

Business Opportunity

A Concession Business Opportunity for Craft Sales, Retail and Limited Food and Beverage Services at

Northwest Trading Post

Blue Ridge Parkway

Department of the Interior

National Park Service

Contract No. CC-BLRI002-13

SUMMARY OF BUSINESS OPPORTUNITY

This summary provides a synopsis of the key elements of the National Park Service (“Service”) Draft Concession Contract CC-BLRI002-13 (“Draft Contract”), which will authorize the operation of retail and food and beverage service at Northwest Trading Post within Blue Ridge Parkway.

The Service has been given specific legislative authority to issue concession contracts, and the Draft Contract will be subject to that law. In the event of any inconsistency between the terms of the Draft Contract and this summary, the Draft Contract will control.

Overview of Concession Services to be Required and Authorized

The Business Opportunity section of this Prospectus describes the commercial visitor services Required and Authorized within the Draft Contract. The Concessioner must provide the Required services and may, at its option, provide the Authorized services. A summary of concession services Required and Authorized under the Draft Contract is provided below in Exhibit S-1.

Exhibit S-1. Required and Authorized Services in the Draft Contract	
Required Services	Location
Craft Sales	Northwest Trading Post
Retail	Northwest Trading Post
Limited Food and Beverage	Northwest Trading Post
Authorized Services	
None	

Source: National Park Service

Concession Facilities

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

Estimate of Initial Investment

Exhibit S-2 summarizes the estimated initial investment to be made by the Concessioner in 2013 dollars which is projected to be \$222,095 and includes the purchase of possessory interest, personal property, inventory, deferred maintenance, start-up costs, and working capital investment.

Exhibit S-2. Estimated Initial Investment¹

Item	Estimated Amount (2013 Dollars)
Personal Property and Inventory	\$118,671
Deferred Maintenance ³	\$6,872
Leasehold Surrender Interest ²	\$0
Start-up Costs	\$37,302
Working Capital	\$59,250
TOTAL	\$222,095

Source: National Park Service

¹ This estimated amount is not warranted by the Service and the Service is not bound by this estimate

² In the event that this amount changes prior to the award of the Draft Contract, this solicitation will be amended accordingly or cancelled.

³ Represents year 1 (i.e., 2013) DM not covered by the Repair and Maintenance Reserve or regular operating expenses. See Exhibit H, Attachment 1 for a List of DM by location and year.

Leasehold Surrender Interest

The Draft Contract provides that the Concessioner will obtain LSI in capital improvements it constructs in accordance with the terms of the Draft Contract. The Draft Contract defines "capital improvements" as the construction of "structures" and "major rehabilitations," and, the installation of "fixtures" (including non-removable equipment) as these terms are defined in the Draft Contract. Upon contract termination or expiration, the Concessioner is entitled to compensation for its LSI. LSI may also be extinguished during the term of the Draft Contract by payment of its value to the Concessioner by the Service. In general, the value of LSI is equal to:

- (1) the initial construction cost of the related capital improvement; (2) adjusted by the percentage increase or decrease in the Consumer Price Index from the date of substantial completion of the construction of the related capital improvement to the date of payment of the leasehold surrender interest value; (3) less depreciation of the related capital improvement.

Gross Revenue

The Existing Concessioner's annual revenue for each of the past three years are presented in the following exhibit.

Exhibit S-3. Historical Revenue by Department

Year	Gross Revenue	Franchise Fees Paid
2009	\$295,169	\$6,173
2010	\$305,854	\$5,877
2011	\$278,469	\$4,401

Repair and Maintenance Reserve

The Draft Contract requires the Concessioner to establish a Repair and Maintenance Reserve to be used for non-recurring repair and maintenance projects. 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 require payment into the Reserve of an amount equal to **one percent (1%)** of gross annual receipts for the preceding year and is an expenditure that will be reviewed by the Superintendent

Preferred Offeror Determination

The Service has determined that the Existing Concessioner is a Preferred Offeror for this Draft Contract pursuant to the terms of 36 C.F.R. Part 51. The Existing Concessioner must submit a responsive proposal to this Prospectus to be considered for award of the contract. If the Existing Concessioner submits a responsive proposal and that proposal is not selected as the best proposal, the Preferred Offeror designation allows the Existing Concessioner to match the terms of the best offer and be awarded the contract.

