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U.S. House of Representatives
Committee on Natural Resources
Washington, DC 20515

November 24, 2014

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7189996

The Honorable Sally Jewell
Secretary
U.S. Department of the Interior
1849 C Street, NW
Washington, DC 20240

Dear Secretary Jewell:

The House Committee on Natural Resources ("Committee") is currently reviewing the proposed National Park Service ("NPS") concession contract issued pursuant to Prospectus CC-GRCA003-15 (the "003 Prospectus/Contract") related to the provision of visitor services at Grand Canyon National Park under 16 U.S.C. § 5952. The 003 Prospectus includes overnight accommodations at two park locations and general store concessions at the South Rim. Bidder responses to a second, related Grand Canyon prospectus, CC-GRCA001-15B (the "001 Prospectus/Contract"), were due on November 19. The 001 Prospectus covers the principal lodging facilities at the South Rim, including El Tovar Hotel and Bright Angel Lodge, Phantom Ranch on the canyon floor, as well as the iconic Grand Canyon mule rides. The Committee has several concerns with these proposed contracts and how the NPS has handled this matter.

The Grand Canyon is visited by hundreds of thousands of American families each year. Because of its remote location, the many visitor services provided under these contracts, including restaurants and lodging, are essential to a positive visitor experience.

The NPS has selected a concessioner to operate the 003 Contract, which is the same concessioner that currently operates the general store concessions at the South Rim of the Grand Canyon. The 003 Contract is scheduled to commence on January 1, 2015.

The NPS issued a request for proposals on the original 001 Prospectus on August 6, 2013 with an initial due date of November 25, 2013. Since then, the NPS has amended the 001 Prospectus many times without receiving a single responsive bid. The concessioner which currently operates most of the facilities that will be assigned to the 001 Contract has expressed concern that the NPS improperly allocated employee housing between the 001 Contract and the 003 Contract, leaving a shortage of housing under the 001 Contract (and an excess supply of

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DEPARTMENT OF THE INTERIOR
SALLY JEWELL

housing under the 003 Contract) and no way to accommodate the number of employees in the Park required to operate the visitor services specified under Contract 001.

Since both of the existing Grand Canyon contracts expire on December 31, 2014, little time remains for execution of a long-term solution on the 001 Prospectus. Without a short-term fix for continuation of visitor services beyond December 31, the lodging, restaurants, and retail operations at the Grand Canyon South Rim may be forced to shut down. This would have a detrimental impact on those families that have already made travel arrangements, and on the employees who live and work there.

To bridge the gap between the end of the current contract and the start of the 001 Contract, the NPS has recently issued a Request for Qualifications for a Temporary Concession Contract covering the facilities under the 001 Contract, commencing January 1, 2015. Responses to the RFQ were due on November 19. While this is a move in the right direction to keep the Park open to visitors, we are told that the proposed Temporary Concession Contract suffers from the same housing and other defects as the proposed 001 Contract. As a result, the Committee is concerned that no concessioners will be interested in operating under the proposed Temporary Concession Contract, just as no concessioners have submitted bids on the 001 Prospectus.

After many amendments and extensions of the terms of the 001 Prospectus failed to produce a single responsive bid, the NPS changed its plans and increased its Leasehold Surrender Interest ("LSI") "buy-down" associated with the 001 Prospectus/Contract to a total of \$100 million, which the NPS is "borrowing" from other accounts at Grand Canyon and from many other National Parks across the country. It is our understanding that these withdrawals will result in suspension or elimination of park improvements, services and staffing at multiple units throughout the National Park System. The solicitation for the Temporary Concession Contract states that the NPS will complete this \$100 million buy-down before year-end.

Please provide the Committee with the following information:

1. A list of Parks from which the NPS borrowed from to facilitate the buy-down;
2. The specific amounts borrowed from each park, including the accounts from which the funds were deducted;
3. A description of the budgetary impacts on each park due to this \$100 million loan to Grand Canyon National Park (i.e., whether certain projects or improvements will be delayed due to lack of funding);
4. Copies of any documents related to the NPS's plans to repay the borrowed funds; and
5. A list of all concessions contracts with outstanding LSI (or Possessory Interest) value, including the amount(s) of LSI (or Possessory Interest) value encumbering each contract.
6. Please provide a full copy of the analysis produced by NPS, and any contractors, which was used to develop the prospectus for both contracts 001 and 003. Provide the analysis and rationale that was used to determine how the commercial facilities would be split and managed, and how the housing would be allocated between the contracts.

