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**\$USTAINABLE  
\$UPPLEMENTARY  
FUNDING**

**FOR AMERICA'S NATIONAL  
PARKS**

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**Ideas for Parks Community Discussion**

March 19, 2013

**National Park Hospitality Association  
National Parks Conservation Association**

**Dear National Park Friend,**

Welcome to Building a More Sustainable Future for America's National Parks, created by the National Parks Conservation Association and the National Park Hospitality Association in partnership with the Bipartisan Policy Center.

Our national parks have an extraordinary place in American life and culture. Yet the erosion of park funding threatens the future of this beloved American institution. Without new creative and collaborative approaches, our national park system will face increasing challenges to maintaining the quality of park facilities and ranger services, a diminished capacity to protect and maintain existing resources and restrictions in the ability to relate our parks to all Americans.

This effort continues a national dialogue to identify potential funding strategies that can tap into the deep, bipartisan appreciation for America's treasured national parks and draw on bipartisan support.

At the invitation of NPCA and NPHA, funding and national parks experts have drafted 16 papers outlining strategies that could be employed to increase non-appropriated funding for the national parks. The papers are rich in concepts and examples and are designed to spark conversation and comment. They do not represent the positions of NPCA, NPHA or any other organization. Each paper includes the name of those who contributed to the paper and who have also offered to receive and share your thoughts and the thoughts of others who care about America's national parks. We invite you to be active in our efforts both through comments on the ideas in this compendium and by adding your own ideas and insights to our bank of ideas! In addition to sending comments directly to the paper's authors and contributors, you can send comments, edits, and thoughts for additional ideas to [parksnext100years@gmail.com](mailto:parksnext100years@gmail.com). Over the coming months, NPCA, NPHA, and our partners in the growing and expanding national parks community will meet to identify meaningful, achievable to present to Congress and the Administration in conjunction with the centennial of the National Park Service in 2016 and our fervent desire to keep our parks relevant in a dynamic nation.

Thank you for your assistance, guidance and support.



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# Enhancing Park Experiences Through Fees

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**Funding source:** Retained receipts for entrance, for use of facilities including campgrounds and participation in certain activities and payments for providing business services in national parks under contracts and permits.

**Revenue type:** These are federal user fees.

**Background:** The National Park Service (NPS) was initially authorized to charge entrance fees at most units of the national park system by the Land & Water Conservation Fund Act of 1965, although a few parks had charged entrance and camping fees since early in the 20th century. Like the federal tax code, NPS fee collection authority is complicated. Entrance fees, recreation use fees, transportation fees, and other special fees have generally been set in statute, but have varied over time via statutory amendments. Fee collection is prohibited by law in some specific parks; fee collection has not been administratively or economically feasible in some, especially urban, parks due to a multitude of entrances.

NPS fee authority also includes: a separate commercial motor coach entrance fee schedule; a discounted annual pass for all parks; a discounted annual pass for individual parks; a single pass fee for adjacent parks; a one-time \$10 lifetime pass for seniors (62 and above); a free lifetime pass for disabled citizens; no fee for youth under 16, or for school groups visiting for educational purposes; and authority for the Secretary to declare fee-free days at his/her discretion. More recently, Congress authorized a free entrance pass for active duty military personnel and families.

From 1965 until 1997, fee revenue collected was deposited in the Treasury and subject to annual appropriation, and in reality the funds raised by fees were no different than funds appropriated to the NPS from the General Fund, except that once appropriated, fee funds remained available to NPS until expended (i.e. “no-year” funds). A cap on the amount of the NPS entrance fee was specified in statute. Again, from 1965 until 1997, Congress imposed specific purposes for fee funds returned to the NPS through appropriations: entrance fees could be used only for

resource protection, research, interpretation, and managing the fee collection program. Recreation use fees could be allocated to these purposes as well as for facility maintenance. 50% of transportation fees could be allocated to the transportation service costs, while the balance was used for the other authorized purposes.

In 1996, Congress enacted the Recreation Fee Demonstration Program (Sec. 315 of P.L. 104-134), as a rider on that year's Appropriation Act. "Fee Demo" as it was known, authorized NPS to raise the fee amount at the discretion of the Secretary at up to 50 units of the system (later raised to 100 units), and to retain all fee revenue, not subject to further appropriation. The use of fee revenue was directed to backlogged maintenance, interpretation, resource protection, and law enforcement. The main purpose of Fee Demo was to determine whether NPS could become financially more self-sustaining, to allow the Secretary greater flexibility in setting the fee amount, and to try to reduce the maintenance backlog.

In 2004, Congress ended Fee Demo and enacted the Federal Lands Recreation Enhancement Act (Title VIII of P.L. 108-447)(FLREA), adding more complications to fee authority, though mostly for land management agencies other than NPS. Under FLREA, the term "recreation fee" could mean entrance fees, standard amenity recreation fee, expanded amenity recreation fee, or special recreation permit fee. For NPS, FLREA prohibited entrance fees on all national parkways, for youth under age 16, and at a number of specific units, including Flight 93, any unit in Washington, D.C., Arlington House, the USS Arizona, Great Smoky Mountains NP, and parks in Alaska other than Denali NP. FLREA continued an age-discounted Pass for seniors (still at one-time \$10 for life), and a free lifetime pass for people who are permanently disabled. The Sec-

retary is given discretion to set all fees, including: an annual interagency pass for all federal fee areas; annual site-specific entrance passes; a single pass for multiple fee-collecting sites of different agencies located in the same vicinity; and the number and timing of fee-free days (17 in 2012).

An added provision of FLREA gives the Secretary full discretion to establish "a special recreation permit fee" for such specialized recreation uses as group activities, recreation events, or motorized recreation vehicle uses.

Revenue collected under FLREA is retained by NPS without separate appropriation, and its uses are limited to maintenance, interpretation, law enforcement, and the fee program's costs. In general, 80% of collected fees are retained at the unit in which the fees are collected. FLREA will sunset in 2014, unless re-authorized.

### **NPS Fee Revenue Today**

In 2012, NPS collected about \$337 million from all recreation user fees, including entrance, camping, transportation, commercial vehicle, concession franchise, and commercial photo/filming. Only 134 of the 398 units of the national park system currently charge an entrance fee, and nearly 50% of the total entrance fees collected is taken in by the top 10 parks. Total NPS fee revenue today represents about 10% of the NPS total budget:

Entrance	\$ 221 million
Camping	25 million
Transportation	15 million
Concession	60 million
Commercial Vehicle	15 million
Photo/Film	1 million

Under the authority of the America the Beautiful Pass (ATB), each of the five participating agencies keep the revenue from the passes sold. In 2012, there were \$30

million in ATB passes sold, with \$26 million of that sold/retained by NPS. Aside from fee revenue, NPS generates funding support from its various cooperating associations, friends groups, funds and foundations. In 2009, the total of all such donations was some \$206 million.

### **Park User Fee-related Revenue Enhancement Opportunities:**

Despite discretion to do so under FL-REA, the NPS has not experimented with seasonally or temporally variable fees, or made full uses of the special recreation permit fee authority. A careful review of the parks that do not currently charge an entrance fee should be undertaken, as this could significantly increase revenue without any change in policy.

The 1987 report of the President's Commission on Americans Outdoors argued that public recreation program spending needed to rise and that primary responsibility for the increases should fall upon those who are the direct beneficiaries of these programs. Thus, the park visitor/user bears some increased responsibility to cover the costs of NPS programs, including education and interpretation programs and facilities, constructed roads and trails, and general facility maintenance, as the direct beneficiaries of the services, facilities and programs. In contrast, there is universal value in the natural and cultural resources of the parks, owned by and managed for all Americans, and thus these resource management and research costs should continue to be financed through general appropriations from the Treasury, as appropriated by Congress.

Currently, fee revenues are used by NPS to pay for a portion of the costs of facilities and programs utilized by those paying the fees, as well as the cost of collection. The balance of costs are covered through appropriations from Congress.

The cost of fee collection, especially for less-visited parks, is a serious issue. Salaries, audits, and background checks for fee staff in such cases often require too great a proportion of the total amount collected. Automated collection may be an important opportunity.

The overarching goal of the NPS Fee Program must balance the need for the fees to be equitable, but also aimed at recovering costs for the services and facilities provided. Aside for the existing discounts and/or free park entrance for military families, seniors, people with disabilities and youth, the authority for the Secretary to provide universal fee-free days balances out the need for fee revenue to recover as much of the cost of services and facilities as possible.

### **Potential revenue-enhancing fee adjustments to current law/policy include:**

1. Increasing the price of the senior life-time pass to equal the cost of an annual pass, currently \$80. Alternatively, retain the \$10 senior pass price, but make it an annual pass rather than lifetime.
2. Establishing a one-time fee for the lifetime disability pass, equal to the cost of an annual pass, currently \$80.
3. Lowering the age for youth free-admission from 16 to 12, while retaining the policy of free admission for official school educational trips to the parks, irrespective of age.
4. Authorizing a higher fee for foreign park visitors, and/or a unique international visitor pass. If identification of foreign visitors is a logistical issue, another option would be to restrict the ATB Pass sales only for US citizens, so that international visitors would need to pay the individual park entrance fee. Proof of

citizenship is already required for the senior and disability passes, so that requiring it for purchase of the ATB Pass should not be an administrative problem.

5. Changing most park passes to per-individual, versus per-carload.
6. Changing most entrance fees to a daily fee – where most fees are now for seven days.
7. Increasing the America the Beautiful Pass to \$100 – still below the cost of the comparable pass in California and other states.
8. Sell a “debit card” in lieu of, or in addition to, the America the Beautiful Pass. The card could be honored for several years – but there is a likelihood that there would be a significant amount of unused value which would benefit the parks, just as unredeemed gift cards benefit private sector merchants.

**Other fee program concepts which should be tested include:**

1. differential pricing designed to encourage visitation during non-peak periods, both weekly and seasonally;
2. differential pricing to encourage visitation to lesser known/used parks;
3. fee discounts for those arriving via public conveyances to reduce parking demand;
4. fee discounts or fee-free passes for those who volunteer their time in support of park management;
5. bonus for volunteering at no-fee parks, to mitigate the “rich park/poor park” divide.
6. automated fee collection; and
7. fee waivers for those whose ability to pay is limited.

**Next steps:** FLREA and the fee program it authorizes ends in December 2014. NPS and its partners need to help make FLREA’s reauthorization, or replacement, both politically and economically viable and should work closely with key park partners in developing both appropriate sideboards and new authorities to suggest to the Congress. Should FLREA expire, NPS would face a large economic challenge and find many of its most attractive supplemental funding strategies unavailable. The Deputy Director of the NPS might elect to work with a National Park System Advisory Board subcommittee to develop a consensus position on fees.

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# Penny for Parks and the Great Outdoors

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**Funding source:** Since the 1950's, a federal tax on motorfuels has underwritten the nation's surface transportation program, providing billions of dollars annually for construction of roads and other infrastructure. It is generally regarded as a user fee, since the funds are earmarked for projects vital to those paying the tax. The current tax is 18.4 cents per gallon, a rate unchanged since 1993. In addition to funds apportioned to the states by formula, portions of the collected funds are used to fund other programs linked to the underlying "user-pay" philosophy of the program. For example, fuels attributable to recreational boating are transferred to the Sportfish Restoration and Boating Safety Fund, and funding derived from non-highway recreational uses of motorfuel are used to fund the Recreational Trails Program. Collected federal motorfuel taxes are used to pay for some road construction projects in national parks and on other federal lands, but generally not for operations and maintenance – requiring such expenses to be funded through the annual appropriations process.

**Revenue type:** This would be a new federal user fee with the source of revenue clearly linked to expenditures of the funds.

**Revenue potential:** An additional penny per gallon federal tax would generate approximately \$1.5 billion annually, and the amount collected would remain reasonably stable for a decade.

**Background:** There have been numerous calls for increasing or indexing the federal motorfuel tax, including by the Simpson-Bowles Commission – which called for a 15 cent per gallon rise. The "buying power" of the current federal tax has declined by nearly 40%, based upon CPI adjustments. It is widely expected that an increase will be key to federal surface transportation program following the current authorization of MAP-21 in September 2014, since revenues require an infusion of some \$10 billion annually to meet program needs.

