

GAO

**Briefing Report to the Chairman,
Environment, Energy, and Natural
Resources Subcommittee, Committee
on Government Operations, House of
Representatives**

March 1992

FEDERAL LANDS

**Oversight of
Long-Term
Concessioners**



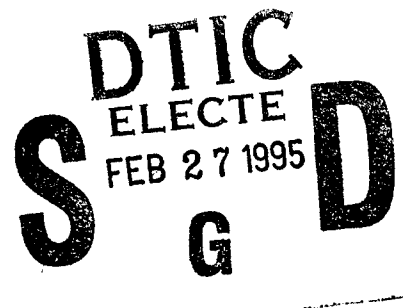
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Resources, Community, and
Economic Development Division

B-247564

March 20, 1992

The Honorable Mike Synar
Chairman, Environment, Energy,
and Natural Resources Subcommittee
Committee on Government Operations
House of Representatives



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Dear Mr. Chairman:

You asked us to examine federal agencies' oversight of concessioners operating under long-term agreements, specifically, (1) concessioners' overall performance, (2) concessioners' compliance with federal, state, and local health and safety standards, and (3) the reasonableness of prices concessioners charge to the public for services. This briefing report serves to formalize the information presented when we briefed your staff on December 5, 1991.

Nationwide, there are about 1,500 long-term agreements (5 years or more) under which concessioners provide a range of recreation services, from operating ski resorts and marinas to guiding fishing, hunting, and rafting trips. These concessioners operate on land managed by six federal agencies, including the National Park Service, the Bureau of Land Management, the U.S. Fish and Wildlife Service, and the Bureau of Reclamation, all within the Department of the Interior; the Forest Service, within the Department of Agriculture; and the U.S Army Corps of Engineers, within the Department of Defense.

A prime objective and responsibility of the federal agencies' management of concessioner agreements is to ensure that the concessioners offer healthy and safe services. Agreements cite requirements for concessioners' compliance with the policies of the managing federal agency and applicable state and local government health and safety laws, regulations, and codes. While federal agencies are required to periodically assess overall concessioner performance, health and safety inspections (food service, drinking water, electrical and fire) are often performed by state and local government agencies. To determine the agencies' assessment of concessioner performance, we contacted federal, state, and local health and safety

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inspectors and requested copies of the 1990 inspection reports.

We based our work on two samples of long-term concessioner agreements. The first was a judgmental sample of 12 of the top 100 revenue-producing concessioner agreements. The second was a probability sample of 50 additional agreements from the approximately 1,500 total long-term agreements. The latter sample was selected so that we could statistically project the results of our work to the entire universe of long-term agreements. (Sec. 2 contains our detailed scope and methodology.)

In summary, the agencies evaluated nearly all concessioners as satisfactory in their overall performance. Fifty-nine of the 62 (12 of 12 in our judgmental sample and 47 of 50 in our probability sample) received this rating.¹ Two of the 50 concessioners in our probability sample were rated "needs improvement" and one concessioner was rated "unsatisfactory." On the basis of our probability sample of 50 concessioners, we estimate that between 1 and 11 percent of the 1,500 long-term concessioner agreements could have received an "unsatisfactory" overall performance rating in 1990; between 1 and 14 percent could have received a "needs improvement" rating. All federal land management agencies have the authority to take actions to resolve "unsatisfactory" or "needs improvement" ratings, including the suspension or termination of a concessioner's operations. The two concessioners rated "needs improvement" either corrected their deficiencies or were in the process of correcting their deficiencies. The one concessioner rated "unsatisfactory" had its operations suspended by the agency when deficiencies were not corrected. This concessioner subsequently filed for bankruptcy. (See secs. 3 and 4 for the detailed results of our judgmental and probability samples, respectively.)

Regarding compliance with health and safety standards, three concessioners received "needs improvement" or "unsatisfactory" ratings because of health and safety violations. These three concessioners were the same ones who had been rated less than "satisfactory" in their overall performance. The types of violations included untested

¹For a description of our rating categories of "satisfactory," "needs improvement," and "unsatisfactory," see section 2.

drinking water, improperly installed wood stoves, loose boards on a marina walkway, code violations concerning electrical service, and accumulations of uncollected building materials and other debris.

