



# SPECIAL EAGLECREST BOARD OF DIRECTORS MEETING AGENDA

January 16, 2025 at 5:30 PM

Zoom Webinar

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Join Zoom Meeting:

<https://juneau.zoom.us/j/88259484580?pwd=Z0dyTUdKdHh4ZEY0STU0N1M0VnovZz09> or dial 1-253-215-8782  
and enter Meeting ID: 882 5948 4580

Passcode: 372236

- A. ROLL CALL
- B. APPROVAL OF AGENDA
- C. PUBLIC PARTICIPATION
- D. UNFINISHED BUSINESS
  - 1. Finalize Letter to Assembly Regarding Duncan Report

**Materials Included in Packet**

Draft Eaglecrest Board Letter to the Assembly re: Duncan Report

Eaglecrest Board Comments to Duncan Report

- E. PUBLIC PARTICIPATION
- F. BOARD OF DIRECTORS' COMMENTS AND QUESTIONS
- G. ADJOURNMENT

Mayor Weldon and Members of the Assembly,

The Eaglecrest Board is pleased to take this opportunity to provide comments on the report entitled “Eaglecrest Financial Analysis”, hereafter referred to as the Duncan Report, that was completed at the request and under the direction of the City Manager.

Before we weigh in on the report, the Eaglecrest Board would once again like to thank the Assembly for its support of Eaglecrest. Eaglecrest has been proud to average around 70% cost recovery on an annual basis, however, without annual general fund support from the Assembly, Eaglecrest would cease to exist. The Assembly has repeatedly signaled its support for Eaglecrest by providing the budget increments needed to increase our pay plan to attract and retain ski industry professionals and it has committed to our long-term future by purchasing the gondola and signing a contract with Goldbelt to provide the necessary capital to install it.

Even with the financial support for the gondola, we realize that both the public and the Assembly have had concerns about the financial viability of summer operations, which is why the Duncan Report was commissioned. However, the report went much further than providing an analysis of the summer business plan and spends a considerable amount of time analyzing current operating conditions and management which, as we understand it, were outside the scope of the study.

In general terms, the conclusions of the Duncan Report in many ways align with the stance of the board over the past years. While the board has concerns about the report’s methodology and tone, and about some of the specific examples used in the report, we also agree that Eaglecrest’s current budget is inadequate in significant ways.

We agree that Eaglecrest’s pay plan is deficient. While we have worked hard to raise it, it still remains below industry standard. This is why we commissioned a wage study and provided it to you in 2024. Our purpose was to establish a baseline to justify future pay scale increases, subject to the Assembly’s ability to fund them. Improving the Eaglecrest pay plan is, and will continue to be, a board priority and the board and staff look forward to providing you with a plan to address it.

We agree as well that Eaglecrest faces challenges in funding and completing deferred and planned maintenance of our lifts and infrastructure. This is a problem that has challenged Eaglecrest for decades and is finally coming home to roost in our 50<sup>th</sup> year of operation. The board and staff look forward to presenting you with a plan to address these issues through the CIP and operating budget process.

We also feel the need to point out that it was the recognition of these issues with the Eaglecrest budget that led to the decision to develop summer operations in order to increase revenue, which led to the decision to purchase a gondola.

We wholeheartedly agree with the Duncan Report's conclusion that the gondola and summer operations provide the revenue required to re-invest in Eaglecrest over the next decade. While the assumptions of the Duncan Report differ from the various financial analyses that have been presented to the Assembly in the past, the projected rate of growth of the Eaglecrest fund balance once summer operations commence is almost identical to what we presented to you in January of 2024.

The Duncan Report also independently supports the information provided to the Assembly on February 27, 2022, in the packet for ordinance 2021-08(b)(am)(Z) (the gondola purchase ordinance) which contained a JEDC review of the gondola/summer operations financial pro-forma as well as a CBJ Engineering review of the development costs. It is highly encouraging that an independent reviewer has reached the same conclusion that the staff, board, and other entities have reached in the past and completely underscores the criticality of completing the project and commencing operations as soon as possible.