An earmarked Penny for Parks would most readily occur as part of a larger effort to balance income against needs for the nation's surface transportation program. The funds could be invested in efforts that support recreational experiences on federally-managed lands, activities now well understood to generate important economic, health and social benefits. Funds could be used to enhance

access to federal lands and waters and to support the infrastructure of trails, beaches, visitor centers and more which are key to great experiences. A new “Transit to Parks” program, for example, could be important in allowing all Americans to visit and benefit from the one-in-three-acres of the nation which is federally managed.

Roads on federal lands are a national responsibility. They are vital to bringing people to recreation sites and dispersing visitors. Virtually every visit to federally-managed lands, for dispersed and developed activities alike – and there are more than a billion visits every year – depend upon travel on roads. And unlike virtually all other public roads in America, roads on America’s public lands receive no support from the state motorfuel tax levied on all gasoline sold at the retail level. For the estimated four million miles of interstates, primary and secondary routes, these state taxes fund 20% of road construction and reconstruction and nearly all maintenance and operations. Yet roads vital to Americans seeking to access campgrounds, trailheads, beaches and to reach to rivers and lakes on federal lands depend upon appropriated federal dollars from the beleaguered domestic discretionary pot for operation and maintenance, contrasting with most public roads in the nation which qualify for 80% federal funding for construction and then use of state motorfuel revenues for operation and maintenance.

In part, funding from this program would continue funding now provided through the Highway Trust Fund for park and refuge roads and the public lands highway program. More than \$5 billion—roughly half the entire NPS backlog—is comprised of needed transportation infrastructure repairs. These funds could be used to make needed repairs to the ninety percent of the 9,450 miles of park roads that are in fair to poor condition, as well as meet similar infrastructure needs on other public lands. Additional funding would go to road and transportation program op-

erations, which are now funded through general appropriations. An important parallel now exists: of the 18.4 cents per gallon in federal tax collected, 2.86 cents goes to the Mass Transit account – more than 15%. If the federal motorfuel tax is raised to 33.4 cents per gallon, earmarking one cent to federal lands would mean investing just under 3% of the Highway Trust Fund revenues on operations of federal road and transportation efforts, protecting and improving access to a key American shared legacy.

**Potential uses:** Among the likely uses of new funds under this program would be:

- 1) road improvements in national parks, national forests, national refuges and others federal lands which boost safety and better protect natural resources;
- 2) replacement of appropriations now used by federal land management agencies for road operations and maintenance;
- 3) funding for transportation to and within federal areas which provide alternatives to use of private vehicles;
- 4) projects on federal lands which parallel the projects allowed under the Transportation Enhancements provisions of the federal surface transportation program.

**Making it work:** The addition and earmarking of a Penny for Parks would require action by the Congress and would involve multiple committees, including those with jurisdiction over taxes and surface transportation. Traditionally, federal transportation programs and related taxes are authorized under multi-year provisions – typically 5 years in duration – and have parallel, multi-year contract authority. This would greatly assist federal land operations. Penny for Parks would likely be subject to reauthorization every

five years. Administration of the program would likely be done cooperatively by the Federal Highway Administration's Federal Lands Highway Program and federal land managing agencies.

**Next steps:** A national coalition of recreation and conservation organizations will be needed to create this new program. The coalition will need to mirror the successes of the boating and fishing community, which gained transfer of boating taxes in 1984, and the recreational trails community, which gained access to taxes paid by snowmobilers, ATV enthusiasts, motorcyclists and 4x4 enthusiasts in 1991. Strong support for this earmarking will be needed from Members of Congress. Again, precedent is valuable. The success of the boating and fishing community in 1984 generated a nearly-\$1 billion per annum program still widely known as Wallop-Breaux, named for its Congressional champions.

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# Park Legacy Partnership Fund: A Public Private Partnership

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**Funding source:** Two sources of revenues to be derived from (1) oil, gas and other mineral production on federal lands and waters; and (2) private, philanthropic donations.

**Revenue type:** NPS would automatically receive federal funds directly from the Treasury after congressional review of proposed infrastructure projects.

**Revenue potential:** Approximately \$350 million annually.

**Background:** The National Park Service continues to suffer the effects of a backlog maintenance burden that is ever-growing. Now estimated to be over \$11 billion, with \$3 billion of that for historic structures alone, the ability of our national parks to thrive in their second century is being severely compromised. Annually appropriated federal funding for basic repairs, restoration and construction of park assets is steadily declining. Indeed, the NPS construction budget has fallen nearly threefold over the last decade from \$366 million in fiscal year 2002, to the current request of \$131 million. In addition, given the out-year spending caps enacted as part of the 2011 Budget Control Act the likelihood of these numbers

rebounding to the levels of a decade ago is not good. Consequently, NPS is in dire need of a stable source of funding which should be at a level that will allow the Service to at least stem the growth of its maintenance backlog and should be made available in conjunction with private, philanthropic donations. The way to address this need is through the establishment of a “Park Legacy Partnership Fund.”

The underlying premise for a Park Legacy Partnership Fund can be found in the Historic Preservation Act and its Historic Preservation Fund (HPF). Congress established the HPF in 1976 as a way of ensuring a long-term and reliable source of funding for the implementation of the Historic Preservation Act and the preservation of nonfederal sites. Funds deposited into the HPF come from royalties and other revenues generated through offshore oil and gas production. Last year, those offshore activities produced \$6.8 billion, and when combined with similar onshore revenues, generated more than \$12 billion. Of that total, \$6.6 billion was unassigned and deposited in the general treasury of the United States. (Distributions from the other \$5.4 billion included, for example, \$900 million to the Land &

Water Conservation Fund; \$150 million to the HPF; \$2.1 billion to states; and \$717 million to tribes.)

Although the Congress has not appropriated the full \$150 million authorized by the HPF, the Park Legacy Partnership Fund can overcome that failing by establishing a mechanism whereby the public-private resources of the Fund are automatically provided after congressional review of the various repair and restoration projects proposed in the president's budget. That way, the Fund will ensure that Congress can carry out its constitutional duty to oversee the expenditure of tax dollars and to have a say in what those dollars are used for without subjecting congressional appropriators to the added pressures of the budget scoring process.

**Potential uses:** To bolster the integrity of the Park Legacy Partnership Fund and to ensure that funds are focused on infrastructure repair and the maintenance backlog, the Fund would follow the lead of the Federal Lands Recreation Enhancement Act, otherwise known as the Rec Fee program. Specifically, funds would be used for "repair, maintenance, and facility enhancement related directly to visitor enjoyment, visitor access, and health and safety" and "interpretation, visitor information, visitor service, visitor needs assessments, and signs."

**Making it work:** Legislation would be drafted, introduced and enacted which would establish a Park Legacy Partnership Fund within the U.S. Treasury. The legislation would require the president to submit as part of his annual budget submission detailed information on all authorized projects estimated to cost more than \$500,000 and which NPS proposed to undertake in the coming fiscal year. Basic selection of projects would use the NPS subjective criteria already in place, but would allow projects to be advanced up the priority list in cases where private, philanthropic dollars were a substantial part of the proposal. For example, projects under \$2 million that were matched with no less than 33%

private funding, projects over \$2 million that were matched with no less than 25% private funding, or any project for which a maintenance endowment is provided would become top priorities. Once the president's list was submitted to the Congress, the appropriations committee would review those projects in the same manner they currently review traditional construction and land acquisition request. Congress would retain the authority to amend the proposed project list, but if no changes were made to the administration's recommendations prior to the start of the fiscal year, then the proposed list would be considered approved and the National Park Service could begin work.

**Next steps:** It's doubtful that NPS, working on its own, would be able to able to garner the administration's support for this proposal in a timely manner. Consequently, the Service will need substantial help from its partners and other interested stakeholders to generate the kind of broad congressional support that is necessary for this type of legislation. Draft legislation should be developed as soon as possible with an eye toward getting a House and Senate sponsor/s for introduction of a bill within the next 90 days.

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# Expanded Visitor Services Through Concessioners

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**Funding source:** Market-driven increases in revenues from sales of goods and services in national parks under concessions contracts.

**Revenue types:** (1) Increased franchise fees from concessioner payments under existing and new concessions contracts; (2) Reductions in operational expenses as services now being performed by the National Park Service are transferred to concessioners; and (3) Savings in investment for new and rehabilitated facilities which would have been funded with appropriated funds and would now be undertaken by concessioners.

**Revenue potential:** Concessioners now pay nearly \$100 million annually in franchise fees on gross revenues of approximately \$1.2 billion. Potential increases to visitor services, including lengthening operating hours at units like Alcatraz and Statue of Liberty, and adding appropriate services and allowing dynamic pricing of services, could increase franchise fees by 50% in three years. Conversion of certain NPS functions, including certain fee collection and campground operations, to concessioner operations could reduce NPS expenses further and add new, net revenue of more than \$50 million annually in three years.

Concessioner-operated facilities comprise approximately \$1 billion of the estimated \$11 billion in needed infrastructure investments in national parks. Longer contracts and steps to reduce the cost of capital to concessioners could produce at least 50% of the needed investments – or \$500 million – over the next decade, or an average of \$50 million annually. Estimated combined potential annual budget impact by 2016: +\$150 million.

**Background:** Concessioners have played an important part in visitor services since the earliest days of national parks. Most of the lodging in national parks today was constructed by concessioners – railroad companies in the early days of the national parks and by others, including companies connected with the Rockefellers, in more recent years. Lodging, food service, retail operations, guiding and transportation services are now provided to an estimated one in three park visitors. The arrangements under which concessioners operate have been defined by two major laws – initially in 1965 and major amendments in 1998. Concessioners report that the public wants expanded services – longer operating seasons at some units, removal of time-of-day limits at others, added educational seminars and special events

other services like Wi-Fi. As well, current regulation of pricing of services limits concession-provided products, services and revenues. Strategies like dynamic pricing would help concessioners encourage non-peak visitation. Authorizing “satellite” services in nearby parks without prospectus, bidding and selection processes could boost visitation at lesser-visited park units.

A major opportunity likely exists for the NPS to shift operations of, marketing of and improvements to certain campgrounds in parks to concessions operations. There has been a dramatic drop in overnight stays in national park campgrounds, and especially in RV-associated stays which have declined from more than 4 million overnights in the 1980s to about 2 million overnights currently. RV ownership during this period has grown dramatically, now reaching 8.5% of all US households. Private sector campground use has grown appreciably during this period. There is strong evidence that sites designed for tent campers, the lack of utilities and dumpstations and other factors have contributed to the decline in RV stays. In national forests, an estimated 85% of all developed unit camper nights are at concessioner-operated campgrounds. For national parks, that percentage is far lower. This saddles NPS with high labor costs, lower occupancy except during peak periods and an inability to provide campground users with the sites and services found in state parks and campsites in the private sector. There are numerous other operational functions concessioners could offer to NPS – including vehicle fleet management and supply ordering -- which would reduce NPS costs. Concessioners also seek to add new services, and to even test out such offerings, in cooperation with local park staff. And the need for frequent reviews of offered services is growing. Hoped-for increases in international visitation, for example, will generate new demands in parks, not the least of which will involve services in languages other than English. Concessioners can play a critical role in assessing visitors’ needs and wants and providing appropriate responses, normal-

ly at visitor cost and generating additional NPS revenue.

The 1998 legislation altering NPS concessioner operations has dramatically reduced new private investment in national park visitor infrastructure. Shorter contracts, a reluctance by NPS to award Leasehold Surrender Interest, a failure to incorporate provisions reflecting the risks associated with operation in national parks and prospectuses creating a negative cash flow for more than half of the concessions contract have exacerbated the challenges faced by NPS in maintaining aging infrastructure. Together, the factors mean that even the grandest of national park visitor structures now need very large capital investments – the estimate for Ahwahnee alone is nearly \$60 million in immediate need.

**Making it work:** The challenge of identifying and providing high quality, appropriate visitor services is significant. These services are especially important as the NPS seeks to attract non-traditional visitors. Concessioners are interested in and capable of providing additional services and making additional investments in the parks if the regulations and financial incentives enabled these efforts. To do so will require senior national and regional agency leadership working with concessionaires and others to reconsider the regulations that implement the existing concession legislation.

