

**MINUTES of the October 24 and 25, 2006
Concessions Management Advisory Board
16th Meeting**

Glen Canyon National Recreation Area
Lake Powell, Arizona

TO: All Board Members

FROM: Jo A. Pendry, Concession Program Manager

**SUBJECT: Draft Minutes of Concessions Management Advisory
Board Meeting October 24 and 25, 2006.**

1. Call to Order.

The meeting was called to order by Chair Allen Naille at 8:30 a.m.

2. Roll Call.

Present were: Board Members Burt Weerts, Jim Eyster, Phil Voorhees, Richard Linford and Chair Allen Naille.

Absent was: Ramona Sakiestewa.

3. Welcome.

Jo Pendry announced that the meeting was held under the authority of Public Law 105-391.

Chairman Allen Naille welcomed the attendees and asked everyone to introduce themselves. Introductions were made by all attendees of the meeting.

Kitty Roberts welcomed the participants to not only the Glen Canyon National Recreation Area, but to Rainbow Bridge National Monument. She introduced her staff and

commended Aramark for hosting today's meeting. Ms. Roberts then proceeded with a short presentation on the area. The presentation included detailed information on the parks' physical aspects, visitor impacts and also insight into the various contracts and CUA's up for renewal.

4. Approval of the Minutes of March 22, 2006.

Board Member Weerts moved, seconded by Board Member Eyster to adopt the March 22, 2005 minutes. The motion carried unanimously.

5. Concession Environmental Program Accomplishments and Awards

Ms. Pendry announced three environmental award winners present at the meeting. The first was given to the NPS Concession Environmental Management Program headed by Wendy Behrman. Two concessioners received 2006 NPS Environmental Achievement Awards were also recognized: Xanterra Parks and Resorts for its work at Zion and was represented by Gordon Taylor and Jeff D'Arpa; and Aramark-Doyon Partnerships for their work at Denali was represented by Dean Crane and Gib Johnson.

Presentations from each of these two groups provided information about their environmental programs and about the leadership programs in that area.

Mr. D'Arpa and Mr. Taylor highlighted environmental initiatives undertaken at the Zion Lodge, some of these are as follows:

- Managers decided that operations would use zero fossil fuels; produce no persistent toxic chemicals; have zero impact on water quality; generate no solid or hazardous waste; consume water only to the extent there is no negative impact on flora or fauna; employ sustainable design construction and maintenance practices; serve 100% local organic and fair trade products; and finally, far exceed any and all regulatory requirements.
- The development of the 2015 environmental vision, tied directly to the ISO 14000 certified environmental management program which is called Ecologics. The Zion Lodge just went through its recertification of that program successfully.
- The goal of the Environmental vision is to decrease fossil fuel usage by 30%; increase renewable energy to seven percent of total electrical use; increase average vehicle fuel economy to 35 miles per gallon; decrease greenhouse gas emissions, primarily CO₂, by 30%; divert from landfill 50% of all solid waste generated; increase sustainable cuisine to 50%; decrease water by 25%; and, finally, generate zero hazardous waste.
- Zion Lodge has reduced fossil fuel use by six percent over a time period of 2000 to 2005 through a conversion of an old, dirty, diesel-fired boiler to a

clean burning propane boiler.

- Zion has eliminated 24,000 gallons of annual diesel fuel use through the elimination of an above-ground storage tank which had potential risk of spilling into the environment reducing greenhouse gas emissions by 300,000 pounds a year.
- Zion has increased its renewable energy to 85% by installing an onsite solar photovoltaic system which is capable of 30,000 kilowatt hours of power generation per year.
- Zion has improved average fuel economy to 35 miles per gallon for fleet vehicles which is a 15% gain. This was done by purchasing a Toyota Prius and two fuel efficient Toyota Corollas. Zion also eliminated the use of trucks for maintenance and purchased zero emission electric vehicles and converted a couple of gasoline carts to propane.
- The commitment to renewable energy, reducing fossil fuels, and lowering the average fuel economy resulted in 2006 to a 65% reduction in greenhouse gas emissions.
- 140,000 pounds of recyclable products were recycled and a composting operation was added in 2005.

- There is an aim to increase sustainable cuisine to 50% of the offerings in the dining room, but as of 2005 7% of the offerings were sustainable cuisine.

Board Member Eyster asked if there would be a capital investment premium on most of these purchases and additionally, what the percentage would be over and above the purchasing of historical FF&E items.

Mr. D'Arpa replied that the percentages varies, some are double the cost but when looking at the big picture the capital investment cost through a reduction in energy, is a benefit, over the years.

Mr. D'Arpa provided information about the green rooms initiative at Zion. The following are some of the highlights of his presentation:

* The green room concept and goal was to incorporate cutting-edge, sustainable design concepts into six suites initially with a possibility of twenty in the future.

* The improvement of the guest experience was a primary goal of converting these rooms as well as educate the guests and employees about sustainability and incorporate a historical element which ties these elements back to the National Park Service.

* It is also to serve as a testing ground to prove new technologies and evaluate the economic impacts of

sustainable designs in existing facilities.

