

REQUEST FOR QUALIFICATIONS

FOR A TEMPORARY CONCESSION CONTRACT providing

LODGING, FOOD & BEVERAGE, RETAIL, TRANSPORTATION,
AND OTHER SERVICES

GRAND CANYON NATIONAL PARK

Department of the Interior

National Park Service
Intermountain Region

Temporary Concession Contract TC-GRCA001-15

DEADLINE FOR SUBMITTING INFORMATION

The National Park Service must receive your response no later than
4:00PM MST
on November 19, 2014

Please send your information to:

Jennifer Parker, Chief of Concessions
National Park Service
Intermountain Region
12795 W. Alameda Parkway
Lakewood, CO 80228

REQUEST FOR QUALIFICATIONS

Pursuant to the National Park Service Concessions Management Improvement Act of 1998, Public Law 105-391, the Director of the National Park Service may award non-competitive temporary concession contracts for consecutive terms not to exceed three years in the aggregate.

The National Park Service (Service) recognizes that insufficient time remains to receive proposals responding to a Solicitation, evaluate those proposals, select the best proposal, have the selected entity sign the contract incorporating the terms of that proposal, and comply with the required 60-day Congressional notice period prior to the expiration of CC-GRCA001-02 (the "Existing Contract"). The Service, therefore, intends to enter into a temporary concession contract pursuant to 16 U.S.C. § 5952(11)(A) and 36 C.F.R. § 51.24 having a term not to exceed one year to avoid an interruption of visitor services for the operations as outlined in this Request for Qualifications and the Draft Temporary Contract. The Service believes the temporary contract could cover a period as short as 60-120 days to accommodate the expiration of the Existing Contract and transition to a new concessions contract. The Service does not need to solicit proposals for temporary concessions contracts.

The Service issues this Request for Qualifications (RFQ) to determine if an interested operator is qualified to provide services as described herein. The Service is issuing this RFQ to obtain information about the experience and financial capability of entities willing to provide the described visitor services within Grand Canyon National Park. While responses do not constitute offers, the Service plans to rely, in part, on the information provided as a basis for selecting the temporary concessioner.

This RFQ does not constitute a REQUEST FOR PROPOSAL (RFP), nor does it constitute an offer, either expressed or implied.

In this document, the entity providing information to the Service in response to this RFQ is referred to as the "Submitter." When the pronouns "you and yours" are used, those refer to the Submitter.

RESPONSES CONSIDERED A PUBLIC DOCUMENT

The Service considers all information submitted in response to this RFQ as public documents. If you believe that your response contains trade secrets or confidential commercial or financial information exempt from disclosure under the Freedom of Information Act, you must mark the cover page of the response with the following legend:

CONFIDENTIAL: The Submitter requests this information not be disclosed to the public, except as may be required by law.

The Service will not make public such information so identified in accordance with law.

REQUIRED VISITOR SERVICES

Services in Draft Temporary Contract (TC-GRCA001-15)

Required Visitor Services for the Draft Temporary Contract

Service	Location
Lodging	El Tovar Hotel Bright Angel Lodge and Cabins Maswik Lodge Phantom Ranch Guest Quarters Kachina Lodge Thunderbird Lodge
Food and Beverage	El Tovar Arizona Room Bright Angel Hermits Rest Snack Bar Maswik Phantom Ranch Canteen
Retail	El Tovar Bright Angel Maswik Hermits Rest Hopi House Lookout Studio Phantom Ranch
Transportation	Interpretive Bus Tours Inner Canyon and Rim Mule Rides Taxi Service
Kennel Operation	South Rim
Vending	Throughout Concession Facilities
Roadside Assistance Service	South Rim

Authorized Visitor Services for the Draft Temporary Contract

Service	Location
Limited Automobile Garage Services	South Rim Concessioner Support Facility
Food and Beverage	Mobile Food Operations

Draft Temporary Contract

IN COMPLIANCE WITH 36 CFR § 51.5, THE NPS PROVIDES THE FOLLOWING INFORMATION ABOUT THE MINIMUM REQUIREMENTS OF THE DRAFT TEMPORARY CONCESSION CONTRACT:

