permit more time to recapture the return on investment associated with “growing” visitation in underutilized units that will come with the establishment of new facilities and visitor services.

Summary

Mr. Chairman, I know you would agree that we need to get Americans back in touch with nature, engaged in physical activities and outdoor recreation, and connected to the magnificent culture, heritage and landscapes that are celebrated by our National Park System. We need to reach out to youth to encourage them to share in the wonder and enjoyment of our National Parks and discourage the increasingly sedentary lifestyles that are contributing to our health care crisis. We need to expand Park visitation to encourage minorities, disadvantaged communities, new Americans and urban residents to see their National Parks for themselves and to build a broader

constituency for America's great outdoors. And, we need to find new and innovative ways to reinvest in the maintenance, restoration, and expansion of critical park infrastructure – much of which was built either by private investment when the National Parks were first created, or in conjunction with the work of the Civilian Conservation Corps more than half a century ago.

The National Park Hospitality Association and the National Park concessioners want to help you, the National Park Service, and all Americans in achieving these objectives. As the 100th Anniversary of the National Park Service shines a light on America's Best Idea, we hope you will help us build on our longstanding partnership with the NPS to find new and innovative ways to improve the parks and create a new generation of Americans who share in the wonder of this amazing legacy.

We thank you for considering these requests. We would be delighted to provide additional information and respond to any questions you might have.

Armand P. Ortega, President
Ortega Family Enterprises
101 W. San Francisco Street
Santa Fe, NM 87501
(505) 983-7392

#