

SECTION 1: BUSINESS OPPORTUNITY

INTRODUCTION

This prospectus describes the existing business and the business opportunity in general terms. Potential Offerors are responsible for reviewing all sections of this prospectus and, specifically, the terms and conditions of the attached contract, including its exhibits, to determine the full scope of a concessioner's responsibilities under the new contract.

This prospectus is being conducted in accordance with the National Park Service Concessions Management Improvement Act of 1998 (PL 105-391), 36 CFR Part 51, and 36 CFR Part 13. 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 contract and this Business Opportunity section, the attached draft contract will control.

THE BUSINESS TO BE OPERATED UNDER THE CONTRACTS



The National Park Service (NPS) intends to award multiple concession contracts to provide cruise ship services in Glacier Bay National Park & Preserve. The NPS will manage cruise ship access to Glacier Bay proper through an allocation of

“use days”¹ with each concession contract based on the daily and seasonal vessel quotas established by federal regulations.² These services are to be based outside Glacier Bay National Park and no park lands or facilities will be assigned under this opportunity.

The opportunity to apply for cruise ship services in Glacier Bay National Park & Preserve shall remain open throughout the contract term. This “open” solicitation will allow additional Cruise Ship operators to submit proposals to provide services in the under-utilized shoulder and off-season and will allow additional operators an opportunity to utilize prime season use-days which may become available over the course of the contract term. It is expected that all available use-days for Glacier Bay (proper) for the May through September period will be awarded following the initial response period (see inside cover).

For the purposes of this prospectus, *cruise ship* means any motor vessel of at least 100 tons gross

¹ As used here “use day” means any continuous period of time that a vessel is in Glacier Bay between the hours of 12 midnight on one day to 12 midnight the next day.

² See 36 CFR Part 13 Subpart N

(U.S. System) or 2,000 tons (ITC or International Convention System) certificated to carry more than 12 passengers for hire (36 CFR 13.1102).

This prospectus is issued to evoke the widest possible interest from qualified offerors in operating these concession services, and to inform interested parties of the requirements and conditions under which the operations may be conducted. The prospectus is issued under the authority of 36 CFR Part 51.



THE NATIONAL PARK SERVICE AND ITS MISSION

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." 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." The National Park Service has as its overall mission the preservation and public enjoyment of significant aspects of the nation's natural and cultural heritage.

For additional information about the National Park Service, visit our website at www.nps.gov.

GLACIER BAY NATIONAL PARK & PRESERVE

Glacier Bay National Park and Preserve is located at the northern end of Southeast Alaska's Inside Passage approximately 60 miles west of Juneau. The focal point of the park is a deep Y-shaped fjord formed by the retreat of massive glaciers over the last 250 years. Separating Glacier Bay from the Gulf of Alaska coastline is the Fairweather Range, culminating in 15,300 foot Mount Fairweather. Glaciers within the park shape the land and discharge icebergs into the Bay. The rapid glacial retreat and the ensuing colonization by plants and animals provide a unique opportunity to observe natural processes. In 1980, the Alaska National Interest Lands Conservation Act (ANILCA) changed Glacier Bay from a National Monument to a National Park, added the Preserve area and enlarged it to its present size of over 3.3 million acres. For information about the park visit our web site at: www.nps.gov/glba/. Those interested in submitting proposals for the services offered here are encouraged to review this information.

THE EXISTING CONCESSION OPERATIONS

The following table lists the concessioners currently holding concession contracts to provide cruise ship services in the Park and their prime season vessel quota allocation. All authorizations expire on September 30, 2009.

| Concessioner (Contract Numbers) | June1 – Aug. 31 Use Day Allocation | Allocation Subject to Historical Rights ³ |
|--|--|--|
| Carnival Cruise Line (GLBA050) | 0 | 0 |
| Celebrity Cruises (GLBA046) | 0 | 0 |
| West Travel, Inc. (GLBA040) | 0 | 0 |
| Crystal Cruises ⁴ (GLBA036) | 6 | 0 |
| Holland America Line (GLBA002 & GLBA005) | 62 | 39 ⁵ |
| Norwegian Cruise Line (GLBA007) | 13 | 0 |
| Princess Cruises (GLBA003 & GLBA004) | 52 | 32 ⁶ |

Information regarding the utilization and operating data for the existing services is presented below.