Contract Term

The Draft Contract will be for a term of ten (10) years beginning on its effective date, estimated to be June 1, 2013. The effective date of the Draft Contract is subject to change prior to Contract award if determined necessary by the Service. If the effective date is modified, the expiration date of the Draft Contract will be changed to maintain a term length of 10 years.

Franchise Fee

The minimum franchise fee will be equal to one **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).

Site Visit

A one-day site visit will occur on the date listed on the inside front cover of this Prospectus. For more information regarding the specific time and to reserve a place, please contact Laura S. Nelson, Blue Ridge Parkway Concession Management Specialist, at (828) 348-3407 or via email at laura_s_nelson@nps.gov. The site visit will be an opportunity for all interested parties to get an overview of the concession operation along with a tour of Concession Facilities associated with the Draft Contract.

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1. Introduction

1.1. Foreword

The National Park Service ("Service") intends to award a concession contract in the Blue Ridge Parkway ("Park") for concession operations at the Northwest Trading Post ("NWTP"). 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-BLRI002-13 ("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 (Public Law 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 *Northwest Trading Post, Inc.* the Existing Concessioner under the existing concession contract ("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., 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.

1.2. 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 stated that Congress created America's National Park Service 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 has 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. This site includes information about the Service's mission, policies, and individual park units.

1.3. Northwest Trading Post Location and History

Stretching 469 miles from Virginia (just south of Shenandoah National Park) to North Carolina (on the eastern boundary of the Great Smoky Mountains National Park), the Blue Ridge Parkway is the most visited unit in the National Park Service. Since its inception in 1935, more than 850 million people have visited the Parkway. Due to the length of the Parkway, areas and attractions are usually referred to with their location, or Milepost as "MP #". The Parkway begins at MP 0 near Waynesboro, VA, and ends at MP 469 in Cherokee, NC. The Northwest Trading Post (NWTP) is located at Milepost (MP) 259 on the Parkway, near the town of Glendale Springs, NC, in Ashe County, and is an hour north of the popular resort towns of Boone and Blowing Rock, NC.

Parkway attractions near NWTP include: Julian Price Lake (MP 296) which offers camping, hiking, canoe rental, boating, fishing and picnicking; Moses Cone Manor House (MP 294), a historic mansion; E.B. Jeffress Park, (MP 272), a day use recreation area for hiking and picnicking; Doughton Park (Mileposts 236-247), a recreation area of more than 5,000 acres with a popular picnic area, more than 30 miles of backcountry hiking trails and historic Brinegar Cabin (MP 239); and Linn Cove Viaduct (MP 304) and popular Linville Falls (MP 316).

Off-the-Parkway attractions near the NWTP include the quaint mountain town of West Jefferson; the National Natural Landmark Mount Jefferson State Natural Area, which contains virtually undisturbed northern red oak forests and represents one of the best remaining examples of oak-chestnut forest in the Southeast; New River State Park; Stone Mountain State Park; and Grandfather Mountain.

The NWTP was originally constructed in 1958 and had a two-story addition and major renovation completed in 2002. Since its inception, the NWTP has focused on the sales and promotion of locally produced, mountain-themed handicrafts. Shop offerings include handicrafts such as baskets, pottery, jewelry, quilts, books, souvenirs and local handmade foodstuff. Local vendors' products occupy close to 70% of the floor space in the gift shop.

