

# **BUSINESS OPPORTUNITY**

CC-DRTO001-21

*Department of the Interior*

National Park Service

Dry Tortugas National Park

**A Concession Business Opportunity to Provide  
Passenger Ferry, Interpretive Tours,  
and Equipment Rentals**

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## INTRODUCTION

### SITE VISIT

The Service will host a one-day site visit on the date listed on the inside front cover of this Prospectus. The site visit provides interested parties an overview of the concession operation, along with a tour of the Concession Facilities associated with the Draft Contract. If you plan to attend the site visit and would like more information, please contact Cherrie Brice, Concessions Management Specialist, at [cherrie\\_brice@nps.gov](mailto:cherrie_brice@nps.gov), no later than 4:00 p.m. Eastern time on December 2, 2019, to receive further instructions regarding the site visit. The Service will provide further information and additional directions by return email message to the entity's identified primary contact.

Depending on the responses, the Service may limit the number of participants from each interested Offeror. All participants must be age 18 or older.

### NOTIFICATION OF INTENT TO PROPOSE

**If you plan to submit a proposal in response to this solicitation, you must notify Cherrie Brice via email ([cherrie\\_brice@nps.gov](mailto:cherrie_brice@nps.gov)) no later than 4:00 p.m. Eastern time on March 11, 2020. The Service will not accept proposals from entities that do not provide notice on or before March 11, 2020.**

### INFORMATION REGARDING THIS SOLICITATION

In this document, the National Park Service ("Service") refers to Dry Tortugas National Park as "the Park."

**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 materialize 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 sections of this Prospectus, especially the terms and conditions of the Draft Concession Contract No. CC-DRT0001-21 ("Draft Contract"), including its exhibits, to determine the full scope of a future concessioner's responsibilities. The Draft Contract with all exhibits appears in Part IV of this Prospectus. In the event of any inconsistency between the description of

#### Projected Contract Term:

June 1, 2021, to May 31, 2031  
(10 years)

#### Required Services:

Passenger Ferry, Interpretive Tours,  
Equipment Rental, Retail, Potable Water

#### 2020-21 Projected Gross Receipts:

\$9 million to \$11 million

#### Estimated Initial Investment:

\$12.9 million

#### Minimum Franchise Fee:

19.0% of gross receipts



the terms contained in this Business Opportunity and the Draft Contract, the Draft Contract will control.

Certain federal laws apply to this solicitation, including the National Park Service Concessions Management Improvement Act of 1998 (Public Law 105-391 and hereinafter referred to as “the 1998 Act”), as implemented by regulations in 36 C.F.R. Part 51. In the event of any inconsistency between the terms of this Prospectus and 36 C.F.R. Part 51, 36 C.F.R. Part 51 will control.

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

“Existing Concessioner” refers to Yankee Freedom III, LLC, the concessioner under Concession Contract CC-DRTO001-10 (“Existing Contract”). The Existing Contract commenced on November 1, 2010, and is due to expire on October 31, 2020. The Service will provide a copy of the Existing Contract upon request.

## PROPOSALS

Part II of this Prospectus contains the instructions for completing proposals. Offerors must carefully read and comply with those instructions.

Part III of this Prospectus contains a Proposal Package that 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 the resources of the Park. Specifically, offerors must describe how they will minimize impacts to protected and endangered species and to historic structures, artifacts, and underwater archeological sites.

Principal Selection Factor 2 requires offerors to describe how they will provide the following required services: the ticketing system, onboard amenities, interpretive media and materials, and guided interpretive tours.

Principal Selection Factor 3 requires offerors to describe their organizational structure and to provide documentation to help the Service understand the offeror and its relationship to other entities. The Service does not specifically score the offeror’s organizational structure information 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. We provide forms offerors must complete depending on their organizational structure. The rest of this principal selection factor requires offerors to describe their experience providing services similar to those required under the Draft Contract, aspects of employee management to provide excellent customer service, and history of marine casualties.

Principal Selection Factor 4 requires offerors to provide documentation demonstrating the financial resources to commence and carry on operations under the Draft Contract. The Service has provided a business history form and Excel workbook offerors must complete in providing responses to this selection factor.



Principal Selection Factor 5 requires offerors to provide the franchise fee they will pay on gross receipts generated under the Draft Contract. Failure to agree to pay the minimum franchise fee set out in the 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 will reduce, collect, and remove waste generated by ferry passengers and campers, and recycle and reuse materials in their operations.

Secondary Selection Factor 2 requires offerors to provide information about the ferry vessels they propose to use and to describe the environmental benefits of their proposed vessels.

## **DOING BUSINESS WITH THE NATIONAL PARK SERVICE**

The National Park Service has worked with private parties to provide 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 provided 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 provide. Congress has passed several laws guiding the National Park Service in contracting with third parties to provide these services including the National Park Service Concessions Management Improvement Act of 1998. The National Park Service implemented regulations for many aspects of the law, primarily to set out the process for soliciting bids for new contracts and managing the concessioner's investment in structures owned by the United States.

