

EXHIBIT “K”

**MARKET ANALYSIS OF
YOUGHIOGHENY RIVER LAKE PROJECT
LOCATED WITHIN FAYETTE AND SOMERSET
COUNTIES, PENNSYLVANIA AND GARRETT COUNTY, MARYLAND
PREPARED FOR
US ARMY CORPS OF ENGINEERS, PITTSBURG DISTRICT
1000 LIBERTY AVENUE
PITTSBURGH, PENNSYLVANIA 15222
PREPARED BY
JAMES J. KELLY
PENNSYLVANIA CERTIFIED GENERAL APPRAISER**

Scope of Work

This is a preliminary analysis of the Youghiogheny River Lake area to determine a feasibility study to offer the lake for a contractor to operate the Tub Run Campground and Jockey Hollow Service Center. The District will package individually or as a package with other projects in the Pittsburgh District. The Youghiogheny River Lake is a 3,915 acre project with a 2,840 acre lake built in 1943. Information for this report was gathered from industry sources, Census data, and the Master plan updated in 2007. With the Tub Run currently operating as a campground the continual use of the campground is recommended since the infrastructure is already in place. By leasing out the campground one could get an operator who could maintain the existing facilities and expand the amenities at the site. For Jockey Hollow using the existing building and renovating and or expanding it would be option for an individual operator of the site. A small retail use is likely option for the site with small convenience store selling dry goods, food, bait and tackle shop, or an ice cream stand.

History

Project Authorization: The Youghiogheny River Lake project was authorized by the Flood Control Act (Public Law 75-761) approved 28 June 1938. The development of recreation areas on flood control reservoir facilities was authorized by Section 4 of the Flood Control Act (Public Law 78-534), approved 22 December 1944, as amended. The Water Resources Development Act of 1988 (Public Law 100-676) approved 17 November 1988, redefined recreation to specifically include downstream whitewater recreation activities that depend on project operations and recreational fishing and boating on the project's waters.

Project Purposes: As an integral unit of a coordinated reservoir system, the Youghiogheny River Lake project controls flooding in the Youghiogheny, Monongahela, and Ohio River valleys. Other project functions include low-flow augmentation in these rivers for pollution abatement, fish and wildlife enhancement (Public Law 85-624, approved on 12 August 1958),

downstream water supply removal and hydropower. Whitewater activities that depend on project operations, recreational fishing, and boating at the project are specifically authorized project purposes.

Master Plan: This Master Plan update was prepared as a guide for resource development and management of Youghiogheny River Lake. Its preparation included consideration of project purposes, natural and manmade resources, operations, resource use objectives, constraints and capabilities, supply and demand, recreational trends and regional recreation facilities. The previous update of the Youghiogheny River Lake Master Plan was approved in November 1982. Since that time, two supplements were prepared and approved:

□ Youghiogheny River Lake, Maryland, Master Plan Supplement, Buffalo Run Natural Area, 20 April 1987, approved 27 May 1987.

□ Youghiogheny River Lake, Pennsylvania, Design Memorandum No. 2, Master Plan Supplement, Youghiogheny Recreation Area-Below the Dam, 27 April 1988, approved 28 June 1988.

Project Description

Location: Youghiogheny River Lake is located on the Youghiogheny River in southwestern Pennsylvania (Fayette and Somerset Counties) and northwestern Maryland (Garrett County). Pittsburgh is approximately 70 miles northwest of the project site. The Youghiogheny River generally flows toward the northwest and its confluence with the Monongahela River at McKeesport just south of Pittsburgh. Major roads that service the area are State Route 40, 281, and 581, and Interstate 68. The dam is located 1.2 miles upstream from Confluence, Pennsylvania. The project extends southward approximately 17 miles to Friendsville, Maryland. The watershed that drains into Youghiogheny River Lake contains 434 square miles.

The Federally controlled land area at Youghiogheny River Lake totals 3,915 acres. Of that area, the Federal Government owns 3,915 acres in fee with 2,846 acres in Pennsylvania and 1,068 acres in Maryland. All of the project lands were acquired for operational requirements, including the dam site, lake area, construction areas, road and utility relocations and support facilities and structures.

Outgrants: The Corps of Engineers has out granted portions of project lands to the Pennsylvania Fish and Boat Commission for fish management and boat launching facilities, the Boy Scouts of America for group camping facilities, a commercial concessionaire for marina facilities and the Maryland Department of Natural Resources for wildlife management. The Federal Energy Regulatory Commission has granted a license to a private development corporation for hydropower facilities.

Public Use Facilities: There are ten established recreation areas to serve visitors to Youghiogheny River Lake. Included among the facilities are those for picnicking, camping, boating and swimming.

Picnicking: There are five picnic areas at the Youghiogheny River Lake: Jockey Hollow, Somerfield North, Outflow Recreation Area and two sites at the Youghiogheny Recreation Area. The shelter at Somerfield North is not accessible. The shelter in the day-use part of the Outflow Recreation Area below the dam is accessible. Drinking water and restrooms are provided at all areas with picnicking facilities.

