

MINUTES
CONCESSIONS MANAGEMENT ADVISORY BOARD
14TH MEETING

Tuesday, March 8, 2005

Welcome

Jo Pendry, Concessions Program Manager welcomed the attendees to the 14th meeting of the National Park Service Concession Advisory Board. She explained the authority under which the meeting was being held and that the board did not have a quorum, as three members are absent.

Convene Business Meeting

Dr. Jim Eyster, acting as Chair called the meeting to order at 8:00 a.m.

Minutes

Motion: Board Member Weerts moved, seconded by Board Member Linford to approve the November 4th minutes. The motion carried.

Concession Data Management System

Ms. Pendry provided the Board with information about moving forward with a comprehensive, centralized information technology system that would enable the Park Service to communicate information between regional, local and Washington levels to better manage and provide service to the concession operations. The system would reduce labor intensive data input in annual financial information data and contract information.

Curt Cornelssen presented information about the prototype system created by Yellowstone and PricewaterhouseCoopers to manage their concessions program. The objectives were to identify what kind of internal and external information was needed. They

looked at hospitality industry best practices. The system was designed to automate reporting that was already in place that could evolve and change as needed.

The main elements of the system called the *managers dashboard* were as follows: real property, facilities management, operational information, financial information, administrative information such as contract compliance information, personal property information and the evaluation and rate approval program.

The system operates on a park level but eventually will reach the regional and Washington levels. The system has to be cognizant to other external systems such as the Department of the Interior's new financial system.

Mr. Baekey gave a detailed presentation of the system as it operates in Yellowstone National Park and demonstrated the system's ability to track the smallest of businesses as well as high level details about the current year's repair and maintenance plan. The system provides for easy pull up and quick detailed reference information about any given concessioner, such as the expiration date of the contract, what the franchise fee is on an annual basis and what the repair and maintenance reserve is on an annual basis.

The system allows the Park Service to look at Macro data, with supporting information to enable informed business decisions on capital investment and operations.

The system also has the ability to track revenue trends and the supporting details that explain those trends, which will better

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inform concession specialists to identify what the impact might be on revenue performance, franchise fee performance and/or maintenance reserve expectations. Built into the system is the very fundamental foundation for LSI tracking on a real time basis by looking into specific project sheets and identifying what components of that project could be LSI eligible based on the requirements of the law and the regulations.

Ms. Pendry clarified that security measures would be put in place once the system is in operation.

Mr. Baekey went on to explain some possible methods in which data would be inputted on a monthly basis. In addition, a digitized annual financial report format is being created, a fairly familiar short form. The objective of the short form is to simplify the process and to remove much of the manual inputs that are occurring right now at the Denver Service Center. Essentially, this digitized format contains some standard reporting language that minimizes the potential error of data input, but also provides the opportunity to reformat and report out this information in customized ways. The benefit is that it becomes all standardized, all consistent, removes the frequency of error input and provides for a more real time ability to manage.

With regard to the Web based application for the short forms and the long forms, Mr. Cornelssen asked what would be the easiest way for the concessioners to provide the information. Right now, the procedure is to fill out everything in hard copy and then

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provide it to the local concessions people or the rangers at the park. He indicated he was interested in getting feedback on that.

Bruce O'Connell asked for a clarification of the initials FCI, facility condition index.

Dennis McGinnis explained this is a quantifier for the condition of a building given certain parameters, the deficiencies against the current replacement or reproduction value.

Ms. Pendry clarified FCI is an index that the Department is required to use for all Park Service assets, and as they do condition assessments on buildings, their FCI is calculated and entered into a system that currently exists in the Department called FMSS (Facility Management Software System.) This system would have the ability to feed information back and forth to the existing FMSS system, because that system is for all Park Service assets and is currently in operation. There is no direct access to the FMSS system, but at the local park the facilities manager or concessions specialist could certainly work with a concessioner to share that information.

Mr. Cornelssen referred to a question that came up at the concessioners meeting regarding FMSS and Maxima that may have caused a misunderstanding. There was a suggestion that the concessioners would be required to use Maxima or were required to use FMSS, and that is not a requirement right now.

There are going to be data requirements that FMSS has to make sure that all of the information that the Park Service needs for facilities management is being delivered into that system so that

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concession facilities are not left out when it comes to funding and other options.

Ms. Pendry explained that the previous presentation was a demonstration of what the Service could potentially do, but that no formal decisions have been made regarding the concession system. NPS's vision is to have a comprehensive management information system that allows people at the park level, the regional level and the Washington level to have the information they need to better service and manage these contracts. It should be possible to have a seamless flow of information to all the parties that need to receive it using the most modern technology and languages available.

The key modules of the system should provide for the ability to help manage the 600 contracts, to eventually help with contract and prospectus development, which is currently a very manual process. Work is being done on having a standard template for those smaller level contracts, and the goal is to have a Web based system where concession specialists at a region or a park could then have the ability to plug in the information that they needed for the smaller level contracts.

With regard to facility management, this involves the ability to be able to do evaluation and pricing, have all the information loaded so that it is easy for the concession specialist thereby making it consistent for the concessioner. The concession specialist would have access to all the current policies and rules regarding evaluation and pricing.

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Wendy Berhman currently manages separate environmental databases every time there is an environmental audit on a concession facility. The goal is to pull all those databases together and be able to manage them so they have easy access for the concessioner and easy access for the concession specialists.

With regard to Financial management, Ms. Pendry spoke on how cumbersome that process currently is. It should be simplified where one could go to the Web and enter in financial information, it could be securely sent to NPS offices in Denver where it would be automatically compiled. There would be less time spent on analysis. There is another program, the management of the leasing and the commercial use authorization program, which should be tied into this as well. Another likely module is one for training, to be able to do on-line training for concessions specialists.

Right now this could be manual processes feeding information from the concessioners, gathering information from the other Department of Interior systems, feeding it into the key module, and then giving the folks at the park level, and the regional level the information that they need to successfully manage this program.

As to what happens next, the very first thing to do is look at the processes and the system requirements to ensure that everything is identified that needs to go into this system.

It will be necessary to obtain internal Park Service's approval. The Park Service has a process called an Information Technology Investment Council, and that will be the next step. The

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project manager is Kim Martinez and Kim is going to be working to pull together all the pieces and take this concept to the Information Technology Council and hopefully get their approval. After obtaining that approval the existing access based database will be turned into a more robust database that allows for someone at the park level to enter the information about their contracts and securely get it up to the office in Washington. This will enable her to have information on contracts available with detailed information which is currently not easily available.

Chair Eyster noted there were two presentations within this larger presentation, and he wanted a clarification about what the interface was with the Yellowstone work that is being done and the overview that is being presented and worked on.

Ms. Pendry explained that Yellowstone had an early start because they saw a need for a system, and they were struggling with being able to do contract management at the local level. They contracted with PricewaterhouseCoopers about a year and a half ago to not develop a full fledged system but to identify their business processes and develop the prototype for a system. The work that Yellowstone did will form the framework for the system down at the park level. At this point the Service is not moving forward with what has been done at Yellowstone for Yellowstone specifically, but it is not dropping the work at Yellowstone either. The Service will be testing certain pieces of the modules at certain parks and Yellowstone would probably be one of the parks where there would be some testing.

