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Analysis of Acquisition and Development Options at Beekse Bergen-Memorandum Report

Harrison Price Company



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Memorandum Report

ANALYSIS OF ACQUISITION
AND DEVELOPMENT OPTIONS
AT BEEKSE BERGEN

Prepared for:

Almegeen Burgerlijk Pensioenfonds
Heerlen, The Netherlands

July 1983

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Memorandum Report

ANALYSIS OF ACQUISITION AND DEVELOPMENT OPTIONS AT BEEKSE BERGEN

INTRODUCTION

Drs. A. J. M. Masson of Algemeen Burgerlijk Pensioenfonds (ABP) in Heerlen, The Netherlands spearheaded the retaining of Harrison Price Company to evaluate acquisition and development options at the Beekse Bergen park south of Tilburg in Brabant. Beekse Bergen is currently owned jointly by the cities of Tilburg (15/16th ownership) and Hilvarenbeek (1/16th ownership), and is acquireable due to the cities' apparent reluctance to fund operating losses which the park has sustained in recent years. ABP has had a continuing interest in the theme park industry, particularly with regard to the proposed Water Wonderland project, and in April 1983 retained Harrison Price Company to assess the outlook for theme park development in The Netherlands. In consideration of the above, HPC was requested to address the following specific issues:

1. The suitability of the Beekse Bergen recreation park as a site for Water Wonderland or similar venture.
2. The extent to which the Safari Park contributes to the Beekse Bergen site in the context of the development of Water Wonderland or similar venture.
3. An assessment of the current management and recommendations on management structure for Beekse Bergen in a redeveloped configuration.
4. The relative merits of acquiring De Efteling as an additional investment opportunity operating in conjunction with a reconfigured Beekse Bergen.
5. The relative merits of a bungalow park at Beekse Bergen.

In compliance with the client's request, strict confidentiality was maintained throughout this assignment. Accordingly, no direct contact was made with the managements of Beekse Bergen or De Efteling. The HPC project team met twice with the private sector board members of Beekse Bergen without discussion of the client's identity, and through these contacts secured much of the operating data presented in this report. The project team also conducted extensive on-site inspec-

tions of both Beekse Bergen and De Efteling, and reviewed recreation and tourist data from previous and current studies in Holland.

The preliminary findings of this study were presented orally to Drs. V. L. M. C. Petri of ABP in Heerlen on July 14, 1983. This memorandum report summarizes and enlarges upon that oral presentation.

This study initially focuses on Beekse Bergen's site and facilities (the recreation park, safari park and campground) and its recent operating performance. These profiles are then used to address the five principal issues of the study noted above.

This work was conducted by Mr. Harrison A. Price, President of HPC, and Mr. Nicholas S. Winslow, Executive Vice President, whose resumes are contained in Appendix A of this report. The report is organized in six major sections: (1) Introduction; (2) Profile of Beekse Bergen; (3) Suitability of Water Wonderland or Similar Project at Beekse Bergen; (4) Evaluation of De Efteling Acquisition; (5) Desirability and Impact of a Bungalow Park; and (6) Findings and Recommendations.

PROFILE OF BEEKSE BERGEN

The success of any commercial recreation attraction is a direct function of the product (location, site characteristics, and the nature and quality of facilities) and management. The following paragraphs discuss the physical and operating characteristics of Beekse Bergen as a basis for evaluating acquisition and redevelopment options.

General Description

map Beekse Bergen is a major recreation center located on the highway which links the cities of Tilburg and Hilvarenbeek in the Province of Brabant. The site has excellent proximity to the A58 motorway, and thus is easily accessible to virtually the entire population of Holland, as well as to large population bases in West Germany and Belgium (both via E 3). The Beekse Bergen complex has three principal components - a water-oriented recreation park built around a large lake, a safari park, and a campground. A fourth major component, a bungalow park, is currently being

considered for development. The area occupied by the Beekse Bergen complex is 430 hectares, allocated as follows:

	Area (hectares)
Lake	72
Recreation park and parking	148
Subtotal	220
Safari park, wild park and campground	150
Proposed bungalow park	<u>60</u>
Subtotal	210
TOTAL	430

The recreation park and the safari park each have a base admission price of f7.50, although a combined ticket at f12.50 is also available and appears to be heavily used. There are no discounts for children or senior citizens, but groups of 20 persons or more are eligible for a discount of f1.00 on individual tickets and f2.00 on the combined ticket. Local residents may purchase a season pass granting them unlimited access to the recreation park for f40.00. Persons utilizing the campground are given unlimited free access to the recreation park, but pay the same admission charge for the safari park as other visitors.

The recreation park is open daily from 10:00 to 18:00 during its six-month operating season from the beginning of April to the end of September. The safari park operates throughout the year (except Christmas Day), with hours which vary according to available light.

Recreation Park Facilities

The principal feature of the Beekse Bergen recreation park is its 72 hectares-lake with white sand beaches. All facilities are built around the perimeter of the lake, which dominates all aspects of the park and gives it its water-sports orientation. The facilities are connected by a well-maintained perimeter road with free mini-bus service, as well as a three-station cable chairlift (f3.00 charge). A total of 25 attractions are included in the admission price, which are listed in Table 1. These attractions are very heavily oriented towards younger children. In addition to the cable chairlift, other facilities for which a use-charge is imposed include a beautiful

Table 1

FREE ATTRACTIONS AT BEEKSE BERGEN
RECREATION PARK

Mini-bus	Old-fashioned games
Rowing boats	Heather garden
Trampolines	Miniature railway
Jump cushion	Playground
Bambipark	Angling
Children's Farm	Jogging Track
Pony farm	"Play" street
Waterbicycles	Traffic-playground
Cross-country cycle dirt track	Beach
Water bus	Midget-golf
Mini-golf	"Ball mountain"
Roller-skating rink	Maze
Mini-soccer	

Source: Beekse Bergen and Harrison Price Company

new IMAX theater (f3.00), a "Teleski" mechanical water-skiing operation, and a wind-surfer rental area. A small and run-down area with amusement rides is located between the beach restaurant and the IMAX theater. There is a charge for each of the rides. The recreation park also has a yacht harbor and a 4.5 km Olympic standard rowing course.

