

**MINUTES**

National Park Service  
Concession Management Advisory Board

Shenandoah National Park  
Historic Conference Building, Skyline Drive  
Mile Marker 41.7  
Luray, Virginia

9:00 A.M.

Tuesday, September 18, 2012

APPEARANCES

BOARD MEMBERS:

Dr. James J. Eyster, Chairman  
Richard Linford  
Edward E. Mace  
Lena McDowall, Associate Director for  
Business Services  
Michele Michalewicz  
Ramona Sakiestewa  
Phillip H. Voorhees

Present in the audience:

Anne Altman  
Kevin Apgar, Alaska Region  
Martha Bogle, Superintendent, Shenandoah  
National Park  
David Brown, America Outdoors  
Erica Chavez  
Derrick Crandall, National Park Hospitality  
Association  
Bruce Fears, Aramark  
Deborah Harvey, Branch Chief, Asset Management,  
Commercial Services Program  
Debra Hecox, Planning and Development Branch Chief,  
Commercial Services Program  
Brad Hill  
Robert Hyde, Branch Chief, Financial Management,  
Commercial Services Program  
Kevin Kelly, Delaware North  
Steve LeBel, Commercial Services Program, NPS  
Ethan McKinley  
Carol Metzler, TR Concessions Specialists of Florida  
Laura Nelson  
Jennifer Parker  
Dennis Pontiere  
Kurt Rausch, Contract Management Branch Chief,  
Commercial Services Program  
John Rutter, Grand Teton Lodge Company  
Kelly Scofield  
Jonathan Simon  
Bill Stevens  
Kathy Tustanowski, Shenandoah National Park  
Wayne Soard, Aramark

Welcome

Wayne Soard welcomed the Board and attendees and apprised everyone of the social activities planned In conjunction with this meeting.

Chairman Eyster opened the meeting at 9:00 am.

Ms. McDowall welcomed all attendees to the 25th meeting of the Concessions Management Advisory Board. The Board was set up under the 1998 Concessions Law, and it has been renewed administratively periodically since then. Ms. McDowell is the new Associate Director for Business Services, standing in for Jo Pendry who could not attend.

She thanked Aramark for hosting the meeting here this week, and also to Shenandoah National Park. She next introduced Martha Bogle.

Superintendent's Welcome

Ms. Bogle encouraged everyone to stick around or to come back and enjoy the 200,000 acres, the 500 plus miles of trails, including 101 miles of the Appalachian Trail. She pointed out all the diverse facilities and events going on in the park.

She stated that the concession operation is a huge part of the visitor experience here at Shenandoah and she urged taking advantage of it while attending the meeting. Ms. Bogle listed a number of activities that

have either happened or are planned.

Convene Business Meeting

Chairman Eyster suggested going over the agenda items. Ms. McDowell will be presenting and discussing the general program updates. There will be regional contracting updates and a discussion on contract terms. The Board has asked the Concession Management Program to discuss terms of the contract. There has been some interest from some Concessioners to extending the terms beyond 10 years, which is what has been mandated in the Regulation, and we have asked the Concession Management Program to discuss cases in which an extension beyond 10 years occurs. Kurt is going to be discussing the use of the arrowhead, which a number of the Concessioners have had an interest in possibly utilizing. We'll do the SERA presentation right after the break, the discussion of marketing expenses. This was another Concessioner interest; they were interested to see if the Park Service could financially contribute to some of the national marketing modalities.

There will be an asset management update, an overview of LSI, and a track record of the LSI since it has been implemented, and the degree of success that has occurred with a better understanding of LSI and how it works.

After lunch there will be a discussion of incentives programs for Concessioners and the Board would like the Concessioners to offer whatever ideas they might have for the potential of increasing incentives for significantly above average performance.

There will also be discussion on new interests by the Concessioners for items beyond the incentive program, and a section for new business.

#### Approval of Minutes

#### **Motion**

We need to lo

A motion was made and seconded (Sakiestewa/Linford) to approve The Minutes from the previous meeting.

The motion passed.

Chairman Eyster asked everyone in the room to introduce themselves. He then introduced Lena McDowall.

#### **General Program Updates**

Ms. McDowall stated she was looking forward to getting to know the attendees over the course of the day and at future meetings. She then gave a brief update on the program as well as some comments on current events. the first thing I wanted to cover is just some transitions with both Board members and with the National Park Service staff. She stated that Ruth Coleman, who had represented the State Park Systems on the Concessions

Management Advisory Board, has resigned. A replacement for that position will be looked for over the next few months. She next thanked Phil Voorhees, who has been representing the Conservation Communities' interest on the Board, and who will be cycling off the Board. A replacement for that position is necessary as well.

On the Park Service staff side, Kevin Apgar out of the Alaska Region, will be retiring at the end of this year.

The Chief of Commercial Services for the National Park Service, Jo Pendry is going to be transitioning to a different position, still doing some Commercial Services work and a number of other things, but there will be a reposting advertisement for that position very shortly, as well

With regard to other updates, the Health Foods Standards Program, on which many in the Concessions community have been working very closely, is close to releasing a final draft of the Healthy Foods Standards before the Director releases them in final. So the public will have one more opportunity to take a quick look at those and provide comments. She urged the attendees to bring up things that are really sort of critical to the success of that program, because this would be the last opportunity to do so.

Kurt Rausch added that this is kind of late breaking news as of yesterday afternoon. He said the Director had contacted him and indicated he was interested in releasing the final draft. Mr. Rausch promised to get this information out to all those members that were at the Denver meeting.

Ms. McDowall then thanked the Concessions community and the Advisory Board for their work on the Buy American issue. This does continue to be of interest to many of the Congressional delegations of the parks.

She then mentioned the events that have been transpiring over the last number of weeks at Yosemite related to the Hanta virus issue. This would be a good time to take another look at public health protocols and processes, especially in an area where Hanta virus is prevalent.

She mentioned two more items that are really related to the projects that the Commercial Services Program for the Park Service is going to be taking on over the next few months. One of them is related to the recent hearing on two major issues that were evaluated during that hearing; one would be the impact on smaller Concessioners of the requirements that the Park Service has for smaller Concessioners. The other issue was related to insurance requirements, particularly for

outfitters and guides. The Park Service is committed to looking into this issue further and they have started working on a scope of work already to have a consultant come in and help the Park Service evaluate the burden that is being placed on smaller Concessioners from some of our requirements and processes.

As to the insurance requirements, more information will be forthcoming about that over the next few months. There is somewhat of a delay in terms of contracting on the Park Service side, and the Park Service is finally entering the 21st Century with its accounting and contracting and a number of other systems, and probably by December there will be a transition to those new systems. Until then there is a so-called contracting black-out period which will cause a little bit of a slow-up, but it is on the list of top priorities.

