

National Park Service
U.S. Department of the Interior
Concessions Management Advisory Board Meeting

Wednesday, March 19, 2014

9:00 A.M.

1849 C Street, NW Room

Washington, D.C.

Present were:

Chairman Dr. James J. Eyster
Board Member Richard Linford
Board Member Courtland Nelson
Board Member Michele Michalewicz

Staff:

Lena McDowall
Erica Chavis
Ben Erichsen

Welcome

Chairman Eyster welcomed the Board and attendees and opened the meeting at 9:00 am. He presented a brief overview of the agenda items and explained the procedures.

Introduction of Attendees

All attendees introduced themselves.

Dr. Eyster introduced a new Board member Blake Yeaman, who has a background in concessions management and has been with Hornblower for many years as a Director of Marketing.

APPROVAL OF THE MINUTES

Board Member Yeaman proposed and Board Member Linford seconded the motion to approve the minutes of the October 30, 2013 meeting.

General Program Update

Mr. Erichsen presented the Board with highlights of what has been accomplished so far this year:

For FY 2012, Franchise Fees collected were \$71,587,716. In FY 2013, Franchise Fees collected decreased nine percent to \$64,824,800. The decrease from 2012 was mainly due to the closure of the Statue of Liberty following Hurricane Sandy. In 2012, Concessions generated

\$1.17 billion in revenues; 2013 data is currently being collected, and 2013 revenue figures will be available in June.

In Planning and Development, the current six consultation contracts are for prospectus development condition assessments, and they are going to expire in the next few months. A request for proposals was issued with bids due March 13th, so they just came in. It is hoped the new contracts will be awarded later on this spring. New contracts will focus only on prospectus development and we will use another set of contracts for condition assessments.

Since the last meeting, 17 prospectuses for 39 contracts were released, including some of the largest operations at locations such as Mesa Verde and the Grand Canyon. For three of the prospectuses, no responsive proposals were received. One of those, was reissued; a second one, the operation closed; and for the third, options are considered going forward.

For the remainder of the Calendar Year, we project releasing up to 38 prospectuses for 99 contracts, including the prospectuses for the

single highest grossing contract, which is Yosemite 004. There is a continued inventory of about 500 Concessions contracts, 70 percent of those are annual gross receipts of under \$500,000.

Challenges right now are mostly related to the amount of workload and the size of the staff doing that workload. As to litigation, since the last meeting, NPS Commercial Services Program faced three legal challenges, one was a bid protest filed with the Government Accountability Office regarding the first prospectus for Grand Canyon contract for lodging, food and beverage, retail, and other service on the south rim of the Grand Canyon. He said they voluntarily canceled that prospectus and they were recently reissued with proposals due early May.

Another bid protest involved challenge to a decision regarding two small concession contracts in Grand Teton National Park for cross-country skiing and snowshoe tours. That litigation is still pending following a decision that NPS erred in finding the incumbent Concessioner responsive based on inadequate

financial information.

The third action involved a challenge by an affiliate of a former Concessioner at Acadia National Park about the selection of another Offeror for a very large food and beverage retail contract there. In a decision that was issued last Friday, the Court found the NPS proposed award decision to be neither arbitrary nor capricious, nor did the record show that NPS abused its discretion in drafting the proposed contract.

Given the outcomes that these cases will provide, this is good information to work with going forward and approving the processes.

DISCUSSION OF BOARD RECOMMENDATIONS

Chairman Eyster reemphasized the need for feedback. He referred to feedback received from Derrick concerning the Superintendent's Directive of December 9th about reaching out to the Concessioners, and having the Superintendents reach out to the Concessioners to try to work some arrangements out for extended hours of operation for next year. The feedback received from the Concessioners is that many of the Park Superintendents had not to date reached out to

the Concessioners, although many have. The Board would like the Concession Management Department to go back to the Superintendents and ask to please reach out to the Concessioners; make this a major priority because they were hurt significantly during that shutdown, and are there ways in which the Board can help the Concessioner, next season with expanded hours, or even minimizing some hours in some cases when there are no guests, ways in which the Board can help ameliorate some of that damage. He suggested for the Park Service to remind the Superintendents that this is very important, and part of the Concessioner Park Service partnership, and the good will is important to foster.

Concerning the possible future Government shutdowns, there was some discussion at the last meeting about trying to reclassify certain websites as being critical so that they don't get shutdown to the general public; so the public has an up to date status on where things are if a shutdown occurs, and the websites can still be open for making reservations into the future, and things not to be shut down. It was his

understanding that this is being taken care of.

The Board had some concern about the overall decrease in park attendance, and although most parks are full during peak seasons, the shoulder seasons are off considerably. It seems that when people come to parks, once they get into the park, they are patrons for life. It is important to get a new group of folks into the park. As discussed before, there is the possibility of the Park Service developing an in-house within the Park Service Marketing Department to market the National Park Service brand, just like major hospitality companies market their brand. This has been done piecemeal, as the Park Service doesn't have the money to do that, but the Board would strongly suggest that there be an effort made to go out to Congress and get money to put this together so that the Park Service can market its brand. The NPS brand could be marketed as a brand across all market segments. If there would be a centralized marketing function within the Park Service, it could be done by region and have the Concessioners involved, help contribute some of their marketing money to that cluster advertising

for region, it can be done by type of property, it could be done by these camping facilities, it could be done by looking at special events like, the birding seminars, or seminars on jazz and music that have been inspired by the environment; it can be done for nature writing and literature, it could be done for any one of those where you may be able to put together a program nationally, have the Park Service put it together, with some experts in that field, and then promote during shoulder seasons, or off seasons, a seminar out in the northwest, and then repeat that seminar in the southwest, and move it to the northeast and the southeast. Those kinds of things often can be done centrally, but it would be very difficult for an individual Concessioner to put a program like that together.

Another area discussed is the trend for education at home, home schooling. And those organizations are very interested in getting the kids and their parents out to events outside their homes, and they can do that during the school year. When the kids are in school in the fall and the spring, there might be opportunities to have specific seminars done in different parts

of the country, in the park hotels and facilities, but coordinated from a central position. The Board will keep pushing for an in-house marketing department with funding for in-house marketing that could be done very similarly as hotel chains do it, where the participating properties contribute because that's part of their marketing, too. He emphasized it would be important for the Park Service, from the top all the way down, to realize that NPS really is not just the Park Service, but the Park Service is really an enterprise, and the enterprise has to generate revenues. And the enterprise has to compete with other competing enterprises. There are a lot of competing enterprises out there that are capturing the imaginations and interest of young families and of kids, that the Park Service, the Board feels, has not been able to keep up because they don't have the in-house marketing capacity or funding to do that.

The second item concerning declining attendance is emphasizing the importance of upgrading facilities so that all park facilities have high speed Internet access, and most facilities have the telephones in rooms. And

where appropriate, TVs in rooms. Because often, a hotel has a swimming pool, and hardly anybody uses the swimming pool, but having a swimming pool draws patrons and customers. As an enterprise concessioners do have to compete. Dr. Eyster would like to see the Park Service push for some more of those things that are considered to be common and typical almost everywhere else except in the parks. Kiddie's playgrounds, maybe even a swimming pool if it's appropriate, but there has to be competition with the other organizations and other activities out there that are drawing young families and folks that don't get to the park and come to the park.

Campgrounds is another area, making sure the number of hookups are increased, that there are modern facilities for the bathroom facilities and shower and bathing facilities, in keeping up with the more modern advances of private campgrounds that are around the country.

The *National Parks Traveler* publication in January put out an article saying that all the big guys are getting the contracts now because the little ones can't compete, and that there's a significant concern there, especially among the

smaller, mid-size to smaller operators, that they're not able to compete with the big guys who have the money to put in it and maybe take a contract as a lost leader for at least the first couple of years. Dr. Eyster would like to have that concern addressed within the Park Service, and get feedback from the concessioners on that.

Another concern is President Obama's Minimum Wage directive and how that might affect the concessioner, and he invited comments on that today if possible from all concessioners in attendance, as to whether that does impact, whether there is a need to adjust the setoffs of meals and tips and employee housing, and how that might impact the bottom line.

There was a question about following up on the Centennial logo licensing, which is now in the New Business. So these are some of the issues that the Board would like to discuss today as time permits, and any comments from the Concessioners would be helpful.

Derrick Crandall inquired if the foregoing had been transmitted officially to the Director and to the Secretary, and were there any responses to the recommendations.

Chairman Eyster replied that most of these have gone up the channel and that he hoped to meet Jon Jarvis when he comes up to Cornell to have some of this discussed face to face. The Board submits to Congress every year a list of recommendations and its processes from the Board further on up the chain.

Mr. Crandall thought it would be great to know whether the recommendations just talked about have actually gone into the Department of the Interior. He would like to just be aware of the kind of responses because these are great recommendations and the concessioners just don't know of any process where those are submitted and where there's an actual response to the Board and the public.

Ms. McDowall responded for the Park Service and said that there has not been an official recommendation made on paper to the Director for a response. Dr. Eyster has an initial list of recommendations that he was hoping to get some feedback from the Concessions community on in this meeting, and then at that point any refinement of the Board's ideas will come through the office to the Director.

Terry MacRae noted that obviously the Concessioners are all engaged and adept at marketing their own properties, and as pointed out, there isn't a marketing voice for the National Park Service brand. The concessioners are encouraged and excited by some of the activity that is surfacing in connection with the Centennial. The Park Service uses frequently and loves using the word "education and outreach" and those are also alternative words in most dictionaries for marketing. So there are some great opportunities here. He suggested, while going to Congress and looking for funds, to do a larger effort in connection with the Centennial and with the Park Service overall becoming more interested in what could be called contemporary business practices in order to be sustainable as a Park Service.

He pointed out that there are a number of partners, both on the Concessions side at the individual park levels, as well as the Park Hospitality Association, as well as the National Parks Promotion Council, and the National Park Foundation and the National Park Conservation Association are all willing marketing partners in

some respect, as a prelude to large marketing campaigns that are organized and well-funded typically are guerilla marketing techniques. He further encouraged the Board to consider recommending, that those marketing opportunities that make sense and are consistent with the goals of the Park Service, are sought out and marketing partners that can work with you on those things are embraced and recognized.

