

WEDNESDAY, FEBRUARY 27, 2002

8:30 A.M.

NATIONAL PARK SERVICE CONCESSIONS

MANAGEMENT ADVISORY BOARD

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Introductions

Ms. Orlando briefly explained the rules governing the meeting.

Welcome,

Convene Business Meeting and

Approval of October 31, 2001, Minutes

Chair Naille opened the meeting at 8:30 am and asked everyone present to introduce themselves.

Approval of Minutes

Motion: Board member Voorhees moved, seconded by Board member Linford to adopt the minutes of the October 30/November 1, 2001 meeting. The motion carried unanimously.

Chair Naille briefly provided an overview of the agenda items to be discussed.

Category III Contract Language

Ms. Orlando introduced Kevin Apgar, Chief of Concessions for the Alaska Region. She explained the efforts that the Park Service has put forward in the last few months to revise the Category III or the simplified contract in response to general comments, both internally from the Park Service and from the small concession operators who have indicated that the standard contract language that had been developed in 2000 was too complex for the smaller operator.

Kevin Apgar, Concession Program Manager for the Alaska Support Office

provided the Board with an overview of the main issue the Task Force dealt, which had gone over, word by word, the published standard contract language for the Category III contracts to see what could be done to make this contract language simpler, easier to understand, less burdensome for business and, therefore, to encourage more businesses to apply for concessions, the increased competition in the award of concessions and ultimately to have better visitor services.

He next explained what Category III contracts are vis-a-vis Category I contracts, which consist of the big contracts in the Park Service that have capital improvements constructed on park lands and for which the concessionaire will have a leasehold surrender interest.

Category II contracts have no capital improvements to be constructed on park lands, but they do have land assignments or building assignments within the park.

Category III contracts have no capital improvements, no land assignments, no facilities and for the most part these are the guide and outfitter contracts in the Park Service.

Mr. Apgar next explained the structure of the Category III contracts, including the new contract language and referred to a draft Category III contract language document provided to the attendees.

He emphasized the new language was reduced to only about six pages resulting in a substantial reduction in volume. The main body of the contract and the two addendums for general provisions and special provisions include about three pages, reducing the volume that was in the contract from about 20 pages

total to about nine pages.

One addendum consist of general provisions and contain generic details (boiler plate language) and the second addendum contains park-specific provisions. These would be items generated in the individual park for the individual visitor service. There is an option to either include special park-specific provisions in this section or to delete this section all together and just have an operating plan attached to the contract.

The third item is optional or alternative language that can be substituted into the main body of the contract, and that mostly has to do with options on franchise fees. This would be just optional or alternative language that the person preparing the contract can draw upon, pull it out of the optional section here and include it in the main body of the contract.

There are four exhibits:

Exhibit A is nondiscrimination.

Exhibit B is an operating plan if applicable.

Exhibit C is assigned personal property if applicable.

Exhibit D is the insurance exhibit.

Mr. Apgar provided some examples of what categories would fall under Exhibit C.

BOARDMEMBER VOORHEES asked for further details on the language that was trimmed.

Mr. Apgar pointed out that the Park Service formerly had different requirements for stand-alone plans. There normally was a requirement for an operating plan, and there was a requirement for a stand-alone risk management

plan. Currently there is a requirement for a stand-alone environmental management plan. The Task Force rolled all the requirements for the separate stand-alone plans into a single operating plan, making it simpler for businesses to operate.

Moreover, about 50 percent of the language that was removed were just things like "whereas" clauses, language addressing maintenance, and eliminating language having to do with merchandising. A big category was just eliminating repeated requirements to comply with applicable laws. Typically, different sections of the contract had been drafted by people as if they were stand-alone versions of a contract and would start off mainly reciting what the applicable laws were. It is now required that one must comply with all applicable laws.

Also eliminated from these Category III contracts was the section that dealt with bonding requirements.

Board Member Norman expressed his general philosophical support for this effort and asked Mr. Apgar to give him an idea of the upper level of Category III contracts in terms of the dollar value.

MR. APGAR explained that some Category III contracts cost quite a bit of money and mentioned that in his region, for example, the cruise ship operators in Glacier Bay would actually be under Category III contracts and, because they don't have any land assignment, they don't have any facilities in the park, and some of those operators gross \$20 million apiece. Therefore it is not possible to stratify the contracts and say that Category I are the big operators, the big in-park concessionaires, because there are also some guide and outfitter contracts that gross quite a bit of money.

Board Member Norman stated that on a certain level one must make certain, fiduciarily, that all the legal boundaries are set, because having \$20-25 million contracts is different than a million or less.

Mr. Apgar replied that, generally speaking the Category III contracts would certainly be those that gross less than \$3 million a year, but there would be a few exceptions.

He pointed out that PriceWaterhouse is working on the 50 big contracts in the Park Service, but that there are 630 contracts nationally with the top 50 gross \$3 million or more being generally Category I contracts. So most of the guide and outfitter contracts would just be in the hundreds of thousands of dollars.

Ms. Orlando said that there are 330 outfitter and guide contracts that are Category III; 21 of those gross over \$500,000, the rest are under 500,000.

Bob Hyde explained that the majority of these contracts are small, under \$100,000; there will be a couple like the bigger river runners and such, which might be over that amount, but most of them are under 100,000.

Board Member Linford inquired if this draft proposal would be making life simpler for these outfitters. He mentioned he has received a lot of complaints from people who feel like they are still being buried in paper.

Bill Horn, serving as counsel for America Outdoors, which represents approximately 500 river guides, outfitters, dude ranchers, hunting operators nationwide, felt that a significant percentage of its membership operate in national park units under concessions contracts and have been actively involved in the implementation of the Concessions Improvement Act and working on this contract and related regulations.

Based on an initial review of this new draft contract, it is a very substantial improvement over the prior 27-page contract that was essentially being presented to Category III operators for signature. He expressed appreciation that the Agency has taken some of those criticisms to heart and made some fairly significant changes.

He then asked if:

- a) will there be a formal opportunity for public comments on this draft contract
- b)** Is there going to be anything to give the public a crack at this, before it gets adopted by the Agency.

Ms. Orlando informed him that the procedural expert, Solicitor Barkin, had stated that there would not be a formal comment period published in the Federal Register to prolong the process. Because there has been an actual reduction of the contract, it was felt that a notification in the Federal Register would be sufficient.

Recognizing, however, that there might still be concerns out there, the board was asked if this could be presented as the forum and try to get some feedback. An internal deadline of March 15th was set to get any interested comment back.

Mr. Horn reflected that the contract is one part of a series of activities or requirements that many of the guides and outfitters are feeling squeezed by, with what they thought were very significant large contracts and prospectus requirements and fee increases, that they saw just increasing costs and complications being imposed, while the rates were remaining fairly flat.

He then offered some specific comments:

Continue to discuss with the Director and the Deputy Director having the standard term for guide/outfitter contracts to be 10 years with departures from that for appropriate good cause. By having a 10-year contract and not having to go perpetually through the cycle of offers and review of prospectuses will make a significant contribution to reducing the costs and the paperwork burdens, not only on the Agency but on the guides and outfitters as well. There is no standard term today, but there has been some debate over whether Congress intended a standard term in the Concessions Improvement Act. He believed that there was an intent for a standard 10-year term with appropriate departures, and that has been an issue of some contention.

Ms. Orlando responded that the statute is pretty clear; it says that contracts shall be awarded generally for a term of 10 years or less. In the past, the average has probably been about five years and typically the term is based on the financial analysis.

Last week the Director signed a policy statement that these contracts will be awarded for 10 years; in exceptional circumstances, when a park or a region has to deviate from that there must be a justification that comes in to qualify a term of less than 10 years. So they will now be written. If there are exceptions those exceptions must be approved by the Director.

Contracts that have already been awarded and prospectuses that have already closed are not impacted by this policy.

Ms. Barkin clarified what the statute says - "a concession contract entered into under this title shall be generally awarded for a term of 10 years or less;

however, the Secretary may award it for a term longer, up to 20 years, if the Secretary determines that the terms and conditions warrant a longer term."

A short discussion ensued regarding improvement and investment in government property.

Mr. Horn continued with his comments on the draft and referred to Section 2(b) containing a reference that the authority to provide services under the terms of this contract is nonexclusive. He pointed out that in Alaska non-exclusivity is probably the norm in 98 to 99 percent of the circumstances, but there may be conditions where one of these contracts may indeed be exclusive. He indicated that in the end of Section 2, it says that the concessionaire may not construct any capital improvements and explained some scenario in Alaska where this would not apply, i.e. where they don't own the property, the real estate, that is held by the government, but their interest in personal property is subject to certain permit requirements and they are allowed to maintain and improve their personal property that is located on Park Service land.

Mr. Apgar explained that in a case like that it would be possible to issue a Category II contract that would have a land assignment.

A discussion followed around this subject.

Mr. Apgar stated that it would be possible to go back to Category II and make it look like Category III except for the land assignment provision.

Ms. Orlando said she would look into the need to make any revisions to Category II without making any commitment at this point as to what those changes might be, or revisions.

Ms. Barkin explained that the concession contracts that are out right now

have been issued anywhere from five to 30 years ago. And prior to the year 2000 there was one standard contract, and there were concession permits. That was the world of concessions.

With the advent of the 1998 law the Park Service stepped back and expressed the need to try to streamline things and to categorize contracts. A decision was made to create three different types of contracts, Category I, Category II and Category III.

Due to concerns raised about the complexity of the Category III contracts the Park Service has now started to simplify Category III.

