



Giants Ridge®

# CORE AREA MASTER PLAN



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Prepared by:





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# 1. INTRODUCTION



SE Group has been retained by the Department of Iron Range Resources and Rehabilitation to undertake a Core Area Master Plan for the Giants Ridge Recreation Area. The recreation area consists of an alpine ski hill, Nordic ski facility, and two 18-hole golf courses (the Legend and the Quarry). The Recreation Facility is a separate operational entity from the area's lodging properties, but together the area is known as the regional destination of Giants Ridge. Attractions at Giants Ridge may fall under the purview of the Recreation Facility, but benefit the larger entity by attracting more guests to come and "stay and play." The "core area" of Giants Ridge includes the ski facility and adjacent base area development, including all base area buildings (maintenance, Sports Pavilion, South Chalet, new Chalet, The Lodge and the Legend Golf Shop and maintenance area), the Villas, The Residence Club, Woodlands Residential area, and the adjacent lakefront areas of Sabin and Wynne Lakes.

To continue to thrive as a regional destination, Giants Ridge recognizes that it needs to offer an array of recreational activities that will attract a broad audience throughout the year. Toward that end, SE Group was first engaged in 2014 to develop a Multi-Season Recreation Plan to identify opportunities for additional activities, programs, and facilities at the area. Since the development of this plan an Amenities Committee has been formed to coordinate the continued investment in recreational attractions, and several recommendations of the 2014 Multi-Season Recreation Plan are either in the process of implementation or have already been implemented (e.g., climbing wall, gravity bike trails, children's play area). In addition, the long-anticipated new Chalet is now





complete and is exceeding expectations as a revenue generator. It has raised the bar of guest service at the facility and has become a major attractor for a myriad of special events.

As improvements continue to be implemented and the area moves toward its goal as a regional destination, it becomes more important that there is an updated master plan to guide the location of further development. While the 2014 Multi-Season Recreation Plan articulated the possible location for activities, it was focused on near-term opportunities rather than long-term development. The plan did not consider future development of accommodations or real estate, understanding that the first “mission critical” steps needed to focus on increasing visitation by adding activities to improve the attractiveness of the destination.

The existing Master Plan for Giants Ridge was developed in 2010, and illustrates the creation of a mixed-use, pedestrian-oriented village environment at the base of the ski hill. The plan follows the traditional form seen in many mountain resorts: orientation toward the skiing, under-structure parking, ground floor commercial, upper level residential/accommodations. This form and function is well intentioned, and has proved to be successful elsewhere. There is a challenge, however, with applying this high density, large scale concept to Giants Ridge. Given the “Northwoods” character of the area, and the limited marketplace, such a development seems out of place at Giants Ridge. In addition, given the complexion and limitations of the marketplace, it is reasonable to assume that future development at the recreation area will occur slowly, in small, phased increments. There is a need for a master plan that may be implemented in phases, and for each phase to be “complete” if future development is stalled or halted. It is difficult to imagine how to develop the 2010 Master Plan in small incremental steps, without the early phases appearing out of scale and incomplete.

The 2010 Master Plan was the basis for the 1,818 acres that encompasses the recreation area to be incorporated into a



Planned Unit Development (PUD) under the City of Biwabik Land Development Regulations. The PUD entitles the area to an overall residential density of 2,157 units, of which 923 are planned for development parcels within the “Resort Village” (the area of focus for this 2017 Core Area Master Plan) or “Neighborhood Mixed-Use” areas.

Given these factors, SE Group has approached this exercise from the perspective of revising the 2010 Master Plan so that it may be realized in small, realistic, incremental phases. While the long-term “full-buildout” of Giants Ridge may someday appear similar in scope and scale to the 2010 Master Plan and associated PUD entitlements, the 2017 Core Area Master Plan illustrates a phased approach at what the foreseeable future could look like. It is this near-term phasing that allows Giants Ridge to think realistically about what tomorrow may bring, rather than what might be possible in the long term.



Toward that end, the 2017 Core Area Master Plan responds to three main, sequential goals:

## **1) REALIZE THE OPPORTUNITY FOR WINTER BUSINESS**

The winter operation provides significant revenue for Giants Ridge. Several improvements have recently been made to the winter operation, including the opening of the new Chalet and the replacement of the Sarajevo and Helsinki chairlifts. The operations team has already begun harnessing the opportunities realized by these facility improvements, and the 2017 Core Area Master Plan assumes that these efforts will be continued. Future focus could include:

- Develop additional strong kid's programs
- Increase mid-week visitation through programming
- Continue to build entertainment offering
- Continue additional packaging (ski and stay)
- Continue to build and expand the market reach

In addition to focusing on increasing winter visitation and revenue opportunities, the operations team should continue to evaluate ways to improve efficiency.







## 2) INCREASE THE OPPORTUNITY FOR SUMMER BUSINESS

The opportunity to build upon the summer business was quantified and qualified in the 2014 Multi-Season Recreation Plan. The 2017 Core Area Master Plan reflects the need to continue building the summer business, with the focus on:

- Targeting the following markets:
  - Families
  - Groups (weddings, events, corporate retreats), youth camps (think local!)
  - Seniors (golf and F&B)
- Connecting with the water (and waterfront) – for recreation, relaxation, and as a venue for events
- Continuing the development of existing amenities initiatives – the playground, mountain biking and hiking trails, climbing wall
- Developing programs that optimize the use of the recreation area's activities and amenities. Guests are looking for Guided Adventure!



### 3) IDENTIFY OPPORTUNITIES FOR FUTURE DEVELOPMENT AND ACCOMMODATIONS

As market conditions warrant, there is an opportunity for Giants Ridge to offer additional, and more diverse, accommodations that may attract new guests. This may include alternative forms of accommodations like cabins, yurts, and duplexes that could surround the alpine area, golf courses, and/or the lake, providing an alternative experience that is more “adventure-oriented” (and affordable) for overnight guests. Over time, additional lodging in the core area of the recreation area would also be desirable, providing an alternative/complement to The Lodge and the Villas.

The goal for developing future real estate and accommodations follows improving the winter and summer recreational offerings for a reason—namely the evolution of guest investment (or the “play, stay, invest” phenomena). People invest in areas where they have some connection. This connection typically begins with an initial visit as they first come to “play.” If the experience meets or exceeds their expectations, they will come back and “stay” at the area for a longer period. If the experience continues to be positive, they will return again and again until at some point they may commit to the area being part of their lifestyle and “invest” in a second home. Without an attractive offering of activities and amenities for the first-time guest, it’s unlikely there will be a need for more accommodations or real estate development. Focus first on “play,” which will both increase the attractiveness of Giants Ridge as a destination and the number of overnight visits, which will in turn drive demand for more accommodations. The demand for real estate will grow as the number of returning loyalists increases.









## 2. ANALYSIS



### 2.1 CONTEXT

#### 2.1.1 Historical Perspective

Giants Ridge, originally founded as a local ski hill in 1959, has evolved into a four-season destination that is an important economic driver for the Iron Range of northern Minnesota. The recreation facility has grown from a local ski hill attracting day visitors within a 50-mile radius, to a four-season destination attracting 100,000 guests each year from Minnesota, U.S., and Canada.

In 1984 Iron Range Resources and Rehabilitation purchased Giants Ridge Recreation Area out of bankruptcy to develop recreation-based jobs in the region. The agency began expansion of the recreation facility with four goals in mind:

1. *Create economic development*
2. *Provide recreation facilities to enhance the quality of life for people of the Iron Range*
3. *Attract private sector development*
4. *Create a year-round destination*

Major investments in ski area infrastructure, land, and utilities in the 1980s took Giants Ridge from a locally-oriented facility to one that drew skiers from across the region. The evolution continued into the 1990s when the expansion of summertime activities occurred, namely the construction of the facility's first golf course. From the late 1990s to early 2000s, golf visitation soared and construction on a second course, the Quarry, began in 2000 and was completed in 2003.

Iron Range Resources and Rehabilitation's original goals for Giants Ridge are still relevant today. The recreation facility continues to advance regional growth by stabilizing and enhancing the economy of northeastern Minnesota's Taconite Assistance Area through jobs, property taxes, tourism and private investment. The total annual economic impact of Giants Ridge is \$43 million annually.<sup>1</sup>

Real estate development occurred hand-in-hand with the development of Giants Ridge recreation amenities. Especially during the early 2000s, the Recreation Facility gained regional recognition for the skiing facility, and national recognition as a golf destination. Several neighborhoods were constructed during this time, reinforcing the area as not just a recreation facility, but a destination community.

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<sup>1</sup> THK Associates, Inc. 2016. *Giants Ridge Economic Impact Analysis*. March 23, 2016.

#### Who Iron Range Resources and Rehabilitation Is:

- *Iron Range Resources and Rehabilitation is a State of Minnesota development agency located in Eveleth, Minnesota. Its mission is to promote and invest in business, community, and workforce development for the betterment of northeastern Minnesota.*
- *Iron Range Resources and Rehabilitation provides vital funding, including low or no interest loans, grants and loan guarantees for businesses relocating or expanding in the region. Additionally, a variety of grants are available to local units of government, education institutions, and nonprofits that promote workforce development and sustainable communities.*

#### What Iron Range Resources and Rehabilitation Does:

- **Vision:** *Advancing regional growth by stabilizing and enhancing the economy of northeastern Minnesota.*
- **Mission:** *Promote and invest in business, community and workforce development for the betterment of northeastern Minnesota.*

#### Strategies of Iron Range Resources and Rehabilitation:

- *Invest in growing businesses that create jobs,*
- *Prepare communities for change and growth, and*
- *Invest in an educated workforce.*

### **The Vision and Mission statements for Giants Ridge are the foundation to all decision making at the recreation facility, to ensure that certain values are maintained as progress continues.**

**VISION** = Guests at Giants Ridge will experience extraordinary connections to nature and recreation through our first-class four-season resort in a true Minnesota Northwoods setting.

**MISSION** = To be the best resort in the Midwest by providing outstanding recreational experiences through first class services and amenities.



## 2.1.2 Previous Master Planning

Significant planning and analysis related to the future development of Giants Ridge has been undertaken in the recent past, including the development of Master Plans in 2005, 2007 and 2010. These past studies have been considered in the development of this plan.

Previous master plans proposed solutions to the issues that Giants Ridge continues to address today:

- Aging/undersized facilities
- Lack of on-site lodging
- The need for additional amenities and facilities
- Connectivity
- The need for a central “core” of “critical mass”

The plans illustrate logical development proposals and site planning solutions for addressing these issues. The challenge lies in implementation; Giants Ridge is a small, regional destination within a limited marketplace. While there are certainly opportunities for incremental growth, by circumstance the increments must be small.

