

**Business Opportunity
For Lodging, Food and Beverage, Retail,
Marina and Other Services
at Voyageurs National Park**

CC-VOYA002-24

Department of the Interior

National Park Service

Contents

- 1 Introduction 1
 - 1.1 Foreword..... 1
 - 1.2 The National Park Service and its Mission 1
 - 1.3 Voyageurs National Park Background and Mission..... 1
 - 1.4 Location..... 2
 - 1.5 Visitation 2
 - 1.6 Kettle Falls..... 3
 - 1.7 History of Kettle Falls Hotel 4
- 2 Operations 5
 - 2.1 Required Services..... 5
 - 2.2 Authorized Services..... 7
- 3 Operating Environment 8
 - 3.1 Competition to Concessioner 8
 - 3.2 Area-Specific Attributes Potentially Impacting Concession Operations 8
- 4 Investment and Expenses 8
 - 4.1 Personal Property..... 8
 - 4.2 Utilities..... 9
- 5 Financials..... 9
 - 5.1 Concessioner Financial Projections 9
 - 5.2 Gross Receipts by Department..... 9
 - 5.3 Rates..... 10
 - 5.4 NPS Financial Analysis 10
- 6 Additional Contract Terms 10
 - 6.1 Preferred Offeror Determination 10
 - 6.2 Term and Effective Date 10
- 7 Site Visit..... 10



1 Introduction

1.1 Foreword

This business opportunity describes in general terms the future business opportunity for Lodging, Food and Beverage, Retail, Marina and Other Services within Voyageurs National Park ("Park").

Offerors are responsible for reviewing all sections of this Prospectus and, specifically, the terms and conditions of the attached Draft Contract, including its exhibits, to determine the full scope of a Concessioner's responsibilities under the Draft Contract.

The Service is conducting this solicitation in accordance with the National Park Service Concessions Management Improvement Act of 1998 (PL 105-391) as implemented by the Service in 36 C.F.R. Part 51. This Prospectus is issued under the authority of the National Park Service Concessions Management Improvement Act of 1998, 16 U.S.C. §§ 5951-5966, 112 Stat. 3503, Pub. L. 105-391 as implemented by 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. 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.

1.2 The National Park Service and its Mission

In 1916, President Woodrow Wilson approved legislation creating the Service within the Department of the Interior. That legislation mandated that Congress created America's National Park Service to:

...conserve the scenery and the natural and historic objects and the 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 overall mission of the NPS is the preservation and public enjoyment of significant aspects of the nation's natural and cultural heritage. To learn more about the NPS, visit www.nps.gov. This site includes information about the NPS, its mission, policies, and individual parks.

1.3 Voyageurs National Park Background and Mission

Voyageurs National Park is named for the voyageurs, French-Canadian canoe-men who traveled these waters in their birch-bark canoes from the Great Lakes to the interior of the eastern United States and Canada, transporting furs and trade goods. The historic waterway, magnificent scenery, geology and rich cultural and natural resources give Voyageurs its national significance.

The mission of the Park is:

Voyageurs National Park preserves the landscapes and scenic waterways that shaped the route of the North American fur traders and defined the border between the United States and Canada. The park and its diverse resources



provide outstanding opportunities for outdoor recreation, scientific study, sportfishing, education, and appreciation of the northwoods lakecountry setting.

To learn more about the Park, visit www.nps.gov/voya.

1.4 Location

Voyageurs National Park is located on the northern edge of Minnesota's border with 55 miles of the Park meandering along the Canadian border. Water dominates the landscape of Voyageurs, including four large lakes: Rainy, Kabetogama, Namakan, and Sand Point, which cover approximately 40-percent of the 218,054 acres of Voyageurs. Voyageurs is unique because it is a water-based national park with approximately 8 miles of road.

Exhibit 1-A presents an area map that shows the Park and nearby landmarks. The Park is located approximately 5 hours north of Minneapolis-St. Paul on I-35 and Hwy 53, 3 hours north of Duluth on Hwy 53, and 4 hours south from Winnipeg, Manitoba.

