



Flagstaff Lodging & Restaurant Association

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Position Statement

“Flagstaff Lodging & Restaurant Association Opposes National Park Service Proposed Fee Increases to Road-based Commercial Tours; Supports a flat per person entrance fee increase for day tour operators”

The Flagstaff Lodging and Restaurant Association is committed to promote economic vitality, preserve and enhance Flagstaff and northern Arizona’s economic prosperity, and provide a healthy, vibrant business climate. Our local and regional economy are propelled by tourism and hospitality. Our industry brings in massive tax dollars that fund several government programs and projects.

We have recently become aware of a major issue that will impact tourism in our state and northern Arizona region. We are alarmed that the National Park Service (NPS) has not advertised nor contacted local and state businesses that are stakeholders along with Commercial Tour operators and CUA (Commercial Use Authorization) holders. The NPS and in particular, Tourism Program Manager Donald Leadbetter, **surreptitiously proposed skyrocketing fee increases on tours to the Grand Canyon and other national parks.** These are not the proposed fee increases for private vehicles going from \$30 to \$70 per vehicle that have been in the news. Individual cars will face a 120% plus increase in entrance fees while **commercial tour operators who relieve park congestion face entrance fee increases of nearly 800%.** These commercial fees will inevitably reduce the volume of tour guests while increasing the volume of private vehicles within the park which has no room for additional parking. The worst of both worlds!

Currently, a private vehicle pays a \$30 entrance fee with no management fee. Day tour operators pay an annual CUA fee of \$175.00 plus an entrance fee \$8.00 per person with no management fee.

Proposed Fees for Day Tour Operators:

- CUA fee – Annual \$300 Non-refundable application fee/ park
- Management fees - \$5.00 per person (audited at year end)
- Entrance fee - per vehicle (van, 7-15 passengers) \$185 off season for 7-month Off Season; \$370 - for 5-month Peak Season
- Entrance fee - tour bus– (motor coach, 57+ passengers), \$600 off season; \$1,200 Peak Season (400% increase from a current \$300 rate)

Negative Impact of Skyrocketing Fee Increases to Commercial Tour Operators

This will profoundly affect the revenues at hotels, motels, restaurants, grocery stores, retail outlets and related tourism revenues and jobs. It will also affect the tax revenues that state and local governments collect.

Beginning January 1, 2019, all parks will charge commercial tour fees made up of three components: (1) an annual CUA application fee, (2) a CUA management fee and (3) an entrance fee. The entrance fees are **not dependent on number of guests but on vehicle capacity.** This has no logic and makes the increase unmanageable for tour operator pricing structures. Many tours require only a minimum of 2 people for the tour operator to be obliged to take them on a bought tour. That tour would go from \$300.00 to \$670.00 during peak season. A family/group of 4 would go from \$500 to almost \$900. Families/groups will most likely opt to drive which will consequently increase parking congestion inside the Grand Canyon and add to the carbon footprint.

Tour guests enjoy an interpretive guide that gives them historical and geological information to enrich their visit to the Grand Canyon. Tours typically include food and require guests to have accommodations in our area (usually not included in the tours).

Tour companies work on close margins. Ground transportation companies charge about \$150 per person. This allows us to have a guide (about \$200 per day) entrance fee (\$8/person) and give them a decent lunch (about \$10/person) in a vehicle where they take 3-8 people per trip (minimum number is currently 2 people for most companies). Additionally, they are required to carry expensive insurances, have quality and well-maintained vehicles and have trained staff. Credit card processing, websites, advertising and taxes take up more of this margin.

While we, the Flagstaff Lodging & Restaurant Association, and tour operators agree that some adjustment in pricing may be needed, however these drastic increases are unreasonable are intolerable.

Some effects (both short and long term) may include:

- Tourism will decrease and total over all visitation to the state of Arizona
- Sales tax revenues will go down
- Hotel tax revenues will go down
- Job losses at hotels, restaurants, tour related and support businesses
- Lower engagement with the rich heritage of the region
- Higher costs to individuals and families will limit or even eliminate accessibility
- Children lose the opportunity to connect to the beauty and wonder of the Grand Canyon

We believe and would support a simple and manageable flat PER PERSON entrance fee should be kept in place.

This fee could be as much as \$20.00 per person (an increase of 250%). The \$5.00 management fee would still be collected. The proposed "per vehicle" fee along with a management fee is hard to manage, impossible to price and monitoring management fees would be a nightmare.

This isn't Disney where there are multiple venues within the park for amusement or entertainment. We have a taxpayer-funded national park with the purpose "to conserve the scenery and the natural and historic objects and the wildlife therein and to provide for the enjoyment of the same in such manner and by such means as will leave them unimpaired for the enjoyment of future generations." Even a 5% decrease in local tourism revenues would be a loss of \$35 million based on data for the last 2.5 years. The tax lost on this would be over \$3million annually for local economies.

We have only until December 22, 2017 to respond to the NPS proposed fee increases. We need to show our concern that this new structure is unfair to park visitors, tax paying citizens coming to Arizona and the Grand Canyon region as well as our concern for the impact to employees and businesses in our region.

Details of proposal on the NPS public comment site -<https://parkplanning.nps.gov/document.cfm?documentID=81250>

Proposed seasonal entry fees for visitors <https://parkplanning.nps.gov/proposedpeakseasonfeerates>

Proposed CUA requirements, CUA fees & commercial entrance fees

<https://parkplanning.nps.gov/commercialtourrequirements>

Public comments will be accepted until **December 22, 2017** on these sites or written comments for both proposals may be mailed to: **National Park Service, Recreation Fee Program, 1849 C Street NW, Mail Stop 2346, Washington, DC 20240**

Respectfully submitted,

Dhiru "Robin" Prema, President, Flagstaff Lodging and Restaurant Association (FLRA)

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