

Stagecoach State Park Financial Assessment

The Stagecoach State Park Financial Assessment presents a financial model that projects the incremental new operational costs and potential additional revenue generated by select park enhancements over a 30-year analysis period. Park enhancement opportunities for Stagecoach State Park include a prioritized list of:

- Improvements to existing facilities and infrastructure;
- New facilities and infrastructure; and
- Rehabilitation efforts and natural resource restoration projects that will help achieve the goals outlined for the park.

The complete list of park enhancements is included in Chapter 5 of the Stagecoach State Park Management Plan. In general, enhancement opportunities evaluated in the Financial Assessment include those that may impact park visitation, operations and revenue. The purpose of the financial analysis is to provide insight on some of the short- and long-term financial considerations associated with various enhancement opportunities.

Included in this assessment is: (1) a summary discussion of current Stagecoach State Park visitation characteristics and market considerations; (2) a financial model of park enhancement opportunities; and (3) a documentation of assumptions that underlie the financial analysis.

Summary of Financial Effects

The following summary exhibit displays the financial effects of implementation of park enhancement opportunities, organized by priority. High priority enhancement opportunities, which include select road improvements, a parkwide electrical system upgrade, a fish cleaning station, cabin or yurt development and habitat restoration work would cost a projected \$1.8 million to implement. The high priority enhancement opportunities are expected to increase annual net revenue at the park by about \$21,000.

Medium priority park enhancement opportunities would cost about \$6.3 million if implemented and include road paving, campground redevelopment, trail extensions and an upgrade to park information technology systems. Medium priority enhancement opportunities are expected to increase annual net revenue at the park by about \$3,000.

There is one low priority park enhancement opportunity—development of a park visitor center. The park visitor center would cost about \$1.8 million if developed. The park visitor center is expected to increase annual park expenditure above revenues by about \$3,500.

Several standard financial measures are calculated for select park improvements including net present value and return on investment.

Exhibit G-1.

Summary of Financial Effects by Priority, Stagecoach State Park Management Plan, 2011

	High Priority Enhancement Opportunities	Medium Priority Enhancement Opportunities	Low Priority Enhancement Opportunities
Initial Capital Costs	\$ 1,803,396	\$ 6,301,022	\$ 1,800,000
Operating Characteristics			
Annual Operating Revenue	\$ 33,370	\$ 6,314	\$ 18,680
Annual Operating Cost	\$ 12,528	\$ 3,280	\$ 22,249
Investment Analysis			
Annual Net Cash Flow	\$ 20,843	\$ 3,033	\$ (3,569)
Break-Even Revenue	\$ 116,818	\$367,669	\$126,343
Pay Back (years)	87	2,077	-
Return on Investment (ROI)	1.2%	0.0%	-0.2%
Net Present Value (NPV) (includes initial investment)	\$ (1,443,000)	\$ (6,249,000)	\$ (1,862,000)
Net Present Value (NPV) (excludes initial investment)	\$ 360,000	\$ 52,000	\$ (62,000)
Discount Rate	4%		
Analysis Period (Yrs)	30		

Note: Analysis assumes the construction of overnight dry cabins and not yurts. See page G-5 and G-6 for more information.

Source: Colorado Division of State Parks, Stagecoach State Park Fiscal Year End Park Manager Reports, 2007-2010.

An expanded financial model, which includes more detail on capital investment cost, annual operations and maintenance costs and annual revenue is presented in Exhibit G-7 on page G-8 and G-9.

Market Considerations

The following is a discussion of Stagecoach State Park elements and visitation characteristics that informed the selection of park enhancement opportunities.

Park Characteristics. Stagecoach State Park is located in Routt County approximately 5 miles east of Oak Creek. The main feature of the park is the 820-acre reservoir on the Upper Yampa River, which is a popular destination for fishing, boating, water skiing and other water recreation. There is river access and valuable wetlands adjacent to the reservoir that provide fly-fishing, wildlife viewing and hunting opportunities.

The Upper Yampa Water Conservancy District (UYWCD) constructed the reservoir in 1989, and the park opened concurrently. The park is operated by State Parks under a lease agreement with UYWCD. The current lease agreement is valid through 2024.

