National Park Service



Doing Business

with the National Park Service Concession Program



Presentation Contents

- Concession Program Management
- Commercial Visitor Services Overview
- Contract Solicitation and Award Process
- Contract Categories
- Key Elements of Concession Contracts
- Right of Preference Notes



Concession Program Mission

Through the use of concession contracts or commercial use authorizations, the National Park Service will provide commercial visitor services that are necessary and appropriate for public use and enjoyment. Concession operations will be consistent to the highest practicable degree with the preservation and conservation of resources and values of the park unit. Concession operations will demonstrate sound environmental management and stewardship. –2006 Management Policies



Concession Program Responsibilities

- Management of servicewide commercial visitor services
- Development and implementation of concessions and commercial use authorization regulations, policies, Director's Orders, and reference manuals
- Service as liaison with Department of Interior, Office of Management and Budget, Congress, and other agencies
- Coordination of Concessions Management Advisory Board
- Oversight of program budget
- Oversight of leasing activities
- Management, tracking, and analysis of concessions data
- Provision of technical assistance to regions, parks, and concessioners



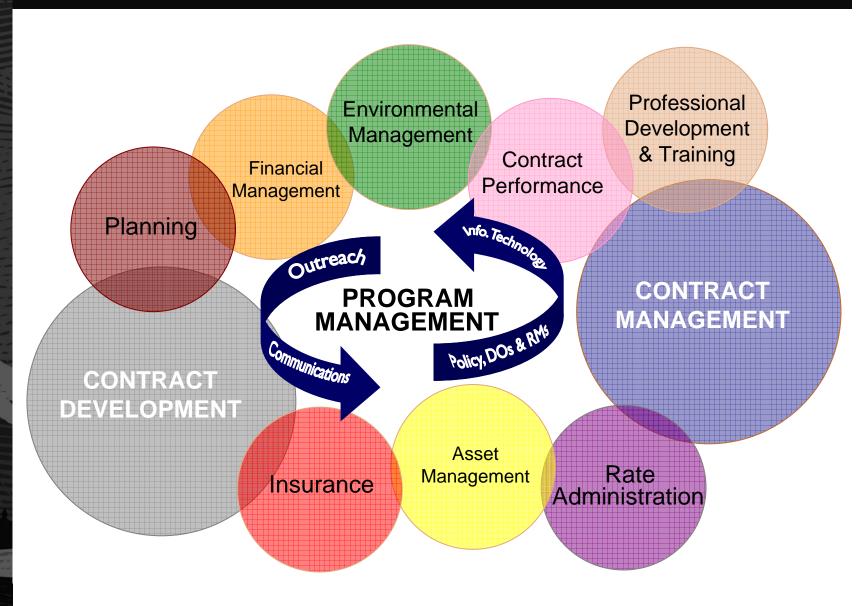
Concession Program Primary Functional Areas

- Contract Development
- Contract Management
- Asset Management
- Financial Management

National Park Service U.S. Department of the Interior

Concession Program





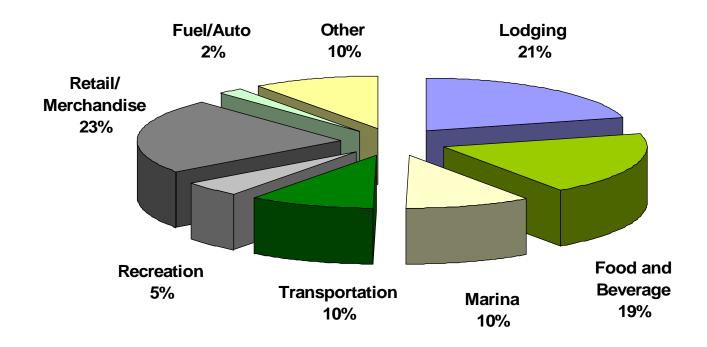


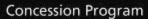
Commercial Visitor Services at a Glance

- \$885 million in concessioners' gross receipts
 - 23% in merchandise and retail
 - 21% in lodging
 - 19% in food and beverage
- 589 contracts
 - 10% of contracts generate 82% of gross receipts
 - 70% of contracts generate under \$500,000 annually in gross receipts
- 3.4% average franchise fee on all contracts
- About 6,000 commercial use authorizations
- 200 NPS and 23,000 concessioner employees