Camping: Camping areas at Mill Run, Tub Run, and the Outflow Recreation Areas provide Youghiogheny River Lake with 192 individual campsites and 2 group campsites. All three camping areas have drinking water, restrooms, and trailer sanitary stations. Showers are also available for campers at the Outflow Recreation Area and Tub Run Recreation Area.

Boating: Youghiogheny River Lake is both an excellent and a popular facility for many types of boating. About 575,000 people visit the lake each year and 13% of those use the lake for boating. The most popular boating and boating dependent activities include fishing during the week and pleasure cruising and water-skiing on the weekends. Other types of boating, such as canoeing and the use of personal watercraft, which is increasing, are also common activities on the lake. To a limited extent, paddle boating, kayaking, sailing, and sail boarding also occur at Youghiogheny River Lake.

Youghiogheny River Lake, with its clear water, rugged, natural landscape, and good stock of fish, draws users from several states. Most boaters come from southwestern Pennsylvania and in particular from the Pittsburgh metropolitan area, West Virginia, and Maryland. The public boating facilities at Youghiogheny River Lake are in good condition by those who use them. The public has access to the lake by way of four boat launching ramps. Ramps and parking facilities are located at the Mill Run Recreation Area, the Somerfield North Recreation Area, the Jockey Hollow Boat Launch Area and the Youghiogheny Recreation Area. The Mill Run Recreation Area is a campground with a one-lane ramp. The Somerfield North Recreation Area is a day use area with a two-lane ramp and 51 paved parking spaces intended for use by vehicles with trailers. The Jockey Hollow Boat Launching Area is an area with a two lane ramp and 40 paved parking spaces. The Youghiogheny Recreation Area is a day-use area at the spillway with a two-lane ramp that is usable to elevation 1392 and 57 paved parking spaces. The Tub Run Recreation Area also has a two-lane boat launching ramp; however, this facility is reserved for those using the campground. In addition, the Somerfield South Marina allows the public to use its boat-launching ramp Mondays through Fridays. The marina also has 316 slips available for rent and 112 parking spaces. The only fueling station on the lake, providing between 80,000 and 100,000 gallons of gasoline to boaters per season, is located at the Somerfield South Marina.

In addition to those at the marina, there are approximately 743 private slips along the shore. Of these, 441 are for private residences, mostly summer homes, on private property adjacent to Corps property; 14 boat clubs use the remaining 302 slips.

Boating and Capacity Study: In order to understand boating safety and capacity issues, the Corps of Engineers' Waterways Experiment Station (WES), in partnership with the Pittsburgh District and the Pennsylvania Fish and Boat Commission, conducted a study in the summer of 1992 and prepared a report in May 1993 that summarizes the results of the study. The major findings of this study include the following:

□ Boating has increased on Youghiogheny River Lake since 1982. In fact, each count taken in 1992 was between 25% and 57% higher than corresponding counts taken a decade earlier.

□ Peak periods of boating occurred on weekends. Counts indicated that between 2.5 and 12.2 times as many boats were used on weekends as on weekdays. During the 1992 surveys, the largest number of boats on the lake at one time was 305. At summer pool, elevation 1439 NGVD with 2,830 surface acres, this represents an average density of 9.3 acres per boat. Given that Youghiogheny Lake generally experiences drawdown throughout the summer as a result of releases related to other project purposes, it should be noted that the average acreage per boat decreases as the lake level recedes and boats are more confined to a shrinking pool.

□ Different boating activities are more prominent on different days. Fishing boats are the primary boat type observed on weekdays, and ski boats and runabouts comprise 60% to 70% of the boats on weekends.

□ Boaters come to Youghiogheny River Lake for its natural features, undeveloped shoreline, clean and clear water, and opportunities for low-density water-based recreation.

□ About one-third of boat launching ramp users reported seeing more boats than they preferred during their visits to Youghiogheny River Lake.

□ Boating activity is least dense during the week and during early mornings and late afternoons on weekends. These times present good recreational opportunities for boaters who prefer less crowded conditions.

Based on the findings of the boating and capacity study, a decision was made to continue the private dock permit moratorium that was instituted in 1987 and recommended against expanding the project's marina and boat launching ramp. Based on conversations with Project staff boat activity at the Lake is steady with Somersfield Marina near capacity with a waiting list to get a dock. The turnover is greater than years past but the marina is operating at full capacity during the summer months and should do so in the future.

Boat Sales: Across the US boat sales have increased 10.7% in 2012. Prior to that sales have been down due to the recent recession. With a steady increase in boat sales this should benefit the Yough area.

Increased Boat Registration: Currently, there are approximately 300,000 motorized boats (including personal watercraft) registered in Pennsylvania (non-motorized boat registration is not required in the state). The number of registered boats per Pennsylvania County has doubled in the past 10 years. An annual increase of between 6 and 8 percent is expected to continue into the future.