Working with the National Park Service in providing commercial visitors 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 transactions occur within a park. As with the private sector, concessioners must develop and follow environmental management programs, risk management programs, and similar programs to ensure operations comply with applicable laws. Our 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 provide 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 required under the concession contracts.

For this opportunity, the Draft Contract requires the Concessioner to operate the passenger ferry service to and from Fort Jefferson on Garden Key. In addition, the Draft Contract requires the concessioner to provide onboard food and beverage service onboard the ferry, tours of historic Fort Jefferson, equipment rental, and potable water for sale.



## THE NATIONAL PARK SERVICE

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. 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. 54 U.S.C. § 100101(b)*

To learn more about the National Park Service, visit [www.nps.gov](http://www.nps.gov). Additional information about Dry Tortugas National Park is available at <https://www.nps.gov/drto/index.htm>



Source: National Park Service ©

## DRY TORTUGAS NATIONAL PARK

The Park, located in the Gulf of Mexico approximately 70 miles west of Key West, Florida, has attracted over 70,000 visitors annually in recent years. It encompasses approximately 100 square miles of open water and seven small islands, or keys, that together constitute less than 1 percent of total park area (Exhibit 1). Garden Key (Exhibit 2) is the second largest island in the Dry Tortugas, about 14 acres in size. Historic Fort Jefferson, located on Garden Key, is one of the nation's largest 19th century forts and a central cultural feature of the Park.

Popular visitor activities at Garden Key include snorkeling, camping, kayaking, fishing, and touring Fort Jefferson. Because the Concessioner provides snorkeling gear and instruction to ferry passengers, it must understand and convey when conditions are safe for swimming and snorkeling. The designated swim area extends northwards from the ruins and historic coaling station around Fort Jefferson to the land bridge between Garden Key and Bush Key. There currently are three swim beaches on Garden Key--the southwest beach, north beach, and east beach; however, the island's morphology may change after major tropical cyclone events. The east swim beach currently is part of a land bridge connecting Garden Key with Bush Key where previously there was a navigable channel. Prevailing winds generally are from the east, creating calmer sea conditions in the Garden Harbor and the nearby southwest swim beach. When winds are from the south or west occur, sea conditions may be better at the north or east swim beaches.

The Dry Tortugas generally experience two seasons. The winter season typically begins in November and runs through April. During these months, the predominant weather pattern is influenced by strong cold fronts from the north and west that generate large swells and windy conditions. Consecutive days of 20+ knot winds and seas of greater than 5 feet are not uncommon. For the visitor experience, this translates to rough seas and poor visibility for snorkeling. Cooler weather, however, affords the opportunity to see many species of migratory birds. The summer season, beginning around May and running through October, includes most of the Atlantic hurricane season (June 1- November 30). Weather conditions generally are ideal with little to no wind and excellent visibility for snorkeling and viewing of marine life.

