



**THE QUAD INNOVATION PARTNERSHIP
PRESENTS**

VENETUCCI FARM

Re-imagining a Community Asset

May 6, 2019

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Introduction

Venetucci Farm (the Farm) is much more than a farm. Longtime owners and operators Nick and Bambi Venetucci achieved legendary status in the Colorado Springs community by inviting thousands of schoolchildren onto the property each year to pick pumpkins in preparation for Halloween. In 2006, the Venetucci family transferred the farm to Pikes Peak Community Foundation (PPCF), in order to preserve Nick and Bambi's legacy and the Farm's status as a community icon.

Since acquiring the Farm, PPCF operated Venetucci Farm as a working farm and educational resource until the discovery of water quality issues with per- and polyfluoroalkyl substances (PFAS) in 2016. Due to public health concerns, the PPCF Board suspended all edible agriculture operations on the property later that year.

Beyond impacting agricultural activity, the contamination has negatively affected the Farm's financial sustainability. Water leases to the Security and Widefield Water Districts historically provided significant annual revenue – and the bulk of the resources required to sustain both the agricultural and educational activities on the property. However, the leases were suspended pending resolution of the contamination. Despite these challenges, PPCF is fully dedicated to preserving the Farm and its value to the community. As an example of that commitment, the famous annual pumpkin giveaway has continued with pumpkins sourced from other farms. PPCF wants the important legacy of the property to continue as part of a reimagined future.

PPCF commissioned the Quad Innovation Partnership to study viable opportunities to sustain the Farm's impact and legacy in 2018. The intended outcomes were to identify viable uses for the property that could both generate new impact and replace revenue lost by the suspension of the water leases to sustain other, historical impact activities on the property.

Starting in June, 2018 multiple teams of interdisciplinary undergraduate students from Colorado College, Pikes Peak Community College, University of Colorado Colorado Springs and the US Air Force Academy compiled, researched, and analyzed community-sourced ideas for the Farm to understand viability and feasibility. The students assessed financial viability, projected community impact, analyzed risk, and examined operational feasibility for ideas individually, before then integrating the most viable concepts into the recommended operating model detailed in this report.

The study consisted of three phases:

- | | |
|---|----------------|
| Phase 1: Understanding and Discovery | Jun – Jul 2018 |
| ● Two teams of 4-5 students each identified many conceptual uses for the Farm property, equipped those uses with preliminary context research and developed key insights and direction for subsequent project work. | |



- Results delivered in the “Phase 1 Update” report identified priority work for subsequent teams.

Phase 2: Use-Concept Research & Analysis

Aug – Dec 2018

- One team of 7 students advised by Professor Mike Fowler (USAFA) and managed by Beka Adair (Quad) deepened understanding of individual use concepts. The financial, operations and impact research facilitated comparative analysis and begun the process of identifying viable components.

Phase 3: Synthesis, Recommended Operating Model

Feb – May 2019

- One team of 7 students advised by Professor Fowler and managed by Beka Adair and Jake Eichengreen (Quad) completed the individual use analysis and then synthesized viable uses into recommended operating models that will preserve the Farm for generations to come.

This report was written by the Phase 3 student team and includes findings from all three phases of work.

Executive Summary

This report summarizes the analysis of a set of community-sourced operating concepts and program ideas to sustain the legacy and impact of Venetucci Farm. The purpose of this study was to identify feasible and viable uses that are consistent with the legacy of the Farm that can replace revenue lost by the suspension of drinking water leases and therefore support both the long-term sustainability of the property and other activities that will generate positive impact in the surrounding community.

The recommended operating model integrates three primary uses that will re-activate the Farm as a high value community asset: a distillery, a wedding and event venue, and a fall festival grounds. These complimentary uses can all fit within a limited building envelope (proposed as less than one acre) and create ample opportunity for other uses throughout the almost-200 acre property. Their varied peak seasons and aesthetic similarity mean that the Farm can once again be an active, year-round destination serving the Pikes Peak Region.

Distillery: a medium-volume spirits distillery offers opportunities to generate significant revenue in a manner consistent with the Farm’s context and aesthetic. Distilling frequently inspires agricultural “chic” and offers important narrative connections to grain cultivation, though no grain actually needs to be grown on site. Additionally, industry standard best practice requires water filtration by reverse osmosis – rendering on-site water safe. Finally this type of business is not dependent on foot traffic as most sales are generated off-site in commercial establishments. An on-site tasting room is possible, but not detailed in this report due to added costs.

Wedding/Event Venue: another concept that will generate positive revenue to support Farm maintenance and other activities, a wedding and event venue offers a viable opportunity to bring people onto the Farm property using mostly-existing infrastructure. The Colorado Springs venue market is undersupplied, and special events like weddings represent a significant opportunity to build meaningful connections between the community and the Farm’s legacy.

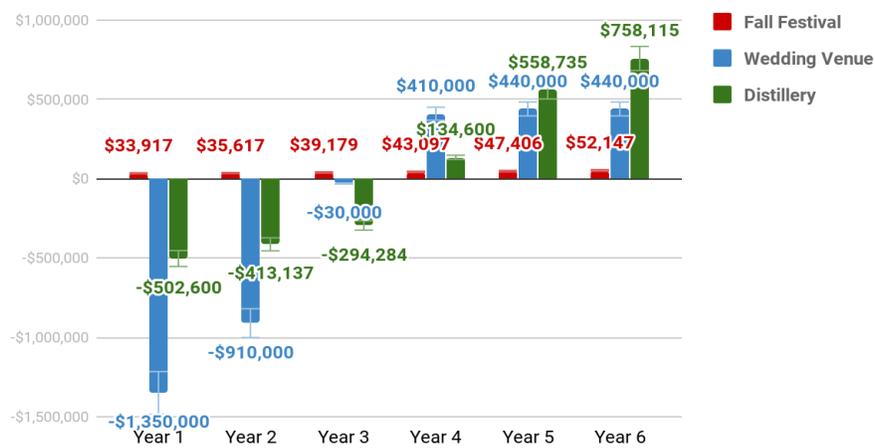
Fall Festival: A seasonal festival including a variety of activities and events ranging from musical performances to hayrides and a corn maze offers a revenue-positive opportunity to bring large numbers of nearby residents onto the property and connect them with the agricultural legacy of the Venetucci Family.

The feasibility analysis detailed in this report includes required physical improvements, necessary equipment and infrastructure and ongoing operations. Also detailed are summary findings of the feasibility analysis performed for all examined uses that ultimately were not recommended as the core of a re-imagined, re-activated Venetucci. Some of these “other uses” may still be of some interest to PPCF or its partners for reasons beyond the criteria that informed

these recommendations (for example, an educational benefit), and the potential sources of interest are detailed as well.

Recommendations were developed through extensive research of comparable properties locally and nationwide. Experienced experts were consulted, including property owners, business managers, and relevant government representatives. The perspective of these experts supplemented information available from public and private sources as well as new analysis and calculations completed by the student teams.

Combined Profitability and Feasibility



Venetucci Re-Imagined: Recommendations for a Viable Future

Recommended Model Summary

The Quad recommends a multipurpose destination with the following key components as the foundation of a sustainable future for Venetucci:

1. Wedding/Event Venue
2. Distillery
3. Fall Festival

These uses are the most viable of those considered in this study due to their anticipated financial performance, potential to generate meaningful connections to the Venetucci legacy, varied peak seasons, foot traffic potential, and physical/locational requirements.

The table below compares the three uses to demonstrate their compatibility.

	Wedding/Event Venue	Distillery	Fall Festival
Operating Revenue (net)	\$75K-250K	Yes	Yes
Active Seasons	Spring and Summer	Year-round	Fall
Foot Traffic	Concentrated on weekends	Not reliant on foot traffic	Heavy traffic in one season only
Geographic Location	The main barn	The hay barn	Near homestead
Legacy Connection	Not inherent, but possible to infuse legacy into physical improvements, etc	Storytelling through product/branding; grain-production legacy	Celebration of agriculture and the harvest season

These uses – including associated parking and infrastructure – can all fit within a single acre of the property, leaving ample opportunity for additional use.

Partnering with established operators will be essential to the success of these ventures, though operating partnerships will reduce the financial return to PPCF.

Distillery Detail

A craft distillery at Venetucci Farm has the potential to become a viable revenue center. Whiskey is the recommended spirit, as it is the easiest market to penetrate and demand is high. Time required from first investment to first revenue is about two years for whiskey but, with appropriate planning, the opportunity is strong. There are currently only 5 operating distilleries in the Colorado Springs/Monument area, meaning the market is not saturated. Distilleries can host on-site tasting rooms, but most revenue is generated through distribution to liquor stores, bars and restaurants meaning Venetucci's location far from an established commercial center will not pose unnecessary risk to the business.

Operations for the distillery would not include growing grains on site due to contamination. Instead, **grain will be sourced from other farms in the region.** Water for the distilling process would be sourced from the well on Venetucci Farm after it is filtered through the Air Force's resin filter on site. This filter will remove any potential toxins in the water. Additionally, industry-wide best practice is to filter source water through reverse osmosis, meaning the model could sustain the filtration required to make on-site groundwater safe for human consumption even without an Air Force provided filter.

Financial and Production Analysis

Numbers in this section were reviewed by distillery experts Russell Thorn and Casey Ross. Proformas begin on the following page.

Notes on numbers:

- For every 1 gallon of alcohol distilled, roughly 2 gallons of product are produced. Product leaving the still should be approx. 80% alcohol by volume (ABV), and then will be diluted to a sales concentration of 40% ABV through the addition of water.
- Model details production on an 18 inch column still with capacity of 9 gallons per hour produced at 160 proof (80% ABV).
- The term "ideal" bottles refers to the amount that is capable of being produced, and "real" bottles refer to a number produced to account for spillage and other waste.
- Business model includes heavy sourcing of whiskey from MGP, a source whiskey distiller from Indiana. Whiskey will be purchased from MGP to supplement whiskey produced on site. Both of experts recommended blending a sourced whiskey with in-house product to increase sales volume. This practice is common in craft distilling nationwide.



Gin/Vodka - 24,000 Bottles Wholesale at \$24.00	\$24	\$576,000	Gin/Vodka - 24,000 Bottles Wholesale at \$24.00	\$24	\$576,000
Production Costs Gin/Vodka Per Bottle \$4	-\$4	-\$96,000	Production Costs Gin/Vodka Per Bottle \$4	-\$4	-\$96,000
Whiskey 15,000 Bottles	\$35.00	\$525,000.00	Whiskey 20,000 Bottles	\$35.00	\$700,000.00
Whiskey 18,000 Bottles outsourced product MGP	\$35.00	\$630,000.00	Whiskey 18,000 Bottles outsourced product MGP	\$35.00	\$630,000.00
Barrels of Bourbon from MGP 60 barrels	-\$1,000.00	\$60,000.00	Barrels of Bourbon from MGP 60 barrels	\$1,000.00	-\$60,000.00
Whiskey Barrels x 174	-\$120	-\$20,880	Whiskey Barrels x 174	-\$120	-\$20,880
Production of whiskey for aging (4,755 Gallons, 9,510 dilute)	-\$6.97	\$334,560.00	Production of whiskey for aging (4,755 Gallons)	-\$6.97	\$334,560.00
Excise Taxes (Federal \$13.50 per gallon)	-\$13.50	-\$67,406	Excise Taxes (Federal \$13.50 per gallon)	-\$13.50	-\$67,406
Marketing Costs \$2 per bottle of gin/vodka	-\$2	-\$111,840	Marketing Costs \$2 per bottle of gin/vodka	-\$2	-\$55,920
Utilities, Insurance, travel		-\$60,000	Utilities, Insurance, travel		-\$60,000
<i>Employees</i>			<i>Employees</i>		
Master Distiller		-\$50,000	Master Distiller		-\$50,000
General Employees bottling, etc x2	-\$30,000	-\$60,000	General Employees bottling, etc x2	-\$30,000	-\$60,000
Sales person or Distributor - 18% of retail price		\$311,580.00	Sales person or Distributor - 18% of retail price		\$343,080.00
Gross Production Profits		\$1,731,000	Gross Production Profits		\$1,906,000
Net Production Year Profit		\$558,735	Net Production Year Profit		\$758,155
Net Lifetime Profits		\$853,727	Net Lifetime Profits		\$1,611,881



