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NATIONAL PARK SERVICE CONCESSIONS OVERSIGHT

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HEARING

BEFORE THE

SUBCOMMITTEE ON PARKS AND RECREATION

OF THE

COMMITTEE ON

INTERIOR AND INSULAR AFFAIRS

UNITED STATES SENATE

NINETY-FOURTH CONGRESS

SECOND SESSION

— ON —

OVERSIGHT AND REVIEW OF P.L. 89-249

MARCH 10, 1976



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NATIONAL PARK SERVICE CONCESSIONS— OVERSIGHT

WEDNESDAY, MARCH 10, 1976

U.S. SENATE,
SUBCOMMITTEE ON PARKS AND RECREATION,
OF THE COMMITTEE ON INTERIOR AND INSULAR AFFAIRS,
Washington, D.C.

The subcommittee met, pursuant to notice, at 10 a.m., in room 3110, Dirksen Office Building, Hon. J. Bennett Johnston presiding.

Present: Senators Johnston, Fannin, Hansen, and Hatfield.

Also present: James P. Beirne, counsel and Laura L. Beaty, professional staff member.

OPENING STATEMENT OF HON. J. BENNETT JOHNSTON, A U.S. SENATOR FROM THE STATE OF LOUISIANA

Senator JOHNSTON. We're having oversight hearings this morning on our national parks. Senator Abourezk has to go to another hearing, so he would like to introduce his good constituent, who he says we should listen to very carefully, attentively, and sympathetically.

At this time, we'd like to hear from our good colleague.

Senator ABOUREZK. Thank you, Mr. Chairman.

I will submit whatever testimony I have at a later time for the record. My purpose for being here right now is to introduce to the committee, not only a constituent of mine but a longtime personal friend of mine, Mrs. Kay Riordan, who is the concessioner at Mount Rushmore National Memorial in South Dakota, and who is, always in my view and the view of a lot of other people, been one of the best concessioners throughout the country and operates one of the best concessions.

I appreciate the committee's courtesy and I know you will listen attentively to what she says. Thank you very much.

Senator JOHNSTON. Thank you very much, indeed, Senator Abourezk.

I would like to insert at this point in the record Public Law 89-249 relating to the establishment of concession policies in the areas administered by National Park Service.

[The information follows:]



Public Law 89-249
89th Congress, H. R. 2091
October 9, 1965

An Act

Relating to the establishment of concession policies in the areas administered by National Park Service and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That in furtherance of the Act of August 25, 1916 (39 Stat. 535), as amended (16 U.S.C. 1), which directs the Secretary of the Interior to administer national park system areas in accordance with the fundamental purpose of conserving their scenery, wildlife, natural and historic objects, and providing for their enjoyment in a manner that will leave them unimpaired for the enjoyment of future generations, the Congress hereby finds that the preservation of park values requires that such public accommodations, facilities, and services as have to be provided within those areas should be provided only under carefully controlled safeguards against unregulated and indiscriminate use, so that the heavy visitation will not unduly impair these values and so that development of such facilities can best be limited to locations where the least damage to park values will be caused. It is the policy of the Congress that such development shall be limited to those that are necessary and appropriate for public use and enjoyment of the national park area in which they are located and that are consistent to the highest practicable degree with the preservation and conservation of the areas.

National Park
Service.
Concession
policies.

SEC. 2. Subject to the findings and policy stated in section 1 of this Act, the Secretary of the Interior shall take such action as may be appropriate to encourage and enable private persons and corporations (hereinafter referred to as "concessioners") to provide and operate facilities and services which he deems desirable for the accommodation of visitors in areas administered by the National Park Service.

"Concessioners."

SEC. 3. (a) Without limitation of the foregoing, the Secretary may include in contracts for the providing of facilities and services such terms and conditions as, in his judgment, are required to assure the concessioner of adequate protection against loss of investment in structures, fixtures, improvements, equipment, supplies, and other tangible property provided by him for the purposes of the contract (but not against loss of anticipated profits) resulting from discretionary acts, policies, or decisions of the Secretary occurring after the contract has become effective under which acts, policies, or decisions the concessioner's authority to conduct some or all of his authorized operations under the contract ceases or his structures, fixtures, and improvements, or any of them, are required to be transferred to another party or to be abandoned, removed, or demolished. Such terms and conditions may include an obligation of the United States to compensate the concessioner for loss of investment, as aforesaid.

Contracts.

(b) The Secretary shall exercise his authority in a manner consistent with a reasonable opportunity for the concessioner to realize a profit on his operation as a whole commensurate with the capital invested and the obligations assumed.

Profits.

(c) The reasonableness of a concessioner's rates and charges to the public shall, unless otherwise provided in the contract, be judged primarily by comparison with those current for facilities and services of comparable character under similar conditions, with due consideration for length of season, provision for peakloads, average percentage of occupancy, accessibility, availability and costs of labor and materials, type of patronage, and other factors deemed significant by the Secretary.

Rates.

79 STAT. 969
79 STAT. 970

(d) Franchise fees, however stated, shall be determined upon consideration of the probable value to the concessioner of the privileges

Franchise
fees.

granted by the particular contract or permit involved. Such value is the opportunity for net profit in relation to both gross receipts and capital invested. Consideration of revenue to the United States shall be subordinate to the objectives of protecting and preserving the areas and of providing adequate and appropriate services for visitors at reasonable rates. Appropriate provisions shall be made for reconsideration of franchise fees at least every five years unless the contract is for a lesser period of time.

Contracts, extension, renewals, etc.

SEC. 4. The Secretary may authorize the operation of all accommodations, facilities, and services for visitors, or of all such accommodations, facilities, and services of generally similar character, in each area, or portion thereof, administered by the National Park Service by one responsible concessioner and may grant to such concessioner a preferential right to provide such new or additional accommodations, facilities, or services as the Secretary may consider necessary or desirable for the accommodation and convenience of the public. The Secretary may, in his discretion, grant extensions, renewals, or new contracts to present concessioners, other than the concessioner holding a preferential right, for operations substantially similar in character and extent to those authorized by their current contracts or permits.

SEC. 5. The Secretary shall encourage continuity of operation and facilities and services by giving preference in the renewal of contracts or permits and in the negotiation of new contracts or permits to the concessioners who have performed their obligations under prior contracts or permits to the satisfaction of the Secretary. To this end, the Secretary, at any time in his discretion, may extend or renew a contract or permit, or may grant a new contract or permit to the same concessioner upon the termination or surrender before expiration of a prior contract or permit. Before doing so, however, and before granting extensions, renewals or new contracts pursuant to the last sentence of section 4 of this Act, the Secretary shall give reasonable public notice of his intention so to do and shall consider and evaluate all proposals received as a result thereof.

Possessory interest.

SEC. 6. A concessioner who has heretofore acquired or constructed or who hereafter acquires or constructs, pursuant to a contract and with the approval of the Secretary, any structure, fixture, or improvement upon land owned by the United States within an area administered by the National Park Service shall have a possessory interest therein, which shall consist of all incidents of ownership except legal title, and except as hereinafter provided, which title shall be vested in the United States. Such possessory interest shall not be construed to include or imply any authority, privilege, or right to operate or engage in any business or other activity, and the use or enjoyment of any structure, fixture, or improvement in which the concessioner has a possessory interest shall be wholly subject to the applicable provisions of the contract and of laws and regulations relating to the area. The said possessory interest shall not be extinguished by the expiration or other termination of the contract and may not be taken for public use without just compensation. The said possessory interest may be assigned, transferred, encumbered, or relinquished. Unless otherwise provided by agreement of the parties, just compensation shall be an amount equal to the sound value of such structure, fixture, or improvement at the time of taking by the United States determined upon the basis of reconstruction cost less depreciation evidenced by its condition and prospective serviceability in comparison with a new unit of like kind, but not to exceed fair market value. The provisions of this section shall not apply to concessioners whose current contracts do not include recognition of a possessory interest, unless in a particular case the

October 9, 1965

- 3 -

Pub. Law 89-249
79 STAT. 971

Secretary determines that equitable considerations warrant recognition of such interest.

Sec. 7. The provisions of section 321 of the Act of June 30, 1932 (47 Stat. 412; 40 U.S.C. 303(b)), relating to the leasing of buildings and properties of the United States, shall not apply to privileges, leases, permits, and contracts granted by the Secretary of the Interior for the use of lands and improvements thereon, in areas administered by the National Park Service, for the purpose of providing accommodations, facilities, and services for visitors thereto, pursuant to the Act of August 25, 1916 (39 Stat. 535), as amended, or the Act of August 21, 1935, chapter 593 (49 Stat. 666; 16 U.S.C. 461-467), as amended. 16 USC 1.

Sec. 8. Subsection (h) of section 2 of the Act of August 21, 1935, the Historical Sites, Buildings, and Antiquities Act (49 Stat. 666; 16 U.S.C. 462(h)), is amended by changing the proviso therein to read as follows: "Provided, That the Secretary may grant such concessions, leases, or permits and enter into contracts relating to the same with responsible persons, firms, or corporations without advertising and without securing competitive bids."

Sec. 9. Each concessioner shall keep such records as the Secretary may prescribe to enable the Secretary to determine that all terms of the concession contract have been and are being faithfully performed, and the Secretary and his duly authorized representatives shall, for the purpose of audit and examination, have access to said records and to other books, documents, and papers of the concessioner pertinent to the contract and all the terms and conditions thereof. Records.

The Comptroller General of the United States or any of his duly authorized representatives shall, until the expiration of five (5) calendar years after the close of the business year of each concessioner or subconcessioner have access to and the right to examine any pertinent books, documents, papers, and records of the concessioner or subconcessioner related to the negotiated contract or contracts involved. Availability.

Approved October 9, 1965. 6:35 a. m.

LEGISLATIVE HISTORY:

HOUSE REPORT No. 591 (Comm. on Interior & Insular Affairs).
SENATE REPORT No. 765 (Comm. on Interior & Insular Affairs).
CONGRESSIONAL RECORD, Vol. 111 (1965):

Sept. 14: Considered and passed House.

Sept. 23: Considered and passed Senate.

Senator JOHNSTON. Our first speaker today is Mr. Don Hummel, president of Glacier Park, Inc., and chairman of the board of Directors, Conference of National Park Concessioners.

Glad to have you Mr. Hummel.

Mr. HUMMEL. Thank you.

Senator FANNIN. Mr. Hummel happens to be a very fine citizen from the State of Arizona, a former mayor of one of our principal cities, Tucson, Ariz. He's been a leader in this activity for years. He's a great conservationist and certainly a person we're very proud of. He's been one of our finest citizens over the years in this activity and I have great respect for him and know that the committee appreciates his being here.

Senator JOHNSTON. Thank you very much, Senator Fannin.

Mr. Hummel, we will, of course, put your entire statement verbatim in the record. You may summarize it if you wish, or if you really want to, you may read it.

STATEMENT OF DON HUMMEL, PRESIDENT OF GLACIER PARK, INC.

Mr. HUMMEL. I don't want to read it in full, but I do want to be sure that I get all the points in the record.

I think it's rather important in view of the threat that's been directed against concession operations, and particularly those groups who would like to remove facilities from the national park on the basis that they should be returned to their pristine state. That policy, if implemented would, in fact, deny the use of the national parks to about 99 percent of the people who now use them. That policy is being denied in some localities but we see too much evidence that it's actually being effectuated.

We feel very strongly that regardless of who provides facilities in the national parks, that the parks are for people and they have a right to use and enjoy them and that the introduction of an elitist policy which would, in effect, limit them to the young and sturdy, the backpacker, and the camper, is the wrong approach to utilization of one of our greatest natural resources, our national parks and related areas.

I do want to, in this statement, to outline some of the historical background and then give you the principles that are necessary if the concession operation is to continue to provide facilities in the national park.

To understand and evaluate the problems of operating a national park, you have to start with the basic principle of the purposes to be served when the national parks were created. This is stated succinctly in the act creating the National Park Service in 1916. I'd like to quote, in substance, that provision.

The Service shall promote and regulate the national parks, monuments, et cetera, to conform to the fundamental purposes which is to conserve the scenery and the natural and historic objects and wildlife therein, and to provide for the use and enjoyment in such manner and by such means as will leave them unimpaired for the enjoyment of future generations.

Thus, two principal objectives were to be achieved: (1) These resources were to be set aside for the use and enjoyment of people; and

(2) They were to be administered in a manner that would preserve them for the enjoyment of future generations.

In establishing the national parks it was always contemplated that visitor facilities would be constructed within the parks to enable the public to enjoy them.

Stephen Mather, the first Director of the National Park Service, expressed it this way: "Scenery is hollow enjoyment to a tourist who sets out in the morning after an indigestible breakfast and a fitful sleep on an impossible bed."

Every congressional act commencing with the Yellowstone Act, has provided that the private sector was to provide the facilities in the national parks.

I would like to emphasize that Government makes the choice as to who is to provide those facilities, but once that choice is made, you must have policies that are consistent with that choice. You can't adopt a private sector and then provide policies which implement public funds, to administer them.

Congress has elected to use private funds. They have consistently refused to provide public funds to provide these visitor facilities in the parks.

As of the present time, according to the Park Service, there is a backlog of some \$3 billion in providing those facilities that Government has always provided, namely roads, visitor facilities, housing for government employees, sewer and water. It seems quite unlikely that Government is going to now switch to the Government sector when they have not even provided ample funds to provide those facilities that historically Government has provided.

We believe the private sector will continue to be called upon to provide these facilities.

There has been a rising group in the last few years of environmental organizations whose objectives are quite different than the objectives that have been enunciated by Congress and been traditional over the years. That is they are attempting to reduce the use of the national park. They're not trying to provide services for people, to enable them to use it. They want to reduce it under the claim, that, in effect, the parks are being abused and our natural resources are being damaged.

If you adopt this policy, this would repudiate one of the two basic concepts that were set out when the parks were created. One is: for the use and enjoyment of the people. If you adopt a policy of excluding facilities, then you adopt an elitist policy which would exclude the elderly, the handicapped, the inexperienced citizen unable to cope with primitive camping conditions.

Concessioner services. What are they? They're the usual mundane things a person encounters when they are traveling. They need a place to sleep. They need food to eat, and they also want some of the associated needs that increase their vacation pleasures such as sight-seeing services, a store for campers supplies, a shop for postal cards so they can remember the people back home, a picture or a memento of their visit to remind Aunt Suzy or the boy next door, that they were remembered when they visited one of our national parks.

These services, when provided by the private sector, is without direct cost to the taxpayer and is without the need for Government to assign user fees as prevails in so many places today.

The criticism that's been directed toward the concession system has, in large measure, been generated, not by the services that are being performed, but by those who would like to reduce services, those who claim an overuse of these facilities, those who claim abuse of the facilities in our National Parks.

Connie Parish, California Representative of Friends of the Earth, in a TV interview on June 14, 1975, quoted it very succinctly. "What Friends of the Earth, the Sierra Club, and other conservation groups have proposed is to phase out accommodations."

The environmentalists know that if they are to remove or reduce visitor facilities, they must discredit the concessioner who provides those facilities.

As a result, we have seen a program of villification, claiming the concessioners have had too much influence; that they have over-commercialized the parks, and are unduly profiting at the public's expense.

Let's take a look at the record. On the whole I think the concession operations have been good, and this, despite the facts that they have had great difficulty in getting sufficient capital to provide the type of facilities that the public demands when visiting their parks.

Experience dictates that when a person is required to take a facility of lesser quality than he's prepared to pay for, he's disgruntled. I can cite you instance after instance where the better facilities were filled and the guest had to take a lesser one and you immediately got a complaint.

Despite this fact, the number of complaints are minimal when you compare it with the number of people served. Too often they give you only the complaints but not the number of satisfied visitors.

Visitor services were available last year in 211 areas where concessions are in operation, services were available to over 117 million visitors. Do not misinterpret that statement. I'm not saying 117 million used the services, they were available for their use.

Let's take a look at complaints versus service. The record of just eleven concessioners last year, which includes all of the principal concessioners, is as follows:—unfortunately the Government does not maintain and we do not have the type of records and statistical documents that we should have under these circumstances—Lodgings were provided for 1,872,438 people last year and 3,768,969 meals were served.

In serving those number of people, only 1,778 written complaints were filed. This equals one complaint for each 3,170 persons who were served meals and provided lodging.

These same concessioners provided service to millions of other people but the total number of complaints that were filed is included in that 1,778 figure. Service includes all the people that were served in grocery stores, in gas stations, and gift shops, ski lifts, sightseeing services, horesback rides, and boat trips, et cetera.

At the same time, these 11 concessioners received more compliments than there were complaints; 1,917 to be exact.

During this period, the Washington office, those people who thought it important enough to complain to one of you gentlemen, was a total of 100.

When you consider the millions that were served, I'd say this is a remarkable record.

What about the charge about the concessioners are making too much money? What has been their financial experience?

Again, let's look at the record. The financial experience of any group, of course, varies. It varies on how large the visitation is to the area, how long the season is—most of them are limited to about 3½ months. What are the supply and operating conditions that they encounter in providing these services? In some measure, the concessioner's ability to perform has been affected by the attitude of the National Park Service in their response, or more likely, lack of response in providing the Government's part of the service which is necessary to enable the concessioner to provide his part of the service. For example, the failure to put in a utility in time, the disapproval of a master plan, which brings everything to a grinding halt. These are the kinds of things that must be done by Government before the private sector can perform and delays are costly.

Unfortunately, people who rely on appropriations don't recognize that time is money. The man who has his money invested and is paying expenses, certainly finds that out in short order, and sometimes to his detriment.

What is the margin of profit? Over the years financial results have been marginal. Let's take some recent years, 1970. The average profit on sales by all concessioners, according to the National Park Service was 3.6 percent, and 48 concessioners actually lost money.

Here again, the records that are kept are not adequate to really document every year but I think these are representative. If anything, we are getting in a better position than we have been in the past.

Last year, the earnings were 5.82 percent on sales of the 211 concessioners that we're talking about, including all the principals; yet 48 still lost money last year.

The record then belies the charge that concessioners are making excessive profits; when you think that most savings accounts will pay you 5 percent, plus, without any risk, making 5.8 percent with all the risks attended with this type of operation is certainly not a generous one.

This puts the concessioners operation in a rather dangerous position because the profits are marginal; the seasons are short. The occurrence of an early storm, a forest fire, a threatened strike in a supplier's service, an OPEC decision on oil, a faltering or change of Government policy, a disapproval of a master plan, or the failure of Government to expand a needed utility service, or water pollution problem such as occurred last year in the Government-operated facility at Crater Lake National Park can result in a loss for the year. These jeopardize the stability of the operation and makes the investment hazardous. Critics are quick to point out rising visitation as though that is an automatic panacea that's going to result

in a profit. They ignore the fluctuation of the seasons and the record which shows marginal results in these operations.

This is not the first inquiry that's been made in the concessions operations, we've had numerous ones. Every inquiry started with criticism of the concessions but ended in the endorsement of the system. The concession system has been endorsed in every instance as being preferable to the alternatives.

This was true of the Citizen's Advisory Committee in 1948 after 2 years of inquiry. It was endorsed by the Outdoor Recreation Review Commission, a Commission set up by this Congress and chaired by Laurance Rockefeller, after 3 years of inquiry. They all endorsed the concession system as being the best.

The Bureau of the Budget, at the request of President Johnson when he signed the 1965 law, endorsed this system.

The private sector of the economy (the concession system) is by far the most promising source of potential new funds for recreation facilities. The general health of the concession system is good and has shown great capacity for growth.

If the private sector is to provide the funds, then you must continue the policies which will encourage private investment and enable them to provide the services that are required.

This committee in 1963-64 held hearings and recognized that, after thorough inquiry in two sessions of the 89th Congress, they recommended and Congress passed and the President signed Public Law 89-249 establishing the concessions policy under which we operate today.

Today we're here to reexamine those policies and it's certainly appropriate that this committee have a periodic reexamination. If they need change, change them, but I think it be important that it be done by this committee, the Interior and Insular Affairs Committee, and not some committee with some peripheral jurisdiction and different objectives than the real control of the concessions operations as we have experienced in the last few months.

What are the policies that are required to insure that private funds will be available; and if the public is going to rely on the private funds, they must be available to provide the facility.

The first requirement of any investment, whether in the park or out of the park, is the man wants to know if his money is safe, unless, of course, he's willing to gamble that the profits are going to be so high that he's willing to risk his investment as some do when they drill wildcat wells. There the profits are high enough to take the risk. That's not true of the concessions operation. We do not have the high profits that would justify the risks that one is to take.

What are the problems of investments in a national park or on Government land in any place, for that matter?

It's complicated because as soon as you build a building in a national park the title to that building vests in the U.S. Government and the usual security that a man has for investment is title to his property. So, if you take the title away, what are you going to give him in place of that, to give him security?

They met this problem in Public Law 89-249 by giving him a possessory interest. A possessory interest is defined in the act as all the evidence of ownership except legal title which the Government has. They say the Government must have flexibility to change its policies, and we agree that that flexibility is desirable. This accomplished by the Government agreeing that if they change policies so drastically as to terminate our rights or reduce our ability to earn on these facilities, they will pay us the sound value of the investment.

Why sound value? Because there is no such thing as market value in a national park. Market value is based on a willing buyer and a willing seller. There's no record of sales in a national park. The National Park Service participates in the selection of any buyer and has to approve him. Since there's no record of a willing buyer/willing seller, they say the Government agrees to pay you sound value. That is defined as what it will cost to replace the facility, less actual deterioration. [For Public Law 89-249, see p. 2.]

Senator JOHNSTON. Mr. Hummel, let me interrupt you at that point. We have read the statement and will put the entire statement in the record. We want to have time for questions because that's the key point here.

I see you have lodgings for 1,872,000 visitors.

Mr. HUMMEL. What I said, Senator, was that we took 11 of the principal concessioners and they provided lodging during last year to 1,800,000 people.

Senator JOHNSTON. That's 11 of the principal concessioners?

Mr. HUMMEL. Yes, sir.

Senator JOHNSTON. You don't know how many total?

Mr. HUMMEL. There are a total of 211 involved in the figures that I've cited. There were a total of 338, which includes many permittees, concessioners who are providing personal services such as a boat trip down the Colorado River.

Senator JOHNSTON. I'm just talking about lodging.

Mr. HUMMEL. I can't tell you the exact number who provide lodging, but apparently a large group do.

Senator JOHNSTON. We don't know how many lodging nights were provided by national parks?

Mr. HUMMEL. Of the total, no sir. The Park Service did not maintain those figures.

Senator JOHNSTON. You say we ought to provide sound value as possessory interest. Should sound value exceed book value?

Mr. HUMMEL. Yes, sir.

Senator JOHNSTON. Why?

Mr. HUMMEL. All book value is is a device used to determine how much tax you should pay. It has no relation to the actual deterioration of your buildings. Your building can be depreciated down to zero and still have a very useful life. Book value has no relationship to the actual value of the facilities. It's only a device to determine profits for taxing purposes.

Senator JOHNSTON. Theoretically, at least, your taxing device was supposed to have some relationship to reality.

Mr. HUMMEL. I don't think it is particularly relevant. An example is accelerated depreciation. I don't think that's related to actual depreciation. I think it's a device to stimulate more profits. It is used very generously these days by the Government. I don't think there's any relationship, Mr. Chairman, to tax depreciation and actual depreciation.

Senator JOHNSTON. How is this sound value determined? You take a replacement value less actual depreciation?

Mr. HUMMEL. Yes, sir.

You would take what it would cost to provide facilities of similar kind in the area and then look at its present capacity to provide those services and the difference would be its sound value.

Senator JOHNSTON. Should private enterprise develop accommodations outside the national parks when it is feasible? In other words, shouldn't we prefer the development of facilities outside the park where that is feasible? It's not always feasible, of course.

Mr. HUMMEL. It depends on what the facilities are and what assurances you're going to have that those facilities are provided. You could encounter the same problems they had initially in the national parks where facilities are available at the height of the season when profits are high and facilities are nonexistent in early and late season when operating profits are low. There would be no agency to insure that services are always available. This is a very important factor. We, also talk about the quality of the experience in the national park. There is no comparison of the quality of experience of a man who just drives through a park and a man who has an opportunity to spend the night in the park.

Most of the people in the survey that was made by Stanford Research Institute in 1975 documents that the people, by an overwhelming majority, say they do not want the facilities removed from the park.

Spending the night in El Portal, in that ugly canyon below Yosemite National Park, is no substitute for spending the night in Yosemite Valley and seeing the moon come up over Half Dome. There's just no comparison in the experience. You lose three-quarters of the experience of the national park if you're denied the opportunity to spend the night in it.

Senator JOHNSTON. Mr. Hummel, you referred to profits of 3.6 percent on sales as being marginal. Now people in the grocery business would think those wonderful profits. They average out about 1 percent or slightly over.

Why do you refer to 3.6 percent as being marginal?

Mr. HUMMEL. There are two criteria for profitability, one is in those areas that require high capital investments such as a hotel to provide lodging. Another is a merchandise operation in which your money is in the product you are selling and can be turned over rapidly. This is true of Safeway stores. They avoid putting their money in capital improvement. They'll build a building, then sell it and lease it back to avoid tying up their money.

If they can make 1 or 2 percent on a terrifically high volume and turn over their money many times that's a good profit for the amount of money invested. They have capital invested only in the

product that they're selling. A small percentage on a high volume is a good profit.

That's not true of a hotel where you have \$10, \$15 or \$20,000 in each room. There, a 1 percent on that room would put you in bankruptcy. So, you must look at it on the basis of these are capital intense improvements which need a much higher percentage of profits.

Most of the major improvements in the national parks are capital intensive improvements, so if you tried to operate on a 1-percent, or 3-percent margin you are in trouble.

Senator JOHNSTON. You say on sales. I agree. You're making a gross profit of only 3.6 percent on a motel room, you're going to go bankrupt. But your term here was sales. Where did you get that figure from?

Mr. HUMMEL. From the National Park Service.

Senator JOHNSTON. That includes what?

Mr. HUMMEL. That includes the total sales for lodging, for food and everything else. The profit is an average across the board for all sales.

Senator JOHNSTON. Does the National Park Service have balance sheets on all the concessioners?

Mr. HUMMEL. Yes, sir; they do. We are required to provide to the Park Service an annual statement showing our expenses and income, our profits, our balance sheets. These must be certified by an independent CPA before submitting to the National Park Service.

Senator JOHNSTON. We ought to have a list of those. Does the National Park Service have that available? That's really what we need rather than just a look at a figure like 3.6 percent, which in the abstract doesn't tell us a great deal.

Are you saying that on the average, concessioners are in an unprofitable business?

Mr. HUMMEL. I'd say the record has established that they're marginal profit operations; yes sir.

Senator JOHNSTON. On the average?

Mr. HUMMEL. On the average, yes sir. There are some who have done well, but it's been a very fluctuating record.

Senator JOHNSTON. If they're marginal, or a bad business, in effect, why do you recommend continuation of the present policy?

Mr. HUMMEL. There's more compensation, for many of us, than just the highest profit. For the same reason that a man may select a ranger's job, to be associated with the national park movement. Many of us have dedicated our lives to the national parks. We believe in it. We believe we can provide a proper service and there's, as I say, other compensation than just money. We're willing to run these risks for that margin of profit for the same reason that a man selects a job in the National Park Service.

Senator JOHNSTON. What is the average term of a contract?

Mr. HUMMEL. I don't know that I can give you the average term. I can give you the parameters that they use in determining a term. If the investment is small, a few hundred dollars to a few thousand dollars—it's normally on a permit basis of 5 years. The contracts then stretch up to a maximum of 30 years, of which I believe there

are 10 in the United States today. The average that have capital investments in excess of half a million dollars would be about 20 years.

When you talk about 20 years, it sounds like a long time, but 20 years is only 5 years of operating income. Most of these are seasonal operations of 3 months, give or take, and when you try to extend the seasons the results are marginal and sometimes operated at a loss when you go beyond the 3 month period.

So, if you have a 20 year contract, you get income for a total of 5 years over that 20 years term.

Senator JOHNSTON. How are these set? In other words, you've got a concessioner and you have a hamburger there that sells for \$1 and you want to increase it to \$1.10. Is there any procedure you go through?

Mr. HUMMEL. Fees are set at the initiation, at the time of negotiation of the contract with a provision in the contract that they can be reexamined at each 5 year interval. They are negotiated on the basis of percentage of the gross receipts. They used to be on the percentage of the net.

Senator JOHNSTON. Wait a minute. You've lost me. How does your hamburger figure into that?

Mr. HUMMEL. What they do is balance the source of your revenue. If you get a large part of your revenue from a hotel room, they build that into the formula.

Senator JOHNSTON. Wait a minute. You don't have to reexamine the cost of your hotel rooms to raise the cost of a hamburger from \$1 to \$1.10 do you? That's what I want to know.

Mr. HUMMEL. No.

Senator JOHNSTON. Is there any procedure for you to raise the cost of your hamburger from \$1 to \$1.10?

Mr. HUMMEL. Oh, yes sir. For the rates charged to the public, you must get approval of the National Park Service for every rate that is charged. That's largely determined, according to the law and according to practice, on comparability with prices prevailing outside the park.

In other words, what your competitors are charging for the hamburger outside, where prices are uncontrolled.

Senator JOHNSTON. What's your procedure that you go through?

Mr. HUMMEL. You submit to the National Park Service your proposed changes of rates. The Park Service checks the prices prevailing in communities surrounding the area which operates under similar conditions. Then they approve or disapprove the rates that you've submitted to charge within the park.

Senator JOHNSTON. Who does that, the Superintendent of the particular park?

Mr. HUMMEL. The Superintendent or one of his delegated assistants.

Senator JOHNSTON. As a practical matter, probably what do you do on, say, restaurant rates; just send a letter and say "I propose to raise these rates. Let us know if it's okay,"?

Mr. HUMMEL. Yes, sir. We itemize each item. We want to increase the rate of a hamburger from \$1 to \$1.10. We want to in-

crease a glass of milk from 10 cents to 15 cents. Everyone of those that are submitted to the Park Service are approved or disapproved.

Senator JOHNSTON. There is no formal procedure, then, for doing so? You might just say, let us know if it's okay?

Mr. HUMMEL. No, sir, We get a written approval or disapproval. Our superintendent will reply to our submission, approving or disapproving.

Senator JOHNSTON. That's a matter of practice, that's been in writing. That's not required by regulation, is it?

Mr. HUMMEL. At one time they had handbooks out which were discontinued a number of years ago in which those things were set out pretty much in detail. They're not set out in specific detail anymore.

Senator JOHNSTON. There is no—and I'm not suggesting that there should be—particular rule by which these fees and charges are approved, other than one of "comparability?"

Mr. HUMMEL. The statute says it shall be based primarily on comparability and such other factors as the Secretary may deem advisable.

Senator JOHNSTON. By rulemaking, has the Secretary detailed what those factors are?

Mr. HUMMEL. No, sir.

Senator JOHNSTON. Senator Hatfield.

Senator HATFIELD. Thank you, Mr. Chairman.

Mr. Hummel, could you designate for us the number of concessioners who are single entrepreneurs and those who represent corporate structures?

Mr. HUMMEL. No, sir. The National Park Service could do that because there's 338 of them. I would guess that the very large majority are single entrepreneurs because of the 338 a very large group are permittees, Mom-and-Pop-type operations.

Senator HATFIELD. But the concessioners do include such corporate structures as TWA?

Mr. HUMMEL. Yes, sir; it does. TWA Services Incorporated have contracts to provide services in Zion, Bryce and also in Grand Canyon.

Senator HATFIELD. I believe now, more recently, at Crater Lake?

Mr. HUMMEL. I understand there's some negotiation, but I have no personal knowledge of that.

Senator HATFIELD. When you were speaking of a possessory interest that the concessioner enjoys, could you give us your view as to the relationship between the concessioner and the superintendent of the park as far as the responsibility for protecting the public health and other such matters may be involved?

Mr. HUMMEL. The National Park Service has the services of the U.S. Public Health Department. We are subjected to periodic sanitation and health examinations throughout the operating season. They occur, depending upon how frequently the superintendent wants them, from three, four, five times, or any time the Government wants to inspect either the safety conditions or the health conditions, they can do so.

Senator HATFIELD. Does the superintendent of the park have to obtain permission first from the concessioners to make such an inspection?

Mr. HUMMEL. No, sir. He can make it at any time he wants. It can be spontaneous and without notice. He can notify you. He can do it any way he wants to.

Senator HATFIELD. In other words, the concession should be open to the public inspection or observations by the superintendent or his deputy at any time?

Mr. HUMMEL. Absolutely at any time. It should be and is.

Senator HATFIELD. We had an incident out at Crater Lake National Park which closed the park for the first time, I think, in history, one of the few times a national park has been closed when an estimated 500 to 1,000 visitors and public service employees became ill in the middle of June.

Mr. HUMMEL. That's what I understand.

Senator HATFIELD. This committee authorized a hearing out there, which I was privileged to conduct, and I'd like to, at this time Mr. Chairman and for the record, indicate that the Joint Report by the Committee on Government Operations and the Committee on Small Business of the House of Representatives on pages 80 and 81 referred to this particular incident. I'm sure that the record should be clarified because there is some possibility of misinterpretation of this incident. It says that the park was closed when employees became ill in the middle of June.

This outbreak of illness was apparently due to the contamination of the drinking water supply by untreated sewage. Testimony at a recent hearing by the Parks and Recreation Subcommittee of the Senate Committee on Interior and Insular Affairs indicated that the disease has probably spread because of unsanitary working conditions.

I think that should be corrected for the record because we did not come to that conclusion, but rather it was due to the contamination of drinking water, a supply of drinking water that had been infected by untreated sewage.

I'd like to utilize this opportunity to correct that record.

Now Mr. Hummel, do you feel that conditions have changed somewhat from the time when most of these facilities were developed? You were using an example awhile ago at Glacier that you needed the experience of staying overnight in the park. Would you say this is true of all parks, that perhaps such facilities are now available outside of the park boundaries both adequate, competitive, and comparable facilities; in some instances, perhaps better facilities? Perhaps your observation would not be applicable to all parks.

Mr. HUMMEL. I would agree, Senator, that that is true. I would also like to point out, though, that there's some obligations for the assurance of facilities being available at reasonable rates. The experience, when there's been uncontrolled competition, has been to have high prices during the high occupancy periods and either no services, or absolute minimal services at the beginning and end of the season. You have the additional problem that this is America and if you look at the experience of, say West Yellowstone, or

Gatlinburg, I don't think we want that honky-tonk-type of development at the entrances of our national parks. And, until there's some jurisdiction responsible for planning and control and the assurances of reasonable facilities at reasonable rates, I think it would be most unfortunate not to provide facilities in the larger parks particularly. There may be parks that are small and are susceptible to day use only which will not require lodging facilities and this we understand. We're not asserting that lodging is required in every national park.

Senator HATFIELD. I couldn't agree with you more, Mr. Hummel, that we don't want the honky-tonk facilities and services developing around the entrances to the parks. There has been discussion in this committee before that perhaps there should be declared, through determination, a buffer area that would protect the parks and prevent this from happening.

I'm thinking that it may be time to take a very careful survey of where we might replace some of these overnight facilities with daytime facilities and make an analysis of each park. I think at Crater Lake, in my own State, where we have very adequate facilities available a short distance from the park as compared to when the park was first created, and transportation being what it was with highways, it was very necessary to have overnight facilities.

I'm not so sure in my mind. I haven't come to the conclusion that now it's reached a point where we don't need overnight facilities, but I think there's a possibility that we may be properly served by daytime facilities relying upon surrounding communities to provide overnight facilities.

That, I think, should be taken up park by park, situation by situation. Would you agree to that?

Mr. HUMMEL. I think it's perfectly appropriate to make such a determination. I would hope though that before a decision would be made that you would give the general public the opportunity to express by proper surveys and documentations as to what they want. We have been subjected to many hearings, so-called public hearings, which are dominated by classroom discussions of only environmental concerns. These hearings are often loaded hearings and the people who use the parks do not get an opportunity to express themselves.

In that connection, I hope I can place in the record the Stanford research report where we asked them to determine what is it the visitor to the park wants.

I'd like to offer an executive summary of this report. I have the full report if the committee would like it to determine what the people would want.

Senator HATFIELD. I would like that very much and I would agree with your comment about having an opportunity for proper input.

Senator JOHNSTON. Without objection, that summary will be included in the record and the full report will be included in the committee files.

[The executive summary of the Stanford research report appears in appendix III, p. 243.]

Senator HATFIELD. Related to this particular question, you mentioned the difficulty of getting sufficient capital to provide the type of facility the public demands.

I've observed that many of these facilities are very, very old. They are obsolete in many ways, requirements for new plumbing, electrical wiring, major remodeling, and in some cases perhaps total replacement. I assume that that is what you refer to in terms of the problems of sufficient capital where you'll have a limited lease or a period of time you must recoup whatever investments you've placed in those facilities.

Would you agree that many of these facilities need replacement, restoration, remodeling and that that is the basis for your difficulty in finding capital?

Mr. HUMMEL. Yes, sir. I would like to add this explanation; over the years it's been most difficult to get sufficient capital to provide facilities and as a result some facilities deteriorated. This was further exacerbated by World War II when operations were halted and money was not available. In fact, under the law, you couldn't build facilities.

The problem now is in the areas operated by companies with sufficient capital to provide the necessary improvements, they have been villified by environmentalists when they proposed improvements. Let's take Yosemite Park & Curry Co. That company proposed an improvement program and were accused of trying to commercialize the park. They were wrongly accused because I was president of that company at the time we proposed to replace 150 old tents that people rented when no other facilities were available.

We tried to modernize these facilities by replacing, 150 of these 400 tents with modern rooms. We had the approval of the National Park Service. MCA acquired the company, and wanted to proceed with the program. They have been villified in the press as over-commercializing the national park. The people want these new facilities. The result would not be a further impact on the environment, it would lessen the impact and that's been established. It results in better control and it's what the people want.

The problem today is not just the inability to get the capital, because we have some large companies referred to as conglomerates who are ready and able to make the investments but are then accused of commercializing the park. They have the resources and are willing to invest them if they will be given the opportunity to do so. The Yosemite Park & Curry Co. has been subject to an intense program of villification on a completely fallacious factual background.

Senator HATFIELD. I want to thank the chairman for this particular hearing because our hearing on the Crater Lake incident brought out, I think, a number of points where we need closer oversights by the legislative committee.

Mr. Hummel states today for the record that the superintendent of a park has complete authority and responsibility for protecting the public to supervise, or at least inspect, to observe the operation of concessioners. There's a whole different view expressed by the

concessioner at the Crater Lake hearing in which he said that Mr. Simms, the superintendent, would not come up and walk through one of our kitchens without getting one of us to go with him and to get our permission first.

His view was that the superintendent, because of his possessory rights in the facility there, that the superintendent did not have authority—

Mr. HUMMEL. I think that's a misconception. Possessory rights hasn't anything to do with operating rights or control of the operation. Possessory interest only relates to how you must be compensated if your facilities are taken from you. There is no relationship between possessory interest and operating rights.

Senator HATFIELD. That's why I think it's very important because I'm sure concessioners at Crater Lake felt this was the relationship and was not trying to use this as a way to avoid inspection but rather this was, perhaps, what had grown up over a period of time. I don't know, but this was the view expressed by the concessioner at Crater Lake.

I think we have to get some very basic uniform understanding amongst all the concessioners, and especially their relationship with the Park Service and to the superintendent because out of this experience at Crater Lake, we found that the communications had broken down so badly that this thing continued on and more people were exposed and the public was endangered by an intrafailure of communication between the Park Service, the concessioner, the various other users, the Youth Conservation Corps was involved in here, the Public Health Service. There just was not good supervision there, starting at the superintendents level.

What also came out that there was not a clear understanding of whose jurisdiction started where, and where that responsibility ended. I feel that it may be time for a whole new assessment of those relationships and responsibilities.

We had a flagrant example of how the Public Health Service, I think, demonstrated total incompetence at the headquarters level. They sent two doctors out and then they wouldn't take the two doctors' recommendations on the spot and again it was an example to me of a lack of understanding of jurisdiction—failure to use Public Health officials on the scene, the county or State public health officials when there was a problem.

So, I want to thank the chairman for this hearing because I think it can bring out some—

Mr. HUMMEL. Could I just comment there. I, of course, can't talk about the specific relationship in Crater Lake National Park. The statement that there's lack of communication, I do not believe prevails generally, throughout the parks. I've been in four national parks and I can say for those four, that communications did exist. There was a constant relationship and a complete freedom on the part of the Government to come in at any time and point out deficiencies and inadequacies.

Senator HATFIELD. Just by way of observation, the Government in this case didn't even know how many people were sick within

the operation of the concessioner serving food and involved in the food service handling.

Thank you, Mr. Chairman.

Senator JOHNSTON. Thank you very much, Senator Hatfield, and thank you for holding the hearings on Crater Lake, which were very helpful to the committee.

Mr. Hummel, in a committee print of the joint report by the Committee on Government Operations and Committee on Small Business in the House, they have attached to their report an appendix which shows in 1974 that gross sales of 348 national parks were \$130 million. That net income—apparently this is after-tax net income—was \$7,598,000; they paid Federal tax of \$5,200,000; franchise fees of \$2,200,000.

If that's after tax, and it must be because you wouldn't have a net income of \$7,500,000 and a tax of \$5,200,000. Rates are not that high, so it must be after-tax income.

If that is so, then profits would have to be—this would be a gross profit, a net profit before taxes of \$12,700,000 on sales of \$130 million, which would give you a net profit before taxes on sales of something in the neighborhood of 10 percent.

Mr. HUMMEL. If I may correct your statement. I believe those are two separate figures. The first figure is the total sales for 388 concessioners or \$130.3 million. The profit is 5.8 percent, the figure that I gave you before.

The lesser figure is the profit—you can't add them as the larger figure includes the smaller. Of the lesser figure the profit was only 5.7 percent.

Senator JOHNSTON. I'm lost there. Now, \$130 million is the amount of gross receipts for all national park concessions. Are we together on that?

Mr. HUMMEL. For 338 concessioners, the gross receipts were \$130.3 million and the net profit \$7,600,000. That's 5.82 percent for all concessions but when you select the top 56 concessions they had \$110 million gross sales and the difference was—

Senator JOHNSTON. I'm not talking about the top ones; I'm talking about all concessioners.

Mr. HUMMEL. Including all concessioners, they had \$7.6 million profits in 1974. That's 338 concessioners and they made 5.86 percent on gross sales.

Senator JOHNSTON. How can that be if you have gross receipts of \$130 million and you have net income, after taxes, of \$7.5 million. How can that be?

Mr. HUMMEL. Divide \$130.3 into 7.6 and you get 5.8; 5.8 percent is sales.

Senator JOHNSTON. You're talking about an after-tax net profit on sales?

Mr. HUMMEL. That's what I said, the net profit was 5.8 percent of sales and the total sales was \$130.3 million. The total profits, net profits, on \$130,300,000 was \$7,600,000.

Senator JOHNSTON. I can tell you that 5.8 percent net after-tax profit is a very handsome profit for sales.

Mr. HUMMEL. Not when you consider the millions of dollars invested to earn that; 5.8 percent on sales is certainly not considered large. Unfortunately, they do not provide us with net profit on sales because of the wide fluctuation of the capital policies, but nationally the hotel/motel industry earns between 19 to 24 percent before capital costs according to Harris, Kerr & Foster, a recognized accounting firm on hotel and resorts.

Senator JOHNSTON. In your statement here it says, "over the years the financial results have been marginal. For example in 1970, the average profit on sales"—that's usually referred to as gross profits, but I understand now you're using net profit—"on sales of all concessioners were 3.6 percent, and 48 concessioners operated at a loss."

Then you say, "last year, this improved to 5.82 percent of sales."

Mr. HUMMEL. That was the best year in the history of the concessions operation.

Senator JOHNSTON. It is clear then that we are talking about net after-tax profits?

Mr. HUMMEL. That is correct, sir.

Senator JOHNSTON. Do you have any idea what percentage of profit for investment the concessioners have received?

Mr. HUMMEL. No, sir. I can't tell you that and here's the reason—

Senator JOHNSTON. The data is not available.

Mr. HUMMEL. The data is not available and in large measure, it would provide a completely false picture for this reason: Many of these facilities, as Senator Hatfield has just stated, the investment was made maybe 50 years ago. If you took the return on investment of present day book value, it would be very high. If you took the return on investment of what would be required in the way of capital to provide those same services, it would be miniscule.

Senator JOHNSTON. Do you think if we looked into the balance sheet of the concessioners that we would find that their profit is very high compared to, say, book value investment?

Mr. HUMMEL. Compared to book value, yes sir.

Senator JOHNSTON. That's correct?

Mr. HUMMEL. Yes, sir.

Senator JOHNSTON. In other words, it's a high profit with respect to book value or investment. It's a high profit with respect to sales. Now, wherein is it a low profit?

Mr. HUMMEL. In the first place I would disagree with the chairman that 3.6, or even 5.8, is a high net profit on sales.

When you consider that you had that money and put in a savings account, you could get 5 percent, plus, without any risk, absolutely no risk at all.

You could do much better if you invested it in commercial paper and in many instances, in government bonds that's fully guaranteed. You can make more money if you put it in savings, Government bonds, or commercial paper.

Let's take my—

Senator JOHNSTON. Those are sales though. You've already told us that on investment that the profit is higher than that. This is on sales.

Mr. HUMMEL. I said on book value of the investment.

Let's examine that just a minute. I've taken over three bankrupt operations in the national parks, bankrupt in that they were losing money.

Let's take the one I'm operating now in Glacier National Park. I took that over from the Great Northern Railroad in 1960, December. According to the appraisal, the sound value of the facilities being used in that operation is \$8,700,000. The replacement of equal facilities in the park would be \$24 million. I have, on my books, \$1.5 million. So, if you take what I earn and you take it on the book value, I'm making a creditable return. If you take it on the basis of the services I'm performing, I'm not making money.

How did I buy it for \$1.5 million? Because the Great Northern Railroad hasn't made a profit since 1940 and they lost \$520,000 a year before I took it over; \$510,000 the year before that; \$370,000 the year before that.

You should, to be honest about this, look at what facilities are available. Not what the depreciated book value is. The depreciated book value for the railroad was way, way below their actual value, but as far as the public's concerned, you should look at what the value of the facilities are being used to serve the public.

Senator JOHNSTON. Is your situation typical of a high return for investment?

Mr. HUMMEL. I haven't made a high return on investment, even book value on investment, but I have kept afloat. I've made a profit every year and only because I've got a very considerable plant and a very small investment figure.

Senator JOHNSTON. I don't mean to suggest any criticism of profits. We want you to make a profit and we want you to have money to reinvest and we want you to be able to cut your fees to the general public.

What I'm getting at seems to be a key central question here as to what is the profitability of concessioners. And, if they are going broke and it's a very marginal business, then that restricts the options that maybe we can work in. Whereas, if it's a very profitable thing, then we have other options.

It seems to me from all I've heard here this morning, it looks like a very profitable business to the extent we have any doubt. A 5.82 percent on net after-tax profit on sales is marvelous, believe me.

