

Kendall Mountain Recreation Area Viability Assessment



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Prepared by:



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EXECUTIVE SUMMARY

This section presents a brief overview of some of the findings of the *Kendall Mountain Recreation Area Viability Assessment*. Please see the body of the assessment for more detail on these and other topics.

OBSERVATIONS AND OPPORTUNITIES

- The existing KMRA is very small, with a current capacity of the lift and trail network at KMRA at about 160 guests per day, which correlates well with current low visitation levels. This capacity puts it in the same range of the smallest of any ski facility in the country.
- If KMRA wished to attract destination skiers, the area would have to significantly expand terrain, establish consistent snow conditions (through either snowmaking or higher elevation skiing), market the winter season during the summer and in southwest metropolitan areas, offer non-skiing winter activities, and develop pass partnerships with other local and destination resorts.
- Going forward, there is an opportunity for KMRA to capitalize on existing summer tourism by offering unique summer activities at KMRA that complement the community's current offerings. Additionally, the Town of Silverton's popularity during the summer season, and eventual summer visitation to KMRA, should be leveraged to attract winter visitors to KMRA.
- The following major themes were extracted from public outreach:1.) Respondents primarily value convenience, local feel, and family friendly atmosphere of KMRA; 2.) KMRA serves as a community gathering place through the winter but is underutilized in the summer; 3.) KMRA has tremendous potential but expansion should preserve the character of the ski area.
- Numerous opportunities exist within both the existing operation, plus any possible expansion options further up on the mountain, leading to the finding that there is clearly significant potential to develop expanded skiing infrastructure on Kendall Mountain. Some of the key opportunities were identified as:
 - Excellent ski terrain in the central part of the study area – with a large quantity of terrain suitable for ability levels from Novice up to Advanced;
 - High elevation that will provide desirable snow conditions
 - Increased popularity of Silverton as a ski destination, in a way that is anticipated to benefit both KMRA and Silverton Mountain Ski Area.
- Two concepts depicting the potential ski area configuration in two different land acquisition scenarios are presented in Figures 3 and 4. The Comfortable Carrying Capacity (CCC) of both concepts is about 2,000 skiers. Using standard utilization rates, this would equate to around 100,000 annual skier visits and it is felt that this level of capacity, and size of resort, would be large enough to create a viable resort, but not too large as to be unrealistic in the area.
- Based on the results of financial modeling, KMRA visitation will likely need to be between 71,044 and 116,299 annual visits to break even. KMRA's ability to achieve that visitation level is dependent on the market and the facilities, explored in the Opportunities and Market Assessment of this plan.
- As a next step it is recommended that the Town of Silverton engage in the preparation of a Master Development Plan and Implementation Strategy to further refine the desired conditions for the resort and the proposed improvements within an expanded operational boundary.

A. INTRODUCTION

1. BACKGROUND

The Kendall Mountain Recreation Area (KMRA) is a community ski hill located in Silverton, Colorado. The ski area is partially located on Town of Silverton owned land and partially on Bureau of Land Management (BLM) land that is leased to the Town of Silverton for recreational purposes. The Town operates and financially supports the ski area to offer affordable family fun to the community and visitors. The Town is interested in expanding the ski area with additional Recreation and Public Purpose (R&PP) BLM parcels.

The ski area opened in 1963 and operated on and off until closing in 1982. The Town reopened the ski area in the 1990s, constructing the base lodge in 1999 and installing a double chairlift in 2006.

Off that chairlift, the ski area has several developed ski runs, additional gladed tree runs, and a small terrain park. The lifts run from 11:00 a.m. to 4:00 p.m. Friday through Sunday with all elementary school students in Silverton on the hill on Friday afternoons. There is also sledding, tubing, ice skating, and cross-country skiing available at all times during the winter, conditions permitting. The Kendall Mountain Community Center (KMCC) serves as the ski area base lodge in the winter and hosts community and private events year-round. In the summer, Kendall Mountain is also a popular area for hiking, mountain biking, fishing, running, and disc golf.

2. THE PROCESS

At the request of the Town of Silverton, SE Group has prepared the following *Kendall Mountain Recreation Area Viability Assessment*. SE Group has prepared this document based upon the Town's goal—to *provide an all-season recreational facility that is integrated into the community and surrounding natural environment, providing opportunities for residents and visitors alike to enjoy various recreational pursuits in a financially and environmentally sustainable fashion*. This goal is further supported by the Town's Mission Statement for KMRA.

With the understanding that this viability assessment is a sequential step that will set direction and provide foundation for future master planning efforts, as well as position the Town to potentially pursue a public/private partnership, SE Group has focused this exercise on providing a "first step" high-elevation assessment of the situation. In order to determine the viability of KMRA, SE Group has undertaken an analysis intended to allow the Town to assess the opportunities and constraints together from a physical resource, market standpoint and financial perspective in order to determine the scale of the project and feasibility. Not only will this assessment inform a forthcoming Master Plan, it will ensure that future planning efforts are focused on worthwhile pursuits that meet the needs of both the Town of Silverton and its community. Well organized planning from the onset will poise the Town of Silverton to pursue National Environmental Policy Act environmental review associated with additional recreational development and/or acquisition of BLM lands under the R&PP Act in an efficient and cohesive manner.

The Viability Assessment began in February 2018 and was completed in October 2018. Key elements of this initial strategic planning process included:

Market Assessment – Considering the area demographics, tourism, and economy, along with national ski area trends to understand potential activities and visitation.

Site Analysis – Providing a greater understanding of the property as it relates to the potential for improvements to the existing operations as well as future development of multi-season recreation.

Community Input – Hearing the community's opinions and visions on future development at KMRA.

Financial Analysis – A break-even analysis enables an understanding of revenue and visitation goals that KMRA would need to achieve given the projected scope, scale and costs of possible future development and operation.

Preliminary Design – Preparing a conceptual outline of what the future development, both winter and summer (lifts, trails, activities and facilities), might look like and to allow for an initial assessment of order-of-magnitude capital and operational costs.

This report synthesizes the above analyses into a high-level summary, which will allow the Town of Silverton to make an informed decision about how best to proceed with KMRA and provides valuable analysis that will inform the future preparation of a Master Development Plan.

3. CONSULTANT

The Town of Silverton hired SE Group for this strategic planning process. With 60 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.

B. SITE ANALYSIS

1. PUBLIC AGENCY COORDINATION

As KMRA embarks on developing a new forward-looking plan for the future it is important to coordinate this effort with the public agencies that have a stake in the process. This includes the regulatory agencies such as the Bureau of Land Management (BLM) and San Juan County, as well as non-regulatory stakeholders such as adjacent counties, non-government organizations, and the Town of Silverton. While each entity may have a unique role or perspective about the operation and future development of the ski area, there are many common interests that uniformly support this well recognized community asset, including economic sustainability, forest/ecosystem health, environmental stewardship, etc.

a. The Bureau of Land Management

As previously mentioned, a portion of KMRA is located on BLM lands within the Gunnison Field Office of the Rocky Mountain District. The ski area operates on approximately 16 acres, which is partially owned by the Town of Silverton and partially leased from the BLM for recreational purposes. The Town of Silverton is in the process of acquiring the leased BLM lands through a R&PP process. The lands surrounding the existing KMRA operational boundary consist of additional BLM land and private mining claims.

In addition to the two R&PP parcels the Town of Silverton is in the process of acquiring, which would serve as a horizontal expansion, they are also discussing the possibility of leasing (or receiving a permit for) two additional zones of BLM lands further north and east. Conversations with the Gunnison Field Office have indicated that the BLM would be supportive of KMRA expanding its operations to provide additional recreation opportunities in the region. As the KMRA ski operations are located on public lands, all development projects would require site specific analysis and approval under the National Environmental Policy Act (NEPA) prior to implementation. Depending on the contents of a specific development proposal, the NEPA process would evaluate environmental effects through the preparation of a Categorical Exclusion; an environmental assessment (EA); and either a Finding of No Significant Impact (FONSI), or, alternatively, the preparation and drafting of an environmental impact statement (EIS). As these three levels of NEPA analysis have different timelines and requirements, it is crucial to

understand how a specific proposal fits into the greater development plan for the KMRA. For example, if the KMRA knows it wants to pursue multiple lift and terrain projects in the next five years, it may be appropriate to engage in an EA or EIS; comparatively, if that scale of development is not possible in the next five years it may be appropriate to pursue a singular lift or trail project under a Categorical Exclusion.

Unlike a ski area operating on National Forest System Lands, a Master Development Plan is not required by the BLM; however, a similar document that identifies the existing and desired conditions for the resort and the proposed improvements within the operational boundary would be beneficial in allowing the KMRA and the Gunnison Field Office to work through NEPA review.

Silverton Mountain is also located on BLM land within the Gunnison Field Office, but operates under a Special Recreation Permit.

2. FACILITIES + OPERATIONS

a. Site Conditions

Understanding the existing lift infrastructure, terrain, guest services facilities, and parking is integral to identifying future opportunities. The Existing Conditions maps show the current KMRA facilities, trails, and property boundaries.

Currently, KMRA is primarily a winter operation. The summer uses include the occasional rental of the KMCC for various functions, hiking on the mountain, disc golf, camping, and races. The KMCC is a timber frame lodge built in 2001 with a ballroom, lounge, and a wrap-around deck. The lodge hosts weddings, conferences, and community events for up to 200 people.

b. Existing Winter Operations

The existing ski facilities at KMRA include a ski lift, ski trails, the KMCC which serves some of the functions of a base area lodge, a lift shack with additional guest services, an ice rink and parking. The ski area does not have snowmaking or lights for night skiing. This analysis will consider ski industry standards against KMRA's existing conditions, which allows for the comparison of KMRA's existing ski facilities to those found at other North American ski areas of similar size and composition. In addition, the overall balance of the existing ski area is evaluated by calculating the skier capacities of KMRA's various facility components and then comparing those capacities to the ski area's Comfortable Carrying Capacity (CCC). This examination of capacities helps to identify the ski resort's strengths and weaknesses.

Lifts

- KMRA has a single lift, a hybrid of a 1972 double with a 1990 return terminal that was updated and reinstalled in 2006. The lift has a design capacity of 800 people per hour (pph), but currently operates at 760 pph.
- The lift is in a good location, as it provides access to all of the terrain at KMRA. It should be noted that the natural terrain in the vicinity of the existing lift is very steep, so the lift was constructed across the slope, with significant grading done to alter the fall-line of the terrain. This arrangement makes expansion of the existing ski terrain from the existing lift very difficult.
- The addition of a surface lift (handle tow or conveyor) would be very beneficial to KMRA and the ability to teach the school groups and other beginner skiers.

Table 1. Lift Specifications – Existing Conditions

Lift Name	Lift Type	Top Elev (ft)	Bottom Elev (ft)	Vertical Rise (ft)	Slope Length (ft)	Hourly Capacity (pph)	Rope Speed (fpm)	Lift Maker/ Year Installed
Poma Double	Fixed-grip	9,584	9,321	263	1,072	800	500	Poma 1972/1990

Terrain

- The trail network at KMRA accommodates a range of skier ability levels—from beginner to expert.
- The largest category of terrain (by both acreage and capacity) is Intermediate.
- As mentioned, in order to make skiable lower-ability level terrain, significant grading done to alter the fall-line of the terrain. This is effective, as it has created a good amount of skiable terrain at varying ability levels. The only constraint to this arrangement is that expansion of the existing ski terrain would be difficult.

Table 2. Terrain Specifications – Existing Conditions

Trail Name	Top Elev. (ft)	Bottom Elev. (ft)	Vert Drop (ft)	Slope Length (ft)	Avg. Width (ft)	Slope Area (ac)	Avg. Grade (%)	Max. Grade (%)	Ability Level
Lackawanna	9,491	9,321	170	1,343	75	2.3	13%	20%	Novice
Mayflower	9,517	9,322	195	1,126	82	2.1	18%	30%	Low Intermediate
Easy Street	9,599	9,492	107	483	41	0.5	23%	44%	Intermediate
Mad Dog	9,600	9,506	94	705	28	0.4	14%	37%	Intermediate
Mogul	9,539	9,322	217	995	137	3.1	22%	35	Intermediate
Sunnyside	9,496	9,321	175	643	144	2.1	29%	46%	Advanced
Tram	9,584	9,321	263	836	56	1.1	34%	63%	Expert
Total				6,130		11.7			

Table 3. Terrain Distribution by Ability Level – Existing Conditions

Skier/Rider Ability Level	Trail Area (acres)	Skier/Rider Capacity (guests)	Skier/Rider Distribution (%)	Skier/Rider Market (%)
Beginner	0.0	0.0	0%	5%
Novice	2.3	41.9	32%	15%
Low Intermediate	2.1	29.8	23%	25%
Intermediate	4.0	40.3	31%	35%
Advanced	2.1	14.9	11%	15%
Expert	1.1	3.2	2%	5%
Total	11.7	130	100%	100%

Comfortable Carrying Capacity (CCC)

- The CCC of the lift and trail network at KMRA is about 160 guests per day.
- This CCC level correlates well with visitation levels:
 - Peak days tend to be around 200 people, with the high point at 244 people. This relates to about 125% to 150% of CCC, similar to industry averages;
- Based on average annual visitation and number of operating days, this relates to a utilization rate of 31%, which is right in line with the 25% to 35% seen at day-use ski areas around the country.

Table 4. Comfortable Carry Capacity

Lift Name	Slope Length (ft)	Vertical Rise (ft)	Actual Capacity (pph)	Misload/Lift Stoppages (%)	Adjusted Hourly Capacity (pph)	VTF/Day (000)	Vertical Demand (ft/day)	CCC guests
Poma Double	1,072	283	800	10	720	1,326	8,348	160

Terrain Density

- There are good guest dispersment and run density numbers at KMRA. With a 36% on-terrain percentage and an overall terrain density of five skiers per acre, this indicates a good balance of uphill and downhill capacities.

Table 5. Density Analysis

CCC	Support Fac./Milling (guests)	Guest Dispersment			Density Analysis				Density Index (%)
		Lift Lines (guests)	On Lift (guests)	On Terrain (guests)	Terrain Area (acres)	Terrain Density (guests/ac.)	Target Trail Density (guests/ac.)	Diff. (+/-)	
160	40	36	26	58	11.7	5	10	-5	50%

Guest Services

- Sufficient guest space should be provided to accommodate the resort CCC of 140 guests per day.
- Based on industry averages for similar ski areas, the total amount of guest service space provided at KMRA is right in the recommended range.
- Assuming an average turnover of 3 during the lunch period, the number of existing restaurant seats nearly matches the required number of seats (48 existing compared to 56 required). There also is additional outdoor seating available for good-weather days.
- It should be noted that the entire community center is closer to 5,800 square feet of space in total, but the ballroom space is not used for ski operations.
- Most administrative functions take place in the Town Hall, as KMRA management is primarily composed of existing City staff.

Table 6. Guest Services – Total Resort

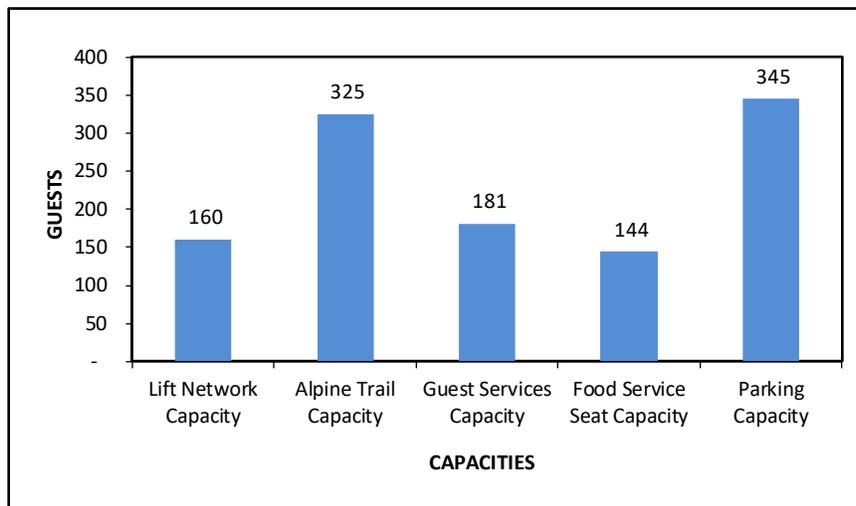
Service Function	Existing Total	Recommended Range	
		Low	High
Public Lockers	-	40	40
Ticket Sales/Guest Services	50	110	130
Rentals/Repair	250	260	290
Retail Sales	50	80	90
Bar/lounge	-	110	140
Adult Ski School	-	60	70
Kid’s Ski School	-	120	140
Restaurant Seating	726	530	650
Kitchen/Scramble	200	170	200
Restrooms	300	100	120
Ski Patrol	50	60	70
Administration	50	80	90
Employee Lockers/Lounge	50	30	40
Storage	300	50	70
Mechanical	180	80	110
Circulation	250	190	270
TOTAL SQUARE FEET	2,456	2,070	2,520

Parking

- KMRA has two parking lots, a front and a back lot. The front lot has capacity for 100 vehicles and the back has capacity for 50 vehicles. The back lot is seldom used, except in instances when overflow parking is required.
- Parking capacity is estimated at around 270 skiers.

Resort Balance

The following chart shows a good balance of facilities. The higher capacities for parking and ski terrain are certainly not a problem, and indicate that, even on peak days, neither parking or ski run crowding are a problem for guests.



3. MARKET ASSESSMENT

With a focus on multi-season recreation, a market assessment was undertaken to define local and regional market demographic profiles and visitation patterns. The assessment is high level, but provides a framework for assessing the potential opportunities and assisting in the strategic decision-making regarding the future of KMRA as an economically and environmentally sustainable four-season recreation area. As KMRA moves forward with more comprehensive master planning efforts, the potential market should be further defined and refined. The key findings and market-related opportunities are noted below. The full assessment may be found in Appendix A.

a. Observations and Opportunities

The market assessment documents many patterns and statistics that show the opportunity for KMRA to improve winter operations and expand summer offerings to the local Silverton community, second home owners, and other area tourists.

