



May 18, 2012

Ms. Jo A. Pendry, Chief
Commercial Services Program
National Park Service
1201 Eye Street NW., 11th Floor
Washington, DC 20005
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Dear Jo:

The National Park Hospitality Association (NPHA) would like to respond to the recently issued proposed Leasehold Surrender Interest Guide, identified as a 2/21/12 draft.

NPHA is the trade association of the large and small businesses working under concessions contracts issued by the National Park Service. In some cases, NPHA members have links to park operations which predate the creation of the National Park Service in 1916. Our members assist an estimated 100 million park visits with lodging, food, retail, transportation and other vital services. Total revenues exceed \$1 billion annually, allowing concessioners to have an in-park workforce of some 25,000 during peak operations. Franchise fees and other payments to the National Park Service exceed \$100 million annually. We also play central roles in the Guest Donation Program, in park promotional efforts and in leading a coalition of park partners focused on the centennial of the National Park Service in 2016 and committed to, together, keeping national parks and national park programs a relevant and revered part of the American lifestyle for the agency's second century.

NPHA members have been disappointed and concerned by the slowness of the National Park Service in responding to the 1998 concessions law reforms regarding Leasehold Surrender Interests (LSI). Requests for recognition of LSI have been delayed and inconsistent and the impact has been significant on the quality of visitor services offered in parks. New federal budgetary realities and the sizeable reduction in construction funds availability would seem to add new importance to attracting private investment in America's national parks for the foreseeable future.

Yet NPHA members feel the draft Guide fails to protect and encourage private investment by concessioners. Individual concessioners will address specific provisions which are troublesome, including identification of investments that qualify and NPS actions which value and depreciate qualifying investments. NPHA's comments seek to raise the broader issue of how the LSI tool can and should fit into a broader strategy of meeting legitimate visitor experience needs through combined agency and partner

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investments and operations. We also believe that agency needs in the visitor experience arena have been highlighted and underscored by the new National Tourism and Travel Strategy issued on May 17, 2012. The draft Guide fails to even recognize the importance of LSI to this important new policy direction.

NPHA believes that the agency's actions on LSI are exacerbating the well-documented large and growing backlog of deferred maintenance and have contributed to a reduction in overall visitor capability in America's national parks over two decades. NPHA members support efforts to make national parks models of excellence in environmental operations, in compliance with health and safety standards, in universal access and in visitor services. Current NPS policies and operations hamper these goals, including LSI treatment.

Most importantly, NPS must respond to changed realities in a holistic and creative way, respecting core values and mission but fully utilizing new tools, and using old tools in new ways. The agency can and should assemble and coordinate a full suite of tools available to serve visitor needs, including but not limited to LSI. Other tools might include expanded use of longer concessions contracts, more efficient use of specialized maintenance and capital investment accounts created under concessions contracts, priorities in use of park unit-retained franchise fees and priorities in the use of entrance fees and other user fees.

We believe that the Guide as published in draft form adds little and introduces new uncertainty to agency efforts to execute a financial strategy. We are particularly surprised by the statement, "The proposed LSI Guide is not intended to describe all LSI requirements or circumstances. The proposed LSI Guide does not adopt requirements or policy for the National Park Service or National Park Service concessioners."

NPHA calls upon NPS to (1) withdraw this proposal and (2) develop a new strategic plan which addresses LSI and other important financial tools which are needed to develop and maintain a quality visitor services infrastructure, especially in light of the new National Tourism and Travel Strategy.

NPHA offers its full and active cooperation in developing the right strategy – and in pursuing any new tools identified as needed – to enter the second century of NPS operations equipped for success.

Sincerely,

A handwritten signature in black ink, appearing to read "Joe Fassler". The signature is fluid and cursive, written over a white background.

Joseph K. Fassler, Chairman

cc: NPHA members