LED lighting, special HVAC (Air conditioner) controls, low-flow toilets, bamboo flooring, linen re-use and solar systems were some of the examples noted.

Gib Johnson Doyon/Aramark Denali Park Joint Venture received an Honorable Mention Award for the efforts to help protect Denali National Park natural resources through the PlanteEVERgreen environmental management system that Aramark has developed. The program focuses in eight key categories:

- Procurement and Purchasing: Doyon/Aramark implemented an environmentally preferable purchasing policy including Easy-Nap napkin dispensers that dispense only one napkin at a time, Earthshell food wraps that are biodegradable, and several other environmentally referable retail products;
- Interpretive Programs: Environmental information is incorporated into interpretive program tours for Park visitors;
- Education and training: All employees receive training on Doyon/Armark's environmental management system, and EMS objectives.
- Culinary practices: Uses local and/or organically grown food products for sale at the restaurant and follow the Monterey Bay Seafood Watch Program guidelines and serve only those approved fish species

as identified by the Program. The cooking grease disposal and management was modified to reduce spills and the used grease is donated to a vendor for reuse as bio-diesel.

- Water and Energy Conservation: Replaced copy machines with Energy Star certified machine and replaced Washington machines and dryers with more water saving models and energy efficient propane-fired dryers.
- Transportation: A large portion of the operation at Doyon/Aramark is related to the fleet of 100 buses and support vehicles that transport the thousands of visitors through the park each year. Air filters were installed on the buses reducing particulates, carbon monoxide and hydrocarbon emissions by 70% when using low-sulfur diesel. Another environmental concern was the amount of dust generated from buses traveling long distances on unpaved roads. To address this matter, Doyon/Aramark implemented no-dust speed when passing pedestrians on the Park road and follow a low-air pressure program whereby less dust is spread when traveling on unpaved roads.
- Waste Management Reduction: the operations increased recycling by 26 percent as compared to 2004 levels both in the operations and through guest education program efforts.

- Sustainable Building Design: The operations here have utilized sustainable design practices in several of the buildings. These include environmentally preferable building items including: biodegradable tectum ceiling tiles made from aspen fibers, Tirex (recycled tires) flooring in heavy traffic entry areas, locally grown spruce for exterior and interior finishes, and bamboo flooring.

Mr. Johnson underscored Aramark's commitment to sustainable and environmentally conservative design throughout the corporation. He informed the group of the availability of a green room at the Glen Canyon facility (no. 210) and suggested that participants do a walk through tour during the break.

6. NPS Visitation Trends and Backcountry Activity

Dean Reeder of the NPS Partnership Office said that in preparing a national strategic plan for the Park Service national tourism effort he would really like input from people who are going to either help execute that plan or hopefully receive some benefit from the plan. Several of his observations follow:

- He stated that it is necessary that someone explain to the Park Service a little bit more what the tourism industry is about and what it is trying to do, and vice-versa. That some interpretation for the tourism community/industry would be beneficial as to what is

meant by certain terms and what are some of the objectives as well as some of the hurdles and other things that being a government agency forces people to have to deal with.

- He observed that the NPS has tremendous brand capital that is very strong, yet not static. He said it either needs to be deployed or it is going to be depleted. He added that this brand capital in the National Park Service is imbedded. And in business terms it is illiquid and there is a need to figure out how to better utilize it.
- Mr. Reeder further explained that the Park Service's human capital is also very strong and he was impressed and continues to be impressed by the caliber of people who work for the National Park Service but that the combined capital assets are underutilized.
- He pointed out the need to focus on the role of marketing in the Park Service as extremely important to visitation. Historically marketing in the NPS has unfortunately gained little attention. He discussed Price, Product and Promotion.
- Mr. Reeder reported that in the economic Big Picture, GDP growth is slow and steady, and with regard to travel, travel spending is projected to be \$700 billion this year and to be up 5.3% in 2007.

- He recognized that the National Park system visitation is going to have anomalies and differences noting that statistics are saying that backcountry activity and camping numbers are in serious decline.
- Mr. Reeder reported a continued national tourism visitation growth pace projected at 2%. Interestingly, within public attractions, the destination attractions were doing better than regional units. The destination attractions are growing at 3.7% annual rate. So the outlook summary for visitation is that in the macro trends are expected to be slow, steady growth for all tourism. And where individual units or individual firms have gains beyond that at a steady growth rate of about 2%. He urged obtaining this from stealing market share and paying attention to niche markets.
- Regarding technology matters, Mr. Reeder explained that new technology and new media have a continuing and strong impact on the travel business and travel markets.

An example is that the traditional tour operator companies are investing in technology, particularly their web sites and interesting ways to download interpretive information. He said the kiosk may be on the verge of being replaced with a download station where visitors could hook up their IPod, MP3 player or GPS-enabled device to get information about the place

they are about to go to or what they are about to do.

There was discussion by advisory board members on various reasons for significant declines in park visitation. They determined that the visitation trend was not just a Park Service problem.

Chair Naille noted that Marketing has taken on a negative connotation within the Park Service for probably 20 years, especially so up to a decade ago. He was curious as to whether or not the concessioners, as a group, have backed off of the marketing efforts they once did 20 or 30 years ago.