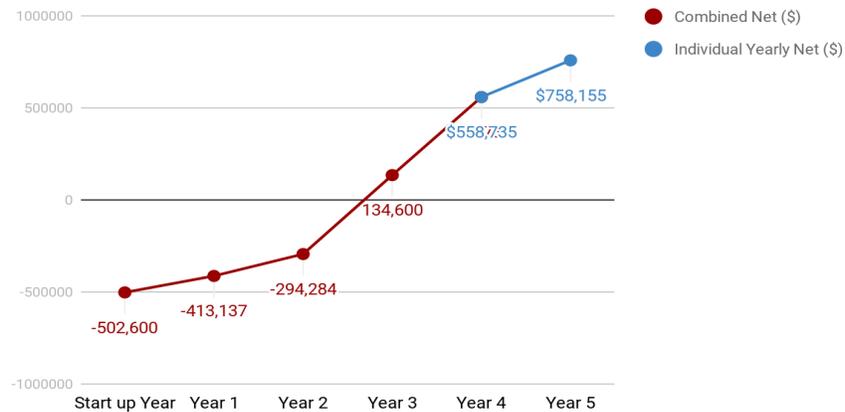
Forecast Whiskey Production

Production Year	Alcohol distilled 160 proof (gal)	Amount Produced (Gal after dilution)	in ml after dilution	Ideal Bottles	Real Bottles
Year 1	2,769	5538	20,970,000	27,960	25,164
Year 2	2,769	5538	20,970,000	27,960	25,164
Year 3	4,755	9510	36,000,000	48,000	43,200
Year 4	4,755	9510	36,000,000	48,000	43,200
Year 5	4,755	9510	36,000,000	48,000	43,200
Max. Production on Installed Equipment	19,020	38,040	143,997,000	71,998,500	64,798,650

Forecast Whiskey Release (not including sourced product)

		Year 1 Product	Year 2 Product	Year 3 Product	Year 4 Product	Year 5 Product
Operation Year Sales	Bottles Produced	25,164	25,164	43,200	43,200	43,200
Year 1		3,690 Released 21,474 remaining				
Year 2		3,690 Released 17,784 remaining	25,164 remaining			
Year 3		15,000 Released 2,784 remaining	25,164 remaining	43,200 remaining		
Year 4		2,784 remaining (reserve)	15,000 released 10,164 remaining	43,200 remaining	43,200 remaining	
Year 5		2,784 remaining (reserve)	4,000 released 6,164 remaining	16,000 released 27,200 remaining	43,200 remaining	43,200 remaining

Distillery Break Even and Profitability



Max Potential Yearly Production

	Price Per Unit	Revenue
Whiskey 191,996 Bottles	\$35.00	\$6,719,860.00
Whiskey 60,000 Bottles outsourced product MGP	\$35.00	\$2,100,000.00
Barrels of Bourbon from MGP 200 barrels	-\$1,000.00	-\$200,000.00
Whiskey Barrels x 692	-\$120	-\$83,040
Production of whiskey for aging (4,755 Gallons)	-\$6.97	-\$334,560.00
Excise Taxes (Federal \$13.50 per gallon)	-\$13.50	-\$513,540
Marketing Costs \$2 per bottle for 100k bottles	-\$2	-\$200,000
Utilities, Insurance, travel		-\$80,000
<i>Employees</i>		
Master Distiller x2		-\$100,000
General Employees bottling, etc x8	-\$30,000	-\$240,000
Sales person or Distributor - 18% of retail price		-\$1,587,574.80
Gross Production Profits		\$8,819,860.00
Net Production Year Max Profit		\$5,481,145

Impact, Legacy & Risk

Community Impact

- Minimal direct community benefits of whiskey production. However, the revenue produced through this activity will sustain other uses and activities on the Farm that will generate significant, positive impact.

Legacy

- The strong role of grain in the distilling process opens opportunities to connect the distilled product and activity to the Venetucci Family's history growing corn on site. This can be done through branding, marketing efforts and/or intentional placemaking at an on-site tasting room.
- The Venetucci legacy offers a unique and compelling opportunity for positive branding that can differentiate the product in the market and increase awareness of the Farm's history and impact.

Risk

- Standard business risk: this activity represents a new business in a new location. Though an operating partnership with an established brand or experienced operator could minimize standard startup risk, there is no guarantee that any new business will prove successful.
- Reputation/community reception: change is always difficult, and many communities within the geography of Colorado Springs have demonstrated an attachment to Venetucci as it was. Therefore, there is some risk that they may react negatively to a new use and alcohol has its own unique complexities and critiques. The findings of this study point to a far larger upside than potential downside, however preparations should be made to deflect criticisms into positive feelings about the opportunities this will open.
- Fire: the distilling process is intrinsically linked to fire hazard, as alcohol vapors are highly flammable. Strict fire codes have been developed and are included in this analysis to mitigate this risk.

Most Comparable Local Distilleries

Distillery 291

Colorado Springs, Colorado

- Price: \$39.99 - \$75+ per bottle
- Offerings: 11 different whiskeys primarily based in rye and bourbon mash bills.
- Market comparableⁱ

Axe and the Oak

Colorado Springs, Colorado

- Price
 - Wholesale at \$35 per bottle
 - Retail at \$46.99 per bottle.
- Offerings: Rye, Bourbon, and a Cane Sugar moonshine. They have a larger bar/tasting room in the Ivywild building.
- Market comparableⁱⁱ

Other Considerations

- Licensing: 2-year lead time between investment and revenue are largely due to federal and state licensing required to distill alcohol. (see Appendix A)
- Aging whiskey: Additional lead times can be required if all whiskey is produced on site. This is addressed by blending sourced whiskey into the final product, as previously mentioned. Indiana's MGP, is a primary locale for sourcing pre-made whiskey at a price point where Venetucci Farm can still make a profit. This study recommends partnering with MGP.ⁱⁱⁱ
- Water: This use requires a lot of water. The projected water supplied by the resin filter will be more than enough to sustain a distillery. It is also quite regular for distiller

producers to install specialty filters for water being used to filter for better production materials. With filtered water, PFCs are a virtual non-issue in the production of distilled spirits.

- Tasting Room: The initial model does not include a tasting room or tours because of the additional building and insurance costs. Therefore, the business detailed here would not initially bring additional foot traffic to the farm without at least an additional \$150,000-\$250,000 worth of investment.
- Distribution: While craft distilleries have found regional success, national distribution can be difficult without dedicating a large amount of money to advertising, sales personnel, and distribution partnerships. This amount can vary depending on the distributors, but is commonly forecast at 15%-25% of the retail cost per bottle. As a distillery expands, it can look at growing into a regional producer (multiple states). When moving into new states, new liquor licenses are required. Some states mandate liquor be distributed through a third-party distributor. This model assumes regional sales only, though an experienced operator may choose to expand.
- Operator: This study recommends PPCF develop an operating relationship with an experienced operator. The terms of this agreement should be negotiated once a viable operator is identified; this forecast is intended to inform those negotiations.
- Rent: The detailed pro forma does not include expenses for rent charged to an operator of the distillery, which would, depending on the operator/foundation relationship, be another element that should be considered further by an operator. The results of the pro forma do suggest that this business could sustain rent. This should be an item for negotiation between PPCF and an operator.

Wedding Venue Detail

Venetucci Farm has the opportunity to enhance its iconic status by providing a location for families to hold meaningful ceremonies deeply rooted in the region's history and beauty. Weddings will generate new revenue and foster emotional investment in the property and broader community. Demand is high and the market is currently underserved. Nationwide, agricultural environments for weddings and other special events allow operators to charge small premiums due to the unique experiences available on a farm or ranch. Therefore, there is also an element of legacy preservation as this business model requires the property be preserved in an agricultural aesthetic. Though it will require improvements, the existing barn offers a compelling opportunity.

Financial Analysis

Though a range of investment levels are feasible, a wedding venue is expected to generate positive cash flow and pay back startup investments in a reasonable period of time.

Low Investment: This option would leave the Barn minimally changed and still allow Venetucci Farm to charge approximately \$5,000-\$7,000 per wedding. Assuming two weddings per week during the 20-week peak season, it is estimated that a medium investment would generate \$260,000 in revenue annually.

Low Investment: (code improvements only)

Startup Costs	\$
Large gravel parking area (100+ spots)	~ \$55,000
Working bathrooms (3) / running water	~ \$75,000
Tables and chairs to seat 150	~ \$5,000
Staff Member (1yr)	~ \$60,000
Total Investment	~ \$195,000

Operating Forecasts	\$
Bookings Revenue	\$260,000
Event Manager	- \$60,000
Operations + Biz Dev	- \$40,000
Total Performance	~ \$160,000

High Investment: This option would significantly improve the Barn, including transforming the lower level into preparation suites, adding a commercial kitchen, and improving the interior and exterior with a deck and luxury finishes to capture the luxury market and charge approximately \$10,000-12,000 per week-day wedding and more for weekends and holidays. Even with a significant investment of \$1.3 million, conservative revenue estimates show a positive return in as little as four years.

High End Investment:

Startup Costs	\$
Physical improvements: A retrofitted, furnished luxury barn including commercial kitchen, dumbwaiter, high quality finishes, furniture, etc.	~ \$500,000
A fully furnished preparation suite for the bride and groom	~ \$250,000
Outdoor improvements + 150 space lot	~ \$250,000
Luxury bathrooms (6)	~ \$200,000
Staff coordinator (1yr)	~ \$65,000
Sound system, lighting, golf carts, etc	~ \$25,000
Total Investment	~ \$1.3M

Operating Forecasts	\$
Bookings Revenue	\$500,000
Event Coordinator	- \$65,000
Operations + Biz Dev	- \$85,000
Total Performance	~ \$350,000

Demand Forecast

The **resident** annual market for a venue like Venetucci is forecast near 1,250 couples per year. Financial forecasts were developed using a conservative estimate of 40 weddings per year, or only 3.2% of the forecast annual market. This market forecast assumes zero nonresident/visiting couples.

Calculations:

	6,438	2017 marriage licenses in El Paso County ^{iv 1}
x	50%	percentage of couples who wed more than 200 miles from home ^v
=	~3,200	local couples married locally annually
x	80%	couples wed between May and October (forecast Farm season) ^{vi}
=	~2,500	local couples wed during Venetucci season
x	66%	couples not married in a religious building ^{vii}
=	~1,650	potential market for non-religious venues
x	75%	couples willing to spend significantly on venue
=	1,250	potential market of local couples

Impact, Legacy & Risk

Community Impact

- Traffic attracted to the Farm will build positive associations and connections to the community
 - Weddings and other private, destination events bring new visitors to the community and leave them with significant, positive impressions of the area and meaningful emotional connections to the region
 - Local couples will have more positive impressions of the community/surrounding area
 - Nearby businesses in Fountain, Security and Widefield could see a small increase in performance due to new potential customers attracted to the area; since most traffic is expected to come from the North and rarely go further South than the Farm, this impact is expected to be modest

Environmental Impact:

- Minimal, apart from vehicle traffic to the farm and potential noise pollution as activity will be confined to existing buildings
- Forecasts do not anticipate installation of solar/renewable energy systems. Such an installation could increase environmental sustainability with positive impact to overall

¹ Based on steady marriage rates and high population growth in the area for the past decade, it is safe to assume the demand for marriage licenses will at least remain consistent in the next five to ten years.¹

financial performance due to demonstrated medium-term savings generated by such systems elsewhere

Legacy:

A “sense of place” is key to a successful wedding venue. Unique place and history add to how “special” an already-special event can be. Though the Venetucci family and property history have no inherent link to wedding uses, there is a positive incentive for an operator to imbue every aspect of the venue with the unique history of the property. Guests should leave knowing where they have been and why the specific place matters so much to the history of the region.

