Commercial Services Program

Brian Borda, Chief
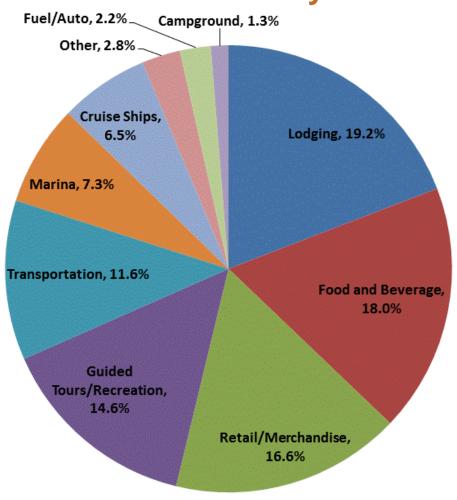
Commercial Services at a Glance

- Approximately $1.3 Billion in concessioners' gross receipts
  - 19% in lodging
  - 18% in food and beverage
  - 17% in merchandise and retail
- Approximately 508 Contracts
  - 14% of contracts generate 88% of gross receipts
  - 70% of contracts are under $500,000
- 6.8% average franchise fee on all contracts
- 5,593 commercial use authorizations
  - The Service received $2,140,593 in cost recovery charges
- 150 Leases
- 300 NPS and 17,000 concessioner employees

Concession Contract Revenue* by Visitor Service

Fuel/Auto, 2.2%
Campground, 1.3%
Other, 2.8%
Cruise Ships, 6.5%
Marina, 7.3%
Transportation, 11.6%
Guided Tours/Recreation, 14.6%
Retail/Merchandise, 16.6%
Food and Beverage, 18.0%
Lodging, 19.2%

*As reported through 2014 Annual Financial Reports

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Concession Contract Gross Receipts* Breakdown

Gross Receipts Range	Contracts	% of Total	Gross Receipts on All Contracts ($ Millions)	% of Total
$3 Million and Above	71	14%	1,156.1	88%
$1 Million to $3 Million	56	11%	98.4	7%
$500,000 to $1 Million	39	8%	27.2	2%
All Other Reporting	311	61%	39.2	3%
Not Yet Reported	31	6%		
Total	**508**	**100%**	**1,320.9**	**100%**

*As reported through 2014 Annual Financial Reports

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Concession Contracts by NPS Region*

Region	Parks	Contracts	Total Revenue ($ Millions)	Franchise Fees ($ Millions)
AKR	10	98	131.3	9.8
IMR	25	214	557.7	26.0
MWR	13	51	35.7	3.0
NCR	6	11	55.3	1.6
NER	16	33	154.6	19.4
PWR	26	60	332.0	26.5
SER	15	41	54.4	3.4
Total	**111**	**508**	**1,320.9**	**89.6**

*As reported through 2014 Annual Financial Reports

Finance Branch

Tara Riggs, Chief
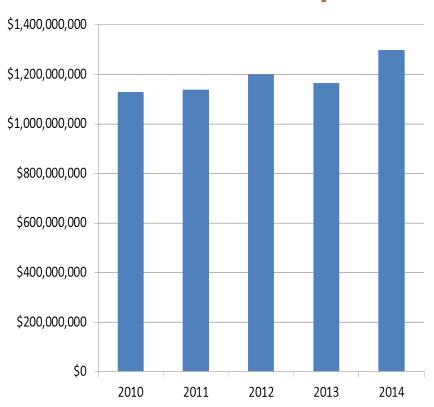
Finance Key Functional Areas

- Oversee and track franchise fee spending
- Support prospectus and lease development
- Manage concessioner financial reporting
- Provide financial support to regions and parks
- Review franchise fee reconsiderations
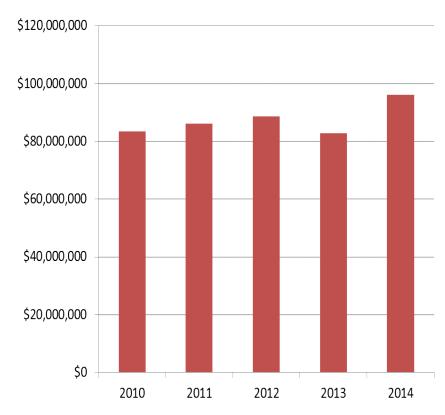- Review utility add-ons

Historical Gross Receipts and Franchise Fees

Gross Receipts

Franchise Fees

Use of 20% Fund in FY15

- 90% - LSI/PI Buy-Down
- 6% - Program (WASO & Regional Support)
- 3% - Facility/Construction Projects
- 1% - Prospectus Development
- Allocation of Funds Change Annually Based on Park, Region and WASO Needs

Annual Financial Report Updates

- Accounting Standards Codification Topic 853 set new accounting standards for "service concession arrangements"
- Applicable if:
  - The grantor controls or has the ability to modify or approve the services that the operating entity must provide with the infrastructure, to whom it must provide them, and at what price.
  - The grantor controls, through ownership, beneficial entitlement, or otherwise, any residual interest in the infrastructure at the end of the term of the arrangement.