### 2005 Master Plan

The 2005 Master Plan identifies many of the issues that remain in the forefront of the planning conversation today, specifically:

- The Chalet: Under-sized and structurally challenged (note that the new Chalet has successfully addressed this issue)
- On-site Lodging: Sold out during peak times
- Need for additional summer recreation

The 2005 Master Plan included:

- Development of a mixed-use “village” at the base of the mountain with additional slopeside lodging
- Additional lodging properties offering less “premium” options (i.e., not in the prime slopeside or golf frontage locations)
- Stronger pedestrian connections to Sabin and Wynne lakes
- A separate Nordic Center
- A full-service marina
- A recreation center
- Waterpark/hotel
- Movie theater
- Health and beauty spa
- Outdoor ice-skating rink
- Adventure mini-golf

### 2007 Master Plan

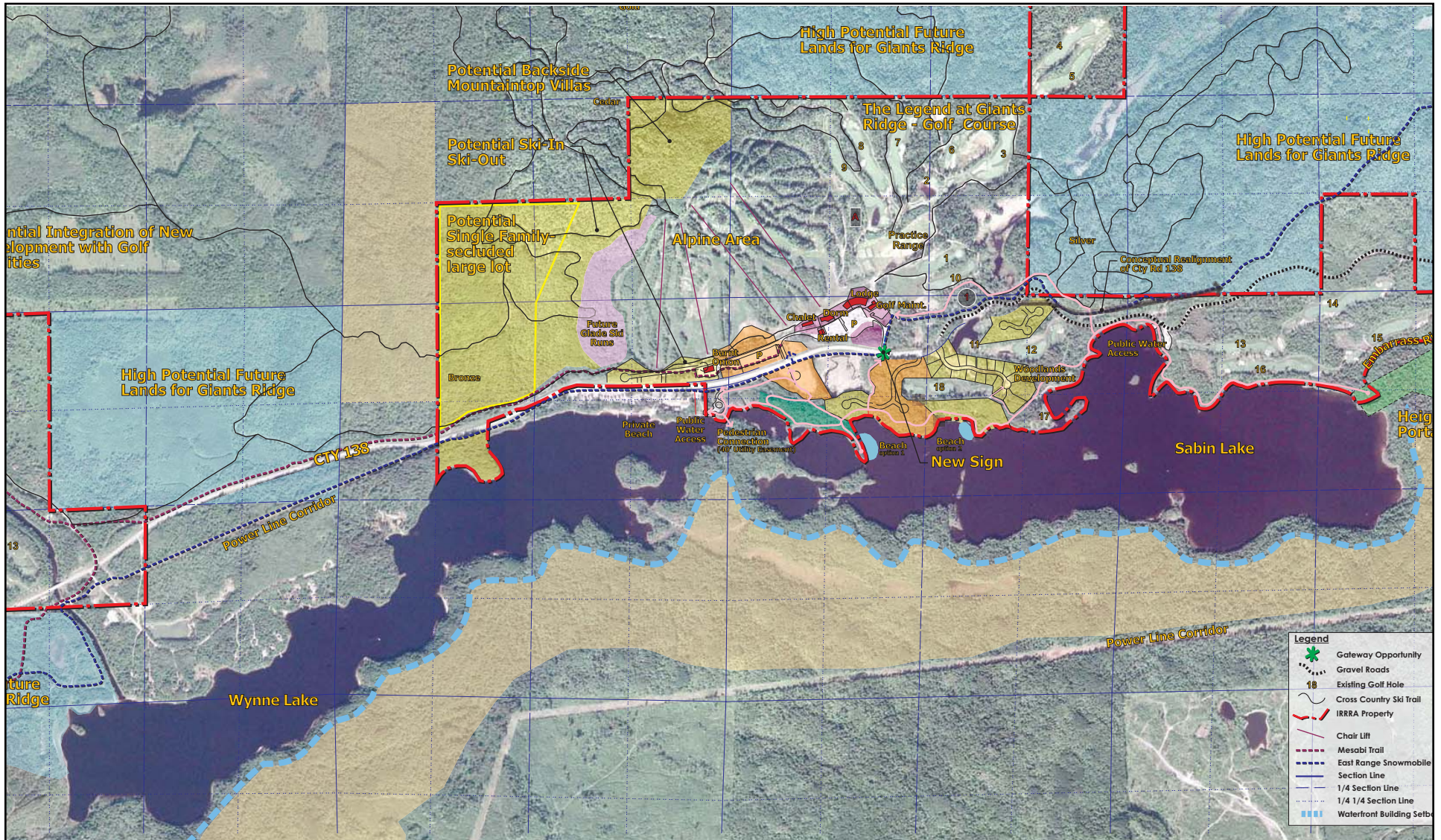
The 2007 Master Plan illustrated the comprehensive development potential of the larger Giants Ridge area, from the Quarry golf course in the south to beyond Sabin Lake to the north. Residential development included the Voyageurs Retreat property, the developable terrain to the south of the ski area, and higher density “mountain-top” and base area villages. This base area village concept was further articulated in the 2010 Village Master Plan.

### 2010 Village Master Plan

The 2010 master planning exercise was focused on developing a mixed-use “village” at the base of the ski hill/adjacent to the Legend golf course. The program for the village included 483 residential units and 101,617 square feet of commercial space.

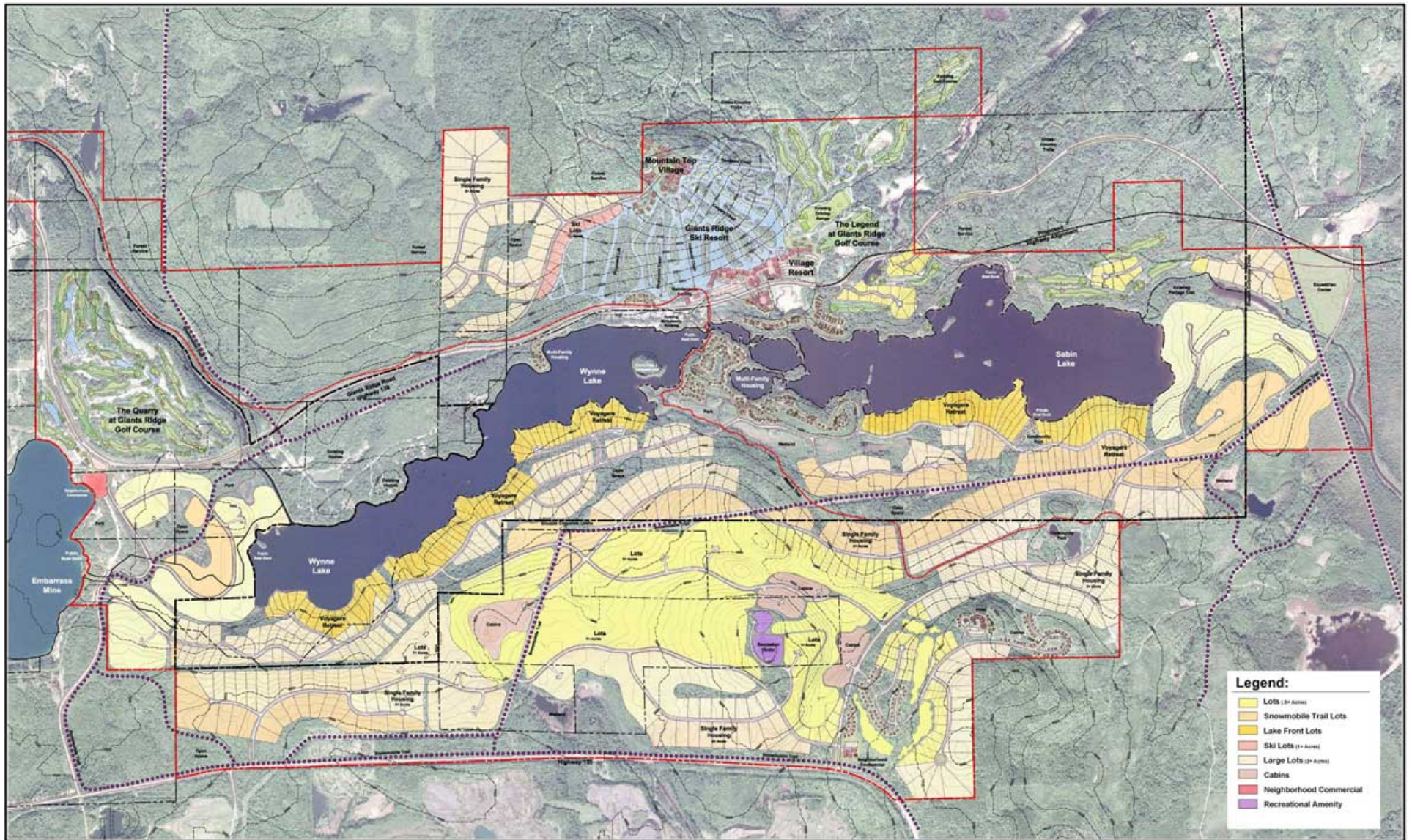
Plan maps from each Master Plan are included on the following pages.





2005 Master Plan





2007 Master Plan





2010 Master Plan



### 2.1.3 Existing Entitlements

Approximately 1,818 acres within fifty parcels along Giants Ridge Road have been incorporated into a Planned Unit Development (PUD) under the City of Biwabik Land Development Regulations. The PUD, approved by the Biwabik City Council in November 2010, enables significant residential and commercial density within the four parcels that comprise the “Resort Village” (i.e., RV-1 to RV-4), and additional density within the balance of the PUD.

The PUD establishes six land use classifications within which a wide variety of land uses are allowed. These land use classifications range from “Resort Village” to “Recreation Open Space.” The more developed land use classifications have residential density ranges between 5 and 19 units per acre. Allowed commercial uses are relegated to either the “Neighborhood Mixed-Use” or “Resort Village” areas and include a wide variety of restaurant, retail and guest service oriented uses. Overall residential density allowed under the PUD is 2,157 units. Commercial density is maximally 372,900 net square feet, which excludes “back-of-house” and interior circulations space.

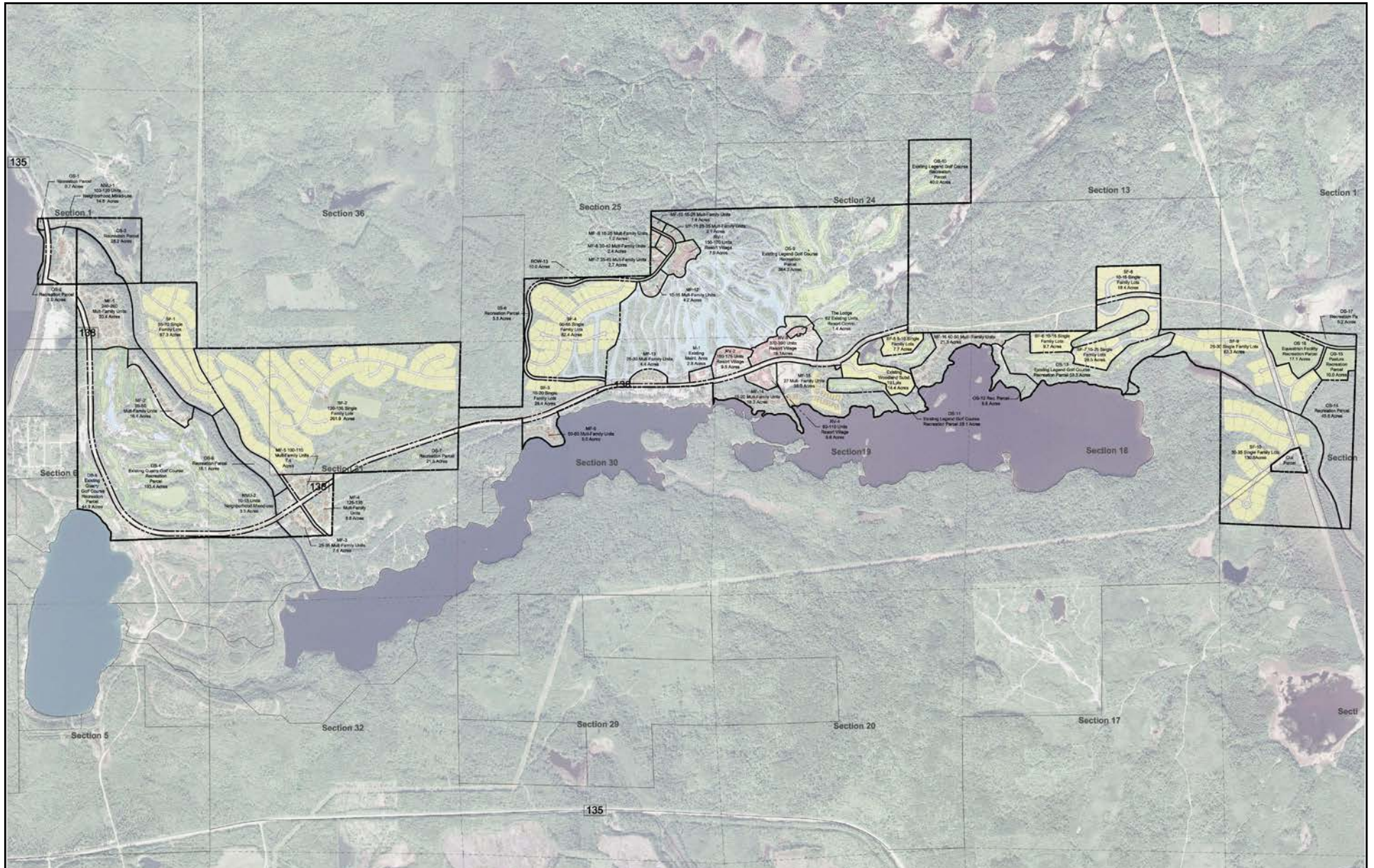
The other land use classifications within the PUD are either residential (i.e., “Multi-Family Residential,” “Single-Family Residential”), maintenance or open space. Of the 2,157 total residential units, 923 of them are planned for development parcels within the “Resort Village” (the area of focus for this 2017 Core Area Master Plan) or “Neighborhood Mixed-Use” areas.

Beyond density, the PUD requires that all structures conform to the most current version of the “Giants Ridge Design Guidelines” which are intended to “enhance and protect the mid-western Northwoods environment native to the Project Lands.” Public roads within the PUD must be dedicated to the City and conform to City roadway standards. Private roads are also subject to specific standards.