In addition, we identified three concessioners operating ski resorts on Forest Service land where the state and local agencies had not performed all 1990 health and safety inspections. The Forest Service rated these concessioners "satisfactory," but it was not aware that these inspections had not been performed. This occurred because it did not require that health and safety inspections be reviewed or documented. The Forest Service agreed to take corrective action to have these concessioners inspected, and to change its procedures to ensure that all concessioners are inspected. (See sec. 5.)

None of the concessioner agreements in our two samples were judged by the agencies to have unreasonable prices. For 55 of the 62 concessioners, the agencies concluded that the concessioners' prices were reasonable. In reaching this conclusion, some agencies performed a comprehensive price analysis, including visits to businesses with similar operations, while others relied upon sufficient market competition to ensure the reasonableness of concessioners' prices. For the remaining seven, no price reviews were performed because the concessioners did not request any price increase for 1990.

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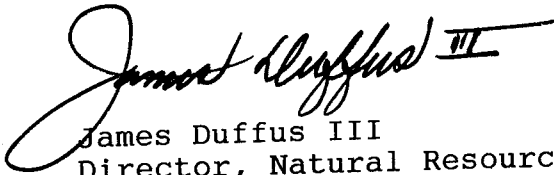
We conducted our work from June 1991 to February 1992 in accordance with generally accepted government auditing standards. We discussed the findings and observations contained in this report with officials from the six federal agencies. These officials generally agreed with the facts as presented, and we incorporated their comments where appropriate. However, as agreed with your office, we did not obtain written agency comments.

As agreed with your office, unless you publicly announce its contents earlier, we plan no further distribution of this briefing report until 30 days from the date of this letter. At that time, we will send copies to the Secretaries of Agriculture, Defense, and the Interior and make copies available to others upon request.

B-247564

Please contact me at (202) 275-7756 if you or your staff have any questions. Major contributors to this briefing report are listed in appendix IV.

Sincerely yours,

A handwritten signature in cursive script that reads "James Duffus III". The signature is written in dark ink and is positioned above the typed name.

James Duffus III
Director, Natural Resources
Management Issues

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ABBREVIATIONS

BLM	Bureau of Land Management
BOR	Bureau of Reclamation
COE	Corps of Engineers
FS	Forest Service
FWS	Fish and Wildlife Service
NF	National Forest
NHP	National Historic Park
NHS	National Historic Site

NM	National Monument
NP	National Park
NPS	National Park Service
NRA	National Recreation Area
NS	National Seashore
NWR	National Wildlife Refuge
O&G	Outfitter and Guide

SECTION 1

BACKGROUND

Each year millions of people visit federal land for recreation purposes. Many visitor accommodations and services on these lands are provided by private entrepreneurs under about 9,000 concessioner agreements entered into with the federal agencies responsible for managing the lands. About 1,500 of these agreements are considered long-term agreements (5 to 50 years) that generally require large investments in facilities.¹ Examples include ski resorts on national forest land, lodges in national parks, and boat marinas on Corps of Engineer lakes.

A prime objective and responsibility of the federal agencies' management of concessioner agreements is to ensure that the concessioners offer healthy and safe services. Agreements cite requirements for compliance with the policies of the managing federal agency and applicable state and local government health and safety laws, regulations, and codes. Federal agency managers often rely on state and local agencies to inspect health and safety aspects of concessioner operations. For example, the inspection of drinking water quality and food service protection and sanitation is frequently performed by state or local health officials. Electrical and fire code inspections are often conducted by state or local fire marshals.

Federal managers told us that they take into account results of the inspections in evaluating concessioners' overall performance. If serious problems are noted in a concessioner's performance, the federal agencies have the authority to take actions to suspend or terminate concession operations to protect the public.

The pricing of concessioners' goods and services is also subject to review by the responsible federal agency. Price reviews generally occur when the concessioners request increases in existing charges or introduce new services.

¹The remaining concession agreements include about 6,500 short-term agreements (less than 5 years) and about 1,000 land management leases (5 to 50 years). Short-term agreements are for services that require little or no investment in facilities. Land management leases are agreements between federal agencies and nonfederal public entities, such as state and county governments. These agreements grant the lessees authority to use the land for recreation purposes, including subleasing with third parties for concession operations.

