BUSINESS OPPORTUNITY

CC-GRSM006-22

Department of the Interior

National Park Service
Great Smoky Mountains National Park

A Concession Business Opportunity to Provide
Guided Horseback Rides, Vending,
Limited Souvenirs, and Souvenir Photographs
at Sugarlands Riding Stables
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INTRODUCTION

Site Visit
The Service will host a one-day site visit on the date specified in the Prospectus’ inside front cover. 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 William Gordon, Jr., Concessions Management Specialist, at William_gordon@nps.gov, no later than 4:00 p.m. Eastern time on June 3, 2022, to receive further instructions regarding the site visit. The Service will provide more information and additional directions by return email message to the entity’s identified primary contact.

Notification of Intent to Propose
If you plan to submit a proposal in response to this solicitation, you must notify William Gordon via email (William_gordon@nps.gov) no later than 4:00 p.m. Eastern time on July 25, 2022. The Service will not accept proposals from entities that do not provide notice on or before July 25, 2022.

Information Regarding this Solicitation
In this document, the National Park Service (Service) refers to Great Smoky Mountains 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’s 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 Draft Concession Contract No. CC-GRSM006-22 (Draft Contract) terms, including its exhibits, to decide the full scope of a future concessioner’s duties. The Draft Contract with all exhibits appears in Part IV of this Prospectus. If the Business Opportunity and the Draft Contract terms conflict, 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), as 36 C.F.R. Part 51 regulations implement. If the Prospectus and 36 C.F.R. Part 51 terms conflict, 36 C.F.R. Part 51 will control. “Concessioner” refers to the entity that will be the concessioner under the Draft Contract.

Projected Contract Term:
December 1, 2022, to November 30, 2032 (10 years)

Required Services:
Guided Horseback Rides, Vending Machine Sale of Soft Drinks and Bottled Water, Limited Souvenirs, and Souvenir Photographs

2023 Projected Gross Receipts:
$1,320,000 to $1,430,400

Estimated Initial Investment:
$414,000

Minimum Franchise Fee:
9% of gross receipts

Note: Concessioner must adhere to NPS adaptive recovery plans regarding mitigation of COVID-19. This may include, but may not be limited to requiring visitors to wear masks and/or social distancing.
“Existing Concessioner” refers to Smoky Mountain Stables, Inc., the concessioner under Concession Contract TC-GRSM006-21 (Existing Contract). The Existing Contract started June 1, 2021, and expires on November 30, 2022. The Service will provide a copy of the Existing Contract on request.

Proposals

The Proposal Instructions contain the instructions for completing proposals. Offerors must read and follow those instructions carefully.

Offerors must complete the Proposal Package entirely. 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. Offerors are encouraged to carefully read the selection factors and provide responses accordingly.

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. Private parties constructed and operated many iconic lodges and other structures found in America’s national parks, and that relationship continues today.

We use the term “Commercial Visitor Services” when generally describing services, benefits, and goods a third party provides to visitors in a National Park System area for a fee. Commercial Visitor Services includes lodging, food and beverage, retail, marina operations, guided recreation, equipment rental, 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 the United States owns.

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 in a park. As with the private sector, concessioners must develop and follow environmental management programs, risk management programs, and similar programs to ensure operations follow applicable laws. National Park Service employees review the concession operations’ quality and compliance with contract requirements including facility maintenance.

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 private sector industries’ best management practices. 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 guided horseback rides, vending, limited souvenirs, and souvenir photographs at Sugarlands Riding Stables.
The National Park Service

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 wildlife 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)

The Service has as its overall mission, the preservation and public enjoyment of significant aspects of the nation’s natural and cultural heritage. To learn more about the National Park Service, visit www.nps.gov. This site includes information about the Service’s mission, policies, and individual park units.

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., world renowned for its diverse 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 U.S. population. With over nine million visitors annually, Great Smoky Mountains National Park is the most visited national park.

