



EAGLECREST SKI AREA SUMMER DEVELOPMENT PLAN

PREPARED JUNE 27, 2019



Eaglecrest Ski Area
Juneau, Alaska



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EXECUTIVE SUMMARY

The City & Borough of Juneau Assembly gave Eaglecrest's Board of Directors and staff their blessing to pursue the idea of developing commercial summer operations. Eaglecrest is in the preliminary stages and is advancing the idea in an effort to ensure Eaglecrest's long-term operation, maintenance, and financial sustainability.

Ski areas throughout the industry, small and large, have increasingly turned to summer revenue streams in order to thrive year-round and mitigate the financial impact of challenging winters. In the mid-1980s, Eaglecrest initiated steps to increase summer visitation with limited success. Since then, the landscapes of Eaglecrest Ski Area and Juneau's summer tourism have changed dramatically.

There are two development scenarios moving forward. The first is the status quo attempt to operate and maintain the ski area in the historical manner. The second is to pivot towards a model that leverages revenue streams from Juneau's summer tourist visitation.

EAGLECREST TODAY

Before analyzing summer operations, it's important to plainly address Eaglecrest's status quo. Eaglecrest operates on a 70% cost recovery model with annual expenses exceeding winter revenues. The budget is balanced through an annual CBJ General Fund Obligation, often referred to as the city subsidy. We are grateful for the support so we can continue offering world-class skiing, snowboarding, and youth programming to the residents of Southeast Alaska.

Juneau is in the midst of a five-year winter climate trend characterized by low snowfall and erratic temperature swings. Eaglecrest can mitigate challenging weather conditions through snowmaking and still deliver a reliable winter product. Yet, ski area operating costs are on the rise nationwide, and doing business in Alaska adds another layer of expense.

Furthermore, State and CBJ budgets are being stressed, and Ptarmigan & Hooter Chairlifts are approaching the end of their service lifecycle. It is Eaglecrest's fiduciary responsibility to the residents of Juneau to consider all options to become more financially independent.

EXECUTIVE SUMMARY

SUMMER OPPORTUNITY

Building on Eaglecrest's 2012 Master Plan, recent economic studies, and ski industry trends, Eaglecrest has developed an ambitious proof of concept for a well-rounded suite of summer recreational offerings. This includes a new passenger gondola to effectively replace Ptarmigan, as well as a Hooter replacement to accommodate lift-served mountain biking. Additional activities would include a mountain coaster, ropes course, adventure maze, hiking and biking trail improvements, and other activities for locals and visitors of all ages and interests.

The visitor industry is one of Alaska's few growing economic sectors, and it's especially evident right here in Juneau. The cruise ships are visiting more frequently, and they're carrying more passengers. The regional economic group Southeast Conference estimates a 17% increase from 2018 (1,165,000 visitors) to 2019 (1,361,000 visitors), and the growth is projected to continue with both cruise ships and independent travelers.

After preliminary consultations with tourism and ski industry representatives, it is clear that Eaglecrest is in an enviable position to capitalize on summer operations. Conservative estimates suggest that Eaglecrest could become financially independent from the city with profits reinvested to create even more affordable year-round recreation opportunities for the residents of Southeast Alaska.

As the community looks to balance the impacts of tourism's rapid growth, developing summer operations at Eaglecrest is a solution for Juneau to grow responsibly, alleviate summer capacity concerns, and secure the ski area's future. Furthermore, economic benefits of making Eaglecrest a year-round recreation destination would help our community flourish.



INTRODUCTION

MISSION & VISION STATEMENTS

HISTORY OF EAGLECREST

2012 EAGLECREST MASTER PLAN

EAGLECREST TODAY



MISSION & VISION

MISSION STATEMENT

Eaglecrest Ski Area is a community-owned winter recreation area and a year-round destination for outdoor recreation and education, providing a wide range of affordable non-motorized winter and summer outdoor recreational activities.

VISION STATEMENT

By 2010, Eaglecrest Ski Area will be a broadly supported, year-round recreation center with appropriate infrastructure for both public and commercial use.

These statements were defined through the 2008 Eaglecrest Ski Area Strategic Plan.



HISTORY OF EAGLECREST

1930s

In 1932 a rope tow was installed on Sandy Smith's mining claim in the Upper Perseverance Trail area. The following year the Civilian Conservation Corp (CCC) built the Dan Moller Ski Trail and a rope tow was installed. The Juneau-Douglas Bridge was constructed in 1935.

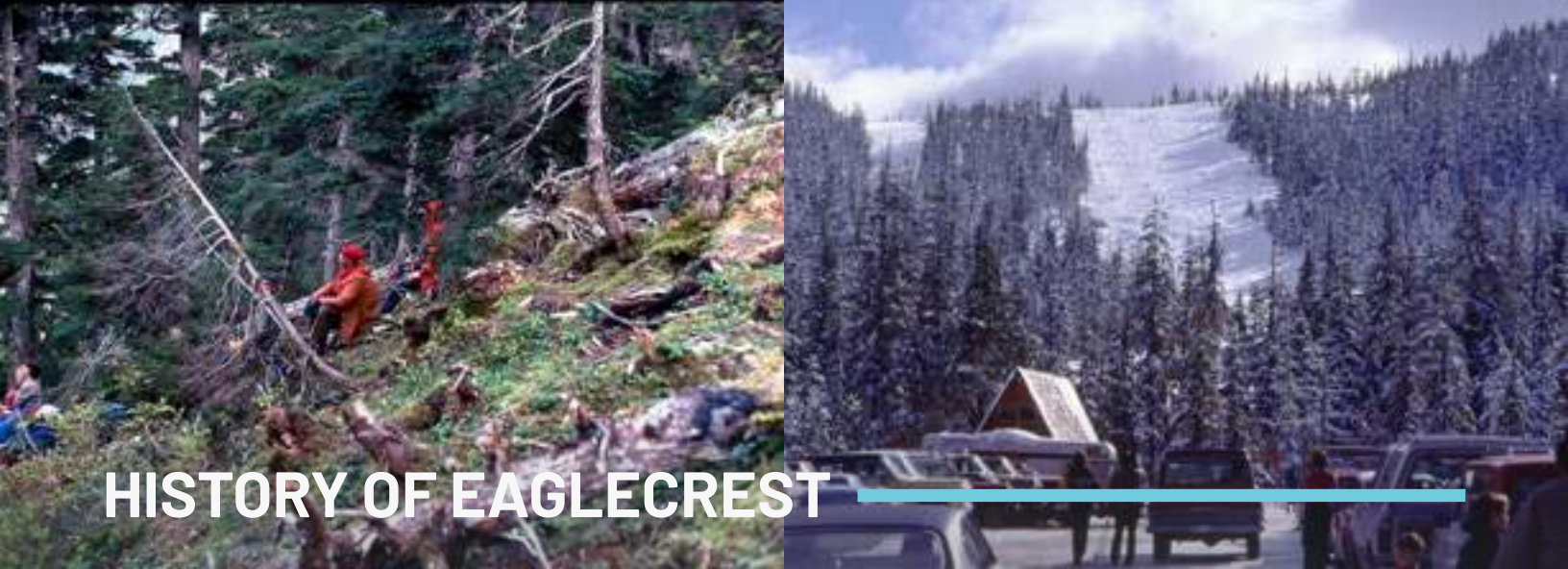
1940s & 1950s

Additional rope tows and warming cabins were constructed in various locations along the Dan Moller Ski Trail. The need for road access to a ski area was recognized.

1960s

Planning began for a new ski area with support from the United States Forest Service. Originally efforts focused on the Steep Creek area near the Mendenhall Glacier. Funding was approved for a road and site options were explored.





HISTORY OF EAGLECREST

1970s

Through the combined efforts of the Juneau Ski Club, Juneau Ski Patrol, US Forest Service, and the City & Bureau of Juneau (CBJ), a road was built up the Fish Creek Valley using congressional appropriation of federal highway dollars. The CBJ selected Eaglecrest's land under the Statehood Act, and the Forest Service designated it as a recreation area.

Once the road was completed, circa 1975, the Forest Service advertised for a private concessionaire to construct and operate a ski area. However, there was no private sector interest. Dedicated community members came together to salvage the idea, and voters passed a bond issue for Eaglecrest to be constructed, owned, and operated by the city. For the first five years the CBJ Parks & Recreation managed Eaglecrest, but this proved difficult because of the ski area's specialized needs.

1980s

An Advisory Board was created within Parks & Recreation, and a consultant produced a master plan, examined management alternatives, and ultimately recommended that the ski area be operated as an independently governed municipal enterprise. Following this analysis, voters approved the formation of a board-operated ski area. In 1981, the CBJ Assembly passed an ordinance establishing the Eaglecrest Board of Directors.

State and CBJ budgets were stressed when oil prices declined in the mid-1980s. One recommendation was for the ski area to be privatized. In 1986 a Request for Proposal (RFP) was issued for a private concessionaire to operate the ski area. There were no responses to the RFP.

In 1987, the CBJ Assembly debated whether the ski area should be an Enterprise Fund, similar to the Airport and Docks & Harbors, or a Special Revenue Fund, similar to Capital Transit and Augustus Brown Swimming Pool. After lengthy discussion, the ski area was designated as a Special Revenue Fund.

1990s

In 1999, the Mayor's Fiscal Task Force mentioned ski area privatization as a consideration for balancing the city budget. The CBJ Assembly did not act on this recommendation, but the Eaglecrest Board discussed the proposal in detail. Findings are documented in the 2003 Strategic Plan. The analysis concluded that Eaglecrest should remain a Special Revenue Fund.



HISTORY OF EAGLECREST

2000s

After a poor snow year in 2002-03, the decision was made to offer season pass refunds, which created a significant deficit in Eaglecrest's Fund Balance Reserve. After ten years, the deficit was quelled in 2014 resulting from consecutive years with high snowfall and increases to Eaglecrest's CBJ General Fund subsidy.

In 2003, Eaglecrest developed a Strategic Plan, which was later updated in 2008. It outlined Eaglecrest's Mission & Vision Statements.

