

Eaglecrest Summer Operations Task Force
Friday February 11th 1:00pm
Agenda

<https://juneau.zoom.us/j/89724482460>
or 1-253-215-8782 Webinar ID: 897 2448 2460

- 1. CALL TO ORDER / ROLL CALL**
- 2. APPROVAL OF AGENDA**
- 3. APPROVAL OF MINUTES: August 26th 2021**
- 4. History of the ESOTF and process to date**
- 5. Used Gondola Purchase**
 - a. First step in the future sustainability and revitalization of Eaglecrest**
 - b. Winter use and increased accessibility for the Juneau Community**
 - c. Timing of purchase establishing the planning process for the next steps.**
- 6. Continued work with the Task Force**
 - a. Funding options for installation and other components**
 - b. Financial model**

EAGLECREST SUMMER OPERATIONS TASK FORCE
THE CITY AND BOROUGH OF JUNEAU, ALASKA
Thursday August 26th, 2021 12:05pm
Meeting Minutes

1. CALL TO ORDER/ROLL CALL:

Chair Gladziszewski called the meeting to order at 12:10pm and introduced the other task force members that were present: Alicia Hughes-Skandijis, Wade Bryson, Mike Satre and Shawn Eisele.

2. APPROVAL OF AGENDA

The Agenda was approved by unanimous consent with no changes.

3. APPROVAL OF MINUTES: January 5th 2020

Chair Gladziszewski saw a sentence that needed changing related to the repayment obligations to revenue bonds. Jeff Rogers, CBJ's Finance Director agreed to work with Dave Scanlan, Eaglecrest General Manager, to make the necessary corrections.

With the corrections made the minutes were approved.

4. Overview of current conceptual plan

a. Land Lease with the State of Alaska

Mr. Scanlan gave an overview of the neighboring State of Alaska Lands and the designation of parcel 8a25 which in the Juneau State Land Plan states, "facilities associated with Eaglecrest and its expansion may be authorized in this area in the future". Mr. Scanlan gave an overview of how these areas would add to winter operations and allow creation of a pedestrian suspension bridge from Eaglecrest/CBJ lands onto the neighboring State Land as part of future summer development. Mr. Scanlan explained the process to obtain a State Land Lease to allow Eaglecrest to operate on these lands. Mr. Bryson asked a question about the rate of Land Lease. Mr. Scanlan clarified that the rate would be 2% to 3% of the appraised value. Mr. Bryson asked if there was a process to acquire the land through a purchase or land swap. Mr. Scanlan confirmed that there are options if the desire was to gain title to the neighboring State Lands. Mr. Watt, CBJ City Manager, confirmed that the best pathway would likely be to secure a Land Lease while pursuing the much longer process of a land conveyance.

b. Land Conversion with the Land Water Conservation Fund

Mr. Scanlan provided a historical overview of the Land Water Conservation Fund and the conservation designation that currently only allows Eaglecrest to develop outdoor recreation opportunities. He introduced the concept of a "small conversion" that would

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allow 10% of the total acreage to be traded for a comparable “replacement parcel” to allow free title for development of 150 acres of land at the Base of Eaglecrest. He showed images of the replacement parcel that the National Park Service has approved for a small conversion that was identified by CBJ Land Manager, Dan Bleidorn, in conversation with Rob Palmer, City Attorney. Matthew Whitlow and Roger Knowlton from the National Park Service worked with Mr. Scanlan and provided initial approval to move forward with this land conversion should the Assembly wish to move in this direction. It is estimated that it would take 2 to 3 years to complete the conversion process. Once complete Eaglecrest/CBJ would have the authority to contemplate recreational housing development and other commercial activities that may help to fund the summer and winter development and future sustainability. The conversion parcel would connect with CCTHITA leased land on the George Family property that abuts Eaglecrest/CBJ property.

Mr. Watt commented that he was supportive of moving forward with the Land Conversion process.

