



# HICKORY HILLS



## MULTI-SEASON RECREATION MASTER PLAN

JUNE 2, 2014

## ACKNOWLEDGEMENTS

Hickory Hills Multi-Season Recreation Master Plan has been a collaboration of

- The City of Traverse City,
- Garfield Township,
- The Grand Traverse Ski Club, and
- Preserve Hickory.

Together, the municipal entities, non profit organizations, and the greater community have contribute their time, resources, and insight to the project.

A special thank you to the Advisory Team members for the time, energy, and thoughtfulness towards the Hickory Hills Multi-Season Recreation Master Plan. The following persons should be acknowledged for their efforts:

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## CONSULTANT TEAM

- **SE Group** has over 55 years of experience working with ski areas and mountain resorts. SE Group brings broad experience in helping ski areas realize opportunities for sustainable multi-season operations, while maintaining the qualities and character of the area that are important to the community.
- **RRC Associates** is a multi-disciplinary consulting firm providing market research, strategic analysis, and community/land planning services. Principal areas of focus by RRC include the ski and snowboard industry in particular, and the travel, tourism, and recreation industries generally.

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*(bound as separate document)*

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# Introduction

## BACKGROUND

Hickory Hills Recreation/Ski Area has been owned and operated as a ski area and municipal park by the City of Traverse City since 1952 and has a long established legacy within the Traverse City micropolitan area. The park is widely used by the greater community—offering active and passive recreational activities through all four seasons. Hickory Hills is an important community asset that provides affordable recreation opportunities for area youth and residents alike.

## WHY A MASTER PLAN

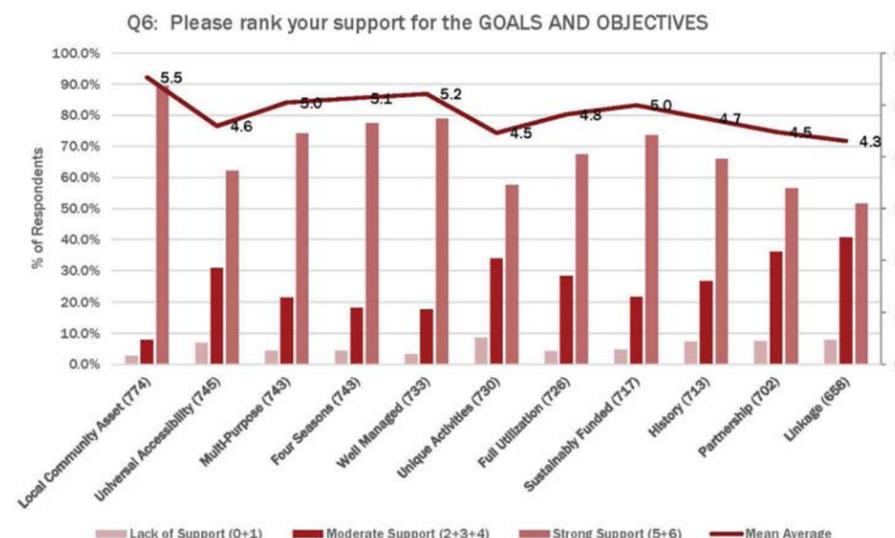
The purpose of the Master Plan is to:

- Assess the ski area operations and recommend capital and operational improvements for the long-term sustainability of the ski area.
- Assess the potential for introducing new summer activities, programs, and/or events that will contribute to the greater recreational community.
- Develop a plan based on community, site, operations, fiscal, and market intelligence.
- Provide direction for considerations of new partnerships for funding, operations, enhanced programming, and capital improvements.

## GOALS AND OBJECTIVES

The following goals and objectives were developed by the Advisory Team to help guide the Master Plan development.

- **Local Community Asset:** Hickory will remain a public asset for which the regional community will have a sense of ownership and engagement.
- **Universal Accessibility:** Hickory Hills will be open to all people of any age, ability, and interest.
- **Full Utilization:** The full Hickory property should be utilized for recreational activities.
- **Multi-Purpose:** There are numerous active and passive, all-season recreational activities that would be ideal for Hickory, in addition to the current predominant winter uses of downhill skiing, snowboarding and cross country skiing.
- **Four Seasons:** Hickory will be a year-round recreational facility.
- **Unique Activities:** Hickory will provide unique recreational opportunities that may not be otherwise readily available in the area.
- **Linkage:** To optimize connectivity and create a true regional asset, Hickory Hills will be linked physically to and effectively managed in conjunction with current and potential future adjacent recreational property, facilities, and trails.
- **Well Managed:** Hickory will be well managed utilizing best practices.
- **Sustainably Funded:** A long-term, sustainable funding mechanism will be in place to ensure continued operation of Hickory.
- **Partnership:** Community members and governmental entities will bring unique assets, experiences and capabilities to a partnership for the long-term stability and sustainability of Hickory.
- **History:** The history of Hickory Hills will be recognized and valued, and play an important role in determining the future development and activities, including the continuation of downhill skiing and snowboarding.



OVERALL, THE COMMUNITY STRONGLY SUPPORTS THE GOALS AND OBJECTIVES IDENTIFIED BY THE ADVISORY TEAM.

## CONTEXT

Hickory Hills is located in the northwest corner of Garfield Township but is owned by the City of Traverse City. The park is located approximately 2 miles west of downtown Traverse City and is accessed via Randolph Street.

- Hickory Hills is 1 of 33 parks and recreational properties managed by the City of Traverse City, Parks and Recreation Department.
- Hickory Hills primarily serves residents from the City, Garfield Township, and Grand Traverse County.
- Hickory Meadows, a 110-acre conserved parcel owned by the Joint Recreation Authority, lies east and adjacent to Hickory Hills.
- The parcel falls within the A1 (Agricultural) Zone of the Garfield Township regulations. As the Township considers zoning adjustments, the municipalities should work together to ensure uses and definitions afford opportunities within the community fabric.
- There is one access point into the park from Randolph Street where residents can also access Hickory Meadows.



Local Park Map. Prepared by Garfield Township Planning Dept. Jan 2012.

## THE PARK

The existing ski area and park evolved based on property acquisition by the City over a period of 25 years (from 1951–1975). The park is approximately 123 acres and offers a large natural/open space for community use.

- Site topography offers many “rooms” and differing experiences throughout the park. The topography offers development challenges due to the varied terrain and steep slopes.
- The top of Swede trail offers great views of Grand Traverse Bay and downtown Traverse City (refer to Image A).
- The existing parking area and drop off create challenges to both winter and summer users. In winter, the dead end drop off creates circulation challenges for parents and visitors alike. In summer, the closed gate limits access resulting in on street parking along Randolph Street.
- Existing walk/hike/bike trail network offers summer and winter time recreational opportunities but could be improved, expanded, and connected to the larger regional network.
- The award-winning disc golf course enjoys a strong following for three seasons (spring, summer, and fall) and is a primary park use during the non-winter months.



A. Views from Top of Swede towards downtown Traverse City



B. Park entrance and gate location



C. Disc Golf Course sign



## THE LEGACY

The legacy and history of Hickory Hills is well documented in “Light The Night, A History of Hickory Hills” by Molly Tompkins and Ryan Ness. The publication outlines the evolution of the ski area and qualities that have led to its strong community support.

- **How did Hickory Hills start?** The concept was inspired by Howelsen Hill in Steamboat, Colorado which has operated since 1915. The City of Traverse City opened Ci-Bo Hill, representing a partnership between the City and Board of Education. Ci-Bo was the first ski area in Michigan to offer night skiing. Hickory Hills opened in 1952, replacing Ci-Bo after running for two successful seasons.
- **Ski Schools and Racing.** Starting the first year, (1950), *The Record Eagle* sponsored a ski school program to teach kids how to ski. The legacy of affordable skiing for youth continued for over six decades through the support of many community organizations including: *The Record Eagle*, the Kiwanis club, the Milliken Department Store, and the Grand Traverse Ski Club. Notable ski instructor and racer, Stein Eriksen (from Boyne Mountain) helped form the racing legacy and ski school development.
- **A Community Asset.** Hickory Hills quickly grew into a community ski hill and park. It is seen as small, safe, accessible (proximity to city), and affordable.
- **Partnerships and Volunteers.** A history of partnerships, community resources, and endless volunteers started Hickory Hills and have helped keep it running ever since.

