

Homewood Mountain Ski Area Master Plan

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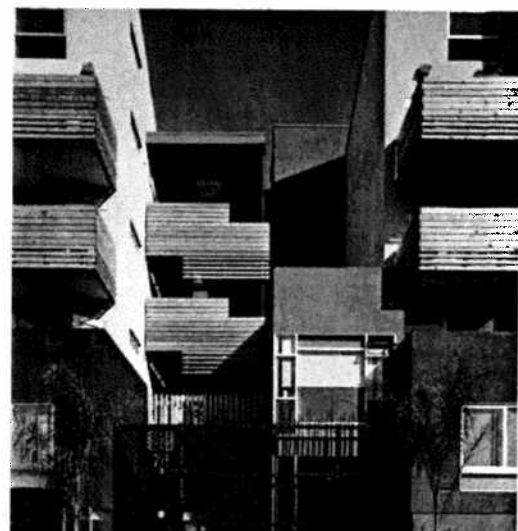
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Qualifications



Creating Sustainable Communities

Our metropolitan areas face unprecedented change. Scarce resources, climate change, traffic congestion, and changing lifestyles are leading to a reorganization of our cities using smart growth and sustainability principles.

The urban economist is critical to the process of creating sustainable communities. Questions of market acceptance, incentives, investor returns, public subsidy, costs/benefits, and infrastructure financing all play key roles in the transformation of cities and regions.

The challenges of creating sustainable communities require experts grounded in demographics, markets, public policies, and finance. BAE has earned national recognition as a leader in urban economics and development for public benefit. We go far beyond traditional services by integrating survey research, GIS, econometric models, and community involvement into our work. Our innovative research, hands-on development advising, and attention to quality achieve repeated success for our clients.

Celebrating our 24th year, BAE continues to fulfill its mission – to help create sustainable communities for generations to come.

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About BAE

Since 1986, BAE has focused on creating sustainable communities by providing real estate economics and development advisory services to clients throughout the U.S. BAE's experience ranges from statewide policy studies to strategic planning to development projects. Our work reflects our commitment to excellence and dedication to the future of our places.

BAE's services include feasibility studies, strategic planning, revitalization, public-private transactions, public financing, fiscal and economic impacts analyses, and development advisory services. We have extensive work experience in:

- Smart Growth
- Revitalization
- TOD & Mixed-Use Development
- Economic Development
- Affordable and Workforce Housing
- Sustainable Agriculture and Food Systems
- Climate Change and GHG Reduction Actions
- Parks and Community Facilities
- Child Care and Social Services

Our key asset is our highly-skilled core team of staff members who have worked together for many years. Collectively, we bring our training in real estate development, city planning, geography, economic development, marketing, and public policy to every engagement. We pioneered the use of survey research to target urban housing products, created innovative GIS tools for smart growth planning, and provided real estate advisory services to some of the largest revitalization and sustainable development efforts in the U.S. BAE is the first urban economics practice to offer the services of in-house LEED accredited professionals.

The outstanding quality of our work has been recognized by the American Planning Association (APA), the Congress for New Urbanism, and other organizations through numerous awards for excellence. The *San Francisco Business Times* has recognized BAE as one of the 100 Largest Women-Owned Bay Area Businesses each year since 2000. BAE is a certified Green Business.

This document highlights some of our accomplishments. For more information, see www.bayareaeconomics.com or contact:

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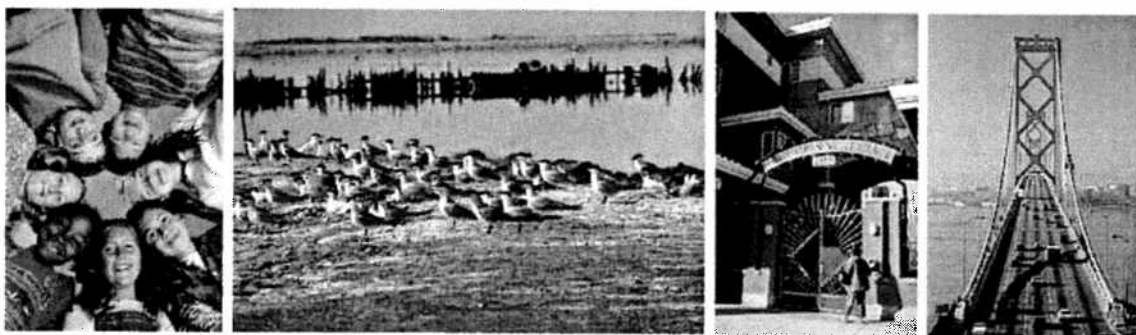
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Sustainable Regions

Bay Area Smart Growth Vision

Association of Bay Area Governments and Metropolitan Transportation Commission



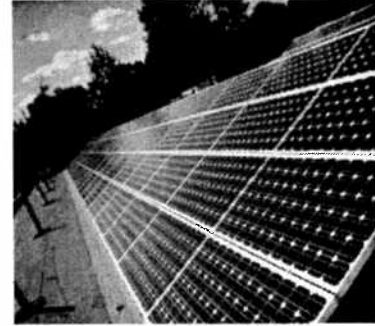
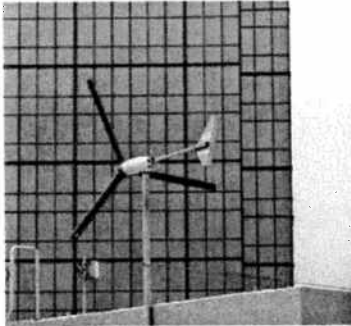
BAE served as the real estate economist on a team of consultants for this ground-breaking regional smart growth visioning project. The Bay Area region, consisting of nine counties with over seven million residents, needs to house an additional one million people by the year 2020. In an area already with severe traffic congestion and high cost housing, along with a strong appreciation for natural resources and environmental protection, the Smart Growth Strategy explored ways the region could grow over the long term.

Through a two-year process, five regional agencies led by the Association of Bay Area Governments undertook the Smart Growth Strategy and visioning process. The process was grounded in the principles of the “3 Es” of sustainability: environment, economy, and equity. The process commenced with the preparation of a briefing book profiling growth challenges, including the impacts of continued sprawl. Next, visioning meetings were convened in each county to interactively plan for future land uses integrating mixed-use and transit-oriented development. Participants had to find locations for a requisite number of new housing units, including affordable housing. Using a series of development prototypes provided to participants, three alternative visions were developed through these community meetings. Then the consultant team prepared a series of technical analyses of each alternative, including work by BAE regarding housing affordability, development feasibility, land use and equity case studies, and jobs/housing match (i.e., special indicators comparing the forecasted price of housing compared to local area wages from job growth and resulting household incomes). BAE also supported development of a video to accompany the project, showing how social equity issues were impacted and could be mitigated by smarter growth principles.

The Bay Area Smart Growth Vision has directly influenced planning in the region at all levels, including subsequent reorganization of how transportation funding is allocated. The Vision was recognized by the Congress for New Urbanism with a Charter Award in 2004.

Climate Change Planning and Initiatives

NASA Technology Partnership, San Jose CA, Berkeley CA, California APA

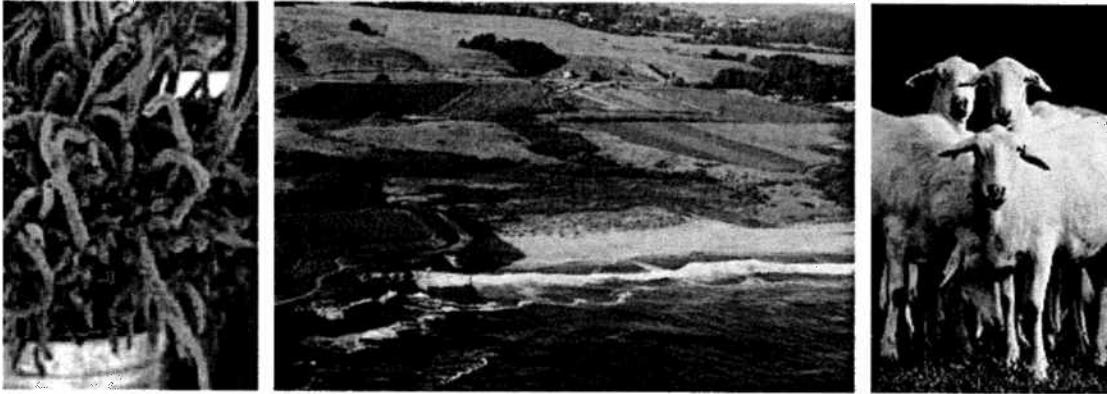


BAE has been in the forefront of integrating climate change into economic development and public policy, as highlighted below.

- **NASA Ames Technology Partnership.** BAE manages this innovative program under contract with NASA. The Partnership links scientific research partners at major Bay Area universities, private companies, and NASA to collaborate on key initiatives including biofuels, wind energy, and nano-technology.
- **San Jose Construction & Demolition Debris Diversion Program.** San Jose, with substantial new development and construction, sought to implement a rebate fee that encourages recycling of construction debris to reduce the waste stream. BAE estimated the volume of construction debris by type of material, tracked the capacity of recyclers to absorb the debris, and structured a fee program that would limit financial impact while simultaneously encouraging recycling. The program was unanimously adopted by the City Council in 2001.
- **Local Carbon Offset Program.** BAE was commissioned by a leading climate change organization to test the feasibility of developing a local community carbon emissions offset program in Berkeley, CA. The concept is to sell voluntary carbon emission offsets and invest the dollars into local, tangible reduction projects such as solar energy systems for area public schools. BAE analyzed the potential depth of the market for this concept, estimated the amount of potential annual revenue, and identified types of projects which would foster local community development.
- **Making It Green: Sustainable Economic Development.** BAE organized and moderated this panel on green economic development for the 2007 California Conference of the American Planning Association. Panelists presented on San Francisco's Clean Tech Initiative, San Jose's multifaceted approach to green building and recycling construction debris, Berkeley's greenhouse gas reduction goals for 2020, and statewide community development venture fund investments in green technology.

