

National Park Service



Leasehold Surrender Interest Tracking Tool Update

March 7, 2007

Concessions Management Advisory Board

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Agenda

- Background
- Pilot Test Summary
- Next Steps



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Background: Tool Overview and Objectives

- Excel-based tool
- NPS internal system – intended for Park level use
- Track LSI on a contract-by-contract basis
- Fundamentals based on PL 105-391 and 36 CFR Part 51
- Flexible to accommodate future changes
- For post-1998 issued contracts with LSI

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Background: Primary Tool Functions

- Allocation of Possessory Interest to Leasehold Surrender Interest
 - Allocation of values at the building component level consistent with ASTM-Uniformat II/Level 2-3
 - Completed Reproduction Cost Report (RCR) as component of detailed condition assessment, is integral to the process
- Assessing and tracking of qualified LSI-investments
- Record estimates of physical, observable depreciation
- Record estimates of inflationary adjustments

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Pilot Test Overview

- 3 park locations
 - Locations chosen for size and mix of assets, contract LSI liability, completed condition assessments, and required Concession Facility Improvement Program (CFIP) projects
 - 2 of 3 pilots completed, with 2 additional pilots being contemplated (KATM/DENA)
- Includes a 2-day site visit
 - Tool populated prior to arrival with actual data
 - Review of tool capabilities around functional areas (allocation, crediting, and depreciation)
 - Includes case studies
- Lessons learned identified, catalogued and addressed
 - Iterative process

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Selection Factors for Pilot Parks:

	Blue Ridge Pisgah Inn (BLRI)	Grand Canyon Bright Angel Lodge (GRCA)	Gateway National Recreation Area (GATE)
Reason Selected	Current contract identifies beginning LSI value Identifies assets with LSI liability, but not individual LSI value Reproduction Cost Report - from 2003 condition assessment CFIP planned	Current contract identifies beginning LSI value as one lump sum CFIP planned Condition Assessment performed in 2006 in preparation for CFIP	Current contract identified \$0 beginning LSI value CFIP project underway and nearly completed No prior Condition Assessment
Date of Site Visit	September 2006	December 2006	March-April 2007
No. of Structures	10	31 (BAL only)	17
GATE No of Structures includes new part of CFIP			



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Pilot Test: Blue Ridge Parkway Observations

- Need to centralize pre-loading of tool with initial data
 - Allows for consistent approach
- Treatment of LSI in structures to be demolished
- Need to better link asset inventory to FMSS
- Focus on Crediting and Project Management process as defined in contract and exhibits

Site visit focus on LSI allocation to structures resulted in heightened sensitivity to LSI values associated with structures to be demolished

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Pilot Test: Grand Canyon Bright Angel Lodge Observations



- Retrospective determination of depreciation when condition assessment was completed after contract award
- Application of LSI credit when Repair and Maintenance Reserve funds are expended to replace a “fixture”
- Treatment of remaining asset life beyond design life

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Pilot Test Summary: Allocation Key Issues

Issue	Resolution
Manual time associated with loading of tool and performing allocation	Format of source data forms for Reproduction Cost Report to be modified
Treatment and allocation of deferred maintenance	
Treatment of unique structures that are not consistent with Uniformat II Level 1/2	Centralized allocation function by experienced professionals allows for consistency in allocation

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Pilot Test Summary: Crediting Key Issues

Issue	Resolution
Treatment of CPI in annual estimates	Tool modified to be more consistent with 36 CFR 51
Treatment of soft costs associated with project	Guidance provided in 36 CFR 51 and Contract Exhibits
Difference between fixture versus non-fixture crediting and depreciation	Options being reviewed
Alignment of project budgets, costs and expenditures to structure components	Options being considered: (1) Identify if Industry standards are available? (2) Develop standardized format for information reporting that does not add to soft costs

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Pilot Test Summary: Depreciation Key Issues

Issue	Resolution
Mid-term adjustments to remaining useful life, as evidenced by condition assessment or other qualified feedback	Depreciation override capability added to tool to reflect revised life and associated estimated depreciation

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Pilot Summary: Refinements Based on Pilots

- Lock-down of source data
- Ability to manually adjust depreciation inputs
 - Process being developed to accompany manual adjustments
- Modified treatment of CPI
 - Alignment with 36 CFR 51 and CPI index
 - Adding function to track CPI index for crediting projects
- Navigation tools added to improve ease of use
- Ongoing revisions to operational guidance document

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Next Steps



Step	Target Date
Edits to Operational Guidance Document	Ongoing
Conduct pilot at Gateway National Park	March-April 2007
Conduct additional pilots at Katmai and Denali National Parks	April 2007
Have tool and operational guidance document in place at five locations	September 2007