Concession Contract Revenue by Visitor Service







Concession Contract Revenue Breakdown

Gross Revenue on	# of	% of All	Gross Revenue	% of Gross
Individual Contracts	Contracts	Contracts	of All Contracts	Revenue
\$3 Million and Above	55	10.2%	\$ 727,000,000	82.1%
\$1 Million to \$3 Million	47	8.7%	88,000,000	9.9%
\$500,000 to \$1 Million	39	7.2%	29,000,000	3.3%
All Other Reporting	382	70.9%	41,000,000	4.6%
Not Reporting	16	3.0%	-	0.0%
Total	539	100%	\$ 885,000,000	100%

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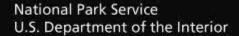
Business Processes

Contract Development and Management



Concessions Contracting Life Cycle

- Commercial Services planning
- Project development
- Prospectus development
 - Feasibility analysis and requirements determination
 - Final document development, approval, and publication
- Evaluation, selection, and award
- Contract transition
- Contract management



Concession Program



Concessions Contracting Life Cycle

Services Evaluation

Purpose: To make determinations regarding the continuation of existing or addition of new services.

- 1. Determination of service continuation 2. Determination of mechanism for
- continuation of services
- 3. Determination of "Necessary and Appropriate"

Contract Management

Purpose: To ensure quality visitor services and compliance with the contract.

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1. Financial and operational data collected, analyzed and reported on a routine basis Utilization

Facility Condition Annual Financial Reports Operations/Maintenance Plans Environmental Management Plans Annual Concession Evaluations

- 2. Deficiencies corrected to ensure contract compliance
- 3. Summary evaluation of current contract conducted
- 4. Annual review conducted articulating desired changes for existing/next contract
- 5. Confirmation that plans are in place to support identified changes to services
- 6. Under extraordinary and unanticipated circumstances, "Necessary and Appropriate" assessment conducted (e.g natural disaster)

Project Development

<u>Purpose:</u> To define parameters and gather resources for the prospectus

Outcomes:

- 1. Confirmation that plans are in place to support desired changes to services
- 2. Identification and consideration of PI options
- 3. Articulation of business opportunity options
- 4. All resources for prospectus development process in place
- 5. Team consensus on project definition
- 6. Budget and schedule developed
- 7. SOW for contractor developed
- Contractor engaged
 Park team briefed and trained in prospectus development
- 10. Commitment gained from parks, regions, WASO and Solicitor's Office to move forward with Prospectus Development

Prospectus Development

Purpose: To write a prospectus that accurately assesses risk and the feasibility of the business opportunity and attracts high quality bids.

Feasibility Analysis and Requirements Determination

- . Determination of feasibility
- 2. Determination of terms and conditions of contract
- 3. Commitment gained from parks, regions, WASO and Solicitor's Office to move forward

Final Document Development, Approval and Publication

- 1. Commitment gained from parks, regions, WASO and Solicitor's Office to move forward
- 2. Prospectus released

Concessions Contracting Life Cycle

New Contract Transition

Purpose: To implement the terms and conditions of the new contract and close out the old contract minimizing the impact on visitor services.

