

MEMORANDUM

TO: Board of Trustees

THROUGH: Steven J. Pinkerton
General Manager

FROM: Brad Wilson
General Manager Diamond Peak Ski Resort

Bradley A. Johnson, P.E.
Director of Asset Management

SUBJECT: Approval of the Amended Diamond Peak Master Plan and Authorization to Move Forward with Environmental Clearances and Select Construction Permits

STRATEGIC PLAN: Long Range Principle 5 – Assets & Infrastructure – Objective 1 – Set direction for the proposed Diamond Peak Master Plan

DATE: October 9, 2015

I. RECOMMENDATION

That the Board of Trustees makes a motion to:

1. Approve the Diamond Peak Master Plan dated August 2015 as amended by the Diamond Peak Master Plan Community Steering Committee recommendations.
2. Authorize Staff to submit the Plan to the Tahoe Regional Planning Agency (TRPA), the United States Forest Service (USFS), and Washoe County (where necessary) for environmental clearances and approval.
3. Authorize Staff to submit for concurrent review of Phase 1a of the Master Plan by TRPA and Washoe County for construction permits.

II. BACKGROUND

At the April 24, 2013 meeting, the Board of Trustees awarded a professional services contract to SE Group to develop a ski area master plan update and

summer activities assessment for Diamond Peak Ski Resort. Subsequently, the SE Group and Staff have participated in five publically held meetings, conducted a community survey (with 700 responses), met with the Humboldt/Toiyabe and Lake Tahoe Basin Management Unit USFS Supervisors, and the TRPA and Washoe County planning teams.

At the September 10, 2014 meeting of the Board of Trustees it was determined that further community input was necessary before the Master Plan would be considered for acceptance by the Board of Trustees. The District General Manager created a 13 person Community Steering Committee to evaluate the Master Plan. After 10 public meetings over the course of six months, the Steering Committee presented their findings to the Board of Trustees in a special public meeting on July 15, 2015. Changes to the Master Plan recommended by the Steering Committee included:

- Splitting Phase 1 in to two phases (Phases 1a and 1b)
- Relocating the Alpine Coaster (Phase 1b)
- Eliminating the replacement of the Lakeview Lift

Through vast experience with similar resorts, market research study, evaluation of industry business best practices, and input gathered from the community and Board, SE Group incorporated the recommendations of the Community Steering Committee into the attached Diamond Peak Master Plan document dated August 2015.

The next step in the master planning process is to submit the updated Diamond Peak Master Plan to the TRPA and USFS for environmental clearances and approval. An Environmental Impact Statement (EIS), consistent with the requirements of the National Environmental Policy Act (NEPA), for the Diamond Peak Master Plan will be prepared by a consultant selected and hired by the TRPA (the District will be required to enter into a contract with the TRPA to fund the work). This comprehensive public process will take 18 to 24 months to complete and will assess the Master Plan's impact to (among others):

- Threatened and endangered species
- Air and water quality
- Historic and cultural sites and resources
- Traffic and noise

The Master Plan will also be assessed for compliance with the TRPA's Regional Plan and Washoe County's Area Plan documents. There are prescribed periods

of public review and comment throughout the entire process and final approval of the EIS document and the Master Plan is conducted at a public meeting of the TRPA's Governing Board.

The TRPA process requires a comprehensive evaluation of the entire Master Plan and therefore all phases of the Master Plan must be submitted for environmental review and clearance. Once the EIS/NEPA process has been completed and the Master Plan has been approved by the TRPA and USFS, the Master Plan becomes effective as an operating document for Diamond Peak Ski Resort. This means activities and events identified in the Master Plan can be implemented but any new infrastructure or amenities cannot be constructed until separate construction permits have been issued.

The TRPA process allows for concurrent review of the project for construction permits. This allows for cost savings and economies in scope and schedule in the review process and, once approval of the Master Plan is granted by the USFS and TRPA, construction could begin immediately. Consistent with the recommendations of the Community Steering Committee, Staff is recommending submission of Phase 1a for concurrent construction permit review. Phase 1a includes:

- Challenge course
- Canopy tour – Crystal Ridge to Base Area
- Mountain bike trail improvements – above and below the Incline Flume
- Family/kid's base area bike loop
- Modular kid's pump track
- Bike skill's park
- Hiking trail improvements – Snowflake Lodge to the Base Area
- Interpretive signage
- Improvements to Snowflake Lodge kitchen equipment and barbeque area
- Lakeview Lift download capacity improvements

The construction permits issued by TRPA are valid for a period of three years from the date of issuance which allows for a five year window (two years for EIS completion and a three year permit life) for continued discussion by the Board of Trustees on the merits of the individual projects contained within Phase 1a of the Master Plan.

Approval of the Diamond Peak Master Plan by the TRPA and USFS and issuance of construction permits for Phase 1a does not obligate the District to

implement any of the improvements contained within the Master Plan. Most of the improvements contained within the Master Plan will require design and construction contracts that require individual approvals by the Board of Trustees in the future. Moving forward with Phases 1b, 2, 3, and 4 of the Master Plan will require additional construction permit submissions to TRPA and Washoe County.

III. BID RESULTS

Not applicable.

IV. FINANCIAL IMPACT AND BUDGET

The Board is not awarding any contracts at this time, however, if submission of the Diamond Peak Master Plan to TRPA and the USFS is authorized a small contract, estimated at approximately \$10,000, will be awarded under Staff authority to SE Group to prepare the pertinent application documents. Once the Master Plan has been submitted to TRPA, the Board of Trustees will be requested, at a future meeting, to authorize a contract between the District and TRPA to complete the NEPA analysis and develop the EIS document. This contract is estimated to be \$350,000 to \$400,000.

A total of \$250,000 for this project was included in the 2014/2015 Capital Improvement Budget and carried forward and an additional \$150,000 is included in the 2015/2016 Capital Improvement Budget – see data sheets attached (Fund: Community Services; Program: Ski; Project # 3653BD1501). The combined currently available budget for this project is \$400,000.

V. ALTERNATIVES

There are two alternatives to Staff's recommendation:

1. Reject the Diamond Peak Master Plan as amended by the Community Steering Committee recommendations.

Should the Board reject the amended Diamond Peak Master Plan, it would need to provide Staff with additional direction for what steps to take next. Failure to move forward on an updated Master Plan of some kind leaves the District operating Diamond Peak from a 29-year old plan.

This impacts Diamond Peak's ability to stay competitive in the market place by limiting operations to its existing winter activities. This leaves the resort

vulnerable to potential economic impacts of a late winter, warm temperatures, or light snowfall while passing up the opportunity for significant summer revenues.

If the Board approves the Diamond Peak Master Plan, it must move forward with submitting the document for environmental clearances and approval by TRPA and the USFS in order to allow any of the elements of the Master Plan to be implemented. Failure to do so is essentially identical to rejecting the plan outright and leaves the District operating Diamond Peak from a 29-year old plan.

2. Approve the Diamond Peak Master Plan as amended by the Community Steering Committee and authorize staff to submit the Plan to TRPA, USFS, and Washoe County (where necessary) for environmental clearances and approval but do not move forward with procurement of any construction permits at this time.

By submitting the Master Plan for environmental clearances and approval by TRPA and USFS but not submitting for concurrent review for Phase 1a construction permits allows the Plan to serve as an operating document for Diamond Peak but prevents the District from constructing any of the new infrastructure and amenities identified in the Plan until construction permits are obtained. This slows the implementation process down and misses the efficiencies provided by concurrent review.

VI. BUSINESS IMPACT

This item is not a “rule” within the meaning of NRS Chapter 237, and does not require a Business Impact Statement.



Project Summary

Project Number:	3653BD1501	Active:	Yes
Title:	Ski Area Master Plan Implementation - Phase 1		
Asset Class:			
Division:	53 - Snow Flake Lodge		
Budget Year:	2015		
Scenario Name:	Main		
Budget Status:	Data Entry		
Locations:			
Project Something:	BD - Buildings & Structures		

Project Description
<p>The goal of Phase I of the Diamond Peak Ski Area Mater Plan Implementation is to provide new amenities and activities for the community of and guests to the communities of Incline Village and Crystal Bay. This phase prioritizes revenue-generating activities to generate up-front net operating income to offset the capital costs of subsequent phases. Pending approval and adoption of the Master Plan document, activities budgeted in this phase include:</p> <ul style="list-style-type: none"> - Challenge Course - Canopy Tour - Mountain Bike Trails - Family/Kid's Base Area Bike Loop - Kid's Pump Track - Bike Skills Park - Hiking Trail Improvements - Alpine Coaster - An Upgrade of the Lakeview Lift Download Capacity - Formalization of Golden Eagle Bowl Egress
Project Internal Staff
All phases of this project will be managed by Diamond Peak and Engineering Division Staff.
Project Justification
Diamond Peak is an under-utilized IVGID asset 7-months of the year. Summer operations will help reduce the risk of poor winter business by moving Diamond Peak from being 100% dependent on the winter ski operation. Summer weather is more reliable as is summer visitation to the area. Some of the proposed improvements for summer operations are also capable of operating during the winter.

Forecast			
Budget Year	Total Expense	Total Revenue	Difference
2015			
Design	50,000	0	50,000
Permitting and Entitlements	200,000	0	200,000
Year Total	250,000	0	250,000
2016			
Construction	1,825,000	0	1,825,000
Design	350,000	0	350,000
Year Total	2,175,000	0	2,175,000
2017			
Construction	1,825,000	0	1,825,000
Year Total	1,825,000	0	1,825,000
	4,250,000	0	4,250,000

Year Identified	Start Date	Project Partner	Manager	Est. Completion Date
2014			Diamond Peak General Manager and Engineering Manager	



Project Summary

Project Number:	3653BD1501	
Title:	Ski Area Master Plan Implementation - Phase 1	
Asset Class:		
Division:	53 - Snow Flake Lodge	
Budget Year:	2016	
Scenario Name:	Main	Active: Yes
Budget Status:	Data Entry	
Locations:		
Project Something:	BD - Buildings & Structures	

Project Description			
<p>The goal of Phase I of the Diamond Peak Ski Area Mater Plan Implementation is to provide new amenities and activities for the community of and guests to the communities of Incline Village and Crystal Bay. This phase prioritizes revenue-generating activities to generate up-front net operating income to offset the capital costs of subsequent phases. Pending approval and adoption of the Master Plan document, activities budgeted in this phase include:</p> <ul style="list-style-type: none"> - Challenge Course - Canopy Tour - Mountain Bike Trails - Family/Kid's Base Area Bike Loop - Kid's Pump Track - Bike Skills Park - Hiking Trail Improvements - Alpine Coaster - An Upgrade of the Lakeview Lift Download Capacity - Formalization of Golden Eagle Bowl Egress 			
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Forecast			
Budget Year	Total Expense	Total Revenue	Difference
2016			
Permitting and Entitlements	150,000	0	150,000
Year Total	150,000	0	150,000
2017			
Construction	1,825,000	0	1,825,000
Design	350,000	0	350,000
Year Total	2,175,000	0	2,175,000
2018			
Construction	1,825,000	0	1,825,000
Year Total	1,825,000	0	1,825,000
	4,150,000	0	4,150,000

Year Identified	Start Date	Project Partner	Manager	Est. Completion Date
2014			Diamond Peak General Manager and Engineering Manager	

Diamond Peak Master Plan Special Meeting October 21, 2015

Brad Wilson – Diamond Peak Ski Resort
General Manager

Bradley A. Johnson, P.E. – Director of
Asset Management



Diamond Peak Master Plan

- An approved Ski Area Master Plan is an operational requirement by TRPA
- Current Master Plan is 29-years old
- Master Plan update process started April 24, 2013 with SE Group contract award
 - Five public meetings
 - Community survey with 700 responses
 - Multiple meetings with regulatory agencies
 - Formation of the Community Steering Committee

Diamond Peak Master Plan Community Steering Committee

- 13 residents of Incline Village/Crystal Bay
- Held 10 public meetings over six months
- Presented recommendations to Board of Trustees on July 15, 2015
 - Move forward with Master Plan in phased approach (Phases 1a, 1b, 2, 3, and 4)
 - Relocate alpine coaster in Phase 1b from area adjacent to Lakeview Lift to area adjacent to Lodgepole Lift
 - Eliminate Lakeview Lift replacement and upgrade download capacity instead

Diamond Peak Master Plan

Recommended Next Steps

- Approve the Master Plan as amended by the Community Steering Committee recommendations
- Authorize Staff to submit Master Plan to TRPA, USFS, and Washoe County for environmental clearances and approval
- Authorize Staff to submit Phase 1a for concurrent review for construction permits from TRPA and Washoe County

Diamond Peak Master Plan Environmental Clearances

- TRPA will be lead agency
- TRPA will select and hire consultant to conduct work
- District must enter into contract with TRPA to fund the work
- Environmental Impact Statement consistent with the National Environmental Policy Act
- Must submit and evaluate entire Master Plan (all phases)

Diamond Peak Master Plan Environmental Clearances

- Comprehensive public process with formal public review and comment periods
- Estimated to take 18-24 months
- Will evaluate impacts to:
 - Threatened or endangered species
 - Air and water quality
 - Historic and cultural sites and resources
 - Traffic and noise
- Compliance with TRPA Regional Plan and Washoe County Area Plan

Diamond Peak Master Plan TRPA and USFS Approval

- Completion of process does not permit construction
- Completion of process does not obligate District to future improvements at Diamond Peak
- Process simply clears identified improvements environmentally
- Updates Master Plan of Record for Diamond Peak

Diamond Peak Master Plan

Concurrent Construction Permitting

- TRPA process allows concurrent review for construction permits
- Saves costs and schedule
- Construction Permits are valid for three years
- Does not obligate District to construct any or all of the improvements approved
- Recommended for Phase 1a

Diamond Peak Master Plan

Future Meetings

- Authorize contract between District and TRPA
- Authorize design contracts for various Phase 1a amenities
- Authorize construction contracts for selected Phase 1a amenities after issuance of permits
- Continued discussion of future Master Plan implementation (Phases 1b, 2, 3, and 4)

Diamond Peak Master Plan

Next Step Alternatives

- Reject the Master Plan as amended by the Community Steering Committee recommendations
 - Board would have to provide additional direction
- Approve Plan and authorize Staff to submit Master Plan to TRPA, USFS, and Washoe County for environmental clearances and approval but not for concurrent construction permit review
 - Slows process down and misses efficiencies and savings

Questions and Discussion



MASTER PLAN



August 2015

Prepared for:



Prepared by:





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APPENDICES

Appendix A: Market Assessment Report

Appendix B: Open House Presentation Boards

Appendix C: Diamond Peak Master Plan Survey Results

The Diamond Peak Master Plan is the result of a collaboration between our planning group (SE Group, Bull Stockwell Allen and RRC Associates), the Diamond Peak and IVGID management teams, and the Incline Village community. SE Group would like to thank all team members for their contributions and collaborative spirit throughout the planning process.

In addition, SE Group would like to thank to the vendors who provided planning assistance, product specifications, product capabilities, and cost estimates. The time and effort of these individuals and their respective company is very much appreciated. The information was used to develop the Diamond Peak winter and summer concepts, provide input for the financial analysis, and guide the phasing for implementation of projects discussed in this master plan.

Eric Cylvick, Terra Nova LLC of Utah, Master Distributor for ZipRider and ZipTour

Jesse Desens, North Tahoe Adventures

Larry Hays, Weigand Sports LLC

Dave Horan, Outdoor Ventures Group, Adventure construction and consulting

Jon Mauch, Leitner-Poma of America, Inc.

Randy Woolwine, Doppelmayr USA, Inc.

Judd de Vall, Alpine Bike Parks



I. INTRODUCTION

PROJECT BACKGROUND

The primary purpose of a Master Plan is to articulate the vision for future development, and provide guidance toward achieving that vision. Based on market, site, operations and fiscal intelligence, a ski area Master Plan also incorporates the latest advances in ski area development and multi-season operations. This multi-faceted foundation ensures that the strategy provided within a Master Plan allows for future business decisions to be focused toward staying competitive and economically viable.

Diamond Peak has a 47-year history of providing community-based winter recreation opportunities. Diamond Peak's previous Master Plan was developed in 1986. Many of the improvements outlined in that plan have been implemented, including expansion of the upper mountain, establishing snowmaking on a number of trails, remodeling of the Base Lodge and building the new Skier Services and on-mountain maintenance facility. The Incline Village General Improvement District (IVGID) has continued to upgrade the ski area facility and refine the winter operation to stay current with industry technological developments and modern guest service trends, so that Diamond Peak's winter operations will remain financially viable and competitive in the marketplace.

By contrast, since the 1986 Master Plan was developed there has been a significant evolution within the ski industry toward four-season operations. Diamond Peak's summer business remains very limited, consisting primarily of infrequently scheduled special events and local use of the area for hiking and biking. Following a large and comprehensive data gathering in 2012, conducted over a number of weeks and multiple diverse sessions, the Incline Village/Crystal Bay 2020 Vision Action Plan recommended exploring opening Diamond Peak for year-round use. Additional summer operations at Diamond Peak would enhance an underutilized community asset, while creating additional recreational opportunities for residents and visitors to the Lake Tahoe Basin. Creating a more diverse multi-season operation would foster economic viability and allow Diamond Peak to remain competitive.

Within this context, the Diamond Peak Master Plan revisits the vision for the future development of Diamond Peak as a community recreational resource. The Master Plan explores opportunities for maximizing the existing winter business and assesses the potential for introducing new summer activities that will generate additional revenue. The Master Plan will serve as a blueprint for future development of multi-season activities (both winter and summer) at Diamond Peak.

CONSULTANT TEAM

The consultant team assisting Diamond Peak and the Incline Village General Improvement District Board of Trustees with the master planning process includes SE Group and RRC Associates.

SE Group has over 56 years of experience working with ski areas and mountain resorts. SE Group brings broad experience in helping ski areas realize opportunities for sustainable multi-season operations, while maintaining the qualities and character of the area that are important to the community.

RRC Associates is a multi-disciplinary consulting firm providing market research, strategic analysis, and community/land planning services. Principal areas of focus by RRC include the ski and snowboard industry in particular, and the travel, tourism, and recreation industries generally.

MASTER PLAN PROCESS

The Diamond Peak Master Plan process began in May 2013 and was initially completed in July 2014 with the IVGID Board of Trustees voting to “receive” the Master Plan. At that time, the Board of Trustees additionally directed that a Community Steering Committee be established to complete an in-depth review of the Master Plan and provide the Board of Trustees with further recommendations. In July 2015 the Community Steering Committee made a series of recommendations to the Board of Trustees which included separating the amenities planned for Phase 1 into two distinct phases (now Phase 1a and 1b) as well as eliminating a previously discussed upgrade of the existing Lakeview chairlift. These recommendations have now been incorporated to this Master Plan.

KEY ELEMENTS OF THE PLANNING PROCESS

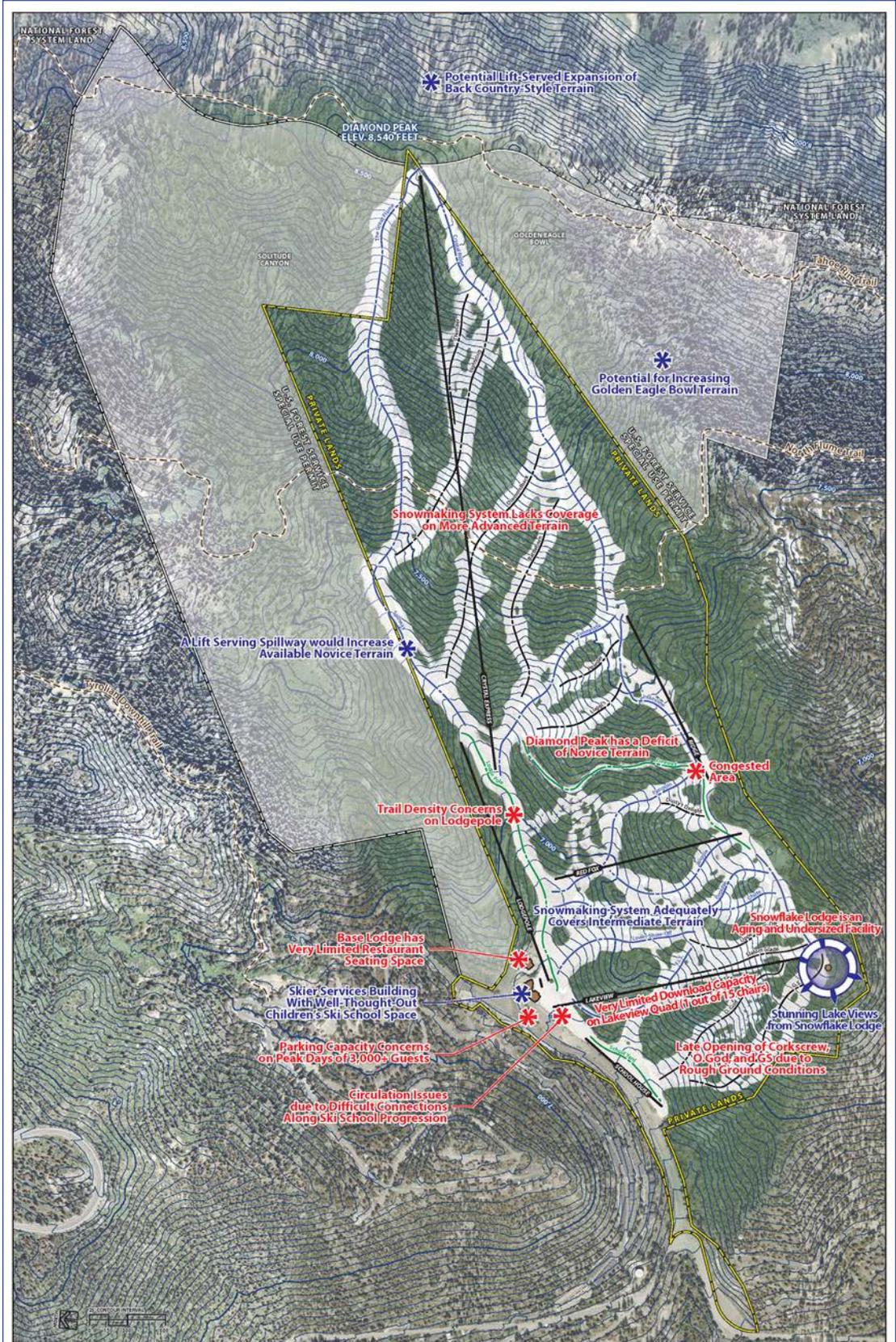
- Market Research
- Operations Review
- Site Analysis
- Public Involvement
- Master Plan Concept Development
- Financial Analysis

PROJECT OBJECTIVES

- Chart a Course for the Future of Diamond Peak
- Winter Experience Improvements
- Evaluate Summer Opportunities
- Ensure Projects are Financially Self Supporting and Provide a Strong Return on Investment
- Ensure Projects Fit within Community Character
- Continue or Improve Revenue Stream for IVGID without Need to Increase the Recreation Fee

II. ANALYSIS

**FIGURE 1.
EXISTING CONDITIONS**



Site Analysis

Understanding the existing lift infrastructure, terrain, guest services facilities, and parking is integral to the master planning process. The Diamond Peak Master Plan will build upon the opportunities afforded by the existing site conditions while also addressing issues related to the existing operations. These opportunities and issues are identified in Figure 1, and are addressed further in the analysis of the existing ski operation.



LIFTS

The goal for lift design is to serve the available terrain in an efficient manner, i.e., having the minimum number of lifts possible while fully accessing the terrain and providing sufficient uphill capacity to balance with the available downhill terrain capacity. In addition, the lift design has to take into consideration such factors as: wind, round-trip utilization of the terrain pod, access needs, interconnectability between other lift pods, the need for circulation space at the lower and upper terminal sites, and the presence of natural resources (e.g., visual impacts, wetlands, and riparian areas). The vertical rise, length and ride time of lifts across a mountain are important measures of overall attractiveness and marketability of any resort.

Table 1 summarizes the existing specifications of the lift system at Diamond Peak.

Table 1. Lift Specifications - Existing Conditions

	Lift Name, Lift Type	Top Elev.	Bottom Elev.	Vertical Rise	Plan Length	Slope Length	Avg. Grade	Design Capacity	Rope Speed	Carrier Spacing	Lift Maker/ Year Installed
		(ft.)	(ft.)	(ft.)	(ft.)	(ft.)	(%)	(persons/hr.)	(fpm)	(ft.)	
1	School House C-2	6,791	6,731	60	800	803	7.5%	900	275	37	Yan 1978
2	Lakeview C-4	7,470	6,801	669	2,082	2,221	32.2%	1,900	413	52	Doppelmayr 1995
3	Red Fox C-2	7,347	6,913	434	1,509	1,582	28.8%	1,200	320	32	Yan 1979
4	Lodgepole C-4	7,099	6,810	289	1,994	2,044	14.5%	1,800	354	47	Doppelmayr 1996
5	Ridge C-2	7,596	7,308	288	1,465	1,512	19.7%	800	366	55	SLI 1969
6	Crystal Express DC-4	8,526	7,055	1,471	4,713	4,975	31.2%	2,400	866	87	Doppelmayr 2003
7	Carpet c	6,810	6,804	6	58	60	10.0%	300	50	10	

c = carpet conveyer

C-2 = fixed-grip double chairlift

C-3 = fixed-grip triple chairlift

C-4 = fixed-grip quad chairlift

DC-4 = detachable quad chairlift

The lift system at Diamond Peak effectively serves the existing terrain. An exception to this is the School House lift. This is an excellent teaching lift, but its location relative to the base area facilities and beginner carpet areas make it difficult to get to for beginner skiers. Another exception to this is the absence of direct lift access to Spillway, which prevents use of this run by novice skiers/riders, since it is currently only accessible via the intermediate trail Great Flume.

While the existing Lakeview lift satisfactorily serves the lower mountain ski terrain, it is not suitable for pedestrian transport. The download capacity of the lift, or the ability of the lift to transport passengers back down to the base area, is very low (every twelfth chair may be used in a downloading situation). This precludes the lift being used as transport for pedestrian access to the Snowflake Lodge, which in turn limits the use of this lodge beyond the ski operation.

Existing Conditions – Ski Area Operations

TERRAIN

Terrain Specifications

The developed, or formalized, terrain network at Diamond Peak consists of the named, defined, lift-serviced, maintained trails at the resort. Despite the importance of undeveloped, alternate-style terrain, formalized runs represent the baseline of the terrain at any resort, as they are where the majority of guests ski/ride, and they are usually the only place to ski/ride during the early season, periods of poor or undesirable snow conditions, avalanche closures, and certain weather conditions. As such, the developed trail network represents a true reflection of acreage used by the average skier/rider on a consistent basis, as well as that used by virtually all guests during the aforementioned conditions. Therefore, the total acreage of the developed terrain and the associated ability level breakdown must be sufficient to accommodate the full capacity of the lift network. Table 2 lists the specifications for all the developed terrain at Diamond Peak.

Table 2. Terrain Specifications – Existing Conditions

Map Ref.	Trail/Area Name	Top Elev.	Bottom Elev.	Vert. Drop	Plan. Length	Slope Length	Percent increase	Avg. Width	Plan Area	Slope area	Avg. Grade	Max. Grade	Skier/Rider Ability Level
		(ft.)	(ft.)	(ft.)	(ft.)	(ft.)	(%)	(ft.)	(acres)	(acres)	(%)	(%)	
1-01	School Yard	6,799	6,732	66	977	980	1.003	129	2.9	2.9	7	9	Beginner
2-01	Ridge Run	7,469	7,347	122	954	965	1.012	95	2.1	2.1	13	24	Low Intermediate
2-02	Chute	7,386	7,189	197	489	528	1.079	153	1.7	1.9	40	43	Intermediate
2-03	Upper Show-off	7,446	7,132	314	868	927	1.067	131	2.6	2.8	36	50	Advanced Intermediate
2-04	Lower Show-off	7,152	6,819	333	1,210	1,260	1.042	185	5.1	5.4	28	42	Intermediate
2-05	FIS	7,122	6,807	315	1,272	1,324	1.041	108	3.2	3.3	25	42	Intermediate
2-06	Slalom Glade	7,460	7,069	391	954	1,036	1.086	131	2.9	3.1	41	56	Expert
2-07	O God	7,229	6,749	480	1,077	1,185	1.100	161	4.0	4.4	45	57	Expert
2-08	Corkscrew	7,401	6,993	408	989	1,075	1.087	71	1.6	1.8	41	56	Expert
2-09	GS	7,467	6,850	617	1,647	1,770	1.074	156	5.9	6.3	37	51	Advanced Intermediate
3-01	Freeway	7,347	7,137	210	2,513	2,545	1.013	37	2.1	2.1	8	17	Novice
3-03	Penguin	7,300	6,894	406	1,638	1,692	1.033	138	5.2	5.4	25	37	Low Intermediate
3-04	Dusty's Delight	7,313	7,178	135	352	378	1.074	182	1.5	1.6	38	47	Advanced Intermediate
3-05	Wiggle	7,327	6,985	342	1,192	1,243	1.043	179	4.9	5.1	29	41	Intermediate
3-06	Popular	7,363	6,884	479	1,885	1,949	1.034	148	6.4	6.6	25	36	Low Intermediate
4-01	Lodgepole	7,097	6,803	294	2,266	2,288	1.010	118	6.1	6.2	13	20	Novice
5-01	Lakeview	7,589	7,310	279	1,555	1,586	1.020	121	4.3	4.4	18	28	Low Intermediate
6-01	The Great Flume	8,525	7,404	1,121	3,333	3,529	1.059	170	13.0	13.8	34	42	Intermediate
6-02	Crystal Ridge	8,524	7,584	940	3,848	3,981	1.034	152	13.5	13.9	24	40	Intermediate
6-03	Thunder	8,368	7,916	451	1,041	1,138	1.093	149	3.6	3.9	43	52	Advanced Intermediate
6-04	Lightning	8,293	7,454	839	2,049	2,222	1.084	162	7.6	8.3	41	51	Advanced Intermediate
6-05	Spillway	7,404	7,096	308	1,532	1,565	1.021	178	6.3	6.4	20	25	Intermediate
6-06	Diamondback	8,070	7,181	889	2,008	2,202	1.097	199	9.2	10.0	44	55	Advanced Intermediate
6-07	Battleborn	7,945	7,215	730	1,669	1,824	1.093	170	6.5	7.1	44	53	Advanced Intermediate
6-08	Sunnyside	7,581	7,045	536	1,660	1,751	1.055	165	6.3	6.6	32	41	Intermediate
6-09	Powder	7,546	7,315	231	607	651	1.073	134	1.9	2.0	38	46	Advanced Intermediate
6-10	Luggi's	7,516	7,187	329	811	876	1.080	196	3.6	3.9	41	47	Advanced Intermediate
						42,468			133.9	141.3			

Terrain Variety

Terrain variety is the key factor in evaluating the quality of the actual guest experience. In SKI Magazine’s Reader Resort Ratings, “terrain variety” is ranked as the second most important criterion in readers’ choice of a ski destination, behind only snow quality, and ahead of such other considerations as lifts, value, accessibility, resort service, and others. This is a relatively recent industry trend, representing an evolution in skier/rider tastes and expectations. The implication of the importance of terrain variety is that a resort must have a diverse, interesting, and well designed, developed trail system, but also have a wide variety of alternate style terrain, such as mogul runs, trees, glades, and terrain parks. At resorts across the nation, there is a growing trend favoring these more natural, unstructured types of terrain. The availability of this style of terrain has become one of the more important factors of a resort’s ability to retain guests, for longer durations and for repeat business.

In addition to the developed terrain at Diamond Peak, there is gladed/tree skiing available between Crystal Ridge and the Incline Flume Trail, as well as in the Golden Eagle Bowl and Solitude Canyon. While Solitude Canyon naturally drains skiers/riders back into Spillway trail, the Golden Eagle Bowl egress involves a not-well-defined traverse back to Crystal Ridge. The traverse can frequently be difficult to negotiate and identify, and therefore should be improved.

Diamond Peaks’ alternate style terrain is limited to the glade/tree skiing mentioned above. Finding additional opportunities to implement this style of terrain would expand on the existing terrain variety and improve their presence in the regional market.

Distribution by Ability Level

Terrain ability level designations are based on slope gradients and terrain features associated with the varying terrain unique to each mountain. In essence, ability level designations are based on the maximum sustained gradient calculated for each trail. While short sections of a trail can be more or less steep without affecting the overall run designation, a sustained steeper pitch may cause the trail to be classified with a higher difficulty rating.

The following general gradients are used to classify the skier difficulty level of the mountain terrain.

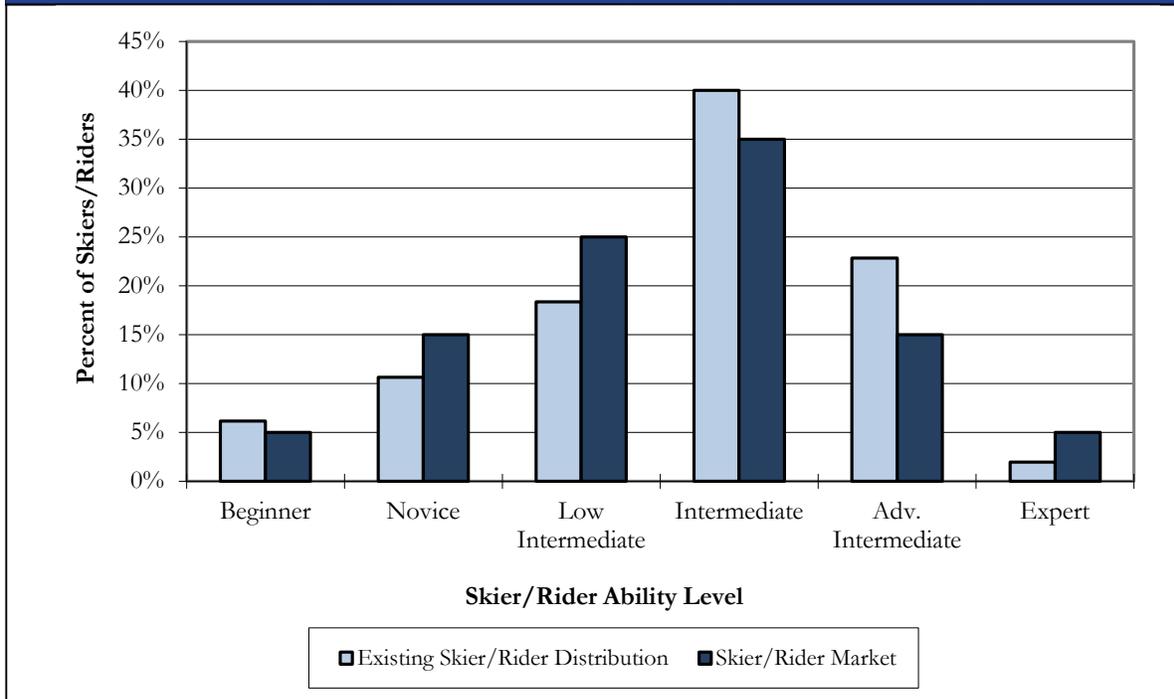
	Skier Ability	Slope Gradient
●	Beginner	8 to 12%
●	Novice	to 25%
■	Low Intermediate	to 35%
■	Intermediate	to 45%
◆	Advanced Intermediate	to 55%
◆	Expert	over 55%

Existing Conditions – Ski Area Operations

The distribution of terrain by ability level and slope gradient is compared with the market demand for each ability level. It is desirable for the available ski terrain to be capable of accommodating the full range of ability levels reasonably consistent with market demand. Diamond Peak’s actual ability level breakdown to the market breakdown is shown in Table 4.

Skier/Rider Ability Level	Trail Area	Skier/Rider Capacity	Skier/Rider Distribution	Skier/Rider Market
	(acres)	(guests)	(%)	(%)
Beginner	2.9	87.0	6	5
Novice	8.3	149.8	11	15
Low Intermediate	18.5	258.8	18	25
Intermediate	56.3	563.3	40	35
Adv. Intermediate	46.0	321.9	23	15
Expert	9.2	27.7	2	5
Total	141.3	1,408	100	100

Chart 1. Terrain Capacity Distribution by Ability Level – Existing Conditions



Diamond Peak currently has a deficit of Novice, Low Intermediate and Expert terrain. If the distribution of Low Intermediate and Intermediate terrain capacity is combined, the total proportion closely matches the market demand for “blue” terrain. The deficit of Expert terrain is somewhat offset by the additional tree skiing available in Golden Eagle Bowl and Solitude Canyon. While the Spillway trail is excellent Novice terrain, it is currently designated as an Intermediate trail since it can only be accessed via the intermediate trail Great Flume.

COMFORTABLE CARRYING CAPACITY

Ski area planning involves the establishment of a “design capacity,” which represents the daily, at-one-time guest population to which all ski resort functions are balanced. The design capacity is a planning parameter that is used to establish the acceptable size of the primary facilities of a ski resort: ski lifts, ski terrain, guest services, restaurant seats, building space, utilities, parking, etc.

Design capacity is commonly expressed as “Comfortable Carrying Capacity,” “Skier Carrying Capacity,” “Skiers at One Time,” and other ski industry specific terms. These terms refer to a level of utilization that provides a pleasant recreational experience, without overburdening the resort infrastructure. Accordingly, the design capacity does not normally indicate a maximum level of visitation, but rather the number of visitors that can be “comfortably” accommodated on a daily basis. Design capacity is typically equated to roughly a resort’s tenth busiest day, and peak-day visitation at most resorts is often between 10% and 25% higher than the design capacity.

The accurate calculation of a resort’s Comfortable Carrying Capacity (CCC) is the single most important planning criterion for a resort. All other related guest service facilities can be evaluated and planned based on the proper identification of the mountain’s CCC, which is derived from the resort’s supply of vertical transport (the combined uphill hourly capacities of the lifts) and demand for vertical transport (the aggregate number of runs demanded multiplied by the vertical rise associated with those runs).

A detailed calculation of Diamond Peak’s CCC was completed for this Master Plan, as shown in Table 5. As indicated, Diamond Peak’s CCC was calculated at 2,440 guests per day.

Table 5. Comfortable Carrying Capacity – Existing Conditions

Map Ref.	Lift Name, Lift Type	Slope Length	Vertical Rise	Actual Capacity	Operating Hours	Up-Mountain Access Role	Misloading/Lift Stoppages	Adjusted Hrly. Cap.	VTF/Day	Vertical Demand	CCC
		(ft.)	(ft.)	(persons/hr.)	(hrs.)	(%)	(%)	(persons/hr.)	(000)	(ft./day)	(guests)
1	School House C-2	803	60	900	7.00	0	15	765	323	1,331	240
2	Lakeview C-4	2,221	669	1,900	7.00	25	20	1,045	4,897	14,475	340
3	Red Fox C-2	1,582	434	1,200	7.00	5	10	1,020	3,100	10,166	300
4	Lodgepole C-4	2,044	289	1,800	7.00	15	20	1,170	2,369	4,292	550
5	Ridge C-2	1,512	288	800	7.00	5	10	680	1,371	9,790	140
6	Crystal Express DC-4	4,975	1,471	2,400	7.00	0	15	2,040	21,010	24,659	850
7	Carpet c	60	6	300	7.00	0	5	285	12	584	20
Total		13,196		9,300				7,005	33,082		2,440

Existing Conditions – Ski Area Operations

DENSITY ANALYSIS

An important aspect of resort design is the balancing of uphill lift capacity with downhill trail capacity. Trail densities are derived by comparing the uphill, at-one-time capacity of each individual lift pod (CCC) with the trail acreage associated with that lift pod.

At any one time, skiers and riders are dispersed throughout the resort, while using guest facilities and milling areas, waiting in lift mazes, riding lifts, or descending. For the trail density analysis, 25% of each lift’s CCC is presumed to be “inactive”—i.e., using guest service facilities or milling areas and otherwise not actively skiing or riding lifts.

The active skier/runner population can be found in lift lines, on lifts, or on trails. The number of people waiting in line at each lift is a function of the uphill hourly capacity of the lift and the assumed length of wait time at each lift. The number of people on each lift is the product of the number and capacity of uphill carriers. The remainder of the skier/runner population (the CCC minus the number of guests using guest facilities, milling in areas near the resort portals, waiting in lift mazes, and actually riding lifts) is assumed to be descending.

Trail density is calculated for each lift pod by dividing the approximate number of guests on the trails by the amount of trail area that is available within each lift pod. The trail density analysis compares the calculated trail density for each lift pod to the desired trail density for that pod (i.e., the product of the ideal trail density for each ability level and the lift’s trail distribution by ability level). The trail density analysis considers only the acreage associated with the developed trail network. The density analysis for Diamond Peak is illustrated in Table 6.

Table 6. Density Analysis – Existing Conditions

	Daily Lift Capacity	Guest Dispersement				Density Analysis				
		Support Fac./Milling	Lift Lines	On Lift	On Terrain	Terrain Area	Terrain Density	Target Trail Density	Diff.	Density Index
		(guests)	(guests)	(guests)	(guests)	(acres)	(guests/ac.)	(guests/ac.)	(+/-)	(%)
School House C-2	240	60	64	37	79	2.8	29	30	-1	97
Lakeview C-4	340	85	87	94	74	35.4	2	8	-6	25
Red Fox C-2	300	75	68	84	73	17.1	4	13	-9	31
Lodgepole C-4	550	138	117	113	182	5.6	33	18	15	183
Ridge C-2	140	35	11	47	47	5.0	9	13	-4	69
Crystal Express DC-4	850	213	102	195	340	75.4	5	9	-4	56
Carpet c	20	5	5	6	4					
Total	2,440	611	454	576	799	141	13	14	0	98

Table 6 shows that the capacity of the School House chair is well balanced with the available terrain, with a near perfect match between uphill and downhill capacity. There is a significant shortage of uphill capacity at the Lakeview and Red Fox chairs (resulting in very low trail densities) and a slight shortage at Crystal Express and Ridge. While it would be impractical to introduce additional lift capacity on the upper mountain to create a better balance between uphill and downhill capacity, a replacement of the Lakeview chair with a higher capacity lift would improve the lift/terrain balance in that area. Trail density on Lodgepole is quite high, but crowding has been mitigated through effective operations procedures. In addition, while the overall density of the Lakeview area is low, much of the skier traffic occurs on Penguin and Popular while O God, GS, FIS and Showoff are underutilized.

GUEST SERVICE FACILITIES

Guest services are provided in the base area at the Base Lodge and Skier Services Building, and on the mountain at the Snowflake Lodge.

Sufficient guest service space should be provided to accommodate the existing resort CCC of 2,440 guests per day. A distribution of the CCC to each facility location is utilized to determine guest service capacities and space requirements at base area and on-mountain facilities. The CCC is distributed between each guest service facility location according to the number of guests that would want to utilize the lifts and terrain associated with each facility. Currently, the on-mountain guest services at the Snowflake Lodge are very limited, forcing most skiers to return to the base area for services. This is an identified constraint for Diamond Peak, as guests typically prefer an on-mountain food service experience. Regardless of where they are skiing, most guests would like to have lunch at the Snowflake Lodge and enjoy the tremendous views of Lake Tahoe.

In addition to distributing the CCC amongst the base area and on-mountain facilities, guest service capacity needs and the resulting spatial recommendations are determined through a process of reviewing and analyzing the current operations to determine specific guest service requirements that are unique to the resort.

Table 7. Industry Average Space Use (Resort Total) – Existing Conditions

Service Function	Base Area		On-Mountain	Existing Total	Recommended Range	
	Base Lodge	Skier Services	Snowflake		Low	High
Ticket Sales/Guest Services		532	0	532	550	670
Public Lockers	2,500		0	2,500	1,650	2,010
Rentals/Repair	2,863		0	2,863	3,500	4,000
Retail Sales	800		0	800	1,150	1,410
Bar/lounge	1,342		0	1,342	1,730	2,110
Adult Ski School		261	0	261	880	1,070
Children's Ski School		2,156	0	2,156	1,760	2,150
Restaurant Seating	1,580		960	2,540	11,430	13,970
Kitchen/Scramble	1,425		140	1,565	9,150	11,180
Rest rooms	1,226	932	100	2,258	1,830	2,240
Ski Patrol		598	0	598	910	1,120
Administration		1,322	0	1,322	1,150	1,410
Employee Lockers/Lounge		1,162	0	1,162	460	560
Mechanical	348	298	0	646	970	1,440
Storage	800	48	0	848	1,630	2,420
Total Square Feet	12,884	7,309	1,200	21,393	38,750	47,760

Existing Conditions – Ski Area Operations

Based upon a CCC of 2,440 skiers, Table 7 compares the current space use allocations of the guest service functions to industry norms for a resort of similar market orientation and regional context as Diamond Peak. Square footage contained in this table is calculated to illustrate how Diamond Peak compares to industry averages, and should not be considered absolute requirements.

As Table 7 illustrates, there is currently a substantial deficit of guest service space relative to industry averages. The majority of this deficit is related to food services seating and preparation/serving space, as is evidenced by the crowded Base Lodge and Snowflake Lodge on most weekends during the ski season. Dining is a significant part of the ski experience, and a negative experience (such as not being able to find a seat for lunch) contributes greatly to the overall experience of the day. It should be noted that due to the often fair weather conditions that are typical of the region, the outdoor seating space on both the Base Lodge and Snowflake Lodge decks provides additional seating space to offset some of this deficit.

The facilities within the new Skier Services building, including ticket sales and children’s ski school, are right in alignment with industry averages. This new facility functions well, and contributes positively to the arrival experience at Diamond Peak. It is unfortunate that the rental shop was not located within the Skier Services building, as it would have been more convenient to the beginner terrain. It is understandable that space and budget constraints prevented this relocation.

The rental shop is slightly undersized compared to industry averages, though efficient storage and layout prevents this from being a significant operational issue.



RESTAURANT SEATING

Food service seating at Diamond Peak is provided at the Base Lodge and on-mountain at the Snowflake Lodge.

A key factor in evaluating restaurant capacity is the turnover rate of the seats. A turnover rate of 2 to 5 times is the standard range utilized in determining restaurant capacity. Sit-down dining at resorts typically results in a lower turnover rate, while “fast food” cafeteria style dining is characterized by a higher turnover rate. Furthermore, weather has an influence on turnover rates at resorts, as on snowy days guests will spend more time indoors than on sunny days. Based on observed operating characteristics at Diamond Peak, a turnover rate of 2.5 was used for the various facilities in this Master Plan.

As shown in Table 8, there is a significant deficit of indoor seats at Diamond Peak, especially at the Snowflake Lodge location. Again, regardless of where guests are skiing, many would prefer to enjoy the experience and fantastic views from the Snowflake Lodge.

During fair weather the outdoor seats provided on both the decks of the Base Lodge and Snowflake Lodge offset some of this deficit.