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Mr. Cornelssen clarified that PriceWaterhouseCoopers in building part of the financial module and the facilities module, has identified some of the data requirements or a lot of the data requirements for the other modules, and they have identified some of the business processes. The idea was to offer the pilot to fully develop each of the modules and then test that at one or more parks. That would be a logical progression, but as far as Yellowstone is concerned, the only thing done there is a portion of the facilities piece and a portion of the financial piece.

Ms. Pendry stated that from the national level, the key component right now is that contract database. It was her belief that within a couple of months they could easily get the contract database up and running. Ms. Pendry further pointed to the importance of the AFR entry system, the ability to either send an Excel file or to log onto the Web and load the AFR information that way with the accountant's certification through the regular mail.

These two systems have the most impact at this point and will allow for moving forward with the rest of the development. Of course the facilities piece is also important.

Chair Eyster inquired what additional input will be needed in the next six months or so from concessioners that they are presently not providing. Would this entail additional work or requirements that they will have to fulfill or would there be other requirements.

Ms. Pendry did not think there was going to be another specific requirement but for just communication with her as they

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develop the system to make sure that it is easy for them to communicate the required information. For some of the bigger companies perhaps there is a way to have an interface with the system. For some of the smaller concessioners, particularly the outfitters and guides, it would be the ease of being able to communicate their AFR through a Web based system or through an Excel spreadsheet type system.

Mr. Cornelssen said it might be helpful to recognize that every business is different, and when doing financial reporting one of the things where help is needed is for concessioners to make sure there is a logical industry approach. As example he cited that for the lodging industry they typically would use the uniform system of accounts for hotels, so it is an industry standard reporting that would be fairly similar to what one is used to seeing and what the accountants are used to seeing.

For some of these businesses there is no uniform system of accounts such as for river rafting. Concessioners can help making sure that this follows some sort of logical framework, and that would be very helpful, because the system needs to be user friendly to the concessioners as well as meaningful to the Park Service.

Concession Training for Superintendents

Jo Pendry stated that at the last Board meeting the Board asked her to take a look at a training program for superintendents. There was concern that as superintendents go forth with the

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prospectus development process that perhaps they don't have the background that they need in order to be able to manage this large complex process.

The Board asked to develop an outline of a training program that could be given to superintendents who are about to undergo a prospectus development process. Based on their input the Concessions Program developed the outline for a training program that will be provided to the superintendents. She was hopeful to be able to provide at least a prototype class by this spring.

The objective of the class is to ensure that the superintendents have a better understanding of the role that Concessions plays in the National Park Service and also have a greater understanding of their responsibilities regarding not only prospectus development, but contract oversight as well. The Concessions Program wants to ensure that the superintendents have an understanding of their fiduciary responsibilities with regard to financial management, financial oversight, and also with contract stewardship, making sure that the superintendent and the concessioner work in partnership with one another and the superintendent understands his or her roles of responsibilities.

The CP identified seven topics that are all geared toward helping the superintendents understand their roles and responsibilities. The course would be required for all superintendents who have an expiring contract before they go through a prospectus development process.

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The first module would be obviously a history of the NPS concession program in order to give the superintendents an understanding of the history and how the concessions program has evolved through the years with the 1916 Organic Act and then the Concession Management Act prior to 1965 that brought some rules into play and formalized some processes that had been going on for almost a hundred years. This would ensure that they had an understanding of some of the common terms that are used in the concessions program and also are used in business practice.

The superintendents would be provided with an overview of the concession program, show them the organizational structure and the reporting structure, which can be confusing at times. There is also a concessions program and none of the concessions folks down in the regional level have any direct relationship with the superintendent. This involves then building a relationship, ensuring that they understand what the procedures and processes are, and sending any technical or actual guidance, supervisory type guidance, down through the regional director and the director.

There would be a discussion about delegation of authorities, making sure that they understand what their roles and responsibilities are for the various types of contracts that the CP executes, what they are allowed to do, are they allowed to sign a contract, are they allowed to sign certain modifications. The CP would review with them what their roles and responsibilities were in terms of delegation.

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The CP would make sure that superintendents have an understanding of both the laws and the regulations, and of course it would be important in some cases for them to have an understanding of the law as it is in place from 1965 if they are managing some of those contracts, then also to make sure they have an understanding of the 1998 Act and then the rules that they currently get in LSI. The CP would also make sure that they are familiar with the regulation 36 CFR and all the various parts to that.

One important module is the concession contract planning. With regard to the concession and prospectus development process, the commercial services plans that the superintendents have to do in order to be ready for prospectus development often are not done. If the commercial services plan is not in place or a general management plan is not updated, it could often slow down or completely stop the prospectus development process. The goal would be to get these superintendents in there well above the time when they need to start working on their prospectus to help them understand the role and the responsibilities that they have regarding planning and that they have their planning documents in place so that they can move forward with their prospectus development.

The superintendents must understand the six key processes and some of the steps within those. The goal is to help superintendents understand the impact of the decisions that they make as a result of changing their minds and also have those superintendents understand that decisions have to be made at certain

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key points in time. It would also help them understand the selection process and then the contract execution and the transition process, and this would include all of the financial information that they would need to know to be good stewards of these contracts.

With regard to contract oversight, the superintendents should have a full understanding of the Director's orders that are currently in place that impact the program. They should be informed about LSI management and tracking and what their responsibilities are in regard to that. They also must make sure they understand the processes for operational and financial management and the roles and responsibilities of facilities management.

With regard to Environmental management, superintendents need to have an understanding of what is happening environmentally in their park, specifically in the concession operations so that they can see if there are any problems and understand and work with the concessioner to resolve those.

The operations and evaluations and rate approval process procedures are being implemented differently at different parks. By training the superintendents, hopefully this will result in more consistency in the processes from park to park. This applies not only at a superintendent level where there may be an inconsistency, but also with the concession specialists. The goal here is to train the superintendents so they understand what the processes are, and then the concession specialists can be trained as well.

The contractual compliance process and what their roles

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and responsibilities are will be outlined. Pricewaterhouse will be working with the CP to finalize the outline, develop specific lesson plans, and then have at least one prototype of this training this summer. The CP will be targeting again those parks and those superintendents that have not been through this process, are not familiar with it, and who have prospectuses that are going to be coming out or need to start development of prospectuses in the next year or two.

Chair Eyster wondered if there would be any advantage of having the concession specialist attend this also so that the superintendent and the specialist are hearing the same thing and they can be talking during breaks and when they go back they will be on the same page. He also suggested to possibly have a roundtable discussion of several concessioners as part of the program so that there may be a small concession and a medium and a large one represented, where they can among themselves talk back and forth about what works and what does not work in their history and dealing with the concession specialists and the superintendent. Having an understanding and a dialogue back and forth at this conference would be extremely helpful during the teaching.

Ms. Pendry agreed this was a good idea. Maybe not specifically the concessioners that they are currently dealing with, but just a randomly selected group to come in and have an open dialogue so that they can get a perspective from the concessioners as well.

