

## **BUSINESS OPPORTUNITY**

### CC-LARO001-13 LIMITED SERVICE DRAFT CONTRACT

*Department of the Interior*

National Park Service  
Lake Roosevelt National Recreation Area

**Proposal to Operate Limited Service Marina including Moorage,  
Marine Fuel and Oil Sales, Pump-Out Service, and Related Services**

**at the Keller Ferry and Seven Bays Marinas**

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## INTRODUCTION

The National Park Service (“Service”) seeks proposals for a concession contract (“Limited Service Draft Contract”) authorizing a Concessioner to operate moorage, fuel sales, and related services at Keller Ferry and Seven Bays Marinas within Lake Roosevelt National Recreation Area (“Area”). This Prospectus describes in general terms the existing business operations and the future business opportunities for the facilities and services authorized by the Limited Service Draft Contract<sup>1</sup>. Offerors are responsible for reviewing all sections of this Prospectus and, specifically, the terms and conditions of the Limited Service Draft Contract (in Part IV), including its exhibits, to determine the full scope of the future Concessioner’s responsibilities under the Limited Service Draft Contract. The Service is conducting this solicitation in accordance with the National Park Service Concessions Management Improvement Act of 1998 16 U.S.C. §5951 *et seq.* (“1998 Concessions Act”) and its implementing regulations, 36 C.F.R. Part 51. A second prospectus for a full service marina operation at the same sites within Lake Roosevelt National Recreation Area has been released concurrently. Information regarding the two prospectuses and how the Service will choose between offers should the Service receive an offer in response to both the full service concession contract and the limited service concession contract is described in the cover letter attached to this Prospectus



*Photo (left): Seven Bays Marina, National Park Service*

This Prospectus is issued pursuant to 36 C.F.R. Part 51. In the event of any inconsistency between the Prospectus (including any of its parts) and 36 C.F.R. Part 51, 36 C.F.R. Part 51 will control. In the event of any inconsistency between the terms of the Limited Service Draft Contract and the

Prospectus, the Limited Service Draft Contract will control. Copies of the 1998 Concessions Act and 36 C.F.R. Part 51 are included as Appendices to this Prospectus.

The term “Concessioner” as used in the Prospectus refers to the entity that will be the concessioner under the Limited Service Draft Contract. The term “Existing Concessioner” refers to Dakota Columbia Rentals, LLC dba Seven Bays Marina, the concessioner under the current concession contract CC-LARO001-92 (“Existing Contract”). The Existing Contract, as amended, is included as an Appendix to this Prospectus. In addition the term “Prior Concessioner” refers to Colville Tribal Enterprise Corporation dba Roosevelt Recreation Enterprises, the concessioner under the prior concession contract CC-LARO003-92 (“Prior Contract”) which expired December 31, 2009 and covered operations at Keller Ferry only; however limited services and facilities at Keller Ferry are currently operated by the Existing Concessioner under an amendment to the Existing Contract so that the Existing Concessioner currently manages operations at Seven Bays as well as limited operations at Keller Ferry.

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<sup>1</sup> The data, information, and assumptions included in the Prospectus are based on a review and interpretation of available public records, Service records, and in consultation with knowledgeable sources. On this basis, the data, information, and assumptions are believed to be accurate. However, the Service makes no representations or warranties as to the accuracy or completeness of such data, information, and assumptions. Offerors are responsible for undertaking appropriate due diligence with respect to all aspects of the Prospectus. Should any Offeror believe any statement in the Business Opportunity or elsewhere in the Prospectus to be inaccurate, the Offeror must submit comments to the Service in writing, as provided in the Proposal Instructions.



## The National Park Service and Its Mission

In 1916, President Woodrow Wilson approved legislation creating the National Park 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 individual park units.

## Lake Roosevelt National Recreation Area

Lake Roosevelt National Recreation Area is located in the northeast corner of Washington State along the Columbia and Spokane rivers. In 1941, damming of the Columbia River created the 144-mile long lake; named for President Franklin D. Roosevelt. Lake Roosevelt is now the largest lake in Washington State and is bordered by 312 miles of publicly owned shoreline. There are three distinct geologic provinces which were sculpted by the Ice Age – the Okanogan Highlands, the Columbia Plateau, and the Kootenay Arc. The Area contains a large section of the upper Columbia River and a record of continuous human occupation dating back more than 9,000 years.

Over millions of years, intermittent lava flows created the Columbia Basin and tectonic action uplifted these basalt layers and nearby mountains that form the landscape within which the Area is located. The gradual erosion of these rock layers changed over time as the Cascade Mountains rose, forming a rain shadow that reduced the amount of precipitation in the Columbia Basin and nearby Okanogan Highlands. During the last Ice Age a series of massive floods – the largest scientifically documented floods in North America – scoured the coulees (gorges), channels scablands, and other land forms in the Columbia Basin. The Area marks a transition zone between the desert-like Columbia Basin to the south and the slightly wetter Okanogan Highland to the north.



*Photo (above): Hawk Creek, National Park Service*

Much of the shoreline around the Area supports conifer forests, grasslands, and scrublands that provide habitat for an estimated 75 species of mammals, 200 species of birds, 15 species of reptiles and 10 species of amphibians. The Area's plant and animal species have changed and continue to change over time, adapting to climate transitions that vary from location to location. For example, fish inhabiting the Area have had to adapt to an altered environment: dams have stopped salmon and sturgeon runs, the lake's depth fluctuates



seasonally because of snowmelt runoff, the water temperature varies at different locations, and human – introduced species like kokanee and walleye compete with native fish populations for food and habitat.

