

**FEASIBILITY ANALYSIS
BISCAYNE NATIONAL UNDERWATER PARK, INC.
Task Order #30**

Prepared for the
NATIONAL PARK SERVICE
Denver Service Center

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I. PURPOSE AND BACKGROUND

This report presents an evaluation of the financial feasibility of a private concessioner investing in and operating various boating and tour facilities in Biscayne National Park (BNP). The analysis seeks to determine whether such a concessioner will be able to realize a reasonable profit on the operation commensurate with the capital invested, obligations assumed, and recognizing the competitive environment in which the enterprise will operate.

The five-year concession permit expired in 1992 and the concessioner is currently operating with an interim letter of authorization. The National Park Service (NPS) intends to execute a new contract by March 1996 and will require the concessioner to undertake and complete a development program in general accordance with the Biscayne National Park General Management Plan (GMP).

Biscayne National Park, established in April 1980, is a 175,000 acre marine park located approximately 30 miles south of Miami in the City of Homestead. The Park extends 22 miles south from the tip of Key Biscayne to Broad Creek on the Dade/Monroe county line. The Park encompasses the southern half of Biscayne Bay, including a string of vegetated coral islands or keys. Biscayne Bay is a shallow body averaging only about 13 feet in depth. The Park's eastern border lies at the 10 fathom (60 foot) bathymetric contour in the Atlantic Ocean. Its western boundary is comprised a narrow mangrove-fringed coastline. The majority of the Bay's seabed is made up of turtle grass and patches of algae, sponges, and soft coral. The area east of the coral islands contains the northernmost tract of living coral in the United States as well as a number of submerged ship wrecks.

The Park's land area, which comprises only 5% of the total area, is divided between the 4,300 acres of keys (islands) and 4,500 acres of mainland shoreline. The Park's main entrance is located at Convoy Point, which also serves as an administrative center for the National Park Service and as a launching point to the Park's outer islands and underwater attractions. A newly built visitor center is expected to be completed in early 1997. The NPS also maintains a facility at Elliott Key, the largest of the vegetated coral islands. Ranger stations at Adams Key and at Boca Chita, two smaller islands, are currently being repaired and rebuilt.

Biscayne National Park is different from most other national parks in that there is no controlled access to the majority of its resources. Any visitor can launch a boat from the various public and private marinas surrounding Biscayne Bay to enter the park. In fact, the park is a very popular weekend destination among Miami boaters. On the other hand, due perhaps to its somewhat isolated location, the number of visitors entering through the park's main entrance at Convoy Point is very small compared with the total number of park users.

The Park was severely impacted by Hurricane Andrew in August 1992. The Hurricane's center, or eye, passed directly over Convoy Point. Its winds exceeded 150 miles per hour and destroyed the Park's administrative center, which was undergoing construction at the

time, as well a set of wooden structures that housed the visitor center. Various National Park Service facilities on the outer island were either also destroyed or severely damaged. The Hurricane also damaged some of the coral reef tract, though this was mitigated by the storm moving relatively quickly through the area. The Park was closed for three and half months. While many of the Park's facilities have been rebuilt, current visitation has yet to reach pre-hurricane levels.

The current concessioner, Biscayne National Underwater Park Company, operates a 45 foot Corinthian catamaran dive boat and a 53 foot glass bottom tour boat. The concessioner currently provides the following services:

- Daily scuba diving trips which take place in the morning and afternoon (4 hours each).
- Daily snorkel trip which takes place with the afternoon dive boat trip.
- Daily glass bottom boat tours.
- Daily transportation to and from Elliott Key.
- Sale of merchandise (T-shirts, sandals, and souvenirs) and snacks.
- Rental of scuba and snorkel equipment.

Due to the Park's relatively low visitation levels, the concessioner has provided these services only three or four times a week, depending on demand. And, trips are occasionally canceled due to low demand and/or poor weather conditions.

Some services are combined. For example, the glass bottom tour sometimes provides transportation to Elliott Key, the Park's largest island, where visitors can camp and hike along the nature trails. The glass bottom boat will drop passengers on its way out. These visitors will then be picked up in the afternoon by the dive/snorkel boat returning from its trip. Also, either the glass bottom boat or the dive/snorkel boat may be chartered by groups for a \$600 fee. This appears to be a popular excursion among educational institutions, from elementary schools to university graduate programs, who use the trip as part of their environmental awareness courses.

Visitors to Convoy Point may also rent canoes to explore the mangroves along the coastline. Currently, there is no food and beverage outlet nor lodging facility in the Park although the concessioner does sell some microwavable snacks and sandwiches from a small refrigerator.

Table I and Chart I present attendance figures at Biscayne National Park from 1988 to 1995. While total visitation grew from about 530 thousand in 1988 to nearly 590 thousand in 1989, it decreased by nearly 50% to slightly over 300 thousand by 1992 (the year of Hurricane

Andrew). Attendance figures for 1993 and 1994 were not available due to disruptions caused by the hurricane. However, attendance has rebounded significantly in 1995, nearly to its 1989 level.

It should be noted, however, that the attendance figures are not actual counts but are only estimates, since most visitors entering the Park are boaters who cross the Park boundary from elsewhere in Biscayne Bay. The estimates are derived from two sources of information. First, marinas along Biscayne Bay provide the NPS with information about their daily boat departures. These departures are then correlated by the NPS with periodic aerial photographs taken of Biscayne Bay using a computer model in Denver, Colorado.

More important and relevant to the concession operation is the volume of visitors to Convoy Point where the concession operation has been and will be located. Therefore, the Table I and Chart I also include attendance to the NPS's visitor center. Over the past eight years, visitation to the center reached a peak of nearly 44 thousand in 1993, the year after Hurricane Andrew. It then diminished to about 19 thousand in 1995, representing only about 3.2% of the total estimated visitation to the Park in that year.

I. DESCRIPTION OF THE AREA

Access by land to BNP is located approximately 35 miles south of Miami at Convoy Point and just outside the city of Homestead. Homestead and the area surrounding the Park are primarily agricultural and have avoided much of the development and growth of Miami and its suburbs. Homestead Air Force Base, which was home to the 31st Fighter Wing squadron, was significantly downsized by the Base Closure and Realignment Commission as well as by Hurricane Andrew which caused serious damage. Except for a newly built auto racing and sports complex near Convoy Point and Everglades National Park to the west, there are few tourist attractions in the region. There are no hotels or restaurants within or adjacent to the Park. The nearby hospitality services include six hotels (Holiday Inn, Hampton Inn, Best Western, Days Inn, Econo Lodge and a Howard Johnson), and a few restaurants ten miles away in the Homestead/Florida City area.

The Park's main entrance (via land) is located at Convoy Point just outside the city of Homestead. The entrance is adjacent to the Homestead Bayfront Park and Marina, which provides boat mooring, ramp access and fuel services. The Turkey Point Nuclear Plant, to the south, is visible from many areas of the Park.

Admission to BNP is free. Land access to the Park is easiest by traveling south on Florida's Turnpike and exiting east at Exit 6. After traveling 4.5 miles, one turns left at 328th street or Canal Drive and drives for 5 miles to the Park's main entrance. After exiting the Turnpike, all access routes to the Park are two-lane, country roads. Though the Park is 10 miles from the Turnpike, the present lack of signage can make finding the Park difficult. Coming from Miami via the Turnpike, there is currently only one "Biscayne National Park"

sign, and this is located 2.5 miles from the Park entrance. The lack of signage is a serious problem which needs to be addressed by both the National Park Service and the concessioner. While the concessioner should consider renting billboards along the main thoroughfares to advertise the Park's activities, official signage (similar to that provided for other national parks) should be installed to offer clear directions to the Park.

Access to the Park by water, on the other hand, is unrestrained as there are no natural boundaries that prevent boaters from entering. As indicated by total attendance estimates which reached over 580 thousand in 1995, the Park and particularly the waters around Elliott Key is a popular destination for weekend boaters from Miami.

The Park is in a very advantageous location, lying between a very large metropolitan region, Miami, and two popular tourist destination areas, the Florida Keys and Everglades National Park. The next closest reef area is in John Pennekamp State Park, just south of BNP and east of Key Largo. However, as opposed to John Pennekamp State Park, spear fishing is allowed in BNP, making it an attractive site for scuba divers. The park also serves as a passageway for boaters traveling to the Keys.

While the Park's location would seem to make it an attractive alternative to John Pennekamp State Park for snorkelers and scuba divers, it has two natural drawbacks. First, it is not easily accessed from the main highway, while Pennekamp's entrance is in Key Largo and right on the highway. Inadequate signing only exacerbates this problem. Second, the coral reefs are somewhat farther from Convoy Point than from Pennekamp's embarkation locations, requiring more time for the snorkeling and dive trips and also making the success of those trips less certain, since the safety and visibility conditions of the sea cannot be determined without making the trip. The trips occasionally have to be terminated without the snorkelers/divers entering the water.

According to a recent article in USA Today, the park ranked in the top 10 least visited national parks in the nation.¹ Clearly, a successful concession operation will be dependent upon a promotional and marketing effort being effective in attracting both nearby residents and visitors to the region.

III. MARKET

Tourism and its related services is Dade County's largest industry. Further south, in the Florida Keys, tourism is the single most important sector of the local economy. As a result, while there is a sizable number of visitors that come to South Florida, there is also a significant amount of tourist destinations that compete for their expenditures. It should also be noted that unlike the Keys or the Greater Miami area, neither Homestead nor the area

1. USA Today, May 12, 1995.

surrounding BNP are geared towards tourism. There are no hotel rooms within or immediately adjacent to the Park. Somewhat less than 600 hotels rooms presently exist near the Park, but none are closer than a 20 minute drive. And, there is no public transportation into the park.

Unlike at most other national parks, BNP's concessioner must compete with nearby commercial operators which have access to similarly attractive natural resources. The most attractive resources are under water, accessible only by glass bottom boat, snorkeling or scuba diving tours. Most of the Park's direct competition comes from the Keys and to a lesser extent, dive shops and water-oriented attractions in the Miami area. Indeed, some of those competitors' facilities are better developed, are in a more attractive settings and are more accessible to visitors. However, the underwater natural resources to which those competitors have access are not necessarily more attractive than those found at BNP. The following is a brief description of the Park's main competitors:

A. John Pennekamp State Park

BNP's most direct competitor is John Pennekamp State Park in Key Largo, and located approximately 20 miles to the south. Even accounting for BNP's greater distance from the main highway, Pennekamp is somewhat farther from Miami. Although Pennekamp's corals reefs are part of the same reef system as those in BNP, Pennekamp's are only 20 to 30 minutes from shore compared with Biscayne's which are about 45 to 60 minutes away.