Board Member Voorhees inquired if all of the kinds of exceptions discussed were in regard to the state of Alaska, or if this would be broader than an Alaska issue.

Mr. Horn said that the ones that were raised had to do with Alaska, although there may be someone in the lower 48 who has this cabin arrangement.

A discussion followed on this subject.

Mr. Horn continued his comment and referred to Section 4, the environmental provision. The sort of the subjective open-ended nature of the environmental management plans was one of the real major sticking points that arose from a prior contract, and this reference to appropriate best management practices is good. He urged the addition of the word "reasonably" or "practically" in the second line there between the word "technologies" and "available" just so that one is not only looking at the appropriate best management practices, but those that are reasonably or practically available to the concessionaire.

He cautioned that some of the best management practices standards in

these more remote locations could end up imposing pretty substantial costs on these individuals. This would not be the intent and so, therefore, would suggest adding that word "reasonably" or "practically."

Mr. Horn next discussed Section 7, which is records and reports, subsection (b), which is the requirements for annual financial reports. For receipts over a million an annual certified audit must be done, if it's over a half a million a financial statement reviewed by a independent CPA is sufficient, and if less than 500 just a financial statement is necessary.

These numbers have been around for a long time, and are worthy taking a look at maybe adjusting them for inflation or, or some other factor.

Some of the larger Category IIIs that just get over the million-dollar level, would cost approximately \$10,000 a year to do a certified audit by a CPA. Mr. Horn asked the board and the Park Service to take a look at modifying those numbers and to understand that the audit requirement does translate into a very direct annual cost that may not be wholly appropriate and necessary.

A discussion followed on what would be considered an appropriate level.

Board Member Eyster stated he thought there should be a continuation with audits for the larger contracts, because there is no process by which the Park Service itself is checking on the basis for which it is receiving its fees.

Board Member Norman concurred with that statement.

Ms. Orlando explained that the authority does lie with the Park Service to ask the questions and review those statements at any time.

Board Member Linford stated that, while understanding the Park Service's concern and the people's concerns, the onus could be on the operator to spend

\$10,000 a year being certified on this in order that the government be assured another thousand dollars' income. This is pretty onerous to some relatively small outfitters and not a very cost-effective expenditure.

Chair Naille pointed out that the Director has the ability to call for a full audit at any point on these numbers and asked what would be wrong with letting the government have the flexibility in deciding whether this is going to be a million dollars or a million and a half.

A full audit could be done every few years but in between years they don't necessarily call for that, and that could be some cost savings to the operator.

Mr. Horn concurred with that and thought this would be a rational arrangement. The problem of course is to have a binding contract term that obligates you to do this audit on an annualized basis when it may not be appropriate to do it every year, maybe every other year, or even every third year.

A further discussion was held on this subject.

Board Member Eyster opined that there needs to be some sort of an internal control mechanism that is automatic, a standard procedure in any basic accounting textbook. If the Park Service wishes to waive that annual audit from time to time they have the right to do that, but the contract should include that an annual audit is a requirement so there are no surprises later. This needs to be built into the contract and the bidding process and then there's no question about it.

Board Member Norman concurred with Dr. Eyster that something needs to be regularly specified in order to have the checks and balances that are

appropriate for that large number with the dollar amount indexed to CPI once a year.

Mr. Horn's next comment related to subsection (a)(1) which vests basically unfettered discretion on the Agency in terms of suspensions for criteria specified as protect area visitors, protect area resources or limited visitor services in the area that continue to be necessary and appropriate.

The rest of the provision makes it abundantly clear that if you are subject to suspension before one of these three extraordinarily open-ended criterion, you have no recourse to compensation, and basically if you suffer losses, you suffer losses.

In order to have a reasonable two-sided contract, the exercise of discretion under (a)(1) needs to be limited and have some reasonable sideboards put on it, because in its current configuration, as an attorney you'd be very hard pressed to go to any reviewing body, be it an internal board or to a federal judge with this type of language and say the Agency exceeded its discretion, because this discretion is virtually open-ended.

The language there in (a)(1) needs to have some type of reasonable sideboards put on it so that individuals operating under these contracts, will have some assurance that the Agency is going to be acting in a prudent, rational, reasonably constrained fashion.

Chair Naille pointed out that number one is really the mandate of the Park Service.

Mr. Horn reflected on the fact that when the Agency comes to make a determination that they would have to suspend services, there should be some

additional due process requirements added in here that, in addition to the notice, that the Agency be under some obligation to explain in some rational fashion why it was doing this.

He had concerns that there is no obligation on the Agency to explain why it would, under 8(a)(1) suspend operations and, under (b) a concessioner would not be entitled to any compensation for any losses that might be suffered or sustained as a result of this suspension.

Board Member Norman reflected that Mr. Horn would want the assurance that the Park Service is not acting arbitrarily or capricious, but by continuing to reference 8(b)(1), the fact that if that is done there is not any compensation of any nature. He asked if Mr. Horn thought there need to be some modification of 8(b)(1).

Mr. Horn said that it would be nice to basically have the government acknowledge that they could be in a position to provide compensation, but that there were very substantive concerns that would underlay trying to impose liability on the government for loss.

A lengthy conversation concerning this issue followed with emphasis on various emergency situations where closings occurred resulting in large losses.

Ms. Barkin pointed out that certainly the Park Service cannot operate, it has to have a rational basis for every decision it makes pursuant to the contract, that is an obligation of a federal agency. To the extent that a decision is made that is not rationally-based, the Concessioners certainly have a number of avenues to utilize in order to assert their claims in that regard. Court being one of those forums.

Mr. Hutchinson declared that business interruption insurance has been used in the past, which could be another remedy.

Pam Barkin referred to section (a)(3), and stated that in reviewing many of the contracts as the Park Service was preparing to issue its new standard contract language, not for unique situations or one where one would need to take an action in order to protect health or safety or resources, but in situations of breach of contract, the Park Service included time frames, not all of those old contracts have time frames, and so this was definitely recognition that it is proper in appropriate circumstances to give notice and to allow cure periods for breach.

Section one is not dealing with particularly a breach, but with situations of concerns over health, safety and resource protection.

Chair Naille pointed out that per examples over the last 30 years, incidences have been minimal.

Chair Naille stated he has always feared the spotted owl nesting areas as a reason for shutting something down at some point in time, as well as other circumstances that could just flat kill you.

A discussion followed on this subject.

Mr. Horn's last comment on the actual contract provisions concerned 8(b)(2) about removal of personal property, which must occur within 30 days unless the Director in particular circumstances requires immediate removal.

He would like to see that added so that the Director, under appropriate circumstances, could also give longer than 30 days.

Regarding Addendum No. 1, the general provisions, under paragraph 3, environmental data, reports, notifications, Mr. Horn would like the clarification

that the use of the term "hazardous chemicals" does not include basically petroleum, gasoline and kerosene and things of that nature. Under most of the federal hazardous material statutes petroleum products are not included as a hazardous material. Then it gets separately regulated and separately considered.

Paragraph 7, page three, subsection (f), there is a reference there to 43 CFR, Subtitle A, Subpart D, and about three or four subpart D's under Subtitle A, and Mr. Horn was curious as to what that cross-reference was so he could check it out.

Pam Barkin explained this should be referencing to the non-procurement department and suspension regulations, and that it will be clarified.

Mr. Horn specifically commented that in both circumstances there is a reference to excluding from the revenue monies that are received for fishing license; a reference to hunting licenses should be added here.

He next explained to the board one of the dominant concerns about language regarding the issue of the three percent of the revenues from gift shops.

Mr. Apgar stated it was his understanding that the percentage of gross franchise fee only applies to those activities occurring on park lands, and so would exclude the gift shop issue on private lands.

Mr. Horn had a further comment on Exhibit D on insurance, on page three the lettering system appears to change, it goes from alphabetized numbers to Roman numeral numbers, but under Roman numeral II, insurance company minimum standards, essentially an A-minus rating.

He explained that there was a period where some guides and outfitters were only able to obtain insurance essentially from B-rated companies, and one of the concerns of course, is that coming into this season in the wake of September 11th there are a lot of the concerns in the insurance industry, causing the premiums to go up appreciably. You might get stuck in circumstances where it may not be possible or economically feasible to get your hands on insurance from an A-minus rated company.

He suggested contemplating dropping that to a B or a B-plus, or building into it some flexibility for a guide and outfitter to obtain other than from an A-rated company if nothing else is available. He hoped the Agency would build into this agreement the discretion to provide some flexibility under those types of circumstances.

Mr. Horn stated he would reduce his comments to writing and commended the Service for their effort in the substantial improvement from the 27-page contract.

Ms. Orlando said that upon receipt of the comments, NPS would communicate internally with folks within the Agency and the Solicitor's office and see where they can be incorporated.

Sandy Poole offered a caveat, i.e. to have a less-than-10-year contract for Category III, say a seven or eight. For instance, if there was justification provided to the Director, and if the Superintendent felt there were substantial reasons for that.

Ms. Orlando replied that a document in this regard had already been sent out. She added that the fact that WACO has reduced and attempted to revise

where appropriate and legal, any sections of this contract, does not in any way indicate that WACO is abdicating any of its responsibilities. NPS still takes very seriously the responsibilities of protecting the resource, to its environmental considerations, and is just trying to again streamline and make the process less burdensome for the smaller operator.

She appreciated that the smaller operators have been with Concessions for the long haul and have also, because of the very nature of their activities, which are organic to the resources and the mission of the Park Service, have had these same concerns. Concessions is not abdicating any of its responsibilities as mentioned under the Organic Act and/or under the Concession Reform Act.

