

BUSINESS OPPORTUNITY

CC-GRSM0002-25

Department of the Interior

National Park Service
Great Smoky Mountains National Park

Lodging, Food and Beverage, and Retail at LeConte Lodge

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INTRODUCTION

The National Park Service (Service) intends to award a concession contract in Great Smoky Mountains National Park (Park") providing lodging, food and beverage, and retail at LeConte Lodge. This Prospectus describes in general terms the existing business operations and the future business opportunities for the facilities and services required. Offerors must review all Prospectus sections, specifically, the terms and conditions of the draft Concession Contract CC-GRSM0002-25 (Draft Contract), including its exhibits, to determine the full scope of the future concessioner's responsibilities under the Draft Contract.

The Service is conducting this solicitation per 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. "Concessioner" in this Prospectus refers to the Offeror awarded the Concession Contract CC-GRSM002-25. "Existing Concessioner" means the LeConte Lodge Limited Partnership, the concessioner that currently provides lodging, food and beverage, and retail at LeConte Lodge under the existing Concession Contract TC-GRSM002-22 (Existing Contract). The Existing Contract, as amended, and a copy of 36 C.F.R. Part 51, the Service's concession contract regulations applicable to this Prospectus, are available on request or linked in Part V of this Prospectus (Appendices Table of Contents and Links).

If there are conflicts between the Prospectus terms and 36 C.F.R. Part 51, 36 C.F.R. Part 51 will control. If the Prospectus and the Draft Contract terms conflict with each other, the Draft Contract terms will control.

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

THE NATIONAL PARK SERVICE AND ITS MISSION

In 1916, President Woodrow Wilson approved legislation creating the Service within the Department of the Interior. That legislation mandated that 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.

54 U.S.C. § 100101 (a)

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

...preserved and managed for the benefit and inspiration of all the people of the United States.... 54 U.S.C. § 100101 (b)



GREAT SMOKY MOUNTAINS NATIONAL PARK

Great Smoky Mountains National Park, located in North Carolina and Tennessee, spans 800 square miles, 95 percent of which are forested and feature large expanses of old growth. The Park is one of the largest protected areas in the eastern U.S. and is world renowned for the diversity of its plant and animal resources and the quality of its remnant southern Appalachian culture. Its status is emphasized by its designation as an International Biosphere Reserve and a World Heritage Site. The Park is located within 550 miles of one-third of the population of the U.S. With over nine million visitors annually, the Park is the most visited national park.

The Park is intended “for the benefit and enjoyment of the people.” This purpose was stated by Congress in the Act of May 22, 1926, which provided for the establishment of the Park. 16 U.S.C. §§ 403, et seq. The Act further defined the Park’s purpose by reference to the National Park Service Organic Act of August 25, 1916, which stated that the fundamental purpose of national parks is “to conserve the scenery and the natural and historic objects and the wildlife therein and to provide for the enjoyment of the same in such manner and by such means as will leave them unimpaired for the enjoyment of future generations.”

The Park provides the only habitat in the world for several plant and animal species, including the Cain’s reed-bent grass and the Jordan’s salamander. The Park is also home to between 1,000 and 2,000 black bears—the largest concentration of black bears in the eastern U.S. In addition, at least 60 native mammals live in the Park, including white-tailed deer and the endangered Indiana bat.

As a steward of significant historic cultural resources, the Park maintains its southern Appalachian heritage by housing over 100 historic buildings, along with cultural scenes and landscapes. A century of human history and its evolution in the Appalachian region is preserved within five major historic districts and other areas throughout the Park.

The Park accommodates myriad recreational opportunities with 384 miles of roads, over 800 miles of trails, 100 backcountry campsites and shelters, 1,000 front country campsites in 10 locations, more than 700 miles of streams, three visitor centers, 11 picnic grounds, and numerous scenic overlooks.

Surrounding communities provide tourists with a variety of services and amenities, including lodging, restaurants, fuel and transportation, retail, and other entertainment. These tourist communities continue to expand at increasing rates. A study conducted in 2012 stated that visitors to the Park spend over \$741 million in the gateway communities surrounding the Park, topping 401 national park units in visitor spending.

Threats to the Park come in many forms, some obvious and indisputable and others more subtle and controversial. These include, but are not limited to, concerns regarding air quality, forest insects and diseases, and also concerns with exotic plants and animals. Humans are the root cause of some of these problems, while nature produces and advances others. Ensuring the survival of the Park’s ecosystem is a major charge given to the Service.

Air quality is one threat that remains a major Park concern. High ozone levels and acid precipitation present a health hazard and can damage ecosystems and vegetation. Moreover, visibility impairment due to air pollution diminishes the overall visitor experience. Air pollution does affect water quality, though Park waters remain mostly free of chemical pollutants.

Forest insects and diseases also threaten the Park’s ecosystem. A recent and serious insect threat is the hemlock woolly adelgid, the Asian relative of the balsam woolly adelgid. This small insect attacks the Park’s eastern hemlock trees, sometimes causing death in as little as two years. Other pests and diseases affecting Park ecosystems include chestnut blight, southern pine beetle, and dogwood anthracnose. Emerald Ash Borer, a tiny beetle that feeds exclusively on ash trees was confirmed in the Park during the summer of 2012. Thousand cankers disease, a fungus spread to walnut and butternut trees by the walnut twig beetle, was found in the Park in the fall of 2012. Emerald ash borer, thousand cankers disease, and other forest insects



and diseases can be transported in firewood. The future poses additional problems with such threats as gypsy moths and the Asian long-horned beetle.

Exotic plants and animals introduced into the natural ecosystem through a variety of sources also threaten Park resources. Exotic species compete for resources with native species, which can alter the community structure and invade large portions of the Park. Some exotic species are extremely invasive, and to combat them, the Park has launched an extensive program targeting these invasive exotic species so that native species will remain dominant in the ecosystem. Kudzu, mimosa trees, multiflora rose, and the European wild boar are among the Park's worst exotic species. Hay and farming equipment are common means of introduction for exotic plants.