The PUD exempts the requirement for additional public land dedications for any subdivision within a defined development parcel. The provisions of the PUD are subordinate to any underlying zoning or land development requirement.

Article 6 of the Special Use Permit noted four “specific” requirements that development within the PUD must address:

- **County Road Buffer Corridors.** Any clearing or grading within 50 feet of the County Road right-of-way must be “minimized.” No structures or parking lots are permitted in this buffer zone. Signage is only allowed per approval of City at each development phase.
- **Resource Management.** The intent of the PUD is to assure the preservation and management of lands within the PUD that are “unsuitable for development,” including areas with “native plant habitat, wetlands, steep slopes, rock out-croppings, and similar natural features.”
- **Conservation Easement.** Conservation easements exist along Wynne Creek. The PUD affords the continued use of lands under these easements for “recreational and development infrastructure integral to the expansion and development of the Resort” with the caveat that such use must conform to the State of Minnesota Shoreland Rules and “minimize potential adverse impacts” to Wynne Creek.
- **Significant Historic Site.** An area identified as “Height of Land Portage” along the northern edge of Sabin Lake near the inlet of the Embarrass River. The preservation and protection of those identified historic resources should be undertaken in any future development phase.



Parcel Plan



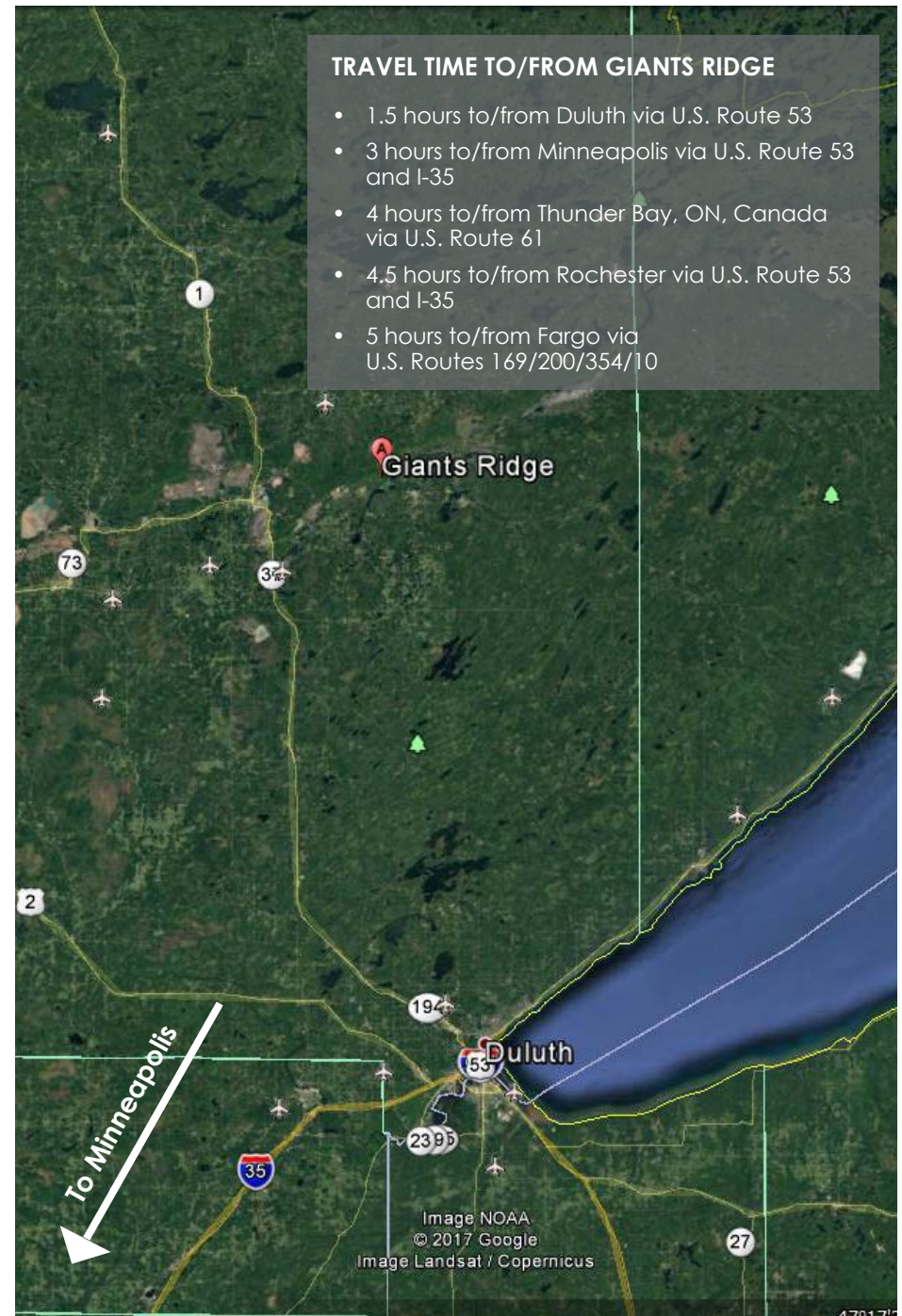
## 2.2 EXISTING CONDITIONS

### 2.2.1 Location Overview

Giants Ridge is located in northeastern Minnesota, 77 miles (1.5 hours) from Duluth, its closest moderately sized city, and 210 miles (3 hours) from the Minneapolis-St. Paul metropolitan area. More locally, Giants Ridge is surrounded by many more small towns and communities, including Biwabik, Aurora, Eveleth, Gilbert, Virginia, Hoyt Lakes, and Embarrass. These all range in size, but share in their common mining heritage of the North Country and in the vision for recreation and tourism for the future. The market conditions explore these areas in more depth, as they influence Giants Ridge's visitation potential, but it is first important to recognize the cultural and geographic context in which the recreation facility exists.

Giants Ridge is located within the corporate boundaries of the City of Biwabik. The land holdings are bordered on the west by land owned or proposed to be exchanged with the United States Forest Service. Public lands of this kind provide the ideal transition between a recreation facility setting and its neighbors. It may even present potential opportunities to plan cooperatively for shared trail opportunities.

VR North owns the Voyageurs Retreat land on the opposite (east) sides of Sabin and Wynne Lakes. Smaller parcels of private land or locally-owned public lands are interspersed within the remaining areas.



## 2.2.2 Existing Site Conditions

### Core/Base Area

The base area around the ski hill includes the new Chalet and South Chalet, The Lodge (accommodations), the Golf Shop, practice range, and the start of the Legend golf course, as well as the Villas and The Residence Club (additional accommodations), and the Sports Pavilion and ski maintenance facility.

The newly completed Chalet and renovated South Chalet have significantly raised the bar of the guest experience at Giants Ridge, addressing the deficit of services and space, and improving the quality and variety of food and beverage service. In addition, the new Chalet provides a new banquet and conference venue for Giants Ridge, allowing the area to attract a variety of special events and creating a new revenue source for the operation.



### Lakes

Giants Ridge is loosely organized around Sabin and Wynne Lakes and Lake Mine. There is a public boat landing for Wynne Lake adjacent to the Villas. The chain of lakes is a great natural asset for Giants Ridge, yet there is very little connection between the core area and the water.

### Recreation Facilities and Trails

The main recreation facilities are the alpine ski hill and two golf courses (Legend and Quarry). Two chairlifts are being upgraded this summer (2017)—the Sarajevo Chair (upgraded to a detachable quad chairlift) and the Helsinki Chair (upgraded to a fixed-grip quad chairlift), which will significantly improve the winter experience. In addition, Giants Ridge has an abundance of trails. Within or adjacent to the area are over 60 km of Nordic trails, used in the summer for mountain biking, hiking, and walking paths.

The regionally-significant Mesabi Trail runs through Giants Ridge. The Mesabi Trail is a paved recreation trail that runs approximately 115 miles throughout northeastern Minnesota. Once it is complete, it will run for 132 miles through 28 communities between Grand Rapids and Biwabik. It will be one of the longest paved trails in the country and is a premier bicycling destination. During the winter, it is used for Nordic skiing and snowshoeing.

Several additions to the recreational offerings at Giants Ridge have been or are being implemented as the result of the Amenities Committee initiatives, and the application of the area's recreation tax. These include:

- A 32-foot climbing wall that may also be used in the winter for ice climbing (2016)
- 3.5 miles of purpose built, single track and “flow” style mountain biking trails (2018)
- A playground for kids (2017)



### 2.2.3 Overnight Accommodations

Giants Ridge currently offers approximately 250 bedrooms within the immediate surrounding accommodations, which includes the two core area properties—The Lodge and the Villas.

There is also one single family residence for rent in the Residence Club area and a number of small guest houses (Barn Home, Farmhouse, Log Cabin) at the Green Gate Guest Houses located south of the base area on Route 138.

There is a limited amount of accommodation available within the core area of Giants Ridge. Lodging within the “core” will always be in high demand, and it will remain important that these units be continually updated to provide a quality product for the destination guest.

Additional accommodations for Giants Ridge are provided in the nearby communities of Biwabik, Aurora, Eveleth, Gilbert, Virginia, Hoyt Lakes, Hibbing, and Chisholm.



#### The Lodge

- ◇ 67 units: a mix of lock-off hotel rooms, 1 bdrm, 2 bdrm, and suites; rooms have small kitchenette
- ◇ Located on the “snowfront” of the ski area and adjacent to the Legend golf course
- ◇ Units renovated in 2005
- ◇ Includes indoor pool, bar & restaurant, arcade, spa, and event meeting rooms (lower level)

#### The Villas

- ◇ 52 units: offers both cabins and suites
- ◇ Located on Wynne Lake (have private beach access)
- ◇ Across from the winter maintenance facility; walkable in winter to Helsinki Chair
- ◇ Feels a little remote from the base area of Giants Ridge





## 2.2.4 Visitation

When considering the scope and scale of a master plan for Giants Ridge it is important to understand the potential for visitation, as this represents the “population” of guests for which the area's recreation facilities, lodging, and associated amenities should be balanced.

Currently the winter visitation far exceeds the summer visitation:

- A busy weekend day or holiday on the ski hill includes approximately 2,000 guests. Recent survey results indicate this existing population is approximately 50 percent day guests (1,000) and 50 percent destination guests (1,000). Adding a popular Nordic event may increase the population of the area to 2,500. Of this, the day skier population will remain the same (1,000), while the destination population will grow (+/- 1,500). Approximately half of the destination guest population may stay in the immediate surrounding accommodations (375 bedrooms = +/- 750 guests) while the remaining would stay in nearby communities.
- In the summer, a busy weekend may see approximately 750 guests (450 for golf and 300 for a wedding or special event).



The intent of the 2017 Core Area Master Plan is to increase the attractiveness of Giants Ridge as a summer destination, allowing the summer visitation to be more in balance with the winter visitation. It is also the intent of the plan to increase the winter offering so that annual visitation, which has declined over the past ten years, returns to its previous levels ( $\pm 90,000$  visits). This does not imply increasing the visits on busy winter days at the area, but rather improve the seasonal utilization of the facility. As such, the 2017 Core Area Master Plan is balanced based on the assumption of an average daily capacity of approximately 2,500 guests.

It is also the goal of the plan that over time more destination guests will be able to stay within the core area. Based on the current assumptions that half of the recreation area's guests are destination guests (i.e., approximately 1,250 guests), and the existing core area accommodation capacity of 500 guests (250 bedrooms =  $\pm 500$  guests), this would mean adding approximately 375 bedrooms ( $\pm 750$  guests).





## 2.2.5 Management Ownership/Structure

The contract manager at Giants Ridge is implementing a new business model this year that integrates all functional areas owned by the Iron Range Resources and Rehabilitation under a single operator. The model has expanded revenue opportunities, provided more flexibility in staffing, given broader control over the guest experience, and consolidated expenses. The changes are expected to help the facility achieve better service outcomes.

