

## **NPS/PARK CONCESSIONER LEADERS IN THE NORTHEAST REGION SHARE IDEAS, RECOMMIT TO JOINT EFFORTS**

Top national park concessions industry executives active in the Northeast Region spent an afternoon with the National Park Service Northeast Region leadership team on December 9. The discussions were frank, far-reaching and encouraging to both sides. The session was the third of its type in this region and one of many held in six of the seven NPS regions over the past four years. Concessioners in the meeting represented companies generating at least 30% of all NPS franchise fee payments.

Following brief self-introductions by the 20+ participants in person and on the phone (due to weather-related travel challenges), NPS Regional Director Dennis Reidenbach expressed empathy for the impacts of Hurricane Sandy, sequestration and the October shutdown on concessioners in the Northeast and other park partners. He welcomed the chance to discuss lessons to be learned from these episodes. He also expressed pride in his regional team and its commitment to adaptation and innovation, and noted that he is optimistic about the future of NPS activities in the region.

Speaking on behalf of NPHA members, Derrick Crandall thanked the Regional Director and his team for the clear support for concessioner efforts demonstrated and committed to using past challenges as learning lessons. He noted NPHA's leadership in strengthening the parks community and focusing on efforts to protect NPS operations through creation of supplementary and sustainable revenue sources.

The first topic of conversation was the October 2013 shutdown. Key points made included:

- 1) concessioners, and others, endured major adverse impacts from the shutdown that continue – including new concerns in the tourism community about promotion of park visits domestically and internationally around the October 1 federal fiscal year start.
- 2) the regional team anticipates taking a role in mitigating the impacts on concessioners and expects to receive national guidance on appropriate steps soon.
- 3) The Sandy and Shutdown experiences have convinced concessioners that a new means to communicate to the public that parks have reopened is vital. News media focused on damage and closed gates. Repairs and reopening got scant media attention. In a parallel situation – the Gulf oil spill – substantial resources were put into promotional efforts. After the Shutdown, individual companies spent millions of dollars to attract visitors – unbudgeted monies that further depressed earnings. And the obstacles faced by concessioners were exacerbated by the Interior decision shut down all websites, including [www.recreation.gov](http://www.recreation.gov), despite its funding through non-appropriated monies.
- 4) There was an important and positive lesson learned – that six governors responded almost immediately to fund the reopening of national parks in their states: four Republicans and two Democrats. Reopening of parks and concessioner services was delayed for well over a week, however, by unclear NPS policies.
- 5) The Shutdown left many confused. Commercial leaseholders operated without any

impact, and guests used trails and other park features at Cavallo Point with no restrictions. Yet City Tavern and countless concessioner operations readily accessible by open public roads were ordered closed. While all agree that expending major resources to prepare to close parks is unwise, there is a need to end much of the confusion before any future man-made shutdown confronts us with the same issues.

Regional NPS officials told concessioners that the financial impacts of the Shutdown were clear and that unless directed otherwise by national policy, concessioners should not feel required to submit formal notices to NPS requesting appropriate mitigation efforts.

Discussion then shifted to other forces which could significantly alter NPS operations in the 2014-2016 period, including another round of sequestration and other budget cutting. The Regional Director shared with the concessioners the planning which has taken place within the region, including contingency plans for each unit to implement funding reductions of up to 8%. He shared his belief that the likely actions would not result in major adverse situations for concessioners in the region, but did say that the cuts could force smaller units to curtail operations by several days each week.

The Regional Director and his leadership team will communicate to superintendents the need to involve concessioners in discussions about changes necessitated by funding cuts, but urged concessioners to initiate in-park discussion immediately.

The group also agreed that simply managing reductions is an unacceptable response. Discussions need to take place in each park and regionally about ending some NPS roles and activities, about substitution of NPS actions by others – extending the benefits of federal spending by use of conservation and service corps, for example – and increasing revenues, including entrance fees, franchise fees and more.

The NPHA team thanked the region for its suggestion that the format for successfully preventing the closure of a visitor center at Cape Cod be used to bring new suggestions to the agency, and reported that the format had been used at Dry Tortugas NP, the C&O NHC and more. Experiences have been disappointing, however. At Dry Tortugas, the proposal to add 25 additional passengers to the concessioner's high speed ferry triggered a comprehensive audit and reassessment of the concession, with a proposed increase in the percentage rate of franchise fees. Ironically, the Shutdown cost the concessioner nearly the same amount of revenues as the increase would add, and NPS seems unconcerned about this loss.