Anne Dubinsky, Pacific West Region, added that one of

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the things that would be really beneficial about the evaluations and pricing training is that it is always held at a concessions facility. The same would be true with this training, it would be really helpful to have it at a park in a concession's facility where the superintendents may have the same services, and they can really see how concessions work at other parks.

Dave Gackenbach pointed out that there is a training program now for concession specialists through NAU. He asked if there is a plan to use some Web based training so that people do not have to take up a lot of time in classrooms and they can do this at their own leisure.

Ms. Pendry said she was planning on this being a two-day training and the idea was not to do it Web based, but to have the superintendents come in face-to-face for this particular training. Web based training will continued to be used for other longer programs, but it was felt important enough that they should give up two days to come in and be there hands-on.

Mr. Gackenbach stated that he found in the program through NAU that the concession specialists have a great concept of concessions and partnerships, but they can not relay that information easily to the rest of the park staff.

Ms. Pendry proposed holding the classes by region so that their regional concession specialists are there as well and they get that interaction.

Mr. Gackenbach talked about the relationships in

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partnership with concessioners. He found that during park staff meetings when they get together to talk about who are their partners, 90 percent of the time they do not list concessioners as park partners, and even though it may be a business partnership, it is still a partnership.

Wendy Berhman explained that the NAU program was started back in 2001 and they have had three full classes so far. It is a two-year program that has six or eight different modules that last typically six to eight weeks. Most of the modules are taught by NAU professors in the specific areas, business law, hospitality management. The Park Service originally developed the course outlines and the curriculum and they are continually updated; the instructors share the modules with the service and they are provided feedback on it. The NAU subcontracts with some former National Park employees. There is, at this time, no interface during those classes with concessioners where a concessioner will come in and talk with the classes so they can see the concessioner's point of view and perspective.

Chair Eyster stated the problems seemed to be communication problems mostly. Having almost continuous interface in some of these classes with a concessioner or several concessioners would be really helpful for the Park Service concession people to kind of live and breathe and talk with concessioners.

Mr. Cornelssen said he was curious about the translation between what is learned in class to what happens on the ground. He

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asked if they did actual case studies of real park situations, any kind of situational case studies or anything like that.

Steve Lebel informed the Board that a lot of the homework involves going back to the records and experience, especially in the last module, and drawing from examples there.

Chair Eyster referred to superintendents' annual performance reviews, and asked what degree does the concession management piece in their job description play in their overall review.

Ms. Pendry said she had no concrete answer, however, from talking with Fran and the regional directors, learned that they have an increased focus on concessions, and if it is not currently part of their performance plan, that it will be in the future. One of the key goals that the Bureau has is concessions management, and so it is on the Director's score card.

Tom Williamson from the Intermountain Region said he was new to the Park Service and did not have a lot of contacts at this point. He related how a concession specialist at a park came to him and said a superintendent had just come to him because he felt he needed to know a lot more about the concession activities in the park after meeting with the Regional Director, Steve Martin. In the last six months Steve Martin has really pushed on the superintendents quite a bit.

Wendy Berhman said that with regard to the issue of performance standards, one of the essential steps in the development of this training as well as the other training that are being done, is

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coordinating with the training office. In that coordination they look at the competencies based on the position, so for each position a superintendent has certain competencies that they are required to meet. What the service will be doing is trying to align the training outline and the curriculum with those competencies.

Bruce O'Connell wondered how the concession specialist would grade or evaluate on the issue of performance standards, given that the concession specialist in some parks is more active and in other parks it is the superintendent, depending on the size of the park. Is there a performance based objective and evaluation for the concession specialist.

Ms. Pendry said that the Department of Interior and the National Park Service have gone back and forth in the way that it does the performance evaluations on civil servants. This year it has been changed and there is now a five point grading system which goes all the way from A to F. In order to get an A there is certain criteria that is set up with a supervisor to determine whether or not one earns an A, B, C, D or F. So the answer is that it's done at the local level. It is done between the concession specialist, and their supervisor, and the supervisor working with the concession specialist decides what are the important things that must be accomplished this year and they put it in a performance plan for them, and then at the end of the year they are graded on whatever the performance plan was, and that is going to vary from park to park. There are no standard performance evaluation factors.

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Mr. O'Connell thought it might be a good idea to institute a more standardized performance evaluation for the concession specialists. It might give them some incentive to be more responsive sometimes when they are a little slower.

Bob Hyde stated there was nothing to stop the concessions, the persons that go to the superintendents and talk about those statements with him.

A further discussion followed on this subject.

Mr. O'Connell commented on Ms. Pendry's lack of authority to make a change.

Ms. Pendry responded she has the ability, but does not have the authority to go down to that concession specialist and say "you're doing a poor job, I'm going to remove you." Ms. Pendry promised to continue to build a good relationship between herself, the regional directors and the superintendents so that when she tells them there is a problem, they will listen.

Ron Duckhorn inquired if a regional specialist plays any kind of role in the annual evaluation of the local specialists and would there be an opportunity to give feedback to the superintendent on the local specialist's performance

Mr. Lebel explained there would be no sign off. The authority falls with the superintendent and a complaint can be lodged with the superintendent who would be expected to take care of that issue.

Ms. Pendry acknowledged that at times the concessioners

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are concerned about going directly to the superintendent for fear of retribution.

A further discussion followed on this subject.

Mr. Cornelssen indicated that the Board was interested in the superintendents' training in order to heighten the awareness of concessions with the superintendents and help them understand their fiduciary responsibilities to the American taxpayer, to visitors and to the resource. This is really an important issue and things can be done that will cost the government a lot of money, or that will damage the resource and concession. That message, more than any evaluation form or anything else, will be more important in terms of heightening the awareness of the program.

Dave Gackenbach pointed out there may be a complication in that some of the concession offices in the parks report to another division chief or two or three levels down below the superintendent, and it skews the superintendent's ability to really know what is going on if that supervisor does not know the concessions program because they can not relay that to their boss properly.

Steve Tedder stressed the importance of simplifying the system so the process can be accomplished a lot faster than what is currently out there.

Ms. Pendry referred to the Director talking about providing this program with more resources needed in order to be able to execute contracts and to be able to manage those contracts. She asked for support in that area and helping her to get those resources.

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Chair Eyster encouraged Ms. Pendry to move forward and develop the modules and set up the first training session in early summer, if possible, highlighting those superintendents who have contracts, prospectuses out and contracts pending.

The Core Menu Concept for the Rate Approval Program.

Chair Eyster explained that the core menu concept was instituted several years ago in response to requests by concessioners that the Service needed to simplify the system. At present, the core menu concept has been implemented for restaurant food service, not for the other types of facilities, and there has been some input from concessioners concerning some inconsistencies in the core menu, and the application of the core menu administration.

Wendy Berhman explained there had not been enough clarity as far as the knowledge on the long core menu and everyone's experience with it. Ms. Berhman provided some background on this issue in order to better understand why the Service is moving forward with the core menu concept.

