Appendix I

Final Economic Analysis

NEW ECONOMICS & ADVISOR

LAND USE ANALYSIS & STRATEGIES

Carmel Area State Parks (CASP) General Plan: Economic Analysis

FINAL REPORT

Prepared for:
California Department of Parks & Recreation (CDPR)

Prepared by New Economics & Advisory

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List of Acronyms

ADA	Americans with Disabilities Act
ARR	Annualized Rate of Return
CASP	Carmel Area State Parks
CDPR	California Department of Parks and Recreation
CRSB	Carmel River State Beach
CSUMB	California State University Monterey Bay
HCP	Hatton Canyon Property
MCCVB	Monterey County Convention & Visitors Bureau
MPRPD	Monterey Peninsula Regional Park District
MST	Monterey-Salinas Transit
O&M	Operations and Maintenance
PLRP	Point Lobos Ranch Property
PLSNR	Point Lobos State Natural Reserve
TOT	Transient-Occupancy Tax

Section 1: Introduction, Key Assumptions, and Summary of Findings

Introduction

The California Department of Parks and Recreation (CDPR) is in the process of preparing the General Plan for the Carmel Area State Parks (CASP). CASP includes the Carmel River State Beach (CRSB) and the Point Lobos State Natural Reserve (PLSNR), as well as two unclassified park units: Point Lobos Ranch Property (PLRP) and Hatton Canyon Property (HCP). **Figure 1.1** provides a map showing the location of each of these park units, as well as individual facilities that are referenced later in this report.

An important consideration during this General Plan process is whether candidate future park facilities would have the capacity to generate sufficient revenues to offset park operations and maintenance (O&M) costs on an ongoing basis and/or to repay any capital investment costs within a 10-year timeframe. This report explores the financial viability of a variety of revenue-oriented concepts identified by CDPR staff and local stakeholders. The economic analysis is intended to provide input into decisions regarding future uses and facilities to be included in the development of alternatives for the General Plan.

This study considers six (6) proposed options, summarized in **Figure 1.2**. CDPR has identified and provided input to frame each of these options and New Economics & Advisory (New Economics) estimated costs and revenues for each option.

Key Assumptions

The CASP General Plan is considering changing the access status of PLRP (currently closed the public) to provide additional visitor-supporting opportunities at PLRP and to reduce environmental impacts on PLSNR.

This analysis also presumes that sufficient market demand exists for the concepts studied in this report. For some concepts, previous market studies have considered demand and supply factors and provide adequate insight to support the notion that the level of visitation experienced at the existing CASP units and the overall tourism demand in the Carmel/Monterey/Big Sur region can reasonably sustain certain facilities. To the extent that the findings from those studies are relevant, this report synthesizes that information to inform key assumptions driving the study, such as lodging rates, visitation rates, and/or occupancy assumptions. In addition, where possible, New Economics conducted additional inquiries, using a combination of case studies, interviews, and internet-based research. However, this supplemental research is high-

level and serves as a point of reference; it should not be considered comprehensive market demand analysis.

Finally, CDPR staff expressed a preference to assume that the facilities analyzed in this study be mostly operated through concessionaire contracts. CDPR currently has 64 concessionaire contracts[1] in place throughout the state park system; these contracts typically provide a structure in which a private company operates and/or maintains a facility. The concessionaire may pay the state a flat percentage of gross revenues, a flat rental amount, or a scaled rate of revenues and/or profit. CDPR publishes a statistical report on these contracts each year; this statistical report--along with consultation with CDPR staff--was utilized to identify the potential parameters of concessionaire contracts utilized in this analysis. It should be further noted that actual concessionaire contract terms tend to evolve over time as technology advances, business operations are conducted differently, and visitor patterns and preferences change. As such, the concessionaire contract assumptions contained in this analysis are subject to change by the time any of these options are developed.

Approach

Six revenue-generating opportunities are analyzed in this study:

- *Rustic Cabins*
- *Rental Cottages*
- *Visitor Center*
- *Residential Environmental Education (Science School)*
- *Expanded Parking*
- *Shuttle Service*

For each opportunity, the report describes the concept, provides any readily-available market information, identifies estimated initial capital investment costs, estimates annual revenues and costs associated with the facility's operation over a 10-year timeframe, and presents the results of a 10-year cash flow analysis.

These analyses are preliminary in nature and should be viewed as a "high-level" overview of revenue-generating potential and rate of return calculation suitable for identifying General Plan alternatives. Should CDPR decide to pursue any of these concepts further, additional analysis should be conducted to refine key assumptions; future refinements could include outside funding that reduces CDPR's initial outlay and the payback time, as well as the scale, cost, and/or revenue assumptions of a concept commensurate with changes in the market or specific to a particular site location within the CASP planning area.

The analysis also provides an indication of the Annualized Rate of Return (ARR) for each option. The ARR is defined as the annual profit rate on an investment, factoring in that over the life of the investment multiple returns occur at different levels at different points in time. For example, in every option, CDPR will have to make a certain level of

[1] California State Parks, Concessions and Operating Agreements Annual Report, Fiscal Year 2013-2014.

capital investment (to construct a facility), and then will earn revenues from visitors paying to use this facility each year or concessionaires operating the new facilities. The ARR for each concept considers the cost of the initial investment, costs to operate and maintain the facility, and revenues obtained over a 10-year period. The ARR also takes into account the timing of both capital investments and returns at different times during the 10-year period.

While there is a temptation to compare the ARR between the six concepts analyzed in this report, it is important to point out that the options will require different levels of capital outlays. Ultimately, CDPR will have to internally consider whether, for example, a 10 percent ARR on a $5 million investment is more or less desirable than a 25 percent return on a $1 million investment. Those capital amounts ($5 million versus $1 million) could be invested elsewhere in the CDPR system for a variety of other purposes. The intent of this analysis is simply to provide a high-level metric to help CDPR evaluate the different levels of capital investment required and the potential ARR over a 10-year period for six different facility concepts within CASP.

Findings

The findings below encapsulate key observations pertaining to each of the six options. **Figure 1.3** summarizes the results of the feasibility analysis for each option.

Option 1: Rustic Cabins Findings

- **The rustic cabin option considered three scales of new cabin development: 10 cabins, 25 cabins, and 50 cabins.** For each scale, this concept presumes that the cabins would be available to the public on a nightly basis, would achieve occupancy rates of 20-85 percent (depending on the season), and would be hosted by a concessionaire who would also operate a camp store. CDPR would be responsible for capital costs associated with predevelopment, site development, construction of the cabins, and initial furniture and fixtures. In turn, the concessionaire would host cabin rentals, provide day-to-day maintenance and housekeeping functions, and perform minor repairs. CDPR would receive revenues from an annual fee paid by the concessionaire; CDPR would also perform major repairs and replacement over time.
- **The cabin option appears to be feasible at a scale of 25-50 or more units.** The 25-cabin and 50-cabin scenarios produce a substantial positive annual rate of return (ARR) for CDPR based on the revenue and cost assumptions included in the analysis.
- **Capital costs may be underestimated.** The analysis includes a high-level estimate of capital costs because the particular location and the configuration of the cabins have not been determined. The location ultimately selected for these cabins will likely require site-specific pre-development, grading, site improvements, permitting, and utility and infrastructure upgrades. To provide CDPR with an understanding of the implications of additional cost, New Economics calculated the level of increase that

could be absorbed while still allowing CDPR to achieve an ARR of approximately 8 percent. For the 25-cabin scenario CDPR's share of capital costs could be $9 million, while for the large-scale scenario capital costs could be approximately $37 million.

Option 2: Residential Environmental Education Findings

- **Under *Option 2*, a Residential Environmental Education facility was evaluated.** Camp SEA Lab, an organization that currently provides outdoor science education in the Monterey Bay region, has inquired with CDPR about the potential for a facility location within CASP. For its permanent site, Camp SEA Lab envisions state-of-the-art multi-purpose teaching classrooms with laboratory facilities, housing for 150 students with designated adult accommodations, a multi-use dining facility, an interpretative center, outdoor amphitheater, administrative and maintenance buildings, housing for essential residential staff, and on-site parking for visitors and school buses. Because a specific site has not yet been selected, however, the precise scale of facilities remains unknown and this analysis focuses on providing a planning-level analysis that uses projected enrollment as the driving assumption for both the cost and revenue side of the analysis.
- **While this study specifically provides a planning-level evaluation of the potential for a permanent site for Camp SEA Lab, Camp SEA Lab serves only an example for a wide variety of other non-profit organizations that may be interested in a facility within this park unit.** As such, this concept studies the amount of capital investment CDPR could reasonably expect to recuperate over a 10-year timeframe through lease revenues paid by Camp SEA Lab or a similar organization as described in Section 4. The analysis evaluates two growth scenarios: an "accelerated-growth scenario" in which the facility's operational budget increases rapidly (about 30 percent annually) to approach its long-term goal within 10 years and a "steady-growth alternative" in which the facility operator's budget increases by about 5 percent annually.
- **Under the accelerated growth scenario, CDPR could invest only up to $1.1 million in capital expenditures and reasonably expect to recuperate these costs over 10 years of operations.** It is important to note that projected leasing costs may constitute a major increase in the facility operator's budget. Further, the results of this analysis are also contingent on the organization's ability to grow its annual operating budget by approximately 30 percent each year. This rate of growth is rapid and should be studied further.
- **Under the steady growth scenario, CDPR could not reasonably expect to recuperate any amount of capital expenditures invested in this concept within a 10-year timeframe.** If the organization is anticipated to grow more slowly, annual leasing revenues for CDPR would be more modest; as such, private donations, grants, and other sources of funding would be needed for this scenario to be economically feasible for CDPR. Case study research on other similar facilities indicates that private contributions constitute the predominant funding source.

Option 3: Conversion of Workforce Housing to Rental Cottages

- ***Option 3*** **considers the net revenue generation potential from making available a series of small single-family residential units within CASP for public use.** The analysis considers the cost of converting 9 existing homes (Phase 1) currently utilized as CDPR workforce housing and potentially renovating 4 additional units (Phase 2) to American with Disabilities Act (ADA)-accessible cottages for rent by the public. A concessionaire would pay an annual fee to CDPR based on gross revenues and would be in charge of hosting cottage rentals, providing day-to-day maintenance and housekeeping functions, and performing minor repairs. In turn, CDPR would be responsible for funding and undertaking the physical conversions of and renovations to the units and performing major repairs and replacement over time. The analysis further considers a low-occupancy scenario and a high-occupancy scenario to test the sensitivity of occupancy on the ARR.
- **Under the *low occupancy* scenario, only Phase 1 (conversion of existing units) generates a positive ARR.** The relatively low capital costs required to convert these units to ADA accessible units is recovered in about four years, after which point the net revenues create a positive return for CDPR as discussed in Section 5. However, Phase 2 does not result in a positive return, because the cost to renovate these homes far outstrips the lodging concession revenue back to CDPR within the 10-year timeframe; it would take 16 more years for CDPR to recuperate its investment on Phase 2 units when considered as its own project. If CDPR chose to group Phase 1 and Phase 2 together as a single investment, the project as a whole would break even at the end of the ninth year.
- **Under the *high occupancy* scenario, Phase 1 generates a substantial positive ARR. but Phase 2 still does not generate a positive return.** Owing to both the relatively inexpensive capital investment and the higher occupancy rates, Phase 1 produces significant net annual revenues to CDPR. Phase 2, however, still does not generate a positive return in the 10-year time frame, as shown in Section 5. It would take seven more years for CDPR to recuperate its investment on Phase 2 units when considered as its own project, while if CDPR were to group Phase 1 and Phase 2 together as a single investment, the project as a whole would achieve an ARR of approximately 9 percent.

Option 4: Expanded Parking

- ***Option 4*** **evaluates the financial implications of moving most public parking from PLSNR to one or more new parking lots at PLRP, such that, in aggregate, these lots provide a larger number of spaces.** This analysis examines a total of 150-350 newly constructed spaces. Importantly, the analysis presumes that parking along State Route 1 near the entrance to PLSNR will be prohibited. It is further anticipated that CDPR will continue to charge a parking fee of $10 per vehicle and will use in-house staff to collect the fee and maintain the parking lots instead of entering into a contract with a concessionaire for these services. License plate readers will also be utilized to support fee collection.

- **The development of approximately 350 new spaces appears to break even after 10 years under the current set of cost and revenue assumptions, including the pedestrian tunnel facility and State Route 1 parking elimination.** An initial capital investment of approximately $5.9 million is needed to construct new parking facilities, including a pedestrian tunnel and parking lot. Over the next 10 years, the 350 spaces produce new fee revenues of approximately $6.7 million and net revenues (after costs) of $380,000, producing an ARR of approximately 1 percent.
- **The development of approximately 150 new spaces does not pay for itself within 10 years under the current set of cost and revenue assumptions, which include construction of a pedestrian tunnel and elimination of parking on State Route 1.** An initial capital investment of approximately $4.9 million is needed to construct a pedestrian tunnel and parking lot. Over the next 10 years, the 150 spaces produce fee revenues from net new vehicles of approximately $2.0 million and net revenues (after costs) of negative $300,000, producing an ARR of negative 15 percent. Over the following ten years, the ARR approaches negative three percent; however, this additional timeframe (and beyond) remains highly speculative because new technology will likely change both the revenue side of the equation (e.g. through the use of drop-off services similar to Uber of Lyft) and the cost side of the equation (e.g. hourly pricing models and higher-tech parking revenue collection services).
- **The results of this feasibility analysis rely heavily on several critical assumptions that need to be confirmed and/or refined through additional study.** The ability to prohibit parking along State Route 1 near the entrance to PLSNR, the estimated cost of a tunnel providing access between PLRP and PLSNR, and the presumption that visitors will not be deterred by the 1.0-1.5 mile walk from PLRP parking into the heart of PLSNR influence the outcome. In addition, the continued use of a flat daily parking rate instead of an hourly or other alternative rate approach, and the overall demand for net new spaces (beyond approximately 100 spaces relocated from PLSNR) should be evaluated from a transportation planning perspective.

Option 5: Visitor Center

- ***Option 5* includes a visitor center, café, and retail store, co-located within PLRP and serving as a central hub from which visitors would begin their visit to CASP.** Facilities would be developed through rehabilitation and adaptive use of the existing historic structures located along State Route 1. The analysis further presumes that one or more concessionaires would operate visitor-serving facilities; the concessionaire(s) would pay CDPR a portion of gross revenues to provide retail goods and services and would also be responsible for day-to-day maintenance of the facilities. In turn, CDPR would fund approximately 50 percent of the renovation costs (with the remainder coming from grants and private donations) and would be responsible for long-term repair and replacement of visitor-serving facilities[2].

[2] As discussed in Section 7, the 50% assumption is a reasonably conservative estimate for purposes of this planning-level analysis; this figure is subject to refinement in the future but was identified as a starting point to avoid underestimating CDPR's potential exposure.

Finally, because the analysis presumes that this option would occur in conjunction with the *Expanded Parking Option*, separate parking costs are not included in the analysis.

- **CDPR may need to undertake an initial capital investment of approximately $950,000 to construct the Visitor Center within PLRP.** Over the next 10 years, the Visitor Center may produce net annual revenues to CDPR of approximately $190,000-$270,000 (growing annually), producing an ARR of approximately 18 percent. The positive financial return relies a great deal on the revenue generated by a café and store; for example, in the first year of operations, café revenues account for 84% while retail revenues account for 14% of total CDPR revenues under the current set of assumptions.
- **The analysis presumes that the number of annual customers to each Visitor Center component will grow by approximately 2 percent.** On one hand, this growth rate is somewhat conservative, because visitation has been growing at an annual average rate of 3.4% percent (as shown in Figure 2.1 in Section 2). On the other hand, the annual estimate already includes an additional component of demand from other sources (such as local residents or visitors not otherwise planning to visit the park).
- **A sensitivity analysis revealed that CDPR could still break even if any of these factors change, assuming that all other variables remain constant.**
    - CDPR's share of capital costs could increase only by $1.1 million; or
    - Capture rates applied to PLSNR visitors could fall by 50 percent; or
    - Revenues per Visitor Center customer could fall by 50 percent.

Option 6: Seasonal Shuttle

- ***Option 6* explores the viability of a seasonal shuttle that would transport visitors from a transportation center within HCP to PLSNR, approximately 3 miles to the north of PLSNR.** The transportation center would include a parking lot with a staffed kiosk and license plate reader. This concept builds off of the *Expanded Parking Option*, and assumes that a parking lot with 350 spaces would be built at HCP. During shuttle season, parking would be prohibited along State Route 1 near the PLSNR entrance, and parking within PLSNR would be limited to ADA access, divers, staff, and volunteers. This analysis combines the parking lot expansion with the seasonal shuttle service to provide a more comprehensive understanding of the overall feasibility of this transportation concept.
- **Preliminary study of this option suggests that annual costs exceed annual revenues. Further, it does not appear that CDPR would be able to recuperate its capital investment expenditures within 10 years.** This option requires an initial capital investment of nearly $2 million. Seasonal "net new" revenues generate approximately $290,000 by Year 4; however, annual costs are over $380,000, resulting in an annual deficit and an ARR that fails.
- **Additional study would be needed to further evaluate the potential for a seasonal shuttle.** A number of factors could be considered, including extending the route to increase ridership and revenues, identification of potential grant funding opportunities for capital expenditures, the estimated cost to operate a shuttle, the

fare structure itself, and the presumed prohibition of parking along State Route 1 near the entrance to PLSNR. Any of these factors could change the results of the analysis.

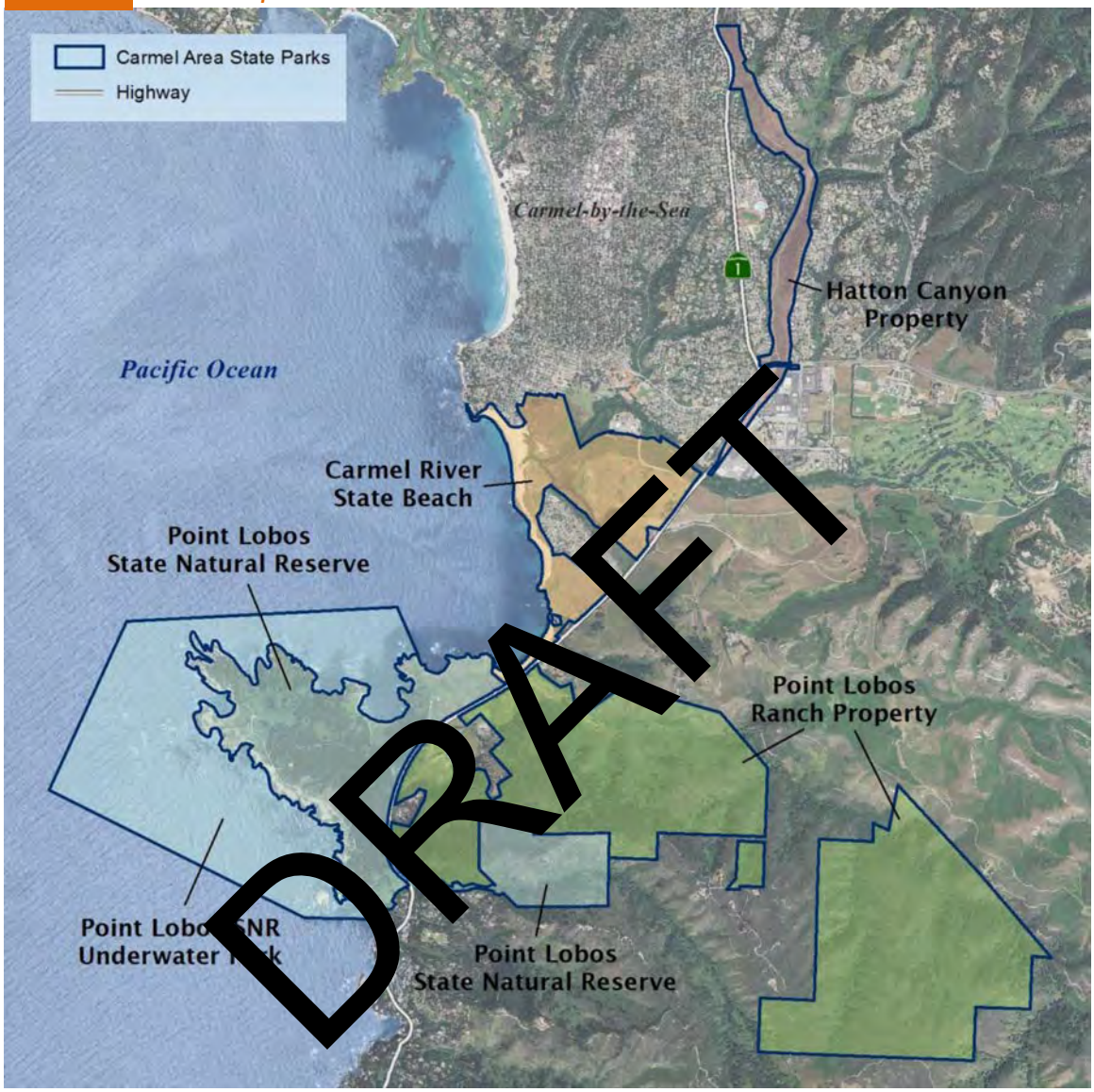
Report Organization

The rest of this report is organized as follows:

- **Section 2** summarizes the results of a recent feasibility study for lodging concepts at a nearby park in the Monterey Bay and provides visitor counts recorded by CDPR within PLSNR.
- **Section 3** contains the analysis for the rustic cabin concept.
- **Section 4** contains the analysis for a residential environmental education facility.
- **Section 5** contains the analysis for the conversion of workforce housing to rental cottages.
- **Section 6** contains the analysis for expanded parking.
- **Section 7** contains the analysis for a visitor center.
- **Section 8** contains the analysis for a seasonal shuttle service.
- **Appendix A Technical Support** contains supporting calculations and sensitivity analyses for the rustic cabin concept, the residential environmental education facility, and visitor center.

In addition, for the reader's reference, a summary of acronyms has been prepared. This summary can be found in the beginning of the report before the table of contents.

1.1 Carmel Area State Parks Area Map



Source: Ascent, Carmel Area State Parks General Plan/EIR presentation, June 9, 2015.

1.2 *Summary of Options and Parameters*
CASP General Plan Economic Analysis

Item	New Const. o Re-Use	Operations Lead	Proposed Scale
Categories			
Option 1: Individual Rustic Cabins	New	Concession	10, 25, 50 cabins
Option 2: Residential Environmental Education Facility	New	Concession	60-150 students at one time
Option 3: Employee Housing Conversion to Private Rentals	Re-use	Concession	9 (Phase 1), 14 (Phase 2)
Option 4: Parking Lot Expansion	New	CDPR Staff	150-350 spaces
Option 5: Visitor Center with Retail Merchandise & Café	Re-Use	Concession	2,500 sq. ft.
Option 6: Shuttle Service With Parking Lot Expansion	New	Concession & CDPR	Seasonal

Prepared by New Economics & Advisory, December 2014.

1.3 Summary of Options 2015

Option 1: Rustic Cabins

- Newly constructed cabins (10, 25, or 50 cabins)
- Operated by a concessionaire

	10 Cabins	25 Cabins	50 Cabins
CDPR Initial Cost	$1,900,000	$3,700,000	$7,400,000
10-Year ARR	4%	30%	56%

Option 2: Residential Environmental Education Facility

- Newly constructed science school
- Designed to serve 60-150 students at one time
- Operated by a concessionaire

	Accelerated Growth	Steady Growth
CDPR Initial Cost	$1,100,000	$0
10-Year ARR	2%	Infeasible

Option 3: Employee Housing Converted to Rental Cottages

- Renovation of 9-14 existing houses to rental cottages
- Operated by a concessionaire

	Low Occupancy	High Occupancy
CDPR Initial Cost		
Phase 1	$207,000	$207,000
Phase 2	$632,000	$632,000
Total	$839,000	$839,000
10-Year ARR		
Phase 1	31%	44%
Phase 2	-13%	-9%
Total	2%	9%

Option 4: PLRP

- New construction of 1-2 parking lots in PLRP
- Limited access to PLSNR parking, prohibition of parking along State Highway 1 near PLSNR entrance
- Operated by CDPR staff

Item	150 Spaces	350 spaces
CDPR Initial Cost	$4,900,000	$5,900,000
10-Year ARR	-15%	1%

Option 5: PLRP

- Renovation of PLR facilities to develop visitor center, café, and retail.
- Assumes Option 4: Expanded Parking is provided
- Operated by one or more concessionaires

Item	Amount
CDPR Initial Cost	$950,000
10-Year ARR	18%

Option 6: HCP

- Construction of new parking lot at HCP and operation of seasonal shuttle
- Shuttle operated by another public entity and parking managed by CDPR

Item	Amount
CDPR Initial Cost	$2,000,000
10-Year ARR	Infeasible

Section 2: Setting

This section summarizes the results of recent research on visitation patterns, demand for alternative accommodations, and the key characteristic of the Monterey Bay area a destination. This contextual information is important to many of the concepts studied in this analysis.

Previous Recreation and Lodging Studies

Whisler Wilson Ranch Camping Feasibility Report

In 2013, the Monterey Peninsula Regional Park District (MPRPD) commissioned a study for its recently acquired Whisler Wilson Ranch, a 317-acre property east of CRSB's Monastery Beach, south of Palo Corona Regional Park between two portions of PLRP. The 2013 Whisler Wilson Ranch Camping Feasibility Report (Camping Feasibility Study) provides a site, environmental, market and financial feasibility assessment for different types of lodging facilities. The analysis evaluates campgrounds, rustic cabins, and group cabins/science school options. The Camping Feasibility Study provides a number of insights relevant to this study:

- Monterey County[3] is anticipated to experience substantial population growth, particularly within the Hispanic segment and retirees. This growth will generate additional demand for overnight uses and day uses in regional parks.
- School enrollment projections in Monterey County, the San Francisco Bay Area, and Central Valley indicate steady increases in 5th grade students (typical science school program targets) through 2021-2022. These projections suggest additional demand for outdoor recreation destinations.
- Positive demand exists for day use activities, convenience camping cabins, and environmental/outdoor youth science schools.
- There is a limited existing supply within Monterey County of convenience cabins.
- There is no dedicated outdoor education camp facility in Monterey County.

Monterey Bay Aquarium Research

The Monterey Bay Aquarium conducted research in 2009 to better understand the perception of Monterey as a destination. The research yielded these observations:

[3] The Monterey County Convention and Visitors Bureau identifies Monterey County as the area that include the cities of Big Sur, Pebble Beach, Carmel-By-The-Sea, Pacific Grove, Carmel Valley, Marina, Seaside, Salinas, Moss Landing, Del Rey Oaks, Sand City, Soledad, Castroville, Parkfield, and Spreckles.

- Monterey, Pebble Beach, and Carmel are included in the same "market," but Big Sur is considered a separate destination;
- Accessibility and ground transit are major barriers to increasing visitation levels;
- The area is viewed as a weekend destination; and
- Most visitors come for the weekend, and come from the local area, SF Bay Area, Sacramento/Stockton and the Fresno Area[4].

Monterey County Convention & Visitors Bureau Research

The Monterey County Convention & Visitors Bureau (MCCVB) also shared a number of data points[5] about the visitor and lodging market for the Monterey Bay area:

- Hotel occupancy rates in 2014 indicated strong but seasonal visitation patterns. During March-October, occupancy rates ranged from 62 percent to 86 percent, while during November – February occupancy rates ranged from 48 percent to 59 percent.
- As a meeting destination, Monterey County is perceived as an ideal destination for smaller, specialized corporate meetings, including executive meetings and board retreats, as well as an incentive travel.
- About half of Monterey's visitor market comprises five "high-value" segments. These segments can be broadly characterized as upper-middle class to wealthy, reflect a mix of families versus individuals and couples, and cut across all age groups. Among these groups, three segments—comprising approximately one-fourth of visitors—prioritize hiking, marine wildlife, culture, history, national parks, outdoor adventure, and scenery. These preferences align well with offerings in CASP. The spending pattern of these three groups ranges from roughly $2,000 to $2,800 per trip.
- Monterey's scenic beach and coastline are powerful attractions for visitors looking for "getaway" destinations. However, particular destinations or activities, such as kayaking, hiking, appeal to niche components of the larger visitor market.
- Some of the challenges faced by the area include a sense of overcrowding, an excessive number of "tourists" (including associated traffic congestion), and the high financial expense associated with visiting.
- Compared to other competing destinations, (such as Napa, Tahoe, and other places), Monterey is appreciated more for opportunities to gain enrichment and access an abundance of amenities.

[4] Monterey Bay Aquarium: Research & Advertising Programs, Marketing Department Presentation. Date unknown but research was conducted in 2009.

[5] The MCCVB shared broad information from proprietary research. The specific data and/or sources are not publicly available at this time.

Visitation Patterns

Figure 2.1 summarizes the annual visitation patterns for PLSNR. The data, collected by CDPR on a daily basis for several years, includes a combination of vehicles (which are subject to a $10 entry fee), and walk-ins (who can enter for no charge). New Economics made a preliminary estimate of total *persons* visiting PLSNR for 2014. This estimate relies on a "persons per car" factor developed by Fehr & Peers (based on vehicle counts at PLSNR) as well as input from CDPR staff regarding the ability to count every single entrant. This estimate remains conservative because walk-ins are not always captured by local park unit staff.

Figures 2.2 and **2.3** also provide an overview of major events and destinations currently offered in the Monterey Bay Area. These events support the indication of the variety of visitor amenities.