The Park's 1982 General Management Plan (GMP) establishes long-range strategies for resource management, visitor use, and provides an integrated plan for the management of the Park. This plan creates a framework for all future programs, facilities, and management actions. The GMP addresses concession operations, in part, as follows:

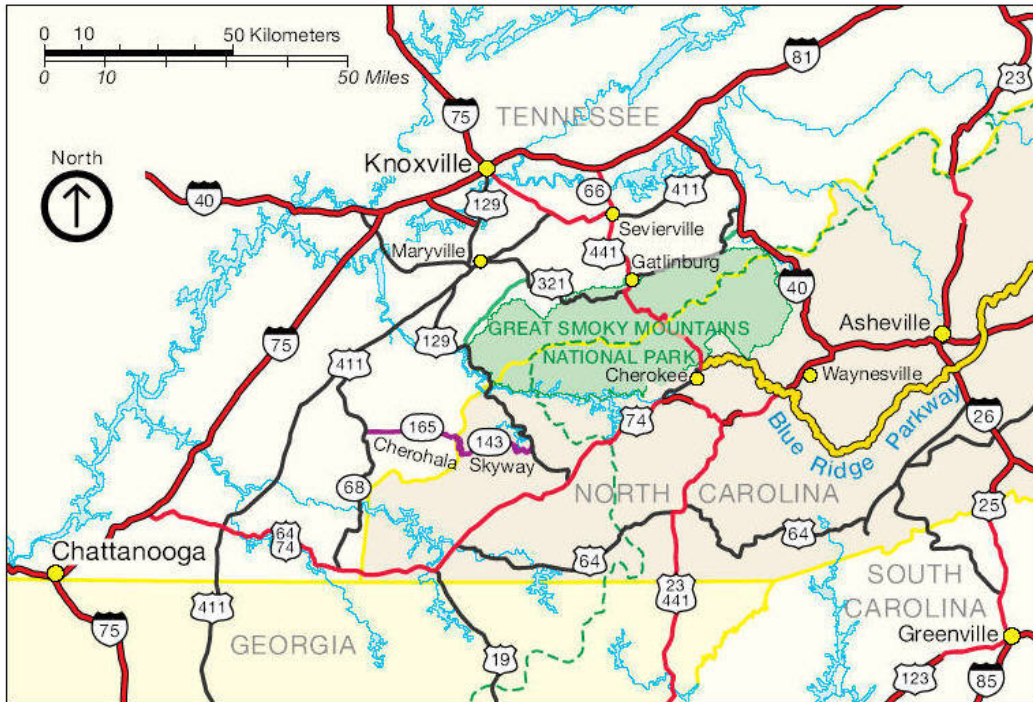
CONCESSION SERVICES: Park visitors are served well by adjacent communities, which provide varied lodging accommodations and eating facilities as well as regional crafts, souvenirs, and entertainment. There is little or no need for most such services within the Park. Park concession services will be limited to fulfilling visitor needs that cannot be met or that would be inefficiently met by other sources. These include horse rental within the Park, a campers' store, and the LeConte Lodge operation. Products of living history demonstrations, films, interpretive literature, pertinent postcards, and thematic mementos, as permitted by consideration of public health and National Park Service policies, will be available through the Great Smoky Mountains Natural History Association (page 33).



Exhibit 1 below presents an area map showing the Park and nearby landmarks. The Park is in eastern Tennessee and western North Carolina approximately 45 miles from Knoxville, Tennessee, and 60 miles from Asheville, North Carolina. Interstate Highways 40, 75, and 81 provide access to the area. The primary gateway communities include Gatlinburg and Townsend, Tennessee, and Cherokee, North Carolina, all of which are within four miles of the Park.



Exhibit 1. Area Map



Source: www.nps.gov/GRSM
CONCESSION OPPORTUNITY

This Concession Opportunity includes Lodging, Food and Beverage, and Retail at LeConte Lodge.

Exhibit 2. LeConte Lodge Existing Facilities



Source: National Park Service



Concession Overview

LeConte Lodge lies just below Mount LeConte’s summit at 6,360 feet and offers a unique experience for its guests, as it is the only overnight lodging facility in the Great Smoky Mountains National Park. The Lodge is only accessible via one of five access trails.

Although LeConte Lodge is accessible by foot or on horseback, almost all visitors to the Lodge arrive by foot. Of the five trails that provide access to the Lodge, only Trillium Gap Trail is designated as a horse trail and the challenging nature of this trail deters most horseback riders. Additionally, horses are not permitted to spend the night on Mt. LeConte, so overnight Lodge guests do not have the option of riding a horse.

Trail access routes vary in length and difficulty as shown in Exhibit 3 and Exhibit 4. The shortest route is via Alum Cave Bluffs Trail, which is approximately 5.2 miles in length with a 2,697-foot gain in elevation.

Exhibit 3. LeConte Lodge Access Trails

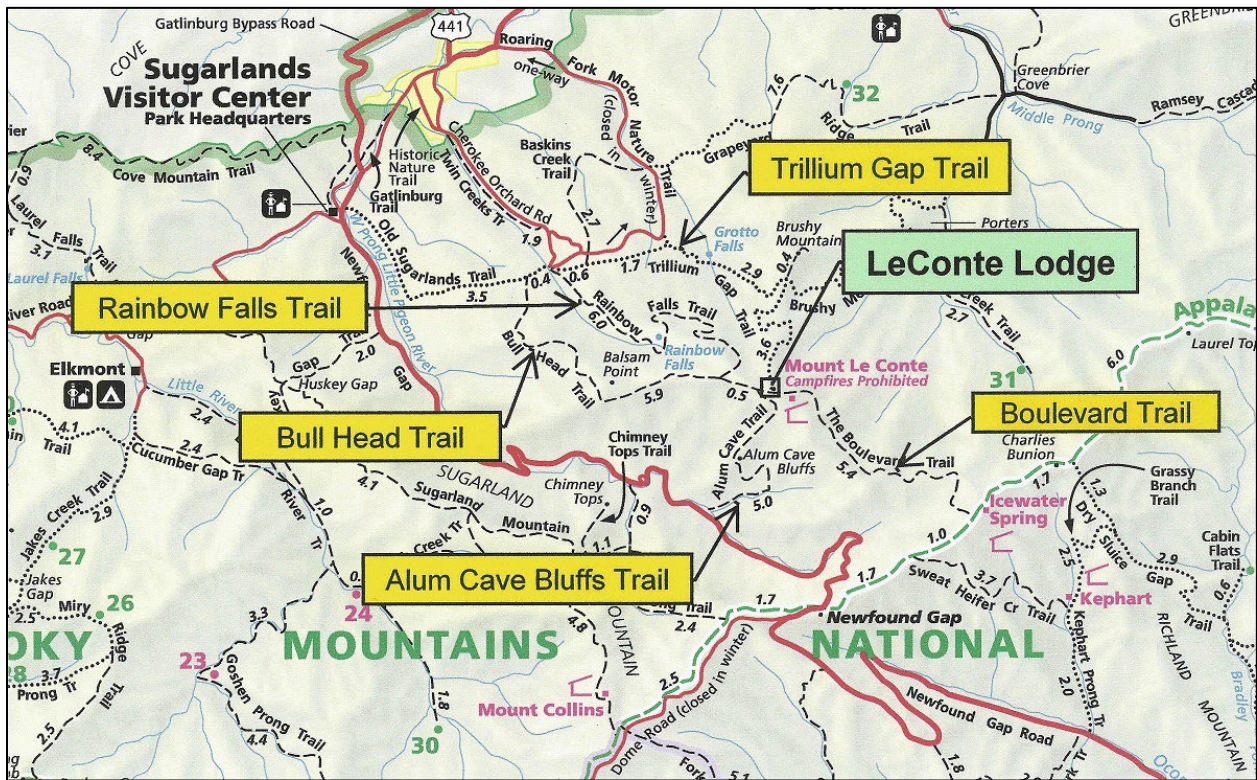
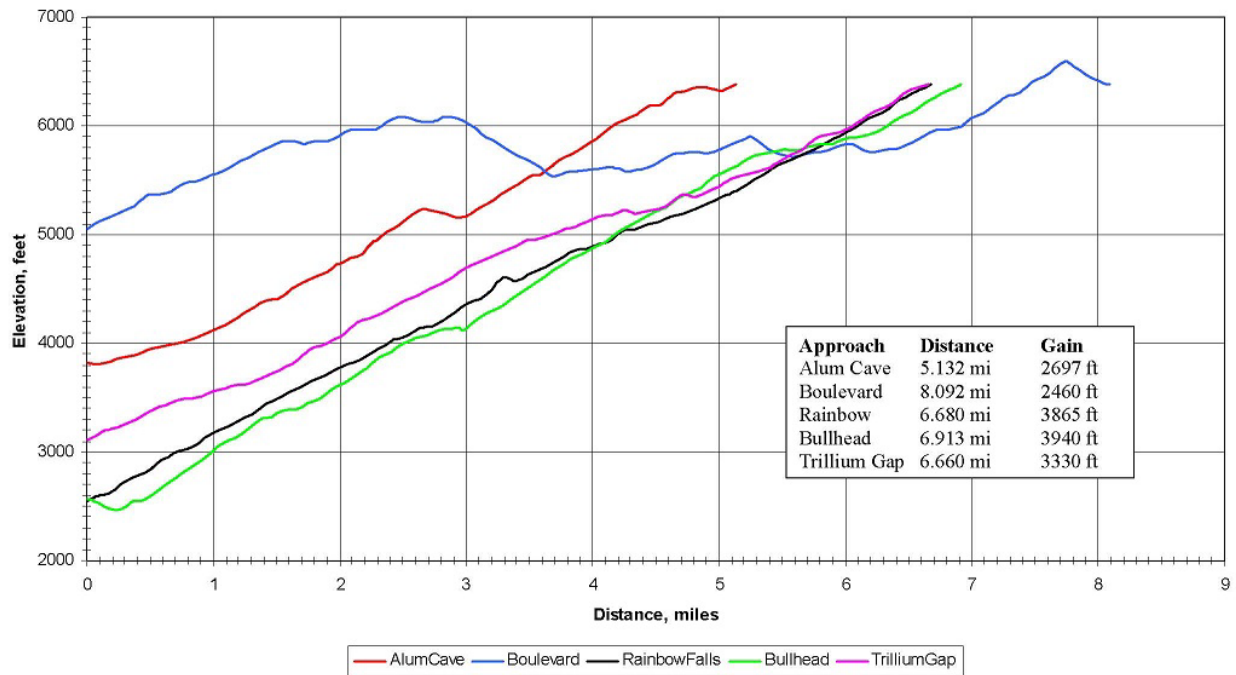