Exhibit 1. Area Map



Source: National Park Service

1.5 Visitation

Voyageurs National Park is open year-round. During the warm months of summer, the Park is a destination for people who enjoy exploring by boat. The interconnected waterways and miles of shoreline offer unparalleled opportunities for water-based activities. During the cold northern winters, the Park is transformed into a world of white. Frozen lake surfaces provide access to people on snowmobiles, while trails through the forest welcome those exploring on snowshoes or cross-country skis.

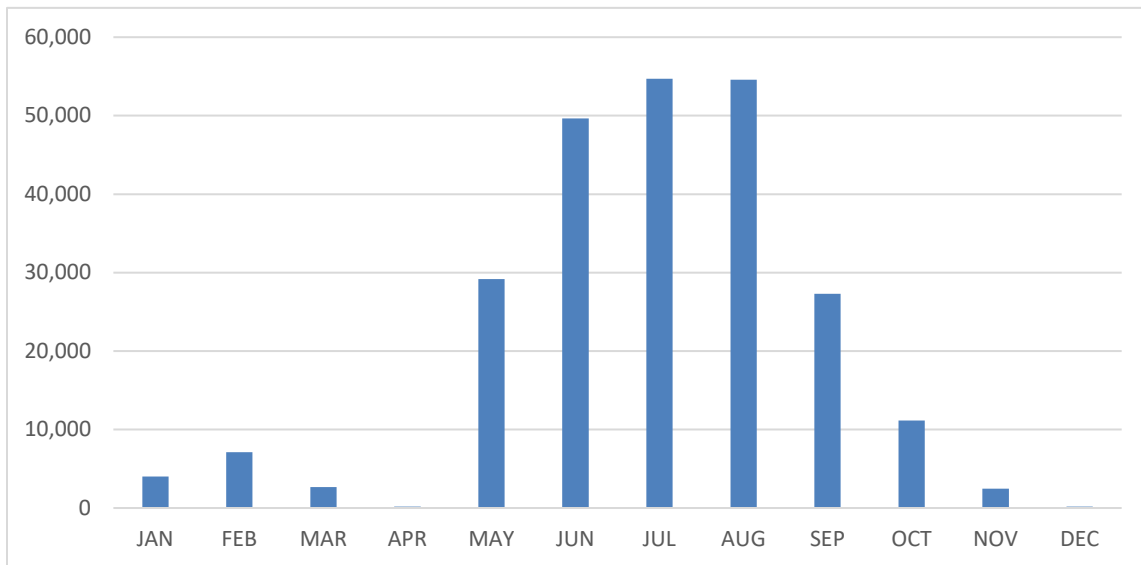


Exhibits 2 and 3 present annual and monthly recreational visitation to Voyageurs. The Kettle Falls operation is seasonal, opening in May on the Friday before the Minnesota state fishing opener and closing at the end of September. During this summer timeframe, Kettle Falls is the most visited location within the Park.

Exhibit 2. Annual Recreation Visitation to Voyageurs National Park, 2011-2021

Year	Recreational Visitation	Percentage Change
2011	177,184	-
2012	214,841	21.3%
2013	233,390	8.6%
2014	239,160	2.5%
2015	238,313	-0.4%
2016	241,912	1.5%
2017	237,250	-1.9%
2018	239,656	1.0%
2019	232,974	-2.8%
2020	263,091	12.9%
2021	243,042	-7.6%

