

ADMINISTRATIVE POLICIES OF
PUBLIC PARK CONCESSIONS

Thesis for the Degree of M. S.
MICHIGAN STATE UNIVERSITY

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1958

**ADMINISTRATIVE POLICIES OF
PUBLIC PARK CONCESSIONS**

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A THESIS

**Submitted to the School for Advanced Graduate Studies of
Michigan State University of Agriculture and Applied
Science in partial fulfillment of the requirements
for the degree of**

MASTER OF SCIENCE

Department of Resource Development

June 1958

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ACKNOWLEDGMENTS

I should like to express my foremost gratitude to Dr. Arthur T. Wilcox and Instructor Leslie M. Reid of the Park Management Office, Resource Development Department, who have guided me with wisdom and encouragement throughout this study. I am also grateful to Dr. William D. Baten, statistician, whose advice was very helpful in the compilation of the questionnaire in this study.

It would be impractical to list the numerous park agencies which actively cooperated in responding to requests for information. However, credit must be given to Mr. Bernard G. Memmel of the Milwaukee County Park Commission for his sage advice and intense interest in this effort.

Credit is also due to the staff of Funspot Magazine and its publisher, Mr. Maynard L. Reuter, for their cooperation in furnishing statistical data.

Finally, recognition is given to the thousands of loyal park concession personnel who daily and unselfishly contribute their efforts to enhancing the pleasure of millions of park visitors—it is to the fulfillment of their endeavors that I humbly submit this study.

Seymour M. Gold

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CHAPTER I

INTRODUCTION

Basic Definition

Any public park facility of a food, merchandising, or public accommodation type which is owned, operated, or maintained by a public agency or leased out to a private individual or corporation, and whose primary function is public service with a by-product of some profit to those parties responsible for its ownership, operation, or maintenance, shall be known as a park concession.

Objective

The objective of this study is to list, elaborate upon, and draw presumptive conclusions relating to a series of selected administrative policies common to most contemporary public park concessions.

Scope

The scope of this study deals with concessions found on the municipal, county, state, and national park levels within the

United States. This study covers only the food, merchandise, and public accommodation type of operation, as defined by the author.

Viewpoint

This topic is discussed solely from the viewpoint of the public park agency. The viewpoint of the private concessionaire is omitted for the sake of brevity and clarity of content.

Method of Approach

The method of approach used in this study includes an exhaustive examination of all available reference material, personal interviews with experts in this field, and correspondence with and a survey of selected representative park agencies.

Definition of Terms

The wide diversity of this subject makes the following definition of terms prerequisite to all further research. These terms are defined by the author only as they pertain to the subject in point and are not meant to be literal dictionary definitions of same.

1. Revenue—Any income received by a public or private agency for its ownership, operation, or maintenance of

a facility; or for the goods or services it provides to the park visitor.

2. Profit—The excess of income over expenditures received by a public or private agency for its ownership, operation, or maintenance of a facility; or for the goods or services it provides to the park visitor.
 - a. Gross profit—The excess of receipts over expenditures directly involved in the operation; not deducting for interest on debts, insurance, salaries and wages, administrative expenses, taxes, depreciation, and amortization of investment.
 - b. Net profit—The proceeds remaining after deduction of all forms of expense or outlay involved in, or incidental to, the entire operation.
3. Service—The act, instance, or element of supplying the needs of the park visitor in order to enhance, increase, and generally improve his use and appreciation of the entire area or any part thereof.
4. Food—Any nutritive substance which is sold to the park visitor.
5. Merchandise—Any good, excluding food, which is sold to the park visitor.
6. Facility—Any enclosure, structure, device, or limited area which promotes use or pleasure to the park visitor. Examples might include a parking lot, swimming pool, picnic table, barrier, vending machine, golf course, or drinking fountain.
7. Food facility—Any enclosure, structure, or device devoted exclusively to providing the park visitor with a food service.
8. Merchandise facility—Any enclosure, structure, or device devoted exclusively to providing the park visitor with a merchandise service.

9. Public accommodation facility—Any enclosure, structure, device, or limited area containing or dispensing to the park visitor a profit-yielding service. (See major and minor premises for a further clarification of a profit-yielding service.)
10. Concession—At the present time more than a dozen names for the facility or service in question are in general use throughout the country. Several of the more common ones and a brief explanation of their inaptness is noted here:
 - a. Special service facility
 - b. Sales and service facility
 - c. Sales facility
 - d. Service facility
 - e. Service center
 - f. Commercial facility
 - g. Trading post
 - h. Public accommodation facility
 - i. Revenue-producing facility
 - j. Concession

Any of the above names (a through f, inclusive) containing the words "service," "sales," or "commercial" are neither explicit nor conotative enough of a food, merchandising, or public accommodation type of facility. The term "sales" implies an undesirable commercial conotation to the operation which should not be evident in public parks. The term "service," as commonly used, is vague and not particularly indicative of the concession type of facility, for it could be referring to a broom closet, dish storage, gas station, officer's club, nature interpretive center, grease rack, or a house of worship.

- g. Trading post—Reasonable in a semantic sense, and quite romantic per se; but neither timely nor appropriate for most contemporary park situations.
- h. Public accommodation facility—A reasonable term, but not nearly specific enough to clearly differentiate the concession from the myriad of facilities implied by this term. The facility in question could be a toilet, boat dock, parking lot, tennis court, picnic table, or drinking

fountain, most of which are seldom, if ever, thought of as concessions.

- i. Revenue-producing facility—A reasonable term, but ambiguous in several respects. All food, merchandise, and public accommodation facilities, as defined, are profit-producing facilities; but not all revenue-producing facilities are of a food, merchandising, or public accommodation nature—hence the term does not generally apply.
- j. Concession—Popularly accepted, but in error by dictionary definition if a government agency owns and operates its own facilities. A concession is a right or a grant of premises or powers from one party to another for some specific purpose. It must involve two or more parties. The word is a misnomer in speaking of any facility owned and operated solely by one party. This term is acceptable for use only in leased operations; hence it cannot be universally used in a correct, grammatical, and definitive sense.

Obviously, there can be no appropriate term chosen when this method of nomenclature is used. The closest any term comes to being anywhere near correct is the popularly used misnomer “concession”; but even this is only partially correct, assuming approximately 50 per cent of all concessions are leased out.

If no new term of any consequence can be chosen to fit the diversified types of operation with which this dissertation is concerned, and none of the existing names are wholly suitable, it follows that the best alternative is to establish a new set of definitions for the term in most popular use today; this term is “concessions.” This is the simplest term and the one most acceptable to the park

profession. Redefining "concession" is the least conflicting course of action to take, for it is easier to redefine a common word than to substitute another; hence the author submits the following new definition of a park concession:

A park concession is any public park facility of a food, merchandising, or public accommodation type which is owned, operated, or maintained by a public agency or leased out to a private individual or corporation; and whose primary function is public service, with a by-product of some profit to those parties responsible for its ownership, operation, or maintenance.

Major and Minor Premises

To further substantiate the above definition and to limit the wide variety of facilities which might be included in this study, the following premises are in order.

Major Premise

No group of concessions within any particular park system, which provide a special service to the public, should be operated at a loss. Furthermore, said facilities must average, barring abnormal business fluctuations, a yield of some revenue to the park agency or general tax fund over and above the maximum costs of operation and maintenance.

Minor Premise—No-Charge Facilities

Any facilities of the food, merchandising, or public accommodation type which do not yield any profit to the park agency are not concessions, but are of the general park operations type of facility such as the no-charge restroom, parking lot, or boat dock.

Minor Premise—Token-Charge Facilities

Any facilities of the food, merchandising, or public accommodation type which operate at a deficit or are subsidized in any manner by public funds are not to be considered concessions, but are to be classed with the general park operations type of facility even though a token charge or fee is levied for the use of said facility. Examples of this type of facility are most public swimming pools and bathhouses where the token admission fee does not cover the cost of the installation and its operation.

Basic Assumptions

In addition to the foregoing premises, the following basic assumptions are necessary to remove any ambiguities and still further delineate the subject matter:

1. No private individual will operate a public facility with a proprietary motive if he cannot justify his expenditure of land, labor, and capital with some economic consideration over and above the cost of operation. This excludes nonprofit organizations of a charitable and civic nature which participate in such undertakings as nonprofit service projects for the community.

2. The general public attitude is one of expectation to pay for certain governmental special services (e.g., food, beverages, merchandise, golf courses) at the same prices which a private businessman would charge.

Correlation of Definitions, Premises, and Basic Assumptions

The question in point is not one of whether fees or charges are to be assessed to park visitors for concession services received, but rather how, when, why, and by whom these fees and charges are to be administered, and which specific policies have proved the best in the eyes of a representative sampling of the park profession.

It is generally accepted by both the general public and park administrators that fees should be charged for special services such as concessions. The question of the proper charge or the amount of revenue to be obtained is not the concern of this study, for this

would place the emphasis on the quantitative amount of revenue to be collected instead of on the administrative policies involved.

The fact¹ that most park agencies do operate their concessions at a small but not negligible profit cannot be neglected in favor of popular public idealism or concealment on the part of many park administrators. Thus, the subject matter of this thesis is limited to the following major points:

1. What are concessions?
2. Why are they necessary?
3. What is their historical background, present status, and projected future?
4. What are the major media of concessions?
5. What generic types of concessions are common to most park systems?
6. How can a service with profit motive be justified?
7. How are the derived revenues distributed and to whom?
8. When is it most advantageous to the park agency to lease out a facility as opposed to self-operation of same?
9. Who, at the present time, is actually operating park concessions and why?
10. What major conclusions are evident as a result of this study?

¹Table IV, Appendix A.

The Purpose of Parks

A park is defined as any area of public land or water set aside for recreational use. Although the specific purposes of any given park area may vary, the general purpose of most parks is to provide an outdoor area to service the public in whatever manner their demands, tempered with good administrative judgment, may be deemed necessary. A park can be justified from a social, economic, educational, physiological, or inspirational aspect. The prime underlying criterion of justification is constructive use.

Functions of a Concession

The function of any concession, regardless of its type, location, size, or degree of use, may be separated into two major categories: the primary function, without which the concession would cease to exist; and the secondary functions, which are supplementary and not absolutely essential.

Primary Function

Service to the park visitor

The service function is one of meeting the justifiable desires and needs of the average park visitor in order to enhance his

enjoyment and use of the park. The element of profit is not to be so construed as a primary function per se. An elaborate rationalization and discussion of this function is presented in Chapter V under "Justification of Service with a Profit."

Secondary Functions

Public relations for the park agency

Second only to the service function is the value of a concession as a prime public relations medium for the park agency. Public relations simply defined is "doing good and telling others about it." The concession fulfills this definition by its very existence, assuming it is properly administered and maintained.

The essence of good public relations is to convey a message to as many people as possible at the lowest cost. The concession becomes an invaluable tool to accomplish this; for seldom is a park agency able to reach more different types of "publics," in such an unobtrusive manner, as through the common food and drink concession. Coupled with reaching these large groups of people is the all-important cost factor. A concession in this respect operates contrary to many public relations practices in that it furnishes a park agency with relatively expensive public relations at little cost.

Most park officials agree that promoting their system to the public is an important facet of administration. Here the concession is a dominant force; for in selling its goods and services, it unconsciously conveys a feeling of good will to the park visitor even though he is paying for the services received. Provided the service is adequate, efficient, and consistent, there is little alternative but for the public to think well of the concession and the agency responsible for its operation.