2. Market Area Overview

2.1. Direct Competition

The gift shop competition for the NWTP consists mainly of gift shops in the surrounding communities of West Jefferson, Boone, and Blowing Rock. These shops offer a wide mix of souvenirs. Some shops focus on locally made handicrafts while others offer a larger mix of more generic merchandise.

Other gift shops on the Parkway in the vicinity of the NWTP are the Bluffs Lodge at MP 241 and at Moses Cone Manor at MP 294. The gift shop at the Bluffs Lodge is quite small with limited offerings, including very few locally made handcrafted items. The Moses Cone Manor gift shop, managed by the Southern Highland Craft Guild, is almost exclusively high end locally made handicrafts; the product mix is much more expensive than at NWTP. Eastern National operates at Moses Cone Manor under a second concession contract and offers a limited number of educational books and printed materials.

Table 2-A shows retail revenue from nearby concession operations along the Parkway. Potential Offerors must conduct their own research to evaluate the competitive environment.

Exhibit 2-A Retail Revenue for Nearby Parkway Concessioners

Year	Mabry Mill Gift Shop (MP 176)	Bluffs Lodge Gift Shop (MP 241)	Crabtree Falls Gift Shop (MP340)	Moses Cone Craft Shop (MP 294)
2010	\$351,084	\$109,280	\$149,946	\$627,442
2009	\$306,444	\$96,117	\$133,300	\$595,789
2008	\$315,589	\$89,949	\$89,065	\$637,229

Source: National Park Service

2.2. Location

Exhibit 2-B presents a map showing the area of the Parkway that includes the NWTP, just east of the towns of West Jefferson and Glendale Springs.

