

Part I

BUSINESS OPPORTUNITY

Lodging, Food and Beverage, and Retail Services

at Peaks of Otter

within

Blue Ridge Parkway

National Park Service
Department of the Interior

Concession Contract No. CC-BLRI004-25



TABLE OF CONTENTS

INTRODUCTION..... 1

 SITE VISIT..... 1

 NOTIFICATION OF INTENT TO PROPOSE 1

 INFORMATION REGARDING THIS SOLICITATION..... 2

 PROPOSAL OVERVIEW 3

 DOING BUSINESS WITH THE SERVICE..... 4

 THE NATIONAL PARK SERVICE AND ITS MISSION 4

BLUE RIDGE PARKWAY 5

CONCESSION OPPORTUNITY 7

 DRAFT CONTRACT TERM AND EFFECTIVE DATE 7

 REQUIRED AND AUTHORIZED SERVICES 8

 OVERVIEW OF REQUIRED SERVICES 8

 FOOD AND BEVERAGE..... 9

 RETAIL..... 11

 REVENUE ASSUMPTIONS 12

 EXPENSE ASSUMPTIONS 13

 MINIMUM WAGE..... 13

 UTILITIES EXPENSES..... 13

 OTHER OPERATING CONSIDERATIONS..... 14

 POTENTIAL IMPACT ISSUES 14

INVESTMENT ANALYSIS..... 15

 MAINTENANCE..... 16

 MINIMUM FRANCHISE FEE 16

 LEASEHOLD SURRENDER INTEREST..... 16

 NO PREFERRED OFFEROR 16

HISTORICAL CONCESSION DATA 17

 HISTORICAL FINANCIAL INFORMATION 17

MARKET AREA OVERVIEW..... 18

 LOCAL COMPETITIVE MARKET 19

 BLUE RIDGE PARKWAY VISITATION..... 20



INTRODUCTION

Site Visit

The National Park Service (“Service”) will host a site visit for organizations interested in bidding on this opportunity on the date listed on the Prospectus’ inside front cover. The site visit gives interested organizations an overview of the concession operation along with a tour of some of the Concessioner’s assigned facilities under the Draft Contract. Each interested Offeror is limited to five persons attending the site visit, and all attendees must be over the age of eighteen.

To attend the site visit, registration is required no later than one week before the scheduled date. To register, please contact Laura Nelson, Blue Ridge Parkway Concessions Specialist, at (828) 348-3407 or laura_s_nelson@nps.gov, with the name of the organization you represent, the primary contact for the organization, including contact phone number, mailing address and email address, and the number of people in your party. All parties attending the site visit must disclose to the Service the names of the interested organizations engaging their services. The Service will give further information and additional directions by return email message to the primary contact.

Site visit participants are responsible for obtaining their own lodging, meals, and transportation. Participants are encouraged to obtain lodging as soon as possible, as lodging in the area is limited. Since the concession operation will still be serving visitors at the time of the site visit, no more than two people per organization will be permitted within the kitchen area. Attendance at the site visit is not required in order to submit a proposal for the Prospectus; however, attendance is encouraged.

Notification of Intent to Propose

If you plan to submit a proposal in response to this solicitation, you must notify William Gordon, Commercial Services Management Specialist, NPS Regional Office Serving Interior Region 2, via email at william_gordon@nps.gov no later than 2:00 p.m. Eastern time on August 5, 2024. The Service will not accept proposals from entities that do not give notice on or before this deadline.

Summary of Term and Conditions of the CC-BLRI004-25 Opportunity

Location

Blue Ridge Parkway

Draft Contract Term

10 Years

Projected Effective Date

January 1, 2025

Required Services

Lodging, Food and Beverage, Retail

2025 Projected Gross Receipts*

\$3,400,000 to \$4,200,000

Estimated Initial Investment

\$1,775,000

Minimum Franchise Fee

1.0% of gross receipts

Component Renewal Reserve

3.0% of gross receipts



Information Regarding This Solicitation

The Prospectus describes in general terms the existing business operation and the business opportunity for services allowed per Concession Contract No. CC-BLRI004-25 ("Draft Contract"). It is comprised of five parts:

- I. Business Opportunity (this document)
- II. Proposal Instructions
- III. Proposal Package
- IV. Draft Concession Contract Including Contract Exhibits
- V. Appendices Table of Contents

This Prospectus includes Service estimates of revenue and expenses to assist Offerors in developing financial projections. These estimates reflect Service assumptions based on planning decisions, historical concession operating data, industry standards, economic conditions, and comparable and competitive operations. The Service does not guarantee these projections will happen and assumes no liability for their accuracy. Offerors must compile and present their own financial projections based on independent assumptions, due diligence, and industry knowledge.