Environmental Stewardship and Sustainable Agriculture

Selected Clients: California State Parks, Stewardship Council, SAGE

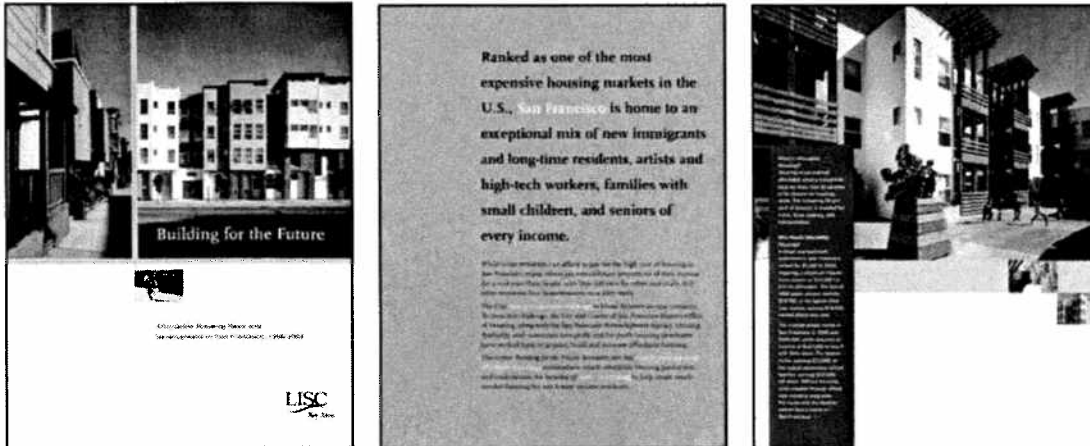


As policymakers seek to integrate urban development with the natural environment, the need to understand sustainable approaches to managing our food systems, open spaces, natural resources, and climate change impacts has grown dramatically. BAE has established a strong practice in key aspects of sustainable development including:

- **Pacific Forest and Watershed Lands Stewardship Council.** BAE is currently serving as a real estate and sustainability advisor to this non-profit organization created by judicial settlement to transfer over 144,000 acres of watershed lands throughout California and controlled by PG&E to public control.
- **Sustainable Agriculture Education (SAGE).** Through our affiliation with SAGE, BAE has worked on numerous sustainable agriculture studies and research projects. SAGE received grant funding to prepare a Toolkit for AgParks, a concept of creating sustainable agriculture at the urban edge to serve small-scale organic farmers. Subsequently, SAGE and BAE prepared a major assessment of sustainable agriculture in state parks for the California Department of Parks and Recreation, including recommended farmer RFP terms and conditions. BAE has also assisted SAGE in developing a demonstration AgPark adjacent to the historic Sunol Water Temple site in Alameda County.
- **California State Parks Foundation.** For the supporting institution to the state agency, BAE prepared a detailed report investigating potential revenue-generating sources. Our work explored a wide range of options for CA state parks including expanded lodging, yurt rentals, wind and solar power, enhanced web merchandising, and eco-tourism.

Building for the Future: Housing Production in San Francisco

LISC and City of San Francisco Mayor's Office of Housing, CA



BAE was engaged by the Bay Area office of the Local Initiatives Support Corporation (LISC) to provide a detailed analysis of prior affordable housing production and current unmet need, in support of a new San Francisco ballot initiative for additional affordable housing funds. A prior initiative, Measure A, had created the first-ever local bond program to finance affordable housing units in the most expensive housing market in the U.S. Although the bond measure was highly successful, many of the projects funded by it had not yet been constructed after seven years of allocations, due to the lengthy time period to entitle, finance, and construct housing in San Francisco.

BAE first developed an overview of affordable and workforce housing needs, for both ownership and rental units by household income level, for the City of San Francisco. Estimates were based on detailed analysis of 2000 Public-Use Microdata Samples (PUMS), the unpublished raw data from the long form of the U.S. Census which allows for cross-tabulation of income by household size and tenure. This needs analysis was then compared to affordable and workforce housing production since Measure A's passage in 1996. Estimating production of units by size and target income required extensive compilation and merging of four databases maintained by multiple funding agencies in the City, along with elimination of duplicate entries. The resulting analysis showed that although Measure A and other funding sources had produced more than 2,000 units (completed and under construction), the City had unmet need for substantial additional units across all income levels.

The study was prepared in conjunction with a Task Force appointed by the Mayor to recommend the structure of the proposed bond measure. BAE presented the results of the study to several Task Force meetings, with the PowerPoint presentation also used throughout the subsequent ballot campaign. BAE subsequently prepared special additional material for a workshop for elected officials to help broaden the understanding of affordable and workforce housing needs.

Innovation, Tech Transfer, and Universities

Selected Clients: Johns Hopkins University, California State University, Notre Dame, University of Louisville, University of California, Lawrence Livermore National Laboratory



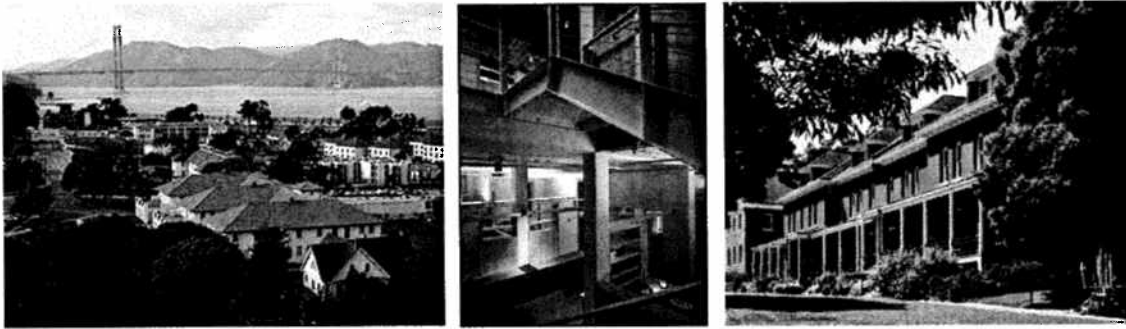
Universities throughout the U.S. have engaged BAE for development advisory, tech transfer, and economic analysis services. Examples of our work include:

- **University of California, San Francisco (UCSF).** BAE assisted the University with a complex transaction for its Mission Bay urban campus, which will provide critically-needed housing for researchers and staff at one of the largest bio-technology research facilities in the world.
- **Johns Hopkins University.** The University has repeatedly commissioned BAE to prepare economic benefits reports. We use state-of-the-art techniques to present research and technology, and assess the economic impacts of higher education on state economic development.
- **California State University System.** For one of the largest university systems in the world, we conducted a system wide faculty/staff housing needs assessment with strategic recommendations to assist with long-term planning.
- **University of California, Santa Cruz.** BAE analyzed the feasibility of a technology incubator as a joint project between the University and the City, including a survey of emerging home-based businesses.
- **Lawrence Livermore National Laboratory.** BAE evaluated the tech transfer and commercial applications potential of the largest laser in the world. BAE's work was used in Congressional testimony for the National Ignition Facility.
- **NASA Ames Technology Partnership Program.** BAE manages a portion of this initiative, bringing together leading scientists and private industry to conduct collaborative research on nano-, bio-, and info-technologies.

Revitalized Districts

The Presidio of San Francisco

National Park Service and Presidio Trust, CA



BAE has served as Development Advisor to the National Park Service and the Presidio Trust for this project since 1991. Initial work focused on market analysis and a solicitation process for the Main Post (350,000 square feet of historic structures), the Letterman Complex (one million square feet), the historic housing units, and several community facilities. For each solicitation, BAE developed the RFP, marketed the sites, and evaluated proposals. BAE then negotiated long-term leases and building rehabilitation agreements for more than 300,000 square feet of office, commercial, and community facilities space. BAE also created a detailed \$25 million operating budget for the Presidio, which was reviewed by OMB as part of the Congressional funding process. This work led to BAE's development of the Presidio Cash Flow Model, specifying revenue streams, capital improvements, and cost-sharing among tenants and occupants.

Subsequent BAE work has included an evaluation of in-house versus contracted property management for the 1,000 housing units, development of a business plan for revenue generation from the recreation portion of the Presidio, formulation of guidelines and sample lease documents for cell sites, telecommunications and utility rate studies, and creation of a Service District Charge (SDC) to recover the costs of providing municipal services. We have prepared infrastructure summary reports, assessed the historic tax credit values of major structures, and prepared Park Partner housing program guidelines. Most recently, BAE evaluated developer proposals for the reuse of the Mason Street warehouses for the Presidio Trust.

BAE also assisted in formulating the Presidio Trust Implementation Plan, which seeks to create a self-sustaining enterprise by 2012. Our work included coordinating cash flow analyses, along with a special EIS analysis of housing impacts and refinements to the housing leasing program for Park Partners. Due to our record of outstanding service, BAE has also been engaged to provide ongoing real estate and business planning services to other components of the Golden Gate National Recreational Area (GGNRA) including briefings to the U.S. Congress for special operating funding allocations and infrastructure improvement programs.

Downtowns and Retail Districts

Selected Clients: District of Columbia; Port of San Francisco; Cities of San Jose, Fremont, Stockton, Oakland, Davis, Roseville, Chico, and Portland



BAE has worked with numerous downtowns and retail districts to stimulate new retail attraction.

- **Stockton Waterfront.** For the City of Stockton, BAE led a year-long award-winning process to revitalize the historic waterfront. Work included extensive market research, community proposals, and development of a strategy that has been funded and implemented, including a centerpiece outdoor performance venue and youth sports complex.
- **Mixed-Use Projects on San Francisco Waterfront.** BAE has an on-call contract with the Port of San Francisco to evaluate developer proposals and negotiate public-private partnerships. We have assisted in complex negotiations for revitalization of the 400,000 square foot Piers 27-31 as a mixed-use urban recreation, retail and office complex.
- **Downtown Davis, CA.** BAE has actively conducted targeted studies of retail potential for the City of Davis. We also conducted direct marketing to specialty stores, and Matt Kowta, BAE Principal, served as chairperson of the Downtown Business Improvement District.
- **Uptown District of Washington, DC.** BAE led a team of consultants to analyze the potential for retail redevelopment, including convenience needs and ethnic specialty retail, resulting in a detailed implementation strategy for area revitalization.
- **San Jose Citywide Retail Study.** The City of San Jose commissioned BAE to conduct a citywide retail analysis to identify underserved retail neighborhoods. BAE utilized an innovative GIS approach to model existing retail sales compared to potential sales in order to graphically depict sales leakage and unmet demand by type of store.
- **Neighborhood Business Districts.** For small cities including Chico, Larkspur, and Avila Beach, and larger cities such as Pittsburgh, PA and Fremont, CA, BAE assessed retail and entertainment market demand, providing the foundation for district revitalization plans.

Economic Development Strategic Planning

Selected Clients: Portland, OR; Washington, DC; Baltimore, MD; Columbus, OH

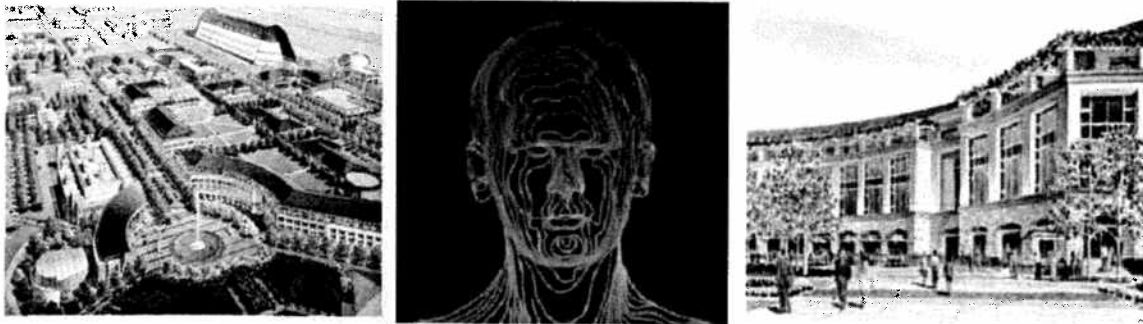


BAE has prepared a wide range of economic development strategies, building on local strengths to create sustainable economies. We have worked for cities as diverse as Baltimore, MD and Portland, OR, and in economic sectors ranging from manufacturing to innovation to creative industries. We have conducted home-based business surveys, built partnerships between universities and tech-based start-ups, and created broadband access strategies. Examples include:

- **Job Centers Development Strategy.** In Columbus, Ohio, job growth is not only key to the economy, but the City depends on income taxes for its funding. Columbus's strengths include ample developable land, a strong workforce, and numerous research and educational institutions. The Job Centers Strategy involved a year-long citywide process to evaluate underutilized land, job density per acre, analyze long-term economic trends and emerging industry clusters, and formulate recommended land use strategies to attract key industries.
- **Port of Baltimore Industrial Land Study.** Like many older urbanized areas, the Port of Baltimore has experienced declining demand for industrial development and increased pressure for urban housing. This study assessed the long-term demand for industrial parcels in order to ensure a sustainable economy, balanced against housing needs.
- **Walnut Creek Economic Development Strategy.** This mid-sized suburb of San Francisco is a successful "edge city," with a thriving downtown, a strong financial services and R&D job base, and affluent neighborhoods. Growth pressure had resulted in prior limits on new economic development. BAE worked with a large task force to formulate a detailed 10-year action plan for economic development. Key recommendations included an emphasis on workforce housing, redevelopment of an aging industrial park, and relaxation of prior growth limits.
- **District of Columbia Economic Development Incentive Program.** BAE prepared a detailed analysis of incentives proposed for Washington, DC, including tax increment (TIF), wage credits, and abatements.

