

# **BUSINESS OPPORTUNITY**

CC-GLBA001-14

*Department of the Interior*

National Park Service  
Glacier Bay National Park and Preserve

**A Concession Business Opportunity to Operate Lodging, Tour Boat,  
Food and Beverage, Retail and Other Services**

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## INTRODUCTION

The National Park Service ("Service") intends to award a concession contract at Glacier Bay National Park and Preserve ("Park") to provide lodging, tour boat, food and beverage, retail and other services. This Prospectus describes in general terms the existing business operations and the future business opportunities for the facilities and services required by the Service. Offerors must review all sections of this Prospectus and specifically, the terms and conditions of the Draft Concession Contract, CC-GLBA001-14 ("Draft Contract"), including its exhibits, to determine the full scope of a future concessioner's responsibilities under the Draft Contract.

The Service is conducting this solicitation in accordance with the National Park Service Concessions Management Improvement Act of 1998 (P.L. 105-391), as implemented by regulations in 36 C.F.R. Part 51. The term "Concessioner" as used in this Prospectus refers to the entity that will be the Concessioner under the Draft Contract. The term "Existing Concessioner" refers to Glacier Bay National Park and Preserve Concessions LLC, a joint venture between Aramark Sports and Entertainment Services, Inc. and Huna Concessions, LLC, the Concessioner under the current Concession Contract, CC-GLBA001-04 ("Existing Contract"). The Existing Contract, as amended, and a copy of 36 C.F.R. Part 51 are included as appendices to this Prospectus.

In the event of any inconsistency between the terms of this Prospectus and 36 C.F.R. Part 51, 36 C.F.R. Part 51 will control. In the event of any inconsistency between the description of the terms contained in this Prospectus and the Draft Contract, the attached Draft Contract will control.

Given the popularity of the Park and the variety of services available to the public required under the Draft Contract, the Service believes this new concession contract presents an attractive business opportunity for a future concessioner.

## THE NATIONAL PARK SERVICE AND ITS MISSION

In 1916, President Woodrow Wilson approved legislation creating the Service within the Department of the Interior. That legislation mandated that America's National Park Service was created by Congress to:

...conserve the scenery and the natural and historic objects and the wild life therein and to provide for the enjoyment of the same in such a manner and by such means as will leave them unimpaired for the enjoyment of future generations. (16 U.S.C. 1)

Additionally, Congress declared that the National Park System should be:

...preserved and managed for the benefit and inspiration of all the people of the United States. (16 U.S.C. §1a-1)

The Service has as its overall mission the preservation and public enjoyment of significant aspects of the nation's natural and cultural heritage. To learn more about the National Park Service, visit [www.nps.gov](http://www.nps.gov). This site includes information about the Service's mission, policies, and information on individual park units.



## GLACIER BAY NATIONAL PARK AND PRESERVE

Glacier Bay National Park and Preserve, located in Southeast Alaska, covers approximately 3.3 million acres of protected wilderness area that stretches across mountains, rainforests, coastlines and fjords. The area was established by Presidential Proclamation as a national monument in 1925 and was redesignated in 1980 by the Alaska National Interest Lands Conservation Act – an act which also significantly extended its boundaries. In 1992 Glacier Bay was designated an international World Heritage Site, along with neighboring Wrangell-St. Elias National Park and Canada's Kluane National Park. The Park is one of the most visited attractions in the State of Alaska.



This terrestrial and marine sanctuary preserves an extensive and diverse North Pacific coastal ecological community. Although the Park is perhaps best known for its magnificent glaciers, it attracts many visitors seeking nature, recreational activities or simply a chance to experience one of the relatively few untamed wilderness areas left in the world. The Park is a prime destination for cruise ship travelers to the region as well as a significant segment of independent travelers that include hikers, campers, kayakers, sport-fisherman, bird watchers and game-hunters.

Only 200 years ago, a significant portion of what is now part of the Park area was encased by a 4,000-foot thick glacier (which began forming from snowfall during the ice age) that extended more than 100 miles to the Fairweather Mountain Range. Over the years, the glacier has retreated at an almost unprecedented rate, both exposing and creating new ecosystems that range from wet tundra to coastal forests to postglacial meadows to ice fields. Predominantly a coastal environment, marine waters comprise nearly 25% of the Park “and no point of land is more than 30 miles from the coast.”

The Park's diverse land and seascape hosts a mosaic of plant communities and a variety of animal wildlife. The more temperate rainforest and the coastal area provides home and shelter to grizzly bears, moose, harbor seals, mountain goats, humpback whales, and bald eagles. In terms of plant life, spruce and hemlock forests comprise a significant share of the landscape near the bay. Closer to the glaciers are “deciduous forests of cottonwood and alder, which give way to shrub lands, then tundra.”



The Park has a maritime climate that is heavily influenced by ocean currents. April, May and June are usually the driest months, with September and October tending to experience the most rain. Due to the varied topography, weather conditions can vary dramatically. During the summer, temperatures along the coastline average between 50 to 60 degrees Fahrenheit with winter temperatures averaging 25 to 40 degrees Fahrenheit. Note that conditions in the mountains are more severe with colder temperatures and more precipitation that takes the form of snow. The Park is open year-round, but services in winter are extremely limited due to cold weather conditions.

Additional information about the Park can be found on the National Park Service website at <http://www.nps.gov/glba/index.htm>.