The other project is an evaluation of new services. This is an evaluation of new and innovative visitor services to explore activities that may be occurring in parks or elsewhere that may be appropriate for the Park Service, in general. And this is again to expand the number of opportunities that are out there for visitors, making sure what is relevant to today's visitor, but also what's going to be appropriate in

various parks. The same activity may not be appropriate in all parks, but there are going to be more flexibilities in some than in others and that is what will be explored this fiscal year.

Management of campgrounds has been an area of interest for many Concessioners, as well. Ms. McDowell asked Deb Hecox for her input on this subject.

Ms. Hecox stated she was still in the process of designing what the scope is.

Board Member McDowall said that, particularly with regard to the management of campgrounds, this would be something to leave to individual parks to make that decision, since it is very much driven by the requirements at each park, and what the local environment is like.

Ms. Hecox added that when in developing the initial due diligence on new prospectuses, this is mostly done at the park level, and the financial effects of that, both on the Concessions contract, as well as on Park operations are explored. It is basically a superintendent decision as to whether they would want to make that part of a Concession contract or retain it as a Park project.

Ms. McDowall talked briefly about planning for the Park Service centennial coming up in 2016. There is

a manager of the National Park Service who is now in charge of the planning effort around the Centennial, Alexa Viets. She is starting to engage many of the partners. The goal is to working with all of of the concessioners on areas where there are going to be opportunities for the Concessions community to really be involved and work with the Park Service on this really important date in the Park Service's history.

She then touched on the visitation statistics; the overall decline in visitation to the parks in recent years seems to have leveled off. There was a two percent increase this year over 2011, and the Concessioners have had an even better year than National Park Service in terms of overall visitation. Lodging overnights in 2012 are up by approximately 10 percent over 2011, and that is a good sign.

Chairman Eyster asked for comments.

Board Member Linford wondered if the Park Service could get some figures on not just overall park use, but also about the backcountry park use.

Chairman Eyster inquired if there is a system to collect this information down on activity-specific activity level, as well as occupancy for the lodging.

Mr. Rausch replied there is some statistical information that comes out of annual overall reports and

annual financial reports, in terms of number of activity units that may be occurring. There is financial data which in some cases correlates back to the number of activity units that are occurring.

Ms. Hecox added there is also self-reporting information from COA holders, which would also reflect a lot of Backcountry use; some is more reliable than others since it is self-reporting and the forms vary, but efforts are under way to fix that and get uniform forms and uniform reporting requirements. Many operators need to get Backcountry permits to take their visitors into the Backcountry, and there may be ways in which to explore how to go about gathering that information, at least the statistical amount maybe looking at a set of parks, and then perhaps report back on that at the next meeting.

Board Member Linford asked if he heard correctly that this information is not gathered on a regular routine basis.

Ms. Hecox stated not at the Washington Program level, but most parks would have that information, but it's not something that is routinely reported through the program.

Mr. Apgar stated that all parks collect data use through the monthly Public Use Report, but some of

the information on Backcountry use may be questionable because it's self-reported, but it's available. It was his impression that Backcountry use in Alaska, at least, has been declining for years.

Mr. Brown stated that the Public Statistics website does have Backcountry use. He noted that Backcountry overnight visits have been declining.

Mr. Rausch stated there is no break out based on whether it's a concession activity or a COA activity, or just private Backcountry use; this information would have to be parsed out.

Chairman Eyster had a quick question for Concessioners. He asked: "Do you, when you market your properties, do you mark it by segmentation of specific uses where you're trying to attract business? In other words, do you look at items other than your food and beverage and monitor that, and put out any sort of direct marketing efforts to build other visitation within your parks? Is any of that being done? "

Mr. Kelly with Delaware North replied they absolutely we it by market, by channel, by accommodation type. In the summer, though, when accommodations are limited availability, the demand is three times as high, and supply continues to go down. For Backcountry, for example, accessing the Backcountry continues to be

challenging with supplying those camps and following the Regulations. He said they opened Bear Pond Lake this year in Sequoia due to limited access to using trail animals to supply the camps, so there's been some regulatory challenges that they had.

Mr. Hyde indicated there is a Schedule G on the Annual Financial Report which breaks down services by category, but unfortunately it's a little bit lagging because it's based on the Concessioners' financial year, and so his office does not get that information until March, April, May of the following year. With respect to the larger Concessioners it is easier to tell what's going on with some of the smaller Backcountry operations.

Regional Contracting Updates & Discussion on Contract Terms

Ms. Hecox presented updates about what happened in the past 12 months as far as issuing prospectuses, and awarding contracts. It also included some leasing information and other program information that affect the work capacity at the Regional Offices.

Among some of the highlights - there were 12 prospectuses on the site, and these ranged from some of the largest ones such as at Yellowstone, to some of the very small ones such as the ferry operation at Gulf Islands, and many of those are still out.

She showed the projections for what is anticipated to be released in fiscal year '13 sorted out by quarters. Last year she had a fairly aggressive schedule with protective releases and number of contracts that are expiring that need to replace. She pointed to the expired 1965 Act contracts, which as recently as four years ago, numbered well over 100, now down to 24. Ms. Hecox mentioned she was in the very final stages of eliminating those expired 1965 Act contracts and the ones remaining are some of the more challenging contracts.

Chairman Eyster said this was an amazing reduction over the last three or four years and the Board would like to commend Ms. Hecox and her staff.

Ms. Hecox allowed that the Regional Chiefs and the Regional staff really carried the bulk of the burden on these and the efforts that they have made are just outstanding, and need to be commended, as well.

Ms. Hecox continued her presentation and referred next to the fact that Congress expressed in the 1998 Act a clear preference for short contract terms, generally for 10 years or less. We rarely issue contracts for less than 10 years for a lot of reasons, but to do that is quite unusual. But then Congress said that the Secretary may award a contract for up to 20 years if the Secretary determines that the contract terms

and conditions, including required construction of capital improvements, warrant a longer term. So we need to meet those conditions in order to go beyond 10 years.

So the considerations we have for issuing a contract for longer than 10 years are a substantial initial investment, either through acquisition of leasehold surrender interest, or possessory interests, new construction, and sometimes the amount of personal property investment required. Typically when looking at Marina operations, where they have a fleet of houseboats, that is quite a substantial investment, whether it is transitioning from a 1965 Act contract where there's that required purchase, the new Concessioner has to buy the property of the old Concessioner, or whether they buy it from the incumbent Concessioner or have to acquire that sort of inventory on the open market, and that would typically warrant a longer term.

As an example she cited the Mt. Rainier prospectus that was issued for a 15-year term and that may go down to 10 years if the Park Service doesn't complete certain bench marks. There are current contracts under the 1998 Act with terms exceeding 10 years.