## 2.3 STAKEHOLDER ENGAGEMENT

During the analysis site visit, the SE Group team met with a group of Giants Ridge stakeholders to discuss the master planning exercise and solicit thoughts and ideas. This conversation included representatives from Iron Range Resources and Rehabilitation/Giants Ridge management, The Lodge Homeowners Association, the Master Association, City of Biwabik, Minnesota Power, Lakehead Constructors, East Range Joint Powers Board, IRTB, Giants Ridge Advisory Committee, and American Bank. The following topics were discussed by the group:

- Reactions to the 2010 Giants Ridge Master Plan
  - Too Big! A “pipe dream” and not aligned with the scale of Giants Ridge
  - Do appreciate the pedestrian experience and walkability proposed in the plan, and the creation of a village destination
- “Locals feeling” ownership with Giants Ridge
- How do we get families here in the summer time?
- The importance of enhancing what already exists at the area
- The importance of customer service, and the need to have high levels of service in all aspects of the area
- The need to capture the local golf market, provide affordable accommodations, and have things to do at night (contrast to Fortune Bay and Lutsen Mountains, which have nightlife)

- Being part of the Iron Range Collective
  - Focus on more cooperation, less competition
  - Giants Ridge should not compete with local festivals in surrounding towns
  - Identify where the Iron Range is going in the next fifteen years, and how Giants Ridge fits into that vision
- The importance of lodging management (i.e., The Lodge and the Villas) coordinating with the recreation area on packaging the destination experience

## 2.4 SITE VISIT IMPRESSIONS

The SE Group planning team spent two days on site as part of the analysis phase of this master planning exercise. The following thoughts and “first impressions” informed the development of initial master plan concepts.



## 2.4.1 Competitive Marketplace

- Approximately 1.3 million skier visits within Minnesota (2014/15 NSAA data)
  - 82 percent were day visits
  - 92 percent comprised by MN residents (i.e., 100K visits from non-residents)
- Giants Ridge has partnerships with Lutsen Mountains and Spirit Mountain, offering ski pass holders discounts to Giants Ridge pass holders.

### Lutsen Mountains Ski and Summer Resort

- Big mountain (vertical and terrain acreage) but spread out
- Farther away/harder to get to (have to drive through the city of Duluth)
- Younger demographic
- Higher-end families
- Better quality lodging

### Spirit Mountain

- Located in Duluth, more of a day-use area
- Flatter terrain
- Giants Ridge's differentiators:
  - Family friendly, mid-size, not too big/not too small
  - Good terrain variety and snow management (grooming)
  - 3 to 4 feet of natural snow a year
  - Strong race culture – lots of collegiate and high school racing (alpine and Nordic), which drives mid-week visitation
  - Good event/wedding reputation – opportunity to increase with new Chalet

## 2.4.2 Surrounding Properties of Influence

- Voyagers Retreat
  - Undeveloped land owned by VR North
  - Approximately 51 lots developed (12 full-time residents); 250 lots total. Plenty of supply of single family product, not over-priced
  - Nice property with lake views; many lots with water access
- Northern Lights Lodging
  - Located in Biwabik
  - Established to replace the Sports Dorm at Giants Ridge (e.g., there is a market for affordable group accommodations)
- Fortune Bay
  - Offers gambling and affordable packaging—a significant summer competitor!
- The 218 Taphouse in Virginia
  - Great music scene—*Is it possible to capture some of that scene at Giants Ridge? Perhaps grab acts to come over for mid-afternoon gigs on Saturday (i.e., après ski)?*

## 2.4.3 Identified Needs and Opportunities

- Alternative lodging (lower price points, more informal, group-oriented)
- A Nordic base lodge
- Relocate golf maintenance so it isn't at the "front door" of the lodge, or in the middle of all the action (i.e., right next to the golf shop)
- Mountain-top destination – more reasons to run Sarajevo Chair in the summer than just lift-served mountain biking
- Lake Access/Waterfront Land – lakes are an amenity, and provide a great opportunity for paddle-oriented recreation; the lakes are more of a water course (flowing) than a lake (difficult to skate on due to changing water levels)



- Currently working on installing solar-roofed shelters to serve as on-mountain/property picnic shelters
- Residence Club – this lakefront property owned by Iron Range Resources and Rehabilitation; infrastructure and roads are already constructed along with one single family home
- Wedding and Events – currently most are local, but the new Chalet creates an opportunity to attract more from Duluth and/or the Twin Cities
- Ice Castle in Base Area (winter play for kids!)

#### 2.4.4 Site Walk Notes

- The drive to Giants Ridge from Duluth is pleasant
- The arrival from Biwabik to Giants Ridge is nice; no commercial development, well-constructed road, generally a nice sense of progression and arrival
- The arrival at the north entry needs improvement from the current placement of the golf maintenance and clubhouse; golf is an awarded amenity at Giants Ridge—the building facilities should match that acclaim!
- The base area needs more landscaping to improve on the human scale environment; the parking lot islands full of stone do not present the best image for the area
- Sabin and Wynne Lakes are key assets – people love water and this is a great summer amenity that is under-utilized; there is currently not a strong connection from the core area to the water
- Existing beach/boat access feels municipal-based and disconnected from the recreation area core
- The South Chalet is a fun and funky building—*Perhaps a future opportunity for a Giants Ridge kids/family center?*
- There is a lot of open space within the base area and right now the various core area elements feel disconnected

## 2.5 OPPORTUNITIES AND CHALLENGES

An analysis of Giants Ridge's strengths, weaknesses, opportunities and threats (SWOT) was undertaken as part of the 2014 Multi-Season Recreation Plan process, and provides a useful summary of what is working well at Giants Ridge, where there is room for improvement, and extraneous forces that all are influencing its success and long-term sustainability as a thriving destination.<sup>2</sup>

<sup>2</sup> The SWOT analysis has been updated to reflect any conditions that have changed since 2014 (e.g., the opening of the new Chalet).



## Strengths

### ❖ Access and Location

**Good road access.** Far away from the market, but the drive is easy, enjoyable and scenic.

**Scenic environment.** Giants Ridge's setting is beautiful, with views from the mountain, lakes, and trail network in the woods. It is quintessential "Northwoods."

**Interesting regional history.** As part of the Range, there is a unique story to be told of the region's mining economy, and the conditions that made it what it is today. Many recreation areas across the country are situated in former mining or natural resource extraction areas and use their story as an advantage and attraction in itself (historic sites, interpretation), as well as in in character and theming.

### ❖ Existing Clientele and Amenities

**Loyal following.** Giants Ridge has a remarkably high return rate. Once people visit, they want to return.

**Strong skiing product with "safe family environment."** Giants Ridge is known throughout Minnesota and the region for its excellent family skiing environment.

**Golf following.** Giants Ridge's two golf courses are well known and ranked. They are a major summer attraction, notably for foursomes of middle-aged men.

**Weddings.** Giants Ridge has a steady wedding business during the summer that is now improving given the addition of the new Chalet venue.

**Groups.** The group business that was tied to the inexpensive dorm lodging has subsided somewhat (groups are still coming to Giants Ridge, and staying at the group accommodations

provided in Biwabik), but may be replaced by a higher-end market of groups and retreats.

**Trails, trails, trails!** Trail-based activities are growing in popularity. Giants Ridge has an abundance of trails, and is continuing to invest in the trail network. Their connectivity and extent provide an ideal foundation for sports like cycling/bike touring, mountain biking, hiking, trail running, racing, and events.

**Disc golf.** Disc golf is rapidly growing sport and Giants Ridge is already on the map.

### ❖ Facilities

**New Chalet and Sports Pavilion.** The new Chalet provides a much-needed upgrade (34,500 sf) in guest service facilities at Giants Ridge. The Sports Pavilion provides a new race venue and additional guest services. In concert, they greatly improve the winter guest experience and allow for an expanded hospitality/food and beverage oriented operation.

### ❖ Marketing and Operations

All lodging properties in the region are listed on the Giants Ridge website and have links to the IRTB and/or direct to the properties so customers can link and book their lodging online with those properties that have online reservations. Calling direct to properties is also an option.

**IRTB's marketing presence and vision.** Giants Ridge benefits from the additional promotion of "The Range" provided by the Iron Range Tourism Bureau, and its efforts toward increasing awareness of the region as a vacation destination.

**The "collaborative" Giants Ridge recreation tax revenue stream.** The Giants Ridge recreation tax funding mechanism available to Giants Ridge is a great financing resource for future activities that improve the destination and, thus, benefit all stakeholders that contribute to the fund.



## Weaknesses

### ❖ Missing Key Components Typically Found at a Destination

**Very limited lodging options on-site.** Because of the limited lodging options on-site, Giants Ridge struggles to achieve a critical mass for commercial development and additional amenities. Giants Ridge is not typical in this way, largely because lodging is provided over a wide area (from Virginia to Hoyt Lakes) rather than concentrated near the facility.

**Limited après ski.** Because of the limited on-site lodging, the extent of après ski programming at the recreation facility will also be limited. Additional activities should be supplied by lodging properties. For those interested in venturing out, Biwabik and Gilbert have a number of restaurants and bars (Vi's Pizza, R Bar and Sauna, The Whistling Bird) and evening activities such as programs at the Biwabik Pavilion.

**No shopping.** Again, because of the limited on-site lodging, there is no critical mass at the recreation facility to support a shopping, arts or entertainment district at the “core” area. Instead, this type of entertainment is provided by the nearby towns (Biwabik, Gilbert, Virginia).

**No “core area.”** There is not a well-defined destination at Giants Ridge Recreation Area where guests feel they have “arrived,” can orient themselves, get access to recreational offerings, or just hang out and relax.

### ❖ Competition

**Strong competition for the Minnesota “outdoor” experience.** Northeastern Minnesota is rife with outdoor recreation offerings. There are dozens of state parks, recreation areas, lakes and rivers, and wildlife areas to enjoy. Together, they create what is known as the “Northwoods” experience, but it makes it difficult

for a destination like Giants Ridge to set itself apart and attract its own unique clientele.

**Lake is an afterthought, not an attraction in this saturated market.** Following that same point, Giants Ridge has three lakes, but they are not prominent, nor are they attractions in and of themselves. They are certainly amenities, but not strong enough to support destination fisherman, boaters, or others seeking a lake experience. There are too many other well-known and larger lakes that draw that crowd.

**Lack of an attraction that is all their own.** As just a few examples, Giants Ridge competes with Northern Michigan for sledding, the Boundary Waters for canoeing, Brainerd for golf, and every state park and lake for hiking, fishing, and boating.

### ❖ Weather and Seasonality

**Inclement summer weather.** In the summer, there is nothing to do if the weather is bad.

**Cold.** In the winter, it can be brutally cold, limiting even the snowsports.

**Limited seasonal appeal.** Everyone wants to visit at the same time—during the peak winter and peak summer weeks for skiing and golf. There are few attractions that draw people to Giants Ridge during the shoulder seasons for overnight stays.

### ❖ Other

**Nordic under-utilized.** Despite the extensive, high-quality Nordic trails, this has not become a significant driver for visitation.



## Opportunities

### ❖ Building Upon Existing Site

**“Silent” recreation; connect with nature.** With its abundance of existing trails and scenic setting, Giants Ridge lends itself easily to provide a “gentle” exposure to adventure recreation, such as hiking, biking, kayaking/canoeing/paddleboarding, trail running, and more. The scenic environs are also suited to more passive recreation such as bird-watching and nature photography, which require very little investment, mostly in the form of signage for navigation and interpretation. This positioning is consistent with the larger regional marketing strategy. It also addresses the concern of the overly competitive nature of “adventure” recreation in northeastern Minnesota, by providing a more complementary “gateway” experience.

**Family activities for summer and winter.** There are a myriad of activities that are well-loved and just emerging in summer and winter outdoor recreation that could be added to Giants Ridge. The established skiing and golf products provide a solid foundation upon which to build these. By adding to the range of activities at Giants Ridge, more families would come, stay longer and come back more often.

**Provide better access to the water.** The lake presents a fantastic opportunity to build upon Giants Ridge existing natural amenities and scenery. While it may not become a primary attraction in and of itself, it would make progress towards becoming a complete destination with a full array of offerings for guests to enjoy.

**Mountain biking.** Mountain biking is a growing sport, and Giants Ridge already has trails in place that would accommodate fantastic cross-country riding. A downhill course and pump track/skills park at the base would elevate the area's appeal to mountain biking enthusiasts.



**Golf.** Giants Ridge's existing courses are well known and loved by a limited segment of the golf market: groups of men. The golf business could be increased if golfing at Giants Ridge were made more accessible to a broader audience. This may be achieved by creating an alternative to 18-hole play, like a short course or a pitch-putt area for practice.

## ❖ Events and Groups

**Recreation-based festivals.** Fitness events like Rampage at the Ridge are growing in popularity across the nation, and Giants Ridge is an ideal setting for them to take place. Expanding upon this into trail running races or series, boot camps, and festivals would bolster the experience for existing clientele and bring new visitors.

