

EAGLECREST SUMMER OPERATIONS TASK FORCE
THE CITY AND BOROUGH OF JUNEAU, ALASKA
December 19, 2019 12:00 PM
City Hall, Conference Room 224

- I. CALL TO ORDER/ROLL CALL**
- II. APPROVAL OF AGENDA**
- III. AGENDA TOPICS**
 - a. Nomination/Election of Vice Chair**
 - b. Review of Eaglecrest Summer Operations Task Force Charging Document**
 - c. Overview of Work Done to Date**
 - d. Land and Water Conservation Fund Encumbrance**
 - e. Setting Meeting Dates/Discussion**
- IV. ADJOURNMENT**

Note: Agenda packets are available to review online at <https://juneau.org>

ADA accommodations available upon request: Please contact the City Clerk's office 72 hours prior to any meeting so arrangements can be made to have a sign language interpreter present or an audiotape of the Assembly's agenda made available. The Clerk's office telephone number is 586-5278, TDD 586-5351, email: city.clerk@juneau.org.

CITY AND BOROUGH OF JUNEAU

EAGLECREST SUMMER OPERATIONS TASK FORCE

CBJ Eaglecrest Summer Operations Task Force

There is created within the City and Borough of Juneau a six-member Eaglecrest Summer Operations Task Force. The Task Force is composed of three Assembly members and three Eaglecrest Board members. The proposed members from the Assembly are Gladziszewski, Triem and Bryson and the proposed members of the Eaglecrest Board are Garrison, Dale and Satre.

Assembly member Gladziszewski shall serve as chair. The committee shall elect a vice chair from among its members at its first meeting.

Purpose

The purpose of the task force shall be to research and explore potential business models for the development of Eaglecrest for summer tourism growth. The goal is to better understand the range of business models, costs and potential revenues from possible summer operations investments.

Formation of the task force does not presume that expanding summer operations at Eaglecrest is a decision that the Assembly will make. Continuation of the current level of summer operations shall be further studied and brought forward as a better understood approach.

Duties for the Task Force shall include:

1. Researching examples of summer business investments that have been successful at other similarly sized ski areas, particularly focusing on any ski areas run by public entities or non-profit organizations.
2. Better understanding the restrictions that are placed on the Eaglecrest Ski Area lands due to prior acceptance of Land and Water Conservation Fund grants.
3. Developing and understanding the pros and cons of business models that allocate the investment, risk and profit between Eaglecrest/CBJ and potential investors and/or tour operators.
4. Further analyze business case scenarios and proof test revenue and expenditure assumptions, including potential visitation levels, staffing levels and pricing approaches.
5. Develop understanding of public process necessary for consideration of possible approaches, including types of legislative authority that would be required for passage the Assembly.

6. Conduct a technical review of possible gondola alignments, tourist adventure rides and conveyance capacities of such systems.
7. Provide a review of pros and cons of provision of various types of adventure rides and amenities.

Timeline

The members shall serve until completion of their tasks and the task force is left to determine the best schedule for timely completion. In any case, the task force shall expire within nine months of this date unless extended. The committee shall report to the Assembly at either the Lands Committee or the Committee of the Whole as is appropriate.

Resources

In the FY20 CIP the Assembly appropriated \$50,000 for “Eaglecrest Financial Sustainability Plan” that is available for necessary consulting assistance.

Meetings, Officers, Records, Quorum, Staff Support

The committee shall determine its meeting schedule according to its workload and at the call of the chair. All meetings shall be open to the public and advertised through the Municipal Clerk’s office.

A majority of the committee members shall constitute a quorum for the transaction of its business. The committee shall follow the procedures used by the Assembly for transaction of its business, as interpreted by the City Attorney as necessary. The committee shall keep a record of its meetings, transaction, finding, determinations and written public comments received, which shall be filed with the Municipal Clerk and be open to public inspection at reasonable times.

The City Manager and Eaglecrest Manager will provide staff support and assistance to the task force as appropriate and as time and priority allows.

Dated: October 14, 2019.



Beth A. Weldon, Mayor

City and Borough of Juneau



City and Borough of Juneau, AK

Eaglecrest Summer Operations Task Force

Board Roster



Maria Gladziszewski

1st Term N/A - N/A

No Recruitment

Position Assemblymember

Office/Role Chair

Category Mayoral Appointment



Carole Triem

1st Term N/A - N/A

No Recruitment

Position Assemblymember

Category Mayoral Appointment



Wade Bryson

1st Term N/A - N/A

No Recruitment

Position Assemblymember

Category Mayoral Appointment



Jonathan Dale

1st Term N/A - N/A

No Recruitment

Position Eaglecrest Board Member

Category Mayoral Appointment



Michael Satre

1st Term N/A - N/A

No Recruitment

Position Eaglecrest Board Member

Category Mayoral Appointment



Bruce Garrison

1st Term N/A - N/A

No Recruitment

Position Eaglecrest Board Member

Category Mayoral Appointment

Eaglecrest Summer Adventure Park Fall Update and Proposed Future Action Plan

Hello Eaglecrest Summer Operations Task Force. Below you will find a summary of the general feedback received from our public outreach, a list of presentations and meetings, some of the steps we have taken to research land restrictions and future funding options. The Eaglecrest Board and Manager look forward to engaging with you in going over the details of the Summer Operations Project and collaborating on the best path way forward.

