



OFFICE OF
INSPECTOR GENERAL
U.S. DEPARTMENT OF THE INTERIOR



REVIEW OF NATIONAL PARK SERVICE'S RECREATION FEE PROGRAM

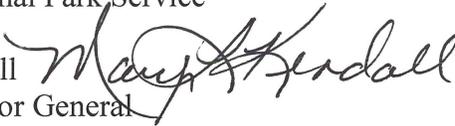


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Memorandum

FEB 19 2015

To: Jonathan B. Jarvis
Director, National Park Service

From: Mary L. Kendall 
Deputy Inspector General

Subject: Final Audit Report – Review of National Park Service’s Recreation Fee Program
Report No. C-IN-NPS-0012-2013

This report, part of a larger portfolio of our work to identify opportunities where the U.S. Department of the Interior can maximize income from its revenue-generating programs, presents the results of our audit of the National Park Service’s (NPS) Recreation Fee Program. NPS’ recreation fees can go toward a vast array of projects that improve the visitor experience, from facility maintenance and repair to visitor services and education. Our objective was to highlight areas in which NPS can increase its recreation fee revenue, and we focused on the agency’s three biggest revenue-generating mechanisms: entrance fees, interagency park passes, and commercial bus tour fees.

We found several areas in which NPS is missing opportunities to maximize its fee revenue:

1. Although NPS implemented an entrance fee model in 2006, it had been working under a self-imposed fee moratorium from 2008 through most of 2014—just short of one-fifth of entrance-fee-charging park units charged according to the NPS model.
2. While park units can ask to update their fees, NPS’ lengthy process likely deterred them from making the attempt.
3. NPS issued almost a million interagency park passes in 2012 alone, and well over two-thirds of the passes were free or substantially discounted.
4. NPS has not updated its fee schedule for commercial tour buses in 16 years, and parks that charge tour operators per a commercial use authorization have only interim guidance from which to manage the arrangements.

In this final report, we offer six recommendations encouraging NPS to assess its current fee policies, prices, and models to determine where it can make updates. We learned shortly before issuing our draft report, however, that NPS had already begun addressing some of the issues we identified. After reviewing the draft report, NPS concurred with our recommendations and provided more information on the status of each.

Based on the information NPS provided, we consider recommendations 1 and 3 to be implemented, recommendations 2 and 4 to be unresolved, and recommendations 5 and 6 to be resolved but not implemented. We are referring recommendations 2, 4, 5, and 6 to the Assistant Secretary for Policy, Management and Budget to track their implementation.

The legislation creating the Office of Inspector General requires that we report to Congress semiannually on all audit, inspection, and evaluation reports issued; actions taken to implement our recommendations; and recommendations that have not been implemented. If you have any questions regarding this report, please contact me at 202-208-5745.

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Results in Brief

We examined potential opportunities for the National Park Service (NPS) to increase its recreation program revenues—a subject of particular relevance at a time when Federal agencies have faced mounting fiscal pressures. We focused on NPS’ three largest recreation-revenue-generating mechanisms: park-unit entrance fees, interagency passes, and commercial bus tour fees. Park units (e.g., national parks, national recreation areas, or national monuments) use the revenues from these mechanisms for projects that enhance the visitor experience, such as facility maintenance and visitor information and services.

We found the following:

- NPS froze entrance fees shortly after implementing a new fee model in 2006. Today only 24 out of 131 entrance-fee-charging park units charge fees according to the model. NPS could collect approximately \$28 million more in fees each year just by fully implementing the current fee model.
- Park units can change their fees if a “compelling” reason exists, but our review of NPS memoranda showed that the NPS Director had not defined alignment with the fee model as a compelling reason to raise fees. Furthermore, NPS’ process for changing recreation fees can take well over a year, and the time and effort needed to go through the process had likely deterred park units from attempting to update their fees.
- Free and substantially discounted entrance passes represent missed opportunities for revenue. NPS issues three types of free annual passes—one for active military personnel, one for individuals who have volunteered 250 or more hours on Federal recreation lands, and one for individuals with permanent disabilities—plus a \$10 lifetime pass for citizens 62 years of age and older. Over 695,000 of these passes are issued each year.
- NPS implemented its current fee schedule for commercial bus tours in 1998 and has not updated it since. NPS could see another \$4 million to \$5 million annually if it increased the commercial bus tour fee rate by roughly 30 percent.
- Park units sometimes charge commercial bus tour operators a commercial use authorization (CUA) fee rather than following the fee schedule. Issuing CUAs is a cost-recovery activity, but for almost a decade NPS has had only interim guidance in place for managing CUAs. This could be reducing opportunities for NPS to recover costs.