Board Member Norman suggested the Chair making a formal statement indicating the concurrence of the Board with the basic approach to simplifying and making it less burdensome as indicated.

Chair Naille indicated that the Board did concur and was quite pleased with what has been done here with the caveat of understanding the mission of the Park Service, and the needs to follow those rules and guidelines in adopting this type of a vehicle.

Board Member Linford commented that the one thing not addressed in this document is transferability of contracts upon sale of a business. He pointed out that Park Service approval of contracts is incredibly slow, especially relative to, say, Forest Service or BLM approval. He suggested to address that at this time.

Ms. Orlando stated she would take his comment into consideration and see again where this can be streamlined. She added that this contract is just a part of the process, and they will also look at the prospectus for Category IIIs.

In terms of sales and transfers, there will be an investigation into benchmarking NPS practices against BLM and Forest Service.

Dick Ring, Associate Director for Operations for the Park Service offered comments on the transfer processes. He stated NPS would like to put together a package and presentation for this board and review it with the board on how to do it and how to arrive at an expedited form. He welcomed advice on that process.

He suggested dealing with it as a separate issue, and would be happy to bring it back here in front of the board.

Cooperating Associations and **Concessions Operation in Parks**

Ms. Orlando mentioned that the next session would actually be focused on beginning to identify and try to understand the issues related to nonprofits, cooperating associations in parks.

To this end she introduced three distinguished speakers: Dick Buck, Chairman of the Cooperating Association Committee of the National Park Hospitality Association; Rose Fenell, the National Park Service Cooperating Association coordinator; and Pete Oswald from GAO. GAO has embarked on a broad study of nonprofits in parks, and Mr. Oswald would be sharing some of his findings.

Dick Buck, representing the National Park Hospitality Association and chairman of the committee for the Association stated that cooperating associations and concessions are on a collision course. The National Park

Service needs to review the effectiveness of the existing management and program controls governing the cooperating associations and concession programs in the national park system.

The concessions and cooperating associations have operated for many years with two distinct areas of service. Cooperating associations function as park information and education centers and operate book stores in rent-free spaces provided by the Park Service. Whereas concessions, on the other hand, serve as providers of a wide variety of food, lodging, retail, professional services under direct commercial service contracts with the National Park Service, paying rent and fees, including percentages of gross sales, taxes, utilities, et cetera.

In recent years there have been some significant change and expansion in cooperating associations' nonprofit activities and operations in many parks.

The National Park Service's emphasis on thematic merchandise and interpretive items has had an unexpected side effect. Many cooperating associations have expanded into broader retail sales activity of clothing, hats, carry bags, coffee mugs and other souvenir items, as long as there is some interpretive message or tag on the item. In most situations these retailing rights already reside contractually with commercial retail concession operations in the park.

Despite published guidelines for cooperating associations and concession operations, there is a growing policy confusion about visitor service contracts in the national parks. The criteria which makes one a retail contract while another is nonprofit is very unclear, and is subject to interpretation.

Cooperating association stores operate under the National Park Service's

Office of Interpretation and Education, while the commercial concessions operate under the National Park Office of Concession. This separate management adds to an unfair competitive situation. Even if both sides are selling an item for the same price, the concession operation still has to pay user fees, rent, taxes, utilities, and in some cases the cost of building the space; whereas, the cooperating association is not faced with any of these expenses.

It may be that Park Service policies are inadvertently stimulating the nonprofit cooperating associations into direct competition with goods and products provided by commercial concessions. The current system for cooperating associations' financial contributions provide park superintendents with an additional unappropriated source of funds at the parks, and as a result it appears that cooperating associations and concessions are on a collision course.

Park superintendents are assigned the responsibility under the Park Service guidelines to monitor and manage both concession and cooperating association functions at the park. Unfortunately many parks do not appear to follow these guidelines, and superintendents often delegate concessions and cooperating association program oversight and management to other Park Service personnel.

It is important that the Park Service Concession Advisory Board start to identify some of the conflicts and suggest methods to strengthen the Park Service watchdog functions over both cooperating associations and concession operations.

Through many years of working in the parks and being on the board of the associations, he has seen how the growth of the cooperating associations within

the parks and there is no stopping it.

With regard to the thematic, he provided an example of a store in Gatlinburg where things like T-shirt or a mug or a glass all of a sudden became a thematic item, in indirect competition with concessions in the park.

That has been going on for a long time. It used to be that the superintendents in the park had a scope of sales, and he had direction as to his priorities, but through the years there has been a delegation of those responsibility given to others.

He urged cooperation between the different entities in order to solve this issue.

Pete Oswald with the General Accounting Office provided the board with preliminary observations of the work that GAO has been doing.

He listed a number of locations he has visited to examine the type of merchandizing utilized and the type of interpretive, thematic component to what they market, and how that thematic component is moving them toward what the cooperating associations had previously done.

The cooperating associations are selling certain items that traditionally had been sold solely by the concessioners; film, disposable cameras, etc. The way that those items are sold is not always consistent. Mr. Oswald illustrated his remarks with examples. He mentioned that the use of a commercial services document is useful in dealing with what the role of a cooperating association would be there.

With the converging thematic messages, there are some clear financial incentives for parks to use cooperating associations to provide items that

perhaps in the past were provided by a concessioner. It also is apparent that superintendents have the prerogative of just deciding cooperating associations should provide this, there is no need for a public bidding process, and the concessioner would just be out of luck. There is also an issue of signage and Mr. Oswald provided several details of that.

He pointed out that there are two different organizations, one is for the concession operation, and the interpretive staff is looking at the cooperating association. He illustrated his remarks by passing around a photograph of a cooperating association studio with a concessioner store right behind it.

A discussion followed on this subject and on the subject of the decision-making process that is used when opportunities, such as a new visitor center presents themselves.

Board Member Norman had a question about an apparent contradiction in terms of competition and asked for a clarification about the 30 percent rule being higher to the parks and its relation to the thematic aspects

Ms. Fenell, the cooperating association coordinator for the National Park Service, replied that there are specific guidelines that determine how that money can be used that is donated back to the Park Service, and then went on to explain two Director's orders. The money must be used for research, education, it can also be used to pay for cooperating association staff to staff that visitor center to provide information to visitors as they come in. It can be used for basic rehab of a visitor center book-selling area. It can be used for interpretive programs, museum operations, the purchase of interpretive materials for the

park. Probably the biggest pot of money outside from paying for association staff is used for what they call libraries and publications, and that is purchasing materials for parks to use for training, and the other part of that would be the actual publishing of books.

A discussion followed on this general subject.

Ms. Fenell provided the Board with a general overview and a brief history of cooperating associations. She stated that the purpose early on was to provide information to park visitors about the park that the park could not provide itself, for whatever reason, whether it was lack of funds, lack of resources, whatever that might be. She also explained the kind of expertise that was developed in this regard. Ms. Fenell suggested future meetings by all interested parties in order to start looking for solutions like that to keep the information flow open.

Mr. Buck explained that he has been in parks where the partnership was truly a partnership, and that the cooperating association, if they were selling a product, say a book that a concessioner did not have, would share that information and pass on that book to the concessioner so that he could have it within his store for the convenience of the visitor. That kind of cooperation has been disappearing and many Concessioners feel that things happen beyond their control.

Ms. Fenell agreed and provided further examples, one of which was the sale of film. There is a definite need to sit down and figure out how this cooperation can be accomplished especially where there is some overlap in some places of types of items being sold.

Henry Benedetti, Southeast Region stated that in the Eastern National,

Florida Parks and Monuments, they have two other cooperating associations that were not closely watched. Right now they have permits for items like film and things of that nature and under the 1998 law these will be put out for bid. He felt fortunate to have their Concessioners, and very fortunate to have their cooperating associations, as they both play a significant role to the visitor.

Gary Fraker from Delaware North stated he spent the first seven years of the Yosemite contract running that national park for Delaware North for the concessioner, and brought up some of the parallels that Mr. Buck brought up. What was described has occurred, and is still occurring at Yosemite. Many potential conflicts were headed off by serving on the board and regularly attending meetings, and by looking at what their goals, what their mission was and trying to come up with creative ways to try and help them fulfill those goals, while at the same time protecting the interest on the concessions goods that he strongly felt he had the right to sell exclusively. He described that this took many forms, such as buying a lot of their inventory, selling a lot of their inventory in the stores, helping them merchandise it, look for more effective and less costly ways to purchase goods and services for the association through Delaware, because they just simply had a lot more purchasing power. Also by just creating other creative ways to try and figure out how to drive their revenues so that they were optimizing the amount of returns that were going back to the park for the services that they want to provide at the park.

He related how in G.M. at Sequoia, and then subsequently at the Grand Canyon, he found exactly the opposite of what he experienced at Yosemite, which would reflect the previous comments. There seemed to be a considerable

amount of encroachment in goods that as a concessioner, he would have defined that he would be selling, the cooperating association would not.

A lengthy conversation followed around this subject.

Mr. Ring stated that this was an extremely useful discussion about a difficult topic for folks in the concessions community and the parks, and GAO now as well, too. He pointed out the difficulties on the one hand of encouraging cooperating associations as nonprofits dealing with the thematic and educational objectives of the Agency to a point where there was recognition and statutory authority to work with them directly, sole source, as nonprofits to do those kinds of things, and a recognition that that was something that the Service should do.

At the same time there was a sense of needing to provide necessary and appropriate just straight commercial services that weren't necessarily thematic in their objective, and yet remain cautious about over-commercializing the park and not aligned with the mission. The scope and the scale of doing business on both sides, has just grown in complexity and in scale and success. The Concessioners are urged to be more conscious of the themes and the mission of the park, and to think in terms of the service they provide to make them more relevant in that way.