- While the population of Silverton and San Juan County is small, the populations of nearby larger communities, Durango and Montrose, are growing significantly and many of the new residents are very interested in recreation.
- Travel to Silverton is unusual; scenic byways provide access over steep mountain passes especially from the north, the Durango-Silverton Narrow Gauge Railroad brings visitors from Durango over the summer, and regional airports support tourism from beyond Colorado, especially the southwest United States.
- Residents of southwest Colorado do currently visit KMRA, but a substantial increase would create the steady, sizeable source of visitation necessary for KMRA's success. If KMRA offered attractive activities, programs and events, the region's growing population, interest in outdoor recreation, and proximity to KMRA are all conducive to increasing visitation levels.
- Chapman Hill, Hesperus, and Purgatory are existing ski areas that share KMRA's current and potential market. In order to be competitive in the market, the future development of KMRA should consider the opportunities and activities different from those offered by these ski areas.
- If KMRA wished to attract destination skiers, the area would have to significantly expand terrain, establish consistent snow conditions (through either snowmaking or higher elevation skiing), market the winter season during the summer and in southwest metropolitan areas, offer non-skiing winter activities, and develop pass partnerships with other local and destination resorts.
- During the summer of 2013, the Durango-Silverton Narrow Gauge Railroad brought 116,826 visitors to Silverton; a number that is expected to grow to 200,000 by 2020.¹ With a steady stream of day visitors coming in on the train and, approximately 400 hotel rooms/sites that are booked at or near capacity for the majority of the summer months, KMRA has the opportunity to provide activities that complement those driving summer tourism, expanding on the attractiveness of the summer destination of Silverton.
- Going forward, there is an opportunity for KMRA to capitalize on existing summer tourism by offering unique summer activities at KMRA that complement the community's current offerings. Additionally, the Town of Silverton's popularity during the summer season, and eventual summer visitation to KMRA, should be leveraged to attract winter visitors to KMRA.

¹ Slothower, C. 2014. Silverton's Slow Season. Durango Herald. January 5.

C. COMMUNITY INPUT

An important part of the planning process was consultation with the local community, especially school children. KMRA is first and foremost a community facility, and in order to serve this function the community's opinions and visions on future development were analyzed to guide the range of opportunities that are presented in the following section. This section describes the community outreach process and the major themes that were extracted from these efforts.

1. OPEN HOUSES

The Town of Silverton held three community visioning sessions to gather input on future summer and winter activities and programming at the mountain. The first meeting was held October 17, 2017 and was an initial brainstorm and had 31 attendees. The second meeting was held on November 14, 2017 and focused on winter. The third meeting was held on February 8, 2018 and focused on summer activities.

At both the first and second meetings, the attendees strongly supported expanding terrain. Many also mentioned improvements to the ice rink; expanding snowshoeing, cross country skiing, and fat biking opportunities; and offering concessions, rentals, snowmaking, and night skiing. The expansion and improvements to KMRA should maintain the family friendly, community-oriented, intimate, fun, and unique experience. The community did have concerns about funding, finding volunteers, and maintaining the Silverton character.

For summer, the attendees were very interested in additional hiking and mountain biking trails (downhill and cross-country). They also mentioned a whitewater park by the river; commercial activities such as alpine slides, ziplines, and a ropes course; picnic facilities; and a skate park. Many suggested hosting events and music festivals in the summer. As in the winter, attendees wanted summer at KMRA to be family-friendly, affordable, and community-oriented. They expressed concern about a funding source.

2. SURVEYS

The Town of Silverton administered two online surveys, one for school children and another for adults. The school survey had 41 respondents, evenly distributed between Elementary, Middle, and High School (there are approximately 60 students total in grades K-12). The adult survey had 100 respondents, 74% of whom were year-round residents, 18% were visitors, 4% were summer-only residents, and 4% were winter-only residents. The most popular outdoor recreation activities were camping (76% of respondents), backpacking (67%), mountain biking (65%), alpine skiing (62%), and backcountry skiing (51%).

Both the school children and adults primarily visited KMRA for skiing. Adults were most interested in adding terrain, lifts, a restaurant, and ice skating in the winter and mountain bike trails, music festivals, hiking, and a restaurant in the summer. The children were most interested in ice skating, more terrain, ski/snowboard lessons, and sledding in the winter and a zip line, mountain bike trails, a ropes course, and a climbing wall in the summer.

a. Additional Comments

Major Themes

The following major themes were extracted from public outreach:

- Respondents primarily value convenience, local feel, and family friendly atmosphere of KMRA.
- KMRA serves as a community gathering place through the winter but is underutilized in the summer.
- KMRA has tremendous potential but expansion should preserve the character of the ski area.

Representative Comments

The following comments capture the substantive points made by a number of the survey and open house participants:

- Kendall offers accessibility for locals and visitors in a small, welcoming atmosphere and positive vibe. I love this.
- Kendall has great potential to be all kinds of summer and winter recreational hub.
- Kendall is underutilized. More revenue generating activities could be brought in that would defray the costs of properly maintaining the building and add revenue to the town.
- It would be great if it provided a smaller and quaint, yet complete, family option to Purgatory.

3. SUMMARY OF PUBLIC FEEDBACK

The following bubble diagrams synthesize public feedback that was received during the open house and survey processes. A bubble diagram compiles comments and scales the size of bubble based on the number of commenters that were in support of a particular idea (i.e., the larger the bubble the more members of the public supported the idea).

To best organize the public input, there is a diagram specific to winter concepts, summer concepts, winter character, and summer character.

a. Winter Concepts

Meeting #1 Winter Brainstorm



b. Summer Concepts

Meeting #1 Summer Brainstorm



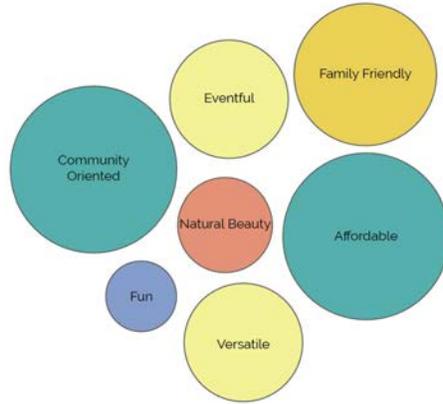
c. Winter Character

Meeting #2 Winter Character



d. Summer Character

Meeting #3 Summer Character



D. FUTURE OPPORTUNITIES

This section responds to the opportunities and constraints identified from the public engagement, site analysis, market assessment, and financial analysis to determine the composition, feasibility, and scale of potential future projects at KMRA. This initial identification of potential projects, activities, and facilities should help establish the future direction of KMRA and provide a foundation for future master planning efforts, public/private partnerships, and NEPA or other permitting processes. Based on the current understanding of KMRA’s market conditions, the opportunities identified here have the potential to enhance recreation opportunities at KMRA, increase visitation, and ultimately financial stability, but the market and financial considerations of each opportunity should continue to be refined as more detailed master planning and design occurs.

1. OPPORTUNITIES AND CONSTRAINTS

Numerous opportunities and constraints exist within both the existing operation, plus any possible expansion options further up on the mountain. Refer to Figure 2.

1. Steep Slopes

- As shown on the Slope Analysis figure, many of the natural slope gradients on Kendall Mountain and surrounding areas are very steep—steeper than is desirable for the development of lift-served skiing. The red slopes shown on the map represent grades (over 70% gradient) that are only skiable by a small percentage of the skiing population.

2. Good Lower Ability Level Ski Terrain

- Despite the presence of steep slopes, there is a large area of excellent ski terrain in the central part of the study area – with a large quantity of terrain suitable for ability levels from Novice up to Advanced

3. High Elevation

- The high elevation of Kendall Mountain means that snow will be present earlier and later in the season and will remain higher quality and quantity all season.
- The high elevation bowl near the top of the mountain could likely be open for a significant portion of the year, if desired.

4. Private Property/Mining Claims

- The presence of an unbroken band of privately-owned mining claims divides the potential skiing.

5. Access Road/Cabins

- Further to the above, there is an access road up the mountain, and numerous private cabins. Both of these also are restrictions to development of skiing infrastructure.

6. Potential New Lodge Location

- A new base lodge will need to be constructed, and there are plenty of flat, buildable locations in the base area.

7. Flat, Wet Terrain in Northeast Section of the Base Area

- This section of the property very likely has jurisdictional wetlands: this whole area should be inventoried by a qualified wetlands/hydrologist.
- Stream setbacks should be determined; these could be dictated by the BLM and/or San Juan County.
- This area is very flat and would make for ideal parking areas, which may be clarified once the extent of wetlands/setback is determined.
- This flat area also could also make an excellent run-out for winter tubing. Note that winter tubing run-out can occur in wetlands/stream setback, as there is no disturbance.

8. Potential On-mountain Picnic/Facility Area

- Potential for summit facilities/programming. This could be as simple as picnic tables, or more developed facilities (e.g., yurt, covered pavilion, etc.).
- Could have significant summer programming use as well (i.e., it could be used as a wedding ceremony site).

9. Potential Vehicle Maintenance Building

- There is a need for a vehicle maintenance building. All vehicles are currently stored and maintained in the city vehicle shop, which is not sized appropriately for the needs of a larger fleet of snowcats, snowmobiles, and other required on-mountain vehicles.

10. Parking

- Expanded parking opportunities have been identified in the vicinity of the base area and the existing parking.
- There are parking opportunities available both on public and private land in various locations on the town-side of the river. Some of these could be within walking distance, and others would require a shuttle.

11. Potential Tubing

- With steep terrain above and flat terrain below, numerous options exist for the creation of a tubing hill with the correct profile. An ideal location would have good connectivity to both the lodge and the parking, while not conflicting with any other activities. More detailed planning would be required to determine the ideal area with the appropriate slope characteristics for tubing.

12. Tree Glading

- There are large areas on the mountain that are not conducive to the construction of traditional developed ski runs, but would be ideal for glades, chutes, and open bowls—more backcountry-style skiing.

13. Access to Popular Backcountry Skiing Zones

- The presence of ski lifts on Kendall Mountain could create an easier access point to various popular backcountry skiing locations. Depending on the scale of development pursued by the Town of Silverton, backcountry skiing currently located on the frontside of Kendall Mountain would either be incorporated into the ski area boundary or would experience improved access through the implementation of ski area infrastructure at KMRA.

14. Popularity of Silverton as a Ski Destination

- With the development of KMRA, there is potential for Silverton to rise in popularity as a ski destination. Further, it is anticipated that expanded skiing infrastructure on Kendall Mountain (as described in the following section) would benefit the existing Silverton Mountain Ski Area by providing a complimentary experience that would draw additional visitors to the area during the winter season. The reason that two ski areas in/adjacent the Town of Silverton would be complimentary rather than competitive is twofold. First and foremost, as visitation to Silverton during the winter months primarily comes from outside of San Juan and its neighboring counties, having two ski areas would make this trip justifiable for visitors currently not traveling to southwest Colorado from other parts of the state/neighboring states. Further, the two ski areas would differ greatly in experience – Silverton Mountain offers an experience for only the highest ability level skiers and riders; whereas, KMRA would continue to offer an experience for a broader spectrum of ability levels and thus be more conducive to families and groups that contain lower ability level skiers. Although there could be some overlap in ability levels, the difference in experience and price-point would only attract visitors that aren't currently coming to the area and would benefit both ski areas.

2. SKI RESORT POTENTIAL

There is clearly significant potential to develop expanded skiing infrastructure on Kendall Mountain. Two separate concepts are presented (see Figures 3 and 4). The concepts are:

1. The first concept shown utilizes the best available terrain, regardless of property ownership. It is understood that this concept would not likely be constructible unless some significant agreements were put in place, but the idea of this concept is to show the extent of the potential in the study area.
2. The second concept places all of the ski infrastructure and terrain on BLM property. The intent of this concept is to show what could be done if that restriction remains in place.

a. Lifts

Both concepts show a total of four new chairlifts. These are all envisioned as traditional fixed-grip chairlifts. Likely with 1,800 pph capacities. The reason for this is to keep both construction and maintenance costs down. If it is

desired to have a detachable lift or gondola or tram or anything else, those are all certainly possible, but would be up to an order of magnitude more expensive.

b. Terrain

In order to balance to the lift capacity, there would need to be about 100 acres of developed ski terrain. These are the cleared, groomed, maintained ski runs. In addition, there would be up to another 700 acres of undeveloped terrain that would be accessible off the lift network—glades, chutes, bowls, etc. Terrain would be developed to match the ability level distribution of the market, with the exception that there would be more advanced and expert level terrain, due to the nature of the natural terrain.

Expert Terrain

There is no shortage of expert skiing terrain on Kendall Mountain, and either concept provides plentiful access to a variety of expert terrain types.

Intermediate/Novice Terrain

Ski Pod 2, on both concepts, contains a significant quantity of good terrain suitable for both Intermediate and Novice skiers.

The complication is that the terrain below this area, Ski Pod 1, is steeper, advanced level terrain. The implication is that a benched-in skiway would have to be constructed across this area to allow the lower-ability level skiers to return to the base area.

Beginner Terrain

The current experience for first-time skiers is to walk up and ski down while learning. While this is a functional way to learn to ski, it is not the best experience for the skiers. There are opportunities to put conveyor lifts in the existing base area to improve the beginner teaching experience.

c. Comfortable Carrying Capacity

The comfortable carrying capacity (CCC) of both alternatives is about 2,000 skiers.

- Using standard utilization rates, this would equate to around 100,000 annual skier visits.
- It is felt that this level of capacity, and size of resort, would be large enough to create a viable resort, but not too large as to be unrealistic in the area.

d. Night Lighting

- The location of night lighting has not been specified, but any extent of lighting could be added to the plan. Night lighting could present an opportunity to expand upon skiing and tubing (refer to following point e.), by allowing these activities to occur in the evening hours.

e. Tubing

Tubing would provide recreation, and revenue, for non-skiers.

- The addition of winter tubing could present an opportunity for additional recreation options for non-skiers. This could also present a significant revenue opportunity for KMRA.
- There are potential tubing sites at various locations around the property. As stated above, the ideal location would be close to the day lodge, but not interfere with any ski operations.

f. Day Lodge

Rather than trying to expand the existing KMCC, it is thought that a better approach would be to leave that facility in its current configuration and use as a community center, with perhaps expanded utility and use for events. In this case, a new day lodge would be constructed. See Figure 5 for an idea on the location of this facility. In order to accommodate the needs of approximately 2,000 skiers, the facility should be around 25,000 to 30,000 square feet in total usable space. Assuming it would be built on multiple floors, that could equate to a 15,000 (or smaller) footprint. The lodge would provide the following programming:

- Ticket Sales/Guest Services
- Public Lockers, including locker space for all kids in the school programs
- Rentals/Repair, with space for perhaps 800 sets of rental equipment.
- Retail Sales
- Bar/lounge
- Adult Ski School
- Kid's Ski School
- Restaurant Seating, with around 400-500 seats
- Kitchen/Scramble
- Rest rooms
- Ski Patrol
- Administration
- Employee Lockers/Lounge

g. On-mountain Restaurant

As discussed in the opportunities and constraints, it would be beneficial to construct some sort of on-mountain restaurant facility. The locations, options, and sizes for this are numerous. There should likely be around 200 seats available in this facility.

One reason why this would be particularly important is that the Novice and Intermediate ski terrain is located up on the mountain, so it would be inconvenient for all skiers to have to return to the base area for lunch.

h. Parking

Parking would certainly be a concern, with the need to park a significant number of cars.

- Assuming that many guests would come and spend at least one night, it is reasonable to assume that all current hotel rooms would be filled. This equates to around 500 skiers.
- It is also felt that it is reasonable to assume that new hotels would open up to take advantage of the opportunity. It is also likely that some skiers would come in RVs and use some of the around 200 RV hookups available but not currently open during the winter months. These combined might result in another 500 skiers in lodging.
- That would leave 1,000 day skiers needing parking. Assuming the industry average of 2.5 skier per car, that equates to 400 cars.
- Using average cars per acre numbers, that results in just over three acres of parking needed.

- Figure 5 shows this quantity of parking in the base area, with additional opportunities for satellite parking in town, using shuttles.

i. Vehicle Maintenance Building

KMRA does not currently have a dedicated vehicle maintenance building. All vehicles, including snowcats, snowmobiles, and other equipment is kept and maintained in the Town vehicle shop.

- Construction of a vehicle maintenance building would be required.
- The ideal location for ski resort maintenance facilities is to have one side paved road access and one side on-snow access. A suitable location would need to be found in the general base area.
- Due to the size of the groomed terrain, three snowcats would be required.
- Vehicle maintenance buildings are typically 1,200 square feet for each snowcat bay, with another few hundred feet of space for welding, tools, parts storage, etc. A recommended size for this building is around 4,000 square feet.

j. Snowmaking

It is very evident that changing climatic conditions and poor snow deposition patterns in recent years has significantly impacted the ski industry. The amount and quality of snow is the most important ingredient to the success of a ski area. In the absence of a snowmaking system, KMRA has certainly witnessed variable visitation patterns due to the “highs” or “lows” of snowfall.

- The high elevation of Kendall Mountain should reduce the need for a snowmaking system.
- No snowmaking system is detailed in this report.
- In the Rocky Mountain region, most ski areas have been able to counteract poor snow deposition patterns and changing weather conditions by providing robust snowmaking systems. These systems come with high costs, however, both in installation and in operation.
- It is our understanding that both the Town of Silverton and San Juan County have water rights on the Animas River. KMRA should seriously consider the development of a snowmaking system that provides consistent snow coverage on a range of trails that serve beginner and intermediate skiers, particularly in the lower elevations of the potential resort.
- Once a decision is made to pursue the development of a snowmaking system, KMRA should perform a snowmaking feasibility study to determine the extent of coverage and costs associated with developing a snowmaking system, as well as water sources.
- Adding snowmaking at KMRA could be a real game-changer, as it would allow for guaranteed early opening, expanded seasons, increased terrain park options, insurance against low-snow years. However, there would be very significant costs associated with both installation and operation of the system. Depending on the size of the system and the extent of the coverage, it would likely cost millions dollars to install and hundreds of thousands of dollars to operate annually.

