

# **Part I**

## **BUSINESS OPPORTUNITY**

Lodging, Food and Beverage, and Retail

at

Zion National Park

National Park Service

Department of the Interior

**Concession Contract No. CC-ZION003-25**

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*Note: Unless otherwise stated, the Service provided all images and data tables contained in this document.*



## INTRODUCTION

### SUMMARY OF TERMS AND CONDITIONS OF THE DRAFT CONTRACT CC-ZION003-25

**Location**

Zion Canyon, Zion National Park

**Draft Contract Term**

10 Years

**Projected Effective Date**

January 1, 2025

**Required Services**

Lodging, Food and Beverage, and Retail

**2025 Projected Gross Receipts**

\$19.4 million to \$20.4 million

**Estimated Initial Investment**

\$4.7 million

**Concession Facility Improvement Programs (Years 1 and 2)**

\$1.04 million

**Deferred Maintenance (Years 1 and 2)**

\$1.397 million

**Minimum Franchise Fee**

12% of gross receipts for gross receipts from \$0 to \$5,000,000; plus  
25% of gross receipts for gross receipts from \$5,000,001 to \$20,000,000; plus  
30% of gross receipts for gross receipts greater than \$20,000,000.

**Component Renewal Reserve**

3.0% of Gross Receipts

**Repair and Maintenance Expense**

5.0% of Gross Receipts



## Site Visit

The National Park Service (“Service”) will host a one-day site visit on October 18, 2023 to allow interested parties an opportunity to see the facilities. The site visit will begin at 9:00 a.m. in the lodge auditorium and is expected to last approximately 6 hours. The site visit will cover all facilities assigned to the concessioner.

To attend the site visit, registration is required. To register, please contact Doug Dawson, Concession Management Specialist, at (435) 772-0231, or [Doug\\_Dawson@nps.gov](mailto:Doug_Dawson@nps.gov) with the name of your company, a contact phone number, mailing address, email address, and the number of people attending from your organization, no later than October 11, 2023.

Site visit participants are responsible for obtaining their lodging, meals, and transportation to the respective facilities. Participants must be 18 years of age or older. Participants are encouraged to obtain lodging as soon as possible. Please be prepared for varying weather and walking long distances between buildings. Since the concession operation will be serving visitors at the time of the site visit, the Service limits the number of representatives that each company, including any supporting contractors, may bring to the site visit to five (5), and no more than two people per organization, including any supporting contractors, will be permitted within the kitchen areas. Attendance at the site visit is not required in order to submit a proposal for the Prospectus; however, attendance is encouraged.

## Notification of Intent to Propose

If you plan to submit a proposal in response to this solicitation, you must notify Jennifer Parker, Commercial Services Program Lead, Intermountain Region, via email at [jennifer\\_parker@nps.gov](mailto:jennifer_parker@nps.gov) no later than 4:00 p.m. Mountain time on December 20, 2023. The Service will not accept proposals from entities that do not provide notice on or before December 20, 2023. Your email notification must include the name of the Offeror as it will be provided in the Offeror’s Transmittal Letter or the name of the individual who will sign the proposal on behalf of the Offeror.

## Information Regarding This Solicitation

The Prospectus describes in general terms the existing business operation and the business opportunity for services allowed pursuant to Concession Contract No. CC-ZION003-25 (“Draft Contract”). It is comprised of five parts:

- I. Business Opportunity (this document)
- II. Proposal Instructions
- III. Proposal Package
- IV. Draft Concession Contract Including Contract Exhibits
- V. Appendix Table of Contents and Recommended Websites

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 Contract, including its exhibits (Part IV), to determine the full scope of a future concessioner’s responsibilities. In the event of



any inconsistency between the description of the terms contained in this Prospectus 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 (Title IV, Public Law 105-391, and hereafter referred to as “the 1998 Act”), as amended and 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. 36 C.F.R. Part 51 is available at the [Government Printing Office’s Electronic Code of Federal Regulations website](#)<sup>1</sup>.

Parts I, II, and III refer to Zion National Park as “the Park.”

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

“Existing Concessioner” refers to Xanterra Parks and Resorts, Inc., the concessioner under Concession Contract No. TC-ZION003-22 (“Existing Temporary Contract”). The Existing Temporary Contract commenced on January 1, 2022, and is due to expire on December 31, 2024. Before the Existing Temporary Contract, the Existing Concessioner held Concession Contract CC-ZION003-09 from January 1, 2009, through December 31, 2021 (“Prior Contract”). See Prospectus Part V for how to request a copy of the Existing Temporary Contract or Prior Contract.

The Service intends to announce the selected Offeror around August 2024. The Service intends to award the Draft Contract around December 2024, shortly prior to the anticipated effective date when the Concessioner would commence operations on January 1, 2025. Award of a concession contract does not occur until the competitive process has been completed, both the selected Offeror and the Service have signed the concession contract, and the Congressional Notice Period has ended. While the Service will make every effort to meet this schedule, it is subject to change.