Risk:

- Noise: the property is sandwiched between two high-volume roadways that take away from a sense of isolation or serenity. This can be mitigated to varying extents through construction materials and outdoor design. For example, cultivating a “tree wall” can cut down on noise significantly
 - Emerging startups are now offering “carbon sequestration credits” that could offer a financial incentive to tree planting beyond the aesthetic benefits
- Cost: renovations and required runway to bring the venue to full capacity are significant
- Community pushback: no agricultural use or direct connection to previous activity on the property

Comparable Venues

High-End Venue

La Joya Dulce Ranch - Steamboat, CO

- Originally part of the Steamboat Llama Ranch, La Joya Dulce is now a private, family-owned event space
- Ranch provides: scenic ceremony site, fully-furnished event barn, large event area, fully-equipped preparation area, additional preparation area and luxury toilet trailer
- Extra provisions at no cost: 150+ chairs, tables, lighting, 400 sq. ft. tent, sound system
- Rents the space out to couples for 3 full days: first for set-up, second for ceremony and third for clean-up
- Provides list of preferred vendors that the ranch has partnered with to the clients

Price: Depending on season and number of guests, La Joya Dulce charges between \$5,500 and \$11,000 per wedding

Max Occupancy: 400 guests

Mid-Range Venue

Younger Ranch - Colorado Springs, CO

- Located east of Monument, Younger Ranch is a private, family-owned venue that hosts weddings in addition to other special events.



- The ranch partners with specific vendors, creating a required vendor list for the couples to choose from for food, alcohol, and rentals
- Guests who rent the venue are allowed 12 hours for the entire ceremony, including set up and clean up time
- They provide a Property Manager (one of their own employees) to be on site for the entire 12-hour block of the wedding to ensure a seamless event
- Requires the couple to put down a \$750, 100% refundable, damage deposit in addition to insurance to avoid any damage to the property
- Provides outdoor ceremony site, bridal barn, reception barn, tables and chairs for 150 people, large parking area

Dates open: Mid-May through Oct. 22nd-23rd

Pricing:

June 1 through October 12th

\$6500 ~ Saturday Wedding

\$5800 ~ Friday or Sunday wedding

\$4500 ~ Monday through Thursday

\$6800 ~ Holiday

May 12th through May 31 Pricing

\$5500 ~ Saturday

\$4800 ~ Friday or Sunday

\$4000 ~ Weekday

Max Occupancy: 170 guests

Low End Venue

Hatchet Ranch - Pueblo, CO

- Wedding Season runs from May to mid-October
- Barn does not have insulation or heat for colder weather weddings
- Provides: Barn, bar and creek side ceremony area, day before set-up and rehearsal time, day after cleanup time, use of available tables and chairs
- Gives couple a list of recommended caterers and event planners, but does not require them to choose from the list

Price: \$3,000 per wedding

Max Occupancy: 200 guests

Other Event Types

A wedding venue could also house other types of events, schedule permitting. Weddings are the highest-revenue event option, and should be prioritized for financial sustainability.

- **Education:** The barn has historically been used for classes and as a meeting place for educational programs. Peak wedding season is summertime, so school-year education events likely wouldn't likely conflict. When the barn is not in use for weddings, this is still a viable use though would not generate sufficient revenue to sustain the Farm – or the barn - on its own.
- **Music/Fall Festival:** The farm can set the barn aside to act as an event center or music hall during the fall festival; this may eliminate a few high-season weddings, but the community value of a festival is significant
- **Business Retreats:** the market for this is anticipated to be limited. Nonetheless, they may offer some additional use options when the barn is not otherwise occupied

Fall Festival Detail

Along with the many other viable ways to establish revenue for Venetucci, a Fall Festival is one way to preserve the agricultural legacy of the property. The annual festival could feature a variety of activities and events to enhance community connection to the Venetucci history. Primary festival components could include a corn maze, a petting zoo, hayrides, assorted vendors and a beer garden. Not only do these options produce a sustainable revenue source, they also offer opportunities for community engagements and regional collaborations. There are no comparable festivals in the greater Colorado Springs region; as such there is a high likelihood of success for the event as long as proper care is given to the many moving parts of the venture. One key way to generate traffic would be to integrate the Pumpkin Giveaway into the Festival. That may affect the logistical operation of the Giveaway (instead of bussing children in they could be given a voucher at school to then cash in for a pumpkin at the Festival, for example).

Financial and Component Analysis

The graphs below provide details to the annual startup costs and outline each component cost. These estimates reflect the cost of the festival if operated for two concurrent weekends each year (Fri-Sunday). Local partners and specific-activity vendors play an important role to the success of this event.

Attendance & Demand

Conservatively, 60,000 visitors can be estimated over the 6 days of the festival with appropriate advertising and promotion. This estimate informs all revenue projections.

Informed by:

- Territory Days: 3-day weekend event in Old Colorado City with total attendance averaging 80,000-140,000
- Larkspur Renaissance Festival: 12,000-15,000 people daily on weekends
- What if...Festival: one-day festival of imagination and creativity in Downtown Colorado Springs with 25,000 estimated attendees annually

Total Start Up Cost

The chart below identifies estimated startup costs for the entire endeavor. This encompasses all basic events and other, general operations. Additional events may affect these estimates.

See next page

Costs for Year 1			
	Qty.	Price/Unit	Total
All Expenses			
Marketing (promotional spots)	4 different Media Outlets	\$ 3,000.00	\$ 12,000.00
Wristbands	60,000	\$ 0.20	\$ 12,000.00
Police Operations	48	70.00/hour	\$ 3,360.00
Public Restroom/Port-a-Potty	15	275/weekend	\$ 8,250.00
Liability Insurance	1	\$ 1,500.00	\$ 1,500.00
Hired Labor- Manager (hours) (2 managers)	320	\$ 16.00	\$ 5,120.00
Hired Labor- Regular (hours) (25 employees)	4,000.00	\$ 11.10	\$ 44,400.00
Corn Maze Cost			\$ 12,980.00
Petting Zoo Cost			\$ 7,700.00
Hay Ride Cost			\$ 8,300.00
Beer Garden Cost			\$ 3,860.00
Legal Fees	1.00	\$ 1,500.00	\$ 1,500.00
Miscellaneous		\$ 2,000.00	\$ 2,000.00
Total General Expenses			\$ 86,630.00

Some variable costs are important to highlight. marketing is essential to festival success important to advertise this event. At least four different media advertising campaigns are necessary to generate traction and attendance. Wristbands are modeled for purchase confirmation, though other options exist. One police officer to control traffic has been modeled, but the police department may require additional officers depending on attendance. Restrooms assume no more than 3,000 attendees on the property at any one time. Labor estimates are based on consultations with Rio Grande Farms, who operate a similar festival outside of Albuquerque.

These cost estimates are a baseline. We recommend creating space for vendors and partnership events (arts and crafts, etc) to increase demand for the festival. Ultimately, an external operator will be able to inform the right components of the festival and any additional infrastructure needed (generator rental, booth set up, etc).

These cost estimates **do not** include the Pumpkin Giveaway. Should PPCF elect to merge the Giveaway with the Festival, costs associated with the Giveaway would remain roughly the equal to costs currently incurred by the Foundation. Unless the PFC contamination is remedied, PPCF should continue to anticipate purchasing safe pumpkins from external partners.

Total Revenue

Revenue for the Festival could be generated through a variety of channels:

- Parking fees: assuming an average of 4 attendees per car, a \$5 per car parking fee could generate \$75,000 over the course of the festival
- Corn maze tickets: assuming only a third of festival attendees choose to complete the maze, charging \$5 per person would generate \$100,000
- Petting Zoo/Hayride tickets: at \$3 per person with only 25 percent of attendees utilizing these attractions, \$45,000 could be generated per attraction for a combined \$90,000
- Vendor fees: charging a modest \$300 per vendor (\$50/day), \$5,000 could be generated to offset additional infrastructure required

- Sponsorships: this kind of a festival would be attractive to many types of organizations, both to offset operations and startup expenses and to support additional activities like the Pumpkin Giveaway. Individual sponsorships could range from \$1,000 - \$25,000.

Combining these revenue streams or adjusting assumptions would easily push the Festival into revenue positive performance.

Corn Maze Operation Details

A five-acre corn maze would be a compelling component of the Festival. There are many moving pieces to this operation for successful results. To begin, the corn must be grown. The most viable option in doing this is to hire a local farmer or ranch hand to maintain the corn field. This will take one person working an estimated 10 hours a week, for 12 weeks. The work for this will not be extensive. It will only require a contracted person to check the health of the crop, report if any destruction of the corn is seen, and perform standard crop maintenance as irrigation infrastructure already exists on the property. A margin has been modeled in case of adverse weather or other unforeseen events. Contractors are available to design and cut the maze once the crop is grown. The estimate in this model is double what the Rutgers University Agriculture Experiment Station recommends, in order to account for equipment rental and path maintenance by the same contractor once the maze is designed. In order for smooth guidance through the maze, signage and lights (for night maze runs) must be provided. Towers and bridges are included in the budget to heighten the experience of the maze.

Corn Maze Operation Expenses			
Maze Design and Cutting	1	\$ 4,000.00	\$ 4,000.00
In-Maze Signage	40	\$ 12.00	\$ 480.00
Towers and Bridges	6	\$ 500.00	\$ 3,000.00
Lighting	40	\$ 30.00	\$ 1,200.00
Early Labor for Corn Deveoplment (1 farm)	120	\$ 15.00	\$ 1,800.00
Herbicide and Pesicide		\$ 500.00	\$ 500.00
Miscellaneous		\$ 2,000.00	\$ 2,000.00
Total Corn Maze Expenses			\$ 12,980.00

After the season has ended, recycling the corn for research purposes to the University of Colorado, Colorado Springs's agricultural department for research purposes would be a compelling way to advance scientific understanding of the impact of PFCs on corn. The UCCS Grain School may be a source of assistance and research interest during the growing of the maze.

This estimate is notably cheaper than the \$30,000 cost figure Rio Grande Farms in New Mexico provided for their maze. That figure likely included operating labor in the total cost, which is included in the startup/operating costs for the overall festival detailed above.

Petting Zoo

Petting zoos are surprisingly simple. Contracted petting zoo companies are available to supply animals, feed and staff to manage the animals and interactions with visitors. The only two

required additions are a water trough including water and fencing, detailed below. Costs are for basic supplies from Tractor Supply.

Petting Zoo			
Petting Zoo Rental/Traveling Cost (Entire 6 day event)	6 hours	200.00/hr	\$ 7,200.00
Fencing		1 \$ 300.00	\$ 300.00
Water Trough		2 \$ 100.00	\$ 200.00
Total Petting Zoo Expenses			\$ 7,700.00

Hayride

The hayride option holds a lot of value for a fun experience for attendees to see the entire Venetucci property. Local contractors can supply the horses and the hay for the ride. The existing wagon at the farm will be the carriage for the rides. Similar to the petting zoo, water must be provided and a water trough for the horses.

Hayride Operational Expenses			
Horses and Hay (Entire 6 day event)	6 hours/day	225.00/hr	\$ 8,100.00
Water Trough		2 \$ 100.00	\$ 200.00
Total Hayride Expenses			\$ 8,300.00

Beer Garden Costs

The beer garden is a way to attract the adult population to participate in fall festivities while also building meaningful connections to existing and new partnerships like Bristol Brewing's Venetucci Pumpkin Ale. The best method is to contract a vendor that will bring their own kegs, and servers. This model assumes the vendor will provide supplies and charge for the beer, retaining all profits to make it worth their while and also to reduce costs passed on to the consumer. Modeled costs are only for setup, infrastructure and necessary regulatory compliance. After the first year, the only fee associated with regulatory compliance is a renewal fee of \$100.

Beer Garden			
Flowers		\$ 500.00	\$ 500.00
Chairs	120	\$ 1.50	\$ 180.00
Tables	30	\$ 6.00	\$ 180.00
Décor		\$ 600.00	\$ 600.00
Lights	20	\$ 30.00	\$ 600.00
Licenses and Permits		\$ 1,800.00	\$ 1,800.00
Total Beer Garden Expenses			\$ 3,860.00

Comparable Festival

Most of the data collected was based off numbers provided by Rio Grande Farms in Albuquerque. Albuquerque is similar in size to Colorado Springs and the festivals there have been very successful.

- The Rio Grande Farms rely on volunteers for workers, but said they use paid labor for the weekends due to the number of people there. Typically, they employ 5 hourly staff during the week and 20 on weekends, paying \$11 on average hourly.

- Furthermore, they had advertisement slots to help pay for some of the costs and utilized Groupon for selling tickets.
- Their loosely-reported performance included a \$30,000 investment in a corn maze and \$70,000 worth of maze ticket sales. They did not share attendance figures.

