

Eaglecrest Summer Operations Task Force
Meeting Agenda
Thursday March 31st 2022 5:30pm
Zoom

to join the webinar: <https://juneau.zoom.us/j/89724482460>
Or Telephone: 1-253-215-8782 Webinar ID: 897 2448 2460

1. Roll Call:
2. Meeting Minutes:
 - a. Meeting Minutes 2.11.22
 - b. Meeting Minutes 2.22.22
 - c. Meeting Minutes 3.17.22
3. Goldbelt Partnership Memo
4. Timeline and Process Memo
5. Future meeting topic and date
6. Adjournment

Eaglecrest Summer Operations Task Force
Friday February 11th 1:00pm
Zoom
Meeting Minutes

1. CALL TO ORDER / ROLL CALL

Members present:

Assembly member Greg Smith (Chair), Carole Triem, Wade Bryson
Michael Satre, Jonathan Dale, Shawn Eisele

Others present: Mayor Beth Weldon, Maria Gladziszewski, Eaglecrest Board Bruce Garrison, Dave Hanna

Staff present: Dave Scanlan, Rorie Watt, Beth McEwen, Robert Palmer, Jeff Rogers, Alexandra Pierce,
"Eaglecrest Ski Patrol" "Ptarmigan First"

2. APPROVAL OF AGENDA

Mr. Eisele asked to add discussion of the next meeting date to the bottom of the agenda. Hearing no objection, the agenda was approved as amended.

3. APPROVAL OF MINUTES: August 26th 2021

Minutes of the August 26, 2021 meeting were approved as presented.

Chair Smith introduced himself as the newly appointed Chair for the Eaglecrest Summer Operations Task Force and also brought forth the fact that he is also the Liaison to the Eaglecrest Board. He mentioned that there has been intent to reconvene the Task Force over the last couple of months. Mr. Bryson's funding ordinance to appropriate \$2M for the purchase of the used Gondola from Austria is the catalyst for reconvening the Task Force at this time.

4. History of the ESOTF and process to date

Mr. Scanlan presented a slide show to bring members back up to speed on the Board's efforts and planning that has happened to date going back to 2019 including the creation of the ESOTF by Mayor Weldon on October 14th 2019.

Mr. Scanlan discussed in his presentation the items listed below.

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

Chair Smith brought forward the timeline for the Funding Ordinance to move forward would require motion of support from both the Eaglecrest Summer Operations Task Force and the Eaglecrest Board of Directors to move the Ordinance to the February 14th Committee of the Whole meeting. The Eaglecrest Board has scheduled a special meeting the evening of February 11th to be able to potentially provide this motion. He then opened the floor for questions and discussion from Task Force Members.

Ms. Triem mentioned that she has been on the Task Force since created and can only remember two meetings and feels that some key steps along the way may have been missed. She is concerned that we may be deciding to purchase the lift before deciding some of the bigger question of whether or not to move forward with commercial summer operations.

Mr. Watt commented the he would have liked to have had the time to help dig into the charge of the Task Force to assist the mission along the way. He talked about the different models that have been talked about in the past and the best model that he has seen is having Eaglecrest own the summer ski lift and allowing others to enter into a public private partnerships for other aspects of Eaglecrest Summer Development. He mentioned that Mr. Scanlan has taken a lot of initiative to find a way to move Eaglecrest toward a more financially sustainable year around operation.

Mr. Dale commented that there is certainly a lot more work to do but this could be a good first step in allowing Eaglecrest to benefit financially from the strong Summer Cruise Visitor Industry.

Mr. Bryson wanted to be on the record, as a non-skier, sees this as a great opportunity for all of Juneau including all of our non-skiers to be able to use Eaglecrest for more of the year and worries that without summer revenue the aging infrastructure will cost CBJ exponentially more in the future. He also sees this as a way for Eaglecrest to become profitable benefitting the entire community.

