



**Economics Research Associates**

Proposal for

**Cacapon State Park Lodge Expansion  
Study**

**RFQ # DNR 80214**

Submitted to

**West Virginia Department of Natural  
Resources**

**Charleston, West Virginia**

Submitted by

**Economics Research Associates**

**June 13, 2007**

**ERA Proposal No. 48513**

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PURCHASING DIVISION  
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Washington, DC 20036  
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Los Angeles San Francisco San Diego  
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June 13, 2007

Mr. Butch Chittum  
Division of Natural Resources  
Building 3, Room 719  
1900 Kanawha Boulevard, East  
Charleston, WV 25305-0662

RE: RFQ # DNR 80214 (Cacapon State Park Lodge Expansion)

ERA No: 48513

Dear Mr. Chittum:

Economics Research Associates (ERA) has thoroughly reviewed RFQ DNR 80214 regarding the expansion of the lodge at Cacapon State Park in Morgan County, West Virginia.

As we understand the situation, park officials are exploring opportunities to enhance the operational self-sufficiency of the park system. Initial capital investments are targeted for three parks (Cacapon, Blackwater Falls, and Twin Falls) that are among the better financial performers with the goal of moving them into a net positive financial position.

Recent improvements at Cacapon (added six cabins, an outdoor pool and invested in the campground) have moved the park's financial performance in a positive direction. The expansion represents the next step in these efforts.

ERA has extensive experience working in the State of West Virginia. Recent and ongoing work includes our feasibility analysis leading to Oglebay Park's successful 53-room expansion effort, review of the application Tourism Development Act for Volcano Island in Fairmont, work with West Virginia's white water industry and a tourism development strategy for a four-county area in southern West Virginia.

The following pages provide a brief overview of our firm, our approach to the assignment, staffing, timing, fee schedule, and deliverables. Resumes of our anticipated project staff are attached as exhibits.

We thank you for the opportunity to prepare this proposal and look forward to your response.

Sincerely,

A handwritten signature in black ink, appearing to read "David Nissenson", written in a cursive style.

David Nissenson  
Principal



## **Approach or Scope of Services**

### ***Task I. Kick-off Meeting***

ERA will meet with representatives of the Department of Natural Resources and Cacapon State Park. Ideally, this meeting would be held at the park to facilitate a tour of the property and gain a better understanding of the proposed plans. Agenda items will include:

- Review/identify outstanding issues and the scope of work
- Identify data sources
- Establish lines of communication
- Address any new issues that may have arisen during the interim
- Review project schedule and deliverables

### ***Task II. Existing Property Conditions***

This task will provide an understanding of the lodge's competitive position within the regional destination resort and local markets. ERA will review available lodge operational data, marketing plans, and capture rates to establish a baseline understanding of the lodge's performance, including:

- Historical rate performance and occupancies
- Segmentation
- Room type performance
- Seasonality patterns and day-of-week performance
- Lost business patterns
- Other factors, as identified

### ***Task III. Local and Regional Overview***

This task will provide an understanding of the local and regional factors that influence demand for lodging at Cacapon State Park. ERA anticipates a brief review of the key source markets as identified in the review of the historic operational data and interviews with key managers. Specific items within this task include:

- Review and understand access to the site, adjacent uses, and the property's context within the local area
- Analyze local area trends in population, demographic characteristics, and household income levels
- Review labor and employment trends



- Interview local economic development and planning officials, representatives of the Chamber of Commerce, etc. to understand new initiatives in the region and their potential impact on demand for hotel rooms
- Review such economic indicators as retail tax receipts, bed tax receipts, and others, as identified
- Meet with local and regional tourism development officials to collect and analyze available data and understand current and future initiatives
- Review other tourism indicators including highway traffic counts, visitation at other key area attractions and other, as identified, that provide additional insight into the competitive context of the local market
- Review of economic indicators for key source markets

#### ***Task IV. Competitive Market Overview***

This task will provide an overview of the property's competitive position both within the State Park system and other public or private sector competitors. ERA will:

- Review West Virginia State Park lodge performance data and Cacapon's position within that competitive environment
- Work with the client group to identify a set of five other competitive properties for in-depth review
- Interview representatives of the competitive set to gain an understanding of the overall market demand, segmentation, and the subject's positioning within the local and regional markets; specific data points include:
  - Name
  - Location
  - Description of physical elements amenity features
  - Rate and occupancy data
  - Demand segmentation
  - Seasonality patterns
  - Recent or planned capital improvements
  - Reported factors for success, or lack of
- Interview representatives of major demand generators, as appropriate
- Analyze historical, current, and future supply of and demand for hotel/lodge rooms within the competitive market



### **Task V. Occupancy and Rate Potentials**

This task will review historic market demand levels, segment and rate fair share ratios, and other factors to establish the baseline position of the resort. ERA will estimate occupancy performance through application of segment-specific growth factors and the subject's penetration of each segment. Based on segment rate potential and the estimated demand mix following the expansion, ERA will estimate the property's stabilized average daily rate.

### **Task VI. Financial Analysis**

ERA will prepare a 10-year (or other term, as desired) estimate of financial performance. Revenue and expense inputs will be based on a thorough review of historical performance on a per-occupied-room (POR) and per-available-room (PAR) basis. Additional inputs will be gathered during our review of the competitive set, review of broader national trends (e.g. telephone revenue down due to cell technology), and inputs from the client (e.g. insurance, which may self-provided or purchased in bulk).