Offerors must review all Prospectus sections, especially the terms and conditions of the Draft Contract, including its exhibits (Part IV), to determine the full scope of a future concessioner's responsibilities. In the event of any inconsistency between the Prospectus' terms and the Draft Contract's terms, the Draft Contract will control.

Certain federal laws apply to this solicitation including the National Park Service Concessions Management Improvement Act of 1998 (Title IV, Public Law 105-391, and hereafter referred to as "the 1998 Act"), as amended, and its implementing regulations at 36 C.F.R. Part 51. In the event of any inconsistency between the Prospectus' terms and the 36 C.F.R. Part 51 terms, 36 C.F.R. Part 51 will control. 36 C.F.R. Part 51 is available at the [Government Printing Office's Electronic Code of Federal Regulations website](https://www.ecfr.gov/current/title-36/chapter-I/part-51)¹.

Parts I, II, and III refer to Blue Ridge Parkway as "the Park" or "the Parkway".

"Concessioner" refers to the entity that will be the concessioner under the Draft Contract.

"Existing Concessioner" refers to DNC Parks & Resorts at Peaks of Otter, Inc., the concessioner under Concession Contract CC-BLRI009-14 ("Existing Contract"). The Existing Contract term is from June 17, 2013, until the Draft Contract's Effective Date, anticipated to be around January 1, 2025. A copy of the Existing Contract is included as an Appendix to this Prospectus.

The Service intends to award the Draft Contract around November 1, 2024, or around two months before the anticipated effective date when the Concessioner would commence operations on January 1, 2025. Visitor services are open from May through October. The Service intends to announce the selected Offeror around September 1, 2024, or around four months before award. This should give the selected Offeror the opportunity to observe the winterization of facilities before the seasonal closure. Concession contract awards do not occur until the competitive process has been completed and both the selected Offeror and the Service have signed the concession contract. While the Service will make every effort to meet this schedule, it is subject to change.

¹<https://www.ecfr.gov/current/title-36/chapter-I/part-51>



Proposal Overview

Part II of this Prospectus contains the instructions for submitting proposals. Offerors must carefully read and follow those instructions.

Part III of this Prospectus contains the proposal package Offerors must complete in its entirety. The proposal package contains a required transmittal letter, five principal selection factors, and two secondary selection factors. Each selection factor identifies the minimum and maximum points the Service may award depending on the quality of the response. The following paraphrases the information sought under each selection factor. The wording of the actual selection factors controls.

Principal Selection Factor 1 requires Offerors to describe how they will protect, conserve, and preserve the resources of the Park. Offerors must describe how they would address maintenance and winterization of facilities.

Principal Selection Factor 2 requires Offerors to describe how they would improve the visitor experience through improvements and adjustments to food and beverage and retail services.

In Principal Selection Factor 3, Offerors must describe their organizational structure and submit documentation to help the Service understand the Offeror and its relationship to other entities. The Service does not score the first portion of Selection Factor 3 but may use it to understand responses elsewhere in a proposal. Incomplete submissions may lead to a lower score elsewhere if the information submitted does not support claims made in response to specific subfactors in this and other selection factors. The Service provides forms Offerors must complete depending on their organizational structure. The rest of this principal selection factor, which is scored, requires Offerors to describe their experience providing similar services, strategies for employee recruitment and retention, and history of violations or infractions and overall strategy to minimize and resolve them.

In Principal Selection Factor 4, Offerors must submit documentation demonstrating that they have the financial resources to commence and carry-on operations under the Draft Contract, including a business history form. Offerors also must complete the given Excel workbook and submit other information to demonstrate an understanding of the operations under the Draft Contract.

In Principal Selection Factor 5, Offerors state the franchise fee they will pay on gross receipts generated under the Draft Contract. Failure to agree to pay at least the minimum franchise fee stated in this selection factor will result in the Service finding the proposal non-responsive and ineligible for award of the Draft Contract.

Secondary Selection Factor 1 requires Offerors to describe how they would reduce solid waste and minimize environmental impacts of their operations.

Secondary Selection Factor 2 requires Offerors to describe the features and amenities they will offer in non-core lodging units.

Secondary Selection Factor 3 requires Offerors to describe their marketing plan and the types of activities they propose to attract guests and increase length of stay.