NPS’ authority to charge fees under the Federal Lands Recreation Enhancement Act will end in 2016, and this legislative uncertainty hampers NPS’ flexibility in managing its Recreation Fee Program. We offer six recommendations encouraging NPS to assess its current fee policies, prices, and models and to determine where it can consider making updates. Shortly before we issued this

report, we were pleased to learn that NPS has already begun addressing some of our recommendations.

Introduction

Objective

This audit is part of a larger portfolio of Office of Inspector General work focusing on maximizing revenue opportunities in U.S. Department of the Interior (DOI) revenue-generating programs and operations. Our audit objective was to highlight opportunities where the National Park Service (NPS) can increase recreation program revenues. We focused on NPS' three largest revenue-generating mechanisms: entrance fees, interagency passes, and commercial bus tour fees. For the audit's scope and methodology, see Appendix 1.

Background

Enacted in December 2004, the Federal Lands Recreation Enhancement Act (FLREA) granted five Federal agencies—the Bureau of Land Management, the Bureau of Reclamation, the U.S. Fish and Wildlife Service, NPS, and the U.S. Forest Service—the authority to establish, modify, charge, and collect recreation fees at Federal recreational lands and waters. Recreation fees include entrance fees, standard amenity fees, expanded amenity fees, and special recreation permits. According to the 2012 “Triennial Report to Congress,” NPS accounted for over 65 percent of all agency FLREA revenue.

Under FLREA, a park unit (such as a national park, a national recreation area, or a national monument) may keep 80 percent of the recreation fee revenue it collects. The remaining 20 percent goes into a centralized account and is allocated across all park units based on project proposals and NPS priorities. Fee revenue can only be used for projects that are directly related to visitors and the visitor experience, including—

- repair, maintenance, and facility enhancement;
- interpretation, visitor information, visitor services, visitor needs assessments, and signs;
- habitat restoration directly related to wildlife-dependent recreation that is limited to hunting, fishing, wildlife observation, or photography;
- law enforcement related to public use and recreation; and
- direct operating or capital costs associated with the Recreation Fee Program.

Much of NPS' recreation fee revenue comes from entrance fees, with \$82.5 million collected in fiscal year (FY) 2012. NPS manages 401 park unit sites and collects entrance fees at a little less than a third of them (131). The Intermountain and Pacific West regions, on which we focused our work and site visits, account for more than half (72) of all entrance-fee-charging park units and contain all 10 of NPS' top-fee-level parks.

Visitors are charged an entrance fee when they enter a park unit. The fee can be an annual park pass, a per-vehicle fee, a per-person fee, or a motorcycle fee. NPS' current entrance fee model is rooted in a study it commissioned in 2001 to develop options for enhancing recreation revenue programs. The study found that NPS fees varied, even among similar parks, and that parks perceived a need for greater simplicity and consistency. The group that conducted the analysis provided a variety of options for improvements to NPS' program, mainly simplifying the fee pricing structure by grouping similar parks around one price point. In response, NPS spent the next 5 years developing the four-tiered entrance fee model in place today.

NPS also distributes or sells a variety of interagency passes established under FLREA that provide holders with free or extremely discounted access to Federal recreation areas. NPS manages the interagency pass program for all five FLREA agencies. The \$10 Senior Pass and the free Access Pass for individuals with permanent disabilities are both specifically designated in the law. To assist Federal agencies in pricing the Annual Pass, NPS commissioned a study in 2006, the results of which serve as the basis for the current \$80 fee. Interagency pass sales (from Senior Passes and Annual Passes) brought in some \$26 million in FY 2012.

Commercial bus tour fees generated the third highest recreation-related revenue in FY 2012, with a total of \$15.4 million. The Land and Water Conservation Fund Act of 1965 (LWCFA) was amended in 1993 by adding the stipulation that commercial tour vehicles would be charged a fee upon entering any entrance-fee-charging park unit.¹ The amendment also notes that these fees may be reasonably adjusted on a periodic basis. NPS assembled a task force that worked with the commercial bus tour industry to develop and implement a fee structure. After two relatively unsuccessful implementation efforts and subsequent revisions, NPS finally adopted a flat-rate commercial bus tour fee schedule in 1998. This schedule remains in use today.

FLREA is authorized until September 2016, having received an extension from its original sunset date of December 2014. Draft language updating many sections of FLREA has been discussed before Congress but not yet adopted. In addition, NPS could see an increase to its operational budgets in FY 2015 from its budget proposal to prepare parks and public lands in advance of NPS' 100th anniversary in 2016. Given this legislative uncertainty and potential influx of operational funds, NPS' approach to introducing or changing fees has been, understandably, cautious. Still, NPS faces considerable, persistent fiscal challenges, and it needs reliable funding to address maintenance backlogs and projects that directly affect the park visitor experience.