Annual Financial Report Updates

- If the rule applies:
    - Establish financial asset or intangible asset, or both
    - Eliminate related property, plant and equipment

- Accounting for PI and LSI are affected by this rule

Annual Financial Report Updates

- New AFR forms to account for the new rules

- Currently open for public comment in the federal register
  - Forms 10-356 (AFR Long form) and 10-356A (AFR Short form)
  - Please send official comments and feedback through the federal register
  - Minor additional updates are also included

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Planning and Development Branch

Debra Hecox, Chief

Planning and Development
Key Functional Areas

- Prospectus Development
  - Policy and guidance for all prospectuses
    - Standard forms and templates
    - Insurance consultation
    - Feedback and support to regions
  - Direct involvement with WASO-level contracts
    - Hospitality consultants
- Commercial Use Authorizations
  - Policy and guidance
    - Standard forms
    - Workgroup to develop policy
    - Feedback and support to parks and regions

Projected Releases through 2016

- 33 prospectuses projected for 79 contracts
- WASO level contracts include
  - Fort Sumter National Monument (FOSU001)
  - Cape Hatteras National Seashore (CAHA004)
- Other contracts include
  - Rocky Mountain National Park (ROMO001)
  - Lake Mead National Recreation Area (LAKE007)
  - Bandelier National Monument (BAND001)
  - Six contracts for new or substantially changed services

New Contracts in 2015

- Lodging, F&B, retail at Glacier Bay National Park, Blue Ridge Parkway, Grand Canyon National Park, Mesa Verde National Park, Glacier National Park

- Temporary contracts at Grand Canyon National Park, National Capital Parks – East, Gateway NRA, Rock Creek Park, Bighorn Canyon NRA

- Retail and F&B at White Sands National Monument

- Recreation/tour contracts at Big South Fork NRRA, Dry Tortugas National Park, Delaware Water Gap NRA, Dinosaur National Monument, Gulf Islands National Seashore, Zion National Park, Grand Teton National Park, National Mall, and Canyonlands National Park

Contract Management Branch

Kurt Rausch, Chief

Contract Management
Key Functional Areas

- **Standards and Evaluations and Rate Administration**
  - Policy and guidance
  - Training and technical support
  - Program oversight
- **Other Contract Management**
  - Environmental, Public Health, Risk Management
  - Insurance
  - Utilities
- **Program Coordination**
  - Accessibility
  - ICS
  - Others

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Standards, Evaluation and Rate Administration

- Visitor Service Standards
  - Core standards complete; loaded to Website as finalized
  - New standards being integrated into contracts; use to start in 2016
  - Voluntary adoption for existing contracts

- Program Standards and Evaluations and AOR
  - Updated Risk Mgmt, Env and Admin Compliance Standards, Added Asset Mgmt Evaluation
  - Revised organization, Excel, 0 to 100 score and superior
  - Rollout for 2016 AOR; voluntary adoption for 2015 AOR

National Park Service

Standards, Evaluation and Rate Administration

- Rate Administration
  - New Methods and Practices
    - Increased emphasis on market pricing options where appropriate; Core Services; Indexed Amenities
    - Rate studies conducted during prospectus development
    - CPI adjustments during period of contract to streamline
  - Implementation underway
    - New methods and tools for contracts
    - Updated Rate Guide by beginning of 2016
    - Several implementation pilots underway; looking for more piloting operations
    - Much hinges on park and concessioner willingness

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Contract Management – Other Activities

- Concessioner Webinars on SERA Launch
- Template (Streamlined) Plans
- Visitor Satisfaction Benchmark Study
- Recognition Program Restart
- Operation Performance Monitoring Pilot
- Insurance Compliance System
- Centennial
- Healthy Parks/Healthy People

National Park Service

Contract Management – Other Activities

- Recognition and Incentives Program Restart
  - Reconvene Concessioner Workgroup and Internal NPS Workgroup - late Fall
  - Assess previous recommendations
  - Consider visitor satisfaction program pilot results
  - Integrate results into SERA, prospectus development, other procedures as appropriate

Asset Management Branch

Deb Harvey, Chief

Asset Management
Key Functional Areas

- Condition Assessments

- Deferred maintenance tracking (Federal Accounting Standards Advisory Board)

- Repair and Maintenance Reserve (Component Renewal)

- Real Property Insurance Replacement Values

- Possessory Interest and Leasehold Surrender Interest Negotiations

PI and LSI Settlements

- **2015 Settlements**

  - 5 Possessory Interest Settlements - $35.5M

  - 14 Leasehold Surrender Interest Settlements - $51.8M

  - Total Settled: $87.3M

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Improve Data Management

- Description
  - Need for modern, efficient, user-friendly, cost-efficient information technology and data management systems
  - Centrally collect and analyze concessions information and concessioner metrics.
- Desired Impact
  - Increased efficiency
  - Timely access to information
  - Improved decision support
  - Better informed planning

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Improve Data Management

- Initiatives
  - Conduct Internal Business Review (information technology needs assessment)
  - Develop plan based on Internal Business Review findings
  - Identify opportunities to extract meaningful performance data through simple automation (e.g., web-enabled CUA application and approval process) and extracts from existing databases and legacy systems
- Performance Measures
  - Reduction in labor hours to manage data
  - Reduction in "Requests for Information"

Policy and Regulations

www.concessions.nps.gov

Questions?