

Appendix A.5

Evaluation of Impacts Associated with Facilities Considered Most Comparable

Project Technical Memorandum

To: NYCDEP – OEPA
Subject: Crossroads DEIS Review -Deliverable A.4 – Evaluation of Impacts
Associated with Facilities Considered Most Comparable
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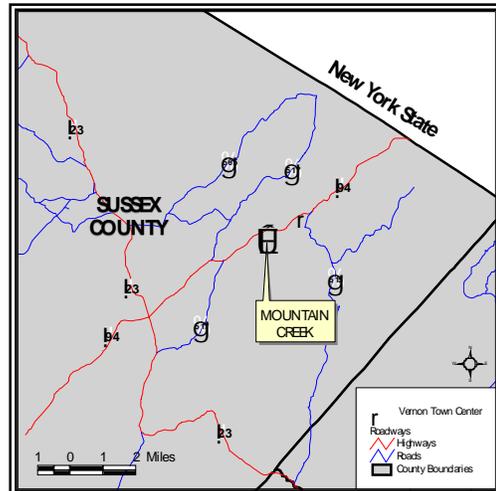
Introduction

In order to better understand potential economic impacts associated with major resort development projects, RKG reviewed in depth two of the comparable resort developments identified in Appendix X. This Appendix provides additional data and impacts associated with the Mountain Creek project in Vernon, New Jersey and the Snowshoe Mountain project in Snowshoe, West Virginia. Both of these projects are being developed by Intrawest, one of the largest resort owner/operator/developers in North America.

MOUNTAIN CREEK – Vernon, New Jersey

Background

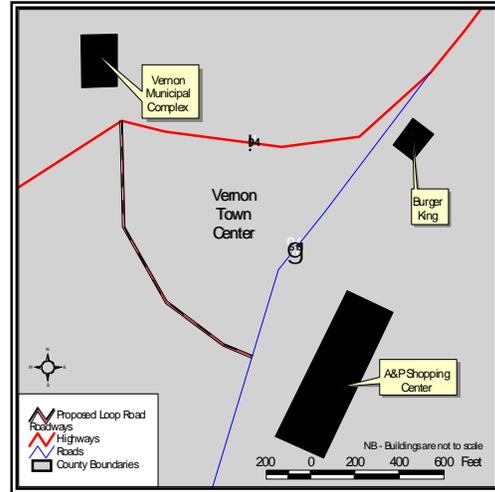
The Township of Vernon is located in Sussex County, New Jersey. It is located approximately 50 miles from the George Washington Bridge, which spans the Hudson River between New Jersey and Manhattan. Vernon is primarily residential, with relatively little commercial development. According to DemographicsNow, Vernon had a 2003 population of 25,296 in 8,673 households.¹ This represents a 2.5% increase from the 2000 Census population. There are 10,349 housing units in the Town, with 12.6% (1,301 units) occupied by renters and 16.2% (1,676 units) currently vacant². The Township records indicate nearly 80% of the housing units in Vernon are single family, detached houses. Interviews with local residents and public officials revealed that a significant portion of Town residents commute to New York City (50 miles), Bergen County, New Jersey (45 miles) and Essex County, New Jersey (52 miles).



¹ DemographicsNow is a private data vendor that provides historic trend, current estimate and projection information for demographic and socioeconomic information.

² The U.S. Census categorizes seasonal and vacation homes as vacant, such that the 16.2% vacancy rate in Vernon is likely attributable to its status as a resort community. According to Census 2000, 1,234 of the 1,626, or nearly 76%, of homes classified as vacant at the time of the Census were seasonal homes.

Commercial development is generally concentrated along New Jersey State Highway 94 and Sussex County Route 515. These two roads create a “wishbone,” with Highway 94 running southwest/northeast and Route 515 running north/south. Routes 94 and 515 intersect at the Town Center of Vernon and merge for a few miles heading north/south. The immediate area around this intersection has the highest concentration of commercial activity in Vernon, with a strip center anchored by a grocery store (A&P), three banks, a car wash, a Burger King restaurant and several locally-owned retail and service-related businesses. Burger King and Dunkin Donuts are the only two national chain restaurants in the Town Center area. It is important to note that local officials estimate the total retail square footage in the Vernon Town Center area to be roughly 100,000 square feet.