We have previously reported on improvements needed in managing concessioners. In 1975, and again in 1980, we reported that the Park Service needed to improve its performance of required health and safety inspections and its oversight of concession prices.² In 1991, we reported that federal agencies needed to improve their management of concessioners by developing and maintaining complete data on concession agreements.³

²Concession Operations in the National Parks--Improvements Needed in Administration (RED-76-1, July 21, 1975); and Better Management of National Park Concessions Can Improve Services Provided to the Public (CED-80-102, July 31, 1980).

³Federal Lands: Improvements Needed in Managing Concessions (GAO/RCED-91-163, June 11, 1991).

SECTION 2

OBJECTIVES, SCOPE, AND METHODOLOGY

OBJECTIVES

We examined three aspects of the federal agencies' oversight of concessioners operating under long-term agreements: (1) overall evaluation of concessioner performance; (2) concessioner compliance with federal, state, and local health and safety standards; and (3) reasonableness of concessioner prices charged to the public for services.

SCOPE AND METHODOLOGY

In conducting our review, we interviewed and obtained 1990 inspection records from headquarters, regional, or field officials from the Park Service; Bureau of Land Management; Bureau of Reclamation; U.S. Fish and Wildlife Service; U.S. Forest Service; the U.S. Army Corps of Engineers; and the U.S. Public Health Service. In addition, because federal agency managers often rely on state and local government agencies to inspect health and safety aspects of concessioner operations, we contacted appropriate state and local health and safety inspectors and requested copies of 1990 inspection reports when such reports were not available in federal agency files.

We examined two samples drawn from a 1989 inventory of about 1,500 long-term concessioner agreements: (1) a judgmental sample (see app. I) of 12 of the top 100 revenue-producing concessioners, and (2) a probability sample (see app. II) of 50 of the nearly 1,500 long-term agreements. This inventory was compiled for our June 1991 report from information we requested from the six agencies on concessioners in operation in 1989. The data were collected by individual field offices and sent to us for editing and analysis. However, we relied on the data generated by the agencies and did not verify the accuracy of the information. Our samples included agreements under which concessioners offered such services as marinas, lodging, retail stores, ferry transportation, guided hunting trips, white-water rafting, and ski resort operations. We visited each of the concessioner locations in our judgmental sample and conducted a telephone survey for the concessioners in the probability sample.

We used the probability sample to develop an estimate of the percentage of concessioners who would receive an "unsatisfactory" or "needs improvement" rating. This estimate has a measurable precision, or sampling error, which may be expressed as a plus/minus figure. A sampling error indicates how closely we can reproduce from a sample the results that we would obtain if we were to take a complete count of the universe using the same

measurement methods. By adding the sampling error to and subtracting it from the estimate, we can develop upper and lower bounds for each estimate. This range is called a confidence interval. Sampling errors and confidence intervals are stated at a certain confidence level--in this case, 95 percent. For example, a confidence interval, at the 95-percent confidence level, means that in 95 out of 100 instances, the sampling procedure we used would produce a confidence interval containing the universe value we are estimating.

To assist in consolidating the evaluation data reported to us on concessioner performance, we devised a three-tier rating scale. The rating scale was based on factors used in the Park Service's annual rating process for concessioners. All agencies agreed to use this scale in responding to questions about concessioner performance.

Table 2.1: Rating Scale for Concessioner Compliance

<u>Rating</u>	<u>Criteria</u>
Satisfactory	The concessioner almost always meets compliance standards. Noted deficiencies are corrected.
Needs improvement	The concessioner did not comply with some compliance standards. Noted deficiencies were not corrected during 1990, but were corrected in 1991.
Unsatisfactory	The concessioner does not meet compliance standards. Critical or serious problems were not corrected.

We used these rating factors in discussions with federal, state, and local inspection officials to provide consistent responses on overall 1990 performance evaluations and compliance with health and safety standards.

SECTION 3

EVALUATION OF JUDGMENTAL SAMPLE OF TOP 100 REVENUE-PRODUCING CONCESSIONERS

OVERALL PERFORMANCE EVALUATION

Each of the 12 concessioners in our judgmental sample received overall performance evaluations. All 12 concessioners were evaluated by the agencies as being generally satisfactory in their overall performance for 1990.

HEALTH AND SAFETY STANDARDS

Federal managers rated all 12 concessioners as satisfactory on health and safety matters. For example, we reviewed the results of food service inspections at 18 facilities operated by a food service and lodging concessioner at the Grand Canyon National Park. Each facility was inspected by the U.S. Public Health Service during 1990, and the average score for all facilities was 94 out of 100 possible points, resulting in a satisfactory rating for each facility.