¹ The usage and distribution of these fees was subsumed under FLREA when FLREA was enacted in 2004.

Findings

A Self-Imposed Moratorium Has Limited NPS' Ability To Add or Increase Entrance Fees

When NPS implemented its entrance fee model in 2006, the model standardized entrance fees across four different park groupings based on the park units' designations (Figures 1 and 2).

Group	Description
1	National historic sites, national military parks, national battlefields, national battlefield parks, national memorials or shrines, national preserves, parkways
2	National seashores, national recreation areas, national monuments, national lakeshores, national historical parks
3	National parks
4	National parks*

Figure 1. Park group descriptions. Source: NPS Reference Manual 22A: "Recreation Fee Collection" (April 2011).

*There are only 10 Group 4 parks: Bryce Canyon, Glacier, Grand Canyon, Grand Teton, Olympic, Rocky Mountain, Sequoia-Kings Canyon, Yellowstone, Yosemite, and Zion.

Group	Annual Pass	Per Vehicle	Per Person	Motorcycle
1	\$20	\$10	\$5	\$5
2	\$30	\$15	\$7	\$10
3	\$40	\$20	\$10	\$15
4	\$50	\$25	\$12	\$20

Figure 2. Park group entrance fees. Source: NPS Reference Manual 22A: "Recreation Fee Collection" (April 2011).

In 2008, however, shortly after parks began to implement the new fee model, the NPS Director imposed a moratorium that froze entrance fees at 2007 levels. The current NPS Director maintained the freeze from 2008 until late in 2014.

Early on, the primary reason given for the freeze was concern over raising fees at a time when NPS had received an increase to its operational budgets to prepare for its upcoming centennial. Uncertainty also existed over the repeal or reauthorization of FLREA. In a 2012 memo related to 2013 fee changes, a justification for continuing the moratorium was absent altogether, illustrating a sentiment that park unit staff shared with us: NPS' cultural message seemed to be not to increase entrance fees.

Due to the short time between the fee model implementation and the moratorium, only 24 out of 131 park units have put in place entrance fees commensurate with the fee model. Every park unit we visited charged one or more of its entrance fees below the assigned level (Appendix 2). Motorcycle fees in particular vary widely by park unit, with some units charging per the fee model, others charging per-person rates, and still others charging per-vehicle rates.

NPS Recreation Fee Program staff estimates that NPS' annual revenue from entrance fees would increase by roughly \$28 million if all fee-charging park units could fully implement the fee model (Appendix 3). We believe that NPS might realize even more revenue if it also updated this model to account for inflation.

Another alternative would be to reconsider the current fee groupings for park units. For example, national recreation areas, such as Lake Mead or Glen Canyon, are categorized as Group 2 park units under the NPS fee model. As such, their entrance fees according to the current fee model are roughly 60 percent lower than fees for top-tier (Group 4) national parks such as Yellowstone, the Grand Canyon, or Yosemite. This is true even for national recreation areas that are similar in size, that have similar visitation levels (or vastly more, in the case of Lake Mead), and that host recreational uses that are often broader than those generally offered at parks (Appendix 4).² We spoke to more than one park employee who indicated that the current fee groupings were not realistic and that they should also account for other variables, such as the type of recreation taking place at the site or the type of visitors attracted (e.g., long-distance travelers vs. local residents).

Recommendations

We recommend that NPS:

1. Assess the need for continuing the freeze on fee increases and consider lifting the moratorium to allow park units to begin submitting requests to adjust fees to align with the current fee model; and
2. Begin the process of reevaluating the current fee model to determine necessary updates and establish intervals for periodic reviews to ensure the fee model remains up to date.

² In addition to traditional recreation activities common at national parks, such as hiking, camping, and scenic driving, many national recreation areas focus heavily on water-based recreation, such as waterskiing, personal watercraft, and boating.

NPS' Process for Changing Fees Is Onerous and Likely Deters Park Units From Updating Fees

Despite the fee moratorium, park units may request an exception to change their entrance fees if a “compelling” reason exists. FLREA requires agencies to involve the public when instituting or changing a recreation fee (including entrance fees); when introducing an entirely new fee at a site, the law mandates a 6-month public notification. NPS’ own process for changing an entrance fee includes layers of internal review (from the park unit to the directorate) in addition to extensive public outreach. It can take well over a year from the time a park unit asks to engage in public outreach to the time it implements the new fee. It can take a few years to change an entrance fee to align with the current fee model, as a park may suggest phasing in a fee change to avoid an “extreme” increase.

