



National Park Hospitality Association

November 15, 2010

The Honorable Jon Jarvis
Director
National Park Service
1849 C Street, N.W.
Washington, DC 20240

Dear Jon:

Our Concessions Leadership Group both appreciated and enjoyed our discussions with you this week regarding the opportunities and challenges facing the National Park System. We have a vital stake in your success and in the health of the national parks. Thank you for your comment that we should continue meeting regularly with you and with other key NPS officials, including Regional Directors. We look forward to those future conversations, which we know will be both constructive and productive. For now, to help build on the success of our recent meeting, we have prepared the enclosed summary of our discussions for your use.

Thank you for your commitment to continuing the long and strong partnership between NPS and concessioners – a partnership which has served parks and the American public well. As the National Park Hospitality Association begins planning for its meeting in Washington on March 15-17, 2011, we welcome your suggestions for topics and forums that would address your priorities and help us focus our energies on specific needs.

Sincerely,

A handwritten signature in black ink, appearing to read 'DAM'. The signature is fluid and cursive, written over a horizontal line.

Derrick A. Crandall
Counselor

cc: NPHA Board of Directors
Kate Stevenson
Sue Waldron

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**SUMMARY OF DISCUSSION BETWEEN NATIONAL PARK SERVICE DIRECTOR
AND NATIONAL PARK HOSPITALITY ASSOCIATION
CONCESSIONS LEADERSHIP GROUP
November 8, 2010**

The concession industry's roots extend back to the 1870's in the parks, with many, many employees who, as is the case with the National Park Service, are second and third-generation park workers. This is a time of opportunity for America's national parks, although challenges like climate change and budgets and lifestyle changes do a fine job of disguising those opportunities. Jobs, health and quality of life, federal spending cuts, the sustainability of communities in rural America – these are important forces in the nation today. The members of the National Park Hospitality Association (NPHA) can help the Congress and the White House grapple with these concerns together.

NPHA supported Director Jon Jarvis's "four pillars" – relevancy, workplace enhancement, education and stewardship – and offered to work with NPS on these goals in joint efforts to invite and serve visitors to our parks. Despite a tough budget climate, Director Jarvis has incredible assets to utilize – from billions in appropriations to additional billions in spending by park visitors in and around parks and a workforce of 70,000 or more when direct employees, concessioner employees, friends group employees and volunteers are all combined. Concessioners agreed with the Director's contention that what is important is to utilize existing resources strategically and to attract new resources available for creative NPS leaders on the ground.

Over the past two years, concessioners have been challenged, and have been forced to reduce employment and other activities. Yet concessioners also believe that those efforts have not adversely impacted visitor experiences and that there will be more demand for park services in 2011 and 2012. But there are new forces at work that are expected to continue as powerful forces in the marketplace. Americans are value-focused, and are delaying decisions about leisure time and discretionary dollar commitments. Their decisions are also being shaped by marketing and promotion efforts – and that helps explain that, while visitation has been strong in well-known parks with active concessioner presence, visitation in the park system overall has not fared well.

Concessioners know that visitors expect quality in lodging, food, transportation and more, but too often, the visitor infrastructure in parks is not what visitors expect – especially new visitors. The backlog of needed investment in concessioner facilities in parks is an estimated half billion dollars and growing, and visitor infrastructure is not growing to reflect U.S. population growth of more than 1% annually.

NPHA applauded the Director's response to a new national priority – the health of the American people – by repurposing portions of the NPS Office of Public Health to enable the agency to be a stronger advocate of better health through parks. This same model should be embraced to rethink and repurpose the Commercial Services Program staff, using this unit to serve higher priority agency and public needs, including securing

improved visitor infrastructure and expanding employment opportunities in parks. This unit has achieved much good, but has also overly emphasized the contractual aspect of concessioner/NPS relations. The focus on concessions management has obscured the more important – and shared – objective of delivering great, park-appropriate experiences.

