

# DIAMOND PEAK MASTER PLAN



## OVERVIEW

The Diamond Peak Master Plan looks at the potential for the future development of Diamond Peak as a year-round 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 serves as a blueprint for future development of multi-season activities at Diamond Peak.

## PROJECT OBJECTIVES

- Chart a Course for the Future of Diamond Peak
- Determine Winter Experience Improvements
- Evaluate Summer Opportunities
- Ensure Projects Provide a Strong ROI
- Ensure Projects Fit within Community Character
- Improve Revenue Stream for IVGID without increasing the Recreation Facility Fee



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## OPERATIONAL CONSIDERATIONS

- Community-focused improvements
- Diamond Peak is currently an under-utilized IVGID asset 7 months of the year
- Including summer operations would reduce financial risk of poor winter weather conditions/business
- Our revenue would not be 100% dependent on existing winter ski operation
- Summer weather is more reliable for revenue opportunities
- The Master Plan includes revenue sources that also operate in winter (and offset poor snow years!)
- The financial model emphasizes NO increase in the Recreation Facility Fee



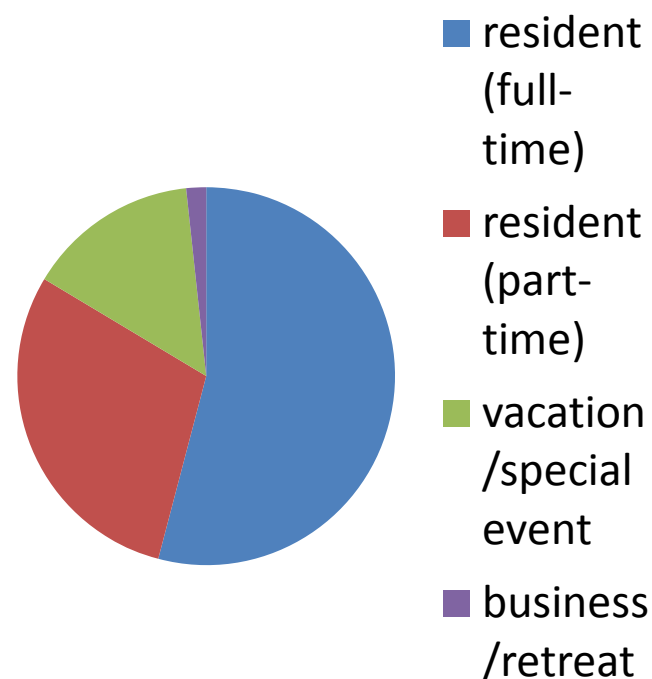
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## COMMUNITY SURVEY

- A survey was available on the website Summer 2013
- Advertised through local publications, PW newsletter and social media
- Sent email invitation via the Diamond Peak subscriber list
- Available as a hard copy to pick up at the July 7<sup>th</sup> Open House
- Flyers distributed at the Recreation Center
- 700+ took part in all or a portion of the survey
- 500+ completed it in its entirety
- 54% Full-time Residents  
29% Part-time Residents  
15% Vacation/Special Events  
2% Business

## survey participants





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## Results from Survey:

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 and connecting to the larger regional trail networks (Rim/Flume trails)
- Recognize the beauty of Snowflake Lodge 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, summer 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 and enhanced financial viability of the operation year round