There is very little undeveloped land in Vernon, based on current zoning regulations. This is primarily due to the large concentration of conservation and public land in the Town, which accounts for more than 25% of the Town’s acreage. In addition, wetland and steep slope issues impact a significant portion of the vacant land in the Town. Excluding the development at Mountain Creek, local public officials interviewed noted that there is only enough developable land to support approximately 500 to 600 additional housing units before build-out is reached.

History of Mountain Creek

Mountain Creek began as the Great Gorge Resort in the late 1960s. It is located between New Jersey State Highway 94 (west side) and Sussex County Route 515 (east side) on Hamburg Mountain, with some land located across State Highway 94 at the base of the mountain. Over time, the resort evolved to become the Vernon Valley/Great Gorge Ski Area, with two ski lift access points and an unique summertime water and thrill park known as Action Park. In 1998, the property was acquired by the Vancouver-based resort development corporation, Intrawest. The resort was renamed Mountain Creek. Since then, Intrawest has made several investments and improvements in the skiing facilities totaling approximately \$8.5 million. Mountain Creek still operates the Waterpark in the summer through a partnership with amusement operator Palace Entertainment.

Today, Mountain Creek is a year-round resort getaway. Situated in the Vernon Valley of Northern New Jersey, the resort boasts a wide range of family-oriented outdoor and indoor activities throughout the year within close proximity to New York City. In the

winter, the resort offers skiing, snowboarding, and snow tubing on 45 trails, 11 lifts, a large network of terrain parks, and the region's only Superpipe. During the spring and summer, the Diablo Freeride downhill mountain biking park and the Mountain Creek Waterpark provide a wide variety of fun and thrills. Autumn brings the brilliant foliage the region is known for and offers great outdoor opportunities throughout Sussex County. These activities include hiking the Appalachian Trail, several golf courses, apple picking, and mountain biking.

The Vision for Mountain Creek

Since purchasing the resort in 1998, Intrawest had a vision of making Mountain Creek a true world-class destination resort with a base village unlike any other. The developer initially proposed a 10-year plan that encompassed three discrete neighborhoods in the village area on either side of New Jersey State Highway 94, totaling more than 1,600 housing units on 2,200 acres. In addition, the plan included an 859 home and golf course development on the top of Hamburg Mountain. The estimated total development price exceeded \$500 million. However, this plan met with significant opposition from environmental and conservation groups, including The Sierra Club. The two sides eventually came to an agreement where the developer would only pursue a two-neighborhood village and the land on top of the mountain would be sold to the State for conservation.³ Another 1,400 acres were donated to the State's Green Acres conservation program⁴, which is managed by the New Jersey Department of Environmental Protection.

The Town of Vernon finally approved a 10-year master plan for Mountain Creek that includes approximately 1,000 condominium/hotel units, 200,000 square feet of commercial and retail space, conference/meeting space and personal amenities including a large fitness center. This development represents an addition of 10% to the housing stock and more than 200% to the commercial space.

The implementation of this plan began in 2000, with the offering of the first phase of condominium units in the Black Creek Sanctuary. This development will total 135 studio to 3-bedroom units all located around an activity clubhouse with a heated pool and hot tubs. The Black Creek Sanctuary is located adjacent to the site where the Village at Mountain Creek will be located. At the initial offering of the first phase of Black Creek, all 42 units offered sold out within minutes. Another 18 units were offered and sold that day. Prices for the first phase ranged from \$315,000 for 1-bedroom units to \$525,000 for 3-bedroom units. An additional 25 units were offered in July of 2001 and reportedly sold in less than four hours. The second phase of Black Creek Sanctuary is expected to begin sales in early 2004.

³ Intrawest maintains the right to use this land for recreational uses and snow making.

⁴ The Green Acres Program comprises four program areas: State Park and Open Space Acquisition; Local Governments and Nonprofit Funding; Stewardship and Legal Services; and Planning and Information Management.

The Village will be located on either side of Highway 94, with the section of road bisecting the Village being called Main Street. A by-pass for Highway 94 will be constructed to limit traffic flow along Main Street. The Town Council recently approved the first phase of the first building in the Village, called the Appalachian for development. This phase of the Appalachian is expected to total 40,000 square feet of space, with ground-floor retail and services and 105 hotel-style condominiums above. According to Intrawest's real estate division, roughly 70% of the condo units in phase one are pre-sold. Prices range from \$230,000 for a studio to \$590,000 for a 2-bedroom unit. The Appalachian offers ski-in, ski-out availability within a grand luxury hotel atmosphere. The second phase of The Appalachian currently does not have a planned offering date. The remainder of the buildings will be built over the next 10 years.

