

C3823(2410)

Memorandum

To: Regional Directors
Attention: Associate Regional Directors, Operations

From: Associate Director, Park Operations and Education

Subject: September 11 and Economic Impacts to Concessioners

In our memorandum of November 8, 2001, we asked that you, in consultation with superintendents, evaluate the appropriateness of a short-term modification of franchise fees, including building use fees, of particularly impacted concessioners due to the events of the terrorist attacks on September 11, 2001.

We appreciate the efforts you have all extended to your affected concessioners. Due to the uniqueness of this situation there has previously not been a policy or procedures by which to evaluate such requests, nor has an approach existed for determining the size or method for providing a remedy. In a meeting with financial experts and economists from business advisor PricewaterhouseCoopers, along with WASO financial analysts Robert Hyde and Barclay Trimble, we have now developed the protocols by which those assessments should be made. In the interest of maintaining the best possible service to our visitors, it is our intent to provide some relief where the concessioner has undergone considerable and lasting financial hardship. We are particularly concerned where Government actions have further aggravated concession operations.

With this in mind, we are setting up a two-step process in order to determine the kind and level of appropriate relief, if any, for each concessioner request. The first step will be a screening procedure where an initial review will determine whether the concessioner's financial situation is such that relief appears to be warranted. This analysis will be based on the concessioner's initial informal submittal.

In step two, a more formal analysis will be performed in which additional information will likely be required to justify and document the circumstances of the case. In such circumstances, the concessioner will be notified and the specific information requested. Simultaneously, we will also be gathering economic impact data for all concession business classes in each of the economic regions in which parks exist. Each request for

relief for contracts grossing over \$3 million must be submitted to the WASO Concession Program Manager for the processing of both steps.

In the event additional information is necessary, the following is the type of data that will be needed:

FROM THE CONCESSIONER:

- Detailed monthly financials with annual roll-up for 1999, 2000 and 2001 (does not need to be in AFR format);
- Detailed monthly proforma budgets prepared for 1999, 2000 and 2001;
- Monthly customer counts for each concession business service for 1999, 2000 and 2001;
- Monthly staffing schedule for August, September, October, November and December for 1999, 2000 and 2001;
- A detailed narrative explaining the following:
 - ◆ How they have been impacted in terms of revenue, expenses and net income;
 - ◆ The proactive steps taken to minimize the impact on profit following the event;
 - ◆ The amount of anticipated reimbursement they expect to receive from business interruption insurance claims;
 - ◆ The amount of compensation they will be receiving from Federal, State or local disaster aid funds;
 - ◆ An estimate and explanation of how long they believe they will be impacted;
- A current monthly proforma budget for calendar year 2002;
- The length of time impacted by DIRECT government intervention (i.e., park closed or restricted, access limitations, air travel suspensions, etc.) and a description of the action taken by the Government (Federal, State or local);
- An estimate of how the impact compares to that of comparable businesses within that specific market area;
- Any other documentation they may possess or research commissioned that supports the extent of financial impact in that market area.

If any of this information is not available, such as some of the historical data, the concessioner should explain this in their transmittal. Additionally, in some isolated circumstances we are requiring concessioners to invest in security equipment that may also affect financial feasibility and that should also be noted.

FROM THE NATIONAL PARK SERVICE:

- Complete AFR's for 1999, 2000 and 2001;
- Monthly park visitation statistics for 1999, 2000 and 2001;
- A copy of the existing contract;
- Copies of any franchise fee reconsideration analyses that have been prepared during the term of the contract.

For each park submitting a request for a contract which grosses \$3 million or more we will have PricewaterhouseCoopers gather the following data for the market area surrounding the park on a case-by case-basis:

- General economic data for 1999, 2000 and 2001;
- Tourism statistics for 1999, 2000 and 2001;
- General economic forecast data for 2002 and beyond (if available);
- Industry-specific performance statistics for 1999, 2000 and 2001;
- Industry-specific performance forecast for 2002 and beyond (if available);
- Review of Federal Aid Programs available in the area for September 11 impacted businesses.

Upon receipt of the data it will be analyzed to determine the extent of financial impact the concessioner has experienced and an appropriate financial remedy will be recommended.

This unique circumstance and resultant policy will require consistency and diligence in implementation. We appreciate your cooperation and that of your affected concessioners.

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FNP:Corlando:eds:565-1212:1/28/02:h:\economic assessment