

NORTH CAROLINA

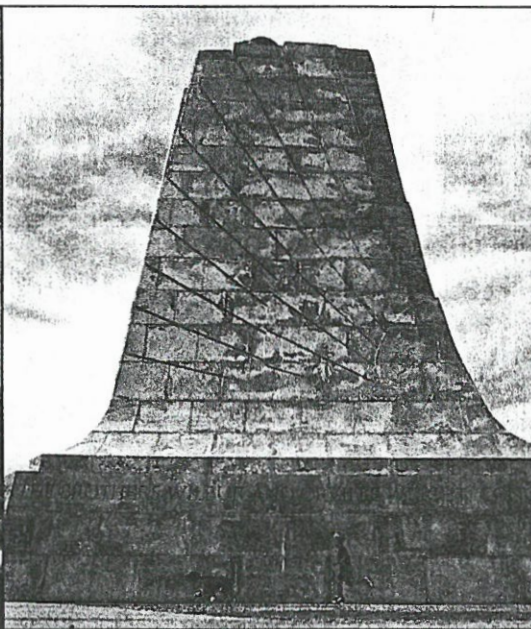
This season, high school football results will be running in Sunday's North Carolina section. Game stories/Y5

Fees could find their way home

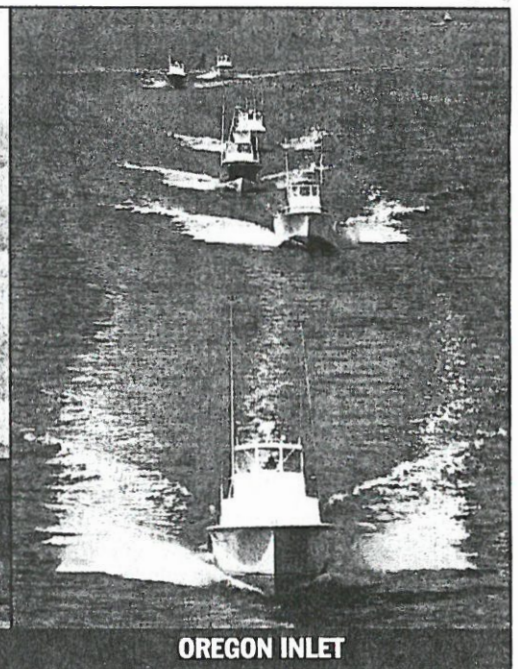
Marinas, air tour companies and other concessionaires pay fees to operate on federal lands such as Cape Hatteras National Seashore, the Wright Brothers Memorial and at Oregon Inlet, with the money going into a general fund



CAPE HATTERAS NATIONAL SEASHORE



WRIGHT BROTHERS MEMORIAL



OREGON INLET

State: So far, there are no proposals to send fees back home to the parks

BY MELISSA CORLEY
STAFF WRITER

NAGS HEAD — When Kitty Hawk Kites first opened its doors, it operated out of the garage of the popular Casino Hotel across from Jockey's Ridge, a far cry from the two-story, blocklong facility the store currently occupies.

The kite shop never would have stayed aloft without its hang-gliding school atop the huge sand dunes, said company owner John Harris.

"Jockey's Ridge is the number one location in the country," Harris said. "It is forgiving and relatively safe to learn on."

Without the dunes, Harris said, "we would have been out of business. There are no similar sites along the East Coast."

Although retail sales are larger now than the hang-gliding business, in the beginning, the classes were the bulk of the profit.

To make money off the public land that holds those choice hills, Kitty Hawk Kites pays a percentage of the profits from its classes to the state.

Jockey's Ridge never sees that money. Instead, it goes straight to the state parks department's general fund, where it is disbursed to park



DREW C. WILSON/FILE PHOTO

For Kitty Hawk Kites, which teaches hang-gliding on Jockey's Ridge, the state park is vital to the business.