Cruise Ship utilization of Glacier Bay proper 2005-2007

| Year | Passengers | Total Cruise Ship Use Days | June - August Cruise Ship Use Days |
|------|------------|-------------------------------|--|
| 2007 | 417,648 | 225 | 153 |
| 2006 | 400,935 | 210 | 139 |
| 2005 | 340,791 | 206 | 137 |

³The term “historic rights,” unless specified otherwise, refers to Alaska National Interest Lands Conservation Act (ANILCA) §1307 historic rights as defined in *36 CFR Part 13 Subpart E*.

⁴ Crystal Cruises discontinued operations in Glacier Bay in 2006, but has maintained their concession authorization.

⁵ Holland America Line and P & O, Inc., d.b.a Princess Cruises, are historical operators based on the following language from the Consolidated Appropriations Act, 2008, “SEC. 134. In implementing section 1307 of Public Law 96-487 (4 Stat. 2479), the Secretary shall deem the present holders of entry permit CP-GLBA005-00 and entry permit CP-GLBA004-00 each to be a person who, on or before January 1, 1979, was engaged in adequately providing visitor services of the type authorized in said permit within Glacier Bay National Park.” Permit 005 is Holland America and permit 004 is P & O, Inc., d.b.a Princess Cruises.

⁶ See footnote above, which applies to Princess Cruises.

CRUISE SHIP MANAGEMENT IN GLACIER BAY NATIONAL PARK & PRESERVE

Glacier Bay Vessel Plan and Regulations

On November 21, 2003, the National Park Service published its Record of Decision for the *Vessel Quotas and Operating Requirements in Glacier Bay National Park & Preserve* Environmental Impact Statement. Regulations implementing this action went into effect January 2, 2007 (ref. 36 CFR Part 13 Subpart N).

Cruise ship management in Glacier Bay National Park is summarized below. Offerors are advised that the number of cruise ship use days may be adjusted up or down based on regulatory changes, federal law, resource considerations or for other reasons.

Cruise Ship Quotas and Seasons

NPS regulations⁷ establish the daily cruise ship quota of two vessels per day and also establish two seasonal vessel quotas: “up to 184” use days from June 1 through August 31 (the prime season) and “up to 122” use days during May and September (the shoulder season). The remainder of the year (the off-season) has only the two cruise ship per day daily vessel quota. The regulations also require the Superintendent to annually determine the cruise ship seasonal quota for the prime and shoulder seasons. The current (2008) seasonal quotas are 153 use days for the prime season and 92 use days for the shoulder season.

| Glacier Bay Cruise Ship Quota | | |
|-------------------------------|----------------------|-------------------------|
| Time Period | Current (2008) Quota | Potential Quota |
| June 1 – August 31 | 153 | Up to Two Per Day (184) |
| May and September | 92 | Up to Two Per Day (122) |
| October – April | Two Per Day | Up to Two Per Day (426) |



Eighty-two (82) vessel use days will be allocated under this solicitation. Separately, seventy-one (71) additional vessel use days will be allocated pursuant to historical operators (See “Proposal Instructions, Preferred Offeror Determinations”). The Superintendent will annually determine the cruise ship quota. This determination will be based upon applicable authorities, appropriate public comment and available scientific and other information. The

number will be subject to the maximum daily vessel quota of two cruise ships (36 CFR 1160(b)).

Adjustments to each concessioner’s allocation will be based on that operator’s percentage of the competitively allocated use days (i.e., historical use days will not be factored into the proration).