The Area is ideal for motor boating, water-skiing, sailing, and fishing. In the surrounding sagebrush hills and forested mountains, visitors can camp, picnic, hike, hunt, and sightsee.

The creation of this sprawling recreation area began with 24 million tons of concrete and steel - Grand Coulee Dam. A goliath of a dam, it was built to turn the power of the Columbia River into electricity and turn vast deserts into productive farmlands. Today the recreation area preserves in their natural setting reminders of the days when American Indians fished the free-flowing Columbia River and fur trappers, farmers, missionaries, and soldiers first worked and settled in this region. Here, the new and old coexist side by side.

Initially, the Service managed most of the shoreline of the reservoir as a National Recreation Area. This changed in 1975 when Interior Secretary Rogers C.B. Morton directed that management of all lands within the boundaries of the reservations that had been withdrawn and that were not needed for the operation of the reservoir be returned to the tribes, and that a new cooperative management agreement be developed.

Those portions of Lake Roosevelt and shoreline within the Colville and Spokane Indian reservations are managed by the Colville Confederated Tribes and the Spokane Tribe of Indians. The Service administers the remainder as Lake Roosevelt National Recreation Area, and since 1946 has acted as caretaker of the area's rich natural resources and human history.

### **Lake Roosevelt Cooperative Management Agreement**

Management of the lake and its shoreline is a cooperative effort that includes the Bureau of Reclamation, the National Park Service, the Confederated Tribes of the Colville Indian Reservation, the Spokane Tribe of Indians, and the Bureau of Indian Affairs (the five partners). In 1990, the five partners signed a cooperative management agreement that guides and specifies areas of responsibility and management. Because of U.S. government and tribal ownership of these lands, Lake Roosevelt offers mile after mile of shoreline that the public can easily access for recreational use. The beauty of the area and its openness to the public are driving forces in it being a destination spot for up to 1.5 million visitors a year. The area managed by the partners is referred to as the Lake Roosevelt Management Area (LRMA). This area encompasses the waters and lands up to a lake elevation of 1,290 feet above sea level. It also refers to lands surrounding the lake that are above elevation 1290, are owned by the U.S. government, and are part of the Columbia Basin Project.

### **Lake Roosevelt Concession Management Plan**

The Concession Management Plan is an agreement between the five partners on the lake: the National Park Service, the Colville Confederated Tribes, the Spokane Tribe of Indians, the Bureau of Reclamation, and the Bureau of Indian Affairs. The purpose of the plan is to define an appropriate level of concession facilities necessary to provide for visitor use and enjoyment of the Area and the adjacent federally owned lands (freeboard lands). The plan provides for a lake-wide distribution of concession development through the selection of appropriate development areas. It is also the purpose of the plan to promote a partnership approach to development between reservation and non-reservation areas of the lake. Further, the plan is intended to protect the lake and the freeboard lands adjacent to the lake from unwise or excessive development and to protect the environment of the lake by limiting development to only certain specified areas. Implementation of the plan protects the interests of Concessioner and other users of the lake through the management of planned development. A copy of the plan is included as an appendix to this Prospectus.

### **Management of the Water Levels by the Bureau of Reclamation**

As authorized by Congress in 1935, Lake Roosevelt and Grand Coulee Dam were designed to primarily support irrigation, flood control and power generation needs. Over time, Lake Roosevelt's operations also sought to meet the recreation needs of up to 1.5 million people annually, and the water needs of downstream fisheries.



From an operations perspective, the lake can fluctuate between minimum and maximum lake elevations. At its maximum, the lake's elevation can rise to 1,290 feet above sea level and can hold over 9,000,000 acre-feet of water. The minimum lake level for normal operations is 1,208 feet above sea level. This means the Concessioner is required to have staff on site, or make daily visits. Under either scenario, staff must be capable of moving the floating docks and facilities in and out based upon the lakes water levels.

Meeting the many and varied operational demands put on Lake Roosevelt are very complex for two reasons. First, the multiple purposes Grand Coulee Dam and Lake Roosevelt support can cause conflict. For instance, flood control needs mandate that by late April or early May Lake Roosevelt be drawn down to a level that provides a high probability that downstream flood control needs will be met. This action, however, can affect the amount of water available to assist with flows for downstream fisheries. Likewise, spring drawdowns of the reservoir must be done in a manner that assures for refill of Lake Roosevelt by summer. This refill affects not only recreational needs within the Area, but the availability of water releases to assist downstream fisheries in August/September. Another ongoing complexity is the hydrologic (or water) cycle. Weather patterns are unpredictable from year to year, month to month, and sometimes week to week. As such, the best laid plans of managers in predicting things like the rate of runoff due to snow melt may need to be modified quickly and with little warning. Several teams of managers from both public and private agencies assist with various processes that help determine operational decisions.

Additionally, the drawdown provides the Concessioner with an opportunity to conduct visual checks and some maintenance on the dock systems without the need for underwater work.

For additional information regarding historic lake level statistics, please visit the Grand Coulee Dame historic lake level information: <http://www.usbr.gov/pn/groundcoulee/lakelevel/index.html>. This historic data is for informational purposes only and is not a specific indicator for water levels and run-off flows during the term of the Limited Service Draft Contract.



