



## Proposed Greylock Glen Resort Market and Feasibility Study – Adams, MA

**SUBMITTED TO**  
Town of Adams

**SUBMITTED BY**  
C.H. Johnson Consulting, Incorporated

July 2016



**JOHNSON  
CONSULTING**

Experts in Convention, Hospitality,  
Sport and Real Estate Consulting.

## TABLE OF CONTENTS

### SECTION 1

TRANSMITTAL LETTER

### SECTION 2

INTRODUCTION AND EXECUTIVE SUMMARY .....1

### SECTION 3

MARKET ANALYSIS .....10

### SECTION 4

TRENDS AND INDICATED PROJECTS..... 25

### SECTION 5

INTERVIEWS SUMMARY ..... 35

### SECTION 6

FACILITY PROGRAM RECOMMENDATIONS..... 38

### SECTION 7

OPERATING PROJECTIONS.....41

**SECTION 1**

**TRANSMITTAL LETTER**

July 5, 2016

Ms. Donna Cesan  
Director Community Development  
Town of Adams  
92 Park Street  
Adams, MA 01220  
[dcesan@town.adams.ma.us](mailto:dcesan@town.adams.ma.us)

Re: Greylock Glen Resort Market and Feasibility Study

Dear Donna:

**Johnson Consulting** is pleased to submit this report regarding the potential for the proposed Greylock Glen Resort. This report serves as an update to our prior study completed in 2004, since which time substantial work has advanced on the project. Pursuant to our engagement, this report provides an analysis of the economic and demographic characteristics of Adams and Berkshire County, as well as the broader region; identifies and analyzes key developments and initiatives in the local and regional areas, provides case study profiles of local, regional and national comparable projects, summarizes key observations from interviews with stakeholders; assesses and validates facility program recommendations; and provides operating and cash flow projections for the proposed project.

Johnson Consulting has no responsibility to update this report for events and circumstances occurring after the date of this report. The findings presented herein reflect analyses of primary and secondary sources of information. Johnson Consulting used sources deemed to be reliable, but cannot guarantee their accuracy. Moreover, some of the estimates and analyses presented in this study are based on trends and assumptions, which can result in differences between the projected results and the actual results. Because events and circumstances frequently do not occur as expected, those differences may be material. This report is intended for the clients' internal use and cannot be used for project underwriting purposes without Johnson Consulting's written consent.

We have enjoyed serving you on this engagement and look forward to providing you with continuing service.

Sincerely,

*C.H. Johnson Consulting, Inc.*

C.H. JOHNSON CONSULTING, INC.

## **SECTION 2**

### **INTRODUCTION AND EXECUTIVE SUMMARY**

## INTRODUCTION

Johnson Consulting was retained by the Town of Adams to undertake a market and financial feasibility study assessing the merits of the proposed Greylock Glen Resort in Adams, Massachusetts. This report serves as an update to our prior study completed in 2004, which coincided with the release of a Request for Proposals (RFP) by the Commonwealth of Massachusetts to design, construct and manage a development consistent with the Master Plan. Since that time, substantial work has advanced on the project, land uses have been more defined, and the Town has become the designated developer and has negotiated a smaller parcel (56 acres) to develop, which will make the project much simpler to execute.

## PROPOSED DEVELOPMENT

Development of the proposed Greylock Glen Resort is being led by the Town of Adams, in collaboration with the Massachusetts Department of Conservation and Recreation, the Massachusetts Audubon Society, Appalachian Mountain Club, Massachusetts College of Liberal Arts (MCLA), and Massachusetts Museum of Contemporary Arts (MASS MoCA). Pursuant to the current Master Plan, the \$50 million, four-season Resort will include the following, to be built in phases as independent project initiatives:

- **OUTDOOR CENTER:** An 11,000 square foot multi-purpose facility that will house the welcome center, concessions, classrooms, exhibits, MCLA field station, and Outdoor Center, offering ski and bike equipment rental, lessons and lockers. The Outdoor Center will function as an environmental education center, with potential programming by MCLA and other third parties, focused upon local ecology, sustainable development, and environmental artwork.
- **CAMPGROUND:** 140 sites, with only a limited number of small RVs allowed (no hook-ups will be offered). Amenities will include restrooms, hot showers, swimming pool, group camping area, and a camp store, along with rustic cabins and eco-tents.
- **MULTI-USE TRAIL SYSTEM:** Expansion and improvement of existing trails network and connections to State Reservation trails. The trails will be designed for walking, hiking, mountain biking, snowshoeing, and Nordic skiing, and will include a 1.5 kilometer accessible Interpretive Nature Trail near the Outdoor Center.
- **PERFORMING ARTS AMPHITHEATER AND OUTDOOR ENVIRONMENTAL ART:** A 2,500-seat amphitheater, with music and entertainment programming, as well as opportunities for additional festivals, lectures, and theatrical performances. Outdoor art exhibits will also be presented, designed to enhance the overall visitor experience.
- **LODGING AND MEETING FACILITIES:** Thunderbolt Lodge and Conference Center will provide up to 170 lodging rooms, along with state-of-the-art conference facilities. The lodging facility is a critical component of the overall development, reflecting the Town's desire to grow tourism in the local economy.

- **CONSERVATION LANDS:** The balance of the site, which encompasses more than 1,000 acres (or 94 percent of the site) will be permanently protected as Conservation Lands. A comprehensive stewardship plan for the trails network will be developed by the Town. The State has primary responsibility for the Conservation Lands.

The proposed Resort will be designed to protect the unique, natural features of Greylock Glen, while also providing economic development and leveraging the history of the site (including Thunderbolt Ski Trail and the Appalachian Trail). The proposed project elements will be oriented towards the public, with the intention of creating local, regional, and state economic benefits. Strong linkages to the Town of Adams is also an important element of the overall design.

## PROJECT MILESTONES

Since the time of our prior study, a number of milestones have been accomplished, including:

- The Town of Adams responded to the Commonwealth's RFP with a mid-intensity scenario for the proposed development, and in 2006 entered into a contract as the provisional developer for the project.
- A master plan for the project was subsequently prepared, and *all major permitting has been obtained.*
- A 99-year lease agreement was signed with the Town for the 56-acres required for the development, with legislative approval currently being sought for permanent environmental protection of the remaining 1,000 acres.
- In 2011, Pinnacle Advisory Group was retained to undertake a market analysis and strategic recommendations for the proposed eco-resort and conference center.
- In 2012, Pinnacle Advisory Group prepared a market analysis and cash flow projections for the campground component of the development. This study was updated in 2016.
- An RFP for the proposed campground is currently being prepared and will be released imminently.
- An RFP for the design of the Outdoor Center, which will be operated by the Town or a not-for-profit entity, will be the next phase of the project.
- Various grant applications are being prepared.



## METHODOLOGY

In order to complete our assessment and recommendations concerning the proposed Greylock Glen Resort, Johnson Consulting performed the following tasks:

- Reviewed and analyzed all data, information and legislation prepared since the time of our prior study.
- Summarized the proposed development.
- Analyzed updated economic and demographic characteristics of the market area that may influence demand for the proposed project.
- Prepared case study profiles of a selection of comparable facilities.
- Provided confirmation and recommendations regarding the overall development program.
- Prepared a proforma operating statement for the proposed development.

## EXECUTIVE SUMMARY

The Berkshires has a long history as a popular tourist destination, leveraging its natural attributes and strategic location in close proximity to a large demand base within driving distance. The region is renowned for offering arts, cultural attractions, outdoor recreation opportunities, and special events that are among the best in the world. Continuing investment in the area has increased over recent years, particularly in the tourism sector. Notwithstanding this, Adams has not developed the major demand generators or tourism infrastructure that are present in the balance of Berkshire County. Investment in the Greylock Glen Resort is just the type of impetus the Commonwealth and Town need to make it more of a participant in the regional tourism and cultural portfolio, and this is recognized by both constituents through their support for this project. The proposed Resort will expand the local and regional economies by establishing Adams as a destination for outdoor recreation, growing the Town's visitor services and attractions, and connecting the Town more meaningfully to the cultural institutions within the Berkshires and the creative economy.

Greylock Glen Resort will be locally-based, involving institutions and organizations that have deep roots in the Berkshires. The Town has thoughtfully and specifically sought to work with MASS MoCA, which is a model of cultural and community development, and MCLA, the only public four-year college in the Berkshires which has a number of programs and institutes that will be able to link with the proposed facilities at Greylock Glen Resort. The Town, through the proposed project, will work to sustain and strengthen regional institutions and build capacity in the northern Berkshires. In addition, the project will serve to build a stronger customer base for downtown retailers and merchants in Adams. Achieving this balance between economic growth and environmental protection will create an invaluable amenity for residents, visitors, businesses, and local government.



## COMPARABLE DEVELOPMENTS

The following table summarizes the key attributes of the comparable projects and developments included in this analysis.

**Table 2 - 1**

Key Characteristics of Indicated Facilities and Markets								
	Proposed Greylock Glen Resort	Jiminy Peak Mountain Resort	IslandWood	Great Glen Trails	Lied Lodge & Conference Center	Costanoa Lodge	Interlaken Inn	Sleeping Lady Resort
<b>Location</b>								
Location	Adams, MA	Hancock, MA	Bainbridge Island, WA	Gorham, NH	Nebraska City, NE	Pescadero, CA	Lakeville, CT	Leavenworth, WA
<b>Demographic Characteristics - County (2015)</b>								
Population	130,180	130,180	254,658	33,999	16,009	739,387	189,412	74,697
Median Age (Years)	46.1	46.1	40.1	47.4	43.7	40.1	46.1	39.9
Median Household Income	\$48,670	\$48,670	\$61,889	\$39,182	\$58,982	\$90,510	\$66,787	\$51,641
<b>Facility Attributes</b>								
Size	60 acres	170 acres	255 acres (12 acres cleared)	225 acres	-	140 acres	30 acres	67 acres
Year Built	Proposed	1948	2002	1994	1993	1999	1973	1995
Largest Event Space (SF)	6,000+ SF	4,800 SF	3,308 SF	125 person capacity	4,672 SF	1,050 SF	1,500 SF	2,020 SF
Lodging	✓	✓	✓	-	✓	✓	✓	✓
Inventory of Lodging	170 rooms	105 rooms	55 rooms/ 205 guests	-	144 rooms	40 rooms; 12 cabins; 122 bungalows	80 rooms	70 rooms
Campground	✓	-	-	-	-	✓	-	-
Welcome Center	✓	✓	✓	✓	-	-	-	-
Education Center/ Classrooms	✓	-	✓	✓	-	✓	-	-
Equipment Rental	✓	✓	-	✓	✓	✓	✓	✓
Retail/ Restaurant	✓	✓	-	✓	✓	-	✓	✓
Trails	✓	✓	✓	✓	✓	✓	-	✓
Total Trail Network (Miles)	32.6 Miles	N/A	9.8 Miles	25 Miles	-	-	-	-
Amphitheater	✓	-	-	-	-	-	-	-
<b>Project Cost</b>								
Project Cost	\$50 M	-	\$32 M+ \$5 M for land	-	\$12 M	\$20 M	-	-
<b>Operating Revenue &amp; Expenses (Most Recent Year)</b>								
Total Revenues		-	\$8,049,409	-	\$7,300,000	\$44,055,190	-	-
Total Expenses	Refer to Projections	-	\$7,939,508	-	\$12,600,000	\$43,046,408	-	-
Net Operating Income (Loss)		-	\$109,901	-	(\$5,300,000)	\$1,008,782	-	-

Source: Relevant facilities, Johnson Consulting

There are a number of successful projects that combine outdoor recreation, trails, overnight lodging and meeting space. These physical amenities prove very attractive among a variety of users, including individuals, families, clubs, corporations, and other organizations. Each of the facilities profiled above leverage the scenic beauty and recreation offerings of their settings and most are firmly grounded in their approach to environment sustainability, through both design elements and day-to-day operations. Key observations drawn from the case study facilities are summarized as follows:

- **PRIVATE OPERATION AND REVENUES:** With the exception of IslandWood, which is operated by a 501(c)3 nonprofit organization, all of the case study facilities are privately owned and operated. This reflects a desire, and in many cases a need, for the lodging and meeting facility to generate revenue to support the overall site. IslandWood differs from the proposed Greylock Glen Resort and the other case study facilities in its primary focus upon environmental education, although management has identified a need to diversify to attract private events as a mechanism for generating revenues. This is further evidenced by Lied Lodge Resort and Conference Center, which was initially built to host Foundation events but has since targeting external events as a means of increasing revenues. The Great Glen Trails Outdoor Center is most similar to that proposed at Greylock Glen Resort. Although official figures were not available, it is understood that rentals generate significant revenues for the overall development. This, in addition to a diversified demand base targeting visitors and private events, as well as the benefits of onsite lodging, will contribute to the success of the Greylock Glen Resort.
- **EVENT SPONSORSHIP:** As outdoor recreation continues to grow in popularity, the range of activities are expanding and major sponsors, such as Red Bull, are adding to this momentum. In September 2015, the Red Bull 400 which originated in Europe in 2012, made its U.S. debut at Utah Olympic Park. The 400-meter running race climbed the 6,870-foot Nordic ski jump and served as a fundraiser for the Park's in-house training program. This demonstrates the potential for utilization of such facilities outside of the ski season. Similar events could be sought for Mount Greylock, particularly given the opportunities presented by the existing Thunderbolt Trail.
- **LOCAL DEMAND:** Jiminy Peak Mountain Resort highlights local and regional demand for the types of facilities, amenities, and outdoor recreation offerings proposed at the Greylock Glen Resort, and the potential for year-round operations. The success of the Interlarken Inn reflects the ability to draw demand from a large drive-in market. Adams and the Greylock Glen Resort will have similar market potential.
- **ACCOMODATIONS:** Quality accommodation is key to attracting visitors to each of the case study facilities. Costanoa Lodge offers the most diversity with respect to the types of accommodation available. The inclusion of a campground with cabins at Greylock Glen Resort will expand the potential market for visitors. The scale and quality of accommodation and meeting space at Lied Lodge is comparable to what is proposed at Greylock Glen.

- **DIVERSE ACTIVITIES:** The diversity of activities offered at Sleeping Lady Resort and Conference Center closely reflects the diverse activities that will be available at Greylock Glen Resort. The anticipated mix of uses and the conversations that the Town has had with potential tenants and operators for the Outdoor Center, especially with MCLA, Mass Audubon and AMC, indicate that the proposed Greylock Glen Resort will fill a void in the northern Berkshires and would be of great interest to the region. The potential for major event(s) should also be explored, as they would providing publicity and also serve as an additional demand and revenue generator for the overall project.

## PROGRAM RECOMMENDATIONS

Our assessment of the market opportunity for the various program elements indicates demand for a new lodging facility in the range of 120-150 guestrooms, supported by 6,000 to 8,000 square feet of multi-purpose meeting space. We agree with the recommendations and observations set forth in Pinnacle Advisory Group's 2011 Eco-Resort and Conference Center assessment, which indicate potential for the facility to be expanded to comprise 170 guestrooms and up to 10,000 square feet of meeting space. This is significantly larger than the scale of lodging facilities at comparable projects, although its size does reflect the desire of the Town of Adams to grow tourism in the local economy. It also reflects the potential to attract larger association groups and school groups.

The Outdoor Center will anchor the overall Resort in terms of orienting its focus to outdoor recreation. The inclusion of a welcome center, classrooms, concessions, and other amenities is consistent with offerings at comparable projects and reflects the overall scale and vision for the proposed project at Greylock Glen. The multi-use trail system will be the longest among the comparable facilities profiled in the preceding section of this report. Connectivity with the Town of Adams will be invaluable with respect to the overall accessibility of the project.

The current proposal also includes the 140-site Campground, which reflects the recommendations included in Pinnacle Advisory Group's recent 2016 Campground assessment (updated from their original 2012 assessment), and is consistent with camping facilities at comparable projects. An amphitheater as proposed will add to overall appeal and demand, raising awareness of the overall project, and if programmed by MASS MoCA, strengthen opportunities for regional tourism development and cross-marketing.

## ESTIMATED DEVELOPMENT BUDGET

The following table presents a summary of the estimated capital budget for the proposed Greylock Glen Resort, by project element.

Table 2 - 2

Proposed Greylock Glen Resort Summary of Development Budget (\$000)		
	Size/ Capacity	Estimated Cost
<b>Hard Costs</b>		
Trails and Outdoor Recreation	32.6 miles*	\$2,708
Campground	140 sites	5,162
Outdoor Center	11,000 SF	4,166
Amphitheater	2,500 seats	7,254
Nordic Ski Center	4.6 miles**	1,712
Thunderbolt Lodge	170 rooms	20,561
	10,000 SF***	
Maintenance/ Utilities	All Grounds	1,451
<b>Total Hard Costs</b>		<b>\$43,014</b>
Soft Costs		\$10,128
<b>Total Costs</b>		<b>\$53,142</b>
* Includes upgrades to existing trails, new trails, bridges, signage, landscaping etc.		
** Includes lighting and snowmaking		
*** Maximum potential meeting space		
Source: Development Proforma, Pinnacle Advisory Group, Johnson Consulting		

## OPERATING PROJECTIONS

The following table presents a summary of the projected operating statement for the proposed Greylock Glen Resort, by major project element, for the first 5 full years of operation, as well as projections for Years 10 and 20. Revenues include all revenues that can be used for operations. All revenues and expenses are inflated at an annual rate of 3.0 percent. While all project elements are shown to occur in Year 1, some may be phased in over time, affecting the annual revenue and expense amount by the respective amounts for each project element. Each is analyzed separately in Section 7 of this report, so the reader can see which uses are major cash contributors and which need maximum grant giving to hedge risk.