3. MULTI-SEASON RECREATION ACTIVITIES

While there were a wide range of ideas extracted from the public outreach processes, the following multi-season recreational activities presented in this section were determined to best respond to the Town of Silverton’s summer market. Silverton has an existing summer tourism market that is largely generated by visitors coming to Silverton via the Durango-Silverton Narrow Gauge Railroad and surrounding scenic byways of the region. The activities presented in this section seek to capitalize on existing summer visitors and are believed to have the

greatest benefit in terms of getting existing summer users to stay longer and spend additional dollars within the Town of Silverton, while also being capable of attracting new visitors, primarily from the region. Activities suggested were incorporated from public input on the grounds that they made sense from a financial perspective; however, more detailed planning would be needed to assess the site-specific viability of each of these activities.

a. Zipline

A zipline tour is an adventurous activity where participants “fly” between platforms near or within the height of the canopy and experience the mountain terrain from above. The zipline tour would begin from the top of the lift identified for summer operations and tour guides would provide supervision for safe operations. Future planning and design will be needed to determine the exact alignment of the tour, but the goal is to maximize views of the San Juan mountains and allow visitors to experience the diversity of the forest terrain.

b. Alpine Slide

Alpine slides are a popular summer ski area activity where riders slide down a winding chute on a brake-controlled sled. For an alpine slide, participants ride the chairlift up and then slide down to the base, controlling their own speed as they go down the mountain. Alpine slides are accessible to a wide range of visitors and even small children can ride an alpine slide with an adult.

c. Base Area Activities

A base area fun zone would be developed with a number of lower cost/broad skill range/short time commitment activities for all ages. Possible activities include climbing walls/bouldering areas, bungee trampolines, adventure towers, and natural play areas.

d. Obstacle/Training Course

An obstacle/training course at KMRA could be used for off-season training by various ski teams that train in the area or by summer camps and school groups as a fun activity and team building exercise. The identified locations were chosen for their steep terrain for stair stepping/hill running training. The course would also consist of typical low ropes course activities such as swinging balance beams, rope webs, or wall climbs.

e. Scenic Lift Rides

A lift should be operated in the summer to provide access to certain activities and allow for KMRA visitors to experience the scenery. Scenic lift rides allow visitors of all ages and physical capabilities to access the scenic vistas. Once at the top of the lift, visitors could appreciate the views, enjoy a picnic, and then hike, bike, or take the lift down. KMRA visitors riding the alpine slide, zipline, or downhill mountain biking would also use the lift in the summer.

f. Trail-based Activities

A summer trail network at KMRA would be developed for hiking and mountain biking. The KMCC and planned base lodge would serve as the trailhead with maps and information for visitors as they start their hike or bike ride. Lift-assisted mountain biking would also be available and the top of the lift viewing deck could serve as a destination for both hikers and bikers. Mountain bike rentals could take place in the base area as well. For more information about the trail recommendations at KMRA, see *Mountain Trails* discussion.

g. Facilities

The following facilities and facility improvements were determined based on community input, or on the basis that they would be necessary to support planned operations. In this regard some of the following developments can be

thought of as optional, while others, such as the construction of a dedicated base lodge and parking areas, should be thought of more as a requirement if KMRA were to pursue a number of the opportunities presented in this section.

Base Lodge

As discussed above, at present KMRA relies on the KMCC to serve as a base lodge for skiing activities. As ski operations expand and draw additional visitation, KMRA will quickly outgrow the KMCC. The KMRA will need a dedicated lodge with retail, rentals, improved food and beverage options, and a large seating area. Given the anticipated visitation, the new base lodge could be a two-level structure with an approximately 15,000 square foot footprint.

Parking

As discussed above in the potential development plan, three areas are allotted for parking for the expected increase in visitation. Near the existing KMCC, the KMRA could develop a 2.2-acre parking lot and a one-acre lot. These parking lots would provide convenient access to the lift and base lodge. A small drop off area and handicap parking should also be developed adjacent to the KMCC. For large events and peak days, a 0.9-acre satellite parking area could be developed along Cement Creek across the Animas River from KMRA. There is also potential for additional parking options near the train yard and visitor center that should be further assessed. In all parking areas, the Town needs to work with biologists and hydrologists to delineate the wetlands and stream setbacks and construct accordingly.

Viewing Deck

A viewing deck at the top of a lift could serve as both an attraction and an event space. KMRA visitors could hike, bike, or ride the lift to enjoy the view. The deck could also have picnic tables or be open for use as a wedding venue or flexible event space.

Pond

The pond, located near the proposed base lodge, could be enhanced for visitors to enjoy. Boardwalks should be constructed to lead to the pond and around it and benches placed along its edges. General clean-up may also be necessary to improve the setting.

Camping

The existing camping experience at KMRA is primitive yet popular and could be expanded with the overall upgrade to the KMRA. The camping facilities would be both close to town and located amongst the many recreational opportunities of the KMRA. Two possible sites have been identified, near the proposed base lodge and next to the river. The level of development of the campground should be refined later but it is envisioned that amenities would exist for car camping and RVs.

Ice Rink

Given the challenges with the existing ice rink and the siting of other potential developments, the existing ice rink will need to be relocated. When considered alongside other opportunities it was determined that the current location of the ice rink was not its highest and best use.

h. Event Spaces

Just as gravity-oriented activities are a perfect fit at a ski area, and complement the sloping terrain and natural woodland features, many events are also at home in the mountain environment. Ski areas have the necessary support infrastructure (parking, food and beverage, lodging) as well as the operational know-how to organize large

crowds of people. In addition, events can keep year-round employees busy without the ongoing intensity that comes with full-time summer operations.

One of the biggest challenges with events is the associated risk. Larger events typically come with a hefty price tag, and revenue expectations can easily be thwarted by bad weather on event day. Many resorts have ameliorated this risk with third-party partnerships, becoming the host venue rather than the organizer. While the profits are less, there is significantly less financial risk.

Riverside Park

The Riverside Park could include space for an event area. The riverside event area would be a large, flat open space to host KMRA and other town events. The proposed space is next to the parking area for ease of access and to bring tents, stages, and other temporary facilities onto the site. This event area could host races, shows, music and other types of festivals, and farmers markets. The river also runs next to the space and the KMRA could hold river-oriented events such as whitewater festivals.

Weddings and Other Private Events

The KMRA is already a popular location for weddings and the proposed upgrades could enhance the facility's ability to accommodate these types of events. Beyond the KMCC, the new base lodge, the viewing deck, and the riverside event space could also be used for weddings and other events.

i. Trails

Summer Mountain Trails

Multi-use trails could be constructed on Kendall Mountain for hiking and mountain biking. The trail network would begin at the base area and wind up the mountain to the top of the lift and the viewing deck. In reverse, bike riders and hikers could also take the lift up and then walk or bike down the mountain. The trail system should provide a balance of trails for all ability levels. Further planning and design with trail planners will determine the exact nature and location of these trails. Trails should be constructed to minimize environmental disturbance and limit erosion.

Riverside Trail

A new trail should be constructed along the Animas River to create a pleasant walking and biking experience for visitors and residents right by the KMRA. Unlike the mountain trails, the riverside trail would be relatively flat, making it accessible for people of a range of ages and physical abilities. The trail would link to the existing jeep roads, creating a long, connected route along the river.

Connections

Pedestrian and cyclist connections could be created between downtown Silverton, the train stop, the railroad depot, and KMRA. As additional trail networks are added, particularly in the Molas Lake area to the south of KMRA, and near Silverton Mountain to the north of KMRA, connections should be routed to promote the overall connectivity of the region. These connections should consist of designated bike routes and sidewalks where necessary and signage. Signage is critical—directing tourists from town and the railroad depot to KMRA and alerting drivers to the presence of pedestrians and cyclists. A connection to the railroad depot is a major opportunity for KMRA, as over a hundred thousand tourists come to town for a few hours each summer on the Durango-Silverton Narrow Gauge Railroad.

Additionally, an effort to update the 2004 Silverton Area Trails Plan began in February 2018 after surveys and public meetings about KMRA showed considerable community support for the idea of trail development. The final plan includes the development of a perimeter trail which will serve as a hub in and around Silverton, as well as

arteries that extend outward into the County and provide connectivity to the areas of importance discussed in the previous paragraph. The update of the trails plan was done with an emphasis on economic development, and planned trails are intended to encourage trail users to make Silverton a basecamp for multi-day exploration, resulting in increased spending on lodging, meals and shopping in Silverton.

E. FINANCIAL BREAK-EVEN MODELING

A break-even financial analysis is utilized to evaluate the future operating scenario at KMRA, based upon the capital cost of improvements (winter and summer) and a range of inputs such as debt service, insurance, operating expenses and revenues. These factors are used to determine the visitation required to meet fixed, variable and semi-variable operating costs in order to achieve break-even. This analysis, backed by realistic market driven assumptions, allows for an assessment of the future viability of the operation, and what it will take to become a sustainable business enterprise. While based on the best data and assumptions presently available, the financial analysis should continue to be refined as more detailed master planning and design for KMRA occurs.

1. INDUSTRY BENCHMARKING

A Benchmark Analysis is a valuable tool used to determine how an organization is performing through comparisons with like organizations in their industry. This analysis can highlight areas where the organization is performing well or areas of that should be improved in order to avoid falling behind customer expectations and losing market share. Benchmarking can also highlight additional activities and services that others have incorporated into their business models and provide insights regarding the potential performance of a new activity.

In the case of KMRA, where projections are based on potential future operations rather than existing operations, benchmarking is utilized to establish the assumptions needed to undertake a break-even analysis.

a. National Ski Areas Association Economic Analysis

Ski industry benchmarking typically utilizes the National Ski Areas Association (NSAA) Economic Analysis. This analysis is performed through an annual survey of member resorts' physical characteristics (e.g., size and capacities), and financial performance by operating department. In 2016/17, 112 resorts throughout the country participated in the survey.

The NSAA organizes the survey results by region and size and its data is a rich source of information that allows for analytical analysis, (benchmarking) by these categories. This is the best industry information available to consider resorts by size and glean valuable insights regarding a resort's operating results and present possible opportunities for improvement. A typical benchmark analysis compares key resort financial data with survey information by resort size as detailed in Table 7.

For KMRA, this data is used to develop potential revenues and expenses for the anticipated expanded operation. The NSAA Economic Analysis uses Vertical Transport Feet per Hour (VTFH) to segment ski areas by size, as a more consistent measure than revenues or visits. VTFH is the product of vertical rise of the lifts and the lift manufacturer's rated skiers-per-hour capacity.

The NSAA Economic Analysis reports overall annual income, which includes both winter and summer revenues but only reports skier visits from winter operations. Summer visitation is reported separately based on participation by activity which may not reflect the number of summer visitors, but the number of paid activities. A summer visitor is likely to participate in more than one activity per day.

Revenue and expense data from the NSAA Economic Analysis in the tables below are based on annual operating revenues and expenses which include summer operations.

Ski Area Characteristics

The potential KMRA expansion should be for a configuration to the order of magnitude of three to four chairlifts and a surface lift, creating an estimated VTFH of 7,218,000 (an increase from 210,538 at present). Although the ski potential figures show configurations with four chairlifts and one surface lift, the following financial analysis was performed for a three chairlift (and one surface lift) configuration. This discrepancy is the result of additional information that became available during the planning process; however, the financial analysis has ample contingencies built in and is still applicable.

By the NSAA Economic Analysis, KMRA would still fall into the small ski area category, of areas between 0 and 7,500,000 VTFH. As this benchmark analysis is based on a proposed expansion, financial assumptions and estimates were made from industry standards and aspects and constraints of the KMRA. The ski area characteristics table below compares some of the main elements of the KMRA potential development plan to ski resorts with a VTFH that puts them in the small ski area category.

Examples of these ski areas include Loveland, Wolf Creek, Purgatory, Telluride, Arapahoe Basin, Eldora, and Monarch. It is important to note this comparison is purely based on VTFH. For the 2016/17 season, 44 resorts submitted data and 45 submitted for the 2015/16 season.

Table 7. NSAA Economic Analysis – Ski Area Characteristics (0-7,500,000 VTFH)

Ski Area Characteristic	2016/17 (Average)	2015/16 (Average)	KMRA
Total Acres	637	640	800
Skiable Acres	258	256	350
Snowmaking Acres	117	114	0
Proportion of Skiable Acres	45%	45%	44%
Total Skier Capacity	2,817	2,810	2,160
VTFH (000)	4,531	4,573	7,218
Percent of Areas with Snowmaking	93%	91%	Snowmaking not included
Percent of Areas with Night Skiing	77%	76%	Night skiing not included
Percent Beginner Terrain	26%	27%	25%
Percent Intermediate Terrain	45%	45%	40%
Percent Expert Terrain	28%	29%	35%
Peak Day Visits	3,813	3,812	2,500
Total Visits	109,608	104,883	100,000
Year-Round Employees	55	55	TBD
Seasonal Employees	455	442	TBD
Total Employees	510	497	TBD
Ski Area Age	52	51	~25 years
Season Length	102	91	100-120

Key Assumptions and Takeaways

- While KMRA’s proportion of skiable acres matches comparison resorts, its total and skiable acres are greater than the average of the resorts in the survey
- The skier capacity, 2,160, is based on the proposed lift upgrades and is about 77% of capacity at comparison resorts. The peak day visits, estimated at 125% of skier capacity, is then also lower than comparison resorts
- The recommended terrain allotments for KMRA generally align with the terrain allocations of comparison resorts
- The total annual visits forecast for KMRA, 100,000, is slightly below the total visits of comparison resorts
- Resort staffing at KMRA will be determined as final project concepts are developed
- Estimated length of winter operating season for KMRA is between 100 and 120 days and snowmaking is not proposed. Relying on natural snowfall, KMRA should be able to have a longer season than the average of comparison resorts

Gross Fixed Assets and Capital Investment

Gross Fixed Assets are the amount of capital invested into the resort. It is the sum of the undepreciated value of all assets at the ski area at the time they were placed into service. Given that the average ski area in Table 7 is over 50 years old, the current replacement costs for those ski area assets is likely far greater than the value of the Gross Assets reported on resort balance sheets.

Table 8. NSAA Economic Analysis – Gross Fixed Assets (0-7,500,000 VTFH)

Department	Average 2016/17 (000)	Average 2015/16 (000)	KMRA (000)
Gross Fixed Assets	\$23,269	\$24,197	~\$25,000

Table 8 shows the capital investment of the Kendall expansion is in line with the gross fixed assets of the comparison ski areas. Table 9 shows the breakdown of the capital investments contemplated for KMRA. Cost estimates used in this analysis should be considered extremely preliminary and should only be used to provide a general perspective. Additional detailed cost analysis is required as the project moves from an initial concept to potential plans. The cost figures below also provide a general estimate for calculating debt service costs in the break-even analysis below.

Table 9. Kendall Mountain Upgrade Estimated Capital Costs

Proposed	Type/Quantity	Estimated Cost per Unit	Estimated Cost
Lifts	Lift Type		
Proposed Lift 1/C3	Fixed grip triple		\$2,000,000
Proposed Lift 2/C4	Fixed grip triple		\$2,000,000
Proposed Lift 3/C5	Fixed grip triple		\$2,000,000
Proposed Carpet	Surface carpet		\$150,000
Ski Trails	Acres	Cost per Acre	
Terrain Improvements	100	\$25,000	\$2,500,000
Vehicles	Number	Cost per Vehicle	
Grooming Machine	2	\$250,000	\$500,000
Snowmobile	5	\$10,000	\$50,000
Vehicle Shop	Square Feet	Cost per SF	
3 Bay Shop	3,600	\$250	\$900,000
Guest Service	Square Feet	Cost per SF	
New guest service space	25,000	\$400	\$10,000,000
Summer Activities			
Alpine Slide		\$2,000,000	\$2,000,000
Obstacle / Training Course		\$300,000	\$300,000
Base Area Amenities (climbing wall/bungee tramp)		\$150,000	\$150,000
Zip Line Tour		\$1,200,000	\$1,200,000
Other/Contingency			\$1,350,000
Total Infrastructure Costs			\$25,100,000

Summer – Potential Economic Performance

An important aspect in evaluating multi-season recreation at the KMRA is an understanding of the possible economic performance of the proposed facilities. The following table summarizes a range of the typical capital costs, visitation, price points, and revenue associated with the revenue-generating facilities discussed in this assessment. It is important to note that these ranges represent data from “typical” operations of the activities listed, and are based on similar circumstances, operations and experiences observed at other multi-season areas nationwide; the large ranges represent the varied extent of the scope, scale and operation of these activities at different areas. Additional planning and analysis need to be undertaken before a more accurate assessment of the summer opportunity may be undertaken.

Table 10. Kendall Mountain Upgrade Estimated Capital Costs - Summer

	Capital Cost		Visits		Ticket/Ride Price		Potential Revenue	
	Low	High	Low	High	Low	High	Low	High
Alpine Slide	\$1,500,000	\$2,500,000	40,000	80,000	\$8	\$20	\$320,000	\$1,600,000
Obstacle / Training Course	\$30,000	\$300,000	5,000	15,000	\$10	\$45	\$50,000	\$675,000
Base Area Amenities (climbing wall/ bungee tramp)	\$80,000	\$150,000	1,700	4,000	\$12	\$15	\$20,400	\$60,000
Zip Line Tour	\$500,000	\$1,200,000	10,000	20,000	\$75	\$100	\$750,000	\$2,000,000

Capital Costs are the estimated costs to acquire and install the activity, and do not include on-going operational expenses.

Visits is the estimated amount of annual participation per occurrence (i.e., if one person took four rides on the mountain coaster it would count as four visits).

Ticket/Ride Price is the average amount charged to participate in a particular activity. Averages account for the estimated price of a single ticket and seasons passes.

Potential Revenue is the estimated visits times the estimated Ticket/Ride Price.

The following capital costs cannot be estimated until further planning is undertaken.