Visitor attendance through Pennekamp's land entry, one of the most popular state parks in Florida, was 473,699 in 1995, more than 20 times BNP's visitor center attendance in that year. Table II and Chart II compare attendance at Pennekamp with BNP from 1989 through 1995.

The current concessioner at Pennekamp is the Coral Reef Park Company which is operating under a 10 year agreement due to expire October 31, 2003. Exhibit I presents a summary of the concessioner's contract at Pennekamp. Note in particular that the Pennekamp concessioner provides all of the services provided at BNP.

The concessioner at Pennekamp runs a well developed and organized operation. The three main facilities are all located near a small marina. One building is dedicated exclusively to the scuba diving operation. It includes a retail dive shop of approximately 20 ft. x 20 ft., which also serves as a registration desk for dive trips. Adjacent is a storage area for the rental diving equipment. This area has a large counter where divers pick up and return their rental equipment. The storage area, which faces the dock, also contains an air compressor, making it easy for the boat captains and mates to load and unload the scuba tanks. The dive operation has exclusive use of two boats of 45 feet and 30 feet, with a capacity for 35 and 12 divers, respectively. During the week, when there are only a few divers, only the small boat is used. On weekends, particularly during the summer season, it is not unusual for both boats to be filled for all trips.

In a separate location, two other buildings house the visitor center and a snack bar/merchandise facility. The visitor center contains a number of attractive interpretive exhibits, which include tanks of live fish and coral displays. The snack bar shares a building with a small gift shop and registration desk for non-scuba water activities, which include canoe and sailboat rental and snorkeling. There are also a small beach and grass areas with shaded picnic tables, where visitors can eat, relax and wait for a boat trip.

Admission to Pennekamp costs \$3.25 per vehicle plus \$0.50 per person. This fee is in addition to charges for the concessioner's services. The commercial success of the Pennekamp concessioner is evident by the State's ability to collect the greater of \$25,000 or 1.25% of gross sales each month from its concessioner.

B. Florida Keys

In addition to the concession operation at John Pennekamp State Park, there are numerous dive shops/centers along US Highway 1 which offer scuba diving trips into the park. Many of these centers advertise heavily, using billboards along the highway. In their efforts to attract visitors looking for the state park, many of the centers market themselves with slogans like the "Official Registration Center" for Pennekamp. Information for over 15 such dive centers can be found at the Upper Keys' Visitor Center.

Exhibit II presents the results of a small informal survey we conducted of dive shops/centers in the general area of John Pennekamp State Park. It indicates that competition for scuba divers' expenditures is very strong, and the price range per trip is narrow. The total daily capacity for the companies on this list alone totals over 1,000 divers, assuming the usual two dive trips per day. The dive centers included in the exhibit represent only those located in upper Key Largo. Many more centers exist south along US Highway 1.

The majority of the centers indicated in the exhibit also offer snorkeling trips that range in price from \$15 to \$25 per person. Most will offer discounts depending on how many trips are booked. Many have pre-arranged package deals with local hotels and resorts. And, a few offer glass bottom boat trips which can also be used for transporting scuba divers to the dive sites.

Many of the dive centers operate from a small retail outlet near the highway or inside a strip shopping center. The highway location is used to register and collect fees from visitors. The visitors will then drive to a second location at a nearby marina where the center's boat is anchored and where the dive center keeps its rental equipment. All dive centers are able to provide all of the equipment required for scuba diving, including the basic masks and fins, scuba tanks, weights and belts, buoyancy compensation vests, and regulators. The majority of the shops/centers offer a standard two tank dive, twice a day. As one can see from the table, prices are within a very narrow range.

Because of the fierce competition, the dive companies market aggressively within their area and beyond. Many dive companies in the Florida Keys advertise heavily along US Highway 1. They also provide information about their services in local and regional visitor bureaus, chambers of commerce, and in dive shops which do not also provide dive trips. Most companies offering dive charters have formed strategic alliances with retail diving shops throughout the Miami area and with hotels and resorts which recommend and even book their services. Usually, the referring business will receive a commission that ranges from between 10% and 25% of the total price of the dive.

The market has become so competitive that operators periodically enter the market and price their services under a break-even level. While such operators do not last very long, they have the effect of keeping prices very low for all.

C. Miami

Dive shops/centers operating boats from Key Biscayne and Miami Beach compete for divers who originate their trips from the Miami area. Since such centers are not able to easily reach the coral reefs of BNP or John Pennekamp State Park, they will arrange dives to wrecks and/or artificial reefs which are typically found less than 25 minutes from moorings at Key Biscayne and Miami Beach. The Miami area centers also offer a number of other water trips, such as charter boats and sailing trips, which also compete with the concessioner at BNP.

D. Biscayne National Park Concessioner

The concessioner will compete in this market having distinct disadvantages. BNP is not well known, though Pennekamp State Park and its dive sites are. Effective signing to BNP is almost entirely lacking. Land access is only marginally better than to Key Largo and Pennekamp. Water trips from the BNP marina to the reefs is considerably longer than from the Pennekamp marina. Pennekamp's concession and other park facilities are much better developed than at BNP, and will continue to be more extensive even after the BNP improvements are completed. And, the competition has had a significant head start in developing its marketing relationships with dive shops, hotels and travel services throughout the region. Even the nearby dive shops presently recommend the Key Largo centers before mentioning the BNP concession operation.

While most locals and many visitors are familiar with Biscayne Bay and the string of islands centered around Elliott Key, not many even know of its national park status. Those who try to drive to Convoy Point are discouraged by the lack of informational or directional signing. And, those who do enter the Park have been unimpressed by the existing facilities and discouraged by their limited capacity.

On the other hand, the new visitor center scheduled to be completed in January 1997 will be a good first step toward overcoming BNP's disadvantages. The national park designation

will be a distinct marketing asset. Good signing, in combination with a strong concessioner operation and a well targeted marketing program should be able to put BNP's concessioner on at least an equal footing with other commercial operations offering comparable water-oriented visitor services.

Unfortunately, the BNP concessioner will never possess the kind of exclusive access to unique natural resources which other national park concessioners enjoy. This disadvantage might be partly compensated by national park rangers accompanying the concessioner's glass bottom boat, snorkeling, and scuba diving boat tours to provide interpretive services to those groups.

IV. HISTORIC OPERATING RESULTS

Since 1989, the concession at BNP has been held by Biscayne Aqua Center, Inc. After a company restructuring in 1994, which brought in new capital and a new partner, the name of the operating entity was changed to Biscayne National Underwater Park, Inc. The previous manager, who was responsible for day to day operations, was also a 25% owner in the company and sold his interest. A new manager was hired and, though enthusiastic and capable, does not hold a share of the company's ownership. The change in ownership also brought a change in the way the operating results are reported. Operating results for the concession from 1988 to 1994, as reported to the NPS are presented in Table II. According to the figures provided, not including extraordinary gains from sale of property, *the concessioner has operated at a loss for six of the past seven years.*

A. Revenues

Total revenues, which had been growing at an average of 40% annually before Hurricane Andrew, reached a peak in 1991 when they reached \$456 thousand. In 1992, the year Hurricane Andrew struck, total revenues dropped to \$335 thousand. However, this figure represents revenues only through August 23rd, since the park was closed for nearly the remainder of the year. Had it not been for the hurricane, and given the positive trends, revenues might have been expected to exceed \$500 thousand in 1992. Instead, 1993 revenues were only about \$154 thousand. While 1994 revenues showed an increase of 24% over 1993, they were still significantly below the pre-hurricane levels.

Historically, most of the concessioner's revenues have been derived from boat tours, averaging about 73%, with the balance comprising merchandise/souvenirs and vending machine sales. During 1994, the last year for which financial statements are available, boat tours comprised 85% of total revenues. Unfortunately, the concessioner did not provide a breakdown between glass bottom tours and dive trips. However, conversations with the Park's personnel revealed that prior to the change in ownership, the concessioner concentrated more on the glass bottom boat tours segment of the business, though diving and snorkeling tours were made available.

Currently, the concessioner is focusing more on the diving portion of the business. Their reasoning is that while the costs of running the glass bottom boat and the dive boat are the same, the revenue generated by divers is greater, since it typically includes rental equipment as well as a higher fee per person.

B. Operating Expenses

Operating expenses have varied from 72% to 84% of total revenues during the years when business was reasonably good. In 1993, however, operating expenses shot up to 159%, coming down somewhat in 1994 to 113%. Evidently, the concessioner discovered that it was both difficult and bad business to cut back on services in response to lower demand. But even during the pre-hurricane period, the operating levels of the concession had not reached a point where economies of scale were sufficient to generate positive net income.

The largest portion of operating expenses has been management labor, expressed as both management fees and salaries, comprising a combined total of 28% to 30% of total revenues prior to Hurricane Andrew. After the Hurricane, however, the management fee was eliminated, though salaries remained at between \$96 to \$100 thousand.

Repair expenses appears to be a potentially troublesome item, varying significantly from year to year. It grew rather steadily between 1989 and 1992 to over \$55 thousand, then dropped to about a tenth of its former level in 1993 to about \$6 thousand. In 1994, repair costs appear to have resumed its former level. But it is hard to tell, because other expense items may have been included in repairs with the evident consolidation of expenses expressed in the 1994 statement.

C. Franchise Fee

The fee paid to the government for the concession franchise has been \$6,400 per year, or an average of 2% of revenue. In 1993, the fee was waived in light of the circumstances brought about by Hurricane Andrew. In 1994, the concessioner reported a government franchise fee totaling \$6,790.

D. Fixed Costs

Fixed expenses consist primarily of insurance which has averaged about 9% of revenue or about \$22 thousand annually. Interest expense is also included in fixed costs, as are depreciation and amortization. Between 1989 and 1993, depreciation and amortization were on the order of about \$1 to \$2 thousand. But, in both 1988 and 1994 they were a very significant \$49 thousand. The reason this expense was higher in 1994 was that two boats were acquired for \$300,000.

E. Net Operating Income

With the exception of 1991, when the concession generated an \$11 thousand operating profit, it has posted an annual net operating loss since 1988. However, trends up to 1991 were positive, and it appears that the operation might have continued in a positive direction had it not been for Hurricane Andrew. The hurricane, a significant reduction in visitation to Convoy Point, and the new ownership's philosophy of maintaining high service levels despite the decline in demand, appears to have combined to yield the continued and significant losses. During 1994, the last year for which financial statements were available, the concession generated a loss of nearly \$90 thousand.