NASA Ames Research Park

NASA Ames, Mountain View, CA



NASA Ames is a world-class research facility working in nanotechnology, bio-informatics, information technology, and advanced life sciences. This former military facility, located in the heart of Silicon Valley, serves as a key engine for technology research and development in the region and the world.

BAE serves in a multi-faceted role for NASA Ames. As Development Advisor, BAE assists NASA with development of a 213-acre collaborative R&D business park. To initiate the process, BAE prepared the NASA Ames Economic Development Strategy, which bridged diverse stakeholder interests in sustainable development, economic development, and federal facilities management. BAE's Strategy received an *Award for Excellence* in 2000 from the Northern California Chapter of the American Planning Association.

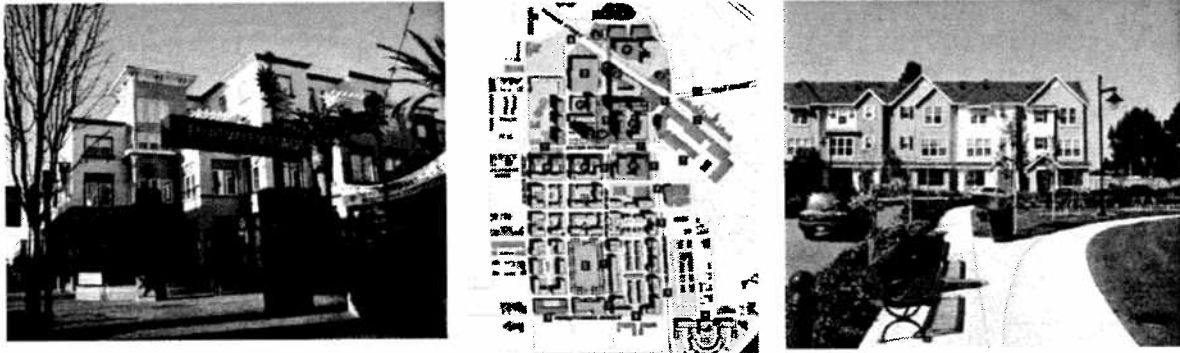
BAE's ongoing development advisory work includes preparing public/private leasing documents, analyzing financial returns from public-private partnerships, and coordinating cost-sharing agreements to improve infrastructure, renovate historic structures, and build new facilities. BAE coordinates partnerships with the University of California, Santa Cruz; San Jose State University; Carnegie Mellon University; and several community colleges. BAE also provides business planning services and management of developer solicitations for the SpaceWorld Museum, the NASA Conference & Training Center, and employee housing projects.

BAE also assisted NASA in complex ground lease negotiations with Google to develop a one million square foot green campus on the Ames site.

In 2004, NASA engaged BAE to manage its Technology Partnership program. This work involves intensive business development of technology research projects among regional universities, private companies, and NASA. One of the first events organized by BAE was a historic meeting of more than 100 scientists from NASA and the University of California, San Francisco to discuss topics for research collaboration.

Transit-Oriented Development

BART, WMATA, Sacramento RT, Valley Transit Authority, Portland MAX, CalTrans, Miami-Dade Transit, Seattle Sound Transit



From the urban core to suburbs, BAE has worked on dozens of TOD plans across the U.S.

- **Richmond, CA Transit Village.** BAE led the planning and implementation of the Richmond Transit Village, one of the first revitalization TOD projects on the West Coast. For this distressed downtown area, BAE worked with the City, BART, and residents to craft a plan and manage the developer solicitation. This resulted in Metrowalk, a successful market rate condominium project, along with extensive station improvements for the joint BART/Amtrak station.
- **CalTrans TOD Study.** BAE served as the economist on this extensive study of TOD across California and the U.S. to identify barriers and opportunities. BAE interviewed developers and lenders, and profiled successful projects throughout the state.
- **Prince George's County TOD Plans.** BAE has worked throughout this County for the Maryland Department of Transportation on innovative TOD mixed-use plans, including West Hyattsville, New Carrollton, and Central Avenue.
- **Portland, OR Interstate MAX Station Area Plans.** BAE worked with urban designers and the transit agency to develop plans for this extension of MAX through an underused corridor with substantial development potential.
- **Baltimore, MD State Office Complex.** This area of downtown Baltimore contains millions of square feet of outdated state office space. BAE assisted the State in analyzing the potential for redevelopment to create a new, transit-oriented office complex and support retail and housing. BAE then managed the developer solicitation and assisted in negotiations for the development agreement.

Mare Island Naval Shipyard Redevelopment

City of Vallejo, CA



BAE has worked with the City of Vallejo on the redevelopment of Mare Island since 1993. This former Navy military base contains 1,200 acres and three million square feet of built space, including historic structures.

BAE's initial work was commissioned as a follow-up to an Urban Land Institute panel on reuse. BAE prepared a detailed market analysis and business plan for redevelopment of the Island, covering housing, retail, heavy industrial, light industrial, office, education, live/work, and visitor attraction uses. BAE developed an interim five-year cash flow to create immediate revenues to the City upon base closure, as well as a 20-year detailed financial analysis of infrastructure improvements, phased new development, and rehabilitation of three million square feet of existing structures. The concepts developed by BAE have guided Mare Island's interim reuse, resulting in more than \$5 million per year in revenue to the City.

BAE subsequently supported the City during negotiations with the Navy on several landmark agreements, including the Economic Development Conveyance (which initiated the nation's first conveyance with transition funding by the military to the City), and the nation's first early transfer remediation agreement. Following a developer solicitation, BAE supported the City in its negotiations with Lennar to reach a Master Developer Agreement. This work included BAE participation in negotiating sessions and development of deal terms. Subsequently, BAE assisted in a new developer solicitation for Area 1, the planned business park portion of the Island. BAE provided advisory services to a subcommittee of the City Council charged with developer selection for this area. The Area 1 process led to a new series of negotiations with Lennar to implement the business park, with BAE supporting the City in the process.

BAE has also provided ongoing real estate economics services to the City of Vallejo on other major initiatives, including the Waterfront Development Agreement, the Downtown Development Agreement, and the Northgate Specific Plan area. BAE also completed the adopted Economic Development and Housing Elements of the Vallejo General Plan.

Neighborhood and Community Development

Selected Clients: District of Columbia; Atlanta, GA; East Palo Alto, CA; Savannah, GA; Richmond, CA; Sacramento, CA



BAE has worked extensively with the Mayor's Office in the District of Columbia to support the New Communities Initiative, which targets revitalization of blighted neighborhoods within the District. BAE's work over the past several years included market analysis to identify mixed-income housing demand, retail studies for underutilized shopping districts, and economic development strategies using tax incentive programs. In addition, portions of BAE's work encompassed HOPE VI initiatives to replace outdated public housing with contemporary affordable units. The New Communities Initiative spans more than a dozen key neighborhoods throughout central DC including Barry Farm, Lincoln Heights, and Georgia/Petworth.

BAE worked with the Atlanta Development Authority to evaluate redevelopment and revitalization opportunities in 10 major arterial corridors and neighborhoods in South Atlanta. As part of the analysis, BAE assessed the specific development opportunities in 30 nodes along these arterials based on input from area stakeholders and developers, coupled with evaluation of their readiness for development, market support, and available development sites. BAE then analyzed the effectiveness of available economic development tools against the conditions facing each node, and recommended strategies for each area.

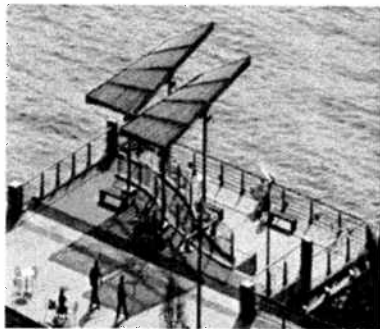
One of Savannah's traditional neighborhoods, West Savannah, has been targeted by political leaders to enhance its residential appeal and explore its potential to support new retail development. BAE was selected to help prepare a comprehensive revitalization analysis for the neighborhood. Our role included a detailed study of neighborhood dynamics, housing development options, and retail opportunities. The result was a successful revitalization strategy developed in close collaboration with neighborhood residents and stakeholders.

In Richmond, CA, the Nystrom neighborhood suffered from blight, disinvestment, and declining school quality. BAE was engaged by a local foundation to lead an intensive community development process, including participation by various resident groups. BAE conducted a community visioning process which identified opportunities for new teacher housing sites, enhanced recreation and community services, and healthy local food retailing.

Catalyst Projects

Pier 40 Redevelopment

Hudson River Park Trust, NY



Hudson River Park



The Hudson River Park Trust is a non-profit organization created by the State of New York to manage and develop a new five-mile park along the Hudson River in Manhattan. As part of the Trust's activities, it seeks private and non-profit development partners to reuse large pier structures to generate revenue, provide recreation, and create community benefits.

BAE was engaged by the Hudson River Park Trust in 2004 to reevaluate a range of concepts for the reuse of Pier 40, a 1.2 million square foot former passenger terminal. A prior solicitation for development proposals had resulted in a range of controversial reuse concepts without clear public benefits. Before initiating a new solicitation process, the Trust desired an assessment of reuse concepts that had both public benefit and revenue generation potential to fund park improvements.

BAE analyzed the market demand and potential benefits (financial, community, etc.) of numerous uses including destination retail, public food market, events center for non-profit organizations and the arts (modeled on the Fort Mason concept in San Francisco), aquariums, maritime recreational uses, educational facilities, and museums/cultural facilities. For each use, BAE profiled examples from around the world, interviewed New York regional stakeholders and potential users/developers, and evaluated the use according to specific benefit criteria and market demand. The BAE Market Scan also summarized the various uses per a set of evaluation criteria to identify risks, and recommended a series of next steps. The study was presented to Community Board as part of the process.

In mid-2006, the Trust engaged BAE to draft a new RFP for a master developer of Pier 40. BAE created an attractive document, developed national ads, and prepared an extensive, targeted mailing list. The Trust received several exciting proposals for the project from local and national developers. BAE is assisting the Trust in evaluating the submittals.

New York City Urban Parks

New York City Economic Development Corporation, NY

Governors Island Preservation and Education Corporation, NY



In the past several years, New York City has seen a resurgence in revitalizing its waterfronts and parks. BAE has assisted the New York City Economic Development Corporation (NYCEDC) with business planning for two major park initiatives.