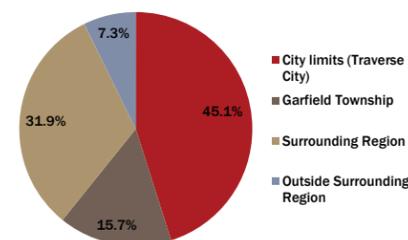


## COMMUNITY SUPPORT – THE RESULTS OF SURVEY #1

The community was polled early in the process of the Master Plan to understand users of the park, general support for Hickory Hills, and ideas for improvements (*complete survey results can be found in Appendix A*). The 1,023 responses highlighted that members of the community:

- Are interested in both active and passive recreation-based activities at Hickory Hills;
- Have a strong connection to the legacy of Hickory Hills as a community asset;
- Recognize the natural setting/beauty of Hickory Hills and support enhancement of the facility and recreation offerings;
- Feel very strongly that Hickory Hills maintain its natural character and not become a high-energy, amusement-oriented destination;
- Strongly support continued municipal funding for the park to keep the facility affordable for public use;
- Believe additional funding sources should be pursued to support park operations; and
- Would like a broader diversity in winter and summer offerings (facilities, programs, and events).

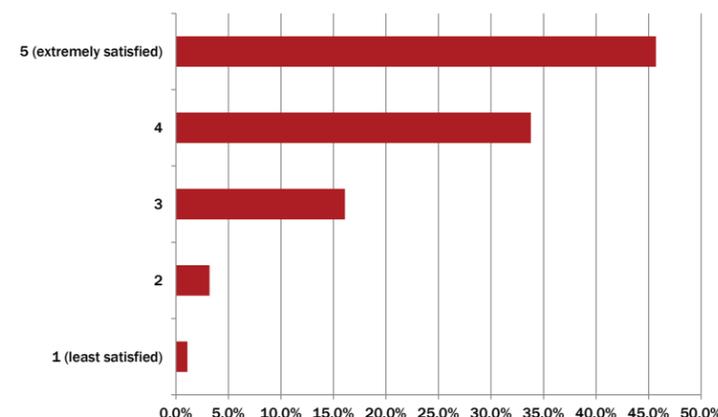
7. Place of residence:



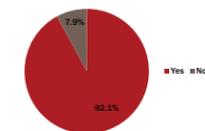
8. What activities do you participate in?



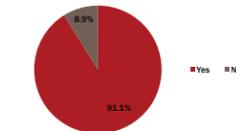
12. Generally, how well is Hickory Hills serving the Greater Traverse City community? (scale of 1 to 5, with 5 representing extremely satisfied)



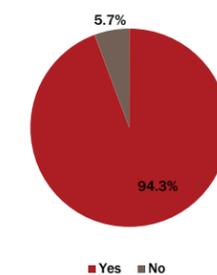
15. Do you support the concept of enhanced winter recreation activities, events, and/or programs being operated at Hickory Hills?



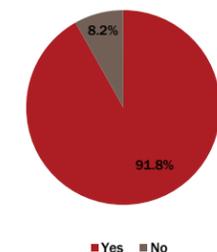
16. Do you support the concept of enhanced summer recreation activities, events, and/or programs being operated at Hickory Hills?



20. There exists a current gap in funding for the cost of winter recreation at Hickory Hills--historically it has been funded by the City of Traverse City as a park operation. Do you agree with the continuation of the City's financial support of Hickory Hills?



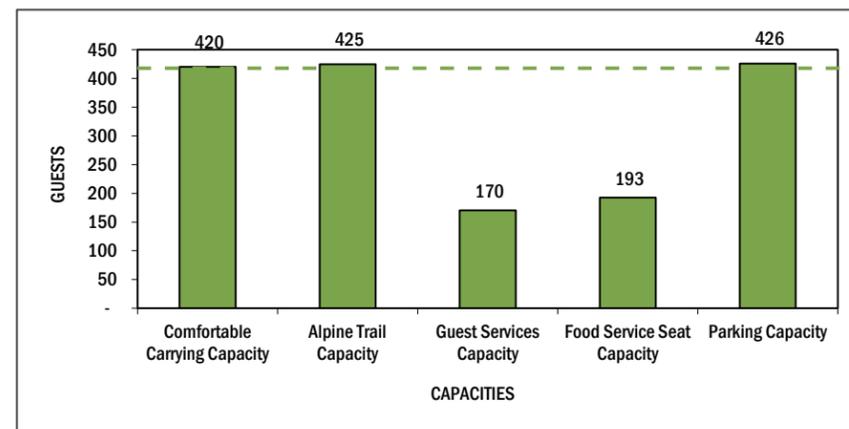
21. Do you believe additional funding sources should be pursued to support park operations? If so, please provide your suggestions.



## COMFORTABLE CARRYING CAPACITY

Comfortable Carrying Capacity (CCC) is a planning tool used to determine the optimum level of daily utilization for a ski area—one that facilitates a pleasant recreational experience. This is a planning figure only and does not represent a regulatory cap on visitation. CCC is used to ensure that capacities are balanced across facilities, and are sufficient to meet anticipated demand. CCC is based on a comparison of uphill vertical lift supply to downhill vertical skiing demand.

The CCC for Hickory Hills is calculated at 420 skiers/riders. Based on the related facility capacities, there is a strong imbalance related to Guest Services and Food Service. Parking is adequate given the percentage of drop off occurrences and comments from management. *Refer to Appendix B for Existing Ski Area Specifications.*



Hickory Hills CCC; Source: SE Group

## LIFTS

Hickory Hills currently operates five rope tows and would be best served by remaining with the operation of surface lifts only (tows, platters, conveyors, etc). While the idea of an aerial lift may be appealing, the operational and maintenance complexities and costs far outweigh the benefit. As an example, aerial lifts require significant increases in equipment, personnel, and training to address evacuations in the event of a lift failure. Surface lifts are far easier and less expensive to operate.

## GUEST SERVICES AND SEATING

The existing lodge offers 2,310 square feet of guest service space. Even without providing rentals, ski school, retail, and employee space, **the amount of existing guest service space is low by ski industry standards.** Recommended guest service space ranges from 5,700 to 7,190 square feet. *Refer to Appendix B for space use recommendations.*

- The existing lodge is a cherished building by the community and has served Hickory well over the years. The building is in need of code upgrades and repairs which would likely result in a significant renovation project. A building assessment would be valuable for the community to evaluate the best approach for upgrades and/or renovation.
- There is a shortage of seating at Hickory Hills. The existing lodge offers 55 seats. Even if one assumes a fairly high turnover of 3.5 turns, that will only provide 193 people a place to eat lunch. The amount of seating also limits summer time use and opportunities for rental of the building for events.
- The food service is operated by a third party concession. Past agreements limit intelligence on success and revenue. Community comments and input from the Advisory Team suggest improvements to the food service offerings are needed (kids order pizzas and have them delivered from a local shop). Food Service is a great opportunity to capture additional winter revenue and four season use.
- The ski area does not offer rentals. This is a limitation in attracting new/beginner skiers and/or working with school districts to offer lesson programs to youth.
- An improved retail counter adjacent to the ticket desk to sell and support Hickory Hills logo wear is a missed opportunity. Brand and identity are essential to Hickory's future (see comments on ski area operations).



## SKI & RIDE TERRAIN

Although the amount of terrain is balanced within the CCC metric, it is obvious from community comments and dialogue with the Advisory Team that there is a need for more terrain and most importantly, terrain variety. A factor that contributes to this need is current use by the racing programs, both high school and the ski club.

A YOUTH/TEEN FOCUS GROUP WAS HELD TO GATHER ADDITIONAL INPUT. SEE THE RESULTS IN APPENDIX C.

- Opening more terrain would provide for greater recreational ski use and offerings. Terrain variety could attract a wider demographic (both youth and young adult) and increase utilization at Hickory Hills. Terrain variety includes recreational terrain, glades, moguls, terrain parks, and terrain features.
- An improved and expanded terrain park is needed. This could provide opportunity for more interest in the area from the youth demographic and increase utilization of the ski area.
- The learning terrain is relatively far from the lodge and access to the existing beginner area requires walking through skiers coming off Buck and Birch trail. The learning terrain offers a rope tow, which is a challenging lift for first-timers. These factors limit the ability to attract and serve the first-time visitor.
- Improved progression of terrain would help with teaching. The Bunny slope is good for first-timers—good grades, width, and length. The next step up from Bunny is Jack's trail (off Birch). At 14% average grade, that is a good next step. However, the run is too narrow and has uneven grade. Improvements to Jack's trail (widening and regrading) would help to provide the next step of progression. From there, the next step is Swede, which works well with a 21% average grade.

## NORDIC

Hickory Hills offers nordic skiing on approximately 0.75 km of groomed and lighted trails. The trail loop is located in the open meadow west of the lodge. Other nordic trails exist but are not currently maintained or lighted and would require improvement to meet acceptable standards for recreational/race use.

- The ski area does not offer nordic ski rentals. Having an adequate supply would afford interested residents to try the sport and/or allow for programs.
- There is opportunity to expand the nordic trail network on Hickory Hills property and potential to link into Hickory Meadow. Together, these properties afford an excellent nordic venue.
- Currently, nordic use provides minimal revenue to the operations. However, with trail improvements and available rentals, there is opportunity to increase revenue from season/trail passes, food and beverage sales at the Lodge, and Nordic race events.