ERA will detail all assumptions for key revenue items including:

- Room
- Food and beverage
- Telecommunications
- Other operated departments (spa, gift shop, etc.)
- Room rentals and other income (net)

Key expense inputs will include:

- Departmental expenses (rooms, F&B, telecommunications, etc.)
- Administrative and General
- Marketing
- Utilities
- Property Operations and Maintenance (POM)
- Management fees (as appropriate)
- Insurance

ERA will layer financing assumptions into the analysis, as appropriate, to provide both EBIDTA and overall cash flow estimates.

### **Staffing and Management**

ERA will commit its most experienced staff to this assignment. Staffing will include Mr. David Nissenson, Principal in the Washington, D.C. office and co-leader of the company's Resort Business Unit, to serve as coordinating partner and project manager. Field research and report preparation will be completed by Rachel Lubin, Senior Analyst, who has



considerable hospitality experience. Both Mr. Nissenson and Ms. Lubin graduated from Cornell University's School of Hotel Administration. Their resumes are attached.

### **Timing and Fees**

ERA commits to completing the above scope of work within the desired 90-day window from the notice proceed. ERA can provide key feedback, as desired, at the 45-day interval, with a draft report at the 80-day (or sooner) juncture. This will provide a minimum of a 10-day window to receive final comments and prepare the final report within the desired time frame. Interim material will be transmitted via email and, as desired, on a compact disc. All material will be prepared using Microsoft products.

Fees for the above services total \$29,000, exclusive of out-of-pocket expenses for travel, lodging, and meals associated with the required field work and client meetings. These expenses typically range from 10 to 15 percent of the total budget.

This proposal anticipates two meetings during the course of the engagement. The first meeting will be held to kick off the project, with a second one-day meeting to be scheduled at the client's discretion. Additional meeting requests will be honored by ERA, but will incur additional fees based on our prevailing hourly billing rates and any associated travel costs.

For a project of this nature, ERA requests an initial deposit of \$8,000 to cover project start up costs. The deposit is applied to the final invoice. Interim invoices will be submitted monthly, based on the percentage of work completed by major task.

ERA's Standard Proposal Addendum should be considered an integral part of this proposal and is hereby incorporated by reference.

### **Additional Fee Information**

ERA will notify the client during the course of the study if any factors are discovered which have negative implications for the economic feasibility of the proposed project. For this or any other reason, the client has the option of terminating the study at any time; in such case, only those costs incurred to date of termination will be payable. Other standard contractual terms of ERA are described in the attached proposal addendum.

All fees and costs are quoted in U.S. dollars, net of any foreign taxes. The deposit and payments may be made by check from the client group or wired to ERA's corporate bank account at the following address:

#### **Check Information**

Economics Research Associates  
Attention: Lynn Reichhardt  
1101 Connecticut Avenue NW  
Suite 750  
Washington, DC 20036

#### **Bank Wire Information**

Account Number 2002909238  
Swift # BOFCUS33MPK  
ABA Route #122000496  
Union Bank of California



**Acceptance**

Acceptance of this proposal may indicated by signing one copy and returning it, along with the deposit to Economics Research Associates in Washington, DC. If you require your own contract form, you can incorporate this proposal as an addendum to your contract. If you feel a modification of the scope of services would better suit your needs, please do not hesitate to call.

DATE: June 7, 2007

David Nissenson  
Principal – Economics Research Associates

*Acceptance for Scope of Services*

ACCEPTED BY: \_\_\_\_\_  
(sign)

DATE: \_\_\_\_\_

\_\_\_\_\_  
(print name)

\_\_\_\_\_  
(title)



## **Standard Proposal Addendum**

It is understood by the client that Economics Research Associates (ERA) can make no guarantees concerning the recommendations, which will result from the proposed assignment, since these recommendations must be based upon facts discovered by ERA during the course of the study and those conditions existing as of the date of the report. To protect you and other clients, and to assure that the research results of ERA's work will continue to be accepted as objective and impartial by the business community, it is understood that our fee for the undertaking of this project is in no way dependent upon the specific conclusions reached or the nature of the advice given by us in our report to you.

It is agreed by the client that the report is not to be used in conjunction with any public or private offering of debt or equity securities without prior written consent.

It is further agreed that the client will indemnify ERA against any losses, claims, damages and liabilities under federal and state securities laws which may arise as a result of statements or omissions in public or private offerings of securities.

It is agreed by the client that payment for the services of ERA is due immediately upon receipt of the invoice and that ERA retains the option to halt work pending the receipt of payment; that all payments will be in U.S. dollars net of any taxes; that full payment is due prior to receipt of the completed report; and that ERA has the right to withhold delivery of the final report pending receipt of any overdue payments.

In the event any invoice is not paid within 30 days after rendering of the invoice it shall commence bearing interest on the date the invoice was rendered at the rate of 18 percent per annum (or such lesser rate as may be the maximum interest permissible under applicable law) and the client agrees to pay all accrued interest, together with the charges for services rendered as provided for in this agreement. In addition, should an unpaid invoice be referred to our attorneys for collection, the client agrees to pay their reasonable fee for such work, as well as any costs of suit which may be incurred.

It is further agreed by the client that the report will be presented to third parties in its entirety and that no abstracting of the report will be made without first obtaining the permission of ERA.

It is understood by ERA that the findings of this report are the proprietary property of the client and they will not be made available to any other organization or individual without the consent of the client.

This proposal will remain in force for a period of 60 days from the date shown hereon.





## Company Profile

Economics Research Associates (ERA) was founded in Los Angeles in 1958. Since 1981, the firm has been owned as a California Corporation by its principal consultants. Offices are in Los Angeles, Chicago, New York, Dallas, San Francisco, San Diego, London, and Washington, D.C. The firm has a staff of about 100.

ERA has completed approximately 15,000 consulting engagements. The firm's experience is concentrated in three interrelated fields: (1) recreation, tourism, and leisure time; (2) real estate and land use; and (3) economic development and planning. Our work is divided approximately equally between the public and private sectors. About 20 percent of our assignments are conducted outside the United States.