**Health & wellness.** Health and wellness activities and events appeal to a broad range of people, young and old, at all ability levels. Yoga, Pilates and fitness facilities complement the experience and can play off the natural setting. Food events are also trending upwards, appealing to the health-conscious and “foodie” crowds.

**New chalet.** The new Chalet will be a game-changing component for Giants Ridge, by both improving/enhancing the overall guest experience and expanding upon the hospitality/F&B operations. In addition, the new Chalet will allow Giants Ridge to continue to provide the venue for statewide high school alpine, Nordic and golf events.

## ❖ The Region

**Be the “anchor” for region and a “gateway to adventure.”** Given its location and complexion of activities and facilities, Giants Ridge has the opportunity to be the gateway for the larger regional recreation experience. It also could serve as the “backcountry light” version of certain activities like hiking and

canoeing before folks venture out to more remote and extreme settings.

**Utilize regional attractions.** Each of these could be offered to Giants Ridge visitors as secondary activities during their stay.

- ♦ Mesabi Trail
- ♦ Indoor rink in Hoyt Lakes/outdoor rink in Biwabik
- ♦ Camping in Biwabik and Hoyt Lakes
- ♦ Evening dining and entertainment in Biwabik
- ♦ Regional festivals
- ♦ Museums related to mining, etc.
- ♦ OHV park/trails

**Perfect side-trip.** Giants Ridge is en route to Ely (especially on Mesabi Trail) and on-the-route of scenic drives, providing an opportunity to pull some of these travelers off of their journey as a side-trip.

**Draw more first-time visits.** Along those same lines, with the right additional amenities and attractions, Giants Ridge will be able to draw in more first-time visitors, who—as the data indicates—will return for future trips!

## Threats

**Perception of the Iron Range.** To some, the industrial origins of the Iron Range have a negative connotation. The current market strategy work of the ITRB to transition to the Iron Range helps move away from a perception of natural resource extraction to one of natural resource enjoyment and the outdoors.

**Limited market.** Giants Ridge pulls from a very limited market, no matter which way you look at it. It must continue to be a leader within this market to capture a sustainable cross-section of visitors.



## 2.6 FOCUS FOR THE MASTER PLAN CONCEPT

Based on the findings of the analysis, and following the three main goals of this master planning exercise, the following components are proposed as part of the 2017 Core Area Master Plan.

### **Goal #1:**

#### ***Increase the Opportunity for Winter Business***

The first step in realizing future opportunities is to maximize the potential of what is already there: the strong family vibe, great learning terrain, extensive Nordic trail network, fat bike trails, ice climbing wall, etc. The foundations for meeting this first goal of increasing the winter business have already been laid, and the recent opening of the new Chalet and the current upgrading of the Sarajevo and Helsinki chairlifts will vastly improve the winter experience at Giants Ridge, as well as expand the opportunity for growing year-round revenue streams.

The 2017 Core Area Master Plan includes additional opportunities that are focused on improving the winter business:

- Improving the Nordic facility, by providing specifically designated guest service space that is separated from the alpine facility, would make this aspect of the Giants Ridge winter experience more attractive and saleable.
- Kids snowsports programs are a successful way to attract families. Growing the kid's programs at Giants Ridge, and designating a kids-specific facility to house these programs as well as provide indoor space for family-oriented activities, will also increase the attractiveness of Giants Ridge as a winter destination.

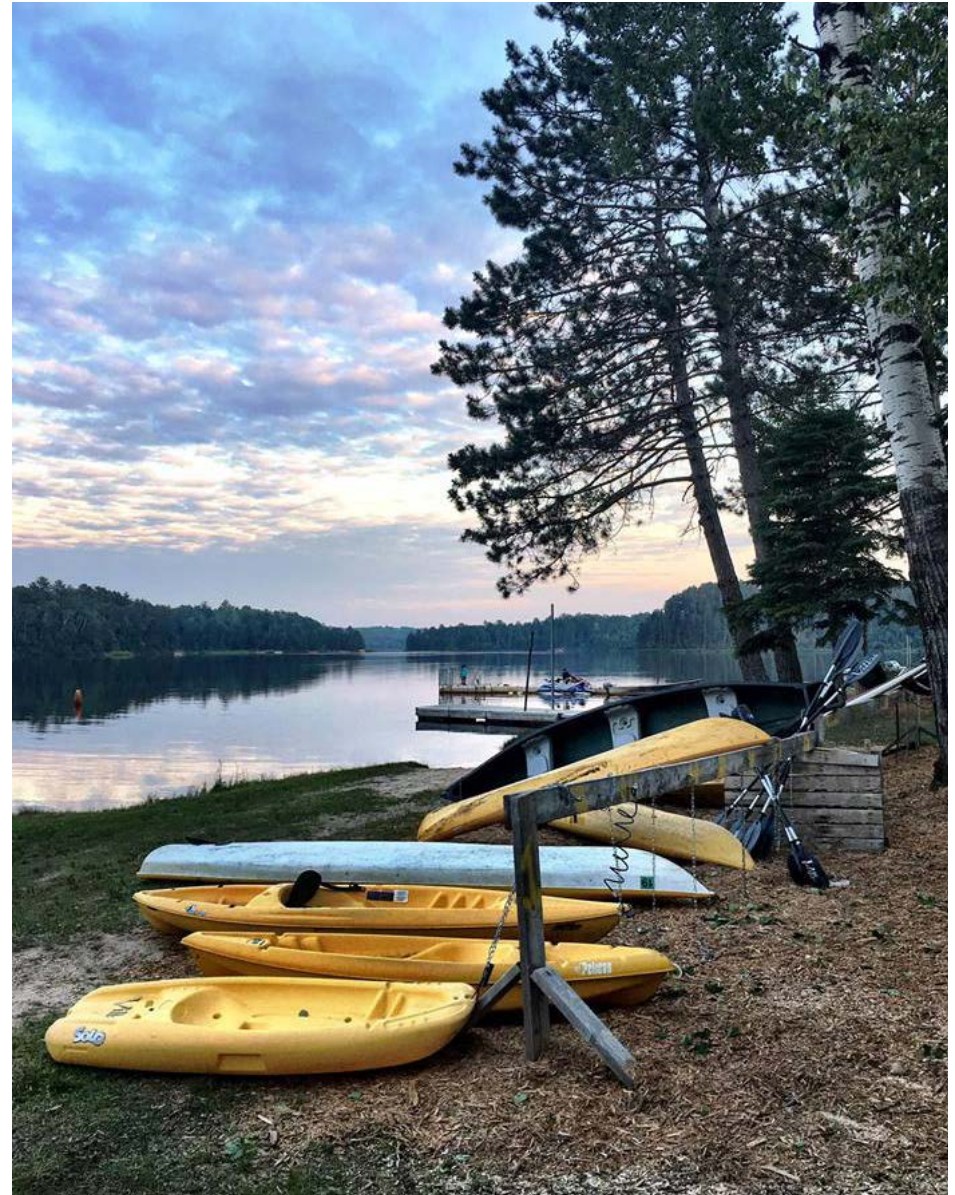


## **Goal #2:** ***Increase the Opportunity for Summer Business***

The 2014 Multi-Season Recreation Plan exercise confirmed the opportunity to increase summer visitation at Giants Ridge. There are several initiatives to explore in the 2017 Core Area Master Plan that will make Giants Ridge a more attractive summer destination:

- Improve access to the water, and develop a “hub” of activity including
  - Beach, gathering area, picnic area
  - Dock
  - Pavilion for weddings and/or gatherings
  - Restroom building
  - Storage building for equipment
  - Parking and ADA access
  - Strong connection to recreation area core
  - Rentals (canoe, kayak, paddleboard, pontoon tour boat)
- Establish a mountain-top pavilion, and take advantage of the view (scenic lift rides, weddings and special events—a unique rustic venue!)
- Install a magnet summer attraction, such as a canopy tour and/or aerial adventure park, that will bring new visitors to the area for the first time
- Continue the core area improvements
  - Trail network – walking loop, easy access to the water
  - Jumbo games (families)
  - Adult games (shuffle board, bocce, pickleball)
  - Summer tubing
  - Putting course
  - Mini twin zip in base area
  - Playground

- Relocate the Legend maintenance facility and build a new Nordic/Golf Center in its location. This improves the entry experience, and creates a more appealing experience for the Nordic skiers and golfers.





### **Goal #3: Identify Opportunities for Future Development and Accommodations**

As market conditions warrant, there is an opportunity for Giants Ridge to offer additional, and more diverse, accommodations that may attract new guests. This may include alternative forms of accommodations that provide an alternative, more “adventure” (and affordable) oriented experience for overnight guests, as well as more traditional lodging units in the core area of the recreation area to provide an alternative/complement to The Lodge and the Villas.

The 2017 Core Area Master Plan will explore future opportunities for lodging:

- Continue development of the Residence Club as cabin and/or duplex product (focus on higher density product in the core area)
- Lakeside and on-mountain yurts or cabins (a rustic alternative)
- Affordable/group accommodations
- Alternative “hotel” style accommodations (60 to 80 units)
- Establish indoor/outdoor pool as feature winter/summer amenity (i.e., mini indoor waterpark concept)
- Identify “future” development opportunities





# 3. MASTER PLAN CONCEPT



The 2017 Core Area Master Plan illustrates a phased approach at what the foreseeable future could look like at Giants Ridge. The plan embodies the character and scale of Giants Ridge as a recreation area, embraces and enhances the surrounding natural features, and builds upon the existing facilities.

Key concepts of the plan include:

- Improve the arrival to the recreation area, at the main entry as well as at the secondary entry to the Legend and The Lodge. Let guests know they have arrived!
- Strengthen the recreation area core and connect the major natural and manmade assets of Giants Ridge. Celebrate what makes the area special!
  - The mountain and views
  - The lake (access to water)
  - The surrounding natural areas
  - The open flat base area
- Complete the package of "things to do" and "places to stay." Broaden the attraction and appeal of the destination!
- Connect all elements of the plan through wayfinding and pathways. Bring it all together!





GIANTS RIDGE RECREATION AREA | CORE AREA MASTER PLAN  
**PRELIMINARY CONCEPT PLAN**



## 3.1 PLAN DESCRIPTION

### 3.1.1 Summary

#### ACTIVITIES

Kids jumbo games  
 Fun zone  
 Summer tubing  
 Base area zipline  
 Canopy tour  
 Aerial adventure course  
 Beach  
 Dock  
 Picnic area  
 New putting green  
 Relocated #1 Tee  
 Relocated #10 Tee  
 New putting course

#### TRAILS

Mountain biking	30.5 miles
Trail with boardwalk	0.25 mile

#### LANDSCAPING

Base area	Planting, hardscape, banners, site furniture
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#### STRUCTURES

Lakefront Pavilion	3,000 sf
Mountain-top Pavilion	2,000 sf
Relocated golf maintenance facility Nordic Center/Golf Clubhouse	11,000 sf 7,000 sf
Lodge-pool upgrade/expansion	5,000 sf (double existing size)

#### ACCOMMODATIONS

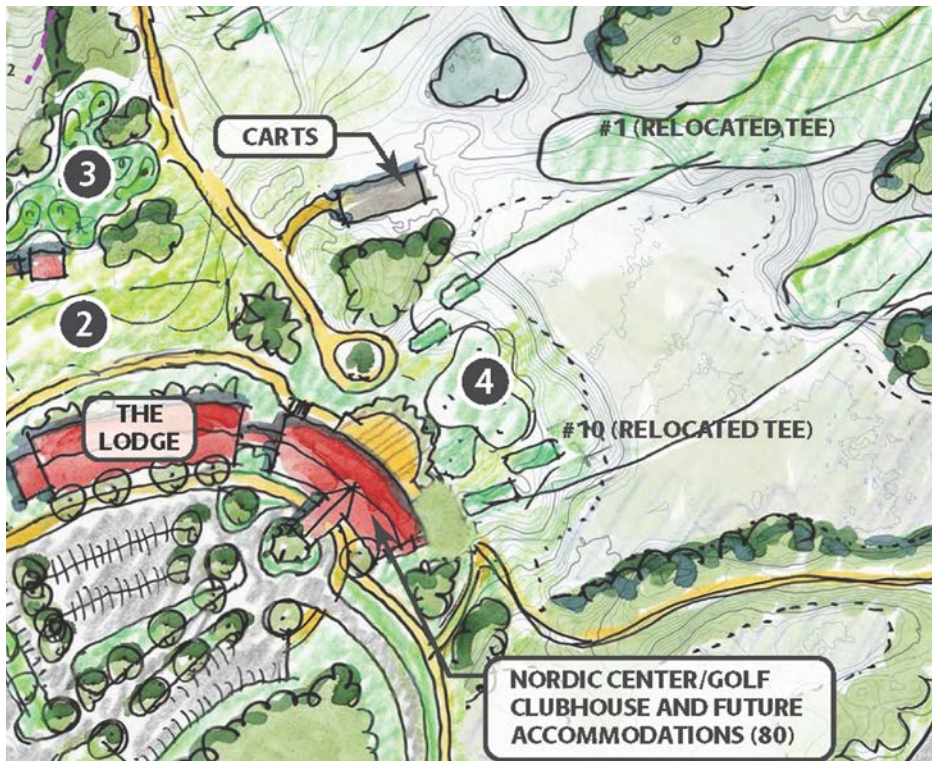
Unit Type	Description	# of units	Bedrooms per unit	Total bedrooms	Average number of guests per bedroom	Total pillows
Lakefront cabins/yurts	10 cabins (4 pillows/cabin)	10	1	10	2	20
On-Mountain cabins/yurt	10 cabins (4 pillows/cabin)	10	1	10	2	20
Future accommodations	80 hotel rooms (450 sf)	80	1	80	2	160
Residence Club development	56 units (4 pillows)	56	2	112	2	224
Clubhouse lodging	80 hotel rooms (450 sf)	80	1	80	2	160
Group lodging	80 rooms (350 sf)	80	1	80	2	160
<b>TOTAL</b>		<b>3168</b>		<b>372</b>		<b>744</b>