We don't know what percent on investment is other than your statement that on book value it's very high.

Mr. HUMMEL. I want to correct that. I didn't say very high. I said it could be high depending on the situation. Let's take another example—

Senator JOHNSTON. I'm not worried about examples. I'm worried about the overall situation.

Let me ask you a couple of other questions on this sound value for replacement value. Why shouldn't you use—granted that book value may be a synthetic figure that doesn't reflect reality, why not take actual cost, actual investment less actual depreciation?

Mr. HUMMEL. Let's turn that around and say you're going to buy a house here in Bethesda, Md. and you want to buy it at what that

man paid for it 30 years ago, what it cost him. Is he going to sell it to you for his cost less depreciation? The few dollars you propose to pay him for that house is not going to enable him to go out and buy another house on today's market.

Senator JOHNSTON. Let me give you the argument for what I just said. First of all we're giving you, more or less, a monopoly. We don't have the competition. We want to give you, it seems to me, protection for your investment so you know the government can't come in and wipe you out and arbitrarily change its policy and wipe you out.

You say book value is not sufficient but let's say we give you the higher book value, or actual value less depreciation, the book value or actual investment whichever is higher; it's usually going to be your actual investment. That way you don't make a profit on the government.

It seems to me that's a pretty good—

Mr. HUMMEL. Is that a profit? I have to challenge that as being a profit. Let's take two examples: A man just outside the park builds a lodge, puts in \$100,000. He depreciates it to \$25,000. The State comes along and condemns it for a road and he goes to court. The appraisal of the property under today's dollars purchasing power is \$125,000. They pay him the \$125,000, not the \$100,000 he put in it; not the \$25,000 remaining on his books.

But in the Park Service just across the line, you're saying to me when I invest my money, I build \$100,000 lodge; I depreciate it to \$25,000, you come along and the Park Service wants to get rid of me and the present-day replacement of that, in its present condition, is \$125,000, you want to pay me either \$100,000 or \$25,000. How can I compete in the money market for money to provide a facility with the man that's on the outside?

Senator JOHNSTON. Let me ask you this, Senator Stevens has introduced legislation to provide a fund for the Park Service to draw on when a contract is terminated and not renewed, in order to purchase the concessioners possessory interest. Are you familiar with that legislation and would you comment on it?

Mr. HUMMEL. Yes, I am. I have, and would like to offer for the record, an analysis of the effect of the passage of that act, and I would also like to comment on the proposed bill.

Senator JOHNSTON. Without objection, that will be included in the record.

[The information follows:]

ANALYSIS OF THE EFFECT OF PASSAGE OF S-2738

Public Law 89-249, establishing concessions policies, was passed to stabilize concession operations in the National Parks by encouraging private investment in visitor facilities in areas administered by the National Park Service.

This was to be accomplished by providing security of investment through the granting of a possessory interest for investments made in facilities which could not be eliminated or taken for public use without the payment of just compensation.

The law also attempted to provide for continuity of operations by giving long term contracts and providing for preferential right of renewal, provided satisfactory services had been rendered.

S-2738 would negate most of the objectives of PL 89-249. First, it delegates to the Park Service the decision to invest public funds without the consent of Congress, when Congress has said the investment of private funds shall be encouraged. This has the result of providing the exact opposite result and encourages public ownership.

This Bill introduces uncertainty as the term of the contract is no longer certain as it can unilaterally be terminated at any time by the Park Service. The term in effect becomes one at the pleasure of a Park Service representative. It becomes a year to year contract and will therefore discourage private investment.

There is no provision insuring the payment of a fair price for the possessory interest as now required in PL 89-249. With the Park Service implementing policies of reduction of facilities within Parks, it seriously reduces the amount that might be paid and therefore lessens the security for the investment.

The diversion of funds from the general treasury to the Park Service avoids the entire appropriation process and puts pressure on the Park Service to increase franchise fees to provide a larger fund for their disposal. The larger the fee, the higher the rates to the public, when Congress has said in PL 89-249 that revenue to the government shall be subordinate to good facilities at reasonable rates. This policy, designed to keep prices down, must be continued if Park facilities are to be available to low-income families. Short seasons and government regulation of prices and services already put great pressure on costs of operations and therefore, prices to the public.

Mr. HUMMEL. The law attempts to provide continuity of operation and this is based on the fact that they believe that better service is provided to the public if you don't constantly change concessioners.

As a result, they provided for long-term contracts with the preferential right of renewal because service to the public is the objective.

Senate bill 2738 would negate most of the provisions of P.L. 89-249. First, it delegates to the Park Service a decision to invest public funds without the consent of Congress and Congress has said they should encourage the use of private funds, not public funds.

So, this would have the exact opposite result of providing public investment instead of private investment.

The bill introduces uncertainty as to the term of the contract. I have a 20-year contract, but any year they've got the money, they can come in and buy my possessory interest.

Do I have a 20-year contract? No, I've got a year-to-year contract because whether or not I want to sell, the Park Service says we want to buy your concession interest, we've got the money here, get out.

Senator JOHNSTON. You've got 20 years or 5 years, whatever the term of the contract is, would you not?

Mr. HUMMEL. No sir. If I have a contract with you, Senator, but you've got a right to terminate it at any time by paying me a given amount of money, I don't have a term contract except year to year. I'm at your pleasure, whenever you decide. So, my 20-year contract has gone down the drain and I'm on a year-to-year basis.

Also there's nothing in this bill that will guarantee what you're going to pay me. It authorizes the Park Service to buy my possessory interest. There's no standard of payment such as sound value; or market value; or reasonable value; it may be book value.

There's no provision for any safeguards. This undermines the basic security given to us in Public Law 89-249.

Senator JOHNSTON. Let me digress here a little. I was under the impression that if you had a contract, say 20 years at Yellowstone, whatever, that you had a right to deliver on that contract so long as you were doing an adequate job, and that you couldn't be bought out on a possessory action. Are you telling me that's not true?

Mr. HUMMEL. Under Public Law 89-249, that is correct, but that would not be correct if you passed Senate bill 2738. That says, despite the provision of any other law to the contrary, this is what can be done. This would delegate to the Park Service the determination of whether it should be bought out when Congress has said, no, in our wisdom it should be a long-term contract and we should encourage the private funds to provide these facilities, not Government.

Senator JOHNSTON. I can't believe the Park Service terminates contracts other than for cause, prior to the expiration of the term.

Mr. HUMMEL. They've never had any authority to do so, but they can if this bill is passed.

Senator JOHNSTON. You say they've never had any authority?

Mr. HUMMEL. They've never had any authority to terminate a contract except for cause.

Senator JOHNSTON. That's what I was asking you.

Under the present law they do not have authority to do so, prior to the termination of the contract terms.

Mr. HUMMEL. Except for cause.

Senator JOHNSTON. OK.

Mr. HUMMEL. They can terminate at any time for cause.

Senator JOHNSTON. I'm not that familiar with Senator Stevens bill but suppose we amended that just to provide the funds for use by the Park Service only upon termination, either for cause or at the expiration of the term, what would be wrong with that? In other words, that would give the Park Service the funds because as it is right now it's virtually impossible for the Park Service to fail to renew a concessioner even though that concessioner may not be doing a good job, simply because they don't have the money with which to buy out the facility?

Mr. HUMMEL. I think that depends on whether Congress wants public funds or private funds invested.

Do you want public funds used to provide these facilities. Your law, at the present time, says no.

Senator JOHNSTON. Suppose you have a concessioner who is just not doing the job?

Mr. HUMMEL. Under the present law they can terminate him any time.

Senator JOHNSTON. Let's say it's not the kind of cause that would give you termination for cause. Let's say the employees are not very courteous, the food is not very good, the accommodations are liveable, you can't say they're unclean but they're just not good. They don't provide the kind of service that you provide. You don't want to terminate them for cause, but at the end of that 20 years you want to give somebody else a shot at it, you think Mr. Hummel can do a better job.

Mr. HUMMEL. That's provided now in the present law.

Senator JOHNSTON. There's no money provided.

Mr. HUMMEL. On the other hand, the Park Service puts out a prospectus and I come along and say I can do a better job and this is what I'll do. If the other fellow didn't do a creditable job, they can just leave him by the wayside. Then I buy whatever interest he has in his facilities and I take over the operation, plus the fact that this—

Senator JOHNSTON. Excuse me. Under the present law, if the Park Service was going to terminate that fellow, they could just terminate him without buying him out and sort of terminate him subject to someone else buying him out?

In the provision it says possessory interest may be assigned, transferred, encumbered, or relinquished, but I don't see in this Public Law 89-249, a statement of whether the Government must first buy it before it assigns it.

Mr. HUMMEL. No, sir. The fact of the matter is—let's take an example. I mortgaged my facilities to a bank and I defaulted and the bank takes over my possessory interest. That doesn't give the bank authority to operate. They have to get a contract, an agreement from the National Park Service before they can proceed.

In other words all possessory interest is security for payment for property taken from you in the event that your rights are terminated.

Senator JOHNSTON. I understand that but you've got Mr. A that runs to the end of his contract and you want to give the contract to Mr. B. Can you simply assign his contract to B, or do you first have to buy out his possessory interest before you assign it to B?

Mr. HUMMEL. The Government, or the successor concessioner, as a practical matter it's the successor concessioner who's bidding on this who wants those facilities, he buys out the possessory interest from the unsuccessful concessioner.

Then the Government gives the successor a contract to operate. He has to be acceptable to the Government. When he has acquired the possessory interest, just as on the outside if you wanted to buy my building, the only difference is you have to take that additional step that the Government says you're acceptable or not and you have to have an operating contract with the Government. Those are the conditions.

Senator JOHNSTON. Thank you very much, Mr. Hummel. Senator Hansen has been very patient over here listening to my long questioning. I would now like to turn it over to Senator Hansen.

Senator HANSEN. Thank you Mr. Chairman. I did have a series of questions. I think you've probably covered them pretty well in those that you have asked. There are other concessioners here and I would hope, as time permits, that I might be able to direct some questions to the persons in my particular area whose problems I, perhaps, know a little bit more about than I would in other parts. They are not on the witness list, but I note also among the persons attending this conference are very good friends of mine, Louise Bertschy and her son, John Turner, who represents me as my State Senator in the State legislature. They are very fine dude ranch operators in Jackson Hole. I don't think that Mr. Turner will have time, because of another appointment, to respond to any questions that I have.

If I may, I'd like to ask unanimous consent that I may be able to submit in writing to him and include his response and have that written dialog included in the record.

Senator JOHNSTON. Without objection.

Senator HANSEN. I'd like to explore a bit the role of the smaller concessioner to see how well we're doing and to explore also, with my good friends representing the various concessions in Yellowstone National Park, how present Government policy impinges upon their management decision.

In the group attending these hearings, also, is a very good friend of mine from Grand Teton, Vern Johnson who manages the resort—that may be a poorly chosen word, although because of the excellence of those accommodations, I'm sure that people who visit Grand Teton do, in fact, regard them as resorts. I think he's set a great standard for the entire National Park System. Mr. Johnson is here and I would hope that if we had time later on, we might get to them.

I have no questions of Mr. Hummel. Thank you, Mr. Chairman.

Senator JOHNSTON. Thank you, Senator Hansen.

[The prepared statement of Mr. Hummel follows:]

STATEMENT OF DON HUMMEL, PRESIDENT, GLACIER PARK, INC.

My name is Don Hummel. I am President of Glacier Park, Inc., the concessioner in Glacier National Park. I am also the Chairman of the Board of Directors of the Conference of National Park Concessioners, an association of concessioners providing service to park visitors in areas administered by the National Park Service.

I have been associated with the National Park Service for over 45 years; first as a temporary ranger and then as the concessioner in four National Parks. I believe in and have spent a good part of my adult life advancing the National Park Concept. During my career in the parks, I have participated in many hearings before the Park Service, Committees of the Congress and others to review concessions policies. Despite the criticisms directed at the concession system, it has always been reaffirmed as better than the alternatives.

To understand and evaluate the problems of operating in a National Park, you must start with the principal purposes to be served when the National Parks were established. This is stated succinctly in the Act creating the National Park Service, which provided that: "The Service *** shall promote and regulate National Parks, monuments, etc., *** to conform to the fundamental purposes *** which is to conserve the scenery and the natural and historic objects and wildlife therein, and to provide for the use and enjoyment *** in such manner and by such means as will leave them unimpaired for the enjoyment of future generations."

Thus, two principal objectives were to be achieved: (1) These resources were to be set aside for the use and enjoyment of the people, and (2) They were to be administered in a manner that would preserve them for the enjoyment of future generations.

In establishing National Parks it was always contemplated that visitor facilities would be constructed in the parks to enable the visitor to use and enjoy the areas. Stephen Mather, first Director of the National Park Service, expressed it this way: "Scenery is hollow enjoyment to a tourist who sets out in the morning after an indigestible breakfast and a fitful sleep on an impossible bed."

ALL ACTS CONTEMPLATE PRIVATE FUNDS

Every Congressional Act commencing with the Yellowstone Act, has provided for the granting of leases, permits or contracts to enable the private sector to provide the needed visitor facilities. The need has always been recognized; the question has been how they can best be provided by public funds

or private funds, but when the choice is made, the policies must be consistent with the choice. Some members of the Park Service have not fully accepted this fact. They want the advantage of private funds, but not the disadvantages. The disadvantages are of course that they cannot change policies so drastically as to reduce or eliminate the concessioner's investment without paying him for his facilities. This is the assurance that has been given to encourage private investments and the method used to retain government flexibility.

CONGRESS CHOOSES PRIVATE FUNDS

Congress has elected to use private funds and has refused to provide public funds to build visitor facilities except under circumstances where private funds are not available. In fact, the National Park Service complains that Congress has not even been willing to appropriate sufficient funds to keep abreast of needed government improvements and facilities that have always been provided with public funds, such as visitor centers, sewer and water systems, employee housing, etc. The backlog for these government facilities, according to Park Service figures, is now over three billion dollars. It would appear unlikely in today's economy, that Congress will now reverse its long time policy and provide the funds to acquire concession facilities in view of these other urgent and unmet needs.

CONTINUED RELIANCE ON PRIVATE FUNDS

It therefore seems reasonable to conclude that the government will continue to rely on the private sector to provide the funds needed to upgrade and expand visitor facilities in the parks; unless of course, Congress were to adopt the policies proposed by the environmental organizations, whose real objectives are not to serve the park visitor, but to reduce use by removing visitor facilities (by whomever provided) from the parks and return the parks to a near wilderness state. If implemented, this policy would deny the large majority of the park visitor an opportunity to enjoy his National Parks. This would repudiate one of the two basic concepts which is to provide for the use and enjoyment of the parks. It would implement an elitist policy which would reserve the parks for the young and the sturdy, the back-packer and the camper. It would exclude the elderly, the handicapped and the inexperienced citizen unable to cope with the more primitive outdoor living.

CONCESSIONER SERVICES

What are these services that the concessioners provide? They include mundane needs that people seek when traveling. A place to sleep, food to eat, and associated needs or desires that add to a vacation pleasure, such as sightseeing services, a store for camper's supplies, a shop for postal cards that enable the traveller to remember those back home, or a picture or memento of their visit to one of our Nation's National Parks. These services are provided without direct cost to the taxpayer and without the need for government to assess user fees.

CRITICISM TO IMPLEMENT REMOVAL

The criticisms heard against concessioners today are largely generated by a desire to reduce or remove visitor facilities from the parks, rather than visitor dissatisfaction with the services provided by the concessioners. The environmental organizations positions are plainly stated by Connie Parrish, California Representative of Friends of the Earth, in a TV interview on KABC-TV, on June 14, 1975: Quote: "What Friends of the Earth, Sierra Club, and other conservation groups have proposed is to phase out accommodations."

DISCREDIT CONCESSIONERS

The environmentalists know that if they are to remove or reduce visitor facilities in the parks, they must discredit the concessioner who provides these services. As a result, we have witnessed a program of vilification, claiming the concessioners have had too much influence, have overcommercialized the parks, and are unduly profiting at the public's expense.

What is the record of the concessions in National Parks? One the whole it has been good, despite the difficulties in getting sufficient capital to provide

the type of facilities that the public demands. Experience demonstrates that when a person is required to use a facility of lower quality than he is prepared to pay for, he is a disgruntled guest. Despite this fact, the number of complaints are minimal when compared with the number of people served. Here are some records from last year's operations: Visitor services were available to more than 117 million visitors in 211 areas administered by the National Park Service where concession services were in operation.

COMPLAINTS VS. SERVICE

The record of just eleven concessioners last year, which includes all of the principal concessioners, is as follows: Lodgings were provided for 1,872,438 people and 3,768,969 meals were served. In serving these people, only 1,778 written complaints were filed. This equals one complaint for each 3,170 persons who were served meals and provided lodging. The figures do not include service to millions in grocery stores, gift shops, ski lifts, sight-seeing services, horseback rides, etc., but does include all complaints received. At the same time these eleven concessioners received 1,917 written compliments. During this period the Washington office of the National Park Service received only 100 written complaints for the entire system. When you consider the millions that were served, this is a remarkable record.

FINANCIAL EXPERIENCES

What has been the financial experience of the concessioner who provides these services? It varies, of course, depending on the visitation to the area, the length of season and the supply and operating conditions encountered—and in some measure, the attitude of the National Park Service in their response or lack of it to provide the government's part of the services, such as utilities or approval of a master plan which is necessary before the concessioner can upgrade or improve his services and facilities. These delays are costly.

PROFITS MARGINAL

Over the years, the financial results have been marginal. For example, in 1970, the average profit on sales by all concessioners was 3.6 percent, and 48 concessioners operated at a loss. Last year this improved to 5.82 percent of sales for 211 of the principal concessioners, yet 48 still lost money. The record belies the charge that concessioners make excessive profits.

The dangers of marginal profits lie in the radical fluctuations that can occur from season to season. An early storm, a forest fire, a threatened strike in a supplier service, an OPEC decision on oil, a faltering or change in government policy, such as the disapproval of a master plan, or the failure of the government to expand a needed utility service, or a water pollution problem such as occurred last year in Crater Lake National Park, jeopardize the stability of these operations and makes the investment hazardous. Critics are quick to point out the rising visitation to the parks, but reluctant to acknowledge the fluctuations and the marginal results experienced by concessioners.

CONCESSION SYSTEM ENDORSED

Prior examinations of the concession system have endorsed the private sector as the best way to provide visitor services. This includes the Citizens Advisory Group in 1948, the Outdoor Recreation Review Commission in 1962, the Congress of the United States in 1965, and the Bureau of the Budget in 1966. These endorsements came after thorough and protracted examinations of the system. They are all on record for your examination.

The Outdoor Recreation and Review Commission expressed it in these words: "The private sector of the economy (the concession system) is by far the most promising source of potential new funds for recreation facilities. The general health of the concession system is good and has shown great capacity for growth."

POLICIES MUST ENCOURAGE PRIVATE INVESTMENT

If the private sector is to provide the funds, then you must continue the policies which will encourage the investment of these funds and enable them to provide the service.

The Interior and Insular Affairs Committee recognized this in 1965 when they recommended and Congress passed, and the President signed, Public Law 89-249, establishing a concessions policy for areas administered by the National Park Service.

Today we are here to re-examine these policies and determine if they are still relevant and appropriate, or if they need change. It is appropriate that we do this and that it be accomplished before this Committee with prime jurisdiction over Park Service policies, and not some Committee of Congress with only peripheral authority.

ESSENTIAL POLICIES

What are the policies which are required to insure that private funds will be available to provide visitor facilities in the parks?

SECURITY FOR INVESTMENT

The first requirement for any investor is assurances that his money will be safe; unless of course the chances of profit are so high that he is willing to gamble his investment, such as occurs when drilling an oil well. We have already seen that park investments do not offer these high profits and, in fact, entail considerable risks.

Investments in visitor facilities on park lands are complicated by the fact that as soon as the investment is made, the legal title to the structure is vested in the government and the investor has lost his main safeguard, title to his property. And to complicate the problem still further, the government must have reasonable flexibility to change its policies. These changes if made, can jeopardize or completely nullify the value of the concessioner's investment. How have these conflicting needs of security for the private investor and flexibility for the government been achieved?

POSSESSORY INTEREST

These problems were met in PL 89-249 by granting the investor a "possessory interest" in their structures, which is defined as all incidents of ownership except legal title, which remains in the government. This provides a measure of security to the investor in lieu of title to his property. The government's right to change its policy is retained, but provided that if these changes of policy lead to the elimination of the concessioner's right, or the property is acquired for public use, the government will compensate him by paying the sound, or market value, of his investment. As there can be no market value unless there is a willing buyer and a willing seller, the statute sets up a formula by which sound value is determined. It is defined as replacement cost, less actual depreciation (deterioration).

There are those who would repudiate or refuse to grant a possessory interest because they find it inconvenient because Congress will not provide them the funds to acquire. Take away or reduce this possessory interest and you deny the security of investment which made the private funds available.

DENIAL OF USE

In the Concessions Management Task Force Report, it is suggested that you solve this by simply refusing to build the facilities until public funds are available. This proposal repudiates one of the two basic concepts; namely, the right of the people to use and enjoy their parks. It also goes contrary to Congressional policy, which says that the Secretary shall encourage the investment of private funds so that the facilities can be provided.

WHAT DO PEOPLE WANT?

In last analysis, the people who own these parks have the right to say what they want and don't want. In an effort to ascertain what facilities the park visitor wants in the parks, the Conference of National Park Concessioners engaged the Stanford Research Institute to make a survey. The results are clear and unequivocal. The visitor responded overwhelmingly that they want lodging, improved campgrounds and other facilities in the parks. They do not want the facilities removed or reduced.

S.R.I.

In support of this statement, I would like to offer an Executive Summary of this report to be included in the record. It is entitled "The Concession System in the United States Parks, Background, Services Performed, Public Attitude Toward, and Future Considerations." This is an executive summary. I have the full report here, if the Committee desires it for the record.

AMUSEMENT/RECREATION SERVICES, INC.

A survey conducted by the Amusement/Recreation Marketing Service, Inc., in 1975 at the request of the National Park Service of visitor use and desires for the Great Smoky Mountain National Park confirms the attitude expressed in the Stanford Research Institute report.

Some highlights and findings from the report:

"Most are on a 'sightseeing' vacation. They are drawn to the scenic beauty of the area—specifically the beauty of the Park itself—but their actual involvement with nature is minimal. For most, going to the Great Smoky Mountain National Park means driving around, looking at the scenery, taking pictures, picnicking, walking a bit—not camping and vigorous hiking. In essence, for the most part, they tend to be 'windshield tourists' not rugged outdoorsmen or wilderness adventurers.

"In addition, visitors are likely to be interested in other basic elements of a 'typical' sightseeing vacation—historical/cultural attractions, shopping opportunities and the amenities, including hotels/motels and eating facilities.

"Of particular importance to the Park, more than two visitors in three (70%) agree that 'I like to socialize when I'm on a vacation'."

CONTINUED RELIANCE ON PRIVATE FUNDS

Since the people want the facilities and private funds are not available, we must continue to rely on private funds. No facts have been presented to support the proposition that the public interest has been abused or cannot be protected while encouraging these private investments. On the contrary, the evidence is that investments to upgrade or expand facilities have been *discouraged* and that the Park Service is not giving full support to implementing the law.

PARK SERVICE POLICY

The National Park Service management policy is set forth in these words: "If adequate facilities exist or can be developed by private enterprise to serve the park visitor's needs for commercial services outside of park boundaries, such facilities shall not be provided within park areas."

REDUCE OR ELIMINATE

This policy is being expanded to reduce or eliminate facilities in the parks. Examples are the proposed elimination of lodging facilities in Zion National Park, Bryce Canyon National Park, in Yosemite, in Mammoth Cave, and others. The planning process is being used to reduce people's ability to use their National Parks. I see no reason to amend the law, rather a directive to the National Park Service to implement it!

PROFITS

A second requirement, if private funds are to be secured, is an opportunity to make a profit. Only through profits can a concessioner maintain the facilities, provide proper service and attract the capital necessary to provide the facilities to serve the park visitor. Many people are fearful of profits. They confuse exorbitant or excessive profits with a reasonable rate of return. I believe the record should allay any fear about excessive profits in the National Parks. Even though visitation has increased, the problems of short seasons, high costs of operations still persist, as reflected by the prior figures on profits which I quoted earlier.

Section 3(b) in PL 89-249 recognized this in the following terms: "The Secretary shall exercise his authority in a manner consistent with a reason-

able opportunity for the concessioner to realize a profit on his operation as a whole commensurate with the capital investment and the obligations assumed."

It should be noted that the Secretary shall provide a "reasonable opportunity" to make a profit. This is not a guarantee as provided in the normal public utility field, where you are entitled to rates to assure a given return on the investment. The Park concessioner can go broke, if he is unable to cope with the problems of short season, remoteness of labor and supplies, and the high costs of operations and maintenance.

It should also be noted that the profits are on the operations as a whole. This means that the government may require services deemed desirable, even if they are provided at a loss, provided this does not make the entire operation unprofitable. Businesses outside government control would simply discontinue these unprofitable services and thereby increase their profits. Concessioners cannot do this, as we have assumed a public responsibility to provide the services that are required.

RATES TO THE PUBLIC

The concessioner must be able to charge sufficient rates to pay for the money invested and provide a profit on the services rendered, but as the government controls the rates to be charged as well as the services to be provided, the concessioner could be at the mercy of an arbitrary government. To protect him and to get a starting point, the law says look at what others are charging for these services under comparable conditions, taking into consideration the problems faced by the concessioner of short seasons, fluctuations of demand, accessibility, etc.

This is covered in PL 89-249, Section 3(c), in the following language: "The reasonableness of a concessioner's charges to the public shall *** be judged primarily by comparison with those current for facilities and services of comparable character under similar conditions ***"

It should be noted that the rates should be judged primarily by comparison with those charged outside, but that the Secretary is free to include other factors which he deems significant. This maintains the government's authority to protect the public interests and maintains its flexibility in establishing rates, while at the same time recognizing the concessioner's need to make a profit.

In my opinion, this is a reasonable approach, as it provides a basis for comparison with prices established by the market place, but still gives recognition to the government authority to protect the public interest.

FRANCHISE FEES TO THE GOVERNMENT

Another factor that can weigh heavily on ability to make a profit is the fee that must be paid to the government for the privileges granted. The law says this shall be determined on the basis of the probable value to the concessioner of the privileges granted for an opportunity to make a net profit on both the gross receipts and the capital invested. You can't attract the capital unless you provide these opportunities. Competition for investment and loan capital is great and these park operations are not considered blue-chip opportunities.

A factor bearing heavily on the fees to be charged is the desire to have good services at reasonable rates, so as not to price out the low income family. The higher the fee, the higher the prices must be charged. Congress has said that revenue to the government is less important than maintaining good services at reasonable rates to the park visitor. The purpose, of course, is to protect the rights of the low income family to use their National Parks. In recent times the Park Service, under pressure from another Congressional Committee, is ignoring this Congressional mandate and is now urging higher fees at the same time that the government is appropriating money to protect the low income family.

It has been suggested that prices would be lower if the government would break up the large concession operations and expand competition by increasing the number of concessions in the parks. This suggestion ignores some important factors.

HIGH DEGREE OF PRESERVATION

First is the overriding obligation to administer these areas in a manner that will maintain the highest degree of preservation consistent with the people's right to use and enjoy their parks. The Yellowstone Act called for the assignment of tracts of land not to exceed ten acres to develop visitor facilities. This resulted in a proliferation of buildings and duplication of services.

COMPETITION REQUIRES MORE LAND

To have true competition, more than one has to be authorized to provide the same services. This requires the assignment of many more acres of prime park land than necessary, if you have one principal concessioner. This fact led to the adoption of a principal concessioner concept. This provision says the Secretary may authorize one responsible concessioner the right to provide all accommodations and services of similar character in a given area or park. The government controls the operation by specifying the services to be performed, the dates of operation, and the charges to be made. As a result of the adoption of this concept, the amount of land assigned for visitor use has been drastically reduced and the Park Service's capacity to maintain high preservation standards increased.

PREFERENTIAL RIGHT FOR NEW SERVICES

A correlative of this is the preferential right to provide new services in the area, if such are authorized by the government. This prevents the lapsing back into a competitive situation and the assignment of prime land. It also provides the advantages of scale in providing service at reasonable rates and permits the Park Service to call for services that can only be provided at a loss. Many small concessioners cannot do this. It takes a well financed company to provide the capital needed to assure proper facilities in the larger parks. Most of the parks are served by small business. In fact, the Small Business Administration classifies the large majority of all concessioners as small businesses.

CONTINUITY OF SERVICE

Experience has demonstrated and Congress has stated, that the public is best served by providing for continuity of operations in these National Park areas. These operations are unique in character, varied in services performed, operated in areas requiring a very high degree of preservation, under difficult operating conditions brought about by intensely used but short seasons, complicated by remoteness of supply and recognition of the high public interest in the parks.

Capital investments are large, profits erratic, and those engaged in the concessions must look at the long term and avoid the pitfalls of the desire for quick profits, if the public is to be properly served and the parks protected. Small, poorly financed concessions with short contracts cannot provide the desired services.

To accomplish these objectives, long term contracts are authorized, with preferential right of renewal granted to those concessioners who provide satisfactory services. Long term contracts with renewable provisions permit the spreading of costs over many years, and thus lower rates to park visitors. It permits the concessioner to build better organizations by attracting stable employees, interested in park careers, resulting in better service to the public.

The value of continuity has been endorsed by the Citizens Advisory Group in 1948, the Outdoor Recreation Review Commission in 1962, and enacted into law by Congress in 1965. It is stated in these words in Section 5: "The Secretary shall encourage continuity of operations, facilities and services by giving a preference in the renewal of contracts * * *".

If service to the public is the objective and you have a good concessioner providing this service, why change for an unknown?

SUMMARY OF POLICY

In summation, Congress has said that they want private funds to provide the facilities needed by the park visitors.

Congress has said the Secretary shall adopt policies which will enable and encourage the investment of private funds.

Congress has recognized that if private funds are to be available, they must provide security for the investor and to that end has granted him a possessory interest in his property.

Congress has said that the concessioner must be given a reasonable opportunity to make a net profit on the operations as a whole and to accomplish this:

Rates shall be set primarily on the basis of comparability with those charged in surrounding areas under similar conditions; that

Fees charged by the government should be commensurate with the probable value to the concessioner and that revenue to the government shall be subordinate to good service at reasonable rates.

Congress has said that continuity of operations is important as it results in better service to the public, and to accomplish this result, long term contracts should be granted, with:

Preferential right to renewal, if the services have been satisfactory, and

Preferential right to provide new services, if such are required.

PUBLIC LAW 89-249

Congress has recognized the need in Public Law 89-249 for each of the foregoing. These policies are fundamental, if private funds are to be made available. In fact, many concessioners even today experienced difficulty in securing equity or loan capital to invest on park lands. Even these safeguards are not considered adequate to attract funds in the market place. As demands for upgrading and expansion increase, only those companies with outside capital sources have been able to fully respond with the needed capital. Take away these safeguards, and no small business can survive.

Private capital needs a stable climate and this means continuity of government policies. This is true even when government just determines the climate, without direct control of the business. An example is the recent fluctuations in policy toward grain sales in international markets. The change of government policy put U.S. farmers in turmoil. You can imagine the reluctance to make capital investments when the government has day to day control of the services you must provide, the prices you can charge, the fees you must pay, and at the same time you are constantly subjected to varying interpretations by changing personnel.

ADMINISTRATION OF THE LAW

While Congress has recognized the needs and has provided the legislative direction, the Park Service's administration has been less than forthright in administration. A law is no better than its administration.

POSSESSORY INTEREST

The law calls for the granting of a possessory interest, yet it has been refused when the investment is in government buildings. The law calls for long term contracts to provide continuity of operations, but the tendency is to find ways to reduce the length of the terms, or to delay renewal of contracts, with results adverse to the public welfare.

REVENUE SUBORDINATE—

The law says that revenue to the government shall be subordinate to good services at reasonable rates, yet there is a drive on to increase franchise fees.

ENCOURAGE INVESTMENT

The law calls for policies to encourage the investment of private funds for facilities in the parks, but the Service's policy is to reduce or eliminate

facilities. My associates here today will amplify on their experiences in dealing with these subjects with the National Park Service.

NO PROVISION OF LAW

I see no need to revise the law. I do see a need for oversight of Park Service administration by this Committee to assure compliance with the letter and spirit of the law.

PARK SERVICE PROTECTION

I also believe that the Park Service is entitled to the protection of this Committee from the widely varying demands of other Congressional Committees with peripheral jurisdiction. The continuation of these demands leads to chaos and detracts from the ability of the Park Service and the concessioners to provide proper service to the park visitor.

I appreciate this opportunity to be heard. I will attempt to answer any questions you may have.

Thank you.

Senator JOHNSTON. Mr. Stein, welcome. We would hope that you would summarize your statement. The entire statement will be read and will be put in the record. We're running short of time, as usual.

Mr. STEIN. I have about a 9-minute statement here, which I can deliver if you wish, or I can probably cut it to 5 minutes.

Senator JOHNSTON. Nine minutes would be fine.

Mr. STEIN. With your permission, Mr. Chairman, I will read it.

STATEMENT OF JAY STEIN, VICE PRESIDENT OF MCA, PRESIDENT OF YOSEMITE PARK AND CURRY CO. AND PRESIDENT OF LANDMARK SERVICES, INC., YOSEMITE NATIONAL PARK AND NATIONAL CAPITAL PARKS

My name is Jay S. Stein. I am president of Yosemite Park and Curry Co. and Landmark Services, Inc. I am also a vice president of MCA, which owns all the stock of both Yosemite Park and Curry Co. and Landmark Services, Inc.

I am extremely grateful for the opportunity to appear before you today. With your permission, I would like to read this summary of my remarks and file the full statement for the record.

I know this committee is responsible for formulating the policies which govern our national parks on behalf of the people of the United States and that your record in creating and in preserving our national treasures and enhancing the opportunities for public enjoyment has been outstanding.

An important part of the experience of visiting national parks for many people is access to adequate services such as food and overnight accommodations. Almost since the beginning of the national park concept, the Congress determined that the public can best be served by private concessioners carefully regulated by the National Park Service under policies set down by Congress.

Over the years a series of policies and precedents were developed. Congress enacted many of these into law as a basic statute covering concessions in Public Law 89-249.

I understand that the principal purpose of this hearing is to review those policies and precedents and the statute itself. This

could not be a better time to hold such a hearing. As we all know, only this week the House Government Operations and Small Business Committee issued a joint report questioning the basic free enterprise/government partnership which has successfully provided services to visitors in national parks for over half a century.

Some question whether visitors should have any services at all. It is, of course, their right to raise such questions for they concern the property of the people of the United States.

We disagree with those who are dedicated to the view that parks should be reserved to those who wish to and are able to enjoy parks without any facilities. We think the majority of Americans would want basic facilities provided in an environmentally sound manner.

Other critics seem to believe that concessioners are somehow favored with sweetheart contracts. Anyone who has tried to run a business under a concession contract knows that it's simply not true and it's not true by a long shot. Still, others question whether private enterprise should be allowed in parks at all. We think most Americans support that proven form of doing things.

However, I am pleased that this committee is taking up the issue today for it is you and your counterparts in the other body that have exerted the leadership over the years which has brought about our great national parks system and the policies and precedents that make it work. It is you who have the knowledge and background to deal with the important, and sometimes complex, issues that are involved.

Let me add, Mr. Chairman, that I am particularly pleased to respond to your invitation to testify in my capacity as an officer of MCA, Inc. MCA has been singled out for a lot of attention in the press and by various critics. I suppose we are an inviting target because we're a large and successful company and because we operate in Yosemite National Park, which is loved and used by so many people.

We have made a diligent effort to be good citizens and good environmentalists as well as good providers of services.

I would like to submit for the record at this point a brief report on our environmental activities which the Yosemite Park and Curry Co. has prepared for public distribution.

[The report was retained in the committee files.]

Mr. STEIN. The first part of my statement contains some general observations on the role of private enterprise in national parks, and second, there are some specific operating problems which the committee may want to consider.

No. 1: The role of private enterprise in National Parks. We believe the basic policy position which the Congress has established of encouraging private investment to provide visitor services is a sound one. To be sure, over the years, there have been problems. But we tend to overlook the fact that private business and Government in partnership do an extraordinary job of serving the public.

While on the subject of the advantages of investor owned entities providing services in national parks, let me point out there is a need for different sizes of business. In some parks where visita-

tion is low, or in specialized situations in larger parks, small business does quite well and should be encouraged. However, in the large parks, where over a million visitors a year come during highly compressed time periods, a substantial organization is necessary to serve them well.

Traditionally, many of the park concessioners were under capitalized family companies. This is not to say that concessioners, large or small, should be unregulated operations. Because of the site of the business is a place of special importance to the American people, the actions of the concessioner must be carefully regulated. Because of these important requirements and constraints, and special conditions of operating in a national park, the concepts of possessory interest, or long-term contract where justified, and the preferential right of renewal were evolved. They have been enacted into Public Law 89-249. These policies are essential to attract and keep sound businesses to provide visitor services in parks.

The concept contained in Public Law 89-249 are special and to those not familiar with the background history of the National Park System, they may indeed appear to be unusual. In fact, as this committee well knows, they are grounded in the necessity to create a sound business climate to serve the public in unusual circumstances.

Each of these concepts was part of a well thought out package which the Congress determined was in the public interest. They were evolved over a number of years and were carefully debated by the Congress before the passage of Public Law 89-249.

They are somewhat different from the usual Government contract in practice and they have to be to accomplish the special goals involved in providing services in national parks.

Without these special provisions, there is strong likelihood that concessioners would not be able to attract capital and the result would be unsatisfactory and shoddy service to the public.

There are other possible systems of providing services, direct Government operation, Government purchase and leaseback for operation, or some form of nonprofit entity.

I do not believe that any of these will serve the public as well as the present free enterprise system, but that choice is, of course, up to the Congress.

If the Congress does decide there should be services to the public in the park and if the Congress does decide that private enterprise should continue to provide them, I urge that this committee reaffirm the concepts of possessory interest, long term contract, and preferential right of renewal.

No. 2: Specific issues. In the interest of time, let me just note three specific problem areas that are set forth in more detail in the written statement that I'm submitting, and speak briefly on one of them.

First: Pricing is a problem, particularly getting prompt responses in this time of rapid inflation.

Second: The master planning process is important to the concessioner and we believe we have found a good way to participate, openly, productively and cooperatively, and I'm submitting a copy of our participation for the record.

Senator JOHNSTON. We will retain that in our files.

Mr. STEIN. The third specific area is the issue of responsiveness and certainty which I would like to say a word about. One of the major frustrations a businessman faces in dealing with any Government agency is the ability to get an answer in a reasonable time and with reasonable certainty.

Because the concession operation is such an intimate day-to-day relationship with Government and business, this is particularly important. For example, in our Landmark operation we have been encouraged for some 3 years to make additional investment in equipment in order to be able to serve increased visitation, particularly that anticipated for the Bicentennial.

Because the equipment is specially designed for this tour and because about \$1 million of additional capital investment was involved, we asked for a new 20-year contract to replace the one that expires at the end of next year. Without the new contract, the additional investment made no business sense. We've received repeated assurances that we would get the new contract.

Because of the leadtime needed to build these specially manufactured trams and to get them ready for the summer of 1976, we went ahead and committed the \$1 million. However, now we find great difficulty in getting the new contract we are convinced is fair. We have been negotiating with appropriate National Park Service personnel for almost 3 years and still cannot get an answer. This climate of uncertainty makes it more difficult to serve the public well.

To provide the committee with further background on this matter, I would like to submit for the record a letter from Mr. Tom Mack to Mr. Philip O. Stewart, Acting Director, Concessions Management, National Park Service, dated February 26, 1976, together with a memorandum setting forth this renewal problem.

[The letter and memorandum follow:]

TOURMOBILE

Division of Landmark Services Inc.

900 Ohio Drive, S.W., Washington, D.C. 20024

(202) 737-1880

February 26, 1976

Mr. Philip O. Stewart
Acting Assistant Director
Concessions Management
United States Department of the Interior
National Park Service
Washington, D.C. 20240

Dear Mr. Stewart:

This is to acknowledge receipt of your letter of January 27, 1976 regarding the request of Landmark Services, Inc. for issuance of a new contract pursuant to our long standing understanding with the National Park Service.

We understand from your conversation with Henry L. Diamond, our attorney in this matter, that your letter is not a denial of our request. We understand that following the completion of the audit and its review, you will proceed to issue a fact sheet and proceed to a new contract in an orderly and open way. We further understand that the audit is now complete, and it is our belief that it will indicate no major problems. We hope that this means we may reasonably expect a fact sheet to be issued within the next 60 days and a contract consummated within the time frame provided after that.

In order to provide the level of service to the public which the Park Service and the concessioner have concluded is necessary after repeated discussions and on which the company has based its investment and operations, the following basic elements should be a part of the fact sheet:

1. A requirement of an investment of an additional \$1 million in equipment (giving Landmark credit for the investment in that amount which it has made in reliance upon Park Service assurances).

Mr. Philip O. Stewart
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2. A contract term of 20 years in order to allow a reasonable amortization period for the \$1 million investment in specialized equipment.

3. Continued use of federal properties by the concessioner.

In the event of an adverse decision or undue delay, Landmark Services, Inc. will be compelled to seek a substantial increase in the rates which it charges the public. If we must amortize our equipment only over the life of the valid contract with the National Park Service, this obviously brings about a substantial increase in our costs which we must seek to recover. This action, of course, is entirely consistent with the provisions of Public Law 89-249 and those of our contract which provide for a reasonable opportunity for profit with prices based on comparability with those prevailing for similar services in the area. As you are aware, our prices are extremely low by this standard.

Because there has been apparent misunderstandings regarding the background of the new contract, we have prepared the attached memorandum setting forth the background on this matter. The memorandum addresses the following seven issues:

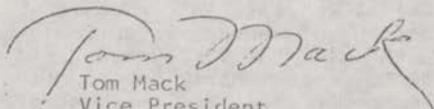
1. Additional time and security provided by a new twenty year contract is justified in accordance with law and contract.
2. Granting of the new contract prior to expiration is usual and logical practice.
3. The decision to purchase new trams was not a unilateral business decision, but rather a joint decision of the company and the National Park Service.
4. Rental equipment is not a substitute for purchase of additional trams.
5. The concessioner was not obligated to purchase additional equipment.
6. Continued use by the concessioner of federal property is appropriate and in the public interest.

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7. The National Park Service has ample authority to issue a twenty year contract in a situation of this kind and it is appropriate to do so.

We hope this will be helpful to you and that you will give this matter prompt attention as it is of the upmost importance.

Yours truly,


Tom Mack
Vice President
& General Manager

TM/ljd

cc: Mr. Manus J. Fish, Jr.
Director, National Capital Parks

MEMORANDUM

RE: Justification For Issuance Of New Twenty Year Contract To Landmark Services Inc. With Credit Given Of \$1 Million Investment

I. Factual Background

A. Requests for New Fact Sheet and Contract and Need for Bicentennial Investment

Starting in 1972, both the National Park Service and Landmark Services Inc. ("LSI") realized that a substantial increase in equipment would be necessary to service the Bicentennial visitors in 1976 and beyond. This estimate is borne out by visitation figures thus far in the Bicentennial year. Thus far in 1976, attendance and use of Landmark Service facilities is up 50% over the comparable period for last year.

Additional investment could not be required under the existing concession agreement since the specific levels of investment required thereunder had already been honored. Further, the existing concession contract was due to expire in 1977. The short amortization period remaining would not be sufficient to permit Landmark its right to a reasonable opportunity to earn a fair profit as required by law and contract.

Accordingly, as a means of authorizing Landmark to proceed with the capital investment necessary to serve the public, the Park Service and Landmark agreed that LSI should apply for a new contract. This contract renewal was further justified by the fact that although the current contract was entered into in 1967, Landmark did not start operation until 1969, due to delays caused by litigation attacking the Secretary of the Interior's jurisdiction. Thus, the original contract only had an effective life of eight years.

The renewal process was initiated and a fact sheet was published in the Federal Register and mailed to interested parties by the National Park Service in October, 1973. The fact sheet called for an additional \$1,000,000 in investment by the concessioner, reflecting the NPS judgment of what was needed. Assistant Secretary Reed wrote to Secretary of the Army Calloway on March 13, 1974 indicating that the Department of the Interior concurred in the need for this investment and seeking Department of the Army approval for that portion affecting matters under Army jurisdiction. When no other bids were received, a contract was fully negotiated and sent to the Solicitor's office for drafting. Immediately thereafter, based upon the fact that the Solicitor's office was drafting the final contract, and in view of NPS assurances that a contract renewal was imminent, during 1973-1974 Landmark invested,

with NPS knowledge and mutual agreement, approximately \$500,000 in additional equipment.

Unfortunately, the Solicitor's office did not draft the anticipated contract. In late 1974, Landmark was advised by the National Park Service that contract renewal discussions would have to start from scratch. Although Landmark believed the delay to be caused entirely by matters within control of NPS, Landmark agreed to participate in the preparation of a new fact sheet, upon express assurances that the procedure would be expedited, and that its 1973-1974 investment of \$500,000 would be counted toward the investment required under the new contract to justify a long term agreement. These assurances were repeated on many occasions. Director Everhardt's letter of March 3, 1975 gave the following assurance: "We are proceeding expeditiously with the preparation of the new fact sheet, and shall, in the very near future, give public notice of our intention to grant a new contract." In reliance upon these assurances, Landmark acquiesced in the preparation of the new fact sheet rather than contest the procedure as it might have done.

Landmark engaged in discussions over content of the fact sheet and new Federal Register notice with the Park Service in June and July, 1975. In the course of these discussions a new fact sheet was drafted, and Landmark was led to believe

that its publication was imminent and that a contract renewal, in all likelihood, would be forthcoming by the end of the year.

B. Request for Letter of Assurance on New Investments

During the summer of 1975, while discussions over the fact sheet seemed to be proceeding expeditiously and there was every reason to believe the assurances contained in Director Everhardt's letter of March 3, 1975, Landmark and National Capital Parks determined that an even further investment of approximately an additional \$500,000 was still necessary (based upon the current estimate of 1976 visitation) to provide the level of service to the Bicentennial visitor that both the Park Service and Landmark had advised Congress would be accomplished. As with the 1973-1974 investment of \$500,000.00, once again this additional sum could not be justified, or even required, under Landmark's existing contract due to expire in 1977.

By letter dated August 15, 1975, Tom Mack of Landmark wrote Manus J. Fish, Director, National Capital Parks, confirming the additional equipment which was jointly considered necessary to meet visitation levels. In Landmark's role as a concessioner, performing under the direction of the National Park Service, Landmark sought immediate concurrence and/or guidance with these visitation estimates and projected equipment levels in order that it could proceed to order whatever

equipment was deemed necessary in time to insure a meaningful delivery date. The letter also sought, as modest security for such additional investment, an assurance that had been contained in all prior drafts of fact sheets -- namely, that if a successor were to take over Landmark's operations at the expiration of its contract, the successor would purchase the vehicles from Landmark at their depreciated book value. Landmark believed such a request was imminently fair since the vehicles could not be depreciated in the short contract period remaining and since they were particularly suited for a special purpose and for use by a successor. This basic protection, while offered in all drafts of fact sheets, is not presently contained in the Landmark concession agreement and, therefore, it is possible that at the end of the term Landmark would be left with unusable and undepreciated trams.

