

State of Hawaii
DEPARTMENT OF LAND AND NATURAL RESOURCES
Division of State Parks
Honolulu, Hawaii

August 22, 2008

Board of Land and Natural Resources
State of Hawai'i
Honolulu, Hawai'i

Subject: Permission to Solicit for Bids and Enter into a Services Agreement for Entrance Fee Collection at Diamond Head State Monument, Oahu

At its meeting on February 26, 1999 (Item E-2), the Board approved the charging of an entrance fee to Diamond Head State Monument and a fee structure for walk-in individuals, private vehicles, and commercial vehicles. In addition, at its April 12, 2002 meeting (Item E-6) and again at its October 14, 2005 meeting (Item E-2), the Board approved State Parks' request to solicit sealed bids and enter into a services agreement with the awarded bidder (the Contractor), to collect entrance fees at Diamond Head State Monument. The current contract is due to conclude on December 31, 2008; and State Parks again wishes to solicit sealed bids to collect entrance fees at Diamond Head State Monument.

Since January 15, 2003, the entrance fee has been collected daily by the Contractor, during the park's open hours (6:00am to 6:00pm). With annual park visitation averaging 600,000 visitors, the revenues collected during the past five (5) years of the services agreement are as follows:

Revenue Category	2003	2004	2005	2006	2007
Total Entry Fee Collected	\$773,077	\$777,173	\$792,180	\$790,444	\$792,424
OHA (20%)	\$154,615	\$155,434	\$158,436	\$158,089	\$158,485
State Parks Special Fund	\$618,461	\$621,738	\$633,744	\$632,355	\$633,939

These revenues cover the operating costs of the fee collection contract, interpretive staff and services at Diamond Head State Monument, maintenance staff and park operations at Diamond Head State Monument, and assist with the operations, repairs and maintenance at other State Parks across the State. In accordance with Act 292 (Senate Bill 138, 2007 Legislative Session) that became effective July 1, 2007, 55% of the fees collected are now deposited into a sub-account to be used exclusively at Diamond Head State Monument.

In this agreement with the Contractor, the State pays the Contractor to collect the entrance fee by paying for the Contractor's employees salaries, a management fee, entry tickets, and annual passes, and miscellaneous related costs. The cost for the services agreement in 2006 and 2007 (the current contract cycle) averaged \$85,424 per year. In addition to collecting the entrance fees and selling annual passes, the Contractor's employees provide limited visitor

information about the park and the hike to the summit. The Contractor's employees have also been effective in managing the vehicle traffic in the park, especially during busy times of the day when the parking lot is full.

State Parks has reviewed the various options on how to collect the entrance fees: services agreement, concession, and State Parks staff. By contracting the entrance fee collection, the State avoids a large overhead and hiring of new State personnel. On busy days, the summit trail is at capacity, and any efforts to increase visitation would degrade the visitor experience and result in further erosion of the trail. Therefore, State Parks has chosen to maintain the existing level of visitation by retaining the current size of the parking lot as way to control visitor volume at the park.

With the Board's concurrence, State Parks proposes to solicit bids for another one-year service agreement with an option to extend the agreement for two (2) additional years. The first year of the agreement will run from January 1, 2009 until December 31, 2009. The scope of the agreement will remain basically the same – to collect entrance fees, manage the parking lot, and offer visitor information. We expect the bids to come in somewhat higher than the past three (3) years, but based on our experience over the past 7.5 years, we believe that a services agreement remains the most effective method to operate the entrance fee collection.

RECOMMENDATION:

That the Board approve the request to solicit sealed bids and enter into a services agreement with the awarded bidder for entry fee collection at Diamond Head State Monument, Oahu for the period January 1, 2009 through December 31, 2011.

Respectfully submitted,



DANIEL S. QUINN
State Parks Administrator

APPROVED FOR SUBMITTAL:



LAURA H. THIELEN, Chairperson