Public Meeting Summary

The common theme through all of the public meetings and presentations has overall been quite positive toward the general project concept. The public seems to understand why we are looking to expand into summer operations with the goal of adding the financial viability needed to sustain long-term winter operations in the face of changing climate patterns.

The two main themes of concern that seems to be repeating through various meetings revolve around increased traffic on North Douglas Highway and concerns over who may enter into Public Private Partnerships with CBJ in order to finance the project. Some mitigating strategies on the traffic impacts that were discussed was the use of smaller 28 passenger “airporter busses” as opposed to the larger Motor Coach Style busses. These smaller busses are perceived as less impactful to residents of Douglas Island and Existing Eaglecrest Users.

On the funding partner side of things there is a clear lack of trust from many residents in the cruise industry. It has been regularly expressed that citizens do not want to see any of the cruise lines directly investing or having controlling interest over the Eaglecrest Adventure Park. The fear expressed is that Cruise Industry investment may exploit Eaglecrest and be more likely to create overcrowding and would funnel all profits out of Juneau to off shore corporate accounts, negating much of the potential positive benefits to the community.

Public Meeting List:

1. June 10th Meeting with CBJ Public Works Committee.
2. July 1st Presentation at the Fish Creek Lodge with the North Douglas Neighborhood association.
3. July 10th Meeting at the Prospector with the Juneau’s Business Leaders Breakfast Group.
4. July 11th Juneau Chamber of Commerce at the Moose Lodge.
5. July 16th Public Meeting and Work Session at Peratrovich Hall.
6. July 18th Public Meeting and Work Session at the Valley Library.
7. July 22nd Meeting with the Union Representatives at the IBEW Union Hall.
8. July 22nd Meeting with Gabe George and the Goldbelt Chair and Vice Chair.
9. July 25th Discussion about the Summer Adventure Park on Capital Chat Radio Show.
10. July 30th Informational Conference in room 224 about the official Request for Interest from the Private Sector on public Private Partnerships. In attendance Shelly Klawonn CBJ

Purchasing, Jeff Rogers CBJ Finance Director, Jim Calvin McDowell Group, Tori Korn Survey Point, Robert Morgenstern Holland America, Jon Binkley Godspeed Inc.

11. July 30th Meeting with Alaska Coach Tours to discuss Walking Tours for summer 2020.
12. July 31st Meeting with Alaska Zipline about future of their Commercial Use Permit and future participation with summer operations.
13. August 2nd Presentation for Travel Juneau Board
14. August 6th Presentation with the Parks and Recreation Advisory Committee.
15. August 7th Presentation to the Juneau Economic Development Council Board of Directors
16. August 14th Presentation for the Douglas Advisory Committee.
17. August 15th Presentation for the Juneau 58 Degrees North Innovators group.
18. August 21st Eaglecrest Board Planning Committee meeting to review results of the Request for Interest and the Financing and Ownership Matrix developed by the City Manager and the Eaglecrest Manager.
19. August 26th Site visit from Zrinko Amerl Owner of BRC Ski Lifts and representative from www.horwathhtl.com Global Leader in Hotel, Tourism, and Leisure Consulting. Met with Gabe George and Ben Coronel to look at the long-term integration with Gold Belt Lands on West Douglas and assess the Development Potential for the George Family Property directly adjacent to Eaglecrest.
20. September 3rd Meeting with Fred Eoff, CBJ Bond Bank analyst with PFM in Seattle. Dave Scanlan and Jeff Roger conference call to specifically discuss potential for Revenue Bonds and issuance requirements and challenges as this being a potential funding vehicle.
21. September 10th Site Visit from Poma Ski Lift Manufacture, one of the two leading North American Companies. Performed detailed analysis of Gondola Alignment and discussed next steps that would be required to construct a Gondola with them.
22. September 11th Presentation with Glacier Valley Rotary club.
23. September 12th Eaglecrest Planning Committee Meeting to discuss Development and Ownership Matrix developed by the City Manager and Eaglecrest Manager. The Committee also discussed the conversation with the Bond Analyst on Revenue Bonds and discussed having a Feasibility Study Performed.
24. October 1st Meeting with SAIL / ORCA to discuss their potential involvement in summer operations and potential conflicts with reopening the old ropes course at the Eagle Valley Center. SAIL /ORCA are long time partners with Eaglecrest during winter operations.
25. October 9th Second Presentation with the Douglas Advisory Committee
26. October 17th Follow up meeting with Cycle Alaska to discuss future Summer Partnership Potential.
27. October 29th Downtown Rotary
28. November 7th Presentation to Gastineau Rotary.

Research into Funding Sources.