A larger cafeteria seating area and a remodeled kitchen facility were completed in 2004. These improvements were, in part, responsible for increased food service revenues and customer satisfaction.

Voters approved a 2005 sales tax proposition that would fund the construction of the Black Bear Chairlift, among other local projects. In addition to sales tax revenues, construction of the mid-mountain lift required a \$100,000 match from other sources.

In 2007, Eaglecrest's Board of Directors and Management began fundraising for the construction of Black Bear Chairlift, Porcupine Chairlift, and the Summer Road. The campaign totaled \$225,000, and Eaglecrest was also awarded a \$700,000 grant from the Rasmussen Foundation.



HISTORY OF EAGLECREST

2010s

The planning process continued in 2012 when the Eaglecrest Board of Directors hired the SE Group to develop a new comprehensive Master Plan to guide the next stage of development at the mountain. Since then many of the projects identified in the 2012 Master Plan have been achieved including the construction of the Porcupine Lodge & Learning Center, expansion of snowmaking infrastructure, construction of our first Wilderness Cabin, authorization for Beer and Wine Sales and installation of the Black Bear and Porcupine Chair lifts.

Eaglecrest entered concessionaire agreements with two summer commercial tour operators. The first is a zip line excursion on the mountain. This company also rents the Porcupine Lodge for its base facility. The second is a bicycle tour that originates in the Eaglecrest Parking Lot.

The Porcupine Lodge was completed for the 2014-15 winter season to serve as the Eaglecrest Learning Center. The service areas are designed for Eaglecrest's Base Operations and Snow Sports School to run efficiently. The building is 8,656 square feet and was constructed at a cost of \$2.7 million, provided through a CBJ ballot measure.





2012 EAGLECREST MASTER PLAN

BACKGROUND

In 2011-2012 Eaglecrest developed a master plan to guide development of the area over the next 20 years. The Master Plan identifies multi-season recreation and commercial uses that are potentially feasible for the area and meet the community's vision for compatible uses at the mountain.

Through extensive public involvement, a key goal of the master plan is to identify development opportunities that will increase resident and visitor use of the area while preserving the pristine and natural qualities for which Eaglecrest is so highly valued. Realizing both components of this goal will require an approach that embraces the concepts of balance and compromise.

The Eaglecrest Master Plan process began in September 2011 with a completion date of April 2012. Elements of the planning process included: market research, site suitability analysis, and public involvement through a random telephone survey of Juneau households, open-access web survey, public meetings and other comment opportunities.

2012 EAGLECREST MASTER PLAN

KEY FINDINGS

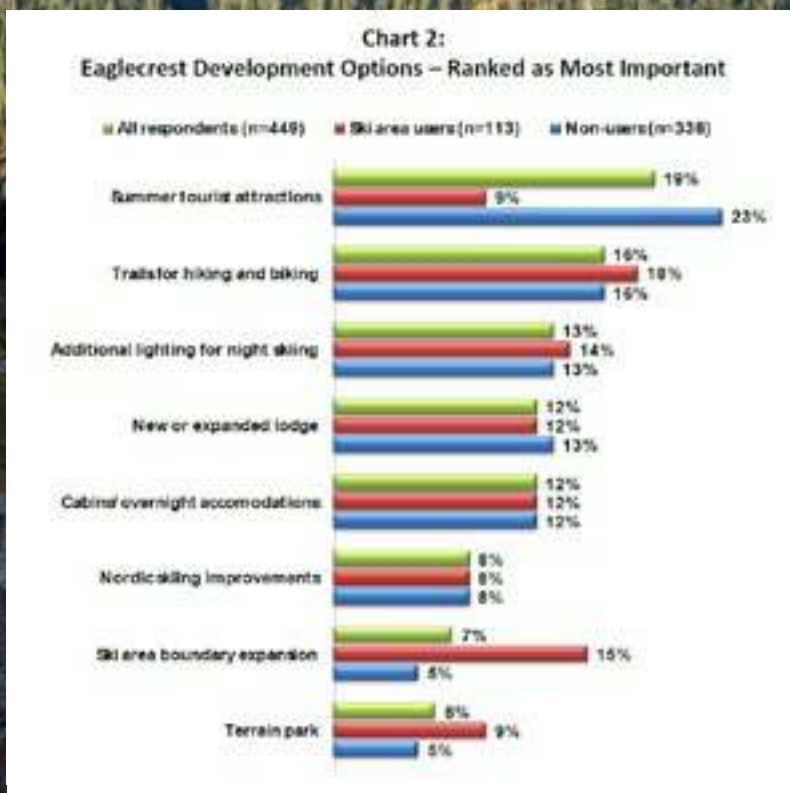
Eaglecrest is first and foremost a winter recreation area, managed to provide affordable skiing and snowboarding opportunities for the residents of Juneau. All proposals to develop additional facilities and activities must be considered in terms of potential impacts on Eaglecrest's core mission statement. Accordingly, no project should be undertaken that places at risk Eaglecrest's long-term sustainability.

With a 70% cost recovery rate, Eaglecrest is uniquely successful among publically owned and operated recreational facilities in terms of revenue generation. Acknowledging 70% cost recovery as Eaglecrest's policy and operational goal, and securing broad support for that goal, would provide a measure of longer term funding stability that is needed to plan for Eaglecrest's future. This would provide opportunities for future capital investment to make the area an even more valuable community asset.

As a publically supported facility, Eaglecrest cannot ignore the opinions and perceptions of the community as a whole, including nonskiers. Survey research conducted for this master plan revealed sometimes divergent perspectives and priorities among Eaglecrest users and non-users. Decisions about ski area development and management can certainly focus on the needs of its core users, but cannot be made in isolation of the wishes of residents who don't ski or snowboard, but help pay the bills with their taxes.

The development options described in this master plan must be considered within the context of specific objectives. The projects that would best enhance year-round community use of Eaglecrest may not be the same as those that enhance summer revenue generation. Similarly, projects that enhance winter season operations may do nothing to enhance year-round use. In an environment of limited financial resources, the Board of Director's challenge will be to first prioritize objectives, then prioritize projects that address those objectives.

2012 EAGLECREST MASTER PLAN



EAGLECREST TODAY

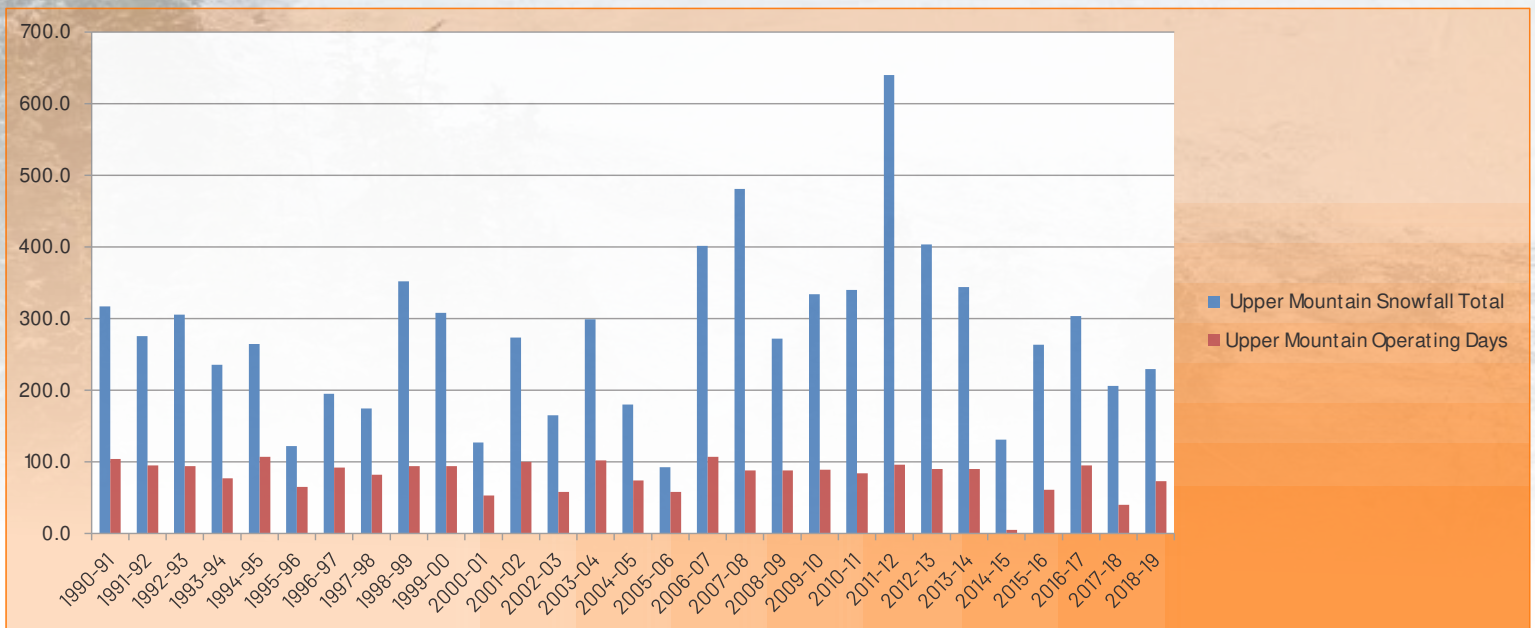
CLIMATE VULNERABILITY

At the time of the Master Plan, Eaglecrest was enjoying record high revenue and snowfall totals. Since the plan's completion in April 2012, the winters have been less bountiful and the ski area's usership and revenues have declined accordingly.

Eaglecrest has a history of erratic winters and snowfall totals, and the past five years have been highlighted by particularly challenging weather conditions. The graph below charts upper mountain snowfall and operating days from 1990-2019.

Over the past five years Eaglecrest has averaged 227" of snow and 55 operating days, a stark comparison to the previous five year averages of 412" and 90 days. It is important to note that Eaglecrest has endured similar rough patches in the past, averaging 202" of snow and 78 operating days over a five year period from 2001-2006, and 198" and 84 days from 1993-1998.