Impacts of Mountain Creek

RKG performed several interviews of local residents, business operators, public officials, and Intrawest employees located in Vernon. These interviews were performed to gauge the economic impacts that Intrawest's investment into Mountain Creek has, and will have, on Vernon and its residents. The results of this interview process are provided below. It is important to note that the findings from this effort are anecdotal, and they may vary slightly from the actual situation in Vernon. Despite this, RKG believes these findings to provide an accurate representation of the local market.

Town Center/Loop Road

Prior to the purchase of Mountain Creek by Intrawest, Vernon Township had been moving forward on revitalizing the commercial area located around the 94/515 intersection, referred to as the Town Center. The original plans concentrated on reinvestment in properties and redevelopment of underutilized space. After Intrawest purchased Mountain Creek, the participants in the Town Center initiative decided to expand the scope of the project. According to several sources, the development plan for Mountain Creek gave the Town Center project a significant boost, in terms of achievable goals.

The most significant addition to the plan was a "Loop Road," running from New Jersey Highway 94 near the Town offices over to Sussex County Route 515 near the shopping center with the A&P grocery store. Currently, no road exists. The completion of this road would create a loop, utilizing the intersection of Routes 94 and 515. In short, the new road would serve as the bottom portion of the loop, with Highway 94 serving as the west side and Route 515 service has the east. The existing intersection of the two highways closes the loop. It is generally believed that the Loop Road would not have been viable without the investment at Mountain Creek.

The Town's design guidelines for development along the Loop Road are based on a traditional Town Center look, with 3-story buildings fronting wide sidewalks

and the new road. The building uses are proposed to be retail on the ground floor, office space and apartments on the second floor and apartments on the third floor. Designs of the buildings may vary, but must follow strict guidelines set forth by the Town. The Loop Road has the potential to significantly expand the commercial space available in Vernon. While there are no estimates as to the total build out size of this development, preliminary designs indicate there is potential to almost double the existing commercial space in the Town Center of Vernon.

Vernon Township became a “Town Center” designated location by the State of New Jersey during 2003. This designation enables the Town to fast-track for a wide variety of funding sources to improve the commercial centers in the Town. As a result, the Town expanded the length of the Loop Road. Sussex County has also approved the changes to New Jersey State Highway 94 and Sussex County Route 515.

Transportation

The most common response from local citizens, public officials and business operators was concern over the impact the resort will have on traffic in Vernon. As noted, the Village at Mountain Creek will be located along Highway 94, roughly 1.5 miles from the 94/515 intersection. Combined with the changes that will be occurring in conjunction with the Loop Road, there is the potential for significant traffic issues in this area. To this end, there is concern that additional traffic generated by Mountain Creek and the Loop Road will further impact the current traffic issues in the Town Center.

To address this issue, several roadway improvements have been planned for Highway 94 and Routes 515 and 517. Miser Consulting, P.A. noted thirteen separate roadway improvements that should be completed in their report titled, *Circulation Plan Assessment for the Township of Vernon* (July 2001). These improvements were given a construction estimate of slightly more than \$6.0 million. Miser anticipated that \$1.60 million would be the responsibility of the County, \$2.75 million would be under municipal jurisdiction and the remaining expenses of \$1.65 million would be the responsibility of Intrawest. However, Miser calculated that roughly 40% of the Town’s expenses will be generated by traffic relating to the resort. As a result, they suggested a pro rata share of \$1.10 million be charged to Intrawest. In total, Intrawest will be responsible for \$2.75 million of the transportation improvements.

Infrastructure

Almost all of the development in Vernon is on septic systems. The only sewer lines in the Town exist along New Jersey State Highway 94 and Sussex County Route 515. To accommodate the development at the Village of Mountain Creek, the sewer system is being extended further down Highway 94. It is also being

extended slightly further down County Route 515. No cost estimates for this effort, including the pro rata share for Intrawest, were available at the time of the writing of this report.

As a result of this expansion of the sewer system, some public officials believe that there will be mounting pressure to increase the development along these two roadways where sewer is laid. Representatives from the building department and planning department indicated that a current building owner is attempting to subdivide the property to accommodate an additional building, due to the availability of sewer service. The approval for expansion of the grocery store (described later) was contingent upon the expansion of the sewer system down Route 515.

