



Greg B. Wilson Van Buren County Mayor
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Dear Citizens,

My name is Greg Wilson and I am the Mayor of Van Buren County. The information provided shows the unnecessary privatization of Fall Creek falls Inn, Cabins, Restaurant and Golf Course. The Lodging for 2016 had a \$374,268 profit and the Restaurant had a \$53,010 profit. Only the Golf Course had a 2016 margin loss and the loss is explained in the RFP by TDEC. The loss of jobs in Van Buren and surrounding counties will be crippling to our county, economy and citizens. It is difficult to understand why the Governor's office and Deputy Commissioner Brock Hill have plans to destroy the economy and jobs in one of the smallest and poorest rural counties in Tennessee.

Fall Creek Falls State Park is the largest and most visited park in the Southeast. The loss of FCF revenue and indirect revenue will place Van Buren County in a deep recession. Our schools depend on Hotel/Motel tax as part of the counties Maintenance of Effort. The City of Spencer and the County budgets depend on the same revenue. This doesn't include the loss of sales tax revenue. From 2012 until 2015 a renovation was promised and caused the Inn, Cabins, Restaurant and Golf Course to loose occupancy and revenue. No action was taken by the State to supplement the counties losses.

I would encourage you to consider the renovation plan during fall Creek falls off season. Keep the 62 employees in place and hire a marketing team to focus on our state parks. We all agree the Inn is in need of a renovation. The management team at Fall Creek Falls has shown they can provide a profitable outcome during challenging times. Save the state tax payer millions of dollars and Van Buren Counties economy and don't privatize Fall Creek Falls. If you have any questions you can contact me at (931) 946-2314 (O) or (931) 316-7326 (C).

Respectfully,

Greg Wilson, Mayor
Van Buren County

Fall Creek Falls Privatization Information Sheet

Fall Creek Falls Inn and Cabins had a \$374,268 profit in 2016. This is a 149% increase profit from 2010. Fall Creek Falls Restaurant had a \$53,010 profit in 2016. This is a 148% increase in profit from 2010. FCF Inn had an average daily rate of \$76.26 for hotel stay and \$153.35 in cabins in 2016. The ADR will allow a two night stay for \$152.52 plus tax. The RFP proposed price of \$151 for hotel and \$171 for cabins in 2020. This will be a cost of \$302 plus tax for the same stay in the hotel. This action will double the cost for the Inn patron.

The 4.5% concessionaire fee proposed in the RFP on gross hotel cabin revenue (\$2,737,769 x .045) would be \$123,199.61 in 2016. Under the Privatization Plan under consideration, the state tax payer would lose (\$374,268 - \$123,199.61) \$251,068.39. The profits listed above will all go to the concessionaire.

Van Buren County will have an increase from 5.7% unemployment in November, 2016 to 7.98% (2nd highest in the state) unemployment if only 40 of the 62 employees laid off from the Inn are from Van Buren County. Van Buren County will lose approximately \$65,000 yearly in Hotel tax revenue and substantial losses in sales tax revenue. The City of Spencer will lose \$42,000 in Hotel tax revenue. Van Buren County Schools will lose approximately \$97,000 yearly in Hotel tax revenue and substantial losses in sales tax revenue. Under T.C.A. 49-2-203 and 49-3-314 local government cannot supplant state tax dollars in any form. This will result in a 12 cent or higher tax increase to every property owner in Van Buren County. This doesn't include the indirect loss of revenue to our local businesses.

Renovation of the Inn was scheduled at 18 million in 2012. Other estimates show it at 15.1 million. The RFP is scheduled at 22.1 million. Renovation would save tax payers of Tennessee 4.1 million to 7 million dollars. The RFP will give the concessionaire a ten year lease. The concessionaire will be paid to tear down and rebuild the Inn. Is our priority an individual company or the tax payers and citizen of Tennessee?

*** All data provided was produced by TDEC, Fall Creek Falls RFP, Tennessee Dept. of Labor & Workforce Development and Van Buren County Local Government Budget data. Additional information available per your request.*

Decreases in 2014 of occupancy for the Inn and Cabins, as well as total number of rounds for golf, was due to the following projects: golf course irrigation system upgrades, landside cabin renovations, fisherman cabin renovations, and Fall Creek Fall Inn renovation delays.

