

# **BUSINESS OPPORTUNITY**

**CC-NACE006-09**

*Department of the Interior*  
National Park Service

**Slip Rentals, Fuel Service, and Parking Service  
At James Creek Marina  
National Capital Parks-East**



## SUMMARY OF BUSINESS OPPORTUNITY

The purpose of this Summary is to provide a synopsis of the key elements of the National Park Service (“Service”) Draft Concession Contract CC-NACE006-09, attached to this Prospectus (Tab IV), for the general concession operations at James Creek Marina in National Capital Parks – East. In the event of any inconsistency between the terms of the Draft Contract and this Summary, the Draft Contract will prevail.

### Nature of Business and Services Provided

The Business Opportunity section of this Prospectus describes the commercial visitor services and essential improvements required within the Draft Contract. The following visitor services displayed in Exhibit S-1 are required:

#### Exhibit S-1. Required Services for the Draft Concession Contract

Boat Storage (Slip Rental)	Required
On-water Fuel Sales and Service	Required
Parking Lot Management	Required
Marine Related Merchandise Sales	Required
Vending/Refreshments	Required

The Concessioner is authorized, but not required, to provide the visitor services shown in Exhibit S-2 during the term of the Draft Contract, subject to approval by the Superintendent.

#### Exhibit S-2. Authorized Services for the Draft Concession Contract

NONE

### Annual Gross Revenues

Concessioner-reported gross revenues for the past five years are shown in Exhibit S-3.

#### Exhibit S-3. Total Concession Revenue, 2002-2008

	2002	2003	2004	2005	2006	2007	2008
<b>Total Revenue</b>	<b>\$1,143,777</b>	<b>\$1,247,053</b>	<b>\$1,417,255</b>	<b>\$1,476,059</b>	<b>\$1,538,527</b>	<b>\$1,642,622</b>	<b>\$1,771,371</b>

*\*2008 figure is preliminary*

*Source: Concessioner annual financial reports (AFRs)*



### Minimum Franchise Fee

The Concessioner will pay the National Park Service a franchise fee of at least **eighty percent (80.0%)** on parking revenue and **one percent (1.0%)** on gross receipts from all departments excluding parking.

### Required Repair and Maintenance Reserve

No repair and maintenance reserve is required.

### Term of Contract

The term of the Draft Contract will be 10 years, and is expected to begin around January 1, 2010.

### Estimated Required Initial Investment

Any possessory interests that may be held by the Existing Concessioner will be acquired by the United States; therefore, the incoming Concessioner will not be required to purchase such possessory interests.

The estimated initial investment for slip rentals, fuel service, and parking service at James Creek Marina is shown in Exhibit S-4.

#### Exhibit S-4. Estimated Required Initial Investment

Purchase of Personal Property	\$121,000
Inventory Investment	\$2,400
Possessory Interest	\$0
Investment in Deferred Maintenance	\$469,000
Start-Up Costs	\$65,000
Working Capital	\$65,000
<b>TOTAL</b>	<b>\$722,000</b>

Source: NPS estimates.

### No Preferred Offeror

The Director of the National Park Service has determined that no Preferred Offeror for this Draft Contract exists pursuant to the terms of 36 *Code of Federal Regulations* Part 51. This solicitation for commercial services is fully competitive.



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## INTRODUCTION

This document describes in general terms the business opportunity for the facilities and services to be authorized by the National Park Service (“Service”) within the area of James Creek Marina within National Capital Parks-East (“Park”). Potential Offerors are responsible for reviewing all sections of this prospectus and, specifically, the terms and conditions of the attached draft Concession Contract (CC-NACE006-09), including its exhibits, to determine the full scope of a Concessioner’s responsibilities under the new Concession Contract. This solicitation is being conducted in accordance with the National Park Service Concessions Management Improvement Act of 1998 (“P.L. 105-391”).

This prospectus is issued under the authority of 36 CFR Part 51. In the event of any inconsistency between the terms of this prospectus and 36 CFR Part 51, 36 CFR Part 51 will control. Additionally, in the event of any inconsistency between the terms of the attached draft Concession Contract and this Business Opportunity section, the attached draft Concession Contract will control.

### **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 has declared that the National Park Service areas 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, its mission, policies, and individual parks.