2.1 *PLSNR Attendance Reports*

2009-2014

Item	2009	2010	2011	2012	2013	2014	Trends (2009-2014) Avg Amt	%	Change	Avg Annual Change	Estimated Persons (2014) Current Metric	Persons per Vehicle	Estimated Persons	Adjusted Persons (2014) Estimated Persons Not Counted [1]	Adjusted Persons
Vehicles [2]						[3]									
Paid Day Use	78,501	79,240	82,954	89,703	108,025	107,269	91,000	46%	28,768	5.7%	vehicles	3.0	321,807		321,807
Free Day Use (Park Passes)	28,341	17,451	18,041	18,356	17,943	19,096	20,000	10%	-9,245	-13.1%	vehicles	3.0	57,288		57,288
Subtotal	**106,842**	**96,691**	**100,995**	**108,059**	**125,968**	**126,365**	**111,000**	**56%**	**19,523**	**3.4%**					
Non-Vehicles [4]															
Paid Day Use	0	0	0	0	0	0	0	0%			persons				
Free Day Use	27,071	56,425	64,934	68,606	105,845	128,620	75,000	38%	101,549	19.9%	persons		**128,620**	**15.0%**	**147,913**
Subtotal	**27,071**	**56,425**	**64,934**	**68,606**	**105,845**	**128,620**	**75,000**	**38%**							
Group [5]															
Paid Day Use	604	530	2,112	8,401 [7]	2,474	4,994	3,000	2%	4,390	8.8%	persons		4,994		4,994
Free Day Use	738	2,708	10,169 [6]	5,813	6,918	6,726	6,000	3%	5,988	15.2%	persons		6,726		6,726
Subtotal	**1,342**	**3,238**	**12,281**	**14,214**	**9,392**	**11,720**	**9,000**	**5%**							
St. Park Passes	**2,504**	**2,692**	**2,311**	**3,027**	**3,607**	**3,125**	**3,000**	**2%**		**3.8%**	**persons**		**3,000**		**3,000**
Total	**137,759**	**159,046**	**180,819**	**193,906**	**244,812**	**269,830**	**198,000**	**100%**					**522,435**		**541,728**

Prepared by New Economics & Advisory, December 2014.

[1] CDPR estimates that 10-15% of walk-ins are not counted because local staff are not always able to count each and every walk-in visitor.

[2] Figures reflect number of vehicles.

[3] Data through November 30th.

[4] Figures reflect number of persons entering without a vehicle.

[5] Figures reflect people arriving in groups.

[6] Big Sur Marathon May 2011 accounts for large spike.

[7] Big Sur Marathon April 2012 accounts for large spike.

Source: California State Parks Attendance Reports 2008-2014, obtained November 2014.

2.2 *Major Tourism Events*
2014

Event	Location	Month	Duration of Event	Visitor Profile (spectator/participant)	Visitor Origin (local, regional, international)	Estimated # of Attendees
California Rodeo Salinas	Salinas, CA	July	4 days	spectators	regional	50,000
California International Airshow Salinas	Salinas, CA	September	2 days	spectators	international	40,000
Concours d'Elegance (Auto Week)	Pebble Beach, CA	August	1 day	spectators	international	2,200
Mazda Raceway Laguna Seca						
Continental Tire Monterey Grand Prix	Salinas, CA	May	3 days	spectators		
Ferrari Racing Days	Salinas, CA	May	3 days	spectators		
Super Bike World Championship	Salinas, CA	July	3 days	spectators		
Rolex Monterey Motorsport Reunion	Salinas, CA	August	4 days	spectators		
SCCA National Championship Runoff	Salinas, CA	October	3 days	spectators		
Golfing						
AT&T National Pro-Am	Pebble Beach, CA	February	7 days	spectators	spectators	150,000
Callaway Invitational	Pebble Beach, CA	November	6 days	spectators	spectators	
First Tee Open	Pebble Beach, CA	September	6 days	spectators	spectators	
Festivals						
Feast of Lanterns	Pacific Grove, CA	July	5 days	spectators	locals	
Antique Street Fair	Moss Landing, CA	July	1 day	spectators & participants	state-wide	11,000
Castroville Artichoke Festival	Castroville, CA	May	2 days	spectators	state-wide	14,000
Athletic						
Big Sur International Marathon	Big Sur, CA	April	1 day	spectators & participants	international	8,000 athletes
Wildflower Triathlon	Pacific Grove, CA	May	3 days	spectators & participants	national	7,500 athletes 30,000 spectators

Prepared by New Economics & Advisory, December 2014.
Sources: Monterey County Convention & Visitors Bureau, www.seemonterey.com, accessed December 2014.

2.3 *Major Tourism Destinations*
2014

Destination

Monterey
- Beaches (McAbee, San Carlos, Del Monte, Monterey State, Monterey Bay Waterfront, etc.)
- Cannery Row
- Old Fisherman's Wharf
- Monterey Bay Aquarium
- Monterey Bay Coastal Recreation Trail
- Monterey Wine Tasting & Vineyards
- Parks (El Estero Park, Jacks Peak County Park, Veterans Memorial Park, etc.)

Big Sur
- Arts & Culture
- Spas (Post Ranch Inn, Ventana Inn & Spa, and Esalen Institute)
- State Parks & Beaches (Andrew Molera, Garrapata, Julia Pfeiffer Burns, Limekiln, Pfeiffer Big Sur, McWay Falls, Point Sur Light Station, etc.)

Pebble Beach
- Pebble Beach Golf Course
- Beaches (Still Water Cove, Spanish Bay Beach, etc.)
- 17-Mile Drive
- The Spa at Pebble Beach
- The Still Water Bar & Grill
- Roy's (The Inn at Spanish Bay)

Castroville
- No Major Destinations

Carmel-by-the-Sea
- Wine Tasting, Art & Cultural Festivals
- Beaches and Parks (Point Lobos State Natural Reserve and Carmel River State Beach)
- Shopping (Carmel Plaza, The Barnyard, Crossroads Shopping Village, etc.)
- Carmel Mission (Historic Sites)

Pacific Grove
- Historic Sites, Coastal Trail
- Downtown Pacific Grove Shopping

Carmel Valley
- Carmel Valley Wineries
- Golf (Rancho Canada Golf Club, Quail Lodge Resort & Golf Club, Carmel Valley Ranch, Tehama Golf Club, etc.)
- Mid-Valley Shopping Center
- Parks (Carmel Valley Community Park, Garland Ranch Regional Park, Carmel Valley Recreation, etc.)

Marina
- Marina State Beach
- Marina Parks (Fort Ord Dunes State Park, Locke-Paddon Community Park, etc.)
- Fort Ord National Monument
- Salinas River National Wildlife Refuge

Seaside
- State Parks/Historic
- Bayonet & Black Horse Golf Course

Salinas Valley
- Wineries
- National Parks (Pinnacles, Fremont Peak)
- Wildflower Triathlon
- Missions (San Antonio and Soledad)
- Agricultural and Rural Life Museum

Soledad
- Pinnacles National Park
- Soledad Mission

Salinas
- National Steinbeck Center
- Toro Park

Other
- Cal State University Monterey Bay (CSUMB)
- Naval Postgraduate School
- Monterey Institute of International Studies
- Monterey Conference Center

Prepared by New Economics & Advisory, December 2014.
Sources: Sources: Monterey County Convention & Visitors Bureau, www.seemonterey.com, accessed December 2014.

Section 3: Rustic Cabins

Concept Description

This analysis evaluates a "rustic" cabin concept. These cabins would likely be similar to the concepts exhibited by California State Parks at the 2014 California State Fair. Defined as semi-permanent structures with bed frames but no indoor bathroom or kitchen, cabin options could include a "traditional cabin," a "modern cabin," or other alternative options, such as yurts, human nests, etc. Cabins would have bed frames and bedding, shared restrooms and showers, outdoor cooking facilities, and potable water within the general vicinity.

According to CDPR staff, a cabin concept would not likely be viable in the near-term, given current water restrictions and other planning considerations. This analysis presumes that these infrastructure constraints have been overcome and presents an analysis in 2015 dollars for purposes of consideration. This analysis also presumes that CDPR would coordinate with Monterey County, the California Coastal Commission, and/or any other regulatory agencies that would need to be involved in obtaining any required permits to provide short-term lodging in the coastal zone (not currently allowed without a special use permit).

For purposes of analysis, this study evaluates cabins on three quantitative scales: 10 cabins, 25 cabins, and 50 cabins. Depending on the scale, these cabins could be spread over 2 or more locations, such as San Jose Creek area (located within PLRP), Odello West (located within CRSB), etc. The analysis assumes that the cabins are newly constructed (as opposed to repurposed or transported from another location), but does not specify the location or configuration of cabins.

This concept also includes a camp store based on interviews with other parks containing concessionaire-operated cabins.

Market Setting

The primary market area for this cabin concept is the Greater Monterey/Santa Cruz area along the California coast.

A limited set of older rustic cabins is available throughout the CDPR system. The 2011 CDPR Alternative Camping at California State Parks report reveals that as of 2010 CDPR had approximately 98 cabins[6] (including tent cabins, rustic cabins, and cottages). A review of these cabins indicated nightly rates ranging from $40-$100 for tent cabins and

[6] Alternative Camping Report, Table 2, page 23.

rustic cabins, while cottages were priced much higher, around $100-$350+ per night[7]. The report also draws the following conclusions:

- The most visited facilities are located near urban areas and/or water features. Relative proximity to the Bay Area and its location along the California coastline suggest that cabins within CASP would align with these characteristics.
- Alternative facilities attract visitors during the shoulder seasons.
- To date, over 90 percent of visitors are from California and do not mirror the income, age, or ethnic diversity of the state. Instead, most visitors are 35-54 years old and have household incomes of $75,000 or more.
- Two-night stays were the most popular duration and a group size of 2-4 persons (about half of survey respondents) has been most common[8].

The 2013 Camping Feasibility Report includes a market evaluation of rustic cabins in Monterey County. This study concludes that cabins constitute a small but growing niche in lodging, and that there is increasing demand but a fairly limited supply of *alternative camping options* like cabins, particularly in Monterey County.

New Economics built upon the previous studies by conducting a 2014 review of cabins in the Monterey Area, CDPR system, select other National Park areas in California, and new rustic cabin projects being developed elsewhere in the CDPR or National Park system. **Figure 3.1** summarizes the price points, amenities, locations, and other key descriptors for similar facilities. This research yielded the following observations:

- In the Monterey area, nearly all facilities have a 2-night minimum stay.
- Occupancy rates are difficult to estimate because most existing facilities in the Monterey Area are privately owned and this information is deemed proprietary.
- The average nightly rate for cabins is $80-$90.
- Many facilities claim to be "pet friendly," although interviews revealed that additional restrictions make it difficult to accommodate pets. The ability for a cabin concept within CASP to successfully implement "pet friendly" practices may present an opportunity to garner a premium in nightly rates and/or increase occupancy rates.

Lodging Ordinance Considerations

At present, Monterey County allows short-term rentals (7-30 days) of single-family and multifamily structures normally occupied by residents. The Short-Term Rental Ordinance (codified in Title 21 of the Monterey County's Zoning Ordinance) requires a permit by the property owner to legally offer short-term rentals and the rentals are subject to transient-occupancy tax (TOT). This ordinance applies only to the inland areas of unincorporated Monterey County.

According to Monterey County planning staff[9], short-term rentals are not allowed within the Coastal Zone. For CDPR to change any existing structures from residential use to

[7] Ibid, page 59. Rates effective as of 2009.
[8] Ibid, page 51.

commercial use would likely require a change in its existing permit through the Carmel Area Land Use Plan. This permit may be processed by Monterey County and may also involve the Coastal Commission.

Annual Revenue Assumptions

New Economics conservatively applied the following assumptions to develop a projection of annual revenues that could be generated for CDPR by cabins:

- **An occupancy range of 20-85 percent (Figure 3.2), depending on the season**[10]. Given the lack of overall supply and coastal destination that a cabin concept within CASP would offer, it is likely that occupancy rates would be relatively high. Occupancy rates within the CDPR system were not available. Based on high-level feedback from private operators, as well as the MCCVB, New Economics estimated an occupancy range that is reliable for purposes of assessing financial feasibility.
- **A nightly rate of $90 for peak season and $80 for shoulder and off-season.** Based on the three-cabin-scale concepts, **Figure 3.3** estimates gross annual lodging revenues.
- **Concession contract rate of 14 percent of gross receipts for lodging.** During a review of existing cabin facilities within the CDPR system, it became clear that some cabin systems are operated through a concessionaire, which allows CDPR to collect a fee from a private operator who manages the hosting and daily maintenance of cabins. **Figure 3.4** synthesizes the terms of existing concessionaire contracts. This data, as well as supplemental interviews with CDPR staff from various park units, indicates that concessionaires are most interested in managing lodging facilities of a certain scale (generally above 50 campsites and/or alternative lodging). This analysis applies a 14 percent rate, following the concessionaire contract in place at McArthur-Burney Falls MSP, which has one concessionaire for a set of cabins and a camp store.
- **Camp store concession contract rate of 6 percent of gross receipts.** One of the reasons that concessionaires are more interested in larger lodging unit contracts is that this scale allows them to also operate a camp store as a complementary concession. **Figure 3.5** summarizes existing CDPR camp store concession contracts throughout California and shows that approximately $2,000 - $7,600 of revenues per campsite/lodging unit are derived from the camp store. This analysis applies a 6 percent rate, following the concessionaire contract in place at McArthur-Burney Falls MSP, which has one concessionaire for a set of cabins and a camp store.

[9] Telephone interview with Monterey County Planning Staff, December 10, 2014.

[10] Based on interviews with local chambers, the Visitors Bureau, and other park units (Bothe-Napa State Park, for example), New Economics believes that 20% is a reasonably conservative rate for the low season to apply in this planning-level analysis. Actual occupancy rates may be different.

Cost Assumptions

CDPR and the National Park Service are planning to construct new cabin projects in a variety of locations; these concepts include ancillary facilities, such as bathrooms, fire pits, and other amenities needed to support visitors. **Figure 3.6** contains a summary of these capital costs, while **Appendix Table A-1** contains detailed calculations supporting these assumptions. An initial estimated capital cost for the cabin concept is approximately $148,000-$187,000 per unit; this range reflects actual costs incurred for cabins at other local park units in California, plus estimated labor costs (which were not included in case study data).

Research revealed that, at this time, ADA-accessible units must be held off-line at Reserve America for disabled users until 5 pm the day of the use, for one-night at a time. This analysis conservatively assumes that all cabins are ADA-accessible, to maximize occupancy and revenue.

It is important to note that several cost items were identified but not estimated, owing to a lack of data available at this time:

- Depending on the location of the cabins, environmental impact analysis may be needed. Other technical reports, such as animal species surveys, geotechnical investigations, engineering, and site planning may also be needed. Once a location is selected, these costs should be identified.
- Infrastructure upgrades will also be location dependent. Access to water and sewer, as well as site grading, wetland restoration, and tree replacement, will likely be needed. However, the extent of these costs remains location dependent. Once a location is selected, these costs should be identified.
- Long-Term O&M costs are difficult to estimate at this time. While a concessionaire will be charged with regular maintenance, CDPR staff report that O&M for landscaped areas, major repairs (e.g. fallen trees, natural disasters), and marketing costs have typically fallen back on the park unit. Costs for these items are difficult to estimate and are highly variable.

Cash Flow and Estimated Annualized Rate of Return (ARR)

Figures 3.7a through **3.7c** show the likely cash flow for the cabin concept. These cash flow figures estimate net revenues estimated to be generated for CDPR, compared to costs incurred by CDPR. The results of this analysis can be summarized as follows:

- The small-scale scenario (10 units) suggests a small but positive ARR for CDPR. However, it is unlikely that a concessionaire would be able to profitably operate such a small configuration. Once estimated costs for certain line items are identified, (such as infrastructure upgrades), it is also unlikely that these cabins could pay for themselves within a 10-year timeframe.
- The medium-scale scenario (25 units) indicates a substantial ARR. A sensitivity analysis run by New Economics (not shown in this analysis) indicates that CDPR's

capital costs could amount to roughly $9.1 million for the ARR to remain above 8 percent. This amount provides an indication of the maximum that could be spent on predevelopment, site development, and/or construction for CDPR to still generate a positive return at this scale. **Appendix Table A-2** contains the sensitivity analysis supporting this calculation.

- The large-scale scenario (50 units) indicates a significant ARR. A sensitivity analysis run by New Economics (**Appendix Table A-3**) indicates that capital costs could amount to $35.6 million for the ARR to remain above 8 percent. This amount provides an indication of the maximum that could be spent on predevelopment, site development, and/or construction for CDPR to still generate a positive return at this scale.

It is important to note that the three cabin concepts have a high margin of error for these reasons:

- Annual O&M costs by CDPR are not included.
- Site development costs are likely underestimated, because they exclude utilities connections, site grading, environmental studies, etc. No cost estimates were available from CDPR because the actual costs will be highly dependent on location.
- Case study research budgets exclude labor and assume that the local park unit will absorb all labor costs associated with cabin development. New Economics applied a planning-level estimate of 30 percent to most cost line items to cover labor costs. Actual labor costs should be monitored as other cabin projects within the CDPR system are built.

3.1 *Existing Rustic Cabins [1]*
2014

Facility/Lodging Type	Location	Owner/Operator	Description	# of Cabins	Cost per Night Low	Cost per Night High	Min # of Nights	Max # of Guests	Children	Pets
Monterey/Santa Cruz Area (Publicly or Privately Owned)										
Big Sur Campground Cabins	Big Sur, CA	Private	N/A	4	$97	$222	2	4	Yes	Yes
TreeBones Resort	Big Sur, CA	Private								
Human Nest			Wood-woven nest w/ wood ladder access & full-size mattress.		$153	$153	2	2	No	No
Yurts			Tent-like circular fabric structures with wood lattice frames.	16	$220	$363	2	N/A	No	No
Santa Cruz/Monterey KOA	Santa Cruz, CA	Corporate KOA								
Camping Cabins - 1 Rm			N/A	25	$87	$184	2	4	Yes	Yes
Camping Cabins - 2 Rms			N/A	15	$66	$148	2	6	Yes	Yes
Fernwood Resort	Big Sur, CA	Private								
Adventure Tents			Luxury tent cabins with queen bed and wood burning stove.	3	$123	$123	N/A	2	Yes	Yes
Monterey/Santa Cruz Area Average				**12**	**$121**	**$159**	**2**	**4**		
Other Cabins Statewide (Publicly Owned)										
Kings Canyon NP Grant Grove Cabins	Sierra Nevada, CA	Park Services, Concessionaire	N/A	41	$51	$105	N/A	N/A	Yes	Yes
Big Basin Redwood SP Tent Cabins	Boulder Creek, CA	Concessionaire	Built 1990-1995 by concessionaire. Raised wood platform w/ wooden sides & mesh panels. Topped w/ tent-like walls & roof.	41	$56	$128	2	8	Yes	Yes
Lassen Volcanic NP - Manzanita Lake	Mineral, CA	Park Services, Concessionaire								
Rustic Cabins - 2 Rms			N/A	20	$91	$91	N/A	6	Yes	Yes
Rustic Cabins - 1 Rm			N/A	6	$64	$64	N/A	3	Yes	Yes
Bunkhouse Cabin			N/A	13	$91	$91	N/A	8	Yes	Yes
McArthur Burney Falls MSP Rustic Cabins	Burney, CA	CDPR, Concessionaire	Pre-fabricated structures installed on-site by concessionaire in 2008.	25	$84	$107	N/A	6	Yes	Yes
Clearlake SP Group	Clearlake	CDPR	Yurts close to group campsites.	10	$61	$61	1	N/A	N/A	N/A
Mount Tamalpais SP Steep	Marin County	CDPR	Built in the 1930s.	9	N/A	N/A	N/A	N/A	N/A	N/A
Santa Clara County Parks -	Watsonville, CA	Santa Clara County	Tent-like circular fabric structures with wood lattice frames.	5	$36	$92	2	10	Yes	No
Cuyamaca Rancho SP Rustic Cabins	Julian, CA	CDPR	Constructed from kits in 1990s by dept. staff and repaired after 2003 fire.	6	$72	$92	N/A	8	Yes	Yes
Hendy Woods SP Rustic	Philo, CA	CDPR	Built in 1990s by staff.	4	$56	$56	N/A	6	Yes	Yes
Malakoff Diggins SHP Rustic	Nevada City, CA	CDPR	Built in 1969 and 1980 by staff.	3	$41	$41	N/A	4	Yes	Yes
Other Area Statewide Average				**15**	**$64**	**$85**	**N/A**	**N/A**	**N/A**	**N/A**
					Off-Peak, Shoulder	*Peak*				
Cabin Rates Assumed for Purposes of This Analysis (2015)					**$80**	**$90**				

Prepared by New Economics & Advisory, December 2014.

[1] Rustic cabins typically do not have indoor restrooms or kitchen area.

Sources: New Economics research through internet and phone interviews, 2014.

3.2 *Projected Occupancy*
Rustic Cabins Concept

		Small Scale					Medium Scale					Large Scale				
Season	**Description**	Total Units	Occup. (Rate) [1]	Days per Season	Potential Rental Days	Occup. (Days)	Total Units	Occup. (Rate) [1]	Days per Season	Potential Rental Days	Occup. (Days)	Total Units	Occup. (Rate) [1]	Days per Season	Potential Rental Days	Occup. (Days)
Cabins																
Peak	May - Sep	10	85%	153	1,530	1,301	25	85%	153	3,825	3,251	50	85%	153	7,650	6,503
Shoulder	Oct, Mar, Apr	10	60%	92	920	552	25	60%	92	2,300	1,380	50	60%	92	4,600	2,760
Off-Season	Nov - Feb	10	20%	121	1,210	242	25	20%	121	3,025	605	50	20%	121	6,050	1,210
Total		**10**	**57%**	**366**	**3,660**	**2,095**	**25**	**57%**	**366**	**9,150**	**5,236**	**50**	**57%**	**366**	**18,300**	**10,473**

Prepared by New Economics & Advisory, December 2014.

[1] Planning-level occupancy rates estimated by New Economics, based on anecdotal information from interviews with other state park units that have rustic cabins. These rates are conservative and are subject to information gathered in Figure 3.1.

3.3 *Projected Annual Lodging Revenues (2015$)*

Cabin Concept

Item	# of Cabins	Peak Season (May-Sep) Nightly Rate	Peak Season (May-Sep) Total	Shoulder Season (Oct, Mar, Apr) Nightly Rate	Shoulder Season (Oct, Mar, Apr) Total	Off Season (Nov - Feb) Nightly Rate	Off Season (Nov - Feb) Total	Annual Total
Small-Scale Cabin Concept								
Number of Cabins	10	$90	$900	$80	$800	$80	$800	
Total Number of Nights for Season			1,530		920		1,210	
Total Potential Seasonal Revenue (100% Occ.)			$1,377,000		$736,000		$968,000	
Estimated Occupancy Rate			85%		60%		20%	
Estimated Seasonal Revenue (Rounded)			**$1,170,000**		**$441,600**		**$193,600**	**$1,805,200**
Medium-Scale Cabin Concept								
Number of Cabins	25	$90	$2,250	$80	$2,000	$80	$2,000	
Total Number of Nights for Season			3,825		2,300		3,025	
Total Potential Seasonal Revenue (100% Occ.)			$8,606,250		$4,600,000		$6,050,000	
Estimated Occupancy Rate			85%		60%		20%	
Estimated Seasonal Revenue (Rounded)			**$7,315,313**		**$2,760,000**		**$1,210,000**	**$11,285,313**
Large-Scale Cabin Concept								
Number of Cabins	50	$90	$4,500	$80	$4,000	$80	$4,000	
Total Number of Nights for Season			7,650		4,600		6,050	
Total Potential Seasonal Revenue (100% Occ.)			$34,425,000		$18,400,000		$24,200,000	
Estimated Occupancy Rate			85%		60%		20%	
Estimated Seasonal Revenue (Rounded)			**$29,261,250**		**$11,040,000**		**$4,840,000**	**$45,141,250**

Prepared by New Economics & Advisory, December 2014.

3.4 *Group Cabin Concessionaire Contracts*
FY 2012/13

Park Unit Name	Description	Operator	Tent Cabins	Rustic Cabins	Yurts	Gross Receipts [1]	Rent to State [1]	Rental Terms	Contract End Date
Big Basin Redwoods SP	36 tent cabins total, 23 standard tent cabins, 5 camping package tent cabins and 8 deluxe cabins - all fit a max of 8 people per tent cabin.	Urban Park Concessionaires	36	0	0	$1,234,846	$204,805	$5,000/month or 16.5% monthly gross receipts, whichever is greater, plus minimum $218,000 capital investment.	9/30/17
McArthur-Burney Falls MSP	24 modular 1-2 bedroom cabins, no kitchen or bathroom area inside. Each cabin can fit between 4-6 people max.	Recreation Resource Management	0	24	0	$507,679	$70,641	$22,000/year or 6% of camp store gross receipts, whichever is greater and $20 per cabin for each night rented and 14% of lodging gross receipts; construct a new concession facility at a minimum cost of $450,000.	5/31/24
Boethe-Napa SP	1 Group tent camping site, 24 standard camp sites, 18 tent-only camp sites, and 10 yurts.	CDPR	0	0	10	$0	$0	N/A	N/A
Clearlake SP	Eight rustic cabins, no kitchen or bathrooms.	Recreation Resource Management	0	8	0	$74,652	$10,877	8% of gross receipts.	Terminated 2014
Samuel S. Taylor SP	Four cabins, each fit 5 people max with bunkbeds, no kitchen or bathrooms.	CDPR	0	4	0	N/A	N/A	N/A	N/A
Hendy Woods SP	Three cabins with double bunkbeds (no bedding).	CDPR	0	3	0	$0	$0	N/A	N/A
Malakoff Diggins SHP	Three rustic cabins with bunkbeds (no bedding), no kitchen area or bathroom inside.	CDPR	0	3	0	$0	$0	N/A	N/A
Mount Tamalpais SP	Nine rustic cabins, no kitchen or bathroom area, each fit 5 people max.	CDPR	0	9	0	$0	$0	N/A	N/A
Concession Term Applied for This Analysis								**14% of gross receipts.**	

Prepared by New Economics & Advisory, February 2015.
[1] FY 2012-13.
Sources: CDPR Concessions and Operating Agreement Annual Report, FY 2012-13 and Alternative Camping Survey Report 2011.

3.5 *Camp Store Concession Contracts*
California State Parks, FY 2012/13

			Camp Stores			
State Park	Concessionaire	Contract Description	Gross Receipts	Rent to State	# of campsites / lodging [1]	Gross Receipts per spot
Existing Camp Store Concession Contracts						
Big Basin Redwoods SP	Urban Park Concessionaires	$1.00/year of 1% of gross receipts in excess of $380,000, whichever is greater, commencing in Contract Year 4. During Contract Years 1-3, all revenue invested in operation and improvements at Little Basin.	$641,286	$105,581	142	$4,516
El Capitan SB	California Camp Stores	$60,000/year or 12% of gross receipts whichever is greater.	$169,686	$20,362	133	$1,276
Gaviota SB	California Camp Stores	$60,000/year or 12% of gross receipts whichever is greater.	$78,064	$9,368	38	$2,054
Leo Carrillo SP	Anthony & Annette Minicucci	$20,000/year or 10% of gross receipts, whichever is greater.	$357,882	$35,789	130	$2,753
McArthur-Burney Falls Memorial SP	Recreation Resource Management	$22,000/year or 6% of camp store gross receipts, whichever is greater and $20 per cabin for each night rented and 14% of lodging gross receipts; constructed a new concession facility at a minimum cost of $450,000.	$272,552	$16,353	102	$2,672
Refugio SB	California Camp Stores	$60,000/year or 12% of gross receipts whichever is greater.	$164,139	$19,697	66	$2,487
San Elijo SB	JLM Systems	$30,000/year or 15% of gross receipts, whichever is greater.	$1,196,297	$179,445	156	$7,669
South Carlsbad SB	JLM Systems	$30,000/year or 15% of gross receipts, whichever is greater.	$442,206	$66,331	212	$2,086
Average Revenues per Campsite/Lodging Spot (excluding San Elijo) (Inflated 2015$) [2]					**122**	**$3,189**
Revenue Assumption Used for This Analysis (Rounded)		**6% of Gross Receipts**				**$3,200**

Prepared by New Economics & Advisory, February 2015.
[1] Figures reflect all lodging, including individual and group campsites, RV/Trailer spots, tent cabins, and cabins.
[2] San Elijo SB excluded from average because the revenues per lodging site are unusually high compared to other concessionaires.
Sources: Reserve America website (Internet search February 2015), 2012-13 CDPR Annual Concession Report.

3.6 *Key Cost Assumptions: Rustic Cabins*

Capital Costs and O&M Costs (2011$)

Item	Cost per Unit	Unit Desc.	Cost Items Included	Cost Items Excluded	Small-Scale Cabins		Medium-Scale Cabins		Large-Scale Cabins	
					Units	Total Cost	Units	Total Cost	Units	Total Cost
CAPITAL COST ASSUMPTIONS										
Predevelopment costs [1]	$55,000	per cabin	Blueprints, archaeological studies, test wells.	EIR/s, animal species surveys, geotechn. investigations, engineering, planning, etc.	10	$550,000	25	$1,375,000	50	$2,750,000
Site Development [1]	$15,000	per cabin	Electrical connection(s), 8% for permit and engineering fees.	Sewer, water, drainage upgrades [2]; site grading [2]; other agency fees; archeol. Monit.; wetland rest./ repl.; tree repl..	10	$150,000	25	$375,000	50	$750,000
Cabin-Related Costs [1]	$42,000	per cabin	Gravel & Sand, Skirting, Modular Cabin, Ramp Decking/ Framing/ Support, Hose Bib for 100% ADA Compliant units.	Temporary signage, protective fencing.	10	$420,000	25	$1,050,000	50	$2,100,000
Other Amenities Surrounding Cabin [1]	$2,700	per cabin	Gravel parking area, outdoor furniture, interpretative signage [3].	Directional and regulatory signage, screen fencing, landscaping.	10	$27,000	25	$67,500	50	$135,000
Restroom [1]	$500,000	per facility [4]	Group restroom facility, including construction and utility stub outs, with 4 restrooms & 4 showers. 1 restroom per 25 cabins. [4]		1	$500,000	1	$500,000	2	$1,000,000
Labor Estimate [5]	30%	of costs	Applied to site development, cabin related costs (except cabin construction itself), other amenities, and restroom.		1	$222,000	1	$329,000	1	$658,000
Total Cost						$1,869,000		$3,696,500		$7,393,000
Cost per Cabin						**$186,900**		**$147,860**		**$147,860**
O&M COST ASSUMPTIONS										
Marketing	Concessionaire		Annual			N/A		N/A		N/A
O&M Plan for planted areas	N/A	per cabin	5-year duration			N/A		N/A		N/A
Utilities O&M	N/A	per cabin	[5]			N/A		N/A		N/A
Housekeeping	Concessionaire		Sweeping, tidying, guest registration, landscaping, and decks [6]			$0		$0		$0
Periodic Maintenance	Concessionaire		annual staining, caulking, gutter cleaning, patching, porch work; stove servicing [6]			$0		$0		$0
Major Repairs	N/A	per cabin	Repairs, vandalism [6]			N/A		N/A		N/A
Total Annual Costs						**N/A**		**N/A**		**N/A**

Prepared by New Economics & Advisory, February 2015.