A discussion followed on the issue of considering longer terms in situations where there is

substantial investment.

Derrick Crandall pointed out that it is important to understand that there has been a change in terms of expectations of appropriating dollars to pay for a large number of projects within National Parks. He suggested going back and reexamine how prospectuses forecast how improvements will be made in parks, and that then will determine the level of investment that is called for by the Concessioners

Ms. Altman stated that from her perspective, appropriated funding for Concessions in any park infrastructure is going down. She felt it to be a struggle to deal with what the law says and how to make all that work, and trying to come up with a solution that works for everybody.

Mr. Crandall proceeded with giving examples of the subject in question and concluded it would be necessary to undertake a wholesale evaluation of dozens of tools that will respond to the 21st Century reality of trying to keep this up. He stressed having to be innovative in looking at a variety of sources and tools for ways to either use commercial contracts, or other kinds of things that extend beyond 20 years because 20 years will not allow the kind of amortization of the investments that are required for some of the major park

infrastructures.

Ms. Altman remarked that prior to 1998 the Park Service historically had essentially these major contracts that went on for 60 years as in the leasing program, but they don't allow for any sort of leasehold surrender, just a possessory interest.

David Brown next addressed a somewhat smaller issue with Category 2 contracts. There are a number of members who operate on those and Category 2 contracts are not supposed to include capital improvements. He stated that the Park Service is implementing, or exploiting the maintenance costs for capital improvements by incrementally identifying structural improvements in old historic structures, that basically amount to rebuilding the structure over time. And that's not a cost that was perceived or anticipated when concessioners submitted the bid for the Category 2 contract. That issue has to be addressed.

Chairman Eyster said he assumed that the Park Service does the financials for the prospectuses based upon an industry standard rate of return first as a given, and then back that down to what requirements there are for reserve or replacement and that sort of thing.

Ms. Harvey concurred, however she thought there might be a difference in the definition of capital

improvements because capital improvements under the 1998 Act is new construction, a major rehab that actually you end up spending more than 50 percent of the construction costs from the structure, and fixture replacements. As to the Category 2 contracts, there should not be capital improvements, as defined under the law, being completed. Now, there are other investments like component renewal, recurring maintenance, preventative maintenance, deferred maintenance, those are activities that we cost out, we contract with an A&N firm that does the assessment of the facilities, they identify what needs to be done in the next 20 years, and they estimate the costs for doing that. All of that feeds into the franchise fee analysis, costs of insurance, every cost that we think the Concessioner is going to have to expend, that goes into the financial analysis, whatever we decide that the prospectus contractor decides the IRR should be, and then we have to look at can we give them their return on investment and still do all of these things? And what we have to do is we adjust these things on this side of the table, and the Park Service takes responsibility for some of those things.

Chairman Eyster stated that maybe the IRR, then, is in effect not affected because you try to keep the IRR at a market rate return, and then the adjustment

occurs between the expenditure by the Concessioner, and the more that is, the lower the franchise fee. This may have something to do with terminology more than anything else.

A lengthy discussion followed on this subject.

Chairman Eyster stated he have over-simplified the IRR. He said his assumption is that it's not a straight market IRR out of the PWCs average and would assume that they would be somewhat project-by-project adjusted, in other words, the longer the contract and the more uncertainty or risk there is involved, the market return would be higher because the market return that most of these companies project do it not only as a median or an average, but they'll do it by length of investment also.

Bob Hyde stated that the IRR is determined on a number of factors, including risk. Staff does try to take into account all of the fiscal maintenance and capital improvements that are required. Sometimes they understate it and sometimes they overstate it and there is a risk involved. Concessioners who bid sort of have to take that risk; they look at the facilities, and they make their own judgments as to whether the numbers are reasonable or not. One of the things not seen within the Park Service, especially the larger contracts, is

leaseholds and surrender interests, where investment comes back to the Concessioner.

Chairman Eyster asked if there is an opportunity for potential bidders on contracts to have a meeting or a workshop with the Park Service to discuss some of the assumptions that go into this. Is there a dialogue that can occur for a perspective of Concessioners when they bid on some of these significant contracts.

Mr. Hyde said that to his understanding there is no dialogue because they have to be fair and cannot talk to one group and not to another group. The prospectus should detail all these factors as far as what the requirements of the contract will be and the minimum franchise fee. And for the most part, the Park Service is probably understating the profitability, the probable value of the contract.

Ms. Altman agreed with that statement. She elaborated further on this issue.

Kevin Kelly stated that in an effort to be fair, there's really a lack of transparency. In order to mitigate risk and competing on a bid you need a certain amount of transparency and understanding what the risks are. This is a very non-transparent process.

Derrick Crandall added that there has not been an adequate opportunity to look at the aggregate national impact of some of the risks like government shutdowns. No other industry is impacted the way the concessioners are if, in fact, there is a budget shutdown. The parks are closed and our operations are shutdown. Secondly, the threat of Made in America legislation that would impact conceivably all Concession operations. There is also the lack of the ability of the Park Service to hire seasonal rangers that are important in terms of guest satisfaction; there are lots of considerations that are not now being reflected in the overall design of the prospectuses and looking at the business opportunities. That needs to be much more transparent.

Anne Altman agreed but pointed out that it is just as important to make sure to see both sides.

Bob Hyde inquired what other things the concessioners would like to see in a prospectus that are not there now, that would be helpful in the bidding process, the offering process.

Kevin Kelly responded good visibility and knowing the condition of the facilities would be helpful before getting into a 20-year contract.

Deb Harvey said she had been starting to share some of that information, not everything, but things like

lists of deferred maintenance, not individual costs but sharing what the Park Service sees as what needs to be done. Ultimately moving more and more towards making that more transparent.

A lengthy discussion followed on this subject of the regulations in place since 1998 and the effect these have on current contracts. These regulations were put in place to encourage competition for these contracts and take away preferential right, so that more people would bid and be more open in a fair competition.

Mr. Brown next talked about the smaller contracts, the Outfitter and Guide contracts. He said that the contracting process is overwhelming for a lot of these small businesses, grossing a couple hundred thousand dollars a year. The Category 3 contract, which was supposed to be simplified, now has 54 pages, and over 300 pages of documentation to apply for contract grossing in the best year, \$150,000. He suggested streamlining that process.

Ms. Hecox responded that streamlining is one of the projects in the works, to lessen the burden on small businesses and to define what constitute a small concessioner.

A discussion followed on the subject of small concessions contracts.

Board Member Mace that this has been a great discussion, and emphasized the goal to improve the condition of the facilities in the Park, and how to get private investment motivated to invest in these facilities for the benefit of the Park Service. He suggested the use of a "virtual deal room" and explained how that would work if the Park Service would be using such a tool.