A. Looking towards Pete and Buck trails



B. Terrain Park on Swede



C. Nordic Field



## MARKETING + BRAND

Marketing and Brand is an important aspect to any successful business and/or operation. You have to understand your market and get the word out! Make the messaging clear and communicate what Hickory Hills is and what services are offered.

There is much room for improvement with respect to the Hickory Hills marketing and brand.

- While Hickory Hills has strong brand recognition amongst loyal followers, there is NO public brand identity. There is a need for a logo and a tag line.
- Communicate a shared VISION amongst the partners (City of Traverse City, Grand Traverse Ski Club, Preserve Hickory). Define what Hickory is and what services are offered. Send a consistent message.
- Develop a UNIFIED media presence (print, web, social media, tv, and radio). Understand who the target audience is and focus efforts towards them.
- Develop one web site that communicates all information. Inconsistent information about Hickory can currently be found on four different websites. Get on the map with Ski Michigan
- Make messaging fun and attractive to the target audience. For example, the GTSC uses the term “clinics” for Learn to Ski programs. This sounds like a medical term and is not attractive to parents or kids.



## SKI AREA BENCHMARK ANALYSIS

A Ski Area Benchmark Analysis was performed evaluating Hickory against the smallest ski areas in the Midwest region. Hickory Hills is smaller than those operations and should not be expected to perform similarly to other Midwest resorts. Nonetheless, the benchmark analysis does provides a financial performance “report card” and insight towards additional revenue opportunities.

Indicator/Metric	2012-2013 Season		
	Hickory Hills Mountain 2012/13	NSAA Economic Analysis 12/13 Data (Mid-West 0 to 3.0m VTF/H)	Comparison
<b>Number of Areas in Category</b>	1	8	
<b>Ski Area Characteristics</b>			
Season Length (days)	73	85	86%
Skiable Terrain (acres)	12	135	9%
Annual Skier Visits	13,186	67,898	19%
VTF/Hr (000)	900	2,310	39%
<b>Ski Area Economic Characteristics</b>			
Adult Weekend Ticket Price	\$19.00	\$42.00	45%
Adult Season Pass Price	\$170.00	\$301	56%
Child Season Pass Price	\$150.00	\$252	60%
<b>Summary Financial Data</b>			
Profit (Loss) Before Tax	(\$78,816)	\$598,000	-13%
Operating Profit Margin	-80%	27.0%	
Profit (Loss) / Skier Visit	(\$5.98)	\$19.78	-30%
<b>Revenue Sources &amp; Analysis</b>			
Ticket Sales (including Season Passes)	\$90,764	\$1,628,000	6%
Lessons	\$2,876	\$137,000	2%
Food & Beverage	\$1,144	\$522,000	0%
Rentals	\$0	\$558,000	0%
Retail	\$3,195	\$88,000	4%
Tubing/Snowplay	\$0	\$305,000	0%
Misc. Operating Rev	\$0	\$38,000	0%
<b>Total Revenue</b>	<b>\$97,979</b>	<b>\$3,276,000</b>	<b>3%</b>
Total Rev / Skier Visit	\$7.43	\$49.49	15%
Ticket Rev / Skier Visit	\$6.88	\$23.97	29%
Ticket Yield	36.2%	57.1%	63%
Lesson Rev / Skier Visit	\$0.22	\$2.02	11%
Food & Beverage / Skier Visit	\$0.09	\$7.68	1%
Rentals / Skier Visit	\$0.00	\$8.22	0%
Retail / Skier Visit	\$0.24	\$1.29	19%
Tubing/Snowplay/Skier Visit	\$0.00	\$4.49	0%
Misc. Operating Rev/Skier Visit	\$0.00	\$0.69	0%
Ticket Rev / Total Rev	92.6%	49.7%	
Lesson Rev / Total Rev	2.9%	4.2%	
Food & Beverage Rev / Total Rev	1.2%	15.9%	
Rental Rev / Total Rev	0.0%	17.0%	
Retail Rev / Total Rev	3.3%	2.7%	
Tubing Rev / Total Rev	0.0%	9.3%	
Misc. Operating Rev / Total Rev	0.0%	1.2%	
<b>Expenses &amp; Analysis</b>			
Cost of Goods Sold	\$1,315	\$231,000	1%
Direct labor	\$63,158	\$796,000	8%
Other Operating Expenses	\$112,322	\$990,000	11%
<b>Total Operating Expenses</b>	<b>\$176,795</b>	<b>\$2,017,000</b>	<b>9%</b>
Total Expenses / Skier Visit	\$13.41	\$29.71	45%
Cost of Goods Sold / Skier Visit	\$0.10	\$3.40	3%
Other Op Expenses / Skier Visit	\$8.52	\$16.78	51%
Direct labor / Skier Visit	\$4.79	\$11.73	41%
Cost of Goods Sold / Total Expenses	0.7%	11.5%	
Direct labor / Total Expenses	35.7%	39.5%	

Source: Hickory Hills Management, NSAA

## SNOWMAKING AND GROOMING

Current snowmaking and grooming operations are lean and mean, yet offer an acceptable guest experience. However, expanded snowmaking capabilities would allow the ski area to open faster (and perhaps earlier), cover terrain expansions, and develop more terrain park features/areas.

The existing groomer has reached its life expectancy and will need to be replaced in the near future. A new groomer should offer terrain feature building capabilities.



Total revenue per skier visit is \$7.43 which represents 15% of the comps.

Food/Beverage, Lessons, Lockers, and Rentals are typically a significant revenue source for most ski area facilities. There are opportunities to capture this revenue.

Retail is not generally as lucrative as the sources above, but can provide a notable amount of revenue and often provides a higher level of convenience to the guest.

With an average season length of just 78 days, the obvious opportunity to significantly improve financial performance is to utilize the facility during the summer and, if possible, shoulder seasons.

Operating expenses are well managed at 9 to 12% of the comps. Direct labor is well managed at 8% of the comps.

## OBSERVATIONS AND OPPORTUNITIES

A market assessment was undertaken to define local and regional market demographic profiles and visitation patterns, and to identify the existing amenities and attractions in the area. This information reveals a number of observations related to the potential opportunities for additional recreation at Hickory Hills. *The full Market Assessment report can be found in Appendix D.*



A SWOT ANALYSIS (STRENGTHS, WEAKNESSES, OPPORTUNITIES, AND THREATS) CAN BE FOUND IN APPENDIX E.

## Population and Demographics

- Residents of Grand Traverse County represent the primary market for users of Hickory Hills. Projections indicate that the population of Grand Traverse County is anticipated to grow to 99,600 by the year 2020; a 14% increase from 2010-2012 population numbers. Residents of Grand Traverse County have a median household income of \$50,629.

*This suggests availability of time for leisure and recreation, as well as the means for local households to afford participation in some level of leisure and recreational activities.*

## Potential to Capture Visitors

- Summer in Northwest Michigan sees a significant influx of visitors from other parts of the state, as well as from out of state. In 2012, 3.3 million visitor trips were made to Traverse City; 1.3 million visitor parties came to Traverse City area specifically.

*Hickory Hills has the opportunity to capture some of these visitors from outside the region.*

## Visitor Activities and Reasons for Visit

- Top visitor activities in the Traverse City area are shopping, entertainment, dining, and sightseeing—suggesting a leisure-based visitor. Additionally, the primary reasons for visiting the Traverse City area were wineries, Sleeping Bear Dunes, visiting friends and relatives, outdoor recreation and sports, beach activities, and festivals and events.
- The Traverse City region has numerous scenic drives throughout the area, including wine tours, fall color driving tours, and motorcycle tours.

*While Hickory Hills has the opportunity to capture some of these visitors from outside the region, Hickory Hills is not currently part of the primary draw or primary set of activities for visitors.*

## The Competitive Marketplace

- Significant competition exists for Hickory Hills, both in the winter (nearby Mt. Holiday and Timberlee Hills, as well as Crystal Mountain and Boyne Mountain) and the summer (Sleeping Bear Dunes, water-based activities, the downtown waterfront, and a new zip line at Mt. Holiday).

*Future activities and programming at Hickory Hills must consider the competitive landscape, and complement rather than compete with other venues.*

## Complementary Parks and Recreation Use

- Grand Traverse County, Garfield Township, and the City of Traverse City offer a wide range of recreational activities and parkland types. However, it is apparent that current efforts to survey and better understand the needs and wants of the regional community are a critical next step to understand facilities, activities, programs, and events that serve the greater community.
- The City and Township have traditionally provided facilities, but not programming, for recreation. Whether or not this continues to be the case at Hickory Hills, the planning group needs to consider the types of programming that would be the best fit at the park.