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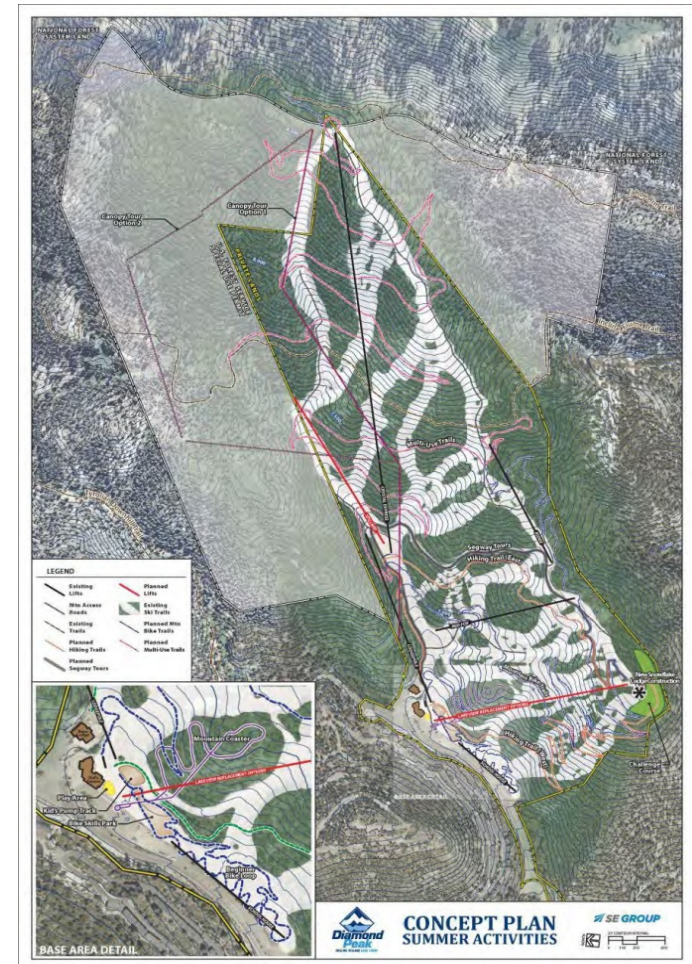


## PROPOSED SUMMER ACTIVITIES:

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

## PLAN DEVELOPMENT

It is important to note that the locations and alignments 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 completed prior to implementation.





**LEGEND**

	Existing Lifts		Planned Lifts
	Mtn Access Roads		Existing Ski Trails
	Existing Multi-Use Trails		Planned Multi-Use Trails
	Existing Bike Trails		Planned Bike Trails
	Planned Hiking Trails		Planned Segway Tours



**CONCEPT PLAN  
SUMMER ACTIVITIES**



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## Community Input About Proposed Activities:

- Mountain Biking

*When the community survey asked:*

*Does mountain biking fit within your vision for the future of Diamond Peak, 67% voted YES*

- Hiking

*When the community survey asked:*

*Does hiking fit within your vision for the future of Diamond Peak, 80% said YES*

- Canopy Tour

*When the community survey asked:*

*Does a canopy tour fit within your vision for the future of Diamond Peak, 56% said YES*

- Aerial Challenge Course

*When the community survey asked:*

*Does an aerial adventure course fit within your vision for the future of Diamond Peak, 55% said YES*

- Alpine Coaster

*Does an Alpine Coaster fit within your vision for the future of Diamond Peak, 50% said YES*



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## PROGRAMS

### Other opportunities include:

- **Kids camps:** Utilizing Child Ski Center and working with the Recreation Department's kids programs
- **Adult camps** (skills oriented) Mountain Biking; Challenge Course; Climbing Wall
- **Team building:** Huge opportunity for corporate groups
- **Educational programs/environmental education;** could work with SNC to establish educational programming

*When the community survey asked:*

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

## EVENTS

### Opportunities include:

- Small-scale races: Local running and mountain bike races
- Arts and Craft festivals
- Entertainment at Snowflake Lodge (mainly to drive business to the new facility)
- Special events: Weddings, retreats, fundraisers, meetings, etc. at Snowflake



