

**E**conomics Research Associates (ERA) of Washington, D.C. was retained by the Fort Monroe Federal Area Development Authority (FMFADA) to prepare a Tourism Strategy for the redevelopment of Fort Monroe, structured in three parts:

- A summary of characteristics of the existing tourism market in the Fort Monroe area and the region (included in this summary).
- A strategy to organize, market and position the redeveloped Fort Monroe to maximize its appeal to the recreational visitor/tourist market over time.
- A summary of development options concerning the structure of the redevelopment of Fort Monroe and FMADA's future involvement.

This report should be viewed as an overview of existing conditions and opportunities at Fort Monroe. Specific documents addressing market feasibility, lodging demand, marina expansion, RV park expansion, and the possibilities for increasing rates at existing structures as well as creating structured rates and parking for public beach access are not reviewed in this document and should be thoroughly investigated before moving forward with development of Fort Monroe. This report is a precursor to future research and should not be viewed as a conclusion regarding ERA's recommendations for the redevelopment of Fort Monroe.

*This section was prepared by  
Economics Research Associates.  
It was completed June 3, 2008.*



# tourism strategy

## Table of Contents

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<b>I. Tourism Market Summary .....</b>	<b>5</b>
Key Findings.....	6
Resort Potential.....	8
Conclusion.....	9
Tourism Market Overview.....	9
National Parks, Tidewater Area Recreation and Cultural Attractions.....	10
Local Hotel Market.....	11
Regional Resort Comparables .....	12
Marina.....	13
Recreational Vehicles and Campground.....	13
<b>II. Marketing Fort Monroe: Interpretation and Sustainability .....</b>	<b>15</b>
<b>III. Fort Monroe Development Options .....</b>	<b>19</b>
Concessions Management Contract.....	19
Direct Management .....	21
Ground Lease.....	23
Sale .....	25
National Park Service.....	27

## **Index of Tables/Figures**

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Table 1: Population Report .....	7
Table 2: Resort Comparables, 2008.....	9
Table 3: Annual Performance Indicators for Hampton Properties, 2002-2007 .....	12
Table 4: Annual Performance Indicators for Selected Comparable Properties, 2002-2007 .....	12
Table 5: Development Options Matrix .....	29
Table 6: Development Plan Timeline.....	30
Figure 1: NPS Site Visitation by Month, 2007 .....	11

## **General & Limiting Conditions**

Every reasonable effort has been made to ensure that the data contained in this report are accurate as of the date of this study; however, factors exist that are outside the control of Economics Research Associates and that may affect the estimates and/or projections noted herein. This study is based on estimates, assumptions and other information developed by Economics Research Associates from its independent research effort, general knowledge of the industry, and information provided by and consultations with the client and the client's representatives. No responsibility is assumed for inaccuracies in reporting by the client, the client's agent and representatives, or any other data source used in preparing or presenting this study.

This report is based on information that was current as of June, 2008 and Economics Research Associates has not undertaken any update of its research effort since such date.

Because future events and circumstances, many of which are not known as of the date of this study, may affect the estimates contained therein, no warranty or representation is made by Economics Research Associates that any of the projected values or results contained in this study will actually be achieved.

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This study is qualified in its entirety by, and should be considered in light of, these limitations, conditions and considerations.

## I. Introduction

Economics Research Associates (ERA) of Washington, D.C. was retained by the Fort Monroe Federal Area Development Authority (FMFADA) to prepare a Tourism Strategy for the redevelopment of Fort Monroe, structured in three parts:

- a summary of characteristics of the existing tourism market in the Fort Monroe area and the region (included in this summary),
- a strategy to organize, market and position the redeveloped Fort Monroe to maximize its appeal to the recreational visitor/tourist market over time.
- a summary of development options concerning the structure of the redevelopment of Fort Monroe and FMADA's future involvement

This report should be viewed as an overview of existing conditions and opportunities at Fort Monroe. Specific documents addressing market feasibility, lodging demand, marina expansion, RV park expansion, and the possibilities for increasing rates at existing structures as well as creating structured rates and parking for public beach access are not reviewed in this document and should be thoroughly investigated before moving forward with development of Fort Monroe. This report is a precursor to future research and should not be viewed as a conclusion regarding ERA's recommendations for the redevelopment of Fort Monroe.

## II. Tourism Market Summary

Economics Research Associates (ERA) of Washington, D.C. was retained by the Fort Monroe Federal Area Development Authority (FMFADA) to prepare this Tourism Strategy, structured in two parts:

- a summary of characteristics of the existing tourism market in the Fort Monroe area and the region (included in this summary),
- a strategy to organize, market and position the redeveloped Fort Monroe to maximize its appeal to the recreational visitor/tourist market over time.

This section reviews existing visitor attendance and lodging patterns, and data on heritage tourism, resort tourism, and general waterfront recreational activities. ERA collected and analyzed data on a number of recreational and historical uses, such as marina and boating data, historic sites and battlefields, wildlife/wilderness areas, National Parks, and visitation to military parks in the Mid-Atlantic region and other relevant areas. ERA also analyzed comparative marina and recreational vehicle (RV) data relating to these components at Fort Monroe.

Visitor data was analyzed:

- (1) statewide;
- (2) for the Norfolk-Portsmouth-Newport News Metropolitan Statistical Area (MSA);
- (3) and for the City of Hampton.

Research addressed elements affecting visitor expenditures and destinations including visitor characteristics, visitor origin, purpose of trip, length of stay, and mode of transport.

### Key Findings

ERA's research indicates that there is tourism potential for Fort Monroe based on two complementary, but different site characteristics:

- The extraordinary historical significance of the site to a range of submarkets - military historians interested in the Casemate Museum and multiple intact battlements, African American visitors drawn by the site's role in the beginnings of American slavery as well as Fort Freedom's role in beginning to end it, preservationists attracted by the unique historic structures and the rich context of both the fort inside the moat and the military compound outside it.

- The appeal to recreation and resort visitors: 3.2 miles of beach and seawall, the open space between the bay and the harbor, the Recreation Center, marina and RV grounds.

The tourism market for Fort Monroe is a regionally-based, drive-to-the-site market that would equal approximately 2.5 percent to 5 percent of the resident population within 100 miles of the site, plus some incremental share of Virginia and North Carolina’s seasonal beach markets traveling through the area. This equates to a preliminary estimate of between 100,000 to 150,000 persons per year for cultural attractions; ERA also believes that Fort Monroe can at least equal the 115,000 to 125,000 annual beach visitors who go to nearby Buckroe Beach (assuming that adequate parking is available), totaling somewhere between 225,000 and 275,000 persons per year.

These visitors will likely follow the seasonality patterns that cluster the greater majority of visitations within the three summer months and two shoulder months, and will include local residents, destination visitors coming to area attractions and pass through visitors on the way to the Atlantic beaches in Virginia and North Carolina.

To increase total visitation, the attraction value of the Fort’s historic/military and cultural attractions should first be linked to a packaged visitor experience incorporating existing historic destinations such as Jamestown, Yorktown and Williamsburg. ERA notes that visitation at historic sites nationwide is declining, despite the stated preference for these types of sites among aging Baby Boomers and other select audiences. ERA suggests that Fort Monroe can best be positioned as a complementary additional component to other existing regional attractions. Because most historical attractions are non-profit, substantial public and/or private partner funding (both for capital improvements and ongoing operations) will be required to create and sustain a high quality visitor experience.