### **Mission of National Capital Parks - East**

National Capital Parks-East offers a range of historic, natural, and recreational areas that are a part of Washington, D.C. and its eastern environs. The park includes 12 major park areas at 98 locations. Significant resources are as diverse as statuary, historic sites and buildings, recreation areas, parkways, archeological sites, tidal and non-tidal wetlands, meadows, and forests; and encompass over 8,000 acres.

National Capital Parks-East extends north to Ann Arundel County at the northern end of the Baltimore/Washington Parkway, through Prince Georges County, and southeast to the southern part of Piscataway Park in Charles County, Maryland.

There are numerous other National Park sites in the region, including the National Mall, White House, Washington Monument, Lincoln Memorial, Thomas Jefferson Memorial, Vietnam Veterans Memorial, Korean War Veterans Memorial, National Law Enforcement Memorial, Mary McLeod Bethune Memorial, Frederick Douglass National Historic Site, Rock Creek Park (the country's largest and first urban park), George Washington Memorial Parkway and C&O Canal National Historical Park.



National Capital Parks – East was established to provide the guidance and support essential to effective management of the natural, cultural, and recreational resources within its boundaries in a manner in keeping with the spirit and mission of the Service and with the enabling legislation and other legal and practical requirements of each park area. Additional information on NCP- East can be found at: <http://www.nps.gov/nace/>

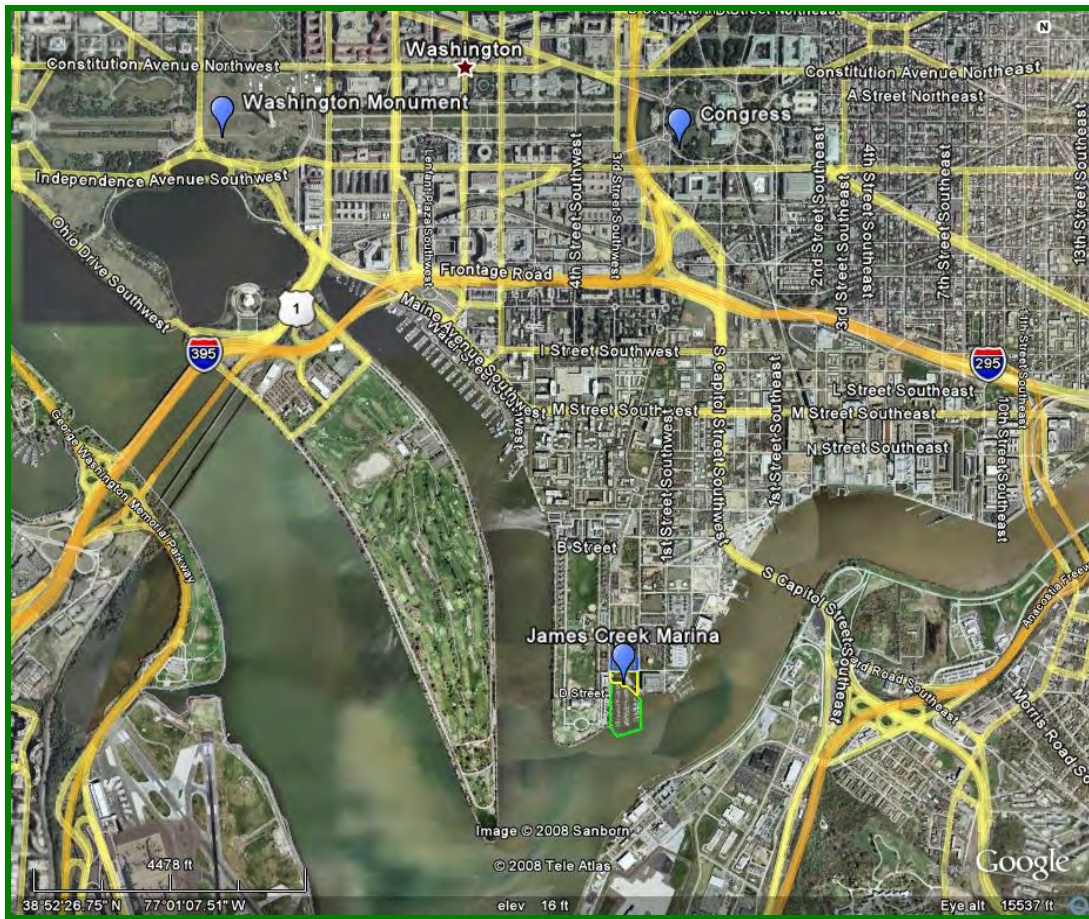


## MARKET AREA OVERVIEW

### Regional and Local Market Area

James Creek Marina is situated within National Capital Parks-East in Washington, D.C. and is located approximately one mile southwest of Anacostia Park, along the western shore of the Anacostia River, near the convergence of the Anacostia River and the Washington Channel.