- 1. Seamless transition from visitors' perspective
- 2. Park and Concessioners understand the new contract
- 3. All obligations on the old contract are satisfied

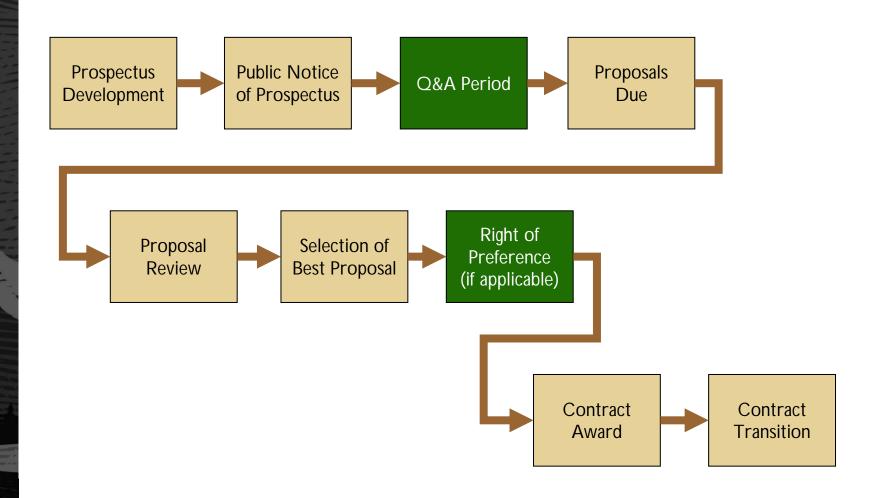
Evaluation, Selection, and Award

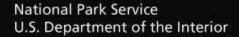
Purpose: To determine best offer, select concessioner, and

- 4. Contract finalized and signed by NPS



Contract Solicitation & Award Process





Concession Program



Financial Feasibility Analysis

BUSINESS OPPORTUNITY NPS Planning

Necessary and Appropriate

Market Influences

Supply/Demand

Industry/Market trends

Facilities/Services

Orientation/Positioning Product quality/Service

<u>Historical</u> <u>Operations Analysis</u>

Rev

\$XX

Expenses <u>\$XX</u>

NOI \$XX

FUTURE FIN. PERFORMANCE

Rev

\$XX

Expenses

<u>\$XX</u>

NOI

\$XX

INVESTMENTS

Possessory Interest
Deferred Maintenance
Concessioner Facility
Improvements
Personal Property
Working Capital

Cash Flow

\$\$(Inflows)

Investment

\$\$(Outflow)

Contract Term

Risk

ROI



Contract Categories

- Category I: Concessioner constructs capital improvements on park lands
- Category II: Concessioner operates on assigned land or in a government building (but no construction of capital improvements)
- Category III: Concessioner is not assigned land or buildings



Key Elements of a Concession Contract

- Term
- Visitor Services
 - Required
 - Authorized
- Satisfactory Operation (Contract Performance)
- Possessory Interest / Leasehold Surrender Interest (if applicable)
- Rate Administrations
- Franchise Fees



Proposal Review – Selecting the Best Offer

- NPS Evaluation Panel
 - Federal employees with possible technical advisors
- Panel reviews all proposals
- Develops recommended scores
- Evaluation summary drafted by panel
 - Recommended scores and narrative explanation
- Deciding Official
 - Reviews proposals, evaluation summary, selects responsive proposal with highest score



Selection Factors and Scoring

- Five principal factors (0-24 points)
 - Protecting the resources of the park (0-5)
 - Quality of services to be provided (0-5)
 - Background and Experience (0-5)
 - Financial Capability (0-5)
 - Franchise Fee (0-4)
- Secondary selection factors (0-3)
 - Environmental protection/management
 (e.g. recycling, energy & water conservation, sustainability)
- Optional secondary factors (0-3)
 - Specific to the park area



Right of Preference

- A "right of preference" is a right to match the better terms and conditions of the best proposal
- Who may have "right of preference"
 - Existing concessioners for new contracts grossing less than \$500,000 and all outfitter and guide contracts
- How is it applied?
 - Offeror with right of preference is given opportunity to amend proposal to match better terms.
- If done, selected over original best proposal

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WASO Concession Program