## Proposal Overview

Part II of this Prospectus contains the instructions for submitting proposals. The Service will only accept digital versions of proposals for this Solicitation submitted electronically per instructions, except for the submission of the “Offeror’s Transmittal Letter,” which the Offeror must also send as an original hardcopy with wet signature. Offerors must carefully read and comply with instructions provided in Parts II and III.

Part III of this Prospectus contains the Proposal Package that Offerors must complete in its entirety. The Proposal Package contains the required Offeror’s 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, conserve, and preserve the resources of the Park. Offerors must describe how they will implement a comprehensive maintenance program applicable to both historic and non-historic facilities. Additionally, Offerors must describe how they will meet the Service’s objectives to complete CFIP projects within budget and minimize adverse impacts to visitor services during the execution of the CFIP.

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<sup>1</sup><https://www.ecfr.gov/current/title-36/chapter-1/part-51>



Principal Selection Factor 2 requires Offerors to describe how they will provide food service to more visitors than were historically served, while responding to changes in trends in the food service industry and recognizing difficulties related to current labor shortages in the hospitality industry.

For Principal Selection Factor 3, Offerors must describe their organizational structure and provide documentation to help the Service understand the Offeror and its relationship to related entities that will affect how the Offeror will perform under the Draft Contract. The Service does not score this 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 similar services, history of infractions, and strategies to respond to and minimize infractions.

For Principal Selection Factor 4, Offerors must provide documentation demonstrating their financial resources to commence and carry out operations under the Draft Contract, including a business history form. Offerors also must complete the provided Excel workbook and provide other information to demonstrate an understanding of the financial obligations under the Draft Contract.

For Principal Selection Factor 5, Offerors must provide the franchise fee they will pay on gross receipts generated under the Draft Contract. Failure to agree to pay at least 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 environmental management programs and activities they will implement to minimize the environmental footprint of overall operations under the Draft Contract through reducing solid waste, greenhouse gas emissions, and energy consumption. For all initiatives described, Offerors must include timelines for implementation and a process for monitoring and reporting effectiveness to the service.

Secondary Selection Factor 2 requires Offerors to describe how they will provide and maintain a sufficient, high quality, skilled, and motivated work force. Offerors must describe how they will enhance and improve the in-Park employee housing experience and actions they will take to encourage retention of employees to ensure operations are fully staffed throughout the peak season.

### **Doing Business with the Service**

The 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 Service in contracting with third parties to provide these services, including the 1998 Act. The Service implemented regulations for many aspects of the law, primarily to set out the process for soliciting bids for new contracts and managing concessioner investment in structures owned by the United States.

Working with the Service in providing commercial visitor 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 transaction occurs within a park. Section 2(B)(2) of Exhibit B, Operating Plan to the Draft Contract lists the rate methods for all visitor services provided under the Draft Contract. 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. Service 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 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 provided under the concession contract.

### The National Park Service and its Mission

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

...conserve the scenery, natural and historic objects and wild life 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. Public Law No. 64-235, § 1 (codified at 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. Public Law No. 91-383, § 1 (codified at 54 U.S.C. § 100101(b)).

To learn more about the Service, visit [www.nps.gov](http://www.nps.gov). The website includes information about the Service's mission, policies, and information on individual park units.

## ZION NATIONAL PARK

Zion National Park encompasses some of the most scenic canyon country in the United States. Its 232 square miles contain high plateaus; a maze of narrow, deep, sandstone canyons; and the Virgin River and its tributaries. The Park was first inhabited by humans almost 12,000 years ago, and ancestral Puebloan, Southern Paiute and early Mormon pioneer cultures have called it home.

According to the Park's 2013 foundation document:

*The purpose of Zion National Park is to preserve the dramatic geology including Zion Canyon and a labyrinth of deep and brilliantly colored Navajo sandstone canyons formed by extraordinary processes of erosion at the margin of the Colorado Plateau; to safeguard the park's wilderness character and its wild and scenic river values; to protect evidence of human history; and to provide for scientific research and the enjoyment and enlightenment of the public.*



Zion National Park  
National Park Service  
U.S. Department of the Interior



The Concessioner is the primary operator of commercial services in the Park. Zion Lodge and surrounding areas are included in a national historic district listed on the National Register of Historic Places.



Visitor services provided by other commercial operators in the Park include:

- Campgrounds (NPS operated)
- Horseback rides
- Guided interpretive hiking tours
- Photography and painting workshops
- Guided bicycle tours
- Recreational shuttle services
- Rental RV delivery services

Service-operated visitor contact stations include the Canyon Visitor Center, Human History Museum, and Kolob Canyon Visitor Center.

The Service’s official partner, Zion Forever, has a large retail presence in the Zion Canyon Visitor Center.

The Park is located in southwest Utah approximately 160 miles northeast of Las Vegas and 40 miles east of St. George. From Zion’s east entrance, Mt. Carmel Junction is 13 miles and Kanab is 30 miles.

The following table presents recreation visitation to Zion National Park over the past ten years. Visitation to the Park has increased 68 percent in the past ten years. Over 4.6 million visitors came to Zion in 2022, making it one of the most visited Parks in the nation. Over 85% of Park visitation occurs between the months of March and October; as the graph below presents, in 2022, there were over 500,000 visitors per month May through July.