⁷ 36CFR§13.1160

The maximum number of prime season use days to be allocated is as shown below.

| | |
|---|-----|
| Maximum Number of Prime Season Cruise Ship Use Days (Cruise Ship Seasonal Vessel Quota, see 36 CFR 13.1160) | 153 |
| Use Days to be Allocated Based on Historic Rights | -71 |
| Maximum Number of Prime Season Use Days to be Competitively Allocated under this Solicitation | 82 |

1990 Glacier Bay Cruise Ship Management Plan

On May 31, 1990, the NPS published notice in the Federal Register (FR, Vol. 55, No. 105, page 22108, 5/31/1990, FR Doc. 9012551) of a policy for cruise ship entries into Glacier Bay National Park. In summary, the 1990 policy was designed to increase opportunities for competitive award of cruise ship use days into Glacier Bay and to enhance visitor opportunities to select from a wider variety of cruise ship operations. These objectives were to be accomplished under the 1990 policy primarily by limiting the transferability of concession permits for cruise ship tours in Glacier Bay, limiting the scope of a preference in renewal of concession permits that would otherwise apply, and granting additional renewal preferences.

However, in 1998, the Congress revised and reconfirmed the management of National Park Service concession contract authorizations through the National Park Service Concessions Management Improvement Act of 1998, P.L. 105-391, November 13, 1998. This law does not permit the continued implementation of most of the operative provisions of the 1990 policy such that the policy can no longer be implemented to achieve its objectives. Accordingly, the National Park Service has rescinded the 1990 policy. However, NPS does intend to continue to encourage the award of multiple concession contracts to different operators for Glacier Bay cruise operations to enhance visitor choices in visiting Glacier Bay by cruise ship. This will be accomplished primarily by limiting the number of cruise ship use days permitted under each cruise ship concession contract, thereby increasing the number of concession contracts available for award. Notice of this change was published in the Federal Register on February 5, 2008.

THE NEW CONCESSION CONTRACTS

Cruise Ship Operating Conditions

Specific terms and conditions under which these cruise ship services are to be provided are detailed in the draft concession contract in this prospectus. Offerors should also be familiar with applicable State and federal requirements (i.e., non-NPS federal requirements.).

Limitations on the Number of Vessel Use Days per Company

The maximum number of cruise ship use days any one company may be allocated pursuant to this prospectus is 26 (in addition to any allocation based on historic rights).

The purpose of this limit is to enhance opportunities for visitors to select from a variety of possible cruise ship services in Glacier Bay, reflecting diverse itineraries, program orientation and price.

Allocation of Shoulder and Off-Season Use Days

Demand for *shoulder* and *off season* cruise ship use days is currently below the quota limitations. If demand exceeds the quotas, use days for these periods will be allocated based on each operator's proportion of non-historic⁸ prime season use days. The procedures for allocating use days are provided in the draft Operating Plan.

Cruise Ship Scheduling

Cruise ship concessioners will be responsible for submitting a proposed schedule each year to the Superintendent for review and approval. In the past, a consolidated annual schedule for all cruise lines has been coordinated through Cruise Line Agencies of Alaska, P.O. Box 8080, Ketchikan, Alaska, 99901. A comprehensive schedule was then submitted to the Superintendent for approval, fulfilling this requirement on behalf of each operator. Specific procedures related to cruise ship scheduling may be found in the draft Operating Plan.



Increases or Decreases in Cruise Ship Use Day Quotas

As noted above, the Superintendent will annually determine the cruise ship quota up to a maximum of two ships per day. Any changes in the cruise ship quota will be prorated among existing operators based on the percentage of non-historic use days each was initially allocated.

Specific procedures for re-allocating cruise ship use days as a result of increases or decreases in

⁸ The reason that allocations based on historic rights would not be included in computing the allocation of shoulder and off season dates is that historic rights are limited to prior levels of service. As such, any expansion of services into the shoulder and off season would not be an element of these rights.

the cruise ship quotas are provided in the draft Operating Plan.