Doing Business with the Service

The Service has worked with private parties to offer services to visitors dating back to the earliest times of national parks. Many of the iconic lodges and other structures found in America's national parks were constructed and operated by private parties, and that relationship continues today.

We use the term "commercial visitor services" when generally describing services, benefits, and goods offered to visitors within an area of the National Park System by a third party for a fee. Simply put, the term "commercial visitor services" includes lodging, food and beverage, retail, marina operations, guided recreation, rental of equipment, experiential transportation, and similar services the National Park Service itself does not offer. Congress has passed several laws guiding the Service in contracting with third parties to offer these services, including the 1998 Act. The Service implemented regulations for many aspects of the law, primarily to set out the process for soliciting bids for new contracts and managing concessioners' investment in structures owned by the United States.

Working with the Service in providing commercial visitor services differs from operating outside a park in several respects. By law, we approve rates to ensure park visitors do not pay higher fees for goods and services merely because such transaction occurs within a park. Section 4(B) of the Operating Plan (Exhibit B to the Draft Contract) lists the rate methods for all visitor services. As with the private sector, concessioners must develop and follow environmental management programs, risk management programs, and similar programs to ensure operations follow applicable laws. Service employees review the quality of concession operations and compliance with contract requirements including the maintenance of facilities.

Even with those regulatory actions, concessioners in national parks enjoy significant benefits. Many parks function as unique visitor destinations. Concessioners frequently operate with few, if any, in-park competitors, even though we do not grant exclusive rights to offer any visitor services. Although we approve rates, our processes ensure the rates are competitive with similar services near the operating locations. Our contract oversight reflects the best management practices of the private sector industries. We developed operating standards based on similar ones in the private sector to reflect best industry practices for the services offered under the concession contracts.

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. Pub. L. No. 64-235, § 1 (codified at 54 U.S.C. § 100101(a)).

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. Pub. L. No. 91-383, § 1 (codified at 54 U.S.C. § 100101(b)).

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 Service, visit www.nps.gov. The website includes information about the Service's mission, policies, and information on individual park units.



BLUE RIDGE PARKWAY

In 1936, Congress formally authorized the construction of Blue Ridge Parkway, a designated National Scenic Byway and All-American Road intended to connect Shenandoah National Park to the Great Smoky Mountains National Park. The Parkway, which was built over a period of 52 years, is almost 500 miles long and crosses through the states of North Carolina (NC) and Virginia (VA) along the Blue Ridge mountain range. The Service maintains land along the Parkway and, in many places, borders land the United States Forest Service protects.

The maximum speed limit never surpasses 45 miles per hour with no direct interchanges with interstate highways, making it possible for visitors passing through to leisurely and safely enjoy the passing scenery. The Parkway's varied and scenic environment is designed to showcase the surrounding area's natural beauty and culture.

From Milepost 0 at Rockfish Gap, VA to Milepost 355 near Mount Mitchell State Park, North Carolina, the Parkway lives up to its name by following the Blue Ridge Mountains crest, averaging about 3,000 feet in elevation, and occasionally dipping down into the coves and hollows or crossing low-elevation water gaps. At Mount Mitchell, the Parkway veers westward through the Black Mountains, then into the Craggy Mountains before descending toward Asheville, North Carolina. From there, the road climbs to elevations over 6,000 feet in the Balsam Mountains before entering the Great Smoky Mountains National Park near Cherokee, North Carolina.

Along this route an unsurpassed diversity of climate zones, vegetation zones, physiographic zones, and geological features are traversed. The more than 81,000 acres of Parkway lands pass through a highland area of five degrees longitude and approximately 3 degrees latitude, making it the National Park Service's third largest unit by area covered.

Park resources include 600 streams (150 headwaters), 47 Natural Heritage Areas (areas set aside as national, regional or state examples of exemplary natural communities), a various slopes and exposures, and possibly 100 different soil types. The Parkway is a home for both southern species at the lower elevations and northern species on the mountaintops.

Due to the varied topography, weather conditions can vary dramatically. The Parkway's (Richland Balsam Mountain at Milepost 431) highest point is often closed from November to April due to inclement weather like snow, fog, and even freezing fog from low clouds. A few facilities located on the Parkway are open year-round, although a large majority (like visitor centers, campgrounds and picnic areas) begin opening on a staggered schedule in late April and stay open through the fall leaf color.

Exhibit 1 on the following page is a Parkway map. You can find additional information about the Park at www.nps.gov/blri.