*Opportunities might be available for Hickory Hills to fill a niche for summer activities and programming that is not currently being filled by other Parks and Recreation facilities.*

*The GT Regional Parks and Recreation Network suggested a regional solution to Hickory Hills as part of the GT County Recreation Master Plan*

## IDENTIFYING OPPORTUNITIES

A master list of opportunities was developed from Community Survey #1 comments and the analysis of the site, ski area, and market.

The opportunities offer suggestions for site and facility improvements, activities, programs, and events for both winter and summer (summer includes spring, summer, and fall) at Hickory Hills.

An important part of the master plan process was consultation with all of Hickory Hills partner groups and the community regarding the long-term recreation and infrastructure plans. The master list of opportunities was presented to the community at a Public Open House and used as the framework for Community Survey #2.

## PUBLIC OPEN HOUSE

A Public Open House was held on February 20, 2013 at the Government Center in Traverse City. There were over 125 attendees. The purpose of the meeting was to:

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

Presentation boards were arranged around the room for an Open House format. A presentation was then given summarizing the process, purpose, and suggested opportunities. This was followed by a community discussion about Hickory Hills. Participants were invited to complete the online survey and rank their support for the various improvements, activities, programs, and events.

### NOTES FROM HICKORY HILLS MASTER PLAN PUBLIC INPUT SESSION

- Remember the place is for the kids
- Enjoy, respect and preserve the historical feeling
- Improve the lifts, including poma lifts
- Expand cross country skiing
- Discussion about additional access; however the cul de sac gives a safe feeling
- Keep affordable
- Create a tubing and/or sledding hill
- Disk golf lanes have created good wide cross country ski trails; need more wide XC trails.
- Look at Hickory in the context of other parks; some proposed facilities may be more appropriate at other locations.
- Don't make decisions that are driven by money.
- Concern about over development
- Need traffic calming measures on Randolph
- Alternative access points to property.
- New lodge – look to community business donations of materials and labor.
- How do we pay for the improvements and operations?
- How do we not screw it up?
- Increase promotion for winter recreation, alpine skiing.
- Improve hiking and snowshoeing experience
- Develop glade skiing
- Linkage with TCAPS for after school programs and physical education
- Lack of rental skis is a problem
- Preserve natural features
- Ask the kids
- Change the age cohort stratification for the survey
- Create mountain bike trails and linkages with nearby recreation properties
- No parks break even or even generate revenue – why does Hickory have to?
- Don't wreck it.
- Expansion needs to meet objectives
- Economic impact study
- Expand terrain park features
- Dedicated person to market Hickory and provide leadership.



## WHAT DOES THE COMMUNITY THINK?

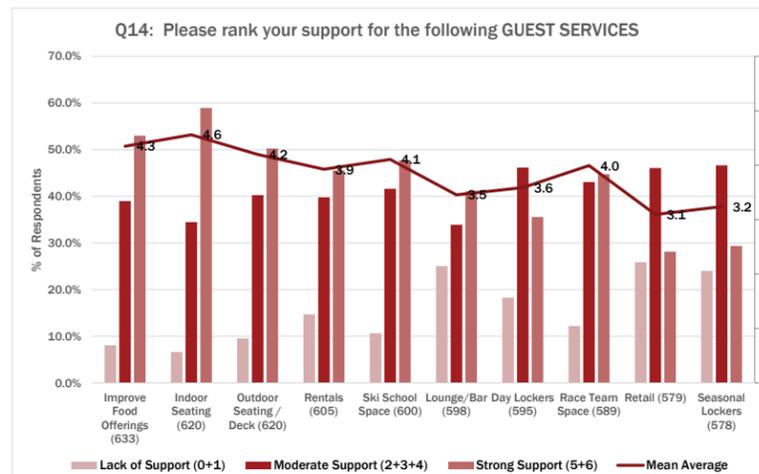
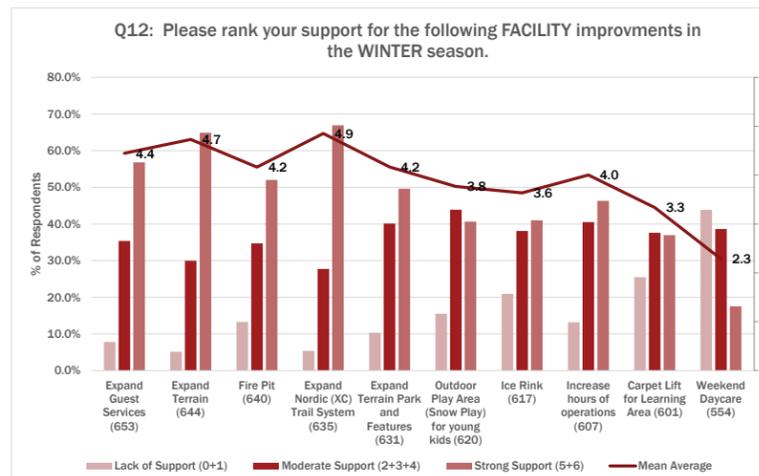
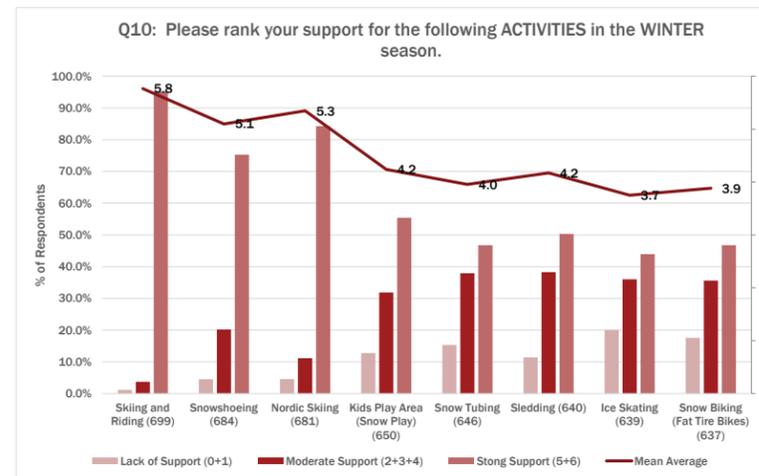
The Master Plan survey included questions related to both the improvement of the winter operation and the potential for adding summer activities. Participants were asked to rank their support for both winter and summer improvements, activities, programs and events that fit with their vision for the future of Hickory Hills. Write-in comments were also encouraged.

The survey provided a vehicle for capturing input from all community members, not just those who were able to attend the open house. Available on several websites, the survey was also advertised in the local paper, radio, and through flyers distributed by the Grand Traverse Ski Club.

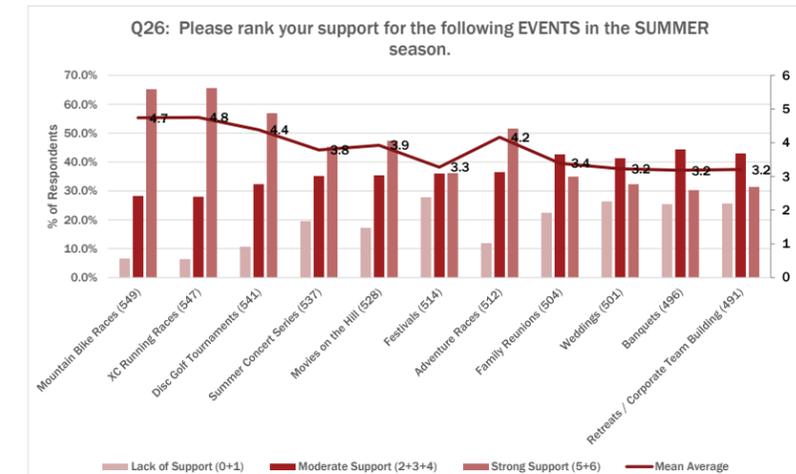
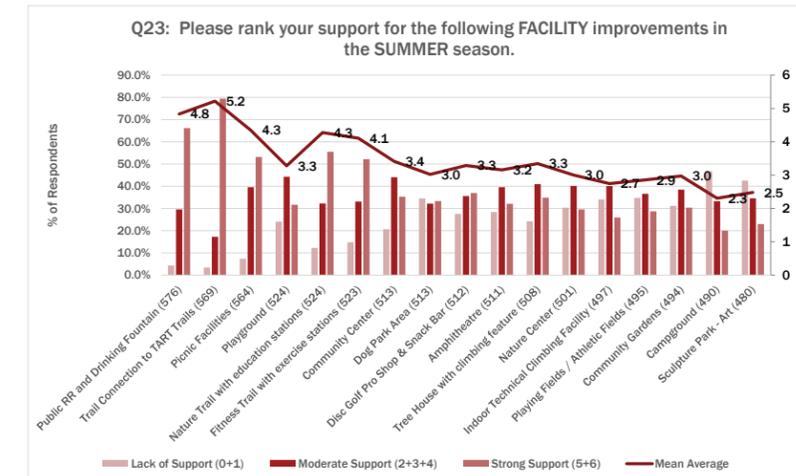
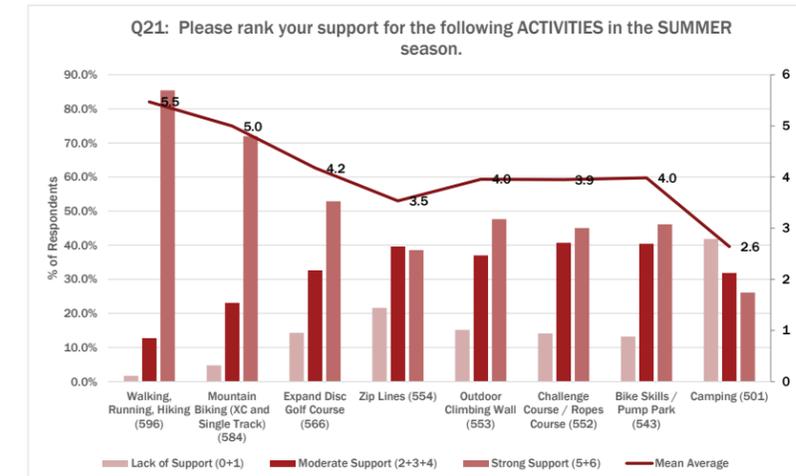
Over 900 individuals took part in all or a portion of the survey, with over 600 completing it in its entirety. Respondents included a mix of community residents: Traverse City (47%), Garfield Township (15.2%), Grand Traverse County (25.5%), and outside the surrounding region (12.3%).