Also, all ski lift operations were rated satisfactory. We found that federal agencies generally did not perform engineering inspections of the ski lifts at the three ski resorts in our sample. At these resorts, detailed inspections on the safety of the ski lifts were performed by a private engineering company.

PRICE REVIEW OF GOODS AND SERVICES

Federal agencies concluded that the prices charged by the 12 concessioners were reasonable. The federal managers for 6 of the 12 concessioners reached their conclusion after performing a documented price comparison with similar goods and services offered by other businesses in the nearby area. For example, for a concessioner operating in the Washington, D.C., area, the Park Service approved prices on the basis of direct comparisons with food services, vending machine items, boat slip rentals, and bicycle rentals at up to five other nearby facilities. For the other six concessioners, the agencies approved the concessioners' prices as being reasonable by relying upon existing competitive market conditions. For example, at two marina concessioners located on the same lake in Texas, the Corps of Engineers relied upon the competitive market conditions to set reasonable prices. According to agency officials, there were about 20 other marinas operating on this lake that offered comparable services at comparable prices.

SECTION 4

EVALUATION OF PROBABILITY SAMPLE OF ALL LONG-TERM CONCESSIONERS

OVERALL PERFORMANCE EVALUATION

Federal agencies found the concessioners operating under long-term agreements in our probability sample were generally satisfactory in 1990. Forty-seven of the 50 concessioners in our probability sample received an overall "satisfactory" rating from the applicable federal agency. Three concessioners in this sample received a less than "satisfactory" rating--one was rated "unsatisfactory" and two received a "needs improvement" rating. On the basis of our probability sample, we estimate that between 1 and 11 percent of the 1,500 long-term concessioner agreements could have received an "unsatisfactory" rating and between 1 and 14 percent could have received a "needs improvement" rating. However, in two of the three cases where we found less than "satisfactory" performance, corrective actions had been taken or were in the process of being taken.

All federal agencies have the authority to take action to resolve unsatisfactory performance, including suspending a concessioner's operations. The concessioner rated "unsatisfactory" did not meet drinking water quality, food service, or electrical and fire safety standards. The agency suspended this concessioner's operation in November 1990 and the concessioner subsequently filed for bankruptcy. For the two concessioners rated "needs improvement," the concessioners either corrected the noted deficiencies or were in the process of correcting the deficiencies.

HEALTH AND SAFETY STANDARDS

As part of our review, we examined health and safety inspections covering drinking water quality, food service, electrical and fire safety, and ski lift operations. Because of the wide variety of concessioner operations, however, some concessioners did not provide services that required health or safety inspections. For example, for some of the concessioners, such as outfitters and guides and ferry services, drinking water was obtained from a municipal water system. In these situations no inspections were performed by the federal agency because the municipality routinely had its drinking water inspected.

Drinking Water Quality

Twenty-one of the 50 concessioners had drinking water system inspections. The quality of the drinking water for 19 of the 21 concessioners was rated "satisfactory." One concessioner was

rated "unsatisfactory" and another was rated "needs improvement." The concessioner rated "unsatisfactory" had a nonfunctioning chlorinator on its water system and failed to provide the Forest Service with results of bacteriological water testing. The concessioner rated "needs improvement" failed to take all quarterly samples of the drinking water system during 1990. This concessioner subsequently took actions to correct the deficiency. Twenty-nine concessioners did not have inspections because the concessioner did not provide drinking water, or because water was obtained from a municipal or other local water source that was subject to regular water quality inspections.

Food Service

Twenty-four of the 25 concessioners providing food services were rated "satisfactory." One concessioner was rated "unsatisfactory" because of improper storage temperature for meats and vegetables, lack of a refrigerator thermometer, rodent feces in kitchen drawers, and improper food handler permits. For the 25 concessioners not inspected, 19 did not provide food service. The remaining six concessioners were outfitter and guide services that provided food at remote wilderness campsites.

Electrical and Fire Safety

Thirty-six of the 39 concessioners with facilities requiring electrical and fire safety inspections were rated satisfactory. One concessioner was rated "unsatisfactory" because 11 wood stoves had been improperly installed in the concessioner's cabins and lodge. The wood stove installations did not meet fire code requirements for stove and flue pipe clearances to walls, floors, ceilings, and roofs.

