



United States Department of the Interior

NATIONAL PARK SERVICE
1849 C Street, N.W.
Washington, D.C. 20240

IN REPLY REFER TO:

JUN 16 2009

(2410)

Policy Memorandum 2009-03

To: Regional Directors

From: Acting Deputy Director, Operations

Subject: Establishment of Leasehold Surrender Interest Fixture Replacement Crediting Policy

This memorandum supplements the "Establishment of Leasehold Surrender Interest Crediting Policy" memorandum dated January 5, 2009, and establishes policy regarding the review, documentation, and approval of Leasehold Surrender Interest (LSI) credit for fixture replacements under a Category I concession contract. Superintendents are responsible for requiring, on an annual basis, documentation from concessioners supporting fixture replacements, and for reviewing that information for completeness prior to submitting to the National Park Service (NPS) Commercial Services Program, Asset Management Branch Chief (WASO) through the Regional Director, for technical review and establishment of LSI credit for eligible fixture replacements. Fixture issues associated with Category II contracts will be addressed in a separate policy memo.

Under the terms of Public Law 105-391, 36 CFR Part 51 and its implementing regulations, LSI is the right to payment for related contractually required capital improvements that a concessioner makes or provides within a park area on lands owned by the United States. Capital improvements include fixture replacements. In general, concessioners can earn LSI for NPS approved fixture replacements. Exhibit A of the Category I concession contract sets forth the terms and conditions regarding the nature, scope and applicable conditions of LSI, including the process by which a concessioner is granted LSI for fixture replacements and who has authority to grant such LSI. Exhibit A, Section 15 of the Category I concession contract defines how fixture replacements are valued:

"If the Concessioner replaces an existing fixture in which the Concessioner has a leasehold surrender interest with a new fixture, the Concessioner will increase its leasehold surrender interest by the amount of the construction cost of the replacement fixture less the construction cost of the replaced fixture."

The crediting and documentation requirements are:

- Pre-replacement:
 - Fixture replacements must be approved by the superintendent prior to replacement of the fixture.
 - Parks should reference current LSI guidance documents to determine if the replacement qualifies as an LSI eligible fixture replacement.
 - Parks should contact their region or WASO if current LSI guidance does not provide sufficient information to determine if the replacement qualifies as an LSI eligible fixture replacement.
- Post-replacement:
 - Concessioners must submit fixture replacements to the superintendent annually on the NPS provided “Annual Fixture Replacement Report” (see attached).
 - In addition to the documents required pursuant to Exhibit F, the superintendent must require the concessioner provide Certified Public Accountant (CPA) certification at the end of every calendar year itemizing all applicable costs (fixture replacement costs and the original construction costs of the replaced fixtures) and verifying that the fixture replacement costs submitted for LSI credit have been capitalized according to Generally Acceptable Accounting Practices (GAAP).
 - The superintendent must send the “Annual Fixture Replacement Report” and backup documentation (such as receipts or invoices) and CPA certification to WASO (through the Regional Director).
 - WASO will review the package to determine if the replacement qualifies as a LSI eligible fixture replacement, and all required supporting documentation has been provided.
 - WASO will notify the superintendent if additional information or documentation is required.
 - WASO will establish the LSI credit for the eligible fixture replacements and provide the superintendent (through the Regional Director) with the approved LSI credit for the fixture replacements

This policy will ensure that NPS determines fixture replacement eligibility, sufficient documentation exists to support decisions, and LSI fixture replacement credit is established consistently across the service.

For more information, please contact Deborah Harvey, Asset Management Branch Chief, at 202/513-7150 or deborah_harvey@nps.gov.

Attachment

Annual Fixture Replacement Report

Date: _____

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