## MARKET AREA OVERVIEW

### Regional and Local Market Area

Lake Roosevelt National Recreation Area, situated in northeastern Washington, along the Columbia and Spokane Rivers, spans across three counties: Ferry, Stevens, and Lincoln. The Area also borders Indian tribal land, principally the Spokane and Colville reservations.

The closest major metropolitan area is the City of Spokane, located within Spokane County, which offers the closest commercial airport and is approximately 90 miles from the Area. There are several main routes to the Area from Spokane, including Highway 395, to reach the more northern part of the Area including Kettle Falls, and Highway 2, to reach the western side of the Area including Keller Ferry and Seven Bays Marinas. Visitors can also access the Area via Interstate 90 from the Seattle Airport, which is approximately 240 miles away. Lake Roosevelt NRA currently has no entrance fee but boat launch sites and developed camping sites charge use fees. The gateway communities of Grand Coulee, Wilbur, Creston, Davenport, and Colville have limited, but adequate, lodging and food and beverage facilities to accommodate visitation to the Area.

**Exhibit 1. – Lake Roosevelt National Recreation Area and Surrounding Areas**



Source: National Park Service

The following table presents the population data in Ferry, Stevens, and Lincoln counties as well as the state of Washington from 2000 to 2010 and projected population by 2020. Washington residents represent a substantial share of the annual visitation to the Area; therefore population growth at the state level, as well as specifically for the counties surrounding Lake Roosevelt, is expected to impact future visitation to the Area. The combined population of the three counties grew at an average annual rate of 0.6% between 2000 and 2010, and is projected to grow at an average annual rate of approximately 1.0% between 2010 and 2020.



**Exhibit 2. – Local and Regional Population Growth**

	2000	2010	CAGR 2000-2010	Projected 2020	CAGR 2010-2020
Ferry County	7,260	7,551	0.4%	8,148	0.7%
Stevens County	40,066	4,3531	0.8%	48,098	0.9%
Lincoln County	10,184	10,570	0.3%	11,907	1.1%
Washington State	5,894,143	6,724,540	1.2%	7,698,939	1.2%

Source: Washington State Office of Fiscal Management

**Regional Market Competition**

In addition to the Keller Ferry and Seven Bays Marinas, there are two other operations on Lake Roosevelt that offer similar operations and services, including houseboat rentals and moorage.

*Kettle Falls*

Lake Roosevelt Vacations, Inc., located at the northern end of the Area at Kettle Falls, approximately 60 miles from Seven Bays and 100 miles from Keller Ferry operates the Kettle Falls Marina under Concession Contract with the National Park Service. The marina at Kettle Falls offers a variety of rental houseboats and boats, moorage, fuel service, retail, and limited food and beverage service.

*Two Rivers Marina*



Photo (above): Misty Cove in Autumn, National Park Service

Two Rivers Casino and Resort is owned and operated by the Spokane Tribe and is located on tribal land; therefore is not under a Concessioner Contract with the Service. It is located on the southwestern part of Lake Roosevelt, approximately five miles from the Seven Bays Marina and 45 miles from the Keller Ferry Marina. The resort and casino include a marina operation with 260 open and covered boat slips ranging in size, a convenience store, 56’ and 60’ houseboats (some with hot tubs and fireplaces), and 100 RV and 36 tent campsites. RV sites have full hook-ups and are equipped with a barbecue, picnic table, and patio. Campgrounds also provide bathrooms, showers, and laundry facilities.

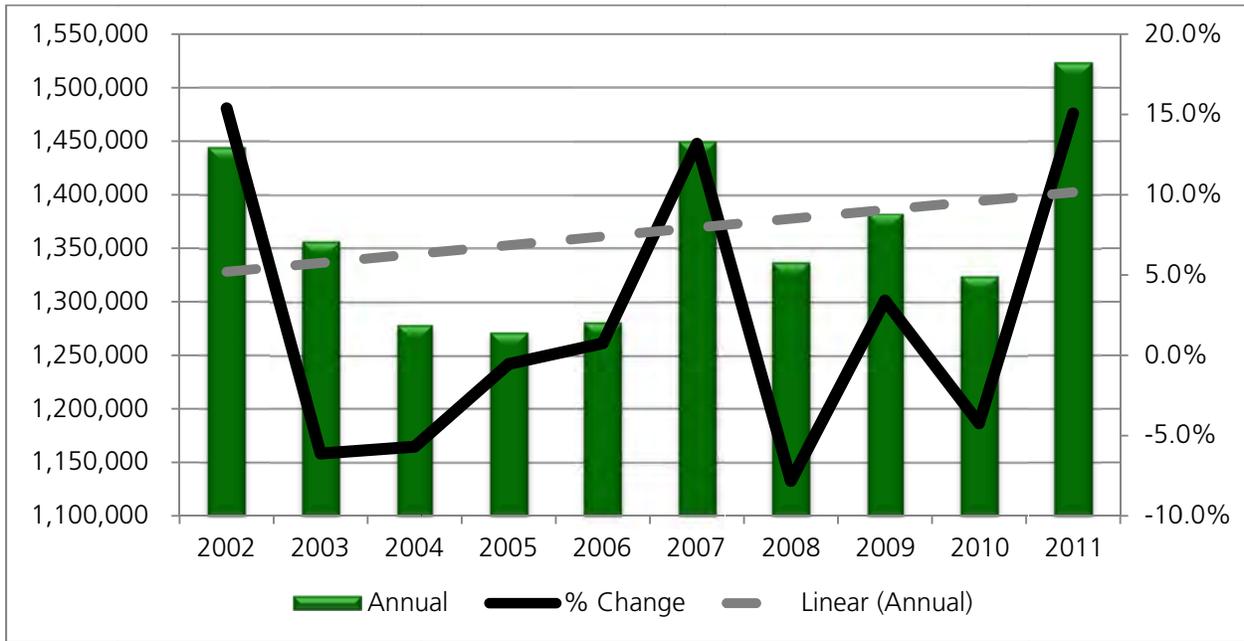
Although there are several lakes within eastern Washington, houseboat rentals are not offered at these sites due to a variety of reasons. The other closest competitors, comparable to Keller Ferry and Seven Bays Marinas with services, facilities, and found in remote and scenic environments, are located in northern California. These operations include Shasta Marina Resort and Antlers Resort and Marina, both located on Lake Shasta, and Trinity Lake Resort and Marina, located on Trinity Lake. Houseboat rates, sizes, amenities, and occupancy percentage vary among these operators.