He mentioned that the commercial services plan should include the scope of all business activity in the park, and it should pin down what is going to be done in a sufficient way that for a given park the choices on what is going to happen and how it is going to happen can be framed pretty well. Superintendents need better guidance in the context of what are the areas of issue that they must pay attention to, both in the planning and in their day-to-day management that

they just need to have good, reasonable answers for. The next thing needed is training on how to make use of that for the managers, particularly the superintendents. And that training probably ought to go on in cooperation with, if not the same training but in cooperation with other business activities.

Mr. Ring suggested to keep this on the agenda for the advisory board, and to come back and have some presentations that talk about how to do the planning, what the specific guidance for the managers to be making these choices, and a little bit of the statutory framework and background that exists for concessions compared to the cooperating associations.

A further discussion followed on the subject of interpretation of categories and items for sale.

Chair Naille suggested trying to focus on conflicting ideas in order to find out what some of these specifics are so that the nature of the problems and how they are being addressed becomes more clear.

Due to the seriousness of this issue for all parties concerned, he felt this would be a reason for appointing a task force comprised of one or more board members, NPS personnel, cooperating association people, and cooperating association people even from the field, and concessioners from the field also, so that everyone is working together to try to figure out solutions to this problem or even understand it in more depth.

Ms. Fenell gave examples of a scope of sale and pointed out that there are new comprehensive interpretive planning processes that are going on in several park units, and scope of sales is a part of that discussion when doing the planning process.

Mr. Buck provided information on control over pricing at cooperating associations versus Concessioners dictated to by the Park Service on a comparability basis as to what kind of pricing they can put on their goods.

Ms. Fenell continued her discussion on scope of sales and explained that a scope of sales document is usually anywhere from a three- to five-page document. The first page will list out the purposes for which the park was founded. So for example at Bandelier it might say something about preserving petroglyphs or archeological antiquities. And from that they have primary, secondary, and tertiary themes that they want to see interpreted in the visitor center book shop. If a place was set aside by Congress to preserve antiquities the primary theme had better be books and other items on the preservation of antiquities and petroglyphs.

Secondary themes might be broader themes of Native American culture in the area, and a tertiary theme might be something along the lines of westward expansion and how that may have affected life among the Native Americans there, or something like that.

She mentioned some of the items on the list were T-shirts, pins and postcards. The list became long but with the proviso that every item that is sold in a cooperating association book shop must be approved by the superintendent, and part of that approval process is quality and another part of that approval process is price. So there are discussions about the pricing of objects in cooperating association book shops.

Mr. Fraker paraphrased that because the Chief of Concessions reports to the superintendent on a straight line or a dotted line, and also this other individual

would report to the superintendent, there is a perceived conflict to the contract with the concessions management people who are able to address this from a standpoint, are we selling the right things or not selling the right things and pricing them correctly, but apparently have no control over that other side and what they're selling and how they're pricing it.

Sandy Poole added that there actually is some language that talks about working with the concessioner and the park and having annual meetings and that kind of thing about sales items. The crux of the issue here is you can have all the language you want on either side, and laws and regulation and policy, but it really comes down to getting the superintendent, the cooperating association executive director, the interpretive people, the concessions people and the park at the table to talk about that and working that out.

Mr. Buck stated that part of the problem is the elimination of the ACannot do@ list, because those were the guidelines that were used by concessioners, the can't-does are the things that they could do. All of a sudden there is competition for those same items and that's what a lot of the concessioners are complaining about.

A discussion followed on this subject. Chair Naille mentioned the fact that there is a common denominator of what creates inconsistency, and he suggested that it is the individual superintendent who operates that particular unit and has sole responsibility for it and basically sets the rules, and the scope of sales for each park.

Ms. Fenell stated that ideally, you have enabling legislation that says this is why we are setting aside this special place, and from that you have a

comprehensive interpretive plan that says this is what we are going to tell visitors about the specialness of this place.

And then you have a sales outlet, an interpretive sales outlet, and so the interpretive staff sits down with the cooperating association and says, "This is what we're interpreting, this is why Congress set this place aside, these are the kinds of items we'd like you to make available to the visitor." Then the scope of sales guidelines say to the cooperating association, for example at Washington Monument, first and foremost it's the life and times of George Washington, and then also the monument itself and the building of the monument, the dimensions, the creators; after that might be 19th century Washington, D.C., and then tertiary would be Washington, D.C., in general, would be the things that would be interpreted at the Washington Monument. And the scope of sales would reflect that.

The superintendent or their designee would actually give thumbs up or thumbs down to each individual item that is sold in that shop.

Responding to Chair Naille, Mr. Buck explained that the concessioner had that right of refusal when it came to deciding whether they wanted it or not.

A discussion followed centered around the concept that the superintendent has the power to allow something to happen or not to happen in their particular park. Mr. Ring provided several anecdotal examples of items sold at certain sites.

This was followed by a discussion regarding where a superintendent might find guidelines in terms of cooperating association agreements or for a concession agreement for a concession contract.

Mr. Ring stated that the regional director must approve any concessions contract that generates over \$3 million in revenue, but can sign concessions contracts that are less than that. Superintendents may have some authority limited to the discretion of the regional director.

A discussion followed on the fact that cooperating associations have to be signed at least at the regional level. There is one cooperating association that crosses regions and that one is Eastern, and that agreement is signed by the Director. So 64 agreements at the regional level, one agreement with the Director.

Mr. Buck made the statement that he wanted the board to understand that from the standpoint of the concessioners there is no desire to try to limit the amount of money that comes into Park Service. And that amount of money coming into Park Service through the cooperating associations is not any issue as far as concessions are concerned.

He said that the only thing that concessioners are looking at is to somehow get back to the do-nots. To have guidelines so that one knows that these are the items that are do-nots for cooperating associations, so that there is no hassle all the time about what both parties are selling, and how the conflicts are.

Ms Fennel brought up the subject of if there was no concessioner, would there still continue to be a conflict around that and suggested that one of the reasons that some of the concessions operations may not be participating within park boundaries, is because there are gateway communities that can support some of the activities that concessioners may have traditionally taken on.

Consideration should be given to the proliferation of gateway communities that were not there five years ago even.

Pam Barkin addressed the right of first refusal. In contracts that were issued in the 1970s there was this right of preference in getting new and additional services in parks. In contracts written in the '80s and '90s, that was not included in those contracts. And starting in 1998, in the 1998 Concessions Management Act, were precluded from providing any such right.

With regard to the list, Ms. Watson commented that there is something to be said for a list and there are some things not to be said, because you can never list everything. She said that this is part of the problem, because just as sure as something not being listed, that's going to be one of the things that's going to be in contention, because it was not listed.

She said for the last 30 years, film has been a dispute between cooperating associations and Concessioners, and probably longer than that. Somebody has to make a stand and say, "Hey, film will only be sold by this group or that group." And to this point nobody has been willing to do that.

Ms. Watson explained how this particular policy between concessioners and cooperating associations was developed a policy, supposedly for emergency situations on an as-needed basis but not across the board. Every cooperating association was not supposed to be able to sell convenience items.

A discussion followed on tax issue with regard to cooperative associations and whether uniformed personnel is working in cooperating association gift shops.

Chair Naille stated that no cooperating association uses any kind of

comparability program for pricing.

Ms. Fenell explained that, traditionally, cooperating associations function as book shops, and most of the merchandise is pre-priced, and for the most part there's a 45 maximum percent mark-up on those pre-priced items. So there hasn't traditionally been a need since the vast majority of the inventory is made up of pre-priced items and there's not a lot of flexibility.

Board Member Eyster suggested a different way for goods to be sold and provided suggestions on how that could be accomplished.

A discussion followed on this idea.

Mr. Oswal concluded there are three ways of addressing this issue, and one is the prescriptive way, putting it down in the cooperating association guide rule, using some kind of process tools where superintendents have to make some judgments and follow some criteria, and thirdly, having clear ground rules enabling future concessioners to know exactly what the roles are.

Chair Naille indicated his agreement and reiterated that he wanted to put together some kind of a task force that included someone from the board, MPS experienced people, cooperating association people on this, and concessioners, to give some thought and consideration, especially those that represent larger groups. He urged them to go back to those organizations, tell them that the Board is trying to put together a task force who will look into this with a little more depth, of trying to find ways that will work in the future. Chair Naille indicated that at the next meeting there should be an in-depth report from this group.

Response to Advisory Board Report

Chair Naille introduced Dick Ring, the Associate Director of Park

Operations, who will provide a response to the advisory board's report from this past year's work.

Dick Ring indicated he would be providing a formal response to the report, which will be quite detailed, but would give the Board informally a status report on a number of these issues and recommendations..

The following are the main recommendations:

Contract review and strategy.

The instituted strategy developed by Price Waterhouse Coopers for rollover of concessioner contracts.

Providing the contract expertise to assist the NPS to professionally and effectively negotiate and administer the concession contracts. Implement the recently-adopted two-tiered authority and responsibility levels to evaluate, write and execute contracts.

The National Park Service Associate Director for Partnerships and Business Practices.

Move with Price Waterhouse to create a resident team literally located in the Park Service headquarters with a lead who is to serve as our principal business advisor. Board Member Voorhees interjected that it was his hope that this is much more of an in-sourcing exercise than an outsourcing exercise because there is so much value that comes to the service of bringing up its level of expertise in this area, instead of completely contracting it out.

He asked for assurance that the Director and the management team is likely to be walking more towards that direction and would be using this as an opportunity to express A-76 goals.

