



Valuation of Campgrounds and Marinas on TVA Lands

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Valuation Study Goal

- Develop a comprehensive process that provides clear guidance on how TVA will value and charge for commercial campgrounds and marinas on TVA lands



Valuation Study Objectives

- Benchmark industry practices
 - How to value reservoir lands for commercial campgrounds and marinas (appraisal methods, cost per unit)
 - Tenure
 - Termination clauses
 - Existing infrastructure
 - Infrastructure left in place
 - Minimum payments and percent gross revenue
 - Required documentation to support revenue



Valuation Study Objectives (cont.)

- Determine valuation methods on how to address commercial campgrounds, marinas, or combination facilities that are located:
 - Solely on TVA land
 - Partially on TVA land
 - Only on TVA marginal strip
 - Other potential land use patterns
- Determine commonly used industry practices and implement best practices on TVA lands

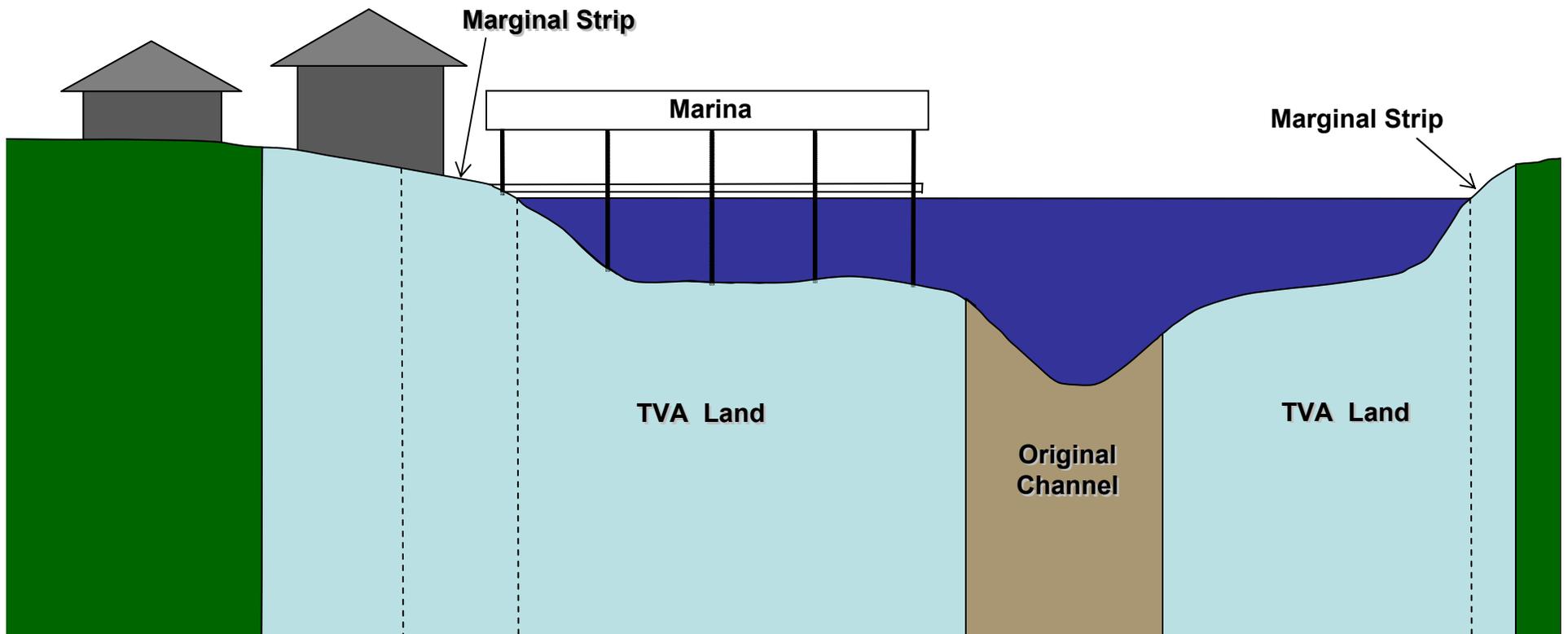
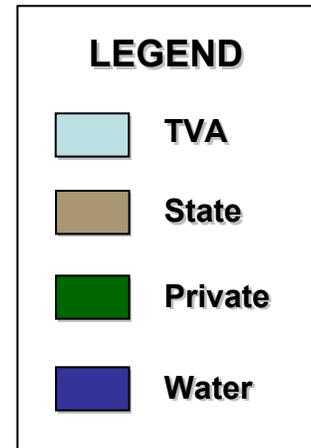