**Table 1: Population Report**

<b>Area ID</b>	<b>2007 Population</b>	<b>2012 Population</b>
Ft Monroe 100-Mile Pop	3,527,307	3,733,894
VA Beach-Norfolk-Newport News VA-NC MSA	1,691,070	1,776,655
Hampton City	146,993	147,725
Virginia Peninsula	482,813	506,088

ERA’s experience suggests that when niche markets (African American history groups, military history, etc.) become a focus of marketing and interpretation, the market responds favorably, but the numbers attracted will be highly dependent upon the quality, pricing and duration of the visitor experience created.

## Resort Potential

There is also qualified potential in the resort hotel market for the Fort Monroe site, but the site's ability to meet resort requirements may be constrained by several factors: the characteristics of the nearby hotel market in Hampton, which performs at about half the room rate that larger beach/golf resorts in the area achieve annually; seasonal differences in both average occupancy and achieved room rates also affect the financial viability of locations that do not have (a) large sites (b) major available amenities, or (c) a clear focus (i.e., beach resort vs. conference/retreat facility vs. golf resort), and the limitations of available space for a destination resort within the Fort's boundaries. If focal markets are identified and a 'branded hotel' can be attracted to the site, a minimum of 130-150 rooms will be required, but will also bring the advantage of a national reservations system and a chain-affiliated company's marketing strength.

The available land area for lodging at Fort Monroe does not equal the land area of most of the selected competitive set shown in the tables and text described in Figure 5.8 below. By comparison with the competitive facilities, Hampton's traditional focus on more budget oriented properties has kept average room rates low, influenced by the government per diem rates for the defense-related visitor market and limited available amenities. The new Embassy Suites at the Hampton Convention Center has captured upper-price levels of the meetings- and events-oriented visitor markets, suggesting that there is opportunity for better quality offerings; Fort Monroe's ability to capture its share of that market (to warrant private investment) will be affected by the nature of the site and type of lodging facility planned.

**Table 2: Resort Comparables, 2008**

	Rack Rate	Size of Property (acres)	Meeting Space (sq. ft)	Guest Rooms	Meeting Space/Guest Room (sq. ft.)	Amenities
The Tides Inn	\$260-\$445	480	8,400	106	79	Spa, pool, fitness center, golf course, marina, two restaurants
Virginia Crossings	\$129-\$219	20	24,000	183	131	Pool, fitness center, golf course, two restaurants
Boar's Head Inn Crowne Plaza at Ft. Magruder	\$159-\$309 \$99-\$179 \$450	573 12	12,000 26,000	170 303	71 86	Spa, pools, fitness center, golf course, four restaurants Pool, fitness center, restaurant, tavern
Kingsmill Resort	(in season)	2,900	16,000	425	38	Spa, pool, fitness center, golf course, marina, six restaurants and lounges
Keswick Hall	\$425-\$600	600	7,000	48	146	Spa, pool, fitness center, golf course, biking, restaurants
The Sanderling	\$179-\$439	12	1,920	88	22	Spa, pool, fitness center, golf course, eco-center, three restaurants
<b>Average</b>	<b>\$243-\$377</b>	<b>657</b>	<b>13,617</b>	<b>189</b>	<b>72</b>	

Source: Individual Properties; Economics Research Associates, 2008

## Conclusion

The overall conclusion about tourism potential at Fort Monroe is that a market exists for development of tourist and visitor destination facilities, but, at this time, the core market is regional, not national or international; it is automobile-oriented (and will be affected by higher gas prices), is more price-sensitive than the area's existing destination resort visitors and will parallel the seasonal performance peaks that characterize visitation to the Hampton Roads area. The strategies by which visitation can be increased and sustained, captured visitor expenditure levels can be increased and a comprehensive marketing approach linked to other regional attractions will be included in the second part of ERA's analysis, to be submitted in May 2008. A series of market specific categories is explained below:

## Tourism Market Overview

- According to the Virginia Tourism Corporation, Virginia tourism in 2007 totaled 35,000,000 visitors, the same as 2003-2004, reflecting a non-growth trend.
- In 2007, twice as many tourists (17%) in the Norfolk-Virginia Beach-Newport News MSA visited historic sites/churches and museums as state-wide visitors (8%), indicating a stronger interest in historic sites.
- Between 2003 and 2007, the average travel party size (number of travelers per trip) has fluctuated. Travel party sizes of two increased fastest while parties of one increased from 16%

of the total to 27%, suggesting more travelers without children. Approximately 22% reportedly were day-trip visitors (no overnight stay). Almost 40% stayed two to three nights in the MSA.

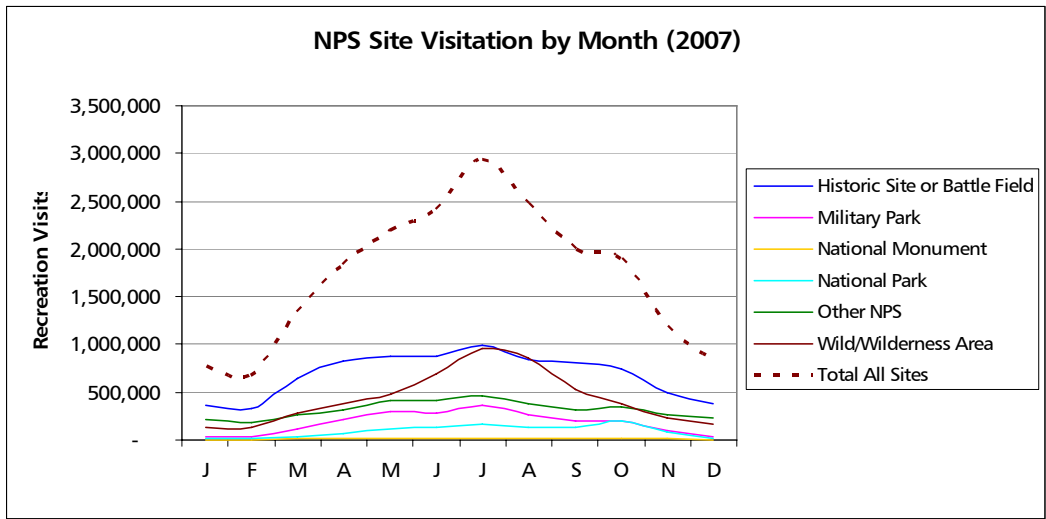
- In 2003 and 2007, the mode of transport for the majority of visitors was a personal car/truck (81 percent and 76 percent, respectively). During the same period, the percent of visitors traveling to the MSA by airplane increased from 11 percent to 17 percent in 2007. Both auto and air transportation will be affected by increased gas and oil prices.
- The percent of visitors staying in a hotel/motel increased from 38 percent in 2003 to 57 percent in 2007; the percentage of visitors in timeshare units has declined.