Interpretive Program

An approved interpretive program is a required element of the concession contract. Criteria for the interpretive program are given in the draft Operating Plan (including Attachment A). Offerors may either develop their own program based on these criteria or participate in the NPS interpretive program (on a cost-recovery basis).



The Vessel Itinerary

The draft Operating Plan, including Attachment A, provides specific operating requirements related to integration of the vessel itinerary and interpretive program. In addition, regulations⁹ provide for a 13 knot (or other) speed limit when necessary for protection of park resources. Based on these requirements, Concessioner’s will develop specific itineraries, subject to NPS approval, for each visit to Glacier Bay. Potential offerors are strongly encouraged to evaluate whether their specific situation would allow visits to Glacier Bay which meet these requirements. The following information is provided to assist potential offerors in their evaluation.

Itineraries and timing of required interpretive activities should fall within the ranges shown in the following table (Note: “Ranger boarding” assumes participation in the NPS Interpretive Program). Since ships arriving after about 8:30 a.m. have a significantly different schedule than those arriving earlier, we have provided ranges for both “early” and “late” ships.

| Activity | Early Ships | Late Ships |
|--|--------------------|-------------------|
| Ship Arrives Off Bartlett Cove - Ranger Boarding | 6:00-8:30 | 9:00-10:30 |
| Pass Queen Inlet Northbound – Commentary Begins | 8:00-11:30 | 11:00-13:30 |
| Pass Lamplugh Glacier Southbound – Commentary Ends | 12:00-17:00 | 15:00-17:00 |
| Ship Arrives Off Bartlett Cove - Ranger Disembarkation | 14:30-21:00 | 17:30-21:00 |
| Glacier Bay “Chat” | Morning | Afternoon |
| Auditorium and Children’s Programs | Afternoon | Morning |
| Second Auditorium Program, if needed | Afternoon | Morning |

⁹ § 13.1176 Speed restrictions.

- (a) From May 15 through September 30, in designated whale waters the following are prohibited:
 - (1) Operating a motor vessel at more than 20 knots speed through the water; or
 - (2) Operating a motor vessel at more than 13 knots speed through the water, when the superintendent has designated a maximum speed of 13 knots, or at a maximum speed designated by the superintendent based on NOAA guidelines or new scientific information.
- (b) From July 1 through August 31, operating a motor vessel on Johns Hopkins Inlet waters south of 58°54.2' N latitude (a line running due west from Jaw Point) at more than 10 knots speed through the water is prohibited.

For specific arrival times, activities might be scheduled as shown in the following two tables.

| Typical Itinerary for a 7:00 Arrival | |
|---|--|
| 7:00 | Ship Arrives Off Bartlett Cove - Ranger Boarding |
| 7:30 | Glacier Bay Chat |
| 9:00 | Pass Queen Inlet Northbound – Commentary Begins |
| 10:30-13:30 | Upper West Arm Glacier viewing (generally this is spent at Margerie Glacier) |
| 13:30 | Pass Lamplugh Glacier Southbound – Commentary Ends |
| 14:00 | Auditorium and children’s programs |
| 16:00 | Ship Arrives Off Bartlett Cove - Ranger Disembarkation |

| Typical Itinerary for a 10:00 Arrival | |
|--|--|
| 10:00 | Ship Arrives Off Bartlett Cove - Ranger Boarding |
| 10:30 | Auditorium and children’s programs |
| 12:00 | Pass Queen Inlet Northbound – Commentary Begins |
| 13:30-16:30 | Upper West Arm Glacier viewing (generally this is spent at Margerie Glacier) |
| 16:30 | Pass Lamplugh Glacier Southbound – Commentary Ends |
| 17:30 | Glacier Bay Chat |
| 19:00 | Ship Arrives Off Bartlett Cove - Ranger Disembarkation |

Offerors contemplating an itinerary other than the typical itineraries shown above should carefully consider the following (in addition to the draft Operating Plan requirements):

Muir Inlet is not included in the typical itinerary because the transit time needed for traveling to both the East and West arms of Glacier Bay could diminish the time spent at tidewater glaciers and thus reduce passenger enjoyment and understanding of the park.