Mr. Ring explained there were specific time lines and commitments associated with competitive sourcing, which is not outsourcing or in-sourcing, but introducing factors that keep government a little bit more on the edge of innovation and technology in ways that it normally doesn't have pressure to do because it is not part of a competitive market.

Non-appropriated fund instrumentality.

Take two or three of these different areas with the help of Price Waterhouse to use as a pilot for this type of a concept. Board Member Eyster reiterated the Board's recommendation that a NAFI be established in one location to test that concept for a particular park, and that the next step would be to choose a park and do this.

Ms. Jennings related that their decision was to basically take the region and the fee demo program and combine those together.

Mr. Cornelssen pointed out that one can think of a NAFI as a fiscal entity as well as a management system. Creating a NAFI at Yellowstone, is like creating a banking account that earns interest and that can be borrowed against. It would be probably very difficult today, even with a military base, to set up a NAFI all by itself without having some kind of a successor fund there that guarantees the activities of that subordinate activity.

Ms. Jennings said that the other concern is that in the case of fee demo one is looking at prioritizing those projects up to three years out, and so some priorities have been set. The sooner one can get going with it probably the better it's going to be.

Ms. Orlando pointed out that there is a need to get some buy-in at the

senior leadership level as well. The regional director is excited and engaged, and there is an associate who is excited and engaged, but is there something else that the board needs to be aware of so that there is not this mis-perception that we're out there doing this when, in actuality, we're still having the dialogue.

Mr. Ring explained that nothing will be done without consultation and the concurrence of the Congress.

To the degree that a pilot is set up using the fee demo funds, this will introduce an element into a discussion that is going to go on this year associated with permanent legislation for the fee demo program that will advance only as fast as that whole discussion advances, if it relates to a broad range of the region's fee demo funds as a backup for a financing project.

He felt he could settle on a project or two that is based on a permanent authority and then have a conversation with the appropriators related to the merits of doing it and have them build a box around it saying, "Hey, there's a discreet pilot that we're willing to go forward with," in that regard, there may be a chance of getting something even into the '03 appropriations language by this fall that would allow for proceeding.

Handcraft issues.

Development of the regulations

The Board recommended that progress has to be made to move it into that process and that process is going to take some time, as well as some public comment.

A short discussion followed on this particular issue.

Ms. Orlando mentioned a case study where it identified a massive

problem in a park concession retail shop. It was not about that items were not being labeled that were authentic handcraft, it concerned things that were being sold as authentic handcraft that were not and NPS was not enforcing their own policy.

Ms. Highnote agreed and stated that not only does the program do the inspections about the tagging and the labeling, but the program also requires separation of authenticity merchandise from those that are not authentic. And it is very much a part of the evaluation program and this is done on a periodic basis.

She mentioned that the inconsistency probably goes back to the age-old problem of training, but it is part of the program. The intent is that it would be tightened up anyway from an enforcement perspective.

Mr. Ring added that on the enforcement end of it, a periodic audit or evaluation program can be added and some of that goes on already. It would be useful if the Board could help identify where those issues are occurring.

The rate approval process.

The core menu concept was instituted and there is a current review going on of the various methodologies and asset classifications used in private industry to determine what may be applicable to the NPS.

Ms. Orlando added that she had consultations with AAA and the American Hotel Association in evaluating the AAA diamond status in order to benchmark against private sector.

The Service is going to propose the little four arrowheads as opposed to the diamonds.

Mr. Ring continued and moved to other major issues, establishing strong park superintendent accountability for concessions management. It has been made clear where the responsibility for concessions contracting lies in terms of the larger contracts, the top 50 contracts lying in Washington, and both superintendents and regional directors will be key players in that, in the teams that deal with those as well.

The regional directors have responsibility for the \$3 million and under, and they are being asked individually to develop a program on how they are going to implement and re-delegate responsibilities.

At a training session in Alexandria there were about 130 folks, mostly concessions specialists, as well as legal counsel from the different regional solicitors' office, and folks from Price Waterhouse as well.

He has asked Ms. Orlando to work on that program to present it again and develop it into a superintendents' or managers' course also with the idea to make that training mandatory for any manager that has concessions management responsibility.

There would be limits on what a regional director would be able to re-delegate to a superintendent that had not had that background and training.

With regard to the circuit rider positions nothing has been done on that at this point at a national level, and he was not sure at this point what each region has done to deal with their workload issue.

Ms. Orlando explained that the program has requested for the last two years for OFS positions for each of the regions. There is a budget restraint at this point, funding restraint.

Mr. Ring pointed out that these recommendation were not intended to be the answer to the Board's report and recommendations, but a sort of a preliminary informal feedback to be followed by a more detailed response.

Board Member Eyster inquired if the Board will be getting a written response on it that will summarize his comments within the next couple weeks.

Mr. Ring indicated probably within a month or so. He said he was a little surprised and somewhat dismayed that there seemed to have been a disconnect over communication of the NAFI and how that recommendation was being handled, and maybe how it was proceeding in terms of steps and pace. He suggested it might be useful to keep a closer connection with one or two members of the board who are interested in that particular recommendation so that his group can continue to work a lot closer together and communicate on it as that proceeds.

Board Member Eyster stated that the Board felt this issue was extremely important. In fact it was one of its key recommendations, so it would be helpful to keep everyone informed on the process of the NAFI.

Chair Naille realized it would take some time to study it and that he understood the need on the part of the Service to go through the approval processes to get this done.

Some members of the board at least thought there was going to be some experimentation with it and it was his feeling that there should be an effort to move in that direction to test it and see what it does and maybe moving in that direction a little faster than it had been going because it might be next year before the Board even can think about that.

He asked that Mr. Ring provide a little bit more detail of how he might see that working, how exactly he will use that team.

Mr. Ring said he couldn't make a commitment until after the next month or two when the Director and the NLC tries to sit down and engage a range of these issues.

Chair Naille requested that Mr. Ring provide the Board with his response to the recommendations in writing with some semblance of target dates.

A discussion followed on the logistics of making such a report vis-a-vis the rules and regulations under which the board shall report on its activities annually to the Secretary, as well as other reporting requirements under the statutes.

Chair Naille discussed changes in the agenda for the February 28th meeting and adjourned the meeting until February 28, 2002, 9:00 a.m. at 4:30 p.m.

THURSDAY, FEBRUARY 28, 2002

9:00 A.M.

NATIONAL PARK SERVICE CONCESSIONS

MANAGEMENT ADVISORY BOARD

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Welcome

Chairman Naille called the meeting to order at 9:00 a.m.

Chairman Naille asked for a report from the cooperative association concession operations with regard to finding at the next meeting. He noted that any and all creative ideas or options were very much open, including a decision on what items to sell or not to sell. He urged the committee to look at things and ways to try to solve problems.

Chair Naille further stated that communication is the key and that even though one may not agree on everything, somehow there will be a better understanding on why things are done the way they are.

Update of Status of Contracts and Contract Renewals

Mr. Cornelssen, Project Manager for the National Park Service work at PriceWaterhouse Coopers made a presentation on the contracting process, the prospectus development and how to execute contracts. He described the development and creation of the prospectus and cited a specific case he worked on at Denali, which was for their transportation system, including the processes. This was a collaborative process with the park, putting together an action plan and then making it happen through a contract execution process.

Mr. Cornelssen discussed the essential elements of a prospectus, and an update of the direction for the big 50.

He presented a flow chart in terms of the contract execution with the following main points: (1) Collecting and organizing the background data that go into putting out a intelligent contract; (2) follow the planning process when putting out a prospectus; (3) preliminary planning, general management plans and commercial services plans; (4) for missing background information there is the

field work and the current situation analysis and reporting.

Steps involved include real and personal property, inventories and evaluations, condition assessments, market and operational analysis.

(5) Financial feasibility; (6) Market and operational.

Mr. Cornelsen detailed the collaborative process utilized in Denali with PriceWaterhouse possibly taking responsibility for coordinating subcontractors and for doing some of the market and operational work; even actually writing one of the sections of the prospectus. PWC also provided technical support and technical expertise for writing the prospectus. Park Service people and local Park Service people are part of that process.

Analysis and reporting involves collecting information and analyzing the information, defining, refining the market opportunities, the business opportunities, and establishing standards and evaluation procedures, which are really critical.

Mr. Cornelssen next explained the details of "planning and financial analysis," "operational and facility scoping," and then "financial feasibility analysis."

Contracting scenario analysis involves the different ways to contract for services, such as should there be one contract, multiple contracts, contracts that are focused on asset classes, or one big contract.

From that plans are developed, followed by contract strategy, the major plans being the operating plan and the maintenance plan, a draft prospectus developed, and then review of prospectus development. This process is more controlled by the Park Service and by the solicitors in terms of their contracting

process. They have a very well-defined process that they use and PWC becomes involved again in the proposal evaluation process and might provide support the selection panel on any kind of technical issues, financial issues, business issues, engineering issues.

Boardmember Voorhees asked what timing is involved in the steps discussed.

Mr. Cornelssen explained that for the smaller of the big 50, below five million, that whole process would probably take three to six months. This is assuming that very little has been done and if the park has already done their condition assessments, their personal property work or whatever, it can be a substantially less time. For a very large, complex contract, like a Yellowstone or a Yosemite, it maybe years.

Pete Oswald referred to a large contract like Yosemite where before doing a franchise fee, a fiscal feasibility and other determinations, including the real property assessment would have to be done and asked if PWC would be looking at that prospectus, at that potential contract in different ways based on the real property assessments.