Exhibit 1. Map of Blue Ridge Parkway



Source: National Park Service



CONCESSION OPPORTUNITY

The Draft Contract requires the Concessioner to offer lodging, food and beverage, and retail services at Peaks of Otter during the operating season from May through October each year.

Peaks of Otter, centered at Milepost 86 of the Parkway in Virginia, has been a tourist destination since the early 1800's and continues to be a major Parkway attraction. The Peaks of Otter recreation area includes about 4,100 acres of mostly hardwood forest. It is nestled in the triangle formed by Sharp Top Mountain, Flat Top Mountain, and Harkening Hill. Abbott Lake, created by parkway designers, provides the aesthetic focal point.

The Concession Opportunity comprises several services at Peaks of Otter, including the three-building, 63-room lodge overlooking Abbott Lake and Sharp Top Mountain, the restaurant, lounge and gift shop, the Country Store located adjacent to the visitor contact station, and the Sharp Top Store near the Service-operated campground.

Visitors to the Lodge and Restaurant enjoy all the Peaks of Otter recreation area has to offer, including a visitor contact station and environmental education center, as well as an amphitheater, campground, picnic area, and public restrooms. The scenic bus tour by the Existing Concessioner operates takes visitors near the top of Sharp Top Mountain, and many visitors choose to hike down. The Parkway also offers interpretive demonstrations of the Johnson Farm, a restored mountain farm, and maintains the Polly Woods' Ordinary (a historic tavern). An extensive trail system offers visitors the opportunity to hike to the surrounding mountains' summits, tour the historical landscapes or take a leisurely stroll around the lake. Visitors use the lodge as a launching point to explore the area, that includes tourist attractions like the Bedford Wine Trail wineries, several local orchards, Poplar Forest (Thomas Jefferson's plantation), Appomattox Court House National Historic Park, Smith Mountain Lake State Park and the city of Roanoke.

Draft Contract Term and Effective Date

The Draft Contract has a **ten year** term with a January 1, 2025 effective date . The Draft Contract's effective date may change before the award, if necessary; however, in such event, the Service will change the Draft Contract expiration date, if necessary, to provide ten operating seasons.



Required and Authorized Services

The Draft Contract includes the following required and authorized services.

Exhibit 2. Required Services of the Draft Contract

Service	Location
Lodging: Midscale (63 units)	Peaks of Otter
Food and Beverage: Family Casual (10-FBF), Fast Casual (10-FBC), or Quick Service (10-FBQ) restaurant, grab-and-go	Peaks of Otter
Retail: Souvenirs, Gifts and Recreation Specialty (Lodge gift shop, Country Store, Sharp Top Store)	Peaks of Otter

Exhibit 3. Authorized Services of the Draft Contract

Service	Location
Transportation: Shuttle to Sharp Top, Hiker Shuttle	Peaks of Otter
Special Events, Meetings, Weddings, and Catering	Peaks of Otter
Vending	Peaks of Otter

Overview of Required Services

Each required service is summarized below. Offerors should reference the Draft Contract and its exhibits for additional information. The Draft Contract Exhibit B Operating Plan specifies all minimum operating hours in the appropriate section for each service type and location. The methods to calculate the Lodging, Food and Beverage and Retail services rates are summarized below.



Lodging

Peaks of Otter Lodge features 63 guest rooms in three buildings overlooking Abbott Lake. Facilities include 48 rooms with two double beds, 12 rooms with king beds, and 3 ADA accessible rooms. All of the rooms have bathrooms, flat screen TVs, coffee makers, free Wi-Fi, and either a patio or balcony with scenic views.



Lodging Rates

Under the Draft Contract, nightly rates for all lodging units will be subject to Competitive Market Declaration (CMD).

Appendix K of this Prospectus contains the current approved lodging rates .

The 2024 maximum approved rate for lodging is \$354.00 per night.



Food and Beverage

The Peaks of Otter Restaurant also overlooks Abbott Lake. The restaurant features local specialties and home-cooked meals for breakfast, lunch, and dinner, including moderately priced food using buffet-style and tableside service. Under the Draft Contract, the Service prefers that the Concessioner continues to offer food and beverage service at the restaurant based on Family Casual standards, although it will allow flexibility to test other concepts.

The restaurant seats up to 150 guests depending on the type of service. Attached to the restaurant is a lounge that serves alcoholic beverages.



Lodge Restaurant Dining Room



Lounge Adjacent to Lodge Restaurant

Under the Draft Contract, the Concessioner may also offer Quick Service or Grab-and-Go food and beverage service at the Country Store, Sharp Top Store or in the Lounge, subject to Service approval.