Aligning entrance fees with the fee model is not considered a compelling reason to change an entrance fee, and the time and resources necessary to complete the fee-change process likely deters some parks from seeking fee increases. For example, in 2007, three national parks—Arches, Canyonlands, and Pinnacles—and Muir Woods National Monument completed, to positive effect, the time-consuming process of public outreach to increase fees in 2008. When NPS put the fee moratorium in place, however, Arches and Canyonlands were unable to implement their proposed fee increases, while Muir Woods only implemented part of what was to be a phased increase. The request from Pinnacles was forestalled by the regional director even before the moratorium was formally in place. Once a proposed fee increase is denied, the fee-change process would entail further public outreach before a new request could even go to the regional director for consideration, despite the work already accomplished. Today, each of these park units still charges entrance fees below the current fee model rates, and staff at each site expressed hesitancy at attempting the process again.

In 2009, Lake Mead requested an exception to the fee moratorium to begin the process of increasing its entrance fees to Group 2 levels, noting that its fees were not sufficient to operate its fee program. Fee staff at the park conducted a noteworthy amount of public outreach for a two-phased increase, with the first phase to take effect in 2011 and the second in 2014. Lake Mead received approval to implement the 2011 increase, but when it came time to implement the second phase, staff were told that they would have to start the fee-change process over. Staff told us that they simply did not have the time or resources to go through the process again.

Recommendation

We recommend that NPS:

3. Examine the fee-change process to determine where it can be streamlined and change it accordingly.

Free and Substantially Discounted Interagency Passes Represent Missed Opportunities for Revenue

The interagency pass program administered by NPS offers five types of “America the Beautiful: The National Parks and Federal Recreational Lands” passes to the public. Four of the passes are specifically designated in FLREA: the Annual Pass, the Age Discount Pass (Senior Pass), the Disability Discount Pass (Access Pass), and the Volunteer Pass. FLREA also outlines other types of passes the Secretary of the Interior may establish, such as site-specific passes, regional multi-entity passes, and discounted- or free-admission days or use. The Military Pass currently falls under this last group. Combined, close to a million of these passes were issued in 2012 (Figure 3).

America the Beautiful Pass Series			
Pass	Price	Eligibility	Number Issued in 2012
Annual Pass	\$80 per year	Available to everyone	262,678
Military Pass	Free	Available to U.S. military members and dependents	131,129*
Senior Pass [†]	\$10 (lifetime)	Available to citizens and permanent residents age 62 or over	500,446
Access Pass [†]	Free	Available to citizens and permanent residents with permanent disabilities	62,340
Volunteer Pass	Free	Available to volunteers with 250 or more service hours with the five participating FLREA agencies	1,918
		Total	958,511

Figure 3. America the Beautiful pass eligibility and number of passes issued in 2012.

Source: NPS staff.

*This pass was launched in May 2012. This number represents only passes issued between May and December.

[†]An additional \$10 processing fee is charged for these passes when purchasing by mail.

The prices of two of the passes, the \$10 Senior Pass and the free Access Pass, are specified in FLREA and may not be changed unless the law is amended. (Park units sold over \$5 million in Senior Passes in both 2012 and 2013 and issued over 60,000 Access Passes in 2012 alone.) The fact that changing the fees for these passes would require legislative intervention hampers agencies’ flexibility and their ability to make business decisions that would accommodate changing economic conditions and balance visitors’ needs with recreation management priorities.

By contrast, NPS can, in its role as interagency pass program coordinator, set the price for the Annual Pass. The current price of the Annual Pass is based on an NPS-contracted analysis from 2006. We understand that NPS is about to undergo another analysis of the interagency pass program and believe that this analysis may be an opportunity to reevaluate the price.

Recommendation

We recommend that NPS:

4. Assess the current \$80 price for the interagency Annual Pass and update the price accordingly.

NPS Has Not Updated Its Commercial Bus Tour Fee Schedule Since 1998

NPS' current commercial tour fee schedule, which is based on vehicle size and passenger capacity, became effective January 1, 1998 (Appendix 5). Despite the allowance under LWCFR for periodic adjustments, as of the date of this report the schedule has not been updated in 16 years. Program management staff estimate that NPS could see about \$4 million to \$5 million in additional revenue by increasing commercial bus tour rates by roughly 30 percent (Appendix 3).

Recommendation

We recommend that NPS:

5. Update its commercial tour fee schedule.

Only Interim Guidance Is in Place for Managing Commercial Use Authorizations

Though not specifically within the original scope of our audit, we learned that some park units opt to place commercial bus tour operators on a commercial use authorization (CUA) rather than charge them a fee based on the commercial bus tour schedule. Formerly known as Incidental Business Permit fees, CUA fees are charged to commercial operators that provide services to NPS visitors and are intended to recover the costs of administering the fee. The park unit generally bases the decision of whether to charge the commercial bus tour fee or issue a CUA on the frequency of visits by the tour operator or the extent of visitor services necessitated by the tour.