- Hiking trails: Traditional USFS-style hiking/ mountain biking trails (2-3 feet wide) cost ±\$14,000 per mile.
- Mountain biking trails: Modern mountain biking trails (six feet wide, banked corners, rollers, etc.) cost ± \$40,000 per mile.
- Camping: Costs associated with establishing camp sites and associated infrastructure.

In addition to the tickets, there would be many other opportunities for revenue generation.

- *Equipment rentals:* Renting skis, mountain bikes
- *Retail:* Selling logo clothing and items that are necessary and/or forgotten items (sunscreen, water bottles, hats, etc.)
- *Program and Event Participation:* Program registration or entry fees into special events.
- *Food & Beverage:* Food and beverage sales at the cafe or events
- *Camping:* campsite fees

Given the “high-elevation” nature of this assessment, the break-even analysis utilizes industry data to build assumptions for future operations. At this juncture, the summer reporting for the NSAA Economic Analysis is very general in nature and does not get into the financial details of specific activities. While the known capital costs for multi-season activities (as noted above) have been considered in the break-even analysis, the remaining assumptions are more general in nature. Further planning and analysis will need to be undertaken before more accurate assumptions may be made and a more detailed financial assessment undertaken.

Revenue and Expense per Visit

Revenue and Expense per Visit data from NSAA Economic Analysis was used to estimate how revenues and expenses per visit at KMRA should look to achieve a sustainable operation. The figures used for KMRA are based on a preliminary assessment of potential visitation and what KMRA would need to charge in order to turn a profit. It was assumed that KMRA would develop a robust offering of lessons, food, beverage, retail, and rentals to support operations.

**Table 11. NSAA Economic Analysis – Revenues and Expenses per Visit
(Small Ski Areas – less than 7,500,000 VTFH)**

NSAA Economic Analysis	2016/17	2015/16	KMRA
Average Visits	109,608	104,883	100,000
REVENUES PER VISIT			
Lift tickets	\$32.71	\$32.70	\$38.00
Snowplay & other winter ops	\$3.50	\$3.31	\$2.00
Lessons	\$7.67	\$7.55	\$7.75
Food & Beverage	\$17.13	\$16.64	\$17.00
Retail Stores	\$4.67	\$4.80	\$5.00
Rental	\$6.89	\$6.59	\$6.60
Accommodations/Lodging	\$7.22	\$7.10	N/A
Other	\$12.56	\$11.00	\$12.00
Total	\$92.35	\$90.40	\$88.25
EXPENSES PER VISIT			
Cost of goods	\$8.60	\$8.22	\$8.60
Direct labor	\$26.24	\$25.69	\$26.25
Maintenance & repair	\$4.93	\$3.52	\$4.95
Other direct	\$9.08	\$9.93	\$9.00
Payroll taxes/workers' comp	\$4.54	\$4.57	\$4.50
Electric power/fuel	\$4.35	\$4.42	\$4.35
Gen. and Admin	\$12.19	\$14.36	\$12.00
Marketing/adv.	\$3.27	\$3.70	\$3.30
Insurance	\$1.53	\$1.73	\$1.50
Land use fees	\$1	0.33	\$0.75
Property/other taxes	\$1.62	\$1	\$1
Miscellaneous	(\$2.10)	\$0.52	\$0.50
Depreciation, Leases, Interest	\$10.67	\$10.93	\$11.00
Total	\$86.25	\$90.06	\$87.95
Profit BT	\$6.10	\$0.34	\$0.30

Ticket Pricing and Yield

Ticket pricing for KMRA will need to be greater than the average ticket price at comparison resorts, given the significant capital costs and lack of lodging, among other factors. However, the higher ticket price should not detract from visitation because KMRA will be a vastly updated ski area with consistent high-quality snow and skiing experience. Table 12 shows the recommended adult weekend ticket pricing based on the average ticket revenue per visit in Table 11. The NSAA economic analysis shows that average ticket yield is typically around 50% of adult weekend ticket pricing (due to weekday pricing, season passes, youth pricing, etc.).

**Table 12. NSAA Economic Analysis – Ticket pricing
(Small Ski Areas – less than 7,500,000 VTFH)**

NSAA Economic Analysis	2016/17	2015/16	KMRA
Average ticket revenue/visit	\$32.71	\$32.70	\$38.00
Average ticket yield ratio	49.2%	51.3%	50% (assumed)
Average adult weekend ticket price	\$66.50	\$63.76	\$76.00

Given the average ticket yield and assumed revenue, an adult weekend ticket should be priced at \$76.00. This estimated ticket price is within the range of the smaller Colorado ski areas 2018/19 lead ticket prices (see Table 13).

Table 13. Colorado Ski Areas Ticket Pricing

Ski Area	2018/19 Lead Ticket Price
Loveland	\$79.00
Wolf Creek	\$72.00
Purgatory	\$89.00
Telluride	\$91.00
Arapahoe Basin	\$105.00
Eldora	\$99.00
Monarch	\$89.00

Revenues

The revenue analysis compares the estimated revenues at KMRA to the average of the comparison resorts. Estimated revenues for KMRA were calculated using 100,000 estimated visits. For each revenue source, the estimated revenue per visit in Table 11 was multiplied by 100,000. The percent of total revenue is useful to compare business models and line by line revenues. The following table shows KMRA would draw a higher proportion of its revenue from ticket sales than comparison resorts.

**Table 14. NSAA Economic Analysis – Revenues
(Small Ski Areas – less than 7,500,000 VTFH)**

NSAA Economic Analysis	2016/17	2015/16	KMRA
Average Visits	109,608	104,883	100,000
REVENUE SOURCES (000)			
Lift tickets	\$3,586	\$3,430	\$3,800
Snowplay & other winter ops	\$383	\$347	\$200
Lessons	\$841	\$792	\$775
Food & Beverage	\$1,878	\$1,745	\$1,700
Retail Stores	\$512	\$503	\$500
Rental	\$755	\$692	\$660
Accommodations/Lodging	\$791	\$745	N/A
Other	\$1,208	\$1,016	\$1,200
Miscellaneous	\$38	\$56	
Property Operation	\$131	\$156	
Total	\$10,124	\$9,481	\$8,825
% OF REVENUE			
Tickets	35.4%	36.2%	43.6%
Snowplay & other winter ops	3.8%	3.7%	2.3%
Lessons	8.3%	8.3%	8.8%
Food and Beverage	18.5%	18.4%	19.3%
Retail	5.1%	5.3%	5.7%
Rental	7.5%	7.3%	7.4%
Accommodations/Lodging	7.8%	7.9%	0%
Other	11.9%	10.7%	13.6%
Miscellaneous	0.4%	0.6%	
Property Operation	1.3%	1.6%	
Total	100%	100%	100%

Expenses

The estimated total operating expenses for KMRA and the average of comparison resorts is in Table 15. The total expenses were calculated using the same method as for revenues, multiplying the estimated expenses per visit by 100,000. Estimated expenses at KMRA closely align with those of comparison resorts.

**Table 15. NSAA Economic Analysis – Expenses
(Small Ski Areas – less than 7,500,000 VTFH)**

NSAA Economic Analysis	2016/17	2015/16	KMRA
Average Visits	109,608	104,883	100,000
EXPENSE SOURCES (000)			
Cost of goods	\$942	\$862	\$860
Direct labor	\$2,876	\$2,695	\$2,625
Maintenance & repair	\$541	\$369	\$495
Other direct	\$995	\$1,042	\$900
Payroll taxes/workers' comp	\$497	\$480	\$450
Electric power/fuel	\$477	\$464	\$435
Gen. and Admin	\$1,336	\$1,506	\$1,200
Marketing/adv.	\$358	\$388	\$330
Insurance	\$168	\$182	\$150
Land use fees	\$146	\$99	\$75
Property/other taxes	\$177	\$160	\$125
Miscellaneous	(\$230)	\$55	\$50
Depreciation	\$873	\$969	\$1,100
Amortization	\$4	\$7	
Operating Leases	\$50	\$73	
Interest	\$242	\$97	
Total	\$9,452	\$9,448	\$8,795
Profit BT	\$671	\$34	\$30
% OF EXPENSES			
Cost of goods	9.3%	9.1%	9.7%
Direct labor	28.4%	28.4%	29.7%
Maintenance & repair	5.3%	3.9%	5.6%
Other direct	9.8%	11.0%	10.2%
Payroll taxes/workers' comp	4.9%	5.1%	5.1%
Electric power/fuel	4.7%	4.9%	4.9%
Gen. and Admin	13.2%	15.9%	13.6%
Marketing/adv.	3.5%	4.1%	3.7%
Insurance	1.7%	1.9%	1.7%
Land use fees	1.4%	1.0%	0.8%
Property/other taxes	1.8%	1.7%	1.4%
Miscellaneous	-2.3%	0.6%	0.6%
Depreciation	8.6%	10.2%	12.5%

**Table 16. NSAA Economic Analysis – Expenses
(Small Ski Areas – less than 7,500,000 VTFH) (cont.)**

NSAA Economic Analysis	2016/17	2015/16	KMRA
Amortization	0.0%	0.1%	
Operating Leases	0.5%	0.8%	
Interest	2.4%	1.0%	
Profit BT	6.6%	0.4%	0.3%
Total	100%	100%	100%

While the above tables provide the best industry information available, revenues and expenses vary for each ski area due to its unique circumstances. These initial estimates illustrate what must be achieved for a viable operation. Further planning and analysis will be required to clarify the details of the operation but also vet that such an operation would be sustainable.

The above revenue and expense estimates are used in the break-even analysis below to calculate the projected level of visits required to cover the cost of operation of the ski area.

2. BREAK-EVEN ANALYSIS

A break-even analysis identifies the level of visitation at which the ski area generates enough revenues to cover its operating costs. The analysis is based upon the visitation, revenue, and operating estimates. It looks at both what revenues (and visitation) must be achieved and how expenses must be managed for the break-even to be possible.

This evaluation consists of two models based on the financing method of the upgrade capital costs. In model one, KMRA does not take out loans to pay for the upgrade and does not have to pay a debt service. In model two, KMRA does take out a loan to fully cover the \$25 million in capital costs. With 100% financing, paying back the loan over 20 years at a 3.5% interest rate would require an annual payment of \$1,766,063. This additional operating expense requires a higher level of visitation for KMRA to break even.

The break-even analysis looks at costs, revenues, and business volume, as measured in visits. However, the model takes into account both expenses that are fixed and those that vary with visitation.

Fixed costs are incurred at the same amount with operation, regardless of the number of visits. Examples of fixed costs include management salaries, property taxes, licenses, legal and accounting fees, utilities and maintenance, and contractual obligations.

Semi-variable expenses increase with business or visit volume, though not in a direct proportional relationship. Significant portions of the semi-variable costs are actually “fixed” assuming the resort will undertake activities required to operate during the winter season. Operating labor, marketing, utilities and maintenance are examples of semi-variable costs.

Variable costs are expenses that have a direct relationship with number of visits, increasing with visitation. Examples of variable costs include cost of goods sold (such as retail or food and beverage sales) and the portions of labor and other operating costs that adjust to seasonal operations or significant changes in visitation levels.

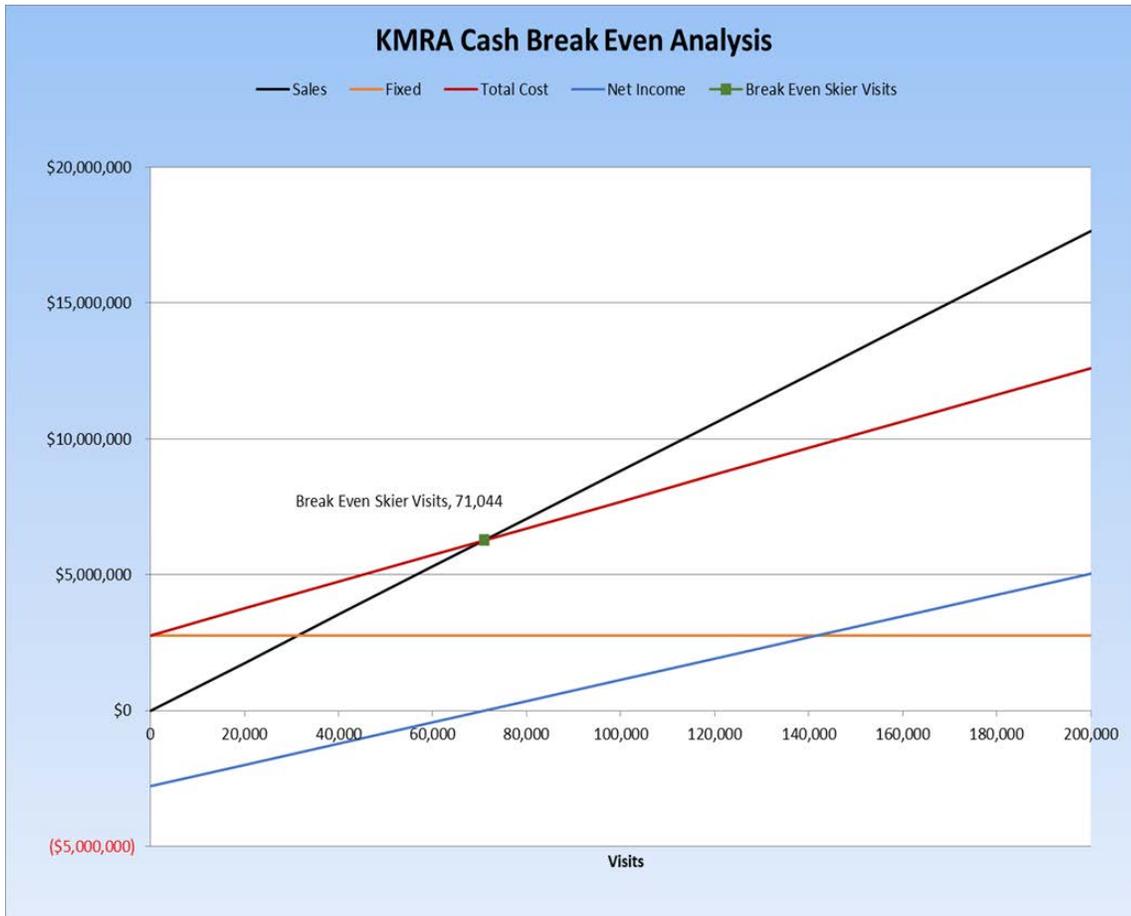
Table 17 breaks down the operating expenses listed in Table 15 into fixed and variable costs. Semi-variable costs estimates are allocated between fixed and variable costs for direct labor, maintenance and repairs, payroll taxes, general & administrative, marketing and land use fees. The breakeven analysis uses estimated revenue and expenses developed in the benchmark study above, which are reflective of resorts with approximately 100,000 annual visits. Therefore, 100,000 was used to estimate expenses and fixed and variable costs.

Table 17. KMRA Variable and Fixed Cost Allocation

	Total Expenses at 100,000 visitors	Split	Fixed Costs at 100,000 visitors	Variable Costs at 100,000 visitors	Variable Costs per visit
Cost of goods	\$860,000	0/100	-	\$860,000	\$8.60
Direct labor	\$2,625,000	25/75	\$646,250	\$1,968,750	\$19.69
Maintenance/ Repairs	\$495,000	50/50	\$247,500	\$247,500	\$2.48
Other direct	\$900,000	0/100	-	\$900,000	\$9.00
Payroll taxes	\$450,000	30/70	\$135,000	\$315,000	\$3.15
Power/electric	\$435,000	100/0	\$435,000	-	-
Gen. and admin.	\$1,200,000	70/30	\$840,000	\$360,000	\$3.60
Marketing/adv.	\$330,000	50/50	\$165,000	\$165,000	\$1.65
Insurance	\$150,000	100/0	\$150,000	-	-
Land use fees	\$75,000	25/75	\$18,750	\$56,250	\$0.56
Property/other taxes	\$125,000	100/0	\$125,000	-	-
Miscellaneous	\$50,000	0/100	-	\$50,000	\$0.50
Debt service (Model 2 only)	\$1,766,063	100/0	\$1,766,063	-	-
Total – Model 1	\$7,695,000		\$2,772,500	4,922,500	\$49.23
Total – Model 2	\$9,461,063		\$4,538,563	4,922,500	\$49.23

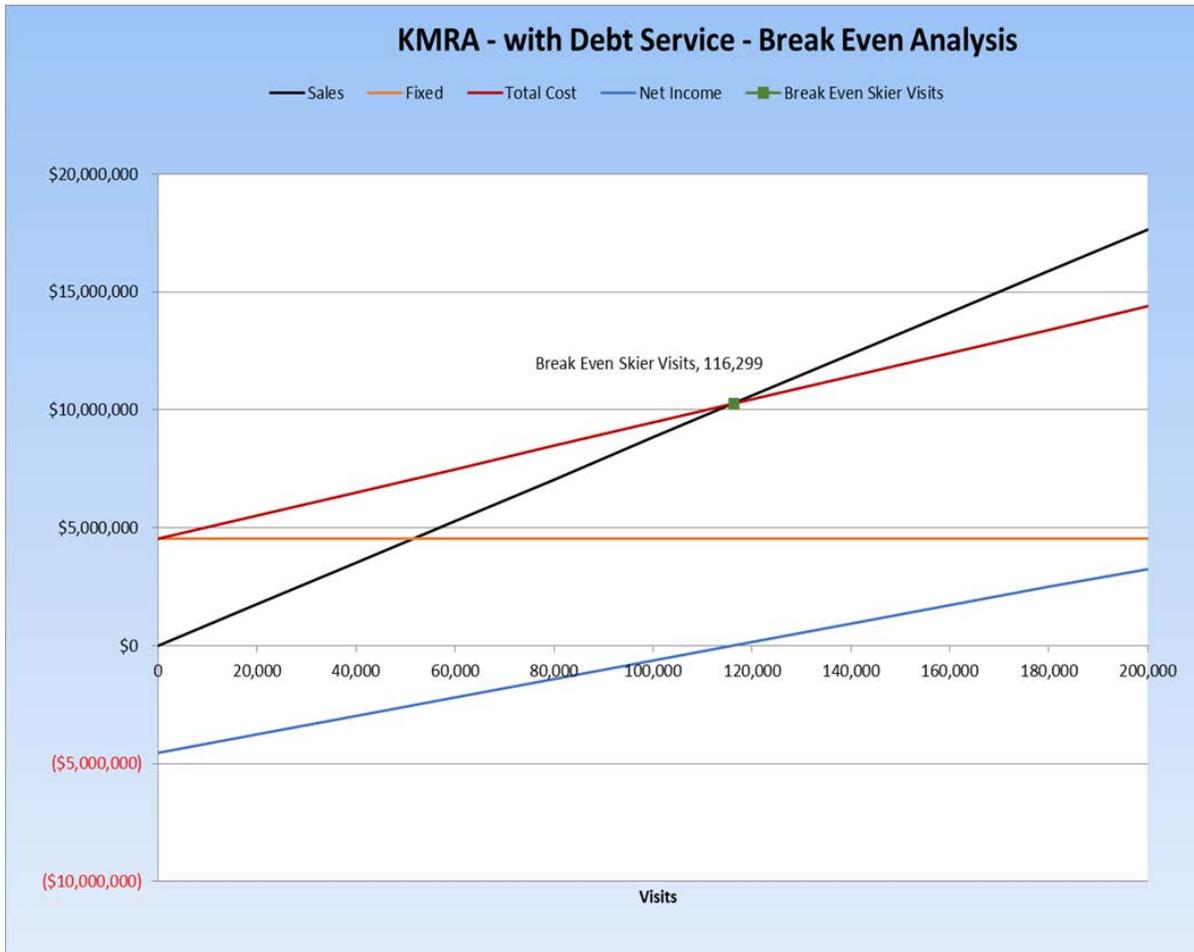
Under both models, the variable costs are \$49.23 per visit. Full financing of the upgrades adds significantly to the fixed costs. Likely, the fixed costs will be somewhere in between model one and two in a partial financing scheme. With rare exception, most ski area development projects rely upon multiple funding sources, including owner’s equity, conventional financing, and municipal bonds when possible.