The East River Waterfront Esplanade, planned to activate a stretch of the East River in Lower Manhattan, has been conceptually designed to mix recreational uses, including outdoor performance space, pavilions for community events, a marina, and food and retail vendors. This improvement project will also strengthen public use and revitalization of the South Street Seaport, adjacent to the Esplanade. BAE was engaged by the NYCEDC to analyze planned indoor and outdoor improvements, estimate operating costs for each phase of the improvements, and formulate and analyze potential revenue-generating options. Our work included analysis of case study parks using a range of revenue and operating methods, in and around New York City. The study assessed revenue potential for an indoor New Market building, multiple glass-walled pavilions, vendor kiosks, banners, private sponsorship, special events and performances, parking, and marina slip rental. BAE developed a phased operations cash flow model, with assumptions structured to test various management options including public agency, existing non-profit, and new non-profit. The Esplanade is currently moving forward into full design stage, and will soon commence construction.

The High Line, an abandoned freight rail line, runs through the dynamic Meatpacking District of Manhattan. Elevated above the street, the line has evolved into a lush landscape of wildflowers and habitat. Through the concerted efforts of area residents and the Friends of the High Line, the structure is being revitalized to provide an unusual outdoor park venue. BAE was engaged to analyze the potential revenue generation of numerous activities, including connection fees for private development projects, food and retail vendors, performances, restaurants, and special events.

Governors Island, a former military base, will also be a great urban park with a mix of commercial uses. BAE is part of the advisory team working on reformulating its next stage of development.

Hotel Vitale

San Francisco MUNI and Mayor's Office of Economic Development



BAE supported the San Francisco MUNI and the Mayor's Office of Economic Development in redevelopment of a former bus yard located at a prime site near the San Francisco Waterfront. BAE was first engaged to conduct a market and financial feasibility study of a boutique hotel project. Following MUNI Board approval, BAE assisted the City with a developer/operator solicitation and proposal review. BAE evaluated the five proposals received for financial return to the City, feasibility, and track record of the proposers. BAE also served on the interview panel, and provided advisory services.

The development team of Emerald Fund and Joie de Vivre was selected to build the hotel. BAE formulated the business terms for a 55-year ground lease with renewal options, and reversion of all improvements to the City. BAE participated in the negotiation process, and supported the City Attorney's Office to craft the development agreement and long-term ground lease. Issues resolved by BAE and parties to the negotiation included the timing of up-front payments, deferral of partial ground lease payments until the project achieved stabilization, logistical issues related to bus layover and transportation, and methods to ensure a quality operation of this flagship property.

BAE also drafted an Economic Benefits Report for review by the Budget Office and elected officials.

This long-term partnership between the MUNI and the development team will result in over \$300 million in revenue to the City of San Francisco. Hotel Vitale opened in 2004, and has enjoyed great success anchoring a thriving, revitalized San Francisco waterfront. The hotel is located across from the Ferry Building, along the Embarcadero.

Fillmore Heritage Center

San Francisco Redevelopment Agency, CA



Through an ongoing contract for on-call services with the San Francisco Redevelopment Agency, BAE has participated in several key projects over the past few years, including the Fillmore Heritage Center.

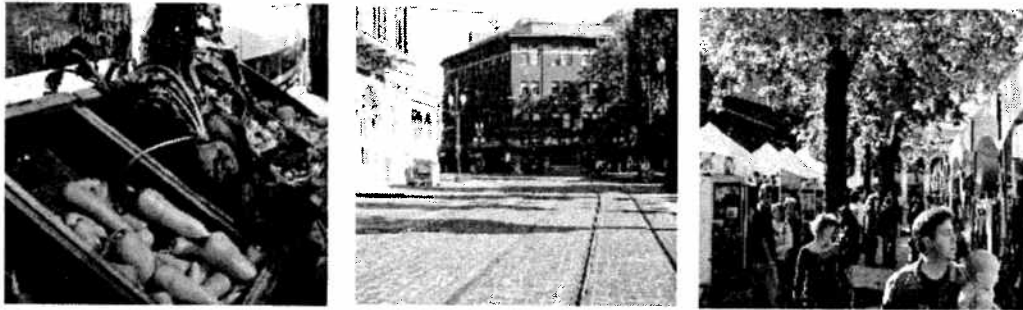
The Fillmore area of San Francisco was the historical home of numerous jazz clubs and restaurants, but has experienced decades of disinvestment. In the mid-1990s, the Agency selected a developer to create a major entertainment venue to restore this area's unique identity, but the project stalled. In order to reissue a feasible developer solicitation fitting market and financial conditions, BAE was engaged to analyze several land uses including hotel, movie theater, jazz nightclub, and housing. For each use, BAE prepared a market overview and financial pro forma. BAE worked with the community, through a series of community meetings, to discuss goals and feasible concepts.

Following completion of a concept for the anchor site with community consensus, BAE assisted the Agency in reviewing two developer proposals. BAE analyzed the financial feasibility of the selected proposal to refine the project so that it met Agency and community goals while minimizing public subsidies. BAE's work included identifying other funding sources, refining the development program's residential units to create more marketable and better-timed phases, reducing expensive underground parking spaces, and fine-tuning performance milestones to fund the developer's fees and profit.

The Fillmore Heritage Center, completed in 2007, contains a mix of uses including for-sale condominiums, rental apartments, a Jazz Heritage Center museum, several ethnic restaurants, and Yoshi's Jazz Club.

Portland Public Market

Portland Development Commission, OR



Portland's emphasis on sustainability has long been noted by planners around the world. As one of several initiatives to revitalize a historic area of downtown, the City and an advocacy group had been considering development of an indoor, year-round public market focused on fresh, locally grown food products. In order to test market and financial feasibility, the Portland Development Commission engaged BAE to conduct a year-long study, in collaboration with a 25-person task force.

BAE conducted the study in two phases. Phase 1 analyzed market demand for the Public Market concept, including extensive surveys of downtown workers, food merchants, and residents within a 1.5 mile trade area. From these surveys plus detailed demographic analysis, BAE developed a profile of likely shoppers, along with estimates of spending and resulting supportable square feet of vendor space. The Phase 1 study also included a special meeting of public market experts drawn from successful facilities in Vancouver, WA, and San Francisco, CA.

Phase 2 of the study focused on the pre-selected site for the Market, the historic Skidmore Fountain Building near the waterfront. BAE and its subconsultants assessed the physical structure and developed alternative schemes for expanding the building. BAE analyzed feasibility through a series of pro formas, including estimating the funding gap after incorporating New Market Tax Credits and private sources of financing. Since the Skidmore site currently houses the popular Saturday Market, an outdoor crafts venue, BAE also worked with this organization to incorporate its operations into the overall development scheme. Phase 2 concluded with a series of recommendations to implement the Public Market, including potential grant sources, a proposed management and operating structure, and methods to ensure equity in pricing and access to food products for all income levels. Phase 2 also provided a final development scheme, including detailed floorplans showing the mix of vendors and public spaces.

Affordable and Workforce Housing Projects

Selected Clients: BRIDGE Housing, The John Stewart Company, New Haven Housing Authority, A.F. Evans, Resources for Community Development, Seattle Housing Authority



BAE has completed numerous market and financial feasibility studies for Low Income Housing Tax Credit rental projects for a variety of non-profit and for-profit developers in California and New York. Projects analyzed by BAE include a 70-unit family project in Pleasanton; a 75-unit small family project in central San Francisco; a 125-unit senior project in Vallejo; a portion of a HOPE VI redevelopment project in Oakland, and several scattered site rehabilitation projects in Oakland. For each market study, BAE complied with state guidelines, including demographic analysis, review of competitive market-rate supply, rent adjustments for utility allowances, and a special demand estimate that incorporates pipeline supply to ensure market absorption.

BAE has also supported numerous HOPE VI projects throughout the U.S. In Seattle, we prepared a feasibility assessment of four alternatives for the Rainier Vista HOPE VI project per a settlement agreement between the Housing Authority and tenant groups. Our work involved analyzing alternative mixed-finance components, including workforce housing and market-rate single family homes. In Memphis, BAE completed a market analysis of affordable multi-family rental, for-sale single family, and elderly rental housing as part of the HOPE VI pre-development process. The market study recommended the unit mix, amenities, and rents appropriate for targeting moderate-income households to a mixed-income community. BAE also analyzed the market potential for the Quinpiac Terrace/Riverview HOPE VI project in New Haven, CT, including detailed demographic analysis along with a review of the current rental and for-sale housing markets.

Numerous private developers, both for-profit and non-profit, have also engaged BAE to conduct affordable and workforce housing market analyses in support of their project planning. Our work includes rent studies of city employees and teachers for Treasure Island in San Francisco, an innovative workforce ownership project priced at 120 percent of median income in San Francisco, a survey of affordable housing needs for workers at Disney World in Florida, and a major survey of downtown employees in the City of Miami to analyze market segments for strategic housing planning for 100,000 workers.

BAE Staff

BAE staff members have extensive experience in urban development, city planning, and real estate economics.

Managing Principal

Janet Smith-Heimer, M.B.A.

Principals

Ron Golem, M.C.P.

Matt Kowta, M.C.P.

Paul Peninger, M.C.P.

David Shiver, M.C.P., M.B.A.

Vice Presidents

Simon Alejandrino, M.C.P.

Nancy Fox, M.U.P., AICP

Kei Hayashi, M.P.A.

Raymond Kennedy, M.A.

Senior Associates

Keren Costanzo, M.R.P.

Steven Murphy, M.C.P.

Sherry Rudnak, M.A., LEED AP

Tessa Munekiyo, M.C.P.

Associate

Rebecca Schenck, M.R.P.

Analysts

Alex Werth

Jessica Kondrick

Caitlin Drogin

Administration

Shari Salis, Administrative Manager

Wendy Doud, Marketing Manager

Lisa London, Administrative Assistant

Ajila Hart, Accounting Assistant

Janet Smith-Heimer, M.B.A., Managing Principal



Janet manages the Emeryville, CA, headquarters office and directs most of its projects. She has specialized in real estate economics and development for more than 25 years, and is a nationally recognized expert in affordable housing, economic development, and public/private partnerships.

Since founding BAE in 1986, Janet has managed assignments for some of the largest public-private projects in the U.S. Her work includes transaction structuring and city agency support for numerous urban projects in San Francisco including Piers 27-31, a mixed-use waterfront recreation and urban entertainment complex; the Old Mint, a historic reuse project; Hotel Vitale, a boutique hotel on publicly-owned land; and the Presidio of San Francisco, one of the world's largest sustainable development projects. She has also provided strategic planning, market and financial analysis, and negotiation support to major reuse projects such as the conversion of Mare Island Naval Shipyard to a mixed-use community, and the reuse of Pier 40 on the New York waterfront.

Janet has directed many economic development strategic planning processes for cities ranging from a suburban edge city to a distressed waterfront industrial community. She has also directed numerous downtown and business district revitalization strategies, including work in Phoenix, Seattle, Portland, Oakland, San Jose, Chico, Sacramento, and Stockton. Many of these assignments included resident shopper surveys, detailed leakage analyses, identification of new stores, and detailed action plans for implementation. She has also managed job attraction strategies, incubator feasibility studies, and policy studies of economic initiatives.

Janet also has strong expertise in housing, including affordable and market-rate product types. She has managed feasibility studies for downtown housing, transit-oriented housing, luxury subdivisions, condominium conversions, and employee housing programs. She has developed in-depth knowledge of elderly housing products, and has worked on the development of affordable housing, including for-sale units for low-income households, SROs, HOPE VI, and rental projects. She wrote *The California Affordable Housing Cost Study* (1993) as well as numerous policy analyses of affordable and special needs housing programs for state, regional, and local agencies and business groups.