The following is an overview map of Glacier Bay National Park and Preserve and the surrounding area.

**Exhibit 1. Map of Glacier Bay National Park and Preserve and Surrounding Area**



Source: National Park Service



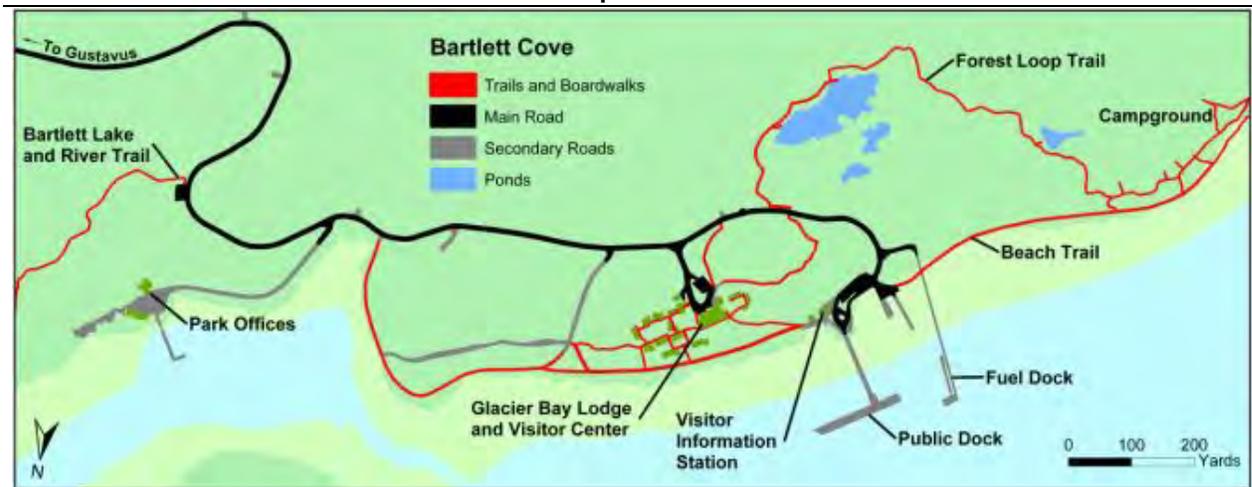
## CONCESSION OPPORTUNITY

The Existing Concessioner, Glacier Bay National Park and Preserve Concessions LLC, provides visitor services within the Park under the Existing Contract CC-GLBA001-04, a copy of which is included in the appendices to this Prospectus. The Existing Contract expires on December 31, 2013.

### Concession Overview

The primary facility associated with this business opportunity, the Service-owned and potentially historic Glacier Bay Lodge, is located at Bartlett Cove, which is accessible via a 10-mile paved road from the town of Gustavus. Park headquarters, a visitor center (inside the lodge), visitor information station and public dock are also located at Bartlett Cove. Exhibit 2 provides a map of the Bartlett Cove area.

**Exhibit 2. Map of Bartlett Cove**



*Source: National Park Service*

### Required and Authorized Services

The following exhibits summarize required and authorized services under the Draft Contract. Key required services will be unchanged from the current concession operation.

**Exhibit 3. Required Services in the Draft Contract**

Required Services
Lodging: Glacier Bay Lodge
Day Tour Boat Service: Daily tour of Glacier Bay
Food and Beverage: Glacier Bay Lodge restaurant
Retail: Lodge gift and sundry shop and Day Tour Boat gift and sundry sales
Ground Transportation: Scheduled service between Gustavus and Bartlett Cove
Fuel: Sale of marine gasoline and diesel fuel, camper stove fuel and common marine oils and lubricants
Camper Drop-Off: Daily drop-off and pick-up of campers and kayaks
Other Required Services: Baggage storage, Internet service, public showers and laundry

*Source: National Park Service*



**Exhibit 4. Authorized Services in the Draft Contract**

Authorized Services
Food and Beverage: Room service
Ground Transportation: "On-Demand" service between Gustavus and Bartlett Cove
Vehicle Fuel Service: Vehicle fuel sales
Other Authorized Services: Recreational equipment rental (excluding kayaks), vending machines, minor vessel repair and towing services, and booking services for area activities

*Source: National Park Service*

The concessioner is required to operate at a minimum from Memorial Day through Labor Day. The operating season has averaged approximately 100 days in recent years.

Following is a brief overview of the required and authorized services in the next concession contract. See the Draft Contract and its exhibits, particularly including the Operating Plan and the Maintenance Plan for details.

*Lodging*

Glacier Bay Lodge is the largest lodging operation in the area, comprising approximately one-third of all guestrooms in and around Gustavus. The Lodge, which opened in 1966, now consists of 56 rooms, of which only 48 are currently used for guests; the concessioner has elected to use 8 rooms for employee housing (these rooms could be used for guests).



A variety of room configurations are available at the lodge which include single, twin, double and family, each equipped with a private shower/bath. Guest rooms are located separate from, but proximate to, the main lodge building in various structures connected via wooden decking and stairs.

Glacier Bay Lodge benefits from its excellent location within the Park, as evidenced by its relatively high occupancy rate. Historically, peak demand occurs in July and August, with lodging occupancy ranging from 70 to 80 percent during those months. Seasonal occupancy in recent years has typically been in the 60 to 75 percent range.