1. The minimum acceptable franchise fee will be negotiated although interested parties must propose a minimum fee.
2. The minimum acceptable Repair and Maintenance Reserve will be negotiated.
3. The initial Leasehold Surrender Interest investment for the Draft Temporary Contract TC-GRCA001-15 is \$56,950,924.
3. The term of the Draft Temporary Contract is not to exceed one year.
4. No Concessions Facilities Improvement Program is required under the Draft Temporary Contract.
5. The minimum measures that the Concessioner must take to ensure the protection, conservation, and preservation of the resources of Grand Canyon National Park are set forth in federal law, specifically in Title 16 United States Code, federal regulations, 36 CFR Part 51, and in the Draft Temporary Contract including all of its exhibits and attachments.
6. Other minimum requirements that the Draft Temporary Contract specifies are set forth in the Draft Temporary Contract, including all of its exhibits and attachments.
7. A description of the facilities and services provided by the Service to the Concessioner are set forth in the Draft Temporary Contract, including its exhibits and attachments.
8. References in the text below to the Existing Concessioner refer to Xanterra South Rim, LLC.

The National Park Service and Its Mission

America's National Park Service was created by Congress to:

...conserve the scenery and the natural and historic objects and the wild life therein, and to provide for the enjoyment of the same in such a manner and by such means as will leave them unimpaired for the enjoyment of future generations. (16 U.S.C. §1)

Additionally, the 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. (16 U.S.C. §1a-1)

To learn more about the National Park Service, visit our website at www.nps.gov. This site includes information about who we are, our mission, and policies, and information on individual park units.

GRAND CANYON NATIONAL PARK: ONE OF THE SEVEN NATURAL WONDERS OF THE WORLD

Park Overview

More than four million people visit the Park annually to enjoy the broad variety of experiences it has to offer, such as hiking, Colorado River rafting, mule riding, and viewing the canyon from different vantage points.

The Park is open year-round, as are most South Rim concession accommodations and services. Numerous other commercial operators provide visitor services in the South Rim area through concessions contracts or commercial use authorizations. In addition to the services provided by the subject concession, other Park concession services include:

- lodging, food and beverage, and retail services,
- bicycle rental and food and beverage services,
- multi-day raft trips on the Colorado River,
- mule rides on the North Rim, and
- railroad tour services to the South Rim.

The Park's official partner, the Grand Canyon Association ("GCA"), also has a significant retail presence at locations throughout the Park. GCA uses revenues generated from its retail outlets to provide environmental education services and materials to Park visitors.

BUSINESS OPPORTUNITY IN ONE OF THE NATION'S MOST POPULAR NATIONAL PARKS

The Draft Temporary Contract offers a unique business opportunity for a resort operator to manage a large, multi-faceted hospitality operation, including Phantom Ranch on the floor of the Grand Canyon. The following describes the services included in the Draft Temporary Contract.

Lodging: The lodging department provides the largest source of revenue for the Draft Temporary Contract. The Concessioner will operate the historic El Tovar Hotel and Bright Angel Lodge, as well as the Kachina, Thunderbird, and Maswik Lodges. The Concessioner also will operate the Phantom Ranch rustic lodge on the floor of the Grand Canyon.

Food & Beverage: The Concessioner will manage food and beverage operations at its El Tovar, Bright Angel, Phantom Ranch, and Maswik lodging locations. In addition, the Concessioner will operate the Arizona Room restaurant and Hermits Rest snack bar.

Retail: The Concessioner will operate retail outlets at all of its assigned lodging operations, as well as Lookout Studio, Hopi House, and Hermits Rest.

Transportation: The Concessioner will offer interpretive bus tours, taxi service in the Village area, and mule tours on the canyon rim and to Phantom Ranch.

Other: The Concessioner will operate the kennel, provide roadside assistance service, and provide vending in several locations.

Exhibit 1 Historical Annual Gross Revenue, 2009-2011

	2009	2010	2011
Total Gross Revenue	\$65,310,321	\$65,953,248	\$67,147,000

- 2009 and 2010 gross revenue presented represents actual historical gross revenues associated with the services required under the Draft Temporary Contract, as reported by the Existing Concessioner.
- The Service estimated the 2011 gross revenue by using the same percentages used for the historical actuals in 2009 and 2010. The Existing Concessioner reported an increase in overall gross revenue for 2011.
- The financial analysis does not include 2012 or 2013 financial data because the Annual Financial Reports (AFRs) were unavailable during the analyses. The Service reviewed the 2012 and 2013 AFRs and determined no anomalies occurred and financial performance was consistent with 2011 trends.

Source: NPS

Exhibit 2 Historical Franchise Fees Paid, 2009 – 2011

	2009	2010	2011
Estimated Adjusted Franchise Fees Paid	\$2,181,514	\$2,206,211	\$2,279,000

- 2009 and 2010 Franchise Fees Paid, as shown here, have been adjusted to include estimates of only that portion of the total fees paid by the Existing Concessioner on associated gross receipts generated by the same services required under the Draft Temporary Contract.
- 2011 Franchise Fees Paid, as shown here, have been estimated based upon a percentage of gross revenues estimated to be associated with services required by the Draft Contract.
- A concessioner must pay fees on "gross receipts," as defined in Sec. 2 of the Draft Contract.