### **National Parks, Tidewater Area Recreation and Cultural Attractions**

As context for potential future management and operations options for Fort Monroe's historical and cultural features, ERA reviewed attendance at National Parks, Tidewater-area attractions and comparable cultural facilities.

- Total attendance (all parks) in 2007 was 7,845,605 persons; visitation is seasonal, with numbers spiking during the summer months. There are 11 historic sites and battlefields and three wildlife/wilderness sites administered by the National Parks Service within 200 miles of Fort Monroe (excluding the Green Springs National Historic District). The most heavily visited site is the Colonial National Historic Park, encompassing Historic Jamestown, Yorktown Battlefield and Cape Henry Memorial. Visitation trends show that historic sites and battlefields have the highest total visitation throughout the year. Figure 5.9 illustrates the seasonality of destination site visitation by month.

Figure 1: NPS Site Visitation by Month, 2007



### Local Hotel Market

- Based on data provided by the Hampton CVB data, the City of Hampton contains 3,151 hotel rooms. Approximately 36 percent are in full-service properties that contain adequate meeting space. As seen in 2007, Hampton hotel occupancy averaged 58.1 percent with an average daily rate of \$73.89. Revenue per available room averaged \$42.93. Capital markets consider an average occupancy level of about 65% as the threshold for addition of more room capacity.
- By comparison, the reported statewide average room rate in 2007 was \$97.45 and the occupancy rate averaged 59.6 percent, and the 2007 revenue per available room was \$58.31. Annual occupancy rates declined between 2002 and 2007, decreasing from 66 percent to 58.1 percent (2007). Hotel occupancy is seasonal, with almost 31 percent of 2007 roomnight demand experienced in June, July, and August.
- In 2007, almost 40 percent of Hampton visitors were there for pleasure, almost 20 percent of visitors were there for work and an additional 22 percent came for a meeting or a convention. 25 percent of 2007 Hampton visitors were from Virginia. However, Hampton captures tourism from states across the country, with 12 percent of visitors arriving from North Carolina, eight percent from Texas, seven percent from Maryland, and six percent from Florida (possibly paralleling military travel patterns.)



**Table 3: Annual Performance Indicators for Hampton Properties, 2002-2007**

	2002	2003	2004	2005	2006	2007	2002-2007
<b>Performance Characteristics</b>							
Available Room Nights (Supply)	901,395	836,051	885,855	939,960	1,014,212	1,046,629	3.0%
Occupied Room Nights (Demand)	595,356	577,294	556,798	552,547	595,951	608,064	0.4%
Annual Occupancy (%)	66.0%	69.1%	62.9%	58.8%	58.8%	58.1%	(2.5%)
Average Daily Rate	\$ 63.29	\$ 66.44	\$ 67.03	\$ 70.53	\$ 72.81	\$ 73.89	3.1%
Revenue/Available Room 1/	\$ 41.80	\$ 45.88	\$ 42.13	\$ 41.46	\$ 42.78	\$ 42.93	0.5%
<b>Year-to-Year % Growth</b>							
Annual Occupancy	-	4.7%	(9.0%)	(6.5%)	0.0%	(1.2%)	
Average Daily Rate	-	5.0%	0.9%	5.2%	3.2%	1.5%	
Revenue/Available Room	-	9.8%	(8.2%)	(1.6%)	3.2%	0.4%	

1/ Revenue per available room is the best measure of year-to-year growth because it considers simultaneous changes in both room rate and annual occupancy levels.

2/ The Smith Travel Research room sample fluctuated monthly between 2002 and 2007 which may result in minor fluctuations of the sample results.

Source: Hampton Convention & Visitors Bureau; Smith Travel Research; Economics Research Associates, March 2008

## Regional Resort Comparables

- ERA examined seven comparable resort properties: The Tides Inn, Virginia Crossing, Boar's Head Inn, Crowne Plaza Williamsburg at Ft. Magruder, Kingsmill Resort and Spa, Keswick Hall, and The Sanderling Resort on the Outer Banks of North Carolina. The resort characteristics are illustrated in Figure 5.8. Average daily rates and annual occupancy levels outpaced the Hampton market in 2007.

**Table 4: Annual Performance Indicators for Selected Comparable Properties, 2002-2007**

	2002	2003	2004	2005	2006	2007	Avg. Annual Growth: 2002-2007
<b>Performance Characteristics</b>							
Available Room Nights (Supply)	458,805	431,849	419,353	482,895	482,895	482,895	1.0%
Occupied Room Nights (Demand)	238,988	238,358	220,284	256,389	271,390	288,996	3.9%
Annual Occupancy (%)	52.1%	55.2%	52.5%	53.1%	56.2%	59.8%	2.8%
Average Daily Rate	\$ 157.35	\$ 150.30	\$ 152.89	\$ 157.02	\$ 162.10	\$ 162.22	0.6%
Revenue/Available Room 1/	\$ 81.96	\$ 82.96	\$ 80.31	\$ 83.37	\$ 91.10	\$ 97.09	3.4%
<b>Year-to-Year % Growth</b>							
Annual Occupancy	-	6.0%	(4.8%)	1.1%	5.9%	6.5%	
Average Daily Rate	-	(4.5%)	1.7%	2.7%	3.2%	0.1%	
Revenue/Available Room	-	1.2%	(3.2%)	3.8%	9.3%	6.6%	

1/ Revenue per available room is the best measure of year-to-year growth because it considers simultaneous changes in both room rate and annual occupancy levels.

Source: Smith Travel Research; Economics Research Associates, April 2008

- The market for resort properties is seasonal, with one-third of 2007 room night demand in June, July, and August and room revenue almost four times as high in July/August than in December, January, and February.

## Marina

- There are 27 marinas within a 30-minute drive of Fort Monroe. They vary in size, water accessibility and total services provided. ERA contacted 24 of the 27 marinas to understand the nature of demand and pricing potential.
- Approximately half of the marinas maintain a wait list for slips. Pent up demand is concentrated in either the newer modern marinas, such as Salt Pont Marina Resort and Blue Water Marina, or for larger slips that accommodate boats over 40 feet. The latter point reflects a broader trend toward larger, live-aboard vessels.
- Current slip demand patterns suggest that amenities and services will be important facility attributes, especially for larger vessels that are more expensive and thus attract a wealthier and probably more demanding clientele. This implies that larger and more extensive land-based support facilities will be required and must be adequately addressed from land use and capital requirement perspectives.
- Average per night slip rental rates are between **\$1.35-1.85 per foot**. Average long-term slip rental rates range from **\$6.25 to \$8.00 per foot** per month. Marinas that offer semi-annual rates range from **\$8.50 to \$10 per foot** per month. Month to month rates vary between from **\$7.70 to \$15.00 per foot** per month. The number of boats registered in Hampton has remained stable over the last decade, with only **220 additional total boats** registered. There are **404 additional** documented boats with the Coast Guard (using the over five ton category).

## Recreational Vehicles and Campground

The market for RV facilities at Fort Monroe is opportunistic (meaning that there is likely demand for more capacity), but the size of the existing facility—14 spaces-- cannot support the level of amenities that generate premium rates. The financial capacity to provide these amenities is a function of scale (more parking spaces available), so the potential to upgrade Fort Monroe's RV facilities will be dependent on whether and how the existing RV location can be expanded.