### Recreation, Entertainment, and Tourism

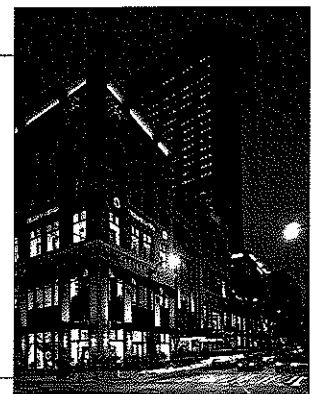


ERA has a long-standing reputation in the field of recreation, tourism, and leisure time activities. Long known for its work with major theme parks, ERA has also led in the economic analysis of attractions and entertainment-related developments. The firm is also a leader in the development and programming of urban entertainment centers and resort development. The firm has crafted numerous tourism development plans for states and regions, has evaluated hundreds of specific public and commercial

entertainment and recreation facilities, and has analyzed many high-profile special mass attraction events and public facility venues, including several Olympic Games, major sporting events, and world's fairs.

### Real Estate Consulting

Real estate and land use studies constitute a primary area of ERA project experience. ERA has studied the marketability, feasibility, and appropriate project densities for all property sectors. ERA also conducts project valuation analyses, portfolio reviews, and prepares independent review valuations during sales transactions. The firm has substantial experience in large-scale land development, destination resorts and hotels, mixed-use projects, retail, and university-related development.



### Economic Development and Planning

In urban and regional economics, ERA conducts economic based studies,



urban redevelopment feasibility assessments, long-range master plans, and studies involving growth and development policies. The firm is frequently called upon to assess fiscal impacts of development projects and policies. ERA often performs negotiating services and analyses for public clients seeking public-private ventures. The firm has been involved in all four rounds of contemporary military base reuse planning, defense industry conversion, and community economic diversification since 1988.



## Contact Information

### *David Nissenson*

#### *Washington DC*

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#### *San Diego*

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## **David M. Nissenson, Principal**

Mr. Nissenson joined ERA's Washington, D.C. office in 1996. His experience covers a broad spectrum of consulting assignments in hospitality, tourism, recreation and golf. Mr. Nissenson's primary focus includes hospitality market feasibility analysis, recreation and operations management analysis, concessions operations and management, restaurant operations/food and beverage management; financial reporting/hospitality management, golf feasibility economics, and computer applications in the hospitality/resort industry. His clients include a variety of both public and private sector organizations and individuals. Prior to his consulting career, Mr. Nissenson worked at several hotels and restaurants.

Prior to joining ERA, Mr. Nissenson worked for PKF Consulting, completing numerous hotel feasibility assignments, operational overviews, and appraisals focusing on locations throughout the U.S. eastern seaboard. Property analyses included limited service hotels, full service hotels, suite properties, resorts, fractional ownership, and convention center hotel properties.

Mr. Nissenson's recent hotel project experience includes:

- Market feasibility for a conference center expansion at Sky Top Lodge in Sky Top, PA
- Market and financial feasibility for the Pointe Simone Marriott Hotel in Martinique
- Feasibility of the expansion of Wilson Lodge at Oglebay Resort in Wheeling, West Virginia
- Evaluation of market potential and positioning recommendations for a new hotel in Port of Spain, Trinidad
- Office to hotel conversion analysis for Carbone Enterprises in New Orleans, Louisiana
- Convention center hotel and developer solicitation for the Hampton, Virginia convention center hotel
- Evaluation of proposals to develop a new convention center hotel in Baltimore, MD
- Market impact of new hotel development in Baltimore, Maryland
- Fiscal impact of a new convention center headquarters hotel in Washington, DC
- Market impact of new hotel development in Buffalo, New York
- Market analysis and feasibility of a conference hotel at the Mohegan Sun Casino

Mr. Nissenson was an active participant on the Washington, DC Mayor's Task force for hotel development. In this capacity, Mr. Nissenson met with leading hotel operators, developers, and representatives of the District of Columbia to strategize development options and issues.

Mr. Nissenson graduated with a Bachelor of Science degree from the Cornell University School of Hotel Administration and regularly guest lectures at the Washington, DC campus of Johns Hopkins University on hotel and golf market analysis.

**Rachel Lubin, Senior Analyst**

Ms. Lubin joined the Washington, D.C. office of Economics Research Associates in July 2005. She received her undergraduate degree in Hotel Administration from Cornell University. Ms. Lubin graduated *cum laude* with concentrations in law and creative writing. Ms. Lubin concentrates on financial and market feasibility studies in the recreation real estate practice for ERA. Selected representative projects include:

- Completed a market analysis and case study of the lodging market in Miami, Florida as a component of a new zoning plan for the City of Miami.
- Within a mixed-use development market and financial feasibility analysis, assisted in identifying the appropriate market positioning and development program of a hotel in Orlando, FL.
- Updated lodging market conditions and prepared a financial pro-forma for the expansion of a resort in West Virginia. Duties included analysis of the local market in addition to a thorough analysis of in-house revenue and expense trends.
- In assisting with a large mixed-use development market and financial feasibility study and economic impact analysis, analyzed lodging and convention market conditions, aided in developing a physical program and created a financial pro-forma for a hotel within the development. Other project components include a water park, and retail complex.
- Prepared a market analysis for an Intrawest Village in Bluffton, SC. Duties include assessment of local demographic and economic conditions, assessment of the local real estate market and condominium hotel market and an analysis of the effect of Intrawest's brand name on pace and price of a condo-hotel project.
- Participated in the creation of a development program and financial feasibility and economic impact analysis of the subsequent program for the redevelopment of the waterfront in Hamilton, Bermuda. Project components include office space, ground floor retail, a marina, a boutique hotel with serviced apartments, a residential complex, civic open space and cruise ship and ferry terminals.
- Assisted in evaluating market conditions and providing recommendations for the renovation of a large-scale hotel and conference center in Longbranch, New Jersey. Other project components include condominium hotel, residential, retail and office space.
- Estimated demand potential, financial and economic feasibility of a resort in Freeport, Maine. Additional project responsibilities included analysis of the potential consumer market, and potential participation in various outdoor activities.
- Assessed the tourism market and feasibility of a full-service hotel in conjunction with a convention center as part of a mixed-use development in Canton, Ohio.
- Determined the potential for the Memphis hotel market to successfully absorb a downtown upscale boutique hotel property.