V. FUTURE OPERATIONS

Opening of the visitor center in January 1997 will help increase visitation to Convoy Point. However, there are a number of issues which need to be addressed before the Park's resources can be efficiently managed to the benefit of the concessioner.

A. Marketing Plan

The success of a concession operating from Convoy Point will depend on how well the park and the concessioner's services can be promoted. Evidently, the park is neither well known nor well publicized. And, as described above, the local and regional markets for providing glass bottom boat, scuba diving and snorkeling tours is highly competitive. Responsibility for the marketing program should be divided between the NPS and the concessioner.

In its evaluation of an operator for the concession, the National Park Service ought to request a detailed marketing program from each of the concession candidates. This would enable the NPS to determine the prospective concessioner's understanding of the competitive situation and evaluate how each plans to aggressively market their services to effectively compete.

Such a marketing plan should include a number of components for promoting the park. It should certainly include appropriate informational and directional roadway signing. The concessioner might bear the cost of a billboard as well as well targeted advertising in industry publications. But the NPS ought to be responsible for roadway informational signing as well as all directional signing. Both are badly lacking.

The concessioner's marketing effort should include providing information brochures to travel agents, hotels, and visitor centers. It should provide for entering into "strategic alliances" with dive shops, hotel/resorts, and tour operators in the Miami area to obtain a continuous source of visitors. The concessioner should promote an understanding of the Park's proximity to Miami and target daily trips to the park.

But the NPS ought to share some responsibility for marketing the park's services beyond providing signing for the park. Given that the park's unique natural resources are almost entirely under water, there is an excellent opportunity for the NPS to enhance its service to the public by having park rangers provide interpretive services about the underwater resources while visitors are making tours of those resources. If park rangers were to accompany the concessioner's boat tours, and provide information during those tours, it would considerably enhance the attractiveness of the tours and presumably the concessioner's ability to market its tour services. For the purposes of this analysis, however, we did not assume that the rangers would provide such services.

The allure of Biscayne National Park should be promoted better by both the NPS and the concessioner, possibly in combination with information about nearby Everglades National Park. It should no longer be a secret that visitors do not have to travel all the way to the Keys to experience the beauty of a living coral reef. Indeed, without such a marketing plan, BNP and its concession operation are unlikely to attract the numbers of visitors appropriate to the park's resources or necessary to make the concession a profitable operation.

B. Historical Services

Table IV-A presents data provided by the NPS concerning visitors to Convoy Point and the nature of their use of the concession services from 1985 through 1995. Unfortunately, the information is not complete, mainly due to the loss of records in the aftermath of Hurricane Andrew. However, the data does provide an indication of the public's activity preferences, given the nature of the services provided. In particular, the figures indicate that the number of visitors to Convoy Point, which purchased some form of trip offered by the concessioner, grew from about 26% in 1987 to over 49% in 1995. Moreover, prior to Hurricane Andrew in 1991 and 1992, the percentage was also nearly 50%. Accordingly, we have assumed that in 1996 and 1997, 50% of all visitors to Convoy Point will purchase some type of trip from the concessioner, whether for scuba diving, snorkeling, or on a glass bottom boat.

After the change in concession ownership in 1994, more detailed records were kept according to the types of activities offered. Table IV-B presents the more detailed information about visitor use of the concessioner's services from July 1994 to June 1995. Glass bottom boat tours are shown to have been the most popular, representing about 32% of the visitor's use and 35% of the boat trips. Snorkel trips and boat charter were a close second and third at about 31% and 29% of visitor's, respectively. Scuba diving bookings were significantly fewer. Only about 7% of the users of concession services were divers.²

2. We recognized that the 46 people transported to Elliott Key in December 1994 was a one-time booking by the U.S. Fish and Wildlife Service and was not considered as significant in affecting future demand.

C. Additional Services

Currently, the concession's services at Biscayne National Park are limited to activities originating at Convoy Point. The NPS has suggested that the concessioner should also offer additional services, such as a sailboat charter to navigate through the park but originating from either Miami or Key Biscayne. However, it is difficult to envision the current concessioner investing the capital required to provide such services, while attempting to make the operation from Convoy Point profitable.

Moreover, if such an operation were attractive, it would not make sense for a concessioner to include it within its concession operation for which it would have its pricing and services controlled by the Park Service and might have to pay a franchise fee. A sailing charter leaving from Miami or Key Biscayne would not have to enter the Park for it necessarily to be attractive. So, a charter which embarked from Miami or Key Biscayne could easily avoid BNP and, therefore, avoid NPS control and fees. And, if BNP were the attraction and destination of such tours, the park's unrestricted access would enable a non-concessioner to enter without being exposed to the regulation of a park concessioner.

Presently, there are a number of operators at marinas around Biscayne Bay which charter sailboats or yachts to tourists that enter BNP. Visitors and locals alike can rent a sailboat and spend the weekend sailing Biscayne Bay and anchoring off Elliott Key. And, this is presently done without either party paying a fee to Biscayne National Park. As a result, not until the NPS can actively regulate access by water into the park will licensing a service originating outside of Convoy Point make economic sense.

As for accessing the BNP reefs for snorkeling, diving or glass bottom boat tours from Miami or Key Biscayne, the distance is simply too great to make a boat trip attractive to the public or economical for a concessioner.

D. Food and Beverage Outlet

Currently, the only food and beverages which can be purchased at Convoy Point are vending machine products and some refrigerated sandwiches available at the concessioner's retail store. The nearest full service restaurants which are easily accessible are located ten miles from the Park in Homestead. There is a restaurant at a nearby golf club, but it is not easy to find, and there are no signs directing visitors to its location. Homestead is so far away that visitors are unlikely to return to the Park once they go there for a meal. Conversely, if food and beverages were available in the Park, visitors would be more likely to remain longer and purchase more services from the concessioner.

We recommend that the NPS allow the concessioner to establish a small food and beverage outlet, located in a mobile facility, to serve BNP visitors. The facility would offer a limited menu (i.e., hot dogs, sandwiches, possibly hamburgers, snacks, ice cream, beverages, etc.) and be small enough to operate from a trailer requiring not more than three or four parking

spaces. A food and beverage outlet would also complement the new visitor center and would be an important visitor amenity. The food and beverage facility itself would not generate much additional profits for the concessioner, but it would provide an important service to visitors and keep them in BNP longer, enabling them to take better advantage of the park's resources and the concessioner's services. Such a food and beverage outlet has been included in our financial projections.

VI. CASH FLOW PROJECTIONS

We prepared estimates of annual revenues and expenses according to the concession's expected primary income and cost categories for the next 20 years. (See Table V.) The estimates were based on the concessioner's historical financial statements; data gathered during our interviews with management, NPS personnel, and managers of similar operations in the region; as well as information and our understanding of the relationships between operating revenues and expenses for similar enterprises elsewhere. We then prepared an estimate of the initial capital investments required (See Table VI), and of the periodic replacements and additions of equipment and improvements/augmentation of the facilities.

The cash flow projections were then consolidated and presented in Table VII (for a 15-year lease) and Table VIII (for a 20-year lease). The tables were used to determine the expected pre-tax internal rate of return on the concessioner's investment. The purpose was to investigate how much money the concessioner could afford to pay to the NPS as a percentage of gross revenues either as a franchise fee, a contribution to a capital improvement account, or both, while earning a reasonable profit. The following describes the principal assumptions used in the preparation of the projections.

A. Visitor Attendance/Activity

Future Visitor Center Attendance: The success of the concessioner's operation will be a direct function of the attendance at the visitor center at Convoy Point. We have assumed that visitor attendance in 1996 will increase only slightly from its 1995 level to approximately 20,000, since the facilities for the new center will be undergoing construction and new information or directional signage may not yet be in place. In 1997, the new visitor center is expected to be open. Conversations with NPS personnel have indicated that the exhibits will be comparable, if not better, than the displays at Pennekamp. After that, we expect visitor entry at Convoy Point to grow substantially.

In making our growth forecasts, we have assumed adequate signage, showing clear directions to the Park, will be installed along the main thoroughfares. Also, we have assumed the concessioner will implement a strong marketing program which will include at least one billboard strategically located near where the Florida Turnpike and US Highway 1 intersect in Florida City.

We are projecting attendance in 1997 and 1998 to increase by 50% and 30%, respectively. While these increases might be considered somewhat aggressive, they result in attendance figures which are still below pre-Hurricane Andrew levels. Thereafter, we are projecting the rate of annual growth to decline to 15%, 10% and 6% and then stabilize at 4% from 2003. The effect will be to yield a visitor flow to Convoy Point by 1999 which approximately equals the previous 1993 peak.

Active Visitors: Historically, nearly 50% of visitors at Convoy Point have participated in some type of activity offered by the concessioner. We have assumed this relationship will remain at 50% through 1997 and will then improve to stabilize at 60% by the year 2000. The new visitor center, should bolster visits to the facilities at Adams Key and Boca Chita which are currently being rebuilt and expected to open during the summer of 1996. (When referring to "active" visitors in the following text, we mean visitors entering the park at Convoy Point who participate in one or more of the concessioner's tour services.)

Types of Visitor Activities: Snorkeling and glass bottom boat tours are assumed to continue to be the most popular activities offered by the concessioner. From July 1994 through June 1995, visitor participation in concession activities was as follows:

31.1%	Snorkeling
32.2%	Glass bottom boat tours
6.8%	Scuba diving
29.1%	Boat charters

We have projected the proportion of charters to decrease as the concessioner concentrates in the more profitable snorkeling, scuba diving and glass bottom tours. Taking into account the new facilities at Boca Chita and Adams Key, however, we are projecting glass bottom tours to Elliott Key and other outer islands to increase over time to 35%, with snorkeling and diving capturing 40% and 10%, respectively. The percent of charters is expected to decrease to 15% of total visitor activities.

B. Operating Revenues/Expenses

The projected revenues and expenses will be a function of the number of active visitors entering Convoy Point. The number of the active visitors multiplied by the participation percentages according to the various activities (diving, snorkeling, etc.) and then by the net price for each activity generates the revenue estimate. The estimated number of visitors per activity is also used to estimate the sale of merchandise, scuba and snorkel rental revenue, vending, etc. Therefore real growth in revenues is driven by our estimate of visitation growth. We also applied an annual 3.5% price and expense increase for inflation.