Johns Hopkins Inlet is an optional element of the typical itinerary due to seasonal area closures, high concentrations of harbor seals, ice and other factors that will often preclude going beyond, or even approaching, Jaw Point near the mouth of Johns Hopkins Inlet.

Other bays and inlets of Glacier Bay National Park (such as Dundas Bay and Lituya Bay) are not authorized for cruise ship services due to potential conflicts between cruise ship activities and other visitor uses.

Franchise Fee

The minimum franchise fee for the first year (2010) of the new contract is the greater of \$7.00 per passenger per day or \$500.00. The National Park Service will adjust this fee each year in accordance with the Consumer Price Index, All Urban Consumers, published by the U.S. Department of Labor¹⁰, by the same percentage increase or decrease from January of the preceding year to January of the current year. Should this index cease to be published, the

¹⁰ See <http://data.bls.gov/cgi-bin/surveymost?bls>

National Park Service will select a similar index to annually adjust the fee. However, offerors may propose a higher franchise fee in accordance with the terms of the prospectus.¹¹

The National Park Service does not guarantee the economic viability of this opportunity. While the Service expects this opportunity to be economically feasible, the offeror must make its own analysis in this regard.

Term and Effective Date of New Contracts

The new contracts will have a term of up to ten years, proposed to be January 1, 2010, through September 30, 2019.

Financial Reporting

All concessioners will be required to file the NPS “Short Form”.

Facilities

No park facilities will be assigned under these contracts.

Preferred Offeror Determinations

See the Proposal Instructions, Preferred Offeror Determinations, for a description of the preferences applicable to this solicitation.



LAW, REGULATION, POLICY AND PARK INFORMATION

NPS Concessions Law, Regulation, Policy and information about Glacier Bay National Park & Preserve can all be accessed via the internet at the following websites. Hardcopies of the law, regulations and policy will be mailed on request. Contact the person listed on the inside cover of the prospectus with your request.



¹¹ The franchise fee is established for all offerors in accordance with Public Law 104-333, Title IV (National Park Service Concession Management Improvement Act of 1998) and all offerors may propose a higher franchise fee in accordance with this law and the terms of this prospectus.

| Referenced Documents | Website |
|---|---|
| Concessions Management Improvement Act of 1998 (PL 105-391) | http://www.nps.gov/akso/concessions/index.cfm?theme=concession#laws or http://frwebgate.access.gpo.gov/cgi-bin/getdoc.cgi?dbname=105_cong_public_laws&docid=f:publ391.105.pdf |
| NPS Concession Management Regulations 36 CFR Part 51 | http://www.nps.gov/akso/concessions/index.cfm?theme=concession#laws or http://www.access.gpo.gov/nara/cfr/waisidx_07/36cfr51_07.html |
| Public Law 96-487 (ANILCA) Section 1307 Regulations – 36 CFR Part 13, Subpart D | http://www.nps.gov/akso/concessions/index.cfm?theme=concession#laws or http://ecfr.gpoaccess.gov/cgi/t/text/text-idx?c=ecfr&sid=8bd70f09b438a2ad2e90a1025830dba7&rqn=div5&view=text&node=36:1.0.1.1.13&idno=36#36:1.0.1.1.13.5 |
| NPS Management Policies, Chapter 10- Commercial Visitor Services | http://data2.itc.nps.gov/npspolicy/index.cfm or http://www.nps.gov/policy/MP2006.pdf |
| Glacier Bay National Park & Preserve website | www.nps.gov/glba |
| Record of Decision for the Vessel Quotas and Operating Requirements Glacier Bay National Park & Preserve | http://www.nps.gov/glba/parkmgmt/vessel.htm |
| Regulations page of the Glacier Bay National Park & Preserve website | http://www.nps.gov/glba/parkmgmt/regs.htm |