**PARK VISITATION INFORMATION**

The Service bases its annual Area visitation figures on vehicle counts along a number of roads and highways leading into the Area. The Service multiplies vehicle counts by a person-per-vehicle multiplier of 2.6 to arrive at an estimate of Area visitation. The following exhibit depicts the Area visitation trend over the past decade.

**Exhibit 3. – Area Visitation, 2002-2011**



Source: National Park Service

Annual average visitation over the past ten years has increased by 2.3% (1.44 million visitors in 2002 vs. 1.52 million in 2011). There have been moderate to significant annual fluctuations in visitation over this period, ranging from -7.8% to +15.4%, which can be attributed in part to weather and the water levels in Lake Roosevelt, as well as the recent decline in the economy and therefore a reduction of the availability of discretionary spending within the boating community.

**Seasonality of Visitation**

The following exhibit presents data on the seasonality of visitation to the Area based on average monthly figures reported over the 2002-2011 period.



**Exhibit 4. – Average Monthly Visitation, 2002-2011**

<b>Month</b>	<b>Average Visitation</b>	<b>Share of Annual Visitation</b>
January	25,988	1.9%
February	33,493	2.5%
March	49,376	3.3%
April	64,116	4.7%
May	93,302	6.8%
June	185,632	13.6%
July	319,521	23.4%
August	317,687	23.3%
September	135,849	9.9%
October	70,938	5.2%
November	42,452	3.1%
December	27,099	2.0%
<b>Annual</b>	<b>1,338,320</b>	<b>100.0%</b>

*Source: National Park Service*

Almost three fourths of all visits (70.2% from 2002-2011, an average of 958,688) occur over the four-month June through September period. July and August have the highest visitation on an annual basis, seeing over 300,000 visitors each month. From November through April, there are well below 100,000 visitors each month, primarily due to the weather and the drawdown of the lake by the Bureau of Reclamation, as discussed earlier in this Business Opportunity. This six-month period sees approximately 17.8% of the Area's total annual visitation.



### EXISTING AND DRAFT CONTRACT

The Existing Concessioner provides visitor services at Keller Ferry and Seven Bays Marinas under the Existing Contract CC-LARO001-92, as amended, a copy of which is included in the appendices to this Prospectus. The Existing Contract was initially for a term of 13 years, expiring on December 31, 2005, and has been extended and continued since that time to avoid interruption to visitor services. The Existing Contract was originally awarded to Colville Tribal Enterprise Corporation dba Roosevelt Recreational Enterprises and was transferred to Dakota Columbia Rentals, LLC in 2006. Additionally, the two operations, previously operated through two separate concession contracts were combined in 2010 under the Existing Contract. Services at Keller Ferry have been provided at a reduced level from 2010. The Existing Concessioner’s authority to provide visitor services expired on October 15, 2012. The Service took custody of the Concession Facilities on October 16, 2012 and will maintain custody of the facilities until a new concession contract is awarded.

Keller Ferry Marina is located on the southwest arm of the Area while Seven Bays Marina is located on the southeast corner of the Area. A map illustrating the location of the two marinas within the Area is presented below.

**Exhibit 5. – Location of Keller Ferry and Seven Bays Marinas within the Area**



Source: National Park Service



**Existing Concession Overview**

The exhibit below provides a summary of the current required and authorized Services under the Existing Contract, including the reduced services at the Keller Ferry Marina authorized through an amendment to the Existing Contract. Most of the services and facilities are provided on a seasonal basis, typically from May through October.

**Exhibit 6. – Existing Contract Required and Authorized Services**

Required Services
<b>Seven Bays</b>
Boat Moorage and Facilities
Retail Facilities and Services, which will include, but not necessarily limited to, grocery items, general merchandise, camper and fishing supplies, snack/fast foods, gifts
Floating Docks and Slips
Marine Fuel and Oil
Boat Sewage Pump-out at no charge to the boating public
<b>Keller Ferry</b>
Boat Moorage and Facilities
Floating Docks and Slips
Marine Fuel and Oil
Retail Facilities and Services, which may include, but is not limited to, grocery items, general merchandise, camper and fishing supplies, snack/fast foods, gifts
Septic pump-out to lake visitors free of charge
Authorized Services – Keller Ferry & Seven Bays
Marine Repair Facilities and Services
Dry Storage Facilities
Automobile Gas and related services
Other services incidental to the operations authorized hereunder at the request of the Secretary

*Source: National Park Service*

The major changes between the Prior Contract’s required and authorized services at the Keller Ferry and the Existing Contract’s required and authorized services at the Keller Ferry and Seven Bays Marinas include the reduction of the required and authorized services. The Existing Concessioner based all of its houseboat rentals for the Existing Contract out of the Seven Bays Marina and provided very limited grocery and food and beverage services from both locations.