2015	2016	2017	2018	2019	2020	2021	2022
3,648,846	4,295,127	4,504,812	4,320,033*	4,488,268	3,591,254	5,039,835	4,692,417

\*In 2018, Kolob Canyons was closed due to road construction



The Park operates a free shuttle system from mid-February through November. The shuttle operates daily along two routes – one in the Park and the other in the town of Springdale. On the Park route, shuttles provide transit service between the Visitor Center and the Temple of Sinawava stopping at nine shuttle stops including the Zion Lodge. Shuttles arrive at each stop along the route approximately every 4 – 10 minutes depending on the season. When the shuttle is running, no private vehicles are allowed on the Zion Canyon Scenic Drive, except for vehicles with guests who have reservations at Zion Lodge, Park and concession employees, and commercial tour buses by reservation. No private vehicles are allowed on the Zion Canyon Scenic Drive above the lodge.



Responding to extremely high visitation growth in recent years, the Park has undertaken a Visitor Use Management planning process, which may include implementing a reservation system to enter the Park. The reservation system would be based on a daily visitor capacity in the Zion Canyon front country area. If the Service adopts a reservation system, it is anticipated that the reservation system would allow for the full occupancy of Zion Lodge but may minimally impact retail and food and beverage operations. The Service has accounted for this impact in the financial projections. See additional information about revenue assumptions below. Details about the Visitor Use Management Plan are available at: <http://parkplanning.nps.gov/zion>.

Additional information about Zion National Park is available at <https://www.nps.gov/zion>.

## CONCESSION OPPORTUNITY

The Draft Contract requires the Concessioner to provide lodging, food and beverage and retail at Zion Lodge within Zion National Park. Support facilities within the Park include limited retail storage and administrative space, employee housing, related employee services including an employee dining room, and a maintenance area. Located inside of Zion Canyon, the Zion Lodge provides guests with unique access, on foot, to iconic hiking destinations within the Park, including Angels Landing, the West Rim trail and the Emerald Pools.

During the first two years of the Draft Contract term, the Concessioner must complete a series of real and personal property improvements under the Concession Facilities Improvement Program (CFIP). The Service requires these improvements and upgrades with the intent of providing improved food and beverage service, additional accessible lodging units, and safety enhancements.

### Draft Contract Term and Effective Date

The Draft Contract has a term of **ten (10) years** with an effective date of January 1, 2025. The effective date of the Draft Contract may change prior to award if necessary; however, in such event, the Service will change the expiration date of the Draft Contract to maintain a ten-year term. In addition, the Service may shorten the term if the Concessioner does not complete the required CFIP (discussed later in this document) according to the terms of the Draft Contract.

### Overview of Required and Authorized Services

The following table provides an overview of the required visitor services of the Draft Contract.

	Required Service	Location
i.	Lodging	Zion Lodge
ii.	Food and Beverage	Zion Lodge
iii.	Retail	Zion Lodge



The table below provides an overview of the authorized visitor services of the Draft Contract, which are services the Concessioner is authorized, but not required, to provide. Descriptions of each Authorized Service may be found in the Draft Contract Exhibit B Operating Plan, Sections 4) D) – G).

	Authorized Service	Location
i.	Open-Air Tram Tours	Zion Canyon
ii.	Trailhead Shuttles	Zion National Park
iii.	Bicycle Rentals	Zion Canyon
iv.	Step-on Guide Service	Zion Canyon
v.	Interpretive Walking Tours of Zion Lodge Historic District	Zion Lodge

The Service sets the operating standards for required and authorized services and evaluates the Concessioner’s compliance as set out in the Service standards and periodic evaluation forms available on the *Concessioner Tools* page of the National Park Service Commercial Services website<sup>2</sup>.

**Lodging**

Zion Lodge features a main lodge building with guest registration, food and beverage and retail services, and an auditorium. There are a total of 122 midscale lodging units, all located to the south of the main lodge building. 76 rooms and six suites are located within two motel buildings. Motel rooms and suites feature private balconies and televisions. 40 cabin rooms are spread across 15 two or four-unit “cabins”. Cabin rooms include a full bath, gas log fireplace, and private porch. See Draft Contract Sec. 9(d) and below for CFIP projects related to lodging.



Motel Buildings



Interior Suite



Duplex Cabin



Cabin Room

<sup>2</sup> <https://www.nps.gov/subjects/concessions/standards-and-evaluations.htm>



## Lodging Rates

The Service approves rates for lodging based on the Core Room Method. The Service will consider the following lodging inventory as “non-core” and will permit the Concessioner to set reasonable room rates based on market conditions: all cabin units, which include 28 Western Cabins (2 double beds), 11 Western Cabins (1 queen bed), 1 Cabin (1 queen bed), and 6 Lodge Suites (1 king bed). The remainder of the lodging inventory is considered core and the Concessioner will price core rooms using the comparability method. See the Operating Plan, Exhibit B to the Draft Contract, for further details.