Impact, Legacy & Risk

Community Impact:

Of the three businesses in the operating model, the direct impact of the festival is the greatest.

- With an estimated 60,000 attendees, the festival will grow the number of Colorado Springs families who can come and experience the farm for themselves
- The addition of other activities to the Festival – ranging from the Pumpkin Giveaway to educational activities – will generate additional impact. Including environmental and agricultural content on the hayrides, for example, would increase awareness and understanding
- Agritourism connects people to the land that grows their food, even when that land is not actually growing food
- The cost to attend the festival is expected to be minimal, ensuring that families across the socioeconomic spectrum can experience the Farm.
- Utilizing the corn maze as a connection point for research activities at UCCS, USAFA or CC could enhance ancillary impact

Legacy:

As the legacy of the parcel centers around its agricultural past, this option also preserves the legacy.

- Agricultural themed activities offer opportunities to share the Venetucci story and teach their history
- Adding the Pumpkin Giveaway to this event will further the long legacy of that event
- Nick and Bambi Venetucci were well known as family-oriented farmers; the Festival connects with that legacy as well

Risk:

- Attendance is not certain, and depends on both controllable variables (like advertising, promotion, etc.) and uncontrollable variables (weather, concurrent events, etc.)
- The parking burden will exceed proposed improved parking; parking additional cars on some of the agricultural land temporarily should suffice as long as it is permissible with the conservation easement
- Standard business risk – no new venture is certain

Launching the Farm: Development & Improvement

A Phased Approach

The single most important determinant of success for a reimagined Venetucci is identifying a viable operator for each of the uses that will live on the property. Therefore, the first step in activating these recommendations is issuing an RFP to identify suitable operators. Each operator will bring their own considerations and priorities that will affect the timeline and cost of launch.

The likely phasing of development can be expected as follows:

- 1) Fall Festival
 - a. The Fall Festival is by far the easiest component to activate, as few physical improvements are necessary to operate the festival
 - b. Once an operator is selected and an operating agreement is finalized, that operator can begin coordinating the festival with close communication to the other components. The first Festival could easily run prior to the launch and/or completion of physical improvements for the other uses
- 2) Distillery
 - a. The Distillery will take the most amount of time from construction to revenue, therefore identifying an operator and beginning development is important to begin quickly
- 3) Wedding Venue
 - a. This venue requires the most capital and can begin generating operating revenue quickly, therefore it is likely the last of the three uses to launch

Developing common infrastructure (parking, utilities, etc.) should be done in close coordination with an experienced multi-use or shopping center developer, as they will be able to provide advice as to how to phase infrastructure development to most efficiently and effectively deploy resources. Most likely, some infrastructure will be needed prior to any use commencing operations (parking, landscaping, etc).

Physical Improvement Estimates

Understanding construction and improvement costs is key to understanding both viability and next steps. These estimates were developed with the support of GE Johnson's nonprofit division, and estimate "best guess" ranges for the uses proposed. Actual expenses may vary.

Some overarching suggestions to ensure the most viable option include the following:

- Limit construction to less than an acre

- Ensure 75% of the parking lot is constructed out of gravel. Gravel will not disrupt the current flow of stormwater runoff. To maintain ADA compliance, construct multiple paved handicap parking spots located in popular areas around the farm. These handicap spots will be connected to the main paved pathway to allow easy access to facilities throughout the establishment
- Renovate as many as possible current structures to meet the needs of every day operations without disturbing additional land
- Transform the main barn into the wedding venue
- Reconstruct the haybarn to become a small distillery. Create a paved pathway from the parking lot to the wedding venue and distillery to remain ADA compliant
- Renovate smaller shacks/barns on the property to become storage space for equipment

A map of improvements is included at the end of this section.

Area of Improvement

Though the conservation easement on the property allows physical improvements within a multi-acre area, improving more than one acre trigger a State stormwater regulation and require the installation of a water quality detention pond. This poses significant impact to the project, as the construction of the detention water pond will cost upwards of \$3 million.

There are 43,560 feet within one acre. Any construction that is made to disrupt the current flow of water runoff will be incorporated into the overall available acre of construction opportunity. The area of parking lots, buildings, sidewalks and other structures are added to identify the total construction area.

Venetucci Farm Detention Pond	
Advantages for Going Over One Acre	Disadvantages for Going Over One Acre
Retention pond will provide water quality benefits and alleviate flooding	Retention infrastructure costs
More revenue potential from additional uses	Retention infrastructure visual impacts
More opportunity on the property – larger buildings, additional parking, more uses, etc.	Likely decrease in value of wedding venue
	Maintenance costs

Considering the uses recommended by this study, it is in PPCF’s best interest to stay under one acre of construction. Therefore, recommendations focus as much as possible on renovations to current structures on the property rather than demolishing and replacing them. This will

significantly decrease the amount of acreage utilized in the construction process, while maintaining the visual appearance of the farm and its legacy.

Specific regions of the property will encompass a significant portion of the available acreage. These components include parking lot(s), an ADA compliant paved road, exterior ADA compliant ramps near the wedding venue, and outdoor restrooms.

Acreage Used in Recommendation

1. Parking acreage (assuming all parking lots are paved): 33,167 sq ft
2. Distillery acreage: 3,600 sq ft
3. Paved Paths: 3,164 sq ft
4. Bathrooms: 384 sq ft

Total: 40,315 sq ft

One acre: 43,500 sq ft

Remaining: 3,185 sq ft

Costs per Square Foot

Below is a compacted list of renovation costs per square foot used to inform estimates

Renovation	Cost/sf
Insulation	\$3
Plumbing/Septic	\$55
Electric	\$32
Building Demolition	\$8.25
Landscaping	\$6
Trees	\$600/EA
Flooring/Staining	\$8 - \$10
Deck	\$75
Fixtures	\$300/EA
Paint	\$3
Interior Finishing	\$14 - \$18



Windows	\$500 - \$2,500
Bathrooms	\$400
New Insulated Metal Building Structure	\$65
Underground Piping (Sewage)	\$70/Linear Foot
Pavement	\$12
Total Construction Cost of Distillery	~\$300,000
Total Renovation Cost of Wedding/Event Venue	~\$850,000

Parking and Pathways

Putting in a parking lot is best if close to the church's existing lot. The church most likely still has their site development plan which expedites the process significantly. Adding directly connected to the Church’s land could be considered an “addition” and lower costs. If the addition is less than a 50% add on to the church’s, there is a \$247 fee to the state. If the addition is more than 50% of the church’s, the cost is \$1,830. The church parking lot is approximately 88,000ft. The lot must meet all regulations set in Chapter 6 of the Land Development Code.

Parking Lots & Paths: Parking lots 1 and 3 (see map below) can either gravel or pavement, reducing cost and acreage and space counting towards the property’s one-acre limit.

- Parking Lot One: 22,529 sq ft
 - Pavement at \$12 per sq ft = \$270,348
 - Gravel cost at \$1.40 per sq ft = \$31,541
- Parking Lot Two: 6,055 sq ft (accessible parking lot 1)
 - Pavement at \$12 per sq ft= \$72,660
- Parking Lot Three: 4,583 sq ft
 - Pavement at \$12 per sq ft= \$54,996
 - Gravel cost at \$1.40 per sq ft = \$6,417
- Accessible Parking Lot 2: 312 sq ft
 - Pavement at \$12 per sq ft = \$3,744
 - Gravel at \$1.40 per sq ft = \$ 437
- Paved Path One: This Path will have to be paved in order to follow ADA compliance and takes you from parking lot one to the wedding venue and to the bathrooms.



- 2,620 sq ft = \$31,440
- Paved Path Two: This path will split off from the main paved path to the distillery and is important for safe driving standards.
 - 544 sq ft: \$6,528
- Gravel Path One (\$1.40 per sq ft): This path will be necessary for the property however; gravel will be cheaper and not add to the one-acre limit.
 - 2,456 sq ft: \$3,439
 - This path could also made of dirt
- Gravel Path Two (\$1.40 per sq ft): This path will be necessary for the property however; gravel/dirt will be cheaper and not add to the one-acre limit.
 - 816 sq ft: \$1,143
 - This path could also made of dirt

Renovation Costs

These estimates include more than the buildings required for the recommendations of this report in order to equip PPCF with as much information as possible about additional opportunities.

Estimates assume structural integrity for all structures

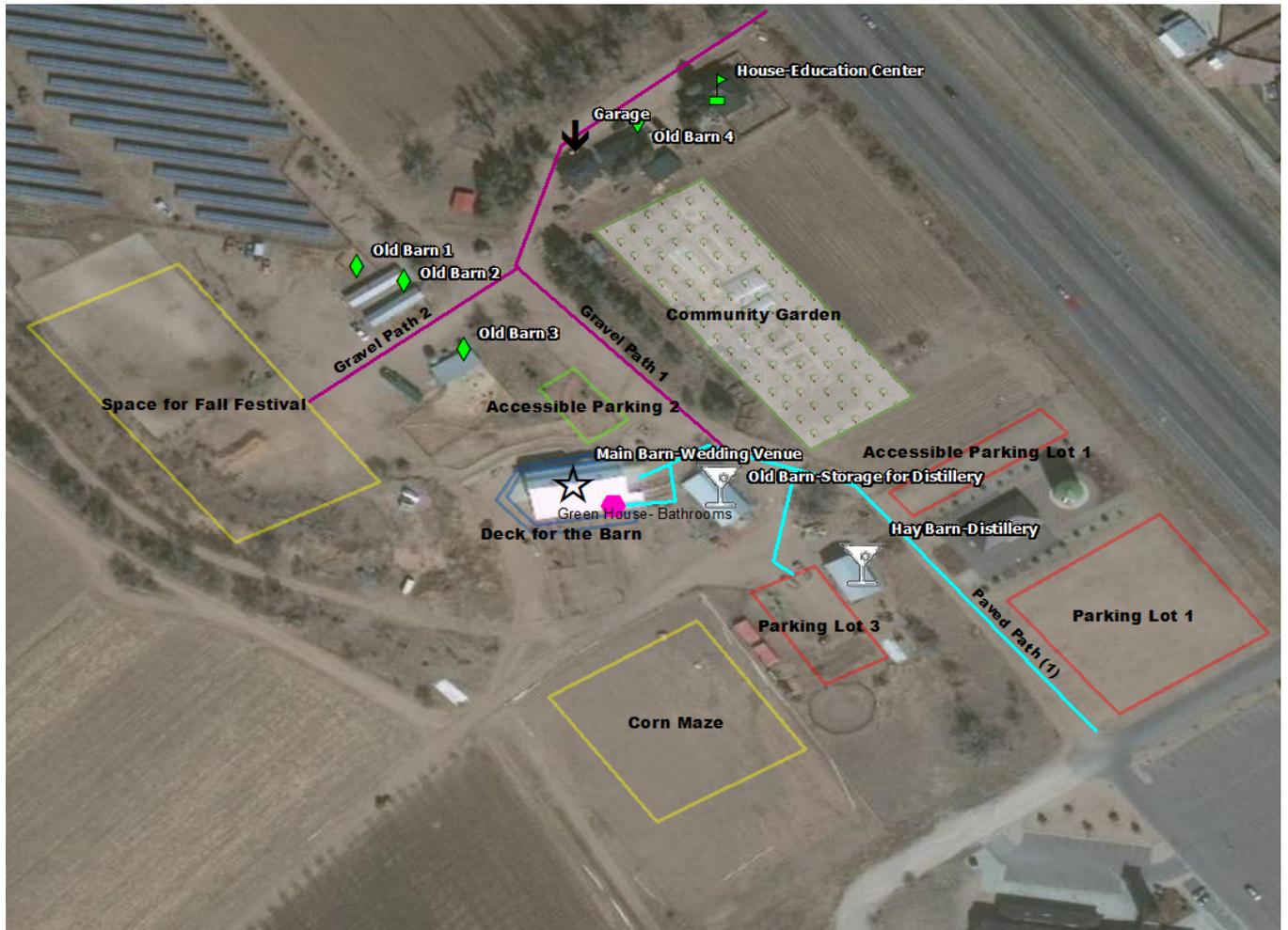
- Hay Barn (Distillery)
 - Demolition Costs: \$12,375
 - Flooring, electric, plumbing, paint, and insulation: \$370,800
 - Combined total = \$383,175
- Metal Storage Barn
 - 1,500 sq ft
 - Flooring, electric, and new insulated metal building structure
 - Total: \$157,500
- Chicken Coup building (for storage)
 - 997 sq ft
 - Flooring, electric, and paint
 - Total: \$42,871
- Two older buildings
 - Each is 816 sq ft
 - Flooring, electric, and paint
 - Each will cost: \$35,088
- Farm House
 - 2,226 sq ft
 - Flooring (\$10), electric, paint, interior finishing (\$16), and plumbing and septic
 - Total: \$251,538
- Storage Building
 - 1,336 sq ft
 - Flooring, electric, and paint
 - Total: \$57,448
- Garage



- 976 sq ft
- Flooring, electric, and paint
- Total: \$41,968
- Bathrooms
 - 384 sq ft
 - Flooring (\$10), electric, paint, bathroom(per), insulation, fixtures (4), and septic permit
 - Total: \$214,376

Map of Improvements

The below space plan illustrates various possible uses including the recommendations of this report.