Exhibit 4. LeConte Lodge Access Profiles

Mount LeConte Access Profiles



The existing concession operation at LeConte Lodge offers overnight accommodations in rustic cabins, breakfast and dinner for overnight guests, hot lunch services for guests staying more than one night, a bagged "hiker lunch" option, baked goods, beverage service, hot beverages for purchase, and retail souvenir sales on site.

Backcountry Lodging

The lodge accommodates up to 66 guests per night in seven one-room cabins, one lodge with two-bedroom units, and two lodges with three-bedroom units. Although total pillow capacity is 66 guests, reservations and actual occupancy are limited by the Service to 60 guests per night. Because of the configuration of rooms and beds, it is not typical that all 60-pillow spaces are used each night.

Fifteen double bunk beds and five twin beds are distributed between 18 rooms. Three of the twin beds are in the living room areas of the two- and three-bedroom lodges and two are in one-room cabins along with a double bunk bed. The two- and three-bedroom lodges may be booked by a single party, or the individual bedrooms may be booked by different parties. Guests from different-parties are not assigned to share the one-room cabins. Beds are furnished with a mattress and foundation, sheets, blankets, and pillows. A wall-mounted propane space heater provides heat, and a kerosene lamp provides light. Guests are provided with a key to access one of four restrooms with flush toilets located near the office building. Water for drinking is available at two outside faucets and warm water is available at a faucet on the kitchen's outside wall. Guests are provided with a bucket, washbasin, drinking cups, and a bar of soap. Any food that guests bring with them must be stored in metal cans in the office so that small rodents are unable to gain access to the items.

Exhibit 5. LeConte Lodge Existing Lodging Facilities



Single Guest Cabin



Single Guest Cabin with Double and Twin Bed



Exhibit 5. LeConte Lodge Existing Lodging Facilities (cont.)



Guest Cabins in a Row



Guest Room Double Bunk Beds



Three Bedroom Cabin



Three Bedroom Lodge Common Room



Two Bedroom Cabin



Two Bedroom Cabin Guest Room



Food and Beverage

Currently, the Concessioner is required to serve family style meals to overnight guests. The lodging and meal package for cabin guests includes dinner and breakfast. Groups booking an entire two- or three-bedroom lodge pay separately for lodging and meals. Guests staying more than one night also receive lunch between overnights at no extra cost. Guests can choose either a family style lunch in the dining room or a bag lunch for the trail.

For the hike down the mountain, the Concessioner also offers a bag lunch to departing overnight guests and day hikers at an extra cost. Lemonade, hot chocolate, and fresh baked goods are provided for purchase in the dining room during the day for guests and day hikers. The dinner menu is a fixed menu consisting of a primary dinner that is served to most guests on their first night and two alternate dinners that are generally served to guests staying a second and third night. The primary dinner is soup, a peach half, beef and gravy or a vegetarian option called "veggie loaf", mashed potatoes, green beans, corn bread, and chocolate chip cookies. Alternate dinner entrees are a salmon casserole or chicken and dumplings. Dinner beverages are water, coffee, hot chocolate, hot tea, or wine. Wine is an extra cost item with free refills during the dinner period. Breakfast consists of tang, coffee, hot chocolate, hot tea, scrambled eggs, Canadian bacon, pancakes, corn grits, biscuits, and apple butter. Lunch in the dining room may include soup, bread, chicken salad, and a chocolate chip cookie.