Currently, NPS has no permanent guidance for how park units should manage CUAs. Consequently, these fees are determined and managed inconsistently

across park units, possibly reducing an opportunity for NPS to recover costs. For instance, two park units we visited (Colorado National Monument and Rocky Mountain National Park) charge operators a flat \$250 annual CUA fee. Zion National Park, however, recently moved to a sliding scale that ranges from \$200 to \$500 based on the amount of revenue the operator made in the park the previous year. Finally, Lake Mead charges a \$100 application fee plus \$880 annually or \$440 for 6 months.

In response to a Notice of Potential Findings and Recommendations we issued on May 1, 2014, NPS staff told us that interim guidance for CUAs has been in place since 2005 and that NPS has been developing guidance that will supersede it. Staff told us that the first topic covered in the new guidance would be cost recovery. They emphasized, however, that cost recovery guidance for commercial use is difficult to standardize throughout NPS because it is based on park units' actual costs to maintain the CUA program, monitor businesses, and recover resource protection expenses—all of which can vary across park units.

Recommendation

We recommend that NPS:

6. Expediently issue permanent guidance for managing commercial use authorizations.

Conclusion and Recommendations

Conclusion

The subject of entrance fees at our national parks is a controversial one, balancing NPS' need to provide the public with easy access to outdoor recreation with the need to fund park maintenance projects and visitor services. Therefore, over the years NPS has proven itself reluctant to raise its entrance fees. Uncertainty over whether FLREA will be repealed or reauthorized hampers NPS' flexibility in managing its Recreation Fee Program, including setting and adjusting park fees, which in turn has seemingly provided a disincentive to raise visitor fees. We understand, however, that NPS has begun the process of addressing some of the issues raised in this review. We discuss those efforts below.

NPS faces considerable, persistent fiscal challenges and needs reliable funding to address visitors' needs. Taking action to update fees, rather than working under self-imposed restrictions, helps NPS address its fiscal shortfalls and positions it as a responsible steward of the funding it already has available.

Recommendations Summary

We issued a draft version of this report to NPS and received responses to our recommendations. Summaries of the responses, as well as our analysis, are below; see Appendix 6 for the full text of the responses. Appendix 7 lists the status of each of our recommendations.

We recommended that NPS:

1. Assess the need for continuing the freeze on fee increases and consider lifting the moratorium to allow park units to begin submitting requests to adjust fees to align with the current fee model.

NPS Response: NPS responded that on August 9, 2014, the Director lifted the fee moratorium and authorized parks to begin soliciting public support for possible entrance fee changes. Regional directors have until March 2015 to submit completed fee-change requests to NPS' Washington Office for approval. If facing significant public controversy over a fee, parks are permitted to not implement the fee, to delay fee implementation until 2016 or 2017, or to phase in new rates over 3 years.

OIG Response: We are pleased that NPS has lifted its fee moratorium. Based on the information provided, we consider this recommendation resolved and implemented.

2. Begin the process of reevaluating the current fee model to determine necessary updates and establish intervals for periodic reviews to ensure the fee model remains up to date.

NPS Response: In conjunction with lifting the fee moratorium, NPS responded that it also updated the 2006 version of its fee model to allow for inflation while maintaining the same ratios between per-person, vehicle, annual pass, and motorcycle rates (Appendix 8). Once parks have reached their correct rates according to the fee model, and if there is continued public support, additional pricing adjustments may be warranted in the future to keep pace with inflation.

OIG Response: Based on the information provided, we consider this recommendation unresolved. NPS did not indicate that it would establish intervals for periodic reviews of the model to ensure that it remains up to date. We also encourage NPS to reevaluate the fee model in the future to possibly reconsider the current fee groupings of park units as the report suggests. We will refer this recommendation to DOI's Office of Policy, Management and Budget (PMB) to track resolution and implementation.

3. Examine the fee-change process to determine where it can be streamlined and change it accordingly.

NPS Response: NPS' August 9, 2014 memorandum lifting the fee moratorium delegated civic engagement approvals to the regional directors, eliminating the need to submit information to the Washington Office twice.

OIG Response: We are pleased to see the request process streamlined and encourage NPS to continue seeking ways to increase the efficiency of this process. Based on the information provided, we consider this recommendation resolved and implemented.

4. Assess the current \$80 price for the interagency Annual Pass and update the price accordingly.

NPS Response: The price of the America the Beautiful pass series was set when FLREA passed in 2004. An interagency working group will likely reevaluate the price of the pass when Congress renews FLREA, which is set to expire in 2016.