The principal outlet for food and beverage service is the beach restaurant located near the entrance gate which has an instant holding capacity of between 1,200 and 1,300 persons. Additional food service facilities include a chicken grill, a pancake house and an assortment of fast-food and drink stands scattered throughout the park. All food service is operated by a single concessionaire which is in the first year of a five-year plus five-year option contract.

Merchandise sales areas are concentrated near the entrance gate, and are operated by independent concessionaires.

Safari Park Facilities

The Beekse Bergen safari park offers an interesting and well-presented drive-through display of exotic wildlife. The collection of 800 animals contains excellent collections of felines (lions, tigers, cheetahs, etc.) hoofed stock, elephants, rhinos, giraffes, monkeys, and large birds. An in-park breeding program for endangered species is apparently quite successful. The park may be viewed by motorcar, or from a Safaribus (f2.00 additional charge). The safari park contains four principal components, as follows:

- ✓ 1. The primary drive-through area - a series of five large compounds linked by road, each featuring a collection of compatible species. All dangerous animals are kept in this section, which is closely monitored by park personnel.
- ✓ 2. The "wild park," a very large drive-through compound containing hoofed-stock from around the world.
- ✓ 3. The "walking safari," located in the "wild park," which combines a rest stop, minimal food and beverage service, a small merchandise stand, and some walk-through exhibits. The walking safari was added in the spring of 1982 at a cost of f1.2 million.

- ✓ 4. The Dierenland and restaurant complex outside the gate near the exit from the safari park and on the connecting road to the recreation park, which houses a small petting zoo (included in the admission price), a bird display, and the main restaurant and shopping area. The restaurant is a nicely appointed, full-service restaurant with a deck overlooking the bird display, and is operated by the food concessionaire. Several small shops operated by concessionaires and featuring themed merchandise line the entrance to the Safari Restaurant.

Campground

The camping area contains a total of 520 sites, of which 450 have full hookups and 70 are primitive. A large proportion of the fully developed sites are rented for the season, mostly by families from Rotterdam, leaving only the primitive sites for transients and short-stay visitors. As mentioned earlier in this report, campground guests are provided free and unlimited access to the recreation park, making Beekse Bergen perhaps the most amenity-endowed camping park in Holland or anywhere else.

Cost of Facilities at Beekse Bergen

The total cost of the facilities constructed at Beekse Bergen is f30.4 million, allocated as follows:

<u>Facility</u>	<u>Cost</u> <u>(f millions)</u>
Recreation Park	
IMAX theater	f6.00
Entrance building	4.40
Beach restaurant	2.60
Cable chairlift	1.40
Teleski center	0.75
Other (attractions, food and merchandise stands, etc.)	<u>2.40</u>
Recreation Park Subtotal	17.55
Safari Park (including animals and restaurant)	5.80
Campground	1.50
Other development (park-wide infrastructure, administrative facilities, etc.)	<u>5.55</u>
Total	f30.40

*excludes
city costs
(10 mil?)*

Not included in the total is a sizable investment in basic infrastructure (site work, roads, utilities, etc.) contributed by the cities. Contributed infrastructure is not shown on the financial statements prepared for Beekse Bergen, and thus the actual amount spent was not determined by HPC. Through December 31, 1982, Beekse Bergen had written off f13.4 million of its investment in facilities, resulting in a book value at the beginning of calendar year 1983 of f17.0 million.

Attendance Profile

Table 2 presents historical attendance for each of the three principal components at Beekse Bergen as it is reported by park management. As shown, total reported attendance has declined from 1.61 million in 1979 to 1.49 million in 1982, an average drop of 2.65 percent per year. These data, however, do not present a completely accurate picture of attendance at Beekse Bergen because of the methods by which season pass attendance, combined ticket attendance, and dierenpark attendance are recorded. Salient points include the following:

- Table 2 shows attendance at the recreation park increasing from 662,600 in 1979 to 747,100 in 1982, an annual growth of 4.08 percent. All of this growth, however, occurred in season pass attendance which, in the case of Beekse Bergen generates a very low per capita admission fee. ^{1/} The number of paying customers actually declined slightly. Taking out repeat attendance by season pass holders, and excluding use by campers, recreation park attendance over the past four seasons was as follows:

<u>Year</u>	<u>Unduplicated Recreation Park Attendance (excluding campers) (000)</u>
1979	483.7
1980	458.9
1981	484.8
1982	480.2

¹ In HPC's opinion, the season pass attendance estimates are open to question. In 1982, for example, season passes sold for f40.00 and generated f460,000 in revenue, indicating that 11,500 passes were sold. Season pass admissions were reported to be 278,500, or 24.2 admissions per season pass, which is extraordinarily high by any measure. HPC considers it likely that either season pass admission estimates are inflated, or that individual passes are being used by several people.

Table 2

HISTORICAL ATTENDANCE AT BEEKSE BERGEN

	<u>Attendance by Year (000)</u>				
	<u>1979</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>	
<u>Recreation Park</u>					
Season Pass	186.7	209.7	277.2	278.5	
Single Admission	344.7	324.0	363.6	348.2	
Group Admission	<u>131.2</u>	<u>126.2</u>	<u>109.6</u>	<u>120.4</u>	
Subtotal	662.6	659.9	750.4	747.1	+4.03/yr
<u>Safari Park</u>					
Visitors in Cars	430.5	380.8	325.1	300.8	
Bus Groups	156.7	152.7	123.2	124.7	
Safari Bus	107.7	98.8	99.4	98.2	
Dierenland	<u>126.3</u>	<u>90.7</u>	<u>66.8</u>	<u>57.6</u>	
Subtotal	821.2	723.0	614.5	581.3	-10.87/yr
<u>Campground</u>					
Camper nights	118.4	119.9	130.7	151.9	
Other Visitors	<u>6.3</u>	<u>5.3</u>	<u>4.8</u>	<u>6.7</u>	
Subtotal	124.7	125.2	135.5	158.6	+8.35/yr
Total	1,608.5	1,508.1	1,500.4	1,487.0	-2.65/yr