Mr. Satre commented that though we have not had a lot of Task Force Meetings, as we have been preoccupied with the Pandemic, that the planning efforts during the last 18 months has not stopped at the Eaglecrest Board Level. The planning for infrastructure replacement or planning for summer expansion has been a part of nearly every Board Meeting. In his mind buying this Gondola gives us ultimate versatility due to its low cost and ability to be positioned in many areas on the mountain. Ideally, it will allow us to create significant new revenue stream to allow Eaglecrest to self-fund future infrastructure improvements. He used the analogy that “this isn’t a case of putting the cart before the horse, we are simply buying the horse”.

Mayor Weldon reminded the Task Force that the purpose of the Task Force is to analyze the business case and look at the money to determine if this is a positive direction for Eaglecrest.

Mr. Smith asked about the history of Summer Operations at Eaglecrest and where it is in the Master Plan and if the questions has ever been answered if Eaglecrest should be in summer operations. Mr. Scanlan talked about the last full Master Plan written in 2012 where the public weighed in with the desires for more developed Summer Operations. Mr. Scanlan also discussed steps that Eaglecrest has taken since 2012 in developing more commercial activities at Eaglecrest while preserving existing local summer use.

Mr. Eisele commented that in the status quo with a commitment to funding replacement of aging infrastructure is a viable pathway to the future. On the other hand, there is a lot of interest in summer development, six month of unused infrastructure while having so many visitors in town makes sense to me. Mr. Eisele worries that we are saying yes to summer tourism. He sees the best pathway forward to install this lift in view of helping our winter infrastructure needs while keeping the option open to using this Gondola for summer development if the community decides that is what they want. He asked what boxes we need to check to be going forward with summer operations.

Mr. Watt talked about all of the needs and pressures of the community for resources from the Assembly. He feels the Assembly will be more focused on the potential for this development to reduce the ongoing financial needs of the Ski Area and if that is truly possible and what that will look like.

Mr. Smith asked Mr. Scanlan to talk over the financial model.

Mr. Eisele commented that he is looking at the difference in costs that would be needed to replace Ptarmigan in the next five years, at \$4M, verses the Gondola approach and how the two pencil out with a Ptarmigan replacement not forcing a move into summer development.

Mr. Bryson commented on how he analyzes business opportunities and feels like this is the one path that can lead to Eaglecrest being revenue neutral. He does not see another pathway that can get us the same outcome.

Mr. Smith asked if we know if this lift can fit at Eaglecrest and operate in our environment. Mr. Scanlan let everyone know that he is having the Gondola analyzed by a ski lift professional from their master planning firm and expects a memo from them prior to the Committee of the Whole meeting on Monday April 14th.

Ms. Triem asked Mr. Watt what the process is for Eaglecrest to fund large infrastructure improvements. Mr. Watt confirmed that Eaglecrest infrastructure improvements comes through small amounts in the annual CIP with larger projects being possible every five years in 1% sales tax project lists.

Mayor Weldon had questions about the Capital Schedule and what was included and asked who has vetted the Capital Costs for installation and the financial pro-forma in general. Mr. Scanlan said that he has consulted with local contractors that have experience in Gondola installation and they felt that his preliminary estimates were in the ball park but they encouraged him to take time to do thorough geotechnical analysis. He is also hoping to have the ski lift engineering company that is qualified to perform the retrofitted design perform an analysis and comment on the costs. In the short timeframe that he is working under he has not had the opportunity to have the full proforma vetted.

Mr. Bryson commented that he would like to see the focus of additional capital cost remain on just the Gondola.

Mr. Satre commented that the financial model provided allows us to add or remove various inputs to the model as we move forward. Once we know that we are going to buy this Gondola, the additional financial modeling can continue as we go forward in addition to the technical analysis such as the geotechnical work. Mr. Scanlan will be happy to work with anyone individually explaining questions that might arise on the financial modeling.

Mr. Smith asked if there is a potential motion to come forward to allow this to go back to the Committee of the whole for further discussion.

MOTION by Ms. Triem that the ESOTF forward the Gondola issue to the Assembly COW for additional discussion.

G. Smith & R. Watt (2:17p.m.) board members should forward info from their meeting tonight that would be helpful

Mr. Satre – sole reason for calling special board meeting tonight is to forward a resolution to the COW for the 2/14 COW meeting.