Let's start with guerilla marketing every day when we can.

Derrick Crandall opined that it might also be useful to consider specific requests by Concessioners to add to their services, or to add numbers of passengers on ferries and things like that.

Chairman Eyster said it was helpful for the Board to hear any kinds of concerns or complaints, and would take that into consideration, of course, and get that back to the Park Service. He noted that it's incumbent upon the Chair to make sure that these recommendations get all the way up through to the Director of the Park Service.

Board Member Linford asked the

Concessioners in the room here what chances they think in getting some money from Congress for the Park Service to advertise. The Centennial is a huge marketing opportunity, but getting the ball rolling in time to take advantage of that, this may not be able to happen, period, and it may not be able to happen in time to take advantage of Centennial.

Mr. Crandall stated that the Concession Commission is represented on an Advisory Committee established by the Director of the Park Service and it works with the National Park Foundation and with Grey Advertising, which has been contracted by the National Park Foundation to prepare an overall campaign for the Centennial. There has been about a year and a half worth of effort, there is a theme, "Find Your Park," there are many elements that are already in development, and the Concessions community is actively engaged in looking at how they are a key part of implementing that. There will be a major campaign and the concessioners have the potential to try to reach out to new visitors, as well as reinforce the people who come to parks. There are also many other

parallel efforts underway that the Concessions community is actively engaged with, National Geographic, for example, will be making a big deal about the Centennial, and National Geographic Society believes that it was the catalyst for the creation of the National Park Service back in 1916. Beginning in 2015, and continuing all through 2016, they will be focusing on the National Parks. The Brand USA organization created by Congress to promote inbound tourism to this country, to move the level of international visitors from roughly 60 million a year ago up to over 100 million by 2021, is actively engaged. In fact it will be spending \$12 million to create a new IMAX film focusing on the centennial of the National Parks, something that will be shown in 1,100 screens around the world, and the Concessions community will be actively engaged both domestically and internationally in a variety of efforts to try and capitalize on that. There is a chance now, particularly because of the Centennial, to create and sustain the kind of special relationship between the national parks and the American public.

Dan Jenson stated that the perspective is interesting to walk through the kinds of opportunities that exist in parks, and parks are very different to another. Just in speaking to the recent planning for Yosemite as an example, it is in litigation, and the public meetings wind up being probably disproportionately people with a given perspective. He said that when you look at the plans themselves, they give a lot of preference to self-reliant visitors. And when you start with that as a preference, the term "quality visitor experience" generally is a code word for no cash registers.

The most recent Tuolumne River Plan that just came out stated that the Mountaineering Shop was determined to be an unnecessary facility that could be removed to enhance opportunities for outdoor recreation in a setting that had fewer commercial services. It seems odd that in improving the opportunity for recreation you should take away that shop that sells climbing gears and climbing supplies in an area that is noted for climbing. He thought the public would perceive that they would be better served with the ability to participate in recreation.

Chairman Eyster agreed there are a lot of competing interests out there and ideas about what the park should be and what they should be doing. One of the things that surprised the Board over the time period it has in existence is that the traditional culture within the Park Service is probably more preservation as opposed to use, and that's a general statement. The Board has observed that the traditional mentality of the Park Service leadership has been not willing to looking at the Park Service as an enterprise. And we need to be able to market that enterprise because we want the patronage of enough citizens in this country to make sure that the parks are sustainable and that the funding is there, and it surprising that not more of our elected representatives go to bat for the Park Service. They were to some degree surprised when there was such an outcry once the Government shut down that the parks and maybe that's a wake-up call. The Advisory Board would like to see a concession management program with an enterprise orientation. The friction point of all of this occurs within the Concession Management Program because the Concessioners understand the business

enterprise and that that's what makes things happen. There are some constraints on that, obviously, but there needs to be an opinion of the Board, more of an enterprise mentality up above the Concession Management Program within the Park Service. That is something the Board will consider and push.

Board Member Linford made the argument that the Park Service needs to make these changes in order to remain relevant. The parks aren't going to disappear, but the trend is they are going to become quaint little backwaters where cranks go for their vacations, and the other people are taking cruises and staying home on their computers and things like that. He suspected that there are people in the Park Service who wouldn't mind at all if they become quaint little backwaters. It is the push/pull between relevancy and a dynamic economy versus really preservation. There is a certain juxtaposition between the two, but the Park Service has to remain relevant.

Derrick Crandall noted that if you look at some of the critical documents that are helping to guide the Park Service enter its

second century, like the Second Century Commission Report, which Jon Jarvis was actively involved in as the Park Service liaison, and is the source of eight of the 12 members of the National Park System Advisory Board, the word "concession" does not appear even once in a 100-page document. The word "outfitter" does not appear even once in that 100-page document that talks about the future of the National Parks. And then as you look at even a Park Service document, "A Call to Action," if you search there, you'll find the word "Concessioner" twice, and both times it refers to requiring the Concessioners to serve healthy food. There's nothing about Concessioners in education, interpretation, hospitality, visitor services, that's absent. And it's just something that needs to be recognized.

He stated that until you accept the fact that Concessioners, outfitters, gateway communities, are critical to a quality experience in National Parks, concessioners are going to be left out of the discussions that are being made in this building and that's not good for the American public and the relevance that Dick

Linford is talking about.

REGIONAL CONTRACTING UPDATES AND UPCOMING
PROSPECTUS RELEASES

Debra Hecox provided highlights and handouts of region by region updates of what was accomplished since the last meeting in the area of prospectus development.

She recited staff shortages which is a critical issue in the program, specifically how it affects the ability to turn the contracts around in a timely manner.

The backlog in 1965 Act contracts is below 20. The remaining 18 contracts feature some of the most challenging contracts, i.e. contracts at Lake Mead and Angolan Canyon where we have tricky water levels and aging marine operations, and there are just some real challenges with figuring out viable future opportunities. The backlog of 1998 Act contracts just shot up and over 100 1998 Act contracts were extended. Most of these are small. Intermountain Region, through the release of one prospectus, will take care of 46 of those, and those are the back country sock outfitters in Yellowstone. This workload is high, and resources are lower than

they have been over the past few years, resulting in a fairly critical heavy workload with the prospectus at the moment.

A discussion on filling the vacancies followed. Ms. McDowall explained the budget was related to sequestration, and even with the relief in sequestration for this fiscal year, the higher caps remained.

Replying to a question regarding outsourcing the Arlington Cemetery Tours to the U.S. Army Steve Lebel, the Regional Program Manager for the National Capitol Region explained the Army recently received their own legislation for transportation services within the Cemetery. Within the last couple weeks, they reached out to NPS to ask for support; they realized they lacked the experience that the Park Service has, and NPS is waiting for direction from the Cemetery.

Ms. Hecox added they wanted to do this and they sought specific legislation to give them the authority to do the Arlington Cemetery tours as a concession contract.

STANDARDS, EVALUATIONS AND RATE APPROVAL (SERA) -
PROGRESS REPORT

Kurt Rausch, Commercial Services made the following statement:

We are essentially in the final phases of SERA. The SERA process stands for Standards Evaluation and Rate Administration. We have a process in place where we evaluate the performance of Concessioners based on a series of standards. Heretofore, we had not classified properties, for example, lodging properties were just generally lumped. And then we have a Rate Administration process where, by law it is required to approve rates of Concessioners. The interests were to streamline that process and update that process to meet a more professional and industry-like practice.

We engaged CHM Consulting, and we are at a point now where we have essentially completed a large portion of the major services. Since the last Board meeting, we were able to finalize the Standards for Lodging, Food and Beverage in retail which are our primary services, and also moved forward, within the next month or two, finishing off the marina water-based services and

others.

We were also able to prepare the evaluation process and it was a rigorous process to take the new and expanded Standards and work through a rating process that would be equivalent to the current process that we have, and we worked through that with lodging and food and beverage, and now have a matrix for which to move that out. We are actually in a position now where we can actually start doing evaluations probably this coming summer using that new standards approach.

The mop-up operations for marinas and water-based services should be done by this summer, and then we have a few miscellaneous ones like dog kennels, bath houses, and others which we need to just close out by the end of the year.

The classification process has moved forward. We have actually classified from the Park Service's perspective all of the properties for lodging and food and beverage, we put together a classification survey that went out to all parks, and they did an analysis and we analyzed that. We can now classify properties from rustic lodging to basic midscale and upscale

lodging. We can classify food and beverage operations from fine dining down to cafeterias and quick serve facilities.

All that information is tied to a new set of Standards which were developed by using a set of industry guidelines. CHM went out and did an analysis of what the industry was doing, we took that information, compared those to the Park Service's, developed a new set of Standards, piloted those out in the field, at least several locations, and most of the Concessioners, or at least a large portion, have been a part of those piloting exercises, and refined the Standards to make sure that they made sense for the locations, and then came back and most recently we did an evaluation using those new Standards and the rating methods to make sure that the rating method was working out in terms of a comparison to the previous processes. So all of that has occurred and we are now in the process of being interested in launching that whole process this coming summer.

We do recognize that for Standards and Classifications in some cases we may be asking for more definitive information than

historically. We have integrated these as placeholders in all new contracts over probably the last couple years, so places like Grand Canyon, Glacier, Acadia, Yellowstone, Yosemite, when that comes out, all have a position in them so we can implement those Standards directly as part of a new contract.

For existing contracts, and there are quite a few of them that are out there, but we recognize we probably can not institute these standards automatically because there are some things that clarify what our expectations are that may be different than what the expectations were when the contract was first let. We would like to enter into those in kind of an agreement basis if the Concessioners are voluntarily interested in moving forward with those, we'd like to do those. We have a process moving forward; for those that are existing contracts, we're interested in presenting that information to the Concessioner and asking them to voluntarily adopt them.

In principle, most of the Standards are essentially what a lot of the Concessioners already recognize as current practice. However,

in some parks there are decisions that are made based on the perspective of the park, or the availability of infrastructure to support those, and that the Standards are designed so that, when they are introduced in a new contract, a specific decision could be made during that contracting process as to whether it is a viable option or not and they need to be addressed as part of that prospectus development process. But they are all integrated into the Standards as a starting point.