- Created a financial and investment analysis for Shenandoah National Park including the assessment of existing lodging operations and recommendations of improvements in order to better serve the park's market audience and create profitability for a concessionaire.
- As part of a mixed-use development plan for property owned by the University of Maryland, assessed the feasibility of an upscale hotel and conference center and made recommendations for product and phasing that would better suit the campus community's lodging needs.
- Participated in the creation of a development program and financial feasibility for the development of a 3,500 acre site in St. Croix, Virgin Islands. Assessed market conditions, and estimated potential performance, and recommended product type, positioning and amenities for project components including: resort hotel, marina, and real estate.
- Provided valuation services for the operation of a boutique resort and marina in Harbour Island, Bahamas.
- Aided in assessing large-scale retail ownership and management potential, for a major developer, in several emerging retail markets including: resorts, stadiums, and universities.

Prior to her experience at Economics Research Associates, Ms. Lubin worked at The Breakers Palm Beach, Inc., a luxury resort property located in Palm Beach, FL, as a corporate analyst. Ms. Lubin's responsibilities as corporate analyst included research projects, presentations, guest satisfaction assurance and financial analysis. Her project work included a market and feasibility study for a \$14 million dollar beach expansion, and a pricing analysis which included assessment of economic and market conditions as relate to resort in-house pricing and recommendations for future pricing strategies. This research led to the implementation of an extensive price-value initiative.



State of West Virginia  
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 Post Office Box 50130  
 Charleston, WV 25305-0130

# Request for Quotation

RFQ NUMBER  
**DNR80214**

PAGE  
**1**

ADDRESS CORRESPONDENCE TO ATTENTION OF  
**BUTCH CHITTUM**  
**304-558-8806**

**RFQ COPY**  
**TYPE NAME/ADDRESS HERE**

Economics Research Associates  
 1101 Conn. Ave., NW, Suite 750  
 Washington, DC 20036

**DIVISION OF NATURAL RESOURCES**  
**PARKS & RECREATION SECTION**  
**BUILDING 3, ROOM 719**  
**1900 KANAWHA BOULEVARD, EAST**  
**CHARLESTON, WV**  
**25305-0662 304-558-2775**

DATE PRINTED	TERMS OF SALE	SHIP VIA	FOB	FREIGHT TERMS
05/29/2007				

BID OPENING DATE: **06/13/2007** BID OPENING TIME **01:30PM**

LINE	QUANTITY	UOP	CAT NO	ITEM NUMBER	UNIT PRICE	AMOUNT
001	1	JB		961-34		
<b>FINANCIAL FEASIBILITY STUDY FOR LODGE EXPANSION</b>  <b>PROFESSIONAL SERVICES PURSUANT TO DEVELOPING A FUNDING PLAN TO CONSTRUCT A 100 ROOM LODGE EXPANSION AT CACAPON RESORT STATE PARK PER THE ATTACHED SPECIFICATIONS.</b>  <b>NOTICE TO PROCEED: THIS CONTRACT IS TO BE PERFORMED WITHIN 90 CALENDAR DAYS AFTER THE NOTICE TO PROCEED IS RECEIVED. UNLESS OTHERWISE SPECIFIED, THE FULLY EXECUTED PURCHASE ORDER WILL BE CONSIDERED NOTICE TO PROCEED.</b>  <b>VENDOR PREFERENCE CERTIFICATE</b>  <b>CERTIFICATION AND APPLICATION* IS HEREBY MADE FOR PREFERENCE IN ACCORDANCE WITH WEST VIRGINIA CODE, 5A-3-37 (DOES NOT APPLY TO CONSTRUCTION CONTRACTS).</b>  <b>A. APPLICATION IS MADE FOR 2.5% PREFERENCE FOR THE REASON CHECKED:</b>  <input type="checkbox"/> BIDDER IS AN INDIVIDUAL RESIDENT VENDOR AND HAS RESIDED CONTINUOUSLY IN WEST VIRGINIA FOR FOUR (4) YEARS IMMEDIATELY PRECEDING THE DATE OF THIS CERTIFICATION; OR  <input type="checkbox"/> BIDDER IS A PARTNERSHIP, ASSOCIATION OR CORPORATION RESIDENT VENDOR AND HAS MAINTAINED ITS HEAD-						

SEE REVERSE SIDE FOR TERMS AND CONDITIONS

SIGNATURE	TELEPHONE	DATE
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**2**

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 1101 Conn. Ave., NW, Suite 750  
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PROPERTY