Having received no response to the August 15, 1975 request for advice, Mr. Mack reiterated his request by letter dated September 8, 1975, also to Mr. Fish. In both letters the urgency of receiving prompt advice and guidance from the Park Service was pointed out in order that there be sufficient lead time to order the equipment, a period of six to nine months being necessary for construction and delivery.

II. Issues Presented

1. Additional Time and Security Provided by a New Contract is Justified in Accordance with Law and Contract.

Landmark Services Inc. undertook the additional investment upon the recommendation and approval of the National Park Service. In addition to the oral assurances, the NPS view of the need for the additional investment was set forth in the fact sheets for the proposed new contracts and the Reed to Calloway letter referred to earlier. The motivation for the investment was to serve the public needs as determined by the Park Service and the company. Had the company chosen to be uncooperative or had it been in the usual position of concessioners in the past of not being able to fund needed improvements, it would have resisted Park Service pressure and forced a new contract before proceeding. This has been the classic pattern for additional investment negotiations in the past.

However, ironically because Landmark is a subsidiary of a financially sound parent company anxious to serve the Park Service and the public, it moved ahead to meet the public needs relying on the assurances of the National Park Service. It is, in fact, being penalized because of this progressiveness.

The additional trams now being purchased have a useful life something in excess of ten years. They cannot be

amortized in anything less than that without sharp increases in costs. To create depreciation schedules which would seek to amortize the vehicles over the remaining life of the contract would bring about a heavy loss. In 1973, at the request of the Park Service, Landmark changed its depreciation schedule from one coinciding with the term of the contract to a ten year schedule. This was done in reliance upon assurances that a new contract would be forthcoming promptly. But if this is not the case, the depreciation schedule will have to be changed back to a realistic one coinciding with the term of the contract for which the vehicles are to be used. As the provision of transportation by trams is virtually the sole business of Landmark, this is clearly a disastrous result not intended by the parties. Nor is it intended by Congress which provided in Section 3(b) of Public Law 89-249 as follows:

The Secretary shall exercise his authority in a manner consistent with a reasonable opportunity for the concessioner to realize a profit on his operation as a whole commensurate with the capital invested and the obligations assumed.

The contract between the National Park Service and Landmark is even more precise on the intent of the parties as to the right for an opportunity for profit:

WHEREAS, the establishment and maintenance of such facilities and service involve a substantial investment of capital and the assump-

tion of the risk of operating loss, and it is therefore proper, in consideration of the obligations assumed hereunder and as an inducement to capital, that the Concessioner be given assurance of security of such investment and of a reasonable opportunity to make a fair profit; and ...

In reliance upon not only assurances but the encouragement by the National Park Service, the company invested in the additional trams with the full expectation that they would be granted a new twenty year contract so that the equipment could be amortized on a businesslike basis. Failure to provide this new contract creates a situation where the company is penalized for assiduous compliance with Park Service wishes.

In all equity, a new twenty year contract should be entered into so that the amortization period and general stability of service can be achieved as was intended.

An essential element of the contract must be recognition of the additional \$1 million which Landmark Services Inc. has invested in order to serve the public adequately for the Bicentennial year and those thereafter. As will be put forth in detail later, this was not a unilateral decision but one taken in cooperation with the Park Service and in reliance upon assurances of a new contract. The new fact sheet should note this investment, credit the current concessioner for it, and require it of any new concessioner.

If an additional contract is not granted, Landmark Services Inc. will be in the position of having litigated the Secretary of the Interior's authority over this service all the way to the Supreme Court, developed and initiated a new service which has gained wide acceptance by the public, served the public for eight years under difficult administrative circumstances, and has only a minimal return to show for it.

2. Granting of the New Contract Prior to Expiration is Usual and Logical Practice.

Public Law 89-249 envisions the granting of new contracts when additional investment is required prior to the termination of an existing contract. Section 5 provides:

The Secretary shall encourage continuity of operation and facilities and services by giving preference in the renewal of contracts or permits and in the negotiation of new contracts or permits to the concessioners who have performed their obligations under prior contracts or permits to the satisfaction of the Secretary. To this end, the Secretary, at any time in his discretion, may extend or renew a contract or permit, or may grant a new contract or permit to the same concessioner upon the termination or surrender before expiration of a prior contract or permit. Before doing so, however, and before granting extensions, renewals or new contracts pursuant to the last sentence of section 4 of this Act, the Secretary shall give public notice of his intention so to do and shall consider and evaluate all proposals received as a result thereof.

Clearly this situation where changed circumstances required a heavy new investment by the concessioner for the

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public necessity close to the termination of his contract is the kind of situation Congress must have envisioned in providing this section.

Further, the procedure of entering into a new contract was agreed upon jointly by National Park Service and Landmark personnel. It was not conceived by Landmark nor initially proposed by its personnel. Had Landmark been contentious or legalistic, it could have refused to expand its service and either litigated or negotiated until a new contract was granted. Rather it relied on the clear authority and logic of an extension of the contract.

3. The Decision to Purchase New Trams was not a Unilateral Business Decision, but rather a Joint Decision of the Company and the National Park Service.

In his letter to Tom Mack of January 27, 1976, setting forth his position on extension and/or renewal of the existing contract, Mr. Philip O. Stewart, Acting Assistant Director, Concession Management, wrote:

If, on the other hand, as you indicate, you desire to purchase certain additional units rather than rely solely on leased equipment, I view this as a business judgment involving you and your company and not a matter in which the Government should necessarily become a participant.

The issue raised by the statement that the decision to purchase additional equipment for Bicentennial service was

a unilateral business decision on the part of the company in which the National Park Service was not involved is a matter of deep concern and raises a basic issue. Traditionally, major improvements or investments by the concessioner, and certainly a \$1 million investment by Landmark falls into that category, have been made jointly by the concessioner and NPS. Indeed, many actions of far less import are carefully scrutinized in detail by NPS.

The fact is that very few concessioner decisions are made on the basis of business judgment alone. The system was not intended to work that way. Nor does it. For example, the hours of operation of the Landmark shuttle could be cut drastically from a business viewpoint and made into a much more profitable operation. The shuttle to RFK Stadium was not undertaken certainly as a business judgment, but as part of a special relationship. It is inequitable, it is submitted, to require unbusinesslike actions on the part of the concessioner when it suits the convenience of the Park Service, but describe other decisions as unilateral business judgments when it does not suit that convenience.

Further, there is specific testimony that this was, in fact, part of the carefully regulated and supervised situation under which the concessioner operates. On June 30, 1975, Manus J. Fish, Director, National Capital Parks, testified

before the Subcommittee on Bicentennial Affairs of the House District of Columbia Committee, as follows:

We work very closely with our partner, the Tourmobiles. We do constantly evaluate the service. We have been working with Tourmobile and have determined that they will get 6 additional vehicles for 1976.

NPS Director Gary Everhardt in his letter to Congressman John Dingell of January 26, 1976, gave his view of the NPS/concessioner approach to additional capital needs:

It has been the policy of LSI and the Director, National Capital Parks, to schedule meetings after the completion of a visitor tourmobile season. In the past, these meetings have been held at National Capital Parks early in the new year to discuss present and future tourmobile operational and equipment needs.

These statements portray a close working relationship which produces joint decisions not unilateral ones. There is a day to day working relationship on literally hundreds of decisions; it is not reasonable to conclude that one of this import would be made unilaterally.

4. Rental Equipment is not a Substitute
For Purchase of Additional Trams.

There is substantial confusion if it is believed that rental buses can substitute for additional Tourmobiles. Although the company is vigorously pursuing the availability

of buses, it is not certain at this time that they will be available in sufficient quantity to meet the anticipated needs. They have always been viewed as a supplement to the purchase of trams and any statement as to the adequacy of preparation for the Bicentennial envisioned purchase of trams as a base with rental buses as a supplement.

Further, it has always been questioned whether rental buses would be available during rush hours. The company might be able to obtain some supplement for its midday needs, but clearly during the rush hours the availability of rental equipment would be limited.

It is also clear that rental equipment is a much less desirable alternative than additional trams designed for the specific purposes of the National Park Service and the company has been proud of the quality of experience offered to the visitor by the specially designed trams. This quality would doubtlessly be reduced by the use of rental buses. NPS's view of rental buses is easily discerned from the basic contract:

It is understood and agreed, however, that substitute equipment, approved by the Secretary, may be used temporarily in initiating the service to be provided hereunder, and that in emergencies, the Concessioner may substitute temporarily for its regular vehicles, other equipment approved by the Secretary, provided, that such emergency periods shall be limited to ten (10) days unless further extended, in writing, by the Secretary.

It is evident, therefore, that the use of other than the specialized vehicles required by the contract is to be made only under temporary or emergency conditions as may be proposed by Landmark. NPS in practice has opposed the use of vehicles not specially designed for the job.

5. The Concessioner was not Obligated to Purchase Additional Equipment.

Some sources, not well informed on concession matters, have argued that regardless of the length of the contract, Landmark Services Inc. had an obligation to provide such services as was demanded by the National Park Service. This is purely contrary to Section 3(b) of Public Law 89-249, cited above, and the Landmark Services Inc. concession contract.

Clearly, LSI was not obligated to enter into a situation which would produce a loss. To be required to make a major new capital investment without hope of profit runs contrary to the law and contract. Such an investment was only entered into in reliance that an opportunity for a profit would exist by means of a long term renewal of the contract.

6. Continued Use by the Concessioner of Federal Property is Appropriate and in the Public Interest.

The determination as to whether National Capital Parks (NCP) should lease certain government facilities to

Landmark is a question of public policy. It has long been Park Service policy to permit its concessioners to offer services to the public at the lowest possible price and in the most efficient manner. Certainly this is a practice encouraged by Public Law 89-249, which places more importance on providing services to the public at reasonable rates than it does on income to the National Park Service (Section 3(d)).

The facilities in question, consisting of an office building on Ohio Drive and a garage and maintenance facility, have been leased to Landmark by means of a 1971 amendment to the Concession Agreement. The Concession Agreement, as amended, provides that Landmark may use these buildings during the term of the agreement at specified rates. These rates were computed by the National Park Service in accordance with an established policy.

As to whether such arrangements, entered into in 1971 and consistent with established NPS procedures, are sound ones is a policy decision for the National Park Service to make. LSI believes that such determination was and continues to be prudent.

Having Landmark's administrative headquarters adjacent to the National Capital Parks headquarters, which in turn is a very short distance from the Mall area, permits Landmark to be in continuous contact with both its operations and NCP.

The proximity to both allows the concessioner the ability to quickly remedy problems either in the field or as may be raised by NCP.

Similarly, the location of LSI vehicles (at the Roads and Trails unit) permits quick and easy access to both Arlington National Cemetery and the Mall with the result that vehicles can be placed into operation, taken out of operation, or serviced on an emergency basis in the shortest time possible.

Additionally, by maintaining all of its operations on government property, Landmark Services Inc. has been able to remain within the exclusive jurisdiction of the Department of the Interior. As was determined by the Supreme Court in Universal Interpretive Shuttle Corporation v. Washington Metropolitan Area Transit Commission, 393 US 186, Landmark's operations, as they are presently constituted, are within the exclusive jurisdiction of the Secretary of the Interior and are not subject to the jurisdiction of local transit authorities or the D.C. government. To remove LSI from government facilities would raise a significant likelihood that since some aspect of the operation is within the jurisdiction of the District of Columbia, either all or a part of the operation would no longer be subject to the exclusive jurisdiction of the Secretary of the Interior. It has always been the position of the Department of the Interior, in both the legal position taken

in the Universal Interpretive Shuttle case and in the legal position taken in pending litigation over the operation of the Robert F. Kennedy Memorial Stadium and the Pentagon North Parking Lot shuttle, that it is necessary for the concessioner to operate outside the regulatory scope of local government in order that it may be totally managed by the Secretary.

Landmark believes that the favorable economic terms which the National Park Service originally agreed to, together with the efficiency of operations that results from its present locations, achieves the NPS's intended purpose of allowing the concessioner to offer its service to the public at the lowest possible cost. In fact, Landmark believes that it offers the best interpretive bargain in Washington, if not in the nation. For \$2.50 (\$3.50 if Arlington National Cemetery is included), the public can have all day, fully narrated transportation around the major federal points of interest with unlimited on and off privileges. Competitors in Washington charge an average of \$8.30 for 2.5 to 4 hours of service and an average of \$13.85 for 6.5 to 7 hours of service.

For the National Park Service to take any action which would significantly increase Landmark's cost of operation would, of necessity, result in increased charges to the public and may result in depriving the Secretary of the Interior of exclusive jurisdiction over Landmark Services Inc.

LSI believes that any concessioner offering similar services in the Washington, D.C. area should be afforded similar treatment as such is in the public interest and is consistent with NPS policy and Public Law 89-249. LSI understands that this policy is being exercised with other concessioners in the Washington area as well as other cities throughout the nation. In any event, it should be noted that Landmark has agreed to a substantial increase in its rental on the assumption that the National Park Service is proceeding with its contract renewal.

7. The National Park Service has Ample Authority to Issue a Twenty Year Contract in a Situation of this kind and It Is Appropriate to Do So.

National Park Service regulations provide that a term of twenty years for a concessions contract will be granted where the concessioner has or agrees to undertake a substantial investment in specialized equipment, the nature of which does not permit their economical removal for use elsewhere. The trams which are the principal capital investment item of Landmark Services Inc. are highly specialized equipment designed particularly for use in sightseeing in Washington, D.C. Engine specifications and other special features are specially designed for this purpose.

Other factors cited in the regulations which apply are:

Where the nature of the service to be authorized requires special or unusual skills, knowledge, experience, or familiarity with the area.

Where a concessioner has a long record of consistently satisfactory performance, particularly where the concessioner has developed a strong organization with a permanent staff.

Where the investment of the concessioner, existing or contemplated, is more than normally large in relation to anticipated annual gross receipts.

Where a satisfactory concessioner has had a history under prior contracts of inadequate earnings, or with financing problems, or where there are other factors deemed significant by the Secretary.

Each of these in different ways applies to LSI. Special skill and knowledge and familiarity with the area is required to serve visitors well. The concessioner has developed a strong organization with a permanent staff. The investment is large. Earnings have been small and the litigation which the company carried out on behalf of the Secretary is certainly a special factor.

To distinguish a twenty year contract from a ten year contract, ten years will be granted, according to NPS regulations, where the investment is not or will not be substantial.

Clearly, the Landmark situation requires substantial investment.

Conclusion

In reliance upon an initial proposal by the National Park Service and repeated assurances that it was the Park Service's intent to grant a new twenty year contract to Landmark Services Inc., Landmark has invested approximately \$1 million in new equipment to meet the public's needs. There is ample authority and precedent to cancel the existing contract and grant a new one. Failure by the National Park Service to carry through this commitment will force Landmark to amortize the new equipment on an extremely short term basis resulting in sharply higher costs to the company which must be passed on the public.

It is respectfully submitted that the interests of the public can best be served by the prompt issuance of a fact sheet and new contract to Landmark Services Inc. on a twenty year basis.

Mr. STEIN. In all candor, I must say that this situation is becoming worse. It is becoming worse because the National Park Service, as all government agencies, is under increasing pressure from special interest groups.

In that situation where a business is seeking an answer, the easy thing to do is to do nothing. That reduces the possibility of criticism.

Senator JOHNSTON. You mean you've been waiting for 3 years to get an answer?

Mr. STEIN. Yes, sir.

Senator JOHNSTON. This is an answer on whether you would be renewed?

Mr. STEIN. This is an answer on whether or not we will be given an extension of our existing contract as allowed by public law, in view of the fact that we've made this commitment of \$1 million.

Senator JOHNSTON. When would the contract come up for renewal?

Mr. STEIN. The contract expires in December, 1977.

Senator JOHNSTON. The law requires what on renewal? When are you to be giving your notice and this sort of thing?

Mr. STEIN. The law is not specific on that but there is ample precedent within the law to authorize the extension of a contract when a capital investment is required, a substantial capital investment in specialized equipment is required prior to the end of a contract.

We anticipated back in 1972 that the bicentennial visitation to the Nation's Capital was going to be significant. In concert, and in conjunction with the National Park Service, we've determined an investment was necessary of approximately \$1 million in order to be able to meet those bicentennial needs. We made this commitment with assurances that we would get a contract extension and I'm sorry to say that to date we have not received one. The Government has not submitted a fact sheet, which is the prerequisite for issuing a new contract, which would enable this contract to be extended.

Senator JOHNSTON. How many times has it been renewed in the past, and when was notice given in the past?

Mr. STEIN. Notice was given for a contract extension back in 1973, and a fact sheet was published, but I believe the Government decided that a minor extension of the service to the Kennedy Center so changed the fact sheet that they would have to issue a new fact sheet. They went ahead and drafted the fact sheet after months of time had elapsed and have never issued that fact sheet. I wish I had the answer why they are still waiting to issue a fact sheet. They've completed their most recent audit of the company, and are still sitting on their hands, I'm sorry to say. We cannot get an answer.

Senator JOHNSTON. It seems to me there ought to be some rules so that you don't have to rely on the goodwill or capriciousness of the Park Service, so you'll know. So, if your contract is in the best interest of the public, you, in effect, are entitled to get it renewed, and if not, the public knows as well.

It seems to me to have no guidelines, no rules at all as to how these contracts get renewed, and that's not very satisfactory.

Mr. STEIN. That's one of the issues, Senator, that we would very much like this committee to focus on because I'm certain that there are other concessioners who have experienced this same problem. There's been no question that we've been a satisfactory concessioner, that we have gone far beyond what we were required to do under the original contract. We have put far more capital in this company than we were required to do, in the reliance that we would get this contract extension on a timely basis.

It seems, and I'm only speculating here because of some of the pressure that has been brought to bear by other committees of the House on the Park Service, they have procrastinated—it's been easier for them to say no than to face up to what the law, at the present time requires.

Senator JOHNSTON. What is the problem with your company?

Mr. STEIN. Pardon me?

Senator JOHNSTON. What is the criticism of your company?

Mr. STEIN. There is no criticism of the company.

Senator JOHNSTON. You referred, a number of times, to the fact that your company has been the target of criticism or testimony.

Mr. STEIN. The criticism mostly revolves around the Yosemite Park and Curry Co. Because it has been under a significant amount of criticism from special interest groups, and I might add the other subcommittees of the committees. The criticism seems to be that, as a general statement, we had ostensibly planned to create, to use their words, a "Walt Disney World" type attraction. It's simply not true. It is a vicious and unsupported statement, but if you read the papers, as we have done, this is what the press picks up.

This kind of criticism has been very, very damaging to the company. I think the record the company has shown in operating the concession at Yosemite National Park would prove that the company has acted in a sensible manner.

Senator JOHNSTON. All of that is subject to the control of the Park Service, isn't it? You can't put in any Walt Disney kind of operation?

Mr. STEIN. Of course not, nor have we advocated any.

Senator JOHNSTON. I mean if you advocated it, it would still have to be approved by the Park Service?

Mr. STEIN. Absolutely. It would have to go through public review and it would have to be approved by the Park Service.

Senator JOHNSTON. When the Park Service invites propositions, how detailed are the propositions?

Mr. STEIN. In the case of Yosemite, the Park Service has been working on a master plan for Yosemite National Park since 1968. There are probably enough papers and documentation generated on that to fill this room. They're still working on a plan. They modified the plan to the extent that they want complete public involvement and they sent out workbooks after holding a series of workshops throughout the State of California and other States.

Senator JOHNSTON. What I'm getting at is this. When bids are invited, it would seem to me that the Park Service ought to have plans that are sufficiently definite so that one proposition couldn't

involve Disney World and another one involve a rustic cabin. You ought to be comparing apples to apples when the two bidders are, in effect, bidding for the right to perform the service. Is that true or not true?

Mr. STEIN. I don't think I'm certain of the framework you're placing the question in. The Park Service is supposed to come up with a list of options for Yosemite National Park after gathering public responses to the workbooks. In no case is there even consideration of any Disney Land type options. The options are primarily status quo, or less.

Senator JOHNSTON. Is this an expansion we're talking about at Yosemite?

Mr. STEIN. I think our critics were talking about expansion. We certainly have never talked about expansion.

Senator JOHNSTON. What I'm getting at is at some point your critics were talking about you opening up a Disney World.

Mr. STEIN. They still are.

Senator JOHNSTON. That's something new that's going to be done? That's not your present operation?

Mr. STEIN. Of course not. Everything that exists—

Senator JOHNSTON. It's a new proposition which involves an expansion, a new service for which you have the preferential right to renew, or to get that service. Is that what we're dealing with?

Mr. STEIN. That's what we're dealing with, only no such services have ever been proposed by our company, and I assure you, Senator, they never will.

Senator JOHNSTON. When the Park Service wants to expand the services, it seems to me if there is to be criticism it ought to be criticism of the Park Service and not the concessioner, because the Park Service ought to have detailed specifications so that the critics can look at the specifications and say on the basis of those specifics that it's Disney World or not, and not leave that much discretion up to the concessioner. Do you follow my point?

Mr. STEIN. Absolutely.

Senator JOHNSTON. Does the Park Service give those kind of specifications?

Mr. STEIN. I believe they do. I don't think it's still in the precise framework that you're talking about. When they want the concessioner to do something, once they finally evolve a plan for Yosemite National Park, I believe, although I've not seen one, it will be quite detailed and very specific.

Senator JOHNSTON. I'm frankly ignorant of the charges and countercharges relative to Yosemite, but it would just seem to me clear that the specifics ought to be very clear, just like when you bid on a building, the two bidders would know precisely what it is that they're to build.

Mr. STEIN. I think that's something that we're hopeful of—that the Park Service will adhere to specifics. However, if there's one general criticism that we have of the master planning process is that it's done in a vacuum. There's no consideration for the competing social needs or the financial impact of this plan. When you ask for

public participation, everyone is going to be for motherhood and apple pie until your committee has to evaluate whether or not it's financially feasible.

Senator JOHNSTON. Let me ask you a couple of quick questions, we're running out of time and it's been my fault. Has your business here in Washington been profitable?

Mr. STEIN. Our business has been profitable to date.

Senator JOHNSTON. Would you call it highly profitable or marginally profitable?

Mr. STEIN. I would call it moderately profitable to date.

Senator JOHNSTON. What would be your return on investment capital, if you can give me a figure?

Mr. STEIN. I believe it is somewhere around 6 percent, over the 9 years of Landmark's existence. This figure, for clarity's sake, treats all investments, expenses, and profits as directly attributable to Landmark.

Senator JOHNSTON. Do you have a profit-and-loss statement, a financial statement that we could look at.

Mr. STEIN. I'd be happy to make one available. I don't have one with me but the Park Service has just completed their most recent audit of the company and I'm sure we would be willing to submit that for your perusal.

[The audit referred to appears in appendix I, p. 140.]

Senator JOHNSTON. Would the same be true in Yosemite?

Mr. STEIN. Absolutely.

Senator JOHNSTON. I mean about 6.5 percent?

Mr. STEIN. No; the return in Yosemite would be greater than that. It was 10.6 percent for the year ended 1975.

Senator JOHNSTON. That's where you have some older facilities?

Mr. STEIN. There are some old facilities there, and there are some facilities that are more recent. Generally, the facilities are older.

Senator JOHNSTON. That 6.5 percent and 10 percent, is that net profit after taxes?

Mr. STEIN. Right; that's correct.

Senator JOHNSTON. One more question. You talk about the possessory interest as being necessary because of the security arrangements you have to make with the bank.

Mr. STEIN. In our case that isn't so. I can understand where a smaller concessioner could not get a loan. In MCA's case, they have sufficient equity capital to provide.

Senator JOHNSTON. Isn't that what your statement said? Didn't you refer to the fact that—

Mr. STEIN. I think if you go on to read the detail portion of the statement, we exclude ourself from that particular requirement. That was a general statement that most concessioners would find it difficult raising money. In the full statement, we're not burdened with the same problem.

Senator JOHNSTON. In order to make possible borrowing by concessioners to build facilities in national parks, decide it on the concept of possessory interest. That's your point, isn't it, that possessory interest is needed in order to serve as security, in effect?

Mr. STEIN. Serve as security from arbitrary or capricious actions by the Federal Government.

Senator JOHNSTON. I think you stated very specifically, and aren't you telling me that you need possessory interest protection to serve as a security interest to borrow the capital?

Mr. STEIN. Yes, sir.

Senator JOHNSTON. To serve that interest, wouldn't it be sufficient to give you the higher book value, or actual value, less depreciation; because the bank is not lending money on the basis of what inflation might do *x* years hence?

Mr. STEIN. Would you rephrase that question please?

Senator JOHNSTON. Granted that a possessory interest is needed so that you can go to the bank and borrow—

Mr. STEIN. Here's where we differ.

Senator JOHNSTON. Is it necessary to protect that bank, with its security interest, to give then, in addition to what the actual value might be or your book value, to give them the inflation factor as well?

Mr. STEIN. I think it is, if I understand your question, but I have to—my statement is misleading in that it does not necessarily apply to us, Senator. I am saying that most concessioners, in order to borrow money, would require a possessory interest in the facility.

I am also saying that insofar as MCA, Inc., is concerned the possessory interest granted us is for a different reason. We do not have to go to a bank.

Senator JOHNSTON. I understand that with MCA.

Mr. STEIN. Would you like me to answer it from MCA's point of view, or from what I believe to be the concern of some of our fellow concessioners?

Senator JOHNSTON. I think the point is very simple from a security standpoint. I think it answers itself. From a security standpoint, if you borrow \$100 from the bank to make a \$100 improvement, and you have, in effect, a \$100 mortgage on that and the bank knows it's going to be protected on its book value or on the actual value, that ought to be sufficient to protect that security interest without giving the additional amount that inflation might bring.

Mr. STEIN. I think I support Mr. Hummel's view. I believe that the concessioner ought to be compensated like anybody else for a going business.

Senator JOHNSTON. Right, but not for security reasons? Not in order to give him the right to borrow money from the bank but for—

Mr. STEIN. In MCA's case, not for security reasons, but MCA, like any other company, has to compete for the various uses of capital. We're competing against, not only other competitors but—

Senator JOHNSTON. I must not be making myself very clear. There are other reasons like fairness, equity, fifth amendment, whatever, to give the inflation factor, but security at the bank to borrow money is not that reason. Is that correct?

Mr. STEIN. For MCA that's correct.

Senator JOHNSTON. And for the other small concessioners as well?

Mr. STEIN. I'm not certain of that. I don't feel qualified to answer for the other concessioners, Senator. I'm not trying to be evasive. I honestly don't know what their situation is. I think there are a number of people in this room that could answer the question more accurately than I could.

Senator JOHNSTON. I'm going to turn it over to Senator Hansen right now, but before I do I would like to find out from the Park Service what this problem is that it takes 3 years to get a renewal. It seems to me that that strikes at the heart of this thing. That there either ought to be regulations that provide for it or something. If it happens to you, it ought to happen to others.

Mr. STEIN. There are regulations, Senator. They're just not following them. They're clear regulations. They are ignoring the law as it presently exists.

Senator HANSEN. The Park Service is?

Mr. STEIN. The Park Service is.

Senator JOHNSTON. We'll find out from them their side. There are usually two sides to these things.

Mr. STEIN. I'm sure they have a side.

Senator JOHNSTON. Senator Hansen.

Senator HANSEN. Thank you, Mr. Chairman. I was just going to observe that I've listened with great interest to your testimony, Mr. Stein, and I think you've contributed to a better understanding, overall, of the problems that you recognize as a concessioner, as a very important one, in support of members of this committee, than we had before your appearance here.

I was interested in the last observation or two that you made in speaking of possessory interest and tenure of contract and security. They may not be in areas where you operate, but they are in other areas. I know, having talked with Yellowstone concessioners and with Grand Teton concessioners, specifically with Mr. Laurance Rockefeller who made quite a postexamination of some of the facilities in Yellowstone some few years ago. I think he certainly needs no one to speak for him but if I can say what I understood him to conclude was this, that it's awfully difficult in those areas which have a very short season—just a summer season—to generate the capital for a private concessioner to generate the capital necessary to provide an acceptable degree of service for the summer visitors and to yield any profit would make that sort of investment one that an investor would choose voluntarily.

Mr. Hummel spoke about there being other compensations if you like doing that sort of thing, that may encourage a person to stay there despite the low rate of return, but when you look at the overall investment picture, what it takes in the way of capital outlay, what it takes in order to meet increasingly difficult standards as far as wages are concerned. We're going to pass another minimum wage law which I'll be voting against as I did the last one. I say that, despite the fact that when I was Governor I recommended increasing the minimum wage.

Mr. STEIN. Senator, if I may make one point while you're on this subject. I think it's important to point out that when the chairman raised his concern about 3 percent of the gross, I don't think it's

fair to compare concessioners who are basically in the food, lodging, and recreation business with nonrelated enterprises. We're not in the supermarket industry. I think if you compare concessioners with other companies in the field of outdoor recreation, you will find that profits are very modest and I don't believe it's fair to compare them with a Safeway food chain.

Senator HANSEN. I know you were addressing that observation to the chairman but I couldn't escape hearing you, and I'm glad I did. I just have to say this, I think you're absolutely right. We've got a whole different environment in which park concessioners operate. We don't want huge shopping centers or recreation complexes. We want to preserve, as best we can, the natural environment and we want to do it in an inobtrusive fashion. We've got to recognize lots of other problems as well, and I think these are difficult things to address.

I just wanted to make this observation because, also here today, Mr. Chairman, are Martin and Gloria Harris from Grand Teton. They operate a facility that is recognized nationwide for the excellence of its accommodations, Signal Mountain Lodge. Mr. Harris and his wife happen to be in the unique position, also, of managing the new Snow King Inn in Jackson, my hometown just outside Grand Teton.

I have talked with the Harrises and have asked them if they have any particular points that they would be interested in having us explore here, and if they do we can either do it in the public forum or through an exchange of letters that I would hope might be included, but it's not often we find someone who has the experience that the Harrises bring here today of having operated in both areas. They know what it is. There is a concensus, I gather, nationally to move facilities out of national parks and to move them into those peripheral areas around where more of the parks would be set aside and restored pretty much to nature.

Referring again to northwestern Wyoming, we've got some real tough problems and I think Laurance Rockefeller—I'm not sure I concluded making the observations I should—but I think it was his feeling that if you're going to maintain the type of facility that the public expects and the Government generally demands, something a little bit different is going to have to be done. He knows this business. He's been in it. The rate of return isn't all that good. He has suggested, among other ideas, that maybe the Government could move in with a subsidy that could be invested in properties and then the concessioner could take over that. I don't know what the answer is but I know these are tough questions as we think about trying to operate or to insure that the concessioners have access to all kinds of revenue, and transportation. Here we are in an energy crisis. We're trying to encourage people to use buses. We've had people come to Yellowstone and they find when they charter a private bus and get to Yellowstone, according to the contract—and I'm not criticizing Yellowstone Park one bit—they have to pay a fee because they're bringing in a public transportation bus into Yellowstone to operate and to compete with their own chartered buses out there.

These are tough issues. I don't know. I'd have to say that, concessions, I think, are much maligned. They do a fantastic job, generally, in providing very wonderful services to the public. The dude ranchers, the people who operate the mountain climbing schools and that sort of thing, even the woodchoppers, the horse concessions, all add to the enjoyment and pleasure the people get from a national park experience.

I have the feeling that Government hasn't been very responsive to these sorts of questions, and while there may be areas where longer seasons make it a more profitable operation, there certainly are some unique areas that deserve the very best we can give them.

I don't think we've done as good a job as I believe we should do. I hope, and I look forward to either exploring some of these issues with those who are here today, if we have time, and if not I'll include questions and answers for insertion in the record.

Senator JOHNSTON. If the Senator would yield, I was not trying to compare outdoor recreation to a restaurant or whatever, for profitability; and I was not trying to say that one or the other is too much or too little. All I'm saying is that, on the basis of the evidence we've heard today, the only figure we have is 5.82 percent net profit after taxes on sales, which is very good and very high.

We also heard, as a general description, that profit, with respect to investment, would be very high; with respect to "sound value" it would be something less.

I think what we need, if we're going to speak of profit, is more accurate figures. The 5.82 percent is the highest in history. Is that a fluke, or does that represent a long-term trend? Can we expect it to be even higher next year? I don't know.

I think when we consider options like how much do we have to pay, in effect, to encourage a man to come into a national park, we ought to know what are his chances of profit and what are his risks.

I think to speak vaguely in terms of marginal operation or low profit on sales, doesn't mean very much until we know what those figures are, and I think we ought to get them.

Senator HANSEN. Mr. Chairman, I didn't mean to imply any criticism at all of the points you were making. I thought they were excellently made. I commend you for having raised the issues and sharply defining, as your questions have done, precisely what some of these problems are. I think you've made, as you always do, an excellent contribution to a better understanding of the overall problem.

I must say, to make a little analogy, everyone says how great it is to be in the oil business. Everyone knows, if they've read the papers, that any oil man is just running over with money. So, it seems a little bit difficult for me to try to explain why it is that they're stacking oil rigs in Wyoming and they're moving them now back to Canada and that sort of thing. If it's so good, I don't know why it is that somebody who likes money doesn't get into that business.

That's somewhat besides the point but sometimes statistics don't tell the full story and I think the proof of the pudding is—I asked a

good friend of mine, Ray Lily, one time what land was worth. I had heard about a land sale near some land we owned, and he said it's worth what you can get for it.

If you have any doubt of that, try it out. Thank you.

Senator JOHNSTON. Thank you very much, Senator Hansen.

Thank you Mr. Stein. Since this matter has been brought up, one of the staff will direct an inquiry to them about Mr. Stein's situation, since I don't see them here on the witness list, and put their answer in the record so we'll have that matter covered.

[The reply was retained in the committee files.]

Mr. STEIN. Thank you, Mr. Chairman.

[The prepared statement of Mr. Stein follows:]

STATEMENT OF JAY S. STEIN

VICE PRESIDENT OF MCA INC.

BEFORE

THE NATIONAL PARKS AND RECREATION SUBCOMMITTEE

OF THE SENATE INTERIOR AND INSULAR AFFAIRS COMMITTEE

WASHINGTON, D. C.

March 10, 1976

Mr. Chairman:

My name is Jay S. Stein. I am president of Yosemite Park and Curry Company and Landmark Services Inc. I am also a vice president of MCA Inc., which owns all the stock of both Yosemite Park and Curry Company and Landmark Services Inc.

I am extremely grateful for the opportunity to appear before you today. I know this Committee is responsible for formulating the policies which govern our national parks on behalf of the people of the United States and that your record in creating and in preserving our national treasures and enhancing the opportunities for public enjoyment has been outstanding.

An important part of the experience of visiting national parks for many people is access to adequate services such as food and overnight accommodations. Almost since the beginning of the national park concept, the Congress determined that the public can best be served by private concessioners carefully regulated by the National Park Service under policies set down by Congress. Over the years a series of policies and precedents were developed. Congress enacted many of these into law as a basic statute covering concessions in Public Law 89-249.

I understand that the principal purpose of this hearing is to review those policies and precedents and the statute itself. This is a particularly important time to hold

such a hearing. There are those who are now questioning the basic private enterprise-government partnership which has successfully provided services to visitors in national parks for over half a century.

Some question the correctness of using the free enterprise system. Some question whether visitors should have any services at all. It is, of course, their right to raise such questions for they concern the property of the people of the United States.

I honestly believe that the critics of the concession system are wrong. With those who argue that there should be no services to visitors in parks, we have an honest difference of opinion. They are dedicated to the view that the parks should be reserved to those who wish to and are able to enjoy parks without any facilities. We think the majority of Americans want basic facilities provided in an environmentally sound manner.

There is reason to believe that the charges of over-commercialization, overcrowding and overuse are greatly exaggerated by those who favor a pure wilderness point of view. In addition, there is some indication that National Park Service visitor counting methods tend to produce higher figures. Despite occasional heavy days which are far from typical, it well may be that that overcrowding is in the minds of a minority of the public rather than in fact. Respected authorities on parks, such as former Director Horace

Albright and photographer Ansel Adams, for example, say that Yosemite Valley is now more beautiful than in any time over their long association with it.

Other critics seem to believe that concessioners are somehow favored with sweetheart contracts. Anyone who has tried to run a business under a concession contract knows that is simply not true -- and it is not true by a long shot.

Still others question whether private enterprise should be allowed in the parks at all. We think most Americans support that proven form of doing things.

However, I am pleased that this Committee is taking up this issue today for it is you and your counterparts in the other body who have exerted the leadership over the years which has brought about our great national park system and the policies and precedents which make it work. It is you who have the knowledge and background to deal with the important and sometime complex issues involved. Others may well question and propose, but you dispose.

Let me add, Mr. Chairman, that I am particularly pleased to respond to your invitation to testify in my capacity as an officer of MCA Inc. MCA has been singled out for a lot of attention in the press and by various critics. I suppose we are an inviting target because we are a large company and because we operate in Yosemite National Park which is loved and used by so many people.

Let me say for the record that MCA is committed to providing services to the public in an environmentally sound way at reasonable prices. We are doing that. To be sure we have made mistakes, but they are minor and they have been corrected. The continued criticism, much of it uninformed and some of it vicious, seems to me comes from those who either want to change our national parks drastically or our business system radically. It is their right, of course, to advocate either, but I do hope they will focus on the real issues and not petty carping at us.

My statement is divided into three sections. The first is a brief summary of what our company does as a concessioner. Second are some general observations on the role of private enterprise in national parks, and finally there are some specific operating problems which the Committee may want to consider.

I. MCA as a Concessioner.

Landmark Services Inc. In 1968, in response to a public invitation for proposals, Landmark Services Inc. and the National Park Service created and developed a unique tram service to help visitors to Washington enjoy the Capitol, the Mall, Arlington National Cemetery, the Jefferson and Lincoln memorials, and other national shrines.

Specially designed buses run continuously along designated routes. Trained narrators offer commentary along the way. Passengers may board and disembark the buses at fifteen designated points along the routes.

At a price which is a fraction of that charged by traditional tour operators, people can spend an entire day seeing the Nation's capital at their own pace with professionally provided tour guidance. This year, Landmark will operate 29 trams with a maximum daily capacity in excess of 20,600. Last year, we served 1,395,000 visitors. In this Bicentennial year we stand ready to serve as many as necessary by supplementing our fleet with rental vehicles.

From comment, public contact and official review, we have every reason to believe that the National Park Service and the public is entirely pleased with the service.

Yosemite Park and Curry Company. In 1973, MCA Inc. purchased virtually all the stock of Yosemite Park and Curry Company (YP&C). YP&C has been the principal concessioner in Yosemite Park since before the turn of the century. It operates overnight accommodations, food services, stores, transportation and a number of other services in the park.

Last year over two million people visited Yosemite and many of them used YP&C facilities. The operations at

Yosemite, because of their location and diversity, are more complicated than those of Landmark. While we have had some difficulties in operation, again the overall reaction of the public with our service and our relations with the National Park Service have been very good.

I might say here that initially we did make errors of judgment in some actions in the park and in some dealings with the National Park Service. However, I am completely convinced that these errors have been corrected and that we now have a good sound operating policy and a good relationship with the National Park Service.

We have made a diligent effort to be good citizens and good environmentalists as well as good providers of services. I would like to submit for the record, at this point, a brief report on our environmental activities which the Yosemite Park and Curry Company has prepared for public distribution.

II. Role of Private Enterprise in National Parks.

We believe that the basic policy position which the Congress has established of encouraging private investment to provide visitor services is a sound one. To be sure, over the years, there have been problems. But we tend to overlook the fact that private business and government in partnership do an extraordinary job of serving the public.

Last year, for example, some 200 million people visited the national parks. A very large percentage of them

were served in some way by over 300 concessioners. Although there were some complaints, basically the system worked and worked well and that is no small achievement.

This, of course, should not be surprising to those of us who believe in the free enterprise system. Its efficiency, when allowed to operate, is not a myth but a well proven reality. And it has proven itself even in the very delicate and special circumstances of a national park environment.

In addition to being consistent with what I believe to be this country's basic philosophy, the concession system has some other very specific and pragmatic values:

...By using private capital rather than investing taxpayers' dollars, hundreds of millions of dollars of government expenditures are avoided, and there is every reason to believe that the investment is accomplished at a lower cost.

...By using private entrepreneurs rather than direct government operations, the thousands of people who work in concession operations are private employees rather than being on the public payroll.

...Concessioners not only pay a franchise fee to government for the privilege of operating, but pay state, local and federal taxes as well.

While on the subject of the advantages of investor owned entities providing services in national parks, let me point out that there is a need for different sizes of busi-

nesses. In some parks where visitation is low or in specialized situations in larger parks, small business does quite well and should be encouraged.

However, in the large parks where over a million visitors a year come during highly compressed time periods, a substantial organization is necessary to serve them well. Traditionally, many of the park concessioners were under-capitalized family companies. They had difficulties borrowing or raising new equity capital because of what bankers thought was their unusual contracts and lack of fee title in real estate. Public Law 89-249 was designed to help solve this problem by its provision for long term contracts and the concept of possessory interest. It helped, but didn't really solve the capital problem.

Larger, more financially stable companies have entered the concessions business in recent years, and I submit that they are qualified to serve the public well. In cases where substantial capital investment or large operating capital is needed, companies with resources at their command may be better able to serve the public in an environmentally sound way than a company which must worry more about cash flow than environmental quality.

This is not to say that the concessioners, large or small, should be completely unregulated operations. Because

the site of the business is a place of very special importance to the American people, the actions of the concessioner must be carefully regulated.

Since entering the concessions business we, as a company, have carefully thought through what should be the relationship between the National Park Service and the concessioners who provide services in the parks. There have been charges that the concessioners have at some times and in some places had too much influence on the National Park Service or that they have not been sufficiently supervised. Of course, the relationship should be cooperative, warm and friendly but those attributes evolve best from a well defined relationship.

We believe that basically the relationship of a concessioner to the National Park Service is that of a contractor to its fellow contracting party. The National Park Service contracts with the concessioner to provide those services to the public which the contract calls for.

The scope and kind of services provided are not determined by the concessioner. The National Park Service, acting under legislative direction and oversight from the Congress, determines these matters. Then it seeks out a contractor, the concessioner, to carry them out.

Obviously, in a close and complicated day to day relationship, there can be questions of operational detail

and interpretation subject to discussion, but the basic decisions on how the national parks should be managed are the prerogative of the people of the United States as represented by the United States Congress.

Further, it is clear that the Congress has directed that once the services to be provided are agreed upon, the manner in which they are to be provided is to be closely supervised as to price, quality and compatibility with the environment.

Because of these important requirements and constraints and the special conditions of operating in a national park, the concepts of possessory interest, the long term contract where justified, and the preferential right of renewal have evolved. They have been enacted into Public Law 89-249. These policies are essential to attract and keep sound businesses to provide essential visitor services in parks.

These concepts have come under attack in recent months from those who either do not understand them or who want to make it virtually impossible for private business to provide services to visitors in national parks. Some who want no facilities in the parks also attack the concession system. This week the House Committee on Government Operations and Small Business Committees published a report which questioned many of the underlying principles of the present concession system law.

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Those concepts contained in Public Law 89-249 are special and to those not familiar with the background history of the national park system, they may indeed appear to be unusual. In fact, as this Committee well knows, they are grounded in the necessity to create a sound business climate to serve the public in an unusual circumstance. Let me say a word about each. Mr. Chairman, I would also like to submit for the Committee's background, at this time, a memorandum pointing out what we believe to be some misleading statements in the report issued this week.

Possessory Interest. The concept of possessory interest evolved from the fact that concessioners could not have title in the buildings which they build on federal land. Bankers, used to dealing in fee simple titles, would not lend money to someone who did not have title or even a leasehold on the land on which he was building.

In order to make possible borrowing by concessioners to build facilities which the National Park Service decided were needed in the public interest, the concept of possessory interest was created. Even where a concessioner has such financial resources that it does not have to mortgage a particular improvement, and MCA is such an example, either such company is operating under a general line of credit from a bank, or in other ways is incurring a true cost for the use of the money tied up in the improvement. In either case, such use of capital must compete against other potential uses, and

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for the needed improvements to be a reality a modicum of security must be offered for the investment. Although the government clearly has the right to remove a concession facility it deems inappropriate, we believe it is a fundamental concept of our system of justice that the individual so deprived be given fair value for the property taken.

It was not, as some have charged, a give-away of public land. Quite to the contrary, it stemmed from the firm conviction land must not be alienated.

Preferential Rights. The preferential right concept really involves two separate ideas.

The first is that a satisfactory concessioner should have the first opportunity to offer additional services which the National Park Service deems the public needs. This is not an absolute monopoly, but an idea which is based on the fact that the public can best be served if there is one sound, well regulated concessioner rather than a series of competing ones. Early in the history of the National Park Service, there were competing concessioners vying for the public's patronage. The first Director of the National Park Service, Stephen Mather, determined that it would be better to have one concessioner who could give better service. This has proven to be true and the preferential right to offer additional services is an important part of this policy.

The second aspect of preferential right, which is also embodied in Public Law 89-249, is the preferential right

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to renewal of contract. This right also stems from the belief that the public is best served if there is continuity and one stable major concessioner who can perform in the special circumstances of a national park environment. By granting a preferential right of contract renewal where service is satisfactory, stability and high performance is encouraged, and the concessioner is given an incentive to concentrate on long term good performance rather than short term gain.

Long Term Contracts. The idea of contracts for a term up to 30 years is another key element of the concessioner-park service relationship enacted into law by Public Law 89-249. It has been criticized as granting too much of a right to concessioners.

In fact, long term contracts are sparingly given by the National Park Service. They are only awarded where very major investments are required and a long term is necessary to amortize the investment.

Because of the difficulty of attracting capital to these rather risky businesses carried out on somebody else's land, a long term contract is necessary to allow concessioners to build the kind of facilities the National Park Service wants to serve the public.

Each of these concepts was a part of a well thought out package which the Congress determined was in the public

interest. They evolved over a number of years and were carefully debated by the Congress before the passage of Public Law 89-249. They are somewhat different from usual government contracting practice and they have to be to accomplish the special goals involved in providing services in national parks. Without these special provisions, there is strong likelihood that concessioners would not be able to attract capital and the result would be unsatisfactory and shoddy service to the public.

There are other possible systems of providing services: direct government operation, government purchase and leaseback for operation, or some form of non-profit entity. I do not believe that any of these will serve the public as well as the present free enterprise system, but that choice is, of course, up to the Congress.

If the Congress does decide that there should be services to the public in the parks, and if the Congress does decide that private enterprise should continue to provide them, I urge that this Committee reaffirm the concepts of possessory interest, long term contract and preferential right of renewal.