Boat Tours Revenue: To estimate the net effective prices, we have assumed a discount of 20% from current prices to account for commissions paid to dive shops and other booking agents and free trips given to promoters and scuba instructors. This discount also takes into

account price reductions which are offered to senior citizens and children. The boat charter fee of \$600 per trip is assumed to remain constant, except for an annual 3.5% increment for inflation.

Other Revenue: Though a relatively small portion of total revenues, "other revenue" was a difficult variable to project since there is little historical information available about its breakdown. For purposes of the cash flow projection, we assumed that merchandise sales would equal an average of \$2 per person for 50% of the active visitors, rising with inflation. According to the current management, the majority of divers bring their own equipment, including tanks. As a result, for rental of scuba equipment, we assumed that 25% of the divers would rent an average of \$25 worth of equipment. It should be noted that the price of each snorkel trip includes the rental of masks and snorkel, fins and a snorkeling vest. Last, for vending revenues we began with the historical average of \$10,000, but lowered that amount to \$5,000 as food and beverage sales from the new facility were expected to grow. Both increased by the assumed annual inflation rate of 3.5%.

Variable Expenses: For projection purposes, expenses were divided into variable, administrative and fixed expenses.

Variable expenses, namely variable labor and fuel costs, are a direct function of the number of boat trips taken. We analyzed the historical variable expenses as a function of boat trips and forecast future costs accordingly. Specifically, in preparing our estimates we first distributed the number of active visitors according to the percentages of the various visitor activities (divers, snorkelers, glass bottom boat passengers and charter boat passengers). We then estimated the number of boat trips by dividing the number of passengers by the expected boat utilization for each activity. As the number of visitors were projected to increase, boat utilization was increased, but only up to the limit of the respective boat's capacity. When boat capacity was reached, we assumed a new boat would be added. Accounting for seasonal demand and weather, we also assumed that the total number of possible operating days in a year was 80%, or 292 days per year.

We assumed that each boat trip, whether for diving or snorkeling, would have the same operating cost. The salary of the captain, mate and fuel expenses were estimated to be \$50, \$30, and \$75 per trip, respectively for 1996, rising with inflation thereafter. The estimates were derived from interviews with management of the current concessioner.

Administrative costs: Administrative costs include recurring expenses like the management salaries, engine repairs and marketing. The first two, in particular, tended to grow to support increases in business volume, but none were a direct function of user activity. For example, administrative staff begins with one full time manager and a part-time staff member. In Year 3, an additional part-time crew person is expected to be hired. During Year 5, an assistant manager is expected to be added to the staff. By year 15, the staff will have grown from one manager and two part-time staff to a full-time staff of seven people.

Administrative costs also included a reserve for engine repairs. Currently the two boats operated by the concessioner have a total of four engines. Initially, a \$10,000 annual reserve for each engine is established. This expense is assumed to grow in proportion to the number of boat trips and with inflation.

We have assumed that the concessioner will implement an aggressive marketing program, as described above. But, we assumed the marketing program will not begin until the last months of 1996, in anticipation of the opening of the new visitor center in January 1997. Conversation with billboard companies in the area have indicated that the monthly cost of renting a billboard ranges from \$3,500 to \$5,000.

Fixed Expenses: Fixed expenses consist mainly of insurance expense, expected to total \$20,000 in 1996. To account for the additional cost of hurricane damages, insurance costs were increased by 1.5 percentage points over inflation, or 5% annually.

National Park Service Fee: The analysis separated the fees to the National Park Service into two parts: (1) a fixed charge and (2) a percentage of gross revenues. The fixed charge has been stipulated by the NPS to be a "building and space use fee" amounting to \$303.33 per month, or \$3,640 per year.

A percentage of gross revenues is normally charged the concessioner as a franchise fee and/or contribution to a capital improvement account. We have not distinguished how such a percentage rent would be distributed between franchise fee and capital improvement account, leaving that determination to the NPS. Note that the percentage rent fee is not shown in the cash flow forecasts of Table V. It was only determined as the amount available after the concessioner would earn a reasonable profit according to the analyses presented in Tables VII and VIII.

C. Initial Capital Investment

Table VI presents an estimate of the capital investments which the concessioner will be expected to make. These figures were compiled based upon conversations with the existing concessioner and other diving and boat industry sources. The total initial investment required amounts to \$415,000, the majority of which, about \$300,000, is required for the purchase of two boats. These boats will need a shallow draft to be able to navigate in Biscayne Bay. The balance of the initial investment, approximately \$115,000, is required to cover the cost of an air compressor required to fill the scuba tanks, the purchase of scuba and snorkeling rental equipment, improvements to the building space to be used by the concessioner, and purchase of a food and beverage trailer. We have also included a working capital reserve of \$21,600.

Given the financial history of the existing operation, debt financing for the future operation will be difficult to obtain without the concessioner providing a personal guarantee to the bank. Our analysis has assumed that, of the major equipment purchases, only the boats

(including the engines and rigging) will be amenable to being partly financed with debt. We have assumed a loan-to-value ratio of 66% and a loan term of seven years. In the future, however, it is possible that the concessioner might be able to obtain more generous financing terms if the concession operation becomes as successful as projected here.

D. Additional Capital Investment

In addition to the necessary initial capital investment, we have assumed the concessioner will fund any operating deficits as are expected in the first year. We have also included in our projections the annual funding of an equipment replacement reserve, beginning in 1997, which will be used to purchase new rental equipment for scuba diving and snorkeling. This annual reserve is based on the assumption that the average useful life of the equipment will be two years.

We have included the cost of purchasing new engines for the two boats every five years, equal to their estimated useful life. Our projections assume addition of a third boat for diving and a fourth boat for glass bottom tours in 2001 (Year 6). By the year 2000, given the projected number of divers and snorkelers, assuming 30 divers per trip, and given the constraints of weather and seasonality of demand, the dive boat would be completing a total 481 trips annually, and operating 241 days. Therefore, a new vessel would need to be acquired by the end of that year. The same logic is applied for the glass bottom tours and charters. By 2000, charters and glass bottom tours would complete 348 trips annually, with an average capacity of 45 passengers for the glass bottom tours. Therefore, a new glass bottom boat would be needed.

All boats are replaced every ten years, at the conclusion of their estimated lives. Any residual value which may be available at the end of the contract is included as a positive cash flow to the concessioner.

E. Return on Investment

To investigate how much money the concessioner could afford to pay to the NPS either as a franchise fee and/or as a contribution to a capital improvement account, while earning a reasonable profit, we estimated what we believed would be a reasonable return to the concessioner, given the inherent risks of the enterprise. Those risks are primarily affected by:

- The concessioner's exclusive right to provide concession services in BNP;
- The relative assurance of expected future demand for those services given the concession's historical performance and the NPS's plans for facilities development and operation;
- The competitive nature of the local market in providing similar services; and

- The risks of business interruptions and unexpected costs, such as from hurricanes and other causes of park closure.

Given the concession's risks, we judge that:

- *A private operator would seek a minimum before tax return on investment of 22%.*

VII. CONCLUSIONS

Historical visitation to Convoy Point and demand for concession services have been too low to provide for a profitable concession operation at BNP. Assuming reasonable growth from historical levels, while recognizing the present physical conditions and expected future development of the visitor center site, the concession is not expected to be profitable in the first year of the new contract. Given the nature of the concession development and operations described above, future demand may be expected to be high enough to enable the concession to exceed break-even in the second year and be reasonably profitable after that.

The BNP concession operation has some unusual challenges which are not common at other national parks. The natural resources in most national parks are so attractive and unique, and the concessioner's exclusive right to provide support services without competition, generally means that national park concessioners spend little or no money to promote their services. In fact, concessioner expenditures on advertising at other parks are generally around one percent of gross revenues, or less. However,

- Biscayne National Park is not particularly well-known;
- Informational programs to inform the public about the park and effective signing to direct the public into the park are not well-developed;
- Similar natural resources are readily accessible elsewhere in the region; and
- Tour services to access the natural resources of the region which are similar to those offered by the concessioner are readily available.

Consequently, the BNP concessioner will have to make sizeable investments in advertising and marketing to bring the business volume up to a profitable level. But advertising and marketing expenditures will be only a small portion of the investment necessary to support the operation. The concessioner will have to risk a substantial investment in capital equipment and in maintaining operations at a high enough service level to encourage visitation.

The concessioner should be able to provide:

- Interpretive ferry/tour boat service between Convoy Point and Elliott Key.
- Interpretive tour boat/snorkeling/scuba services between Convoy Point and the reef tract.
- Interpretive tours for viewing the submerged lands between Convoy Point and areas of Biscayne Bay as well as the reef tract.
- Snacks consisting of individually packaged soda and fruit drinks, packaged potato chips, and similar snacks. *However, we recommend that a more extensive food and beverage service be allowed in a mobile service outlet.*
- Merchandise such as T-shirts, sandals, and souvenirs. *Also permitted for sale should be all of the types of equipment offered for rental, as well as other scuba supplies, swimsuits, suntan lotion, informational/interpretive books and materials, and other products useful for enjoying the site.*
- Rental equipment consisting of masks, fins, snorkels, and snorkeling vests. *Rental equipment should also include wet suits, weight belts, scuba tanks, buoyancy compensation vests, and regulators for scuba diving.*
- Tour boat trips and boat charters from Convoy Point; and canoe and kayak rentals for trips to the nearby Bay waters, creeks, and along the mainland.

However, tour boat trips from other locations is not practical for the reasons described in the text above. (See Section V. Future Operations, C. Additional Services.) And, sailboat/sailboard rental is probably not advisable because of the difficulty of rescuing novices from the mangroves.

Contributing to the concessioner's investment risk is the annual threat of hurricanes, which can severely damage the concessioner's property, diminish the attractiveness of the natural resource, and cause long interruptions in public visitation and concession services. The effects can be long-lasting, as was demonstrated by the recent 1992 hurricane and its aftermath.

On the other hand, the Park Service has the ability to significantly assist the concessioner's operations in three ways.

- *Signing will be very important to inform prospective visitors about the park's existence and guide them to its entrance.* The sooner the Park Service can install effective signing and find other ways to inform the public about the park's resources, the faster the concessioner's revenues will grow. Such NPS

action is justified. Unlike at most other national parks, the BNP concessioner provides the public's only access to the park's unique natural resources from the park's main entrance and visitor center.