Mr. Reeder said that there are concessioners in the working group that he is a part of and that question of concessioner marketing efforts in cooperation and coordination with the park and the state or region is one the group is beginning to tackle.

Mr. Reeder added that there are private sector attractions who, unlike Disneyland or Disney World, are historical, interpretative and cultural attractions that are struggling, as well, with the same issues and the same questions as the NPS. The one difference is that they seem to be doing something about it by repositioning their product, restructuring their offer, and doing additional or different capital investments to reach those niche markets discussed in the Travel Industries of America (TIA) report, in other words, they are marketing.

Kathy Fleming commented that she thinks one of the answers to marketing and capital investments is accommodating the needs of the visitors as they are changing. She said it has a lot to do with realistic planning based on market analysis, and she is trying to do that ahead of the prospectus development.

7. Insurance

Mr. Baekey of PriceWaterhouse explained that he and the PWC insurance group have been working on developing updated insurance requirements for NPS concession operations. It is important to consider minimum levels of coverage in the specific types of insurance that were discussed as a guideline for the concessioners. The following are some of the guidelines, determinations and new requirements for coverage discussed by Mr. Baekey:

- To use the A.M. Best rating guide to set minimum quality standards for insurance carriers.
- Any insurer is 100% acceptable that has an A.M. Best strength rating of A-plus plus, A-plus, A, or A-minus. With the Director's approval, insurance can be provided by a carrier that has a B rating.
- By no means will the Park Service or concessioners be appropriately covered with an A.M. Best rating of B minus or lower. There is significant risk that this

type of carrier is not going to be in business should they get hit with a number of different claims.

- The insurer's financial size should have a rating of seven or above as appropriate and acceptable; five and six requires Director's approval; and four or lower is not acceptable.
- Additional insurance methods may include captive insurance companies and self-insurance programs. He said the Government will stand in and be named as an additional insured.
- Regarding time frames, the recommendation was that the insurance policy will include absolute 60 days prior written notice of cancellation to the NPS. It was felt that that was reasonable as opposed to insurance 90 days in advance of the season.
- In respect to seasonal operations there will be a requirement for permission or evaluation of permission granted for premises to be vacant or unoccupied.

Mr. Baekey introduced a matrix covering all the different business types found in NPS operations. The matrix described coverages that would be absolutely required and that would vary depending on the business operations that were contractually authorized. Regarding minimum limits, he said experts are saying that the Park Service and its concessioners have been under-

insured for several years and outline showed what is believed to be the sufficient level of coverage that concessioners and the Park Service would want in these specific areas:

--General, aggregate and commercial liability at two million. This is a raise in the limit to one million dollars on products and completion aggregate and \$2 million on the aggregate.

--Real property and personal property, are looking at insurance minimums at 100% of replacement value. Multiple locations are looking at 90% of the sum of replacement cost aggregate.

--Worker's Compensation will have employer liability at one million dollars.

--Builders Risk will be 100% of the projects' completed value. He noted that if there was a default the NPS would have the ability to complete that project.

--Environmental and pollution coverage will be set at three and five million.

--For crime and innkeepers coverage the minimums would be \$100,000 per incident.

Board Member Linford asked how the conclusion regarding the Park Service and concessioners being under-insured was reached.

Mr. Baekey responded that the requirements for the Park Service have not been updated in ten years and NPS is putting together a chart for concession specialists in the regions to have decision-making capability for concessions operation coverages to be reviewed against standard, consistent, minimum levels of insurance.

Ms. Pendry stated that the Park Service is in the process of updating NPS 48, Concessions operating guidelines primarily for concession specialists to be used as procedure guidance for concessioners and concession operations. She added that the NPS is in the process of not only updating the insurance requirements, but in updating all of NPS 48, which is a huge undertaking.

Ms. Roberts asked if the insurance requirements apply to CUAs.

Mr. Baekey responded that from his perspective there is a lot of applicability to CUAs.

Chair Naille suggested putting together a committee or working group to consolidate comments and questions in this area, and then enter into discussion about how best to resolve them.

8. Commercial Use Authorizations

Ms. Fleming explained that the legislation that actually provides authority for commercial use authorizations is contained in Public Law 105-391. The service issued a CUA draft rule in 2002, and it now is ready to be republished in the *Federal Register*.

She reviewed Section 4-18 of Public Law 105-391 that governs Commercial Use Authorizations (CUA). It requires that services will have minimal impact on resources and values of the unit of the National Park system which they operate in. Two types of authorizations will be issued: incidental activity, which is the former IBP, and CUA's for people performing services inside the park entirely. No construction will be allowed and the maximum duration of these permits will be two years. She added that the number of authorizations must be consistent with the preservation and conservation of park resources and values.

Ms. Fleming stated that the Park Service had identified issues that were prevalent during the comment period for the 2002 draft rule that was issued and that the term of a CUA was limited to two years. There is no preference of renewal and the differences in the proposed rule took into consideration many of those comments. The random selection provision has been eliminated and the Park Service has emphasized that the limited permits will be selected and awarded based on qualified applicants who can provide quality visitor services.