Chart 1. Model One Break-even Analysis



In model one, where KMRA pays for the capital improvements without a loan, 71,044 skier visits would be required for revenue to meet operating costs. At \$88.25 in revenue per visit, KMRA would generate \$6,269,633 in revenue, the operating costs at that number of visitors.

Chart 2. Model Two Break-even Analysis



Under model two, with 100% financing of capital costs, KMRA would need 116,299 annual visitors to break even. At \$88.25 in revenue per visit, KMRA would generate \$10,263,387 in revenues to match operating costs at that number of visitors.

Based on the results of these models, KMRA visitation will likely need to be between 71,044 (model one) and 116,299 visits (model two) to break even. This assumes that KMRA achieves \$88.25 in revenue per visit and keeps expenses at the levels listed in Table 14. KMRA’s ability to achieve that visitation level is dependent on the market and the facilities, explored earlier in the *Opportunities and Market Assessment* of this plan.

F. NEXT STEPS

The *Kendall Mountain Recreation Area Viability Assessment* establishes a foundation and possible future direction for KMRA. It also explores this future direction with enough detail to determine if there is a viable pathway forward to an economic and environmentally sustainable multi-season recreation area. Assuming that the market is there, all the ingredients of a successful community-driven mountain operation are here: a truly awe-inspiring mountain location, a dedicated and passionate community of local users and partners, a strong tourism base within the broader Silverton destination, and the alignment and support of partner agencies in the federal, county, state and local governments. We are confident there is a scale of operations that would enhance recreation opportunities and greatly benefit the Town of Silverton, its residents and the surrounding region.

However, significant upgrades and improvements at KMRA must be made to realize the mountain's full potential to enhance recreation opportunities and attract destination guests. It is reasonable to believe that viability would be greatly hindered if development were less than the order of magnitude shown in *Figure 4: Ski Potential Option 2*. The rationale behind this is that a smaller ski area would not draw enough visitation to generate a viable return on investment associated with the capital costs of infrastructure necessary. Essentially, it might be difficult for any ski area to be financially viable at a smaller size, while maintaining reasonable prices. It should be pointed out that even the larger scale development illustrated in *Figure 4: Ski Potential Option 1* still counts as a small ski area. That being said, improvements on the order of magnitude described in the *Opportunities and Financial Analysis* sections of this document do not happen overnight, but must be phased and scaled up over time. While this Viability Assessment has provided an excellent "first step" assessment of the situation, more detailed planning for the proposed improvements which considers more specific designs and the overall implementation strategy is necessary.

As a next step it is recommended that the Town of Silverton engage in the preparation of a Master Development Plan and Implementation Strategy to further refine the desired conditions for the resort and the proposed improvements within an expanded operational boundary. Should it be determined that the Town of Silverton need a private partner to undertake potential development projects it would be appropriate to identify and engage this partner in the master planning process. Once agreed upon in a Master Development Plan, refined concepts would be ready to be taken through the NEPA process, which would likely also consider the Town of Silverton's acquisition of additional R&PP leasing on BLM swaths of land up-mountain from their existing operational boundary. Alternatively, should the Town of Silverton acquire adjacent BLM lands through some other means than BLM R&PP or the issuance of a Special Recreation Permit (e.g., through legislative action), site specific NEPA may not be necessary. In either instance, the preparation of a Master Development Plan is crucial to take the concepts of this *Viability Assessment* to a level detail that is with certainty determined to be profitable and ultimately implementable.

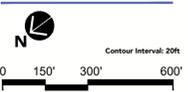
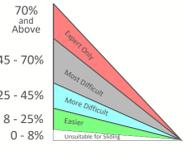
Figures



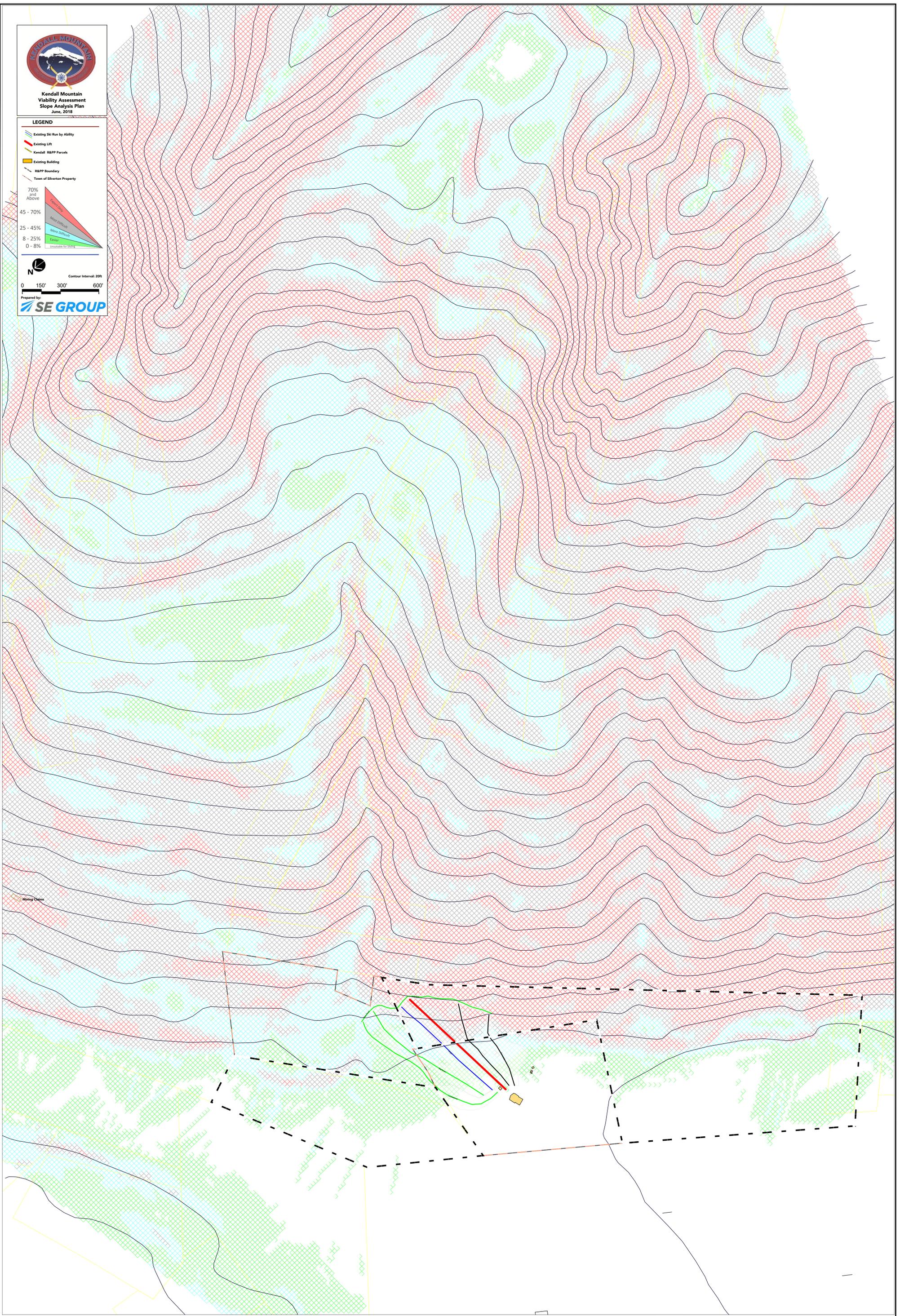
**Kendall Mountain
Viability Assessment
Slope Analysis Plan
June, 2018**

LEGEND

- Existing Ski Run by Ability
- Existing Lift
- Kendall R&PP Parcels
- Existing Building
- R&PP Boundary
- Town of Silverton Property



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Mining Claims



Feasibility Study

Figure: 2

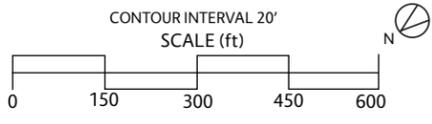
Opportunities and Constraints

October 2018

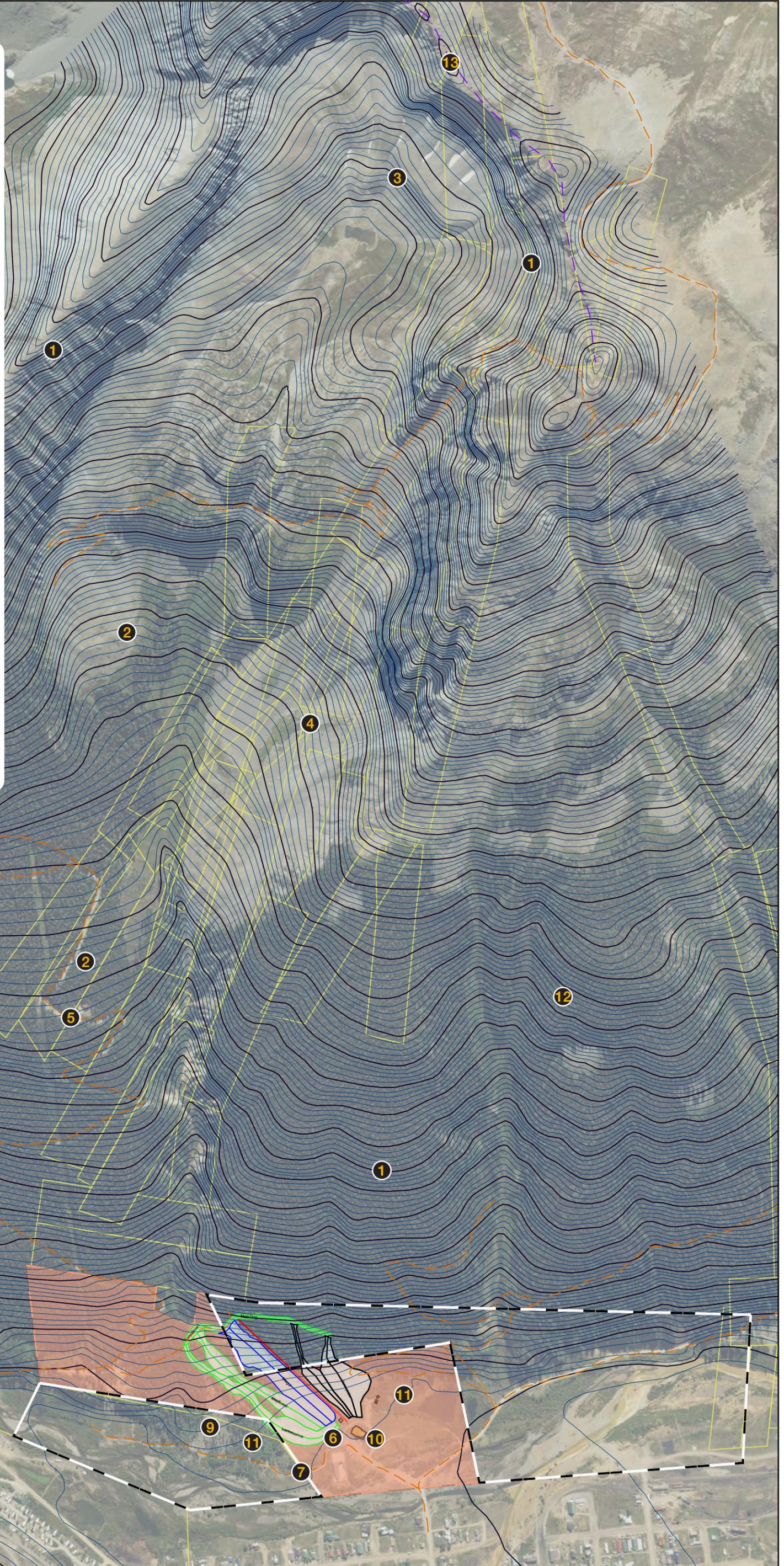
Legend

- Existing Ski Trails
- Existing Building
- Existing Lift
- Mining Claims
- R&PP Boundary
- Town of Silverton Property
- Beginner Ski Trail
- Intermediate Ski Trail
- Advanced Ski Trail
- Existing Road
- Potential Backcountry Access

- 1 Steep Slopes
- 2 Good lower ability level ski terrain
- 3 High Elevation
- 4 Private Property/Mining Claims
- 5 Access road/Cabins
- 6 Potential new lodge location
- 7 Flat, wet terrain in north-east section of the base area
- 8 Potential on-mountain picnic/facility area
- 9 Potential Vehicle Maintenance Building
- 10 Parking
- 11 Potential Tubing
- 12 Tree Glading
- 13 Potential Backcountry Access



Prepared by:

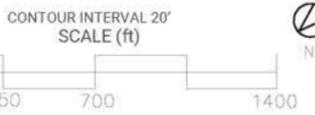




Feasibility Study

Figure 3:
Ski Potential Option 1
October 2018

Legend



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Ski Pod 4
High elevation, excellent
snow retention.
Intermediate and Advanced
Skiing. 40 Acres

Ski Pod 3
Advanced and
Expert Skiing
260 Acres

Ski Pod 2
Novice and
Intermediate Skiing
120 Acres

Ski Pod 1
Intermediate and
Advanced Skiing
180 Acres

Ski Pod 5
Advanced and Expert Skiing
250 Acres
Requires multiple lift rides to
repeat-ski
Too steep for developed ski runs -
recommended for glade skiing only

Notes:

- Total skiable area of over 800 acres.
- All lifts are between less than 3,500 ft in length, indicating that they could all be fixed-grip lifts.
- Total vertical rise of the area is 3,700 ft.
- Top of Pod 3 lift is at 13,020 ft, which would make it the highest lift in the country.

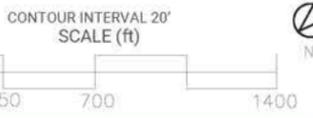


Feasibility Study

Figure 4:
Ski Potential Option 2
October 2018

Legend

Legend	
Town of Silverton Property	Existing Ski Trails
R&PP Boundary	Beginner Ski Trail
Proposed Lift	Intermediate Ski Trail
Existing Lift	Advanced Ski Trail
Mining Claims	
Existing Building	
Existing Road	
Potential Backcountry Access	



Prepared by:
SE GROUP

Ski Pod 4
High elevation, excellent
snow retention.
Intermediate and Advanced
Skiing. 35 Acres

Ski Pod 3
Advanced and
Expert Skiing
120 Acres

Ski Pod 2
Novice and
Intermediate Skiing
35 Acres

Ski Pod 1
Intermediate and
Advanced Skiing
100 Acres

Notes:

- Total skiable area of around 300 acres.
- All lifts are between less than 3,500 ft in length, indicating that they could all be fixed-grip lifts.
- Total vertical rise of the area is 3,500 ft.
- Top of Pod 4 lift is at 12,800 ft, which would make it one of the highest lifts in the country.