Mr. Scanlan gave an update of the evolution of the development plans that focuses on the trail infrastructure that would expand out from Eaglecrest into other parts of Douglas Island to the Dan Moeller Cabin on over to the CBJ lands in West Douglas. The goal to create a “legacy park” experience to attract independent travelers and grow winter tourism to Juneau and Eaglecrest. Mr. Scanlan showed a phased growth plan on how growth could be phased in over the course of many years with expanded ski area acreage and summer trail system utilizing the world’s longest pedestrian suspension bridges.

Mr. Bryson asked about Snowmachine and ATV trails at Eaglecrest on CBJ lands. Mr. Scanlan discussed the non-motorized ordinance that applies to Eaglecrest Lands and challenges of integrating motorized use into Fish Creek Valley. Mr. Eisele commented that the non-motorized segment of the population that uses Eaglecrest lands in Fish Creek valley likely numbers around 10,000 users which greatly outnumbers motorized users and he would like to see the focus continue to be maintained on the existing non-motorized Eaglecrest user base. He also mentioned that he really likes the trial focused Eco-Park ideas but urges that we need to make sure we are still able to attract the valuable cruise ship visitors.

Chair Gladziszewski asked if Mr. Scanlan had cost estimates for what all of the development that was shown would cost. Mr. Scanlan replied that the full scope of development in phase one and two as outlined would cost \$40 Million.

5. Funding Opportunities

a. Economic Development Association Build Back Better Grant

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Mr. Scanlan introduced the grant program which is designed as a regional cluster Economic Development grant. The grant ceiling is \$75M to \$100M. He identified the partners that he envisioned joining with on this grant: CBJ Docks and Harbors, Trail Mix, Sealaska Heritage Institute and University of Alaska Southeast. Juneau Economic Development Council is helping to bring together the coalition and tackle the administrative burden of submitting the grant application. There is a 20% match requirement. Mr. Scanlan commented that it could be possible to use the recent CPV \$12M grant to assist with the matching requirement for the Eaglecrest and Docks and Harbors Small Cruise Vessel dock project. Applications are due on October 19th.

Ms. Hughes Skandijs asked about where Eaglecrest is at in the development of the Grant Application process. Mr. Scanlan discussed all of the development that the potential project partners have done on an individual basis that would assist in the speed of final application preparation. Chair Gladziszewski asked who is the gate keeper of the grant program. Mr. Scanlan replied that the funds are through the American Rescue Act Funds. Ms. Triem added that the funds are coming through the Department of Commerce and that Shirley Kelly is the Alaska Administrator.

b. Economic Development Association Travel, Tourism & Outdoor Recreation Grant

Mr. Scanlan gave an overview of this grant that has maximum award of \$10M and was a rolling competitive grant. This funding level would be enough to get the Gondola and Lodge installed to the top of the mountain. These grants are coming through the same federal funding as the Build Back Better grant.

c. Assembly Process

d. Other alternatives

Mr. Scanlan recapped previous discussions on revenue bonds being an option for potential funding mechanism. Revenue Bonds would need a third party to guarantee the note since this is a new venture with an unproven revenue stream needed to back the bond issue.

Mr. Scanlan brought up the concept he discussed with the City Manager, Finance Director and Attorney on performing a Charter Amendment to turn Eaglecrest into a Public Benefit Corporation. This would allow CBJ/Eaglecrest to sell equity to interested investment groups that may be interested in partnering. He commented that if the Land Conversion was completed that would likely be increased interest from the private sector in participating in this type of opportunity. Being able to acquire an equity stake in the project would provide security in an investment.

Chair Gladziszewski asked Mike Satre, the Eaglecrest Board Chair, where the Eaglecrest Board stands on these concepts. Mr. Satre reflected back to the work that the Board has

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done with Mr. Scanlan over the past three years on this topic. He talked about the real need for large capital dollars to keep the ski area operational and start replacing aging infrastructure without the need for large amounts of ongoing General Funds. With the right type of development and proper investment, Eaglecrest can be financially self-sustaining, improve the infrastructure and improve access to year around recreation activities for Juneau residents. The ability to access grant funding may be one of the necessary keys to funding the development. In Mr. Satre's opinion, without investment and development of the new revenue through summer operations and continued climate proofing of winter operations the City will face some very difficult questions in regards to the long-term viability of the operations. He discussed the way that Eaglecrest listened to public feedback during the original series of public meetings and have made adjustment to development plans to address some of the concerns.