New Construction, Expansion, and Residential Conversion

There has been significant activity in the Vernon market since Intrawest resolved the legal issues raised by the conservation groups.

- Most notably, a new 178-room hotel is under construction south of the Village site along New Jersey Highway 94. The hotel is being developed as part of a larger, existing condominium community that existed well before Intrawest purchased Mountain Creek. It was noted that the hotel did not begin construction until after Intrawest was allowed to proceed with its master plan.
- The McAfee Ski and Snowboard Rental Shop located at the south ski lift access point is looking to add an additional store near the Village location at the north access point.
- The George Inn, a restaurant located at the intersection of New Jersey State Highway 94 and Sussex County Route 517, recently expanded. The new development includes a dining room that more than doubles the seating capacity in the restaurant. One respondent indicated the property owner, “was looking to cash in on Intrawest’s investment.”
- It was noted that some national retailers have made contact with the Town Manager’s office inquiring about property available for acquisition. While no specifics were given as to which companies have made inquiries, it is believed that one is a drug store chain.
- The Legends, a former Playboy Resort, has received approval for the construction of 300 garden patio-style homes along its golf course. It was reported that the permit application was submitted after Intrawest settled its legal issues. The original plan was for 672 units, but was not approved

at that size. Construction is slated to begin in the spring of 2004. It was noted to RKG that the Legends has additional land for further expansion.

- There have been three documented instances where residences located within the Town Center along Highway 94 and Route 515 have been converted for commercial use. Within the past year, two professionals, a lawyer and a dentist, purchased houses and converted them into offices. In addition, a development interest purchased a house near the Village site and converted it into a bed and breakfast.
- The local grocery store, A&P, expanded its store within the past year. No details were available as to the extent of the expansion. In addition, local residents and business operators noted that the A&P has raised its prices. These respondents presumed this increase is a reaction to the changes occurring at Mountain Creek.
- Representatives from the building department noted that there has been an increased interest by current property owners to renovate their existing buildings. Most notably, the shopping center where the A&P is located recently completed façade improvements.
- Local Realtors indicated there has been increased interest in housing in Vernon. As a result, they noted that prices have increased in recent years. One respondent revealed that vacation bungalows in certain private lake communities in Vernon which sold for \$30,000 to \$40,000 ten years ago have been selling at approximately \$150,000 recently with the intention of being torn down to build larger, more modern housing.
- The pricing of units at Mountain Creek is considered to be at the high-end of the cost scale for housing in Vernon. As a result, there is speculation by some real estate professionals that older, smaller houses in Vernon currently being used as full-time homes will be purchased by vacationers as alternatives to buying a condominium at Mountain Creek. Some of these respondents feel these houses will be converted into seasonal homes and/or rental properties.

Conclusions

The Mountain Creek case study indicates that there is the potential for significant spin-off development resulting from the construction of a major resort in a small community. Despite Vernon's relative small-town feel, neighboring towns have significant commercial development. State Highway 23, located within ten miles to the south of Vernon, has significant retail development, including a Wal-Mart.

At a minimum, the Mountain Creek example shows that existing businesses will attempt to capitalize on the additional customer base generated by the resort. The 178-room hotel and the 300 patio-style homes are likely a direct result of the expected increase in lodging demand in Vernon. With only one hotel within 15 miles of the Town, these developments will likely capture the overflow of lodging demand and bargain hunters willing to sacrifice proximity for price.

Highway improvements and access to utility infrastructure are reported to be one of the driving factors in increasing non-residential development in the area of Mountain Creek. While Town officials had intended to pursue redevelopment of their commercial areas, plans were expanded to include larger amounts of both residential and non-residential development after Intrawest's acquisition of the property.

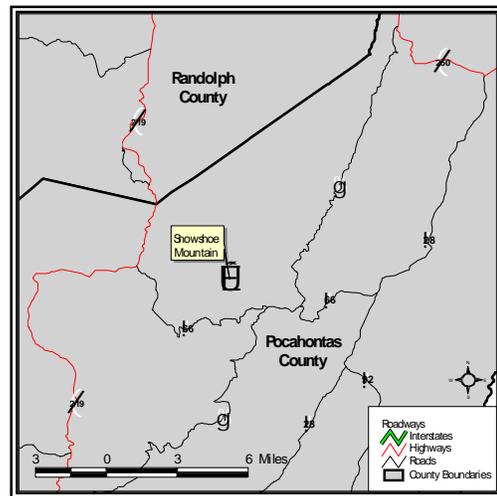
SNOWSHOE MOUNTAIN – Snowshoe, West Virginia