The line of demarcation between advertising and public relations is easily breached. Throughout this study the use of advertising in parks is frowned upon as not being in good taste; yet here public relations is advocated as a medium of advertising. Public relations as an advertising medium in parks is justifiable only as long as it takes the form of good service and not costly, commercial activities.

One often-neglected aspect of public relations is the "sounding-board concept" whereby an agency can use its concessions as a gathering depot of public opinion. An attentive, receptive concession attendant can detect the slightest note of park visitor dissatisfaction in an unsuspecting manner; for the public is usually quick to unleash its verbal feelings at this front line of park concession personnel. The value of these primary contacts cannot be underestimated for

public relations is an alternating system of communication, the inflow of ideas being nearly as important as the outflow

Guiding use of the area serviced

In an unobtrusive, silent manner a concession, by means of the goods or services it renders to the using public, can guide the general use patterns of the area. The idea is one of positive persuasiveness, rather than militant, negative measures. The pattern of use any specific area will follow is easily influenced by the nature of the facilities available to the user; hence it follows that a concession becomes a dynamic controlling force in establishing various use patterns for any given area. Examples of this precept are shown in these hypothetical instances:

1. A park store in a relatively unused picnic area installed a complete line of barbecue foods and accessories where previously it had specialized in fishing equipment. Immediately the public demand for picnic sites in the area doubled as the park administrators had anticipated, thus relieving the pressure on another more convenient but overcrowded picnic area.

2. A concession granted to an artist to paint portraits of park visitors and sell paint and photo supplies brought about a surge of interest in painting, photography, and nature interpretation

in a small area previously seldom frequented by the average tourist.

3. Park administrators in a small city were plagued by the loss of trees and shrubs because of the lack of wood for picnic stoves. A charcoal vending machine was installed which considerably reduced this loss of vegetation while yielding a small profit to the park agency.

An educational medium for the park visitor

In a direct and indirect manner the concession serves as an educational medium in distributing its goods and services to the park visitor. The concession is not meant to be a primary source of education, but rather to act as a supplement to any already established interpretive services.

Some examples of the direct type of educational goods a concession is capable of dispensing are: interpretive literature, appropriate souvenirs, and special or historic foods peculiar to the area. Several of the direct type of educational services common in many parks are the rental of viewing devices and naturalist supplies; or the charged-for admission to museums, restorations, observation towers, or planetariums.

Among the indirect type of educational goods available at most park concessions might be the sale of water wings to aid the novice swimmer or packets of flower seeds to the would-be gardener. Examples of indirect educational services many concessions dispense are printed slogans, rules, or philosophies on food containers which may add to the visitors' enjoyment or appreciation of the area.

A supplemental source of revenue for the park agency

The vindication of a supplemental source of revenue for the park agency is paramount of all points in this study. The capacity of a concession as a medium yielding supplementary revenue to the park agency is perhaps the most controversial of all the functions. In order to consider this function objectively and not contradict the element of service as the primary function, an elaborate discussion is required. This is treated at length in Chapter V under "Justification of Service with a Profit."

Protection of the park visitors' health and welfare

Closely allied to, yet not perceptively different from, the primary function of service is the function of protection of the park visitors' health and welfare. Although this function receives relatively little thought or attention, because it is so often taken for

granted, it nevertheless is exceedingly important in light of the ultimate responsibility a park agency must assume for its concessions, no matter who operates them.

Several examples of this function are: close park agency cooperation with the local health department to enforce food handling requirements, rental of aquatic and athletic safety equipment to boating and athletic participants, providing special sanitary facilities on a rental basis, availability of safe charged-for overlooks, and the sale of common relief-giving items such as sunburn creams, aspirins, or stomach disorder tablets.

Concessions as Secondary Operations

The concession should exist for the park, and not the park for the concession. Any case where the latter is in effect is indicative of these following generally accepted malpractices of concession administration, design, or management.

1. Misguided circulation as a factor of design, causing the public to place use emphasis on the concession rather than on the area or facility the concession is meant to service. An example of this might be a gaudily lighted, noisy refreshment stand immediately

adjacent to, and distracting from an illuminated, pleasant sounding ornamental fountain.

2. Administrative policies and motives which allow the concession to dictate in a distasteful manner the degree or quality of use for the area it services. This could be accomplished by a number of methods to include serving only certain types of specialized foods, unreasonably high or low prices, or unusual hours. The following example is cited to point out what could occur: A concession serving only beer and pretzels to minors at midnight would not be in the best interests of most parks, and when patronized would make the entire park exist as a supplement to the concession.

3. Management practices which allow undue commercialism in the form of advertising or sales gimmicks that place the emphasis on maximum income production rather than service. A timely example might be the practice of giving trading stamps to each park visitor with his purchase.

Even though a concession by definition must operate at a profit, this is no excuse for it to become commercial in nature, nor is there any absolute reason for its assuming any other role than that of a secondary type of operation without exceeding its basic functions of supplementary, silent (without advertising) service to the public.

CHAPTER II

A HISTORY OF PARK CONCESSIONS

No amount of research into any subject as colorful and human as park concessions could be complete without a historical sketch of their origin, development, present status, and future trends. Though concessions have not played any significant role in changing American history, the converse is true; because social, political, and economic history has wrought a pattern, park concessions were to follow to their present state of evolution. A pursuit of this history and its interrelated forces is essential to an understanding of the present and projected administrative policies of public park concessions.

Origin and Development

Park concessions in North America have gone through four major periods in their evolution. These major periods are separated by the author into the following:

| | |
|-----------------------------------|--------------|
| The Colonial Period | 1600—1800 |
| The Romantic Period | 1800—1890 |
| The Exploitation Period | 1890—1928 |
| The Contemporary Period | 1928—Present |

The following is a brief examination of each of the above periods which emphasizes the underlying factors responsible for the development of concessions.

The Colonial Period

The period between the years of 1600 and 1800 ushered in the origin of government concessions of the food, merchandising, and public accomodation type. On May 2, 1670, when King Charles II of England granted the Hudson Bay Company an exclusive right to sell food and merchandise in the trackless wilderness to the trappers and Indians in exchange for furs, the first known evidence of a formal concession in a natural area was recorded.²

Although this was a far cry from the modern picture of concessions, the idea was not, for even then these trading posts in the primeval wilderness were called "concessions."³ Granted, the setting and objectives were not exactly the same as the modern concession, in that people used these outposts in the wilderness to fulfill their survival rather than their recreational needs; however, the idea of service at

²Douglas MacKay, The Honourable Company (Indianapolis, New York: Bobbs-Merrill Company, 1936), p. 18.

³MacKay, p. 20.

a profit was ever-present to all concerned with this adventuresome enterprise. Even the King was interested in obtaining revenue for his depleted royal treasury, as is evidenced by this passage.⁴

On the Foundation of the company a presentation of three hundred pounds in the original stock (a sizeable sum) was made to H.R.M. James Duke of York, who granted the Charter to the Company.

During this period public parks began to make their entrance to the American scene in the form of the village green or commons. Boston established its famous Commons Park in 1634.⁵ Soon other colonies followed suit, but nowhere is any mention made of park concessions during this period. Time passed quickly in a rapidly growing country; parks were established and improvements initiated, but concessions, it seemed, would have to wait for the impetus of public demand so necessary to their inception.

The Romantic Period

The demand for concessions came in the "romantic period" which occurred between the years of 1800 and 1890. This era brought with it a lightness, gaiety, and color never since matched

⁴MacKay, p. 43.

⁵Charles Doell and Gerald Fitzgerald, A Brief History of Parks and Recreation in the United States (Chicago: The Athletic Institute, 1954), p. 16.

on the American scene. People thronged to parks, or pleasuring grounds, as they were called. The Sunday afternoon walk and the daily evening stroll in the park became an American institution and along with it, the forerunner of all contemporary concessions, "Tony, the peanut vendor."

It became a common sight to observe a wandering peanut vendor, accompanied by an organ-grinding monkey on a chain, strolling among the pleasuring citizens. This was not only the origin of concessions in American parks, but the first mobile-unit type of facility as well.

Soon the lone peanut vendor was joined by a colorful assortment of shouting peddlers, singing bootblacks, and bearded photographers reminiscent of this era. These self-appointed concessionaires could and did wander at will throughout the parks selling their wares in any manner they deemed proper.

There is evidence of few, if any, well organized park agencies during this period, hence control was limited solely to the policeman on duty who, practically speaking, had neither the authority nor the concern to deal with what had started out as a public service, but was rapidly becoming a public problem. The seed of another era to come was already in the making. Lack of any central authority to control these self-appointed businessmen brought upon the park scene

an almost unbelievable cloud of dishonesty, nuisance, and clutter foreshadowing the next and darkest period to come in the relatively brief, but dynamic history of park concessions.

The Exploitation Period

The third and darkest era in the history of concessions has been termed by many as the "era of exploitation." This relatively short period between 1890 and 1928 left a blot on the face of concessions difficult to erase in later years. No understanding of the present status of concessions could be complete without an inspection of the activities by the concessionaires in this era and their consequences to the park visitor.

Parks were rapidly expanding at this time, keeping pace with the enormous strides the nation was taking as the industrial revolution left its mark on the populace. People were beginning to realize the value of "breathing space" amid the towering skyscrapers, closely crowded gingerbread houses, and sooty factories which were rapidly mushrooming into what seemed like every available area.

The recognition of recreational space made itself manifest with the rapid rise of park systems in most of the larger cities. People wanted not just recreational space, but an enriching use of this space to accommodate their needs. They began to demand an

end to the corruption, filth, irresponsibility, and incompetence which ran rampant in the army of self-appointed concessionaires over-running the parks.

Until this time park administrators had made little, if any, attempt to control what had developed into a perplexing problem of far-reaching proportions. The following description by Robert Moses, commissioner of parks in New York City, is a good account of the general conditions in this era.⁶

The smaller concessions have been parceled out to the aged, the blind, the lame, and the needy, and to war veterans on the theory that these people should be taken care of by the Park Department, irrespective of the need for the concession or the ability of the concessionaire to render adequate service. There can be no doubt that the granting of permits for all classes of concessions were influenced by political considerations. Licenses were granted after clandestine meetings behind closed doors. Permits were obtained by political captains for people in their districts. Permits were given to mere brokers who in turn peddled them to incompetent or irresponsible assignees. There are indications that, in some cases, monies were paid by concessionaires to a public official or to campaign funds. No thought apparently was given to the real public necessity of a particular concession in a particular park area or the fact that it might unnecessarily and unfairly compete with private enterprise. We found a great many complaints by small storekeepers who paid heavy taxes for stands while licensed peddlers in parks paid only nominal fees. The concessions were in the most part let at a public bidding. This did not prevent favoritism. In practice it prompted and abetted trickery. In many cases the conditions under which the license

⁶Robert Moses, Concessions in City Parks (New York: New York Park Department, 1934), p. 3.

was to be operated, as provided in the notice for bids, were altered after the award was made by increasing the prices the licensee could charge, by extending the area in which he could operate, and by other ingenious devices. It is obvious that word was passed around that if the right man put a low bid in he would not have to worry later about the inspection and enforcement requirements. This gave the favored bidder the necessary advantage, made a joke of public bidding, and foisted on the city an undesirable concessionaire. It also frightened off competent people who quickly learned that open bidding was simply a thinly disguised racket.

In regards to operation, there were no indications that the park departments provided proper supervision. As long as a man paid his rent he operated as he pleased. There were clear indications in some cases, that either politicians or racketeers forced the concessionaires to pay regular charges to others than the proper park officials.