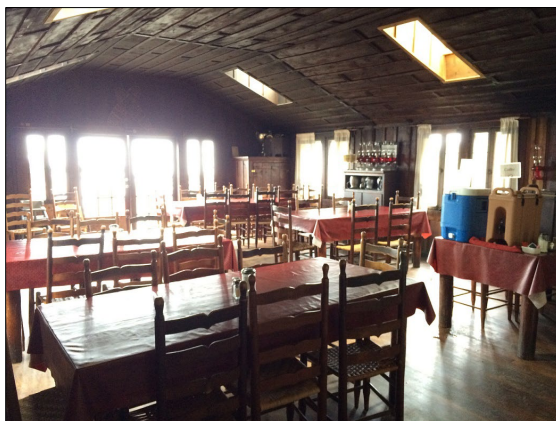
Exhibit 6. LeConte Lodge Food and Beverage Service



Dining Room Entrance



Kitchen Entrance and Llama Tie Up Area



Dining Room Area



Kitchen

Exhibit 7. LeConte Lodge Current Approved Rates

Standard Cabin	Rates (per person)
Adult	\$ 124.00
Child (Ages 4 – 12)	\$ 69.50
2 Bedroom Cabin (Max Capacity 10 People)	
1 to 8 People	\$ 992.00
Each Additional Person (Max of 2)	\$ 124.00
3 Bedroom Cabin (Max Capacity 13 People)	
1 to 12 People	\$ 1,488.00
Each Additional Person (Max of 1)	\$ 124.00
Meals (Includes Dinner and Breakfast)	
Adult	\$ 60.00
Child (Ages 4 – 12)	\$ 30.75
Lunch (All Ages)	\$ 14.00
NPS on Official Business (Tax Included)	
Lodging w/Dinner and Breakfast	\$ 92.00
Dinner	\$ 15.00
Breakfast	\$ 15.00
Lunch	\$ 7.50



Retail

Limited retail sales of souvenirs and convenience items are provided for overnight guests or other Lodge visitors. Souvenir items include t-shirts, sweatshirts, hats, patches, bandannas, headbands, medallions, and hiking sticks. Convenience items include film, batteries, single use cameras, toothbrush, and packaged snack items. The most popular sales items are souvenir shirts with an art design that changes each year. The Superintendent must approve souvenir items and convenience items.

Employee Housing

Employee housing includes six detached housing units and the manager's quarters, which is attached to the Lodge's kitchen and dining room. A total of ten bedrooms are available to house the usual compliment of 11 employees. A common employee shower is in a room in one of the housing units and a bathtub is in the manager's quarters. Employees use either the two vault toilets available to the general public or the four flush toilets available to overnight guests. Employees other than couples are generally assigned their own bedroom. Two of the housing units are duplexes and one unit has two bedrooms. Housing units have propane space heaters for heat and kerosene lamps for light. The Concessioner provides meals for employees, but employees pay for these meals. Employee meal menus are varied and include fresh ingredients that are delivered by llamas.

Exhibit 8. LeConte Lodge Employee Housing



Employee Quarters Duplex



Employee Quarters Single Room Cabin



Employee Quarters Interior



Employee Quarters, Shower and Laundry Building



Flush Toilet for Guests and Employees



Pit Toilets for the General Public

Supplies and Equipment

Due to its remote, backcountry location, supplies, equipment, and materials must be transported by helicopter, llama, or backpack. The Service authorizes one annual spring helicopter airlift to deliver supplies, equipment, and materials required during the year. Additional airlifts could be authorized only if required to transport equipment and materials for major facility improvement or repair projects. The Concessioner contracts with a helicopter service company to provide a large construction-type helicopter for the annual airlift. The Concessioner is responsible for managing all aspects of the airlift. Before approving the airlift, the Service reviews a Helicopter Operations Plan (HOP) prepared by the Concessioner. The HOP describes the Concessioner's policies and procedures of an airlift in detail.

The Concessioner also manages a llama packing operation to transport materials and supplies to and from the Lodge. Normally, a llama pack train carries supplies and materials to and from the Lodge three times a week during the operating season. The llamas carry to the Lodge clean linens and fresh food and carry from the Lodge dirty linens and non-burnable trash. The Existing Concessioner owns llamas that are kept at a farm outside the Park and trailers the llamas to the trailhead in the Park. Llama pack trips are an authorized use of Trillium Gap Trail, the only access trail on which pack stock may be used. Although not a primary mode of transport, supplies are occasionally carried in a backpack by employees hiking to the Lodge.

Exhibit 9. LeConte Lodge Supply and Equipment Delivery



Utility System

There is no public electrical service available at LeConte Lodge. Very limited electrical power provided by solar voltaic panels is available to charge batteries and run small appliances. Five solar voltaic power systems store electrical power in 12-volt batteries that are used to charge batteries and run small appliances. One system is located outside the dining room and charges batteries adjacent to the kitchen. Another system is located on the side of the generator house and charges batteries in this building. The primary purpose of this other system is to provide the power required to operate the propane fired incinerator near the generator house. A third system is located on the woodshed (storage building) and provides power to charge small power tools. The fourth system is in the Manager's quarters and is used to charge small batteries. The fifth system, at the water pump, provides power directly to the solar power pump and does not use a battery system. It runs and pumps water when the sun is shining. One or more small gasoline powered generators stored in the generator house can be used during extended periods of cloudy weather. Two double-walled 200-gallon tanks in the tank farm area store gasoline for the generator and gasoline water pump.

Propane space heaters provide heat from 30 500-gallon liquid propane tanks in a tank farm area at the assigned area's lower edge. All guest buildings and employee quarters have propane space heaters. Cooking is done on a propane stove in the kitchen. Light is primarily provided by kerosene oil lamps located in guest buildings and employee quarters. A double-walled 250-gallon tank located in the tank farm area stores kerosene. Propane lights are available in the kitchen. When propane heat was installed in 1999, the Service and Concessioner agreed that kerosene oil lamps should remain the primary source of light to retain the rustic atmosphere.

Treated spring water provides potable water for the Lodge operation. Spring water is collected in three partially buried collection basins. Water from these basins is gravity fed into a 3,000-gallon fiberglass tank. From this tank, water is pumped by one or more means to two 7,500-gallon fiberglass tanks located above the Lodge. Solar voltaic panels operate an electric submersible water pump in the 3,000-gallon tank whenever the sun is shining. A hydraulic ram uses the force of falling water to pump water to the holding tanks but does not operate when flow is substantially reduced. A gasoline water pump is used as necessary to pump water when the solar pump and hydraulic ram will not do the job. Water is treated by batch chlorination in the 7,500 tanks and flows from there by gravity to the Lodge facilities. Water systems are shut down and winterized when the Lodge closes for the season. A winter caretaker is assigned to oversee the property and hauls water from the spring just below the Lodge on Trillium Gap Trail.

Wastewater is treated in a conventional wastewater treatment system consisting of a 5,000-gallon concrete septic tank, a 1,260-gallon fiberglass septic tank, a sludge settling tank, and a leech field. This system serves the kitchen, four flush toilets, and the sink and shower in the NPS cabin. A separate septic tank handles gray water from the employee shower. The Concessioner must maintain and repair all the above utility systems.

LeConte Lodge has no available landline telephone service. However, the Concessioner owns and maintains a cellular telephone for operational communications. The Service also assigns two handheld Park radios to the Concessioner for communications related to official Park business. Cellular telephone service at LeConte Lodge is marginal and sporadic due to the remote location.



Required and Authorized Services

Existing Contract

Exhibit 10 summarizes the required and authorized visitor services under the Existing Contract.