Historical Concession Facilities Revenues

Exhibit 6 shows historical revenue from the Concession Facilities under TDEC management. It is important to note that additional information is provided via the online information portal. Additionally, revenues reflected in the financials may not exactly match the information provided below due to the inclusion of additional line items necessary to translate government accounting practices to private industry standards.

Exhibit 6: Historical Hospitality Portfolio Revenue

	FY11-12	FY12-13	FY13-14	FY14-15	FY15-16
Inn	\$1,648,017	\$1,584,532	\$1,474,548	\$1,385,009	\$1,518,158
Cabin	\$805,134	\$772,841	\$808,109	\$784,191	\$1,025,040
Gift Shop	\$171,806	\$177,175	\$174,384	\$181,007	\$194,571
Restaurant	\$1,805,268	\$1,821,366	\$1,664,937	\$1,519,361	\$1,582,878
Golf	\$503,978	\$491,986	\$419,131	\$379,944	\$404,660
Total	\$4,934,203	\$4,847,900	\$4,541,110	\$4,249,512	\$4,735,307

Projected Concession Facilities Utilization

Response to this RFP will require the Respondent to develop financial projections based upon the Respondent's proposed redevelopment and operation of the Concession Facilities. To assist the Respondent in the development of projections, in the online information portal TDEC has provided the information on which it relied for development of its own internal estimates of the Concession Fee, Maintenance Reserve, and Personal Property Reserve. Please note that the operating projections are only estimates based on assumptions developed considering publicly available historical data, industry standards, and information from comparable facilities.

TDEC does not guarantee these projections will materialize and assumes no liability for the accuracy of the projections presented. Respondents must compile and prepare their own financial projections based on their independent assumptions and industry knowledge.

Fall Creek Falls State Park - Hospitality Portfolio

Fiscal Year:	2010	2011	2012	2013	2014	2015	2016
Total Revenue	4,994,973	4,934,203	4,847,900	4,541,110	4,249,512	4,106,218	4,725,307
Total Expenses	(5,113,647)	(4,997,034)	(5,193,539)	(5,032,507)	(5,135,988)	(4,617,202)	(4,692,653)
Total EBITDA	(118,674)	(62,831)	(345,639)	(491,397)	(886,476)	(510,984)	32,654
Golf							
Revenue	466,816	503,978	491,986	419,132	379,944	377,431	404,660
Direct Expenses	(551,973)	(580,836)	(578,592)	(572,123)	(637,882)	(623,744)	(591,639)
Indirect Expenses	(204,540)	(215,795)	(226,654)	(209,219)	(215,340)	(234,050)	(207,645)
Fixed Expenses	(560)	(980)	(1,650)	(1,650)	(1,050)	0	0
EBITDA	(290,257)	(293,633)	(314,910)	(363,860)	(474,328)	(480,363)	(394,624)
Lodging							
Inn Revenue	2,018,586	1,648,017	1,584,532	1,474,548	1,385,009	1,394,847	1,518,158
Cabin Revenue	579,829	805,134	772,841	808,109	784,191	831,490	1,025,040
Gift Shop Revenue	163,118	171,806	177,175	174,384	181,007	156,419	194,571
Direct Expenses*	(1,609,647)	(1,600,375)	(1,567,152)	(1,607,597)	(1,516,900)	(1,386,423)	(1,581,306)
Indirect Expenses	(998,349)	(893,424)	(912,204)	(913,580)	(795,615)	(793,517)	(782,078)
Fixed Expenses	(3,272)	(4,132)	(1,893)	(3,136)	(3,772)	(5292.00)	(117)
EBITDA	150,265	127,026	53,300	(67,271)	33,920	197,524	374,268
Food & Beverage							
Revenue	1,766,624	1,805,268	1,821,366	1,664,937	1,519,361	1,346,031	1,582,878
Direct Expenses	(1,520,539)	(1,438,822)	(1,623,022)	(1,472,456)	(1,600,692)	(1,343,718)	(1,340,878)
Indirect Expenses	(224,323)	(261,616)	(280,491)	(245,745)	(357,297)	(223,036)	(178,163)
Fixed Expenses	(444)	(1,054)	(1,882)	(7,002)	(7,441)	(7,422)	(10,827)
EBITDA	21,318	103,776	(84,029)	(60,266)	(446,069)	(228,145)	53,010

*Includes inn, cabin and gift shop direct expenses.