Almost all of the concessions were filthy, and a good many needed painting and repairs. The people who operated them were often unkept, bad mannered, and dirty. There were entirely too many of them. This overcrowding and the fact that they were not protected against competition from unlicensed vendors of all kinds, made it possible for many concessionaires to make no more than a bare living, and to keep their places and themselves in presentable condition. The cheapest food stuffs were bought by these vendors, and in many cases, the food they sold was harmful or unfit for consumption. Unlicensed peddlers overran the parks to such an extent that in Central Park, despite 1200 arrests in a year, the nuisance continued.

It seemed as though conditions had to become worse before they could improve—and they did. Two major factors supplemented the already sorry state of affairs and parlayed the entire situation to its very depths during the decade of the roaring twenties.

In chronological order the first major factor was the governmental policy of "laissez-faire" so prevalent in that age of surging free enterprise. People and the government itself believed little

should be done to regulate private business, much less consider the idea of government business in the form of public park concessions. This attitude was perhaps a carryover of the American Revolution against the British for their strangling rules, regulations, and government interference with the dignity and propriety of the individual. Thus it was only natural that both the government and the public did not look with favor upon any regulatory measures concerning the administrative or operational policies of concessions.

Adding to an already deteriorated situation came a second factor which contributed the final straw necessary to bringing park concessions to their lowest depths of character. This factor was the Prohibition era which forced thousands of tavernkeepers out of business. In an attempt to find a profitable substitute they rapidly became a domineering force in the ownership and operation of park concessions. Although many of these tavernkeepers were honest and conscientious in their efforts at concession operation, the majority did not have either the feeling toward public service, necessary competence, essential industry, or inherent desire to improve a failing situation.

Indeed, the bottom had been reached, for conditions had spiraled downward past all practical limits. It seemed as though nothing short of a miracle would suffice to alleviate this vexing

problem from the already overburdened shoulders of the park administrator.

The Contemporary Period

The long-awaited miracle came on "Black Friday" in the year 1928 and brought with it the greatest economic depression America had ever experienced. Although the depression wrought hopelessness, want, and utter despair to millions of embittered souls while it blotted out the economic sun for almost a decade, this period unknowingly ushered in the longed-for renaissance in the decadent administration of public park concessions. This reform was the result of the following major factors:

1. Foremost was the economic failure of many concessionaires due to the public's lack of personal recreational spending power.
2. A vast public works program to include parks was undertaken by all levels of government as a "pump-priming" device.
3. Mass unemployment caused millions to pass their idle hours at the many no-cost recreational activities found in parks, thereby increasing the attendance.
4. Financial and administrative stimuli coupled with unanimous public recognition of parks acted as fertile ground in which to sow

the seeds of the administrative and operational policies necessary for good concession operation.

The vast majority of existing concessions at the time of the depression were of a relatively small and independent nature. In many cases they operated on an almost marginal basis due to the peculiarities of weather, irregular hours, and radically changing use patterns so common to most concession operations. When this aforementioned state of business operations, combined with the sudden absence in the economy of recreational spending, the failure of park concessions was inevitable.. People did not have the money to spend for popcorn or souvenirs when they could not afford the necessities of daily living; thus as the bread lines became longer, the list of operating concessionaires became ever shorter.

The depression brought an unparalleled surge of park establishment, capital improvement, and maintenance as part of the government's attempt to create employment to help the sagging economy to its feet. Park organizations sadly lacking in facilities and personnel were bolstered by generous financial appropriations and the effective legislation necessary for vast improvement programs. Multitudes of facilities were constructed or improved upon. Valuable new land acreages were acquired and developed. Thousands of

personnel were trained and added to the staffs of the rapidly expanding park complex.

With each new facility came the need for providing a concession service. Provisions were made for food and merchandising services in the thousands of bathhouses, shelters, and other installations springing up in parks. The concept of multiple use as a factor of design took a firm hold, allowing year-around operation in areas which previously could only hope to support a concession on a limited seasonable basis. There was little doubt that this was the long awaited renaissance in public park development which gave the concession as well as every type of park facility the attention they deserved.

The teeming thousands of unemployed sought low-cost diversion, hope, and inspiration—and what better places were there to turn to than the public parks. Recreation became of age in its role of organizing mass, no-cost activities. Civic groups interested in promoting the cause of parks surpassed all previous membership levels. The numbers of people engaged in relief work in the parks provided a core of park conscious, loyal supporters, each spreading the gospel of use. Although few could afford one, the automobile began to play a major role in park attendance. People were returning to the parks they had formerly shunned in many cases

because of concessionaire exploitation. They returned, eager to use the thousands of improved facilities and expectant of operational and administrative policies adequate to meet their needs.

The preceding factors each were a prerequisite to the final facet of concession reform caused by the depression. This facet was the public and governmental recognition of the country's park and recreational systems as a valuable and irreplaceable asset. Coupled with this recognition came a new awareness and belief in government operation of many projects formerly thought to be exclusively within the realm of private enterprise. People had become accustomed to bureaucratic agencies such as the Civilian Conservation Corps and the Tennessee Valley Authority. The depression forced millions of people to depend on the government for their very existence. Some individuals have noted this as the beginning of the socialistic or welfare state in America; but the fact remains that had the government not taken the measures it did, the economy might have suffered on in an economic eclipse for an indeterminate period.

The climate was favorable; the public was ready; the facilities were available; park agencies were at peak levels of administrative and operational efficiency; and most important of all, the "black eyes" and remnants of the period of exploitation were for the most

part vanished from the scene. The time was right to sow the seed for governmental control or self-operation of public park concessions. Thus, as is so often the case in history, good and progress evolve at a great human sacrifice. Conditions must sometimes become worse before they improve. Such was the case of concessions, for it took the catastrophe of a great economic depression to launch both the public and the park administrator into the current sea of thinking known as the "contemporary period."

Their Present Status

The contribution and significance of concessions, at the present time, is best considered from two major aspects, the tangible and the intangible.

The intangible contributions of concessions are difficult to ascertain—for society has not yet devised any system of evaluation to compute the enjoyment derived from a child's smile as he devours an ice-cream cone; the warm, memorable feeling an elderly couple obtain as they reminisce over a souvenir purchased at a park concession; or a teen-ager's exhilaration as he tacks a concession rental sailboat into a fresh breeze. These are the intangibles no study can hope to reveal, yet they are by far the concessions' most

important contribution to the park visitor's enjoyment, and its primary justification for existence.

Figures on the exact number of independent concession systems (separate park areas) on a federal, state, county, and municipal levels cannot be listed, for no complete survey has ever been taken; however, after a carefully projected analysis of available information, the author conservatively estimates the number in excess of five thousand. This information is shown in Table I.

An authoritative study on the annual net income to parks from concessions, which has no relation to the author's numerical estimate in Table I, is shown in Table II.

Analysis of Table II makes it clearly evident that concessions are a big business in every sense of the word. Projecting an estimated average of 15 per cent as a conservative base for the annual net income and computing this against the known eight-million-dollar total of net annual income, a total gross income of approximately 120 million dollars is derived. This sum is quite a significant contribution to the American economy, not to mention the direct benefit of additional income to the park agencies concerned.

Both from the tangible and intangible viewpoints, concessions have earned their rightful place as an integral part of park operations. They have become a public necessity in many areas where

TABLE I
ESTIMATED CONCESSION DISTRIBUTION
ON GOVERNMENT LEVELS

| Agency | Pct. | Total Number | Avg. Number per State ^a |
|--------------------------------|------|--------------|------------------------------------|
| Federal | 10 | 500 | 10 |
| State | 20 | 1,000 | 21 |
| Municipal and County | 70 | 3,500 | 73 |

^aThis figure includes separate state and national parks, or in the case of municipal parks, an entire city is considered as one unit.

TABLE II
CONCESSION NET INCOME AND PROFIT

| Agency | Year | Net Income (dollars) | Avg. Profit (pct.) |
|--|------|----------------------|--------------------|
| National (10 yr. avg.) ^a | 1956 | 1,214,962 | 10 |
| State (48 states) ^b | 1956 | 2,240,498 | 15 |
| Municipal and county (292 cities) ^c . . | 1955 | 4,677,370 | 20 |

^aU.S. Department of the Interior, Summary of Statements of National Park Concessionaires, 1947-56.

^bU.S. Department of the Interior, State Park Statistics (Washington: National Park Service, 1957).

^cNational Recreation Association, Park and Recreation Year-book (New York: National Recreation Association, 1956).

the fullest enjoyment of each visitor would become almost impossible without a concession service.

Their status is a dynamic one, for they must constantly strive to increase efficiency, improve facilities, and broaden their scope to meet the increasing public demand and trust placed in them. They are in most cases at present a well administered, adequately equipped, heavily used, and profitable medium of service. While once denoted as a general nuisance to both the administrator and the public, they have evolved to an integral, essential, and extremely functional place in the park complex. In many instances, where once they were a bane to society, they are now a benefit contributing their services toward enriching the park-use habits of millions of Americans.

Future Trends

Although the following ideas be conjectures, they are based on a study and analysis of present-day trends. The many factors which will inevitably affect the future administrative policies of park concessions may be generically grouped into the five major classifications: (1) park use, (2) product and process development, (3) facility design, (4) automation, and (5) administrative policy.

Park Use

All park use will be affected in the immediate and distant future by the decreased work week, increasing population, scarcity of recreational land, better modes of transportation, and last but perhaps most important, a surge of interest in the outdoors. It seems probable that park use will continue to climb at its current approximate rate of 10 per cent or more annually as the preceding factors take a firmer hold in molding the American way of life.

Product and Process Development

A second major factor which will rapidly change the present state of most concessions will be the development of new production, processing, and packaging methods. Food processing before final distribution to the public will undergo radical changes such as ultra-quick radiant cooking and the increased use of frozen, dried, and concentrated foodstuffs. A higher standard of living will make products heretofore considered luxuries a standard item in many park situations. Better methods of packaging with plastics will allow a wider variety of products to be dispensed to the public at a lower cost and greater convenience.

Facility Design

The design of facilities will be influenced by such factors as the increase in water sports, use of the automobile, and larger crowds. Concessions will become more mobile to accommodate decentralized use patterns. They will become air-borne with flying platform-like devices, and water-borne with floating installations to serve the terrestrial and aquatic recreationalist. Provisions for fast, efficient aerial supply to widely scattered installations will become mandatory. The drive-in-drive-out facility, unparklike as it may appear, will become more dominant as space diminishes for parking areas now adjacent to many concession installations. Multiple use as a basis of design will become paramount in the maximum utilization of all resources. Outmoded structures of the past, though romantic in appearance, will be replaced by futuristic, ultra efficient, functional buildings. New materials and building methods will decrease vandalism and enhance functional visitor use.

Automation

This factor, in small measures, is already a present reality, but has only given a hint of its vast, inevitable, future implications. As the standard of living rises, so must wages, making it expensive

to employ large numbers of people to man the concessions. Supplement this with the technological improvements in vending devices, plus the wide public acceptance of automatic merchandising, and the potential of this medium becomes almost unlimited. The author goes so far as to say that the automatic vending installation will replace more than one-half of all the present types of concessions before the turn of the century. A more detailed discussion of automatic merchandising is taken up under "Concession Media" in Chapter IV.

Administrative Policy

Last are the administrative policies which will govern concessions in the years to come. As society becomes more complex and urbanized, it is inevitable that governments of a stronger nature be "instituted among men"; governments stronger by virtue of the faith people will have to place in them in order to survive. The trend in most park systems will be toward more governmental control and administration of concessions formerly of a private nature. This may hint of socialism of one form, or perhaps just a higher level of government, depending upon the reader's personal understanding and beliefs.