The Park is intended “for the benefit and enjoyment of the people.” Congress stated this purpose in the Act of May 22, 1926, which provided for the establishment of the park. The Act further defined the purpose by reference to the National Park Service Organic Act of August 25, 1916, which stated that the national parks’ fundamental purpose 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. Additionally, 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 growing rates. A 2012 study indicated that visitors to the park
Spend over $741 million in the gateway communities surrounding the Park, topping the 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. 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 to manage 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 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.
Sugarlands Horseback Riding Stables

Sugarlands Riding Stables is a horseback riding stable operating in the Two-Mile Branch area of Great Smoky Mountains National Park less than two miles from Gatlinburg, Tennessee. The business provides guided horseback rides from one to four hours in duration and vending machine sales of soft drinks. The Existing Concessioner is also authorized to provide limited souvenir sales but has opted not to provide this service to date. The business typically operates from the middle of March through late November each year. Horses are stabled in the park while the business is open and are moved out of the park at the end of each season. This operation has been authorized under a temporary Concession Contract since June 1, 2021. The Two-Mile Branch area is just off Newfound Gap Road approximately 1.5 miles from Gatlinburg, Tennessee. Park Headquarters and the Sugarlands Visitor Center are less than 0.5 mile north of the stables. The Gatlinburg entrance to the park is the most heavily used Park entrance. Gatlinburg and Pigeon Forge are popular tourist destinations with numerous overnight lodging and tourist facilities. Sugarlands Visitor Center provides information and an orientation to the park for visitors. Three other concession operated horseback riding stables are authorized in the park’s other areas.
Sugarlands Stable, Corral, and Concession area, Source: National Park Service
CONCESSION OPPORTUNITY

This Concession Opportunity includes guided horseback rides, vending, limited souvenirs, and souvenir photographs at Sugarlands Riding Stables.

Concession Overview

The existing concession operation at Sugarlands Riding Stables offers guided horseback rides one hour in length on a six-mile trail which loops back to the concession’s facility. Horseback trips proceed at a walking pace and have a maximum of nine riders per group.

Trails used for horseback rides pass through a scenic, forested area of the park on two trails assigned for use by the Concessioner. The Concessioner is responsible for maintaining the trails assigned.

The Concessioner has the capacity to house up to 48 horses at a time in the operation. The business typically operates from mid-March through late November each year. The Existing Concessioner keeps horses in the Park year-round in one of the pastures assigned under the current Contract, but the Concessioner will be required to remove horses from the Area under the New Contract.

The Existing Concessioner also provides vending machine sales of soft drinks, fruit drinks, and bottled water and sells souvenir hats, tee shirts, patches and post cards in its merchandise operation.

Exhibit 2. Sugarlands Riding Stables Existing Facilities

<table>
<thead>
<tr>
<th>Sugarlands Office – Exterior</th>
<th>Sugarlands Office – Exterior</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sugarlands Restrooms - Exterior</td>
<td>Sugarlands Barn - Exterior</td>
</tr>
</tbody>
</table>
Facilities the Existing Concessioner uses include public restrooms, paved parking lot, assigned trails, fencing, loading and unloading platforms, office and ticket building, barn, equipment storage building, and covered tie stalls. The Existing Concessioner constructed the barn, hay shed, office and ticket building and manure pad in 2009 as part of a Concession Facility Improvement Program. These assets are listed as real property assigned to the Existing Concessioner and owned by the National Park Service.

**Required and Authorized Services**

**EXISTING CONTRACT**

Exhibit 3 summarizes the Required and Authorized services under the Existing Contract.

<table>
<thead>
<tr>
<th>Required Services</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Guided Horseback Rides</td>
<td>Guided trail rides up to one (1) hour in length</td>
</tr>
<tr>
<td>Vending Machine Sale of Soft Drinks and Bottled Water</td>
<td>Limited to no more than two (2) machines.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Authorized Services</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Limited Souvenirs</td>
<td>Sale of souvenir hats, tee shirts, patches, and post cards; other items with the Superintendent’s approval.</td>
</tr>
<tr>
<td>Souvenir Photographs</td>
<td>Sale of souvenir photographs per a plan approved by the Superintendent.</td>
</tr>
</tbody>
</table>

**Source: National Park Service**

**DRAFT CONTRACT**

Exhibit 5 summarizes the Required and Authorized concession services under the Draft Contract. The Concessioner must provide the Required Services and may, at its option, provide the Authorized Services. The Concessioner will submit a plan to the Superintendent detailing how, when, and where Authorized services will be provided. The Superintendent must approve all Authorized Services and any merchandise the Concessioner will sell.