Shane Harvey with Xanterra Parks and Resorts Stated he was in support of the comment that was earlier made about transparency on Condition Assessment. He suggested some sort of a procedure whereby there could be a bigger download of due diligence upfront and a more collaborative process so that Concessioners are more keen to bid on these. He pointed to huge discrepancies between concessioners' numbers and the numbers that are put in those prospectuses

Deb Harvey explained that the NPS has a bank of contractors used for prospectus development and for Condition Assessments. They do all the estimating for the CFIF projects and they use RS means and they provide Class C estimates.

Chairman Eyster suggested that Concessioners in the room that have specific recommendations for the

improvement of the process send to Jo Pendry their suggestions with suggested solutions. This will then be recapped at the next meeting.

Use of Arrowhead by Concessioners and the Development of Official Logo.

Kurt Rausch, Commercial Services presented a briefing on the status of the Concessioner mark, which is the use of the Arrowhead by Concessioners as a means to advertise the Concessioners as authorized service providers to the Park Service.

This was actually an idea that his office had been toying with, but which was also strongly emphasized by the National Park Hospitality Association and Concessioners over two years ago. Shortly after that request to look into it, the Commercial Services Program broached the subject with several other offices which managed the Arrowhead and the National Park Service, specifically the Office of Policy, and the Office of Communications, and asked if his office could explore this opportunity. And they were interested in it.

Mr. Rausch had originally envisioned something that would look something like the Volunteers in Parks Program. It's a circle with the Arrowhead embedded in the middle of it, with perhaps an authorized Concessioner on the outside of that. Mr. Rausch made the following

report: "The Office of Communications, who is the holder of the Arrowhead, and the Park Service values that Arrowhead very very strongly, discouraged us from doing that, they didn't want to get into a situation where every single program had its own little version of the Arrowhead, and they encouraged us to look specifically at the use of the Arrowhead discretely. And so we moved forward with that, working with the Harpers Ferry Center, which is the design center for the National Park Service, on what a mark would look like, and essentially came up with a symbol that would have the Arrowhead in its entirety and, on the side of it, just a narrative statement that's very similar to the statement that is currently provided on all advertising materials. And that could be provided on advertising materials, brochures, and other things, and we've more recently requested that it also be provided as something that could go on Visitor Service vehicles or equipment, such as planes, boats, and buses. And these would be equipment that are providing a direct service to the Concessioner, not unlike many of the bus services that are already running in Park Services that use the Arrowhead.

Both the Office of Policy and Office of Communications were enthusiastic about that and asked us

to move forward, and we started to do that, preparing a policy that would be Concessions Management specific, and shortly after that, they realized that they were interested in updating the entire graphic identity program for the Park Service, including the use of the Arrowhead by other partners, nonprofits and others, and asked us to embed our operating procedures into several new Directors Orders that were under development.

So we stopped what we were doing and revisited and embedded that information into that process. Unfortunately, they've kind of gotten a little bogged down in that, and it's been about a year since that process was initiated. Recognizing that this is a significant interest both for the Park Service, and being able to mark Concessioners as authorized service providers, and of Concessioners to use it as advertising, we requested of the Office of Communications that we be able to pull that information back out, and that started about two months ago. We currently have all the documentation in place to send it up to the Director for signature, and all we're waiting on now is getting Harpers Ferry Center to provide us the graphic pieces that are very specific, the proper color, the proper size, the proper font information that could then be uploaded to a site that the Parks would then be able to

download that information and provide it to Concessioners. We're still working with Harpers Ferry Center to get us that specific graphic identity material. I'm hoping with the next couple weeks, we'll have that, and then we'll just be moving that up through the surname process, so that it can be released. Once that occurs, the Arrowhead would be available for use for those uses that I just mentioned, advertising web-based materials, and on vehicles and other equipment, pursuant to the Concession contract, of course, being authorized and current, and it would be managed at the park level, so the park would be responsible for ensuring that the proper use is occurring."

Derrick Crandall inquired into the possibility of reviewing any guidelines that are going to be issued before they're signed and issued.

Mr. Rausch promised to check on that. In addition, the use of the Arrowhead is only going to be for a concession contract.

Rate Approval Review and Standards, Evaluations and Rate Approval (SERA) Project Update

Mr. Rausch next talked about the Standards Evaluation and Rate Administration Program, or what is called "SERA" . This process involves three principal areas, the first being the development of updated

standards and classifications for the various services that are provided; the second is updating the evaluation and processes re the quality of the services that are being provided, and then lastly the Rate Administration Program. In all these cases, we're obligated under the law on Regulation to provide oversight services to assure the quality of services and also to assure comparable rates are being charged by Concessioners.

Mr. Rausch went on to explain in detail work being done on this project over the last three years.

For the Phase 1 Standards, Lodging, Food and Beverage, Retail, pilots were done, industry standards were evaluated, and a set of Standards was prepared which have been evaluated both by a Park Service work group, and also by Concessioners. The process will be finalized by the end of the year. They will consist of both classifications for lodging properties, as well as Standards within each of those that are updated a little bit more discrete in terms of their content appropriate for parks.

New prospectuses make reference to the upcoming Standards and how they will be applied in those new contracts. Essentially, those Standards are defined very similarly to AAA and other Standards that you would see. Lodging is upscale, midscale, basic, and rustic; Food and

Beverage operations are upscale, casual, etc.

Another piece to this is a classification process. For Lodging, Food and Beverage, in particular, there now is a segmentation of market offerings that have been defined and the consultant has been working to develop a survey form that was passed out to parks. This then would be transferred into the new prospectuses, so there's an expectation of the quality of service in the prospectus, and not just this generalized "we're going to provide food and beverage." So hopefully that will help also in the transparency process of addressing new prospectuses.

The last piece in the Standards and Classifications process for Food and Beverage, Lodging, and Retail, is to develop an evaluation tool. Because the Standards have gone from a couple pages to 10 pages, that's a pretty big piece of paper for the Concessions Specialists to be using as a tool when they go out and do the evaluation. This information has been pared down into an evaluation tool, similar to what most of the Concessioners are used to, so that the Concessioner can go out and actually do an objective evaluation. There may be other technology tools such as PDAs and electronic forms that can be used for that process, to expedite that so it's easier both for the Concessions Specialist to

complete it, as well as the Concessioner to respond to it.

On the second year of this project, we worked on another set of Standards which included marinas, boat tours, boat rentals, grocery, convenience operations, auto service stations, gas stations, and rafting, rafting being our first entry into the back country operations, which is particularly challenging because, as you start to get into the more esoteric services, there's less types of industry bases to look at. The Park Service often is the primary service provider in a lot of these types of service areas.