CHAPTER III

TYPES OF CONCESSIONS

The various types of concessions are as numerous as the parks in which they are located. The wide diversification and variance inherent to park concessions is balanced only by their common denominator of service. It is beyond the scope of this study to make a detailed investigation into the vast array of concession types, with reference to their design or particular use; however, in order to facilitate any discussion of selected administrative policies, a generic listing of the more common types of concessions is a prerequisite.

Thinking on concession types usually assumes one of three avenues: (1) The "purist" would allow little if any development in parks; (2) The "exploiter" would make every park into an amusement center by developing it to the maximum extent; and (3) The "compromiser" would provide only the facilities necessary to service the essential needs of the park visitor.

Generally speaking, the "comprise" concept is the one most universally accepted among park administrators. There are several exceptions to this; but the isolated circumstances or peculiar aspect

of the types of operation, park, or agency concerned justify these exceptions. The following is an adaptation of the National Park Service's policy⁷ on types of concessions, making it more applicable to most park situations on the city, county, or state level:

The general rule should be that any facilities necessary for the comfort and pleasure of people who come to enjoy the varied attractions of the parks should be provided, but that any facilities used to provide artificial entertainment or attractions unrelated to the park itself should be discouraged.

The character of any area, tempered with good administrative judgment, must be the sole determinant in judging the type of concession which will best enhance the visitor's enjoyment. Any policy contrary to this would fall under the hypothetical administrative malpractices listed in Chapter I under "Concessions as Secondary Operations."

With the above precepts in mind, the following generic listing is made of some of the more common types of concessions. This listing is by no means meant to be exhaustive, but rather to act as a simplified referent for the selected administrative policies to be considered in Chapter V.

⁷ U.S. Department of the Interior, National Park Concessions (Washington: National Park Service, 1948), p. 10.

Types of Concessions

Sales

Food and drink

- Banquet service
- Complete meals
- Refreshment snacks
- Self-service meals (vending)
- Novelty foods
- Animal foods (zoos)
- Soft drinks
- Alcoholic beverages

Merchandise

- Souvenir shops
- Golf pro shops
- Photography shops
- Campers' supplies
- Ski shops
- Fishing supplies
- Picnic supplies

Public Accommodation

Recreational

- Golf courses
- Winter sports facilities
- Kiddie playlands
- Pony rides
- Mechanical devices
- Dancing pavilions
- Stadiums
- Marinas
- Athletic rental equipment
- Boat rides
- Boat rentals
- Driving ranges
- Miniature golf
- Riding stables

Bicycles
Fishing ponds
Beach umbrella rental

Educational and inspirational

Zoos
Museums
Viewing devices
Restorations
Exhibits
Scenic overlooks
Photographers
Auditoriums
Meeting halls
Monuments
Memorials
Botanical gardens
Planetariums
Observation towers

Convenience, health, and safety

Pay toilets
Checking facilities
Valet services
Airports
Steam baths
Hotels
Motels
Cabins
Parking areas
Gasoline stations
Cook stoves
Picnic tables and chairs
Clothes washing facilities

CHAPTER IV

CONCESSION MEDIA

Chapter III dealt specifically with what types of concession goods and services are most commonly found in parks. This chapter is concerned with how these various types of goods and services are distributed to the park visitor.

The distribution factor of merchandising is of prime importance and cannot be overlooked; for the best administrative and operational policies are of little use if the product or service cannot be cheaply, efficiently, and conveniently distributed to the park visitor. The merchandising principles of getting the right product, to the right place, in the right quantity, and at the right time, become the basis for selecting the correct concession medium for any given area.

The topic of concession media is far too broad and detailed to receive the primary attention of this study; for it is a separate research project and beyond the scope of this thesis. However, the preceding statement does not negate the fact that a generalized listing and brief elaboration of each major type of concession medium

is essential to an understanding of the selected administrative policies to be discussed in Chapter V.

Concession media, with the exception of vending machines, are separated into three major classifications by means of their degree and type of mobility. The consideration of movement is used because it is the most common denominator of the several possible criteria of classification. Although vending machines could be integrated into each of the three designated classifications of mobile, portable, or permanent units; their present impact, unique characteristics, and future potential justify this medium's inclusion as a separate and quite significant entity. A listing and elaboration of each of these major classifications follows.

Permanent Units

A permanent unit is defined as any stationary concession structure intended for public use at a fixed location. The degree of permanency is related to the intent of the park agency establishing the installation. Generally, any facility intended to service the public for two or more consecutive years in the same location falls into this classification. A permanent unit is usually thought of as being a large, complex, elaborately equipped facility such as a hotel, refectory, stadium, or store; but it may also be a small, simple,

minimally equipped structure such as a popcorn stand, beach umbrella rental stand, souvenir counter, or a kiddie playland.

This medium best exemplifies all the functions of a concession. It is a popular part of the public's thinking with reference to a particular park and perhaps the most primary of all contacts between the agency and the using public. When well designed, managed, and maintained, it is an added attraction per se. In addition to fulfilling the concession functions, this medium, because of its permanence and adequate space, often serves as a base of operations for mobile or portable concession units.

The significance of the permanent unit cannot be underrated, for its advantages—minimum depreciation and reduced maintenance due to substantial construction, easier vandalism control because of more adequate building materials, and the possibility of long-term planning with reference to design use patterns of the area—make this medium worthy of much consideration.

Several disadvantages associated with the permanent unit are: high original cost of installation; inability to change location easily should the park master plan or public use habits change, as when weather, economic conditions, or public attitudes force the closing of adjacent facilities, leaving the unit without a public to service;

and last, inability to adapt easily to new ideas or equipment without costly alterations.

In the past, the large permanent refectory was the primary medium of all concession services. Present decentralized use patterns made possible by the widespread use of the automobile are relegating the large refectory types of operation to a subordinate position in favor of the smaller, less costly, mobile, portable, and vending concession units. There is little doubt that the permanent unit will undergo vast changes in the future, but for the present it maintains the position of being the primary, best equipped, most heavily used, and most popularly thought of concession medium.

Portable Units

A portable unit is any park concession structure designed to remain in one location for an extended period; but which can be easily moved to another location when necessary, by a reasonable means in reasonable time. An extended period of time is generally thought to be any period more than one day, but less than two years. In most cases, movement is facilitated by a vehicle or trailer not affixed to the sales unit. This implies skid mounting, wheels, or prefabrication. It is therefore imperative that the size and weight of the unit be kept at a minimum, but consistent with sound structural

strength to allow for periodic movement. Typical examples of this medium are the nonpermanent refreshment-souvenir stand and the mechanical indoor or outdoor ride.

This concession medium goes beyond the normal stated functions in that it provides the over-all concession operation with a certain degree of flexibility, fills the service void between the mobile unit and the permanent stand, supplements the primary permanent stand where necessary, and may be used as a substitute for a permanent unit until such time as one can be provided.

In addition to the above, the significance of the portable unit is evident in providing these following advantages to the park agency: a relatively low-cost concession coverage where permanent units would be neither practical, economical, or necessary; reserve facilities for special events or overflow crowds, and temporary service during the construction or unexpected curtailment of a permanent stand.

Three of the most common disadvantages of this concession medium are the rapid rate of depreciation due to periodic movement; their inadequate storage, display and available working space; and the vandalism problem involved when a lightly built unit is left unprotected.

Mobile Units

A mobile unit is any concession facility intended to move to or with the park visitor. The degree of mobility depends entirely on the use situation, in that some mobile units may move several times within an hour, while others will remain in one location for an entire day. Two characteristics differentiating this kind of unit from all others are its ability to travel to the public, and the fact that it does not normally remain overnight in any one area. The mobile unit is usually a one-man, self-contained operation consisting of a pack, pushcart, wagon, scooter, automobile, truck, or bus. It can also be a trailer-type unit moved by any external means of locomotion, such as a bicycle, horse, or truck. The most common examples of this concession medium are the mobile ice-cream wagon and refreshment trailer.

The significance of the mobile unit is apparent where visitor use is not high or concentrated enough in any one area to justify a permanent or portable installation. The flexibility of this medium to the park agency is evident in the following advantages: decreasing the number of costly permanent installations needed, providing the most efficient medium for catering to occasional or

overload use, saving space for other park activities, and the elimination of a permanent structure which is subject to vandalism.

Offsetting, but not exceeding the advantages of a mobile unit are the following disadvantages: low storage capacity, limited product selection, nonproductive travel time, limited availability to the public at any one given location, and possibly a destruction of "parkmosphere" due to its unavoidable noise of movement.

Past developments of this medium, with the exception of the peanut vendor and the like, were at a minimum due to the mass grouping of park visitors, lack of good roads, and most important, the absence of adequate, low-cost, highly mobile modes of movement. The present status of the mobile unit is becoming increasingly more important as park administrators try to disperse crowds from over-used to less crowded areas. The fact that park-use habits have drastically changed from a mass to a family-unit concept has caused still further decentralization. Technological advances in equipment and packaging have made the mobile unit commonplace not only in parks but everywhere, as America has become literally a nation on wheels. The rise of numerous small, suburban park systems, each unable to afford permanent concessions, has prompted these communities to cooperate in providing a common mobile concession

service to all at a relatively low cost. Future applications of this medium might include battery units of truck-mounted vending machines and water-based units to serve the aquatic recreationalist. The mobile and machine-vending units are now and will continue to be the fastest growing of all concession media, in terms of importance and number.

Vending Machines

A vending machine or automatic merchandising unit is any unmanned concession facility that dispenses or accommodates the park visitor with a good or service upon his insertion of a coin or bill into a collecting device. The major characteristic which sets this medium aside from all others, is the absence of an attendant. The transaction is completely one-sided and initiated by the park visitor. Most vendable items must be of a small size and weight, have a mass market, enjoy a high rate or frequency of purchase, be a convenient or necessary item, and have a wide appeal and impulse value to the consumer.

The significance of this medium is best embodied in its many advantages to both the park agency and the using public. Among this medium's more important advantages are its exclusive ability to sell low markup items without loss, eliminate the high cost of labor,

reduce overhead to a minimum, provide continuous service, act as a supplement to manned facilities, and serve low concentrations of people in rarely frequented or remotely located areas.

The shortcomings of this medium fall into two major categories. These are the "disadvantage" factors of a machine not operating according to design specifications; and the "limitation" factors which detract from its effectiveness or prevent installation. The most important disadvantage lies in the loss of personal contact or public relations with the park visitor. Second to this are the ever-present possibilities of mechanical failure, and the opportunity for vandalism, breakage, and theft. The more important limitations are classified into two major groups—promotion and packaging. The fact that the consumer must initiate the sale, cannot examine the goods, and must have the correct change or secure it, are detrimental to the minimum cost-volume relationships required for profitable operations. Packaging presents the limitations of complying with the item's physical state, size or weight, and the difficulty in displaying the items to the consumer.

Although vending machines have been in use since 219 B.C.⁸ they are a relatively new development in parks. Where once the

⁸Marshall V. Martin, Automatic Merchandising (Boston: Harvard University, 1954), p. 11.

public was apprehensive of them, today they have come not only to trust in, but demand them. During the past fourteen years national vending sales have increased 420 per cent, or an average of 30 per cent each year.⁹ The number of machines in use in 1957 was four million, and their gross sales over two billion dollars.¹⁰ Vending has become more than a trend, it is now a way of life to millions; hence, it is only natural that parks adopt this medium wherever practical.