ERA understands that the current utility infrastructure includes capacity to double the size of the RV facilities. However, a more definite examination will be required to better understand this issue and any limitations this may impose on attraction of an outside operator or concessionaire.

Moreover, the degree to which RV facilities are expanded will impact the look and feel of Fort Monroe generate additional traffic impact. These aspects should be weighed public review processes to determine what is most desirable, irrespective of market potential.

- The average nightly cost at trailer parks near Richmond is \$24.50.
- Some parks charge premiums depending on the season or view.

- Most parks have a swimming amenity.

### III. Marketing Fort Monroe: Interpretation and Sustainability

In addition to analysis of alternatives for management and development, the most appropriate marketing strategies for the project have been evaluated. The marketing plan for Fort Monroe will be affected by several factors:

- The Phasing and Timing of redevelopment and integration of new elements - for example, if the Museum cluster ‘inside the moat’ will require 7-10 years to develop (including funding, interpretive programming and research and implement of exhibits), this element should not be marketed heavily until the year before it opens. Incremental cultural attractions (such as continuation of some transitional form of the Casemate Museum or a historic driving tour of the Fort) can be marketed much earlier in the process. The recreational aspects of the site can be marketed more quickly (especially the opportunity to provide access to the 3.5 mile beach and the marina); potential expansion of the RV park (potentially tripling its capacity to 35 to 40 pads) can also happen more quickly and be used to position Fort Monroe as a leisure waterfront destination while the cultural attractions are being enhanced and developed. Accessibility to the site can be rapidly enhanced once the recreational components are established. In the case of a public beach, incremental improvements would include provision of adequate parking along the access roads and availability of food and beverage and other services proximate to the beach.
- The opportunity to form a Cultural Attraction Cooperative Agreement with other area historical and cultural attractions that will draw cultural visitors to the greater Hampton Roads area. As the length of stay correlates to the amount spent on lodging, food and beverage and retail goods, a joint effort should be structured to both attract new visitors and to extend the stay of existing visitors to extant attractions already in the area. This can be accomplished by expanding the marketing focus of the “History Triangle” of Historic Williamsburg, Yorktown and Jamestown to become a “America’s History Quadrangle” that would, in time, include new Fort Monroe cultural destinations such as the concept for a Civil War museum told from three perspectives - the North, the South, and the African -American history of the site. This regional/national/international joint marketing arrangement will require both a clear understanding about how to expand the campaign strategy as well as an agreement on how to fund it among the four partners. Completing this type of agreement may take several years, influenced in part by the interpretive directions that Fort Monroe takes, and should be begun as soon as FMFADA has agreed upon the scope and program for interpretation and story-telling directed both toward general visitors who may not understand the scope of Fort Monroe’s importance over 400 years, as well as specific interest visitors such as military historians, Civil

War visitors, those interested in the site's role in both the establishment and the "beginning of the end" of slavery at Fort Freedom.

- The Fort Monroe Hotel and its timing, site location, architectural design and nature of the resort experience created by the new hotel at Fort Monroe will also affect how the site is marketed. In ERA's view, the Fort will be more generally accessible and enjoys spectacular views of the Bay, but will need an aggressive market positioning strategy and the financial capacity and name recognition of a branded hotel to make the greatest impact and generate revenues for FMFADA, irrespective of the type of property development structure selected. The advantages of linking a new resort lodging property with a national/international reservations system will advance the visibility and expectation level of future guests in ways that smaller venues such as Bed and Breakfast lodging or a site specific inn cannot. However, introduction of a branded location should not be implemented in a cookie-cutter manner from a design perspective. The new hotel should be designed and built at a scale that will recall, if not almost duplicate the exterior character of the Hygeia Hotel, incorporating state of the art amenities on the interiors. Interpretation of the nineteenth century history of Point Comfort as a resort destination can be incorporated into the design, service levels and programming of events at the new hotel. The resort component can be tied to access to the beach, the marina and a system of walking and biking paths throughout the site, complemented by spa services and other resort amenities. The hotel should be positioned as a waterfront retreat in a richly historical setting. If appropriately designed and integrated into the hotel experience, the history of resort lodging at the site can become a subtle part of Fort Monroe's interpretive program, as well.
- Finally, the Potential for Ongoing Funding for a strategic marketing program will affect the scope, reach and targeted audience programs that will sustain Fort Monroe as a destination. While each recreational site or cultural attraction may have its own identity, website and focused audience, a more comprehensive marketing effort should position Fort Monroe as a major addition to the Hampton Roads area. Working through the development management approach selected by FMFADA, this can involve the Virginia Tourism Corporation (funding, technical assistance, and national outreach) as well as specific interest donors who might support events, special exhibits or other programming linked to one or more cultural attractions. A comprehensive approach to interpreting Fort Monroe's layered history should also appeal to Foundations, part of whose impact can be funding the establishment of marketing educational programming as well as underwriting travel/transportation costs for school visits. Connections with area/state Universities through scholarly research and development of educational materials as well as connections with educational television

outlets (including webcasts, internet-accessible interpretive films, books and televised events) can all provide content for marketing, but not require full funding by FMFADA or its more commercial development partners. Structuring these relationships will take time, and should be incorporated into initial planning and outreach with non-profit partners. Depending upon the development approach selected and the amount of ongoing revenue such a program might generate, it is recommended that a budget line item be included for ongoing marketing of the site. In our experience, the marketing budget and the replacement reserve funds for ongoing maintenance requirements are often the first to be reduced in budget planning. The realistic outcome of these cuts is more negative than the “savings”, as without effective and sustained marketing that is structured to respond to new facilities, emerging audiences and changing market forces, the Fort Monroe project will not be easily positioned to be economically and financially sustainable. Typically 3-5 % of the total operating budget should be dedicated to marketing costs.

A marketing strategy for FMFADA and Fort Monroe should be structured to appeal to a diverse audience and different income levels; fortunately, the range of offerings at the site can provide for all of these groups, whether recreational or cultural, RV campers or resort hotel guests, transient boaters or regional drive-to-the-site day visitors.

Phasing of the marketing strategy over the next five to fifteen or twenty years should be structured around the following:

- Available, completed facilities in both recreational and cultural/historical facilities
- Introduction of new destination attractions and activities (whether special events or new permanent offerings)
- Integration of Fort Monroe as part of a comprehensive regional destination marketing strategy linked to existing regional cultural destinations
- 
- A ‘diversion’ attraction for Virginia and North Carolina summer visitors (a stop on the way down or back or a “rainy day” activity for Atlantic beach/Outer Banks visitors within easy driving distance
- Waterfront resort guests (and potentially small conference/retreat visitors during shoulder seasons to drive up room occupancies during slower parts of the year)
- Day-trip leisure and beach visitors coming to newly accessible Fort Monroe beach
- Permanent and transient boaters at the Marina
- Cultural and educational visitors drawn by the multi-dimensional interpretive and architectural offerings at the Fort

- Specific-interest groups
- Practical connections to redevelopment of adjacent sites such as the commercial center in Phoebus as the gateway to Fort Monroe (and a logical concentration of food and beverage offerings and specialty retail)

Once the development approach and operating budgets are established, early action items should focus on the amenities that are in place and can be promoted early - public access to a National Historic Landmark, driving and bicycle tours of the Fort, development of the Fort Monroe beach as a regional destination, and potential expansion of the RV Park to increase the options for affordable accommodations.