Janet has served as a lead instructor for the Urban Land Institute (ULI) Real Estate School, and speaks regularly at UC Berkeley and at many professional conferences. Her articles have been published by ULI and the California Debt Advisory Commission. Janet received an M.B.A. with a specialization in Real Estate Development from Golden Gate University, and a B.U.P. from the University of Cincinnati. She is a member of ULI, APA, IEDC, and CNU. She serves as Board Chair of Sustainable Agricultural Education (SAGE), a non-profit devoted to the urban-rural edge. She is a member of the Advisory Board for the publication *Next American City*, has served on several event committees for ICSC, and serves as Co-Chair of the Sustainability Commission in Albany, CA.

David Shiver, M.C.P., M.B.A., Principal



David Shiver has over 25 years of experience in feasibility analysis, transaction structuring, negotiations, and marketing aspects of publicly owned real estate development projects. His experience in land acquisition, due diligence, project entitlements, marketing, leasing, negotiations support, and property disposition all enhance BAE's "hands-on" approach to development advisory services.

Since 1997, David has led BAE's work in economic development and real estate advisory services for NASA Ames, a national advanced research facility on 2,000 acres, undertaking development of a collaborative R&D park for Silicon Valley firms and major universities. His work has involved strategic planning, developer solicitations, major long-term and short-term lease negotiations, and financing for infrastructure. With David's assistance, NASA Ames has pioneered public-private R&D facilities, engaging leading researchers through both synergistic co-location and joint research projects.

Since 1994, David has also provided real estate and business advisory services to the National Park Service and the Presidio Trust for the conversion of the Presidio of San Francisco from a military base to a national urban park and mixed-use development. The Presidio is one of the largest sustainable development projects in the history of the U.S. David's work has included formulating a \$25 million detailed operating budget, creating an operating cost-recovery program which has generated more than \$16 million since its implementation, and supporting more than 25 lease transactions. For the Trust, David has also completed studies of commercial leasing, property management, maintenance, telecommunications, and utility business issues. He also managed a project team that formulated a comprehensive financial model for the Presidio Trust Implementation Plan as well as a housing leasing and management plan for the Presidio's 1,100 housing units.

David also leads BAE's ongoing work for the San Francisco International Airport, which includes developing specialized marketing materials for attraction of international passenger airlines, as well as supporting bond issuance through on-going analysis of the region's economic trends and performance. Other experience includes providing leasing and property disposition expertise to BAE military base conversion assignments ranging from Naval Air Station Alameda to the Mare Island Naval Shipyard. He served as senior staff for *Recommended Practices for California Redevelopment Agencies* (CDAC, 1995). David has completed development feasibility studies for transit-oriented development projects, university housing projects, and led major work for the California Parks Foundation on revenue-generation strategies for California's state parks.

David received a B.A. in Public Affairs from the University of Chicago, and an M.C.P. and M.B.A. from the University of California, Berkeley. He is a member of the Urban Land Institute, Congress for the New Urbanism, Society of Campus and University Planners, and International Economic Development Council.

Matt Kowta, M.C.P., Principal



Matt manages BAE's Sacramento area office, and has worked in the field for over 15 years. He specializes in public finance, fiscal impact, affordable housing, redevelopment, and strategic economic development. Throughout his career, Matt has pioneered innovative techniques in economic analysis to meet the challenges of contemporary urban development.

Matt has managed numerous economic studies for projects located throughout the Sacramento region, including the public facilities financing plan for The Villages of Zinfandel, an 820-acre mixed-use project in Rancho Cordova; a revitalization strategy for the Florin Road corridor shopping district; comprehensive economic development strategies for the Cities of Citrus Heights and Woodland; and the economic analysis for the Sacramento Waterfront Master Plan Update. Under his leadership, BAE has been at the forefront of economic analysis for transit-oriented development in the Sacramento region, including the economic analysis for Sacramento Regional Transit's landmark Transit for Livable Communities study of transit-oriented development potential throughout its light rail system, and the Downtown-Natomas-Airport Light Rail Alternatives Analysis study.

Other studies conducted for a diverse range of project types located throughout northern California include real estate market analysis and development feasibility analysis; economic studies in support of general plans, specific plans, and other long-range planning efforts; fiscal impact analysis; affordable housing needs studies and strategies; incorporation advisory services for the establishment of new cities; and numerous other specialized economic analyses tailored to the unique needs of BAE's clients.

Matt has also managed projects in locations ranging from the San Francisco Bay Area to Reno/Tahoe, Oregon, Washington State, and Colorado. His experience spans the full continuum of the development process, from long range planning and pre-development through redevelopment and revitalization. He has provided expert witness and litigation support services to public agency and private sector clients, including sworn testimony on behalf of property owners for cases involving First Amendment access to private property for expressive purposes. He has also supported ongoing litigation over revenue sharing arrangements for a newly incorporated community.

Matt earned a B.A. in Geography from UCLA and a Master of City and Regional Planning from University of California, Berkeley (UCB). He has lectured at UCB, UC Davis, the California Downtown Association, the California Local Agency Formation Commission, and the Urban Land Institute Real Estate School. He is a member of professional organizations including the Urban Land Institute, American Planning Association, International Economic Development Council, and California Association for Local Economic Development. He currently serves on the Board of Directors for the Davis Downtown Business Association, a California Main Street Community.

Ron Golem, M.C.P., Principal



Ron Golem specializes in strategic business planning, sustainable development, TOD, and public-private projects. His experience spans affordable housing, recreational facilities, conference centers, office and retail projects, urban parks, and non-profit facilities. Ron leads projects for both the Bay Area and New York offices of BAE.

One of Ron's unique specializations is business planning for community facilities with an enterprise component. For the Port of Oakland, he prepared a business plan for a waterfront park and meeting/education facility adjacent to a multicultural neighborhood, including formulating program and operating partnerships, financing, and new management structures for implementation. For NASA Ames, he conducted a feasibility study and led a private developer solicitation for a major conference facility serving the Silicon Valley scientific and education/research community.

Ron has also worked on numerous urban park assignments, helping to fund and develop world-class destinations. He managed BAE's operating study work for the New York City Economic Development Corporation on the East River Waterfront Esplanade and High Line Park, as well as analysis of developer proposals for Governors Island.

Ron has deep expertise in transit-oriented development, including work on the Baltimore State Center (MD), the downtown San Leandro BRT TOD Plan (CA), the West Hyattsville station (MD), the New Carrollton station (MD), the Southeast Seattle light rail corridor (WA), the Interstate MAX (OR), and major TOD studies for Caltrans and the National Transportation Research Board. He has interviewed numerous lenders and developers on TOD issues, and conducted feasibility analysis on mixed-use projects throughout the U.S. Ron has also led several key affordable housing projects, including the controversial analysis of workforce inclusionary housing requirements for the Fort Ord Reuse Authority. He managed a HOPE VI revitalization strategy and application process, and led several BAE engagements with KB Home, one of the nation's largest home builders.

Prior to joining BAE, Ron served as Real Estate Specialist at the Presidio for the National Park Service, where he negotiated agreements generating over \$18 million in new revenues. He also formulated the business plan for reuse of Fort Baker as a unique public-private conference center, including creating a new non-profit organization to leverage private investment and fund programs for public education. Ron has also served as Asset Manager for private real estate companies, managing the renovation and leasing of two million square feet of commercial space.

Ron holds two degrees from University of California, Berkeley: an M.C.P. with a specialization in Project Development and a B.A. in Economics. He is a member of the Urban Land Institute (ULI) and the American Planning Association, and has served as a ULI Advisory Panel Member for projects involving large mixed-use redevelopment and transportation corridor improvements.

Paul Peninger, M.C.P., Principal



Paul Peninger leads projects for BAE throughout the U.S., including New York, California and the Mid Atlantic region. Paul brings a unique national perspective on best practices for urban development, affordable housing, economic development, and sustainability to all of his projects. He is also recognized as an expert in urban policy, community development finance, and real estate transactions.

In New York, he has led projects ranging from an economic impact analysis of the Moore Street Public Market in Brooklyn to a development feasibility study of a key retail site at the AirTrain station in Jamaica, Queens. A leading housing policy expert, Paul has successfully led affordable and workforce housing plans and implementation projects in communities across the United States. Paul is also a specialist in sustainable economic development, and recently served as Principal-In-Charge for a comprehensive economic development analysis of an industrial area located adjacent to transit-oriented development in Alexandria, Virginia.

As a former Program Officer for LISC Bay Area, Paul has extensive experience using existing financing tools as well as developing new gap financing and bridge loan products for community development and affordable/workforce housing. His experience spans a full range of layered financing models for both rental and ownership projects, including limited equity cooperatives, New Market Tax Credits, Low Income Housing Tax Credits, and other mixed-income financing techniques for affordable and workforce housing. He is well versed in lending practices and policies used by FNMA, community reinvestment lenders, workforce housing equity funds, pension funds, and other investors and developers in this category of residential development.

Paul served from 1996 through 1999 as an Associate at BAE, and from 2000 through 2004 as a Senior Associate. In 2004, he joined LISC Bay Area as a Program Officer responsible for homeownership and commercial real estate loan underwriting, training and technical assistance and public policy development. While at LISC, he underwrote loans and grants supporting retail, office, community facilities and affordable housing projects across the San Francisco Bay Area. He has also served as Research Director for the Non Profit Housing Association of Northern California (NPH), where he worked extensively on statewide and federal legislation and regional and national housing policy studies. Paul rejoined BAE in 2008 as a Principal.

Paul earned a B.A. in Politics from the University of California, Santa Cruz, and an M.C.P. with a concentration in Housing and Community Development from the University of California, Berkeley. He is a lecturer in urban economics for the UC Berkeley Masters of Urban Design program, and has served as an Advisory Panel member for the Urban Land Institute in Pittsburgh, PA. Paul is a member of Urban Land Institute and the American Planning Association.

BAE Awards for Excellence

Stewardship Council Land Conservation Plan

Association of Environmental Professionals' Award for Outstanding Environmental Resource Document (2009)

Google High Technology Campus, NASA Ames Research Center

Silicon Valley/San Jose Business Journal Deal of the Year Award (2008)

San Leandro BRT Station Area Planning EIR for the City of San Leandro

Northern California APA Award (2008)

San Leandro Downtown Transit-Oriented Development Strategy

ABAG Growing Smarter Together Award (2008)

23rd Street Specific Plan for the City of San Pablo

Northern California APA Award for Best Practices for Planning Implementation (2008)

West Savannah Neighborhood

Outstanding Implementation Plan, Georgia Section, American Planning Association (2007)

Early Care and Education for All Plan for Alameda County

Contribution to Women and the Family Award, Northern California Section, American Planning Association (2007)

Alameda County Child Care Needs Assessment

Northern California Section, American Planning Association (2006)

Coyote Valley Vision

Charter Award, Congress for the New Urbanism (2005)

West Hyattsville Transit Oriented Development Strategy

AASHTO Best Project of the Year Award (2004)

Livermore General Plan

Northern California Section, American Planning Association (2004)

Presidio Trust Management Plan

ULI Award for Excellence (2006)

NASA Research Park

Real Property Innovation, U.S. General Services Administration (2003)

Bay Area Smart Growth Strategy

Charter Award, Congress for the New Urbanism (2003)

Interstate MAX Station Area Plan

Oregon Chapter, American Planning Association (2002)

Avila Beach Specific Plan

California Chapter, American Planning Association (2001)

NASA Research Park Economic Development Workbook

Northern California Section, American Planning Association (2000)

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MEMORANDUM

To: David Landry, Senior Planner, Tahoe Regional Planning Agency
Allen Breuch, Supervising Planner – Lake Tahoe, County of Placer
From: Matt Kowta, Principal
Date: September 14, 2011
Re: Economic Viability of Homewood Mountain Resort EIR Reduced
Project Alternative

Background

The purpose of this memo is to provide an independent, third-party evaluation of the ability of the reduced project alternative considered in the Environmental Impact Report (EIR) for the proposed Homewood Mountain Resort project to meet the stated project objective of achieving continued viability of ski operations for the Homewood Ski Resort. Comparison is provided with the economic characteristics of the proposed project, which Homewood Village Resorts has deemed as economically viable and meeting the stated objective.