The same process was used: industry standards, existing standards, and then developed a set of draft standards that was worked through an internal work group.

This year, we ticked off another set of Standards; last year it was kind of water-based, this year it's land-based operations, and we are looking at land-based transportation, bus services, bus tours, the meal operations, mountaineering, campgrounds and RV parks, laundry, housing, et al. The first pilot was done several weeks ago. The next pilot is planned for the November/December timeframe. Again, the same process, go out and look at the services, use the industry information based on industry experts that has been

collected, then vet that information with a Park Service Work Group and then Concessioner Work Groups that everybody feels comfortable where they are, and develop and evaluation tool for those subsequently.

The last set of Standards is for hunting guides, fishing guides, and a number of others that should be completed next year. That will take care of the Standards and Classifications piece.

The second part of the process is to take those evaluation tools and the results of that and look at the overall evaluation process. We want to make sure that the annual overall review process, which takes the outcome from these standards and the operational performance reviews that we do from that, as well as the public health reviews, risk management reviews, and perhaps other topic areas such as a more stronger emphasis on visitor satisfaction survey data that Concessioners may be willing to share with us, to create an objective overall evaluation score. He said they would be looking at expanding from the current unsatisfactory, marginal unsatisfactory ranking, potentially to an excellent ranking, that would utilize that kind of information. that information and comparing that against our current process to see if there's a better, faster, quicker way .

Mr. Rausch emphasized that the intent here is to make it so that there will be a really good objective review, that will provide good understanding about what the Concessioners are providing, a clear relationship not only with the quality of service that's being provided, but also maintenance and how maintenance is occurring, as well as the overall visitor satisfaction and making sure that ranking is objective. The intend is to share that with the Concessioner community.

The other piece of the SERA process, Standards Evaluation Rate Administration, is the rate process and work has been done in parallel looking at the same services sequentially at the rate administration processes. The biggest nut to crack, as most people would agree, is the lodging industry, which outside the Park Service is a very sophisticated process that deals with management. He recited some of the difficulties encountered with Travel Click in preparing this project.

Food and Beverage, Retail, and others, are significantly less complex. Pursuant to the Board's recommendation a number of years ago, there is this core menu process which seems to be working very well. There's been some interest in using a cost of goods model, and this was explored in a couple parks to see if that makes sense. In most cases, that's a fairly

sophisticated process.

On the Retail side, the National Association of Convenience Stores markup percentages system was used and this was applied to a large number of items, and there were some concerns that that might not be tracking well with the convenience items in parks. Several pilots are going on for those core items which we want to make sure are cost reasonable for the Concessioners

As to the rate administration process, a consultant is evaluating each of these service areas to make sure that we're using a norm consistent with industry. With regard to auto gas stations, the National Association of Convenience Stores has a markup percentage for gasoline, as well, which may be a more effective way for Concessioners to manage rates. This will be explored as well.

He hoped to have all this ready by the end of next year, which means getting through the Standards and Evaluation process, including the vetting, both within Park Service work groups, as well as Concession Work Groups, and then also updating the rate administration process so that these updated processes will be used that may provide for a little bit more yield management. basis now.

Board Member Mace commended Mr. Rausch on his excellent presentation. He felt it's a very forward looking and very exciting area of yield management. If it can be put to use constructively to get more occupancy in the parks on those shoulder periods, in particular, it seems like that's a win win for everyone.

A discussion followed on this presentation.

Board Member Michalewicz had a booking question for Mr. Rausch and asked for input from concessioners.

Mr. Rausch said in response to that, the intent would be to be able to post what an approved rate would be for that forward looking point in time.

Bruce Fears, Aramark thought this is another process that doesn't work in this economic environment and gave some examples why.

Mr. Rausch responded by saying that the intent on the lodging side and use of tools such as Travel Click is to reduce the burden both to the Concessions Specialist on the comparability process, as well as the Concessioner because that information is coming through a data system as opposed to through phone calls, or a 1,000 mile trip around to visit all the comparable properties, which has historically been a real challenge for the Concessions Specialists to do.

Philosophically the Park Service has always presented itself as wanting to be consistent with comparables, as opposed to letting the market drive the rate altogether. And so this is kind of a balanced point for trying to address that.

Mr. Fears felt there should be some reconciliation at the end of the year.

An extended discussion followed on rate comparability.

Mr. Rausch pointed out that the NPS has a service to the visiting public in ensuring that rates at any point in time are reasonable for the visiting public and juxtaposing that against the old management system and competitive market declaration, where that works and where that doesn't work. He welcomed any and all ideas on how to do that. The Travel Click process, one way or the other, is a great technology tool that will help in that process, and how that ultimately is utilized, whether it's just to track rates that are to be used in competitive market declaration on that may be the solution. If that that's not working, then you back off on that and you go to something that's more comparability-based.

Chairman Eyster thought that to be a very helpful invitation. He suggested that staff could

follow-up, and spend a couple days, or a day or two there at any of the other Concessioners who would be willing to have visitation by Kurt or any of his staff to look at their yield management operations.

Mr. Rausch stated this would be terrific, especially since some Concessioners are in Smith Travel and already Travel Click members, and probably already using that data.

Several concessioners invited Mr. Rausch to come and see their operations.

#### Marketing Expenses

Chairman Eyster referred to a discussion previously about the Park Service contributing additional funds for a chain-wide marketing from concessioners' 20 percent fees. The Concession Management Program was asked to provide a baseline on what Concessioners spend on marketing as they reported, and what the hotel industry spends on marketing. Most of the hotels are chain-related, so they break their marketing down into two components, one is the marketing done by the property for property marketing, and another is a percentage of their revenues that they send to the chain corporate office and the chain corporate office uses those funds to promote the chain. The Park Service is a little bit different, because there is a brand name in the Park

Service, and that is "National Park Service." So there's a parallel of sorts between Marriott, who has a brand name of "Marriott," which individual properties help support, and the brand name of the "National Park Service." In a way, the National Park Service brand is a chain brand, so there are some analogies here that may or may not fit exactly, but there are some parallels here.

Chairman Eyster invited Bob Hyde to present what he found in his survey.

Mr. Hyde explained that the Park Service numbers are only those that are reported in the AFR, so if they're sending overhead charges to the parent company, it doesn't necessarily get reflected, but it's just what they report on the AFR.

The industry number are derived from the lodging numbers of Smith Travel, PKF is very similar, it's the range there is between the limited service and full service; food and beverage is from NRA, the Marina number for the industry comes from one year. The comparison there is stark, especially for the lodging. Some of the companies that have full occupancy probably don't have to advertise quite as much.