Exhibit 10. Required and Authorized Visitor Services under the Existing Contract	
Required Services	Location
Lodging	LeConte Lodge
Food and Beverage	LeConte Lodge
Retail	LeConte Lodge
Authorized Services	Location
Lunches for Day Visitors	LeConte Lodge
Souvenir Photographs	LeConte Lodge

Source: National Park Service

Draft Contract

Exhibit 11 summarizes the required and authorized visitor services under the Draft Contract. The Concessioner must provide the required visitor services. The Concessioner is authorized, but not required, to provide the authorized visitor services. If the Concessioner opts to provide the authorized visitor services, the Concessioner will submit a plan to the Superintendent detailing how, when, and where authorized visitor services will be provided, which the Superintendent must approve before the Concessioner provides the authorized visitor services.

Exhibit 11. Required and Authorized Services under the Draft Contract	
Required Services	Location
Lodging	LeConte Lodge
Food and Beverage	LeConte Lodge
Shuttle Service	Multiple Trailheads Available for Drop Off Sites
Retail	LeConte Lodge
Authorized Services	Location
Lunches for Day Visitors	LeConte Lodge
Souvenir Photographs	LeConte Lodge

Source: National Park Service

Required Services

The Concessioner will provide rustic lodging accommodations at LeConte Lodge. The Concessioner will provide rustic casual food and beverage to visitors of the lodge. The Concessioner will provide round-trip shuttle service from the local area surrounding the lodge to the trailheads providing access to the lodge. The Concessioner will offer retail service, providing merchandise that reflects the purpose and significance of the area. Additional details pertaining to these services may be found in the Operating Plan (Exhibit B) to the Draft Contract.

Authorized Services

The Concessioner may provide rustic casual food and beverage service to the day-to-day visitors to the lodge area. Upon visitor request the Concessioner may provide souvenir photographs to lodge visitors, with all photographs taken in a way that visitors are engaged in appropriate and safe activities.

UTILIZATION AND OPERATING DATA

The Proposal Package, which Offerors must complete and submit as part of this solicitation, requires Offerors to develop financial projections based on the business to be operated. To assist Offerors in the development of these projections, the Service presents information regarding historical utilization, operating data, and financial projections, based on an assumed Draft Contract effective date of January 1, 2025. Please note that the Service's financial and operational projections are only estimates based on Service assumptions that were developed considering publicly available historical data, industry standards, other comparable information from other facilities, and the Existing Concessioner's Annual Financial Reports.

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

Historical Revenue

Exhibit 12 presents concession annual revenue from 2019 to 2022 broken down by department.

Exhibit 12. Revenues, 2019-2022				
Department	2019	2020	2021	2022
Lodging	\$1,221,461	\$891,841	\$1,249,877	\$1,279,270
Food and Beverage	\$673,444	\$501,383	\$680,069	\$683,944
Retail	\$359,500	\$408,946	\$510,200	\$524,775
Total	\$1,999,964	\$2,103,095	\$1,249,877	\$1,279,270

Source: National Park Service

Exhibit 13 provides the annual franchise fees paid from 2019 to 2022.

Exhibit 13. Franchise Fees Paid, 2019-2022			
2019	2020	2021	2022
\$ 360,943	\$287,987	\$390,651	\$397,896

Source: National Park Service

Future Revenue Projections

Exhibit 14 shows the projected departmental and total revenue for the first three years of the Draft Contract. The Service projects that total annual revenue will increase by average historical annual inflation (2.08 percent) during the term of the Draft Contract. The Service based this projection on a review of historic revenue growth rates for this operation and other riding stable operations in the Park.



Exhibit 14. Projected Revenue by Department¹

Department	2025	2026	2027
Lodging	\$1,249,363	\$1,281,472	\$1,314,406
Food and Beverage	\$655,609	\$662,970	\$670,414
Retail	\$529,676	\$575,075	\$624,365
Total	\$2,434,649	\$2,519,517	\$2,609,185

Source: National Park Service

¹ These estimates are not warranted by the Service and the Service is not bound by these estimates. All Offerors are responsible for conducting their own due diligence and calculating their own revenue and expense estimates.

Departmental and Indirect Expenses

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

Utility Expense

The Concessioner is responsible for contracting with independent suppliers to provide electrical service and telephone service if the Concessioner wants to have telephone service. The Concessioner is responsible for the direct payment to these suppliers.

Concession Facilities

A list of assigned land and real property improvements ("Concession Facilities") along with a map can be found in Exhibit D to the Draft Contract.



INVESTMENT AND OPERATIONS ANALYSIS

Estimated Initial Investment

Exhibit 15 summarizes the estimated initial investment to be made by the Concessioner. The Service estimates that this initial investment will be approximately \$851,000 in 2024 dollars. This estimate includes the purchase of personal property, inventory and working capital, and start-up costs (staff hiring, training, etc.).

Exhibit 15. Estimated Initial Investment (2025)¹	
Item	Estimated Amount (2025 Dollars)
Personal Property	\$326,000
Personal Property Improvement Plan	\$200,000
Start-up Costs	\$ 120,000
Inventory and Working Capital	\$ 205,000
TOTAL	\$851,000

Source: National Park Service

¹ These estimates are not warranted by the Service and the Service is not bound by these estimates. All Offerors are responsible for conducting their own due diligence and calculating their own revenue and expense estimates.

Personal Property

The estimated value of personal property is approximately \$326,000,000 in 2024 dollars. This amount represents equipment such as display racks required for visitor convenience items.

Personal Property Improvement Plan

The Concessioner must invest at a minimum \$140,000 in personal property for a facility for office, check-in, issue keys, etc. and at a minimum \$60,000 in personal property for an open-air pavilion for recreational use by visitors. The facility must be at least 10x20 square feet. The facility style must complement existing structures in appearance that consists of a log cabin exterior and a metal roof. It must be approved by the Service before installation. The Concessioner may install a larger facility to accommodate additional office space or visitor recreation with NPS approval. The pavilion must be at least 20x20 square foot. It must be approved by the Service before installation. The pavilion style must complement existing structures in appearance that consists of a metal roof. The Concessioner may install a larger pavilion with Service approval. Both the facility and pavilion must be in place and usable within the first two years of the contract.

Start-up Costs, Inventory, and Working Capital

At the start of the Draft Contract, the Concessioner will need to make a one-time investment in a range of activities to begin operations. These activities include staff hiring, training that may involve compensation in addition to normal wages, systems implementation, legal support services, and marketing and advertising beyond normal annual expenditures. The Service estimates start-up costs to be approximately \$120,000 or roughly 25 percent of the projected first-year expenses for payroll and other categories.

In addition to any necessary investment in start-up activities, the Concessioner will need to invest a certain amount of cash in the operation to cover that portion of the operation's expenses that the Concessioner will likely incur in advance of offsetting revenues, including the purchase of initial inventory. The Service assumes the Concessioner will invest another 30 percent of the projected first-year gross revenue, or \$205,000, in inventory and working capital.