She mentioned that interim guidance on CUAs was issued December, 2005 and most of the parks have converted. She noted that there is not a requirement to convert right away, but IBPs to CUAs should be converted as they expire. In regard to the interim guidance, all of the regions have a designated representative for CUAs.

She commented that the interim guidance generated a lot more questions than answers because the Park Service could not get too specific because it had not finished the rule making process. It therefore implemented the legal requirements in very broad terms. She said the specific provisions of how the program is managed will follow the completion of the regulations. The Park Service will develop a Director's Order and a Reference Manual will include some training that is accessible to the parks managing the program. She asked for any of the parks who have issues with the interim guidance to provide feedback.

9. Electronic Annual Financial Report Update

Mr. Hyde stated that Schedule M (operational statistics) has been revised and is now a lot more compatible with industry statistics. Much time was spent working on the processes for the acceptance and review of the reports to avoid duplication. He added that the reporting and accumulating of the statistics will work better and an improved version of the short forms has been received.

He explained that the Park Service is currently involved with the next steps, which has been a two-track process. The goal is to have it ready for the 2006 reports which are generally due the end of this year. He thanked PWC and Mike Tang for their work efforts.

Ms. Pendry asked Mr. Hyde to explain how the system will be rolled out to the concessioners.

Mr. Hyde responded that the method of delivery has not been finalized but it will either be on a disk or downloaded off the network provided by the Park Service because it is Excel data.

Mr. James stated that he has three distinctive, separate lodging facilities and asked if one report or three separate reports will be required.

Mr. Hyde responded that on this schedule it would be three separate Schedule M's.

**10. Standards, Evaluations and Rate Approval (SERA)
Project Update.**

Ms. Wendy Behrman gave an update on the standards evaluation and rate approval program (SERA). She explained that the first step in the process was to conduct some pilots at Grand Teton and Yellowstone in August, 2005 to look at the assets in the parks and research some of the

standards that would apply. She said PWC also initiated focus group studies to get feedback on what the private sector expected from park concession services. She explained how the program was heavily involved in the update and revision of the NCR model to address national issues which has been finalized. An update on status of some of the tasks are indicated below:

- Task 1 is fairly far along simply because work has been done on it for a couple of years.
- Task 2 is the issue of developing the maintenance standards. Under SERA the Park Service is looking at developing operational, facility, and maintenance standards.
- The PWC is just starting to initiate this task element.
- Task 3 is General Standards. A three day meeting with program managers and staff of the public health and risk management programs at the Washington level was held in May. The outcome of which was the development of a document that summarized the meeting, and proposed strategies on how to address the general standards.

- Task 4 is the pilot of the proposed standards that were developed for the four asset types. There is hope to select at least two parks, potentially three, that would test these for a period of three to six months, starting in the spring of next year.
- Task 5 is the marina standard. These have been contentious and there will be a lot of time spent revisiting the standards that were proposed. Consultation with PWC marina experts and a number of concessioners who have marinas will take place in order to get "on-the-ground" input. The process of repiloting those standards will commence thereafter.
- Task 6 is the operation performance review program. A guidance document is currently under development that defines the kind of the process, methodology and responsibilities the Park Service concession program has as-well-as how to evaluate concessioner performance. It will explain the responsibilities of the park, the region, and WASO in executing performance reviews and describe the frequency and the methods for follow-up and corrective actions.
- Task 7 is the rate administration program, a component of the concession review program. The rate administration guidance document issued in 2002 describes the roles and responsibilities of the parks, regions, and Washington office in reviewing and

approving rates that concessioners submit. It identifies the processes to complete from the time that the concessioner submits the rate request; to what is done when it is received, to the roles of the concession specialist and the superintendent throughout the entire process. It also defines the six current methods that can be used to review and approve rates. These six methods are up to the discretion of the park. Sometimes they are defined in the contracts and some of the rate-type methodologies are only applicable for certain types of services.

There followed general feedback provided by Board members on some of the processes.

Presentation of Special Recognition for Chairman R. Allen Naille, Chairman, Concessions Management Advisory Board.

Ms. Pendry, on behalf of the new Park Service Director, presented a beautiful plaque on behalf of the new Park Service Director to Chairman Allen Naille, in grateful appreciation for seven years of outstanding leadership as the first Chairman of the Concession Management Advisory Board.

(The meeting was adjourned at 4:30 pm until 8:30 am October 25.)

October 25, 2006

Chair Naille called the meeting to order at 8:30 a.m.

11. Concession Contracting Status Update.

Kathy Fleming highlighted some of the aspects of the contracting status and the backlog of expired contracts. She provided an overview of the program, broken down by regions here, current as of mid-September. The September 2006 backlog is currently 124 out of 580 contracts.

214 contracts were eliminated since December of 2004. Continued good progress is being made due to the dedication in the regions, the regional leadership, and the Park Service leadership in getting resources into the contracting program.

Ms. Fleming announced that a first ever meeting with all of the project managers will be held tomorrow where there will be a sharing of lessons learned and sharing information to continually improve this process.