During early June, the Eaglecrest Manager had initial conversations with Mark Davis from the Alaska Industry Development and Export Authority about some of their Industrial development loans and conduit revenue bonding programs. Mark suggested engaging with CBJ's Financial Analyst Fred Eoff from PFM in Seattle. During initial conversations Bob Bartholomew and Jeff Rogers had with Fred, it seemed that investigating Public Private Partnerships would be the logical next step for the project. As a result of this guidance Eaglecrest published a Request for Interest from the Private sector through CBJ Purchasing Department which closed on August 12th. Eaglecrest received numerous responses from local tour operators with interest in participating in various portions of the project. The responses received were from the following companies: Alaska Coach Tours, Cycle Alaska, Liquid Alaska Tours, Taquan Air Alaska (currently DBA Alaska Zipline), Coppa Alaska and ZipFlyer. This has helped Eaglecrest identify some ideas to develop a public private partnerships financing model for the project as one of the funding alternatives. In executing any sort of public private partnerships, Eaglecrest will have to follow the conservation restrictions in place by the Land Water Conservation Fund (LWCF) which will be explained below.

As the Eaglecrest Board Planning Committee has worked through the various financing and investment models the preferred alternative that has risen to the top, is utilization of a Revenue Bond as the funding vehicle. This would do two key things. First and most importantly, there would not be any impact to taxes on the residents of Juneau or encumbrance of additional CBJ debt capacity. The second is that the City of Juneau and Eaglecrest Management would retain full control of the growth of the Eaglecrest Adventure Park to ensure that overdevelopment would be less likely and preservation and improvement of winter operations would remain as the primary goal of the entire project. Utilizing a Revenue Bond as a funding vehicle would also allow future profits to fund other critical City services in the future.

On September 3rd the Eaglecrest Manager and Jeff Rogers had a follow up meeting with Fred Eoff to specifically discuss the ability to pursue a Revenue Bond being that typical Revenue Bonds are backed by historic past project revenues that are yet to be established with this project. After a detailed discussion of the Financial Model and assumptions, Fred was quite optimistic about utilizing the Revenue Bond as a funding Vehicle. In order to explore the potential further Fred instructed us to have a third party feasibility study performed to vet the project and financial assumptions for reasonableness and come up with a risk analysis. Fred also suggested that a secondary step would be to find a third Party Partner to take a second position to guarantee the Revenue Bond. He also mentioned that Interest rates are currently at an all-time historic low with tax exempt revenue bonds today selling for around a 2% interest rate.

Other options for funding could come from Private sector interest in the project or in a hybrid model such as creation of a public Corporation or a Benefit Corporation as a vehicle to allow public investment. This would be a complex process that would require many different

Assembly actions including selling Eaglecrest to the Public Corporation. The Eaglecrest Manager has been in ongoing discussion with representatives of Governors Dunlevy's New Industry Development Task Force's Tourism sector. This has the potential to create additional support in funding through AEIDA as well as potential funding options through the Alaska Permanent Fund Corporation's new Alaska Investment Initiative. These other funding options will also be looking for third party verification of Eaglecrest Financial Assumptions, internal rates of return and other industry benchmarks that can be developed through a future feasibility study.

Land Water Conservation Fund Background and Restrictions

Much of the original Eaglecrest Infrastructure was paid for through two large grants from the Land Water Conservation Fund. As a result, Eaglecrest has deeded restrictions placed over the entire approximate 1500 acres of land that restrict uses exclusively to outdoor recreational purposes. Our existing Commercial Concessionaires are authorized to do business at Eaglecrest under our Commercial Use Permit, which are issued for a maximum of a 5-year term with an optional 1-year renewal. These Commercial Use Permits do not give exclusive use of buildings or land areas and still allows the public to have access to areas of the mountain. The Eaglecrest Manager has been in constant communication with Jean Ayers, the program director of the Land Water Conservation Fund, over the last four months discussing the nuances of these conservation restrictions.

As Eaglecrest contemplates future Private Partnerships it may be prudent to explore creating a mechanism to allow Eaglecrest to create Commercial Use Permits for 15 to 20 year terms to allow our Private Partners enough time to amortize their investments into building summer attractions. As long as Eaglecrest maintains public access and does not give possessory rights to a third party Eaglecrest should not be in violation of the LWCF program. Jean Ayers said that she was very excited to hear about Eaglecrest's Summer Adventure Park project and described it as a reinvigoration of a historic LWCF site. As Eaglecrest moves forward she asked to review all draft partnership contracts for consistency with the LWCF program. The Eaglecrest Manager has had initial conversations with CBJ legal about these restrictions and allowing longer term Commercial Use Permits. CBJ Legal felt this may be the best way to work within these restrictions while keeping open the ability to develop Private Partnerships. Eaglecrest has back up documentation regarding the process to land swap out from these restrictions which is not a feasible option.

Next Steps

During the Eaglecrest Board Planning Committee Meeting on September 12th the following motion was made: Dave Hanna made a Motion with a second by Mike Satre to request Rorie Watt, City Manager, allow the Eaglecrest Manager the ability to access the financial sustainability funds allocated by the City of Juneau Assembly during the FY 20 Budget process for the purpose of performing a Feasibility Study and Financial Analysis of the Eaglecrest Summer Adventure Park Master Plan and Financial Model.