III. Specific Issues.

Within the basic Public Law 89-249 concept of encouraging public-private partnership within the parks, there

are some problems. This is not surprising because the provision of services to visitors in an environmentally sound manner at an economically sound price is a delicate undertaking.

What follows will be in some measure critical of the National Park Service. Let me emphasize here, that I and all of my associates hold the men and women of the National Park Service in the highest regard. We have had disagreements on occasion and some of these disagreements have been articulated in rather clear language. However, all of us in Yosemite and in Landmark believe the National Park Service people to be dedicated public servants trying to do a job under often difficult circumstances. We may sometimes question their decision or even their method, but we never question their dedication or their integrity.

Pricing. One of the areas which sometimes creates friction between the National Park Service and the concessioner is the matter of prices. Prices are the heart of a business. In order to pay his employees, pay for goods, and have some profit left, the concessioner must charge a reasonable price.

The National Park Service, on the other hand, is sensitive to its duty to the public and to criticism from the public, and it tends to hold prices down. In this inflationary period, that has sometimes been troublesome.

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Congress has set forth two criteria for prices in Public Law 89-249. Section 3(b) directs the Secretary of the Interior to "exercise his authority in a manner consistent with a reasonable opportunity for the concessioner to realize a profit on his operation as a whole commensurate with the capital invested and the obligations assumed."

In Section 3(c) a comparability standard is set forth. It says that the reasonableness of a concessioner's rates shall be judged primarily by comparison with those for facilities and services of comparable character under similar conditions. Due consideration is directed to be given to such things as length of season, provision for peakloads, average percentage of occupancy, accessibility, availability and costs of labor and materials, type of patronage, and other factors deemed significant by the Secretary.

We are finding that the National Park Service has difficulty administering these comparability and profitability standards. In an era when prices have been rising as much as 12% a year, the administrative machinery passing on price increases has been grinding at a painfully slow pace. Administrative lassitude in a day of double digit inflation can spell disaster for a businessman. If he simply gets no answers or evasive answers to his requests for price increases while his costs escalate monthly, he is in real trouble.

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More importantly, the public will soon be in real trouble, too. No one can legislate or administer an unrealistically low price for very long. Either the service is stopped or corners are cut. There may continue to be six ounces of beef in the jumbo hamburger at the prescribed price, but other services may suffer if there are no funds to pay for them.

Concessioners need a commitment to not only a fair evaluation of their price increase requests, but a prompt one. In this day of fast inflation, justice delayed is indeed justice denied ... and service to the public cut.

An expression of Congressional intent, either in statute or however you think best, that timeliness in responding to price reviews is part of fairness might be useful.

Responsiveness and Certainty. One of the major frustrations a businessman faces in dealing with any government agency is the ability to get an answer in a reasonable time and with reasonable certainty. Because the concession operation is such an intimate day to day relationship between government and business, this is particularly important. Most businesses regulated by the government have periodic reviews or renewals, but concessioners have to interact almost constantly with the government about garbage or groceries or guidelines.

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Many concessioners find that they have difficulty getting a response from their National Park Service partners. Director Everhardt has, in our view quite correctly, said that decisions should be made in the field when at all possible and that as few decisions as possible should be referred to the Regions and Washington. Despite his direction, we are finding a very long chain of command that has to be followed to answer what seems to be some very simple questions.

For example, in our Landmark operation we have been encouraged for some three years to make additional investment in equipment in order to be able to serve increased visitation, particularly that anticipated for the Bicentennial. Because the equipment is specially designed for this tour and because about \$1 million of additional investment was involved, we asked for a new twenty year contract to replace the present one which expires at the end of next year. Without the new contract, the additional investment made no business sense. We received repeated assurances that we could get the new contract.

Because of the lead time needed to build these specially manufactured trams and to get them ready for the summer of 1976, we went ahead and committed the \$1 million. However, now we find great difficulty in getting the new contract we are convinced is fair. We have been negotiating with appro-

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private National Park Service personnel for almost three years and still cannot get an answer. This climate of uncertainty makes it more difficult to serve the public well.

To provide the Committee with further background on this matter, I would like to submit for the record a letter from Mr. Tom Mack to Mr. Philip O. Stewart, Acting Assistant Director, Concessions Management, National Park Service, dated February 26, 1976, together with a memorandum setting forth this renewal problem. In all candor, I must say that this situation is becoming worse. It is becoming worse because the National Park Service, as all government agencies, is under increasing pressure from special interest groups. In that situation where a business is seeking an answer, the easy thing to do is to do nothing. That reduces the possibility of criticism. If absolutely forced to make a decision, the next easiest thing is to say "no." One cannot go very far wrong, so the thinking seems to go, by denying a businessman what he wants in today's climate.

In fact, it is the public who suffers if decisions are not made. Services are not initiated, repairs are not carried out, and generally the employees' enthusiasm to serve is lessened.

I am not sure how one legislates responsiveness and certainty, but we need more of it.

Master Planning. A third area of potential friction between the concessioners and the National Park Service is the

current master planning process which is going on in most of the major parks. We have given a good bit of thought to what should be the appropriate role of concessioners in this undertaking.

There have been charges that some concessioners, including MCA, have been too influential in the earlier planning process. Critics have said that the concessioner received treatment better than and different from that afforded the general public. We do not believe this was the case.

Nonetheless, the National Park Service in response to criticism is using a new process which strongly emphasizes public participation and aggressively seeks it out. The Master Plan for Yosemite is the first to use this approach. We welcomed this process and took the position that we would provide information to the public and to the National Park Service when it was asked for -- both in a completely public manner.

As a first step in the planning process, a series of some sixty workshops were held across the State of California and in other parts of the country. At these workshops, citizens were invited to say what they thought ought to be done with the park. No alternatives were presented by the National Park Service. All suggestions were written down. The suggestions were then compiled into a workbook by a Master Plan Team and formulated as a series of options to be chosen. The workbook, in turn, was mailed out to all who attended the

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workshops and anyone else who asked for it. Some Yosemite Park and Curry Company people went to the workshops, but only to answer questions.

When the National Park Service distributed its workbook with the options, it asked us, as a member of the public, to fill out one. We have done so and we have put a lot of work into the process because we think it is important.

Because of the importance of the Master Plan to the park and to the company, we have made our response public in much the same format at the National Park Service put out the workbook. We have submitted copies of our response to this Committee and I would like to submit an additional copy for the record at this time. We did not put out our response until after the deadline for all responses so we would not be in the position of influencing others.

In summary, our recommendations advocated continuing the present level of services while trying to reduce adverse environmental impact. We summed up the YP&C position this way:

Our approach has been to try to carefully balance the basic mission of the Park in preserving one of the great treasures of the national park system and making it available to its owners, the American people. In reviewing our choices, we believe we have advocated none that increases adverse impact on the Park. We urge no increase in development anywhere of any kind...certainly no convention centers, no tramways, no ski resorts, no amusement parks. In fact, we make many recommendations to reduce impact through better management.

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We hope the master planning process will be useful, but we have several important reservations which we noted as part of our Plan response. First, the Plan is presented to the public in the abstract as if there were no economic realities or other legitimate competing social needs. Planning cannot take place in a vacuum. We might wish it otherwise, but the Park must be planned as a part of the world of people and budgets. Any plan must be within the realm of financial feasibility or it is not a plan but merely an esoteric exercise.

We must be careful to plan our parks for all the people, not only those who have the initiative and resources to participate in the planning process. Many park users and importantly many who do not now use the parks, but who might, are not aware of the planning process. Some who are aware do not have the time or incentive to take part.

The sample of participants and respondents to the workbook may well be weighted towards those who are either highly motivated individually or who belong to organized groups who stimulate their participation. This is not to denigrate that participation, but to caution that the views of the articulate and zealous must not exclude others who care but are not heard at this time.

The workbooks are complex. As the Planning Team has indicated, planning a park and particularly planning a priceless and sensitive resource such as Yosemite is a highly

complicated endeavor. It requires enormous sophistication and background knowledge of problems, some of them going back a full century.

The workbooks do present some background for the participant to use in reaching his choices, but it will take a full range of professional expertise to make a knowledgeable response to the almost 700 choices facing the workbook respondents.

These problems arise through no lack of effort. Rather, they occur because the process is a new major effort to include the public fully. We support this effort as a good idea and a highly useful one. We caution that the shortcomings of the process must be borne in mind as decisions are made.

We believe the National Park Service is right in its position that the workbooks are not ballots to be counted and automatically and mechanically implemented. Rather, the workbooks must be one aspect of the knowledge gathering process on which wise decisions can be made for the future.

The master planning process is obviously important to the future of the concessioner relationship. If it produces unrealistic, uneconomic, and unrepresentative plans, it will be hard for concessioners to serve the public under such constraints.

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I do not recommend that concessioners be given any special role in the planning process, but I do hope there is some way that economic reality and consideration of the broad interest of the public can be assured.

IV. Conclusion

In summary then, Mr. Chairman, I can report to you that on the basis of our experience the system which the Congress has devised for providing visitor services in the national parks under Public Law 89-249 is basically a sound one. It is working and it can continue to work even in an era of high environmental sensitivity and consumer alertness. The current criticism of the concession system, we believe, is unfounded. Private enterprise, carefully regulated by Congressional mandate, can provide park visitors good services at reasonable cost in an environmentally sound manner. We believe that if this partnership is to continue to serve the public well, the basic elements of possessory interest, long term contracts and preferential right of renewal need to be reaffirmed.

Relationships with the National Park Service are basically good. But as in any long term, intimate relationship, there are some points of friction. We invite your attention specifically to problems of pricing, responsiveness and certainty, and master planning.

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The partnership which the Congress has directed between business and the National Park Service, in my view, will continue to work well, but we always welcome the interest, concern, and the good offices of the force that brought us together in the first place -- the Congress of the United States.

Thank you for the opportunity to appear before you.

Senator JOHNSTON. Our next witness is Mr. Charles Savage, president of the Acadia Corp. in Acadia National Park.

We have been so slow with these other witnesses, we're just going to have to ask that you summarize your statement so we can get on to the questions.

STATEMENT OF CHARLES K. SAVAGE, PRESIDENT OF THE ACADIA CORP., ACADIA NATIONAL PARK

Mr. SAVAGE. My name is Charles Savage, chairman of the Acadia Corp., Acadia National Park in Maine.

You have, I think, a copy of my remarks.

Senator JOHNSTON. Yes, sir and the remarks will be entered into the record verbatim and will be read.

Mr. SAVAGE. I will omit the historical matter that I prefaced this with, but I would like to say there that Acadia was the creation of a number of private individuals who were inspired people. Of the three principal ones, President Charles W. Eliot of Harvard and George B. Dorr of Bar Harbor and Mr. John D. Rockefeller, Jr., whose name is familiar to you.

Actually, the park, as it exists, could not be the great park it is without Mr. Rockefeller's participation. He, at least, doubled the size of it and he gave the principal operating facility which has been our privilege to carry on. That is the Jordan Pond House.

I will omit those pages.

As I see the situation at Acadia, there is a distinct and desirable function for proper concession activity. Despite the fact that the park is bordered by a number of small communities, there are certain services which are not immediately available to the visiting public. Also I think it would be most important that at points of large concentrations, such as at the summit of Cadillac Mountain and along the Ocean Drive—Cadillac Mountain, incidently, was named for the explorer, not the motorcar—but those points of great concentration.

Senator JOHNSTON. While we're on that subject. Acadia was named after the Acadians that came down from Nova Scotia?

Mr. SAVAGE. No. It's a, perhaps, artificial name. The territory was once French. It may be of interest to you that land titles, on the island where Acadia is located, originate from a grant from King Louis XIV of France. All land titles from that rather restrictive area go right back to King Louis.

I think the only other instance of that in the United States is in Louisiana, but it was Old French territory.

At points of great concentration, opportunities must be available for people to acquire camera film, post cards, slides and the like, as well as supporting knickknacks, which, while available outside of the park, are often not conveniently available, road and parking congestions being what they are.

I believe that in a great many instances the commonly held view that because of proximity outside, there is no need inside for services is fallacious. A prime example might be that of the Statue of Liberty. What visitor wants to struggle with the maze of New York, where

undoubtedly most things are available, when what he wants is at the statute when he goes to see it.

The same is true at the summit of Cadillac Mountain.

Another peculiar situation at Acadia is that of the Jordan Pond House whose traditional aspect and peculiarities of service inspired its original gift and the character of which it has been a chief aim of both the Park Service and of the Acadia Corp. to preserve.

This situation receives constant and continuing attention on the part of our management.

I would state again that in most ways our relations with the Park Service have been excellent. Of course we have had some differences. Briefly, I'll try to outline two, and in the light of our national picture, these two are very tiny, of course. And I would add that some are probably due more to changing personnel, office changes and the like which occur in most huge organizations such as that of the National Park Service, rather than due to any petty antagonisms.

I come to a contract renewal matter. As things stand right now, the Acadia Corp. has had two 20-year contracts, the last of which terminated December 31, 1972. We initiated renewal request and proposals on May 12, 1970, yet now in 1976, nearly 6 years later than our application, and 3 years after the end of our contract, no renewal has been completed.

Senator JOHNSTON. This would be a second renewal?

Mr. SAVAGE. Third renewal.

Beginning with January 1, 1973, we have been operating with 1-year extensions, seemingly most recently on gentlemen's agreements. Of course we had had several meetings, the differences somewhat adjusted I would like to think.

Accordingly, part of the delay may be as much due to us as to the Service.

Senator JOHNSTON. Let me ask you this, was there any investment involved?

Mr. SAVAGE. That's a factor. We've had investment; yes. Some of its been discontinued but we do have a heavy investment in internal facilities, such as furnishings and all that sort of thing, which is what you might call personal property, I suppose, which would be salable if we should terminate.

Senator JOHNSTON. Are you familiar with that recent House Government Operations and Small Business Committee report? They recommend that no renewal beyond 10 years unless the concessioner is to spend funds for new facilities or make substantial alterations to existing facilities, and then only after public review.

I suppose this being a third renewal would violate that since there would be no new facilities involved, no substantial alterations, and no public review here.

Mr. SAVAGE. I might comment on that. This past year, one of our differences on the contract thing has been that we've been willing to invest in improvements of the Jordan Pond House and we've been criticized by the Health Service because such improvements haven't been done, but the Park Service owns the building. However, at a meeting in Philadelphia 2 years ago, two or three of us were in

attendance and met there with the then regional superintendent, and the regional office for our district, which has now been moved to Boston—so that's been a delay, too, I think.

We said that we are willing to invest funds if that was desired as long as we had a proper contract to compensate us so we can write it off in a reasonable way.

I don't think anything came directly from the meeting that day, although the thought was put out that perhaps the Park Service, itself, could build the kitchen improvements. We said that's fine. I said we cannot operate without our other two stations in the park.

They said, well supposing that we write a new contract for 5 years, keep the other stations there and guarantee those, would you put in some money, even so?

We said, "yes; we'd put in \$5,000 as a general gesture."

The improvements were made this year and I think our investment has run to about \$35,000 rather than \$5,000. I don't know what the Park Service put in, it must have been close to \$100,000.

So, I think it's a rather indecisive and not very satisfactory kind of arrangement but at least we are getting things done. The service is going on, and I have no doubt now that we'll have a 5-year contract. But, that does not provide us with very much to go on in the way of enlisting promising young people to get into our organization.

I think a longer term contract is much better than just a 5-year one if you have some organization to work with.

Senator JOHNSTON. I'm going to ask staff to get the response of the Park Service to your situation as well, and ask also that that reply be put into the record. [See appendix I.]

Senator JOHNSTON. It seems to me that, first of all, we shouldn't have bureaucratic delays that are avoidable just by indecision.

On the other hand, we're getting into a situation here with the third renewal, where there ought to be a policy; either you're entitled to it, or you're not entitled to it, and under certain circumstances, and what should those circumstances be.

I'm impressed that perhaps you ought to have a public review on long term renewals with the opportunity of the public to come in and say why something is or is not a Disney Land or why food is bad, or why the service is good or bad.

It seems to me we ought to always have that, even on a first renewal, or on an expansion of service.

Mr. SAVAGE. I believe that's been the policy in the past. I don't know. I'm only speaking for that little segment up there. I don't know what the policy in other parts is.

Senator JOHNSTON. Of course, I recognize that it's possible for these hearings to get to be something of what Mr. Hummel referred to as special interest, but at the same time, they have a story to tell and frequently they are more concerned with the quality of service and that sort of thing than others might be. It certainly would do no harm.

Mr. SAVAGE. In my report here, an independent opinion was voiced only this last spring. There has been in effect in our area and ad hoc committee composed of citizens around the park who have been working with the present, excellent, superintendent. I think the rela-

tionship has been good. They have been trying to formulate their ideas. We have not been a part of their body. I've never attended one of the meetings, but this last spring at one of their meetings, they did voice the opinion that the present concession activities within the park should be continued, and expressed it voluntarily with no prompting from us. So, I'm rather pleased with that.

Senator JOHNSTON. Senator Hansen.

Senator HANSEN. I have no questions, Mr. Chairman.

Senator JOHNSTON. Mr. Savage, we'll try to get you an answer to this question of why the delay. It seems to me that not only are you entitled to that, but the answer ought to be interesting for this record.

Did you have anything else to add?

Mr. SAVAGE. I'd like to say one or two things here. I would like to say a few words further about the need for concession activities at Acadia. This follows pretty much the thinking of that independent committee, actually.

Senator JOHNSTON. Let me say this, it seems to me pretty obvious that you must have some kind of concessions in some parks.

Mr. SAVAGE. I think not all, but I do think in many.

Senator JOHNSTON. And, there's hardly a way to draw a specific rule on it without looking at the individual parks.

Mr. SAVAGE. That's the point I wish to emphasize.

Senator JOHNSTON. I read in your statement where you said you don't need overnight facilities.

Mr. SAVAGE. I don't consider that we do. I don't think Acadia needs overnight concessions, facilities. I do think it needs the certain things we're now doing. There are one or two other things which I will not elaborate on since you have it.

I very much appreciate the opportunity for these expressions, Mr. Chairman.

Senator JOHNSTON. Thank you very much, Mr. Savage. We appreciate your testimony.

[The prepared statement of Mr. Savage follows:]

STATEMENT OF CHARLES K. SAVAGE, PRESIDENT, THE ACADIA CORP., ACADIA NATIONAL PARK

Mr. Chairman; My name is Charles Savage, Chairman of the Acadia Corporation, an operating concessioner in Acadia National Park in Maine. Acadia is one of the older national parks, and the earliest to be established east of the Mississippi. It is a park of modest size which was formed entirely out of previously-owned private lands, most of which were given by private individuals. In this respect it probably differs markedly from the situation in which most of the larger, great western parks were formed. Acadia has a charming, yet spectacular, combination of mountains, forests, lakes, waterfalls, all combined with a most rugged seashore wherein are both high cliffs and sandy beaches. The summit of Acadia, Cadillac Mountain, (named for the explorer, not the motor car), is the most elevated point on the entire Atlantic seacoast of the United States.

ACADIA NATIONAL PARK was put together very early in this century by interested individuals who were concerned that this nucleus of natural beauty might become despoiled by logging or other inappropriate intrusions. Before the national park was established—indeed prior to the establishment of the National Park Service itself—preservation committees had been formed, started by then President Charles W. Eliot of Harvard. His initial

efforts were supported by others, notably by another Boston man, George B. Dorr, who later became the first superintendent. Their efforts resulted in preservation acts by the Maine legislature, wherein private lands were received as public domain, initial, (and significant) gifts were made, and a major effort was well under way. However, Acadia couldn't have become the great and comprehensive park we have today without the interest, devoted energy and generosity of Mr. John D. Rockefeller, Jr., who outlived President Elliot and Mr. Dorr and their associate by many decades and through whose untiring effort and constant patience was enabled to purchase thousands of additional acres, including several mountains, in effect vastly enlarging the whole. Mr. Rockefeller also, and at his own expense, built some sixty miles of gravel woods roads with beautiful arch bridges to penetrate the solitudes; likewise he built and gave to the Park a fine motor road, a part of which became the famed Ocean Drive. Another gift of his was the Jordan Pond House, a long-favored and long-traditional tea house complex which was operating long before any national park idea was conceived. Mr. Rockefeller once remarked to me that over the years he had given thought to the wisest disposition of these private lands in order to ensure the best chance for their continuing preservation and survival, and had concluded that if Congress would agree to accept the lands the National Park Service was by far the most reliable agency. I feel that this judgment has been highly vindicated. In my youth I had close personal acquaintance with President Elliot, then a man in his eighties, and undoubtedly our foremost American educator; likewise with Mr. Dorr, and later with Mr. Rockefeller. All were inspired men whose acquaintance it was a privilege to have had.

The Acadia Corporation which I represent was organized in 1932, soon after on a national scale the concept of national park concessions was formulated. It was organized wholly for the purpose of carrying on certain services in the Park which it was felt would be better conducted by the specialized attention of a private company. In view of his gift to the Park of Jordan Pond House, Mr. Rockefeller consented to hold a very minor interest, although he was not willing to serve as a director. Subsequent to his death in 1960 his shares were given to a local philanthropic organization. The company is now almost wholly owned in Maine, by local interested individuals, all of whom without exception have demonstrated a protective attitude, and a concern for proper public service. In addition to the Jordan Pond House the company operates Government-owned stations at the summit of Cadillac Mountain and at Thunder Hole on the Ocean Drive. I regard the operation to be thrifty, conservative and traditional. And I would like to add that in most ways our relations with the Park Service have been excellent.

As I see the situation at Acadia there is distinct and desirable function for proper concession activity. Despite the fact that the park is bordered by a number of small communities, there are certain services which are not immediately available for the visiting public. Also I think it to be most important that at points of large concentrations, such as at the summit of Cadillac Mountain and along the Ocean Drive, opportunities must be available for people to acquire camera film, post cards, slides and the like, as well as supporting knick knacks, which while available outside of the park are often not conveniently available, road and parking congestions being what they are. I believe that in a great many instances the commonly held idea that because of proximity outside, there is no need inside for services is fallacious. A prime example probably is that of the Statue of Liberty. What visitor wants to struggle with the maze of New York, (where undoubtedly most things are available), when what he wants is at the Statue when he goes to see it. The same is true at the summit of Cadillac Mountain. Another peculiar situation at Acadia is that of the Jordan Pond House whose traditional aspect and peculiarities of service inspired its original gift and the character of which it has been a chief aim of both the Park Service and of the Acadia Corporation to preserve. This situation receives constant and continuing attention of the part of our management.

I would state again that in most ways our relations with the Park Service have been excellent. Of course we have had some differences. Briefly I will try to outline two. And I would add that some are probably due more to

changing personnel, office changes and the like which occur in most huge organizations such as that of the National Park Service, rather than due to any petty antagonisms.

I come to a contract renewal matter. As things stand right now the Acadia Corporation has had two twenty-year contracts, the last of which terminated December 31, 1972. We initiated renewal request and proposals on May 12, 1970, yet now in 1976, nearly six years later our application and three years after the end of our contract no renewal has been completed. Beginning with January 1, 1973 we have been operating on one year extensions, seemingly most recently pretty much on gentlemen's agreements. Of course we have had several meetings with differences somewhat adjusted I like to think. Accordingly part of the delay may be as much due to us as to the Service. Therefore I have no great quarrel with the situation, feeling as I have that sincerity and confidence have been manifest both on the part of the Service and of ourselves. Yet the situation should not be. It has gone on for far too long. I will refer briefly to certain aspects.

In our discussions with the Service the outcome to the present is the prospect of a renewal, not for a period of twenty years as each of our previous contracts have prescribed, but for a five year term, a bit of which may already have been used up. This is not a good prospect, providing neither for any proper funding for capital outlays or for trying to interest any young career people for our organization. While the reason for a reduced term does not appear to have been formally stated, we infer that it stems from a possibility that in certain quarters within the Service, (such as the Master Planning team), there may become a desire to terminate the concession activities at Cadillac Summit and Thunder Hole. We do not believe that we could operate without these stations and have repeatedly so stated. Furthermore, we believe that their discontinuance would considerably impair the enjoyment which the concentration of visitors at these sites now have. That our view is not the only one has recently been evidenced: only this past spring at one of several meetings of a local committee related to carrying on of understanding relations with the Park Service, the conviction was expressed that these stations should be retained and continued. Neither I nor any of our group attended that meeting, nor had any pre-knowledge of this expression. We were heartened to think it was spontaneously made, since it was an independent expression paralleling our own views. Aside from this outer stations reason, I do not know why there should have been a three-quarter reduction from our previous contracts in Park Service proposals for extension. It certainly does not give us much time to plan, organize, or efficiently to carry on. And it seems to me, Mr. Chairman, that in this matter of park concessions, (and always assuming a satisfactory record), that the phase of *continuity* and or orderliness in the details is of paramount importance from the park visitors' point of view.

I would like to say a few words further about the need for concession activities at Acadia. Acadia National Park is surrounded by a number of small communities. In most of these there are souvenir and supply shops of one kind or another. In general it seems to be a present-day philosophy that proximity become an excuse for elimination. I believe that this is oversimplifying a really complex situation, for the key to the actuality is not a simple matter of a few miles, but of just what situation it is within the Park which indicates a need within as opposed to without. In this general respect each national park must have individual aspects; no rule of thumb can possibly prevail for all.

I see no need at Acadia, now or in the immediate future, for overnight rooming accommodations within the Park. The various nearby villages have them in variety; people who visit the park by car may easily seek them out. However the same is not true with facilities for providing meals or for procuring light snacks and visitor-type merchandise. These kinds of things need to be provided at the points of visitor concentration and the conveniences of the assembled people should take precedence. In general, that is the course which up to now has prevailed. I hope this course will continue to be recognized, for I believe it to be the proper one. Indeed, should any of the present stations for services be discontinued, I consider that any decision for discontinuance would be misguided and wrong. I also think that even with the existing outlets, there are additional points of

concentration which should be served, but which up to now haven't been. I refer specifically to the Sand Beach situation on the Ocean Drive where on sunny days in July and August hundreds of people gather and where they can't even procure film or post cards. We have repeatedly cited this situation, but without the faintest glimmer of any comprehension or of any seeming desire to recognize the needs of all those beach visitors. The Park did install changing booths some years ago; toilets more recently. Yet it seemed to require an accident or two to finally convince the need for a pay telephone. The convenience aspect at the Sand Beach just hasn't yet been properly recognized nor as yet adequately met. For as long as you allow and encourage by parking areas certain major concentration points, as surely do you need to see to it that proper services are in accompaniment.

While I have been referring mostly to Acadia National Park, that being by far my own intimate acquaintance, I would stress anew my belief that no two parks are alike and that only in certain areas can generalized rules well apply. It has often been stated that if services are immediately outside of a park they should not be duplicated within. This may have some validity in theory, but it simply can't be applied over the whole Park System; more often than not it may not work. In general I suspect that certain small parks in the East may have some nearby services more often than the larger parks of the West, but any advantage will be more than offset by increased congestion. Determination still remains the convenience of the visitors. I would urge again close attention to this facet in working out what should be done, and how it should be done. Very frequently it is not what, but how, which is important.

I will close, Mr. Chairman, by repeating again my personal satisfaction in having been associated over the years with a long succession of park superintendents, men who in the main have been dedicated to their tasks. While we have had our differences of views, (and two I have outlined), our agreements have been far more numerous and our many social contracts most pleasing. I appreciate this opportunity for being permitted these expressions.

Senator JOHNSTON. Our next speaker will be Mrs. Kay Riordan, president of Mountain Co. located at Mount Rushmore National Park, who is Senator Abourezk's constituent.

STATEMENT OF KAY RIORDAN, PRESIDENT OF MOUNTAIN COMPANY, INC., MOUNT RUSHMORE NATIONAL MEMORIAL

Mrs. RIORDAN. Thank you, Senator Johnston.

I'm sure our neighbor, Senator Hansen, has visited Mount Rushmore. I trust that if you haven't, Senator Johnston, you will. Just briefly, it's probably one of the smallest areas in the National Park Service with the highest visibility. We're less than 4 square miles, 1,400 acres, with 2 million visitors yearly.

I've been the concessioner there for the past 25 years. There was a concession 5 years previous to my coming to Mount Rushmore, but as I say, I've been minding the store at this location ever since.

The growth at the memorial and the concession has been a very integral part of the development of our whole Black Hills area as well as our State of South Dakota. It's been an amalgamation of the planning and developing by the Park Service, the State of South Dakota, who has built the roads, parking areas; and our free enterprise system, which is the Mountain Co., our corporation, who has played a very important part in it also.

Mount Rushmore is very strategically located in the center of the United States and the center of the North American Continent. It's known in the Park Service as a day-use area. We operate 12 months of the year on a 7 day a week basis.

The Mountain Co. generates 93 percent of its annual volume between the months of May through September, with 87 percent being done during June, July, and August.

In the past year we employed some 166 people with 136 of these being student employees. Our annual payroll is just at one-half million dollars, and the statistics on the Federal taxes is a matter of record. I just want to say that our Business Research Bureau of the University of South Dakota measured travel by out-of-State persons and its impact on our State's economy for the months June through August and reported that from 1972 to 1975, dollar volume increased from \$93.3 million to \$142.8 million.

This report also shows that 80 percent of the travel coming into the State of South Dakota—we have six bordering States, of which Senator Hansen's is one—80 percent of the travel coming into the State of South Dakota is enroute to Mount Rushmore. This was done by checkpoints on the roads leading into the State of South Dakota.

Senator JOHNSTON. Let me ask you this, at Mount Rushmore you have the faces carved in the mountain.

Mrs. RIORDAN. Yes, sir.

Senator JOHNSTON. Is there anything else to do in the park other than to look at that?

Mrs. RIORDAN. It's strictly viewing Mount Rushmore.

Senator JOHNSTON. Is this the only point from which you can view Mount Rushmore?

Mrs. RIORDAN. We have a visitor's center. In fact, the whole little area, there's a view of Mount Rushmore. It's a very colossal monument and it can be viewed as far away as 15 miles, but the closest viewing area is right in this concession and visitor's service area.

Senator JOHNSTON. Your statement will go verbally in the record. I've read your statement. Would you call this a very profitable enterprise?

Mrs. RIORDAN. Yes, sir.

Senator JOHNSTON. Understand my comment today is not meant to be critical of profit, I'm very much for free enterprise. It's an indication of a well-run business. You wouldn't be making a profit if you weren't serving a good product.

You would say it's an excellent business?

Mrs. RIORDAN. I think it's an excellent business because of the hard work that's generated that goes into it, but it is an excellent business.

Senator JOHNSTON. You believe that the Secretary of Interior, a few years ago, would have given that concession to the Indians if it hadn't been for your protection?

Mrs. RIORDAN. I think if it wasn't for the protection of Public Law 89-249, I don't think they would have had much choice. It was due to the unusual circumstances that happened; just the timing was just right for them to take advantage of this contract. I think it was just the timing.

Senator JOHNSTON. This is the right to renew?

Mrs. RIORDAN. That's right.

Senator JOHNSTON. What would you think of having a requirement of having a public hearing every time you renew? In other

words, would have a preferential right of renewal, let's say, but you would have to show that someone else couldn't do the job better. In other words, they would have the burden of proving they could do it better, then they would have a public hearing to provide that.

What would be wrong with that kind of law?

Mrs. RIORDAN. I don't think there's anything wrong with it, but I think the performance of the present concessioner speaks for itself. I don't know why you'd have to have a public review.

For example, I've made a very strong statement here but it can be backed up by National Park records, in 25 years we've run a complaint-free concession.

Senator JOHNSTON. Obviously in your case, you would have been able to get the right to renew because you are doing a good job. I'm sure you are. Senator Abourezk says you are. And, he wouldn't say that, particularly not with the Indians wanting to take over.

Mrs. RIORDAN. Thank you, Senator.

Senator JOHNSTON. But what would be wrong in having that public right to review. Wouldn't that spur the concessioner on to do a good job if he knew at the end of his 20 years, that he'd have that right to renew provided he could show he could do the job as well as anyone else, and that the public is going to be there to look at it?

Mrs. RIORDAN. I think it isn't fair to the concessioner to do it in a public view because a lot of those people would be sitting in in this public view that had not been around for the 25 years that you had been doing a good job.

I think you have pressure groups. I think the preferential right, as defined in Public Law 89-249, is a very very fair law, because how could you take it away from our corporation that has run a complaint-free concession, and yet the timing was so bad—I don't condemn the present Secretary at that time—the timing, historically it seemed like the right thing for the Secretary of the Interior to do, to give this to a minority group.

Senator JOHNSTON. I think that would be very much wrong, but I'm not suggesting that, where a group just comes in and says, Mr. Secretary, we want the concession. I'm suggesting just on a hypothetical basis, that at renewal time someone, in order to get your concession, would have to prove that they are able to do a job that you can't do, and they would bear the burden of proof of that.

Mrs. RIORDAN. Senator, I think the political climate in this country, and the democratic process being what it is, I think this would be a very dangerous situation, and I certainly believe in the democratic process.

I think we just listened to what the Music Corporation of America has been going through and being condemned for propositions that they've never even thought of doing.

When you bring the public in, at a given time, certainly there are lots of people who say, Mrs. Riordan at this mountain company thinks they do a good job, maybe I could do a better job. But, I think that that record for the past 20 years that you've had your contract is what should speak, and that does speak in Public Law 89-249.

Senator JOHNSTON. Sometime if you let the public comment they're very irresponsible, they even criticize us politicians.

Senator HANSEN.

Mr. Chairman, I'm delighted to meet my first concessioner who has operated an operation as long as you have that has been complaint free. I congratulate you. I don't know of another person, and I say this very honestly, that has been able to satisfy the public to that degree.

I was always of the opinion that there was no way on Earth to handle the public and to have everyone leave perfectly happy. I think the public can be the most unreasonable kind of an element to deal with that you can possibly imagine. I've heard all sides. I've heard those who complain about facilities in Yellowstone because they're too costly. I've heard others complain about the lack of what they thought was appropriate upkeep, and I've heard others complain about the cost of the food, and others complain about the fact that there wasn't ice available when they got into their rooms in the afternoon.

You know, there's no limit to what people expect of you and I share your feeling that if a person has done a good job, I believe he ought to be entitled to the first crack at having that contract renewed.

I think Senator Johnston, the chairman, has defined it very well in saying, put the burden of proof on that person who would challenge the present operator in saying, I can operate it better.

You know, even he, even someone who is untested, may be very persuasive in convincing park officials, and no one holds park officials in greater respect and admiration than I do, but it's not all that difficult to make a good case about the great job you're going to do. Promises are pretty cheap, and performance is another thing.

I just think that we need to recognize the fact that a person who has been out there on the firing line, and who has been providing the services will be criticized by some, and not all of the letters are going to go to you, as an operator. The big majority of them are going to go to the Superintendent of the park.

There will be people who complain about the fact that there wasn't ice in their room when they got there or maybe the maid service wasn't too good.

Then there will be others who will be saying it's too costly as it is. We need to have places where we could go to where all accommodations will be provided. They expect to have everything for them there.

I remember when the quake occurred outside Yellowstone. That emptied the park. You can say what you want to, but in 3 days we had the greatest flow of traffic, as I remember, we've ever had through Jackson Hole. The fourth day, only the bears remained in Yellowstone.

That's about the way it is. I just want to do what I can in trying to make certain, first of all, that we keep intact, the mandate that the Congress wrote in establishing the National Park Service and in establishing Yellowstone, to see that we respect and maintain and protect properly those great unusual scenic and scientific areas. That's got to be the first mandate.

Second, I think that we owe a responsibility to the average American to see that he is given a reasonable opportunity to go there and enjoy it. It's all well and good in times of energy emergency problems to say, let's put everybody on buses, but I happen to think that the guy who is able to load his wife and six kids in the station wagon ought not to be denied the chance to go that way, because part of the quality of a park experience has got to be the ability to enjoy some very unusual and esthetically stimulating things with people who mean the most to you. And, you can't load Ma and Pa and all the kids on a bus and have it make periodic stops and have that family enjoy and appreciate, explain and point out, as they'll do, how unique something is, or how it impresses them.

I just don't see any way that we can change drastically in the present state of the art, the transportation, from the way we're operating these parks now. These are important things to me, but overall, to repeat again, the point I perhaps only partially made. Look at all of the criticisms and the few commendations. As politicians, I know the chairman and I are fully aware you may have two or three people who think you did all right and you won't hear from them but you'll surely hear from those who don't approve of the way you're doing things.

I should think that the Superintendent of a park can get a pretty good feel for how an operation is being managed by looking at all the complaints. He's got to try and balance out on the one hand the ones that an operator can't afford and those that suggest that the accommodations be maintained as well as is possible. Somewhere in between, you approach the line of possibility. Somewhere in between, you come to the point that the ability to invest new capital into that operation, to maintain, indeed, first and to improve facilities, has to be an economically feasible operation because we don't have that many Hummels around to do the job. I wish there were, but there aren't that many.

I pay tribute to you, sir. I don't mean to imply any criticism at all; but for the most part, people are going to be in an operation that does offer a return to them and I'm inclined to think that before we change drastically from the way we're doing it, we need to see how adequate the assurances are that can be offered now by Government to encourage people to make the kinds of investment and to provide the services that will be acceptable to the public.

Thank you for your testimony.

Mrs. RIORDAN. Senator Johnston, if I may I'd like to point out one other point. I listened with interest on investment. One thing I think no one brought out and I do think should be brought out is that many of the concessioners, like myself, I'm really a newcomer compared with some of the people, but I have 25 years of my life invested. My nephew has 24 years; he's part of the Mountain Co. There is a little bit to be said for people who spend their entire lives serving the public in these national parks. There's got to be a little interest on investment from that angle also.

Senator JOHNSTON. I think you're very right, Mrs. Riordan, but what we're dealing here is with a franchise where we get a monopolistic right to do business in a park to a concessioner, and we should give him that which he needs to have security for his invest-

ment, to be able to obtain the capital, to have the incentive to invest to serve the public, to make an adequate profit, and beyond that, it seems to me, we need not give extra incentives.

In other words if you've got a chance and a right to make an excellent profit in a business, I don't see that we need go beyond that. That's the question we're dealing with here. It seems to me we need more data to get an adequate answer to this. You've been very helpful to us, and thank you so much for your testimony.

Mrs. RIORDAN. Thank you.

[The prepared statement of Mrs. Riordan follows:]

STATEMENT OF KAY RIORDAN, PRESIDENT, MOUNTAIN CO., INC., MOUNT RUSHMORE NATIONAL MEMORIAL

My name is Kay Riordan. I am the Concessioner at Mount Rushmore and have continuously served the public in this capacity for the past 25 years.

Mount Rushmore National Memorial is undoubtedly the smallest National Park in area (4 square miles, or less than 1400 acres), but with the highest visibility (approximately 2 million visitors annually) of any Park in these United States.

There has been a National Park Concession at Mount Rushmore since 1945, and outside of the first five years of Concession operation, I have been "minding the store" at this location.

The growth at the Memorial and Concession has been a very integral part of the development of the entire Black Hills area. It has been an amalgamation of, first the free enterprise system, which in this instance is the Mountain Company, Inc.; second, the State of South Dakota, which has built the parking area and roads leading to the Memorial; and third, the National Park Service in their planning and development. This has brought this area from a visitation in 1951 of some 300,000 people to our present two million annual visitors.

Mount Rushmore National Memorial is very strategically located in the very center of these United States. You will recall that with the admission of Hawaii and Alaska into Statehood, the center of the U.S. that had been established in Kansas moved to South Dakota, our Bear Butte area, and as the crow would fly from Mount Rushmore, is some 50 miles. The National Coast and Geodetic Survey of the late 1930's established the center of the North American continent just north of Pierre, SD, and again, as the crow would fly, this is some 100 miles from Mount Rushmore; so there has to be some creditability to the belief that in this great country of ours, there was supposed to be a Shrine to Democracy.

The Mount Rushmore Concession is known to the Park Service as a "day-use" area. We operate twelve months of the year on a seven-day a week basis. The Mountain Company generates 93% of its annual volume between the months of May through September, with 87% being done during June, July and August.

This past year we employed some 166 people, with 136 of these being student employees. Our annual total payroll is just under a half million dollars (\$465,704.00).

The Mountain Company in 1975 paid in Federal Taxes some \$181,000 plus, and in State Taxes approximately \$80,000 (\$79,697.00).

The Business Research Bureau of the University of South Dakota measured travel by out-of-state persons and its impact on our State's economy for the months June through August, and reported that from 1972 to 1975, dollar volume increased from \$93.3 million to \$142.8 million. This report also showed that 80% of the travel into the State of South Dakota is enroute to Mount Rushmore. The first concept of a Concession at Mount Rushmore was operated by the sculptor, Gutzon Borglum, who must have felt the need that food and drink be served the public in the early stages of his work on the Mountain. This concept seems very prevalent in the history of all Park developments, and certainly the enjoyment of any Park is enhanced by the service made available by the Park Concessioner.

Our present facility at Mount Rushmore consists of a large dining room that seats 200 people, and a Snack Bar that accommodates 125 visitors. We operate a large gift shop with one portion of it designated the Presidential Gallery. In addition to the sale of film and camera supplies, this area is devoted to items that directly relate to the four Presidents on the Mountain. Our Mount Rushmore Gallery of Indian and Western Arts is a separate room that features hand-made merchandise. The large gift shop at Mount Rushmore carries a wide variety of items, as we feel a commitment to having a memento in good taste in a wide price range for the millions who visit the Memorial. In selecting these items, we relate whenever possible to the great Presidents commemorated on the Mountain. For example, over the years we have been interrogated as to why we offer such a variety of imported crystals and bone china items. Our answer is that in addition to the thousands of guests who consider this their idea of a memento, these items represent a segment of commerce in this country what was the livelihood of Theodore Roosevelt's great family—the importation of fine European china and glassware.

We also handle a fine selection of American-made glassware, which represented the first great industry in this country, and was very important during the George Washington and Thomas Jefferson regimes. In fact, we feel a very strong commission to create as fine a business atmosphere as possible at Mount Rushmore.

As mentioned before, I have been the Concessioner at Mount Rushmore for the past 25 years, and without an extreme effort on the part of the Mountain Company, many hundreds of thousands of visitors would have felt a definite void upon visiting the Shrine to Democracy. This statement can be documented through the records of the National Park Service. With present visitation at approximately two million each year, we have operated a complaint-free concession. In addition, the National Park Service has received hundreds of letters expressing appreciation of our service to the public.

However, without the protection of Public Law 89-249, this Concession could have been put in the hands of totally inexperienced persons.

In 1970, complying with the Manual of Administrative Policies for Historical Areas of the National Park Service System (Appendix F, Sec. 5), the Mountain Company began the renegotiation of its Concession Contract, and on Nov. 5, 1970 (November 6th being the last day required by law for advertising in the Federal Register), the then Secretary of the Interior addressed a minority group who had no previous experience in this field in Aberdeen, South Dakota, and promised them every consideration in their procurement of this contract. Under the unusual circumstances and the political processes being what they are in our democratic system, there is very little the dedicated and career people in the National Park Service could have done about this without Public Law 89-249.

In fact, our corporation, The Mountain Company, Inc., would never have been able to expand the Concession facilities at Mount Rushmore without the protection of this law. In 1971, when we were awarded a new contract, we agreed to expend \$250,000 in ten years, with \$175,000 to be expended within three years to correct a building deficiency that had plagued our present facility since its inception in 1957. In addition, we are committed to a \$10,000 per year maintenance and improvement contingency. No business today can meet these demands without a financial institution supporting them, and no one is going to lend that support without assurance of continuity of operation.

It is logical to assume, gentlemen. Either the Congress continues to support the free enterprise system in our National Parks by insisting that Public Law 89-249 be strictly adhered to, or we Concessioners who fall in that category will fade out of existence.

HICKEL WILL HEAR SIOUX PROPOSAL TO OPERATE RUSHMORE CONCESSIONS

Aberdeen (AP)—Concern about the economic situation of South Dakota's Indian population was voiced here Tuesday at a meeting of a United Sioux Tribes delegation and Secretary of Interior Walter Hickel.

Hickel agreed to meet with representatives of the group on Nov. 5 in Washington, D.C., prior to a Nov. 6 deadline for receiving bids on the con-

cession business at Mount Rushmore National Memorial. And, he said, he would do all he could for the proposal.

The 20-year contract for the concession business is being sought by the United Sioux Tribes as a springboard to other economic improvements for this state's Indians, according to Webster Two Hawk, Rosebud, chairman of the organization.

Two Hawk said a "new breed" of Indians, aware of their heritage, but recognizing the need for economic and social improvements, feels the Rushmore contract not only would help Indians, but would help South Dakota through this economic gain.

He said operating the cafeteria and souvenir shops would directly benefit 43,000 people in South Dakota.

Two Hawk told Hickel the Indians want a "piece of the action in South Dakota's future progress, and are willing to work for it through involvement in the tourist industry and other areas."

Actual operation of the concessions, if awarded to the Indian group, would be under the direction of the United Sioux Tribes Development Corp., a non-profit organization of nine reservations.

The corporation, established to promote social and economic progress of Indians, would distribute profits of the concessions to each of the nine tribes, Two Hawk said.

INTERIOR HEARS INDIAN RUSHMORE CONCESSION PLAN

Washington (AP)—The Interior Department is considering a proposal by the United Sioux Tribes of South Dakota to take over the operation of tourist concessions at famous Mount Rushmore.

Representatives of the tribes met with Interior Secretary Walter J. Hickel last Thursday to present their proposals.

The concessions, which serve over one million visitors a year, are now operated by the Mountain Co., Inc., under a 20-year contract originally scheduled to expire in 1974.

The company whose principal officers are Kay Burgess and Jack Riordan, however, asked to renegotiate and renew its contract through Dec. 31, 1990, now so it could plan the expansion of facilities to meet the growing visitor load.

The Sioux Tribes seized the opportunity to seek the concessions for themselves.

Morris Thompson, an aide to Hickel, said the Sioux delegation was led by Webster Two Hawk, president of the United Sioux.

Thompson said the tribes' proposal is currently being reviewed by the National Park Service and a comparative review of both proposals will take place within the next two or three weeks.

A department spokesman said the question is complicated by the provisions of the Concessions Policy Act of 1965, which requires federal agencies to give preference to established concessionaries whose performance in the past has been satisfactory.

Mount Rushmore visitors are served by a snack bar, cafeteria, souvenir shop and combination book store-arts and crafts shop. The park service's visitor center does not handle concessions.

STATEMENT OF WILLIAMS C. WINKLER, PRESIDENT AND GENERAL MANAGER, MESA VERDE COMPANY, MESA VERDE NATIONAL PARK

Mr. WINKLER. Mr. Chairman, I have prepared an 8 minute statement and with your permission I would like to brief that a little bit.

Senator JOHNSTON. I think you've heard our questions here, you can see the areas we're zeroing in on. I want to let you do as you wish but we will put your whole statement in the record, and we'll read it. So, do as you wish. I'd rather have the time to question you on these areas of interest.

Mr. WINKLER. Thank you.