It is anticipated that by December of 2006 the number will be 95. The plans that the regions have submitted indicate that by 2007 there will be 28, and by December, 2008 eight contracts. Those are the challenging ones, most likely. This is a significant number from the 340 before.

A list of the prospectuses that will be released posted on the NPS Concession Program (www.concessions.nps.gov) web site. They are sorted by region and date.

12. Regional Concessions Chiefs Reports.

Tom Williamson, Intermountain Region Concessions Chief provided an update on the IMR concessions program contracts. He encouraged anybody who would be interested or would want updates to contact the project manager, Aaron Roth at 303-969-2792 or himself. Mr. Williamson provided detailed information on the various contracts.

Ms. Fleming added that all of these concession contract opportunities are published in the *Federal Business Opportunities*, as well as being posted on the NPS Concession Program web site.

Anne Dubinsky, Pacific West Region Concessions Program Manager, next provided information on contracts in her region. She announced that the new concessioner at Alcatraz has been operating now for just about a month and things are going well.

Ms. Dubinsky explained that it is important to remember that, while the focus in these meetings is prospectus development, her staff also works on quite another variety of issues. She highlighted the following:

- * Recent renegotiation of the franchise fee for the Yosemite National Park for the Delaware North contract.

- * Two commercial services plans in Hawaii; one at the U.S. Arizona Memorial, and one for Haleakala National Park.
- * The new CUA program both at Mount Rainier and other places to help parks implement that.

She urged anyone who has questions about her regional outlook or questions in general to call her at 510-817-1366.

Steve LeBel gave an overview of the National Capital Region. Early reports are that revenues are up about 3% and visitation is up about 3% as well. Tourism in D.C. continues to steadily grow. The National Mall and Memorial Park is undertaking a visitor transportation study. The environmental assessment for the visitor transportation is now under departmental review. This will determine the direction to take in contracting. The George Washington Memorial Parkway is undertaking an environmental assessment to determine the balance between the public marina facility needs and the protection of Dyke Marsh adjacent to the concession. The study is now engaged in itemizing resource impacts. The Rock Creek Park Division of Interpretation has joined with concessioner Guest Services, Inc. who operates the Rock Creek Horse Center right next door to offer park visitors ranger-led interpretive horseback rides. This has fulfilled two important goals. It has proven to be a very popular program and an excellent partnership.

Becky Brock, Concessions Program Manager for four parks in Alaska: Lake Clark, Katmai, Aniakchak, and the Alagnak, spoke on behalf of Kevin Apgar, the Alaska Region Concessions Program Manager.

The Alaska Region has one contract still out, the Glacier Bay cruise ship industry contract. Another contract will close on November 13th, for hiking guides in Denali. It is not anticipated that any more prospectuses will be issued in the near future.

Cherrie Brice reported for the Southeast Region and stated they have two prospectuses that will go out within the next two weeks for Big South Fork, which is a small horse operation, and the Buck Island Reef National Monument, which is boat tours out of Buck Island and the Virgin Islands. Nine prospectuses will go out mid-2007 and one contract will be awarded in January of 2007.

Tracy Simmons with the Midwest Regional Office, representing Sandy Poole, stated that the Midwest Region currently has two prospectuses out on the street right now. Those both close on November 8th. One of those is an operation at Sleeping Bear Dunes, and the other is at Jefferson National Expansion Memorial. Work will continue on leases at Hot Springs National Park and in Cuyahoga Valley National Park. Five prospectuses are to be released within the next six months. Seven of the very small concession permits were converted to commercial use authorizations. The Midwest Regional Office has 15 remaining contracts to be renewed. And that includes the two that are out on the street right now. Five of those 15

are at Ozark National Scenic Riverways.

Ms. Fleming stated that the Northeast Region was unable to attend this meeting, but had provided information about upcoming releases. They plan to release the retail services at Fort McHenry sometime in November; the Statue of Liberty ferry transportation services will be released in late December. The Fire Island contract which provides some marina services and water transportation will be coming out in March. And next year early in the year there will be two contracts released at Gateway for marina, boat rentals, retail, shower and laundry. The other will be for food and retail and boat rentals. The Northeast Region also has a very significant leasing program.

Ms. Fleming informed the Board that there has been some progress only on the reporting/tracking system that will help to keep these plans current and updated without having to go out to the regions every three or four months. There will be a live web-based system that will be real time in order to better be able to share plans with the concessions program. A contracting workbook has been developed that will have samples and contract language and ways to get through the FAR contracting process that will help not only the project managers in the regions and the Washington office get through these prospectus development projects, but also the parks and superintendents so they can understand the processes.

Chair Naille stated that one of the biggest things when this Board was formed was the concession contract backlog issue. There were so many contracts that were backlogged out there somewhere. And, while he had hoped to

see zero by the time he left, there has been pretty good progress. In fact it has been a fairly monumental task that was accomplished. Chair Naille also commended progress that has been made on SERA.