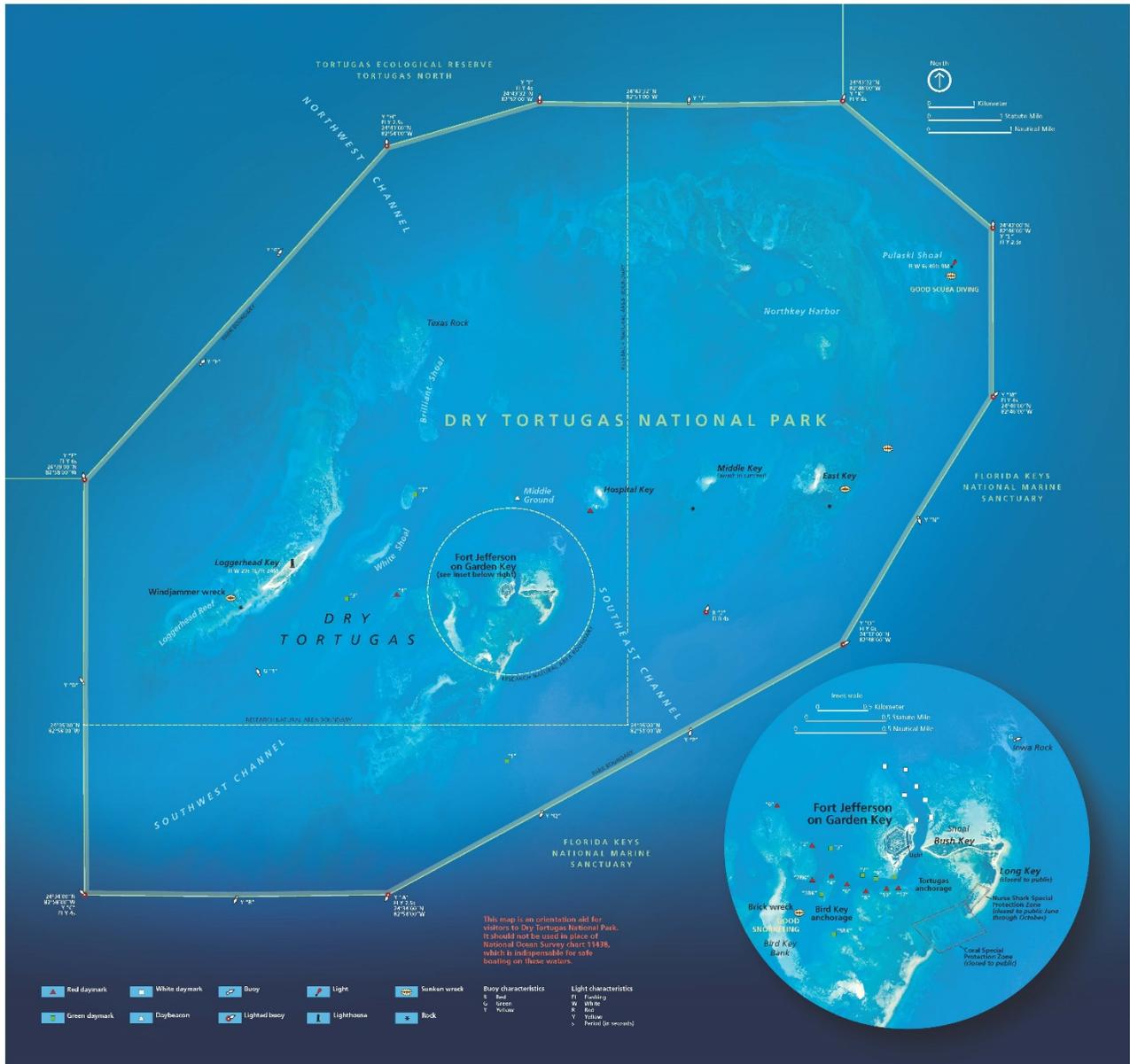
Within one mile of Garden Key and easily accessible by kayak or other small boat, numerous coral reef structures feature a wide variety of tropical fish and coral species, many of which are threatened or endangered, providing visitors rare opportunities to see and learn about these fragile resources when conditions permit.

Loggerhead Key, the largest of the seven keys and home to the Dry Tortugas Light Station and ruins of the first subtropical marine laboratory, is three miles west of Garden Key. Campers frequently visit Loggerhead Key by kayak to explore these resources.

Additional information about the Park can be found on the National Park Service website at <http://www.nps.gov/drto>.



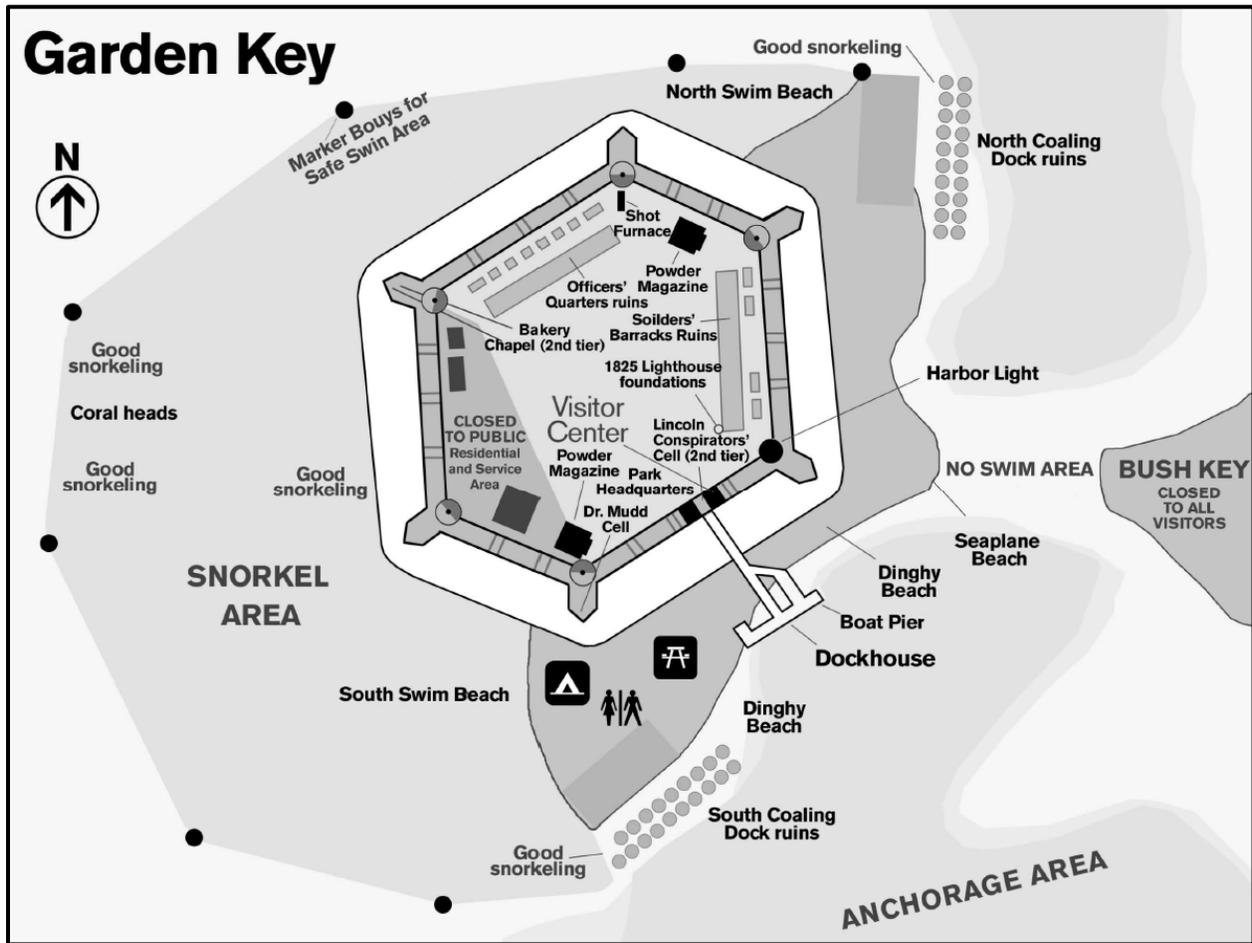
### Exhibit 1. Map of Dry Tortugas National Park