**Exhibit 1. Location of James Creek Marina**



Demand for services at James Creek marina derives primarily from boaters in the Washington-Arlington-Alexandria-Bethesda metropolitan statistical area (MSA). The following exhibit presents population data for the entire metro area and for the District of Columbia, which is part of the larger MSA.

**Exhibit 2. Population Growth in Local Area**

Region	2000 Population	2008 Population	Annual Growth
District of Columbia	572,059	591,833	0.4%
Washington MSA	4,821,934	5,306,565 <sup>1</sup>	1.4%

Source: Census Bureau

<sup>1</sup> Washington MSA estimate is for 2007, as 2008 data is unavailable.



The entire U.S. population grew at an annual rate of 1.0% over the 2000-2008 period, so the 0.4% growth rate in the District of Columbia lagged the national average, while the 1.4% growth rate in the entire metropolitan area exceeded it slightly.

The population growth rates in southeast and southwest Washington, DC, the areas nearest to James Creek, are expected to increase over the next several years as a result of development related to the Anacostia Waterfront Initiative and the Capital Riverfront Business Improvement District (BID). Nationals Park, the new baseball stadium, recently opened nearby on South Capitol Street, and its opening is expected to accelerate development in the area. The objectives of the Capitol Riverfront BID include 12 to 15 million feet of new office space, 9,000 new residential units, over 1,200 new hotel rooms, 800,000 square feet of retail, and four new public parks and the Anacostia Riverwalk trail system. As a result of this development, awareness of the area around James Creek will increase, and the Service expects that the marina's occupancy rates will increase. At present, occupancy rates are low relative to other local marinas in part due to James Creek's less desirable location.

Participation in recreational boating is highly related to income levels, and per capita income in Washington, DC is approximately 33% higher than national per capita income, according to the U.S. Census Bureau. Due to high income levels, demand for slips in the DC area should remain relatively strong even in the face of recession.

James Creek Marina has reported annual wet slip occupancy rates of 60% to 70% over the past several years. Average occupancy rates at other marinas in the market area are typically in the 80% range or much higher. The following exhibit presents historical occupancy rate data for area marinas.

### Slip Demand Trends

**Exhibit 3. Average Annual Occupancy Rates**

Marina	2008	2005	2003
James Creek	60%-70%	60%-70%	60%-65%
Columbia Island	95%-100%	80%-90%	70%-75%
Fort Washington	70%-75%	70%-75%	65%-70%
Gangplank	80%-90%	90%-95%	75%-80%
Washington	80%-90%	80%-90%	80%-85%
Washington Sailing	95%-100%	95%-100%	95%-100%

Sources: Dornbusch Associates (2008 and 2005) and PricewaterhouseCoopers (2003)

The exhibit shows that demand continues to remain strong and stable for slips at area marinas. Occupancy rates often vary significantly by season, as many boaters store their vessels out of the water during the winter. At James Creek, occupancy falls to the 40% range in the winter, but increases to around 90% during the summer months. Similar patterns are observed at other marinas, but the variations are less dramatic. At some marinas, including Columbia Island and the Washington Sailing Marina, occupancy remains high year-round because there are long waiting lists, and slip renters do not want to lose their spaces.



## Slip Supply

The local supply of slips has remained relatively constant over the past five years, and the Service did not discover any plans to increase the number of slips in the area. The following exhibit presents a breakdown of slips by length at the larger marinas in the area.

**Exhibit 4. Slip Supply at Area Marinas**

Marina	Total	0-29'	30-39'	40-49'	50'+
James Creek	300	86	126	86	2
Columbia Island	384	242	112	8	22
Fort Washington	313	41	188	59	25
Gangplank	310	47	74	126	63
Washington	148	104	28	9	7
Washington Sailing	185	161	24	0	0

Source: Dornbusch Associates Survey

In addition to these marinas, Alexandria City Marina, Belle Haven Marina, and Buzzard Point Marina are local marinas that each have fewer than 100 slips. There are a total of over 1,800 slips in the market area.