Recreational demand for an entire year is unworkable for planning purposes and must be adjusted to reflect use on a typical weekend day. To establish the season of most visitations, it

was found that Youghiogheny River Lake typically has 55 percent of all yearly visitations in June, July, and August. Taking this additional step, an established rate of 2.88 percent of the summer season's visitation can be expected on any typical weekend day. Adjustments to demand to reflect typical weekend use at Youghiogheny River Lake from 1990 to 2020 should remain consistent. As population in the current market area drops, the demand will not. Since the project supplies only 40 percent of the demand at present time, the population decline will only serve to raise the percent of recreation supplied. Counteracting this trend, with other recreation and transportation assets in the region providing an additional lure to tourism, it appears likely that the market area will grow which in turn will increase the population served by this facility.

Swimming: Three swimming areas are provided at Youghiogheny River Lake: at the Tub Run, Mill Run, and the Youghiogheny Recreation Area. Most swimmers at the project use the Youghiogheny Recreation Area (spillway). Tub Run and Mill Run are unique because they share their location with camping areas and are used mostly by campers.

Surrounding Land Use

The land surrounding Youghiogheny River Lake is of rural, mountainous character and is sparsely populated compared to other areas in the surrounding counties. Land use is primarily agricultural, which occurs on gently rolling ridges and uplands and is extensively divided by numerous steep forested hillsides and ravines. Although the surrounding land uses are primarily agricultural, several small subdivisions have developed within the past few years. The pace of residential development in the past seems to have been quite slow, so that it seems that the overall land use should not change drastically in the next decade. However, because of the increases in visitors coming to this region from outside the established market area and the increasingly developed Deep Creek Lake, there is potential for an increased pace of development in the vicinity of the project. Significant acreage of recreation and wildlife lands occurs in surrounding counties with the Rails-to-Trails development immediately adjacent to Youghiogheny River Lake. Some timber harvesting occurs locally. Although gas fields and strip mining for limestone, sandstone, sand and gravel, clay, and shale occur in surrounding counties, no mining activities presently occur adjacent to Youghiogheny River Lake. Coalfields generally have been depleted in the region. Numerous existing summer home developments occur adjacent to the Youghiogheny River Lake project. The actual buildings are located on private property, however, related structures and landscape maintenance have in some instances encroached on government land. Some of these activities have been granted permits under guidance set forth in the Shoreline Management Plan. Those encroachments not currently permitted will be resolved on a case-by-case basis. Private boat docks are located on the lake and are issued permits by the Corps. At present, 743 private and community docks are under permit. Problems associated with the summer home developments are numerous. There continues to be strong demand for additional docking facilities and increased boating use of the lake. The numerous docks scattered throughout the reservoir visually detract from the naturalistic landscape.

Market Area

The market area was defined based on data from camper registration records for the Youghiogheny River Lake. Analysis of the data indicated that the market area for the

Youghiogheny River Lake encompasses southwestern Pennsylvania and Maryland. Although a number of counties are listed as being in the market area for this project, the actual visitation varies within this market area throughout the year. The market area changes slightly during a typical week. Day users of the project during weekdays are generally from nearby counties because of the time required to travel to the lake. Weekend use of the project includes nearby counties, but because of the extra time available for travel and the opportunity to stay overnight, there are many more visitors from counties farther away. The Pittsburgh metropolitan area is the largest population center in the market area for this project. The balance of the market area is generally rural. In recent years, visitors from outside the established market area have been increasing. In particular, an increased number of visitors from the Baltimore and Washington, D.C., metropolitan areas have been traveling to the project in search of recreational opportunities. This increase is not surprising since the project is not much further in distance from those metropolitan areas than it is from Pittsburgh, and Interstate 68 provides convenient access. Other factors which appear capable of enlarging the market area include the continued expansion of the regional bikeways and the mature development of Deep Creek Lake in Garrett County, Maryland. Deep Creek Lake is a favorite recreation destination of professionals from the Pittsburgh, Baltimore, and Washington, D.C., areas. Recreational demand projections are based on the established market area; however, the influence of these transportation improvements as well as the attraction of the regional recreation will likely expand the market area in the next ten years.

Demographic Characteristics

This section deals with the populations in the Youghiogheny River Lake market area counties and the characteristics of these populations. No attempt has been made to calculate an actual market area population because the entire population of each county should be reasonably representative of the part of that county that is within the market area. Further, a market area population was not needed to derive the estimated future visitation.

Population: The 2000 population for the market was approximately 2.6 million people. The 2000 population represents a decrease of approximately 7 percent from the 1990 market area population. The population trends for the area have stabilized within the last ten years.

Age: With the exception of RV-type camping, younger populations tend to participate in the types of recreational activities that are offered at the project. The median age for the population in the market area is 40.1 years of age. The median age is higher than the U.S. average of 35.3, which provides some indication of the potential usage of the recreational facilities at the project.

Income: The median household income in the market area in 2010 was \$36,301. This income level is below the national average of \$51,914.

Education: In some studies on outdoor recreation, it has been concluded that education levels have some impact on participation rates at outdoor recreation facilities. The studies concluded that there is a correlation with a higher level of education and a higher percentage of outdoor recreation participation. In the project market area, the average percentage of the population with

at least a high school education was slightly over 84 percent. The percentage with at least a college education (bachelor's degree or higher) was 22 percent.