The astounding present impact of the vending machine is surpassed only by the vast future applications it will have in public park use. Further decentralization of the park complex and increase in labor costs will force many parks to replace their present concession facilities with elaborate vending installations. The unmanned vending enclosure will become commonplace as a low-cost, efficient, convenient, and continuous medium of public service. Technological advances will lend an almost unlimited scope to the use of vending machines in public parks. Some future applications might be in roadside parks, isolated campgrounds, and collection of tollgate admissions.

The importance of this medium cannot be underestimated, for given time, it will become in many cases the primary concession unit.

⁹Martin, p. 13.

¹⁰Martin, p. 14.

CHAPTER V

ADMINISTRATIVE POLICIES

Justification of Service with a Profit

Any concession operation is faced with three distinct alternatives. These are: (1) operation at a profit, (2) operation at cost, and (3) operation at a loss. As defined, the concession automatically eliminates the third alternative. The two remaining alternatives are perhaps the greatest source of argument, illogical reasoning, and unnecessary concealment in the entire realm of concession policy.

Justification here does not imply a listing of absolutes, but rather an objective insight into the peculiarities of concession operation. The semantic chasm between the words "profit" and "service" alone creates a multiplicity of complexities difficult to solve by mere statement of an absolute set of postulates. It is with this objectivity in mind that the following aspects of administrative policy are scrutinized.

The Philosophical Ideal

The situation desired by many would be to make all park facilities free to everyone, the same as are most public libraries, art

galleries, schools, and museums. This would eliminate all fees and charges of any sort and place the full financial burden of support on the general tax fund. Thus the axiom, "the greatest good for the greatest number," would be fulfilled to its highest degree. A park would be a thing of joy forever to everyone concerned, for there would be no necessity of collecting entrance fees, special use fees, or even concession franchise fees. Indeed, how Messianic or socialistic the preceding ideas would be were they to become reality; but unfortunately this is not very likely to occur within the foreseeable future unless there is a major reversal of American economic concepts.

Practical Considerations

Obviously the preceding concept is neither realistic, economical, nor practical; and it is in direct contradiction to the basic assumptions noted in the introduction. To descend from the ideal to the real entails a choice of either one of the two remaining alternatives: operation at a profit, or operation at cost.

At first sight, the most desirable alternative would appear to be operation at cost. To rationalize this choice, a definition of the

term "cost" is necessary. The following are generally considered to be legitimate elements in the total cost of a concession operation:

1. Salaries and wages
2. Materials and supplies
3. Administrative expenses
4. Financial expenses (interest)
5. Taxes
6. Depreciation
7. Return of investment

The above listing, with the exception of the last three factors, is applicable to both the self-operated and leased operation. Omission of taxes, depreciation, and return of investment in government-operated concessions would seemingly result in a much lower total cost; hence it would appear possible for government operation to render more service at a lower cost than a concessionaire.

This, however, is not the case, for depreciation takes place no matter who owns or operates a concession; and taxes not received are a direct loss of revenue to the general public. Return on investment represents the amount which the contributors of capital (taxpayers) are entitled to its use. It would be inequitable to allow the general public to invest their taxes in concessions furnishing

only the users with service at cost, or at a loss, when the same money might be used elsewhere to a greater advantage for all.

Obviously any method of accounting which negates taxes, depreciation, and return of investment when concessions are government-operated will yield what appears to be unreasonably high profits. This is justifiable in view of the fact that 58.6 per cent of the agencies replying to the author's survey indicated that their profits were returned to the general fund. In essence, this fact is in direct contrast to the last statement in the above paragraph and equity per se.

Operation at cost.

While almost everyone will emphatically agree on this policy in principle, actually it would prove quite impractical for the following reasons:

1. When a park agency dispenses with profit by offering its services at prices considerably lower than private enterprise outside the park, the inevitable result is bitterness and complaints from businessmen, trade organizations, and the general public.

2. The above practice would attract people into the parks merely to purchase foods or services (for example, camera film) at

lower prices than they could elsewhere, thus defeating the purpose of a park concession, which is to provide for the immediate needs of the visitors who come to enjoy the parks. It should be recognized, however, that there are some types of services (for example, beach umbrella rental) which are not competitive in this sense, and on which rates could be set without regard to those outside the park.

3. Parks are high public desiderata, but not public necessities. Recognized as desiderata, they are created through expenditure of public funds. Their maintenance should be sustained by the users for whose benefit they are established, but not by the general taxpayer who may never have the occasion or opportunity to become a user.

4. Park administrators generally agree that facilities such as restaurants, hotels, and refreshment stands in parks should be operated as business enterprises. Most businesses, and especially concessions, are operated at a risk. If an operation were to operate on a bare cost basis, it would be impossible for it to assume the probable losses incurred during inclement weather or low-use periods.

5. The intangible benefits of parks are usually neither easily recognized nor appreciated by most legislative bodies who

control the allocation of tax funds. It is usually difficult to convince these bodies to appropriate funds for the establishment and operation of any concession facilities which will operate at or below cost, thus creating a deficit. Most legislators feel the levying of a fee or charge which returns some revenue back to the general fund is a justifiable form of taxation. Their thinking is embodied in this precept: "All pay something for the general good (taxation); those receiving the greatest good (concession services) can pay a little more."

6. Americans neither expect nor appreciate something for nothing or even at cost. Operation at prices comparable to similar services outside the park is contended to decrease vandalism, and lead to a greater interest in, appreciation of, and respect for a public park.

The above reasons point out some of the most glaring realities which make any entire concession system operating at cost not only impractical to the administrator, inefficient to the manager, and inequitable to the mass public, but contrary to the American economic system. Note the word "entire" in the preceding statement, for it is conceivable and sometimes practical for several facilities within any one system to operate at a small loss or at

cost so long as the entire concession operation can absorb this. Due to the peculiarities of concession operation, it would be sheer folly to assert an absolute of profit on any single unit. Thus it is clearly evident that the alternative of operation at cost is far from being the wise choice it appeared to be at first sight. Idealistically, this concept has its merits, but practically speaking, it is weak if not almost impossible to attain.

Operation at a profit.

The remaining alternative is operation at a reasonable profit. The choice of this alternative is the most practical and beneficial to all concerned. It not only refutes the previously listed impracticalities, but it places the concession and the entire park system in a better position to serve the public.

One of the major objectives of this study is to lend a better connotation to, and justification of, the term "profit." This term is controversial and distasteful to both the park administrator and the general public and is often substituted by the less commercial term, "revenue." The incontrovertable fact¹¹ that 88.3 per cent of the park agencies sampled produced some profit gives validity to

¹¹Table IV, Appendix A.

the use of this term despite convention or precedent. This does not imply that the primary function of service should be subordinated in favor of making a profit.

The question is not one of degree, but rather one of principle. The amount of profit derived from any one concession, or a system of concessions, need not be exorbitant. A conservative margin of profit as defined by the National Park Service is that in excess of 6 per cent when there is a concessionaire involved.¹² When the concession is an exclusive government operation the profit margin could conceivably be considerably less, but the fact remains that there must be at least a small profit if a facility is to retain the title of a concession. Furthermore, the consideration at this point is not primarily to whom the profits shall revert, but rather why a profit is justifiable.

In order to avoid the impression of commercialism, or a divorce from the primary function of service, the following precepts are established:

1. At no time shall a park agency enter into a concession operation solely for proprietary motive, or with the intent of actively competing with private enterprise.

¹²U.S.Department of the Interior, National Park Concessions, p. 57.

2. The revenue contributions of concessions to park income through profit yields, though not negligible, are relatively small as compared with financial support from other sources.

With reference to the first precept, it should be noted that public business seldom invades a normally private zone because too much profit is being made. Far more frequently the government is forced to enter into business because of the absence of, or unattractive profit margins to, interested individuals. Few will dispute the popular idea that it is contrary to American economic concepts for government to enter into private enterprise when a private entrepreneur can produce a better service at a lower cost.

A consideration of the second assumption would involve the following significant facts. Concessions as a whole in a survey of 273 cities sampled in 1956 yielded only 1 per cent of the total income to park agencies.¹³ A report by the National Park Service indicates that between 1928 and 1937 the total fees and charges received from fees and charges amounted to only 16.4 per cent of the total expenditures.¹⁴ The same percentages for municipal agencies

¹³ National Recreation Association, Park and Recreation Yearbook (New York: National Recreation Association, 1956), p. 176.

¹⁴ National Park Service, Fees and Charges for Public Recreation (Washington: National Park Service, 1948), p. 31.

were 11.4 per cent; for county agencies, 27 per cent; and for state agencies, 33.4 per cent.¹⁵ Applying a conservative ratio of 3:1 to separate general charge facilities from concessions as defined would alter the preceding figures to 5.5, 3.8, and 11.1 per cent, respectively. Further statistical studies in 1948,¹⁶ reveal state parks throughout the country received about 18 per cent (6 per cent applying the ratio) of their total expenditures from charge facilities.

The above facts lend the substantial support necessary to prove conclusively that although one of the functions of a concession is to yield some supplementary revenue to the park agency, in most cases their contribution is relatively small and not exorbitant with reference to profit.

Some park administrators seem to feel that a loss can be justified by the service that has been rendered. The chances are that the park agency, by more careful merchandising methods, actually could have returned a profit and rendered even more service. There is little reason, excepting outright charity, why a park department should offer special services such as food or merchandise at cost or at a loss. Such a practice is unfair to private investors who are

¹⁵ National Park Service, Fees and Charges for Public Recreation, p. 31.

¹⁶ National Park Service, State Parks (Washington: National Park Service, 1948).

conducting enterprises of a similar nature outside the park, to say nothing of the general taxpayer who must, without good reason, assume the tax burden of a deficit.

Once a concession is established, it should be operated with the idea of employing the best possible merchandising and management methods in order to produce a maximum of service to the public with a reasonable profit as a by-product. A firm policy of operation at a reasonable profit, once decided upon and adhered to, no matter who operates the facility, will inevitably yield better results than a half-hearted attitude. A concession here should be analagous to private enterprise with respect to efficient management and merchandising procedures. The only difference is a divergence in the end result of the same means. Private business strives for a profit to further its own goals, in that the consumer's loss in terms of money is the businessman's gain. Public business should strive for a reasonable profit to further the entire public's good. The park visitor's loss in terms of money ultimately becomes his intrinsic gain with respect to multiplying the service potential of the area he uses.

Therefore, a reasonable profit must be viewed in light of what it accomplishes for the general good and not in a derogatory

sense. It need not be tainted with commercialism if handled properly by use of wise administrative policy and effective public relations. Profit becomes a beneficial resource which can be used to further the primary purpose of a park—that of maximum service to the using public.

Arguments For and Against Operation at a Profit

So much sentiment, both pro and con, has evolved about operation at a profit, that it seems proper to establish these various arguments in a concise listing. The following listing is not complete for the arguments are as varied as the numerous people and references consulted. However, this listing does include the major tenets of both sides in addition to a compilation of several of the author's thoughts.

Positive arguments.

✓ 1. The element of risk is common to most businesses. The factors of weather, use patterns, and the fluctuating economy make the concession a more-than-average business risk. It is only fair that whoever owns or operates a concession be reimbursed with a reasonable profit.

2. Nonrecreational services and commodities should be charged for at commercial rates; hence, a profit must be made. Many departments endeavor to charge all the traffic will bear, hoping to derive additional revenue to support recreational services.¹⁷

3. Leisure-time spending is a major dynamic factor in the American economy. People expect to pay for special services received; therefore, if people are willing to pay, why not charge enough to make a reasonable profit?

4. ✓ In the case of private operation, some economic consideration must be involved in order to attract a concessionaire.

5. If a government must operate a facility where private enterprise will not assume the risk, is it not equitable for the government to receive any profit it incurs through efficient operation?