[1] Does not include any labor costs -- only materials.

[2] Until a specific site is selected and studied, it is not possible to estimate the approach or cost implications for utilities or site grading. These costs are expected to be significant.

[3] Interpretative signage estimate provided by CASP Project Engineer, 12/16/2014 via email at $5,000 lump sum.

[4] Planning-level estimate provided by CASP Project Engineer, 12/16/2014 via email.

[5] Estimated by New Economics & Advisory. Subject to refinement by CDPR.

[6] Should on-site utilities facilities (e.g. Reverse Osmosis treatment plant) be installed, CDPR will incur additional costs for ongoing O&M. CDPR staff also anticipates increased costs in storm water pollution control technology O&M. Other major repairs might include fallen trees, natural disasters, etc.

[7] Description of items taken from the CDPR Alternative Camping Survey Report, 2011.

3.7a *Cabin Cash Flow Projection*
Small Scale Cabins

Item	Key Assumption(s)	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Total
Number of Cabins	**All ADA Units**		**10**	**10**	**10**	**10**	**10**	**10**	**10**	**10**	**10**	**10**	**10**
REVENUES													
Cabin Nightly Rentals [1]			$451,300	$1,353,900	$1,805,200	$1,805,200	$1,805,200	$1,805,200	$1,805,200	$1,805,200	$1,805,200	$1,805,200	$16,246,800
Concession Revenues to CDPR	14% of gross lodging receipts		$63,182	$189,546	$252,728	$252,728	$252,728	$252,728	$252,728	$252,728	$252,728	$252,728	$2,274,552
Camp Store Revenues [1] [2]	$3,200 per occupied cabin		$8,000	$24,000	$32,000	$32,000	$32,000	$32,000	$32,000	$32,000	$32,000	$32,000	$288,000
Concession Revenues to CDPR	6% of gross store receipts		$480	$1,440	$1,920	$1,920	$1,920	$1,920	$1,920	$1,920	$1,920	$1,920	$17,280
Concessionaire Revenues to CDPR		**$0**	**$63,662**	**$190,986**	**$254,648**	**$254,648**	**$254,648**	**$254,648**	**$254,648**	**$254,648**	**$254,648**	**$254,648**	$2,291,832
COSTS													
Fixed Costs													
Predevelopment costs [3]		$550,000											$550,000
Site Development [3]		$150,000											$150,000
Cabin-Related Costs [3]		$420,000											$420,000
Other Amenities Surrounding Cabin [3]		$27,000											$27,000
Restroom [3]		$500,000											$500,000
Labor [4]		$222,000											$222,000
Camp Store	Concessionaire	$0											$0
Total Capital Costs		**$1,869,000**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$1,869,000**
Annual Operations & Maintenance													
O&M Plan for planted areas		N/A											$0
Utilities O&M		N/A											$0
Housekeeping	Concessionaire	0											$0
Periodic Maintenance	Concessionaire	0											$0
Major Repairs		N/A											$0
Subtotal		N/A											$0
Total Annual Costs		**$1,869,000**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$1,869,000**
Potential Net Revenues		**-$1,869,000**	**$63,662**	**$190,986**	**$254,648**	**$254,648**	**$254,648**	**$254,648**	**$254,648**	**$254,648**	**$254,648**	**$254,648**	**$422,832**
Annualized Rate of Return												**4%**	

Prepared by New Economics & Advisory, February 2015.

[1] Assumes a 2-year build up to occupancy rates shown in Figure 3.2. In Year 1, assumes 25% of final revenues. In Year 2, assumes 75% of final revenues.

[2] It is unlikely that a camp store could be sustained by a concessionaire at this scale of cabins. More likely to be replaced by a seasonal store or stand.

[3] Does not include labor costs, with the exception of the construction and delivery of the modular cabin itself.

[4] Planning-level labor costs estimate by New Economics. Subject to refinement in future technical studies.

Source: New Economics & Advisory, 2015.

3.7b *Cabin Cash Flow Projection*

Medium Scale Cabins

Item	Key Assumption(s)	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Total
Number of Cabins	**All ADA Units**		**25**	**25**	**25**	**25**	**25**	**25**	**25**	**25**	**25**	**25**	**25**
REVENUES													
Cabin Nightly Rentals [1]			$2,821,328	$8,463,984	$11,285,313	$11,285,313	$11,285,313	$11,285,313	$11,285,313	$11,285,313	$11,285,313	$11,285,313	$101,567,813
Concession Revenues to CDPR	14% of gross lodging receipts		$394,986	$1,184,958	$1,579,944	$1,579,944	$1,579,944	$1,579,944	$1,579,944	$1,579,944	$1,579,944	$1,579,944	$14,219,494
Camp Store Revenues [1] [2]	$3,200		$20,000	$60,000	$80,000	$80,000	$80,000	$80,000	$80,000	$80,000	$80,000	$80,000	$720,000
Concession Revenues to CDPR	6% of gross store receipts		$1,200	$3,600	$4,800	$4,800	$4,800	$4,800	$4,800	$4,800	$4,800	$4,800	$43,200
Concessionaire Revenues to CDPR		**$0**	**$396,186**	**$1,188,558**	**$1,584,744**	**$1,584,744**	**$1,584,744**	**$1,584,744**	**$1,584,744**	**$1,584,744**	**$1,584,744**	**$1,584,744**	$14,262,694
COSTS													
Fixed Costs													
Predevelopment costs [3]		$1,375,000											$1,375,000
Site Development [3]		$375,000											$375,000
Cabin-Related Costs [3]		$1,050,000											$1,050,000
Other Amenities Surrounding Cabin [3]		$67,500											$67,500
Restroom [3]		$500,000											$500,000
Labor [4]		$329,000											$329,000
Camp Store	Concessionaire	$0											$0
Total Capital Costs		**$3,696,500**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$3,696,500**
Annual Operations & Maintenance													
O&M Plan for planted areas		N/A											$0
Utilities O&M		N/A											$0
Housekeeping	Concessionaire	0											$0
Periodic Maintenance	Concessionaire	0											$0
Major Repairs		N/A											$0
Subtotal		N/A											$0
Total Annual Costs		**$3,696,500**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$3,696,500**
Potential Net Revenues		**-$3,696,500**	**$396,186**	**$1,188,558**	**$1,584,744**	**$1,584,744**	**$1,584,744**	**$1,584,744**	**$1,584,744**	**$1,584,744**	**$1,584,744**	**$1,584,744**	**$10,566,194**
Annualized Rate of Return												**30%**	

Prepared by New Economics & Advisory, February 2015.

[1] Assumes a 2-year build up to occupancy rates shown in Figure 3.2. In Year 1, assumes 25% of final revenues. In Year 2, assumes 75% of final revenues.

[2] It is unlikely that a camp store could be sustained by a concessionaire at this scale of cabins. More likely to be replaced by a seasonal store or stand.

[3] Does not include labor costs, with the exception of the construction and delivery of the modular cabin itself.

[4] Planning-level labor costs estimate by New Economics. Subject to refinement by CDPR.

Source: New Economics & Advisory, 2015.

3.7c *Cabin Cash Flow Projection*
Large Scale Cabins

Item	Key Assumption(s)	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Total
Number of Cabins	**All ADA Units**		**50**	**50**	**50**	**50**	**50**	**50**	**50**	**50**	**50**	**50**	**50**
REVENUES													
Cabin Nightly Rentals [1]			$11,285,313	$33,855,938	$45,141,250	$45,141,250	$45,141,250	$45,141,250	$45,141,250	$45,141,250	$45,141,250	$45,141,250	$406,271,250
Concession Revenues to CDPR	14% of gross lodging receipts		$1,579,944	$4,739,831	$6,319,775	$6,319,775	$6,319,775	$6,319,775	$6,319,775	$6,319,775	$6,319,775	$6,319,775	$56,877,975
Camp Store Revenues [1] [2]	$3,200		$40,000	$120,000	$160,000	$160,000	$160,000	$160,000	$160,000	$160,000	$160,000	$160,000	$1,440,000
Concession Revenues to CDPR	6% of gross store receipts		$2,400	$7,200	$9,600	$9,600	$9,600	$9,600	$9,600	$9,600	$9,600	$9,600	$86,400
Concessionaire Revenues to CDPR		**$0**	**$1,582,344**	**$4,747,031**	**$6,329,375**	**$6,329,375**	**$6,329,375**	**$6,329,375**	**$6,329,375**	**$6,329,375**	**$6,329,375**	**$6,329,375**	$56,964,375
COSTS													
Fixed Costs													
Predevelopment costs [3]		$2,750,000											$2,750,000
Site Development [3]		$750,000											$750,000
Cabin-Related Costs [3]		$2,100,000											$2,100,000
Other Amenities Surrounding Cabin [3]		$135,000											$135,000
Restroom [3]		$1,000,000											$1,000,000
Labor [4]		$658,000											
Camp Store	Concessionaire	$0											$0
Total Capital Costs		**$7,393,000**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$7,393,000**
Annual Operations & Maintenance													
O&M Plan for planted areas		N/A											$0
Utilities O&M		N/A											$0
Housekeeping	Concessionaire	$0											$0
Periodic Maintenance	Concessionaire	$0											$0
Major Repairs		N/A											$0
Subtotal		N/A											$0
Total Annual Costs		**$7,393,000**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$7,393,000**
Potential Net Revenues		**-$7,393,000**	**$1,582,344**	**$4,747,031**	**$6,329,375**	**$6,329,375**	**$6,329,375**	**$6,329,375**	**$6,329,375**	**$6,329,375**	**$6,329,375**	**$6,329,375**	**$49,571,375**
Annualized Rate of Return												**56%**	

Prepared by New Economics & Advisory, February 2015.

[1] Assumes a 2-year build up to occupancy rates shown in Figure 3.2. In Year 1, assumes 25% of final revenues. In Year 2, assumes 75% of final revenues.

[2] It is unlikely that a camp store could be sustained by a concessionaire at this scale of cabins. More likely to be replaced by a seasonal store or stand.

[3] Does not include labor costs, with the exception of the construction and delivery of the modular cabin itself.

[4] Planning-level labor costs estimate by New Economics. Subject to refinement by CDPR.

Source: New Economics & Advisory, 2015.

Section 4: Residential Environmental Education Facility

Concept Description

Residential environmental education programs are offered in a variety of settings throughout the country. Most commonly operated as non-profit organizations, for-profit entities, or through school districts, these facilities typically focus on educating local youth about the natural environment, the impact of people on the environment, and conservation and/or restoration opportunities. Education programs typically last one week or less, take place in a natural setting to maximize access to on-site learning opportunities, and often provide overnight accommodations and meals.

The Residential Environmental Education Option contemplates the development of educational facilities for an organization providing related programming. One potential organizational candidate is Camp SEA Lab, an auxiliary program of California State University Monterey Bay (CSUMB). Camp SEA Lab provides, mostly to children, hands-on science education programming focused on the natural resources of the Monterey Bay area. Founded in 1997, the organization is supported by a non-profit organization (Friends of Camp SEA Lab) and has an affiliation with CSUMB. The university provides office space (for administrative activities), as well as in-kind support for human resources, insurance management, and financial management. Camp SEA Lab currently organizes a variety of programs, the two largest of which are a summer camp and an outdoor camp.

For programming, Camp SEA Lab currently leases space from a religious retreat site in Aptos and has access to these facilities approximately 3 days per week. In the future, however, Camp SEA Lab is seeking to establish a permanent program site[11]. An interview with Camp SEA Lab staff indicated that, under optimal circumstances, a permanent site would enable the organization to function as follows:

- Operate 40-45 weeks per year (compared to 20-22 weeks currently).
- Operate 5 days per week and 2 weekends per month (compared to 3 days per week and no weekends onsite under current conditions).
- Accommodate 60-150 students at one time (compared to 130 students currently).
- Grow to manage a $10 million operating budget (compared to current annual budget of approximately $700,000 plus in-kind support from CSUMB).

For its permanent site, Camp SEA Lab envisions state-of-the-art multi-purpose teaching classrooms with laboratory facilities, housing for 150 students with designated adult

[11] Camp SEA Lab Strategic Plan (2013-2018).

accommodations, a multi-use dining facility, an interpretative center, outdoor amphitheater, administrative and maintenance buildings, housing for essential residential staff, and on-site parking for visitors and school buses[12]. Because a specific site has not yet been selected, however, the precise scale of facilities remains unknown and this analysis focuses on providing a planning-level analysis that uses projected enrollment as the driving assumption for both the cost and revenue side of the analysis.

The Residential Environmental Education Option analyzes two scales of growth for a facility at CASP over 10 years. Parameters relevant to Camp SEA Lab are used to guide the analysis. However, it is intended to be a reasonable scenario that would be applicable to any other similar residential environmental education camp. A wide variety of other non-profit organizations may be interested in a permanent facility within this park unit. As such, Camp SEA Lab serves only as an example for this planning-level analysis.

The two growth options for a residential environmental education facility evaluated are:

- Alternative 1: Accelerated Growth. Under this alternative, the facility's operating budget grows about 30 percent annually to nearly reach the $10 million budget it aspires to have at a permanent site.
- Alternative 2: Steady Growth. This alternative contemplates average annual growth in operating budget of about 5 percent, but assumes the same size facility as Alternative 1.

In both cases, it is likely that, in reality, growth will occur intermittently in phases; however, because it is difficult to project when those growth spurts may occur, this analysis applies an average annual growth rate.

Market Setting

Camping Feasibility Study

The Camping Feasibility Study, described earlier in this report, considered an environmental/youth education camp concept. The concept studied therein included cabins or bunkhouses, a shower building, a science and activity building, a kitchen/dining hall, and central campfire circle; these permanent facilities would be designed to serve up to approximately 80 persons at one time.

The Camping Feasibility Study made the following observations about the market for a science school in the Monterey Bay area:

- Projected 5th grade enrollment (the target school age for science camps) between FY 2011/12 and FY 2021/22 is expected to peak between 2015 and 2017, and then decline in Monterey County and adjacent counties, as well as in San Francisco County and the larger Bay Area and the Central Valley (although

[12] "Camp SEA Lab Seeks Permanent Site" Vision Statement provided by Camp SEA Lab, 08.05.2015.

the Central Valley is expected to rebound in 2020 and after). Nonetheless, enrollment projections suggest a steady rise in demand into the next decade.
- The highest levels of existing demand occur in the Fall and Spring;
- Facilities can and do accommodate conferences, special events, and adult education when not used for children's education programming;
- Existing sites can typically handle between 50 and 250 persons at a time;
- Monterey County does not have a dedicated science school facility.

The Camping Feasibility Study also contains a preliminary estimate of operating costs (approximately $700,000 annually) and revenues and draws the following conclusions about an education camp:

- For a science school to profitably accommodate approximately 80 persons at one time, fees and occupancy rates would have to range from $75 per day per occupant and 40 percent occupancy annually *or* $50-$70 per day per occupant and 60 percent occupancy annually.

Updated Science School Research

New Economics updated some of the research on existing science education programs included in the Camping Feasibility Study and also added some other facilities located elsewhere in California. **Figure 4.1** summarizes this information. Please note that in some cases updated information was not available.

New Economics also conducted additional high-level case study research on select science school entities in the northwestern United States. **Appendix Tables A-4 and A-5** contains a description of two of these case study facilities. Telephone interviews with staff and internet-based research were used to understand the budgetary realities faced by organizations that operate on a scale that is in line with Camp SEA Lab's long-term aspirations at a permanent site. The budgetary structure in which these organizations operate helps inform assumptions that are modeled in the subsequent part of this analysis.

Annual Revenue Assumptions

As of Fiscal Year 2012/13, there were three operating agreements in place between CDPR and science education facilities. **Figure 4.2** contains a summary of the terms of these agreements. In each case, the educational organization is required to maintain facilities used for programming purposes. However, revenues are only generated by CDPR if the program produces any profit. Given that the operators consist of a local county and a non-profit association, financial profit has never occurred.

A similar operating arrangement for a new science school at CASP would be infeasible; CDPR would fund a portion of costs to develop new facilities but would not be able to count on a future stream of revenues to recuperate even a portion of those costs over time. As such, this analysis instead presumes that CDPR will collect annual lease or rent from the operating organization.

Figure 4.3 provides an initial projection of a facility's organizational budget over time. The accelerated-growth alternative reflects the intent to grow into an annual budget goal of $10 million (which would require average annual growth of roughly 30 percent), while the steady-growth alternative scenario reflects a more conservative growth of approximately 5 percent annually.

NatureBridge is the largest residential environmental education partner of the National Park Service. The organization operates in six national parks, including Yosemite National Park and Golden Gate National Recreation Area. The organization's total annual budget is approximately $14.3 million[13], of which approximately 8 percent is allocated to leasing, access, and maintenance costs.

For purposes of this analysis, the *Residential Environmental Education Option* assumes that 6 percent of Camp SEA Lab's organizational budget (serving as a proxy for other non-profit organizations that provide environmental residential education programming) will be expended on leasing/access costs; this estimate is slightly less than the figure provided by NatureBridge in order to exclude maintenance costs; this adjusted figure was estimated by New Economics and is subject to refinement in future studies. **Figure 4.3** contains the scale of leasing expenses over time. Leasing expenses are used to derive estimated revenues for CDPR. This portion significantly exceeds the portion currently paid by Camp SEA Lab to access the facility it uses.

Cost Assumptions

For purposes of cost analysis, New Economics researched two residential environmental education centers. **Figure 4.4** summarizes the costs of these new facilities overall and on a per-square-foot basis. In addition, to the extent that information could be obtained formally or informally, this figure identifies the major sources of funds for capital expenditures.

Figure 4.4 also contains case study research regarding the annual costs of operations and maintenance. Some facilities are leased (as in the case of NatureBridge) whereas others are owned (Island Wood).

To develop capital and O&M cost assumptions for the *Residential Environmental Education Option*, New Economics applied the following cost factors, as summarized in **Figure 4.5**:

- **Construction/development cost per building sq. ft. for capital improvements reflects an average of case study facility costs.** This amount should be considered a lump sum; costs for predevelopment and site improvements may be additive, however, and should be studied further once a particular location is identified.

[13] NatureBridge Independent Auditors' Report and Financial Statements, June 30, 2014; telephone interview with staff, November 17, 2015.

- **Estimated facility space (building sq. ft.) reflects an average of case study facility sizes, further reduced by half.** This preliminary size estimate reflects a facility that could accommodate 60-150 students (which is similar to the Camp SEA Lab concept), whereas case study organizations use facilities designed to accommodate roughly 200-250 students, which is 25-68 percent more than the analysis scenario. This analysis applies a 50 percent reduction in size.
- **CDPR is anticipated to fund a share of capital facility expenses that can be recuperated over a 10-year timeframe.** Case study research on new facilities appears to suggest that private donations are the primary source of funding. For purposes of this analysis, New Economics determined the scale of capital funding that CDPR could invest assuming that lease revenues collected over a 10-year timeframe would achieve a small but positive annualized rate of return. Importantly, CDPR would not be able to fund any capital facilities under the steady-growth alternative.
- **Major repairs and long-term maintenance are funded by CDPR at a level that is half of the case study research rate.** Island Wood staff indicated that the organization funds maintenance from a $10 million maintenance endowment fund, which allows for an unusually high level of annual maintenance for major repairs, upgrades, and replacement. New Economics applied a 50 percent reduction to Island Wood's long-term annual maintenance budget to derive an estimate for a residential environmental education center within CASP. The analysis further assumes that the operator will be responsible for day-to-day maintenance, such as housekeeping, periodic maintenance, and minor repairs.

It is important to re-emphasize that these assumptions are "planning-level" and should be considered an indication of cost. The costs applied herein are not specific to a particular set of facilities in a pre-determined location within CASP, but rather a reasonable potential scale of facilities.

Cash Flow and Estimated ARR

Figures 4.6 and **4.7** show the 10-year cash flow projection for this residential environmental education concept. These cash flow figures estimate net revenues estimated to be generated for CDPR, compared to costs (both capital and operating costs) incurred by CDPR. As discussed in a previous section, the intent of this cash flow analysis was not to achieve a high ARR; instead, this analysis seeks to identify the scale of capital costs that CDPR can feasibly invest and recuperate within a 10-year timeframe.

The results of this analysis can be summarized as follows:

- **Under the accelerated growth scenario, CDPR could invest up to $1.1 million in capital expenditures and reasonably expect to recuperate these costs over 10 years of operations.** It is important to note that projected leasing costs would constitute a major increase in Camp SEA Lab's budget, if it were the operator.

Further, the results of this analysis are also contingent on an organization's ability to grow its annual operating budget by approximately 30 percent each year. This rate of growth is rapid and should be studied further.

- **Under the steady growth scenario, CDPR could not invest any portion of capital expenditures with an expectation of recovering these revenues within ten years.** Because the organization is anticipated to grow more slowly, annual leasing revenues for CDPR would be more modest; as such, private donations, grants, and other sources of funding would be needed for this scenario. On an annual basis, additional revenues would also be required for CDPR to provide long-term repairs and replacement. Possible sources of other revenues may include a portion of revenues related to conferences or adult programming that occurs when children's activities are not underway.

4.1 *Select Science Schools-- Visitation Levels*

2014$

Site	Location	Size (acres)	Operator (Owner)	Annual Visitation	Capacity PAOT [1]	Average Stay (days)	Rates	Avg. # of Staff	Facilities
Public Schools									
Sly Park	Pollock Pines, CA	27	Sacramento County Office of Education, facilities leased from US Forest Service	8,000	209	3-5 Days	5 Day: $235	9	8 Cabins w/Bath 26 Beds, 1 16-Bed Staff Cabin, Dining/Cafeteria
Santa Cruz Outdoor Science School	Watsonville, CA	N/A	Santa Cruz Cty. Off. of Edu., property leased from Kiononia Conf. Center	4,000	250	3-5 Days	4-5 Day: $266 - $287 5 Day: $314 - $333	N/A	Cabins, Dining/Cafeteria, Auditorium (250 cap.) 2 Outdoor Amphitheaters (250 and 100 cap.) Concession, Playing Field, Pool, V-ball & B-ball Court, Ropes
Rancho El Chorro Outdoor School	San Luis Obispo, CA	248	San Luis Obispo County Office Of Education	8,000	130	3-5 Days	5 Days: $225 - $235 4 Days: $195 - $215 3 Days: $155 - 175	N/A	Cabins, Bath/Shower building, Cafeteria, Outdoor Kitchen, Auditorium (150. cap), Outdoor Amphitheater
Camp KEEP	Bakersfield, Cambria and Morro Bay, CA	10-13	Kern County Superintendent of Schools/ Camp Yeager, Coalinga-Huron Recreation & Parks District/ Montana de Oro SP	7,000	110	3-5 Days	5 Days: $237 4 Days: $202 3 Days: $199	12-20	18 Cabins, Restroom Shower Bldg., Dining & Rec. Hall, 10 Sleeping Trailers, 2 Teacher Trailers, Restroom Shower Bldgs., Geodesic Dome, Lawn Area
Private/Nonprofit Schools									
YMCA Camp Arroyo	Livermore, CA	138	YMCA & Taylor Family Foundation	6,000	144	3-5 Days	N/A	N/A	6 24- Person cabins, 2 Bathhouses, Hall/Meeting Room, Dining, Pool
Slide Ranch	Muir Beach, CA	134	Slide Ranch 501(c)3, lease land from Golden Gate NRA	4,000	65	N/A	$22/day per student	22	Ground Campsite Yurt (cap.40), Dome Meeting Space, Farmhouse, Dairy, Outbuildings
Point Reyes/Clem Miller Center	Pt. Reyes National Park	8-10	Point Reyes National Seashore Assn.	1,180	80	3-5 Days	$16/day per person	2	4 Cabins @ cap. 16 each, 1 Teacher Cabin Bathhouse & Mtg. Hall
Camp Ocean Pines	Cambria, CA	13	Camp Ocean Pines 501(c)3	1,800	115	N/A	5 Days: $330 4 Days: $255 3 Days: $180	N/A	10 Straw Bale Cabins, (10 cap. Each)Outdoor Amphitheater
Camp Sea Lab	Monterey/Watsonville/ Santa Cruz, CA	15-138	CSUMB, leases facilities from Seventh Day Adventist Church	1,650	125	3 Days	$195/student $110/ adult	4-6	Dorms, Dining Hall, Private Beach Access, % Dorms, Teacher Bldg., Dining & Assembly Halls
Camp Pico Blanco (Boy Scouts)	Big Sur	800	Boy Scouts of America, Silicon Valley Monterey Bay Council	N/A	N/A	N/A	$5/day per student		Group Tent Camping Sites, Lodge, Health Lodge, Dining, Chapel, Outdoor Amphitheater, Archery and Shooting Range
Camp Cheesebrough	Santa Cruz, CA	N/A	Boy Scouts of America, Silicon Valley Monterey Bay Council	N/A	N/A	N/A	N/A	N/A	Group Tent Camping Sites, Lodge, Health Lodge, Dining, Chapel, Outdoor Amphitheater, Archery & Shooting Ranges
Exploring New Horizons	Loma Mar, CA	17	Exploring New Horizons Outdoor Schools 501(c)3	N/A	200	4-5 Days	N/A	N/A	12 Cabins @ 10 persons each, Heated Dining Hall, Indoor and Outdoor Meeting Areas, Pool, Campfire Area With Stage, Meadow, Sports Field Volleyball, Bbq Area, Organic Garden, Ropes
Mission Springs Outdoor Education	Scots Valley, CA	300	Evangelical Church	4,000	300	2-4 Days	3- 5 Days $245 - $265	20-30	Cabins, Lodges, Dining Room, Meeting Facility Worship Center and Chapel

Prepared by New Economics & Advisory, December 2014.

[1] PAOT stands for Participants At One Time.

Sources: New Economics research, telephone interviews, and internet research, December 2014.

4.2 *CDPR Operating Agreements: Science Education Schools*

FY 2012/13

Park Unit Name/Description	Operator	Description	Gross Receipts [1]	Rent to State [1]	Rental Terms	Contract End Date
Palomar Mountain SP	County of San Diego	Develop, maintain and operate environmental education camps.	$0	$0	Remit any profit to CSP	6/30/44
Mendocino Woodlands SP	Mendocino Woodlands Camp Association	Management, care, maintenance, enhancement and operation of an outdoor environmental education camp and group recreation facility for benefit of public.	$0	$0	Remit any profit to CSP	7/31/30
Cuyamaca Rancho SP	County of San Diego	Develop, maintain and operate environmental education camps.	$0	$0	Remit any profit to CSP	6/30/44

Prepared by New Economics & Advisory, December 2014.
[1] FY 2012/13.
Source: Concessions and Operating Agreement Annual Report FY 2012/13, CDPR.

4.3 *Projected Annual Revenues (2015$)*
Residential Environmental Education

	Camp SEA Lab (or Similar Entity) Hypothetical Amount [1]			Alternative Hypothetical Amount		
Item	Gross Budget	Leasing %	Leasing Amt	Gross Budget	Leasing %	Leasing Amt
	[1]	[2]		[3]	[2]	
Year 1	$900,000	6%	$54,000	$900,000	6%	$54,000
Year 2	$1,170,000	6%	$70,200	$945,000	6%	$56,700
Year 3	$1,521,000	6%	$91,260	$992,250	6%	$59,535
Year 4	$1,977,300	6%	$118,638	$1,041,863	6%	$62,512
Year 5	$2,570,490	6%	$154,229	$1,093,956	6%	$65,637
Year 6	$3,341,637	6%	$200,498	$1,148,653	6%	$68,919
Year 7	$4,344,128	6%	$260,648	$1,206,086	6%	$72,365
Year 8	$5,647,367	6%	$338,842	$1,266,390	6%	$75,983
Year 9	$7,341,576	6%	$440,495	$1,329,710	6%	$79,783
Year 10	$9,544,049	6%	$572,643	$1,396,195	6%	$83,772

Prepared by New Economics & Advisory, November 2015.

[1] For purposes of analysis, assumes average annual growth of 30% to approach $10 million budget by the end of Year 10. In reality, growth will likely occur in phases. Planning-level estimate by New Economics to include value of in-kind support from CSUMB. Camp SEA Lab is serving in this analysis as an example for any type of science center/facility of a similar scope and range.

[2] This estimate is based on information provided by NatureBridge, which estimates approximately 8% of operating costs for leasing, access, and maintenance of National Park facilities used to by the organization across multiple sites. New Economics estimates that approximatley 6% is related to leasing and access, while 2% is for maintenance; subject to further refinement.

[3] For purposes of analysis, the alternative budget scenario grows by a more conservative annual average of five percent.