According to a letter submitted on January 28, 2011, the accounting firm of Mayer Hoffman McCann, P.C., calculated “the reported net operating loss before interest, taxes depreciation and amortization (LBITDA) to the audited financial statements of Homewood Village Resorts, LLC.” The accounting firm “calculated that the total net operating loss (LBITDA) from May 11, 2006 (date of inception) through December 31, 2009 was \$4,971,148. This loss excludes any capitalized improvements and expenses.” My understanding from discussions with representatives of Homewood Village Resorts is that this loss reflects the ongoing operating losses incurred by the ski area operations for the specified time period, and that Homewood Village Resorts believes that if permission is granted to undertake the proposed project, the resulting changes in demand from skiers staying in the overnight accommodations will be sufficient to achieve ongoing economic viability for the ski resort operations.

Research for this project has included reviewing the proposed project description and the reduced project description contained in the Draft EIR (DEIR), discussing the features of proposed project and the reduced project alternative with representatives of Homewood Village Resorts, reviewing financial information and assumptions regarding the proposed project and the reduced project alternative that was furnished by Homewood Village Resorts, and conducting independent research into the economics of ski resorts and North Lake Tahoe tourism, including review of economic surveys published by the National Ski Areas Association. Based on this background research, I have developed my own calculations of the economic performance of the reduced project alternative in comparison to the proposed project, and developed my own conclusions regarding the ability of the

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reduced project alternative to meet the objective of supporting continuing ski resort viability.

Difference Between Proposed Project and Reduced Project Alternative

For the purposes of this analysis, the relevant difference between the proposed project and the reduced project is a reduction of the number of residential/tourist accommodation units from 336 units in the proposed project, to 284 units in the reduced project alternative. Our understanding is that the EIR assumes that other project characteristics would remain unchanged.

Current Status of Homewood Ski Area Operations

According to Homewood Village Resorts, the annual number of skier visits has averaged between about 100,000 and 135,000 during the last several years.¹ Homewood attracts a relatively low number of skiers per year, according to national ski resort survey data published in the Kottke National End of Season Survey 2010/2011 by the National Ski Areas Association², which indicates that the overall average for participating resorts was over 290,000 skiers in 2010/2011, and that the average for participating resorts in the Pacific Southwest Region, in which Homewood is located, was over 390,000 skiers per year.

Ski resorts are often placed into size categories according to their lift capacity. Vertical transport feet per hour (VTF/h) is a measure used in the ski industry to express and compare the total lift capacity of ski resorts, factoring in the speed, passenger capacity, number, and vertical rise of resort lift systems. Homewood's VTF/h is 6,551,000.³ This figure is significantly below industry averages. According to the 2010/2011 Kottke survey, the national average for U.S. ski resorts was 11,869,000 VTF/h, and the average for resorts in the Pacific Southwest was 15,364,000 VTF/h.

According to resort representatives, Homewood's visitor pattern includes approximately two thirds of skiers visiting on weekends and holidays, and about one-third visiting on non-holiday mid-week days, with daily mid-week visits averaging just over 300 skiers per day.⁴ According to the Kottke survey, resorts in the Pacific Southwest Region, in which Homewood is located, averaged between about 42 percent and 45 percent of visitors

¹ Tirman, David. Homewood Village Resorts, LLC. Personal communication. September 9, 2011.

² National Ski Areas Association in association with RRC Associates, Kottke National End of Season Survey 2010/2011, July 2011

³ Tirman, David. Homewood Village Resorts, LLC. Personal communication. September 9, 2011.

⁴ Tirman, David. Homewood Village Resorts, LLC. Personal communication. September 13, 2011.

coming on non-holiday mid-week days over the 2007/2008 to 2010/2011 time period.⁵ Thus, the percentage of skiers visiting Homewood on mid-week days, as a percentage of overall visitors, is significantly lower than the industry average. These data point to a clear opportunity for Homewood Mountain Resort to increase its patronage by improving its attraction of mid-week, non-holiday skiers.

Homewood has no overnight accommodations, and limited dining and after-ski facilities. As a result, it is considered primarily a “day ski” area, attracting mostly visitors who drive to the ski area for a day of skiing. This includes residents of the local area as well as visitors who may stay in nearby lodging or private residences. Clearly, attracting overnight visitors is a critical component of overall ski area operations. According to data published by the National Ski Areas Association, the percentage of overnight visitors as a portion of total ski area visitation in the 2007/2008 to 2010/2011 seasons ranged between about 49 and 52 percent.⁶

The ski resort needs to not only start to make an operating profit; it also needs to make significant investments in capital improvements. In addition to regular replacement of costly capital equipment such as snow grooming tractors, the resort management reports that within two years the California State Tramway Board will require replacement of two of the resort’s main lifts – the Ellis and Madden chairs. Resort management indicates that the cost to replace these lifts, which total 8,200 linear feet, would be approximately \$1,000 per linear foot, plus additional costs of about \$2 million for 8-passenger gondola cabins for the Madden chair, for a total cost of approximately \$10 million for lift replacement and upgrades.⁷ I believe this cost figure to be reasonable, as BAE is familiar with the project costs for the Bear Valley Village project in Alpine County, which included a new 8,300 linear foot chair lift with a 2008 cost estimated at \$8 million.

How the Proposed Project Would Address the Objective of Ongoing Ski Operations Viability

It is reasonable to assume that Homewood Village Resorts is making its best efforts to generate a profit through its operation of the Homewood ski area, yet, according to the financial statement prepared by Mayer Hoffman McCann, the operation has lost a cumulative of approximately \$5 million from operations between May 11, 2006 and December 31, 2009. Clearly, this pattern of operating losses is not sustainable over the long term. It is also reasonable to assume that Homewood Village Resorts, being a rational investor, has made every effort to make their operations as economical as possible and that,

⁵ National Ski Areas Association in association with RRC Associates, Kottke National End of Season Survey 2010/2011, July 2011.

⁶ Ibid.

⁷ Chapman, Art. Homewood Village Resorts, LLC. Personal communication. September 13, 2011.

therefore, the organization must increase revenues in order to overcome the persistent operating losses and sustain its operations over time. In fact, information provided by Homewood Village Resorts indicates that it anticipates losing some operational savings that it currently enjoys as a result of sharing some operations costs with the Alpine Meadows ski resort, which will increase Homewood's need to generate additional revenues to offset the lost cost savings.⁸

My understanding is that Homewood Village Resorts has designed the proposed project in such a manner as to increase the revenues from skiers, and thus better cover the costs of operating the resort. The resort proposes to accomplish this by capping the number of skiers on peak weekends and holidays (to avoid parking problems and other community impacts at the busiest times of the winter) and increasing the number of mid-week, non-holiday skiers. Among other benefits, this would help resort operations by smoothing the fluctuation of staffing requirements between peak times and non-peak times.

Following are calculations on how the 336 residential/tourist accommodations units that are included in the proposed project would generate additional skier revenues:

Average Non-Holiday Mid-Week Days Per Ski Season – Ski Season in Lake Tahoe typically runs approximately four months, from mid-December through mid-April. This is approximately 17 weeks. Holiday weeks include one week between Christmas and New Year, and one week of Spring Break/Easter, resulting in 15 non-holiday weeks. In addition, typical mid-week holidays during the season include Martin Luther King Day, Lincoln's Birthday, and Washington's Birthday. This leaves a potential of approximately 72 non-holiday weekdays in a typical season.

Average Visitor Accommodations Occupancy Rate - In 2009, the tourism consultancy Dean Runyan Associates prepared a report for the North Lake Tahoe Resort Association titled *The Economic Significance of Travel to the North Lake Tahoe Area, 2003-2008p Detailed Visitor Impact Estimates*.⁹ The study area for this report was the eastern portion of Placer County, east of the Sierra crest, including the resorts of Squaw Valley, Alpine Meadows, Sugar Bowl, Homewood, Northstar, and Granlibakken, as well as lodging found in eastern Placer County communities such as Tahoe City, Tahoe Vista, Kings Beach and portions of Tahoma.

The report estimated the average annual 2008 occupancy rate for hotels, motels, and B&Bs in this area at approximately 45 percent. This provides a starting point for an estimate of the potential occupancy of the proposed residential/visitor accommodations units at

⁸ Tirman, David. Homewood Village Resorts, LLC. Personal communication. August 29, 2011.

⁹ Dean Runyan Associates. *The Economic Significance of Travel to the North Lake Tahoe Area, 2003-2008p Detailed Visitor Impact Estimates*. August, 2009.

Homewood. For planning purposes, Homewood Village Resorts management has adopted an average mid-week non-holiday occupancy assumption of 55 percent for the proposed new accommodations units. This figure is higher than the 2008 North Lake Tahoe occupancy figure, but could be justified based on the fact that 2008 represents a recession year, and that the 45 percent figure represents all properties, including some older stand-alone properties that are not as well situated to capture visitors as compared to the proposed Homewood accommodations. Homewood Village Resorts management has indicated that they are comfortable with this assumption as the basis for making their investment decisions regarding the proposed project.¹⁰

Some observers may question whether it is possible that the new lodging units might be able to achieve an occupancy rate that is better than 55 percent, meaning that this analysis understates the revenue potential of both the proposed project and the reduced project alternative; however, for the purposes of evaluating the feasibility of this project, it would not be prudent to assume a greater occupancy rate. First, the occupancy rate is applied to the midweek days only, whereas the 2008 occupancy rate from the Dean Runyan Associates study is based on all days of the week. Average occupancy can be expected to be lower during the mid-week non-holiday days as compared to the average for all 7 days per week because most leisure travel occurs on weekends and holidays. Thus, even at 55 percent, the occupancy rate could be considered aggressive for the mid-week days. As stated above, from an investment standpoint, Homewood Village Resorts has indicated that they are comfortable with an assumption of 55 percent occupancy rate, for the proposed project. To push the occupancy rate assumption higher, would require that Homewood Village Resorts take on greater risk and, absent information to suggest that either the proposed project or the reduced project alternative should be expected to perform significantly better than the market as a whole, this is not reasonable for the purposes of evaluating the financial viability of a given alternative.

Average Number of Skiers Per Unit – According to representatives of Homewood Village Resorts, LLC, the organization engaged the nationally and internationally known planning and design firm Design Workshop to assist in developing its master plan for the proposed project. Design Workshop's lead consultant for the assignment, Bill Kane, recommended an assumption of 2.25 skiers per unit for planning purposes, based on his experience with other resort lodging operations.¹¹

Average Total Ticket Revenue Per Skier Per Day – This figure represents the resort's total lift ticket sales revenues (including season passes) divided by the resort's total skier days, and accounts for the use of season ski passes, complimentary tickets, and free or

¹⁰ Tirman, David. Homewood Village Resorts, LLC. Personal communication. August 29, 2011.