Notes

- Accessible Parking 1 and 2 must be paved
- Community garden space illustrated could be replaced by trees to limit noise. Community garden feasibility included in the next section
- Diamond Icons indicate old buildings renovated and kept for storage in order to preserve the farm aesthetic
- Martini Glass Icon indicates Distillery and associated story
- Original homestead indicated as a possible education center – this could be accomplished with surplus revenue from the core uses
- Additional, temporary overflow parking could be on the N field (shown on edge of map) or to the E of the area indicated as a garden

Utilities

Water Use:

- The U.S. Air Force will provide Venetucci with a resin filter capable of purifying water up to 900 gal/hour, or 21,600 gal/day. This should be more than sufficient based on the table below
- If additional water is needed, PPCF can purchase a 2,000 gal/day Reverse Osmosis filter for around \$3,700^{viii}

Maximum Expected Water Use for One Day	Water Consumption (gal/day)
Distillation (60 gal/hour* 8 hour day)	480
Bathrooms ((1.6 gal/flush + 4 gal/hand-wash) *150 people *2.5 uses per person)	2,100
Caretaker Living on Venetucci Property ^{ix}	100
Total	2,680

- Distilling requires roughly 2 gallons of water per gallon distilled
- \$99 High Efficiency Flush Toilets use 1.1- 1.6 gallons per flush^x
- Hand washing takes 1-4 gallons (4 gallons includes face washing)
- The U.S. Geological Survey estimates the average person uses about 100 gallons of water per day

Sewage Water Disposal:

- Venetucci is already connected to Security Waste disposal
- If the current connection is unable to handle the increased flow from the new uses, a septic tank system with a 2,000 gal/ day flow rate would cost about \$30,000 plus around a \$2,500 engineering fee. This will also require a \$920 license for a septic permit from El Paso county. A system over 2,000 gal/day will additionally require a state approval. The drainage fields could be 3 fields at 100’ x 60’, depending on soil quality.



- A septic tank needs to be 50’ from a well
- A drainage field needs to be 100’ from a well

Rezoning from Agricultural to Commercial:

Rezoning is a requirement due to the distillery. Rezoning from agriculture to commercial requires an Early Assistance hearing at a cost of \$427 which outlines the process. After that there is an application with a fee of \$3,537 which then sends the process to two public hearings. The hearings will determine if the rezoning meets the requirements of Chapter 5 of the Land Development Code. The judge will make his recommendation to the Board of County Commissioner who will vote and make the final decision. Additionally, Venetucci must notify its neighbors and the public of the rezoning.

Traffic Connectivity and Signal Installation:

Because US-85 is under CDoT jurisdiction, an application must be made through them. Once the application is submitted to CDoT, using 8 warrants from the Manual of Uniform Traffic Control Devices, it is then decided whether or not a traffic signal can be put in. Warrants include traffic and pedestrian volumes, school crossings, accident history of the intersection, continuous flow of traffic, and vehicle delays.

ADA Parking Requirements

A.D.A. Handicap Parking Requirements			
Total Parking Spaces Provided (per lot)	Van Accessible Number of Parking Spaces (min. 96" access aisle)	Accessible Number of Parking Spaces (min. 60" access aisle)	Total Minimum Number of Accessible Parking Spaces
1 to 25	1	0	1
26 to 50	1	1	2
51 to 75	1	2	3
76 to 100	1	3	4
101 to 150	1	4	5
151 to 200	1	5	6
201 to 300	1	6	7
301 to 400	1	7	8
401 to 500	2	7	9

Other Uses – Maintaining and Expanding Impact

The three uses recommended as the core of the property can replace revenue lost by the suspension of water sales to Security and Widedfiled, but they are not the only uses examined in this study. This section includes brief summaries of other uses that could be viable strategies maintain and expand community impact. These sub-uses compliment the overall recommended uses. These opportunities should be considered secondary to the recommended uses as they do not generate sufficient revenue to support overall Farm operations, but there is positive potential once their financial needs can be met.

Historically Venetucci has maintained an impactful relationship with the Colorado Springs community, centered on education and historical sense of place. The uses in this section all contribute to maintaining that impact. In theory, many of the uses included in this section could be incorporated into a field-trip system or housed in an education center in the original farmhouse. This would add a new dimension to the farm’s impact to the community, as well as expand the farm’s impact into younger generations, and extend its community involvement for years to come.

Logistically, field trips could overlap with the final three recommended uses for the farm without much complication. Peak season for weddings is summer and most are scheduled for weekends. Any open space not filled by weddings could be used for visitation hours for any nearby summer camps. Students could come and learn about beekeeping, gardening at the community garden and even observe the alpacas. Even if all three uses are not chosen to be included there are still a great number of educational opportunities at the farm, to include bird watching, farming, and other nature-related activities.

Academic Research

Academic research is a compelling possibility at Venetucci to expand impact and leverage the unique opportunities the Farm represents. Research subjects could include:

- Uptake/impact/cleanup of PFCs
- Environmental History, Science and Impact
- Habitat Restoration
- Climate/Weather
- General Agriculture

Financial Analysis

No cost impact expected – no revenue, but also no expenses as the researchers would pay for their own work.

Impact, Legacy & Risk

- Impact: Significant positive benefits from research outcomes
- Legacy: Minimal

- Risk: Minimal

Alpaca Rearing

Alpaca rearing was originally assumed to be a profitable, viable endeavor. However, they used data from before the alpaca bubble caused by blocking imports of alpacas from Peru^{xi}. The Fall Festival can include a rented petting zoo with alpacas, or a small herd of Alpacas could be kept for aesthetic/educational purposes at a significant cost.

Financial Analysis

Costs for herd of 10 animals

Alpacas	\$10,000 – 50,000
Barn	\$48,000 (\$7/sf; 14 stalls)
Fencing	\$4,000 (6 acres)
Feed	\$2,500/yr
Labor	\$45,000 – 50,000/yr (full time care required)

Revenue: functionally zero; a herd of 50 is required to attract commercial buyers

Impact, Legacy & Risk

- Impact: Some educational impact, possibly. Improved agricultural aesthetic for other activities on the Farm.
- Legacy: Agricultural connection
- Risk: Animal die off, lack of care, financial constraints

Comparable Operations

All within 40 miles of Venetucci:

- Black Forest Alpacas
- Diamond Rock Alpaca Farm
- Linden Hills Alpaca Farm
- Autumn Sun Alpacas
- Wild Hair Alpacas
- Las Bonitas Alpaca Ranch
- Little Circle Farms Alpacas

Beekeeping

Beekeeping can only be used for demonstration or educational uses, and would likely only have a minimal impact. PFCs can be transmitted through water into honey^{xii}. Therefore, the honey would not be consumable, eliminating opportunities for revenue from the honey. Some revenue could be generated through classes, though demand for classes is likely quite low. There is not enough information to suggest that honey can be sold as a non-consumable ingredient. More

research needs to be conducted to discover if the chemicals within the honey are harmful if used as a hand lotion, soap or some other external use. The honey has the potential to be utilized for scientific examinations per university approval.

Financial Analysis

Small-scale beekeeping is scalable by multiplying the following figures:

One bee hive set	\$250
Bees and Queen	\$100 per hive
Beekeeping suits	\$25 per suit
An extractor	\$200
An instructor for classes	\$20 per hour (recurring)

Revenue:

- 8 week course on beekeeping - \$400 per attendee

Impact, Legacy & Risk

- Impact: Some educational impact, plus environmental impacts of increased pollinator populations
- Legacy: Minimal
- Risk: Minimal, as long as honey is not consumed

Comparable Operations

- University of California, Los Angeles, CA
 - <https://ucanr.edu/blogs/blogcore/postdetail.cfm?postnum=6564>
- Mike Halby, the American Bee Journal
 - output per hive in CO is 30 pounds of honey harvestable per hive, 2-2.5 gallons (12lbs/gallon)
 - \$5.50/pound = \$132-165/hive
 - Things to consider:
 - Scalability: 2 hives require 9,000 sq/ft, roughly up to 40 hives per acre
 - Winter bees need 80-100lbs to survive season
- Growing Gardens, Boulder, CO
 - 8-series course: \$400 or \$60/class
- Dakota Bees, Wheat Ridge, CO

Birding

Birding requires no investment and likely generates no revenue. However, Venetucci is located in a premier birding destination and continuing to allow birders access to the property will go a long way towards protecting the Farm's legacy and connection to the regional community.

Demonstration Garden and Composting

The crops that are grown on the farm cannot be consumed or sold to individuals based upon the contamination of the farm’s water supply. Therefore, though community gardens can prove financially viable when the produce is consumable, any garden at Venetucci can only support the education aspect of “how to garden”. Additionally, the compost could only be operated as a “how to” demonstration operation, as the compost itself would be contaminated by PFCs and unsuitable for sale or use anywhere off the property.

From an impact perspective, demonstration composting and gardening activities allow the farm to remain agriculturally active, while drawing in a larger community presence during the rest of the year. Some excess land could be portioned off for composting and spent grain processing as well, utilizing additional land on the property. The two options analyzed were labeled “Simple Garden” and “Dream Garden”. The simple garden would just involve dividing up a few acres into parcels for the members of the community that wanted space to garden. The Large garden has raised beds for gardening, picnic tables for the community members to use, and a fence to discourage animals and non-farmers from tampering. The benefit of the garden is it is a very small investment with the potential for a considerable impact on local schools and families.

Financial Overview - Garden

Garden Expenses

Simple Garden Expenses		Large Garden Expenses	
Start Up Cost		Start Up Cost	
Tool Shed	-\$3,400.00	Tool Shed	-\$4,500.00
Tools	-\$1,300.00	Tools	-\$1,300.00
Irrigation system	-\$2,000.00	Irrigation system	-\$3,000.00
		Raised beds	-\$8,800.00
		Fence	-\$11,500.00
		Picnic Tables	-\$540.00
Total	-\$2,000.00	Total	-\$29,640.00

*Tools include: shovels (6), rakes (6), hoes (6), wheelbarrows (3), hoses (4),
For “Dream Garden” 16 railroad ties per bed, 25 beds to start

160 gallons water per season per plot

Adding a composting drum for demonstration purposes would cost less than \$300.

Revenue:

Without safe water there is no revenue potential. These figures are provided for informational purposes only in the event of the water situation improving at Venetucci. If the water on the property were safe, plots could be sold to area farmers potentially generating revenue to support the garden. However, these estimates all assume safe water.

Community Garden Revenue						
Year	Number of Beds	Number of Plots	Water Cost	Membership Fees	Gross Profit	
1	25	100	-\$51.93	\$4,000.00	\$3,948.07	
2	28	112	-\$58.16	\$4,480.00	\$4,421.84	
3	31	124	-\$64.39	\$4,960.00	\$4,895.61	
4	34	136	-\$70.62	\$5,440.00	\$5,369.38	
5	37	148	-\$76.86	\$5,920.00	\$5,843.14	
6	41	164	-\$85.17	\$6,560.00	\$6,474.83	

To start, 25 16x16 boxes would be made unless there was massive interest for more. Boxes would be divided into 4 plots per and charged a rate of \$40 per plot. This sizing and price model keeps prices affordable enough for those with a modest interest in gardening, while still allowing more serious gardeners a price point that remains competitive. These models assume around a 10% increase in demand for plots per year up to 45 boxes. Funding from sponsors could come in greater quantities, but these models were created to highlight the conservative side.