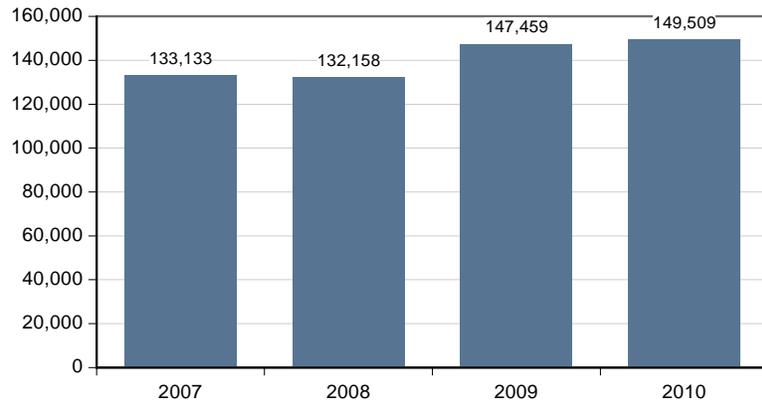
In addition to the natural amenities at the park, there are 89 campsites, a group camping area, a swim beach, eight miles of hiking trails, two boat ramps, a concessionaire operated marina offering boat rentals, supplies and food services, a wildlife observation area, and group picnic facilities. Fishing, hiking, boating, birding and camping are among the most popular activities at Stagecoach State Park. The park is in close proximity to the Flat Tops Wilderness Area and often

provides an overnight camping base for visitors making day trips into other neighboring public lands.

Visitation. The park attracted approximately 149,500 visitors in fiscal year 2010, which represents a slight increase in visitation over fiscal year 2009 (about 147,500 visitors). The following exhibit shows Stagecoach State Park visitation from fiscal year 2007 to 2010.

Exhibit G-2.
Stagecoach State Park
Visitation, Fiscal Year
2007 to 2010

Source:
Colorado Division of State Parks, Stagecoach State
Park Fiscal Year End Park Manager Reports, 2007-
2010.



In general, park visitation has increased over the past four years, increasing from about 133,000 visitors in fiscal years 2007 and 2008 to just under 150,000 in fiscal years 2009 and 2010. This represents an increase of about 12 percent between fiscal year 2007 and 2010.

Overnight use. The following exhibit shows the portion of park revenue supported by camping and gate fees at Stagecoach State Park between Fiscal Year 2007 and Fiscal Year 2010. The park offers both tent and electrical camping sites at \$10 and \$20 per night, respectively. Camping is a popular activity that contributes a relatively large amount of revenue to the park's accounts.

Exhibit G-3.
Camping and Gate Revenue, Stagecoach State Park, Fiscal Year 2007 to 2010

Fiscal Year	Total Revenue	Camping Revenue		Gate Revenue	
		Amount	Percent	Amount	Percent
FY 2010	\$302,743	\$118,823	39%	\$127,916	42%
FY 2009	\$300,845	\$115,489	38%	\$128,985	43%
FY 2008	\$292,408	\$116,424	40%	\$122,518	42%
FY 2007	\$284,576	\$116,503	41%	\$115,461	41%
Average	\$295,143	\$116,810	40%	\$123,720	42%

Note: * Includes annual revenue transfer from UYWCD (roughly \$35,000 per year).

Source: Colorado Division of State Parks, Stagecoach State Park Fiscal Year End Park Manager Reports, 2007-2010.

Camping-based activity directly accounts for about 40 percent of annual Stagecoach revenue. Between 2007 and 2010, camping revenue has remained relatively steady, ranging from \$115,000 to \$119,000. Camping revenue reached a four-year high in 2010. Campers also

contribute to gate revenue at the park in addition to their nightly rental fees. If gate revenue is taken into account, camping uses contribute to over 80 percent of all park revenue.

The above data indicate that camping is a significant revenue generator and overnight use at the park is popular. The park enhancement opportunities described on the following pages are targeted to improve and diversify the overnight experience at the park.

Proposed Revenue-Generating Park Improvements

The following discussion of proposed revenue-generating park enhancement opportunities explains the underlying rationale for select park improvements, which are proposed to improve the visitor experience for current and future overnight guests at the park. Currently, many park visitors with a 50-amp connection use a converter that overloads park electrical infrastructure during the busy season. As the recreational vehicle industry continues to adopt a 50-amp standard, it is becoming necessary to accommodate these vehicles and preserve the integrity of park electrical infrastructure. All 50-amp pedestals are backwards-compatible to 20- and 30-amp vehicles.