¹¹ Chapman, Art. Homewood Village Resorts, LLC. Personal communication. September 13, 2011.

reduced price tickets. The Kottke 2010/2011 survey collected information on “lift ticket yields” (the ratio of the standard weekend adult ticket price to average ticket revenue per skier), which was 50.4 percent for all resorts. In the Pacific Southwest, the figure was 53.9 percent, and for all ski resorts in the size category of 6,000,000 to 11,999,000 VTF/h, the lift ticket yield was 48.6 percent.

Based on this, it is reasonable to assume that Homewood’s lift ticket yield is approximately 50 percent. Based on a standard adult lift ticket price of \$55 per day at Homewood during the 2010/2011 ski season, the resort’s average ticket yield would be approximately \$27.50 per skier day. This figure can be used to estimate the new revenue that Homewood ski resort could expect for each additional skier day generated, after accounting for use of season passes, discounted tickets, and complimentary tickets.

Estimated Revenue Increase for Proposed Project

Based on the assumptions presented above, the potential increased skier revenues associated with the proposed project would be as follows:

72 mid-week non-holiday ski days per season * 336 residential/visitor accommodations units * 55 percent occupancy rate * 2.25 skiers per unit * \$27.50 average ticket yield per skier day = \$823,284 per year.¹²

Estimated Revenue Increase for Reduced Project Alternative

Holding all other assumptions constant and changing only the number of residential/visitor accommodations units, the change in revenues between the proposed project and reduced project alternative will be equal to the percentage reduction in the number of overnight accommodations units, which is 15.5 percent. A 15.5 percent reduction from the increased skier revenues estimated above for the proposed project equals \$127,609 per year.

This analysis does not estimate potential revenue gains from other related operations, such as ski rentals, ski lessons, and resort dining facilities; however, to the extent that these operations also represent an opportunity for the ski resort to increase its profitability, the reduction in potential skier days associated with the reduced project alternative would have a commensurate reduction in the potential revenue support that these operations could provide to bolster overall economic viability for the resort.

¹² It should be acknowledged that this analysis has not assigned any marginal cost increase to the additional skier days that are projected under either the proposed project or the reduced project alternative. This is because the major ski area operations costs are more or less fixed within the range of skier days that ranges from the resort’s most recent levels to the middle figure representing the potential net increase under the reduced project alternative, to the upper figure representing the potential net increase under the proposed project. For example, fixed capital costs will not vary, nor would costs of maintaining, running and staffing lifts, snow grooming, and mountain safety, be expected to change significantly.

Other Options to Increase Skier Visits or Skier Revenue

It is a valid question to ask Homewood Village Resorts why the ski resort could not increase skier visits to a level that is at least equivalent to the projected increase in skier days under the proposed project, but with the reduced number of residential/visitor accommodations units, by improving marketing to daily “commuter” skiers (i.e., skiers who come to the resort on a day trip basis, who are not staying at Homewood as a destination). Some might suggest that this would allow the resort to achieve financial viability with the smaller number of residential/visitor accommodation units specified in the reduced project alternative. However, based on a limited assessment of the situation, this does not appear practical, for the following reasons:

- It is reasonable to assume that Homewood Village Resorts, as a rational business operation, would already be undertaking all feasible means to increase mid-week non-holiday skier visits, in order to maximize revenue potential; thus, there are not likely significant opportunities to increase skier attraction as the resort currently exists.
- There are significant challenges to increasing the number of “commuter” skiers to Homewood. Foremost is the fact that Homewood is considerably further from the bulk of the population of day skiers who frequent North Lake Tahoe ski resorts, coming primarily from the Sacramento Valley and the San Francisco Bay Area. Day skiers coming from these areas will typically travel to the area via Interstate 80, passing the Donner Summit ski resorts first (Soda Springs, Sugarbowl, Donner Ski Ranch, Boreal), before reaching the Highway 89 junction in Truckee. Of those proceeding on Highway 89, they will pass the Squaw Valley and Alpine Meadows ski resorts before reaching Homewood. In addition to more convenient locations, a number of these resorts (e.g., Sugarbowl, Squaw Valley, Alpine Meadows) also offer superior skiable acreage, base elevation and vertical elevation gain from base to peak, number and speed of chairlifts, and variety of terrain.
- Although some of the ski area improvements that would be included under either the proposed project or the reduced project would help to increase Homewood’s attractiveness, these improvements will not fundamentally change the ski experience at Homewood, as base elevation and vertical elevation change, skiable acres and terrain variety, and number of lifts will not change.

Given these constraints to increasing competitiveness for day skiers, it is reasonable for Homewood Village Resorts to conclude that it must pursue a strategy of attracting additional destination skiers (i.e., skiers who will come to spend more than one day at the resort and want convenient overnight lodging).

Effect of Reduced Project Alternative on Economic Viability

As demonstrated by the financial calculations above, the effect of the reduced project alternative is to decrease the skier revenues that are able to support ski resort operations, and to support the capital investments in maintaining ongoing ski resort viability that the proposed project envisions. For the purposes of this analysis, a critical consideration is the ability of the ski resort operations to achieve profitability and to also support the necessary capital investments in replacing and upgrading ski lifts. Homewood operates in a very competitive ski market, and the information presented on current operations shows that Homewood operates at a competitive disadvantage to its primary competitors from the skier experience standpoint. If Homewood does not achieve profitability on ski resort operations, it will not be rational for the resort to continue operating on a long-term basis. And, if the resort is not able to invest in replacing and upgrading its lifts, it will not be able to continue operating over the long-term.

A measure of ski area return on assets is provided by the National Ski Areas Association in one of its surveys of ski resort operations. According to the NSAA Economic Analysis for the 2008/2009 Season, the national average operating profits on gross fixed assets was approximately 14.0 percent, which was down from 17.5 percent in the prior year.¹³ Such a calculation can be used as a benchmark to determine a reasonable return on investment for new ski resort capital facilities. Based on these figures, as well as discussion with Homewood Village Resorts management, a return of 15 percent is a reasonable assumption for the purposes of evaluating the ability of the proposed project to support additional capital investments.

Capital Investment Justified by Projected Increased Skier Revenues – As discussed above, the projected increase in skier revenues from the new residential/visitor accommodation units is marginal revenue that is not assumed to generate significant offsetting increases in ski resort operations costs. Thus, for the purposes of this evaluation, the \$823,284 per year in increased skier revenue associated with the proposed project can be treated as gross profit. Then, if investors are willing to accept a 15 percent return on assets, this means that the proposed project could support approximately \$5.5 million in new capital investments.

On the other hand, if the reduced project is implemented, the reduction in skier revenues is \$127,609 per year. This translates to a reduction in the amount of new capital investments that the project could support. Assuming the same 15 percent return on assets, the justifiable capital investment is reduced by approximately \$851,000, to approximately \$4.6 million.

¹³ National Ski Areas Association, 2008/2009 Economic Analysis of United States Ski Areas, December 2009.

As noted above, lift replacements at the resort are expected to cost approximately \$10 million. The resort should also anticipate and budget for other capital expenditures, such as replacing snow grooming and snowmaking equipment. The proposed project may not generate sufficient operating profits to warrant these capital expenditures. The reduced project alternative would further erode the profitability of the resort, and therefore further lower the justifiable capital investment required at the resort to well below what appears to be necessary in order to sustain the resort's long-term operation. Further reductions in units, below the 282 units analyzed in the reduced project alternative, would further undermine the long-term viability of the project.

Conclusion

The background information presented above clearly demonstrates that the Homewood ski area operates from a marginal position within the regional ski resort industry, having substantially less lift capacity, and attracting substantially fewer overall skier visits, overnight skier visits, and weekday non-holiday skier visits than the norms for resorts within the Pacific Southwest. The resort's accounting records indicate that Homewood has consistently lost money on operations over the last several years for which complete accounting information is available.

Based on the analysis presented above, the reduction in the planned residential/visitor accommodations under the reduced project alternative would have a material effect on the ability of the Homewood Mountain Resort project to overcome its persistent operating losses and help support capital investments that are necessary to maintain long-term ski resort viability. Simply put, with a reduced projection of skier days and revenue as compared to the proposed project, investors will not be willing to invest the same amount of money in the capital improvement program that is included as part of the proposed project and that is necessary in order to ensure the long-term viability of the resort. Further reductions in the numbers of overnight accommodations beyond those assumed in the reduced project alternative would have commensurate effects on the reduction in justifiable capital investments.

This evaluation shows that:

- a) The proposed project will help to generate significant additional skier revenues, while limiting the impacts on the surrounding area during peak weekends and holidays. The resort management's strategy in this regard would help Homewood to structure its operations more in line with industry norms.
- b) The increased skier revenues projected in this analysis for the proposed project would make a significant contribution to eliminating the resort's ongoing operating

losses and/or it would generate valuable increases in revenues which can justify additional capital investments necessary to keep the resort operating.

- c) Any reduction in resort lodging units from the proposed project will reduce the potential skier revenues and impair the resort's ability to achieve ongoing operational viability.

Other Financial Considerations

The analysis presented above indicates that the increased revenue from skier visits alone would not be sufficient to both generate a gross operating profit and justify the additional required major capital investments in the ski area (e.g., replacement of ski lifts). Thus, it will be necessary for the ski resort to generate additional profits from other aspects of the project that have not been evaluated in this memo, including ski rental, lessons, and food service operations. In addition, it is likely that the ownership group will need to invest profits from the Homewood Village Resort's associated real estate development into supporting the ski resort's immediate capital investment needs. These considerations reinforce the sensitivity of overall project economic viability to the number of overnight accommodations units that are included in the project. This is because overnight visitor expenditures will contribute to additional revenue from ski rentals, ski lessons, and on-mountain dining facilities, and revenue from sales of residential/lodging units. All of these income streams will be necessary to support resort viability and the reduced project alternative would only erode this ability.

Other Benefits of Proposed Project

In addition to supporting improved economics for the ski area operations, the proposed project would generate additional benefits that would be lessened under the reduced project alternative, including:

- Reducing overcrowded conditions in and around the resort during peak weekend and holiday times due to the shifting of skier visits to less crowded mid-week times.
- Reducing auto use into and out of the ski resort, as destination skiers will drive in initially, but will be able to walk between their lodging and the ski runs versus day skiers who will drive in and out every day.
- Supporting increased capital investment in the area, which will generate additional property tax revenues for local government agencies that receive property taxes.
- Generating increased spillover expenditures from resort visitors to other businesses in the area.



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TAHOE REGIONAL
PLANNING AGENCY

INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES

To the Management and Chairpersons of:

Mr. Arthur Chapman
Homewood Village Resorts, LLC

Mr. Arthur Chapman
JMA Ventures, LLC

Chairperson
Tahoe Regional Planning Agency (TRPA)

Mr. Robert Weygandt, Chair
Placer County California Board of Supervisors

We have performed the procedures enumerated below, which were agreed to by Homewood Village Resorts, LLC (the Company), solely to assist you in working with the Tahoe Regional Planning Agency (TRPA) and Placer County with respect for the need to develop the area known as the Homewood Ski Area. Homewood Village Resorts, LLC management is responsible for the Company's financial reporting. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and findings are as follows:

We agreed the reported net operating loss before interest, taxes depreciation and amortization (LBITDA) to the audited financial statements of Homewood Village Resorts, LLC. We calculated that the total net operating loss (LBITDA) from May 11, 2006 (date of inception) through December 31, 2009 was \$4,971,148. This loss excludes any capitalized improvements and expenses.