Commercial Marinas: Statistics

- 230 marinas on Tennessee River
 - 150 agreements in place on TVA lands
 - 80 marinas operate on private property (with permit)



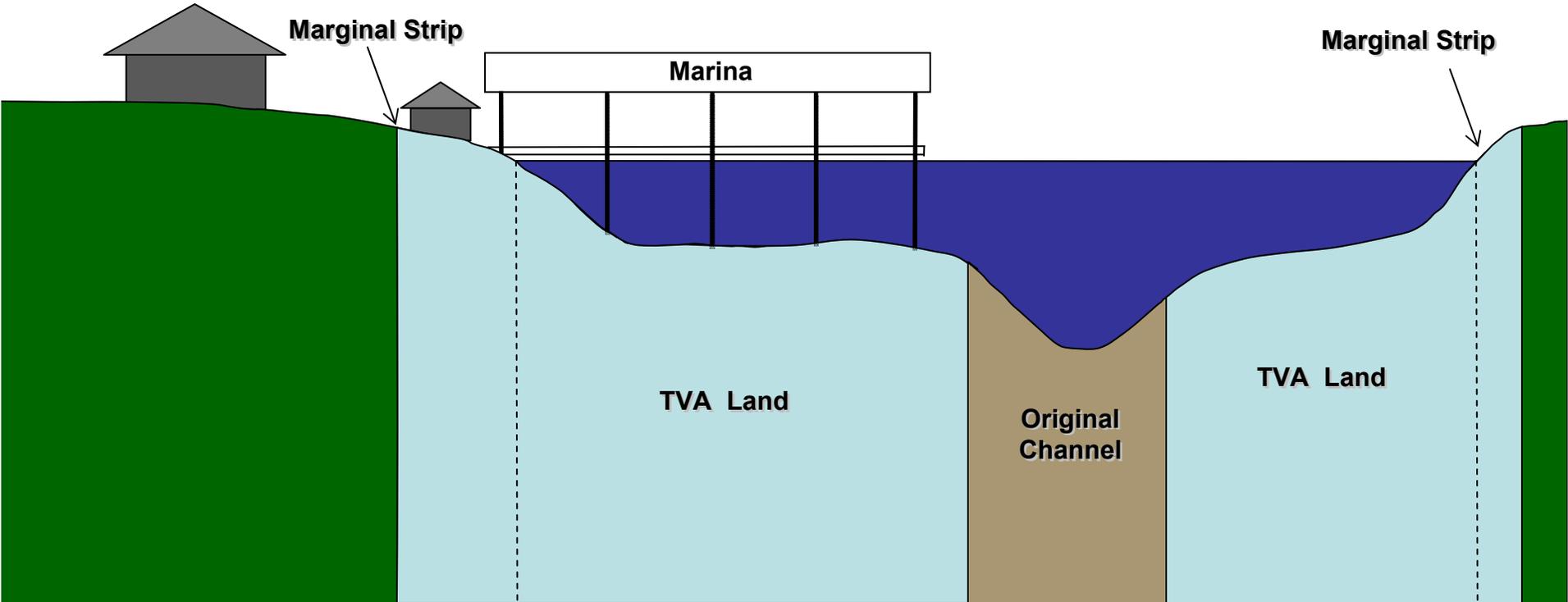
Marina Operations Solely or Partially on TVA Land