Source: Interviews with Camp SEA Lab staff, 2015.

4.4 *Case Study Research-- Costs*
Capital, Operations, and Maintenance

Item	Henness Ridge (Approved but Not Yet Built)	Island Wood	NatureBridge
CASE STUDY RESEARCH-- CAPITAL COSTS			
Location	Yosemite NP, CA	Bainbridge Island, WA	Multiple NP's
Facility Size (Acres)	8.5	255.0	N/A
Facility Size (Building Sq. Ft.)	53,298 [1]	95,924 [2]	N/A
Accommodation (Number of Persons At One Time)	244	207	N/A
Estimated Construction Costs	$42,050,000 [1]	$22,046,250 [3]	N/A
Cost Per Bulding Sq. Ft.	$789	$230	N/A
Major Funding Sources for Capital Costs			
National State Parks	TBD	N/A	N/A
State Grants	TBD	5%	N/A
Private Donors/Fundraising	Majority	95%	N/A
CASE STUDY RESEARCH-- OPERATING COSTS			
Estimated Annual Maintenance Costs (Repair/Replacement)	N/A	$500,000	$286,000 [4]
Annual Maintenance Cost per Sq. Ft.	N/A	$5.21	N/A

Prepared by New Economics & Advisory, November 2015.

[1] From Appendix A-4.

[2] From Appendix A-5.

[3] Reflects historical construction values of buildings and structures; excludes site development and utility upgrades. Interviews with staff indicated that total development costs (including land acquisition) was approximately $50 million. See Appendix A-5.

[4] Planning-level estimate by New Economics. Assumes 2% of annual operating budget goes to maintenance of facilities.

Sources: Yosemite Institute Environmental Education Campus, Draft Environmental Impact Statement, May 2009; www.naturebridge.org accessed 11.18.2015; https://islandwood.org/gatherings-and-events/lodging; telephone and email interviews with organizational staff, November 2015.

4.5 *Option 2: Key Cost Assumptions*
Capital, Operations, and Maintenance

Item	Amount: Accelerated-Growth Scenario	Amount: Steady Growth Scenario
CAPITAL COSTS APPLIED FOR THIS ANALYSIS		
Estimated cost per building sq. ft. [2]	$509	$509
Estimated building sq. ft. [2]	37,306	37,306
Total Estimated Costs (For Planning Purposes)	$19,003,246	$19,003,246
Estimated Portion Funded by CDPR (%)	6% [3]	0% [3]
Estimated Portion Funded by CDPR (Amount)	$1,140,195	$0
OPERATING COSTS APPLIED FOR THIS ANALYSIS		
Estimated Annual Maintenance Costs (Repair/Replacement)	$2.61 [4]	$2.61 [4]
Estimated building sq. ft. [2]	37,306	37,306
Estimated Annual CDPR Maintenance Costs (For Planning Purposes)	$97,227	$97,227

Prepared by New Economics & Advisory, November 2015.

[1] Reflects historical construction values of buildings and structures; excludes site development and utility upgrades.

[2] Reflects average of case studies, reduced by half to reflect lower number of persons at one time estimated by Camp SEA Lab. This figure is preliminary and subject to refinement based on the scale of facilities planned, development, and construction costs.

[3] Planning-level estimate by New Economics & Advisory. Assumed rate designed to ensure that CDPR can recuperate capital investment within 10 years of successful operations by residential environmental education organization leasing the facilities.

[4] IslandWood owns its facilities and has a very high level of maintenance. This analysis assumes a lower level of service and includes approximately half of the maintenance cost per building sq. ft. as Island Wood.

Sources: Yosemite Institute Environmental Education Campus Draft Environmental Impact Statement, May 2009; www.naturebridge.org accessed 11.18.2015; https://islandwood.org/gatherings-and-events/lodging; telephone and email interviews with organizational staff, November 2015.

4.6 *Option 2: Accelerated Growth Scenario*

10-Year Cash Flow Projection

Item	Key Assumption(s)	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Total
REVENUES													
Gross Expenses For Organization	30% Annual Increase		$900,000	$1,170,000	$1,521,000	$1,977,300	$2,570,490	$3,341,637	$4,344,128	$5,647,367	$7,341,576	$9,544,049	$38,357,548
Lease Revenues to CDPR	CDPR		$54,000	$70,200	$91,260	$118,638	$154,229	$200,498	$260,648	$338,842	$440,495	$572,643	$2,301,453
COSTS													
Capital Costs		-$1,140,195											-$1,140,195
Annual Operations & Maintenance													
Housekeeping	Concessionaire		N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
Periodic Maintenance	Concessionaire		N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
Marketing	Concessionaire		N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
Major Annual Repairs/Replacement	CDPR		-$97,227	-$97,227	-$97,227	-$97,227	-$97,227	-$97,227	-$97,227	-$97,227	-$97,227	-$97,227	-$972,267
Subtotal													
Total Costs		**-$1,140,195**	**-$97,227**	**-$97,227**	**-$97,227**	**-$97,227**	**-$97,227**	**-$97,227**	**-$97,227**	**-$97,227**	**-$97,227**	**-$97,227**	**-$2,112,462**
Potential Net Revenues		**-$1,140,195**	**-$43,227**	**-$27,027**	**-$5,967**	**$21,411**	**$57,003**	**$103,272**	**$163,421**	**$241,615**	**$343,268**	**$475,416**	**$188,991**
Annualized Rate of Return (ARR)												**2%**	

Source: New Economics & Advisory, November 2015.

4.7 *Option 2: Steady Growth Scenario*

10-Year Cash Flow Projection

Item	Key Assumption(s)	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Total
REVENUES													
Gross Expenses For Organization	5% Annual Increase		$900,000	$945,000	$992,250	$1,041,863	$1,093,956	$1,148,653	$1,206,086	$1,266,390	$1,329,710	$1,396,195	$11,320,103
Lease Revenues to CDPR	CDPR		$54,000	$56,700	$59,535	$62,512	$65,637	$68,919	$72,365	$75,983	$79,783	$83,772	$679,206
COSTS													
Capital Costs		-$1											-$1
Annual Operations & Maintenance													
Housekeeping	Concessionaire			N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
Periodic Maintenance	Concessionaire			N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
Marketing	Concessionaire			N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
Major Annual Repairs/Replacement	CDPR		-$97,227	-$97,227	-$97,227	-$97,227	-$97,227	-$97,227	-$97,227	-$97,227	-$97,227	-$97,227	-$972,267
Subtotal													
Total Costs		**-$1**	**-$97,227**	**-$97,227**	**-$97,227**	**-$97,227**	**-$97,227**	**-$97,227**	**-$97,227**	**-$97,227**	**-$97,227**	**-$97,227**	**-$972,268**
Potential Net Revenues		**-$1**	**-$43,227**	**-$40,527**	**-$37,692**	**-$34,715**	**-$31,589**	**-$28,308**	**-$24,862**	**-$21,243**	**-$17,444**	**-$13,455**	**-$293,062**
Annualized Rate of Return (ARR)											Value Not Returned		

Source: New Economics & Advisory, November 2015.

Section 5: Workforce Housing Conversion to Cottages

Concept Description

There are 10 small homes within PLRP and PLSNR currently utilized for workforce housing. These homes can be described mostly as 1-2 bedroom units with a full complement of bathroom and shower facilities, kitchen, and indoor heating. In addition to the 10 existing units, there is a potential to re-construct or renovate 4 additional units. **Figure 5.1** illustrates the location of existing workforce housing while **Figure 5.2** provides a summary of these units, including their square footage, location, and number of bedrooms and bathrooms. It is important to note that Hudson House, the largest of the 10 existing units, was excluded from this analysis because the cost associated with ADA improvements is unknown and was not estimated by CDPR staff.

This analysis provides an evaluation of converting these 9-13 units to ADA-accessible cottages[14], which would be made available for rent to public visitors. Under this concept, fully furnished units would be made available on a nightly basis throughout the year. The analysis considers two occupancy scenarios in order to provide an indication of how different levels of occupancy might affect the ARR.

Market Setting

Short-term housing rentals (defined as stays of less than 30 days) in the Monterey Region provide a source of alternatives to hotels. Although short-term rentals are not allowed in the coastal zone without a special use permit, many property owners make homes "available" in the private market through a variety of web sites offering listing information. These homes (permitted and non-permitted) appear to provide a viable lodging alternative to hotels.

New Economics reviewed a variety of sources, including Vacation Rental by Owner (VRBO) and other internet-based listing sites, for Monterey Region rentals with configurations similar to those found in CASP. While many of these listings proved to have minimum rental requirements of 29 or 30 days, others had minimum stay requirements of only 1-7 nights. New Economics reviewed both categories of listings

[14] The Alternative Camping at California State Parks report evaluates a variety of alternative camping, including rustic cabins, tent cabins, cottages, and floating campsites. Cottages are defined as fully furnished facilities with dormitory and family-style floor plans, electricity, restrooms, showers, and kitchens inside (page 19). This revenue analysis for CASP classifies the residential units that would be available to the public as cottages, consistent with the Alternative Camping Report. The CASP units vary in size; CDPR may wish to create a new classification for some or all of these alternative camping units in the future.

and summarized, in **Figure 5.3**, the data for listings with minimum stay requirements of 1-7 nights to provide an indication of rental terms desired by CDPR. This data suggests the following trends:

- Units rent for $307-$389 per night, depending on unit size, during the off-season. It is important to note that available listings indicated that two-bedroom units rented for approximately the same amount as one-bedroom units. In fact, the data showed that the average nightly rate for a two-bedroom unit was slightly less than the rate for a one-bedroom unit during the off-season. Although the sample size was very small (6 one-bedroom units and 15 two-bedroom units), it appears that there was much more variation in price for the two-bedroom units, whereas the pricing of one-bedroom units was much more homogenous.
- Units rent for $435-$505 per night, depending on unit size, during peak season.
- Three-bedroom unit rentals typically charge added costs for cleanings, pets, processing, etc.
- Amenities typically include outdoor hot tubs, gourmet kitchens, scenic views, and high-end furnishings. CASP cottages would not have a high level of amenities.

In addition, the 2011 Alternative Camping Study prepared by CDPR noted the following trends regarding existing CDPR cottages:

- The 13 cottages at Crystal Cove State Park (in Orange County, Southern California) rent for $191-$323 per night, depending on the number of people occupying the cottage and the size of the cottage[15].
- Among the top five additional amenities for alternative camping facilities most requested by visitors are electricity and a sink with running water. Cottages provide both these amenities.
- Alternative camping facilities, including cottages, attract shoulder season visitors.
- Reservations for the cottages at Crystal Cove State Park are booked up to 7 months in advance. As of 2013, these cottages were the only cottages in the CDPR system available for rent to the public.

Annual Revenue Assumptions

The analysis of rental cottages conservatively applies the following revenue assumptions:

- **An occupancy range of 50-70 percent for the low-occupancy scenario and 70-90 percent for the high occupancy scenario (Figure 5.4).** Occupancy rates for Crystal Cove State Park cottages, which front directly onto the ocean, run close

[15] Alternative Camping at California State Parks report, page 60.

to 97 percent annually, and cottages are typically fully-reserved seven months in advance, which is the maximum allowed by ReserveAmerica, the on-line booking system[16]. Cottages within CASP may well achieve similar occupancy rates, although Northern California's cooler climate may result in lower rates during winter months. Combined with high-level data from the Convention and Visitors Bureau regarding hotel occupancy patterns (discussed in Section 2), New Economics has estimated an occupancy range that is conservative yet reliable for purposes of estimating financial feasibility.

- **A nightly rate of $230-326 for one-bedroom units, $247-342 for two-bedroom units, and $292-$379 for three-bedroom units (Figure 5.3)**. These rates are roughly 75 percent of market rate rents in Monterey and Carmel. This 25 percent adjustment was made for two reasons. First, cottages at the CASP are expected to be rustic and will not include many of the amenities desired and expected in private-market rental units. Second, CDPR has expressed a desire for cottage pricing to be accessible to a broad segment of the public. The estimated rates are more expensive than Crystal Cove State Park cottages, but lower than rental prices in the local market.
- **Concession contract rate of 15 percent of gross receipts for lodging.** This estimate was established after consultation with CDPR staff[17].

Figures 5.5 and **5.6** provide an estimate of gross annual revenues generated under the low-occupancy and high-occupancy scenarios.

Cost Assumptions

Because 9 of the cottages have already been renovated, additional capital improvements would be minimal for these units. The estimated cost to renovate or reconstruct the existing 9 units evaluated in this concept would be in the range of $23,000 per unit (as shown in **Figure 5.7**) and would include these initial capital investment components:

- Conversion to ADA-accessible units;
- Parking/access improvements;
- Indoor furniture and furnishings; and,
- Landscaping improvements.

The cost to reconstruct/renovate the additional 4 cottages would be substantially higher—in the range of $158,000 per unit. This cost assumes an ADA-accessible unit and already accounts for the availability of wet utilities and transportation access.

Once units are rented, it is anticipated that the concessionaire managing the cottage rentals will be responsible for maintaining linens and appliances, as well as regular

[16] Occupancy rate information provided by Crystal Cove Beach Cottages staff, Dec 2014.

[17] A telephone interview with CDPR staff on December 15, 2014, indicated a staff preference in the range of 12-18 percent. New Economics applied the mid-point of this range.

cleaning. CDPR's annual maintenance costs could be in the range of $25,000 annually (**Figure 5.7**) and would include these items:

- Landscaping maintenance; and,
- Long-term repair and replacement of furniture and the cottage structure.

Interviews with local park unit staff with cabins operated by concessionaires indicated that regular maintenance is provided by the concessionaire but that repair, reconstruction, and renovation associated with unexpected events (e.g. fallen tree, flooding) or long-term impacts (need to reconstruct a wall because of air moisture) has fallen back on the local park unit.

Consideration for the financial viability of this option may also include the cost of obtaining a change in use authorized by the Coastal Commission; New Economics understands that the current authorized use for the cottages is for "workforce" housing. The Coastal Commission may have to approve a change to "public visitor-serving" use, which exists elsewhere in the park system (e.g. Crystal Cove State Park cottages). No cost was estimated for the change in use permit process.

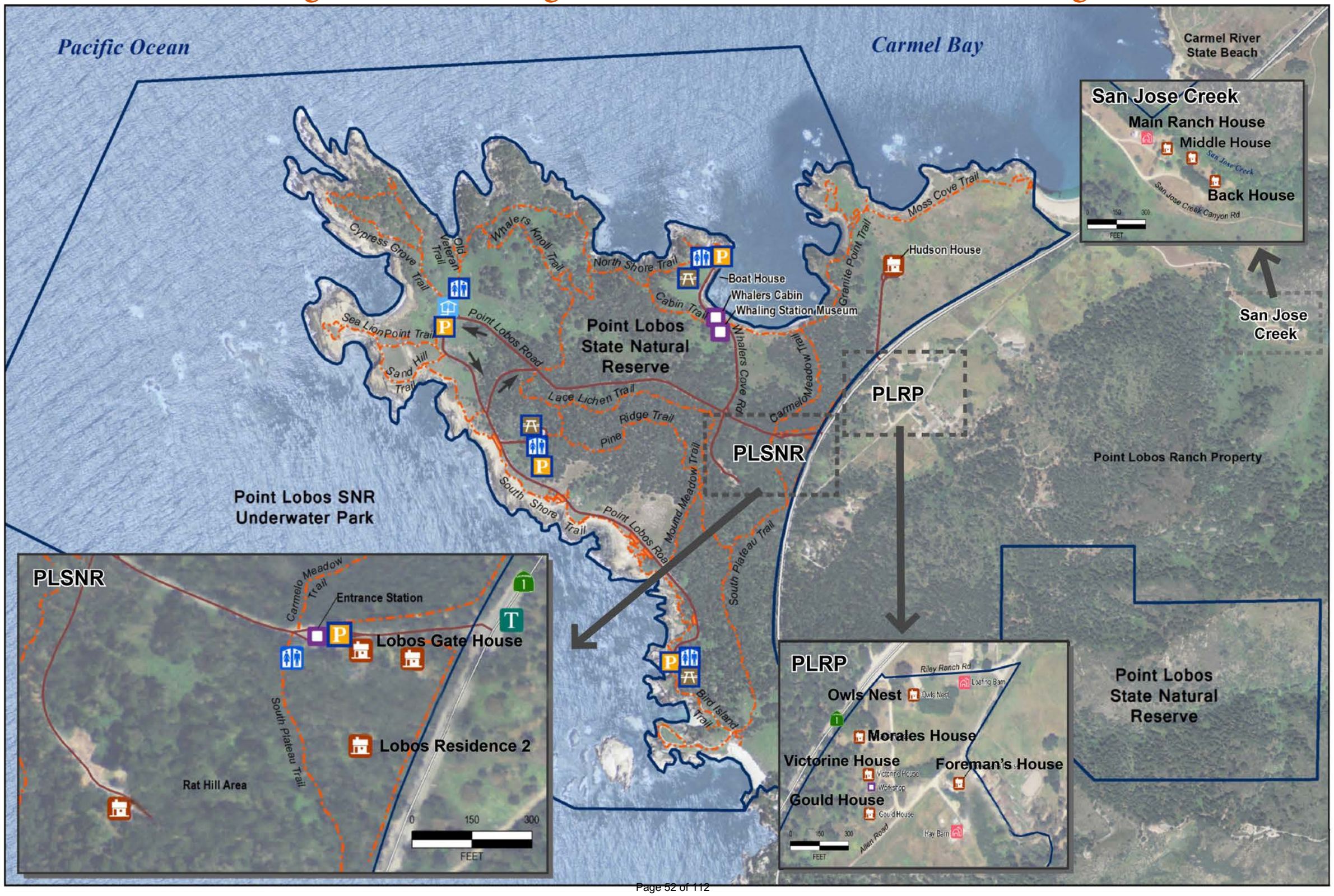
Cash Flow and Estimated ARR

Figures 5.8 and **5.9** show the results of a 10-year cash flow analysis.

Under the *low occupancy* scenario, Phase 1 generates a positive ARR. The relatively low capital costs required to convert these units to ADA-accessible units is recovered in about four years, after which point the net revenues create a positive return for CDPR. However, Phase 2 does not generate a positive return, because the cost to renovate these structures far outstrips the lodging concession revenue back to CDPR within the 10-year timeframe; it would take 16 additional years for CDPR to recuperate its investment on Phase 2 units when considered as its own project. If CDPR chose to group Phase 1 and Phase 2 together as a single investment, the project as a whole would break even at the end of the ninth year.

Under the *high occupancy* scenario, Phase 1 generates a substantial positive ARR, owing to the relatively inexpensive capital investment but also the higher occupancy rates and resultant revenue generation. Phase 2, however, still does not reach a positive return, because the cost to renovate these homes far outstrips the lodging concession revenue back to CDPR within the 10-year timeframe. It would take seven more years for CDPR to recuperate its investment on Phase 2 units when considered as its own project. However, were CDPR to group Phase 1 and Phase 2 together as a single investment, the combined project as a whole would achieve a positive ARR of approximately 9 percent.

Figure 5.1: Existing and Potential Future Rental Cottages



SOURCE: AECOM, PLSNR Existing Conditions, Exhibit 7-1, 2003/14.

5.2 *Description of Existing Workforce Housing*

Phase 1 and Phase 2 Cottage Units

Item	Option 3: Employee Housing Conversion to Private Rentals		
	Location	B/B	Sq. Ft.
Phase 1: Existing Workforce Housing			
Middle House (bi-level)	San Jose Creek (PLRP)	1/1	850
Foreman's House	PLRP	2/1	1,200
Owl's Nest (First Residence #1)	PLRP	2/1	954
Rat Hill House	PLSNR	2/1	1,000
Lobos Residence 2	PLSNR	2/1	1,200
Lobos Residence 1 (Residence #5)	PLSNR	3/1	1,300
Morales House (Middle Residence #2)	PLRP	3/1	1,111
Main Ranch House	San Jose Creek (PLRP)	3/1	1,000
Hudson House [1]	PLSNR	3/3	2,700
Lobos Gate House	PLSNR	4/2	1,665
Total Number of Units (Phase 1) [1]			**9**
Phase 2: Units Not Yet Renovated			
Back House	San Jose Creek (PLRP)	N/A	N/A
Odello Residence	CRSB	1/1	900
Victorine House (Middle Residence #3)	PLRP	2/1	900
Gould House (Residence #4 AKA Ranger Residence)	PLRP	1/1	800
Total Number of Units (Phase 2)			**4**

Prepared by New Economics & Advisory, February 2015.

[1] Hudson House was excluded from the analysis because its future uses remain uncertain. Costs associated with ADA improvements are unknown and were not estimated.

Sources: CDPR staff, 2014 and AECOM, *Existing Conditions Point Lobos State Natural Reserve*, 2001-2011.

5.3 *Market-Rate Coastal Cottages (Carmel and Monterey)*

Average Nightly Rates (2015$)

Unit Type	Sq. Ft.	Nightly Rate (per unit) [1] Peak-Season	Nightly Rate (per unit) [1] Off-Season	Min. Stay (nights)	Other Fees [2]
Market Rent Prices					
One Bedroom Units	N/A	$435	$307	2-4 Nights	N/A
Two Bedroom Units	N/A	$428	$329	2-7 Nights	$0
Three Bedroom Units	1,601	$505	$389	1-7 Nights	$182
Rate Applied for this Analysis [3]					
One Bedroom Units		$326	$230		
Two Bedroom Units		$342 [4]	$247		
Three Bedroom Units		$379	$292		

Prepared by New Economics & Advisory, December 2014.

[1] Weekly or monthly rate converted to daily rate. Excludes other fees, such as cleaning, reservations, processing, pets, etc.

[2] Other fees may include cleaning, reservation, processing, pet fee, etc.

[3] Assumes 75% of current market rate to be conservative and to reflect basic furnishings and ambience compared to other cottages available in private market.

[4] New Economics adjusted the off-season rate to reflect 80% of market rate because the sample size was relatively small.

Source: www.VRBO.com, accessed 12/08/2014 and www.homeaway.com, accessed 12/10/2014.

5.4 *Cottage Occupation Rate and Days*

Low Occupancy vs. High Occupancy Scenarios

Season		Phase 1 Units: Occup. (Rate)	Days per Season	Total Units	Potential Rental Days	Occup. (Days)	Phase 2 Units: Occup. (Rate)	Days per Season	Total Units	Potential Rental Days	Occup. (Days)
Cottages-- Low Occupancy											
Peak	May - September	70%	153	9	1,377	964	70%	153	4	612	428
Shoulder	October, March, April	65%	92	9	828	538	65%	92	4	368	239
Off-Season	November - February	50%	121	9	1,089	545	50%	121	4	484	242
Total		**62%**	**366**	**9**	**3,294**	**2,047**	**62%**	**366**	**4**	**1,464**	**910**
Cottages-- High Occupancy											
Peak	May - September	90%	153	9	1,377	1,239	90%	153	4	612	551
Shoulder	October, March, April	80%	92	9	828	662	80%	92	4	368	294
Off-Season	November - February	70%	121	9	1,089	762	70%	121	4	484	339
Total		**81%**	**366**	**9**	**3,294**	**2,664**	**81%**	**366**	**4**	**1,464**	**1,184**

Prepared by New Economics & Advisory, December 2014.
Source: New Economics & Advisory, 2014.

5.5 *Projected Annual Revenues (2015$)*
Low Occupancy

Item	Cottage Units B/B	Cottage Units Sq. Ft.	Peak (May-Sept) Nightly Rate [1]	Shoulder (Oct, Mar, Apr) Nightly Rate [1]	Off Season (Nov-Feb) Nightly Rate [1]	Annual Total
Phase 1: Existing Workforce Housing			*Daily Rate [1]*	*Daily Rate [1]*	*Daily Rate [1]*	
Middle House (bi-level)	1/1	850	$326	$230	$230	
Foreman's House	2/1	1,200	$342	$247	$247	
Owl's Nest Cabin (First Residence #1)	2/1	954	$342	$247	$247	
Rat Hill House	2/1	1,000	$342	$247	$247	
Lobos Residence 2	2/1	1,200	$342	$247	$247	
Morales House (Middle Residence #2)	3/1	1,111	$379 [3]	$292 [3]	$292 [3]	
Lobos Residence 1 (Residence #5)	3/1	1,300	$379 [3]	$292 [3]	$292 [3]	
Main Ranch House	3/1	1,000	$379 [3]	$292 [3]	$292 [3]	
Hudson House	3/3	2,700	$0 [4], [5]	$0 [4], [5]	$0 [4], [5]	
Lobos Gate House	4/2	1,665	$379 [4]	$292 [4]	$292 [4]	
Phase 1 Daily Total (Rounded)			**$3,000**	**$2,000**	**$2,000**	
Phase 1 Seasonal Total			*Seasonal Total*	*Seasonal Total*	*Seasonal Total*	
Total Number of Days for Season			153	92	121	
Total Potential Seasonal Revenue (100% Occupancy)			$459,000	$184,000	$242,000	
Estimated Occupancy Rate			70%	65%	50%	
Estimated Phase 1 Seasonal Revenue (Rounded)			**$321,000**	**$119,600**	**$121,000**	**$561,600**
Phase 2: Units Not Yet Renovated [6]						
Occupied Days			*Daily Rate [1]*	*Daily Rate [1]*	*Daily Rate [1]*	
Back House [7]	1/1	800	$326	$230	$230	
Odello Residence	1/1	900	$326	$230	$230	
Gould House (Residence #4 AKA Ranger Residence)	1/1	800	$326	$230	$230	
Victorine (Middle Residence #3)	2/1	900	$342	$247	$247	
Phase 2 Daily Total (Rounded)			**$1,000**	**$1,000**	**$1,000**	
Phase 2 Seasonal Total			*Seasonal Total*	*Seasonal Total*	*Seasonal Total*	
Total Number of Months for Season			153	92	121	
Total Potential Revenue (100% Occupancy)			$153,000	$92,000	$121,000	
Estimated Occupancy Rate			70%	65%	50%	
Estimated Phase 2 Seasonal Revenue (Rounded)			**$107,100**	**$59,800**	**$60,500**	**$227,400**
Total Phase 1 and Phase 2 (Rounded)			**$428,100**	**$179,400**	**$181,500**	**$789,000**

Prepared by New Economics & Advisory, December 2014.

[1] Assumes nightly rate is reflects 75% of current market rate rent for similar size units elsewhere on the Monterey Coast.

[2] For purposes of analysis, assumes 30 days in one month.

[3] Assumes same rate as 2/2.

[4] Assumes same rate as 3/2.

[5] Conservatively assumes 0% occupancy in case CDPR chooses not to convert.

[6] Assumes that these units have been renovated.

Source: New Economics & Advisory, 2015.

5.6 *Projected Annual Revenues (2015$)*
High Occupancy

Item	Cottage Units B/B	Cottage Units Sq. Ft.	Peak (May-Sept) Nightly Rate [1]	Shoulder (Oct, Mar, Apr) Nightly Rate [1]	Off Season (Nov-Feb) Nightly Rate [1]	Annual Total
Phase 1: Existing Workforce Housing			*Daily Rate [1]*	*Daily Rate [1]*	*Daily Rate [1]*	
Middle House (bi-level)	1/1	850	$326	$230	$230	
Foreman's House	2/1	1,200	$428	$247	$247	
Owl's Nest Cabin (First Residence #1)	2/1	954	$342	$247	$247	
Rat Hill House	2/1	1,000	$342	$247	$247	
Lobos Residence 2	2/1	1,200	$342	$247	$247	
Morales House (Middle Residence #2)	3/1	1,111	$342 [3]	$292 [3]	$292 [3]	
Lobos Residence 1 (Residence #5)	3/1	1,300	$342 [3]	$292 [3]	$292 [3]	
Main Ranch House	3/1	1,000	$342 [3]	$292 [3]	$292 [3]	
Hudson House	3/3	2,700	$0 [4], [5]	$0 [4], [5]	$0 [4], [5]	
Lobos Gate House	4/2	1,665	$342 [4]	$292 [4]	$292 [4]	
Phase 1 Daily Total (Rounded)			**$3,000**	**$2,000**	**$2,000**	
Phase 1 Seasonal Total			*Seasonal Total*	*Seasonal Total*	*Seasonal Total*	
Total Number of Days for Season			153	92	121	
Total Potential Seasonal Revenue (100% Occupancy)			$459,000	$184,000	$242,000	
Estimated Occupancy Rate			90%	80%	70%	
Estimated Phase 1 Seasonal Revenue (Rounded)			**$413,000**	**$147,200**	**$169,400**	**$729,600**
Phase 2: Units Not Yet Renovated [6]						
Occupied Days			*Daily Rate [1]*	*Daily Rate [1]*	*Daily Rate [1]*	
Back House [7]	1/1	800	$326	$230	$230	
Odello Residence	1/1	900	$326	$230	$230	
Gould Hosue (Residence #4 AKA Ranger Residence)	1/1	800	$326	$230	$230	
Victorine (Middle Residence #3)	2/1	900	$342	$247	$247	
Phase 2 Monthly Total (Rounded)			**$1,000**	**$1,000**	**$1,000**	
Phase 2 Seasonal Total			*Seasonal Total*	*Seasonal Total*	*Seasonal Total*	
Total Number of Months for Season			153	92	121	
Total Potential Revenue (100% Occupancy)			$153,000	$92,000	$121,000	
Estimated Occupancy Rate			90%	80%	70%	
Estimated Phase 2 Seasonal Revenue (Rounded)			**$137,700**	**$73,600**	**$84,700**	**$296,000**
Total Phase 1 and Phase 2 (Rounded)			**$550,700**	**$220,800**	**$254,100**	**$1,025,600**

[1] Assumes nightly rate is reflects 75% of current market rate rent for similar size units elsewhere on the Monterey Coast.
[2] For purposes of analysis, assumes 30 days in one month.
[3] Assumes same rate as 2/2.
[4] Assumes same rate as 3/2.
[5] Conservatively assumes 0% occupancy in case CDPR chooses not to convert.
[6] Assumes that these units have been renovated.
[7] Preliminary configuration and size estimated by New Economics.