Table 8. Existing Restaurant Seating			
	Base Area	Snowflake Lodge	Total Resort
Lunchtime Capacity (CCC)	1,234	1,308	2,541
Average Seat Turnover	2.5	3	
Existing Indoor Seats	307	56	363
Required Seats	493	436	929
Difference	-186	-380	-566
Existing Indoor Seating Capacity	768	168	936
<i>Existing Outdoor Seats</i>	208	142	350
<i>Outdoor Seat Turnover</i>	1.5	1.5	
<i>Seating Capacity including Outdoor Seats</i>	1,080	381	1,461

Existing Conditions – Ski Area Operations

PARKING

Parking for Diamond Peak guests is available in the base area parking lots, the overflow lot down the road, and at off-site lots located in Incline Village. A shuttle bus brings guests from the off-site lots to the base area. The off-site parking is currently only utilized on peak days (approximately 10 times a season), and includes Sierra Nevada College (90 spaces), Aspen Grove (75 spaces), Incline Beach (75 spaces) and the Incline Beach overflow (60 spaces.) In addition, a free shuttle circulates between a number of stops throughout Incline Village (including Raley’s shopping center, a number of condo complexes, the Hyatt and Parkside Inn) and the base area. On peak days, employees park off-site.

Vehicle occupancy counts confirm that average car occupancy at Diamond Peak is 3 people per car, a ratio which is higher than the national averages of 2.3 to 2.8 people per car.

Table 9 analyzes Diamond Peak’s existing skier parking capacity. As indicated, when the off-site parking is included, Diamond Peak has enough parking based on its existing CCC. It is observed that on the three to five peak days when visitation exceeds 3,000 guests there is a shortage of parking.

Table 9. Parking Capacity – Existing Conditions			
	Multiplier	Base Area	Total
CCC + other guests			2,562
% arriving by shuttle service		19%	487
% parking at portal		81%	
# of guests arriving by car	100%	2,075	2,075
# of guests arriving by charter bus	0%	0	0
Required car parking spaces	3.00	692	692
Required employee car parking spaces		90	90
Total required spaces		782	782
Existing on-site parking spaces		695	695
Existing off-site parking spaces		300	300
surplus/deficit		213	213

Notes:

Employees are asked to park off-site on holidays and weekend, otherwise they park in the upper lots.

BENCHMARK ANALYSIS

In conjunction with the evaluation of existing resort conditions, an evaluation of key performance indicators was undertaken. This critical assessment evaluates several resort performance metrics such as total revenue, revenue per visit, total expenses, expenses per visit, direct labor, profit and loss. This data was then benchmarked against comparable data from five similarly sized resorts operating within the same geographic region using industry data provided by the National Ski Areas Association.¹ The goal of this evaluation is to assess which portions of the resort are performing well and which are underperforming. The portions of the operation which are not well aligned for performance expectations may then be further assessed to determine the cause or identify opportunities for improvement.

Although the specific results of this evaluation are proprietary to Diamond Peak, general observations may be summarized as follows:

- Diamond Peak's financial performance in terms of revenue generation, expense management and profitability is excellent
- All areas evaluated are on par with, or outperforming, the comparable resorts
- Evaluated individually, the current Snowflake facility is not achieving anywhere near its potential
- Diamond Peak currently has a concessionaire operating a retail sales component (accessories, accoutrements, forgotten items)

From a performance perspective, these results are a very positive indication that the winter operations are well managed and performing admirably. From a planning standpoint, they indicate that aside from subtle tweaks and changes, the winter operations are unlikely to be measurably improved in the absence of fundamental capital investment which would alter the operations sufficiently to create new and supplementary opportunities. Secondly, it is an indicator that winter operations should not be the primary focus in evaluating areas for achieving operational/financial improvement. Summarily stated, if only incremental financial improvement is to be expected from winter operations, investigating the development of summer opportunities is well supported.

¹ Economic Analysis of United States Ski Areas, 2010/11, 2011/12 and 2012/13, National Ski Areas Association and RRC Associates

Mountain Expansion Potential

Investigating future expansion opportunities is an inherent part of master planning. Potential expansion terrain was discovered to the east of the existing ski area during the analysis phase of this master planning process. The expansion area represents approximately 387 acres of terrain on the Humboldt-Toiyabe National Forest. This terrain is located outside of Diamond Peak’s current Special Use Permit (SUP) boundary to the east of the Crystal Express ski lift top terminal. The expansion area has the potential for open bowls, chutes, rock bands, and tree skiing. This limited development, along with the steep slopes, would provide an area of lift-served “backcountry-style” skiing for the advanced and expert guests looking for this style of terrain.

As this terrain was not within Diamond Peak’s current SUP, a number of inquiries needed to be made before this concept could be discussed with the public. As a result, this concept was not discussed in the initial DRAFT submission of the Master Plan document. Subsequent conversations with the Humboldt-Toiyabe Forest Supervisor have determined that further investigation into the feasibility of expanding into this terrain are supported and that the initial concept could be included as part of this Master Plan. The document and mapping has been amended accordingly.



II. ANALYSIS

A market assessment was undertaken to define local and regional market demographic profiles and visitation patterns, and to identify the existing regional amenities and attractions in the area. Following is a summary of the key findings and observations from this analysis. The Market Assessment document may be found in Appendix A.

KEY FINDINGS



Incline Village/Crystal Bay: Residents and second homeowners in Incline Village/Crystal Bay represent a critical user group for potential summer operations at Diamond Peak. According to the U.S. Census, the population of Incline Village/Crystal Bay was 8,777 in the 2010. This group would benefit from the increased variety of activities and programs at the mountain, providing recreational opportunities for them as well as for any visiting family/friends.



Summer Visitation Potential: All indicators show a peak in the number of visitors to the area in July and August, suggesting that a strong potential exists for Diamond Peak to attract some of those visitors with the right mix of summer activities.



- Visitor volume indicators (traffic counts, hotel occupancy, visitor center walk-ins, state park attendance) show large spikes in July and August, and above average volumes in June and September. These figures demonstrate the high volume of visitor to North Lake Tahoe (NLT) that represents the potential audience for Diamond Peak.
- According to TRPA planning documents, facilities with the most capacity to serve visitors in the summer include beaches, day-use areas, developed camping, marinas, and hiking/riding trails. Beaches have the most capacity by far during the summer with 36,693 users being accommodated at one time. Notably, total summer capacity is 82,894 persons per day. These design capacity figures illustrate the volume of people in the NLT region in the summer.
- Annual survey feedback from Diamond Peak's current winter visitor shows that 83% currently visit the Lake Tahoe region in the summer. Most popular activities that this group would like to see at Diamond Peak include activities for kids, scenic lift rides, zip lines, camping, hiking, mountain biking, and concerts.



Competition: Several other ski areas in the region, notably Squaw Valley, Northstar, Heavenly and Homewood, have plans for developing summer activities. These plans should be monitored closely, to understand the impact on Diamond Peak's competitiveness as a summer destination. Diamond Peak is in a very strong position to compete as a summer attraction, due to its location on Lake Tahoe.

OBSERVATIONS AND OPPORTUNITIES

Visitor volumes to NLT in the summer months are substantial, especially in July and August. While beaches and camping are popular, the NLT area is ripe for new and fresh activities and attractions. In addition, Diamond Peak is in a unique market and geographic position in very close proximity to Lake Tahoe. These market indicators suggest strong opportunities for Diamond Peak to attract some of those visitors with the right mix of summer activities.

The market assessment, along with the existing condition at Diamond Peak, suggests some observations related to the potential opportunities for summer recreation at Diamond Peak.

Spectacular Views: A major competitive advantage for Diamond Peak is its location very close to Lake Tahoe and the spectacular views of the lake from the summit ridge line. The Snowflake Lodge is positioned to capture this stunning view, and as such would be a highly desired venue for activities and events.

Unique Camp Venue: Diamond Peak is part of the Incline Village General Improvement District (IVGID). IVGID manages numerous summer camps and programs, some of which could be hosted at Diamond Peak. Diamond Peak's "mountain" venue offers unique opportunities for camp programming.

Something New: While beaches and camping are popular, the NLT area is ripe for new and fresh activities and attractions. The average length of stay is 4.1 nights in the summer, and by the third day, many of these people are looking for something new to do (especially because of the well-documented issues of crowding and overuse at many of the beaches and campgrounds). Diamond Peak can capitalize on the over-use of these facilities and attract visitors who want a different/additional experience while in NLT.

Connect to the Rim: Diamond Peak serves as a critical link and point of entry to the Tahoe Rim Trail and the Incline Flume Trail. These trails are popular for hiking and mountain biking. Diamond Peak is well-positioned to take advantage of its location by potentially providing services for hikers and mountain bikers who want to access these trails, including lift rides to the summit (to intersect with the Tahoe Rim Trail) or selling supplies and food to hikers and bikers.

More of What's Popular: Diamond Peak can satisfy the most popular activities that residents and visitors currently enjoy: relaxing, downhill skiing, viewing natural features, hiking/walking, viewing wildlife, and sight-seeing.

An Underutilized IVGID Asset: Currently Diamond Peak is primarily a winter-only operation. Extending the use of this facility into the summer months with an operation that shows a positive return would be a financial benefit to the community.





II. ANALYSIS

TOURISM VISITATION POTENTIAL

The market assessment identified a number of indicators for tourism-related, summer visitation. These numbers are important when considering the visitation potential for summer activities at Diamond Peak.

Traffic Counts:

Transient visits strong in summer (July–August = 20,000 occupied rooms) and extended May–September season (83,463 occupied rooms). Significant traffic on NV-28 and NV-431 (main routes into IV)—daily counts in summer higher than annual averages (14,190 and 11,133).

Summer Visitation:

Approximately 30,000 people stop in at the Incline Village/Crystal Bay Visitors Bureau on Tahoe Blvd looking for something to do in the area.

- Hidden Beach, Memorial Point, and Sand Harbor has very high annual visitation (805,000 visits).
- 160,500 residents and their guests use the restricted access Incline Village beaches.
- 85,000 people come to Incline Village every summer to participate in or watch athletic tournaments.
- 750,000 people visit Kings Beach every summer.

Overnight Accommodations:

The Hyatt has a captive audience of approximately 1,500 people every day of the summer. Guest profile: 70% families and 30% professionals. Hyatt management has expressed a strong interest in team building (adventure courses/canopy tours) and use of the Snowflake venue.

- CalNeva – the CalNeva is scheduled to reopen in 2015 with ±220 room hotel. This property will have a similar customer make-up to the Hyatt.
- Boulder Bay Club (the Biltmore) will be a new property (opening ±2017) in Crystal Bay, with 266 hotel rooms and 21 condos.

Diamond Peak's Winter Users:

Winter users also come in the summer. According to the annual customer survey, the users currently hike, bike, and golf, as well as enjoy watersports and festivals. They would like to see activities for kids, lift rides, zip lines, camping, hiking, biking, and concerts.

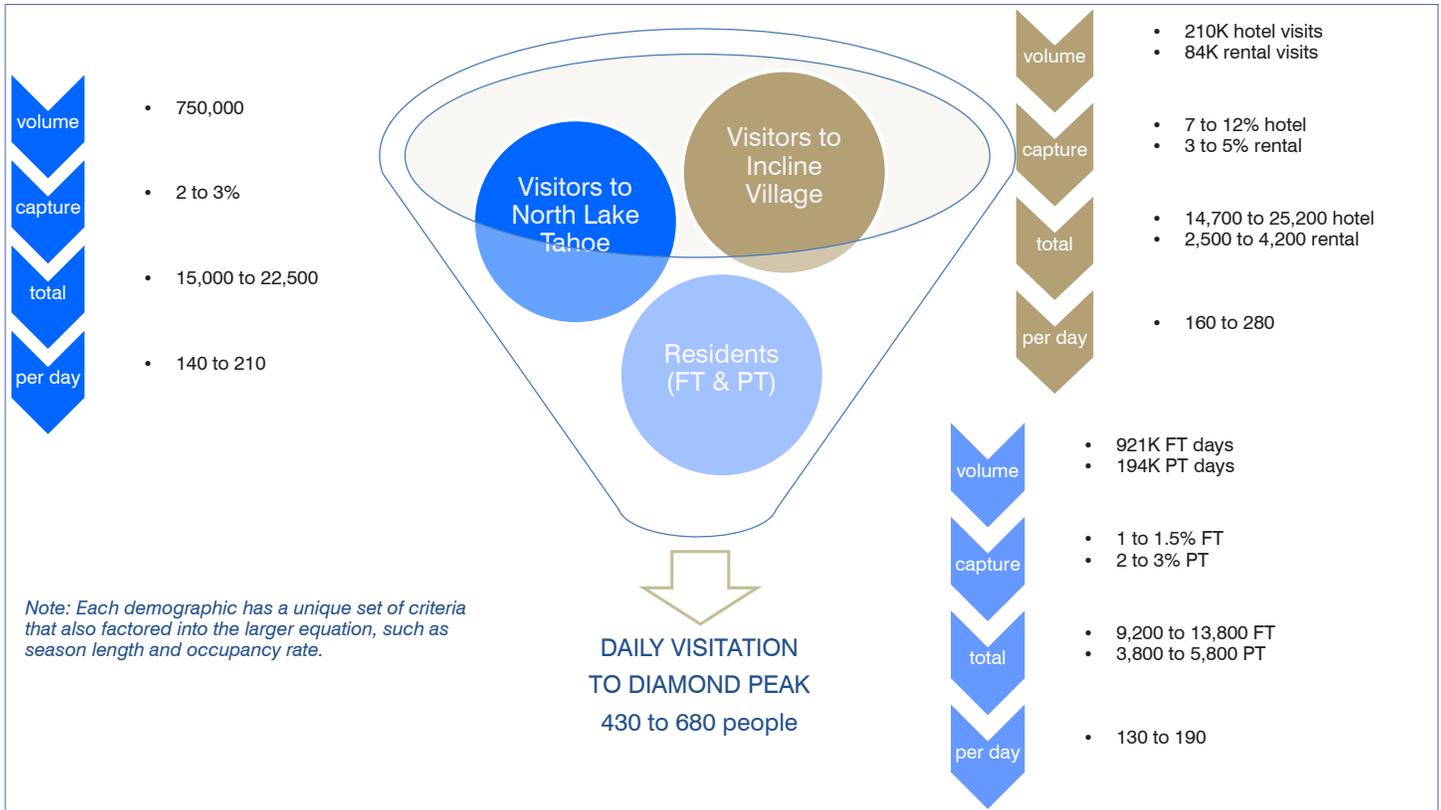
Ponderosa Ranch:

In its heyday, the Ponderosa Ranch attracted 300,000 visitors annually—all looking for something to do.

Market Assessment

The following market “funnel” diagram illustrates the daily visitation potential for Diamond Peak for the summer season.² This visitation potential takes into consideration the “captive audience” already in the area, namely the resident populations and overnight visitors to Incline Village/Crystal Bay, and other transient visitors in the NLT area.³ As the diagram indicates, there is potential for an average of approximately 430 to 680 visitors a day.

**FIGURE 2.
VISITATION MARKET FUNNEL**



2 The 105 day summer season includes Memorial Day weekend (three days), weekends and the last week of June, the entire months of July and August, the first week and subsequent weekends in September, and Columbus Day weekend (four days).
 3 Transient visitors in the North Tahoe area is based on visitor counts (i.e., paid parking) in Kings Beach from June through September.

II. ANALYSIS

An important part of the master plan process was consultation with all of Diamond Peak's partner groups, season pass holders, site users, Board and staff, and the community of Incline Village regarding Diamond Peak's long-term recreation and infrastructure plans. Diamond Peak is first and foremost a community facility, and the Master Plan must address the wants, needs and concerns of the residents of Incline Village.

OPEN HOUSE

A public open house was held on July 9, 2013 at the Diamond Peak Base Lodge.

PURPOSE OF THE OPEN HOUSE

- Present initial findings of the market research, site analysis, and operations review.
- Provide examples of possible multi-season uses and activities for public consideration.
- Invite people to comment on their vision and ideas for future uses and activities at Diamond Peak.

A number of presentation boards were arranged around the room, summarizing the findings of the analysis and providing images of the ideas for future activities, programs and events. All of the presentation boards may be found in Appendix B.

WELCOME!

An important part of the process is consultation with all of Diamond Peak's users, season pass holders, board and staff, IVGID, and the Incline Village/Crystal Bay community regarding Diamond Peak's long-term recreation and infrastructure plans. **We want to hear your thoughts!**

The purpose of this meeting is to:

- Present results of initial market research and site analysis,
- Provide examples of possible multi-season uses and activities, and
- Invite you to comment on ideas for possible future uses and activities at Diamond Peak.



The displays set up around the room highlight the results of the consultant team's analysis of the existing ski area, opportunities for improving the existing operations, and ideas for potential future activities, events and programs at Diamond Peak. Stations include:

- **Introduction:** to the Master planning process and the consultant team
- **Existing Conditions:** descriptions of current issues and opportunities related to the mountain and base area
- **Exploring Opportunities:**
 - » Market – opportunities for summer visitation to Diamond Peak
 - » Potential Summer Activities, Events and Programs – for both kids and adults

All display materials will be posted on the website for future viewing.

We encourage you to offer your comments, opinions and ideas via the **Master Plan Survey**:

- We have copies here if you would like to fill one out as you are looking at the display boards, or
- Take the survey on the website at www.diamondpeak.com/mountain/masterplan.

The results of this survey will be utilized to gauge support for the initial ideas presented here today, and will inform further master planning exercises. Our next steps will be to test these initial ideas against financial realities to ensure that all proposed activities, events and programs will show a positive return.

Please tell us what you think!



You can provide any other comments at masterplan@diamondpeak.com. For more information on the Diamond Peak Master Plan process, please contact:

Brad Wilson, Diamond Peak General Manager (775) 832-1129 or bwilson@ivgid.org

MASTER PLAN PUBLIC OPEN HOUSE




SE GROUP JULY 2013

COMMUNITY OWNED AND/OR NOT-FOR-PROFIT SKI AREAS

The relationship of the ski area to the community is an important factor in the continuing operation of the facility. Community support comes in the form of volunteer work, sponsorships, funding from businesses, ski racing organizations, private donations, foundations, grants and financial subsidies. The facility provides a beneficial recreational outlet for community members while creating job opportunities and supporting the local economy through guest visitation.

Alpenglow Ski Area (Alaska)	Eaglecrest Ski Area (Alaska)	Loup Loup Ski Area (Washington)
Antelope Butte Ski Area (Wyoming)	Gunstock Mountain Resort (New Hampshire)	Moynihan Ski Area (New Hampshire)
Anthony Lakes (Oregon)	Hickory Hills Ski Area (Michigan)	Mt. Ashland (Oregon)
Black Mountain of Maine, Big Rock Ski Area and Ooggy Jo Ski Area (Maine)	Hilltop Ski Area (Alaska)	Mt. Byak Ski Hill (Alaska)
Boggs Basin Mountain Recreation Area (Idaho)	Hogadone Ski Area (Wyoming)	Mt. Sima (Yukon, Canada)
Camden Snow Bowl (Maine)	Howellman Hill Ski Area (Colorado)	Mt. Spokane Ski Area (Washington)
Ski Cooper (Colorado)	Hurricane Ridge Ski Area (Washington)	Sleeping Giant Ski Area (Wyoming)
Diamond Peak Ski Resort (Nevada)	Hyland Ski and Snowboard Area (Minnesota)	Soldier Mountain Ski Area (Idaho)
	Lawerworth Ski Hill (Washington)	Villa Oliva (Illinois)
		Winter Park Resort (Colorado)

These communities all have an extensive tradition of skiing and most of the ski areas are located a very short distance from town. The North American ski industry has its roots in the development of community ski areas which later became incubator areas for larger resorts.

Many of these areas have established, or are in the process of evaluating the opportunity for establishing summer operations. Summer operations provides additional amenities for the community, utilizes existing facilities that would otherwise be dormant for the summer months, and establishes additional revenue to support community services.

Summer Operations: Gunstock Mountain Resort

Gunstock Mountain Resort is owned and operated by Belknap County in New Hampshire. The resort has operated a campground for many years, and has hosted a number of local and regional festivals in the base area. In 2010 Gunstock initiated a significant expansion to its summer operation, which now includes the Aerial Treestand Adventure Park, ZipFour zip lines, off-road Segway tour, and a number of kids-oriented activities located in the base area. This year Gunstock hosted its first Tough Mudder event.



Summer Operations: Eaglecrest Ski Area

Eaglecrest is owned and operated by the City and Borough of Juneau in Alaska. Juneau is a popular destination for cruise ships—seeing approximately 1 million visitors during the summer months. In the summer the ski area is a popular destination for locals who take advantage of the mountain road for hiking and biking. The area also hosts the Alaska Zipline Adventure and Cycle Alaska operations, both of which are offered as shore excursions for many of the visiting ships. Eaglecrest is investigating opportunities for additional summer operations, with the goal of generating additional revenue without compromising the local recreational experience.



MASTER PLAN EXPLORING OPPORTUNITIES




SE GROUP JULY 2013

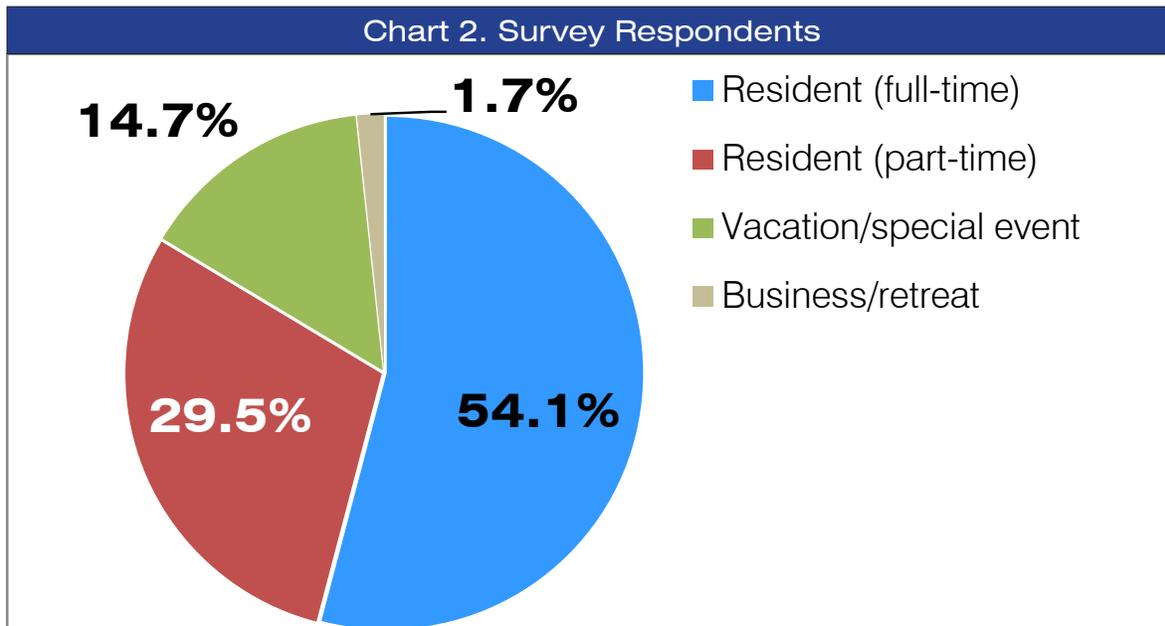
SAMPLING OF THE PRESENTATION MATERIALS

SURVEY

Participants at the public open house were encouraged to submit their comments via the Master Plan survey.

The Master Plan survey included questions related to both the improvement of the winter operation and the potential for adding summer activities. Participants were asked to prioritize a number of winter improvements, and to indicate if the various ideas for summer activities, programs, and events fit with their vision for the future of Diamond Peak and if they would participate. Write-in comments were also encouraged.

The survey provided a vehicle for capturing input from all community members, not just those who were able to attend the public open house. Available on Diamond Peak website, the survey was advertised in the local newspaper (NLT Bonanza), PW newsletter (distributed with utility bills), and through flyers distributed at the Recreation Center. In addition, an invitation to participate in the survey was emailed to the extensive Diamond Peak mailing list. 700+ people took part in all or a portion of the survey, with 500+ people completing it in its entirety. Respondents included a mix of full-time residents (54%), part-time residents (30%) and visitors to the area (16%).



The numerous write-in comments identified a number of concerns that the Master Plan must consider.

CONCERNS TO CONSIDER FOR THE MASTER PLAN

- Crowds, noise, and traffic congestion
- Costs of operation vs. revenue (do not pass on costs to the residents!)
- Fire safety
- Increased liability and insurance costs
- Conflicts between bikers and hikers
- On-mountain environmental impacts (erosion from mountain biking)
- Protect the existing hiking
- There are already enough summer activities in the Tahoe basin
- IVGID already has a Rec Center (fitness programs should be there)
- Want expanded use but not intensive use!
- Keep Diamond a local resort
- Focus on mountain/forest type recreation NOT amusement park themes. Beauty and nature, NOT glitz and thrills. Do not want Disney!

A number of respondents also expressed support for additional summer and winter activities at Diamond Peak. The survey results have been utilized to gauge the level of community support for the proposed components of the master plan. A summary of the survey results may be found in Appendix C.

SUPPORTIVE COMMENTS FOR ADDITIONAL SUMMER & WINTER ACTIVITIES

- Incline is a family destination and summer activities should be based on this.
- Improving ski facilities should be secondary until revenue can be earned all year.
- Need more seating!
- Need to provide accessible hang out areas for the non-skiers.
- I would love to see Snowflake open year round.
- Interested in walking/hiking the area with dogs without going straight up.
- I see nothing wrong with summer use of the ski area.
- I say focus on a few things and do them really well and they will come in droves. I am super excited about the potential here and I see summer being a better financial win at Diamond Peak than winter ever will be.
- We would participate in all summer activities, frequently. The more action, the better.

III. MASTER PLAN



Diamond Peak is first and foremost a community resource.

MEMBERS OF THE COMMUNITY:

- Are interested in recreation-based activities at Diamond Peak, particularly trail-based recreation and connecting to the larger regional trail networks (Rim/Flume trails).
- Recognize the beauty of the Snowflake Lodge location and support enhancement of the facility.
- Feel very strongly that Diamond Peak maintain its natural beauty and not become a high-energy, amusement-oriented destination.
- Are concerned about traffic and noise issues related to the location of Diamond Peak.
- Do not want to pay for additional facilities at Diamond Peak.

AS SUCH, ADDITIONAL OPERATIONS WILL SEEK TO:

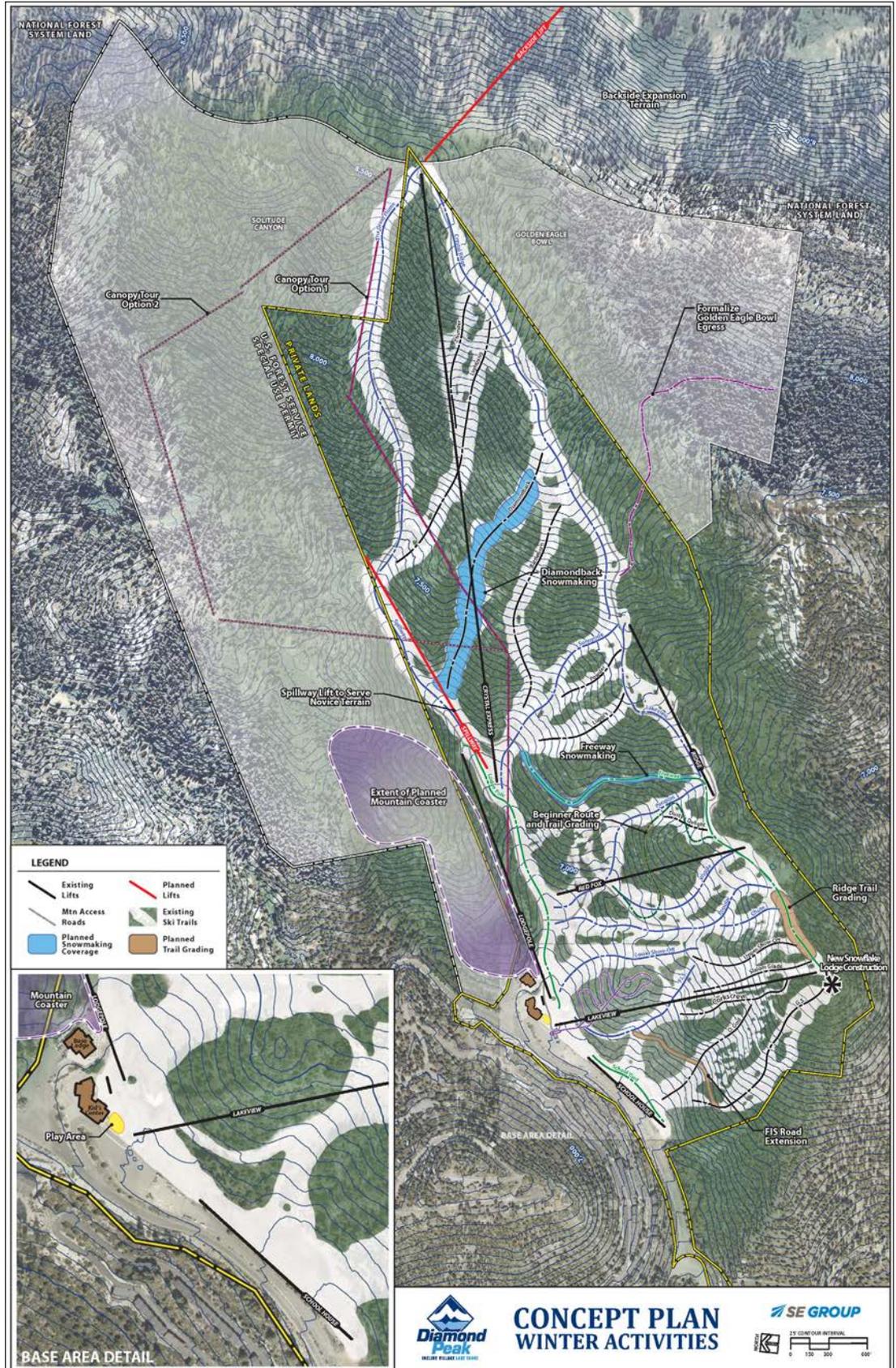
- Focus on mountain recreation that supports an active lifestyle.
- Maintain and enhance the community use of the facility.
- Preserve the scenic beauty of Diamond Peak.
- Balance community use and additional tourism visitation that will provide the necessary revenue for continued financial viability of the operation.

FOCUS OF THIS PLAN

***Diamond Peak Mountain Park:
Active mountain recreation showcasing the
scenic beauty of the North Lake Tahoe region.***

III. MASTER PLAN

**FIGURE 3.
WINTER CONCEPT**



LIFTS

The Master Plan proposes the installation of a new fixed-grip chairlift on the Spillway trail, and the addition of the Backside lift serving the new backcountry-style expansion terrain.

As discussed in the Existing Conditions analysis, the Lakeview lift should be upgraded to enable better uphill and downhill transport of pedestrians so that the lift can provide access to the upgraded Snowflake Lodge facility. This upgrade should be undertaken when the lift is replaced due to age, or earlier if practical. The new lift on Spillway provides direct access to the Spillway trail so that it may be used by Novice skiers/riders.

The Backside lift is planned to be a low capacity fixed-grip chairlift serving the backcountry-style terrain expansion, located beyond Diamond Peaks' existing SUP boundary to the east of the Crystal Express top terminal.

Lift upgrades and replacements may be required in the future to replace older equipment with newer technology. There are no plans for upgrades and replacements beyond what is described above, but unforeseen circumstances may require this to occur within the lifespan of the Master Plan. If it is needed, lifts would be replaced with new equipment along their current alignment and with similar uphill hourly capacity.

Table 10 includes detailed information on the lift specifications in the Master Plan.

Table 10. Lift Specifications – Upgrade Plan

	Lift Name, Lift Type	Top Elev.	Bottom Elev.	Vert. Rise	Plan. Length	Slope Length	Avg. Grade	Design Capacity	Rope Speed	Carrier Spacing	Lift Maker/ Year Installed
		(ft.)	(ft.)	(ft.)	(ft.)	(ft.)	(%)	(persons/hr.)	(fpm)	(ft.)	
1	School House C-2	6,791	6,731	60	800	803	7.5	900	275	37	Yan 1978
2	Lakeview C-4	7,470	6,801	669	2,082	2,221	32.2	1,900	413	52	Doppelmayr 1995
3	Red Fox C-2	7,347	6,913	434	1,509	1,582	28.8	1,200	320	32	Yan 1979
4	Lodgepole C-4	7,099	6,810	289	1,994	2,044	14.5	1,800	354	47	Doppelmayr 1996
5	Ridge C-2	7,596	7,308	288	1,465	1,512	19.7	800	366	55	SLI 1969
6	Crystal Express DC-4	8,526	7,055	1,471	4,713	4,975	31.2	2,400	866	87	Doppelmayr 2003
7	Carpet c	6,810	6,804	6	58	60	10.0	300	50	10	
8	Spillway C-4	7,431	7,057	374	1,885	1,940	19.9	1,200	450	90	New
9	Backside Lift (fixed-grip)	8,525	6,995	1,530	3,206	3,570	47.7	1,200	500	100	New

c = carpet conveyer

C-2 = fixed-grip double chairlift

C-4 = fixed-grip quad chairlift

DC-4 = detachable quad chairlift

TERRAIN

Terrain Specifications

To provide the highest quality customer experience, resorts should offer groomed runs of all ability levels and some level of all the undeveloped terrain types to the extent practical. Undeveloped terrain is primarily used by Advanced and Expert level skiers/riders during desirable conditions (e.g., periods of fresh snow, spring corn, etc.). Even though some of these types of terrain are only usable when conditions warrant, they represent the most intriguing terrain, and typically are the areas that these skiers/riders strive to access.

Despite the importance of undeveloped, alternate style terrain, formalized runs represent the baseline of the terrain at any resort, as they are where the majority of customers still ski and ride, and they are usually the only place to go during the early season, periods of poor or undesirable snow conditions, avalanche closures, and certain weather conditions. As such, the developed trail network represents a true reflection of acreage used by the average skier/rider on a consistent basis, as well as that used by virtually all customers during the aforementioned conditions. Therefore, the total acreage of the developed terrain network, and its distribution by ability levels, must be sufficient to accommodate the full capacity of the resort.

Table 11 lists the specifications for all the developed terrain at Diamond Peak.

The ability level for the Spillway trail has been adjusted to Novice from Intermediate, accounting for the new Spillway lift that allows direct access to this valuable Novice terrain.

The upper section of Ridge Trail would be graded to remove the steep section and improve the experience for Novice level skiers/riders. This regrading will create a true Novice access from the top of the Lakeview lift down to the base area.

The bottom of the FIS trail (the FIS “road”) will be extended to the east to allow for improved egress from the G.S. and O. God trails back to the Lakeview lift and base area facilities.

In addition to the above trail improvements, the Master Plan proposes additional snowmaking on the Diamondback and Freeway trails. Diamondback is a popular Advanced Intermediate trail, and Freeway is a critical link to the Crystal Express chair, as well as for Novice access down from the Lakeview lift and Snowflake Lodge.

Terrain Variety

As discussed in the Existing Conditions analysis, terrain variety is the key factor in evaluating the quality of the actual skiing and riding customer experience. The implication of the importance of terrain variety is that a resort must have a diverse, interesting, and well-designed developed trail system, but also have a wide variety of alternate style terrain, such as high alpine bowls, mogul runs, trees, glades, open parks, in-bounds “backcountry-style” (i.e., hike-to) terrain, and terrain parks and pipes.

The Master Plan proposes a terrain expansion of approximately 387 acres on the Humboldt-Toiyabe National Forest. This terrain is located outside of Diamond Peaks' current SUP boundary to the east of the Crystal Express top terminal. The expansion area consists of open bowls, chutes, rock bands, and tree skiing on slopes exceeding 50%. Terrain improvements such as trail grading and clearing would be limited to lift construction and establishing the required access/egress routes. This limited development, along with the steep slopes, would provide an area of lift-served "backcountry-style" for the advanced and expert guests looking for this style of terrain.

Additionally, a formalized egress trail is planned from the Golden Eagle Bowl to help facilitate greater use of this undeveloped terrain.

Table 11. Terrain Specifications – Upgrade Plan

Map Ref.	Trail/Area Name	Top Elev.	Bottom Elev.	Vertical Drop	Plan Length	Slope Length	Percent increase	Avg. Width	Plan Area	Slope area	Avg. Grade	Max. Grade	Skier/Rider Ability Level
		(ft.)	(ft.)	(ft.)	(ft.)	(ft.)	(ft.)	(%)	(ft.)	(acres)	(acres)	(%)	
1-01	School Yard	6,799	6,732	66	977	980	1.003	129	2.9	2.9	7	9	Beginner
2-01	Ridge Run	7,469	7,347	122	954	965	1.012	95	2.1	2.1	13	24	Novice
2-02	Chute	7,386	7,189	197	489	528	1.079	153	1.7	1.9	40	43	Intermediate
2-03	Upper Show-off	7,446	7,132	314	868	927	1.067	131	2.6	2.8	36	50	Advanced Intermediate
2-04	Lower Show-off	7,152	6,819	333	1,210	1,260	1.042	185	5.1	5.4	28	42	Intermediate
2-05	FIS	7,122	6,807	315	1,272	1,324	1.041	108	3.2	3.3	25	42	Intermediate
2-06	Slalom Glade	7,460	7,069	391	954	1,036	1.086	131	2.9	3.1	41	56	Expert
2-07	O God	7,229	6,749	480	1,077	1,185	1.100	161	4.0	4.4	45	57	Expert
2-08	Corkscrew	7,401	6,993	408	989	1,075	1.087	71	1.6	1.8	41	56	Expert
2-09	GS	7,467	6,850	617	1,647	1,770	1.074	156	5.9	6.3	37	51	Advanced Intermediate
3-01	Freeway	7,347	7,137	210	2,513	2,545	1.013	37	2.1	2.1	8	17	Novice
3-03	Penguin	7,300	6,894	406	1,638	1,692	1.033	138	5.2	5.4	25	37	Low Intermediate
3-04	Dusty's Delight	7,313	7,178	135	352	378	1.074	182	1.5	1.6	38	47	Advanced Intermediate
3-05	Wiggle	7,327	6,985	342	1,192	1,243	1.043	179	4.9	5.1	29	41	Intermediate
3-06	Popular	7,363	6,884	479	1,885	1,949	1.034	148	6.4	6.6	25	36	Low Intermediate
4-01	Lodgepole	7,097	6,803	294	2,266	2,288	1.010	118	6.1	6.2	13	20	Novice
5-01	Lakeview	7,589	7,310	279	1,555	1,586	1.020	121	4.3	4.4	18	28	Low Intermediate
6-01	The Great Flume	8,525	7,404	1,121	3,333	3,529	1.059	170	13.0	13.8	34	42	Intermediate
6-02	Crystal Ridge	8,524	7,584	940	3,848	3,981	1.034	152	13.5	13.9	24	40	Intermediate
6-03	Thunder	8,368	7,916	451	1,041	1,138	1.093	149	3.6	3.9	43	52	Advanced Intermediate
6-04	Lightning	8,293	7,454	839	2,049	2,222	1.084	162	7.6	8.3	41	51	Advanced Intermediate
6-05	Spillway	7,404	7,096	308	1,532	1,565	1.021	178	6.3	6.4	20	25	Novice
6-06	Diamondback	8,070	7,181	889	2,008	2,202	1.097	199	9.2	10.0	44	55	Advanced Intermediate
6-07	Battleborn	7,945	7,215	730	1,669	1,824	1.093	170	6.5	7.1	44	53	Advanced Intermediate
6-08	Sunnyside	7,581	7,045	536	1,660	1,751	1.055	165	6.3	6.6	32	41	Intermediate
6-09	Powder	7,546	7,315	231	607	651	1.073	134	1.9	2.0	38	46	Advanced Intermediate
6-10	Luggi's	7,516	7,187	329	811	876	1.080	196	3.6	3.9	41	47	Advanced Intermediate
Total						42,468			133.9	141.3			

III. MASTER PLAN

Distribution by Ability Level

The ideal breakdown of trail capacity by ability level should be in line with percentages of skiers by ability level, based on the regional destination skier market. The terrain classification breakdown of the Master Plan is set forth in Table 12 and Chart 3. The last column in this table represents what can be considered the ideal skill level distribution in the relevant market and provides a comparison with the planned conditions.

Table 12. Terrain Distribution by Ability Level – Upgrade Plan				
Skier/Rider Ability Level	Trail Area	Skier/Rider Capacity	Skier/Rider Distribution	Skier/Rider Market
	(acres)	(guests)	(%)	(%)
Beginner	2.9	87.0	6	5
Novice	16.8	302.9	21	15
Low Intermediate	16.4	229.3	16	25
Intermediate	49.9	499.2	34	35
Adv. Intermediate	46.0	321.9	22	15
Expert	9.2	27.7	2	5
Total	141.3	1,468	100	100

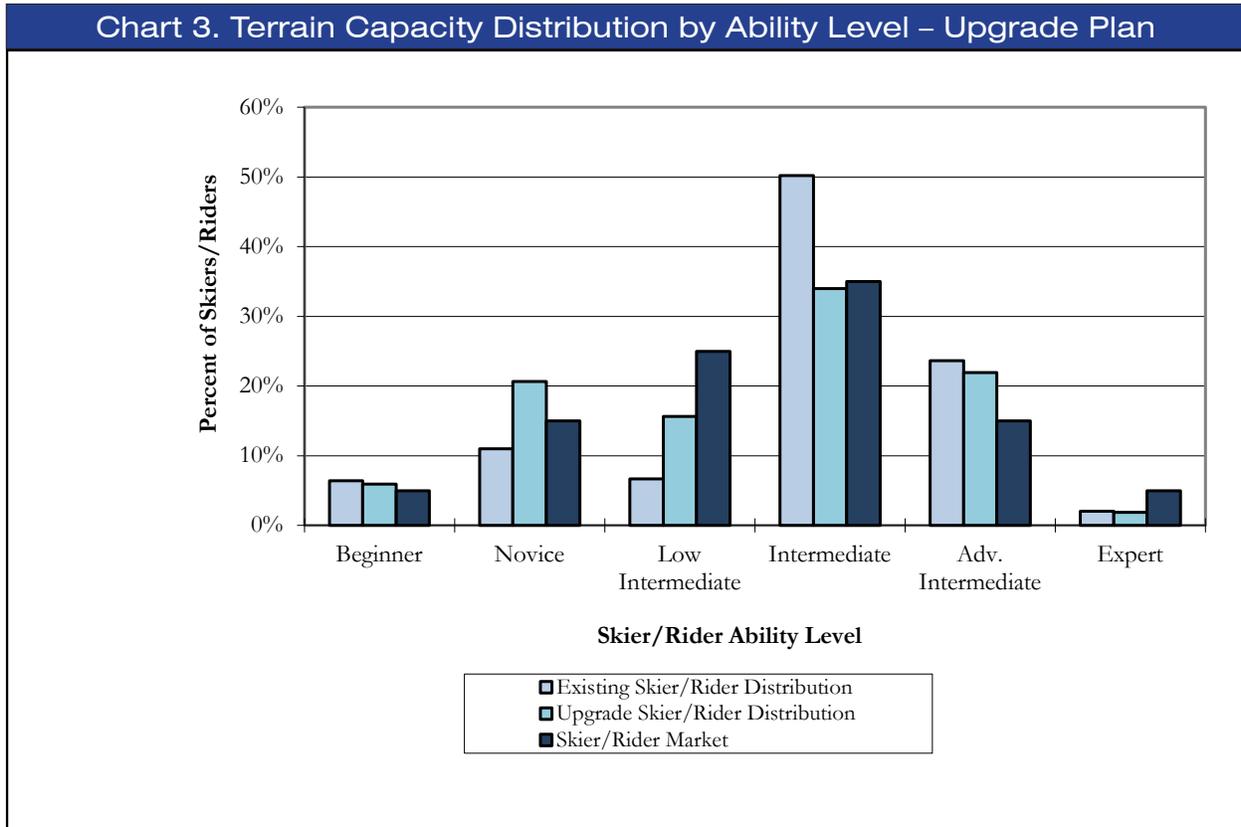


Table 12 and Chart 3 illustrate that the addition of the new Spillway lift has corrected the deficit of Novice terrain at Diamond Peak.

While the natural topography of Diamond Peak does not offer opportunities for development of additional Low Intermediate terrain, in order to correct the deficiency in that category, the proportion of combined Low Intermediate and Intermediate terrain capacity remains reasonably close to the market demand for “blue” terrain.

Due to the natural setting and very limited trail development within the Humboldt-Toiyabe expansion terrain, the additional expert terrain acreage associated is not included in the terrain distribution. But when this area has enough snow coverage and the appropriate conditions are present, this area will provide access to expert terrain and will move the terrain distribution in line with the skier/rider market.



III. MASTER PLAN

COMFORTABLE CARRYING CAPACITY

As discussed in the Existing Conditions analysis, ski area planning involves the establishment of a “design capacity,” which represents the daily, at-one-time guest population to which all ski resort functions are balanced. Diamond Peak’s existing CCC has been calculated at 2,440. Under the Master Plan, Diamond Peak’s planned CCC would increase by 710, as detailed in Table 13, and has been calculated at 3,150 guests per day.

Table 13. Comfortable Carrying Capacity – Upgrade Plan

Map Ref.	Lift Name, Lift Type	Slope Length	Vertical Rise	Actual Capacity	Oper. Hours	Up-Mountain Access Role	Misloading/Lift Stoppages	Adjusted Hourly Cap.	VTF/Day	Vertical Demand	CCC
		(ft.)	(ft.)	(persons/hr.)	(hrs.)	(%)	(%)	(persons/hr.)	(000)	(ft./day)	(guests)
1	School House C-2	803	60	900	7.00	0	15	765	323	1,331	240
2	Lakeview C-4	2,221	669	1,900	7.00	15	20	1,254	5,877	14,475	410
3	Red Fox C-2	1,582	434	1,200	7.00	5	10	1,020	3,100	10,166	300
4	Lodgepole C-4	2,044	289	1,800	7.00	20	20	1,080	2,187	4,292	510
5	Ridge C-2	1,512	288	800	7.00	5	10	680	1,371	9,790	140
6	Crystal Express DC-4	4,975	1,471	2,400	7.00	0	15	2,040	21,010	24,659	850
7	Carpet c	60	6	300	7.00	0	5	285	12	584	20
8	Spillway C-4	1,940	374	1,200	7.00	0	10	1,080	2,830	8,145	350
9	Backside Lift (fixed-grip)	3,570	1,530	1,200	6.00	0	10	1,080	9,913	29,947	330
Total		18,706		12,200				9,950	49,744		3,150

DENSITY ANALYSIS

As discussed in the Existing Conditions analysis, an important aspect of resort design is the balancing of uphill lift capacity with downhill trail capacity. Trail densities are derived by contrasting the uphill, at-one-time capacity of each lift system (CCC) with the trail acreage associated with each lift pod. The trail density analysis considers only the acreage associated with the developed trail network.