6. Certain government ventures are entered into, not for their own sake, but as incidental to, or for the purpose of paying, the cost of other activities of a nonbusiness nature.¹⁸

¹⁷George Hielte, The Administration of Public Recreation (New York: Macmillan Company, 1940), p. 220.

¹⁸David E. Lilienthal, "The Conduct of Business Enterprises by the Government," Harvard Law Review (February, 1941), LIV, 552.

7. The fact that a public enterprise is operated for public benefit does not justify its management in showing any less concern for costs than would a private concessionaire; in fact, it should assume a greater obligation to weigh its costs as compared to a private operator, due to its responsibility to the public.¹⁹

Negative Arguments

1. Adam Smith, the economist, states, "The third and last duty of the sovereign or commonwealth is that of erecting and maintaining those public institutions and works, which though they be in the highest degree advantageous to a great society, are however, of such a nature that the profit could never repay the expense to any individual; hence why make any at all?,"²⁰

✓ 2. The use of public recreation facilities for money-making purposes smacks of commercialism. If there is a real demand and public sentiment is favorable, funds can and will be provided through regular channels.²¹

¹⁹ Lilienthal, p. 552.

²⁰ Adam Smith, Wealth of Nations, Book V, Chapter I, Part 3.

²¹ Hendry W. Busch, "Revenue Producing Facilities in Public Parks," Parks and Recreation (November, 1931), XV, 125.

✓ 3. A government agency should not enter into competition with private individuals and therefore should not be concerned with money-making enterprises.

✓ 4. With respect to legal rights, once a government enters into a proprietary function, it loses its governmental immunity and becomes liable for its torts.

✓ 5. Private gain cannot be justified on public property.

✓ 6. It is the duty of the administrator to protect not only the physical area, but the mental and moral atmosphere of a park. Nothing can mar the desired quiet and naturalistic beauty more than the air of commercialism brought by profit.²²

7. Charging fees which yield profit is a form of double taxation and should be abolished.

8. Fees in excess of operational costs which yield a profit tend to restrict mass participation from the lower-income groups.

✓ 9. Profit defeats the fundamental objectives of the best possible recreation at the lowest possible cost for each individual, and the community as a whole.

²²Busch, p. 125.

Reversion of Revenues

Types of Reversion

Once the concept of a concession operating at a reasonable profit has been established, the question arises as to whom these profits shall revert. Basically, the following are the six major alternatives to which most park systems subscribe:

1. Reversion to the sponsoring governmental unit's general fund.
2. Reversion to the general operating fund of the sponsoring park or recreation agency.
3. Reversion to the concession operating fund.
4. Reversion to a fund used for a special purpose other than the above.
5. Complete reversion to the private concessionaire.
6. Proportionate reversion to both the public and the private parties involved.

There are also several possible modifications and combinations of these alternatives, but they are of minor significance.

Furthermore, one must bear in mind that these alternatives are not

absolute in any case and will vary as does the particular park situation.

Major Philosophies of Reversion

Most thinking with reference to this major administrative policy is channeled into these two categories: (1) reversion to a public agency or a governmental unit, and (2) reversion to a private individual or corporation.

There is little need to discuss the second category of private reversion, because no private individual would even consider becoming a concessionaire were there not to be some monetary consideration given him for his effort. The private concessionaire must have not only a reasonable assurance of economic gain; but he must, by the very nature of his relationship with the park agency, receive first priority on his predetermined share of the profits. Since this study is not concerned with the quantitative amount of profit, the discussion is sufficient only in its notation of this category.

The category denoting governmental reversion is not as simply explained as the preceding, and is a source of increasing controversy among park administrators. Of the four possible alternatives in this category, numbers three and four are of relatively

little significance, as indicated by a representative survey;²³ hence they are mentioned only in passing. The discussion then centers about the following two alternatives:

1. Reversion to the general fund of the sponsoring governmental unit.
2. Reversion to the general operating fund of the sponsoring park or recreational agency.

In order to consider these alternatives objectively, the following facts are abstracted from the author's survey²⁴ of 81 state and municipal park agencies:

1. An average of 55.7 per cent of all municipal and state park concessions are owned, but not operated, by the government. This implies that more than one-half of the concessions are operated by a concessionaire; thus a proportionate amount of the profit is kept by the concessionaire before reversion.
2. Revenues of 61.5 per cent of the municipal agencies were returned to their sponsoring governmental unit's general fund, as opposed to 31.6 per cent of the state agencies doing the same.

²³Appendix A.

²⁴Appendix A.

3. Revenues of 33.8 per cent of the municipal agencies were kept and transferred to their general park operating fund, as opposed to 68.4 per cent of the state agencies doing the same.

4. Only 1.6 per cent of the municipal agencies kept the derived revenues exclusively within the concession operation.

5. Only 3.1 per cent of the municipal agencies used the revenues for a special purpose other than any of the above.

6. Of the agencies sampled, 7.7 per cent did not reply.

7. The size of the city or state (population served) had no conclusive effect on the alternative in use.

The facts presented in points two and three are glaring examples of the diversity of reversion policies as they pertain to different governmental levels, to say nothing of each particular park situation. That the percentages noted in items two and three should be almost diametrically opposed to each other is not sheer coincidence, but rather they key to explaining the existing controversy on this topic.

It would appear, on the basis of these facts, that the more geographically decentralized a system of parks becomes, the greater is the tendency for it to keep any derived revenues, rather than

contributing them to their sponsoring governmental unit. This is logical, taking due cognizance of the outstate tourist factor involved in most state park attendance, as opposed to the indigenous use of the municipal parks. Exceptions to the preceding rule are the National Park Concessions, which revert all revenues remaining after concessionaire payments to the general tax fund.

The general feeling is that where municipal parks receive intensive use by the local taxpayers, the derived revenues should revert back to the community's general fund as a form of mass taxation. It seems only fair that when mass use is evident, as in most municipal parks, the monies derived should benefit the greatest number. This is best accomplished by reversion of funds to the sponsoring governmental unit rather than the responsible park agency. Also, consideration must be given to the usually large profits involved, and the complexity of a municipal operation. Even though the intention is to give more service, the tendency for a park agency to place too much emphasis on revenue production for its own gain is frowned upon by most municipal governments and is their reason for taking such revenues. This idea is often the excuse many agencies substitute for inefficient operation, in that it saps conscientiousness from their efforts.

On the other hand, there is very strong feeling on the part of many park administrators that the derived revenues should remain

with the park agency. Among the stronger arguments presented in favor of this viewpoint are:

1. It is unfair if the profit derived from the relatively few people visiting the parks is used to benefit the many who seldom frequent the parks.

2. What better way is there to achieve the greatest good for the greatest number using any group of facilities, than to increase the services rendered by reverting all profits back to the responsible park agency?

3. What better incentive for top efficiency, good morale, and conscientious effort can there be than allowing a park agency to keep the fruits of its labor?

Leasing versus Self-Operation

Second only to the justification of operation at a reasonable profit is the controversy over who shall operate the concession. The complexity of this problem and the numerous variables involved make it exceedingly difficult to postulate any one absolute or a set of absolutes. For the sake of brevity, the issue is approached from these avenues: (1) factors of determination, (2) advantages of leased

leased operations, (3) disadvantages of leased operations, and (4) current trends.

The basis for thinking should be that of the best possible service to the public. So often the thinking revolves about the assumption of no responsibility or mere convenience to the park agency that the paramount motive of public service is eclipsed by an unintended selfish attitude. The following listing includes the more important considerations a park agency should reflect upon with reference to who shall operate a concession in order to yield the best possible service to the public:

1. Protection of the public against fraud.
2. Protection of the public against exploitation.
3. Number of hours the facility should be available to the public.
4. Maintenance of the correct type and variety of merchandise.
5. Maintenance of cleanliness standards.
6. Maintenance of good public relations between the concession attendants and the park visitors.
7. Maintenance of high standards of structure and equipment repair.
8. Maintenance of a full complement of employees at all times to accommodate unexpected crowds.
9. Maintenance of adequate reserve stocks.

Factors of Determination

The policy decision to lease or self-operate a concession is dependent upon many factors peculiar to each individual situation.

These may include any or all of the following:

Desired Objective of Concession Operation

- Service
- Public relations
- Guiding use of area
- Education
- Public health, safety, and convenience

Nature of the Concession

- Type of good or service dispensed
- Duration of service
- Necessary technical skills
- Personnel required
- Limits of participation
- Projected stability

Necessity or Desirability of Concession

- Available private counterpart
- Amount of actual service to be rendered

Ability of the Park Agency

- Sincere desire to serve public
- Necessary competence for the operation
- Available facilities
- Personnel limitations

Fiscal Requirements

- Initial investment
- Calculated business risk
- Return possible

Return desired
Amortization of investment

Type of Public to Receive Concession Service

Economic level
Ethnic associations
Racial characteristics
Transient versus resident patronage
Social habits
Educational background
Common interests

Statutory Limitations

Administrative regulations
Police powers
Price controls
Liability involvements

Local Custom

Politics
Precedent

Advantages of Leased Operations

The more important positive aspects of a park agency leasing out its concessions to a private concessionaire are outlined in the following statement by Bornstein:²⁵

This is fast becoming the age of specialization. Certain types of services in parks require special personnel. This is especially true in the operation of such facilities as refreshment

²⁵Letter from Sam Bornstein, Director of Concessions, Swope Park Zoo, September, 1957.

stands, kiddielands, and trains. Few men found on park department staffs have the rich background of experience necessary to enable them to operate specialized facilities with financial success.

Once these facilities are leased out to a qualified operator, the park department is assured of a definite income with little responsibility, except that of secondary supervision. In those cities where the park department has leased their facilities to a well qualified concessionaire the return percentage-wise is often greater than those cities which operate their own concessions.

Selection of a well qualified operator alert to his responsibility to the public and to the park system secures a prime liaison medium for cementing relations between the public and the park department. If the concessionaire renders good service, there can be little criticism toward the park department.

Most park departments are operated on an eight hour basis; thus, when operating facilities themselves, they are often unable to lay-off employees during low periods because of the red-tape involved. The same condition exists for overload use when additional employees must be hired. A concessionaire has a much greater degree of flexibility in this respect which results in better service to the public.

An equitable agreement with a concessionaire, places the problem of furnishing and financing the necessary equipment on the concessionaire, relieving the park department of an investment in special equipment. Since the concessionaire has made the investment, better care and maintenance will be taken of the equipment than if the park agency had furnished same. Also, as a specialist, the concessionaire will be more alert to new innovations and products in his field than would most park agencies.

Disadvantages of Leased Operations

Among the more important disadvantages involved when a park agency leases out its concessions to a private concessionaire are:

1. The best of private operators, human nature being what it is, would not have the same feeling of public service as would personnel employed by the park agency.
2. Lost of a substantial amount of revenue which could revert to the public instead of the concessionaire.
3. Allowing private profit to be made from a public investment.
4. Instability of operations over a long period, due to the dynamic tendencies of most private entrepreneurs.
5. A tendency toward a loss in public relations due to the inherent distrust of the park visitor of many private business as opposed to public business operations.
6. An almost unavoidable overlapping of responsibility regarding maintenance of grounds and buildings.
7. A constant need by the park agency to police, supervise, and enforce the activities of the concessionaire and the related contract.
8. A certain unavoidable air of commercialism, since the profit motive must be foremost in the mind of the concessionaire, or he would not be in business for long.

9. The park agency has the ultimate responsibility for the entire operation and must assume any shortcomings of the concessionaire.