Source: Beekse Bergen and Harrison Price Company

- Attendance at the dierenland is reported as an increment to safari park attendance, no doubt because a separate admission charge was made prior to 1983. It is HPC's opinion that dierenland attendance is a component of safari park attendance and should not be double counted. Making this adjustment results in safari park attendance as follows:

Year	SAFARI Unduplicated Recreation Park Attendance (excluding campers)
	(000)
1979	694.9
1980	632.3
1981	547.7
1982	523.7

not as fast a drop as w/ dierenland component in 9.89 vs 10.87

As shown above, unduplicated attendance at the safari park declined from 694,900 in 1979 to 523,700 in 1982, an average of 9.89 percent per year. This trend is obviously a cause for great concern in that it indicates possible market saturation.

- According to 1982 survey data, 47 percent of visitors to the recreation park also visited the safari park. If one takes the point of view that a visit to both the recreation park and the safari park constitute a single visit to Beekse Bergen - an argument which has merit in assessing the total spending potential of visitors to a given attraction - then total unduplicated attendance at Beekse Bergen, excluding campers, is estimated as follows:

Year	Unduplicated Combined Attendance (excluding campers)
	(000)
1979	951.3
1980	875.5
1981	804.7
1982	778.2

-6.48% / yr

- In Table 2, campground attendance is expressed in terms of camper nights, i.e., one camper spending five nights at Beekse Bergen equals five camper nights. Campground attendance has exhibited healthy growth

since 1979, with a substantial increase of 16 percent in 1982, most likely in response to the 16 percent increase in the number of campsites developed. 1/ This response to an increase in inventory may indicate the existence of pent-up demand for campsites at Beekse Bergen.

If it is assumed that a reasonable use fee for the facilities of the recreation park is built into the campground rental fee, and that campers at Beekse Bergen visit the recreation park each day during their stay, then camper nights represent an increment to recreation park attendance with the following impact:

<u>Year</u>	<u>Unduplicated Recreation Park Attendance (000)</u>	<u>Unduplicated Beekse Bergen Attendance (000)</u> <i>Combined</i>
1979	608.4	1076.0
1980	584.1	1000.7
1981	620.3	940.1
1982	638.3	936.8

1.61% / yr *-4.73% / yr*

A case can be made that multiple attendance by campers should be discounted in the manner of season pass attendance to derive true unduplicated attendance. HPC has elected not to follow this course because the campers pay a daily fee and thus are more like daily visitors than season pass holders. The attendance figures in the text table above thus represent HPC's estimate of true attendance at the recreation park and at the entire Beekse Bergen complex. As the text table shows, attendance at the recreation park has increased by a modest 30,000 to 638,000 from 1979 to 1982, an average annual growth rate of 1.61 percent. On the other hand, total attendance at Beekse Bergen has declined some 139,000 to 937,000 visitors in the same period, an average reduction of 4.73 percent annually. The attendance decline is entirely attributable to falling visitation at the safari park.

*also
campers
w/ Camp
Days*

1 The 70 primitive sites were developed for the 1982 season.

1983 Attendance

Only limited data are available on Beekse Bergen attendance for the current operating season for obvious reasons. The data which are available, which includes the period 1 January 1983 to 17 July 1983, is not encouraging. With one exception, all categories of visitation at both the recreation park and the safari park are down for each reporting period. 1/ After adjusting for incomplete data in the final reporting period (20 June to 17 July), total attendance at the recreation park is down 24 percent from 1982, and total attendance at the safari park is down 27 percent from 1982. Paid admissions at the recreation park, i.e., excluding season pass visitors, show a 27 percent drop, the same as the safari park. The precise reasons for the extent of the attendance drop at Beekse Bergen cannot be determined. In all likelihood, the weather, sluggishness of the Dutch economy, and the recent improvements at nearby De Efteling have all had an impact. Whatever the reasons, it appears that the 1983 season will not be favorable for Beekse Bergen unless a substantial turnaround is realized during the rest of the summer.

Visitor Origin

Table 3 summarizes data on the origin of visitors to the recreation park taken from a 1982 in-park survey. Of particular significance is the regional character of the visitor market. Fully 75 percent of recreation park attendance is accounted for by residents of the southern half of The Netherlands and the northern portion of Belgium, and 43 percent comes from Brabant. Very little visitation is realized from the heavy concentrations of population in Utrecht, North Holland, and West Germany, indicating that Beekse Bergen is perceived as a regional attraction and does not presently have the drawing power which could be expected of a major theme park.

Visitor Characteristics

Beekse Bergen currently caters to young, middle-income families. Survey data indicate that the median age of visitors is approximately 30 years, and that median income in 1982 was just under f30,000. The decision to visit Beekse Bergen is

1 Individual ticket attendance for the recreation park is up for July 1983, although total recreation park attendance for July is about the same as 1982.

Table 3
ORIGIN OF VISITORS TO BEEKSE BERGEN
RECREATION PARK

<u>Area of Origin</u>	<u>Percent of Attendance</u>
Other Brabant	25 % ✓
South Holland	18 ✓
Tilburg	17 ✓
Gelderland, Overijssel and Jsselmeerpolder	13
Belgium	7 - ✓
North Holland	5
Limburg	5 - ✓
Groningen, Friesland and Drenthe	4
Zeeland	3 - ✓
Utrecht	1
Other	<u>1</u>
	99 % 1/

1 Does not add to 100% due to rounding.

Source: Beekse Bergen and Harrison Price Company

largely impulsive, with 39 percent of visitors deciding to attend on the day of their visit, and 64 percent deciding within 24 hours of their visit. Only 11 percent of visitors planned to attend more than a week in advance. These are characteristics of a locally oriented attraction. Recreation park visitors generally give the park high marks. The most popular attractions are the beach, the cable chairlift and the safari park. The pay-one-price policy is also viewed favorably. The IMAX theater was very popular with those persons who had viewed a presentation, but at the time of the survey this group constituted less than half the visitors. In terms of new attractions the visitors would like to see, a white water ride, roller coaster and cosmocenter all drew about equal responses, although the wording of the question makes the responses of questionable value in assessing what new attractions should be developed. *gx*

In comparisons with other parks, Beekse Bergen was liked considerably less than Phantasialand in Germany (1.8 million attendance) and slightly less than Bobbejaanland in Belgium (700,000 attendance) and Ponypark Slagharen (1 million attendance). In contrast, Beekse Bergen was deemed to be substantially better than Flevohof (600,000 attendance) slightly better than De Efteling (1.7 million attendance) ^{1/}, and about the same as Walibi in Belgium (1.1 million attendance).