The survey results have been utilized to gauge the level of community support for the proposed components of the master plan. The adjacent charts highlight some of the findings. A complete summary of the survey results may be found in Appendix F.

## WINTER RESULTS



## SUMMER RESULTS



## INTRODUCTION

The Master Plan concepts are derived from an in-depth understanding of the site conditions and facilities, operations (including financials), market conditions, and community input. Combined, this research and analysis has identified what is possible in the future, what the community supports, and what would work harmoniously with one another to stabilize Hickory Hill's longevity and financial landscape. Key points below summarize the findings:

- Ski area operations are efficient but limit opportunities for growth and revenue.
- Existing summer recreation focuses on walking, hiking, and disc golf. Parking along Randolph Street is a problem.
- Local and regional market demographic profiles and visitation patterns suggest Hickory Hills is not part of the primary draw or primary set of activities for visitors.
- Community interest and support exist for a broader diversity of recreational activities and programming that is not currently being filled by other Parks and Recreation facilities such as adventure and skill based activities and education and camp programs.

## HICKORY HILLS IS FIRST AND FOREMOST A COMMUNITY RESOURCE.

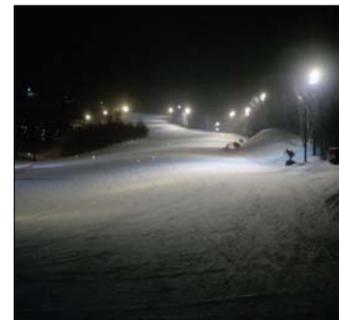
As a community resource, the Hickory Hills Master Plan must be focused on community interests.

### Members of the community:

- Are interested in both active and passive recreation-based activities at Hickory Hills, particularly winter recreation (skiing, riding, and walking trails), disc golf, and trail-based recreation (walking, hiking);
- Have a strong connection to the legacy of Hickory Hills as a community asset;
- Recognize the natural setting/beauty of Hickory Hills and support enhancement of the facility and recreation offerings;
- Feel very strongly that Hickory Hills maintain its natural beauty and not become a high-energy, amusement-oriented destination;
- Strongly support continued municipal funding for the park to keep the facility affordable for public use;
- Believe additional funding sources should be pursued to support park operations; and
- Would like a broader diversity in winter and summer offerings (facilities, programs, and events).

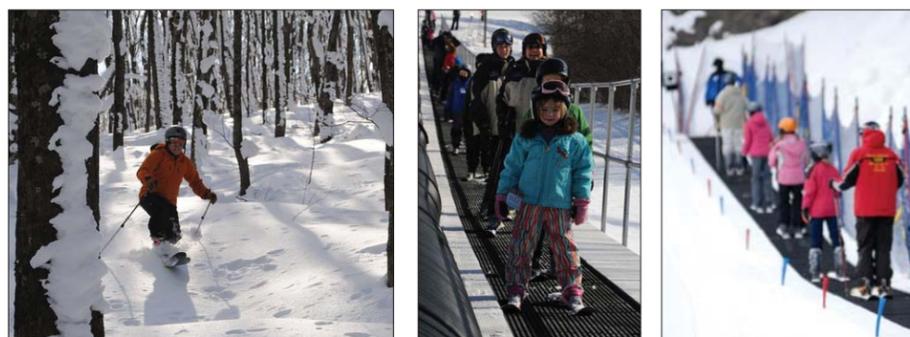
### As such, winter and summer operations will seek to:

- Preserve the natural character of Hickory Hills;
- Maintain and enhance the year-round community use of the facility and recreational offerings;
- Balance any potential tourism use with community vision and the need to provide additional revenue for continued financial viability of the operation; and
- Fit within the larger framework of community recreation facilities, providing unique programs and activities for area residents.





Terrain Park Features



Glade Skiing

Learning Carpets



Nordic Skiing



Snowplay Area



Fat Bike Festivals



Sledding & Tubing



The recommended opportunities for winter respond to the existing operational needs and opportunities. These opportunities include a number of improvements, activities, programs, and events at Hickory Hills. The components build upon the existing facilities, capture the interest and support of the community, and provide opportunity for increased utilization and revenue.

## SITE AND FACILITY IMPROVEMENTS

- Improve Drop Off and Parking Area
  - » Drop Off Area (circulation and lighting)
  - » Improve Accessibility
  - » Entry at Randolph Street
  - » Gate Location
- Lodge and Guest Services
  - » Seating (indoor and outdoor with fire pit)
  - » Food/Beverage
  - » Rentals (skis, boards, Nordic, snowshoe, snowbikes)
  - » Ski School
  - » Lockers
  - » Retail
- Terrain Expansion
  - » Accessible Learning Terrain
  - » Terrain Parks/Freestyle
  - » Ski and Ride Terrain (Recreational)
  - » Glades
- New Lift
  - » Learning Carpet
- Nordic Terrain
  - » Expand Trail System
  - » Link to Hickory Meadows
  - » Groom for skate skiing
- Kids Play Space
- Improve Wayfinding
  - » Facility Signage
  - » Trail Signage for snowshoe and Nordic

## ACTIVITIES

- Skiing and Riding
- Nordic Skiing
- Sledding or Snow Tubing
- Snow Biking (Fat Tire Bikes)
- Snowshoeing

## PROGRAMS

- Learn to Ski/Ride Programs for all age groups
- Explore potential for programs that emphasize learning and development vs. competition
- Expand partnerships with School Districts and Youth Programs

## EVENTS

- Alpine Racing
- Winter Rail / Terrain Competition
- Nordic Races
- Snow Biking
- Après ski entertainment

## WINTER CONCEPT A

Concept A builds upon the existing ski area facilities and offers expansion opportunities that could be implemented in incremental steps. The facility improvements and recreational activities harness opportunities to attract residents and visitors and respond to the desires of the community. The end result would allow Hickory Hills to gradually work towards financial stability by improving the guest experience and increasing the per-ticket yield. Key elements include:

A. The Drop Off provides a turn-around with parallel parking for 12 to 15 cars and ADA parking. Walkways, seating, lighting, and landscaping improve the existing drop off area. This improvement would require significant site work and would not change the challenge of driving through the parking area to drop off.

B. The Lodge and Guest Services build upon the existing facilities and offer improvements to sequence, space needs, and functionality. The new facilities are modest in size (marking the low end of the space use requirements) and offer the ability for incremental improvements.

Although Concept A proposes to reuse the existing lodge location, it is assumed the existing building would be completely reconstructed as two-story lodge - with the intent to salvage some of the architectural elements, such as the fire place.

C. Terrain Expansion for skiers/riders including terrain park and features, learning terrain, recreational terrain, and glades. The terrain expansion is modest and allows for phased implementation.

D. New surface lifts are required to access the additional terrain. A carpet is recommended for the new learning area and a rope tow for the expanded terrain southwest of Buck. Additional personnel to operate the new lifts would be required, although discussion is ongoing as to techniques for dual monitoring of rope tows via video.