### 3.1.2 Landscape Treatment

The core area is the heart of Giants Ridge, and the landscape should create and enhance a high-quality, pedestrian-oriented experience. This character should be established at the main entry through monument signage and support plantings, and continued throughout the core area:

- Trees/plant material for shade, planting masses to define different outdoor spaces, and ornamental plantings to add color and interest
- Banners to create a festive environment, support the Giant Ridge brand, and provide a subtle advertising medium for special events
- Site furniture to create areas to gather and provide places to relax!



### 3.1.3 Nordic Center/Golf Clubhouse

Nordic skiing and golf are integral to the Giants Ridge experience. The course has an award-winning reputation, and the Nordic terrain attracts several races and special events. It is important that the support facilities for these amenities reflect the high quality offered by these activities!

- Relocate golf maintenance area (new location is further north on Giants Ridge Road) to improve the secondary arrival to the recreation area
- Provide a lodge for Nordic skiers and fat bikers that is adjacent to the trail network and race stadium, as well as removed from the alpine facilities
- Upgrade the golf shop to be consistent with the quality of the award-winning Legend course
- Lower grade in front of the golf shop to create a better relationship between the shop, putting green and 1st/10th tees (this requires a minor relocation/regrading of both tees)
- A future phase may add hotel rooms to this lodge (±80 rooms)



### 3.1.4 Residence Club

Utilize the existing road configuration, and develop the Residence Club area at a higher density than originally proposed. As part of Giants Ridge's core, it is important that the Residence Club add density and "hot beds" to the area!

- A tight cluster of duplexes (±56, 2 bdrm units)
- Adjacent to the new Lakefront Pavilion and lake access to increase four-season appeal of these units
- These duplexes may be built incrementally, as demand warrants

### 3.1.5 Lake Access and Lakefront Pavilion

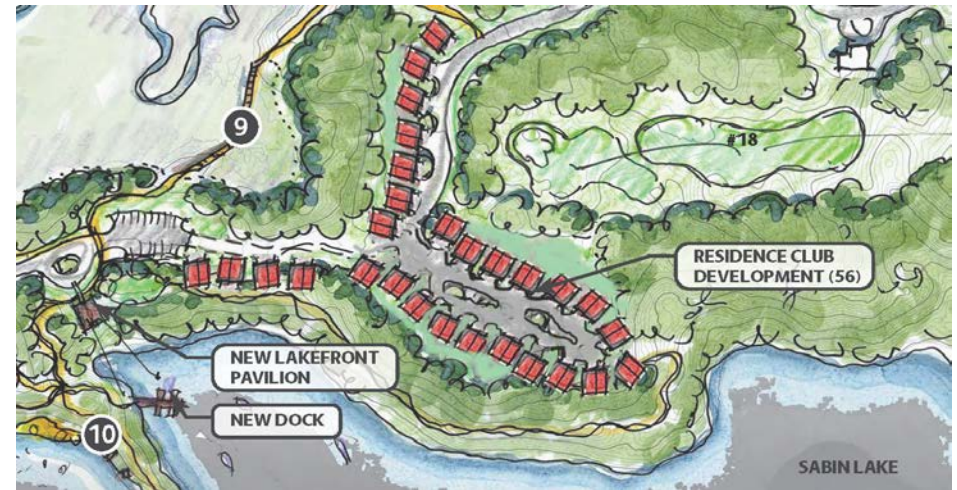
Create a new lake access area that is closer to the core area, and connected to the rest of the core via boardwalk and trail.

- Include picnic, beach and dock area to maximize connection and access to the water
- The new Lakefront Pavilion features restroom and changing facilities, as well as a small restaurant (150 to 200 seats) which may be used as a special event venue

### 3.1.6 Lakefront Cabins

A four-season lodging alternative that is on the water and adjacent to the Lakefront Pavilion.

- These cabins (10 total) are fit into natural environment to provide a rustic lodging alternative (think "glamping!")
- Implementation of these cabins may happen incrementally
- Vehicular access to the lakefront area (cabins, lake access and Lakefront Pavilion) is via the main entry intersection (one way to mountain and the other to the lake!)







### 3.1.7 Future Accommodations

The lakefront area also includes an option for a future hotel product ( $\pm 80$  rooms). This property would be developed as demand warrants, providing a complementary alternative accommodations to The Lodge and the Villas.

- This property is located between the mountain and lake, providing convenient access to both
- Lakefront cabins may be operated through this property



### 3.1.8 Group Lodging

Giants Ridge often plays host to groups: alpine and Nordic racing teams, school groups and clubs, and those gathered to celebrate a special event. Lodging oriented to these guests would be a popular addition to the accommodations inventory at the area.

- Smaller-style rooms (350 sf)
- Located adjacent to the Sports Pavilion





### 3.1.9 Base Area

The flat terrain at the base of the ski hill is extensive, and provides numerous opportunities to provide activities and create fun, dynamic outdoor space. Development of the base area will further connect the core area facilities together—from the Nordic/Golf Center over to the Sports Pavilion.

- Keep the area in front of The Lodge open for lawn games in the summer and the Nordic racing stadium in winter
- Adapt and expand the existing putting green to create a fun putting “course”
- Continue the kids activity options established by the new natural kid’s area by adding “jumbo games” to the adjacent area
- Leave the area in front of the new Chalet to allow for outdoor space for events staged out of this facility
- Create a “fun zone” of games and activities (i.e., bungee trampoline, Water Wars, Big Air Drop, etc.)
- Establish a small zipline that would add to the base area attractions as well as provide a training zip for the canopy tour
- Develop the South Chalet as the new Kids/Adventure Center; located adjacent to the beginner area in winter and fun zone/ base area zipline in summer, this facility would be the focus for four-season kids and family-oriented programming
- Expand the winter tubing operation to offer summer tubing
- Collaborate with The Lodge to expand the indoor pool area (i.e., double the size) to create an indoor water amenity that may be enjoyed by all guests staying in core area accommodations







### 3.1.10 Attractions

The 2014 Multi-Season Recreation Plan spoke of the need to develop “magnet” attractions at Giants Ridge that would pique curiosity in the marketplace and drive first time visits to the area. The 2017 Core Area Master Plan proposes two suitable alternatives—an Aerial Adventure Course and Canopy Tour.

- Aerial Adventure Course – take advantage of the newly upgraded Sarajevo Chair to transport guests to the top of the mountain, where they can get out into the natural environment to experience the forest
- Canopy Tour – the plan illustrates two possible routes—one that zig-zags down the mountain between the Helsinki and Calgary chairlifts, and the other to the south of the ski hill that offers a more forested experience

### 3.1.11 Recreation Trails

Several trails are being constructed in 2017 and 2018, building upon the 2014 Multi-Season Recreation Plan and the on-going work of the Amenities Committee. These include 3.5 miles of purpose built, single track and “flow” style mountain biking trails, and 1.5 miles of looped trails interconnecting lodging properties with the recreation facilities.

- The 2017 Core Area Master Plan includes the continued development of the trail network at Giants Ridge, with a focus on 20+ miles of mountain biking trails.
- Lift-served mountain biking will be provided by the newly upgraded Sarajevo Chair
- The trail network will be designed to attract all ability levels, broadening the family appeal attractiveness of Giants Ridge as a mountain biking destination



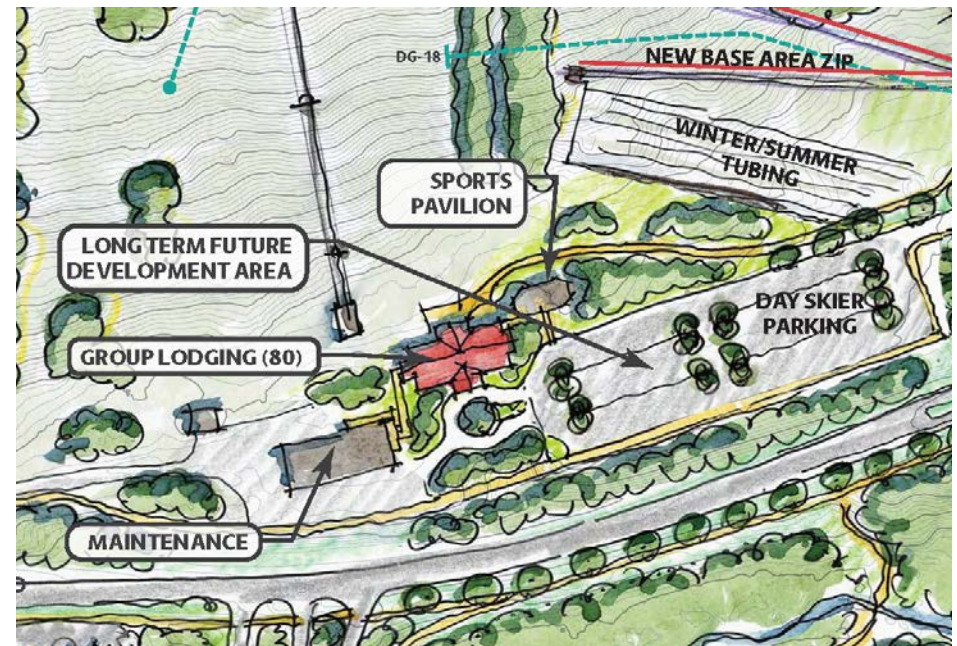
### 3.1.12 On-Mountain Yurts/Cabins

A four-season lodging alternative that is on the mountain!

- Another four-season alternative offering a rustic experience.
- Adjacent to the ski hill with long-distance views.
- Like the lakefront cabins, the on-mountain yurts/cabins may be built incrementally, as demand warrants.

### 3.1.13 Long-Term Development Area

The 2017 Core Area Master Plan illustrates a phased approach at what the foreseeable future could look like. It is this near-term phasing that allows Giants Ridge to think realistically about what tomorrow may bring, rather than what might be possible in the long term. That said, it is important to consider that the long-term “full-buildout” of Giants Ridge may someday appear similar in scope and scale to the 2010 Master Plan. The Long-Term Development Area noted on the plan is currently day skier parking, and is envisioned to remain this way until all other elements of the plan are implemented. If at that time visitation has increased to a point where there is additional demand for accommodations and other commercial activity, this day skier parking area may be developed with a density and pedestrian-oriented configuration like the 2010 Master Plan.



### 3.1.14 Concept Review

Stakeholder engagement continued throughout the master planning process. Several presentations were made during concept development to present initial ideas and solicit input from the various stakeholder groups. Below is a list of participants by date of each presentation.

#### **FEBRUARY 22**

Linda Johnson	John Kendall
Danae Beaudette	Pete Sandvig
Wendy VonWald	Sean Peyla
Dave Kallio	Greg Smith

#### **MARCH 1**

Linda Johnson	Brian Hiti
Shannon Kendall	Curt Anttila
John Filander	Dave Lislegard
Benji Neff	Jeff Jacobson
Jerry Newton	Dave Richter (by Phone)
Craig Johnson	Kurt Bergquist (by phone)
Beth Pierce	Desiree Bergquist (by phone)
Marci Knight	Jim Weikum (by phone)

#### **MARCH 8**

Linda Johnson	Marjory & Michael Wood
Kevin Reiss	Chrissy Mraz
Mark Skelton	

#### **MARCH 13**

Conference call; SE Group did not participate, Linda reviewed plan.