Ms. Pendry added that this year the Director signed a memo to the regional directors and to the superintendents that required them to add a performance standard to their performance plans talking about concession contracting and concession operations. This is the first time that the Park Service has required superintendents and regional directors to have such a performance factor in their performance evaluations. This indicates the Park Service is serious about reducing this backlog and serious about concession management.

With regard to prospectuses, every time a prospectus is released it is posted on the NPS Concession Program web site. So concessioners, the general public, anyone who's interested can go to the web site at www.concessions.nps.gov and pull down and take a look at the prospectus.

Board Member Weerts stated he was very impressed with all the new staff that has come onboard and taken on this challenge. They are extremely committed and seem to be doing an excellent job.

13. Leasehold Surrender Program Accomplishments and Awards.

Ms. Pendry informed the Board that the Board's three recommendations on leasehold surrender interest (LSI) were incorporated into a draft regulation. The three specific

recommendations were to: allocate LSI, leasehold surrender interests, to the component level; to adjust the value as improvements are made to existing LSI capital improvements; and third, that LSI crediting is based on the source of funds.

At the last meeting those regulations were reviewed once again. Those draft regulations are now with the National Park Service regulation manager who is formulating them, circulating them through the department. They then go to the Office of Management and Budget (OMB) for review, and they will be published in draft form in the *Federal Register* for public comment.

14. Inspector General Report on Department of Interior concessions programs.

Ms. Pendry made a presentation on an Inspector General report that was done back in 2004 right as she was coming onboard. This IG report was being finalized and it preliminary cited the lack of what the department's Inspector General called an effective concessions program. This report was not on just the National Park Service, this report included all the bureaus within the department who also have concession programs. However, the Park Service is 90% of the Department of Interior's concession programs. Three key areas were identified: not achieving revenue goals; a non-effective program would not meet the demand for public services; and it concluded that significant improvements to the Department's concession programs need to be made.

The recommendations were in several key areas, one being leadership. They wanted DOI to create a formal

structure for providing technical assistance, for sharing knowledge, for processing and monitoring high-dollar contracts, for legal review, concession templates, etc.

Another key recommendation was to invest in human capital; to develop and implement comprehensive human capital strategies for each of the bureaus that included defined career paths, training programs, a plan to recruit, retain individuals with the appropriate skills needed for the program; regionalizing concession functions; and limiting this use of collateral duty personnel; and providing this network of technical experts, otherwise known as a circuit rider program.

They further recommended the implementation of a management information system in order to capture financial and other pertinent information to the program regarding leasehold surrender or possessory interest or similar types of compensation in the other bureaus who do not have the same exact types of compensation provided to their concessioners. In the area of policy and guidance, they wanted more consistency, basically, across the bureaus so that the policies were more similar.

In order to reach these goals, a DOI concession management working group was established. The working group meets about every other month.

Recommendation number one from the Inspector General was to establish a departmental level official with oversight responsibilities for concession management. And that was done with the Director of Policy Analysis and

Management appointed as the oversight official for concessions.

Their second recommendation was to establish this working group, and that is also accomplished.

The third recommendation was to take steps to improve overall program performance. By the establishment of the working group and all of the other sharing of information is going to help us accomplish that broad, general goal.

More specifically, number four was to develop and implement a comprehensive human capital strategy. What the department is going to be doing is issuing something called a personnel bulletin. That personnel bulletin will require bureaus to develop such a strategy. Again, the Park Service is going to really take the lead on this.

Number five, develop and implement an integrated management information system.

Goal number six was to develop and implement standardized policies and guidance. This has been a bit more challenging for the group because there are so many different rules. What was done here is the development of something called Departmental Manual policy or a policy that will go into something called a Departmental Manual. It is very broad and over-arching.

In NPS Management Policies there's a chapter on the concessions program, Chapter 10. And what Chapter 10 does is give broad over-arching guidance about how to manage the

concessions program. That is what recommendation six will do for the entire department.

Recommendation seven was to review all of the current concession agreements for legal sufficiency. What the IG found when they were doing their review is that there were some contracts in other bureaus that had taken Park Service terms, and specifically leasehold surrender interest, and incorporated those terms into another bureau's contract. And the other bureaus don't have the authority to assign leasehold surrender interest.

They also called for a review of all of the concession contracts that had been issued by all of the bureaus. And the Park Service is actually fortunate in that all of its contracts are always reviewed for legal sufficiency before being issued.

Number eight was develop and implement a comprehensive plan to reduce the backlog. Ms. Pendry indicated that a plan was developed and the backlog is being eliminated. The completion date is September of '08, which then will be marked "complete."

Number nine, consider adding a key performance measure tracking the reduction of the backlog. They found that there were no performance standards in place for the deputy director, for the regional directors, and for superintendents in the equivalent positions in the other bureaus. This report helped to have the Park Service agree to incorporate these performance standards into the deputy director's performance plan.

This IG report had been accomplished a couple of years ago and it has helped and enabled her to go back to the report and use it as ammunition to complete some of the things that needed to be completed anyway.

Wendy Berhman indicated a NPS concession workforce survey was sent out by her staff several months ago, and that this concession workforce survey is being used to try to get a handle on who was in the NPS concession program and what their responsibilities were. With an 90% response rate, the survey indicates there are close to about 130 staff in the concession program for the Park Service; about 60% of that currently is showing collateral duty.