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





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## SNOWFLAKE LODGE

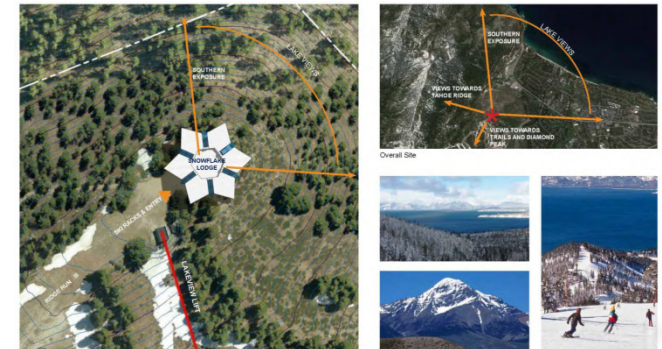
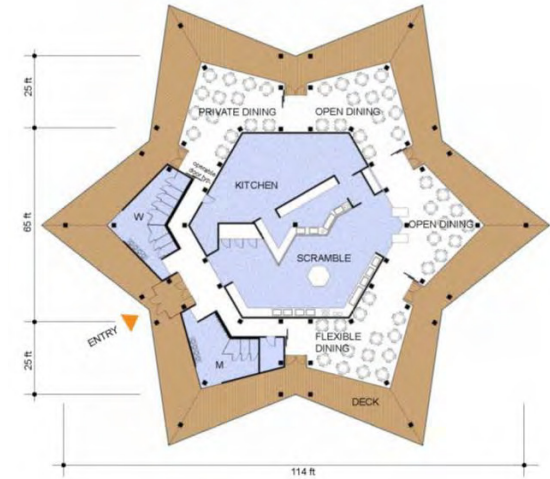
The Snowflake Lodge is a much beloved destination for the Diamond Peak community. The site offers unprecedented views of the lake and has the added bonus of being close and accessible from the base. The existing building is small and is in need of repair. In addition, the capacity analysis of the existing winter operations identified a seating deficit of 690 seats. 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.

### Proposed new facility stats:

- 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

### *When the community survey asked:*

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



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## SUMMER MARKETING FUNNEL

Market research conducted by RRC Associates, a leading Resort and Hospitality Research firm

Summer Visitation to North Lake Tahoe (Kings Beach, Carnelian Bay):



Summertime Incline Village/Crystal Bay Hotel and Vacation Rental occupancy:



Total expected summer visitation:  
**430-680**

Residents Full-time and Part-Time:



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## **PHASING STRATEGY** for proposed activities:

### ***Phase One- \$4.02M capital cost***

- Provide new amenities & activities for the community/guests
- Prioritize revenue-generating activities to generate upfront NOI to offset the capital costs of subsequent phases

### ***Phase Two- \$6.2M capital cost\****

- Prioritize rebuilding Snowflake Lodge and improving base area activities
- Timing of Phase 2 implementation would be triggered by cumulative operating income from Phase 1
- Phase 1 would pay for roughly 1/3<sup>rd</sup> of Phase 2

### ***Phase Three- \$5.5M capital cost\****

- Focus on improvements for winter operations  
(examples would be replacing the Lakeview lift, adding increased snowmaking, putting a lift in the mid-mountain Spillway area)
- Phase 3 would be funded by cumulative operating income from Phases 1 and 2