<table>
<thead>
<tr>
<th>Required Services</th>
<th>Location</th>
</tr>
</thead>
<tbody>
<tr>
<td>Guided Horseback Rides</td>
<td>Suglarlands Riding Stables</td>
</tr>
<tr>
<td>Vending</td>
<td>Suglarlands Riding Stables</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Authorized Services</th>
<th>Location</th>
</tr>
</thead>
<tbody>
<tr>
<td>Limited Souvenirs</td>
<td>Suglarlands Riding Stables</td>
</tr>
<tr>
<td>Souvenir Photographs</td>
<td>Suglarlands Riding Stables</td>
</tr>
</tbody>
</table>

**Source: National Park Service**

**Guided Horseback Rides**

The Draft Contract requires the Concessioner to provide at a minimum a guided horseback ride lasting up to one hour. The Concessioner may, with the Service’s approval, offer other guided rides lasting between one-half hour to 4 hours.

**Vending**

The Draft Contract requires the Concessioner to provide vending, that includes soft drinks, fruit drinks, and bottled water.

**Limited Souvenirs**
The Draft Contract authorizes, but does not require, the Concessioner to sell limited souvenir items that may include hats, tee shirts, post cards, and patches. Other souvenir items must be submitted to the Superintendent for approval. Souvenirs items must be consistent with the park’s theme and must be approved by the Superintendent before resale.

Souvenir Photographs

The Draft Contract authorizes, but does not require, the Concessioner to sell souvenir photographs. Souvenir photographs may be taken for the purpose of sale to visitors only at the visitor’s explicit request.

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 developing these projections, the Service provides information regarding historical utilization, operating data, and financial projections, based on an assumed Draft Contract start date of December 1, 2022. Please note that the Service’s financial and operational projections are only estimates based on Service assumptions that were developed taking into account 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 are responsible for producing their own financial analyses and future financial projections and may 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 5 presents concession total annual revenue from 2017 to 2021 by department.

<table>
<thead>
<tr>
<th>Department</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Guided Horseback Rides</td>
<td>$1,130,645</td>
<td>$1,200,662</td>
<td>$1,307,340</td>
<td>$1,488,221</td>
<td>Unavailable</td>
</tr>
<tr>
<td>Vending</td>
<td>$449</td>
<td>$592</td>
<td>$1,051</td>
<td>$628</td>
<td>Unavailable</td>
</tr>
<tr>
<td>Souvenirs</td>
<td>$209,945</td>
<td>$192,806</td>
<td>$210,324</td>
<td>$195,876</td>
<td>Unavailable</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>$4,112</td>
<td>$6,212</td>
<td>$5,227</td>
<td>$7960</td>
<td>Unavailable</td>
</tr>
<tr>
<td>Total</td>
<td>$1,345,151</td>
<td>$1,400,272</td>
<td>$1,523,942</td>
<td>$1,496,193</td>
<td>$1,709,947.82</td>
</tr>
</tbody>
</table>

*Department totals for this year are unavailable currently.

Exhibit 6 presents the annual franchise fees paid from 2017 to 2021.

<table>
<thead>
<tr>
<th>Year</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>$37,615</td>
<td>$39,040</td>
<td>$30,104</td>
<td>$41,670</td>
<td>$47,978.53</td>
</tr>
</tbody>
</table>

Source: National Park Service

Future Revenue Projections

Exhibit 13 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 Draft Contract term. The Service based this projection on a
review of this operation’s historic revenue growth rates and the Park’s other riding stable operations.