Campground rehabilitation. State Parks will eventually consider redeveloping the four campgrounds at Stagecoach. State Parks will upgrade its electrical to accommodate more modern recreational vehicles and its basic campsites to enhance the experience of tent campers. The final program of the campground rehabilitation project will be known only after completion of campground master plan at the park. A park master plan-level description of campground improvements is provided below:

Electrical campsite upgrades. There are currently 64 electrical campsites at the Junction City and Pinnacle Campgrounds. Electrical campsite upgrades include a reconfiguration of sites to accommodate larger recreational vehicles; new site furniture; an upgrade to 50-amp electrical service; a new wind/shade shelter; and new vehicle and use pads. Upgraded electrical campsites will be larger, spaced farther apart, and have clearly delineated boundaries. The cost estimates for the electrical site upgrades are predicated on the completion of the park electrical system upgrade (Enhancement Opportunity 2).

Basic campsite upgrades. There are currently 25 basic campsites at the McKindley and Harding Spur Campgrounds. Basic campsite upgrades include new site furniture; a new wind/shade shelter; and new vehicle and use pads. The upgraded basic campsites will be spaced farther apart with landscaping to mark site boundaries and increase privacy.

In addition to campsite upgrades, campground roads will be rerouted and improved as required by the site repositioning. A new ADA-compliant camper services building with restroom and shower facilities is also included.

Based on trends towards more electricity-hungry recreational vehicles and already strong camping visitation and associated revenue, State Parks believes the proposed camping facility upgrades will be a popular amenity, driving electrical camping visitation further upwards. Basic camping is also expected to increase after campground rehabilitation due to a better visitor experience at a more modern tent camping facility. Exhibit G-4 on the following page shows current camping rental volume and occupancy during Fiscal Year 2008 and 2009 at Stagecoach, which forms the basis of revenue projections associated with campground rehabilitation.

**Exhibit G-4.
Camping Rental Nights
and Occupancy,
Stagecoach State Park,
Fiscal Year 2008-2009**

Source:
Colorado Division of State Parks, *Detailed
Overnight Use and Revenue Trends, 2009.*

Campsite Type	Units	Potential Rental Nights	Actual Rental Nights	Annual Occupancy
Basic Camping				
FY2009	25	9,125	1,670	18.3%
FY2008	25	9,125	1,759	19.3%
Average			1,714	18.8%
Electrical Camping				
FY2009	64	23,360	5,094	21.8%
FY2008	64	23,360	5,214	22.3%
Average			5,154	22.1%

Over the last two years, Stagecoach averaged 1,700 basic camping rental nights and about 5,200 electrical camping nights. Annual occupancy for both basic and electrical camping is about 20 percent. Electrical camping accounts for about 75 percent of all annual rental nights.

The financial model on page G-7 and G-8 projects camping related revenue at Stagecoach State Park based on a slight increase in average historical performance per Parks Staff input on expected increase in camping popularity based on electrical and facility upgrades. A five-percent increase in camping occupancy and revenue is projected in the financial model. State Parks does not expect to increase nightly rental rates after the rehabilitation project. Beyond an increase in electrical utility charges, there is no incremental increase in staffing, operations or maintenance expenditures¹ expected as a result of the campground rehabilitation project.

Cabins and yurts. State Parks is considering converting the Keystone picnic area of the park into three modest camper cabins or yurts. Cabin or yurt construction would diversify overnight offerings at Stagecoach and would extend overnight uses of the park into the traditional off-season. The popularity of ice-fishing at the park is expected to drive winter use of these proposed facilities.

Cabins and yurts would sleep 4-6 people and would include a liquid propane heating stove. There would be outdoor grills located near the facilities and no indoor kitchen provided. Each unit would have nearby parking to accommodate two vehicles. There is no indoor plumbing, but an outdoor vault toilet provided for the units.

¹ Electrical utility increases are accounted for in the financial model as a park-wide increase in electricity expenditure associated with the upgrade of the entire park's electrical infrastructure. See note 15 on page G-11.

Based on the strong historical performance of camper cabin and yurt facilities at Sylvan Lake State Park and already strong overnight visitation at Stagecoach, State Parks believes the proposed cabins or yurts will be a popular amenity. Exhibit G-5 on the following page shows current camper cabin rental volume and occupancy during Fiscal Year 2008 and 2009 at Sylvan Lake, which forms the basis of cabin and yurt use and associated revenue projections at Stagecoach.²

**Exhibit G-5.
Cabin and Yurt Rental
Nights and Occupancy,
Sylvan Lake State Park,
Fiscal Year 2008-2009**

Source:
Colorado Division of State Parks, *Detailed
Overnight Use and Revenue Trends, 2009.*

Accommodation Type	Units	Potential Rental Nights	Actual Rental Nights	Annual Occupancy
Camper Cabins				
FY 2009	9	3,285	1,429	43.5%
FY 2008	9	3,285	1,363	41.5%
Average			1,396	42.5%

Over the last two years, Sylvan Lake State Park averaged 1,400 camper cabin rental nights. Annual occupancy for cabins and yurts is about 43 percent.