Source: New Economics & Advisory, 2015.

5.7 *Key Cost Assumptions: Cottages*
Capital and O&M Assumptions

Item	Metric	CDPR Cost per Unit [1]		Units	Total Cost	Timing
COST ASSUMPTIONS						
Phase 1 Capital Improvements						
ADA Unit Conversion	per unit	$15,000	[2]	9	$135,000	Year 0
Parking/Access Improvements	per unit	$2,500		9	$22,500	Year 0
Initial Indoor Furniture	per unit	$5,000		9	$45,000	Year 0
Landscaping	per unit	$500		9	$4,500	Year 0
Initial Linens, Appliances	lump sum	Concessionaire		-	$0	
Total Capital Costs		**$23,000**		**9**	**$207,000**	
Phase 2 Capital Improvements						
Renovation into ADA Accessible	per unit	$150,000		4	$600,000	Year 0
Renovation into non-ADA Accessible	per unit	$125,000		-	$0	Year 0
Parking/Access Improvements	per unit	$2,500		4	$10,000	Year 0
Initial Indoor Furniture	per unit	$5,000		4	$20,000	Year 0
Landscaping	per unit	$500		4	$2,000	Year 0
Initial Linens, Appliances	per unit	Concessionaire		-	$0	
Total Capital Costs		**$283,000**		**4**	**$632,000**	
Concessionaire Contract Terms						
Gross Revenue Percentage to CDPR		15%				Annually
Ongoing Management						
Linens, Appliances	per unit	Concessionaire		-	$0	
Landscaping Maintenance	per unit	$300		14	$4,200	Annually
Repair/Replacement Furniture, Other	1% of Const Value	$1,500		14	$21,000	Annually at Buildout
Total Operating Costs		**$1,800**			**$25,200**	

Prepared by New Economics & Advisory, December 2014.

[1] Planning-level estimate per unit. Estimated by New Economics, unless otherwise noted. Subject to refinement by CDPR.

[2] Cost provided by CDPR staff, via email December, 2014.

Source: New Economics & Advisory, 2014.

5.8 *Cash Flow Projection (Low-Occupancy Cottages)*

10-Year Cash Flow

Low-Occupancy Estimate

Item	Key Assumption(s)	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	TOTAL
Cottages Available for Rent													
Phase I Units	9 existing units		9	9	9	9	9	9	9	9	9	9	9
Phase 2 Units	4 renovated units		4	4	4	4	4	4	4	4	4	4	4
Total Units			**13**	**13**	**13**	**13**	**13**	**13**	**13**	**13**	**13**	**13**	**13**
PHASE 1													
REVENUES	**Figure 5.5**												
Lodging Revenue	9 units		$561,600	$561,600	$561,600	$561,600	$561,600	$561,600	$561,600	$561,600	$561,600	$561,600	$5,616,000
Concessionaire Fees (Revenue) to CDPR	**15%**		**$84,240**	**$84,240**	**$84,240**	**$84,240**	**$84,240**	**$84,240**	**$84,240**	**$84,240**	**$84,240**	**$84,240**	**$842,400**
COSTS	**Figure 5.7**												
Existing Cottage Renovations	1 ADA conversion	$135,000											$135,000
Parking/Access Improvements	CDPR	$22,500											$22,500
Initial Furniture	CDPR	$45,000											$45,000
Initial Landscaping	CDPR	$4,500											$4,500
Landscaping Maintenance	CDPR		$2,700	$2,700	$2,700	$2,700	$2,700	$2,700	$2,700	$2,700	$2,700	$2,700	$27,000
Repair/Replacement Furniture, Other	CDPR		$13,500	$13,500	$13,500	$13,500	$13,500	$13,500	$13,500	$13,500	$13,500	$13,500	$135,000
Linens, Appliances	Concessionaire		-	-	-	-	-	-	-	-	-	-	$0
Phase 1 Subtotal		**$207,000**	**$16,200**	**$16,200**	**$16,200**	**$16,200**	**$16,200**	**$16,200**	**$16,200**	**$16,200**	**$16,200**	**$16,200**	**$369,000**
Potential CDPR Net Revenues		**($207,000)**	**$68,040**	**$68,040**	**$68,040**	**$68,040**	**$68,040**	**$68,040**	**$68,040**	**$68,040**	**$68,040**	**$68,040**	**$473,400**
Annualized Rate of Return (ARR)												**31%**	
PHASE 2													
REVENUES													
Lodging Revenue	4 units		$227,400	$227,400	$227,400	$227,400	$227,400	$227,400	$227,400	$227,400	$227,400	$227,400	$2,274,000
Concessionaire Fees (Revenue) to CDPR	**15%**		**$34,110**	**$34,110**	**$34,110**	**$34,110**	**$34,110**	**$34,110**	**$34,110**	**$34,110**	**$34,110**	**$34,110**	**$341,100**
COSTS	**Figure 5.7**												
Existing Cottage Renovations	4 ADA units	$600,000											$600,000
Existing Cottage Renovations	0 Standard units	$0											$0
Parking/Access Improvements	CDPR	$10,000											$10,000
Initial Furniture	CDPR	$20,000											$20,000
Initial Landscaping	CDPR	$2,000											$2,000
Linens, Appliances	Concessionaire		-	-	-	-	-	-	-	-	-	-	$0
Landscaping Maintenance	CDPR		$1,200	$1,200	$1,200	$1,200	$1,200	$1,200	$1,200	$1,200	$1,200	$1,200	$12,000
Repair/Replacement Furniture, Other	CDPR		$6,000	$6,000	$6,000	$6,000	$6,000	$6,000	$6,000	$6,000	$6,000	$6,000	$60,000
Subtotal Costs		**$632,000**	**$7,200**	**$7,200**	**$7,200**	**$7,200**	**$7,200**	**$7,200**	**$7,200**	**$7,200**	**$7,200**	**$7,200**	**$704,000**
Potential Net Revenues		**($632,000)**	**$26,910**	**$26,910**	**$26,910**	**$26,910**	**$26,910**	**$26,910**	**$26,910**	**$26,910**	**$26,910**	**$26,910**	**($362,900)**
Annualized Rate of Return (ARR)												**-13%**	
Number of Years to Break Even												**16**	
Combined PHASE 1 AND PHASE 2		**($839,000)**	**$94,950**	**$94,950**	**$94,950**	**$94,950**	**$94,950**	**$94,950**	**$94,950**	**$94,950**	**$94,950**	**$94,950**	
Annualized Rate of Return (ARR)											**-16%**	**2%**	

Prepared by New Economics & Advisory, December 2014.
Source: New Economics & Advisory, 2014.

5.9 *Cash Flow Projection (High-Occupancy Cottages)*

10-Year Cash Flow

High-Occupancy Estimate

Item	Key Assumption(s)	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	TOTAL
Cottages Available for Rent													
Phase I Units	9 existing units		9	9	9	9	9	9	9	9	9	9	9
Phase 2 Units	4 renovated units		4	4	4	4	4	4	4	4	4	4	4
Total Units			**13**	**13**	**13**	**13**	**13**	**13**	**13**	**13**	**13**	**13**	**13**
PHASE 1													
REVENUES	**Figure 5.5**												
Lodging Revenue	9 units		$729,600	$729,600	$729,600	$729,600	$729,600	$729,600	$729,600	$729,600	$729,600	$729,600	$7,296,000
Concessionaire Fees (Revenue) to CDPR	**15%**		**$109,440**	**$109,440**	**$109,440**	**$109,440**	**$109,440**	**$109,440**	**$109,440**	**$109,440**	**$109,440**	**$109,440**	**$1,094,400**
COSTS	**Figure 5.7**												
Existing Cottage Renovations	1 ADA conversion	$135,000											$135,000
Parking/Access Improvements	CDPR	$22,500											$22,500
Initial Furniture	CDPR	$45,000											$45,000
Initial Landscaping	CDPR	$4,500											$4,500
Landscaping Maintenance	CDPR		$2,700	$2,700	$2,700	$2,700	$2,700	$2,700	$2,700	$2,700	$2,700	$2,700	$27,000
Major Repair/Replacement	1% of Const Value		$13,500	$13,500	$13,500	$13,500	$13,500	$13,500	$13,500	$13,500	$13,500	$13,500	$135,000
Linens, Appliances	Concessionaire		-	-	-	-	-	-	-	-	-	-	$0
Phase 1 Subtotal		**$207,000**	**$16,200**	**$16,200**	**$16,200**	**$16,200**	**$16,200**	**$16,200**	**$16,200**	**$16,200**	**$16,200**	**$16,200**	**$369,000**
Potential CDPR Net Revenues		**($207,000)**	**$93,240**	**$93,240**	**$93,240**	**$93,240**	**$93,240**	**$93,240**	**$93,240**	**$93,240**	**$93,240**	**$93,240**	**$725,400**
Annualized Rate of Return (ARR)												**44%**	
PHASE 2													
REVENUES													
Lodging Revenue	4 units		$296,000	$296,000	$296,000	$296,000	$296,000	$296,000	$296,000	$296,000	$296,000	$296,000	$2,960,000
Concessionaire Fees (Revenue) to CDPR	**15%**		**$44,400**	**$44,400**	**$44,400**	**$44,400**	**$44,400**	**$44,400**	**$44,400**	**$44,400**	**$44,400**	**$44,400**	**$444,000**
COSTS	**Figure 5.7**												
Existing Cottage Renovations	4 ADA units	$600,000											$600,000
Existing Cottage Renovations	2 Standard units	$0											$0
Parking/Access Improvements	CDPR	$10,000											$10,000
Initial Furniture	CDPR	$20,000											$20,000
Initial Landscaping	CDPR	$2,000											$2,000
Linens, Appliances	Concessionaire		-	-	-	-	-	-	-	-	-	-	$0
Landscaping Maintenance	CDPR		$1,200	$1,200	$1,200	$1,200	$1,200	$1,200	$1,200	$1,200	$1,200	$1,200	$12,000
Major Repair/Replacement	1% of Const Value		$6,000	$6,000	$6,000	$6,000	$6,000	$6,000	$6,000	$6,000	$6,000	$6,000	$60,000
Phase 2 Subtotal		**$632,000**	**$7,200**	**$7,200**	**$7,200**	**$7,200**	**$7,200**	**$7,200**	**$7,200**	**$7,200**	**$7,200**	**$7,200**	**$704,000**
Potential Net Revenues		**($632,000)**	**$37,200**	**$37,200**	**$37,200**	**$37,200**	**$37,200**	**$37,200**	**$37,200**	**$37,200**	**$37,200**	**$37,200**	**($260,000)**
Annualized Rate of Return (ARR)												**-9%**	
Number of Years to Break Even												**7**	
Combined PHASE 1 AND PHASE 2		**($839,000)**	**$130,440**	**$130,440**	**$130,440**	**$130,440**	**$130,440**	**$130,440**	**$130,440**	**$130,440**	**$130,440**	**$130,440**	
Annualized Rate of Return (ARR)												**9%**	

Prepared by New Economics & Advisory, December 2014.
Source: New Economics & Advisory, 2014.

Section 6: Expanded Parking

Concept Description

The fourth option considers the development of a new parking lot at PLRP. At present, there are approximately 150 parking spaces within PLSNR. CDPR charges $10 per vehicle for entry into PLSNR; this fee is charged at the entrance kiosk off of State Route 1. When all existing spaces are occupied, new vehicles must wait at the gate until another vehicle leaves the reserve. According to Fehr & Peers (the General Plan transportation consultant), existing parking spaces are typically fully occupied by around 11:00 a.m. To avoid waiting and/or paying an entrance fee altogether, many visitors park on State Route 1 and enter at no charge as pedestrian "walk-ins."

This concept considers a new parking lot (or lots) with approximately 150-350 spaces. While an exact location has not yet been identified, the new lots may be located near the Owl's Nest residence or south of the site of the Victorine Residence. This general vicinity is shown in **Figure 5.1** in **Section 5**.

Under this concept, most of the existing parking within PLSNR would no longer be accessible to the public. Only ADA spaces and Whaler's Cove spaces (for divers) would remain publicly accessible; in addition, volunteers and CDPR staff would be able to park on-site, as needed. Therefore, a portion of the new lot would accommodate existing demand currently met by PLSNR parking, while the remainder would accommodate existing demand met off-site and/or additional future demand.

In addition, this concept assumes that parking along State Route 1 near the PLSNR entrance would be prohibited. This assumption plays a critical role in the analysis, but should be viewed as a long-term goal instead of a short-term reality. There are a number of challenges associated with the prohibition of parking in this area, and the timing for such a decision is uncertain. It is also conceivable that prohibition of on-highway parking would be infeasible.

Market Setting

CDPR tracks the number of "paid entries" versus people who enter PLSNR at no charge. **Figure 2.1** in **Section 2** documents the number of "paid vehicles" and "non-paying persons" from off-site vehicles each year between 2009 and 2014[18]. Roughly 91,000 vehicles per year have paid to enter PLSNR, and paid parking has experienced average annual growth of 5.7 percent.

[18] "Non-paying persons" tracked by local park unit. Not all walk-ins may be recorded by staff, so this remains a conservative estimate.

According to an evaluation by Fehr & Peers, peak-hour demand is estimated at 300-400 spaces. This demand includes vehicles inside PLSNR and vehicles parked along State Route 1 whose occupants walk into PLSNR. This data suggests the portion of peak hour demand accommodated by existing spaces is typically 40 percent while off-site parking accommodates 60 percent of the demand. **Figure 6.1** shows this preliminary calculation.

Fehr & Peers developed a variety of parking concepts to be considered for the CASP General Plan, including an alternative focused on *Dispersed Parking and Access* and another alternative focused on *Coastal Trail Connections*. New Economics initially modeled the financial analysis after these two alternatives; however, CDPR subsequently requested a different scale for each of these alternatives in the financial analysis, amounting to approximately 150 and 350 spaces, because of space constraints and increased potential for environmental damage from a very large parking lot. It should be noted that since the time this analysis was conducted, the parking scenario identified in the Fehr & Peers study and the parking identified in the current iteration of the preferred alternative for the General Plan have changed. At the time this economics analysis was conducted, the 350-space alternative assumed that there would be a total of 3 parking lots, while the 150-space alternative assumed that there would be a total of 2 parking lots; in each of these cases, one of the parking lots was within PLSNR, which would contain a much more limited set of publicly-accessible spaces. The precise location of the other lot(s) was not known; separate specific studies in the future would be needed to identify specific locations. Because CDPR staff is interested in understanding the economics of a parking lot located at PLRP, this analysis assumes that in each case the majority of parking would be located within PLRP (rather than other new locations within CASP).

Despite the availability of new parking spaces at PLRP parking lots, some visitors may continue to park on State Route 1 and walk in to avoid paying the entrance fee. As mentioned previously, this analysis assumes that CDPR will coordinate with Caltrans to create a “No Parking” zone on State Route 1 within a certain distance of the PLSNR entrance gate. The precise distance for such a zone has not yet been identified, but this analysis assumes that the distance will significantly deter visitors from walking in. The “No Parking” zone may also result in an increase in purchase of annual parking passes by local residents, although this impact is not analyzed herein.

Annual Revenue Assumptions

To develop an initial projection of total annual vehicles (and annual revenues) that would use the PLRP parking lot, New Economics derived a preliminary distribution of parking at a new PLRP parking lot. This distribution is needed to ensure that vehicles displaced from PLSNR are not double-counted in the revenue analysis. The distribution of spaces and vehicles is based on a series of assumptions designed to facilitate a high-level planning analysis; these assumptions are not supported by market research.

Figure 6.2 shows the parking distribution, which is supported by these key assumptions:

- 50 spaces at PLSNR would continue to be available for ADA parking, divers, volunteers, and employees. These spaces are excluded from the PLRP parking lot.
- The remaining 100 spaces at PLSNR would no longer be available to the public; instead, the demand for these spaces would be transferred to the new PLRP parking lot. New Economics estimates that these spaces accommodate 84,200 vehicles annually, or 842 vehicles annually per space. The rate of annual vehicles per space is based on current occupancy patterns at PLSNR.
- For the 350 space alternative, this analysis estimates that roughly 95 spaces would further accommodate nearly all vehicles annually that currently park along State Route 1. This calculation assumes that 90 percent of vehicles currently thought to park on State Route 1 would use the new PLRP parking lots (because parking along State Route 1 near the PLSNR entrance would be prohibited). Some visitors who park along State Route 1 may be motivated by parking fee avoidance while others park there because there are no available spaces within PLSNR. Further, it is unknown how many more spaces at a new parking lot could sustain occupancy levels that are similar to the level experienced by existing PLSNR spaces. This uncertainty comes from the fact that new parking spaces will be at least 0.5-1.0 mile from the center of PLSNR; the additional distance would add travel time for the same amount of recreation time spent within PLSNR. Because of these uncertainties, New Economics conservatively assumes that these vehicles would generate less occupancy per space annually than PLSNR spaces currently generate. Vehicles converting from State Route 1 are anticipated to account for 421 vehicles annually per parking space (or half of the 842 vehicle per space generated within existing PLSNR parking spaces).
- For the 350 new space alternative, the remaining 155 spaces would accommodate approximately 32,700 vehicles annually. This portion of demand for parking spots would have to come from “net new” demand (new visitors). Net new visitors could be associated with the development of other amenities at the park unit, such as a visitor’s center, public access to new recreational opportunities at PLRP, or continued growth in general visitation demand. Although visitation is growing steadily, this analysis conservatively assumes that these remaining spots would only generate 25 percent (or 211 vehicles annually per parking space) of the occupancy rate currently achieved by spaces in the PLSNR. This reduction in occupancy serves as a conservative, starting point for net new demand, since neither market analysis nor traffic analysis was performed around this metric.
- For the 150 total new space alternative, this analysis estimates that roughly 47 spaces would accommodate nearly 20,000 vehicles recaptured from State Route 1 parking. This calculation assumes that only 45 percent of vehicles currently thought to park on State Route 1 would need to use the new PLRP parking lot

(because parking along State Route 1 near the PLSNR entrance would be prohibited). This analysis conservatively assumes that these vehicles would generate less occupancy per space annually than PLSNR spaces, and would account for 50 percent or 421 vehicles annually per parking space, consistent with the rationale presented for the 350-space alternative.

- For the 150 spaces alternative, the remaining 3 spaces accommodate roughly 546 vehicles annually from other new visitors, consistent with the rationale for the 150-space alternative.

CDPR currently operates 10 parking-related concession contracts for parking lot management and/or maintenance. These contracts, summarized in **Figure 6.3**, appear to typically include a portion of gross receipts and a rent payment. The two most typical contract terms are:

- For parking lot Management Contracts: $1.7 million per year or 80 percent of gross receipts (whichever is greater).
- For parking lot Management and Maintenance Contracts: $40,000 per year or 24 percent of gross receipts up to $170,000 and 85 percent of gross receipts. (whichever is greater).

Discussion with CDPR staff about concessionaire contracts ultimately resulted in a decision that CDPR would prefer to remain the manager of existing PLSNR parking spaces and new PLRP parking lot(s).

CDPR currently generates nearly $1 million annually in parking fee revenues from vehicles that park at PLSNR, excluding groups subject to the day-use fees. This revenue estimate can be compared to gross revenues estimated for this option in **Figure 6.4**.

Cost Assumptions

Capital Costs

Major capital costs associated with development of one or more PLRP parking lots include site grading, paving and striping, and new access to the PLSNR entrance gate. **Figure 6.4** summarizes these cost estimates.

The single largest cost item associated with one or more PLRP parking lots is facilitating access to PLSNR. To enable visitors to cross State Route 1 safely, this concept includes an access trail from the parking lot to a pedestrian tunnel undercrossing. The estimated cost for this feature, provided by CDPR staff, includes environmental and design costs, construction management, design, and mitigation and monitoring.

Other capital improvements include technology facilities designed for fee revenue collection. New Economics met with CDPR staff to learn about the range of technologies currently utilized in parking lots throughout the CDPR system, technologies expected to come on-line in the next few years, and technologies that are under development and expected to enter the marketplace within the next five years. CDPR

staff ultimately decided that, for purposes of developing a planning-level evaluation, this analysis should assume the use of a staffed kiosk with a license plate reader to track and collect parking revenues. Also, while it is likely that an expanded parking scenario within CASP would include an hourly rate that may vary depending on the time of day, weekday versus weekend, and/or holiday status, this analysis continues to rely upon a flat fee of $10 per vehicle. Should CDPR decide to include expanded parking facilities in the CASP General Plan, a much more detailed model should be developed and refined to reflect the location and size of expanded parking facilities.

Please note, once again, that 350 new spaces assume a total of 3 parking lots while 150 new spaces assume a total of 2 parking lots; as mentioned previously, one of the parking lots in each scenario would be the existing set of spaces within PLSNR, which would have limited publicly-accessible parking spaces. Each parking lot would require its own entrance kiosk and license plate reader.

Finally, please note that the following capital costs are not included in the analysis:

- Process to prohibit parking along State Route 1 proximate to PLSNR/PLRP
- Predevelopment costs not included (new site will be costly)
- Site grading costs not included (new site will be costly)

O&M Costs

O&M costs include parking lot maintenance, trash collection, and fee collection. This analysis assumes that CDPR will absorb these annual maintenance costs as part of its role as manager of the PLRP parking lots. **Figure 6.4** provides an estimate of annual O&M costs for each of the parking alternatives.

Cash Flow and Estimated ARR

Figures 6.5 and **6.6** display a 10-year cash flow and ARR for each of the alternatives developed for this concept.

For 350 new spaces, an initial capital investment of approximately $5.9 million is needed to construct a tunnel and parking lot. Over the next 10 years, the 350 spaces produce cumulative fee revenues from net new vehicles of approximately $6.7 million and net cumulative revenues (after costs) of $380,000, resulting in a positive ARR of about 1 percent.

For 150 new spaces, an initial capital investment of approximately $4.9 million is needed to construct a tunnel and parking lot. Over the next 10 years, the 150 spaces produce cumulative fee revenues from net new vehicles of approximately $2.0 million and net cumulative revenues (after costs) of negative $3.2 million resulting in an ARR of negative 15 percent.

These results are based on several key assumptions that should be further refined as CDPR considers this concept more carefully:

- Current revenues produced by 100 existing spaces at PLSNR will convert over to the PLRP parking lot. In other words, people will continue to park at the PLRP parking lot and walk into PLSNR at the same rate as they currently park in PLSNR. These revenues are not shown in the cash flow, but it is an important consideration because CDPR earns revenue from those 100 spaces. The distance between the PLRP parking lot and the coast will likely be in the range of 1.0 to 1.5 miles depending on the route offered to visitors.
- The parking fee will continue to be $10 per vehicle.
- Parking will be prohibited along State Route 1 near the PLSNR entrance. There is no such agreement in place; further discussion between Caltrans, Monterey County, and CDPR is needed to determine if this prohibition is appropriate and feasible.
- Visitors who previously parked along State Route 1 will generate approximately 421 vehicles per space annually at the PLRP parking lot. This preliminary rate was identified by New Economics for purposes of analysis and should be refined by a transportation-planning consultant.
- Visitors who represent “net new” demand (from growth in visitation overall) will generate approximately 211 vehicles per space annually at the PLRP parking lot. This preliminary rate was identified by New Economics for purposes of analysis and should be refined by a transportation planning consultant.
- There is sufficient market demand for this number of total spaces. Detailed market demand research was beyond the scope of this study; additional research should be conducted to verify overall demand for parking spaces in PLRP.

6.1 Existing Parking Patterns 2009-2014

Item	Amount	%
Estimated Annual Number of Vehicles Visiting Reserve		
Vehicles Paying to Enter PLSNR		
Number of Vehicles in 2014	126,365	49%
Existing Number of Parking Spaces [1]	150	
Annual Vehicles per Existing Parking Space	**842**	
Estimated Non-Paying Vehicles Along State Highway 1		
Number of Walk-Ins (Persons) from Non-Paying Vehicles	147,913	
Estimated Portion Parking on State Highway 1 (90%) [2]	133,122	
Estimated Number of Persons per Vehicle [3]	3.00	
Estimated Number of Vehicles Not Paying	44,374	17%
Total Estimated Number of Vehicles Annually Visiting Reserve	**259,487**	**100%**
Existing Daily Peak Demand Patterns [3]		
Total Peak Daily Demand	373	100%
Portion Accommodated by Parking Along State Highway 1	223	60%
Portion Accommodated by Existing Parking Spaces	150	40%

Prepared by New Economics & Advisory, December 2014.
[1] Existing number of parking spots at PLSNR. From PLSNR Existing Conditions Report, page 6-2 footnote reference.
[2] Preliminary estimate of vehicles parking on State Route 1. Drop off's are anticipated to continue to occur (i.e. with cost-effective drop-off services such as Uber), although the precise scale of drop-off's is difficult to forecast. This analysis includes a 10% reduction for drop-off's.
[3] Based on Fehr & Peers observation of peak hour demand, December 2014. The peak hour demand was 350-400 cars and F&P counted 223 cars along State Route 1 during this time. New Economics derived a total estimated 373 based on the State Route 1 count and existing 150 parking spaces in PLSNR. Subject to further refinement.
Sources: PLSNR Existing Conditions Report, Fehr & Peers, and CDPR Staff, 2014.

6.2 *Distribution of Parking Spaces and Vehicles at New PLRP Parking Lot(s)*

150-350 New Spaces

Item	35 New Spaces			15 New Spaces		
	Spaces	Vehicles	o Total	Spaces	Vehicles	o Total
Original Number of Parking Spaces [1]	700			300		
Final Number of Parking Spaces (per CDPR, Oct. 2015)	350			150		
Distribution of New PLRP Parking Lot Spaces						
Portion Replacing Existing PLSNR Spaces and Vehicles						
Gross Number of Existing PLSNR Parking Spaces [2]	150			150		
Minus some ADA and Diving Spots Retained for Public Access [3]	-50			-50		
Spaces Replacing Existing PLSNR Spaces	**100**			**100**		
Average Number of Vehicles per Space Annually		842			842	
Number of Vehicles Replacing Existing PLSNR Parking Annually		**84,243**	**54%**		**84,243**	**80%**
Portion Recapturing Demand from State Route 1						
Estimated Annual Vehicles Parking on State Route 1		44,374			44,374	
Portion Captured by New Lots (%)		90%			45%	
Portion Captured by New Lots (Vehicles)		**39,937**	**25%**		**19,968**	**19%**
Projected Average Number of Vehicles per Space Annually [4]		421			421	
Projected Number of Spaces Recapturing Demand from State Route 1	**95**			**47**		
Portion Accommodating New Demand						
Total Number of PLRP Parking Lot Spaces	350			150		
Minus Spaces Replacing Existing PLSNR Spaces	-100			-100		
Minus Spaces Recapturing State Route 1 Parking	-95			-47		
Spaces Meeting New Demand [5]	**155**			**3**		
Average Number of Vehicles per Space Annually [6]		211			211	
Number of Vehicles Reflecting New Demand		**32,684**	**21%**		**546**	**1%**
Total Estimated Vehicles		**156,864**	**100%**		**104,758**	**100%**

Prepared by New Economics & Advisory, December 2014.

[1] Was originally consistent with two alternatives presented by Fehr & Peers Parking and Circulation Options, February 2015; however, the Fehr & Peers alternatives were changed subsequent to the completion of economic modeling.

[2] Existing number of parking spots at PLSNR. From PLSNR Existing Conditions Report, page 6-2 footnote reference.

[3] Planning-level estimate. Subject to refinement by CDPR.

[4] Turnover of parking spaces will be affected by the distance between the new spaces and the hiking experience; if it takes 30 minutes to get from the parking spot to the hike, that equates to 1 hour of additional time for the same amount of recreation experience time. However, because this is a planning-level analysis and not a detailed parking study, New Economics made a high-level assumption of 50% as a conservative starting point.

[5] New demand simply reflects the total spaces minus PLSNR spaces and State Route 1 parking re-capture. Discussion between F&P and CDPR in December 2014 generated a preliminary assumption that this demand would come from new users attracted to PLSNR by new amenities, such as the opening of the Ranch to the public, visitors center, etc. A refined market assessment and/or feasibility study may need to be prepared to refine estimated new demand for parking spaces.

[6] Similar to footnote [4], these spaces represent net new demand instead of demand that was replaced by parking already occurring. This study does not purport to estimate exactly how new demand will translate into parking space occupancy; instead, this planning-level analysis conservatively assumes turnover that is half the rate of the turnover estimated for spaces that were moved from Highway 1 or the existing PLSNR.

Sources: Fehr & Peers, CDPR Staff, New Economics & Advisory.