Food and Beverage Prices

Under the Draft Contract, Food and Beverage prices will be subject to CMD.

Appendix K contains the current menu prices.

Retail

The Concession operation includes a Gift Shop in the Peaks of Otter Lodge main building that encompasses 1,764 square feet of retail space. The Gift Shop is open from May to October and sells merchandise items like souvenirs, apparel, and artisanal crafts. Near the Peaks of Otter Visitor Center is the Country Store, which is also open seasonally (May through October). The Country Store includes 523 square feet of retail space and offers souvenirs, snacks, and supplies. The Sharp Top Store, located at the bottom of Sharp Top Trail, features camping supplies, snacks, souvenirs, and convenience items.

Under the Draft Contract, prices for merchandise will be subject to CMD.



Entrance to Main Lodge Building and Gift Shop



Country Store



Sharp Top Store



Sharp Top Shuttle Bus

Authorized Service: Transportation

The Concession operation includes the Sharp Top shuttle, which transports passengers to near the top of Sharp Mountain. Shuttles depart from the main lodge building and also pick-up passengers at the Sharp Top Store. In 2023, there were at least five shuttle round trips daily, and round-trip fares were \$15 for adults and \$7 for children.



Revenue Assumptions

In developing prospective revenue estimates, the Service assumed changes from historical revenue in part, but not limited to, the following:

- Implementing CMD for all lodging units,
- Change from Core Menu pricing to Competitive Market Declaration for the restaurant,
- Flexibility to experiment with food and beverage service types in the restaurant (Family Casual, Fast Casual, Quick Service),
- Flexibility to modify operating hours for all retail outlets, and,
- Flexibility to reduce operating days for the Country Store and Sharp Top Store.

The Service assumed no utility add-ons in its revenue projections.

Estimated Projections by Department

The following exhibit is a summary of projected departmental revenues for the first operating season under the Draft Contract (2025).

Exhibit 4. Summary of Projected Departmental Revenues	
Department	2025
Lodging	\$1,700,000 - \$2,000,000
Food and Beverage	\$1,300,000 - \$1,600,000
Retail	\$400,000 - \$600,000
TOTAL REVENUES	\$3,400,000 - \$4,200,000
Less: Deductions*	\$0
GROSS RECEIPTS	\$3,400,000 - \$4,200,000

* Authorized deductions (exclusions) are listed in the definition of "gross receipts" in Sec. 2 of the Draft Contract.

The following exhibits is a breakdown of projections of operating statistics by department.

Exhibit 5. Projected Lodging Operating Statistics	
	2025
Number of Available Rooms	12,100 - 13,100
Number of Occupied Rooms	8,950 - 9,950
Occupancy Rate	74% - 76%
Average Daily Rate (ADR)	\$190 - \$210

Exhibit 6. Projected Food and Beverage Operating Statistics	
	2025
Restaurant Transactions	57,000 - 63,000
Average Revenue per Transaction	\$23.00 - \$25.00



Exhibit 7. Projected Retail Operating Statistics

	2025
Retail Transactions (all three outlets combined)	19,000 - 21,000
Average Revenue per Transaction	\$24.00 - \$27.00

Exhibit 8. Projected Transportation Operating Statistics (Authorized Service)

	2025
Number of Passengers	3,500 - 4,500
Average Revenue per Passenger	\$13.00 - \$15.00

Expense Assumptions

In developing projected expense estimates, the Service assumed adjustments of certain direct, indirect and fixed expenses to reflect costs associated with possible changes in operations. The Service projects that most expenses will be in industry average ranges.

Minimum Wage

The Concessioner must follow Executive Order 14026 of April 27, 2021, (Increasing the Minimum Wage for Federal Contractors) and its implementing regulations, including the applicable contract clause, codified in 29 C.F.R. Part. 23, all of which the Draft Contract incorporates by reference. The Service considered the implications of these requirements in the analysis of the minimum franchise fee. Offerors must consider the impacts of these requirements when developing their financial projections.

As 29 C.F.R. Part 23 states, the United States Department of Labor will increase the actual minimum wage for federal contractors during the Draft Contract term annually based on the Consumer Price Index for Urban Wage Earners and Clerical Workers annual change.

The Federal Contractor Minimum Wage for 2024 is \$17.20. There are no tipped workers exemptions.