Linda Johnson	Pat Bodine
Steve Pukal	Jim Plummer

#### **MARCH 30**

Clyde Busby	Tony Norland
Pam Klune	Linda Johnson
Jerry Newton	Danae Beaudette
Dante Tini	Benji Neff
Lee Gorsha	Pete Sandvig
Julie Holien	John Filander
Marjory Johnson Wood	Sean Peyla
Guest Services Representatives:	Liz Morris, Melissa Dogali, Scott Shepherd, Barry Trice



# 4. IMPLEMENTATION STRATEGY



The 2017 Core Area Master Plan has been created to be realized in small, realistic, incremental phases, illustrating a vision of the foreseeable future. It is this near-term phasing that will allow Giants Ridge to think realistically about what tomorrow may bring, rather than what might be possible in the long term.

The priorities phasing of the 2017 Core Area Master Plan follows three incremental priorities:

## ***1) Expand the recreational offering to:***

- Maximize opportunities for programming the new Chalet
- Provide “more things to do” to increase attractiveness of the destination
- Drive increases in visitation

## ***2) Improve Nordic skiing and golf to:***

- Elevate the experience
- Broaden the appeal (and audience)
- Drive increases in visitation

## ***3) Expand the bed base in response to visitation increases.***

Opportunities for implementation of components of the plan may arise out of sequence with these priorities. If market demand and financial viability can be validated, such opportunities should be embraced.

## PRIORITIES PHASING

	Priority 1		Priority 2		Priority 3	
	A	B	A	B	A	B
<b>ACTIVITIES</b>						
Kids jumbo games	•					
Fun zone	•	•				
Summer tubing	•					
Base area zipline	•					
Canopy tour				•		
Aerial adventure course		•				
Beach		•				
Dock		•				
Picnic Area		•				
New putting green	•					
Relocated #1 Tee				•		
Relocated #10 Tee				•		
New putting course				•		
<b>TRAILS</b>						
Mountain biking	•	•	•	•	•	•
Trail with Boardwalk		•				
<b>LANDSCAPING</b>						
Base area	•	•	•	•	•	•
<b>STRUCTURES</b>						
Lakefront Pavilion		•				
Mountain-top Pavilion			•			
Relocated golf maintenance facility	•					
Nordic Center/Golf Clubhouse	•					
Lodge: spa upgrade				•		
Lodge: pool upgrade/expansion				•		
<b>ACCOMMODATIONS</b>						
Lakefront cabins/yurts			•	•	•	
On-mountain cabins/yurts			•	•	•	
Future accommodations						•
Residence Club development	•	•	•	•	•	•
Clubhouse lodging					•	
Group lodging				•		

Note: More than one phase indicates incremental implementation



# 5. FINANCIAL ANALYSIS



## 5.1 OVERVIEW OF THE FINANCIAL MODELING

A detailed financial analysis has been completed to evaluate the components of the 2017 Core Area Master Plan. An integral part of the master planning exercise, this analysis was used throughout the planning process to evaluate various opportunities, determine phasing sequence, and assess the overall potential performance of the planned projects.

The intent of the 2017 Core Area Master Plan is to provide more activities at Giants Ridge, increase the activity level at the recreation facility, expand general market appeal, and increase the length of stay at the area.

When analyzing the fiscal impact of the proposed components of the 2017 Core Area Master Plan, it is critical to consider Iron Range Resources and Rehabilitation's goals for Giants Ridge: to contribute to the advancement of regional growth by stabilizing and enhancing the economy of northeastern Minnesota's Taconite Assistance Area through jobs, property taxes, tourism, and private investment. It is also important to consider the on-going operational goal of minimizing the need for additional subsidies to maintain the operation.

The direct impact of increased revenue is only part of the equation when considering the "return-on-investment" of new activities and facilities at Giants Ridge. The sustainability of the operation, and the larger secondary economic impact to the region are more significant drivers in the decision-making related to capital

investment by Iron Range Resources and Rehabilitation. As such, the focus of this financial modeling exercise is to:

- Determine the capital investment required to realize the plan,
- Outline the phased approach to implementing the plan's components,
- Understand the potential visitation and associated revenue that may be generated by the additional activities, and
- Determine the potential operating margins driven by the proposed activities.

The 2017 Core Area Master Plan undertaken for Giants Ridge is unique to its specific setting, economic conditions, and attributes. Exact, or even similar, plans and situations do not exist. While this financial analysis has been carefully based on similar circumstances, as well as operations and experiences observed at other multi-season recreation facilities nationwide, it is recognized that there are no precisely comparable situations. The financial analyses within the master planning process were custom built to accurately evaluate physical, social, and market conditions specific to Giants Ridge.

## **5.2 ASSUMPTIONS AND INPUTS**

### **5.2.1 Assumptions and Critical Approach**

As with all financial analyses and modeling, key inputs to the evaluation are frequently and necessarily based upon informed assumptions and the establishment of key parameters. For the preparation of this analysis, SE Group worked with Giants Ridge personnel and utilized its proprietary industry database to determine each necessary input.<sup>3</sup>

Examples of this include: capital costing requirements for planned projects, anticipated operating expenses, evaluation of revenue potential, etc. In the interest of conservatism, all assumptions were carefully evaluated to ensure that results produced by the model are attainable, accurate, and conservatively biased toward understating anticipated revenue while over estimating operations expenses wherever possible.

### **5.2.2 CAPITAL EXPENDITURES**

In conjunction with the planning of new activities and facilities, a detailed estimate of anticipated capital expenditures was prepared. This evaluation was derived from well-established costing for recently constructed projects, as well as in conjunction with Giants Ridge personnel, and facility and amenity manufacturers to ensure accuracy. Care was taken to include anticipated costs, account for soft costs (design, architecture, engineering) and contingencies to account for the total cost of each project presented.

As detailed in Table 5-1, total anticipated capital expenditures for all components of the program development are approximately \$18 million. The focus is to address facility upgrades necessary to maintain current business levels and provide additional amenities in the core area for greater market appeal to increase visitation and drive longer guest stays. These include the development of summer activities, including extensive mountain biking trail system, improvements to golf and Nordic facilities, lift replacement, and expanded snowmaking.

<sup>3</sup> Data collected from multiple sources from both planning and observation/evaluation of existing multi-season resorts nationwide.



TABLE 5-1. ANTICIPATED CAPITAL EXPENDITURES

New Amenities			Project Phase			
Category	Description	Total Cost	Phase 1	Phase 2	Phase 3	Phase 4
<b>Activities/Amenities (non-revenue)</b>						
Kids jumbo games	Equipment	\$10,000	\$10,000			
Mountain-top Pavilion	2,000sf @ \$100/sf	\$254,000			\$254,000	
<b>Non-Revenue Sub-total</b>		<b>\$264,000</b>	<b>\$10,000</b>	<b>\$0</b>	<b>\$254,000</b>	<b>\$0</b>
<b>New Activities/Amenities (revenue based)</b>						
Fun zone	4 phases of \$50K	\$200,000	\$50,000	\$50,000	\$50,000	\$50,000
Summer tubing		\$100,000	\$100,000			
Base area zipline		\$50,000	\$50,000			
Canopy tour		\$825,500				\$825,500
Aerial adventure course		\$571,500		\$571,500		
Mountain biking	30.5 miles @ \$67,689/mi.	\$1,810,000	\$1,150,000	\$660,000		
<b>Mountain Improvements</b>						
Chamonix Lift Replacement		\$1,700,000		\$1,700,000		
New Snowmaking water line infrastructure		\$1,600,000	\$1,600,000			
Base area landscaping		\$76,200	\$76,200	\$76,200	\$76,200	\$76,200
<b>Wynne Lake</b>						
Pavilion	3,000sf at \$100/sf	\$381,000		\$381,000		
Dock	48lf	\$18,300		\$18,300		
Boat/Gear Garage	480sf	\$57,900		\$57,900		
Picnic Area	Site Improvements, landscaping, Furnishing	\$25,400		\$25,400		
Trail with boardwalk		\$63,500		\$63,500		
Boats (Kayaks/Canoes)		\$1,200		\$1,200		
Paddle Boards		\$1,000		\$1,000		
<b>New and Upgraded Facilities</b>						
Relocated golf maintenance facility	6,000sf	\$3,000,000	\$3,000,000			
Nordic Center/Golf Clubhouse	8,000sf	\$5,000,000	\$5,000,000			
New putting green/relocation of 1st & 10th tees		\$2,000,000	\$2,000,000			
New putting course		\$300,000	\$300,000			
<b>Revenue-Based Sub-total</b>		<b>\$18,045,500</b>	<b>\$13,336,200</b>	<b>\$3,606,000</b>	<b>\$380,200</b>	<b>\$951,700</b>
<b>Activities Total</b>		<b>\$18,045,500</b>	<b>\$13,336,200</b>	<b>\$3,606,000</b>	<b>\$380,200</b>	<b>\$951,700</b>

A strategic phasing sequence was selected to prioritize implementation within the framework of the four-phase financial model. Considerations for project implementation prioritization include:

- Projects that will significantly elevate the existing guest experience (i.e., Nordic/Golf Center expansion and upgrade);
- Projects that will contribute additional revenue to the recreation facility operations (i.e., development of summer activities and attractions such as the mountain biking trails, canopy tour, and aerial adventure course);
- Projects that address a necessary maintenance capital improvement (i.e., lift replacements and upgrades, such as the Chamonix Chair, and snowmaking expansion).

Major capital improvements are the larger projects that require external financing to implement. These projects consist of the following:

#### **Phase 1**

- Relocate golf maintenance facility - \$3,000,000
- Nordic Center/Golf Clubhouse - \$5,000,000
- New putting green and relocation of 1st & 1th tees - \$2,000,000
- New putting course - \$300,000
- New snowmaking water line infrastructure - \$1,600,000
- Mountain biking trails - \$1,150,000
- Summer activities including kids jumbo games, fun zone addition, summer tubing and base area zip line - \$210,000
- Base area landscaping - \$76,200

#### **Phase 2**

- Lift upgrade and replacement - \$1,700,000
- Mountain biking trails - \$660,000
- Wynne Lake improvements and access - \$548,300
- Additional summer activities; fun zone addition and aerial adventure course - \$621,500
- Base area landscaping - \$76,200

#### **Phase 3**

- Mountain-top pavilion - \$254,000
- Fun zone addition - \$50,000
- Base area landscaping - \$76,200

#### **Phase 4**

- Canopy tour - \$825,500
- Fun zone addition - \$50,000
- Base area landscaping - \$76,200

### **5.2.3 Project Implementation Sequencing**

As noted, prioritizing project implementation was based on an evaluation of the contribution to the ongoing operations and financial viability of the recreation area, considering guest service, capacity balance, maximizing summer and winter visitation, and on-going maintenance requirements. Primary considerations focused on new and augmented revenue opportunities, which would create new revenue and operating margin contributing to the overall financial performance of the recreation area. Additionally, certain synergistic benefits are achieved through the implementation strategy. The planned projects for the first two phases have been combined to most effectively achieve a desired level of critical mass to successfully grow an attractive



summer offering while also initiating significant improvements to the winter operation.

In general, phases 1 and 2 prioritize the initiation of the major facility upgrades (Nordic/Golf) that allow Giants Ridge to begin the transformation of the core area, and the needed upgrade of the Chamonix Chair. They also initiate new activities to enhance summer operations, extend the duration of summer visits to the recreation facility, and make the area more attractive in the market place. Lastly, these initial phases include additional trail development to increase mobility throughout the core area. A phased and planned incremental landscaping plan is initiated to improve the overall attractiveness of the core area, and continues through all four phases.

Phase 3 continues the build out of the base area by adding another activity to the fun zone for kid and family activities and the core area landscaping.

Phase 4 adds another fun zone activity, introduces the canopy tour and continues core area landscaping.

While the financial analysis made certain assumptions regarding the specific implementation timing of each project, the actual timing may vary based on the performance of the preceding year or other operational factors. Individual projects may be accelerated or decelerated as warranted.

As the ultimate implementation of the projects may or may not precisely follow the planned strategy, the financial performance of the project could also follow a dynamic pattern. In fact, projects may exceed expectations, allowing for consideration of additional investment beyond what is currently indicated within the ten-year time frame.

## **5.2.4 ACTIVITY USAGE**

The new or projected increases in usage potential (guest visitation) were derived for the activity components identified in the 2017 Core Area Master Plan.