However, not reflected in the graph below are the current weather pattern's unique characteristics: dramatic swings in temperature and sustained rain events. These affect the ability to hold snow on the lower mountain, and, in turn, lead to fewer operating days.



EAGLECREST TODAY

IMPORTANCE OF SNOWMAKING

Eaglecrest is prioritizing snowmaking as a way to mitigate climate challenges and deliver a reliable winter product. As snowfall averages have declined in recent years, so have sustained cold snap periods with the low temperature and humidity levels necessary for efficient snowmaking.

Because the weather windows of opportunity are getting shorter, maximizing snowmaking production is incredibly important. In the past two years the snow gun fleet has grown from four to twenty, and there is now a pump house and water pipeline to facilitate snowmaking in higher elevations. Additional summer projects will re-condition trail surface and drainage areas to preserve snowpack and significantly reduce the required snowmaking hours to fill in problematic terrain.

Befitting of Southeast Alaska's prevailing weather pattern, winter 2018-19 was marked by low natural snowfall (229") and an unseasonably warm March. However, thanks to expanded snowmaking efforts Eaglecrest skiers and snowboarders enjoyed 73 operating days on the upper mountain.

Eaglecrest skiers and snowboarders witnessed how snowmaking fortifies their winter and creates an entirely new level of confidence to have a full season of ski lift operations despite the five-year weather pattern.

Temp (F)	Good Snow Quality					Poor Snow Quality										No Snowmaking				
	10%	15%	20%	25%	30%	35%	40%	45%	50%	55%	60%	65%	70%	75%	80%	85%	90%	95%	100%	
20	14	14	14	15	15	15	16	16	16	17	17	18	18	18	19	19	19	20	20	
21	14	15	15	16	16	16	17	17	17	18	18	18	19	19	19	20	20	21	21	
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39	27	28	28	29	30	30	31	31	32	32	33	33	34	34	35	35	36	36	37	
40	28	28	29	29	30	30	31	31	32	32	33	33	34	34	35	35	36	36	37	

EAGLECREST TODAY

FINANCIAL TRENDS: REVENUE

Annual user fees, typically season pass products, are Eaglecrest's largest source of revenue. Sales are primarily influenced by the prior winter's total operating days and snowfall.

Eaglecrest's second largest source of revenue are daily user fees, coming in the form of lift tickets, rentals, lessons, and retail sales. The primary influencing factors for these items are the present winter's operating status and snow conditions.

The five-year climate trend places Eaglecrest in a vulnerable financial position. In recent years the weather has had a negative impact on total snowfall and operating days.

Eaglecrest's current five year average for annual revenue is \$1,531,800 (Fiscal Years 2015-2019), compared to the previous five year period's average of \$1,869,200 (FY 2010-2014), a difference of \$337,400.

Eaglecrest also receives a \$700,000 annual subsidy from the CBJ. Over these two five year periods, the subsidy's average has been reduced by \$50,000. On an average annual basis, Eaglecrest is operating with \$387,400 less in total.

Previous Five Year Period	Revenue	Expenses	Loss	City Subsidy	Net	Cost Recovery %
FY 2010	\$ 1,661,436	\$ 2,298,074	\$ (636,638)	\$ 750,000	\$ 113,362	72.30%
FY 2011	\$ 1,761,638	\$ 2,402,519	\$ (640,881)	\$ 750,000	\$ 109,119	73.32%
FY 2012	\$ 1,958,429	\$ 2,468,678	\$ (510,249)	\$ 750,000	\$ 239,751	79.33%
FY 2013	\$ 1,976,769	\$ 2,528,769	\$ (552,000)	\$ 750,000	\$ 198,000	78.17%
FY 2014	\$ 1,987,696	\$ 2,597,762	\$ (610,066)	\$ 750,000	\$ 139,934	76.52%
Average	\$ 1,869,194	\$ 2,459,160	\$ (589,967)	\$ 750,000	\$ 160,033	75.93%
Current Five Year Period	Revenue	Expenses	Loss	City Subsidy	Net	Cost Recovery %
FY2015	\$ 1,426,177	\$ 2,137,283	\$ (711,106)	\$ 712,500	\$ 1,394	66.73%
FY2016	\$ 1,381,911	\$ 2,037,598	\$ (655,687)	\$ 662,500	\$ 6,813	67.82%
FY2017	\$ 1,791,461	\$ 2,472,364	\$ (680,903)	\$ 700,000	\$ 19,097	72.46%
FY2018	\$ 1,488,396	\$ 2,242,360	\$ (753,964)	\$ 700,000	\$ (53,964)	66.38%
FY2019	\$ 1,571,081	\$ 2,266,976	\$ (695,895)	\$ 725,000	\$ 29,105	69.30%
Average	\$ 1,531,805	\$ 2,231,316	\$ (699,511)	\$ 700,000	\$ 489	68.54%
Difference	Revenue	Expenses	Loss	City Subsidy	Net	Cost Recovery %
Current vs Previous	\$ (337,388)	\$ (227,844)	\$ (109,544)	\$ (50,000)	\$ (159,544)	-7.39%

The CBJ's \$250,000 annual contribution for Eaglecrest's Capital Improvement Projects fund is not included in this table.

EAGLECREST TODAY

FINANCIAL TRENDS: EXPENSES

Following the 2012 Eaglecrest Master Plan's goal of 70% cost recovery, Eaglecrest has spent \$227,844 less on an average annual basis over the past five years. This means reductions to staffing and winter services, as well as less ambitious capital improvement projects.

Eaglecrest's primary revenue streams are entirely dependent on snow. In order to stabilize winter revenues throughout these five-year financial and weather trends, snowmaking is a new top priority.

Although making snow is expensive, reprioritizing snowmaking efforts paid tremendous dividends in Fiscal Year 2019. The increased snowmaking budget fortified the snow surface, which survived inclement weather spells that would have otherwise greatly reduced operating days and revenue. Eaglecrest was able to retain staff, deliver quality winter product, and is well positioned to sell more season passes next season.

Eaglecrest's financial status quo is reliant on the annual City & Borough of Juneau subsidy and has little budget flexibility. Without the addition of summer revenue, funding future capital improvement projects, like chairlift replacements and further snowmaking expansions, will require ambitious fundraising campaigns or additional CBJ contributions.

EAGLECREST TODAY

GROWTH OF SUMMER TOURISM

In 2010, Juneau welcomed 871,000 cruise ship passengers. In 2019, Juneau is estimated to receive 1,325,000 passengers. That is more than a 50% increase in the last decade, and the growth is projected to continue.

Independent travelers are another growing visitor group. In 2016, Juneau welcomed 78,000 independent travelers, who typically stay in town for more than four days. They also spend more money on average than cruise ship passengers.





SUMMER OPERATIONS

SUMMER VISION

PROPOSED RECREATIONAL ACTIVITIES

The background of the page is a photograph of a ski lift chair suspended from a cable, moving over a lush green forested mountain slope. The chair is empty and is positioned on the right side of the frame. The forest is dense with evergreen trees, and the sky is a clear, light blue. The overall scene is bright and scenic, suggesting a summer setting at a ski area.

SUMMER VISION

FINANCIAL SUSTAINABILITY

This document is Eaglecrest's proof of concept that developing commercial summer operations can carry the ski area's operating costs and eliminate the city's annual subsidy (\$700,000) and Capital Improvement Project fund contribution (\$250,000). This would enable the city to reallocate \$950,000 for other city services.

Furthermore, Eaglecrest will not pursue financing options that would result in higher property taxes, sales taxes, or a General Fund obligation.

Fully developing summer operations at Eaglecrest would be an investment and require some combination of grants, revenue bonds, industrial loans, and public-private partnerships. Eaglecrest is consulting with financial experts to review all available funding options.

SUMMER VISION

PRESERVE LOCAL SUMMER EXPERIENCE

Fish Creek Road ends in the Eaglecrest parking lot at 1,130 feet above sea level, making it Juneau's highest road elevation. Although summer traffic volume is low, Eaglecrest is a recreational getaway for some Juneau residents looking to hike, bike, pick berries, and explore alpine terrain from a convenient access point and away from more popular lower elevation trails.

To minimize the impact of developing summer operations, commercial expansion would be limited to the base area, as well as the proposed activity infrastructure.

Although commercial operations would make Eaglecrest busier, the experience of hiking the Summer Road, Eaglecrest's most common offseason activity, would be almost entirely preserved. Aside from a few perpendicular road crossings for additional mountain bike trails, hikers would be undisturbed all the way to the Eagle's Nest after making it past the summer activity campus at the base area.

Eaglecrest would work to enhance the authentic summer experience by expanding the existing trail network within the ski area boundary and work with state and federal land managers to improve non-commercial trails and access to the surrounding areas, such as Mt Ben Stewart, Mt Troy, and the Dan Moller Basin.

SUMMER VISION

STAFF RETENTION

Eaglecrest's lowest paid job class is 15% below State of Alaska minimum wage, which is well below ski industry standards. This makes staff recruitment and retention particularly challenging, which in turn impacts the ski area's ability to deliver a quality winter product.

The pay schedule governing Eaglecrest's staff wages stands apart from other City & Borough of Juneau departments, which issue regular merit and cost of living increases or have union representation. At Eaglecrest, wage increases are issued only as ski area finances allow.

Due to the lack of revenue over the last five years and the commitment to operating the ski area without increasing the city subsidy, Eaglecrest staff wage increases in the last ten years have been marginal and infrequent.

With summer operations delivering additional revenue streams, Eaglecrest would be able to correct its pay schedule and align with other CBJ departments and the ski industry as a whole.



SUMMER VISION

IMPROVED WINTER OPERATIONS, SEVEN DAYS A WEEK

Eaglecrest is open five days a week during the winter season, except for Winter and Spring Break. If moderate financial projections are realized, Eaglecrest would be able to fund winter operations seven days a week, remaining open on Tuesdays and Wednesdays.