- The concessioner's food and beverage and merchandise operations are expected to have much larger profit margins than its boat tour operations. To best capitalize on the expected visitation, it will be important for the *Park Service to grant permission for the concessioner to provide a suitable food and beverage facility and a reasonable merchandise sales area.*
- The park's most interesting and unique resources are under water. And, the rangers' interpretive services will be most appealing and informative to the public when they are provided during visits to the site of the resources. The park currently provides rangers as interpretive guides and plans to continue doing so to the extent that available funding permits. We suggest that *the Park Service provide park rangers as interpretive guides on the concessioner's glass bottom, snorkeling, and scuba diving boat trips. Such interpretive trips* would be similar to ranger interpretive walks at other parks where the natural resources are accessible from hiking trails.

Our recommendations for the percentage fee (either as a franchise fee or a contribution to a capital improvement account) are derived from the analyses presented in Tables VII and VIII. Those tables summarize the concessioner's projected annual cash flows and expected internal rates of return for 15-year and 20-year leases, respectively. Tables VII-A and VIII-A indicate that:

- Without paying a percentage rent to the NPS, the concessioner's expected internal rate of return is 22.5% and 23.0% for 15-year and 20-year leases, respectively.

The estimated returns for 15-year and 20-year leases are somewhat greater than the 22% return which we believe is the minimum a concessioner would require, given the substantial risks of the operation relative to the required financial investment. A 10-year lease would not be long enough to assure the concessioner of a reasonable return. Therefore, we suggest that:

- *Either a 15-year, or preferably a 20-year lease be provided.*
- *A percentage fee not be assessed until after the concession's returns have reached a reasonably secure level of profitability, which we conclude does not occur until annual revenues exceed \$800,000 (which is projected to occur in the sixth year).*

We also conclude that given the potential growth in the concession's future profitability, it would be appropriate for the NPS to assess an escalating percentage fee as revenues

increase. We conclude that the concessioner could expect to obtain a reasonable internal rate of return on investment of 22%, if the NPS were to apply the following percentage fees:

15-Year Lease

- 2.0% of gross revenues between \$800,000 and \$1,000,000;
- 4.0% of gross revenues between \$1,000,000 and \$1,200,000; and
- 6.0% of gross revenues over \$1,200,000.

20-Year Lease

- 2.0% of gross revenues between \$800,000 and \$1,000,000;
- 6.0% of gross revenues between \$1,000,000 and \$1,200,000; and
- 8.0% of gross revenues over \$1,200,000.

Exhibit I

ABSTRACT OF THE CONCESSION AGREEMENT FOR JOHN PENNEKAMP CORAL REEF PARK (JPP).

A Concession Agreement

Parties	State of Florida Department of Natural Resources (State) and Coral Reef Park Company, Inc (operator)
Concession	Grant the exclusive privilege to operating retail sales, recreational equipment rentals, and tour services at JPP and to provide goods and services as described in the contract.
Term	10 years, from August 1, 1993 to October 31, 1993.
Facilities provided to Operator by the JPP	Dive shop and associated rest rooms and showers; main concession building and associated rest rooms; hobie catamaran building and space for boat storage and launching; tour boat loading and waiting area; 280 lineal feet of seawall on Marina; 72 lineal feet of seawall on Marina; fixed docks south (except for 4 docks); canoe launch and storage area; maintenance shed and snorkel rental area; fuel dispensing and storage areas. (All in usable condition)
Authorized Services	Food service; retail sales; rental of approved recreational equipment; snorkel and scuba lessons and certifications; glass bottom, and scuba boat tours; other water oriented services as approved by the Department; and environmental education programs.
Pricing of Services	Concessioner agrees that prices and fees charged for merchandise and services will be consistent with those charged for similar merchandise and services in the general vicinity of the JPP. The Department will have the final right of approval, but said right will not be arbitrarily or unreasonably withheld.
Termination	If the Operator submits a request to terminate the agreement, the Department may impose a fee of 5% of the average monthly fee for each month remaining in the current term of the Agreement. In the event new management is appointed by the operator, the Department

can unilaterally cancel the Agreement if new management does not meet the Department's approval and is not replaced after 30 days.

Maintenance

Operator is responsible for all sign replacements and maintenance, all facility modifications and maintenance, including roofs and rest rooms. Operator agrees to pay a minimum of \$86,000 for capital improvements as outlined in the Request for Proposal No. DNR 17-92/93. All construction drawings will be approved by Department. Additionally, Operator agrees to pay a minimum of \$245,000 for all capital improvements (described in the contract).

Insurance

Operator will provide copies of its current comprehensive general liability insurance policy. Limits of liability for bodily injury and property damage will be \$300,000 for each occurrence, combined single limit.

Security

Operator will post with Department \$35,000 (performance bond, letter of credit, certified check, or other approved collateral) to assure compliance with the Agreement.

Utilities

Operator agrees to pay for all utilities used within the concession operation.

Concession Fee

Operator agrees to pay the Department a monthly concession fee equal to 11.25% of gross sales for all operations of the concession, or a minimum monthly payment of \$25,000, whichever is greater plus the applicable Use Tax.

Collateral

It is expressly agreed that the Department shall have a continuing lien on all personal property of the Operator located in the Park for all the sums which may come due and unpaid to the Department.

E. Minimum Operational Specifications and Guarantees

Glass Bottom Boat

Number of Boats:	Minimum of 2
Number of Trips:	Minimum of 3 trips per day
Length of Trips:	Minimum 2 1/2 hours per trip
Capacity:	Must be capable of serving 600 passengers/day.
Mandatory trip:	20 passengers or more

Sailing/Snorkeling Tour

Number of Boats:

Minimum of 1

Number of Trips:

Minimum of 2 trips per day, depending on demand

Length of Trips:

Minimum of 3 1/2 hours per trip

Capacity:

Minimum boat capacity of 20 passengers

Mandatory trip:

6 passengers or more

Snorkel Boats

Number of Boats:

Minimum of 2

Number of Trips:

Minimum of 3 trips per day

Length of Trips:

Minimum of 2 1/2 hours per trip

Capacity:

Minimum boat capacity 20, maximum 50

Mandatory trip:

Must operate if 50% booked

Scuba

Number of Boats:

Minimum of 1

Number of Trips:

Minimum of 2 trips per day

Capacity:

Small dive packages - 6 to 12 passengers

Mandatory trip:

6 passengers or more

Boat Rentals

Number of boats

18 ft. and under:

10 maximum and 8 minimum

Number of boats

19 ft. to 26 ft.:

10 maximum and 8 minimum

Canoe/Sailing

Minimum of 5 catamaran type sailing vessels, 14 ft. or longer

Minimum of 20 canoes, 17 ft. or longer

Minimum of 3 windsurfers

Exhibit II
Survey of Dive Shops/Centers, Northern Key Largo
January 1996

Dive Shop/Center	Mile Marker	Boats	Max. Capacity	Price (1)
CJ's Dive Center (Marathon)	48.5	30 ft	14	\$30.00
Upper Keys Dive & Sport	90.5	38 ft	22	\$37.00
Pleasure Divers	100.0	40 ft	6	\$55.00 (2)
Scuba-Do	100.0	34 ft	6	\$40.00
Sea Dwellers	100.0	50 ft	32	\$37.00
John Pennekamp State Park	102.5	45 ft & 30 ft	35 & 12	\$34.50
Ocean Divers	102.5	Two 50 ft	48 each	\$43.00
Silent World Dive Center	103.2	31 ft cat & 28 ft	15 & 10	\$37.00
Dixie Divers	103.5	40 ft & 25 ft	30 and 20	\$37.00
Quiescence Diving Services	103.6	Three 25 ft	6 each	\$35.00
It's a Dive Key Largo	103.8	45 ft & 39 ft	48 & 35	\$40.00
American Diving Hqtrs.	105.5	45 ft	30	\$39.00
Sharky's Dive Center	106.0	55 ft (catamaran)	49	\$37.00
Captain Slate's	106.5	Two 40 ft	30	\$40.00

(1) Prices include only the cost of a two-dive trip. The cost to rent tanks and other equipment is not included.

(2) Includes the cost of tanks which normally cost about \$8.00 each.

Source: KPMG Peat Marwick telephone survey

Table I Total Park Visitation vs. Visitation to Convoy Point Visitor Center, 1988 - 1995
Biscayne National Park

Year	Park Attendance	Percent Change	Visitor Center Attendance	Percent Change	Visitor Center Attendance as % of Total Park Visitation
1988	531,036		25,179		4.7%
1989	589,957	11.1%	30,846	22.5%	5.2%
1990	573,376	-2.8%	34,260	11.1%	6.0%
1991	488,134	-14.9%	37,761	10.2%	7.7%
1992	308,501	-36.8%	30,122	-20.2%	9.8%
1993	N/A		43,863	45.6%	N/A
1994	N/A		29,771	-32.1%	N/A
1995	584,619		18,814	-36.8%	3.2%

Note: Data not available for blank cells.

Chart I Total Park Visitation vs. Visitation to Convoy Point Visitor Center, 1988 - 1995
Biscayne National Park

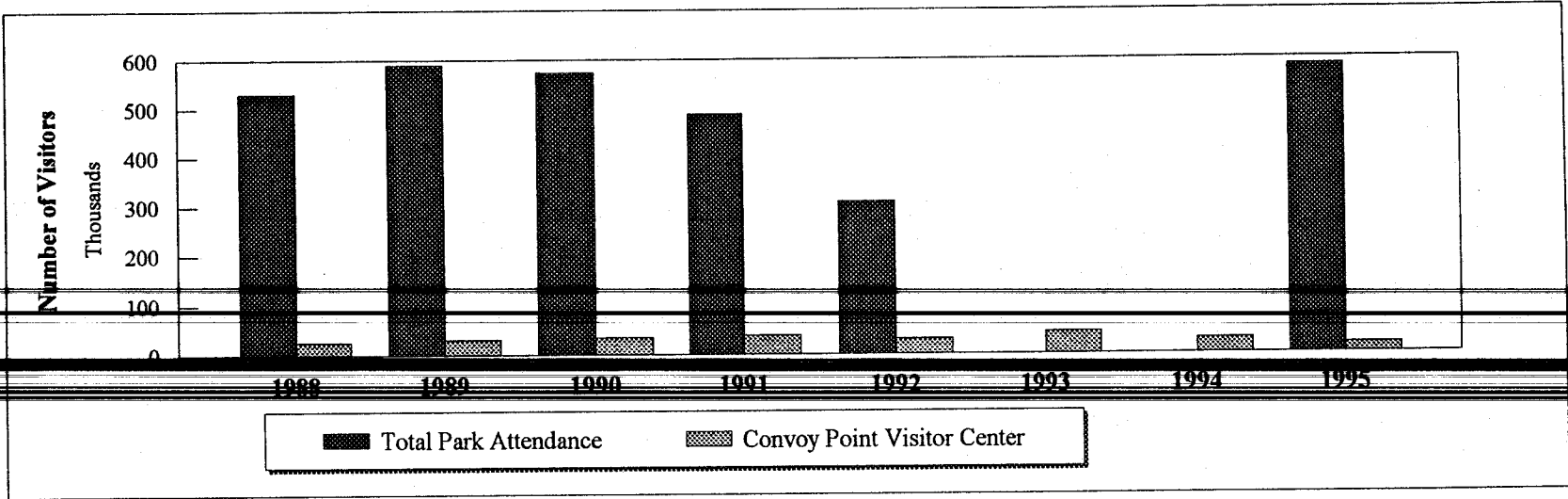


Table II Attendance at John Pennekamp Coral Reef State Park vs. Biscayne National Park (Convoy Point)

Year	John Pennekamp Coral Reef		Biscayne National (Convoy Pt)	
	Attendance	Percent Change	Attendance	Percent Change
1989	675,571		30,846	
1990	469,242	-30.5%	34,260	11.1%
1991	397,143	-15.4%	37,761	10.2%
1992	441,396	11.1%	30,122	-20.2%
1993	520,341	17.9%	43,863	45.6%
1994	463,754	-10.9%	29,771	-32.1%
1995	473,699	2.1%	18,814	-36.8%

Note: Data not available for blank cells.