The core menu concept was actually developed originally by the Blue Ridge Parkway, and was tested at their locations back in the late 1990s. It was then benchmarked by the private sector and tested at a number of other locations up until about 2000 and 2001.

In September of 2001 the Park Service issued a memo amending its rate approval program guidance and implementing the core menu concept. Subsequent to that was the November 2001

Concession Advisory Board report, which also made the recommendations to implement the core menu concept. It talked about the need to simplify the processes for rate approval and looked at the core menu method as one of the ways to simplify the process.

The second recommendation as part of the Concession Advisory Board report was to look at the application of the core menu concept to other services beyond food and beverage.

The introduction of the core menu concept focused simply on the need to simplify the rate approval process. The establishment of a core menu provides visitors a selection of popular expected items that have been approved through direct comparability. In essence it identifies specific food categories and then items that are standard on the comparable menus. Beyond the approved menu core items concessioners have the flexibility and therefore the creativity to create what is called the non-core part of the menu.

The core menu is one of six current approved rate methods that the Park Service can use. It is an option and it is not mandatory. The final authority to use core menu lies with the superintendent.

The first step in the core menu process is to establish comparables, and in essence this is the part where the collaboration between the concessioner and park occur. The park and concessioner use their combined knowledge to identify businesses within the same geographic locations used as comparables; however, the final selection again remains with the superintendent, even though the

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concessioner has the opportunity to provide recommendations for what comparables they think are appropriate in these areas.

The next issue is looking at selection factors. The only key required selection factor is competition, and basically what that says is that potential comparables must have at least two or more competitors. Other specialist screening factors that could be considered by the park is looking at similar services, similar facilities and similar clientele. Special attention also needs to be given to an understanding of highly developed gateway communities and areas where perhaps demand exceeds the availability and rates may be skewed, and so consideration needs to be given to those types of areas where the rates may not be appropriate for consideration.

The next step is the concessioner and/or the park getting the comparable menus. This begins the process of actually looking at and defining food categories as well as specific food items. This pertains to locally developed menus, and this is on the need for the menus and parks to represent local trends or local foods. The menus also need to support healthy life styles, so the menus need to include things such as salads, Atkins Diet requirements.

The core menu also needs to address park visitor expectations and needs. The concept of the core menu is focusing on providing something for everyone, in essence comparable food items at comparable prices. The core menu items often need to include consistent categories. The park and the concessioner are looking at menus and trying to identify consistent categories that are found in all

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of the menus. For example, entrees such as beef, fish and chicken, desserts, salads.

Beyond the core menu are those non-core menu items again which allow the concessioner to have flexibility and creativity. These non-core items could include things such as the sustainable organic cuisine, and many concessioners are advancing their environmental programs building-in some of the sustainable products as part of their non-core items.

The key element to understand the non-core part of the menu is that the park no longer reviews in detail this part of the menu. They approve it still, but they no longer provide that detailed analysis. Again part of the step of streamlining the review process.

The agreement to use the core menu is a consensus between the concessioner and park, so hopefully during this process they have come to this point and they have come to an agreement that they both want to use the core menu concept. They then decide on the types of food service. Obviously there has been a number of a variety of different types of food services within the parks, and these are the key categories that it is suggested the park staff look at and discuss with the concessioners so that comparable facilities are used when looking at other menus. The Service then develops the inventory of the core menu items, and again this is happening in collaboration with the concessioner or the concessioner develops and then submits to the park. After the core menu is established, the approval of rate should be relatively simple. One can simply average the core menu

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item rates on the comparable menus and then use the average as the approved rate. It is not allowed and the policy clearly states that it is not allowed to set ranges and then only use the high end price of that range. The Park Service no longer does a detailed review of the core menu, and they no longer do a detailed analysis of the non-core area, but they do in fact approve it.

Once the menu is submitted by the concessioner, the park concession specialist looks to make sure that it verifies the key selection needs, that it has a variety of health selection options, that it meets local and regional expectations, and that it meets certain national expectations. Things such as hot dogs or hamburgers is a national expectation and each core menu should have some representation of the national expectation.

Other considerations that should be looked at and are looked at by concession specialists are the weights and the portion size, the quality of the meats, and then lastly the concession specialist looks at the non-core menu items, again providing a cursory look at it but not detailed analysis of the non-core parts. Ms. Berhman next provided details of the current food and beverage services within the parks. She reported that out of 129 services, about half of those are using the core menu method. There has been a decrease of between four and fifteen days in the rate approval process when using the core menu methodology. The core menu allows for flexibility and creativity by the concessioners in those non-core areas, so it allows for chefs to have much more creativity in the kitchen to design specific foods that

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do not required comparables.

The challenges are inconsistency in the application of the method, but that is mainly attributable to park staff's knowledge of the methods, and then NPS staff turnover, and ensuring the comparables are consistent.

The Park Service has identified a couple of steps that need to happen, and one, the first and foremost is to reissue and re-emphasize the core menu policy, and to ensure that everybody has the most current information. The Service will, over the next six months, if not sooner, reissue the core menu policy and re-emphasize the guidance so that everybody has the same guidance in hand.

Emphasizing the role of the Washington Concession Program as well as regions in the rate approval processes, and emphasizing that the regions and the Washington program are there to ensure consistency, should facilitate resolving questions that are in the concession specialists' minds.

Ms. Berhman explained she and her staff were continuing their work on the standards evaluation and rate approval effort, which includes looking at not only the operational evaluation standards but looking at the rate approval program. One of the specific tasks under that SERA effort is to look at the rate approval program and those different six methods that currently are being used and to understand the challenges that are posed with those methods. This will be accomplished by getting more comprehensive feedback from concessioners and the problems they are seeing from an application at

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the park level and using all of that information to update the rate methods being used and/or to delete some rate methods that are being used that are no longer appropriate.

With regard to the application of the core menu to other services, such as lodging, implementation has been delayed just to ensure that the core menu is working with food and beverage. Some of the problems that could be encountered perhaps with lodging and application of the core menu is the fact that core menu would likely only work in parks that have a large inventory of rooms. Ms. Berhman invited any sort of comments or feedback, especially from concessioners.

Chair Eyster indicated he would like to hear from concessioners who had successes with core menu and those who have had a little rougher time working with core menus.

Steve Tedder stated that, overall, the program was improving, getting a little bit more consistent. There are still some inconsistencies and one of the issues they seem to run into is how many core items are needed on a typical menu.

Ms. Berhman replied that currently the policy does not get to the issue of percentage of menu and what is appropriate at core versus non-core. Some parks apply it and apply it where 90 to 100 percent is in essence a core menu, which minimizes obviously the flexibility of the concessioners and streamlining the process which is what this was intended to do. As the policy is reissued, it might establish some minimum percentages or maximum percentages. Mr.

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O'Connell mentioned that the core menu works pretty good, but cautioned that it is starting to evolve such that the core menu items are becoming the inexpensive items, and the concessioner-suggested items are tending to be the higher priced items. That was not the original intent maybe of the service, but it seems like all the core menus are the cheap ones and then the concessioner can do his own choice of expensive items to get a higher check average. This may need to be looked at because it results in a menu starting to look really funny.