I'm William C. Winkler, president and general manager of the Mesa Verde Co. which is a Colorado corporation formed in 1937 to furnish proprietary goods and services to visitors to Mesa Verde National Park.

I have approximately 30 years experience in Mesa Verde and Yosemite National Parks. Our company is a closely held Colorado corporation. We have 42 shareholders, 92 percent of those shares are held by members of the Ansel Hall family.

The Mesa Verde Co. is operating on a contract which began on November 1, 1964 and extends to October 31, 1983. By the terms of the contract, we are authorized to provide food, lodging, merchandise, and related services.

Our family operation grossed about \$20,000 in our first year, 1937. We've had some heavy loss years in the beginning. Last year, 1975, we grossed \$1,850,000 in sales, this requiring a staff of 211 persons.

Our original contract had 13 years on it. When that expired we operated on a series of 1, 3, and 5 year contracts. A definitive master plan seemed to be the biggest problem, so we operated for 14 years awaiting a 20 year contract that would permit us to arrange sufficient long-term capital to build a plant for services desired by the National Park Service.

Another problem that existed in those early days was the lack of a clear policy on the position of concessioners in regard to their capital investment in the national parks. That problem was solved by the passing of Public Law 89-249, and progress resulted thereafter.

The plant we use today is the result of a plowback program where the earnings of the company have been reinvested in Mesa Verde. With three minor exceptions, no dividends have been paid in 39 years. Our present contract specified a plant investment of \$1 million in the first 5 years.

By the end of this year, that investment has grown to \$1,816,600. This sum of money is the result of reinvestment of retained earnings and debt capital obtained at high rates.

Senator JOHNSTON. Is that book value investment or is that total investment?

Mr. WINKLER. Yes, sir, book value investment in Mesa Verde.

Senator JOHNSTON. In other words the total investment would be considerably higher than that?

Mr. WINKLER. This is the value prior to depreciation, prior to the recent depreciation.

Senator JOHNSTON. Is that total investment over a period of 30 years, or whatever?

Mr. WINKLER. No, sir. That's the investment since the current contract began in 1964.

Senator JOHNSTON. What would you say the value of that is now? You've got a book value prior to depreciation of \$1,816,000.

What's the sound value of that?

Mr. WINKLER. The sound value we don't have a measurement of because there's no market existing in that area. I think the only guideline I could go on would be that our appraisers for the insurance companies, the people who underwrite our properties, place it somewhere in excess of \$3 million.

Senator JOHNSTON. What would be your book value? Is that pretty well depreciated off your books now?

Mr. WINKLER. No sir, it is not. There's a substantial book value that's about \$1,277,000. I don't have that figure.

Senator JOHNSTON. What is your net profit before taxes?

Mr. WINKLER. Net profit before taxes has varied considerably. We've had loss years and we've had years which have been good. We look at the rate of return—this is on total capital structure over the 39 years, which is 3.32 percent.

This past year was our highest ever. This was at 9.1 percent, based on the total capital structure. It was somewhat less than that based on the sales, about 7 percent.

Senator JOHNSTON. 7 percent net profit after taxes on sales?

Mr. WINKLER. On sales, yes sir.

Senator JOHNSTON. Is this a family corporation?

Mr. WINKLER. It is, sir.

Senator JOHNSTON. Most of your family members work there?

Mr. WINKLER. No; we're enjoying three generations of persons in our company. The first generation retired. The second generation activity is restricted to myself and Mrs. Winkler. Other family members of that generation are directors of the company. There are third generation people working at field locations.

Senator JOHNSTON. There are directors in the company, other family members?

Mr. WINKLER. Yes, sir.

Senator JOHNSTON. Is the compensation very much for serving as a director?

Mr. WINKLER. I believe it's about \$150 a year.

Senator JOHNSTON. Very modest.

This last year was the best year you ever had.

Mr. WINKLER. The best, that's correct.

Senator JOHNSTON. The year previous to that was also pretty good?

Mr. WINKLER. It was 4 percent.

Senator JOHNSTON. The trend seems to be definitely up for concessioners beginning in 1970 and the 5 years beginning 1970 through 1974, profits have steadily climbed. I'm very glad they have, but if you take net income of all concessioners, it's \$3 million, \$4 million, \$5 million and \$6 million, and \$7 million in each of those years. Would the trend be pretty much similar to that in your business?

Mr. WINKLER. Ours has been very erratic.

Senator JOHNSTON. I mean since 1970?

Mr. WINKLER. Since 1970—

Senator JOHNSTON. Do you see any reason that trend should reverse, why we ought to have any bad years? I mean barring some natural calamity like bad weather or earthquake in Yellowstone.

Mr. WINKLER. It seems to be on a definite relationship with park travel, in Mesa Verde National Park. Thus, we experienced drops in 1973 and 1974, with a resulting drop in revenues during those times. I would think that the greatest risk to profitability would be, I suppose, a national disaster. Energy, can certainly be classified as a national disaster. A change in the sources of capital, or funding, could change that. We obtain capital on a variable interest rate.

That, if the market is very high for money, means that we pay a great deal more for money. So, those factors would change it.

Senator JOHNSTON. What would be wrong with a law that provided that at the end of your term of contract, rather than to have an untraditional right to renew, that your right to renew would be premised on the fact that you would have the preferential right to renew provided another person couldn't come in, upon hearing, show that he had an ability to do the job better than you, with him having the burden of proof of showing that?

Mr. WINKLER. We had an extremely difficult time with attracting long-term capital to our particular situation, and without the preferential right of renewal, we would have never obtained that capital. It would have been impossible.

Senator JOHNSTON. Most of your capital was invested when?

Mr. WINKLER. It's been over a period from 1966 to 1973, except for retained earning reinvestment. That's been consistent from the first year, 1937.

Senator JOHNSTON. You didn't have this law on possessory interest until 1965 and that helped you a great deal on getting your capital?

Mr. WINKLER. Yes, sir. It was one of the only ways we could explain to the banking community the rights that we have of investing in fixed assets in which we did not hold title in fee simple.

Senator JOHNSTON. By the way, can you mortgage that possessory interest?

Mr. WINKLER. With the permission of the Department of Interior.

Senator JOHNSTON. They always give that permission, I would assume.

Mr. WINKLER. They have with us. I can only speak from that.

Senator JOHNSTON. You pointed out the difficulties of getting capital but you don't—a bank is going to give you capital for a long-term investment, is going to do so based on a 20-year investment. They're not concerned that much about a right to renew way down the pike, are they?

Mr. WINKLER. They're quite interested to know what happens to their investment in the event that we default, or they would be interested to know what would happen to our right of renewal if the National Park Service would ask for a large increase of obligation by our company in the shorter years, in the remaining years of our investment, after they had already made a substantial loan to us and where they might feel that the request by the Park Service might change the profitability of our company. Then they would become very interested.

Senator JOHNSTON. This wouldn't interfere with the profitability, that's right to renew because the Government would have to give you that value of your possessory interest?

Mr. WINKLER. That is correct but they could require some new operation of us which would change the nature of our operation and reduce our ability to pay our existing indebtedness. They would have concern for that.

Senator JOHNSTON. Thank you very much, Mr. Winkler.

Senator Hansen.

Senator HANSEN. No questions, Mr. Chairman.
 Senator JOHNSTON. Thank you very much indeed.
 [The prepared statement of Mr. Winkler follows:]

STATEMENT OF WILLIAM C. WINKLER, PRESIDENT AND GENERAL MANAGER, MESA VERDE CO., MESA VERDE NATIONAL PARK

Mr. Chairman and members of the committee, my name is William C. Winkler. I am president and general manager of Mesa Verde Company, a Colorado corporation formed in 1937 to furnish proprietary goods and services for visitors to Mesa Verde National Park in Colorado. I've been associated with the national park operations intimately since 1946. My early goals were for an education in park and recreation management and I worked for 6 years as a park ranger in Yosemite and Mesa Verde National Parks. I have worked with Mesa Verde Company on a full-time basis since 1953, serving in most of the major departments. I have been president and general manager since 1969.

The Mesa Verde Company is a closely held Colorado corporation. We have 42 shareholders with 92% of the shares owned by three generations of the Ansel Hall family. Second generation family members are active in the directorate. Mrs. Winkler and myself serve actively in the management. Happily, a few third generation members can be found in jobs at seasonal field locations.

The Mesa Verde Company is operating on a contract which began on November 1, 1964 and extends thru October 31, 1983. By the terms of the contract, we are authorized to provide lodging, food and beverage service, merchandising, automobile service stations and garages, transportation and sightseeing services, and miscellaneous services.

Our "family" operation grossed \$20,000 in sales in 1937. Heavy losses were incurred during World War II. In 1946 travel to the parks resumed and we have progressed irregularly from that time. Sales in 1975 were \$1,850,000 and require a staff of 211 persons.

Our original contract had 13 years. When that expired we operated on a series of one, three and five year contracts. A definitive master plan seemed to be the biggest problem, so we operated for 14 years awaiting a 20 year contract which would permit us to arrange sufficient long term capital to build a plant for services desired by the National Park Service.

Another problem that existed in those early days was the lack of a clear policy on the position of concessioners in regard to their capital investment in the national parks. That problem was resolved by the passing of P.L. 89-249 and progress resulted.

The plant we use today is the result of a "plowback" program where the earnings of the company have been reinvested in Mesa Verde. With three minor exceptions, no dividends have been paid in 39 years. Our present contract specified a plant investment of \$1,000,000 in the first 5 years. By the end of this year that investment has grown to \$1,816,000. This sum of money is the result of reinvestment of retained earnings and debt capital obtained at high rates. The Mesa Verde Company has more than complied with all requirements of the contract.

I would like to say at this point that I'm perfectly happy with the present administration of Mesa Verde National Park and the National Park Service. We have our arguments, but we have the greatest confidence and respect in the ability and integrity and sincerity of these administrators. In Mesa Verde we work together as a team to achieve a common goal, and that goal is to serve the visitor and protect the resource.

I am proud of our identity with Mesa Verde National Park and we consider ourselves to be a resource of the National Park!!! This pride has been developed in part of our national park heritage. Heritage which began with Ansel Hall, whose inspired leadership developed many museums and interpretive facilities found in parks today. Heritage extended by my training and service to conservation organizations, including 6 years with the National Park Service.

We are a resource because:

1. We help extend the "national park ethic" into the community, state and region.

2. We provide interpretive services.

(a) *Our operating philosophy*—Mesa Verde is the only national park devoted to the works of man. It is important to remember that man lived there, not on an 8 to 5 basis, therefore a 24 hour interpretive experience for the park visitor is important. This is done partially in our facilities. We feel that architecture plays an important role in understanding how early man viewed his environment. The dining room can be an interpretive experience and we provide Indian-Hispanic foods in an atmosphere of a mesa top pueblo. These were a farming people and all meals are highlighted by the holy trinity of corn, squash, and beans.

(b) Tour escorts supplement those services provided by the park staff.

(c) We are a resource because we assist the National Park Service in maintaining continuity of public relations in the area. It appears that the National Park Service has an ongoing program of rotation and promotion of its employees. This occurs on a 3 to 4 year basis. It is very helpful to park management to have a "memory bank" for experiences and ideal which are not easily retrieved from the files.

Problems do exist, but they are generally resolved by working with the superintendent. A minor problem exists with the "quinquennial reconsideration" of franchise fees, but I trust that we will resolve this soon.

The major problem that we see is in the area of master planning. We feel that a stable long term master planning process must be established. There have been seven different plans or parts of plans for Mesa Verde in our experience there.

The first mission 66 master plan was a very controversial plan and required the abandonment of buildings and an area which had been heavily used for years. The location was Spruce Tree where park headquarters had existed for years. We were forced to move to a new area 1,000 ft. higher in the park where there was a shorter season. Most of our move to the new location had been completed by 1969 when the "1969 master plan draft" announced that in addition to our Far View Lodge, it would be desirable to return to the Spruce Tree area and establish a lodge with meals and merchandise available!!! Fortunately this expensive change was not consummated.

At the present time the National Park Service is preparing to present to the public an environmental impact statement on a new Mesa Verde master plan that deals with access and circulation. The plan discusses 8 alternatives in regard to access, 5 of them are combinations of automobile-bus systems. 3 deal with aerial trams. 2 of the tram proposals are located in the exact location suggested by a development company (no experience) in an unsolicited presentation made to the Denver Service Center in advance of field work on the plan! It is my understanding that this unknown group has had several other conferences with the Denver center.

No other alternatives are presented, apparently no other transportation companies contacted and the only input from the Department of Transportation was on the condition of the highway.

In conclusion—I would like to reaffirm our faith in the National Park Service. This is evident as demonstrated by 39 years of reinvestment of earnings, with no dividends.

I believe that economic stability should be a strong guide for the planning of National Park Service and concessioner development. Reorganization of the planning center should not be a result of changing directors.

It appears to me that persons outside of this committee and the Department of the Interior desire to share in setting concessions policies and master planning for the national parks. It seems the ability to obstruct policy will is akin to setting policy.

I would urge that PL 89-249 continue to be implemented as the "spirit" as well as the "letter" of law in concession policy.

Senator JOHNSTON. Our next witness is Mr. Garner B. Hanson, president of National Park Concessions, Inc.

Mr. Hanson, what we said about time limitations are more stringent with you since we're getting on toward the luncheon hour. Would you summarize your testimony and we will put the entire statement, verbatim, into the record.

STATEMENT OF GARNER B. HANSON, PRESIDENT OF NATIONAL PARK CONCESSIONS, INC., BIG BEND NATIONAL PARK, ISLE ROYALE NATIONAL PARK, MAMMOTH CAVE NATIONAL PARK AND OLYMPIC NATIONAL PARK

Mr. HANSON. Thank you, Mr. Chairman. I appreciate the opportunity to appear here before your committee.

My name is Garner B. Hanson. I'm the president and general manager of National Park Concessions, Inc., a membership, non-stock, nonprofit distributing corporation incorporated in the State of Delaware, operating in the parks aforementioned, and in addition thereto a section of the Blue Ridge Parkway in North Carolina, and Virginia.

I've been associated with this company for about 30 years. I was born and reared in the Mammoth Cave National Park area and the comments that I have made in my prepared statement, which you have on record, give you some of the background as to the type of services we provide and when we started these services in the various areas in which we do operate.

The National Parks Concessions, Inc. has, over the years developed a fine organization of dedicated employees who believe in the ideals, the aims, and the purposes of the national parks. And, we are proud to be associated with the National Parks Service and the concept of the park idea.

We are concerned about what appears to us are efforts being made in the planning process for the parks which would, in effect, make some parks day use parks, which in our opinion, would not be in the best interest or the desire of the majority of the park visitors.

They need to have the opportunity in the evening to hear the whipporwill's call and the crickets; the catydids; and need to awake in the morning to the quietness of the park area.

We are concerned that the National Park Service is cutting back on services to the visitors rather than expanding to better serve the public. As an example, the schedule for the M.V. Ranger III, the primary transportation service to Isle Royale National Park which heretofore operated on three round trips per week basis has now been cut back to two round trips.

We're concerned at Mammoth Cave, where the tickets on a recent weekend were discontinued to be sold at about 2 o'clock in the afternoon by the National Park Service because of shortage of manpower in having enough guides.

We're concerned that concessioners with years of expertise in their fields of concession fields, are being excluded from the planning process for the future of our national parks and the needs for the facilities and services. In fact, we're doing it on an after-the-fact basis now. We've always been a partnership arrangement.

We're concerned about any effort to diminish the value of possessory interest in and to improvements made by concessioners in our national parks.

We, of the National Park Concessions, Inc. and our entire staffs sincerely believe that a partnership of cooperative efforts between

the National Park Service as a governmental unit, and concessioners of the national parks is vital to insure the best park experience for the visitors in our national park areas.

Senator JOHNSTON. Mr. Hanson, are your parks profitable institutions, and can you give us a percentage as to investment capital that you make?

Mr. HANSON. The 1975 year was not our best year. 1970, I believe was. But as such, in 1975, we've received approximately 3 cents on the dollar on gross volume.

Senator JOHNSTON. That's 3 cents on the dollar on gross sales?

Mr. HANSON. On total sales.

Senator JOHNSTON. That's after taxes?

Mr. HANSON. Our particular company is a tax exempt corporation for Federal income tax purposes. We pay other types of taxes, property taxes and other types of things, but we are exempt.

Senator JOHNSTON. That's 3 cents on the dollar net profit?

Mr. HANSON. Right.

Senator JOHNSTON. How does that compare to investment?

Mr. HANSON. As far as investment, we're talking about approximately a 5 percent return this year, in 1975.

Senator JOHNSTON. That's 5 percent of what?

Mr. HANSON. Of \$3 million.

Senator JOHNSTON. I mean \$3 million represents the dollars invested at that time, or your book value or your sound value?

Mr. HANSON. Net worth.

Senator JOHNSTON. That's about 5 percent on net worth, and, of course, your net worth would be—

Mr. HANSON. Our accumulated profits up to this time.

Senator JOHNSTON. In book value?

Mr. HANSON. Right.

Senator JOHNSTON. Book value of your assets. Do you have anything in there for good will?

Mr. HANSON. No.

Senator JOHNSTON. You've got about \$3 million invested?

Mr. HANSON. Yes, sir.

Senator JOHNSTON. What would be the sound value?

Mr. HANSON. Closer to double that; around \$6 million probably.

Senator JOHNSTON. How long are the contracts that you had in each one of your concessions?

Mr. HANSON. We operated on one master contract with the areas being assigned to and withdrawn from at the discretion of the Secretary on a 20-year basis.

Senator JOHNSTON. What would be wrong with giving you that right to renew provided no one else could prove that they could do a better job than you're able to do?

Mr. HANSON. I think you have to look for continuity in the type of operations that the park visitors receive.

Senator JOHNSTON. That's what I'm saying. Unless they could bear the burden of proving that they could do a better job than you, then you'd get the right to renew. What's wrong with that?

Mr. HANSON. I don't think anything is basically wrong with the concept that they, in fact, can provide a better service than I have. I would say as far as the employees are concerned and the people who have put their lives into it and made it a career, unless they were employed by successor concessioners, they certainly would have a lot to lose.

Senator JOHNSTON. Right, but it would certainly be a spur to them to do a better job if they knew that the quality of the service might have something to do with the renewal on the contract, wouldn't it?

Mr. HANSON. I think that's a basic concept you can't argue with but I think the people who are operating in a national park, concessioners, and most of them such as are people associated with my company, many of them have been there 20 years, 25 and 30 years, and beyond that and as such they are dedicated to that service, and as a consequence the fact that they have the opportunity to work in such an area is an incentive for them to do a good job.

Senator JOHNSTON. By the way, I think most concessioners do an excellent job. I don't mean to imply criticism but we're dealing here with some overall rules and it seems to me that when we're dealing with the public and we want to get for the public the very best service, it seems to me in some respects that might conflict with the present rules.

Mr. HANSON. I can think of no objections to being interviewed at any time, by the Park Service or by anyone to see what we are doing, and would like to do a good job always, and if we don't do it, we'd like to be told and given an opportunity to change it. As such, I think if you break the continuity that you will, the public, will be the loser. It may appear on the surface, in a short term, that the guys that make a good speech and good presentation at the time, could convince someone they'd do better, but the proof is in the pudding.

When you have had good, experienced people who have provided good service, then I think the public would probably be the loser by going through this process.

Senator JOHNSTON. Senator Hansen.

Senator HANSEN. I have no questions, Mr. Chairman.

Senator JOHNSTON. Thank you very much, Mr. Hanson.

[The prepared statement of Mr. Hanson follows:]

STATEMENT OF GARNER B. HANSON, PRESIDENT OF NATIONAL PARK CONCESSIONS, INC., BIG BEND NATIONAL PARK, ISLE ROYALE NATIONAL PARK, MAMMOTH CAVE NATIONAL PARK, AND OLYMPIC NATIONAL PARK

My name is Garner B. Hanson. I am President and General Manager of National Park Concession, Inc., a Membership, non-stock, non-profit distributing Corporation incorporated in the State of Delaware for the purpose of operating facilities and providing of services necessary as desirable to the well being and for the accommodation and convenience of the general public in Parks, Monuments, Reservations and Recreation Centers and areas administered by the Federal Government as well as similar areas administered by States, Territories, Counties, Cities and other public agencies and authorities.

As a Membership, non-stock, non-profit distributing Corporation no profit can inure to the private benefit of any individual, but such profit, if any, as may be derived from the conduct of the operation must be used to continue to pro-

vide for improved services and facilities in the National Park areas in which we operate.

The Corporation was formed and began its operation in 1941 with the headquarters office located at Mammoth Cave National Park in Kentucky. The Company over the years has confined its activities to areas administered by the National Park Service. Presently the Corporation, under a 20 year contract provides concessioner services at Mammoth Cave National Park, Kentucky; Isle Royale National Park, Michigan; Olympic National Park, Washington; Big Bend National Park, Texas; and portions of the Blue Ridge Parkway in Virginia and North Carolina.

The area, which now constitutes the Mammoth Cave National Park, was private property including the Mammoth Cave Hotel operations. Through efforts of private Kentucky citizens working within a citizen group named the Mammoth Cave National Park Association private cash donations and subscriptions were raised, supplemented by appropriated funds from the General Treasury of the Commonwealth of Kentucky, to acquire certain lands and properties to be donated to the United States Government for the purpose of establishing a National Park. In addition to the Mammoth Cave National Park Association, formed in 1924, the Commonwealth of Kentucky in 1928 created the Mammoth Cave National Park Commission—working jointly to secure establishment of Mammoth Cave as a National Park. The two groups formed a joint operating committee to operate the caves and hotel prior to donating the property to the Federal Government.

In contemplation of the acceptance by the Federal Government of title to the cave and hotel properties at Mammoth Cave, concern was expressed regarding the continued operation of the facilities uninterrupted for the visitors. The Joint Operating Committee (the Mammoth Cave National Park Commission and the Mammoth Cave National Park Association) urged the Federal Government to give consideration to those persons who had been managing the properties for the Joint Operating Committee.

On June 20, 1941 the Secretary of the Interior accepted title to the land on which the cave entrances and hotel of Mammoth Cave National Park was located. Hence in short, National Park Concessions, Inc. was organized on June 21, 1941 and was issued a permit to continue the operation at Mammoth Cave. On April 1, 1942 the National Park Service issued a 20 year contract to National Park Concessions, Inc. which stated in part:

"Facilities and services authorized: The Operator is hereby authorized and empowered under such a tariff or schedule of charges as is provided in Section 12 hereof: (a) To establish, maintain, and operate transportation service, hotels, lodges, cabins, coffee shops, gasoline filling stations, and such other facilities as are deemed necessary, in the judgment of the Secretary, for the accommodation of the public in such area or areas under the administration of the National Park Service, Department of the Interior, as shall be designated by the Secretary.

"Nothing in this contract, however, shall be construed to prevent the Secretary, in his discretion, from restricting or eliminating any of the facilities or accommodations specifically authorized to be established, maintained, and operated under the terms of this contract, nor from permitting the production, exhibition and sale of their handicraft by native Indians and native mountain people, under the supervision of the National Park Service as a part of its educational program for the entertainment of visitors to the areas."

In 1942, after two invitations for bids to provide Concessioner Services on the Blue Ridge Parkway in Virginia and North Carolina failed, the Secretary of the Interior approved the recommendation of the Director of the National Park Service, under the date of June 8, 1942, to call upon the National Park Concessions, Inc. to assume such operations as part of their responsibility. National Park Concessions, Inc. agreed to assist the National Park Service by inaugurating services to the public on the Blue Ridge. The operating season for the Blue Ridge Parkway operations is May 1, through October 31st.

In 1943, after accepting the Island of Isle Royale, located in the middle of Lake Superior as a National Park and the operator of the resorts on the Island desiring to be relieved of his responsibility, National Park Concessions, Inc. accepted the request of the National Park Service for the Corporation to take on the job of operating the concessioner services at Isle Royale. Isle Royale is

only accessible by boat or small seaplane service. The operating season each year runs from about the third week in June through Labor Day—or a season of approximately 75 days.

In 1944, anticipating the acceptance of the title to the Rosemary Inn property in Olympic National Park and the need for continued service to the public at this area, the National Park Service requested National Park Concessions, Inc. to assume the responsibility for the continued operations at Olympic. The Corporation accepted the challenge and has continued to operate with a summer season at the Lake Crescent area and the Hurricane Ridge area for the period of June 1, through Labor Day. A week-end and holiday ski season during winter months—December to April is in effect at Hurricane Ridge Lodge.

In March of 1944, anticipating the formal establishment of Big Bend National Park in Texas, the National Park Service requested National Park Concessions, Inc. to undertake the operation of concessioner services. The Park is located in the lower part of Texas approximately 100 miles south of the nearest town. The Park has a climate suitable to operate on a year round basis.

These five areas constitute the present areas in which we operate. We have always responded to the request of the National Park Service to assist on short notice and in peculiar pressing situations.

These included (a) taking over the concessioner operation at Lassen Volcanic National Park in California on a temporary basis during the war years when the concessioner was engaged in Military service, (b) on 48 hour notice, moved into Alaska in the middle of the peak summer season of 1954 to assume the responsibility of operating the concessioner services at Mt. McKinley National Park, (c) accepted the responsibility to provide concessioner services on a temporary basis at Everglades National Park in 1950 until the National Park Service could secure a development plan and concessioner with adequate funds to provide for an extensive installation at that Park, (e) and at the Vanderbilt Mansion and Roosevelt Homes Historic sites; and (f) in Death Valley National Monument the Corporation assisted the Service on short notice by assuming the responsibility of continuing uninterrupted concessioner services at Scotty's Castle, at the time this "in holding" was acquired until a plan could be developed and the regular concessioner prospectus could be issued seeking a full time concessions operator.

National Park Concessions, Inc. has over the years developed a fine organization of dedicated employees who believe in the ideals, aims, and purposes of our National Parks.

We are concerned by what appears to us are efforts being made in the planning process for the parks which would in effect make some parks 'Day Use' parks, which in our opinion would not be in the best interest or the desire of the majority of our park visitors.

We are concerned that the National Park Service is cutting back on services to the visitor rather than expanding to better serve the public as an example, the schedule for the M.V. Ranger 111, the primary transportation service to Isle Royale National Park, has been reduced from three round trips per week, to two round trips per week. Reasons given, lack of funding! The number of cave tours offered are being reduced from time to time at Mammoth Cave—on a recent week-end in our off season, the Service stopped selling tickets at 2:00 P.M. on a Saturday afternoon due to being sold out. Reason given, not enough guides,—not enough funding!

We are concerned that Concessioners with years of expertise in their field of Concessioners are being excluded from the planning process, except on an after the fact basis.

We are concerned with any effort to diminish the value of 'possessory interest' in and to improvements made by Concessioners in National Parks.

We sincerely believe that a partnership of cooperative efforts between the National Park Service as a government unit and Concessioners in National Parks is vital to insure the best park experience for the visitors to our National areas.

Senator JOHNSTON. Our next witness is Mr. E. R. Dumke, Bullfrog Marina and Resort. Glad to have you, Mr. Dumke.

Mr. DUMKE. Thank you very much.

Senator JOHNSTON. Your full statement will go into the record.

STATEMENT OF E. R. DUMKE, SECRETARY-TREASURER OF BULLFROG MARINA AND RESORT, INC., GLEN CANYON RECREATION AREA

Mr. DUMKE. Anticipating several of the questions you zeroed in on, if I could merely give you just the slightest background as to how our operation differs, and that may cast a slightly different light on the situation we're discussing there and then, of course, we can review the record and ask me any other questions and I'll certainly be glad to answer them.

Let me first of all say that my name is Zeke Dumke. I'm Secretary and Treasurer of Bullfrog Marina and we are the concessioners at Bullfrog Basin in Glen Canyon. Lake Powell is 180 miles long and we're located in the center of that lake.

Our operation was started by a group of businessmen and miners that were anxious to open this particular part of the area. We're longtime residents and boosters of the State, and we thought that the general public should have an opportunity to enjoy this beautiful area.

Senator JOHNSTON. I wonder if you'd get down to your points down here and the criticisms.

Mr. DUMKE. All right, sir. I think that perhaps the point I would like to make is that in the State of Utah we now have five national parks but we do see a trend. I think that when these parks came along that somehow or other the people in the area felt that because there was a park, that there would be enjoyment of the park, and there is no enjoyment of the park unless you have, first of all, access roads, facilities when you get there, and people to manage these facilities—if the people are to enjoy these parks.

We have seen, instead, perhaps a combination of environmental pressures, and perhaps shortage of money that we have had very little development in the parks. To the point, for instance, with Lake Powell, while we differ from others in being a recreation area rather than a national park, in the Utah area we had no roads, no buildings, no facilities when we went in and we've had to develop these. But, it all takes money.

With the lack of money, although we have 90 percent of the lake in the State of Utah, we only service 13 percent of the people. The balance of them, of course, are in Arizona where there are facilities and there are access roads.

The point that I would be trying to make is that I think that there's a basic decision to be made as to the future of the parks. Are they going to be held primarily for the protection of the land or are they going to be developed for use by an increasing population.

If a new park is to be used for this population, it will require facilities, and facilities, in turn, will either have to be governmental or private sector. To this date it's been private sector. I strongly believe that private sector is the best way to operate these, primarily because you do have a continuation of personnel that work in an area.

Senator JOHNSTON. Let me interject. I agree that we ought to have private sector concessioners. To me that's very clear. At the same time, I think we need to have some guarantees that their performance is in the best interest of the public and not just let them get the contract and have it theirs forever after, subject only to being thrown out if they're clearly violating the contract. I think there ought to be some competitiveness, you might say, at the end of the contract term.

Mr. DUMKE. Yes, sir. I think that I would point out, in our particular case, I think there's been a tendency to think of the change-over of personnel—if as you've mentioned they're not doing a good job, then how do we replace them? We bring somebody else and bid on it.

As you've mentioned, we would let those people bear the burden that they could do a better job.

I would say that, particularly in our area, that we are selling more of a service and services are only as good as the people who go into those services.

Anybody that comes in will obviously say, I can do it better than the person that's there. But, that's only based on his team of people that are willing to go—and I'm speaking here, primarily, of newer developed parks—primarily those people that are willing to go into a wilderness situation and live away from television and main street, and the schools and all the other things that are involved.

Most companies can't honestly say whether they can or can't do that job.

The second point I'd make is that if additional facilities are to be developed, then by the nature of these developments—normally in the first years—these will be losers.

We can very often look at the fact that perhaps we are making a great return. Let me clear that particular issue.

In our operation, and this would go back and speak to possessory interest, the planning was hazy in our area. Every marina operation must have a home, except with the increase of 400 feet vertical elevation of the lake, we did not have one.

In our particular area, as the waters came up, we were over here and there and a half mile over here, and so on, trying to find the place that we could eventually operate.

This type of situation required a changing of utility lines and parking areas and so on and so forth, and the difficulty the Park Service has in budgeting that type of situation. They never have the money at the right time.

So, that type of situation, although a concessioner should not be required, in our contract, to make investments that don't have some opportunity to make a profit, or an overall profit. We were forced, again and again to make investments without any chance of making a profit.

Senator JOHNSTON. In other words, you were doing what the National Park Service should have done?

Mr. DUMKE. Yes, sir.

Senator JOHNSTON. But they didn't have the money?

Mr. DUMKE. Yes, sir. We had the choice of either doing that or closing our doors, which would be even a greater loss.

In our first 6 years of operation, we lost approximately one-half million dollars. That was approximately three times our original invested capital.

At any time along the way, we flipped a coin every year to see whether it would be cheaper to close the doors or to try again.

Senator JOHNSTON. Why did you lose? Was it just growing pains, or not enough people came through, or what?

Mr. DUMKE. In our case, we were looking at the fact that we knew we would have difficulties in the early years because we had no roads, no buildings in which to operate. We knew that along with—let's say we were to increase 10 units of any type that this would not only require the financial investment for those units, but it would require housing for the personnel, schools for the personnel, trucks to bring in groceries and services, and all of this type of thing.

In other words, we had the full responsibility because of our isolation, being 180 miles from the nearest town where we could really buy anything.

Senator JOHNSTON. In other words, you went in as a new concessioner without an established market and knew you were going to have to build that from scratch. Your situation would be different from an established park or an established concessioner?

Mr. DUMKE. Yes sir, that's true.

Senator JOHNSTON. Now your profit picture's better since you've built it up through the years?

Mr. DUMKE. Yes, sir, we're in our 10th year but this has been our best year. We're making about 2.7 percent return.

Senator JOHNSTON. On invested capital?

Mr. DUMKE. Yes, sir.

We would hope that the next 10 years, if we can get up to the 11 or 12, overall it would have been a bad investment because we're going to have to average out for the losses and for this type of situation.

I think one of the dangers we're talking about here, we keep talking about possessory interest. Is it necessary to pay, perhaps, a margin over and above what it is at the books?

I think it sometimes leaves the impression that possessory interest is required on all of the buildings, or all of the improvements in the area, which is not necessarily true.

For instance, in our area where we had to do possessory land improvements, which should be subject to possessory interest if they're under water, and the Park Service says, we don't need those. Then there's a question as to whether there's any value there.

In the event that we did not have some sort of—when you get to Lake Powell, the only way you're going to see the beauties of the area is to be able to get out on the water. We have 100 boats, approximately 50 of which are houseboats. It is to our advantage to have them because the people that live beyond the area where they can pull their boats in, this is the best way they can come and see the lake without having all their camping equipment and boats.

However, let's say at the end of the period we were to bring this thing up to bid and we talk about possessory interest. Let's say that a new person said, well, those houseboats are older. We don't need those. We would have, perhaps, a half million dollars in houseboats. Really, these require a big lake. This could be a complete loss and wipe out to the concessioner.

We have, for instance, improvements on land which I've already mentioned, that could be a wipe out.

Under the planning process, we have gone through three master plans in 10 years and in the course of five Superintendents, I believe it is. Each one has a different personality. One wants flat roofs and one wants peaked roofs, and one wants the building here, and one doesn't want it here but over here.

Let's say at a particular time when a particular Superintendent says, for instance, we have a service station on the way to our boat ramp. This is where the people need the gas and where they need to repair.

Somebody else comes in and says, you're 60 miles from the nearest gas station. So, we won't need this service station here, we can put it a mile over there behind that hill. So, as we draw up this new contract, let's not count this as something that the new person has to buy if we were not to be the new concessioner, but we'll just phase this out on book value. It creates a real disadvantage for us in our bargaining situation.

In other words, at this point we have gone out on a limb to our banks and we have said, things are tough now but we have good experience as businessmen in the past. Again, I'm speaking for a number of small concessioners, new developments.

We have possessory interest to back us up and as we pay our items down, we will have a margin in here that will help pay our obligations to the bank. I think that type of thing is absolutely essential if we are to have responsible people come in. We, at the same time, do need a continuation of good management, of people that know the area, that have the dedication, and this is in the way of mechanics and people that live in the area. These are very, very difficult people to get. After 10 years, we're just now really getting in a team of people that can do this.

I have just a couple of other fast points.

Senator JOHNSTON. I tell you, I'm going to have to go. I've got a 1:30 meeting and I've got to get lunch in the next 10 minutes. Maybe just 1 minute.

Mr. DUMKE. We talked about reducing the value of items we have interest in. Please remember that when we're assessed by the tax authorities in our areas, they tax on the full market value. I think that would be a discrepancy.

I would say that if we got to an area where we were only paying at the lower book value, we come up to, not only boats, but older marinas—these are all things that could be eliminated if we got into public hearings where we only looked at the facts, perhaps we may be making, let's say, 9 or 10 percent at that time, without the history of what goes into that type of situation.

Finally, I feel that to clarify the thinking in the Park Service, it is important that if the private sector is to continue to operate and being encouraged to come into these areas, that we affirm Public Law 89-249 for the benefit of the Park Service in the field that we have to deal with, that we reaffirm the fact that these operations can best be operated by people who continue to be there in the private sector, and that, in turn, must require profit, or they cannot continue to operate.

I think I can pretty well skip the rest of the points.

Senator JOHNSTON. Your full statement will go in the record. I want to emphasize that. We just don't stick them in there and not look at them. We will read them fully.

Mr. DUMKE. Yes, sir, I think that where a captain can operate best with one ship, that having good people in the Park Service with management judgment to look at our operations and how we perform, over having people who come in—in our area we have people that are coming in that are primarily against the fact that we are there at all, or that the dam is there, or the roads that go to our operations are there.

I think that public scrutiny, as you pointed out, has some great problems that I would be very hesitant about.

Senator JOHNSTON. Mr. Dumke I thank you very much. I want to also thank the other witnesses before I call on Senator Hansen for questions. This has been a most helpful hearing.

Senator Hansen.

Senator HANSEN. I have no questions, Mr. Chairman. Mr. Chairman if it would be all right with you, if you'd trust me with the responsibility of the chairmanship on a temporary basis, I would like to ask some of the concessioners present here some questions.

Thank you Mr. Dumke.

[The prepared statement of Mr. Dumke follows:]

STATEMENT OF E. R. DUMKE, SECRETARY-TREASURER OF BULLFROG MARINA AND RESORT, INC., GLEN CANYON RECREATION AREA

My name is Zeke Dumke. I am Secretary-Treasurer of Bullfrog Marina, The National Park Concessioner at Bullfrog Basin in The Glen Canyon National Recreation Area. Bullfrog is near the center of Lake Powell which stretches for 180 miles beyond the Glen Canyon Dam. I appreciate the opportunity of being able to make a statement on our situation and the interest of your group in keeping current on the problems within the Park.

Our Company received its concession contract from the National Park Service in 1965. The stockholders for the most part were local mining and business men, all sharing the desire to develop a good marine based Utah operation and open this spectacular area to the public. In the beginning, there were no roads into the area, no buildings in which to carry on our operation, and in fact almost no lake, since the dam was just beginning to fill. During these first ten years we have developed a fine floating marina and store operation with slips, buoys, and almost 100 rental boats, 46 of which are houseboats. We also have a good marine shop, service station, restaurant, accommodations in mobile homes, and a one-room school house with grades from 1 to 7. For two years we have been going through The Environment Impact Study after which we plan to build a motel and shopping area for this isolated area. We must truck in most of our supplies through Salt Lake City, 300 miles to the north. The nearest town of any size and with a high school for our employees' children is over 100 miles away.

In 1975, our yearly visitations had increased 18% to 73,000 people which is only 6% of the 1,100,000 visitations to Glen Canyon. Because of poor roads, primitive conditions, or lack of Government funds for development, Utah receives only 13% of the visitations, although 90% of the lake is within its boundaries. Tourism is a major industry for Utah, but the development of our 5 national parks has been disappointing. Parks without roads, facilities, and competent management to run those facilities can hardly be expected to do much of a job in servicing the public. Because of the lack of funding and environmental pressures, Utah has seen very little development of parks for the people, but a great deal of the area is assigned to wilderness status even before adequate future plans were made to serve the people. The lack of development of the Utah Parks seems to be part of a national trend. The situation in the parks today as I see it is as follows:

(1) There is great confusion on the mission of the Park Service and the use of the parks. Should there be planning for additional facilities to service an increasing population or not?

(2) Are parks primarily for preservation by the land and wilderness areas, or will there also be further development in certain areas to serve the people?

(3) Will the facilities be run by the Government or by the concessioners in representing the private sector. Are the existing concessioners doing an acceptable or unacceptable job?

To answer these questions, it is important that the Congress decide whether further development should be allowed within the parks to serve an increasing population and state that policy for the benefit of the National Park Service.

Park Service planning at present suffers not only from the forementioned problems, but also from lack of funds. Often a concessioner is willing to proceed on an approved project, having arranged its own financing but then can't proceed because Park Service may not have its share of funds for the same project. Increased funds should be made available for the Government's part of approved projects. Good planning is often clouded by a lack of common priorities between the Park Service and concessioners. A good working relationship is the key to this problem.

I honestly believe the Park Service concessioners are generally doing a good job in servicing the public under difficult conditions. Here, good management and employees are a necessity. I do not feel the Government could operate as effectively and with the dedication in our own area as we do. Our marina people, mechanics, etc., would not like to work for the Government and yet they are essential to a successful operation. If the Government is always short of funds to even carry out their obligations, how could they effectively operate a business with varied financial requirements?

I do not feel the average concessioner makes excessive profits—it took us six years just to break even. If new facilities are to be developed, or old ones upgraded in our parks, using our operation as an example, certain problems can be expected. First it is difficult to obtain financing for developments in the parks. The risk element is considered to be greater and of course, the concessioner has only a possessory interest in any building or improvements on the land. Since most banks are reluctant to take a second position and the Government does have title, it would seem that a guaranteed loan plan by the Government on buildings approved and owned by the Government would be of great help in those areas where development is desirable. We could not operate without the possessory interest provision stipulated in public law #89249, and some banks do accept its provision as being adequate security on their loans. However, there are certain gray areas and a reluctance of Park Service to recognize possessory interest in certain cases. For example, the Government claims title to our marina and it is subject to possessory interest. However, during the first seven years of our operation, there had been no provisions for a protected marina area or a breakwater to protect the open areas we occupied. Although breakwaters had been furnished in a number of other areas, the Park Service claimed there were no funds available for such a project at Bullfrog. The public did not consider our marina as a safe place for their boats. Storm damage to our marina and the

effects on our business contributed to losses of almost a half million dollars in our first six years of operation. At one time, we were forced to close all of our slips to business and move them into a protected area which could not be reached by the public. Each time we moved, we had to bear most of the expense of furnishing public parking and new utility lines, both of which are normally the responsibility of the Park Service. They seldom had money for these projects, and rising water would not wait for their financial planning. Bullfrog Resort therefore, either had to go ahead and make these expenditures or suffer the financial results or close their doors to business.

In the event that Bullfrog went out of business, it is unlikely that Park Service would recognize any land improvements even though they should have been installed by Park Service and might be usable in future development.

One other example of reluctance to give possessory interest was on our marina and the concrete breakwater which were subject to possessory interest. A breakwater made of rubber tires developed by an outstanding marine engineer, was denied possessory interest. Breakwaters are normally furnished by The National Park Service. Our contract states that the concessioner should not be required to make investments inconsistent with the opportunity to make a fair profit on the total of its operation. And yet, our operation was forced to bear most of the costs at the marina, yet receive no possessory interest.

In summary, let me state that a National Park concessioner's operation is very much effected by the Superintendent, the Director, the Congress, and the public. We try our best to do a good job and I feel our customers appreciate our efforts and understand our problems. Both the Park Service and the concessioner would benefit if the use of the parks were more clearly defined and adequate funds were made available for the operations. Despite the financial, Governmental problems, and our large losses, I am proud to be one of the Park Service concessioners. They are a fine group of dedicated people doing a good job serving the public under difficult circumstances.

Again, I thank you for your interest and the opportunity of appearing here.

Senator HANSEN [presiding]. There are a number of people here from Yellowstone and Grand Teton, of whom I have the greatest respect and admiration. I would like to see if any of those persons here would have a statement they'd like to make. Could I see a show of hands if anyone does have a statement?

Mr. Harris, would you state your name and identify your operation for the benefit of the record?

STATEMENT OF MARTIN HARRIS, SIGNAL MOUNTAIN LODGE, GRAND TETON NATIONAL PARK

Mr. HARRIS. Senator Hansen, I'm Martin Harris. I'm president and general manager of Signal Mountain Lodge, a National Park Service concession in the Grand Teton National Park.

Senator, I have no prepared statement to make but I thought I could add some clarification to some of the questions that have been asked here today.

Signal Mountain Lodge, if there's any typical Park Service concession, maybe Signal Mountain Lodge would be one of them. It's one of the smaller concessions in Grand Teton National Park. Although we are constantly accused of not having any competition in Park Service Concessions, Grand Teton National Park is unique in having three or four full-service concessioners in addition to businesses outside the Park in the community of Jackson, Wyo., and West Yellowstone which isn't too far away.

So, we do have competitive situations which I think is very good for all concessioners concerned.

We are in about our 9th year of a 20-year contract. At the start of that contract with the Park Service, we were required to do extensive renovation and upgrading and expansion of our facilities, with a substantial outlay of capital.

This past year was a good year for us. I don't have our financial figures here for last year as yet, but a close guess would be that we probably made about 9 or 10 percent on sales, and probably about 6 or 7 percent on our capital investment.

This, we are quite pleased with, but when we go back and look at the 9 years we've been on the contract, only the last 2 years have we made any return at all that could be considered by anyone as satisfactory on either sales or investment; partly due to park service construction contracts, or activities that hampered our operations considerably. Part of it was due to opening up, what basically was a new concession, although it has been under, basically the same family ownership since 1940, it took a little while after we were closed, the year of 1967, to get the business off the ground and going again.

Overall, the financial performance hasn't been what the bankers would regard as outstanding.

Now, it is our policy to try to maintain our facilities in better condition than they have previously been. In other words, at the end of our 20 year contract, we would expect our facilities to be better than it was when we started our contract 20 years previous.

Now to do this and to pay off our investment, it's going to take most of that 20 years to recoup the investment and keep our facilities in the condition we would like to have them and in better condition than when we started.

If we don't have the preferential right of renewal, or if we were forced to sell our facilities to the Government at book value, we would take a very substantial loss. It's going to take renewal of our contract over another 20 year period for the investors in this small business to realize any fair return at all on their investment.

I just wanted to bring this out because I think we have to look through a history of a concession, or any business, to really determine what the return is and how much they are making rather than pick out a year and say a man's getting rich.

Most of us in this business are not really getting rich. Speaking for myself, and my wife Gloria, we love Grand Teton National Park. We get a great deal of personal satisfaction in helping others to enjoy that park through facilities we have, and we think the quality of life there is outstanding, better than we could find anyplace else. For this, we have to sacrifice some monetary return to us.

If we had the increased monetary return, we'd probably spend it trying to enjoy what we have in Grand Teton National Park already. So, we don't feel sorry for ourselves. We feel very fortunate.

Senator, that's all the statement I have and I hope it will clarify some of the questions that have been asked.

Senator HANSEN. Mr. Harris, you say you're in your 9th year of a 20 year contract, was that right?

Mr. HARRIS. Yes, sir.

Senator HANSEN. And you said that the last year you would estimate that your profit on sales to be between 9 and 10 percent, and your return on capital investment has been between 6 and 7 percent.

Now, if you were to average out your investment over the period you've been operating it there—and I won't hold you to this figure because you've had no opportunity to examine your records, obviously—to do any more than to make an off-the-cuff guess here, but what would you suspect has been your return averaging the 9 years experience you've had in these two categories?

Mr. HARRIS. I don't have the figures right with me but I would, after 9 years, guess right offhand that because of substantial losses in the first years after our construction projects, and so forth, and because construction projects by the park service have hampered our operation, I would guess it would be 1 percent or less on invested capital, at this time.

Senator HANSEN. Thank you very much Mr. Harris for your statement. We appreciate your being here and I'm certain that members of the committee will find it of interest to know first-hand what your experience has been.

Mr. HARRIS. I appreciate this opportunity, Senator, thank you very much.

Senator HARRIS. Is there anyone else who would like to be heard before this hearing is concluded for today?

Mr. DUMKE. May I add one thing?

