

# Committee on Resources

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Subcommittee on

National Parks, Recreation, and Public Lands

House Resources Committee

Oversight Hearings

March 25, 2003

Testimony of

David B. Woodside, Vice-Chairman

National Park Hospitality Association

and President and General Manager,

The Acadia Corporation

Hearing to examine the Status of National Park Service Concessions Management Program and Implementing Regulations

Mr. Chairman and Members of the Committee, my name is Dave Woodside. I am the President and General Manager of the Acadia Corporation, a small locally-owned company which has operated concessions in Acadia National Park since 1932. My company recently received a new ten-year contract that was awarded in a competitive bid under the new guidelines established of the 1998 Concessions Act.

As a small concessions and officer of the National Park Hospitality Association, I am here to testify on behalf of the small, independent, locally-owned concessioners. With the passage of the new law in 1998 and the loss of preference for companies over \$500,000 in revenues, many small companies in the \$1 to \$5 million range question whether Congress and the National Park Service envision any future for them in the concessions business.

The 1998 Concessions Act has created many new challenges for small concessioners including competitive bidding, an unpredictable, costly and labor-intensive contract proposal process, and a loss of investment security.

Out of the 590 concession contracts, less than 50 exceed \$5 million in gross revenues. With the granting of renewal preference to those contracts under \$500,000 in annual revenues, a number of small locally-owned concessioners were left in the gap between those over \$5 million and those under \$500,000.

Five million dollars of revenues is not a large business by any stretch of the imagination. I would advocate allowing the National Park Service the option of granting a renewal preference to small, local concessioners who have demonstrated a high degree of competency in operating their park concession.

The current contracting process has occurred on a very unpredictable schedule. In my own case, I received a one month notice that our contract prospectus was to be released followed by sixty short days in the height of our operating season to prepare our response. In order to provide all the required information, our response exceeded seven hundred pages. The magnitude of the response effort coupled with the short response time is very daunting to any bidder but is especially difficult for smaller operators who have limited managerial personnel to prepare a bid. I would advocate a more streamlined contract response, a definitive contract publication and release schedule giving concessioners sufficient advance of solicitation release, and

an adequate off-season response time for smaller contracts.

New contract requirements for additional investments are subject to the cumbersome process of the leasehold surrender interest (LSI) provisions of the NPS regulations, which in most cases do not reflect terms of the 1998 law. Clearly these regulations do not follow the guidance that Congress set forth in the law indicating that the NPS should institute procedures that are as un-burdensome and efficient as possible. Simply tying LSI value to those costs that are capitalized under Generally Accepted Accounting Principles (GAAP) is consistent with the law, consistent with a concessioner's financial reporting procedures and would be easily understood and administered both by concessioners and the NPS. In order for smaller concessioners to carry on their park operations, a fair, equitable, and less complex system is needed to secure concessioners' investments.

I firmly believe that there is a role in national park concessions for business diversity through small, well-managed, locally-based companies. Companies whose interests reside in the local park and communities, where decisions are made on site, and the overall good of the park is paramount.

Thank you for the opportunity to testify before your committee, I would be happy to answer any questions.

Supplemental Sheet:

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Testimony Summary:

Challenges created by the 1998 Concessions Act for Small Concessioners

#### 1. Competitive Bidding

Advocate granting the National Park Service the option of granting a renewal preference to small, local concessioners who have demonstrated a high degree of competency in operating their park concession.

#### 2. Unpredictable, Costly and Labor Intensive Contract Proposal Process-

Advocate a streamlined contract response, a definitive contract schedule, and an adequate off-season response time for smaller contracts.

#### 3. Loss of Investment Security

In order for smaller concessioners to carry on their park operations, additional security is needed for their investment with a fair, equitable, and inexpensive system to determine the value of these investments.