The financial model on page G-7 and G-8 projects cabin and yurt related revenue and facility operations costs at Stagecoach State Park based on average performance at Sylvan Lake State Park and Parks Staff input on expected operations costs. Revenue projections in the financial model for the cabins and yurts are based on the rental rate (\$70 per night) and average annual camper cabin occupancy observed at Sylvan Lake between Fiscal Year 2008 and 2009.

Visitor center retail outlet. The park entrance station currently serves as the park’s primary point of contact for visitors to the park. The entrance station is a small structure with service windows for automobiles where park staff sells day passes and provides basic park information. Visitors desiring annual park passes or more detailed information on the park and park programs are directed to the Stagecoach Park Office. The park office is a maintenance and storage facility with office space and seasonal housing. A small entrance area serves as a visitor reception area. The visitor reception area is undersized and inadequate for staff interaction with the public. There is currently no space for retail or interpretive displays.

A proposed new visitor center, located at the entrance of the park and modeled after the Visitor Center at Highline State Park, would allow for better staff-visitor interaction and provide adequate space for the park retail outlet. The new visitor center would incorporate the park entrance station, several offices, retail space, and interpretive exhibits. The existing park office would continue to be used for storage, park maintenance equipment and seasonal housing. Site design would include a parking area for about 25 vehicles.

² Even though Sylvan Lake State Park has both camper cabins and yurts, only camper cabin occupancy is used to project yurts and cabins at Stagecoach. This is because only one type of overnight accommodation will be offered at Stagecoach (either cabins or yurts). If yurts are offered at Stagecoach, they would be located near the waterfront, like the camper cabins at Sylvan Lake. Yurts at Sylvan Lake are located far from the water line.

The new visitor center would allow the park to introduce a retail program which has performed relatively well at many other parks, and has generated modest financial returns. Retail program projections are based on Fiscal Year 2010 retail performance at Sylvan Lake State Park, scaled to the visitation at Stagecoach. Exhibit G-6 on the following page shows observed retail performance at Sylvan Lake State Park and projected retail performance at Stagecoach State Park.

**Exhibit G-6.
Retail
Performance,
Sylvan Lake and
Stagecoach State
Parks**

Source:
Colorado State Parks.

Retail Performance Publications, Supplies and Clothing	Sylvan Lake State Park FY 2010	Stagecoach State Park Projected
Gross Sales	\$ 13,057	\$ 18,680
Cost of Goods Sold	7,688	10,999
Net Revenue	\$ 5,369	\$ 7,681
Visitation	103,783	148,484

If the new visitor center is built, about 40 percent additional annual sales is assumed due to the additional visitation at Stagecoach State Park compared to Sylvan Lake. Due to the presence of a concessionaire operated marina at Stagecoach, only supplies, clothing and publications are expected to be sold at the visitor center retail outlet. Cost of goods sold is projected as a percentage of estimated gross sales, preserving the net margin observed at Sylvan Lake State Park. The retail outlet at the proposed new visitor center at Stagecoach is expected to produce about \$7,700 per year if constructed.

Stagecoach State Park Financial Model

The Stagecoach State Park financial model allows for the integration of assumptions regarding project construction and facility-based revenue generation and demonstrates the degree to which park enhancements contribute to the financial viability of the park. Visitation, operating revenue and expenditure data were obtained from comparable state parks, current Stagecoach State Park performance and estimates from State Parks staff. Capital expenditure data were obtained from State Parks staff as well. Several standard financial measures were calculated for select park improvements including projected annual net cash flow and return on investment.

The financial projections use past performance at Stagecoach and Sylvan Lake State Parks. Actual performance at Stagecoach State Park may vary from model projections if conditions at the park vary from historic conditions or comparable parks.

The Park financial model shown in Exhibit G-7 on the following page has four components: Capital Costs, Operating Costs, Operating Revenue and an Investment Analysis. All applicable enhancement opportunities are assigned a capital cost in the model. Enhancement opportunities that will significantly alter park operating characteristics are assigned incremental operating costs and revenues according to past Stagecoach and comparable park performance and input from State Parks staff.

