

CMAB RECOGNITION AND INCENTIVES SUBGROUP

SECOND MEETING NOTES

Call: November 14, 2013

Agenda

- Overview of CMAB report-out Activities to Date
- Review Evaluation, Recognition and Incentives Proposal
- Open Discussion

Participants

- Kurt Rausch – NPS, Commercial Services
- Dr. Jim Eyster – Chairperson, NPS Concession Management Advisory Board
- Donald Leadbetter – NPS, Commercial Services
- Tasha Wade – LeConte Lodge
- Scott Seyler – Colorado River Discovery
- Alex Klein – Grand Teton Lodge Company

Separate discussions were conducted with Dan Jensen of Delaware North on Friday, November 14. In addition, the NPS received email comments from Derrick Crandall who was not able to make the meeting prior to the call. Their comments are reflected in these notes as well.

Discussion

Evaluation Process

- **Excellent versus Outstanding.** There was agreement by the callers that the excellent rating should be based upon a high level of compliance with the terms of the contract while the outstanding rating should be evaluated based upon the completion of activities beyond the terms of the contract.

The SERA process is addressing the excellent rating criteria. An expanded rating system is being validated through pilots being consulted in concert with our hospitality consultant. Lodging and food and beverage were tested late summer at Yosemite and are being tested this week at the Grand Canyon South Rim. The results will be shared through the CMAB SERA Concessioner Subgroup first formed several years ago. A meeting of this Subgroup is anticipated in the early winter.

- **Absolute versus Relative.** Callers agreed that the rating for Excellent and Outstanding should not be limited to a top percent of the concessioner population but available for any that meet the criteria. Further input to validate this approach will be collected from the rest of the Subgroup.
- **Outstanding Criteria.** There was call discussion on how the outstanding rating criteria should be defined. The callers agreed that the beyond-contract requirements criteria are subjective and the types of opportunities are highly dependent upon the services being offered and the type of

CMAB RECOGNITION AND INCENTIVES SUBGROUP

SECOND MEETING NOTES

Call: November 14, 2013

concession (e.g., front-country/backcountry). It was agreed that the best approach might be to conduct a series of individual Subgroup meetings for each service category in which concessioners could discuss what outstanding practices might be for that service and type concession. These guidelines could provide the NPS team evaluating the concessioner outstanding rating some benchmarks from which they could conduct their evaluation.

- **Meaningful Deficiencies.** The fairness associated with obtaining a reduced score due to one or two issues at a very large facility was brought up on the call. In particular, the issue of public health deficiencies for things like one or two refrigerators out of temperature was identified. Kurt Rausch pointed out that concession staff and Public Health Officers are trained to provide a reasonable, practical and consistent approach. Deficiencies should only be identified when determined to be meaningful, considering both frequency and severity. One or two instances of some significant issues (e.g., risk management or public health) could be important enough to be considered meaningful even at a very large facility, particularly if they are repeat issues. Where it seems the evaluator is being unreasonable, concerns can be elevated.
- **SERA Process and AOR Offsets for Standards that are not Achievable.** This concern was raised in written comments provided before the meeting. The process for addressing SERA standards generally applicable but not possible at a particular location is being addressed through the SERA standards and evaluation process update. Exceptions for the standards (such as not triple sheeting if that is the standard for that lodging type) will be documented in the operating Plan and will not be evaluated. The process tested well at YOSE (e.g., Wawona rooms with no baths and televisions). Additional testing is underway at GRCA for lodging and food and beverage this week and will continue for other services.
- **The Outstanding Nomination and Evaluation Process.** The process described in the NPS Proposal was discussed on the call. In this process, the park would conduct an evaluation to rate the concessioner as Excellent and, with input from the concessioner via observations, documentation provided by the concessioner, etc. would determine if the concessioner was eligible for an Outstanding. If so, the nomination would be forwarded to a regional board that they would review the evaluation/nomination package and make the Outstanding determination. Dr. Eyster reiterated support for a consultant to be on the regional panel to improve consistency and objectivity.

In written comments submitted before the call, it was suggested that concessioners should be allowed to prepare a case for judgment for outstanding rather than relying on the NPS to do so. The evaluation process as outlined is generally consistent with this process. The concessioner's development of a nomination package is an attractive idea to reduce the burden to the park staff. For larger concession operations which have more administrative resources, this may be easily achievable. Additional discussion is advised to explore how this would be achieved for smaller

CMAB RECOGNITION AND INCENTIVES SUBGROUP

SECOND MEETING NOTES

Call: November 14, 2013

concessioners without such resources. It should be noted; the park would still have to validate and endorse the nomination and submit the nomination to the region. It is unlikely that parks would be comfortable with a process in which the concessioner could submit to region without park support. In general, this is consistent with current nomination processes for things like environmental achievement awards.