Table 2 - 3

Proposed Greylock Glen Resort Summary of Operations by Facility (\$'000)								
Line		Year 1 2018	Year 2 2019	Year 3 2020	Year 4 2021	Year 5 2022	Year 10 2027	Year 20 2037
Outdoor Center								
1	Revenues	\$553	\$570	\$587	\$605	\$623	\$722	\$970
2	Expenses	477	492	506	521	537	623	837
3	Operating Income	\$76	\$78	\$81	\$83	\$86	\$99	\$134
4	Capital Reserve	17	17	17	18	18	21	29
5	Net Cash Flow	\$60	\$61	\$63	\$65	\$67	\$78	\$105
Nordic Ski Center								
6	Revenues	\$809	\$834	\$859	\$885	\$911	\$1,056	\$1,419
7	Expenses	535	551	567	584	602	697	937
8	Operating Income	\$275	\$283	\$292	\$300	\$309	\$359	\$482
9	Capital Reserve	24	25	26	27	27	32	43
10	Taxes	0	0	0	0	0	116	170
11	Debt Service Payments	105	105	105	105	105	105	105
12	Net Cash Flow	\$146	\$153	\$161	\$169	\$177	\$106	\$165
Campground and Cabins								
13	Revenues	\$1,390	\$1,545	\$1,591	\$1,639	\$1,688	\$1,957	\$2,630
14	Expenses	840	929	957	985	1,015	1,318	1,771
15	Operating Income	\$550	\$616	\$634	\$653	\$673	\$639	\$858
16	Capital Reserve	49	54	56	57	59	68	92
17	Taxes	51	79	87	96	106	100	204
18	Debt Service Payments	262	262	262	262	262	262	270
19	Net Cash Flow	\$188	\$221	\$229	\$238	\$246	\$208	\$292
Trails and Maintenance (Glen Administration)								
20	Revenues	\$562	\$578	\$596	\$614	\$632	\$733	\$985
21	Expenses	443	456	469	484	498	577	776
22	Operating Income	\$119	\$123	\$126	\$130	\$134	\$155	\$209
23	Capital Reserve	17	17	18	18	19	22	30
24	Net Cash Flow	\$102	\$105	\$108	\$112	\$115	\$133	\$179
Amphitheater								
25	Revenues	\$2,981	\$3,070	\$3,162	\$3,257	\$3,355	\$3,889	\$5,227
26	Expenses	2,540	2,617	2,695	2,776	2,859	3,315	4,455
27	Operating Income	\$440	\$454	\$467	\$481	\$496	\$575	\$772
28	Capital Reserve	89	92	95	98	101	117	157
29	Debt Service Payments	277	277	277	277	277	277	286
30	Net Cash Flow	\$73	\$84	\$95	\$106	\$117	\$180	\$330
Thunderbolt Lodge and Conference Center								
31	Revenues	\$7,986	\$8,974	\$10,041	\$10,314	\$10,623	\$12,315	\$16,550
32	Expenses	5,502	6,160	6,871	7,059	7,270	9,151	12,298
33	Operating Income	\$2,484	\$2,813	\$3,170	\$3,255	\$3,353	\$3,164	\$4,253
34	Capital Reserve	240	269	301	309	319	369	497
35	Taxes	216	353	501	541	587	548	1,092
36	Debt Service Payments	1,238	1,238	1,238	1,238	1,238	1,238	1,238
37	Net Cash Flow	\$790	\$953	\$1,129	\$1,166	\$1,209	\$1,009	\$1,426
25	COMBINED Net Cash Flow	\$1,359	\$1,578	\$1,786	\$1,856	\$1,933	\$1,715	\$2,496
26	Capital Reserve Balance	\$435	\$475	\$513	\$527	\$543	\$630	\$846
27	Non-Earned Revenues*							

\* Allowance for non-earned revenues such as grants, donations, gifts, fund-raising, etc. This will impact the overall cash flow of the project.

Source: Development Proforma, Pinnacle Advisory Group, Johnson Consulting

The combined net cash flow for the proposed Resort is expected to total \$1.4 million in Year 1, increasing to \$1.9 million in Year 5, before contracting slightly to \$1.7 million in Year 10, reflecting the fact that some land uses will be exempt from property taxes for the first 5 years, and then increasing to \$2.5 million in Year 20. These figures account for capital reserve, debt service, and taxes, as well as Common Area Maintenance (CAM) expenses. Given the inherent risk associated with projects such as this, we estimate that our projections within a 20 percent confidence level. As such, it is assumed to be approximately breakeven, consistent with comparable projects.

## CONCLUSION

Based upon our assessment of the market opportunity for the proposed Greylock Glen Resort, as well as our analysis of regional and comparable facilities, we believe that the proposed building program is an economically-viable investment that will result in a product that will further help advance the long-term attractiveness of Adams and the broader region. The project is positioned to be economically successful, leveraging and responding to a number of key factors:

- Location of the proposed Greylock Glen Resort is outstanding, being within close proximity of a number of major population centers and other major regional draws including Mount Greylock, MASS MoCA, downtown Adams, the Ashuwillticook Rail Trail, and eventually the ‘Hoosac Valley Service’.
- Strong levels of demand have been identified by county economic development officials for additional lodging and meeting space, particularly in the northern Berkshires.
- Planning, and state and local permitting, for the project are essentially complete. The first phase of utilities and road improvement is complete, with this site readiness substantially improving the level of project certainty for private developer partners as it minimizes the risk of delays and added costs.
- The project has strong local and regional support, as well as the support of the Commonwealth and state-wide environmental organizations. It responds to the desire for economic growth, while being respectful of the importance of environmental protection.
- Greylock Glen Resort will appeal to the younger, more active visitor type, who is increasingly attracted to the northern Berkshires’ offerings (relative to central and southern Berkshire County).
- The Town is marketing itself as the “recreation hub of the Berkshires” which will have a positive impact on the project and economic growth of the area.
- The project integrates well with, and complements, existing cultural attractions within the region, particularly MASS MoCA, Williamstown Theatre Festival, and the Clark Art Museum, among others.

**SECTION 3**  
MARKET ANALYSIS



## MARKET ANALYSIS

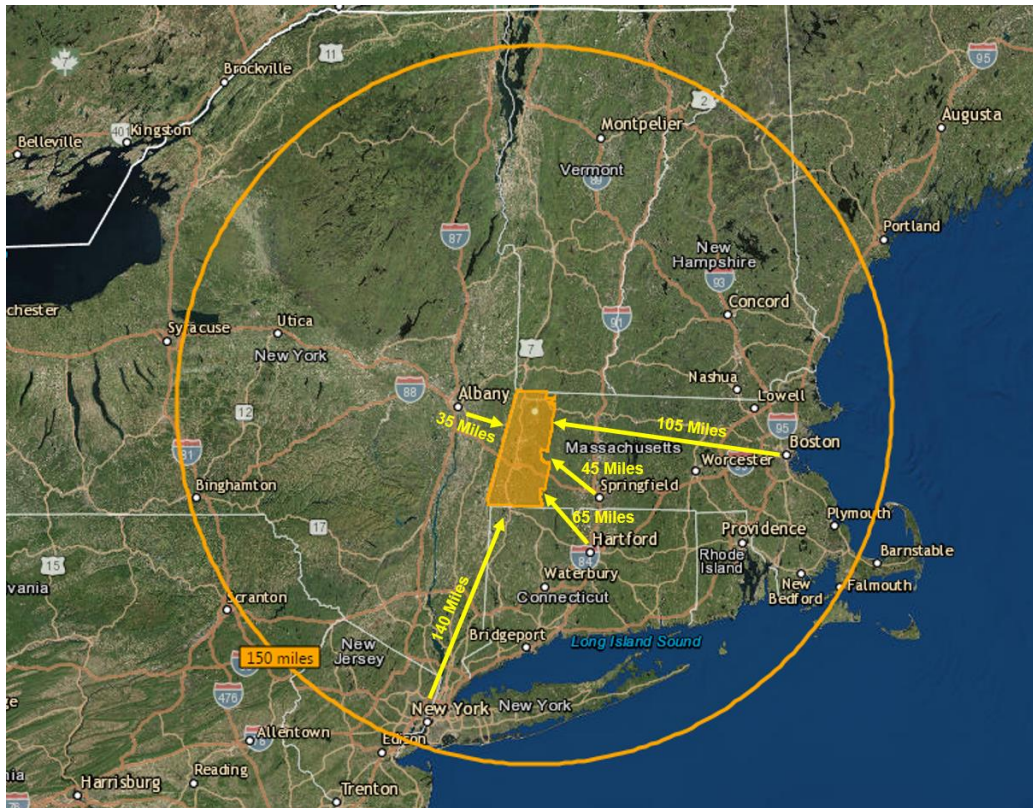
In order to analyze the market opportunity for the proposed Greylock Glen Resort in Adams, Johnson Consulting undertook a comprehensive review of market conditions in the region (defined by a 150-mile radius), relative to national averages. The key objectives of this analysis were to identify structural factors, strengths and weaknesses that may affect the market's ongoing competitive situation, and to gauge the level of support that exists for a new four-season resort focused on outdoor recreation and environmental education.

While characteristics such as population, employment and income are not strict predictors of the performance of lodging and meeting space, recreation facilities, real estate development potential and civic amenities, they provide insight into the capacity of a market to provide ongoing support for facilities and activities. In addition, the size and role of a marketplace, its civic leadership, proximity to other metropolitan areas, activity and concentrations, concentrations, and the location of competing and/ or complementary facilities and attractions, directly influence the scale and quality of facilities that can be supported within that particular market.

## MARKET OVERVIEW

Situated in northern Berkshire County, in the popular tourist destination known as the Berkshires, the proposed Greylock Glen Resort in Adams is strategically located approximately 35 miles from Albany, NY; 45 miles from Springfield, MA; 65 miles from Hartford, CT; 105 miles from Boston, MA; and 150 miles from New York City, NY. Berkshire County, which is the westernmost County in Massachusetts, borders upstate New York to the west, Vermont to the north, and Connecticut to the south. The following figure highlights the strategic location of Berkshire County relative to major driver-in markets within a 150-mile radius (the “study region”).

Figure 3 - 1



Berkshire County is a popular destination for tourists, having a wide variety of world-class performing arts venues, museums, festivals, and education offerings, coupled with the wealth of natural attractions in the Berkshires. Numerous ski resorts, golf courses, hiking and biking trails, and other recreational activities are located in or within a short drive of Adams. Further, the 12,500-acre Mount Greylock State Reservation, the Commonwealth's flagship state park, is contiguous with Greylock Glen. The reservation features the Mount Greylock Scenic Byway, a paved parkway popular with motorists that leads to the 3,291-foot Mount Greylock summit, the highest peak in Massachusetts and southern New England. The Reservation offers extensive hiking and biking opportunities and is also traversed by the Appalachian National Scenic Trail, which extends from Maine to Georgia. At the summit of Mount Greylock is a hostel, a war memorial, and a concession stand, as well as visitor information.

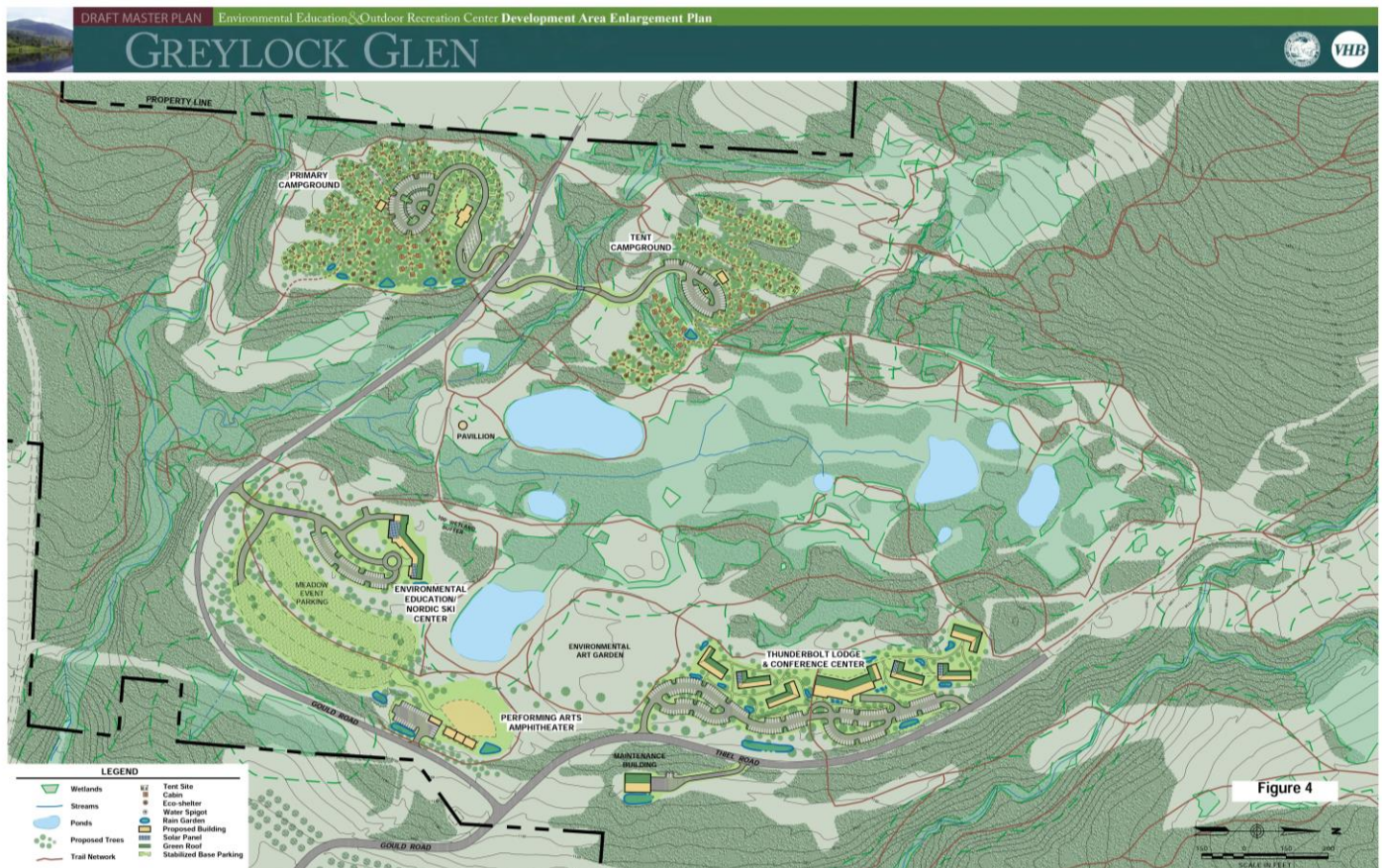
### PROPOSED DEVELOPMENT

The proposed Greylock Glen Resort is situated on the eastern slope of Mount Greylock, directly between downtown Adams and the Mount Greylock State Reservation. As described in the introduction to this report, the proposed development includes a 170-room lodge and conference center, a 2,500-seat performing arts amphitheater, an 11,000 square foot Outdoor Center, including a Nordic Ski facility with snowmaking ability and lighted ski trails, a 140-site campground with tent sites, rustic cabins, and yurts, and a multi-use trail network



that will be utilized by hikers, mountain bikers, horseback riders, cross-country skiers and snowmobilers. The 1,063-acre subject site is owned by the Commonwealth, with the 60-acre development area having been leased to the Town of Adams under a 99-year agreement. The following figure show the master plan for the proposed development.

Figure 3 - 2



## POPULATION

The 2016 resident population within 150 miles of the proposed Greylock Glen Resort is estimated to be 33.3 million persons, representing 10.3 percent of the national population (323.6 million persons). Between 2000 and 2016, the population of the study region increased at an average annual rate of 0.4 percent, which was slightly lower than the rate of growth recorded throughout the U.S. (0.9 percent per annum). The following table shows population trends within 150 miles of the subject site relative to the U.S.

**Table 3 - 1**

Population (Millions) (2000-2021)		
	150-Mile Radius	U.S
<b>2000</b>	31.2	281.4
<b>2010</b>	32.2	308.7
<b>2016</b>	33.3	323.6
<b>CAGR* (2000-2016)</b>	<b>0.4%</b>	<b>0.9%</b>
<b>2021 (Projected)</b>	34.2	337.3
<b>CAGR* (2016-2021)</b>	<b>0.6%</b>	<b>0.8%</b>
* Compounded Annual Growth Rate		
Source: Esri ArcGIS BAO, Johnson Consulting		

Going forward, the population of the study region is projected to grow at a modest pace, reaching 34.2 million persons by 2021. This represents an increase of 0.6 percent per annum over 2016, which is similar to the 0.8 percent annual growth projected throughout the U.S.

## AGE CHARACTERISTICS

In 2016, the median age of residents within a 150-mile radius of the proposed Greylock Glen Resort is 39.3 years, which is slightly older than the U.S. average (38.0 years). Between 2010 and 2016, the median age of residents of the study region increased by 2.3 percent, mirroring the rate of increase recorded throughout the U.S. (2.4 percent). Going forward, the median age of residents of the study region is projected to increase slightly, reaching 40.0 years by 2021. The figure remains above the forecast median age across the U.S. (38.7 years). The following table shows the median age characteristics of the study region and the U.S.