Fall Creek Falls Lodging (Cabins & Inn)

Historical

Revenue	2010	2011	2012	2013	2014	2015	2016
Inn	2,018,586	1,648,017	1,584,532	1,474,548	1,385,009	1,394,847	1,518,158
Cabin	579,829	805,134	772,841	808,109	784,191	831,490	1,025,040
Gift Shop	163,118	171,806	177,175	174,384	181,007	156,419	194,571
Total Revenue	2,761,533	2,624,957	2,534,548	2,457,041	2,350,207	2,382,756	2,737,769
Direct Expenses							
Inn COGS	8	2,193	286	22	-	-	4,975
Inn Payroll	926,478	873,730	853,079	916,418	884,693	782,561	880,303
Inn Benefits	508,619	518,647	510,918	501,877	462,548	420,317	465,367
Inn Other	79,404	129,770	96,083	85,652	75,794	106,989	118,953
Gift Shop COGS	93,140	69,875	105,884	97,785	93,843	76,280	111,189
Gift Shop Payroll							
Gift Shop Other	1,997	6,160	903	5,842	21	276	519
Total Direct Expenses	1,609,647	1,600,375	1,567,152	1,607,597	1,516,900	1,386,423	1,581,306
Indirect Expenses							
A&G Payroll	-	-	-	-	-	-	-
A&G Other	113,106	77,143	95,009	72,075	65,609	84,303	67,591
Vehicle Expense	38,155	42,389	40,436	40,631	37,866	19,533	19,595
Motor Vehicle Operation	82	-	-	-	-	11	52
Marketing							
Management Fees	123,506	122,277	121,052	113,006	113,471	103,254	99,379
Repair & Maint.	257,154	227,332	221,002	295,037	217,258	239,084	268,376
Utilities	466,345	424,284	434,705	392,831	361,412	347,332	327,085
Franchise Fees							
Total Indirect Expenses	998,349	893,424	912,204	913,580	795,615	793,517	782,078
Fixed Expenses							
Rent & Insurance	3,272	4,132	1,893	3,136	3,772	5,292	117
Property Taxes							
Maintenance Reserve							
Unforeseen Real Prop Reserve							
Personal Property Reserve							
Total Fixed Expenses	3,272	4,132	1,893	3,136	3,772	5,292	117
						5292	117
EBITDA	150,265	127,026	53,300	(67,271)	33,920	197,524	374,268

Inn	2010	2011	2012	2013	2014	2015	2016
Inn Occ	44.5%	42.5%	40.7%	37.2%	34.2%	37%	37%
ADR	\$69.53	\$71.90	\$71.84	\$73.04	\$74.63	\$ 76.70	\$ 76.26
Revenues Reported by Internal Sales System							
Room Revenue	\$751,665	\$746,244	\$713,895	\$722,793	\$787,507	\$870,600	\$999,275
Room Revenue Corporate	\$612	\$2,980	\$611	\$2,153	\$2,185	\$5,118	\$3,060
Room Revenue Group	\$675,335	\$625,557	\$628,861	\$550,818	\$405,737	\$352,324	\$367,391
Room Revenue Discount	\$203,383	\$202,286	\$191,883	\$144,024	\$132,917	\$140,424	\$135,346
Room Revenue Government	\$10,164	\$43,398	\$12,087	\$17,482	\$0	\$0	\$0
Pet Fee	\$15,435	\$13,878	\$12,895	\$14,920	\$9,600	\$12,866	\$13,422
Long Distance	\$8,945	\$8,205	\$4,892	\$1,249	\$1,171	\$375	\$212
Other Revenue	\$9,658	\$1,508	\$13,995	\$5,146	\$12,625	\$9,948	\$7,676
Sales Rev Reported	\$1,675,197	\$1,644,057	\$1,579,119	\$1,458,586	\$1,351,742	\$1,391,655	\$1,526,382
Variance	\$343,389	\$3,960	\$5,413	\$15,963	\$33,267	\$0	\$0
Adjustments to Sales							
Inn	2,018,586	1,648,017	1,584,532	1,474,548	1,385,009	\$1,391,655	\$1,526,382

Cabin	2010	2011	2012	2013	2014	2015	2016
Cabins Available	30	30	30	30	30	30	30
Cabins Occupied							
Cabin Occ	69.6%	67.2%	66.3%	61.5%	54.6%	72%	68%
ADR	\$76.12	\$109.45	\$106.13	\$120.04	\$131.22	\$ 134.23	\$ 153.35
Cabin	579,829	805,134	772,841	808,109	784,191	831,490	1,025,040