Marina Operations Using Marginal Strip

LEGEND

- TVA
- State
- Private
- Water





Residual Infrastructure



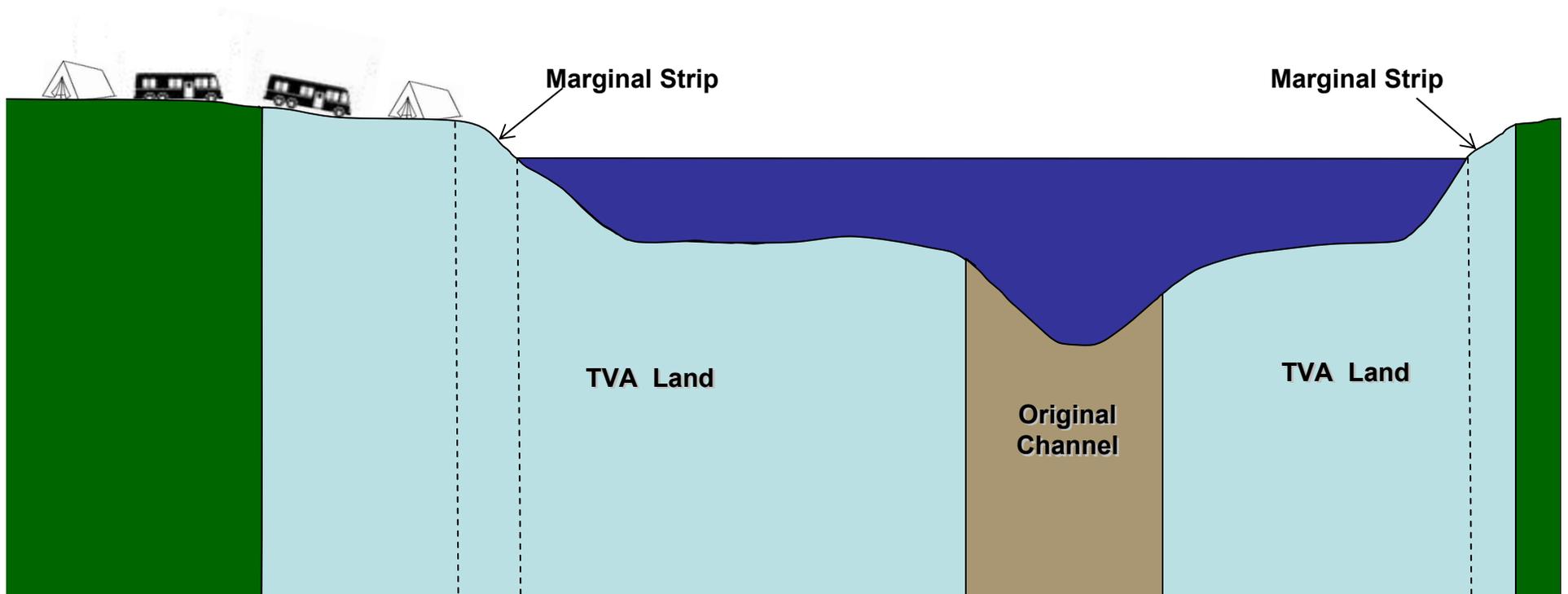
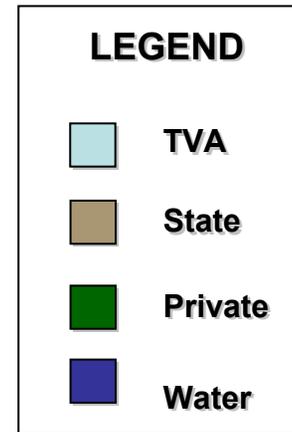


Campground Statistics

- 260 campgrounds located along the Tennessee River
 - 118 campgrounds located on TVA public lands and operated under an agreement with TVA
 - 131 campgrounds located on privately owned lands
 - 11 campgrounds owned and operated by TVA