Deferred Maintenance

The Concessioner must cure all deferred maintenance (DM) for all real property assets assigned under the Draft Contract. As of the date of this Prospectus, the Service is not aware of any existing DM that the Concessioner will be required to cure under the Draft Contract.

Component Renewal

The Concessioner must cure all component renewal (CR) for all real property assets assigned under the Draft Contract. A listing of work orders, including CR, is included as a supplement to Exhibit H: Maintenance Plan, including the priority year of completion, 2025. The estimated costs of CR projects are \$40,000. These costs are not included within and not considered initial investments but are included in the operational costs of the concession opportunity in the determination of the minimum franchise fee.

The component renewal reserve will be equal to **two point four percent (2.4%)** of the Concessioner's annual gross receipts for the preceding year.

Leasehold Surrender Interest

Per 36 C.F.R. § 51.51, leasehold surrender interest (LSI) means the following:

“[A] right to payment per this part for related capital improvements that a concessioner makes or provides within a park area on lands owned by the United States pursuant to this part and under the terms and conditions of an applicable concession contract. The existence of a leasehold surrender interest does not give the concessioner, or any other person, any right to conduct business in a park area, to utilize the related capital improvements, or to prevent the Director or another person from utilizing the related capital improvements. The existence of a leasehold surrender interest does not include any interest in the land on which the related capital improvements are located.”

For concession contracts authorizing the accrual of LSI, concessioners will be entitled to compensation for their LSI upon contract termination or expiration. Per 36 C.F.R. § 51.51, in general, the value of LSI is equal to:

“(1) the initial construction cost of the related capital improvement; (2) adjusted by (increased or decreased) the same percentage increase or decrease as the percentage increase or decrease in the Consumer Price Index from the date the Director approves the 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...”

The Draft Contract is a Category II Contract, so there is no requirement for a Concession Facility Improvement Program, and the Concessioner may earn no LSI.

Franchise Fees

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

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

- 13% of gross receipts for gross receipts from \$0 to \$ 2,250,000; plus
- 22% of gross receipts for gross receipts greater than \$2,250,000.



Contract Term

The Draft Contract will have a term of ten (10) years with an estimated effective date (start date) of January 1, 2025. This effective date may change before contract award if determined necessary by the Service. If there are any adjustments to the effective date, the Service will change the expiration date of the Draft Contract to provide the same term length (10 years).



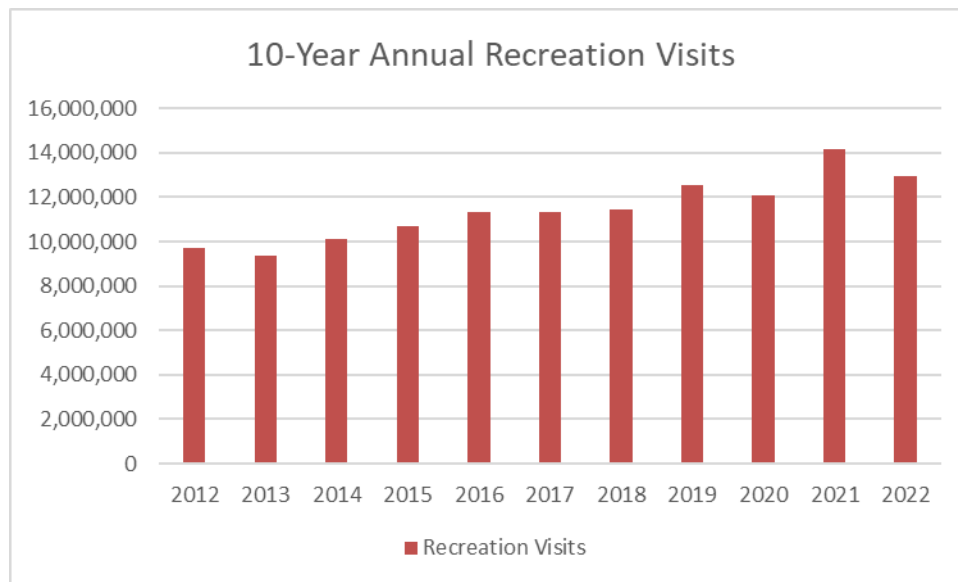
PARK VISITATION

Great Smoky Mountains National Park is one of the most popular park units in the national park system with over 14 million recreational visits in 2021. Since the mid-1970s, the Park has attracted between eight and 10 million visitors annually. Of the 54 national parks with road access, the Park is the only one without an entry fee, because of the way in which Tennessee transferred ownership of Newfound Gap Road to the Federal Government.

Annual Visitation Trends

Over the last 10 years, Park visitation has been increasing, peaking in 2021 with approximately 14.1 million visitors as shown in Exhibit 16. The lowest visitation during this period was approximately 9.3 million in 2013 and the average was approximately 11.4 million visits per year.

Exhibit 16. Annual Visitation to Great Smoky Mountains National Park, 2012-2022



Source: National Park Service Public Use Statistics Office

Monthly Visitation Trends

Park visitation is seasonal with peaks in the summer and fall. Typically, visitation peaks in July and October. Cumulatively, these two months represented 25 percent of total 2022 visitation. Exhibit 17 illustrates the total monthly Park visitation between 2012 and 2022.

In recent years, visitation levels during the peak months have remained substantially higher than during the off-season months. However, because of the introduction of year-round school calendars in many of the Park’s feeder markets, an increasing number of families are now frequenting the Park in the traditionally off-season months. This visitation pattern has resulted in visitation leveling out between the peak and off-peak months, while annual Park visitation has remained relatively stable.



Exhibit 17. Great Smoky Mountains National Park, Recreation Visits by Month (2012-2022)

Year	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
2022	409,267	536,592	878,917	1,014,878	1,227,558	1,486,757	1,560,696	1,266,172	1,315,818	1,624,908	945,444	670,626
2021	525,801	502,459	931,060	1,169,469	1,363,183	1,539,247	1,730,987	1,398,161	1,355,599	1,633,547	1,155,227	856,808
2020	438,509	426,839	487,535	99,371	828,792	1,535,660	1,726,187	1,544,254	1,400,171	1,739,720	1,091,098	777,584
2019	496,743	421,770	786,305	999,259	1,096,056	1,469,857	1,613,133	1,411,231	1,273,326	1,408,013	851,419	720,631
2018	320,864	399,156	689,235	820,657	985,145	1,401,741	1,468,273	1,195,360	1,369,637	1,263,665	867,110	640,357
2017	382,161	457,921	690,615	867,375	907,646	1,304,711	1,492,508	1,235,188	1,282,168	1,336,369	817,238	564,993
2016	379,730	353,532	778,211	859,420	1,018,224	1,364,138	1,464,456	1,183,778	1,165,098	1,466,584	810,894	468,721
2015	373,315	244,214	598,835	794,886	1,017,955	1,307,646	1,441,603	1,208,882	1,096,723	1,353,454	707,576	567,585
2014	275,353	296,451	509,454	724,987	900,900	1,305,063	1,445,328	1,213,262	978,105	1,303,450	636,596	510,327
2013	265,633	252,437	465,594	636,677	885,960	1,321,821	1,399,567	1,040,021	1,060,237	847,616	688,430	490,702
2012	269,282	353,390	611,326	745,545	799,760	1,202,056	1,392,067	1,081,025	982,942	1,144,273	623,636	480,527

Source: National Park Service Public Use Statistics Office

Visitor Origin

Almost all (99 percent) of the visitors frequenting the region are from the U.S. with most visitors from the nearby states of Tennessee, Florida, Alabama, and North Carolina. These states represent the largest feeder states to the Park and collectively represent approximately 50 percent of annual visitation.