Not only would this help Eaglecrest retain workers with specialized industry experience, it would greatly benefit Juneau residents who also work irregular schedules.

Seven days a week operations at Eaglecrest would also attract more independent winter travelers, increasing ski area revenues and Juneau's winter economy.

Summer development presents an incredible opportunity to maintain and improve Eaglecrest's winter experience. With utility improvements and the influx of summer revenue, Eaglecrest would be able to add additional night skiing and snowmaking infrastructure.

New chairlift infrastructure with increased uphill capacity would reduce ride times immensely, keep groups together, and allow more vertical feet of skiing and snowboarding per day.

SUMMER VISION

ACCESSIBLE AND AFFORDABLE FOR ALL AGES

Alaska's Statewide Comprehensive Outdoor Recreation Plan (SCORP) stresses the importance of improving and increasing accessibility to outdoor recreation facilities and areas, for both residents and visitors.

Alaska's typical visitor is 53.7 years of age, according to Alaska Visitor Statistics Program (AVSP), and the most common age group is 65 and older, comprising 29% of all visitors. CBJ's recent Marine Park to Taku Dock Urban Design Plan also identifies the needs for youth-oriented attractions. Despite the fact that 10% of all cruise ship passengers are children (106,000 in 2017), there are almost no elements of the downtown tourism industry that are directed towards kids.

Eaglecrest's vision for summer operations is one with a variety of affordable recreational activities that are suitable for all ages and physical abilities. The following pages outline the recreational activities and attractions that are being considered.



AERIAL GONDOLA

Aerial Gondolas are a ropeway mode of transportation very similar to chairlifts. They differ, however, in that gondolas have cabins that can accommodate four to 12 passengers. Cabins provide an enclosed environment with amazing sightseeing opportunities out of the elements. This protection makes gondolas the most successful style of lift for ski area summer operations while still offering a practical winter application.

Eaglecrest's only top to bottom chairlift, Ptarmigan, is going into its 45th winter of operation and nearing the end of its service lifecycle. The new Aerial Gondola would become Eaglecrest's primary upper mountain lift for both winter and summer operations.

The primary goal of the Aerial Gondola is to access the breathtaking 360° panoramic views from Eaglecrest's ski area boundary ridgeline. The gondola's offloading terminal would be situated near the ridgeline's highest point, above Ptarmigan and Black Bear Chairlifts.

The photo below shows the view to the south of Stephens Passage, Seymour Canal, and Admiralty Island.





AERIAL GONDOLA

The map below shows the proposed Aerial Gondola alignment in the color white and Eaglecrest’s existing chairlift alignments in the color red. The gondola’s loading terminal would be located in the present area known as Tiger Hollow, near the base of Hooter Chairlift.

This base area would serve as the campus for Eaglecrest’s Summer Adventure Park and house the additional recreational activities: mountain coaster, ropes course, adventure maze, high speed zip line, lift-served mountain biking, and other potential attractions.

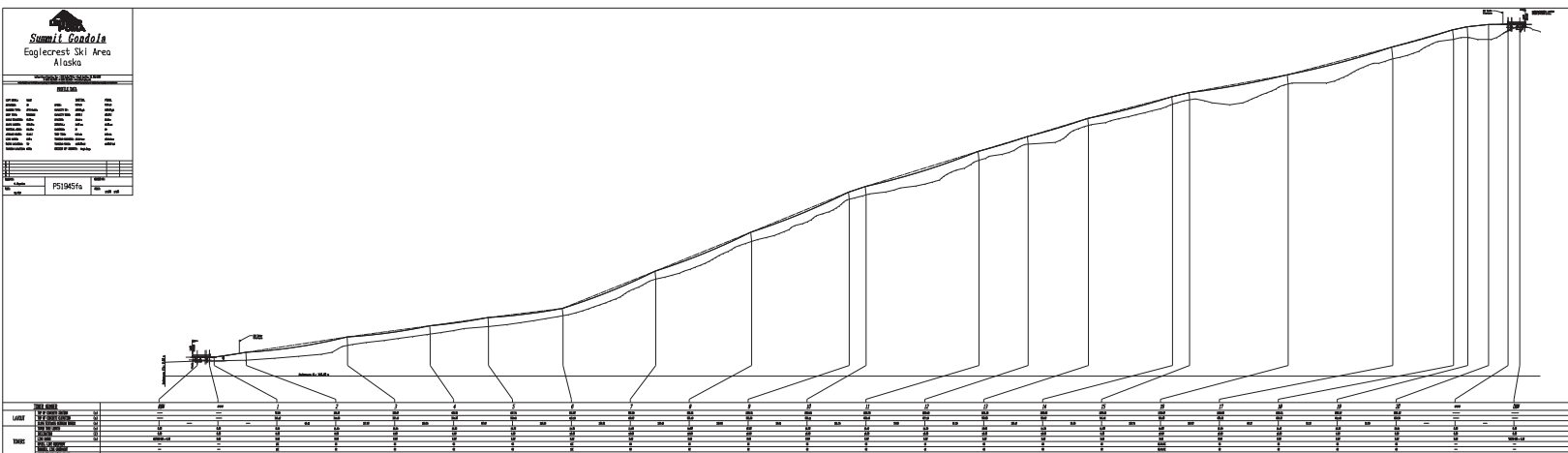


AERIAL GONDOLA

North America has two gondola ropeway manufacturers, Leitner-Poma and Doppelmayr. Eaglecrest has been working with both companies on price quotations and preliminary designs.

The new gondola would be engineered for an initial uphill rider capacity of 1500 passengers per hour, using 30 ten-passenger cabins, but could grow to 2400 passengers with the addition of more cabins. The total ride time would be less than seven minutes.

The image below is a line profile for the proposed Aerial Gondola installation, provided by Leitner-Poma.





SUMMIT LODGE & UTILITY IMPROVEMENTS

The Aerial Gondola's offloading terminal would be located adjacent to or within a Summit Lodge, which would house viewing areas, event space, bathrooms, and concessions.

The Summit Lodge would serve as the central access point to a network of short, undulating hiking trails that will traverse the ridgelines and circle back to existing trail infrastructure. All trails would be suitable for visitors with varying levels of fitness.

Bull-Stockwell-Allen Architecture shared a design portfolio that includes many striking lodge building examples. The photos above show projects in Bretton Woods, NH and Casper, WY. Both are designed to maximize view planes. The lodge pictured above (top left) is adjacent to the top offloading terminal for a gondola. Using a specialized design firm and value-cost engineering are ways to provide Eaglecrest with a pragmatic Summit Lodge.

As part of the Summit Lodge construction, additional utility lines would be laid, allowing Eaglecrest to electrify the Black Bear Chairlift, water pump house, and have the potential to grow night-skiing and snowmaking infrastructure.



MOUNTAIN COASTER

Mountain Coasters have quickly become a financial anchor for summer operations at ski areas of all sizes. The ride is equivalent to a one cart roller coaster that runs on a steel railed track. Riders load at the bottom of the ride and are pulled up the track to the top, where gravity takes over, propelling the cart down.

Each rider has the ability to control the speed of the cart on the way down by applying more or less braking pressure. Carts are spaced approximately 300 feet apart so guests can go as fast or as slow as they might desire without effecting others. Anti-collision technology is automatically built in to prevent collisions. Additionally, each cart has a speed controlled braking system that will not allow the cart to exceed a maximum speed of 27 miles per hour down the track.

There are weight and height restrictions, and small children may ride with an adult passenger. No physical ability is required, which makes this an exceptional visitor experience for people of all ages and physical backgrounds.

Mountain Coasters are capable of operating throughout the year, even in rain and light snow. Most mountains see strong participation on weekends and holidays throughout the winter season. During rainy weather in the summer season the carts are equipped with a rain cover that will keep riders relatively dry during the ride.





MOUNTAIN COASTER

The two leading Mountain Coaster manufacturers, Wiegand Sports and Aquatic Development Group, have each provided Eaglecrest with cost estimates and financial performance models. Based on visitor and local demographics of Juneau, there is a strong case for the advancement of this attraction. Many ski areas see a three year return on investment.

The location identified for the Mountain Coaster would provide an amazing experience, crossing over rushing waterfalls and paralleling creek drainages for most of the ride. The map to the right shows the proposed alignment of the Mountain Coaster, as identified by Wiegand Sports.

The loading and unloading areas would be located directly above the bottom of the Hooter Chairlift, within Eaglecrest's summer campus base area. The top of the track would travel between the ski trails Trickster and Sneaky. The down track would have a total length of 3275 feet with a mix of features, such as a 360° loop and wave turns.





ROPES COURSE & ADVENTURE MAZE

The photo above shows a Ropes Course & Adventure Maze installation at Killington Ski Resort, designed and constructed by Ropes Course International. From an operational standpoint, two great advantages of this activity are that it doesn't occupy a large land space and it can be operated with a small staff.

The Ropes Course portion of the experience has four to five levels that increase in difficulty as guests climb through the layers of the course. The course utilizes what is referred to as a continuous belay system to allow guests to stay clipped into safety devices, making it a very safe activity for guests of all ages.

The lowest level is an activity called the Adventure Maze. It is comprised of plastic partitions that can be reconfigured to create new mazes. Guests are given a tracking chip which needs to be logged into four different destinations within the maze. Their route through the maze is timed, allowing guests to compete against friends while racing through the maze. The Adventure Maze is a popular attraction for birthday parties and other group events.