Ms. Berhman clarified this was obviously not the intent of core menu. The intent of core menu is that the market drives the non-core prices and so in theory if one is pricing the non-core items too high and the market is not supporting it, one would have to eventually going to pull it off the menu because nobody is buying it. The core menu is supposed to provide a representative sample across representative price ranges, but the way it is working out, it is providing a low rate of price range and a high rate. Obviously it needs to get back to that middle ground and provide a full spectrum of prices.

A further discussion followed on this subject.

Board Member Linford wondered if any concessioners ever have the problem of their comparables actually being at the gateway communities. Sometimes there is a long road from the gateway community into the park creating higher delivery costs. He asked how would comparable pricing take that into consideration and can that be added to the price. Would it be the average of the gated community

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plus the additional costs, shipping costs, delivery costs.

Ms. Berhman stated this was definitely a consideration for a remote location.

A lengthy discussion followed on this subject.

Mr. Gackenbach commented that when looking at comparables, an extremely important piece of that is portion size, probably more important than anything else.

Ms. Berhman agreed and said this was one of the challenges in looking at comparables. One of the difficulties that the concessioners have as well as the park staff, is going to the comparables and having them verify the quality. She asked for some feedback on how to better address that issue.

Board Member Weerts referred to the fact that about 50 percent of the food providers have accepted or grasped the core menu, but wanted to know of the top say 25 or 30 food service, what percent of them have gone to the core menu.

Dave Woodside commented that he had not used the core menu because, unlike Bruce O'Connell's situation, his facility has a fine dining room but is not located in such a remote location that there are locations where people can get family type dining. They do not have hamburgers, hot dogs and soda, and don't offer those items, and so the core menu really doesn't work and they have not embraced that.

Clay James stated the policy used to be that when you picked comparables you couldn't use other National Park locations. He wanted to know if this was still the case.

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Ms. Berhman said it is still the case and currently the policy is that one does not use other Park Service sites as comparables.

Chair Eyster inquired if there was a time frame on getting the directive out again to the concession folks with the core menu clarifications.

Ms. Berhman stated definitely within the next month or so.

Mr. Tedder brought up the issue of competitive merchandising and asked that this be addressed.

Bruce O'Connell explained this had to do with a competitive market declaration being approved for retail, no longer using these antiquated markup percentages, but charging what the market will bear and if there is a complaint then it will be looked at.

This has been in effect for a couple of years, but was not well known. This new contract is overwhelming to local concessions people, with the bigger problem being the communication from the top down. Mr. O'Connell wondered why it took more than two years to make its way to all the parks, to all the concession specialists, and then down to the concessioner. He felt this needed to be addressed.

Ms. Pendry replied that she would like to address that and stated it was her impression that there is a communication problem. There has been a communication problem from policies coming out of the Washington office, going to the regional chiefs, going to the superintendents, and going down to the concession specialists. A key goal is to improve communications. To that end e-mail addresses have

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been established enabling Ms. Pendry to directly send from her computer e-mails to each one of the concession specialists down in the park to increase, improve and open the lines of communication. It is absolutely a priority to improve the communications down to the regional and local concession specialists, which is something that has been lacking in the past that will be improved upon.

Responding to a question by Mr. O'Connell, Ms. Berhman clarified that a competitive market declaration is currently only approved for merchandise. Markup is still in use for the convenience items. This issue was studied earlier this year because it was recognized that the markup percentages that were being used are from 2001. There was feedback from a number of concessioners that the markup percentages used from 2001 are not obviously consistent with the private industry in a lot of the different categories. Ms. Berhman cited water and milk as an example. Another key area was alcohol and the alcohol percentage being used from 2001 starts to foster a mentality that the Park Service is selling alcohol at a lesser rate than the local market, which is not a message the Park Service wants to be sending. Some concessioners have been dealing with the disparity and markup percentages by asking for exceptions, which is advocated on a park-to-park level at this point.

Again as part of the SERA effort the Park Service will be looking at the six different rate approval methods that it currently uses. A memo will be issued within the next month to clarify and reiterate the policy for this year, because the window of opportunity was missed

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when rates were being set for this season. Ms. Berhman pledged that early next year she will get the memo out to confirm the policy for next year before concessioners and their park specialists sit down to approve the 2006 rates. The memo will provide clear definitions of what should be included in each of those categories to assist the park specialists in categorizing the items.

Tom Williamson had a further question about communications and a short discussion was held on this subject. Ms. Pendry provided the concessions Web site www.concessions.nps.gov. where concessioners can access information.

Department of the Interior Central Reservation System

Charlie Grymes, project manager for Recreation One Stop provided the Board with information on the Department of the Interior Central Reservation System. Mr. Grymes explained he is the Project Manager for what is really an inter-agency initiative sponsored as part of the President's Management agenda. The electronic government is part of President Bush's objectives, and within his management agenda he has 25 Priority E government projects. Recreation One-Stop is one of those 25 priority projects.

These 25 electronic government projects were initiated in 2002 and the objective was to accomplish something rather than produce a plan and talk about accomplishing something. The challenge is to deliver a service that is good for the citizens rather

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than deliver a piece of paper, and so the objective is to establish a citizen-friendly Web site or a portal on the Internet where customers who want to plan a trip to the federal lands, be it an official wildlife refuge or a Bureau of Land Management District Office or a national park or even one of the presidential libraries managed by the National Archives and Records Administration. Customers that are planning a trip can find the information they need so they come prepared for the trip.

It is necessary to be capable of getting the message out to these people before they get in the car, before they get on the plane, so they come prepared. This will enable them to appreciate the place more, stay longer, spend more money, have a good time, and stimulate the economy in many rural areas. The goal is to create the citizen-friendly Web portal that provides a considerable amount of information that might be relevant for those folks that are planning a trip. The same goes for international visitors. The Department of Commerce is recruiting in Brazil, Japan, Germany and England to get tourists to come visit the United States.

Mr. Grymes proceeded to provide detailed descriptions and examples that can be accessed at the web site recreation.gov containing information compiled by 11 federal agencies. Work is being done on an interagency process that will be consolidating Web sites that right now are not really helping customers get the full range of information before they make their trip planning decisions. There is posted information of campground reservations at reserveusa.com and

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Reservations by the nps.gov. And there is posted information about the place, planning what one needs to know to plan the trip at recreation.gov. Those three Web sites will be consolidated all together on recreation.gov this November when the new portal will be launched. The new portal will have the capability of processing not only trip planning information for people, but they are going to be able to make a campground reservation right there, they are not going to click over to one or two other Web sites, each of which looks different and requires them to be a savvy Internet person to navigate a separate looking Web site to make a campsite reservation. They should be able to make that campsite reservation, book the tour at the same place, and with the same navigation tools as the Web site for planning their trip.

Private sector recreation opportunities will not be posted on recreation.gov. such as the marinas, the hot dog stand, the alligator farms, or the hotels or the restaurants or a lot of other places. The new website will have basically 3200 federal places listed plus links to about 800 state, local places as well.