He hoped that by the end of 2015, all of this will be in place and we will be moving forward and the Concessioners will be using these standards as an evaluation tool in new contracts and, then, for existing contracts based on a decision between the park and the Concessioners to move forward on it.

The Evaluation process is the second part of the Standards and Classification process. There was some interest in moving beyond the concept of a simple "Unsatisfactory" marginal and "Satisfactory" process, and also making sure that we integrated some components which were standard in the industry in terms of a review

process. What we have done is create a rating process that allows us to go from "Unsatisfactory" up into "Excellent" as an evaluation tool by the park. And so rather than just having it three categories, we now have a five category system.

We are also looking at taking that information and integrating some new components to the review. Heretofore, asset management has been evaluated as a checkmark on a compliance form without any robustness in terms of what that compliance means. Based on an understanding of making sure that we are maintaining and improving our infrastructure, we developed an asset management form that went out to about three or four parks, and was vetted by the park staff, and that will be integrated into the evaluation process as a new piece to the evaluation process. So those Concessioners that are doing a great job in asset management will now have the opportunity to be recognized for that, rather than it being just a simple checkmark.

As to adequately addressing visitor satisfaction, that process is now integrated into the annual overall report as kind of a narrative

statement, but will be identified as a line item in the annual overall report so that visitor satisfaction can be a component that is recognized kind of on the bottom line of the AOR as a recognized process, good or bad.

We are also integrating an environmental form. Back in the 2000 range when the new contracting process came out, there was a strong emphasis on environmental performance and the need to develop environmental management programs; it is recognized that, historically that was integrated into the narrative portion, and we have developed and piloted over the last couple years an actual form that would evaluate what does the environmental management form look like, how are they doing, how are they doing on environmental audits, so that that information can also flow down to the operational performance bottom line so that there is a better understanding and better credit to the Concessioner for that level of performance.

That evaluation process expanded the rating scheme, and then added components which are recognized performance elements by the Concessioner that are going to give folks credit

and a better understanding of where the true performance is. This results in operational performance and will have contract compliance. In operational performance we will have performance against the new Standards, performance for environmental, performance for risk management, performance for public health, with environmental being the new piece. There will be a new criteria that will be asset management; general contract compliance, submitting insurance, etc. In addition there will be a visitor satisfaction piece. And those will all create a rating score which will then be blown out into "Unsatisfactory", marginal, "Satisfactory", "Good", and "Excellent". With "Excellent", if you were to look at it with a concept of an academic scale, "Unsatisfactory" would be your "F" and then the "Excellent" would be kind of the "A" essentially meeting all metrics in terms of performance level.

The "A" recognizes that for large Concessioners, things don't always go 100 percent right, but the process is designed so that the scoring allows for minor noncompliance and really addresses the fundamental things that are

significant over time, with some added emphasis on things that are risk management and public health-related where a smaller number of noncompliance can represent a really significant piece.

Mr. Rausch stated he was hoping to get that out in the field this summer and to that end, was interested in hosting a webinar presenting this information later in the spring to the Concessioner community. Implementing any new system will likely have some bugs that are going to need to be worked out. Some minor refinements to the scoring system may be needed to make sure they are adequately assessing performance and that they make sense.

The second piece of the program is Rate Administration. As mentioned before, we have an obligation to approve rates and the law is very clear that we use a process that addresses a comparability program that we go out and look into the industry of what comparable properties are in consideration of other factors such as seasonality and other things. Similar to the Standards and Evaluation process, our interests were in developing a program that was more

effective, more current to industry, and provided some ease in operation both for our concessioners, as well as our Concessions Specialists. The program we currently have is a program in which we do predominantly comparability analysis, this is where we visit properties once every three to five years, we spend road trips with Concessioners becoming very friendly and then try to negotiate on what the comparables look like, and then use those comparable rates. We felt that there were ways to streamline that process and institutionalize something that would be a little more consistent across the Service.

We used a second consultant in this particular case, PKF, who many of our Concessioners are probably familiar with as another hospitality consulting and data management company, to help us develop a tool that we could use to do comparability which would take the current paper process and convert it into an electronic one. So we created a tool that we could start to roll out that actually uses a similar process where properties are identified. There is the ability to feed

information from Smith Travel Research if data is available to identify comparables, or to use the traditional approach of identifying comparable properties based on phone calls and Internet information and others. That information, then, can draw data in from TravelClick if TravelClick information is available on the property, or through a phone calling process in the same way that we do now to identify what the comparable prices are. There is a tool that allows us to do an analysis of comparability, similar to analysis that we currently do kind of on paper. It allows us to address where the properties fall in terms of relative comparability, to create a tool that's essentially an electronic method of what we are currently doing.

We have found in doing that that there have been some challenges; things like Smith's Travel Research and TravelClick are great for mainstream lodging facilities, but when we go out in the parks, we find that many park Concessioners aren't reporting the TravelClick, or not reporting the Smith's Travel, or may not be on a global distribution system and we can't pull TravelClick information in. And so we

recognize that predominantly, for most of the lodging facilities, we're probably still going to be looking at a lot of phone calling and traditional finding of information on comparables, it is just the nature of the properties that we have.

That is our fundamental comparability process, but we also wanted to look at other alternative approaches to streamline. The traditional approach is finding five, seven or eight, and sometimes 10 different properties to match up to individual rooms. And looking at a process to deal with that, we identified that we should be able to use an indexing process, a process by which we identify the core fundamental room type, and then identify what amenities may be offered in terms of the room size, or view, or other things that we could index off that core room, thus eliminating the need to find 20 comparables, and perhaps only a couple dealing with maybe the suite rooms and single rooms, or if it is a different type of property, maybe it is individual cabins versus the motel units. So we've embarked on doing that, as well. But there are challenges with that. Challenges include

what are the indexes that we should use. So in a property like the Olympic property, which has a history of performance in terms of what the rate differences were from the rooms, one suggestion is to use the historical data and the differential between what would be the core room and the historicals. And that makes a lot of sense. It, however, has the potential to perpetuate potential rate differences that are inappropriate, and so we're interested in making sure that, when we go into this process, we look at other properties and try to understand what the rate differentials should be so that we're not making a decision based on historicals that may not be appropriate.

The other challenge we had is when there is a turnover of Concessioner and we don't have the historical information to really define rate differences, or there's been a repositioning of how rooms would be classified, perhaps, you know, there were 20 room types and now they've gone down to three room types based on an indexing model, and yet they didn't have rate differences, they didn't have the rate differences based on that. And in those cases, we're looking at

trying to find other means to identify industry information that would allow us to make those differences, and probably ultimately enter into a negotiation with the Concessioner to understand their position on what those differences should be, and then kind of coming to a conclusion.

Mr. Rausch pointed out that this particular process, the indexing process, unlike probably the comparability tool, applies to a broad sweep of service types. He said they also looked at even more progressive options. They looked at the option of identifying a core property type, and then allowing the other properties within the suite of properties to base themselves on market pricing. He admitted that there's an increased risk for the Park Service and therefore in many parks an aversion to that kind of risk because, once we put those properties on a market pricing model, the Park Service has less control and is concerned about the escalation of rates based on the ability for a Concessioner to price those because they have a relative monopoly in the market. As we move forward on the new contracts, we might be able to identify using a consultant, whether we think

that those are options, or, in the term of an existing contract, some progressive parks looking at the option and giving it a try.

Mr. Rausch provided several examples of this model and said he was asking concessioners to come forward and provide proposals that would give the Park a clear understanding on how rate would be controlled and where they think it would go, and why it would work.

The last piece, kind of moving in a compendium from normal comparability to kind of full market pricing, is the idea of using competitive market declaration in a more robust manner. There is one lodging property that we know of that does competitive market declaration, but there may be other opportunities, like gateway communities collapsed in closer to parks where there may be more direct competition between a gateway community. And recognizing that and being more open to it, particularly during prospectus development where our consultant can provide us additional information as to whether they think it will work or not is part of the process that we'd like to institute.

We are again somewhat risk averse in

those situations, we have some examples of competitive market pricing where the business model of the Concessioner is hard to understand, where they've got a competitive market declaration, their prices are higher, they have less amenities, and they have less occupancy than the gateway community. So the question is, how does competitive market pricing work in those models. A lot of data to support that process is needed as we move forward. So it starts with an idea of an enhanced traditional comparability process using new tools, TravelClick where it exists, STR where it exists, and then the traditional modeling, but using an electronic means to do that.

Moving to the Indexing process, which we think is a really viable way to quickly reduce the level of effort, market pricing as through a core process and ultimately to competitive market declaration. We're in the process of integrating all of those into our Rate Administration Program document, which we will then put up and probably get some commentary on.

In the meantime, we're moving forward where we see those opportunities, so we have at

least two opportunities we are currently looking at doing indexing. There are four pilots that used this new tool, the electronic tool to see how it compares, and to see how it ultimately flows in terms of the existing Concessioners' comparability process.

Mr. Rausch further stated that his group was also considering in very specific circumstances the recognition that comparability can be very difficult in some very unique properties, or very unique services. And so working with our finance team, we are looking at enhancing the use of a financial analysis method where it makes sense, and that is a position where there really is no other comparable process that might work, so it may be a very unique property that there is actually no comparable for, or a service where any relation to the outside is just completely not feasible, in which case we would do a financial build-up and look at what a reasonable return would be for the Concessioner, and then build based on that.

There might be an opportunity of integrating in the prospectus development process both the Standards, as well as the Rate

Administration process. As part of the IDIQ contracting process we built in the ability to access the IDIQ contractors to help with comparability studies at the start of the contract to make sure that we have that third party objective analysis of what comparables look like and what rates might be and the use of these tools in order for us to bring that information to the table in the most professional way possible.

Those are the two primary pieces to the SERA process. These tools in place now, and we are just in the process of doing final vetting and getting them out so the concessioners can see them, and then putting in place in new contracts. We can actually putting those in place as early as this summer. By the end of the year all the services are done, all the rating processes are done, and then it will be easy to roll that out. For those in this year, we're working on the ability to integrate our existing process and our new processes so that the scoring system makes sense and we can actually do an evaluation. For existing contracts, we would enter into this kind of on a voluntary basis, and integrate it

into the contract; for new contracts, we're going to institute it as soon as the contract is let, or in the case of places like Yellowstone where we had a placeholder, as soon as that's ready to go we can institute that with the Park.