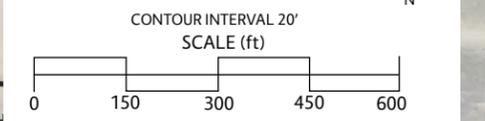
Feasibility Study
Figure: 5
Potential Multi-Season
Recreation Plan
October 2018

Legend

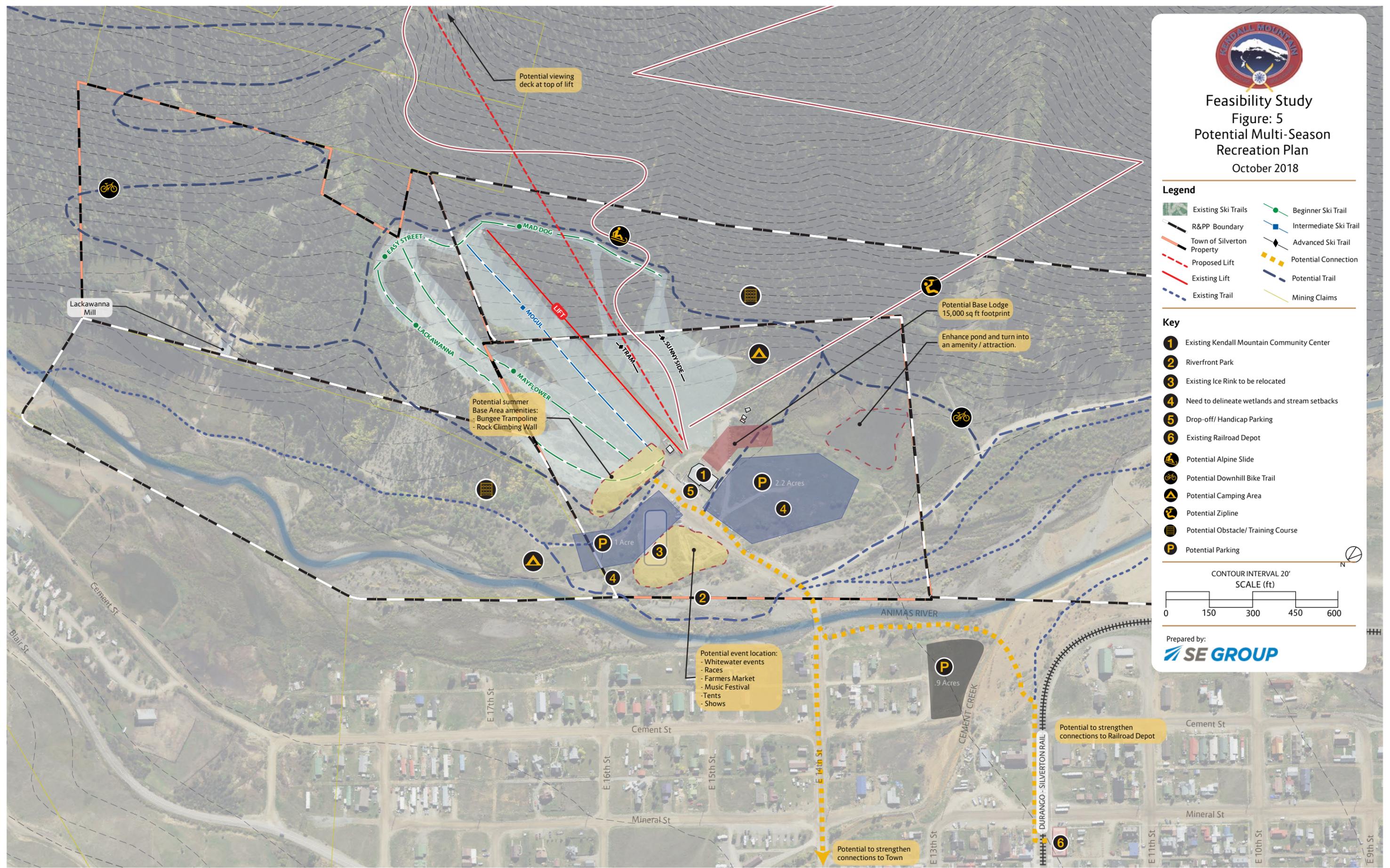
- Existing Ski Trails
- R&PP Boundary
- Town of Silverton Property
- Proposed Lift
- Existing Lift
- Existing Trail
- Beginner Ski Trail
- Intermediate Ski Trail
- Advanced Ski Trail
- Potential Connection
- Potential Trail
- Mining Claims

Key

- Existing Kendall Mountain Community Center
- Riverfront Park
- Existing Ice Rink to be relocated
- Need to delineate wetlands and stream setbacks
- Drop-off/ Handicap Parking
- Existing Railroad Depot
- Potential Alpine Slide
- Potential Downhill Bike Trail
- Potential Camping Area
- Potential Zipline
- Potential Obstacle/ Training Course
- Potential Parking



Prepared by:
SE GROUP



Appendix A: KMRA Market Assessment



KENDALL MOUNTAIN MARKET ASSESSMENT

NOVEMBER 2018

PREPARED FOR:
TOWN OF SILVERTON

PREPARED BY:
SE GROUP

INTRODUCTION

This report summarizes information relevant to the market assessment of Kendall Mountain Recreation Area (KMRA) located in Silverton, CO. KMRA is operated by the Town of Silverton and is interested in pursuing additional recreational opportunities for the community of Silverton and visitors alike.

The information in this draft report is intended to provide perspective on the potential for KMRA to operate as a viable winter and summer recreation area. The data and findings presented in this assessment will assist decision makers and stakeholders in determining which opportunities are appropriate for the future of KMRA. This report is part of a larger viability assessment compiled by SE Group.

Sources of information for this report include information and data from the US Census Bureau, the Colorado Department of Transportation, Headwaters Economics, Colorado Parks and Wildlife, Region 9 Economic Development District of SW Colorado, Snowsports Industries of America (SIA), and Outdoor Industry Association, and secondary research on activities and attractions in the region around KMRA.

EXECUTIVE SUMMARY

This section presents a brief overview of some of the findings of the Market Assessment report. Please see the body of the report for more detail on these and other topics.

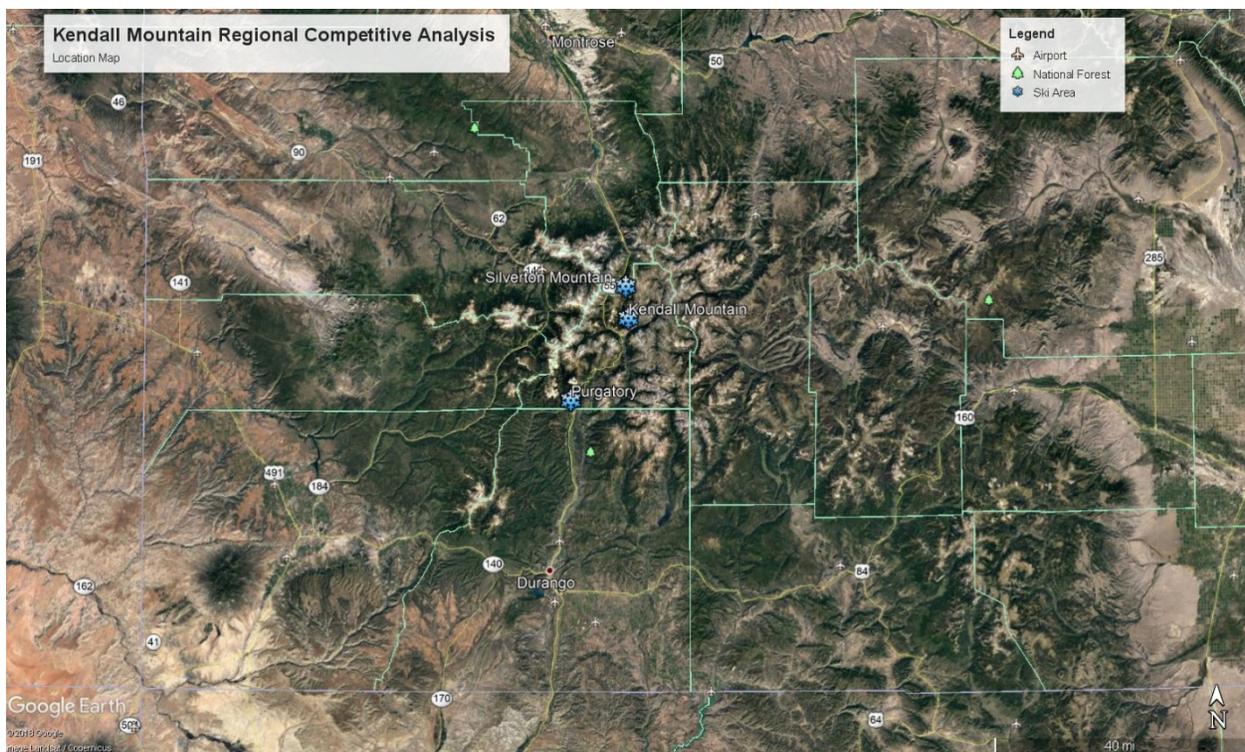
OBSERVATIONS AND OPPORTUNITIES

- While the population of Silverton and San Juan County is small, the populations of nearby larger communities, Durango and Montrose, are growing significantly and many of the new residents are very interested in recreation.
- Travel to Silverton is unique; scenic byways provide access over steep mountain passes especially from the north, the Durango-Silverton Narrow Gauge Railroad brings visitors from Durango over the summer, and regional airports support tourism from beyond Colorado, especially the southwest United States.
- Residents of southwest Colorado do currently visit KMRA, but a substantial increase would create the steady, sizeable source of visitation necessary for KMRA's success. If KMRA offered attractive activities, programs and events, the region's growing population, interest in outdoor recreation, and proximity to KMRA are all conducive to increasing visitation levels.
- Chapman Hill and Purgatory are existing ski areas that share KMRA's current and potential market. In order to be competitive in the market, the future development of KMRA should consider the opportunities and activities different from those offered by these ski areas.
- If KMRA wished to attract destination skiers, the area would have to significantly expand terrain, establish consistent snow conditions (through snowmaking), market the winter season during the summer and in southwest metropolitan areas, offer non-skiing winter activities, and develop pass partnerships with other local and destination resorts.
- Silverton has many visitors over the summer and the Durango-Silverton Narrow Gauge Railroad is a major source of Silverton's summer tourism. KMRA has the opportunity to provide activities that complement those driving summer tourism, expanding on the attractiveness of the summer destination of Silverton.
- Going forward, there is an opportunity for KMRA to capitalize on existing summer tourism by offering unique summer activities at KMRA. Additionally, the Town of Silverton's popularity during the summer season, and eventual summer visitation to KMRA, should be leveraged to attract winter visitors to KMRA.

LOCATION AND IMPORTANT DISTANCES

KMRA is located in southwestern Colorado in Silverton and San Juan County. Silverton is the only incorporated municipality in San Juan County. KMRA is located:

- 0.4 mile from Greene Street and downtown Silverton, CO
- 6 miles from Silverton Ski Area
- 23 miles from Purgatory Resort
- 49 miles from Durango, CO
- 60 miles from Montrose, CO
- 100 miles from Farmington, NM
- 263 miles from Albuquerque, NM
- 324 miles from Denver, CO



LOCAL ROUTES AND TRAFFIC VOLUME

KMRA is located off County Road 32, approximately 0.4 miles from Greene Street, the main street of Silverton. Approximately 0.7 miles to the southwest, Greene Street intersects U.S. Highway 550. U.S. Highway 550 begins just north of Albuquerque and runs near Farmington, through Durango, Silverton, Ouray and to Montrose. From Ridgway to Durango, it is part of the San Juan Skyway, a 236-mile Colorado Scenic and Historic Byway loop through the region. The section from Silverton to Ouray, known as the Million Dollar Highway, goes over multiple mountain passes. Though a popular scenic route, it is narrow, has sharp turns and few guardrails, and is difficult to drive, especially during the winter. Reaching KMRA from Montrose, Telluride, and points north requires use of this highway.



Traffic counts for Greene Street (CDOT Station ID 104212, Location #1 on map below) has an Annual Average Daily Traffic (AADT) of 1,700, indicating that on average, 1,700 vehicles travel up and down Greene Street each day. On Highway 550 slightly northwest of Silverton (CDOT Station ID 105576, Location #2), the AADT is 2,300. On Highway 550 slight southwest of Silverton (CDOT Station ID 105575, Location #3), the AADT is 1,900.¹ Summer traffic at each of these points is likely higher than the AADT indicates. Monthly traffic counts in the region show a significantly higher level of traffic in the summer months with the stronger tourist season. For example, in the City of Durango, traffic counts are about 30% higher in June and July than January. This discrepancy is likely even greater on the Million Dollar Highway, a popular scenic route in the summer but perceived as a dangerous drive in the winter.



¹ Colorado Department of Transportation (CDOT), 2016 San Juan County Traffic Data

REGIONAL POPULATION/DEMOGRAPHICS

CURRENT POPULATION (2016)

- Silverton population: 635
- San Juan County population: 698
- Durango is an hour and five minutes away from Silverton. Many of Durango’s residents recreate in the Silverton area and some have second homes in the area.
- Durango’s population is 18,607; it is the most populous municipality in La Plata County.
- Montrose is an hour and 27 minutes away from Silverton. Montrose residents do recreate in the Silverton area, although not to the same extent as Durango residents.
- Montrose’s population is 19,220; it is the most populous municipality in Montrose County.²

POPULATION TRENDS

Since 2010, the population of Silverton has stayed relatively constant, declining by 1.7% and San Juan County by 1.6%. In that time frame, Durango has grown by 10.1% and Montrose has remained relatively constant, increasing by 0.6%.³ Given the relatively short time frame (6 years), the population growth in Durango is significant.

On a larger scale, the lack of growth in Silverton/San Juan County is reflective of a longstanding trend in isolated mountain locales that are shifting from historic mining epicenters to outdoor recreation centric communities. This trend is visible in San Juan County, Hinsdale County, and Mineral County, all of which have fewer than half the residents they had at their peak population, which was around 1900.⁴ Fluctuations in population in Silverton/San Juan County on a smaller scale are likely attributable to changes in economic conditions (job availability, housing, income), and/or demand for additional amenities/services that could drive residents to larger counties.

Geography	2010	2016	Overall Rate of Change	Annualized Rate of Change
Silverton	646	635	-1.7%	-0.3%
San Juan County	709	698	-1.6%	-0.3%
Durango	16,901	18,607	+10.1%	+1.68%
Montrose	19,104	19,220	+0.6%	+0.1%

The State Demography Office does expect that San Juan County’s population will grow slightly in the future and projects the population at 753 by 2035.⁵ The Durango and Montrose area

² Colorado Department of Local Affairs (DOLA), Colorado Demographic Profiles – Silverton 2016. U.S. Census Bureau, 2012-2016 American Community Survey 5-Year Estimates

³ Ibid.

⁴ Jennifer Brown, 2017. Colorado Divide: Isolated mountain towns struggle to survive with authentic identities without becoming tourist traps. Denver Post

⁵ Colorado Department of Local Affairs (DOLA), 2017 State Demographers Office Population Estimates

population is expected to grow significantly. The state projects that La Plata County will grow from 54,857 in 2015 to 78,984 by 2035. Montrose County, currently at 40,866, is expected to reach 58,946 by 2035.⁶ La Plata County has a diverse economy with strong health care, education, and natural resource sectors and is attracting educated people from both major cities and rural areas. Montrose County is increasingly a destination for retirees and attractive for its climate and recreation.

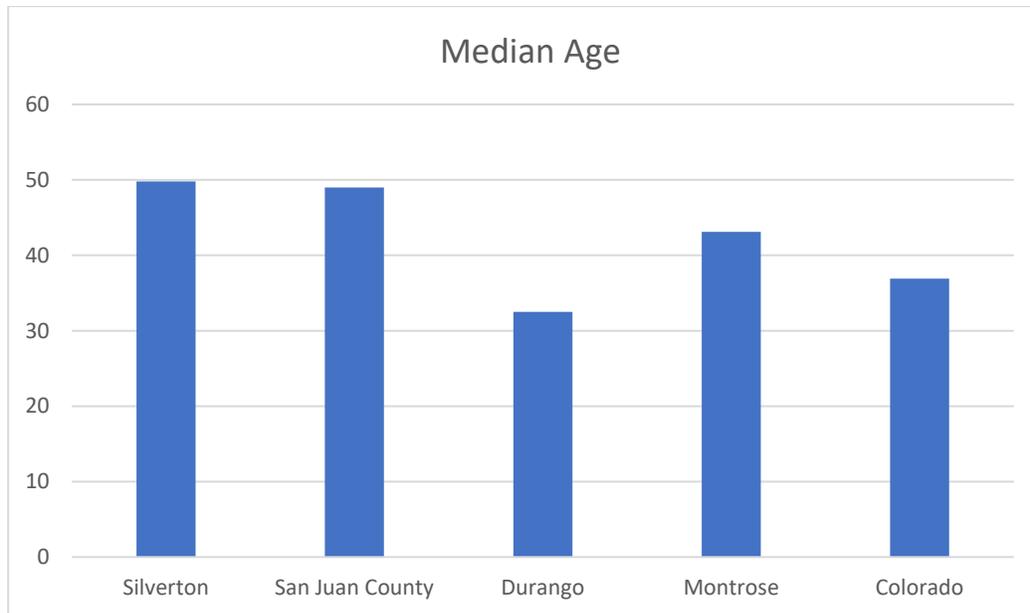
DEMOGRAPHICS

Age

The age distribution of Silverton is significantly older than Colorado as a whole. The median age of Silverton is 49.8 and San Juan County's is 49.0. In comparison, the median age of Colorado as a whole is 36.9. Only 10.1% of Silverton's population is under 18 and 15.4% of the population is 65 or over, compared to 23.3% and 12.7% statewide.

Durango's population is very young, with a median age of 32.5. Fort Lewis College, located in Durango, has 4,500 students, and represents a potential future market for KMRA. Despite its low median age, Durango area has fewer families with children than would typically correspond to this demographic. Only 16.3% of Durango's population is under 18, compared to the statewide average of 23.3%.⁷

The median age of Montrose is 43.1. Montrose has a higher percentage of children but also a high percentage of senior citizens. 21.6% of the population is under the age of 18 and 21.6% are over the age of 65.⁸



⁶ Ibid.

⁷ U.S. Census Bureau, 2012-2016 American Community Survey 5-Year Estimates

⁸ Ibid.

Race/Ethnicity

The racial makeup of Silverton is similar to Colorado as a whole. 26.4% of Silverton's population identifies as Hispanic or Latino (of any race) compared to 21.1% statewide, and 73.0% of Silverton identifies as non-Hispanic white, compared to 69.0% statewide. Durango has a significantly smaller Hispanic population, 11.5%, and 79.6% identifies as non-Hispanic white. 7.3% of the Durango population identifies as American Indian and Alaska Native. The Montrose population is more similar to Silverton and the state as whole, with 23.5% of the population identifying as Hispanic or Latino and 73.4% identifying as non-Hispanic white.⁹

Historically, Hispanic participation in snowsports has been relatively low. Nationally, they represent 10% of all snowsports participants despite being 17.3% of the population.¹⁰ Hispanic participants across all outdoor recreation activities is also 10%, though growing at 1.8% over the last five years.¹¹

Income

The median household incomes of Silverton (\$38,681) and San Juan County (\$41,250) are significantly lower than the state median of \$62,520. Durango's median household income, \$60,334, is much higher than Silverton and San Juan County and close to the state's median while Montrose's, \$41,547, is roughly equivalent to San Juan County.