The Glacier Bay Lodge Complex Historic District was determined eligible for listing in the National Register of Historic Places (NRHP) in 2011. It has yet to be officially nominated to the NRHP. The lodge complex has been determined eligible for listing under Criterion A for its association with the Service's Mission 66 development program and under Criterion C for its architectural merit as an award winning Pacific Northwest regional approach to Park Service Modern architectural design. The district also qualifies under Criteria Consideration G for properties that have achieved significance within the last fifty years. Additionally, the regionally and environmentally appropriate modernist district is also significant at the state level as the only example of a Mission 66 lodge in the Alaska Region and the only Mission 66 lodge constructed with Federal funds in the nation.



The Concessioner will be required to follow established national procedures and practices to protect the historic resources of the district. The Secretary of the Interior's Standards for the Treatment of Historic Properties are available at: <http://www.nps.gov/tps/standards.htm>

### *Boat Tour*

The concessioner currently offers a daily, eight-hour boat tour of Glacier Bay that departs from the dock at Bartlett Cove at 7:30 AM and returns about 3:30 PM. The tour allows visitors the opportunity to travel deep within the Park, providing a unique perspective and experience. Passengers are provided with a light breakfast, lunch and hot and cold beverages at no additional charge during the tour. A Park Ranger provides interpretive services throughout the trip.

The concessioner currently operates this service through a time charter agreement with Allen Marine, a boat building and tour company. The vessel currently used for this operation is the *Baranof Wind*, which has a capacity of 149 passengers. The boat tour is considered to be the primary sightseeing activity for visitors, as it offers the only regularly scheduled access into Glacier Bay for those who are not traveling as part of multi-day cruise or boat tour originating outside of the Park.



In addition to meeting applicable laws and regulations, as well as specifications listed in the Operating Plan of the Draft Contract, vessels proposed for the boat tour should also meet the following criteria.

**Capacity:** The minimum vessel capacity is 149 passengers. The NPS has found that booth seating without armrests between seats offers the optimal passenger comfort and functionality. The vessel size should be consistent with the Offerors estimates of utilization. Exterior space should accommodate comfortable viewing for all passengers, including some outside seating and protection from the elements.

**Speed:** No specific cruising speed is specified for the vessel, but offerors will need to show that the proposed vessel will be able to meet the itinerary requirements specified in the draft operating plan under adverse tidal current periods and when vessel speed is restricted due to concentrations of humpback whales.

**Trip Duration:** The anticipated trip duration is seven to eight hours (based on the standard itinerary and a combined day tour/camper drop-off operation). A shorter trip may be proposed, but must be supported by a vessel capable of the higher speeds required. A longer trip may also be proposed, but the proposal must specify what additional services will be provided to facilitate passenger comfort and enjoyment during the longer journey.

**Design:** The NPS would prefer a vessel that provides large windows that are well placed for passenger viewing (to avoid passengers outside blocking views from inside, high enough to allow interior viewing without stooping, low enough for good viewing while seated, etc.). There should also be a variety of areas (large and small, inside and out) available for passenger viewing and seating. Due to the frequent wet weather, an efficient de-fogging system is essential. A display area for NPS information and presentations must be provided.

**Equipment:** The NPS would prefer vessels utilizing the best available technology in all facets of vessel design and operation including noise and vibration control, marine sanitation, and engine and generator design, public address system (with wireless microphone for NPS interpretive program), and HVAC systems. The NPS would also prefer proposals that reduce use of fossil fuels, provide clean starting engines, and propose specific operational measures to enhance wildlife and glacier viewing.

- Type I or II (on-board treatment) and Type III (holding tanks for pump-out) marine sanitation devices (MSD) are acceptable (see additional information in the Proposal Package section). The Service would prefer advanced wastewater treatment systems (AWTs) which may provide improved screening, biological treatment, solids separation (using filtration or flotation), and disinfection (using ultraviolet light) as compared to traditional Type II MSDs.
- U.S. Coast Guard approved covered inflatable life rafts capable of carrying all passengers and crew and mounted so as to be automatically deployed in case of emergency are required.
- A first aid kit, including blood pressure cuff and stethoscope, oxygen capacity for delivering six liters per minute for 60 minutes, and an automated external defibrillator.
- Class A Automatic Identification System (AIS)

*Airborne and Underwater Noise:* The NPS would prefer a vessel generating noise levels significantly below the regulatory limits provided in 36 CFR 2.12 (less than 60 dB, A-weighted, at 50 ft.).

*Hull Type:* The NPS would prefer a low-wake hull design. The bow must be designed to withstand contact with the small icebergs common to the operating area. If the tour boat is to be used as the camper drop-off vessel, then the hull should be certified for intentional groundings and designed to safely carry, load and off-load kayaks, campers and their gear from the shore.

#### *Food and Beverage*

The Glacier Bay Lodge operates a full-service restaurant (Fairweather Dining Room) that can accommodate 78 seats indoors and 76 seats on the outdoor deck. Breakfast, lunch, and dinner are served daily during the operating season. Alcoholic beverages are available with meals via a small service bar located next to the dining room. The area currently used for a gift shop, had originally been a bar/cocktail lounge. The Service no longer considers a dedicated bar to be a necessary visitor service.

In addition to the complimentary food and beverage service on the day tour boat, limited food and beverage options are available for purchase on board.