**Next steps:** NPS should launch a high-priority assessment of appropriate visitor services for the 21st Century through its Concessions Management Advisory Board and use the results of this assessment as input into park unit general management plans, commercial service plans and other appropriate guidance documents.

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# National Park Endowment

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**Funding source:** Private and other non-federal contributions, tax reform, and/or oil, gas, and other mineral production on federal lands and waters.

**Revenue type:** Federal and non-federal.

**Revenue potential:** Goal should be to raise \$1 billion in connection with the centennial.

**Background:** The National Parks Second Century Commission recommended that, in addition to the important annual appropriations that are vital to the function of national parks, an endowment structure be created to support the parks in perpetuity. The commission also recommended that the opportunity presented by the National Park System Centennial in 2016 should be leveraged with a major, nationwide campaign led by notable Americans. These two concepts can be complementary and can also be combined with others.

The commission believed that NPS funding should be adjusted to better reflect the understanding that parks and historical sites are intended to be preserved in perpetuity. Because of their short-term nature, appropriations to the parks supplemented by donations that are typically

only related to immediate needs such as the construction of a visitor center do not adequately focus on long-term funding needs. The commission felt that the tremendous public support the parks enjoy can be translated “into a more substantial philanthropic footprint” that would amplify the role of private philanthropy and increase the non-appropriated funds available to the parks. The commission recommended that a “National Park Service Presidential Centennial Committee” be established to “design an endowment to serve as a perpetual source of support” for the preservation and enhancement of the Park Service mission. The commission suggested that the committee consider “a wide range of models for capturing and releasing endowment funds, and... consider strengthening, complementing, or replacing existing support structures including the National Park Foundation in order to optimize fundraising efforts.”

According to the commission, “The endowment would need to be managed and staffed professionally and be fully accountable to donors, Federal oversight bodies, and the public. The endowment’s governing body, or board, would consist of term Presidential and Congressional appointees, skilled in philanthropy, fundraising, and money management. The board’s prime mandates would be

to ensure that the endowment-funded projects and activities proposed for National Park Service approval would meet all Federal standards and provide for the recognition of donors only in accordance with National Park Service directives. The disbursement decisions would be made by the board based on priorities established together with donors, the “friends groups” of a park, or other National Park Service support groups, and the National Park Service.” The endowment would be authorized to pool contributions into a diversified portfolio and issue bonds based on its projected revenue stream.

The launch of an endowment could be aided immensely by a centennial-oriented campaign that builds awareness and encourages individual and corporate contributions. The commission expressed confidence that all Americans, “from the classroom to the boardroom,” would answer a national call to help protect their collective heritage. Such a public engagement campaign would invite Americans of all ages to show their support for the parks through action—volunteerism, financial contribution, visitation, etc.—and be designed to foster national pride at the renewal of a cherished American institution.

**Potential uses:** A national campaign can enhance the effectiveness of any centennial-related effort to raise awareness about, involvement with, and contributions to, our national parks. Because of the potential for Congress to reduce appropriations for national parks by amounts equivalent to those raised through alternative funding mechanisms like an endowment, any endowment should be designed to ensure that core operating and infrastructure needs remain addressed through federal funds. The threat of an appropriations offset can be reduced by defining a narrow scope of uses for endowment funds, such as education, restoration, or other specific categories of activity that are either a small subset of, or unrelated to, operating activities.

**Making it work:** Philanthropic organizations have long been clear about the

need for a meaningful federal commitment of funds in order to encourage the private sector to increase its contributions. Most philanthropists are not anxious to contribute their funds merely to accommodate ill-advised federal cutbacks in funding support. Therefore, a source of federal funds should be identified as an enticement for non-federal contributions. The president could appoint the Centennial Committee recommended by the commission, or Congress could legislate the creation of an endowment within specified parameters. It would be essential that any endowment be designed to avoid competition with existing philanthropic organizations. A key issue is whether the endowment could have specific subaccounts, either for specific park units, specific purposes, such as education, or even specific structures. The ability of donors to specify uses is used successfully in other large philanthropic campaigns, including universities: endowed chairs and programs, departments and programs. Because of the importance of place to many donors, the ability to specify at least a portion of gifts might be of value. The entire endowment, however, could be professionally managed to maintain the corpus and generate maximum spendable funding. The corpus would accumulate, with only the interest spent, meaning it would take many years to build an endowment that would provide a significant revenue stream. The potential for drawing endowment funds could be accelerated by allowing for leveraging of future funds based on anticipated income from the endowment. The entire effort should be supported with a national campaign, supported by the President, to be launched within the next two years, leading up to and beyond the 2016 centennial.

**Next steps:** Endowment legislation should be developed and the White House should begin the process of recruiting and appointing individuals who can help design an endowment that will achieve broad buy-in and support.

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# Expanding Use of Historic Tax Credits

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## **Funding source and Back-**

**ground:** The federal Historic Tax Credit (HTC) is the principal federal investment in historic preservation. The National Park Service (NPS) administers the program in partnership with the Internal Revenue Service (IRS) and with State Historic Preservation Offices (SHPOs). Since 1982, it has led to the rehabilitation of more than 39,000 buildings, created more than 2.2 million jobs and catalyzed more than \$106 billion of private investment. Current tax incentives for preservation include a 20 percent tax credit for the certified rehabilitation of certified historic structures and a 10 percent tax credit for the rehabilitation of non-historic, non-residential buildings built before 1936.

The Preservation Tax Incentives program is widely seen as one of the federal government's most successful and cost-effective community revitalization programs. It rewards private investment in rehabilitating historic properties such as offices, rental housing, and retail stores. Abandoned or under-used schools, warehouses, factories, churches, retail stores, apartments, hotels, houses, and offices in many cities have been restored and repurposed in a manner that retains their historic character. The value received through the Historic Tax Credit (HTC) program is a federal tax credit. As a tax credit, the HTC lowers the amount of tax

owed by the property owner on what is close to a dollar of credit for dollar of tax liability.

There has been limited use of Preservation Tax Incentives within national park units. Since the HTC is a tax credit against income, it is not available directly to the National Park Service. However, the NPS and private parties have entered into long-term historic leases authorized by section 111 of the National Historic Preservation Act and NPS regulations to fund the rehabilitation and use of significant historic buildings. For example, the San Francisco Maritime National Historic Park, has transformed a fish cannery and warehouse into the Argonaut Hotel, with the park's visitor center occupying a corner of the rehabilitated building. Similarly, the NPS and a private party entered into a long-term historic lease that enabled the rehabilitation and adaptive reuse of portions of Fort Baker, a part of the Golden Gate National Recreation Area, as Cavallo Point: the Lodge at the Golden Gate.

There are many other historic structures in national parks which could benefit from the program and currently in use by park concessioners, from hotels and lodges to cabins to stores to restaurants. Generally, structures on the National Register of Historic Places are eligible.

**Revenue potential:** Over the past 5 years, the amount of historic tax credits that have used annually are approximately \$590 million, however only a small amount has been used within NPS units. While there is no statutory cap on the maximum amount of credit that can be claimed, there are multiple market factors that limit the amount of credit that is issued, including: limited building stock, compliance costs, and return on investment. In FY2012, 50 percent of qualified rehabilitation expenses for HTC projects are under \$500,000, and only 8 percent of HTC projects have qualified rehabilitation expenses totaling more than \$10 million. Expanded use of historic leasing including historic tax credits has the potential of being a significant source of funding to rehabilitate historic buildings within NPS units.

**Potential uses:** Expanded use of historic leasing and the HTC can be an important tool for the NPS to rehabilitate and adaptively reuse a much larger number of the 9,600 NPS buildings presently listed on the National Register. The deferred maintenance cost for historic structures has been estimated by NPS to be \$3 billion, an amount projected to increase with each passing year.

Of the 9,600 historic buildings in the park system, approximately 1,350 are used by concessionaires, leaving approximately 8,250 for NPS to maintain and use. The 20 percent historic rehabilitation credit is available only for qualified rehabilitation expenses of buildings placed in commercial use. These expenses include the cost of the work on the historic building, as well as architectural and engineering fees, site survey fees, legal expenses, development fees, and other construction-related costs. The credit cannot be used to offset costs associated with property acquisition, furnishing costs, new additions, new building construction, parking lots, sidewalks, landscaping, or other related facilities.

**Making it work:** The federal HTC is permanently written into the tax code with no date of expiration. However, there is significant concern that proposals to reform the tax code may under-

mine our nation's long standing policy to incentivize the preservation of historic properties.

A significant barrier to the expanded use of the HTC to rehabilitate buildings within NPS units has been a reluctance by the NPS to enter into historic leases for the length necessary for a private entity to qualify for the federal HTC. In addition, many significant historic buildings are managed by concessionaires pursuant to the National Parks Concession Management Improvement Act of 1998. The term of such contracts is limited to 10 years absent Secretarial approval of a longer term up to 20 years. Finally, NPS policy requires that concession contracts must be used to authorize those "visitor services," including accommodations, facilities and services determined by the Director as "necessary and appropriate for public use and enjoyment" of the relevant NPS unit. Historic leases must be used to authorize commercial activity when a concessions contract or a commercial use authorization is inappropriate.

**Next steps:** The NPS and its partners should undertake an evaluation and clarification of what is necessary to catalyze expanded use of the HTC and historic leasing to advance the rehabilitation and adaptive use of historic buildings within NPS units, including harmonizing the use of historic tax credits with concession contracts and commercial use authorization. Internal Revenue Code Section 47(c)(2)(B)(vi) provides that a lessee is eligible to claim a rehabilitation tax credit when the lessee incurs the cost of rehabilitation and the lease term is greater than the recovery period determined under Internal Revenue Code Section 168(c) - currently 39 years for non-residential real property and 27.5 years for residential rental. The lessee, under these conditions, can claim the rehabilitation tax credit on qualified rehabilitation expenditures provided the "substantial rehabilitation test" and other requirements are met.

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# Expansion of Guest Donation Efforts

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**Funding source:** Philanthropic gifts by park visitors ranging from small donations from those staying overnight at concessioner-operated lodges and other overnight facilities to donations suggested when making in-park retail purchases and in conjunction with other concessioner services. The program can also be expanded to out-of-park allied businesses, and to larger gifts to local friends organizations and the National Park Foundation generated as a result of “thank-you” messages to donors making initial nominal gifts.

**Revenue type:** This is philanthropic support for parks from park visitors

**Revenue potential:** The Guest Donation Program will generate approximately \$1 million in donations in 2013 at approximately 12 park units and could be rapidly restructured and expanded with a goal of collecting at least \$10 million annually by 2016 and sustained indefinitely while at the same time better connecting visitors to the national parks, the National Park Foundation and local friends and advocacy organizations.

**Background:** The National Park Service Guest Donation Program operates under provisions outlined by the Secre-

tary of the Interior and the Director of the National Park Service in 2003. While the program now generates approximately \$1 million annually, it operates in few parks and is far from optimized.

The Guest Donation Program allows concessioners to collect voluntary contributions by park visitors for application to appropriate park projects. The program is normally structured as an “opt-out” program with information provided to the visitor about the donation and the ability to decline participation several times, but an “opt-in” alternative is possible. Although most donations are made by overnight guests at hotels and lodges, the program can offer opportunities for other visitors to make contributions. Proposals are now in process to expand the program to on-line sales of tickets for two concessioner-operated transportation services (“opt-out”) and to retail shops in a high-visitation national park (“opt-in”). The retail operation would resemble the process used by Safeway, 7-11 and other retailers where a store employee asks the visitor if he/she would like to make a donation. And/or, customers could be invited to “round-up” the amount of their purchase to the nearest dollar, with the increase treated as a donation. A thank you could be printed on the receipt for visitors who choose to participate.

Several factors inhibit growth of the program.