Descriptions of park improvement capital and incremental operating costs and associated revenue are included in the notes that follow the financial model.

**Exhibit G-7.
Stagecoach State Park Financial Model—Capital Expenditure Estimates**

														BREAKDOWN BY FACILITY	
EO #	Item Description	2011 Priority	CIP Criteria*	Unit Price	Unit	General Park Improvements	Fish Cleaning Station	Campground Improvements & Rehabilitation	Visitor Center	Convert Keystone Picnic Area to Overnight Yurts	Keystone Picnic Area to Overnight Dry Cabins	Rehab and Restoration	Trail Improvements	TOTAL (With Yurts)	TOTAL (with Cabins)
All Capital Costs Include Associated Site Development Costs															
EO1	Road Improvements (1)		Roads, Improve Access & Opportunity; Health & Safety												
	EO1(a) High Priority Improvements			70,000	Mile	1.04								\$ 72,800	\$ 72,800
	EO1(b) Secondary Priority Improvements (paving)			737,500	Mile	1.04								767,000	767,000
EO2	Replace/Update Electrical Infrastructure (2)		Health & Safety	850,000	EA	1								850,000	850,000
EO3	Convert Keystone Picnic Area to Overnight Yurts OR Cabins (3)		Improve Access & Opportunity, Rev. Enhance												
	Yurts			45,000	EA					3				135,000	0
	Dry Cabins			100,000	EA						3			0	300,000
	Vault Toilet			41,500	EA					1	1			41,500	41,500
	Site Work and Electric			225,000	EA					1	1			225,000	225,000
EO4	Fish Cleaning Station (4)		Health & Safety												
	Improve Signage			1,000	EA		1							1,000	1,000
	Fish Cleaning Station with Septic and Water Lines			115,000	EA		1							115,000	115,000
EO5	North Shore Trail Linkage (crusher fine, 1.2 mi) (5)		Improve Access & Opportunity	7	L.F.								6,336	44,352	44,352
EO6	Campground Rehabilitation and Improvements (6)		Improve Access & Opportunity, Rev. Enhance												
	Campsite Rehab (50 Amp)			50,000	EA			64						3,200,000	3,200,000
	Campsite Rehab (Non-Electric)			40,000	EA			25						1,000,000	1,000,000
	Campground Road Rehab (gravel)			70,000	Mile			0.50						35,000	35,000
	ADA Accessible Camper Services Building			75,000	EA			1						75,000	75,000
EO7	Visitor Center (7)		Improve Access & Opportunity, Rev. Enhance												
	Visitor Center Building (modeled after Highline)			109	S.F.				3,200					350,000	350,000
	Visitor Center Utilities, Parking, Site Work			1,150,000	EA				1					1,150,000	1,150,000
EO8	Restore Tailwaters Area and Maintain High Quality Fishery (8)		Resource Protection												
	Shoreline Improvements			250	AC.							5		1,250	1,250
	Interpretive Signage			2,000	EA							3.00		6,000	6,000
EO9	Protect and Restore Shoreline and Upland Bird Habitat (9)		Resource Protection	250	AC.							10		2,500	2,500
EO14	Reduce Energy Consumption and Promote Efficiency (10)		Improve Efficiency	3,780	EA	1								3,780	3,780
EO19	Improve Information Technology Resources (11)		Improve Efficiency												
	Upgrade to Voice Over Internet Protocol (VoIP)			5,000	EA	1								5,000	5,000
	Extend Existing T-1 Line to Entrance Station and Camper Services locations			5,000	EA	1								5,000	5,000
	Backup System for Electronic Files			3,500	EA	1								3,500	3,500
SUBTOTAL						\$ 1,707,080	\$ 116,000	\$ 4,310,000	\$ 1,500,000	\$ 401,500	\$ 566,500	\$ 9,750	\$ 44,352	\$ 8,088,682	\$ 8,253,682
Mobilization and Contingency 20%						341,416	23,200	862,000	300,000	80,300	113,300	1,950	8,870	1,617,736	1,650,736
TOTAL CAPITAL COST						\$ 2,048,496	\$ 139,200	\$ 5,172,000	\$ 1,800,000	\$ 481,800	\$ 679,800	\$ 11,700	\$ 53,222	\$ 9,706,418	\$ 9,904,418

To be determined in final plan

Source: BBC Research & Consulting; Colorado State Parks.