Exhibit 2-B Area Map

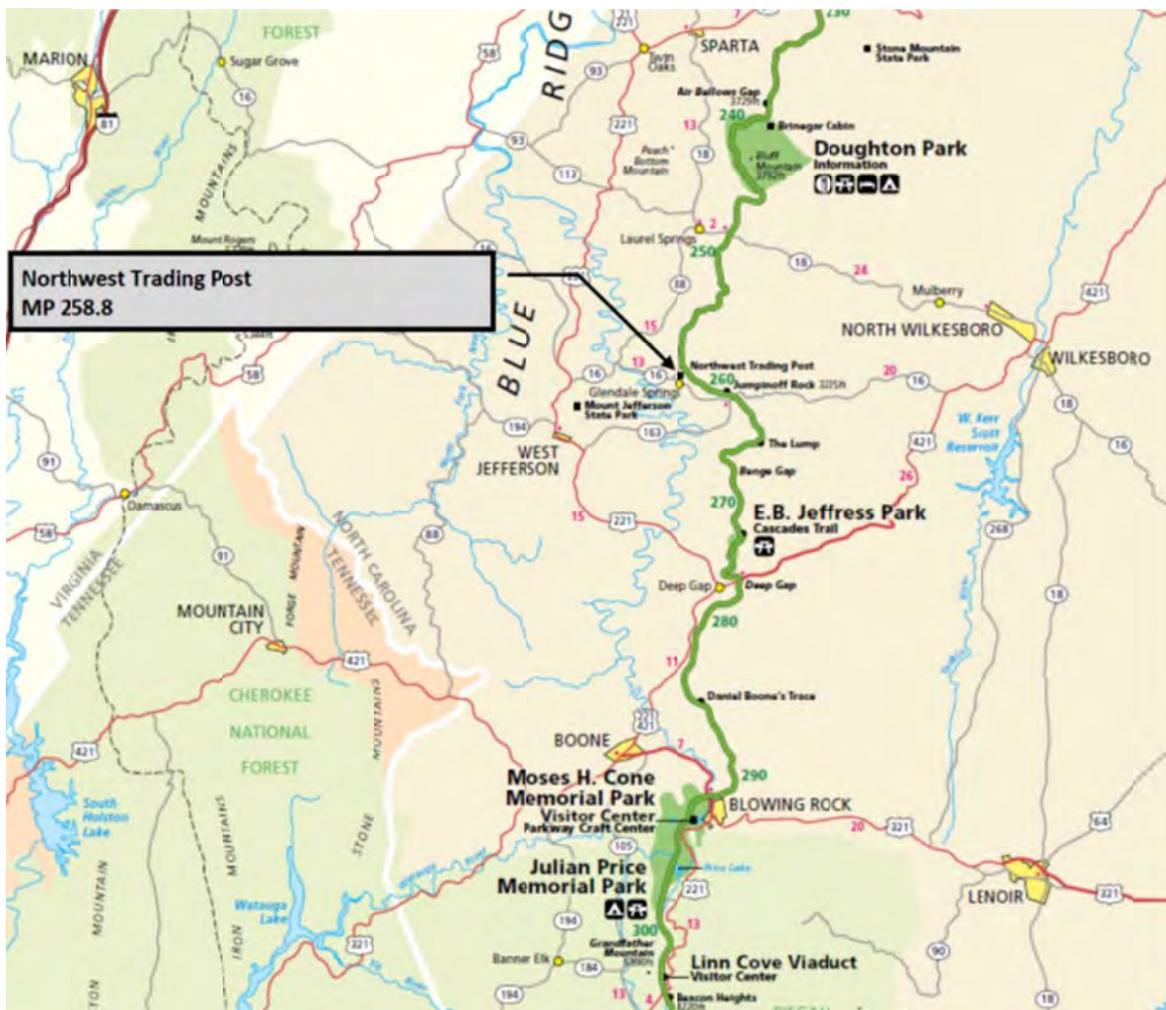


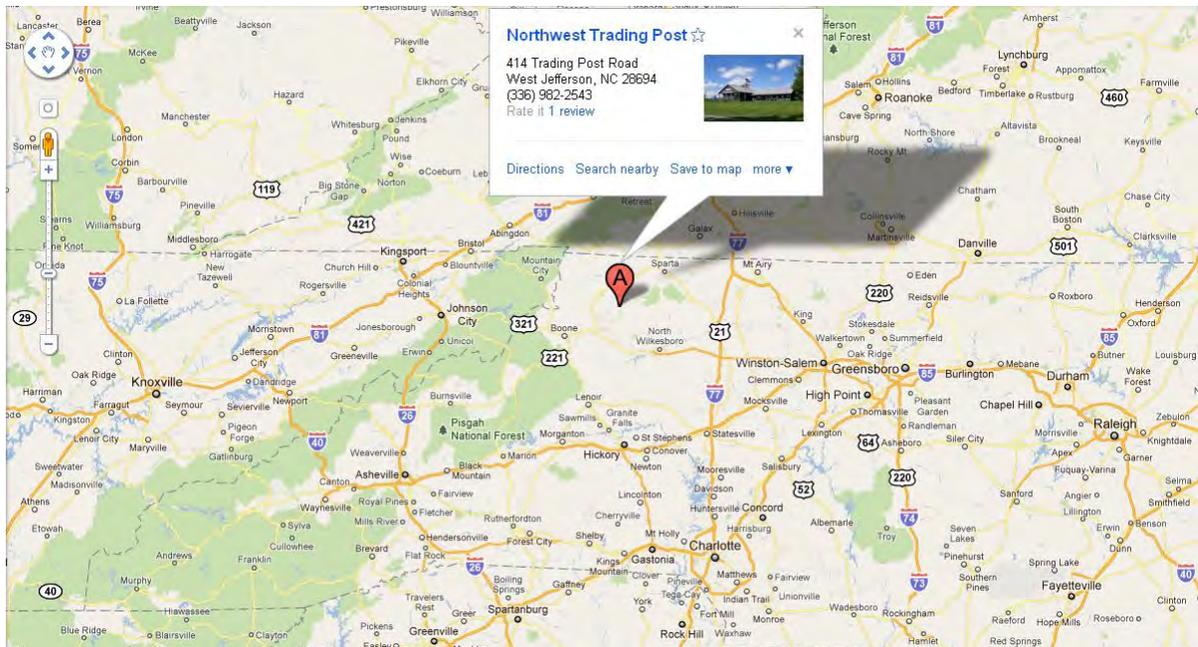
Exhibit 2-C provides an aerial view of the NWTP location along the Parkway.