- 1) Little information about the benefits from the donations is available to the public or concessioners. For years, the National Park Foundation failed to report to the public any information about the dollars collected by park or in the aggregate. New NPF leadership is now providing this information. However, information about the ultimate use of funds is virtually impossible to obtain, for reasons including commingling of Guest Donation Program funds with other contributions and grants. Although guests are required to be offered the chance to "opt out," little can be told to them by concessioner employees about either how visits this year were aided by prior contributions or how their donations will be used this year. There is no in-park signage that notes projects funded totally or in part by Guest Donations. There is no website to explain the program, highlight its contributions to national parks or provide more information about the role of philanthropy in the national park system.
- 2) The status of concessioners as "prohibited sources" for direct project support under Directors Order 21 has a significant chilling impact on concessioners, since they cannot be associated with the projects receiving guest contributions.
- 3) The program needs to move beyond the small percentage of total park visitors who are overnight guests at concessioner operations (approximately 7 million annually) to day visitors and visitors to park gateway communities.
- 4) Once a visitor has made a contribution under the program, they can and should be thanked and invited to connect with parks in a more

robust fashion, as a volunteer, advocate and philanthropist. The pilot for this is at the Grand Canyon, involving Xanterra and the Grand Canyon Association. A well thought out acknowledgment process could be especially important both for local friends' organizations and for the 2016 Centennial effort.

- 5) Proposals to solicit a national sponsor offering to match guest contributions have run into major concerns over conflicts with provisions of Directors Order 21.

Potential uses: Among the likely uses of new funds under this program would be:

- 1) boost visitor services;
- 2) highlight information about the 2016 centennial of the National Park Service, and draw visitors to a website with more information on the centennial;
- 3) gather information on park visitor interests and preferences by allowing donors to show a preference for park project priorities;
- 4) underwrite new initiatives such as programs to host urban youth during park visits.

**Making it work:** The program needs an internal NPS champion who partners with concessionaires, friends groups and others to design an expanded and improved program.

**Next steps:** A joint concessioner/Friends Groups/NPF/NPS task force should be charged with crafting an action plan for expanding the Guest Donation Program within 90 days, and should prepare all necessary materials for the NPS and concessioners to implement the revised program.

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# Expanded Cooperation with Destination Marketing Organizations

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**Funding source:** Existing taxes paid to local and state governments for purchases that are visitor-service related.

**Revenue type:** Revenues available to aid National Park Service programs and projects would typically be in-kind support, matching funds and/or reimbursement for services provided by the National Park Service to a location served by a destination marketing organization. NPS units should seek to establish mutually beneficial partnerships where DMO funds can directly support some services NPS provides to visitors. Additionally there may be instances where DMOs can partner to provide services currently provided by NPS. This type of partnership can reduce current NPS costs, and/or continue to provide visitor services that NPS may be forced to reduce.

**Revenue potential:** An estimated 200 NPS units would be excellent targets for expanded cooperation with local DMOs. Individual units could receive direct income streams of \$5,000 to more than \$1 million and through partnerships could aim to replace current operational costs with services provided by DMOs of comparable amounts. In addition, sales of entrance and other fees by DMOs and

members, including fees for interpretive programs, could generate and save substantial funds. We estimate sustainable annual funding averaging \$100,000 per unit for 200 units, or \$20,000,000 annually and sustainably.

## Defining participants

**Destination Marketing Organizations:** Destination Marketing Organizations (DMOs, sometimes also called convention and visitor bureaus or tourism offices) are the official marketing and sales organizations for the geographic area they represent. DMOs can range in size from a one person organization to those with hundreds of employees. They can represent a town, city, a metropolitan area, region, county, state, province, or country; and their budgets can vary from several thousand dollars to many millions of dollars. DMOs drive economic success for their communities, enhance the quality of life for residents and visitors alike, support local job creation and generate tax revenues to fund local governments and their services to residents. For more information on DMOs and destination marketing, view this video and review the “Profile of a DMO” fact sheet.

**National Park Service:** Despite active support from elected and appointed officials at the national level in both parties, the financial resources of the National Park Service (NPS) are in decline. Efforts to reduce large recent federal budgetary deficits, including preparation for a 5% cut in spending for 2013, are likely to put even current levels of appropriations in jeopardy, even as the agency prepares for its 100th anniversary and is acting on exciting new efforts to remain valued and relevant. Challenges facing the NPS today include:

- need for outreach to Americans who now rarely visit parks,
- deferred maintenance of infrastructure found in the current array of units
- lagging integration of new technologies into park story-telling and more.

**Background:** Visitors to a destination pay a substantial amount in tourism taxes set by the local government(s). These taxes are collected by the local government(s) who allocates the funding. Communities that fund DMOs, on average, invest 47% of taxes in the DMO to market the destination; communities that fund convention center operations or center debt, on average, invest approximately 45% of the collected taxes in this area; and the average community invests the general fund are the most prominent use for city taxes as well as county taxes; communities that invest taxes in arenas and sports facilities, dedicate 26-36% of tourism taxes on average.+

These revenues for the community, derived from state and local taxes on lodging, food and various visitor services, on a national level total billions of dollars annually.

In addition visitors – including visitors to park units – have a substantial economic impact on the community spending money on lodging, food, rental cars

and more. In communities with national park units, the national park unit can be a substantial lure of to draw visitors and increases visitor spending. Estimates by the National Park Service place direct national park visitor spending at \$12 billion and a total of \$31 billion in park-associated spending. Only about \$2 billion of that is for services in parks, meaning that direct park visitor spending – mostly in gateway communities – exceeds \$10 billion annually. More than half of that spending is estimated to be on services and goods normally subject to tourism taxes. At a 4% tax rate, national park visitors would generate an estimated \$200 million annually in taxes available to DMOs. Also noteworthy is that concessioner-provided services on some federal lands are subject to local tourism taxes.

**Opportunity:** The National Park Service should encourage a more robust relationship between superintendents and the DMOs which serve visitors to the areas he/she manages. Closer partnerships with these entities can produce both direct and in-kind support for NPS units.

The communities in which visitor spending takes place are well aware of the attraction of national parks. Through partnership and collaboration, many DMOs and their tourism partners in the community find great synergies in supporting and promoting park visitor programs. Such collaboration has great potential to increase visitors to both the park and the gateway destination, increasing taxes collected and spending in the park and community.

Many millions of dollars in promotion of national park visits is spent annually in print and electronic channels, paid for by DMOs. Increasingly, DMOs are shifting from traditional advertising to more sophisticated promotion, including encouraging visitor involvement in social media like TripAdvisor and Facebook. Today's travelers are looking for more than attractive print and electronic ads – they are

+ Source: 2011 DMO Organizational & Financial Profile, Destination & Marketing Association International. The averages in the paragraph above are for those DMOs that reported the specific allocation. For example, for those destinations where a percentage of the city room tax was allocated to DMO funding, that average allocation was 47%. As a result, the figures do not add to 100%.

seeking information from peers who have actually been to the area. And thus more and more DMOs are boosting efforts to put smiles on the faces of current visitors.

**Examples:** NPS and other public resource managers already partner with DMOs and related organizations in many destinations

### **Jackson, WY**

Lodging taxes in Jackson, WY, are used to operate the Jackson Hole and Greater Yellowstone Visitor Center. The facility is staffed by multiple organizations, including the National Elk Refuge, Bridger-Teton National Forest, Jackson Chamber of Commerce (which acts as the DMO), Grand Teton Association, and Grand Teton National Park. Services provided include displays, educational programs, America the Beautiful Federal Lands Pass, lodging and camping information, Yellowstone National Park fishing permits, Wyoming hunting and fishing licenses and more.

### **Alaska**

Cruise ships entering Glacier Bay are met by a team of NPS rangers/naturalists that board the ship and remain on board for approximately nine hours. The team conducts programs on board explaining glacial forces, discussing (and often helping viewing of) whales and wild animals, enhance visitors visit to Glacier Bay National Park. Costs of the NPS program are paid by the tourism industry.

### **AMTRAK**

NPS also works with AMTRAK, training and placing volunteers (including some NPS employees while not working) on trains which traverse key corridors with substantial NPS presence.

### **North Carolina**

Currituck County, and other local governments, impose a tax on rentals of beach houses and hotel rooms and use the funding for purposes ranging from life guard and EMT services to support of a

wildlife museum and arts festival along a stretch of the Outer banks with virtually no resident population. The county also pays for rangers from the Wright Memorial and Hatteras Seashore units of NPS to come and offer interpretive programs to summer visitors. Similar cost-sharing programs which allow NPS staff to outreach to visitors exist in other gateway communities.

### **Additional examples:**

<http://www.nps.gov/gero/planyourvisit/schoolvisits.htm>

<http://www.nps.gov/jela/french-quarter-site.htm>

### **Potential Partnerships:**

Funding partnerships between DMOs and NPS units could include both technology-related and non-technology-related projects. For example:

### **Technology-related park unit/ DMO efforts:**

- “Smart” websites that morph to visitor’s device
- integration to rec.gov, but recognize rec.gov’s limitations
- apps like trail info
- guides to available services
- weather and safety info
- multi-lingual services, serving international visitors
- interpretive programs, volunteer opportunities
- GPS-triggered guides to the area
- Day- and time-keyed wildlife viewing advice
- customized interpretation – geology or Native American, civil rights or fires
- underwriting of enhanced cell and Wi-Fi access in the park

**Non-technology- related park unit/DMO efforts:**

- shared costs of interpretation and resource protection
- shared costs of search and rescue, EMT services
- mountain bike patrols, modeled after ski patrols
- special events – from reenactments to recreation of Paul Revere’s ride on bikes
- info centers in major tourism locations outside parks – including REI stores and transportation centers
- expansion of live and remote interpretive programs, following the AMTRAK/Alaska cruise models
- shared costs of research on visitor satisfaction and needs

**Implementation:** NPS should actively seek to develop partnerships with DMOS to utilize approximately 10% of the estimated tourism tax revenues controlled by DMOs to benefit its visitor services activities and/or to market to potential visitors. Partnering to utilize DMO resources will require individual park, or at least state-by-state, efforts. DMOs vary in structure – some are government agencies, some are quasi-public and some are private sector organizations which contract with the public, tax-collecting entity. But in all cases, local officials and local businesses are highly influential in the DMO business plan. The optimal approach would be to suggest DMO support by a combined group of NPS, concessioner, local business interests and park advocates. Regional support for this effort would be helpful, and a source of NPS matching funds would be especially attractive.

**Next steps:** The NPS Office of Commercial Services should designate a senior official as liaison to DMAI, the National Council of State Travel Directors and the concessions community. Together, these partners should produce a plan for ten pilot efforts in 2014 and full operations by 2016.

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# Conservation Service Corps

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**Background:** A confluence of events creates a profound opportunity to engage many Americans, young and old, in service work in our national parks. Unemployment for Americans under the age of 25 continues to hover at 16 percent. For post-9/11 veterans the news is mixed with overall unemployment recently dipping to 9.7 percent even as the rate for unemployed female post-9/11 vets surged to 19.9 percent. With the U.S. unemployment rate at 7.9 percent it is clear that the most vulnerable and most deserving members of our society, young people and the nation's returning veterans, continue to face tough odds in the hunt for jobs. At the same time, there is enormous interest on the part of many older Americans who have spent decades building skills the Park Service needs in business, education, construction and design, and other areas, in contributing as "volunteer rangers." The power of the NPS Centennial to capture the American imagination, together with chronic unemployment for youth and veterans, and the desire of elder Americans to give back, creates a unique opportunity for our parks.

The National Council for the 21st Century Conservation Service Corps (21CSC) has recently been established through a Memorandum of Understanding among the Department of Interior, Department of Agriculture, Department of Commerce,

Department of Labor, Environmental Protection Agency, U.S. Army Corps of Engineers, Council on Environmental Quality, and the Corporation for National and Community Service. The National Council will develop partnership strategies to initially double current youth service participation (about 20,000 in 2012) on public lands and waters through 21CSC projects, with an ultimate goal of engaging 100,000 participants per year over the next decade.

The 21st Century Conservation Service Corps (21CSC) is a public-private partnership that acknowledges the legacy of the Civilian Conservation Corps (1933-1942), which utilized some 3.5 million young men over a decade of public works, and seeks to continue and expand that legacy for a new century - this time by means of collaboration with non-profit youth serving conservation corps (which did not exist at the time of the CCC).