Socio Economic Indicators

Educational attainment in the general market area is higher in regards to high school education but lower with respect to college education (bachelor's degree or higher) when compared to the percentages nationwide. Approximately 80 percent of the nation's population have completed a high school education and almost 24 percent have received a college degree (bachelor's degree or higher).

Urbanization: Campground studies conducted in other states have shown that urban populations are less likely to participate in camping activities than rural populations. The market area population is highly rural in character, with the exception of the Pittsburgh metropolitan area.

Conclusion: A number of demographic factors influence the visitation of recreation facilities. The demographic characteristics described above can aid in understanding the potential number of visitors at the project. The most notable characteristic is the overall population decrease in the region. The combination of the decrease in population and the average nature of the other demographic characteristics imply that the overall number of visitors to the project may stay stable or slightly decline in the coming years. With the added lure of the bikeways, the National Road and the Southwest Pennsylvania Heritage Studies, tourism should rise.

Existing Recreation Facilities

Youghiogheny River Lake has facilities available to the public for camping, picnicking, fishing, boating and swimming. Because of the project's location in southwest Pennsylvania and northwest Maryland, the reservoir and associated facilities attract approximately three million visitor hours annually. Previous to 1987, the District calculated visitation in "recreation days" by multiplying the number of visitor vehicles by a passenger factor to arrive at a visitation figure. After 1987, the District began calculating and reporting "visitor hours." In 1992, the District was directed to implement the Visitor Estimation and Reporting System (VERS), utilizing a reduced set of factors that are intended to convert the number of vehicles to visitor hours more accurately. The 1992 visitation figure illustrates the magnitude of change induced by VERS in reporting visitation. The lake attracts boaters for pleasure boating and water-skiing and operators of personal watercraft. The number of recreation facilities identified in this master plan update is fewer than in the 1982 plan when there were more than 20 recreation areas. The reduction in recreation areas reflects the change in focus from a more active recreation development to a more passive and interpretive form of recreation. Natural and cultural resources management and interpretation will become much more significant factors in visitor recreation at the Youghiogheny River Lake.

Regional Recreation Resources

Numerous public recreation and natural resources lands occur in the area surrounding Youghiogheny River Lake. Many of these lands include major acreage for state forests and game lands. No major county park systems occur in the area surrounding the project.

Analysis and Considerations: The Pennsylvania and Maryland Statewide Comprehensive Outdoor Recreation Plans indicate a lack of developed recreational facilities to satisfy demand in the Youghiogheny River Lake region even though there are considerable land areas devoted to public open space. An inventory of local park systems in the vicinity of Youghiogheny River Lake also indicates a lack of major recreational facilities at the local level. Therefore, there is a need to develop additional facilities in the surrounding region.

Overview: The Youghiogheny River Lake market has numerous public recreation and natural resource lands that occur in the surrounding area. Within a 25-mile radius, there are eleven state parks in a three-state area. All twelve parks are significantly smaller, except for Deep Creek, which is 1,800 acres with similar recreational opportunities. Within a three-county area (Fayette and Somerset in Pennsylvania and Garrett in Maryland), all of which the Youghiogheny River is a part of, there are 23 parks (federal, state, and county) with recreational facilities. Many of these lands include major acreages of state forest and game lands. Some major state parks, natural resource lands, and recreation opportunities do occur in the area and influence proposed developments at Youghiogheny River Lake. Those areas are discussed below.

Ohiopyle State Park: This park is approximately 19,046 acres in size and is located 3 miles downstream from the project. The park's popularity was traditionally based on its river recreation, primarily canoeing, kayaking, and rafting. The development of the Youghiogheny River Trail and the mountain bike trail on Sugarloaf Mountain has provided a more diversified recreation experience. The park also has camping, picnicking, hiking trails, and interpretive programs. Ohiopyle and the Youghiogheny project generally provide different types of recreation opportunities. Ohiopyle is river-oriented while Youghiogheny is lake and boating-oriented. Recreation development at Ohiopyle is dispersed.

Camping: In order to project campground demand into the future, a market area or area of influence must first be defined. Research was conducted to determine the location, type and character of the visitors to the lake project.

Tub Run The primary reason why Ohiopyle is discussed is that the Youghiogheny River Trail will bring many visitors to the area who will use the lake's campgrounds as a base of operation. The Youghiogheny River provides a great setting for rafting and canoeing, the traditional activity within the park. However, as the river becomes more congested, more and more people will boat on the calmer section of river between the lake and the park. Ohiopyle has been a tremendous draw to the region for many years. In 1994, the park attracted 2,172,494 people. The visitation

has remained steady over the last few years primarily due to a severe crowding problem within the Borough of Ohiopyle where many of the facilities are located. A lack of parking, not demand, has been cited as a prime reason for limited growth projections in the future. Additional parking will be constructed based on availability of ISTEA funding.