Mr. Watt reflected back to the original Memo that he wrote to the Assembly when this project planning started two years ago, supportive of the task force approach, in which he saw increasing pressure on municipal budgets, aging ski area infrastructure and threats to snowpack from climate change and that status quo operations for Eaglecrest is likely not an option. He is supportive of the effort to find a way for more fiscal sustainability. Even though these are big ideas and complicated from a process standpoint, he is glad that we are to a point to be working on this project again. He thinks that it is incredibly important to continue working with the Eaglecrest Board to explore options to see the project move forward.

Chair Gladziszewski expressed the need for the Assembly and the Task Force to catch up to the planning that the Eaglecrest Board has continued doing while the Assembly has been busy navigating the pandemic. She agrees that something with the Eaglecrest operations will need to change that the status quo is not likely sustainable.

Mr. Bryson asked if Juneau could qualify for both grants that were discussed. Mr. Scanlan understood that there is a possibility to apply for both but needed to do additional research with the grants administrator. Mr. Bryson talked about the 8% to 15% increase that would be seen in total revenue at Eaglecrest through the remodeling and revitalization even without adding additional operating days. Instead of operating 90 days per year, Eaglecrest could be generating revenue 280 days per year. He discussed the efforts to increase the Eaglecrest payplan and the need to increase revenue to support this effort. Eaglecrest Summer Operations in his mind will help to create the needed demand to justify the second crossing over Gastineau Channel, which will also help the community move forward in other economic areas.

Mayor Weldon asked, asked about the cost of phase one verses phase two. Mr. Scanlan identified that phase one price tag was \$18 Million. The Mayor also asked if successful in the smaller grant could those funds be used to fund the 20% match in the larger grant. Mr. Scanlan does not believe that this would be allowed.

Mr Satre asked what approvals that Eaglecrest would need in regards to city process to move forward in submitting the grant application. Mr. Watt commented that this is a

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great process questions and admitted that with the large amount of Federal Grant money potentially coming forward in the next year or two that they have started to contemplate the need for a dedicated Grant Writer to help CBJ be competitive. Mr. Rogers has been working with Ms. Triem to bring this to the Assembly Finance Committee. In regards to process, this is really a policy decision for the Assembly to decide if there is a dollar amount threshold on grant applications where the Assembly would want to weigh in. With a grant the size of what is being contemplated, Mr. Watt felt that the Assembly should likely weigh in.

Additional discussion was had revolving around the mechanics of the Build Back Better Grant application. The first phase of the grant application does not bind CBJ into anything at this early stage of the grant project. Chair Gladziszewski asked if there was any objection to Eaglecrest continuing to move forward in the development of the application for the Build Back Better Grant. There was no objection.

Mr. Bryson made a motion that the Eaglecrest Summer Operations Task force forward a motion of approval to proceed on the grant application to the Committee of the Whole so Mr. Scanlan can move forward on the grant application preparation with approval from the Assembly. Chair Gladziszewski asked if there were any objections to the motion. Ms. Hughes Skandijis acknowledged that the Assembly calendar was very full and questioned which committee would be best to move this forward. Mr. Bryson suggested that it move to the Assembly Finance Committee. Ms. Triem commented that she would be happy to discuss this in one of the two upcoming Finance Committee meetings. Mayor Weldon felt that more work needed to be completed by the Task Force before moving it forward. Mr. Satre acknowledges that the Board will continue to work on refining the plans while making sure we can get our foot in the doors for this grant program. Chair Gladziszewski also acknowledges that all of the development concepts sound good but need work. Despite this she feels that enough work has been done by the task force to submit for the round one of the grant while work to refine development options continue. Mayor Weldon would rather see something that is more concrete before coming before the Assembly. Mr. Bryson clarified that he only wanted the ability to apply for the round one of the grant before the Assembly not the full development plan.