6.3 *Existing CDPR Parking Lot Management Concession Contracts*
FY 2012/13

Par	Unit Name/Description	Operator	Gross Receipt [1]	Ren to State [1]	Renta Terms	Contract End Date
Parking Lot Management						
	Cardiff State Beach	LAZ Parking California, LLC	$451,894	$361,515	$1,680,000/year commencing contract year 2, or 80% of fee collections, whichever is greater.	10/31/16
	Carlsbad State Beach	LAZ Parking California, LLC	$228,689	$182,951	$1,680,000/year commencing contract year 2, or 80% of fee collections, whichever is greater.	10/31/16
	San Elijo State Beach	LAZ Parking California, LLC	$35,587	$28,470	$1,680,000/year commencing contract year 2, or 80% of fee collections, whichever is greater.	10/31/16
	Silver Strand State Beach	LAZ Parking California, LLC	$624,763	$499,811	$1,680,000/year commencing contract year 2, or 80% of fee collections, whichever is greater.	10/31/16
	South Carlsbad State Beach	LAZ Parking California, LLC	$213,434	$170,747	$1,680,000/year commencing contract year 2, or 80% of fee collections, whichever is greater.	10/31/16
	Torrey Pines State Beach	LAZ Parking California, LLC	$1,506,944	$1,205,555	$1,680,000/year commencing contract year 2, or 80% of fee collections, whichever is greater.	10/31/16
Maintain and Manage Parking Lots						
	Leo Carrillo State Park	LAZ Parking California, LLC	$56,325	$26,259	$40,000/year or 24% of gross receipts up to $170,000 and 85% of gross receipts over, whichever is greater.	6/30/11
	Point Mugu State Park	LAZ Parking California, LLC	$31,666	$16,592	$40,000/year or 24% of gross receipts up to $170,000 and 85% of gross receipts over, whichever is greater.	6/30/11
	Robert H. Meyer Memorial State Beach	LAZ Parking California, LLC	$230,573	$122,663	$40,000/year or 24% of gross receipts up to $170,000 and 85% of gross receipts over, whichever is greater.	6/30/11
Restaurant, Retail & Boat Tours						
	Malibu Lagoon State Beach	Malibu Pier Partners, LLC	$743,434	$250,541	$250,000/year or percentage of gross receipts as follows: 7% on premises food/beverages, 10% take-out food/beverages; 10% retail sales; 15% off-premises catering and sales; 3% boat tour/fishing, **$12,000 for parking lot**. Rent funds capital improvements.	7/31/25

Prepared by New Economics & Advisory, December 2014.
[1] FY 2012-2013.
Source: CDPR Concessions and Operating Agreement Annual Report, FY 2012-13.

6.4 Key Assumptions Parkin Expansion Revenues an Costs (2015$)

Item	Amount per Unit ($)	Unit/Standard	350 New Spaces Total Units	350 New Spaces Total Amount ($)	150 New Spaces Total Units	150 New Spaces Total Amount ($)
Total Number of Spaces			350		150	
REVENUE ASSUMPTIONS						
Fee Per Vehicle	$10	per vehicle [8]				
Parking on State Route 1	Prohibited through future agreement with Caltrans [9]					
Annual Demand Shifted From PLSNR	$10	per vehicle	126,365	$1,263,650	84,243	$842,433
Annual Demand Re-Captured from State Route 1	$10	per vehicle	39,937	$399,365	19,968	$199,683
Annual Net New Demand	$10	per vehicle	32,684	$326,838	546	$5,463
Total Annual Parking Revenue			**198,985**	**$1,989,853**	**104,758**	**$1,047,579**
COST ASSUMPTIONS						
Construction						
Predevelopment	N/A	lump sum	1	N/A	1	N/A
Grading	N/A	lump sum	1	N/A	1	N/A
Paving and Striping, Gate (all new spaces)	$3,000	per space [1]	350	$1,050,000	150	$450,000
State Route 1 Crossing (Tunnel + Access Trail)	$3,663,000	per crossing [2]	1	$3,663,000	1	$3,663,000
Entrance Kiosk (all lots)	$378,000	per kiosk [3]	3	$1,134,000	2	$756,000
License Plate Readers (all lots)	$40,000	per reader [4]	3	$120,000	2	$80,000
Directional and Regulatory Signage (all lots)	$3,000	lump sum [5]	3	$9,000	2	$6,000
Initial Landscaping (new lots only)	$2,500	lump sum [5]	2	$5,000	1	$2,500
Subtotal Construction				**$5,981,000**		**$4,957,500**
Operations and Maintenance				Annual Cost		Annual Cost
State Peace Officer-- Parking Enforcement Duties	$91,000	per FTE (10% of job) [6]	1	$9,100	1	$9,100
Sr. Park Aid/Code Enforcement Park Aid	$24,750	per FTE (20% of job) [6]	4 [7]	$19,800	3 [7]	$14,850
Major Repairs/Renovation Budget	1%	of Lot Construction [5]	$1,050,000	$10,500	$450,000	$4,500
License Plate Reader Data Collection Costs	$50	per month [4]	3	$1,800	2	$1,200
Subtotal O&M				**$41,200**		**$29,650**

Prepared by New Economics & Advisory, December 2014.

[1] CDPR provided construction cost estimates for a 50-space parking lot and a 200-space parking lot. The average cost per space ranges from $2,000- $4,000, and includes anticipated inflation from 2015 for 22 months. Inflated costs are utilized because parking rates are not expected to increase.

[2] Cost provided by CDPR staff amounts to $3,188,000 in 2010$. Inflated to 2015$ based on Engineering News and Review annual March indicator for the 20-city average. The estimated cost includes an underpass with an access trail and includes cost components for environmental and design costs ($890,000), construction ($1,800,000), construction management ($150,000), design ($213,000), and mitigation and monitoring ($135,000). Fehr & Peers separately estimated an initial cost of $2-6 million for a pedestrian tunnel.

[3] CDPR provided construction cost estimate of $504,101 (including 22 months of cost inflation from 2015) for a recently-built kiosk elsewhere in the parks system. This analysis, at the direction of CDPR staff, assumes a smaller kiosk that will cost roughly 75% of the recently-built kiosk.

[4] Estimated costs to acquire and install license plate readers and pay for monthly collection and reporting of data provided by CDPR staff, March 2015.

[5] Planning-level cost estimated by New Economics for purposes of analysis. Subject to refinement in future technical studies.

[6] Fully-loaded staffing cost estimates provided by CDPR, March 2015. Reflects a mid-point of costs that include benefits.

[7] Assumes one park aide for each new lot as well as one for the existing kiosk at the PLSNR.

[8] Discussions with CDPR staff indicate that parking rates may change to an hourly rate that could be fixed or variable in the future. For purposes of analysis, this evaluation assumes the current fee structure.

[9] There is no agreement with Caltrans regarding prohibition of parking along State Highway 1 near the PLSNR. However, for planning purposes, this analysis assumes that parking (at no cost) along State Route 1 will be supplanted by paid parking within the PLRP.

Sources: Fehr & Peers, CDPR, New Economics & Advisory.

6.5 *Cash Flow Projection: 350 New Spaces*

2015$

Item	Key Assumption(s)	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Total
NET NEW REVENUES	*spaces* [1]												
PLRP Parking Lot Capture from State Route 1	95		39,937	39,937	39,937	39,937	39,937	39,937	39,937	39,937	39,937	39,937	399,365
Net New Vehicles Attracted to PLRP [2]	155		8,171	16,342	24,513	32,684	32,684	32,684	32,684	32,684	32,684	32,684	277,813
Subtotal Net New Paying Vehicles			48,107	56,278	64,449	72,620	72,620	72,620	72,620	72,620	72,620	72,620	677,178
Fee Revenues from Net New Paying Vehicles	**$10**		**$481,075**	**$562,784**	**$644,494**	**$726,203**	**$726,203**	**$726,203**	**$726,203**	**$726,203**	**$726,203**	**$726,203**	**$6,771,776**
COSTS													
Fixed Costs	*units* [3]												
Predevelopment	N/A	N/A											$0
Grading	N/A	N/A											$0
Paving and Striping, Gate (all new spaces)	350	$1,050,000											$1,050,000
State Route 1 Crossing (Tunnel + Access Trail)	1	$3,663,000											$3,663,000
Entrance Kiosk (all lots)	3	$1,134,000											$1,134,000
License Plate Readers (all lots)	3	$120,000											$120,000
Directional and Regulatory Signage (all lots)	3	$9,000											$9,000
Initial Landscaping (new lots only)	2	$5,000											$5,000
Subtotal		**$5,981,000**											**$5,981,000**
Annual Operations & Maintenance	*units* [3]												
State Peace Officer-- Parking Enforcement Duties	1		$9,100	$9,100	$9,100	$9,100	$9,100	$9,100	$9,100	$9,100	$9,100	$9,100	$91,000
Sr. Park Aid/Code Enforcement Park Aid	4		$19,800	$19,800	$19,800	$19,800	$19,800	$19,800	$19,800	$19,800	$19,800	$19,800	$198,000
Major Repairs/Renovation Budget	$1,050,000		$10,500	$10,500	$10,500	$10,500	$10,500	$10,500	$10,500	$10,500	$10,500	$10,500	$105,000
License Plate Reader Data Collection Costs	3		$1,800	$1,800	$1,800	$1,800	$1,800	$1,800	$1,800	$1,800	$1,800	$1,800	$18,000
Subtotal			**$41,200**	**$41,200**	**$41,200**	**$41,200**	**$41,200**	**$41,200**	**$41,200**	**$41,200**	**$41,200**	**$41,200**	**$412,000**
Total Annual Costs		**$5,981,000**	**$41,200**	**$41,200**	**$41,200**	**$41,200**	**$41,200**	**$41,200**	**$41,200**	**$41,200**	**$41,200**	**$41,200**	**$12,786,000**
Potential Net Revenues to CDPR		**-$5,981,000**	**$439,875**	**$521,584**	**$603,294**	**$685,003**	**$685,003**	**$685,003**	**$685,003**	**$685,003**	**$685,003**	**$685,003**	**$378,776**
Annualized Rate of Return (ARR)												**1.1%**	

Prepared by New Economics & Advisory, December 2014.
[1] From Figure 6.2.
[2] Assumes that new demand will appear incrementally: 25% of total demand in year 1, 50% of total demand in year 2, 75% of total demand in year 3, and 100% of demand in year 4.
[3] From Figure 6.4.
Source: New Economics & Advisory, 2015.

6.6 *Cash Flow Projection: 150 New Spaces*

2015$

Item	Key Assumption(s)	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Total
REVENUES	*spaces* [1]												
PLRP Parking Lot Capture from State Route 1	47		19,968	19,968	19,968	19,968	19,968	19,968	19,968	19,968	19,968	19,968	39,937
Net New Vehicles Attracted [2]	3		137	273	410	546	546	546	546	546	546	546	4,643
Subtotal Paying Vehicles			20,105	20,241	20,378	20,515	20,515	20,515	20,515	20,515	20,515	20,515	44,580
Fee Revenues from Net New Paying Vehicles	**$10**		**$201,048**	**$202,414**	**$203,780**	**$205,145**	**$205,145**	**$205,145**	**$205,145**	**$205,145**	**$205,145**	**$205,145**	**$2,043,260**
COSTS													
Fixed Costs	*units* [3]												
Predevelopment	N/A	N/A											$0
Grading	N/A	N/A											$0
Paving and Striping, Gate (all new spaces)	150	$450,000											$450,000
State Route 1 Crossing (Tunnel + Access Trail)	1	$3,663,000											$3,663,000
Entrance Kiosk (all lots)	2	$756,000											$756,000
License Plate Readers (all lots)	2	$80,000											$80,000
Directional and Regulatory Signage (all lots)	2	$6,000											$6,000
Initial Landscaping (new lots only)	1	$2,500											$2,500
Subtotal		**$4,955,000**											**$4,955,000**
Annual Operations & Maintenance	*units* [3]												
State Peace Officer-- Parking Enforcement Duties	1		$9,100	$9,100	$9,100	$9,100	$9,100	$9,100	$9,100	$9,100	$9,100	$9,100	$9,100
Sr. Park Aid/Code Enforcement Park Aid	3		$14,850	$14,850	$14,850	$14,850	$14,850	$14,850	$14,850	$14,850	$14,850	$14,850	$14,850
Major Repairs/Renovation Budget	$450,000		$4,500	$4,500	$4,500	$4,500	$4,500	$4,500	$4,500	$4,500	$4,500	$4,500	$4,500
License Plate Reader Data Collection Costs	2		**$1,200**	**$1,200**	**$1,200**	**$1,200**	**$1,200**	**$1,200**	**$1,200**	**$1,200**	**$1,200**	**$1,200**	**$1,200**
Subtotal			**$29,650**	**$29,650**	**$29,650**	**$29,650**	**$29,650**	**$29,650**	**$29,650**	**$29,650**	**$29,650**	**$29,650**	**$296,500**
Total Annual Costs		**$4,957,500**	**$29,650**	**$29,650**	**$29,650**	**$29,650**	**$29,650**	**$29,650**	**$29,650**	**$29,650**	**$29,650**	**$29,650**	**$10,238,650**
Potential Net Revenues to CDPR		**-$4,957,500**	**$171,398**	**$172,764**	**$174,130**	**$175,495**	**$175,495**	**$175,495**	**$175,495**	**$175,495**	**$175,495**	**$175,495**	**-$3,210,740**
Annualized Rate of Return (ARR)												**-15%**	

Prepared by New Economics & Advisory, December 2014.
[1] From Figure 6.2.
[2] Assumes that new demand will appear incrementally: 25% of total demand in year 1, 50% of total demand in year 2, 75% of total demand in year 3, and 100% of demand in year 4.
[3] From Figure 6.4.
Source: New Economics & Advisory, 2015.

Section 7: Visitor Center

Concept Description

This concept includes a visitor center, café, and retail store (comprehensively referred to as a Visitor Center hereafter). Visitor Center facilities would be sited together; depending on the ultimate location, they could be housed in one or more new buildings or multiple, repurposed, existing buildings within CASP. This concept presumes that the facilities are located together and that CASP visitors would be encouraged to begin their outing at this location.

New Economics met with CDPR staff and identified, for purposes of analysis only, an area within the PLRP that could be a candidate site for a Visitor Center. This scenario is presented to define a reasonable, potential approach only for the purpose of estimating cost and revenues; it may or may not be carried forward in the General Plan process. The area includes these components:

- Hay Barn, which would be converted into a visitor center similar to Año Nuevo State Park Visitor Center. For purposes of analysis, this facility is estimated to be approximately 2,000 square feet in size.
- The Foreman's House (currently utilized as workforce housing) would be converted into a small café, which would prepare and serve hot food, box lunches, and catering services, but not "to-go" lunches. For purposes of analysis, this facility would be estimated to be approximately 1,200 square feet in size.
- The Dairy Barn and/or storage area located adjacent to the Hay Barn would be converted into a covered seating area for the café. The size of the existing barn was not available at the time of preparation of this study.
- The Morales House, one of the cottages along State Route 1, (an existing cottage currently used for workforce housing or a cottage that would require renovation to become functional) would become a retail store. For purposes of analysis, the Morales House is designated and is estimated to be approximately 1,100 square feet in size.

This concept further presumes that the E*xpanded Parking Option* would occur and that the expanded parking area(s) would serve visitors.

Finally, this analysis assumes that the visitor center, café, and retail store components would be operated by one or more concessionaires. The concessionaires could include existing restaurants or catering businesses looking to provide a satellite operation, the Point Lobos Foundation, other non-governmental organizations, or other businesses that operate similar concessions elsewhere in the CDPR system.

Market Setting

At this time, CASP does not have a central visitor center, nor are any food or beverages sold. PLSNR has some picnic tables in select locations (near parking areas), and visitors can bring in their own food and drinks. However, the closest food-service options are located in The Crossroads Shopping Center at the corner of State Route 1 and Rio Road, approximately three miles north of the PLSNR entrance. The Crossroads Shopping Center currently offers seven sit-down restaurants, two wine tasting rooms, three dessert venues, and a Safeway grocery store.

At PLSNR, the entrance kiosk and the Whaling Station Museum offer park maps for sale. Whaler's Cove also has a 3-D model of the Point Lobos State Marine Reserve and the Whaling Station Museum offers an educational video and docents who provide information about historical activities and various onsite artifacts. In addition, a variety of docent-led walks and school programs occur within PLSNR. However, retail goods, such as books, clothes, postcards, or other merchandise are not offered for sale.

For purposes of analysis, New Economics conducted research on visitor facilities at Año Nuevo State Park. There, historic buildings from the Steele Dairy Ranch dating back to 1861 were renovated to provide these visitor-serving facilities:

- Marine Education Center. This renovated historic building (Dickerman Dairy Barn) serves as the park Visitor Center and includes natural history exhibits and a park store.
- Horse Barn. This building contains historical exhibits and a theatre with a local sea life video.
- Picnic Tables and Staging Area. This area includes restrooms and a general gathering area for group walks and discussions.

These facilities offer a total of approximately 7,400 square feet of building space.

Annual Revenue Assumptions

To develop an initial projection of annual revenues produced by expenditures made by visitors patronizing the Visitor Center, New Economics derived a preliminary estimate of current annual visitors and applied capture and spending assumptions to these visitors for the visitor center, café, and retail store components. **Figure 7.1** shows the revenue assumptions driving each Visitor Center component:

- Total Base Year estimated annual visitors of approximately 542,000. This estimate was established in **Section 2**.
- Additional demand components from other sources, such as local residents, who may consider Visitor Center components at CASP as an inviting nearby destination and alternative to existing dining, retail gift, and/or physical activity options elsewhere along the coast. Estimated additional demand was derived by New Economics and should be considered a planning-level assumption, not a

market-based assumption. These preliminary estimates are subject to refinement as additional information becomes available.

- New Economics applied planning-level capture rate assumptions, which reflect the portion of visitors that will patronize and make expenditures at each Visitor Center component.
- Average spending per captured visitor for each Visitor Center component, based on planning-level assumptions made by New Economics & Advisory.
- Resulting sales per square foot are compared to typical retail establishments in the private sector. For purposes of comparison, in the last real estate cycle restaurants typically achieved sales per square foot in the range of $369 for sit-down restaurants and up to $648 for fast food establishments[19]. It is important to note that the 1,200 square foot estimate for the café does not include the outdoor seating space provided by the second barn. As such, New Economics believes that this estimate is likely within an acceptable range of sales per square foot.
- The assumed concessionaire rates are based on gross receipts, which is consistent with the variety of existing CDPR concessionaire contracts summarized in **Figures 7.2** and **7.3**.

Cost Assumptions

Capital Costs

As described in the "Concept" Sub-section, the renovation of visitor facilities at Año Nuevo State Park serves an example of how a Visitor Center might be created at PLRP or elsewhere in the CASP planning area. **Figure 7.4** provides a summary of the costs and funding sources utilized to renovate Año Nuevo facilities and the resulting cost per building square foot, inflated to 2015 dollars. It is important to caveat that any ancillary site improvements, predevelopment processes (planning, design, environmental review), trail connectivity (should the option be provided), landscaping, and signage costs would need to be added to develop a comprehensive capital cost estimate. The cost shown here should be considered planning-level based on available information and is subject to further refinement once a site is selected and appropriate technical studies can be completed.

Figure 7.5 applies these cost assumptions to the Visitor Center concept to develop a potential gross capital cost. This analysis assumes that a portion of these costs will be funded through foundation or private donations, as well as grants. The remaining portion (50%) would be funded by CDPR. The 50% assumption is a reasonably conservative estimate for purposes of this planning-level analysis; this figure is subject to refinement in the future but was identified as a starting point to avoid underestimating CDPR's potential exposure.

[19] BizMiner Industry Report, *Retail Industry Financial Ratios & Benchmarks*, November 4, 2005.

O&M Costs

O&M costs include janitorial services, minor repairs, annual inspections, and major repairs. This analysis assumes that concessionaires will absorb the cost of janitorial services and minor repairs, while CDPR will be responsible for annual inspections and major repairs[20]. The latter set of annual costs was estimated by applying 5 percent to the total hard costs for the project. Hard costs are assumed to comprise approximately 30 percent of total project development costs. **Figure 7.5** provides a preliminary estimate of annual O&M costs for which CDPR would be responsible.

Cash Flow and Estimated ARR

Figure 7.6 displays a 10-year cash flow and ARR for the *Visitor Center* concept. An initial capital investment of approximately $950,000 may be needed to construct the Visitor Center within PLRP. Over the next 10 years, the Visitor Center may produce net annual revenues to CDPR of approximately $200,000-$243,000 (growing annually thereafter), resulting in a positive ARR of approximately 18 percent.

This cash flow analysis presumes that the number of customers to each Visitor Center component will grow by approximately 2 percent annually. On one hand, this growth rate is somewhat conservative, because visitation has been growing annually by 3-20 percent (as shown in **Figure 2.1** in **Section 2**). On the other hand, the annual estimate already includes an additional component of demand from other sources (such as local residents or visitors not otherwise planning to visit the park). Changes in annual visitation should continue to be monitored to track whether this analysis should be adjusted in the future.

These results are based on several key assumptions that are sensitive and should be understood further as CDPR considers this concept more carefully:

- **Capital costs may be underestimated to the extent that additional predevelopment (including planning, design, and environmental review), site work, and/or utility extension/expansions must be conducted.** Also, CDPR's share of capital costs may vary depending on the level of private funds and/or grant monies that can be obtained. New Economics conducted an internal sensitivity analysis focused on costs, and found that while holding all other assumptions constant, CDPR capital costs could increase to about $2.2 million before reaching a break even (0 percent ARR) after 10 years. **Appendix Table A-6** in **Appendix A** shows this calculation. Costs associated with planning, development, and environmental review, site preparation, and/or utility upgrades could reach or surpass this margin.

[20] Interviews with local park unit staff with cabins operated by concessionaires indicated that regular maintenance is provided by the concessionaire but that repair, reconstruction, and renovation associated with unexpected events (e.g. fallen tree, flooding) or long-term impacts (e.g. need to reconstruct a wall because of air moisture) has been the responsibility of the local park unit. This analysis conservatively assumes similar contract expectations for a visitor center.

- **Visitor capture rates are initial, planning-level assumptions.** New Economics conducted an internal sensitivity analysis focused on visitor capture rates. Holding all other assumptions constant, capture rates could fall by about half before reaching a break even (0 percent ARR) after 10 years. **Appendix Table A-7** in **Appendix A** contains this calculation.
- **Revenues per Captured Visitor are initial, planning-level assumptions.** New Economics conducted an internal sensitivity analysis focused on customer capture rates. Holding all other assumptions constant, spending per capita could fall by about half before reaching a break even (0 percent ARR) after 10 years. **Appendix Table A-8** in **Appendix A** shows this calculation.

7.1 *Key Revenue Assumptions: Visitor Center*

2015$

Item	Visitor Center Components: Visitor Center	Café	Retail Store	Total
Description of Consumer Services/Items	Guided tours offered by docents for adults and students	Sit-down café, box lunches for consumption on-site, off-site catering. No "to-go" items [3].	Clothing, memorabilia, etc.	
Estimated Potential Annual Sales				
Annual Visitors to PLSNR [1]	541,728	541,728	541,728	
% Capture by New Facility [2]	20%	15%	5%	
Est. No. of Existing Visitors as Customers	108,346	81,259	27,086	
Additional Customers from Demand (%) [4]	20%	30%	10%	
Additional Demand (#)	21,669	24,378	2,709	
Total Estimated Number of Existing Visitors	**130,015**	**105,637**	**29,795**	
Est. Avg. Spending Per Visitor [2]	$2	$10	$15	
Estimated Gross Receipts (Base Year)	**$260,029**	**$1,056,370**	**$446,926**	**$1,763,325**
Sq. Ft.	2,000	1,200	1,100	
Resulting Sales per Sq. Ft.	**$130**	**$880**	**$406**	
Concessionaire Contract Terms				
% of gross receipts	7%	15%	8%	
% of gross receipts for facilities	3%	3%	3%	
Rent [5]	TBD	TBD	TBD	

Prepared by New Economics & Advisory, November 2015.

[1] Estimate from Section 2.

[2] Planning-level estimates made by New Economics. Subject to refinement based on availability of additional information.

[3] To-go items would be discouraged in an attempt to minimize littering and food within the Reserve.

[4] Planning-level working assumption to reflect increased visitation attracted by new facilities. Not based on market research and subject to further refinement.

[5] Not estimated in this analysis, but may be another source of revenues to CPDR. Subject to refinement by CDPR.

Source: New Economics & Advisory, 2015.

7.2 *Existing Restaurant/Cafe Concessionaire Data*
FY 2012/13

Park Unit	Concessionaire	Description	Contract Terms	2012-2013 Gross Receipts	2012-2013 Rent to State
Select Restaurants [1]					
Columbia SHP	Columbia House Restaurant (Sycamore Landscape Corp.)	Restaurant	$6,000/yr or 2.5% of gross receipts up to $200,000 and 3% over $200,000, whichever is greater. Abatement of up to $2,000/ yr toward marketing and advertising.	$94,386	$2,360
Columbia SHP	Briggs Hospitality, LLC: City & Fallon Hotel Complexes, Bart's Black Skillet	Bart's Black Skillet, City & Fallon Hotel Complexes	$25,000/year or 2.5% of first $1 million in gross receipts and 3% over $1 million, whichever is greater. Rent offset up to $25,000 for annual marketing investment.	$181,366	$4,534
Columbia SHP	Jack Douglas Saloon (Sycamore Landscape Corp.)	Saloon	Month to Month; $600 per month or 6% of gross receipts.	$200,494	$11,838
Topanga SP	Castle Creek Properties, Inc.	Wine tasting room	$36,000/year or 10% of gross receipts, whichever is greater.	$358,426	$35,843
Angel Island SP	Urban Park Concessionaires	Cantina, café	2% of gross receipts up to $150,000; 3% next $100,000; 5% next $250,000; 7.5% of next $250,000; plus 10% over $750,000 of gross receipts;	$764,791	$43,042
Old Town San Diego SHP	El Fandango Restaurant	Mexican Restaurant	$6,000 /month or 10.5% of gross receipts up to $70,00, and 10.% of gross receipts over $70,000, whichever is greater.	$775,519	$93,012
Old Town San Diego SHP	Old Town Family Hospitality Corp. (3 restaurant facilities)	Mexican Commercial Corner, Cosmopolitan restaurant, Barra Barra Saloon	$2 million/year or 8.5% of gross receipts up to $18 million and 9% of gross receipts over $18 million.	$10,080,799	$1,932,930
Average Restaurant (excluding Old Town Family Hospitality Corp.)				**$770,155**	**$68,027**
Snack Bars, Beach Stands, and Mobile Food Service [1]					
Seacliff SP	The Beach Shack	Beach stand	$3,500/yr or 6% of gross receipts, whichever is greater.	$23,951	$1,444
Silver Strand SB	Silver Strand Café Grill	Snack bar and camp Store	$4,000/year or 9% of up to $100,000 in gross receipts, and 15% of gross receipts over $100,000, whichever amount is greater.	$29,460	$6,161
Angel Island SP	Urban Park Concessionaires	Box lunches	2% of gross receipts up to $150,000; 3% next $100,000; 5% next $250,000; 7.5% of next $250,000; plus 10% over $750,000 of gross receipts;	$90,274	$4,724
Huntington SB	Playland Concessions Inc. (dba BABES Catering & Rentals)	probably just seasonal concession stands	$45,000/yr or 16% of annual gross receipts, whichever is greater; and 10% of gross receipts for off premises catered events.	$99,393	$15,903
San Clemente SB	Calafia Beach Café	Calafia Beach Stand	Year 1: 12% of gross receipts; Year 2: $20,000 minimum annual rent or 12% gross receipts, whichever is greater.	$147,308	$28,172
Average Snack Bars				**$78,077**	**$11,281**

Prepared by New Economics & Advisory, March 2015.

[1] Asilomar contains a café/small food service center; however, this café falls within the larger Asilomar concession contract and could not be extracted from the larger contract.

Source: CDPR Concessions and Operating Agreement Annual Report, FY 2012-13 and Alternative Camping Survey Report 2011.

7.3 *Existing Concessionaires Contracts-- Other*

FY 2012/13

Park Unit	Concessionaire	Contract Terms	Restaurants & Catering		Facility Maintenance		Lodging		Misc. Sales & Services		Retail Sales and Gifts		Beachstands, Mobile Food Services		Theatres/Arts Facilities	
			2012/13 Gross Receipts	Rent to State	2012/13 Gross Receipts	Rent to State	2012/13 Gross Receipts	Rent to State	2012/13 Gross Receipts	Rent to State	2012/13 Gross Receipts	Rent to State	2012/13 Gross Receipts	Rent to State	2012/13 Gross Receipts	Rent to State
Asilomar SB	ARAMARK Sports & Entertainment	$1.9 million/yr or 8.6% of gross receipts, whichever is greater; 2% of gross receipts for facility improvements; and $200,000 for resource support and $500,000 operational support annually; and $15m for ADA improvements.	Dining hall, Phoebe's café													
			$7,997,489	$814,203	-	$10,382	$10,068,370	$865,880	$2,028,451	$174,447	$462,605	$160,590	-	-	-	-
Crystal Cove SP	Crystal Cove Alliance (non-profit)	$50,000/yr or 2.1% of gross receipts, which is greater for restaurants, catering, rentals, cottages and tram tickets; plus 12% of gross receipts for facility improvements.	Beachcomber Café, Ruby's Shake Shack													
			$8,702,466	$182,752	-	$1,211,942	$1,205,893	$25,324	$106,892	$2,245	$84,359	$1,772	-	-	-	-
Hearst San Simeon SHM	ARAMARK Sports & Entertainment	$1,000,000/yr or % of gross receipts, whichever is greater. 10% for dining, 15% for catering, 22% for museum, 25% for garden shop sales, 30% for gift shop sales.	5 restaurants/eateries								Gift shop, museum shop (excl. beef)		2 boxed lunch/ catering venues		Destination Cinema	
			$2,164,436	$337,763	-	$52,040			$462,453	$179,426	$2,544,404	$787,718	$163,740	$21,822	$2,602,008	$227,019
Malibu Lagoon SB	Malibu Pier Partners, LLC	$250,000/year or % of gross receipts as follows: 7% on premises food/beverages, 10% take out F/B; 10% retail sales, 15% off premises catering and sales. Rent funds capital improvements.	Restaurant & Bar													
			$179,924	$216,166					$67,250	$4,261	$306,249	$29,567	-	-	-	-
Marshall Gold Discovery SHP	Argonaut Refreshment Saloon	2,400/yr or 10% of gross receipts, whichever is greater.	Argonaut Refreshment Saloon-- no longer in						American River Conservancy		American River Conservancy					
			$78,334	$7,833					$23,526	$2,353	$10,399	$1,040	-	-	-	-
Morro Bay SP	Restaurant and Marina (Associated Pacific Constructors)	5% of monthly gross receipts up to $12,000 and 7% over $12,000 for food and beverage	Restaurant													
			$1,245,679	$85,098							-	-	-	-	-	-
Pfeiffer Big Sur SP	Guest Services Company of Virginia	$675,000/yr or 16% of gross receipts; and 3.7% of gross receipts for facility improvements.	Restaurant				Lodge				Gift Shop					
			$1,773,187	$283,710	-	$185,899	$2,344,361	$390,686			$906,743	$145,079	-	-	-	-

Prepared by New Economics & Advisory, March 2015.