Table 3 - 2

Median Age (2010-2021)		
	150-Mile Radius	U.S
2010	38.4	37.1
2016	39.3	38.0
Growth (2010-2016)	2.3%	2.4%
2021 (Projected)	40.0	38.7
Growth (2016-2021)	1.8%	1.8%

Source: Esri ArcGIS BAO, Johnson Consulting

## EDUCATIONAL ATTAINMENT

Residents within a 150-mile radius of the proposed Greylock Glen Resort are highly educated, with 37.6 percent of residents aged 25 years and older holding a Bachelor's degree or higher, compared to 30.4 percent of residents nationally. The following table provides a breakdown of educational attainment levels the study region and the U.S.

Table 3 - 3

Educational Attainment (Millions) (2016)				
	150-Mile Radius		U.S.	
	No.	%	No.	%
Less than High School	2.9	12.7%	27.9	12.8%
High School Graduate	5.2	22.8%	51.5	23.6%
GED/ Alternative Credential	0.8	3.3%	8.7	4.0%
Some College, No Degree	3.7	16.0%	45.6	20.9%
Associates Degree	1.7	7.6%	17.9	8.2%
Bachelor's Degree	5.0	21.7%	41.0	18.8%
Graduate/ Professional Degree	3.7	15.9%	25.3	11.6%
<b>TOTAL</b>	<b>23.0</b>		<b>218.0</b>	

Source: Esri ArcGIS BAO, Johnson Consulting

## HOUSEHOLD INCOME

In 2016, the median household income within a 150-mile radius of the proposed Greylock Glen Resort is estimated to be \$64,258 per annum, which is 18.7 percent higher than the median household income throughout the U.S. (\$54,419). By 2021, the median household income in the study region is expected to reach \$73,491 per annum, remaining well above the median household income throughout the U.S. (\$59,476). The following table shows current and projected median household incomes in the study region and the U.S.

**Table 3 - 4**

Median Household Income (2016-2021)		
	150-Mile Radius	U.S
<b>2016</b>	\$64,258	\$54,149
<b>2021 (Projected)</b>	\$73,491	\$59,476
<b>CAGR* (2016-2021)</b>	<b>2.7%</b>	<b>1.9%</b>

\* Compounded Annual Growth Rate

Source: Esri ArcGIS BAO, Johnson Consulting

## EMPLOYMENT

Data published by the Bureau of Labor Statistics (BLS) is not available for the study region and hence, the following analysis relates to Berkshire County. In 2014, which is the most current data available from the BLS, the predominant industry of employment in Berkshire County was Education and Health Services (24.9 percent of employed persons aged 16 years and older), followed by Trade, Transportation and Utilities (17.5 percent), and Leisure and Hospitality (15.3 percent). Between 2013 and 2014, the largest increases in employment were recorded in Natural Resources and Mining (6.4 percent) and Construction (4.0 percent), while the largest decrease was recorded in the Information sector, contracting by (2.5) percent. The following table shows employment by industry in the County.

Table 3 - 5

Non-Farm Employment by Industry - Berkshire County (2013-2014)			
	2013	2014	Growth Rate 2013-2014
<b>Natural Resources and Mining</b>	251	267	6.4%
<i>% of Total</i>	0.4%	0.4%	
<b>Construction</b>	2,426	2,524	4.0%
<i>% of Total</i>	4.0%	4.1%	
<b>Manufacturing</b>	4,594	4,536	(1.3%)
<i>% of Total</i>	7.6%	7.4%	
<b>Trade, Transportation, and Utilities</b>	10,818	10,705	(1.0%)
<i>% of Total</i>	17.8%	17.5%	
<b>Information</b>	809	789	(2.5%)
<i>% of Total</i>	1.3%	1.3%	
<b>Financial Activities</b>	2,358	2,353	(0.2%)
<i>% of Total</i>	3.9%	3.9%	
<b>Professional and Business Services</b>	4,754	4,813	1.2%
<i>% of Total</i>	7.8%	7.9%	
<b>Education and Health Services</b>	15,382	15,199	(1.2%)
<i>% of Total</i>	25.3%	24.9%	
<b>Leisure and Hospitality</b>	9,056	9,308	2.8%
<i>% of Total</i>	14.9%	15.3%	
<b>Other Services</b>	2,167	2,211	2.0%
<i>% of Total</i>	3.6%	3.6%	
<b>Government</b>	8,212	8,312	1.2%
<i>% of Total</i>	13.5%	13.6%	
<b>TOTAL</b>	<b>60,827</b>	<b>61,017</b>	<b>0.3%</b>

Source: BLS, Johnson Consulting



## UNEMPLOYMENT

The following table shows the annual unemployment rates for Berkshire County, Massachusetts, and the U.S., for the period of 2010 through 2014, which is the most current data available at the County level.

**Table 3 - 6**

Unemployment Rate - Berkshire County (2010-2014)						
	Berkshire County		Massachusetts		U.S.	
	Rate	Change	Rate	Change	Rate	Change
<b>2010</b>	8.7%	-	8.3%	-	9.6%	-
<b>2011</b>	7.8%	<b>(0.9)</b>	7.2%	<b>(1.1)</b>	8.9%	<b>(0.7)</b>
<b>2012</b>	7.2%	<b>(0.6)</b>	6.7%	<b>(0.5)</b>	8.1%	<b>(0.8)</b>
<b>2013</b>	7.3%	<b>0.1</b>	6.7%	<b>0.0</b>	7.4%	<b>(0.7)</b>
<b>2014</b>	6.5%	<b>(0.8)</b>	5.8%	<b>(0.9)</b>	6.2%	<b>(1.2)</b>

Source: BLS, Johnson Consulting

Since 2010, the unemployment rate in Berkshire County has tracked slightly above the Commonwealth average, and until 2014 had also tracked below the national average. In 2014, the unemployment rate in the County contracted by (0.8) percent to 6.5 percent, which was higher than the unemployment rates recorded in the Commonwealth (5.8 percent) and the U.S. (6.2 percent).

## CORPORATE PRESENCE

A strong corporate and business presence can be an important factor in the success of any new lodging and conference facility, because local businesses support facilities through donations, advertising, sponsorships, and their requirement for event space and hotel accommodations. The following table shows the largest employers in Berkshire County, highlighting a prevalence of healthcare systems and facilities.

Table 3 - 7

Largest Employers - Berkshire County (2016)			
Employer	Industry	Location	# Employees
Berkshire Healthcare Systems	Healthcare	Pittsfield	1,000-4,999
BHS Management Services	Healthcare Management	Pittsfield	1,000-4,999
B Mango and Bird	Retail	Lenox	1,000-4,999
Berkshire Medical Center	Healthcare	Pittsfield	1,000-4,999
BMC Hillcrest Campus	Healthcare	Pittsfield	500-999
Canyon Ranch in the Berkshires	Hospitality	Lenox	500-999
SABIC Innovative Plastics	Manufacturing	Pittsfield	500-999
Sheehan Health Group	Healthcare	Pittsfield	500-999
Williams College	Education	Williamstown	500-999
Source: Massachusetts Executive Office of Labor and Workforce Development, Johnson Consulting			

## EDUCATIONAL INSTITUTIONS

There are three higher education institutions located in close proximity to Adams:

- **Williams College:** A private liberal arts college located in Williamstown, approximately 10 miles to the northwest of Adams. The College, which is highly regarded nationally and is ranked #1 by the U.S. News and World Report for liberal arts colleges, has a total enrollment of 2,100 students.
- **Massachusetts Liberal Arts College:** A public liberal arts college located in North Adams, with a total enrollment of 2,100 students. The College is identified as one of the Top 10 public liberal arts colleges based upon the U.S. News Best Colleges rankings.
- **Berkshire Community College:** A two-year community college located in Pittsfield, approximately 20 miles to the south of Adams. The College has a total enrollment of 2,400 students.

## ACCESS

The strategic location of Adams and Berkshire County makes them attractive and accessible as drive-in tourist destinations, particularly for residents of the northeastern U.S. Available modes of transportation include:

- **ROAD:** Most major cities and towns in Berkshire County are linked by U.S. Highway 7, which continues north to Vermont and south to Connecticut. Adams is served by State Route 8. The regional is also served by Interstate Highway 90 (the Massachusetts Turnpike), which connects with Boston to the east and Albany, NY to the west, and Interstate Highway 91, which travels north-south connecting with New York City, NY and Hartford, CT.

Adams is located with 1 hour and 20 minutes drive time of Albany, NY; 1 hour and 50 minutes of Hartford, CT; 3 hours of Boston; and 3 hours and 50 minutes of New York, NY.

- **AIR:** Albany International Airport (ALB) is located 50 miles (1 hour and 15 minutes drive time) to the northwest of Adams. ALB is serviced by four airlines – Southwest, Delta, United and American Airlines. In addition, Bradley International Airport (BDL) is located approximately 65 miles (1 hour and 40 minutes drive time) to the southeast of Adams, near Hartford, CT; and Boston Logan Airport (BOS) is located approximately 145 miles (2 hours and 40 minutes drive time) to the southeast of Adams.

There are also a number of regional airports throughout the region, including Harriman and West Airport in North Adams, Pittsfield Municipal Airport in Pittsfield, and William H Morse Airport in Bennington, VT.

- **TRANSIT:** The Berkshire Regional Transit Authority provides regular bus services throughout Adams, North Adams, Cheshire, Lanesborough, Pittsfield, and Williamstown.

## TOURISM

The Berkshires are a popular tourist destination, reflecting the region's natural beauty and outdoor activities, along with its strong cultural offerings, including world-class museums, festivals, and productions. Most of the tourism activity in Berkshire County occurs in the southern two-thirds of the County, highlighting the potential for great tourism opportunities in the northern Berkshire areas.

Recent data from the Berkshire Visitors Bureau indicates that “tourism in Berkshire County is not only thriving but booming”. On average, the region attracts approximately 2.5 million visitors annually. In 2014, which is the most current annual data available, the Berkshires recorded \$426 million in direct tourism spending, up 5.3 percent from the preceding year, and reflecting a significant increase (9 percent) in international tourism. The tourism industry supported 3,774 jobs and a total payroll of \$103 million.

## HOTEL INVENTORY

In order to evaluate the current and likely future inventory of lodging in the local market, Johnson Consulting defined a competitive set of hotel properties within a 10-mile radius of Greylock Glen Resort. This set of properties, while not representing all potential hotels catering to local demand, is intended to represent those hotels that share the most similarities with the proposed Thunderbolt Lodge and Conference Center, with respect to quality, amenities, and performance. Data from Smith Travel Research (STR), which is an independent hotel research firm whose statistics are widely used within the industry, indicates that the 4 hotel properties within the defined competitive set comprise a total of 291 rooms and 21,050 square feet of meeting and event space. In addition, the planned Williams Inn will add 116 rooms and an additional 6,032 square feet of meeting space, and expanded Redwood Motel will comprise a total of 47 rooms. The following table provides a summary of these lodging facilities.

Table 3 - 8

Inventory of Lodging Facilities within 10 miles of Adams, MA (2016)			
Hotel	Distance (Miles)	Guest Rooms	Meeting Space (SF)
Holiday Inn Berkshires	5.2	90	1,740
The Porches Inn	5.4	47	830
The Orchards	6.7	49	2,720
Jiminy Peak Mountain Resort	10.0	105	15,760
<b>Total</b>	<b>-</b>	<b>291</b>	<b>21,050</b>
Redwood Motel (Expansion)	6.0	47	-
Williams Inn (Planned)	7.7	116	6,032

Source: STR, relevant facilities, mpoint, Johnson Consulting

Data from the Berkshires Visitors Bureau indicates that an additional 600 hotel rooms are planned County-wide, including the proposed lodging facility at Greylock Glen, Williams Inn and the expanded Redwood Motel. This highlights the strength of the hotel industry in the region.

## CULTURAL FACILITIES

Berkshire County and the Berkshires are renowned for their rich inventory of cultural attractions and amenities, popular among tourists and residents alike. Among the most popular are:

### ■ ARTS, CULTURE AND ENTERTAINMENT:

- **Massachusetts Museum of Contemporary Arts (North Adams):** MASS MoCA is the largest contemporary art museum in the world, comprising 600,000 square feet across 26 buildings and attracting approximately 150,000 visitors annually.
- **Susan B. Anthony Birthplace Museum (Adams):** Opened in 2010 following a \$1.1 million restoration and creating of the museum, the Susan B. Anthony Birthplace Museum houses artifacts from Ms. Anthony's childhood. It is open year-round.
- **Williams College Museum of Art (Williamstown):** Located on the campus of Williams College, the Museum houses 11,000 works with an emphasis on contemporary and modern art.
- **Clark Institute (Williamstown):** Renowned as an international center for research and education in the visual arts, the Clark Institute has been undergoing major expansions for several years (addition detail is provided below). The Clark Institute attracts leading industry representatives from around the world to The Clark Fellows and Clark Conferences, Symposia, and Lectures programs. The Institute also sponsors Williams College's pre-eminent Graduate Program in the History of Arts.

- **Williamstown Theatre Festival (Williamstown):** A resident theater company on Williams College campus that is well known regionally.
  - **Berkshire Museum (Pittsfield):** An art, history, and science museum with rotating and interactive exhibits.
  - **Hancock Shaker Village (Hancock):** A 200-year-old Shaker site with 20 historic buildings, a working farm, and exhibitions. It was a working Shaker community from 1783 to 1960.
  - **Berkshire Scenic Railway Museum (Lenox):** Offers educational and scenic train rides on restored trains, as well as exhibits and artifacts related to the history of railroads and associated industries. The Museum was named by the Boston Globe as one of the Top 10 Railroad Museums in New England.
  - **Tanglewood Music Center (Lenox):** A classic outdoor amphitheater that is the summer home of the Boston Symphony Orchestra, along with numerous events throughout the year.
  - **The Norman Rockwell Museum (Stockbridge):** Contains original works by Norman Rockwell, as well as his studio.
  - **Special Events:** The region is host to numerous special events throughout the year, many of which are associated with the venues listed above. These include the Jacob's Pillow Dance festival in Becket, which is the nation's longest running dance festival, Northern Berkshire Fall Foliage Festival in North Adams, and the Berkshires Art Festival in Great Barrington, among others.
- **NATURAL HISTORY AND NATURE**
- **Mount Greylock State Reservation (Adams, North Adams, Lanesborough, Cheshire, Williamstown and New Ashford):** As described above, the Mount Greylock State Reservation encompasses 12,500 acres and is contiguous with Greylock Glen. In addition to Mount Greylock, the Reservation offers extensive hiking and biking opportunities, a hostel, war memorial, a concession stand, and a year-round visitor center.
  - **Savoy Mountain State Forest (Florida):** Encompassing 1,000 acres, the Savoy Mountain State Forest includes scenic ponds used for fishing and swimming, over 50 miles of wooded trails, multiple peaks, waterfalls, 45 campsites, and 4 log cabins. The State Forest is open year-round.
  - **The Herbert Arboretum (Pittsfield):** A “living tree library” with an extensive collection of trees, plants, and natural landscapes. The Arboretum offers educational programs related to gardening and landscaping.
  - **Berkshire Botanic Garden (Stockbridge):** A 15-acre botanic gardens featuring over 3,000 species of varieties, with an emphasis on plants that are native throughout the Berkshires. The Gardens and Visitor Center are open from May 1<sup>st</sup> through Columbus Day.

- **Ashuwillticook Rail Trail:** A former railroad corridor that leads from Pittsfield along the Hoosic River and passes through downtown Adams, approximately 1 mile east of the site of the proposed development. A third phase is currently under construction in Adams and a fourth phase is being designed to extend to North Adams. The proposed development plan includes a pedestrian and bicycle trail connecting the subject site to downtown Adams and the Ashuwillticook Trail.

## REGIONAL TRAIL NETWORKS

Throughout the northeast, there are a number of prominent trail systems and mountain biking areas. These include:

- **GREAT GLEN TRAILS (PINKHAM NOTCH, NH):** 25 miles of carriage roads and singletrack trails used for biking, Nordic skiing, and tubing. Onsite amenities include bike rentals, an Outfitters, and a café. There is no onsite lodging but the Appalachian Mountain Club's (AMC) Joe Dodge Lodge at Pinkham Notch is a partner. Additional detail regarding Great Glen Trails is providing in the following section of this report.
- **KINGDOM TRAILS (EAST BURKE, VT):** A 501(c)3 dedicated to “providing recreation and education opportunities for local residents and visitors, while working to conserve natural resources and create economic stimulation”. This is accomplished by providing a 150-mile network of non-motorized trails and obtaining cooperation from 50 landowners.
- **MILLSTONE HILL TOURING CENTER (BARRE, VT):** 70-mile network on the former site of 75 quarry operations. Onsite lodging and camping is available.
- **GRAFTON PONDS (GRAFTON, VT):** Associated with Grafton Inn, Grafton Ponds is located on a 2,000-acre site with an extensive trail system. Equipment rentals, guided tours, and lessons are available.
- **SAVOY MOUNTAIN STATE FOREST (FLORIDA, MA):** Extensive network of trails with onsite camping.
- **SUNDAY RIVER (BETHEL, VT):** 25 trails covering 20 miles, suitable for beginners through experts. Onsite lodging, equipment rentals, sales, and repairs, with the Sunday River Brewing Company also located nearby.
- **BARTLETT EXPERIMENTAL FOREST (BARTLETT, NH):** Single-track trails used by snowmobilers and mountain bikers.