As discussed in the existing conditions section, it would be impractical to introduce additional lift capacity on the upper mountain to create a better balance between uphill and downhill capacity in that portion of the resort. The existing crowding on Lodge Pole trail is somewhat ameliorated by the introduction of additional Novice terrain served by the new Spillway lift. Despite the improvement, current operations for mitigating crowding conditions should be continued, and also implemented on Spillway trail.

It is important to note that even though the Backside expansion terrain is not part of Diamond Peaks' developed trail network and therefore not included in the density analysis, density will not be a concern since that terrain will be served by a low capacity lift over a relatively large area.

The density analysis for the Master Plan is illustrated in Table 14.

Table 14. Density Analysis – Upgrade Plan										
	Daily Lift Capacity	Guest Dispersement				Density Analysis				
		Support Fac./Milling	Lift Lines	On Lift	On Terrain	Terrain Area	Terrain Density	Target Trail Density	Diff.	Density Index
		(guests)	(guests)	(guests)	(guests)	(acres)	(guests/ac.)	(guests/ac.)	(+/-)	(%)
School House C-2	240	60	64	37	79	2.8	29	30	-1	97
Lakeview C-4	410	103	105	112	90	35.4	3	8	-5	38
Red Fox C-2	300	75	68	84	73	17.1	4	13	-9	31
Lodgepole C-4	510	128	108	104	170	5.6	31	18	13	172
Ridge C-2	140	35	11	47	47	5.0	9	13	-4	69
Crystal Express DC-4	850	213	102	195	340	69.6	5	9	-4	56
Carpet c	20	5	5	6	4					
Spillway C-4	350	88	36	78	148	5.8	26	18	8	144
Backside Lift (<i>fixed-grip</i>)	330	83	18	129	100					
Total	3,150	707	499	663	951	141	13	12	0	101

GUEST SERVICE FACILITIES

Guest services will continue to be provided in the base area at the Base Lodge and Skier Services Building, and on the mountain at a new Snowflake Lodge.

Snowflake Lodge

The Snowflake Lodge is a much beloved destination for the Diamond Peak community. The site is tremendous, affording unprecedented views of Lake Tahoe, and has the added bonus of being close and accessible from the base. The existing building is small and is in need of modernization. In addition, the capacity analysis of the existing winter operations identified a resort-wide seating deficit, which was particularly pronounced at the Snowflake location. A new facility in the same location would address the existing operations deficits, while also creating an opportunity for an expanded four-season hospitality operation.

*When the community survey asked:
Do on-mountain dining activities fit within your vision for the future of Diamond Peak, 83% said YES!*

- 8,500 square feet
- 225 indoor seats – designed to allow for flexible use of space in response to capacity needs
- 225 outdoor seats – maximizing orientation of Lake Tahoe views

**FIGURE 4.
SNOWFLAKE LODGE:
FLOOR PLAN**

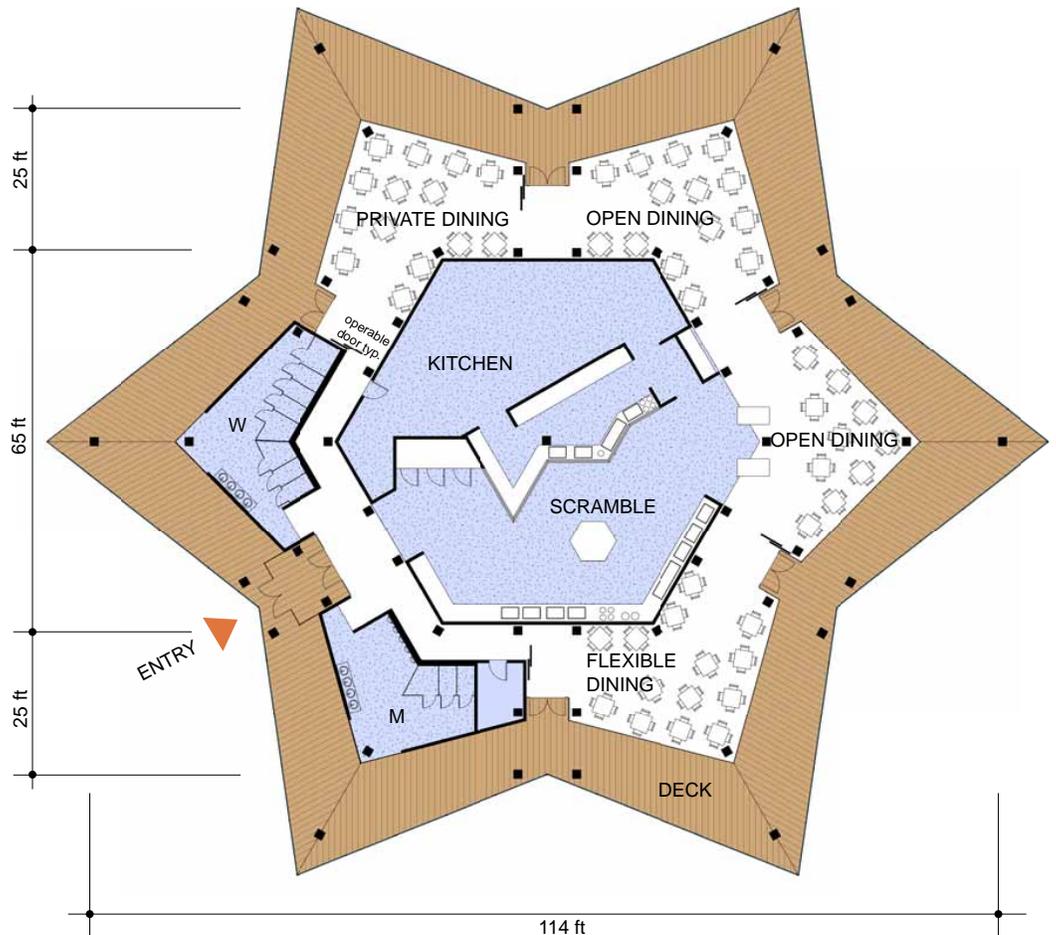


FIGURE 5.
SNOWFLAKE LODGE:
SECTION CONCEPT

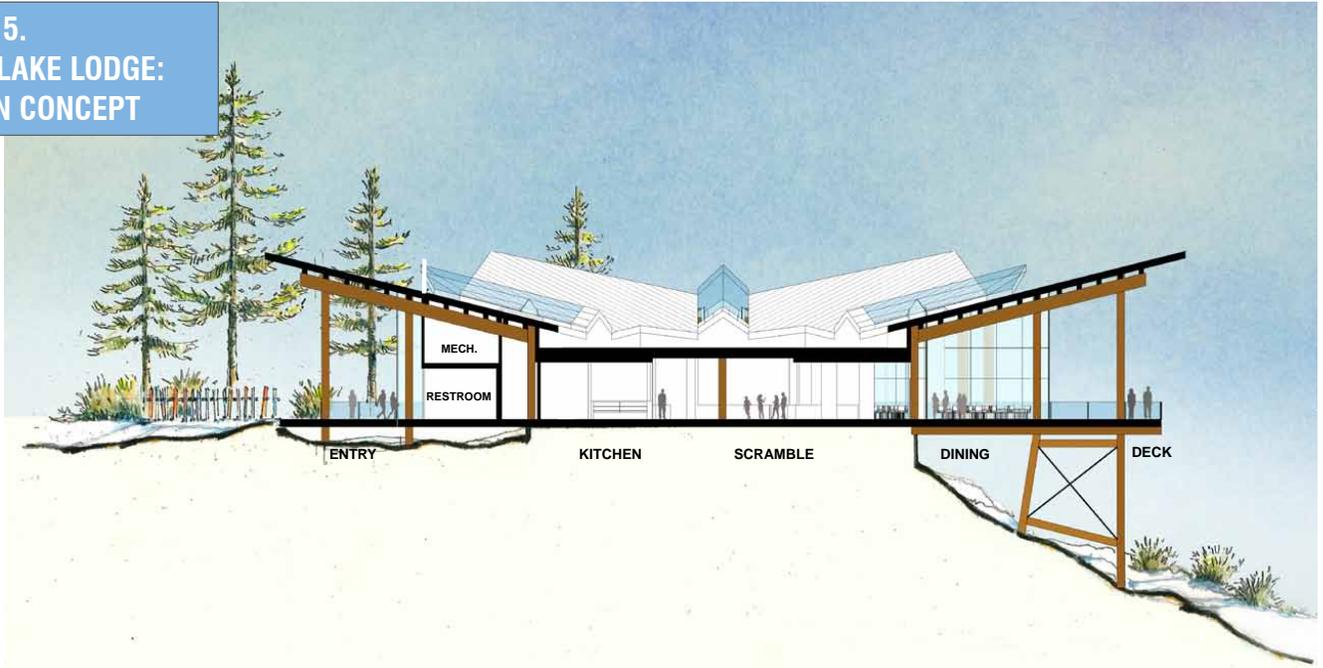


FIGURE 6.
SNOWFLAKE LODGE:
VIEW TOWARDS
LAKE TAHOE



Space Use Analysis

A distribution of CCC is utilized to determine guest service capacities and space requirements for guest services at base area portals and on-mountain facilities. The CCC should be distributed between each guest service facility location according to the number of guests that would be utilizing the lifts and terrain associated with each facility. Sufficient guest service space should be provided to accommodate Diamond Peak’s master planned CCC of 3,150 guests per day.

The following table addresses the Master Plan space use needs at Diamond Peak. The space recommendations are directly related to the distribution of the resort’s capacity to the various guest service facilities located in the base area and on-mountain. The table shows planned size ranges for the facilities, based on industry averages for space use by service function.

Service Function	Base Area		New Snowflake	Total	Recommended Range	
	Main Lodge	Skier Services			Low	High
Ticket Sales/Guest Services	0	532	0	532	710	870
Public Lockers	2,500	0	0	2,500	2,130	2,600
Rentals/Repair	2,863	0	0	2,863	3,500	4,000
Retail Sales	800	0	0	800	1,490	1,820
Bar/lounge	1,342	0	0	1,342	2,230	2,730
Adult Ski School	0	241	0	241	1,130	1,390
Kid's Ski School	0	2,156	0	2,156	2,270	2,770
Restaurant Seating	1,580	0	3,825	5,405	14,880	18,190
Kitchen/Scramble	1,425	0	3,625	5,050	10,420	12,740
Restrooms	1,226	932	1,050	3,208	2,380	2,910
Ski Patrol	0	598	0	598	1,200	1,460
Administration	0	1,322	0	1,322	1,490	1,820
Employee Lockers/Lounge	0	1,162	0	1,162	600	730
Mechanical	348	298	0	646	1,200	1,780
Storage	800	48	0	848	2,000	2,970
Total Square Feet	12,884	7,289	8,500	28,673	47,630	58,780

While there is still a deficit of space, the new Snowflake Lodge facility, with its expanded indoor and outdoor seating areas, does improve the shortages related to food service. In addition, it is likely that some skiers utilizing the new Backside lift and terrain will stay over in that area during lunch, eating snacks carried in packs and embracing the backcountry experience of the area.

RESTAURANT SEATING

Food service seating would continue to be provided in the Base Lodge as well as in the new Snowflake Lodge on-mountain facility. Table 16 summarizes the seating requirements at Diamond Peak, based on a logical distribution of the Master Plan CCC to each service building/location.

As Table 16 illustrates, the 225 indoor and 225 outdoor seats at the new Snowflake Lodge help to offset the deficit in seating capacity at that location and for the resort as a whole. Again, skiers embracing the backcountry nature of the expansion terrain may not return to the base area or Snowflake for lunch, which will also offset some of the seating deficit.

Table 16. Restaurant Seating – Upgrade Plan			
	Base Area	New Snowflake Lodge	Total Resort
Lunchtime Capacity (CCC)	1,683	1,625	3,308
Average Seat Turnover	2.5	2.5	
Existing/Proposed Indoor Seats	307	225	532
Required Seats	673	650	1,323
Difference	-366	-425	-791
Existing Indoor Seating Capacity	768	563	1,330
<i>Existing/Proposed Outdoor Seats</i>	208	225	433
<i>Outdoor Seat Turnover</i>	1.5	1.5	
<i>Seating Capacity including Outdoor Seats</i>	1,080	900	1,980



III. MASTER PLAN

PARKING

Table 17 analyzes Diamond Peak’s existing skier parking capacity when compared to the Master Plan CCC of 3,150. As indicated, when the off-site parking is included, Diamond Peak will continue to have enough parking. If additional off-site parking is required during busy periods, the tennis complex (36 spaces) and half of the Recreation Center parking (62 spaces) could also be utilized.

Table 17. Parking Capacity – Upgrade Plan			
	Multiplier	Base Area	Total
CCC + other guests			3,308
% arriving by shuttle service		19%	628
% parking at portal		81%	
# of guests arriving by car	100%	2,679	2,679
# of guests arriving by charter bus	0%	0	0
Required car parking spaces	3.00	893	893
Required employee car parking spaces		90	90
Total required spaces		983	983
Existing on-site parking spaces		695	695
Existing off-site parking spaces		300	300
surplus/deficit		12	12

Notes:

Shuttle service picks up lodging guests throughout Incline Village.

Off-site parking is typically used just 10 days each year and is serviced by Diamond Peak shuttles.

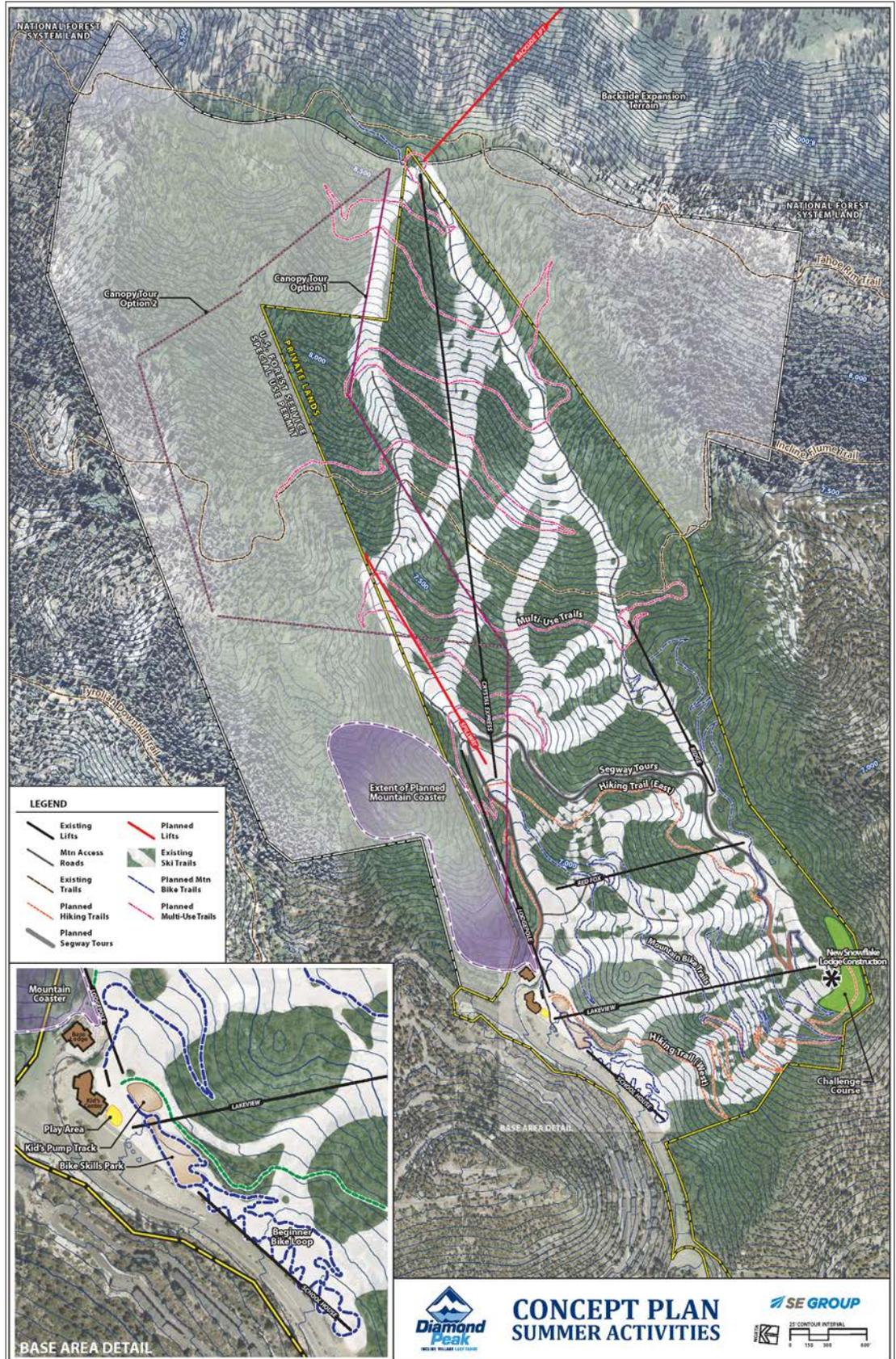
Employees are asked to park off-site on holidays and weekend, otherwise they park in the upper lots.

Winter



III. MASTER PLAN

**FIGURE 7.
SUMMER CONCEPT**



ACTIVITIES

A number of activities are proposed for Diamond Peak, which take advantage of the mountain's unique terrain and fantastic views, harness opportunities to attract visitors to the area, and respond to the desires of the community.

These activities include:

- Biking and Hiking Trails
- Canopy Tour
- Climbing Wall
- Bike Skills Park and Pump Track
- Aerial Challenge Course
- Alpine Coaster
- Snowflake Lodge
- Segway Tour

These activities will increase the utilization of Diamond Peak during the summer months, by both community members and visitors to the area. Improvements to the biking and hiking trails at the mountain are in direct response to comments made by many residents who value Diamond Peak as a place to walk, hike, run and bike. Many of the activities, such as the canopy tour, aerial challenge course, alpine coaster and Segway tours will also provide additional revenue. Improvements to the Snowflake Lodge will both improve the existing winter operation and create additional opportunities for year-round food and beverage revenue.

The locations and alignments of activities as shown on the plan are conceptual in nature, with the goal of proving feasibility and establishing parameters for pricing. Further planning and design by specialists will be required prior to implementation.

When the community survey asked:
Do base area activities fit within your vision for the future of Diamond Peak, 52% said YES!

Mountain Biking

With the recent advent of Mountain Bike Parks, a combination of trail networks and bike skill development areas such as Pump Tracks and Jump Parks, mountain biking has become a popular summer-time activity at many ski areas. Communities such as Truckee, California and Frisco, Colorado have built, and manage, bike parks as public amenities that have broad appeal among residents and visitors. Development of these parks has allowed bike operations at ski areas and mountain resorts to evolve beyond lift-accessed technical single-track trail systems into areas that bring people of different skills and fitness into the sport, expanding the market appeal and financial viability of the operation.

When the community survey asked:
Does mountain biking fit within your vision for the future of Diamond Peak, 67% said YES!

As part of mountain biking operations, ski areas typically rent activity-appropriate bikes and associated gear, as well as offer lessons and group tours.

The lower beginner trail and area around the base lodge would be the site for a bike skills park and pump track, focusing on kids, families and beginner mountain bikers.

Mountain Bike Trail Networks

A mountain bike facility must serve a broad range of ability and fitness levels. A mountain bike trail network can be developed in phases, while maintaining the balance of offerings for riders of different abilities. All trails should be designed with an average grade of 5% to 10%. Trails should be constructed to minimize environmental disturbance and to limit erosion.

The Master Plan proposes a multi-use trail for the upper mountain, which will allow for “flow” type riding (maximum 5% gradient). There will also be mountain biking only trails between the base area and the Snowflake Lodge. Further planning and design with mountain bike trails designers will determine the exact nature and location of these trails.



Summer

Bike Skills Park

A bike skills area usually includes a variety of natural obstacles such as rocks and logs, imaginatively constructed features like teeters and ladder bridges, and dirt jumps. These areas provide a place for riders of all abilities to hone their skills, making the technically challenging sport more available to the general public. Riders return to these areas repeatedly to improve their riding. Bike skills areas serve as an additional outlet for riders, that's technically oriented, convenient, controlled—and a lot of fun.



Bike Pump Track

A Pump Track is a continuous bicycle trail loop with dirt berms and rollers. The goal is to ride around the track without pedaling, by gaining momentum from a pumping motion as you ride up and down. This facility provides a fun ride for any skill level rider. Pump Tracks are ideal exercise grounds for mountain biking, but the workout is effective for training for other sports like skiing, snowboarding, and track sports. Mountain bikes, BMX bikes, other types of bicycles can be used on a Pump Track for training at any skill level, especially to increase bike handling skills for younger and beginner riders.



Hiking

The community highly values Diamond Peak as a place to walk. Maintaining hiking at Diamond Peak is an important component of the Master Plan. Designated hiking-only trails have been proposed on the lower mountain (between the base area and Snowflake Lodge). The upper mountain trails to the top of the Crystal Express chair are proposed to be multi-use, providing an alternative to the “straight-up” hiking option that currently exists.

When the community survey asked:
Does hiking fit within your vision for the future of Diamond Peak, 80% said YES!



Canopy Tour

The Tree Top Canopy Tour will add a new dimension and activity to Diamond Peak’s offerings, creating a world class attraction at the resort. With an environmentally conscious design, the Tree Top Canopy Tour course combines the adventure of zip lines and the quiet splendor of sky bridges to give participants a unique experience with views of the forest from the tree tops. On guided tours small groups can gain a new perspective on nature and life from high above the ground. Tour guides will not only provide supervision of safe operations, but will also provide interpretation of the history of the nearby landscape, information about the management of the National Forest, and details about the wildlife and vegetation that inhabit the Tahoe region.

When the community survey asked:
Does a canopy tour fit within your vision for the future of Diamond Peak, 56% said YES!

The Diamond Peak Canopy Tour is envisioned to begin at the top of Crystal Ridge, zig-zagging down the mountain to the base. Future design will determine the exact alignment of the tour, but the goal is to maximize views of Lake Tahoe while experiencing the diversity of the forest terrain at Diamond Peak.



Aerial Adventure Course

An Aerial Adventure Course is a series of activities usually constructed between trees or platforms and can either be a low or high course with varying levels of difficulty. The course is comprised of many different elements, including ladders, nets, swings, bridges and zip lines. The number and sequencing of elements will vary according to specific site conditions and the desired degree of difficulty. It is typical to combine a number of courses of varying length and difficulty in the Aerial Adventure Course area to appeal to a broad audience and provide something fun and challenging for everyone. Course participants wear harnesses during their time on the course and are always secured via safety lines. Groups may be accompanied through the course by a trained guide, or may be self-guided. In either case, the Aerial Adventure Course experience is always initiated with some level of training or practice on a demonstration course, to ensure that participants are familiar with their safety equipment and are able to navigate the various elements of the course.

*When the community survey asked:
Does an aerial adventure course fit
within your vision for the future of
Diamond Peak, 55% said YES!*

The Aerial Adventure Course at Diamond Peak will be located on the slopes below the Snowflake Lodge, sited so as not to obstruct views from the Lodge.



Climbing Wall

A climbing wall is an artificially constructed wall with interchangeable/repositionable holds for hands and feet. In addition to the textured surface and holds, the wall may contain surface structures such as indentions (incuts) and protrusions (bulges), or take the form of an overhang or crack. The wall typically has places to attach belay ropes or auto-belay devices at the top. Climbing walls may be located inside or outdoors.

Climbing walls have become popular over recent years, and like the challenge course may be used for both recreational purposes and as educational/training tools. Climbing walls are often used in conjunction with a challenge course.

It is envisioned that a climbing wall will be incorporated into the structure of the new Snowflake Lodge facility—an exterior wall for instance.



Alpine Coaster

The alpine coaster is an evolution of the alpine slide. Riding an alpine coaster involves traveling in a self-braking, two-person sled which travels on two tubular rails. This allows for a closed loop system, so that participants begin and end their ride in the same location. The ride is exciting and varied, and may include curves, corkscrews and downhill stretches. Centrifugal brakes control maximum speeds, and riders may control their speed at all times allowing for a unique hands-on experience.

*When the community survey asked:
Does an alpine coaster fit within
your vision for the future of
Diamond Peak, 50% said YES!*

The alpine coaster may operate year-round. The track's supporting structure sits directly on the ground (from 3 to 20 feet off the ground) without foundations, and is held in place with steel pegs. Track placement is uncomplicated, allowing a high degree of flexibility of installation especially in wooded areas. Streams, ravines, uneven/ steep sections, even ski trails may be easily crossed as needed.

The alpine coaster is proposed to be located primarily within the tree islands on the lower slopes of the mountain, beginning and ending in the base area for ease of access. More detailed design will be required prior to implementation.



Segway Tours

Segway tours provide a unique recreation activity for people of all ages and abilities. A "Segway" is a two-wheeled, personal electric vehicle that allows riders to maneuver and balance the machine while standing up. Typically used in urban environments, the development of Segway's X2 machine opened up new opportunities to ride on a variety of natural terrain. People now enjoy Segways on beaches, bike trails, and paths. The maximum speed of the Segway X2 is 12.5 mph and can travel up to 12 miles before re-charging is required.

Segway tours especially appeal to the tourism market because they allow people to interact with the environment with very little risk or exertion, and are fun, fast-paced, and group-oriented. Similar to zip lines and alpine coasters, it is not everywhere that people have the chance to glide through nature, in a gorgeous alpine setting.



Tours can include some stopping, sight-seeing, and photo-opportunities. They usually cover 2 to 4 miles, which is usually enough to delight people, offer a variety of scenery, and balance their wishes for plenty of riding versus becoming tired of standing. Tours usually stick to gentle and moderate slopes.

Segway Tours at Diamond Peak are proposed to occur on the mountain work road that leads up to the Snowflake Lodge.

When the community survey asked:

Do Segway tours fit within your vision for the future of Diamond Peak, 31% said YES. Including these tours within the Master Plan should still be considered, given the opportunity for revenue sharing with the vendor (i.e., they supply the machines for a share of the revenue), and the ability to provide tours on the mountain road without impacting other uses.

PROGRAMS

A number of programs are included in the master plan for Diamond Peak, taking advantage of the unique mountain terrain and adventure activities and complementing the programming already offered through the IVGID Rec Center. Programs include:

- Kid's camps
- Adult camps (skills oriented)
- Team building
- Educational programs/environmental education

This programming will increase the utilization of the activities and facilities at Diamond Peak, as well as provide an additional revenue stream for the operation. These programs may be utilized by members of the community and visitors to the area. Team building programs are more specifically targeted toward the later, capturing the identified demand by lodging properties like the Hyatt who do significant meeting business, which typically includes a demand for team building activities.

When the community survey asked:

Do these programs fit within your vision for the future of Diamond Peak, 50 to 60% said YES!



Kid's Camps

With the growth of on-mountain activities, particularly those focused towards kids and families, Diamond Peak has potential to host summer camps (full-day or half-day), either independent day camps or as a partner with other camps. On-mountain activities could all provide attractive options for local youth and nearby summer camps. Hiking and mountain biking trails, and nature-focused venues would provide outdoor education opportunities and a balanced range of summer camp activities. Base area attractions would complement the gravity- and nature-inspired attractions with more sport-oriented activities. The existing Child Ski Center facility is perfectly suited for summer use as the Kid's Camp headquarters.

Educational Programs

Ski areas are perfectly suited to be outdoor classrooms throughout the year for a many different subjects. The most apparent opportunity is environmental education, utilizing trail networks to experience the unique alpine ecosystems. Partnering with area schools and universities would provide recreational and educational opportunities throughout the year. Diamond Peak provides spectacular views of the region, wildlife viewing opportunities, and a location that is unparalleled.

Environmental research can also occur in very select, isolated areas of a ski area. These could range anywhere from basic science projects for an elementary school, to more advanced, multi-year research studies.



Adult Camps (Skills Oriented)

To supplement the wide variety of activities and facilities at Diamond Peak, drop-in activities, lessons, as well as multi-day workshops on various skills would further attract loyal guests. Guided nature walks, arts and cultural classes, photography, orienteering courses, mountain biking lessons, and other activities would further compliment the range of attractions offered at the resort and especially engage an active, local demographic.

Team Building

The additional activities at Diamond Peak, especially the Aerial Adventure Course and Canopy Tour, are ideal venues for team building exercises. Interviews with Hyatt personnel have indicated that there is a strong market in the region for such activities, in concert with the meetings/conference business at the major hotels.

When the community survey asked:

Does team building fit within your vision for the future of Diamond Peak, 30% said YES. This low number is not surprising, given that team building is oriented more toward corporate business than community.



EVENTS

With the new summer activities, existing base infrastructure and planned upgrades to the Snowflake Lodge, Diamond Peak has the ability to host group events and gatherings that would benefit from the unique activities and opportunities available on the mountain. These include:

- Small-scale races
- Local Festivals
- Special events (weddings, retreats, local fundraisers and meetings etc.)

Small race events could take advantage of the upgraded and expanded trails system, for regular race series or larger annual events, and are envisioned to be community-oriented and mountain recreation-based. Corporate retreats, team-building exercises, school field trips, family reunions, weddings, and other group events could take place in the Snowflake Lodge or out on the property and include the opportunity for visiting groups to enjoy the adventurous attractions and quality facilities. Local youth groups such as Boy Scouts, Boys and Girls Clubs, church groups, and others could be targets for summer group activities that simply aren't available or less accessible elsewhere.

*When the community survey asked:
Do these events fit within your vision for the future of Diamond Peak, 60 to 78% said YES!*

It is important that any event at Diamond Peak respect the neighborhood context and be responsive to concerns related to noise and traffic.



PARKING

As noted in the earlier discussion of the winter operations, Diamond Peak currently has 695 parking spaces at the mountain and another 300 spaces offsite. This parking capacity accommodates the winter Master Plan CCC of 3,150.

This parking capacity will also accommodate the proposed summer operations at Diamond Peak. The average daily visitation in the summer is anticipated to be between 430 and 680 guests per day, as illustrated in the market “funnel” diagram presented in the market analysis discussion. On busy holidays and weekends this number would be higher, but is not anticipated to exceed 1,300 visits. This is significantly less than the winter daily capacity number or CCC of 3,150. In addition, summer visitation patterns are very different from winter. The traditional pattern for ski area traffic is that the most visitors arrive to ski within a two-hour period in the morning, and leave within a two-hour period at the end of the day. By contrast, in the summer the arrival and departure of guests is much more staggered, with people coming and going throughout the day. Additionally, where the average vehicle occupancy rate in the winter ranges from approximately 2.3 to 2.8 persons per car, these rates are notably higher in the summer and approach 4.0 persons per vehicle on average.





IV. FINANCIAL ANALYSIS & PHASING

OVERVIEW OF FINANCIAL MODELING

In conjunction with the evaluation of existing resort operations, and planning considerations of new potential amenities and opportunities, a detailed financial analysis was initiated. This financial analysis was used throughout the duration of the planning process to evaluate various opportunities and provide important financial input to the planning evaluation. Upon completion of the planning process, the financial model was further refined to begin assessing the overall potential performance and financial feasibility of the planned projects. Subsequently, the model was used to evaluate several possible phasing sequences. Informed by this, a specific program phasing sequence was determined and a final iteration of the financial analysis was created to estimate the anticipated financial performance of the master plan and proposed projects.

The master plan and financial model undertaken for Diamond Peak are unique to the specific setting, economic conditions and attributes of Diamond Peak and Incline Village. Exact, or even similar, plans and situations do not exist. While this financial analysis has been carefully based on similar circumstances, operations and experiences observed at other multi-season resorts nationwide, it is recognized that there are no precisely comparable situations. The Diamond Peak master plan and financial analysis were custom built to accurately evaluate physical, social and market conditions specific to the resort and Incline Village, Nevada.

ASSUMPTIONS AND CRITICAL APPROACH

As with all financial analyses and modeling, key inputs to the evaluation are frequently, and necessarily, based upon informed assumptions and the establishment of key parameters. For the preparation of this analysis, SE Group utilized its proprietary industry database to determine each necessary input.⁴

Examples of this include: capital costing requirements for planned projects, anticipated operating expenses, evaluation of revenue potential, etc. In the interest of conservatism, all assumptions were carefully evaluated to ensure that the model produced was real, accurate and conservatively biased toward understating anticipated revenue and over estimating operations expenses wherever possible.

CAPITAL EXPENDITURES

In conjunction with the planning of new infrastructure and amenities, a detailed estimate of anticipated capital expenditures was prepared. This evaluation was derived from well-established costing for recently constructed projects, as well as in conjunction with facility and amenity manufacturers to ensure accuracy. Care was taken to include all anticipated costs, account for soft costs (design, architecture, engineering) and contingencies to account for potential price escalation over the period from analysis to actual construction.

As detailed in Table 18, total anticipated capital expenditures, over all phases of the program development, are approximately \$16.4 million. A strategic phasing sequence was selected to divide the capital expenditure into five phases (with Phase 1 broken down into 1a and 1b), spanning approximately twelve years, requiring roughly \$2.4 million, \$1.7 million, \$6.1 million, \$3.1 million, and \$3.0 million, respectively.

⁴ Data collected from multiple sources from both planning and observation/evaluation of existing multi-season resorts nationwide.

Assumptions & Inputs

Table 18. Anticipated Capital Expenditures by Phase

New Amenities		Project Phase				
Category	Total Project Cost	Phase 1a	Phase 1b	Phase 2	Phase 3	Phase 4
		Years 1–2	Years 3–4	Years 5–8	Year 9	Years 10–12
Activities						
Challenge Course	\$300,000	\$300,000				
Canopy Tour - Crystal to Base	\$924,000	\$924,000				
MTB Trails - below the Incline Flume	\$234,000	\$234,000				
MTB Trails - above the Incline Flume	\$28,000	\$28,000				
Family/Kid's Base Area Bike Loop	\$28,000	\$28,000				
Kids Pump Track	\$24,000	\$24,000				
Bike Skills Park	\$16,000	\$16,000				
Hiking Trails - Snowflake to Base (east side)	\$12,000	\$12,000				
Hiking Trails - Snowflake to Base (west side)	\$12,000	\$12,000				
Interpretive Signage	\$10,000	\$10,000				
Alpine Coaster	\$1,757,774		\$1,757,774			
Climbing Wall	\$88,326			\$88,326		
Play Area	\$33,122			\$33,122		
Rental Equipment	\$18,000	\$18,000				
Entitlement and Permitting	\$632,806	\$160,000		\$121,449	\$107,558	\$243,799
Activities Total	\$4,118,029	\$1,766,000	\$1,757,774	\$242,898	\$107,558	\$243,799
Snowflake Lodge				\$3,187,500		
FFE	\$159,375			\$159,375		
Design Fees	\$371,000			\$371,000		
Kitchen Equipment	\$1,000,000	\$250,000		\$750,000.00		
Snowflake Outdoor Deck	\$450,000			\$450,000		
Removal of existing Snowflake Building	\$24,000			\$24,000		
Removal of existing Snowflake Deck	\$21,000			\$21,000		
Project Contingency	\$188,144			\$188,144		
Per Year Cost Escalation	\$745,840			\$745,840		
Total	\$6,146,859	\$250,000		\$5,896,859		
On-mountain Trail Improvements					\$806,687	
Snowmaking on Diamondback	\$806,687				\$806,687	
Snowmaking on Freeway	\$178,500				\$178,500	
Ridge trail grading	\$19,500			\$19,500		
Beginner route grading	\$83,850				\$83,850	
FIS Traverse Extension	\$120,900				\$120,900	
On-mountain Trail Improvements Total	\$1,209,437			\$19,500	\$1,189,937	\$0
On-mountain Lift Improvements		\$350,000				
Lakeview Improve lift download capacity	\$350,000	\$350,000				
Spillway lift replacement	\$1,792,639				\$1,792,639	
Backside Lift	\$2,608,648					\$2,608,648
Backside Trail Work/Construction	\$182,849					\$182,849
Lift Improvements Total	\$4,934,136	\$350,000			\$1,792,639	\$2,791,497
Total Improvements	\$16,408,462	\$2,366,000	\$1,757,774	\$6,159,257	\$3,090,135	\$3,035,296

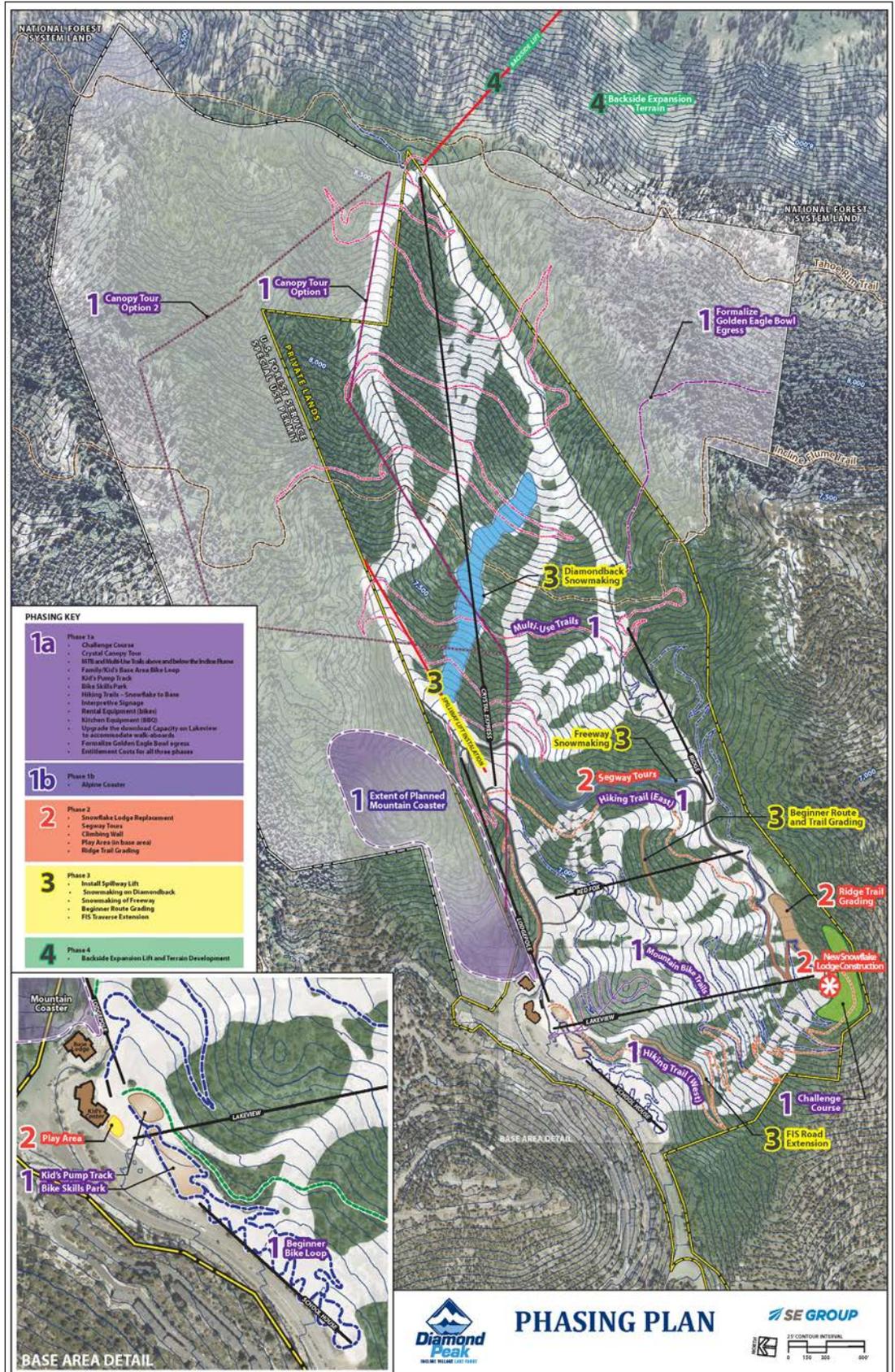
PHASING

The phasing of select projects was based primarily on the identified goal of prioritizing new and augmented revenue opportunities, thereby minimizing or eliminating any potential requirement for increases in the IVGID Recreation Facility Fee. Phases 1a–1b (years 1 to 4) prioritizes the initiation of the majority of the summer amenities and activities to allow Diamond Peak to begin harnessing critical summer recreation opportunities. The Phase 1a–1b amenities were specifically selected for their potential to establish a strong stream of summer revenue thereby providing additional net operating income to partially or fully fund the subsequent phases of development. Phase 2 (years 5 to 8) primarily focuses on the development of the new Snowflake Lodge and associated infrastructure. Phase 2 additionally provides strong gains in net operating income through new and expanded food and beverage programs—summer and winter. The projects planned for Phase 3 (year 9) are infrastructural in nature and were purposefully deferred based on their inability to directly provide associated revenue. However, it is noted that the Phase 3 projects have been identified to provide substantial improvements to the overall resort experience which will allow Diamond Peak to improve the attractiveness of the resort thereby realizing incremental financial improvements. Finally, Phase 4 (years 10 to 12) proposes the lift-serviced development of the backcountry style terrain of the Backside of Diamond Peak. This phase would require investment in public land entitlements, lift installation, and terrain improvements. Dissimilar to Phase 3, it is anticipated that the newly created skiing and attractiveness of the backcountry-style terrain provided, the Backside would allow Diamond Peak to capture a modest level of additional annual skier visits (estimated conservatively at a 10% increase).

It should be noted that while the financial analysis made certain assumptions regarding the specific timing of each of the planned phases, the actual timing may be varied based on the performance of the preceding phase. Individual phases may be accelerated or decelerated as warranted. Additionally, certain synergistic benefits are achieved through the phasing programs selected. The planned projects for Phase 1 have been combined to most effectively achieve a desired level of critical mass in order to successfully initiate an attractive summer offering. While the ultimate implementation of the projects may or may not precisely follow the planned phases, the financial performance of the project would likely be altered accordingly.

Assumptions & Inputs

**FIGURE 8.
PHASING PLAN**





IV. FINANCIAL ANALYSIS & PHASING

POTENTIAL VISITATION

Daily and annual visitation estimations were derived by assessing the physical hourly capacities of each individual activity and the duration typically required to participate in the given activity. An expected utilization rate was included to realistically adjust for anticipated use of the amenity throughout the course of a day, reflecting the reality that the activities will not be used at full capacity except during peak periods. As depicted in Table 19, selected utilization rates were input very conservatively and range from only 1% to no more than 60%, with an average across the planned amenities of 18%.⁵ Utilization rates and the physical capacity of the activity are disproportionate—with low utilization anticipated on high throughput activities, and vice versa. Secondly, the anticipated visitation estimations were “truth-checked” against other resorts across the nation which provide similar attractions and amenities to verify that each of the inputs was a reasonable approximation of the potential visitation. In all instances, the estimates of visitation assumed for Diamond Peak were purposefully set lower than actual observations of similar amenities elsewhere.

Across all planned amenities, it is anticipated that the Diamond Peak summer activities will attract an average of roughly 590 guests per day. Through the course of an expected 105 day operating period this would equate to approximately 62,000 visitors—roughly half of Diamond Peak’s average annual winter visitation.

With the addition of the envisioned Backside skiing terrain, it is anticipated that Diamond Peak’s annual skier visitation would increase by approximately 10% (roughly 11,500 annual visits).

Table 19. Estimated Visitation by Amenity/Activity

	Challenge Course	Canopy Tour (Crystal)	Lift Ride Only (Lakeview)	Summer Breakfast	Summer Lunch - Phase 1A	Summer Lunch - Phase 1B	Summer Dinner	Winter Breakfast	Winter Lunch	Winter Dinner	Lift Rides Only (Crystal)	MTB Lift Access (Lakeview)	MTB Lift Access (Crystal)	Pump Track	Skills Park	Climbing Wall	Segway Tours	Alpine Coaster
Capacity at One Time	45	60	1000				100	100		100	1000	1000	1000	7	24	6	8	250
Ave Length of Visit (hours)	1.5	1	2				2.5	1		2.5	2	2	2	0.75	1	0.25	2	0.5
Ave Hourly Visitation	30	60	500				40	100		40	500	500	500	9	24	24	4	500
Hours of Operation	8	6	10				4	2		4	8	8	8	8	8	8	8	8
Daily Visitation Potential	240	360	5000				160	200		160	4000	4000	4000	74.7	192	192	32	4,000
Daily Utilization (%)	25%	25%	1.0%				30%	25%		20%	1.0%	2.0%	2.0%	50%	20%	20%	60%	12%
Adjusted Daily Potential Utilization	60	90	50	100	220	137	48	50	250	32	40	40	80	37	38	38	19	480
Planned Operating Days	105	105	105	16	105	105	105	50	110	50	105	105	105	105	105	105	105	105
Summer Physical Visitation Potential	6,300	9,450	5,250	1,600	23,064	14,400	5,040	2,500	27,500	1,600	4,200	4,200	8,400	3,920	4,032	4,032	2,016	50,400

Activity	Group Size	Groups/Yr.	Total Guests
Weddings - Summer	100	30	3,000
Weddings - Winter	100	5	500
Kid's Mtn Day Camps	20	40	800
Other Spec. Events (races, recreation, etc)	150	5	750

⁵ This is an estimate of actual individual patrons and includes an assumption that the typical guest would participate in slightly more than one activity (on average) while on-site.

Assumptions & Inputs

REVENUE POTENTIAL

Estimates of expected revenue are the product of anticipated visitation and the expected price of each activity. Amenity pricing was carefully developed accounting for local and regional pricing for similar opportunities as well as based on current pricing at resorts nation-wide. As detailed above, revenue has been conservatively calculated by assuming activity price points on the low end of available data ranges. For example, Breckenridge Ski Resort and Park City Mountain Resort presently charge \$16 and \$20, respectively, for a ride on their Alpine Coasters. For Diamond Peak, the Alpine Coaster price point is modeled at \$12. This additionally anticipates that in-district residents using the new amenities at Diamond Peak will be provided with special pricing lower than non-resident guests.

Table 20 details the anticipated pricing by amenity/activity and the total annual visitation. The product of these inputs yields the expected revenue. For the overall programs, slightly less than \$3 million of new revenue is anticipated from Phase 1a–1b and approximately \$1.7 million from the development of Phase 2. Phase 3 would contribute to the overall attractiveness of Diamond Peak as a destination but has not been assumed to generate any specifically attributable incremental revenue.