Mr. Hyde went on to explain the difference between some of those numbers and how consultants for the Park Service arrive at their range of numbers.

A discussion followed on information put forth in in the prospectuses on marketing expenses.

Chairman Eyster stated that if there is an interest in trying to market the National Park Service system, like Marriott markets its system, the member properties commit a percentage of their revenues for that effort, and then Marriott and the Park Service could market the National Park Service and highlight specific properties on that ad to advertise the various seasons with a range of rates. There would be a contribution in dollars for the system itself, and then there a contribution in dollars for individual properties that are looking to have shoulder season boosts, that might get out to the public. He was wondering whether the Park Service is missing an opportunity to market the whole system, as well as highlight individual properties in a marketing piece. Chairman Eyster suggested that thi avenue should be further explored, or at least to get some sort of overview as to whether that's possible.

Mr. Rausch responded that his staff has some initiatives going but there are constraints that the National Park Service has in an ability to use appropriated funds for marketing. He went on to explain the various ways in which this could be accomplished.

He explained how the Parks' websites are linked off to reservations service for the Concessioners within that park.

Mr. Crandall said this is a very important and timely issue. He stated that the Park Service, working with the National Park Foundation, will within a week or two announce a contract to engage in a four-year, \$12 million promotion campaign that will be locally activated and will depend upon Concessioners and others to help to carry this weight. This will have a significant impact. He stated that one cannot use appropriated dollars to purchase advertising unless the Park Service notifies the Congress of its intent and doesn't get, in effect, a denial by the Congress. Use of money for research, including franchise fees, about both current and potential markets is absolutely permitted. Use of money to support other kinds of promotion campaigns, with franchise fees is not restricted by law. It would be a tremendous opportunity for concessioners to do this, particularly to try to drive the market into shoulder seasons, not in peak areas, and to really show more balance to the entire visitation to National Parks.

A lengthy discussion followed with the focus on fee-free days and advertising for off-season.

Chairman Eyster pointed out that the reason he raised this whole issue, is that in the private sector there is a tremendous amount of positive results when the individual properties and the system do joint advertising, where the system gets reinforced, the Arrowhead gets reinforced, and also specific properties can target within those ads, within those advertisements, some additional marketing for their particular property. He wondered if the Park Service could push the envelope a little bit to allow for some kind of chain marketing that could benefit specific properties at times that they really need business, and promote the system as a whole.

Board Member McDowall commented that the Park Service is promoting efforts towards this larger system-wide marketing campaign, the beefing up of the communications and marketing program at the National level, and it definitely illustrates a willingness to push the envelope on the marketing, advertising, and communications issues. There may be some more reticence about where the funding is going to come from than it is about having a philosophical problem with doing communications and advertising.

Board Member Michalewicz opined that the marketing really needs to be about the brand of parks, and one important aspect is getting kids back into the

programs where they can actually work in the parks in the summers and it needs to start with the brand. To that effect, could a portion of the franchise fees actually be allocated to go into a sort of marketing fund where the National Park Service could do a campaign with those marketing or franchise dollars.

Board Member McDowall said that the limitation on use of franchise fees is related more to the priorities of some of the things that the Park Service needs to cover with a limited amount of franchise fee funding that comes up at the national level. Most of the franchise fees are governed at the local park level, and if they decide that one of their priorities for franchise fees is marketing and communications, there's probably some flexibility for them to do that at the park level.

A lengthy conversation ensued on this issue and Chairman Eyster requested an update at the next meeting on this issue.

Asset Management Update: LSI, curing Deferred Maintenance, Project Management.

Deb Harvey provided the Board with a summary of the asset inventory, LSI, and improvements that were made. She referred to the 1998 Concessions Management Improvement Act, limiting concession contracts to a basic ten year term. However, the Secretary may award a

contract for a term of up to 20 years if it is determined that the contract terms and conditions, including the required construction of capital improvements, warrant a longer term. Since that time, a Baseline Condition Assessments on all our Concessions facilities was completed and identified over 5,000 assets that are assigned to Concessioners for Concession contracts. These Condition Assessments use a standard scope of work that is used across the Service. It requires an A&E contractor to do the assessment. They identify what are the maintenance needs for the next 20 years and estimate the costs that they believe it's going to take to maintain those facilities. They provide a depreciation analysis that helps determining and estimating any LSI values. The Condition Assessment information provides information on facilities and where improvements need to be made.

Ms. Harvey next talked about the Concession Facility Improvement Program. She described an approach within the Concession Program at all levels for the last several years, that LSI really isn't a bad thing if invested wisely, where does it make sense, where can we afford it, a contract afford it, and still not cripple the next contract. There are generally three type of investments; one is the repair and maintenance reserve,

another the Concession Facilities Improvement Programs and thirdly, curing deferred maintenance. She elaborated on all three points.

Leasehold Surrender Interest, beginning Leasehold Surrender Interest, there was \$280 million of possessory interest that converted to LSI when the PI contract was awarded as a 1998 Act contract, and that is on 27 contracts. \$91 million in improvement programs that the Park Service approved and made a contractual requirement (27 contracts also.)

LSI Value Determinations: \$ 31M LSI credited for concessioner projects; \$ 39M LSI contract expiration projects; and \$ 39 M LSI contract expiration negotiated (7 contracts); No LSI arbitrations.

Investments: Commitments since 1998 -

Current estimated LSI	\$369M
LSI Buydown	\$ 37M
Prospectus LSI investments	\$140M
Projected future investments -	
Repair and Maintenance Reserv	\$ 85M
Cure DM (est 5 yrs)	\$211M
For a total of \$842M	

It is important to maintain lease facilities and keep them in good shape, so having concessioners maintain them is more important to the NPS than having the higher franchise fee.

Chairman Eyster remarked that when the board first met around 2000 or so, LSI was being discussed. There were significant differences between how the Park Service calculated the LSI in dollar value and how a number of Concessioners had done that in dollar value, and a number of arbitrations that occurred. He said he was surprised to hear that in the last seven or eight years none went to arbitration, which seemed to indicate that the Park Service and the Concessioners who were involved are coming together more comfortably with each other in the determination of the LSI. He then asked Ms. Harvey to share what the factors were in this coming together.

Ms. Harvey explained that the prior arbitrations were really because of possessory interest and the sound value. The formula here is the beginning LSI plus adjustments for inflation using CPI, and then less depreciation. The really only contentious part of that formula is the depreciation. The key is to sit with the concessioner and discuss and come to an agreement on an average depreciation for that time period. So it's

talking and communicating and doing things consistently.

Ms. Altman interjected she did not think these numbers include the possessory interest that's still on the books. Some of the twenty-four contracts on the backlog of that, and a couple more, are the most contentious possessory interest contracts. Some may end up in arbitration.