In addition, the region is home to the following prominent downhill centers:

- **JIMINY PEAK (HANCOCK, MA):** Located in the Taconic Mountains, Jiminy Peak is the largest ski resort in southern New England and is also home to the Cranmore Mountain Adventure Park, making it a four-season resort. Jiminy Peak, which is home to a U8/U10 Program, encompasses 170-acres including 45 trails, a Welcome Center, rental facilities, retail and lodging.

- **MOUNT SNOW (WEST DOVER, VT):** Home to the Eastern States Cup, Mount Snow offers trails for beginners through experts, with onsite lodging, equipment rental, and cafes.
- **KILLINGTON, VT:** 45 miles of trails serviced by the K-1 Express Gondola. Amenities include a mountain bike shop offering rentals, repairs and a full line of clothing and accessories, lodging, and cafes.
- **PLATTEKILL (ROXBURY, NY):** Opened in 1995 with 60 miles of lift-served trails. Home to the Eastern States Cup races, Plattekill is geared towards experts. Rental and repairs are available, along with a café. There is no onsite lodging.
- **ATTITASH (NORTH CONWAY, NH):** 9 miles of advanced through expert trails for downhill and cross country, along with 8 miles of beginner trails. Amenities include rentals and repairs, café, onsite lodging and a spa.

## RECENT INVESTMENT

In recent years, there has been strong investment in cultural and tourism-oriented infrastructure throughout the Berkshires, including:

- **MASSACHUSETTS MUSEUM OF CONTEMPORARY ARTS:** In March 2014, a \$25.4 million State grant was announced to aid the \$55 million addition of 120,000 square feet of gallery space at MASS MoCA. The remaining funds will be privately raised money, reserves and endowment funds. It is anticipated that the new expansion (Phase III) will attract approximately 65,000 additional visitors annually.
- **THE CLARK ART INSTITUTE EXPANSION:** In July 2014, a new Clark Center and a renovated 1955 “white building”, which along with 2,800 square feet of exhibition space at the Lunder Center at Stone Hill, brought the Institutes total exhibition space to 14,000 square feet.
- **PITTSFIELD HILTON GARDEN INN:** In September 2015, a \$10 million Hilton Garden Inn opened in Pittsfield. The 95-room hotel is the only Hilton brand hotel in the Berkshires.
- **BERKSHIRE SCENIC RAILWAY MUSEUM:** In 2015, the State invested \$4.5 million to purchase and upgrade the Adams Branch rail line for improved freight service and to permit tourist train operations between Adams and North Adams. An additional \$2 million investment is pending to install approximately 0.6 miles of new track to extend the rail line to downtown Adams.
- **HOTEL ON NORTH:** In June 2015, a 45-room boutique hotel opened in the 19<sup>th</sup> century former Besse Clark Building in Pittsfield. The hotel responds to the 12,000 unmet midweek through weekend room nights for business travels, per a recently completed market analysis.
- **PROPOSED MILL REDEVELOPMENT:** In July 2015, Greylock Works LLC announced plans to redevelop the 342,000 square foot former Cariddi Mill in North Adams to include a mix of retail, manufacturing, restaurant and hotel operations.



- **PROPOSED CONTEMPORARY ART GALLERY:** In August 2015, the Airport Commission approved a 20-year lease negotiation for a \$10-\$15 million, 160,000 square foot contemporary art museum near the Harriman and West Airport in North Adams.
- **HERITAGE PARK:** The ongoing improvement of Heritage Park in North Adams will include the addition of a model train exhibit, announced in December 2015.
- **MOHAWK THEATER REVITALIZATION:** In December 2015, initial plans were announced for revitalizing the Mohawk Theater in North Adams.

These new investments will continue to grow the momentum observed since the most recent slowdown and will be a positive factor for the proposed Greylock Glen Resort. Further, at the time of undertaking this study, a new fictional story was released by J.K. Rowling centered upon the Ilvermory School of Witchcraft and Wizardry founded in the 17<sup>th</sup> Century at the peak of Mount Greylock. The story will form part of the backstory for an upcoming movie slated to be released in November 2016. The potential publicity that the movie will attract presents new and unique ways of marketing Greylock Glen Resort and is anticipated to have a positive influence on the project.

## IMPLICATIONS

The Berkshires has a long history as a popular tourist destination, leveraging its natural attributes and strategic location in close proximity to a large demand base within driving distance. The region is renowned for offering arts, cultural attractions, outdoor recreation opportunities, and special events that are among the best in the world. Continuing investment in the area has increased over recent years, particularly in the tourism sector. Notwithstanding this, Adams has not developed the major demand generators or tourism infrastructure that are present in the balance of Berkshire County. Investment in the Greylock Glen Resort is just the type of impetus the Commonwealth and Town need to make it more of a participant in the regional tourism and cultural portfolio, and this is recognized by both constituents through their support for this project. The proposed Resort will expand the local and regional economies by establishing Adams as a destination for outdoor recreation, growing the Town's visitor services and attractions, and connecting the Town more meaningfully to the cultural institutions within the Berkshires and the creative economy.

Greylock Glen Resort will be locally-based, involving institutions and organizations that have deep roots in the Berkshires. The Town has thoughtfully and specifically sought to work with MASS MoCA, which is a model of cultural and community development, and MCLA, the only public four-year college in the Berkshires which has a number of programs and institutes that will be able to link with the proposed facilities at Greylock Glen Resort. The Town, through the proposed project will, work to sustain and strengthen regional institutions and build capacity in the northern Berkshires. In addition, the project will serve to build a stronger customer base for downtown retailers and merchants in Adams. Achieving this balance between economic growth and environmental protection will create an invaluable amenity for residents, visitors, businesses, and local government.

## **SECTION 4**

### **TRENDS AND INDICATED PROJECTS**

## TRENDS AND INDICATED PROJECTS

The market for environmental education centers is continuing to grow and expand throughout the U.S., leveraging outdoor recreation opportunities particularly in areas with a preserved natural environment. Data from the Outdoor Foundation's 2015 Participation Report indicates that over the past 5 years, approximately 50 percent of the population of the U.S. has participated in outdoor recreation activities. This equates to an average of 141.0 million participants in 11.6 billion outdoor outings annually.

In order to understand the overall market potential for the proposed Greylock Glen Resort, this section presents case study profiles of a set of local, regional and national comparable facilities, along with an example of event sponsorship and potential to attract events to areas on a year-round basis.

The key operating characteristics of the local, regional and national facilities are provided in the following profiles, and include:

- Size and character of facility program spaces.
- Recent and/ or planned expansions.
- Management and operational approach.
- A demand and financial profile, including the number and types of events and operating revenues and expenses, where available.
- Funding sources.

Information about the performance of comparable facilities provides insight into the general parameters within which the proposed Greylock Glen Resort can reasonably expect to operate.

## LOCAL RESORTS

### JIMINY PEAK MOUNTAIN RESORT

HANCOCK, MASSACHUSETTS

**LOCATION:** Located in the Taconic Mountains, approximately 10 miles to the southwest of Adams, Jiminy Peak Mountain Resort (JPMR) opened in 1948. It is the largest ski resort in southern New England and operated year-round.

**OWNERSHIP/ MANAGEMENT:** JPMR is owned by CNL Lifestyle Corporation and operated under a long-term lease agreement by Jiminy Peak Mountain Resort LLC.

**LODGING AND MEETING SPACE:** Onsite accommodations include vacation homes and rentals, the Wyndham Resort at Bentley Brook condo hotel, and the County Inn, which includes 105 guest rooms and 15,760 square feet of meeting space.

**AMENITIES:** JPMR encompasses approximately 170 acres including 45 trails, 21 of which are lighted for night skiing, 6 lifts and 3 terrain parks. The Village Center includes a Welcome Center, rental facilities, retail and lodging.

**SUSTAINABILITY:** In 2007, the JPMR opened a 253-foot wind turbine which generates enough energy to provide power to 613 homes, annually. The Resort also focuses its development and maintenance programs on land and energy conservation, forest and wildlife preservation, and maintaining water quality.

**REVENUE & EXPENSES:** No financial data was made available from ownership or management of JPMR.

**FUNDING:** JPMR was privately funded, with more than \$6.1 million invested in development and improvements between 1949 and 2009, when the property was sold to CNL Lifestyle Corporation for \$27.0 million.

**OBSERVATIONS:** JPMR provides an example of a highly popular, four-season resort in close proximity to Adams and Greylock Glen. Although it is focused primarily on recreational activities and does not offer any extensive environmental or education programs, it highlights popularity of the local area for outdoor activities on a year-round basis by offering a variety of summer activities to supplement skiing during the winter months.



Jiminy Peak Mountain Resort - Country Inn  
Summary of Event Spaces

	Size (SF)	Capacity (# of Persons)		
		Theater	Classroom	Banquet
Meeting Rooms				
Burbank	3,700	200	175	200
Clark	920	80	40	40
Crane East	1,850	200	110	185
Crane West	1,850	150	80	175
Fisher I	500	50	25	32
Fisher II	1,200	125	65	100
Greylock	4,800	450	300	310
Jericho	440	50	30	40
Thunderbolt	500	50	25	32
Total Event Space (SF)	15,760			

Source: Jiminy Peak Mountain Resort, Johnson Consulting

## COMPARABLE RESORTS

### ISLANDWOOD

BAINBRIDGE ISLAND, WASHINGTON

**LOCATION:** Located on Bainbridge Island, directly across Puget Sound Basin from Seattle, the 225-acre IslandWood campus opened in 2002.

**OWNERSHIP/ MANAGEMENT:** IslandWood is operated as a 501(c)3 not-for-profit enterprise, overseen by a 23-member Board of Directors. Day-to-day operations are undertaken by a permanent staff of 107 full-time and part-time employees.

**LODGING AND MEETING SPACE:** There are 5 onsite lodging facilities offering a combined total of 55 rooms with capacity for 205 guests. Available function and event space at IslandWood is utilized for community events, and are also available for weddings, conferences, meetings, and social events.

**AMENITIES:** Approximately 12 acres of land were cleared for buildings and outdoor venues. The balance of the site includes approximately 9.75 miles of trails that pass through a variety of different ecosystems.

**SUSTAINABILITY:** IslandWood actively participates in energy conservation, composting, recycling, and harnessing alternative energy sources. Specific design elements include solar meadows, concrete containing 50 percent flyash (a recycled utility product of coal), natural ventilation in buildings, roof rainwater collection, and photovoltaic roof panels, among others.

**REVENUE & EXPENSES:** In FY 2015, IslandWood achieved an operating income of \$109,901, representing a substantial improvement over FY 2014, when IslandWood incurred a loss of (\$130,209)

**FUNDING:** Development of the \$52 million project comprised \$32 million in construction costs, a \$10 million operations endowment, \$5 million in land costs, and a \$5 million scholarship fund. Half of the costs were provided privately by the visionaries – Paul and Debbi Brainerd – with the remaining funds raised via foundation, individual, and corporate donors. Ongoing corporate support is provided by Boeing, Walmart, JPMorgan Chase, Prudential, REI, and Outdoor Research. A presence near Seattle provides access to this level of philanthropy.

**OBSERVATIONS:** The original concept for IslandWood focused exclusively on educational programming for 4th-6th grade students, however IslandWood has since added private events, such as corporate activities, meetings, and weddings to its programming as a revenue-generating mechanism for achieving the strongest possible degree of self-sufficiency. This allowed the facility to achieve a slight profit in 2015.



IslandWood Onsite Lodging Facilities		
	# Rooms	Max. Capacity (Persons)
Birds Nest Lodge	13	47
Invertebrate Inn	12	46
Mammal's Den	12	46
Ichthyology Inn	16	64
Guest Cottage	2	2
<b>Total</b>	<b>55</b>	<b>205</b>

Source: IslandWood, Johnson Consulting

IslandWood Summary of Event Spaces					
	Size (SF)	Capacity (# of Persons)			
		Theater	Classroom	Banquet	Reception
Welcome Center, Great Hall and Offices					
Great Hall	1,865	175	64	80	175
Welcome Center	2,000	-	-	-	120
Conference Room	400	-	18	-	18
Dining Hall					
Dining Hall	3,308	-	-	170	-
Private Dining Room	520	25	12	27	40
Learning Studios					
Blue Bill Cove 102	632	35	28	36	50
Blue Bill Cover 103	580	35	28	36	50
Blue Bill Cove 105	2,115	96	60	48	130
Learning Studio 104 (Wet Lab)	840	-	16	-	-
Art Studio					
Entire Studio	1,352	35	24	-	50
Lodging Facilities (Great Rooms)					
Ichthyology Inn	1,236	-	36	-	-
Bird's Nest Lodge	720	-	12	-	-
Invertebrate Inn	720	-	12	-	-
Mammal's Den	720	-	12	-	-
Total Event Space (SF)*		19,000+			

\* Includes Outdoor Venues include 1,018 SF Friendship Circle (92 ppl); 900 SF Garden (50 ppl); Creaky Tree Meadow (175 ppl); 591 SF Learning Tree House (15 ppl); 400 SF Bog Tree House (8 ppl); Cattail Marsh Bird Blind; and Suspension Bridge

Source: IslandWood, Johnson Consulting

IslandWood Revenue & Expense Statement (FY 2014-2015)		
	FY 2014	FY 2015
<b>Support &amp; Revenue</b>		
Contributions	\$2,428,542	\$3,004,918
Programs Service Fees	4,014,569	4,288,015
Investment Income	802,085	713,790
In-Kind and Other Revenue	75,329	42,686
<b>Total Operating Revenues</b>	<b>\$7,320,525</b>	<b>\$8,049,409</b>
<b>Operating Expenses</b>		
Program Services	\$5,929,136	\$6,341,166
Management and General	842,967	866,087
Fundraising	678,631	732,255
<b>Total Operating Expenses</b>	<b>\$7,450,734</b>	<b>\$7,939,508</b>
<b>Operating Income (Loss)</b>	<b>(\$130,209)</b>	<b>\$109,901</b>

Source: IslandWood, Johnson Consulting



## GREAT GLEN TRAILS OUTDOOR CENTER

PINKHAM NOTCH, NEW HAMPSHIRE

**LOCATION:** Located at the base of Mount Washington, the highest peak in the Northeast, the Great Glen Trails Outdoor Center (GGTOC) opened in 1994. Activities are offered at the GGTOC year-round, attracting approximately 28,000 visitors annually.

**OWNERSHIP/ MANAGEMENT:** The GGTOC is privately owned and operated. The corporate structure is also responsible for operating the historic Mount Washington Auto Road. The GGTOC is operated by a full-time staff of approximately 20 employees year-round.

**LODGING AND MEETING SPACE:** There is currently no onsite accommodation, however the GGTOC works in association with a number of proximate lodging partners. Guests receive a series of incentives to stay at a partner lodging facility, such as free and discounted use of the trail system and rentals. Plans are currently being developed for a 65-room hotel at the base of Mount Washington, with groundbreaking anticipated for Spring 2017. The hotel will be positioned to serve the GGTOC, as well as the proximate Wildcat Ski Area. The estimated cost is \$11 million, to be privately funded.



Great Glen Trails Outdoor Center Rental Rates and Fees (2016)			
	Adult (\$)	Children (\$)	Senior (\$)
<b>Bike Rentals</b>			
2-Hour	\$25	\$18	-
4-Hour	\$30	\$22	-
<b>Guided Paddling - Androscoggin River Trips</b>			
4-Hour	\$80	\$50	-
Full Day	\$95	\$65	-
<b>Guided Paddling - Whitewater Trips</b>			
Whitewater Trips	\$150	free (with Adult)	\$100
<b>Ski School</b>			
Group Lessons	\$25	\$25	-
Private Lessons	\$49	\$49	-
<b>Trail Pass</b>			
Full Day	\$20	\$12	\$12
<b>Tubing Pass</b>			
Tubing Pass	\$15	\$15	\$15
<b>Snow Coach</b>			
Snow Coach	\$49	\$30	-

Source: Great Glen Trails Outdoor Center, Johnson Consulting

**AMENITIES:** The main facility on the 225-acre site is the Outdoor Center, which was destroyed by fire in 2001, but rebuilt to comprise 20,000 square feet that includes a 3-level Great Glen Outfitters retail/ rental shop, and offices and a function room with capacity for 125 guests above. Additional amenities include a spa and swimming pool. The balance of the site includes 25 miles of trails used for biking, hiking, Nordic skiing, and snowshoeing, among others. Additional onsite activities include whitewater rafting and kayaking.

**SUSTAINABILITY:** 80 percent of electricity utilized on site is generated from water.

**REVENUE & FUNDING:** No financial data was made available from management. Based upon our research and investigation, it appears that the rental shop generates substantial revenues that help to maintain the overall GGTOC operation at a break-even point or perhaps operates at a slight profit.

**OBSERVATIONS:** The GGTOC is representative of a popular and successful facility that is able to generate sufficient revenues through daily fees charged for equipment and activities. This is directly relevant to the proposed Nordic Ski Center component of Greylock Glen Resort, which will generate revenues to support the broader development.