Sources: CDPR Concessions and Operating Agreement Annual Report, FY 2012-13 and Alternative Camping Survey Report 2011.

7.4 *Visitor Center Case Study*
Año Nuevo

Item	Año Nuevo
Annual Visitors	200,000
Facilities	Marine Education Center/Visitor Center, Interpretive Center, Picnic Tables, Staging Area
Project Renovation Costs	$3,200,000
Items Included in this Cost	Includes preliminary planning, working drawings, and construction. Neg. Dec. EIR only.
Date Completed	2008
Size (Sq. Ft.)	7,400
Cost per Sq. Ft.	$432
Cost per Sq. Ft. Used for this Analysis (2015$)	**$440.00**
Items Included in this Cost Assumption	Includes preliminary planning, working drawings, and construction. Assumes Neg. Dec. EIR.
Items Excluded in this Cost Assumption	Site improvements, predevelopment, site improvements, parking/access, trail connectivity access, landscaping, signage.

Prepared by New Economics & Advisory, February 2015.
Sources: Año Nuevo State Park website and internet research, February 2015.

7.5 *Key Cost Assumptions: Visitor Center*

2015$

Item	Unit/Standard	Visitor Center Units	Visitor Center Cost per Unit	Visitor Center Total	Café Units	Café Cost per Unit	Café Total	Retail Store Units	Retail Store Cost per Unit	Retail Store Total	Total Project
CAPITAL COST ASSUMPTIONS											
Assumed Location		*Old Barn (new construction)*			*Dairy Foreman House (remodel) + Barn 2 (new const.)*			*Morales House (remodel)*			
Predevelopment [1]	lump sum	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
Site Improvements	lump sum	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
Parking	Assumes PLRP Lot(s)	-	-	$0	-	-	$0	-	-	$0	$0
Access/Connectivity (Trail) [2]	per linear foot	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
Landscaping	lump sum	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
Directional & Regulatory Signage	lump sum	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
Construction, Working Drawings, Preliminary Planning	per sq. ft.	2,000	$440	$880,000	1,200	$440	$528,000	1,100	$440	$484,000	$1,892,000
Subtotal Development Cost				**$880,000**			**$528,000**			**$484,000**	**$1,892,000**
Portion Privately Funded [3]	25%			($220,000)			($132,000)			($121,000)	($473,000)
Portion Grant Funded [3]	25%			($220,000)			($132,000)			($121,000)	($473,000)
Remaining Capital Costs Funded by CDPR	**50%**			**$440,000**			**$264,000**			**$242,000**	**$946,000**
OPERATIONS AND MAINTENANCE COST ASSUMPTIONS											
Janitorial	Concessionaire	-	-	$0	-	-	$0	-	-	$0	$0
Minor Repairs	Concessionaire	-	-	$0	-	-	$0	-	-	$0	$0
Annual Inspections, Major Repairs	5% of all hard costs of bldgs, fixtures & major equipment, access, landscaping, and signage. Assumes hard costs are approximately 30% of total costs.	$264,000	5%	$13,200	$158,400	5%	$7,920	$145,200	5%	$7,260	$28,380
Subtotal CDPR O&M				**$13,200**			**$7,920**			**$7,260**	**$28,380**

Prepared by New Economics & Advisory, March 2015.

[1] Predevelopment includes technical studies, engineering, design, environmental review, and regulatory approvals process.

[2] Planning-level assumption for trail(s) to provide connections to parking lot and between other facilities described in this option.

[3] Planning-level assumptions made by New Economics. Subject to refinement in future technical studies.

7.6 *Cash Flow Projection: Visitor Center*

2015$

Item	Key Assumption(s)	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Total
REVENUES													
Visitor's Center													
Annual Number of Customers	2% increase each year		21,669	22,103	22,545	22,995	23,455	23,924	24,403	24,891	25,389	25,897	237,271
Estimated Gross Revenues	$2 per customer		$43,338	$44,205	$45,089	$45,991	$46,911	$47,849	$48,806	$49,782	$50,778	$51,793	$474,542
Concession Revenue to CDPR (sales)	7%		$3,034	$3,094	$3,156	$3,219	$3,284	$3,349	$3,416	$3,485	$3,554	$3,626	$33,218
Concession Revenue to CDPR (facilities)	3%		$1,300	$1,326	$1,353	$1,380	$1,407	$1,435	$1,464	$1,493	$1,523	$1,554	$14,236
Rent to CDPR													
Subtotal Revenues to CDPR			**$4,334**	**$4,421**	**$4,509**	**$4,599**	**$4,691**	**$4,785**	**$4,881**	**$4,978**	**$5,078**	**$5,179**	**$47,454**
Café													
Annual Number of Customers	2% increase each year		105,637	107,750	109,905	112,103	114,345	116,632	118,964	121,344	123,771	126,246	1,156,695
Estimated Gross Revenues	$10 per customer		$1,056,370	$1,077,497	$1,099,047	$1,121,028	$1,143,448	$1,166,317	$1,189,644	$1,213,437	$1,237,705	$1,262,459	$11,566,952
Concession Revenue to CDPR (sales)	15%		$158,455	$161,625	$164,857	$168,154	$171,517	$174,948	$178,447	$182,015	$185,656	$189,369	$1,735,043
Concession Revenue to CDPR (facilities)	3%		$31,691	$32,325	$32,971	$33,631	$34,303	$34,990	$35,689	$36,403	$37,131	$37,874	$347,009
Rent to CDPR													
Subtotal Revenues to CDPR			**$190,147**	**$193,949**	**$197,828**	**$201,785**	**$205,821**	**$209,937**	**$214,136**	**$218,419**	**$222,787**	**$227,243**	**$2,082,051**
Retail Sales													
Annual Number of Customers	2% increase each year		29,795	30,391	30,999	31,619	32,251	32,896	33,554	34,225	34,910	35,608	326,247
Estimated Gross Revenues	$15 per customer		$297,950	$303,909	$309,988	$316,187	$322,511	$328,961	$335,541	$342,251	$349,096	$356,078	$3,262,474
Concession Revenue to CDPR (sales)	8%		$23,836	$24,313	$24,799	$25,295	$25,801	$26,317	$26,843	$27,380	$27,928	$28,486	$260,998
Concession Revenue to CDPR (facilities)	3%		$8,939	$9,117	$9,300	$9,486	$9,675	$9,869	$10,066	$10,268	$10,473	$10,682	$97,874
Rent to CDPR	TBD												
Subtotal Revenues to CDPR			**$32,775**	**$33,430**	**$34,099**	**$34,781**	**$35,476**	**$36,186**	**$36,909**	**$37,648**	**$38,401**	**$39,169**	**$358,872**
Subtotal Revenues to CDPR			**$227,255**	**$231,800**	**$236,436**	**$241,165**	**$245,988**	**$250,908**	**$255,926**	**$261,044**	**$266,265**	**$271,591**	**$2,488,378**
COSTS													
CDPR Share of Fixed Costs													
Visitor's Center	predevelopment & development	$440,000											
Café		$264,000											
Retail		$242,000											
Subtotal Fixed Costs (CDPR)		**$946,000**											
Annual Operations & Maintenance													
Major Repairs Visitor's Center	5%		$13,200	$13,200	$13,200	$13,200	$13,200	$13,200	$13,200	$13,200	$13,200	$13,200	$132,000
Major Repairs Café	5%		$7,920	$7,920	$7,920	$7,920	$7,920	$7,920	$7,920	$7,920	$7,920	$7,920	$79,200
Major Repairs Retail	5%		$7,260	$7,260	$7,260	$7,260	$7,260	$7,260	$7,260	$7,260	$7,260	$7,260	$72,600
Subtotal Annual O&M (CDPR)			**$28,380**	**$28,380**	**$28,380**	**$28,380**	**$28,380**	**$28,380**	**$28,380**	**$28,380**	**$28,380**	**$28,380**	**$283,800**
Total Annual Costs to CDPR		**$946,000**	**$28,380**	**$28,380**	**$28,380**	**$28,380**	**$28,380**	**$28,380**	**$28,380**	**$28,380**	**$28,380**	**$28,380**	**$283,800**
Potential Net Revenues		**($946,000)**	**$198,875**	**$203,420**	**$208,056**	**$212,785**	**$217,608**	**$222,528**	**$227,546**	**$232,664**	**$237,885**	**$243,211**	**$1,258,578**
ARR													**18%**

Prepared by New Economics & Advisory, November 2015.
Source: New Economics & Advisory, 2015.

Section 8: Seasonal Shuttle Service

Concept Description

The last amenity studied in this analysis is a seasonal shuttle that would transport visitors from a local transportation center in the southern part of HCP to the center of PLSNR. More specifically, the HCP transportation center would include a centralized parking lot and provide seasonal shuttle service to PLSNR, nearly 3 miles to the south. The transportation center would include a parking lot with a manned kiosk and license plate reader. This concept models a route that proceeds only between the transportation center and the center of PLSNR, with no interim stops.

This concept builds off of *the Expanded Parking Option*, and assumes that a parking lot with 350 spaces would be built or made available at the HCP transportation center. The parking lot would have the same capital cost and O&M factors as *the Expanded Parking*; however, under *the Seasonal Shuttle Service Option*, a seasonal shuttle that operates between June 1 and September 15 would transport visitors between HCP and the PLSNR. Future technical studies of this concept should match shuttle season to peak visitation patterns, which appear to occur between April and September.

During shuttle season, it is assumed that parking would be prohibited along State Route 1 near the PLSNR entrance, and parking within PLSNR would be limited to ADA access, divers, staff, and volunteers. Similar to *the Expanded Parking Option*, it is assumed that 90 percent of estimated vehicles currently parking along State Route 1 would instead park at the HCP lot to use the shuttle and other net new demand would also occur.

However, this analysis further assumes that during the off-season the parking lot at HCP would be closed, as there would be no alternative transportation option provided; instead, the PLSNR spaces would be accessible to the public as they are today. This assumption allows CDPR to continue to generate revenues for the remainder of the year, similar in scale to what is currently generated.

Market Setting

Original market research was not conducted for this option. Instead, New Economics reviewed key characteristics of shuttle bus systems operating at select national parks, as well as feasibility studies conducted by transportation planning firms.

Figure 8.1 provides an overview of eight national park shuttle bus systems in California, Arizona, Colorado, Virginia, and Montana, as well as one shuttle bus operated by a local transit agency in California. These systems travel a route distance of 4-34 miles round trip, and nearly all of them operate seasonally. Shuttle fares range from $0 (included in park entrance fee) to $15 per ride.

Fehr & Peers also conducted some limited high-level review of the shuttle bus system setting in Monterey. An existing Monterey Salinas Transit (MST) shuttle operates on State Route 1 on weekends year-round, and weekends and weekdays during the summer; however, according to Fehr & Peers, ridership appears to be very low, a potential indication that demand for a shuttle service may be weak. Additional research would need to be conducted to determine why shuttle demand is weak; some potential factors for consideration include a lack of connectivity to parking, insufficient headways, public awareness, and/or other factors.

Another potential option for future study would be to consider a shuttle bus system that originates somewhere in Carmel and/or Monterey for greater connectivity to the region's communities and visitor lodging.

Annual Revenue Assumptions

As described above, this option is a hybrid parking and shuttle concept. Annual revenue estimates are based on the following assumptions:

- During shuttle season, parking along State Route 1 would be prohibited near the PLSNR Entrance. Also, parking within PLSNR would not be accessible to the public, with the exception of ADA, diving, employee, and volunteer parking spaces. This approach is consistent with *the Expanded Parking Option*.
- Were the HCP parking lot to remain open all year, it would experience the same level of demand as the PLRP parking lot analyzed in *the 350 space alternative* considered in Section 6 of this study*)*. As such, the total amount of "net new" vehicles would grow to approximately 72,600 annually. (39,937 State Route 1 re-capture plus 32,684 of new demand, as shown in **Figure 6.2** in **Section 6**.)
- However, because this analysis studies a seasonal shuttle, an adjustment must be made to derive seasonal "net new" vehicles at the HCP parking lot. Between 2009 and 2014, approximately 40 percent of PLSNR parking revenues from paid vehicles were generated between June 1 and mid-September (**Figure 8.2**). As such, this analysis assumes that 40 percent of the annual "net new" paid vehicles identified in *the Expanded Parking Option* would park at the HCP parking lot instead and take the shuttle. These vehicles include a combination of capture from vehicles that would have otherwise parked along State Route 1 and vehicles representing "net new" demand associated with other facilities offered within CASP (such as a visitor center or public access to the PLRP).
- During the off-season, PLSNR parking spaces would continue to be accessible to the public as they are today. This assumption allows CDPR to continue to generate revenues for the remainder of the year similar to current levels.
- Vehicles will continue to be charged $10 at the HCP parking lot and vehicle occupants will ride the shuttle at no additional costs.
- There may be additional riders dropped off at the shuttle stop who do not park a vehicle in the HCP parking lot; these riders would likely be charged a separate

fee for riding the shuttle, but these revenues are not modeled in this preliminary analysis.

Cost Assumptions

Capital Costs

Similar to the *Expanded Parking Option*, *the Seasonal Shuttle Option* assumes that a parking lot with 350 spaces would be built at HCP. The parking lot would have the same capital cost and O&M factors as the *Expanded Parking Option (350 space alternative)*. These capital costs are shown in **Figure 8.3**. Estimated costs assume that the existing PLSNR and HCP will have a new/renovated kiosk with personnel and a license plate reader.

Please note that at this time, no costs have been estimated for predevelopment or grading; these costs would need to be added in once the final size and configuration of the parking lot is identified.

An important difference between the *Seasonal Shuttle Option* and the *Expanded Parking* is that with the *Seasonal Shuttle Option,* a pedestrian tunnel underneath State Route 1 is not needed to provide access between the parking lot and PLSNR.

O&M Costs

Figure 8.3 also summarizes the estimated O&M costs for this option. This analysis presumes that, similar to the *Expanded Parking Option*, CDPR will manage and maintain the parking lot component and be in charge of collecting fees. As such, O&M costs include one new state peace officer (for the HCP lot), two park aides (one for HCP and one for PLSNR), license plate reader data collection costs for both lots, a senior park aide (one for each lot), and some administration/monitoring costs for CDPR. Personnel costs have been adjusted in two ways: first, it is assumed that each staff person will perform multiple duties, and that parking enforcement/fee collection will only take up a small amount of that person's time (10-20 percent of total time). Second, because the HCP lot is open only seasonally, HCP personnel costs are further reduced down to 30 percent, which reflects the seasonal nature of the HCP lot (107 days divided by 365 days).

It is anticipated that a public agency, such as the MST, would operate the shuttle in partnership with CDPR and that these operation costs would be absorbed by CDPR. In the future, various alternatives could be considered—such as a concessionaire contract, shuttle fees collected by the transit agency, etc. However, for planning purposes, this option functions as a parking lot/shuttle hybrid to enable more of an "apples-to-apples" comparison with the *Expanded Parking Option*.

Figure 8.4 provides a more detailed accounting of estimated shuttle operations costs assuming three different headways: 30 minutes, 20 minutes, and 15 minutes. These

estimated costs rely on assumptions from three other feasibility studies (inflated to 2015$):

- SR 28 East Shore Demonstration Transit Shuttle project report by Transportation Consultants, Inc., prepared in 2012.
- Fresno Sequoia Kings Canyon Draft Service Plan, prepared by Fehr & Peers, April 2013.
- 2014 Muir Woods Shuttle Evaluation Report, prepared by Marin Transit, December 2014.

The 20-minute headway scenario is applied to analysis shown in **Figure 8.3**.

Cash Flow and Estimated ARR

Figure 8.5 provides a 10-year cash flow analysis and calculates an ARR for this option. This option requires an initial capital investment of nearly $2 million. Seasonal "net new" revenues generate approximately $290,000 by Year 4; however, annual costs are nearly $380,000, resulting in an annual deficit and an ARR that fails. As such, this concept would not allow recovery of the initial capital investment and would appear to be financially infeasible.

Going forward, there are some additional considerations that CDPR may want to make regarding this option:

- If the shuttle route were extended to include Carmel and/or Monterey stops, it may be able to increase ridership and associated revenues. This option would need to be studied by transportation planners in coordination with local planning and transit agencies.
- To the extent that grant funds associated with the reduction in traffic along State Route 1 during shuttle season could be identified and obtained (e.g., Greenhouse Gas Reduction Funds), such monies would help reduce CDPR's initial capital investment. But, predevelopment and grading costs for a parking lot at HCP have not been estimated; these added costs will increase the total capital investment required for this option.
- The fundamental problem with this option is that seasonal O&M costs exceed revenues. The bulk of these costs (70 percent) come from shuttle operations, while 30 percent come from CDPR personnel and fee revenue operations. The estimated shuttle costs are preliminary and should be refined by transportation planners with expertise in shuttle systems. There may be several opportunities to refine these planning-level estimates. Alternatively, a different revenue system may be able to reduce CDPR personnel costs and increase fee revenue collection costs at HCP.
- A different fare system would need to be developed in order to maximize revenues from riders who do not park at HCP.

- Prohibition of parking along State Route 1 is a critical assumption driving revenues; without this prohibition, revenues would be much lower.

8.1 *Shuttle Bus Case Studies*

Point Lobos Overnight Accommodations Economic Study

Park	Location	Typical Distance (mile RT)	Headway	Fare			o Riders Annually	o Visitor to Park/Area Annuall [1]	of Visitors
				Amount (Adult)	One-Way or Roun Trip	Seasonal/YR			
National Parks									
Muir Woods, Golden Gate NRA	California	34	10-20 min	$5	RT	April - Oct	102,950	954,125	11%
Sabino Canyon, Coronado National Forest	Tucson, Arizona	3.8	30 min	$8	RT	YR	100,000 to 160,000	N/A	19% to 31%
Devils Postpile National Monument (Mammoth Lakes)	California	15	30 min	$7	Day Pass	May-Sept.	N/A	91,794	N/A
Maroon Bells, White River National Forest	Aspen, Colorado	N/A	20 minutes	$6	N/A	June - Sept.	N/A	N/A	N/A
Harpers Ferry National Historic Park	Virginia	3.8	N/A	$5	N/A	N/A	N/A	255,714	N/A
Glacier National Park	Montana	Varies	30-60 min	Free		July-Sept	N/A	2,190,374	N/A
Rocky Mountain National Park	Colorado	N/A	15 min. to 1 hr.	Free		Seasonal	N/A	699,101	N/A
Sequoia-Kings Canyon National Park	Visalia-Sequoia NP	Varies	15 min to 30 min	$15	RT	Mem Day-Labor Day	5,400	1,476,818	N/A
Other Shuttles									
East Shore Express Summer Shuttle (SR 28 East Shore)	Lake Tahoe	9.5	20 minutes	$3	RT	June-Sept	N/A	N/A	N/A

Prepared by New Economics & Advisory, December 2014.

[1] National Parks Service Visitor Use Statistics, IRMA data system, accessed January 2015 (Recreational Visitors 2013).

Sources: New Economics research, telephone interviews, and internet research, December 2014.

8.2 *Monthly Visitation Patterns*

Point Lobos State Natural Reserve

	2009 Paid Use No. of Vehicles			2010 Paid Use No. of Vehicles			2011 Paid Use No. of Vehicles			2012 Paid Use No. of Vehicles			2013 Paid Use No. of Vehicles			2014 Paid Use No. of Vehicles		
Year/Month	Vehicle	% of Total	June - Mid-Sept	Vehicle	% of Total	June - Mid-Sept	Vehicle	% of Total	June - Mid-Sept	Vehicle	% of Total	June - Mid-Sept	Vehicle	% of Total	June - Mid-Sept	Vehicle	% of Total	June - Mid-Sept
January	4,906	6%		4,036	5%		4,933	6%		5,295	6%		5,782	5%		6,726	6%	
February	3,544	5%		3,658	5%		4,612	6%		5,333	6%		5,819	5%		6,258	6%	
March	6,081	8%		5,939	7%		5,306	6%		5,728	6%		8,490	8%		8,565	8%	
April	7,362	9%		6,916	9%		7,865	9%		7,344	8%		8,816	8%		9,685	9%	
May	6,767	9%		7,771	10%		7,286	9%		7,729	9%		9,452	9%		10,455	10%	
June	7,490	10%	10%	7,263	9%	9%	7,762	9%	9%	8,322	9%	9%	9,991	9%	9%	10,928	10%	10%
July	9,292	12%	12%	9,917	13%	13%	10,088	12%	12%	10,970	12%	12%	12,249	11%	11%	13,211	12%	12%
August	9,567	12%	12%	10,045	13%	13%	9,694	12%	12%	10,729	12%	12%	12,945	12%	12%	13,372	12%	12%
September	7,683	10%	5%	7,759	10%	5%	8,231	10%	5%	9,161	10%	5%	10,864	10%	5%	10,710	10%	5%
October	6,294	8%		6,492	8%		7,134	9%		8,138	9%		9,695	9%		9,735	9%	
November	5,348	7%		5,119	6%		4,877	6%		5,883	7%		7,434	7%		7,624	7%	
December	4,167	5%		4,325	5%		5,166	6%		5,071	6%		6,488	6%		N/A	N/A	
Total	**78,501**	100%	**38%**	**79,240**	100%	**39%**	**82,954**	100%	**38%**	**89,703**	100%	**39%**	**108,025**	100%	**38%**	**107,269**	100%	**40%**
Seasonal % Utilized in this Analysis			**40%**															

Prepared by New Economics & Advisory, December 2014.
Source: California State Parks Attendance Reports 2008-2014, obtained November 2014.

8.3 *Capital Cost Assumptions: Seasonal Shuttle*

2015$

Item	Option 6: Seasonal Shuttle Service				
	Amount per Unit ($)	Unit/Standard		Total Units	Total Amount ($)
COST ASSUMPTIONS					
Shuttle Development					
Feasibility Studies/PreDevelopment	$150,000	lump sum	[1]	1	$150,000
Bus Stop Amenities (HCP) [2]	$16,200	per stop	[3]	2	$32,400
Bus Stop Amenities (PLSR)	$16,200	per stop	[3]	2	$32,400
Initial Marketing	$68,000	lump sum	[4]	1	$68,000
Shuttle Storage	NA	at PLRP			$0
Directional Signs at each stop [5]	$2,800	lump sum per stop	[4]	2	$5,600
Pole Signage at each stop	$1,500	per stop	[3]	2	$3,000
Subtotal Development and Construction					**$291,400**
Parking Lot Development [6]					
Predevelopment	N/A	lump sum		1	N/A
Grading	N/A	lump sum		1	N/A
Paving and Striping	$3,000	per space	[7]	300	$900,000
Entrance Kiosk	$378,000	per kiosk [8]		2	$756,000
License Plate Reader	$40,000	per reader [9]		1	$40,000
Directional and Regulatory Signage	$3,000	lump sum [10]		1	$3,000
Initial Landscaping	$2,500	lump sum [10]		1	$2,500
Subtotal Construction					**$1,701,500**
Operations and Maintenance (Lot/Shuttle)					
State Peace Officer-- Parking Enforcement Duties-- HCP	$26,677	per FTE (10% of job) [11]		1	$26,677
Sr. Park Aid/Code Enforcement Park Aid-- PLSNR	$24,750	per FTE (20% of job) [11]		1	$24,750
Sr. Park Aid/Code Enforcement Park Aid-- HCP	$7,255	per FTE (20% of job) [11]		1	$7,255
Major Repairs/Renovation Budget	1%	of Lot Construction [11]		$900,000	$9,000
License Plate Reader Data Collection Costs	$50	per month [11]		2	$350
Kiosk Staff-- Senior Park Aide-- PLSNR	$24,750	per FTE (20% of job) [12]		1 [13]	$24,750
Kiosk Staff-- Senior Park Aide-- HCP	$7,255	per FTE (20% of job) [12]		1 [13]	$7,255
Subtotal CDPR O&M Costs					**$100,038**
Administration and Monitoring (CDPR)	$15,000	lump sum		1	$15,000
Shuttle Operations (Public Agency)	$267,392	annually		1	$267,392
Subtotal Operations and Maintenance					**$115,038**

Prepared by New Economics & Advisory, December 2014.

[1] Planning-level estimate for studies, permitting, and planning.

[2] Includes benches, shelters, and trash cans.

[3] Draft Service Plan for the Fresno-Sequoia Kings Canyon Shuttle, prepared by Fehr & Peers, April 2013.

[4] SR 28 East Shore Demonstration Transit Shuttle Concept Development/Feasibility Study, Prepared by LSC, 2012.

[5] Includes parking lot entrance/exit signs, tow away zone/no stopping/transit only signs, A-frame signs for overflow parking options, etc.

[6] Assumes parking scenario conceptualized by Fehr & Peers for Alternative 4: Shuttle Option, February 2015.

[7] CDPR provided construction cost estimates for a 50-space parking lot and a 200-space parking lot. The average cost per space ranges from $2,000- $4,000, and includes anticipated inflation from 2015 for 22 months. Inflated costs are utilized because parking rates are not expected to increase.

[8] CDPR provided construction cost estimate of $504,101 (including 22 months of cost inflation from 2015) for a recently-built kiosk elsewhere in the parks system. This analysis, at the direction of CDPR staff, assumes a smaller kiosk that will cost roughly 75% of the recently-built kiosk.

[9] Estimated costs to acquire and install license plate readers and pay for monthly collection and reporting of data provided by CDPR staff, March 2015.

[10] Planning-level cost estimated by New Economics & Advisory for purposes of analysis. Subject to refinement.

[11] See Figure 4.5 (for Option 4: Expanded Parking Lot) for details on this assumption. Cost adjusted to reflect only 107 days instead of 365 days for parking lot operation.

[12] Fully-loaded staffing cost estimates provided by CDPR, March 2015. Reflects a mid-point of costs that include benefits. Cost adjusted to reflect only 107 days instead of 365 days for parking lot operation.

[13] Assumes one park aide for the new lot as well as one for the existing kiosk at the PLSR.

Sources: New Economics research, telephone interviews, and internet research, December 2014.

8.4 *Estimated Annua Shuttl Operations Costs*

2014$

Item	June 1- Sept 15 (by headways) 30-min	20-min	15-min
Days in Season	107	107	107
Hrs Per Day (9:00 am - 6:00 pm)	9	9	9
Headway	**30**	**20**	**15**
Trips/per Hour	2	3	4
Total Daily Trips	18	27	36
Vehicles All Day [1]	2	2	2
Daily Round Trips	18	27	36
Annual Round Trips	1,926	2,889	3,852
Annual Vehicle Miles (HCP to PLSNR Interior-- 6.6 miles RT)	12,712	19,067	25,423
Annual Vehicle Hours	1,926	1,926	1,926
Estimated Annual O&M Costs (Contractor)			
Annual Contractor Costs [1]			
Estimated Contractor Costs per Vehicle Hour [2]	$87	$87	$87
Estimated Contractor Costs per Vehicle Hour (Low) [3]	$75	$75	$75
Estimated Contractor Costs per Vehicle Hour (High) [3]	$102	$102	$102
Estimated Cost per Service Hour [4]	$122	$122	$122
Average Applied in this Analysis	$96	$96	$96
Subtotal Annual Contractor Costs	**$185,582**	**$166,817**	**$166,817**
Other Annual Costs			
Shuttle Bus Leasing [5]	$57,780	$57,780	$57,780
Marketing [2] [4]	$29,290	$29,290	$29,290
Shuttle Bus Changeable Message Signs (Lease) [2], [4]	$11,340	$11,340	$11,340
Temporary Restroom Rental (HCP)	$2,165	$2,165	$2,165
Subtotal Other Annual Costs	**$100,575**	**$100,575**	**$100,575**
Total Estimated O&M Costs (Contractor)	**$286,157**	**$267,392**	**$267,392**
CDPR Administrative Costs [6]	**$15,000**	**$15,000**	**$15,000**

Prepared by New Economics & Advisory, December 2014.

[1] Initial number of shuttle buses estimated in conjunction with Fehr & Peers, February 2015.

[2] Includes drivers, maintenance, fuel and oil, contractor insurance, and CDPR overhead.

[3] Based on SR 28 East Shore Demonstration Transit Shuttle project report by LSC, prepared in 2012. All costs inflated to 2014$.

[4] Fresno Sequoia Kings Canyon Draft Service Plan, prepared by Fehr & Peers, April 2013.

[5] 2014 Muir Woods Shuttle Evaluation Report, prepared by Marin Transit, December 2014.

[6] Average cost for Muir Woods Shuttle between 2008 and 2012 ranged from $28 to $35 per vehicle hour. This analysis uses $30 as a planning-level figure. Subject to further refinement in a future feasibility study.

[7] Planning-level lump sum estimate. Subject to further refinement in a future feasibility study.