## Food and Beverage

The Concessioner must operate the family casual Zion Lodge dining room and quick service café, as well as a new beverage bar adjacent to the auditorium. See the CFIP projects in Draft Contract Sec. 9(d) and below.

## Lodge Dining Room

The Zion Lodge dining room is open for breakfast, lunch, and dinner year-round. It is located on the second story of the main lodge building, above the lobby. The restaurant has large windows and an outdoor deck with seating that offers patrons views of the canyon as they dine. Breakfast, lunch, and dinner service must be family casual. The restaurant is currently configured to seat 130 indoors and 60 on the outdoor patio, although the dining room capacity is authorized at approximately 240 individuals.



## Quick Service Café

The quick service café is open, at a minimum, during “peak season” when the visitor shuttle operates, normally from March through November. The café has historically offered quick service food items such as hot dogs, hamburgers, pizza, and french fries. Coffee and baked goods are available in the morning. Currently, one counter in the café serves the complete menu and the other offers soft serve ice cream, smoothies, and other beverages. Indoor seating is not required, but visitors can eat on the large outdoor patio with tables and seating for 90 guests. The Concessioner may also provide a quick service Outdoor Drink Cart serving beer, sodas, and other beverages, as well as a small assortment of prepackaged snacks.

## Retail

The gift shop, located next to the lobby in the main lodge building, occupies 2,225 square feet. The store sells gift and souvenir items related to the Park, apparel, visitor convenience items, fine art items, sporting goods, recreational equipment, postcards and books, and Native American handicrafts.



### ***Employee Housing, Food Service, and Recreation***

In addition to required visitor services, the Concessioner must provide housing, food service, and recreation for its seasonal, year-round, and permanent staff. The Concessioner may charge employees an amount sufficient to recover the cost of providing these services.

The following is an inventory of in-Park employee housing assigned to the Concessioner under the Draft Contract.

<b>Dorm</b>	<b>Rooms</b>
Overlook Dorm	18
Canyon Vista Dorm	14
Cottonwood Dorm	12
Box Elder Dorm (managers and couples)	23
RV Spaces	18 spaces
<b>Total</b>	<b>67</b>

For the purposes of determining its total employee housing needs, each Offeror should develop staffing plans and schedules for the required operations. The Concessioner will work with the Service to determine the number of employees assigned to each facility. Up to 131 of the Existing Concessioner's employees reside at these locations. The Service will not authorize construction of additional employee housing or RV spaces within the Park. If an Offeror's staffing analysis identifies a need for additional employee housing, the Offeror must plan to accommodate this housing outside of the Park and incorporate any related incremental cost as an operating expense on its pro forma submitted as a part of its proposal in response to Part III of this Prospectus.

### **REVENUE ASSUMPTIONS**

In developing prospective revenue estimates, the Service accounted for the potential that the proposed new reservation system would reduce food and beverage and retail revenues due to decreased visitation. However, the Service also found these impacts would be mitigated by increased revenues realized from the CFIP project improvements, once made, which require a new beverage bar adjacent to the lodge auditorium, and increased efficiency in the snack bar.

### ***Projections by Department***

The following table provides a summary of projected departmental revenue for the first calendar year of the Draft Contract term (2025).

<b>Department</b>	<b>2025 Projected Revenue</b>
Lodging	\$9,431,000 - \$9,914,000
Food and Beverage	\$5,798,000 - \$6,095,000
Retail	\$4,191,000 - \$4,406,000
<b>TOTAL</b>	<b>\$19,420,000 - \$20,415,000</b>



### Lodging

Projected Lodging Operating Statistics*		2025
Available Room Nights		44,408
Occupied Room Nights		38,635
Occupancy Rate		87%
Average Daily Rate (core rooms)		\$228 - \$239
Average Daily Rate (non-core rooms)		Justifiable rates based upon market conditions

### Food and Beverage

F&B Outlet	Number of Covers	Average Check	Year of Projection
Dining Room	174,500 – 183,500	\$19.70 - \$20.70	2025
Quick Service Café	151,100 – 158,900	\$14.70 - \$15.40	2025
Beverage Bar*	19,500 – 20,500	\$6.80 - \$7.20	2026

\*Beverage Bar expected to open in 2026

Note: Columns may not add up to total by department exhibit above due to rounding.

### Retail

Projected Retail Operating Statistics		2025
Number of Transactions		126,800 – 133,300
Average Revenue per Transaction		\$32.20 - \$33.90

### Expense Assumptions

In developing projected expense estimates, the Service assumed adjustments of certain departmental, indirect, and fixed expenses to reflect costs associated with changes in operations. The Service projects departmental and indirect expenses will be within industry average ranges, except for Service-provided utility expenses as explained below.

### Minimum Wage

The Concessioner must comply with all provisions of Executive Order 14026 of April 27, 2021, (Increasing the Minimum Wage for Federal Contractors) and its implementing regulations, including the applicable contract clause, codified at 29 C.F.R. Part 23, all of which are incorporated by reference into the Draft Contract, as well as the minimum wage requirements of the State of Utah. The Concessioner must comply with all provisions of Executive Order 13706 of September 30, 2016, (Establishing paid Sick Leave for Federal Contractors) and its implementing regulations, including the applicable contract clause, codified at 29 C.F.R. part 13, all of which are incorporated by reference into the Draft Contract. The Service considered the implications of these requirements in the analysis of the minimum franchise fee. Offerors must consider the impacts of these requirements when developing their financial projections.