Financial Performance

After earning a profit in 1979, Beekse Bergen has experienced ever-increasing losses in each of the last three years, as follows:

<u>Year</u>	<u>Total Revenue</u> ^{2/} <u>(f000)</u>	<u>Total Costs</u> <u>(f000)</u>	<u>Net Profit/</u> <u>(loss)</u> <u>(f000)</u>
1979	f 12,131.0	f 11,831.0	f 300.0
1980	11,914.5	12,195.3	(280.8)
1981	12,226.8	12,850.2	(623.4)
1982	12,332.5	13,483.8	(1,151.4)

+0.55%

+4.46%

1 Note: The survey was taken before the installation of De Efteling's new white water ride. Given the extreme popularity of this ride, the rankings derived from the survey may no longer be true.

2 After BTW.

As shown, despite declining attendance, revenues have increased at a rate of 0.55 percent per year, indicating modest growth in gross per capita revenue. Expenses, on the other hand, have increased at a rate of 4.46 percent annually, resulting in the increasing losses.

Although per capita revenue figures have exhibited some growth over the past four years, they are still sub-par in comparison to per capitas at other parks in The Netherlands and elsewhere. Gross per capitas for reported total attendance and unduplicated total attendance are shown below:

	Based On Total Reported Attendance	Based On Total Unduplicated Attendance
1979	f 7.54	f 11.27
1980	7.90 +3.21	11.91 +5.30
1981	8.15	13.01
1982	8.29	13.16

The above figures represent an annual increase of 3.21 percent based on reported attendance and 5.30 percent based on unduplicated attendance, and are consistent with the cost increases experienced during the same period. Of greatest concern is the magnitude of expenditures, which is not consistent with the level and breadth of the facilities provided. The consultant has also broken down per capitas by revenue center, but has not found the data particularly useful because of reporting procedures other than to say that expenditures are uniformly low given the probable length of stay at Beekse Bergen, and that season pass visitors, at f1.65 per-reported admission, are clearly not paying their way.

Table 4 depicts the financial performance of each of Beekse Bergen's operating units in 1982. As shown, the year's operating loss of f1.15 million was largely attributable to the deficits sustained by the recreation park, the safari park and the safari park restaurant, with offsets by earnings from the campground and the recreation park's food and merchandise operations. In terms of the net operating performance of each of Beekse Bergen's principal components, the 1982 loss should be viewed in the following terms:

Table 4

1982 INCOME STATEMENT FOR BEEKSE BERGEN
(f'000)

	Personnel Costs	Direct Costs	Operating Costs	Internal Adjustments	Indirect and Capital Costs	Total Costs	Total Revenue 2/	Net Income/ (Loss)
Recreation Park	f 802.9	f 678.1	f 403.4	f 152.1	f 3,531.0	f 5,567.5	f 4,397.5	f (1,170.0)
Recreation Park Restaurant	830.8	121.9	967.8	—	812.0	2,732.5	2,909.9	177.4
Merchandise	— ^{1/}	26.6	79.4	—	92.6	198.7	355.1	156.4
Safari Park	1,310.9	110.1	584.5	(152.1)	1,186.2	3,039.7	2,833.5	(206.2)
Safari Park Restaurant	489.4	45.1	261.2	(22.0)	271.4	1,045.2	934.0	(111.2)
Camper Park	158.5	72.4	17.6	—	420.2	668.7	880.8	212.0
Infrastructure	—	—	—	—	231.5	231.5	—	(231.5)
Incidental Income	—	—	—	—	—	—	21.2	21.2
Total	3,592.5	1,054.2	2,313.9	(22.0)	6,545.0	13,483.8	12,332.5	(1,151.4)

1 Concessionaire operated.

2 After BTW.

Source: Beekse Bergen and Harrison Price Company

without wa-

	1982 Net Profit/(Loss) <u>(f000)</u>
Recreation park	f (836.2)
Safari park	(317.4)
Campground	212.0
General overhead	<u>(209.8)</u>
Total	f (1,151.4)

HPC has reviewed several schedules of cost details for Beekse Bergen and, while there is some room for improving efficiency, in general is of the opinion that the current cost levels are those required to run the park. The current management, in fact, has done a good job of holding operating costs at reasonable levels in an inflationary era. Beekse Bergen's downward financial trend is primarily attributable to its failure to attract sufficient visitors and revenues to cover its fixed costs (see the next subsection), and an overburdening debt. The largest expense category at Beekse Bergen in 1982 was indirect and capital costs at f6.5 million, or approximately 49 percent of all expenses. This category includes management, administrative expenses, advertising and promotion, and utilities as indirect expenses which account for half the total. Principal repayments (f1.6 million) and interest expense (f1.8 million) - the capital costs - are, however, by far the two largest items in the category. Interest expense increased by f583,000 in 1982 compared to 1981, or by f55,000 more than the increase in Beekse Bergen's loss. (1) These high interest costs are the direct result of the project being undercapitalized from the outset, and additional borrowing in recent years to cover operating losses. Through 1982, total borrowings were f26.9 million against a recorded investment of f30.4 million (88 percent), and both the book value of assets and loan principal outstanding were approximately f17 million. Long-term debt increased by f2.9 million in 1982. The current ratio at yearend was 0.75.