NPHA representatives talked about the town hall session at the October NPHA meeting, as concessioners shared with US Representative Raul Grijalva and others dozens of ideas to add new visitor services that would add to park experiences, boost NPS receipts and allow concessioners to hire additional staff. The ideas ranged from food trucks to bike rentals, photography seminars to a Rent-a-Tent program, evening telescope programs to new in-park tram options, family photos to guided mountain bike

tours. Despite initial enthusiasm, efforts to implement new services have encountered one barrier after another. In some cases, the NPS response has been to deny the request and advise the concessioner to await a new prospectus. In other instances, concessioners have been told that the new service would require a CUA and that it could not be awarded noncompetitively.

The resulting conversation was encouraging. The NPS regional leadership team noted that it is undertaking its own search for appropriate, innovative visitor services in four categories and welcomed NPHA participation in the effort. This raised the parallel, national effort underway under the auspices of the CMAB. The regional team was surprised to learn of this effort. The NPHA group expressed dismay at the slow pace of the national effort and the lack of any involvement by concessioners to date. Several actions were discussed regarding pursuit of pilot/demonstration projects for new services:

- 1) the NE region will suggest formats for submitting ideas about new visitor services, information about how to submit the ideas and guidance in determining whether the proposed new ideas would be likely to generate a substantial review effort;
- 2) NPHA will share with the NE team its lists of suggested new visitor services, including any examples of where the ideas are already in place;
- 3) NPHA will share with the NE team information on the 2011 Congressional action providing clear direction to the FS and ski areas operating under FS leases on adding new visitor services without use of new permits;
- 4) NPHA will share with NPS regional officials information on proposals it is preparing for changes to the 1998 Concessions Act, including a possible provision to expedite approval of new services that increase overall revenues below a threshold of 5 or 10%.

Discussions then focused on the need to think about sustainable operations in NPS units, and especially for new units. NPHA told the agency officials that individual companies could not invest the time and energy to champion inclusion of concessioner services in park unit GMP and foundation document development, and noted the lack of traction encountered when NPHA sought to submit ideas into those processes. The Captain John Smith Water Trail was cited, with NPHA urging consideration of inclusion of exploring the park unit via craft resembling canal barges. Discussions included consideration of the special challenges associated with new park units including the new unit in Delaware, where little or no resources were available for NPS creation of infrastructure. We also discussed the concept of satellite concessioner operations, where a concessioner in a geographic area could be permitted to serve food, retail and other needs of a nearby unit for special events or short durations. Several actions were discussed:

- 1) NPS will share with NPHA members a list of the park units in the region which will be developing/revising GMPs and foundation documents in 2014 and 2015;
- 2) NPHA will suggest formats and processes which would allow NPS and NPHA to jointly assemble knowledgeable experts to help the region consider options such as “marinas of the future” and “campgrounds of the future;” and
- 3) NPHA and regional NPS officials will discuss further ways to trigger more thinking

about strategies to get appropriate consideration of concessioner-provided visitor services in park planning efforts.

NPHA reported on its efforts to enhance connectivity by visitors in national park units in appropriate ways, including a focus on delivery of park stories. NPHA also shared information on its efforts with other park partners to gain Administration and Congressional actions in conjunction with the upcoming Centennial, including news regarding a session in the White House complex last week with key officials, including the PAD at OMB overseeing the NPS.

NPS Regional Concessions Chief Ethan McKinley reviewed a number of upcoming concessions prospectuses, including some that have previously been offered and gone unawarded. There was good discussion about the opportunities, including some specific comments about the benefits of combining some of the retail and food operations to increase the size of the concessions contract. NPHA observed that its members would welcome the opportunity to be more involved in prospectus development, and perhaps experimentation with selection of a concessioner based upon in-person interviews rather than extensive written materials.

In closing comments, a number of important topics were raised including:

- 1) the communications challenges faced by concessioners when the NPS institutes a incident command team;
- 2) the very different concessions philosophy reflected in the NASA contract at Kennedy Space Center, which encourages and rewards the concessioner to aid the agency in explaining the value of space exploration to visitors;
- 3) use of longer terms to allow amortization of investments in needed major visitor facilities; and
- 4) increasing the quality of communications in the region between NPS officials and concessioners, including making NPHA efforts more available to NPS through its newsletter and website.

The program adjourned at approximately 3:45 PM with an expression of thanks by both sides and with special recognition of the contributions to encouraging more NPS/concessioner dialogue by Dennis Reidenbach, who will conclude his NPS career in early January 2014.

For additional information, including participants, agenda and background materials:

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