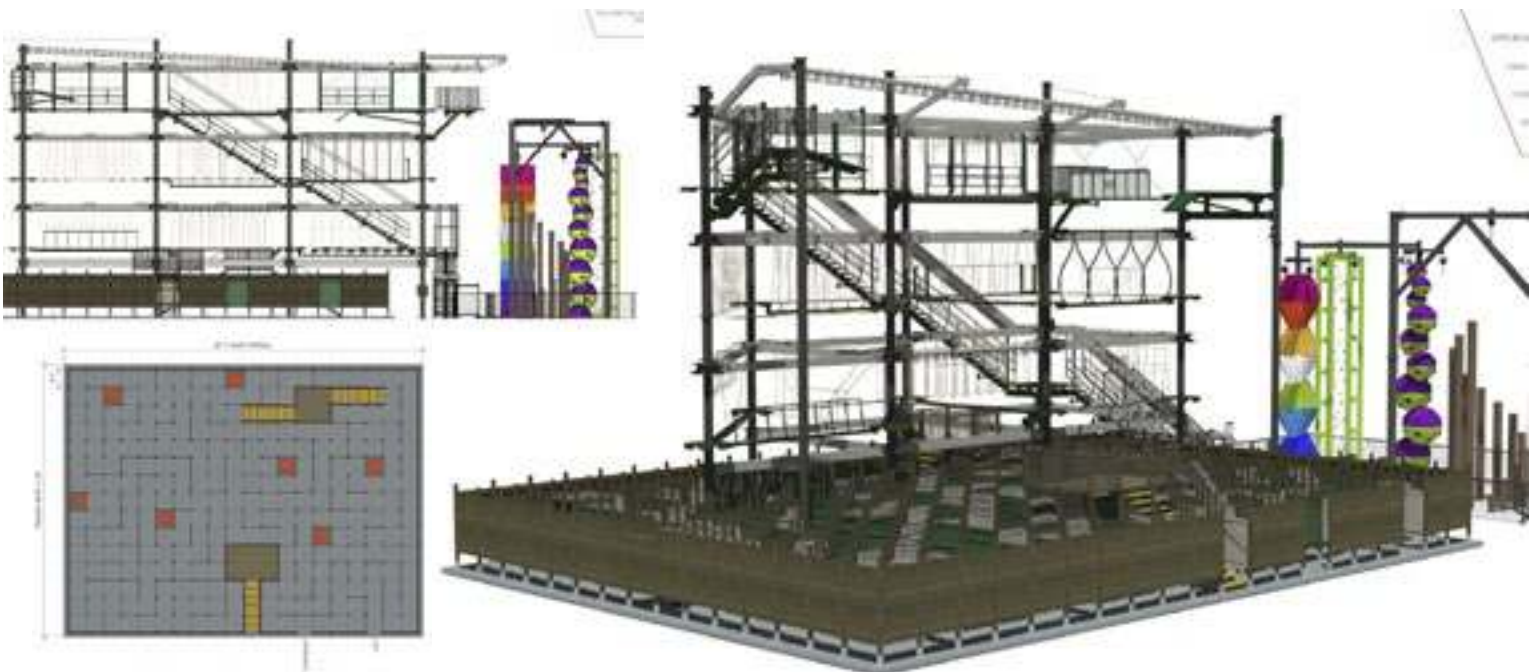
The Ropes Course and Adventure Maze would be excellent complimentary activity located within Eaglecrest's summer campus base area, near the Aerial Gondola's loading terminal.

Climbing Walls are another additional element that can be added to this installation. Juneau has a strong climbing community, and this recreational category could be expanded over time.



ROPES COURSE & ADVENTURE MAZE

Eaglecrest has a design proposal and quotation from Ropes Course International. See the conceptual rendering in the images below.



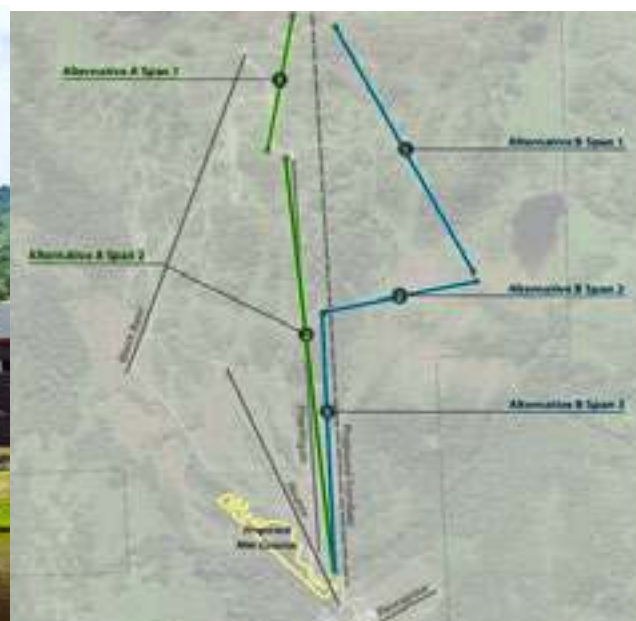


LONG SPAN ZIP LINE

Eaglecrest and zip line tour operators have had concessionaire agreements since 2006. Currently, zip lining is the only summer tourism product available on the mountain. With the addition of an Aerial Gondola, there would be a great opportunity to expand in this category by building a Long Span Zip Line.

Over the past two years, long distance zip lines with dramatic vertical drops have grown in popularity. Terra Nova is a leading developer and has designed and constructed some of the longest span zip lines in the world.

Pictured below (right) is a line profile from a Terra Nova feasibility study for an Eaglecrest installation with multiple pitches from the top of the mountain down to the summer campus.





LIFT-SERVED MOUNTAIN BIKING & HOOTER CHAIRLIFT REPLACEMENT

Mountain biking is a lifestyle activity adopted by many skiers, snowboarders, and families. Avid mountain bikers typically visit their local park multiple times per week and add authenticity to the summer mountain experience.

Eaglecrest has one downhill mountain biking trail that was funded and constructed thanks to the Juneau Mountain Bike Alliance, a local group of riders representative of Juneau's enthusiastic mountain biking community. Given the growth of the mountain bike industry and Juneau's summer tourism, there is potential to expand beyond this small section of trail and offer lift-served mountain biking at Eaglecrest.

In an effort to gauge potential development opportunity and inform future trail design, Eaglecrest contracted Gravity Logic to perform a feasibility study. Gravity Logic is North America's preeminent bike park design firm and builders of the world-famous Whistler Mountain Bike Park. Gravity Logic concluded that stand-alone mountain biking operations would likely be unprofitable, though it would serve the local population well.

By developing a larger, complementary package of summer recreational activities, Eaglecrest could successfully implement lift-served mountain biking, as well as a rental and lesson program. The local population would be the primary users and beneficiaries, and trail design would be geared towards all ages and abilities while helping introduce and grow the sport on the local level.



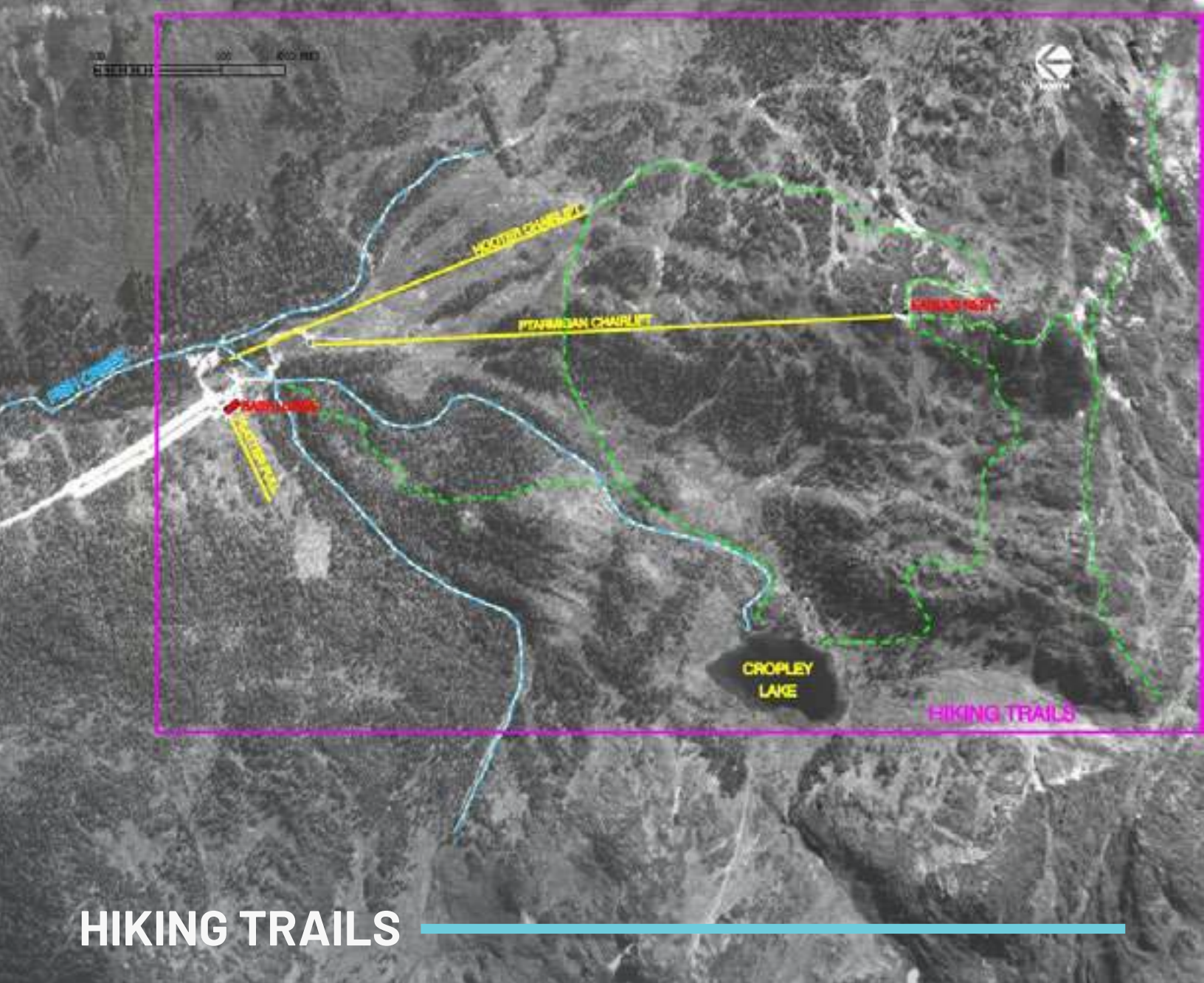
LIFT-SERVED MOUNTAIN BIKING & HOOTER CHAIRLIFT REPLACEMENT

The map below shows chairlift alignment and the mountain bike trail design plan, as developed by Gravity Logic. The trails would be across the Lower Mountain and accessible via a new fixed grip quad chairlift that would replace Hooter Chairlift, which is also nearing the end of its service lifecycle.

