



Photo: Andre Carrotflower

**RFP Response for Market Feasibility
Study & Planning Project
Kinzua Regional Marketing Initiative
March 4, 2022**



And its Partner Earth Economics



8 Essex Center Drive
Peabody, MA 01960
www.chmgov.com

March 4, 2022

Jeff Eggleston, Commissioner
Warren County Development Association
204 Fourth Avenue
Warren, PA 16365
VIA EMAIL

Dear Commissioner Eggleston,

CHM Government Services (“CHMGS”) is pleased to provide you a proposal for professional services associated with a proposed Market Feasibility Study and Planning Project for hospitality and recreational developments at Kinzua Beach, Kinzua Point Information Center and Jakes Rocks. CHMGS believes our team of professionals is exceptionally well-qualified to assist Warren County with this project based on our experience in advising and supporting public entities and private companies on issues related to their hospitality and recreation assets.

We look forward to an opportunity to discuss our proposal further with the Warren County Development Association. Please note this proposal remains valid for 90 days from issuance. If you have any questions or concerns, please do not hesitate to contact me.

Sincerely,

A handwritten signature in black ink, appearing to read 'G Baekey', is written over a light gray rectangular background.

Geoff Baekey
Managing Director
CHM Government Services
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gbaekey@chmgov.com

This proposal includes data that shall not be disclosed outside of the Warren County Development Association and shall not be duplicated, used or disclosed-in whole or in part-for any purpose other than to evaluate this proposal.

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A. EXECUTIVE SUMMARY

Warren County Development Association (“WCDA”) is seeking to discover if there is Market, Financial and Investment Feasibility to support the development of hospitality and recreational developments at Kinzua Beach, Kinzua Point Information and at Jakes Rocks. The land area is part of a US Army Corps of Engineers (“USACE”) Kinzua Dam which is located within the Allegany National Forest. Warren County seeks this analysis to inform decision making within the Warren County Development Association as well as its public sector partners (i.e., the USACE, Forest Service) and potential private parties.

CHM Government Services (“CHMGS”) provides business advisory services to public and quasi-public agencies responsible for or overseeing hospitality and recreation assets. Our firm’s depth of experience supporting municipal, state, and federal public land management agencies with their hospitality and recreation assets is unmatched. Our firm’s expertise is unique to this engagement in that ***there are few firms that have worked on public sector recreation resort projects located on USACE lakes and within National Forests across the nation.***

Client’s regard CHMGS as an innovative partner in creating development strategies on public land. Although we have completed projects across the entire United States, the majority of our firm’s diverse, ***exclusively public-sector client base*** has assets in some of our nation’s most beautiful ***rural, amenity-rich locations focused on outdoor recreation.***

Nearly all CHMGS’ projects include market, financial, and investment feasibility. However, because our work is with public agencies rather than private developers, our profile of projects is different than that of our most likely competitors. CHMGS has found that our public-sector clients benefit from more innovation in the process since they typically have greater constraints. CHMGS designs our “options analysis” processes around the idea that if the initial feasibility does not work, there are other options available that will meet the client’s objectives. This allows us to move through the feasibility analysis efficiently and then spend more time analyzing and developing alternatives should initial feasibility not be achievable.

B. CONSULTING FIRM(S) DATA

The prime consultant on this project is

CHM Government Services
8 Essex Center Drive
Peabody, MA 01960

The subconsultant on this project for the Economic Impact Assessment is Earth Economics

Earth Economics
1102 A Street, Suite 321
Tacoma, WA 98402

C. RELATIVE EXPERIENCE AND PROFESSIONAL RESUMES

FIRM BACKGROUNDS AND EXPERIENCE SUMMARY



CHM Government Services (“CHMGS”) the prime contractor is a boutique consulting firm comprised of seasoned professionals dedicated to advising public sector clients on their hospitality and recreation real estate portfolios. Our Mission Statement identifies our advisory objectives.

***Mission Statement:** To partner with public and quasi-public agencies that are responsible for visitor-based facilities and services to develop and implement sustainable strategies to operate, maintain, and improve these hospitality and recreation assets and programs.*

The following points highlight CHMGS’ capabilities and experience specific to our abilities to serve Warren County on this important project.