With the modest expansion of surface lifts and trails, the

overall capacity of the ski area would modestly increase allowing for potential visitation increase.

E. Snow Tubing with Warming Hut (seating, small food service, and restrooms). As an alternative to snow tubing, a small community sledding hill is located near the park entry. This area would have a pavilion area and be great for families who want to enjoy Hickory but do not ski/ride.

A sledding hill may be an activity to implement prior to snow tubing to better measure the communities interest in coming to hickory for a winter activity other than skiing/riding without expending the capital necessary for snow tubing.

F. The Nordic Trail network includes approximately 3.4 km of new trails for a total trail network length of 4.0 km. Integrating nordic trails with existing ski terrain during race events would comfortably accommodate a 5 km course.

G. Snowshoe trails could be expanded beyond the existing trail network today offering the entire Hickory Hills property for exploration.

At this point, the trail layout for Snowshoe and Nordic is conceptual. As design refinement continues, trail layouts should consider other networks/uses (walk, run, bike, disc golf) to avoid user conflicts.

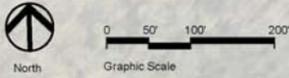
H. The park entry presents new signage and a modest parking area for visitors not interested in downhill skiing/riding.

I. The existing parking area remains in its general location with minor improvements including a few island dividers, signage, and designating a clear pedestrian route to the drop off.

*Note:* Locations and alignments of activities shown on the plan are conceptual with the goal of providing feasibility and establishing parameters for pricing. Further design refinement/development will be required for each individual improvement.

HICKORY HILLS SKI PARK  
& RECREATION AREA

CONCEPT A - WINTER PLAN



## WINTER CONCEPT B

Concept B takes a fresh look at the park and establishes a new center or “heart” for Hickory Hills. While utilizing the existing facilities, Concept B expands terrain, improves circulation, finds efficiency in the operations, and establishes an improved guest experience. Concept B also has the potential to build a stronger connection with Hickory Meadow due to the location of the facilities.

The facility improvements and recreational offerings take advantage of the site’s unique terrain, harness opportunities to attract residents and visitors, and respond to the desires of the community. The end result would allow Hickory Hills to gradually work towards financial stability by improving the guest experience and increasing the per-ticket yield. Key elements include:

- A. The Drop Off and Parking provide an intuitive arrival for the visitor. An entry road leads to a drop off and offers parking at a convenience. Walkways, seating, lighting, and landscaping present an arrival that allows families to find one another and new guests to feel welcome and comfortable.
- B. The New Lodge would house all guest services in one building including additional seating for tubing guests. The Lodge would be two-story and have views up the valley towards the learning terrain, terrain parks, and race terrain. The new lodge provides adequate space for all guests (marking the high end of the space use requirements) and includes a large outdoor deck to enjoy the afternoon sun.  
  
A benefit of Concept B is the existing lodge can remain in place; providing historical architectural nostalgia and serve as storage and/or warming hut.
- C. Terrain Expansion and Circulation for skiers/riders including terrain park and features, learning terrain, recreational terrain, and glades. Concept B offers the best of Hickory’s terrain and captures the circular circulation that will make Hickory feel big.

- D. New surface lifts provide improved circulation and offer a new lift option—a platter tow. The platter tow takes guests out of the base area, offers new round trip ski/ride opportunities, and meets the requests of the community. A handle tow is recommended for the new learning area. No additional personnel are needed as the lift operations remain constant (no net increase in surface lifts).

With the surface lifts and terrain expansion, the overall capacity of the ski area would modestly increase allowing for potential visitation increase.

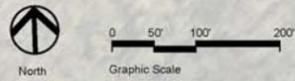
- E. Snow Tubing (warming hut would be shared use with the new lodge, increasing food and beverage sales). As an alternative to snow tubing, a small community sledding hill is located near the park entry. This area would have a pavilion area and be great for families who want to enjoy Hickory but do not ski/ride. A sledding hill may be an activity to implement prior to snow tubing to better measure the communities interest in coming to hickory for a winter activity other than skiing/riding without expending the capital necessary for snow tubing.
- F. The Nordic Trail network includes approximately 3.4 km of new trails for a total trail network length of 4.0 km. Integrating nordic trails with existing ski terrain during race events would comfortably accommodate a 5 km course.
- G. Snowshoe trails could be expanded beyond the existing trail network today.

At this point, the trail layout for Snowshoe and Nordic is conceptual. As design refinement continues, trail layouts should consider other networks/uses (walk, run, bike, disc golf) to avoid user conflicts.

*Note:* Locations and alignments of activities shown on the plan are conceptual with the goal of providing feasibility and establishing parameters for pricing. Further design refinement/development will be required for each individual improvement.

HICKORY HILLS SKI PARK & RECREATION AREA

CONCEPT B - WINTER PLAN



- MAINTENANCE 3200 SF
- NEW LODGE, 7,190 SF (2 STORY) ALL GUEST SERVICES
- NEW DROP OFF (15) CARS AND BUS
- NEW PARKING AREA (155) SPACES
- HICKORY MEADOW
- PAVILION
- RELOCATED GATE
- NEW PARKING AREA, (40) SPACES
- RANDOLPH ST
- PRIVATE RESIDENCE
- PRIVATE RESIDENCE



Outdoor Pavilion



Fitness Trail



Nature Trail with educational information



Aerial Challenge Course



Climbing Wall



Biking: Singletrack + XC Trails, Skills Parks, Pump Tracks

The recommended opportunities for Summer include a number of improvements, activities, programs, and events at Hickory Hills. The components build upon the existing facilities, capture the support of the community, and provide opportunity for increased utilization and revenue. Concept A and B - Summer Plan are included to correspond to the respective Winter Plan.

## SITE AND FACILITY IMPROVEMENTS

The proposed site and facility improvements compliment the winter improvements and build upon the existing natural area character of Hickory Hills.

- Picnic Facilities (Pavilion, Tables, BBQ)
- Restrooms + Drinking Fountain
- Fitness or Exercise Trail with stations
- Nature Trail with educational information
- Trail Connections to TART & other local trails
- Wayfinding/Trail Signage

## ACTIVITIES

The proposed activities builds upon what exists at Hickory today and responds to the interests of the community. These activities will increase the utilization of Hickory Hills during the summer months, by both community members and visitors to the area.

- 27 Hole Disc Golf Course (expanding upon the award winning disc golf course; course adjustments necessary to accommodate trails and shared use of the park)
- Aerial Challenge Course (*important to serve all ability levels and have an area specific to youth. Refer to Appendix G for detailed description.*)
- Climbing Wall (*refer to Appendix G for detailed description*)
- Mountain Biking (*important to serve all ability levels*)
  - » XC and Singletrack Trails
  - » Pump Track and Skills Park (*refer to Appendix G for detailed description*)
- Walking, Hiking, and Trail Running

## PROGRAMS

Programming will increase the utilization of the activities and facilities at Hickory Hills, as well as provide an additional revenue stream for the operation. These programs may be utilized by members of the community and visitors to the area.

- Trail Running Series
- Scavenger Hunts/Orienteering for Kids
- Summer Camps for Kids & Outdoor Education Programs

## EVENTS

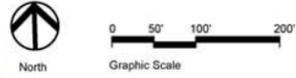
Hickory Hills has the ability to host group events and gatherings that would benefit from the unique activities and opportunities available at the park. Small race events could take advantage of the upgraded and expanded trails system. School field trips, family reunions, weddings, and other group events could take place in the lodge or out on the property. Other local youth groups could be targets for summer group activities that aren't available or less accessible elsewhere. It is important that any event at Hickory respect the neighborhood context and be responsive to concerns related to noise and traffic.

- XC Running Races
- Adventure Races
- Movies on the Hill
- Family Reunions
- Disc Golf Tournaments
- Summer Concert Series
- Weddings
- Banquets

*Note:* Locations and alignments of activities shown on the plan are conceptual with the goal of providing feasibility and establishing parameters for capital expenditures. Further design refinement/development will be required for each individual improvement.

HICKORY HILLS SKI PARK & RECREATION AREA

CONCEPT A - SUMMER PLAN

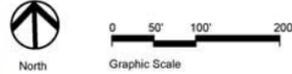


- LEGEND
- EXISTING DISC GOLF
  - PROPOSED/RELOCATED DISC GOLF
  - PRIMARY TRAIL (FITNESS, XC MTN BIKE, RUNNING)
  - SECONDARY TRAIL (SINGLE TRACK, HIKING)



HICKORY HILLS SKI PARK & RECREATION AREA

CONCEPT B - SUMMER PLAN



- LEGEND**
- EXISTING DISC GOLF
  - PROPOSED/RELOCATED DISC GOLF
  - PRIMARY TRAIL (FITNESS, XC MTN BIKE, RUNNING)
  - SECONDARY TRAIL (SINGLE TRACK, HIKING)



## OVERVIEW

The financial analysis was used throughout the duration of the planning process to gauge various opportunities and provide important financial input to the planning evaluation. Upon completion of the planning process, the financial model was further refined to begin assessing the overall potential performance of the planned projects.