There is going to be a series of webinars for the Concessions Specialists because they need to be trained on the differences in the new system, so over the springtime and summer we have a chat program where we can access all of our Concessions Specialists service wide, and we'll have some expanded chats to instruct them on the new standards and processes.

Dan Jensen responded to Mr. Rausch's presentation and stated he found the results really were pretty good. Using SERA as an example, it may be that certain room classifications change and the comparables would change. So in using the Awahnee, the classification today might be different under SERA. He went on to explain the process as it relates to the Yosemite contract, contrasting the Motor Lodge with the historic Awahnee facilities. Neing able to understand the cause and effect, or the unintended consequences of some of this is

really important, and it's easy to say and very hard to do.

A discussion on this subject followed and on the subject of guest satisfaction. Mr. Rausch provided detailed information on the operating plan statistics as it relates to visitor satisfaction reports as a function of the operation.

Board Member Linford, referring to the rating concept of "Excellent," said he was hoping that people would be given some points in the next contract. Comparing the grading to a curve rating in class, he worried about inflation here. He felt the Park Service has a tendency to give away so many "Excellent" ratings that it becomes devalued. He would have rather kept the word "exceptional" than "Excellent" because all Concessioners are "Excellent".

Kurt Rausch responded by reiterating that there is a set of criteria that end in "Excellent" based on the Park rating, and then move into what is called an "Outstanding" category. The "Excellent" rating represents a compliance and full performance level for the Concessioner at a very high level. The Park

Service would be averse to putting that on a curve because ultimately the concessioners are meeting all their obligations in an "Excellent" way, so if you go to a lodging facility it means that there is a set of standards that they were asked to comply with. A "good" would be they're doing most everything that was expected, and maybe they're missing on a few things, and "Unsatisfactory" is they are adequate, and then so on and so forth. So from an "Excellent" perspective, we really wouldn't want to create on a scale because we'd be creating a false expectation in terms of what performance level is, that only to people that are hitting all the marks are getting "Excellent", but everybody else is somewhere below that. And we think that Concessioners already do a really great job and we want to be able to give them credit for the fact when they're meeting all their standard requirements.

The step beyond that is what we classified as an "Outstanding", that is an expectation that the Concessioner is going beyond the contract requirement.

At the Park level, they are taking an

existing system that goes from
"Unsatisfactory" to "Satisfactory" and we're
creating a couple of higher levels. We're taking
"Satisfactory" and we're saying, well, within
that there is "Satisfactory," "good," and
"Excellent". "Excellent" is you're doing a great
job, you're hitting all marks on all the
standards with minor inconsistencies that are
going to happen in an operation; "Good" is you're
getting most of the stuff done, but maybe you
fell down on a few things. Once you get beyond
that, and we can talk a little bit more about the
moving from the "Excellent" rating which is a
very definitive set of requirements, to other
things that may be value added for the visitor,
value added for the Park, value added for the
Service, and that would be getting an
"Outstanding" rating

Brad Hill urged that extensive training
be done in this area of evaluations. Quite often
extraordinary items are offered to be in the
prospectuses and that are incorporated in the
Operating Plans, and it's been a little
contentious viewpoint that if this offer is met,
we're only average.

Mr. Rausch thought this was an interesting perspective, and in terms of an "Excellent" rating, the expectation would be that, if you offered something as part of your prospectus and it's incorporated into the contract, it becomes a contractual obligation. And so if you weren't meeting that requirement, we would expect you not to get an "Excellent", you might get a "Good". And there are many instances where these sorts of things are happening where there were things offered that were not achievable, and as a result, in a strict contract compliance perspective, not all the conditions of the contract are being met. But that's the "Excellent" process. In looking at the "Outstanding" process, while we have a proposal and process to do that, one of the key pieces that is still necessary is defining what the "Outstanding" criteria need to be, and asking a question about how we want to handle elements of a better offer is an important one.

It is important to recognize that Offerors are being awarded contracts based on the quality of the offer that they present; if they did not offer extraordinary things, they might

not have been the awardee of the contract. And so it is an interesting perspective to say, "We offered something, it was incorporated in the contract, now we would like you to give us additional credit," because you've already won the contract, right? And others would not have won that contract if they hadn't offered it. So we're also struggling with how to deal with contract compliance when we have elements of a better offer that aren't being addressed. And it's coming up more and more frequently because folks are really reaching to provide a better offer, and in some cases those elements of a better offer are actually too far reaching, and that the offer over-steps what they really could provide. The intent is that if you offer it in a contract, the expectation is you're going to be able to deliver on it.

A further discussion followed on this subject.

Terry MacCrae referred to a discussion about the Park Service's frustration of being decentralized to a certain extent and asked if it was Mr. Rausch's intent, with respect to the implementation of the rate programs, that this

allows a more centralized administration of the rates and the rate systems.

Mr. Rausch explained that the intention was to use a system that is consistent with what they currently do. NPS is a decentralized organization, and there are benefits and there are challenges with that. By being decentralized, an understanding about what the issues are at a particular park is much better understood, the issues associated with visitation and other things are much better understood. It is not the intent to take the authority and the decision making process away from the Park, and the Superintendent who is ultimately the decider in terms of specific rate methods that would be used.

Financial analysis currently has a requirement that approval comes from the Washington Office to make sure that when we enter into that process, several things happen, one is that there's a sound basis for doing the analysis itself, and at the Park and sometimes at the Regional level, we want to be able to provide additional support and that expertise.

He went on to explain the various

comparable methods vis-a-vis a financial analysis.

Terry MacRae stated that when you have a decentralized program and want to have some consistency, you need some type of an appeal process typically. He inquired if any type of, formal appeal process will be built into that.

Mr. Rausch replied that there is an appeal process currently in our policy which we would continue to foster, which is that the next set of appeals is to the Region. The Region provides adequate understanding and sophistication in terms of understanding the process, and understanding the consistency across the suite of properties that they are responsible for managing, and the suite of parks that they are responsible for managing.

Mr. MacRea inquired into the possibility of allowing concessioners to do some their own training and not be wholly dependent upon whether they can fit into one of NPS's training sessions. The NPS system has massive amounts of information on this effort over an extended period of time and if concessioners would be able to garner some of that information they could do a pretty good

job of self-help internally for their own companies and associations in this area.

Mr. Rausch thought this would be possible in that the Park Services recognizes that training is really important. He went on to explain what is currently available in training efforts.

Derrick Crandall added that on behalf of the NPHA, that organization is looking forward to working cooperatively on training. He explained the different offered avenues available in this regard. He further touched on the Appeals process and said that currently it's very difficult for a Concessioner to appeal without ending up in an adversarial position with the Concessions Management Specialist and the Superintendent. It would be very useful to discuss how to have a neutral party review some of these decisions and especially some of the assertions in terms of what products are covered under, what kinds of agreements.

Kurt Rausch stated it was important to make sure that we're fully educating the Concessions Specialist and to understand what the issue is, and provide a venue to make sure

that they're checking in with the Region so that the Region can weigh-in on that and that the decision making process is correct to start with. He provided some further insights into this process.

Sandy Poole, Midwest Region, National Park Service provided further information on what is being done in training in her region.

Kurt Rausch emphasized the training does not end at the Concessions Specialist level either. About five years they instituted a Superintendent's training where we bring a Superintendent and a Concessions Specialist in, they both come to the training, and participate. He explained the extent of this particular training.

Responding to Board Member Michalewicz Mr. Rausch explained the rate request approval procedures.

An extensive discussion developed on this subject.

Another discussion ensued regarding capital improvements.

Following Chairman Eyster's request for input on what innovative ways concessioners find

helpful in building their market share during the shoulder seasons, several concessioners offered their strategies and procedues.

INNOVATIVE VISITOR SERVICES - IDENTIFYING NEW VISITOR EXPERIENCES

Debra Hecox presented an overview of "New and Innovative Commercial Visitor Services for National Parks." Interviews were held of Park Service people, a few Concessioners, holders of CUAs, and industry folks. Two Draft Reports focused on long term solutions such as marketing and branding, similar to what Grey Advertising is advising through the National Park Foundation. The April report will have more examples of actual activities and services that can be implemented in the short term, hopefully before the Centennial, or coincidental with the Centennial. This report will be shared with the Concessioner Working Group who will then provide feedback. There was a reach out to a couple of other Park Service programs who are undertaking similar initiatives.

Derrick Crandall updated the Board with a list of additional activities that was offered up by Gerry Gabrys, at hearings held by Center of

Energy and Natural Resources Committee back last July. He suggested to include that in all future prospectuses, and in communications with the Superintendent. He explained his group will be going out with the Park Service to a number of military bases, where the active duty military are already entitled to a free annual America the Beautiful pass, to explain to them that they now will be able to go to a National Park and stay very reasonably in a tent with various camping equipment already provided for them. He further discussed other aspects of this endeavor. His recommendation to the Park Service was that in all future prospectuses there be a list of additional services that a Concessioner could elect to bring to the Superintendents for approval as a pilot operation covered under the existing franchise provisions, and tested out to see whether it becomes viable, and see whether that would be something that should be included in future prospectuses.

A general discussion followed on the subject of Rent-My-Tent.

Ms. Hecox, referring to the list of services, pointed out that many of these services

are provided in Parks already by Commercial Use Authorizations. She was questioning if Park Management will want to have Concessioners compete with the other CUAs. These kinds of dynamics are what we will have to work with in meeting the demands of a changing society, and those are the kinds of things that we're looking at in the report.

Derrick Crandall referred to what information in this regard is available on the National Park Unit website. There is nothing on the Park Service website that clues visitors in to any of the activities that might be offered by Concessioners, or CUAs, or anybody else.

A discussion followed on evaluation of special services or new and innovative services offered by a concessioner.

Geoff Baekey stated that the evolution of packaged itineraries is increasing in popularity, and is a way to address some of the demographic and ethnic segments that are absent from our parks. He thought the solution may lie in taking a look at how we package an itinerary that might include CUAs, Gateway communities, and other regional attractions that are mutually

beneficial for the local economy. That may be a way to address a market need, the Concessioner's benefit, the CUA's benefit, the Gateway community's benefit, and the Park attracts a completely different segment of traveler.