Chart II Attendance at John Pennekamp Coral Reef State Park vs. Biscayne National Park (Convoy Point)

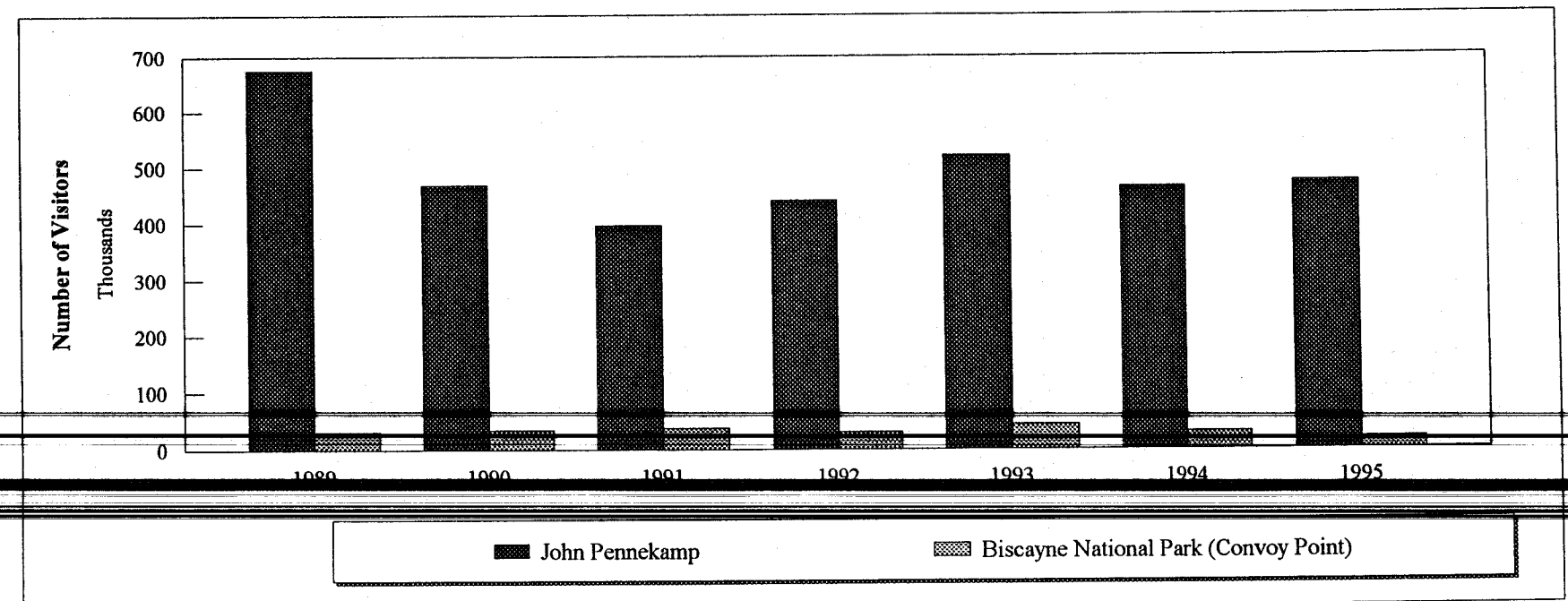


Table III

Historical Operating Results, 1988 - 1994

Biscayne National Underwater Park, Incorporated

Biscayne National Park

		1988	%	1989	%	1990	%	1991	%	1992	%	1993	%	1994	%	Avg
Visitor Center Attendance		25,179		30,846		34,260		37,761		30,122		43,863		29,771		
Revenues	Merchandise Sales	N/A		19,029	8%	18,718	6%	31,919	7%	20,420	6%	8,643	6%	17,051	9%	7%
	Mdse Sales (Scuba)	N/A		17,457	7%	30,035	10%	44,177	10%	19,753	6%	27,038	18%	0	0%	10%
	Vending Machines	N/A		11,489	5%	10,557	4%	16,182	4%	12,637	4%	6,550	4%	0	0%	4%
	Misc. Rentals	N/A		22,057	9%	30,439	10%	48,207	11%	31,645	9%	10,115	7%	11,638	6%	9%
	Scuba/Glass Bot. Tours	N/A		177,777	72%	200,712	69%	315,619	69%	250,697	75%	101,832	66%	161,890	85%	73%
Total Revenue		173,397	100%	247,809	100%	290,461	100%	456,104	100%	335,152	100%	154,178	100%	190,579	100%	100%
Total Cost of Good Sold		27,085	N/A	35,151	73%	36,535	62%	53,043	57%	34,914	66%	22,282	53%	N/A		62%
Gross Profit		146,312	84%	212,658	86%	253,926	87%	403,061	88%	300,238	90%	131,896	86%	190,579	100%	87%
Operating Expenses	Operating Supplies	N/A		25,625	10%	35,271	12%	47,800	10%	31,938	10%	22,110	14%	N/A		11%
	Rental Equipment	N/A		31,104	13%	47,281	16%	58,415	13%	7,368	2%	35,516	23%	N/A		13%
	Repairs	N/A		8,800	4%	11,382	4%	44,413	10%	55,080	16%	6,200	4%	68,534	36%	12%
	Other Oper. Expenses	N/A		5,210	2%	8,644	3%	4,952	1%	10,034	3%	6,333	4%	23,183	12%	4%
	Salaries	N/A		46,556	19%	59,300	20%	96,679	21%	96,138	29%	99,958	65%	95,981	50%	34%
	Management Fees	N/A		29,900	12%	29,900	10%	29,900	7%	20,125	6%	0	0%	N/A		7%
	Accounting & Auditing	N/A		30,927	12%	3,791	1%	6,422	1%	5,671	2%	15,791	10%	1,350	1%	5%
	Advertising	N/A		0	0%	25,576	9%	21,925	5%	21,807	7%	12,197	8%	3,542	2%	5%
	Travel	N/A		0	0%	0	0%	0	0%	0	0%	14,536	9%	N/A		2%
	Supplies/Travel/Other	N/A		12,723	5%	23,926	8%	38,424	8%	23,512	7%	32,608	21%	21,824	11%	10%
Total Operating Expenses		124,793	72%	190,846	77%	245,071	84%	348,930	77%	271,673	81%	245,249	159%	214,414	113%	95%
Government Fees		6,830	4%	6,423	3%	6,595	2%	8,181	2%	3,961	1%	0	0%	6,790	4%	2%
Fixed Expenses	Rent	500	0%	2,500	1%	9,550	3%	2,700	1%	0	0%	218	0%		0.0%	1%
	Insurance	20,231	12%	23,995	10%	28,498	10%	23,329	5%	26,827	8%	21,503	14%	10,030	5.3%	9%
	Interest	23,017	13%	1,521	1%	1,435	0%	6,918	2%	7,181	2%	11,406	7%		0.0%	2%
	Depreciation & Amort.	48,983	28%	1,013	0%	897	0%	1,776	0%	2,402	1%	1,972	1%	49,153	25.8%	5%
Total Fixed Expenses		92,731	53%	29,030	12%	40,380	14%	34,723	8%	36,410	11%	35,099	23%	59,183	31%	22%
Not Operating Income		(28,002)	-16%	(11,643)	-5%	(18,138)	-6%	11,227	3%	(11,806)	-4%	(148,452)	-96%	(89,808)	-47.1%	-30%
Extraordinary Items	Forgiveness of Debt											10,415	7%			
	Comm. & Other Fees			89,677	36%	(177)	-0%	(3,591)	-1%	(893)	-0%	(888)	-1%			
	Gain/(Loss) on Prop Sale			127,005	51%					59,725	18%	32,438	21%			
Net Income		(78,042)	-45%	203,042	82%	(38,297)	-13%	7,636	2%	47,026	14%	(106,487)	-69%	(89,808)	-47.1%	-11%

Source: National Park Service

Figures for 1988 and 1994 were not available in the same detail as for other years. Also, averages in the last column take into account only 5 years for those items for which 1994 figures were not available.

Table IV - A
Visitor Use of Concession by Activity
and Visitor Center Attendance
1985-1995
Biscayne National Park

Year	Glass Bottom	Snorkelers	Scuba Divers	Snorkel & Scuba Divers	Transport to Elliott Key	Total
1985						3,477
1986	1,500					4,026
1987						6,419
1988	3,508			2,598	390	6,496
1989						11,473
1990						11,913
1991	7,746			10,050	519	18,312
1992	8,366			6,020	183	14,645
1993	1,837			2,816	225	4,878
1994	2,769	4,150	138	4,288	994	8,051
1995	3,930	3,960	837	4,797	535	9,262

Visitor Center Attendance	Participation in Concession
24,801	25.9%
25,179	25.8%
30,846	37.2%
34,260	34.8%
37,761	48.5%
30,122	48.6%
43,863	11.1%
29,771	27.0%
18,814	49.2%

Note: No data available for blank cells.