Exhibit 2-C Local Area View



Exhibit 2-D provides a map of the surrounding region with the location of NWTP marked.

Exhibit 2-D Regional View



2.3. Regional Tourism Market

The Blue Ridge Parkway is a major component of the tourism business in the region surrounding the NWTP. Exhibit 2-E shows the annual tourism spending amounts from 1999-2010 in Ashe County.

Exhibit 2-E Tourism Spending, Ashe County

Year	Tourist Spending	Variance
1999	\$26.1M	
2000	\$29.1M	+11.5%
2001	\$30.1M	+3.4%
2002	\$31.7M	+5.3%
2003	\$31.7M	-
2004	\$33.0M	+4.1%
2005	\$34.8M	+5.4%
2006	\$38.2M	+9.8%
2007	\$39.9M	+4.55
2008	\$40.3M	+1.0%
2009	\$37.9M	-6.1%
2010	\$43.0M	+13.55

Exhibit 2-F illustrates the seasonal nature of the tourism industry in the region, showing peak occupancies in the summer months with a spike in October for the foliage season.

Exhibit 2-F Average Regional Monthly Occupancy Tax Collections 1999-2010

Month	Blowing Rock	Boone	Watauga County
January	\$27,045	\$37,234	\$20,015
February	\$24,390	\$38,927	\$18,583
March	\$19,645	\$32,219	\$9,248
April	\$24,692	\$30,557	\$10,516
May	\$35,250	\$36,061	\$15,838
June	\$55,778	\$42,510	\$18,667
July	\$78,441	\$59,564	\$40,014
August	\$75,482	\$105,694	\$32,962
September	\$54,532	\$38,966	\$20,139
October	\$70,714	\$64,758	\$34,705
November	\$44,559	\$33,732	\$28,935
December	\$35,166	\$37,657	\$28,935



2.4. Visitation

Exhibit 2-G presents annual recreational visitation reported by the Service for the Parkway. There are no specific visitation statistics for the NWTP.

Exhibit 2-G Annual Recreational Visitations

Year	Total Recreational Visitation	% Change
1999	19,135,442	
2000	19,153,081	+0.01%
2001	19,969,587	+4.25%
2002	21,538,760	+7.9%
2003	18,344,051	-14.8%
2004	17,999,116	-1.9%
2005	17,882,567	-0.6%
2006	18,953,478	+6.0%
2007	17,352,286	-8.4%
2008	16,309,307	-6.0%
2009	15,936,316	-2.3%
2010	14,517,118	-8.9%
2011	15,382,448	+6%
Average	17,882,581	

Source: National Park Service

From 1999-2002, Parkway visitation increased, peaking in 2002 at 21,538,760 visitors. Since 2002, visitation has shown a consistent decreasing trend (except for 2006). 2010 annual visitation was negatively impacted due to road closures caused by severe winter storms but visitation rebounded in 2011.

3. Operations

3.1. Required Services

Exhibit 3-A presents a summary of visitor services required under the Draft Contract. The Draft Contract, including its exhibits, provides details on these required services.

Exhibit 3-A Overview of Required Services

Required Services	Location
Craft Sales	Northwest Trading Post
Retail	Northwest Trading Post
Limited Food and Beverage	Northwest Trading Post

Description

Operation of a gift and crafts retail shop. Merchandise emphasis is on handcraft from the surrounding region. Also includes locally made foodstuffs, and prepackaged food items, including candy, chips and beverages.