Exhibit 3. Voyageurs National Park Average Monthly Visitation, 2017-2021



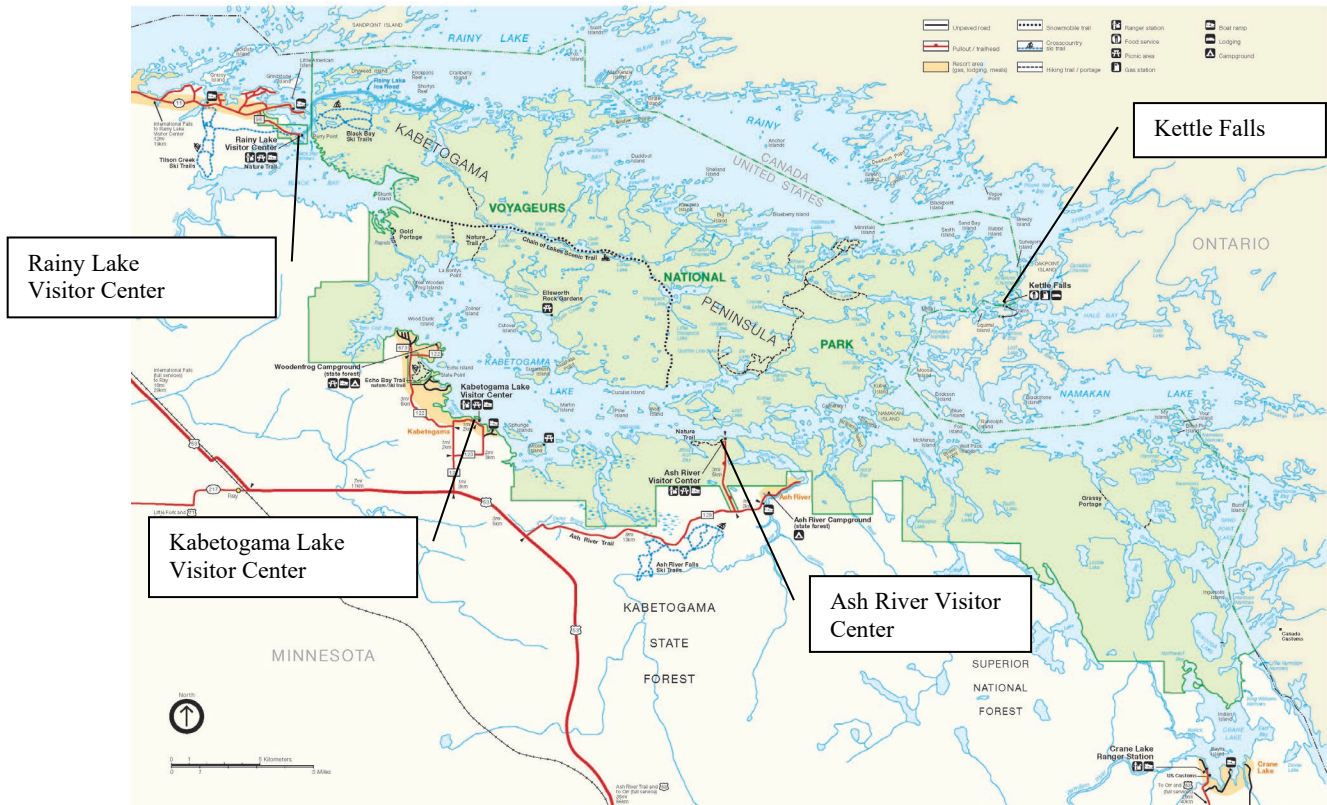
Source: NPS Public Use Statistics Website

1.6 Kettle Falls

Kettle Falls is located on the east end of Rainy Lake approximately 27 water miles from the Rainy Lake Visitor Center or 37 water miles from International Falls. It is only accessible by water via one of the three visitor centers as shown in Exhibit 1-D. The Kettle Falls operation primarily uses the Ash River Visitor Center.



Exhibit 4. Kettle Falls and Visitor Center Locations within Voyageurs National Park



1.7 History of Kettle Falls Hotel

The Kettle Falls Hotel is located within the Kettle Falls National Historic District and is listed on the National Register of Historic Places. The Kettle Falls district is significant for its association with national themes of transportation, industry, commerce and recreation. The hotel was built in 1910 to accommodate lumberjacks, fishermen, construction workers on the Kettle Falls dam and an increasing number of vacationers as word spread regarding the beauty of the area. By the teens, fishing commerce had declined, and lumbering operations became the dominant industry. Logging companies towed millions of board feet of timber over Kettle Falls between 1899 and 1929. When logging declined in the late 1930s, Kettle Falls continued to thrive as an important visitor destination for recreation and tourism. The NPS acquired the hotel in 1978 and the hotel has been operated under a concession contract since that time. The NPS closed the hotel for major rehabilitation during the 1986 and 1987 season and reopened for the 1988 season. Rehabilitation included construction of a new foundation, upgrading utility systems to meet NPS standards, new bathroom and kitchen facilities and painstaking reconstruction of the rolling bar room floor. The hotel had settled considerably over the years and the rolling floors and skewed windows gave it a charm and appeal that became part of the attraction for visitors.