In the subset of marinas shown in the exhibit, 41% of all slips were less than 29 feet in length, 34% were between 30 and 39 feet, 18% were between 40 and 49 feet, and 7% were longer than 50 feet. At James Creek, 42% of slips are in the 30-39 foot range, and the average slip length is 33.5 feet. While general demand trends appear to be shifting toward larger boat sizes, James Creek reports similar occupancy rates across all size categories, with slightly higher occupancy in slips measuring 29 feet and below.

## Slip Rental Rates

James Creek rental rates are discussed in detail in the following section. The following exhibit compares rental rates at marinas in the local area.

**Exhibit 5. Wet Slip Rental Rates at Area Marinas (dollars/foot/month)**

Marina	2009	2007	2005	2003
James Creek	\$8.00-\$10.25	\$8.00-\$10.25	\$7.25	\$5.75
Columbia Island	\$9.50-\$11.50	\$9.00-\$11.50	\$9.82	\$8.50
Fort Washington	\$8.25-\$10.79	\$8.00-\$10.00	\$7.08	\$5.75
Gangplank	\$11.00-\$17.00	\$11.00-\$15.00	\$12.10	\$10.50
Washington	\$9.00-\$12.00	\$9.00-\$12.00	\$10.50	\$9.00
Washington Sailing	\$7.40-\$8.98	\$7.05-\$8.55	\$6.70	\$6.70

Sources: Dornbusch Associates (2009, 2007 and 2005) and PricewaterhouseCoopers (2003)

James Creek's rates have historically been lower than those charged by other marinas, and they currently fall well within the competitive market range. The 2003 and 2005 rates listed are based on year-round contracts, which provide the lowest monthly rate for a given slip size. Rates at some marinas vary by season and by slip size; the ranges for 2007 and 2009 reported in the exhibit represent the lowest and highest possible monthly rates at each marina.



## Demand Projections

Based on improving prospects for the Anacostia Waterfront and neighborhoods in the southeast and southwest Washington, DC area, the Service expects that slip occupancy rates at James Creek will gradually begin to converge with occupancy rates at other marinas. In general, the level of amenities at James Creek and other area marinas is comparable, and the condition of the docks at James Creek is above average.

Demand for fuel is projected to remain constant at 200,000 gallons (the approximate average demand over the past three years) throughout the next contract period. Uncertainty about potential fuel price increases influenced the decision not to project increasing fuel demand.

The parking lot is effectively at capacity for daytime use, so the Service does not anticipate real parking demand growth.

## CURRENT AND FUTURE CONCESSION OPERATIONS

### Concession Facilities

The facilities at the James Creek Marina include a comfort station, diesel and gasoline fuel service tanks and pumps, a 238-space public parking lot, a small office, several storage spaces, and a 300-slip marina. All facilities are owned by the Service and assigned for use by the Concessioner during the next contract.

Exhibit 6 summarizes the concession facilities at James Creek Marina.

#### Exhibit 6. Summary of Concession Facilities

Description	Year Built	Total Units	Units
Comfort Station	1989	682	SF
Gasoline Tank	1989	1	EA
Diesel Tank	1989	1	EA
Parking Area - Paved and Unpaved	1989	13,175	SF
Office/Storage	1989	800	SF
Storage Building - Large	1989	245	SF
Storage Building - Small	1989	165	SF
Marina	1998	12,561	LF

### General Utilization and Operating Data

The proposal package requires Offerors to develop financial projections based on the business to be operated. In order to assist the Offerors in the development of these projections, information regarding the utilization and operating data as well as some baseline projections for the services to be provided under this Contract is presented below.

Please note that operating projections are only estimates based on Service assumptions, taking into account appropriate historical data and industry standards and other considerations. Some or all of the projections may not materialize and unanticipated events may occur that will affect these projections. Offerors should be appropriately cautious in the use of all operating estimates. 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.

The existing James Creek Marina concession is operated by Guest Services, Inc. who assumed management responsibilities in 2008. Guest Services, Inc. also operates the Columbia Island Marina and Thompson's Boat House, Washington Sailing Marina, and The Boathouse at Fletcher's Cove. Guest Services, Inc. provides wet slip rentals, boat fuel service, sales of marine related merchandise, and public parking on a year-round basis at James Creek Marina.