As part of the Limited Services Draft Contract the required services are reduced to moorage rentals, fuel and oil sales, and pump-out service while authorized services only include the Keller Ferry campground, dry storage, automobile fuel, and vending at both locations. The Service has provided only historic information for the services as required in the Limited Service Draft Contract below.

**Moorage Rentals**

The Existing Concessioner rents a total of 80 water based slips at the Keller Ferry Marina; 48 are for long term moorage and the remaining 32 for short term moorage. At the Seven Bays Marina, the Existing Concessioner rents a total of 153 water based slips, 119 for long term moorage and 34 for short term moorage. Slip sizes and amenities range from 20 foot open slips with no utilities to 35 foot covered slips that include water and power; additional detail regarding the number of each sized slip and the amenities included is provided, along with the current approved rates in Exhibit 14 under the Financial and Operating Data section of this Business Opportunity.



The Existing Concessioner maintains on a year round basis a number of floating docks and facilities to support these operations; additional detail is provided in Exhibit D, Assigned Land and Real Property Improvements, to the Limited Service Draft Contract.

**Fuel and Pump-out Services**

The Existing Concessioner provides unleaded marine gasoline and outboard motor oil at both marinas on a seasonal basis (May through October) and is authorized to provide unleaded automobile fuel on a seasonal basis.

At no additional charge to the public, the Existing Concessioner provides boat sewage pump-out facilities and services at both marinas.

**Other Authorized Services and Facilities**

In addition to the services and facilities mentioned above, the Existing Concessioner is authorized to provide limited boat repairs, including basic tune-ups, propeller repair, cable and steering repair, and cooling system maintenance. The Keller Ferry Marina has a large dry storage area and employed a qualified mechanic to complete work on customer’s boats. The Seven Bays Marina area has a small area for dry storage.

**Utilities**

The Existing Concessioner has contracted with independent suppliers to provide the following services at both the Keller Ferry and Seven Bays Marinas: electricity, phone, propane, solid waste, and recyclables removal.

The Service provides water services to the Concession Facilities at the Keller Ferry Marina and charges for these services in accordance with regulations and policies. Water at the Seven Bays Marina is provided by the Seven Bays Homeowners Association and is billed directly to the Existing Concessioner

The rate for the water usage charged to the Prior and Existing Concessioners is \$0.0605 per 100 gallons. The projected rate for water is \$1.30 per 1000 gallons. The following are the fiscal year 2008-2012 annual water usage bills for the Prior and Existing Concessioner for its operations at Keller Ferry only.

**Exhibit 7. – Keller Ferry Water Usage and Expense, Fiscal Years 2008-2012**

Period of Time	Total Gallons	Annual Expense
12/2007 – 09/2008*	1,866,400	\$1,129.17
10/2008 – 09/2009*	2,510,500	\$1,579.35
10/2009 – 06/2010*	1,030,600	\$623.51
07/2010 – 10/2011**	4,702,340	\$2,844.89
11/2011 – 09/2012**	1,990,600	\$1,204.31

Source: National Park Service

\*charges paid by Prior Concessioner

\*\*charges paid by Existing Concessioner

Currently, septic services at the Seven Bays Marina are provided through an in-ground septic system that is located on Service and Tribal land. The Service will charge the Concessioner for sewage services provided by the Service. The rate will be based on total gallons used. The water usage will be charged by the Seven Bays Home Owners Association.



**DRAFT CONTRACT**

The Concessioner will be required and authorized to provide the following visitor services during the term of the Limited Service Draft Contract.

**Exhibit 8. – Required and Authorized Services in the Limited Service Draft Contract**

Required Services	Location
Moorage	Keller Ferry and Seven Bays
Marine Fuel/Oil	Keller Ferry and Seven Bays
Boat Sewage Pump-Out	Keller Ferry and Seven Bays
Authorized Services	Location
Campground	Keller Ferry Only
Dry Storage	Keller Ferry and Seven Bays
Automobile Fuel	Keller Ferry and Seven Bays
Vending	Keller Ferry and Seven Bays

*Source: National Park Service*

The changes between the Existing Contract and the Limited Service Draft Contract are detailed below.

- Limited Service Draft Contract reduces required services to only moorage, fuel and oil sales, and boat sewage pump out service.
- Requirement to allow the Prior Concessioner, Roosevelt Recreation Enterprises, use up to thirteen (13) slips at the Keller Ferry marina, rent free, until the boats are sold or through the end of 2014. As of September, 2012, the Prior Concessioner has sold six (6) of the houseboats therefore there are only seven (7) houseboats left which will continue to reside in the Keller Ferry marina until the rest are sold or until the agreement date has passed, whichever occurs first. When sold, purchasers of any of the 13 houseboats sold by the Prior Concessioner will have the right to use a slip for the houseboat in the future at regular market moorage rates (rates to be approved by the Service) under the same conditions as any other slip renter at the Keller Ferry Marina.
- As explained below, the Limited Service Draft Contract authorizes the operation of the Campground at Keller Ferry; additional information regarding this service is provided below