Given the popularity and timing of the day tour, the restaurant is busiest for dinner, followed by breakfast and then lunch. Lodge guests comprise the majority of restaurant patrons, but the restaurant also attracts other Park visitors, campers, and local residents.

Bar revenue has historically amounted to between 20 and 25 percent of total restaurant revenue, and it is expected that this trend will continue in the future.

#### *Retail*

Concession retail operations include a 425 square foot gift shop at the Glacier Bay Lodge, as well as some handcraft merchandise display cabinets in the Lobby area and merchandise and sundries sold aboard the day tour boat.

#### *Ground Transportation*

The concessioner provides bus and van shuttle service from the Glacier Bay Lodge to the Gustavus airport and state ferry dock.

#### *Fuel Service*



Fuel service is available to marine vessels and motor vehicles at Bartlett Cove. Utilization of fuel is relatively limited, particularly the land-based service.

#### *Camper Drop-Off*

The existing concessioner provides camper drop-off services in conjunction with the day tour (averaging about four kayakers dropped off and four kayakers picked up each day). Campers, kayaks and related gear are transported to specific drop-off points within Glacier Bay and transported back at a later time. The Service is willing to consider proposals utilizing a separate vessel for this service. The vessel would need to be under 100 gross tons (US measurement) and carry no more than 49 day use passengers.

#### *Other Services*

Several other visitor services are offered by the existing concessioner including baggage storage, bike rentals, fishing gear rentals, public showers and laundry facilities. Marine services may include vessel towing and minor repairs.

#### *Employee Housing and Feeding*

The concessioner will be assigned three eight-room dormitories for employee housing. The existing concessioner currently houses up to four employees per room in these buildings. The existing concessioner has elected to utilize eight rooms at the Lodge for management housing, but these rooms could be used for guests.

In addition to housing, the concessioner also provides three meals a day for concession employees in the employee dining area, located near the dorms and the concessioner's administrative office.

### **UTILIZATION AND OPERATING DATA**

The Proposal Package (Part III of this Prospectus), which Offerors must complete and submit as part of this solicitation, requires Offerors to develop financial projections based on the business to be operated. To assist Offerors in the development of these projections, the Service presents information regarding historical utilization, operating data, and financial projections, based on an assumed Draft Contract start date of January 1, 2014. Please note that operating projections are only estimates based on Service assumptions that were developed taking into account publicly available historical data, industry standards, other comparable information from other facilities, and concessioner Annual Financial Reports.

Some or all of the projections may not materialize and unanticipated events may occur that will affect these projections. Offerors are responsible for producing their own prospective financial analyses and may not rely on the Service projections. The Service does not warrant, and assumes no liability for, the accuracy of the financial projections or estimates contained in this Prospectus.

#### **Historical Revenues**

The following exhibit presents total concession gross receipts from 2010 to 2012. Revenue increased by 11.1% in 2010 over the 2009 level, and by an additional 13.7% in 2011. It declined by 2.3% in 2012.

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#### **Exhibit 5. Park Concession Historical Gross Receipts**

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	2010	2011	2012
Total Revenue	\$1,765,510	\$2,007,527	\$1,975,597

Source: National Park Service

Exhibit 6 presents average revenue by department for the concession over the past three years. Day boat tours generated the largest share of total revenue over this period (40%), followed by lodging (27%), food and beverage (21%), retail (5%), fuel (5%), and other services (transportation, showers, bike rental, fees, and employee meal charges) (3%).

#### Exhibit 6. Average Gross Receipts by Department, 2010-2012

Lodging	F&B	Boat Tour	Retail	Fuel	Other
\$512,000	\$399,000	\$758,000	\$102,000	\$85,000	\$60,000

Source: National Park Service

#### Future Revenue and Utilization Projections

Revenue projections for lodging, boat tour, food and beverage, and retail are based on the following assumptions about capacities and operating statistics in the year 2014 (see exhibit below). Note that the projected rate ranges presented are based on comparability and are not guaranteed. Prices for concession services are estimated to increase at the rate of inflation, assumed to be approximately 2.4% per year.

Overall lodging occupancy is projected to be in the 70% to 80% range, based on 48 available rooms and a 100-day operating season.

#### Exhibit 7. Projected Capacities and Operating Statistics (2014)

Lodging	Projected Ranges
Occupied Lodge Rooms	3,400-3,700
Average Daily Rate (ADR)	\$165.00-\$175.00
Boat Tours	Projected Ranges
Number of Passengers	5,000-6,000
Average Revenue Per Passenger (includes camper drop-off)	\$155.00-\$165.00
Food and Beverage	Projected Ranges
Number of Restaurant Covers	20,000-22,000
Average Check Per Cover	\$22.00-\$24.00
Retail	Projected Ranges
Retail Square Footage (approximate)	500
Revenue Per Square Foot	\$200.00-\$300.00

Source: National Park Service

Exhibit 8 presents departmental revenue projections for the first year (2014) of the Draft Contract period.

#### Exhibit 8. Projected Revenue by Department, 2014

Department	Projected Range
Lodging	\$550,000 to \$650,000
Boat Tour	\$800,000 to \$900,000



Food and Beverage	\$425,000 to \$525,000
Retail	\$100,000 to \$200,000
Fuel	\$75,000 to \$125,000
Other	\$25,000 to \$75,000
<b>Total Revenue</b>	<b>\$1,975,000 - \$2,475,000</b>

Source: National Park Service

## Expenses

The Service projects that most departmental and indirect expenses will be within industry average ranges.