Regional Bike/Hike Trails: The Rails-to-Trails movement is proving very successful in attracting large number of recreationists both locally and regionally. Several bike/hike trails are completed or proposed in the region. The most significant of the trail is the ultimate link from Pittsburgh to Washington, D.C. The proposed link between these two cities will consist of four trail sections. The Youghiogheny River Trail (South) along the Youghiogheny River from Connellsville to Confluence provides access to the project at the northern end. This trail is owned and administered by the Commonwealth of Pennsylvania as part of Ohiopyle State Park. The Youghiogheny River Trail (North) owned by the Regional Trail Corporation will connect Connellsville with McKeesport. Except for a small section Boston and McKeesport, this trail is complete. When this trail, along with some small trails on the Monongahela River, is completed, bicyclists will have the opportunity to travel from Pittsburgh to the project. The third section of the bike/hike trail will extend from the project area to Cumberland, Maryland. The Allegheny Highlands Trail will link with the Ohiopyle Trail at Confluence where the bike trail crosses the Youghiogheny River. The Allegheny Highlands Trail follows the rail right-of-way along the Casselman River. At Cumberland, Maryland, the trail connects with the C&O Canal Towpath Trail, which will stretch from Cumberland to Washington, D.C. The Towpath is operated and administered by the National Park Service. The Youghiogheny River Trail has been enjoying success for many years after the initial section was paved within the Ohiopyle State Park. In recent years, the number of paved miles has been increasing. The estimated use in 1994 was almost 200,000 people, up from 158,000 in 1992.

Youghiogheny Wild and Scenic River: If adopted by Congress and Maryland and Pennsylvania, the proposal for designating the Youghiogheny River as a component of the National Wild and Scenic Rivers system will influence use of this river in these states. The state of Maryland has already designated the portion of the Youghiogheny River upstream of the project as part of the state's Wild and Scenic River system. Because of existing established recreation use of the river in Pennsylvania, it is anticipated that the segment below the Youghiogheny Dam will receive the most initial use. However, this will not likely add to existing canoe-launching use in the Outflow Recreation Area because additional canoe-launching facilities are planned further downstream by the state of Pennsylvania.

National Road Heritage Park: In 1989, the Commonwealth of Pennsylvania established a Heritage Parks Program to encourage certain regions of Pennsylvania to preserve and promote the state's rich industrial history. The objective of the program is the promotion of regional economic development, cultural and historic conservation, and opportunities for recreation and education. Heritage Parks are designated regions with a full range of historic, cultural, recreation, and educational resources that communicate America's industrial heritage.

According to the Park's Management Action Plan, the National Road Heritage Park will be a network of public/private partnerships working together to interpret and preserve various historic sites and resources, conserve the valuable cultural and natural heritage along the National Road

corridor, foster local economic development, and teach students and adults about the importance of the National Road to the state and the nation. Attendance, once all phases are complete, is estimated between 320,000 and 480,000 visitors per year. Many of these will be people who take advantage of the Road's amenities while in the region visiting other attractions. For others, the opposite will be true. The National Road crosses the Youghioghenny River Lake where the historic Great Crossings Bridge now stands submerged.

Path of Progress Heritage Route: The Path of Progress Heritage Route is a circuitous set of highway segments which traverse several counties in southwest Pennsylvania. A portion of the Route is located adjacent to the project. The route was designated by the Southwest Pennsylvania Heritage Preservation Commission whose focus is on the development, enhancement and interpretation of iron/steel-making, coal and transportation themes within a nine county area which includes Fayette and Somerset Counties. The purpose of the Heritage Route is to provide systematic access to cultural, natural and recreation sites in the region from the interstate highway system and other major regional access highways. Route 281 from Somerset to Confluence, Route 523 on the east side of the project and Route 40 from its intersection with Route 523 west have been designated a part of this system.

Fort Necessity: Operated by the National Park Service, Fort Necessity is located on Route 40 in Fayette County about 10 miles west of Youghioghenny River Lake. The fort is a reconstruction of the one hastily built by George Washington in 1754 to provide a defense against a French attack. Although Washington's forces were defeated.

Deep Creek Lake: Deep Creek Lake is a resort area located in Garrett County, Maryland and is a 3,900 acre lake similar to Youghioghenny Lake and has similar amenities. There are four marinas and three camping grounds. It is a developed area with its market area similar to Youghioghenny Lake and competes for market share.

Nemacolins: Nemacolins is a high end resort area with a casino, golf course, and other amenities. It is a high end resort area with a hotel and several restaurants and is a major employer in the region.

Infrastructure

The current highway system provides adequate access to the project area. Interstates 70 and 76, significant east-west transportation routes are located to the north of the project area. Interstate 79 is an important regional transportation link from that goes north south through the state. To the south is Interstate 68, which passes just south of Friendsville at the southern end of the project and connects with Interstate 79 in Morgantown in the west goes east towards the Baltimore and DC area. Interstates 70, 76, and 79 provide access to the market area population. Interstate 68 provides access to some of the market area population to the south of the project; however, it also provides access to areas east of the current market area. Because of the proximity of the project to the Baltimore and Washington, D.C., metropolitan areas and with the completion of Interstate 68, the number of visitors from these metropolitan areas is increasing.

