

National Park Service  
U.S. Department of the Interior

Martin Luther King, Jr. National Historic Site  
Atlanta, Georgia



# Martin Luther King, Jr. National Historic Site

## *Commercial Services Strategy*

July 2013



DRAFT

## Acknowledgements

**This Commercial Services Strategy was prepared for Martin Luther King, Jr. National Historic Site (Martin Luther King, Jr. NHS) by the Business Management Group. Thanks are due to the following individuals for their generous help and support.**

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Courtesy of the National Park Service

## Signatures

**This Commercial Services Strategy has been recommended for implementation by the park Superintendent and approved by the Regional Director.**

**Recommended**

**Approved**

\_\_\_\_\_  
**Park Superintendent**

\_\_\_\_\_  
**Date**

\_\_\_\_\_  
**Regional Director**

\_\_\_\_\_  
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# Executive Summary

<to be completed after Public Meeting...>

# Commercial Services Strategy Purpose and Methodology

Martin Luther King, Jr. National Historic Site (Martin Luther King, Jr. NHS) developed a Commercial Services Strategy (CSS) to identify opportunities to enhance the park's mission and the visitor experience through the introduction of commercial services. The National Park Service (NPS) defines commercial services as any product, activity, or service offered to park visitors that uses park resources, and for which compensation is made to a third party. Commercial services play a vital role by offering park visitors services and activities that the government does not provide directly to the public.

A Commercial Services Strategy allows a park to:

- Describe park conditions for visitor use and commercial services as well as any relevant management policies;
- Detail potential commercial service opportunities as recommended by park staff, volunteers, partners, visitors, members of the public, and other relevant stakeholders;
- Create a necessary and appropriate criteria framework for quickly and easily evaluating commercial services;
- Map existing and potential services to the necessary and appropriate criteria framework and provide reasoning behind services deemed inappropriate;
- Determine high priority commercial services, ideal locations, and authorization vehicles;
- Outline an action plan for implementation

A variety of stakeholders provide input throughout the development of a CSS. Incorporating feedback from park staff, partners, volunteers, visitors, and the public ensures the document represents the perspective of the park's diverse stakeholder groups.

The CSS is typically a five-year strategy but can be updated to respond to changing conditions or proposals of new services. While the CSS identifies and validates future commitments of resources, it does not act as a compliance document, nor does it assess environmental impact. The park Superintendent recommends the final CSS and the Regional Director provides final approval.

## *Methodology*

This Commercial Service Strategy, written in the spring of 2013, began with a review of Martin Luther King, Jr. NHS' planning documents, including but not limited to, the 1985 General Management Plan and subsequent 1994 addendum, 2013 Long Range Interpretive Plan, 1997 Visitor Resource Study, 1995 Cultural Landscapes Report, and a draft of the 2013 Historic Structures Report, in conjunction with regional and park specific demographic data and tourism trends.

This report involved stakeholder feedback provided through focus groups conducted in early November 2012 as part of the park's Visitor Resource Study, conducted by the University of Idaho. Specifically, these focus groups consisted of two park partnership meetings (attended by nineteen partner representatives) and seven visitor focus groups (attended by thirty-four visitors). Concurrently, the Business Management Group conducted interviews with the management team, park staff members, as well as key park stakeholders.

Park management utilized the insights gained through the described methods to develop necessary and appropriate criteria and commercial service priorities for the park. These priorities were analyzed for policy and regulatory feasibility and vetted with the local community and park stakeholders during a public meeting, held on xx.

# Overview of NPS Commercial Services

The National Park Service defines commercial services as any activity or service that occurs in a park for which compensation is made. By law, the park superintendent must authorize all commercial services in writing. The three primary forms of commercial services include concession contracts, Commercial Use Authorizations (CUAs), and leases.

## *Concessions Contracts*

NPS provides commercial visitor services such as food, lodging, and retail through a third party business (concessioner) using a formal, legally binding concession contract. Concessioners must adhere to both necessary and appropriate standards to operate in the park. The National Park Service approves and authorizes all concession operations under delegation of authority through the preparation of a prospectus (solicitation of offers), review of proposals, selection of concessioners, and final contract execution. The 36 Code of Federal Regulations (36 CFR 51), issued April, 2000, details the described procedures.

Concession contracts constitute legal agreements between the Secretary of the Interior (or authorized delegate) and a concessioner that specify the range of facilities accommodation and services types the concessioner agrees to offer. By law, parks must issue all contracts by competitive bid. The typical contract holds a 10 year term, although under certain financial situations can extend up to 20 years with specific approval from the NPS Director.