## Recurring and Preventative Maintenance Expense

In addition to repair and maintenance activities covered by the Repair and Maintenance Reserve, the Service projects recurring and preventative maintenance expenses (for maintenance items that occur annually and/or more frequently than once every seven years) to average between 5% and 6% of gross receipts per year.

## Utilities

The Service provides electrical, water, sewage treatment and fuel storage services to the concessioner. The Concessioner and the Service will coordinate all bulk fuel deliveries, and the Service is responsible for ship-to-shore fuel transfers. The Concessioner is responsible for separation and recycling of solid waste and for appropriate disposal of solid waste outside the Park. Utility rates are established in accordance with Service policy. 2012 utility rates are presented in the following exhibit.

**Exhibit 9. Utility Rates, 2012**

Utility	Rate
Fuel Farm	\$0.22 per gallon
Water	\$35.60 per 1,000 gallons
Waste Water	\$33.44 per 1,000 gallons
Electricity	\$0.3497 per kWh

Source: National Park Service

Current National Park Service Concession Guidelines (NPS 48, Chapter 24, Section G) allow the Concessioner to pass through to the public utility costs that exceed the costs that would be incurred at the comparable rate charged by utilities outside the park.

The Service's methodology for determining utility rates will change with the implementation of *NPS Director's Order 35B, Cost Recovery for NPS-Provided Utilities*. DO 35B allows the Service to recover costs from users (including Concessioners) for utility-related cyclic repairs, cyclic rehabilitation, and capital improvements to the utility system. For additional information, see DO 35B, included as an Appendix to this Prospectus. Based on DO 35B methodologies for calculating rates, the Service anticipates that utility rates will increase at an annual average of 3% to 4% per year over the next contract period.

Over the past five years, the Existing Concessioner was authorized to pass through to its customers, i.e. recover, an annual average of approximately \$80,000 of total Service utility billings, which totaled around \$130,000 per year. Recovery of costs is accomplished by charging a Park-approved add-on on to rates for concession services (the allocation of add-ons to various revenue streams is subject to change in the future). Note that these figures exclude solid waste removal, which is not provided by the Service.



Average approximate usage statistics for utilities over the past several years are as follows: 150,000 kWh electricity; 800,000 gallons water/wastewater; 80,000 gallons fuel farm.

### Concession Facilities

A land assignment map showing the Concession Facilities is in Exhibit D to the Draft Contract. The Concessioner will be responsible for maintenance, repairs, housekeeping, and grounds-keeping of the Concession Facilities, as provided in the Draft Contract.

### INVESTMENT AND OPERATIONS ANALYSIS

The following exhibit shows that the total estimated required initial investment by the Concessioner, as projected by the Service, is \$534,000 in 2014 dollars. This includes personal property, inventory, supplies, deferred maintenance, and start-up costs (staff hiring, training, etc.).

<b>Exhibit 10. Estimated Initial Investment (2014)</b>	
<b>Item</b>	<b>Estimated Amount (2014 Dollars)</b>
Leasehold Surrender Interest	\$0
Purchase of Personal Property	\$100,000
Inventory Investment	\$103,000
Deferred Maintenance (2014 and 2015)	\$231,000
Start-up Costs	\$100,000
<b>TOTAL</b>	<b>\$534,000</b>

*Source: National Park Service*

### Personal Property and Inventory

Amendment 2 to the Existing Contract provides that personal property owned by the Existing Concessioner will be transferred to the Service at the end of the Existing Contract period. The Service will assign this personal property to the incoming Concessioner at no cost. The value of additional Personal Property that will need to be acquired is estimated by the Service to be approximately \$100,000 in 2014 dollars. The estimate includes personal property used for visitor services and general concession administration and support, such as furniture, fixtures, and equipment. Please see Exhibit E to the Draft Contract for a list of property owned by the Service that will be assigned to the concessioner, at no additional cost to the concessioner. Appendix H to this Prospectus presents a list of property owned by the current concessioner, most of which will be transferred to the Service at the end of the current contract term.

Note: the Personal Property estimate does not include the value of the Day Tour Boat that is currently in operation. Allen Marine currently operates the vessel under a time charter agreement with the concessioner, so the boat is not the concessioner's personal property.

### Deferred Maintenance

The Concessioner must cure all deferred maintenance (DM) for all real property assets assigned under the Draft Contract. DM expenditures, which are estimated to total approximately \$231,000, represent non-routine expenditures not covered by the Repair and Maintenance Reserve. The DM forecast assumes the Concessioner will maintain buildings according to the Maintenance Plan (Exhibit H to the Draft Contract) and



will not allow new DM to occur or accumulate. The Service provides detailed descriptions of DM projects in Attachment 1 to Exhibit H.

While the Service has estimated DM costs, Offerors must develop their own estimates. In addition, the Concessioner must complete the cure of DM to the satisfaction of the Director even if the actual costs exceed the total estimate provided in this Prospectus. The Service does not warrant the estimate, but includes it to provide a reasonable expectation of the investment associated with the requirements herein.

### **Start-Up Costs**

At the start of the Draft Contract, the Concessioner will need to make a one-time investment in a range of activities to ramp up operations. These activities include staff hiring, training that may involve compensation in addition to normal wages, systems implementation, legal support services, and marketing and advertising beyond normal annual expenditures. The Service assumes start-up costs to be approximately \$100,000, or roughly 5% of first-year operating expenses. Initial working capital needs are assumed to be covered by advance deposits for lodging.