OIG Response: Based on the information provided, we consider this recommendation unresolved, but we acknowledge the efficiency of waiting to assess pass prices until the status of FLREA is known. This also illustrates our concern that legislative uncertainty hampers NPS' flexibility in managing its Recreation Fee Program. We will refer this recommendation to PMB to track its resolution and implementation.

5. Update its commercial tour fee schedule.

NPS Response: NPS has begun the process of developing alternatives to the current rate structure, along with a strategy for industry input. NPS anticipates that a revised schedule could be implemented in early 2017.

OIG Response: We are pleased that NPS has begun the review process for updating its commercial tour fee schedule, and we encourage it to complete the initiative. Based on the information provided, we consider this recommendation to be resolved but not implemented, and we will refer it to PMB to track its implementation.

6. Expediently issue permanent guidance for managing commercial use authorizations.

NPS Response: According to NPS, a workgroup has been working on drafting guidance since the spring of 2013. Guidance has been drafted for several areas including cost recovery, limiting the authorizations, requesting financial information, nonprofits, and insurance. NPS stated that it hopes to have this guidance published by October 1, 2015.

OIG Response: Based on the information provided, we consider this recommendation resolved but not implemented, and we will refer it to PMB to track its implementation.

Appendix I: Scope, Methodology, and Prior Audit Coverage

Scope

This audit is part of a larger portfolio of Office of Inspector General work focused on U.S. Department of the Interior (DOI) business processes and operations, identifying revenue opportunities in DOI's revenue-generating programs. Our objective was to identify opportunities where the National Park Service (NPS) can increase recreation program revenues. We focused on NPS' three largest revenue-generating mechanisms: entrance fees, interagency passes, and commercial bus tour fees.

Methodology

We conducted this audit in accordance with Generally Accepted Government Auditing Standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

To accomplish our objective, we performed fieldwork from September 2013 through April 2014. We focused our site visits in the Intermountain and Pacific West regions as they account for more than half of all entrance-fee-charging park units (72 out of 131) and contain all 10 of NPS' Group 4 parks (the top tier of entrance fees).

We spoke to recreation fee staff at NPS headquarters, the Intermountain Region, and the Pacific West Region. We also conducted site visits and spoke to the superintendents or fee staff, or both, at the following park units:

- Arches National Park;
- Canyonlands National Park;
- Colorado National Monument;
- Lake Mead National Recreation Area;
- Muir Woods National Monument;
- Pinnacles National Park;
- Rocky Mountain National Park; and
- Zion National Park.

In the spirit of transparency and open dialogue, we also spoke to—

- officials from the Office of Management and Budget who have an interest in recreation fees;

- a bipartisan research team that conducted a public opinion poll concerning the public's view of NPS; and
- a current congressional committee staffer (formerly the manager of the NPS interagency parks pass program) who is working to get the Federal Lands Recreation Enhancement Act (FLREA) reauthorized.

The primary focus of our audit was to identify revenue opportunities as they pertain to park entrance fees, interagency passes, and commercial bus tours. Consequently, we relied on all of the data provided by NPS, including the estimates for potential revenue. We did not evaluate controls over fee collection and accounting activities, as these matters were beyond the intent of our audit objective. Rather, our report presents findings relating to whether NPS' Recreation Fee Program conforms to public policy as established in FLREA, and whether the park units we visited or contacted were in general compliance with key NPS policies on establishing fees and determining fee levels (principally the fee model).

Prior Audit Coverage

The last time our office conducted an audit related to NPS' recreation fees was in 2002, before the enactment of FLREA ("Recreational Fee Demonstration Program, National Park Service, Bureau of Land Management," Report No. 2002-I-00451).

Appendix 2: Site Visit Entrance Fees (as of 2012)

Park Unit	Group	Annual Pass	Per Vehicle	Per Person	Motorcycle
Arches National Park	3	\$25	\$10	\$5	\$5 (per-person fee)
Canyonlands National Park	3	\$25	\$10	\$5	\$5 (per-person fee)
Colorado National Monument	2	\$25	\$10	\$5	\$5
Lake Mead National Recreation Area	2	\$30	\$10	\$5	\$10
Muir Woods National Monument	2	\$20	N/A	\$7*	N/A
Pinnacles National Park [†]	2	\$15	\$5	\$3	\$5
Rocky Mountain National Park	4	\$40	\$20	\$10	\$10 (per-person fee)
Zion National Park	4	\$50	\$25	\$12	\$12

Source: National Park Service (NPS) staff.

*Only \$5 of this fee is considered a recreation fee under the Federal Lands Recreation Enhancement Act. The remaining \$2 is transferred to the California State park that surrounds the monument.