The geographic origin of Park visitors varies between the two peak seasons. Approximately 61 percent of visitors during the summer are from the Southeast as compared to 69 percent during the fall. This pattern is consistent with conversations with local tourism officials who indicated that the region attracts slightly more single day trips during the fall to see the foliage. Exhibit 18 depicts four and eight-hour driving radii from the Park.

Exhibit 18. Four and Eight-Hour Driving Radii from the Park



Source: Microsoft MapPoint

Gateway Cities

Several gateway cities surround the Park, including Gatlinburg, Pigeon Forge, Townsend, and Sevierville in Tennessee and Cherokee and Bryson City in North Carolina. These towns and communities rely almost entirely on tourism and their proximity to the Park for their livelihood. The infrastructure and development in these gateway cities are vital to the cities' livelihood, particularly on the Tennessee side, because the nightly visitor base is approximately 10 times larger than the actual population. Exhibit 19 and Exhibit 20 show the gateway cities in Tennessee and North Carolina.

Exhibit 19. Tennessee Gateway Cities



Source: Microsoft MapPoint

Exhibit 20. North Carolina Gateway Cities



Source: Microsoft MapPoint

MARKET AREA OVERVIEW

Attractions and Demand Generators

While the Park seems to be the primary driver of visitation to the region, the Tennessee and North Carolina gateway cities also have their own attractions and demand generators contributing to overall visitation to the region.

Tennessee Demand Generators

The Gatlinburg-Pigeon Forge area is home to many commercial visitor attractions, some within the top five in Tennessee. The region's major demand generators are Dollywood, Ripley's Aquarium, Ober Gatlinburg, Gatlinburg Convention Center, LeConte Event Center, The Island at Pigeon Forge, Rocky Top Sports World, museums, and numerous shopping options.

The area's primary demand generator is Dollywood, which is also the number one commercial attraction in Tennessee, along with Dollywood's Splash Country, a popular adventure waterpark. Dollywood and Splash Country are amusement park attractions that Dolly Parton established offering visitors' rides, festivals, shows, heritage, crafts, and dining outlets.

Another major demand generator is the areas' convention centers located in Gatlinburg and Pigeon Forge. Gatlinburg is home to the Gatlinburg Convention Center, a 278,000-square-foot facility that has historically operated at 67 percent utilization. The LeConte Center at Pigeon Forge opened in 2014 and is a 232,000-square-foot facility. These facilities hold trade shows, corporate groups, regional associations, and youth groups. Visitors also come to peruse the nearby local shops, restaurants, and museums found near the centers.

Located adjacent to the LeConte Center is the newly opened Island in Pigeon Forge. The Island includes a variety of major restaurants, such as Margaritaville and Paula Deen's Family Kitchen, retail shops, rides, games, and nightly live music. The Island's centerpiece is a 200-foot-tall Ferris wheel. The Island is a new attraction to the area and has continually expanded since it's opening in 2014.

Rocky Top Sports World in Gatlinburg opened in 2014 and provides indoor/outdoor sports facilities for tournaments and sporting camps. The complex includes seven outdoor fields with synthetic turf and an 86,000-square-foot indoor facility. The facility was built to appeal to the growing sports tourism market. The complex is utilized year-round for a multitude of sporting events including soccer, football, basketball, and volleyball.

Soaky Mountain Waterpark is a brand-new attraction that opened to the public in the summer of 2020 in Sevierville, Tennessee. The 50-acre Soaky Mountain Waterpark has more than 19 attractions. Among them is an innovative water coaster and massive 35,000-square-foot wave pool that can create six-foot tall waves.

Townsend, which advertises itself as the Peaceful Side of the Smokies, is in Blount County, Tennessee. Townsend and offers a variety of overnight lodging, restaurants, craft shops, and visitor attractions.



Exhibit 21. Gatlinburg, Tennessee



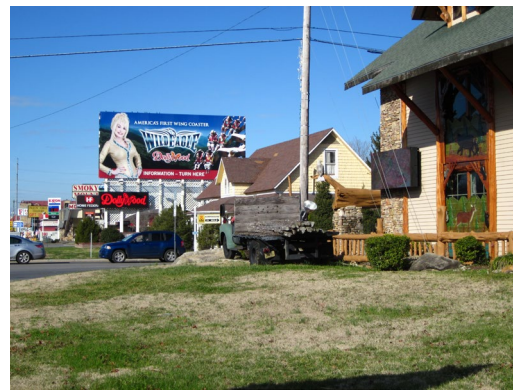
Downtown Gatlinburg



Gatlinburg from Above



Sevierville



Pigeon Forge

Source: National Park Service

Exhibit 22 lists county tax revenues and tourism metrics for 2021 Blount and Sevier Counties.

Exhibit 22. County Tax Revenues and Tourism Metrics – Blount and Sevier County, TN

2021 Metrics	Blount County	Sevier County
Annual Direct Tourism Expenditures	\$476.68 Million	\$3,422.96 Million
Local Tax Revenue	\$14.22 Million	\$117.36 Million
State Tax Revenue	\$21.63 Million	\$195.16 Million
Average Daily Tourist Expenditures	\$1.3 Million	\$9.3 Million

Source: 2021 Economic Impact of Travel on Tennessee Counties Report www.tnvacation.com/industry;