Longer term marketing should focus on a regional compact to market visitors from Williamsburg through to Fort Monroe, and will be strengthened (and broaden its appeal) with the introduction of each new cultural/historical attraction facility.

## **IV. Fort Monroe Development Options**

The FMFADA has several options regarding the management and development of heritage and recreational tourism components at Fort Monroe. The following text outlines the many management, leasing, or sale options available to the organization for the tourism components of Fort Monroe. ERA understands that the board is considering development of a non-profit organization under which some components, primarily those without substantial revenue-generating potential, would be managed and developed. Each development plan option is outlined to highlight the benefits and drawbacks as well as whether it would be suited to the parent organization or its subsidiary non-profit organization.

The development components may be split into non-revenue generating and revenue generating uses with the creation of a non-profit in addition to the parent organization. Additionally, the non-profit could take on the management or management contracting of revenue generating tourism uses (i.e. lodging, marina, RV Park) to subsidize operations of non-revenue generating tourism uses (i.e. museum and cultural cluster).

### **Concessions Management Contract**

#### **Structure/Character of Partner**

The FMFADA could choose to retain ownership and overall authority over the Fort Monroe site, but contract management responsibilities to a professional management operating firm.

Concessionaires in the industry include large institutional partners like: Aramark, Sodexo, Xanterra, Delaware North, and Guest Services. These firms manage diverse concessions operations which often include the same varied components as exist or will exist at the Fort Monroe site.

A concessions agreement would allow the FMFADA to maintain control of Fort Monroe by including in the contract requirements for replacement reserve and marketing in addition to development restrictions and required included components. Additionally, the organization would be entitled to a franchise fee. This management contract could be handled directly by the parent organization or by the subsidiary non-profit organization. It is possible the concessionaire could manage all tourism functions including cultural tourism, or the non-profit could maintain direct management of cultural tourism components while the concessionaire handled

## **Ease of Financing**

Private concessionaires are typically large institutional companies with diverse portfolios. The benefit of their brand, longstanding reputations in the industry, and extensive asset holdings make attaining financing a relatively problem-free process.

In the likely instance that a funding gap exists between the acceptable initial capital investment for a private concessionaire and the necessary capital investment to develop the Fort Monroe site to the satisfaction of the FMFADA, it is possible the organization could receive federal funding, private grants, or initiate a fundraising effort to bridge the funding gap between private investment requirements and public development desires.

## **Tax Incentives**

A concessionaire improving or rehabilitating historic property could be eligible to receive historic tax credits if the contract extended beyond 39 years including extension options (i.e. a contract term could be 20 years with a 20-year extension option). The IRS allows leaseholders to receive tax credits for the rehabilitation of historic property if the lease term extends beyond 39 years. Depending on the value of the tax credit available, a private concessionaire may or may not choose to enter into such a long-term contract.

As a 501(c)(3) organization, the FMFADA is exempt from income, property and personal taxes according to the City of Hampton, VA. However, as concessions operations are outside the intended scope of the organization, the concessionaire would be responsible for income and sales taxes. Depending on the extent of the concessionaire's possessory interest, they may or may not be required to pay property taxes on the concession-oriented land.

## **Investment Requirement/Income Potential**

Most of the initial capital investment and profit potential from commercial operations would belong to the contracted concessionaire. Funding gap capital investment, and general maintenance and upkeep would be the responsibility of FMFADA. In return, FMFADA could rely on a steady income stream from franchise fees which typically amount to 3.4 percent of gross revenue. Additionally, FMFADA could place marketing and replacement reserve requirements upon the concessionaire. These expenses are typically between three and five percent of gross revenue.

## **Direct Management**

### **Structure/Character of Partner**

The FMFADA could choose to retain ownership and overall authority over the Fort Monroe site. The organization could choose to develop and operate facilities itself or manage its overall development and planning but utilize several different partnerships to create a comprehensive experience at Fort Monroe. Retaining management and ownership control can be risky if the right talent is not recruited and the board does not make sure to remember its core strengths and solicit partners for areas of operation outside those core strengths.

To most effectively handle direct management of cultural and recreational tourism components, the subsidiary non-profit organization should be responsible for management and oversight of all program aspects allowing profitable entities to subsidize maintenance and operations of non-profitable entities. However, in the unlikely event the recreational tourism aspects are projected to achieve profits beyond what is necessary to subsidize remaining operations, the parent organization could retain responsibility for these services and provide grants and subsidy to the non-profit organization.

### **Ease of Financing**

Rather than strictly utilizing traditional financing avenues to secure a private loan for the development of Fort Monroe, the FMFADA could use its status as a 501(c)(3) to initiate fundraising activities that may be free from the interest rates and risk constraints of the private lending market. The FMFADA could focus on obtaining federal funding, private grants, or initiate a fundraising effort to obtain the capital investment levels necessary to developed the desired components at Fort Monroe. Additionally, some of the more commercially appeal land parcels or operating entities could be sold or leased in order to finance the development of those non-profit producing components.

### **Tax Incentives**

As a 501(c)(3) organization, the FMFADA is exempt from income, property and personal taxes according to the City of Hampton, VA. However, as concessions operations are outside the intended scope of the organization, the concessionaire would be responsible for income and sales taxes. However, it is possible that the organization could sell the rights to its tax credits on the private market as an alternative fundraising tactic.

### *Investment Requirement/Income Potential*

The initial investment required to develop Fort Monroe would be substantial and could reach over \$100 million. The level of capital investment required will vary significantly based on the conditions of the historic structures and the quality level required of any new components. Development of resort facilities alone can cost up to \$400,000 per key for an upscale property.

If the FMFADA chooses to independently manage each of the components, income potential depends on the efficiency of management in operating each of the components. With components as diverse as museum and cultural clusters, RV Park, resort, marina, and golf, income potential could be between 0 and 25% of gross revenue. However, as a 501(c) (3), the organization cannot be commercially focused and cannot operate at a profit. To maintain its status and take advantage of optimal operations, certain uses (i.e. resort/marina) may be sub-contracted creating potential investment partnerships and management fee income.

Because FMFADA is a 501(c)(3) organization, it is exempt from payment of income, sales, and property taxes. Independent operation of components at Fort Monroe would limit the expansion of the tax base to the City of Hampton. However, if certain uses are deemed outside the mission and focus of the organization, they may be eligible for taxation. Additionally, job creation would be substantial should each of the desired component be created and operated successfully.