- **CHMGS** has developed time-tested approaches and tools for market, financial, and investment due diligence, deal structuring, request for proposal development, selection and negotiation, and asset management. Due diligence is a key component of all of work and our tools provide stakeholders flexibility in decision making. Our professionals leverage local stakeholder knowledge and bring national perspectives to our service provision.
- **CHMGS** has undertaken market, financial and/or investment studies for recreational and hospitality assets on Forest Service land. Additionally, CHMGS has conducted over a dozen feasibility studies on USACE lakes. These factors are critical since any potential recreational deal structure may need to recognize the lease, and permit requirements of each of these federal agencies.
- **CHMGS** has advised over 25 state park systems on their recreational and hospitality assets. Additionally, CHMGS is a concession business advisor to the National Park Service Concession Program and has undertaken market, financial and investment analysis at over 100 national park destinations. Our two decades of experience serving public park and recreation agencies has provided a depth of experience in structuring deals that meet statutory frameworks, recognize the importance of asset stewardship, and maximize opportunities within unique natural settings.
- **CHMGS** has a database of operating statistics for recreational and hospitality real estate within the public sector. Our two decades of work, has provided us operating statistics and financial performance metrics representing firms operating within public sector state and national parks. CHMGS leverages this data for engagements to benchmarking proposed financials and development costs.
- **CHMGS** has decades of experience in providing advisory support for hotel, food and beverage, recreation, conference, retail, and mixed-use development in rural, suburban, and urban environments. Our team possesses extensive experience with, and understanding of, ancillary operations that support and impact hospitality and recreation development success such as food and beverage operations, outdoor recreation opportunities, retail facilities, and other amenities. Our team recognizes how important these recreational components are to the overall market positioning of select types of real estate developments, as well as overall operational and financial success.

EARTH ECONOMICS

Earth Economics the subconsultant for Economic Impact is a 501(c)3 nonprofit based in Tacoma, Washington. Our mission is to quantify and value the benefits nature provides. Through better understanding of these benefits, communities make more effective, long-term decisions about their natural assets, balancing nature with development, and protecting community resources. Earth Economics has provided awareness raising economic valuation, and policy support services to governments, tribes, firms, and communities in the US and around the world for over 20 years. Our systems-thinking approach supports economic and community development while protecting critical natural assets such as watersheds, parks and green infrastructure.

PROFESSIONAL RESUMES

The project team assembled for this engagement includes seasoned professionals who have experience in recreation and hospitality developments on public land.

CHM Government Services Senior Vice President, Ms. Margaret Bailey will be Project Director & Manager for this engagement. Ms. Bailey heads the firm State and County Park practice and has over thirty years' experience advising public agencies at the county, state and federal level on their hospitality and recreation assets.



Training and Qualifications: Ms. Bailey is highly trained in hospitality real estate finance, operations, development, and valuation. Ms. Bailey's training in these areas comes from some of the most highly qualified and respected global hospitality consultancy and advisory firms including, Pannell, Kerr, Forester, Landauer, Horwath International, and PricewaterhouseCoopers LLC. Prior to joining these consulting firms Ms. Bailey worked with Hyatt Hotels Corporation managing food and beverage and banquet operations. Ms. Bailey has a B.S. in Hotel and Restaurant Management from California State Polytechnic University, Pomona, CA in Hospitality and Restaurant Management. She is an active participant and on the board of the Trustees of Reservation, Massachusetts largest land trust, and the Society of Outdoor Recreation Professionals.

Experience: Ms. Bailey brings over **30 years of experience** supporting her role as Senior Vice President at CHMGS. She has supported the NPS, U.S. Forest Service, U.S. Army Corps of Engineers and over 25 State, County and Municipal Park systems with their hospitality and recreational real estate needs.



CHMGS Senior Associate, Patrick Michaud will be responsible for supporting the team with market, financial and investment analysis.

Training and Qualifications: Mr. Michaud provides market, financial and investment analysis. Patrick has supported CHMGS in this role for clients within the county, state and federal sector.

Mr. Michaud has a B.S in Economics and Finance from Bentley University.

Experience: Mr. Michaud brings over **5 years of experience** supporting his role as Senior Associate at CHMGS.

Earth Economics, Project Director, Johnny Mojica will be responsible for overseeing the day-to-day operations of the economic impact analysis, including partner communications, methods review, and quality control.

Training and Qualifications: As a Project Director at Earth Economics, Johnny specializes in holistic economic analyses of public lands and in developing community-based partnerships around access to and funding for these critical public spaces. He works to assess the impact of policy, management, and business decisions by using economic tools such as input-output modeling and benefit-cost analysis. He has completed formal training to complete benefit-cost analyses for federal agencies. Johnny uses his training to incorporate economic, social, and environmental benefits into the decision-making framework.



Mr. Mojica has a B.A in Economics and Finance from Eastern Washington University.



Earth Economics, Senior Research Analyst, Trygve Madsen, will be responsible for data collection and developing the input-output models for the impact analysis.

Training and Qualifications: Trygve uses applied economics to examine public policy and investment decisions to maximize community benefits and resilience. With a background in quantitative and qualitative analysis, he has conducted systematic literature reviews, regression and scenario analyses, and field data collection for projects throughout the United States. Trygve uses his background in public policy to examine ways to improve benefit-cost analyses, expanding market and non-market considerations, with an emphasis on marine and freshwater resources.

Mr. Madsen has a MPA in Environmental Policy from University of Washington and a B.A. in Spanish from Whitman College.