By any measure the financial condition of Beekse Bergen was not good at the end of 1982. The further erosion of attendance which is apparently occurring in 1983 is likely to make the situation far worse by the close of the current year. Beekse Bergen must be positioned to generate better attendance and revenue numbers, and be relieved of some of its debt if it is to be molded into a viable operation.

1 Beekse Bergen's outstanding loans carry generally favorable interest rates, with the costliest loan at 12½ percent, and most in the range of 8 to 9 percent.

Observations On Beekse Bergen

Recreation Park

The recreation park has some outstanding assets which give it great potential as a water sports and recreation complex:

- A beautiful, large, deep lake
- Excellent beaches
- High quality facilities for the most part, particularly those related to water sports
- Excellent roads and internal transportation systems
- Good location and accessibility in relation to a huge market base
- Proximity to a 520-site campground which feeds it.

The park has severe problems, however, which if left unaddressed could lead to its demise. First among these is the failure to understand and establish its own identity. It is neither a theme park nor an amusement park, but a water sports park with excellent infrastructure and underdeveloped facilities and amenities. There is no thematic integration, user orientation or focal point for the attraction. The layout of the park greatly contributes to the problem, with most attractions spread out along the 6+ km perimeter of the lake, denying the park of a central core of activity like the plaza at Disneyland, and making use of the facilities an exhaustive exercise in logistics. The transportation systems, particularly the cable chairlift, further compound the problem in that the time between destination points is long, and the destination points do not correspond well with activity patterns. Other significant problems include the following:

- Landscaping of public areas is very inadequate, particularly in comparison with nearby De Efteling. (It is HPC's understanding that the Department of Agriculture has been doing the landscape work as a government contribution to the park.)
- The IMAX theater, despite being a superb facility, is poorly located in terms of its relationship to other park attractions. In addition, the theater is currently featuring one of the more mediocre IMAX films, which has no relationship to Beekse Bergen, water, recreation or The

Netherlands. Although current data are not available, it is unlikely that the f3.00 admission charge has enabled Beekse Bergen to optimally capitalize on this potentially outstanding attraction.

- As mentioned earlier, the amusement rides are of poor quality - a detriment to the park - and should be deleted or replaced.
- Several of the facilities are either of shoddy construction, need maintenance or thematic treatment. These include the games area, roller rink, boat rental area and entrance complex, among others.
- The quality of food service at Beekse Bergen is abysmal. Menu, presentation, preparation and food quality are all poor. It is apparent that the concessionaire retained at the beginning of 1983 is not providing adequate service. It is HPC's understanding there is a possibility of voiding the current food concessionaire contract if action is taken before the end of calendar 1983. Action should be taken to regain control of the food service operation.

It is HPC's understanding that park management is considering the development of a Cosmocenter and/or the move of Autotron (a limited automobile collection currently exhibited at a free-standing location) at Beekse Bergen. Neither of these attractions have any relationship to what Beekse Bergen is, and their inclusion would further confuse an already clouded presentation.

It is HPC's opinion that attendance and per capita revenue can be increased at the Beekse Bergen recreation park by focusing attention on the principal attraction - the lake - and making Beekse Bergen into the best water park in the market. It should not be reconfigured as a conventional theme park with a heavy emphasis on rides, and attempt to compete directly with De Efteling, Bobbejaanland or Phantasialand - the site is not well suited to this costly course of action. Specific steps which could be taken to return the recreation park to a profitable venture include the following:

Phase I

- Establish a central activity and entertainment node in the triangular area roughly bordered by the entrance gate, the marina and the IMAX theater. Eliminate shoddy facilities such as the arcade, amusement rides and roller rink. Renovate and theme the remaining facilities in this area, including the boat rental complex and all food and merchandise facilities. Reacquire rights to food service, or as a minimum improvement enforce considerably higher standards on the concessionaire. Introduce a venue for live entertainment. Estimated cost - f3 million.
- Consolidate children's attractions from the six general areas around the lake to a single focal point - creating a children's activity node with a critical mass of attractions. Successful examples of this strategy include Capt'n Kid's Land at Sea World in San Diego, and Camp Snoopy at Knott's Berry Farm. The western shore of the lake would seem to be a logical location for this attraction. Estimated cost - f1.1 million.
- Reorient the cable chairlift and other transportation systems to meet the internal needs of the park in an efficient manner. Estimated cost f1 million.
- Firmly establish and enhance Beekse Bergen's image as a dominant center for water sports activity. Specific actions could include retheming of existing facilities, limited additions to the attractions base, rental of thematically consistent IMAX films (Nomads of the Deep or the new Hawaii film), and implementation of a strong promotional campaign. Estimated cost - f3.3 million.
- Bring the landscaping up to a standard which is consistent with prevailing high expectation levels and standards in The Netherlands. Estimated cost - f4 million.

Total Phase I Costs - f12.4 million.

Phase II

- Development of a major water park similar to Wet 'n Wild in Florida. Major attractions could include:

- Kiddie pool
- Wave pool
- Rampage
- Body slides
- Giant slides
- River runs

The objective would be to create the most spectacular water park in Europe - a destination in its own right and a complement to the recreation park's other attractions. A possible location is the peninsula directly across the lake from the existing boating center. This site has outstanding visibility from throughout the park, and is currently served by the cable chairlift. Estimated cost - f25 million.

Safari Park

As mentioned previously, the safari park has many positive features; - first class infrastructure, a good animal collection, a clean and well maintained operation and an attractive restaurant and merchandise complex. Nevertheless, attendance has fallen 25 percent in the past four years, and the safari park is losing money. HPC views the safari park's problems as follows:

- The safari park lacks show elements - it is an extremely passive experience. This leads to a low level of repeat attendance which, in a park with a heavy orientation to the local market, is catastrophic.
- Recent improvements such as the walking safari have not added to the breadth of appeal of the park, reinforcing its image as a static attraction.
- The layout of the entrance/exit complex does an enormous disservice to the restaurant, stores and dierenland, and has a negative impact on food

and merchandise sales. With a location to the side and away from the main gate to the park, a stop at the restaurant complex and dierenland does not become a requisite part of the safari park experience, but an inconvenience.