**EAGLECREST SUMMER OPERATIONS TASK FORCE
THE CITY AND BOROUGH OF JUNEAU, ALASKA
Tuesday, February 22, 2022, 6:00pm, Zoom Webinar
Meeting Minutes**

1. CALL TO ORDER/ROLL CALL:

Chair Smith called the meeting to order at 6:03 pm.

*Members present: **Assemblymember Greg Smith, Chair; Assemblymember Carole Triem, Assemblymember Wade Bryson; Eaglecrest Board members Michael Satre, Jonathan Dale, Shawn Eisele***

Other Assembly & Eaglecrest Board members present: Mayor Beth Weldon, Assemblymember Maria Gladziszewski, ...

Staff Present: Eaglecrest General Manager Dave Scanlan, City Manager Rorie Watt, Municipal Clerk Beth McEwen...

2. APPROVAL OF AGENDA

The Agenda was approved by unanimous consent with no changes.

3. APPROVAL OF MINUTES: February 11th 2022 (minutes to be provided at future meeting)

4. Review of financial models

Chair Smith noted that the Funding Ordinance was introduced, additional ESOTF meeting and a Special Eaglecrest Board meeting were held and it was discussed at an Assembly COW meeting. Members of the EOSTF were asked to send in questions that needed to be addressed. Chair Smith noted that the intent at this meeting was to answer some of those questions as well as to provide additional Q&A opportunities from members. Financial information will be provided by Mr. Scanlan as well as CBJ Staff R. Watt and J. Rogers. Work session to continue to ask Q&A.

Mr. Watt provided some additional information as found in the red folder memo from Engineering/PW Director Katie Koester. Mr. Watt noted that their construction cost estimates were very rough as this is a “specialty project” with quite a bit of uncertainty but the total amount of estimated costs were \$7.5-9.9 Million.

Mr. Scanlan noted that he had some meetings with outside individuals and agencies and has additional meetings scheduled over the next week. He provided narrative explanation with the assumptions made in larger model and then just pulled out the

base amounts for the Gondola only based on that original model.

a. Gondola only Base Line Model

Q&A

Carole Triem re: Personnel costs staying flat across fiscal years. Dave – explained seasonal nature of Eaglecrest positions and high turnover/vacancy rates keeping FTE steps often the same level from year to year.

Mayor Weldon – how often running this during the summer vs. FTEs. Dave – 7 days/wk during the summer.

Shawn Eisele – unrealistic to go through this level of spreadsheets in detail at the meeting. Added expenses for winter operation, what is being planned – would it increase costs for avalanche control, increase for operations, etc...?

Dave Scanlan – not contemplated bringing in extra staff to run the lift every day that they are open. Found in Expense Detail tab.

Shawn – Hooter, Black bear, etc... 6:35p.m.

Dave S. – Summary Proforma detail provided. Low Projections = warmer/low snow years; Mid Projections are average snow winters, and High Projections are high snow years similar to this winter. Then explained cruise passenger projections and then showed a financial summary without general fund support but not taking any money out for debt service.

Chair Smith – asked for a variety of formula adjustments to see what effect a number of different variables would mean to the Summary Proforma numbers.

Dave S. then modified a number of the amounts/levers to demonstrate different scenarios. This model is for only selling gondola lift tickets and any other amenities would be operated by private entities.

Ms. Triem commented that she would like more time to have professional analysts dig through the financials and that she is feeling rushed.

Mr. Bryson- asked if we would be able to receive more time from the seller to allow more time for the Assembly to do more due diligence. Dave S. we do not have any more time prior to the decommissioning of the lift in early April to make a deposit on the lift and secure the purchase.

Mr. Dale feels that this is the best way to start to create revenue needed to update infrastructure and feels that the status quo without commitment to large capital is not sustainable.

Chair Smith- asked if this would be a Ptarmigan replacement. Mr. Scanlan explained a

couple of reasons why this would not be a Ptarmigan replacement. The goal would be to generate the revenue from the Gondola to be able to replace Ptarmigan in the future.

b. Gondola/Coaster/Lodge Model

Q&A

Chair Smith – asked how Mr. Scanlan had factored in the feedback from feedback from CBJ Engineering, the Mayor and other business professionals. Mr. Scanlan produced a narrative summary of the financial model and addressed and incorporated the feedback into the information provided today. Mr. Scanlan went through some of the lines in the expense detail tab where he addressed these items.