Mr. Bryson amended his motion to bring the question of allowing Eaglecrest to move forward with a round one grant application for the Build Back Better grant to the next Assembly Finance Committee. There were no objections to the motion.

Chair Gladziszewski asked when the committee would like to meet again and proposed that she work with the Chair of the Finance Committee to decide if another Task Force Meeting would be needed before or after the Finance Committee discusses the grant.

6. ADJOURNMENT – TBD

The meeting was adjourned at 1:20 pm

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History of the Eaglecrest Summer Operations Task Force

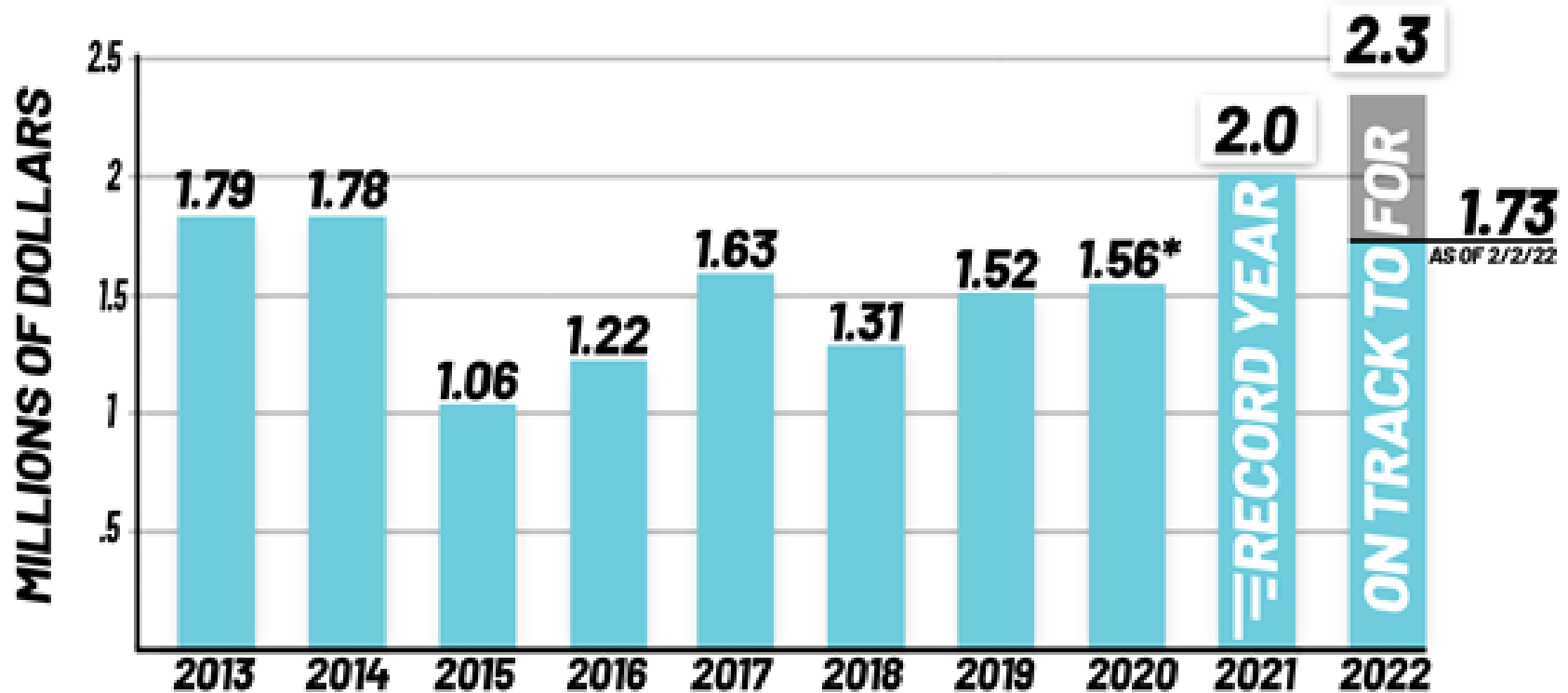
- Created by Mayor Weldon on October 14th 2019 to help the Eaglecrest Board engage with Assembly Members to research and explore potential business models for growth and development
- Task Force has had four previous meetings
- Assembly Members that have been on the task force include Maria Gladziszewski, Carol Triem, Wade Bryson, Alicia Hughes-Skandijs and Greg Smith.
- Eaglecrest staff and board have held seven public meetings and over eleven Board Meetings on the topic