Senator HANSEN. You may.

Mr. DUMKE. We did have one question about the fact that is there a downside, that concessions look better each year, at this point. Is there a downside?

I would like to make the point that I think 2 years ago, when we had our energy crisis, and even the threat that there would be gasoline rationing, our volume fell, at that Memorial Day period, in half.

Most of these scenic areas are substantial distances from other cities and I think we should read into the record that there is a very large and very severe threat that would not be faced by the average business man that is investing in a community close to the people, that we should take recognition of.

I would like to make that point because it was serious 2 years ago. We anticipate it could be more serious in the future and that, together with the increasing cost of petroleum and the way it can affect those that are based on petroleum, is something that should be recognized.

Thank you.

Senator HANSEN. Thank you, Mr. Dumke.

Mr. HUMMEL. Senator, could I just say for all of us how much we appreciate the time that's been taken and the opportunity for us here, in a calm atmosphere, to express our problems and our feelings. We don't always get the same kind of an opportunity, or the time to express our side of the problem and we greatly appreciate you and the other members of this committee affording us that opportunity.

Senator HANSEN. Thank you, Mr. Hummel.

Anyone else like to be heard?

STATEMENT OF TREVOR POVAH, PRESIDENT OF HAMILTON STORES,
INC., YELLOWSTONE NATIONAL PARK

Mr. POVAH. I'm Trevor Povah, president of Hamilton Stores in Yellowstone National Park. We operate general stores and service stations. We have some other operations outside of the national park.

Mainly our concern is our company has been in business since 1915. We have an organization of employees that have been with us many, many years. Some of them 47 years and are just retiring.

In order to keep an organization going, as you know, you have to have some kind of security for your people. Continually having a threat of being cancelled out, or to have master plans put forth saying we're going to be phased out, such as at the Fishing Bridge area and places like that which you are familiar with, makes for a very peculiar situation when it comes to keeping good qualified employees working for you.

This is one thing that has been of great concern to us because our employees, like the others have said, are dedicated people. They love the park, otherwise they wouldn't be there. They could certainly make a lot more money on the outside market than working for concessions.

I did want to put on the record that every time a contract expires it is put up for bid with the present concessioner having preferential rights if he has successfully operated the concession over the past term of the contract. However, if the concessioner has not operated successfully, then the National Park Service will not allow him to keep his preferential rights. I agree with Mr. Dumke to let the record show the good operators and retain them in the national parks, as a new operator is only an unknown as to the type of concessioner he will make, and a present good concessioner has proven himself.

Senator HANSEN. Let me say that I made my first trip through the park in 1919. I was not as old as many of you might suspect.

I think you've done a fantastic job up there and I fully appreciate the interest, the dedication, that's been exhibited by members of your organization over the years. It's not hard to find things to complain about and the public is pretty adept at that and I just want to say that I appreciate your statement.

Mr. POVAH. Thank you very much. Ours happens to be a third generation with my son, Terry.

Senator HANSEN. I had the pleasure of meeting your son.

Mr. POVAH. Thank you very much and I appreciate the opportunity to speak here.

[The prepared statement of Mr. Povah follows:]

STATEMENT OF TREVOR S. POVAH, PRESIDENT, HAMILTON STORES, INC., YELLOWSTONE NATIONAL PARK

Hamilton Stores, Inc., a Delaware Corporation and a family-owned business is one of three major concessioners in Yellowstone National Park. The company performs a merchandising role in the Park, through general stores, photo shops and tackle shops. In addition, Hamilton Stores, Inc. and the Yellowstone Park Company, Inc. jointly own Yellowstone Park Service Stations.

The name of Hamilton has been associated with Yellowstone since 1915 when Mr. C.A. Hamilton purchased the Klammer store at Old Faithful. Today, Hamilton Stores is operating on a contract which began October 1, 1969 and extends through September 30, 1999. Close family involvement in the running of the company continues today with second and third generation members participating. The permanent staff includes many experienced employees of long standing service, assuring a continuity of dedicated service to Yellowstone's visitors.

Hamilton Stores, Inc. is willing and eager to continue the partnership with the National Park Service to serve the wants and needs of the Park visitors. By and large, this partnership has worked extremely well to date. While there has been some differences of opinion between the partners, these have almost always been satisfactorily resolved for the benefit and enjoyment of all the Traveling Public. However, there are some questions now being raised concerning the concessions system in general, and some proposals being made for legislative change of the Concessions Policy Act of 1965. A change in this policy would be contrary to the National Park philosophy.

The concessioners' right to Possessory Interest is once more being questioned. The Concessions Policy Act provides that a concessioner would have a possessory interest in his structures, fixtures or improvements and that, unless otherwise provided, this interest would be the sound value of the structures determined on the basis of reconstruction cost, less depreciation. If the concessioner is deprived of the use of his facilities, then he is to be compensated accordingly. The proper measure of compensation was discussed on several occasions prior to enactment of Public Law 89-249. The Congressional Record, of September 14, 1965, 22785-86 shows Congressman Aspinall stating: "The proper measure of compensation was a matter of long discussion in our committee in both the 88th and the 89th Congresses. There were those who thought that it should be what is sometimes referred to as prudent investment, with provision for amortization over a period of years. This idea was given careful consideration. The trouble with it is that, good though it may be from the standpoint of financing with borrowed capital, it does little to encourage that investment of equity capital which is also needed. Others thought that the standard should at all times be fair market value, but this also has its problems for, in our national parks, there is simply no market for an improvement in any normal sense of the word. In the end, therefore, we came back to what has been the usual formula over the years in park concession contracts . . . a formula which we believe is fair to both types of investor and to the public and the Government as well." Congressman Aspinall's "unusual formula" was reconstruction cost less depreciation, and this, as above mentioned, was written into the Act. The reasoning for doing so is as sound today as it was in 1965. However, now again, suggestions are being made that compensation should be the un-amortized portion of the book value!

Also, it has been suggested that the concessioner receives a "windfall profit" under the present possessory interest formula. In actuality, he is merely being allowed to have his investment keep pace with the economy. If he were not allowed to do so, he would suffer a real loss in actual value, and if for some reason he did not renew his contract he would be unable to construct similar facilities. Another fundamental provision of Public Law 89-249 currently being questioned is that of Preferential Right. As it affects HAMILTON STORES, this provision encourages continuity of operation by giving preference in the renewal of the contract, if the existing concessioner has performed satisfactorily. Without this provision it would be impossible to preserve the dedicated service by our permanent staff. How could he attract, keep, and build up qualified people if there were no reasonable guarantee of employment after the expiration of the contract? Under present circumstances, it is the concessioner half of the partnership which provides the continuity in individual parks. Without the provision as mandated in Public Law 89-249 there would be no continuity in the parks at all. There is great value to the parks in continuing proven, satisfactory, dedicated services to the visitor. A third area of concern covers some recent articles

and statements quoted in the press regarding concessioner profits. Perhaps one should not be surprised to hear concessioners' profits being discussed, since profit in general is a major subject these days. However, the frustrating thing from the businessman's point of view is the negativity that the word "profit" seems to engender. Actually this negativity has probably been brought about by a failure on the part of business to communicate and inform the public on the role of profits in the free enterprise system. If this country's free enterprise system is to continue to be the world's best, the necessity of profits is going to have to be understood far more fully. As far as HAMILTON STORES is concerned, if the company made no profit year after year, it would obviously tend to go bankrupt and would be unable to serve visitors. As the circumstances stand, with a five-year average profit of \$.0528 on each dollar of sales, and an average return on investment of 7.86 per cent, the company is in a position to finance the building program portion of its contract with the National Park Service and to adequately serve Yellowstone's visitors. This is what our company wants, this is what the Park Service wants, and this is what the public wants and deserves.

Hamilton Stores appreciates having this opportunity to express its views and to have them made a part of the record of these hearings.

STATEMENT OF RALPH PEYTON, PRESIDENT OF CRATER LAKE LODGE, INC., CRATER LAKE NATIONAL PARK

Mr. PEYTON. I'm Ralph Peyton, concessioner at Crater Lake National Park.

I believe that an awful lot of people have the conception that operating a concession in a national park without competition is a license to steal. There's another side to that coin.

We're also in a looking glass or a greenhouse and anything that happens in a national park is national news. You have an earthquake outside of Yellowstone Park, and business dropped off 28 percent. It took five years for them to completely recover from it.

Last summer at Crater Lake National Park, a sewer system failed and contaminated the water. The concessioner had nothing to do with it. This was a government operation, but our sales—we were closed, suffered a \$600,000 financial loss.

I assure you that everytime that I meet anyone, 9 months later, they say, "how's your water system?"

It isn't my water system.

People will come in carrying their own water. This is going to carry on for years.

So, there are values that are very much in jeopardy being a concessioner. If somebody on Crater Lake Highway gets shot 60 miles away, they refer to it in the press as just outside of Crater Lake National Park, like the Indians are at war or something like that.

This is a negative side to being a concessioner, and every one has this problem.

Senator HANSEN. Thank you very much for your statement.

I'm going to have to leave early. There is a record vote being taken right now in the Senate.

Those of you who may yet want to speak, let me suggest that you feel free to submit such written statements as would serve your purposes to the committee and they will be included in the record.

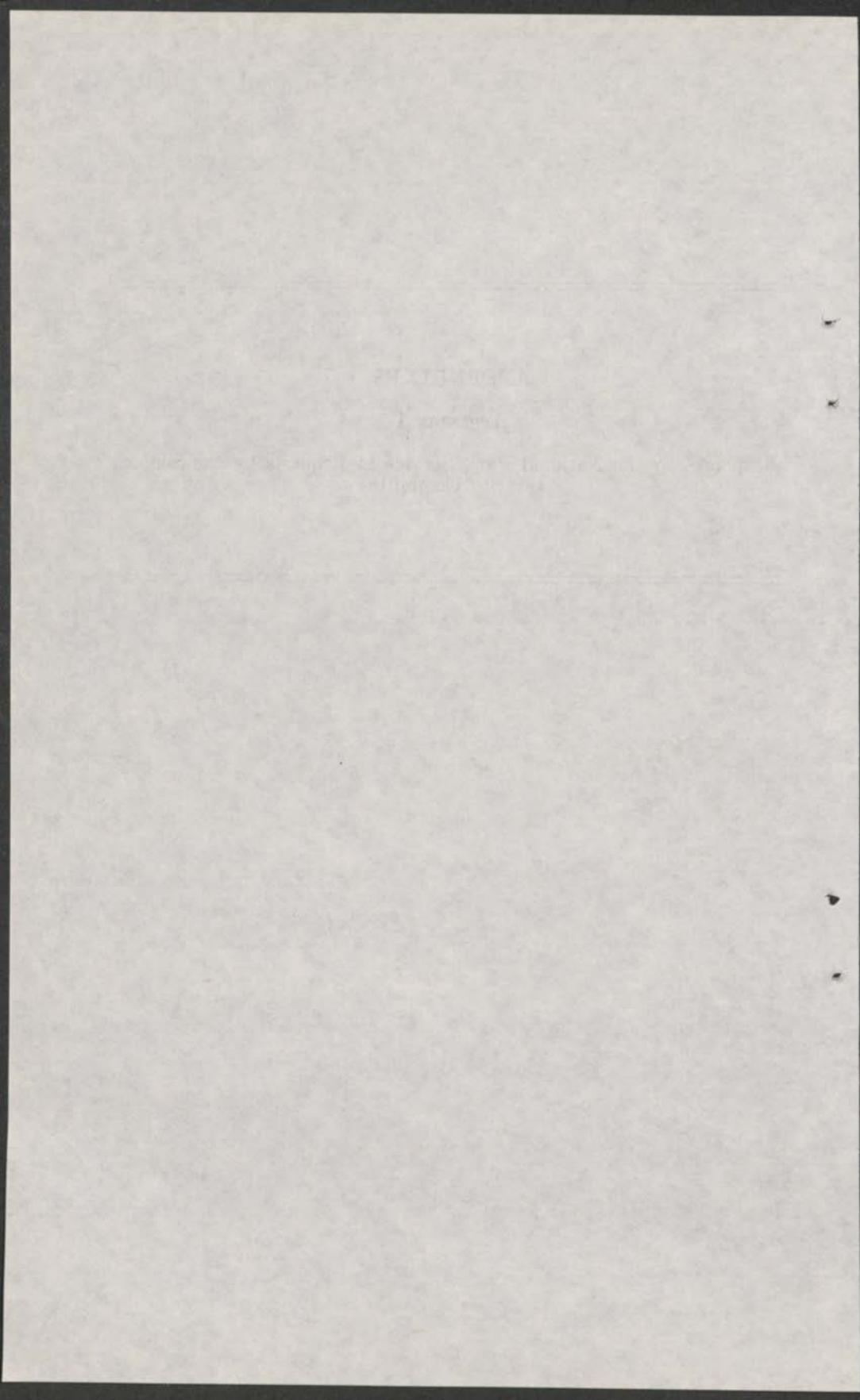
The hearing is adjourned.

[Whereupon, at 1:35 p.m. the hearing was adjourned.]

APPENDIXES

APPENDIX I

Responses by the National Park Service to Requests by the Senate
Interior Committee



NEW ODD PAGE



United States Department of the Interior

NATIONAL PARK SERVICE
WASHINGTON, D.C. 20240IN REPLY REFER TO:
C3823-MZ

APR 22 1976

Honorable J. Bennett Johnston
Chairman, Subcommittee on
Parks and Recreation
Committee on Interior and
Insular Affairs
United States Senate
Washington, D.C.

Dear Senator Johnston:

This is in response to the informal request by Mr. Jim Beirne of your staff on April 4 for the National Park Service position given on certain portions of testimony given before your Subcommittee on March 10, 1976. This relates in particular to reasons for apparent delays by the Service in the renewal of concession contracts with Landmark Services on the Mall here in our Nation's Capital and with the Acadia Corporation at Acadia National Park, Maine.

With respect to the Landmark matter, the contract to which Mr. Stein refers does not expire until December 31, 1977. As Mr. Stein indicated, an early renewal was considered at one time and notice of intention to negotiate a new contract was published in the Federal Register on October 1, 1973. A renewal was not consummated because the routes were altered to such a degree that the proposed fact sheet, on which the renewal was to have been based, did not represent the substantial change in service and, therefore, the fact sheet needed to be reissued.

Although some renewal discussions occurred thereafter, the fact sheet has not been reissued, primarily for the reason that the Service began making a complete review of all aspects of the concession management program, including changes in administrative policies and procedures required to more effectively manage the program and also, because the renewal date is now less than two years away. On January 27, the Service advised Landmark that it was our intention to take no action on the renewal of the contract until the Departmental Audit had been completed, after which we would proceed in an orderly fashion to prepare the necessary fact sheet in adequate time to prevent any interruption of the Service to the public.



In connection with the audit report which was dated February 23, 1976, (copy enclosed) the auditors were critical of the manner in which certain management decisions were made which materially affected the financial position of Landmark and its operation. The auditors noted that Landmark was leasing equipment from a subsidiary of the parent company rather than investing sufficient funds in equity capital to enable it to purchase the tourmobiles outright. This action had the effect of increasing Landmark's expenses.

Although the company replied to that portion of the audit report at great length, it ended by saying that because of the question that had been raised, the parent company was directing that the books be adjusted, effective January 4, 1976, so as to transfer all existing vehicles to Landmark's books at their current value. Naturally, this requires another audit review to determine if this transfer of assets has been made in accordance with generally acceptable accounting principles. This review is now on-going.

Despite demands by Landmark for a long term renewal (20 years), we are presently considering the appropriate term for such renewal. The original contract period was ten years and at the present moment we see no compelling reason to exceed that length of time. However, we should emphasize that no final decision has been reached and is not likely to be for several months until the additional audit review is complete and certain operational data is available and has been reviewed.

As for the Acadia matter, it is considerably less complex. The last expired contract was executed on June 24, 1955, and provided for a term of 20 years beginning on January 1, 1953, and ending on December 31, 1972.

By letter of May 12, 1970, the Acadia Corporation requested renewal of their contract. In order to allow time for completion of the Acadia Master Plan, the contract was extended for one year by Amendment dated December 11, 1972, and for another year by Amendment dated May 28, 1974.

When the Acadia Corporation believed the planning process was nearing completion, it again requested renewal of its contract by letter of October 2, 1974. This date was actually too late to complete contract negotiations prior to expiration of the contract, however, we felt that since the contract could be completed early in 1975, we should proceed in that direction rather than go through the formal extension process again, extending the contract one more year. This is, undoubtedly, what

the witness, Mr. Savage, meant when he stated: "Beginning with January 1, 1973, we have been operating with one year extensions, seemingly most recently on gentlemen's agreements."

Witness Savage then continued:

"Of course we had had several meetings, the differences somewhat adjusted, I would like to think."

"Accordingly, part of the delay may be as much due to us as to the Service."

What he is alluding to here is the continuing controversy with the Service over the proposal in the Master Plan to possibly remove the concessioner's souvenir facilities from two of the prime resource points in the park, Cadillac Mountain and Thunder Hole. These two facilities are quite profitable, apparently, but in the view of the Service are unnecessary to serve the visiting public and perhaps even undesirable from a resource management viewpoint.

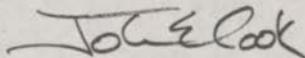
With this background, the statement of Mr. Savage, continuing at the bottom of Page 85 is more easily understood. He states: "I said we cannot operate without our other two stations in the park."

A five year contract with the two souvenir stations continued in the contract is still a possibility. In fact, such a proposed fact sheet has been presented to the concessioner for its acceptability and as of this date no response has been received. On the other hand, it is really better to continue under the "gentlemen's agreement" and not renew this contract at the present time even for five years since the Master Plan has now been printed and will be available to the public in mid-May for public review for a 60-day period. After this review period there will be public meetings held at two or three locations. After the public hearings are complete, then the Master Plan record will be left open for another 120 days for further public comment.

If the revisions after these comments are received are not too great, the Master Plan should be ready for approval by the end of the year, and the term and conditions of any renewal contract will be guided accordingly.

We hope this information is helpful to you and we appreciate the opportunity to respond.

Sincerely yours,



Acting Deputy Director

Enclosure



United States Department of the Interior

OFFICE OF THE SECRETARY
OFFICE OF AUDIT AND INVESTIGATION
EASTERN REGION

Ballston Towers #1
800 N. Quincy Street, Room 401
Arlington, Virginia 22217

February 23, 1976

Memorandum

To: Director, National Park Service

From: ~~Acting~~ Regional Audit Manager

Subject: Audit of National Park Service Concession Contract
with Landmark Services, Inc., Washington, D.C.

Enclosed is our report on audit of Landmark Services, Inc. (Landmark), for the period January 3, 1972, through December 28, 1974. An audit of Landmark was requested by the Associate Director, Park Systems Management, on October 10, 1975.

We did not audit Landmark's 1975 accounts because they were not closed at the time of our audit. However, we anticipate that Landmark's 1975 audited statements will be available by March 3, 1976. If needed, we will provide interpretive assistance on these statements. We recommend that you review the 1975 statements along with the data presented in this report when evaluating the financial results of Landmark's operations.

The audit disclosed that the adjusted rate of return on owner's average equity (i.e., adjusted as if Landmark were an independently owned company) has declined from 50.0 percent in 1972 to 24.1 percent in 1973 and 7.3 percent in 1974. The declining rate of return is attributable to declining net income after taxes, additional equity investments in tourmobiles and an increase in Landmark's effective income tax rates. The report also comments (1) on certain tax accounting methods that have resulted in Landmark reporting higher income tax expenses and lower earnings than it would have had other accounting methods been used and (2) that the National Park Service is providing real property to Landmark at rental rates well below fair market rental rates.



If further information concerning this report is needed, you may contact me at the above address. Also, please send me your written comments concerning the report recommendations and other matters within 90 days of the date of this memorandum, as well as copies of correspondence pertaining to the report to this office.

Enclosure

William J. Linst

UNITED STATES
DEPARTMENT OF THE INTERIOR

OFFICE OF AUDIT AND INVESTIGATION

AUDIT OF
NATIONAL PARK SERVICE CONCESSION CONTRACT
WITH LANDMARK SERVICES, INC.
WASHINGTON, D. C.
PERIOD
JANUARY 3, 1972, THROUGH DECEMBER 28, 1974



Washington, D. C.

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INTRODUCTION AND SCOPE

At the request of the Associate Director, National Park Service (FNP), we reviewed the accounting records, internal controls, and financial statements of Landmark Services, Inc., for the period January 3, 1972, through December 28, 1974. During this period, Landmark Services, Inc., operated as a concessioner in the central mall, Capitol and Kennedy Center areas in Washington, D. C., and the Arlington National Cemetery in Arlington, Virginia, providing visitor interpretive tourmobile services. The concessioner operates under the authority of contract No. 14-10-9-990-27 covering the period May 29, 1967, to December 31, 1977. The contract requires an annual payment of 3 percent of gross receipts (percentage payment) for the concession granted plus a fee for the use of government owned facilities. FNP waived the percentage payments for 1969 and 1970 and, for the period 1971 through 1974, the percentage payments totaled \$164,293. The contract was amended July 31, 1970, to extend the tourmobile services into the Arlington National Cemetery.

Tour operations did not begin in the central mall area until March 18, 1969, because of legal actions brought against the operation by the Washington Metropolitan Area Transit Commission. Tourmobile operations in the cemetery began December 14, 1970.

Landmark Services, Inc. (Landmark), a wholly owned subsidiary of Universal City Studios, Inc. (Universal), which in turn is a subsidiary of MCA, Inc. (MCA), was formed in 1967 under the name Universal Interpretive Shuttle Corporation. The company name was changed to Landmark Services, Inc., on March 3, 1969.

Concessioner operated facilities consist of 19 tourmobiles used interchangeably between the central mall area and the Arlington National Cemetery, and 6 glamour trams used at Arlington National Cemetery.

Landmark's income from operations, net income before taxes and net income after taxes for 1972, 1973, and 1974 amounted to less than 1.5 percent of that of the consolidated MCA group of companies, as shown by the following:

	Landmark as a Percentage of Consolidated MCA Group of Companies		
	<u>1972</u>	<u>1973</u>	<u>1974</u>
Income from operations	0.38%	0.38%	0.23%
Net income before taxes	1.05%	0.99%	0.14%
Net income after taxes	1.30%	0.56%	0.13%

Our review, performed during the period October to December 1975, included such tests of the accounting records and procedures as we considered necessary and was made in accordance with generally accepted auditing standards. Landmark's financial statements have been audited by a Certified Public Accounting (CPA) firm which

rendered an unqualified opinion as to the fairness of the balance sheet and related financial statements for each year that we reviewed. In our audit, we relied as appropriate on the work performed by the CPA firm.

In our opinion, the accompanying balance sheet as of December 28, 1974, and the statement of income and expense for fiscal years 1972, 1973 and 1974 present fairly Landmark's financial position at December 28, 1974, and the results of its operations for fiscal years 1972, 1973 and 1974, in conformity with generally accepted accounting principles.

We have included comments in our report to highlight matters which we believe are of specific interest to FNP, including certain management decisions that materially affect Landmark's reported financial position and the results of its operations. These matters are outlined below and discussed more fully later in the report.

1. Universal's leasing tourmobiles to Landmark, rather than investing sufficient funds in equity capital to enable Landmark to purchase the tourmobiles outright, materially inflated the computed rate of return on Landmark's owner's equity investment. The lease payments included interest on Universal's investment in the tourmobiles. These interest costs increased Landmark's reported operating expenses from 1969 through 1974 by an estimated \$257,200 over that which otherwise would have been incurred had Landmark purchased the tourmobiles with equity capital.

2. Federal income tax advantages from the carry-forward of operating losses to subsequent tax years were lost to Landmark because MCA filed consolidated Federal income tax returns. While the filing of consolidated returns resulted in overall tax savings to the MCA group of companies, it had the effect of increasing Landmark's proportionate share of the MCA group's tax liability for 1971 through 1972 an estimated \$131,000 above that which it would have been had the tax loss carry-forward been available to Landmark.

3. A change in the method used to allocate the consolidated MCA corporate Federal income taxes to subsidiaries, effective 1973, increased Landmark's proportionate tax liability for 1973 and 1974 an estimated \$91,400 above that which it would have been had the method not been changed from that used prior to 1973.

4. Landmark's after tax rate of return on owner's average investment as adjusted by us as if Landmark were an independently owned company, has been declining because of increased capital investments, increased operating expenses and higher effective income tax rates.

5. FNP provides real property to Landmark at rental rates well below fair market rental rates. We are recommending that the rental rates be based on the properties appraised fair market rental value except where it can be demonstrated that lesser rates are necessary to maintain fares at a reasonable rate to the public.

6. The management fee which Universal charges Landmark was based on MCA and Universal management estimates.

7. The liability policies carried by MCA on behalf of Landmark did not name the United States as a co-insured, as required by the concession contract.

The effect of the accounting treatment accorded some of the above matters has been to reduce Landmark's reported net income after taxes while others have overstated its return on investment. Landmark has benefited from MCA's management expertise and has had access to parent company financing for equipment needs and operating losses during the first years of the concession's operations.

RESULTS OF AUDIT

Financial statements

Landmark's balance sheet as of December 28, 1974 (Exhibit I), and comparative income and expense statement for fiscal years 1972, 1973 and 1974 were prepared on the basis of Landmark's general ledger and related records, financial statements prepared by its CPA firm, and annual financial reports submitted to FNP.

Tourmobile leases

Universal purchased tourmobiles for cash and leased them to Landmark. Through 1974 the tourmobile rental cost to Landmark was \$862,700, which included \$567,000 for depreciation, \$38,500 for Federal excise taxes (\$26,700 for the tax and \$11,800 accrued interest thereon) and \$257,200 for interest on Universal's investment in the tourmobiles.

Had Universal invested sufficient equity capital to enable Landmark to purchase the tourmobiles, Landmark's pretax net income through 1974 would have increased by \$257,200. We recognize that borrowed equity would produce a similar result. However, section 1.(b) of the concession contract requires the concessioner to furnish equipment at a cost of not less than \$500,000. Section 18 of the concession contract provides that "In computing net profits for any purpose of this contract, the concessioner agrees that its accounts will be kept in such a manner that there will be no diversion or concealment of profits in operations authorized hereunder by means of arrangements for the procurement of equipment, merchandise, supplies, or services from sources controlled by or under common ownership with the Concessioner or by any other device." Landmark's management advised us that beginning 1976 the Concessioner intended to purchase additional tourmobiles from its own resources. Landmark's preliminary 1976 capital budget included \$412,000 for four additional tourmobiles.

As discussed below, the leasing arrangement has had the effect of increasing both Landmark's expenses and the reported rates of return on investment.

We recommend that FNP require Landmark to disclose in its financial reports the effect of dealings with MCA affiliated companies.

Income taxes

Landmark's taxable net income is reported in consolidated Federal income tax returns filed by MCA, Inc. MCA allocated a proportionate

share of its 1972 consolidated tax to each profitable domestic subsidiary company based on the ratio of MCA's consolidated taxable net income to the taxable net income of each profitable domestic subsidiary company. Domestic companies sustaining losses received no credit for the tax benefit of their losses. In 1973 and 1974 MCA changed its method of allocating the consolidated Federal income tax to subsidiary companies. Under the new method, subsidiary companies are billed for taxes which would be assessed them if they had filed separate returns. Companies sustaining losses received credit from MCA for the consolidated tax effect of their losses. Investment tax credits, which were minor, were accounted for as current reductions of income tax expenses.

MCA's corporate tax department advised us that the tax allocation method was changed beginning 1973 at the request of a Federal agency that regulates one MCA subsidiary. Landmark's operations from 1967 through 1970 resulted in losses totaling \$537,000 which reduced MCA's consolidated Federal income tax liability. MCA's pre 1973 tax allocation method precluded Landmark from receiving any benefits from these losses as it would have had MCA's new method of allocating taxes been in effect beginning 1967. Since 1970, Landmark's operations have been profitable, but Landmark has not been able to carry forward the pre 1971 losses to offset net income before taxes because MCA previously filed consolidated tax returns.

The MCA 1973 and 1974 tax allocation method has precluded Landmark from benefiting from MCA's lower overall tax rate in 1973 and 1974. MCA's consolidated effective tax rates and Landmark's tax rates for 1973 and 1974 are as follows:

	<u>Effective Tax Rates</u>	
	<u>MCA</u>	<u>Landmark</u>
1973	34	55
1974	43	50

We estimate that if Landmark had been able to carry forward its pre 1971 losses for tax purposes, its total reported net income after taxes for the period 1971 through 1973 would have increased \$131,000.

Landmark's net income after taxes as reported and as adjusted by us (1) for 1967 - 1970 carry forward net tax losses, (2) to show Landmark as an independently owned company, with a 50 percent effective tax rate, and (3) to consider the tourmobiles as purchased from invested equity capital, follows:

<u>Year</u>	<u>Net Income After Taxes</u>	
	<u>Reported</u>	<u>Adjusted</u>
1972	\$271,395	\$293,254
1973	142,604	234,765
1974	72,733	92,935

The above data is detailed in exhibit IV.

Owner's equity

Landmark's reported return on owner's equity is materially affected by Universal's ownership and leasing of tourmobiles in lieu of investing sufficient equity capital in Landmark to enable Landmark

to purchase the tourmobiles. Universal has invested only \$50,000 in Landmark as equity capital and has spent \$1,436,000 for tourmobiles which it leases to Landmark.

The reported return on average owner's equity in Landmark for 1974 was 60.3 percent. For 1972 and 1973, Landmark had beginning negative owner's equity and, therefore, the reported rates of return on owner's equity were not meaningful. If we adjust the financial statements on the basis that Landmark is an independent company that purchased the tourmobiles with equity capital and depreciated them over a 10-year period on a straight line basis, the return on owner's equity amounts to 50 percent in 1972, 24.1 percent in 1973 and 7.3 percent in 1974. (See Exhibit IV, Schedule Showing Adjusted Rates of Return on Owner's Average Investment 1972-1974.)

Return on owner's equity

The declining rate of return on adjusted owner's equity for the years 1972, 1973, and 1974, is attributable to an increase in Landmark's effective income tax rate, a \$697,000 investment in additional tourmobiles, and a \$199,000 decline in reported net income after taxes. Landmark's reported income tax rate has increased from 12.2 percent in 1972 to 50 percent in 1974. This resulted from a change in MCA's tax allocation policy and the improved profitability of other MCA operations. Since 1971 Landmark's income from operations has increased 10.8 percent per annum, while operating expenses have increased 15 percent per annum. The full tourmobile lease fee is included in operating expenses.

Examples of increased operating expenses are those for gas and oil, and the payroll for guides and drivers. The 1974 gas and oil expense was 47.2 percent higher than the 1972 cost, increasing to \$46,100 from \$31,300. The 1974 guide and driver payroll cost was 21.5 percent higher than the 1972 cost, increasing to \$284,700 from \$234,200. From 1971 through 1974 Landmark's mall and combination tour rates were increased only once, an average of 20 percent, in October 1974. The Arlington National Cemetery rates were not increased during this period. Illustrative of the impact of the increasing expenses is the following trend of adjusted net income after taxes as a percent of income from operations: 1972 - 22.2 percent; 1973 - 14.7 percent; and 1974 - 6.3 percent. These figures are calculated after the adjustment to net income after taxes as reflected in exhibit IV.

Real property leases

FNP provides real property to Landmark at rates well below appraised fair market rental values. The two principal leased properties are an office building and adjacent parking lot at 900 Ohio Drive, S.W., and a garage, storage and maintenance facility with access from the George Washington Memorial Parkway near Washington National Airport. Under the FNP concession contract, Landmark's annual rentals are \$202 for the office building and \$1,250 for the garage. These facilities

were originally made available to Landmark in accord with section

2.(b)(3) of the contract which reads as follows:

" . . . that the Concessioner . . . make such arrangements as may be necessary for administrative offices, equipment storage, shop facilities, and related purposes, provided, however, that the Secretary may permit the Concessioner to use such Government-owned lands and facilities as may be available for these purposes on a temporary basis for which a charge shall be made, pending the Concessioner completing arrangements for the use of other facilities for such purposes."

The above subsection was deleted from the contract and the following provision substituted in July 1970:

" . . . that the Concessioner will . . . make such arrangements as may be necessary for administrative purposes, provided, however, that the Secretary, in his discretion, may permit the Concessioner to use such Government-owned lands and improvements as may be available for these purposes, for which a charge shall be made."

The basis for the rental costs is the straight line depreciation charge of the facilities' cost or book value over their expected useful lives.

No charge is made for the land on which they are situated. The concessioner has made improvements to the garage costing \$30,000.

An August 1975 FNP appraisal report estimated the fair annual rental value of the office building to be \$9,600 without utilities and \$14,250 with utilities. FNP did not have an appraisal for the garage as a unit; however, part of the garage complex is located on land leased by FNP

from the Richmond, Fredricksburg, and Potomac Railroad Company (Railroad). The monthly land rental effective October 1, 1975, was \$4,200. Prior to October 1, the monthly rental was \$3,083. FNP has estimated that the concessioner's garage facilities use about 40 percent of the rented land. The balance is used for other FNP purposes. In a letter dated October 9, 1975, FNP billed Landmark retroactively \$11,099 for 40 percent of the rental costs through the first 9 months of 1975, and \$1,680 for October 1975. No attempt was made to collect additional rental payments for the period prior to 1975. FNP's current lease was executed with the Railroad in June 1963. In an October 20 response to FNP's letter, the concessioner wrote, ". . . even though we believe that the current contract provides for a specific rental for the balance of its term, we are willing to adjust that rate prospectively."

We discussed the use of these facilities with Landmark's Vice President and General Manager who set forth Landmark's position in a February 4, 1976, letter. Excerpts from this letter are included as exhibit V.

We recommend that FNP review its long term needs for the properties currently used by Landmark, and establish priorities among the alternative uses for the properties. If it is determined that the best use for any or all of these properties is as part of a concession agreement, FNP should include them as part of the concession contract for the length of the contract subject to the underlying leases. We believe that the minimum acceptable rental rates should recover all

costs incurred by FNP in providing the facilities. However, as the Government rents privately owned space for its own use, providing Government-owned space at anything less than appraised fair market value would be a subsidy to the concessioner and should be allowed only if it is necessary to attract a competent concessioner and to maintain reasonable rate charges to the public.

Management fee

Landmark receives certain legal, tax, insurance, accounting, and management services from MCA's Recreation Services Division and MCA's corporate headquarters for which it is charged a management fee calculated at the annual rate of 6 percent of Landmark's gross revenue. MCA estimated that in 1974 the Recreation Services Division devoted 14.2 percent of its time to Landmark (\$85,404) and that 14.2 percent of the corporate overhead allocated (\$60,975) was also applicable to Landmark. As such, the total 1974 MCA cost attributable to Landmark was \$146,379, whereas the management fee charged was only \$88,430. We were unable to test or otherwise verify the estimated MCA costs applicable to Landmark because they were only supported by management estimates.

Insurance coverage

The United States is not named as co-insured in liability policies carried by MCA on behalf of Landmark although section 16 of the concession contract provides that:

"The concessioner shall carry such insurance against losses by fire, public liability, employee liability, and other hazards as is customary among prudent operators of similar businesses under comparable circumstances. The United States shall be named as co-insured in all liability policies carried hereunder."

Landmark has liability insurance obtained through MCA, that provides coverage for workmen's compensation, loss of personal property, comprehensive automobile liability and comprehensive general liability.

We reiterate the recommendation made in our previous report of August 21, 1972, that FNP inform Landmark that its liability policies must be amended to include the United States as a co-insured, as required by section 16 of the concession contract.

EXHIBIT I

LANDMARK SERVICES, INC.
Balance Sheet
as of December 28, 1974

ASSETS

Current Assets

Cash	\$59,122
Accounts receivable	10,685
Prepaid expenses	14,309
Receivable from parent company	<u>13,760</u>
Total Current Assets	<u>97,876</u>

Fixed Assets

Building and equipment	188,582
Less: Accumulated depreciation	<u>62,878</u>
Net Fixed Assets	125,704
Construction in progress - parts & supplies	<u>54,879</u>
Total Fixed Assets	<u>180,583</u>
Total Assets	<u>278,459</u>

LIABILITIES AND OWNER'S EQUITY

Current Liabilities

Accounts payable	\$6,329
Accrued liabilities	70,931
Government franchise fees payable	<u>44,214</u>
Total Current Liabilities	<u>121,474</u>

Owner's Equity

Common Stock - (No par value)	
Authorized - 2,500 shares	
Issued and outstanding - 1,000 shares	\$50,000
Retained earnings	<u>106,985</u>
Total Owner's Equity	<u>156,985</u>
Total Liabilities and Owner's Equity	<u>278,459</u>

The notes to financial statements appearing on Exhibit III are an integral part of this statement.

EXHIBIT II

LANDMARK SERVICES, INC.
 COMPARATIVE STATEMENT OF INCOME AND EXPENSE
 FOR FISCAL YEARS 1972, 1973, AND 1974

	FISCAL YEAR ENDING		
	<u>12/30/72</u>	<u>12/29/73</u>	<u>12/28/74</u>
Income from Operations	<u>\$1,318,908</u>	<u>\$1,600,013</u>	<u>\$1,473,797</u>
Operating Expense:			
Salaries	488,288	593,614	637,681
Other	351,300	423,189	483,571
General Expense:			
Franchise fee	39,567	48,000	44,214
Taxes	45,059	46,384	44,386
Depreciation	10,674	10,221	29,984
Management fee	<u>79,134</u>	<u>96,001</u>	<u>88,428</u>
Total Expense	<u>1,014,022</u>	<u>1,217,409</u>	<u>1,328,264</u>
Other Income	<u>4,209</u>	<u>-0-</u>	<u>-0-</u>
Net Income Before Taxes	309,095	382,604	145,533
Taxes on Income	<u>37,700</u>	<u>240,000</u>	<u>72,800</u>
Net Income After Taxes	<u><u>271,395</u></u>	<u><u>142,604</u></u>	<u><u>72,733</u></u>

The notes to financial statements appearing on Exhibit III are an integral part of this statement.

NOTES TO FINANCIAL STATEMENTSNOTE 1 - Transactions with affiliates:

Landmark rents 25 tourmobiles from its parent company (Universal) for which it was charged \$204,872 in 1974. In 1973 and 1972, it rented 21 tourmobiles and was charged \$187,000 and \$166,727, respectively.

Landmark purchases many of its spare parts for tourmobiles from Minibus, Inc., an MCA subsidiary, at substantially the same prices Minibus charged non-affiliated customers.

NOTE 2 - Taxes and Income:

Taxes on income for 1972, 1973 and 1974 consisted of:

	<u>1972</u>	<u>1973</u>	<u>1974</u>
Federal income tax	\$30,000	\$190,000	\$62,400
State income tax	<u>7,700</u>	<u>50,000</u>	<u>10,400</u>
	<u>37,700</u>	<u>240,000</u>	<u>72,800</u> ^{a/}

a/ Net of investment tax credits of \$2,000.

NOTE 3 - Contingencies:

Landmark is a defendant in various claims and pending lawsuits which are usual in its type of business. Management is of the opinion that Landmark will incur no material liability as a result of pending lawsuits.

SCHEDULE SHOWING ADJUSTED RATES OF RETURN ON
OWNER'S AVERAGE INVESTMENT
1972 - 1974

	<u>1971</u>	<u>1972</u>	<u>1973</u>	<u>1974</u>
Reported Year End Owner's Equity	(\$329,747)	(\$58,352)	\$84,252	\$156,985
Computed Book Value of Tourmobiles ^{1/}	523,176	642,529	767,229	916,310
Additional Income- Cumulative 1969- 1974 ^{2/}	<u>186,909</u>	<u>208,768</u>	<u>300,929</u>	<u>321,173</u>
Adjusted Year End Owner's Equity	<u>380,338</u>	<u>792,945</u>	<u>1,152,410</u>	<u>1,394,468</u>
Adjusted Net Income After Taxes ^{2/}		293,254	234,765	92,935
Adjusted Average Owner's Equity		586,642	972,678	1,273,439
Adjusted Return on Owner's Average Equity Investment		50.0%	24.1%	7.3%

^{1/} Based on a 10-year service life with no salvage value, depreciation on a straight line basis.

^{2/} After tax net income adjusted on the basis of the following assumptions:
(a) Landmark purchased the tourmobile with invested equity capital,
(b) Landmark did not pay interest to Universal for the tourmobile, (c) Landmark, for tax purposes, was able to carry-forward the 1967-1970 net losses, as an offset against 1971, 1972 and 1973 net income before taxes and (d) Landmark's effective income tax rate was 50% for all periods.

EXCERPTS FROM LANDMARK SERVICES, INC.
FEBRUARY 4, 1976, LETTER
re: LEASE OF GOVERNMENT FACILITIES

"The determination as to whether National Capital Parks (NCP) should lease certain government facilities to Landmark at prices which are admittedly less than their fair market value is a question of public policy. It has long been National Park Service policy to permit its concessioners to offer services to the public at the lowest possible price and in the most efficient manner. Certainly this is a practice encouraged by Public Law 89-249, which places more importance on providing services to the public at reasonable rates than it does on income to the Park Service (Section 3(d))."

"The facilities in question, consisting of an office building on Ohio Drive and a garage and maintenance facility have been leased to Landmark by means of a 1971 amendment to the Concession Agreement. The Concession Agreement as amended provides that Landmark may use these buildings during the term of the agreement at specified rates. These rates were computed by the Park Service in accordance with an established policy."

"As to whether such arrangements, entered into in 1971, and consistent with established Park Service procedures, is a sound one, is a policy decision for the Park Service to make. We believe that such determination was and continues to be prudent."

"Having our administrative headquarters adjacent to the National Capital Parks headquarters, which in turn is a very short distance from the Mall area, permits us to be in continuous contact with both NCP and our operations. The proximity to both allows us the ability to quickly remedy problems either in the field or as may be raised by NCP."

"Similarly, the location of our vehicles, (at the Roads and Trails unit) permits quick and easy access to both Arlington National Cemetery and the Mall, with the result that vehicles can be placed into operation, taken out of operation, or serviced on an emergency basis in the shortest time possible."

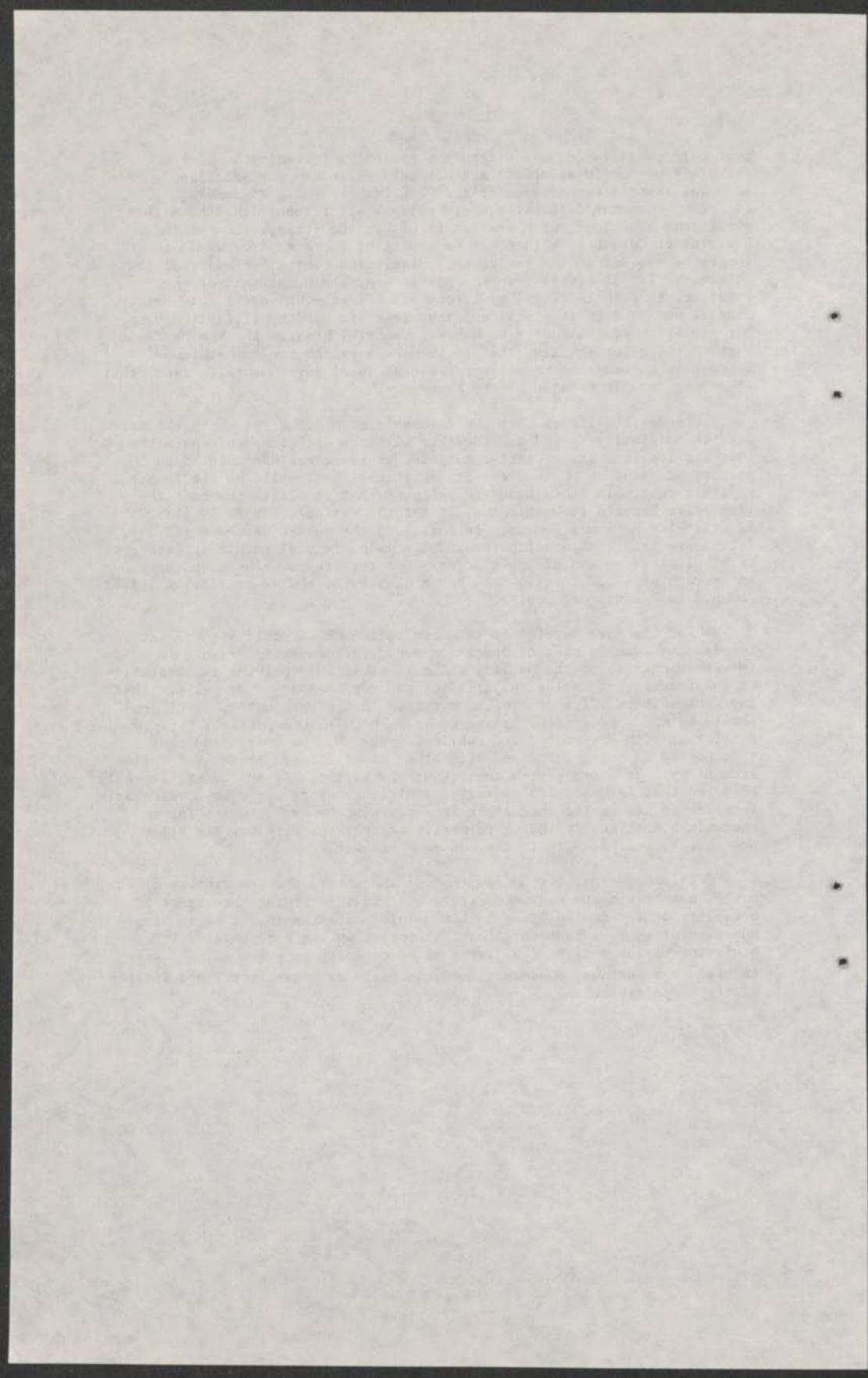
"Additionally, by maintaining all of our operations on government property, we have been able to remain within the exclusive jurisdiction of the Department of the Interior. As was determined by the Supreme Court in *Universal Interpretive Shuttle Corporation v. Washington Metropolitan Area Transit Commission* (393 US 186), our operations, as they are

presently constituted, are within the exclusive jurisdiction of the Secretary of the Interior and are not subject to the jurisdiction of local transit authorities or the D. C. government. To remove us from government facilities would raise a significant likelihood that since some aspect of our operation is within the jurisdiction of the District of Columbia, either all or a part of our operation would no longer be subject to the exclusive jurisdiction of the Secretary of the Interior. It has always been the position of the Department of the Interior, in both the legal positions taken in the Universal Interpretive Shuttle case and in the legal position taken in pending litigation over our operation of the Robert F. Kennedy Memorial Stadium and the Pentagon North Parking Lot shuttle, that it is necessary for the concessioner to operate outside the regulatory scope of local governments in order that it may be totally managed by the Secretary."