Source: National Park Service ©



Exhibit 2. Map of Garden Key



Source: National Park Service ©



## CONCESSION OPPORTUNITY

The Concessioner must provide year-round passenger ferry service from Key West to Garden Key. Onboard food and beverage service must include breakfast and lunch (included in the fare) as well as other food and beverage items for sale. The Concessioner must offer retail items for sale on board, including convenience items and souvenirs. The Concessioner must rent kayaks and camping equipment to visitors who camp overnight on Garden Key, and must sell potable water to all visitors. The Concessioner also must provide interpretive information onboard the vessel, as well as interpretive tours of Fort Jefferson, as described in the Operating Plan (Exhibit A to the Draft Contract).

The Service intends to enter into a separate fee collection agreement with the Concessioner allowing the Concessioner to collect the Park entrance fee as part of its ferry-ticketing system and to remit entrance fee revenue to the Service on a monthly basis. A draft fee collection agreement is included as an appendix in this Prospectus.

Ferries will depart from the Key West Ferry Terminal. As a requirement of the Draft Contract, the Concessioner must sign an agreement with the City of Key West for use of this embarkation site. As shown in the letter included as an appendix in this Prospectus, the City of Key West intends to enter into an agreement with the Concessioner

### CONTRACT TERM

The term of the Contract will be ten (10) years, with an effective date of June 1, 2021. If necessary, the Service may change the effective date prior to award; if that happens, the Service will modify the term to reflect an expiration date allowing for ten years of operations.

### REQUIRED AND AUTHORIZED SERVICES

The Contract includes the following required and authorized services (as defined by the Draft Contract).

#### Exhibit 3. Draft Contract DRTO001-21 Required & Authorized Services

Required Service	Location
Passenger Ferry	Between Key West and Garden Key
Interpretive Tours	Garden Key and Onboard Ferry
Equipment Rentals	Garden Key
Retail	Onboard Ferry
Potable Water	Garden Key
Authorized Service	Location
Alcoholic Beverages	Onboard Ferry (Return Trip Only)
Food and Beverage for Non-Ferry Passengers	Onboard Ferry while Docked at Garden Key
Guided Kayak Tours	Garden Key
Glass-Bottom Boat Tours	Garden Key
Interpretive Boat Tours	TBD



## OVERVIEW OF REQUIRED SERVICES

### Passenger Ferry

The ferry must depart the Key West Ferry Terminal every morning at 8:00 a.m. for the approximately two-and-a-half hour voyage to Garden Key. While at Garden Key, passengers may snorkel, swim, partake of a guided or self-guided tour, and have lunch on board the ferry. The ferry generally must depart from Garden Key at around 3:00 p.m. to ensure a return to Key West by 5:30 p.m.

Ferry passengers historically have accounted for almost 75% of all Park recreational visitation; passengers on seaplanes from Key West (operating under a separate concession contract) have accounted for approximately 15% of visitation; and visitors arriving on private vessels have accounted for around 10% of visitation. The majority of these passengers are day visitors; however, most campers use the ferry to access the Area and either pay the Concessioner to transport their own equipment or rent camping equipment from the Concessioner. Exhibit 4 presents the number of Dry Tortugas ferry passengers over the past five years. The Existing Concessioner's fiscal year runs from April 1 through March 31, so "2014-15" corresponds to 4/1/14 through 3/31/15, and so on.