Two concessioners were rated "needs improvement" because of loose boards on a marina walkway, code violations for electrical service, and accumulations of building materials and other debris. These two concessioners subsequently corrected or were in the process of correcting these deficiencies.

Ski Lift Operations

Three ski lift operations were included in this sample. All were rated satisfactory by state engineering inspectors who performed the inspections.

PRICE REVIEW OF GOODS AND SERVICES

Federal agencies concluded that the prices charged by 43 of the 50 concessioners were reasonable. Seven concessioners did not have any price reviews because the concessioners did not

request any price increases for 1990. These concessioners had their prices reviewed prior to 1990 and the agencies found their prices to be reasonable.

For 13 of the 43 concessioners, the agencies performed a comparability analysis with businesses offering similar goods and services. For the remaining 30 concessioners, the agencies did not perform a comparability analysis but relied on competitive market forces in the area to ensure that prices were reasonable. For example, 1 outfitter and guide competed with about 20 other outfitter and guides on the Colorado River in Grand Canyon National Park. With such competition, the agency (Park Service) concluded that the highly competitive condition would keep prices reasonable.

SECTION 5

STATE AND LOCAL HEALTH AND SAFETY INSPECTIONS NOT PERFORMED AT SOME FOREST SERVICE CONCESSIONERS

A prime objective and responsibility of the federal agencies' management of concessioner agreements is to ensure that the concessioners offer healthy and safe services. Each agreement cites requirements for compliance with the policies of the managing federal agency and applicable state and local government health and safety laws, regulations, and codes. While federal agencies are required to perform periodic evaluations of concessioner performance, health and safety inspections (food service, drinking water, electrical and fire) are often performed by state and local government agencies. For example, the Forest Service conducts reviews of concessioner operations but uses state and local governments to perform health and safety inspections.

The agencies differ on how they document compliance with health and safety requirements. For example, the Park Service maintains copies of inspection reports in agency files. But the Forest Service, which in many cases relies on state and local governments to perform health and safety inspections, did not always receive or maintain copies of these reports. Rather, the Forest Service considered the concessioner in compliance with health and safety requirements of state and local governments unless it received a report to the contrary.

As part of our review, we contacted state and local health and safety inspectors and requested copies of the 1990 inspection reports. As a result of this effort, we found that fire safety inspections had not been performed in 1990 at three ski resort concessioners operating on Forest Service land. In addition, there was no food service inspection at one of these resorts. At these three locations, state and local officials advised that the inspections were not performed because of either budget and staffing reductions or confusion over local jurisdictional responsibility.

We notified Forest Service headquarters officials that the required health and safety inspections were not performed at the three ski resort concessioners. We suggested that the Forest Service take immediate corrective action to ensure that the three concessioners, as well as concessioners throughout the Forest Service, receive required inspections. Forest Service officials agreed with our findings and stated that they intend to take the following actions:

- ensure that the three concessioners have received all required state and local health and fire inspections for the current year;
- determine the extent to which health and safety inspections at other concession operations have not been performed and, where absent, seek immediate inspection;
- establish controls to ensure and document all required state and local health and safety inspections are performed; and
- require a concessioner to contract for qualified inspection services if state and local governments, for any reason, cannot perform the required inspections. The Forest Service also plans to revise its manual to clearly state these requirements.

On February 14, 1992, the Forest Service issued a memo directing its regional offices to take the corrective actions noted above to ensure that inspections are performed (see app. III).

TWELVE CONCESSIONERS IN THE JUDGMENTAL SAMPLE

<u>Concessioner</u>	<u>Type</u>	<u>Agency</u>	<u>Agency unit</u>	<u>State</u>
AMFAC Hotels and Resorts	Lodging	NPS	Grand Canyon NP	Ariz.
Babbitt Brothers Trading Co.	Retail sales	NPS	Grand Canyon NP	Ariz.
Diamond Lake Improvement Co.	Resort	FS	Umpqua NF	Oreg.
Grandpappy Point Resort	Marina	COE	Lake Texoma	Tex.
Guest Services, Inc.	Lodging	NPS	Mt. Rainier NP	Wash.
Guest Services, Inc.	Food	NPS	National Capital Region	D.C.
Highport Resort	Marina	COE	Lake Texoma	Tex.
Mt. Bachelor	Ski resort	FS	Deschutes NF	Oreg.
Mt. Hood Meadows	Ski resort	FS	Mt. Hood NF	Oreg.
Timberline Ski Area	Ski resort	FS	Mt. Hood NF	Oreg.
Tourmobile, Inc.	Transp.	NPS	National Capital Region	D.C.
Wahweap Lodge and Marina	Marina	NPS	Glen Canyon NRA	Ariz.