Table IV - B
Visitor Use of Concession by Activity
July 1994 through June 1995
Biscayne National Park

Month	Glass Bottom		Snorkel	Scuba	Snorkel/Scuba	Transp. Elliott Key	Boat Charters		Total	Total
	People	Boat Trips	People	People	Boat Trips	People	People	Boat Trips	Passengers	Trips
Jul-94	121	12	287	60	30		282	12	750	54
Aug-94	75	8	378	79	34		146	8	678	50
Sep-94	48	10	213	24	20	2	73	2	360	32
Oct-94	120	14	118	26	27		226	9	490	50
Nov-94	204	21	104	20	14		190	5	518	40
Dec-94	332	21	198	38	26	46	185	6	799	53
Jan-95	295	20	156	25	20	9	232	7	717	47
Feb-95	492	21	177	39	20	3	211	6	922	47
Mar-95	343	20	254	32	26		472	12	1,101	58
Apr-95	473	26	480	72	30	6	181	7	1,212	63
May-95	275	20	337	145	37	6	427	13	1,190	70
Jun-95	285	20	255	91	24	7	142	5	780	49
Total	3,063	213	2,957	651	308	79	2,767	92	9,517	613
Percent of Total	32.2%	34.7%	31.1%	6.8%	50.2%	0.8%	29.1%	15.0%	100.0%	100.0%

Note: No data available for blank cells.

Table V

Projected Annual Revenues & Expenses for the Concession Operation

Biscayne National Park

		1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Visitation	Number of Visitors	18,800	19,500	29,250	38,025	43,729	48,102	50,988	54,047	56,209	58,457	60,796
	Percent Increase in Visitors		4%	50%	30%	15%	10%	6%	6%	4%	4%	4%
	Percent of Active Visitors		50%	50%	55%	55%	60%	60%	60%	60%	60%	60%
	Number of Active Visitors		9,750	14,625	20,914	24,051	28,861	30,593	32,428	33,725	35,074	36,477
Activity	Diving	6.8%	8.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
	Snorkeling	31.1%	35.0%	40.0%	40.0%	40.0%	40.0%	40.0%	40.0%	40.0%	40.0%	40.0%
	Glass Bottom Tours	32.2%	33.0%	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%
	Charters	29.1%	24.0%	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%
Service Price (Dollars)	Dive Trip (per diver)		28.00	28.98	29.99	31.04	32.13	33.26	34.42	35.62	36.87	38.16
	Snorkel Trip (per diver)		22.00	22.77	23.57	24.39	25.25	26.13	27.04	27.99	28.97	29.98
	Glass Bottom Tour (per passenger)		13.00	13.46	13.93	14.41	14.92	15.44	15.98	16.54	17.12	17.72
	Cost of Charter Trip		600.00	621.00	642.74	665.23	688.51	712.61	737.55	763.37	790.09	817.74
Revenue (Dollars)	Diving Revenue		21,840	42,383	62,729	74,664	92,732	101,736	111,615	120,142	129,321	139,201
	Snorkel Revenue		75,075	133,204	197,149	234,657	291,444	319,743	350,790	377,591	406,439	437,490
	Glass Bottom Tours		41,827	68,873	101,935	121,328	150,690	165,322	181,374	195,232	210,147	226,202
	Charter Boats		46,800	38,923	57,609	68,569	85,162	93,431	102,504	110,335	118,765	127,838
	Sub-Total	185,217	185,542	283,384	419,422	499,217	620,028	680,233	746,283	803,299	864,672	930,732
	Sale of Merchandise		9,750	15,137	20,367	24,241	27,599	30,279	33,219	35,757	38,488	41,429
	Scuba/Snorkel Rental		4,875	9,461	14,002	16,666	20,699	22,709	24,914	26,818	28,866	31,072
	Other Rentals - Canoes		6,825	10,596	12,831	15,272	15,455	16,956	18,603	20,024	21,554	23,200
	Vending		10,000	7,500	5,625	5,000	5,175	5,356	5,544	5,738	5,938	6,146
	Food & Beverage Sales		24,375	37,842	56,008	66,664	82,797	90,836	99,656	107,270	115,465	124,287
	Sub-Total		55,825	80,535	108,833	127,843	151,725	166,136	181,935	195,606	210,312	226,134
	Total Revenues	248,841	241,367	363,919	528,255	627,061	771,753	846,369	928,219	998,905	1,074,984	1,156,867
Operating Expenses	Variable Labor Costs		45,760	52,417	73,398	73,140	76,120	99,660	109,337	117,691	126,682	136,361
	Fuel		42,900	49,141	68,810	68,569	71,363	93,431	102,504	110,335	118,765	127,838
	Engine Repairs		40,000	45,819	64,159	63,933	66,539	87,116	95,574	102,876	110,736	119,196
	Cost of Merchandise Sold		4,875	7,568	10,183	12,121	13,799	15,139	16,609	17,878	19,244	20,715
Operating Supplies			20,000	20,700	21,405	22,174	22,960	23,764	24,585	25,446	26,336	27,258
Manager & Office Staff			55,000	62,100	85,698	110,372	114,732	118,709	143,511	152,674	164,601	170,362
Fixed Expenses	Advertising		7,000	50,000	52,500	55,125	57,881	60,775	63,814	67,005	70,355	73,873
	Food & Beverage Costs		14,625	22,705	33,605	39,998	49,678	54,502	59,794	64,362	69,279	74,572
	Misc.		25,000	25,875	26,781	27,718	28,688	29,692	30,731	31,807	32,920	34,072
	Insurance		20,000	21,000	22,050	23,153	24,310	25,526	26,802	28,142	29,549	31,027
	NPS Building Use Fee		3,640	3,640	3,640	3,640	3,640	3,640	3,640	3,640	3,640	3,640
	Operating & Fixed Expenses		278,800	360,965	462,248	500,442	529,721	612,004	680,902	721,855	772,108	818,914
	Income before Depreciation, Amortization, Taxes, and Franchise Fee to NPS		(37,432)	2,954	66,007	126,618	242,032	234,365	247,317	277,050	302,876	337,953

Table V (Continued)

Projected Annual Revenues & Expenses for the Concession Operation

Biscayne National Park

		2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Visitation	Number of Visitors	63,227	65,756	68,387	71,122	73,967	76,926	80,003	83,203	86,531	89,992
	Percent Increase in Visitors	4%	4%	4%	4%	4%	4%	4%	4%	4%	4%
	Percent of Active Visitors	60%	60%	60%	60%	60%	60%	60%	60%	60%	60%
	Number of Active Visitors	37,936	39,454	41,032	42,673	44,380	46,155	48,002	49,922	51,919	53,995
Activity	Diving	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
	Snorkeling	40.0%	40.0%	40.0%	40.0%	40.0%	40.0%	40.0%	40.0%	40.0%	40.0%
	Glass Bottom Tours	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%
	Charters	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%
Service Price (Dollars)	Dive Trip (per diver)	39.50	40.88	42.31	43.79	45.32	46.91	48.55	50.25	52.01	53.83
	Snorkel Trip (per diver)	31.03	32.12	33.24	34.41	35.61	36.86	38.15	39.48	40.86	42.30
	Glass Bottom Tour (per passenger)	18.34	18.98	19.64	20.33	21.04	21.78	22.54	23.33	24.15	24.99
	Cost of Charter Trip	846.36	875.98	906.64	938.37	971.22	1,005.21	1,040.39	1,076.81	1,114.49	1,153.50
Revenue (Dollars)	Diving Revenue	144,074	149,116	154,335	159,737	165,328	171,114	177,103	183,302	189,717	196,357
	Snorkel Revenue	452,803	468,651	485,053	502,030	519,601	537,787	556,610	576,091	596,255	617,123
	Glass Bottom Tours	234,120	242,314	250,795	259,572	268,658	278,061	287,793	297,865	308,291	319,081
	Charter Boats	137,605	148,118	159,434	171,615	184,726	198,839	214,031	230,383	247,984	266,930
	Sub-Total	968,601	1,008,198	1,049,617	1,092,955	1,138,313	1,185,802	1,235,537	1,287,641	1,342,247	1,399,492
	Sale of Merchandise	44,594	48,001	51,668	55,616	59,865	64,439	69,362	74,661	80,365	86,505
	Scuba/Snorkel Rental	33,446	36,001	38,751	41,712	44,899	48,329	52,021	55,996	60,274	64,879
	Other Rentals - Canoes	24,973	26,881	28,934	31,145	33,524	36,086	38,843	41,810	45,004	48,443
	Vending	6,361	6,584	6,814	7,053	7,300	7,555	7,820	8,093	8,377	8,670
	Food & Beverage Sales	133,783	144,004	155,005	166,848	179,595	186,779	194,250	202,020	210,101	218,505
	Sub-Total	243,157	261,470	281,174	302,374	325,183	343,188	362,296	382,581	404,121	427,001
	Total Revenues	1,211,757	1,269,669	1,330,792	1,395,328	1,463,496	1,528,989	1,597,832	1,670,222	1,746,368	1,826,493
Operating Expenses	Variable Labor Costs	146,779	157,992	170,063	176,382	189,858	197,548	205,794	214,623	224,061	234,140
	Fuel	137,605	148,118	159,434	165,358	177,992	185,201	192,932	201,209	210,057	219,507
	Engine Repairs	128,305	138,105	148,657	154,180	165,959	178,639	192,287	206,977	222,791	239,812
	Cost of Merchandise Sold	22,297	24,001	25,834	27,808	29,933	32,219	34,681	37,331	40,183	43,253
	Operating Supplies	28,212	29,199	30,321	31,579	32,974	34,507	36,180	37,994	39,960	42,080
	Manager & office staff	176,325	189,796	206,439	223,332	240,458	258,946	278,787	299,015	320,785	344,113
Fixed Expenses	Advertising	77,566	81,445	85,517	89,793	94,282	98,997	103,946	109,144	114,601	120,331
	Food & Beverage Costs	80,270	86,402	93,003	100,109	107,757	112,067	116,550	121,212	126,060	131,103
	Misc.	35,265	36,499	37,777	39,099	40,467	41,884	43,350	44,867	46,437	48,063
	Insurance	32,578	34,207	35,917	37,713	39,599	41,579	43,657	45,840	48,132	50,539
	NPS Building Use Fee	3,640	3,640	3,640	3,640	3,640	3,640	3,640	3,640	3,640	3,640
	Operating & Fixed Expenses	868,839	929,405	986,502	1,114,693	1,181,318	1,235,220	1,292,304	1,352,751	1,453,897	1,522,950
Income before Depreciation, Amortization, Taxes, and Franchise Fee to NPS		342,918	340,264	344,289	280,636	282,178	293,769	305,528	317,470	292,471	303,543

Table VI
Concessioner Investment Requirements
Biscayne National Park

		Total	Equity	Debt	
Dive Boat	Boat	\$120,000	\$40,000	\$80,000	(1)
	Engines	\$16,000	\$5,333	\$10,667	(2)
	Rigging	\$5,000	\$1,667	\$3,333	
	Total Cost	\$141,000	\$47,000	\$94,000	
Glass Bottom Boat	Boat	\$150,000	\$50,000	\$100,000	(3)
	Rigging/Equipment	\$10,000	\$3,333	\$6,667	
	Total Cost	\$160,000	\$53,333	\$106,667	
Scuba Diving Equip	Air Tanks (60)	\$4,800	\$4,800		
	Bouyancy Control (30)	\$4,500	\$4,500		
	Regulator (15)	\$3,000	\$3,000		
	Wet Suits (30)	\$2,100	\$2,100		
	Snorkel Equipment (40)	\$3,000	\$3,000		
	Total Cost	\$17,400	\$17,400		
Other Equipment/Costs	Air Compressor	\$20,000	\$20,000		(4)
	Build-out of Retail area	\$25,000	\$25,000		(5)
	Working Capital	\$21,600	\$21,600		
	Total Cost	\$66,600	\$66,600		
Food & Beverage Trailer		\$30,000	\$30,000		
Total Initial Investment		\$415,000	\$214,333	\$200,667	

- (1) Based on acquisition price of Boca Chita. Estimated Life of 10 years
- (2) Two 200 HP engines, including installation and cables, and instruments.
- (3) Based on acquisition price of Reef Rover. Estimated life 10 years.
- (4) Capacity to fill 15 tanks per hour.
- (5) 500 square feet at \$50/square foot.