Mr. Cornelssen explained that this represents a fairly complicated puzzle of all these different issues that all impact ultimately on the financial implications. It is important to have enough financial attractiveness for the private sector to want to bid on it.

Mr. Oswald stated that, in looking at potential bidders one could imagine where the leasehold surrender possessory interest is so high that it would preclude anyone else bidding other than the incumbent concessioner. So that is

a factor, too, in deciding how the prospectus gets published.

Mr. Cornelssen next discussed and provided details of the financial calculation utilized by PriceWaterhouse Cooper. One aspect was market research and another was the facility condition assessments.

He next compared personal property with real property at Denali with personal property being much more valuable as it involved a bus transportation system with over a hundred busses. With regard to capital facilities improvement plan, timing is critical in financial analysis.

Mr. Cornelssen next detailed the aspects of the financial feasibility analysis, preliminary planning, field work, financial review, operational review, market research.

Ms. Bailey asked Mr. Cornelssen to explain to the commission the linkage between the flow chart, the GAP analysis, the definition of technical terms and how PWC presented this framework to the park.

Mr. Cornelssen explained that everything was consistent. From a flow chart one develops a kind of a glossary of terms. PWC sat down with their experts and defined the terms and what they mean. Not from a legal standpoint but from a process standpoint so that the people at the park and people at the region, anyone else looking at this process could understand what anyone was talking about and everybody is talking about the same thing.

All those terms that are used in the flow chart relate directly to this GAP analysis, and the procedures all relate to the action plan. PWC also actually assigns a responsibility so everyone has a clearly defined role and responsibility.

Mr. Cornelssen continued to explain the details of the Denali selection

process. He suggested that careful thoughts need to be given to the large contract and to give new concessionaires lots of time to prepare for that.

Mr. Linford asked Mr. Fraker of Delaware North how soon they got up to speed in Yosemite after obtaining the contract.

Mr. Fraker stated that with regard to Denali, from the time when a contract is awarded to whomever it's awarded to, you would need at least 90 days to go in and be fully operational. This is with the understanding that in those 90 days it includes everything being clean and clear, you've already made all your decisions, everything's written, it's been through Congress.

In the case of Yosemite, he said it was a lot different than this process. It was a huge buy-out and refinancing from the previous company, it turned over all the assets to the Park Service so that they're owned by the public as opposed to the private concessioner. Mr. Fraker explained that it was a huge environmental commitment over the term of that contract and it is different from the way the new generation of contracts are coming out.

Mr. Fraker indicated that the financial, operational, interpretive and educational pieces are in place for an operation like this is to occur and that it would take approximately six to nine months to prepare for.

Mr. Cornelssen noted that the original game plan was to have the prospectus done January 1st, or in the 1 December-1 January time frame. He estimated that it is approximately 30 days off the mark due to some unforeseen circumstances that are to be avoided in the future if possible.

In terms of the major aspects of the prospectus, there are the major sections that need to be dealt with. In regards to the business opportunity

section, he said it should be rich with information on the market.

In regards to the financial implications, he said as much financial information as possible should be provided without violating the confidentiality of the incumbent concessioner.

In regards to the proposal instructions he indicated that when putting together the submittal requirements, it is important to note what is desired from the concessioners.

In regards to the proposal package, he indicated that it needs to be made as objective and as quantifiable as possible.

Finally he explained that the appendices and the reference material need to be kept as thin as possible as they will be put on a CD-ROM.

Regarding the operating and maintenance plans, he opined that many people in the Park Service have the same philosophy -- which is-- give the concessioner your operating philosophy and operating standards. Let them tell you how they're going to do that. But don't tell them how to do their job. He highlighted the importance of getting the Park Service into a mode of thinking in terms of setting standards, and then let the private sector come back and tell you how they are going to meet those standards, as opposed to telling them how to do their job. He indicated that the maintenance plan has to be reviewed by engineers, property managers who are people who understand the property management business.

Mr. Cornelssen said there will be involvement in somewhere around 15 to 17 major contracts in this calendar year alone.

From a policy perspective Ms. Orlando said that because of this defined

process there is the ability to make informed decisions on things like contract extensions and, for the first time, to give park managers the kinds of information and the kinds of business bases they need to make sound management decisions.

Ms. Bailey stated that all the due diligence that is required is really a way of reducing the risk of putting the contract out. She indicated that the closer NPS comes to valuing the investments correctly the less exposure the Park Service has potentially to arbitration or litigation regarding the value of the investments. She noted that it is an investment in time and effort on the front end that potentially can have significant ramifications on the back end. The goal is improved visitor services for the park.

Chairman Naille suggested that some consideration be given to the possibility of maybe getting some kind of a report to the Board in conjunction with the Park Service, to be received prior to the release of the annual recommendations.

Ms. Highnote stated that with regard to the human resource issue and the question about potential retirements within this program, she would like to go on record to state that this process is vital for the folks within concessions management, but that another key component to this program has a major influence and those are the superintendents. She said she would like to have superintendents to have this type of discussion, and when looking at potential retirements, that superintendents are among that category and to make sure that those folks have some type of concessions management experience or training, because they are the ones that make the final decisions that affect this program.

Mr. Cornelssen agreed and provided several examples of supportive, direct interaction the park and the regional people had with the leadership.

Board Member Weerts asked if this exercise reinforced the circuit rider issue, or if due to all this partner-shiping and educating of the masses, there would not be as much need for a circuit rider.

Ms. Orlando did not think it would eliminate the need for a circuit rider. She said that in a more global sense, NPS is operating at a sort of minimum capacity within the program, and there is not a whole lot of outsourcing that one could do that would mitigate the fact that more people will be needed in the program for the immediate future.

Some regions have a staff of one or two and they could always use an extra person in addition to supplementing it with the outsourcing.

Chairman Naille thought it would be even more important to get circuit riders on board because they could be part of this whole process and then be available all over the country to assist.

Ms. Poole agreed with that and stated that if anything, this process shows ultimately that it is not just getting the contracts out and executed, but that it is so important to monitor them over the life of the term of the contract. Staff is needed to do that.

Mr. Cornelssen pointed out that they set in place quite a few new systems in terms of more financial information, operational information. There is a lot of data now that is going to come back to the park and to the region. The question is, what are we going to do with that information? Are we going to use that to work with the concessioner to improve visitor services or is it going to sit idle.

There is a need for follow-through.

Ms. Bailey stated that creating internal specialists is something that may enhance the solution to the problem.

Board Member Linford pointed out that all these contracts are becoming due about the same time. A swat team would work really well, but is not going to work if the same situation arises 10 years from now. The contracts have got to be staggered in the way to where that expert team could maybe just be pretty busy all the time on contracts.

Mr. Cornelssen explained that once a baseline of information is developed and if that information is collected and maintained, the next contract should be 10 percent of the work, because the Park Service will have literally created a database of information that never existed.

Gary Fraker noted that several NPS contracts are about to expire, and there are many that have expired and are in some stage of extension, one, two or three years. He was curious if those are addressed in some form of extension, or are they given priority in the process as far as paying attention to getting those out first. Is there some type of planning process in place that deals with these as they get further into extension, and what happens if the RFPs, the proposal processes are not ready.

Ms. Orlando indicated that certainly expired contracts are a high priority; however, some of those expired contracts are not going to get done because of the process just explained and will be on extension for a period of time. At the same time, NPS is trying to look at the contracts that are not expired yet, that are going to be expiring in '04 and '05 and position the park and the region to begin

to gather this data now so that when those contracts are up, NPS will be ready to go on the street with a prospectus. It maybe about three or four years before things really stabilize. The top 50 are the highest priority from the national standpoint.

Mr. Cornelssen explained the steps taken to deal with this dilemma. A discussion followed on this subject.

Judy Jennings called the Board=s attention to staffing. The Park Service needs to look at alternative staffing, especially with regard to three MBAs in this program that were business plan students that NPCA hired, lending a lot of credibility to the program. These three people are shared and add a lot to the program and are just excellent employees.

One thing that Price Waterhouse Coopers has really done is, they have made NPS more business-like in its thinking and the processes of how to do it. Instead of picking and choosing, one can now look at strategies for contracting and can actually develop scopes of work and look at the process and process it through.

The Intermountain Region has just developed a strategy to address the smaller contracts. About 150 contracts are expiring this year, and Intermountain feels pretty confident they can get about 120 of those done this year, because they have developed a strategy on how to do those and outline those out.

The process that seems like it's very simple has taken a real long time, like panel evaluations. Intermountain found that just doing the basic panel evaluation is taking two weeks, and then to go through the reviews takes probably another two months' time period. With all that time added on, still the

end product is so much better.

Update on Rate Approval Program and
Evaluation Standards

Ms. Highnote announced that Margaret Bailey from Price Waterhouse Coopers is going to be part of this presentation. Rick Wyatt from the Blue Ridge Parkway is going to address core menu. He was the creator of the core menu. The goal of the evaluation program, as well as the goal of the rate approval program will be discussed. In addition, the implementation objectives of what NPS is doing with Price Waterhouse for these two programs.

Ms. Bailey will go over the preliminary study findings, and then outline what the next steps are to get these new processes implemented.

(1) The evaluation program goal has not changed and is to assure quality facilities and services are safe, sanitary and are at levels that are expected by the visitor, by the concessioner and by the Park Service.

(2) The rate approval programs goal is to ensure that the rates are fair, reasonable and that they are in accordance with the law.

(3) The Implementation objective is to look at the two programs to make sure that they reflect the industry's best practices, are easy to understand for both sides, are consistently implemented, and that they have a positive impact on the visitor, the Park Service and the concessioner.

