

2017– 2018
Executive Officers

Chair
Dennis McDonnell
Alaska Coach Tours

Vice Chair
Elizabeth Hall
John Hall's Alaska Cruises and Tours

Treasurer/Finance Chair
Bill Pedlar
Knighly Tours

Secretary/Membership Chair
Kory Eberhardt
A Taste of Alaska Lodge

Government Relations Co-Chair
Colleen Stephens
Stan Stephens Glacier &
Wildlife Cruises

Government Relations Co-Chair
Carol Fraser
Aspen Hotels of Alaska

Marketing Chair
Scott Habberstad
Alaska Airlines

Tourism Policy & Planning Co-Chair
Patti Mackey
Ketchikan Visitors Bureau

Tourism Policy & Planning Co-Chair
Dan Oberlatz
Alaska Alpine Adventures, Inc.

President & CEO
Sarah Leonard
Alaska Travel Industry Association

Board of Directors

Adam Baldwin
Anchorage Museum

John Binkley
CLIA/Alaska Cruise Association
Dan Blanchard
UnCruise Adventures

Jamey Cagle
Allen Marine Tours

Brett Carlson
Northern Alaska Tour Company

Deborah Hansen
Pike's Waterfront Lodge

Deb Hickok
Explore Fairbanks

Kirk Hoessle
Alaska Wildland Adventures

Josh Howes
Premier Alaska Tours

Holly Johnson
Wings Airways & the Taku Glacier Lodge

Dave McGlothlin
Holland America Group

Bonnie Quill
Mat-Su Convention & Visitors Bureau

Julie Saupe
Visit Anchorage

Linda Springmann
Holland America Line



April 17, 2018

The Honorable Lisa Murkowski
Chairman
Senate Committee on Energy and Natural Resources
304 Dirksen Senate Office Building
Washington, DC 20510

The Honorable Maria Cantwell
Ranking Member
Senate Committee on Energy and Natural Resources
304 Dirksen Senate Office Building
Washington, DC 20510

Dear Senator Murkowski, Ranking Member Cantwell, and Members of the committee:

On behalf of the nearly 650 members of Alaska Travel Industry Association (ATIA), thank you for the opportunity to testify regarding the issue of deferred maintenance in our national parks. ATIA is Alaska's leading industry organization for travel-related businesses, working to increase the economic impact of tourism in our great State. Many of our members rely on the national parks directly or indirectly for their livelihoods, and adequate park infrastructure is a substantial issue for ATIA's members.

Tourism is Alaska's second largest private sector employer, and national parks contribute significantly to our industry's success. For many people, Alaska is a trip of a lifetime and the result of many years of planning. National Parks like Denali, Glacier Bay, Kenai Fjords, Katmai, and Wrangell-St. Elias feature strongly in visitors' tour itineraries.

The majority of Alaska's 2 million visitors each year go to one or more of Alaska's national parks, preserves, historic sites, and monuments as either independent visitors or as part of a larger tour package. National park visitation alone generates nearly \$1.7 billion in annual economic activity for Alaska and supports more than 17,000 jobs.

Approximately 60 percent of the National Park Service's total acreage is in Alaska. Visitation at Alaska's national parks is expected to grow, and a robust and well-maintained infrastructure contributes greatly to a positive visitor experience.

Park staff, quality infrastructure and services help create superior visitor experiences. Unfortunately, the structure of annual operations and maintenance budgets in Alaska's national parks makes it challenging for park administrators to hire qualified, skilled maintenance staff and maintain existing infrastructure adequately, leading to more and more projects showing up on deferred maintenance lists. At nearly \$106 million, the current maintenance backlog in Alaska's parks is at best an inconvenience and, at its worst, a threat to human safety, our businesses, and our communities. The backlog is expected to grow due to pressure from increased visitation as well as weather and climate-related changes.

For instance:

Denali is the Great One. At 6 million acres **Denali National Park and Preserve** is larger than the state of New Hampshire. More than 580,000 visitors came to Denali in 2016 hoping to see North America's highest mountain. Denali National Park and Preserve has a \$54 million maintenance backlog alone, nearly half Alaska's total estimated budget. Deferred maintenance items include replacing waste water lines and a failing water line at the East end, the most heavily used area of the park. Should either of those systems fail completely during peak season, the impact of having no potable water or toilets would be devastating to the park and park visitors.

Half of Denali's deferred maintenance budget is associated with the park road – the 92-mile mostly gravel road leading into the heart of the park. It is the only road in or out of Denali, and only 10,500 vehicles are allowed in the park between May and September. More than 270,000 guests used the park's bus system in 2016.

Deteriorating road conditions are a safety hazard to visitors and staff and threaten business operations at lodges operating at the end of the park road. In 2016, an exacerbated freeze/thaw cycle and unseasonably heavy rains created a 100-foot-long, 10-foot-deep mudslide, which closed the road in the middle of peak summer season. Fortunately, no one was injured. But the road closure and restricted openings limited guest access to and from remote lodges and required significant logistical and expensive transportation alternatives to ferry guests back to the park entrance. One ATIA member business reported losing more than \$20,000 over the 9-day restricted access period. The company hired charter flights to fly guests to and from the lodge at significant cost. Lodge guests were unable to access trails and other activities because of the construction activities. And day-trip guests, normally 75 per day, cancelled their bookings because they were not able to have the full tour experience.