## LIED LODGE AND CONFERENCE CENTER

NEBRASKA CITY, NEBRASKA

**LOCATION:** Located approximately 55 miles to the south of Omaha, on the 260-acre Arbor Day Farm, the Lied Lodge and Conference Center (LLCC) opened in 1993 and recently underwent a \$9 million renovation in 2015. Arbor Day Farm is listed as a National Historic Landmark. The LLCC operates on a year-round basis.

**OWNERSHIP/ MANAGEMENT:** LLCC is owned and operated by the Arbor Farm Foundation, a 501(c)3 organization whose mission is focused upon conservation and education. The Foundation organizes a number of conservation and education programs throughout the U.S.

**LODGING AND MEETING SPACE:** The lodge offers 144 guestrooms and 14,106 square feet of meeting and event space, supplemented by a restaurant, cocktail lounge, indoor swimming pool, Jacuzzi, sauna, spa, and fitness center. Average daily rates range from \$109 to \$159 per room night on weekdays and from \$119 to \$169 per room night on weekends, with peak season being June through October. The lodge was initially built primarily to accommodate events held by the Foundation but has proved a popular destination for meetings and events hosted by other organizations, as well as weddings and social gatherings.

**AMENITIES:** Onsite amenities include a network of forested trails, a 50-foot treehouse, tractor rides, and a market, among others. Adjacent to the LLCC is the Arbor Lodge State Historic Park, which is managed by the Foundation and includes the Arbor Lodge Mansion museum. Also adjacent to the LLCC is Steinhart Lodge, which includes additional meeting space and overlooks a public swimming pool, baseball diamond, practice fields, picnic grounds and a golf course at Steinhart and Wildwood Parks.

**SUSTAINABILITY:** Lied Lodge and Arbor Day Farms actively encourage environmental stewardship through tree planting, along with recycling, a bio-mass system for heating, cooling and ventilation, locally grown produce, hybrid vehicles for transporting guests, native landscaping, windbreaks, and other programs and design components. The Arbor Day Foundations' Rain Forest Rescue Program raises funds, primarily via the sale of fair trade coffee, for indigenous farmers who protect their May Rain Forest lands commercial development.

**REVENUE & FUNDING:** No specific financial data for the LLCC was made available by management, however the Foundation's revenue and expense statement identifies close to \$7.3 million in revenues associated with Arbor Day Farm in FY 2015 and \$12.6 million in expenses. Development of the LLCC was funded through a \$6 million appropriation from the National Association of State Foresters and the U.S. Forest Service, matched by donations from the Lied Foundation Trust, and other environmental agencies, foundations and corporations, as well as from Foundation members.

**OBSERVATIONS:** Although the locational attributes of the LLCC differ from those of the proposed Greylock Glen Resort, given that it is in a much more urban settings, it highlights the relationship between conservation, and recreational opportunities, as reflected in the mission and achievements of the Foundation. The facility also targets revenue generating events, particularly weddings and conferences, which contributes to the overall profit achieved by the Foundation. Lodging and meeting facilities of similar size, scale and quality are envisaged for Greylock Glen.



Lied Lodge & Conference Center Summary of Event Spaces			
	Size (SF)	Capacity (# of Persons)	
		Theater	Classroom
<b>Ballrooms</b>			
<b>Rosenow Room</b>	<b>4,672</b>	<b>380</b>	<b>144</b>
A or B	992	60	24
C	1,280	90	36
D	1,408	90	36
<b>Steinhart Room</b>	<b>3,819</b>	<b>350</b>	<b>128</b>
A or B	896	50	24
C	1,140	60	18
D	1,026	60	18
<b>Meeting Rooms</b>			
<b>Marcotte Room</b>	<b>504</b>	<b>50</b>	<b>14</b>
<b>Terrace Room</b>	<b>1,026</b>	<b>70</b>	<b>26</b>
A or B	513	30	12
<b>Executive Boardroom</b>	<b>247</b>	-	<b>10</b>
<b>Other</b>			
<b>Steinhart Lodge</b>	<b>3,478</b>	<b>210</b>	<b>38</b>
<b>Hospitality Suite</b>	<b>360</b>	-	-
<b>Total Event Space (SF)</b>	<b>14,106</b>		

Source: Lied Lodge, Johnson Consulting



## COSTANOA LODGE

PESCADERO, CALIFORNIA

**LOCATION:** Located just off State Highway 1, approximately 25 miles to the north of Santa Cruz and 55 miles to the south of San Francisco, Costanoa Lodge is an eco-adventure resort that opened in 1999. The site encompasses 140 acres. A conservation easement covers 96 acres close to the Lodge.

**OWNERSHIP/ MANAGEMENT:** Costanoa Lodge is owned and operated by Prime Property Capital, a real estate investment group, and Joie de Vivre Hospitality, a prominent independent hotelier in the Bay Area.

**LODGING AND MEETING SPACE:** The Lodge offers 40 guest rooms and a spa. The broader site includes 12 free-standing cabins, 122 tent bungalows (non-permanent structures), and 60 campsites. Average daily rates range from \$92 per night for a canvas tent to \$312 per night for a premium king room with a view during the peak season, and from \$87 to \$256 per night for those same accommodations during the non-peak season. The Lodge includes approximately 4,000 square feet of meeting space, supported by various outdoor spaces used primarily for corporate retreats, weddings and social events.

**AMENITIES:** Onsite amenities include a network of trails for hiking, mountain biking and horseback riding, with bike rental and riding lessons offered. The Lodge also offers mid-week and weekend Kids Camps. There are 2 beaches with 1 mile of the Lodge. Also within close proximity are Pigeon Point Lighthouse, Pescadero State Beach and Marsh, Butano State Park, Ano Nuevo State Reserve, and Rancho Del Orzo and Waddell State Beach.

**SUSTAINABILITY:** Costanoa Lodge has received certification for complying with over 70 unique eco-initiatives relating to energy efficiency, water conservation, recycling, environmentally safe cleaning, and reduction of waste, among others.

**REVENUE & FUNDING:** No specific revenue and expense data was made available by management. Development of the \$20 million Lodge was funded through a public-private partnership, involving the State and San Mateo County.

**OBSERVATIONS:** Costanoa Lodge provides a unique example of a successful facility that combines aspects of a luxury resort with more simple accommodations and amenities. This allows it to attract a diverse range of visitors, all while leveraging the scenic beauty and recreation focus of the development. Although the amount of meeting space is smaller than that envisaged at Greylock Glen, Costanoa Lodge has proved to be an attractive venue for events ranging from corporate retreats to weddings. Its proximity to the San Francisco area justifies the high-end branding by Joie de Vivre.



Costanoa Lodge Summary of Event Spaces					
	Size (SF)	Capacity (# of Persons)			
		Theater	Classroom	Banquet	Reception
<b>Indoor Spaces</b>					
Redwood Oak Room	1,008	100	40	60	50
Ranch House Room	1,050	115	45	75	75
Ranch House Lobby	400	-	-	-	-
Eucalyptus Loft	500	-	15	-	20
Cascade Loft (open air)	1,000	-	-	40	-
<b>Total Event Space (SF)</b>	<b>3,958</b>				
<b>Outdoor Spaces</b>					
Cascade Lawn	7,500	-	-	200	200
Pine Tent Lawn	18,000	-	-	250	250
Seascape Lawn	22,000	-	-	500	500
Upper Lodge Lawn*	12,000	-	-	250	250
Lower Lodge Lawn*	6,000	-	-	180	180

\* Evening events require rental of 39 surrounding Lodge rooms.

Source: Costanoa Lodge, Johnson Consulting

Arbor Day Foundation Revenue & Expense Statement (FY 2014-2015)		
	FY 2014	FY 2015
<b>Revenue and Support</b>		
Membership Dues	\$14,176,547	\$13,856,064
Contributions	10,029,360	13,696,187
Trees for America	4,240,860	4,467,959
Program Grant Income	2,656,000	2,153,534
Arbor Day Farm Income	7,876,633	7,573,271
Arbor Day Coffee Income	2,552,403	2,432,790
Other Income	1,248,069	(124,615)
<b>Total Revenue and Support</b>	<b>\$42,779,872</b>	<b>\$44,055,190</b>
<b>Program Services Expenses</b>		
Tree City USA	\$1,664,930	\$1,714,704
Arbor Day/ Youth Education	2,813,465	2,912,557
Conservation Trees	281,528	21,228
Rain Forest Rescue	3,388,642	3,726,494
Trees for America	17,362,895	16,728,498
Arbor Day Farm	10,877,954	12,614,533
Conference Programs	617,823	695,133
<b>Supporting Activities Expenses</b>		
General and Administrative	\$1,220,094	\$1,205,589
Membership Development	2,019,705	2,432,742
Fundraising	969,731	994,930
<b>Total Expenses</b>	<b>\$41,216,767</b>	<b>\$43,046,408</b>
<b>Operating Income (Loss)</b>	<b>\$1,563,105</b>	<b>\$1,008,782</b>

Source: Arbor Day Foundation, Johnson Consulting

## INTERLAKEN INN

### LAKEVILLE, CONNECTICUT

**LOCATION:** Located in the Litchfield Hills close to the southernmost foothills of The Berkshires, approximately 42 miles northwest of Hartford, 65 miles south of Albany, NY, and 108 miles north of New York City, Interlaken Inn was originally built in 1760 and underwent substantial modernization, reopening in 1973. The Inn is set on 30 acres and lies between two picturesque lakes – Wononskopomuc Lake and Wononpakook Lake.



**OWNERSHIP/ MANAGEMENT:** Interlaken Inn is privately owned and operated.

**LODGING AND MEETING SPACE:** The Inn offers a total of 80 guest rooms, across the Main Building, a number of smaller Tudor and Victorian style houses, townhomes, and a private lakeside cottage. Average daily rates range from \$249 per room night for a standard room in the Main Building to \$709 per night for the penthouse suite. There is a total of 4,810 square feet of meeting space, along with outdoor spaces of varying capacities.

**AMENITIES:** The Inn is home to Morgan's Restaurant, which offers farm-to-table dining 7 days per week and live entertainment, as well as Ellora Spa, Sanctuary and Pilates. The Inn supplies rowboats, kayaks, and canoes for use on the lakes. Additional amenities include two all-weather tennis courts, outdoor heated swimming pool, basketball court, volleyball, and an Executive Hospitality Center that offers a large screen TV, pool table, and exercise room. The Inn is adjacent to Hotchkiss Golf Course and close to Route 7, which is the State's renowned antique route.

**SUSTAINABILITY:** The Inn's commitment to sustainability is reflected in environmentally friendly cleaning products, linen reuse, recycling, and energy and water conservation programs, among other initiatives.

**REVENUE & FUNDING:** No specific revenue and expense data for the Lodge was made available by management. Development of the Inn was privately funded.

**OBSERVATIONS:** The Inn is an example of a successfully, privately owned and managed facility in an attractive setting. Similarly to Greylock Glen, its location benefits from a large potential drive-in market. The meeting space is marketed to corporate users for meetings, conferences and retreats, as well as for weddings, reunions, and similar social gatherings. It is anticipated that Greylock Glen would attract similar markets.

Interlaken Inn Onsite Lodging Facilities	
	# Rooms
Main Building	40
Countryside House	8
Sunnyside House	12
Woodside House	8
Townhouse Suites	12
Lakeside Cottage	1 (Sleeps 4)
<b>Total</b>	<b>80</b>

Source: Interlaken Inn, Johnson Consulting

Interlaken Inn				
Summary of Event Spaces				
	Size (SF)	Capacity (# of Persons)		
		Theater	Classroom	Banquet
Meeting Rooms				
Atrium	1,000	90	50	100
Will Rogers I & II	1,500	110	65	120
Continental	900	60	40	60
Patio	780	50	32	40
Salisbury Room	308	20	16	20
Sunnyside	322	-	12	-
Total Event Space (SF)	4,810			
Outdoor Spaces				
Lakeside Lawn	-	Max. 50 people		
Atrium Pavilion	-	20-150 people		
Sunnyside Porch	-	Max. 8 people		
Countryside Slate Patio	-	Max. 10 people		

Source: Interlaken Inn, Johnson Consulting



## SLEEPING LADY RESORT AND CONFERENCE CENTER

### LEAVENWORTH, WASHINGTON

**LOCATION:** Located in the Cascade Mountains along Icicle Creek, approximately 26 miles northwest of Wenatchee and 121 miles east of Seattle, Sleeping Lady Resort and Conference Center (SLRCC) opened in 1995. The 67-acre site originally housed 22 buildings, all of which are historically or environmentally significant and were upgraded to exceed energy codes when 26 new buildings were added prior to the opening of the SLRCC. The SLRCC is a four-season resort and Leavenworth is a notable host city because it is themed as an alpine village via zoning codes and economic development strategies.

**OWNERSHIP/ MANAGEMENT:** The SLRCC is privately owned and operated.

**LODGING AND MEETING SPACE:** The SLRCC offers a total of 70 guest rooms, of 6 varying types and clustered into 6-room groups. Buildings are spread across the campus and connected via walkways. Accommodation is sold as packages that vary throughout the year and include breakfast and dinner, spa, yoga, birding, hiking, horseback riding, whitewater rafting, stand up paddle board, and fly fishing themes. Packages range from \$230 per night for the breakfast and dinner package to \$455 per night for the fly fishing package.

There are 9 meeting rooms totaling 9,000 square feet of meeting and event space, with capacities ranging from 30 to 190 people, and a

variety of outdoor venues that are used primarily for weddings. The Sleeping Lady Foundation is a 501(c)3 organization established for the purpose of attracting speakers and events to the SLRCC and the local area. The SLRCC initially focused on the corporate market but has since refocused to target the leisure market. Management indicates that their demand is 50 percent from corporate users and 50 percent leisure.

**AMENITIES:** The SLRR is home to Kingfisher Restaurant and Wine Bar, The Grotto bar, O'Grady's Pantry and Mercantile, Aspen Leaf Day Spa, and a 2-acre Organic Garden. Available activities include mountain and road biking, whitewater rafting, hiking, fishing, horseback riding, hay rides, golf, rock climbing, paragliding, birding, tennis, downhill skiing, Nordic skiing, backcountry skiing, tubing, sleigh rides. The location of the SLRCC in the Cascade Mountains provides access to Icicle Ridge to the northwest, Wedge Mountain to the south and the Upper Enchantment Lakes and Alpine Lakes Wilderness areas to the southwest. The area is also an increasingly popular wine growing region, creating opportunities for wine tasting. The Canyon Wren Recital Hall and the Snowy Owl Theater are located on the property adjacent to the SLRCC and are operated by the Resort's sister company the non-profit Icicle Creek Center for the Arts.

**SUSTAINABILITY:** All landscaping on the campus is 'xeriscaping', with native plants that require minimal watering. The paved pathways between the buildings are cleaned with a street sweeper that uses no water. Geothermal energy is used in the guest room clusters, and water-conserving fixtures are used throughout the campus. Food waste is composted on-site and used to fertilize the organic garden, which provides fresh fruits and vegetables to the SLRCC's restaurants. Maintenance staff utilize electric vehicles, with charging stations available for use free-of-charge by overnight guests.

**REVENUE & FUNDING:** No specific revenue and expense data for the Lodge was made available by management. Development of the SLRCC was privately funded.

**OBSERVATIONS:** The SLRR has received a number of accolades for sustainable design and operation, reflecting management's mission "to provide a year-round retreat where nature, performing arts, outdoor recreation and healthful dining inspire reverence for earth's life-giving wellspring." By offering a variety of packages that vary from season to season, the SLRCC is able to appeal to both corporate and leisure users and maintain occupancy levels throughout the year. The array of recreation offerings available onsite and in close proximity to the SLRCC is comparable to those that will be offered at Greylock Glen Resort.



Sleeping Lady Resort and Conference Center Summary of Event Spaces				
	Size (SF)	Capacity (# of Persons)		
		Theater	Classroom	Banquet
<b>Meeting Rooms</b>				
Chapel Theater	1,539	190	-	-
Dipper	352	30	16	24
Flicker	486	40	16	32
Nuthatch	352	30	16	24
Quail	1,500	125	66	72
Salmon Gallery	2,020	120	-	72
Tadpole	1,140	80	50	64
Woodpecker	1,650	80	50	64
<b>Total Event Space (SF)</b>	<b>9,039</b>			

Source: SLRCC, Johnson Consulting

## OBSERVATIONS AND IMPLICATIONS

There are a number of successful projects that combine outdoor recreation, trails, overnight lodging and meeting space. These physical amenities prove very attractive among a variety of users, including individuals, families, clubs, corporations, and other organizations. Each of the facilities profiled above leverage the scenic beauty and recreation offerings of their settings and most are firmly grounded in their approach to environment sustainability, through both design elements and day-to-day operations. Key observations drawn from the case study facilities are summarized as follows:

- **PRIVATE OPERATION AND REVENUES:** With the exception of IslandWood, which is operated by a 501(c)3 nonprofit organization, all of the case study facilities are privately owned and operated. This reflects a desire, and in many cases a need, for the lodging and meeting facility to generate revenue to support the overall site. IslandWood differs from the proposed Greylock Glen Resort and the other case study facilities in its primary focus upon environmental education, although management has identified a need to diversify to attract private events as a mechanism for generating revenues. This is further evidenced by Lied Lodge Resort and Conference Center, which was initially built to host Foundation events but has since targeting external events as a means of increasing revenues. The Great Glen Trails Outdoor Center is most similar to that proposed at Greylock Glen Resort. Although official figures were not available, it is understood that rentals generate significant revenues for the overall development. This, in addition to a diversified demand base targeting visitors and private events, as well as the benefits of on-site lodging, will contribute to the success of the Greylock Glen Resort.
- **EVENT SPONSORSHIP:** As outdoor recreation continues to grow in popularity, the range of activities are expanding and major sponsors, such as Red Bull, are adding to this momentum. In September 2015, the Red Bull 400 which originated in Europe in 2012, made its U.S. debut at Utah Olympic Park. The 400-meter running race climbed the 6,870-foot Nordic ski jump and served as a fundraiser for the Park's in-house training program. This demonstrates the potential for utilization of such facilities outside of the ski season. Similar events could be sought for Mount Greylock, particularly given the opportunities presented by the existing Thunderbolt Trail.
- **LOCAL DEMAND:** Jiminy Peak Mountain Resort highlights local and regional demand for the types of facilities, amenities, and outdoor recreation offerings proposed at the Greylock Glen Resort, and the potential for year-round operations. The success of the Interlarken Inn reflects the ability to draw demand from a large drive-in market. Adams and the Greylock Glen Resort will have similar market potential.