The proposed future concession operation at James Creek Marina will be similar to the current operation and will include rental of uncovered slips, fuel service, limited sales of marine related merchandise, and public parking under year-round operation. However, snack bar, sail boat rental, and sailing instruction services will not be required or authorized under the new contract, as it has been determined that there is insufficient demand for these services at James Creek Marina.

Exhibit 7 displays the required services under the new Contract versus the required services under the current Contract at James Creek Marina.

#### Exhibit 7. Required Services

Service	Status in Current Contract	Status in Future Contract
Boat Storage (Slip Rental)	Required	Required
On-water Fuel Sales and Service	Required	Required
Parking Lot Management	Required	Required
Marine Related Merchandise Sales	Required	Required
Vending/Refreshments	Required	Required

#### Slip Rentals

The Marina consists of five floating docks (Docks A, B, C, D, and E) and a total of 300 slips. There are 2,505 linear feet of docks and 10,056 linear feet of finger piers, for a total linear footage of 12,561. The breakdown of linear footage per slip for each dock is presented in the following table.

#### Exhibit 8. Linear Footage of Finger Piers and Number of Slips per Dock, James Creek Marina

	Linear Footage of Finger Piers (slips)	Number of Slips	Average Slip Length
Dock A	1,870	44	42.5
Dock B	2,854	78	36.6
Dock C	3,056	94	32.5
Dock D	1,392	50	27.8
Dock E	884	34	26.0
<b>Total</b>	<b>10,056</b>	<b>300</b>	<b>33.5</b>

As shown in the exhibit, the average slip length is 33.5 feet. Slip rentals are based on nightly (transient), monthly, semi-annual, and annual rental rates. The following exhibit summarizes slip rental rates during the period 2005 to 2009.



**Exhibit 9. Slip Rental Rates (\$ per linear foot per month), 2005-2009**

	2005	2006	2007	2008	2009
<b>Annual Contract</b>	\$7.00	\$7.45	\$8.00	\$8.00	\$8.00
<b>6-11 month Contract</b>	\$7.50	\$8.45	\$9.00	\$9.00	\$9.00
<b>Month-to-Month</b>	\$9.00	\$9.50	\$10.25	\$10.25	\$10.25
<b>Weighted Avg. Rate</b>	<b>\$7.98</b>	<b>\$8.62</b>	<b>\$9.25</b>	<b>\$9.25</b>	<b>\$9.25</b>
<b>Weighted Growth Rate</b>	--	8.1%	7.3%	0.0%	0.0%

The exhibit reveals that average slip rental rates in 2007 were approximately 7.3% higher than they were in 2006, increasing at more than twice the annual inflation rate of 2.8% in 2007. Rates have remained constant for the past two years.

As reported in Exhibit 3, overall Marina slip occupancy has fluctuated in the 60% to 70% range over the past five years. The concessioner reports that weather plays some role in the variations in annual occupancy rates—a cold spring will cause boaters to wait longer to put their boats into the water, causing average annual occupancy rates to fall. Occupancy has averaged approximately 65% over the past five years.

Additional Marina amenities include:

- 30 amp - 125 volt and 50 amp – 250 volt shore power
- 100 amp single phase electrical main panels
- Fresh water at each slip
- Winter de-icing system
- Restrooms with showers
- Fuel dock (Gas, Diesel, Oil, Pump-out)
- Gated entryways
- Ample parking
- Picnic area
- Volleyball court
- 24-hour access

The following exhibit displays annual slip rental revenues at James Creek Marina from 2002 to 2008.

**Exhibit 10. Historical Slip Rental Revenues, 2002-2007**

	2002	2003	2004	2005	2006	2007	2008
<b>Slip Rental</b>	\$581,468	\$648,411	\$655,946	\$651,691	\$608,228	\$689,774	\$737,425
<b>Annual Growth</b>	--	11.5%	1.2%	-0.6%	-6.7%	13.4%	6.9%

Source: Concessioner Annual Financial Reports (AFRs)

Over this period, slip rental revenue increased at an average annual rate of 4.0%, although the exhibit shows that there were significant annual fluctuations. Since revenue is the product of real demand and rental rates, large increases in slip revenue correlate well with price increases. For example, according to 2007 figures, slip rental revenue increased by 13.4% over 2006. Average slip rental rates in 2007 were approximately 7.3% higher than they were in 2006.