In HPC's opinion, these problems can be easily remedied, and the safari park returned to a profitable operation with growing attendance. Specific needed improvements include the following:

- Develop and landscape a new entrance/exit complex which includes the safari restaurant and shops, the dierenland and relocated parking. Revitalize merchandise and refreshment operations. Estimated cost - f3.1 million.
- Create a large area for special exhibits and shows at the new entrance complex. The show complex should have sufficient critical mass and drawing power to make it a necessary stop on a visit to the safari park, and thus feeding the food and merchandise operations, extending visitor length of stay, and increasing the perceived entertainment value of the safari park. The emphasis should be on show, not on science. The African Village at the San Diego Wild Animal Park provides numerous outstanding examples of the kinds of shows, exhibits and attractions which could be developed. These include:

show booth

- Dog and cat show featuring trained household pets.
- Birds of prey show
- Elephant show
- Animal rides (elephants and camels)
- Exotic primate exhibit (lowland gorillas, etc.)
- Tropical aviary featuring flora and fauna as well as birds
- Animal nursery for baby animals born in the park

It would not be feasible to develop all of the above. Some, such as the tropical aviary, may be difficult or costly because of the need for extensive climate control. Others, however, such as the shows, require only modest facilities such as bleachers, a simple backdrop, a covering for rain protection, and some sound reinforcement. HPC believes an excellent show area could be developed for f7.1 million.

- Improve the djereland and add to parking. Estimated cost - f0.6 million.

The total estimated costs for safari park improvements is f10.8 million.

Campground

The campground facilities are heavily utilized and profitable. It feeds the recreation park and the safari park, and is an important element in their usage. When fully occupied, which is the case for much of the summer months, the campground has a captive population of approximately 2,080 visitors (520 sites x 4 visitors per site) upon which Beekse Bergen's other attractions can draw. At a minimum the current inventory of campsites should be maintained and the campground remain integrated with the recreation park. As mentioned earlier, however, there is evidence that there is additional demand for campsites as evidenced by the increased usage in 1982 attributable to the development of the 70 new primitive sites. HPC thus recommends that the potential expansion of the campground be given further consideration.

Beekse Bergen Management

The HPC project team has not met with the current park management, and thus a critique of management may not fully account for all of the factors affecting management's decisions, policies and procedures. There is substantial evidence, however, that Beekse Bergen's management does not fully understand the commercial recreation business. HPC considers the following problems to be particularly alarming:

- Ticket and gate controls are almost nonexistent. There are no apparent procedures to physically reconcile ticket sales to actual admissions at any of the access points - the main gates to the recreation park and the safari park, and the entrances to the cable chairlift and the IMAX theater. Tickets are punched to avoid reuse, but stubs are not taken which can provide a basis for reconciliation. HPC believes that there may be substantial breakage (loss) in admission revenues from this lack of controls.

- As mentioned earlier, there appears to be a lack of control over the counting of season pass admissions or unauthorized use of season passes. Controlled usage and admittance procedures and the use of photographs on season passes are not known. The exceptionally heavy use of passes reported, however, indicates either a lack of proper controls or a grossly underpriced ticket or both.
- *child
retired
military* Pricing policies do not appear to optimize per capita revenues. The problem with season passes has already been mentioned. It is also possible that campers are not paying a reasonable rate for free access to the recreation park's extensive facilities (per capita rent from campers actually declined in 1982 compared to 1981).
- Employee training is second rate. The concept of the visitor as a guest is not in evidence. Many employees seem to have a lacksadaisical attitude towards visitors and their job.
- As mentioned earlier, the water recreation theme has not been effectively implemented, and there is no coherent plan for growth. The layouts for both parks, the recent improvements which have been made (the IMAX theater and the walking safari) and the improvements being considered (Cosmocenter and Autotron) all point to a failure to understand what Beekse Bergen is and how to implement it. Losing control of the food operations to a concessionaire providing totally inadequate service lends further evidence to the fact that park management is inadequate.

The above points are only the most readily apparent symptoms of a shortcoming in management. A detailed management audit is likely to reveal other problem areas. HPC believes that Beekse Bergen's three primary components can be successfully operated under a single management, but that an effective management team, experienced in the commercial recreation business, must be put in place to effectuate the drastic turnaround required.

THE SUITABILITY OF WATER WONDERLAND OR SIMILAR PROJECT AT BEEKSE BERGEN

In the previous section, the strengths and weaknesses of Beekse Bergen were explored in some detail, and a basic plan put forward to make the operation profitable by providing an infusion of well directed new investment and improved management. In some respects, the plan proposed for the recreation park is for a water wonderland, but one which emphasizes sports rather than history. In arriving at these recommendations, HPC gave careful consideration to the concept of developing Water Wonderland or a similar project at Beekse Bergen. In the final analysis, however, HPC does not recommend Water Wonderland, or a major theme park, for Beekse Bergen for the following reasons:

- It would be impossible to do the original Water Wonderland concept at Beekse Bergen in its full format. The configuration of the site, with its large lake, would lead to an unsatisfactory physical plan for a highly capitalized park such as Water Wonderland.
- The southern Holland market is well served by theme parks, particularly De Efteling and Bobbejaanland. It would be a mistake to reposition Beekse Bergen to compete with these well established parks. The strong possibility of a Six Flags park in Heerlen, which would doubtless become a powerful force in the marketplace, is an additional consideration.
- Assuming acquisition of Beekse Bergen on reasonable terms, the redevelopment program proposed will have a better return on investment and a higher revenue to investment ratio than development of Water Wonderland or other highly capitalized park operation at Beekse Bergen.
- Development of Water Wonderland at Almere represents a lower risk because:
 - It has excellent proximity to Holland's largest urban markets, which should help attendance during the shoulder seasons.
 - There is less competition.
 - The site epitomizes the Water Wonderland theme.

