

PART 1 – Summary of the Business Opportunity

Reclamation, through this Prospectus, is outlining opportunities for as many as seven concession opportunities at Lake Berryessa. This is a unique Prospectus that provides a maximum level of flexibility and operational determination within the framework established by the ROD (Alternative B modified with specific elements of A, C and D with some elements of the RAMP carried forward plus mitigation.) to interested offerors. As outlined in detail in PART 3 Section K of this Prospectus, offerors may submit proposals to operate from one to seven of these concession areas. Furthermore, offerors will outline the number and type of specific facilities they intend to develop in providing services to the recreating public. The recently completed planning effort that culminated in an Environmental Impact Statement (EIS) and Record of Decision (ROD) provides the basic parameters for the new concession operations at Lake Berryessa. The EIS and ROD, plus numerous other helpful documents mentioned throughout this Prospectus, may be viewed by visiting a specially developed Lake Berryessa Prospectus website at <http://www.usbr.gov/mp/berryessa/prospectus.html>.

Business options for the next concession contract term(s) include lodging of various types, food and beverage, launch ramps, marinas (slip rentals, fishing, ski and houseboat rentals), retail sales, campgrounds and RV Parks, day use facilities, etc. Some operations may be seasonal in nature while others may serve year around business demands. There may also be other appropriate facilities and activities that offerors may suggest as a part of their unique proposals. It is likely that successful offerors will propose a development program that will require substantial investment on the part of new concession contractors. In recognition of this unknown investment level and its impact on providing a reasonable opportunity for a profit on the business, offerors will also identify in their proposal the length of term they will require if selected to be a new concession contractor. Term length will be one of the points evaluated when comparing proposals from various offerors (*Please see PART 5 of this Prospectus for detailed information on the proposal evaluation process to be conducted by Reclamation*).

By the time they expire in 2008/2009 the existing concession operations at Lake Berryessa will have been operating in a very similar manner for 45-50 years. The Pleasure Cove operation has already transitioned to a different business model under a short-term (interim) concession contractor because of the termination of the previous long-term contract. Pleasure Cove is also a part of the overall mix for concession operations at Lake Berryessa under the same terms and conditions outlined in this Prospectus. Over the past 45 years the concession operations at Lake Berryessa have become financially dependant on the rental of long-term trailer sites. At present there are nearly 1200 such sites positioned throughout 6 of the concession operations (not at Pleasure Cove) and until a few years ago there were approximately 1600 sites (including Pleasure Cove). These sites rent on a monthly basis and the long term trend has been a nearly 100% occupancy rate over the years. Revenue from the trailer sites over the years has accounted for approximately 50% of the overall revenue for concession contractors. The ROD calls for the removal of these trailer installations and does not provide for any long-term private trailer installations in the new contract term(s) as outlined in this Prospectus. Reclamation intends for the next concession contract(s) at Lake Berryessa to become fully dependant upon the provision of facilities and services to traditional short-term users in a manner similar to those seen at hundreds of other Federal (primarily USFS and NPS) areas throughout the country that are open for public recreation use.

Public comment has supported the belief, and Reclamation concurs, that the focus on the long-term trailer installations over the past 45 years created a business model that has resulted in

traditional short-term users mostly going elsewhere for their outdoor recreation experiences because they did not perceive the proximity of large permanent trailer installations as conducive to the vacation or recreation experience they desired. This is in spite of the fact that concession contractors did develop short term facilities and made efforts to attract those users and also besides the positive aspect of proximity to large population centers (Sacramento and the San Francisco Bay Area). However, much of the prime shoreline locations in all of the concession areas have been committed to the long-term exclusive use of the permanent trailer villages.

With the change to a business model that is committed to the provision of new facilities and services to the traditional recreating public and the opportunity to develop these operations in attractive areas near the lake shore, Reclamation foresees outstanding untapped commercial opportunities at Lake Berryessa. The environment and scenic vistas surrounding Lake Berryessa provide superior natural surroundings over several other Northern California public recreation areas that conduct financially viable operations. This setting, just a short distance from Napa Valley, in conjunction with the 8-10 million residents within 3 hours drive presents a business potential at Lake Berryessa for the establishment of appropriately designed recreation support facilities and services with outstanding growth potential over the term of the next contract.

Houseboat rentals, RV sites, attractively designed cabin installations, and quality camping opportunities are all areas that are not presently being capitalized upon that should show immediate visitor demand following the re-development focus on traditional short-term use. Current occupancy levels on boat rental slips is already very high and increases and upgrades in those facilities will also be met with immediate user popularity.

It is apparent that this opportunity at Lake Berryessa will require some timed phasing for new development to realize all of the apparent benefits. Reclamation is prepared to work closely with the eventual new concession contractor(s) in approving and helping to coordinate the re-development of commercial public facilities. This Prospectus will be open for a period of 90 days in recognition of the complexities involved and the potential for individual offerors to develop multiple or complex single proposals. The Prospectus is large because of the need to address seven different concession areas. There are also inherent complexities in this opportunity because of the significant level of flexibility provided for offerors to create their own unique vision, (within the framework established by the ROD) based upon their background and experience in the Recreation Hospitality Industry, for future commercial facilities and services to serve the public at Lake Berryessa.

At this time the final purchase price for existing facilities to be used in the next term is unknown because it will also be a factor of the proposals submitted. Please review PART 3 Section L to understand how individual offerors may determine in their proposal which facilities they suggest retaining (if any) and therefore required to purchase. Compensation for those facilities retained will be based upon the appraisal documents attached to this Prospectus as PART 7.10. Offerors will also identify and justify the Franchise Fees they feel is applicable and in line with their proposal (see PART 4 Section N of this Prospectus). Current concession contractors do not have any preferential rights in regard to consideration for the next contract term nor will new operators have preference for the contract term following this opportunity. Although there are some financial figures provided for the past 6 years (PART 4 Section F of this Prospectus) they will likely have limited value for financial projections of new operations because of the removal of revenue from long-term trailer installations and the reconfiguration of the business model.

Reclamation provides through this Prospectus, opportunities for prospective offerors to tour existing facilities, to ask appropriate questions and to express concerns regarding aspects of this concession business opportunity (see PART 3 Section B of this Prospectus).