Although Interstates 70, 76, and 79 provide adequate access to the project area, travelers have to use other roads to reach the lake. The roads typically used include U.S. 40, Maryland Routes 42 and 53, and Pennsylvania Route 281. In particular, U.S. 40 and Pennsylvania Route 281 provide direct access to several project recreational facilities. U.S. 40, better known as the National Road, accesses Somerfield North, South, Jockey Hollow Recreation Area, and Boat Launch Area. Pennsylvania Route 281 provides access to the project just below the dam and to the Tub Run. Maryland Route 53 provides access to the project on the southern end near Selbysport. To access all areas of the lake, use of local public roads is required. These local roads vary in their condition. Some are paved while others are not. The unpaved roads can pose a problem when people travel during periods of bad weather.

There still exists one major proposal to complete Route 43 in the project area, the Mon/Fayette Expressway. In 1985, the Pennsylvania Legislature passed Act 61, which authorizes the Pennsylvania Turnpike Commission to construct a toll road in the Monongahela Valley area from I-376 (the Parkway East in Pittsburgh), through Fayette County, to I-68 in West Virginia. Construction of this highway is complete from Interstate 68 in West Virginia to Route 51 in Jefferson Hills. The link from Jefferson Hills to Pittsburgh has yet to be completed and it may be years until is completed.

In addition to the trails mentioned above, there are almost a dozen other trails proposed, open or under constructed within Southwest Pennsylvania that will link to provide uninterrupted riding or hiking from the New York, Ohio and West Virginia State lines to Washington, D.C. One proposed trail will link Point Marion on the Monongahela River in western Fayette County with Uniontown and Connellsville where it will meet the Youghioghney River Trail.

Activity Projections: The market area creating recreational demand at Youghioghney River Lake encompasses a large portion of the entire Pittsburgh metropolitan area. Using percentages of activity participation from 1990 to 2020 at the Youghioghney River Lake, a reasonable estimate of the activities demanded at Youghioghney River Lake is revealed. These activity percentages applied to the potential demand for the reservoir established the activity loading at any time during a typical weekend day. During the course of a typical day, people recreating will change, or "turn over," to different activities. Using accepted turnover rates, again adjusted to reflect conditions at Youghioghney River Lake, total daily recreational activities can be assessed. These activities and their relationship to the number of people available to use the facilities at Youghioghney River Lake.

Use Analysis

The Use Analysis studies each site independently since Tub Run is an existing business/campground with infrastructure in place whereas Jockey Hollow has building but otherwise is an undeveloped site. The continual use of Tub Run as a campground is the highest and best use of the site where Jockey Hollow could be renovated and expanded or torn down and redeveloped. The site would be leased out on a graduated lease structure and for the first year or two there most likely would not be any profit from either operation if capital improvements are made. Currently Tub Run is operation at a loss and Jockey Hollow is realizing no income since the area is shut down.

Tub Run: Tub Run campground is approximately twenty plus or minus acre site located Tub Run Road which is off Route 281 which connects to the National Highway (Route 40). The site is approximately seven miles off of Route 40 the main route into the project. Tub Run currently is a campground with 101 camping sites total of which 30 have electric. There is a potential to develop an additional 20 sites at the east part of the site. There are shower facilities and rest rooms available along with water and sewer. The sewer system is operated individually and water is by way of two wells. There is a swimming area at the lake and a small amphitheater to watch movies. The average price per night is \$20 but it does not offer monthly rates. The Tub Run area is close to Ohio Pile and Somerfield Marina and is located off of Route 40.

For Tub Run the condition of the area overall is good and has been maintained over the years. The primary times of business is Memorial Day weekend through Labor Day. The majority of the camping is done on weekends. The roads into the campground have been redone recently and are in good condition. The campsites are basic campsites with electric but no Wi-Fi hookups. There is a beach area and a boat lunch area but no pool area. The boat lunch is adequate but parking is limited. The campsite has daily rentals and no monthly or long term rentals permitted.

The camping industry has experienced a 6.5% increase in 2011 and is expected to continue to grow at a modest pace. The number of campers is about 14.9% of the population. In the Mid-Atlantic region, 11% of the population has gone camping with the median age of camper is 32 years old. The average travel trip is 190 miles and this would include the markets of Pittsburgh, Baltimore, and the Washington DC area as the market area. Some of the competition for this area is from state parks, KOA, national parks, and privately owned campgrounds. Campgrounds are evolving from traditional basic camping sites to modernized sites with Wi-Fi, indoor bathrooms, Laundromats; along with deluxe cabins with flat screen TV's. Other amenities on the rise include heated pools, zip lining, golf carts, bicycle rentals, miniature golf, arcades, and activities.

In order to maximize the potential of the site there are several things that could be done if it were privatized. One would be to upgrade the sites to accommodate more camp sites with electric. Also a Wi-Fi service would be advisable as more campgrounds are offering this type of service. There is room for expansion and perhaps these sites could be developed into deluxe sites with accommodations beyond the basic amenities. There is an amphitheater that could be expanded to play movies throughout the day. Also, long term rentals would increase demand for the sites and allow for a steady cash flow to the operation. The camping season could be extended with longer term leases and increase cash flow. A playground and pool could be installed with the excess land near the lake. Lastly, more use of the water could be achieved by having kayaks, paddle boats, wind surfing, or a zip lining.