The chart below demonstrates the difference of return on invest between a low investment garden and a high investment garden **using safe water**.

Year	Bottom Line	
	Simple	“Dream”
1	\$3,001.93	\$25,941.93
2	\$1,522.70	\$24,462.70
3	\$43.47	\$22,983.47

4	\$1,435.76	\$21,504.24
5	\$2,914.99	\$20,0245.01
6	\$4,394.22	\$18,545.78

Impact, Legacy & Risk

- Impact: Would provide connectivity to agricultural education and increase community ability to grow food at home
- Legacy: Farming would be continued at Venetucci, much like in years past.
- Risk: Primarily related to the dangers of touching soil contaminated with PFCs.

Comparable Community Gardens

Arcadia Community Garden

- Local, free to the community.
- Small garden growing food for the neighborhood, aiming to provide access to low-income families.
- Land is worked by volunteers, some from local colleges.

Pikes Peak Urban Gardens

- This may be a great organization to partner with.
- Community organization that works to help create community gardens.
- Already experts in the field, created and organized a half-dozen community gardens.

Other Uses – Agricultural Land

Venetucci Farm has the land based into two portions, land use for the public and land use that will not be used by the public. The land that will not be used by the community is the agricultural land, approximately 170 acres. It will be beneficial to use this land even for small operations to ensure that the water rights will stay intact.

Hay and Alfalfa

Despite the contaminants in the soil and water, this has a low life-threatening impact to the livestock who consume the crops. Growing these types of crops is likely best as it generates a small operating surplus, maintains the land and also maintains water rights. PPCF is currently contracting an outside entity to grow hay and alfalfa on the property; that is likely the best situation into the future.

Financial Performance

Growing Hay and Alfalfa will require a small startup cost, however, it will generate revenue and allow for the water to be used. Thus, allowing for the property to keep the water rights.

Harvest Costs	Mixed - Grass 3-ton yield	Alfalfa 5-ton yield
Fuel and lube	\$21.38	\$42.76
Repairs	\$11.86	\$23.72
Harvest labor	\$38.86	\$77.29
Twine	\$5.25	\$8.75
Total harvest Costs	\$77.35	\$152.52
Total harvest Cost per ton	\$22.78	\$30.58
Total variable costs	\$382.63	\$589.95
Total variable costs per ton	\$127.54	\$117.99
Total fixed costs	\$65.91	\$125.28
Total costs	\$448.54	\$715.23
Total costs per ton	\$149.51	\$143.05
Returns on all budgeted costs	\$13.97	\$191.02

Impact, Legacy & Risk

- Impact: Retains water rights; maintains aesthetic of a working farm; potential for educational/research use
- Legacy: Maintains agricultural aesthetic
- Risk: Minimal

Comparable Hay and Alfalfa Farms

Comparable Locations	Sourced
Cloud 9 Farms	Penrose, CO
Mountain Hay	Craword, CO
Manzanola Feeds	Manzanola, CO

Wetland Mitigation Banking

Wetland mitigation banking, as defined by the USDA, is the restoration, creation or enhancement of wetlands for the purpose of compensating for unavoidable impacts to wetlands at another location². A mitigation project generates credits that may be purchased on an open market by developers as compensation for the wetlands they impacted. For any wetlands regulated by the Clean Water Act, any development that impacts a wetland must restore wetlands nearby of similar function at least a 1 to 1-acre ratio. What wetlands are or are not under the jurisdiction of the Clean Water Act is currently a matter of great debate. The Clean Water Act regulates “navigable waters”, but the U.S. Army Corp of Engineers and the EPA has stretched the definition of navigable waters ever since the act was passed.

In Colorado, the biggest purchaser of wetland mitigation credits is the Colorado Department of Transportation. CDOT sponsored the first wetland mitigation bank in Limon in 1997. With the massive amount of infrastructure projects underway or in the pipeline in Colorado, including expanding I-25 from Colorado Springs to Denver, CDOT’s demand for wetland mitigation credits will rise in the coming years. While the Army Corps of Engineers and the EPA have stated that they prefer on-site mitigation projects, as they often better replace lost wetland functions within the ecosystem, drainage basin or watershed impacted by the project, CDOT has a stated preference for off-site mitigation³, as they hope to get habitat related to mitigation out of transportation corridors⁴. Other significant purchasers of wetland mitigation credits include utilities, municipal transit authorities and mining companies⁵.

²<https://www.nrcs.usda.gov/wps/p8ortal/nrcs/detail/national/programs/farmland/?cid=nrcseprd362686>

³ https://admin.rtd-fastracks.com/media/uploads/se/APPHM_1.pdf

⁴ <https://sonoraninstitute.org/files/pdf/analysis-of-ecosystem-services-potential-on-colorado-state-trust-lands-02022012.pdf>

⁵ <https://westernlandowners.org/mitigation-banking/>

There are fewer than 20 for-profit wetland mitigation banks in Colorado. Each bank has a service area, the area in which a mitigation bank is allowed to sell credits, which is determined by the Army Corps of Engineers on a case-by-case basis. Typically, a service area is limited to the watershed of the service bank, although sometimes the service area is much more expansive. A wetland mitigation bank at Venetucci Farm would certainly have a service area of the Fountain Creek Watershed and could potentially have this expanded to the southeastern Arkansas River Watershed within Colorado. There are currently no mitigation banks selling credits in the Fountain or lower Arkansas River watershed. The number of credits generated by a mitigation project is not simply the quantity but also the quality of the project. That is to say, the number of credits is both a function of how many acres it is but also how ecologically valuable the restored or created wetlands are, as determined by their location and composition on a case-by-case basis. As of 2012, wetland mitigation credits sold for around \$70,000 to \$87,000 per acre, with the price trending upwards and higher in the Front Range⁶. Credits can fetch a price of over \$100,000.

We researched the potential for wetland mitigation on Venetucci Farm because the farm is already an important riparian habitat and with the aquifer not currently tapped for agricultural or drinking water the water table has risen and appears to have created pools on a corner of the property. The inspiration for the research also comes from Colorado Springs Utilities, who recently completed a 10-acre internal wetland mitigation project at Pinello Ranch. We visited this Pinello Ranch site, speaking with Kevin Shrewsbury (kshrewsbury@csu.org) and Jessica Davis (jedavis@csu.org) of CSU.

The cost for their 10-acre project was quite expensive – about \$2.4 million. However, they made it clear that this project went above and beyond the basic wetland mitigation requirements and was particularly expensive. A main takeaway from the visit was that the most expensive aspect of a project is soil excavation and disposal. Depending on the project, creating or enhancing a wetland may require extensive digging to reach the water table. The transportation of the excavated soil offsite can be prohibitively expensive; the capacity for on-site soil disposal is key. Other costs that go into a mitigation project are the costs of designing the project, planting wetland habitat and maintenance. The biggest challenge in terms of maintenance is noxious weed mitigation. A project's ground cover must consist of no more than 10% noxious weeds.

To provide another example, Kevin Shrewsbury highlighted another CSU wetland project further south on Fountain Creek. This .25 acre project cost \$40,000: \$30,000 to design and \$10,000 for site construction - \$5,000 for planting and seeding and \$5,000 for site prep and grading. He projected the cost/acre of a similar project would be about \$80,000.

Strengths

⁶ <https://sonoraninstitute.org/files/pdf/analysis-of-ecosystem-services-potential-on-colorado-state-trust-lands-02022012.pdf>

The profitability of a wetland mitigation project on Venetucci Farm is very uncertain. Only a site inspection and analysis from a firm specializing in such wetland projects could provide a clear idea of whether it is the right choice for Venetucci. However, high-level preliminary research suggests that it may be something worth looking into.

Venetucci has key advantages that suggest such a project could be profitable. The largest advantage is the water table; with the aquifer untapped, the water table has risen, practically to the surface in some places. Soil excavation would likely be minimal, leading to significant cost savings according to Kevin Shrewsbury. Venetucci Farm's volunteer network could also lead to cost savings, as volunteers could help with seeding and planting, saving on labor costs. CSU hired a staff of 12 for two weeks for its 10-acre site, but for its .25-acre site they used 30-40 volunteers and got the planting done in less than a day. Volunteers could also help with noxious weed mitigation, saving on maintenance costs. A key aspect of a wetland mitigation project is the property must be placed under a conservation easement so the wetland cannot be developed in the future. Such an easement is already in place at Venetucci. Finally, the fact that Venetucci is a riparian habitat and already a vital space within a bird migration corridor could increase the number of credits generated by a project. Recorded birds at Venetucci include rarer species and species of state special concern, such as the Peregrine Falcon.

The demand for wetland mitigation credits is there. CSU's Pinello Ranch project was strictly internal, meaning all credits generated were for their own current or future use, but other utilities reached out to CSU seeing if they could buy their credits. The question is how profitable a project could be assuming a price of somewhere around \$70,000-\$100,000 a credit. Beyond profitability, a wetland mitigation project would have other advantages for Venetucci Farm. It would enhance the birding habitat of the property and have great educational value. Such a project would be an opportunity for school groups of all ages to learn about the importance of maintaining wetland habitat and it would provide academic research opportunities to local colleges as they study the before and after effects of such a project. It would also put the aquifer water to use.

Challenges

Determining the viability of such a project would require professional analysis. However, one certainty is that such a project would be a very difficult undertaking. Even if it could be profitable, such a project may not be worth it at the scale Venetucci Farm provides considering the planning required. These projects require dealing with the bureaucracy of the Army Corps of Engineers and the EPA and any payout would likely not occur until three years after the project is started. The permitting process alone may take from 6 weeks to 18 months. As Ed and Patti Zink, owners of a hayfield converted to wetlands along the Animas River, attest, building wetlands is an arduous task⁷. One key issue that needs to be explored in depth is whether or not the PFC contamination would threaten the suitability of the site to create wetlands. Kevin and Jessica acknowledged that the water at Pinello Ranch likely has the same PFC contamination that

⁷ <https://durangoherald.com/articles/40664>



the Venetucci aquifer has and it has not stopped Pinello Ranch from generating wetland mitigation credits. However, their project began just as the news of the PFC contamination broke in 2016. As understanding evolves about how dangerous the contamination is, including for wildlife, this could hamper using the aquifer water for a wetland mitigation project.

Other Uses Studied – Not Viable

These uses identified by PPCF, the Quad Team and other community stakeholders were analyzed as part of this research and deemed not viable for the Venetucci property.

Airsoft/Paintball Course

The development of an airsoft or paintball course is not consistent with the Venetucci legacy, generates minimal impact on its own and insufficient revenue to support additional activities in consideration of the space it would require. Additionally, the aesthetical detriment and possible negative impact on wildlife make this a not viable use.

Artisanal Market

A local craft market is a compelling concept to generate traffic on the Farm. However, the difficulties Pikes Peak Market has faced with their location in the heart of Downtown suggest that a retail operation in a location as distant as Venetucci would be difficult to sustain.

Athletic Fields

Though written into the conservation easement as a permissible use due to Nick Venetucci’s affinity for baseball (and rumored relationship with the NY Yankees), using the land to build a sports complex is not a viable option due to significant nearby infrastructure. The other complexes will likely be preferred for events, as they have no public history of contamination

For reference: maintenance and operating cost for a single field^{xiii}

Synthetic Turf		Natural Grass	
Painting/paint removal (various sports)	\$1,000-10,000	Painting (various sports)	\$800-12,300
Top dressing/infill	\$5,000	Top dressing (sand)	\$0-5,400
Brushing/sweeping	\$1,000-5,000	Dragging	\$0-200
Disinfecting/fabric softener	\$220	Fertilizers	\$1,200-11,000
Carpet repairs (rips, joints)	\$1,000-8,000	Pesticides	\$650-6,300
Water cooling	\$5,000-10,000	Aeration	\$700-960
Weeding	\$500-1,000	Sod replacement	\$833-12,500

Brewery

Breweries are viable businesses, however they rely on heavy foot traffic and easy accessibility to be successful. Venetucci’s distance from commercial centers suggests too much risk in attracting

the necessary traffic volume to sustain a brewery. Additionally, the lack of non-car connectivity could pose a public safety hazard.