The following exhibit presents slip rental departmental revenue projections over the first three years of the contract term, 2010 to 2012.



**Exhibit 11. Projected Slip Rental Revenue, 2010-2012**

	2010	2011	2012
Rental Revenue	\$805,000	\$842,000	\$880,000

**Fuel Service**

James Creek Marina provides boaters with both gasoline and diesel fuel service. The fuel sales departmental revenue trend is reproduced in the following exhibit.

**Exhibit 12. Fuel Sales Revenue, 2002-2008**

	2002	2003	2004	2005	2006	2007	2008
Fuel Sales	\$296,144	\$332,876	\$467,314	\$560,039	\$626,962	\$650,972	\$708,468
Annual Growth	--	12.4%	40.4%	19.8%	11.9%	3.8%	8.8%

Source: Concessioner Annual Financial Reports (AFRs)

Departmental revenue has steadily increased, growing at an average annual rate of 15.6% over the past six years, although this growth rate moderated in 2007 and 2008. Average fuel prices and number of gallons sold over the past three years are shown in the following exhibit. The average price represents a weighted average of gasoline and diesel prices; of the total number of gallons sold, 60% is typically gasoline and 40% is diesel.

**Exhibit 13. Gallons Sold and Average Fuel Price, 2005-2008**

	2005	2006	2007	2008
Gallons Sold	167,875	220,822	194,239	174,327
Average Fuel Price	\$3.34	\$2.84	\$3.35	\$4.06

Although fuel prices have varied widely over the past several months, we project that average fuel prices generally grow with the projected inflation rate of 3.0%.

Exhibit 14 displays projected fuel service revenues during the first three years of the next contract.

**Exhibit 14. Projected Fuel Revenue, 2010-2012**

	2010	2011	2012
Fuel Revenue	\$732,000	\$754,000	\$777,000

**Parking Services**

The concessioner also operates at 238-space public parking lot directly adjacent to the main marina office. The concessioner sells half-day, full-day, and monthly parking passes available to the general public. A separate, smaller parking location is reserved for marina guests and slip renters free of charge. The following table presents parking revenues for the period 2002 to 2008.



**Exhibit 15. Parking Revenue, 2002-2008**

	2002	2003	2004	2005	2006	2007	2008
Parking Revenue	\$257,465	\$250,449	\$268,041	\$258,817	\$295,340	\$291,344	\$311,343
Annual Growth	--	-2.7%	7.0%	-3.4%	14.1%	-1.4%	6.9%

Source: Concessioner Annual Financial Reports (AFRs)

Parking revenue has increased at an average annual rate of 3.2% over this period. The concessioner reports that it is now consistently selling an average of 230 monthly permits for the 238-space facility. Additional revenue is earned for full and half-day visitors who occupy any available space. The following exhibit presents parking rates in recent years.

**Exhibit 16. Parking Rates, 2004-2009**

	2004	2005-2006	2007	2009
Monthly Pass	\$80.00	\$90.00	\$90.00	\$95.00
Half Day	\$5.00	\$5.00	\$5.00	\$5.00
Full Day	\$9.00	\$9.00	\$10.00	\$10.00

As the exhibit shows, parking rates have been fairly constant over the past several years. The average revenue per parking space per day in 2007 was \$3.72. This figure, well below the half day and full day rates, confirms that the majority of parking revenue comes from monthly pass sales. The following exhibit presents parking revenue projections during the first three years of the next contract.

**Exhibit 17. Projected Parking Revenues, 2010-2012**

	2010	2011	2012
Parking Revenue	\$354,000	\$364,000	\$375,000

**Other Revenues: Marine Related Merchandise and Vending**

Other revenue has ranged from \$5,500 to \$26,000 over the past five years. This revenue has historically included vending, snack bar, and marine-related merchandise sales. Since the closure of the snack bar, other revenue has not exceeded \$15,000; over the past four years, it has averaged less than \$10,000. Other revenue represents less than 1% of total concession revenue. The following exhibit displays projected revenues for other revenue during the first three years of the next contract.