### **Example**

The Presidio Authority is an example of a Trust created for the purposes of management of a converted military base. The area is part of the National Park Service's system; however, special exception was created for the area in 1996 releasing it from the NPS and requiring it to be financially independent by 2013 with federal funding scaling back to zero by the deadline. The trust was created to both protect the Presidio for public benefit in perpetuity and limit taxpayer liability by creating innovative public/private partnerships. The Trust has the authority to lease property and generate revenues which must be used for the rehabilitation and continued maintenance of the park. The trust utilizes private partners occupying historic buildings for residential, retail and office purposes as well as public non-profit partners like NEPA and the NHPA to maintain the 75 percent of the Presidio that is open space. The Presidio is operated and managed within the scope of the Presidio Trust Management Plan which outlines reserved open space, restoration projects, demolition projects, areas to be leased, and those to be contracted. The plan allows room for flexibility in reference to the uses of those areas to be leased or contracted but is stringent regarding open space. A major component of the Presidio's plan

includes ground leases. Lease income is a steady, consistent long-term income stream that can be relied upon to support future park maintenance. Finally, the primary goal of maintaining the Presidio for the public will, as the plan states, only be achieved with the public's involvement; a stipulation has been made in the plan for public consultation regarding any major changes to the park.

## **Ground Lease**

### **Structure/Character of Partner**

A ground lease is an alternative to fee-title ownership. Ground leases are common with public/private partnerships where the public entity may be required to retain ownership or may be seeking development with secure revenue streams and limited capital investment. A ground lease is typically 90-99 years but can be as short as 20 years. Because of the long length of the contract, rental rates are set to be renegotiated at various time intervals. Rental rates are negotiated with base and variable components. The base rate is typically a negotiated percentage of the appraised value (8-15%). The variable rate differs based on use but is commonly between 6 and 15 percent of gross revenue. Rent is often deferred for the first several years of the contract until the development is ready for occupancy and reaches stabilization. Additionally, most contracts include reversionary rights wherein any improvements to the land revert to the landlord upon lease termination.

Ground leases are negotiated as either subordinated or unsubordinated. In a subordinated ground lease, the landowner provides the land as collateral in securing financing and takes a second position with junior rights to the lender. Because of the higher risk associated with the landowner, rental rates under this type of ground lease are higher; rates are typically three points above the long-term loan interest rate. Additionally, development controls can be exercised by the landlord. In an unsubordinated ground lease, the landowner holds the primary position to the lender, mitigating risk in case of a default. Because this type of lease is harder to finance and provides more security to the landowner, rental rates are lower, typically on par with long-term loan interest rates.

Private partners in ground leases are developers seeking to limit their initial capital costs or looking to obtain rights to a highly desirable tract of land. Many ground leases are administered and managed by public and non-profit organizations. In this case, the non-profit entity is unlikely to own the rights to the underlying property. Therefore, the parent organization would need to be involved in the ground lease agreement.

## **Ease of Financing**

Lenders will provide financing for ground leases, however it is more difficult than a fee-title sale. Lenders seek subordinated leases and will require higher interest rates for unsubordinated leases. Leasehold terms are typically required to be more than 49 years to be eligible for financing. Typically as long as the lease is negotiated to protect the tenant, a lender will be willing to finance a deal with sound economics.

## **Tax Incentives**

The tenant of a ground lease has several tax incentives associated with entering into a lease agreement. Rental payments are considered tax deductible. In fact, in many cases, rental payments are considered Payments in Lieu of Taxes (PILOT) as leases are often structured as tax incentives for developers in joint ventures with public entities. Additionally, most tenants would be eligible to receive historic tax credits; in order to obtain historic tax credits, the property must either be owned outright or party to a minimum 39-year lease term, inclusive of extension options. Finally, in the case of a sale of the leasehold interests, tenants are protected from capital gains taxes by Exchange 1031, granted the tenant uses proceeds to purchase a like-kind lease or fee-simple property.

The landlord of a ground lease is not eligible for many tax incentives. Additionally, rental income is taxable. Typically, the value gained by tenant development of the property and the expansion of the tax base through that development is incentive enough for the landlord.

## **Investment Requirement/Income Potential**

In addition to the income gained through base and variable rent, the landlord is often entitled to windfall profit in the amount of 8-10 percent of any sale or refinancing of leasehold interests. Additionally, reversionary rights entitle the landlord to the improvements upon the land, often significantly enhancing the value of the property. Finally, the development of the land to include active mixed-use operations will expand the tax base with sales, income, and property taxes in addition to many positive economic impacts and job creation.

## **Example**

The Port of San Diego has numerous ground lease agreements with hotels and retail properties. Typically, the Port negotiates a minimum rent that the tenant must pay based on a percentage of the appraised value of the land. A variable rent is charged depending on the revenue generated from sales by the hotel or retail tenants. Based on the sales of retail goods, average daily rates,

and food sales to name a few, the Port charges a rent that ranges from three to twenty-five percent of revenues depending on type of sale (see Table 1 for examples). If these variable rents do not meet the minimum requirements as determined by the appraisal, then the tenant will have to pay the difference in order that they at least pay the minimum rent. If variable rents exceed the minimum rent, the tenant will have to pay based upon the total variable rent costs. The Port is also one of the agencies that has established a mechanism for participating in windfall profit a developer/tenant may realize in the future from selling their rights in the property or from refinancing the property (usually eight to ten percent of the net proceeds).

## **Sale**

### **Structure/Character of Partner**

A sale of the Fort Monroe site to a private partner would terminate the FMFADA's involvement in the further planning, development, and operations of the site. The buyer would likely be a large-scale mixed-use developer motivated to maximize revenue potential by developing to the highest and best use for the property.

Given a developer's revenue motivations, it is unlikely that the site would be developed to include the desired components (i.e. museum and cultural attractions). If a sale were to be pursued, it would be advisable to limit the sale of property to areas without substantial historic significance and for which the FMFADA has plans to develop commercially.

As with a ground lease, because ownership of the underlying property is likely in the hands of the parent organization, and title would not be reassigned to the non-profit subsidiary for sale, it is likely that the parent organization would oversee and handle the sale of any property.

### **Ease of Financing**

A fee-title sale of real estate is the least complicated deal for which to receive financing. The lender's ability to put an out-right lien on the underlying property and its improvements creates an ideal lending atmosphere with limited unsecured risk. However, given the lending climate of today's economy, a developer will need a longstanding positive reputation and the property sale and development plans will need to be a deal with very strong upside potential that appears economically sound.

## **Tax Incentives**

Given the buyer/developer adheres to the requirements stipulated by the Department of the Interior, historic tax credits would be available for improvements and rehabilitation of the buildings with landmark status.

While no tax incentives would be available to the FMFADA, there would be a significant increase in the area's tax base. Given the privatization of land and the further development of the area, there would be substantial increases in property, income and sales tax. Additionally, there is considerable potential for job creation.

## **Investment Requirement/Income Potential**

The FMFADA's investment requirement would be limited to the cost of offering specified land for sale and associated closing costs. Income potential is significant given the prime waterfront property that may be available for sale. This limited resource is highly valuable and could provide significant upfront capital to the FMFADA. This would be highly beneficial should the FMFADA decide to sell specific commercially developable parcels to fund its non-profit plans (i.e. museum and cultural cluster).

While the buyer would have to absorb the entire initial capital investment, its revenue potential would be unencumbered by requirements to pay rent or franchise fees to an overarching entity. Additionally, the buyer would obtain complete control of its developable parcels without restriction, enabling the development of the purchased land to be the highest and best use for the site, thus maximizing profit potential.