D. PROJECT REFERENCES

CHMGS has selected five projects that we believe best profile the depth of our skill set and the variety of experiences CHMGS brings to the WCDA on this project. Our long history supporting the public sector with hospitality and recreation real estate investment and operations strategies provides us with perspectives on the best approach for public sector-led hospitality developments. Not every project CHMGS evaluates is feasible, and CHMGS has advised clients on proposed projects that we ultimately found to be both feasible and not feasible. The following provides descriptions of our experience and qualifications including projects that we determined to be feasible, as well as those that were not or required additional public sector support for feasibility.

Following these five projects is a listing of feasibility assessments that occurred on USACE lakes as well as feasibility work conducted for the National Forest Service which correspond to this engagements purpose.

Ohio State Parks: New Hotel Development

Project Reference: Nick Hall, Ohio Department of Natural Resources

Email: nick.hall@dnr.ohio.gov

- **Relevance to Warren County RFP:** *Scope of work involved evaluating market, financial and investment opportunity for new lodge development in a recreational setting.*

Ohio State Parks and Watercraft (OSP) state park system includes eight resort lodges. Ohio State Parks and Watercraft (OSP) needed to understand if there was a market opportunity for development of a new hotel and conference center at a signature state park, and to replace an existing restaurant facility at the park. CHMGS was engaged to undertake a two-phase process including a market analysis to initially vet the underlying demand for the project, followed by a more detailed financial, economic, and investment analysis once initial market support was determined.



Market Analysis: CHMGS's market research included working with the local Destination Management Organization (DMO) to understand the current inventory of lodging as well as promotional strategy for the area. CHMGS developed a market drawing area and segmentation analysis by visiting and interviewing management of each of the other eight state park lodges, as well as private sector hotels within the competitive supply. CHMGS's analysis identified that there was a market opportunity for a 100-room lodge with conference and banquet space.

Financial and Economic Analysis: CHMGS was responsible for developing financial analysis to identify the financial viability of the proposed lodge. CHMGS leveraged its public and private sector financial benchmark database to develop the financial projections.

Investment Analysis: The proposed lodge was to be developed using a combination of State and private operator funding. CHMGS tested various concession contract fee structures based upon varying investment and reserve levels. OSP is currently commencing with a design/build contract for the development of the proposed \$31 million lodge, with an anticipated opening in 2022.

West Virginia State Parks: New Resort Hotel Development

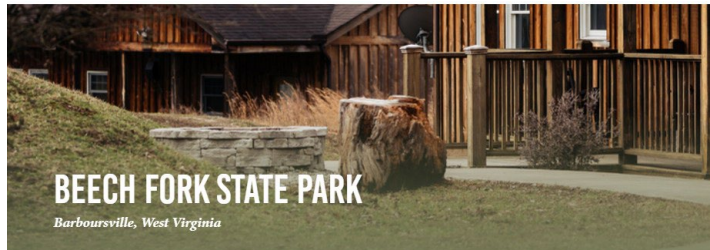
Project Reference: Brad Reed, Chief, West Virginia State Parks

Email: Brad.R.Reed@wv.gov

- **Relevance to Warren County RFP:** *Scope of work involved evaluating market, financial and investment opportunity for new lodge development in a recreational setting on a USACE lake.*

Beech Fork Lake is a U.S. Army Corps of Engineer Lake located in Wayne County, West Virginia. The West Virginia Division of Natural Resources, and West Virginia State Parks, (“WVDNR”) desired to understand the development potential for a proposed 75-room lodge and conference center within Beech Fork State Park. This project had been in discussion for over three decades as part of a strategy to support overall tourism and economic development in the region.

Market Analysis: The location of the property as well as its proposed profile, merited a two-phased market analysis. The competitive supply included both local hotels as well as regional resort properties. This required that CHMGS accurately identify the demand segments accommodated in each of the markets. Additionally, CHMGs undertook in-depth analysis with local and regional economic development organizations to identify the emerging travel and tourism trends that could impact this future development.



Financial and Economic Analysis: CHMGS began our analysis by evaluating the financial performance characteristics of other West Virginia State Park lodges. This included lodges that were self-managed as well as those under concession and management contracts. The nature of competitive supply management models was a critical aspect of our analysis to determine the optimum model to consider for the proposed lodge and the benefits and determinant of such. CHMGS developed a ten-year financial proforma for the proposed lodge and supporting amenities based upon a demand build up and rate positioning for the lodge.

Investment Analysis: CHMGS’s investment analysis involved working with a third-party A/E firm to update the project cost estimates provided by the state. Additionally, CHMGS estimated market acceptable maintenance and personal property reserves to ensure the long-term sustainability of these assets. CHMGS worked with the state’s bond counsel to evaluate the potential for state issued bonding vs. third party funding. The investment analysis identified that the project was infeasible based upon the costs of the development and its impact on capital investment returns to a potential operator.