The Eaglecrest Manager has developed a comprehensive development plan with detail cost estimates from manufacturers for all of the major activities and infrastructure improvements. The highest Capital Cost item is the Areal Gondola. The Eaglecrest Staff have determined three different alignments that serve different purposes and have as much as a \$7M cost difference. Poma Lifts who has been working with Eaglecrest staff on the costing of the various alignments is requesting guidance from the SE Group Resort Planners Lift Designers to help staff determine the best alignment for functionality between summer and winter while balancing the financial costs of each alternative.

The SE Group is the leading resort master planning firm in North America specializing in Summer Operations, financial analysis and full resort services planning. The SE Group performed the last Eaglecrest Master Plan in which they offered four different test cases of successful Ski Area Summer Operations in comparison to Eaglecrest. Since 2012 their work toward specifically planning Summer Operations has increased dramatically as the industry wide movement toward diversification into summer operations continues to accelerate.

Eaglecrest Staff have also researched the business cases of two other ski areas with successful summer operations as proof of concept. One being Gunstock Mountain in New Hampshire, which is a County owned ski area. The other mountain is Bogus Basin Ski Area, a nonprofit 501©(3) owned ski area outside Bogus Basin Idaho.

Having a professional feasibility study performed by the SE Group or other reputable master planning firm will give the Eaglecrest Summer Operations Task Force professionally vetted information from which to go through tasks outlined in the Mayor's formation documents. The Eaglecrest staff want to ensure that there are not opportunities for revenues that have yet to be identified or other large expense items that have been overlooked in the planning work that has been done to date.

In the SE Group's initial review of the planning documents that have been compiled by the Eaglecrest staff, the SE Group feels that the financial assumptions are very strong and prove the case for a very successful project. The SE Group is in regular contact with outside investment groups that are active in the Ski Industry that may also have interest in becoming a participating partner.

The Eaglecrest Staff would like the blessing of the Task Force to start working with CBJ Purchasing to draft the bid package for the feasibility study.

All of our planning documents can be found by clicking on the appendix documents on this page. <https://skieaglecrest.com/news/eaglecrest-summer-development-plan/>

H. Proposals to Construct Public Facilities

Public facility requests will only be approved if the public facility clearly results in a net gain in outdoor recreation benefits or enhances the outdoor recreation use of the entire park, and the facility is compatible with and significantly supportive of the outdoor recreation resources and opportunities of the Section 6(f)(3) protected area. The State shall use the PD/ESF to document its public facility proposal using the following criteria and submit it along with a project amendment and a recommendation for federal approval for NPS review and decision.

The NPS will consider requests to construct sponsor-funded public facilities when the following criteria have been met:

1. Uses of the facility will be compatible with and significantly supportive of outdoor recreation resources and uses at the rest of the site and recreation use remains the overall primary function of the site. The proposed public facility will include a recreation component and will encourage outdoor recreation use of the remaining Section 6(f) area.
2. All design and location alternatives have been adequately considered, documented and rejected on a sound basis.
3. The proposed structure is compatible and significantly supportive of the outdoor recreation resources of the site, whether existing or planned. The park's outdoor recreation use must continue to be greater than that expected for any indoor uses, unless the site is a single use facility, such as a swimming pool building, which virtually occupies the entire site.

Examples of uses which would not ordinarily be approved include, but are not limited to, a community recreation center which takes up all or most of a small park site, clinics, police stations, restaurants catering primarily to the general public, fire stations, professional sports facilities or commercial resort or other facilities which: (1) are not accessible to the general public; or, (2) require memberships; or, (3) which, because of high user fees, have the effect of excluding elements of the public; or, (4) which include office, residential or elaborate lodging facilities.

Restaurant-type establishments with indoor dining/seating that cater primarily to the outdoor recreating public must be reviewed under this public facility policy. Other park food service operations such as snack bars, carry-out food service, and concession stands with outdoor dining including pavilions and protected patios are allowable without further NPS if the primary purpose is to serve the outdoor recreating public.

4. Potential and future benefits to the total park's outdoor recreation utility must be identified in the proposal. Any costs or detriments should be documented and a net recreation benefit must result.
5. The proposed facility must be under the control and tenure of the public agency that sponsors and administers the original park area.
6. The proposal has been analyzed pursuant to NEPA, including providing the public an opportunity to review and comment on the proposal if required as part of the NEPA review.
7. All applicable federal requirements for approval are met.
8. The proposal has been adequately reviewed at the state level and has been recommended by the SLO.

Eaglecrest Summer Operations Task Force

- Purpose
 - Understand and the successes for other similar mountains with Summer Operations
 - Limitations of the Land Water Conservation Fund Designations
 - Pros and Cons of different investment Models
 - Review Business modeling and financial assumptions
 - Understand the Public process necessary to execute various ownership/investment models
 - Technical review of potential Gondola Alignments, Tourist Adventure rides and conveyance capacities of such systems.
 - Review pros and cons of provisions of various types of adventure rides and amenities