Background

Snowshoe Mountain is located in Pocahontas County, West Virginia, approximately 20 miles from the West Virginia/Virginia border in the Alleghany mountain range, and approximately 270 miles west of Washington, DC. A large portion of Pocahontas County is part of the Monongahela National Forest and consequently undeveloped. According to DemographicsNow, the County has a 2003 population of 8,879 people. This represents a decline of 2.8% from the year 2000 Census. Despite this, there are an estimated 7,520 housing units in the County. This disparity is primarily due to past and recent development at Snowshoe. According to the U.S. Census, there were 3,060 seasonal homes in the County in 2000. Records from Snowshoe indicate another 400 homes have been constructed since the time of the 2000 Census. Of this total, almost 1,900 of the seasonal units are located on the mountain. Because of the concentration of seasonal housing, the Census estimates that Pocahontas County had a vacancy rate of 49.5% in 2000. Census data indicate that nearly 80% of the housing units in the County are single-family detached homes (61%) or mobile homes (19%).

Commercial development in Pocahontas County is almost exclusively located along the highways that lead into Snowshoe, including U.S. Route 219, and West Virginia State (WVS) Highways 28 and 66. Most notably, there is a concentration of commercial development along WVS Highway 66 near the entrance to Snowshoe Mountain ski area. This area has a small strip center with a small grocery, a ski rental store, a gift shop, a real estate agent and a bank.

It is important to note that Pocahontas County does not have planning or zoning requirements. Landowners are only limited by environmental constraints including steep slopes, access to water and sewer and endangered flora and fauna. Despite this, Snowshoe Mountain has generated its own land use plan, including restrictive covenants to any land that has been sold to third-party owners.



History of Snowshoe Mountain

Snowshoe Mountain began operations in 1974 with a single lodge facility. The resort experienced its largest growth during the 1970s and early-1980s, with the construction of approximately 1,200 of its current 1,900 units during this time period. According to local Realtors, the resort experienced a lull in new development during the 1990s prior to Intrawest purchasing the facility in 1995. In total, there were roughly 1,450 housing units on Snowshoe at the time of purchase. According to representatives from Intrawest, the

company launched a development study after purchasing the mountain, culminating in Intrawest's 50-year development master plan.

Today, Snowshoe has almost 1,900 housing units on its 11,000 acres. These units range from efficiency condominiums to 5- and 6-bedroom single-family, detached houses. The number of commercial spaces has increased from 6 prior to Intrawest's ownership to more than 24 services, restaurants, and retailers in its current state.⁵ The ski area covers 234 acres, totaling 57 different runs, a tubing park, two terrain parks and 14 lifts operating for day and night skiers. However, Snowshoe is a year-round resort facility offering a wide range of hiking, biking, water-sports and fly-fishing during the spring, summer and fall months.

With 11,000 acres, Intrawest has the ability to create one of the largest 4-season resort areas in the U.S. As mentioned, Intrawest created a 50-year development master plan for the mountain, designating a use to every acre of the resort. While most of this plan includes preservation and natural recreation land, Intrawest has also planned long-term residential and commercial growth as well. Unlike the Mountain Creek scenario where Intrawest needs approval from the Town, development at Snowshoe is only restricted by environmental issues and deed restriction placed on properties at the time of sale. While no specific numbers were made available to RKG, RKG inferred from conversations that the current 50-year master development plan could include thousands more housing units and significant commercial development.

The Vision for Snowshoe Mountain

The vision for Snowshoe is similar to the vision Intrawest has for all of its resort properties, to provide a high-end 4-season resort community that offers guests and owners a luxurious vacation experience. According to the respondents from Intrawest, the company is currently mid-way through its 10-year development plan for the Village Center. The Village Center concept is a focal point at almost all Intrawest properties and is intended to serve as the place where guests and owners can find all the services, dining and off-mountain recreation they need to have a fulfilling vacation experience.