"Landmark believes that the favorable economic terms which the Park Service originally agreed to, together with the efficiency of operations that results from its present locations, achieves the NPS's intended purpose of allowing it to offer its service to the public at the lowest possible cost. In fact, Landmark believes that it offers the best interpretive bargain in Washington, if not the Nation. For \$2.50 (\$3.50 if Arlington National Cemetery is included) the public can have all day, fully narrated transportation around the major federal points of interest with unlimited on and off privileges. Competitors in Washington charge an average of \$8.30 for 2.5 to 4 hours of service and an average of \$13.85 for 6.5 to 7 hours of service."

"For the Park Service to take any action which would significantly increase Landmark's cost of operation would, of necessity, result in increased charges to the public, and may result in depriving the Secretary of the Interior of exclusive jurisdiction over Landmark. We believe that any concessioner offering similar services in the Washington, D. C. area should be afforded similar treatment as such is in the public's interest and is consistent with NPS policy and Public Law 89-249. We understand that this policy is being exercised with other concessioners in the Washington area as well as other cities throughout the Nation. In any event, it shall be noted that Landmark has indicated a willingness to agree to a reasonable increase in its rental once it is in a position to evaluate its future economic situation, including primarily whether the Park Service will proceed, as indicated, with its contract renewal."

"In conclusion, let me say that we appreciate the opportunity of having been given the chance to state our views regarding the aspect of occupancy of the two buildings. I can only emphasize that this is simply one element among a number of others exercised by the Park Service in achieving its objective of offering an opportunity to the American public to visit the shrines, monuments, and memorials as conveniently and inexpensively as possible."



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APPENDIX II

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Concessioners Operating in Areas Administered by the National
Park Service

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ACADIA NP	# PEOPLE EMPLOYED	WAGES PAID	NET FIXED ASSETS	TOTAL SALES	EXPENSES	PROFIT	
Acadia Corporation (2,7)							
2,734.7	74	78	66200	103030	335625	308217	26808
2,776.6	73	78	60675	14295	333222	301269	32553
2,645.4	72		52972	12322	285222	260745	25137
2,455.7	71	53	41475	17325	235424	216190	19234
2,776.3	70	69	40394	19757	211122	207520	3668
2,489.8	69	60		21301	169562	168460	1102
2,303.3	68	60		19361	163314	153043	10571
2,102.0	67	60		19167	154385	152270	1515
2,158.4	66			20218	158601	148210	10391
1,733.6	65			17175	141302	135443	5859
2,011.6	64			16454	125639	117849	7743
1,864.8	63			11349	122802	120245	2557
1,601.5	62			7936	120948	119956	992
1,574.6	61			8601	125015	117392	7623
1,638.2	60			8119	124592	119654	4938

AMISTAD NRA							
Marine Recreation (1, 2, 3, 4)							
931.9	74	9	41749	62145	230100	250765	(20665)
982.9	73	9	65046	69752	228326	254763	(26377)
969.7	72	8	62439	134892	219267	249654	(30287)
682.9	71	14	58067	159661	224237	226562	2269
678.8	70	7	30606	103322	115493	191257	(6364)
—	69	5		105499	74396	70733	3663
Rough Canyon Marina (2, 3)							
	74	5	22051	43092	101361	106655	(5294)
	73	5	15284	32375	49956	81709	(11772)
	72	5	18787	42532	75345	89434	(14089)
	71	5	22259	42933	68546	104470	(35924)
	70	3	14039	57401	61342	81130	(19788)
	69	2		57114	31802	38999	(7197)

BADLANDS NM							
Ogala Sioux Tribe (1,2,3)							
1,205.3	74	56	59769	47027	217665	213592	4073
1,399.9	73	42	55277	73151	212462	222970	(10508)
1,288.1	72	38	43609	141775	216575	209970	6605
1,293.0	71		41577	79922	171814	162179	9635
E. N. Nelson (1,2,3)							
1,303.1	70	36	33039	11249	189999	159171	30828
1,221.3	69	33		8404	176566	148217	28349
1,194.6	68	36		6922	215622	184981	30641
1,188.7	67	38		3554	190253	177321	12932
1,094.8	66			4721	194702	178267	15935
1,091.3	65			1903	178368	163045	15323
1,079.8	64			3178	147997	142372	5625

Blue Ridge Park							
National Park Concessions (1, 2, 9)							
13,987.3	74	85	153235	115012	255755	799205	56580
14,103.9	73	91	144602	116791	748219	743732	24421
13,729.7	72	123	133083	121959	700141	659941	45200
12,799.2	71	129	123803	128391	630146	592646	37500
12,789.7	70	138	119519	131488	634679	596940	39799
11,865.1	69	149		138983	588767	543946	24821
11,140.7	68	97		153236	528537	519745	2792
9,250.6	67			142591	419277	409626	9651
8,011.6	66			710508	434999	418099	12790
7,997.4	65			113045	403870	374310	29560
7,001.1	64			115510	364468	366740	(272)
7,233.9	63			79242	348781	332069	16712
6,507.3	62			6567	340088	321744	18344
6,047.6	61			6041	326471	300983	23988
5,503.2	60			8126	304317	314433	9084
Pisgah Inn (1, 2, 6, 7, 9)							
	74	105	136331	294226	567653	529337	35312
	73	93	127106	319124	512555	473954	32601
	72	93	122798	253412	472533	449600	23539
	71	93	110200	327042	426073	387464	22407
	70	93	83461	248242	359517	329182	21129
	69	87		263334	325245	308445	19780
	68	82		285086	278689	257350	18799
	67	63		366456	191360	157150	(10790)
	66			330710	142839	124272	(12378)
	65			263565	54594	55713	(619)
	64			12669	48724	48724	0
	64			12669	40607	40832	(145)

BRYCE CANYON NP								
TWA Services (1,2,7,9)								
408.8	74	105	151275	198655	616120	611754	4366	
431.0	73	106	177057	19884	543911	560253	(16342)	
Utah Parks Co. (1,2,7,9)								
426.2	72	169		0	437093	474032	(36939)	
379.5	71	148		0	476023	461917	14106	
345.9	70	165		68685	432292	476853	(44561)	
366.9	69	174		78096	444872	464393	(19521)	
320.8	68	190		88232	460850	482697	(21247)	
295.0	67	195		101301	473575	474560	(985)	
396.6	66			116877	472406	471104	1302	
366.8	65			130109	478301	496788	(18487)	
300.3	64			151523	440990	482659	(21669)	
289.5	63			166314	400876	418507	(17631)	
251.0	62			105743	357858	388203	(30345)	
264.8	61			207258	373002	397322	(24320)	
272.0	60			227781	362947	388664	(25717)	

CANYON DE ONELLY NM							
Justin's, Inc (1,2,6,9)							
498.0	74		130235	102131	426457	335594	90263
565.9	73	30	186896	96672	447645	433478	14167
508.2	72	30	172314	111241	422909	412307	16602
422.2	71	30	146848	98845	350491	347082	3403
369.1	70	38	110960	114182	305250	307944	(2694)
408.3	69	40		115438	499987	500568	(581)
350.4	68	41		135755	521257	499835	21422
354.6	67	38		130093	510416	490571	19845
344.3	66			140764	485306	467085	18221
182.8	65			145232	387478	368968	18510
167.5	64			141249	369558	353965	15593
30.0	63			147217	338843	320304	18539
25.4	62			105743	291783	281321	10462
26.5	61			69870	288044	283571	4473
20.5	60			58058	184763	188349	(3606)

CAPE HATTERAS NS								
Chicamomoco Enterprises (3)								
1,717.3	74		20700	61353	140172	105961	34211	
1,711.1	73		20965	66104	128273	106221	22052	
1,783.7	72		10574	13898	80645	63293	17352	
1,696.9	71		9449	16795	73535	62770	10765	
1,227.1	70		9102	17877	68392	65884	2506	
1,142.4	69			17922	49485	45763	3722	
1,094.0	68			17524	43298	37092	4206	
997.4	67			19051	33214	25165	8049	
1,133.0	66			20782	35826	25742	10084	
1089.3	65			22525	33162	23423	9739	
1070.5	64			30876	26625	26085	540	
873.3	63			31570	14000	16136	(2136)	
649.3	62			33727	9814	9420	394	
547.3	61			96002	10490	11611	(1121)	
467.3	60		NOT IN OPERATION					
OREGON INLET FISHING CENTER (3)								
	74	18	49723	137133	328122	311570	14612	
	73	17	42723	92308	287050	244381	22669	
	72	34	23285	27626	213231	202510	10611	
	71	15	21468	31782	203227	198612	4615	
	70	15	19703	36050	124177	125572	(595)	
	69			19586	144162	145095	(627)	
	68	8		19759	146587	137122	9405	
	67			22582	125372	114316	11056	
	66			24711	137164	121026	15065	
	65			0	123000	118070	4930	
	64			22314	120535	115119	4816	
Grand Heart Reef								
	63			21272	112025	114204	3231	
	62			27037	103453	118093	(14640)	
	61			24241	112589	107434	5155	
	60			28503	96704	98053	(1349)	

DEATH VALLEY NM								
TWA SERVICES (2,7,9)								
384.1	1974	8	24752	412	167303	155694	11609	
606.5	73		6039	164	19813	29027	(9214)	
National Park Concessions (2,7,9)								
	73		39426	0	249684	172319	77365	
568.3	72	48	68151	3109	354865	269794	85571	
559.5	71	49	66544	4117	300137	230232	69905	
589.5	70	32		4201	86924	69121	17803	
Lloyd y Cathrine Sample (2,7,9)								
458.8	69			14759	21257	25658	(4401)	
469.6	68			17899	36714	31938	4776	
476.7	67			20638	36311	32227	4084	
437.8	66			19749	31381	28127	3854	
453.0	65			20309	30228	27426	2862	
Thomas Arton (2,7,9)								
403.6	64			9619	28000	29021	(1921)	
408.1	63			11640	25751	16724	(1233)	
363.4	62			13661	22245	26240	(4595)	
397.9	61			14694	20908	27026	(6118)	
355.9	60			18984	28040	34576	(5736)	

DINOSAUR NM								
Hatch River Expeditions (4)								
326.0	74	28184		191104	152693	38411		
412.7	73	78443		204441	202668	1773		
496.1	72			248432	207706	726		
411.7	71							
371.4	70		21218	129060	128256	744		
337.8	69		32109	53000	52726	274		
308.3	68		24108	35057	34832	225		
310.6	67		7342	28500	28345	155		
Western River Expeditions (4)								
	74			122037	132171	(10134)		
	73			147611	162666	(15055)		
	72							
	71		193924	62352	58710	3412		
	70		174864	50571	54190	(4219)		
	69		52047	40025	32762	7263		
	68		31712	22323	25925	(402)		

EVERGLADES NP									
Everglades Park Co (1,2,3,4,7,9)									
1,000.0	74	66	241045	1311890	1284758	1482207	(197443)		
1,290.7	73	87	247604	1391149	1455566	1507289	(51723)		
1,773.3	72	83	273689	1370637	1675928	1644433	31495		
1,293.5	71	93	250053	1346724	1409637	1418655	(9018)		
1,273.5	70	93	280320	1393630	1533013	1576120	(43107)		
1,187.2	69	118		1440609	1693828	1885645	(191817)		
1,251.5	68	127		1539802	1519444	1550766	(31322)		
1,098.3	67	139		1528078	1251291	1361775	(110484)		
	(3m)	66			248907	289609	(40702)		
1,017.1	66			1388374	1126366	1153580	(27214)		
977.6	65			1314579	1120777	1094868	25909		
792.6	64			1336259	942371	924509	17862		
669.2	63			901416	781050	758653	22397		
626.1	62			879014	721091	720765	326		
566.8	61			902993	567984	540230	27754		
579.2	60			858425	554478	549730	4748		

GLEN CANYON NRA						
Lake Buell Ferry Service (2, 3, 9, 10)						
74	33	77686	296905	648285	603155	45130
73	25	69349	309505	532699	504822	27277
72	23	58125	253455	395083	383284	11797
71	14	50256	117700	261944	254462	7282
70	13	38761	117577	193429	194224	(795)
69	6		110179	125538	132844	(7306)
68	6		106394	113113	121702	(8589)
67	6		121718	110357	134663	(24366)
66			129456	132947	127434	3573
65			134767	102494	104051	(1557)
64			58634	42991	43749	(758)
Bullfrog Marina (1, 2, 3, 4, 6, 9)						
74	62		1356973	1380731	1333529	46302
73	60		1223004	1195076	1186603	8413
72	68		915138	1036575	1028105	7510
71	52		711773	642822	756350	(13255)
70	45		431732	398662	543216	(14454)
69	42		428875	297702	427327	(13454)
68	26		334248	159745	102171	(38273)
67	6		238818	22609	23128	(15559)
66			0	6723	5745	975

GLEN CANYON (CON'T)						
Hite Marina (3)						
74	17	40110	387681	213658	277615	(63957)
73	18	19683	291699	116697	164826	(48129)
72	8	6755	132490	49935	103475	(53540)
71		5632	30242	9131	20883	(11752)
70	2	4200	36621	13625	21739	(8114)
Fort Lee Company (1,2,3,4,7,9)						
74	15	52136	112896	259457	239643	19214
73	15	86878	100861	327136	365299	(38163)
72	15	60482	26253	253403	278815	(26412)
71	15	29847	134347	148977	175520	(26543)
70	14	19572	135108	101002	135205	(34303)
69	7		144381	87333	129814	(42481)
68	7		144760	37431	71393	(33962)
67						
66			17756	71236	35202	(3966)
65			3653	13100	25274	(12174)
64			740	495	10204	(9709)

GRAND CANYON NP							
Fred Harvey (1, 2, 3, 4, 7, 9)							
2,028.2	74	532	2479615	7129950	11553665	10835090	718575
2,064.3	73	482	2296636	6912224	11045755	10161205	824550
2,698.3	72	479	2162356	6670278	10240268	9198240	1042028
2,402.1	71	469	1900606	4489532	8551474	7726164	825310
2,258.2	70	465	1747515	2833169	8161181	7364498	794683
2,192.6	69	465		2436777	7500133	6764712	735221
1,986.3	68	465		2710989	6624171	6058671	565500
1,804.9	67	613		2469001	6046799	5501343	545456
1,806.0	66			2190869	6079523	5556947	542576
1,689.2	65			2225342	5478240	4998485	479755
1,575.7	64			2198969	5270197	4870470	399727
1,538.7	63			2202078	5125337	4718914	406423
1,446.5	62			2290722	4536160	4221928	314232
1,252.2	61			2245029	4182474	3923041	259433
1,186.9	60			2166657	4011173	3781771	229402
Babbitt Brothers Trading Co (2, 6)							
	74	50	249458	499473	2539101	296401	142700
	73	49	238223	557752	2403229	2282436	120793
	72	51	225930	614959	2161721	2065798	95923
	71	42	200558	651046	1875252	1817472	57780
	70	36	162713	685633	1349428	1327680	22348
	69	32	121244	72073	1252139	1215877	36262
	68	32		122008	1198750	1153580	44870
	67	29		114457	1059876	1028604	31272
	66			111501	1064957	1016815	48142
	65			75013	980147	923105	57042
	64			70701	866891	822124	44767
	63			74219	802478	763166	39312
	62			67277	704985	672677	32308
	61			74121	685773	660083	25690
	60			76913	692765	671895	20870

GRAND CANYON NP							
TWA Services (1,2,7,9)							
74	136	210161	179337	1199390	1141752	57638	
73	245	264338		1084924	1028391	56533	
Utah Parks Co (1,2,7,9)							
72	219		0	973630	891088	12542	
71	184		0	880718	838191	42527	
70	206		272669	844212	790376	53836	
69			298093	791359	772928	18431	
68	204		316606	689594	669387	20207	
67	209		350291	623737	741795	(118958)	
66			380110	675238	664535	10703	
65			377592	680560	677657	2903	
64			445496	641355	655044	(13689)	
63			477270	558286	569714	(11428)	
62			479796	478744	500937	(29993)	
61			498746	476580	488893	(12313)	
60			528127	504467	526908	(22441)	
Emery C. Kolb (7,10)							
74	9	27489	1639	92400	84649	7751	
73	12	30663	2064	96003	91166	4237	
72	15	27655	1492	98662	97530	1132	
71	10	15433	2000	95070	89162	5608	
70		28902	3608	106942	98217	8725	
69			5216	108210	95676	12534	
68			3523	97292	79899	17393	
67			885	92120	84158	7962	
66			2328	85112	75972	9140	
65			3137	74231	70192	4037	
64			1416	62544	61905	639	
63			1698	59890	54637	5253	
62			659	44617	39135	5482	
61			1212	42519	37961	4558	
60			1436	39078	40450	(1372)	

Grand Canyon (cont)							
Verkamp's, Inc. (7)							
74	29	67818	82597	630652	596934	33718	
73	29	70014	116886	705224	585002	120222	
72	21	67052	106369	645518	534967	110551	
71	15	56935	109276	511483	443116	68347	
70	20	51479	119117	445263	385750	59513	
69	21		64971	390926	279034	111892	
68	17		61757	339579	238969	100610	
67			61872	316764	222012	94752	
66			33211	316027	211577	104450	
65			34185	295922	192082	103840	
64			25291	260724	125509	75215	
63			25097	247437	200347	47090	
62			23833	216070	171168	44902	
61			27575	189512	156654	32858	
60			25764	176460	153751	22709	
American River Touring Ass. (4)							
74	53	179533	123314	459025	390485	69340	
73	47	81135	99626	415385	391014	34371	
72		94241	87637	347827	281333	(1344)	
Arizona River Runners (4)							
74			49780	142192	111212	14766	
73			52587	179745	141260	3683	
72	9		54713	150414	115411	24672	
Canyoneers (4)							
74			12293	236646	216524	20122	
73		63726	13451	203722	178551	25596	
72			14569	127195	133253	(6005)	

Grand Canyon (cont)							
Colorado River and Trail Expeditions (4)							
74	11	37976	25092	152126	146283	5143	
73	10	30791	19344	96192	90788	5404	
72	8	11865	19507	44174	50116	(5942)	
Cross Tours & Expeditions (4)							
74	28	22781	18394	174313	153956	20357	
73	27	31598	16613	171519	164647	6472	
72	24	22465	21214	101756	104193	(6437)	
Grand Canyon Drives (4)							
74		54000	36036	267768	249586	17932	
73		52725					
72			20096	118682	104377	14305	
Grand Canyon Exped (4)							
74		62390	110152	518482	467119	51263	
73		70323	75817	508017	482178	25839	
72		96362	56123	509662	478637	31125	
Hatch River Exped (4)							
74		115033	11941	467340	428730	38410	
73			23069	406824	401418	5256	
72	70	134280		403416	328423	4193	
Royal River Rafts (4)							
74			3772	121219	61529	5390	
73	1	5000	0	94205	71329	21876	
72	1		0	65622	54701	10921	
Sawyer's River Exped (4)							
74		176035	141378	398727	379009	19718	
73		135155	120418	397750	370064	22686	
72		132621	137590	370008	351623	18385	

GRAND CANYON (CON'T)							
Tour West (+)							
74	50	50594	50793	273229	270651	2558	
73		30766	55064	212344	206207	6137	
72		29755	47113	219489	220644	(1155)	
Western River Exped (+)							
74			446286	608888	476597	132291	
73			348904	520644	410260	110384	
72			252534	706709	751197	(44288)	
White Water River Expeditions (+)							
74		30312	24970	172868	151971	20897	
73		37055	27986	144392	140242	4150	
72		21021	27264	81208	69213	11995	
Good Samaritan Hospitals (10)							
73	12	45969	1186	47945	96324	(46379)	
72	17	122093	1496	156423	227470	(71047)	
71	24	136725	300	183824	291020	(107196)	
70		146774	443	246163	157082	(89081)	
69		125108	0	182518	233907	(51589)	
68	18		2282	248310	207752	40458	
(Dr. Kitzel Garway)	67		5342	176878	153179	21692	
"	66		2461	177725	152408	24617	
"	65		3138	173160	140084	33076	
(Dr. William M. Lacy)	64		679	90668	71824	18844	
"	63		4180	140848	111198	29650	
"	62		7676	113822	80771	32051	
"	61		2438	107734	72915	34819	
"	60		3132	76227	43085	33142	

GRAND TETON NP							
Grand Teton Lodge Company (1,2,4,5,6,7,9)							
2936.8	74	780	1014128	9189329	5100561	4948093	152468
3,083.3	73	780	988947	8550852	4839125	4735653	103472
3,002.2	72			8399782	4724532	4573292	151240
3,284.5	71			8404534	4324462	4493782	(169320)
3,352.5	70			8376438	3820371	4175719	(355348)
3,134.4	69			9430763	3594236	3857599	(263563)
2,970.3	68			9022516	3492594	3615570	(122976)
2,643.7	67			8812112	3459847	3448693	11154
2,673.1	66			8139421	3433681	3402021	31660
2,507.0	65			8054273	3201960	3243399	(41439)
2,456.8	64			7985784	2826806	3109762	(282956)
2,158.8	63			7915010	2710693	3062415	(351722)
1,799.4	62			7611440	2419726	2703432	(363704)
1,492.4	61			7613382	2160061	2606282	(446221)
1,429.9	60			7500662	1878671	2288232	(409561)
Barker-Ewing Inc (4)							
	74	32	70635	50821	216745	158368	58377
	73	28	61271	53346	197541	134653	62388
	72	22	39650	36730	98828	85794	10632
Hinderks & Saunders (7)							
	62			0	106804	102522	4282

GRAND TETON NP							
Signal Mountain Lodge (1,2,4,5,9)							
74	116	104862	513646	606467	566202	40265	
73	117	104996	541159	503013	470983	32030	
72	116	110180	556364	476907	451067	25240	
71	101	90902	477860	373362	386106	(12744)	
70	80	90070	505707	398735	389630	9105	
69	96	89228	534403	366171	366697	(526)	
68	65		550406	229873	265606	(35733)	
67	1		320360	783	33757	(32974)	
66			49832	133065	117860	15205	
65			36996	121693	112005	9688	
64			31593	99829	108088	(8259)	
63			17071	106652	95746	10906	
62			22266	93230	92837	393	
61			27463	89917	83250	6667	
nn	60						
Triangle X Ranch (1,2,5,7)							
74	44	52950	95317	264472	200177	64295	
73	40	47964	92242	227438	183163	44075	
72	40	41908	94360	224775	210215	14760	
71	34	41016	88913	176654	144148	32556	
70	34	36338	68851	172926	147336	25590	
69	34		72162	151841	126634	25207	
68	23		40531	145567	120349	25218	
67	23		45955	123214	114767	8247	
66			49744	123177	104273	18904	
65			49365	115193	91547	23644	
64			51616	101461	82987	18474	
63			56825	102480	81604	20876	
62			38688	88058	74224	13834	
61			39855	90377	72267	17510	
nn	60						

HAWAII VOLCANOES NP							
Kilauea Volcano House (1,2,7,8)							
1,613.1	74	96	499259	669743	1862762	1519585	43177
1,260.5	73		448499	712647	1742106	1640007	102009
1,389.1	72		362364	724588	1591438	1453127	138311
986.7	71		253381	411250	1049659	1003692	46017
822.3	70	58	199314	137181	933705	912047	21658
719.9	69	58		108381	763758	697488	66270
918.0	68	58		128756	846691	677123	169568
786.2	67	51		99484	681273	567480	113793
607.6	66			32407	579058	479426	99632
573.9	65			99519	521934	446524	75400
517.9	64			102996	454051	385716	70335
494.7	63			111359	419368	375589	43779
421.6	62			112693	376859	334273	45586
769.6	61			125094	403038	346931	56107
709.1	60			131569	406409	346482	59927

Hot Springs NP							
Buckstaff Bath House (8)							
2,314.5	74	34	83874	28479	245356	231753	13503
2,503.2	73	34	83390	36135	241890	220316	21574
2,738.3	72	35	83079	42820	238398	214299	23699
2,540.1	71	40	81351	51526	235260	209097	24163
2,092.4	70	41	75585	55553	226262	200096	26166
1,852.3	69	38		61825	226572	202586	23986
1,913.9	68	38		58641	181270	166891	14379
1,981.3	67	39		66650	186091	166859	17232
1,763.7	66			47347	184480	161354	23126
1,809.4	65			51305	172919	158862	14057
1,787.3	64			55291	172491	153019	19472
1,870.4	63			52914	194872	174246	20626
1,874.0	62			55413	161191	145891	15300
891.3	61			53327	148472	138382	10090
719.1	60			58108	152073	132752	19321
Lamar Bath House (8)							
	74		65674	2101	93430	95579	(2147)
	73		56036	3361	99982	96109	3273
	72		59757	4952	112339	103743	3296
	71		64467	6921	121267	109341	12024
	70		70683	8351	135074	124776	11213
	69			7928	146622	136352	9676
	68			9217	142781	131080	11701
	67			10968	149520	139451	10669
	66			10705	150432	141022	9320
	65			9232	142220	135574	7606
	64			11229	144835	135839	8996
	63			12083	171353	162156	9177
	62			10579	157633	151320	6313
	61			11820	147257	138741	9016
	60			13490	146246	138763	7683

HOT SPRINGS (CON'T)						
Ozark Bathhouse Company (B)						
74		21112	5975	87499	80743	6756
73		25045	7322	92215	82226	3989
72		27270	8634	103387	95108	8279
71		30563	10781	108681	99986	8695
70		31821	13258	116255	105421	12834
69			11963	115811	102872	12939
68			14153	111779	99149	12630
67			12438	111305	100953	10352
66			13981	120749	106244	14505
65			17908	115638	104187	11451
64			21703	122938	112339	10559
63			25883	136310	124903	11407
62			27435	119222	109737	9485
61			24028	122894	113372	9522
60			29591	112348	105654	6694
Arlington Hotel Company (B)						
74			0	176827	181103	(4276)
73			0	179905	179945	(60)
72			0	190395	183952	6443
71			0	194761	184042	10713
70			0	206900	187407	19493
69			0	227449	205605	24844
68			0	214789	191531	25458
67			0	245110	207459	37651
66			0	254054	215175	38079
65			0	230436	205262	24874
64			0	256552	228763	27789
63			0	318664	280204	38460
62			0	291762	268930	22832
61			0	292975	261020	31775
60			0	253048	246407	26661

ISLE ROYALE NP							
National Park Concessions, Inc (1, 2, 3, 6, 7)							
13.9	74	60	61531	53171	269064	232262	36802
15.7	73	81	77051	59201	291235	282850	8385
16.1	72	68	68846	62274	266213	237792	28921
15.9	71	77	64629	70798	262418	231029	31389
14.4	70	76	55238	71814	224294	195127	29167
10.4	69	78		67031	171944	171820	124
10.1	68	70		74742	163160	164315	(1155)
9.5	67			31240	147714	149908	(2194)
10.8	66			30271	165518	145916	19602
9.5	65			32570	142663	126183	12480
8.2	64			32973	134036	119327	14709
7.8	63			37961	127467	117126	10341
5.4	62			34809	83039	99023	(15984)
6.5	61			22093	96934	99707	(2773)
6.4	60			23526	102157	104967	(2810)
Siverton Brothers (4)							
	74		22335	95667	102542	107384	(4842)
	73		23374	37646	109653	109653	0
	72		17843	43016	88792	88792	0
	71		17843	42605	88703	88700	3
	70		14490	52852	67517	67500	(1)
	69			58688	52465	52461	4
	68			62354	53998	53975	23
	67			69657	45188	49150	(3962)

KATMAI NM							
Wein Air Alaska (10)							
125	74	17	43480	58980	115060	110030	5030
91	73		35930	62002	94214	86679	7535
127	72	14	33279	65068	85137	79650	5487
104	71	14	30519	68357	95317	85222	10095
118	70	14	36606	71682	93448	85222	8226
78	69	15			105216	95116	10100
16	68	15			100443	90255	10188
Northern Can. Airlines, Inc.							
	67				83162	69628	13534
"	66				63993	60696	3237
"	65		91273		60998	55187	5811
Alaska Can. Voe., Inc.	64		85137		49006	46835	2171
"	63		335481		62679	51735	11344
"	62		361262		52303	45450	6853
"	61		326195		38677	28882	9995
"	60		132408		31999	32779	(780)

LAKE MEAD NRA							
Cottonwood Cove (2,3,4,6)							
5,939.5	74	25	93495	298732	723810	657548	66262
5,534.3	73	16	87581	239153	577576	582247	(5271)
4,888.6	72	41	280126	450218	450218	482602	(32384)
4,579.1	71	14	59251	301192	319044	407308	(88264)
4,897.1	70	14	62085	287621	334642	269267	(34565)
5,614.9	69			738329		301512	(2583)
4,751.8	68	12		302076	232104	234954	3150
4,102.3	67	12		324644	210848	240501	(29653)
3,720.5	66			272528	251739	236959	14350
3,599.1	65			239878	217017	212064	4953
3,462.6	64			173293	194495	188608	5881
3,249.6	63			147559	167659	162074	5585
2,688.7	62			121066	155740	153373	2367
2,220.0	61			124668	138392	129334	9058
2,254.2	60			114075	112618	104647	7971
United Subsidiary (1,2,3)							
	74	18	109351	604284	362412	160983	(197571)
	73	16	95078	676260	318698	512460	(193762)
	72	32	103137	754132	353326	353059	(197784)
	71	29	116580	806494	335923	522117	(197984)
	70	30	131598	24484	315465	383141	(67676)
	69	30		24150	372141	342075	(3925)
	68	29		7618	237883	318345	(8545)
(5 mos)	67	25		0	47174	110768	(40894)
	66						
	65			1350000	57333	51512	(321)
	64			1350000	16633	62820	(42241)
	63			0	0	0	0
	62			0	0	125	(125)

Lake Mead (cont)								
Forrest Enterprises (2, 8, 10)								
	74	15	33810	177077	318811	270719	28992	
	73	15	36412	200857	325199	313266	11333	
	72	15	37446	225034	306405	303313	3092	
	71	12	35657	251513	301253	282399	12354	
	70	12	37050	279969	302851	286398	16453	
	69	12		274994	275504	251102	43698	
	68	10		232057	211270	164343	44927	
(Anderson)	67			105879	157978	129177	28801	
	66			113374	163662	137428	26234	
	65			123199	152900	134975	17945	
	64			126274	144658	126143	18495	
L. M. Enterprises (2, 3, 6, 7, 9, 10)								
	5/1-4/30/15	74	23	204304	946771	910252	906912	4240
	4/1-4/30(4 mos)	74	30	68904	884835	228709	444694	14015
		73	23	214530	907769	710571	708709	1212
		72	15	147672	975640	666046	552202	13444
		71	10	94433	465485	416510	327756	25754
		70		93020	383958	333679	331075	2584
		69			416733	347210	367441	20937
		68	9		322626	214541	229321	(15280)
		67			186505	30402	33027	(3465)

LAKE MEAD (CONT)							
Leisurama, Inc (1, 2, 3, 4, 6, 7, 10)							
74	42	224678	684450	831741	819421	12320	
73	48	245080	715578	831245	840609	(9364)	
(partial) 72	44	98410	704387	249559	306577	(37018)	
McCulloch Properties (1, 2, 3, 4, 6, 7, 10)							
72	6	165921	0	822507	547289	275218	
71	51	247164	338137	630181	629057	(8376)	
70	49	255947	385109	715058	702754	12334	
69			424657	735536	797501	(61765)	
68	51		437732	660408	732719	72311	
67	70		534905	637616	737294	(97678)	
66			474866	654678	734585	(79907)	
65			554204	733599	852074	(98478)	
64			575235	914639	1036777	(122138)	
63			661227	954895	946274	(41379)	
62			672551	729590	1002058	(272468)	
61			157323	393921	483846	(89325)	
60			46463	383079	358612	24467	
Lake Mohave Resort (1, 2, 3, 4, 6, 7, 9)							
74	78	260063	669188	135832	1232141	177574	
73	68	257489	641265	1272704	1520774	119180	
72	63	218474	683765	1007638	70056	57422	
71		183528	710360	1073166	925213	85793	
70	63	226142	730117	768161	830364	78791	
69	61		678621	848465	783702	64263	
68	63		673065	817921	751732	66189	
67	58		693279	742229	679250	83007	
66			651528	692545	49964	54581	
65			661536	617352	580104	51248	
64			672555	469648	445716	23932	
63			486918	386016	380393	5623	
62			310045	318761	294797	23964	
61			246974	293917	275431	18486	
60			246531	257990	245017	12973	

Lake Mead (cont)							
Las Vegas Boat Harbor (2,3,4,6,7)							
74	11	43293	51079	596482	592270	4218	
73	11	48271	73527	728507	714113	14394	
72	11	38130	73792	469267	475239	(6472)	
71	11	34837	86712	442613	440221	2392	
70	14	43225	90105	549706	564024	(14118)	
69	14		109203	501987	492127	9860	
68	14		111580	473704	460104	13600	
67	14		133459	446413	464278	(17795)	
(Gripentog)			153942	329621	315105	14516	
65			161180	403838	378736	24902	
64			106680	383713	403058	(19345)	
63			65275	633131	590214	42917	
62			59758	59527	568605	26922	
61			60816	392274	381889	10385	
60			53763	429709	420993	9816	
Overton Beach Resort (1,2,3,6,9)							
74	7	9092	66809	139616	159089	(19472)	
73	4	7120	78836	106212	122842	(16670)	
72	4	14317	74630	97585	113723	(16738)	
71	4	2922	77607	78518	21695	(2177)	
70	2	2435	40234	60529	67152	(1204)	
69	2		35780	62585	47241	13244	
68	2		41002	63989	59137	4852	
67	2		48378	69133	67199	1614	
66			56292	77298	10482	(1184)	
65			61180	85523	6250	(10121)	
64			80734	74354	82151	(7797)	
63			119805	125017	125266	(347)	
62			105121	120237	119252	1585	
61			117142	106704	121835	(15129)	
60			0	121497	118189	2908	

LAKE MEND (Cont)							
Temple Bar Marina (1,2,3,6,9,10)							
74	89	66667	326835	462749	437080	22669	
73	08	49338	355784	326437	376032	20405	
72	30	52989	340227	402763	385648	17115	
71		72157	352446	291325	328065	(6670)	
70	53	80867	376432	410079	423270	(3191)	
69	48		399266	403944	413326	(9432)	
68	48		427902	240872	347225	(262)	
67	37		450590	362790	370234	(7444)	
66			464074	334553	342391	(10825)	
65			440129	272759	280636	(7877)	
64			334897	227532	287655	(60123)	
63			167853	198854	201257	(2403)	
62			210262	198854	202257	(2403)	
61			201147	214782	215176	(394)	
60			133806	236608	227826	14822	
Willow Beach Resort (1,2,3,4,6,7,9,10)							
74	29	122708	321748	662659	507883	24776	
73	29	117122	329752	612095	546249	65946	
72	29	97081	345150	492692	472448	44024	
71	20	83912	370043	424689	485748	29441	
70	20	84310	391156	402792	375433	27227	
69	18		406266	367422	342072	17595	
68	17		355097	367442	282219	18623	
67	17		368074	24732	251725	27200	
66			397512	272111	277194	4927	
65			424582	276733	245113	(4360)	
64			294861	211278	202221	2751	
63			225320	161428	168749	(7321)	
62			152644	98025	67714	33121	
61			40662	59696	50271	3419	
60			204820	48777	45243	2334	

MAMMOTH CAVE NP							
National Park Concessions (1, 2, 6, 7, 9)							
1,740.0	74	172	423294	589533	1821622	1768440	53182
1,927.5	73	178	418710	610643	1781552	1738765	42787
1,872.9	72	220	389372	603169	1554018	1475657	78361
1,745.0	71	212	366727	622388	1487461	1365284	122077
1,726.5	70	224	329012	631306	1451565	1301503	150062
1,299.7	69	230		657727	1329792	1243185	86607
1,540.2	68	191		713540	1260399	1159705	100694
1,282.8	67			744571	1180338	1105375	74963
1,143.8	66			750894	1129258	1018500	110758
872.2	65			781582	912904	840427	72977
793.4	64			516681	755862	672368	83494
636.1	63			157311	666192	638421	27771
569.3	62			91511	615458	579742	35716
519.3	61			108786	579832	576295	3537
519.1	60			101506	627891	624281	3610

MESA VERDE NP							
Mesa Verde Company (1, 2, 6, 7, 9)							
446.7	74	222	224764	4180775	1542710	4132166	60244
483.8	73	249	225759	4229274	1563744	4471059	92685
547.9	72	138	164654	394759	1310810	1237118	73692
519.5	71	159	166887	710095	1199540	1140457	59283
527.2	70	163	146039	781591	1070185	1011042	59146
513.8	69	163		815941	933701	881904	51797
449.8	68	137		883783	788090	764155	23935
435.0	67	224		885233	753393	773959	(20566)
423.4	66			811524	750805	726341	24464
378.3	65			679661	687540	655910	28630
344.4	64			497876	514175	488228	25947
325.3	63			111329	472614	448728	23886
262.2	62			107355	418584	397623	20961
227.7	61			108941	429393	411070	18323
225.7	60			112731	416717	396232	20465

Mt. McKinley NP							
Outdoor World (1, 2, 6, 7, 9, 10)							
425.5	74	215	345635	1468431	1776264	1725704	50560
360.1	73	190	438805	1403655	1417077	1521642	(104565)
306.0	72	156					
McKinley-Lassen National Parks Co (1, 2, 6, 7, 9, 10)							
58.3	71	137	212133	0	1652585	850914	801671
46.0	70	137	123305	469966	853523	773519	80004
45.4	69	140		92554	656308	630181	26127
33.3	68	93		105805	673360	637803	35557
39.8	67	74		84064	548745	523590	25155
31.3	66			71331	493486	457381	36105
21.4	65			45670	405571	385436	20135
19.2	64			48953	345921	332241	13680
18.4	63			52817	347724	325516	22208
16.6	62			66426	313544	310341	3203
18.3	61			82364	304574	300431	4143
22.5	60			18162	322422	308472	13950

MT. RAINIER NP							
Rainier Mountaineering (10)							
74	20	30913	13907	114671	112415	2256	
73		26073	8272	106399	105494	905	
72	16	15971	2173	75978	75393	585	
Government Services (1, 2, 7, 9, 10)							
1,495.5	74	140	258497	239344	985357	937807	47550
1,528.2	73	154	230168	325175	936766	840730	96036
1,682.4	72	154	196246	221109	824129	781008	43121
Mt. Rainier National Park Company (1, 2, 7, 9, 10)							
1,722.6	71			168539	894177	955688	(61511)
1,925.1	70	112	222622	118099	973878	762987	10691
1,652.5	69	184	239342	115954	941147	970382	(29235)
1,682.7	68	170		93308	884048	863741	20307
1,805.9	67	170		106693	751391	740638	10753
1,722.3	66			68307	745934	714816	21118
1,643.1	65			27675	602490	590516	11974
1,439.9	64			34147	605732	597433	8499
1,544.3	63			39825	624509	646390	(19281)
1,905.3	62			43631	1108315	1092315	16000
1,592.8	61			40883	648405	632405	16000
1,538.7	60			46998	604805	58805	16000

MT RUSHMORE NM								
Mountain Company (2,7)								
1,785.7	74	120	212955	266262	1572567	1473709	98858	
1,983.5	73	130	237660	252206	1607119	1555690	51479	
1,911.6	72	131	232745	238857	1385759	1353091	35668	
2,314.8	71	157	337486	63989	1177497	1146133	31364	
1,965.7	70	163	296825	62023	1128783	1092723	35990	
1,763.9	69	172		74814	997573	981109	16464	
1,728.5	68	130		91217	964300	953931	10369	
Mount Rushmore Nat'l Men Society of Black Hills (2,7)								
1,632.5	67	130		93480	880702	882206	(1504)	
1,585.2	66			95640	872908	860183	12725	
1,507.4	65			107611	787527	772477	12050	
1,343.3	64			77678	716255	702841	13414	
1,272.8	63			85299	618365	609747	8618	
1,209.4	62			93037	683358	670052	13306	
1,030.4	61			97809	614392	607206	7186	
1,067.0	60			104681	603779	595818	7961	

Muir Woods NM							
Jacklo, Inc (2,7)							
811.2	74	34	91406	82816	872002	844551	27952
798.4	73	34	81008	102360	805621	65912	36769
813.3	72	34	70507	104544	446220	616271	27329
742.8	71	42	65757	85641	545242	451038	94305
733.0	70	42	31469	92643	266902	227102	37194
Katherine W. Clever (estate of v. Montgomery) (2,7)							
694.8	69		42743	421	260308	211080	49228
721.9	68			1926	256710	202712	54198
737.7	67			2495	232293	191766	40327
685.9	66			2939	208577	123189	25385
Mrs. Viola Montgomery (2,7)							
596.9	65			2457	168504	149854	18650
609.0	64			4276	153321	145205	2116
572.5	63			5711	124195	135529	()
532.8	62			7660	120096	125667	(5271)
524.3	61			10424	115017	122726	(7939)
508.8	60			5630	121230	126527	(4361)

WATCHER TRACE Pkwy							
C.W. Gary (6,9)							
12,868.6	74	7	25787	26537	285433	264116	21317
14,080.5	73	7	25085	22833	237839	224507	13332
13,297.8	72	7	25540	23559	240055	230700	9155
11,823.2	71	7	24722	23392	230555	214919	15636
11,256.1	70	5	25254	25676	224309	212117	12192
10,451.0	69	5		28703	210977	192459	18518
8,911.7	68	5		24187	188523	173635	14888
6,781.7	67	8		15913	150531	138291	12240
5,652.4	66			16314	132127	122743	9384
4,979.2	65			17098	124062	113702	10360
4,476.7	64			17444	121213	111239	9974
5,288.8	63			17526	118491	113744	4747
5,322.0	62			17939	97203	92697	4506
3,685.3	61			18473	30454	30950	(496)

National Capital Parks							
Almours Securities (2,7)							
8,695.4	74	95	320817	428226	1288411	1239527	48284
10,912.5	73	85	293242	265592	1182898	1147856	35042
9,701.5	72	77	221763	16821	781726	785788	(4062)
10,972.7	71	78	222795	27476	797787	797383	404
9,011.8	70	83	201761	35471	803468	776768	26700
9,398.9	69	83		46597	813526	783416	30110
7,138.4	68	77		57109	681116	662900	18216
7,503.2	67	54		68709	777297	744411	32886
7,164.7	66			76600	795823	759365	36518
9,171.3	65			73832	784542	746402	38140
8,910.6	64			85703	787426	741122	46304
8,617.7	63			91692	634014	606034	27980
8,587.7	62			104140	687604	644354	43250
7,623.4	61			112382	649761	617489	32272
6,912	60			122294	633693	598703	34990
Landmark Services (10)							
	74	125	637681	180583	1473797	1401064	72733
	73	135	593614	90377	1600013	1457409	142604
	72		488288	64368	1324020	1222255	271395
	71		444874	38256	1097450	107152	157765
	70	79	284870	39002	465481	785260	(319579)
	69	68		27443	279903	434880	(154977)

NATIONAL CAPITOL PARKS							
Thomas C. Long (3)							
74	8	74978	9593	2,156,556	2,154,426	230	
73	8	57059	13006	227971	214,146	13825	
72	4	27147	18176	121239	104873	16416	
71	4	35723	23604	176351	163185	13166	
70		23872	23935	122214	94076	28138	
69			27073	102095	96725	17316	
68	1		24960	70122	61728	8394	
67	1		22520	43796	39290	4506	
66			21854	24755	22543	212	
Rack Creek Park Horse Center (5)							
74	18	46166	10192	1,27422	1,29904	(2482)	
73	12	42747	14922	1,20123	1,30723	(10750)	

NCP							
Julius W. Fletcher (2,3)							
74	14	35022	18707	112579	82510	30069	
73	12	32835	19322	109340	80075	24265	
72	11	38233	14855	92267	84777	9490	
71	15	40645	19396	122664	87749	34915	
70	14	37668	10762	106471	79954	24517	
69	8		12674	94265	67797	26468	
68	8		12989	79970	51999	27971	
67	4		17779	67852	47498	20354	
66			16769	67705	43119	13807	
65			14310	49148	35800	13348	
64			15098	56430	43092	13338	
63			17279	49846	31948	17898	
62			15230	36489	21829	14460	
61			12639	27987	20235	7752	
60			11803	13979	11180	2799	
Government Services (2,3,4,7)							
74	155	607415	903344	2676716	2149793	326723	
73	155	514848	640714	2455175	2092376	359799	
72	155	459258	522822	2010451	1708201	302250	
71	83	400331	391993	1869898	1594344	275254	
70	60	339900	233758	1608123	1486434	117489	
69	60		244995	1510967	1309473	200594	
68	60		254170	1384371	1244454	159917	
67	104		250704	1411105	1272995	137910	
66			291047	1430168	1203446	126722	
65			272894	1508508	1431826	76682	
64			290022	1731525	1633112	98413	
63			325964	1111658	1056884	54774	
62			359924	1191758	1129149	62609	
61			373428	1120660	1061020	59580	
60			357658	1054023	1003710	50113	

NCP						
S.G. Leoffler (10)						
74	71	225579	33243	619652	623204	(3552)
73	74	239340	29779	574630	60769	(35139)
72	86	257868	36503	548615	647937	(99322)
71	102	275533	33482	676436	715231	(38795)
70	104	270825	27208	711032	665178	45854
69	95		18326	715446	637165	78281
68	103		16799	715758	649046	66712
67	42		23730	713689	629382	84307
66			28851	699116	600807	98309
65			32601	717652	588686	128966
64			35209	709978	596249	113729
63			62315	707533	643855	63678
62			62315	673749	616880	56869
61			85615	676277	653023	23254
60			99290	714739	677418	37321
Super Attractions (10)						
72	80			499259	456826	42433
71	90			465428	491635	(25607)
70	88			603547	527929	15558
69	83			623441	633350	(9909)
68	86			549740	607111	(57171)
67	89			588183	633499	(45617)
66				793124	717782	5172
65				445183	504786	(59603)
64				643093	658937	27156
63				535916	547248	(11332)
62				480314	490434	(10120)
61				594922	568892	26230
60				446862	445350	1513

OLYMPIC NP							
National Park Concessions (1,2,8)							
2,479.3	74	66	76561	84910	334787	307151	27636
2,817.0	73	76	81127	88624	326250	279308	26942
3,031.7	72	98	79552	90783	324149	280342	43807
1,859.7	71	110	74879	90036	307902	269771	38131
2,283.1	70	121	79314	85742	305247	277011	28236
2,135.9	69	136		74083	267326	256142	11184
2,013.8	68	79		81375	271663	254838	16825
1,905.3	67			86523	270562	250728	19824
1,752.0	66			86890	163452	159555	3897
2,058.0	65			94995	161284	149043	12341
1,343.6	64			101994	142331	136692	5639
1,576.2	63			109597	138531	137127	1404
2,044.4	62			117866	209609	177818	23791
1,519.5	61			77792	150607	142941	7666
1160.4	60			68731	127998	133007	(5009)
Becker's Ocean Resort (1,2,6,9)							
(9 mos)	74	63	94069	306251	521098	490896	30202
	73	42	105939	314192	558348	536538	21210
	72	42	117288	313790	497060	508278	(11218)
	71	42	103346	325860	504442	487188	16654
	70	37	94381	339067	472535	457711	4764
	69	45		370459	428005	413799	14806
	68	45		292119	395827	384073	11754
	67	40		235313	361899	355246	6653
	66			207543	314661	306664	7997
	65			216681	279213	275372	3841
	64			209207	256770	247139	8631
	63			213159	215858	211034	4224
	62			210785	203975	201222	2753
	61			169460	164083	157889	6194
	60			159430	137165	133977	3188