The 1998 Concessions Management Improvement Act established three distinct contract categories. Parks may issue a *Category I* contract when the concessioner has or may obtain a leasehold surrender interest (LSI) by constructing or installing capital improvements within the park. A *Category II* contract is used in situations where a concessioner will operate on assigned land or in an assigned concession facility but will not be allowed to construct or install capital improvements. Finally, a park can issue a *Category III* contract in situations where no lands or buildings are assigned to the concessioner.

Concessioners pay franchise fees for the privileges granted by a concession contract. Franchise fees can consist of a percentage of gross receipts or a flat fee. Minimum franchise fees are determined through a

financial franchise fee analysis, and a competitive bidding process determines the final franchise fee. Eighty percent of franchise fees stay at the park, while the National Park Service Commercial Services Program retains the remaining 20%. Park cannot use these fees to fund permanent positions or expenditures that would normally be the concessioner's responsibility. They must be used for "purposes of funding high-priority and urgently necessary resource management programs and operations."

## *Commercial Use Authorizations*

NPS grants Commercial Use Authorizations to private businesses for commercial activities that have minimal impact on park resources, providing a relatively simple means of authorizing suitable commercial services to park visitors. CUA services must be deemed appropriate for the park unit, but do not have to meet necessary criteria. CUA holders typically do not have facilities inside the park. These out-of-park CUA services must originate and terminate outside the boundaries of the park. Small CUAs that gross less than \$25,000 annually may operate within park boundaries and can provide services that originate and terminate inside the park. Parks may not limit the number of CUAs issued for an activity unless supported by other approved policies and processes.

Commercial Use Authorizations are issued for a maximum of two years, and most typically for one year. Authorizations may be renewed contingent upon satisfactory performance and typically contain operating conditions or stipulations that designate use, such as defining specific locations and number of service days.

Monitoring of all commercial activities ensures that business operations occur in a safe, fair, and reputable manner consistent with the mission of the park. Additionally, monitoring supports compliance with resource protection conditions stated in the permit. The Cost Recovery Act authorizes NPS to collect all costs associated with CUAs. Three primary cost types determine the dollar amount that can be charged: application, administrative, and monitoring costs. (See Figure 1)

Figure 1: Elements of CUA Cost Recovery

Type of Cost	Costs Incurred	Typical Costing Method
Application	Costs that begin with the request for the use of park resources and end with the submission of an application form	Average costs derived from historical records
Administrative	Costs that begin when the completed application form is received and end with the final signing of the permit	Average cost derived from historical record
Monitoring	Costs that start when the CUA arrives in the park to perform permitted uses and end when the permitted use is over and the CUA leaves the area	Must reflect actual itemized costs

**Leases**

Current leasing authority authorizes exclusive use and possession of NPS buildings and associated land, or historic land for historic purposes (e.g., agricultural uses on a historic farm) for a specified period of time. The property must be considered unnecessary for the operation and use of the park and the proposed activity must not be subject to authorization through a concession contract, Commercial Use Authorization, or similar instrument. Parks may lease properties only for an activity and in a manner that is not inconsistent with the purposes established by law for the park.

Leases require, at a minimum, Fair Market Value Rent (FMV) consideration, and per DOI policy, the DOI Office of Valuation Services must approve all FMV appraisals. Parks compete any leasing opportunity unless the lease belongs to a non-profit or governmental entity, or has a term less than sixty days. Leases must go through NEPA compliance except when leasing historic properties in accordance with 36 CFR Park 18 and NPS-38.

Historic leases are subject to section 106 of the National Historic Preservation Act, which requires federal agencies to take into account

the effects of their undertakings on historic properties and to afford the Advisory Council on Historic Preservation a reasonable opportunity to comment. For Martin Luther King, Jr. NHS, Section 7 (c) of its enabling legislation also requires “plans for the construction, exterior renovation, or demolition of any structure or change in land use within the preservation district by the National Park Service or any Federal agency must be submitted to the Atlanta Urban Design Commission in a timely fashion for its review and comment.”

NPS recommends for all leases to have as short a term as possible, taking into account the financial obligation of the lessee and other factors related to determining an appropriate lease term. No lease shall have a term of more than 60 years.

**Special Use Permits**

In addition to the three primary commercial service authorizations described, park superintendents may authorize special events, as long as they meet the same criteria as other special park uses and provided the event contributes to visitor understanding of the park.

NPS does not permit the staging of special events that are conducted primarily for the material or financial benefit of participants or that involve commercialization, advertising, or publicity by participants. Parks may not permit events that charge a separate public admission fee unless the event is directly related to the purposes for which the park was established.