**Exhibit 18. Projected Other Revenues, 2010-2012**

	2010	2011	2012
Other Revenue*	\$10,000	\$11,000	\$11,000

\*Includes limited marine related merchandise sales and vending



**Summary of Historical and Projected Revenue**

Exhibit 19 summarizes departmental revenues during the last six years, from 2002 to 2008.

**Exhibit 19. Concession Revenue, 2002-2008**

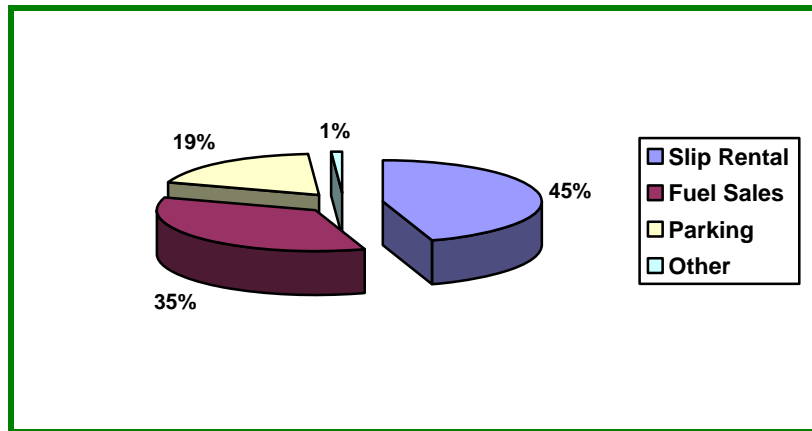
	2002	2003	2004	2005	2006	2007	2008
<b>Slip Rental</b>	\$581,468	\$648,411	\$655,946	\$651,691	\$608,228	\$689,774	\$737,425
<b>Fuel Sales</b>	\$296,144	\$332,876	\$467,314	\$560,039	\$626,962	\$650,972	\$708,468
<b>Parking Lot</b>	\$257,465	\$250,449	\$268,041	\$258,817	\$295,340	\$291,344	\$311,343
<b>Other Revenue</b>	\$8,700	\$15,317	\$25,954	\$5,512	\$7,997	\$10,532	\$14,135
<b>Total Revenue</b>	<b>\$1,143,777</b>	<b>\$1,247,053</b>	<b>\$1,417,255</b>	<b>\$1,476,059</b>	<b>\$1,538,527</b>	<b>\$1,642,622</b>	<b>\$1,771,371</b>
<b>Annual Growth Rate</b>	--	9.0%	13.6%	4.1%	4.2%	6.8%	7.8%

*\*2008 figures are preliminary*

*Source: Concessioner Annual Financial Reports (AFRs)*

Over the 2002-2008 period, total concession revenue grew at an average annual rate of 7.6%. Revenue growth was very high in 2003 and 2004 but has moderated over the past four years, averaging 5.7% since 2005. Exhibit 20 displays graphically a breakdown of revenue by department.

**Exhibit 20. Revenue Breakdown by Department (2002-2008 averages)**



Slip rental revenue has averaged 45% of total concession revenue over the past five years. Fuel sales revenue has averaged 35%, while parking lot revenue has averaged 19% and other revenue has averaged 1%. In the following subsections, we discuss the fluctuations in departmental revenues that have driven the annual changes in total concession revenue.

Exhibit 21 below summarizes projected revenue by department and total revenues during the first three years of the next concession contract.



**Exhibit 21. Projected Concession Revenue, 2010-2012**

<b>Year</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
Slip Rental Revenue	\$805,000	\$842,000	\$880,000
Fuel Sales Revenue	\$732,000	\$754,000	\$777,000
Parking Revenue	\$354,000	\$364,000	\$375,000
Other Revenue	\$10,000	\$11,000	\$11,000
<b>Total Revenue</b>	<b>\$1,901,000</b>	<b>\$1,971,000</b>	<b>\$2,043,000</b>

**PARK SPECIFIC OPERATING CONDITIONS**

Please see the attached Operating and Maintenance Plans which further describes the specific operating conditions and requirements for any Concessioner operating within James Creek Marina.

**INVESTMENTS**

Initial capital investment required at the inception of the next contract includes the purchase of personal property and inventory, investment in deferred maintenance, expenditures on start-up activities, and the creation of a working capital reserve.