It was also suggested in written comments, that the outstanding review process should be centralized and done by two regional offices to improve consistency. The current NPS Proposal suggests a review by the applicable regional office. A regional approach was suggested in order to maintain the current administrative oversight structure within the NPS and also to ensure that regional and local goals are better understood during the process. Outside consultant expertise was recommended in the proposal to provide consistency. WASO representatives could also be part of the team to improve consistency on a Servicewide basis. The process for evaluations including the evaluation team makeup may deserve additional at the next meeting with a larger group.

- **Appeal Process.** Written comments provided before the call reinforced the need for an appeal process. The topic was not specifically discussed during the call. The NPS Proposal envisioned an appeal process consistent with current practice with park evaluations and rating appealable to region and regional evaluations and ratings appealable to WASO.

Valuing Visitor Satisfaction

- **VS Value.** The value of establishing a more robust visitor satisfaction score in the annual overall review process was confirmed by all callers.
- **VS Review Process.** Kurt Rausch described the NPS Proposal to add a third component to the AOR in addition to operational performance and contract compliance. Details on data set to feed this criteria and the relative weighting between these three scores are not yet determined. Callers were supportive of this approach.
- **VS Data.** The potential sources of VS data were discussed among the callers. Kurt Rausch outlined the challenge associated with setting up an NPS managed survey including obtaining OMB clearance and dealing with personally identifiable information. The challenge in using Internet-based systems like Trip Advisor was mentioned. The potential for inaccuracies and the need to weed out outlier comments was highlighted. Each of the callers indicated they used a visitor satisfaction system but they varied in sophistication from third-party and electronic in-house and on paper depending upon the size of the concession and type of services being provided.

Kurt Rausch mentioned a project completed in 2012 in which the NPS contracted with the University of Idaho to pilot a program in 46 parks. The pilot looked at five services: lodging, food and beverage, retail, marinas and guiding services. The NPS used a compilation of questions collected

CMAB RECOGNITION AND INCENTIVES SUBGROUP

SECOND MEETING NOTES

Call: November 14, 2013

from various concessioners, augmented with a few new questions. The survey was administered the survey's in-person using volunteers in parks and NPS concession staff. The callers discussed the potential to use the NPS survey as a basis for setting up a set of standard questions that could be asked. These questions could be integrated into the existing systems concessioners have. The concessioners could collate results and share them with the park as data to help determine the VS rating. Further discussion on the VS process is necessary with the larger group.

Recognition

- All callers agreed that there can never be too much recognition and advertising of good performance. All callers endorse NPS's continued efforts to develop recognition processes for excellent and outstanding concessioners. Ideas such as formal awards, identification of top concessioners on NPS web sites and ability to identify themselves as top NPS concessioners in advertising were discussed. No plans were discussed in detail. This is a topic for further future calls.
- Mr. Jansen suggested that all of the incentives being discussed have issues which will be difficult to resolve and could ultimately delay the roll-out of an expanded evaluation and recognition program if they are tied together. Mr. Jansen recommended that the NPS focus its efforts on the evaluation and recognition program first.

Incentives Approaches

- **General.** Incentives including contract extensions and points on a contract were discussed at length during the call. Other options were also presented in written comments before the meeting. Discussion on these incentives options are summarized below.
- **Contract Extensions for Outstanding.** This incentive was discussed in the call. Scott Seyler of Colorado Discovery pointed out a potential challenge with adding extra years on a contract as an incentive. In a number of cases, prospectuses and contracts for guide and outfitters are bundled and are all released at one time. If the contract extension incentive is used, it would put some contracts out of sync and prevent the bundled approach. This could be unattractive for parks due to added level of effort. Also, it could be unattractive to incumbent guides and outfitters because a single contract for bid can be a bigger "target" for new competitors than a bundled set.
- **Bonus Points on a New Contract for Outstanding.** Although this topic was not carried forward from the earlier "Options Matrix" to the NPS Proposal, this alternative was identified during the CMAB Fall Meeting by Mr. Crandall, as an option that should continue to be discussed and was identified in written comments submitted before the meeting. This incentive was discussed during the call. During the call, Dr. Eyster pointed out that this incentive continues to be problematic approach as it alters the playing field as relates to competition and the intent of the 98 Law. In his comments, Mr. Jansen indicated he believed that it would be difficult to come to a common agreement on this one

CMAB RECOGNITION AND INCENTIVES SUBGROUP

SECOND MEETING NOTES

Call: November 14, 2013

as newcomers to the Concession Program would be unsupportive and long-standing concessioners would be supportive. It was pointed out that if there was a strong recognition program developed, outstanding performance should be able to be accounted for in the current proposal process as part of Question 3 as relates to “the experience and related background of the offeror, including past performance and expertise”.