### **Leasehold Surrender Interest (LSI)**

The Draft Contract provides that the Concessioner will obtain LSI in capital improvements it constructs in accordance with the terms of the Draft Contract. Upon contract termination or expiration, the Concessioner is entitled to compensation for its LSI as provided by the Draft Contract. LSI may also be extinguished during the term of the Draft Contract by payment of its value to the Concessioner by the Service.

### **Repair and Maintenance Reserve**

The Draft Contract requires the Concessioner to establish a Repair and Maintenance Reserve for repair and maintenance projects that are non-recurring within a seven-year time frame. The terms and conditions of the Repair and Maintenance Reserve are set out in the Draft Contract in Section 10(c). The Repair and Maintenance Reserve for the Draft Contract will represent **three percent (3.0%)** of gross receipts per year during the term of the Draft Contract.

Examples of projects that may be funded from the Repair and Maintenance Reserve (with the prior approval of the Service) include repair or replacement of foundations, building frames, window frames, sheathing, subfloors, drainage, rehabilitation of building systems such as electrical, plumbing, built-in heating and air conditioning, roof replacement and similar projects.

### **Contract Term**

The term of the Draft Contract will be for ten (10) years with an estimated beginning date of January 1, 2014. The effective date of the Draft Contract is subject to change prior to award if determined necessary by the Service. In such an event, the Service will change the expiration date of the Draft Contract to continue the same term length from any adjustment to the effective date.

### **Franchise Fees**

The minimum franchise fee will be equal to **one percent (1.0%)** of the Concessioner's annual gross receipts for the preceding year. However, Offerors may propose a higher minimum franchise fee, as described more fully in the Proposal Package (included in part III of this Prospectus).



## PARK VISITATION INFORMATION

Exhibit 11 presents historical recreation visitation trends at the Park over the period 2000 to 2011. Overall, visitation has trended upward, increasing at an average annual rate of 1.1%. Nearly all of this increase is due to the increasing capacities of cruise ships accessing the Park. In the last five years, approximately 95% of total Park visitation has been from cruise ships, while only 5% of visitors enter the Park by other means. Recent declines in the number of non-cruise visitors (the segment most likely to take advantage of services at Glacier Bay Lodge) appear to be reversing in 2010 and 2011 with the addition of new state ferry service from Juneau, discussed below.

**Exhibit 11. Glacier Bay National Park and Preserve Visitation, 2000-2011**

Year	Total Visitation	% Change	Non-Cruise Visitors	% Change
2000	384,684	-	42,222	
2001	380,114	-1.2%	43,532	3.1%
2002	408,143	7.4%	43,325	-0.5%
2003	366,319	-10.2%	36,878	-14.9%
2004	363,824	-0.7%	25,398	-31.1%
2005	372,336	2.3%	31,545	24.2%
2006	428,013	15.0%	27,078	-14.2%
2007	441,865	3.2%	24,217	-10.6%
2008	439,476	-0.5%	22,773	-6.0%
2009	443,516	0.9%	20,597	-9.6%
2010	444,530	0.2%	24,793	20.4%
2011	432,414	-2.7%	25,494	2.8%

Source: National Park Service

### Seasonality of Visitation

The following exhibit presents data on average monthly visitation reported from 2000 to 2011. While the Park is open year-round, visitation is seasonal. Almost all visitation occurs from May through September (comprising over 99% of total visitation), with the remaining months averaging less than a few hundred visitors.

**Exhibit 12. Glacier Bay National Park Average Monthly Visitation, 2000-2011**

Month	Average Visitation	Share of Annual
January	124	0.0%
February	130	0.0%
March	138	0.0%
April	244	0.1%
May	56,858	14.1%
June	89,777	22.3%
July	95,439	23.7%
August	94,419	23.4%
September	65,387	16.2%
October	403	0.1%
November	137	0.0%
December	125	0.0%
<b>Annual</b>	<b>403,180</b>	<b>100%</b>



Source: National Park Service

## Non-Cruise Visitors

### Air Travel

The majority of Park visitors accessing the Park through Gustavus—and a large share of Glacier Bay Lodge guests—travel by air. Alaska Airlines offers a daily flight from Juneau to Gustavus every day of the week beginning on the second Sunday in June and ending on the last Saturday in August of each year. Alaska Airlines has not announced any plans to alter this service. Exhibit 12 summarizes Alaska Airlines monthly passenger traffic traveling to Gustavus from Juneau over the period 2005 to 2011.

**Exhibit 13. Alaska Airlines Passengers from Juneau to Gustavus, 2005-2011**

	2005	2006	2007	2008	2009	2010	2011
June	767	845	917	845	615	686	785
July	1,148	1,099	1,266	1,349	959	1,111	1,427
August	1,048	851	1,166	1,121	817	852	1,153
<b>Total</b>	<b>2,963</b>	<b>2,795</b>	<b>3,349</b>	<b>3,315</b>	<b>2,391</b>	<b>2,649</b>	<b>3,365</b>

Source: Alaska Airlines

**Exhibit 3** shows that passenger volume aboard the daily Alaska Airlines flight to Gustavus reached its highest level in 2011 (3,365 passengers). Alaska Airlines represents around 40% of total air travel to Gustavus. The remaining 60% of air passenger traffic is provided by several smaller charter airlines, including Air Excursions, Wings of Alaska and others.