(4) The Advisory Board report outlines ten recommendations having to do with the rate approval and the standards program.

a. Implement and expand the core menu concept; three recommendations fall into that category, seven recommendations fall into the review and refine current

processes. The core menu concept was implemented service-wide in September and is used in the majority of the parks. b. The scope of the review. A review is being done on the current practices used in both of the programs. They will be evaluated against the industry best practices. There are recommended areas of improvement for inventorying facilities, the classifications of services, the standards and evaluation criteria, and the rate approval process.

Price Waterhouse Coopers was engaged to look at this with a focus on overnight accommodations, food and beverage, marina, retail. Handcraft is going to be a separate issue that will be looked at separately. The primary issues are lodging, food and marina. On the overnight accommodations, the classification of assets, there will be an examination of the various types such as full service, limited, rustic, historic, to get an idea of what is available and how they will be defined.

The food and beverage, full service, limited fast food, will be broken down and classified accordingly.

Ms. Hightower listed some of the major challenges in this regard:

- a. facility inventory update (last update of that inventory was done in 1995 and since then that database has not been maintained and updated)
- b. Asset classification (more specifics needed)
- c. Pricing and comparability.
- d. Suitability of evaluation standards and processes. (see if there is a program reflective of the industry practices, industry standards and methodologies)
- e. Outside evaluation standards.
- f. Evaluation to be expanded similar to AAA.

- g. Rate approval.(to reflect the industry practices)
- h. Additional Resources. (circuit riders)
- i. Additional resources in terms of better guidelines and directions terms of developing the rates.
- j. External stakeholder understanding. (to educate the external audience)

Ms. Hightower concluded and advised that Price Waterhouse is going to get into the linkage of the two programs and some of the findings.

Ms. Bailey referred to handouts reflecting main issues and she provided details on the following concepts:

- a. Facilities inventory.
- b. Classifying or defining these assets.
- c. Evaluating of assets based upon those classifications.
- d. Comparison to industry standards.
- e. Rate approval (compared to the industry)
- f. Review of relationship between standards and rate approval and review relationships between asset classifications and rate approval.

Ms. Bailey explained that with regard to the asset classification, three reasons for it.

1. Consistent application of any program - classifications allowed for the application of uniform, consistent and appropriate standards by asset type.
2. Linkage with the rate approval side to make sure that the rate approvals are tied to the different asset classifications.
3. Assets description aligned with the internal classifications that the Park Service eventually develops.

One of the key components, and really one of the key charges for the Advisory Board, is to look at and evaluate industry best practice.

Ms. Bailey explained that PWC basically looked at two types of industry associations. They looked at the industry associations who represent the asset classes, for example the AH&LA, the NRA, the National Restaurant Association. They looked at the Marina Owner Operator's Association, the International Marina Institute. They also looked at all the different retail federations, the National Retail Federation. They went to them and asked how they classified their assets.

PWC also looked at the associations that review or do evaluations of assets. For example, the Mobiles, the AAA, etc. A month ago they participated in a session with AAA and the American Hotel and Lodging Association in Orlando and spent a day working with their educational institute on the AH&LA side.

On AAA, there is a tourism department that is directly responsible for the rating process. They met with their director of that program, along with three of his staffers for eight hours, and it was a very enlightening session.

The AH&LA provides training manuals for anything that really exists in the lodging and resort environment. So they have expertise in restaurants, they have expertise in other sort of leisure assets that would potentially fall under a resort category, so their breadth of experience extends beyond lodging specifically.

Ms. Bailey related that they also talked to the parks directly about what are the idiosyncracies about their assets that are going to affect the classification process.

Then internally PWC developed some draft classifications by assets that they are going to be delivering to the Park Service, a working team with the Park Service, to have them vet whether these classifications do or don't work.

With regard to the standards, the evaluation standards and the evaluation processes, PWC basically reviewed the NPS-48 as well as the new draft concession operating manual. Here again they performed industry research again.

They not only looked at other public agencies who have to do evaluation of their assets, for example how the DOD does their evaluation of assets, but also looked at private sector companies, how do they do their evaluation of their restaurant assets internally, as well as looked at the other associations, the AAA and the Mobile.

With respect to the working session, Ms. Bailey stated that clearly one of the major outputs of the findings is that the standards have to be developed recognizing not only the visitors' needs but the NPS needs and the concessioner needs.

One of the big messages that came from AAA was when developing the minimum operating standards, that's done as a result of going out and surveying all the members and finding out what are the five most important things in a lodging environment and in a restaurant environment. When it comes to developing the diamond ratings they're going to the industry to say, "Industry, what are the industry best practices for these different things."

So there has to be a tie-in both with the consumer, the industry, the concessioners for them to help kind of vet what the program is doing, and then

obviously the NPS to make sure goals are being achieved.

Preliminary findings. The Park Service Concession program is going to really need to focus on three different categories of standards.

The first one is, right now they have general operating standards by assets. These have been developed internally. These really need to be vetted by the consumers and so there is a need to look at whether in fact they represent what the consumer is wanting the Park Service to be focusing on.

The next one relates to the operating and the maintenance plans. There needs to be some off-the-shelf standard manuals, both in what should a lodge look like from a facility standard and an operating standard. This is for when the prospectus is put out all parties involved understand the standards of facilities and also the standards of operation. This does not exist right now, but is something that needs to be achieved. This has two effects. It not only helps the Park Service take potentially a substandard asset up to a higher quality, but it also allows the Park Service to articulate for new facilities what standards they want them to operate to. So it really begins to put in black and white different people's ideas.

Third, PWC is evaluating whether it makes sense to in fact begin to create a rating standard similar to AAA that can then begin to be tied to rate approval.

Those are the three areas where the standards need to be focused on.

Ms. Bailey explained how PWC anticipated implementing development of these areas with special emphasis on training.

The next item Ms. Bailey discussed was the rate approval methods and she summarized her findings assisted by visual aids showing various columns of

eight different categories: retail, lodging, food and beverage, marina, transportation, park and recreation, fuel and auto, other; type of methods are being used: comparability, merchandise pricing, competitive market declaration, contract specified rate, and others, which is both indexing and financial analysis.

Ms. Bailey explained that they went through the very same process that they went through on the standards by basically looking at what the industry practice is for rate approval. They also looked at this global principle of the fact that the service is a regulated monopoly.

In going through this rate approval process, there are really four pieces to the puzzle which need to be looked at in figuring out the best way to solve this problem. Ms. Bailey referred to a slide showing

1) "customer data" consisting of knowing who is your customer and what is their willingness to pay, and willingness to pay has a lot to do with are they local, are they international as well as what is their income profile, i.e. the demographic profile of your visitors.

2) Financial analysis.

3) Industry data. In order to do any sort of comparable financial analysis for pricing we need to have good industry data, such as what average checks are in the industry, the average daily rates, and what the revenue per available room is.

4) Classifications. If the assets are classifieds, one can go ahead and go through this process.

Ms. Bailey then went into details with regard to the various elements of each the four subjects listed.

In order to lead to kind of a program implementation, the next steps for the rate

approval part are:

- a. Start collecting this data as it relates to contracts that are rolling, there will be reporting language in most of these contract, because it is an industry best practice as it relates to asset management, what are the monthly cover counts, what are the monthly average checks by outlet. It will not be putting the burden on the industry to ask for reports that the industries are actually generating themselves.
- b. Begin to align the classifications with the industry data, take those classifications, develop them and test them in the field.
- c. Results.

Ms. Bailey said she would be delivering their review of the evaluations and the rate approval program in the next month. Included in there will be recommended action steps. Internally the Concession Program has a chance to review and comment on all of it.

In conclusion, Ms. Bailey stated that there is a need to pilot test these things and it will involve some major work in re-tooling these processes, which will be a difficult task. PWC is going to develop the new policies and procedures, but then the Board will have to figure out how to train the people in order to implement the program.

Chairman Naille expressed that he was impressed and said that this is the most exciting thing he has seen in his third year on this board. He stated he was very proud of the Park Service and the cooperation and commended the work that Price Waterhouse Coopers.

A discussion followed on the subject of industry standards and ratings

structure with comparisons to AAA in relationship to Park Service facilities; what AAA's their minimum requirements are, to try to incorporate them into Park's requirements to then come up with some kind of standard very similar but would be applicable to the National Park Service.

Judy Jennings expressed the need for addressing the provision of a range of visitor services, and to not look at just the five-diamond, but look at a range from cabins for economy all the way to high-scale.

Ms. Highnote explained that this will be addressed with the asset classification, with the lodging.

Ms Jennings noted that this builds off on the core menu idea and it creates kind of the core lodging or the core merchandising or where you provide a complete range of what types of services available.

A discussion followed on this subject.

Gary Fraker, Delaware North thought that the process described by Ms. Bailey was absolutely fascinating and challenging, and he would certainly support it more than 110 percent. In this connection he related anecdotal information concerning amenities experienced at Yosemite and other parks.

Ms. Bailey clarified that it is critical for a manager, a superintendent in a park to not only be listening to what his people say, which is very, very important, but have a documented evidence as to what his visitors are saying. And the Park Service need to begin collecting what a visitor wants and needs and document what that is, collect hard facts.

A further discussion followed on providing certain amenities in the various parks.

Board Member Eyster referred to a slide showing several methods of evaluating standards, internal and external, and asked for a further explanation with regard to using one versus the other, or using both, for evaluating standards once standards have been set.

Ms. Highnote stated that under consideration is the e circuit rider concept where there is an individual that goes out and comes to a park, and that is internal.

Another internal is possibly considering having folks from another park come in and do the evaluation. Still have the people within the park do the evaluation.