## **Example**

Base closures are very involved real estate sales due to their ownership by the federal government and the large impact their closure and redevelopment has on the local community. The El Toro Marine Air Corps Station in Orange County, CA is an example of a successful sale of a closed military base. The GSA, the entity tasked with selling property, first offers the property to the federal government, then the local government, and then releases it for public sale in a sealed bid or auction. However, before a private developer can purchase the property, many organizations including NEPA and other environmental concerns and local planning and economic development authorities must create a plan for the redevelopment of the area and provide zoning for the land tract. Upon completion of this process, a developer purchases the property and redevelops within the framework of the plan. In the case of El Toro, the 3,700 acre property was purchased for \$649

million and redeveloped to include 4,300 housing units, research facilities, and a university campus.

## **National Park Service**

### **Structure/Character of Partner**

Turning over the Fort Monroe site to the National Park Service (NPS) would release the FMFADA from any obligation and control of the site and its development. Being a part of the National Park system would enable Fort Monroe to more easily tap into the regional network of historic places and sites, many of which have NPS components. However, as concessions operations within the NPS are contracted to private and individual concessionaires, thus limiting any marketing efforts or collaboration to the discretion of the concessionaire.

The NPS is controlled by the Department of the Interior and has been underfunded for many years. The concessions program is part of an effort to enhance the financial independence of the Park system and lift the tax burden. Additionally, the NPS is a large bureaucratic system which involves many restrictions, limitations and requirements for each and all of its sites.

Should the National Park Service become involved with Fort Monroe, a subsidiary non-profit organization could participate in fringe efforts to maintain the cultural heritage of the site, however management and discretion would be entirely handed over to the NPS.

### **Ease of Financing**

As a part of the NPS, the Fort Monroe site would be entitled to and receive federal funding. However, development of concessions operations are typically structured as public/private partnerships with the NPS only providing capital investment where necessary to create an attractive contract for investment. Several non-profit organizations established as friends of the NPS will often step in to offer assistance in fund-raising to support the maintenance and appropriate development of parks should funding gaps exist.

The private concessionaires associated with the NPS are typically large institutional companies with diverse portfolios. The benefit of their brand, longstanding reputations in the industry, and extensive asset holdings make attaining financing a relatively problem-free process.

### **Tax Incentives**

As a government non-profit entity, the NPS and its property is tax-exempt. However, concessions operations are excluded from exemption status. A concessionaire improving or rehabilitating

historic property could be eligible to receive historic tax credits, however there substantial hurdles involved. The IRS allows leaseholders to receive tax credits for the rehabilitation of historic property if the lease term extends beyond 39 years. However, the NPS limits concessions contracts to a maximum ten years with ten year extension option. There have been circumstances under which an exception to either the NPS or IRS rules has been made; however, these exceptions are rare and cannot be relied upon in the structuring of a deal or contract.

Because the NPS would be exempt from property tax requirements and the goal of the NPS is to provide affordable and accessible accommodations and products even in its commercial endeavors, tax potential is more limited. Income and sales tax would still be available, but they are unlikely to be as substantial as if a private partner were to take control of development and/or operations.

### **Investment Requirement/Income Potential**

The FMFADA would not have any investment requirements nor income potential should Fort Monroe be turned over to the NPS. Most of the initial capital investment and profit potential from commercial operations would belong to the contracted concessionaire. The NPS would be responsible for overseeing general upkeep and maintenance, funding park service programs, and would have the financial benefit of receiving a steady flow of franchise fees, which average 3.4 percent of gross revenue, and the potential requirement of replacement reserves and marketing expenses, which average three and five percent of gross revenue respectively.

### **Example**

Everglades National Park suffered a devastating blow when hurricanes destroyed the concessions area in 2005. In response to this tragedy, the NPS commissioned a new commercial services plan (CSP) and general management plan (GMP) for the redevelopment of the Park. The new plan for the development of the park addressed environmental and public concerns assuring that commercial uses would align with the NPS mission. Additionally, non-profit friends of the Park like the South Florida National Parks Trust and National Parks Conservation Association lobbied on behalf of the park to move toward redevelopment. After the development of both a CSP and GMP and public approval, the contracts will be offered for bid to an array of private concessionaires. As is often the case, a funding gap exists between the supportable and required investment in commercial services. This will be resolved through third-party fundraising and an appeal for federal fundraising. This process is two years in the making and not yet complete.