The Village Center plan for Snowshoe began construction in the late 1990s. The plan includes 800 condominium and townhouse-style housing units that are interspersed with 71,000 SF of commercial space, conference facilities and other recreational amenities. It was reported to RKG that the phasing of this portion of the master plan has largely been determined by the ability of each phase to sell out. Since construction began, approximately 400 1-bedroom to 4-bedroom luxury condominium-style units have been built in five unique projects. Approximately 30,000 SF of commercial space has been completed as part of these five projects. Most recently, Intrawest offered 61 condominium-style units in a development called the Seneca. This development will

⁵ An additional 40,000 SF of commercial space is currently planned, but not completed.

have ground-floor retail and three stories of residential units above. Pricing of the units in the Seneca range from \$200,000 for a studio unit up to \$650,000 for a 3-bedroom condominium. This development was reported to be nearly sold out at the time of the interviews.

Once the Village Center plan is completed, Intrawest is reported to have interest in beginning the next phase of development around the existing golf course, known as the Raven Golf Club. This development plan likely will have a 5- to 10-year construction schedule similar to the Village Center project, and include several housing options for potential buyers. However, it is important to note that the Intrawest representatives interviewed indicated that final plans for the golf course area will not be approved until the company is ready to begin development. Simply put, Intrawest views its 50-year master plan as a guideline rather than law. The point made to RKG that is most significant to the proposed Belleayre project is that the master plan land use layout is subject to change as economic and market forces impact the development priorities of Intrawest. In other words, the “finished product” for Snowshoe Mountain may be significantly different than what current plans anticipate.

Impacts of Snowshoe Mountain

RKG performed several interviews of business operators, regional planning officials and Intrawest employees located in Pocahontas County to gauge the economic impacts that Intrawest’s investment at Snowshoe has, and will have, on the County and its residents. The results of this interview process are provided below. It is important to note that the findings from this effort are primarily anecdotal, and may vary slightly from the actual situation in Pocahontas County. Despite this, RKG Associates believes these findings to be accurate.

Transportation

Prior to Intrawest’s purchase of Snowshoe Mountain, the resort had a single entry point off WVS Highway 66, a short east-west two-lane roadway which spans between U.S. Route 219 and WVS Highway 28. WVS Highway 66 had a 7-mile stretch that was unpaved. In 1993, the West Virginia Department of Transportation (West Virginia DOT) widened and paved this portion of road in response to increased traffic related to the resort at Snowshoe. The cost for these improvements totaled approximately \$5 million, which was paid by the State.

After Intrawest purchased the resort, the West Virginia DOT undertook additional improvement projects along WVS Highway 66. The first project improved the capability of the road to handle stormwater runoff after a portion of the road washed away during a heavy rainstorm. The second project provided a new entrance to Snowshoe off of WVS Highway 66 to accommodate increases in traffic. This project provided access to the peak through the southern portion of the resort, offering guests and owners an alternative route onto the mountain. The

improved connection reportedly reduced the commuting time for Washington, DC area residents by 30-minutes. The final price for these projects was roughly \$5 million. Despite the direct benefits to Intrawest, the state paid for both projects.

These transportation projects have made Snowshoe a more accessible and, in turn, desirable resort destination. However, the owners of Snowshoe did not incur any of the costs associated with these transportation projects.

Infrastructure

For years, Snowshoe Mountain operated and maintained its own wastewater treatment facility. Including the facilities at Snowshoe, there are nine individual treatment plants in the greater Hawthorne Valley area, each serving a small portion of the regional population. However, continued development in the region has pushed some of these facilities closer to their respective capacity, resulting in diminished sustained water quality levels. Recent efforts by the West Virginia Infrastructure and Jobs Development Council to address this issue have resulted in a consolidated wastewater treatment plan for the region. Simply put, the Council decided to bring the operations of all of these facilities into one large authority. The initiative has three primary goals, (1) to consolidate the numerous facilities in the area, (2) to construct a centralized wastewater treatment facility to maintain high water quality standards, and (3) to enable future growth and development while maintaining water quality.

The project was reported to require \$14 million in public loans to initiate and complete. Intrawest agreed to be a part of this regional effort, and has donated its treatment facilities to the new authority. The Snowshoe facilities have an appraised value of \$2 million. This action ensures that Snowshoe will have the sewer capacity necessary to carry out its development plans without having to build additional facilities on-site.

Ownership Patterns on Snowshoe Mountain

Almost all of the 11,000 acres that comprise Snowshoe Mountain are owned by Intrawest. Over the years prior to selling the facility to Intrawest, the original ownership interest sold off some parcels of land to third-party individuals for personal and speculative use. While most of these parcels were developed, some remained vacant at the time of the sale to Intrawest. As a result, Intrawest does not control all of the vacant land on the mountain.