Tennessee State Parks: Statewide Lodging Portfolio

Project Reference: Mike Robertson, Director of Operations, Tennessee State Parks

Email: mike.robertson@tn.gov

- **Relevance to Warren County RFP: Scope of work involved evaluating market, financial and investment and Request for Proposal/Marketing for lodge redevelopment in rural recreational settings.**

Tennessee Department of Environment and Conservation (TDEC) is responsible for the management of, and care for a resort portfolio that includes six lodges, nine golf courses, three marinas, and eight restaurants, all which TDEC self-operates. CHMGS began working with TDEC as their business advisor to support the state's resort portfolio investment and development strategy. Based upon this analysis, TDEC selected CHMGS as the Hospitality Development Asset Manager for two resort hotel new builds and two hotel redevelopments.



Market Analysis: CHMGS began with a market analysis, including economic/demographic profiles of each resort's geographic location, a full analysis of historical leisure and meetings/events market demand; interviews with demand generators; and tours of and interviews with management of competitive and comparable supply for lodging and meeting space.

Financial and Investment Analysis: CHMGS evaluated historical financial performance of each location and analyzed the performance of the overall portfolio. CHMGS assisted TDEC to understand options for each resort property, including renovation and demolition/new construction. CHMGS then completed an analysis of various options for the portfolio, developing and understanding the financial and investment ramifications of a variety of deal structures, including management contracts, concession contracts, and leases. Our investment analysis tool included the ability to turn on or off various scenarios, as well as different contract structuring options.

RFP Development: CHMGS was engaged to develop two RFP's (e.g., resort, golf). The work involved developing the Business Opportunity, Contract Document and Proposal Package Questions. CHMGS also was responsible for developing an RFP outreach plan.

TDEC also requested CHMGS to provide full asset programming of each resort. This work involved identifying the market position of each of the proposed hotels within their unique competitive market as well as the market position of the resorts within the state resort park competitive market. This two-level analysis identified that a shift in market position was necessary to optimize occupancy at each project and maximize conference center demand within the four properties. Although TDEC issued an RFP for private industry investment and management of the resort portfolio, ultimately the state opted to continue with a self-management and investment model. The State of Tennessee invested more than \$100 million to fully renovate two hotel properties and demolish and reconstruct the other two hotel properties.

National Park Service: Campground Market Analysis and Model Development

Project Reference: Tamara Delaplane, NPS WASO Parks and Planning

Email: Tamara_Delaplane@nps.gov

- **Relevance to Warren County RFP:** *Scope of work involved understanding the state of the campground industry, identification of public and private sector industry entities driving sector development, and development of a tool to test feasibility of campground development.*



The National Park Service Planning and Development and Concession Program desired to gain external advisory services to assist them in developing their Second Century Campground Strategy. CHMGS professionals were engaged by the NPS in undertaking a comprehensive review of the U.S. Campground Industry and to develop a campground market, financial and investment tool for use by agency staff.

Campground Industry Market Analysis: The scope of this study included and evaluation of economic and demographic factors impacting campground demand as well as provided an overview of the campground industry size and scope. The study also involved a profile of campers, national campground participation trends, public campground inventory and private campground overview and trends. The study included identifying various management models for campgrounds on public lands. The study ended with recommendations for the NPS to consider for further campground development.

Campground Market, Financial and Investment Model: CHMGS professionals were engaged to undertake analysis and pilots at six NPS campgrounds to determine the potential for new and redevelopment of campgrounds. Through these pilots, CHMGS staff developed a campground development tool that assists the agency in determining the size, scope and market position of campgrounds. The model also includes the ability to undertake financial and investment analysis and assets whether the private or public sector should undertake campground development.

The NPS Business Services unit is standing up a National Campground Office and this new national program will be responsible for improving the visitor experience across the National Park Service's more than 1,400 campgrounds by improving coordination across programs and facilitating technical assistance to parks and regions on campground related issues and services. The NPS will be using the Campground Financial Tool developed by CHMGS professionals.

U.S. Forest Service: Southern Region Mountain Bike Market Assessment

Project Reference: Deborah Caffin, USFS Southern Region Trail Manager

Email: dcaffin@fs.fed.us

- **Relevance to Warren County RFP:** *Scope of work involved understanding the state of the national and regional mountain bike industry. This included understanding trail design and desired attributes for mountain biking community.*



The Southern Region of the USFS desired to understand the market for mountain biking within the southern region of the Forest Service. The agency contracted with CHMGS to undertake a comprehensive market assessment of mountain biking in this region.

Supply and Demand Analysis: This analysis began with a profile of the Mountain Bike Industry, types of mountain bikes and overall trends in mountain biker needs. This analysis included identifying the inventory of mountain bike trails on the National Forests within the Southern Appalachian region. CHMGS undertook this analysis leveraging USFS staff and their trail data base. Additionally, CHMGS worked with the MTB Project to identify and code the inventory of other public trails existing in the region. Following this, CHMGS undertook regional demand analysis for Mountain Biking within each of the National Forests. This involved leveraging ESRI Business Analyst and their Recreational Profile tool. Based upon the supply information and demand profile, CHMGS was able to identify regions in which there was an imbalance of supply and demand for mountain biking across the portfolio. The USFS used this study to assist them in prioritizing recreational trail developments in the Southern Region.