[†]Previously Pinnacles National Monument. In 2012, Pinnacles received legislative designation as a national park, but NPS' fee model still classifies it as a Group 2 park unit. NPS' fee model is repeated below:

Group	Annual Pass	Per Vehicle	Per Person	Motorcycle
1	\$20	\$10	\$5	\$5
2	\$30	\$15	\$7	\$10
3	\$40	\$20	\$10	\$15
4	\$50	\$25	\$12	\$20

Appendix 3: Monetary Impact

Recreation Fee Source	Potential Additional Revenue
Entrance Fee Model	\$28 million
Commercial Bus Tour Fee Model	\$4 million
Total	\$32 million

Appendix 4: Comparison of Select Group 2 and Group 4 Park Units

Park Unit	Group Entrance Fees*				Acreage	Visitors (FY 2012)
	Annual Pass	Per Vehicle	Per Person	Motor-cycle		
Yellowstone National Park	\$50	\$25	\$12	\$20	2.2 million	3.4 million
Grand Canyon National Park	\$50	\$25	\$12	\$20	1.2 million	4.4 million
Yosemite National Park	\$50	\$25	\$12	\$20	747,956	3.9 million
Lake Mead National Recreation Area	\$30	\$15	\$7	\$10	1.5 million	6.3 million
Glen Canyon National Recreation Area	\$30	\$15	\$7	\$10	1.2 million	2.1 million

*Based on the National Park Service fee model. Does not reflect actual fees charged.

Appendix 5: Commercial Tour Fee Schedule

Effective January 1, 1998					
Tier	National Park Unit	Sedan* (1 – 6 persons)	Van (7 – 15)	Minibus (16 – 25)	Motor coach (26+)
I	Grand Canyon National Park	\$8 per person [†]	\$8 per person [†]	\$8 per person [†]	\$300 [†]
	Grand Teton National Park	\$25*	\$125	\$200	\$300
	Yellowstone National Park				
	Yosemite National Park				
II	Big Bend National Park	\$25*	\$75	\$100	\$200
	Crater Lake National Park				
	Death Valley National Park				
	Everglades National Park				
	Glacier National Park				
	Hawaii Volcanoes National Park				
	Kings Canyon National Park				
	Mesa Verde National Park	\$25*	\$75	\$100	\$200
	Mt. Rainier National Park				
	Olympic National Park				
	Rocky Mountain National Park				
	Sequoia National Park				
Shenandoah National Park					
III	Acadia National Park	\$25*	\$50	\$60	\$150
	Badlands National Park				
	Bandelier National Park				
	Bryce Canyon National Park				
	Cape Cod National Seashore				
	Dinosaur National Monument				
	Harpers Ferry National Historical Park				
	Joshua Tree National Park				
	Lassen Volcano National Park				
	Petrified Forest National Park				
	Theodore Roosevelt National Park				
	Zion National Park				
IV	All other parks that charge an entrance fee as vehicles enter the park [‡]	\$25*	\$40	\$40	\$100

Source: National Park Service.

* Sedans: Minimum required fee is \$25 commercial fee plus the per-person entrance fee for each passenger.

† Exceptions: At Grand Canyon, the commercial rate is \$8 per person for 1-to-25-passenger-capacity vehicles, and a flat rate of \$300 for over-26-passenger-capacity vehicles.

‡ Parks that charge only per-person fees should not use this schedule.

Note: The commercial fee is based on the manufacturer's original capacity of the vehicle, not on the number of passengers in the vehicle or the passenger capacity of the vehicle after any subsequent retrofitting. Passenger capacity excludes driver.

Appendix 6: Response to Draft Report

The National Park Service's response to our draft report follows on page 21.



United States Department of the Interior

NATIONAL PARK SERVICE

1849 C Street, N.W.
Washington, D.C. 20240

IN REPLY REFER TO:
10 (2608)

JAN - 6 2015

Memorandum

To: Assistant Inspector General of Audits, Inspections and Evaluations

From: Director *Jennifer Jarvis*

Subject: Response to Office of Inspector General Draft Audit Report – Review of National Park Service's Recreation Fee Program (Report No. C-IN-NPS-0012-2013)

We have reviewed the Draft report of November 18, 2014. Responses are listed below for each recommendation.

Recommendation 1

Assess the need for continuing the freeze on fee increases and consider lifting the moratorium to allow park units to begin submitting requests to adjust fees to align with the current fee model.