A discussion followed on packaged attractions and ways to attract visitors.

PROGRESS REPORT SIMPLIFYING THE PROPOSAL PROCESS
FOR SMALL CONCESSIONERS - PROGRESS UPDATE

Debra Hecox reminded the Board that in the 1998 Concessions Act, the National Park Service was directed to have simplified competition procedures for small Concessioners. In her last report she spoke to small Concession contracts as one that generated \$100,000 or less, but that it was determined that at the Regional Director's discretion they could apply the same simplified procedures, at least for competition purposes up to contracts generating \$500,000 and less. She had developed a survey that would go out to all of the Concessioners who had a small contract under \$500,000. The survey had a 27 percent response rate, which is pretty good for an online survey, it was only about 70 responses

and the Project Managers were somewhat disappointed with that, but there were some interesting results from the survey. Most of those who responded are Outfitter and Guides and most of them had contracts of over \$100,000. Almost half of them found that the process of applying for a contract was easy to follow, which was good to hear, but 75 percent said that it would be convenient to have a handbook or a video with more instructions about applying for and completing the prospectus; 70 percent found that the process of submitting annual financial reports was fairly easy, and the financial reports for operators of this size are a simplified form. Eighty-five percent said that they would like to have templates for the reports that they submit as Concessioners on an annual basis. And nearly 90 percent reported satisfaction in their relationship with the Park level and PS staff. Answers to survey questions were diverted to work groups to explore solutions. Ms. Hecox went over some of the comments received.

Ms. Hecox next talked about the Park Service Working Group. They consist of

Washington Regional and some Park level people who have been working on this process for over a year, they helped design the survey, and they're taking the results of the survey and trying to implement it. She went into great detail on the development of a new form for financial information (Principle Selection 4) that is more similar to an application for consumer credit. In the form it is made clear to applicants for small contracts that there are consequences to fill this out correctly. It is a credit report that you can get for free off the Internet, it's completing essentially a consumer credit application, and it is sending in a bank statement, it is not a high burden

The Concessioner Work Group has not been very successful in fielding telephone calls. Participation is going down. There was not much participation. The deadline for this group is next month for templates and ideas so that the group can provide some feedback. She asked for participation in conference calls scheduled over the next couple months.

INCENTIVE PROGRAMS FOR CONCESSIONERS - PROGRESS
REPORT

Kurt Rausch gave a background overview on the process for rating Concessioners in a "Satisfactory" capacity, recognizing that level of performance, and then perhaps identifying some incentives or "rewards" for providing that level of service. This included work by a group chair by Dr. Eyster consisting of four meetings to describe and identify what that process might look like. At this point in time we have a good strong concept/proposal for the process to move forward. Outcomes were several-fold. First was that there was a general understanding that Concessioners expected to perform within the context of their contract, they should be rewarded for doing that, and "Satisfactory" was not adequate. As described this morning we are moving from a "Satisfactory" as the endpoint to "Good" and "Excellent". That process is integrated into the SERA process so that, at the Park level, they will do an evaluation similarly to what they do now to make sure that the contract requirements are being met, and be able to reward them so that they can understand why they're only "Satisfactory" or they're actually hitting all the marks.

The incentives associated with that ultimately, could evolve into things like reduced reporting requirements and the potential to use a more liberal understanding of rate administration, recognizing that the performance is really good, that there's an emphasis on visitor satisfaction, and therefore the Park Service could step back a little bit from the oversight function, and recognizing that as an incentive.

Then the discussion evolved around the idea of an "Outstanding" Concessioner who would be implementing programs and procedures that would be above the contract requirement. They might include implementing things that are program goals of the Park Service that are not currently -- that may be a call to action, or Healthy People incentives such as providing healthy food, or implementing programs to support visitors in healthy activities. Many of the call to action pieces which are the Park Service's kind of Centennial planning package get to that kind of thing.

Other thoughts were implementing programs progressively as part of an existing contract

that wouldn't normally be required until a new contract such as implementing the expanded Standards and Evaluation Program, which we feel is probably not appropriate for us to institute directly during the term of a contract.

There also was a discussion about the potential to explore whether it would be appropriate to add in things like the services that were offered as part of a better offer, and whether implementing those would be appropriate, as well as the other things like Rent-My-Tent and other programs that might be volunteered that are consistent with the Park Service's mission and intent to drive visitor satisfaction. And they would all be evaluated as factors associated with "Outstanding". It was recommended by the group that that at minimum be at a Regional level where a nomination package would be prepared by the Concessioner, or the Concessioner/Park, and that that nomination package would then be brought up to a Regional Evaluation Team and that team would evaluate whether that package met the criteria to identify them as "Outstanding."

Criteria for "Outstanding" would include not only meeting these set of things yet to be

clearly defined, but also making sure that they had an "Excellent" rating for a consistent period of time, probably two years, because we wouldn't want to be out recognizing folks as "Outstanding" if they were not complying with the terms of their contract consistently.

The Concessioner Team also suggested that that evaluation process include a third-party consultant, a hospitality consultant so that there would be an increased objectivity to that process and the ability to institute some industry consistency in terms of what would be expected.

Another outcome was the follow-on to that, which is what would we do in terms of a reward or incentive. And there was ultimately a consensus by the group that the incentive process is a little bit more complicated than the identification of an "Outstanding." There were opportunities that were discussed, including extra years to the terms of the contract, franchise fee reductions, extra points to a contract. And after refining those, the primary one that was identified that would be the easiest to implement would be to add an extra year onto

the contract for a period of four "Outstanding" performance over the several years of the contract. However, there was some issue brought up, particularly by the Guide and Outfitter community that indicated that they did not want to get into a situation where their contract would be let out of cycle of a bundled set of Guide and Outfitter contracts. Many of these smaller contracts are issued, such as the Over-snow Vehicles, as a group and they're bundled. And the thought was that, by separating them from that timeframe, they become a bigger target for new people to come in and try to bid against them, and so they were somewhat discouraging us from that exercise.

There were other discussions in terms of the complexity of trying to identify what would be the best incentive, and the general consensus was that we really want to make sure that we're not holding up the ability to identify "Outstanding" and to recognize that, and so we would bifurcate those two exercises, recognizing we need to still move and have a conversation about incentives, but we wanted to make sure that the recognition process was not held up by that.

And so we're taking that on.

Currently there a fairly clear understanding about the process, about a regional or some sort of review that would be outside the Park, that would include a consultant, and that it would review "Excellent" Concessioners based on the Park review, against a series of "Outstanding" criteria.

Another piece of the conversation was what would those "Outstanding" criteria look like, and we had a very broad set of Concessioners in the discussion, and there was a recognition that those criteria vary based on the type of Concession activity that's occurring, so if you're a Guide and Outfitter providing, or a Hunting Guide providing service in Alaska, what you do and how you do it, and what goals you're providing to support the Park Service mission is drastically different than what might be happening in the Yosemite Valley or other foreign country operations, and that the Guide and Outfitter community or Back Country Operators didn't want to be evaluated on the same terms because they don't have the resources in some cases.

Mr. Jensen made several comments about the great things that they're able to do in Yosemite because they're able to leverage a huge -- it's our largest single revenue contract, so they can provide outreach to the local community centers and things of that nature, where a Hunting Guide in Alaska doesn't have those kinds of resources, or it really wouldn't be appropriate for them to do that.

The consensus of the group was that there should be a series of subgroup meetings put together to explore what the types of criteria would be for the various types of operations, so we would look at some front country group and it would probably be somewhat service specific, so we might look at lodging, or land-based activities, perhaps some water-based activities, because there may be differences between, say, a ferry and a lodging operation, as well as a couple of groups that would address the types of activities that would occur in the Back Country, whether it be a Hunting Guide or a Mountaineering Guide, and define the types of criteria we would be looking at. Some of them may be consistent, so we may be looking at addressing healthy foods,

and that may be something that occurs in both the Front Country, or Back Country; it may be adopting some of the new Standards and, again, the Mountaineering Guide could do that as well as the Front Country Lodging Operator. But others could be quite different. In one case, it might be a very unique resource-based initiative that's Park-based by a Hunting Guide, and in another case it may be something that's quite different for Front Country operation. So we would lay those sorts of things out and they would be used as guidelines by the evaluation teams so that they had some criteria from which to evaluate, otherwise they would be kind of working off of a blank slate and it would be very difficult to do the evaluation. So we finished off those conversations shortly before Christmas, so we are now working on the proposal to implement that.

The next step that we did was to start, after having listened to the Concessioner community, is to start to ask questions of our Park Service community as to what that would look like and how they thought that would operate. It included conversations at a Regional Chiefs meeting, for example, where we asked the question

of how would this look for you guys in terms of the ability to implement it? And that was an interesting conversation. Many have heard that we're not particularly highly staffed in Regional Offices, and the conversation then evolved into, well, if we 200 contracts that are submitted that are "Excellent" and they are eligible for a reward, what does that look like for a workload for our Regional Offices? And the general consensus is that that's a pretty big workload, we're already just trying to get contracts out, and so it may be that ultimately our proposal involves bringing this into the Washington Office as opposed to putting that burden on the Regions.

The other piece to it that we started to consider was what does this look like from a financial standpoint, so asking a consultant, and we have the capacity and the various contracting vehicles that we have to have access to hospitality consultants, what does that look like in terms of the cost basis for doing this? So a quick math quickly gets us to the \$50,000 to \$100,000 a year in terms of reviews if you plan two hours for hospitality consultant per contract, 200 contracts, add \$200.00 an hour, the

numbers add up pretty quickly. So we are looking at that and trying to make sure we understand the commitment that would have to be made to institute this in terms of using a hospitality consultant and also using the resources. That doesn't dismiss the fact that we're interested in moving that process forward, we're just looking at the logistical considerations, and they are significant for us. I don't think it will dissuade us from moving the process forward, just we may have to make sure we do that in a judicious manner.

