



United States Department of the Interior

NATIONAL PARK SERVICE

1849 C Street, N.W.

Washington, D.C. 20240

IN REPLY REFER TO:

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Memorandum

To: Regional Concession Chiefs

From: Chief, Commercial Services Program *J. A. Pindry*

Subject: Advance Rates and Deposits

Superintendents are allowed to approve advance rates and deposits for lodging and other services where reservations are taken, which allow concessioners to advertise and charge a higher, advance rate for the upcoming seasons.

Background

Current rate administration procedures result in parks approving rates annually, sometimes shortly before the start of the peak visitor season. However, concessioners are allowed to accept reservations up to 2 years in advance. Therefore, reservations made more than 1 year in advance are sometimes being charged at the previous year's approved rates even if the approved rate at the time of stay is higher. In other cases, visitors are charged a deposit at the time of their reservation at the approved rate at that time and then are required to pay any difference at the time of stay if the approved rates are increased. These situations have resulted in some visitor concerns. Allowing superintendents to approve advance rates and deposits will provide parks a tool to mitigate this issue.

In accordance with Public Law 105-391 Section 406, and National Park Service (NPS) policy, concessioner rates and charges are subject to NPS approval. Rates should be set based upon "market forces to the extent possible...determined primarily by comparison with those rates, and charges for goods and services of comparable character under similar conditions with due consideration to the following factors, and other factors deemed relevant..."

In order to ensure these legal and policy conditions are met, the following advance rate and deposit approval procedures are to be followed.

Advance Rate Request Approvals

An increase in an advance rate should only be approved when:

1. The concessioner provides well-supported documentation to support an advance rate.
2. Comparables or other relevant industry indices show projected actual growth over their previous year's rates to support an increase in the current year's approved rate.

Concessioners must request permission, in writing, to charge advance rates. The concessioner must provide the park with adequate documentation justifying the rates they are proposing. In accordance with statutory requirements, this supporting documentation should be based on comparability. Such documentation may include data from comparables which documents their advertised or projected rates for the advance period or provides rate trend data for the comparable property. It may also be justified by industry sector indices and/or trend reports. Such indices and reports for the lodging industry include the Consumer Price Index (CPI), Smith Travel Research, and PKF reports.

As is the current practice in conducting comparability studies, other comparability factors such as extra amenity features or unique concessioner costs may be considered when assessing the data of comparables and evaluating advance rate requests. As with annual rate approvals, differences between the advance rate requested by the concessioner and that of its comparables considering such factors must be well-documented and supported by sufficient financial data and analysis.

The superintendent must approve all advance rates before they are advertised or charged. In the event that data provided by the concessioner or research by the park demonstrates that the rate request is not justified, the superintendent may approve an advance rate that is lower than that which was requested by the concessioner.

If research and analysis indicate that market conditions have deteriorated such that the advance rate would actually be below that of the current year's rate, then no advance rate increase should be approved.

Advance Deposit Practices

Advance deposits should be accepted in accordance with the procedures specified in the concessioner's operating plan. As described in NPS-48, these procedures should be consistent with those of the concessioner's comparables. If advance deposit procedures are not specified in an operating plan, they are allowable, provided that they are in line with that of the concessioner's comparables. The operating plan should be updated to reflect these procedures.

Managing Advance Rates and Deposits

Advance rates are the guaranteed maximum rate. If the final approved rate for the current season is lower than the advance rate, the concessioner must refund the difference between the advance deposit and the actual charges to the park visitor.

If the final approved rates are higher than the advance rate, the concessioner must honor the advance rate for the length of stay.

Prior to approving advance rates for a concessioner, the concessioner must develop and provide for approval to the park its procedures to manage the advance rate process. Concessioners must be able to provide accounting and tracking documentation to the park upon request. The concessioner must clearly disclose to customers their refund policy regarding advance rates and should disclose this refund information to the visitors at the time of reservation and at the time of stay.

Concession Specialists should periodically review the concessioner's advance rate processes to ensure that the customer disclosures are conducted, correct rates are being charged, and any applicable refunds are issued.

Standards, Evaluation and Rate Approval (SERA) Project

The Commercial Services Program has re-engaged the SERA project which includes a comprehensive review of the Rate Administration Program. As part of this effort, advance rates and deposits will be addressed on a Servicewide basis. This effort may result in potential changes in the above policies and procedures.

Distribution

Please distribute this memo to concession specialists and other appropriate personnel within your region.

Further Information

If you have any questions regarding these policies and procedures, you may contact Kurt Rausch in the NPS Commercial Services Program at kurt_rausch@nps.gov or 202/513-7202.