A general discussion was held regarding the benefits of trying to integrate with the other bureaus flowing back to the Park Service.

14. Service Contract Act Issues.

Ernest Jutte provided the Board with background about the Service Contract Act, using a slide presentation. The Service Contract Act (SCA) is a Department of Labor Act passed in 1965 that sets prevailing wages for service workers. Specifically, the Service Contract Act, as would apply to the Park Service, says that there are exemptions for concessions contracts which are principally for the furnishing of six items: food; lodging; automobile fuel; souvenirs; newspaper stands; and recreational equipment to the general public. This has been one of the primary challenges in thinking about the Service Contract Act and how it might apply to Park Service concessions.

There are two cases which the Service Contract Act has been determined to apply for the Park Service. The first is Denali which was brought forth in 2002 from the transportation unit. And most SCA was recently applied to Alcatraz in 2005. Both of these cases the Department of Labor has issued their determination that the Service Contract Act applies in full to the workers who are operating under these contracts.

What is most important, especially for the Park Service, is that these prevailing wages, benefits, and overtime are paid across the board, regardless of seasonality or your full-time or part-time employment status. This could have significant implications on the financial and business operations under the affected concession contract.

A general discussion followed on this subject.

15. Concessions Training Update.

Wendy Berhman provided the Board with information regarding communications and responses received on the concessions workforce and training survey. She reported that she had a 94% response rate from the concession staff. 193 people responded with 71 full-time concessions people; 122, therefore on collateral duty. She emphasized that collateral duty doesn't mean that they're spending 50% of their time. It more often than not means they're spending one-tenth of their time on concessions. That equates to 37% full-time; 63% collateral duty.

With regard to communication, Ms. Pendry has really been committed to increasing and improving NPS

communication between Washington Regional Offices and parks, simply in an effort to make sure everybody has the tools and information that they need to do their jobs in the parks. Several things were accomplished. One is *Concession Program Quarterly Reports* which basically convey to parks key initiatives that are occurring both at WASO and regional levels.

Another effort is embarking on a collaborative effort, actually, with the Intermountain Region, building upon a very successful model that they developed last year which is something they call concession workshops. They're not necessarily training venues, they're simply communication avenues for the program. They will be occurring on a monthly basis, and they take the form of an hour conference call, in essence. Ms. Berhman provided a list of upcoming workshops. The first one is in November, and it'll be the environmental management program.

In December a second workshop, which will be a kind of debrief on the outcome of and the discussions from this meeting, again, just as a method to communicate to the parks.

In January there will be a session on the revised rate administration guide and going through the process now of incorporating all of those policy updates so that there will be a single document as a current reference. And so the revised rate guidance workshop in January will just remind everybody those policy updates which they should already be applying, and answer any questions.

February's session is on ethics in concessions management.

In March there will be a session on the environmental audit program. This is a fairly new program and important to instruct the park folks what their responsibilities are. The environmental audit program identifies those liabilities that the Park Service incurs because concessioners perhaps aren't in compliance. And the Park Service has a responsibility to follow up on those audits. And so this will kind of emphasize their responsibilities in that arena.

In April there will be a discussion on asset management. Again, a relatively new program within concessions.

In May there will be another debrief on the Advisory Board meeting.

In June there will be a meeting in conjunction with the National Park Service public health program to relate to parks their responsibilities as far as public health and managing that element of concession management.

July, will have a session on the new AFR forms. Historic leasing will be the workshop topic in August; and then facility management in September. And in October SCCA compliance.

Ms. Pendry felt this is really a good, quick way to reach out to the concession specialists and provide them information on the program. The goal of the program and

the Park Service is to have regularly scheduled training for the various aspects of the concession program.

She also pointed out brochures that are free, online course available to concessioners about the history of the National Park Service. She urged the concessioner to attend the Fundamentals 2 training which will be held at the Grand Canyon, participate for free, except for one night's lodging, and spend a week with other National Park Service professionals new to the program, and learn about the Park Service.

Judy Bassett gave a briefing on the status of the Superintendents Concession Management Training project. She explained this training came about as a result of a directive from this Board to look at developing a new training program for superintendents under the new 1998 law. PricewaterhouseCoopers was instrumental in this effort. She highlighted various efforts where the NPS Concession Program surveyed key stakeholders and concessioners to gather training information. The Superintendent Training Course is scheduled to be pilot tested in November before a test group of Superintendents and concession specialists. Part of the effort will be to test the draft course modules; insure their adequacy and focus; test the effectiveness of the course for superintendents; train the instructors in the new course materials; and evaluate and provide direct feedback to the instructors and participants. The first full course will be in spring of 2007.

A question and answer period on this subject followed.

Board Member Eyster commented on the discussion suggestion that the Superintendents Training Course include participation by concessioners and recommended that perhaps this should be a dedicated training effort for the NPS. Concessioners could participate in panels or discussion groups outside of the main training course.