Table VII - A**Concessioner Internal Rate of Return Analysis****15 Year Cash Flow**

Biscayne National Park

Internal Rate of Return **22.5%** **Franchise Fee/CIA** **0.0%** of Revenues between \$800,000 and \$1,000,000
0.0% of Revenues between \$1,000,000 and \$1,200,000
0.0% of Revenues over \$1,200,000

Fiscal Year Beginning	Gross Receipts	Cash Flow From Operatio	Equity Investment	Debt Service	Recovery Values	Balloon Payment	Franchise Fee/CIA	Annual Cash Flow
Development			\$214,333					(\$214,333)
1996	\$241,367	(\$37,432)		\$39,976				(\$77,408)
1997	\$363,919	\$2,954	\$9,005	\$39,976				(\$46,027)
1998	\$528,255	\$66,007	\$9,320	\$39,976				\$16,711
1999	\$627,061	\$126,618	\$9,646	\$39,976				\$76,996
2000	\$771,753	\$242,032	\$167,154	\$39,976				\$34,902
2001	\$846,369	\$234,365	\$10,333	\$87,455			\$0	\$136,577
2002	\$928,219	\$247,317	\$42,502	\$87,455			\$0	\$117,360
2003	\$998,905	\$277,050	\$11,069	\$47,479			\$0	\$218,502
2004	\$1,074,984	\$302,876	\$11,457	\$47,479			\$0	\$243,940
2005	\$1,156,867	\$337,953	\$198,527	\$47,479			\$0	\$91,947
2006	\$1,211,757	\$342,918	\$35,632	\$103,869			\$0	\$203,417
2007	\$1,269,669	\$340,264	\$12,702	\$103,869			\$0	\$223,693
2008	\$1,330,792	\$344,289	\$13,147	\$56,390			\$0	\$274,752
2009	\$1,395,328	\$280,636	\$54,075	\$56,390			\$0	\$170,171
2010	\$1,463,496	\$282,178	\$0	\$56,390	\$268,581	\$101,834	\$0	\$392,535

Table VII - B**Concessioner Internal Rate of Return Analysis****15 Year Cash Flow**

Biscayne National Park

Internal Rate of Return **22.0%** **Franchise Fee/CIA** **2.0%** of Revenues between \$800,000 and \$1,000,000
4.0% of Revenues between \$1,000,000 and \$1,200,000
6.0% of Revenues over \$1,200,000

Fiscal Year Beginning	Gross Receipts	Cash Flow From Operatio	Equity Investment	Debt Service	Recovery Values	Balloon Payment	Franchise Fee/CIA	Annual Cash Flow
Development			\$214,333					(\$214,333)
1996	\$241,367	(\$37,432)		\$39,976				(\$77,408)
1997	\$363,919	\$2,954	\$9,005	\$39,976				(\$46,027)
1998	\$528,255	\$66,007	\$9,320	\$39,976				\$16,711
1999	\$627,061	\$126,618	\$9,646	\$39,976				\$76,996
2000	\$771,753	\$242,032	\$167,154	\$39,976				\$34,902
2001	\$846,369	\$234,365	\$10,333	\$87,455			\$927	\$135,649
2002	\$928,219	\$247,317	\$42,502	\$87,455			\$2,564	\$114,796
2003	\$998,905	\$277,050	\$11,069	\$47,479			\$3,978	\$214,523
2004	\$1,074,984	\$302,876	\$11,457	\$47,479			\$6,999	\$236,941
2005	\$1,156,867	\$337,953	\$198,527	\$47,479			\$10,275	\$81,673
2006	\$1,211,757	\$342,918	\$35,632	\$103,869			\$12,705	\$190,711
2007	\$1,269,669	\$340,264	\$12,702	\$103,869			\$16,180	\$207,513
2008	\$1,330,792	\$344,289	\$13,147	\$56,390			\$19,847	\$254,905
2009	\$1,395,328	\$280,636	\$54,075	\$56,390			\$23,720	\$146,451
2010	\$1,463,496	\$282,178	\$0	\$56,390	\$268,581	\$101,834	\$27,810	\$364,725

Table VIII - A**Concessioner Internal Rate of Return Analysis****20 Year Cash Flow**

Biscayne National Park

Internal Rate of Return **23.0%** **Franchise Fee/CIA** **0.0%** of Revenues between \$800,000 and \$1,000,000
0.0% of Revenues between \$1,000,000 and \$1,200,000
0.0% of Revenues over \$1,200,000

Fiscal Year Beginning	Gross Receipts	Cash Flow From Operatio	Equity Investment	Debt Service	Recovery Values	Balloon Payment	Franchise Fee/CIA	Annual Cash Flow
Development			\$214,333					(\$214,333)
1996	\$241,367	(\$37,432)		\$39,976				(\$77,408)
1997	\$363,919	\$2,954	\$9,005	\$39,976				(\$46,027)
1998	\$528,255	\$66,007	\$9,320	\$39,976				\$16,711
1999	\$627,061	\$126,618	\$9,646	\$39,976				\$76,996
2000	\$771,753	\$242,032	\$167,154	\$39,976				\$34,902
2001	\$846,369	\$234,365	\$10,333	\$87,455			\$0	\$136,577
2002	\$928,219	\$247,317	\$42,502	\$87,455			\$0	\$117,360
2003	\$998,905	\$277,050	\$11,069	\$47,479			\$0	\$218,502
2004	\$1,074,984	\$302,876	\$11,457	\$47,479			\$0	\$243,940
2005	\$1,156,867	\$337,953	\$198,527	\$47,479			\$0	\$91,947
2006	\$1,211,757	\$342,918	\$35,632	\$103,869			\$0	\$203,417
2007	\$1,269,669	\$340,264	\$12,702	\$103,869			\$0	\$223,693
2008	\$1,330,792	\$344,289	\$13,147	\$56,390			\$0	\$274,752
2009	\$1,395,328	\$280,636	\$54,075	\$56,390			\$0	\$170,171
2010	\$1,463,496	\$282,178	\$235,787	\$56,390			\$0	(\$10,000)
2011	\$1,528,989	\$293,769	\$14,576	\$123,363			\$0	\$155,830
2012	\$1,597,852	\$303,528	\$13,887	\$123,363			\$0	\$170,220
2013	\$1,670,222	\$317,470	\$15,615	\$63,713			\$0	\$238,143
2014	\$1,746,368	\$292,471	\$16,161	\$63,713			\$0	\$212,597
2015	\$1,826,493	\$303,543	\$0	\$63,713	\$279,521	\$115,061	\$0	\$404,290

Table VIII - B**Concessioner Internal Rate of Return Analysis****20 Year Cash Flow**

Biscayne National Park

Internal Rate **22.0%**
of Return

Franchise
Fee/CIA

2.0% of Revenues between \$800,000 and \$1,000,000
6.0% of Revenues between \$1,000,000 and \$1,200,000
8.0% of Revenues over \$1,200,000

Fiscal Year Beginning	Gross Receipts	Cash Flow From Operatio	Equity Investment	Debt Service	Recovery Values	Balloon Payment	Franchise Fee/CIA	Annual Cash Flow
Development			\$214,333					(\$214,333)
1996	\$241,367	(\$37,432)		\$39,976				(\$77,408)
1997	\$363,919	\$2,954	\$9,005	\$39,976				(\$46,027)
1998	\$528,255	\$66,007	\$9,320	\$39,976				\$16,711
1999	\$627,061	\$126,618	\$9,646	\$39,976				\$76,996
2000	\$771,753	\$242,032	\$167,154	\$39,976				\$34,902
2001	\$846,369	\$234,365	\$10,333	\$87,455			\$927	\$135,649
2002	\$928,219	\$247,317	\$42,502	\$87,455			\$2,564	\$114,796
2003	\$998,905	\$277,050	\$11,069	\$47,479			\$3,978	\$214,523
2004	\$1,074,984	\$302,876	\$11,457	\$47,479			\$8,499	\$235,441
2005	\$1,156,867	\$337,953	\$198,527	\$47,479			\$13,412	\$78,535
2006	\$1,211,757	\$342,918	\$35,632	\$103,869			\$16,941	\$186,476
2007	\$1,269,669	\$340,264	\$12,702	\$103,869			\$21,574	\$202,119
2008	\$1,330,792	\$344,289	\$13,147	\$56,390			\$26,463	\$248,289
2009	\$1,395,328	\$280,636	\$54,075	\$56,390			\$31,626	\$138,545
2010	\$1,463,496	\$282,178	\$235,787	\$56,390			\$37,080	(\$47,079)
2011	\$1,528,989	\$293,769	\$14,576	\$123,363			\$42,319	\$113,510
2012	\$1,597,832	\$305,528	\$15,087	\$120,103			\$47,827	\$122,510
2013	\$1,670,222	\$317,470	\$15,615	\$63,713			\$53,618	\$184,525
2014	\$1,746,368	\$292,471	\$16,161	\$63,713			\$59,709	\$152,887
2015	\$1,826,493	\$303,543	\$0	\$63,713	\$279,521	\$115,061	\$66,119	\$338,171