Ms. Harvey concurred that there is still an estimated \$157 million of possessory interest contracts out there.

A discussion on this subject followed between Kevin Kelly and Anne Altman.

Board Member Mace brought up the subject of new technology's impact on this issue and the fact that the technical components are considered to be personal property.

Deborah Hecox explained that as part of the prospectus development process, and dealing with the financial consultant, there will be a personal property evaluation for a current property, and then the consultants project the cost of that future investment, so that the product is fresh. If there is a need to reposition properties and recognizing that there will be a different experience there, then an account will be done for not only having to buy out the existing

Concessioner's personal property as that contract transitions from '65 to '98, but also right away a pretty immediate reinvestment in duplicate personal property to meet consumer expectations.

Kevin Kelly stated that none of that is transparent.

A discussion followed between Mr. Kelly and Ms. Hecox on this subject. Mr. Hyde. Mr. McKinley and Mr. Rutter also participated in the discussion.

Chairman Eyster asked all the Concessioners in the room to think about this issue and get some responses back to Jo Pendry.

Ms. Hecox asked if the Concessioners could also provide feedback on the fact that when the consultants go to the Park to do their due diligence and help build the recommendations to the service, they receive an even more detailed operating information than is disclosed in the AFRs, and they use that and that information is confidential and protected. There would be a lot of information concessioners would have. The question is would concessioners be as transparent and disclose as much to the consultants if the servicer were to share that, to have more transparency in their process.

Chairman Eyster asked for the feedback so it could be put on the agenda for the next meeting.

Concessioner Marketing Expenses Compared to Industry & Marketing Efforts of the NPS.

Bob Hyde addressed the Board in his capacity of Advice Chairman of the National Park Hospitality Association and talked about cell phone and Internet access. There is poor connectivity in most of the parks, especially in the wilderness areas. Fixing the access will provide us an opportunity to really market to guests once they get on property and to promote the facilities. To this end he proposed the development of a Director's Order guiding cell and Internet access, and he urged the Advisory Board to join in calling for an action to do that.

Derrick Crandall stated that the Director has said several times publicly he doesn't expect Americans to leave their technology at home when they go to a National Park, but in fact there is only limited to non-existent coverage. This robs us of the opportunity to use technology to amplify interpretation and delivery of special messages. There is a great need to consult with the various providing companies to develop a national plan that provides guidance to the individual parks to move forward.

Mr. Crandall further stated that without national guidance and he would ask the Concessions Management Advisory Board to join NPHA for some sort of national guidance.

Chairman Eyster pointed out that the Advisory Board can make a recommendation to the National Park Service.

Board Member Mace thought the Board may be in a position to somehow influence, or suggest, or advice, or recommend. He thought the Park Service would be well served to take a proactive position.

A further discussion followed on this subject.

Board Member Voorhees mentioned that there is resistance to the siting of cell towers inside National Parks, which creates a substantial visual intrusion in many cases. This can be fixed if the telecom industry could work with this a little bit more creatively.

, I don't think there would be a problem at all, but I think we ought to look at this issue for what it is and it's not an issue of technology or resistance to technology, per se, it's an issue of visual intrusion inside a natural area.

Chairman Eyster said the Board would make a strong recommendation to the Concession Management Program that they endorse this motion and move.

An Open Discussion on Incentive Programs for

Concessioners:

Kurt Rausch stated that there has been a long interest by both the Commercial Services Program, as well as Concessioners to look for opportunities to incentivize positive performance, excellence performance ratings and incentives. He asked for opinions from the Concessioner community and the Board on ideas on what could be done for incentives to encourage positive performance, and reward that performance.

Board Member Sakiestewa addressed the issue of high end packages vs. cultural theming. She could see the advantage of cultural theming in also addressing the Made in America issue because this is never going to go away, it's a global economy, it's global merchandising. If you have regional, cultural events in areas, that's going to draw newer, younger, different audiences to an area, this somehow has to be subsidized. She asked if there is any incentive in being able to do this and then somehow incentivizing high end camping experiences.

Mr. Rausch responded that this concept of perhaps incentivizing should be based on the ability to drive occupancy and visitation perhaps in shoulder seasons by using these types of venues, and cultural experiences.

One of the things that we that the Service is looking at moving forward this coming year is to contract with an external party to look at visitor services, what the parks are providing, and what could potentially be provided. This could be a package that was maybe an all-inclusive, more like the Jennie Lake experience, where you have a horseback ride, and dinner.

Kevin Kelly mentioned that when he offers an High Sierra experience, it sells out immediately; the demand is five times what the supply is, so it's not a matter of bringing new product to the market, but expanding the market or expanding the footprint.

Responding to a question, Mr. Rausch explained that there has been a strong interest in finding ways to incentivize Concessioners based on the fact that they do an excellent job. Currently concessioners get a satisfactory rating and we could do status quo and continue that, but what happens if you get a satisfactory or an excellent rating, how can we encourage you to get that excellent rating, and what would be the benefit to you. He asked for comments on this concept.

Bruce O'Connell suggested basing it on Trip Advisor and say if you reach some level of trip advisory, you get an extra year on the contract.

Mr. Schopman related some activities at his

Mr. Rausch commented that it sounds like there may be two sides to this, one of them is identifying what represents excellent performance, or things that are being done above and beyond tracks, the minimum contractual obligations, that are really a positive for the Park Service, positive for the businesses; and then the other side is the incentives piece, is what happens as a result of that.

Ms. Altman commented with regard to the contract extension idea, that by law, the service is bound to three years. If an incentive is tied to your annual performance, it would be very difficult to figure out how to make it work kind of over the period of a contract.

Mr. Crandall stated that one could also look at who benefits, the public, the Park Service, and Concessioners, and an extension of the contract scores on all three of those. If a process could be found that legitimizes the extension of contracts, that would also reduce the workload in terms of prospectuses, it reduces concessioners' workload in terms of responding to those prospectuses, and allows concessioners to make more investments. Another thing would be to look at earning an outstanding rating, that could be used to justify some kind of a bonus in the award of a future contract.

Another thing would be looking at some kind of redirection of franchise fees, at this point, 80 percent of franchise fees remain in the park, the other 20 percent are at the discretion of the director in terms of how that would be used, there could even be a decision that half of that 20 percent goes into some kind of a local marketing program, for example, that would help the concession by helping to afford more, to grow a business.

A conversation followed on the merits and demerits of performance, i.e. no points for outstanding towards the next bid on a contract, and no negative points in the next bid for a mediocre performance.

A discussion followed between Ms. Altman and Board Member Linford about considering Concessioners' performance history and how that would affect the right of preference that Congress said no longer exists, except for small Concessioners and Outfitter and Guides.