<table>
<thead>
<tr>
<th>Department</th>
<th>2023</th>
<th>2024</th>
<th>2025</th>
</tr>
</thead>
<tbody>
<tr>
<td>Guided Horseback Rides</td>
<td>$1.1 to $1.2 million</td>
<td>$1.25 to $1.35 million</td>
<td>$1.3 to $1.4 million</td>
</tr>
<tr>
<td>Vending</td>
<td>$5,000 to $5,400</td>
<td>$5,250 to $5,500</td>
<td>$5,300 to $5,600</td>
</tr>
<tr>
<td>Souvenirs</td>
<td>$215,000 to $225,000</td>
<td>$220,000 to $230,000</td>
<td>$225,000 to $230,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$1,320,000 to $1,430,400</td>
<td>$1,475,250 to $1,585,500</td>
<td>$1,530,300 to $1,635,600</td>
</tr>
</tbody>
</table>

Source: National Park Service

1 The Service does not guarantee these estimates and are not bound by them. 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 Park provides water and sewer service to the Concession Facilities at Sugarlands. The Service provides these utilities to the Concessioner on a reimbursable basis and bills the Concessioner quarterly per the Service Policy as Director’s Order #35B specifies. Sevier County Electric System provides electricity and the Concessioner pays the provider directly for this service. Total utility expense is projected to average 3% to 4% of concession gross revenue.

**Concession Facilities**

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

The Existing Concessioner constructed the barn, hay shed, office and ticket building and manure pad in 2009 as part of a Concession Facility Improvement Program and these assets are listed as real property assigned to the Existing Concessioner and owned by the National Park Service.

**Estimated Initial Investment**

Exhibit 8 summarizes the estimated initial investment the Concessioner will make. The Service estimates that this initial investment will be approximately $414,000 in 2023 dollars. This estimate includes the purchase of personal property, inventory and working capital, and start-up costs (staff hiring, training, etc.).

<table>
<thead>
<tr>
<th>Item</th>
<th>Estimated Amount (2023 Dollars)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personal Property</td>
<td>$100,000</td>
</tr>
<tr>
<td>Start-up Costs</td>
<td>$143,887</td>
</tr>
<tr>
<td>Inventory and Working Capital</td>
<td>$169,807</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>$413,694</strong></td>
</tr>
</tbody>
</table>

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 $100,000 in 2023 dollars, which represents horses and equipment required for guided horseback rides.

Start-up Costs, Inventory, and Working Capital
When the Draft Contract begins, the Concessioner will need to make a one-time investment in a range of activities to ramp up 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 $143,887 or roughly 12% of first-year administrative and general 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 funds into the operation to cover that portion of the operation’s expenses that the Concessioner will likely incur before revenue offsets, including the purchase of initial inventory. The Service assumes the Concessioner will invest another 7% of first-year gross revenue or $104,890 in working capital and a five-year average of historical inventory or $64,917 for a total of $169,807.

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 unaware of any existing DM that the Concessioner will be required to cure under the Draft Contract.

Leasehold Surrender Interest
Per 36 C.F.R. § 51.51, Leasehold Surrender Interest (LSI) means the following:

“A right to payment in accordance with 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 contracts authorizing LSI, the Concessioner will be entitled to compensation for its LSI upon contract termination or expiration. Per 36 C.F.R. § 51.51, in general, the LSI’s value 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 Plan, and the Concessioner may earn no LSI.

Trail Maintenance Expenses
The Draft Contract’s Maintenance Plan (Exhibit E) describes requirements for the Concessioner to maintain trails. To meet these requirements, the Service anticipates that the Concessioner will use mechanized equipment that the Concessioner will purchase or rent. The Service must approve any
mechanized equipment the Concessioner will use on trails. Examples of the types of equipment considered suitable for this use are included in the Maintenance Plan.

In addition, the Maintenance Plan specifies a minimum amount of tread hardening material that the Concessioner will have to apply annually to the trails. The personal property estimate provided above includes an amount for the purchase of specialized equipment to deliver tread hardening material to apply on the trails such as an all-terrain utility vehicle and dump trailer. The Service also anticipates that the Concessioner will rent or purchase other equipment to maintain trails such as a small-medium size mini-excavator or skid steer.