Bureau of Land Management: Oregon Recreation Site Market and Financial Assessments

Project Reference: Adam Milnor, National Park Service Community Planner

Email: adam_milnor@nps.gov

- **Relevance to Warren County RFP:** Scope of work involved understanding the opportunity to redevelop/reevaluate a recreation site near a nationally recognized BLM mountain bike destination (i.e., Sandy Ridge). Included evaluating impact of users of mountain bike trail on site development.



The Oregon Office of the BLM desired to understand if there were opportunities to expand and enhance their recreational offerings at three BLM recreational sites. These sites had a combination of day use and overnight accommodations. They engaged CHMGS to undertake market, financial and investment analysis to identify if there were opportunities to transfer the operational functions to a private sector operator.

Project Experience with Feasibility Assessments on USACE and USFS Sites

| Feasibility Assessments on USACE Lakes | | |
|--|--|-------------------------------|
| Client | Project | USACE Lake |
| Arkansas State Parks | Resort Strategy | DeGray Lake, AR |
| Iowa State Parks | Honey Creek Lodge Asset Management | Rathbun Lake, IA |
| Kansas State Parks | Kanopolis State Park Marina | Kanopolis Dam, KS |
| Kentucky State Parks | State Campground Strategy | Louisville District Lakes, KY |
| New Mexico State Parks | Lodge Feasibility | Conchas Lake, NM |
| Oregon State Parks | Recreational Asset Feasibility | Portland District, OR |
| South Dakota State Parks | Marina Feasibility | Omaha District Lakes, SD |
| Wyoming State Parks | Concession Strategy | Omaha District Lakes, WY |
| West Virginia State Parks | Resort Feasibility | Beech Fork Lake< WVA |
| Clermont County | Resort Feasibility | Harsha Lake, OH |
| Trustees of Reservations | Campground Strategy | Tully Lake, MA |
| Feasibility Assessment on National Forest Lands | | |
| Client | Project | Location |
| Tongass National Forest | Recreational Cabin Assessment | Alaska |
| Gifford Pinchot National Forest | Retail, and Food and Beverage and Educational Assessment | Oregon |
| Spring Mountains National Recreation Area | Retail, Visitor Center, Food and Beverage, Campgrounds, Lodging | Nevada |
| Daniel Boone National Forest | Campground, Lodging, Food and Beverage | Kentucky |
| San Gabriel Mountains National Recreation Area | Non-Profit Strategy | California |
| Florida National Forest | National Trail Strategy | Florida |
| El Yunque National Forest | Recreational Trails, Transportation and Visitor Center | Puerto Rico |
| Mississippi National Forests | Camping, Retail, Residential | Mississippi |
| Southern Region National Forest | Mt. Bike Trail Strategy, Fee Strategy, Recreational Development Strategy | Atlanta |
| Tonto National Forest | Recreational Fee and OHV Strategy | Arizona |
| National Forest of Texas | OHV Strategy | Texas |
| Ozark St. Francis National Forest | Visitor Center Strategy | Arkansas |
| Francis Marion & Sumter National Forests | Equestrian Strategy | South Carolina |

E. PROJECT APPROACH

Warren County has identified in the RFP that they will consider input from respondents as to other suggested services to include and/or alternative approaches to achieving the desired outcomes of the RFP. The CHMGS team recommends a “Phased Task Analysis”. CHMGS offers its clients Tasks that provided appropriate breakpoints such that if there is no project feasibility, the client may not need to continue with the analysis. As such, the CHMGS team has developed the scope with this methodology in mind. Additionally, CHMGS notes that in essence Warren County is seeking to understand the feasibility of a set of hospitality and recreation resources within the Kinzua Dam region. Specifically at three locations: Kinzua Beach, Kinzua Beach Information Center and the Jakes Rock Mountain Bike Trail system. CHMGS designed its work plan with the objective of looking at these locations holistically.

TASK 1: MARKET DEMAND ANALYSIS

Task 1.a: Pre-Planning

The purpose of Pre-Planning is to collect and assemble all the critical information necessary to understand and evaluate the current supply and demand for recreation and hospitality opportunities at the sites identified and within the competitive market. The initial investment in this task will result in efficient data collection, enhanced project communication and overall project success. This task will involve the consultant developing an Advanced Information Request (AIR) by category and by entity (e.g., County, USACE, USFS, etc.) regarding types of information needed. Following the issuance of this AIR, the consultant will coordinate a kickoff call to review all information requested. An example of categories of information to include within the AIR, if available, are provided below:

Organization

1. Identification of the Project Point of Contact
2. Stakeholder Engagement listing.

Planning Information

1. Any existing site or regional tourism or site planning studies that support need for proposed development
2. Visitor profile/survey data available from state and/or regional Destination Marketing Organizations.
3. Listing of other proposed tourism amenity development projects under consideration and supporting analysis.
4. Data from County planning on status of new recreational developments.