Then external, perhaps bringing in a AAA, a Mobile or someone of that caliber on a annual basis. All of these concepts were tossed out and being considered, there are pros and cons in both.

Ms. Bailey reiterated that if you want consistency in the evaluation process you need to have someone who is looking at this day in and day out, and that is really what needs to be figured out, how to achieve so that the person who's looking at this from has a framework that is duplicated across all the other assets that are similar to that room.

As it relates to the internal versus the external, it may be that one of the kind of solutions is, is that you partner with an external for X number of years to create the internal capacity, and then the external goes out because you have created the competency internally. That is one scenario that is possible.

Art Hutchison related that he and Judy Jennings went to Marriott world headquarters here while they were in D.C. and talked to their quality divisions

about how they maintain Marriott standards, and they use outside inspectors as well because they feel it is a good check and balance and it keeps them on their toes. So even somebody of that level is using outsiders as well for well-trained people.

Board member Eyster felt if a potential conflict could be avoided between the Park Service and the concessioners if there was a third party inspection team out there who would be as objective as possible, which would eliminate a host of problems if the standards weren't met.

Ms. Bailey proposed that the critical thing that must be recognized in that regard is at the end of the day the NPS has a fiduciary responsibility to oversee the contracts, so it must be recognized that that information can go into the decision process, but at the end of the day it is the superintendent who right now signs off on that overall evaluation.

Mr. Ring introduced Don Murphy, the Deputy Director. He noted that Don Murphy was the State Parks Director with the California state parks for about eight years. He started out as a sworn ranger, a sworn peace officer as a ranger and came up through the ranks and did everything from training to site management, to regional management, so he knows all the business of the parks.

Mr. Murphy expressed his pleasure to be there and explained that he certainly was no stranger to concessions. He had the pleasure of working with Delaware North when they bid on one of the largest concession operations in the state of California, the Asilimar Conference grounds in Pacific Grove, as well as another mini-large concession operations in

the state of California, and many of the concessioners that are in California are here in the National Park Service as well.

He thanked all members for their commitment to this charge here on the Concessions Advisory Council. It is an extremely important thing to NPS and the administration and the Director wanted him to personally express thanks for the job being done and the work that is being done here.

Mr. Murphy said he had been charged with working on concessions on behalf of the Director and was pleased with some of the work that has already been done here, and with the recommendations that the board made which are consistent with some of the things that the administration wants to see happen as far as concessions are concerned.

Meetings are held on a bi-weekly basis that is, with Mr. Murphy himself and with members of the Congress also, particularly in light of the Concessions Reform Act to make sure that management of the concessions is consistent with that new Reform Act.

In particular he praised the work that was recently done on reviewing the changes in the Category III contracts and streamlining those Category III contracts. The smaller concessioners are out there waiting to have a more streamlined contract process and not the volumes of paperwork that they have had to work through before.

The emphasis now is going to be on doing 10-year contracts for the concessioners. The legislation that was passed in the Concessions Reform Act allowed for up to 10 years, and it is much more efficient for the concessioners to have 10-year contracts rather than five-year contracts as the norm. Ten year

contracts allow concessioners an opportunity to establish their business and be successful, to weather the storms of a recession.

It was found that in California when they were in the midst of the worst recession since the great depression that many of the concessioners that had limited-time contracts did not have time to recover from the difficulties brought on by that recession. The 10-year contracts in a business sense just make a lot more sense, and it means less work for the concession staff as well, in having to constantly do renewals every five years.

There were requests from many of the concessioners who were concerned about losing their preferential right of renewal if they violated the solely clause there in their contract where they were to be solely involved in guiding activity or river rafting activity and some of those kinds of activities. They were concerned about losing their preferential right if they did anything other than provide for that service. So if they sold, for example, T-shirts or caps or things like that, or mementos of the trip, they felt that they would be in violation and therefore couldn't do those things.

Recently a memo was sent out providing some clarifying language so that these smaller concessioners could indeed sell T-shirts or caps, not to the general public but to their patrons, which makes a lot of sense as well, and that's something that was cleared up rather quickly.

Another thing that is of extreme importance is having Price Waterhouse Coopers on board as part of the management consulting team. One of the recommendations that was received from the board as well as from Congress, is that there is a real need to professionalize the management of the concessions

program, and one method of doing that of course is to bring on board professionals such as Price Waterhouse. The focus here is really on the 50 largest contracts.

Mr. Murphy emphasized the fact that Price Waterhouse will not come in as a replacement for the professional concession staff in parks, but they are here to provide expertise, to provide information, experience and background. They also are providing coaching and training in areas where the staff does not have particular background and expertise as well, thereby providing an opportunity to work with professional consultants in the business world which also brings up staff=s level of ability as well, their own knowledge, skills and abilities. The service is currently in the process of providing training for the concession management team, all in an effort to professionalize the concessions management program, and it makes every bit of sense.

Mr. Murphy referred to one of the recommendations that was made in the board=s report to Congress, and that was the one regarding an associate director level manager for the concessions program. For the time Price Waterhouse will be providing that level of management for the concessions program, which accomplishes a couple of things.

It allows for the meeting of one of the objectives of the administration, which is their program in competitive sourcing which seeks to assess whether or not there are jobs, roles, responsibilities in federal government that could be done by outside contractors. And here is a clear case where the professionalism that is brought and the business that came in that is brought by Price Waterhouse helps accomplish that particular goal.

There is also a process of reviewing the organizational structure in the National Park Service, all of the associate directorships and how NPS is organized in Washington, which process will begin next month. It is not absolutely certain yet what is going to happen and whether or not NPS will have an associate director's position that will manage its concessions program, but it is something that's going to be taken up as NPS looks at the overall organization of the Washington office and look at all of its associate positions.

Mr. Murphy pointed out that NPS is really looking to emphasize more and more that concessioners are its partners. He acknowledged that his agency could not their jobs without concessioners and, in fact, the history of the National Park Service is one where concessioners and the private industry has come in and made tremendous investments in order to make the parks enjoyable for the visitors, and that's extremely important and fully recognized by NPS as well. He predicted that there will be a real spirit of partnership where the National Park Service and its concession operations are concerned. The public will benefit from that kind of an attitude and that kind of a relationship, and that will enable providing the kinds of services in a much more efficient and effective manner.

Mr. Murphy thanked the Chairman for his leadership on this committee. He commended staff for the work on the report to Congress.

Chairman Naille expressed gratitude that consideration is still giving to the associate director's position. The board has changed its position a couple times on that particular issue, because at one point in time the board was looking for a chief financial officer type of a position, and the objective was to bring into the

Service expertise for business acumen. The whole objective was to obtain a degree of professionalism, to be there at the Director's side, to make sure that everyone understands the value and the importance of that concession business because the Park Service has a mission all to itself that's unlike normal business practice. It has been tough to attract the type of personnel into the organization, it is also tough to pay them comparables to what industry can pay.

As a stop-gap measure, the board has great faith in Price Waterhouse Coopers also, having worked with them through the Park Service while on this board and are quite pleased with what they have done.

Mr. Buck, speaking for the National Park Service Hospitality Association, which is made up of concessioners, announced that Mr. Murphy would have had a standing ovation for the remark that he made in regards to heavy emphasis on partnership. It is much appreciated.

Mr. Oswald asked Mr. Murphy to elaborate on his plans for the reorganization or considering organizational changes with regard to a time frame for that, and will it extend beyond Washington, and will it get into some fundamental considerations like going with a matrix-type organization.

Mr. Murphy stated that his office was planning a first-time work shop of its National Leadership Council in Seattle in a few weeks, which would probably begin that process, which surely will be a somewhat lengthy process. One of the real reasons it's difficult to answer specifically about whether or not there would be an associate for concessions management is because there are a number of recommendations from varying disciplines that are causing NPS to look at this. There are specific areas that NPS is going to look at and will try to resolve some

problems. Whether it will get down beyond the Washington office is not sure, but the focus right now is on the Washington office. It should not take more than six months going through this process, it will happen fairly expeditiously.

Other Business - Advisory Board

Chairman Naille discussed the time and place of the next Advisory Board=s meeting, as well as topics that will be discussed at that particular meeting.

Topics to be included are the co-op concession operations, contract renewal research field trip, Price Waterhouse Coopers' update on contracts, possibly a written response from the Park Service on the Board's recommendations, which can then be discussed further, and thoughts on the Yellowstone/Grand Canyon NAFI studies that are being done out there.

Board Member Eyster suggested it would be helpful for the Board to consider reporting processes and thought it would be beneficial for Ms. Orlando and Price Waterhouse Coopers to provide the board with routine reporting of major issues they are dealing with and benchmarks that have been met, possibly on a monthly basis. These don't have to be long, but just something that continues to keep the board in the loop where it can come back with questions at times other than just these meetings.

Secondly, it would be very helpful for the Board to have, prior to writing the annual report, a progress report that PriceWaterhouse Coopers would provide on their progress made during that particular year so that the board can have that as some background in writing its report.

Chairman Naille noted that he had asked for the report from PWC in

conjunction with what they were talking about on contract updates. This would be a more in-depth report to include all activities that they're involved with.

Board member Eyster stated that the report could take the form of not more than a page or two, which would be very helpful.

Chair Naille indicated that the reason he wanted that report was to show the Hill that the progress is being made by the Park Service in conjunction with their workings with Price Waterhouse.

Board Member Voorhees added that this would allow the board to be more thoughtful and productive rather than receiving information immediately before upcoming meetings.

Chairman Naille adjourned the meeting at 12:15 p.m.

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