Figure 2 summarizes much of the information in this section and allows for quick comparisons of the various commercial services categories available to parks. Appendix A provides additional detail on the primary commercial service authorizations as well as an overview of other commercial services tools, such as commercial filming and photography and Rights-of-Way permits.

Figure 2: Overview of Commercial Service Authorizations

	Instrument			
	Concession Contract	Commercial Use Authorization (CUA)	Lease	Special Use Permit
Description	Visitor services such as food, lodging, and retail provided through a third party business under a formal, legally binding contract.	Authorization to provide visitor services that have minimal impact on park resources. CUAs do not typically require in-park facilities.	Exclusive use and possession of NPS buildings for a specified period of time for activities that are consistent with the mission and values of the NPS but not subject to authorization as a concessions contract or CUA.	Activities in the park that benefit an individual or group rather than the general public, require NPS management, and do not impair resources.
Types	<p><u>Category I:</u> May obtain leasehold surrender interest (LSI) by constructing or installing capital improvements within a park.</p> <p><u>Category II:</u> Operates on assigned land or assigned concession facility but will not be allowed to construct or install capital improvements</p> <p><u>Category III:</u> No lands or buildings are assigned to the concessioner</p>	<p><u>In-park:</u> Gross receipts less than \$25,000; allowed to conduct business and be assigned an area within park boundaries</p> <p><u>Out-of-park:</u> Gross receipts more than \$25,000; cannot conduct business or be assigned an area inside park boundaries</p>	<p><u>Historic properties:</u> 39 ½ year lease - 20% tax credit of restoration (for income producing properties only)</p> <p><u>Short-term:</u> Up to 60 day lease that can be issued non-competitively. Ideal for events, weddings, etc.</p>	Includes Commercial Filming and Photography, Special Events, Rights-of-Way, and Use and Occupancy (refer to Appendix A)
Necessary & Appropriate Criteria Requirement	Necessary & appropriate	Appropriate only	Appropriate only	Appropriate only
Length	10-20 year contract	Up to 2 years	Up to 60 years	Up to 5 years
Fee Structure	Franchise fee – 80% retained by park. Retained funds must be used for visitor services as well as high-priority resource management programs and operations, and can fund term or seasonal positions directly related to these projects. 80% funds cannot be used to fund permanent positions.	Cost recovery only	Rental fee – 100% retained by park. Retained funds must be used to finance park repairs, renovations, maintenance of park facilities, and infrastructure.	Cost recovery only
Regulatory Mechanisms	36 CFR Part 51; Director's Order #48A; Public Law 105-391	16 USC 5966; Director's Order #48B	36 CFR Part 18	Director's Order #53; Director's Order #21; 36 CFR 2.50; 36 CFR 7.96



# Overview of Martin Luther King, Jr. National Historic Site

On October 10, 1980, Congress established Martin Luther King, Jr., National Historic Site and the Martin Luther King, Jr. Preservation District “in order to protect and interpret for the benefit, inspiration, and education of present and future generations the places where Martin Luther King, Junior, was born, where he lived, worked, worshipped, and where he is buried.” (Public Law 96-428). The park consists of 38.38 acres, 13.08 of which are federally owned. Thousands of visitors come annually to learn about the life experiences and the significance of one of the most influential men in the 20<sup>th</sup> century.

## *Park History and Background*

Dr. Martin Luther King, Jr., a leader of the modern American Civil Rights Movement, is known and honored throughout the world for his leadership in the struggle for equality and for his philosophy of nonviolent social change. The Martin Luther King, Jr. National Historic Site, located in the historic east side Atlanta community where King was reared and to which he later returned in the height of his activism, commemorates King's lifetime achievements. The park preserves the King Birth Home and the immediate historic neighborhood where King spent his youth. The larger “Sweet Auburn” community served as the economic, cultural, and religious center for Atlanta's segregated black population from 1910 through the 1960s and greatly influenced King throughout his life.

The protection and interpretation of this historic neighborhood allows present and future generations to see the area as Dr. King knew it when he was a child. By experiencing the places where he was born, worked, worshipped, and is buried, visitors learn to understand Dr. King and his leadership of the modern American Civil Rights Movement.

Major resources of the park include the Birth Home of Dr. Martin Luther King, Jr.; Ebenezer Baptist Church (Dr. King's spiritual home and the church where he served as co-pastor with his father from 1960 to 1968), the Martin Luther King, Jr. Center for Nonviolent Social Change (“The King Center”) where Dr. King is buried, and the Historic Fire Station No. 6. The park consists of the Birth Home block, as well as a significant portion of the residential neighborhood where Martin Luther King, Jr. spent his childhood. Additionally, the park includes a portion of

Edgewood Avenue, which preserves the flavor of the historic commercial portion of the community. In all, the park manages 67 historic structures, most of which were built between 1890 and 1910.