April 2013 will mark the 80th Anniversary of the establishment of the Civilian Conservation Corps. In that spirit, the 21CSC will strive to put thousands of young Americans to work restoring our national parks by providing service, training, education, and employment opportunities to protect, restore and enhance natural, cultural, recreational, historical, and scientific resources. The 21CSC intends to

develop a generation of skilled workers, educated and active citizens, future leaders, scientists and stewards of natural and cultural resources, outdoor recreation, our communities and the nation.

The 21CSC is a collaborative effort that utilizes several sources of NPS and private funding to engage and stimulate public-private partnerships to advance these important 21CSC goals. This federally-led and partnerships-driven initiative will implement project-based service, youth engagement in the outdoors, career stimulation, and pathways to future employment opportunities within NPS and other public land agencies, for 21CSC participants.

**Funding:** Although the Student Conservation Association and various other conservation corps that operate through The Corps Network have partnered with the NPS since at least 1957, the partnership has heretofore not lived up to its full potential. This partnership has been funded primarily from the NPS Maintenance appropriations, and supplemented from recreation fees, at the rate of less than 5% from either source. With the advent of the 21CSC, NPS has indicated that it can readily increase this partnership to at least 10% of maintenance funds. NPS has indicated (as well as other benefiting agencies) that it will also allocate additional funds for needed work to youth and veteran partnership projects from funds appropriated for Super Storm Sandy Recovery. Deepwater Horizon oil spill settlement, mitigation and recovery funds could also be made available for youth/veteran led recovery projects at NPS sites in the Gulf region. The Obama administration also has proposed a Veterans Corps to augment such efforts and put returning veterans to work restoring and renewing our public lands, particularly our parks. The fate of this proposal is uncertain, but it is a concept worthy of additional debate and exploration.

**Veteran Green Corps:** Since 2009, SCA, Southwest Conservation Corps, California Conservation Corps, and others

have recruited 630 recently-returned veterans to complete conservation projects on public land through partnership with Veteran Green Jobs, Inc. Some 250 of these veterans have comprised advanced Fire Corps crews, doing hazard fuel reduction, thinning, building fire breaks, and conducting prescribed burns, while training and earning their wildland fire-fighting "Red Card." 54 of these Vets were hired into federal public land jobs in 2012 after gaining this civilian experience, and we expect many more to join federal fire crews for the 2013 fire season.

There are currently some 750,000 returned Veterans enrolled in higher education curricula across the USA. Many of these could be available for future Veteran Green Corps projects while still in college, and then seek permanent jobs with NPS or others.

**Historicorps:** SCA and The Corps Network entered into an MOU with NPS (and others) in 2012 establishing Historicorps, a youth engagement program intended to carry out historic preservation maintenance work on NPS historic buildings. There are currently thousands of NPS-owned historic buildings that could be better maintained through this new program partnership. Future work of Historicorps partners could also include maintenance of NPS-owned historic buildings operated by concessioners.

**NPS Workforce Development:** The National Park Service should augment its system of hiring seasonal employees with partnerships with 21st Century Conservation Service Corps (21CSC) programs (e.g. SCA and Conservation Corps). A greater effort should also be paid to engaging older Americans in Encore careers with the parks, to bring their skills in business, heavy construction, or other backgrounds to bear on behalf of park protection and restoration, and help train the workforce of the future.

**Benefits:** Workforce Development. Individuals (young people and veterans) serving with 21CSC programs can qualify

for non-competitive hiring status under the Public Lands Corps authority making the transition from seasonal to permanent hire much easier.

Diversity. 21CSC programs engage participants from diverse backgrounds, preparing a 21st Century workforce that better represents America. For instance, in 2011 58% of participants were non-Caucasian.

Corps Support. 21CSC programs provide support, corps member development and supportive services to ensure that corps members are successful in their positions, receive the professional development they need to succeed and support corps members through their transition to permanent employment.

Cost Savings. NPS can see a significant cost saving through this process. The NPS Park Facility Management Division found that using Corps provided a cost savings of over 50% and we anticipate that this initiative will realize similar cost savings. SCA determined that agencies essentially get two interns for the cost of one seasonal when all costs are included (i.e., administrative, hiring, accident insurance coverage, unemployment, etc.)

High Quality. The 21CSC programs provide highly qualified candidates with required experience and academic backgrounds for each position. SCA and many other Corps can recruit from any academic discipline or institution. Corps often recruit from local gateway communities.

NPS Involvement. 21CSC programs work closely with NPS on each position placement. Often the NPS will make the final candidate selection and be as directly involved as they would like in the daily supervision and management of the individual and to select the projects and supervise seasonal partnership crews.

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# Non-Appropriated Fund Instrumentalities

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**Funding source:** Concessioner franchise fees and fees from the NPS leasing program at both the Washington and Park levels could be invested in non-appropriated fund instrumentalities (NAFIs). These investment vehicles would allow franchise fee and lease fee proceeds to earn interest, providing additional funding for the general Commercial Services Program or for the Parks for which a NAFI has been created. In addition, these fee dollars could be leveraged, allowing for further funding opportunities.

**Revenue type:** Non-appropriated funds

**Revenue potential:** To be determined. Expanded fund source availability would be driven by income generation through interest as well as debt leverage. Debt leverage would need to be carefully managed, similar to a traditional lending institution with appropriate leverage to equity ratios, debt coverage ratios, etc.

**Background:** NAFIs are organizational and fiscal entities that perform a government function. They are established with a base of non-appropriated funds, and maintained with a non-appropriated fund stream. NAFIs essentially allow federal entities to perform like private sector

businesses. These entities provide many private sector-like tools, while enjoying most of the benefits of government agencies.

## **NAFI Features**

NAFIs were first utilized by the military decades ago and are still heavily utilized today. Other agencies have created NAFIs for specific purposes. NAFIs are in place within all the Department of Defense (DoD) agencies as well as USDA Graduate School, NASA and the Veterans Administration.

Major features of a NAFI include:

- Serves as an Organizational and Fiscal Entity that performs a government function (fiduciary role);
- Enjoys legal status as an Instrumentality of the United States;
- Maintains control and custody of funds, i.e. separate from the agency's pooled funds;
- Uses private sector industry standard financial accounting methods;
- Separate contracting authority is used, i.e. does not need to conform to government contracting regulations;
- Operating procedures are defined by parent agency;
- Debt may be used as a financing instrument where this is not generally

permitted with appropriated funds;

- Revenues may be more effectively utilized, i.e. red tape is dramatically reduced;
- Assets and projects funded by multiple sources can be administered under a NAFI framework; and,
- Congressional oversight is maintained.

## NAF Classification System

The DoD has developed a very tight accounting and budgeting system for its NAFIs. The premise behind this system is that NAFs should not be used to offset appropriated funds (APFs). Rather, NAFs should be used to **supplement** APFs in support of agency missions. In the case of the DoD, it is important to note that the agencies will deploy NAFs alongside APFs to meet specific objectives. In doing so, the parent organization (with Congress' support) has clearly defined how these funds will be combined and for what programs and activities. The three categories that DoD has developed are as follows:

- **Category A** – Mission Sustaining: These activities are considered part of the core mission of the agency and, as such, are designed to be close to 100% APF funded.
- **Category B** – Basic Community Support (sometimes referred to as Mission Sustaining): These activities involve some user fees and charges, but are generally not self-sustaining. As such, they are designed to include a mix of both APF and NAF sources. In most cases, NAFs are designed to cover operational costs while APF cover capital costs.
- **Category C** – Revenue Generating: These programs are business like operations and typically generate a sufficient amount of revenue and cash flow to cover all costs, and typically involve only NAF-sourced funds.

## Financial Management

Most federal NAFIs have established rigorous, business like accounting and financial management systems to man-

age and control revenues and assets.

In essence, NAF managers attempt to mirror the private sector while ensuring that they meet government fiduciary responsibilities. Key financial management tools are as follows:

- **Budgeting** – NAF budgeting includes annual operating, capital, and cash budgets. Budgets are generally approved at the local level, and then rolled up for “corporate” reporting, including an annual report to Congress.
- **Accounting** – NAF accounting follows generally accepted accounting principles (GAAP) and uses the accrual basis. NAF accountants have developed a uniform chart of accounts for all activities, which is based on the A/B/C funding systems as provided in the DoD example outlined above. Local entities have income statements and balance sheets that mirror private sector best practices, but are sensitive to government agency needs. Finally, NAFIs are audited internally on a routine basis. The corporate NAFI is audited on an annual basis by an external accounting firm.
- **Internal Controls** – NAFIs have a well-developed set of internal control procedures. In fact, these tools are generally superior to the private sector, based on the government’s greater fiduciary responsibilities. Examples of these tools include standards of conduct for NAF managers, “hotline” and “whistleblower protection” to identify fraud, waste or abuse, and, as noted previously, rigorous audit procedures.

## Risk Management

Risk management is also a key part of NAFI operations. DoD Components are required to assure adequate protection of NAF assets using risk management principles that protect the financial integrity of NAFIs and satisfy insurance laws. The extent and nature of risk management procedures varies with the size and complexity of NAFI operations. As an example, the DoD has identified

several risk categories including General Liability, Automobile Liability, Business Interruption, and Worker's Compensation. In addition, the DoD and other agencies use a combination of commercial and self-insurance to protect against catastrophic loss and the policies are affected by numerous factors including financial condition, risk exposure, and loss history.

Contracting and procurement are also significant aspects of NAFI operations. The key considerations regarding these areas are:

- Federal Acquisition Regulations (FAR) do not apply to NAF procurements, but best practices are used
- Centralized procurement programs are often used to generate economies of scale
- The DoD buys a substantial amount of goods and services annually (e.g. retail merchandise = \$7.2 Billion). This volume results in large economies of scale and favorable wholesale pricing.

**Potential uses:** Federal NAFIs can invest NAFs in U.S. government securities and federally insured deposit accounts. The interest income from these investments is retained and controlled within the NAFI. In addition to investing in securities for the purpose of earning interest income, NAFIs can lend money to their own projects and reap the benefits of a lower interest rate than provided by commercial loans and the interest income associated with the loan.

The NPS Commercial Services Program could use the proceeds from NAFIs for improving concession facilities, retiring possessory interest and leasehold surrender interest liabilities, funding special projects, and assisting with concession contract and lease contact oversight. Portions of other sources of funding (such as entrance fees, guest donations, etc.) could also be directed into NAFI to allow these funds to work harder toward the mission of the NPS.

The DoD has managed an investments balance of nearly \$1 billion and uses the funds for:

- Capital item replacements
- Facilities construction
- New operational programs
- Self insurance reserves
- Business cycle inventory build ups

In addition to financial and investment management, NAFIs have a number of other tools at their disposal to enable managers to effectively meet mission responsibilities. These tools include sophisticated cash management systems and commercial banking practices such as:

- Cash concentration systems
- Controlled disbursements
- Overnight investments
- Lines of Credit
- Commercial borrowing and debt
- Banking agreements

**Making it work:** The program needs internal NPS and DOI champions who can provide direction for further research of the benefits to the NPA of the NAFI concept.

**Next steps:** A joint concessioner/NPS task force should be charged with further research of the NAFI concept over the next six months. The task force should engage the appropriate resources to identify the potential for a NAFI program within the NPS, and to quantify how and where a NAFI would benefit the NPS.

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# Park Zone Taxes

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**Funding source:** Local businesses that operate in communities near national parks benefit from the existence of the parks and their natural amenities. Many gateway communities – Estes Park, Colorado, Gatlinburg, Tennessee, and Moab, Utah, to name just three – are thriving tourist destinations in large part because of the presence of neighboring national parks. Asking these communities to financially contribute to the parks through modest sales tax surcharges, property taxes, or other revenue sources could generate significant revenues for some parks. Such an approach could be modeled after the “business improvement district” (BID) model used in many cities for financing particular neighborhood services and amenities, including park operations. BIDs collect property taxes from property owners in a particular area with the revenues specially designated to pay for public services in the area surrounding the properties. Special local sales taxes are another option, as are voluntary proffers or “payments in lieu of taxes” from local property owners. These funding approaches have been used in a variety of cities around the country.

**Revenue type:** Tax/fee revenues from businesses near parks generated from either sales tax, property tax, or other tax/fee.