Table 20. Revenue per Visit and Total Revenue by Phase

Activity/Revenue Outlet	Annual Visits	Revenue Per Visit	Anticipated Revenue	Phase 1a	Phase 1b	Phase 2	Phase 3	Phase 4
				Years 1–2	Years 3–4	Years 5–8	Year 9	Years 10–12
Challenge Course	6,300	\$45.00	\$283,500	\$283,500				
Canopy Tour (Crystal)	9,450	\$100.00	\$945,000	\$945,000				
Lift Ride Only (Lakeview)	5,250	\$8.00	\$42,000	\$42,000				
Lift Ride Only (Crystal)	4,200	\$8.00	\$33,600	\$33,600				
Lift Service for MTB Access (Lakeview)	4,200	\$25.00	\$105,000	\$105,000				
Lift Service for MTB Access (Crystal)	8,400	\$40.00	\$336,000	\$336,000				
Bike Skills Park/Pump Track	7,952	\$0.00	\$0	\$0				
Climbing Wall	4,032	\$15.00	\$60,480			\$60,480		
Alpine Coaster (Summer)	50,400	\$12.00	\$604,800		\$604,800			
Alpine Coaster (Winter)	11,500	\$12.00	\$138,000		\$138,000			
Mtn. Segway Tours (rev share)	2,016	\$55.00	\$55,440	\$55,440				
MTB Rentals	3,150	\$45.00	\$141,750	\$141,750				
MTB Instruction	630	\$90.00	\$56,700	\$56,700				
Kid's Mountain Camps	800	\$75.00	\$60,000	\$60,000				
Retail Sales - Winter	115,000	\$2.50	\$287,500			\$287,500		
Retail Sales - Summer	61,625	\$2.00	\$123,250			\$123,250		
Incremental Increase in Winter Revenue (Ph 4)	11,500	\$55.00	\$632,500					\$632,500
Snowflake Food & Beverage Operations								
Summer Breakfast	1,600	\$12.00	\$19,200			\$19,200		
Summer Lunch - Phase 1A	23,064	\$12.00	\$276,763	\$83,029.0		\$193,734.24		
Summer Lunch - Phase 1B	14,400	\$12.00	\$172,800		\$51,840.0	\$120,960.00		
Summer Dinner	5,040	\$50.00	\$252,000			\$252,000		
Winter Breakfast	2,500	\$12.00	\$30,000			\$30,000		
Winter Lunch (Revenue Improvement)	27,500	\$3.00	\$82,500			\$82,500		
Winter Dinner	1,600	\$60.00	\$96,000			\$96,000		
Special Events								
Weddings - Summer	3,000	\$120.00	\$360,000			\$360,000		
Weddings - Winter	500	\$120.00	\$60,000			\$60,000		
Other Spec. Events (races, recreation, etc.)	750	\$25.00	\$18,750	\$5,625.0		\$13,125		
Total Revenue			\$5,273,533	\$2,147,644	\$794,640	\$1,698,749	\$0	\$632,500



IV. FINANCIAL ANALYSIS & PHASING

OPERATIONS AND MAINTENANCE EXPENSES

To fully assess the performance of the planned augmented operations, a detailed estimate of associated operations and maintenance expenses was prepared. This portion of the analysis includes and accounts for all of the anticipated expenses associated with each of the individual planned activities/amenities. A detailed labor and staffing evaluation was prepared which additionally includes all associated payroll, taxes and benefits. The requisite costs of goods sold were included for the food and beverage operations. Additionally, anticipated utility costs, fuel consumption, lift maintenance, insurance and banking fees were evaluated in the overall estimation of operations and maintenance expenses. Finally, a separate maintenance reserve was allocated as an operations expense to provide for both on-going and periodic repair and replacement needs.

As detailed in Table 21, overall operations and maintenance expenses have been calculated at just over \$1 million for Phases 1a–1b, approximately \$1.2 million for Phase 2, approximately \$18,500 for Phase 3, and roughly \$300,000 for Phase 4. On a percentage basis, expenses for the Phase 1a–1b activities are approximately 39% of revenue, as they are less labor intensive than Phase 2. Phase 2 includes associated increases in food and beverage labor and is approximately 47% of revenue for the phase. While Phase 3 provides no specific revenue, Phase 4 operating expenses represent approximately 48% of that phase's revenue.

SOURCE OF CAPITAL AND DEBT SERVICE

In the preparation of this analysis, the IVGID Board of Trustees has provided clear and emphatic direction that the planned improvements at Diamond Peak must be financially self-sustaining and not reliant upon use of the Recreation Facility fee or cause any necessary increases to the Recreation Facility fee. As such, the necessary capital for the project, particularly for Phase 1a–1b, has been assumed to be originated through the use of a bond issue with the payments/retirement of the bonded debt an included expense to the financial performance. For the modeling analysis, it was assumed that the needed capital (\$3 million) for Phase 1a–1b would be bonded at 100% with a scheduled retirement of ten years. Annual bond payments of approximately \$333,000 have been carried in the model as a requisite expense. For Phase 2, a similar bonding assumption has been included with the cumulative Net Operating Income provided by Phase 1a–1b contributing to the source of required capital for Phase 2. As a result of the increased operating income from Phase 2, there is potential for an accelerated retirement of the bonded debt for either Phase 1a–1b or 2 (detailed below). Based on the anticipated financial performance of either of these phases, there would be fully sufficient cumulative net operating income to fund the capital expansion for Phase 3 (\$2.6 million) **and** for Phase 4 (\$2.5 million) from cash reserves (if so desired).

Assumptions & Inputs

Table 21. Operations and Maintenance Expenses by Phase

Expenses by Activity/Amenity	Phase 1a	Phase 1b	Phase 2	Phase 3	Phase 4
	Years 1–2	Years 3–4	Years 5–8	Year 9	Years 10–12
Challenge Course	\$54,789				
Canopy Tour (Crystal)	\$219,324				
Lift Ride Only (Lakeview)	\$7,733				
Lift Ride Only (Crystal)	\$9,553				
Lift Service for MTB Access (Lakeview)	\$17,391				
Lift Service for MTB Access (Crystal)	\$26,600				
Bike Skills Park/Pump Track	\$7,121				
Climbing Wall			\$26,736		
Alpine Coaster (Summer)		\$69,930			
Alpine Coaster (Winter)		\$38,664			
Mtn. Segway Tours (rev share)	\$30,146				
MTB Rentals	\$23,672				
MTB Instruction	\$15,942				
Kid's Mountain Camps	\$17,171				
Retail Sales - Winter			\$161,417		
Retail Sales - Summer			\$78,269		
Incremental Increase in Winter Expenses (Ph 4)					\$277,495
Snowflake Food & Beverage Operations					
Summer Breakfast			\$13,350		
Summer Lunch - Phase 1A	\$50,703		\$118,307.60		
Summer Lunch - Phase 1B		\$27,958	\$65,234.40		
Summer Dinner			\$193,925		
Winter Breakfast			\$20,860		
Winter Lunch (Revenue Improvement)			\$45,309		
Winter Dinner			\$65,245		
Special Events					
Weddings - Summer			\$217,440		
Weddings - Winter			\$36,240		
Other Spec. Events (races, recreation, etc.)	\$3,457		\$8,066		
SS Dir./Profit Center Manager	\$49,920				
Ski Patrol/Safety Director	\$40,560				
Kids Camp Director	\$39,000				
Rental Shop Manager	\$28,080				
F&B Manager	\$15,748		\$36,746		
Facility Sales	\$22,495.2				
Marketing	\$29,998.8				
Janitorial/Bldg. Maintenance	\$16,104.0		\$37,576		
Utilities/Fuel	\$12,000.0				
Lift Operating Costs (elec. & Maint)	\$63,000.0				
Banking Fees/Processing	\$47,462.9	\$17,561.5	\$37,542		
Insurance	\$14,196.0	\$10,546.6	\$36,956	\$18,541	\$18,212
Supplies (Shop, Maint, Office, etc.)	\$8,000.0				
Total Expenses	\$870,166	\$164,660	\$1,199,219	\$18,541	\$295,707

PRO FORMA ANALYSIS

The preceding components of the financial analysis are culminated in the financial pro forma which depicts the overall expected performance of the project, and is summarized by phase over an anticipated ten-year period. The specific timing of each phase may vary from what is presented in the pro forma, but the general sequence of implementation is relevant to the results and the ability for each phase to benefit from the prior.

Revenue

Assuming that each phase will require some time to achieve the anticipated potential, revenue for each of Phases 1a, 1b, and 2 has been assumed not to achieve “full-stride” until three years into operation. Additionally, prior to year three, revenue for Phase 1a–1b has been diminished by 10% each year to reflect the assumption that it will require three years to come up to potential. The same scenario is presented for Phase 2 with that portion of the project achieving full revenue in year seven—the third season post implementation. As previously discussed, there is not a specific revenue assumption for Phase 3. Finally, Phase 4 revenue (attributable to an incremental increase in annual skier visits) is assumed to achieve potential in the third year post implementation.

Similarly, for each year subsequent to achieving full operation, the revenue projection for each phase is increased at a modest 5% per year to reflect an increase in facility utilization and/or adjustments in pricing. As depicted in Table 22, annual revenue for the initial two years of operation is slightly below \$2 million, reaches more than \$4 million with implementation of Phase 2, and is on the order of \$6 million with the initiation of Phase 4. Revenue for the initial twelve years of operation is estimated at more than \$55 million.

Operating Expenses

Similar to the assumptions around revenue, operating expenses were developed to hit their predicted amount in the third year of operation for each phase. Prior to year three, expenses are depressed by 10% to reflect decreased labor and operating costs while the programs are coming up to speed. After year three, each phase reflects expenses escalating at 5% per year. Phase 1a operating expenses are expected to be slightly less than \$1 million per year, approximately \$1 million per year with Phase 1b, would increase to just over \$2 million per year with implementation of Phase 2, and approach \$3.2 million with the initiation of Phase 4. Operating expenses for the initial twelve years of operation are estimated at approximately \$26 million.

Gross Margin

The difference of revenue and operating expenses produces the anticipated gross operating margin. In the first years of Phase 1a operations, the margin is predicted to be on the order of \$1 million annually and \$1.8 million in Phase 1b. This increases to roughly \$2.4 million with the initiation of Phase 2, increases to nearly \$3.4 million with the initiation of Phase 4, and achieves approximately \$3.8 million per annum by year twelve. Cumulative gross margin for the initial twelve years of operation is estimated at approximately \$30 million. As depicted in Table 22, the operating margin, expressed as a percentage of revenue, is 55% in the initial years, jumps to 64% during Phase 1b, and declines to roughly 52% by year twelve.

Capital Maintenance Reserve

To ensure adequate capital is set aside for non-routine maintenance and periodic replacement of amenity components, a reserve of 3% of annual revenue has been subtracted from the performance. Over the initial twelve years, this accumulates roughly \$1.7 million.

EBITDA

After subtracting the capital maintenance reserve from the gross margin, the performance of the project and each phase is expressed in terms of EBITDA. This value represents the earnings of the project prior to subsequent deductions for interest, taxes, depreciation and amortization. EBITDA values in the initial phase are anticipated at approximately \$900,000 to \$1.8 million. With the implementation of Phase 2, this increases to roughly \$2.3 million and grows to about \$3.6 million by the end of the twelve-year modeling period. Cumulative EBITDA for the initial twelve years of operation is estimated at more than \$28 million.

Debt Service

As detailed above, Phase 1a–1b would be initiated with 100% bonded capital of roughly \$4 million. Requisite repayment of principal and interest has been reflected in the model over the following twelve years. For Phase 2, it has been assumed that the net operating income (NOI) produced by Phase 1a–1b would be available to partially fund the implementation of this phase. Of the \$6.2 million required to develop the infrastructure in Phase 2, approximately \$2.8 million would be provided by earlier phasing NOI, the remaining \$3.3 million would be bonded similar to Phase 1a–1b. Phase 2 debt service payments have been deducted in the model as appropriate. The model assumes that cumulative NOI (from Phases 1a–1b and 2) would be available to fully fund the capital expenditures for Phase 3 and subsequently Phase 4; therefore, debt service has not been deducted for the third or fourth phases.

Net Operating Income

After deducting requisite debt service payments, the resulting value represents the Net Operating Income (NOI) for each phase of the project. As detailed in Table 22, Phase 1a–1b yields approximately \$625,000 growing to \$1.5 million in additional NOI for Diamond Peak. Deployment of Phase 2 increases the NOI to nearly \$2.0 million in year five and escalates to over \$3.5 million per year by the end of the twelve-year modeled period, which includes the development of Phases 3 and 4. Cumulatively, for the initial twelve years of operation NOI is estimated at more than \$25 million and reflects that an additional \$10 million of available NOI was expended as a source of capital for Phase 2, and funds all of Phases 3 and 4.

Internal Rate of Return and Net Present Value

The projected internal rate of return (IRR) has been calculated at roughly 43.8% and represents the value of the stream of revenue flows based on the initial, and subsequent, investments throughout the duration of the modeled period. Although the model only reflects twelve years, requisite debt service in years 13 and 14 to retire the debt incurred for Phase 2 have been appropriately deducted from revenue.

For the net present value (NPV) calculation, a standard discount rate of 7% has been assumed. The NPV results represent that the initial Phase 1a–1b investment of \$3 million, partial investment in Phase 2 of \$2.9 million, and subsequent reinvestment of NOI for Phases 2, 3 and 4, provide a *present* investment value of just over \$13 million.



IV. FINANCIAL ANALYSIS & PHASING

CONCLUSIONS

As documented in detail, great care was used in setting all of the input assumptions to the financial model. Conservatism was incorporated ubiquitously to produce a model which reflects an accurate estimate, biased toward the minimal performance that the project may produce. This approach provides solace that even if the project were to have a slower initiation, or require a longer period to be fully implemented, the financial results would be fully acceptable.

As strongly represented by Incline Village community members, there is a demonstrable interest in the provision of new and improved amenities at Diamond Peak—provided that they are financially self-sustaining and will clearly not create a requisite increase in the IVGID Recreation Facility Fee. This planning and financial analysis has carefully evaluated, and documents, that the envisioned improvements at Diamond Peak will be financially self-sustaining, will not trigger an increase in the Recreation Facility Fee, and affords potential to provide a substantial new source of revenue to IVGID.

Table 22. Pro Forma

New Amenities Anticipated Performance												
	Phase 1b		Phase 1b		Phase 2				Phase 3	Phase 4		
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12
Phase 1a Revenue	\$1,739,592	\$1,932,880	\$2,147,644	\$2,255,026	\$2,367,777	\$2,486,166	\$2,610,475	\$2,740,998	\$2,878,048	\$3,021,951	\$3,173,048	\$3,331,701
Phase 1b Revenue			\$643,658	\$715,176	\$794,640	\$834,372	\$876,091	\$919,895	\$965,890	\$1,014,184	\$1,064,894	\$1,118,138
Phase 2 Revenue					\$1,375,987	\$1,528,874	\$1,698,749	\$1,783,687	\$1,872,871	\$1,966,515	\$2,064,840	\$2,168,082
Phase 4 Revenue										\$512,325	\$569,250	\$632,500
Total Revenue	\$1,739,592	\$1,932,880	\$2,791,302	\$2,970,202	\$4,538,404	\$4,849,413	\$5,185,314	\$5,444,580	\$5,716,809	\$6,514,975	\$6,872,032	\$7,250,421
Phase 1a Operating Expenses	\$777,080	\$863,423	\$870,166	\$913,675	\$959,358	\$1,007,326	\$1,057,693	\$1,110,577	\$1,166,106	\$1,224,412	\$1,285,632	\$1,349,914
Phase 1b Operating Expenses			\$133,374	\$148,194	\$164,660	\$172,893	\$181,537	\$190,614	\$200,145	\$210,152	\$220,660	\$231,693
Phase 2 Operating Expenses					\$971,367	\$1,079,297	\$1,199,219	\$1,259,180	\$1,322,139	\$1,388,246	\$1,457,658	\$1,530,541
Phase 3 Operating Expenses									\$18,541	\$19,468	\$20,441	\$21,463
Phase 4 Operating Expenses										\$295,707	\$310,492	\$326,017
Operating Expenses	\$777,080	\$863,423	\$1,003,541	\$1,061,869	\$2,095,385	\$2,259,516	\$2,438,449	\$2,560,371	\$2,706,931	\$3,137,984	\$3,294,883	\$3,459,627
Operating Margin	\$962,511	\$1,069,457	\$1,787,762	\$1,908,334	\$2,443,019	\$2,589,897	\$2,746,866	\$2,884,209	\$3,009,879	\$3,376,991	\$3,577,149	\$3,790,794
Operating Margin %	55%	55%	64%	64%	54%	53%	53%	53%	53%	52%	52%	52%
Capital Maintenance Reserve (3% of Revenue)	\$52,188	\$57,986	\$83,739	\$89,106	\$136,152	\$145,482	\$155,559	\$163,337	\$171,504	\$195,449	\$206,161	\$217,513
EBITDA on New Activities/Amenities	\$910,324	\$1,011,471	\$1,704,022	\$1,819,228	\$2,306,867	\$2,444,414	\$2,591,306	\$2,720,872	\$2,838,374	\$3,181,541	\$3,370,988	\$3,573,281
Debt Service Phase 1a	\$284,491	\$284,491	\$284,491	\$284,491	\$284,491	\$284,491	\$284,491	\$284,491	\$284,491	\$284,491		
Debt Service Phase 1b			\$48,693	\$48,693	\$48,693	\$48,693	\$48,693	\$48,693	\$48,693	\$48,693	\$48,693	\$48,693
Debt Service Phase 2					\$397,082	\$397,082	\$397,082	\$397,082	\$397,082	\$397,082	\$397,082	\$397,082
Debt Service Phase 3									\$0	\$0	\$0	\$0
Debt Service Phase 3										\$0	\$0	\$0
Net Operating Income after Debt Svc.	\$625,832	\$726,979	\$1,370,838	\$1,486,043	\$1,973,682	\$2,111,230	\$2,258,122	\$2,387,687	\$2,505,190	\$2,848,357	\$3,322,295	\$3,524,588
Rolling Cumulative NOI	\$625,832	\$1,352,812	\$1,370,838	\$2,856,881	\$1,973,682	\$4,084,912	\$6,343,034	\$8,730,721	\$8,145,777	\$7,958,838	\$11,281,133	\$14,805,721
Capital Expense by Phase	\$2,366,000		\$1,757,774		\$6,159,257				\$3,090,135	\$3,035,296		
NOI Contribution to Capital on Phase	\$0		\$1,352,812		\$2,856,881				\$3,090,135	\$3,035,296		
Net New Capital Requirement by Phase	\$2,366,000		\$404,962		\$3,302,375				\$0	\$0		
Total Capital & Debt Service	\$2,448,810	\$75,751	\$487,581	\$73,849	\$3,482,731	\$161,109	\$141,188	\$120,570	\$99,231	\$77,145	\$54,286	\$40,583
EBITDA - Total Capital & Debt Service	(\$1,538,486)	(\$602,767)	\$613,674	\$2,359,052	\$1,183,189	\$3,466,494	\$5,916,612	\$8,516,913	\$11,256,056	\$14,360,453	\$17,677,156	\$21,209,853



V. CONSISTENCY WITH TRPA GUIDELINES

This section is provided to briefly outline the consistency of this Master Plan with the Regional Plan for The Lake Tahoe Basin Ski Area Master Plan Guidelines. As discussed in the introduction, this Master Plan is intended to replace/supersede Diamond Peak's previous Master Plan, which was prepared in 1986 and has now been predominantly implemented.

NEEDS ASSESSMENT

The Diamond Peak Master Plan revisits the vision for the future development of Diamond Peak as a community recreational resource. The Master Plan explores opportunities for maximizing the existing winter business and assesses the potential for introducing new summer activities that will generate additional revenue. The Master Plan will serve as a blueprint for future development of multi-season activities (both winter and summer) at Diamond Peak.

Chapter II – Analysis of this Master Plan (see pages 4 through 25) provides an extensive level of detail regarding the evaluation which was undertaken in the preparation of this Master Plan. The existing conditions at Diamond Peak were inventoried and evaluated including: the calculation of current resort capacities for the lift system, skiing terrain, terrain variety, appropriate terrain distribution, comfortable carrying capacity, guest densities, guest service facilities, restaurant seating, and parking adequacy. The evaluation of existing conditions is summarized in the presentation of key findings and observations. *Chapter II* additionally provides an assessment of tourism visitation potential with a summary of the full Market Assessment which was undertaken in conjunction with the master planning process. Lastly, *Chapter II* summarizes the public involvement/community input process which was incorporated into the planning process and included public open houses, an on-line survey (with 700+ respondents), and four public presentations before the IVGID Board of Trustees.

ENVIRONMENTAL OPPORTUNITIES AND LIMITATIONS (SITE ANALYSIS)

Chapter II of this Master Plan provides a detailed Site Analysis (pages 5 through 18) which inventory the existing conditions at Diamond Peak. For the ski area planning process, this site analysis was subsequently used to develop the opportunities and constraints evaluation which, in-turn, led to the establishment of the upgrading plan.

CONSISTENCY WITH TRPA REGIONAL PLAN DOCUMENTS

It is anticipated that the majority of the review for consistency of this Master Plan with applicable TRPA Regional Plan documents will be conducted as part of the subsequent environmental review.

The basis of review will be the Regional Plan (e.g., Goals and Policies, Code of Ordinances, Plan Area Statement). At present, there is not an applicable Area Plan specific to the Diamond Peak area. Neither the "Incline Village Commercial Community Plan" nor the "Incline Village Tourist Community Plan" are applicable to Diamond Peak. The applicable Plan Area Statement is: 052 – Incline Ski which allows for day use recreation, outdoor recreation concessions, riding and hiking trails, and skiing. Plan Area 052 allocates 900 winter day use People-At-One-Time (PAOT) for Diamond Peak.

PAOT CALCULATIONS

The Master Plan itself provides an alternate capacity calculation called Comfortable Carrying Capacity (see pages 10 and 34, respectively, for a presentation of the CCC for the existing condition and the

Consistency Analysis

upgrade plan). Consistent with the direction provided in the Regional Plan for the Lake Tahoe Basin Ski Area Master Plan Guidelines, a PAOT calculation was prepared for both the existing conditions and the upgrade plan.

Table 23. Diamond Peak Ski Area Winter PAOT Calculation

Winter Season	2013/14	2012/13	2011/12	2010/11	2009/10	2008/09	2007/08	2006/07	2005/06	2004/05	Mean Annual Use/Capacity Ratio
90th Percentile Visitation Day	1,640	2,303	1,556	2,044	2,231	1,880	2,301	1,767	1,759	2,190	
Existing Hourly Uphill Capacity ^a	9,300	9,300	9,300	9,300	9,300	9,300	9,300	9,300	9,300	9,300	
Annual Use/Capacity Ratio	0.18	0.25	0.17	0.22	0.24	0.20	0.25	0.19	0.19	0.24	0.21
Existing PAOT	1,967	<i>Notes:</i> ^a Existing Hourly Uphill Capacity is calculated and presented on page 10. ^b Planned Hourly Uphill Capacity is calculated and presented on page 34 and is exclusive of the "Backside Lift" since it would be located entirely out-of-basin.									
Planned Hourly Uphill Capacity^b	11,000										
Planned PAOT	2,327										
Net Additional PAOT Capacity	360										

As depicted in Table 23, the current winter PAOT for Diamond Peak has been calculated to be 1,967. With the inclusion of planned additional uphill lift capacity, the PAOT would increase by 360 for a planned total of 2,327.

For the proposed summer activities, the anticipated PAOT levels have been identified based on analysis of the physical throughput capacity of each of the amenities and adjusted to reflect the level of at-one-time utilization which would provide a comfortable and safe experience. Page 21 of this Master Plan additionally presents that the anticipated market and visitation for the planned summer activities is expected to range from 430 to 680 people per day. Based on the assumption that the average length of stay would be approximately half of one day, the at-one-time visitation is expected to range from 215 to 340 persons.

SKI AREA CUMULATIVE WATERSHED EFFECTS ANALYSIS

Owned and operated by the Incline Village General Improvement District, Diamond Peak sits within the Incline Creek watershed and has therefore been subject to numerous previous watershed-wide evaluations and effects analyses. In full compliance with all TRPA guidelines and recommendations, IVGID has additionally undertaken numerous projects within the watershed to ensure watershed health, manage storm water, safeguard domestic water supplies, and protect Lake Tahoe water quality. In 1999 IVGID partnered with the Hyatt Regency to restore 1,200 lineal feet of creek channel in the lower watershed of Incline Creek. From 2009 to 2014, IVGID undertook further work in the lower watershed of Incline Creek and restored an additional 2,000 lineal feet of creek channel and replaced two major culverts with open channel bridge structures. Both projects substantially enhanced fish passage and habitat, reduced bank erosion, and reduced fine sediment discharge to Lake Tahoe. In 2010 IVGID undertook a project to implement site-wide storm water best management practices at Diamond Peak. It is anticipated that additional watershed review, and compliance measures, may be developed as appropriate and necessary as a portion of the subsequent environmental review of this Master Plan in accordance with TRPA regulations.

***Appendix A:
Market Assessment Report***

Diamond Peak Multi-Seasonal Recreation Plan Market Assessment



June 2013

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Introduction

This report summarizes research conducted by RRC Associates, an independent consulting research firm in Boulder, Colorado, with assistance from SE Group, on behalf of Incline Village General Improvement District (IVGID), Nevada. Specifically, as a portion of the broader Multi-Season Master Recreation Plan for Diamond Peak ski area, this market assessment defines visitor trends and volumes, local and regional market demographic profiles, and a broad analysis of existing regional amenities and attractions in the North Lake Tahoe area. This report and research is intended to serve as a framework for discussions to assist the Diamond Peak and IVGID management team in making strategic decisions regarding the opportunities and barriers for the success of a four-season recreation area at Diamond Peak.

This report and research are also intended to support the ongoing process of identifying development and programming opportunities at Diamond Peak.

Research and subsequent findings rely on a combination of professional experience and secondary research. The secondary research includes reports and data gathered by the Incline Village General Improvement District (IVGID), United States Forest Service Lake Tahoe Basin Management Unit (USFS-LTBMU), United State Census Bureau (US Census), Tahoe Regional Planning Agency (TRPA), North Tahoe Public Utility District (NTPUD), Nevada Rural Development Council (NRDC), North Lake Tahoe Resort Association (NLTRA), Reno-Sparks Convention & Visitors Authority (RSCVA), Nevada Department of Transportation (NDOT), Dean Runyan Associates, Strategic Management Group (SMG), EMC Research Inc., Strata Research, Applied Development Economics, Webb Management Services Inc., and in-house RRC Associates information.

Executive Summary

The information in this section presents some highlights of the findings of the report. Please see the main body of the report for more detail on these and other topics.

Key Findings

- 1) SUMMER VISITATION POTENTIAL. All indicators show a peak in the number of visitors to the area in July and August, suggesting that a strong potential exists for Diamond Peak to attract some of those visitors with the right mix of summer activities.
 - a. **Visitor volume indicators** (traffic counts, hotel occupancy, visitor center walk-ins, state park attendance) show large spikes in July and August, and above average volumes in June and September. These figures demonstrate the high volume of visitor to the NLT that represent the potential audience for Diamond Peak.

- b. According to TRPA planning documents, facilities with the most capacity to serve visitors in the summer include **beaches, day-use areas, developed camping, marinas, and hiking/riding trails**. Beaches have the most capacity by far during the summer with 36,693 users being accommodated at one time (DCP). Notably, total summer DCP is 82,894 persons per day. These design capacity figures illustrate the volume of people in the North Lake Tahoe region in the summer.
 - c. Feedback from Diamond Peak’s current winter visitor shows that **83 percent currently visit the Lake Tahoe region in the summer**. Most popular activities that this group would like to see at Diamond Peak include activities for kids, scenic lift rides, zip lines, camping, hiking, mountain biking, and concerts.
 - 2) **COMPETITION**. Several other ski areas in the region, notably Squaw Valley, Northstar, Heavenly and Homewood, have plans for major expansions of summer activities. These plans should be monitored closely, as they represent potential competition for summer customers/business, particularly if the activities, programs, and events and Diamond Peak cannot be differentiated from these other competitors. **Diamond Peak is in a very strong position to compete as a summer attraction, due to its location on Lake Tahoe**. With the exception of Heavenly, the other resorts are further removed from the Lake, rather than being right on the Lake.
 - 3) **INCLINE VILLAGE**. Residents and second homeowners in Incline Village represent a critical user group for potential summer operations at Diamond Peak. This group would benefit from the increased variety of activities and programs, **providing recreational opportunities for them as well as for any visiting family/friends**. According to the US Census, the population of Incline Village was 8,777 in the 2010.

Observations and Opportunities

Visitor volumes to North Lake Tahoe in the summer months are substantial, especially in July and August. While beaches and camping are popular, the North Lake Tahoe area is ripe for new and fresh activities and attractions. In addition, Diamond Peak is in a **unique market and geographic position on Lake Tahoe**; a quality no other mountain resort can offer in the summertime. These market indicators suggest strong opportunities for Diamond Peak to attract some of those visitors with the right mix of summer activities.

The market assessment, along with the existing condition at Diamond Peak, suggests some observations related to the potential opportunities for summer recreation at Diamond Peak.

- 1) **SPECTACULAR VIEWS**. A major competitive advantage for Diamond Peak is its location very close to Lake Tahoe and the **spectacular views of the lake from the summit ridge line**. The Snowflake Lodge is positioned to capture this stunning view, and as such would be a highly desired venue for activities and events.

- 2) UNIQUE SUMMER CAMP VENUE. Diamond Peak is part of the Incline Village General Improvement District (IVGID). IVGID manages numerous **summer camps and programs**, some of which could be hosted at Diamond Peak. Diamond Peak’s “mountain” venue offers unique opportunities for summer camp programming.
- 3) SOMETHING NEW. While beaches and camping are popular, the North Lake Tahoe area is ripe for **new and fresh activities and attractions**. The average length of stay is 4.1 nights in the summer, and by the third day, many of these people are looking for something new to do (especially because of the well-documented issues of crowding and overuse and many of the beaches and campgrounds). Diamond Peak can capitalize on the over-use of these facilities and attract visitors who want a different / additional experience while in North Lake Tahoe.
- 4) CONNECT TO THE RIM. Diamond Peak serves as a **critical link and point of entry to the Tahoe Rim Trail, the Flume Trail, and the informal Incline Flume Trail**. These trails are popular for hiking and mountain biking. Diamond Peak is well-positioned to take advantage of its location by potentially providing services for hikers and mountain bikers who want to access these trails, including lift rides to the summit (to intersect with the Tahoe Rim Trail) or selling supplies and food to hikers and bikers
- 5) MORE OF WHAT’S POPULAR. Diamond Peak can satisfy the most popular activities that visitors currently enjoy: **relaxing, downhill skiing, viewing natural features, hiking/walking, viewing wildlife, and driving for pleasure**.

The remainder of the document outlines information and supporting material about the Lake Tahoe area as it relates to the potential to develop summer recreational opportunities at Diamond Peak.

Location and Population

This chapter presents information about the overall location of and access to Diamond Peak, along with statistics about population projections for the region through 2030.

Incline Village/Diamond Peak Access

Traffic counts show *the major artery into Incline Village is NV-28*, the main route to/from most California markets. *US-50 is another artery* that feeds into Incline Village and is the main connector to/from Las Vegas and Carson City. *NV-431 connects Reno to Incline Village* and receives the lowest average traffic counts of the three main routes.

It is important to note that NV-28 and US-50 are part of the Lake Tahoe Scenic Highway and may attract many people simply passing through Incline Village and not travelling to Incline Village as their final destination. Also, for a more scenic drive to Incline Village, visitors coming from the California Markets may choose the US-50 route instead of driving the more direct route of CA-267 to NV-28. This scenic route via US-50 adds roughly an additional 35 minutes to Incline Village. See the map in Figure 1 below for a general overview of the highway access to Diamond Peak.

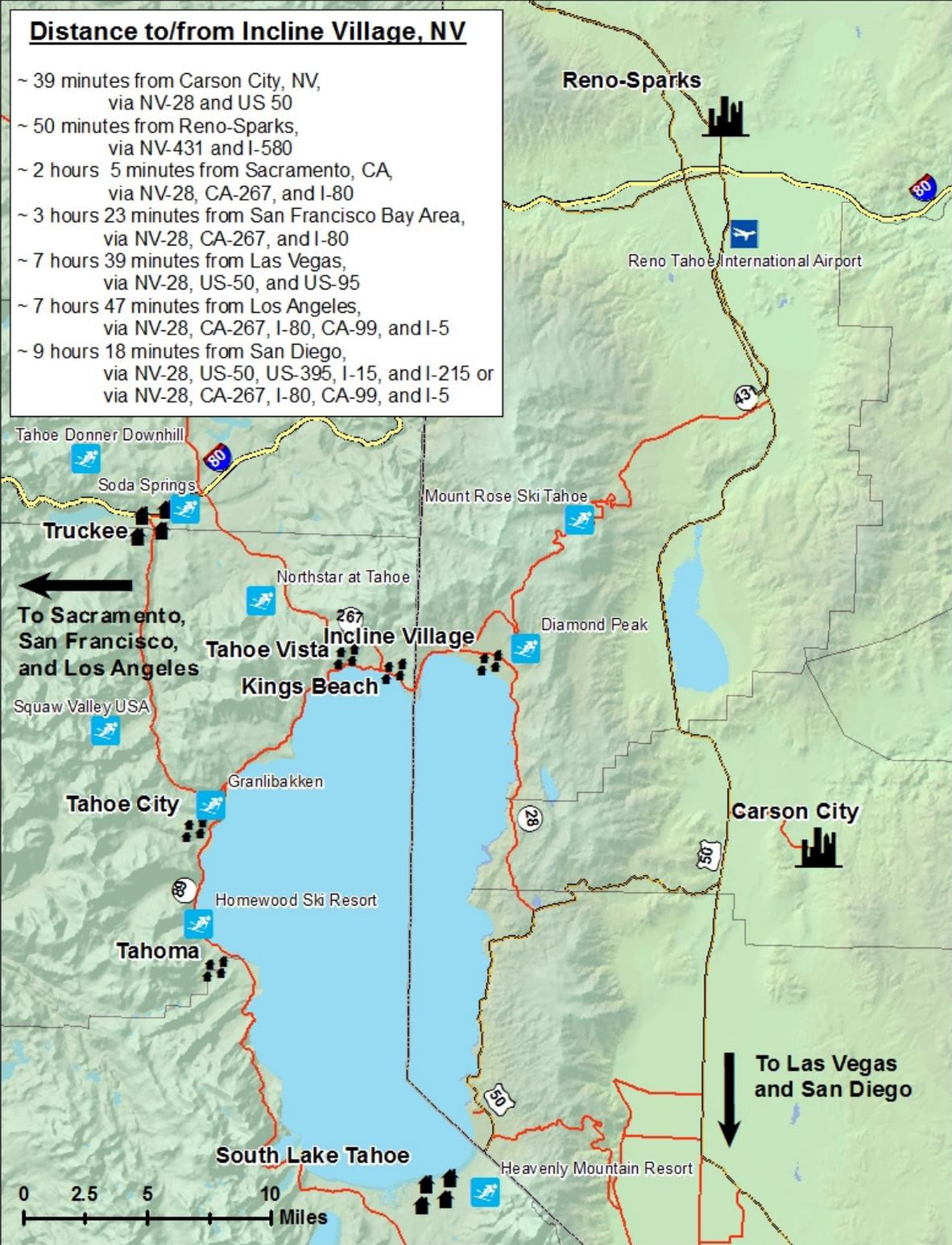
Located on the northwestern shore of Lake Tahoe, Incline Village is about a three-and-a-half hour drive from the center of San Francisco, while Sacramento is about two hours away. Los Angeles, Las Vegas, and San Diego are all located more than a seven and a half hour drive from Incline Village. The Reno-Sparks area is less than a one-hour drive to Incline Village.

Compared to driving to South Lake Tahoe, Incline Village is about the same drive time from most of the large market areas in California discussed above.

When driving directly to Incline Village, California markets can drive I-80 East to CA-267 East to NV-28 East or, with an additional 35 minutes of drive time, can detour through South Lake Tahoe via US-50. When driving directly, for all of the examined California markets, San Diego notwithstanding, the final section of travel to Incline Village is via CA-267 and NV-28 East (along the northern shore of Lake Tahoe). Visitors from Las Vegas and San Diego have the option of driving through eastern California and the eastern side of Lake Tahoe on US-50 and NV-28 West. Visitors from Reno-Sparks drive south along NV-431.

Given these driving routes, the traffic counts along these roads are directly applicable to the potential summer visitor volume at Diamond Peak. Please see the section titled, “Regional Traffic Patterns” for more detail of traffic counts.

Figure 1



Population Growth

The population of the Reno/Lake Tahoe area is projected to **increase by 15 percent by 2030, to a total of 1.3 million residents** from the current 1.1 million residents. Specifically, Washoe County, which included Reno, Sparks, and Incline Village, is projected to grow 13 percent to nearly 500,000 residents by 2030.

According to the California Department of Finance (for California Counties), and Nevada State Demographers Office (for Nevada Counties), the authorities on population projections for each of their respective states, total population is expected to increase overall in the San Francisco, Sacramento, and the Reno/Lake Tahoe Regions between 2015 and 2030. These increases bode well for continued tourism volumes and visitation in the Lake Tahoe region.

Figure 2 below maps out the counties aggregated in market regions for purpose of analyzing the population projections. The Sacramento region shows the highest percentage increase (almost 19%) in population between 2015 and 2030. The Reno / Lake Tahoe area follows with roughly a 15% increase. While the Bay area grows as well, only by less than half as much percentage-wise as the Lake Tahoe area.

Figure 2

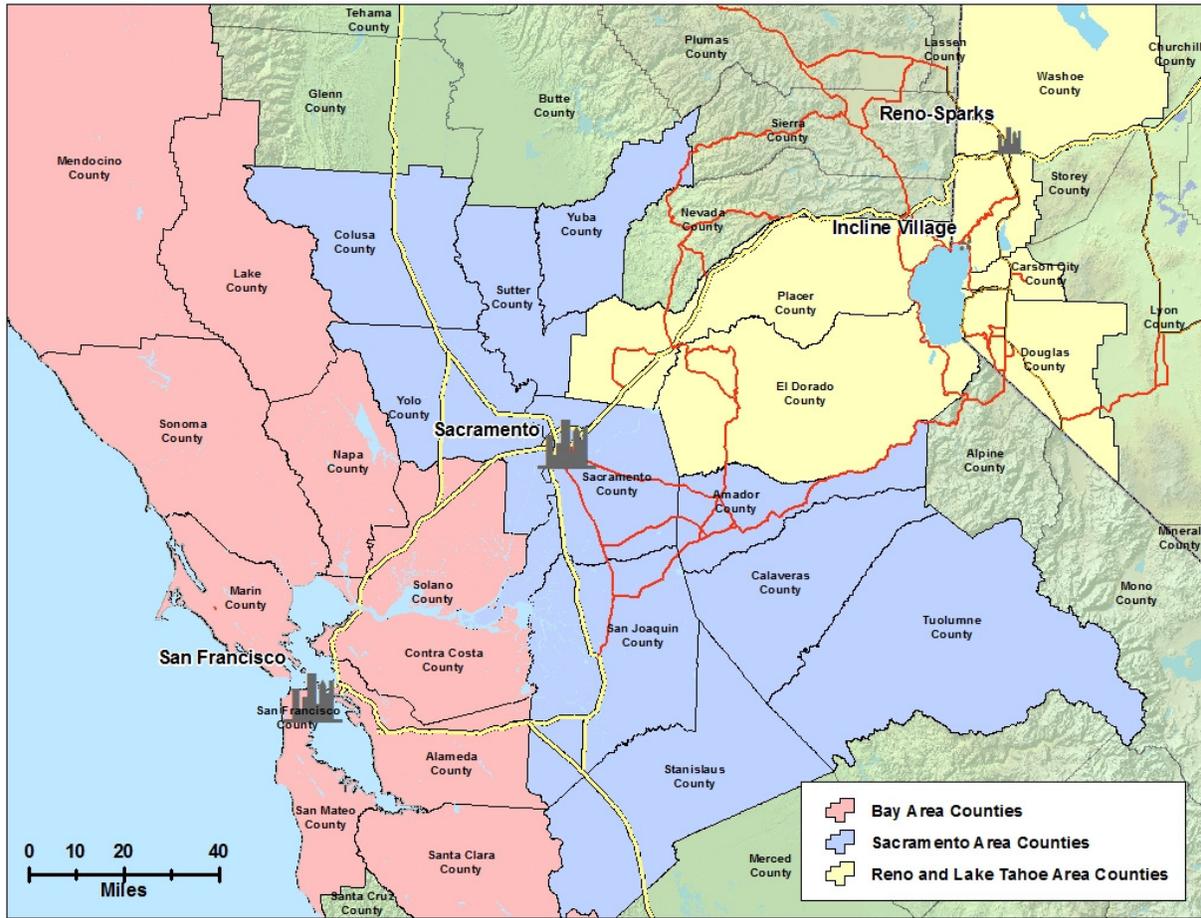


Figure 3

	2015	2020	2025	2030	Estimated % Change 2015-2030
Bay Area	7,869,619	8,035,768	8,249,272	8,488,315	7.3%
Sacramento Area	3,286,795	3,529,126	3,782,935	4,054,398	18.9%
Reno and Lake Tahoe Area	1,089,908	1,153,067	1,217,410	1,282,272	15.0%

Figure 4

Bay Area Population Projections

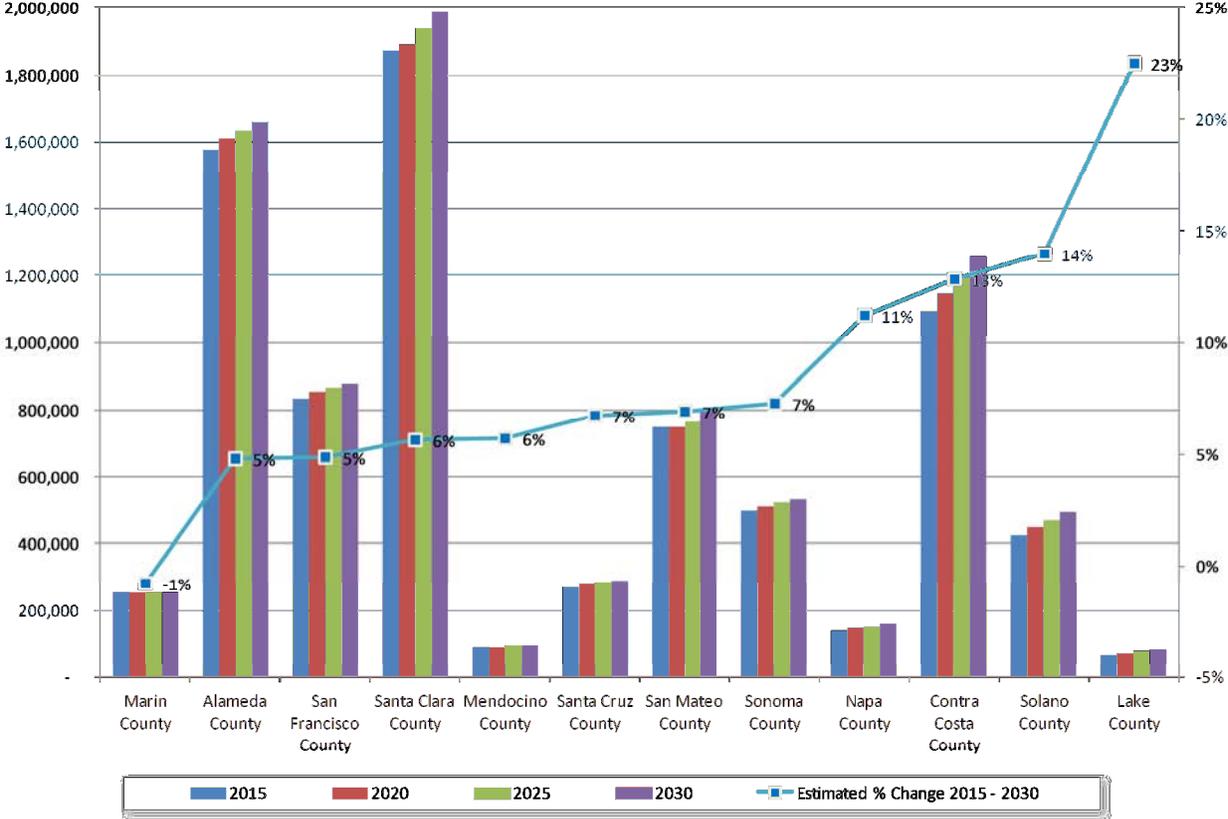


Figure 5

Sacramento Area Population Projections

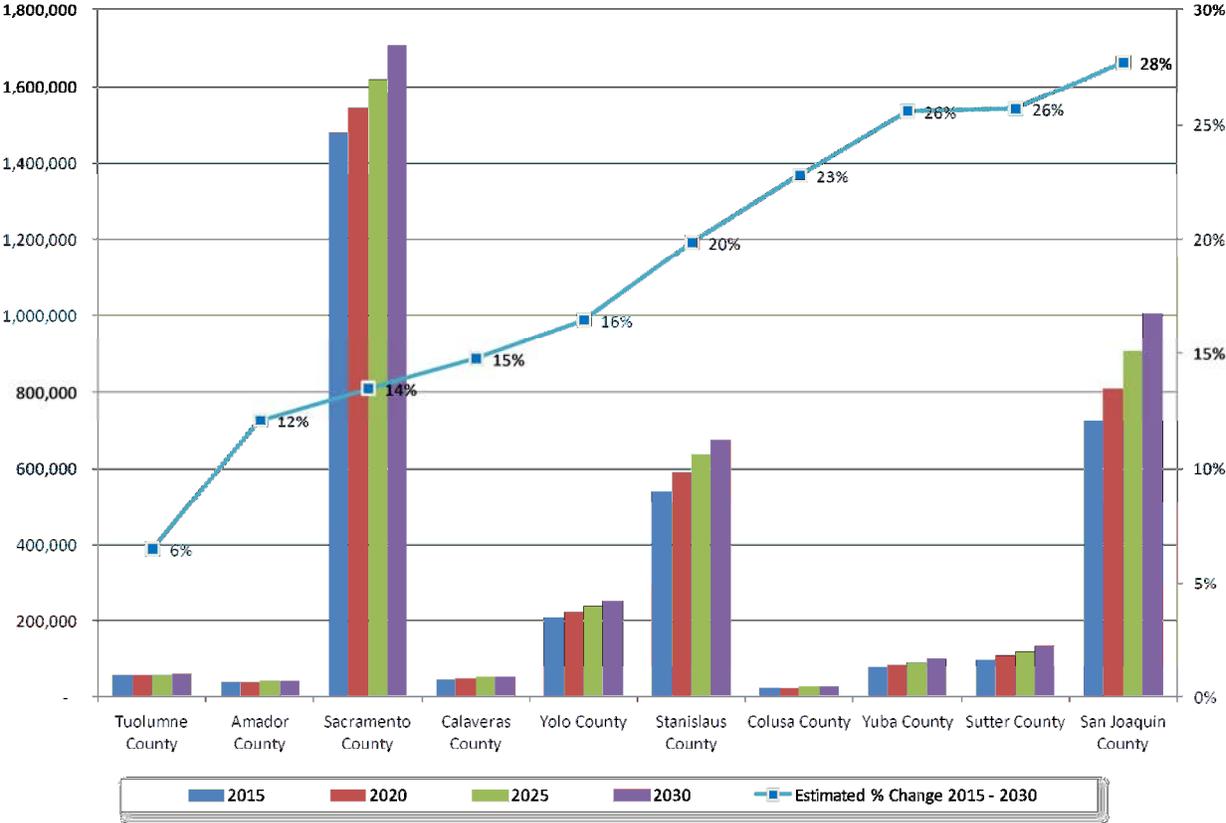
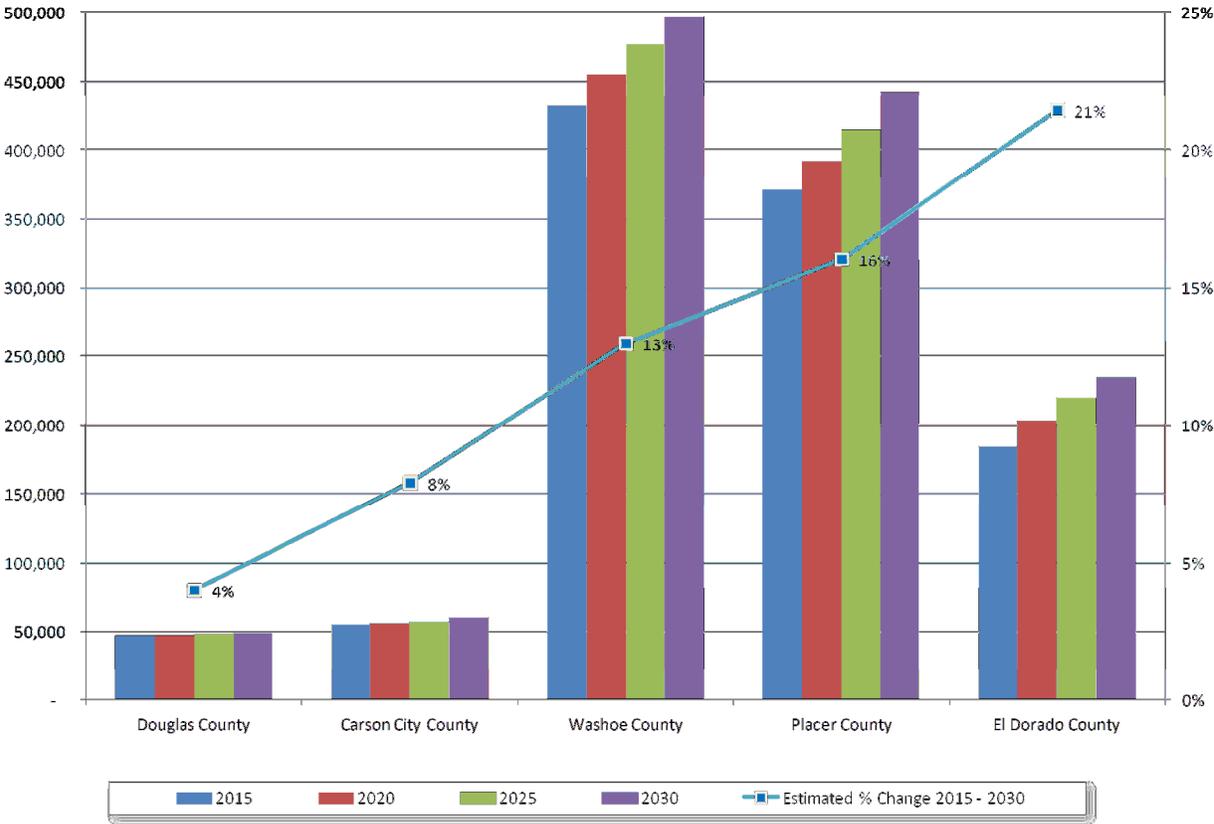


Figure 6

Reno and Lake Tahoe Area Population Projections



Visitor Volumes

This section presents some information related to visitor volume indicators, including hotel occupancy, traffic counts, and visitor center traffic. All indicators show **a peak in the number of visitors to the area in July and August**, suggesting that a strong potential exists for Diamond Peak to attract some of those visitors with the right mix of summer activities.