Despite lower median incomes, Silverton and San Juan County percentages of people below the poverty line (4.3% and 3.8%) are significantly lower than the statewide 12.2% of people below the poverty line. While San Juan County is one of the poorest counties in the state, most of its residents' income is close to the median, with few making significantly more or less. In Durango, 12.7% of people are below the poverty line, which is slightly higher than Colorado as a whole. In Montrose, 20.9% of people are below the poverty line, almost double the statewide average.¹²

In Silverton and San Juan County, 22.5% and 26.4% of households have incomes above \$75,000. In Montrose, 32.1% have incomes above \$75,000. In Durango and Colorado as a whole, that percentage is significantly higher, with 38.7% of Durango households and 41.7% of Colorado households above \$75,000.¹³ This is an important statistic as households with incomes above \$75,000 are significantly more likely to participate in outdoor recreation and snowsports. This is highlighted by the fact that 48% of snowsports participants and 47% of outdoor recreation participants are above that threshold.¹⁴

⁹ Ibid.

¹⁰ Snowsports Industries America (SIA), 2016 SIA Snow Sports Participation Study.

¹¹ Outdoor Foundation, 2017 Outdoor Participation Report.

¹² U.S. Census Bureau, 2012-2016 American Community Survey 5-Year Estimates

¹³ Ibid.

¹⁴ SIA, 2016. Outdoor Foundation, 2017.

REGIONAL ANALYSIS

REGIONAL ECONOMY

The economy of Silverton and San Juan County is very dependent on tourism. 58.3% of private employment (and 44% overall) in San Juan County is travel and tourism related.¹⁵ Tourism in the county was historically limited to the summer months but the opening of Silverton Mountain in 2002 has brought an increasing number of visitors to the area during the winter. Silverton Mountain (Core Mountain Enterprises) is the largest employer in the county, followed by San Juan County, Handlebars Restaurant, Town of Silverton, and Silverton School District. The government, services, and retail sectors are the largest in the area and are traditionally low-paying sectors.

The county's economy has diversified somewhat - in 2000, travel and tourism accounted for over 80% of county employment compared to 58.3% today.¹⁶ Silverton became wired for high-speed, fiber-optic broadband internet in 2016; the last county seat in Colorado to do so. The presence of high-speed internet has addressed existing challenges for businesses in Silverton which have experienced bandwidth related issues during the peak of the summer tourism season. Additionally, it is anticipated that the presence of high-speed internet will generate interest among the increasing number of location-neutral businesses and entrepreneurs who can live anywhere that can accommodate their portable technology.

Currently, only 24% of county working residents are employed in San Juan County. Most work in the surrounding Colorado counties and northern New Mexico. Conversely, 64% of the jobs in San Juan County are filled by non-County residents, primarily from Montrose County.¹⁷

The economy of Durango is more diverse and less tourism oriented than San Juan County. Tourism represents 26.4% percent of private jobs in the county, compared to 58.3% in San Juan.¹⁸ The health, energy and natural resources, and financial services sectors are major industries in La Plata County. Many residents of Durango will recreate or own second homes in the Silverton area and visitors to Durango often ride the train to Silverton or recreate in San Juan County as well.

REGIONAL TOURISM

Silverton, as indicated by its economy, is a tourism-oriented town. 65% of homes in the town are second homes which are predominantly used over the summer.¹⁹ Silverton has many visitors over the summer for outdoor recreation and heritage vacations. The winter tourist season has grown recently with the addition of Silverton Mountain, an expert-only ski area six miles north of town. Throughout southwest Colorado, summer is the stronger tourism season, but areas near the region's destination ski resorts (e.g. Telluride, Purgatory, and Silverton) see stronger winter visitation.

¹⁵ Headwaters Economics, A Profile of Industries that Include Travel & Tourism, 2018.

¹⁶ Ibid.

¹⁷ Region 9 Economic Development District, 2015 San Juan County Comprehensive Economic Development Strategy.

¹⁸ Headwaters Economics, A Profile of Industries that Include Travel & Tourism, 2018.

¹⁹ Region 9 Economic Development District, 2015.

In Silverton, many businesses are only open May-October, matching the railroad's season. Others close for the shoulder seasons of April and November or remain open only on weekends. For shops and restaurants that do stay open, business is very slow. In 2013, Silverton Grocery's sales for the entire month of February equaled three days of sales in July.²⁰ Silverton Mountain has been the primary source of revenue and employment during the winter, with 40 employees. The average guided skier to Silverton stays for 2.7 days and spends \$508 per visit.²¹ However, the mountain does not see heavy visitation – it prides itself on having higher annual snowfall (400") than average daily visitors.

Durango is a major source of Silverton's tourism. Many residents of Durango will make day trips to Silverton, while others own second homes or pay for lodging to stay overnight in the town. Many overnight visitors to Durango will spend a day in Silverton by taking the railroad or driving the San Juan Skyway, part of the Colorado Scenic and Historic Byway System. As of 2007, the last year which data is available, the Durango Tourism Office estimated 750,000 overnight visitors.²² Increases in sales tax revenue, railroad ridership, and visitation to Mesa Verde National Park indicate that Durango area tourism has only grown since then. As the railroad is one of the primary attractions in Durango, the growth of Durango tourism will likely bring more visitors to Silverton.

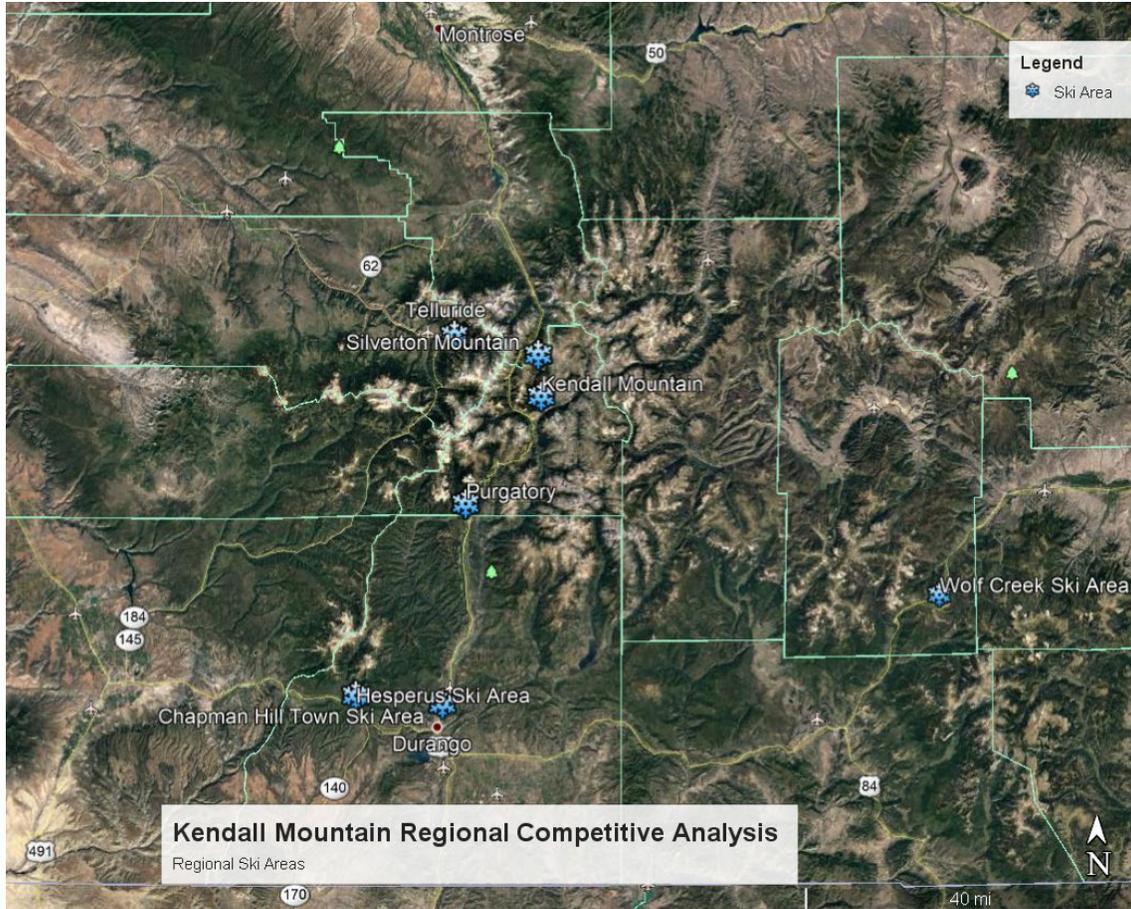
Winter Tourism

Winter commercial tourism in the region is dominated by ski resorts. There are a few summer ATV outfitters who offer snowmobile rides in the winter and there are some non-commercial activities such as snowshoeing, backcountry skiing, and the ice park in Ouray. Silverton operates a Nordic ski trail around town, primarily used by locals. The region has well-known destination resorts such as Telluride, Purgatory, Silverton Mountain, and Wolf Creek. KMRA is an affordable, family-friendly ski area, more similar to Hesperus and Chapman Hill.

²⁰ Ibid.

²¹ Bureau of Land Management, Environmental Assessment for the Silverton Guides Helicopter Ski Terrain Exchange, 2016

²² RPI Consulting, 2010.



Telluride Ski Resort and Silverton Mountain are destination ski areas that attract skiers from across the country. Telluride has over 2,000 skiable acres and in years past has been rated the #1 ski resort in America. With \$135 adult daily lift tickets and \$2,100 season passes, Telluride caters to a different demographic than those seeking affordable, family-friendly experiences such as those offered at KMRA.

Silverton Mountain, located six miles from KMRA, is an expert-only ski area offering heli-skiing and guided big mountain style skiing. While there are more affordable ticket pricing options during certain durations of the season, the majority of tickets sold at Silverton Mountain are \$179 or more. For both of these reasons, Silverton Mountain is also not competing in the same family-friendly ski area market as KMRA. Due to the proximity of Silverton Mountain and the KMRA, and the fact that the two ski areas are not competing with one another, there could be additional opportunities for the two ski areas to symbiotically exist and benefit from each other's opposite markets.

Purgatory Resort and Wolf Creek Ski Area are day/destination ski areas that cater to a mix of locals and visitors. Purgatory and Wolf Creek skiers are more likely to originate from within the region rather than those who visit Telluride Ski Resort or Silverton Mountain but could be from further areas of the country or international. Since Wolf Creek is located further east, it does not compete with KMRA for local visitors. Additionally, many of Wolf Creek's destination skiers are

from the Front Range or Kansas and Oklahoma and do not overlap as much with KMRA's visitor profile, which as previously discussed is primarily from states south of Colorado.

Purgatory's financial model and activities are geared towards both locals and family destination visitors. Purgatory is a family-friendly resort, offering free season passes for children 4th grade and younger and free introductory ski lessons. For locals, they host locals benefit days a few times each season with reduced price lift tickets and proceeds going towards local charities. The resort also offers dog sledding, tubing, sleigh rides, 20 km of groomed Nordic ski trails, and Animas City Adventure Park, an old-west town set up on the ski slope. The Purgatory season pass is also a pass for Hesperus, Arizona Snowbowl, Pajarito, and Sipapu, attracting visitors from New Mexico and Arizona.

As KMRA grows, it would increasingly overlap with the Purgatory skier market. Currently, Durango residents and visitors alike are drawn to Purgatory for its relative affordability, proximity to Durango, and mix of terrain and activities. Durango residents are the largest and most frequent single user group of the resort, averaging almost 4 days of skiing per user. Yet the majority of visitation is from those residing outside the region. As of 2008, Purgatory (then known as Durango Mountain Resort) visitation was comprised of 60% destination skiers and 40% day skiers from the local area.²³ Recent data shows the percent of destination skiers may have increased. Over the 2017/18 season, about 1/3 of skiers were from Colorado, with about 2/3 of those being from southwest Colorado. Many residents of the Denver metropolitan area skied at Purgatory, along with significant visitation from other southwest states and cities such as Albuquerque, Dallas, Houston, Austin, Los Angeles and Phoenix. For those destination visitors, Purgatory is a 32 minute drive from downtown Durango, a 52 minute drive from the Durango-La Plata County Airport, and offers lodging on the mountain.

Durango residents and area tourists looking for a different experience will sometimes drive to KMRA and enjoy the community feel and unique offerings of the town of Silverton. As KMRA expands, the experience and terrain should continue to and increasingly motivate Durango residents and visitors to make the trip to Silverton. To be complementary, KMRA must preserve the community atmosphere, offer exciting skiing, and a different set of summer activities than Purgatory.

Chapman Hill and Hesperus are day ski areas close to Durango. Hesperus is the larger of the two, with 60 acres of terrain. It is 11 miles west of Durango and its primary draw is night skiing in close proximity to Durango. It also offers tubing rentals, ski and ride school, and food concessions. It has no snowmaking and has struggled in recent years to open. Hesperus is under the same ownership as Purgatory, and this year, before Hesperus could open, Purgatory was open for night skiing. Hesperus's business model is convenient night skiing for Durango residents, a market that KMRA would not partake in.

²³ Durango Mountain Resort, 2008 Improvement Plan Final Environmental Impact Statement

Chapman Hill has six skiable acres and is located one mile from downtown Durango. It offers similar activities as KMRA, with tubing rentals, a picnic pavilion, and an indoor ice rink. The ski area has two rope-tows, relies heavily on snowmaking, and operates weekday evenings and weekends. It averages 2,700 visitors annually, roughly equivalent to KMRA, and its current lift prices and season passes are slightly cheaper.

	Kendall Mountain Recreation Area	Chapman Hill Ski Hill
Annual Visitation	2,785 (average 2015-2017)	2,700 (average)
Youth Day Pass	\$17 (ages 6-18), Free for 5 and under	\$5 (ages 4-5), \$12 (ages 6-17), Free for 3 and under
Adult Day Pass	\$25	\$15
Youth Season Pass	\$130 (ages 6-18)	\$100
Adult Season Pass	\$180	\$140

Chapman Hill is currently in the master planning process and planning for improved facilities, additional activities, and a slight increase in skiable terrain. The ski area could only expand horizontally, as it is hemmed in by Florida Road and the Animas River at the bottom of the hill and Rim Drive and Fort Lewis College on the top. The Master Plan calls for replacing the existing rope tows with a fixed grip triple chairlift and a magic carpet to service a tubing hill (with possible summer tubing) and learn to ski area; improving grading and night skiing; and adding an outdoor patio, expert terrain on gladed runs, and possibly a climbing wall. Long-term plans include the possibility of a Woodward Copper-style facility (action sports indoor facility with indoor ski and snowboard training, skateparks, foam pits, and trampolines).²⁴

As Chapman Hill is very convenient for Durango families, KMRA must be aware of additional offerings that may become available at Chapman Hill. With the improvements at Chapman Hill, KMRA will likely need to improve and expand its facilities and terrain to continue to attract families from Durango. KMRA's future developments should not be redundant with Chapman Hill's plans.

²⁴ Zehren and Associates, 2018 Chapman Hill Ski Area Master Plan, DRAFT

Resort	Distance to Durango	Distance to Montrose	Market	Trip Advisor Rating	Skiable Acres	# of Trails	Summit Elevation	Vertical Drop	Terrain	Lifts	% Snow-making Coverage	Night Skiing	Activities
Kendall Mountain Recreation Area	48 mi	60 mi	Day/Destination	5.0	16	5	9,596	283	Beginner: 60% Intermediate: 20% Advanced: 20% Expert: 0%	1 double	0%	No	Tubing, Ice rink, school programs
Chapman Hill	1 mi	107 mi	Day	4.0	6	2	6,873	300	Beginner: 100% Intermediate: 0% Advanced: 0% Expert: 0%	2 rope tows	100%	Yes	Tubing, ski school, warming hut, ice rink
Hesperus Ski Area	12 mi	119 mi	Day	4.5	160	26	8,888	700	Beginner: 26% Intermediate: 39% Advanced: 35% Expert: 0%	1 double	0%	Yes	Tubing, ski school
Lee's Ski Hill	70 mi	37 mi	Day		1.25	1		75	Beginner: 100% Intermediate: 0% Advanced: 0% Expert: 0%	1 rope tow	0%	Yes	
Purgatory Resort	27 mi	81 mi	Day/Destination	4.5	1,605	99	10,822	2,029	Beginner: 20% Intermediate: 45% Advanced: 30% Expert: 5%	1 detachable six-seater 2 detachable quads 3 triples 3 doubles 2 magic carpets	16%	Yes	Tubing, Snowcat skiing, sleigh rides, Nordic center, dog sledding, scenic tours, snowshoe tours, alpine slide, racing program, ski school, zip line, rock climbing, downhill

Resort	Distance to Durango	Distance to Montrose	Market	Trip Advisor Rating	Skiable Acres	# of Trails	Summit Elevation	Vertical Drop	Terrain	Lifts	% Snow-making Coverage	Night Skiing	Activities
										1 surface			mountain biking, terrain park
Silverton Mountain	54 mi	66 mi	Destination	4.5	1,819		13,487	1,900 (lift-served)	Beginner: 0% Intermediate: 0% Advanced or Expert: 100%	1 double	0%	No	Heli-Skiing
Telluride	111 mi	66 mi	Destination	4.5	2,000	150	13,150	4,425	Beginner: 23% Intermediate: 36% Advanced or Expert: 41%	2 gondolas 7 detachable quads 1 fixed-grip quad 2 triples 2 doubles 2 surface lifts 3 magic carpets	11%	No	Golf, Camps, Bungee Trampoline, Heli-skiing, snowshoeing, snowmobiling, ice climbing, backcountry skiing, mountain biking, ropes course, rock climbing
Wolf Creek Ski Area	84 mi	191 mi	Day/Destination	4.5	1,600	78	11,904	1,604	Beginner: 20% Intermediate: 35% Advanced: 35% Expert: 20%	2 detachable quads 1 fixed-grip quad 2 triples 1 double 1 surface lift 2 magic carpets	0.3%	No	Tubing, School program, ice rink

Summer Tourism

Over the summer, visitors are drawn to southwest Colorado for the national forests, Mesa Verde National Park, the scenic railroad and byways, and old west setting. These public lands attract tremendous visitation and popular activities in the area include rafting, hiking, fishing, mountain biking, camping, Jeeping and ATV use, and horseback riding. ATVs are very popular in Silverton, as the town allows ATVs on designated town streets. There are outfitters and activity guides in Silverton, Durango, and throughout the region. Historic mining and railroad museums provide cultural tourism activities. Over the summer, the many hotels, bed and breakfasts, RV parks, and campgrounds are fully booked and the second homes are largely occupied. There is a primitive camping area and hiking trails just east of the soon to be acquired Recreation and Public Purposes (R&PP) parcel.