Subsequently, the model was used to evaluate two possible planning concepts. It was determined that both Concept A and Concept B should be taken through the evaluation and presented in the final analysis. A final iteration of the financial analysis was created for both concepts to determine the anticipated financial performance of the master plan and proposed projects.

## CAPITAL IMPROVEMENTS

As with all financial analyses and modeling, key inputs to the evaluation are frequently, and necessarily, based upon informed assumptions and the establishment of key parameters. For the preparation of this analysis, SE Group utilized its proprietary industry database to determine each necessary input. Examples of this include: capital costing requirements for planned projects, anticipated operating expenses, evaluation of revenue potential, etc. In the interest of conservatism, all assumptions were carefully evaluated to ensure that the model produced was real, accurate and conservatively biased toward understating anticipated revenue and over estimating operations expenses where possible.

In conjunction with the planning of new infrastructure and amenities, a conceptual estimate of anticipated capital expenditures was prepared for both concepts. This evaluation was derived from well-established costing for recently constructed projects, as well as in conjunction with facility and amenity manufacturers to ensure accuracy. Care was taken to include all anticipated and associated costs such as parking area improvements, wayfinding, and rental equipment.

Hickory Hills Master Plan - Capital Expenditures	
Concept A	
<b>New Facilities &amp; Infrastructure</b>	
Category	Total Cost
<b>Infrastructure</b>	
Upgrade to Existing Lodge	\$1,485,600
Lodge Utilities	\$50,000
Parking Drop-Off Improvements	\$278,239
Maintenance/Storage Building	\$112,000
Snowmaking	\$289,000
Grooming	\$120,000
Ski Terrain Expansion	\$89,715
Ski Terrain Lighting	\$25,299
Lift Expansion	\$120,000
Play Space for Kids	\$7,000
Nordic Trails	\$64,500
Wayfinding	\$10,000
Picnic Area	\$49,610
MTB Trails	\$65,000
Fitness Stations	\$24,000
Nordic/Snowshoe Rentals	\$20,000
Alpine Rental Equipment	\$50,000
<b>Infrastructure Total</b>	<b>\$2,859,963</b>
<b>Activities</b>	
Tubing	\$983,000
Sledding	\$7,000
Climbing Wall	\$80,000
Challenge Course/Ropes Course	\$350,000
<b>Activities Total</b>	<b>\$1,420,000</b>
<b>Total Improvements</b>	<b>\$4,279,963</b>

Hickory Hills Master Plan - Capital Expenditures	
Concept B	
<b>New Facilities &amp; Infrastructure</b>	
Category	Total Cost
<b>Infrastructure</b>	
New Lodge	\$1,857,500
Parking Drop-Off Improvements	\$433,092
Lodge Utilities	\$145,000
Maintenance/Storage Building	\$208,000
Snowmaking	\$327,500
Grooming	\$120,000
Ski Terrain Expansion	\$111,607
Ski Terrain Lighting	\$43,034
Lift Expansion	\$320,000
Play Space for Kids	\$7,000
Nordic Trails	\$64,500
Wayfinding	\$10,000
Picnic Area	\$49,610
MTB Trails	\$65,000
Fitness Stations	\$24,000
Nordic/Snowshoe Rentals	\$20,000
Alpine Rental Equipment	\$50,000
<b>Infrastructure Total</b>	<b>\$3,855,843</b>
<b>Activities</b>	
Tubing/Sledding	\$977,500
Sledding	\$7,000
Climbing Wall	\$80,000
Challenge Course/Ropes Course	\$350,000
<b>Activities Total</b>	<b>\$1,414,500</b>
<b>Total Improvements</b>	<b>\$5,270,343</b>

As detailed in tables above, total anticipated capital expenditures for Concept A and Concept B are approximately \$4.3 million and \$5.3 million, respectively. The key difference between the capital programs is primarily attributable to the construction of a new lodge under Concept B, which includes 1,220 square feet more guest service space than Concept A. Additionally, Concept B provides enhanced skiing and terrain opportunities, which would improve the overall appeal and enjoyment of the facility but demand more capital. Development of the planned tubing facility is essentially the same under both concepts.

While the total anticipated capital expenditures for Concept A and Concept B are approximately \$4.3 million and \$5.3 million, respectively, it should be noted that smaller projects requiring less capital could be phased and implemented to work towards the goals of master plan. The nordic and mountain bike trail systems, general park improvements, snowmaking upgrades, and terrain park expansion are examples of these smaller projects.

## POTENTIAL VISITATION

Potential visitation for the Hickory Hills Master Plan is determined by reconciling the capacities of each proposed activities against the potential “pool” of visitors in the marketplace. Capacity of each activity is calculated by factoring the physical hourly capacities and hours of operation by an expected utilization rate, which adjusts the capacity to reflect the reality that the activities will not always be used at full capacity (except, possibly, during peak periods). As depicted in tables presented here, selected utilization rates were input very conservatively and range from only 10% to no more than 20%. Utilization rates and the physical capacity of the activity are disproportionate—with low utilization anticipated on high throughput activities, and vice versa.

The potential “pool” of visitors is determined by data gained through the market assessment, (refer to Appendix D), industry knowledge of similar municipal/non-profit ski areas, and existing skier visitation at Hickory Hills. The market assessment identified that over 3 million visitor trips were made to Traverse City in 2012. In conjunction, the population of the Traverse City Micropolitan area is approximately 143,000 and is expected to see continued growth. The annual skier visits to Hickory Hills is approximately 12,500 (or 8.7% of TC Micropolitan area). This combined volume is significant, and a small capture rate of less than 1% (i.e., less than 1% of the entire market will come to Hickory Hills once a winter/summer) will support the visitation projections utilized in the Master Plan.

As part of this portion of the analysis, Hickory Hills annual skier visitation was further evaluated. Presently averaging approximately 12,500 skier visits per year, utilization of the facility is approximately 40% of comfortable carrying capacity (hill capacity x operating days). For both concepts, it is assumed that modest improvements to winter skier visitation may be achieved in conjunction with the planned improvements. Concept A has been modeled at 45% or 15,120 visits while Concept B—with improved skiing terrain—has been depicted at 48% or roughly 16,128 visits. These projected utilizations are within ski industry performance standards.

Hickory Hills Master Plan - Potential Visitation

### Concept A

	Activity			Annual Skier Visits
	Challenge Course	Climbing Wall	Tubing	
Capacity at One Time	45	6	250	420
Ave Length of Visit (hours)	1.5	0.25	2	
Ave Hourly Visitation	30	24	125	
Hours of Operation	8	8	6	
Daily Visitation Potential	240	192	750	33,600
Daily Utilization (%)	10%	12%	20%	45%
Adjusted Daily Potential Utilization	24	23	150	
Planned Operating Days	100	100	80	80
Visitation Potential	2,400	2,304	12,000	15,120

Hickory Hills Master Plan - Potential Visitation

### Concept B

	Activity			Annual Skier Visits
	Challenge Course	Climbing Wall	Tubing	
Capacity at One Time	45	6	250	420
Ave Length of Visit (hours)	1.5	0.25	2	
Ave Hourly Visitation	30	24	125	
Hours of Operation	8	8	6	
Daily Visitation Potential	240	192	750	33,600
Daily Utilization (%)	10%	12%	20%	48%
Adjusted Daily Potential Utilization	24	23	150	
Planned Operating Days	100	100	80	80
Visitation Potential	2,400	2,304	12,000	16,128

## REVENUE POTENTIAL

Estimates of projected revenue are the product of anticipated visitation and the expected price of each activity. Amenity pricing was carefully developed accounting for local and regional pricing for similar opportunities as well as based on current pricing at ski areas nationwide. Revenue has been conservatively calculated by assuming activity price points on the low end of available data ranges. The revenue and expense tables presented here detail the anticipated pricing by amenity/activity, as well as the operations and maintenance expenses (detailed in the following section). The product of these inputs yields the expected revenue. Increased annual revenue from the planned activities and improvements would be approximately \$715,000 for Concept A and roughly \$821,500 for Concept B. The key difference in the revenue capabilities of the two concepts lies in Concept B's ability to provide a full food and beverage option to visitors to the tubing operation, while Concept A would have a warming facility with simple pre-packaged food items available.