However, these individual parcels have restrictive covenants that dictate the type of development allowed. Based on conversations with Intrawest staff, there are roughly 20 to 30 acres of undeveloped land owned by third parties where commercial uses are allowed. It was reported to RKG that the pricing of this land has increased substantially since Intrawest began its development. According to the respondents, land was selling for approximately \$10,000 per acre on the

mountain prior to Intrawest's ownership. Recently, a 7-acre parcel zoned for commercial was sold for approximately \$1 million to a local ski rental store owner, or more than \$140,000 per acre.

New Construction, Expansion, and Residential Conversion

As with the Mountain Creek development, there has been significant activity around Snowshoe Mountain in Pocahontas County since Intrawest initiated its first construction phase for the Village Center.

- Development at the entrance to Snowshoe along Route 66 has increased over the past few years. The developable land along this highway is reportedly owned by a single interest. It was reported that the owner has developed a strip mall to accommodate some of the businesses that lost their lease with Intrawest, including a ski rental shop and a real estate company. A bank was also built during this time period.

However, one respondent noted that further commercial development could be supported at this location due to the passing traffic from Snowshoe. It is generally believed that the current owner prefers to purposefully not develop additional commercial space at this. However, there is sentiment that additional demand generated through the Intrawest development will motivate the owner to either develop additional space or sell portions of the land to other developers.

- There has been an emerging trend by landowners whose property is adjacent to Snowshoe to develop individual single-family subdivisions. Currently, there are four such developments underway. These developments total 150 new housing sites, with lots ranging from two to five acres in size. Local Realtors noted that the price for this land has nearly tripled in the past 10 years, going from \$5,000 to \$10,000 per acre in the 1990s up to \$15,000 to \$25,000 per acre today. Lots owned by private individuals along the resort's golf course are reported to be selling for a premium at nearly \$40,000 per acre.
- As mentioned, the owner of a ski-rental shop at the base of the mountain has purchased a 7-acre site on the mountain. The owner has plans to compliment his 11,000 square foot business at the base of the mountain with an additional 7,000 to 10,000 square foot facility on the mountain. Furthermore, the owner plans on developing an additional five retail spaces to lease to other businesses at this site. The owner told RKG the reason for this decision was that his business has experienced continued growth over the past few years, reportedly at 11% to 13% annually.

- Local Realtors indicate that the residential real estate market has been strong during Intrawest's tenure. It was reported that any new residential development on the mountain, Intrawest or otherwise, sells out prior to the completion of construction. Sales of existing housing units on the mountain have also increased, with the length of time on the market dropping from over a year during the 90s to 60 to 90 days in today's market.
- There has been a growing trend for investors to purchase units on the mountain, renovate them and then sell them after two years for a large profit. Sales prices for non-Intrawest units on the mountain were reported to increase 10% to 25% annually depending on the size of the unit, the location and condition.
- The real estate market within close proximity to Snowshoe Mountain has also improved. It was noted that local residents are now competing with seasonal homebuyers looking for inexpensive alternatives to the high-priced housing units on the mountain. One respondent noted that local residents are having difficulty competing for this housing, and are having financial difficulty paying for the increased tax burden due to appreciation. This could be a significant issue for the Belleayre project, where the proposed resort development is expected to bring more than 56,000 visitors to evaluate the timeshare/vacation club offerings. Some percentage of those visitors are likely to consider acquiring an existing property in the area, and some will consider purchasing land to build a new vacation home or primary residence.
- Along these lines, it was reported that development outside of Snowshoe has generally concentrated within a 5-mile radius of the resort. This development has concentrated on parcels adjacent to Snowshoe that have frontage along one of the primary access roads to the resort. To this end, several real estate professionals have noted that the improvements and expansion to and near Route 66 will open up additional land for further growth at the base of the mountain, particularly new residential development.

Conclusions

As with the Mountain Creek case study, the Snowshoe Mountain case study indicates that high-end four-season resort development promotes additional development in the immediate area. Despite a total population of less than 9,000 people in Pocahontas County, the area around Snowshoe continues to develop additional commercial space and could reportedly support additional square footage if the local ownership interests were inclined to add new development.

This case study confirms that even fairly rural areas will experience spin-off development relating to new resort activity.