Hotel Occupancy

The Reno Sparks Convention and Visitors Authority (RSCVA) collects hotel/motel occupancy, revenue, and daily room rate data for several tax districts in the area, including Incline Village. According to the room tax and occupancy statistics provided from May 2011 through April 2013, taxable revenue, occupancy, and daily room rates fluctuate similarly dependent on season/month. The summer season (June to September) shows the highest occupancy, taxable revenues, and average daily room rates with a pronounced peak in July and August (see Figures 7 through 9 below). The winter season (December to March) shows a moderate increase compared to the spring and autumn as well. April/May (Spring), and October/November (Autumn) show the lowest amount of occupancy, taxable revenue, and average daily rates.

In terms of the number of occupied rooms within Incline Village, there are over 20,000 occupied rooms in the town during the months of July and August, or a total of **83,463 occupied rooms for the period of May to September 2012**. Note that these figures do not include second homeowners, visitors staying with family or friends who live in the area, or visitors renting condos (either through property management or through homeaway.com/VRBO.com).

Figure 7

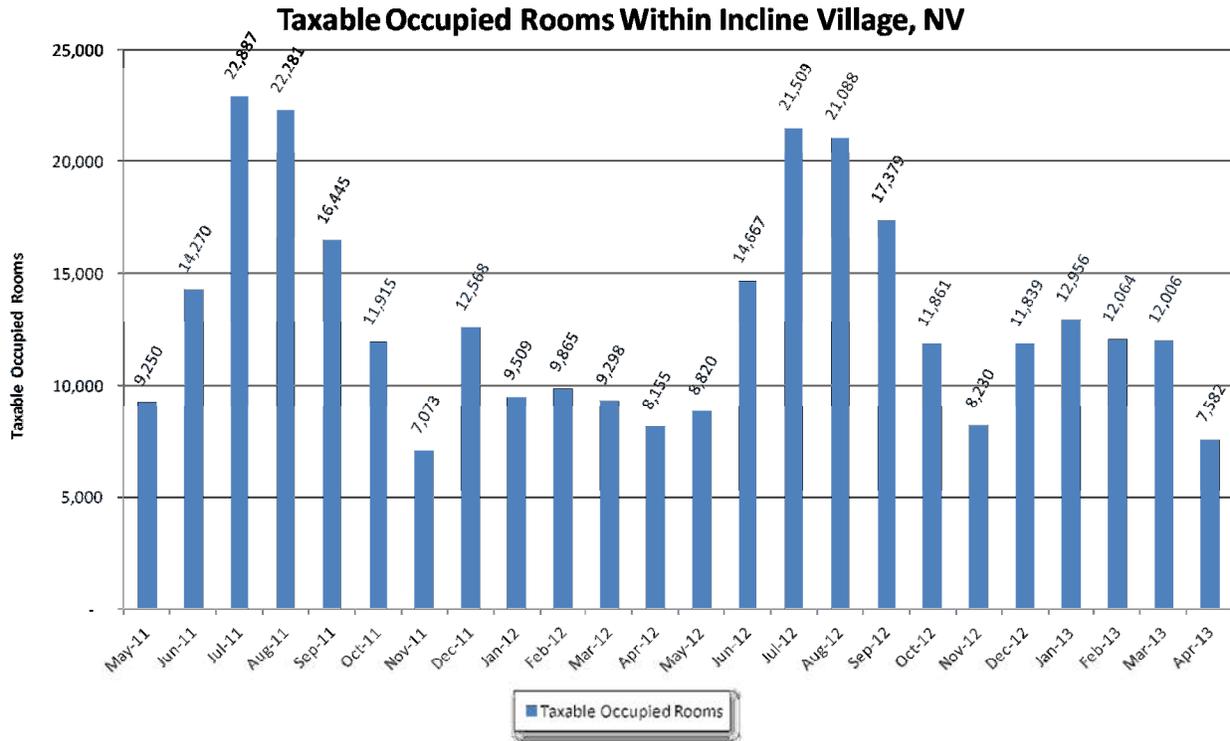


Figure 8

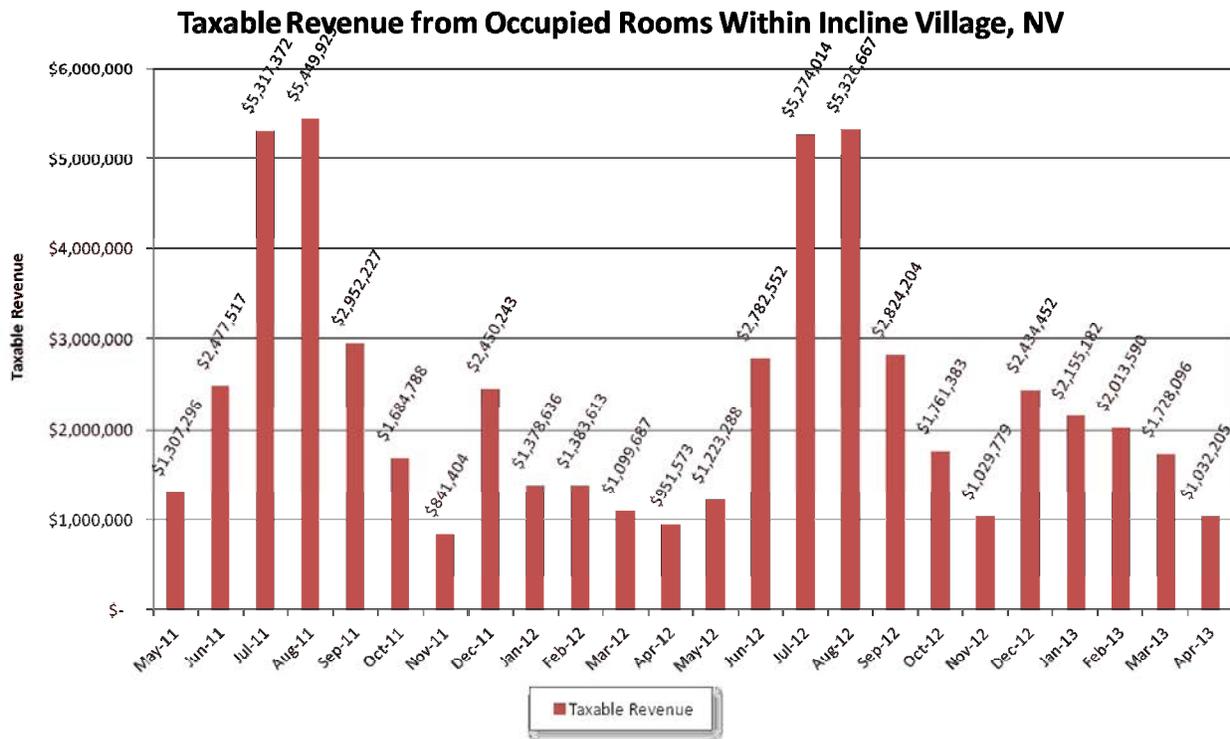
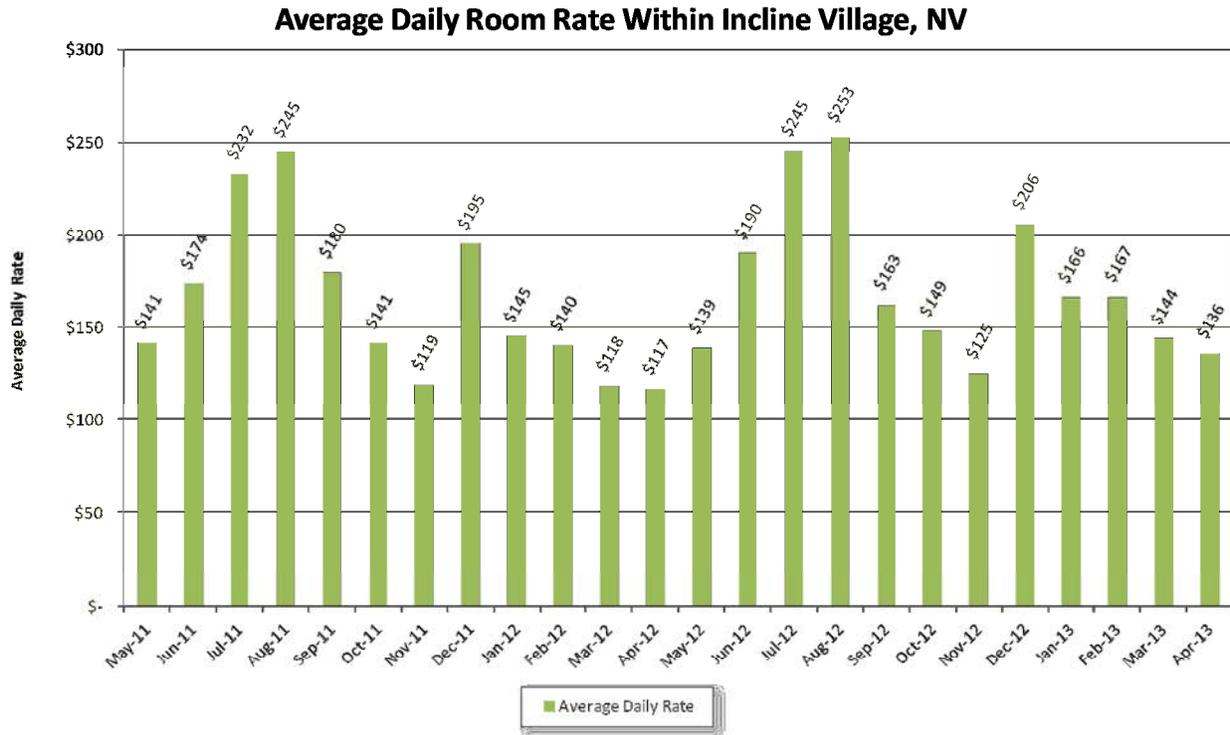


Figure 9



Regional Traffic Counts

Average Annual Daily Traffic Counts: The Nevada Department of Transportation (NDOT) and the California Department of Transportation (CalTrans) each maintains a database of traffic counts for thousands of count stations located throughout each state. Twenty-one of these stations are found in the general vicinity of Incline Village. The count stations shown in Figure 5 were used to estimate the **average annual daily traffic (AADT)** flowing in and out of California markets, Carson City, and Reno, NV, as well as through the center of Incline Village. The AADT is the total volume of traffic counts for the year divided by 365.

As seen in Figure 10 below, the traffic counts in the area around Incline Village show about **12,000 vehicles per day passing through on NV-28**. On NV-431, the average annual daily traffic is 4,800 vehicles per day. The AADT on NV-28 on the eastern side of Incline Village is a similar 4,600. Though the purpose of the drive is not known (residential, commercial/business, leisure, etc.), it is reasonable to predict that some portion of these drivers are visiting Incline Village for recreational/sightseeing reasons and would therefore be candidates to visit Diamond Peak.

Figure 10



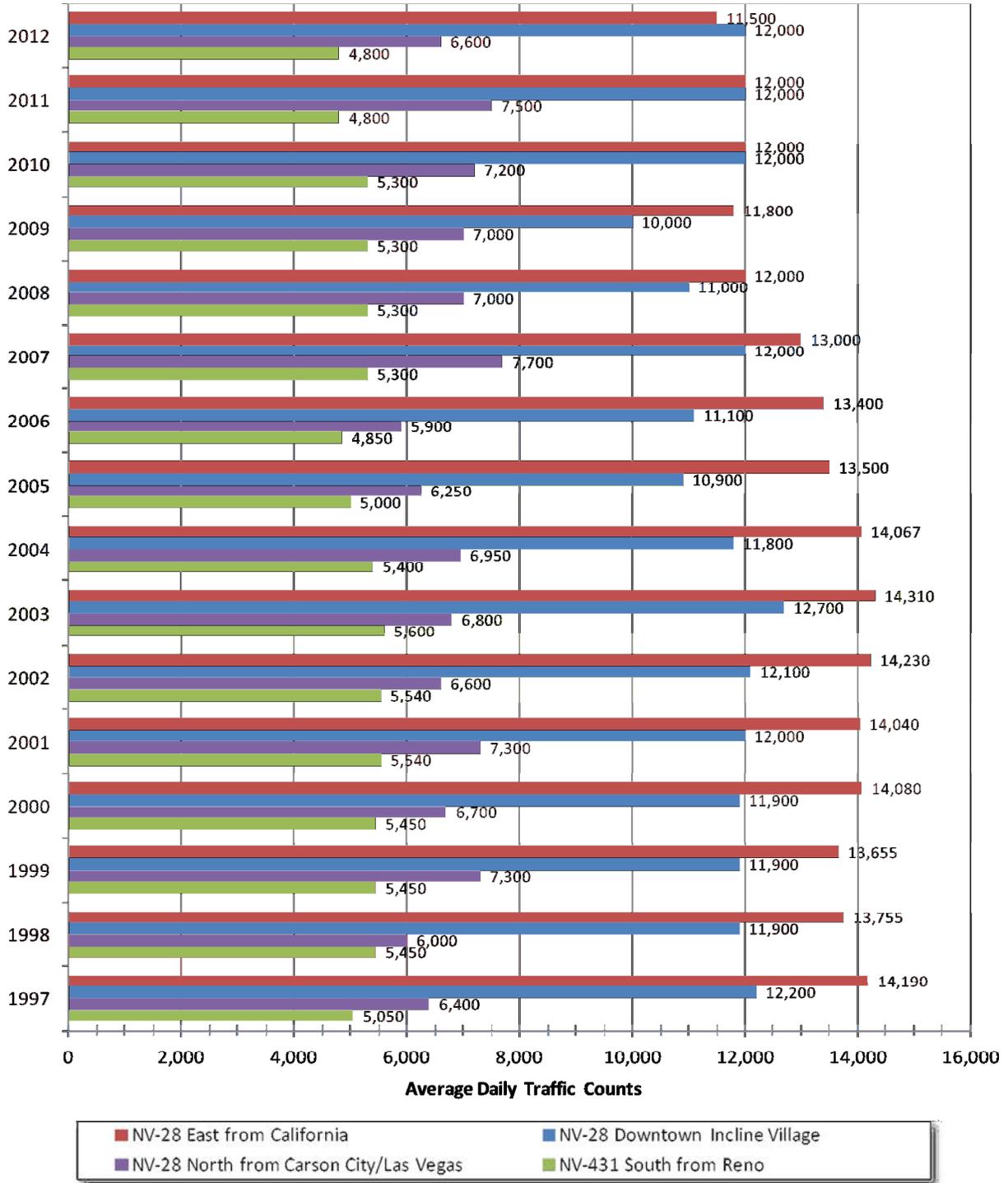
Figure 11 below presents a list of the AADT counts for 2012 by individual station within the area of interest for this study. Data from selected stations correspond to those shown in the map in Figure 10 above.

Figure 11

<u>Station Number</u>	<u>Route</u>	<u>Location Description</u>	<u>AADT 2012</u>
0310728	Village Bl	.1 mi W of Country Club Dr	900
0310742	Northwood Bl	75ft E of Village Blvd.	1,100
0310749	Southwood Bl	50ft S of SR-28 (Tahoe Blvd).	1,400
0310381	Lakeshore Bl	.1 mi W of SR-28 (Tahoe Blvd).	1,500
0310744	Northwood Bl	50ft S of Alder Av.	2,200
0310738	Country Club Dr	125ft N of First Green Dr.	2,300
0310761	Lakeshore Bl	200ft E of SR-28 (Tahoe Blvd).	2,400
0310733	Village Bl	330ft N of Southwood Blvd.	2,700
0310736	Country Club Dr	100ft N of Lakeshore Blvd.	2,800
0310747	Southwood Bl	270ft E of Mays Blvd.	3,200
0310730	Village Bl	300ft N of Northwood Blvd.	4,000
0310756	Lakeshore Bl	100ft E of Village Blvd.	4,400
0310737	Country Club Dr	100ft N of SR-28 (Tahoe Blvd).	4,600
0310770	SR431	50ft W of Barbara St.	4,800
0310372	SR431	100ft E of SR-28 (Tahoe Blvd)	4,900
0310380	SR28	.2 mi N of the E end of Lakeshore Blvd.	6,200
0310382	SR28	200ft S of the E end of Lakeshore Blvd.	6,600
0312240	SR28	0.2 mi N of Lakeshore Dr.	11,500
0310373	SR28	.1 mi S of SR-431 (Mt Rose Hw)	11,500
0310374	SR28	450ft N of SR-431 (Mt Rose Hw)	11,500
0310379	SR28	450ft S of Village Blvd.	12,000

As seen in Figure 12 below, NV-28 East into Incline Village, the main thruway to/from California, has generally received the most traffic over the past 15 years; however, the volume has declined from about 14,000 AADT in the early 2000s to about **12,000 for the past 5 years**. Traffic throughout downtown Incline Village on NV-28 has remained steady the past three years at 12,000 AADT, and actually had the most average daily traffic of all roads in 2012. Traffic to/from Reno on NV-431 (about 5,000 AADT) and Carson City on NV-28 (about 7,000 AADT) has fluctuated the past several years with a decline observed in 2012.

Figure 12
Average Annual Daily Traffic Counts for Incline Village, NV

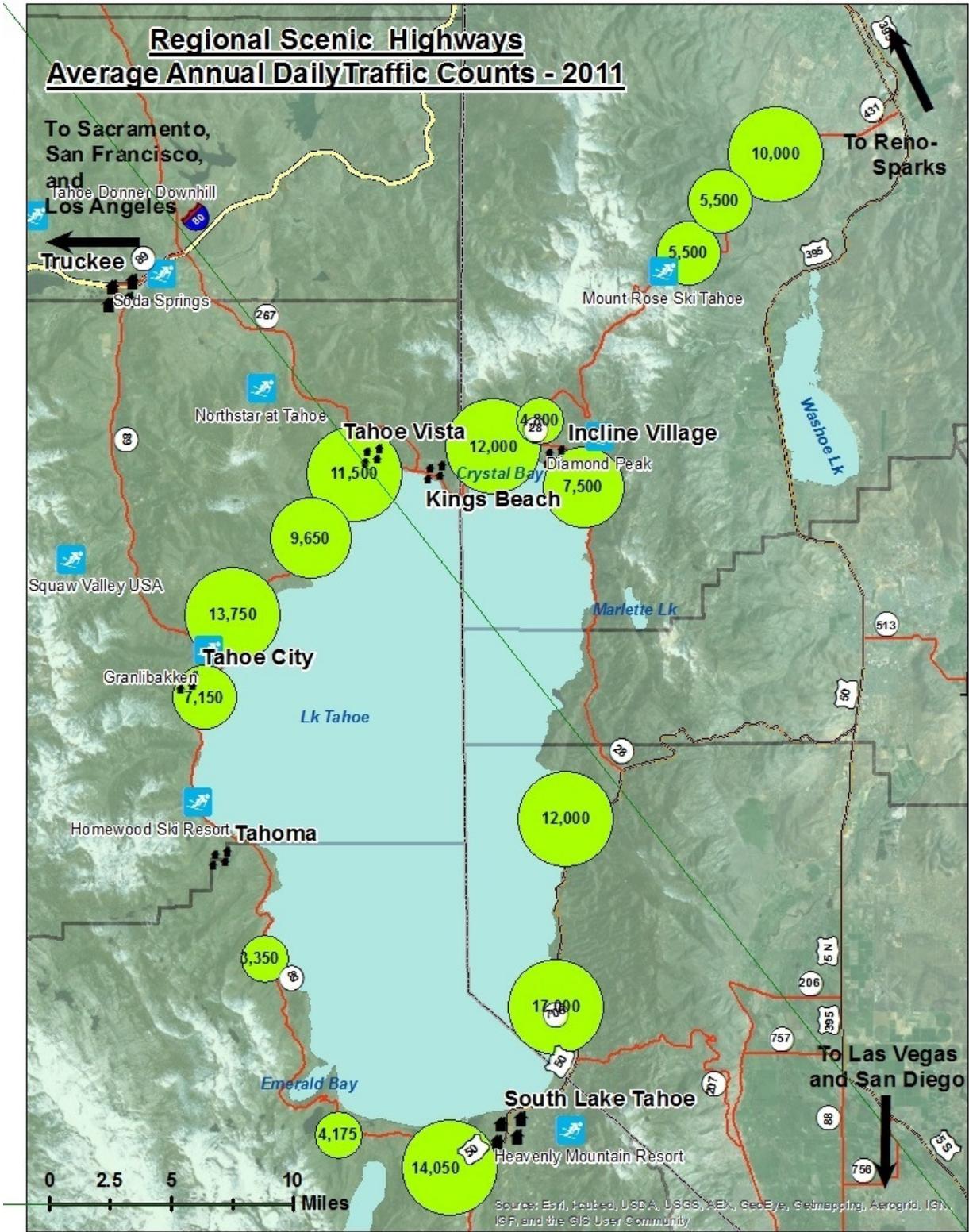


Source: NDOT, 2013, <http://apps.nevadadot.com/trina/>

Regionally, traffic volumes around the lake fluctuate significantly depending on location. Figure 13 below represents the AADT for strategic count stations along the scenic highways in the Lake Tahoe area. This data was collected by the NDOT for the Nevada side of the lake and CalTrans for the California side.

While South Lake Tahoe receives the most traffic volume in general, North Lake Tahoe receives significant volume as well. Based on anecdotal evidence, little commuter traffic occurs between South Lake Tahoe and Tahoma, or Tahoe City and Kings Beach, and a modest amount of commuter traffic occurs on NV-28 between Incline Village and US-50 and NV-28 Junction. This may indicate that most scenic driving occurs around North Lake Tahoe (as opposed to South Lake Tahoe).

Figure 13



Seasonal Traffic Counts: The Nevada Department of Transportation (NDOT) collects and reports on monthly traffic count data in only select locations. Months June through September have the highest traffic volumes around the Lake Tahoe region. Traffic peaks in July and declines slightly in August. November has the least amount of traffic with December through April receiving consistent flows (NDOT, 2011).

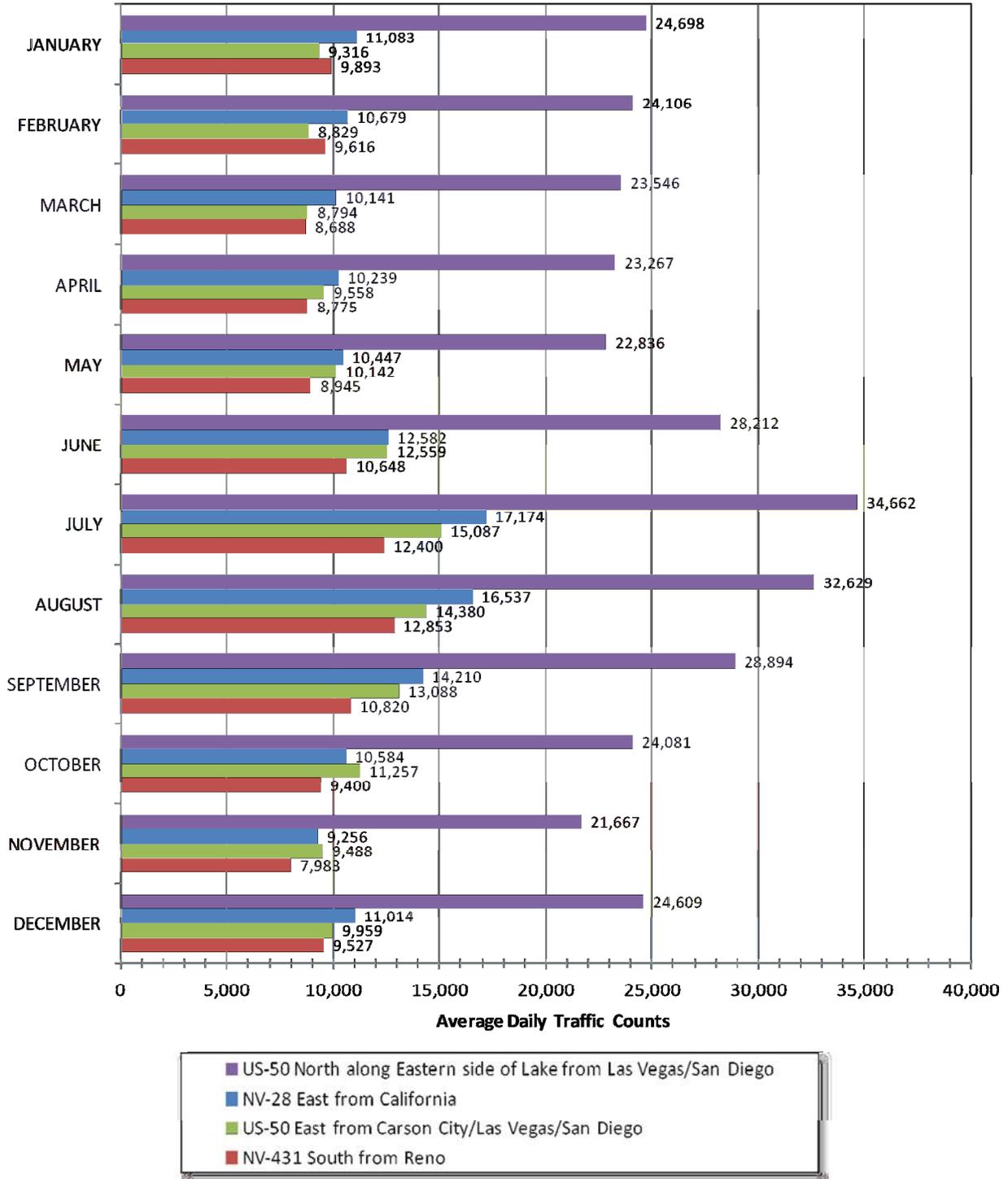
Considering the traditional routes into Incline Village, US-50 along the eastern side of Lake Tahoe receives the most traffic from May through September: **29,447 traffic counts on average daily**. This is the route taken by visitors traveling from Las Vegas and San Diego (NDOT, 2011). This is also one of Lake Tahoe’s most scenic drives and likely receives traffic flows from visitors staying in other parts of Lake Tahoe, particularly South Lake Tahoe.

Visitors traveling during the summer months of May through September into Incline Village via NV-28 East from Los Angeles, Sacramento, and San Francisco averages **14,190 counts daily** (NDOT, 2011). Nevada Highway 431 South from Reno receives **11,133 on average daily** during the summer, and those traveling to/from Carson City via US-50 account for **13,051 counts on average daily** (NDOT, 2011) (See Figure 14 below). While these routes are the linkages for Incline Village to/from the examined market areas, they are also a part of either the Lake Tahoe Scenic Drive or the Mt. Rose Scenic Drive. Visitors traveling these highways may or may not stop in Incline Village en route to their final destination.

Figure 14



Figure 15
Average Monthly Daily Traffic Counts for
North Lake Tahoe Region - 2011



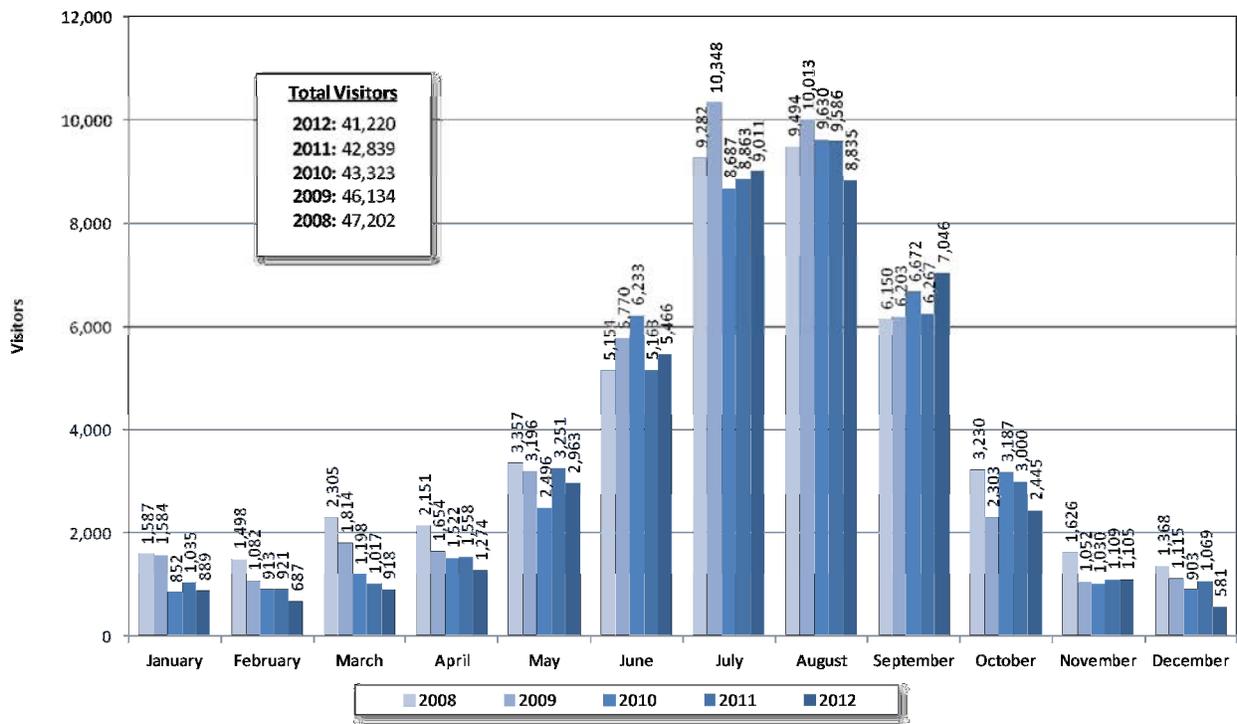
Visitor Traffic

Incline Village Visitors Center

The Incline Village/Crystal Bay Visitors Bureau (IVCBVB) tracks the monthly traffic of visitors to the visitor’s center located on Tahoe Blvd in Incline Village. Consistent with the RSCVB data of hotel occupancy, and traffic count data summer has the highest traffic volumes of all seasons. During July and August, the Visitor’s Center in Incline Village generally receives between 17,000 and 21,000 total visitors, and more than **30,000 people in total** stop in the visitor’s center for the period from June through September. (Figure 16)

Figure 16

Incline Village/Crystal Bay Visitors Bureau Traffic Log



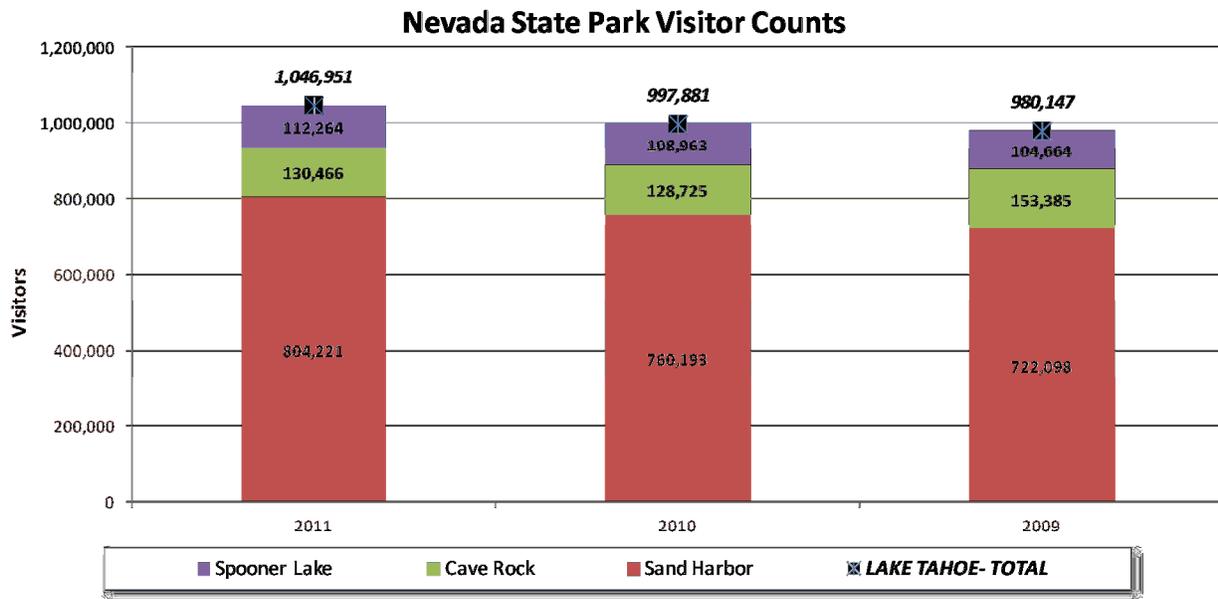
Nevada State Parks

The Nevada State Parks (NDSP) tracks visitors entering their parks. Sand Harbor, located less than 5 miles south of Incline Village on NV-28, receives the most visits of all the State Parks on the Nevada side of the Lake. Over **800,000 visits were recorded at Sand Harbor in 2011**, the most recent year for which data was available.

Cave Rock, located further south on US-50, receives significantly less visitation (about 130,000 visits annually), while Spooner Lake, located at the intersection of NV-28 and US-50 receives the lowest visitation (about 110,000 annual visits). (Source: NDSP, 2013).

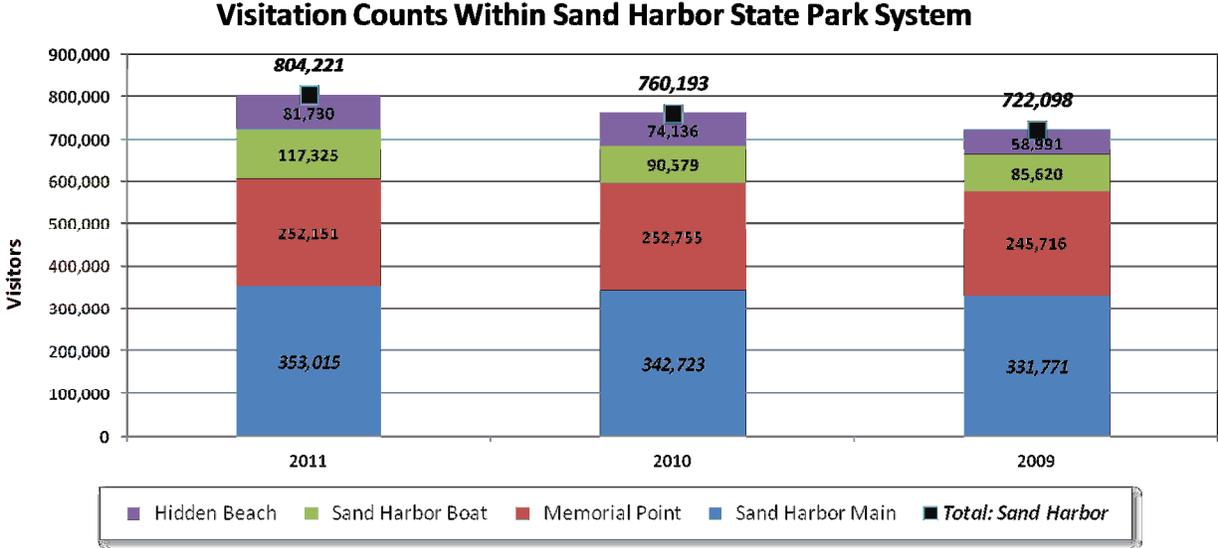
These figures show substantial visitor volumes at the state parks on the Nevada side of the lake and suggest that some number of these visitors might be potential customers for summer activities at Diamond Peak.

Figure 17



Within Sand Harbor, counts were conducted in certain areas. Hidden Beach, located nearest to Incline Village, receives substantial visits annually, and has been increasing steadily the past few years (over 350,000 visits in 2011).

Figure 18



Resident/Visitor Demographic Profiles

This section examines data about Incline Village residents, as well as underlying demographics of Lake Tahoe visitors and aspects of their visits, for both the summer and winter seasons.

Incline Village Residents/Second Homeowners

Residents and second homeowners in Incline Village represent a critical user group for potential summer operations at Diamond Peak. This group would benefit from the increased variety of activities and programs, providing recreational opportunities for them as well as for any visiting family/friends.

According to the US Census, the population of Incline Village was 8,777 in the 2010. The population is relatively older, affluent, and white. Approximately 91 percent of the population is white. The median age is 41.1 years (5 years older than the Nevada median of 36.1 years), with 17 percent under 18, 68 percent aged 18 to 64, and 15 percent 65 and over.

There are 3,454 households in Incline Village, with 21 percent of households containing one or more people under the age of 18 living in the home (below the Nevada average of 34 percent).

Residents of Incline Village are well-educated; 91 percent of adults aged 25 or older have a high school diploma, and 46 percent possess a bachelor's degree (about double the rate for the state of Nevada).

Of the 7,486 housing units in Incline Village, 3,483 (46.5%) are used for seasonal, recreational, or occasional use (ACS 2011 5-year, tables: DP04, B25004). Anecdotal evidence suggests that the proportion of second homes might be approximately 60 percent. The median value of the housing units in Incline Village is \$775,000, with 30 percent valued at over \$1 million.

Seasonal/second homeowners are an important group of potential users of summer activities, both because of the frequency with which they are in residence as well as for family and friends who come to stay with them. Incline Village second homeowners tend to have a strong "reverse snowbird" component, with second homeowners who live in the Southern California desert communities in the winter and come to Incline Village for the summer. Indeed, a surge of residents is seen in May and June, with these second homeowners returning to their properties for the summer.

Statistics related to second homeowner patterns (such as number of days in residence by season, activities they participate in, number of guests they have, etc.) were not available for inclusion in this report.

North Lake Tahoe Region Visitor Profiles

Generally, the North Lake Tahoe **summer season receives more families with children and empty nesters** than the winter season. The summer also shows visitors **staying longer in paid accommodations**. Average household incomes of the typical North Lake Tahoe visitor are fairly high with a **high proportion earning more than \$100,000 per year**. **Most of Lake Tahoe’s visitors come from California**, and the further they travel the more likely they stay for longer visits.

The most common reason for visiting is to **sightsee**, although **dining, shopping, and hiking** were also very common. While **Emerald Bay**, located in South Lake Tahoe, was the most frequently place visited by North Lake Tahoe visitors, **Kings Beach** was the second most frequently visited place during the summer.

Based on research conducted by Strata Research for the North Lake Tahoe Visitor’s Bureau (NLTVB) in April 2013 that tracked the impact of North Lake Tahoe advertisements within the San Francisco DMA “**summer was the most common season for vacation travel (48%)**, followed by Winter (22%), Fall (17%), and Spring (12%).”

Another question Strata Research investigated was why respondents are likely to visit North Lake Tahoe (NLT) in the next 12 months. The **top reason for visiting NLT was that it was close to home**.

NLT Summer Visitor Profile

Based on an RRC Associates 2012 summer intercept survey of visitors to the North Lake Tahoe (NLT) region, 17 percent of visitors to NLT were **day visitors** and 18 percent were simply passing through the area and staying the night elsewhere. About 63 percent, however, were **spending the night in NLT**.

The predominant reason for visiting NLT was for **general sightseeing** (92 percent), though **dining** (71 percent), **hiking/climbing** (58 percent), and **shopping** (50 percent) were also frequent primary reasons for visiting. The **most popular attraction to Lake Tahoe was Emerald Bay** with slightly more than half of respondents visiting on their trip. Somewhat less popular but important to many visitors were **Kings Beach** and **Tahoe City Commons Beach** (43 percent each). **Truckee River Rafting** (30 percent) and **Sugar Pine Point State Park** (22 percent) also had a significant portion of visitors.

- **Demographics:** The average age of surveyed visitors was 48.6 years old with about one-third in households with children at home, another one-third in empty nester households, about one-fourth were couples with no kids, and one-eighth were singles with no kids. The majority of households, about two-thirds, earned an annual household income between \$50,000 and \$200,000, but another one-fifth earned more than \$200,000 per year.

- **Overnight visitors:** The majority of overnight visitors (about 65 percent) reported staying in paid lodging such as motel/hotel/condo rentals. Roughly 13 percent stayed in their second home, 10 percent with friends and family, and 8 percent camped in a tent or RV.
- **Length of stay:** Trip length varied from one to more than 6 nights in the NLT area, with a fairly even spread between the various number of nights in the area. The average was 4.1 nights, with a median of 4 nights. About one-fourth of visitors stayed for a week or more.
- **Spending:** The spending profile of visitors ranged greatly, with most visitors spending less than \$500 but a significant portion spending more than \$1,000 during their trip.
- **Origins:** Slightly more than half of all visitors came from California, and a little more than one-third were from another State. Within California, Santa Clara (12 percent), San Diego (11%), Alameda (10%), Los Angeles (9%), Orange (8%), Fresno (5%), Sacramento (5%), and Contra Costa, Placer, San Francisco, San Mateo, Sonoma (4% each) were the counties most visitors originated from. All other California counties combined comprised of about one-fifth of NLT visitors.

Diamond Peak Winter Visitor Profile

During the 2010/2011 winter ski season RRC Associates conducted an online survey of visitors to the Diamond Peak ski area. Results showed that 42% of all skiers/boarders were day visitors which included local residents, while 58% were overnight visitors to the area.

- **Demographics:** The average age of visitors was 45.7 years old (not including children under 18).
- **Overnight visitors:** About 40% of overnight winter visitors to Diamond Peak indicated they were staying in paid accommodations such as hotel/motel/condo/etc. Another 44% reported staying in a vacation unit owned by themselves, friends or family. About 16% were staying with friends or family who lived in the area.
- **Length of stay:** The average length of stay for overnight visitors was 4.4 nights (3.0 median), however more than one-fourth of visitors indicated they were staying form more than a full week. Also, about 96% indicated they were staying longer than a single night.
- **Origins:** By far the most common origin for winter Diamond Peak visitors, with almost three-fourths of all overnight visitors, was California. Nevada followed with slightly more than one-tenth. Almost half of all overnight visitors came from the San Francisco Bay area

Additionally, Diamond Peak conducted its own online survey at the conclusion of the 2012/13 ski season. Some summer-specific questions were asked on the survey, and the results are presented below.

- The **strong majority** (83 percent) of Diamond Peak’s winter visitors also visit Lake Tahoe in the summer.
- For those who visit in the summer currently, most popular activities are **hiking** (82 percent), **watersports** (61 percent), **festivals/special events** (40 percent), **mountain biking** (31 percent), and **golf** (28 percent). These results show the preferences of current Diamond Peak winter visitors, and might serve to help identify summer activities that would resonate with this same audience.
- An open-ended question asked survey participants to identify activities, programs, and/or events they would like to see at Diamond Peak in the summer. Common responses included activities for kids, scenic lift rides, zip lines, camping, hiking, mountain biking, and concerts.