**Exhibit 4. Dry Tortugas Ferry Passengers, 2014-15 through 2018-19**

	2014-15	2015-16	2016-17	2017-18	2018-19
Ferry Passengers	48,792	54,066	56,080	49,611	55,206
% Change		10.8%	3.7%	-11.5%	11.3%

*Source: National Park Service*

For safety and resource concerns, and to provide a high-quality visitor experience within the limited land areas of Fort Jefferson and Garden Key, the Service limits the number of ferry passengers to 175 per day (this limit excludes children under 4, crew members, Service employees and volunteers, and cooperating association employees). Overall, the Service limits the number of visitors to Garden Key to 330 per day.

Prior to 2015, the ferry limit was 150 passengers; the increase in the limit accounts for the large passenger growth in 2015-16. The large decline in passengers in 2017-18 was due to Hurricane Irma, which made landfall in the Florida Keys on September 10, 2017, and affected visitation through the remainder of the Existing Concessioner's fiscal year.

The Concessioner must provide food and beverage service on board as part of the passenger ferry service. The Operating Plan lists the minimum requirements for breakfast and lunch service, which are included in the price of the ferry ticket. The Concessioner also must offer snacks and non-alcoholic beverages for purchase. The Concessioner is authorized to provide food and non-alcoholic beverages for purchase to visitors other than passengers while docked at Garden Key and to provide alcoholic beverages for purchase on the return trip to Key West.

At Garden Key, the Concessioner must provide snorkeling equipment and provide instruction for passengers who wish to snorkel.





Source: National Park Service ©

### ***Interpretive Tours***

The Concessioner must provide at least one interpretive tour leader to present a 30-minute interpretive overview tour of Fort Jefferson within 30 minutes of docking at Garden Key. The Concessioner must also provide a minimum of one 60-minute tour of Fort Jefferson following the 30-minute introductory talk. Tour group size is limited to 25 people per tour. The Concessioner must have sufficient interpretive staff to meet demand for tours so that each tour group complies with the limits of no more than 25 visitors per group. In addition, the Concessioner must provide and maintain at least 50 audio tour players and headsets for the Service-produced self-guided audio tour of Fort Jefferson.

### ***Equipment Rental***

The Concessioner may rent camping equipment and kayaks to campers. As specified in the Operating Plan, the Concessioner must have an inventory of at least four tandem and two single, brightly colored sea/ocean kayaks (sit-on-top or sit-in) and associated equipment (paddles, PFDs, VHF radios, and signaling devices). The Concessioner must have at least four sets of camping equipment available, including tents, sleeping bags, pads, lanterns, folding chairs, and cooking equipment. The Concessioner may not store any kayaks or camping equipment at Garden Key. The Concessioner's ticketing reservation system must allow for equipment rental reservation.

### ***Retail***

The Concessioner must sell convenience items, including reef-safe sunscreen onboard the ferry, as well as Park-themed souvenirs and apparel (including hats and long-sleeve shirts for sun protection).

### ***Potable Water for Campers***

The Concessioner must sell potable water in bulk containers (5 gallons minimum) on Garden Key.



## Embarkation Site

The Operating Schedule listed in the Operating Plan (Exhibit A to the Draft Contract) identifies departure times throughout the year. The Concessioner must propose an Operating Schedule for approval after the award of the Draft Contract; however, the Service does not anticipate significant changes to the Operating Schedule included in the Operating Plan.

As of the effective date of the Contract, the Concessioner must operate embarkation facilities at the Key West Ferry Terminal. The City of Key West intends to grant a lease to operate a ferry service for the transportation of passengers to the Park to the party designated by the NPS to provide such service. The lease will require similar responsibilities as the lease currently granted for this purpose, and the fee for the lease payable to the City of Key West is projected to require minimum and/or percentage rent. Subject to all necessary approvals, the term of the lease will be coterminous with the period for which the ferry concession operator is authorized to provide ferry services to the Park by NPS.

The letter of intent from the City of Key West is included as an appendix to this Prospectus.

## Ferry Rates

Exhibit 5 shows the 2019 and 2020 rates for passenger ferry transportation. In addition to these rates, the Existing Concessioner collects and remits to NPS relevant entrance fees for passengers. The Service intends to enter into a separate fee collection agreement with the Concessioner for this function. Park entrance fees are not considered as part of Gross Receipts (as defined in the Draft Contract) and, therefore, are not subject to franchise fee. The Park may change its entrance fee during the Draft Contract term.

The Concessioner may charge for transporting camping equipment for visitors camping at Garden Key.

The Service has determined the initial ticket prices for the first year of the Draft Contract term (anticipated to begin on June 1, 2021) based on comparability and adjusted for inflation. The Concessioner must allow children under four years of age and younger to ride the ferry free; those children are not included in the daily 175-passenger limit.