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Federal: Under bill, some fees would be returned to the parks that generated them

BY MELISSA CORLEY
STAFF WRITER

NAGS HEAD — At the Wright Brothers Memorial, tourists pay up to \$29 to take air tours over the Outer Banks.

At Avon Fishing Pier, fishermen spend \$6 each to try to catch dinner.

And at Oregon Inlet Fishing Center, a trip on a charter can cost hundreds of dollars.

For decades, businesses have paid the government for the right to operate at federal parks such as the Wright Brothers Memorial and Cape Hatteras National Seashore.

But the parks never see the money. Instead, the fees end up in

the National Park Service's general fund, paying for projects from Alaska to the Ozarks.

A bill before Congress could change that, allowing a portion of the fees to flow back to parks that host money-making ventures.

Kitty Hawk Aero Tours flies tourists up and down the Outer Banks from the Wright Brothers Memorial and pays around 3 percent of its annual profits to the National Park Service.

Last year, more than 22,452 passengers took the tour. If they all flew at the lowest rate, 3 percent of the profits would be almost \$15,500 — money the park

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Kites: Shop's license has restrictions

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sites statewide.

The situation is the same for federal parks, but there is a law being considered by Congress that could change the federal policy.

Jockey's Ridge became a state park on May 31, 1975, a year after Kitty Hawk Kites began operating across the street.

The company taught hang-gliding classes even before the state bought the park and set up a concessionaire agreement.

"It was unusual and new for the state to be doing this with a private business involved in a state park," said Jockey's Ridge superintendent George Barnes.

"As things progressed and grew, it became a concessions license agreement," said Barnes, explaining that the license spells out specific rules Kitty Hawk Kites must follow. "We require them to be very professional."

The license is very restrictive.

"Kitty Hawk Kites is only authorized to teach hang-gliding lessons in the park," Barnes said. "If they do something else, that's a violation of the contract."

"Kitty Hawk Kites is responsible for any liability," Barnes said, adding that the kite shop is required to have \$1 million in liability insurance to cover any accidents that may occur during its lessons.

In return for the license to hold classes on the dunes, Kitty Hawk Kites must pay 8 percent of its fees from their lessons along with 8 percent of profits from the sale of items in the store's concessions

stand, which sells hats and T-shirts, in the park.

Kitty Hawk Kites draws an average of 600 hang-gliding students a week during the busiest part of the summer season. There are four classes for beginners held every day, and one advanced class.

Each class has a 20-student capacity.

With 600 students per week and classes starting at \$49 each, Kitty Hawk Kites has the potential to make \$29,400 per week on the classes in mid-season.

Eight percent of that weekly profit is \$2,352. If profits were steady over a twelve-week period, the state park service could collect \$28,224 from the kite shop at the end of the summer, and Kitty Hawk Kites still would make more than \$300,000.

Barnes said the wear and tear caused by Kitty Hawk Kites' classes is not substantial.

A potential 100 students on the Ridge each day for hang-gliding pales in comparison to the total number of visitors to the park every day.

"One hundred in a day — that's less than 2 percent than what we have," Barnes said.

"One hundred out of 8,000 is pretty minimal."

"It is an equal and fair license agreement," Barnes said. "The license is good for three years with two opportunities for one-year extensions."

In November, the license comes up for bid again.

"A few people have been interested in the past, but no one's bid on it," Barnes said. He said he

does expect others to bid on the contract this fall.

"It's not just Kitty Hawk Kites," Barnes said. "Anybody with the money, the will or the desire can come in and bid on this package."

Harris said he agrees with the legislation going through Congress that would return a portion of franchise fees back to the federal park sites where they are generated.

"I think it's great, and I think it should be done at the state also," Harris said.

If the franchise fee went directly to Jockey's Ridge, it could help speed up projects the park recently has finished or has in the works.

"We could always use the extra money," Barnes said. "We could use money now to renovate our old office building for maintenance."

The park also is planning to build a canoe trail with a boardwalk from the dunes to the water once it has the money, he said.