Gift Shop	2010	2011	2012	2013	2014	2015	2016
Square Footage	208	208	208	208	208	208	208
Sales per SF	\$784.22	\$825.99	\$851.80	\$838.38	\$870.23	\$ 752.01	\$ 935.44
Gift Shop	163,118	171,806	177,175	174,384	181,007	156,419	194,571

Fall Creek Falls Golf

Historical

Revenue	2010	2011	2012	2013	2014	2015	2016
Golf	301,829	234,784	235,367	193,546			
Weekday Rounds	-	-	-	-	68,798	36,451	35,418
Weekend Rounds	-	-	-	-	50,350	47,709	45,941
Other Rounds	-	-	-	-	1,418		
Employee Rounds	-	-	-	-	5,126	3,893	4,087
Package Rounds	-	-	-	-	252	262	55
Sr. Rounds						29,584	33,213
Jr. Rounds					3,190	3,560	5,825
Off Season Rounds					10,572		-
Cart Fees	82,008	157,391	158,226	137,669	124,258	117,358	130,603
Driving Range	4,153	9,018	8,511	7,182	6,682	6,803	8,932
Rentals	716	1,126	979	504	960	1,130	1,348
Golf Shop Merchandise	17,376	29,762	27,513	27,541	24,728	38,445	46,554
Food	45,686	50,984	45,272	40,120	26,542	28,121	29,402
Beverage					15,568	15,861	14,633
Beer	-			1,985	5,403	6,935	7,846
Liquor						111	1,039
Gift Certificates	383	191			572		(24)
Accounting Adjustments (1)					(6,730)	1,456	606
Packag/Permit Rounds					31,798	31,171	31,359
Rainchecks					(1,657)	(2,048)	(1,991)
Golf Course Maintenance							
Revenue Payment	14,665	20,722	16,118	10,585	12,114	10,630	9,815
Total Revenue	466,816	503,978	491,986	419,132	379,944	377,431	404,660

(1) Tax revenue which was initially included as revenue.

Direct Expenses

F&B COGS					19,040	-	-
Golf Payroll	290,947	298,456	297,844	286,673	326,080	314,586	297,547
Golf Benefits	153,515	163,396	161,711	148,361	166,629	156,470	140,893
Golf Other	66,598	95,570	79,314	95,195	105,419	89,511	99,328
Retail COGS	40,913	23,414	39,723	41,894	20,715	63,177	53,871
Total Direct Expenses	551,973	580,836	578,592	572,123	637,882	623,744	591,639

Indirect Expenses

A&G Payroll	-	-	-	-	-	-	-
A&G Other	30,499	30,229	31,999	23,935	26,342	7,099	7987
Vehicle Expense	80,394	83,049	88,157	52,991	61,035	71,978	71,304
Motor Vehicle Operation	14,576	18,183	16,954	52,086	44,503	61,671	46,558
Marketing						-	
Management Fees	38,251	37,541	39,149	33,095	38,661	40,431	36,145
Repair & Maint.	5,690	2,287	4,968	2,145	2,788	11,399	2,908
Utilities	35,130	44,506	45,427	44,967	42,011	41,472	42,743
Franchise Fees							
Total Indirect Expenses	204,540	215,795	226,654	209,219	215,340	234,050	207,645

Fixed Expenses

Rent & Insurance	560	980	1,650	1,650	1,050	-	-
Property Taxes							
Maintenance Reserve							
Unforeseen Real Prop Reserve							
Personal Property Reserve							

Total Fixed Expenses	560	980	1,650	1,650	1,050	-	-
EBITDA	(290,257)	(293,633)	(314,910)	(363,860)	(474,329)	(480,363)	(394,623)

Utilization Info							
Golf	2010	2011	2012	2013	2014	2015	2016
Golf Rounds	18,585	18,943	17,928	13,361	10,562	10,833	11,535
Average Rate (Golf plus Cart Rentals)	\$20.65	\$20.70	\$21.95	\$24.79	\$27.26	\$24.87	\$24.72