The Concessioner may choose not to operate the campground as part of the Limited Service Draft Contract; however if the Concessioner commits to do so in responding to the Proposal Package, this service will be included as a required service during the term of the Limited Service Draft Contract. The Campground at Keller Ferry has 55 individual sites and 2 group campsites. Restroom facilities (including flush toilets and showers) are also available. All campsites include fire-pits and picnic tables. An adjacent boat dock and boat launch area are available to campers and the public and are provided as a courtesy to all guests, however both are maintained by the Service and not assigned to the Concessioner as part of Exhibit D (Assigned Land). The campground is currently operated on a year-round basis by the Service, but the Concessioner, should it choose to operate the Campground, will only be required to offer this service during the regular operating season generally from May through October. Should the Concessioner decide to provide these services, the approved rates for 2013 are as follows:

May 1 through September 30: \$20 /night for individual sites  
 October 1 through April 30: \$12 /night for individual sites

Group site rates for 2013 vary dependent on the number of campers: \$50 per night for groups between 1-25 people, \$75 per night for groups between 26-50 people, and \$100 per night for groups between 51-75 people. The Concessioner is approved to charge a reservation fee in addition to the rates noted above. The Reservation Fee must be approved by the Service prior to implementation.



## SERVICE DOCK REPLACEMENT PROJECTS

In 2011, the Service upgraded the Keller Ferry Early Boarding and Short Term Moorage docks, as identified in Exhibit D of the Limited Service Draft Contract, in 2011. The Service replaced 8,000 linear feet of decking material on the Early Boarding and Short Term Moorage docks, as well as installed a new sidewalk and bulkhead to replace the existing stairway accessing one of the dock systems.

Additionally, the Service is contracting for work on the Keller Ferry Marina fuel dock, estimated to be completed in 2013. This work, costing approximately \$450,000 and funded by the Service, includes the following:

- demolition and disposal of existing floating fuel dock (one part of FMSS Asset #99152) with utilities (3,650 SF of dock surface)
- demolition and disposal of a stucco administrative building (entire FMSS Asset #101767) with utilities (141 SF building)
- removal of existing anchor cables and attach to a temporary float for possible future use
- design and installation of a new dock system with utilities (see Appendix N for drawings)
- design and installation of winch and anchor system to accommodate forty (40) vertical feet of water change

The newly designed and installed dock system will have a similar design and layout as the drawings included in Appendix N and will have utilities throughout the system including water, power, and fuel; however the Concessioner will be provided an opportunity to provide feedback in the final design process.

Finally, the Service is actively seeking funding to continue the rehabilitation or replacement of other docks at the Keller Ferry and Seven Bays Marinas and will identify that work and complete projects as soon as possible. Additionally, the Service has included a Dock Improvement Plan as Appendix O to this Prospectus for additional information.



## FINANCIAL AND OPERATING DATA

The Proposal Package (Part III of this Prospectus) requires Offerors to develop financial projections based on the services required under the Limited Service Draft Contract. To assist Offerors in the development of these projections, the Service provides certain financial and operating data on the following pages. In addition, the Service has included additional basic information to aid the Offerors in making projections.

Some or all of the projections may not materialize and unanticipated events may occur that will affect these projections. The Offerors should be appropriately cautious in the use of all operating estimates provided below. Although the Service does provide some financial 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

Historical annual gross receipts for each operating department are presented below. At the Keller Ferry Marina, operated by the Prior Concessioner through the end of 2009, revenues decreased from 2008 to 2009 in part due to the recession as well as a reduction in the number of serviceable houseboats and no houseboat availability in 2010 and 2011. At the Seven Bays Marina, the significant decrease in gross receipts in 2009 was due to a sharp drop in demand largely tied to the economic recession; however 2010 showed a 10.3% increase over the 2009 gross receipts. There was a slight dip in the 2011 gross receipts at the Seven Bays Marina; however this was mostly due to a slightly delayed opening due to water levels.

Additionally, 2009 was the last year of operation of the Prior Concessioner under the Prior Contract at Keller Ferry (CC-LARO003-92). As stated above, in 2010 the two marinas were combined and the Existing Concessioner provided limited services at Keller Ferry as well as the full range of services at Seven Bays under the Existing Contract. Both Contracts are provided as part of the appendices to this Prospectus.



**Exhibit 9. – Historical Gross Receipts by Department**

<b>KELLER FERRY</b>				
<b>Department</b>	<b>2008</b>	<b>2009</b>	<b>2010*</b>	<b>2011*</b>
Houseboat & Boat Rentals	\$553,209	\$448,747	\$0	\$0
Moorage	\$52,818	\$53,934	\$16,578	\$20,140
Retail/Grocery	\$114,523	\$118,286	\$67,532	\$76,718
Fuel Sales	\$196,590	\$152,006	\$91,218	\$98,802
Food & Beverage	\$25,415	\$25,291	\$0	\$0
<b>Gross Receipts (All)</b>	<b>\$942,555</b>	<b>\$798,264</b>	<b>\$175,328</b>	<b>\$195,660</b>
<b>Gross Receipts (Limited)</b>	<b>\$249,408</b>	<b>\$205,940</b>	<b>\$107,796</b>	<b>\$118,942</b>
<b>SEVEN BAYS</b>				
<b>Department</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>
Houseboat & Boat Rentals	\$444,334	\$278,790	\$422,849	\$421,328
Moorage	\$143,672	\$136,865	\$136,999	\$123,825
Retail/Grocery	\$138,391	\$129,536	\$120,237	\$112,904
Fuel Sales	\$175,758	\$150,711	\$143,008	\$158,305
Food & Beverage	\$43,021	\$71,012	\$19,103	\$0**
<b>Gross Receipts (All)</b>	<b>\$945,176</b>	<b>\$766,914</b>	<b>\$842,196</b>	<b>\$816,362</b>
<b>Gross Receipts (Limited)</b>	<b>\$319,430</b>	<b>\$287,576</b>	<b>\$280,007</b>	<b>\$282,130</b>
<b>Combined Total (All Services)</b>	<b>\$1,887,730</b>	<b>\$1,565,178</b>	<b>\$1,017,524</b>	<b>\$1,012,022</b>
<b>Combined Total (Limited Services)</b>	<b>\$568,838</b>	<b>\$493,516</b>	<b>\$387,803</b>	<b>\$401,072</b>