SHIP TO

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LINE	QUANTITY	UOP	CAT NO	ITEM NUMBER	UNIT PRICE	AMOUNT
<p>QUARTERS OR PRINCIPAL PLACE OF BUSINESS CONTINUOUSLY IN WEST VIRGINIA FOR FOUR (4) YEARS IMMEDIATELY PRECEDING THE DATE OF THIS CERTIFICATION; OR 80% OF THE OWNERSHIP INTEREST OF BIDDER IS HELD BY ANOTHER INDIVIDUAL, PARTNERSHIP, ASSOCIATION OR CORPORATION RESIDENT VENDOR WHO HAS MAINTAINED ITS HEADQUARTERS OR PRINCIPAL PLACE OF BUSINESS CONTINUOUSLY IN WEST VIRGINIA FOR FOUR (4) YEARS IMMEDIATELY PRECEDING THE DATE OF THIS CERTIFICATION; OR</p> <p>( ) BIDDER IS A CORPORATION NONRESIDENT VENDOR WHICH HAS AN AFFILIATE OR SUBSIDIARY WHICH EMPLOYS A MINIMUM OF ONE HUNDRED STATE RESIDENTS AND WHICH HAS MAINTAINED ITS HEADQUARTERS OR PRINCIPAL PLACE OF BUSINESS WITHIN WEST VIRGINIA CONTINUOUSLY FOR THE FOUR (4) YEARS IMMEDIATELY PRECEDING THE DATE OF THIS CERTIFICATION.</p> <p>B. APPLICATION IS MADE FOR 2.5% PREFERENCE FOR THE REASON CHECKED:</p> <p>( ) BIDDER IS A RESIDENT VENDOR WHO CERTIFIES THAT, DURING THE LIFE OF THE CONTRACT, ON AVERAGE AT LEAST 75% OF THE EMPLOYEES WORKING ON THE PROJECT BEING BID ARE RESIDENTS OF WEST VIRGINIA WHO HAVE RESIDED IN THE STATE CONTINUOUSLY FOR THE TWO YEARS IMMEDIATELY PRECEDING SUBMISSION OF THIS BID;</p> <p>OR</p> <p>( ) BIDDER IS A NONRESIDENT VENDOR EMPLOYING A MINIMUM OF ONE HUNDRED STATE RESIDENTS OR IS A NONRESIDENT VENDOR WITH AN AFFILIATE OR SUBSIDIARY WHICH MAINTAINS ITS HEADQUARTERS OR PRINCIPAL PLACE OF BUSINESS WITHIN WEST VIRGINIA EMPLOYING A MINIMUM OF ONE HUNDRED STATE RESIDENTS WHO CERTIFIES THAT, DURING THE LIFE OF THE CONTRACT, ON AVERAGE AT LEAST 75% OF THE EMPLOYEES OR BIDDERS' AFFILIATE'S OR</p>						

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**3**

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LINE	QUANTITY	UOP	CAT NO.	ITEM NUMBER	UNIT PRICE	AMOUNT
<p>SUBSIDIARY'S EMPLOYEES ARE RESIDENTS OF WEST VIRGINIA WHO HAVE RESIDED IN THE STATE CONTINUOUSLY FOR THE TWO YEARS IMMEDIATELY PRECEDING SUBMISSION OF THIS BID.</p> <p>BIDDER UNDERSTANDS IF THE SECRETARY OF TAX &amp; REVENUE DETERMINES THAT A BIDDER RECEIVING PREFERENCE HAS FAILED TO CONTINUE TO MEET THE REQUIREMENTS FOR SUCH PREFERENCE, THE SECRETARY MAY ORDER THE DIRECTOR OF PURCHASING TO: (A) RESCIND THE CONTRACT OR PURCHASE ORDER ISSUED; OR (B) ASSESS A PENALTY AGAINST SUCH BIDDER IN AN AMOUNT NOT TO EXCEED 5% OF THE BID AMOUNT AND THAT SUCH PENALTY WILL BE PAID TO THE CONTRACTING AGENCY OR DEDUCTED FROM ANY UNPAID BALANCE ON THE CONTRACT OR PURCHASE ORDER.</p> <p>BY SUBMISSION OF THIS CERTIFICATE, BIDDER AGREES TO DISCLOSE ANY REASONABLY REQUESTED INFORMATION TO THE PURCHASING DIVISION AND AUTHORIZES THE DEPARTMENT OF TAX AND REVENUE TO DISCLOSE TO THE DIRECTOR OF PURCHASING APPROPRIATE INFORMATION VERIFYING THAT BIDDER HAS PAID THE REQUIRED BUSINESS TAXES, PROVIDED THAT SUCH INFORMATION DOES NOT CONTAIN THE AMOUNTS OF TAXES PAID NOR ANY OTHER INFORMATION DEEMED BY THE TAX COMMISSIONER TO BE CONFIDENTIAL.</p> <p>UNDER PENALTY OF LAW FOR FALSE SWEARING (WEST VIRGINIA CODE 61-5-3), BIDDER HEREBY CERTIFIES THAT THIS CERTIFICATE IS TRUE AND ACCURATE IN ALL RESPECTS; AND THAT IF A CONTRACT IS ISSUED TO BIDDER AND IF ANYTHING CONTAINED WITHIN THIS CERTIFICATE CHANGES DURING THE TERM OF THE CONTRACT, BIDDER WILL NOTIFY THE PURCHASING DIVISION IN WRITING IMMEDIATELY.</p> <p>BIDDER: <u>ECONOMICS RESEARCH ASSOCIATES</u></p>						

SEE REVERSE SIDE FOR TERMS AND CONDITIONS

SIGNATURE \_\_\_\_\_ TELEPHONE \_\_\_\_\_ DATE \_\_\_\_\_

FEIN \_\_\_\_\_ ADDRESS CHANGES TO BE NOTED ABOVE

WHEN RESPONDING TO RFQ INSERT NAME AND ADDRESS IN SPACE ABOVE LABELED "NAME/ADDRESS"





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Economics Research Associates  
 1101 Conn. Ave., NW, Suite 750  
 Washington, DC 20036