**Franchise Fees**

The minimum franchise fee will be equal to nine percent (9.0%) of the Concessioner’s annual gross receipts for the preceding year. However, Offerors may propose a higher minimum franchise fee, as the Proposal Package describes.

**Contract Term**

The Draft Contract will be for a ten-year term with an estimated start date of December 1, 2022. The Draft Contract’s effective date may change before contract award if the Service decides it is necessary. If this occurs, the Service will update the Draft Contract expiration date to provide a ten-year term contract.
PARK VISITATION INFORMATION

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, which is the highest visitation of any of the national parks. 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 (see Exhibit 9). The lowest visitation during this period was approximately 9.0 million in 2011 and the average was approximately 11.3 million visits per year.

Exhibit 9. Annual Visitation to Great Smoky Mountains National Park, 2011-2021

Source: National Park Service Public Use Statistics Office
### Monthly Visitation Trends

**Exhibit 10, Great Smoky Mountains National Park, Recreation Visits by Month (2011-2021)**

<table>
<thead>
<tr>
<th>Year</th>
<th>JAN</th>
<th>FEB</th>
<th>MAR</th>
<th>APR</th>
<th>MAY</th>
<th>JUN</th>
<th>JUL</th>
<th>AUG</th>
<th>SEP</th>
<th>OCT</th>
<th>NOV</th>
<th>DEC</th>
</tr>
</thead>
<tbody>
<tr>
<td>2021</td>
<td>525,801</td>
<td>502,459</td>
<td>931,060</td>
<td>1,169,469</td>
<td>1,363,183</td>
<td>1,539,247</td>
<td>1,730,987</td>
<td>1,398,161</td>
<td>1,355,599</td>
<td>1,633,547</td>
<td>1,155,227</td>
<td>856,721</td>
</tr>
<tr>
<td>2020</td>
<td>438,509</td>
<td>426,839</td>
<td>487,535</td>
<td>99,371</td>
<td>828,792</td>
<td>1,535,660</td>
<td>1,726,187</td>
<td>1,544,254</td>
<td>1,400,171</td>
<td>1,739,720</td>
<td>1,091,098</td>
<td>777,026</td>
</tr>
<tr>
<td>2019</td>
<td>496,734</td>
<td>421,770</td>
<td>786,305</td>
<td>999,259</td>
<td>828,792</td>
<td>1,535,660</td>
<td>1,726,187</td>
<td>1,544,254</td>
<td>1,400,171</td>
<td>1,739,720</td>
<td>1,091,098</td>
<td>777,026</td>
</tr>
<tr>
<td>2018</td>
<td>320,864</td>
<td>399,156</td>
<td>689,235</td>
<td>985,145</td>
<td>1,401,741</td>
<td>1,468,273</td>
<td>1,195,360</td>
<td>1,411,231</td>
<td>1,273,326</td>
<td>1,408,013</td>
<td>817,238</td>
<td>564,720</td>
</tr>
<tr>
<td>2017</td>
<td>382,161</td>
<td>457,921</td>
<td>690,615</td>
<td>907,646</td>
<td>1,304,711</td>
<td>1,492,508</td>
<td>1,235,188</td>
<td>1,336,369</td>
<td>1,282,168</td>
<td>1,465,954</td>
<td>810,098</td>
<td>468,721</td>
</tr>
<tr>
<td>2016</td>
<td>379,730</td>
<td>353,522</td>
<td>778,211</td>
<td>859,420</td>
<td>1,464,856</td>
<td>1,346,218</td>
<td>1,165,946</td>
<td>1,165,946</td>
<td>1,096,098</td>
<td>1,466,546</td>
<td>810,098</td>
<td>468,721</td>
</tr>
<tr>
<td>2015</td>
<td>373,315</td>
<td>244,214</td>
<td>598,835</td>
<td>794,866</td>
<td>1,017,955</td>
<td>1,441,603</td>
<td>1,208,822</td>
<td>1,096,723</td>
<td>1,353,454</td>
<td>707,576</td>
<td>561,720</td>
<td></td>
</tr>
<tr>
<td>2014</td>
<td>275,353</td>
<td>296,451</td>
<td>509,454</td>
<td>724,987</td>
<td>900,900</td>
<td>1,305,063</td>
<td>1,445,328</td>
<td>1,213,262</td>
<td>978,105</td>
<td>1,303,450</td>
<td>636,596</td>
<td>510,720</td>
</tr>
<tr>
<td>2013</td>
<td>265,633</td>
<td>252,437</td>
<td>465,594</td>
<td>636,677</td>
<td>885,900</td>
<td>1,321,821</td>
<td>1,399,567</td>
<td>1,040,021</td>
<td>1,060,237</td>
<td>847,616</td>
<td>688,430</td>
<td>490,720</td>
</tr>
<tr>
<td>2012</td>
<td>269,282</td>
<td>353,390</td>
<td>611,326</td>
<td>745,545</td>
<td>799,760</td>
<td>1,202,056</td>
<td>1,392,067</td>
<td>1,081,025</td>
<td>982,942</td>
<td>1,144,273</td>
<td>623,636</td>
<td>480,720</td>
</tr>
<tr>
<td>2011</td>
<td>214,609</td>
<td>315,206</td>
<td>502,501</td>
<td>690,037</td>
<td>727,237</td>
<td>1,121,001</td>
<td>1,342,491</td>
<td>1,002,603</td>
<td>882,269</td>
<td>1,133,530</td>
<td>605,743</td>
<td>471,720</td>
</tr>
</tbody>
</table>