Campground Solely or Partially on TVA Land

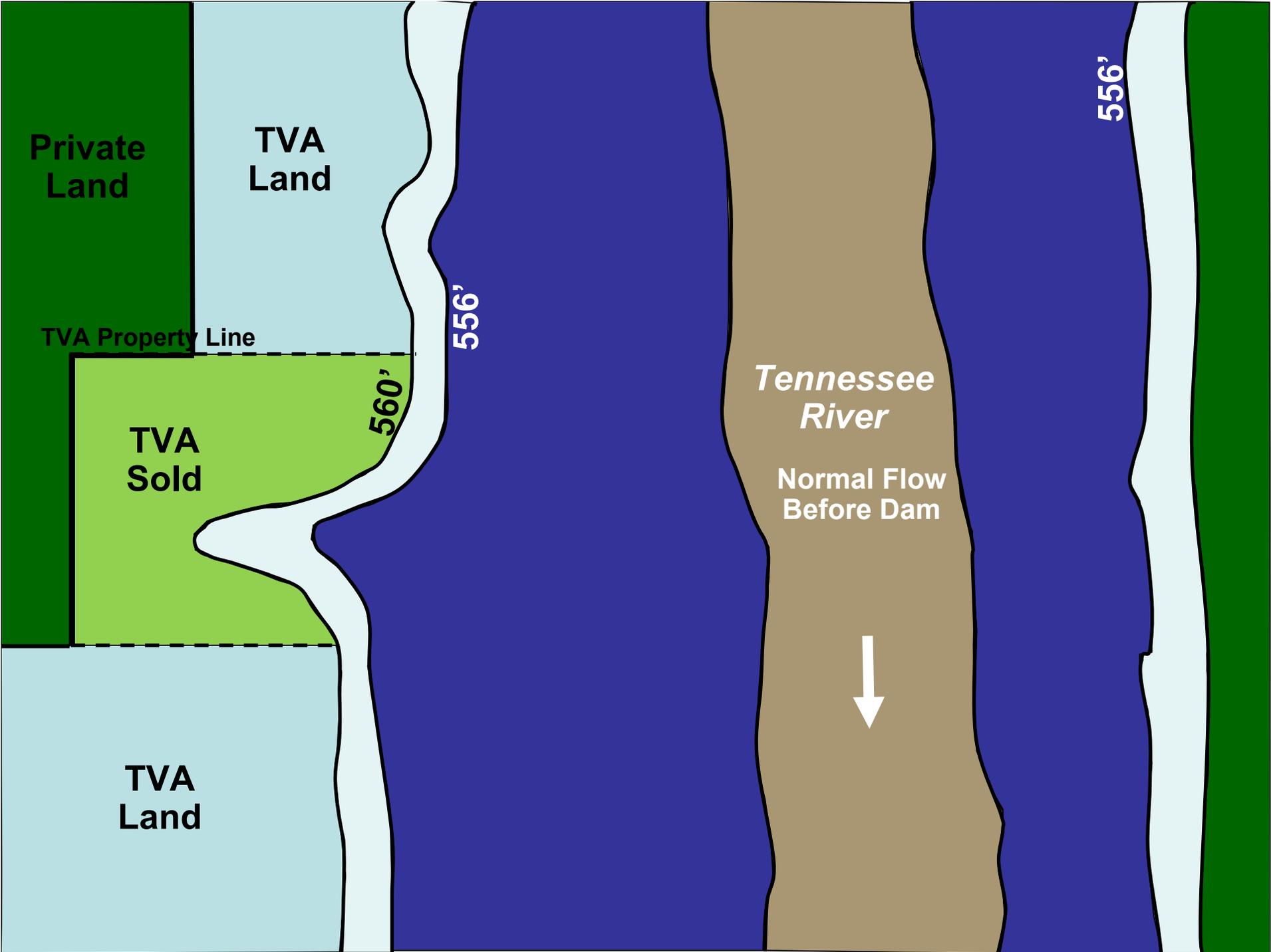




Summary

- TVA is conducting an independent benchmarking study to determine how to value future leases and easements
- As part of this study, TVA is seeking Council's advice and guidance on the following:
 - How TVA should value future leases and easements for commercial campgrounds and marinas
 - How to communicate or notify operators of changes