Chair Smith – asked what would all be included from a Capital Costs in the full development scenario. Mr. Scanlan summarized that the full development scenario would include the Gondola Installation, a small Summit House and a Mountain Coaster.

c. Comments from JEDC or other Financial Analysts

d. Impacts to General Fund Balance

5. Financing Options

a. Central Treasury Loan

b. 1% Sales Tax Option

c. Revenue Bonds / Public Private Partnership

Chair Smith – Invited over Jeff Rogers, CBJ Finance Director to discuss various financing options. Mr. Rogers acknowledged that the three options presented are the three most likely options available to the Assembly. The Central Treasury Loan would have a 1% to 2% interest rate which needs to be repaid in 5 years. It could be structured to be weighted more toward the rear end of the repayment period. There is currently not anything in the code as to what happens if it could not be repaid. Likely the balance would be paid from General Funds or refinanced over a longer period.

The 1% sales tax option could pose some timing issues on how those funds come in and how they get allocated to specific projects. There are tools that can be used to help with that. This is a low risk option using general funds accrued through the 1% sales tax revenue.

Revenue bonds are complicated for this project. The cost of the debt is likely to be high because it is high risk. The Alaska Bond Bank would likely not back this. There are options to issue a revenue bond not through the Alaska Bond Bank but it would be expensive.

Mr. Bryson – asked if the difference between the Central Treasury Loan and a Revenue bond would be in the length of time of each funding option. Mr. Rogers - yes, but the cost of each would be much different between 1% on Central Treasury Loan and the Revenue Bond being likely 7% to 8%.

Ms. Triem – what are the reserve requirements and how would be come up with those. Mr. Rogers – typically reserve requirements are typically one year of payments, which are usually funded through the bond.

Mr. Rogers – talked about how when we do revenue bonds we typically go out to the market through an underwriter to find individuals interested in buying the bonds that we are offering. He described another option that we do not typically do. We can simply go to a local bank, which is called a direct placement. We would find a local bank that would be interested in taking on that debt. Typically, they do not want terms over 10 years. With this type of complicated project, a direct placement might be the preferable way to go as opposed to utilizing an underwriter.

Mr. Eisele – asked if we would be able to look toward one of these financing options as a way to fund a replacement of Ptarmigan with a fixed grip quad as a way to keep Eaglecrest running under a more simplistic option. Mr. Rogers – the answer would be yes. He would frame it as opportunity cost. If the Assembly is not going to use this funding or debt capacity on a Gondola then the Assembly will have to weigh all of the other things that are needed in the city. Mr. Rogers did admit that Eaglecrest is a capital hungry enterprise with many large capital needs. Mr. Watt commented that it is an order of magnitude questions. The higher the capital costs the more complicated the financing.

Mr. Satre – Thanked Mr. Rogers for pointing our opportunity costs. He talk about the efforts of the Board to significantly increase our annual CIP requests to help funding the large capital needs that we have. The Gondola should give us the financial capacity to continue funding improvements out of revenue generated. If the Gondola project does not move forward the Eaglecrest Board will continue coming to the Assembly with large capital needs.

Mr. Bryson – talked about the amount of value this project can bring to the community since we are able to purchase the Gondola at such a low purchase price. In his mind the Gondola can balance out the fluctuations of weather that impacts typical revenue cycles at Eaglecrest.

Chair Smith – asked what the market or likely hood of reselling this Gondola if things did not work out. Mr. Scanlan commented that the larger ski area are looking for higher capacity ski lifts so we would be looking at smaller independent ski areas as potential buyers.

Chair Smith – asked how the Gondola storage would be cared for and stored if it came

to Juneau. Mr. Scanlan – There are currently funds available in the FY 23 CIP budget that could be used to expand a new parking area that could be used as a storage lot in the short term and turn into new expanded parking lot in the longer term.