Utilities Expenses

The Service will provide water and wastewater service to the Concessioner. The Concessioner must obtain all other utilities (electricity, solid waste, telephone, propane, fuel oil, and internet) from out-of-park suppliers.

The Service charges utility users (including concessioners) the utility systems' operating and maintenance costs and amortized cost of capital improvements to utility systems. The Service has reviewed projected operating and maintenance costs and amortized costs of capital improvements for these utility systems and services and has developed projected rates. In 2024, the rate for water and wastewater charged to the Concessioner is \$75.31 per thousand gallons, and the Service estimates the Concessioner will use approximately 2 million gallons in 2025. The Service has incorporated this rate into its franchise fee calculation and will not approve a utility add-on. Refer to Director's Order #35B (a link to which is included in the Appendices to this Prospectus) for more information on this policy.



Other Operating Considerations

The Service will permit the Concessioner to use up to four lodging rooms for employee housing, as the Operating Plan, Section 5(H) describes.

The Service allows the Concessioner the flexibility to test different Food and Beverage service concepts. The Service prefers that the lodge restaurant remains Fast Casual but would consider other service types. The Concessioner may use the Country Store as a Fast Casual or Quick Service food and beverage outlet subject to Service approval.

The Service will allow the Concessioner flexibility to test different operating hours and different weekly schedules (open and closed days) for the Sharp Top Store and the Country Store.

The Service will allow flexibility for the Concessioner to propose new visitor services, subject to review and approval.

The Service plans to upgrade the Lodge fire suppression system in the next few years. Associated project work could potentially impact concession operations, although the Service would strive to conduct work outside of the operating season as much as possible. The Service does not anticipate that the Concessioner would incur costs associated with this project.



INVESTMENT ANALYSIS

As the following exhibit shows, the Service projects the Concessioner's total estimated required initial investment is **\$1,775,000 in 2025 dollars**. This includes existing Leasehold Surrender Interest (LSI), personal property, inventory, supplies, start-up costs (staff hiring, training, etc.), and working capital (investment needed to cover expenses incurred before offsetting revenues).

The Concessioner will incur start-up costs before starting operations under the Draft Contract. Start-up costs include staff hiring, training that may involve compensation besides normal wages, systems implementation, legal support services, and marketing and advertising beyond normal annual expenditures.

The Existing Contract does not require the Existing Concessioner to sell and transfer to its successor other property associated with the concession operations. Even so, the Service has assumed that the Concessioner will either negotiate with the Existing Concessioner to buy much of the personal property needed for operations or acquire the necessary personal property through other means.

Exhibit 9. Estimated Initial Investment

Item	Estimated Amount (2025 Dollars)
Initial Personal Property Investment	\$1,350,000
Inventory Investment	\$125,000
Initial Leasehold Surrender Interest	\$0
Start-up Costs	\$150,000
Working Capital	\$150,000
Total Initial Investment	\$1,775,000

In addition to the initial investment, the Concessioner must cure Deferred Maintenance over the Draft Contract term's first two years.

Deferred Maintenance

The Concessioner must cure, in the first two years of the Draft Contract's term, all deferred maintenance (DM) for all real property assets assigned under the Draft Contract. The Draft Contract requires the Concessioner to maintain buildings according to the Maintenance Plan (Exhibit H to the Draft Contract), which means DM will not accumulate. The Draft Contract lists DM projects in an attachment to the Maintenance Plan.

The following exhibit presents estimated DM costs. The Service has estimated these costs for illustrative purposes only; Offerors must develop their own estimates. Additionally, the Concessioner must cure the DM to the Service's satisfaction even if the actual cost total exceeds the estimates in this Prospectus.

Exhibit 10. Estimated Deferred Maintenance

Year	Amount
2025	\$388,000
2026	\$388,000
Total	\$776,000



Additionally, the Draft Contract has other financial requirements that are ongoing through the Contract term, including the following.

Maintenance

Assigned Facilities

The Draft Contract, Exhibit D, Assigned Land and Real Property Improvements (Concession Facilities), contains a complete list and maps of assigned land and real property improvements.

Component Renewal Reserve

The Draft Contract requires the Concessioner to establish a Component Renewal Reserve (CRR) to ensure funds are available to accomplish certain component renewal and replacement activities. Please see Section 10(C) of the Draft Contract for guidance on the CRR terms. The Service will require the Concessioner to fund the CRR Reserve for the Draft Contract with three percent (3.0%) of gross receipts as defined in Sec. 2 of the Draft Contract. As the Draft Contract explains further, the Concessioner must expend sufficient additional monies to maintain the Concession Facilities to the Director's satisfaction, which may require the Concessioner to expend more than the amount that it pays into the CRR. Unspent CRR balances revert back to the Service when the Contract term ends.