**Exhibit 5. 2019 Ticket Prices and Starting Ticket Prices under Draft Contract (June 2021)**

Passenger Category	2019	Year 1 Draft Contract 2021
<b>Adults</b>	\$165	\$175
<b>Seniors 62+/Students/Military</b>	\$155	\$165
<b>Children (4-16)</b>	\$125	\$135

*Source: National Park Service*

*Note: These prices exclude the Park entrance fee and additional fees for camping equipment.*

Ferry ticket price changes during the Draft Contract term are subject to comparability review as described in the Operating Plan.



### ***Employee Transportation***

Under the Draft Contract, the Concessioner must provide ferry transportation for its own employees, Service employees, Service volunteers, cooperating association employees, and Service contractors. If the NPS provides an interpretive ranger performing in their official capacity, the Concessioner must provide complimentary transportation. For this reason, the minimum passenger capacity of proposed ferry vessels is 190 seated passengers. The Concessioner may transport 175 visitors 5 years of age and older per day and the remaining capacity is reserved for employees, volunteers, contractors, and children 4 year of age and younger. Please refer to the Operating Plan, Section 4(B)(3), for additional details about ferry transportation for employees, Park partners, and contractors conducting official business for the Park.

### ***Passenger Accessibility***

The Concessioner's ferry vessel must meet the access requirements found in the Operating Plan, Section 5(G), as of the effective date of the Draft Contract. The Operating Plan includes specific requirements for restrooms, drinking water, interpretive and informational features and services, emergency plan and safety announcements, food and beverage service, access between passenger decks, and tie-downs for wheelchairs.

Within 45 days after award of the Draft Contract, as specified in the Operating Plan, Section 5(G), the Concessioner must develop and submit to the Service for review an Accessibility Plan specific to the needs of guests with disabilities, including mobility, sight, hearing, and cognition.

The U.S. Access Board is developing guidelines for access to ferries and other passenger vessels. Once finalized, the requirements of the Passenger Vessel Accessibility Guidelines (PVAG) will become minimum requirements for the services, facilities, and amenities required in the Draft Contract. The Concessioner should refer to the [proposed PVAG guidelines](#) when determining accessibility for the vessel used to provide the required services under the Draft Contract.

## **OVERVIEW OF AUTHORIZED SERVICES**

The Draft Contract authorizes, but does not require, the Concessioner to provide the following services as approved by the Service.

### ***Food and Beverage***

The Concessioner may offer alcoholic beverages for sale, but only on the return trip from Garden Key to Key West. The Concessioner may offer food and beverage items for sale to non-ferry passengers (overnight campers and other visitors) while the vessel is docked at Garden Key.

### ***Guided Kayak Tours and Glass-Bottom Boat Tours***

The Concessioner may provide guided kayak tours or glass-bottom boat tours (or both) to visitors at Garden Key.

### ***Interpretive Boat Tours***

The Concessioner may provide additional interpretive boat tours in the Park, as long as those tours do not conflict with the normal ferry schedule. The Concessioner must submit a written request to



the Park to operate these additional interpretive boat tours and receive Service written approval before the interpretive boat tours may commence.

## OTHER OPERATING REQUIREMENTS

*Ticket Sales.* The Concessioner must use a user-friendly web-based system for booking and managing ticket sales. The system must provide internet and telephone-based ticket sales and information relating to the services provided by the Concessioner.

Through the ticketing system, the Concessioner must manage the number of campers scheduled to arrive and depart Garden Key via the ferry each day, and require the campers to choose their ferry return date. The ticketing system also must allow passengers to reserve kayaks and camping equipment.

The Concessioner must provide staffed ticketing operations onsite at or near the Key West Ferry Terminal serving walk-up sales and will call.

## DEMAND, REVENUE, AND EXPENSE PROJECTIONS

The Service projects the following ridership and revenue based in part on the 175-passenger daily capacity limit described above.

**Exhibit 6. Projected Demand and Revenue, Year 1 (2021-22)**

	Projected Range
Annual Passenger Ferry Ridership	52,000 - 58,000
Average Transportation Revenue per Ferry Passenger	\$165.00 - \$175.00
Average Additional Food & Beverage Revenue per Ferry Passenger	\$4.00 - \$5.00
Average Retail Revenue per Ferry Passenger	\$1.00 - \$2.00
Estimated Number of Kayak Rentals	1,400 - 1,800
Average Revenue per Kayak Rental	\$25.00 - \$35.00
Estimated Number of Camping Equipment Rentals	200 - 350
Average Revenue per Camping Equipment Rental	\$65.00 - \$85.00
<b>Total Projected Revenue</b>	<b>\$9,000,000 - \$11,000,000</b>

Source: National Park Service

This revenue projection does not include Park entrance fees collected by the Concessioner and remitted to the Service.