On August 9, 2014, via a memorandum to the Regional Directors, I lifted the moratorium and authorized the parks to conduct stakeholder outreach through civic engagement to gauge support for possible fee changes to entrance, expanded amenity and special recreation permit fees authorized by the Federal Lands Recreation Enhancement Act (FLREA) of 2004. The standard entrance fee rate schedule was updated from the 2006 version to allow for inflation and maintain the same ratios between the per person, vehicle, annual pass and motorcycle rates that had been developed in 2006. Each Regional Director was instructed to verify that there is general public support for the proposed fee changes at each park. By March of 2015, the Regional Directors are directed to submit the completed package to the Washington Office that includes concurrence with the proposed changes, documentation of thorough civic engagement, comparability worksheets for all expanded amenity fees and all proposed fee rate changes. The package will be reviewed by the Washington Recreation Fee Office and submitted to me for approval. If there is significant public controversy a park may choose not to implement new fees, may phase in the new rates over 3 years, or delay the new rates until 2016 or 2017.

Contact: Washington Office Recreation Fee Manager, (202) 513-7132.

Recommendation 2

Begin the process of reevaluating the current fee model to determine necessary updates and establish intervals for periodic reviews to ensure the fee model remains up to date.

Once the parks have reached the correct rates in the model, and if there is continued public support, additional pricing adjustments may be warranted in the future to keep pace with inflation.

Contact: Washington Office Recreation Fee Manager, (202) 513-7132.

Recommendation 3

Examine the fee-change process to determine where it can be streamlined and change it accordingly.

The memorandum lifting the fee moratorium delegated civic engagement approvals to the Regional Directors eliminating the need to submit information to the Washington Office twice. The memo also included instructional materials and a standardized spreadsheet for documentation of civic engagement activities. This will help to streamline the process. 2015 is the first year that the moratorium has been lifted and we anticipate that there will be a significant number of fee increases. We will continue to look for ways to streamline and make improvements to the process.

Contact: Washington Office Recreation Fee Manager, (202) 513-7132.

Recommendation 4

Assess the current \$80 price for the Interagency Annual Pass and update the price accordingly.

When FLREA was passed in 2004 the five cooperating agencies worked together to create policies and pricing for the new America the Beautiful National Parks and Recreational Lands Pass. A study was done to determine the price. Since the law expires in December 2015 and Congress has not acted with new legislation or extension of the current law, the interagency working group has not proposed any change to the price. It is likely with renewed or revised legislation that the price of the pass will be reevaluated.

Contact: Washington Office Recreation Fee Manager, (202) 513-7132.

Recommendation 5

Update its commercial tour fee schedule.

In 2014 a lead was established to review the current rate structure and related logistics and background. That lead has interviewed the Washington Office Recreation Fee Manager, Deputy Fee Manager and Park Fee Managers to gain an overview of park logistics, bus size capacities, fee collection and tour operator considerations. She also engaged NPS commercial services personnel to gain an understanding of the relationship between the commercial tour fees and the issuance of commercial use authorizations. The lead is in the process of developing alternatives to share with NPS Management along with a civic engagement strategy for vetting it with the commercial bus industry. The Industry has expressed a strong interest to provide input and also has asked for at least an 18-month lead time so that new pricing information can be published in tour brochures and information. We anticipate that a revised schedule could be implemented in early 2017.

Contact: Washington Office Recreation Fee Manager, (202) 513-7132.

Recommendation 6

Expediently issue permanent guidance for managing commercial use authorizations.

The Commercial Services Program has been in the process of drafting guidance since the spring of 2013 when a workgroup was created to craft the language. Guidance has been drafted for several areas of concern including cost recovery, limiting CUAs, requesting financial information, non-profits and insurance. This draft guidance will be reviewed by regional and park personnel before a final draft is reviewed by solicitors and approved.

We are investigating and developing guidance to address recent changes in the interpretation of the law that will change how reasonable fees are established and how the money is spent. We are also investigating bringing bus tour operators into compliance with entrance fee collection and the commercial use authorization requirements for all commercial operators in national park areas. We hope to have this guidance published by October 1, 2015.

If you have any questions about these responses please contact Associate Director, Business Services at (202) 208-5651.

cc: Associate Director, Business Services
Recreation Fee Manager, WASO
Chief of Concessions, WASO

Appendix 7: Status of Recommendations

Recommendation	Status	Action Required
1 and 3	Resolved and implemented	None
2 and 4	Unresolved	We are referring these recommendations to the Office of Policy, Management and Budget (PMB) to track their resolution and implementation.
5 and 6	Resolved but not implemented	We are referring these recommendations to PMB to track their implementation.

Appendix 8: Updated Entrance Fee Model (as of 2014)

Group	Annual Pass	Per Vehicle	Per Person	Motorcycle
1	\$30	\$15	\$7	\$10
2	\$40	\$20	\$10	\$15
3	\$50	\$25	\$12	\$20
4	\$60	\$30	\$15	\$25

Source: National Park Service.