Lodging Market

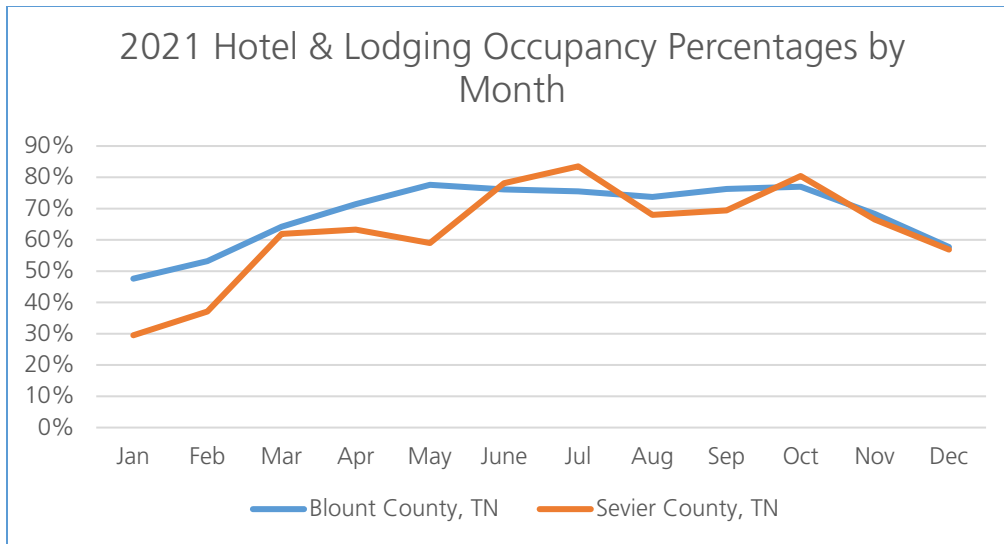
Because visitors to the region frequently visit the Park, overnight demand trends provide insight into monthly and weekday/weekend visitation trends.



Hotel Occupancy Analysis

In 2021, July hotel occupancies were 76 percent for Blount County and 84 percent for Sevier County. Hotel occupancy peaks in June thru July and October, as depicted in Exhibit 23. Occupancy rates are lowest during the winter months.

Exhibit 23. Blount and Sevier County, TN, Monthly Occupancy



Source: Smith Travel Research, Hendersonville, Tennessee

North Carolina Demand Generators

The primary demand generator near the Cherokee, North Carolina, entry point to the Park is the Harrah’s Cherokee Casino & Hotel with 3.6 million visitors. An enterprise of the Eastern Band of the Cherokee Nation, the Casino has 150,000 square feet of gaming space with slot machines and table games. The property also features over 1,100 hotel rooms, 10 restaurants, 3,000 seat Event Center, and 8 retail shops.

Exhibit 24. Cherokee, North Carolina



Harrah’s Cherokee Casino & Hotel



Downtown Cherokee

Source: National Park Service

In addition to the casino, the Park’s North Carolina side attracts visitors to its cultural activities in the region. Many of these activities are associated with the nearby Cherokee Indian Reservation and include museums, theaters, drama related to Cherokee history, Qualla arts and crafts, and recreational activities such as trout



fishing, hiking, whitewater rafting, and canoeing. According to local tourism officials, there is a perception that the Cherokee area has shifted from a family to an adult-oriented destination, which has affected Park-related visitation levels.

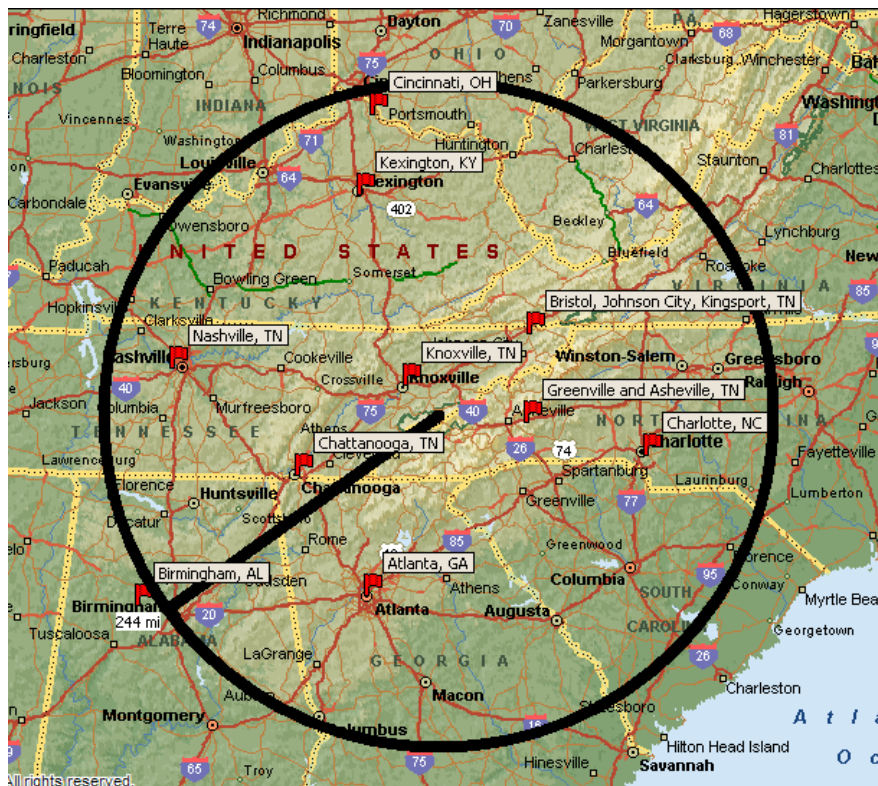
Key Feeder Markets

Although the Park tracks visitor origin only by state, the surrounding gateway cities also track visitor origin by specific feeder market. Given that visitors to the region are also visitors to the Park, there is a high correlation between gateway and Park feeder markets. Based on discussions with tourism officials, Exhibit 25 represents the top 10 feeder markets to the gateway cities surrounding both sides of the Park. The region’s primary feeder market is the greater Atlanta area located approximately four hours to the south.

Exhibit 25. Top 10 Key Gateway City Feeder Markets Statistics

City	Distance (Miles)	Driving Distance (hrs)	Population (2018)
Knoxville	35	1	883,309
Asheville	38	1	459,585
Bristol, Johnson City, Kingsport	75	2	306,616
Chattanooga	110	2.75	560,793
Atlanta	138	3.75	5,949,951
Charlotte	160	3.5	2,569,213
Nashville-Davidson	181	3.75	1,930,961
Lexington	205	3.5	516,697
Cincinnati	242	4.5	2,190,209
Birmingham	244	5	1,151,801

Exhibit 26. Top 10 Key Gateway City Feeder Markets Map



Source: Various

Market Area Summary

Great Smoky Mountains National Park is one of the most visited national parks. The surrounding area features a robust tourism industry, and there continues to be demand for the services and offerings the Park provides. Research and analysis of the Park's market indicate that visitation levels for the foreseeable future are likely to remain consistent with post-2020 visitation levels, at more than 14 million visitors per year.

Based on the research conducted for this Prospectus, the Service anticipates that demand for lodging, food and beverage, and retail is likely to remain consistent with historical demand. With over one million visitors a year, the Gatlinburg area is one of the most visited areas in the Park. Visitors tour the area to view the landscape and enjoy the campground and picnic area.

PREFERRED OFFEROR DETERMINATION

The National Park Service Concessions Management Improvement Act of 1998 includes the limited right of preference in renewal for statutorily defined outfitter and guide services and small contracts. The Service has determined, per 36 C.F.R. Part 51, that the Existing Concessioner is not a "preferred offeror" who is eligible to exercise a right of preference for the award of the Draft Contract.