Demand Information

1. Listing of regional events by year for the last year including attendance, if available.
2. Any statewide regional STR data from State Tourism office, if available,

Financial Information

1. Sales/Room Tax trends for the last five years
2. Data on bonding authorities, amounts available, rate, terms of bonds
3. Information on economic incentive programs for development

The consultant will use this information in the development of their market and financial analysis. Based upon this information, the consultant will identify a preliminary competitive supply analysis for use in the development of their site visit plan.

Deliverables:

1. Advance Information Request
2. Conference Call to Discuss AIR Data

Task 1.b.: Site Visit

Following the review and analysis of the data collected, Task 1.b. includes the development of a fieldwork plan. The consultant will be responsible for developing a fieldwork schedule in advance of the site visit to ensure that the CHMGS team contacts all appropriate entities for meetings. At a minimum, the following should occur during fieldwork.

Day 1 and 2: Site Evaluation

1. On Site meeting with Warren County Development Association and members of the Kinzua Regional Marketing Initiative to discuss vision for development. Additional stakeholder meetings can occur through a group meeting or through individual discussions. Discussion will include
 - a. Background History on Site Development Concepts
 - b. Amenities desired and rationale
 - c. Perspectives on competitive market
 - d. Insight to economic development trends
 - e. Market drawing area determination
 - f. Discussion of local and regional events and their impact on lodging supply
 - g. Discussion of proposed comparables to evaluate.
2. Meet with Local USACE and USFS Staff to discuss Lake recreation and operations.
3. Visit to Sites to review locations for development.

Day 3 through 4: Meetings with Competitive Market

The consultant shall organize a combination of phone interviews and local visits with overnight accommodations, recreation and food and beverage providers in the competitive marketplace. These discussions would focus on:

1. Discussion of market opportunity for recreation, overnight and support amenities including product, clientele, and guest profiles.
2. Discussions of market segmentation and opportunities for induced demand.

Day 5: Meetings with Additional Stakeholders

Working with the Warren County Development Association, the project team will identify relevant stakeholders with which the project team should meet. These calls may occur in person and/or post site visit virtually based upon availability of individuals. Following the site visit, the consultant shall schedule a conference call to discuss preliminary findings and observations from site visit. An optional strategy for this could be an on-line survey to a greater number of stakeholders. The costing is based upon in-person or on-line discussions, but if the WCDA believes larger feedback would be useful, and can send out a survey link, CHMGS can provide this as an option.

Deliverables:

1. Fieldwork schedule and On-Site Meetings
2. Fieldwork
3. Conference Call to Discuss Fieldwork Findings

TASK 2. PROJECT FEASIBILITY STUDY

The objective of project feasibility is to ascertain the potential market positioning of, and demand for proposed hospitality and recreational facilities at the three identified areas (i.e., Kinzua, Kinzua PIC and Jakes Rocks Trails). The consultant shall complete the following services.

1. Develop an overview of the economic and demographic trends related to the market drawing area for the proposed development and supporting facilities.
2. Identify the competitive set for the proposed developments. This will be three types of developments: Overnight Accommodations and supporting amenities, Food and Beverage Facilities and Retail/Rental. Identify the performance of each of the competitive set including segmentation of demand.
3. Identify the positioning of the proposed developments considering the competitive set findings.
4. Provide an overview of the assets within the proposed development portfolio (e.g., recreation, overnight accommodations, etc.) as well as specific performance of these assets and trends to inform the market position of the proposed developments
5. Undertake demand analysis to include growth in demand for the competitive market for each of the proposed developments, identify unaccommodated and induced demand for the proposed developments (e.g., overnight accommodations). Note, data on restaurants and retail demand will be less granular based upon data availability.
6. Discussion with County and State Economic Development to identify any economic incentive programs that would be available to private developers. Specifically, discussion will include funding sources and strategies for consideration in the investment analysis. The development costs assessment should identify if different elements are more suitable for various financing sources. An example of this would be that infrastructure components are a candidate for public financing vs. hospitality and recreational components that are likely candidates for private financing. The CHMGS team will discuss with relevant parties, the level of public financing available as well as what public financing options are possible under the terms of different deal structures.
7. Leverage cost data from internal proprietary and external recreation and hospitality development sources for projects executed in the last five years. **NOTE: Development costs will be based upon best available comparable information. This task does not include a detailed facility design and cost estimate. For feasibility analysis, the consultant team is of the opinion that this type of cost estimate is appropriate.**
8. Identify market-based returns required by asset class (e.g., lodging, camping, f&b, retail, etc.).
9. Provide three comparable successful rural lake recreation development projects that include overnight accommodations supporting recreational development and develop comparable fact sheets.

Deliverables:

1. Project Feasibility Report to Include Task 3 and Task 4 Findings.
2. Conference Call to Present Draft Findings

TASK 2A: ECONOMIC IMPACT ANALYSIS

The objective of this task is to identify how the proposed development will impact the existing supply of recreation and hospitality assets as well as benefit the community from potential development and operational direct and indirect spending. The purpose of the economic impact analysis is to estimate the jobs, average wages, economic output, and taxes resulting during both the construction phase (short-term economic impacts) and the operations phase (long-term economic impacts).