Exhibit G-7 (continued).
Stagecoach State Park Financial Model—Incremental Operating Costs, Operating Revenue and Investment Analysis

	BREAKDOWN BY FACILITY										TOTAL (with Yurts)	TOTAL (with Cabins)
	General Park Improvements	Fish Cleaning Station	Campground Improvements & Rehabilitation	Visitor Center	Convert Keystone Picnic Area to Overnight Yurts	Convert Keystone Picnic Area to Overnight Dry Cabins	Rehab and Restoration	Trail Improvements				
II. INCREMENTAL OPERATING COSTS												
New Full Time Staff (12)	-	-	-	-	-	-	-	-	-	-	-	-
Average Annual Salary	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Benefits	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Incremental Full Time Labor Cost	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
New Seasonal Staff (13)	-	-	-	-	0.33	0.33	-	-	-	-	1.00	1.0
Avg Hourly Wage	\$ 10	\$ 10	\$ 10	\$ 10	\$ 10	\$ 10	\$ 10	\$ 10	\$ 10	\$ 10	\$ 10	\$ 10
Increased Annual Hours	-	-	-	-	333	333	-	-	-	-	333	333
Incremental Total Labor Cost	\$ -	\$ -	\$ -	\$ -	\$ 3,328	\$ 3,328	\$ -	\$ -	\$ -	\$ -	\$ 3,328	\$ 3,328
COGS (14)	\$ -	\$ -	\$ -	\$ -	\$ 10,999	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Utilities (15)	\$ 1,200	\$ 3,000	\$ -	\$ 6,000	\$ 3,500	\$ 3,500	\$ -	\$ -	\$ -	\$ -	\$ 13,700	\$ 13,700
Annual Operations and Maintenance (16)	\$ 875	\$ 1,740	\$ -	\$ 5,250	\$ 2,025	\$ 4,500	\$ -	\$ -	\$ 665	\$ -	\$ 10,555	\$ 13,030
Total Incremental Costs	\$ 2,075	\$ 4,740	\$ -	\$ 22,249	\$ 8,853	\$ 11,328	\$ -	\$ -	\$ 665	\$ -	\$ 38,582	\$ 41,057
III. INCREMENTAL REVENUE												
Cabin and Yurt Revenue (17)	\$ -	\$ -	\$ -	\$ -	\$ 32,193	\$ 32,193	\$ -	\$ -	\$ -	\$ -	\$ 32,193	\$ 32,193
Camping Revenue (18)	\$ -	\$ -	\$ 6,011	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,011	\$ 6,011
Retail Revenue (19)	\$ -	\$ -	\$ -	\$ 18,680	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Incremental Annual Visitation (20)	-	-	344	-	1,338	1,338	-	-	-	-	1,682	1,682
Avg Gate Rev per Visitor (21)	\$ 0.88	\$ 0.88	\$ 0.88	\$ 0.88	\$ 0.88	\$ 0.88	\$ 0.88	\$ 0.88	\$ 0.88	\$ 0.88	\$ 0.88	\$ 0.88
Subtotal Gate Revenue	\$ -	\$ -	\$ 303	\$ -	\$ 1,177	\$ 1,177	\$ -	\$ -	\$ -	\$ -	\$ 1,480	\$ 1,480
Total Incremental Operating Revenue	\$ -	\$ -	\$ 6,314	\$ 18,680	\$ 33,370	\$ 33,370	\$ -	\$ -	\$ -	\$ -	\$ 58,364	\$ 58,364
IV. INVESTMENT ANALYSIS (22)												
Annual Net Cash Flow	\$ (2,075)	\$ (4,740)	\$ 6,314	\$ (3,569)	\$ 24,518	\$ 22,043	\$ -	\$ (665)	\$ -	\$ -	\$ 19,782	\$ 17,307
Initial Investment	\$ 2,048,496	\$ 139,200	\$ 5,172,000	\$ 1,800,000	\$ 481,800	\$ 679,800	\$ 11,700	\$ 53,222	\$ -	\$ -	\$ 9,706,418	\$ 9,904,418
Break-Even Revenue	\$ 120,540	\$ 12,790	\$ 299,097	\$ 126,343	\$ 36,715	\$ 50,640	\$ 677	\$ 3,743	\$ -	\$ -	\$ 599,905	\$ 613,830
Pay Back (years)	-	-	819	-	20	31	-	-	-	-	491	572
Return on Investment (ROI)	-0.10%	-3.41%	0.12%	-0.20%	5.09%	3.24%	0.00%	-1.25%	-	-	0.20%	0.17%
Net Present Value (NPV) (includes initial investment)	\$ (2,084,000)	\$ (221,000)	\$ (5,063,000)	\$ (1,862,000)	\$ (58,000)	\$ (299,000)	\$ (12,000)	\$ (65,000)	\$ -	\$ -	\$ (9,364,000)	\$ (9,605,000)
Net Present Value (NPV) (excludes initial investment)	\$ (36,000)	\$ (82,000)	\$ 109,000	\$ (62,000)	\$ 424,000	\$ 381,000	\$ -	\$ (12,000)	\$ -	\$ -	\$ 342,000	\$ 299,000
DISCOUNT RATE	4.0%											
ANALYSIS PERIOD (YRS)	30											