Eaglecrest Sustainability and Revitalization

- Continue steady growth of winter visitation
- Protect winter operations against the impact of climate change
- Develop a durable and sustainable year-round revenue stream that will:
 - Fund repair and replacement of existing ageing infrastructure.
 - Support competitive wages for recruitment and retention of staff

Current Trajectory

EAGLECREST SALES REVENUE 2013 - PRESENT



* 2020 ENDED EARLY DUE TO COVID RESTRICTIONS

Capital projects completed to secure sustainability

- Snowmaking phase one 2019
 - 6000 feet of snowmaking pipe, 500gpm water pump
 - Added 10 new snowguns
- Snowmaking phase two 2021
 - Added 5000 feet of snowmaking pipe 950gpm water pump station and access road to top of Log Jam
 - Added 8 new high efficiency snowguns & 995CFM compressed air capacity
- Mountain bike and hiking Trail Development
 - Current summer use > 250 residents/day on sunny weekend
- Hilda Dam Cabin annual net profit \$25,000
- Tubing Park Cabin Remodel (underway) expected \$35,000 annual net
- Nordic Trail Hardening – ½ mile.
- Hiking trail to Fish Creek and pad for development of summer walking tours

Current Summer Partnerships

- Alaska Zipline
- Cycle Alaska
- Segway Alaska (new in 2021)
- Alaska Coach Tours (new in 2021)
 - Eaglecrest working in Partnership to provide walking tours to over 2000 visitors from Lindblad Expeditions in summer 2021. Generated \$25,000 gross revenue
 - Eaglecrest to host 10,000 visitors, estimated 600 visitors/day over 14 scheduled tour dates, as part of our 2022 agreement with the potential to gross \$150,000
 - Is excited to participate as transportation partner in new summer operations plan.

Current Market for Ski Lift

- Extreme over crowding at corporate ski areas has lead to unprecedented demand for new ski lifts.
- Primary lift manufactures have a two to three year back log of projects currently on the books
- Prices have increased by 25%
- Used Gondolas with the ability to have a mid station and are large enough to fit Eaglecrest are rare.
- Next currently know Gondola coming available in Europe is two years from now and does not have a midway station.

Next Step in Eaglecrest Revitalization Pulse Gondola Purchase



Process moving forward

- Secure the purchase of the lift
- Continue working with the Eaglecrest Board to refine the final alignment options using input from Engineers and Geotechnical data
- Continue working with the Eaglecrest Summer Operations Task Force to:
 - Evaluate year-round operation plans based on alignment alternatives including third party verification of financial models
 - Select funding options to support financial plan
- Complete these tasks by July 1st to contemplate a 1% sales tax funding solution and other options that may involve language on October Ballot.

