

Concession Feasibility

This chapter addresses three levels of concession feasibility analysis:

- ☐ Programmatic feasibility.
- ☐ Site-specific feasibility.
- ☐ NEPA documentation.

The need for and extent of concession feasibility analysis will vary. If the feasibility of a concession needs to be determined, it should be done before commencing the process required by the National Environmental Policy Act (NEPA), 42 U.S.C. 4321 *et seq.* If a complete feasibility determination for a G-T concession has been made, skip to the discussion on NEPA documentation in this chapter (page 24).

Programmatic Feasibility

The first step in feasibility analysis is programmatic. At this level of analysis, review management options to determine whether a concession is appropriate, and, if so, which type best provides facilities and services.

The FS has several options for providing recreation facilities and services. Which option is most suitable for a given site should be determined before preparing a prospectus. Economic viability of a site is key in selecting the appropriate program.

Management options range from site closure to concession operation of strictly privately owned improvements. The most common options are G-T concessions and FS management. If a G-T concession is the best management option, consult the Site-Specific Feasibility section of this chapter (page 2-3).

Conversion to Dispersed Use

A site's design may render it infeasible for fee collection. The amount of use fees may be insufficient to cover the cost of collection or the cost of a site's operation and maintenance. If a site cannot be redesigned to be efficient, it may be appropriate to close it and convert it to dispersed use.

FS Management

Sometimes called force account management, under this program operating and maintenance costs are paid from FS-appropriated funds, and use fees are paid directly to the Treasury. On-site staffing may be provided by volunteer hosts or other FS programs, such as the Senior Community Service Employment Program (SCSEP) or Youth Conservation Corps.

A host-managed campground fulfills two goals: it benefits the agency by providing a service to the public, and it benefits the host by offering an opportunity to engage in recreational activities on the National Forests, while contributing to the agency's recreation program. This option may be appropriate for sites that are popular with the public, but do not have the economy of scale to support a concession.

Recreation Fee Demonstration Program

The recreation fee demonstration program is authorized by the Omnibus Consolidated Rescissions and Appropriations Act of 1996, Public Law 104-134. A provision of the Act authorizes the FS to charge use fees for the use of outdoor-recreation sites, facilities, visitor centers, equipment, or services. Up to 100 projects may be approved under this legislation. The authority for the fee demonstration program expires September 30,

1999. Under the fee demonstration program, revenues collected above previously established levels may be retained by the agency and reinvested in the demonstration sites. Also, 15 percent of current-year collections can be retained to cover fee collection costs.

Per a February 25, 1997, letter from the Chief to Regional Foresters, existing concession sites may not be placed in the recreation fee demonstration program. Modifying permits or not extending permits, as well as reissuing a prospectus for the purpose of incorporating a site in the demonstration program, would conflict with this letter. There may be other ways to involve concessionaires in the fee demonstration program that do not adversely affect the concession program.

Sites that are not currently managed as concessions may be considered for the fee demonstration program.

G-T Concessions

Under this program, permits are issued for the operation and maintenance of existing recreation facilities that are solely Government-owned. The permit is authorized under Section 7 of the G-T Act. This program may be appropriate for sites where expansion is not anticipated, or where the length of season or pattern of use do not generate sufficient revenues to support facility construction.

To be successful, G-T concessions require levels of use and economy of operation sufficient to recover the cost of operation and maintenance. The G-T concession program has been popular with the public, due to improved cleanliness and the presence of on-site staff at FS campgrounds. The program has been popular with the FS because concessionaires can invest use fees directly on site to pay for their staff, daily cleaning, and other services, and because the fee to the Government may be offset by the cost of Government maintenance and reconditioning (M&R) paid for by the holder and performed at the site.

Receipts to states and counties would be reduced to the extent that they would receive only 25 percent

of the permit fee paid to the FS, rather than 25 percent of all use fees collected. The payment to states and counties would be further reduced to the extent the permit fee is offset by qualifying M&R. Reductions in 25 Percent Fund payments may be offset by state and local taxes collected from concessionaires.

Private/Public Ventures (PPV)

PPV provides for joint Government and private ownership of facilities that are managed by the private sector. Existing Government-owned facilities are authorized under the G-T Act, and new privately owned facilities are authorized under the Term Permit Act, 16 U.S.C. 497. Where all Government improvements are sold to the private sector, PPV provides for sole private ownership and management of recreation facilities, authorized by the Term Permit Act.

Existing recreation facilities in need of reconstruction or expansion may be good candidates for PPV. To be viable as a PPV candidate, a site must have sufficient volume of use, length of season, and latent demand for the service or facility offered to recover the capital required for reconstruction or expansion. Permit tenure varies with the amount of capital invested in improvements, and may be authorized for up to 30 years. Chapter 2 of the *PPV Desk Guide* is a useful reference for project evaluation, as it discusses consistency with the applicable Forest land and resource management plan (Forest plan), needs assessment, area analysis, market analysis, and preliminary economic viability.

Term Permit Program

Permits are issued under the Term Permit Act for up to 30 years and for the use of up to 80 acres. In contrast to PPV, improvements in the term permit program are solely privately owned: there is no public/private ownership of facilities, and there are no existing Government facilities that may be sold to the private sector. The length of the permit term varies with the amount invested in capital improvements, and may be for up to 30 years.

Site-Specific Feasibility

This section assumes that a G-T concession has been selected as the preferred management option. In this step, evaluate the factors pertinent to a site-specific action. Use successful concessions as models for determining site-specific feasibility.