Source: National Park Service Public Use Statistics Office

Park Visitation is seasonal with peaks in the summer and fall. Typically, visitation peaks in July and October. Cumulatively, these two months represented 24 percent of total 2021 visitation. Exhibit 10 illustrates the total monthly Park visitation between 2011 and 2021.

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.

**Visitor Origin**

Almost all (99 percent) of the visitors frequenting the region are from the U.S. Based on the Park’s location, most visitors are from nearby states, in particular 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 also 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 11 depicts four and eight-hour driving radii from the Park.
Exhibit 11. Four and Eight-Hour Driving Radii from the Park

Source: Microsoft MapPoint

Gateway Cities

Several gateway cities, including Gatlinburg, Pigeon Forge, Townsend, and Sevierville in Tennessee and Cherokee and Bryson City in North Carolina, surround the Park. 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 is vital to their livelihood, particularly on the Tennessee side, because the nightly visitor base is approximately 10 times larger than the actual population. Exhibit 12 and Exhibit 13 show the gateway cities in Tennessee and North Carolina.

Exhibit 12. Tennessee Gateway Cities

Source: Microsoft MapPoint
Exhibit 13. North Carolina Gateway Cities

![North Carolina Gateway Cities Map](image)

Source: Microsoft MapPoint

Visitation by Entry Point

Historically, more visitors enter the Park via the Tennessee entry points than the North Carolina entry points and approximately one-half of visitors use the Gatlinburg or Cherokee entrances on Newfound Gap Road. In 2012, 34 percent of visitors to the Park entered from Gatlinburg and 21 percent from Cherokee. That same year, approximately 14% of visitors entered from Townsend, the entrance nearest to Cades Cove (see Exhibit 14). The remaining 31% of visitors used one of the outlying entrances to the Park.

Exhibit 14. Annual Park Visitation Levels by Entry Point

![Annual Park Visitation Levels](image)

Source: National Park Service
Visitation seasonality is very similar between the Tennessee and North Carolina entry points with July and October the peak months of the year (see Exhibit 15).

**Exhibit 15. Monthly Park Visitation by Entry Point**

**Average Monthly Visitation by Entry Point (2016-2021)**

![Bar chart showing monthly park visitation by entry point, with 5-year averages for NC and TN.](chart)

**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, numerous shopping options, the Gatlinburg Convention Center, LeConte Event Center, The Island at Pigeon Forge, Rocky Top Sports World, and local shops and museums.