The Martin Luther King, Jr. Preservation District surrounds the National Historic Site and encompasses Dr. King's broader childhood environment. The area includes 230 historic structures in both commercial and residential portions of the Sweet Auburn and Old Fourth Ward neighborhoods. Within the preservation district, NPS assists owners of historic structures to preserve and interpret their properties. (See Figure 4 for a map of Martin Luther King, Jr. NHS and Preservation District)

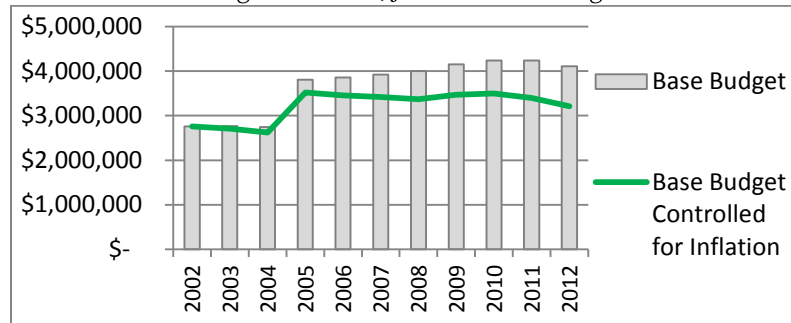


Dr. King Birth Home

**Park Operations and Current Commercial Services**

In FY 2012 Martin Luther King, Jr. NHS managed a base budget of \$4,239,000, a 3% decrease from FY 2011. The park employed 33.1 full-time equivalents in FY 2012 and received over 703,600 visitors.<sup>1</sup>

Figure 3: MLK, Jr. NHS Base Budget



Currently, no concessionaires or Commercial Use Authorization holders, outside the park’s bookstore, operate within Martin Luther King, Jr. NHS, and have historically never done so. However, the park does manage a leasing program to the broader community. The park rents twenty-eight units along Auburn Avenue and Boulevard Northeast to the general public as housing, and ten units to park partner organizations, a barbershop, and as short-term rentals to government employees and volunteers. In FY 2012, the park collected \$197,582 in rental revenue. The park uses these funds to finance repairs, renovations, maintenance of its facilities, which in turn frees up base funds for other park operations.

The park’s cooperating association, Eastern National, operates a bookstore located at 497 Auburn Ave, the facility immediately adjacent to the Martin Luther King, Jr. Birth Home. The bookstore sells posters, books, recorded speeches, and other interpretive educational items to park visitors. In FY 2012, store sales exceeded \$388,400 (\$0.55/visitor), a 14% increase from FY 2011, when the bookstore brought in \$339,454 (\$0.54/visitor) in total sales.

**Key Partnerships**

Within park boundaries, partner organizations fully manage The King Center and Ebenezer Baptist Church. Established in 1968 by Mrs.

Coretta Scott King, The King Center preserves and operates the Freedom Hall Complex and The King Center Administrative, Library, and Archives Facility. The latter building holds the largest collection of documents, photographs, and memorabilia related to Dr. and Mrs. King’s involvement in the modern American Civil Rights Movement.

The historic Ebenezer Baptist Church, where Dr. King and his father Martin Luther King, Sr. pastored, has operated since 1886 and continues to provide urban-based, global ministry to the community. In November 2012, Ebenezer Baptist Church opened the Martin Luther King, Sr. Community Resource Center. The center, located next to the Martin Luther King, Jr. NHS’ Visitor Center, offers a large conference space (seating capacity: 500 reception style or 275 banquet style). Additionally, the complex provides boxed lunches and a catering service Monday through Friday. In the future years, the center hopes to open a café for visitors and expand its operations to include weekend hours.

Outside of park boundaries, the larger Preservation District protects the surviving core elements of the Sweet Auburn community’s commercial district, including the headquarters of the Southern Christian Leadership Conference at Prince Hall.

To park visitors, Martin Luther King, Jr. NHS, The King Center, Ebenezer Baptist Church, and the larger Preservation District operate as one cohesive experience. Therefore, commercial service activities provided at the park must take into consideration any impact on park partners and the surrounding community. All commercial service recommendations proposed in this document aim to enhance and improve the overall visitor experience across the park and its stakeholders. The park strives not to compete with its partners’ offerings, but rather to provide complementary services and activities for the benefit of the public.



Ebenezer Baptist Church



Freedom Hall Complex, The King Center

<sup>1</sup>: A full-time equivalent is equal to 2,080 hours of work per year. Martin Luther King, Jr. NHS

Figure 4: Map of Martin Luther King, Jr. National Historic Site