As stated in 29 C.F.R. Part 23, the United States Department of Labor will increase the actual minimum wage for federal contractors during the term of the Draft Contract each year based on the annual change in the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W).



## INVESTMENT ANALYSIS

### Initial Investment

The Concessioner's total estimated required initial investment includes personal property, inventory, working capital, start-up costs, and operating supplies. The Offeror's proposal in response to Part III of this Prospectus should address how it intends to fund these items.

**Personal Property.** The Existing Contract does not require the Existing Concessioner to sell and transfer to its successor its personal property associated with the concession operations. The Service estimate of the initial personal property investment associated with the Draft Contract includes, but is not limited to, vehicles, computers, furniture, case goods, etc. A list of the Existing Concessioner's personal property is provided as an appendix to the Prospectus. While the list is dated (2018), the Service believes the list reasonably represents the personal property required to operate the services under the Draft Contract.

**Inventory and other working capital.** The Concessioner will need to invest a certain amount of working capital in the operation to cover that portion of the operation's expenses that the Concessioner will likely incur in advance of offsetting revenues.

**Start-up costs and operating supplies.** At the start of the Draft Contract, the Concessioner will incur start-up costs prior to commencing operations. Start-up costs 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.

**Initial Investment Summary.** The Concessioner's total estimated required initial investment as projected by the Service is presented in the following table.

Initial Investment	Amount in 2025 dollars
Personal property	\$2,800,000
Inventory and other working capital	\$1,250,000
Start-up costs and operating supplies	\$650,000
<b>Total Investment</b>	<b>\$4,700,000</b>

### Additional Financial Requirements in Contract Years 1 – 2

In addition to the initial investment, the Draft Contract requires the Concessioner to cure the Deferred Maintenance and complete the Concession Facilities Improvement Program (CFIP) within the first two years of the Draft Contract. The Offeror's proposal in response to Part III of this Prospectus should address how it intends to fund these items.

#### Deferred Maintenance

The Concessioner must cure, within the first two years of the Draft Contract's term, all deferred maintenance and legislatively mandated work for all Concession Facilities assigned under the Draft Contract (hereinafter collectively referred to as deferred maintenance or DM). The Draft Contract requires the Concessioner to maintain Concession Facilities according to the Maintenance Plan (Exhibit H to the Draft Contract), which ensures DM will not accumulate. The Deferred Maintenance Work Order List attached as an appendix to this Prospectus contains work orders the Concessioner must address.



The following exhibit presents total estimated DM costs. The Service has estimated these costs for illustrative purposes only; Offerors must develop their own estimates. In addition, the Concessioner must cure the DM to the satisfaction of the Service even if the actual costs exceed the estimates provided in this Prospectus.

DM Amount (2025 dollars)	DM Amount (2026 dollars)	Total
\$698,500	\$698,500	<b>\$1,397,000</b>

**Concession Facilities Improvement Program**

The Draft Contract requires the Concessioner to complete seven CFIP projects within the first two years of the Draft Contract term. For the CFIP, the Concessioner’s total costs are estimated at \$1,038,218 and must not be less than \$934,396, and not more than \$1,142,040. The Service will credit eligible Leasehold Surrender Interest for the CFIP in accordance with the Draft Contract. The table below summarizes the costs and schedule.

The Concessioner must include its proposed schedule for completing each of the CFIP projects by the estimated due date as part of the 2025 and 2026 Concessioner Project Plan and Report. No construction may begin until the Concessioner receives written approval from the Service of plans and specifications in accordance with Draft Contract Exhibit F1.

The Service in developing its estimates for CFIP projects 2, 3, 4, and 7, developed conceptual designs. The Service provides these as an Appendix to the Prospectus.

Project	Estimated End Date	Real Property Investment	Personal Property Investment	Total Cost
1. Reconfigure Quick Service Café	March 2026	\$50,000	\$50,000	\$100,000
2. Develop Accessible First-Floor Suite	December 2026	\$72,979	\$5,000	\$77,979
3. Convert Cabin for Accessibility	December 2026	\$114,235	\$5,000	\$119,235
4. Improve Access to Retail Storage Space	December 2026	\$180,899	\$0	\$180,899
5. Install Lodge Emergency Standby Generator	December 2026	\$404,566	\$0	\$404,566
6. Install EV Charging Station	December 2025	\$58,478	\$8,200	\$66,678
7. Create Beverage Bar and Reconfigure Auditorium	March 2026	\$28,861	\$60,000	\$88,861
<b>Total CFIP Investments</b>		<b>\$910,018</b>	<b>\$128,200</b>	<b>\$1,038,218</b>

**1. Reconfigure Quick Service Café**

To improve service efficiency, the Concessioner must reconfigure the quick service café to emphasize grab-and-go food and beverage options, remove the separate ice cream counter in favor of coolers and additional points of sale, and simplify the menu by focusing primarily on easy-prep dishes and premade items. The design should retain the ability for quick food preparation, but the Concessioner may want to consider reducing the size of the kitchen.