- 6. Other remaining questions from the Assembly / Eaglecrest Board**
- 7. Jon Dale – request Mr. Palmer possibly provide information on legal questions for next meeting.**

Discussion as to whether or not a motion of support would be appropriate to forward to the Assembly with respect to the ordinance.

- 8. Adjournment – 7:59 p.m.**

**EAGLECREST SUMMER OPERATIONS TASK FORCE
THE CITY AND BOROUGH OF JUNEAU, ALASKA
March 17, 2022 5:30pm, Zoom Webinar
Draft Minutes**

1. CALL TO ORDER / ROLL CALL

Members present:

Assemblymember Greg Smith (Chair), Carole Triem, Wade Bryson
Michael Satre, Shawn Eisele

Members Absent: Jonathan Dale

Staff present: Dave Scanlan, Robert Palmer, Di Cathcart

Others in Attendee Mode: Alicia Hughes-Skandijs, Jeff Rogers, Bruce Garrison, Bruce Denton, Kevin Klein, Lyndsey Brollini, Jeremy Hsieh (KTOO)

2. APPROVAL OF AGENDA

Agenda approved as presented.

3. APPROVAL OF MINUTES:

None

4. Update from City Attorney Rob Palmer/Key Dates & Milestones in Gondola Purchase

Mr. Palmer gave an update and overview of what CBJ staff is working on towards procurement of the gondola. Discussion was had related to shipping costs, potential buyers within Europe and the U.S., securing a licensed ski lift engineer as well as staff that would travel to Austria to inspect the gondola on-site. If the gondola purchase does not go through, CBJ would have expended roughly \$150,000 Euros in non-refundable funds.

5. Summer Operations at Eaglecrest – a brief history

Mr. Scanlan discussed the cost of the “no action alternative” and the increasing pressure for more general funds to continue running the ski area under status quo levels of operation. There was some conversation on how to define sustainability of Eaglecrest in regards to levels of General Fund Support for Eaglecrest. There was talk about the future capital schedule needs for Eaglecrest over the next 5 years. Mr. Scanlan noted that the Board has been planning annual capital needs of \$500,000 per year to begin major upgrades of core infrastructure. Mr. Smith asked what has happened in bad snow years financially. Mr. Scanlan answered that during bad snow years the Ski Area with cut expenses to try and manage to the bottom line and ultimately will draw from some of the reserve fund.

Mr. Satre spoke to the Comprehensive Plan and the goals of Eaglecrest to become a year-round recreational facility. These goals are shown in the Comprehensive plan in the following chapters and sections; Chapter 5 Tourism and Visitors, Policy 5.6 and SOP 4, Chapter 8, Chapter 9: Parks, Recreation, Trails and Natural Resources, Chapter 9: Policy 9.1 and Implementing Action 24, Subarea 8: North and West Douglas Island.

Mr. Scanlan walked the task force through a list of meetings the task force had since 2019 as well as various groups Mr. Scanlan has given summer operations presentations to between 2019 and present. Mr. Scanlan also showed the results from a 2012 Master Plan survey prepared by McDowell Group and highlighted items from the survey that are now completed. In 2019, Eaglecrest did an informal survey to current users of Eaglecrest asking what summer activities users would explore if offered at Eaglecrest; expanded hiking/biking trails and a gondola from base to summit were among the top choices of respondents. A mountain coaster, long span zip line, disc golf, ropes course and playground all ranked over 25% for interested users.

6. Current Vision, Plans, Timeline and Associated Costs for Summer Operations

Mr. Scanlan shared a PowerPoint presentation of potential Eaglecrest area summer attractions as revenue generators such as a mountain coaster, additional hiking/biking trails and project costs. He also discussed other winter activities that could be possible such as expanded ski area boundaries, snow tubing and higher elevation access to a new Nordic ski trail area.

There was short conversation about the viability of certain components and potential lift alignments.

7. Unknowns and Uncertainties

Mr. Scanlan discuss some of the uncertainties that still exist as is customer being in the early stages of large construction projects. As the project continues forward additional certainty on various aspects we continue to be clarified. Some discussion ensued.