**DIVISION OF NATURAL RESOURCES**  
**PARKS & RECREATION SECTION**  
**BUILDING 3, ROOM 719**  
**1900 KANAWHA BOULEVARD, EAST**  
**CHARLESTON, WV**  
**25305-0662 304-558-2775**

RFQ COPY

SHIP TO

DATE PRINTED	TERMS OF SALE	SHIP VIA	FOB	FREIGHT TERMS
05/29/2007				

BID OPENING DATE: **06/13/2007** **BID OPENING TIME 01:30PM**

LINE	QUANTITY	UOP	CAT NO	ITEM NUMBER	UNIT PRICE	AMOUNT
<p>DATE: <u>June 7, 2007</u></p> <p>SIGNED: <u>[Signature]</u>            DAVID NISSENSEN</p> <p>TITLE: <u>PRINCIPAL</u></p> <p>* CHECK ANY COMBINATION OF PREFERENCE CONSIDERATION(S) IN EITHER "A" OR "B", OR BOTH "A" AND "B" WHICH YOU ARE ENTITLED TO RECEIVE. YOU MAY REQUEST UP TO THE MAXIMUM 5% PREFERENCE FOR BOTH "A" AND "B". (REV. 12/00)</p> <p>NOTICE</p> <p>A SIGNED BID MUST BE SUBMITTED TO:</p> <p>DEPARTMENT OF ADMINISTRATION            PURCHASING DIVISION            BUILDING 15            2019 WASHINGTON STREET, EAST            CHARLESTON, WV 25305-0130</p> <p>THE BID SHOULD CONTAIN THIS INFORMATION ON THE FACE OF THE ENVELOPE OR THE BID MAY NOT BE CONSIDERED:</p> <p>SEALED BID</p> <p>BUYER: BUTCH CHITTUM 44</p>						

SEE REVERSE SIDE FOR TERMS AND CONDITIONS		
NATURE	TELEPHONE	DATE
TITLE	FEIN	ADDRESS CHANGES TO BE NOTED ABOVE



State of West Virginia  
 Department of Administration  
 Purchasing Division  
 2019 Washington Street East  
 Post Office Box 50130  
 Charleston, WV 25305-0130

# Request for Quotation

RFQ NUMBER  
**DNR80214**

PAGE  
**5**

ADDRESS CORRESPONDENCE TO ATTENTION OF:  
**BUTCH CHITTUM**  
**304-558-8806**

RFQ COPY

TYPE NAME/ADDRESS HERE

Economics Research Associates  
 1101 Conn. Ave., NW, Suite 750  
 Washington, DC 20036

SHIP TO

DIVISION OF NATURAL RESOURCES  
 PARKS & RECREATION SECTION  
 BUILDING 3, ROOM 719  
 1900 KANAWHA BOULEVARD, EAST  
 CHARLESTON, WV  
 25305-0662 304-558-2775

DATE PRINTED	TERMS OF SALE	SHIP VIA	F.O.B.	FREIGHT TERMS
05/29/2007				

OPENING DATE: **06/13/2007** BID OPENING TIME **01:30PM**

LINE	QUANTITY	UOP	CAT NO.	ITEM NUMBER	UNIT PRICE	AMOUNT
				DNR80214		
				BID OPENING DATE:		06/13/2007
				BID OPENING TIME:		1:30 P.M.
PLEASE PROVIDE A FAX NUMBER IN CASE IT IS NECESSARY TO CONTACT YOU REGARDING YOUR BID: ----- 202 496 9877 ----- CONTACT PERSON (PLEASE PRINT CLEARLY): ----- DAVID NISSENSON ----- ***** THIS IS THE END OF RFQ DNR80214 ***** TOTAL: _____						

SEE REVERSE SIDE FOR TERMS AND CONDITIONS

SIGNATURE	TELEPHONE	DATE

ADDRESS CHANGES TO BE NOTED ABOVE

WHEN RESPONDING TO RFQ. INSERT NAME AND ADDRESS IN SPACE ABOVE LABELLED 'VENDOR'

**Project:** Cacapon State Park Lodge Expansion  
 Provide professional services pursuant to developing a funding plan to construct a 100 room lodge expansion at Cacapon Resort State Park.

Vendor must have a minimum of five years experience providing market feasibility and financial projections. Vendor should provide references or documentation to verify required experience. Experience with state park lodge expansion or like facility preferred.

#### **General terms and conditions**

- Payment may only be made after the delivery of all goods or services
- The State is exempt from Federal and State taxes and will not pay for or reimburse such taxes

#### **Deliverables**

- Documents and compact disc containing local area and region analysis, lodging market (supply and demand) analysis, and financial analysis (pro-forma) to be delivered to Steve DeBarr, P.E. by mail at WVDNR, State Capitol Complex, Building 3 Room 719, Charleston, WV 25305.
- Furnish one intermediate set of documents and compact disc for 50% review, one intermediate set and compact disc for 90% review, and one final set of documents and compact disc.
- Document to be prepared using Microsoft Word.

#### **Completion date**

- Final report to be delivered by 90 calendar days after date of notice to proceed.