Source: National Park Service

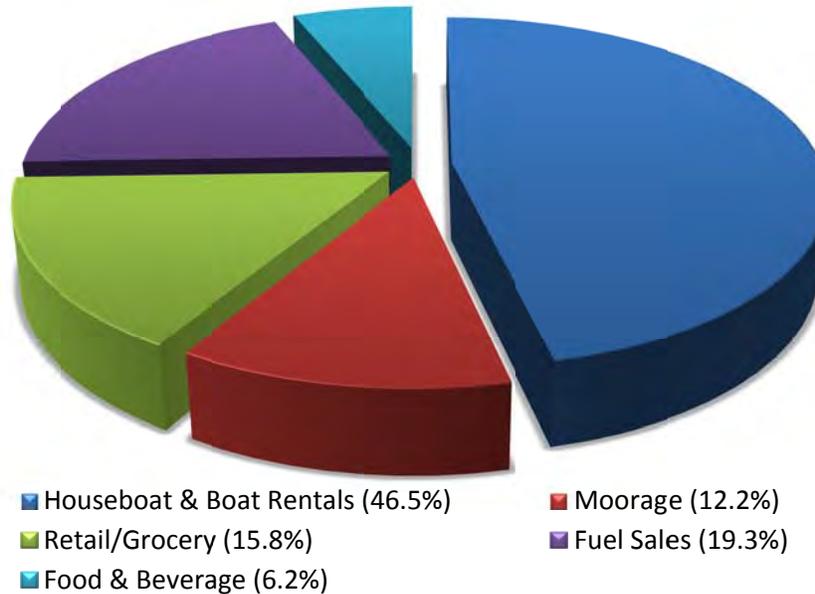
\*The Prior Concessioner for the Prior Contract, CC-LARO003-92, for the Keller Ferry Marina did not operate beginning in 2010; the gross receipts noted here are for reduced services provided by the Existing Concessioner operating the Seven Bays Marina under the Existing Contract (CC-LARO001-92).

The Existing Concessioner contributed 1.0% of gross receipts annually to a Capital Improvement Account (CIA), as described in the Existing Contract (Appendix C) to the Prospectus, and did not pay a franchise fee. In contrast, the Limited Service Draft Contract requires the Concessioner to pay a Franchise Fee to the Service as described later in this Business Opportunity, as well as contribute to a Repair and Maintenance Reserve to complete component renewal on the Concession Facilities.



Due to the reduced nature of operations from 2010 through 2012 at the Keller Ferry Marina location the Service has provided an overview of the Departmental shares of the total concession revenue for the two operations including all required services based on the 2009 operations, as it is most representative of the two marinas fully operational. In 2009, the marine fuel and oil sales department accounted for over 19% of the total gross receipts and moorage accounted for the over 12% of the total gross receipts. The following chart shows the breakdown of the combined total revenue by department in 2009 for all of the required services.

**Exhibit 10. – Departmental Shares of Total Concession Revenue, 2009**



Source: National Park Service

**Concession Revenue and Economic Growth**

Both the Keller Ferry and Seven Bays Marinas have a positive correlation between the revenue growth and the visitation growth within the Area. Additionally, the Seven Bays operation’s revenue growth also tracked closely with general economic growth, reported as nominal GDP growth by the U.S. Bureau of Economic Analysis, over the past decade. Conversely, at the Keller Ferry operation, concession revenue did not correlate with the U.S. nominal GDP growth over the last ten years; however the Service believes this was due to the Prior Concessioner’s desire to discontinue their operations.



Moorage slip rental rates for all long term slips, noted below, are for the season and are based on the size of the slip and the amenities provided, e.g. covered or uncovered and utilities.

### Exhibit 11. Moorage Slips Approved Annual Rental Rates, 2012

Slip Size/Description	Number of Slips	2011 Approved Rate
<b>Keller Ferry</b>		
20 ft. Open (water/power)	14	\$867.50
25 ft. Open (water/power)	18	\$1,018.00
30 ft. Open (water/power)	4	\$1,244.35
35 ft. Open (water/power)	12	\$1,441.13
<b>Total Long Term Slips at Keller Ferry</b>	<b>48</b>	
Keller Ferry Short Term Slips	32	\$20.00 per night
<b>Total of ALL Slips at Keller Ferry</b>	<b>80</b>	
<b>Seven Bays</b>		
20 ft. Open	46	\$787.50
25 ft. Open	3	\$1,023.75
25 ft. Covered (water/power)	12	\$1,378.13
26 ft. Open	6	\$1,023.75
30 ft. Open	21	\$1,159.00
30 ft. Open (water/power)	3	\$1,244.25
30 ft. Covered (water/power)	15	\$1,653.75
35 ft. Open (water/power)	8	\$1,441.13
35 ft. Covered (water/power)	5	\$1,805.00
<b>Total Long Term Slips at Seven Bays</b>	<b>119</b>	
Seven Bays Short Term Slips	34	\$20.00 per night
<b>Total of ALL Slips at Seven Bays</b>	<b>153</b>	

Source: National Park Service

The 32 short term moorage slips at the Keller Ferry Marina and the 34 short term moorage slips at the Seven Bays Marina are rented at a rate of \$20 per night. These short term moorage slips are used by visitors who bring their own boats to use during their trip to the Area.