South Lake Tahoe Region Visitor Profiles

Information about South Lake Tahoe visitors is presented because they represent a potential day visit market for Diamond Peak summer activities.

Strategic Marketing Group (SMG) performed an intercept survey of visitors to South Lake Tahoe for the summer of 2010 through the winter of 2011. Recognizing that South Lake Tahoe recreation amenities and physical location are different from North Lake Tahoe, these results provide another useful tool in learning how to capitalize on multi-seasonal recreation opportunities.

SMG combined the results from each season for much of their analysis; however some dissection of summer and winter visitors was mentioned periodically throughout the report. According to SMG’s summer analysis, roughly 78% of visitors were overnight visitors (64% winter and summer combined) (SMG, p. 9). This lower combined percentage of overnight visitors indicates there are **more day visitors during the winter than summer**.

The main reason for visiting Lake Tahoe, according to SMG, was for **pleasure/vacation** with 77% of visitors indicating it as the primary purpose of visit. SMG also inquired about activities visitors planned to participate in while on their trip to South Lake Tahoe. **Sightseeing** (57%), **gaming** (49%), **shopping** (48%), and **fine dining** (42%) rated as the most common activities.

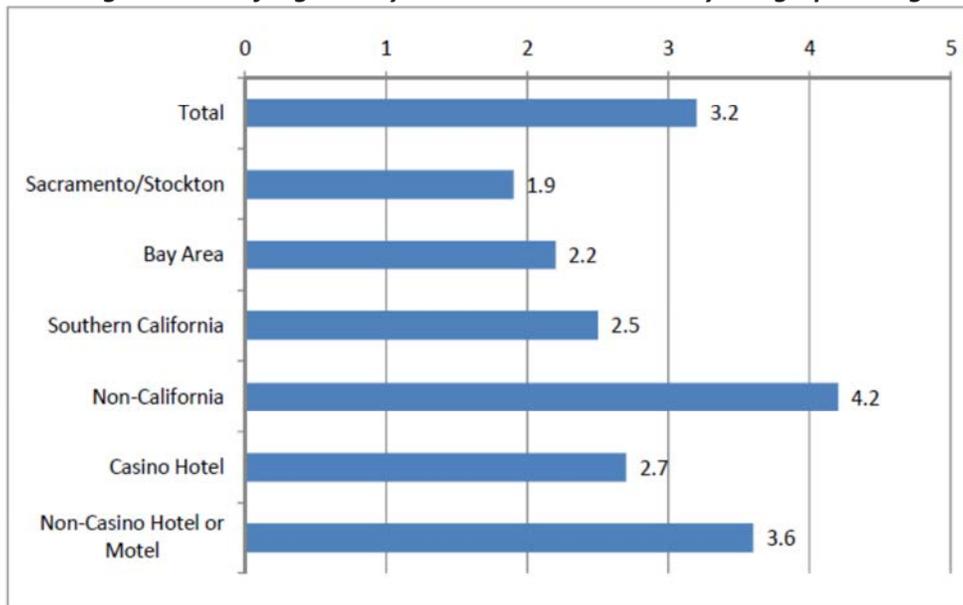
Demographics: The average age of the respondents was 38 years with an annual income of roughly \$115,000. About 42% reported an annual income of \$100,000 or more. The summer season had a higher percentage of married couples visit than the winter, though slightly more

than half of all winter visitors were married as well (61% for summer to 53% for winter) (SMG, p. 9).

Roughly one-third of all visitors to South Lake Tahoe had **children at home** (30% during the summer, 39% during the winter). Slightly less than half had no children at all (44% during the summer, 46% for winter). Empty nesters differed considerably depending on the season with 26% of all visitors during the summer, and almost half that, 15%, during the winter.

Length of stay: The SMG asked visitors to the South Shore of Lake Tahoe the total number of nights they planned on staying. Despite a **total average of 3.2 nights**, differences between geographic origins were evident as illustrated in Figure 19 below (SMG, p. 10).

Figure 19
Average number of nights stayed in South Lake Tahoe by Geographic Origin



Origins: **California is the most common state of origin** for South Lake Tahoe visitors, representing 59 percent of visitors. Followed remotely behind is Nevada with 9 percent. No other single state had more than 4 percent of South Lake Tahoe’s total visitors (SMG, p. 6).

Within the California market most of the visitors originate from the San Francisco Bay area (40 percent of California), followed by the North Sierra (28 percent of California). Figure 20 below from SMG illustrates the distribution of visitors from California (SMG, p. 6).

Figure 20
South Lake Tahoe visitor origin

	% of Total	% of CA
Bay Area	24%	40%
East Bay	10%	17%
Penninsula	7%	12%
San Francisco	3%	5%
Marin	2%	4%
North Sierra	16%	28%
Sacramento	10%	16%
Southern California	4%	7%

Current Inventory of Recreational Opportunities

This chapter presents information related to existing recreational opportunities around Lake Tahoe. The focus is on North Lake Tahoe and includes an inventory of IVGID facilities, NTPUD properties, trails in the area, and summer recreation, both existing and proposed, at other ski areas in the Lake Tahoe region.

Diamond Peak

Diamond Peak is primarily a winter destination and has been focused on maximizing the snow sports potential of the site. Numerous opportunities exist, however, to use Diamond Peak as a year-round facility. Diamond Peak currently has a full-service base lodge, sun decks, ski/snowboard equipment rental and repair shop, child ski center, ski & snowboard school, the mid-mountain Snowflake Lodge, and 6 lifts. ***The Snowflake Lodge provides stunning and dramatic views of Lake Tahoe***, and serves as a competitive advantage for Diamond Peak over other ski areas in the region. Currently, the Snowflake Lodge is used in the winter for evening wine tastings.

IVGID

Incline Village Parks and Recreation Department manages numerous facilities (including Diamond Peak) for both community residents and destination visitors to enjoy leisure and recreation. A matrix and map of Incline Village recreation facilities and functions from the Incline Village Parks and Rec. Department are provided below. These facilities include fields, parks, beaches, two golf courses, and community centers.

Figure 21

	Playing Fields	Play Ground	Picnic Tables	Barbecues	Tennis Courts	Skate Park	Boat Ball Area	Volleyball Court	Pool	Boat Ramp	Gymnasium	Res. Group Picnic Area	Snack Bar	Full Service Restaurant	Miscell. Space Rental
PRESTON FIELD 700 Tahoe Blvd. (775) 832-1310	✓	✓	✓	✓								✓			
VILLAGE GREEN 960 Lakeshore Blvd. (775) 832-1310	✓		✓												
ASPEN GROVE COMM. CENTER 960 Lakeshore Blvd. (775) 832-1310			✓	✓								✓			✓
TENNIS CENTER 980 Incline Way (775) 832-1235			✓	✓	✓								✓		
RECREATION CENTER 980 Incline Way (775) 832-1310			✓					✓	✓		✓		✓		✓
INCLINE SKATE PARK Tahoe Blvd & Southwood Blvd. (775) 832-1310						✓									
INCLINE PARK 939 Southwood Blvd. (775) 832-1310	✓		✓	✓											
INCLINE BEACH 967 Lakeshore Blvd. (775) 832-1233		✓	✓	✓								✓	✓		
SKI BEACH 967 Lakeshore Blvd. (775) 832-1156			✓	✓			✓	✓		✓					
BURNT CEDAR BEACH 665 Lakeshore Blvd. (775) 832-1232		✓	✓	✓				✓	✓			✓	✓		
THE CHATEAU AT INCLINE VILLAGE™ 955 Fairway Blvd. (775) 832-1240															✓
DIAMOND PEAK SKI RESORT 1210 Ski Way (775) 832-1177			✓										✓		✓
THE GRILLE AT THE CHATEAU 955 Fairway Blvd. (775) 832-1178														✓	✓
CHAMPIONSHIP GOLF COURSE 955 Fairway Blvd. (775) 832-1146													✓		
MOUNTAIN GOLF COURSE 690 Wilson Way (775) 832-1150													✓		

The map below, from the Tahoe Regional Planning Agency’s (TRPA) Regional Plan Update, shows the location of several Incline Village and Crystal Bay recreational facilities and amenities.

Figure 23



NTPUD

Though Incline Village is not part of the North Tahoe Public Utility District (NTPUD), a Parks and Recreation Master Plan document from that organization identifies some regional priorities that are of interest to Diamond Peak. This 2006/2007 report is intended to guide recreation developments within NTPUD for the next 20 years. Through numerous public meetings one of the articles of interest to focus the plan on was the development of **regional unity**. As of the finalization of the master plan in 2007, the NTPUD declared “there is **difficulty in connecting with existing trail networks and biking systems**, causing disjointedness in potentially fluid recreation activities. Hikers and Bikers must drive to access contiguous trailways and bike paths, causing them to seek these recreation opportunities outside North Tahoe” (NTPUD Parks Master Plan, p. 1–3).

The NTPUD Parks Master Plan also provided an in-depth inventory of the existing facilities of NTPUD and other facilities operated by agencies that service the needs of the North Tahoe community. The full list of facilities evaluated is below and in-depth analysis of each can be found within the Parks Master Plan. These facilities include several state parks, beaches, a marina, golf course, library, and natural areas.

Current NTPUD Park Facilities

- North Tahoe Regional Park (NTRP): 124.5 acre facility for active sports such as soccer, softball, track-and-field, and tennis, and passive rec. opportunities. Views of Lake Tahoe. Six miles of trails. Adjacent to National Forest Land and Placer, open space.
- Tahoe Vista Recreation Area (TVRA): 2.7 acre park in Tahoe Vista along Lake Tahoe. Major boat launch. Limited parking. Picnic tables. Bike racks.
- North Tahoe Community Conference Center (NTCCC): Adjacent to Kings Beach State Recreation Area. 16,170 square feet divided into eight meeting rooms for conferences, community meetings, and classes. Passive rec. opportunities and wedding events.

Other NTPUD Properties

- Firestone Property: 103.7 acre property designated to support the North Tahoe Bike Trail connection to Tahoe City.
- Stoker Property: 2.2 acre undeveloped property located in residential area of Kings Beach 5 blocks north of NV-28.
- Mogilefsky Property: 16.5 acre undeveloped parcel north of NTRP. Modest views of Lake Tahoe, and much more snow than NTRP. Proposed to be used for a possible snowmobile park.
- National Avenue Community Daycare Center: 3,800 square feet building owned by district adjacent to their head-quarters in Tahoe Vista.
- NTPUD Bike Trail: Paved asphalt bike trail extending from NTRP, through US Forest Service land, to nearly CA-267.

Properties owned by other Entities and maintained by the NTPUD

- Kings Beach State Recreation Area (KBSRA): 12.8 acre shoreline park in center of Kings Beach, CA. Clear vistas of Lake Tahoe and the Sierras. Sandy beach, pier, playground, numerous picnic tables.
- Coon Street Plaza: 1.7 acres adjacent to KBSRA. Paved area lined with benches and trees and holds major community events such as craft fairs, and musical events.
- Coon Street Recreation Area: Patch of green space and rocky beach, few picnic tables directly east of KBSRA. Boat Launch, wood dock, and informal dog park.
- Kings Beach Neighborhood Park: Multi-use field and baseball field adjacent to KBSRA.
- Placer, Properties
 - o *North Tahoe Beach*: Public beach in Kings Beach. Parking, grassy areas, sandy beach, picnic shelter and tables.
 - o *Speedboat (formerly known as Buck's) Beach*: Small sandy beach and wading/swimming area with several large rocks. Limited parking. Located near the CA/NV border.
 - o *Moon Dunes Beach*: Sandy beach and two picnic tables in Tahoe Vista.
- California Tahoe Conservancy (CTC)
 - o *Sandy Beach/Griff Creek*: Small beach with limited picnic tables and parking.

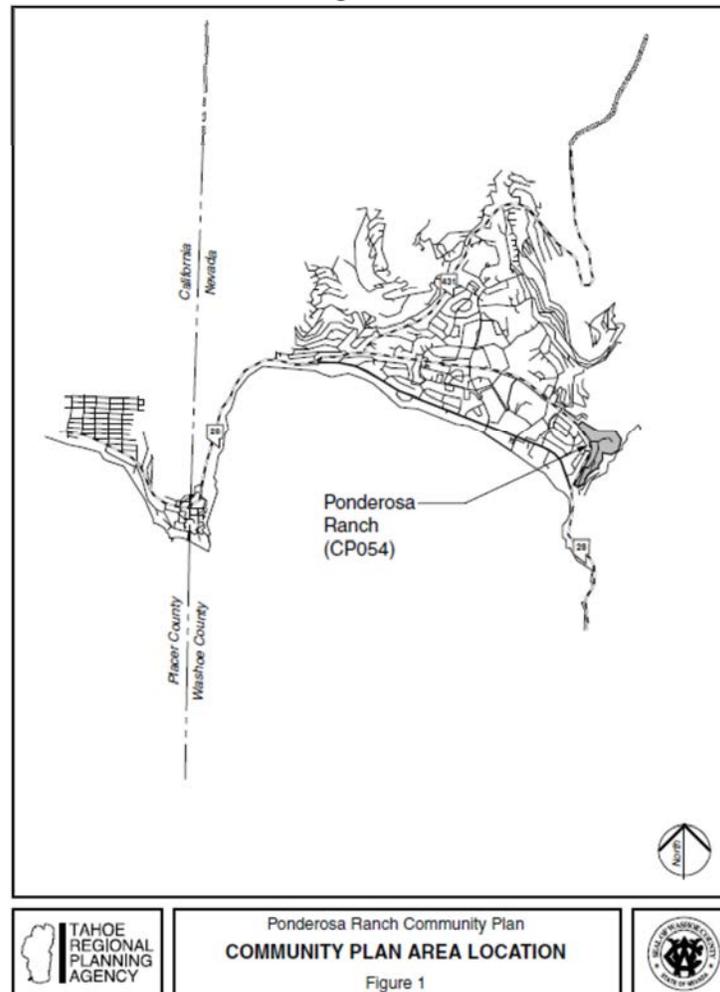
Other Recreation Facilities in the NTPUD

- Boys and Girls Club of North Lake Tahoe
- Private Recreation Facilities
 - o *Nine-hole golf course*
 - o *Two miniature golf courses(one in Kings Beach and one in Carnelian Bay)*
 - o *Yoga studio*
 - o *Several marinas*
 - o *Watercraft rental and bike rental facilities*
 - o *Winter sports equipment rental shops*

Ponderosa Ranch

Ponderosa Ranch: The Ponderosa Ranch, a theme park based on the long running television series “Bonanza” was located in Incline Village and drew large numbers of visitors per year. In 2004, the property was purchased by a private investor and subsequently closed for business.

Figure 24



Anecdotal evidence suggests that the **facility generated close to 300,000 visits annually**, though no evidence could be uncovered to substantiate those figures. Nevertheless, the popularity of the Ponderosa Ranch is indicative of the **desire among North Lake Tahoe visitors to participate in compelling, unique attractions and activities**. While attractions at Diamond Peak would not emulate Ponderosa Ranch specifically, the right mix of new activities would likely draw a substantial numbers of visitors.

In 1996 the TRPA conducted a Community Plan to guide development of the former Ponderosa Ranch property which was intended to provide a revitalized east entrance to Incline Village, new theme park attractions, and increase residential housing. The Community Plan did not

refer to any actual counts of visitors per year but indicated that it was a “major summertime draw” (TRPA Ponderosa Ranch Community Plan, p.2-5).

The Ponderosa Ranch Community Plan also referred to implications if the redevelopment were not to occur. If the redevelopment were to be unsuccessful “the community will have lost a major visitor attraction and the only local access point to the area’s extensive network of horseback trails” (TRPA Ponderosa Ranch Community Plan, p.2-6).

Tahoe Rim Trail / Flume Trail / Incline Flume Trail

Diamond Peak serves as a ***critical link and point of entry to the Tahoe Rim Trail, the Flume Trail, and the informal Incline Flume Trail***. These trails are popular for hiking and mountain biking. Diamond Peak is well-positioned to take advantage of its location by potentially providing services for hikers and mountain bikers who want to access these trails, including lift rides to the summit (to intersect with the Tahoe Rim Trail) or selling supplies and food to hikers and bikers.

Figure 25
Tahoe Rim Trail/ Flume Trail/ Incline Flume Trail



Summer Activities at Other Ski Areas

Some ski mountains in the Lake Tahoe region have summer recreation activities, including **Heavenly, Northstar California, Squaw Valley, Tahoe Donner, Granlibakken, and Homewood**. Other ski mountains of comparable size to Diamond Peak provide very few if any summer activities including **Soda Springs, Sugar Bowl, Sierra-at-Tahoe, and Mt. Rose**.

Heavenly: Heavenly Mountain Resort, located in South Lake Tahoe, is an exceptionally large ski resort and provides numerous activities and events throughout the summer season. Activities at Heavenly range from riding the Gondola to the top of the mountain for scenic views, hiking, and dining at the Tamarack Lodge. Heavenly also provides a 25 foot high outdoor climbing wall, a summer and winter tubing hill, hot air balloon and helicopter rides, a salon and day spa; and summer events including dance parties, music concerts, renaissance fairs, bike festivals, and boat races. Much of the activity at Heavenly, including hiking and summer tubing, is accessed via the gondola, which requires a \$38 ticket (teens/seniors, \$32; kids, \$20).

The hiking around Heavenly ranges from beginner to expert level terrain with a total of 9 miles of trails. (<http://www.skiheavenly.com/the-mountain/adventurepeaksummer.aspx>)

Heavenly is owned by Vail Resorts, which has extensive plans to expand summer activities at most of their ski resort properties (“Epic Discovery”). Specific plans for Heavenly have not been announced.

Northstar California: Northstar California, also a large ski resort, has a wide array of summer activities that draw visitors from May through September. These activities include golf, wine walk events, a kid’s adventure camp, geocaching, tennis, fly fishing, roller skating, star gazing tours, live music, and more.

The kid’s adventure camp is a day camp that includes nature hikes, games, and activities, survival skills, scavenger hunts, flora and fauna identification, and other environmental education topics as well as soccer, roller skating and nature arts and crafts.

(http://www.northstarcalifornia.com/info/summer/summer_activities.asp)

Like Heavenly, Northstar is operated by Vail Resorts. A proposed mountain coaster at Northstar has been approved by the Placer County Planning Commission, but opposition from a local homeowners group over noise and traffic has been noted.

<http://www.tahoedailytribune.com/northshore/7068368-113/northstar-flyer-forest-mountain>

Squaw Valley: Another large resort in the North Lake Tahoe area on the California side, Squaw Valley has similar summer activities as Northstar at Tahoe and Heavenly. Squaw Valley has opportunities for hiking, geocaching, free guided hikes, biking opportunities, riding an aerial tram, and golf.

Many of Squaw Valley’s hiking trails start at the summit (with access via the aerial tram) and meander throughout the mountain. Trail difficulty ranges from easy/moderate to moderate/difficult and total roughly 17 miles. (<http://www.squaw.com/things-to-do/summer-activities/other-summer-activities>)

Squaw Valley also has a ropes course complete with a skyjump bungee trampoline, climbing wall, and mini golf courses (<http://northtahoadventures.com/>).

Squaw Valley also has ambitious expansion plans, called The Village at Squaw Valley Specific Plan, which have been submitted to Placer County. The specific plan provides a detailed blueprint for developing an all-season resort community in four phases over 12 to 15 years. The development would include hotels, condominium hotels, and other residential properties. It also would feature skier services, other recreational facilities, retail shopping, restaurants and bars, and entertainment.

In the first phase, five buildings with a total of more than 908,000 square feet of space would be built on 26 acres. The project would include three condominium hotel buildings with commercial uses on the ground floors and a 132,000-square-foot Mountain Adventure and Aquatic Center with indoor rock climbing, water-based recreation, a movie theater, bowling alley and an arcade.

The current development plans include an indoor water park. Though a mountain coaster was planned at Squaw Valley as part of the development, latest reports show that the resort dropped those plans in March 2013 due to environmental review concerns.

Mt. Rose Ski Tahoe: As a smaller ski mountain and nearest to Diamond Peak, Mt. Rose Ski Tahoe is one of Diamond Peak’s main competitors in the winter. Examining Mt. Rose’s website reveals few summer activities (<http://www.skirose.com/>). The main focus of summer activity is through Winters Creek Lodge; a Mt. Rose managed property. Winters Creek Lodge, located on the southeastern most edge of the mountain provides a venue for weddings and other special events. Mt. Rose offers a variety of hiking opportunities with about 19 miles of trails (<http://www.summitpost.org/mount-rose-nevada/150662>).

Soda Springs: Another comparably sized ski area to Diamond Peak in the North Lake Tahoe area, Soda Springs closes down entirely for the summer and does not advertise any summer activities or events (<http://www.skisodasprings.com/>).

Tahoe Donner: Tahoe Donner, run by one of the largest homeowner associations in California, is predominately a Nordic ski center, with limited downhill opportunities. The downhill ski area is focused on beginners and only has three carpet lifts, one quad chair, and one double chair.

Many of Tahoe Donner’s amenities are private such as hiking, tennis, day camps, and aquatics. Several amenities are open to the public, however, and include a camp ground, equestrian facilities and programs, a golf course, and bike rentals (<http://www.tahoedonner.com/>).

Granlibakken: Granlibakken offers a full conference center and lodge that provides ample winter and summer activities. Several of Granlibakken’s summer activities include hiking, pool/hot tub/sauna and spa, mountain bike rentals, and high and low rope courses (<http://www.granlibakken.com/summer.php>).

The Tahoe Treetop Adventure Park (rope course) is managed by North Tahoe Adventures and have 65 tree platforms connected by a variety of bridges and/or zip lines. This location is open for both summer and winter. Visitors have the choice of participating in the Adventure Park or Canopy Tour (<http://northtahoeadventures.com/>).

Homewood: Homewood Mountain Resort, located on the Lake Tahoe shore in California, is of comparable size to Diamond Peak and has many similarities, including an expansive view of the Lake from the mountain.

Summer activities at Homewood include bicycle rentals, paddleboard and kayak rentals, dining, outdoor yoga programs, weddings and special events, music events/concerts, and fine arts festivals and fairs (<http://skihomewood.com/>).

Homewood has also created a Master Plan in order to revitalize the West Shore into a more complete and sustainable pedestrian-oriented community center. The first phase of construction is scheduled to take place from 2014 to 2017 and the second phase from 2018 to 2020. The complete plan can be found on Homewood’s website (<http://www.skihomewood.com/masterplan/overview/details>).

Regional

Regional recreation opportunities in North Lake Tahoe are abundant and summarized by the TRPA’s Regional Plan Update chapter 3.11. Figure 26 below, from the Regional Plan Update, maps out the parks and recreation areas of the Tahoe Region. Many of these amenities include **beaches** and other active outdoor recreation opportunities such as **camping, hiking, and biking**.

According to the TRPA Regional Plan Update, the “Lake Tahoe Basin Management Unit of the **U.S. Forest Service manages over 75% of the Tahoe Region** which includes beaches, hiking and biking trails, off-highway vehicle trails, wilderness, historic estates, and developed recreation areas such as resorts, ski areas, campgrounds, and riding stables” (p 3.11-6).

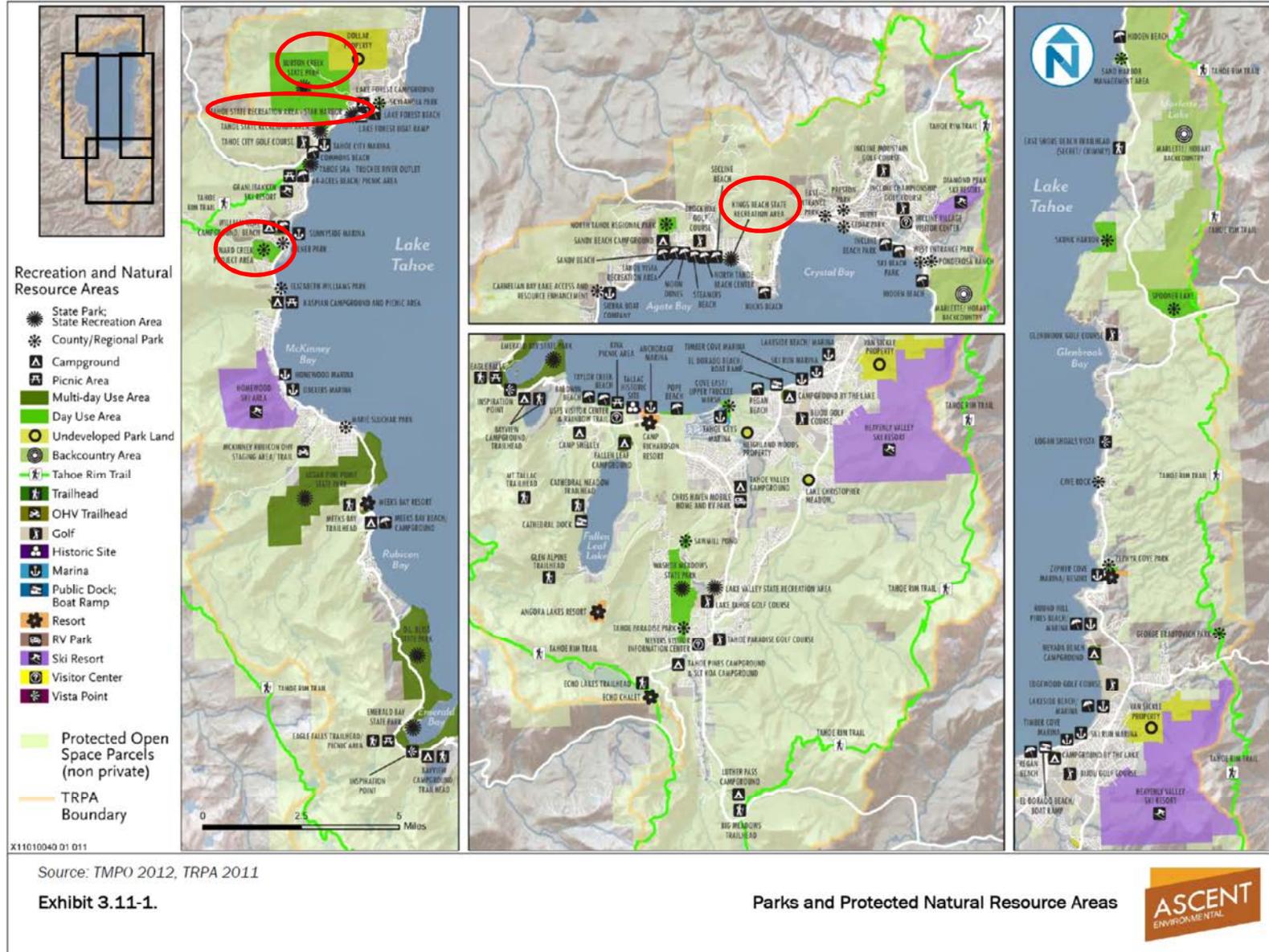
“Lake Tahoe-Nevada State Park is managed by the Nevada Division of State Parks (NSP) and includes Sand Harbor and the Spooner Backcountry” (TRPA Regional Plan Update, p. 3.11-8).

This park offers an array of recreational opportunities including sandy beaches, a boat launch ramp, restrooms, and picnic areas (TRPA Regional Plan Update, p. 3.11-8).

California State Parks (CSP) manages nine properties within the Lake Tahoe Region, including Burton Creek SP, D.L. Bliss SP, Ed Z’Berg Sugar Pine Point SP, Emerald Bay SP, Kings Beach State Rec. Area, Lake Valley State Rec. Area, Tahoe State Rec. Area, Ward Creek Park Property, and Washoe Meadows SP.

In regards to North Lake Tahoe specifically, Kings Beach State Park is located in Kings Beach, CA, and Burton Creek SP and Tahoe State Recreation Area are located just north of Tahoe City. The Ward Creek Property is located just south of Tahoe City and all other properties can be found closer to South Lake Tahoe. These properties can be found circled in red on the map below.

Figure 26



General Assessment of Recreational Opportunities

This chapter analyzes several aspects of recreation and tourism in North Lake Tahoe, including outdoor recreation and cultural facility needs, opportunities, and constraints, as well as community input on challenges and strengths regarding recreation as a whole.

To summarize this chapter, the following observations are presented:

- A main challenge discovered through a community assessment of Incline Village and Crystal Bay is the ***over use of facilities***. Beaches, parking, golfing, skiing, and hiking trails were the facilities most frequently mentioned as being over-saturated with visitors. Clearly, Diamond Peak represents a developed but under-utilized facility in summer, and potentially could be part of the solution to the over-crowding of these other facilities.
- The Tahoe Regional Planning Agency (TRPA) conducts periodic updates to the Regional Plan and found that ***beaches, day-use facilities, developed camp grounds, riding/hiking trails, and marinas have the most carrying capacities*** of all the outdoor recreation facilities available during the summer in the Lake Tahoe area.
- The USFS found that the ***top six activities*** visitors participate in while in Lake Tahoe include ***relaxing, downhill skiing, viewing natural features, hiking/walking, viewing wildlife, and driving for pleasure***.
- A Webb Management Services 2009 study of cultural facilities in the North Lake Tahoe region found cultural facilities were lacking in the area and discovered 5 specific types of cultural facility needs, including ***a large outdoor performance space, a large community based cultural facility, a visual arts center, a local/neighborhood-based cultural facility, and a heritage facility*** such as a museum or historical center.

Outdoor Recreation

As previously mentioned, the [Incline Village/Crystal Bay 2012 Community Assessment](#) presented by the Nevada Rural Development Council had an in-depth analysis of the current state of the local area. Included in this report was a discussion of the assets/strengths, challenges/problems, and possible projects or initiatives for recreation within the area. This assessment came in part from numerous listening sessions with citizens.

In addition to the Community Assessment, the TRPA Regional Plan Update discusses many quantitative aspects of recreation including facility carrying capacities for numerous recreation opportunities.

Community Assessment

Two major themes regarding challenges to recreation emerged through the Community Assessment process. These two problems were the **over use of facilities** including, beaches, parking, golf, ski, trails, and **lack of bicycle infrastructure** including paths and racks (pp 61-62).

The most commonly mentioned strength within the Community Assessment was the **wide variety of the outdoor recreation opportunities** available including the beaches, skiing, and the lake (p. 62). Other strengths included the mountain, the lake and beaches, the Festival at Sand Harbor, attitude of residents, after school/education programs, and the warmth of the water in the area.

The projects and initiatives mentioned to help alleviate some of the challenges and capitalize on the strengths included **solving the traffic and parking problems**, improvement in providing information on recreation opportunities, and better collaboration with government and planning agencies in the area (pp. 62-63).

Facility Capacity

The TRPA Recreation Assessment identified existing facilities and indicated a corresponding Design Capacity for People (DCP) level for each. The DCP is the estimated capacity in terms of number of people who could be accommodated by the recreation use at any given time. The recreation uses analyzed may not be an exhaustive list of all recreational opportunities in the NLT region, but it does provide the current state of inventory for most recreational uses.

The facilities with the most capacity to serve visitors in the summer include **beaches, day-use areas, developed camping, marinas, and hiking/riding trails**. Beaches have the most capacity by far during the summer with 36,693 users being accommodated at one time (DCP). Notably, total summer DCP is 82,894 persons. During the winter, **downhill skiing** can accommodate the most users at one time with 21,873 DCP (26,211 total).

Figure 27

Table 3.11-2. Estimated Number of Recreation Opportunities	
Recreation Opportunity	Design Capacity for Persons
Summer	
Beaches	36,693
Boat Launching Facilities	4,203
Day-Use Areas	9,312
Developed Camping	8,872
Golf Courses	1,512
Group Facilities	360
Marinas	5,493
Miscellaneous Uses	476
Off-Road Vehicle Areas	120
Undeveloped Public Lands	372
Participant Sports Facilities	4,140
Recreation Centers	2,079
Riding and Hiking Trails	5,275
Paved Multi-Use Trails	2,975
Rural Sports	60
Undeveloped Camping	152
Visitor Centers	800
Total Summer DCP	82,894
Winter	
Cross Country Ski Courses	849
Downhill Ski Areas	21,873
Group Facilities	360
Recreation Centers	2,079
Snowmobile Courses	250
Visitor Centers	800
Total Winter DCP	26,211
Notes: DCP=Design Capacity for People; OHV=Off Highway Vehicles Source: TRPA 2005	

Existing Usage

Within the TRPA Regional Plan Update existing recreation uses are summarized using visitor use survey research conducted every five years by the USFS. As noted in the Regional Plan Update, “these USFS visitor use data do not represent all recreation sites in North Lake Tahoe but do cover over 75% of the land area with a variety of recreation sites and provide a useful indicator of overall recreational uses in the Region” (TRPA Regional Plan Update, p 3.11-8).

The ***top six activities listed have remained the top activities*** from 2005 to 2010 and indicate the dominant activity visitors participate in while in the NLT region. Most of these activities are passive in nature and include:

- Relaxing (65.5 percent participated in 2010)
- Downhill Skiing (62.5 percent)
- Viewing Natural Features (56.3 percent)
- Hiking/Walking (47.0 percent)
- Viewing Wildlife (43.2 percent)
- Driving for Pleasure (31.8 percent)

Diamond Peak is uniquely positioned to offer the majority of these activities in one location. Below is the full list of activities examined by the USFS (TRPA Regional Plan Update, p. 3.11-9).

Figure 28

Activity	Fiscal Year 2005		Fiscal Year 2010	
	Participation 1 (% of Respondents)	Identified as Main Activity ² (% of Respondents)	Participation ¹ (% of Respondents)	Identified as Main Activity ² (% of Respondents)
Relaxing	31.1	7.7	65.5	11.2
Downhill Skiing	50.3	49.3	62.5	55.9
Viewing Natural Features	40.8	10.3	56.3	5.6
Hiking/Walking	34.3	18.5	47	8.8
Viewing Wildlife	33.2	1.6	43.2	1.5
Driving for Pleasure	12.4	1.9	31.8	2.1
Visiting Historic Sites	6.2	0	15.1	0.4
Other Non-motorized Activities	5.7	1.8	14.9	2.8
Nature Center Activities	3.6	0.2	13.2	0
Bicycling	3.3	1.2	11	3.1
Resort Use	1.2	0	10.7	0.2
Cross-country Skiing	6.5	3.6	9.8	1.5
Nature Study	5.2	0	9.6	0.1
Picnicking	6.2	0.9	9.5	0.6
Non-motorized Water Activities	1.5	0.3	6.9	1.7
Motorized Water Activities	5	1.9	6.8	0.9
Snowmobiling	0.4	0.4	6.2	1
Fishing	1.2	0.1	5.6	0.4
Other Activity	1.4	0.3	5.3	1.6
Developed Camping	1.7	0.4	5.2	0.4
Gathering Forest Products	0.3	0	4.7	0
Backpacking	0.3	0.1	4.4	0.2
Primitive Camping	0.1	0	2.4	0.1
Horseback Riding	0.2	0	2	0
OHV Use	0.8	0.3	1.7	0.4
Motorized Trail Activity	0.7	0.2	1.4	0
Other Motorized Activity	0.2	0	1.3	0
Hunting	0	0	0.1	0

Notes: OHV = off-highway vehicle
¹ Survey respondents were allowed to select multiple activities, so this column may total more than 100 percent.
² Survey respondents were asked to select just one activity as their main reason for the forest visit, but some respondents selected more than one, so this column may total more than 100 percent.
Sources: USFS 2005, 2010

Recreation / Education Programs

The Incline Village General Improvement District (IVGID) Parks and Recreation Department runs numerous day camps in the area for a wide array of age groups, interests, and time frames. These camps include programs ranging from 2 to 3 days to 5 to 6 weeks long, pre-school age to teenager, and science and nature to sports. The full list of these camps and short descriptions are found below (http://inclinerecreation.com/classes_programs/day_camps).

- Camp Little Timers Preschool Camp: From mid to late July, ages 3-5 years old, and Monday-Friday, this camp explores arts & crafts, games, language arts, and science and nature activities.
- Camp Xtreme: From mid June to mid/late August, Grades K-5th, and Monday-Friday, this camp has field trips and activities, including tennis, swimming, golf, arts & crafts, and games.
- Slammin' Sports & Fitness Camp: Five day in early August for ages 10-13, this camp includes beach volleyball, disc golf, paddle boarding, fishing, geocaching, and hiking. Diamond Peak is one of the locations this camp visits.
- Summer Sports Series including Basketball Camp, Middle School Volleyball Camp, USTA Quick Start Youth Tennis Camp, and the Junior All Star/Quick Start Tennis Clinics.

Other recreation providers in the area hold summer camps as well. Some of these camps include the following (http://www.tahoekidsguide.com/Summer_Camp_Programs.html):

- 4-H Camp in Zephyr Cove on the east side of South Lake Tahoe. 32-acre facility complete with residential cabins, bathroom, shower facilities and dining hall. Volleyball, swimming, kayaking, canoeing and other activities.
- American Dance Training Camp in Squaw Valley. Overnight camp at Squaw Valley for girls ages 8-17, all styles of dance are taught and practiced culminating in a Friday night show for family and friends.
- A Midsummer's Camp: Theatre camp based on William Shakespeare's plays at the D.W. Reynolds Community Center in Incline Village.
- Camplotsafun: Camp for children, teens and adults with disabilities in Reno, NV.
- Blue Pixie Studio & Gallery: Art camp for kids and adults. Different art mediums are practiced each week.
- Get in the Act!: Musical Theatre Camp in Stateline, Tahoe City, and Truckee.
- Camp Winnaribbun: Camp for dogs and their people in South Lake Tahoe. Activities for "campers" (i.e. dogs) include obedience, agility, herding, tracking, lure coursing, freestyle, massage therapy, and others.
- T-Pots Pottery Camp: Truckee, CA based pottery camp. Includes pottery painting, clay working, and glass fusing.

- Tahoe Expedition Academy (TEA): An experiential learning education institution near Kings Beach, TEA offers a wide array of summer camps including *Awesome Art & Adventure, Climbing Clinics, Trail Fever, and Mountain AdventHER*.

Bicycle/Pedestrian

The Incline Village/Crystal Bay 2012 Community Assessment presented by the Nevada Rural Development Council had an in-depth analysis of the current state of the local area. Included in this assessment was public opinion about the lack of bicycle infrastructure in the North Lake Tahoe area. **Lack of bicycle infrastructure** is one of the main problems for recreation within the area. In 2010 the Tahoe Regional Planning Agency (TRPA) completed the Lake Tahoe Bicycle and Pedestrian Master Plan which comprehensively analyzed all aspects of bicycle and pedestrian benefits, infrastructure and programs, demand, a proposed network, and cost and funding. Based on the TRPA research, approximately 188,800 visitors come to Lake Tahoe each year primarily to bicycle (Lake Tahoe Regional Bicycle and Pedestrian Plan 2010, p. 25). A breakdown of North Tahoe vs. South Tahoe of visitors primarily bicycling was not provided.

Total miles of trail system are broken down by jurisdiction in Figure 9 below, however. Combined, Washoe, and Placer, comprise of roughly 45 miles of the existing 99 miles of bicycle and pedestrian infrastructure, circa 2010 (Lake Tahoe Regional Bicycle and Pedestrian Plan 2010, p. 36).

Figure 29

Jurisdiction	Class I Path	Class II Bike Lane (1)	Class III Bike Route	Sidewalk	Total
El Dorado County, CA	9	7	4	0	20
City of South Lake Tahoe	8	8	9	4	29
Placer County, CA	14	2	2	1	19
Douglas County, NV	2	0.1	1	1	5
Washoe County, NV	10	4	7	6	26
Carson City, NV	0	0	0	0	0
Total	43	21	22	12	99

Note 1: Miles of roadway with Bike Lanes. For maintenance purposes, this figure should be doubled since bicycle lanes are on both sides of the roadway.

According to the 2003 Bicycle and Pedestrian Plan, 60 additional miles of bicycle and pedestrian facilities were envisioned by 2008. By 2010 only 13 miles had been added. While these were some of the most important miles to be added into the network gaps, further infrastructure development is needed. To address the lack of infrastructure, including bicycle racks, paths, lanes, and designated routes, a bicycle and pedestrian checklist was added to development project applications for review.

According to the US Census, 1% of workers in Incline Village commute to work by bicycle and 7.3% commute by walking (ACS 2011 5-year, table: S0801). In addition to these bicycle/pedestrian commuters, many visitors to the area use bicycles for recreation. Referring to USFS data capturing usage of recreation amenities, **bicycling was ranked in the top ten**

activities most visitors participated in for 2010 (TRPA Regional Plan Update, p. 3.11-9). This USFS data was collected only on USFS land comprising 75% of all land area in the Tahoe Basin.

Scenic Drives

The scenic drives in the Lake Tahoe region is one of the main attractions and activities visitors take part in while in North Lake Tahoe. The **Lake Tahoe Scenic Drive** is a loop that follows the entire circumference of Lake Tahoe. It follows US-50, NV-28, and US-89. The drive is a 68 mile loop and the distance from the lake shore ranges from 50 yards to over one mile (<http://www.exploringnevada.com/scenic-drives/lake-tahoe-scenic-drive.php>).

The **Mt. Rose Scenic Drive** connects Reno directly to Incline Village. Twenty-five miles long, this drive follows NV-431 also known as Mt. Rose Highway. As mentioned earlier, summer has the highest amount of traffic but summer weekends are particularly busy (<http://www.exploringnevada.com/scenic-drives/mt-rose-scenic-drive.php>).

Mount Rose Ski Area is located half-way between Incline Village and Reno. According to traffic count stations located north and south of Mt. Rose Ski Area, roughly 600 of 5,400 AADT vehicles (or 11 percent) traveled to Mt. Rose and reversed direction in 2012 (NDOT, 2013, <http://apps.nevadadot.com/trina/>). Further discussion of summer opportunities and draws to Mt. Rose Ski Area are examined below under sub-title “**Summer Activities at Other Ski Resorts**”.

Observations

Visitor volumes to North Lake Tahoe in the summer months are substantial, especially in July and August. While beaches and camping are popular, the North Lake Tahoe area is ripe for new and fresh activities and attractions. In addition, Diamond Peak is in a **unique market and geographic position on Lake Tahoe**; a quality no other mountain resort can offer in the summertime. These market indicators suggest strong opportunities for Diamond Peak to attract some of those visitors with the right mix of summer activities.

The market assessment, along with the existing condition at Diamond Peak, suggests some observations related to the potential opportunities for summer recreation at Diamond Peak.

- 1) **SPECTACULAR VIEWS**. A major competitive advantage for Diamond Peak is its location very close to Lake Tahoe and the **spectacular views of the lake from the summit ridge line**. The Snowflake Lodge is positioned to capture this stunning view, and as such would be a highly desired venue for activities and events.
- 2) **UNIQUE SUMMER CAMP VENUE**. Diamond Peak is part of the Incline Village General Improvement District (IVGID). IVGID manages numerous **summer camps and programs**, some of which could be hosted at Diamond Peak. Diamond Peak's "mountain" venue offers unique opportunities for summer camp programming.
- 3) **SOMETHING NEW**. While beaches and camping are popular, the North Lake Tahoe area is ripe for **new and fresh activities and attractions**. The average length of stay is 4.1 nights in the summer, and by the third day, many of these people are looking for something new to do (especially because of the well-documented issues of crowding and overuse and many of the beaches and campgrounds). Diamond Peak can capitalize on the over-use of these facilities and attract visitors who want a different / additional experience while in North Lake Tahoe.
- 4) **CONNECT TO THE RIM**. Diamond Peak serves as a **critical link and point of entry to the Tahoe Rim Trail, the Flume Trail, and the informal Incline Flume Trail**. These trails are popular for hiking and mountain biking. Diamond Peak is well-positioned to take advantage of its location by potentially providing services for hikers and mountain bikers who want to access these trails, including lift rides to the summit (to intersect with the Tahoe Rim Trail) or selling supplies and food to hikers and bikers.
- 5) **MORE OF WHAT'S POPULAR**. Diamond Peak can satisfy the most popular activities that visitors currently enjoy: **relaxing, downhill skiing, viewing natural features, hiking/walking, viewing wildlife, and driving for pleasure**.

***Appendix B:
Open House Presentation Boards***

SUMMER ACTIVITIES

hiking trail network



mountain biking



bike skills area



bike pump track



SUMMER ACTIVITIES

canopy tours



zip lines and tarzan swing



challenge course



kids woodland tour



SUMMER ACTIVITIES

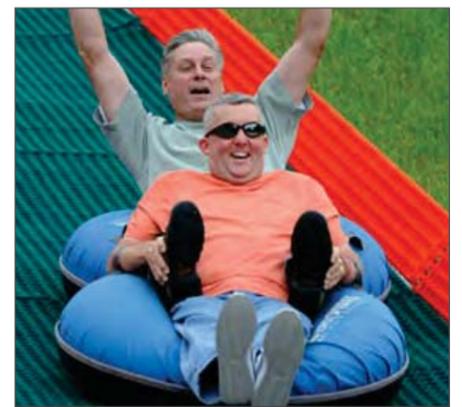
disc golf



alpine coaster/slide



summer tubing



paintball

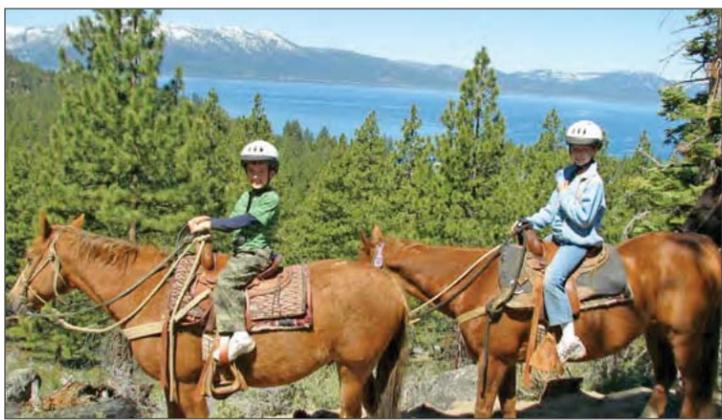


SUMMER ACTIVITIES

segway tours



horseback riding



base area activities

mini-golf



climbing wall



bungee



mini zip line



playgrounds



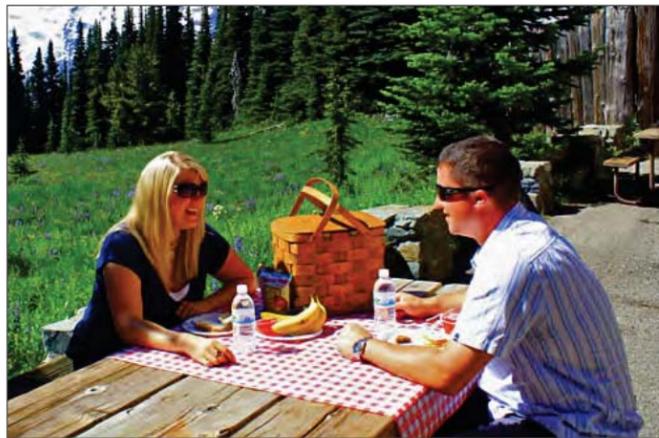
SUMMER ACTIVITIES

mountain top activities

fitness



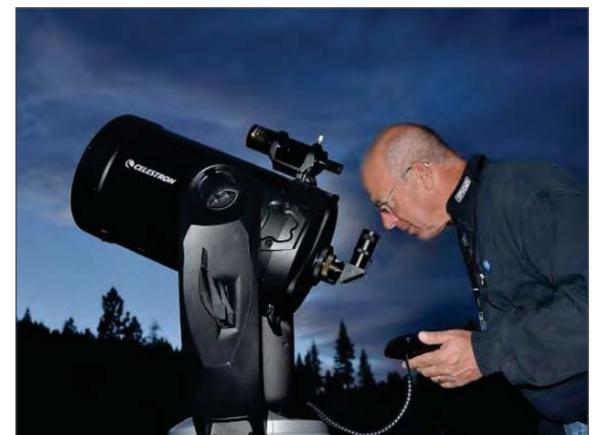
dining



sunset events



stargazing



SUMMER EVENTS: RACES

mountain biking



trail running



adventure race



MASTER PLAN
EXPLORING OPPORTUNITIES



JULY 2013

SUMMER EVENTS

outings:

team building



skills classes



festivals:

arts & crafts



cultural



food



special events:

weddings/reunions



meetings



fundraisers/awards



MASTER PLAN EXPLORING OPPORTUNITIES



JULY 2013

SUMMER PROGRAMS

kids programs

day camp



skills classes



outdoor education



adult programs

boot camp/fitness



team building



skills classes



MASTER PLAN EXPLORING OPPORTUNITIES



JULY 2013

COMMUNITY OWNED AND/OR NOT-FOR-PROFIT SKI AREAS

The relationship of the ski area to the community is an important factor in the continuing operation of the facility. Community support comes in the form of volunteer work, sponsorships, funding from businesses, ski racing organizations, private donations, foundations, grants and financial subsidies. The facility provides a beneficial recreational outlet for community members while creating job opportunities and supporting the local economy through guest visitation.