Beyond this, the Snowshoe case study reveals that there is a potential for the development focus of the landowner to change. Representatives from Intrawest noted that the 50-year development master plan is more of a suggestion than a fact. These respondents noted that Intrawest's development focus could change as economic and market forces change in the resort industry and in the region. In other words, what initially is proposed may not be the final product. There is a possibility that a project could be larger or smaller than originally planned, it could take longer or shorter than planned to complete and/or components can change.

In addition, the Snowshoe case study reveals that the local resident population can be affected by resort development. The housing price appreciation in Pocahontas County outside the resort boundaries is providing local residents the opportunity to "cash in" by selling their homes, but forcing them to move elsewhere for affordability reasons. The necessary improvements to the highway system providing access to Snowshoe offers further opportunities for new development. While the changes at Snowshoe are too recent to provide tangible findings, local Realtors believe this development is inevitable.

Another consideration brought forth by the Snowshoe case study is utility development. The consolidation of water and wastewater facilities in the Hawthorne Valley of West Virginia will provide landowners who are located along the lines the opportunity to develop higher-intensity uses, including both residential and non-residential developments.

Lessons Learned and Applicability to the Proposed Belleayre Resort

There are several common themes which arise from these two case studies which are considered to be applicable to the evaluation of the potential impacts associated with the proposed Belleayre Resort at Catskill Park, as proposed by Crossroads Ventures, LLC. These include:

- Roadway access has been improved in both case studies during the early stages of the project in order to enhance access to and from the resort. As these other projects demonstrate, improved access may be realized by the addition of turning lanes or more comprehensive roadway improvements as developments gain increased usage over time. Additional paved, impervious surfaces, and the associated stormwater runoff, are key concerns relative to water quality.
- Both communities have seen that new development is, to some extent, tied to the availability of sewer service. In New Jersey, community officials indicate that

development pressure is mounting for those areas served by the sewer, while in West Virginia, nine existing wastewater treatment plants are being replaced with one large regional system. The availability of sufficient wastewater treatment capacity to support not only the proposed resort development, but also the follow-on development, is considered critical to maintaining water quality.

- Some developers not affiliated with the resort are likely to try to capitalize on the tourism associated with the resort development. In the New Jersey case study, the community has expanded their plans to revitalize their commercial core, to include mixed-use development. Other developers are constructing a 178-room hotel off-site, as well as new retail space for additional ski shops, restaurants and other users. In the West Virginia case study, one small strip mall has been constructed and another is planned by the owner/operator of a ski shop.
- It should also be noted that in New Jersey, where there is a limited amount of land available for development, several residential properties have been converted to non-residential uses.
- Both communities showed indications of other developers creating competing housing opportunities to the proposed development. In New Jersey, for example, the Legends Resort is adding 300 additional garden-style homes, while in West Virginia, nearby landowners have subdivided their land to create 150 new home sites. It will be critically important to ensure that water and sewer issues are adequately addressed with any such competing development.
- Both communities also experienced rapid increases in housing and land pricing. This is a double-edged sword for existing year-round residents, who can “cash-in” on the value increases, but who are likely to subsequently have difficulty finding reasonably priced housing in the region. In effect, many “locals” are being priced out of the market. This is less likely to impact water quality, unless existing homes are acquired and demolished in favor of larger, more modern homes, without updating water and sewer connections to current standards.

Information Sources for Mountain Creek

INTERVIEWS

Township of Vernon, New Jersey

Dorrie Fox, Zoning Officer
Julie Kolakowski, Principal Clerk
Tom Pinand, Chief Building Inspector
Don Teolis, Town Manager
Maureen Yelinko, Land Use Administrator

Coldwell/Banker

Alan Bruens, Realtor

Mountain Creek Realty

Pattie Cronin, Realtor

WEBSITES

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Mountain Creek Website – www.mountaincreek.com
Mountain Creek Realty Website – www.mountaincreekrealty.com
Sussex County, NJ Website – www.sussex.nj.us

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Snowshoe Mountain

J.D. Morgan, Director of Business Partnerships

Snowshoe Development, Inc.

Alan Cornelius, Broker

Oak Hall Realty

Oak Hall, Owner/Realtor

Keith Realty

Douglas Keith, Owner/Realtor

Ski Barn

Mike Owen, Owner/Operator

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Greenbrier Valley EDC Website – www.gbdec.com

West Virginia Infrastructure & Jobs Development Council Website – www.wvinfrastructure.com
Snowshoe Mountain Website – www.snowshoemtn.com
Snowshoe Development, Inc. Website – www.snowshoemountainhomes.com

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