Fall Creek Falls F&B

Historical

Revenue	2010	2011	2012	2013	2014	2015	2016
Restaurant	1,766,624	1,805,268	1,821,366	1,664,937	1,519,361	1,346,031	1,582,878
Total Revenue	1,766,624	1,805,268	1,821,366	1,664,937	1,519,361	1,346,031	1,582,878
Direct Expenses							
Restaurant COGS	729,898	701,971	833,186	691,613	753,870	551,358	614,270
Restaurant Payroll	392,873	335,895	355,137	387,550	451,691	431,297	376,468
Restaurant Benefits	326,671	320,264	325,859	324,041	335,937	300,140	274,825
Restaurant Other	71,097	80,692	108,841	69,253	59,194	60,923	75,315
Total Direct Expenses	1,520,539	1,438,822	1,623,022	1,472,456	1,600,692	1,343,718	1,340,878
Indirect Expenses							
A&G Payroll	-	-	-	-	-	-	-
A&G Other	4,754	5,313	3,831	6,544	6,804	8,901	7,181
Vehicle Expense	2,298	3,155	2,706	3,060	2,941	2,740	3,081
Motor Vehicle Operation	100	62	-	-	-	78	-
Marketing	-	-	-	-	-	-	-
Management Fees	89,223	82,998	100,818	89,219	103,708	87,145	72,127
Repair & Maint.	44,857	61,738	60,855	44,095	50,057	22,205	30,398
Utilities	83,091	108,351	112,281	102,827	193,787	101,967	65,376
Franchise Fees	-	-	-	-	-	-	-
Total Indirect Expenses	224,323	261,616	280,491	245,745	357,297	223,036	178,163
Fixed Expenses							
Rent & Insurance	444	1,054	1,882	7,002	7,441	7,422	10,827
Property Taxes	-	-	-	-	-	-	-
Maintenance Reserve	-	-	-	-	-	-	-
Unforeseen Real Prop Reserve	-	-	-	-	-	-	-
Personal Property Reserve	-	-	-	-	-	-	-
Total Fixed Expenses	444	1,054	1,882	7,002	7,441	7,422	10,827
EBITDA	21,318	103,776	(84,029)	(60,266)	(446,069)	(228,145)	53,010

Restaurant	2010	2011	2012	2013	2014	2015	2016
Breakfast	\$300,860	\$305,014	\$293,860	\$293,522	\$285,981	\$286,539	\$336,369
Lunch	\$488,046	\$474,293	\$447,867	\$437,831	\$449,917	\$443,744	\$511,491
Dinner	\$813,864	\$834,539	\$889,075	\$830,415	\$747,554	\$617,159	\$632,002
Restaurant Food	\$19,611	\$33,376	\$32,300	\$20,747	\$18,359	\$22,315	\$26,782
Banquet	\$102,469	\$137,725	\$164,757	\$136,069	\$65,277	\$65,311	\$68,445
Meeting Room Revenue	\$45,075	\$40,631	\$39,363	\$34,735	\$30,940	\$24,104	\$20,657
Employee Meals	(\$22,188)	(\$21,517)	(\$21,420)	(\$19,418)	(\$19,209)	(\$17,268)	(\$18,084)
Senior Discount	(\$33,207)	(\$31,460)	(\$34,057)	(\$35,660)	(\$35,310)	(\$33,185)	(\$34,930)
50% Duty Meals	(\$6,929)	(\$6,745)	(\$7,961)	(\$5,359)	(\$6,197)	\$0	\$0
Food Included in Packages	\$23,032	\$260	\$44	\$0	\$64	\$0	\$0
Restaurant Gift Shop Sales	-	-	-	-	\$16,099	\$17,186	\$21,970
Beer	-	-	-	\$4,991	\$7,147	\$10,363	\$20,492
Liquor/Wine	-	-	-	-	-	-	\$13,269
Other*	\$7,727	\$12,359	\$5,344	\$16,190	(\$2,415)	(\$62,975)	(\$1,593)
Total Sales Revenue	\$1,738,360	\$1,778,475	\$1,809,172	\$1,714,063	\$1,558,207	\$1,373,292	\$1,596,870
Variance	\$28,264	\$26,793	\$12,194	(\$49,126)	(\$38,846) \$	(27,261) \$	(13,992)
Restaurant	1,766,624	1,805,268	1,821,366	1,664,937	1,519,361	\$1,346,031	\$1,582,878

*Other in 2015 & 2016 includes Groupon Settlements.