In summary, there are no distinct advantages, and several risks, inherent in developing Water Wonderland at Beekse Bergen. In terms of other projects, HPC believes the course of action outlined in the previous section optimizes the economic potential of Beekse Bergen. This issue is further addressed in the recommendations section of the report.

EVALUATION OF DE EFTELING ACQUISITION

Although HPC has inspected De Efteling on several occasions and is familiar with its recent attendance history, there has been no contact with the management of the park and no operating or financial data have been reviewed. Thus, a detailed evaluation of a De Efteling acquisition cannot be presented. Nevertheless, the following thoughts are deemed to be in order:

- De Efteling is an excellent park which is in the process of strengthening and consolidating its position in the market. Starting with a well-landscaped but underdeveloped children's park, the management is adding major rides to increase appeal to a broader market, particularly the teen market. Construction of the Swing and Python roller coaster resulted in a jump in attendance from 1.287 million to 1.7 million. The opening of an excellent white water ride for the 1983 season appears to be having a further beneficial affect on attendance. A theater featuring live entertainment with day and night potential is scheduled for 1984.
- With its heavy emphasis on hard rides and teen appeal, De Efteling is positioning itself to compete more with Phantasialand, Bobbejaanland, and the new park at Heerlen than Beekse Bergen.
- Although there could be joint benefits from a Beekse Bergen-De Efteling cooperative marketing program, there are no benefits of placing the two parks under a common management - the parks are too different and far apart to be effectively controlled by a single management entity. Thus, there is no real incentive to acquire De Efteling in the context of a program to acquire and redevelop Beekse Bergen. A judgement on the desirability of acquiring De Efteling would have to be made solely on the basis of its own economic merit.

- De Efteling was established for the purpose of providing funds for the development of recreation facilities in the local area in addition to being an activity center in its own right. It seems to be doing this successfully. One has to question whether or not there is an incentive to sell, particularly at a reasonable price.
- Determination of a selling price for a facility like De Efteling is difficult in the absence of past and current financial data. Assuming, however, that attendance is in the range of 1.7 million to 2.0 million, and that per capita expenditures are in the range from f22.00 to f25.00, then a purchase price on the order of f60 million to f70 million would be considered appropriate.

DESIRABILITY AND IMPACT OF A BUNGALOW PARK

An investment in a major bungalow park is currently being contemplated on 60 hectares of land adjacent to the safari park and the campground, owned by the City of Hilvarenbeek. The first phase of development, on 53 hectares, would consist of 530 bungalow units and a substantial amenity package including a major restaurant, bowling lanes, supermarket, snack bar, laundromat, swimming pool complex, children's pool, lakes with beaches, and tennis courts, among others. An additional 7 hectares would be available for the future development of 70 additional bungalows. Forty percent of the units would be capable of housing four persons, and the remaining 60 percent could house six persons, giving the bungalow park an overnight holding capacity of 3,120 persons at buildout.

Bungalow parks have been extremely popular and successful in The Netherlands because of the excellent value offered in terms of accommodations and amenities, all designed to be usable throughout the year. Reported annual occupancy levels of 90 percent are common. HPC is of the opinion that the bungalow park at Beekse Bergen will be a tremendous success, given the established location, the internal amenity package proposed, and the availability of Beekse Bergen's own package of complementary attractions. The bungalow park stands to benefit from its adjacency to Beekse Bergen as long as Beekse Bergen's facilities are properly maintained, developed and managed. A severe decline in the quality of Beekse Bergen's offer-

ings could, however, have a negative impact on the bungalow park. Thus, the management of the bungalow park has a vested interest in seeing that Beekse Bergen's current downward trend is reversed.

Beekse Bergen, in turn, stands to greatly benefit from the development of the bungalow park in that the bungalow park will feed visitors to both the recreation park and the safari park, much as the campground is doing at present. For example, a 50 percent penetration of the bungalow park's visitors days for the six months that the recreation park is open would generate 253,000 visitor days at the recreation park, assuming the bungalow park achieves 90 percent occupancy during this period. A fair economic arrangement which stipulates the terms and conditions of bungalow park guest access to the recreational park will have to be negotiated in order to optimize the benefits of adjacency to both parks.

FINDINGS AND RECOMMENDATIONS

Beekse Bergen is a park with excellent potential which is not being realized. It has an excellent location in relation to the market, is easily accessible, has excellent infrastructure and some fine facilities and amenities. It is losing attendance, revenue and operating income because of poor layout, overburdening debt, absence of show, failure to capitalize on its inherent strengths, and poor management. All of these problems can be remedied, and the park made profitable.

Development of Water Wonderland or other highly capitalized theme park at Beekse Bergen is not recommended. The market area is well serviced by ride-oriented theme parks, and "playing catch-up" could be difficult. Water Wonderland as presently conceived would not work well on the Beekse Bergen site and, for a number of reasons, is better suited for Almere. Beekse Bergen can be transformed into an attractive investment opportunity without it.

There are no apparent benefits from bringing the operations of De Efteling and Beekse Bergen together. Conversely, joint management may be more of a problem than a benefit. A decision on the desirability of acquiring De Efteling should be made on its own merits. There is some question as to why the current ownership would want to sell, given the park's recent improvements in performance.

Beekse Bergen is an excellent location for a bungalow park, and both facilities stand to benefit from their proximity to each other. The continued vitality of Beekse Bergen should be a cause for concern to the developers of the bungalow park. The Beekse Bergen recreation park needs to be assured of earning a fair return in exchange for providing access to bungalow park guests. HPC sees no major problems and many advantages in bringing Beekse Bergen and the bungalow park under one common management should the need or opportunity arise.