### Revenue Projections

In developing projected revenue estimates, the Service made the following assumptions. The rates shown are not guaranteed. Approved rates depend upon Service completion of rate approval methods, as outlined in the Operating Plan, Exhibit B to the Limited Service Draft Contract. Average rates are stated in 2012 dollars and are assumed to increase in line with inflation.

### Exhibit 12. – Projected Capacities and Operating Statistics (in 2012 dollars)

Item	Assumption
Number of Moorage Slips Available	233
Average Slip Rental Rate (Weighted Average for all slip sizes per week)	\$1,200 – \$1,300
Moorage Slips Occupancy Rate	75%-82%
Number of Gallons of Fuel Sold	75,000 – 100,000

Source: National Park Service



## INVESTMENT ANALYSIS

The total estimated required initial investment by the Concessioner as projected by the Service is \$176,000. This includes purchase of the Existing Concessioner's personal property, inventory, and supplies; completion of deferred maintenance; start-up costs; and working capital.

**Exhibit 13. – Estimated Initial Investment**

Item	Estimated Amount	Percent of Total
Possessory Interest	\$0	0%
Other Property: Equipment	\$99,000	56.3%
Other Property: Merchandise & Supplies	\$37,000	21.0%
Start-up Costs & Working Capital	\$40,000	22.7%
<b>TOTAL</b>	<b>\$176,000</b>	<b>100%</b>

*Source: National Park Service*

### Possessory Interest

Any right of the Existing Concessioner had to compensation for Possessory Interest as provided under the Existing Contract has been fully satisfied under the terms of that contract, and the Concessioner will have no obligation to compensate the Existing Concessioner for Possessory Interest in real property improvements.

### Other Property (Personal Property, Merchandise, Equipment, & Inventory)

The Existing Contract, Section 12 (Compensation), requires the Existing Concessioner to sell other property used or held for use in the operation to the Concessioner. The estimated value, in 2012 dollars, of all Other Property is \$176,000. This total is only an estimate and the determined value could differ from this estimate. The estimate also includes the personal property held by the Existing Concessioner for general concession administration and support within the Area, such as other furniture, fixtures, and equipment. A listing of the personal property to be purchased from the Existing Concessioner is included as Appendix M to this Prospectus.

### Deferred Maintenance

The Service is working to correct the Deferred Maintenance identified in the Concession Facilities as documented in Appendix P attached to this Prospectus.



## REPAIR AND MAINTENANCE RESERVE

The Limited Service Draft Contract requires the Concessioner to establish a Repair and Maintenance Reserve to be used for repair and maintenance projects that are non-recurring within a 7-year time-frame. The terms and conditions of the Repair and Maintenance Reserve are set out in the Limited Service Draft Contract, in particular in Section 10(c). The Repair and Maintenance Reserve for the Limited Service Draft Contract will be **one half of one percent (0.5%)** of annual gross receipts per year for the term of the Limited Service Draft Contract. This amount sets the minimum amount the Concessioner must expend on these Repair and Maintenance Reserve activities but, as further explained in the Limited Service Draft Contract, the Concessioner may be required to expend additional monies to maintain the Concession Facilities to the satisfaction of the Director.

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

## LEASEHOLD SURRENDER INTEREST

The Limited Service Draft Contract protects certain Concessioner investments by providing for the Concessioner, subject to all applicable definitions, requirements and limitations of the Limited Service Draft Contract to obtain Leasehold Surrender Interest (LSI) in Capital Improvements (as defined in the Limited Service Draft Contract). The Concessioner may from time to time and in all events as necessary, replace fixtures, including docks, in the Concession Facilities, in which case the Concessioner may obtain LSI subject to the terms of the Limited Service Draft Contract.

The value of this Leasehold Surrender Interest will be adjusted as specified in the Limited Service Draft Contract, including by annual changes in the Consumer Price Index (CPI) and depreciation of improvements.

## PREFERRED OFFEROR DETERMINATION

Pursuant to 36 C.F.R. Part 51, the Director has determined that there is no preferred Offeror for the Limited Service Draft Contract.

## FRANCHISE FEES

The minimum franchise fee will be equal to **two and one half percent (2.5%)** of the Concessioner's annual gross receipts for the term of the Limited Service Draft Contract. Offerors may propose a higher minimum franchise fee, as described more fully in the Proposal Package (included in Part III of this Prospectus).

## TERM AND EFFECTIVE DATE OF DRAFT CONTRACT

The term of the Limited Service Draft Contract will be for ten (10) years with an estimated beginning date of March 15, 2013. The effective date of the Limited Service Draft Contract is subject to change prior to award if determined necessary by the Service. In such an event, the expiration date of the Limited Service Draft Contract will change to continue the same term length from any adjustment to the effective date.

## SITE VISIT

A one-day site visit occurred on the dates listed on the inside front cover of this Prospectus.