After analyzing the site its continual use as a campground is the best use with the site with capital improvements made to the site to keep up with the growing trends of the camping industry.

Jockey Hollow: This site sits along Route 40 west of the bridge that crosses Youghiogheny Lake in Fayette County. Jockey Hollow service center is currently closed down and is not in use. The property is approximately a one acre site with a round frame building and fifteen parking spaces

that has water access to the lake. There is a well and septic holding tank on the property but the condition of either of them are unknown. The site has not been use for several years and the well and holding tank limits what can be place at the site. Currently the building is in poor condition and would capital to renovate the building. There is Jockey Hollow Boat Launch area west of the site and the Somerfield Marina east of the site across the bridge. The traffic count on Route for is about 5,000 cars per day at Farmington to Flat Rock and decreases to 1,400 at the Youghiogheny Bridge near Route 281 and increases to 3,100 after the bridge.

The site as it is could support a small retail business that supports the lake area. Some possible uses are retail store that sells groceries, bait and tackle, and a small scale food deli or an ice cream stand. The existing site could be renovated or torn down and rebuilt. There is access to the lake where a dock could be placed so that people could stop and purchase items. A dock would be a necessity to attract boat traffic in addition to road traffic. There is sufficient parking to accommodate travelers on Route 40 to stop by. Ingress and egress to the site would need to be improved to accommodate road traffic. There are other smaller retail establishments nearby but none of them have lake access or are as close to the lake as Jockey Hollow.

There are three small retail stores within a five mile along Route 40 but with a niche business a small retail use with lake access via a boat dock would be the best use for the property.

Statement of Assumptions and Limiting Conditions

1. Limit of Liability:

The liability of the appraiser is limited to the work done. There is no accountability, obligation, or liability to a third party.

2. Information Used:

No responsibility is assumed for accuracy of information furnished by or from other parties or public records. The appraiser is not liable for such information or the work of possible subcontractors. The data relied upon in this report is considered appropriate for inclusion to the best of the appraiser's factual judgment.

3. Copies, Publication, and Distribution of Reports:

Possession of this report or any copy thereof does not carry with it the right of publication, nor may it be used for other than its intended use. The report may not be used for any purpose by any person or corporation other than the client or the party to whom it is addressed or copied without the written consent of the appraiser, and then only in its entirety. Neither all nor any part of the contents of this report shall be conveyed to the public through advertising, public relations efforts, news, sales, or other media, without the written consent and approval of the appraiser.

4. Confidentiality:

The appraiser may not divulge the material (evaluation) contents of the report, analytical findings or conclusions, or give a copy of the report to anyone other than the client or his designee as specified in writing except as may be required, by a court of law or body with the power of subpoena, or by such third parties as may be authorized by due process or law or regulation. This analysis is to be used only in its entirety and no part is to be used without the whole report. All conclusions and opinions concerning the analysis are set forth in the report and were prepared by the appraiser whose signature appears on the report, unless indicated as "Review Appraiser." No change of any item in the report shall be made by anyone other than the appraiser. The appraiser shall have no responsibility if any such unauthorized change is made.

5. Testimony and Consultation for Appraisal Services:

The appraiser or those assisting in the preparation of the report will not be asked or required to give testimony in court or hearing because of having made the analysis, in full or in part, nor engage in later consultation with client or third parties except under separate and special arrangement.

6. Exhibits:

The sketches and maps in this report are included to assist the reader in visualizing the property and are not necessarily to scale.

7. Legal or Engineering:

No responsibility is assumed for matters legal in character or nature, or matters of survey, or of any engineering nature. No opinion is rendered as to the title, which is presumed to be good and merchantable. The analysis is based on there being no hidden, unapparent, or apparent condition of the property site, subsoil, or responsibility is assumed for any such conditions or for any expertise or engineering to discover them.

8. Auxiliary or Related Studies:

No environmental or impact studies, special market study or analysis, highest and best use analysis study, or feasibility study has been requested or made unless otherwise specified in the report. The appraiser reserves the unlimited right to alter, amend, revise, or rescind any of the statements, findings, opinions, values, estimates, or conclusions upon any subsequent study or analysis or previous study or analysis subsequently becoming known to them.

9. Value Change, Dynamic Market, Influences:

The analysis is subject to change with market changes over time; supply/demand is highly related to exposure, time, promotional effort, terms motivation, and conditions surrounding the offering. The analysis in the report is not based in whole or in part upon the race, color, or national origin of the present owners or occupants of the properties in the vicinity of the property analyzed.