2 Operations

2.1 Required Services

Exhibit 5 presents a summary of visitor services required under the Draft Contract. In case of any inconsistency between this section and the Draft Contract, including its exhibits, the Draft Contract will control. Essential operating and maintenance requirements for each service are provided in the Operating Plan and Maintenance Plan, both of which are exhibits to the Draft Contract.

Exhibit 5. Overview of Required Services

Service	Description
Lodging	<ul style="list-style-type: none"> • Kettle Falls Hotel rooms (12) • Villas (10 units in 3 villa buildings) located on Rainy Lake • 4 Camper Cabins
Food and Beverage	Full service (3 meals/day) restaurant within Kettle Falls Hotel
Guest Transportation	<ul style="list-style-type: none"> • Round trip boat transportation to Kettle Falls from Ash River Visitor Center • Electric cart service for guests around Kettle Falls area
Marina Services	<ul style="list-style-type: none"> • Fuel, oil, ice and bait sales • Boat and outboard motor rental • Overnight docking
Retail	At a minimum: Visitor Convenience Items, souvenirs, and camping supply sales in Trading Post (open regular hours) and hotel lobby
Mechanical Boat Portage Services	Boat portage between boat launch sites at Rainy Lake and Namakan Lake (over the Kettle Falls dam)
Employee Housing	At such location as are provided and/or approved by the Park. Onsite food services for staff will also be provided.

2.1.1 Lodging

The hotel, located in Kettle Falls, retains its historic configuration with a series of guest rooms and shared bathrooms down the hall. Overnight guest accommodations at the hotel include 12 simply furnished bedrooms with 3 shared bathrooms on the second floor. A manager's residence and office is also located on the second floor along with a linen closet.

In addition, guest accommodations are provided within three villas. The villas are located along a loop road approximately 400 yards east of the hotel and along the shoreline of Rainy Lake. Two units contain four individual units which can be rented individually or by unlocking the door between two of the units to create a bigger unit. There is a kitchenette in two of the units and its partner has a refrigerator and microwave. The third villa consists of just two units, similar to the four-unit villas in configuration.

New in this contract will be the inclusion of four new camper cabins which are located on the western end of the Kettle Falls district, near the snowmobile trail. They will have their own docking space in the summer with a trail up from the water. One of the four will be ADA accessible. There will be electricity in the camper cabins, but no water. A centrally located vault toilet will service them all. Because they are located near the snowmobile trail, they may be suitable for winter rental.





Exhibit 6 presents the hotel/villa overnight guest data

Exhibit 6. Overnight Guest Use by Year

Calendar Year	Room Nights Available	Occupancy Rate	Rev/PAR**
2018	2,860	52%	\$62
2019	2,820	55%	\$65
2020*	968	76%	\$141
2021	2,820	57%	\$78

*2020 was the first year of the pandemic, and many services were not offered, and visitation was depressed.

**Revenue per available room.

2.1.2 Food and Beverage

The dining room in the hotel accommodates seating for approximately 40 people with additional outdoor seating on a screened veranda. In addition, a bar room with authorized alcohol sales has table seating for approximately 16 people.

2.1.3 Guest Transportation

The current concessioner provides round-trip boat transportation for hotel guests from the Ash River Visitor Center to Kettle Falls on an as-needed basis. Additionally, the current concessioner has golf carts to transport guests and their luggage from the dock to the hotel or villa as needed. The total number of golf carts in the next contract is capped at seven.

2.1.4 Employee Housing

A fourth villa with four units that each include a kitchenette and bathroom in addition to sleeping space and that can house up to two staff each provides housing for up to 8 concession staff. There are also up to four RV pads provided (RVs must be supplied by the concessioner), which can provide housing for up to 8 more concessioner staff.

2.1.5 Marina Services



A marina service is provided along both the Rainy Lake and Namakan Lake shorelines within the Kettle Falls area for fuel, oil, ice and bait sales, boat and motor rental and overnight docking. A 1,000-gallon fuel tank located near the Namakan Lake docks and two 1,000 gallon fuel tanks located near the Rainy Lake docks are available to the Concessioner.