### New Ferry Service

The Alaska Marine Highway System (AMHS) began providing ferry service between Juneau and Gustavus in 2010. The ferry service adds a lower-cost alternative (as well as vehicle transport) between Juneau and Gustavus.

Over 3,000 passengers rode the ferry from Juneau to Gustavus between May and September 2011, when service was only provided on Mondays and Wednesdays. Service was expanded to three Juneau-Gustavus trips per week in Summer 2012. The proposed 2013 AMHS schedule may reduce the number of round trips between Juneau and Gustavus, but this schedule has not yet been finalized.

The new ferry service appears to have had an immediate and significant impact on the Glacier Bay Lodge concession operation. In summer 2011, occupancy rates on Monday and Tuesday nights (the two nights between the ferry runs) were over 20 percentage points higher than occupancy rates on other nights of the week. Similarly, the average number of boat tour passengers on Tuesdays was significantly higher than ridership on other days of the week. In 2012, occupancy rates on Thursday and Friday nights (between the ferry roundtrip arriving from Juneau on Thursday and departing Gustavus on Saturday) were the highest.

## MARKET OVERVIEW

### Alaska Tourism

The Alaska Office of Tourism Development estimates that approximately 1.56 million out-of-state visitors came to Alaska between May and September 2011 (“Alaska Visitor Statistics Program VI—Summer 2011”). This figure includes 880,000 cruise ship passengers, 610,000 air visitors, and approximately 70,000 visitors



that entered the state by highway or ferry. Total visitation to Alaska in 2011 was 2% higher than in 2010, but 9% below the 2007 historical peak of 1.71 million.

Glacier Bay is located 60 miles west of the state capital of Juneau. As one of several cruise ports in the area, Juneau is a major tourism hub in Southeast Alaska. Juneau was the most visited destination in Alaska in 2011, attracting 61% of all visitors to the state. The following table presents the top ten Alaska destinations in 2011—Glacier Bay ranked number six.

**Exhibit 14. Top 10 Alaska Destinations, 2011**

Location	Percentage of Alaska Visitors	Approximate Number of Visitors
Juneau	61%	1,000,000
Ketchikan	58%	900,000
Anchorage	49%	800,000
Skagway	49%	800,000
Denali	28%	400,000
Glacier Bay	24%	400,000
Seward	22%	400,000
Fairbanks	21%	300,000
Whittier	14%	200,000
Talkeetna	13%	200,000

*Source: Alaska Office of Tourism Development*

The following exhibit presents a breakdown of Alaska visitors by region of origin.

**Exhibit 15. Alaska Visitor Origin**

Region of Origin	Percentage of Alaska Visitors
Western U.S.	36%
Southern U.S.	22%
Midwestern U.S.	14%
Eastern U.S.	11%
Canada	7%
Other International	10%

*Source: Alaska Office of Tourism Development*

California represented the largest share of visitation of any U.S. state, followed by Washington, Texas, and Florida. International visitors were mostly from Europe, followed by Australia and New Zealand, and Asia.

The average age of Alaska visitors was 50.7 years in 2001, down from 51.6 in 2006. The 55-64 and 65+ age cohorts each represented approximately one quarter of total visitors. Average annual household income for visitors was \$107,000.

Eighty-one percent of Alaska visitors used the internet when planning their trip, and 56 percent used the internet to book at least one portion of their trip. Of visitors arriving by air, 70% used the internet to book at least part of their trip, compared with only 49% of cruise visitors and 36% of highway and ferry visitors.

### Local Market Area

The city of Gustavus is a primary access point for Glacier Bay National Park and provides a range of important commercial services for both residents and visitors. A map illustrating the location of the Park within the surrounding area is presented in the following exhibit. The city boundary includes Bartlett Cove (and Glacier Bay Lodge).



**Exhibit 16. Regional Area Map**



Source: National Park Service

**Local Area Population**

The following exhibit compares population growth from 2000 to 2010 in the Juneau, Gustavus (part of the Skagway-Hoonah-Angoon Census Area) and Southeast Alaska regions, as well as for the state of Alaska and the U.S. as a whole. As shown, population growth in Southeast Alaska experienced an overall decline of 0.1% over this period as compared to positive growth trends at the state and national level. Future population growth rates are projected to be relatively aligned with historical trends.

**Exhibit 17. Local Area Population (2000-2020)**

	2000	2010	Average Growth 2000-2010	Projected 2020	Average Growth 2010-2020
Juneau	30,711	31,275	0.2%	32,381	0.3%
Skagway-Hoonah-Angoon	3,436	3,118	-1.0%	2,892	-0.7%
Southeast Alaska	73,082	72,149	-0.1%	72,052	0.0%
Alaska	626,931	710,231	1.3%	802,762	1.2%
<b>U.S.</b>	<b>282,171,936</b>	<b>308,745,538</b>	<b>0.9%</b>	<b>338,190,000</b>	<b>0.9%</b>

Source: U.S. Census Bureau and Alaska Department of Labor and Workforce Development

**Local Market Competition**

Lodging



There are other lodging operations in Gustavus that provide alternatives to staying within the Park at Glacier Bay Lodge. Nearly all of the lodging rooms in Gustavus are within a 20-minute drive to Bartlett Cove, providing easy access to concessioner and Park services. Like the concession, most of these lodging operations are seasonal – open generally from Memorial Day to Labor Day, with some operators opening a week or so earlier in May and closing a week later in September.