Mr. Grymes explained that there are four things they were trying to accomplish with this project, four deliverables. The first deliverable is the consolidated Web site and reservation service. Taking three separate Web sites and putting them together into one, to be launched in November of 2005. It is already operational today and has the recreation information database. It needs further work, updating and correcting some of the information in it. People who

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want to pull information out of the federal system and use it on their own sites, use it in their own publications, go to rec.data.gov. Mr. Grymes hoped that all of the people that have operations in the parks and the forests and at the lakes, will also partner with this system. One of the things that can be done is to build a field in the recreation information database for all the concessioners, permit service providers so that all that information can be shared with the state tourism people, the convention and visitor bureaus, and the chambers of commerce. The challenge is to assemble the information and to redistribute the information.

In conclusion, Mr Grymes invited any suggestions in terms of what should be collected and distributed on the web site.

Bill Butts inquired into a link with national park concessioners, because they have a contract with the government.

Mr. Grymes said he was working towards that, but did not know how fast or how far they could go and have concluded exactly how to deal with this and what the ramifications would be if these links were to be added.

Ms. Pendry added that the concessioner-operated facilities can already link to those from the specific park Web sites and offered some examples.

Mr. Grymes pointed out that what is the hold up is the issue of endorsement. There are congressional mandates, it is in the law, there can be no endorsement. The Internet is a fast evolving communication's tool and the mechanisms by which this information is

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provided is made up in the process. Everybody is part of the process of figuring out the right way to provide this information, because this is highly dynamic and highly variable business.

Chair Eyster inquired if it would be possible or not possible to put concessioner's hotel rooms on the reservation system.

Mr. Grymes stated it was possible to do that. They would have to negotiate that with whoever wins the contract. The business challenge of course is that those businesses charge a fee to provide that service, some contractor is going to end up having some revenue strain to interface different computer systems or to put inventory into the consolidated National Recreation Reservation Service. That is just the reality of business life to make it customer-friendly and have the XYZ concessioner or reservation service appear transparently on recreation.gov, there must be payment to some computer people to make that happen, and then there may be some business relationship that will also have a fee. That area has not been explored as yet and nobody has really indicated that interest.

Updates on National and Regional Concession Programs

Kathy Fleming provided a brief overview of what the status of the contracting inventory is and the backlog, basically an update from the November Advisory Board meeting in Denver. Each of the regional chiefs will talk a little more specifically about what is going on in their regions after the presentation.

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Some of the objectives have stayed the same such as the need to eliminate the backlog of expired contracts through improving the processes and procedures. Much of that is information management systems and making sure that the Washington office and the regions have access to the process of the prospectus development, so everybody knows what is going on out there and to ensure that contract requirements result in improved visitor facility conditions and resource protection. There has been some shift in leadership and it is possible to really succeed in this effort right now, because of the attention of the leadership of the Park Service, and particularly Steve Martin, who is going to help the Concession Program Center succeed in reaching these goals.

Ms. Fleming pointed to a chart that has been updated since the November Board meeting to show by region the status of all of the contracts. The database is dynamic and the contracting program itself is very dynamic right now. The Concession program Center is doing a htray amount of contracting work out there and the regions are really working hard, so updates for the database are provided almost on a daily basis with regard to the status of contracts. By the end of fiscal year 2005, it is expected that the portion of contracts to be awarded under the '98 law will be 76 percent. Forty-six prospectuses representing 125 contracts, with a lot more progress by the end of December. Sixty-two contracts have been identified that meet the criteria basically looking at contracts that will gross \$3 million or above during the next term of their contract. Eighty percent of the

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revenue is derived from the 62 contracts, so the status of those is 17 of these contracts are still prime under the 1965 law. There are some contracts that expire way out into 2028; nine contracts were awarded under the '98 law in this category, and currently 35 of them are extended or continued, but eight of them are expected to be awarded or released under a prospectus in the next six months.

The success of the program is mostly attributable to the regional chiefs. They have dealt with the smaller contracts without a lot of assistance from the Washington office. The statistics are that 84 percent of the inventory by the end of September will be either under the '98 law or under 1965 current contract, leaving only 16 percent under extensions or continuations. A lot of credit should be given to the regions, especially the regions that do not have a lot of staff in the field to help them.

Alaska has rolled 95 percent of their contract into 1998 under the '98 authority. Ms. Fleming invited Kevin Apgar to provide a report on the specific region accomplishments.

Kevin Apgar, the concession program manager for Alaska, next discussed the concession program in Alaska. The National Park Service is a national organization that has more similarities than dissimilarities, but there are significant regional differences around the country. Alaska has 15 National Parks, three existed prior to the 1998 — the 1980 Alaska National Interest Lands Conservation Act, the rest of them are what is referred to as the new parks, and the three that existed prior to the Alaska Lands Act, are organized similar to parks

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down south where there are traditional park headquarters. There is an in-park concession that has lodging, food service, and transportation services at park headquarters.

The other twelve parks in Alaska on the new model do not have the same park facilities. It is assumed that necessary commercial facilities will be provided in gateway communities within extensive VIN holdings within the parks. In Alaska, the staff consists of Mr. Apgar and one other person that works in the regional office, and full-time concession people at three of the fifteen parks. There were slightly over a hundred concession contracts. In any particular year there is an average of about 325 incidental business permits that are administered essentially out of the office, and there is the leasing program as well. Right now there are seven commercial buildings that have been leased to commercial operators.

The services that are provided, and many of them are the same, lodging, food service, transportation and the sort of back country guiding concessions, sport hunting concessions, air taxis because many of the parks in Alaska are not road accessible, and cruise ship operators. The Alaska Lands Act also provides some unique aspects that are not present in the 1998 concession law. It provides some unusual contracting preferences, so that in addition to the preferences that are in the 1998 law for incumbent concessioners, guide and outfitters, and small concessioners, the Alaska Lands Act also provides preferences and these are contracting preferences for historic operators, for local residents, for Native American

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Corporations and for the incumbent concessioners.

The experience from the contracting program is that there have been benefits of competing these contracts. Overall basis there are much better visitor services, higher franchise fees, better visitor services, better resource protection in general from having gone through the competitive process. There is a high correlation between concessions that have a preference, and contract award, so local residents, native corporations, incumbent concessioners, are faring well when they compete. Worth mentioning in Alaska is this theme of joint venturing. Incumbent concessioners tend toward partnering with native corporations. The preference for local residents and for Native-American Corporations, is actually a superior preference to the one enjoyed by incumbent concessioners with the local resident getting the contract, resulting in the trend toward incumbent concessioners actually joint-venturing with Native-American Corporations.

The Native-American Corporations in Alaska are corporations set up by the Native Claim Settlement Act and the shareholders were all Native-Americans, First Nations. You have to be a certain percentage Native- American blood to be a shareholder in the corporation.

Board Member Linford inquired if the preference to the local community was for Alaska alone, meaning Native Americans.

Mr. Apgar explained that the preference is for the local residents, those who once lived within the park boundaries or within a hundred miles of where the service is going to be provided. There are

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also preferences for Native Americans corporations but that is a separate preference. Then there is another preference for historic concessioners, the ones that operated prior to January 1st, 1979. There are preferences for incumbent concessioners as well. a web. The preference for local residents and for Native American corporations actually resulted in a few cases where that's the way it went to the dismay of the incumbent.