**2. Develop Accessible First-Floor Suite**

The Concessioner must combine Guest Room 104 and Storage Room 119 to develop an Architectural Barriers Act (ABA)-compliant first-floor guest suite within Motel A (Asset # 65758). The suite must have finishes and amenities similar to the suites on the second floor. The Concessioner must update the suite with a new packaged terminal air



conditioner and a new bathroom with vanity. The Concessioner must provide an accessible route into and within the building.

### **3. Convert Cabin for Accessibility**

The Concessioner must convert Room 530 in cabin HS-218 (Asset # 101372) to add an ABA-compliant entrance walkway and equipment for better functionality in the ABA guest room. The Concessioner must perform site work adjustments to the outside grade leading to the entrance porch, rather than install an accessible ramp. The Concessioner must reconfigure the bathroom to have a larger footprint for an accessible shower, sink, and water closet.

### **4. Improve Access to Retail Storage Space**

There is an area behind the main lodge front desk which is currently unfinished storage. The Concessioner must finish out this space for use as retail storage and provide direct access from the retail sales area to the storage area through an existing hall adjacent to the lobby desk and add a new ramp.

### **5. Install Lodge Emergency Standby Generator**

The Concessioner must install an emergency standby generator that can power the entire main lodge building (Asset # 65760), but not the guest cabins and motel rooms or employee areas. The Service developed cost estimates for this CFIP based on a 300kW generator connected to the existing propane tank farm behind the main lodge building. The new generator must be housed in a new exterior open-screened enclosure and include acoustical dampening to minimize the visual and audible impacts in the historic lodge area. The Service is open to potential alternate new technology backup power systems; however, any solution must not exceed the costs as described in Draft Contract Sec. 9(d) and must conform to standards applicable to the historic district and requires Service approval. Any proposed use of alternate technology must include details on why the alternate technology is a better solution in terms of impacts to the historic district, operating efficiencies, life cycle costs, etc. The design must comply with all applicable codes and standards, including National Fire Protection Association codes and standards, and state and federal Environmental Protection laws and regulations for standby and emergency generator systems.

### **6. Install Electric Vehicle Charging Station and Additional Parking Spaces**

The Concessioner must install one charging station (with two plugs) on the west side of the existing charging station at the lodge. The project must include a new ABA-compliant accessible parking pad with sidewalk connections to the existing lodge pathways, and a total of three new parking spaces, two for the new EV charging station and one dedicated accessible space with no charging station to serve the historic cabin being converted to an accessible unit in CFIP #3. The Concessioner must also install a new underground power service with electric panel and shutoff to serve the new charging station.

The Concessioner and the Service may agree to install additional stations later during the term of the Draft Contract. The Concessioner and the Park will jointly review demand each year to determine if additional stations are necessary.

### **7. Create Beverage Bar and Reconfigure Auditorium Space**

The Concessioner must develop and operate a beverage bar in the main lodge building lobby/auditorium area. The Concessioner must use the existing information kiosk space in the lobby for the new beverage bar. The Concessioner must also convert the adjacent ATM niche into a seating area with stools and a counter. The Concessioner must also upgrade the furniture in the auditorium so that it is functional for both a lounge and evening interpretive programs or is easily transformed from a lounge space to seating for evening programs.



### ***Ongoing Financial and Operational Requirements***

**In addition to the investments listed above, the Draft Contract includes the following requirements that are ongoing through the term of the Contract. The Offeror's proposal in response to Part III of this Prospectus should address how the Offeror intends to fund these items or account for them.**

#### ***Maintenance of Assigned Facilities***

The Concessioner is solely responsible for maintenance, repairs, housekeeping, and groundskeeping for all Concession Facilities (as defined in Section 2(e) of the Draft Contract) as explained in the Draft Contract and detailed in Exhibit H, Maintenance Plan. The Draft Contract, Exhibit D, Assigned Land and Real Property Improvements (Concession Facilities), contains a complete list and maps of assigned land and real property improvements.

#### ***Component Renewal Reserve***

The Draft Contract requires the Concessioner to establish and manage a Component Renewal Reserve (CRR). The Concessioner uses the funds in the CRR to carry out, on a project basis in accordance with Exhibits F2 and H, component renewal of Concession Facilities that are non-recurring within a seven-year time frame. The Draft Contract defines these projects as including repair or replacement of foundations, building frames, window frames, sheathing, subfloors, drainage, rehabilitation of building systems such as electrical, plumbing, built-in heating and air conditioning, roof replacement and similar projects.

The Concessioner must fund the CRR under the Draft Contract by allocating to the CRR three percent (3.0%) of the Concessioner's annual gross receipts. This establishes the minimum amount the Concessioner must expend on CRR activities. As further explained in the Draft Contract, the Concessioner must expend sufficient additional monies, as needed beyond the CRR, to maintain and repair the Concession Facilities to the satisfaction of the Director.