Source: BBC Research & Consulting; Colorado State Parks.

Financial Analysis Notes

The following notes describe cost derivation and other assumptions that underlie the preceding financial model.

Capital Costs. Park capital costs include the initial costs spent on park buildings, roads, trails and other park facilities. The following notes accompany Exhibit G-7, Stagecoach State Park Financial Analysis on page G-8 and G-9. State Parks staff provided all cost estimates. Certain proposed enhancement opportunities, including the visitor center and camper services building, may require a parkwide utility study and potential utility improvement plan.

- (1) These main park road improvements include: (EO1a) restoring the road crown, minor drainage improvements, a 4-inch road base application, watering, blading and compaction; and (EO1b) all of the above improvements in EO1a, and 4-inch paving of a 1.04-mile section of the main park road. The cost estimates do not include a soils study. Pending the results of the soils study, culverts, additional earthwork and subgrade preparation may be required and are not estimated for this analysis.
- (2) The current electrical infrastructure is over 20 years old and proposed improvements would bring the park into compliance with current electrical demand and safety standards. Cost based on state park staff estimates and includes an upgraded main transmission line and transformer.
- (3) Cost to provide three cabins or yurts with indoor furniture, a vault toilet, parking lot, utilities, outdoor furniture and site work.
- (4) Cost is for a fish cleaning table with septic system, composter box, mechanical systems, water and electrical service, shade shelter and appropriate signage. Cost estimate consistent with Colorado River District's expenditure on a fish cleaning station at Wolford Reservoir.
- (5) The cost of this 1.2-mile proposed hiking-only trail extension around the north shore of the reservoir to complete a contiguous reservoir loop is based on State Parks trail construction cost estimates. The \$7 per linear foot cost includes cutting the trail into the steep hillside of the north shore.
- (6) Includes the upgrade of 64 campsites from 30-amp to 50-amp electrical service and the rehab of 89 campsites (including the 64 electrical sites) with new furniture, sunshades and vehicle and camping pads. The campgrounds will be reconfigured to provide additional spacing between campsites and additional electrical capacity. A new ADA-compliant camper services building is also included, which may contribute to the need for a parkwide utility study and utility improvement plan. The utility study cost is not included in this analysis.
- (7) Development cost for new 3,200-square foot visitor center based on a model from Highline State Park. As with Highline, it is assumed that material selection for the visitor center will reduce long term maintenance costs. Cost includes paved access road, parking lot development, utilities and miscellaneous site work.

- (8) Includes the cost of shoreline restoration to prevent erosion and stream habitat loss and the construction of signage to minimize future adverse resource impacts.
- (9) Cost of shoreline and upland bird habitat restoration includes vegetation management and other general habitat enhancement work.
- (10) Includes the cost of converting to high-efficiency lighting and room occupancy sensors in the park office, maintenance shop and camper services buildings.
- (11) Includes the cost of a phone upgrade to VOIP; an expansion of T-1 internet to the entrance station and camper services building; and the purchase of an on-site electronic backup server. Cost estimates obtained from the Governor's Office of Information Technology.

Incremental Operating Costs. Incremental park operating costs include staffing, utilities and other ongoing operations and maintenance expenditures. These costs represent only the incremental new operating costs associated with additional park facilities. The following notes accompany Exhibit G-7, Stagecoach State Park Preliminary Financial Analysis on page G-8 and G-9.