Source: NPS

FUTURE OPERATIONS

Utility Add-on

The Service has determined pursuant to NPS Director's Order 35B (DO 35B) that the Concessioner's rates for certain visitor services, for up to the first year of the Draft Temporary Contract as approved by the Service, may include a 4.3% of Gross Receipts "Utility Add-on." This Utility Add-on percentage represents the estimated difference between the cost the Concessioner pays for Service-provided utilities in the Area and utility costs typical in the industry as determined by the Service.

Employee Housing, Dining Rooms, Shuttle, and Recreation

In addition to the required visitor services, the Concessioner must provide housing, dining operations, and a recreation program for its employees. Exhibit 3 presents the current usage of in-Park employee housing of the Existing Concessioner for the services under the Draft Temporary Contract. If the Concessioner identifies additional requirements for employee housing, the Concessioner must meet those needs outside the Park boundary.

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

Exhibit 3 Employee Housing

Type of Housing	# of Units	Estimated Occupancy ¹ based on Existing Concessioner's Usage
Single Family Homes	39	39
Duplexes/Multiplex Units	41	74
Dormitory Rooms	219	402
Coconino Apartment Units	135	243
Maswik Cabins	66	198
Pinyon Park	24	36
TOTAL		992

¹"Estimated Occupancy" represents the Existing Concessioner's occupancy within its assigned employee housing. The Draft Temporary Contract does not specify the capacities of employee housing assigned to the Concessioner.

Source: NPS

For the purposes of determining its total employee housing needs, the Submitter should develop staffing plans and schedules for the required operations. The Service will not assign the Concessioner additional employee housing over and above what Exhibit 3 presents unless the Service determines the need to reallocate housing during the term of the Draft Temporary Contract. In addition, the Service will not authorize construction of additional employee housing within the Park. If a Submitter's staffing analysis identifies a need for additional employee housing, the Submitter must plan to accommodate this housing outside of the Park.

The Service believes the assignment of employee housing reflecting the allocation of visitor services between TC-GRCA001-15 and CC-GRCA003-15 is appropriate and reflects the staffing requirements of each operation. The Service has contemplated, in its franchise fee analysis, the need for the TC-GRCA001-15 concessioner to have additional housing outside of the Park and, accordingly, has included an additional \$500,000 annually in labor expenses to accommodate higher wages for some staff living outside of the Park. Either the Concessioner or the concessioner under GRCA003 may request a review of the assignment and allocation of employee housing, and the Service would consider such request as appropriate pursuant to Section 8 of the Draft Temporary Contract.

After award of the Draft Temporary Contract, the Service will provide additional housing for use during the term of the Draft Temporary Contract, to include: 3 single family housing units, 5 trailer sites at Pinyon Park, and 5 trailer sites at Desert View as needed by the Concessioner. Additional inventory may be made available by the Service as needed and available. The Service will establish a Housing Transition Team with the Concessioners for both TC-GRCA001 and CC-GRCA003 to address housing issues after award of the Draft Temporary Contract.

The GRCA003 Concessioner will not require anyone employed under the GRCA001 Contract, who owns a trailer currently located within Trailer Village, to move during the term of the Draft Temporary Contract. GRCA001 employees living within GRCA003 Concession Facilities are subject to the Non-Concessioner Employee requirements set forth in the GRCA003 Operating Plan.

Concession Support Facilities

The Service intends to assign certain support facilities (listed in Exhibit 4 below) currently assigned to the Existing Concessioner on a temporary basis to the Concessioner until other warehouse space is complete.

Exhibit 4 – Back of House Buildings to be Assigned Temporarily

Building	Square Footage
Building 562, Carpenter Shop	11,191
Building 569, Purchasing Receiving	10,887
Building 572, Maintenance	3,948
Building 573, Office/Storage, Powerhouse Area	125
Total Square Footage	26,151

Source: NPS

The Concessioner may use the main commercial laundry building near Maswik Lodge as a support facility (due to the elimination of laundry operations on the South Rim). The Concessioner also will have use of the other support buildings listed in Exhibit 4. Even with these buildings; however, the Concessioner will need additional storage or maintenance space. The Concessioner may continue to locate its fleet repair and public garage operations in the General Offices building.