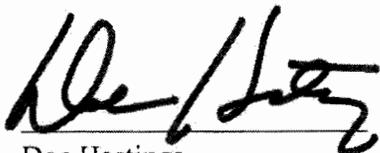
The Park Service's actions concerning these Grand Canyon concession contracts seems to stem from a recently-issued and hastily-published regulation authorizing the Director "to amend or extend a prospectus soliciting proposals for a concession contract prior to and including the

proposal due date” and to “award a temporary concession contract.”¹ Please describe how the NPS intends to use this authority in soliciting proposals for other concession contracts.

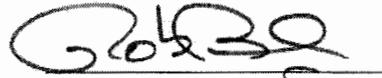
We also respectfully request that you undertake a thorough review of the procedures employed by the NPS in making these very disruptive decisions (including giving one potential bidder an unfair bidding advantage due to improper housing allocations). Pending your review, we request that no further action be taken with regard to issuance of the disputed contracts (including both 001 and 003), including planned payment of the LSI buy-down prior to December 31. Rather, we suggest that each of the two current concessioners at the Park be asked to simply extend their current contracts (via temporary concession contracts if necessary), allowing time for reconsideration of 001 and 003 and providing meanwhile for uninterrupted delivery of essential visitor services at the Park.

Please provide the information requested above and advise the Committee by December 8, 2014 whether the NPS intends to delay the 003 Contract award and \$100 million LSI buy-down and instead enter into bridge contracts as requested above.

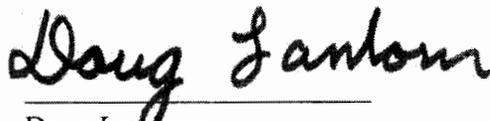
Sincerely,



Doc Hastings
Member of Congress



Rob Bishop
Member of Congress



Doug Lamborn
Member of Congress

Cc: Jon Jarvis, Director – National Park Service

¹ 79 Fed. Reg. 58261. The final rule went into effect on September 29, 2014, the same day it was published.



Howarth, Robert <robert_howarth@ios.doi.gov>

Fwd: Letter for Secretary Jewell regarding Grand Canyon

1 message

Sarah Neimeyer <sarah_neimeyer@ios.doi.gov> Wed, Nov 26, 2014 at 12:57 PM
To: Fay Iudicello <fay_iudicello@ios.doi.gov>, Robert Howarth <robert_howarth@ios.doi.gov>, Christopher Salotti <chris_salotti@ios.doi.gov>, Jeremy Bratt <jeremy_bratt@ios.doi.gov>, Christina Goldfuss <christy_goldfuss@nps.gov>
Cc: Stephenne Harding <stephenne_harding@ios.doi.gov>, Gabriella Gordon <gabriella_gordon@ios.doi.gov>

Sent from my iPhone

Begin forwarded message:

From: "Wong, Bryson" <Bryson.Wong@mail.house.gov>
Date: November 26, 2014, 12:20:45 PM EST
To: "sarah_neimeyer@ios.doi.gov" <sarah_neimeyer@ios.doi.gov>
Cc: "Chris_Powell@nps.gov" <Chris_Powell@nps.gov>, "Melissa_Kuckro@nps.gov" <Melissa_Kuckro@nps.gov>
Subject: Letter for Secretary Jewell regarding Grand Canyon

Hello,

Attached please find a letter from the Natural Resources Committee in regards to Grand Canyon concession contracts.

Please contact our office with any questions.

Thank You,

Bryson Wong

Subcommittee on Public Lands and Environmental Regulation

Natural Resources Committee

U.S. House of Representatives

1017 Longworth House Office Building

Washington, DC 20515

Phone: (202)226-7736

5 attachments

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 **image003.jpg**
13K

 **image004.jpg**
13K

 **11.24.14 Chairman Hastings letter to Sec Jewell.pdf**
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