- **ACCOMODATIONS:** Quality accommodation is key to attracting visitors to each of the case study facilities. Costanoa Lodge offers the most diversity with respect to the types of accommodation available. The inclusion of a campground with cabins at Greylock Glen Resort will expand the potential market for visitors. The scale and quality of accommodation and meeting space at Lied Lodge is comparable to what is proposed at Greylock Glen.
  
- **DIVERSE ACTIVITIES:** The diversity of activities offered at Sleeping Lady Resort and Conference Center closely reflects the diverse activities that will be available at Greylock Glen Resort. The anticipated mix of uses and the conversations that the Town has had with potential tenants and operators for the Outdoor Center, especially MCLA, Mass Audubon and AMC, indicate that the proposed Greylock Glen resort will fill a void in the northern Berkshires and would be of great interest to the region. The potential for major event(s) should also be explored, as they would providing publicity and also serve as an additional demand and revenue generator for the overall project.

## **SECTION 5**

### INTERVIEWS SUMMARY

## INTERVIEWS SUMMARY

In order to evaluate the market potential for the proposed Greylock Glen Resort, Johnson Consulting conducted in-person and telephone interviews with a variety of key stakeholders including economic development officials, business leaders, and potential users of the proposed facilities, among others. Observations from our primary research, coupled with feedback provided to Johnson Consulting through the interview process, helped frame and substantiate the recommendations presented in the following Section of this report.

Notable individuals, groups and organizations interviewed include:

- Berkshire Regional Planning Commission.
- Berkshire Chamber of Commerce.
- Berkshire Visitors Bureau.
- 1Berkshire.
- Pro Adams.
- Berkshire Outfitters.
- Thunderbolt Ski Runners.
- Massachusetts Museum of Contemporary Art (MASS MoCA).
- Management of Comparable Resorts and Facilities.
- Regional Developers' Attorney.
- Town of Adams.

The above groups represent a broad spectrum of interest in the recreation, education, retail, hospitality, business, tourism, and economic development sectors and many are intimately familiar with the local area, the site, and the overall concept for the proposed Resort. Some of the key issues and observations identified by the interviewees are summarized under the following subheadings.

## CURRENT MARKET DYNAMICS

- The Berkshires are once again becoming an area where people want to invest. This is evidenced by recent hotel developments, the expansion of the MASS MoCA, and other similar tourism and economic development investments throughout the area. National demographics support this type of investment and this project complements the types of products already in the market.
- The visitor economy is the second fastest growing industry sector in the region, behind healthcare. Cultural amenities are the number one attraction in the local and regional areas.

- Outdoor recreation is continuing to gain momentum as a popular activity particularly among the younger population.

## SITE DYNAMICS

- The Town of Adams is centrally located and has immense potential to attract visitors from a wide catchment area. Although Adams has yet to be as successful as surrounding areas in establishing itself as a tourist destination, a number of key factors make it ripe to do so. Indeed, Mount Greylock Summit (located within Adams) and the 12,500-acre Mount Greylock State Reservation; the Commonwealth's flagship State park, are already highly popular attributes that will be further leveraged by the proposed Resort. In 2015, the Mount Greylock Summit attracted approximately 165,000 visitors.
- The location of the site in close proximity to a number of school districts means that the educational component can have a large impact on the local and regional areas, drawing visitors from a wide catchment. The proposed development will play a key role in enhancing education at local schools.
- From July 4<sup>th</sup> through Labor Day Mount Greylock experiences peak demand. During the winter months, the Thunderbolt Ski Trail is a unique resource and is very popular for backcountry skiing. Thunderfest is held annually in March in downtown Adams and attracts close to 3,000 visitors. Similarly, each Fall Ramblefest is a popular festival held in conjunction with the Town's annual Mount Greylock 'Ramble to the Summit'. There is a need to drive demand to the local area in April-May and November-December.

## PROJECT-SPECIFIC DYNAMICS

- The proposed project will have four key target markets – residents, tourists, schools, and businesses. The amenities need to be designed to reflect the needs and desires of this range of potential users.
- The campgrounds will be a great addition to the local and regional areas, leveraging the scenic beauty of Mount Greylock. Currently, there is very limited camping at Mount Greylock State Reservation and all sites are hike-in only. The proposed campgrounds will also serve to complement the onsite lodging by offering a more affordable alternative, thereby broadening the demand base of the project.
- Linkages with MASS MoCA could drive programming of events at the amphitheater. This has potential to attract local residents and visitors alike.
- The proposed project presents a unique opportunity to turn a limited trail system into a highly attractive and expanded multi-use trail network. Lighting and signage will be of key importance.
- Overall the proposed project is of a scale and quality that will change the image of Adams and significantly enhance the inventory of recreational amenities throughout the northern Berkshires area. The balance between environmental protection and economic growth that is expected by the project will create an invaluable amenity for the local and regional markets.



## **OBSERVATIONS**

Overall, the interviews revealed a high level of support for the proposed Greylock Glen Resort. A number of interviewees identified the immense potential of the site to leverage the scenic beauty and recreational opportunities and provide improved amenities for residents and tourists alike. There was a general consensus that the proposed mix of facilities responds to market needs and desires and strikes a balance between environmental protection and the potential for economic development. Indeed, the proposed project is viewed by many as a needed “game changer” for Adams with respect to establishing itself as a destination for outdoor recreation and education.

## **SECTION 6**

### **FACILITY PROGRAM RECOMMENDATIONS**

## FACILITY PROGRAM CONFIRMATION/RECOMMENDATIONS

Based upon the research and analyses presented in prior sections of this report, and building up the recommendations made in our prior 2004 study for the Commonwealth, Johnson Consulting has prepared an independent assessment of the market potential for the proposed Resort as currently proposed.

### IDENTIFIED OPPORTUNITY

Our 2004 study contemplated 3 alternative development scenarios, as follows:

- **NOMINAL IMPACT DEVELOPMENT AREA (NIDA):** Assumes that the land is developed minimally and that there would just be an information kiosk, ADA-accessible trail, trail maps, and modest bathroom facilities. This low cost inducement scenario would orient the property towards conservation.
- **LOW IMPACT DEVELOPMENT AREA (LIDA):** Comprises an arrival and parking area that provides both a visual connection to Adams and the summit of Mount Greylock, a lodging area containing 10 rustic cabins and a bunk house, a nature center, open space that allows various recreational uses, an ADA-accessible trail and modest trail improvements, an isolated 75-site tent camping area, an interpretive wetlands area, variable trails throughout the site, and limited vehicular access. This higher level of investment, relative to the NIDA scenario, is viewed as the minimum investment needed to begin to gain identity regionally.
- **MODERATE IMPACT DEVELOPMENT AREA (MIDA):** Expands upon the LIDA scenario and increases densities to include 20 rustic cabins, 50 camper sites in addition to the 75 tent sites, a more defined nature center that offers 4,000 square feet of classroom and exhibit space, 5,000 square feet of meeting space, a 600-seat outdoor entertainment pavilion, and 1,500 square feet of retail space.

Our study recommended that at a minimum the LIDA development scenario be pursued, with the potential to evolve to MIDA or even higher densities. This follows the organic evolution of many of the case study recreation and education facilities profiled in this analysis, which demonstrates the possibility for a project to begin as nominal development, grow into “low impact”, and then further grow into a development that creates “moderate impact”.

Since the time of our study, the culture and recreation markets have continued to grow and expand, further reinforcing the region’s reputation as a world-class tourist destination and adding to the overall potential for the proposed Greylock Glen Resort. What has evolved since our prior study has taken thousands of hours of thought and analysis by the Town, State, and their consultants and technical analysts to evolve. What has been conceived is absolutely on point and truly advances the vision that was initially considered.

## FACILITY RECOMMENDATIONS

As presented in the introduction to this report, the proposed development will include the following:

- **OUTDOOR CENTER:** An 11,000 square foot multi-purpose facility that will house the welcome center, concessions, classrooms, exhibits, field station, and Nordic Ski Center, offering ski equipment rental, lessons and lockers. The Outdoor Center will function as an environmental education center, with potential programming by the Massachusetts Audubon Society and MCLA, focused upon local ecology, sustainable development, and environmental artwork.
- **CAMPGROUND:** 140 sites, with a mix of tent sites, rustic cabins, and eco-shelters, as well as a limited number of small RV sites (no hook-ups will be offered). Amenities will include restrooms, hot showers, swimming pool, group camping area, and a camp store. The campground is expected to be privately operated via a land lease.
- **MULTI-USE TRAIL SYSTEM:** Expansion and improvement of existing trails network and connections to State Reservation trails. The trails will be designed for walking, hiking, mountain biking, snowshoeing, and Nordic skiing, and will include a 1.5 kilometer accessible Interpretive Nature Trail near the environmental education center. This will tie into the Ashuwillticook Rail Trail that goes through the Town of Adams and the entire trail system on Greylock Mountain, which will be improved consistently by the State and other parties over the course of time.
- **PERFORMING ARTS AMPHITHEATER AND OUTDOOR ENVIRONMENTAL ART:** A 2,500-seat amphitheater, with music and entertainment programming potentially by MASS MoCA, as well as opportunities for additional festivals, lectures, and theatrical performances. Outdoor Art exhibits will also be presented, designed to enhance the overall visitor experience.
- **LODGING AND MEETING FACILITIES:** Thunderbolt Lodge and Conference Center will provide up to 170 lodging rooms, along with state-of-the-art conference facilities. The lodging facility is a critical component of the overall development, reflecting the Town's desire to grow tourism in the local economy. The lodging and conference space will be privately owned and operated.

The proposed Resort will be designed to protect the unique, natural features of Greylock Glen, while also providing economic development. The proposed project elements will be oriented towards the public, with the intention to create local, regional, and state economic benefits. Strong linkages to the Town of Adams is also an important element of the overall design.

Our assessment of the market opportunity for the various program elements indicates demand for a new lodging facility in the range of 120-150 guestrooms, supported by 6,000 to 8,000 square feet of multi-purpose meeting space. We agree with the recommendations and observations set forth in Pinnacle Advisory Group's 2011 Eco-Resort and Conference Center assessment, which indicate potential for the facility to be expanded to comprise 170 guestrooms and up to 10,000 square feet of meeting space. This is significantly larger than the

scale of lodging facilities at comparable projects, although its size does reflect the desire of the Town of Adams to grow tourism in the local economy. It also reflects the potential to attract larger association groups and school groups.

The Outdoor Center will anchor the overall Resort in terms of orienting its focus to outdoor recreation. The inclusion of a welcome center, classrooms, concessions, and other amenities is consistent with offerings at comparable projects and reflects the overall scale and vision for the proposed project at Greylock Glen. The multi-use trail system will be the longest among the comparable facilities profiled in the preceding section of this report. Connectivity with the Town of Adams will be invaluable with respect to the overall accessibility of the project.

The current proposal also includes the 140-site Campground, which reflects the recommendations included in Pinnacle Advisory Group's 2016 Campground assessment, and is consistent with camping facilities at comparable projects. An amphitheater as proposed will add to overall appeal and demand, raising awareness of the overall project, and if programmed by MASS MoCA, strengthen opportunities for regional tourism development and cross-marketing.

## CONCLUSION

Based upon our assessment of the market opportunity for the proposed Resort, as well as our analysis of competitive and comparable facilities, we believe that the proposed building program is economically viable. This investment will result in a product that will further help advance the long-term attractiveness of Adams and the broader region from a tourism perspective, leveraging and helping to grow the established and expanding cultural and recreational resource bases. The Lodge and Conference Center is expected to be operated by the private sector, while the Campground could be operated by a private entity or a not-for-profit organization. Success at doing this is amply illustrated by the case studies presented in this report. The Nordic Ski Center will be operated as a concession, while the Amphitheater and Trail network will be a non-profit operations.

The higher risk components are the Amphitheater and the Lodge, but there are strategies that exist to phase these in and/ or make them more modest. The balance of the project can advance without compromise as these more complex and capital intensive projects are executed. It is hoped that the full vision for the proposed Resort will be accomplished. Overall we agree with the operating strategy proposed.

**SECTION 7**  
OPERATING PROJECTIONS

## OPERATING PROJECTIONS

Johnson Consulting has developed operating projections for the proposed Greylock Glen Resort pursuant to the proposed facility program described in the preceding Section of this report. Critical to the success of the project and attracting the level of visitation and business projected below, will be the operation and organizational structure of the facilities. It is assumed that the Town of Adams will continue to be master developer, and each project will be undertaken with a concessionaire developing the individual project component. Some form of CAM charge and land lease will serve as an income stream for the Town/Glen Administration. It is also assumed that the Town will continue to seek grants for the project to supplement operations, hedging the Town against liability for operations exposure.

## ESTIMATED DEVELOPMENT BUDGET

The following table presents a summary of the estimated capital budget for the proposed Resort, by project element.

**Table 7 - 1**

Proposed Greylock Glen Resort Summary of Development Budget (\$000)		
	Size/ Capacity	Estimated Cost
<b>Hard Costs</b>		
Trails and Outdoor Recreation	32.6 miles*	\$2,708
Campground	140 sites	5,162
Outdoor Center	11,000 SF	4,166
Amphitheater	2,500 seats	7,254
Nordic Ski Center	4.6 miles**	1,712
Thunderbolt Lodge	170 rooms	20,561
	10,000 SF***	
Maintenance/ Utilities	All Grounds	1,451
<b>Total Hard Costs</b>		<b>\$43,014</b>
Soft Costs		\$10,128
<b>Total Costs</b>		<b>\$53,142</b>
* Includes upgrades to existing trails, new trails, bridges, signage, landscaping etc.		
** Includes lighting and snowmaking		
*** Maximum potential meeting space		
Source: Development Proforma, Pinnacle Advisory Group, Johnson Consulting		

As shown, the total development cost is estimated at \$53.1 million, including \$43.0 million in hard costs and an allowance of \$10.2 million in soft costs. Thunderbolt Lodge and Conference Center will incur the highest capital cost of \$20.5 million, representing 47.8 percent of the overall hard costs associated with the proposed project. It is noted that this project element is independent of the balance of the project and will proceed once a developer is selected.



## OPERATING PROJECTIONS

The following table presents a summary of the projected operating statement for the proposed Resort, by major project element, for the first 5 full years of operation, as well as projections for Years 10 and 20. Revenues include all revenues that can be used for operations. All revenues and expenses are inflated at an annual rate of 3.0 percent. While all project elements are shown to occur in Year 1, some may be phased in over time, affecting the annual revenue and expense amount by the respective amounts for each project element. Each is analyzed separately as well, so the reader can see which uses are major cash contributors and which need maximum grant giving to hedge risk.

