



Sequoia and Kings Canyon National Parks

Commercial use under the Wilderness Stewardship Plan

Selected Allocation Alternative and CUA Program Changes

Background:

The Sequoia and Kings Canyon National Parks (SEKI) Wilderness Stewardship Plan and Final Environmental Impact Statement (WSP) and the Extent Necessary Determination (END), approved on May 17, 2015, establishes limits on commercial services in wilderness. SEKI began implementing elements of the WSP in 2015, immediately after signature. That fall SEKI began planning for the END implementation, with January 1, 2018 as a target start date. To allow for stakeholder and public input in the important process of alternative refinement and selection, park staff held public meetings in 2016 and 2017, as well as a 30-day public comment period. At the close of the public comment period, an interdisciplinary team of park staff analyzed the alternatives and public comments, and recommended an alternative to the Superintendent for selection and implementation.

Selection:

SEKI selected Alternative 2: Limited CUAs, Hybrid CSD allocation, as the initial CSD allocation method for the 2-year CUA and CSD allocations issued for operations in wilderness 2018-2019.

Alternative 2: Limited CUAs, Hybrid CSD allocation, received an equal rating of positive and negative feedback in the public comments. This alternative limits the number of CUAs available for stock and non-stock services to levels consistent with the average number of CUAs operating during the time of the END analysis, 2010 through 2013. Selected applicants receive 2-year CUAs. Operators with unsuccessful submissions do not operate in SEKI in 2018-2019, but have an opportunity to re-apply for the 2020 season.

Summary analysis of Alternative 2: Limited CUAs, Hybrid CSD allocation:

- Maximize Market Competitiveness
 - Medium: Allows for a limited number of operators, but dynamic, market shares. Operators will have guaranteed allocations and can apply from a first-come, first-served pool of CSDs for confirmed bookings until CSD caps are met.
- Maximize Fairness
 - Medium: Operators compete against known, published criteria, and NPS selects applicants based on a competitive process.
- Maximize Efficiency
 - High: Distributed CSDs will fluctuate with successful application numbers until CUA caps are met, and authorized operators will use up first-come, first-served CSDs based on confirmed bookings, resulting in few to no unused CSDs.

- Maximize Business Stability
 - Medium: High stability for those awarded a CUA, but recurring risk of not winning a CUA and being unable to operate in the parks, and considering max term of a CUA is 2 years.
- Minimize Administration
 - Medium: Operators compete and NPS conducts selection for each competitive CUA, pool CSDs are issued for confirmed bookings until caps are met, relatively low number of CUAs decreases administrative burden, higher bar for market entry minimizes new operators who require more effort from NPS.

SEKI decided against Alternative 1 because the alternative results in an untenable situation in which the number of CUAs grows to the point that they receive too few CSDs to maintain viable businesses. SEKI determined that such a scenario would not serve the interests of the visiting public that relies on commercial operators for introductory wilderness experiences, would impose an unnecessary financial hardship on longstanding high-quality wilderness commercial operators, and would limit the parks' ability to provide commercial authorizations to only the highest qualified operators.

SEKI decided against Alternative 3 because the alternative does not allow for market dynamism via a first-come, first-served pool and, because of the introduction of high and low-use tiers, results in twice the competitive qualitative rounds assessed by the park vis-à-vis Alternative 2. Also, as noted in the public comments, Alternative 3 introduces risk for those medium-to-large operators who do not successfully compete for a high-use CUA. The park considered the option of allowing CUA applicants to apply to both high-use and low-use business opportunities, but decided that such a scenario would encourage all operators to apply to both opportunities, which would add significant administrative challenges to the qualitative assessments.

Implementation:

The Commercial Services Office will implement the following changes to the CUA program for the 2018 season.

- Wilderness CUA applications will only be available during a designated 'open season.'
- The term of the CUA will be up to 2 years.
- Depending upon the number of complete applications received, the Park will limit the number of Wilderness CUAs issued in total, by CSD category, and possibly, by activity type, as described in Alternative 2. The Park will use a competitive process to review CUA applications in order to ensure that safety and resource considerations are appropriately addressed.
- The Park will move to the Market Price method for collecting fees. The Park will assess a fee of 3% of gross receipts for operations that gross less than \$250,000, 4% on gross receipts for the next \$250,000, (up to \$500,000) and 5% for the gross receipts over \$500,000. The non-refundable application fee will be deducted from the 3% of gross receipts before CUA Holders remit payment at end of the operating period.
- The Park will increase the minimum qualifications and skills required for guides.
- The Park will utilize a system for reporting commercial use that allows operators to self-report commercial use via Visitor Use Statistics Report (NPS Form 10-660A). *DeMinimis* entry is a term used by SEKI to distinguish use at and along the Sierra Crest where entry into the park is unverifiable and too trivial or minor to merit consideration in reporting of CSDs.
- The Park will engage stakeholders through public meetings and other forums to evaluate the implementation of Alternative 2 and any future adjustments to CSD allocations, CUA limitations, or the introduction of concessions contracts.