The total number of lodging units in Gustavus, including cabins/apartments, is approximately 91 units, in addition to the 48 guest rooms at the Glacier Bay Lodge. Occupancy reported by lodging operators in Gustavus ranged between 50% and 90%, although most operators reported occupancy rates during the busiest months, typically July and August, of around 70% to 80%. This is relatively in line with historical monthly occupancy rates at the Glacier Bay Lodge.

The following exhibit summarizes lodging supply in the Gustavus area.

<b>Exhibit 18. Gustavus Area Lodging Supply</b>	
<b>Lodging Establishment</b>	<b>Number of Units</b>
	<b>48 Rooms</b>
<b>Glacier Bay Lodge</b>	<b>(56 total including units used for management housing)</b>
Aimee's Guest House	3 Apartments
Annie-Mae Lodge	11 Rooms
Blue Heron B&B	2 cabins, 2 rooms
Budget Rental Cabins	2 Cabins
Cottonwood Lodge & Cabins	5 Cabins
Glacier Bay Country Inn	5 Cabins; 5 Rooms
Glacier Bay Eagles Nest Lodge	9 Rooms
Growley Bear B&B	4 Rooms
Gustavus Inn at Glacier Bay	14 Rooms
Homestead B&B	2 Rooms
Angler's Inn	10 Rooms
Bear Track Inn	14 Rooms
Fairweather Adventures B&B	3 Rooms
<b>Total Lodging Units</b>	<b>139 Units</b>

*Source: Consultant*

The Park has no plans to authorize additional lodging within the Park at this time.

There are three other small concession-operated lodges (Johnny's East River Lodge, Northern Lights Haven and Alsek River Lodge) located within Glacier Bay National Preserve, which is adjacent to the Park and about 100 miles to the northwest of Bartlett Cove. Given their small size, distant location and focus on hunting and fishing, these facilities are not seen as direct competitors to Glacier Bay Lodge.

There are approximately 1,000 hotel rooms and other lodging units in the Juneau area, but, for most purposes, these generally appeal to a different market segment.

#### *Boat Tours*

Although there are a number of other tour/charter boat operators that provide sightseeing excursions and tours into the Park, including 4 tour boat and 15 charter boat concessioners, most trips originate in locations outside of Bartlett Cove, offer multi-day excursions or are focused on guided sport fishing. Operations which compete most directly with the boat tour, are likely small scale whale watching tours based out of the Gustavus.

Note, however, that these alternative tour/charter operations would be considered competition for visitors who are traveling directly to the Park and Bartlett Cove or taking a multi-day boat tour or charter trip which would stop at Glacier Bay National Park and Preserve as one of multiple sites and locations visited.

The Service limits the number of private and charter vessel allowed in Glacier Bay during June, July and August, and limits tour vessel and cruise ship throughout the year in accordance with 36 CFR Part 13, Subpart N, specifically 36 CFR 13.1160.

#### *Food and Beverage and Retail*

The concession restaurant at the Glacier Bay Lodge (Fairweather Dining Room) is one of very few full-service sit down dining options in the area, and therefore attracts locals and visitors staying at other establishments, in addition to lodge guests. Other dining options in Gustavus are limited, with most available food service being part of other lodging facilities. Advance reservations are often required at many of these lodging establishments and some cater primarily or exclusively to their own guests.

Given the small size of Gustavus, retail is also limited but includes art galleries, small grocery stores, a natural food store, a general store and a fuel station which sells limited antiques, souvenir and gift items.

## **PARK PLANNING AND DEVELOPMENT**

Over the term of the proposed concession contract, the Service anticipates the following planning processes will likely be undertaken.

### **Huna Tribal House**

The Service is currently planning for the construction of a Huna Tribal House at Bartlett Cove, with an anticipated opening in 2016, to coincide with the 100 year anniversary of the National Park Service. As currently planned, the Huna Tribal House will serve primarily as a focus for educational programs designed to convey the story of the Huna Tlingit and as an opportunity for tribal members to reconnect with their traditional homeland, life ways, and ancestral knowledge.

See: <http://www.nps.gov/glba/historyculture/huna-tribal-house-project.htm>

### **Bartlett Cove Comprehensive Design Plan (Update)**

A 1998 Plan is due for review. See: <http://www.nps.gov/glba/parkmgmt/cdp.htm>

### **Backcountry Management Plan**

A 1989 Wilderness Visitor Use Management Plan is due for review.

See: <http://www.nps.gov/glba/parkmgmt/wilderness.htm>

An overview of Park planning, along with links to the planning documents, is available at:

<http://www.nps.gov/glba/parkmgmt/planning.htm>



## **PREFERRED OFFEROR DETERMINATION**

See the Proposal Instructions, Preferred Offeror Determinations, for a description of the preferences applicable to this solicitation.

## **SITE VISIT**

A one-day site visit of the concession operation along with a tour of Concession Facilities associated with the Draft Contract occurred on August 15, 2012, when the concession was operating. For more information, please contact the Chief of Commercial Visitor Services at (907) 697-2230. If you would like to visit the facilities during the solicitation period, when the facilities are closed to the public, please contact the Chief of Commercial Visitor Services at (907) 697-2230.