The current Concessioner owns eighteen boats of various configurations. The Service does not believe it is necessary to own this many boats to be successful. The rental portion of this fleet is between 16' and 18' feet and are docked on the Rainy Lake side of the facility. A minimum of five rental boats and outboard motors is required.

Floating docks that can accommodate 25-30 small boats on Rainy Lake and 20-24 small boats on Namakan Lake are provided by the NPS to support access to the Kettle Falls area. There are also numerous canoes, kayaks, and stand-up paddleboards available for rental.

2.1.6 Retail Services

The Kettle Falls facility also includes a separate building known as the 'trading post' that is located within view of the Kettle Falls dam and the Namakan Lake shoreline. The current Concessioner uses this building to sell local handcrafts, souvenirs, basic groceries and camping supplies or boating supplies.

The current concessioner also sells souvenirs, snacks, and visitor convenience items at the registration desk of the Hotel and in the bar room.

2.1.7 Mechanical Boat Portage Services

A boat portage service is provided to meet public demand to transport boats overland, with a concessioner owned truck and trailer, between boat launch sites at Rainy Lake and Namakan Lake in order to bypass the Kettle Falls dam. Because invasive quagga mussels have been found in Rainy Lake, no boats may be portaged from Rainy to Namakan Lake without undergoing decontamination. The Service will likely not be onsite more than 6 ½ hours a day to complete this, thereby limiting the hours that boats may be portaged from Rainy. The Service is open to training the Concessioner on operating the decontamination system, if it interested. Boats may be portaged from Namakan to Rainy without undergoing decontamination.

2.2 Authorized Services

In addition to the required services presented above, the New Concessioner will have discretion to provide services authorized under the Draft Contract, as presented in Exhibit 2-C. The Draft Contract, including its exhibits, provides details on these authorized services.



Exhibit 7. Overview of Authorized Services

Service	Location
On-site sale of alcoholic beverages	Kettle Falls Hotel
Fishing guide services	Kettle Falls Area
Kayak, canoe, and stand-up paddleboard rental	Kettle Falls Area
Vending machine operations	Kettle Falls Area
Dockside electrical hookups	Kettle Falls Area
Lodging amenity services, including massage services	Kettle Falls Hotel
Limited winter camper cabin services (January 1 through mid-March)	Kettle Falls Area
Sack lunch provision (sales)	Kettle Falls Area
Water taxi service from Kettle Falls to park approved destinations	Kettle Falls Area
NPS approved boat-based interpretive tours	Kettle Falls Area
Minor boat repair	Kettle Falls Area
Guest Laundry Service	Kettle Falls Hotel
Overnight slip rental for non-guests of the hotel	Kettle Falls Area
Chase boat services	Kettle Falls Area

3 Operating Environment

3.1 Competition to Concessioner

While there are multiple land-based resorts in International Falls and along Rainy and Kabetogama Lakes, the unique experience that Kettle Falls offers precludes direct competition. Potential Offerors must conduct their own research to evaluate the indirect competitive environment.

3.2 Area-Specific Attributes Potentially Impacting Concession Operations

Exhibit 3-A identifies several unique attributes of the Park that could potentially affect the concession operation. It is not intended to be an exhaustive listing of all unique attributes. Potential Offerors must conduct their own research to evaluate the operating environment.

Exhibit 8. Unique Attributes Potentially Impacting Concession Operations

Unique Attribute	Potential Impact to Concessioner
Water-based operation	There are no roads out to the Kettle Falls area. A Concessioner will have to rely on water transportation.
Ice Out Times	Due to the unpredictable nature of ice out before the start of the operating season, a concessioner may have short lead time for pre-opening procedures.

4 Investment and Expenses

4.1 Personal Property

NPS has estimated the value of personal property to be either acquired from the current concessioner or purchased new to be \$622,000. This total includes furniture, fixtures, equipment and vehicles held by the Existing Concessioner for use in the operation.

Offerors should not rely on NPS estimates in preparing and submitting proposals in response to this Prospectus. Offerors must make their own determinations as to the scope of Personal Property that is to be purchased from the Existing Concessioner and the estimates of compensation for that property.