Background Slides



Private
Land

TVA
Land

TVA Property Line

TVA
Sold

TVA
Land

556'

560'

*Tennessee
River*

Normal Flow
Before Dam



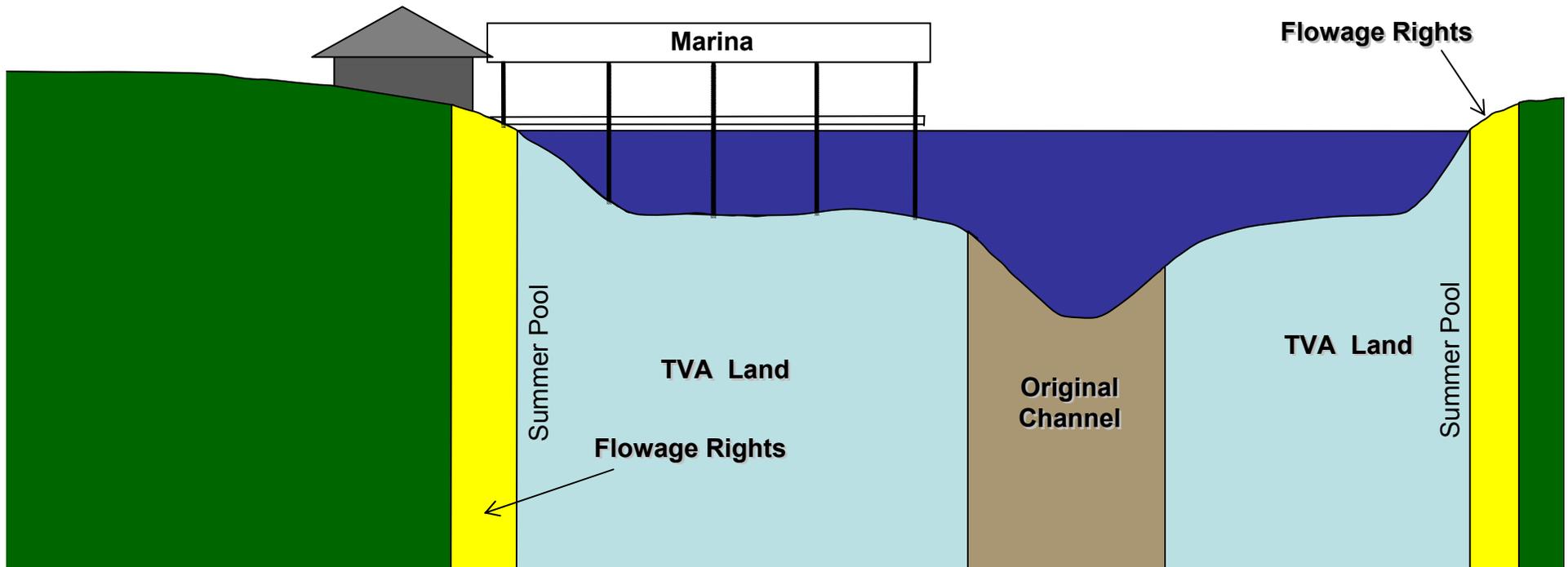
556'