Noteable Changes from Existing Contract

The Existing Contract requires service from April 15 through November 15. The Draft Contract requires service from April 1 through November 30.

3.2. Authorized Services

There are no authorized services associated with the Draft Contract.



3.3. Assigned Land and Facilities

Exhibit 3-B provides a summary of land and facilities provided to the Concessioner for use in conducting operations under the Draft Contract and Exhibit 3-C is a site map.

Exhibit 3-B Summary of Land and Facilities

Asset Code	Asset Type	Asset Description	Bldg No.	Qty	Unit
4482	4100	Northwest Trading Post	B443	2,160	SF
4483	4100	Storage Bldg – Northwest Trading Post	B798	960	SF
48233	1300	Northwest Trading Post Parking RT		15,176	SF
4505	3100	Northwest Trading Post Dev Area		1.0	AC

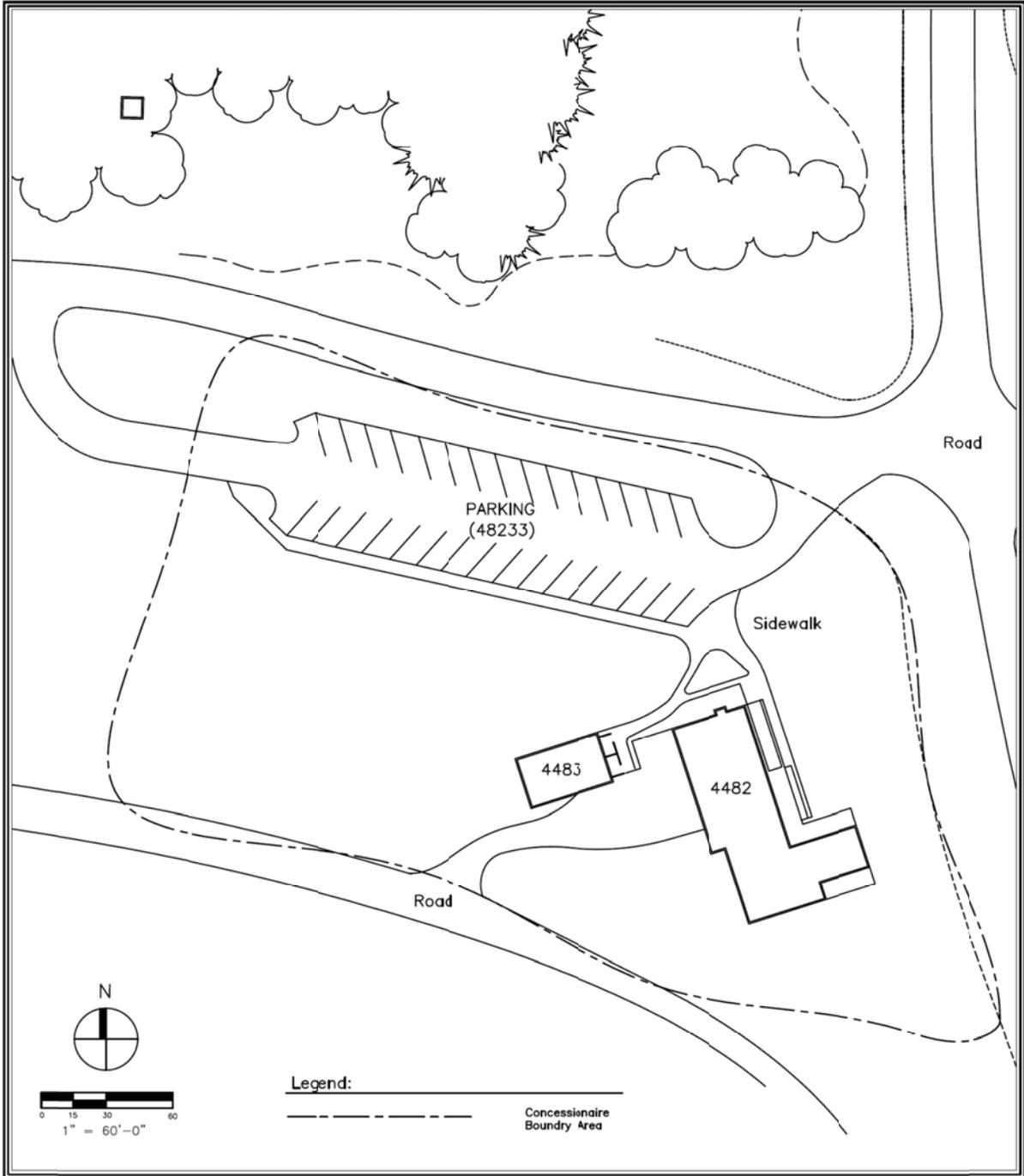


Public Restrooms (bldg 4483)



Storage Building (bldg 4483)

Exhibit 3-C Site Map



4. Investment Analysis

4.1. Possessory Interest

The Existing Contract requires the Existing Concessioner to sell and transfer to the successor its possessory interest and all other property of the Existing Concessioner used or held for use in connection with such operations. The Existing Contract also provides that the Service must require the Concessioner to purchase the possessory interest and all other property of the Existing Concessioner. A copy of the

Existing Contract, CC-BLRI002-83, as amended and extended, can be found as an Appendix to of this Prospectus.

4.2. Possessory Interest Amount to be Paid to Existing Concessioner

The Service expects the value of the Existing Concessioner's possessory interest to be fixed at \$0 as of the effective date of the Draft Contract. In the event that this amount changes prior to the award of the Draft Contract, this solicitation will be amended accordingly or cancelled. Personal Property Used in Existing Concession Operations ("Other Property")

As stated above, the Existing Contract also requires the Existing Concessioner to sell other property used in the operation to the Concessioner.