16. Asset Management Advisory Group.

Deb Harvey stated that the asset management program is a fairly new program within the concession program. This new program was the result of several things, one being the new concession law, the monitoring of the leasehold surrender interests. But then there have also been several initiatives within the agency and within the National Park Service itself as far as asset management. Executive Order 13327 that President Bush signed into effect in 2004, requires the Park Service to provide information on an annual basis back to the agency; information such as operations and maintenance dollars expended by asset, deferred maintenance by asset, and what they call an FCI.

The FCI is a facility condition index. That is an industry standard that helps provide a picture of the overall condition of the asset. In May the Washington office requested that all the concession program regional chiefs nominate two people to be on this advisory group.

We asked the park facility management to provide a couple of representatives. One is from the Washington office, and two from parks. The Department of Interior has

finalized its asset management plan and now the concession side of the house has to get in sync with the facility side.

Ms. Harvey reported on a meeting held in June, which entailed standardizing the comprehensive condition assessment, scopes of work, how to get the information back. This information will be used, projecting over the term of the contract what's going to be spent in recurring maintenance, preventative maintenance, cyclic maintenance, and so on.

The concession program has been gathering that information through Excel spreadsheets. She said that all of the condition assessment contractors are required to use the Park Service condition assessment web page. That web page allows them to update asset information, identify any deficiencies associated with the asset, identifies any equipment associated with that asset, and determines what is the remaining life of that asset based on physical observation.

Probably 95% of all the concession facilities are in FMSS as of this date. OMB, DOI, and MPSS at management requirements. One thing OMB has done is they have put performance measures on the program that requires, on an annual basis, a report not only on deficiency information, but to show that annual assessments are done on concession facilities and that contracted comprehensive condition assessments are done every five years.

She noted that there has traditionally been misunderstanding on whether concession facilities are NPS

facilities. And according to the law they are, but it has been difficult convincing the park facilities side of the program that they are. And they're coming along now.

The following goals were identified at that meeting: Asset management education for the group; develop communication strategies; draft a group charter that was going to lay out what was the group's purpose; and then recommendations to address asset management responsibilities at the park level.

For providing LSI guidance to the field, an LSI tracking tool was developed put in operation at the first pilot at Blue Ridge Parkway the end of August. Other areas will follow.

There is a need to define the concession data management system asset management requirements. There are things over and above what the Park Service does in regular asset management such as the LSI tracking and the maintenance plans that are drafted and need to be monitored. That will be housed in the concession data management system.

And one of the big issues is, the Department of Interior has finalized an asset management plan for all of its bureaus. And the concession program needs to actually create a supplement for that and issue that maintenance plan guidance.

The big question is, how to get information from the concessioners and then back into FMSS? Accomplishments so far is the creation of a group web page off of the

concession asset management page where meetings are posted, any briefing statements, Director's Orders, or any memos that come out related to asset management. The group did finalize the charter over the summer. And the purpose that the group decided on would fit this group would be: to advise WASO concessions on matters related to facility management and the NPS concession program.

The NPS Concession Program Asset Management Advisory Group recommends asset management business practices and acts as a point of contact for parks and regions. The next meeting is scheduled for November 1st and 2nd in Denver.

Board Member Eyster pointed out that the private industry has a definition of asset management that includes two primary categories. One is the management of facilities, and the other is the management of the operations themselves. The Park Service has defined asset management as really facilities management. It deals with the physical facilities, the spending the money on them, the capital improvement budgets, the repairs and maintenance, that sort of thing. In the hotel industry asset management means a lot more than that. It means that, facilities management. But it also means the coordination and management of day-to-day hotel operations, like pricing, staffing, marketing, and all that sort of thing where the hotel asset manager works with the operator of that hotel.

So it depends on how the Park Service wants to define its function. The major point, before going too much further, is to decide whether asset management with the Park Service means strictly facilities management; and if

it does, maybe it ought to be called facilities management in order not to get mixed up with the industry definition of "asset management."

A discussion followed along those lines.

17. Concession Data Management System Project Update.

Ms. Pendry made a short presentation updating the Board on the concession data management system. This system is actually in use in its beta format by the concession specialists at both the Washington, regional and park offices.

This system is, as the chart says, a secure intranet.

It's an accessible database that was designed for the concession program. It is simply a contract management or a contract database of primarily providing information on the contracts that are in place, when they expire, what their gross revenue is, what the name of the concessioner is, when the contract was first executed, and some other information regarding the services available.

The AFR module will be incorporated into the concession data management system, as well the module talked about a little while earlier regarding the leasehold surrender interest tracking tool that will also be a module. And in the future there will be modules for evaluations; for environmental auditing; for operations; prospectus development, which is probably one of the next things that will be brought online; the ability to manage the prospectus development process so that anyone can open up the tool and be able to see where we are with prospectus

development for Statue of Liberty or whatever contract he might want to see at a glance.

She demonstrated using the system. She further stated that one of the objectives in developing this system and making it web-based was to have the regions maintain their own data.

18. Other Business.

There was no other business.

19. Adjournment.

Upon a motion made and seconded the meeting was adjourned at 11:50 a.m.