INVESTMENT ANALYSIS

Leasehold Surrender Interest

The Existing Contract requires the Existing Concessioner to sell and transfer to the successor its Leasehold Surrender Interest (LSI) held in connection with its operations. The Concessioner must compensate the Existing Concessioner pursuant to the terms of the Existing Contract for the LSI associated with Concession Facilities assigned to the Draft Temporary Contract.

The Service and the Existing Concessioner have agreed that the value of the Existing Concessioner's LSI is \$198,000,000. The Service intends to pay the Existing Concessioner approximately \$99,887,497 before the effective date of the Draft Temporary Contract to buy down the LSI amount due the Existing Concessioner. The concessioner under the new CC-GRCA003-15 contract must pay the Existing Concessioner \$41,161,579 for the LSI value of the assets assigned to that contract. The initial LSI value for the TC- GRCA001-15 Draft Temporary Contract will be \$56,950,924.

Start-Up Expenses

Prior to, and just following inception of the Draft Temporary Contract, the new Concessioner will need to make a one-time investment in a range of activities to start operations. These activities include staff recruitment, training, IT implementation, legal and administrative support services, marketing and advertising beyond normal annual expenditures, and purchase of initial inventory and operating supplies.

Personal Property

The Existing Contract does not require the Existing Concessioner to sell and transfer to its successor property associated with the concession operations. Even so, the Service has assumed that the Concessioner would negotiate with the Existing Concessioner to purchase much of the personal property needed for operations.

The Service estimates the Concessioner would purchase personal property with a value of approximately \$13.8 million in 2015 dollars. This estimate includes both personal property located in the Concession Facilities, such as furniture, trade fixtures, equipment, mules, and vehicles, and personal property located

outside the Park necessary to provide the services required under the Draft Temporary Contract. This amount is an estimate only and the final value could differ from this estimate.

Section 8(e)(2) of the Existing Contract requires the Existing Concessioner to transfer its Historic Personal Property to the Concessioner upon payment of the book value of that Historic Personal Property. The book value of that property is \$0. Under the Draft Temporary Contract, the Concessioner also must maintain such property with the Concession Facilities and transfer it to the successor concessioner for \$0 value

FRANCHISE FEE

The minimum franchise fee under the Draft Temporary Contract will be negotiated although interested parties must propose a minimum fee.

REPAIR AND MAINTENANCE RESERVE

The minimum Repair and Maintenance Reserve will be negotiated.

TERM AND EFFECTIVE DATE OF THE DRAFT TEMPORARY CONTRACT

The Draft Temporary Contract is for a term not to exceed one year beginning on January 1, 2015.

INFORMATION SOUGHT

To determine the qualifications of those interested in providing the services under the Temporary Concession Contract, this RFQ solicits information concerning the Submitter's:

- Financial capacity
- Business Organization
- Applicable experience
- Personnel
- Ability to mobilize to commence operations
- Acceptance of minimum requirements of the Draft Temporary Contract and your proposed minimum franchise fee expressed as a percentage of gross receipts.

Please provide a through response to all of the information solicited on the following pages:

Financial Capacity

DEMONSTRATE THAT YOU HAVE A CREDIBLE, PROVEN TRACK RECORD OF MEETING YOUR FINANCIAL OBLIGATIONS BY PROVIDING THE FOLLOWING:

- 1) The completed Business History Information form (next two pages).
- 2) Audited financial statements for the two most recent fiscal years, with all notes to the financial statements. Financial statements should be provided for the Submitter AND all parent companies. Personal financial statements must be provided for any owners of a sole proprietorship or general partners within a partnership, and members of a limited liability company.

-OR-

If audited financial statement are not available or not representative of your financial history, present an explanation in sufficient detail to enable a reviewer to fully understand the reasons why audited financial statements are not available (for example, if reviewed statements were submitted instead of audited statements, include an explanation as to why the statements were reviewed and not audited). In addition, provide compelling evidence/documentation, accompanied by descriptions, of your financial track record of meeting your financial obligations.

- 3) A CURRENT credit report (within the last six months) in the name of the Submitter from a major credit reporting company such as Equifax, Experian, or Dunn & Bradstreet.

**Business Organization
FORM 1**

BUSINESS ORGANIZATION INFORMATION CORPORATION, LIMITED LIABILITY COMPANY, PARTNERSHIP OR JOINT VENTURE

Complete a separate form for the submitting business entity and any parent entity.