Table 7 - 2

Proposed Greylock Glen Resort Summary of Operations by Facility (\$'000)							
Line	Year 1 2018	Year 2 2019	Year 3 2020	Year 4 2021	Year 5 2022	Year 10 2027	Year 20 2037
<b>Outdoor Center</b>							
1 Revenues	\$553	\$570	\$587	\$605	\$623	\$722	\$970
2 Expenses	477	492	506	521	537	623	837
3 <b>Operating Income</b>	<b>\$76</b>	<b>\$78</b>	<b>\$81</b>	<b>\$83</b>	<b>\$86</b>	<b>\$99</b>	<b>\$134</b>
4 Capital Reserve	17	17	17	18	18	21	29
5 <b>Net Cash Flow</b>	<b>\$60</b>	<b>\$61</b>	<b>\$63</b>	<b>\$65</b>	<b>\$67</b>	<b>\$78</b>	<b>\$105</b>
<b>Nordic Ski Center</b>							
6 Revenues	\$809	\$834	\$859	\$885	\$911	\$1,056	\$1,419
7 Expenses	535	551	567	584	602	697	937
8 <b>Operating Income</b>	<b>\$275</b>	<b>\$283</b>	<b>\$292</b>	<b>\$300</b>	<b>\$309</b>	<b>\$359</b>	<b>\$482</b>
9 Capital Reserve	24	25	26	27	27	32	43
10 Taxes	0	0	0	0	0	116	170
11 Debt Service Payments	105	105	105	105	105	105	105
12 <b>Net Cash Flow</b>	<b>\$146</b>	<b>\$153</b>	<b>\$161</b>	<b>\$169</b>	<b>\$177</b>	<b>\$106</b>	<b>\$165</b>
<b>Campground and Cabins</b>							
13 Revenues	\$1,390	\$1,545	\$1,591	\$1,639	\$1,688	\$1,957	\$2,630
14 Expenses	840	929	957	985	1,015	1,318	1,771
15 <b>Operating Income</b>	<b>\$550</b>	<b>\$616</b>	<b>\$634</b>	<b>\$653</b>	<b>\$673</b>	<b>\$639</b>	<b>\$858</b>
16 Capital Reserve	49	54	56	57	59	68	92
17 Taxes	51	79	87	96	106	100	204
18 Debt Service Payments	262	262	262	262	262	262	270
19 <b>Net Cash Flow</b>	<b>\$188</b>	<b>\$221</b>	<b>\$229</b>	<b>\$238</b>	<b>\$246</b>	<b>\$208</b>	<b>\$292</b>
<b>Trails and Maintenance (Glen Administration)</b>							
20 Revenues	\$562	\$578	\$596	\$614	\$632	\$733	\$985
21 Expenses	443	456	469	484	498	577	776
22 <b>Operating Income</b>	<b>\$119</b>	<b>\$123</b>	<b>\$126</b>	<b>\$130</b>	<b>\$134</b>	<b>\$155</b>	<b>\$209</b>
23 Capital Reserve	17	17	18	18	19	22	30
24 <b>Net Cash Flow</b>	<b>\$102</b>	<b>\$105</b>	<b>\$108</b>	<b>\$112</b>	<b>\$115</b>	<b>\$133</b>	<b>\$179</b>
<b>Amphitheater</b>							
25 Revenues	\$2,981	\$3,070	\$3,162	\$3,257	\$3,355	\$3,889	\$5,227
26 Expenses	2,540	2,617	2,695	2,776	2,859	3,315	4,455
27 <b>Operating Income</b>	<b>\$440</b>	<b>\$454</b>	<b>\$467</b>	<b>\$481</b>	<b>\$496</b>	<b>\$575</b>	<b>\$772</b>
28 Capital Reserve	89	92	95	98	101	117	157
29 Debt Service Payments	277	277	277	277	277	277	286
30 <b>Net Cash Flow</b>	<b>\$73</b>	<b>\$84</b>	<b>\$95</b>	<b>\$106</b>	<b>\$117</b>	<b>\$180</b>	<b>\$330</b>
<b>Thunderbolt Lodge and Conference Center</b>							
31 Revenues	\$7,986	\$8,974	\$10,041	\$10,314	\$10,623	\$12,315	\$16,550
32 Expenses	5,502	6,160	6,871	7,059	7,270	9,151	12,298
33 <b>Operating Income</b>	<b>\$2,484</b>	<b>\$2,813</b>	<b>\$3,170</b>	<b>\$3,255</b>	<b>\$3,353</b>	<b>\$3,164</b>	<b>\$4,253</b>
34 Capital Reserve	240	269	301	309	319	369	497
35 Taxes	216	353	501	541	587	548	1,092
36 Debt Service Payments	1,238	1,238	1,238	1,238	1,238	1,238	1,238
37 <b>Net Cash Flow</b>	<b>\$790</b>	<b>\$953</b>	<b>\$1,129</b>	<b>\$1,166</b>	<b>\$1,209</b>	<b>\$1,009</b>	<b>\$1,426</b>
25 <b>COMBINED Net Cash Flow</b>	<b>\$1,359</b>	<b>\$1,578</b>	<b>\$1,786</b>	<b>\$1,856</b>	<b>\$1,933</b>	<b>\$1,715</b>	<b>\$2,496</b>
26 <b>Capital Reserve Balance</b>	<b>\$435</b>	<b>\$475</b>	<b>\$513</b>	<b>\$527</b>	<b>\$543</b>	<b>\$630</b>	<b>\$846</b>
27 Non-Earned Revenues*							

\* Allowance for non-earned revenues such as grants, donations, gifts, fund-raising, etc. This will impact the overall cash flow of the project.

Source: Development Proforma, Pinnacle Advisory Group, Johnson Consulting

The combined net cash flow for the proposed Resort is expected to total \$1.4 million in Year 1, increasing to \$1.9 million in Year 5, before contracting slightly to \$1.7 million in Year 10, reflecting the fact that some land uses will be exempt from property taxes for the first 5 years, and then increasing to \$2.5 million in Year 20. These figures account for capital reserve, debt service, and taxes, as well as Common Area Maintenance (CAM) expenses. Given the inherent risk associated with projects such as this, we estimate that our projections within a 20 percent confidence level. As such, it is assumed to be approximately breakeven, consistent with comparable projects.

Our projections assume that some level of non-operating revenue will be generated and applied to the project, through grants, gifts, fund-raising, donations, and so on. In the interest of remaining conservative, particularly given that these revenues may fluctuate significantly year-to-year and will directly reflect management decisions, we have not applied a dollar amount to this line item.

## OUTDOOR CENTER

The following table presents a summary of operating projections for the Outdoor Center for Years 1 through 5, Year 10 and Year 20. It is assumed that the Glen Administration will own the capital asset and will receive lease income from tenants. No CAM or land lease income is expected to be earned from this project element. All revenues and expenses are inflated at an annual rate of 3.0 percent.

Table 7 - 3

Proposed Greylock Glen Resort Outdoor Center Facility Operating Projections (\$'000)							
Line	Year 1 2018	Year 2 2019	Year 3 2020	Year 4 2021	Year 5 2022	Year 10 2027	Year 20 2037
<b>Revenues</b>							
1 Admissions and Programs	\$216	\$223	\$230	\$237	\$244	\$282	\$380
2 Food Service/ Retail	212	218	225	232	239	277	372
3 Lease Payments	125	129	133	137	141	163	219
<b>4 Total Revenues</b>	<b>\$553</b>	<b>\$570</b>	<b>\$587</b>	<b>\$605</b>	<b>\$623</b>	<b>\$722</b>	<b>\$970</b>
<b>Expenses</b>							
5 Programming Expenses	\$322	\$332	\$342	\$352	\$363	\$421	\$566
6 Food Service/ Retail Expense	155	159	164	169	174	202	271
<b>7 Total Expenses</b>	<b>\$477</b>	<b>\$492</b>	<b>\$506</b>	<b>\$521</b>	<b>\$537</b>	<b>\$623</b>	<b>\$837</b>
<b>8 EBIDA</b>	<b>\$76</b>	<b>\$78</b>	<b>\$81</b>	<b>\$83</b>	<b>\$86</b>	<b>\$99</b>	<b>\$134</b>
<b>9 Capital Reserve</b>	<b>\$17</b>	<b>\$17</b>	<b>\$17</b>	<b>\$18</b>	<b>\$18</b>	<b>\$21</b>	<b>\$29</b>
<b>10 Cash Available for Debt Service</b>	<b>\$60</b>	<b>\$61</b>	<b>\$63</b>	<b>\$65</b>	<b>\$67</b>	<b>\$78</b>	<b>\$105</b>
<b>11 Debt Service</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>12 Net Cash Flow</b>	<b>\$60</b>	<b>\$61</b>	<b>\$63</b>	<b>\$65</b>	<b>\$67</b>	<b>\$78</b>	<b>\$105</b>

Source: Development Proforma, Pinnacle Advisory Group, Johnson Consulting

Key assumptions and projections are summarized as follows:

- **REVENUES:** Revenues are projected to total \$553,000 in Year 1, increasing to \$623,000 in Year 5, \$722,000 in Year 10 and \$970,000 in Year 20.
- **EXPENSES:** Operating expenses are projected to total \$477,000 in Year 1, increasing to \$537,000 in Year 5, \$623,000 in Year 10 and \$837,000 in Year 20. The largest expense is expected to be attributed to education and activity programming (\$363,000 or 67.6 percent of operating expenses in Year 5).
- **CASH FLOW:** The Outdoor Center is projected to report a positive net cash flow of \$60,000 in Year 1, increasing to \$67,000 in Year 5, \$78,000 in Year 10, and \$105,000 in Year 20.

## NORDIC SKI CENTER

The following table presents a summary of operating projections for the Nordic Ski Center for Years 1 through 5, Year 10 and Year 20. It is assumed that lease payments will be made to the Glen Administration, although these are not included in the proforma. All revenues and expenses are inflated at an annual rate of 3.0 percent.

Table 7 - 4

Proposed Greylock Glen Resort Nordic Ski Center Facility Operating Projections (\$'000)							
Line	Year 1 2018	Year 2 2019	Year 3 2020	Year 4 2021	Year 5 2022	Year 10 2027	Year 20 2037
<b>Revenues</b>							
1 Tickets	\$434	\$447	\$460	\$474	\$488	\$566	\$760
2 Food Service/Retail	376	387	399	411	423	491	659
<b>3 Total Revenues</b>	<b>\$809</b>	<b>\$834</b>	<b>\$859</b>	<b>\$885</b>	<b>\$911</b>	<b>\$1,056</b>	<b>\$1,419</b>
<b>Expenses</b>							
4 Operations	\$535	\$551	\$567	\$584	\$602	\$697	\$937
<b>5 Total Expenses</b>	<b>\$535</b>	<b>\$551</b>	<b>\$567</b>	<b>\$584</b>	<b>\$602</b>	<b>\$697</b>	<b>\$937</b>
<b>6 EBITDA</b>	<b>\$275</b>	<b>\$283</b>	<b>\$292</b>	<b>\$300</b>	<b>\$309</b>	<b>\$359</b>	<b>\$482</b>
7 Capital Reserve	\$24	\$25	\$26	\$27	\$27	\$32	\$43
8 Taxes	0	0	0	0	0	116	170
<b>9 Cash Available for Debt Service</b>	<b>\$251</b>	<b>\$258</b>	<b>\$266</b>	<b>\$274</b>	<b>\$282</b>	<b>\$211</b>	<b>\$270</b>
<b>10 Debt Service Payment</b>	<b>\$105</b>	<b>\$105</b>	<b>\$105</b>	<b>\$105</b>	<b>\$105</b>	<b>\$105</b>	<b>\$105</b>
<b>11 After-Tax Cash Flow</b>	<b>\$146</b>	<b>\$153</b>	<b>\$161</b>	<b>\$169</b>	<b>\$177</b>	<b>\$106</b>	<b>\$165</b>

Source: Development Proforma, Pinnacle Advisory Group, Johnson Consulting

Key assumptions and projections are summarized as follows:

- **VISITOR ASSUMPTIONS:** The projections assume 29,000 visitors to the Nordic Ski Center annually, and that the operator will make efforts to optimize bike, hiking and camping gear, paddle boards and/

or kayaks, and similar equipment rentals during the warmer months. This responsibility will be stated in their lease agreement.

- **REVENUES:** Revenues are projected to total \$809,000 in Year 1, increasing to \$911,000 in Year 5, \$1.1 million in Year 10 and \$1.4 million in Year 20. This is in line with comparable facilities.
- **EXPENSES:** Operating expenses are projected to total \$535,000 in Year 1, increasing to \$602,000 in Year 5, \$697,000 in Year 10 and \$937,000 in Year 20.
- **EARNINGS BEFORE INTEREST, TAXES, DEPRECIATION AND AMORTIZATION (EBITA):** Earnings are projected to total \$275,000 in Years 1, increasing to \$309,000 in Year 5, \$359,000 in Year 10, and \$482,000 in Year 20.
- **CASH FLOW:** After capital reserve, taxes and debt service payments the facility is expected to achieve a net positive cash flow of \$146,000 in Year 1 and increasing to \$177,000 in Year 5, before contracting to \$106,000 in Year 10, reflecting the assumption that no property taxes will be payable during the first 5 years of operation, and then increasing to \$165,000 in Year 20.

#### CAMPGROUND

The following table presents a summary of operating projections for the Campground for Years 1 through 5, Year 10 and Year 20. This project element will be subject to CAM and land lease charges, although the latter are not shown in the proforma. All revenues and expenses are inflated at an annual rate of 3.0 percent.

Table 7 - 5

Proposed Greylock Glen Resort Campground & Cabins Facility Operating Projections (\$'000)							
Line	Year 1 2018	Year 2 2019	Year 3 2020	Year 4 2021	Year 5 2022	Year 10 2027	Year 20 2037
<b>Revenues</b>							
1 Camping	\$342	\$380	\$392	\$403	\$416	\$482	\$647
2 Lodging	945	1,050	1,081	1,114	1,147	1,330	1,788
3 Camp Store Sales	103	114	118	121	125	145	195
<b>4 Total Revenues</b>	<b>\$1,390</b>	<b>\$1,545</b>	<b>\$1,591</b>	<b>\$1,639</b>	<b>\$1,688</b>	<b>\$1,957</b>	<b>\$2,630</b>
<b>Expenses</b>							
5 Camping Operations	\$186	\$207	\$213	\$220	\$226	\$262	\$352
6 Lodging Operations	514	571	588	606	624	724	972
7 Store Sales	88	97	100	103	106	123	166
8 Insurance	12	12	13	13	14	16	21
9 Real Estate Tax	0	0	0	0	0	141	190
10 CAM	40	41	42	44	45	52	70
<b>11 Total Expenses</b>	<b>\$840</b>	<b>\$929</b>	<b>\$957</b>	<b>\$985</b>	<b>\$1,015</b>	<b>\$1,318</b>	<b>\$1,771</b>
<b>12 EBITDA</b>	<b>\$550</b>	<b>\$616</b>	<b>\$634</b>	<b>\$653</b>	<b>\$673</b>	<b>\$639</b>	<b>\$858</b>
13 Capital Reserve	\$49	\$54	\$56	\$57	\$59	\$68	\$92
14 Taxes	51	79	87	96	106	100	204
<b>15 Cash Available for Debt Service</b>	<b>\$450</b>	<b>\$483</b>	<b>\$491</b>	<b>\$500</b>	<b>\$508</b>	<b>\$470</b>	<b>\$562</b>
<b>16 Debt Service Payment</b>	<b>\$262</b>	<b>\$262</b>	<b>\$262</b>	<b>\$262</b>	<b>\$262</b>	<b>\$262</b>	<b>\$270</b>
<b>17 Net Cash Flow</b>	<b>\$188</b>	<b>\$221</b>	<b>\$229</b>	<b>\$238</b>	<b>\$246</b>	<b>\$208</b>	<b>\$292</b>

Source: Development Proforma, Pinnacle Advisory Group, Johnson Consulting

Key assumptions and projections are summarized as follows:

- **VISITOR ASSUMPTIONS:** The projections assume 33,309 visitors to the Campgrounds annually, utilizing tent sites, pull-in sites, yurts and cabins.
- **REVENUES:** Revenues are projected to total \$1.4 million in Year 1, increasing to \$1.7 million in Year 5, close to \$2.0 million in Year 10, and \$2.6 million in Year 20. This is in line with comparable facilities, as well as those presented in the Pinnacle Advisory Group's 2016 study. A \$2.00 per night Glen Administration fee will be assessed for each night of rental and added to the CAM fund.
- **EXPENSES:** Operating expenses are projected to total \$840,000 in Year 1, increasing to \$1.0 million in Year 5, \$1.3 million in Year 10, and \$1.8 million in Year 20. The largest expense is attributed to operations of the lodging component of the campground, accounting for 61.5 percent of total expenses in Year 5.
- **EARNINGS BEFORE INTEREST, TAXES, DEPRECIATION AND AMORTIZATION (EBITA):** Earnings are projected to total \$550,000 in Year 1 and increasing to \$673,000 in Year 5, before contracting to



\$639,000 in Year 10, reflecting the fact that property taxes will not be payable during the first 5 years of operation, and then increasing to \$858,000 in Year 20.

- **CASH FLOW:** After capital reserve, taxes and debt service payments the facility is expected to achieve a net positive cash flow of \$188,000 in Year 1 and increasing to \$246,000 in Year 5, before contracting to \$208,000 in Year 10, and then increasing to \$292,000 in Year 20.

## TRAIL SYSTEM

The following table presents a summary of operating projections for the Trail System and Common Area Maintenance for Years 1 through 5, Year 10 and Year 20. All revenues and expenses are inflated at an annual rate of 3.0 percent.

Table 7 - 6

Proposed Greylock Glen Resort Trails and Maintenance (Glen Administration) Facility Operating Projections (\$'000)							
Line	Year 1 2018	Year 2 2019	Year 3 2020	Year 4 2021	Year 5 2022	Year 10 2027	Year 20 2037
<b>Revenues</b>							
1 Parking	\$87	\$90	\$92	\$95	\$98	\$114	\$153
2 Pavilion Rental	24	25	25	26	27	31	42
3 CAM Allocations	301	310	319	328	338	392	527
4 Lease Payments	150	155	159	164	169	196	263
5 <b>Total Revenues</b>	<b>\$562</b>	<b>\$578</b>	<b>\$596</b>	<b>\$614</b>	<b>\$632</b>	<b>\$733</b>	<b>\$985</b>
<b>Expenses</b>							
6 Maintenance Staff	\$188	\$193	\$199	\$205	\$211	\$245	\$329
7 Equipment & Supplies	180	185	191	197	203	235	316
8 Overhead, Marketing, Insurance	75	77	80	82	84	98	132
9 <b>Total Expenses</b>	<b>\$443</b>	<b>\$456</b>	<b>\$469</b>	<b>\$484</b>	<b>\$498</b>	<b>\$577</b>	<b>\$776</b>
10 <b>EBITDA</b>	<b>\$119</b>	<b>\$123</b>	<b>\$126</b>	<b>\$130</b>	<b>\$134</b>	<b>\$155</b>	<b>\$209</b>
11 <b>Capital Improvements</b>	<b>\$17</b>	<b>\$17</b>	<b>\$18</b>	<b>\$18</b>	<b>\$19</b>	<b>\$22</b>	<b>\$30</b>
12 <b>Net Cash Flow</b>	<b>\$102</b>	<b>\$105</b>	<b>\$108</b>	<b>\$112</b>	<b>\$115</b>	<b>\$133</b>	<b>\$179</b>

Source: Development Proforma, Pinnacle Advisory Group, Johnson Consulting

Key assumptions and projections are summarized as follows:

- **VISITOR ASSUMPTIONS:** The projections assume 38,250 visitors will utilize the trail network annually.
- **REVENUES:** Revenues are projected to total \$562,000 in Year 1, increasing to \$632,000 in Year 5, \$733,000 in Year 10, and \$985,000 in Year 20. This is in line with comparable trail networks.
- **EXPENSES:** Operating expenses are projected to total \$443,000 in Year 1, increasing to \$498,000 in Year 5, \$577,000 in Year 10 and close to \$776,000 in Year 20.