So at this point in time, we'll have a proposal with all of that information in the next few weeks, just kind of laid out for the subgroup, and we'd like to have another subgroup meeting to present that to the Concessioner community, as well as the Park Service community, so they understand that, and then institute the smaller group conversations. We've already started to have conversations with individual Concessions Specialists in the Park Service as to what they would anticipate as outstanding criteria, and we want to bring that to these smaller subgroups to flush out what the criteria

would be. Ultimately the intent is to, by fall, have this completely flushed out as a program that can be fully implemented. And we do recognize that in order to implement it, it means we also have to have the excellent criteria in place because we need to be able to evaluate our Concessioners and so you note that when I talked about the fact that by fall we want to make sure that we have this "Excellent" performance rating process in place, that plays into the need to make sure that we have that in place so we can then move forward and offer up the "Outstanding's."

The last piece to the process is what are we going to do about recognition and incentives once we understand what the "Outstanding's" are. In the short term, we're committed to finding as many ways as possible to recognize that "Outstanding" performance. So it's things as simple as making sure that we have lists on our website that identify those that have been identified as "Outstanding" to acknowledging those that receive that level of performance and then allowing them to advertise, so you would become the "Park Service Outstanding

Concessioner," and being able to use that as a marketing piece. And the conversations that we had with many of the individuals in the subgroup indicated that that kind of recognition is valuable and that it's important as a first step for us to do that.

We will continue to have conversations about what we can do in terms of incentives and it may be that we have to look at differences between the small Concessioners and the large Concessioners, so maybe this issue of bundling and that is holding up the potential for, say, an extra year on a contract is something that we wouldn't consider for the Guide and Outfitter community. And so we're going to continue to move that forward and hopefully through the subgroup meetings, we would have additional recommendations on how to do that by the October Board meeting.

Chairman Eyster commented that there was some discussion on the number of the one-year additions to the contracts.

Kurt Rausch thought there was some concern because there are some Concessioners that are relatively new to the business and are

looking for new opportunities. The idea of incumbents having additional years on a contract is less attractive to them, so they were somewhat vocal about their interest in having increased competition, not necessarily decreased. For the Park Service, the intent here would be that it makes sense for us if we've got an "Excellent" Concessioner to extend them for a period of time because it extends that entire process and the expense, both for the Concessioner, as well as the Park Service, while at the same time maintaining the high quality service.

We typically have three years that we're allowed under the current law. And the idea would be that a year would be allowed and typically contracts are and the law suggests that contracts should be 10 years unless there are extenuating circumstances.

A discussion followed on this point.

GUIDE AND OUTFITTER INSURANCE

Kurt Rausch presented the Board with a report regarding recreational services insurance as it specifically relates to a Guide and Outfitter preferential right type of service. In 2006 a process was instituted by which

professional insurance consultations were used to evaluate the individual terms of the contract, understanding the risk, and then giving us advice on what we should have in terms of liability insurance. A contract was issued MFL Consulting and their subcontractor, Aeon Risk Management, in about 2009. And they have been supporting us since then by doing evaluations of Concessions services and the risks associated with them and providing us recommendations for insurance amounts. The amounts of recommended insurance have gone up substantially from in some cases half a million dollars to five million dollars, as an example for Guide and Outfitters or Rafting companies, based on their recommendations. And that has been met with some resistance by the Concessioner community. They believe that the insurance limits are too high in regard to the risks, that NPS has not adequately accounted for it, and they've asked us to revisit that. A subgroup that would talk about insurance with the Guide and Outfitter community was established. Mr. Rausch related the results of the first meeting held in December out in Albuquerque, NM. America Outdoors, which is an industry

association that represents a lot of the Guide and Outfitter community, was hosting its annual meeting there. The intent is to ultimately have a series of subgroup meetings between now and the next Advisory Board to gather that information and take that information in and use it as a basis for determining whether we should be making any changes to the insurance amounts that we currently have. He hoped to gather information such as claims and loss information on which to base a build-up of risk analysis.

Work has been done on making sure that the contract language for Guide and Outfitters relative to the insurance exhibit is clear. That language is actually in the Solicitor's Office right now for final approval and will be used moving forward.

ITEMS OF INTEREST TO CONCESSIONERS

The following letter from Nature Bridge was read into the record:

"Dear NPS Concessions Management Advisory Board:
We offer this letter for the record to highlight the critical role that National Park Concessioners play in Nature Bridge's ability to provide residential education programs for 30,000

students each year. In many of our National Park locations, we simply could not do it without them.

Nature Bridge is the largest residential education partner of the National Park Service. In our 43-year history, we have served over one million students. We are currently operating in six National Parks and have close working relationships with National Park Concessioners in three of those locations.

While we do not think that ours is a unique arrangement, it offers a strong partnership model that can inform strategies for providing more students with transformative learning experiences in the National Parks for the Centennial and beyond.

In 1971, Yosemite Park and Curry Company, later purchased by Delaware North Corporation, provided \$20,000 to Yosemite Institute, now Nature Bridge, to support our first student programs. Now, 43 years later, DNC and Nature Bridge work hand in hand to provide close to 16,000 students each year an opportunity to live and learn in Yosemite National Park. That's 80,000 lodging nights and mornings waking up to

Half Dome, 160,000 meals, 1,200 ski rentals, and that's just in normal snow.

The relationship has grown to be mutually beneficial, but in times of trouble rock falls, fires, and other natural disasters, DNC has gone above and beyond in close coordination with us and the National Park Service to ensure the safety of students and the preservation of our program. Nature Bridge and DNC are currently bringing this model to Shenandoah National Park where we are working closely with Park staff to provide more students the opportunity to live and learn in another iconic National Park.

In Olympic National Park, Aramark is a terrific friend and neighbor to Nature Bridge on Lake Crescent. In 2011, Aramark joined us in hosting the VIP reception for the Elwha Dam removal ceremony. We provided the location and welcome crew and their top chefs came together to treat the guests to an incredible Northeast feast.

At our newest program in Prince William Forest Park in Virginia, a call for help has turned into an enduring partnership with Guest Services, Inc. It was an enormous step for

Nature Bridge to bring our program across the country and set up camp in an entirely new location. Each year we have doubled the size of the program and guest services has been there for us, the students, and every step of the way. They have inspired students with their personal stories establishing a career in the Culinary Arts and guiding them to make healthy food choices and trying new things. While we thank them, the students do, too, in handwritten letters at the end of the program, the call to action lays out ambitious goals to provide National Park experiences for K-12 students in National Parks' second century. Nature Bridge looks forward to continuing our strong partnership with National Parks Concessions to help make that a reality. Sincerely, Susan Smart
Nature Bridge President and CEO."

(Applause)

Kevin Garden, principal for the Garden law firm, made a brief presentation concerning a recent lawsuit where he represented a firm which was bidding on a contract. He stated that there was a Court Decision issued this past fall regarding a challenge by a small Guide company to

a decision by the National Park Service not to award it a Concession contract at Grand Teton National Park. In this case the Park Service had determined that Eco Tour had submitted the best proposal for a winter Guide contract at the Park; however, the solicitation involved two incumbent Concessioners who had Preferred Offeror status. Under the laws that applied to Park Service Concession Awards, these incumbents were allowed to match the terms of anyone else that submitted a better offer.

But importantly under the law, these Preferred Offerors had to first submit responsive proposals in order to have the right to match a better proposal. Now, the Park Service informed Eco Tour that the Park Service had determined that these Preferred Offerors had submitted responsive proposals and therefore under the law had a right to match its better offer. But due to deficiencies in the proposals, based on what Eco Tour understood to be true, it believed the Park Service had made a serious error as a matter of law in finding that the Preferred Offerors had submitted responsive proposals. They then filed a bid protest on this point in the only Federal

Court that could hear such protests, the Court of Federal Claims.

The Court confirmed that as of a matter of law the Preferred Offerors had not submitted responsive proposals to the Park Service. However, and this is what is the important point, the Court also ruled that due to limitations imposed by Congress on the specific type of relief the Court could issue to a winning party in a case involving a Park Service Concession contract protest, the Court could only issue a ruling stating that, as a matter of law, the Preferred Offerors' proposals were not responsive and the Court could not actually order the Park Service to follow the law and prevent it from giving these Offerors the right to match Eco Tour's offer.

The Park Service has since refused to comply with the law with regard to the fact that the law states that if a Preferred Offeror fails to submit a responsive proposal, the Offeror may not exercise a right of preference. The Concession contract will be awarded to the Offeror submitting the best responsive proposal. Now, the Park Service has not done that. And the

issue that this case in the situation raises relevant to this Board's role is whether it is in the best interest of the National Park Service Concession Program for the Park Service to have the ability to decide if and when it will follow the Concession laws.

The upside perceived by some may be that it is good that the Park Service is free from the constraints of any Judge and can do what it believes is best, regardless of the legal determinations made by a Court of Law. The downside to giving the Park Service this latitude to act contrary to the law is that Concessioners will become disillusioned and distrustful of the contracting process that does not require the Park Service to adhere to the law and conduct a fair process.

In the long run the Park Service will likely find less and less reputable companies being interested in participating in a process that cannot be required to comply with the law. Now, I do recognize that there are differences of opinion on this issue, so therefore, at a minimum, this issue deserves an open, candid and constructive discussion by this Board.

To the extent that the Board might believe after such a discussion and consideration that effective judicial oversight is necessary and important to the long term benefit of this particular process, it may want to consider recommending legislation that would fix this legal loophole and make the Park Service Concession decisions subject to the same judicial remedies as virtually every other Federal agency.

Chairman Eyster stated he understood the decision has been made by a court, and that the Concession contracts are evaluated in a different way than procurement contracts. It appears that from the Park Service's point of view, or at least their approach, that they were judging the ability of the incumbent Concessioners' ability to be creditworthy and to be able to meet its obligations, that there would not be a problem in its creditworthiness based upon information that it did receive from the past records and its current experience also of the startup costs that would be required of an incoming Concessioner because they already had the equipment.

It appears to the Board that they made a

decision that was a judgment call, and the key issue for a credit rating is that the applicant can meet its obligations. In reading the Judge's decision, there was allowance made for alternative ways to evaluate the credit status of an Applicant. There are judgment calls on all decisions, and the question would be does the Park Service have the right to make a judgment call using other means of evidence that in this particular case the incumbent was creditworthy going forward

Board Member Linford asked the attorney if he agreed with the sequence of events.

