



MONTANA STATE PARKS AND RECREATION BOARD AGENDA ITEM COVER SHEET

Meeting Date: August 18, 2016

Agenda Item: Lewis & Clark Caverns State Park Concession Lease Term – Approval

Division: Parks

Action Needed: Approval

Time Needed on Agenda for this Presentation: 10 minutes

Background: The current Food, Beverage and Gift concession contract at Lewis & Clark Caverns State Park expires February 15, 2017. This concession is an important service for park visitors participating in cave tours as well as for campers and trail users in the park. The Parks Division is preparing a Request for Proposal for a new contract that will initially be for a term of 10 years, with provisions to allow two (2) additional 5-year terms, for a maximum of 20 years.

Montana Code Annotated 18-4-313 regarding contract terms, extensions and time limits requires State Parks and Recreation Board approval for any contracts over 7 years as amended under Senate Bill 191 in 2015.

Public Involvement Process & Results: The Request for Proposal will be open for competitive bidding according to State contracting procedures.

Alternatives and Analysis:

Alternative A: Do not approve a term longer than 7 years.

Alternative B: Approve a longer concession contract at outlined above.

The longer contract term is desired in order to make the concession contract more financially viable for prospective bidders and encourage capital improvements to the facility. The 2015 Facility Condition Inventory (FCI) by MT State Parks identified \$379,000 in project needs at the facility; contract fees can be applied to projects to address these needs. MCA 18-4-313 requires capital improvements for contract terms over 7 years as well as a business plan offering a reasonable estimation that the cost of the capital improvement by the concessionaire will be repaid within the life of the contract. Based on the cost of improvement needs, the length of the contract must be at least 10 years for concessionaire's to accomplish this repayment within the contract term. The Division is willing to consider up to a 20 year contract depending on the level of capital investment a successful bidder is willing to provide.

Agency Recommendation and Rationale: It is recommended that a 10 year contract term with the possibility of two 5-year extensions be approved to make capital improvement at the facility financially viable for prospective bidders. Capital improvements in the facility will ensure that the concession can continue as a valued visitor service at Lewis & Clark Caverns.

Proposed Motion: I move that the division be permitted to enter into a Request for Proposal process for an initial 10 year contract term for the Food, Beverage and Gift Concession at Lewis & Clark Caverns State Park with the ability to negotiation (2) five year extensions for a total term not to exceed 20 years.