## Service Contract Act and Federal Contractor Minimum Wage

The Service Contract Act of 1965 ("SCA"), as amended (41 U.S.C. 6701 et. seq.), will apply to the Draft Contract upon award. Exhibit B (Nondiscrimination) of the Draft Contract outlines the applicable requirements of the SCA.

The Draft Contract is also subject to the minimum wage for Florida, and the minimum wage for federal contractors established by Executive Order 13658 and 29 C.F.R. Part 10. In estimating the



minimum wage requirements of the Draft Contract and the impact on the minimum franchise fee, the Service estimated the Consumer Price Index for All Urban and Clerical Workers, U.S. City Average ("CPI-W") would increase annually by 4.0% over the term of the Draft Contract. As stated in 29 C.F.R. Part 10, the United States Department of Labor will evaluate the actual minimum wage for federal contractors during the term of the Draft Contract each year based on the annual change in the CPI-W.

## **CONCESSION FACILITIES AND LEASED SPACE**

### ***Service-Assigned Facilities***

Under the Draft Contract, the Service assigns a portion of the ferry docking infrastructure at Garden Key to the Concessioner for required and authorized services.

Offerors should refer to Exhibit C of the Draft Contract for additional information regarding these Concession Facilities. The Draft Contract, Exhibit E (Maintenance Plan) describes the Concessioner's specific repair and maintenance responsibilities for the assigned Concession Facilities.

### ***Berthing and Office Space***

The Concessioner must secure an overnight berthing location for its vessel, either at the Key West Ferry Terminal or elsewhere, and must perform all non-emergency vessel maintenance outside the Park.

The Service assumes that the Concessioner will lease all other necessary spaces for operations and has included such expenses in its financial projections.



## INVESTMENT ANALYSIS

The Service estimates the Concessioner's total initial investment is approximately \$12.9 million in 2020 dollars. This figure includes initial investments for the ferry vessel, other personal property and inventory, start-up costs, and working capital. Exhibit 7 summarizes the estimated initial investment at the start of the Draft Contract.

### Exhibit 7. Estimated Initial Investment

Item	Estimated Amount (2020 Dollars)
Ferry Vessel, including Lease Costs for Temporary Vessel	\$12,000,000
Other Personal Property and Inventory	\$180,000
Start-Up Costs & Working Capital	\$700,000
<b>TOTAL</b>	<b>\$12,880,000</b>

Source: National Park Service

### FERRY VESSEL

The Concessioner must provide and use a ferry vessel designed to seat a minimum of 190 passengers. The vessel must conform to the minimum requirements described in detail in the Draft Contract Section 8(E)(2) and (3) and in Operating Plan Section 5(B) Minimum Vessel Requirements. The Minimum Vessel Requirements require, among other things, the Concessioner to use EPA-certified Tier 3 propulsion and auxiliary engines within two years (730 days) following the effective date of the Draft Contract. The vessel may not exceed 140 feet in length and must be capable of docking at the embarkation site and at the assigned dock space at Garden Key. The vessel must meet the accessibility standards discussed above, have a ride control system, and feature high quality passenger spaces and audio/video systems. The ferry vessel must have at least 1,000 cubic feet of space for storage of camping gear and kayaks.

### OTHER PERSONAL PROPERTY

The Concessioner must provide all other personal property necessary to conduct operations, such as furniture and equipment used for administration and support services. The Concessioner must also invest in initial convenience item and other merchandise inventories. The Service has estimated the total value of such personal property and inventory to be \$180,000 in 2020 dollars.

### START-UP COSTS 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 ramp up operations including hiring and training staff, systems implementation, legal support services, and marketing and advertising. In addition to any necessary investment in start-up activities, the Concessioner will need to invest a certain amount of cash in the operation as working capital to cover that portion of the operation's expenses the Concessioner will likely incur in advance of receiving offsetting revenues and cash flow.

## LEASEHOLD SURRENDER INTEREST

There is no Leasehold Surrender Interest in the Existing Contract.

## DEFERRED MAINTENANCE OF CONCESSION FACILITIES

The Service anticipates no Deferred Maintenance at the beginning of the Draft Contract term.

## ASSIGNED GOVERNMENT PERSONAL PROPERTY

The Service will not assign any government-owned personal property to the Concessioner, as shown in Exhibit D (Assigned Government Personal Property) to the Draft Contract.

## FRANCHISE FEE

Offerors must agree to pay the minimum franchise fee specified in Principal Selection Factor 5 of the Proposal Package (Part III of this Prospectus). The minimum franchise fee is **nineteen percent (19.0%)** of the Concessioner's annual gross receipts (as defined in Section 2 of the Draft Contract). Offerors may propose a higher minimum franchise fee for the possibility of additional points as described more fully in the Proposal Package.

## INSURANCE REQUIREMENTS

The Service has included minimum insurance requirements for Concession Facilities and vessel operations in Exhibit F of the Draft Contract and has considered the cost of that insurance in its financial analysis.