Current Trends

The current trend is definitely toward more public ownership and operation of concessions, especially those of the common food and drink type. Although the results of the survey show the highest percentages in the area of private operation of the food and drink type of concession, these figures must be considered in view of the assumption that approximately 80 per cent of the concessions sampled were owned by public agencies and leased to private concessionaires. Future surveys should show a constantly decreasing percentage of private operation and increasing percentage of public ownership and operation of the general food and drink kind of concession.

On the other hand, the small, seasonal, highly specialized type of concession (with the exception of most golf, winter sports, and boating facilities) will often lend themselves better to private rather than public operation.

The above statements are based on the author's numerous personal observations, correspondence, and research in this field

and cannot be substantiated by formal documentation, due to the informal, unauthoritative nature of most of this information.

CHAPTER VI

SUMMARY

“The concession is the Dr. Jekyll and Mr. Hyde of all park operations. It is expected to walk in the stead of silent service and commercial solvency, at one and the same time.”²⁶ Few single statements could better summarize the entire gamut of the philosophy, justification, and administration of the public park concession than the preceding one.

It would be folly to assert any precise set of postulates for the reader to assume as being binding on his particular situation. Throughout this thesis the myriad of conflicting policies under discussion have been grouped by categories wherever possible in order to allow the reader ample opportunity to make value judgments between that which generally exists and that which he might desire to attain. The time, facility desired, level of government, and most important, the type and number of park visitors to be served must dictate and pervade the reader's ultimate administrative decisions.

²⁶ National Park Service, Park and Recreation Structures (Washington: National Park Service, 1938).

There can be no rule of thumb, dogmatic set of principles, or body of precedent policy for the reader to assimilate without enveloping his required subjectivity with a cloud of distraught objectivity and generalization. The wise park administrator must "play the tune by ear" after becoming aware of the necessary basic concepts.

The concession is now and will continue to be a veritable wellspring of contradictory thought and argument in the circles of professional park executives. To argue intelligently on this subject is to think progressively toward new and better ways of serving the visitor. Thus, any body of concession policy must be subject to argument and inevitable change for the better, as are the thoughts presented in the preceding pages. It is to be hoped that this condition of change for the better may endure and grow, as have the parks whose visitors the concession steadfastly serves.

APPENDIXES

APPENDIX A

AUTHOR'S QUESTIONNAIRE

The following questionnaire was mailed to 201 representative park agencies selected by the author from a current membership listing of the American Institute of Park Executives. The replies were as follows:

| <u>Park</u> | <u>Total Question- naires</u> | <u>Usable Replies</u> | <u>Pct. of Return</u> |
|-------------|---------------------------------------|---------------------------|---------------------------|
| Municipal | 175 | 65 | 37 |
| State | 25 | 19 | 76 |
| National | 1 | 1 | 100 |

Each part of each question was tabulated separately with the results shown in average percentages. Exceptions to this are questions 2 and 3, whose results are shown in average dollars, and questions 6 and 7, whose results are shown in the average rated number. Where questionnaires were only partially completed, the averages were computed by using only the number answering that particular question and not the entire number possible.

Although the results are listed in a manner to compare side by side with the returns from municipal, state, and national parks, the reader must bear in mind the number of each agency sampled,

hence the proportionate weight each category carries. It is hoped that the adjacent comparison of the three major levels of parks will point up both the obvious and hidden similarities and differences in each, thus emphasizing the inherent diversity in concession operations.

In many cases the policies of the National Park Service were considered too diverse from the other agency levels considered to make a valid comparison; therefore, several of these policies which were pertinent to the present study, as well as an authoritative letter from the chief of concessions management, appear in Appendix C.

The agencies contacted in this survey were selected by the author as a representative cross section of various park systems throughout the nation. They were selected neither as prime nor poor examples of concession operation. Some agencies contacted had no concessions at all, while the complexity of others was far above the median. A listing of the agencies included in this survey follows in Table III.

TABLE III
AGENCIES USED IN THE SURVEY

| Park Agency | Population Served | Operating Budget (dollars) |
|--------------------------------------|----------------------|----------------------------------|
| <u>10,000 to 50,000 Population</u> | | |
| Redding, California | 13,000 | 75,000 |
| Winnetka, Illinois | 14,000 | 221,000 |
| LaPorte, Indiana | 22,000 | 116,000 |
| Highland Park, Illinois | 23,000 | 125,000 |
| Wilmette, Illinois | 25,000 | 157,000 |
| Sumter, South Carolina | 25,000 | 80,000 |
| Urbana, Illinois | 27,000 | — |
| Concord, New Hampshire | 30,000 | 89,000 |
| Florence, Alabama | 32,000 | 42,000 |
| Midland, Michigan | 35,000 | 187,000 |
| Oak Park, Michigan | 35,000 | — |
| Sunnyvale, California | 40,000 | 238,000 |
| Manchester, Connecticut | 40,000 | 180,000 |
| Enid, Oklahoma | 45,000 | — |
| Butler, Pennsylvania | 45,000 | 72,000 |
| Eugene, Oregon | 47,000 | 190,000 |
| <u>50,000 to 100,000 Population</u> | | |
| Council Bluffs, Iowa | 50,000 | 145,000 |
| Northampton, Massachusetts | 50,000 | 120,000 |
| Skokie, Illinois | 50,000 | 250,000 |
| St. Cloud, Minnesota | 50,000 | 43,000 |
| Green Bay, Wisconsin | 52,000 | 205,000 |
| Brookline, Massachusetts | 60,000 | — |
| Everett, Washington | 60,000 | — |
| San Angelo, Texas | 62,000 | 88,000 |
| Muskegon, Michigan | 80,000 | 233,000 |
| Traverse City, Michigan | 85,000 | 100,000 |
| Burbank, California | 94,000 | 755,000 |

TABLE III (Continued)

| Park Agency | Population Served | Operating Budget (dollars) |
|--|-------------------|----------------------------|
| <u>100,000 to 200,000 Population</u> | | |
| Topeka, Kansas | 100,000 | — |
| Colorado Springs, Colorado | 120,000 | 396,000 |
| Lincoln, Nebraska | 130,000 | 230,000 |
| South Bend, Indiana | 138,000 | 650,000 |
| Fort Wayne, Indiana | 150,000 | 1,200,000 |
| Madison, Wisconsin | 150,000 | 900,000 |
| Stockton, California | 150,000 | 625,000 |
| New Haven, Connecticut | 160,000 | — |
| Albuquerque, New Mexico | 170,000 | 421,000 |
| Tacoma, Washington | 175,000 | 750,000 |
| Nashville, Tennessee | 178,000 | 865,000 |
| <u>200,000 to 500,000 Population</u> | | |
| Des Moines, Iowa | 200,000 | — |
| Spokane, Washington | 220,000 | 650,000 |
| Baton Rouge, Louisiana | 225,000 | 616,000 |
| El Paso, Texas | 260,000 | 506,000 |
| Dayton, Ohio | 260,000 | 1,250,000 |
| Maryland Capitol Parks | 280,000 | 800,000 |
| Clearwater, Florida | 300,000 | 166,000 |
| Norfolk, Virginia | 300,000 | 375,000 |
| Omaha, Nebraska | 303,000 | 535,000 |
| Hartford, Connecticut | 320,000 | — |
| San Diego, California | 400,000 | — |
| <u>500,000 to 1,000,000 Population</u> | | |
| Cincinnati, Ohio | 550,000 | 933,000 |
| Dallas, Texas | 600,000 | 2,800,000 |
| Birmingham, Alabama | 600,000 | 1,000,000 |
| Denver, Colorado | 650,000 | 2,000,000 |

TABLE III (Continued)

| Park Agency | Population Served | Operating Budget (dollars) |
|---|-------------------|----------------------------|
| New Orleans, Louisiana | 670,000 | 700,000 |
| Seattle, Washington | 750,000 | 2,540,000 |
| St. Louis, Missouri | 850,000 | 3,000,000 |
| <u>1,000,000 to 8,000,000 Population</u> | | |
| Essex County, New Jersey | 1,000,000 | — |
| Milwaukee County, Wisconsin | 1,000,000 | 5,709,000 |
| Detroit, Michigan | 2,000,000 | 7,000,000 |
| Oakland, California | 2,000,000 | 1,200,000 |
| Philadelphia, Pennsylvania | 3,000,000 | — |
| Huron Clinton Authority, Michigan | 4,000,000 | 3,000,000 |
| Muskingum District, Ohio | 5,000,000 | 2,180,000 |
| New York City, New York | 8,000,000 | 29,770,000 |

Michigan State University
Department of Resource Development
Park Management
409 Agriculture Hall
East Lansing, Michigan

April 8, 1958

Dear Park Executive,

Although Spring and your busiest season is now at hand could you please take just a few minutes to answer the enclosed questionnaire.

Your answers are vital to a thesis I am writing as part of my graduate study in Park Management under Dr. Arthur T. Wilcox. The title of this thesis is Administrative Policies of Public Park Concessions, a subject on which little has been written despite its importance in every park operation.

Your reply will be held confidential and tabulated with 175 other representative samples resulting in a final summary useful to the entire profession. This summary will be available to all interested individuals through our University library.

I cannot overemphasize the importance of your contribution to this survey, for it is only from a qualified, professional person such as yourself that this information so essential to my research can be obtained.

Thank you in advance for your thoughtful cooperation in this educational project.

Very gratefully yours,

Seymour M. Gold
Graduate Research Assistant

SMG/bjm

CONCESSIONS QUESTIONNAIRE

City _____ Population Served _____

Agency _____ Annual Operating Budget \$ _____

1. Our concessions are operated on a (profit, loss, break-even) basis. (Circle)
2. The gross of our entire concession operation totals \$ _____.
3. Concessions add \$ _____ of net revenue to our annual income.
4. (All, Some, None) of our concessions are owned, operated, and maintained exclusively by our department. (Circle)

Please answer the following only if your preceding answer was some or none.

We lease out _____ per cent of all our concessions.

Of those leased out _____ per cent are merchandise concessions.¹

Of those leased out _____ per cent are food and drink concessions.²

Of those leased out _____ per cent are public accommodation concessions.³

5. The revenues from our concessions are: (Check)

_____ Returned to the city general fund.

_____ Transferred to our general park operating fund.

¹Merchandise concessions include: novelty stands, stores, sport shops, etc.

²Food and drink concessions include: vending, refreshment stands, restaurants, etc.

³Public accommodation concessions include: golf courses, checking facilities, amusement devices, winter sports, rental equipment, exhibits, etc.

_____ Kept exclusively within the concession operation
 _____ Used for this special purpose _____.

6. We feel in general these are the most important advantages to complete public ownership and operation (number in descending order, no. 1 being the most important).

_____ A higher net profit can be realized.
 _____ Better, more devoted service to the public at lower prices.
 _____ Better care and maintenance of the facility.
 _____ A minimum of control and supervision are necessary.
 _____ Better public relations and attitude toward the operation.
 _____ Profits revert back to the public instead of a private individual.

7. We feel in general these are the most important advantages in leasing to a concessionaire (number in descending order, no. 1 being the most important).

_____ More flexibility in personnel and purchasing procedures.
 _____ Assured income with little responsibility.
 _____ Better service by a more qualified, experienced individual.
 _____ Less capital investment required by our agency.
 _____ Minimum of public criticism due to competition with private interests.