Marina Facilities on Flowage Land

LEGEND

- TVA
- State
- Private
- Water
- Flowage

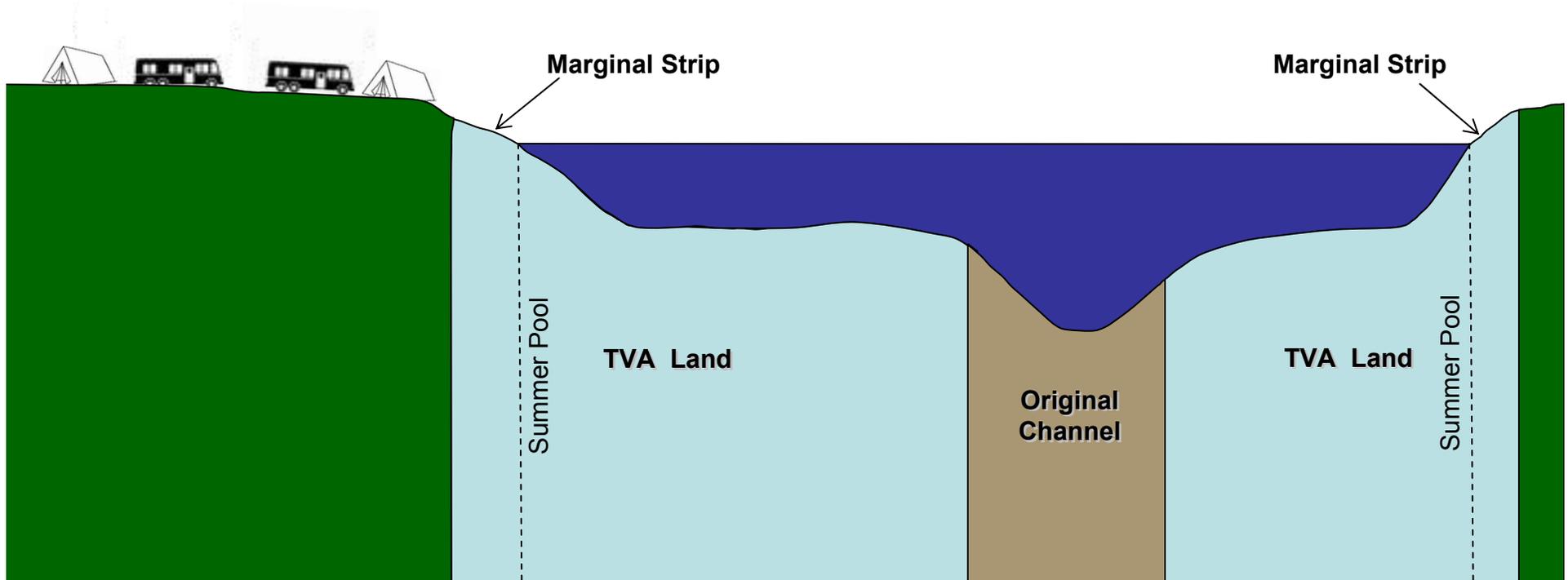




Campground Using Marginal Strip

LEGEND

- TVA
- State
- Private
- Water





Marinas





Seasonal Operations





Size of Facilities





Mailing Address — Unit 17 HCG





Permanent Structures



Perception of Private Ownership



Private Landscaping





Better Private Landscaping



Fire Hazards





Electrical Hazards



Graywater





Inappropriate Sewage Disposal



Aesthetic Standards (clutter)





Questions to Consider

1. What recommendations does the Council have on how best to offer and value future leases and easements for commercial campground and marina operations?
2. How can TVA best communicate with and notify commercial operators of changes to existing recreation land leases and easements?



History of Commercial Recreation Facilities

- **Before 1984** – TVA operated many campgrounds. Many licenses were offered at little or no charge; no standard charge; reviewed case by case.
- **1984** – TVA started charging \$400 per 1,000 linear feet for mooring rights along the shoreline.
- **1999** – Fee was changed to \$1200 per 1,000 linear feet, and all agreements were supplemented.
- **2007** – New commercial agreements granted at the greater of 5% of gross revenue from TVA lands (including land under water) or the appraised fair market value. Also started converting revocable licenses to long-term agreements, such as 19-year leases or 30-year easements, to support longer-term investment and management.