Some park operators on the state level would prefer that franchise fees go directly to them, but no one ever has drafted legislation to make that possible, said Carl Geeter, concessions manager for the state.

Even if the federal legislation passes, he does not think state officials would take the same action.

"On the federal level, there are large parks with big businesses, and with the money volumes, there is no comparison (with state parks)," Geeter said. "There are parks like Yellowstone that have major business complexes, and we don't have that."

Parks: Fees may be returning to sites that generated them

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never saw.

The House will consider the bill when it comes back from its summer break at the beginning of September. The Senate passed its version in June.

A similar bill went through Congress several years ago, but did not pass.

If Outer Banks sites recouped the franchise fees generated last year, almost \$500,000 would have flowed back into the area, said Warren Wren, a concessionaires specialist with the park service.

The businesses running Oregon Inlet Fishing Center and piers in Rodanthe, Frisco and Avon also pay the National Park Service for the privilege of making money on publicly owned land.

Concessions agreements are used across the country.

The system started around the turn of the century out West, where there are several large parks with no accommodations for visitors.

"The National Park Service enters into an agreement with private individuals to offer those services that we cannot offer ourselves," Wren said, using mule train services in the Grand Canyon of Arizona as an example.

"Years ago, when the Cape Hatteras National Seashore was first created, the management and community decided what services would be necessary to offer the public down here. It was deemed that, number one, the fishing center up at Oregon Inlet for offering offshore charter boats was a necessary service to the public."

Agreements to run the fishing piers have been in place since the early 1960s and have changed hands over the years as part of the competitive process.

The federal government advertises when concessions agreements are coming up for bid. The bids for the contracts are not sums of money but descriptions of the services the businesses will provide. There is no application or bidding fee.

In the case of a company bidding for a contract to operate a fishing pier on Hatteras Island, the bid would stipulate things like hours of operation and what maintenance work will be performed, such as replacing pilings or pier houses.

"There is not usually a lot of companies bidding on the contracts," Wren said, adding that there is not a big profit potential.

"And quite frankly the government concessions are restricted to what kinds of services (government officials) want provided," he continued. "There's not much opportunity for additional services that would be in direct competition with the local community."

But it is worth it for businesses to set up a concessionaire agreement with the government, said Jay Mankevick, owner of Kitty Hawk Aero Tours.

He said there is no other piece of land where he could operate his business, and the franchise fees are just the price he pays for the right to make money on park land.

"I have no problems with the fee," Mankevick said. "You don't get something for nothing."

Wren said the franchise fee for the Hatteras Island park service sites traditionally is around 3 percent of annual profit.

The bill before Congress is not the first of its kind. Six years ago, a similar piece of legislation was proposed, and since then, the park service has been issuing extensions to concessionaires until the matter is resolved.

Wren expects that within the next two years, the Hatteras Island sites will go up for bid again.

Before the legislation was introduced, there was no set length of time for contracts. The time was determined on an individual basis.

The park service only will consider a service if it benefits the visitors and coincides with the park's purpose.

"We've had offers to set up ice cream stands and sell bait," Wren said.

"But that's not an appropriate use of park land. Those things are available in the local community, and so there's no reason for the National Park Service to provide them."

This may prevent piers operating under concessionaire agreements from offering the same services as private piers.

For example, Nags Head Fishing Pier, which is privately owned, offers a restaurant, tackle shop and sells T-shirts and hats.

Kitty Hawk Fishing Pier and Jennette's Fishing Pier in Nags Head also have restaurants, but piers on Cape Hatteras National Seashore can only offer such services if their contracts expressly stipulate them.

In the formative years of the program, the park service learned several lessons, Wren said.

"The National Park Service realized that there was a lot of opportunity there," Wren said. "The program really began to professionalize in the early 70s."

Many people do not even realize there is such a system in place at park service sites, and Wren said this speaks to the efficiency of the system.

"If they come and just fish, then the program is working," Wren said.