**Revenue potential:** One would need to assess the extent of economic activity in communities near national parks and calculate potential revenues for alternative taxes (sales, property, or other). As one example to provide some context, retail sales in Estes Park, Colorado, in 2007 totaled \$104 million. The community currently has a sales tax of 7.5%, with shares from the state, the town, and the county. An additional one-half of 1% tax dedicated to neighboring Rocky Mountain National Park would generate approximately \$500,000 per year. Retail sales in 2007 in Sevier County, Tennessee, home to the town of Gatlinburg, were \$1.6 billion, thus the same one-half of 1% sales tax would generate \$8 million per year for nearby Great Smoky Mountain National Park. It is also useful to look at property tax revenues in these locations. In Sevier County, property tax revenues in the most recent fiscal year totaled approximately \$28 million on a tax rate of \$1.54 per \$100 of assessed value (or 15.4 mills). Adding 1.5 mills to this rate (an increase of just under 10%) would raise an additional \$2.7 million per year for the National Park.

Not all national parks are located near towns and cities that could generate tax revenues of these magnitudes. This brings up one area of concern: a given park’s financial need may have little

relation to the economic activity in the surrounding area; one park may be adjacent to a thriving tourist town or even in a large urban area with great revenue potential while another with the same operating costs and financial struggles may be in a more isolated location. The revenue potential for this financing option will thus be very location-specific.

**Background:** Cities have begun to use a variety of creative approaches to finance public services, including parks. BIDs are commercial areas of a city that collect “self taxes” from property owners in the area to provide services and programs. Often these services include litter removal, general cleanup, and beautification in the form of landscaping and the like; they can also include policing. But BIDs can also be used for parks; some people, in fact, use the term “park improvement district.” One example is Bryant Park in Manhattan. The park is managed by the nonprofit Bryant Park Corporation and is fully funded by a combination of annual assessments paid by surrounding businesses and revenues from user fees, concessions, and restaurants. In FY2010, the Bryant Park Corporation had total operating revenues of \$8.8 million, with slightly less than \$1 million coming from property assessments. Although the assessments do not provide the main source of funding, the park is completely self-financed and receives no general revenues from the city. BIDs are established by legislation, and rules can differ by locale. In the Bryant Park case, for example, assessments are not permitted to exceed three percent of the property taxes collected by the city on those properties.

In addition to BIDs, some local governments tap a number of other creative revenue sources to pay for parks and other public services. These include (i) “payments-in-lieu-of-taxes” (PILOTs), which are payments made by tax-exempt organizations such as nonprofits, educational institutions, churches, Indian tribes, and others “in lieu of” the property taxes that they would otherwise

owe if not for their tax-exempt status; (ii) development impact fees, which are fees per square foot or per unit of new development that are used to pay for associated public services, sometimes including parks; and (iii) tax increment financing (TIF), which is a special kind of bond financing where the bonds are backed by the increment in property tax revenues expected to be brought about by the new public goods and infrastructure, including parks. In each of these cases, local property owners, who benefit from the existence of surrounding amenities, provide tax revenues to help pay for those amenities.

Special park districts (SPDs) also provide an interesting example. SPDs are independent, special purpose governmental units that have substantial administrative and fiscal independence from general-purpose local governments. They usually have taxing authority and can issue bonds. Many rely on property taxes; a recent survey of 13 SPDs showed that they cover an average of 55% of their annual operating budget with property tax revenues. A few SPDs are funded with a local sales tax. The Great Rivers Greenway in the St. Louis region of Missouri is one example. Since 2000, a 1/10th of 1 cent sales tax in St. Louis City, St. Louis County and St. Charles County (passed by referendum) funds their activities, including land purchases. The tax generates \$10 million annually.

**Potential uses:** Park zone tax revenues could be used for general operations, capital improvements, or other needs in the parks. However, local citizens may prefer to see the revenues dedicated to uses that they view as enhancing the visitor experiences in the adjacent communities as well. These needs could vary by location but could be decided in conjunction with a committee of local representatives.

**Making it work:** Establishing park zone taxes would face several major hurdles. Property taxes are taxes assessed by

local governments (and in some cases, small amounts are assessed by state governments); the special property assessments within a BID are imposed after a local ordinance creates the BID. It is unclear whether the federal government would be able to establish a special park zone sales or property tax. (Constitutionally, it appears that the federal government could establish either tax but it would have to be applied uniformly across the states, another hurdle.) Having a local government assess a tax and then turn over the revenues to an agency of the federal government is a possibility but would not be a popular idea with local citizens.

There are precedents for federally-designated “zones” or geographic areas that receive special federal tax treatment. The Department of Housing and Urban Development designates “Empowerment Zones” and “Renewal Communities” in particularly impoverished areas, for example. Businesses in these areas earn tax credits for every worker they hire and also qualify for other types of financial benefits. The Gulf Opportunity Zone Act of 2005 set up several tax incentives for people and businesses in the Gulf of Mexico areas that were harmed by Hurricanes Katrina and Rita. The Small Business Administration has established zones for preferential treatment for government contracting. In all of these examples, though, the zones provide a benefit to local citizens and businesses and reductions in tax payments rather than increases. This is a key difference from the park zone option we are discussing here.

The federal government does assess a number of special fees and taxes on various activities, however, though we are unaware of any that are geographically limited. These include taxes that the petroleum and chemical industries paid to fund the Superfund program; fees and taxes on airline tickets; and a number of federal excises taxes, including gasoline and diesel fuel taxes that are used to fund the transportation system.

An alternative to taxes that may be worth exploring is a more voluntary contribution approach in which local businesses are encouraged to donate to a special “park zone fund”. A percentage of sales revenues could be “suggested” as a contribution each year. This kind of voluntary arrangement would require a substantial amount of negotiation with local businesses and ongoing “legwork” to ensure contributions were made. And as with any voluntary contribution approach, there will be free riders.

**Next steps:** Creating a working group of key members of local governments and business leaders in a set of communities that are located near national parks would be a good first step to test the viability of this option. Engaging experts in tax law and economics would help assess the viability of the approach, determine which of the various types of taxes might work, and estimate revenue potential. Engaging members of Congress from districts that have national parks would also be useful.

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# Energy Savings and Utilities

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**Funding sources:** Private capital invested in energy efficiency projects can reduce current utility costs and control future increases. In some cases, revenues can be generated by sale of surplus energy and water. In order to attract private capital, the National Park Service will need to (1) assist in attracting philanthropic and/or appropriated funds to leverage the private funds, assisting in the replacement of energy-inefficient appliances and systems and (2) clarify authority for key provisions including sale of surplus power and 15-20 year contracts with investors. Additionally, allowing use of NPS sites for utility and communications purposes can generate income for operations and should be retained by the local park.

A number of National Park units have installed photo voltaic (PV) solar panels to supplement or supplant their energy needs and reduce park operating costs. Development of renewable energy on national park lands could provide a means of reducing park operating costs and renewable energy production that is surplus to park needs could be sold on the energy grid to provide additional income for individual parks (consistent with a model now being applied to DOD facilities in conjunction with an agreement recently developed between DOD and DOI).

**Revenue type:** Offset of national park operating expenses associated with renewable energy development on national park units.

**Revenue potential:** TBD

**Background:** The development of renewable energy on National Parks is a part of Director Jarvis' Green Parks Plan (issued in April, 2012). The Plan specifically states, "The NPS will improve facility energy performance and increase reliance on renewable energy."

In 2009 and 2010, the NPS received funding through the American Recovery and Reinvestment Act to support renewable energy and energy conservation projects. Over the two years, the NPS installed and began operating 16 photovoltaic systems and made energy efficiency improvements in over 40 buildings Servicewide. Other renewable energy projects include the installation of a wind turbine in an Alaska park. Additionally, many other parks completed smaller projects such as installing solar lights in parking lots and completing lighting retrofitting projects. Together, these projects reduced annual energy consumption (BTU per square foot) by 9.29% Servicewide, and generate nearly 350,000 kWh of renewable energy.

An accelerated program to expand installation of solar PV systems could produce sufficient energy to offset additional NPS energy costs and may provide a basis for generating limited additional revenues should surplus energy production be returned to the grid. For example, in 2011, Yosemite National Park installed over 2,800 solar panels in the El Portal maintenance complex. The photovoltaic system will produce about 800,000 kWh per year, saving the park \$50,000 annually on its power bill and generating \$700,000 in rebates from PG&E over the next 5 years. The 5.8 million dollar system cuts the park's reliance on carbon fuels by 12 percent, and is the largest grid-connected solar energy system in the National Park Service. Similarly, a 64.6 kW solar system installed at the maintenance facilities for Joshua Tree National Park in Twentynine Palms, California generates 125,000 kWh annually providing energy for approximately 53% of the electrical loads at the site. The National Park Service has issued standards for the installation on solar panels on historic sites (<http://www.nps.gov/tps/sustainability/new-technology/solar-on-historic.htm>).

NPS units from Golden Gate National Recreation Area to Wolf Trap have entered into agreements to allow various uses of NPS sites for public purposes including cell towers and antennas, buried cables and electricity transmission lines. Until recently, revenues from these uses have been retained by units as mitigation fees, but budget changes have now jeopardized this important revenue stream. Local retention should be subject to review but should be continued.

**Potential uses:** The installation of solar panels on national park properties could help in cutting operating costs associated with energy production and could generate added income in limited circumstances. This approach to reducing operating costs mirrors a recent DOD-DOI memorandum of understanding (MOU) to facilitate a partnership for develop-

ment of renewable energy for purposes of reducing installation costs and helping DOI meet its objective of increasing renewable energy production from public lands. The MOU specifies that "certain larger projects could involve the sale of excess power to the grid...."

In addition, this past November, SolarCity and Bank of America Merrill Lynch announced an agreement to finance a five-year plan to build more than \$1 billion in solar power projects for privatized U.S. military housing communities across the country. SolarCity would partner with the country's leading privatized military housing developers to install, own and operate rooftop solar installations and provide solar electricity at a lower cost than utility power. The project, which is referred to as "SolarStrong", would be the largest residential solar photovoltaic project in American history and is ultimately expected to create up to 300 megawatts of solar generation capacity that could provide power to as many as 120,000 military housing units.

These innovative partnerships could serve as a model for the development of solar (and potentially geothermal) energy development on national park lands as a means of reducing operating costs and defraying the expense of constructing new housing, maintenance buildings, visitor centers, and other facilities. Through arrangements such as the one developed by SolarCity and Bank of America with the DOD, the cost of building the solar infrastructure can be significantly reduced provided Solar City (or some other partner) can benefit from available green credits for the solar installation. Renewable energy produced is then available at lower rates to reduce NPS operating costs for the powered facilities and can further NPS goals for reducing the parks' carbon footprint.

The Energy Independence and Security Act of 2007 made permanent an innovative authority for federal agencies to enter into agreements with private entities for Energy Savings Performance Contracts

(ESPCs) which allow private investment in energy efficiency projects, with the private investor gaining any available tax incentives and the federal agency involved authorized to make payments to that entity up to the level of resulting savings. Fifteen eligible firms have been approved by the US Department of Energy to conduct comprehensive energy audits and develop plans for energy use reduction systems under IDIQ contracts. A three phase plan for Isle Royale National Park demonstrates the potential. Cut off from municipal utility systems by its island location, the park now depends heavily on diesel generators and its electricity costs (for park and concessioner) are nearly three times local rates. Under the ESPC, energy usage was reduced by 33% through lighting, appliance and equipment upgrades and, with the introduction of thermally-heated water and photovoltaic cells, will drop further, to a total of 42% savings. Utility costs will now be at or below local rates. Reduced purchases of diesel fuel will repay the investor for the energy improvements over a 25 year span. The major serendipities include a dramatic reduction in air emissions, a dramatic decline in sound levels linked to current 24 hour generator operation and substantial risk reductions associated with the nearly 200,000 gallons of diesel used by the park annually. Further information on Energy Savings Performance Contracts (ESPCs) is available at: [http://apps1.eere.energy.gov/femp/training/course\\_detail\\_ondemand.cfm/CourseId=41](http://apps1.eere.energy.gov/femp/training/course_detail_ondemand.cfm/CourseId=41)

**Making it work:** Installed solar and, potentially, geothermal energy may, in fact, help reduce NPS operating costs. This is proven technology currently being utilized at a number of NPS units. And, the business model developed by companies like SolarCity, would permit the private partner in this effort to assume ownership and associated maintenance costs for the solar energy source while producing green energy at lower cost for the NPS, with the potential to produce excess energy that could be “sold” back to the utility currently providing traditional

energy to the particular park unit.