8. Adjournment

There being no further business to come before the task force, meeting adjourned at 6:51 p.m.



City and Borough of Juneau
City & Borough Manager's Office
155 South Seward Street
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Telephone: 586-5240 | Facsimile: 586-5385

TO: Borough Assembly
Eaglecrest Board
Eaglecrest Summer Operations Task Force

DATE: March 23, 2022

FROM: Rorie Watt, City Manager

RE: Gondola Investment

Goldbelt Corporation has expressed interest in providing funding for up to \$10M for installation of the used Gondola and other related improvements. This is, indeed, a remarkable turn of events.

The decision to purchase the gondola was difficult for the Assembly for several reasons, including the issue that summer operations is an activity that lies substantially in the arena of private sector activity. A potential contract with Goldbelt would solve many issues for CBJ.

The rough proposal is that Goldbelt would provide funding in exchange for a contractual agreement to receive a percentage of summer ridership on the gondola until such time as appropriate return is earned. A contractual agreement of this nature would require authorization by Ordinance.

However, prior to authorizing an Ordinance, the Assembly would first have to provide direction to negotiate directly with Goldbelt. This is the threshold decision – should the Manager negotiate directly with Goldbelt or should there be contemplation of other business relationships.

There are many reasons why Goldbelt is uniquely situated to be the best source of private capital for the installation of improvements at Eaglecrest. Those reasons include:

1. Long horizon. Like CBJ, Goldbelt is designed to be in business forever. As such, their ability to agree to long term agreements, contemplate long term pay back is substantially more flexible than other private sector parties.
2. Profit earned by Goldbelt stays in the community.
3. Goldbelt is an adjacent land owner.
4. Goldbelt operates the Mount Roberts Tramway, opening up a variety of opportunities for sales and marketing.

Recommendation:

At the 4/11 COW, the Assembly should contemplate directing the Manager by motion to negotiate directly with Goldbelt Corporation. Prior to this meeting, the Eaglecrest Board and Summer Operations Task Force should contemplate the inclusion of Goldbelt and provide advice to the Assembly.

I recommend that the Assembly direct the Manager to negotiate an agreement with Goldbelt and bring that agreement back to the Assembly for discussion, debate and adoption.



MEMORANDUM

DATE: March 29, 2022

TO: Eaglecrest Summer Operations Task Force

FROM: Dave Scanlan, Eaglecrest General Manager; Alexandra Pierce, Tourism Manager

SUBJECT: Eaglecrest Summer Operations Next Steps

The purpose of this memo is to outline the next steps in the Eaglecrest summer development discussion. Goldbelt's offer of investment funds and partnership has changed the process. On April 11, the Assembly Committee of the Whole will vote on whether to ask the Manager to negotiate directly with Goldbelt. They may also ask the Manager to seek other investment proposals. The Task Force should consider the following and make a recommendation to the Assembly regarding this proposal:

- Goldbelt's initial investment would cover the gondola installation and construction of a lodge and an attraction/amenity. Future amenities/attractions would be funded by proceeds.
- No additional general fund investment would be required.
- Goldbelt would take a percentage of total ticket sales adjusted over a long timeline with remaining proceeds going to Eaglecrest.
- Eaglecrest would retain control over winter operations.
- Eaglecrest would continue to operate as a municipal recreational facility with cost recovery provided by CBJ until such time as summer operations are profitable enough to subsidize winter operations without a general fund contribution.

The public process will unfold as follows, starred items require committee input/action (the ESOTF will continue to meet throughout):



Based on the information presented above, staff asks the ESOTF to provide the Assembly with the following information:

- Recommend that the Assembly direct the City Manager to negotiate directly with Goldbelt
- Provide the Assembly with a list of things that are important to the body as we move forward (winter operations, scale of development, specific amenities, visitor capacity, local interests, etc.)

ESOTF Next Steps:

- Continue to evaluate the role of Eaglecrest summer operations in the community considering this new information
- Receive updates and provide guidance as the process moves forward
- Provide a venue for public information
- Make recommendations to CBJ and its partners on balancing community needs with development opportunities