TABLE IV
FISCAL ASPECTS OF CONCESSIONS OPERATIONS

| Aspect Considered | Pct. | Dollars |
|--|-------|------------|
| <u>Municipal Parks</u> | | |
| Operation at a profit | 75.4 | — |
| Operation at a loss | 0.0 | — |
| Operation at cost | 9.2 | — |
| Per cent no answer to profit-loss question . . | 15.4 | — |
| Gross revenue | — | 580,738 |
| Net revenue | — | 57,399 |
| Percentage of profit | 24.6 | — |
| <u>State Parks</u> | | |
| Operation at a profit | 89.6 | — |
| Operation at a loss | 5.2 | — |
| Operation at cost | 5.2 | — |
| Per cent no answer to profit-loss question . . | 0.0 | — |
| Gross revenue | — | 743,693 |
| Net revenue | — | 141,797 |
| Percentage of profit | 22.8 | — |
| <u>National Parks</u> | | |
| Operation at a profit | 100.0 | — |
| Operation at a loss | 0.0 | — |
| Operation at cost | 0.0 | — |
| Per cent no answer to profit-loss question . . | 0.0 | — |
| Gross revenue | — | 40,000,000 |
| Net revenue | — | 450,000 |
| Percentage of profit | 11.2 | — |

TABLE V
PERCENTAGE OF CONCESSIONS OPERATED
BY PARK AGENCIES

| Type of Operation | Municipal Parks (pct.) | State Parks (pct.) | National Parks (pct.) |
|-----------------------------------|------------------------------|--------------------------|-----------------------------|
| All operated by park agency . . . | 10.8 | 10.5 | 0.0 |
| Some operated by park agency . | 26.2 | 42.2 | 0.0 |
| None operated by park agency . | 61.5 | 47.3 | 100.0 |
| Per cent no answer | 1.5 | 0.0 | 0.0 |

TABLE VI
PERCENTAGES AND TYPES OF CONCESSIONS LEASED
OUT TO PRIVATE CONCESSIONAIRES

| Percentage and Type | Municipal Parks (pct.) | State Parks (pct.) | National Parks (pct.) |
|-----------------------------------|------------------------------|--------------------------|-----------------------------|
| Percentage leased out | 95.0 | 76.3 | 100.0 |
| Merchandise type | 7.4 | 22.3 | — |
| Food and drink type | 76.9 | 53.6 | — |
| Public accommodation type | 21.7 | 19.5 | — |
| Per cent no answer | 7.7 | 0.0 | 0.0 |

TABLE VII
REVERSION OF DERIVED REVENUES

| Reversion | Municipal Parks (pct.) | State Parks (pct.) | National Parks (pct.) |
|-----------------------------------|------------------------------|--------------------------|-----------------------------|
| Government unit general fund . . | 61.5 | 31.6 | 100.0 |
| Park agency general fund | 33.8 | 68.4 | 0.0 |
| Concession operating fund | 1.6 | 0.0 | 0.0 |
| Special purpose fund | 3.1 | 0.0 | 0.0 |
| Per cent no answer | 7.7 | 0.0 | 0.0 |

TABLE VIII
RATING OF THE MOST IMPORTANT ADVANTAGES TO PUBLIC
OWNERSHIP AND OPERATION OF CONCESSIONS IN
DESCENDING ORDER, NUMBERS 1-6^a

| Advantages | Municipal Parks (pct.) | State Parks (pct.) | National Parks (pct.) |
|--|------------------------------|--------------------------|-----------------------------|
| Better service to public | 2.5 | 1.9 | — |
| Better public attitude toward the operation | 2.6 | 2.6 | — |
| Better care of facility | 2.8 | 2.7 | — |
| Profits revert to public in- stead of private individuals . . . | 3.6 | 3.2 | — |
| Higher net profit | 2.5 | 1.9 | — |
| Minimum of control necessary . . | 4.3 | 4.8 | — |
| Per cent no answer | 43.1 | 42.1 | 100.0 |

^aNumber 1 is the most important; number 6, the least.

TABLE IX
 RATING OF THE MOST IMPORTANT ADVANTAGES IN
 PRIVATE CONCESSIONAIRE OPERATION OF PARK
 CONCESSIONS IN DESCENDING ORDER,
 NUMBERS 1-6^a

| Advantages | Municipal Parks (pct.) | State Parks (pct.) | National Parks (pct.) |
|---|------------------------------|--------------------------|-----------------------------|
| Reduction in administrative costs | 2.9 | 2.7 | — |
| Less capital investment by agency | 3.0 | 3.2 | — |
| Minimum of criticism due to competition with private enterprise | 4.3 | 3.4 | — |
| More operation flexibility | 3.6 | 3.6 | — |
| Assured income to park agency with little responsibility | 2.8 | 3.8 | — |
| Service by a more qualified, experienced individual | 3.0 | 3.9 | — |
| Per cent no answer | 21.5 | 0.0 | 100.0 |

^aNumber 1 is the most important; number 6, the least.

APPENDIX B

CONCESSION OPERATION

Questions asked of 76 delegates attending the Administrators Training Institute at the Great Lakes Recreation Conference April, 1958, Milwaukee, Wisconsin.

1. In your city, does your department lease or keep control and operation of concessions?

52 per cent leased their concessions.

8 per cent were dissatisfied with their leasing policy.

48 per cent kept control of their concessions.

All cities reporting the operation of their own concessions stated that they were satisfied with their policy.

2. Do you operate concessions at the following locations?

| | |
|-------------------|-----------------|
| Golf courses | 30 per cent yes |
| Parks | 60 per cent yes |
| Playgrounds | 15 per cent yes |
| Youth centers | 40 per cent yes |
| Community centers | 31 per cent yes |
| Field houses | 3 per cent yes |
| Swimming pools | 30 per cent yes |
| Tennis courts | 3 per cent yes |
| Winter sports | 20 per cent yes |
| Stadiums | 4 per cent yes |
| Swimming areas | 32 per cent yes |

3. If concessions are leased out, what percentage does your department receive?

Of the 52 per cent who lease concessions, the majority received 10-15 per cent of the gross sales.

4 cities received a flat rate for the season.

5 cities received 20 per cent of the gross sales

2 cities received 50 per cent of the gross sales.

1 city transferred all receipts to the concessionaire.

4. In your city, are the profits realized from the concessions deposited in the general fund or in a separate fund?

60 per cent deposited the profits with the general fund.

40 per cent deposited the profits in a separate fund for department use.

APPENDIX C

UNITED STATES
DEPARTMENT OF THE INTERIOR
National Park Service
Washington 25, D.C.

May 7, 1958

Mr. Seymour M. Gold
Graduate Research Assistant
410 Agriculture Hall
Michigan State University
East Lansing, Michigan

Dear Mr. Gold:

We have your letters of April 9 and April 29, with which you enclosed a questionnaire for information to be used in your graduate study thesis.

Concession operations in areas of the National Park System are operated almost exclusively in buildings and structures constructed with private capital and operated under contract with the Government to supply the needs of visitors to the areas. Accordingly, we have found it quite difficult to attempt to answer the many questions on your questionnaire which obviously was prepared on the basis of facilities being owned and largely operated by the governmental body administering the area. We shall, however, reply to each of the seven items listed in your questionnaire as follows:

(1) The National Park Service does not conduct any concession operations and its only financial return from them is franchise fees charged concessioners for the privileges granted. Since service to the public is paramount in granting concessions, no attempt is made to relate the franchise fees to the cost to the Government of having such concessions available. Of course, the concessioners, including a few nonprofit distributing corporations operate, as do most private enterprises, on a profit basis. However, in a number of cases some parts of a necessary service for the public cannot be operated at a profit because of limited patronage, high cost of operation due to remoteness or inaccessibility, or similar factors.

(2) While the financial reports of all concessioners have not been fully analyzed for 1957, it is expected that the gross receipts will exceed \$40,000,000 during the 1957 operating season.

(3) Franchise fees, which represent the only return to the Government for the concessions granted, in 1956 exceeded \$415,000. Similar figures for 1957 have not been compiled; however, we expect them to be approximately \$450,000.

(4) A very limited number of concession facilities are owned by the National Park Service. At the present time none are operated and maintained by this Service. All government-owned facilities in operation are assigned to concessioners which operate them under concession contracts. Most of them include overnight lodgings, meal service, and souvenir sales and would fall in all three categories listed.

(5) Franchise fees received from concessioners are required by law to be deposited into Miscellaneous Receipts and are not available for use unless appropriated by the Congress.

(6) Since it is the policy of the Department of the Interior that concession facilities should be owned and operated by private enterprise under concession contracts, we have no experience with "complete public ownership and operation."

(7) In keeping with (6) above and the intent of the Act of August 25, 1916 (39 Stat. 535) establishing the National Park Service, we have had no experience in public operations by a concessioner. Accordingly, we are unable to advise which advantages may be the most important.

We regret that you found it necessary to follow-up on your letter of April 9. However, realizing the weight you intend placing on our response and the impracticability of answering your questionner per se, we wished to give the matter very careful thought and consideration. We assure you that after reviewing the above you will realize our reluctance in attempting to translate this information to the specific items in your questionnaire.

Sincerely yours,

/s/ A. C. Stratton

Chief of Concessions Management

SELECTED CONCESSION POLICIES OF THE NATIONAL PARK SERVICE²⁷

I. Service to the Public vs. Revenue to the Government

The goal should be eventually to make the parks free to everyone, that is, admission fees should be abolished and services should be rendered at cost without any effort to make the national parks a revenue-producing agency. It is recognized, however, that at the present time this is not feasible, and the policy of collecting a part of the cost of operation from visitors should be continued. The amount to be collected should be confined to an entrance fee, and franchise fees should be abolished in so far as possible.

II. Acquisition and Ownership of Facilities by the Government

Government ownership but not operation of basic facilities is in the long run in the best public interest. Under existing circumstances, the general policy of Government ownership is not recommended where private capital can be obtained. Congress should establish a definite policy of appropriations for acquiring

²⁷National Park Service, National Park Concessions (Report of the Advisory Group) (Washington, D.C.: National Park Service, 1948), pp. 6-12.

and maintaining facilities, but this need not preclude use of funds from other sources. Contracts with concessionaires should keep the door open for Government ownership.

III. Who Shall Operate Concessions?

Since, at least for the present, the private concessionaire is the only one in a position to finance needed expansion, it is recommended that the policy of private operation of concessions be continued under contracts that will not only protect the interests of the Government, but will give the concessionaire the security to which he is entitled and sufficient incentive to provide a high standard of service to the public.

IV. What is a Fair Rate of Return to Concessionaires?

Concessionaires are entitled to an opportunity to earn a certain minimum, say 6 percent, on investment and in addition a portion of the earnings above the minimum sufficient to compensate for risks assumed, build up a reserve to absorb losses of bad years, and provide an incentive for good operation.

V. Concessionaire's Priority of Profit

Concessionaires are entitled to an opportunity to earn a reasonable minimum of return on investment. After that, the Government should take a share of the additional earnings; the Government's percentage increasing as the percentage of earnings increases.

VI. Subsidy of Certain Enterprises by Others

If the concessionaire's business as a whole is sufficiently profitable, it is reasonable to require him to absorb losses on relatively minor operations which cannot be carried on at a profit, but which are important in the public interest. Where accommodations are provided which are so expensive as to be beyond the reach of most of the visitors to the park they should be self-sustaining.

VII. Appropriate Type, Amount, and Location of Facilities

Facilities necessary for the comfort and pleasure of the people who come to enjoy the natural attractions of the parks should be provided, but provision of artificial entertainment or attractions unrelated to the parks themselves, except in special cases, should be discouraged.

VIII. What Should Be Done with Income?

Until Congress approves the policy of acquiring basic facilities by the Federal Government, it is better to continue the present policy of putting all revenues into the general fund and in turn receiving appropriations for the same source.

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