The new chairlift would have extended loading and offloading terminals to accommodate the use of mountain bike carriers, as well as increased uphill carrying capacity for both winter and summer seasons.

The first phase of trail building would focus on the construction of beginner and intermediate trails to help build local users' skills and confidence and develop interest in the sport. The entire trail plan shown on these maps would be completed over the course of five years. Eaglecrest's current section of trail is shown in the color orange.





HIKING TRAILS

Eaglecrest has spectacular alpine hiking opportunities in the terrain above Ptarmigan and Black Bear Chairlifts. However, the existing trail network is limited, and hiking on unmanaged terrain can be dangerous with many hidden holes, stumps, and overall slick conditions.

In 2007, efforts were made to expand maintained hiking trail access within the ski area boundary. The photo above shows improvement plans, which are prior to the Summer Road's construction. Routes were planned along Eaglecrest's high alpine ridgeline, above both East and West Bowls, as well as additional trails from the base area to Cropley Lake, through the Heavenly Valley, and on to the Eagle's Nest.

Developing summer operations would allow Eaglecrest to make this vision of trail improvements a reality. A ridgeline trail overlooking Stephens Passage, Admiralty Island, Cropley Lake, and Mount Ben Stewart would be a featured attraction for both locals and visitors. Additional routes from the base area and potential trail expansion outside the ski area boundary in future would also help preserve Eaglecrest's authentic, non-commercial experience currently enjoyed by predominant local users.



MORE POTENTIAL ACTIVITIES

GOLD PANNING is low cost activity typically offered at ski areas with summer operations. There are a variety of manufacturers that sell turnkey gem stone panning stations. Guests purchase bags of pay dirt and use the station unguided.

PLAYGROUNDS are another family oriented activity option that could help compliment the other recreational activities in the summer campus base area.

DISC GOLF is a rapidly growing sport as many young adults are moving away from traditional golf. There is a passionate group of local disc golfers with the knowledge and energy to assist with constructing a course from the top of the Aerial Gondola. The course would provide a stunning backdrop and drive revenue through gondola, food, and beverage sales. Potential exists to develop tournaments and attract disc golfers from beyond Juneau.

MOUNTAIN TOP CONCERTS and live music are likely to draw a strong audience. The Aerial Gondola would transport supplies and people to the top of the mountain, and events could be hosted inside the Summit Lodge in case of inclement weather.

WEDDING VENUE Eaglecrest currently rents the Fish Creek Lodge for weddings, family reunions and other private parties. Last summer the Lodge was reserved for 90% of the weekends for these types of events. The Aerial Gondola and Summit Lodge would add another element for these groups and events to enjoy.



FINANCIAL ANALYSIS

INTRODUCTION

GROSS REVENUE PROJECTIONS

CAPITAL COSTS

PROJECTED EXPENSES

CONCLUSIONS

FUNDING MECHANISMS

INTRODUCTION

The following financial analysis demonstrates the viability of commercial summer operations by projecting Eaglecrest's annual gross revenue, expenses, and debt service payments for the required capital improvement projects.

Eaglecrest's gross revenue is identified in three categories: daily summer operations, summer season passes, and winter operations. Each revenue category has low, medium, and high gross revenue projections, with the low end forecasting the fewest summer daily visits and sales.

For daily summer operations, three user categories are examined: cruise ship passengers, independent travelers, and locals. Each category has its own visitor capture percentage, which is set to 4% for cruise ship passengers, 25% for independent travelers, and 10% for locals. These rates are set conservatively low to showcase a worst case scenario for summer visitation and gross revenue projections.

The 2016 Alaska Visitor Statistics Program found that tourists' highest spending category was for tours/activities/entertainment, where average spending was \$200 per person per trip. Retail and food and beverage spending averages were \$137 and \$133, respectively.

Using the AVSP as a guideline, Eaglecrest's average visitor spending is projected to range from \$79 to \$99, and includes all activity, food, beverage, and retail sales. Following the AVSP's findings, locals are set to spend less than cruise passengers and independent travelers.

For the purposes of this financial analysis, locals are the only user category for summer season passes. Gross revenue projections are also conservative to showcase a worst case financial scenario and are low compared to industry trends.

Continued >

INTRODUCTION

Winter operations revenue projections align with Eaglecrest's historical totals, which are discussed in detail on page 16.

After totaling each gross revenue category, the financial analysis projects Eaglecrest's annual expenses, using inflated operational costs for both winter and summer seasons to account for increases in maintenance, administration, and personnel.

The financial analysis outlines the capital costs for developing summer operations at Eaglecrest, including the installation of a new aerial gondola, zip line, mountain coaster, Hooter Chairlift replacement, trail work, rope course, adventure maze, buildings, utilities, and other associated capital improvement projects.

Then the analysis projects the additional expense of debt service payments required to fund the capital improvement projects. As another worst case scenario, the debt service projection assumes Eaglecrest is unable reduce accumulated interest through grants, donations, or other funding mechanisms.

Last, the gross revenue projections are applied to Eaglecrest's total projected expenses to demonstrate the viability of developing summer operations.

GROSS REVENUE PROJECTIONS

SUMMER DAILY OPERATIONS

LOW GROSS REVENUE PROJECTION: \$6,712,550

The low visitation projection sets the cruise ship passenger group size at 1,100,000, which is a 17% decrease from Juneau's 2019 estimated visitation of 1,325,000. Using a 4% capture rate for cruise ship passengers, Eaglecrest will see roughly 44,000 visits.

Independent travelers group size is set at 85,000, which applies three year growth rate of 3% to Juneau's 2016 total of 78,000. Given that independent travelers stay in Juneau for an average of four days, the projected capture rate is set at 25%, as this user category is more likely to visit Eaglecrest's Summer Adventure Park during their longer stay.

The local population capture rate is 10%, which is lower than Eaglecrest's present winter local usership rate. Locals who opt to purchase summer season pass products for the Aerial Gondola and mountain biking are not included in the projected 3,200 local summer visitors (see page 44).

Daily Summer Operations	Low Projections
Total Cruise Ship Passengers	1,100,000
Capture Rate	4.0%
Total Eaglecrest Visits	44,000
Average Visitor Spending	\$99
Average Daily Visitors	314
Total Spending	\$ 4,356,000
Independent Travelers	85,000
Capture Rate	25.0%
Total Eaglecrest Visits	21,250
Average Visitor Spending	\$99
Average Daily Visitors	152
Total Spending	\$ 2,103,750
Local Population	32,000
Capture Rate	10.0%
Total Eaglecrest Visits	3,200
Average Visitor Spending	\$79
Average Daily Visitors	23
Total Spending	\$ 252,800
Total Visitor Spending	\$ 6,712,550
Total Average Daily Visitors	489

GROSS REVENUE PROJECTIONS

SUMMER DAILY OPERATIONS

MID GROSS REVENUE PROJECTION: \$7,430,300

The mid visitation projection sets the cruise ship passenger group size at 1,250,000, which is a 5.7% decrease in cruise ship visitation from Juneau’s 2019 estimated visitation of 1,325,000. Using a 4% capture rate for cruise ship passengers, Eaglecrest will see roughly 50,000 visits.

Independent travelers group size is set at 90,000, which applies three year growth rate of 4% to Juneau’s 2016 total of 80,000. Given that independent travelers stay in Juneau for an average of four days, the projected capture rate is set at 25%, as this user category is more likely to visit Eaglecrest’s Summer Adventure Park during their longer stay.

For purposes of a conservative analysis, the mid visitation projection for Juneau’s local population is set at a constant 3,200, based on a 10% capture rate. Locals who opt to purchase summer season pass products for the Aerial Gondola and mountain biking are not included in the projected 3,200 local summer visitors (see page 44).

Daily Summer Operations	Mid Projections
Total Cruise Ship Passengers	1,250,000
Capture Rate	4.0%
Total Eaglecrest Visits	50,000
Average Visitor Spending	\$99
Average Daily Visitors	357
Total Spending \$	4,950,000
Independent Travelers	90,000
Capture Rate	25.0%
Total Eaglecrest Visits	22,500
Average Visitor Spending	\$99
Average Daily Visitors	161
Total Spending \$	2,227,500
Local Population	32,000
Capture Rate	10.0%
Total Eaglecrest Visits	3,200
Average Visitor Spending	\$79
Average Daily Visitors	23
Total Spending \$	252,800
Total Visitor Spending \$	7,430,300
Total Average Daily Visitors	541

GROSS REVENUE PROJECTIONS

SUMMER DAILY OPERATIONS HIGH GROSS REVENUE PROJECTION: \$8,148,050

The high visitation projection sets the cruise ship passenger group size at 1,400,000, which is a 5.7% increase in cruise ship visitation from Juneau’s 2019 estimated visitation of 1,325,000. Using a 4% capture rate for cruise ship passengers, Eaglecrest will see roughly 56,000 visits.

Independent travelers group size is set at 95,000, which applies three year growth rate of 6% to Juneau’s 2016 total of 80,000. Given that independent travelers stay in Juneau for an average of four days, the projected capture rate is set at 25%, as this user category is more likely to visit Eaglecrest’s Summer Adventure Park during their longer stay.

For purposes of a conservative analysis, the high visitation projection for Juneau’s local population is set at a constant 3,200, based on a 10% capture rate. Locals who opt to purchase summer season pass products for the Aerial Gondola and mountain biking are not included in the projected 3,200 local summer visitors (see page 44).