Mr. Garden stated there are two confusing issues. He said he was addressing the outcome of the case, the fact that the Court ruled that NPS Concession contracts did not have the authority to order the Park Service to follow the law with regard to an NPS Concession contract. It could evaluate it in an evaluation, it could make a determination that the Park Service had not followed the law, and would issue a ruling saying the Park Service has not followed the law and the most you can get as a disappointed Offeror is your proposal preparation

costs. It can't go ahead and do what most other judicial courts can do and issue what is called Injunctive Relief, and direct the Park Service to no longer break the law, but to follow the law. They can't do that. And the concern with that very limited relief, it's going to be very unlikely that anyone is going to want to protest because, if the best you can do is get your proposal preparation costs, there's not going to be much of an incentive to go ahead and protest and challenge what you think was a violation of law. So that's really the issue he wanted to present to the Board because that is more appropriate for its charter and what the Board's role plays in the whole process.

It is very clear from the opinion that this did not involve a judgment call; the prospectus was very very clear that certain documents were required, and the Court gives wide deference to the agency in this evaluation, but the prospectus said certain documents were required and the two incumbents did not provide those documents. Under the rules that were in effect for this prospectus, that renders them nonresponsive. And then, under the applicable

Regulation, the award is supposed to be made to the best Offeror, and that didn't happen.

Mr. Garner emphasized he just wanted to talk about the implications that come from that ruling about limited relief and whether or not that is something that should be talked about because that process could eventually erode over time. What is important for this Board in its charter is the fact that the end result will be that there is not going to be effective judicial oversight of the Concession Evaluation process. That merits a discussion as to whether or not this limited relief would be detrimental to the program in the long term or not. If the Board were to come to the conclusion that it would be detrimental, it would then be in a position to potentially recommend legislation, and it wouldn't take much to fix that problem.

Ms. Hecox made the following comments: She indicated that the Federal Board of Land Appeals, the Administrative Boards, and the Department of the Interior are unique Administrative Appellate Boards for specific agency actions, primarily in Bureau of Land Management, Bureau of Reclamation, and Bureau of

Indian Affairs. The National Park Service doesn't have any administrative appeal process that would go to those Boards, except for a few appeal rights in our Regulations where you can appeal from a Regional Director decision to the Director. For the most part, if you disagree with the final agency decision of the National Park Service, your recourse is in Federal Court. For Concession contracts, it is my understanding, because I never practiced in this area of law, that contract claims go before the Federal Court of Claims, which is sort of on the same level as Federal District Courts, but it has unique jurisdiction. And the statute that Kevin filed on behalf of his client twice most recently is one that there is certain jurisdiction to hear claims that our contracts are subject to, but the other jurisdiction is unique to procurement contracts, and the Court has found what we have argued, as you probably all know, for decades that Concessions contracts are not procurement contracts, are not subject to the whole panoply of laws regarding procurement contracts. And the statute is written such that the Court has jurisdiction to hear and decide whether or not

our actions were arbitrary and capricious, and not in accordance with law, but the section that allows the relief that Kevin wants is limited to procurement contracts. And since the Court twice now has found that our contracts are not procurement contracts under the Federal Acquisition Regulations, the same court has found twice now that it does not have authority to provide that sort of affirmative relief. What Kevin is arguing isn't that we would be treated as procurement contracts, but that perhaps there should be a provision perhaps in this same statute unique to our Concessions contracts that would give the Court claims injunctive authority. And I have no idea if the Park Service would support that or not. It is really a technical Federal jurisdictional kind of argument that it's not as though the Park Service is trying to avoid having a Court order affirmative relief, it's just that the Court where you can sue us doesn't have the jurisdiction to do so. And like Federal agencies, we only have the jurisdiction, the authority that Congress gives us. And the Federal Court of Claims is sort of the same thing. Congress is given that specific authority

regarding Federal contracts, and the injunctive relief is unique to procurement contracts. That said, it is not unusual for Federal agency actions to not be reviewable because they are so subject to an agency's discretion that a Court doesn't have the ability to step into the agency's shoes to make a different decision. And it's the discretionary and it is why the Park Service doesn't have to post warning signs all over parks saying, "Don't step in the hot bubbling water," and "Hold onto the rails when you're crossing bridges," etc. We don't have to post those signs, we don't have to cover parks with warning signs, we have the discretion not to do that, and we don't have legal liability because of it, so it primarily arises in the tort context, but there are other agency decisions that are not subject to judicial review.

Board Member Linford opined the issue here is the Park Service made a determination that perhaps the incumbent wasn't clear on paper, but since the incumbent or incumbents had a track record with the Park Service, the Park Service made the conclusion that even though they hadn't been responsive in their prospectus that they

were indeed financially capable of continuing what they had been doing for some time anyway. The Outfitters fought very hard for that kind of protection under the new Concessions Policy Act, that we wanted the previous track record to stand for something. And we got that and so the Park Service made the decision that this guy is good.

Terry MacRae inquired if this action was as a result of the '98 Concession Act or was it the fact that the law wasn't in place before that, and why hasn't it ever been adjudicated or interpreted before this to where this concept of no judicial oversight has been challenged or came up before.

Mr. Garden stated this prospectus was under the '98 Act, so it was under the new rules which allowed for Preferred Offerors. And with regard to why it's never been adjudicated before, in fact, in the Blue and Gold case, this same law was in effect, but the Park Service did not press that issue in this case. The Court actually noted that in their Opinion. Based on those more recent legal decisions, the Court felt that regardless of the fact that this had not been raised before, and perhaps because of that,

because of these new decisions, it was raising it now and reaching the conclusion that NPS Concessions contracts are not procurements.

Steve Richer, a Public Affairs Advocate for NTA, the National Tour Association stated he wanted to three basic points:

One, in a recent survey of NTA Operators, of which we have more than 600, the National Parks turned out to be the most frequently promoted and visited of any of the things that they do, and that's competing with places like New York and Los Angeles and other major cities, and it's because our members are spread throughout North America, and in fact from around the world. So the National Parks are the number one draw for the Tour Operators.

Number two, we are looking forward to the National Park Service Centennial, we have some discussions underway to try and elevate tourists to any of the National Parks in the next few years, hoping to lay a foundation for growth in the future at the National Parks, and we are very much willing, able and ready to work hard to get more tours to underserved parks and to attract limitedly participating segments of the American

population. So we want to see things happen that are going to be beneficial for America's Jewels, our National Parks.

Number three, Mr. Richer said he was here today to sort of prepare the way and to make sure that problems don't happen with regard to additional demand in terms of the availability of one inventory. It would be really great if we could find ways to make adequate amounts of room inventory on the park premises available to groups with plenty of attention paid to the fact that we want to bring them to places where maybe groups haven't been seen as much as they should, and to do it in a policy manner that makes it easy to make the bookings early so we don't tie up rooms for other people who may be making later decisions on an individual basis. Tour Operators in the United States, North America, and around the world always find the National Parks and the other public lands to be primary motivators to get visitation, and we want to make sure that we're able to carry out our responsibilities and allow our customers to enjoy all of those opportunities. He provided the Board with examples of some of the problems envisioned.

A discussion followed on the 30% block issue.

Mr. Richer then suggested to have a three-way discussion between the Concessioners, the Park Service, and the Tour Operators, in order to move ahead, particularly with the high visibility, the publicity for the National Parks Centennial, and the interest that it's going to generate.

NEW BUSINESS: MINIMUM WAGE

Chairman Eyster asked to address the minimum wage issue as the Board is interested in finding out if there is an issue with that in the parks, mainly among the Concessioners. The Board is interested to see whether there is going to be any serious repercussions of the increase in minimum wage, whether it applies to Concessions, what kinds of offsets that would be necessary to comply.

Mr. Erichsen read the following statement:

"NPS is still reviewing the Executive Order, but it's likely that all new National Park Service Concession contracts where solicitations are issued after January 1, 2015 will fall under the

new Minimum Wage requirements.

Now, the hazy part here is that we were also encouraged to include the Minimum Wage considerations in contracts and contract-like instruments, and they also encouraged us to consider these wage increases in contracts that were in development. Now, in internal discussions along those lines, we have determined that we do have Concession contracts and prospectuses in the pipeline, and in cases where we have already expended a lot of money in the development of the prospectus or contract with consultants and those kinds of things, it makes no sense to go back and spend lots more money to re-do those.

So in cases where we've already had all the financials done and everything is in process to put a contract on the street, we will likely include Minimum Wage, the same Minimum Wage requirements in those contracts. Anything that has not yet gone through a substantial expenditure of money -- anything that has not yet been put into the pipeline and eventually will come out will fall under Minimum Wage requirements under the new law."

He stated there is a new law and the new law applies to all contracts after the first of the year. So those will all definitely fall under the new wage consideration. With the issue that is tricky is what do you do with contracts that are in process, okay? So the EO strongly encourages the inclusion of increased Minimum Wage requirement within contracts not yet awarded. The EO does not require the modification of existing Concession contracts.

So we are still reviewing the EO to determine whether or not it will apply to contract instruments or leases in commercial use authorizations, and the new Minimum Wage represents a roughly 30 percent pay increase. The new Minimum Wage will affect workers that include tips as part of their income, as well as workers who are on fixed hourly wage; a portion of the operating costs in hospitality, particularly retail, food/beverage, and recreation services, are labor including Low Wage Labors classifications. As a result, the 30 percent increase in these costs is going to have a natural impact on the NPS Concessioners going forward. Where we are now is we are reviewing

whether the increase in wages and operator expenses will have an impact on prices for Park visitors and franchise fees going forward.

Mr. Klein commented that not unlike many Concessioners that operate in the great large Western National Parks, they provide housing as well as to a certain extent subsidized meals is a significant portion of its compensation. They pay slightly above current Minimum Wage, but do pay less than the President's proposed Minimum Wage, and it will have an impact, absolutely. This is roughly a 20 percent increase in the base wage with no accommodations for the subsidized food and housing that is provided free of charge for the seasonal employees.