Name of Entity and Trade-name, if any	
Address	
Telephone Number	
Fax Number	
Email Address	
Contact Person	
Title	
Tax ID#	
State of Formation	
Date of Formation	

OWNERSHIP	PERCENTAGE OF OWNERSHIP INTERESTS	CURRENT VALUE OF INVESTMENT
Names and Addresses of those with controlling interest and/or key principals of the business		
Total Interests Outstanding and Type(s):		

OFFICERS AND DIRECTORS OR GENERAL PARTNERS OR MANAGING MEMBERS OR VENTURERS	ADDRESS	TITLE AND/OR AFFILIATION

Attach the following:

- Description of relationship of any parent entities to the Submitter with respect to funding and management.

FORM 2
BUSINESS INFORMATION
INDIVIDUAL* OR SOLE PROPRIETORSHIP

Name of Individual and Trade name, if Any**	
Address	
Telephone Number	
Fax Number	
Email Address	
Contact Person (if other than the Submitter)	
Tax ID #	
Years in Business (of same type as required service(s))	
Current Value of Business	
Role in Providing Concession Service(s)	

*Due to difficulties determining authority to act and ownership, the Service will not accept a proposal from spouses jointly as a purported business entity. Either one individual must serve as the Submitter or the spouses must form a corporation, partnership, or limited liability company to serve as Submitter.

**If the sole proprietorship acts under a name other than that of its owner (i.e., does business as "company name"), also add the jurisdiction where the company's trade name is registered, if any.

BUSINESS HISTORY INFORMATION FORM

Business history information should be provided for the Submitter AND all parent companies.

The information provided below is for the entity: _____

Has Submitter ever defaulted from or been terminated from a management or concession contract, or been forbidden from contracting by a public agency or private company?

YES NO

If YES, provide full details of the circumstances.

List any Bankruptcies, Receiverships, Foreclosures, Transfers in Lieu of Foreclosure, and/or Work-Out/Loan Modification Transactions during the past five years. Include an explanation of the circumstances, including nature of the event, date, type of debt (e.g., secured or unsecured loan), type of security (if applicable), approximate amount of debt, name of lender, resolution, bankruptcy plan, and/or other documentation as appropriate. If none, check the box below. Otherwise, provide full details below.

NONE

Describe any pending litigation or administrative proceeding (other than those covered adequately by insurance) which, if adversely resolved, could materially impact the financial position of the Submitter. If none, check the box below. Otherwise, provide full details below.

NONE

Describe any lawsuit, administrative proceeding or bankruptcy case within the past five years that concerned the Submitter's alleged inability or unwillingness to meet its financial obligations. If none, check the box below. Otherwise, provide full details below.

NONE

Describe any liens recorded against the Submitter within the past five years (whether from taxing authorities or judgments) and, if resolved, provide a copy of any lien release. If none, check the box below. Otherwise, provide full details below.

NONE

I hereby certify, under penalty of perjury, that the information provided in this Business History Information Form is accurate and complete.

Submitter's Name

By: _____

Printed Name: _____

Authorized Officer (if applicable)

APPLICABLE EXPERIENCE

Using no more than five (5) pages (8.5 X 11 inches; 1 inch margins; 10 point or larger font), provide a description of your experience in the operation and management of lodging, food and beverage and retail.

1. Name of entity providing the services
2. Location where the entity provided the services in the past five years
3. Amenities and other related services offered in this operation
4. Role of the Submitter in providing the service
5. Number of years in this operation.
6. Annual revenue earned from these services during the past three (3) years or operating seasons.

PERSONNEL

Describe your staffing plan, including use of existing and projected additional personnel necessary to provide the services and meet all terms and conditions of the Draft Temporary Concession Contract using no more than three (3) pages (8.5 X 11 inches; 1 inch margins; 10 point or larger font).

ABILITY TO MOBILIZE TO COMMENCE OPERATIONS

Using no more than three (3) pages (8.5 X 11 inches; 1 inch margins; 10 point or larger font) describe your plan (including a timeline) to mobilize your resources to begin providing the required services described in the Draft Temporary Concession Contract. Please understand that it is of the utmost importance to the Service that the Concessioner mobilizes as quickly as possible to avoid an interruption in visitor services.

ACCEPTANCE OF MINIMUM REQUIREMENTS OF THE DRAFT TEMPORARY CONTRACT & PROPOSED MINIMUM FRANCHISE FEE

Using no more than page (1) page (8.5 X 11 inches; 1 inch margins; 10 point or larger font) affirm your acceptance of the minimum requirements of the Draft Temporary Contract and state your proposed minimum franchise fee expressed as a percentage of gross receipts.