## REPAIR AND MAINTENANCE OF CONCESSION FACILITIES

The Draft Contract requires the Concessioner to maintain the Concession Facilities (as defined in Section 2 of the Draft Contract) to the satisfaction of the Director. The Maintenance Plan (Exhibit E to the Draft Contract) has specific requirements about planning and executing the Concessioner's responsibilities. The Draft Contract has no Component Renewal Reserve.



## INFORMATION ABOUT HISTORIC VISITATION AND EXISTING CONCESSION CONTRACT OPERATIONS

### VISITATION

Visitation to Dry Tortugas National Park was 70,862 in 2015, 73,661 in 2016, 54,281 in 2017, and 64,946 in 2018. The impact of Hurricane Irma is reflected in the 2017 visitation figure. Historic numbers of Concession ferry passengers appear in Exhibit 4.

Visitation to the Park is somewhat seasonal, with over 6,000 visitors per month on average between March and July, and between 4,000 and 6,000 visitors per month between August and February.

### FLORIDA AND KEY WEST TOURISM TRENDS

Data from VISIT FLORIDA shows the total number of visitors to the state increased from 82.3 million in 2010 to 116.5 million in 2017, a 37% increase over the period, or an average annual growth rate of 5.1%. The number of overseas visitors increased by 34% over the same period (from 8.0 million to 10.7 million).

In 2017, the top ten countries of origin for international visitors to Florida were Canada, the United Kingdom, Brazil, Argentina, Colombia, Germany, Mexico, France, Venezuela, and China.

Approximately 35% to 40% of visitors to the Florida Keys fly into Miami-area airports and rent a car, according to the Monroe County Tourist Development Council. Domestic arrivals to Miami International Airport increased by 20.2% between 2010 and 2017, or an average of 2.7% per year. International arrivals increased by 28.5% over the same period, or 3.6% per year.



Source: National Park Service ©

## HISTORICAL REVENUES

Exhibit 8 presents historical departmental revenues reported by the Existing Concessioner from 2016-17 through 2018-19, including the franchise fees paid in each year. The Existing Concessioner's fiscal year runs from April 1 through March 31, so "2016-17" corresponds to 4/1/16 to 3/31/17, and so on. The data for 2017-18 reflects the impacts of Hurricane Irma.

**Exhibit 8. Historical Gross Receipts by Category, 2016-17 through 2018-19**

Department	2016-17	2017-18	2018-19
Ferry Transportation	\$8,685,309	\$7,502,928	\$8,594,435
Onboard F&B and Retail	\$366,406	\$345,375	\$363,193
<b>Total Gross Receipts</b>	<b>\$9,051,715</b>	<b>\$7,848,303</b>	<b>\$8,957,628</b>
Franchise Fee	\$1,147,613	\$991,449	\$1,105,783

Source: National Park Service

These historical figures, as well as the first-year revenue projection of \$9 million to \$11 million presented previously in this Business Opportunity, do not include Park entrance fees collected by the Concessioner and remitted to the Service. As described above, the reduced revenue in 2017-18 resulted from the impacts of Hurricane Irma.

## LINKS TO ADDITIONAL INFORMATION

Superintendent's Compendium for Dry Tortugas National Park:

<https://www.nps.gov/drto/learn/management/superintendent-s-compendium.htm>

National Park Service Management Policies 2006: [https://www.nps.gov/policy/MP\\_2006.pdf](https://www.nps.gov/policy/MP_2006.pdf)

Concessions Management Improvement Act of 1998 (54 USC 101911 through 101926) (1998 Act):

<http://www.gpo.gov/fdsys/pkg/PLAW-105publ391/pdf/PLAW-105publ391.pdf>

36 CFR Part 51 – Concession Contracts: <http://www.ecfr.gov/cgi-bin/text-idx?SID=d03628d94ca3851e02f00f86e5142962&mc=true&node=pt36.1.51&rgn=div5>

Concession Management Rate Administration Guide:

[https://concessions.nps.gov/docs/concessioner%20tools/2017\\_Rate\\_Administration\\_Guide.pdf](https://concessions.nps.gov/docs/concessioner%20tools/2017_Rate_Administration_Guide.pdf)

Commercial Services Guide:

<https://www.nps.gov/subjects/concessions/upload/CS-Guide-Final-Ver-3-FINAL-10-02-18.pdf>

Authorized Concessioner Mark Information and Guidelines for Concessioners:

[https://concessions.nps.gov/docs/concessioner%20tools/Authorized\\_Mark\\_Guidelines.pdf](https://concessions.nps.gov/docs/concessioner%20tools/Authorized_Mark_Guidelines.pdf)

Dry Tortugas Record of Decision, Final General Management Plan:

<https://www.nps.gov/drto/learn/management/upload/drtogmprod.pdf>