Commercial Composting

Though composting is a viable business, it requires significant amounts of water. Any compost at Venetucci would be contaminated by PFCs and therefore not suitable for sale, eliminating any potential return on investment. Additionally, commercial composting would likely ruin much of the farm's aesthetic, though the positive environmental impacts are notable.

Christmas Tree/Other Tree Farm

Tree growing at high altitude would require at least seven years' growing time for the first trees to reach maturity as a Christmas tree product. Trees for lumber would require even more time. And, several crops would be required to recoup necessary investment. The time required and low community impact make this a non-viable use.

Disc Golf

Disc golf is a low-impact form of recreation with a popular and increasing following that has revenue generating potential. Disc golfers could coexist with birders and other activities on the Farm, generating additional foot traffic. However, there is a free and well-used disc golf course in a park in Security five minutes from Venetucci. Therefore, the true revenue generating potential for a disc golf course on Venetucci is very low and its distance from the legacy of the Venetucci family further reduces its viability.

Ethanol

Though growing corn for ethanol sounds like an exciting use of contaminated agricultural land, Venetucci is not large enough to produce volumes sufficient for sustainability.

Farm to Table Restaurant

Like a brewery, a restaurant relies on heavy foot traffic to be successful. Restaurants are compelling businesses but hard to make successful; the location of Venetucci makes a traditional restaurant risky and the inability to grow safe food on site eliminates the additional draw of a "Farm to Table" concept

Farmer's Market

Farmer's Markets rely on heavy foot traffic and are typically located near residential centers to increase traffic. Venetucci's location poses a risk, and the plethora of comparable markets nearby in Southern Colorado Springs and in Fountain make the addition of a new market at Venetucci a difficult proposition.

Horse/Livestock Boarding

Boarding livestock from other farms would require significant investment in infrastructure in order to support sufficient volume to be sustainable. Boarding could only be short term due to lack of sufficient land. The water contamination likely poses too much risk for most potential customers to be comfortable trusting Venetucci with their livestock.

Hog Farm

A Hog farm is not possible because of the negative effects, particularly odor, on surrounding neighbors.

Wind Farm

Though generating clean power is an attractive prospect, wind turbines at Venetucci could have a negative impact on bird populations considering Venetucci's location along key flyways for rare and endangered migratory birds. Additionally, the noise generated could have a negative impact on nearby residential communities.

Sample Job Descriptions – Recommended Uses

WEDDING/EVENT SPECIALIST

JOB DESCRIPTION:

The Event Specialist (ES) is responsible for leading and managing the Venetucci Farm event venue year-round to host AWESOME events. You are expected to lead by example in all areas of an event such as dress code, speaking professionally and staying engaged with guests from beginning to end of event with enthusiasm and a caring smile. The ES is also expected to work closely with our clients to ensure each event is executed in a simple and seamless fashion.

Experience within the hospitality, corporate events, weddings and customer service is imperative. A successful candidate must be motivated by helping to grow the company with their creativity and ideas. This position often requires working non-traditional hours (evenings, weekends, holidays) in order to successfully meet customers' needs.

ESSENTIAL RESPONSIBILITIES:

- Creating and managing our events' calendar.
- Developing event concepts.
- Managing event budgets.
- Coordinating logistical elements.
- Organizing marketing material.
- Processing payments and invoices.
- Engaging with vendors and arranging security.
- Liaising with speakers and preparing speaking notes.
- Post-event reporting.
- Provides customer support via phone, email and chat on issues related to achieving and maintaining clients.
- Provides accurate, valid, and complete information to customers.
- Handles issues, provides appropriate solutions and alternatives within the time limits and follows up to ensure resolution.
- Maintains accurate documentation of customer interactions and document processing.
- Assists in completing general office tasks.
- Responsibility of event spaces including, but not limited to, stocking product, cleanliness, equipment inventory, ensuring maintenance and organization.

EVENT SPECIALIST REQUIREMENTS

- Bachelor's Degree or higher in Hospitality, Public Relations, or Marketing.
- Competence in Wedding Planning.
- Strong technical knowledge.
- Strong organizational skills.
- Project management experience.
- Meticulous attention to detail.
- Superior interpersonal skills.
- Creativity.
- Strong leadership qualities.
- Expert communication skills.
- Customer service: actively listens and has the ability to adapt/respond to different customers, situations, and issues; able to handle a high volume of phone calls and emails as the main function of the position all day and every day.
- Problem solving: gathers information to accurately identify and resolve problems in a timely manner.
- Oral and written communication: clearly communicates with a variety of people through oral and written communication.
- Detail oriented: carefully reviews written communication, documents, and information to ensure accuracy and clarity.
- Multi-tasking: ability to multitask, prioritize and manage time effectively.
- Adaptability: able to adapt to *ongoing* changes in the work environment.
- Initiative and follow through: actively seeks opportunities for development and follows through on commitments in a timely manner.
- Teamwork and organizational support: supports team members and organization to accomplish mission and goals; proactively promotes success of the team; gives and welcomes feedback.

If you are interested in the position please send resume, cover letter and two professional letters of recommendations to _____.



FESTIVAL SPECIAL EVENTS COORDINATOR

JOB DESCRIPTION:

The Festival Special Events Coordinator is responsible for the overall organization and implementation of the main fall festival. This position focuses on the administrative duties, volunteer management, event sponsor correspondence, and attendee interactions. This is a seasonal position that would begin at the end of summer and run through September.

PRIMARY DUTIES & RESPONSIBILITIES:

- Oversee event set-up and take down of all festival special events.
- Recruit, schedule and manage volunteers for general event duties and specialized teams.
- Draft and edit numerous event invites utilizing Eventbrite and Constant Contact.
- Create, and schedule volunteer shifts utilizing Shiftboard.
- Communicate with various event sponsors leading up to Festival events, and serve as onsite contact at events.
- Assist with sponsor acknowledgement.
- Work with product suppliers to schedule and coordinate deliveries, and sponsor arrival.
- Organize, maintain, and track inventory.
- Other duties as required.

QUALIFICATIONS:

- Ability to work a flexible schedule including evenings and weekends, specifically around the clock scheduling for the duration of the Festival.
- Bachelor's degree in a related field preferred.
- Excellent communication skills (oral and written).
- Expert knowledge of Microsoft Office and Excel.
- Extremely organized and self-motivated.
- One to two years volunteer management experience.
- Possess a valid driver's license and clean driving record.
- At least 21 years of age at the date of hire.
- Must be comfortable driving (and parking) a large utility van.
- Ability to work as part of team, ability to work in high stress situations.
- Ability to perform some required heavy lifting.

If you are interested in the position please send resume, cover letter and two professional letters of recommendations to _____.

VENETUCCI HEAD DISTILLER

JOB DESCRIPTION:

The Master Distiller is responsible for directing and performing all parts of the distillation of spirits from the receiving and processing of grain to the barreling and aging of the spirit. This position requires a strong degree of personal motivation and efficiency as well as the ability to lead, communicate and delegate tasks to a small aid staff.

A successful candidate should be motivated to grow operations and have a willingness to lead within the company. Experience and education in the industry a necessity for a candidate to be considered for this position.

EDUCATION AND EXPERIENCE:

- Ability to operate in a fast-paced environment, effectively working and communicating with other members of the distillery.
- Above-average reading and comprehension skills with the ability to communicate effectively in both oral and written form. Good interpersonal skills.
- Demonstrated mathematical skills for basic calculations (add, subtract, multiply and divide).
- Ability to track and weigh ingredients accurately utilizing a floor scale, flow meter and load cell.
- Provide support to unloading, milling, cooking, and fermentation processes, while maintaining a satisfactory level of cleanliness and safety.
- Ability to learn quickly and support the plant's process improvement initiatives.
- Previous Distillation/Manufacturing experience is required.

WORK ENVIRONMENT:

- Very labor-intensive
- Extended periods of sitting, standing, walking, viewing a computer monitor may be required.
- May be required to push, pull, lift objects > 50 pounds.
- Exposure to loud noises, alcohol vapors, extreme weather and temperature conditions (heat, cold, wet), dust, debris, sharp objects, potentially hazardous chemical, gases and equipment and steam.
- Exposure to machinery with moving parts.
- Will be required to climb a ladder or crawl into confined space.
- Abnormal hours, including nights and weekends may be required.

DETAIL OF RESPONSIBILITIES:

Specific areas of responsibility include, but are not limited to:



- Perform multiple and diverse production duties in the distillery, warehousing and bottling operations, i.e., grain receiving and handling, milling, cooking, fermentation, distillation, by-product handling, raw materials handling, and all bottling activities as needed.
- Specific responsibilities of a Castle & Key Distillery Operator Level 1 are as follows:
 - Boiler blow-down – Day & Night Operations
 - Understanding of Water Systems and pump flow paths.
 - Ingredient Unload.
 - Proper set-up and operation of unload conveyor system.
 - Basic troubleshooting of system faults.
 - Grain quality testing and reports.
 - Grain unload & loss log record keeping up Slop Unload.
 - Understands proper operation of agitators and pumps.
 - Clear and timely communications with Logistics' Manager and Shift Leader/Supervisor at each unload to provide accurate information on levels in tanks.
 - Practice safety and cleanliness.
 - Mashing Silo Identification.
 - Roller Mill gap set-up for milling, and verification of grind size (Sieve Analysis).
 - Mashing log record keeping and accurate documentation of ingredient quantities, temperatures, times and any notes that would be of value for other team members.
 - Good understanding of flow pathways of grain, water, steam and mash.
 - Steam Sterilization / Cleaning processes.
 - Mash Transfer and Rinsing Process.
 - Monitoring Fermentation – Beer Chemistry (dry inch, pH, brix, specific gravity).
 - Proven abilities in cistern room operation, gauging spirits and filling barrels.
 - Distillation.
 - Basic understanding of distillation fundamentals and theory and can articulate them in layman terminology.
 - Adequate ability to start-up and Shut-down still.
 - Adequate ability to run the still under normal operation.
 - Proven ability to record hourly proof, pressure and temperature conditions and adjust steam levels or beer feed rate if required.
 - Attentive to the still and aware of all the conditions surrounding the still – well level, slop tanks level, cistern room readiness, cooling water levels.
 - Proven abilities in cistern room operation, gauging spirits and filling barrels. Understands all cistern SOPs including document preparation and regulatory requirements.
 - Understands all cistern SOPs including document preparation and regulatory requirements.
 - Conduct various quality control tests and procedures (i.e., temperatures, proof levels, grain quantities, gallonages, volumes, whiskey data, etc.) to assure that incoming raw materials, work-in- process and finished products meet the desired quality guidelines.



- Perform general maintenance, preventive maintenance, sanitation and general clean-up functions pertaining to production tools and equipment. Assist maintenance personnel when needed.
- Effectively troubleshoot and resolve operational problems when they occur. Consult with the Production Supervisor or Master Distiller when situations exist that require collective reasoning.
- Read, comprehend, and comply with all production operation directives and procedures.
- Maintain and service plant buildings, grounds, facilities and utilities equipment as needed.

Appendices

Appendix A: Distillery

Distillery Regulations:

Overview of Distillery Regulations can be found at the following location:

<https://choosecolorado.com/occupational-license-database/liquor/>

- Liquor Licensing
 - Alcohol and Tobacco Tax and Trade Bureau (TTB) Permit^{xiv}
 - State Liquor Licensing^{xv}

In doing research for this project we visited well over 100 websites with varying levels of quality information, and found numerous solid sources online. We also spoke with 2 professionals in the industry, one of whom operates his own distillery and acts as a consultant for other distilleries. The information in this section of the appendix was chosen for its quality information.

Interview: Russell Horn,

Principal Engineer and Start Up Consultant at 2nd Street Distillery based in Walla Walla Washington

Distiller and consultant with over 20 years of experience in the industry, Russell Horn informed our team of some of the intricacies of distilling pertinent to being able to scale the business for maximizing profitability. This included important factors such as the general math associated with production volume per diameter inch of column still, COGS for various alcohol types and the breakdown of how that price is achieved, as well as some general advice about budgeting for marketing on certain types of liquors.