Beekse Bergen represents an excellent acquisition opportunity in a turnaround situation. Its current municipal ownership is very unlikely to take the necessary actions to reverse the downward trend, and must be getting desperate to stop rising losses. No doubt the park's bankers are also getting concerned about financing operating deficits for an entity where long-term debt and the book value of assets are equal. For these reasons, it is likely that Beekse Bergen can be acquired on extremely favorable terms. One scenario for making the acquisition and turnaround is as follows:

- Acquire the assets of Beekse Bergen for a minimum cash payment, and negotiate a land lease at a level which provides the cities with a reasonable expectation of covering all or most of the current debt service requirement of between f1.5 million and f1.7 million. Initially, lease payments of between 6 and 8 percent of gross revenue will most likely be required. The lease should provide for a sliding scale which reduces percentages as revenues increase. The acquirer should assume none of the cities' debt.
- Install a management group which is capable of running the park in its present configuration, and planning for its future development and operation. Revise pricing, marketing, gate control, and other policies and procedures as appropriate. Maintain a single management organization with the recreation park, safari park and campground as profit centers.
- Get out of the existing food service contract before the end of 1983 and replace it with qualified in-house personnel.

- Initiate recommended Phase I redevelopment of the recreation park, including the establishment of a central activity and entertainment center immediately behind the main gate, consolidation of children's attractions, reorientation of internal transportation systems, establishment and promotion of the water sports theme, and a major landscaping program, all at a cost of f12.4 million.
- Prepare plans for a major water park in the recreation park as a Phase II development to be funded at a level of f25 million out of project cash flow.
- Initiate the recommended revitalization program for the safari park, including development of a new and relocated entrance complex, creation of a major show and special exhibit area, and dierenland and parking improvements, at a total cost of f10.8 million. As an alternative, the safari park could be closed and its assets liquidated, providing expansion space for camping and bungalow parks. HPC does not recommend this latter course for the present. It is believed that the revitalization program will make the safari park quite unique and profitable, and add substantially to the attraction of Beekse Bergen complex as a major visitor destination.

The above scenario would require an investment of f23.2 million plus any cash paid to the city to acquire an established but revitalized park with current unduplicated attendance of one million and substantial potential for upward growth. In addition, some improvements may be eligible for an already funded economic development grant to Brabant, and WIR rebates which could substantially lower investment requirements.

Appendix
Resumes of
Harrison A. Price
and
Nicholas S. Winslow

HARRISON PRICE COMPANY

Harrison A. Price
President

Education: BS, California Institute of Technology, 1942
Graduate work, civil engineering, University of Michigan, 1944
MBA, Stanford University, 1951; first in class of 200+
Registered Professional Engineer

Related Work Experience:

1951-1953	Stanford Research Institute, Los Angeles, California Research Economist
1953-1956	Stanford Research Institute, Los Angeles, California Manager, Southern California Division
1956-1958	Harvey Aluminum, Milan, Tennessee General Manager, Defense Plants Division
1958-1973	Economics Research Associates, Los Angeles, California Founder/President
1973-1976	Planning Research Corporation, Los Angeles, California Senior Vice President
1976-1977	Planning Research Corporation, Washington, D.C. Senior Vice President, Marketing
1977-1978	Planning Research Corporation, Washington, D.C. Chairman
1978-	Harrison Price Company, Los Angeles, California President

CORPORATE DIRECTORSHIPS:

1967-1971	Scope Industries, Los Angeles, California
1973-1977	Sea World, Inc., San Diego, California
1968-1972	American Nucleonics, Glendale, California
1973-1978	Planning Research Corporation, Los Angeles, California
1976-1979	McCulloch Oil Corporation, Los Angeles, California
1979-	The Bekins Company, Glendale, California
1980-	Electronic Scales International, San Gabriel, California
1980-	Greatwest Hospitals, Inc., Orange, California
1981-	Great Lakes Properties, Inc., Torrance, California

CIVIC AND CULTURAL TRUSTEESHIPS

1972-1975	Los Angeles Performing Arts Council
1964-1978	Southern California Choral Music Association
1960-1963	Chouinard Art School
1961-1963	Los Angeles Conservatory of Music
1961-	California Institute of the Arts
1980-	Mayor Bradley's Committee on African Economic Trade Development
1980-	Los Angeles County Economic Development Council

HARRISON PRICE COMPANY

Nicholas S. Winslow
Executive Vice President

Education: BA, Pomona College, 1964
Concentration: Mathematics

MBA, Stanford University, 1966
Concentration: Marketing and finance

Related Work Experience:

1967-1975	Economics Research Associates, Vice President
1975-1979	Paramount Pictures Corp., Hollywood, California Vice President-Technical Subsidiaries (President Future General Corp., Paramount Sound Systems, Corp. and Magicam, Inc.)
1979-1980	United Video Industries, Inc., Hollywood, California Executive Vice President
1980-	Harrison Price Company, Los Angeles, California

Other:

1981-1982	President, Pomona College Alumni Association Ex-officio trustee, Pomona College
1982-	Director, Los Angeles Master Chorale
1983-	Member, Los Angeles Economic Round Table

Background:

Mr. Winslow brings to his projects an extensive background in leisure time and real estate economics. As the founder and manager of the Florida and San Francisco offices of Economics Research Associates, he conducted and managed studies throughout the world for both private and public sector clients. Representative assignments included: resort development opportunities worldwide for Pan American Airways, development of planning parameters for a major exposition, forecasts of shipping to and from Asia through the Panama Canal, and preparation of a Town Parks program for the Kingdom of Saudi Arabia, as well as numerous studies of project economics for office buildings, retail centers, residential developments and large land holdings. At Paramount, Mr. Winslow was responsible for the corporation's activities in the application of new technology to the entertainment and commercial recreation industries. Mr. Winslow's recent assignments include the formulation of a development program for a tourist attraction in Hawaii, and economic planning for the 1984 Louisiana Exposition, the Tower of New Orleans, the Maryland Science Center, the Cousteau Ocean Center (Norfolk, Virginia) and the Mt. St. Helens impact region. Mr. Winslow also conducted a complete feasibility study for a full-service resort near Reno, Nevada.

FIGURE 1
PROPOSED DEVELOPMENT PLAN
FOR BEEKSE BERGEN