This was the **second** time in the same year that road-closing slides occurred, and more damage to the road is anticipated due to slope instability from melting permafrost, frost heaves, erosion, and more extreme weather events. Bridges, culverts, and other structures are equally at risk.

Maintenance-related costs to visitors are also increasing because of poor road conditions. Lodge staff are strongly encouraging their guests purchase extra travel insurance to cover unforeseen transportation costs in case of another, more severe road closure. If the Denali Park Road were to close completely, for any length of time, visitors would not be able to see the iconic views and wildlife for which Denali is world-famous. Hotels, tour operators, restaurants, and businesses at



the park entrance would see a dramatic falloff in sales. Large tour operators would have to cancel land-based excursions, an action that would trickle down to the hundreds of small businesses that provide tour support to the larger companies. The economic impacts due to cancellations and lost bookings would have ripple throughout the state.

Glacier Bay National Park in Southeast Alaska's Inside Passage, is part of a 25-million-acre World Heritage Site and one of the world's largest international protected areas. It is also home to a park-owned historic lodge suffering from more than 30 years of deferred maintenance. Gustavus, the gateway community for Glacier Bay National Park, has a population of 544, and the park-owned lodge is the community's anchor business. Currently 25 percent of the lodge's 65 rooms are unavailable because of water damage or other structural issues. The concessionaire is disinclined to invest in maintenance because of the building's condition and low profit margin, and the building's condition continues to deteriorate due to lack of maintenance. It's a vicious cycle that threatens not only the lodge, but the future of the community. The only way to get to Gustavus is by air or boat. The only large carrier that flies directly to Gustavus is Alaska Airlines—and only for a few months during the summer. The lack of adequate park facilities means fewer independent travelers requiring air transport to Gustavus. If air service is cancelled, tour providers, bed and breakfast operators, and support businesses throughout the community will suffer.

In total, Glacier Bay National Park has a nearly \$10 million maintenance backlog including not just the lodge, but also safety improvements to rotting wood boardwalks, structural repairs to the administration building, and the need for basic infrastructure that is status quo in other national parks. Glacier Bay's remoteness, even by Alaska standards, increases costs above those in other locations. An estimated \$1 million repair easily means \$2.5 million for Glacier Bay Lodge. Repairs that might take a single construction season elsewhere require a multi-year mobilization during a construction season that overlaps with the lodge's seasonal operations. The cost of shipping construction materials from Seattle via barge increases costs exponentially.

These are only a sample of Alaska projects where maintenance has been deferred due to funding restrictions or reductions. Park superintendents are challenged when it comes to annual maintenance programs, which results in more projects added to deferred maintenance lists. Investment in ongoing maintenance reduces the likelihood of emergency repairs, potential risk to human safety, and economic hits to the Park and tour operators alike. If visitors can't visit our parks because they are inaccessible or unsafe, they stop coming. A decline in visitation has serious, tangible economic and social impacts to our businesses, our communities, and our state.

ATIA members are pleased that Congress and the Senate Energy and Natural Resources Committee are interested in and recognize the economic importance of healthy National Park infrastructure. Functional, stable facilities benefit not only visitors but also the businesses providers, park concessionaires, and local gateway communities. With Alaska's intense summer tourism season, generally May through September, many of our communities and livelihoods are reliant on seasonal visitation for jobs and tax revenue. Alaska's tourism industry wholeheartedly

supports our national parks for their intrinsic value and the economic benefit they bring to businesses and communities.

The Department of the Interior, National Park Service recently recommended modest fee increases at 117 national parks (including Denali) with funds directed toward improving the visitor experience by addressing the maintenance backlog. This decision reflects extensive stakeholder comment, and ATIA supports this reasonable approach. Of the estimated \$60 million to be raised, \$48 million will stay in the park where the fee was collected and \$26 million of that will be directed to deferred maintenance.

Public-private partnerships are also an option, but infrastructure isn't an easy sell. New buildings named after donors are wonderful, but renovations to older facilities are harder to fund, especially the less glamorous, more utilitarian amenities like sewers, watermain, fire suppression systems, or mold abatement. While some projects might benefit from private support, many necessary maintenance and repairs would remain unfunded.

The solution, in part, relies on dedicated federal funding. The Park Service's construction account for large repair projects has fallen 60 percent nationally since FY 2002. The Budget Control Act further challenged park appropriations. There are opportunities, however, including two national park funding bills already introduced. Another funding mechanism, the Highway Trust Fund, could support park-specific transportation projects, which make up more than half the Park Service's projects nationally. Ultimately, what our parks need is a sustainable, constant funding source to address current and deferred maintenance needs.

These are not small projects or concerns. These are issues of safety, economic development, lives, and communities. The long-term disinvestment in the National Park system has and will continue to have long-ranging negative economic impacts. Ultimately, what's bad for the parks is bad for business.

On behalf of the board, staff, and members of the Alaska Travel Industry Association, thank you for this opportunity to submit our comments. Alaska's national parks are a tremendous national resource and an inspiration to the world. Park visitors deserve safe and reliable infrastructure that reflects that ideal.

Sincerely,

A handwritten signature in cursive script, appearing to read "Sarah Leonard".

Sarah Leonard
ATIA President & CEO