- **Reduced Evaluation Burden.** This incentive was identified in the NPS Proposal and briefly but was not discussed in detail in the call. It was also identified in written comments submitted prior to the meeting. The incentive continues to be an attractive one for excellent and outstanding ratings.
- **Ability to Test Out New and Revised Visitor Services for Excellent or Higher.** This option was identified in written comments submitted before the meeting as one of the earlier suggestions offered by NPHA. NPS has committed to looking into new services and has a second CMAB Subgroup tasked to this effort. Very good to excellent performance with the existing set of services is anticipated as a necessary performance level before considering such new or revised services.

It was suggested that approvals for new or revised services should be made without extensive recalculation of contract terms, to encourage nimbleness to implement the new services. Such recommendations must be reviewed by the NPS in light of the Program’s responsibilities to ensure services are allowable under the terms of the contract, appropriate, and that fiduciary responsibilities of the Service are addressed. Mr. Rausch will take the issues up with the NPS Planning and Development Team and Finance team to better report out the scope and considerations associated with this incentive option at the next Subgroup meeting.

- **Reduced Franchise Fees.** This option was identified in written comments submitted before the meeting as one of the earlier suggestions offered by NPHA. This option was not carried forward from the Discussion Matrix to the Proposal stage because it was identified by the Subgroup as unlikely to be attractive to NPS managers. The option was not otherwise discussed during the call.
- **Greater Influence over the Use of Special Funds.** This option was identified in written comments submitted before the meeting as one of the earlier suggestions offered by NPHA. There has not been any discussion about this option in the Subgroup. Some past contracts have a “Special Account” fee for capital improvements. NPS regulations and Office of Management and Budget (OMB) prohibit the further creation of “special accounts” for construction of real property improvements. 36 CFR 51 does authorize the NPS to establish maintenance reserve accounts but controls their use to certain component renewal projects that are not leasehold surrender interest eligible. Given these regulatory/OMB limitations, this may not be viable incentive. The topic can be raised for further discussion at the next Subgroup Meeting.

CMAB RECOGNITION AND INCENTIVES SUBGROUP

SECOND MEETING NOTES

Call: November 14, 2013

- **Access to 20% Funds.** This option was identified in written comments submitted before the meeting as one of the earlier options offered by NPHA. The idea was not discussed during the call. Initial comments on the proposed incentive are provided below.

In accordance with the 98 Law, 80% of franchise fees collected by the park from concessioners in accordance with the terms of the contract are retained in the park for use. NPS policy is that this use should focus on Park Commercial Services projects and Program operations. In accordance with the Law, 20% of the franchise fees are managed by WASO. A portion of these funds support Servicewide Commercial Services projects and programs. A portion of those funds are returned to parks to for LSI buy-down, support park-level and regional programs. If an additional portion of the 20% franchise fees were reallocated back to the park, it would mean a reduction of WASO-level Servicewide and regional support. It could result in additional project dollars for needed NPS investment in concessioner facilities, which may have secondary benefit to the concessioner by improving the facilities and operations, increasing visitor satisfaction.

Written comments suggested 20% fund redistributions would be tied to concessioner excellent or outstanding performance. The link to concessioner performance is unclear and should be explored further. Written comments suggested use of these funds should be subject to Park/Concessioner mutual agreement. Although concessioner consultation would certainly be advisable, concessioner need for agreement for use of these federal funds would be unlikely. The topic can be raised for further discussion at the next Subgroup Meeting.

Next Steps

- NPS will investigate which incentives would require policy versus regulatory/statutory changes as a way to further identify best short and long-term options.
- NPS will use the matrix and discussion points from the first two Subgroup meetings to develop a “proposal” outlining the best approach for implementation at this time. Input on the proposal will be gathered through a third Recognition and Incentives Subgroup Meeting in early October.
- A CMAB presentation of the proposal will be developed by the NPS and will be shared with the Subgroup for comment.
- The proposal will be presented to the full CMAB by the NPS at the Oct 30 meeting with Subgroup members at the meeting available to provide input to the Board.