The Director shared with the group the recent letter sent to the Secretary of the Interior by visitors to Yellowstone this summer who arrived late at night to a completely full Old Faithful Inn, holding a reservation for the same date – but in 2011. NPHA was delighted that the extra efforts of the concessioner to find a way to help this family left them so grateful – and that the Secretary and the Director both appreciated that this effort, reflecting a genuine commitment to great visitor experiences, is exactly what the NPS needs from its partners. Unfortunately, the current direction of concessioner/NPS relations focuses on measuring threads per inch over encouraging quality guest experiences, and extraordinary concessioner efforts go unrecognized in a system that yields only satisfactory or unsatisfactory evaluations.

The members of NPHA believe that it is time to elevate and energize a core team of people in the agency who understand how to recruit and sustain partners who can build new infrastructure, provide new transportation options, help deliver the park stories and more. It is time that the agency begins aiding local units – especially smaller units – who feel not just lesser-known but unknown.

The concessioners applauded the Director's statements about uniting the resources of the park system into a seamless system, addressing park protection and visitor needs exceptionally well. The Director has specifically referenced concessioners and made clear that their efforts and capabilities are valued. Concessioners have important joint efforts underway on energy and water conservation, on healthy menus and more. The Commercial Services staff should be redirected to place high priority on these efforts, rather than the design standards that inhibit innovation and excellence.

Like the Director, concessioners have a high regard for the National Parks Second Century Commission recommendations – with the major exception that the report and recommendations contained not a single reference to concessioners. The group appreciated the Director's comment that he shares that concern and the observation that concessioners are in good company since the report also failed to use the word fun – again not even once.

Concessioners know a great deal about who is coming to many of our national parks today, and have some pretty good information about those who are not coming, too, because they interact with them extensively – during some 100 million of the 285 million visits our parks receive annually. Concessioners try to serve those visitors well – and, with NPS help, will serve them better in the future. The group applauded the Director's interest in doing more joint gathering of visitor information, evaluating the information and taking action – and also gathering information on those who do not now regularly benefit from time in our parks.

Like Director Jarvis, concessioners want our national parks to be affordable and

accessible to all. They are very concerned, though, that fewer Americans are having national park experiences. While the population has grown since 1987 by 26%, visitation is down by 1%. Even more concerning, the number of visitor hours has dropped far more – down 13%. A key part of this drop is the decline in overnight stays, which are very important park experiences. Stays in concessioner lodging are down 6% – but the real drop comes in campgrounds. Tent stays are down 20%, and RV stays are down 32% – during a period when private-sector campground stays and RV ownership and usage are up dramatically. Today a record 8.2 million RVs are on the roads in the United States. RV ownership grew by 15% during 2001-2005 alone, and there was an estimated doubling of units in active use between 1987 and 2009. But RVers avoid many national park campgrounds because the infrastructure reflects 1950's designs and camping patterns. Data like those contained in the following table are readily available but infrequently analyzed.

Annual Park Visitation Comparisons

Category Summary	1987	1988	2009	Δ 1987 to 2009 in %
Recreation Visits	287,244,998	282,451,441	285,579,941	-1
Recreation Visitor Hours	1,393,887,560	1,375,532,277	1,251,683,159	-13
Non-Recreation Visits	85,706,136	85,538,340	160,758,738	88
Non-Recreation Visitor Hours	38,572,366	43,562,598	83,744,569	117
Concessioner Lodging Overnights	3,726,504	3,787,463	3,490,723	-6
Concessioner Camping Overnights	852,820	865,694	1,310,347	54
Tent Camper Overnights	3,955,795	3,921,104	3,184,255	-20
Recreation Vehicle(RV) Overnights	7,999,001	7,858,375	5,334,425	-32
Back Country Overnights	1,574,706	1,617,706	1,860,162	18
Miscellaneous Overnights (Groups and Aboard Boats)	2,969,801	2,881,558	2,382,723	-20
Non-Recreation Overnights	313,493	378,371	215,923	-31
Total Overnight Stays	17,436,325	17,389,16	14,594,303	-16
US Population	242,289,000	244,498,982	305,529,237	26%

Concessioners have fewer pillows, fewer restaurant seats and smaller retail operations than 25 years ago. As America's population grows by between 1 and 2% per year, so should the number of park experiences and park visitor infrastructure. Virtually no consideration is being given to new concessioner operations in new units, or in the new GMPs for existing units. As an example, the Captain John Smith Water Trail, which celebrates how coastal areas of the mid-Atlantic were explored circa 1600, has published preliminary guides to its operation, but does not contemplate day and overnight tours on the water by concessioners – perhaps adapting the kinds of craft used on European canals, equipped with lodging and bikes and kayaks.