OREGON CAVES NM							
Oregon Caves Company (1, 2, 6, 10)							
152.3	74	84	117457	100075	415956	385662	30294
167.5	73	76	119949	94747	371891	271865	20026
199.4	72	80	118090	28411	410901	374884	36015
179.6	71	80	104937	15079	386824	354159	32665
160.8	70	91	97326	16002	357530	314751	32779
148.6	69	78		23486	303804	283182	22622
144.1	68	80		27627	295255	269389	25866
128.4	67	80		35772	260860	251670	9190
150.3	66			43407	265771	246467	19504
130.9	65			50080	222907	213331	16424
149.9	64			51728	241761	212792	28169
125.8	63			58200	211981	191623	20358
129.1	62			61635	242753	214610	28143
102.9	61			64865	192862	176893	15969
101.3	60			66971	174000	161250	12750

PETRIPIED FOREST NP							
Fred Harvey (2,7,9)							
789.2	74	24	79833	212221	727399	667129	60270
1,072.0	73	14	88584	272666	824281	750220	74061
1,229.0	72	14	73054	241008	733140	675517	57623
1,077.4	71	24	69535	252575	582129	556185	25944
1,151.4	70	24	66890	271151	612188	578109	34079
1,004.9	69	24		291945	515644	479128	36516
869.4	68	24		307167	468089	443647	24442
797.2	67	31		317976	458661	429752	28909
849.8	66			338187	511250	474801	36449
867.8	65			345218	449362	426078	23284
884.0	64			365839	401355	397129	4226
786.0	63			371655	356333	341163	15170
705.0	62			117792	172026	159349	12677
671.0	61			17229	163492	150999	12493
911.5	60			15097	127565	119057	8508
Rainbow Forest Lodge (2,6,7,9)							
(Fred Harvey) (partial)	74	11	9179	327624	116554	109041	7513
(Robinson) (partial)	74	12	47907	51749	217950	218842	(892)
	73		60962	64677	424549	403201	20748
	72		52632	70420	406393	381074	25319
	71		44637	80852	346099	338024	13015
	70	25	40104	86317	306376	297610	2744
	69	15		100607	226187	199723	24766
	68	16		34553	237379	194735	43144
	67	15		14601	214795	187947	29775
	66			13939	223468	207462	26106
	65			21379	218442	182822	35620
	64			25295	202240	171782	30458
	63			43792	196837	162465	34372
	62			48511	182555	149026	33529
	61			46926	171820	144383	27438
	60			49946	188536	153743	34593

Rocky Mountain NP							
Rocky Mountain Park Camp (2,7,10)							
2,501.1	74	143	217809	679027	1590937	1353692	56745
2,522.0	73	166	151642	411073	1142487	1136076	6411
2,519.6	72	166	157501	500224	1127206	1165422	18784
2,457.3	71	149	134154	551596	1000624	779606	21022
2,357.9	70	289	124708	254298	964728	902242	62456
2,217.2	69	69		277748	871837	817374	54523
2,187.6	68	30		277432	697820	637111	60709
1,915.2 (5 mos)	67	28			108127	160624	(52437)
	67			254921	513025	477923	35702
	66			155951	414501	383265	20656
	65			147728	297951	280412	17539
Estes Park Chalet							
	64			126348	254146	227720	26426
	63			221363	179475	134995	44260
Colorado Transportation Company							
	67			254280	57012	30630	17522
1,865.6	66			196203	71452	49276	21446
1,619.8	65			238253	57128	44266	12702
1,885.9	64			150168	60900	50989	10011
1,855.4	63			219541	82666	63708	18958
1,773.8	62			370228	378012	362767	14248
1,538.0	61			415639	374564	253511	20302
1,532.5	60			385746	395868	355222	40246

Sequoia-Kings Canyon NP							
Government Services (1, 2, 7, 9, 10)							
686.9	74	231	464094	1066828	2682569	2517152	371417
846.3	73	231	448384	1288467	2316262	2037242	277620
869.6	72	231	425097	1133260	2103511	1821774	221527
Sequoia-Kings Canyon National Park Camp (1, 2, 7, 9, 10)							
	71		49679	1019060	154206	160905	(5599)
882.0	71		405813	906454	2028012	1921283	106735
875.7	70	316	437690	944774	2064322	1976225	87797
919.3	69	316		822604	1824409	1890447	(4036)
874.3	68	390		717460	2124030	2017543	106487
746.9	67	411		618578	1973568	1718513	55052
797.8	66			553136	2127921	1996889	31032
877.3	65			588748	2236531	2168127	62404
654.1	64			611735	2174711	2104794	69017
631.7	63			579094	2045315	2018575	26740
687.4	62			567716	1945748	1899555	48293
610.2	61			332583	1647713	1603053	44660
610.8	60			291275	1654154	1617661	36123

SHEENBORH NP		HRA Virginia Sky-Line Corporation (12,568.79)	
74	2,215.3	260	724541
73	2,574.3	264	634684
72	2,304.1	269	573486
71	2,406.5	275	526899
70	2,411.5	289	611148
69	2,400.9	262	1338981
68	2,273.2	272	228260
67	2,133.1	267	1262287
66	2,349.1		1267435
65	2,289.4		2057071
64	2,276.2		1760427
63	2,237.8		1810452
62	2,049.4		1745442
61	1,929.3		166205
60	1,780.1		114854
			85137
			88269
			65034
			63427
			56479
			255361
			293577
			165731
			17732
			115240
			83671
			73404
			96644
			162782
			273674
			2150582
			2119477
			1967628
			2041022
			2203148
			2769522
			2536456
			1268317
			140605
			2279932
			2853605
			1316838
			1346124
			3303654
			3009777
			3517700
			3753081
			375337
			977843
			1401003
			1344524
			1555519
			1442092
			1601518
			1536484
			1631384
			1719653
			1745442
			1925306
			1256826
			1198818
			1170529
			1071021
			1004870
			977843

STATE OF LIBERTY NM							
Circle Line (2,7,10)							
	74		403403	265504	1418193	1277123	141070
	73	60	383424	303961	1376427	1215285	161142
	72	58	382577	327825	1192897	1087645	105252
	71	56	383247	393480	1077445	1042227	34918
	70	52	398796	436175	1042618	773729	68887
	69	52		436106	1001645	911240	90405
	68	50		481285	951084	847302	103782
6 mos	67				186669	348063	(11394)
	67	75		559885	874303	778109	96794
	66			611719	830066	753743	77123
	65			662993	867121	792778	164343
	64			895035	865252	659518	205734
	63			174364	642028	554987	87041
	62			138856	652951	616800	36151
	61			165845	571614	559191	12423
	60			196380	528666	530106	(1440)
Evelyn Hill (2,7)							
1,120.5	74	67	260210	93104	818572	806582	11990
1,125.9	73	51	234496	116615	775430	751128	24392
1,091.1	72	45	230127	142807	699215	627770	11245
1,078.5	71	30	212393	167132	661311	621147	30164
1,104.9	70	50	201484	200981	645774	617761	26213
1,140.1	69	56		202701	539502	534770	4732
1,105.3	68	44		92201	493964	488736	5928
1,071.5	67			41668	511785	488652	23782
1,036.3	66			52560	462742	47812	42130
1,064.5	65			63002	436536	37438	64755
1,026.5	64			77152	386648	362777	23871
848.0	63			90412	262136	269150	(7014)
863.8	62			27341	327797	311357	16440
763.5	61			40629	271077	276944	(5897)
769.0	60			43260	255236	270258	(1022)

Virgin Islands NP		Cancel Bay Bankton (1,2,6,10)	
74	298.2	26	121753
73	293.6	20	131779
72	284.6	9	85931
71	252.6	9	874117
70	126.6	9	61605
69	117.0		201372
68	123.8	4	49907
67	102.7	4	228983
66	66.0		191463
65	57.4		37520
64	71.6		20137
63	86.2		14318
62	55.4		56369
61	30.6		23068
60	272		8609
			58291
			66900
			43194
			32425
			16632
			16671
			14452
			16006
			17336
			15406
			9615
			12878
			(3263)
			(1930)
			(1354)
			(3961)
			(1070)

YELLOWSTONE NP		Yellowstone Park Company (2,6,7,9)		Hamilton Stores (2,6,7,9)		(3-5)	
1498	1417609	6776320	2878088	8250330	6205468		
1521	1431533	6918076	9282211	8295243	632268		
1643	1286686	7474562	7124086	7125789	598515		
1581	1335555	8114509	7817952	366557	292725		
1871		7774270	7865458	7632159	238319		
2099		8422008	7880759	7643121	237638		
1926		6907454	7580779	7073262	287517		
66		101077	220754	(119177)			
66		6467662	7569650	7127574	442076		
65		6432152	7397139	7024160	372979		
64		5934408	6805737	6307695	498042		
63		5790144	5977793	5245266	432527		
62		6072977	5825163	5438652	392511		
61		6256589	4710153	4481131	229022		
60		6818042	4885267	5423345	(538078)		
74	877729	1310293	4758780	4456729	222051		
73	978328	1200209	597106	201101	206055		
72	944411	1256122	5334494	246201	271693		
71	862	1288466	4875807	4006719	178712		
70	951894	1376536	5477257	5450140	247817		
69	757	151397	5094402	1872596	222004		
68	766	1527324	4932021	4679077	252944		
67	750	1222959	4251620	4051744	193626		
66		1252144	4612148	1122705	202535		
65		1192295	4427195	4176229	250766		
64		1246773	3676271	5678218	217723		
63		1260268	360091	3466897	193202		
62		1354864	3519545	324328	192207		
61		1442015	3040569	740502	102467		
60		1571332	207173	284458	72155		

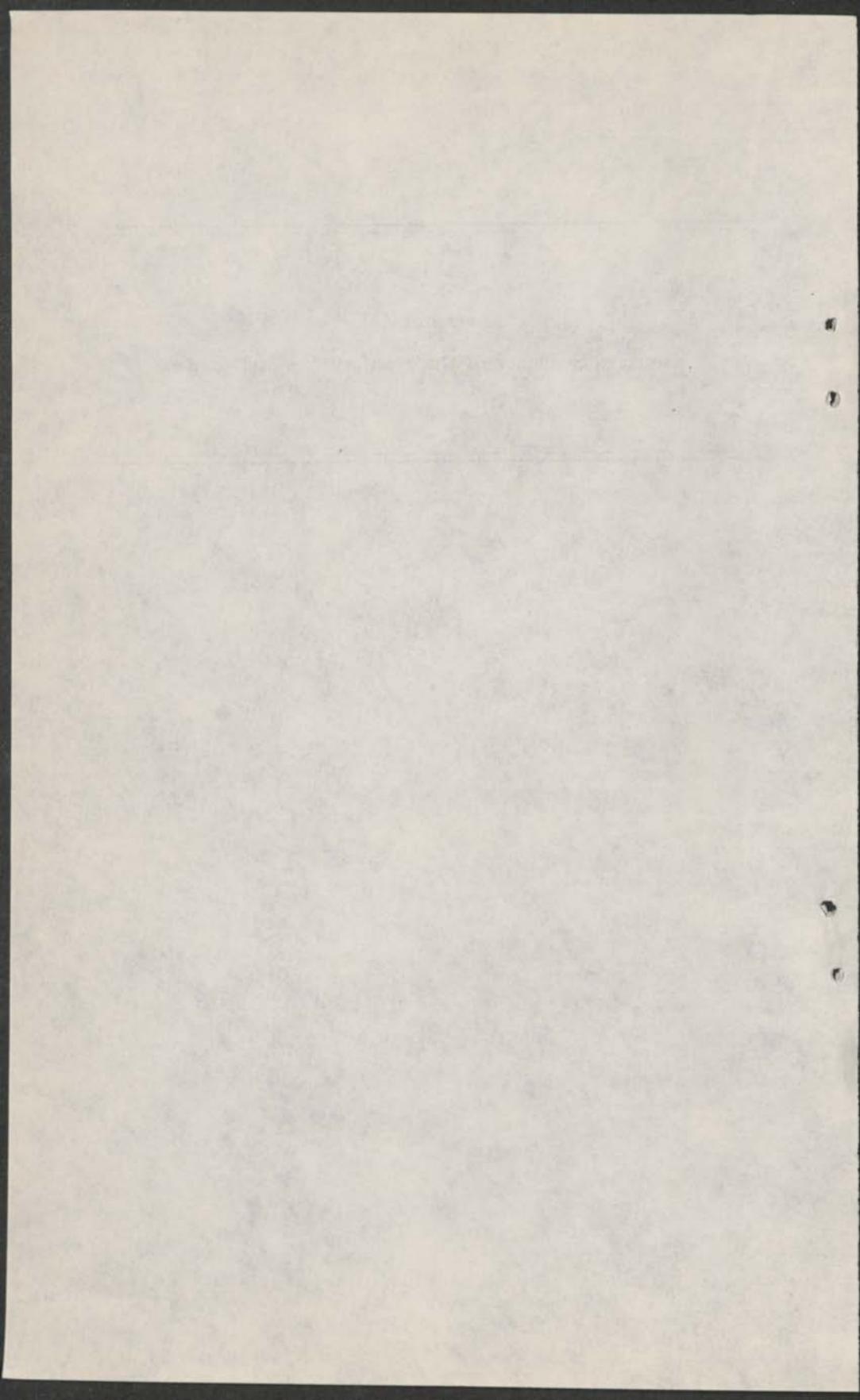
Yosemite NP							
Yosemite Park and Curry Company (2,6,7,9)							
2,343.1	74	1583	2748503	4805275	2995130	7374713	1530417
2,339.4	73	1502	3307213	9505232	17045281	15733318	1312063
2,266.6	72	1502	2731696	9573011	15247570	4419792	827778
2,416.4	71	1502	2481128	9473667	1526983	7373455	747522
2,272	70	1493	2676595	9552714	1619549	13127598	491951
2,291.3	69	1423		9450885	12988464	1381364	607100
2,281.1	68	1672		8219202	1560520	1229593	270935
2,238.3	67	1525		8034756	1502102	12036016	466086
1,817.1	66			7140019	1616213	1232124	598057
1,635.4	65			7617953	11992113	1451224	554283
1,547.0	64			7501960	1646186	1115114	521072
1,473.4	63			6083946	1084818	1013412	471406
1,505.5	62			6139573	8676164	1032390	543774
1,227.1	61			6042368	9453823	7023624	430139
1,150.4	60			5959663	9345854	2950460	395394
Bests' Studio (10)							
	74	21	82309	130922	524214	561723	22491
	73	21	68681	136144	409924	434533	(24609)
	72	17	25577	134432	294733	293503	1230
	71	9	16404	143972	262745	260325	2431
	70	11	14319	154576	190966	189195	1768
	69	10		14710	225906	202898	17238
	68	6		2295	191953	181494	10459
	67	10		2801	207184	121498	17686
	66			3488	205616	129030	16586
	65			7995	184465	167467	16978
	64			3062	162968	151366	11602
	63			3003	152990	142652	10338
	62			3513	137072	125221	11251
	61			3563	122227	114739	8150
	60			3469	112327	110643	7744

Yosemite (Cont.)							
Yosemite Medical Group (10)							
	74		101761	1807	254714	250110	104804
	73		96169	1964	301523	216697	84826
	72		98556	3302	289476	222549	66927
	71		139897				
(Di. Avery State)	70	22		1942	290527	236161	54426
"	69	24		1300	275349	204384	70965
"	68	18		1771	249807	205403	44404
"	67	18		2247	273186	217887	55299
"	66			3061	222794	187125	35649
"	65			4662	210668	173267	36801
"	64			2432	204206	163509	40697
"	63			4024	175375	139757	37618
"	62			4497	187754	131913	55241
"	61			3411	181242	132715	48527
"	60			4470	173560	126071	47489
El Portal Market (6)							
	74		32498	3062	262458	250210	12248
	73		15456	1580	226256	205371	20825
	72		16216	1830	203812	187027	16785
	71		20451	2009	181026	169224	11742
	70	7		1966	170016	161167	8247
	69	6		3212	176407	160158	15449
	68	6		4459	164493	150071	14922
	67	6		5222	162022	145140	16622
	66			6465	157172	142511	11301
(NeuberG)	65			0	98192	101802	(3610)
"	64			1883	98657	98627	30
"	63			1619	91526	96980	(2434)
"	62			2640	94972	92380	2098
"	61			1036	90824	84115	6769
"	60			1735	87672	81363	7709

Yosemite (Cont'd)						
El Portal Motor Inn (1)						
	74		10159	110627	120767	(10080)
	73		11995	45279	53340	(2061)
	72		15558	45508	47431	(1923)
	71		13192	51419	58140	(6721)
Dignan, Donahoe (1,2,6,7,9)						
	74	11	295463	21250	42258	(21008)
	73	61	270116	675079	647960	27119
	72	48	286455	645100	612740	31360
	71	53	294373	647164	602965	43199
	70	50	309916	527765	561256	16509
	69	60	324251	675261	591619	32642
	68	60	343366	606740	605953	27177
	67		365454	626748	594102	21265
	66		384771	570331	545251	22592
	65		397455	531167	491182	21335
	64		414077	490516	451735	38417
	63		420358	425000	3711	215
	62		445555	442125	41127	19252
	61		475060	362020	32485	(415)
	60		524160	223233	223545	(6116)
Ferris						
	66		11014	130478	140107	30291
	65		11042	121051	97010	23501
" "						
	64		19874	112101	91667	1174
Braxitley						
	63		6464	122036	104224	11782
	62		7733	118878	98573	20305
	61		7937	102539	91724	10815
	60		10518	98766	98041	925

APPENDIX III

Executive Summary of the Stanford Research Report



Executive Summary

January 1976

THE CONCESSION SYSTEM IN UNITED STATES
NATIONAL PARKS: BACKGROUND, SERVICES
PERFORMED, PUBLIC ATTITUDE TOWARD,
AND FUTURE CONSIDERATIONS

Prepared for:

CONFERENCE OF NATIONAL PARK CONCESSIONERS
WASHINGTON, D.C.



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Executive Summary

January 1976

THE CONCESSION SYSTEM IN UNITED STATES
NATIONAL PARKS: BACKGROUND, SERVICES
PERFORMED, PUBLIC ATTITUDE TOWARD,
AND FUTURE CONSIDERATIONS

By: TERRENCE CULLINAN and BARBARA MATHEWS

Prepared for:

CONFERENCE OF NATIONAL PARK CONCESSIONERS
WASHINGTON, D.C.

SRI Project ECC-4268

Introduction

The need to provide visitor facilities in U. S. national parks was recognized with the establishment of the national parks. Stephen Mather, the first Director of the National Park Service, offered the following explanation for his support of concession operations:

"Scenery is a hollow enjoyment to a tourist who sets out in the morning after an indigestible breakfast and a fitful sleep in an impossible bed."

Since before 1900, private citizens have provided visitor facilities in U. S. national parks. The concession system has been extensively reviewed and examined for more than 50 years. During these years, congressional hearings, Department of the Interior analyses, and National Park Service reports have consistently concluded that:

- Public lodging and other service facilities are needed in most U. S. national parks.
- The private sector, rather than the federal government, should provide visitor facilities in the national parks.
- Under controlled conditions--expressed by contract between private companies or individuals and the National Park Service--facilities should be provided to ensure that all people could enjoy the national parks without violating the parks' great natural beauties.

A new series of reviews was initiated in 1975. As part of this review process, Stanford Research Institute (SRI) was asked by the Conference of National Park Concessioners to undertake a study incorporating the following objectives:

- Provide a basic review of the background to the current concessioner concept and the degree of service now being performed by the concession system.
- Provide a survey of general public attitudes toward concession facilities.
- Examine impacts of potential alternatives to the present concession system.

The findings of an 86-page report on the SRI study, submitted in early 1976, are highlighted in this executive summary.

Background of Current Concessioner System

Commencing about the time of the first Organizing Act for Yellowstone National Park and the early setting aside for public use of the Yosemite area, service facilities for visitors to U. S. national park areas have been provided almost entirely through private investments. This has become known as the concession system and has been frequently reviewed. (A bibliography of major reviews is provided in the full report.)

Prior to the creation of the National Park Service in 1916, visitor facilities were provided on a competitive basis. This proved unsatisfactory both in terms of public service standards and in requiring the assignment of too much prime park land. To avoid this, Stephen Mather adopted the "principal concessioner" concept, whereby one concessioner is selected to provide a wide range of services under Park Service regulation and control. In succeeding years, alternatives to the present system have been reviewed but discarded, as Congress refused to appropriate funds for visitor facilities. Major reviews took place in 1947-48, 1961-62, and in the early 1970s; the results generally confirmed that the present system was preferable to the alternatives. New reviews implemented in 1975 are still ongoing.

A major cause of the continuing review process is the dichotomy of purpose expressed in the 1916 Organic Act establishing the National Park Service. The Organic Act states that:

"The Service...shall promote and regulate the use of...national parks...by such means and measures as conform to the fundamental purpose of the said parks...which purpose is to conserve the scenery and the natural and historical objects and the wild life therein and to provide for the enjoyment of the same in such manner and by such means as will leave them unimpaired for the enjoyment of future generations." (39 Stat. 535; August 25, 1916; underlining added.)

The interpretation as to where this line between conservation and use is drawn is a subject of controversy. There seem to be two basic conflicting viewpoints:

- Those in support of the historic concessioner concept feel that visitor facilities must be provided in the parks to effectively serve the needs of all park visitors and not just the backpacker or camper.
- Those opposed to the historic concessioner concept feel that some, or perhaps all, visitor facilities should be relocated outside park boundaries.

Most public hearings and Master Plan hearings have centered on these issues in the 1970s. The positions of these special interest groups--concessioners, conservation groups, and the like--are well known and tend to dominate the hearings. The general public, although invited to appear, generally

does not respond. During 1975, in an attempt to combat the lack of public participation, the Conference of National Park Concessioners asked SRI to conduct visitor use surveys at four national parks.

Survey of National Park Visitor Attitudes

Two surveys were undertaken by SRI. The first was a scientifically controlled exit interview at each of four national parks--Yellowstone, Yosemite, Glacier, and Grand Canyon. The second was restricted to hotel and lodge guests at a number of cooperating concessions in the park system. Standard survey design, pretest, and administration techniques were used; results achieved indicated a statistical error of less than +3.1% at the 95% confidence level for yes-no type responses.

In addition to gathering basic demographic data, the exit interview survey was designed to determine visitor attitudes, and those of visitor sub-groups, to the desirability of maintaining overnight and service concession facilities in the parks. The surveys indicated that the general public visiting the parks wants no significant change in the present availability of a broad spectrum of concession facilities. This attitude prevailed for campgrounds, hotels, lodges, and other types of overnight accommodations. Analyses of the results indicated that these attitudes were held by all categories of respondents: younger and older respondents, males and females, campers and lodge overnighers, and overnighers and day-use visitors. Of those surveyed, 19.7% of respondents stayed at lodges or hotels in the park; 34.8% stayed in campgrounds; 14.6% stayed overnight in areas near the park; and 30.9% did not stay overnight in the park area.

Attitudes Toward Removal of Campgrounds and/or Hotel-Type Facilities

The central questions posed to those leaving the park involved the need for and desirability of providing facilities in the parks to serve visitors. A very substantial majority, 87%, of all park visitors were opposed to the removal of all campgrounds from National Parks, with only 7.1% favoring such removal. When it was proposed that only some* campgrounds be removed, negative response remained high, 75.8%, with support for this idea less than 15%.

*Quantitative measurement of "some" campgrounds was required; during pretest it was determined that impact on availability was the easiest means of relating partial removal to respondees. The precise wording used in defining "some" was so that "one out of two occasions campers could not get a place to stay in the park, compared to the present situation."

A significant majority of Park visitors interviewed also indicated opposition to having all or some hotel and lodge-type facilities removed from the parks surveyed. A total of 75.3% opposed removal of all such facilities, with 15.1% in favor; 62.7% opposed removal of even some hotel/lodge facilities, with 23.4% in favor. Of persons who had actually stayed in the hotels and lodges, 90% opposed removal of all, and 81% opposed removal of some, hotels. Cross tabulations of these responses into age of respondent, number of previous visits to the park, individual parks surveyed, and related responses varied to some degree; generally, however, there was clear sentiment in favor of retaining facilities, including food and other services. (Cross tabulations and responses are detailed in the full report.) Table ES-1 provides an overall response to the SRI survey's central questions.

Impacts of Alternatives

Various alternatives to the present concession system were examined and included in the SRI study. Problems of funding of any major alternatives were explored. Congress has been unwilling to appropriate the funds necessary to accomplish a major system change for visitor facilities. Construction funds for park purposes have been reduced in recent years. Park Service manpower is below authorized strength, and the present park development backlog, not including land acquisition, approximates \$3 billion, an amount that would take 45 years to absorb at 1976 requested planning/construction/reconstruction fund levels of \$65.9 million. A 1973 Park Service evaluation of moving of what were termed "non-essential" facilities out of Yosemite was projected at a cost of between \$110 and \$113 million in 1973 dollars--close to twice the \$65.9 million in 1976 planning/construction/reconstruction dollars requested for the entire System.

Assuming concession elimination, an examination of operational logistics reveals other problems to be overcome. At Yellowstone, for example, a visitor must travel a 140-mile loop to view the park's principal natural features. Without overnight facilities inside the park, each visitor would have to complete the loop between sunup and sundown, substantially diminishing the park experience and congesting the park entrances at sunup and sundown hours.

The report concludes by noting that it appears that Congress has repeatedly and thoroughly examined the alternatives to the basic present concessioner system and has chosen consistently to remain with the existing system. Without the ability to generate large-scale funding for change, major changes do not appear fiscally feasible. The report does not foreclose other solutions; it does suggest, however, that any proposed major change should be based on (a) the weight of new objective evidence and (b) concrete indication of substantially changed attitudes among the general public.

Table ES-1
PUBLIC EXIT INTERVIEW SURVEY RESULTS

	Percent	Number of Respondents
11. * Now we would like to ask you some questions about the facilities in the Park that serve the visitors.		
There has been concern in recent years about possible negative impacts of visitor facilities on the natural environment of the Park. At the same time there has been concern that the removal of facilities from the Park would deprive some people of the experience of overnighting in the Park, and that time spent getting into and out of the Park from facilities located outside the Park boundaries could make the Park experience less enjoyable.		
We have some questions related to possible removal of campgrounds and/or hotel-lodge type facilities from the Park:		
5. * Do you favor or oppose removal of all established campgrounds from National Parks (major established campgrounds, not the isolated informal "high- or back-country" campsites that may exist)?		
5a. favor	7.1%	68
5b. oppose	87.0	839
5c. don't know, no opinion, not sure	5.9	57
	100.0%	964
6. Suppose only some campgrounds remained inside the Park--say enough so that one out of two occasions campers could not get a place to stay in the Park, compared to the present situation. Would you favor removing some of the campgrounds for some inconvenience of this level?		
6a. yes, would favor removal of some campgrounds	14.6%	138
6b. no, would not favor removal of some campgrounds	75.8	714
6c. don't know, no opinion, not sure	9.6	90
	100.0%	962
7. How do you think your vacation plans would be affected if you could not get campground space inside the Park?		
7a. plans wouldn't be affected--don't use campgrounds	35.7%	343
7b. absence of campgrounds might be inconvenient but still would come and stay outside the Park	43.4	417
7c. would make other vacation plans	20.9	200
	100.0%	960
8. Do you favor or oppose removal of all overnight hotel/lodge type facilities from inside the National Park?		
8a. favor removal of all facilities	15.1%	145
8b. oppose removal of all facilities	75.1	721
8c. don't know, no opinion, not sure	9.8	92
	100.0%	958
9. Suppose only some of the hotels, lodge type and other noncamping sleeping places were removed from inside the Park--say enough that one out of two occasions you could not get a place of this nature to stay in the Park, compared to the present situation. Would you favor removing some of the hotel/lodge type facilities for some inconvenience of this level?		
9a. favor removal of some facilities	23.4%	219
9b. oppose removal of some of the facilities	62.7	580
9c. don't know, no opinion, not sure	13.9	128
	100.0%	927

* Four general questions preceded these in Section I of the full survey from which this segment is excerpted.

Survey of Hotel and Lodge Guests in 22 National
Park Service Administered Areas

SRI also measured attitudes toward facilities in U.S. national parks and National Park Service administered areas among persons who stayed overnight in hotels or lodges within the areas themselves. Here, a mail questionnaire was sent to a random sample of guests who had stayed in lodges or hotels in 22 National Park Service administered areas.

Included in the survey were the following areas: Bryce Canyon, Canyon De Chelly, Glacier Bay, Glacier National Park, Glen Canyon (Bullfrog Marina, Canyon Tours, Hite Marina), Grand Canyon North Rim, Grand Canyon South Rim, Grand Teton (Trangle X Lodge and Grand Teton Lodge Company), Hawaii National Park, Lake Mead, Mesa Verde, Oregon Caves, Shenandoah, Virgin Islands, Yellowstone, Yosemite, and Zion. Some 516 usable responses were received, for a statistical error factor of less than $\pm 4.3\%$ at the 95% confidence level for yes-no type response results.

As might be anticipated from a survey among those using facilities in the areas, support for retention of those facilities was even stronger than among the general public covered in the exit interview survey. Results included:

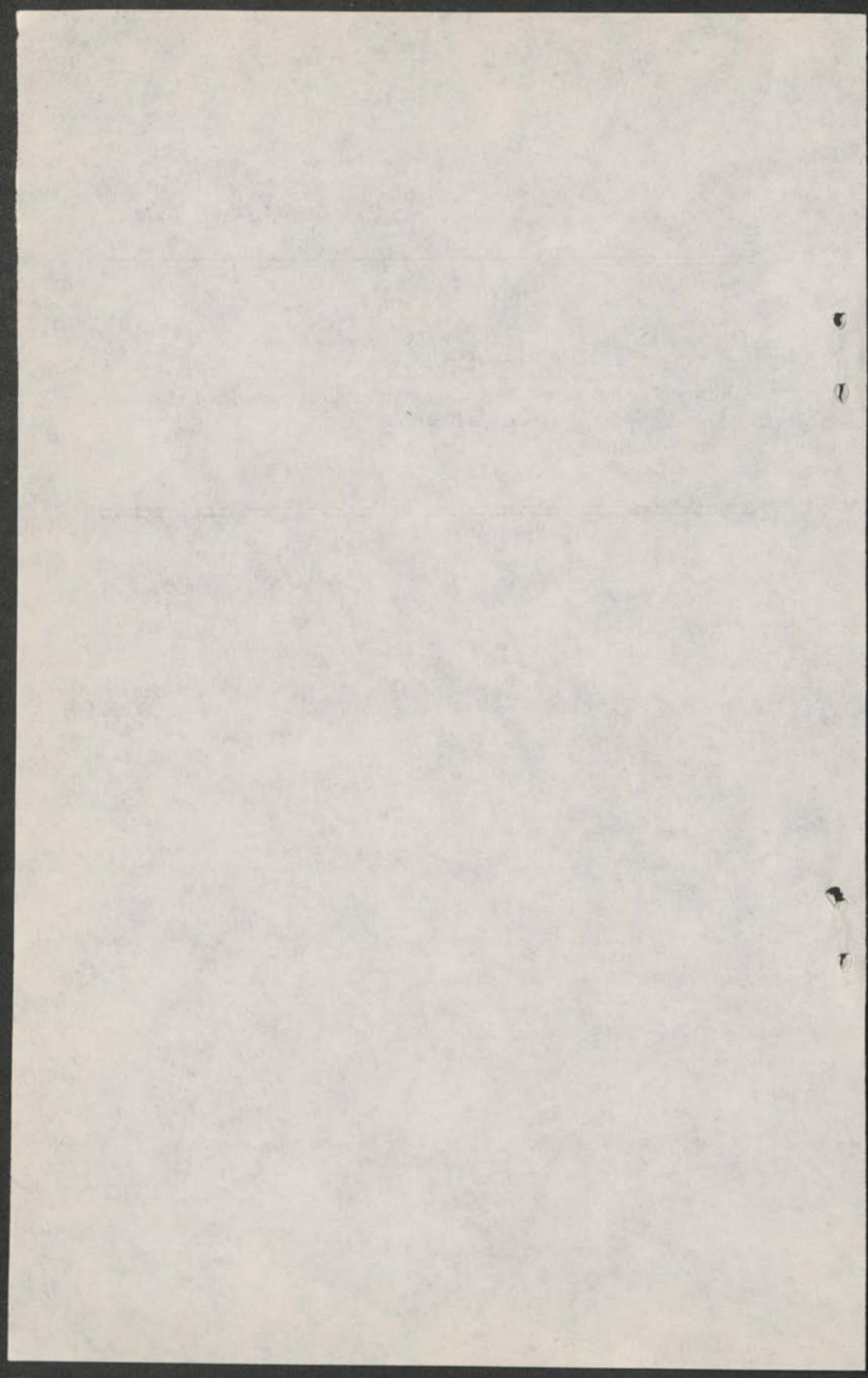
	<u>Oppose</u>	<u>Favor</u>	<u>No Opinion</u>
Do you favor or oppose removal of <u>all</u> overnight hotel and lodge-type facilities from inside the National Park?	92.2%	5.6%	2.1%
Do you favor or oppose removal of <u>some</u> * of the hotels, lodge-type, and other noncamping sleeping places from inside the park?	74.7	20.6	4.7
Do you favor or oppose removal of all established campgrounds?	83.5	7.0	9.5
Do you favor or oppose removal of some established campgrounds?	61.8	26.1	12.1

About one-third of the respondents indicated that if all hotels and lodges were removed from an area, they would not come to the area.

* For the definition of "some," see footnote on p. 3 of this Executive Summary.

APPENDIX IV

Additional Statements and Communications Submitted for the
Record



STATEMENT OF JACK VERKAMP, PRESIDENT, VERKAMP'S, INC., GRAND CANYON NATIONAL PARK, ARIZONA

Mr. Chairman and members of the committee, my name is Jack Verkamp. I am president of Verkamp's, Inc. a concession operating for the benefit of the public in Grand Canyon National Park in Arizona. I most certainly appreciate your indulgence in allowing this statement to be included in the oversight hearings on concession operations held March 10, 1976 by the Senate Parks and Recreation Subcommittee of the Committee on the Interior.

Verkamp's, Inc. is supplying a service which from time immemorial has proven to be an essential part of a complete park experience and that is the provision of a complete and tasteful line of Indian handicrafts, curios, souvenirs, postcards and film.

John G. Verkamp, Sr. founded our present operation in 1906 which was 13 years before Grand Canyon became a national park. His original contract with the National Park Service was one based on sole proprietorship and consequently automatically terminated upon his death in 1944. From 1945 until 1955 (11 years), in effect, Verkamp's operated without a formal contract. Under such conditions there is a climate created that is not conducive to a desire to invest sizable amounts of money to enlarge or improve one's facilities. In 1955 we were given a 10 year contract and upon its expiration again we faced uncertainties inherent with year to year extensions. In 1969 under the terms of Public Law 89-249 both the National Park Service and Verkamp's were much more easily able to negotiate another 10 year contract made retroactive to January 1, 1968. Also under the "possessory interest" clause of P.L. 89-249 funding for the "building clause" incorporated in that contract became much more accessible. We were able to exceed the \$35,000.00 requirement and invested over \$50,000.00 in capital improvements. All of this reflected eventual benefit to the public.

In 1970 the Verkamp partnership formed shortly after the death of John G. Verkamp, Sr. in 1944 converted to a corporation and is now a closely held Arizona corporation.

Verkamp's, Inc.'s current contract will expire December 31, 1977. In requesting renewal of that contract Verkamp's is relying on Public Law 89-249, sec. 5 which promulgates the theory of the preferential right of renewal of contracts.

During our 70 years of operation (we pridefully point out that we have been in our location one third as long as our great country has existed) we have served the interest of the public in a very satisfactory manner and have fulfilled the obligations of our National Park Service contracts during all their terms.

Concluding, I would like to say that Verkamp's rapport with the National Park Service has always been of the best, particularly on the local level which I know benefits the interest of the public.

Thank you for the opportunity to make this statement.

EDDIE'S GROCERY & CAFE, INC.,
APGAR VILLAGE,
West Glacier, Mont., March 23, 1976.

Senator J. BENNETT JOHNSTON,
Chairman, Interior Subcommittee of Parks,
U.S. Senate Building,
Washington, D.C.

DEAR SENATOR JOHNSTON, I am writing to you as a very interested private concessionaire inside the boundaries of Glacier National Park, specifically located in Apgar Village at the southwest end of Lake McDonald. I heard of your review of park operations on the radio, read one article in the

news paper, and must say I am both surprised and disappointed that not all bonafide concessionaires could be contacted for comment on our primary means of survival.

Mr. Hummel referred to other operations as Ma and Pa, however we employ 35 young people every summer and provide a necessary and outstanding service for the tourists of Glacier. The majority of our employees are students needing their earnings for schooling, and we have always paid a higher hourly wage than the Park Concessionaire, yet we make a taxable profit!

Our fixed costs in ratio to earnings are much greater than the Park Concessionaires. We must make twelve month payments for a three month operation on the real estate, county property taxes, building and equipment maintenance etc., yet we make a taxable profit. We do this without any co-operation what-so-ever from the park service, as they attempt to discourage tourism at our location by use of road signs and visitor service ad publications. Still we are making a small profit.

Our business has been at the same location for thirty years, long before Mr. Hummel was given the contract for park service operations. Yet, every-time we attempt to give the tourists an added service not already provided for, park headquarters gives us their pat answer; "Mr. Hummel has sole rights in Glacier National Park". I ask, what rights do we have!!!

This past season, park headquarters in association with the Natural History Association, a non profit organization, printed a visitor guide to all services available in Glacier. However, only Mr. Hummel's operations were mentioned, a few that are located outside the boundaries of the park included. Again when I questioned park headquarters, they informed me that Mr. Hummel has that right and we don't. I asked if we could also put a flyer in the centers and was told no as park service regulations prohibit such actions. I ask only for equal rights and am refused!

Senator Johnston, how much more can congress do for our prime concessionaire. If Mr. Hummel is unable to make a satisfactory profit, I would be more than willing to take over the concessions—under the existing conditions.

Besides our restaurant, grocery store, pizza pub, and ice cream shop, we also provide gasoline, block and cube ice, fire wood etc., and have done so for as many years as I can recall. Yearly, from the health inspector, we receive the best report of all Glacier Concessions.

Enclosed is a copy of one visitor service publication for your review. There are numerous other inequities right here, and if you are interested, I can give you documented evidence. Yet we are surviving—through damn hard work, 18 hours a day—7 days per week . . .

Thanking you in advance for any attention you may give us, I remain;

A Sincere Concessionaire.

JEROME E. LARSON,
Eddies Grocery & Cafe Inc.

Enclosure.

A PRIVATE APGAR GUIDE

First you must know that Apgar is the most centralized visitor service center in Glacier National Park. There are four privately owned concessions in the immediate area.

Where to stay—There are four acres of privately owned cabins and motels right in Apgar.

Where to eat—We have one of the finest facilities in the northwest, a fourteen hour restaurant at reasonable prices. We have the only Pizza Pub within a thirty five mile radius, ours being 100% homemade. And we do not close during the slow hours.

Gifts, books and literature—There are two very excellent gift & souvenir shops and a complete book store that includes great books of the west and collectibles.

Camper wood—For years we have sold bundles of wood for the campers of Apgar and Fishcreek campgrounds at a small profit to us, but as a service for the tourist. Two years ago Mr. Hummel decided to sell firewood. Instead of bundles, their concession sold mill ends. Immediately the park service

put up a sign along the road to the campground advertising for them. Last year they decided the profit too low, so now it is being passed on.

Service stations—We have gasoline and oil.

Camper services (grocery stores, fishing and camping supplies)—We provide all of these services, are open as many hours as the others listed and attempt to maintain reasonable prices. As you well know, the profit in grocery stores is low, but we maintain and operate a clean and respectable business. After all, not all profits can be 100%.

Where to secure beverages—We also provide the service, have had a beer permit since opening, and also sell wine on premise. On several occasions we have attempted to obtain a liquor permit, but were refused on the grounds of Mr. Hummel.

Miscellaneous—The bicycle rental at Apgar is a joke.

WAYFARER GROUP TRAVEL, INC.,
Cincinnati, Ohio, March 19, 1976.

Senator J. BENNETT JOHNSTON,
Chairman, Subcommittee on Parks and Recreation,
Interior and Insular Affairs Committee,
Senate Office Building,
Washington, D.C.

DEAR SENATOR JOHNSTON: Having heard about the hearings now being held on the Concession System in the Un. States National Parks, I would like to express my attitudes about the matter.

I would like this to be placed as a matter of record as I believe all peoples of the United States have a definite interest in this matter and their opinions should be aired publicly.

Often, it is the majority opinion that is not heard as the minority groups involved, in this case, the Concessioners and the Environmental groups are the most vocal.

I have two views of the present concession system in the National Parks. First, as a private individual, I have enjoyed our National Parks for the past 25 years. I have used the facilities of many parks including Hawaii, the Virgin Islands, a large majority of the western parks and quite a few of the eastern United States parks. During this time, I have used camp ground facilities, hotel and lodging facilities and also visited the parks without using overnight accommodations. However, most of my park experiences involved overnight stays of some type.

On the whole, my stays in our National Parks have been delightful. The fact that I was able to utilize overnight accommodations has greatly increased my appreciation of the parks. So many experiences come to mind; for instance, arising at dawn, walking out of my cabin at the Grand Canyon North Rim, walking to the small promontory to watch the spectacular sun rise over the Canyon. I would not have been able to enjoy this beautiful experience, if I had not stayed overnight at the park; Jacob Lake, the nearest center of accommodations, is a slow 44-mile drive away and there are not many facilities there. Another experience made me realize how necessary the overnight accommodations in our National Parks are. I had failed to make camp ground reservations in advance for this one particular night in the summer. I arrived at Grand Teton at about 3:00 PM in the afternoon and by that time, all of the camp ground facilities had been taken. I continued up to Yellowstone to try and find accommodations there. Unfortunately, I found the same situation. I had to continue driving that night for 50 miles in order to find a suitable campground. I certainly became wiser about campground reservations, but the point is that I would have had to do the same thing if there had not been accommodations at all. With a park as large as Yellowstone, it is difficult to see the entire park between sunrise and sundown and still enjoy the park before returning outside to overnight accommodations.

My second concern about National Park concessions being necessary is as a business person. I work for a travel agency that organizes tours for religious and farm groups and our clientele are mostly older people who are enjoying their retirement by traveling. We do a great many tours that include western and eastern parks. Present parks that we use are Glacier,

Yellowstone, Grand Teton, Grand Canyon (North and South Rims), Arches, Olympic, Yosemite, Bryce, Capitol Reef, Canyonlands, Zion, Mesa Verde, Rocky Mountain, the Everglades, Mt. McKinley, Haleakala, and of course, many National Memorials, National Recreation Areas and National Historic Sites. In the majority of the above parks, we utilize some type of concession; usually overnight accommodations and meals. If we could not utilize these concessions, our tours would have to stay outside the park areas at a great inconvenience to our tour members. By cutting out overnight accommodations, the National Park Service would be eliminating an entire sector of our population from enjoying the beautiful National Parks. The only way these people are able to see the parks are on motorcoach tours of this type that include spending the night in the parks. Otherwise, it would be too great a strain to travel from outside accommodations and it is out of the question to ask these people to backpack or camp out.

Personally, I see no way in which concessions hurt the National Parks. Properly controlled in terms of size, development and environmental aspects, such as proper plumbing and waste disposal, these concessions are the most viable way for many people to enjoy our parks. The same can be said of the campground facilities. Many people who could not afford to stay in overnight lodging utilize the campgrounds; to eliminate these would be to eliminate another sector of the population from enjoyment of our natural resources and beauty.

Speaking both as a business person and in behalf of our tour members who utilize overnight accommodations and meals and also as a private individual who has used the campground facilities AND accommodations, I feel very strongly about concessions and campground facilities should be continued in their present state. Without this, the majority of U.S. citizens would never get to enjoy the National Parks; after all, this is part of our great Heritage and to only let a small number of people in because concessions have been terminated is a very non-democratic act.

Please take my position into consideration. Although I am only one person, I speak for many thousands of people who have not heard about the hearings or have not written to you. The National Parks are for *all* the people. Please keep them this way.

Sincerely,

M. VICKY MABY,
Executive Vice President.

TRIANGLE X RANCH,
Jackson Hole, Wyo., March 22, 1976.

Senator CLIF HANSEN,
*U.S. Senate,
Washington, D.C.*

DEAR CLIF: Thanks for giving me this opportunity to give my views on the "possessory interest" clause in the National Park Concessioner contracts.

To me it is most important to have this clause in the contract to attract good business and responsible persons. It gives them reason to keep up the buildings and facilities and gives them some sense of permanency giving them more reason to build up a good business and keeping it.

In our case Clif and you know how long the Turners have been here, since 1925, if we had to wait for the National Park to have "the money" to put into the ranch we would be right back where the ranch was when the ranch was sold to Mr. Rockefeller, when we could take 25 guests, we take 75 to 80 guests now, except for our foreman's house which the Park moved here, the Park hasn't spent 1 penny on the Triangle X Ranch.

The National Park doesn't get enough money from Congress to run the Parks properly how will they ever get enough money to put into building visitor facilities or buying out the existing Concessioners and even if they got the money would the tax-payer be willing to put out such money? If the National Park was to run the facilities the parks would be in the same mess as our postal service is. I believe the private sector is the best way to run the visitor facilities in the National Parks, and for them to do it they have to have an incentive.

At the hearings Senator Johnston asked almost all of the witnesses what they would think of a clause in their contracts that if there was someone that could run their business better the government could buy their possessory interest out and give the contract to the other party, how would you know that the new party could do a better job until he tried? and who would want to sign such a contract knowing that at the end the 5, 10 or 20 year contract there was a good chance that the contract would be given to someone else? What incentive would there be for someone to go in and give such a business their best? When a contract is renewable a notice is published in the Federal Register for interested parties to bid on that contract but up until now preference has been given to the existing concessioner if satisfactory, and I think that is the way it should be.

There is some talk of doing away with visitor facilities in the Parks and having the surrounding towns outside of the Parks furnish these needs. I think that the visitor would be the loser as there would be no supervision so the costs would go up with probably poorer accommodations and they would not get the personal touch and interest that the National Parks are noted for.

John and I especially want to thank you for your questions and comments made at the hearings, we felt we had a friend in court who understood the problem. Cliff will you please put this letter in the file on the hearings.

We are having beautiful March weather and we continue to have some winter guests.

Our best regards to you and Martha.

Sincerely,

LOUISE M. BERTSCHY.