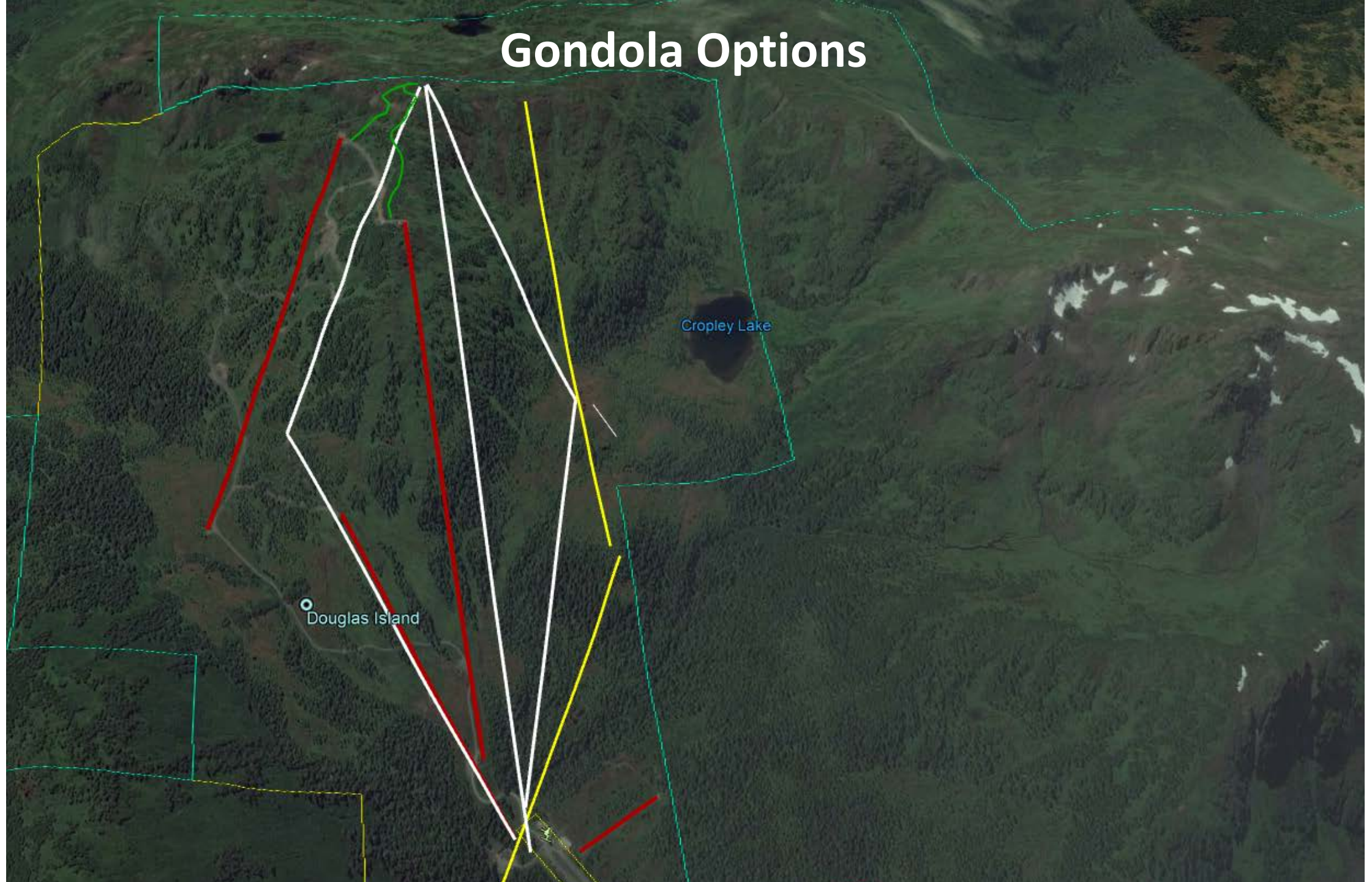
A scenic landscape photograph of two mountain bikers standing on a rocky ridge. The bikers are in the foreground, looking out over a vast fjord with steep, forested mountains on either side. The sky is filled with dramatic, grey clouds. The overall tone is adventurous and natural.