Legend:

COE-Corps of Engineers
 FS-Forest Service
 NF-National Forest
 NP-National Park
 NPS-National Park Service
 NRA-National Recreation Area

FIFTY CONCESSIONERS IN THE PROBABILITY SAMPLE

<u>Concessioner</u>	<u>Type</u>	<u>Agency</u>	<u>Agency unit</u>	<u>State</u>
Alaska Trophy Hunts	O&G	NPS	Denali National Preserve	Alaska
American Wilderness Expeditions	O&G	NPS	Canyonlands NP	Utah
Fred Harvey Co.	Retail sales	NPS	Petrified Forest NP	Ariz.
Batty's Resort	Marina	COE	Bull Shoals Lake	Ark.
Big Cypress Marina	Marina	COE	Lake O' the Pines	Tex.
Burnside Marina	Marina	COE	Wolf Creek	Ky.
Calhoun Sportsmen's Service Company	Boat dock	COE	Miss. River District	Ill.
Camp Sherman Store	Retail sales	FS	Deschutes NF	Oreg.
Cape Hatteras Fishing Pier	Fishing pier	NPS	Cape Hatteras NS	N.C.
Cavern Supply, Co.	Retail sales	NPS	Carlsbad Caverns NP	N.Mex.
Cedar Hill Resort	Marina	COE	Dale Hollow Lake	Tenn.
Center Hill Resort	Marina	COE	Center Hill Lake	Tenn.
Cherokee Resort/ Steak House	Marina	COE	Old Hickory Lake	Tenn.
Chit-Chat-Chaw Resort	Marina	COE	Bull Shoals Lake	Ark.
Copper Mountain Inc.	Ski Resort	FS	White River NF	Colo.

APPENDIX II

APPENDIX II

<u>Concessioner</u>	<u>Type</u>	<u>Agency</u>	<u>Agency unit</u>	<u>State</u>
Devil's Kitchen Boat Dock	Campground	FWS	Crab Orchard NWR	Ill.
Dingman's Campground	Campground	NPS	Delaware Water Gap NRA	Penn.
Echo Bay Resort	Marina	NPS	Lake Mead NRA	Nev.
Echo Lodge	Trailer park	BLM	Lake Havasu	Ariz.
Fire Island Ferries	Ferry service	NPS	Fire Island NS	N.Y.
Five-Mile Landing	Marina	FWS	Havasu NWR	Ariz.
Francis Smilowitz	O&G	NPS	Buck Island Reef NM	V.I.
Gala Marina	Marina	FS	Arapaho- Roosevelt NF	Colo.
Glacier Park, Inc.	Lodging	NPS	Glacier NP	Mont.
Goff Creek Lodge	Resort	FS	Shoshone NF	Wyo.
Grand Canyon Expeditions, Inc.	O&G	NPS	Grand Canyon NP	Ariz.
Highway 27 Fishing Village	Marina	COE	Quachita Lake	Miss.
Holmes Creek Boat Dock	Marina	COE	Center Hill Lake	Tenn.
Isle Royale Ferry Service	Ferry service	NPS	Isle Royale NP	Mich.
L & L, Inc.	Campground	FS	Eldorado NF	Calif.
Lucky 13 Resort	Marina	COE	Bull Shoals Lake	Mo.
Maho Bay Campgrounds	O&G	NPS	Virgin Islands NP	V.I.
Northland Lodge	Resort	FS	Chippewa NF	Minn.