**Next steps:** Installation of solar PV technology is already occurring on national park units. Should there be an interest in “selling” surplus renewable energy production, legal authority for doing so would be needed.

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# Bonds, Revolving Loans and More

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**Funding source:** New funding strategies are needed to support maintenance, renovation and expansion of lodges, restaurants, visitor centers and other visitor infrastructure needs in national parks. Bonds, revolving loan funds, and loan guarantees offer proven mechanisms for financing such investments. Bonds are a debt investment in which an investor loans money to an entity (corporate or governmental) that borrows the funds for a defined period of time at a fixed interest rate and are used by companies, municipalities, states, and U.S. and foreign governments to finance a variety of projects and activities. The key to their use is securing a revenue stream that is sufficient to pay the principle and interest associated with the use of these funds and/or to secure tax treatment (e.g., a lower taxable rate) that provides a tax benefit to the borrower or investors.

**Loan guarantees** are a mechanism for providing access to capital for individuals or businesses with limited capacity to secure financing, such as small businesses and Indian tribes. A **revolving loan fund** is a source of money from which loans are made for multiple development projects and loan repayment replenishes the fund resources.

**Revenue type:** Private capital generated by the sale of bonds or secured with the backing provided by loan guaran-

tees. Revolving loan funds could provide either public financing or private capital depending on the structure of the program, the terms of use, and the entity that administers it.

**Revenue potential:** Bonds, loan guarantees, and revolving funds provide a means to encourage the use of public and private capital for investments in national park service buildings and infrastructure (e.g., marinas, visitor centers, and recreation facilities) for renovation, maintenance, improvements in energy efficiency and other purposes that could supplant appropriations at a time when agency funding is limited or in decline. The revenue potential will be a function of the size of the commitment made for bonds and/or loans and the potential savings (e.g., reductions in energy costs associated with energy efficiency investments) or revenue (e.g., through added fees associated with increased lodging or visitation or new revenue associated with expanded services and facilities) generated as a result of the investments made. Given the large backlog in park maintenance and improvements, these alternative sources of capital can provide options to replace or supplant declining appropriations for capital improvements. They can also finance improvements in energy efficiency and water and sanitation and promote renewable energy alternatives to

reduce overall energy costs.

**Background:** A wide range of federal programs exist to authorize the use of bonds, loans, and loan guarantees to private and public entities (e.g., municipalities, school districts) and to encourage investments using private capital derived from investments in bonds and/or the creation of a revolving fund. In general, these mechanisms are not now available for use in national parks.

**Bonds** are a debt investment in which an investor loans money to an entity (corporate or governmental) that borrows the funds for a defined period of time at a fixed interest rate. Typically, the principal provided through this mechanism is used to finance the construction of capital facilities (which are often public capital facilities funded through the issuance of state and local bonds). Individual investors and businesses lend funds to borrowers who, in exchange for needed capital, give the lenders a debt instrument called a bond. The bond represents a promise by the borrowers to pay interest income to lenders on the principal (the amount of money borrowed) until the principal is repaid to the lenders. Among the federal entities now authorized to issue bonds are: Federal Farm Credit Bank; Tennessee Valley Authority; Export Import Bank of the United States; Farmers Home Administration; Federal Housing Administration (FHA); Federal National Mortgage Association (Fannie Mae); Government National Mortgage Association (Ginnie Mae); United States Postal Service; and Student Loan Marketing Association (SLMA), also known as Sallie Mae.

Bonds have been issued for a wide range of land conservation and protection initiatives. For example, the New Jersey Green Acres bond program has been in existence since 1961 and generated \$3.32 billion in funds for state and local land conservation, acquisition, and protection through 2009. Financing for Green Acres bonds is secured through ballot initiatives. Similar initiatives in other states have been supported consistently

by voters. This past November, voters in 21 states gave overwhelming approval to ballot measures providing some \$767 million for new parks, open space, water quality protections and the preservation of farms and ranches, according to The Trust for Public Land. Of the 57 measures that went to the voters on election day last November, 46 won — a success rate of 81%.

“Tax credit bonds” (TCBs), unlike most government bonds, offer the holder of the bond a federal tax credit instead of a federal tax exemption. TCBs include financial instruments to encourage school construction in economically distressed areas, to promote renewable energy projects, to purchase and conserve forest lands, and to refinance outstanding government debt in regions impacted by storms and floods. Each was established by separate authorities. The American Recovery and Reinvestment Act of 2009 (P.L. 111-5) included several bond provisions that use a tax credit mechanism. Each TCB is designated for a specific purpose or type of project.<sup>1</sup>

One of the challenges encountered in past attempts to authorize issuance of bonds for federal agencies has been scoring under PAYGO budgeting rules. Normally, PAYGO requires a scoring of the full amount of the bond revenues as expenditures in the year of issuance – and requiring a matching offset. Innovative programs have been developed to address a parallel concern – allowing bonds to be issued without any impact on the credit rating of states and cities. In one very successful example, nearly \$500 million in alternative revenue bonds were sold to finance the reconstruction of marinas and parklands along the Chicago lakefront. Carefully invested, concessioner-operated facilities now provide both wonderful free park improvements to the city and a cash flow which services all bond payments and generates some \$15 million in revenues for city park operations – all without any recourse to either Chicago’s park agency of the city.

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1. Steven Maguire. 2009. Tax Credit Bonds: Overview and Analysis. Congressional Research Service. 7-5700. [www.crs.gov/R40523](http://www.crs.gov/R40523). April 16, 2009

The city of Chicago has also secured private commitments of \$1.7 billion to create a Chicago Infrastructure Trust as a mechanism to address the city's long list of infrastructure improvement and maintenance needs. This trust will be used to "facilitate transformative infrastructure projects in Chicago by offering the widest range of financial tools to fund those projects". While many projects may be financed through city money backed by bonds, others that could generate revenue may attract private investors and capital.<sup>2</sup> Some have argued for the creation of a similar entity to provide capital for national infrastructure investment needs. This approach may offer new and innovative ideas for financing other infrastructure projects such as those challenging the National Park Service.

**A loan guarantee** is a promise by one party (the guarantor) to assume the debt obligation of a borrower if that borrower defaults. A guarantee can be limited or unlimited, making the guarantor liable for only a portion or all of the debt. At present, the Department of the Interior's Bureau of Indian Affairs has the authority to provide loan guarantees to Federally recognized Indian Tribal governments, Native American Organizations authorized by tribal governments, and individual American Indians. Loans may be used to finance commercial, industrial, agricultural, or business activities, which benefit Federal Indian Reservation economies. Loan guarantees to private lenders will only be provided if funds otherwise would be unavailable. Other Departments, including USDA and DOE, also administer or have administered loan guarantee programs. (The DOE program expired at the end of 2011.)

Loan guarantees are more often associated with mortgages and home loans. The U.S. Federal Housing Administration (FHA) was created in 1934 to provide

mortgage insurance on loans made by FHA-approved lenders throughout the United States and its territories. It insures mortgages on single family and multifamily homes including manufactured homes and hospitals. It is the largest insurer of mortgages in the world. The nation's trend toward housing assistance continued with the creation of the Veterans Administration (VA) home loan program in 1944 and Rural Housing Service (RHS) loans in 1994.

Some argue that the U.S. government can bear certain risks that the private sector cannot to achieve certain public goals such as increasing the global competitiveness of our workforce, returning stability to the U.S. housing market, and adding jobs through business expansion. These programs typically run at very low cost to taxpayers. On average, every \$1 allocated to loan and guarantee programs generates more than \$99 of economic activity from individuals, businesses, nonprofits, and state and local governments, according to a study conducted by the Center for American Progress.<sup>3</sup> If this is, in fact, the case, one could argue that investments in national park infrastructure through the use of publicly-supported loans and loan guarantees should be considered given the economic and jobs-related benefits that would result.

**Revolving loan funds** provide loans to persons or groups of people that do not typically qualify for traditional financial services or aim to help new project or business owners in become financially independent and eventually to become eligible for loans from commercial banks. The fund gets its name from the revolving aspect of loan repayment, where the central fund is replenished as individual projects pay back their loans, creating the opportunity to issue other loans to new projects.

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2. Brad Plummer. 2012. Chicago Infrastructure Bank: Is Rahm's plan to rebuild Chicago brilliant – or disastrous? ([http://www.washingtonpost.com/blogs/wonkblog/post/is-rahms-plan-to-rebuild-chicago-brilliant-or-disastrous/2012/04/26/gIQAYPPTxiT\\_blog.html](http://www.washingtonpost.com/blogs/wonkblog/post/is-rahms-plan-to-rebuild-chicago-brilliant-or-disastrous/2012/04/26/gIQAYPPTxiT_blog.html)). April 26, 2012.

3. John Griffith and Richard Caperton. 2012. Major Analysis: Federal Loans and Loan Guarantees Have a Huge Benefit but a Low and Predictable Cost. <http://thinkprogress.org/climate/2012/05/03/475978/major-analysis-federal-loans-and-loan-guarantees-have-a-huge-benefit-but-a-low-and-predicatable-cost/>. May 3, 2012.

Perhaps the best federal example of a revolving fund is the Clean Water State Revolving Fund (CWSRF) -- a self-perpetuating loan assistance authority for water quality improvement projects in the United States. The fund is administered by the Environmental Protection Agency and state agencies. The CWSRF provides loans for the construction of municipal wastewater facilities and implementation of nonpoint source pollution control and estuary protection projects. Congress established the fund in the Water Quality Act of 1987. Since inception, cumulative assistance has surpassed US\$65 Billion, and is continuing to grow through interest earnings, principal repayments, and leveraging.

States can only use the funds to make loans, purchase local debt, or issue financial guarantees. They cannot make grants or otherwise dissipate the capital in their funds. Principal repayments plus interest earnings become available to finance new projects, allowing the funds to “revolve” over time. States can also increase their CWSRF financing capacity by issuing CWSRF backed revenue or general obligation bonds. To date, 27 states have leveraged their programs in this way, raising an additional \$20.6 billion for important water quality projects. Over the past two decades, the CWSRF has financed \$2.31 in infrastructure projects for every \$1 invested by the federal government EPA has projected that over a twenty-year time horizon, the initial federal investment into the CWSRF can result in the construction of up to three to four times as many projects compared to programs that utilize a one-time federal grant, depending on the allocation of resources to the program.

Seed funding for revolving loan funds can come from a variety of sources, including:

- appropriations (as in the case of EPA’s Clean Water Act revolving fund);
- outside donations or other private funding;
- investments from an endowment,
- civil and criminal penalties in environmental cases,

- previous efficiency and utility cost savings, or
- some combination of two or more of the above sources.

Director Jarvis’ Green Parks Plan (issued in April, 2012) committed to “improve facility energy performance and increase reliance on renewable energy”. The establishment of a green revolving fund could help address this objective and overcome the challenge of upfront capital costs for energy efficiency and conservation improvements as well as the installation of renewable energy alternatives to traditional, and often costly (given the remote location of many park units), energy sources.

In this regard, green revolving funds have become particularly popular and can be used to:

- Provide up-front capital for energy and/or water efficiency measures to reduce operating costs;
- Invest in renewable energy development to reduce greenhouse gas emissions; and
- Update aging infrastructure by installing newer energy-efficient technology.

**Potential uses:** Bonds, loan guarantees, and revolving funds offer mechanism to access private capital and leverage limited public resources to improve national park infrastructure, to reduce operating costs, and make progress toward the Directors’ sustainability goals.

**Making it work:** The National Park Service has no existing authority to issue bonds, loan guarantees, or establish a revolving fund. Through partnerships with private interests, including organizations such as the National Park Foundation, mechanisms could be established to secure private capital for investments in national park facilities using bonds and even revolving funds (should private donations to NPF be committed to such a purpose). While some infrastructure investments may require public support (through appropriations, tax exempt bonds or dona-

tions), other revenue-generating investments hold the potential to attract private capital. Securing changes in the tax code and/or restoring favorable tax treatment for certain investments in national park infrastructure (through a mechanism such as tax credit bonds or private activity bonds) could also spur additional investment in the parks. Perhaps this could be a part of a centennial park legislative initiative. The creation of a National Park Centennial Fund or similar vehicle could provide the means to establish an investment mechanism or a revolving fund.