Overview of work done to date

REVISITING THE DEVELOPMENT OF SUMMER OPERATIONS

PREPARED JUNE 27, 2019

Gondola Options





SUMMIT LODGE

VIEWING & SEATING AREAS



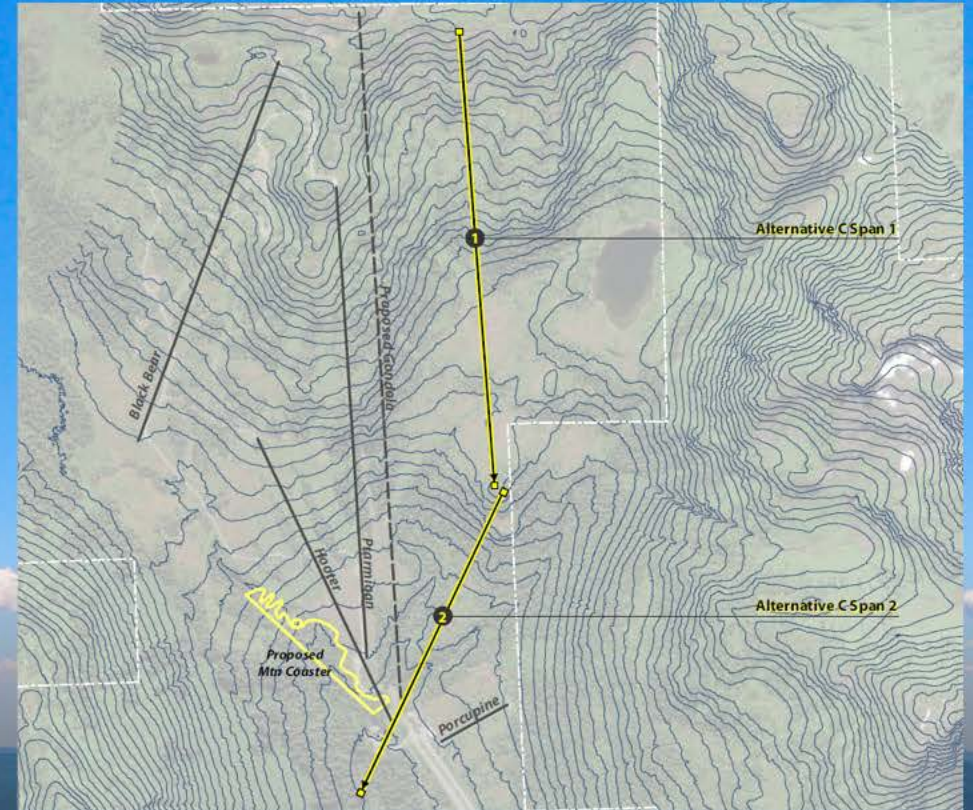
CONCESSIONS
EVENT SPACE
BATHROOMS



LONG SPAN ZIP LINE

TWO SPANS

TOP OF GONDOLA TO THE SUMMER CAMPUS BASE AREA

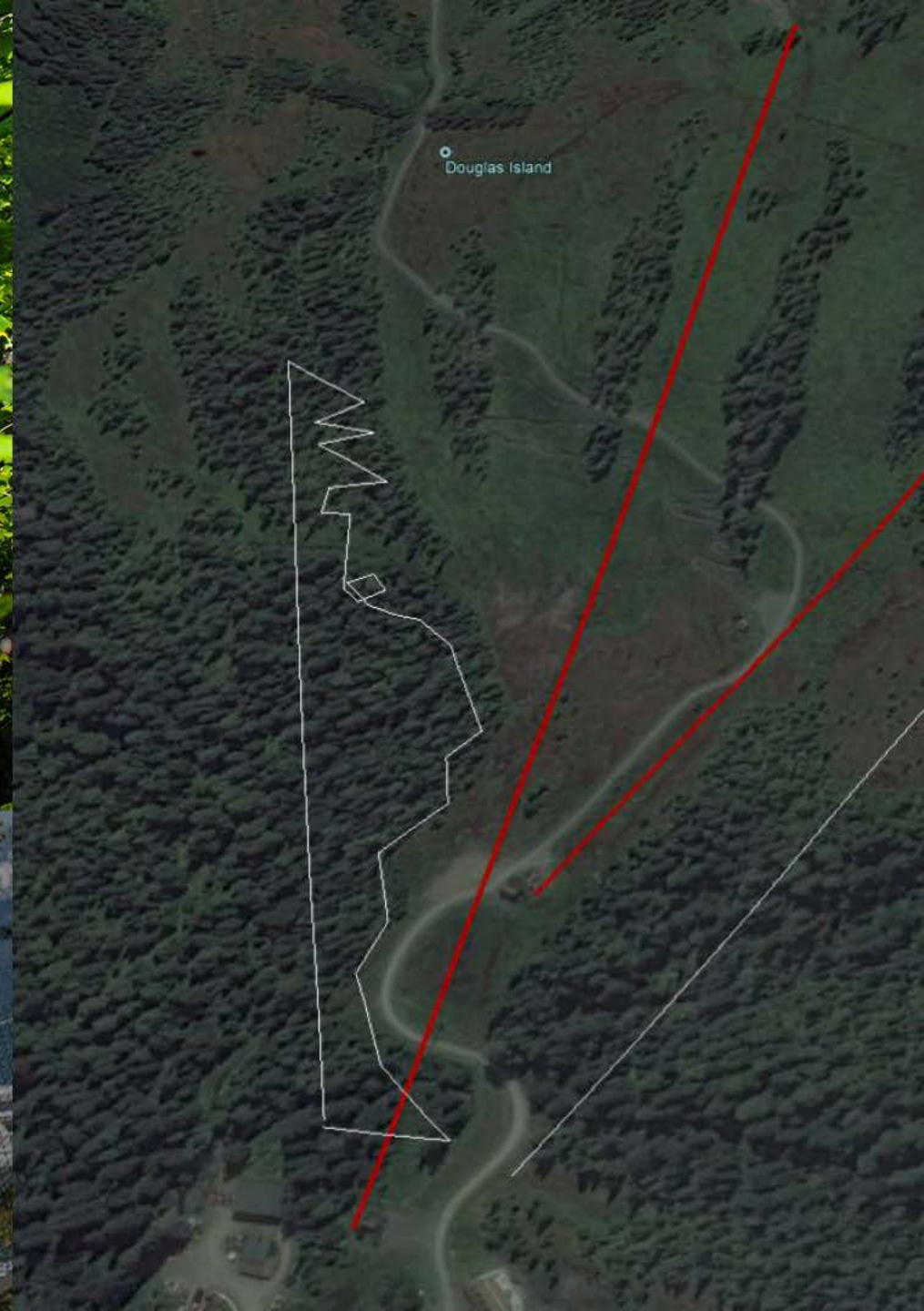




MOUNTAIN COASTER

YEAR-ROUND ACTIVITY

YOUTH ORIENTED, ADA ACCESSIBLE





LIFT-SERVED MOUNTAIN BIKING

REPLACE HOOTER CHAIRLIFT

BENEFIT LOCAL POPULATION

TRAIL DESIGN GEAR TOWARDS GROWING SKILLS