**Exhibit 22. Summary of Initial Capital Investment**

<b>Expenditure in 2009</b>	<b>Amount</b>
Purchase of Personal Property	\$121,000
Inventory Investment	\$2,400
Possessory Interest	\$0
Investment in Deferred Maintenance	\$469,000
Start-Up Costs	\$65,000
Working Capital	\$65,000
<b>TOTAL</b>	<b>\$722,000</b>

**Personal Property**

A personal property valuation conducted by the Service in December 2007 projected a "fair value" (replacement cost less depreciation and obsolescence) of personal property of \$121,000 at the beginning of the next contract period. The replacement cost new for this personal property would be approximately \$255,000, but the incoming concessioner is not required to purchase all new equipment.

**Inventory Investment**

The initial investment in inventory is projected to total approximately \$2,400. Inventory consists of a limited supply of marine-related merchandise.



**Possessory Interest/Leasehold Surrender Interest**

The next concessioner will not be required to purchase Possessory Interest (or Leasehold Surrender Interest) from the concessioner and the value of Leasehold Surrender Interest at the start of the next contract will be \$0.

**Deferred Maintenance**

Deferred Maintenance is defined as physical depreciation due to the lack of normal upkeep and/or maintenance that was not performed in a timely manner. Continued deferment of maintenance results in excessive and costly deficiencies. In practice this means that actions are required to correct existing deficiencies that are a result of unaccomplished past maintenance, repairs, and replacements

The concessioner will be required to cure or remediate all deferred maintenance in the first year of the next contract. Based on a 2007 condition assessment conducted by the Service, and adjusting for inflation, deferred maintenance is expected to total approximately \$469,000 at the beginning of 2009. The incoming concessioner will be required to remedy all deferred maintenance in the first year of the next contract.

Major Deferred Maintenance projects include:

- Parking lot repairs
- Repairs to Wave Attenuator System
- Remove and replace a number of finger-pier floats
- Replace a number of damaged piles
- Clean and repair shore power units

**Start-Up Costs and Working Capital**

Prior to, and just following, inception of the next concession contract, the incoming concessioner will need to make a one-time investment in a range of activities to enhance operations. These activities include staff hiring, training that may involve compensation in addition to normal wages, IT implementation, legal support services, and marketing and advertising beyond normal annual expenditures. Start-up costs are estimated to be \$65,000 in 2009.

In addition to any necessary investment in start-up activities, an incoming concessioner will need to invest a certain amount of cash in the operation to cover that portion of the operation's expenses that are likely to be incurred in advance of offsetting revenues. It is estimated that the concessioner invests another \$65,000 in working capital at the outset of the contract. In contrast to the initial investment in start-up costs, which are one-time expenditures and are not recovered, it is assumed that working capital is recovered at the end of the contract period.



## FRANCHISE FEES

The minimum annual franchise fee based on the Concessioner's gross receipts will be required. This minimum franchise fee will be eighty percent (80.0%) on parking revenue and one percent (1.0%) on gross receipts from all departments excluding parking for the preceding year or portion of a year. However, Offerors may propose a higher minimum franchise fee in accordance with the terms of the prospectus.

## TERM AND EFFECTIVE DATE OF DRAFT CONTRACT

The Draft Contract is for a term of ten (10) years beginning on its effective date, estimated to be January 1, 2010. The effective date of the Draft Contract is subject to change prior to Contract award if determined necessary by the NPS. If the effective date is modified, the expiration date of the Draft Contract will be changed to maintain a term length of 10 years.

## SITE VISIT

A one-day site visit for prospective Offerors will occur on June 29, 2009. At that time, an overview of the Park will be provided by NPS Concession Program and Park managers, and a tour will be given of existing concession facilities associated with this Draft Contract. ALL PARTIES intending to attend the scheduled site visit MUST SEND AN EMAIL MESSAGE TO [steve\\_lebel@nps.gov](mailto:steve_lebel@nps.gov), Attention: Steve LeBel, Program Manager, Office of Business Services, (202) 619-7072, by close of business, Eastern Time, June 22, 2009, to receive further instructions. The email should provide, at a minimum, a listing of all attendees by full name, organization, address, and phone contact number. In addition, the email address and phone contact number of the organization's primary contact is required for coordination purposes.

Further information and additional directions will be sent by return email message to the organization's identified primary contact.