10. Continuing Education:

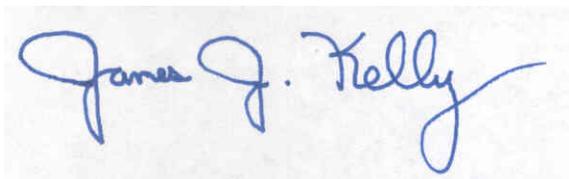
The State of Pennsylvania Real Estate Appraiser Commission conducts a program of continuing education for its licensees. Licensees must meet the minimum of this program to be awarded periodic certification. Mr. Kelly is currently certified under the State of Pennsylvania Real Estate Appraiser Continuing Education Program.

11. Hazardous Materials:

Unless otherwise stated in this report, the existence of hazardous materials, which may or may not be present on the property, was not observed by the appraiser. The appraiser has no knowledge of the existence of such materials on or in the property. The appraiser, however, is not qualified to detect such substances. The presence of substances such as asbestos, urea-formaldehyde foam insulation and other potentially hazardous materials may affect the property. No responsibility is assumed for such conditions or for any expertise or engineering knowledge required to discover them. The intended user is urged to retain an expert in this field, if desired.

12. Note:

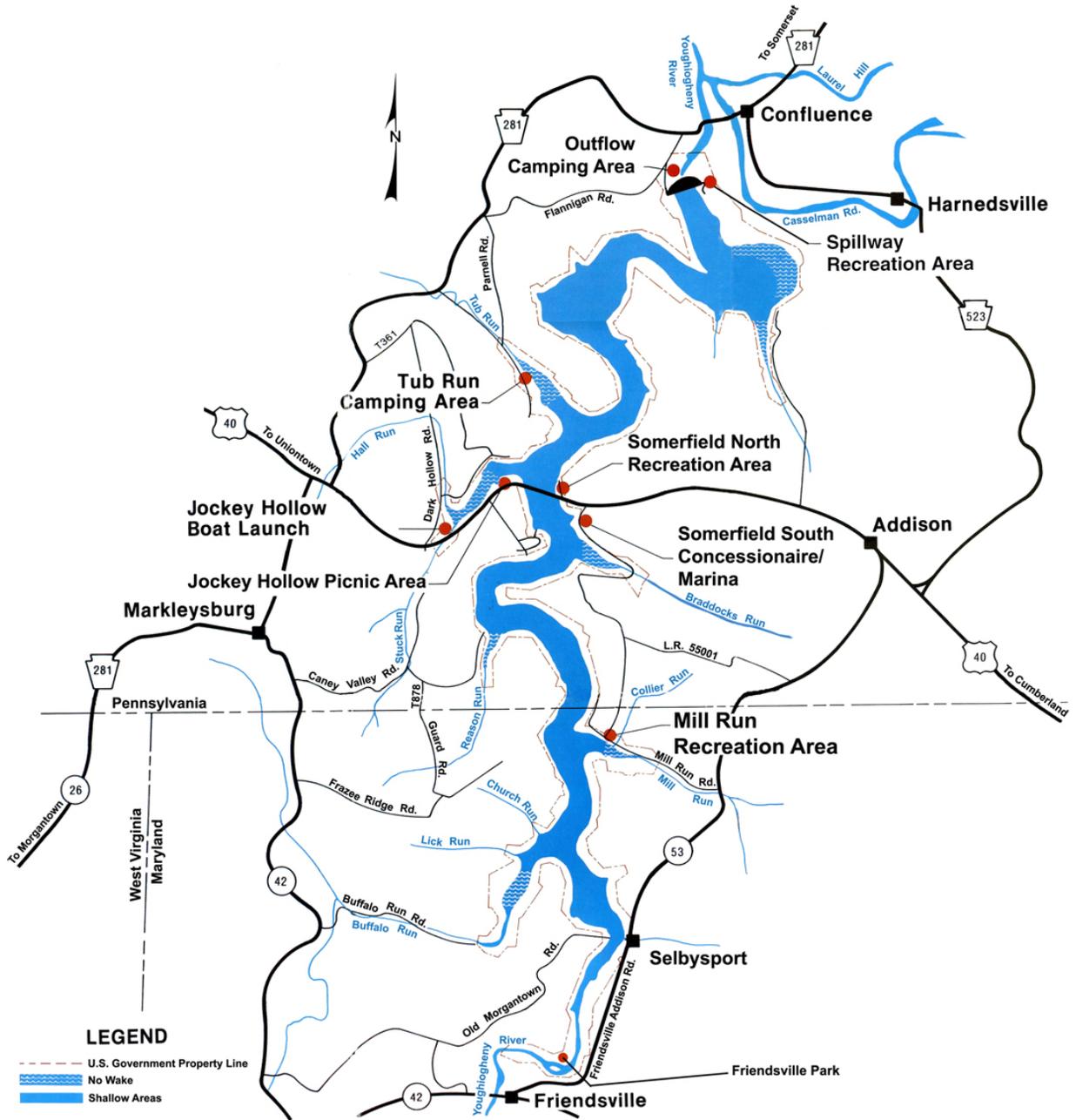
Acceptance of and/or use of this report constitutes acceptance of the above conditions.



James J. Kelly

09-18-13

Date



Tub Run Photos



Entrance



Campsites



Campsites



Shower House



Beach Area



Launch Area

Jockey Hollow