## OPERATIONS AND MAINTENANCE EXPENSES

To fully assess the performance of the planned augmented operations, an estimate of associated operations and maintenance expenses was prepared. This portion of the analysis includes and accounts for all of the anticipated expenses associated with each of the individual planned activities/amenities. This portion of the analysis was achieved by using typical operations and maintenance expenses which SE Group has developed through the course of the evaluation of similar projects both regionally and nationally. Expenses were calculated and expressed as a percentage of revenue with a range from 20 to 60% depending upon the amenity/activity considered. As an example, food and beverage operations require high levels of labor, as well as include a cost of goods sold component; therefore having a relatively high operating expense (included here at 55 to 60% of revenue). Whereas the simplicity of an amenity such as the planned challenge course has a much lower cost of operation (roughly 20% of revenue). As depicted in the revenue and expense tables above, operations and maintenance expenses (which include labor) are anticipated to be approximately \$325,000 and \$380,000 for Concept A and Concept B, respectively.

Hickory Hills Master Plan - Revenue Potential							
Concept A							
Activity/Revenue Outlet	Annual Visits	Revenue Per Visit	Anticipated Revenue	Typical O&M Expenses % of Rev	Typical O&M Expenses	Anticipated Net Revenue	Net Revenue Margin
Tubing	12,000	\$18.00	\$216,000	45%	\$97,200	\$118,800	55%
Climbing Wall	2,304	\$12.00	\$27,648	45%	\$12,442	\$15,206	55%
Challenge Course/Ropes Course	2,400	\$45.00	\$108,000	20%	\$21,600	\$86,400	80%
Winter F&B - Skiers	15,120	\$4.00	\$60,480	55%	\$33,264	\$27,216	45%
Winter F&B - Tubing Guests	12,000	\$1.50	\$18,000	55%	\$9,900	\$8,100	45%
Winter Rental	15,120	\$3.50	\$52,920	45%	\$23,814	\$29,106	55%
Winter Retail	15,120	\$1.00	\$15,120	60%	\$9,072	\$6,048	40%
Summer F&B Opportunity	3,136	\$4.00	\$12,544	55%	\$6,899	\$5,645	45%
Summer Wedding Opportunity	1,400	\$120.00	\$168,000	60%	\$100,800	\$67,200	40%
Special Events F&B	1,575	\$12.00	\$18,900	55%	\$10,395	\$8,505	45%
Incremental Increase in Nordic Track Fees	30	\$8.00	\$240			\$240	
Incremental Increase in Winter Lift Revenue	2,520	\$6.88	\$17,338			\$17,338	
Subtotal					\$325,386	\$389,804	
Debt Service					\$284,859		
			\$715,190		610,245	\$104,945	
Current Winter Operations Annual Subsidy From CTC						\$100,000	
Net Change in Operating Income						\$4,945	

Hickory Hills Master Plan - Revenue Potential							
Concept B							
Activity/Revenue Outlet	Annual Visits	Revenue Per Visit	Anticipated Revenue	Typical O&M Expenses % of Rev	Typical O&M Expenses	Anticipated Net Revenue	Net Revenue Margin
Tubing	12,000	\$18.00	\$216,000	45%	\$97,200	\$118,800	55%
Climbing Wall	2,304	\$12.00	\$27,648	45%	\$12,442	\$15,206	55%
Challenge Course/Ropes Course	2,400	\$45.00	\$108,000	20%	\$21,600	\$86,400	80%
Winter F&B - Skiers	16,128	\$4.00	\$64,512	55%	\$35,482	\$29,030	45%
Winter F&B - Tubing Guests	12,000	\$4.00	\$48,000	55%	\$26,400	\$21,600	45%
Winter Rental	16,128	\$4.50	\$72,576	45%	\$32,659	\$39,917	55%
Winter Retail	16,128	\$1.00	\$16,128	60%	\$9,677	\$6,451	40%
Summer F&B Opportunity	3,136	\$4.00	\$12,544	55%	\$6,899	\$5,645	45%
Summer Wedding Opportunity	1,750	\$120.00	\$210,000	60%	\$126,000	\$84,000	40%
Special Events F&B	1,800	\$12.00	\$21,600	55%	\$11,880	\$9,720	45%
Incremental Increase in Nordic Track Fees	30	\$8.00	\$240			\$240	\$1
Incremental Increase in Winter Lift Revenue	3,528	\$6.88	\$24,273			\$24,273	
Subtotal					\$380,238	\$441,282	
Debt Service					\$312,853		
			\$821,521		693,092	\$128,429	
Current Winter Operations Annual Subsidy From CTC						\$100,000	
Net Change in Operating Income						\$28,429	

Note 1: The model does not provide for concessioning or the fees (ie: profit sharing) which would be associated with concessioned operations. It is assumed that the owner of the facility would operate the amenities.

Note 2: The Winter F&B revenue per visit does not include alcohol. Alcohol is included in all Summer F&B opportunities.

## NET REVENUE

As additionally depicted in the revenue and expense tables, total net revenue (before debt service) is projected to be approximately \$390,000 for Concept A and roughly \$441,000 for Concept B. These values represent a substantial improvement (and opportunity) in the performance of the facility as a whole. The improved operating income would allow for the service of the majority of the incurred debt, as well as the compensation of the average annual subsidy (+/- \$100,000) being provided to the operation each year by the City of Traverse City.

## SOURCE OF CAPITAL AND DEBT SERVICE

In exploring various origins for the capital necessary to fund the planned improvements, several options were evaluated. For an operating municipality, bonding is a logical opportunity. However, were the full capital requirement (\$4.3 to \$5.3 million) to be bonded, even at attractive terms, the debt service would outpace the improved net operating income. Based on the results of the initial pro forma (which, as described, is an approximation of the anticipated financial performance of the project), the planned improvements would provide a substantially improved net operating income in the future, understanding the initial capital investment must be accommodated to realize these results.

Through discussions with the Hickory Hills Advisory Team, the question was presented: “if not all of the obligation, then what level of debt could the improvements and associated operating income support (including the accommodation of the current annual \$100,000 subsidy from the city) and still provide a break-even for the overall operation moving forward”? By way of the financial model, this question was evaluated and tested.

- Concept A is capable of supporting approximately 74% of the necessary capital (\$3.1 million) while Concept B can support 66% of the capital requirement (\$3.4 million) while still providing an additional \$100,000 annually to cover the present subsidy by the City.
- The inverse of this analysis suggests that if the City and/or community, by various means, were to invest an initial \$1.1 million for Concept A, or \$1.8 million for Concept B, Hickory Hills as an overall enterprise could become self-sustaining and would further benefit from the planned improvements under the either of the concepts.

## RESULTS AND CONCLUSIONS

The primary results of the financial analysis are captured in the preceding section and summarized here:

- *Taking the initial steps to improve and enhance the facility will result in both an enriched user experience and move the enterprise to a self-sustaining financial position.*
- *Both planning concepts have potential to provide substantially improved net operating income allowing the annual subsidy from the City to become unnecessary.*
- *The planned improvements and capital necessary to implement them cannot be fully supported from the operations—even if improved. Initial external capital will be required to initiate either of the programs. This external capital requirement is approximately 26% (\$1.1 million) for Concept A and 44% (\$1.8 million) for Concept B.*
- *During the period that the remaining capital would be served by bonding (assumed to be 15 years) the overall enterprise would operate at essentially a breakeven. Subsequent to the retirement of the bonded debt (year 16) the operation should become cash positive and provide the order of \$350,000 to \$400,000 in annual net operating income.*

## **The following recommendations build upon the process and the content of the Master Plan.**

### Get everyone on the same team

- Unify around a common vision and collaborate as partners towards the common goal.
- Forming a joint operating board between partners may offer opportunities for simple success.
- Harness community energy and volunteer efforts to move Hickory forward.

### Build momentum

- Before major capital is invested, the Hickory team should take some small steps and build momentum and measure results. These small steps include:
  - » Branding,
  - » Marketing/communication with the community,
  - » Fundraising, and
  - » Looking for additional partners.

### Continue Due Dilligence

- The Master Plan is complete but there is more due dilligence work to be done. Specific studies will help access future oportunties:
  - » Boundary Survey (particularly around the entry area)
  - » Building Assessment Report for Lodge (structural, infrastrucutre, and code)
  - » Environmental Resource documentations (wetlands, drainages)
- Continue to watch the regional market for summer activities and be in the mindset of compliment versus compete.

### Assess the Operations

- The City will need to decide if they want to operate Hickory Hills as a business or if they want to operate as a park.
- The operations can remain “affordable” to the public under a business model.

### Take Incremental Opportunities

- The Hickory Hills Master Plan provides an overall vision for the future of this important recreational area. Implementation of the Master Plan will be most effective if smaller projects requiring less capital are phased to work towards the overarching goal of master plan. The Nordic Skiing and Mountain Bike trail system, general park improvements, Snowmaking upgrades, and terrain park expansion are examples of these smaller projects.