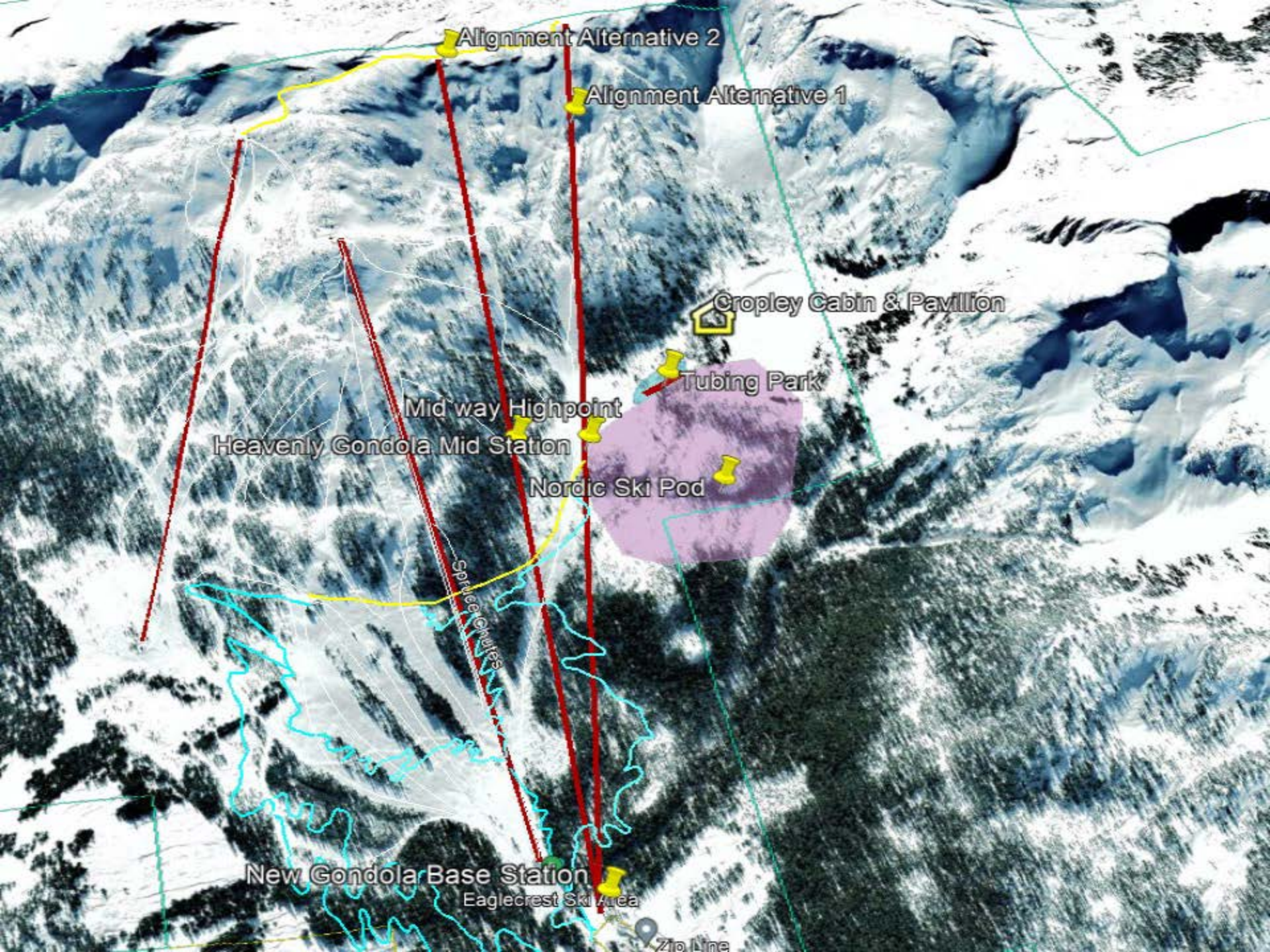
Previous Strategies

- Revenue Bonds with backing from Cruise Industry
- General Obligation bonds
- Public Development Corporation
- Build Back Better Grant through the EDA
- EDA Tourism and Outdoor Recreation
- Focus was on funding and building the full Summer Adventure Park Concept
- Central Treasury Loan from 1% sales tax could allow staged development

Appendix Slides to Follow

Gondola Video from active operations January 2022

<https://m.youtube.com/watch?v=4GtiJUZs-t0>



Alignment Alternative 2

Alignment Alternative 1

Cropley Cabin & Pavillon

Tubing Park

Mid way Highpoint

Heavenly Gondola Mid Station

Nordic Ski Pod

New Gondola Base Station

Eaglecrest Ski Area

Zip Line

Sagehen Creek