#### **Scope of Work Required**

##### **Objective**

1. provide a document to be used to gain an adequate level of confidence by other entities in the project's success
2. provide a document to be used to obtain financing for development and construction

##### **General**

1. feasibility study to be neutral and objective
2. sources and assumptions to be documented
3. limitations to be noted and explained

**Local area and region analysis**-compile data to analyze the economic climate in the local area and draw conclusions regarding the suitability of the local area to support an additional resort lodging facilities

1. analyze local area growth trends in population, demographics, employment, income, residential and commercial construction, highway construction
2. analyze local area growth trends in new business development
3. analyze local municipal and county government revenue generated from business and occupation tax
4. analyze local area major public and private facilities including schools, hospitals, manufacturing, transportation, government
5. analyze local area travel and visitor traffic
6. analyze local area points of natural and historic interest
7. assess the location of the proposed lodging with respect to its location within the local area and region

**Lodging market (supply and demand) analysis**-compile data necessary to assess the present demand for guest rooms and other hotel, resort, and restaurant related services and assess future growth rates for applicable market segments

1. identify other similar types of lodging facilities located within the local area and region
2. determine future growth and expansion plans of similar types of lodging facilities within the local area and region

3. identify the type of market segments to be targeted ie business convention and seminar, other groups, travelers, vacation and tourists, local
4. identify the present market and growth trends of each market segment
5. estimate the growth potential of each market segment based on growth trends
6. determine the occupancy of existing similar types of lodging facilities located within the local area and region and the ratio of each market segment as a portion of the total occupancy
7. analyze the booking and occupancy history of the existing park lodge and determine the ratio of each market segment as a portion of the total occupancy
8. analyze the history of bookings lost at the existing park lodge and assess the reason for lost bookings i.e. full house, existing facilities too small to accommodate group
9. estimate total demand for lodging in local area and estimate the proportion of total for each market segment
10. estimate the fair market share for the proposed resort lodging facility
11. analyze the affect on fair market share for each market segment regarding sensitivity due to pricing, weekends vs. weekday, seasonality, growth rates, market penetration, inflation

**Financial analysis (pro-forma)-estimate revenue and expenses from operation and maintenance over a stipulated time period to show potential cash flow**

1. estimate revenue based on fair market share generated by sales from each profit center i.e. guest rooms, food and beverage, conference room rental, gift shop, massage center, other
2. estimate maintenance and operation expenses i.e. labor and supplies for management, administration, housekeeping, security, maintenance, operation, food and beverage, custodial, spa and message, pool, building and grounds, advertising, other
3. based on estimate of construction, FFE, and pre-opening costs (prepared by others under a separate architectural/ engineering contract), estimate annual debt service expense for money financed for a given interest rate
4. prepare forecast of annual net operating income over stipulated time period and calculate ratio of revenue generated/expenses (debt service ratio)

**Information to be furnished by Owner**

1. historical data of guestroom sales for past five years
2. historical data describing demographics and home residence of guests for past five years
3. historical data describing, size, type, demographics, home residence of groups sales of guest rooms and conference room space for past five years

**Information to be furnished by Owner – conceptual planning of proposed facilities**

1. number and mix of guest rooms proposed
2. improvements to kitchen and dining room proposed
3. indoor swimming pool , spa, fitness center proposed
4. other revenue producing facilities
5. golf course miscellaneous improvements proposed
6. modifications to existing lodge facilities proposed
7. improvements to grounds and parking proposed
8. improvements to infrastructure necessary to support the development such as water, sewer, and electric
9. general program of spaces for each in sufficient detail commensurate with conceptual plan
10. conceptual plan of each component
11. estimate of construction cost of each component based on conceptual plan
12. estimate cost of furniture, fixtures, and equipment based on conceptual plan
13. estimate cost of pre-opening materials, fixtures, tools, and equipment based on conceptual plan

14. estimate cost for technical services such as architect/engineer services
15. project budget by compiling estimates into a matrix format subdivided into major tasks and components
16. project timeline from concept to completion using matrix format subdivided into major tasks and components

### Background Information (for information only)

The conceptual development program and budget is as follows:

#### 100 ROOM LODGE ADDITION

ITEM	REMARKS	QUANTITY	UNITS	UNIT COST	COST
BUILDING	Provide 100 guest rooms, common space, elevator, building construction, site grading, minimal landscaping. Basic room to be approximately 350 square feet and with resort style finishes. Suites to be larger and include additional amenities. Adequate number of rooms with in room gas fireplace and decks.	100	ROOMS	\$ 90,000	\$ 9,000,000
CORRIDOR LINK TO EXISTING	Connecting corridor between existing lodge and new facility to provide transitional space between facilities.	800	SF	\$125	\$100,000
PARKING EXPANSION	Grading, drainage, curbs, and paving for expanded parking lot and improvements to existing lot.	100	CARS	\$5,000	\$500,000
FURNITURE/FIXTURE/EQUIPMENT	Provide beds, furniture, televisions, etc required to furnish rooms.	100	ROOMS	\$4,000	\$400,000
SPRINKLER EXISTING BUILDING	Install sprinkler pipe system required by Fire Marshall in existing lodge.	40000	SF	\$5	\$200,000
A/E FEE		1	LS	\$1,100,000	\$1,100,000
TOTAL					\$11,300,000

**LODGE FITNESS CENTER**

<b>ITEM</b>	<b>REMARKS</b>	<b>QUANTITY</b>	<b>UNITS</b>	<b>UNIT COST</b>	<b>COST</b>
BUILDING	Fitness area with tread mills, aerobic machines such as bicycles, elliptical orbiters, etc; and weight machines. Includes gunite finished 8 person hot tub and approximately 1000 sf gunnite pool. Install message rooms and sauna. Includes building construction and FFE.	8000	SF	\$200	\$1,600,000
LINK CORRIDOR	Connecting corridor between existing lodge and new facility to provide transitional space between facilities.	800	SF	\$125	\$100,000
A/E FEE		1	LS	\$150,000	\$150,000
<b>TOTAL</b>					<b>\$1,850,000</b>