Daily Summer Operations	High Projections
Total Cruise Ship Passengers	1,400,000
Capture Rate	4.0%
Total Eaglecrest Visits	56,000
Average Visitor Spending	\$99
Average Daily Visitors	400
Total Spending \$	5,544,000
Independent Travelers	95,000
Capture Rate	25.0%
Total Eaglecrest Visits	23,750
Average Visitor Spending	\$99
Average Daily Visitors	170
Total Spending \$	2,351,250
Local Population	32,000
Capture Rate	10.0%
Total Eaglecrest Visits	3,200
Average Visitor Spending	\$79
Average Daily Visitors	23
Total Spending \$	252,800
Total Visitor Spending \$	8,148,050
Total Average Daily Visitors	593

GROSS REVENUE PROJECTIONS

SUMMER SEASON PASSES

LOW PROJECTION	\$63,600
MID PROJECTION	\$139,650
HIGH PROJECTION	\$240,600

Summer season pass sales are products that are specifically intended for Juneau residents. The two main products would be the Aerial Gondola Season Pass and the Summer Adventure Season Pass.

For purposes of this analysis, prices are set at \$129 for the Aerial Gondola and \$249 for the Summer Adventure Season Pass, which align with local and industry benchmarks. The adventure pass would include access to the gondola, mountain bike lift, and other base area activities.

Summer Season Passes	Low Projections		Mid Projections		High Projections	
	Sales	Total	Sales	Total	Sales	Total
(\$129) Aerial Gondola Season Pass	300	\$ 38,700	600	\$ 77,400	900	\$ 116,100
(\$249) Summer Adventure Season Pass	100	\$ 24,900	250	\$ 62,250	500	\$ 124,500
Total	400	\$ 63,600	850	\$ 139,650	1,400	\$ 240,600

GROSS REVENUE PROJECTIONS

WINTER OPERATIONS

LOW PROJECTION\$1,447,000

MID PROJECTION\$1,760,500

HIGH PROJECTION\$2,044,000

The low projection aligns with Eaglecrest current five year annual revenue average (see page 16). This assumes Eaglecrest’s winters continue more or less at the same rate.

The mid projection aligns with Eaglecrest’s previous five year annual revenue average (see page 16). This assumes Eaglecrest winters return to previous level enjoyed during the more bountiful winters from 2009-10 through 2013-14.

The high projection assumes Eaglecrest’s new infrastructure is able attract more winter users and additional revenue.

If Eaglecrest’s total gross revenue meets or exceeds mid projections, the ski area would be able to offer seven day a week winter operations (see page 50).

The added value of snowmaking stabilizing Eaglecrest’s operating days and winter revenues is not reflected in the projections.

Winter Operations	Low Projections	Mid Projections	High Projections
Season Pass Products	\$ 750,000	\$ 900,000	\$ 990,000
Lift Tickets	\$ 175,000	\$ 200,000	\$ 300,000
Snowsports School	\$ 125,000	\$ 150,000	\$ 175,000
Food Service	\$ 105,000	\$ 135,000	\$ 150,000
Rental Shop	\$ 90,000	\$ 120,000	\$ 135,000
Ski Shop	\$ 75,000	\$ 100,000	\$ 110,000
Lockers	\$ 60,000	\$ 65,000	\$ 70,000
(Includes Summer) Facility Rentals	\$ 15,000	\$ 30,000	\$ 50,000
Eaglecrest Foundation Contribution	\$ 75,000	\$ 50,000	\$ 50,000
Bus Fees	\$ 5,000	\$ 7,500	\$ 10,000
Vending Machines	\$ 2,000	\$ 3,000	\$ 4,000
Total	\$ 1,477,000	\$ 1,760,500	\$ 2,044,000

GROSS REVENUE PROJECTIONS

Daily Summer Operations	Low Projections	Mid Projections	High Projections
Total Cruise Ship Passengers	1,100,000	1,250,000	1,400,000
Capture Rate	4.0%	4.0%	4.0%
Total Eaglecrest Visits	44,000	50,000	56,000
Average Visitor Spending	\$99	\$99	\$99
Average Daily Visitors	314	357	400
Total Spending	\$ 4,356,000	\$ 4,950,000	\$ 5,544,000
Independent Travelers	85,000	90,000	95,000
Capture Rate	25.0%	25.0%	25.0%
Total Eaglecrest Visits	21,250	22,500	23,750
Average Visitor Spending	\$99	\$99	\$99
Average Daily Visitors	152	161	170
Total Spending	\$ 2,103,750	\$ 2,227,500	\$ 2,351,250
Local Population	32,000	32,000	32,000
Capture Rate	10.0%	10.0%	10.0%
Total Eaglecrest Visits	3,200	3,200	3,200
Average Visitor Spending	\$79	\$79	\$79
Average Daily Visitors	23	23	23
Total Spending	\$ 252,800	\$ 252,800	\$ 252,800
Total Visitor Spending	\$ 6,712,550	\$ 7,430,300	\$ 8,148,050
Total Average Daily Visitors	489	541	593

Summer Season Passes	Low Projections		Mid Projections		High Projections	
	Sales	Total	Sales	Total	Sales	Total
(\$129) Aerial Gondola Season Pass	300	\$ 38,700	600	\$ 77,400	900	\$ 116,100
(\$249) Summer Adventure Season Pass	100	\$ 24,900	250	\$ 62,250	500	\$ 124,500
Total	400	\$ 63,600	850	\$ 139,650	1,400	\$ 240,600

Winter Operations	Low Projections	Mid Projections	High Projections
Season Pass Products	\$ 750,000	\$ 900,000	\$ 990,000
Lift Tickets	\$ 175,000	\$ 200,000	\$ 300,000
Snowsports School	\$ 125,000	\$ 150,000	\$ 175,000
Food Service	\$ 105,000	\$ 135,000	\$ 150,000
Rental Shop	\$ 90,000	\$ 120,000	\$ 135,000
Ski Shop	\$ 75,000	\$ 100,000	\$ 110,000
Lockers	\$ 60,000	\$ 65,000	\$ 70,000
(Includes Summer) Facility Rentals	\$ 15,000	\$ 30,000	\$ 50,000
Eaglecrest Foundation Contribution	\$ 75,000	\$ 50,000	\$ 50,000
Bus Fees	\$ 5,000	\$ 7,500	\$ 10,000
Vending Machines	\$ 2,000	\$ 3,000	\$ 4,000
Total	\$ 1,477,000	\$ 1,760,500	\$ 2,044,000

Total Gross Revenue	Low Projections	Mid Projections	High Projections
Total	\$ 8,189,950	\$ 9,191,650	\$ 10,432,650

CAPITAL COSTS

As ski areas increasingly turn towards summer revenues, the biggest industry success stories are coming from areas that provide a wide array of customer activities that are suitable for all ages and interests. Successful ski areas have activities with high throughput so visitors can experience a variety activities in only a few hours.

Eaglecrest is pursuing the development of a well-rounded suite of summer recreational offerings that are accessible, affordable, and have the carrying capacity to accommodate a several hundred daily visitors.

AERIAL GONDOLA	\$11,200,000
Quotes provided by Leitner-Poma & Doppelmayr.	
SUMMIT LODGE & OTHER BUILDINGS	\$5,000,000
Cost estimate of \$500 per square foot to account for complex terrain.	
HIGH SPEED ZIP LINE	\$4,000,000
Quote provided by Terra-Nova LLC.	
MOUNTAIN COASTER	\$3,250,000
Quote provided by Wiegand Sports.	
UTILITIES	\$3,250,000
Electrical quote provided by Alaska Electric Light & Power (AELP)	
HOOTER CHAIRLIFT REPLACEMENT	\$2,200,000
Quotes provided by SkyTrac & Doppelmayr.	
HIKING & BIKING TRAILS	\$1,300,000
Quote provided by Gravity Logic.	
ROPES COURSE, ADVENTURE MAZE	\$1,000,000
Quote provided by Ropes Course International	
ROAD CONSTRUCTION	\$500,000
Cost estimate based on \$1,000,000 per mile, plus 30% more to account for complex terrain.	
TOTAL PROJECT COST	\$31,700,000
+ 10% Contingency	\$3,170,000
GRAND TOTAL	\$34,870,000

PROJECTED EXPENSES

DEBT SERVICE

Developing summer operations at Eaglecrest is projected to cost \$34.87 million, including a 10% contingency fund. Over a 25 year loan period with 5% interest, the annual payment would be \$2.47 million.

This debt service projection assumes Eaglecrest is unable reduce annual payments or capital costs. If Eaglecrest was able to secure grants or funding through government programs, the annual debt service payments would be reduced.

PERSONNEL COSTS

Personnel costs are Eaglecrest's single largest expense. In FY19, Eaglecrest spent \$1.32 million on personnel, about 60% of all ski area expenses. Currently, Eaglecrest has nine full-time, year-round, benefited positions, and four full-time, summer seasonal positions. Summer operations at Eaglecrest would require considerably more employees.

The projected personnel expenses for the addition of summer operations account for Eaglecrest having 37 full-time, year-round, benefited positions and 90 full-time, summer seasonal positions. This does not account for Eaglecrest offering seven days a week winter operations.

As mentioned in the Summer Vision section, Eaglecrest would make a 15% correction to pay schedule to align with the rest of CBJ and make Eaglecrest more competitive within the industry for staff recruitment and retention.

To account for the increased personnel expenses associated with the development of summer operations, Eaglecrest would budget \$3.93 million annually, which would be about 68% of all projected ski area expenses and a 197% increase from FY19 actual personnel spending.

OPERATIONAL COSTS

The additional line items, from administration to maintenance to the Snowsports School, also see substantial budget increases. The primary drivers are insurance, utilities, banking fees, materials and commodities. Overall, Eaglecrest's total annual expenses are projected to be \$5.76 million, which is a 159% increase from FY19 actuals.

PROJECTED EXPENSES

EXPENSE SUMMARY

The chart below compares Eaglecrest's Fiscal Year 2019 (FY19) actual expenses to Eaglecrest's projected annual expenses with the development of summer operations. The third column shows the percentage increase for each category. Additional expenses are listed for the annual debt service payments and the cost of seven days a week winter operations.