APPENDIX II

APPENDIX II

<u>Concessioner</u>	<u>Type</u>	<u>Agency</u>	<u>Agency unit</u>	<u>State</u>
OARS, Inc.	O&G	NPS	Grand Canyon NP	Ariz.
Oregon Caves Co.	Lodging	NPS	Oregon Caves NM	Oreg.
Lake Owyhee Resort, Inc.	Resort	BOR	Central Snake Project Office	Oreg.
Rainier Mountain- eering, Inc.	O&G	NPS	Denali NP	Alaska
Saga Hill Corp.	Retail sales	NPS	Sagamore Hill NHS	N.Y.
Salat's Resort	Marina	COE	Bull Shoals Lake	Mo.
Scott's Landing Marina	Marina	COE	Grapevine Lake	Tex.
Sheri Lynn Griffith River Expeditions, Inc.	O&G	NPS	Canyonlands NP	Utah
Silver Arrow Canoe Rental	O&G	NPS	Ozark National Scenic Riverways	Mo.
Solitude	Ski resort	FS	Wasatch-Cache NF	Utah
Spirit Lake Lodge	Resort	FS	Ashley NF	Utah
Sunset Boat Dock	Marina	COE	Dale Hollow Lake	Tenn.
Union Creek Resort	Resort	FS	Rogue River NF	Oreg.
Vail Associates, Inc.	Ski resort	FS	White River NF	Colo.
Waterton Shoreline Cruises	Transp.	NPS	Glacier NP	Mont.
Ye Olde Sun Shack, Inc.	Retail sales	NPS	Gateway NRA	N.Y.

APPENDIX II

APPENDIX II

<u>Concessioner</u>	<u>Type</u>	<u>Agency</u>	<u>Agency unit</u>	<u>State</u>
Yorktown Shoppe, Ltd.	Retail sales	NPS	Colonial NHP	Va.

Legend:

BLM-Bureau of Land Management
 BOR-Bureau of Reclamation
 COE-Corps of Engineers
 FS-Forest Service
 FWS-Fish and Wildlife Service
 NF-National Forest
 NHP-National Historic Park
 NHS-National Historic Site
 NM-National Monument
 NP-National Park
 NPS-National Park Service
 NRA-National Recreation Area
 NS-National Seashore
 NWR-National Wildlife Refuge
 O&G-Outfitter and Guide

FOREST SERVICE MEMO TO REGIONAL FORESTERS

United States
Department of
Agriculture

Forest
Service

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Washington, DC 20090-6090

Reply to: 2720
(RCR&WM)

Date: FEB 14 1992

Subject: Concession Special-Uses Administration

To: Regional Foresters

REPLY DUE MARCH 15

The General Accounting Office (GAO) has notified the Recreation, Cultural Resources, and Wilderness Management (RCR&WM) Staff of lapses in concession site inspections by local health departments, building inspectors, sanitation agencies, and fire marshalls. The GAO has found that in the three cases listed below, local government agencies have not completed inspections of concessioners. Because of the small number of areas visited, there is reason to believe that these represent a much larger problem.

Special-use authorizations require that the holder abide by all applicable State and local laws. It is the responsibility of the permit holder to obtain appropriate inspections. When State or local governments cannot or will not conduct these inspections, the holder must hire or contract an appropriately certified or licensed inspector to conduct the inspections to State and local codes and standards.

The Forest Service has in many instances relied upon negative confirmation for administering health and safety inspections by State and local governments. In this process, concession adherence to health and safety requirements is considered to be satisfactory unless there are reports to the contrary. Negative confirmation is not acceptable for special-use administration of public health and safety requirements.

The following action must be taken:

1. The following resorts were found by GAO to not have current inspections. The units responsible for those resorts are to require that they promptly undergo the appropriate inspections. Copies of the inspections shall be obtained and placed in the official case folders. Send confirmation that these inspections have been completed to the Director, RCR&WM, by March 25.

R-6 Mt. Bachelor. No current food and fire inspections.

R-4 Solitude. No food or fire inspections since 1989.

R-2 Vail. No fire inspection since 1989.



Caring for the Land and Serving People

FS-6200-28h4 88x

Regional Foresters

2

2. All units with concession permits are to determine the extent to which health and safety inspections have been performed. Concessions which have not been inspected will be notified of the requirement and be informed that they are responsible for obtaining proper inspections and must do so.

3. Effective controls must be established to assure and document that health and safety inspections required to fulfill State and local jurisdiction requirements have been performed. If State and local inspection agencies cannot, for any reason, conduct the inspection, then the concessioner shall be required to contract out for qualified inspection services. Forest Service Manual 2716.52 will be revised to clearly state this requirement.



F. DALE ROBERTSON
Chief

GAO note: We have deleted the name and phone number of the contact person in the Forest Service.

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