4.8 Alternatives Comments and Responses

Comment 4-1 (Letter 3, John W. Petronella, Environmental Analyst, New York State Department of Environmental Conservation, July 1, 2010): There is insufficient information to rule out the feasibility of the Planned Density Development (PDD) Base Density Layout alternative and the PDD Base Density with Bonus alternative as only one business model is proposed. While the Department is in no position to evaluate various business models, perhaps the Town of Forestburgh, as Lead Agency, should require the thorough evaluation of alternative business models that could potentially demonstrate the viability of one of the DEIS alternatives.

Response 4-1: *Double Diamond Inc. is a resort development company which has developed its business model solely as large scale, residential / luxury recreation land plans. This Applicant bases its investments on a golf-oriented plan supplemented by other types of recreational amenities suitable to the particular site and that appeal to the higher income population of the region. The experience of Double Diamond has been that a considerable number of single-family house lots are necessary to support the multi-million dollar investment to construct and manage the resort facilities, upon which it relies and markets to prospective buyers.*

The Site Master Plan proposed by the Applicant has been designed with attention to the details that will minimize or avoid any significant environmental impacts and achieve the goals of the business model with which it has years of experience developing and managing in other parts of the country. The DEIS presents several alternative plans for the comparison of potential impacts, however the Applicant is not prepared to develop any of these alternatives as none meet the goals and objectives of the Master Plan.

The Applicant provides the following summaries regarding the viability of each of the DEIS alternatives:

The No Build Alternative would be inconsistent with the overall objective of Double Diamond Inc., which purchased the property with the intent of developing it into a resort community.

The Conventional Subdivision Alternative and the Cluster Residential Subdivision without Amenities Alternative do not include any amenities that are necessary to support a resort community. Double Diamond is a developer of resort facilities that are built to attract a membership-based, primarily second-home and non-resident population into a unique, recreational setting. The conventional and cluster subdivision development alternatives are entirely inconsistent with the objective of Double Diamond to develop a resort community.

The Hotel Expansion Alternative assumes the development of a larger hotel than the 32 room hotel currently planned. (The larger hotel was included during scoping to evaluate site-related effects of a larger facility.) Comparing the size, number of property owners and number of hotel rooms in other Double Diamond developments, the annual occupancy rate in such resorts ranges from 30 to 50%.

White Bluff	*5,500 Property Owners*	*55 Rooms*	*30% occupancy rate*
The Cliffs	*3,000 Property Owners*	*75 Rooms*	*30% occupancy rate*
Eagle Rock	*7,000 Property Owners*	*46 Rooms*	*46% occupancy rate*

Based on its experience, Double Diamond determined 32 rooms would be the appropriate size for Lost Lake Resort with 2,557 lots. In addition, a large hotel would be more expensive to build and maintain, and the expected lower occupancy would negatively effect the resort operation.

The Applicant seeks approval of a PDD subdivision layout that provides a sufficient number of single-family house lots to support the multi-million dollar investment in resort amenities.

Comment 4-2 (Letter 4, CT Male Associates, July 1, 2010): The DEIS states that reduced density alternatives could not support the complement of quality amenities to be economically viable; however no substantiation is provided for this statement. It is recommended that the Applicant provide additional justification that defines what constitutes an economically viable project.

Response 4-2: *It is Double Diamond Inc.'s practice to prepare a projected proforma for its new proposed developments. In order for Double Diamond to determine whether a new project is economically feasible and is a viable plan for obtaining financing, the project should have a profit projection of about 20% to account for the myriad of contingencies and unforeseen costs that are inevitable for a large resort project. The plan as currently proposed produces a modest profit projection of 18.08%. The Applicant's projection for the proposed project plan balances total revenue with total development cost of approximately $208.6M, including profit.*

The alternative scenarios were evaluated from an economic standpoint, accounting for a reduction in salable lots and commensurate reduction in development cost in each case, while retaining the full complement of amenities. A PDD subdivision layout of 2,327 units (in response to a suggested reduction of 300 units) significantly reduces sales revenue by $20.1M (compared to the proposed plan), proportionately reduces development cost by $33.4M, maintains the same amenity cost and proportionately reduces sales expenses by $13.8M. This alternative plan with an 18% margin of profit results in a net loss of approximately $3.0M.

A PDD subdivision layout of 1,235 units, including 500 bonus units, significantly reduces sales revenue by $94.5M (compared to the proposed plan), proportionately reduces development cost by $45.6M, maintains the same amenity cost and proportionately reduces sales expenses by $64.6M. This alternative plan results in a net loss of approximately $14.3M.

A PDD subdivision layout of 735 units with zero bonus units significantly reduces sales revenue by $127.7M (compared to the proposed plan), proportionately reduces development cost by $51.2M, maintains the same amenity cost and proportionately reduces sales expenses by $87.3M. This alternative plan results in a net loss of approximately $19.3M. Clearly, these are not economically viable alternatives. Also refer to Response 4-1.