For the new summer activities, daily and seasonal visitation estimates were derived by assessing the physical hourly capacities of each individual activity and the duration typically required to participate in the given activity. An expected utilization rate was included to realistically adjust for anticipated use of the amenity throughout the course of a day, reflecting the reality that the activities will not be used at full capacity except during peak periods. As depicted in Table 5-2, selected utilization rates were conservatively estimated at no more than 25%. Secondly, the anticipated visitation estimates were "truth-checked" against the realities of summer tourism volumes indicative of the Iron Range, and against other recreation facilities across the nation that provide similar attractions and amenities to verify that each of the inputs was a reasonable approximation of the potential usage.

TABLE 5-2. ESTIMATED USAGE BY ACTIVITY

	Activity												
	Fun Zone Phase 1	Fun Zone Phase 2	Fun Zone Phase 3	Fun Zone Phase 4	Summer Tubing	Base area zipline	Canopy Tour	Aerial Adventure Course	MTB Rental	MTB Phase 1	MTB Phase 2	Canoe Kayak Rental	Paddle Board Rental
Existing Visitation													
Potential Hourly Capacity	8	8	8	8	30	20	48	30	15	120	60	8	8
Hours of Operation	6	6	6	6	6	6	6	6	3	8	8	6	6
Potential Daily Capacity	48	48	48	48	180	120	288	180	45	960	480	48	48
Planned Operating Days	89	89	89	89	89	89	89	89	89	89	89	89	89
Seasonal Utilization Factor	20%	20%	20%	20%	20%	20%	25%	25%	25%	10%	15%	20%	20%
Summer Usage Potential (rounded to nearest 100)	900	900	900	900	3,200	2,100	6,400	4,000	1,000	8,500	6,400	900	900
Fun Zone Total					3,600	MTB Total 14,900							
Fun Zone, Summer Tubing, and Base Area Zip Line Total						8,900							



## 5.2.5 Revenue Potential

Revenue generated by the components of the 2017 Core Area Master Plan may be categorized in one of two primary areas:

1. Facilities, including Nordic, golf, chairlifts, snowmaking, etc.
2. Activities, including lift-served and cross-country mountain biking, aerial adventure course, canopy tour, fun zone, summer tubing, etc.

Revenue estimates are the product of anticipated usage or visitation and the expected pricing. In the case of improvements to an existing profit center (i.e., food & beverage, golf and Nordic), only incremental increases to revenue has been included.

Pricing was carefully developed by accounting for current activity pricing, local and regional pricing for similar opportunities, and current pricing at recreation facilities in the region. Revenue has been conservatively calculated by assuming activity price points on the low end of available data ranges. Revenue per visit reflects anticipated ticket yields for variable pricing related to age differential pricing, groups, events and other discounts that may be offered and is less than the lead ticket or “rack rate” price.

Table 5-3 details the anticipated pricing by amenity/activity and the total annual visitation. The product of these inputs yields the expected revenue. Each year in which improvements are introduced creates a new “baseline” of revenue. Accordingly, additional anticipated revenues generated on a yearly basis include:

- Phase 1 – approximately \$282,800 from which 95% is derived from initiating summer activities, lift-served mountain biking and Nordic and golf facilities
- Phase 2 – approximately \$299,800 in additional revenues from the addition of the aerial adventure course, extending the mountain biking trail system and the improved lake front access and amenities.
- Phase 3 – approximately \$3,400 of additional revenue from an additional fun zone activity.
- Phase 4 – approximately \$363,400 of additional revenue with the addition of the Canopy tour and an additional fun zone activity.

**TABLE 5-3. REVENUE PER VISIT AND TOTAL REVENUE BY PHASE**

Summer Activity/Revenue Outlet	Annual Visits	Ticket Price	Revenue Per Visit	Anticipated Revenue	Phase 1	Phase 2	Phase 3	Phase 4
Mountain-top Pavilion								
Fun Zone - Phase 1	900	\$5.00	\$3.75	\$3,375	\$3,400			
Fun Zone - Phase 2	900	\$5.00	\$3.75	\$3,375		\$3,400		
Fun Zone - Phase 3	900	\$5.00	\$3.75	\$3,375			\$3,400	
Fun Zone - Phase 4	900	\$5.00	\$3.75	\$3,375				\$3,400
Summer tubing	3,200	\$5.00	\$3.75	\$12,000	\$12,000			
Base area zipline	2,100	\$5.00	\$3.75	\$7,875	\$7,900			
Canopy tour	6,400	\$75.00	\$56.25	\$360,000				\$360,000
Aerial adventure course	4,000	\$40.00	\$30.00	\$120,000		\$120,000		
Mountain Bike Rental	1,000	\$30.00	\$22.50	\$22,500	\$22,500			
MTB - Phase 1	8,500	\$30.00	\$22.50	\$191,250	\$191,000			
MTB - Phase 2	6,400	\$30.00	\$22.50	\$144,000		\$144,000		
Canoe/Kayak Rental	900	\$25.00	\$18.75	\$16,875		\$16,900		
Paddle Board Rental	900	\$15.00	\$11.25	\$10,125		\$10,100		
Lake Pavilion F&B (summer only)	1,800	\$3.00	\$3.00	\$5,400		\$5,400		
Nordic Center								
Skiers	500		\$15.00	\$7,500	\$7,500			
Fat Bike	500		\$15.00	\$7,500	\$7,500			
Golf - Incremental revenue due to improvements	30,000		\$1.00	\$30,000	\$30,000			
<b>Total Revenue</b>				<b>\$948,525</b>	<b>\$281,800</b>	<b>\$299,800</b>	<b>\$3,400</b>	<b>\$363,400</b>
				Cumulative	\$281,800	\$581,600	\$585,000	\$948,400

(rounded to nearest 100)



### 5.2.6 Operations and Maintenance Expenses

To assess the performance of the planned improvements, a detailed estimate of associated operations and maintenance expenses was prepared. This portion of the analysis includes and accounts for the anticipated expenses associated with each of the individual planned activities/facilities. A detailed labor and staffing evaluation was prepared which additionally includes associated payroll, taxes and benefits. Additionally, anticipated utility costs, fuel consumption, lift maintenance, insurance and banking fees were evaluated in the overall estimation of operations and maintenance expenses. Finally, a separate maintenance reserve was allocated as an operations expense to provide for both on-going and periodic repair and replacement needs.

Table 5-4 details anticipated increases operating expense for each phase. Additionally, the “baseline” for expenses increases each year when new improvements are added.

- Phase 1 – approximately \$246,500 of additional expense, mostly driven from the implementation of lift-served mountain biking and additional summer operations in the core area.
- Phase 2 – approximately \$116,800 of addition expense, 71% of which is from the operation of the aerial adventure course and the additional mountain biking trails.
- Phase 3 – approximately \$5,200 of expense from the added fun zone activity.
- Phase 4 – approximately \$160,400 of additional expense, 91% of which is from the canopy tour operation.

TABLE 5-4. OPERATIONS AND MAINTENANCE BY PHASE

Expenses by Activity/Amenity	Total Operating Expense	Phase 1	Phase 2	Phase 3	Phase 4
Mountain-top Pavilion	\$0				
Fun Zone - Phase 1	\$12,600	\$12,600			
Fun Zone - Phase 2	\$5,100		\$5,100		
Fun Zone - Phase 3	\$5,100			\$5,100	
Fun Zone - Phase 4	\$5,100				\$5,100
Summer tubing	\$10,400	\$10,400			
Base area zipline	\$20,200	\$20,200			
Canopy tour	\$145,900				\$145,900
Aerial adventure course	\$48,600		\$48,600		
Mountain Biking - Rental	\$10,700	\$10,700			
MTB - Phase 1	\$115,800	\$115,800			
MTB - Phase 2	\$34,300		\$34,300		
Canoe/Kayak Rental	\$5,500		\$5,500		
Paddle Board Rental	\$5,300		\$5,300		
Lake Pavilion F&B (summer only)	\$10,200		\$10,200		
Nordic Center	\$9,500	\$9,500			
Golf	\$0	\$0			
Utilities/Fuel	\$10,000	\$10,000			
Lift Operating Costs (elec. & Maint)	\$25,000	\$25,000			
Banking Fees/Processing	\$21,000	\$7,300	\$7,800	\$100	\$9,400
Insurance	\$0	\$0			
Supplies (Shop, Maint, Office, etc.)	\$25,000	\$25,000			
<b>Total New Operations Expenses</b>	<b>\$525,300</b>	<b>\$246,500</b>	<b>\$116,800</b>	<b>\$5,200</b>	<b>\$160,400</b>

(rounded to the nearest 100)



## 5.3 FORECASTED OPERATING RESULTS

### 5.3.1 Operating Margin Analysis

The preceding components of the financial analysis culminate in the calculation of additional operating margin contribution derived from the improvements that enhance the overall financial performance of the Giants Ridge. The operating margin is summarized by phase over the anticipated four phases. The specific timing of each phase may vary from what is presented in the analysis, but the general sequence of implementation is relevant to the results and the ability for each year to benefit from the prior.

#### Revenue

Revenues are included in the model in the year in which the project or activity is implemented. For years subsequent to implementation revenue projections are increased a modest 3% per year to reflect an increase in facility utilization and/or adjustments in pricing. As depicted in Table 5-5, annual revenues begin at approximately \$281,800 in phase 1 and grow with the implementation of new projects to a cumulative revenue total of approximately \$948,000 for the initial 4 phases of operations.

#### Operating Expenses

Like revenue, operating expenses are included in the model in the year in which the project or activity is implemented. For years subsequent to implementation expenses are escalated at 3% per year. Operating expenses are approximately \$246,500 in phase 1 growing with the implementation of new projects and escalation factor to a cumulative total in phase 4 of approximately \$528,000.

#### Capital Maintenance Reserve

To ensure adequate capital is set aside for non-routine maintenance and periodic replacement of amenity components, a reserve of 3% of annual revenue has been subtracted from the performance. Over the initial four years, this accumulates to roughly \$74,300.

#### Gross Margin

The difference of revenue and operating expenses produces the anticipated gross operating margin. In year 1, the margin (loss) is predicted to be approximately \$26,800. This increases to a cumulative gross margin of approximately \$610,000 for the initial four phases of operation. As depicted in Table 5-5, the operating margin, expressed as a percentage of revenue, is 13% in Phase 1 jumping to 37% in phase 2 through phase 3 then increases to approximately 44% in Phase 4.

Again, it is important to stress that the operating margin contribution is only part of the equation when considering the “return-on-investment” of new activities and facilities at Giants Ridge. The sustainability of the operation, and the larger secondary economic impact to the region are more significant drivers in the decision-making related to capital investment by Iron Range Resources and Rehabilitation.

TABLE 5-5. OPERATING MARGIN

<b>Summer Amenities Anticipated Performance</b> <i>(revenue and expenses increased 3% each successive year)</i>				
	<b>Phase 1</b>	<b>Phase 2</b>	<b>Phase 3</b>	<b>Phase 4</b>
Phase 1 Revenue	\$281,800	\$290,300	\$299,000	\$308,000
Phase 2 Revenue		\$299,800	\$308,800	\$318,100
Phase 3 Revenue			\$3,400	\$3,500
Phase 4 Revenue				\$363,400
Phase 5 Revenue				
<b>Total Revenue</b>	<b>\$281,800</b>	<b>\$590,100</b>	<b>\$611,200</b>	<b>\$993,000</b>
Phase 1 Operating Expenses	\$246,500	\$253,900	\$261,500	\$269,300
Phase 2 Operating Expenses		\$116,800	\$120,300	\$123,900
Phase 3 Operating Expenses			\$5,200	\$5,400
Phase 4 Operating Expenses				\$160,400
Phase 5 Operating Expenses				
<b>Total Operating Expenses</b>	<b>\$246,500</b>	<b>\$370,700</b>	<b>\$387,000</b>	<b>\$559,000</b>
Operating Margin	\$35,300	\$219,400	\$224,200	\$434,000
Operating Margin %	13%	37%	37%	44%
Capital Maintenance Reserve (3% of Revenue)	\$8,500	\$17,700	\$18,300	\$29,800
<b>Operating Margin after 3% Reserve</b>	<b>\$26,800</b>	<b>\$201,700</b>	<b>\$205,900</b>	<b>\$404,200</b>
<b>Cumulative Operating Margin</b>		<b>\$228,500</b>	<b>\$407,600</b>	<b>\$610,100</b>

(rounded to nearest 100)