Board Member Linford stated he was somewhat skeptical of these sudden mergers between the concessioners and the Indian corporations, reminiscent of getting an affirmative action contract.

Mr. Apgar explained that to get the preference, the joint venture would have to be a controlling interest in the joint venture and would have to be held by the person or the party with the preference. It would have to be a 51 percent ownership by the local resident or a Native American Corporation. At Denali there was a category one contract that was let a couple of years ago, Aramark was the incumbent concessioner and they knew they were going to face stiff competition and the competition was going to partner with a Native American Corporation that had that preference. Then Aramark partnered with a Native Corporation, Delaware North partnered with a Native Corporation, and then they competed head-to-head. The Aramark partnership won and their partnership is 51 percent owned by the Native American Corporation and 49 percent by Aramark, but Aramark is the operating partner, they are the ones with the expertise and so they derive a management fee for actually operating the

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concession.

Board Member Linford inquired what the Native Americans were bringing to the table and Mr. Apgar explained that they had to bring cash to the table. The Joint Venture Partnership called for them to contribute 51 percent of the assets, so Aramark held possessory interest, they owned personal property, and the Native American Corporation had to match that in cash. It remains to be seen to what extent the Native Corporation will benefit in the long term versus Aramark.

Mr. Mahn asked if details of the arrangement within the joint venture as to what the management fees are for the joint venture, which would go to Aramark in this case, and then the splitting of the cash flow after that or any preference or return to the local group were available.

Mr. Apgar said he had a copy of the management agreement.

A further discussion followed on this subject.

Tom Williamson of the Intermountain Region stated his region has about 40 percent of the contracts in the country. They have a pretty decent sized staff, have some parks with pretty decent sized staffs, Yellowstone, Grand Canyon, Glen Canyon, and they have three, four, five people at these places. Steve Martin, the Regional Director there, realizes that there are some problems in concessions, and efforts are being made to bring in some different skill sets into the region.

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The region has been so focused on contracting that some of the contract administration issues have not been given the attention they deserve, and there are some big liabilities and some big problems there that put a strain on the partnership.

More people are being hired and the staff is prioritizing what it is working on, trying to be a little more balanced on that contract administration side and the contract development side of the house. The good news is that Steve Martin is heading to Washington now, and these issues will be on his priority list hopefully still high in the future, and he has been working with the superintendents to make sure this is high on their priority list as well in the region.

John Russells reports to Steve Martin in the intermountain region. John Russells is a budget and finance guy and he has been given some tough areas, contracting and concessions where he wants to make some changes. Mr. Williamson said he was hired and had been there about six months, bringing a little bit different business background.

The Grand Teton Lodge prospectus will be coming out plus a number of smaller ones in the next few months. There are a few other different big ones as well, Zion and Bryce, Big Bend.

Board Member Linford asked about the status of the CUAs. He said that people are complaining about not getting any authorization to operate this year when right now they are selling their trips on the assumption they will be getting them. They are feeling kind of nervous.

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Ms. Fleming stated that to her knowledge parks have not been directed to stop issuing IBPs while awaiting these guidelines. There is a policy memo out there that says, currently the IVP program are being administered as they were prior to the passage of the law. Interim guidelines are about to be published that will give parks the authority to implement the '98 Act, specifically Section 418, which provides the first real authority for commercial use authorizations. The interim guidelines will allow the parks to use the additional authority that was provided in the law with proper planning in place as well as an in-park CUA, which has a gross, annual gross revenue limitation of \$25 thousand. That will have a significant impact on the contracting backlog, because previously IBPs could not be issued for services that were provided inside the park, and now this new authority allows that to happen if gross receipts do not exceed \$25 thousand. This will reduce the contract inventory and increase the CUA inventory. A web site listing the number of prospectuses that will be available in the next few weeks.

Ms. Simmons reported that Sandy Poole was attending the APPL meeting this week representing the Concessions Program. She stated there were two prospectuses out, one was just released Monday. A number of prospectuses are expected to be released in the next six months. Approximately seven, one of those will be for the visitor convenience item prospectus and that will actually take care of about seven contracts with the different associations and with Eastern National.

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Currently there are about four to five contracts that, when the fee regulation guidelines are received, will be converted to CUAs; those are firewood and some small paddle boat operations. There have been many questions from parks on the leasing program. There is an RFP out right now that closes May 31st at Hot Springs National Park for six historic bathhouses that are most unusual buildings, their square-footage is anywhere from 10,000 to 24,000. Work is being done on each of the bathhouses right now to stabilize and rehab the buildings.

Marie Killian, representing the Northeast Region, explained that Pam McLay was not able to make it today because her workload is very significant. Out of 74 parks in the Northeast Region, there are 39 active contracts in concessions. Nine new contract awards were executed this year. It is anticipated that one will be going out within the next six months and that is at Ft. McHenry. It is a small gift shop, is going to be a 10-year contract.

Ms. Killian stated her office was in the process of renewing three large concession contracts over three million, one at Shenandoah and two at the Statue of Liberty. Eventually all three at the Statue of Liberty will be on the street and awarded.

Ms. Killian reported they were also looking at the contract renewal of marina and food services at Fire Island. That prospectus has closed and they are in the process of evaluating and awarding it within the next month or so. There are several projects with gross receipts under three million targeted for accomplishment over the next

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year and a half, and that will reduce the number of the contracts on extension.

She further mentioned they have a very strong leasing program. A recent accomplishment is providing access to a shared network drive with the concessions database, putting the contracts prospectuses on the server and sharing that information within the next couple of months with all the concession specialists.

Ms. Killian reported using the national concession programs for their evaluation panels and that really helped because now people are getting to learn how to do different kinds of evaluations throughout the region by using that. Ms. Fleming pointed out that the Northeast Region is also taking an interest in managing a larger prospectus development project and have brought on a couple of details on how it is working to do project management on the large prospectus contracts which is quite helpful.

Steve Lebel stated his organization was going to jump from last place to first place by the end of this year. Given their existing resources, the strategy was to completely engage with PricewaterhouseCoopers. It is hoped that by the end of this year all of the existing contracts that are under extension will have been awarded as well as the next expiring contracts. He mentioned that the National Capitol Region has been suffering from the after-effects of 9/11.

There are 13 contracts, which seems like a small program, but there are all kinds of people watching, especially use permits and commercial usage. The Capitol Hill is at one end and the White House

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on the other keeping everything on the straight and narrow.

Anne Dubinsky from the Pacific West provided some background and said she took the job of Concessions Program Manager in the Pacific West Region in November. She came from Rocky Mountain National Park, from the Intermountain Region and from the parks themselves.

The Pacific West Region covers Oregon, California, Nevada, Washington, the Pacific Islands including Saipan, American Samoa and Idaho although there are no park concessions in Idaho. The contracts are split into thirds, about a third of them are below that 500,000. About 25 are in that 500,000 to \$3 million range, and then about another third are over \$3 million. The challenge is there are very few outfitter contracts and very few contracts where one can issue one prospectus for more than one contract. There is a visitor convenience items prospectus on the streets right now that covers 12 contracts. Aside from that there is only one other prospectus that will be issued that will cover more than one contract, covering two hospitals at Golden Gate. The rest of them are all going to be individually done.