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, which offers 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 Margaretville and Paula Dean’s 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 its 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 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 the adventures 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 is the nearest gateway community to Cades Cove and offers a variety of overnight lodging, restaurants, craft shops, and visitor attractions.

Exhibit 16. Gatlinburg, Tennessee
Exhibit 17 lists county tax revenues and tourism metrics for 2020 Blount and Sevier Counties.

**Exhibit 17. 2018 County Tax Revenues and Tourism Metrics – Blount and Sevier County, TN**

<table>
<thead>
<tr>
<th></th>
<th>Blount County</th>
<th>Sevier County</th>
</tr>
</thead>
<tbody>
<tr>
<td>Economic Impact of Tourism (Rank in TN out of 95 Counties)</td>
<td>8</td>
<td>3</td>
</tr>
<tr>
<td>Annual Direct Tourism Expenditures</td>
<td>$407.9 Million</td>
<td>$2.458 Billion</td>
</tr>
<tr>
<td>Local Tax Revenue</td>
<td>$13.9 Million</td>
<td>$70.8 Million</td>
</tr>
<tr>
<td>State Tax Revenue</td>
<td>$22.3 Million</td>
<td>$138.2 Million</td>
</tr>
<tr>
<td>Average Daily Tourist Expenditures</td>
<td>$1.1 Million</td>
<td>$6.7 Million</td>
</tr>
</tbody>
</table>

Source: 2020 Economic Impact of Travel on Tennessee Counties Report [www.tnvacation.com/industry](http://www.tnvacation.com/industry); U.S. Census Bureau American Fact Finder [https://factfinder.census.gov/](https://factfinder.census.gov/)

**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 at 76 percent and 84 percent for the Blount County and Sevier County, TN, respectively. Hotel occupancy peaks in June-July and October, as depicted in Exhibit 18. Occupancy rates are lowest during the winter months.

**Exhibit 18. Blount and Sevier County, TN Monthly Occupancy**

![2021 Hotel & Lodging Occupancy Percentages by Month](image-url)

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, a 3,000 seat Event Center, and 8 retail shops.
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, and drama related to Cherokee history; Qualla arts and crafts; and recreational activities, including 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 20 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 20. Top 10 Key Gateway City Feeder Markets Statistics**

<table>
<thead>
<tr>
<th>MSA</th>
<th>Distance (Miles)</th>
<th>Driving Distance (hrs)</th>
<th>Population (2018)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Knoxville</td>
<td>35</td>
<td>1</td>
<td>883,309</td>
</tr>
<tr>
<td>Asheville</td>
<td>38</td>
<td>1</td>
<td>459,585</td>
</tr>
<tr>
<td>Bristol, Johnson City, Kingsport</td>
<td>75</td>
<td>2</td>
<td>306,616</td>
</tr>
<tr>
<td>Chattanooga</td>
<td>110</td>
<td>2.75</td>
<td>560,793</td>
</tr>
<tr>
<td>Atlanta</td>
<td>138</td>
<td>3.75</td>
<td>5,949,951</td>
</tr>
<tr>
<td>Charlotte</td>
<td>160</td>
<td>3.5</td>
<td>2,569,213</td>
</tr>
<tr>
<td>Nashville-Davidson</td>
<td>181</td>
<td>3.75</td>
<td>1,930,961</td>
</tr>
<tr>
<td>Lexington</td>
<td>205</td>
<td>3.5</td>
<td>516,697</td>
</tr>
<tr>
<td>Cincinnati</td>
<td>242</td>
<td>4.5</td>
<td>2,190,209</td>
</tr>
<tr>
<td>Birmingham</td>
<td>244</td>
<td>5</td>
<td>1,151,801</td>
</tr>
</tbody>
</table>
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 concession services at Sugarlands Riding Stables are likely to remain consistent with historical demand or increase. 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. Sugarlands Riding Stables is well positioned to continue enjoying historical visitation levels with profitable returns.

PREFERRED OFFEROR DETERMINATION

The 1998 Concessions Act 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, there is no “preferred offeror” who is eligible to exercise a right of preference for the award of the Draft Contract. The solicitation for the commercial service is fully competitive.