Eaglecrest Annual Expenses	FY19 Actual	Projected w/ Summer Ops	% Increase
Personnel	\$ 1,322,958	\$ 3,928,339	196.94%
Ski Area Administration	\$ 415,070	\$ 696,700	67.85%
Lodge Operations	\$ 112,283	\$ 241,000	114.64%
Mountain Maintenance	\$ 77,395	\$ 207,500	168.11%
Food Service	\$ 67,380	\$ 169,000	150.82%
Marketing / Events	\$ 40,000	\$ 113,000	182.50%
Building Maintenance	\$ 60,736	\$ 111,000	82.76%
Retail, Rental, Repair Shop	\$ 39,596	\$ 91,300	130.58%
Vehicle Repair	\$ 52,827	\$ 85,000	60.90%
Lift Operations	\$ 31,511	\$ 59,500	88.82%
Ski + Bike Patrol	\$ 4,737	\$ 38,000	702.20%
Snowsports + Bike School	\$ 2,466	\$ 21,400	767.80%
Total	\$ 2,226,959	\$ 5,761,739	158.73%

Additional Expenses	
Debt Service	\$ 2,474,112
Grand Total	\$ 8,235,851
7 Days A Week Winter Operations	\$ 350,000
Grand Total	\$ 8,585,851

CONCLUSIONS

FINANCIAL SUMMARY

The financial analysis concludes that Eaglecrest can become financially independent with an average of 489 daily summer visitors, 400 summer season passes, and no increases to five-year average annual revenue for winter operations.

Eaglecrest's projected annual expenses are increased by 158% to account for summer operations, and annual debt service payments are assumed to not be reduced through grants or government funding programs.

Based on low end projections, Eaglecrest would be able to eliminate the city's annual subsidy (\$700,000) and Capital Improvement Project fund contribution (\$250,000). Based on the mid- and high-end projections, Eaglecrest would be able to fund winter operations seven days a week.

Additional profits would be able to be reinvested in the ski area to improve the winter experience and provide even more affordable recreation opportunities for locals.

Financial Summary	Low Projections	Mid Projections	High Projections
Daily Summer Operations Revenue	\$ 6,712,550	\$ 7,430,300	\$ 8,148,050
Summer Season Passes Revenue	\$ 63,600	\$ 139,650	\$ 240,600
Winter Operations Revenue	\$ 1,477,000	\$ 1,760,500	\$ 2,044,000
Annual CBJ Subsidy	\$ -	\$ -	\$ -
Total Revenue	\$ 8,253,150	\$ 9,330,450	\$ 10,432,650
Total Expenses	\$ (5,761,739)	\$ (5,761,739)	\$ (5,761,739)
Debt Service	\$ (2,474,112)	\$ (2,474,112)	\$ (2,474,112)
Seven Days A Week Winter Operations	\$ -	\$ (350,000)	\$ (350,000)
Eaglecrest Net Income	\$ 17,299	\$ 744,599	\$ 1,846,799
Total CBJ Savings	\$ 967,299	\$ 1,694,599	\$ 2,796,799

Visitation Summary	Low Projections	Mid Projections	High Projections
Cruise Ship Passengers	44,000	50,000	56,000
Independent Travelers	21,250	22,500	23,750
Local Non-Season Pass Holders	3,200	3,200	3,200
Total Visits	68,450	75,700	82,950
Average Daily Visits	489	541	593
Total Summer Season Passes Sold	400	850	1,400



FUNDING MECHANISMS

For summer operations to become a reality, the projected \$34.87 million in capital costs must be funded. There are a variety of funding mechanisms to pursue, including revenue bonds, government programs, grants, and public-private partnerships.

Eaglecrest is consulting with financial experts to determine the best options to move forward and will report back to the City Assembly in fall 2019. There are three general scenarios to consider.

The first would be 100% public financing, ownership, and operation. Financially, this would be the greatest risk and greatest reward scenario for Eaglecrest and the CBJ. Second would be 100% private financing and ownership. This would be the lowest risk and lowest reward scenario, where the public would have the least control over the ski area. Third would be some form of public private partnership that would balance the risks and rewards for both parties.



COMMUNITY

OPPORTUNITIES

NEIGHBORHOOD IMPACTS

ECONOMIC IMPACTS

OPPORTUNITIES

CURRENT SUMMER VISITATION

Eaglecrest is one of Juneau's few commercial outdoor recreation facilities, equipped with large parking lots, two modern lodges, commercial kitchen, bathrooms, and water treatment and sewage plant rated for 1500 daily visitors. During the summer months, Eaglecrest receives roughly 15,000 commercial visits through concessionaire agreements with zip line and bike tour operators. Non-commercial summer visits for hiking and biking area not tracked.

ACCESSIBLE OUTDOOR RECREATION

Alaska's 2016 Statewide Comprehensive Outdoor Recreation Plan (SCORP) surveyed outdoor recreation professionals from Alaska's federal, state, and local levels, as well as the private sector. The representatives collectively identified "maintenance of existing facilities (including restrooms), trails, and accessibility to these trails and facilities paramount to outdoor recreation in Alaska. This supports the idea that repairs and improvements to existing trails and facilities and better access should be high priorities for Alaska when considering what outdoor recreation projects to fund."

Parking and accessibility for people with disabilities were identified as barriers keeping the public from engaging in outdoor recreation. "ADA facilities, in general, are lacking in nearly every category and in every survey area. When considering grant applications for future projects, those with ADA components should be encouraged and strongly considered."

The SCORP also performed a recreation facility inventory. Eaglecrest qualifies as a year-round, outdoor, user-oriented facility, which is extremely rare throughout the state. The study found that Alaska has a distinct lack of winter recreation options for all Alaskan residents, but especially for youth and disabled persons. Eaglecrest's Aerial Gondola and Mountain Coaster would serve as ADA friendly winter activities, no skis or snowboard required.

Eaglecrest has productive and charitable relationships with the Juneau School District and SAIL/ORCA through the Snowsports School and Adaptive Programs. Summer development at Eaglecrest would help these relationships grow on a year-round basis while supporting the SCORP's main goals to increase participation in outdoor recreation and maintain sustainable outdoor recreation infrastructure.

NEIGHBORHOOD IMPACTS

ALLIEVATING CONGESTION, RESPONSIBLE GROWTH

Although Juneau sets responsible commercial guidelines through Tourism Best Management Practices (TBMP), summer tourism's rapid growth has a tangible impact on Juneau's communities. Many popular attractions are reaching or are over capacity. The Mendenhall Glacier Visitor Center, for example, is not issuing any additional commercial permits. They are currently receiving over 700,000 annual visitors and are planning facility improvements to accommodate 1.1 million visitors by 2030.

As our community looks to balance the impacts of summer tourism's growth, developing summer operations at Eaglecrest is a solution for Juneau to grow responsibly and alleviate capacity concerns. With existing infrastructure in place and a scenic mountain setting, Eaglecrest is well positioned to enhance the predominant local summer use of the area, improve winter operations, and cement Eaglecrest's long-term financial future.

The low end projection of 489 daily visitors, which is around 4% of cruise ship passengers and 25% of independent travelers, equates to 15 round trip bus visits per day, a minimal impact on surrounding neighborhoods.

ECONOMIC IMPACTS

Eaglecrest's growth and long term sustainability would have many positive economic impacts for the Juneau community. According to Southeast Conference's 2018 By The Numbers, Juneau has seen declines in population and school enrollment since 2014, and much of it can be attributed to job loss.

As mentioned on page 49, the development of summer operations will provide an additional 37 new full-time, year-round, benefited jobs, plus over a hundred more summer and winter seasonal positions. The wages earned from Eaglecrest's new employees will be spent in local businesses and contribute sales tax revenue for the city.

While job creation provides a direct economic stimulus, expanding recreational offerings and access at Eaglecrest would make Juneau a more attractive place to live and deliver indirect economic benefits for the community as a whole. According to the National Association of Realtors, four of the seven most important factors in deciding where to live concern outdoor recreation. Summer development at Eaglecrest would help make Juneau a more desirable place to live and visit.

Many recently published studies, including the University of Alaska's Economic Development in Alaska: Outdoor Recreation Impact & Opportunities, are identifying outdoor recreation as a major contributor to economic growth and stability. Alaska has the highest rate of participation in outdoor recreation of all states with participants spending almost \$3.2 billion related to outdoor recreation trips.

Six out of ten Alaskans cite access to outdoor recreation as a reason to live in Alaska. Developing summer operations at Eaglecrest would help establish Juneau as a year-round outdoor recreation hub and make the city an even more desirable place to live, work, and recreate.



IN CLOSING

The development of commercial summer operations has been a long-term goal for Eaglecrest. With tourism being one of Alaska's few growing economic sectors, there are many indications that now is right time to move forward and make Eaglecrest a financially sustainable, year-round recreation destination. In the process, Eaglecrest would create more jobs, fortify the regional economy, and increase the quality of life for Southeast Alaskans of all ages and physical backgrounds.

Please visit our website for more information.
skieaglecrest.com/news

APPENDIX

2012 EAGLECREST MASTER PLAN

**ALASKA'S SCORP 2019-2021
STATEWIDE COMPREHENSIVE OUTDOOR RECREATION PLAN**

ALASKA VISITOR STATISTICS PROGRAM 7: SUMMER 2016

GRAVITY LOGIC FEASIBILITY REPORT

JUNEAU VISITOR PROFILE & ECONOMIC IMPACT

MARINE PARK TO TAKU DOCK URBAN DESIGN PLAN

SOUTHEAST CONFERENCE: SOUTHEAST ALASKA BY THE NUMBERS 2018

**SOUTHEAST CONFERENCE: COMPREHENSIVE ECONOMIC
DEVELOPMENT STRATEGY 2016-2020**

**UNIVERSITY OF ALASKA CENTER FOR ECONOMIC DEVELOPMENT
ECONOMIC DEVELOPMENT IN ALASKA: OUTDOOR RECREATION
IMPACTS AND OPPORTUNITIES**

Available online at skieaglecrest.com/news