**\*Phase 2 and Phase 3 would not be implemented until revenues reach desired funding level from Phase 1**

## Diamond Peak Master Plan - Financial Analysis Ver. 7.0

### Anticipated Financial Performance

#### Summer Amenities Anticipated Performance

	Phase 1		Phase 2				Phase 3		
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	
Phase 1 Revenue	\$2,383,250	\$2,648,056	\$2,942,284	\$3,089,398	\$3,243,868	\$3,406,061	\$3,576,365	\$3,755,183	\$
Phase 2 Revenue			\$1,375,987	\$1,528,874	\$1,698,749	\$1,783,687	\$1,872,871	\$1,966,515	\$
<b>Total Revenue</b>	<b>\$2,383,250</b>	<b>\$2,648,056</b>	<b>\$4,318,271</b>	<b>\$4,618,272</b>	<b>\$4,942,617</b>	<b>\$5,189,748</b>	<b>\$5,449,236</b>	<b>\$5,721,697</b>	<b>\$</b>
Phase 1 Operating Expenses	\$837,317	\$930,352	\$1,033,725	\$1,085,411	\$1,139,681	\$1,196,666	\$1,256,499	\$1,319,324	\$
Phase 2 Operating Expenses			\$970,789	\$1,078,655	\$1,198,505	\$1,258,430	\$1,321,352	\$1,387,420	\$
Phase 3 Operating Expenses							\$32,930	\$34,576	\$
<b>Operating Expenses</b>	<b>\$837,317</b>	<b>\$930,352</b>	<b>\$2,004,514</b>	<b>\$2,164,066</b>	<b>\$2,338,187</b>	<b>\$2,455,096</b>	<b>\$2,610,780</b>	<b>\$2,741,319</b>	<b>\$</b>
Operating Margin	\$1,545,933	\$1,717,703	\$2,313,757	\$2,454,207	\$2,604,431	\$2,734,652	\$2,838,455	\$2,980,378	\$
Operating Margin %	65%	65%	54%	53%	53%	53%	52%	52%	\$
Capital Maintenance Reserve (3% of Revenue)	\$71,498	\$79,442	\$129,548	\$138,548	\$148,279	\$155,692	\$163,477	\$171,651	\$
<b>EBITDA on New Activities/Amenities</b>	<b>\$1,474,436</b>	<b>\$1,638,262</b>	<b>\$2,184,209</b>	<b>\$2,315,659</b>	<b>\$2,456,152</b>	<b>\$2,578,960</b>	<b>\$2,674,978</b>	<b>\$2,808,727</b>	<b>\$</b>
Debt Service Phase 1	\$483,658	\$483,658	\$483,658	\$483,658	\$483,658	\$483,658	\$483,658	\$483,658	\$
Debt Service Phase 2			\$491,395	\$491,395	\$491,395	\$491,395	\$491,395	\$491,395	\$
Debt Service Phase 3							\$0	\$0	\$
<b>Net Operating Income after Debt Svc.</b>	<b>\$990,778</b>	<b>\$1,154,604</b>	<b>\$1,209,156</b>	<b>\$1,340,606</b>	<b>\$1,481,100</b>	<b>\$1,603,907</b>	<b>\$1,699,926</b>	<b>\$1,833,675</b>	<b>\$</b>
Rolling Cumulative NOI	\$990,778	\$2,145,382	\$1,209,156	\$2,549,763	\$4,030,862	\$5,634,770	\$1,846,445	\$3,680,120	\$
Capital Expense by Phase	\$4,022,390		\$6,232,119				\$5,488,250		\$
NOI Contribution to Capital on Phase	\$0		\$2,145,382				\$5,488,250		\$
Net New Capital Requirement by Phase	\$4,022,390		\$4,086,737				\$0		\$
Total Capital & Debt Service	\$4,163,174	\$128,783	\$4,346,135	\$234,350	\$208,426	\$181,594	\$153,823	\$125,080	\$
EBITDA - Total Capital & Debt Service	(\$2,688,738)	(\$1,179,260)	(\$3,341,186)	(\$1,259,877)	\$987,849	\$3,385,215	\$5,906,371	\$8,590,018	\$1
IRR w Debt Service	46.6%								
NPV w Debt Service	\$15,900,086								

## DIAMOND PEAK MASTER PLAN



- Phase 1 revenue pays for 1/3 of Phase 2 by third operating year
  - If revenue does not meet projections, Phase 2 would likely be delayed
- Combined Phase 1 and Phase 2 revenue pays for all of Phase 3 by as early as Year 7
- Out of debt as soon as Year 5

# DIAMOND PEAK MASTER PLAN



## What's next?

- The Draft Master Plan document will be available for public viewing at least 30 days prior to the Board's vote on the Master Plan conceptual document.
- In a BOT meeting late May or June the Board will be asked to vote on the adoption of the new Master Plan. The Master Plan is itself a concept and items within the Plan will need to be approved individually by the Board during design planning and implementation.
- **Phase 2 and Phase 3 would not be implemented until revenues reach funding level from Phase 1.**

We encourage you become involved in this process! Please sign up to receive Master Plan updates or submit your feedback to [masterplan@diamondpeak.com](mailto:masterplan@diamondpeak.com)