Alpenglow Ski Area (Alaska)	Eaglecrest Ski Area (Alaska)	Loup Loup Ski Area (Washington)
Antelope Butte Ski Area (Wyoming)	Gunstock Mountain Resort (New Hampshire)	McIntyre Ski Area (New Hampshire)
Anthony Lakes (Oregon)	Hickory Hills Ski Area (Michigan)	Mt. Ashland (Oregon)
Black Mountain of Maine, Big Rock Ski Area and Quoggy Jo Ski Area (Maine)	Hilltop Ski Area (Alaska)	Mt. Eyak Ski Hill (Alaska)
Bogus Basin Mountain Recreation Area (Idaho)	Hogadon Ski Area (Wyoming)	Mt. Sima (Yukon, Canada)
Camden Snow Bowl (Maine)	Howelsen Hill Ski Area (Colorado)	Mt. Spokane Ski Area (Washington)
Ski Cooper (Colorado)	Hurricane Ridge Ski Area (Washington)	Sleeping Giant Ski Area (Wyoming)
Diamond Peak Ski Resort (Nevada)	Hyland Ski and Snowboard Area (Minnesota)	Soldier Mountain Ski Area (Idaho)
	Leavenworth Ski Hill (Washington)	Villa Olivia (Illinois)
		Winter Park Resort (Colorado)

These communities all have an extensive tradition of skiing and most of the ski areas are located a very short distance from town. The North American ski industry has its roots in the development of community ski areas which later became incubator areas for larger resorts.

Many of these areas have established, or are in the process of evaluating the opportunity for establishing summer operations. Summer operations provides additional amenities for the community, utilizes existing facilities that would otherwise lie dormant for the summer months, and establishes additional revenue to support community services.

Summer Operations: Gunstock Mountain Resort

Gunstock Mountain Resort is owned and operated by Belknap County in New Hampshire. The resort has operated a campground for many years, and has hosted a number of local and regional festivals in the base area. In 2010 Gunstock initiated a significant expansion to its summer operation, which now includes the Aerial Treetop Adventure Park, ZipTour zip lines, off-road Segway tour, and a number of kids-oriented activities located in the base area. This year Gunstock hosted its first Tough Mudder event.



Summer Operations: Eaglecrest Ski Area

Eaglecrest is owned and operated by the City and Borough of Juneau in Alaska. Juneau is a popular destination for cruise ships—seeing approximately 1 million visitors during the summer months. In the summer the ski area is a popular destination for locals who take advantage of the mountain road for hiking and biking. The area also hosts the Alaska Zipline Adventures and Cycle Alaska operations, both of which are offered as shore excursions for many of the visiting ships. Eaglecrest is investigating opportunities for additional summer operations, with the goal of generating additional revenue without compromising the local recreational experience.



BASE AREA DETAIL



OVERALL SKI AREA

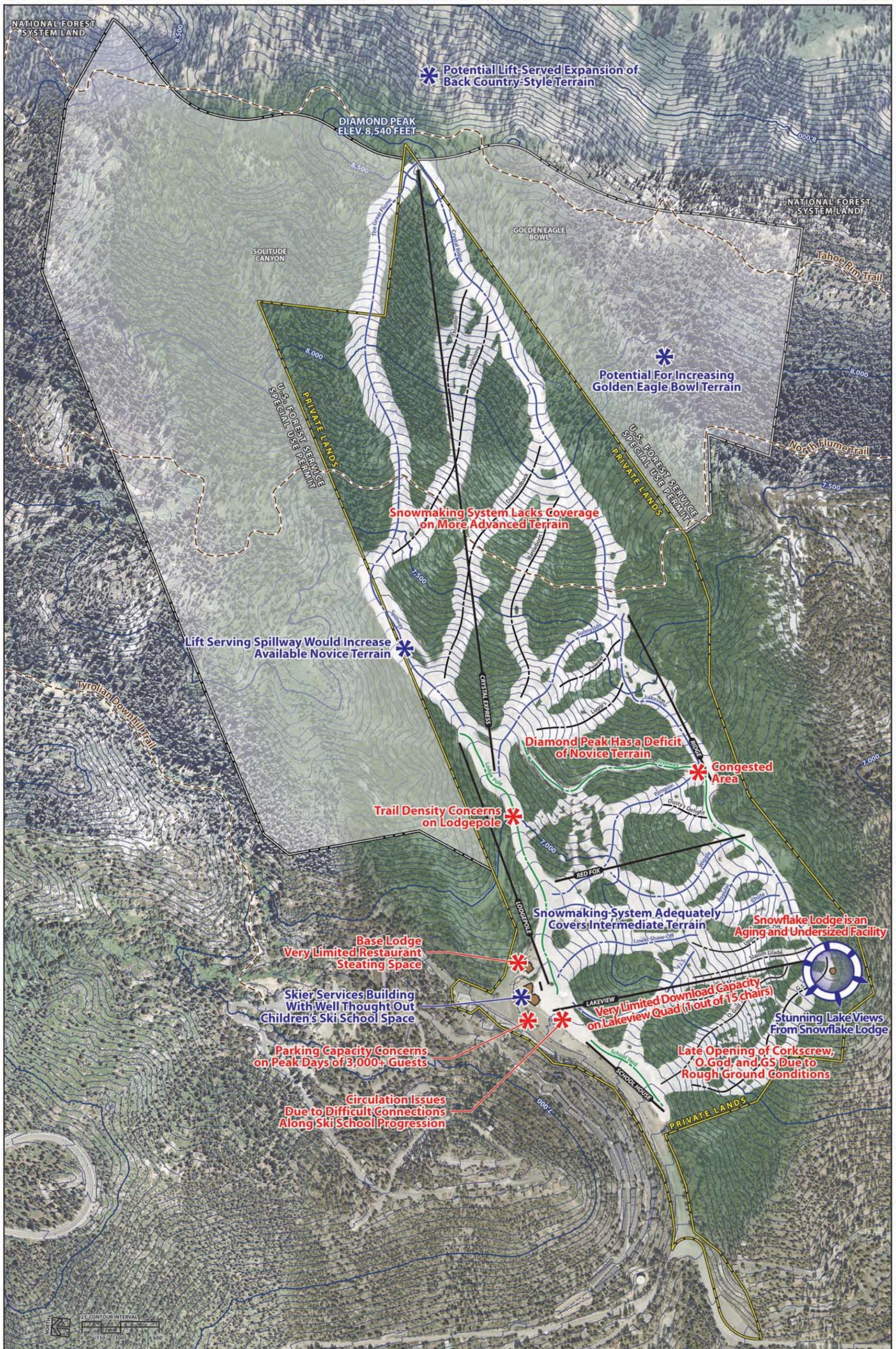


MASTER PLAN EXISTING CONDITIONS



JULY 2013

MOUNTAIN ANALYSIS



WELCOME!

An important part of the process is consultation with all of Diamond Peak's users, season pass holders, board and staff, IVGID, and the Incline Village/Crystal Bay community regarding Diamond Peak's long-term recreation and infrastructure plans. **We want to hear your thoughts!**

The purpose of this meeting is to:

- Present results of initial market research and site analysis,
- Provide examples of possible multi-season uses and activities, and
- Invite you to comment on ideas for possible future uses and activities at Diamond Peak.



The displays set up around the room highlight the results of the consultant team's analysis of the existing ski area, opportunities for improving the existing operations, and ideas for potential future activities, events and programs at Diamond Peak. Stations include:

- Introduction: to the Master planning process and the consultant team
- Existing Conditions: descriptions of current issues and opportunities related to the mountain and base area
- Exploring Opportunities:
 - » *Market* – opportunities for summer visitation to Diamond Peak
 - » *Potential Summer Activities, Events and Programs* – for both kids and adults

All display materials will be posted on the website for future viewing.

We encourage you to offer your comments, opinions and ideas via the **Master Plan Survey**:

- We have copies here if you would like to fill one out as you are looking at the display boards, or
- Take the survey on the website at www.diamondpeak.com/mountain/masterplan.

The results of this survey will be utilized to gauge support for the initial ideas presented here today, and will inform further master planning exercises. Our next steps will be to test these initial ideas against financial realities to ensure that all proposed activities, events and programs will show a positive return.

Please tell us what you think!



You can provide any other comments at masterplan@diamondpeak.com. For more information on the Diamond Peak Master Plan process, please contact:

Brad Wilson, Diamond Peak General Manager (775) 832-1129 or brw@ivgid.org



MASTER PLAN PUBLIC OPEN HOUSE



JULY 2013

MARKET ASSESSMENT

A market assessment was undertaken to define local and regional market demographic profiles and visitation patterns, and to identify the existing regional amenities and attractions in the area.

Key Findings



1) INCLINE VILLAGE/CRYSTAL BAY

Residents and second homeowners in Incline Village/Crystal Bay represent a critical user group for potential summer operations at Diamond Peak. According to the U.S. Census, the population of Incline Village/Crystal Bay was 8,777 in the 2010. This group would benefit from the increased variety of activities and programs at the mountain, providing recreational opportunities for them as well as for any visiting family/friends.



2) SUMMER VISITATION POTENTIAL

All indicators show a peak in the number of visitors to the area in July and August, suggesting that a strong potential exists for Diamond Peak to attract some of those visitors with the right mix of summer activities.



a. Visitor volume indicators (traffic counts, hotel occupancy, visitor center walk-ins, state park attendance) show large spikes in July and August, and above average volumes in June and September. These figures demonstrate the high volume of visitor to the NLT that represent the potential audience for Diamond Peak.



b. According to TRPA planning documents, facilities with the most capacity to serve visitors in the summer include beaches, day-use areas, developed camping, marinas, and hiking/riding trails. Beaches have the most capacity by far during the summer with 36,693 users being accommodated at one time (DCP). Notably, total summer DCP is 82,894 persons per day. These design capacity figures illustrate the volume of people in the North Lake Tahoe region in the summer.



c. Feedback from Diamond Peak's current winter visitor shows that 83 percent currently visit the Lake Tahoe region in the summer. Most popular activities that this group would like to see at Diamond Peak include activities for kids, scenic lift rides, zip lines, camping, hiking, mountain biking, and concerts.

3) COMPETITION

Several other ski areas in the region, notably Squaw Valley, Northstar, Heavenly and Homewood, have plans for major expansions of summer activities. These plans should be monitored closely, to understand the impact on Diamond Peak's competitiveness as a summer destination. Diamond Peak is in a very strong position to compete as a summer attraction, due to its location on Lake Tahoe.

MARKET ASSESSMENT

Observations and Opportunities

Visitor volumes to North Lake Tahoe in the summer months are substantial, especially in July and August. While beaches and camping are popular, the North Lake Tahoe area is ripe for new and fresh activities and attractions. In addition, Diamond Peak is in a unique market and geographic position being ON Lake Tahoe. These market indicators suggest strong opportunities for Diamond Peak to attract some of those visitors with the right mix of summer activities.

The market assessment, along with the existing condition at Diamond Peak, suggests some observations related to the potential opportunities for summer recreation at Diamond Peak.

1) SPECTACULAR VIEWS

A major competitive advantage for Diamond Peak is its location very close to Lake Tahoe and the spectacular views of the lake from the summit ridge line. The Snowflake Lodge is positioned to capture this stunning view, and as such would be a highly desired venue for activities and events.



2) UNIQUE CAMP VENUE

Diamond Peak is part of the Incline Village General Improvement District (IVGID). IVGID manages numerous summer camps and programs, some of which could be hosted at Diamond Peak. Diamond Peak's "mountain" venue offers unique opportunities for camp programming.



3) SOMETHING NEW

While beaches and camping are popular, the North Lake Tahoe area is ripe for new and fresh activities and attractions. The average length of stay is 4.1 nights in the summer, and by the third day, many of these people are looking for something new to do (especially because of the well-documented issues of crowding and overuse and many of the beaches and campgrounds). Diamond Peak can capitalize on the over-use of these facilities and attract visitors who want a different / additional experience while in North Lake Tahoe.



4) CONNECT TO THE RIM

Diamond Peak serves as a critical link and point of entry to the Tahoe Rim Trail and the Flume Trail. These trails are popular for hiking and mountain biking. Diamond Peak is well-positioned to take advantage of its location by potentially providing services for hikers and mountain bikers who want to access these trails, including lift rides to the summit (to intersect with the Tahoe Rim Trail) or selling supplies and food to hikers and bikers.



5) MORE OF WHAT'S POPULAR

Diamond Peak can satisfy the most popular activities that visitors currently enjoy: relaxing, downhill skiing, viewing natural features, hiking/walking, viewing wildlife, and driving for pleasure.



6) AN UNDERUTILIZED IVGID ASSET

Currently Diamond Peak is primarily a winter-only operation. Extending the use of this facility into the summer months with an operation that shows a positive return would be a financial benefit to the community.



MASTER PLAN EXPLORING OPPORTUNITIES



JULY 2013

***Appendix C:
Diamond Peak Master Plan
Survey Results***

DIAMOND PEAK MULTI- SEASON RECREATION MASTER PLAN

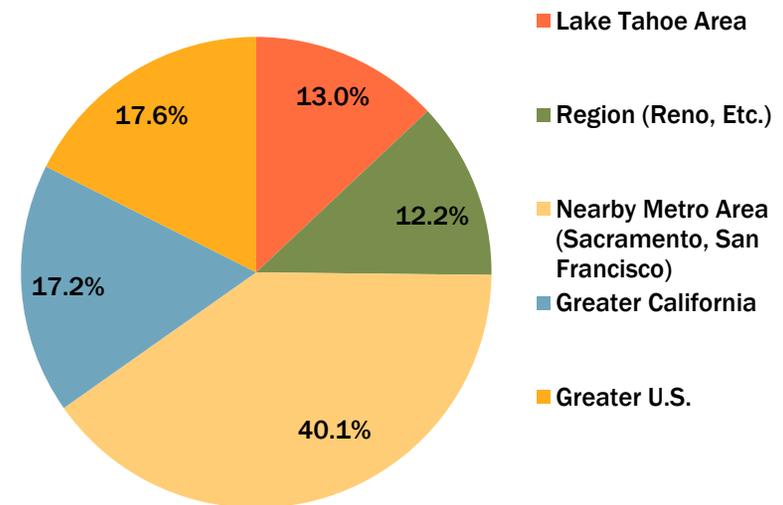
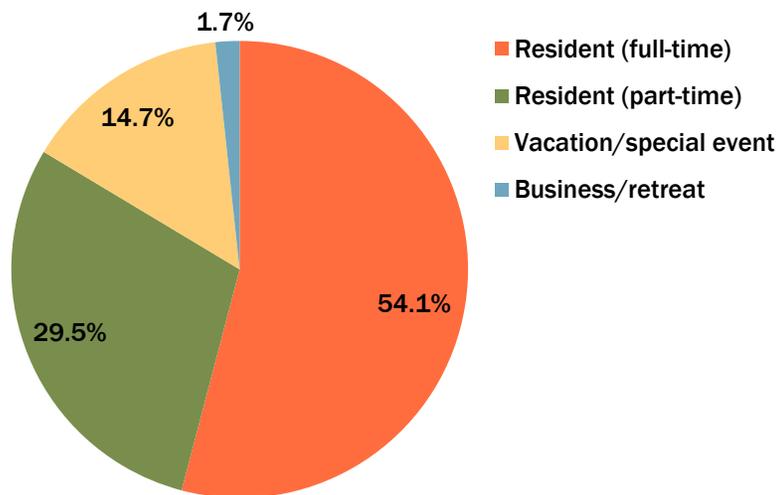
SURVEY RESULTS



SE GROUP

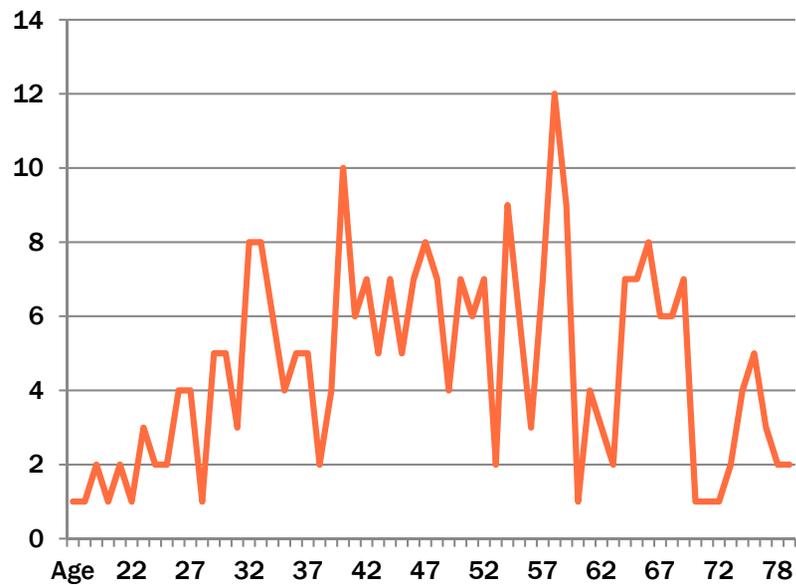
OVERVIEW

- 700+ took part in all or a portion of the survey
- 500+ completed it in its entirety



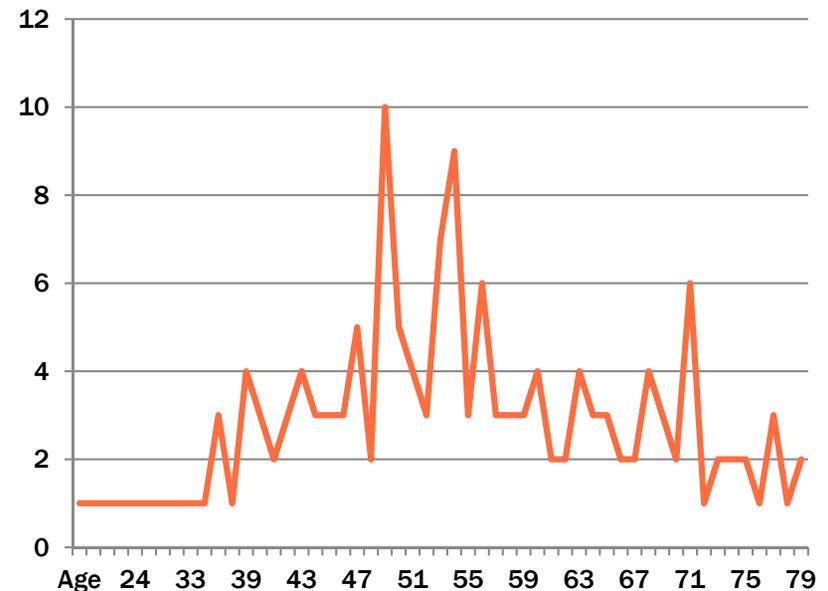
PROFILE OF RESPONDENTS

FT Residents



- **285 responses**
- **Average age: 50**
- **Percentage with Children Under 18: 30%**

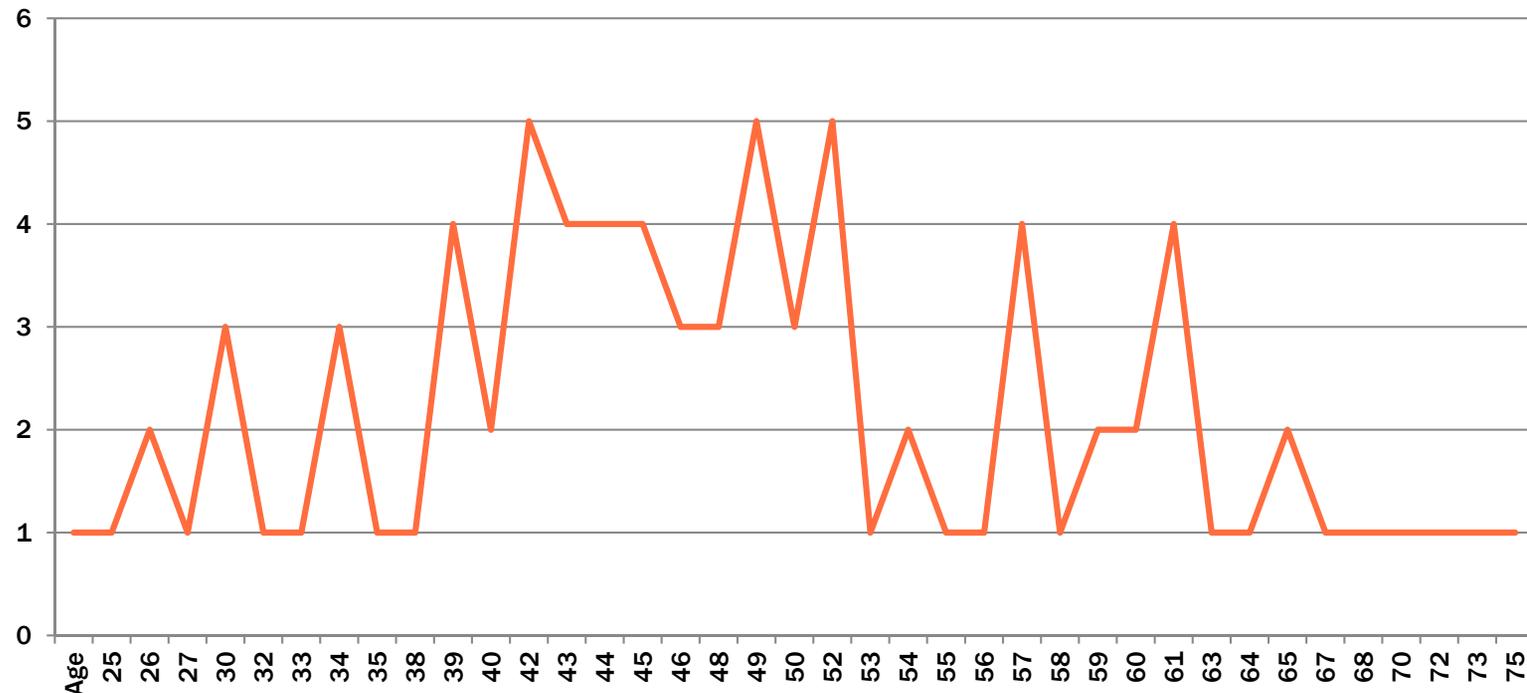
PT Residents



- **153 responses**
- **Average age: 55**
- **Percentage with Children Under 18: 36%**

PROFILE OF RESPONDENTS

Visitors



- **85 responses**
- **Average age: 49**
- **Percentage with Children Under 18: 51%**

THEMES

Diamond Peak is first and foremost a community resource.

Members of the community:

- Are interested in recreation-based activities at Diamond Peak, particularly trail-based recreation and connecting to the larger regional trail networks (Rim/Flume trails);
- Recognize the beauty of the Snowflake Lodge location and support enhancement of the facility;
- Feel very strongly that Diamond Peak maintain its natural beauty and not become a high-energy, amusement-oriented destination;
- Are concerned about traffic and noise issues related to the location of Diamond Peak;
- Do not want to pay for additional facilities at Diamond Peak.

COMMENTS HEARD

■ POSITIVE COMMENTS

- *Incline is a family destination and summer activities should be based on this.*
- *Improving ski facilities should be secondary until revenue can be earned all year.*
- *Need more seating!*
- *Interested in walking/hiking the area with dogs without having to go straight up.*
- *I see nothing wrong with summer use of the ski area.*
- *Need to provide accessible hang out areas for the non-skiers.*
- *I would love to see Snowflake open year round.*
- *I say focus on a few things and do them really well and they will come in droves. I am super excited about the potential here and I see summer being a better financial win at Diamond Peak than winter ever will be.*
- *We would participate in all summer activities, frequently. The more action, the better.*

COMMENTS HEARD

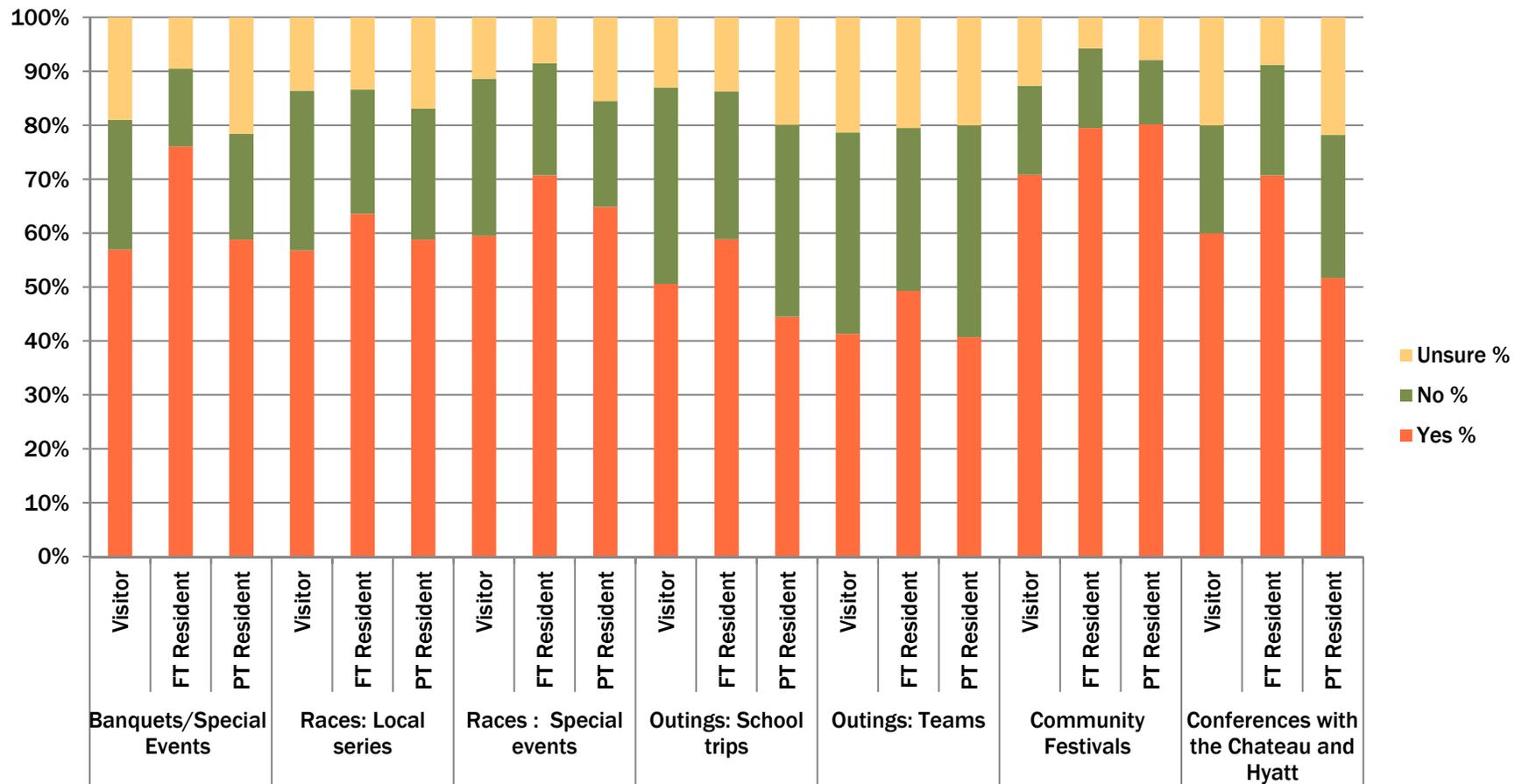
■ CONCERNS:

- *Crowds, noise, and traffic congestion*
- *Costs of operation vs. revenue – do not pass on costs to the residents!*
- *Fire safety*
- *Increased liability and insurance costs*
- *Conflicts between bikers and hikers*
- *On-mountain environmental impacts (erosion from mountain biking)*
- *Want to protect the existing hiking*
- *There are already enough summer activities in the Tahoe basin*
- *IVGID already has a Rec Center – fitness programs should be there*
- *Want expanded use but not intensive use!*
- *Keep Diamond a local resort.*
- *Keep it focused on mountain/forest type recreation rather than amusement park themes. Beauty and nature, NOT glitz and thrills. Do not want Disney!*

COMMENTS HEARD

- **RESPONDENTS WERE NOT INTERESTED IN PARTICIPATING IN PROPOSED ACTIVITIES/EVENTS/PROGRAMS BECAUSE:**
 - *Only interested in winter; winter should be priority*
 - *Think other IVGID resources and programs would create more value*
 - *Don't have kids/too old*
 - *Already busy with other recreational pursuits*

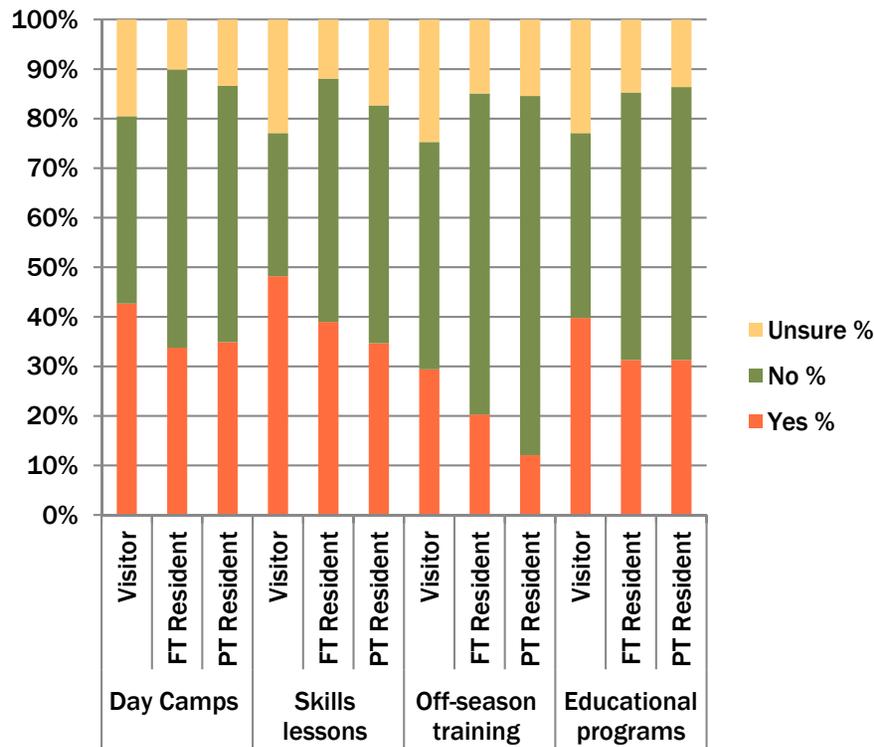
“WHICH EVENTS FIT INTO YOUR VISION?”



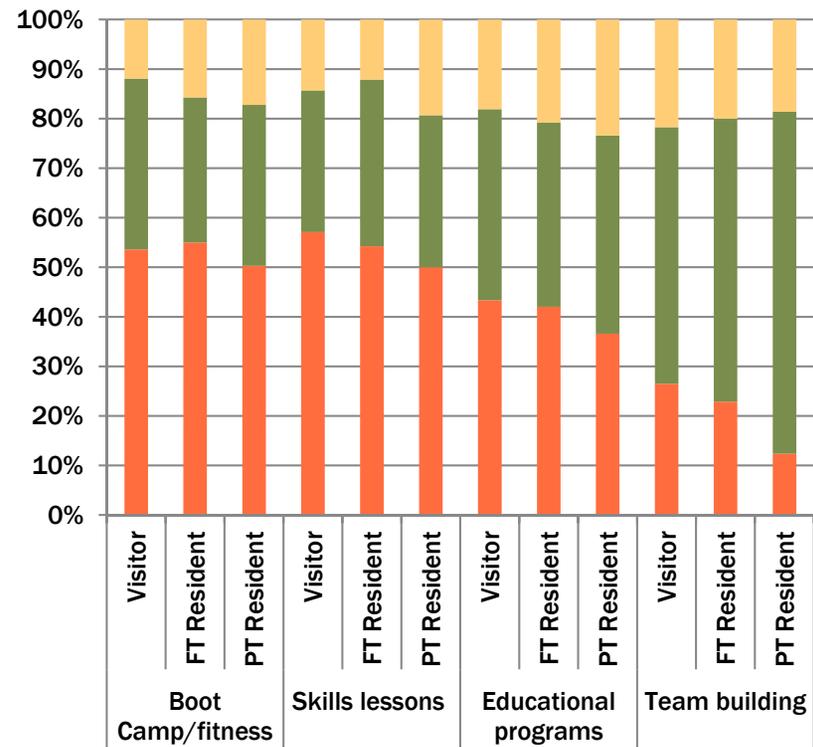
Respondents strongly were in favor of community festivals, especially residents (80%). Outings were the least favorable, but that is likely due to the nature of respondents- such an activity would lend itself best to corporate groups or school groups from outside of the area.

“WHICH PROGRAMS FIT INTO YOUR VISION?”

Kids Programs

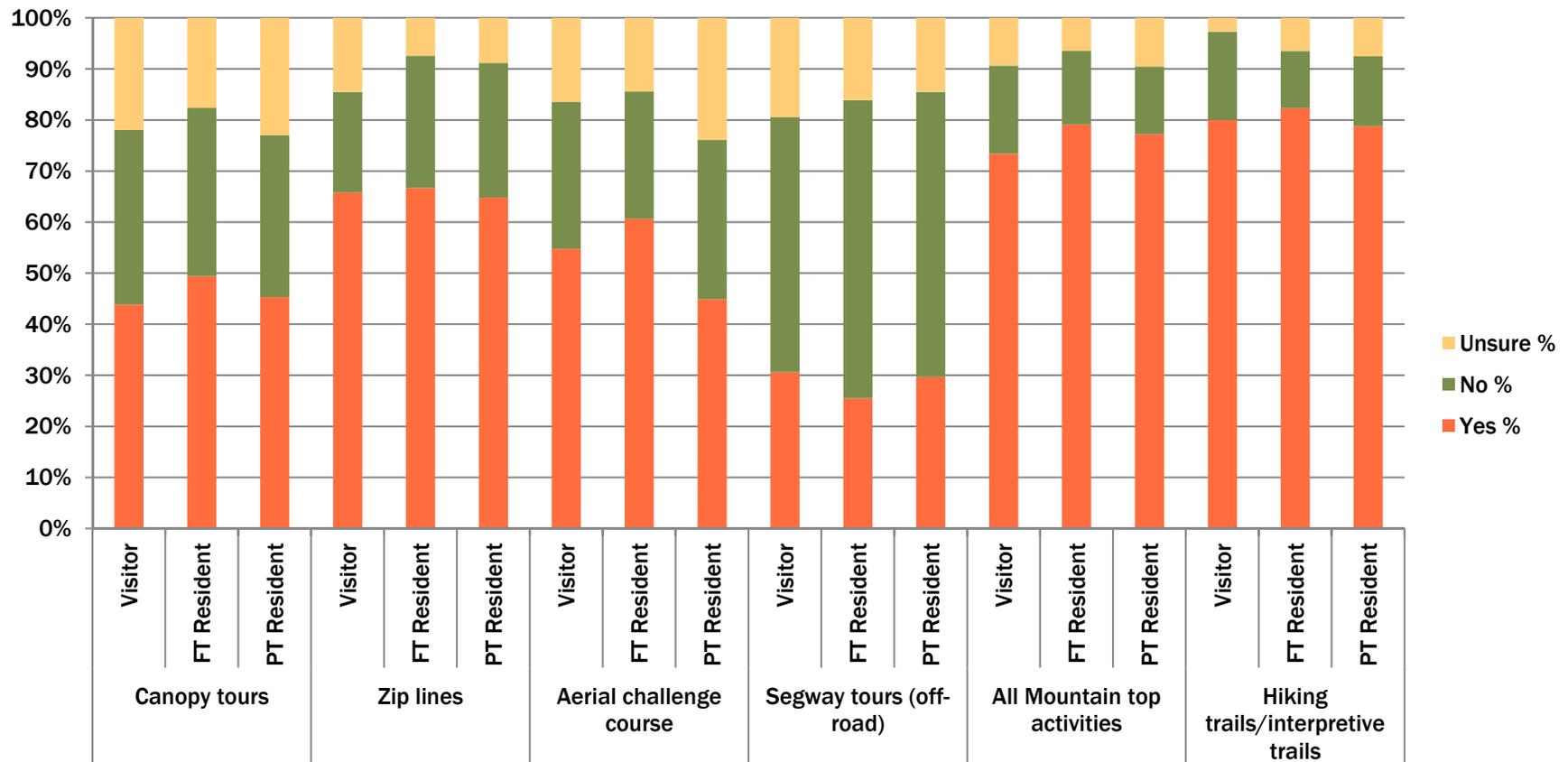


Adult Programs



These results are reflective of the demographics as well- overall low scores for kids programs, however 65% of respondents overall did NOT have children at home. Interestingly, 20-35% of respondents voted “yes” for various kids programs, which seems like a strong correlation. Visitors favored kids programs more, which is indicative of the fact that residents are satisfied with IVGID’s current offerings. Adult programs fared a bit higher, with the most interest being in skills lessons and boot camp/fitness programs.

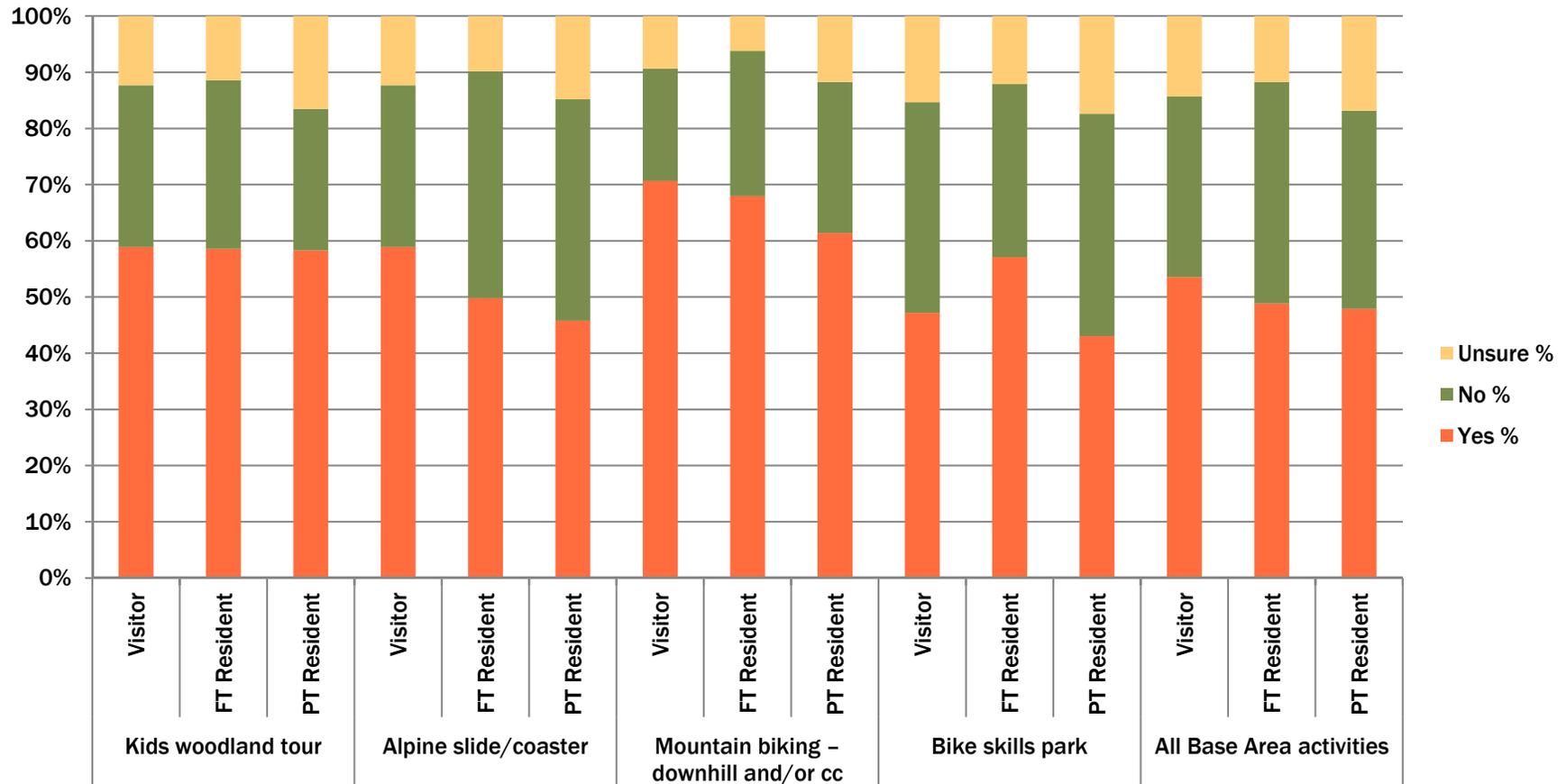
“WHICH ACTIVITIES FIT INTO YOUR VISION?”



Most everyone (~80%) agrees on hiking trails. That may be indicative of the value that the service road up to Snowflake already has, and that people want more of that. Similar results for all mountain top activities. Interestingly, canopy tours, zip lines, and challenge courses received mixed results; perhaps due to their intensity, impact to the environment, or age of respondents (lack of familiarity or desire to participate). Segway tours received the lowest amount of “yes’s”, and that may be due to a lack of familiarity with the activity.

“WHICH ACTIVITIES FIT INTO YOUR VISION?”

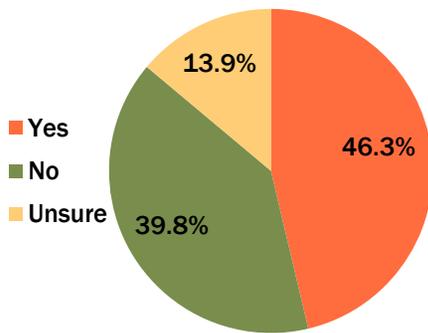
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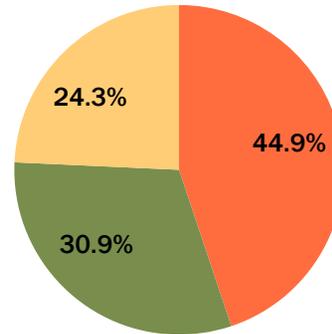
Similar to the last slide, MTB received the highest rating, which speaks to the desire for trail-based activities. The remaining activities got similar results across the board (45-60% “yes”). This is likely due to the age demographic of respondents versus who participates in these activities; but also may be a factor of intensity or other concerns.