In an environment controlled on rate, rates are done on a comparability to individuals that operate outside of the park and may not be subject to these types of minimums, that inherently it's either going to be borne by the Concessioner and they are going to have to come up with a different model whereby they charge for housing, or it's going to result in lower franchise fees.

Mr. Hill stated they pay above the

Minimum Wage, New York is \$8.00 now, and we're starting next week, well, in two weeks, going to \$9.00 an hour because we want a better grade of employee, but that fifty cent increase will cost us about \$157,000 a year. New York City also instituted a mandatory sick leave. We've always given our full-time sick leave, but now part-timers as well get it, that's another \$20,000 a year, and with Hurricane Sandy, with our entire staff on unemployment, our unemployment rate went from 2.4 percent to 9.9 percent for three years to pay it back, it's one of the wonderful things about the Federal Government giving away unemployment, it's just a loan until the businesses pay it back. And so going up another dollar is another \$300,000 without earning another dollar of sales. And so it has a great impact on us.

Carol Metzler made the following statement:

It not only impacts those people that are just around that \$10.00 an hour range, you can't raise your \$9.00 and \$9.50 an hour people up to \$10.10 without raising your \$10.00 people and \$10.50 an hour people up proportionately. So it really

raises the pay scale for all of your staff, whether they make under Minimum Wage or over Minimum Wage. There's also overtime for your full-time employees or your salaried employees that President Obama has in the pipeline right now, too. And right now you do not have to pay overtime if you pay more than, well, I think it's \$455.00 a week as a salary to an employee, and that figure is going up significantly. So we may have two pieces that impact things here, both this Minimum Wage and the overtime requirement for salaried employees.

A further discussion followed.

Mr. Erichsen reiterated that going forward, the new contracts and prospectuses that go out obviously are going to accommodate the new wage requirements. The issue from our standpoint is what do we do with contracts that are already out there and the ones that are in development. So I think that is going to be the area with the most study. From our development standpoint, the new modeling will already take into account the new wage. So the new contracts that hit the street will already have that built into it. The issue is really what we do about the older

contracts and whether they're still reasonable.

Mr. Concienne brought up the fact that the biggest impact is how to handle comparables that don't have that expense, so there has to be some rate comparability issue that has to be resolved.

Mr. Rausch said this could be handled in one of two ways, 1) it could be handled in a financial analysis in taking an understanding of what those additional operating costs are as a reduction in franchise fee; or, placing it as a rate increase for the Concessioner. Those would be the two ways that it would be addressed. In one case, the Park Service would be incurring that cost as a reduction to return to the Government, and the other case, the visitor would be incurring that cost as an additional rate to the visitor.

Board Member Michalewicz wondered if there is something in the contracts where this cost of living increase is taken into consideration over the life of the contract.

Ms. Hecox replied that the financial models inflate expenses and inflate revenue, sometimes based on CPI and sometimes based on

other factors. So we make certain assumptions that expenses will go up, which include salaries, maybe through longevity, maybe through a change in law such as we're facing now. So we do contemplate that. This is a substantial jump from the existing Minimum Wage, and we need to consider additional rate or the Park Service will get a lower franchise fee, or maybe it's a three-way share, higher rate, lower franchise fee, Concessioner has a lower rate of return

Bob Hyde pointed out that the difference here is that this is an increase in wages that is not throughout the country, or throughout the state, it's only the Federal Government lands, so that's why usually you just go and do the rate comparability because the others would have the same issues, and it would work out; here, you have to have some sort of compensation because many of the comparables would not have those additional expenses. And that's going to really vary state by state.

CENTENNIAL LOGO LICENSING

Mr. Rausch stated that the National Park Service, as many have suggested, is embarking on

a campaign to celebrate the Centennial. And many representatives here in the room actually have probably had a greater role in what that looks like and how it's going to be rolled out than, in fact, our program. But we've been asked to participate in several fronts, and one of them was an interest by the Park Service in developing a Centennial logo that could be used in retail merchandise.

And our program was asked to participate in facilitating what that might look like so that there was a good understanding by those that would be implementing it. The logo, which is still under development, would ultimately be licensed not by the Park Service, but through the National Park Foundation which is our Congressionally authorized fundraising organization, the Park Service doesn't currently have an authorization to fundraise directly. That organization approach does ask if we could establish and create some listening sessions with Concessioners to understand how they might be able to prepare a licensing program, and then roll it out and incorporate that into retail merchandise for Concessioners.

The intent here is for the National Park Foundation and the National Park Service in partnership is to use the Centennial Logo to gain awareness of the Centennial, to foster a brand engagement in terms of the National Park Service and getting that information out. Then as a subservient piece to it would be to generate revenue for the National Park Service through the National Park Foundation. The intention is predominantly the latter two and not the former, not unlike the franchise fees, subservient to providing the best visitor service.

The logo and campaign is a broad ranging campaign that goes well beyond the Concessioner community, the intent is that the National Park Foundation is engaging folks like Coleman and others, apparel manufacturers and other that would be interested in actually licensing the use of the logo for external parties. They're looking at putting it into Big Box stores, they're looking at a website presence, as well as an interest in providing some logowear within the Park Service Concessioner community.

So when we engaged in the conversation, we were asking questions about what would work,

what wouldn't work, what the licensing process should work like. The general discussion evolved into that there are certain merchandise types that would be of value, which included apparel, hats, t-shirts, jackets, sweatshirts, certain other souvenir types of things like pens, key chains, and other things which might be able to have a logo on them.

The Concessioners were emphatic that logowear in and of itself is probably not going to be a big seller in parks, that people come to parks because they're interested in seeing something that has the name of the park on it, and the logo may be an added benefit to them, but not without that material on it. And so there was a need to make sure that however this was going out, that the National Park Foundation, or whoever was managing this, couldn't flood and ask Concessioners to be providing a bunch of logowear with the big National Park Service Centennial on it because that wasn't really going to sell. So we passed that information on, the Foundation recognizes that.

The second part to it was we talked about timeline and an interest in how we would provide

the license out. There was some variation in terms of how Concessioners would like to see this, and they can certainly comment on whether I'm getting it accurate or not. In some cases, the interest was in being able to have a license direct to the Concessioner so that the Concessioner could go out to its vendors, particularly if they were overseas wholesalers, to provide that logo to those wholesalers so they could deliver the product with not only the logo, but also the park specific artwork on it.

In other cases, an interest was in being able to license to the existing wholesalers that the Concessioners are using, so there are several common wholesalers for t-shirts and others, and in this particular case, that wholesaler which may be a domestic wholesaler would be provided access to the logo through a licensing program.

The rollout, there was strong interest in ASAP. The intent is that that artwork needs to be out there and a license needs to be happening fairly soon in order to get into 2015 merchandise lines. And so there was a strong interest, and we started this listening session back in January. The intent was that the Foundation

would have a licensing program ready for rollout in springtime, and we facilitated that discussion.

There was also some discussion on what a reasonable licensing fee would be. From the Concessioner's perspective, it may have some added value, but it's not going to be super significant, and so that the Foundation needed to be conscious of that and careful in terms of how it structured its licensing program in terms of what they were expecting for royalties. Most of the work now is being handled through the Centennial Office of the Park Service, and we're available to provide support and make sure that there is good facilitation.

A short discussion followed re made in USA issues. Another issue was regarding the fact that the Park Service is probably the only enterprise that does not want their logo on their outgoing messages.

Mr. Rausch stated there is some intention in looking at the Park Service logo which is essentially the arrowhead, which is a relatively sacrosanct logo for the Park Service, and finding ways to broaden its application and its use

exclusive of the limited use that it has had so far. This is managed predominantly through the Centennial Office and the Director's Office has had a strong emphasis on it.

Terry McRae, speaking on behalf of the National Parks Hospitality Association, not as an individual Concessioner, referred to the issue of LSI. He stated there is likely to be legislation in connection with the upcoming Centennial that people are going to be thrilled to pass, and he was hoping to come up with the solution for LSI that can piggyback on that. Part of the discussion about the Centennial is to position the parks for the next 100 years. This LSI question needs to be sorted out to everybody's satisfaction.

Referring to the charter of the Advisory Board, there's two points - first, under the description of duties of the Advisory Board, one is under four, "1. The Board shall advise -- under B -- ways to make the National Park Service Concessions Programs and Procedures more cost-effective, more process efficient, less burdensome, and timelier." NPHA wants to find a way, or multiple ways, to help bring the Park

Service and MPHA into more contemporary sustainable business practices.

Under two of their charter, under Recommendations, the allocation of Concession fees is one of the things that this body is to make recommendations on. He recommended That the Board ask the Park Service generally how are Concession fees allocated, and is it time with the Centennial rolling around to take a look at how those fees are generated and allocated, and maybe discuss whether they're properly positioned going forward.

Mr. Schoppman inquired if the Board would consider to continue to help push the cell phone and wi-fi issue along. Six properties were identified to be pilot projects, in one of them actually the phone company ran the wire at Battle Lands to get that in there, and that's really going to be helpful, but we still have five other ones. At least get those six done right away because if we really want to get that service available, if we're trying to get Millenials to go to, we want them to come back and that service is really important.

Mr. Schoppman talked about

businesses outside the park that were located close to the border and had some problems, causing a perception that it was dangerous, and lost business.

Derrick Crandall spoke about Park Service having grown substantially in terms of the numbers of units, but in the same time period, lost 15 million visits. A substantial number of RV campers, tent campers, back country campers, was lost during that time period.

One of the issues that the Concessions community is confronted with is that there has been no expansion, or virtually no expansion of Concession operation in any new units. He urged the Board recommend that the planning process for new units look at how Concessions can be a partner in the operations of those units.

He added that the Concessions contract that is offered in conjunction with prospectuses may well be the most restrictive contract offered by any Federal agency anywhere. The Park Service has the ability to shut down the operation of Concessioners with no obligation being opened. The Concessions contract is about as one-sided a contract as you will ever find. It rules out

some Concessioners, it rules out new activities in many cases, it rules out any kind of compensation for actions where the Park Service fails to perform its obligated services under the Concessions contract. He recommended that the Board asks for a review of the basic contract that the Concessions community is being asked to sign.

Adjournment

Board Member Linford moved, seconded by Board Member Michalewicz to adjourn the meeting at 4:22 pm)