The needs assessment outlined in FSM 2341.21 and 2341.23 helps in evaluating a new concession, or one that needs to be changed to improve efficiency or customer service. The success of a concession depends on the following:

- ☐ Local site and facilities.
- ☐ Agency management.
- ☐ Economic viability.
- ☐ Customer service needs.
- ☐ Effects on the local community.

Local Site and Facilities

FSM 2344.33, "Selecting Concession Campground Sites," provides guidance on selecting recreation sites for concessions. Generally, FSM 2344.33 recommends sites with a "Development Scale" of 3, 4, or 5 for concessions and states that all sites with a Development Scale of 4 and 5 should be considered for concessions. Sites with a lower development scale may lack sufficient returns and service levels to support a concession.

Condition of the Facility

Sites should be in satisfactory condition to be considered for concessions, i.e., they should not have health and safety problems or be in a state of disrepair. Is it feasible to maintain the facilities to a satisfactory standard? Does the site need Government M&R? Are projected permit fees sufficient to cover Government M&R for the anticipated permit term? Are capital improvements through FS appropriated funds needed? Would these improvements disrupt a concession?

Review of Concession in Context of Recreation and Infrastructure Maintenance Program

Would infrastructure such as sewer and water systems be shared between the proposed concession and other Government or private facilities? What would be the advantages and disadvantages to each of the parties maintaining the systems?

Site History

Have there been user conflicts at the site? Are design or management changes needed to improve site management? Have there been law enforcement problems at the site? Review the proximity and response of local law enforcement agencies to law enforcement problems.

Scope of the Concession

To simplify administration and create economies of scale, sites within close proximity, including sites across Ranger District and Forest boundaries, should be considered for consolidated operations. If consolidated operations are being considered, the potential consequence of concentrating the market and dampening competition should also be considered. Is it to the agency's advantage to maintain competition by offering smaller packages? Would multiple sites or areas offered as a package be more or less attractive as a concession?

Agency Management

Budgetary Constraints

In recent years, budgets have failed to keep up with the growing operation-and-maintenance workload. The maintenance backlog sometimes devolves into a replacement need; as a result, the agency has been forced to lower its standards for developed sites, to keep them open. A viable concession program can allow the agency to offer high-quality recreation sites and services, despite declining budgets.

Conversion from FS management to concessionaire operation often eases the District's operation-and-maintenance budget because the concessionaire covers the cost of day-to-day operations, and because the fee to the Government may be offset by the cost of eligible Government M&R at the site. However, conversion to a concession requires a shift in staff expertise and funding from operating and maintaining recreation sites to expertise in permit administration. When making this shift, training in permit administration is essential.

Other Considerations

What is the public-service rationale for establishing a concession? What type of control over the concession does the FS need? How much oversight can the FS provide? Are there potential conflicts with existing uses?

Economic Viability

Is there enough revenue to cover the cost of operations? Is the operating season long enough to promote a viable business? How much staff will be required at a particular site (or combination of sites) to provide adequate public service, and are site revenues sufficient to afford the necessary staff? Is there competitive interest in this site as a concession?

What type of company is likely to be interested in operating the site? Consider the recreation market. Are there private-sector recreation providers on private land who are competing for the same customers? How will they be affected? Are there special taxes or required licenses that add cost to the operation? Will local zoning laws or health and safety ordinances affect economic viability?

Customer Service Needs

What are the minimum levels of acceptable customer service at these sites? Are revenues sufficient to provide an acceptable level of service? If not, should changes be made in design, management, or user expectations? What additional services would interest the public, e.g., interpretive programs or additional daytime activities?

Would a concessionaire be able to provide quality programs? Will these services generate enough

revenue to cover expenses? If not, are total site

revenues sufficient to cover these programs? Will a concessionaire be able to provide a higher quality of customer service than the FS?

Effects on the Local Community

Would the community support having a private business operate FS recreation sites in the area? Will users of the site be receptive to a concessionaire? How will county commissioners and other local officials react to a concession? Will revenues to counties be affected? It is important to develop a good communication strategy in advance.

NEPA Documentation

In general, under NEPA's implementing regulations a federal agency conducts an environmental assessment (EA) to determine whether a proposed action may constitute a major federal action significantly affecting the quality of the human environment. If so, an environmental impact statement (EIS) must be prepared for the proposed action.

Additionally, NEPA's implementing regulations allow federal agencies to categorically exclude from documentation in an EA or EIS certain types of proposed actions which do not individually or cumulatively have a significant effect on the human environment. Forest Service NEPA procedures, found in Forest Handbook (FSH) 1909.15, categorically exclude certain types of proposed actions from documentation in an EA or EIS, absent extraordinary circumstances. A list of examples of extraordinary circumstances are set out at FSH 1909.15, section 31.03, paragraph 2.1

Three categories may be applicable to issuance of a permit for existing campground concessions when no or minor changes to the physical environment are proposed:

- ☐ Repair and maintenance of recreation sites and facilities. FSH 1909.15, sec. 31.1b, para 5. A project or case file and decision memo are not required but may be prepared. FSH 1909.15, sec. 31.1b.
- ☐ Approval, modification, or continuation of minor, short-term (one year or less) special uses of National Forest System lands. FSH 1909.15 sec. 31.1b, para. 8 This category may apply, for example, when it is anticipated that after one year or less of authorized use a capital investment project and associated NEPA