WOULD YOU PARTICIPATE & HOW OFTEN: CANOPY TOURS

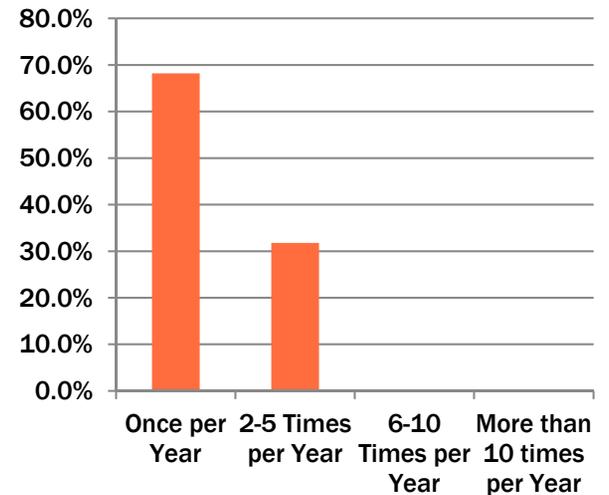
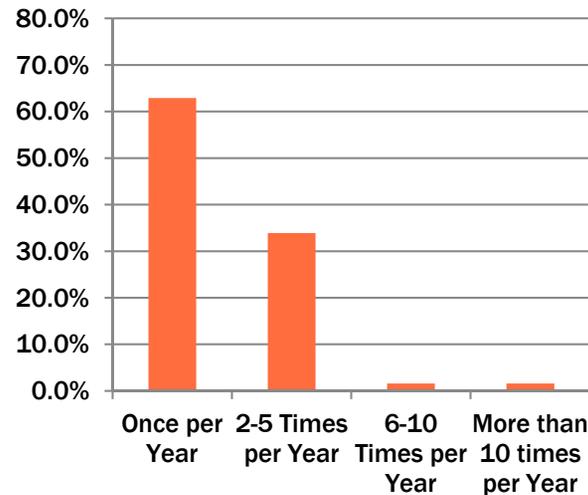
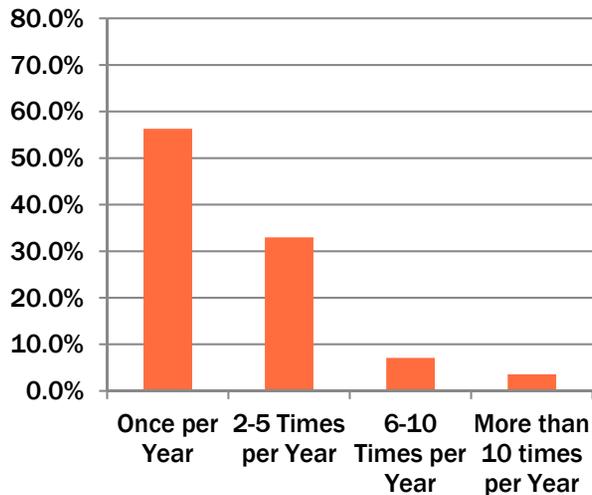
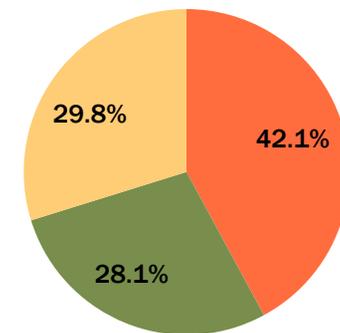
FT Resident



PT Resident

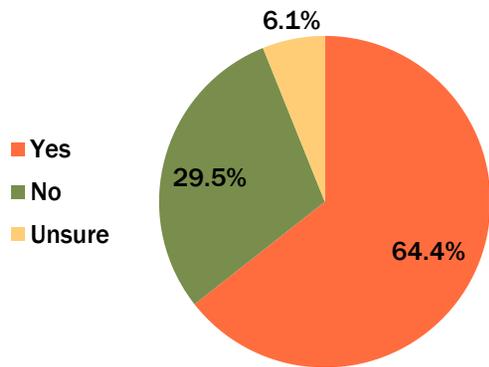


Visitor

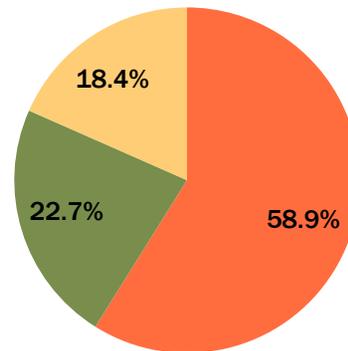


WOULD YOU PARTICIPATE & HOW OFTEN: ZIP LINES

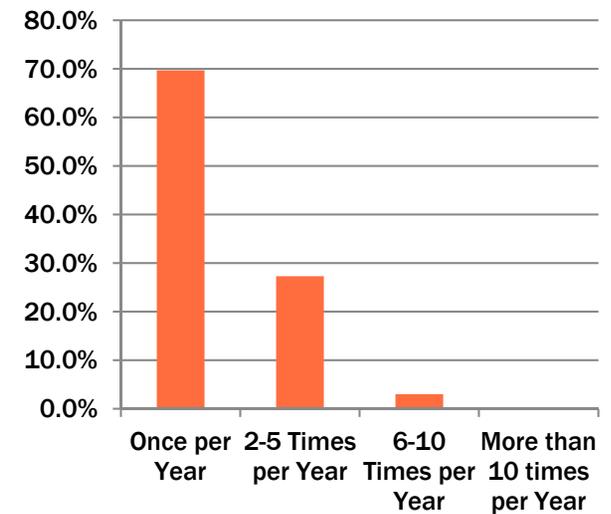
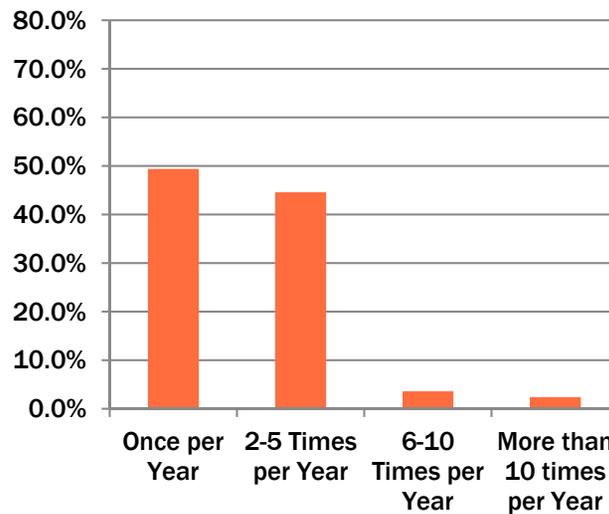
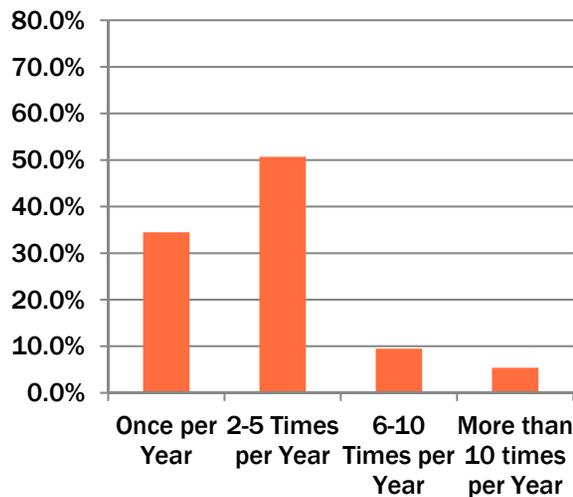
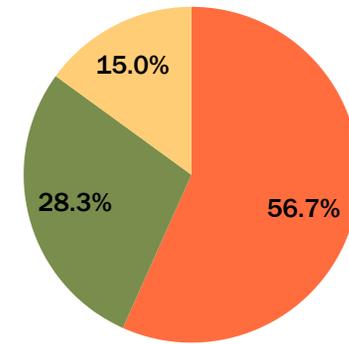
FT Resident



PT Resident

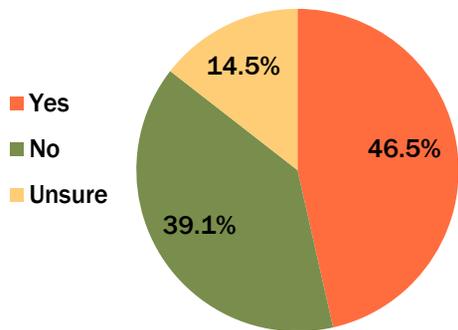


Visitor

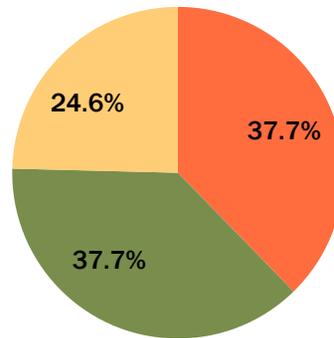


WOULD YOU PARTICIPATE & HOW OFTEN: AERIAL CHALLENGE COURSE

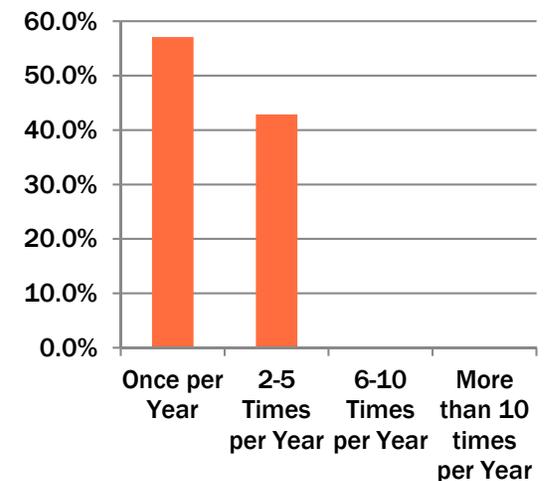
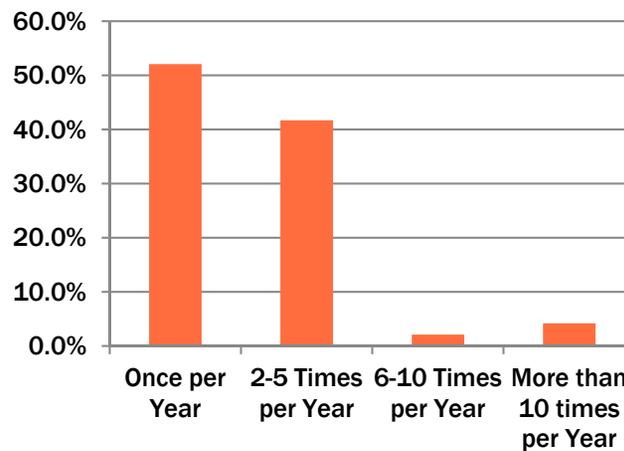
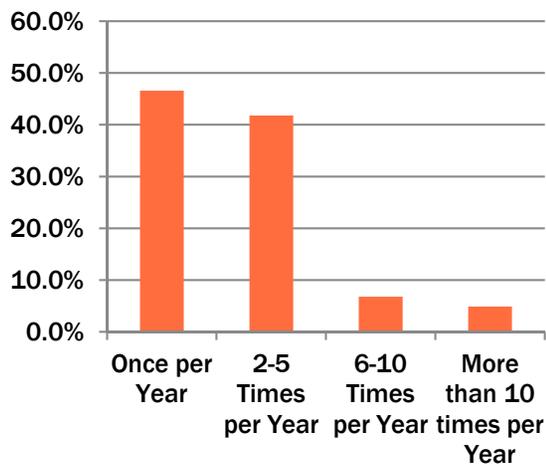
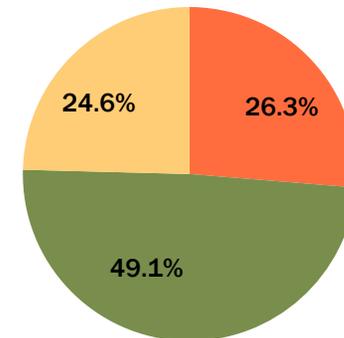
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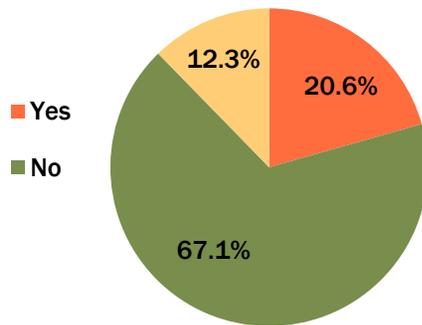


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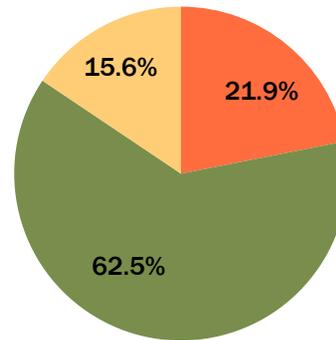


WOULD YOU PARTICIPATE & HOW OFTEN: SEGWAY TOURS

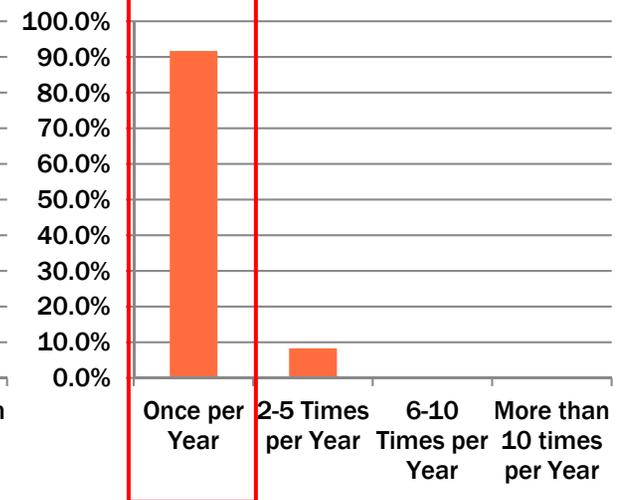
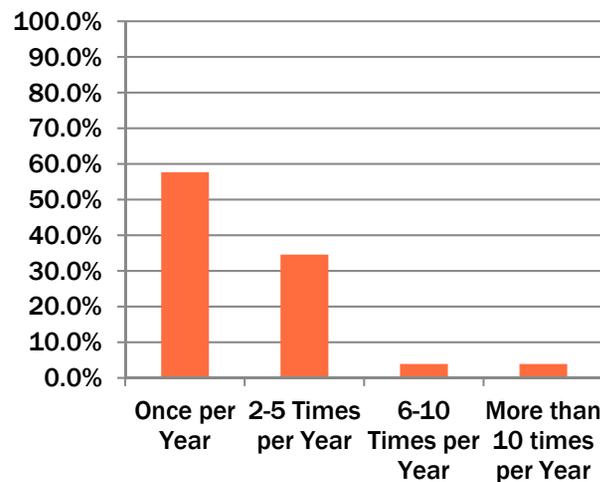
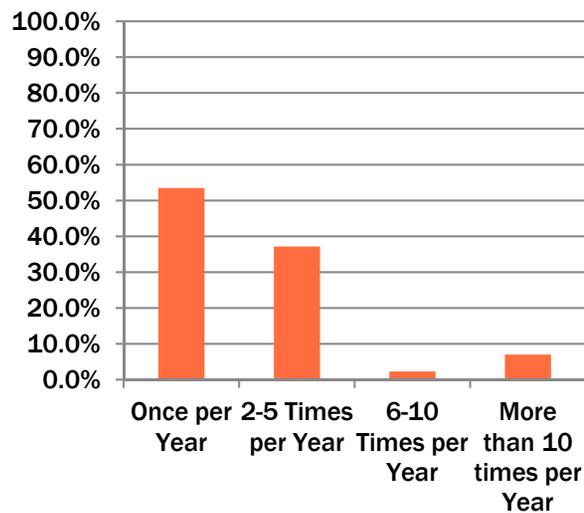
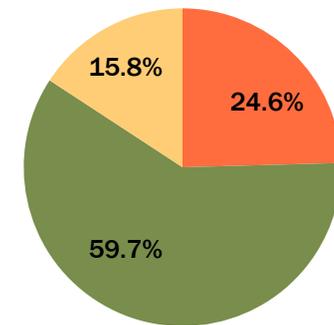
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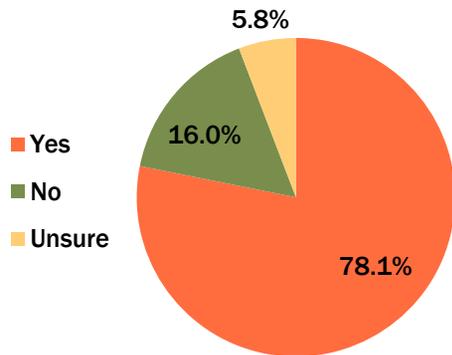


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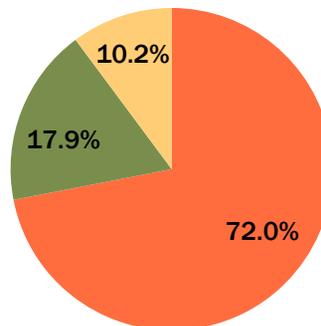


WOULD YOU PARTICIPATE & HOW OFTEN: MOUNTAIN TOP ACTIVITIES

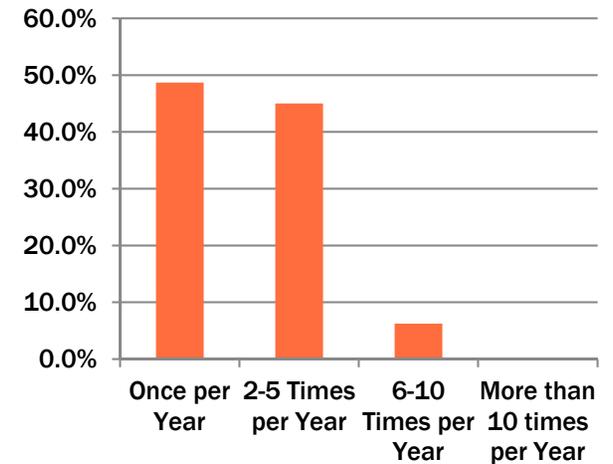
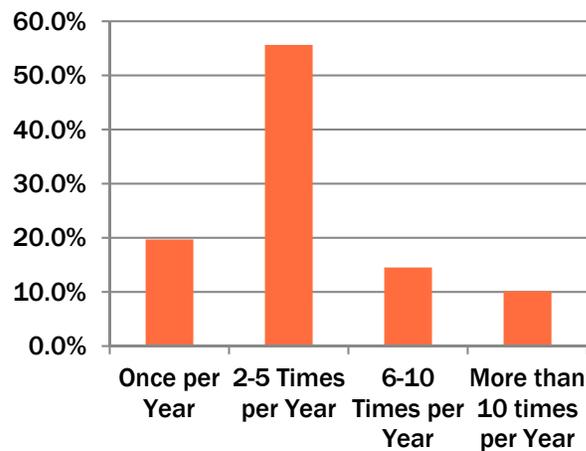
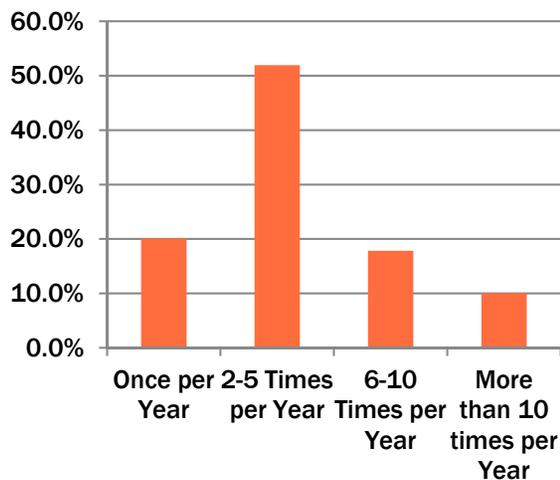
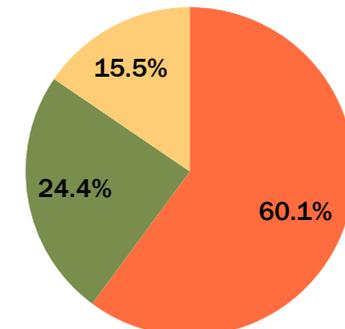
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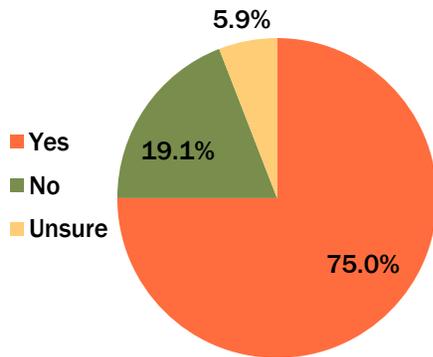


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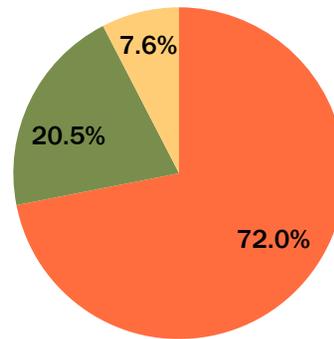


WOULD YOU PARTICIPATE & HOW OFTEN: HIKING TRAILS

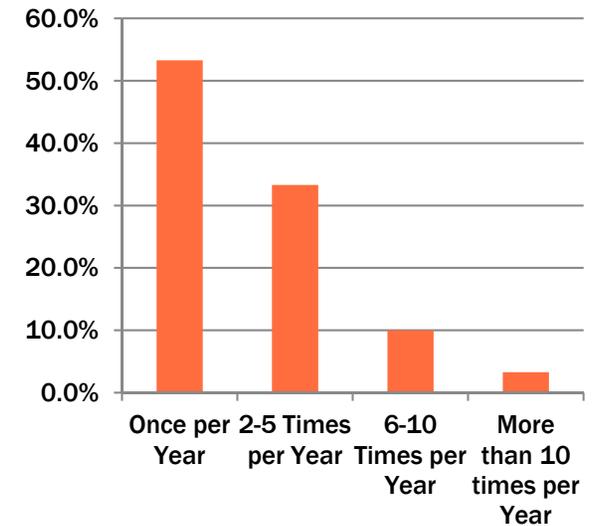
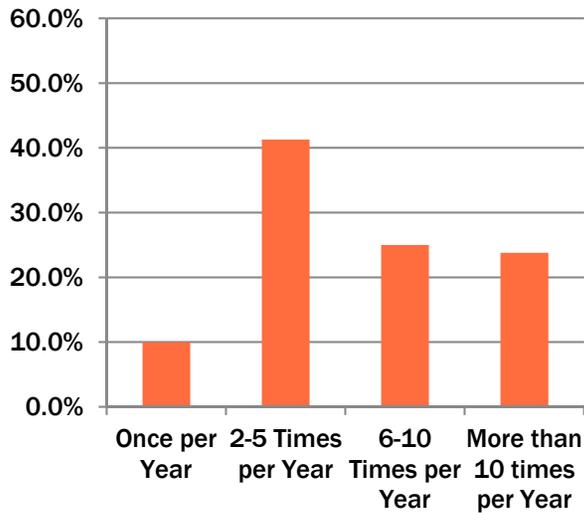
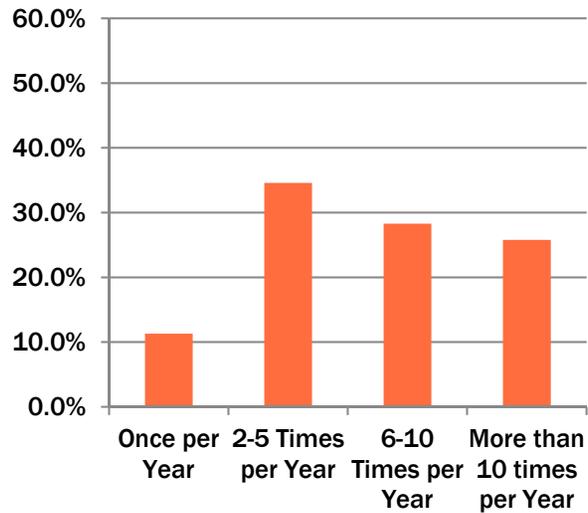
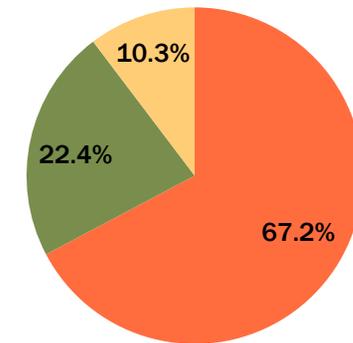
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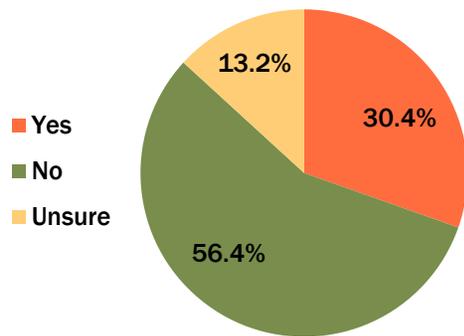


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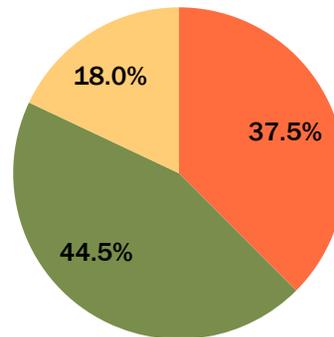


WOULD YOU PARTICIPATE & HOW OFTEN: KIDS' WOODLAND TOURS

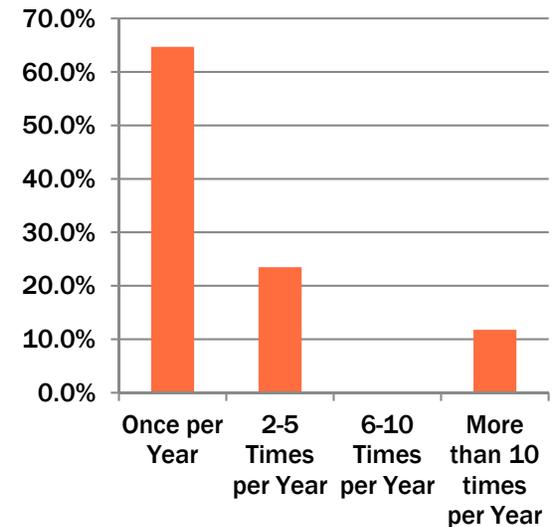
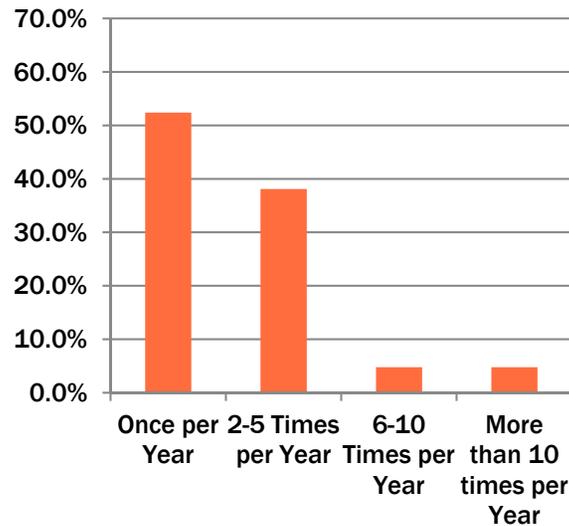
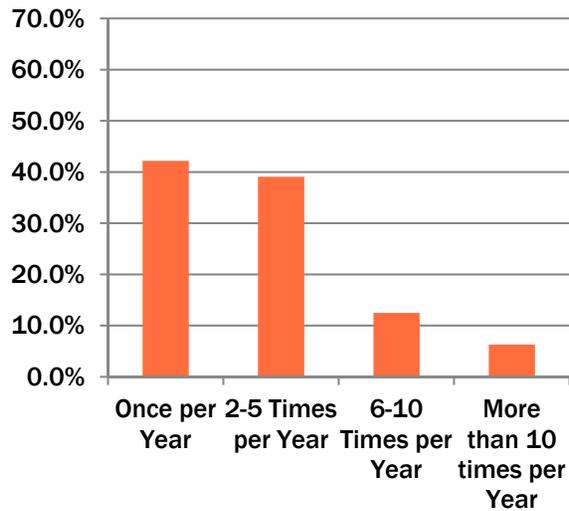
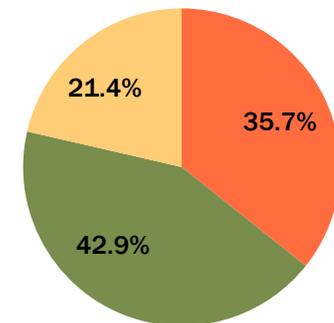
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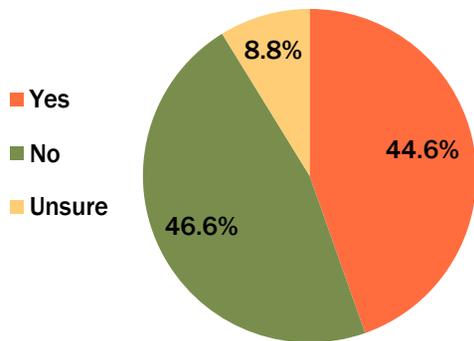


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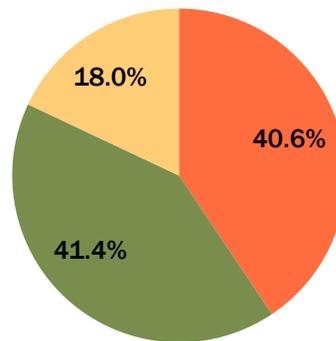


WOULD YOU PARTICIPATE & HOW OFTEN: ALPINE SLIDE/COASTER

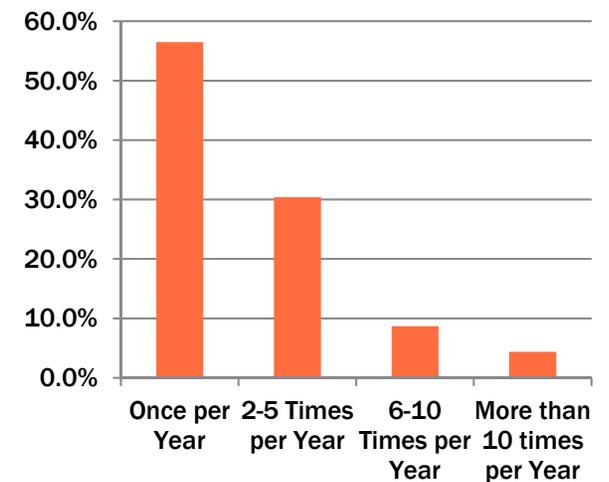
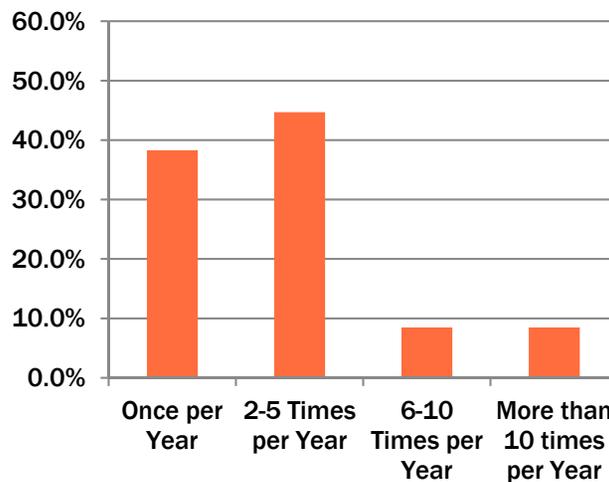
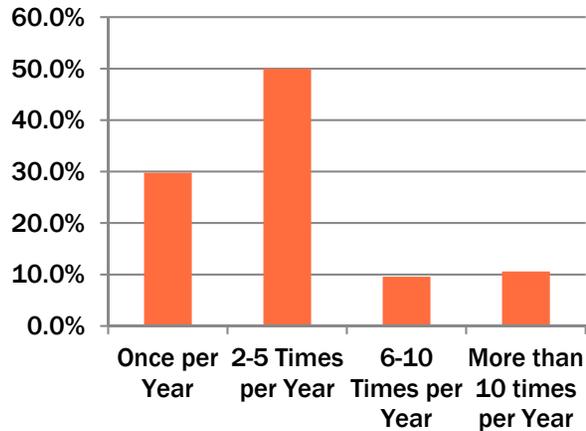
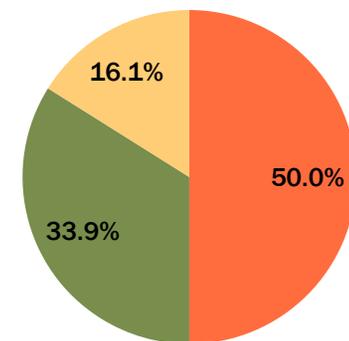
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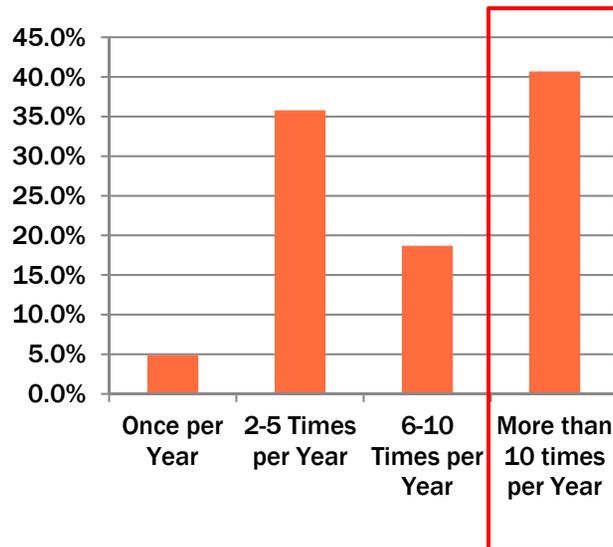
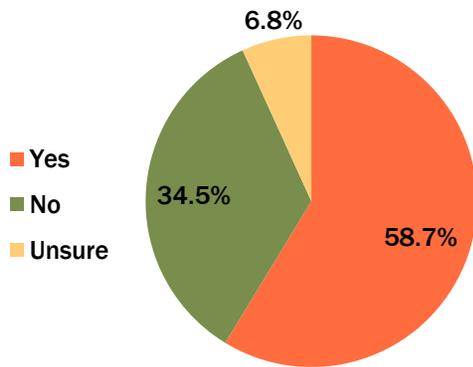


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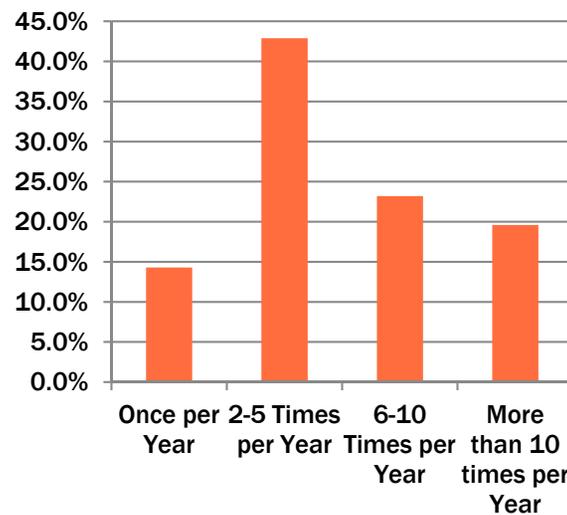
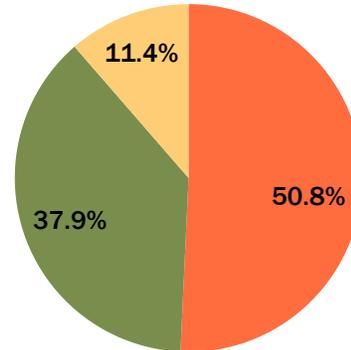


WOULD YOU PARTICIPATE & HOW OFTEN: MOUNTAIN BIKING

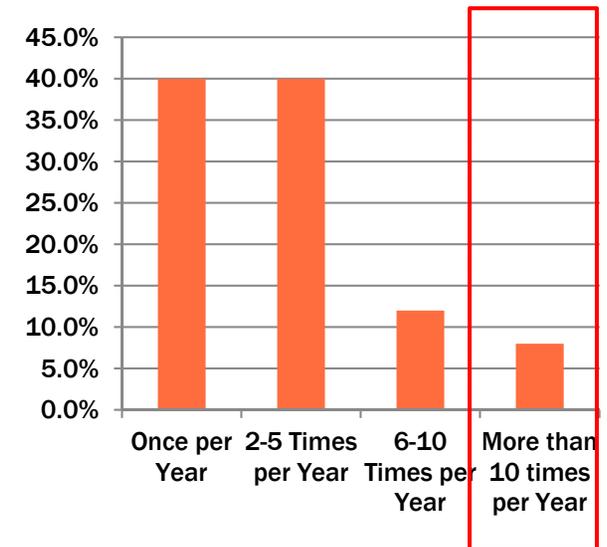
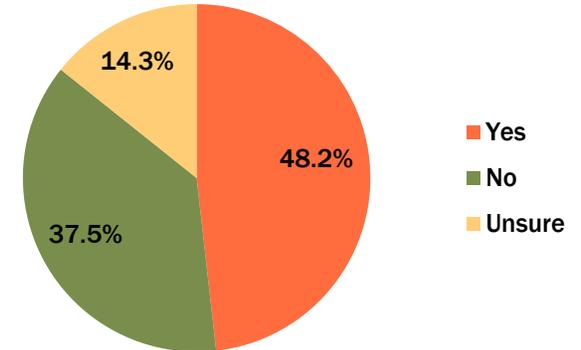
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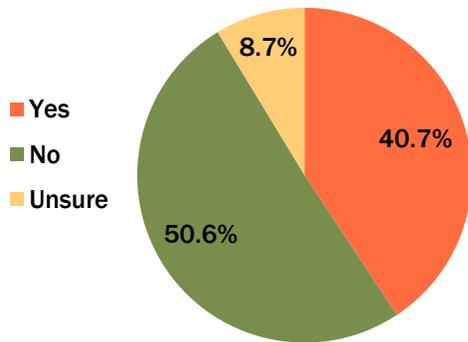


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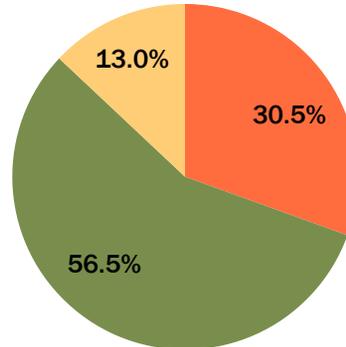


WOULD YOU PARTICIPATE & HOW OFTEN: BIKE SKILLS PARK

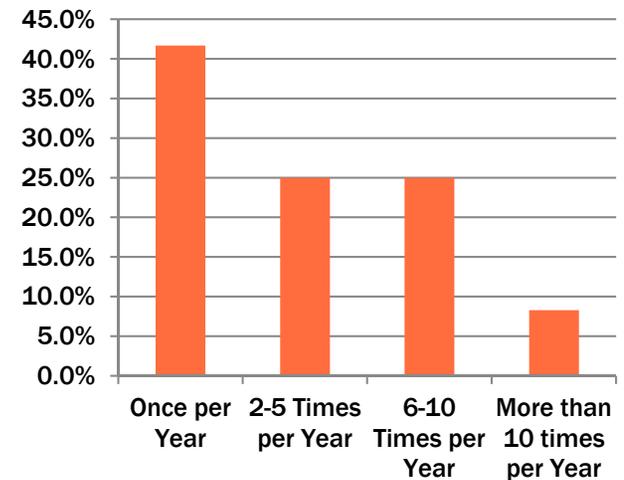
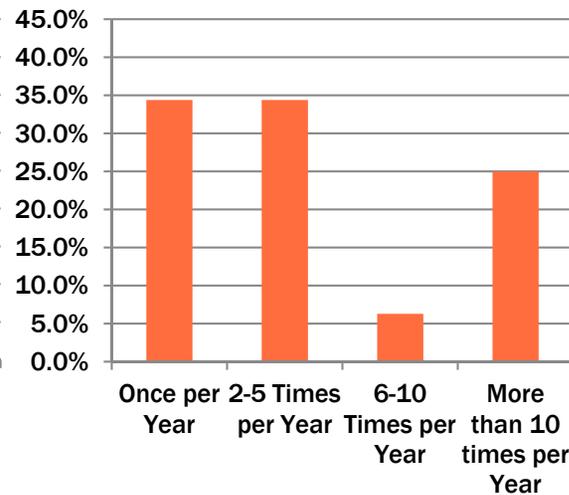
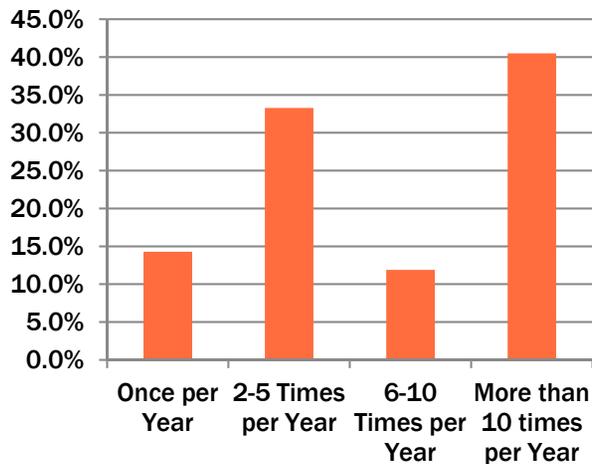
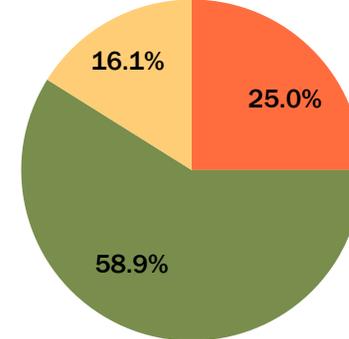
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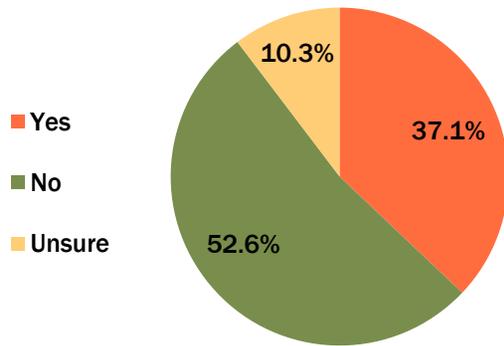


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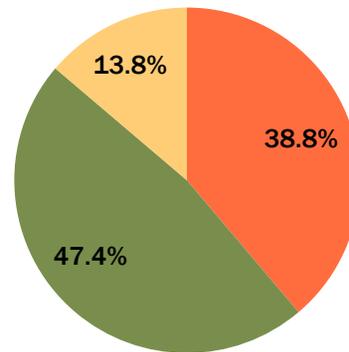


WOULD YOU PARTICIPATE & HOW OFTEN: BASE AREA ACTIVITIES

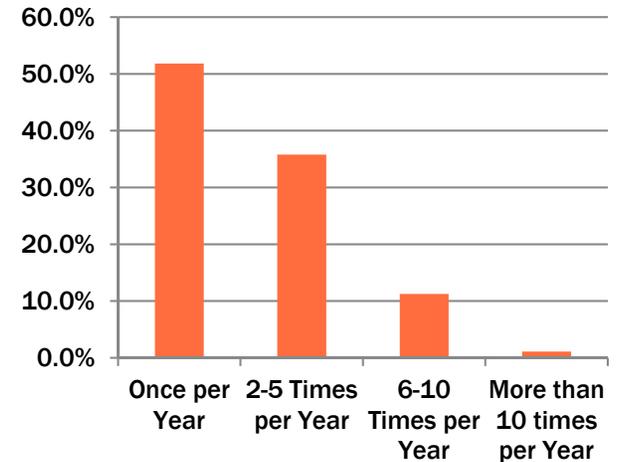
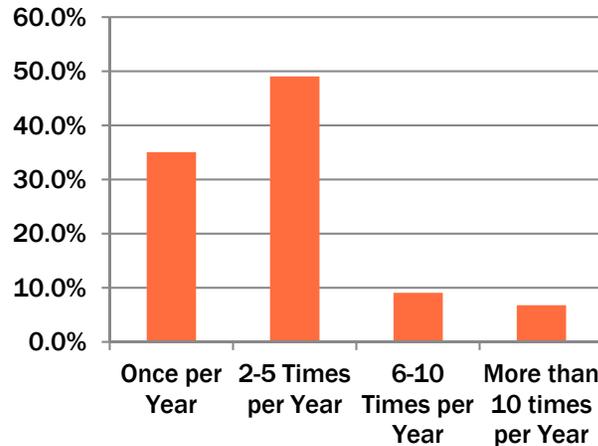
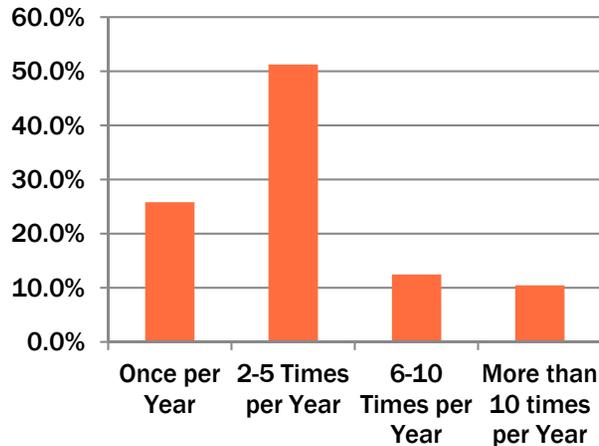
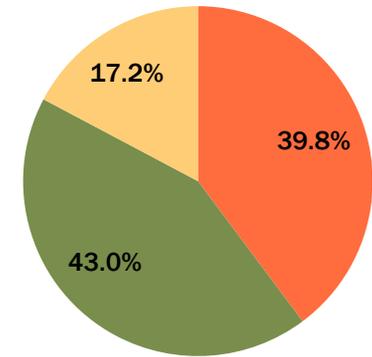
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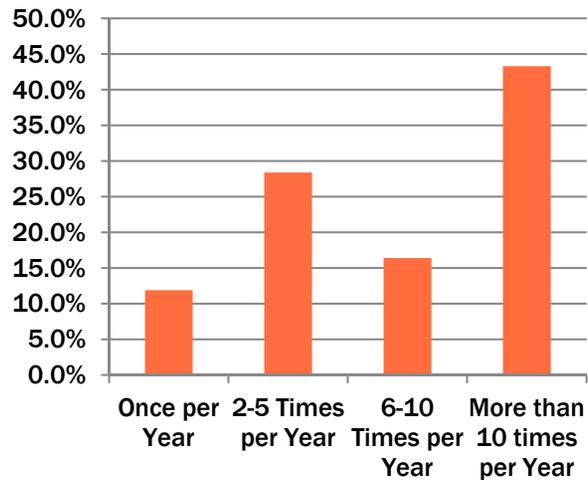
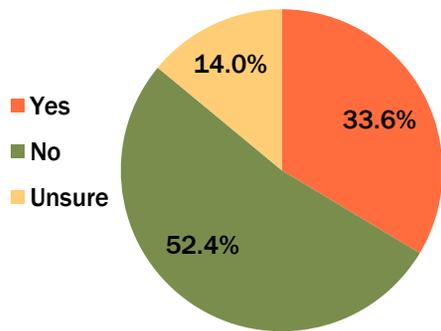


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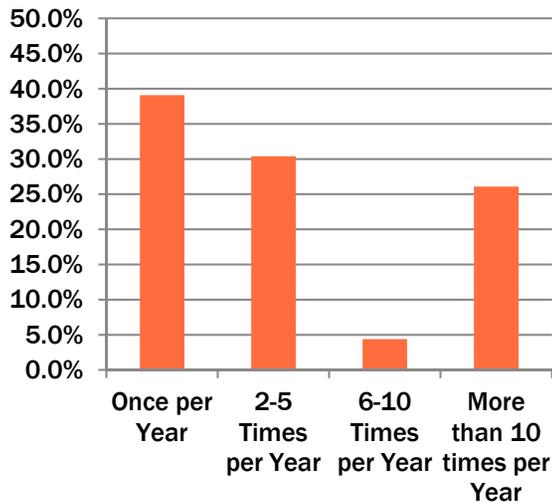
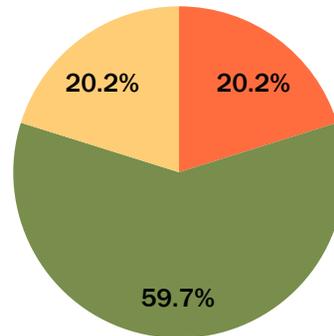


WOULD YOU PARTICIPATE & HOW OFTEN: BIKE PUMP TRACK

FT Resident



PT Resident



Visitor