**Next steps:** Identify potential investment mechanisms for national park infrastructure and potential partners to advance funding initiatives. The National Park Foundation, national park concessioners, state and local governments that stand to realize economic benefit from park improvements, and private donors and investors are potential partners in developing financial instruments to address park funding needs. In advance of the National Park Centennial, consideration should be given to establishing a National Park Infrastructure Fund – similar to the Chicago Infrastructure Trust – to encourage a diverse portfolio of investments to meet the national parks’ long-term maintenance, restoration, and protection needs.

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# Increases in Volunteerism

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**Funding Source:** Thousands of NPS volunteers provide volunteer sweat equity to the Parks, but also spend at concessioner operations and other gateway community businesses.

**Revenue Type:** Since 2008, NPS units have benefited from nearly 2.5 million volunteers, who have given over 97 million hours of time and sweat equity for our national parks, providing an estimated value of over \$2.1 billion in services. Volunteers make expenditures within the parks and in gateway communities and volunteers make cash donations to parks.

**Revenue potential:** Volunteers provide many millions of dollars in a variety of key services to our NPS units. NPS unit budget allocations for FTE staff that manage volunteer programs are essential to maintain and enhance the return-on-investment (ROI) of volunteerism. Volunteer and partner management optimization is one of the best and highest uses of NPS staff and effectively and economically complements services rendered by NPS personnel.

**Background:** Standing apart from the rest of the world, Americans dedicate their time, talents and energy as volunteers to making a difference. According to the Corporation for National and Com-

munity Service, about 63.4 million Americans, or 26.3% of the adult population, gave 8.1 billion hours of volunteer service worth \$173 billion in 2010. The National Park Service receives volunteer citizen support through a number of programs. The NPS Volunteers-in-Parks (VIP) Program was implemented in 1970 to provide a way for the public and the NPS to engage in mutually beneficial relationships. Volunteers come from all walks of life, including individuals, families, couples, students and organized groups that provide their skills, strength and enthusiasm to help NPS function at its best.

People volunteer at our NPS units for a variety of reasons. They surely want to get out and give back to our parks, but many also want to gain experience, acquire new skills, or explore a new job or career. Most do it because it makes them feel good—about their parks and themselves. This is the intrinsic value of volunteering—it is not about money. NPS units receive a direct and significant economic benefit from thousands of park volunteers each year, but the true sustainable value of volunteerism for NPS units goes beyond the economic measurement of volunteerism. As Arden Brummell noted, “volunteering is helping, not hiring; giving, not taking; contributing, not counting. The value of volunteering is much deeper, much

more fulfilling and much more important in contributing to a healthy and vibrant community than money can ever measure.” Volunteers help create a vibrant park community that is dynamic, engaged and committed to the successful future of the park.

**Examples:** The NPS VIP volunteers play an increasingly important role in national parks across the full spectrum from infrastructure and operational support to visitor engagement and park interpretation. Key VIP volunteer services that directly benefit NPS units include:

- Working at an information desk answering visitor questions
- Presenting living history demonstrations in period costumes
- Building and maintaining trails, boardwalks, campgrounds, and other key visitor amenities
- Designing computer program or park unit websites
- Serving on a bike, horseback or beach patrol

Several national nonprofit partners have teamed up with NPS units to provide invaluable volunteer services, including:

- American Hiking Society’s Volunteer Vacations and National Trails Day® programs, which marshaled 41 NPS trail volunteer projects in 2012.
- Student Conservation Association (SCA) fielded 30 youth volunteer projects in NPS units in 2012. It is important to note that 12% of NPS employees got their start with SCA youth programs.
- Wilderness Volunteers hosted 15 volunteer projects with NPS units in 2012.
- The Partnership for the National Trails System, Sierra Club, Nature Corps, Boy Scouts and Girl Scouts of America and myriad NPS unit Friends groups make significant volunteer contributions each year.

**Golden Gate National Parks and Golden Gate National Parks Conservancy:** a model of volunteer management and cooperation. Over the past thirty years (1981-2012) the Parks Conservancy has provided the Golden Gate National Parks with more than 250,000 volunteers that have provided more than 7 million hours of volunteer time. The NPS unit leadership, under the direction of the late Brian O’Neill, showed the commitment of NPS staff and resources to fully capitalize on the volunteer spirit to preserve the Golden Gate National Parks, enhance the park visitor experience and build a community dedicated to conserving the parks in the future.

**Making it work:** Tough fiscal choices are upon us, making it all the more important for the NPS to maintain or enhance budget allocations for volunteer and partner management capacity at the NPS unit level. NPS leadership must make the case for expanding volunteerism within NPS units and reinforce this by providing the resources to maintain and reward NPS unit volunteer program managers. Volunteerism in parks often provides an individual a deeper connection to place than even the visitor experience because they have given back. NPS and its partner organizations need to, in turn, make the case for sustained NPS funding to Congress so that the American people can continue to experience and contribute to America’s Best Idea—the national parks.

**Next steps:** The NPS National Partnership Office should coordinate national and regional NPS volunteer program partners to:

- Develop the ‘business case for volunteerism’ for NPS units, which should include better metrics both economic and social to demonstrate the intrinsic value of volunteerism to NPS.
- Develop pilot projects in Employer Supported Volunteerism (ESV) in selected NPS units to expand

individual volunteer services and engage new corporate donors for NPS units and the system overall.

- Volunteerism should be a strategic component of the Centennial 2016 marketing campaign, with a specific target of increasing NPS volunteer support from volunteers “who look like America.”

**Contact for more information and with comments:**

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# Commemorative Coins/Stamps

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**Funding source:** Surcharges from the sale of the series of commemorative coins are matched dollar for dollar by the National Park Foundation; Supplemental cost of special stamp for first class mail.

**Revenue type:** Earned revenue and philanthropy would be combined in these one-time efforts..

**Revenue potential:** If the entire series of commemorative coins are sold, the surcharges will total \$12.25 million. A one-to-one match by the National Park Foundation would result in \$24.5 million. Semi-postal stamp revenues could be continued for more than a year, but net revenues are judged to be below \$10 million.

**Background:** A bill has been introduced which authorizes a series of commemorative coins to celebrate the 100th anniversary of the National Park Service. The bill, H.R. 627 the National Park Service 100th Anniversary Commemorative Coin Act, was introduced by Representatives Erik Paulsen (R-MN) and Marcy Kaptur (D-OH) with National Park Caucus co-chairs David Reichert (R-WA) and Ron Kind (D-WI) as original cosponsors on February 13, 2013.

Under the legislation, the Secretary of the Treasury would be required to mint and

issue up to 100,000 \$5 gold coins, up to 500,000 silver dollars, and up to 750,000 half dollars featuring designs emblematic of the 100th anniversary of the National Park Service. The coins would be issued only during the period beginning on January 1, 2016 and ending on December 31, 2016.

All sales of coins would include a surcharge of \$35 per gold coin, \$10 per silver dollar, and \$5 per half dollar. Surcharges would be distributed to the National Park Foundation. Previous commemorative coin programs have featured areas within the National Park System including a program for Mount Rushmore National Memorial in 1991 and Yellowstone National Park in 1999.

Semi-postal stamps have also been discussed to help celebrate the NPS centennial. Such stamps must be authorized by the Congress and each stamp can be used to mail a first class letter or card of one ounce or less. These stamps are sold by the US Postal Service at a price specified by legislation – normally a premium of 12 cents or more. The supplemental cost is paid by the purchaser and then transferred to a designated program. The most successful of the relatively few semi-postal stamps has supported breast cancer research. Authorized in 1997, the stamp has generated approximately \$75 million, although revenues have declined annually. The results of other semi-postal stamps have generally been regarded as

unsuccessful. Successful use of this opportunity depends upon significant public support and a strong, ongoing advocacy program to promote purchases of these stamps by individuals. The program has been made more difficult in recent years by: (1) reductions in the quantity of first class mail sent by individuals, since most corporate mailers qualify for discounted postage rates and use postage meters, and (2) the availability of online postage purchases even by individuals.

**Potential uses:** The legislation states that the surcharges may be used “for projects and programs that help preserve and protect resources under the stewardship of the National Park Service and promote public enjoyment and appreciation of those resources.” The surcharges may not be used for land acquisition.

**Making it work:** Passage of this legislation is necessary for the program to begin. Once passed, the NPF and NPS would work with the U.S. Mint to design the coin series. Concessioners and cooperating associations would be asked to sell coins in retail operations within parks and other sales venues would be sought.

**Next steps:** The National Park Foundation is leading the effort to secure the required co-sponsors. Under Congressional rules, the bill must receive 298 cosponsors in the House and 67 cosponsors in the Senate. All of our actions must help us achieve those numbers. One coin bill for 2016 has already become law; Congress will only permit one additional coin bill to pass for 2016 and NPS is working to ensure that H.R. 627 is that bill.

NPF will coordinate efforts to secure the passage of this measure and invites individuals and organizations to contact NPF for information.

The semi-postal stamp opportunity does not appear attractive to pursue at this time.

**For information:** Dan Puskar, National Park Foundation, dpuskar@nationalparks.org, (202) 354-6462

# Special Fundraising Events

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**Funding source:** Special event organizers would generate revenues from activities at a select number of appropriate national park sites. Revenues for the events could include ticket sales, sales of food and beverages, souvenirs, payments for broadcasts and recordings and more. Revenue type: NPS would receive funds directly from the event organizer as specified in a RFP.

**Revenue potential:** An estimated 20 NPS units would be excellent targets for special events ranging from festivals featuring cultural-significant musical genres including Jazz, bluegrass, pop, country and classical, to art festivals and theatrical performances – especially performances with a historical context. Events might be tied to specific dates, including Memorial Day and Fourth of July or to park unit anniversary. Net proceeds to participating park units are estimated at \$50,000 to \$200,000. A realistic annual, sustainable national goal might be \$2 million.

**Background:** The National Park Service could invite regional producers of musical and theatrical events via an RFP to propose a special event or events at a site in a national park which connects the park venue with a park-appropriate cultural activity. NPS would specifically

exclude itself from any active role in the event and establish clear responsibility for any site impairment. The selected producer would have full responsibility for temporary site modifications and full restoration, talent recruitment and payments, event promotion and overall management. NPS would be guaranteed a minimum net payment plus an agreed-upon share of any event net income. NPS could also negotiate for a percentage of any royalties or other income derived from recordings of the event, as well as subsequent use on the site of recordings and other records of the event for interpretive and educational purposes.

This program would capitalize upon iconic NPS sites, including but not restricted to locations in Golden Gate National Recreation Area, the National Mall, Gateway National Recreation Area, Ellis and/or Liberty Islands and Jefferson National Expansion Memorial in St. Louis. Participating NPS sites would issue a RFP identifying the available site(s) and key parameters, including available dates and types of activities which would be appropriate and disseminate the RFP widely among the regional arts community.

**Examples:** NPS has historically been involved in special performances on the west side of the US Capitol on Memorial

Day, the Fourth of July and other occasions. In addition, NPS has substantial experience working in partnership with an arts community organization at Wolf Trap. In general, these events have not produced net proceeds for NPS and have required a substantial amount of NPS staff time and energy. In contrast, the goal of the proposed concept would embrace a turn-key operation by a producer within NPS-prescribed guidelines.

**Potential uses:** This process could be used to highlight and celebrate key national park unit and system anniversaries and linkage to NPS unit story-telling efforts. The events could also be an integral part of making the national park system relevant to urban Americans – attracting those who might have limited prior experiences in national parks to the event and using the event to share information about the national park system.

**Making it work:** NPS should actively seek the counsel of the Wolf Trap Foundation and other current allies to define the scope of appropriate events and realistic parameters for any performances at NPS sites, keeping in mind lessons from past events. Community and Congressional sentiments would also need to be considered and reflected in the RFP guidelines. In general, normal regulation of alcohol and other behaviors within the NPS unit would be applied to any event agreements.

**Next steps:**

**Contact for more information and with comments:**

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