Minimum Franchise Fee

Offerors must agree to pay the minimum franchise fee, as Principal Selection Factor 5 of the Proposal Package (Part III of this Prospectus) states, although Offerors may propose higher franchise fees per the Prospectus terms.

The following describes the minimum franchise fee acceptable to the Service for each Contract term year :

1.0% of gross receipts

In determining the minimum franchise fee, the Service, using available industry data, considered the probable value to the Concessioner of the privileges granted by the Draft Contract. This probable value is based upon a reasonable opportunity for net profit in relation to capital invested and the obligations of the contract including anticipated revenues and expenses.

Leasehold Surrender Interest

The Existing Contract requires the Existing Concessioner to sell and transfer to its successor its Leasehold Surrender Interest (LSI). Refer to Sec. 17(b) Compensation of the Existing Contract. One of the conditions for award of the Draft Contract is that the Concessioner must buy from the Existing Concessioner its LSI as the Draft Contract states. However, the Service intends to buy down the Existing Concessioner's LSI at the Existing Contract term ends.

As the Draft Contract specifies, beginning LSI is \$0.

The Concessioner will be eligible to obtain LSI as the Draft Contract and Exhibits A (Leasehold Surrender Interest) and F1 (Concessioner New Construction and Major Rehabilitation Project Procedures) to the Draft Contract outlined, subject to all their requirements.

No Preferred Offeror

The Director of the Service has decided that no preferred offeror for this Draft Contract exists per 36 C.F.R. Part 51. This solicitation for commercial visitor services is fully competitive.



HISTORICAL CONCESSION DATA

This section presents information regarding historical revenue and operating data to assist Offerors in developing projections for future operations associated with the Draft Contract.

Please note that the COVID-19 pandemic and associated closures and restrictions impacted operations during the 2021 operating season.

Historical Financial Information

The following exhibit presents gross revenues by department from 2021 to 2023 for the Existing Contract.

Exhibit 11. Existing Contract BLRI004 – Historical Gross Revenues by Department

	2021	2022	2023
Lodging	\$1,633,956	\$1,568,968	\$1,584,072
Food and Beverage	\$900,942	\$995,829	\$1,020,049
Retail	\$335,724	\$351,523	\$327,580
Transportation/Other	\$53,080	\$106,332	\$127,070
Total	\$2,923,702	\$3,022,652	\$3,058,771