- **CASH FLOW:** After capital improvements, the trail network is expected to achieve a positive cash flow of \$102,000 in Year 1, increasing to \$115,000 in Year 5, \$133,000 in Year 10, and \$179,000 in Year 20.

Not included in the cash flow analysis is an assumed aggressive donation program for use of the trails and grounds. Also, it is assumed the State will tie into this trail system, and there may be some support from the State for major capital projects throughout the project site and surrounding area.

### PERFORMING ARTS AMPHITHEATER

The following table presents a summary of operating projections for the Amphitheater for Years 1 through 5, Year 10 and Year 20. A \$2.00 ticket fee will be assessed for each ticket sold and be treated like a CAM fee. All revenues and expenses are inflated at an annual rate of 3.0 percent.

Table 7 - 7

Proposed Greylock Glen Resort Amphitheater Facility Operating Projections (\$'000)							
Line	Year 1 2018	Year 2 2019	Year 3 2020	Year 4 2021	Year 5 2022	Year 10 2027	Year 20 2037
<b>Revenues</b>							
1 Tickets	\$2,419	\$2,491	\$2,566	\$2,643	\$2,722	\$3,156	\$4,241
2 Food Service/ Retail	562	579	597	614	633	734	986
<b>3 Total Revenues</b>	<b>\$2,981</b>	<b>\$3,070</b>	<b>\$3,162</b>	<b>\$3,257</b>	<b>\$3,355</b>	<b>\$3,889</b>	<b>\$5,227</b>
<b>Expenses</b>							
4 Bookings	\$988	\$1,018	\$1,048	\$1,080	\$1,112	\$1,289	\$1,733
5 Operating Costs	1,013	1,044	1,075	1,107	1,141	1,322	1,777
6 CAM Payment	129	132	136	140	145	168	225
7 Food Service/ Retail	410	423	435	449	462	536	720
<b>8 Total Expenses</b>	<b>\$2,540</b>	<b>\$2,617</b>	<b>\$2,695</b>	<b>\$2,776</b>	<b>\$2,859</b>	<b>\$3,315</b>	<b>\$4,455</b>
<b>9 EBITDA</b>	<b>\$440</b>	<b>\$454</b>	<b>\$467</b>	<b>\$481</b>	<b>\$496</b>	<b>\$575</b>	<b>\$772</b>
<b>10 Capital Reserve</b>	<b>\$89</b>	<b>\$92</b>	<b>\$95</b>	<b>\$98</b>	<b>\$101</b>	<b>\$117</b>	<b>\$157</b>
<b>11 Cash Available for Debt Service</b>	<b>\$351</b>	<b>\$361</b>	<b>\$372</b>	<b>\$383</b>	<b>\$395</b>	<b>\$458</b>	<b>\$615</b>
<b>12 Debt Service</b>	<b>\$277</b>	<b>\$277</b>	<b>\$277</b>	<b>\$277</b>	<b>\$277</b>	<b>\$277</b>	<b>\$286</b>
<b>13 Net Cash Flow</b>	<b>\$73</b>	<b>\$84</b>	<b>\$95</b>	<b>\$106</b>	<b>\$117</b>	<b>\$180</b>	<b>\$330</b>

Source: Development Proforma, Pinnacle Advisory Group, Johnson Consulting

Key assumptions and projections are summarized as follows:

- **ATTENDANCE ASSUMPTIONS:** The projections assume a programming partnership with an experienced entity, such as MASS MoCA. In addition to ticketed events, it is assumed that the amphitheater will be used for free entertainment events throughout the year.

- **TICKET PRICES ASSUMPTIONS:** The projections assume two tiers of ticket prices – fixed seats and lawn seating. For the purpose of our projections, we have assumed a ticket price of \$55 per person for seats and \$20 per person for lawn seating. This is consistent with similar facilities and reflects the cost of cultural activities within the local marketplace.
- **REVENUES:** Revenues are projected to total \$3.0 million in Year 1, increasing to \$3.4 million in Year 5, \$3.9 million in Year 10 and \$5.2 million in Year 20. The largest revenue generator is expected to be ticket sales, with a small amount of revenue also expected to come from concessions and retail sales. This is in line with comparable facilities.
- **EXPENSES:** Operating expenses are projected to total \$2.5 million in Year 1, increasing to \$2.9 million in Year 5, \$3.3 million in Year 10 and \$4.5 million in Year 20. The largest expenses are expected to be attributed to overall operating costs and booking services.
- **CASH FLOW:** After capital reserve and debt service the facility is expected to achieve a net positive cash flow of \$73,000 in Year 1, increasing to \$117,000 in Year 5, \$180,000 in Year 10, and \$330,000 in Year 20.

It is noted that the above scenario assumes that the venue becomes host to an annual music festival or some other ticketed events by the Town and independent promoters. There are alternate operating models for this venue and it could have almost no events and be operated at minimal cost, although under this scenario, an annual sustaining fund may be needed.

#### **THUNDERBOLT LODGE AND CONFERENCE CENTER**

The following table presents a summary of operating projections for Thunderbolt Lodge for Years 1 through 5, Year 10 and Year 20. This analysis builds off the independent feasibility study prepared by Pinnacle Advisory Group, and updated by Johnson Consulting. It is assumed that lease payments will be made to the Glen Administration, although these are not included in the proforma. All revenues and expenses are inflated at an annual rate of 3.0 percent.

Table 7 - 8

Proposed Greylock Glen Resort Thunderbolt Lodge Facility Operating Projections (\$'000)								
Line	Year 1 %	Year 1 2018	Year 2 2019	Year 3 2020	Year 4 2021	Year 5 2022	Year 10 2027	Year 20 2037
1 Number of Rooms		170	170	170	170	170	170	170
2 Available Room Nights		62,050	62,050	62,220	62,050	62,050	62,050	62,050
3 Occupancy Rate		55%	60%	65%	65%	65%	65%	65%
4 Occupied Room Nights		34,128	37,230	40,443	40,333	40,333	40,333	40,333
5 ADR		\$169.00	\$174.07	\$179.29	\$184.67	\$190.21	\$220.51	\$296.34
6 % ADR Growth			3%	3%	3%	3%	3%	3%
7 RevPAR		\$92.95	\$104.44	\$116.54	\$120.04	\$123.64	\$143.33	\$192.62
8 % RevPAR Growth			12%	12%	3%	3%	3%	3%
<b>Revenues</b>								
9 Lodging	72.2%	\$5,768	\$6,481	\$7,251	\$7,448	\$7,672	\$8,894	\$11,952
10 Meeting Space	0.9%	71	80	89	92	94	109	147
11 Event Revenue	6.9%	550	618	691	710	732	848	1,140
12 Fitness Center	0.5%	43	48	53	55	57	66	88
13 Food Service	14.1%	1,125	1,264	1,415	1,453	1,497	1,735	2,332
14 Other Revenue	5.4%	430	483	541	555	572	663	891
15 <b>Total Revenue</b>	<b>100%</b>	<b>\$7,986</b>	<b>\$8,974</b>	<b>\$10,041</b>	<b>\$10,314</b>	<b>\$10,623</b>	<b>\$12,315</b>	<b>\$16,550</b>
<b>Expenses</b>								
16 Lodging	26%	\$1,513	\$1,700	\$1,902	\$1,954	\$2,013	\$2,333	\$3,136
17 Meeting Facility	50%	35	40	45	46	47	55	73
18 Social Event Expense	50%	275	309	346	355	366	424	570
19 Fitness Center	50%	21	24	27	27	28	33	44
20 Food Service	73%	821	923	1,033	1,061	1,093	1,267	1,702
21 Other Expense	73%	314	353	395	405	418	484	651
22 <b>Total Operating Expenses</b>	<b>37%</b>	<b>\$2,980</b>	<b>\$3,349</b>	<b>\$3,747</b>	<b>\$3,849</b>	<b>\$3,964</b>	<b>\$4,595</b>	<b>\$6,176</b>
23 <b>Departmental Operating Income</b>	<b>63%</b>	<b>\$5,006</b>	<b>\$5,625</b>	<b>\$6,294</b>	<b>\$6,465</b>	<b>\$6,659</b>	<b>\$7,719</b>	<b>\$10,374</b>
<b>Undistributed Operating Expenses</b>								
24 A&G Expenses	13%	\$1,077	\$1,210	\$1,354	\$1,391	\$1,432	\$1,660	\$2,231
25 O&M Expense	7%	538	605	677	695	716	830	1,116
26 Utilities Expense	5%	431	484	541	556	573	664	893
27 <b>Total</b>	<b>26%</b>	<b>\$2,046</b>	<b>\$2,299</b>	<b>\$2,572</b>	<b>\$2,642</b>	<b>\$2,721</b>	<b>\$3,155</b>	<b>\$4,240</b>
28 <b>Gross Operating Profit</b>	<b>37%</b>	<b>\$2,960</b>	<b>\$3,326</b>	<b>\$3,722</b>	<b>\$3,823</b>	<b>\$3,938</b>	<b>\$4,565</b>	<b>\$6,135</b>
<b>Selected Fixed Charges</b>								
29 Property Tax	0%	\$0	\$0	\$0	\$0	\$0	\$722	\$971
30 Insurance	1%	105	108	111	114	118	136	183
31 CAM Payment	2%	132	136	140	144	149	172	231
32 <b>Total</b>	<b>3%</b>	<b>\$237</b>	<b>\$244</b>	<b>\$251</b>	<b>\$258</b>	<b>\$266</b>	<b>\$1,031</b>	<b>\$1,386</b>
33 <b>Income Before Management Fees</b>	<b>34%</b>	<b>\$2,724</b>	<b>\$3,083</b>	<b>\$3,471</b>	<b>\$3,564</b>	<b>\$3,671</b>	<b>\$3,534</b>	<b>\$4,749</b>
34 <b>Management Fee</b>	<b>3%</b>	<b>\$240</b>	<b>\$269</b>	<b>\$301</b>	<b>\$309</b>	<b>\$319</b>	<b>\$369</b>	<b>\$497</b>
35 <b>Income After Management Fees</b>	<b>31%</b>	<b>\$2,484</b>	<b>\$2,813</b>	<b>\$3,170</b>	<b>\$3,255</b>	<b>\$3,353</b>	<b>\$3,164</b>	<b>\$4,253</b>
36 <b>Capital Reserves</b>	<b>3%</b>	<b>\$240</b>	<b>\$269</b>	<b>\$301</b>	<b>\$309</b>	<b>\$319</b>	<b>\$369</b>	<b>\$497</b>
37 <b>EBITDA</b>	<b>28%</b>	<b>\$2,245</b>	<b>\$2,544</b>	<b>\$2,868</b>	<b>\$2,946</b>	<b>\$3,034</b>	<b>\$2,795</b>	<b>\$3,756</b>
38 <i>NOI as % of Total Revenue</i>		28.1%	28.4%	28.6%	28.6%	28.6%	22.7%	22.7%
39 <b>Taxes</b>	<b>3%</b>	<b>\$216</b>	<b>\$353</b>	<b>\$501</b>	<b>\$541</b>	<b>\$587</b>	<b>\$548</b>	<b>\$1,092</b>
40 <b>Cash Available for Debt Service</b>	<b>25%</b>	<b>\$2,028</b>	<b>\$2,191</b>	<b>\$2,367</b>	<b>\$2,404</b>	<b>\$2,447</b>	<b>\$2,247</b>	<b>\$2,664</b>
41 <b>Debt Service</b>	<b>16%</b>	<b>\$1,238</b>	<b>\$1,238</b>	<b>\$1,238</b>	<b>\$1,238</b>	<b>\$1,238</b>	<b>\$1,238</b>	<b>\$1,238</b>
42 <b>After-Tax Cash Flow</b>	<b>10%</b>	<b>\$790</b>	<b>\$953</b>	<b>\$1,129</b>	<b>\$1,166</b>	<b>\$1,209</b>	<b>\$1,009</b>	<b>\$1,426</b>

Source: Development Proforma, Pinnacle Advisory Group, Johnson Consulting

Key assumptions and projections are summarized as follows:

- **OCCUPANCY ASSUMPTIONS:** The projections assume an occupancy rate of 55 percent, stabilizing at 65 percent by Year 5. These are in line with the assumed occupancy rates included in the 2011 Pinnacle Advisory Group study and reflect the seasonality of the proposed development. Based upon data from Smith Travel Research (STR), current occupancy rates throughout the Berkshires region average in the range of 70 to 73 percent. As such, our projections for the proposed Thunderbolt Lodge are considered to be reasonable and conservative.
- **ROOM RATE AND REVENUE ASSUMPTIONS:** The Average Daily Rate (ADR) of \$169.00 per room night and Revenue per Available Room (RevPAR) is assumed to be \$76.05 per available room in Year 1. These figures are inflated at 3 percent and 12 percent, respectively, throughout the projection period and are consistent with the rates projected in Pinnacle Advisory Group's 2011 study.
- **REVENUES:** Revenues are projected to total close to \$8.0 million in Year 1, increasing to \$10.6 million in Year 5, \$12.3 million in Year 10 and \$16.5 million in Year 20. The largest revenue generator is expected to be daily rates for the lodging, accounting for approximately 72.2 percent of total revenues, followed by food service, accounting for approximately 14.1 percent. Meeting space rental and event revenues are projected to account for an additional 7.8 percent of total revenues.
- **EXPENSES:** Operating expenses are projected to total close to \$3.0 million in Year 1, increasing to \$4.0 million in Year 5, \$4.6 million in Year 10 and \$6.2 million in Year 20. Similarly to operating revenue sources, the largest expense is expected to be attributed to lodging (\$1.5 million or 50.8 percent of operating expenses in Year 5), followed by food service (\$821,000 or 27.6 percent of operating expenses in Year 5).

Undistributed operating expenses, including administrative and general, operations and management, and utilities, are projected to total \$2.0 million in Year 1, \$2.7 million in Year 5, \$3.2 million in Year 10, and \$4.2 million in Year 20.

- **GROSS OPERATING INCOME (LOSS):** After accounting for operating expenses and undistributed operating expenses, the gross operating income of Thunderbolt Lodge is projected to be \$3.0 million in Year 1, increasing to \$3.9 million in Year 5, \$4.6 million in Year 10, and \$6.1 million in Year 20.
- **FIXED CHARGES:** These include property tax and insurance, which are calculated on a per room basis. It is noted that property taxes are assumed to be payable after the first 5 years of operations. Fixed charges also include CAM payments, estimated at 2.0 percent of gross revenues. Fixed charges are projected to total \$237,000 in Year 1, increasing to \$266,000 in Year 5, \$1.0 million in Year 10, and \$1.4 million in Year 20, reflecting the payment of property taxes from Year 6 onwards. Our projections assumed that a \$2.00 per night Glen Administration fee will be assessed for each room night and added to the CAM fund.

- **EARNINGS BEFORE INTEREST, TAXES, DEPRECIATION AND AMORTIZATION (EBITA):** After accounting for fixed charges, management fees and capital reserves, earnings are projected to total \$2.2 million in Year 1 and increasing to \$3.0 million in Year 5, before contracting to \$2.8 million in Year 10, and then increasing to \$3.8 million in Year 20. These figure indicate that the net operating income as a proportion of total revenues will range from 28.1 percent in Year 1 up to 28.6 in Year 5, before dropping to 22.7 percent, again reflecting the assumption that property taxes will not be payable during the first 5 years of operation.
- **CASH FLOW:** After taxes and debt service the facility is expected to achieve a net positive cash flow of \$790,000 in Year 1 and increasing to \$1.2 million in Year 5, before contracting slightly to \$1.0 million in Year 10, and then increasing to \$1.4 million in Year 20, reflecting the property tax assumptions described above.

## RISK FACTORS

There are a myriad of policy, management and operating decisions to be made from this point forward. Many of these are material and could affect demand and financial performance of the Resort. We consider there to be a number of specific risk factors associated with the proposed project, including but not limited to:

- Any changes to the management team.
- Inability to obtain assumed state and/or federal grant funds.
- Failure to find or choose appropriate facility operators and vendors, and not holding them accountable for the performance of the assets.
- A major economic downturn.
- Inability to obtain financing.

While all of these risk factors could have a significant impact on the project, the failure of any one element would be unlikely to result in the failure of the overall project.