Information Provided:

What kind of yield would you get from a 400 gallon still?

It is about the plate size not necessarily the distilling tub

A column with a 12 inch plate will average 6-7 gallons an hour at 190 proof, 95% alcohol gets cut with water to bring it down to a minimum of 40% or 80 proof.

18 inch column would be better per gallon per inch. The math is simple, as plate size to production volume is directly correlated, you can solve for production per inch and multiply that by the number of inches in diameter your column is quite reliably.

On the low end, you're likely to get 9 gallons per hour on an 18 inch column still

What would a typical number of production cost be per bottle?

COGS

Vodka/Gin 750ml \$3.75

Bottle \$0.53

Cap \$0.20

Neck Enclosure/Label \$0.05



**INNOVATION
PARTNERSHIP**
CC | PPCC | UCCS | USAFA

Label \$0.40
Imported water \$0.12
Grains, yeast and fermentation \$1.45
Federal Taxes \$0.54

COGS
Whiskey 750 ml - \$6.92
Bottle \$1.50
Cap \$0.20
Neck Enclosure/Label \$0.05
Label \$0.40
Alcohol cost around \$4
Aged using wood chips

What is the turnaround time for fermentation before you can start distilling?

They use a 1000 gallon wart tub which ferments for 8-10 days
In terms of aging, they use wood chips to more quickly age and flavor their product to keep up their margins and to not have to pay for unnecessary barrel storage. Couldn't give figures of costs when factoring in barrels, but stated that the price of the actual wood was likely similar.

Be aware, long time before showing profit, but well worth it as long as you are properly funded to last through the start up time.

Vodka and gin are markets that are very difficult to break in to. You don't have craft enthusiasts in the same way that whiskey does. Often times vodka and gin people have a brand they have always been loyal to and always will be. You can still do well with clear spirits as long as you market them. Whiskey has long been easier to sell as there is a culture of exploration in this field with much less individual brand loyalty and would be a better route to pursue long term.

Vodkas and gins have to be marketed well to see meaningful sales, so be sure to budget for that if you want to go that route. A good budget to plan for is around \$2 per bottle you sell.

Whiskey is easier to sell and while marketing should always be a consideration, you will see movement of it just from putting it on the shelves. Still a good idea to have a budget, especially to see meaningful growth and sales, but less important than with clear liquor.

Their distillery's single malt is their best seller, but they only produce a single malt and a rye.

Interview: Casey Ross, Owner Operator at Axe and the Oak Distillery

Local distillery owner and operator Casey Ross has one of two successful whiskey focused distilleries in the Colorado Springs area operating since 2013. He graciously answered all the questions our team had for him concerning their current productions and aspirations for the future based on his experience in the local market.

Information Provided:

How much are you producing in a year/how much of that produced is being sold?

We ran our operations without sourcing for about 3 1/2 years before hitting a wall in our production capacity that we eventually got around by sourcing from MGP.

Production coming out of our distillery on average is around:

- 1 to 2 pallets a month
- 1352-1852 bottles a month
- Currently almost all of that going out is blended sourced material to build up stores of in house produced product.
- Cask strength bottles are produced entirely in house.

What are your COGS for your products?

\$9-\$16 depending on the product (this is due to lower capacity of production and higher volume of sourced product)

How much grain typically goes into a batch?

1100 pounds per batch broken down into:

- 2 runs a day, 550 lbs of grain per run
- 350 pounds of grain a run moonshine

Grain Prices around \$150 per metric ton

Bourbon production of 13 gallons average 160 proof

23-26 gallons

550 lbs grain per run

About 15 gallons moonshine at 160 proof

27-32 gallon finished product

How large is your still?

300 gallon still

column 6 feet tall 6 in plate

Rather than a traditional fermenter tank, he uses 275-gallon white plastic food grade bins, a clever approach that is comparatively affordable and allows to expand to allow for higher volume production.

Are you finding sourcing part of your whiskey from MGP as a cost-effective solution, or was the decision to use them more to help bulk out your orders due to production constraints?

“Absolutely! I sincerely regret not having started sourcing from the start. There is no question, you should absolutely start sourcing on day 1 to help fill out your production volume. If you don’t want to rely completely on sourced whiskey start with white spirits locally.”

Do you as a business owner prefer sourcing through MGP over expanding your on-site operations, or was that decision based more heavily on investment costs that surround an expansion?

- The decision was initially made due to production constraints. As it stands, they would like to expand, but have yet to do so due to the costs of doing so and interest rates on loans being higher than he would like.
- Originally, he never wanted to source but found it necessary and now regrets not having done so sooner.

How much is a barrel of whiskey from MGP roughly?

\$1000-\$15,000

\$1,000-\$4,500 per barrel is typically where they buy

You can get out about 300-320 bottles per barrel

I know it is hard to predict where the market goes, but how do you foresee the future of your business going in terms of scaling? What does your idealized version of the company look like and what do you feel it would take to get you there?

I would like to get a new, larger system to help me expand business and do something awesome for the community I live in. I am cautious about moving forward, and while not risk averse entirely, I am calculated in my risks to be sure any steps I take land with sure footing. I want to expand further into Texas since there is a large market there to expand into and they drink a lot of whiskey there. Ideally, I would love to be able to produce all of the product sold in Colorado in house and ship our sourced product to Texas. From there, I see the potential of expanding into other markets such as Louisiana, but that is a way down the line.

How many square feet is your production office? How about the tasting room?

3600 sq feet for production space, great for current operations, but not enough storage space for an expanded operation.

1250 sq feet for tasting room/bar

Other pieces of information from the conversation between Casey and our team:

- Casey with Axe and the Oak is looking to upgrade to a system similar to the one I priced out. Stated it would have a production capacity of around 3 - 30 gallon barrels a day.
- Planning to purchase a larger distillation system.
- Self distribution in Colorado is perfectly acceptable
- Sales team of 3 people which is preferable because you pay roughly the same as you would a distributor, but you have people that believe in your product pushing it, rather than someone who essentially just has it on offer. Many states require product to run through distributors.

Additional Information on Distilling:

- <https://www.olympicdistillers.com/micro-distillery-equipment-1/250-gallon-stainless-steel-vodka-gin-still-zafer>



- <https://www.linkedin.com/pulse/7-things-know-before-starting-micro-distillery-konstantin-parkhomenko>
- <https://cdn.shopify.com/s/files/1/0054/6682/files/craftbook.pdf?914>
- <https://www.entrepreneur.com/article/246097>
- <https://www.colorado.gov/pacific/tax/liquor-taxes-account-license>
- <https://www.linkedin.com/pulse/7-things-know-before-starting-micro-distillery-konstantin-parkhomenko>
- Proof of Demand: <https://www.distilledspirits.org/products/bourbon-tennessee-whiskey/>
- <https://www.profitableventure.com/distillery-business-plan/>
- <https://www.beveragedaily.com/Article/2019/01/03/State-of-the-industry-What-s-to-come-for-alcohol-in-2019>
- <https://www.tbspirits.com/2017/08/04/much-cost-start-craft-distillery/>
- <https://www.clawhammersupply.com/blogs/moonshine-still-blog/12468505-the-craft-of-whiskey-distilling-free-ebook>
- <https://www.esdistillery.com/>
- <https://www.wine-searcher.com/find/axe+the+oak+distil+whisky+colorado+usa>
- https://www.distilledspirits.org/wp-content/uploads/2018/03/Distilled_Spirits_Council_Annual_Economic_Briefing_Feb_1_2018_Final.pdf
- <https://www.distilledspirits.org/wp-content/uploads/2019/04/American-Whiskey-2018.pdf>
- <https://www.mgpingredients.com/distilled-spirits/beverage/product/whiskey>

Appendix B: Additional Comparable Parcels

- Newport Tasting (wine/beer tasting)
- “Passports” for events (Colorado Springs/Denver coffee/beer; National Parks)
- National Parks Concert Venue (Red Rocks, Wolf Trap)
- Fountain Creek (micro-organizations, mini ponds, compost)
- Hillside Gardens (theme park, kids park)
- University of Minnesota (1850 farm repurposed, Tashjian Bee and Pollen Discovery Center)
- Fifer Orchards (apple picking, farm events, education)
- Oak Glenn, CA (apple picking, festivities, camps)
- National Barn Alliance (education/preservation of barns; possible partnership?)
- Contaminated repurposed areas (EPA involvement, superfund sites allow for research in waste recycling, alternate energy and agriculture)
- Adventure parks (Missouri Barn Swinging)
- Thompson’s Point in Portland, Maine (Hybrid Tree/extreme uniqueness in a community open space)

Appendix C: Additional Resources + End Notes

Websites used for research:

Fall fest corn maze

- <https://www.botanicgardens.org/events/special-events/pumpkin-festival>

Wedding events center

- <https://www.herecomestheguide.com/colorado/wedding-venues/results/p2?region%5B%5D=colorado&type=barn&view=&catering=byo&alcohol=&budget=&city=&guests=150>
- <https://www.wedding-spot.com/wedding-venues/?page=3>
- <https://scholarworks.uark.edu/cgi/viewcontent.cgi?referer=https://www.google.com/&httpsredir=1&article=1042&context=mktguht>
- https://www.bplans.com/personal_event_planning_business_plan/management_summary_fc.php
- <https://www.entrepreneur.com/article/37892>
- <https://myfarmlife.com/life-on-the-land/barn-weddings-can-mean-big-income-boosts/>

Beekeeping

- <http://sfp.ucdavis.edu/pubs/SFNews/archives/94032/>
- <https://www.prnewswire.com/news-releases/feed-a-bee-kicks-off-2018-by-funding-20-new-projects-in-50-state-forage-initiative-300609766.html>
- A Study in Profitability for a Mid-Sized Beekeeping Operation, *University of Florida (1992)*: <http://ufdcimages.uflib.ufl.edu/UF/00/07/71/22/00001/AA08900.PDF>
- Beekeeping for Profit, *American Bee Journal*: <https://americanbeejournal.com/beekeeping-for-profit/>
- A Beekeeping Financial Analysis, *Bee Culture*: <https://www.beeculture.com/beekeeping-financial-analysis/>

Official Demographic Research:

Colorado Springs:

- https://www.ppunitedway.org/wp-content/uploads/2018/08/QLI-FULL-REPORT_web.pdf

Security/Widefield:

- https://datausa.io/profile/geo/security-widefield-co/#category_age

Fountain:

- https://datausa.io/profile/geo/fountain-co/#category_age

Endnotes:

<https://www.google.com/url?q=https://www.beveragedaily.com/Article/2019/01/03/State-of-the-industry-What-s-to-come-for-alcohol-in-2019&sa=D&ust=1557028820211000&usg=AFQjCNFCvtHq3rygdkz0V2v3lZkXEwqlgA>



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- ii <https://www.beveragedaily.com/Article/2019/01/03/State-of-the-industry-What-s-to-come-for-alcohol-in-2019>
 - iii <http://whiskyadvocate.com/different-craft-whiskey-mgp-distillery/>
 - iv <https://admin.elpasoco.com/wp-content/uploads/CAFR/PAFR-for-2017.pdf>
 - v <https://www.forbes.com/sites/winniesun/2016/04/06/wedding-18000-people/#43079c019594>
 - vi <https://priceconomics.com/whats-the-most-popular-time-of-year-to-get-married/>
 - vii <https://www.tripsavvy.com/wedding-statistics-and-honeymoon-facts-1860546>
 - viii https://www.homedepot.com/b/Kitchen-Water-Filters-Water-Filtration-Systems-Reverse-Osmosis-Systems/N-5yc1vZcdb1?Ns=P_REP_PRC_MODE%7C1
 - ix <https://water.usgs.gov/edu/qa-home-percapita.html>
 - x <https://www.homedepot.com/b/Bath-Toilets-Toilet-Seats-Bidets-Toilets-Two-Piece-Toilets/N-5yc1vZcb8n>
 - xi <https://priceconomics.com/when-the-great-alpaca-bubble-burst/>
 - xii <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC4916191/>
 - xiii <https://www.safehealthyplayingfields.org/cost-grass-vs-synthetic-turf/>
 - xiv https://ttb.gov/ponl/ponl_tutorial_part_1_dsp_p1.shtml
 - xv https://www.colorado.gov/pacific/sites/default/files/DR%200442_e_0.pdf