MORE DIFFICULT TRAILS VIA AERIAL GONDOLA

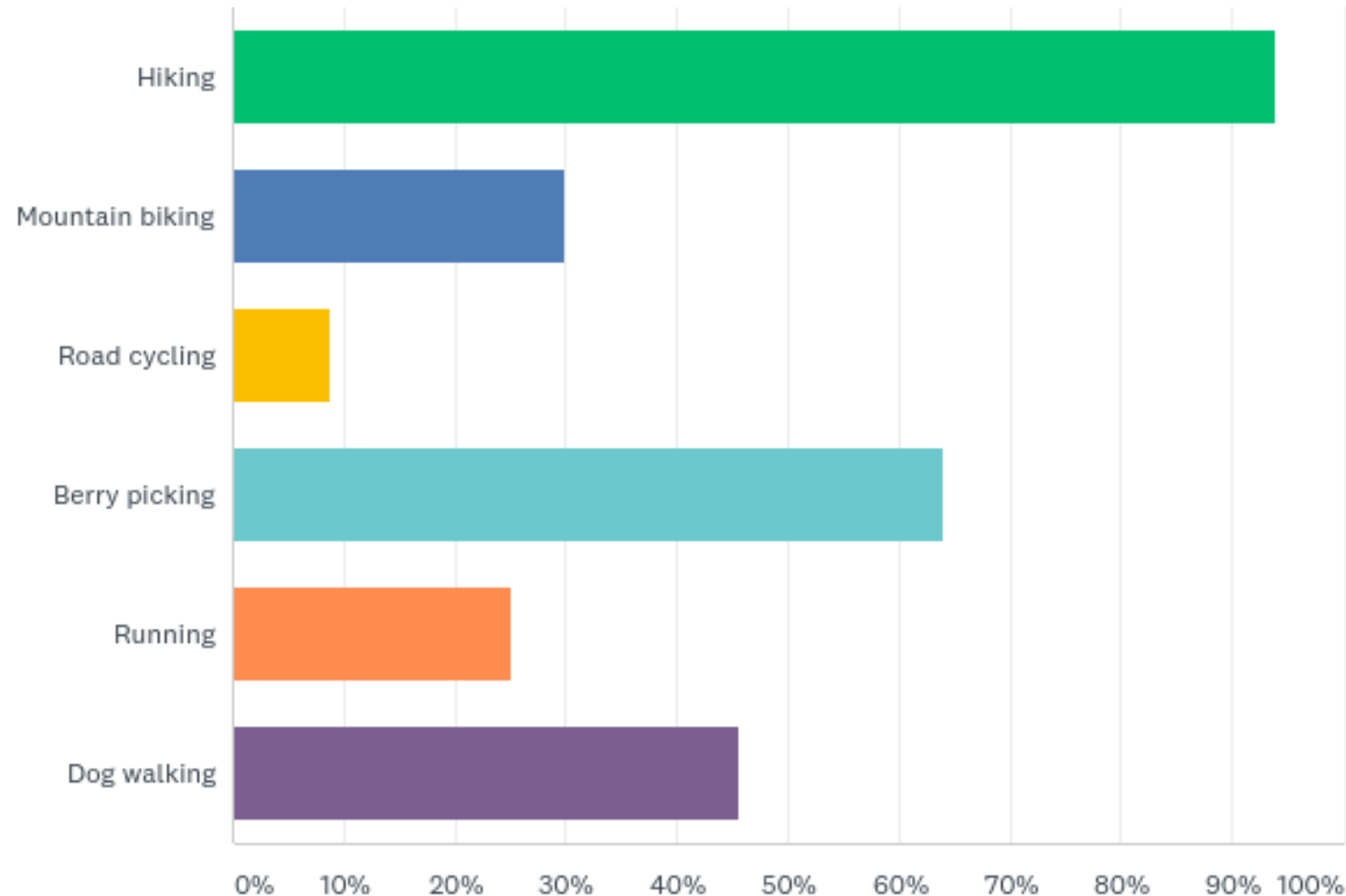


Public Meetings and Surveys

- Ski Area Manager has hosted 28 specific meetings and presentations related to Summer Operations
- Preliminary research into funding options including Revenue Bonds, Private Partnerships and Public Corporations.
- Request For Interest solicited to the Private Sector through CBJ Purchasing Department
- Consultations with Tourism Agencies
- Consultations with SE Group, Resort Planners
- Consultations with Resort Logic, Ski Area Appraiser and Financial Analyst