Concessioner franchise payments to the NPS today are some \$80 million annually – all of this being direct additions to the NPS budget. This amount rivals the philanthropic efforts of the National Park Foundation and all of the friends groups combined. Better campgrounds, more lodging, more services can grow franchise fees sustainably. Simply raising the percentage of flat gross receipts paid by concessioners to the NPS will not lead to the same result.

Concessioners also offer substantial capabilities in promotion and outreach, both through their own companies and in league with the state and gateway tourism agencies with whom they work closely. And with encouragement, they can extend their promotion efforts to the entire park system, and not just those units in which they provide services. They can help increase public awareness of groupings of parks that are more viable marketing opportunities and capitalize on opportunities available through the new Corporation for Travel Promotion (CTP). The concessioners expressed their enthusiastic support for the Director's interest in jointly meeting with the CTP to explore opportunities, and in guarding against efforts that will simply highlight peak periods at best known parks.

The group told the Director that it is time to assess the consequences to the legislation passed 12 years ago amending concessions operations in parks. That act emphasized increasing competition for park concessions. There is real need to revisit and correct this focus. Instead, the focus should be on connecting all Americans with their parks, and with quality park visits with needed support, and on expanding jobs in our parks. Concessioners also seek to debate publicly the decision to make a priority use of franchise fees the elimination of concessioner equity in our parks. The concessioners also asked key questions: Is hostile buy down of PI and LSI really a priority when there are real needs for investment in park infrastructure – and does this action have long-term consequences, discouraging future investment in parks by concessioners? Time spent by both NPS and concessioners and would-be concessioners on prospectuses, on contract awards should be reduced, and more time should be put into visitor satisfaction measurement and joint investigation of new best practices in environmental operations and food service. Also needed is a review of the direction of the SERA process – a very costly effort now underway using a squad of consultants and NPS staffers – to make sure it does not leave a legacy of thick books of standards prescribing threads per inch in sheets and how guests pay for their meals in restaurants while failing to address the measurement of visitor satisfaction.

In summary, the Concessions Leadership Group offered several specific requests and recommendations:

- (1) NPS should have a plan to replace, improve and expand its current visitor services infrastructure, highlighting "green" and economically efficient operations, through creative strategies and partnerships. And it needs to put a senior, unusually visionary NPS official in charge of this effort to help energize and cut red tape for field personnel who choose to become involved.

- (2) NPS needs to understand and control the combined impacts of its recent and proposed actions, which undermine goals of keeping park visits reasonably priced and attracting private investments in visitor facilities. These actions

include the DO 35B proposal on utility capital costs, Alternative LSI treatment in the Signal Mountain concessions prospectus and more.

(3) NPS needs to clearly support and cooperate with a promotion and outreach campaign for America's national parks, and work to find sustainable funding from both the public and private sectors to make this campaign successful.

(4) NPS leadership needs to meet regularly with concessioners about strategic goals and actions, including discussion about the 1998 concessions act and its impact on park visits and operations, to make concessioners stronger NPS partners.

(5) NPS needs to augment its visitor research – to understand the motivations of those who now come to national parks as well as the barriers to current non-visitors – to better measure visitor satisfaction and then be prepared to take actions.

(6) NPS and its partners need to attract the healthcare industry as a new partner – sending to the national parks patients who need intervention and bringing new financial resources that recognize and augment NPS and partner capabilities as healers and as preventers of expensive, chronic diseases.

(7) NPS should develop a National Visitor Services Strategic Plan, perhaps through a structure similar to the newly created Health and Wellness Executive Steering Committee. The plan would help GMP and CSP efforts to enhance visitor experiences and help identify currently available and desirable additional tools for financing expansion in visitor services and more.