4.2 Utilities

The NPS manages and provides all water and sewer services at Kettle Falls. On an annual basis, The Service bills the Concessioner in accordance with Applicable Laws, including, without limitation, the Service's policy, including DO 35B, which requires that utility rates charged to the Concessioner reflect actual costs incurred by the Service. The Service has reviewed projected actual operating and maintenance costs and amortized the costs of capital improvements for utility systems and services and developed not-to-exceed rates, which are the maximum rates the Concessioner will have to pay during the term of the Contract. The following table lists the not-to-exceed rates for the term of the Contract.

Exhibit 9. Projected Water and Sewer Charges per 1000 gallons

	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Water	\$57.31	\$58.96	\$60.68	\$62.46	\$64.31	\$66.24	\$68.25	\$70.33	\$72.50	\$74.76
Sewer	\$63.43	\$80.57	\$82.03	83.55	\$85.13	\$86.78	\$88.49	\$90.27	\$92.12	\$94.05

Electricity is currently metered and billed through the NPS based on existing North Star Electric Co-operative rates.

5 Financials

5.1 Concessioner Financial Projections

The Proposal Package of this Prospectus requires Offerors to develop financial projections based upon the services under the Draft Contract. Offerors should exercise caution in using the historical information and NPS estimates. The NPS will not provide financial projections. Each Offeror must conduct its due diligence, producing its own financial projections and relying on its own financial assumptions.

5.2 Gross Receipts by Department

Exhibit 5-A presents historical concession receipts by department for the past seven years.

Exhibit 10. Gross Receipts by Department

Gross Receipts	2018	2019	2020*	2021
Lodging	\$176,939	\$184,053	\$137,622	\$219,541
Restaurant	\$179,154	\$167,858	\$64,541	\$152,570
Bar	\$135,010	\$133,328	\$112,000	\$156,541
Retail	\$128,528	\$129,459	\$110,981	\$163,091
Marina	\$90,963	\$93,176	\$78,880	\$103,247
Transport**	\$21,737	\$20,890	\$6,583	\$27,674
Portage	\$28,970	\$29,930	\$22,895	\$27,855
TOTAL	\$761,301	\$758,694	533,502	\$850,519



Notes:

*2020 was the first year of the pandemic, and many services were not offered and visitation was depressed.

**Transport column represents income generated from transporting hotel guests to and from Kettle Falls Hotel

5.3 Rates

The Park ensures that the Concessioner's rates and charges to the public are commensurate with the level of services and facilities provided, and are reasonable, justified, and comparable with similar facilities and services provided in the private sector. The NPS will determine the reasonableness of rates based upon the NPS Concession Management Rate Approval Guide. The Operating Plan (Exhibit A to the Draft Contract) describes the rate approval methods and includes the opening rates for the new contract. Generally, rates are based on comparison with like services provided by the private sector, under similar circumstances and in the same general geographic region. The Superintendent approves all rates.

5.4 NPS Financial Analysis

The Draft Contract requires a minimum franchise fee of 3.9 percent of annual gross receipts. Offerors may propose a higher franchise fee in accordance with the terms of this Prospectus.

The NPS performed a franchise fee analysis to establish the minimum franchise fee, which considered historical financial information as well as projections for the term of the contract. The NPS considers franchise fee analysis as confidential and does not release copies.

6 Additional Contract Terms**6.1 Preferred Offeror Determination**

The NPS has determined that the Existing Concessioner is not a Preferred Offeror for this Draft Contract pursuant to the terms of 36 C.F.R. Part 51.

6.2 Term and Effective Date

The Draft Contract is for a term of 10 years beginning on its effective date, which is estimated to be January 1, 2024. The effective date of the Draft Contract may change prior to contract award if determined necessary by the NPS. The expiration date of the Draft Contract will be changed accordingly if a material adjustment is made to the effective date that significantly affects the business opportunity.

7 Site Visit

A pre-solicitation site visit was held on October 3rd. Offerors are encouraged to become familiar with the conditions involved and become acquainted with the details required to operate this type of service. For more information, please contact:

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