Exhibit 12. Existing Contract BLRI004 – Historical Franchise Fees Paid

	2021	2022	2023
Franchise Fees Paid	\$146,185	\$150,738	\$152,939

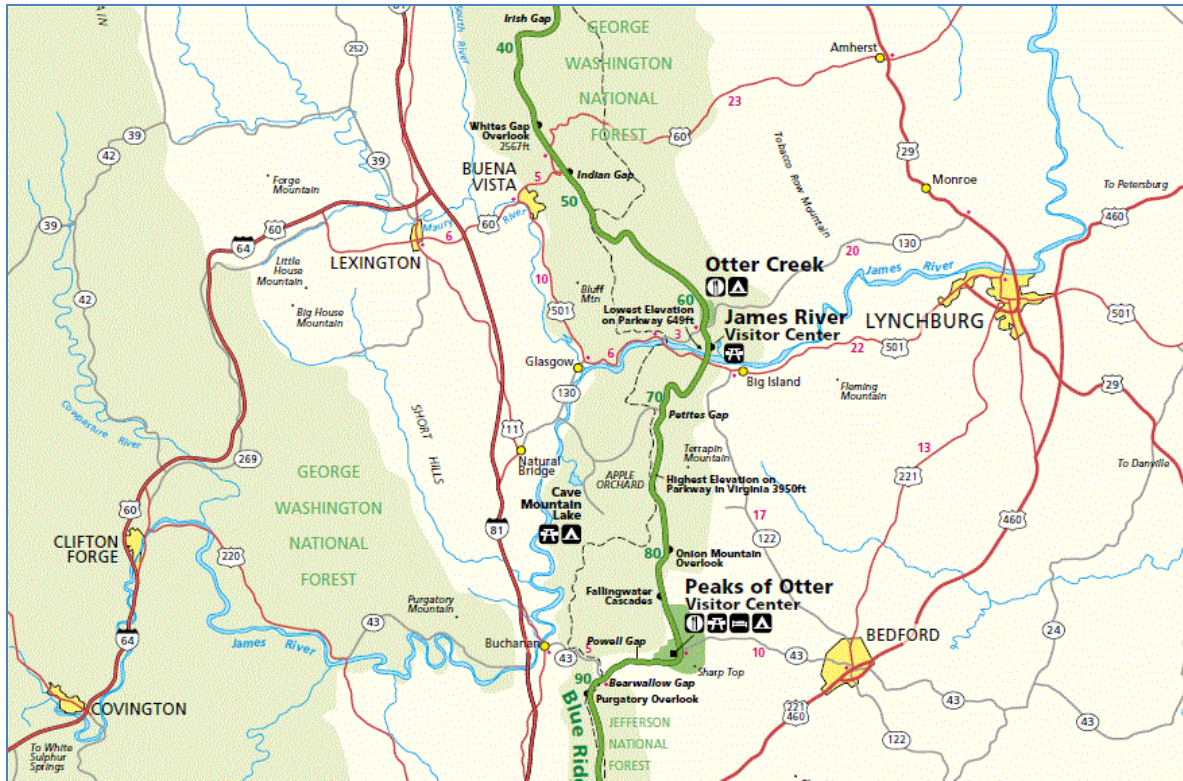


MARKET AREA OVERVIEW

Peaks of Otter is located in Bedford County, Virginia. The lodge is located approximately 30 miles to the northeast of Roanoke and around 35 miles to the west of Lynchburg. In closer proximity are several smaller cities and communities including Bedford and Buchanan.

The map below illustrates the location of Peaks of Otter in the surrounding area.

Exhibit 13. Regional Area Map and Location of Concession Facilities (Parkway is shaded green)



Source: National Park Service



Local Competitive Market

Lodging

Visitors to the Parkway seeking overnight accommodations have limited options in the area surrounding Peaks of Otter. Generally, these properties include motels and lodges that would fall in the two to three-star range (generally classified as midscale properties). The following table lists selected lodging properties within 50 miles of Peaks of Otter Lodge.

Exhibit 14. Selected Lodging Establishments near Peaks of Otter Lodge

Name	Location	Distance from Peaks of Otter (mi.)
Natural Bridge Hotel & Conference Center	Natural Bridge, Virginia	21
Halesford Harbor Inn & Marina	Moneta, Virginia	28
Craddock Terry Hotel	Lynchburg, Virginia	35
West Lake Waterfront Inn	Hardy, Virginia	35
Elston Inn and Conference Center	Sweet Briar, Virginia	47
House Mountain Inn	Lexington, Virginia	49

Source: Consultant

Food and Beverage

The following table presents a list of several food and beverage outlets within 30 miles of Peaks of Otter.

Exhibit 15. Food and Beverage Services near Peaks of Otter Lodge

Name	Location	Distance from Peaks of Otter (mi.)
Liberty Station	Bedford, Virginia	11
MJs Grill & Bar	Bedford, Virginia	13
Natural Bridge Hotel - Colonial Dining Room	Natural Bridge, Virginia	21
Benjamin's	Forest, Virginia	23
Billy's Restaurant	Roanoke, Virginia	29
Bernard's Gastropub & Eatery	Roanoke, Virginia	29
The Green Goat Restaurant	Roanoke, Virginia	30

Source: Consultant



Blue Ridge Parkway Visitation

Blue Ridge Parkway visitation numbers are among the highest in the National Park system and are based on various counting procedures and formulas, including numerous traffic count locations along the entire Parkway. Between 2013 and 2023, Parkway recreation visitation increased at an average annual rate of 2.6%. Park visitation was only modestly impacted when the COVID-19 pandemic started, with visitation declining by roughly 6% in that year. However, visitation rebounded significantly in 2021 to 15.9 million visitors, an increase of 13.1% over 2020 visitation. Visitation set a new record in 2023 at approximately 16.7 million visitors, 6.1% higher than in 2022.

Exhibit 16. Blue Ridge Parkway Recreation Visitation

Year	Recreation Visitors	Percentage Change
2013	12,877,368	-
2014	13,941,749	8.3%
2015	15,054,603	8.0%
2016	15,175,578	0.8%
2017	16,093,765	6.1%
2018	14,690,418	-8.7%
2019	14,976,085	1.9%
2020	14,099,485	-5.9%
2021	15,948,148	13.1%
2022	15,711,004	-1.5%
2023	16,667,164	6.1%





-- END Part I: Business Opportunity --