NOTE: The CHMGS team notes that WCDA included this element in the RFP under the Project Feasibility phase. However, CHMGS is of the opinion that this investment should not proceed until the Task 5 Financial Analysis is complete and identifies positive feasibility. However, to align with the costs structure requested by WCDA, CHMGS has included it as a sub option under the desired task so comparisons can appropriately occur in the selection process.

The Economic Impacts identified and measured are as follows:

1. **Short-term activities:** Spending during the construction phase, including spending on things like architectural planning and design, engineering, legal services, physical work on site, and project management. Project costs for the economic impact analysis are outputs of Task 3.
2. **Long-term activities:** Spending by tourists, including spending on lodging, restaurants, retail, and recreation activities. Using existing literature from comparable sites, spending profiles will be developed for both local and nonlocal visitors. Spending profiles describe the average spending by visitors, categorized by spending categories. To arrive at total annual spending, the Consultant will combine annual visitation projections with estimated per-trip spending by visitor type. Visitation estimates for the economic impact analysis are outputs of Task 1.c.

To measure economic impacts associated with the above spending, the consultant will use input-output (IO) modelling, which characterizes the financial linkages between industries within a regional economy and shows how spending in one industry ripples throughout the economy. The proposal includes the use of RIMS II multipliers from the Bureau of Economic Analysis. The Consultant will use multipliers specific to Ralls County's economy and produce defensible results of direct and secondary impacts (employment, wages, economic output, and tax impacts). These impacts are categorized by impacted industry, (e.g., the impact on the restaurant industry.)

Deliverables:

1. Executive Summary Memo that includes methods, results (economic impact for short- and long-term activities, including jobs, average wages, and tax contributions - detailed by industry), and key assumptions.
2. Up to three meetings with client (i.e., including a kickoff meeting, ongoing update meetings, and a meeting to share results)

TASK 3 OVERNIGHT FACILITY RECOMMENDATIONS

The objective of this phase is to ascertain the scope and scale of overnight facilities to provide input into development costs in Task 2 and Financials Projections in Task 5. The consultant shall complete the following services.

1. Develop a site matrix identifying attributes needed for development of overnight facilities.
2. Develop a scope of facilities including example of proposed types of facilities.

Deliverables:

1. Scoping Data incorporated into the Task 2 Report.

TASK 4 AMENITIES RECOMMENDATIONS

The objective of this phase is to ascertain the scope and scale of support amenities needed and supportable at each of the three locations. The output of this phase will provide input into development costs in Task 2 and Financials Projections in Task 5. The consultant shall complete the following services.

1. Develop a site matrix identifying attributes needed to support overnight lodging and/or other site amenities.
2. Develop a scope of facilities including example of proposed types of facilities.

Deliverables:

1. Scoping Data incorporated into the Task 2 Report.

TASK 5: FINANCIAL PROJECTIONS

The objective of the financial analysis is to identify the Cash Flow available for a proposed development. The consultant shall complete the following services.

1. Develop a 10-year financial proforma for the proposed development and supporting facilities. This financial proforma will be one proforma for all recreational and hospitality developments. The basis for the revenue projections will be the demand build ups and rate positionings developed as part of Task 2. The Proforma will be developed to the Earnings Before Interest, Taxes and Depreciation and Amortization (EBITDA). This will allow for the ability to layer on a variety of financing costs.
2. CHMGS's will leverage its proprietary database of financials from private sector entities operating facilities on public land. This CHMGS data base reflects some of the unique revenue and expenses issues that occur as a function of development and operation on federal public land.
3. Included in the financial analysis will be an appropriate reflection of any federal permit or lease requirements. CHMGS has worked with both the USFS and USACE over decades and is familiar with the existing requirements for operating on public land.
4. The financials will result fed into a Discount Cash Flow analysis (DCF) to establish the present value of the income stream. This can be an indicator of the proposed development value **but cannot be considered an appraisal for valuation purposes.**
5. The CHMGS team will compare the value developed from the DCF to the estimated development costs developed during the Task 2: Project Feasibility. This comparison will identify any gap in development funding that may exists. The size of the gap will indicate the overall project investment feasibility.

6. The project team will undertake a MS Teams Meeting to discuss the initial findings of the financial analysis. If there is a funding gap, the team will discuss with WCDA strategies to fund the gap as well as prioritizing scoping to allow for potential phasing of the proposed projects.
7. The CHMGS team will undertake one additional iteration of the financials to ascertain a phased strategy.
8. The project team will then develop the financial projections summary memo identifying the findings of this task and deliver it to WCDA.