We were not engaged to, and did not, conduct an audit, the objective of which would be the expression of an opinion on the specific amounts described above. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

Figure 1. A schematic diagram of the experimental setup. The subject is seated in a chair, viewing a video screen. The screen displays a target (a small circle) and a starting point (a larger circle). The subject's hand is positioned at the starting point, and the video screen shows the hand's position relative to the target. The subject is instructed to move the hand to the target. The video screen is controlled by a computer, which records the hand's position and the time taken to reach the target.

This report is intended solely for the information and use of Homewood Village Resorts, LLC; JMA Ventures, LLC; Tahoe Regional Planning Agency and Placer County California Board of Supervisors and is not intended to be and should not be used by anyone other than those specified parties.

Mayer Hoffman Mc Cann P.C.

San Jose, California
January 28, 2011



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TAHOE REGIONAL
PLANNING AGENCY

December 8, 2011

David Landry
HMR Project Manager

Mr. Landry,

It was recently brought to my attention that Mr. Ron Grassi from the Tahoe Area Sierra Club has contested the annual occupancy forecasts of 55% used by Homewood Mountain Resort.

I have checked the data that we receive each month from Mountain Travel Research Program (MTRiP) which gives us aggregate numbers for comparable properties to the proposed Homewood project. I have put the occupancy numbers for the past 12 months in this letter to show that the 55% number used by Homewood is actually generous. I can also provide Average Daily Rate (ADR) and Revenue per Available Room (RevPar) if you would like to delve deeper in the financial forecasting.

Here are the occupancy numbers:

November 2010	20.6%
December 2010	50.2%
January 2011	46.6%
February 2011	52.8%
March 2011	50.5%
April 2011	40.2%
May 2011	28.3%
June 2011	40.8%
July 2011	68.2%
August 2011	66.7%
September 2011	48.4%
October 2011	32.6%

Average: 45.5%

In looking at these numbers, which do represent properties in Squaw Valley, Northstar, Incline Village and the Tahoe shores, you can see that even with very nice accommodations, the best amenities, ski-in/ski-out location and excellent skiing, there are no months where an occupancy of 55% is reached during the winter.

Summer is the only time of year where the occupancy percentages exceed 55%. Generally, the summer visitor is not paying the same amount as the winter traveler so while occupancies may be up, the average daily rate and revenue per available room is often lower than winter.

I hope this information helps to clarify the realities of lodging occupancy in the Tahoe basin. We all wish it could be closer to 100% but that is simply not the case when you take in the slow periods, mid-week business, and off seasons.

Thank you for your consideration of this information and on behalf of the Board of Directors of the North Lake Tahoe Chamber/CVB/Resort Association strongly support the Homewood Mountain Resort Master Plan.

Sandy Evans Hall
CEO/Executive Director
North Lake Tahoe Chamber/CVB/Resort Association
sandy@puretahoenorth.com

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DEC 12 2011

TAHOE REGIONAL
PLANNING AGENCY

Tahoe Regional Planning Agency
128 Market Street
Stateline, Nevada 89448

Subject: Hearing on FEIS: Homewood Ski Resort

Dear Governing Board Members:

The purpose of this letter is provide support for the Homewood Ski Resort Master Plan. As someone who has recently completed the TRPA environmental review process, I would like to specifically address some comments that have been made by the Tahoe Area Sierra Club regarding economic viability and the ability to the downsize project by as much as a third and still meet revenue and demand objectives.

I have substantial experience conducting project level due diligence for both property acquisitions as well as debt and equity capital investments. This experience includes the building of financial pro forma estimates for the hotel and resort markets. In the way of formal training, I hold an MBA in finance from Northwestern University.

When projecting market demand for a hotel and whole ownership room nights at a project like Homewood, we very often start with actual historical market survey data. I understand in the case of the Homewood Bay Area Economics study, they used occupancy data from the Dean Runyan study. An alternative source that I typically use is market survey data from Smith Travel Research (often referred to as STR Reports "Star Reports"). The STR report allows you to isolate your analysis to only appropriate competitive properties so that your assumptions are not weighted down by old or under performing assets that are not comparable to the new project. In the case of Homewood, I chose to look at the Hyatt Regency Lake Tahoe, the Embassy Suites South Shore, Resort at Squaw Creek and the new Ritz Carlton Northstar. This data is presented below:

Competitive Properties	# Rooms	Smith Travel Research Surveyed Occupancy		
		2008	2009	2010
Hyatt Regency Lake Tahoe	422	63%	54%	58%
Embassy Suites Lake Tahoe	400	58%	52%	53%
Resort @ Squaw Creek	403	54%	45%	51%
Ritz Carlton Northstar	170	n/a	48%	45%
Competitive	1395	58%	50%	53%
3-Yr Average				54%

As you can see from the data presented above, even the newest and most attractive property, the Ritz Carlton Northstar does not exhibit full capacity or significantly erode share from the other competing properties.

In the case of the Homewood analysis, a key metric of success for the project was defined as midweek skier visits. To develop this estimate we need to drill down a bit more on the occupancy data to look at monthly and daily variability in occupancy. Fortunately, the STR report also contains a survey of actual occupancy data by month and by day. Although the data set is not complete, we are able to determine average occupancy for the following segments: peak weekend, peak midweek, shoulder weekend, shoulder midweek, off season weekend and off season midweek.

The next step is to define the number of days in each month that fall under these categories. For example, February is a peak ski time period and it contains 12 peak weekend days and 16 peak midweek days (the full break down of days is included in the attached tables). With this information in hand, it is fairly straightforward to project total weekend and midweek room nights (total nights that hotel rooms are rented during a defined period of time).

Calculation for Total Mid Week Room Nights for each month

Total Peak MW Room Nights	=	Peak MW % Occ. * Peak MW Days * # of Keys
+ Total Shoulder MW Room Nights	=	Shoulder MW % Occ. * Shoulder MW Days * # of Keys
+ Total Off MW Room Nights	=	Off MW % Occ. * Off MW Days * # of Keys
= Total Mid Week Room Nights		

This calculation can also be repeated for Weekend days. Once we know the total number of room nights that will occur for midweek during each month, we multiply by the average people/key for each type of unit and divide by the total number of midweek days to get the maximum potential number of skier visits per day. For purposes of my analysis, I used 2.25 people for hotel and 1 bedroom, 3.5 for a 2 bedroom, 4.75 for a 3 bedroom and 6 for a 4 bedroom. It is important to note that these estimates are actually higher than those that would be used by a professional traffic engineer to estimate site population (they use, 2, 3, 4, 5 respectively). Furthermore, it would be incorrect to assume that everyone staying at the hotel is necessarily skiing. In my own family we all go on vacation together, but only 3 out of 5 of us actually ski. This would suggest we should reduce the maximum number of potential skier visits by some "non-skier factor". Because I do not have a reliable estimate of this factor, this was also not done for purposes of my analysis.

The only remaining complexity for the estimate of total mid week skier visits is the fact that the not all of the units proposed in the Homewood resort are hotel units. If we go back to the historical performance data, the occupancy characteristics of hotel rooms is much stronger than that of whole ownership units. If a condo is not placed into the rental pool, National Association of Realtor data tells us that second homeowners use their properties on average 30-40 days per year or about 10% occupancy. We have less data on whole ownership units in a rental pool, but historical averages tell us that 30-40% occupancy is a fair assumption (This is due to a number of reasons; higher cost/night, unit is used by the owner during peak rental demand periods, etc.). In the final step of my analysis, I used the most conservative estimate possible and assumed all of the whole ownership units were placed in a rental pool and enjoyed 40% occupancy.

The attached tables detail these calculations for both the hotel and whole ownership components of the project. As you can see, using real data from Lake Tahoe area competitive hotels, I forecast that the new Homewood project will generate an average incremental number of midweek skier visits per day of 358. Of course due to the variability of the season, individual months generate more or less than the 400 skier visits, but over the season, the historical data projects that they will achieve slightly less than their stated goal of 400 visits.

I hope this information and analysis helps clear up any questions that may have been raised about the demand generation potential of the proposed project. I also sincerely hope you decide to support the approval of the Homewood project.

Kind Regards,
 Brian Helm
 775.313.6903
helmbd@gmail.com

HOTEL & CONDO HOTEL										
		People/Key 2.25 18dorm 95			People/Key 3.5 28dorm 20			Hotel Keys Room Nights		
Type of Day	Estimated Occupancy (based on Smith Travel Research Market Survey Data)	Peak WE	Peak MW	Estimated Days Each Type	Shoulder WE	Shoulder MW	Off WE	Off MW	Total	Occupancy
Jan		6	8	50.0%	6	6	25.0%	25.0%	31	54.7%
Feb		12	16	0	0	0	0	0	28	73.6%
Mar		12	0	0	0	19	0	0	31	57.4%
Apr		0	0	11	12	12	2	0	25	43.2%
May		6	10	7	8	0	0	5	36	54.3%
Jun		12	14	2	2	0	0	0	30	70.3%
Jul		15	16	0	0	0	0	0	31	74.7%
Aug		15	16	0	0	0	0	0	31	74.7%
Sep		5	4	9	12	0	0	0	30	53.8%
Oct		0	0	2	0	0	10	19	31	26.6%
Nov		0	0	2	0	0	10	18	30	26.7%
Dec		5	3	3	20	0	0	0	31	50.6%
Total Year		88	87	42	79	27	Off	25.0%	365	55.1%
Peak Season			75.1%	Shoulder	43.5%	Off			15,895	15,291
									275	165
									277	189

WHOLE OWNERSHIP										
		People/Key 2.25 18dorm 10			People/Key 3.5 28dorm 50			People/Key 4.75 38dorm 62		
		People/Key 6 4 Bdrm 75								
Type of Day	Estimated Occupancy (based on Smith Travel Research Market Survey Data)	Peak WE	Peak MW	Estimated Days Each Type	Shoulder WE	Shoulder MW	Off WE	Off MW	Total	Occupancy
Jan		6	8	35%	6	6	10%	10%	31	39.7%
Feb		12	16	0	0	0	0	0	28	58.6%
Mar		12	0	0	0	19	0	0	31	42.4%
Apr		0	0	11	12	12	2	0	25	28.2%
May		6	10	7	8	0	0	5	36	39.3%
Jun		12	14	2	2	0	0	0	30	55.3%
Jul		15	16	0	0	0	0	0	31	59.7%
Aug		15	16	0	0	0	0	0	31	59.7%
Sep		5	4	9	12	0	0	0	30	38.8%
Oct		0	0	2	0	0	10	19	31	11.6%
Nov		0	0	2	0	0	10	18	30	11.7%
Dec		5	3	3	20	0	0	0	31	35.6%
Total Year		88	87	42	79	27	Off	10.0%	365	40.1%
Peak Season			60.1%	Shoulder	28.5%	Off			9,638	8,229
									280	139
									283	169

Units		1 Bedroom		2 Bedroom		3 Bedroom		4 Bedroom		Average Incremental		Weekend		Midweek	
		105		70		62		75		Skier Visits/Day		560		358	