**EXISTING DINING ROOM/ KITCHEN EXPANSION**

<b>ITEM</b>	<b>REMARKS</b>	<b>QUANTITY</b>	<b>UNITS</b>	<b>UNIT COST</b>	<b>COST</b>
<b>BUILDING</b>	Expand dining room and kitchen into patio area toward golf course using window wall to take advantage of golf course views. Provides additional seating capacity in dining room and additional floor space for kitchen. Provide area for lounge adjacent to dining room.	3000	SF	\$100	\$300,000
<b>HVAC UPGRADE</b>	Replace stand up air conditioning units.	1	LS	\$100,000	\$100,000
<b>KITCHEN EQUIPMENT UPGRADE</b>	Replace, upgrade, and improve existing kitchen equipment and kitchen layout for efficiency and as needed to provide service to larger dining room.	1	LS	\$100,000	\$100,000
<b>OUTDOOR DINING</b>	Provide patio and amenities for outdoor dining when weather permits to take advantage of golf course views.	2000	SF	\$50	\$100,000
<b>FURNITURE/ FIXTURE/ EQUIPMENT</b>	Provide tables, chairs, etc required to furnish room.	1	LS	\$50,000	\$50,000
<b>A/E FEE</b>		1	LS	\$50,000	\$50,000
<b>TOTAL</b>					\$700,000

**GOLF COURSE IMPROVEMENTS**

<b>ITEM</b>	<b>REMARKS</b>	<b>QUANTITY</b>	<b>UNITS</b>	<b>UNIT COST</b>	<b>COST</b>
<b>IMPROVEMENTS</b>	Install drainage improvements, renovate sand bunkers, improve and renovate tees and greens, and other improvements to be determined necessary to upgrade the course to resort level and commensurate with Robert Trent Jones design.	1	LS	\$ 900,000	\$ 900,000
<b>A/E FEE</b>		1	LS	\$100,000	\$100,000
<b>TOTAL</b>					\$1,000,000



**WATER/ SEWER IMPROVEMENTS**

<b>ITEM</b>	<b>REMARKS</b>	<b>QUANTITY</b>	<b>UNITS</b>	<b>UNIT COST</b>	<b>COST</b>
<b>WELL</b>	Provide additional water source to assure adequate water capacity to accommodate increased water usage. Necessary due to history of existing wells and past well failure.	1	LS	\$300,000	\$300,000
<b>STORAGE TANK</b>	Provide minimum of three days storage.	150000	GAL	\$1.50	\$225,000
<b>SEWAGE TREATMENT PLANT</b>	Provide additional treatment capacity due to increased flows from expanded facilities. Includes additional aerobic treatment plants and relocated sand filters.	25000	GPD	\$15	\$375,000
<b>A/E FEE</b>		1	LS	\$100,000	\$100,000
<b>TOTAL</b>					\$1,000,000

STATE OF WEST VIRGINIA  
Purchasing Division

## PURCHASING AFFIDAVIT

**West Virginia Code §5A-3-10a states:** No contract or renewal of any contract may be awarded by the state or any of its political subdivisions to any vendor or prospective vendor when the vendor or prospective vendor or a related party to the vendor or prospective vendor is a debtor and the debt owned is an amount greater than one thousand dollars in the aggregate.

**DEFINITIONS:**

"Debt" means any assessment, premium, penalty, fine, tax or other amount of money owed to the state or any of its political subdivisions because of a judgment, fine, permit violation, license assessment, defaulted workers' compensation premium, penalty or other assessment presently delinquent or due and required to be paid to the state or any of its political subdivisions, including any interest or additional penalties accrued thereon.

"Debtor" means any individual, corporation, partnership, association, limited liability company or any other form or business association owing a debt to the state or any of its political subdivisions. "Political subdivision" means any county commission; municipality; county board of education; any instrumentality established by a county or municipality; any separate corporation or instrumentality established by one or more counties or municipalities, as permitted by law; or any public body charged by law with the performance of a government function or whose jurisdiction is coextensive with one or more counties or municipalities. "Related party" means a party, whether an individual, corporation, partnership, association, limited liability company or any other form or business association or other entity whatsoever, related to any vendor by blood, marriage, ownership or contract through which the party has a relationship of ownership or other interest with the vendor so that the party will actually or by effect receive or control a portion of the benefit, profit or other consideration from performance of a vendor contract with the party receiving an amount that meets or exceeds five percent of the total contract amount.

**EXCEPTION:** The prohibition of this section does not apply where a vendor has contested any tax administered pursuant to chapter eleven of this code, workers' compensation premium, permit fee or environmental fee or assessment and the matter has not become final or where the vendor has entered into a payment plan or agreement and the vendor is not in default of any of the provisions of such plan or agreement.

**LICENSING:** Vendors must be licensed and in good standing in accordance with any and all state and local laws and requirements by any state or local agency of West Virginia, including, but not limited to, the West Virginia Secretary of State's Office, the West Virginia Tax Department, West Virginia Insurance Commission, or any other state agencies or political subdivision. Furthermore, the vendor must provide all necessary releases to obtain information to enable the Director or spending unit to verify that the vendor is licensed and in good standing with the above entities.

**CONFIDENTIALITY:** The vendor agrees that he or she will not disclose to anyone, directly or indirectly, any such personally identifiable information or other confidential information gained from the agency, unless the individual who is the subject of the information consents to the disclosure in writing or the disclosure is made pursuant to the agency's policies, procedures and rules. Vendors should visit [www.state.wv.us/admin/purchase/privacy](http://www.state.wv.us/admin/purchase/privacy) for the Notice of Agency Confidentiality Policies.

Under penalty of law for false swearing (West Virginia Code, §61-5-3), it is hereby certified that the vendor acknowledges the information in this said affidavit and are in compliance with the requirements as stated.

Vendor's Name: David Niscenson, PRINCIPAL

Authorized Signature: 

Date: 6/7/2007