#### ***Repair and Maintenance Expense***

The Draft Contract states the Concessioner is solely responsible for maintenance, repairs, housekeeping, and groundskeeping for all Concession Facilities to the satisfaction of the Director. To assist in the fulfillment of this obligation, the Concessioner must expend annually not less than five percent (5.0%) of the Concessioner's annual gross receipts on all maintenance activities and maintenance payroll not covered by the CRR, not expended on the construction of a "structure," a "major rehabilitation," or the installation or replacement of "fixtures and non-removable equipment" (as these terms are defined in 36 CFR Part 51), and not expended on the Concession Facilities Improvement Program described in Sec. 9(d). Like the CRR, this repair and maintenance expense amount is a minimum and the Concessioner may be required to expend additional amounts above this minimum to ensure the Concession Facilities are maintained to the satisfaction of the Director.

#### ***Utilities***

The Concessioner must contract with independent suppliers to provide year-round electricity, telephone, internet, solid waste, and fuel services. The Service provides water and wastewater services to the Concessioner. Under Service policy, the Service charges utility users, including Concessioners, rates established annually based on actual operating costs and the amortized cost of capital improvements to utility systems. Refer to Director's Order #35B (DO35B) (a link to which is included in the Appendices to this Prospectus) for more information on this policy.

The Service reviews its operating costs for utilities annually and notifies the Concessioner of the new rate in writing at least 90 days prior to rate changes. The Service plans to perform major infrastructure improvements to the Park's wastewater system during the later years of the Draft Contract, which will increase utility rates. Utility rates will increase in accordance with DO #35B.



The following table provides the actual and projected Service-provided utility rates. The Service-projected 2025 wastewater rate includes a recent increase in rates assessed by the Town of Springdale for processing the Park’s wastewater.

Rate per 1,000 gallons	2020 through August 31, 2022	Effective September 1, 2022	Service-Projected 2025
Water	\$6.99	\$7.68	\$8.22
Wastewater	\$2.54	\$2.79	\$7.34

The following table provides the Concessioner’s reported total utility expense for the past three years.

	2020	2021	2022
Service-provided expense (water & wastewater)	\$108,876	\$109,388	\$118,241
Total Utilities Expenses	\$411,156	\$477,601	\$538,888

**Franchise Fee**

Offerors must agree to pay the minimum franchise fee, as set out in Principal Selection Factor 5 of the Proposal Package (Part III of this Prospectus), although Offerors may propose a higher minimum franchise fee, in accordance with terms of the Prospectus. The Concessioner must pay the franchise fee based on its gross receipts for the preceding year or portion of a year (with each such year commencing on January 1). In determining the minimum franchise fee, the Service, using available industry data, considered the probable value to the Concessioner of the privileges granted by the Draft Contract. This probable value is based upon a reasonable opportunity for net profit in relation to capital invested and the obligations of the contract including anticipated revenues and expenses.

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

- 12% of gross receipts for gross receipts from \$0 to \$5,000,000; plus
- 25% of gross receipts for gross receipts from \$5,000,001 to \$20,000,000; plus
- 30% of gross receipts for gross receipts greater than \$20,000,000.

**Example of how to calculate a tiered franchise fee:** A concessioner with annual gross receipts (GR) of \$20,100,000, would pay \$4,380,000 in franchise fees as calculated below. The effective franchise fee the concessioner would owe is 21.8%.

12.0% of GR for GR from \$0 to \$5,000,000 (12.0% x \$5,000,000)	= \$600,000
25.0% of GR for GR from \$5,000,001 to \$20,000,000 (25.0% x \$15,000,000)	= \$3,750,000
30.0% of GR for GR greater than \$20,000,000 (30.0% x \$100,000)	= \$30,000
<b>Total</b>	<b>\$4,380,000</b>



### **Leasehold Surrender Interest**

The Existing Concessioner does not have any Leasehold Surrender Interest (LSI) under the Existing Contract. The Concessioner will be eligible to obtain LSI as outlined in the Draft Contract and Exhibits A (“Leasehold Surrender Interest”) and F1 (“Concessioner New Construction and Major Rehabilitation Project Procedures”) to the Draft Contract, subject to all requirements set forth therein. The Service assumes that many of the real property investments included in CFIP projects are likely to result in LSI.

## **HISTORICAL CONCESSION DATA**

This section presents information regarding basic financial, utilization, and operating data for the past three years to assist Offerors in developing projections for future operations associated with the Draft Contract.

Xanterra Parks and Resorts, Inc., is the Existing Concessioner providing services under the Existing Temporary Contract (TC-ZION003-22), which is due to expire on December 31, 2024. Before the Existing Contract, the Existing Concessioner held the Prior Contract. Though described differently in prior contracts, required and authorized visitor services are essentially the same under the Prior, Existing, and Draft Contracts.