The estimated value of personal property to be sold and transferred to the Concessioner is \$48,225. This total includes the furniture, fixtures, and equipment held by the Existing Concessioner for use in the operation. This total is only an estimate, and the determined value could differ from this estimate. A listing of these items including the acquisition costs is included as Appendix K to this Prospectus. The list is not necessarily complete.

Merchandise (inventory) and supplies are also considered "other property" under the Existing Contract, and must be sold and transferred to the Concessioner. The estimated value of inventory and supplies is \$70,446.

4.3. Concession Facilities Improvement Plan (CFIP)

The Draft Contract does not require or allow the Concessioner to undertake and complete a real property improvement program (known as a Concession Facilities Improvement Program or CFIP).

4.4. Deferred Maintenance

The Concessioner must cure all deferred maintenance (DM) for all real property assets assigned under the Draft Contract. 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 estimates below and detailed descriptions of DM projects are in Attachment 1 to Exhibit H.

The following table presents estimated DM costs, which represent non-routine expenditures not covered by the Repair and Maintenance Reserve. The Service has estimated these costs for illustrative purposes only; 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 estimates provided in this Prospectus. The Service does not warrant the estimates, but includes them to provide a reasonable expectation of the investment associated with the requirements herein.

4.5. Working Capital and Pre-Opening Expenses

The Concessioner will incur other start-up costs prior to commencing operations. The Service estimates these start-up expenses to total \$96,552 and has provided its assumptions in Exhibit 4-A.

4.6. Summary of Initial Investment

A breakdown of the initial investments estimated to be made by the Concessioner is presented in the following table. This is only an estimate; the Offeror must make its own final determination of the investment required to support the Required Services.