A lengthy discussion ensued regarding preferential rights.

Chairman Eyster stated that there is a significant difference between preferential right to renew and bonus for exceptional work. He felt that giving points or giving a reward of sorts to someone, or to a concessioner that performs in an exemplary way, does not go against the law.

Ms. Metzler stated that part of all prospectuses require every bidder to show their experience and to show that they're qualified for the opportunity and they get points for that.

Mr. Rausch pointed out that there cannot be an incentives program unless we know how to define what excellent is, or what an outstanding Concessioner is.

Board Member Michalewicz felt the Park Service and the Concessioners should get together and try to figure out what it is that are certain categories of being an incentive, whether it's the Health Food Program, or specifics, and have the incentives based on some of those criteria.

Mr. Rausch agreed it is really important to determine whether it's visitor satisfaction, whether it's compliance with OSHA standards, whether it's meeting or going beyond something, or a contractual obligation on Healthy Foods, or the sum of all those things.

A lengthy discussion followed on this subject and on the idea of having an independent entity do an evaluation. Different suggestions for incentives were offered.

Mr. Rausch requested written comments and suggestions from the audience so that this subject can be discussed again at the next meeting. He further

suggested the use of a third-party visitor satisfaction.

Chairman Eyster promised to have an update at the next meeting in March.

Items of Interest to Concessioners.

David Brown of America Outdoors thanked the members of the Concessions Management Advisory Board for their work. He asked the Board to support a request made to the Park Service related to risk management, insurance requirements for Outfitters and Guides. The Park Service looks at each contract individually for Outfitters and Guides and has a consultant set liability insurance requirements, and then there are other risk management requirements also imposed on the operator as part of the contract, and many of the issues are very appropriate to consider. Unfortunately, there's no opportunity for input before those provisions and requirements are put into the contract. He said there is a significant concern for the rest of the industry because, in a letter from the consultant, it was suggested that they were going to require \$5 million for all white river rafting in parks. Those limits are certainly not available at all, have not been historically available throughout the last 20 years or so. There have been times when there was almost no liability insurance available for white river rafting and not because of the accidents that

occurred in the industry, per se, but usually because of financial crises that cause the insurance companies to withdraw from marginal lines.

So a lot of the activities that occur in parks and Outfitting and Guiding are adventure activities, climbing Grand Teton, white river rafting, hiking in the Backcountry and remote areas, and so these are not things that your typical risk manager would embrace, and the consultant is making recommendations on the worst case scenario, and subscribing limits to these contracts, or prescribing limits to these contracts. Mr. Brown asked that there be some input before those limits become finalized. He mentioned several other insurance matters for which he would like input before they are finalized in the contract and an opportunity to have input in the appropriate way of setting insurance requirements and risk management standards in contracts.

Chairman Eyster summarized that there are two issues here; one is an opportunity for the Concession community to make input on terms of contracts, whether it's river running, or skydiving, or whatever; and the second is the issue of insurance requirements. These two issues were brought up get some feedback from the Park Service Management on, 1) is there a mechanism for feedback by Concessioners before contracts are developed,

And the second would be the insurance coverage, specifically.

Ms. Hecox explained that the insurance consultant does not define operational issues such as canoeing skills before you rent someone a boat. The insurance consultant is provided with the operating requirements under the contract, the kind of river they're on, is it white water, is it calm water, is it subject to flooding, you know, if it's a horse trail, is it steep terrain, is it level terrain, is it through meadows, is it in the canyon at Bryce Canyon, and they consider those sorts of things uniquely for each contract to define the general liability requirements. With the larger operations, they look at occupancy levels, size of the facilities, operating seasons, is it year round, is it seasonal, the facilities, do they have sprinklers? And they define the risk level and then make recommendations. She suggested the use of perhaps a subcommittee of the Concessions Advisory Board.

A lengthy discussion on the subject of insurance followed.

Chairman Eyster summarized that the question for the Park Service would be, what venue would be possible to gather information from the different classifications of activities that are offered by

Concessioners? What venue would be possible to get this kind of input?

Ms. Hecox thought it might be possible to cooperate with another entity that could gather that information. A discussion followed on how this could be accomplished.

A short discussion was held regarding Obamacare and seasonal employees.

A discussion took place with regard to non-profit organizations operating in the parks without any kind of authorization. The guidance given for commercial operations by a nonprofit entity is that they should get a Special Use Permit.

Mr. Crandall expressed the NPHA's appreciation for the opportunity to have substantive legitimate discussions on issues that are of vital importance to the Concessions industry and to the Park Service. He thought it is important to identify what the role of this board is. Mr. Crandall went on to state that the Concessioners want to be part of a macro discussion about the sustainable funding model for the National Park Service, whether we look at revenue bonds, whether we look at historic tax credits, whether we look at a variety of different kinds of mechanisms that are available, if this Board wants to be venue for that, we'd welcome that.

It is a priority for the NPHA to look for ways to reduce the complexity of operating and providing visitor services in the Park. One idea that was raised was to invite the Board to look at the idea of allowing existing Concessioners to operate in a satellite fashion for parks that are physically close, in proximity to existing parks where there are concessions operations and exempt the park from having to go through all of the process that's involved in issuing a prospectus, and selecting a Concessioner. There are many opportunities where, in smaller parks, an existing Concessioner could expand opportunities like that.

We also think it's very important that, as the Park Service looks at changing needs, whether it's in providing the Internet, or some mountain biking, the Concessioners also be invited in to discuss how we can provide services to the public.

And finally, the necessity to discuss the campground issue and about how that is largely decided on an individual park basis. Other Federal agencies are reviewing carefully exactly what they have in the way of an asset, a large, large public investment in campgrounds that are under-utilized for the large portions of the year. And it's important to understand that the campgrounds of the 21st Century are different than

campgrounds that, in many cases, are now operated by the Park Service across this country, just as campgrounds in the National Forest are also in many cases designed for a camping activity that does not exist today.

Brad Hill spoke on the subject of Made in America items. The proactive thing to do would be finding American suppliers, and the Association has done that, and they have compiled a list of American manufacturers of various items. In addition, many are now establishing signage in their stores, so it's fairly uniform what items are made in America and offering Made in America sections, as well.

A discussion followed on this subject.

Mr. Rausch summarized that with regard to Buy American, the Park Service has been very active in taking the message of the challenge of Buy American to the Hill. He further suggested being an advocate for Concessioners and to continue to provide him with information on the percent change in the amount received for both in finished, as well as Made in America. This is going to help a lot to address some of Congress' concerns in this regard.

#### Adjournment

Upon a motion made and seconded (Sakiestewa/Linford) the meeting was adjourned at 5:00 p.m.

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