Table 5: Development Options Matrix

	Character of Partner	Tax Incentives	Control	Income Potential/ Investment requirement	Ease of Financing	Cohesion
<b>Concession Management Contract</b>	<ul style="list-style-type: none"> <li>Private operator</li> <li>Typically large and institutional</li> <li>Rigid requirements and expectations</li> </ul>	<ul style="list-style-type: none"> <li>Owner would have to maintain possessory interest and make capital improvements to obtain tax incentives</li> <li>Difficult to achieve contract term necessary for tax incentives</li> </ul>	<ul style="list-style-type: none"> <li>Control is split between concessionaire and governing entity</li> <li>Requirements for replacement reserves, pricing restrictions, marketing, and adhering to the mission can be mandated</li> </ul>	<ul style="list-style-type: none"> <li>Management fee income averages 3.4% revenue</li> <li>Marketing and Replacement reserve requirements average 5% and 3% respectively</li> <li>Initial investment is provided by concessionaire, however joint venture may be necessary to create an appealing contract</li> </ul>	<ul style="list-style-type: none"> <li>A well-known brand will enhance appeal and stability of investment to a lender</li> </ul>	<ul style="list-style-type: none"> <li>Operation will be maintained and managed by one entity solidifying cohesion, cross-marketing, and cross-utilization</li> </ul>
<b>Direct Management</b>	<ul style="list-style-type: none"> <li>Owner operated</li> <li>Inexperienced in operation of various entities in Fort Monroe</li> </ul>	<ul style="list-style-type: none"> <li>Tax incentives will be available directly to ownership; however, as a 501(c)(3), the entity is exempt from property taxes</li> <li>Possible sale of credits to a private entity could benefit the organization</li> <li>Taxes will be levied for non-exempt activities (i.e. commercial operation of resort parcels)</li> </ul>	<ul style="list-style-type: none"> <li>Control will be 100% maintained by the owning entity, as will financial risk</li> <li>Policy will be framed by the charter documents of the organization stipulating its authority</li> </ul>	<ul style="list-style-type: none"> <li>Initial investment will be substantial and require a major fundraising effort</li> <li>Income potential varies by use from 0-20% of gross revenue</li> <li>As a 501(c)(3), the organization cannot be commercially focused</li> <li>Certain uses (i.e. resort/marina) may be sub-contracted creating potential investment partnerships and management fee income</li> </ul>	<ul style="list-style-type: none"> <li>The inexperience of the owner in operating hospitality and museum entities may create a risky financial investment</li> </ul>	<ul style="list-style-type: none"> <li>Cohesive development plan will be created</li> <li>Opportunities exist for cross-marketing and cross-utilization</li> </ul>
<b>Ground Lease</b>	<ul style="list-style-type: none"> <li>Partner assumes virtual ownership</li> <li>Responsibility and risk is shifted</li> </ul>	<ul style="list-style-type: none"> <li>Eligible for tax incentives if leasehold is longer than 39 years including extension options</li> <li>Exchange 1031 can be used to avoid capital gains tax upon sale of lease if a like-kind property is purchased</li> <li>Rental income is taxable</li> <li>Rent payments are tax deductible</li> </ul>	<ul style="list-style-type: none"> <li>Lease may be negotiated to include operating requirements and development restrictions</li> <li>General control is relinquished to developer/operator</li> </ul>	<ul style="list-style-type: none"> <li>Base rent can be negotiated (8-15% appraised value)</li> <li>Variable rent changes by use (6-15% of gross annual revenue)</li> <li>Windfall profit (8-10% sale or refinancing proceeds)</li> <li>Initial investment is provided by lessee, improvements belong to landlord upon lease termination</li> <li>Strong income, property, and sales tax base will be created</li> </ul>	<ul style="list-style-type: none"> <li>Owner may back construction loans with land as collateral to secure financing</li> </ul>	<ul style="list-style-type: none"> <li>Cohesive development plan can be negotiated in lease agreement</li> <li>Operation can be leased to one tenant or several</li> </ul>
<b>Sale</b>	<ul style="list-style-type: none"> <li>Involvement is terminated upon sale, except as conditions of sale</li> <li>Motivated developer/operator or seeking best and highest use for maximum return</li> </ul>	<ul style="list-style-type: none"> <li>Historic tax credits could be available to a buyer given that specific program requirements are adhered to</li> </ul>	<ul style="list-style-type: none"> <li>Site control will be relinquished to buyer, excepting purchase requirements</li> <li>Historic properties will remain thinly protected by National Historic Landmark designation</li> </ul>	<ul style="list-style-type: none"> <li>Sale income will vary based on restrictions included in sale offering</li> <li>No future income stream potential</li> <li>Investment will be entirely private</li> <li>Strong income, property, and sales tax base will be created</li> </ul>	<ul style="list-style-type: none"> <li>Buyer will be responsible for obtaining financing</li> <li>A solid pro-forma and experienced developer will attract a lender</li> <li>Government support will legitimize request</li> <li>Oversight required</li> </ul>	<ul style="list-style-type: none"> <li>Operation may be sold in pieces, developed separately, managed separately</li> <li>Cohesive plan cannot be assured</li> </ul>
<b>National Park Service</b>	<ul style="list-style-type: none"> <li>Government entity</li> <li>Stringent guidelines and policy</li> <li>Under funded</li> </ul>	<ul style="list-style-type: none"> <li>Tax exempt excluding concessionaire operations</li> <li>Obtaining historic tax limited by shorter contract terms stipulated by the NPS</li> </ul>	<ul style="list-style-type: none"> <li>Site control ceded to the NPS</li> <li>Control of concessions elements overseen by the NPS but managed by a concessionaire with operating control</li> </ul>	<ul style="list-style-type: none"> <li>Income potential is relegated to the NPS and concessionaire</li> <li>Taxes revenues are limited as NPS is exempt from many property and personal taxes</li> <li>Income and sales tax will be limited due to NPS affordability requirements and high operating overhead</li> </ul>	<ul style="list-style-type: none"> <li>Concessionaires are large, institutional entities with strong reputations and diverse balance sheets attractive to lenders</li> </ul>	<ul style="list-style-type: none"> <li>Operation will be maintained and management by one entity solidifying cohesion, cross-marketing and cross-utilization</li> </ul>



Table 6: Development Plan Timeline

	<b>Year 1</b>	<b>Year 5</b>	<b>Year 10</b>	<b>Year 15</b>	<b>Year 20</b>
<b>Concession Management Contract</b>	<ul style="list-style-type: none"> <li>▪RFP for management issued</li> <li>▪RFP selection process completed, concessionaire selected (by use or in total)</li> </ul>	<ul style="list-style-type: none"> <li>▪Construction completed</li> <li>▪Contract with concessionaire underway</li> <li>▪Marketing plan in place</li> </ul>	<ul style="list-style-type: none"> <li>▪Operations underway</li> </ul>	<ul style="list-style-type: none"> <li>▪Visitation/Operating stabilization</li> </ul>	<ul style="list-style-type: none"> <li>▪Operations mature</li> <li>▪Renewal/Reissue of Concessions contract</li> </ul>
<b>Direct Management</b>	<ul style="list-style-type: none"> <li>▪Strategic plan/Business plan developed</li> <li>▪RFP for construction/developer issued</li> <li>▪Blue prints for development solidified</li> <li>▪Fundraising effort initiated</li> </ul>	<ul style="list-style-type: none"> <li>▪Construction completed</li> <li>▪Marketing plan in place</li> <li>▪Fundraising effort continues</li> <li>▪Regional partnerships aligned</li> <li>▪Any/all individual mgmt. contracts of operations signed and in place</li> </ul>	<ul style="list-style-type: none"> <li>▪Operations underway</li> </ul>	<ul style="list-style-type: none"> <li>▪Visitation/Operating stabilization</li> </ul>	<ul style="list-style-type: none"> <li>▪Operations mature</li> </ul>
<b>Ground Lease</b>	<ul style="list-style-type: none"> <li>▪Lease offering issued</li> <li>▪Lessee selected</li> <li>▪Lease terms defined</li> <li>▪Lease signed</li> </ul>	<ul style="list-style-type: none"> <li>▪Construction completed</li> <li>▪Marketing plan in place</li> <li>▪Business plan developed</li> <li>▪Complete turnover to lessee</li> </ul>	<ul style="list-style-type: none"> <li>▪Operations underway</li> </ul>	<ul style="list-style-type: none"> <li>▪Visitation/Operating stabilization</li> </ul>	<ul style="list-style-type: none"> <li>▪Operations mature</li> <li>▪Renegotiation of rental rates</li> </ul>
<b>Sale</b>	<ul style="list-style-type: none"> <li>▪Sale offering issued</li> <li>▪Buyer selected</li> <li>▪Sale terms negotiated</li> <li>▪Sale completed</li> </ul>	<ul style="list-style-type: none"> <li>▪Construction completed</li> <li>▪Marketing plan in place</li> <li>▪Marketing efforts begin</li> <li>▪Association with regional attractions solidified</li> </ul>	<ul style="list-style-type: none"> <li>▪Operations underway</li> </ul>	<ul style="list-style-type: none"> <li>▪Visitation/Operating stabilization</li> </ul>	<ul style="list-style-type: none"> <li>▪Operations mature</li> </ul>
<b>National Park Service</b>	<ul style="list-style-type: none"> <li>▪Petition to establish National Park completed</li> <li>▪Management plan for turnover to Park completed</li> </ul>	<ul style="list-style-type: none"> <li>▪GMP completed</li> <li>▪Concessionaire contract prospectus issued</li> <li>▪Concessionaire chosen</li> <li>▪Construction begins</li> </ul>	<ul style="list-style-type: none"> <li>▪Operations underway</li> </ul>	<ul style="list-style-type: none"> <li>▪Visitation/Operating stabilization</li> </ul>	<ul style="list-style-type: none"> <li>▪Operations mature</li> <li>▪GMP updated</li> <li>▪New contract prospectus issued</li> </ul>