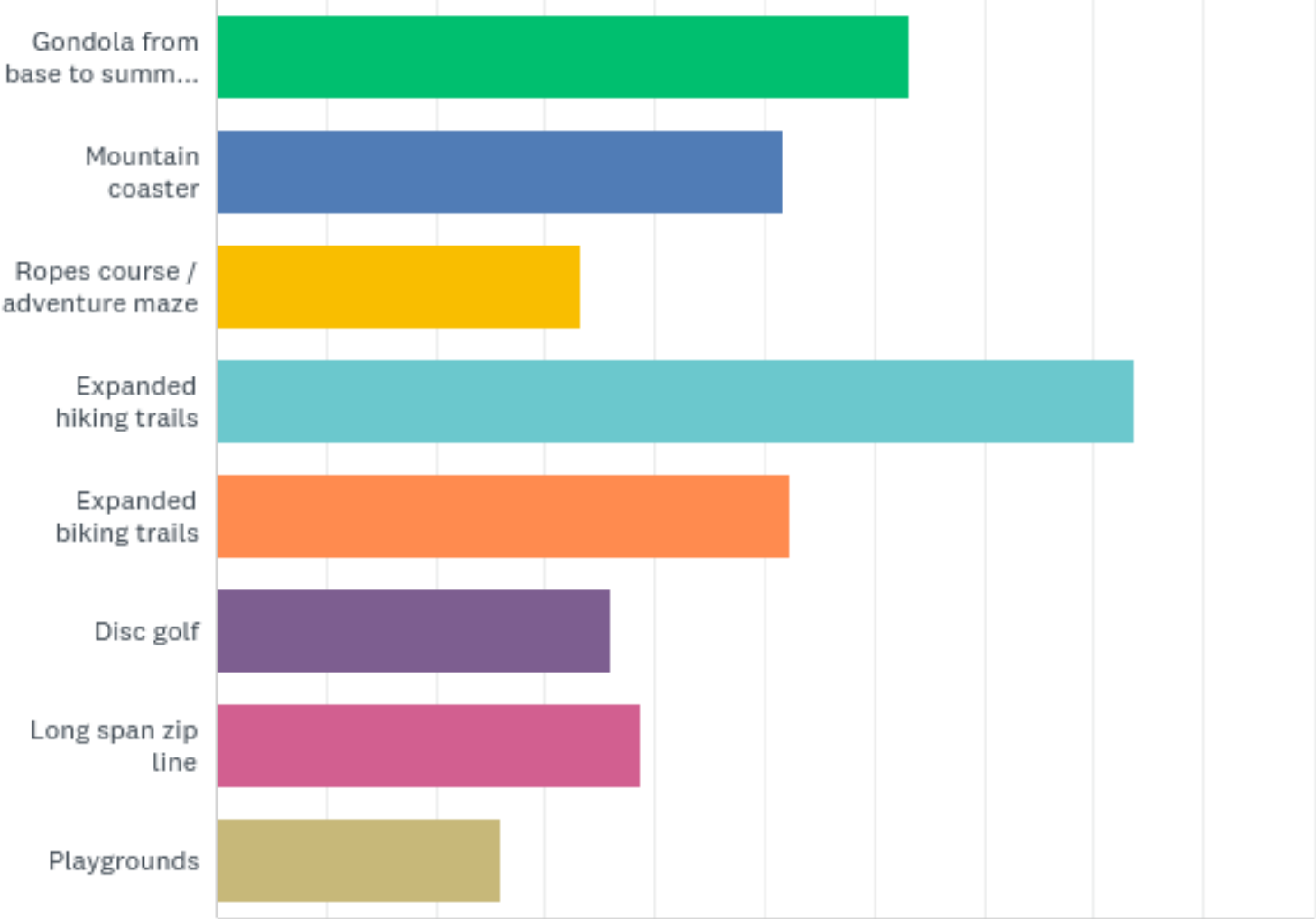
Q4: What Summer Activities do you visit Eaglecrest for?

Answered: 147 Skipped: 0



Q5: What summer activities would you explore if offered at Eaglecrest?

Answered: 147 Skipped: 0



Land Water Conservation Fund Overview

- Two Grants from LWCF were issued to help construct and improve Eaglecrest, the first in 1975-1976, the second in 1983-1988
- LWCF allows new Public Facilities to be constructed as long as there is a clear net gain in outdoor recreation benefit
- Ski Area Management has been in regular communication with the LWCF Program Director, Jean Ayers, while planning the Summer Adventure Park.
- No concession agreements are allowed in which a third party is given possessory rights to any portion of the land.

Criteria for new Public Facilities

1. Uses of the Facility will be compatible with and significantly supportive of current outdoor recreation resources.
2. All design and location alternatives have been adequately considered, documented and rejected on sound basis.
3. Park's outdoor use must continue to be greater than indoor uses
4. Potential future benefits to the total outdoor recreation utility must be identified in the proposal . Net recreation benefit must result
5. Facility must be in control and tenure of the public agency that sponsors and administers the original park area
6. The proposal has been analyzed pursuant to NEPA with allowance for public the opportunity to review and comment on the proposal if required as part of NEPA Review.
7. Applicable federal requirements for approval are met.
8. Proposal has been adequately reviewed at the State level and has been recommended by the SLO