Exhibit 4-A. Estimated Initial Investment¹

Item	Estimated Amount (2013 Dollars)
Personal Property and Inventory	\$118,671
Deferred Maintenance ³	\$6,872
Leasehold Surrender Interest ²	\$0
Start-up Costs	\$37,302
Working Capital	\$59,250
TOTAL	\$222,095

Source: National Park Service

¹ This estimated amount is not warranted by the Service and the Service is not bound by this estimate

² In the event that this amount changes prior to the award of the Draft Contract, this solicitation will be amended accordingly or cancelled.

³ Represents year 1 (i.e., 2013) DM not covered by the Repair and Maintenance Reserve or regular operating expenses. See Exhibit H, Attachment 1 for a List of DM by location and year.

4.7. 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 require payment into the Reserve of an amount equal to **one percent (1%)** of gross annual receipts for the preceding year and is an expenditure that will be reviewed by the Superintendent.

This amount sets the minimum amount the Concessioner must expend on these Repair and Maintenance Reserve activities and, as further explained in the Draft Contract, the Concessioner must expend sufficient additional monies to maintain the Concession Facilities to the satisfaction of the Director.

4.8. Utilities

The Park provides water and sewer service to the NWTP. The Service provides these utilities to the Concessioner on a reimbursable basis and bills the Concessioner monthly in accordance with Service Policy. No other utilities are provided by the Service.

5. Financial and Operating Data

5.1. Concessioner Financial Projections

The Proposal Package of this Prospectus requires Offerors to develop financial projections based upon the services under the Draft Contract. Offerors should exercise caution in using the historical information and Service estimates. The Service will not provide financial projections. Each offeror must conduct its due diligence, producing its own financial projections and relying on its own financial assumptions.

5.2. Gross Revenue

Exhibit 7-A provides the historical concession revenue for the NWTP for 2009 to 2011.

Exhibit 7-A. Gross Revenue

Year	Gross Revenue	Franchise Fees Paid
2009	\$295,169	\$6,173
2010	\$305,854	\$5,877
2011	\$278,469	\$4,401

Source: National Park Service

5.3. Rates

The Service ensures that the Concessioner's rates and charges to the public are commensurate with the level of services and facilities provided, and are reasonable, justified, and comparable with similar facilities and services provided in the private sector. The Service will determine the reasonableness of rates based upon the Service "Concession Management Rate Approval Guide." The Operating Plan (Exhibit B to the Draft Contract) describes the rate approval methods and may change. Generally, rates are based on comparison with like services provided by the privatector, under similar circumstances and in the same general geographic region. The Superintendent approves all rates.

5.4. Departmental and Indirect Expenses

The Service estimates most NWTP departmental and indirect expenses will be within industry average ranges.

6. Franchise Fee

The minimum franchise fee will be equal to **one percent (1%)** of the Concessioner's annual gross receipts for the term of the Draft Contract. However, Offerors may propose a higher minimum franchise fee, as described more fully in the Proposal Package (included in Tab III of this Prospectus).

7. Preferred Offeror Determination

The Service has determined that the Existing Concessioner is a Preferred Offeror for this Draft Contract pursuant to the terms of 36 C.F.R. Part 51. The Existing Concessioner must submit a responsive proposal to this Prospectus to be considered for award of the Draft Contract. If the Existing Concessioner submits a responsive proposal and that proposal is not selected as the best proposal, the Preferred Offeror designation allows the Existing Concessioner to match the terms of the best offer and be awarded the Draft Contract.

8. Term and Effective Date

The Draft Contract is for a term of ten (10) years beginning on its effective date, which is estimated to be June 2013. The effective date of the Draft Contract may change prior to contract award if determined necessary by the Service. The expiration date of the Draft Contract will be changed accordingly if a material adjustment is made to the effective date that significantly affects the business opportunity.

9. Site Visit

To help potential Offerors conduct due diligence, the Service will conduct a one-day site visit on the date listed on the inside cover of this Prospectus. During this site visit, Blue Ridge Parkway personnel will provide an overview of the area, along with a tour of the existing location associated with this Draft Contract. For more information regarding the specific time, please contact:

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