Deliverables:

1. MS Teams Meeting to discuss initial findings and strategies for funding
2. Executive Summary Memo including Financial Proforma and Discounted Cash Flow Value

F. PROPOSED COST ESTIMATE

The proposed project cost includes Tasks 1 to 5 with Task 2a, identified separately. CHMGS typically requests a retainer prior to commencing each engagement and upon contract execution will send the first retainer to cover 10 percent of Task 1 (**\$2,180**). Payments will be due and payable within thirty (30) days of the issuance date.

| Description | Unit | Total |
|---|----------------|-----------------|
| Task 1 -Market Demand Analysis | Each | \$21,800 |
| Task 2 -Project Feasibility General | Each | \$19,100 |
| Task 2a - Project Feasibility/ Economic Impact Analysis | Each | \$10,800 |
| Task 3 - Overnight Facility Recommendations | Each | \$1,010 |
| Task 4 - Amenities Recommendations | Each | \$1,010 |
| Task 5 - Financial Projections | Each | \$11,710 |
| TOTAL PRICE | Project | \$65,430 |

G. PROPOSED TIMELINE

| Task and Work Step | Week Due | 4-Apr-22 | 11-Apr-22 | 18-Apr-22 | 25-Apr-22 | 2-May-22 | 9-May-22 | 16-May-22 | 23-May-22 | 30-May-22 | 6-Jun-22 | 13-Jun-22 | 20-Jun-22 | 27-Jun-22 | 4-Jul-22 | 11-Jul-22 | 18-Jul-22 | 25-Jul-22 | 1-Aug-22 | 8-Aug-22 | 15-Aug-22 | 22-Aug-22 | 29-Aug-22 | 5-Sep-22 |
|--|----------|---------------------------------------|-----------|-----------|-----------|----------|----------|-----------|-----------|-----------|----------|-----------|-----------|-----------|----------|-----------|-----------|-----------|----------|----------|-----------|-----------|-----------|----------|
| | | Task 1 -Market Demand Analysis | | | | | | | | | | | | | | | | | | | | | | |
| Kick Off | 04/04/22 | | | | | | | | | | | | | | | | | | | | | | | |
| Advanced Information | 04/11/22 | | | | | | | | | | | | | | | | | | | | | | | |
| FieldWork | 06/06/22 | | | | | | | | | | | | | | | | | | | | | | | |
| Task 2 -Project Feasibility General | | | | | | | | | | | | | | | | | | | | | | | | |
| Draft Report | 07/11/22 | | | | | | | | | | | | | | | | | | | | | | | |
| Task 2a - Project Feasibility/ Economic Impact Analysis | | | | | | | | | | | | | | | | | | | | | | | | |
| Economic Impact Findings | 08/29/22 | | | | | | | | | | | | | | | | | | | | | | | |
| Task 3 - Overnight Facility Recommendations | | | | | | | | | | | | | | | | | | | | | | | | |
| Include In Task 2 Report | 07/11/22 | | | | | | | | | | | | | | | | | | | | | | | |
| Task 4 - Amenities Recommendations | | | | | | | | | | | | | | | | | | | | | | | | |
| Include In Task 2 Report | 07/11/22 | | | | | | | | | | | | | | | | | | | | | | | |
| Task 5 - Financial Projections | | | | | | | | | | | | | | | | | | | | | | | | |
| Deliverance of Financial Findings 1 | 08/01/22 | | | | | | | | | | | | | | | | | | | | | | | |
| Deliverance of Updated Financial Findings | 08/22/22 | | | | | | | | | | | | | | | | | | | | | | | |
| Draft Memo | 08/29/22 | | | | | | | | | | | | | | | | | | | | | | | |

H. ASSUMPTIONS AND LIMITING CONDITIONS

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|---|--|
| 1 | CHMGS professional(s) will attend a five-day, four-night site visit to Warren County and the surrounding market. We will potentially order up to one AIRDNA and/or STR market trends report for properties relevant to the subject market. As of this time, CHMGS has assumed that the in-person market research. |
| 2 | CHMGS will deliver all meetings with WCDA outside of Task 1, using MS Teams and/or through a licensed Conference Call service provided by WCDA. (e.g., Zoom, GoToMeeting, etc.) |
| 3 | Earth Economics will the use of RIMS II multipliers from the Bureau of Economic Analysis for the Economic Impact Analysis. |
| 4 | CHMGS' services do not include the provision of legal advice and CHMGS makes no representations regarding questions of legal interpretation. We accept no responsibility for changes in the law or regulations or their interpretation, which may occur after the effective date of our engagement. |
| 5 | Warren County and its supporting entities, the USACE and the USFS shall provide CHMGS with all information relevant to the Services and any reasonable assistance as may be required to properly perform the Services. |
| 6 | CHMGS provides to Warren County the output of its analysis in the form of reports and findings memos. Warren County shall have no rights to the proprietary tools and technology of CHMGS. This right always remains with CHMGS. |
| 7 | CHMGS deliverables submitted to the Warren County may not be used in any prospectus or printed material used in connection with the sale of securities or sale of real estate, or participation interests to the public, or in any newspaper publicity or other public forum, without our express prior written consent. Reuse of any material described above by the Warren County requires written authorization from CHMGS. |