She stated issues with buildings, consisting of many government-owned structures assigned to concessioners that need condition assessments, etcetera. So of those mid-range, the 500,000 to 3 million, 21 of them are expired, and these are these concessioners that, sort of fall out of the loop. They don't have the preferential right, they don't have the big corporate offices and the lawyers. They are

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mostly mom-and-pop guys who have been working in parks for a long time, so every situation is kind of unique.

Recently three contracts were awarded. She mentioned there are 19 full-time concession specialists in the region, however, two of the parks, Yosemite and Golden Gate, account for almost half of that. Yosemite has the largest contract in the Park Service, the Delaware North contract which last year grossed \$108 million. There are several smaller ones, including one at Mount Rainier that grosses \$20,000.

In terms of big contracts above \$3 million contracts, she hoped to begin work on those very soon. The Alcatraz contract is going to close on March 30th, and there are a couple contracts still at Golden Gate to go as well. The only other large one at Golden Gate would be Muir Woods. A contract was awarded at Five Brooks, which is a horse stable, just two weeks ago. A prospectus is planned in the next month to month and a half for a Drake's Beach café, which was advertised, withdrawn, and now will be re-advertised. The Point Reyes hostel contract does not expire till 2008, and work on a contract for a horse camp in Point Reyes will start this spring.

Ms. Pendry explained that Henry Benedetti, the chief from the Southeast Region, could not make it today. She reported on some progress in that region and expected in the next couple of months, to have a prospectus released on Fort Sumter Tours, on the Dry Tortugas and on Virgin Islands. Ms. Pendry those to be in her office soon for review. The goal is to get prospectuses released within 60 days of

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receipt in the office.

Ron Duckhorn asked if Ms. Fleming would share how she formed the evaluation panel; how many people are on the panel; are there guidelines as to how long they take to come up with their conclusions.

Ms. Fleming indicated how the panel is formed is pretty much on a case-by-case basis depending on the complexity of the contract, the number of offers expected to be received and the expertise that is needed to evaluate the specific questions that are in the contract.

The regional chiefs are responsible for putting together the panels and managing that process. For the \$3 million and above contracts they come to the office for approval before the panel convenes. There are no set guidelines about time frames and turnarounds at this point in time. That is dependent on the complexity of the contract and the number of people involved in the panel. Obviously, if you have two panel members evaluating three offers it might take them three weeks. If you have eight members evaluating three offers it could take one week, so it does depend.

The office will probably be issuing some guidelines to the regions to have a more consistent approach to panel composition as well as panel procedures. There are some draft guidelines that have been out and there has been a lot of sharing of information and resources. Networking among the regional chiefs is alive and large, which is a really good thing. But at a central level there needs to be

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some more consistency in that process.

Mr. Williamson related details about three panels at Intermountain Region.

A general discussion followed on this subject.

Responding to a question by Mr. Duckhorn, Ms. Fleming explained that when an award is made, the concessioners actually sign the contract before it goes up to the Hill. A contract is not executed by the National Park Service until it goes through the congressional review period, a 60-day period before the actually transition and execution. The selected offer will be notified and hopefully sign off on the contract that is presented to them.

The panel works ten and twelve-hour days to do their evaluations. There are some kind of loose guidelines about who can serve on panels, so the qualifications that are needed and the availability of staff is a really difficult thing right now. People working in the parks have a lot of expertise and efforts are being made to find the resources to do these panels. After the panel concludes, there is a significant amount of work that needs to be done in conjunction with the lawyers and the regional office and the Washington office to write the panel's recommendations up so that a decision can be made by the decision maker, whether it is the director or the regional director. Some of them have taken a year to award, and the goal is to turn those around a lot quicker than that.

Mr. Apgar noted that typically panel members are selected because they have some expertise in the evaluation criteria for a

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individual prospectus. Principal factor one has to do with resource impacts from that particular concession, so if resource impacts were air quality, you'd look for panel members that might have some experience with that as well as outside consultants. In a case where it was technically difficult one wouldn't use outside consultants if it was just a little contract that was simple, but for Alcatraz they'll line up people that are consultants in those areas.

Principal factor two would be the operational aspects of the concession and one would look for somebody that has operational experience with tour vessels. So it sort of varies by the prospectus, but the panel members are hand picked for that particular factor.

A discussion followed on mathematical aspects of Ms. Fleming's report.

Steve Tedder asked for an update on consultants, i.e. how that is working and who gets what and when to use consultants on contracts for the financial reviews and how many are done kind of in-house and how is that determined.

Ms. Fleming indicated this has not changed a lot since last year. For \$3 million and above contracts the parks and regions are required to use contracted services. Some of those are fairly simple so they might not actually engage a contractor to write the prospectus, or they have in-house staff who can actually do the writing. That requirement is being waived on some of those contracts, but for the technical aspects of the prospectus development, the condition assessment, if there is a need for personal property

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valuation, financial analysis and any environmental consulting that one must go out with contracted services. There are still four contractors under the IDIQs for prospectus development. There are still two contracts that are stand-alone financial analysis contracts, and they went all through training. Contracting has slowed down a bit and there has been a close working relationship with the facilities management division to make sure that the scope of services for the condition assessment work is adequate and what is needed to get to prospective maintenance planning for the contract oversight as well as lead in to the appraisal process. Ms. Fleming said she expects much work having to do with the award procurement contracts and to get the prospectus development contractors working on this. Before any of this happens, there will be a notification with letters from the superintendent or the regional director about what is going to be happening and which contractors will be working in different areas. This will enable proper coordination for scheduling and making sure not to interrupt the visitor service.

Pricewaterhouse is working quite a bit and they have started many projects. They have been helping quite a bit with panels, particularly on those contracts where they helped develop the prospectus.

Public Comment

Steve Tedder asked for an update on the status of recommendations made on LSI.

Ms. Pendry stated she received the Board's

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recommendation in December of last year. The next step is to take each one of the recommendations and flesh it out, because all of the recommendations had several subsets and pieces of information. PricewaterhouseCoopers is helping to further develop the recommendations. It has to be determined what can be done administratively, contractually or potential regulatory changes such as the 50 percent rule that was discussed. The goal is to have that analysis done by the end of this summer.

Chair Eyster indicated that the next meeting will probably be in August and it will be somewhere outside of D.C., probably somewhere in one of the western parks.

Today is the last Advisory Board meeting where Sherrill Watson will be attending because she is retiring at the end of this month. She has been a God send to the Board over its 14 meetings. Sherrill has always been available to the Board and has been very responsive to requests that were made of her. Chair Eyster said he would like to publicly acknowledge the Board's deepest thanks and gratitude to Sherrill for everything she has done for the Board.

The next meeting will be in August, time and place to be announced. Chair Eyster invited anyone to send any questions or issues to be put on the agenda for the next meeting.

Adjournment

The meeting adjourned at 4:30 p.m.

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