The Durango & Silverton Narrow Gauge Railroad is a major source of Silverton's summer tourism, operating between May and October. The railroad trips start in Durango and stop in Silverton for two hours while passengers shop, eat, and explore the town. Many then return to Durango but others stay longer for hiking, historic mining tours, ATVs, or other activities in Silverton. Passengers can ride the train from Silverton to Durango in the afternoon and then return by shuttle to Silverton in the evening.

In 2016, the family that manages the Durango & Silverton Narrow Gauge Railroad purchased and restored the Grand Imperial Hotel in downtown Silverton. The hotel, built in 1882, has maintained its Victorian character and appeals to those interested in cultural tourism. Many of the hotel's 40 rooms are booked through package deals with the railroad. With the hotel, train passengers can stay the night at the hotel and want afternoon activities in Silverton. The hotel initially operated only from May to October, to match the railroad, but now operates year-round.

Going forward, there is an opportunity for KMRA to capitalize on existing summer tourism by offering unique summer activities at the KMRA. Additionally, the Town of Silverton's popularity during the summer season, and eventual summer visitation to KMRA, should be leveraged to attract winter visitors to the KMRA.

Summer Activities

Public Lands

San Juan National Forest

The San Juan National Forest covers 1.8 million acres in the southwestern corner of Colorado and sees 1.9 million annual visitors. The forest includes multiple wilderness areas, cultural resources, "14'ers," high deserts, canyons, meadows, and alpine peaks. There are many places for hiking, biking, backcountry ski touring, and off-road vehicles in the forest near Silverton. The closest access is two miles from KMRA.

Weminuche Wilderness

The Weminuche Wilderness is the largest Wilderness area in Colorado at 499,711 acres. The Weminuche was designated by Congress in 1975 and expanded in 1980 and 1993. The Weminuche spans the Continental Divide and its Eolus, Sunlight, and Windom peaks rise above 14,000 feet, while many others reach above 13,000 feet. With an average elevation of 10,000 feet above sea level, the Weminuche is rugged country with fragile ecosystems and open only to hiking. The closest access is 12 miles from KMRA.

Uncompahgre National Forest

Uncompahgre National Forest is west of Silverton and covers 955,229 acres. The forest has three wilderness areas and is popular for hiking, jeepers, and ATVs. The San Juan Skyway also passes through the forest. The closest access is 3 miles from KMRA.

Bureau of Land Management land

The Bureau of Land Management manages some of the land that KMRA is on and extends onto surrounding lands. Beyond KMRA, there are hiking and camping opportunities on the land and the area BLM lands see 660,000 visitors annually.

Mesa Verde National Park

Mesa Verde National Park is a National Park west of Durango that has many preserved ancestral Pueblo dwellings. This National Park also offers camping, guided tours, hiking, and an archaeological museum. The park had 583,527 visitors in 2016 and is 83 miles from KMRA.

Ridgway State Park

Known as the “Switzerland of America,” the park has campgrounds, a reservoir, picnic and playground areas, trails, and a swimming beach. Camping, fishing, hiking, wildlife viewing, and snowshoeing are also available in the winter. The park is 38 miles from KMRA.

Ouray Ice Park

The Ouray Ice Park is a free human made ice climbing venue operated in a spectacular natural gorge within walking distance of downtown Ouray. It is home to more than 200 named ice and mixed climbs, most within a 15-minute walk of the park entrance. The park is 24 miles from KMRA.

Outdoor Recreation Outfitters

Redwood Llamas

Silverton outfitter that raises llamas for packing trips. They offer full-service guided trips, llama leases for do-it-yourself trips, and day hikes/llama clinics as an introduction. They are located 0.6 miles from KMRA in downtown Silverton.

Rock Pirates and Ice Pirates Backcountry Adventure Tours & Rentals

Silverton outfitter that provides ATV tours and rentals in the summer and snowmobile tours and rentals in the winter. Tours are around the Alpine Loop, around the scenic mountain passes, and historic ghost mining towns. They are located 0.7 miles from KMRA in downtown Silverton.

San Juan Backcountry Snowmobile Tours & Jeep Rentals

Silverton outfitter offering jeep, ATV, Dirt Bike rentals and ATV or open top Suburban tours in the San Juan Mountains. The company recently began offering snowmobile rentals in the winter and will drop people off at trailheads or fishing holes. They are located 0.7 miles from KMRA in downtown Silverton.

Durango Rivertrippers Adventure Tours

Durango based outfitter offering rafting trips on the Animas River and Dolores river, Jeep Rentals, zipline, 4x4 tours, tours of Mesa Verde National Park, and Stand Up Paddleboard rentals. They are located 49 miles from KMRA.

San Juan Mountain Guides

Ouray-based guide for ice climbing, rock climbing, backcountry skiing, backpacking, and alpine climbing. Trips are offered primarily in the San Juan Mountains. The company also offers destination trips to other areas of Colorado and expedition trips across the globe. They are the official concessionaire at Ouray Ice Park and have offices in both Ouray and Durango. The Ouray office is 24 miles from KMRA.

Kling Mountain Guides

Durango-based outfitter offering guided rock, ice, and alpine climbing, backcountry skiing, and ski mountaineering. Also offer avalanche, wilderness medicine, and guiding education courses. They are located 49 miles from KMRA.

San Juan Sky Outfitters

Horseback riding guide based between Durango and Silverton. Guests board the Durango and Silverton Narrow Gauge Railroad and then ride to Molas Lake before being transported back to Silverton or Durango. Company also offers guided hunting trips and carriage rides in downtown Durango. They are located 29 miles from KMRA.

San Juan Balloon Adventures

Guided scenic hot air balloon rides in Ridgway. Rides fit four people and are open to children over the age of 6. They are located 34 miles from KMRA.

Outdoor Recreation Facilities

Full Blast Adventure Center

Adventure facility located one mile from downtown Durango and 51 miles from KMRA. Full Blast offers zip line canopy tours and paintball games.

Soaring Treetop Adventures

Full day zip line tour company located 16 miles north of Durango and 33 miles from KMRA and accessed off the Durango-Silverton Narrow Gauge Railroad. Their course is the first and longest in the United States and they serve lunch on the tree platforms.

Purgatory Resort – Summer Offerings

Winter ski resort that also offers an alpine slide, a zipline, a rock wall, and lift-served mountain biking in the summer. The resort saw 284,433 visits over summer 2017, with the visitors primarily from Colorado, Texas, New Mexico, Arizona, and California. The resort is 23 miles from KMRA.

Shangri-La Soaking Pools

Three indoor pools, ranging from 99 degrees to 103 degrees for soaking after a day in the mountains. It is located 0.4 miles from KMRA.

Durango Community Recreation Center

Durango community recreation facility with swimming pools, an indoor track, a climbing wall, a gymnasium, and racquetball courts. It is located 47 miles from KMRA.

The Rock Lounge

Newly re-opened indoor rock climbing facility in Durango that also offers yoga and outdoor climbing programs for kids, a competitive climbing team, summer camps, and birthday parties. It is located 47 miles from KMRA.

Jungle Gym

Durango gym that focuses on obstacle course training. They offer youth and adult programs including team building, birthday parties, and camps. It is located 48 miles from KMRA.

Museums, History, and Culture

Durango-Silverton Narrow Gauge Railroad

Historic railroad line that offers very popular train rides between Durango and Silverton. Most people begin their trips in Durango, the train then stops in Silverton for two hours while passengers can explore the town. There are options to extend the time in Silverton by taking a shuttle back or originating in Silverton. During summer 2013, the railroad brought 116,826 tourists to Silverton.²⁵ The railroad depot is 0.7 mile from KMRA and there is a railroad museum in Durango.

Mayflower Gold Mill

Interpretive displays and self-guided tours at historic mine that explain the local extraction of gold silver, and base metals. It is located 2.5 miles from KMRA.

Old Hundred Gold Mine Tour

Guided mine tours that go underground and allow visitors to see mining in action. Outsiders can try panning for gold. They offer a shuttle from the train depot and have a picnic area. It is located 5.5 miles from KMRA.

San Juan County Mining Heritage Center

Museum about the history of San Juan County and its mining. It is located 0.5 miles from KMRA.

1902 County Jail Museum

Preserved jail museum located in Silverton, 0.5 miles from KMRA.

Bar D Chuckwagon

Silverton outdoor supper show with cowboy songs and comedy. Facility also has hay rides, a playground, shops, horseshoes, western games, and a model train. It is located 40 miles from KMRA.

²⁵ Chuck Slothower, Silverton's Slow Season, Durango Herald. Jan 5, 2014.

AREA VISITATION

SOCIAL MEDIA ANALYSIS

Silverton area tourism Facebook page followers were analyzed to identify the geographic origin of Silverton's visitors.

The Silverton Area Chamber of Commerce Facebook page has 12,274 followers. The most followers are from Durango, with 465, followed by Denver with 305 and Farmington, NM with 236. The next ten are Colorado, New Mexico, Texas, and Arizona cities, along with Silverton itself, with 158 fans. Beyond the southwest, there are 593 fans from foreign countries and sizeable contingents from major cities such as New York, Los Angeles, and Chicago.

The Kendall Mountain Recreation Area Facebook page has 655 followers. 121 of those followers are from Silverton, followed by Durango with 63, and Montrose with 34. The rest of the followers are primarily from nearby southwestern Colorado towns, the Colorado Front Range, New Mexico, Arizona, and Texas.

The Events in Silverton Facebook page has 2,054 followers. Of those followers, 180 are from Durango, 139 from Farmington, NM and 137 from Silverton. Most other followers are from other cities and towns around the Colorado and northern New Mexico, although some are from larger Texas, Oklahoma, and Arizona cities.

The Alpine Loop Backcountry Ranger Facebook page has 803 followers. 32 of those followers are from Silverton and an additional 65 are from Durango, Ridgway, Ouray, Montrose and Lake City. The rest of the followers are largely from Texas, the Colorado Front Range, and New Mexico.

The Silverton area Facebook followers give an indication of who the visitors to Silverton are. The surrounding southwest Colorado towns, especially Durango, have a significant presence in the make-up of Silverton's visitor profile. Colorado Front Range residents were also a significant portion of followers, especially on the recreation-oriented pages. The bulk of the followers, however, are from towns and cities throughout the southwestern United States, particularly New Mexico and Texas.

KENDALL MOUNTAIN VISITORS

Residents of the Town of Silverton are currently heavy users of KMRA. Silverton school children receive free season passes and KMRA hosts winter PE classes, community events, and the Silverton Winter Sports Club. Durango residents do visit KMRA, driving past Purgatory for the KMRA experience and town amenities of Silverton. There are some visitors from elsewhere in southwest Colorado but driving the Million Dollar Highway in the winter makes access difficult from the north. Currently, there are few destination skiers from outside southwest Colorado and nearby New Mexico visiting KMRA.

PURGATORY RESORT VISITATION

Visitors of Purgatory Resort have a similar geographic origin to Silverton area social media followers. Over the 2017/18 ski season, the single largest geographic origin of skiers was Durango and southwestern Colorado. However, the majority of skiers were from beyond the region – the Denver metropolitan area, Texas cities, Albuquerque, NM, and Los Angeles, CA. Texans comprised almost 20% of visitors over the course of the 2017/2018 season. In the summer, the geographic origin of Purgatory visitors is similar, with the most from Colorado and Durango but followed closely by Texas, New Mexico, Arizona, and California.

Purgatory resort's overnight guests, the destination visitors, are predominantly from Texas, New Mexico, and Arizona in both summer and winter. In the winter, Texans account for 30% of total reservations and 34% of total nights, with an average length of stay of almost four nights (3.9). In the winter, New Mexicans account for the highest percentage of reservations at 26%, but only average 2.1 nights per stay. Across both seasons, winter reservations tend to be longer, with an average stay of 3.4 nights, compared to 2.6 nights in the summer. With long trips common amongst Purgatory winter guests, many may be interested in diversifying their trip with a visit to KMRA.

POTENTIAL VISITATION GROWTH AT KMRA

Future activities, programs and events at KMRA could continue to draw Silverton locals, as well as attract an increasing number of local residents from Durango and other southwest Colorado towns such as Montrose, Ouray, and Ridgway, and visitors from outside the region (i.e. Denver, Texas, and New Mexico). The destination of Silverton would also benefit from these additional regional visitors, who in addition to visiting KMRA would support Silverton lodging, restaurants, and shops.

Local

Silverton, with a population of 635 and slow projected growth, is not enough to sustain KMRA. That being said, KMRA is and must remain a community resource. During the public engagement process, the community heavily supported preserving the community-oriented feel of KMRA. Future development of the area must respect the town's vision and past efforts, support the town, and provide recreational activities, programs and events that would encourage families to move to Silverton. Coupled with high-speed internet and other recent improvements, KMRA should contribute to making Silverton a great place to live and an attractive community for new business owners and those that can work remotely.

Regional

Residents of southwest Colorado are strong participants in outdoor recreation. Coloradans participate in outdoor recreation at levels well above national rates (90% participated in outdoor recreation in the past year, compared to 49% nationally).²⁶ Southwest Colorado is no exception

²⁶ Colorado Parks and Wildlife, 2014.

and in specific activities, southwest Colorado participation is significantly higher than national averages. For example, 87% of area residents are trail users, compared to 12% nationally; 53% participate in non-RV camping, compared to 12% nationally; and 27% of the population participates in cross country skiing and snowshoeing, compared to 1.4% and 1% nationally.²⁷ Hiking, rafting, ATVs and snowmobiling, canoeing, and backcountry skiing are more popular in the southwest compared to the rest of the state. In terms of skiing, Colorado has the highest participation rate of any state. Southwest region residents ski at roughly the statewide rate, 35%.²⁸

Southwest Coloradans predominately spend their many outdoor recreation days in the region. Southwestern Colorado residents spend 91% of their outdoor activity days in southwest Colorado. That is the highest in-region recreation percentage of any part of the state.²⁹ Silverton is very centrally located within southwest Colorado; it is 60 miles from Montrose and 48 miles from Durango. 100 miles is generally considered the limit for outdoor weekend recreation travel in Colorado, with 88% of weekend trips occurring within 100 miles of a person's home.³⁰

Durango and Montrose are both growing populations within a short drive of KMRA – capturing those markets is a major opportunity for KMRA. Durango and Montrose are both expected to grow significantly in population over the next few decades. The State Demography Office prepares forecasts at the county level. The current population of Montrose County is 40,866 and forecasts expect it to reach 58,946 by 2035. La Plata County, where Durango is located, currently has 53,994 people and is expected to reach 78,984 by 2035.³¹ In Durango, the outdoor recreation opportunities have been a significant factor in drawing new people to the area. Durango is an easy hour and five-minute drive from Silverton, and a frequent travel route for recreation in the summer. Montrose is an hour and a half from Silverton; though it requires driving the Million Dollar Highway, a tough drive in the winter, KMRA is the closest ski area to Montrose.

Residents of southwest Colorado do currently visit KMRA, but a substantial increase would create the steady, sizeable source of visitation necessary for KMRA's success. If KMRA offered attractive activities, programs and events, the region's growing population, interest in outdoor recreation, and proximity to KMRA are all conducive to increasing visitation levels.

Destination

Successful ski areas in the region (Telluride, Purgatory, Silverton) require a significant percentage of destination skiers to succeed.³² Destination skiers to these resorts are also key for the economic development of the surrounding towns. If KMRA were a skiing destination, overnight travelers could support shops and hotels that are full during the summer but are

²⁷ RPI Consulting, 2010.

²⁸ Colorado State Parks, 2004 Profile of Tourism and the Outdoors: Southwest.

²⁹ Colorado Parks and Wildlife, 2014 Colorado Statewide Outdoor Recreation Plan.

³⁰ Ibid.

³¹ DOLA, 2017.

³² 60% of Purgatory's visitors are destination skiers. Telluride and Silverton are both predominantly destination ski areas.

empty or closed during the winter. The following of Silverton area Facebook pages indicate heavy visitation from across the country, especially the southwest. Given the area's popularity over the summer, encouraging summer visitors to return over the winter by marketing winter recreational offerings throughout the summer could provide a relatively easy opportunity for the Town of Silverton to generate an increase in winter visitation. Summer visitors already appreciate the Silverton charm, are familiar with the area, and many own second homes. The Durango and Montrose airports have flights during the winter from most major metropolitan areas, where many of the Silverton Facebook followers are from. Between the two airports, there are flights from Phoenix, Denver, Dallas, Houston, Newark, LaGuardia, Charlotte, Chicago, Los Angeles, Atlanta, Salt Lake City, San Francisco.

During the public engagement process, the community was interested in attracting more destination skiers and strongly supported expanding terrain and adding new lifts. Community members also noted that the town has the facilities (lodging, restaurants, etc.) to host large events.

For KMRA to attract destination skiers, the area would have to significantly expand terrain, establish consistent snow conditions (through snowmaking), market the winter season during the summer and in southwest metropolitan areas, offer non-skiing winter activities, and develop pass partnerships with other local and destination resorts.