- (12) No additional full time staff is anticipated at Stagecoach State Park as a result of implementation of any of the enhancement opportunities.
- (13) About one-third of a full time seasonal staff position is anticipated to service the proposed cabins or yurts. Additional seasonal expenditure is based on per-cabin seasonal expenditure at Sylvan Lake State Park. No other seasonal staff is anticipated.
- (14) Retail cost of goods sold based on a two-year average of retail performance at Sylvan Lake State Park, scaled for additional visitation at Stagecoach State Park. See Exhibit G-5 on page G-6 for more detail.
- (15) Incremental utilities costs include a 5-percent increase over current utility costs to account for the increased annual electrical costs associated with the upgraded electrical system, and a 1-percent reduction³ in utility costs associated with the adoption of energy efficiency standards at the park. The increase in demand associated with 50-amp pedestals in the campgrounds is included in the above estimate. Fish cleaning station utility costs based on costs at Wolford Reservoir (Colorado River District). Cabin and yurt utility costs based on Sylvan State Park expenditures.
- (16) Incremental annual maintenance includes supplies, materials and purchased services related to annual operations and maintenance for new park facilities. The figure includes periodic reinvestment in new facilities for major repairs or minor improvements. Cost estimates are calculated at 1.5 percent of cost of the building cost (not including sitework, underground utilities, construction contingency or mobilization) for new structures. The cost estimate also includes the annualized cost of reinvestment in a new electronic back up server every four years.

³ *Colorado State Parks Technical Energy Audit*, EMC Engineers, Inc., 2009, p. 1-5.

Incremental Annual Revenue. Incremental annual revenue includes the new revenue generated from additional park visitation associated with park improvements. These revenue figures represent only the incremental new revenue associated with additional park facilities. The following notes accompany Exhibit G-7, Stagecoach State Park Financial Analysis on page G-8 and G-9.

- (17) Cabin or yurt revenue is estimated by projecting comparable benchmark performance. The revenue calculation for cabins or yurts is based on average performance at Sylvan Lake State Park camper cabins in fiscal year 2008 and 2009. Cabins or yurts create park revenue through direct rental fees and through gate revenue. It is assumed that cabins or yurts at Stagecoach State Park can match the average occupancy and revenue performance of Sylvan Lake. In FY 2008 and 2009, Sylvan Lake State Park small camper cabins rented at \$70 per night and had annual occupancy of 43 percent.⁴
- (18) Additional camping visitation is expected following the campground upgrades. An increase of 5 percent in camping visitation (both electrical and basic) is projected over the average camping visitation observed at Stagecoach during FY 2008 and FY 2009. This amounts to an additional 175 basic camping nights and an additional 518 electrical camping nights.⁵ Basic camping is estimated at \$10 per night and electrical at \$20 per night.⁶
- (19) Retail revenue based on a two-year average of retail performance at Sylvan Lake State Park, scaled for additional visitation at Stagecoach State Park. See Exhibit G-5 on page G-6 for more detail.
- (20) Additional visitation is expected with the construction of yurts or cabins, and campground improvements. Additional visitation associated with these new or upgraded overnight facilities are calculated using the expected additional rental nights and the average group size (2.91 people per group) observed at Stagecoach State Park.⁷
- (21) The State Parks system calculates pass revenue per visitor on a monthly and annual basis in its park manager reports. Park pass revenues are calculated by applying a four-year average pass revenue per visitor figure for Stagecoach State Park during years 2007-2010 (\$0.88).⁸

⁴ Annual occupancy calculated from data obtained in *Detailed Overnight Use and Revenue Trends*, Colorado State Parks, 2009.

⁵ A "camping night" is defined as the rental of one campsite for one night.

⁶ Camping occupancy data at Stagecoach State Park obtained in *Detailed Overnight Use and Revenue Trends*, Colorado State Parks, 2009.

⁷ Average group size obtained from *Colorado State Parks Marketing Assessment Visitor Intercept Survey Report*, Corona Research, 2009.

⁸ Stagecoach State Park Park Manager Reports, 2008-2010.

Investment Analysis. The investment analysis includes several measures of financial performance, described below.

(22) The following are elements of the investment analysis:

- Net cash flow is equal to annual operating revenue less operating expenditure.
- Initial investment is equal to the initial capital investment in the park.
- The break-even annual revenue is the annual revenue required over the thirty-year analysis period to break-even on the initial investment, at the given discount rate.
- Payback is the number of years it would take to pay back the initial investment at the project net cash flow. This number is not displayed if there is negative net cash flow.
- Return on investment (ROI) is the annual profit (or loss) on the initial investment, expressed as a percentage.
- Net present value (NPV) is the total present value of a time series of cash flows. It is a standard method for using the time value of money to appraise long-term projects. There are two calculations of NPV shown: one that considers the initial capital outlay in year 1 and one that does not.