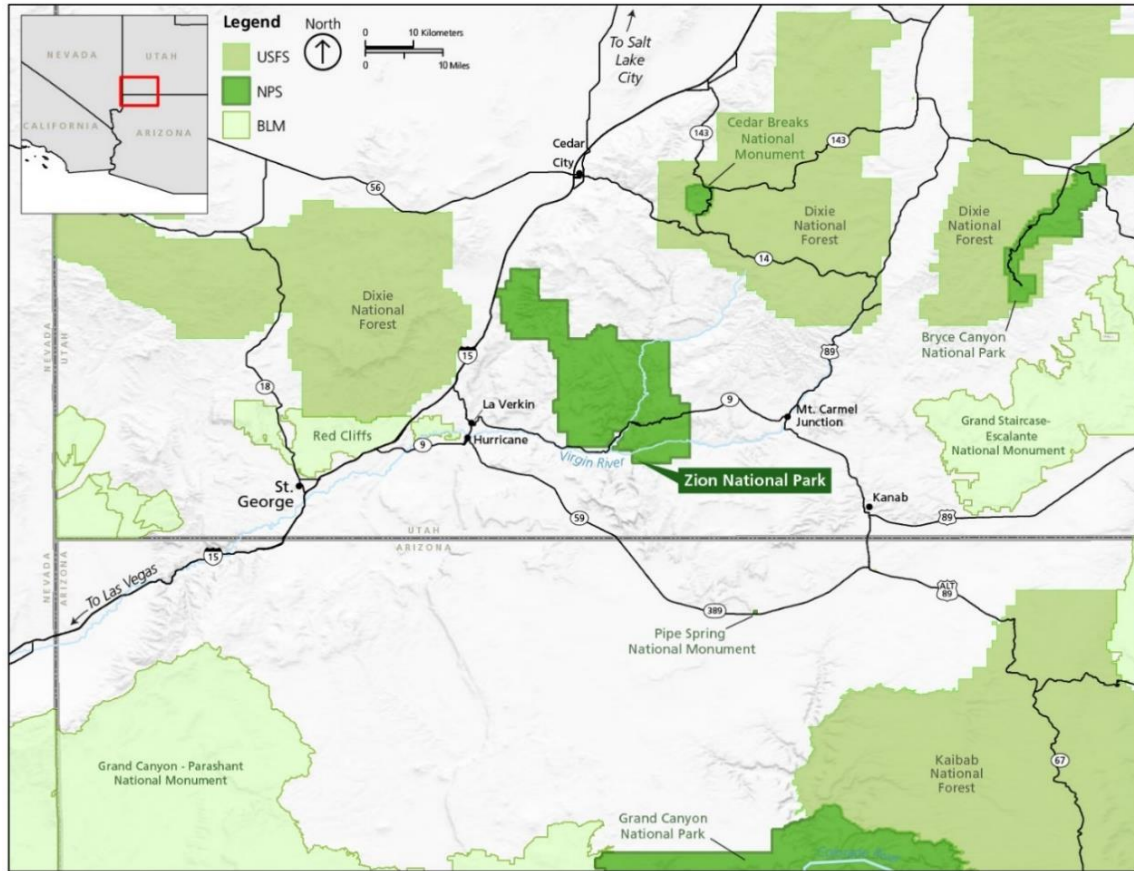
The following table lists annual gross receipts by department and franchise fees paid between 2020–2022.

	<b>2020</b>	<b>2021</b>	<b>2022</b>
<b>Total Gross Receipts</b>	\$9,314,066	\$16,430,964	\$18,099,824
Lodging	\$5,881,497	\$8,686,523	\$9,005,668
Food and Beverage	\$1,607,394	\$3,760,460	\$4,827,460
Retail	\$1,731,432	\$3,664,590	\$3,952,197
Guided Tours	\$24,101	\$196,860	\$189,305
Other	\$69,642	\$122,531	\$125,193
<b>Franchise Fee Paid</b>	<b>\$1,844,601</b>	<b>\$3,244,542</b>	<b>\$3,728,317</b>



## MARKET AREA OVERVIEW

The following map shows the location of Zion National Park in regional context.



### Local Competitive Market

#### Lodging

There are many alternative lodging options located just outside of the Park in the gateway community of Springdale, including over 25 hotels, motels, and bed and breakfasts within three miles of the Park’s South Entrance.

The large number of lodging options available immediately outside the Park in Springdale provide a variety of options for Park visitors at a range of budgets. Like the lodging under the Draft Contract, lodging is often at capacity in Springdale, particularly during the peak season and on weekends. More distant hotel options in Mt. Carmel, Kanab, Virgin, Hurricane, La Verkin, St. George, and Bryce City accommodate excess demand for lodging near the Park. Several new lodging establishments have opened in these areas in recent years.



***Food and Beverage and Retail***

Springdale has over 25 restaurants, ranging from full-service dining rooms to casual cafés that cater primarily to Park visitors. There are also delis and cafes that offer sandwiches, wraps, and other easily portable menu items that guests can purchase and bring into the Park.

In addition to food and beverage outlets, there are many retail stores in the town of Springdale selling gifts, apparel, souvenirs, sundries, and convenience items. Retail stores also exist on the east side of the park in Mt. Carmel, Kanab, and Fredonia.