8.5 *Option 6: Cash Flow Projection*

2015$

Item	Key Assumption(s)	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Total
REVENUES													
Annualized Net New Number of Paying Vehicles	See Option 4, Alt 1		48,107	56,278	64,449	72,620	72,620	72,620	72,620	72,620	72,620	72,620	677,178
Seasonal Net New Number of Paying Vehicles	40% per Figure 4.13		19,243	22,511	25,780	29,048	29,048	29,048	29,048	29,048	29,048	29,048	270,871
Seasonal Net New Parking Lot CDPR Fee Revenues [2], [3]	**$10 per paid vehicle**	**$0**	**$192,430**	**$225,114**	**$257,798**	**$290,481**	**$290,481**	**$290,481**	**$290,481**	**$290,481**	**$290,481**	**$290,481**	**$2,708,711**
COSTS													
Shuttle System Development	Figure 8.3	$291,400											$291,400
Parking Lot Development	Figure 8.3	$1,701,500											$1,701,500
Shuttle Annual Operations	Public Agency TBD		$267,392	$267,392	$267,392	$267,392	$267,392	$267,392	$267,392	$267,392	$267,392	$267,392	$2,673,916
CDPR Personnel Costs (HCP and PLSNR new costs)	CDPR		$100,038	$100,038	$100,038	$100,038	$100,038	$100,038	$100,038	$100,038	$100,038	$100,038	$1,000,377
Shuttle Administration Costs (CDPR)	Figure 8.4		$15,000	$15,000	$15,000	$15,000	$15,000	$15,000	$15,000	$15,000	$15,000	$15,000	$150,000
Subtotal Costs		**$1,992,900**	**$382,429**	**$382,429**	**$382,429**	**$382,429**	**$382,429**	**$382,429**	**$382,429**	**$382,429**	**$382,429**	**$382,429**	**$5,817,193**
Potential Net Revenues		**-$1,992,900**	**-$189,999**	**-$157,316**	**-$124,632**	**-$91,948**	**-$91,948**	**-$91,948**	**-$91,948**	**-$91,948**	**-$91,948**	**-$91,948**	**-$3,108,482**
ARR												*Value Not Returned*	

Prepared by New Economics & Advisory, December 2014.

[1] Because the shuttle will only operate seasonally, the total number of annual vehicles was reduced to reflect the portion of paid vehicles that currently enter the PLSNR between June 1 and September 15. A review of PLSNR visitation data suggests that between 38 and 40 percent of all paid vehicles entered the Reserve during this timeframe between 2009 and 2014. This analysis applies a 40% assumption.

[2] This analysis assumes that a 350 parking spaces; locations and configurations of lots are subject to refinement. This analysis assumes that vehicles will pay to park and ride the shuttle for free; CDPR may instead decide to make parking free and charge shuttle riders $3-4 round trip.

[3] This analysis assumes that parking will be largely prohibited at PLSNRs and along SR 1 near the PLSNR entrance, and that visitors will park at a new lot at HCP and pay $10 per vehicle. This fee will enable access to the shuttle at no additional cost. Persons dropped off could ride the shuttle for $3 RT, but this analysis does not estimate the number of drop-off riders.

Source: New Economics & Advisory, 2015.

Appendix A: Technical Support

A-1 *Case Studies: Cabin Concept Studies*

Capital and O&M Costs

Location	Redwood Coast Park Unit: Cost per Unit	Unit Metric	Total Cost	Other Units: Cost per Unit	Source
Concept	**12 rustic cabins spread over 3 locations, 100% ADA Compliant**				
Development Status	Going out to bid for construction				
CAPITAL COST ASSUMPTIONS					
Predevelopment costs	$55,350	per cabin [2]	$664,200		
CONSTRUCTION					
Site Development [1]					
Water, Sewer, Drainage Upgrades	$0	Already provided to area	$0		
Electrical Connection	$3,332	per cabin	$39,984		
Grading	$0	not in budget	$0		
Other Agency Fees (beyond utilities)	$0	not in budget	$0		
Archeological Monitoring (if needed)	$0	not in budget	$0		
Wetland restoration/replacement	$0	existing campground	$0		
Tree replacement	$0	existing campground	$0		
Subtotal Site Development	$3,332		$39,984	$75,000	CSPR Staff Feb 2015
Cabin-Related Costs [1]					
Gravel/Sand Underneath Cabin	$968	per cabin	$11,618		
Skirting Around Modular Cabin	$663	per cabin	$7,953		
Modular Cabin Purchase and Delivery	$35,828	per cabin	$429,936	$15,000-$25,000	CSPR Staff Feb 2015 [3]
Ramp Decking, Framing & Support	$4,650	per cabin	$55,802		
Hose Bib	$362	per cabin	$4,348		
Protective fencing	$0	not in budget	$0		
Temporary signs	$0	not in budget	$0		
Subtotal Cabin-Related Costs	$42,471		$509,656		
Other Amenities Surrounding Cabin [1]					
Parking Gravel Area	$143	per cabin	$1,721		
Outdoor Furniture (Wood Table, Campfire Ring, BBQ, Bear Box, Pressure Treated Perimeter)	$2,192	per cabin	$26,303		
Directional and Regulatory Signage	$0	not in budget	$0		
Interpretative Signage	$0	not in budget	$0		
Screen fencing, landscaping	$0	not in budget	$0		
Subtotal Amenities Subtotals	$2,335		$28,023		
Restroom [1]	$0	using existing facilities	$0		
Subtotal Construction	**$48,139**		**$577,664**		
Total Development and Construction Costs	**$103,489**		**$1,241,863**	$80,000-$163,000	CSPR Staff Feb 2015 [4], [5]

Prepared by New Economics & Advisory, February 2015.

[1] Only reflects materials costs for all items except modular cabin construction & delivery. Labor costs are excluded from this estimate.

[2] Design costs from Service Center for blueprints, archaeological studies, test wells, etc. through 2014. No environmental impact report needed because of location.

[3] Telephone interviews with other state parks studying alternative camping concepts yielded $15,000 for construction of a cabin prototype at Big Sur and $25,000 per cabin at Samuel P Taylor SP.

[4] Telephone interviews with other state parks units studying alternative camping concepts yielded $163,000 for an initial estimate per cabin at Angel Island. These costs are currently being reviewed and revised based on a different location.

[5] Budget estimate provided by Redwood Coast Park Unit, February 2015. An alternative estimate provided for Samuel P Taylor SP cabins was approximately $80,000 per unit, including labor but excluding predevelopment; no restroom facility was constructed there, either.

Source: CDPR staff, February 2015.

A-2 *Sensitivity Analysis*

Medium Scale Cabins (25 cabins)

Item	1-Jan-15	1-Jan-16	1-Jan-17	1-Jan-18	1-Jan-19	1-Jan-20	1-Jan-21	1-Jan-22	1-Jan-23	1-Jan-24	1-Jan-25
Revenue	$0	$396,186	$1,188,558	$1,584,744	$1,584,744	$1,584,744	$1,584,744	$1,584,744	$1,584,744	$1,584,744	$1,584,744
Costs	$9,099,900	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Net	-$9,099,900	$396,186	$1,188,558	$1,584,744	$1,584,744	$1,584,744	$1,584,744	$1,584,744	$1,584,744	$1,584,744	$1,584,744
											8.2%

Prepared by New Economics & Advisory, February 2015.
Source: New Economics & Advisory, 2015.

A-3 *Sensitivity Analysis*

Large Scale Cabins (50 cabins)

Item	1-Jan-15	1-Jan-16	1-Jan-17	1-Jan-18	1-Jan-19	1-Jan-20	1-Jan-21	1-Jan-22	1-Jan-23	1-Jan-24	1-Jan-25
Revenue	$0	$1,582,344	$4,747,031	$6,329,375	$6,329,375	$6,329,375	$6,329,375	$6,329,375	$6,329,375	$6,329,375	$6,329,375
Costs	$35,600,000	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Net	-$35,600,000	$1,582,344	$4,747,031	$6,329,375	$6,329,375	$6,329,375	$6,329,375	$6,329,375	$6,329,375	$6,329,375	$6,329,375
											8.6%

Prepared by New Economics & Advisory, February 2015.
Source: New Economics & Advisory, 2015.

A-4 *NatureBridge/Yosemite Capital Costs*
2015

Component	Cost (per unit)	Total Cost	Sq. Ft. per Unit	Total Sq. Ft.	Description
AdministrationBuilding	N/A	$3,000,000	N/A	2,900	An administration building that offers a combination of offices and meeting spaces with a 16-bed bunkhouse to provide additional residential space for staff.
Amphitheaters	$375,000	$750,000	N/A	N/A	Two amphitheaters, including a smaller "fire circle" that seats 60 individuals and a larger amphitheater that seats up to 224.
Bath Houses	$2,750,000	$5,500,000	2415	4,830	Two bath houses that each serve four cabins. One is located on the western side of the site and one on the eastern side.
Cabins	$1,850,000	$14,800,000	3000	24,000	Eight cabins equipped with 24 beds each. All cabinsare designed to be easily partitioned so multiple school groups can share them and/or the space can be divided among students and teachers, youth of different genders, and youth of varying ages.
Classroom, Library, and Laboratories	N/A	$2,500,000	N/A	2,812	A classroom comprised of a library and two laboratories. The library provides a space for focused educational work and can accommodate up to 100 students at a time. It also offers a large meeting room for activities, formal presentations, and designated quiet space. In addition to the library, one laboratory is designed to support a wide range of educational programs, and the second is set up specifically as a science laboratory.
Dining Hall	N/A	$9,000,000	N/A	11,946	A two-floor dining hall that seats 112 NatureBridge participants at a time. The set-up of the dining hall allows for two meal shifts, thus providing the capacity to serve up to 224 individuals per meal. The top floor includes a kitchen, dining room, staff annex, and bathrooms. The lower floor has a gear room, teacher room, and centralized energy system.
Arrival Shelter	N/A	$250,000	N/A	N/A	An entrance shelter for loading and unloading vehicles as groups arrive and depart.
Firehouse	N/A	$2,000,000	N/A	3,033	A firehouse allowing emergency response resources to be staged on site and providing the opportunity for fire management education.
Maintenance Building	N/A	$1,750,000	N/A	1,292	A maintenance shed located on the north side of the site, an appropriate distance from student areas.
Staff Housing	N/A	$2,500,000	N/A	2,485	A four-unit staff apartment building providing residential space for food service staff and the site manager.
Total		**$42,050,000**	**$789**	**53,298**	

Prepared by New Economics & Advisory, November 2015.

Source: Yosemite Institute Environmental Education Campus Draft Environmental Impact Statement, May 2009; www.naturebridge.org accessed 11.18.2015.

A-5 *Islandwood Statement of Values*
2015

Loc	B #	Occupancy	Year	Sq. Ft.	Construction	Spk	Bldg	Personal Property
1	1	Gate House/Entry Bldg #30	2002	300	Frame	No	$90,000	$10,000
1	2	Bike Shelter	2002	220	Concrete Stem Wall-Frame		$15,000	
1	3	Welcome/Arrival Shelter	2002	578	Frame	No	$45,000	$50,000
1	4	Admin/Office-Bldg 40	2002	16,306	Frame	Yes	$3,200,000	$200,000
1	5	Dining Hall/Bldg 34	2002	8,328	Frame	Yes	$1,815,000	$75,000
1	6	Maintenance-Bldg #32	2002	4,930	Frame	Yes	$410,000	$200,000
1	7	Learning Studios/Bluebill Cove-Bldg 36	2002/2009	8,011	Frame	Yes	$1,900,000	$350,000
1	8	Creative Arts Studio-Bldg 38	2002	1,352	Frame	Yes	$350,000	$45,000
1	9	Lodge A/Birds Nest Lodge? #42	2002	7,422	Frame	Yes	$1,600,000	$53,300
1	10	Lodge B/Invertebrate Inn? #46	2002	7,422	Frame	Yes	$1,600,000	$53,300
1	11	Lodge C/Mammals Den? #48	2002	7,422	Frame	Yes	$1,600,000	$53,300
1	12	Lodge D/Ichthyology Inn? #33	2002/2009	11,524	Frame	Yes	$5,000,000	$150,000
1	13	Guest Cottage-Bldg 44	2002	940	Frame	No	$160,000	$15,000
1	14	Green House-Living Machine	2002/2012	1,418	Glass	Yes	$500,000	
1	15	Grad House 5A & 5B	2002	671	Frame	No	$80,000	$5,250
1	16	Grad House 7A & 7B	2002	671	Frame	No	$80,000	$5,250
1	17	Grad House 9A & 9B	2002	671	Frame	No	$80,000	$5,250
1	18	Grad House 11A & 11B	2002	671	Frame	No	$80,000	$5,250
1	19	Grad House 17A & 17B	2002	671	Frame	No	$80,000	$5,250
1	20	Grad House 19A & 19B	2002	671	Frame	No	$80,000	$5,250
1	21	Grad House 21A & 21B	2002	671	Frame	No	$80,000	$5,250
1	22	Grad House 23A & 23B	2002	708	Frame	No	$80,000	$5,250
1	23	Grad Lodge Bldg 3	2008	3,030	Frame	No	$545,000	$43,000
1	24	Grad Commons-Bldg 15	2002	1,656	Frame	No	$295,000	$15,000
1	25	Staff Bungalow-Bldg 1	2002	1,736	Frame	No	$175,000	
1	26	Directors residence	2001	3,632	Frame	No	$310,000	$60,000
1	27	Friendship Circle	2002	1,018	Frame	No	$146,250	
		Friendship Restrooms	2008	80	Frame	No	$46,000	
1	28	Mill House	2001	1,750	Frame	No	$75,000	
1	29	Boardwalk/Bird Blind	2001	255	Frame	No	$55,000	
1	30	Pond Shelter	2001	288	Frame	No	$50,000	
1	31	Floating Classroom	2002	180	Raft-Wood	No	$50,000	
1	32	Remote Restroom 1	2002	60	Frame-Clivus Trail Head	No	$45,000	
1	33	Remote Restroom 2	2002	60	Frame-Clivus Trail Head	No	$45,000	
1	34	Remote Restroom 3	2004	60	Frame-Clivus Trail Head		$37,000	
1	35	Remote Restroom 4	2004	60	Frame-Clivus Trail Head		$35,000	
1**	36	Bog Viewing Tree House	2001	522	Frame	No	$115,000	$25,000
1**	37	Learning TreeTree house study	2001	500	Frame	No	$200,000	
1	38	Forest Canopy Structure	2010	400	Non-Combustible	No	$350,000	
1	39	Suspension Bridge w/Shelter	2001	2,964	Frame & Helicoil & Steel-Concrete Footings	No	$150,000	
1	40	Teams Course-Whale Watch	2002	700	Frame	No	$8,000	
1	41	Teams Course-Islands	2002	450	Lumber	No	$3,000	
1	42	Teams Course-Wobbly Log	2002	480	Log	No	$4,000	
1	43	Teams Course-Low V	2002	700	Steel Cable	No	$4,000	
1	44	Teams Course-Mohawk Walk	2002	1,000	Log	No	$4,000	
1	45	Teams Course-Nitro Crossing	2002	750	Steel Cable	No	$3,000	
1	46	Teams Course-Spider Web	2002	450	Nylon Rope	No	$3,000	
1	47	Green House-Garden	2002	931	Glass	No	$80,000	$25,000
1	48	Laundry Building-Bldg #32	2009	902	Frame	No	$150,000	$5,000
1	49	Cart Storage A	2002	438	Frame	No	$40,000	
1	50	Cart Storage B	2002	438	Frame	No	$40,000	
1	51	Recycle Center	2002	220	Frame	No	$18,000	
1	52	Composting Shelter	2002	600	Timber Post & Cyclone Fence	No	$40,000	
		Subtotal		**107,888**			**$ 22,046,250**	

Prepared by New Economics & Advisory, November 2015.
Source: https://islandwood.org/gatherings-and-events/lodging; telephone and email interviews with organizational staff, November 2015.

A-6 *Sensitivity Analysis - Visitor Center*

Increased Capital Costs

Item	Key Assumption(s)	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Total
REVENUES													
Visitor's Center													
Annual Number of Customers	2% increase each year		21,669	22,103	22,545	22,995	23,455	23,924	24,403	24,891	25,389	25,897	237,271
Estimated Gross Revenues	$2 per customer		$43,338	$44,205	$45,089	$45,991	$46,911	$47,849	$48,806	$49,782	$50,778	$51,793	$474,542
Concession Revenue to CDPR (sales)	7%		$3,034	$3,094	$3,156	$3,219	$3,284	$3,349	$3,416	$3,485	$3,554	$3,626	$33,218
Concession Revenue to CDPR (facilities)	3%		$1,300	$1,326	$1,353	$1,380	$1,407	$1,435	$1,464	$1,493	$1,523	$1,554	$14,236
Rent to CDPR													
Subtotal Revenues to CDPR			**$4,334**	**$4,421**	**$4,509**	**$4,599**	**$4,691**	**$4,785**	**$4,881**	**$4,978**	**$5,078**	**$5,179**	**$47,454**
Café													
Annual Number of Customers	2% increase each year		105,637	107,750	109,905	112,103	114,345	116,632	118,964	121,344	123,771	126,246	1,156,695
Estimated Gross Revenues	$10 per customer		$1,056,370	$1,077,497	$1,099,047	$1,121,028	$1,143,448	$1,166,317	$1,189,644	$1,213,437	$1,237,705	$1,262,459	$11,566,952
Concession Revenue to CDPR (sales)	15%		$158,455	$161,625	$164,857	$168,154	$171,517	$174,948	$178,447	$182,015	$185,656	$189,369	$1,735,043
Concession Revenue to CDPR (facilities)	3%		$31,691	$32,325	$32,971	$33,631	$34,303	$34,990	$35,689	$36,403	$37,131	$37,874	$347,009
Rent to CDPR													
Subtotal Revenues to CDPR			**$190,147**	**$193,949**	**$197,828**	**$201,785**	**$205,821**	**$209,937**	**$214,136**	**$218,419**	**$222,787**	**$227,243**	**$2,082,051**
Retail Sales													
Annual Number of Customers	2% increase each year		29,795	30,391	30,999	31,619	32,251	32,896	33,554	34,225	34,910	35,608	326,247
Estimated Gross Revenues	$15 per customer		$297,950	$303,909	$309,988	$316,187	$322,511	$328,961	$335,541	$342,251	$349,096	$356,078	$3,262,474
Concession Revenue to CDPR (sales)	8%		$23,836	$24,313	$24,799	$25,295	$25,801	$26,317	$26,843	$27,380	$27,928	$28,486	$260,998
Concession Revenue to CDPR (facilities)	3%		$8,939	$9,117	$9,300	$9,486	$9,675	$9,869	$10,066	$10,268	$10,473	$10,682	$97,874
Rent to CDPR	TBD												
Subtotal Revenues to CDPR			**$32,775**	**$33,430**	**$34,099**	**$34,781**	**$35,476**	**$36,186**	**$36,909**	**$37,648**	**$38,401**	**$39,169**	**$358,872**
Subtotal Revenues to CDPR			**$227,255**	**$231,800**	**$236,436**	**$241,165**	**$245,988**	**$250,908**	**$255,926**	**$261,044**	**$266,265**	**$271,591**	**$2,488,378**
COSTS													
CDPR Share of Fixed Costs													
Visitor's Center	predevelopment & development	$1,012,000											
Café		$607,200											
Retail		$556,600											
Subtotal Fixed Costs (CDPR)		**$2,175,800**											
Annual Operations & Maintenance													
Major Repairs Visitor's Center	5%		$13,200	$13,200	$13,200	$13,200	$13,200	$13,200	$13,200	$13,200	$13,200	$13,200	$132,000
Major Repairs Café	5%		$7,920	$7,920	$7,920	$7,920	$7,920	$7,920	$7,920	$7,920	$7,920	$7,920	$79,200
Major Repairs Retail	5%		$7,260	$7,260	$7,260	$7,260	$7,260	$7,260	$7,260	$7,260	$7,260	$7,260	$72,600
Subtotal Annual O&M (CDPR)			**$28,380**	**$28,380**	**$28,380**	**$28,380**	**$28,380**	**$28,380**	**$28,380**	**$28,380**	**$28,380**	**$28,380**	**$283,800**
Total Annual Costs to CDPR		**$2,175,800**	**$28,380**	**$28,380**	**$28,380**	**$28,380**	**$28,380**	**$28,380**	**$28,380**	**$28,380**	**$28,380**	**$28,380**	**$283,800**
Potential Net Revenues		**($2,175,800)**	**$198,875**	**$203,420**	**$208,056**	**$212,785**	**$217,608**	**$222,528**	**$227,546**	**$232,664**	**$237,885**	**$243,211**	**$28,778**
ARR													**0.2%**

Prepared by New Economics & Advisory, November 2015.
Source: New Economics & Advisory.

A-7 *Sensitivity Analysis - Visitor Center*

Decreased Visitor Capture Rate

Item	Key Assumption(s)	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Total
REVENUES													
Visitor's Center													
Annual Number of Customers	2% increase each year	50%	10,835	11,051	11,272	11,498	11,728	11,962	12,201	12,446	12,694	12,948	118,636
Estimated Gross Revenues	$2 per customer		$21,669	$22,103	$22,545	$22,995	$23,455	$23,924	$24,403	$24,891	$25,389	$25,897	$237,271
Concession Revenue to CDPR (sales)	7%		$1,517	$1,547	$1,578	$1,610	$1,642	$1,675	$1,708	$1,742	$1,777	$1,813	$16,609
Concession Revenue to CDPR (facilities)	3%		$650	$663	$676	$690	$704	$718	$732	$747	$762	$777	$7,118
Rent to CDPR													
Subtotal Revenues to CDPR			**$2,167**	**$2,210**	**$2,254**	**$2,300**	**$2,346**	**$2,392**	**$2,440**	**$2,489**	**$2,539**	**$2,590**	**$23,727**
Café													
Annual Number of Customers	2% increase each year	50%	52,818	53,875	54,952	56,051	57,172	58,316	59,482	60,672	61,885	63,123	578,348
Estimated Gross Revenues	$10 per customer		$528,185	$538,748	$549,523	$560,514	$571,724	$583,159	$594,822	$606,718	$618,853	$631,230	$5,783,481
Concession Revenue to CDPR (sales)	15%		$79,228	$80,812	$82,429	$84,077	$85,759	$87,474	$89,223	$91,008	$92,828	$94,684	$867,522
Concession Revenue to CDPR (facilities)	3%		$15,846	$16,162	$16,486	$16,815	$17,152	$17,495	$17,845	$18,202	$18,566	$18,937	$173,504
Rent to CDPR													
Subtotal Revenues to CDPR			**$95,073**	**$96,975**	**$98,914**	**$100,893**	**$102,910**	**$104,969**	**$107,068**	**$109,209**	**$111,393**	**$113,621**	**$1,041,027**
Retail Sales													
Annual Number of Customers	2% increase each year	50%	14,898	15,195	15,499	15,809	16,126	16,448	16,777	17,113	17,455	17,804	163,124
Estimated Gross Revenues	$15 per customer		$148,975	$151,955	$154,994	$158,094	$161,256	$164,481	$167,770	$171,126	$174,548	$178,039	$1,631,242
Concession Revenue to CDPR (sales)	8%		$11,918	$12,156	$12,400	$12,647	$12,900	$13,158	$13,422	$13,690	$13,964	$14,243	$130,499
Concession Revenue to CDPR (facilities)	3%		$4,469	$4,559	$4,650	$4,743	$4,838	$4,934	$5,033	$5,134	$5,236	$5,341	$48,937
Rent to CDPR	TBD												
Subtotal Revenues to CDPR			**$16,387**	**$16,715**	**$17,049**	**$17,390**	**$17,738**	**$18,093**	**$18,455**	**$18,824**	**$19,200**	**$19,584**	**$179,437**
Subtotal Revenues to CDPR			**$113,627**	**$115,900**	**$118,218**	**$120,582**	**$122,994**	**$125,454**	**$127,963**	**$130,522**	**$133,133**	**$135,795**	**$1,244,189**
COSTS													
CDPR Share of Fixed Costs													
Visitor's Center	predevelopment & development	$440,000											
Café		$264,000											
Retail		$242,000											
Subtotal Fixed Costs (CDPR)		**$946,000**											
Annual Operations & Maintenance													
Major Repairs Visitor's Center	5%		$13,200	$13,200	$13,200	$13,200	$13,200	$13,200	$13,200	$13,200	$13,200	$13,200	$132,000
Major Repairs Café	5%		$7,920	$7,920	$7,920	$7,920	$7,920	$7,920	$7,920	$7,920	$7,920	$7,920	$79,200
Major Repairs Retail	5%		$7,260	$7,260	$7,260	$7,260	$7,260	$7,260	$7,260	$7,260	$7,260	$7,260	$72,600
Subtotal Annual O&M (CDPR)			**$28,380**	**$28,380**	**$28,380**	**$28,380**	**$28,380**	**$28,380**	**$28,380**	**$28,380**	**$28,380**	**$28,380**	**$283,800**
Total Annual Costs to CDPR		**$946,000**	**$28,380**	**$28,380**	**$28,380**	**$28,380**	**$28,380**	**$28,380**	**$28,380**	**$28,380**	**$28,380**	**$28,380**	**$283,800**
Potential Net Revenues		**($946,000)**	**$85,247**	**$87,520**	**$89,838**	**$92,202**	**$94,614**	**$97,074**	**$99,583**	**$102,142**	**$104,753**	**$107,415**	**$14,389**
ARR													**0.3%**

Prepared by New Economics & Advisory, November 2015.
Source: New Economics & Advisory.

A-8 *Sensitivity Analysis - Visitor Center*

Decreased Revenues per Visitor Center Customer

Item	Key Assumption(s)	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Total
REVENUES													
Visitor's Center													
Annual Number of Customers	2% increase each year		21,669	22,103	22,545	22,995	23,455	23,924	24,403	24,891	25,389	25,897	237,271
Estimated Gross Revenues	$2 per customer	50%	$21,669	$22,103	$22,545	$22,995	$23,455	$23,924	$24,403	$24,891	$25,389	$25,897	$237,271
Concession Revenue to CDPR (sales)	7%		$1,517	$1,547	$1,578	$1,610	$1,642	$1,675	$1,708	$1,742	$1,777	$1,813	$16,609
Concession Revenue to CDPR (facilities)	3%		$650	$663	$676	$690	$704	$718	$732	$747	$762	$777	$7,118
Rent to CDPR													
Subtotal Revenues to CDPR			**$2,167**	**$2,210**	**$2,254**	**$2,300**	**$2,346**	**$2,392**	**$2,440**	**$2,489**	**$2,539**	**$2,590**	**$23,727**
Café													
Annual Number of Customers	2% increase each year		105,637	107,750	109,905	112,103	114,345	116,632	118,964	121,344	123,771	126,246	1,156,695
Estimated Gross Revenues	$10 per customer	50%	$528,185	$538,748	$549,523	$560,514	$571,724	$583,159	$594,822	$606,718	$618,853	$631,230	$5,783,476
Concession Revenue to CDPR (sales)	15%		$79,228	$80,812	$82,429	$84,077	$85,759	$87,474	$89,223	$91,008	$92,828	$94,684	$867,521
Concession Revenue to CDPR (facilities)	3%		$15,846	$16,162	$16,486	$16,815	$17,152	$17,495	$17,845	$18,202	$18,566	$18,937	$173,504
Rent to CDPR													
Subtotal Revenues to CDPR			**$95,073**	**$96,975**	**$98,914**	**$100,893**	**$102,910**	**$104,969**	**$107,068**	**$109,209**	**$111,393**	**$113,621**	**$1,041,026**
Retail Sales													
Annual Number of Customers	2% increase each year		29,795	30,391	30,999	31,619	32,251	32,896	33,554	34,225	34,910	35,608	326,247
Estimated Gross Revenues	$15 per customer	50%	$148,975	$151,955	$154,994	$158,094	$161,256	$164,481	$167,770	$171,126	$174,548	$178,039	$1,631,237
Concession Revenue to CDPR (sales)	8%		$11,918	$12,156	$12,400	$12,647	$12,900	$13,158	$13,422	$13,690	$13,964	$14,243	$130,499
Concession Revenue to CDPR (facilities)	3%		$4,469	$4,559	$4,650	$4,743	$4,838	$4,934	$5,033	$5,134	$5,236	$5,341	$48,937
Rent to CDPR	TBD												
Subtotal Revenues to CDPR			**$16,387**	**$16,715**	**$17,049**	**$17,390**	**$17,738**	**$18,093**	**$18,455**	**$18,824**	**$19,200**	**$19,584**	**$179,436**
Subtotal Revenues to CDPR			**$113,627**	**$115,900**	**$118,218**	**$120,582**	**$122,994**	**$125,454**	**$127,963**	**$130,522**	**$133,133**	**$135,795**	**$1,244,189**
COSTS													
CDPR Share of Fixed Costs													
Visitor's Center	predevelopment & development	$440,000											
Café		$264,000											
Retail		$242,000											
Subtotal Fixed Costs (CDPR)		**$946,000**											
Annual Operations & Maintenance													
Major Repairs Visitor's Center	5%		$13,200	$13,200	$13,200	$13,200	$13,200	$13,200	$13,200	$13,200	$13,200	$13,200	$132,000
Major Repairs Café	5%		$7,920	$7,920	$7,920	$7,920	$7,920	$7,920	$7,920	$7,920	$7,920	$7,920	$79,200
Major Repairs Retail	5%		$7,260	$7,260	$7,260	$7,260	$7,260	$7,260	$7,260	$7,260	$7,260	$7,260	$72,600
Subtotal Annual O&M (CDPR)			**$28,380**	**$28,380**	**$28,380**	**$28,380**	**$28,380**	**$28,380**	**$28,380**	**$28,380**	**$28,380**	**$28,380**	**$283,800**
Total Annual Costs to CDPR		**$946,000**	**$28,380**	**$28,380**	**$28,380**	**$28,380**	**$28,380**	**$28,380**	**$28,380**	**$28,380**	**$28,380**	**$28,380**	**$283,800**
Potential Net Revenues		**($946,000)**	**$85,247**	**$87,520**	**$89,838**	**$92,202**	**$94,614**	**$97,074**	**$99,583**	**$102,142**	**$104,753**	**$107,415**	**$14,389**
ARR													**0.3%**

Prepared by New Economics & Advisory, November 2015.
Source: New Economics & Advisory.

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