Finally, we would like to address the comments in the Duncan Report regarding the board itself. An independent and empowered citizen board is critical to the success of Eaglecrest. Initially Eaglecrest was run by the City Parks and Recreation Department however this proved difficult due to the ski area's specialized needs. To address this, the Assembly established the empowered Eaglecrest board in 1981 after it was approved by voters in the general election. The current board has members who have worked in the ski industry and also has members with expertise in accounting, project management, human resources, and more. While the members serve at the pleasure of the Assembly and may come and go over the years, an empowered board provides the

community input and management expertise needed as we enter the next fifty years of Eaglecrest operations.

Thank you for your consideration of our concerns. We also would appreciate the opportunity to provide our comments on the report when it is delivered to you at the COW meeting on Jan. 27.

Sincerely,

Mike Satre, President  
Eaglecrest Board of Directors

DRAFT

### Report Organization and Tone

"I think the document could be organized differently focusing on major issues or findings. For example; gondola projections, operation financial projections, maintenance consideration, EC BOD structure and role. Within each of those major sections address some of the associated topics. Organizing the document will ensure the intended message is received by the public, CBJ staff, and the assembly."

"As I mentioned previously a positive outcome from this report for Eaglecrest will stem from a constructive report we can collaboratively agree upon. Many of the major concerns are also concerns we have been discussing as a board."

"I think we should structure it as short term problem, long term problem, best possible solution. Short term: deferred maintenance. Long term: ongoing commitments to improve the pay scale."

"Our response needs to praise CBJ. Not just CBJ's and the assembly's longstanding historical support for EC, but the FY25 grant amount, the support for the gondola project, and then immense support from individual and departments for EC over the past year."

### Wages and Personnel Costs

"Eaglecrest has not kept up with paying competitive wages to its employees' this fails to acknowledge the nearly 30% increase in the past 4 or 5 years."

"In FY 2026, if the decision is made to increase Eaglecrest salaries/wages to a competitive level, as identified by the wage study, the increased costs will range between \$600,000 and \$800,000' – This is not on the table so why bring it up."

"The report shows an increase in personnel costs from 2012-2023 of 45.3% and suggests that Eaglecrest take a hard look at personnel costs. However, if we keep in mind that cumulative inflation over that same time period was over 35%, this increase is not as drastic as it might seem at first glance."

"Looking specifically at ski patrol, the report indicates that ski patrol wages have nearly doubled since 2012 and that the number of hours worked by ski patrollers increased by 63% during that time. The implication is that this has been the result of poor management. On the contrary, this is one of the departments that is high functioning."

"A rational analysis would not introduce this issue [the report's statement about the growth of ski patrol wages] without exploring factors that led to the increase. Instead, the report assumes that growth was unnecessary and indicative of bad management and poor governance."

### Deferred Maintenance and Infrastructure

"Would it be possible to have some current budget information to include a clearer picture to where we are at for this season and where we think we may be going as far as cost overruns? Anything else

we have on blackbear repair estimates and current snowmaking system repair estimates would be useful too."

"Some portions of this document are unclear to me after reading this version and the previous meeting notes."

"Deferred maintenance and aging infrastructure are longstanding issues well understood by the board. However, the board has also held to the idea that we need to work within the budget approved by the assembly."

"If the assembly agrees to increase support to Eaglecrest by this amount [\$1,675,000], that is great. It would take a lot of pressure off of the Eaglecrest board and general manager. If not, my suggestion is that we continue to move forward with the resources allocated and continue to focus attention on installation of the gondola."

"The report overlooks important options. In the author's analysis of the next several years' maintenance requirements, he seems to take the position that the only path forward is one where the Assembly funds every bit of deferred maintenance and play plan gaps immediately. He does not analyze the impact of deferring maintenance until cash flow from the Gondola is available to bridge historical gaps in maintenance funding, or discuss approaches that strike a balance between catching up on maintenance and wages and managing tight resources."

#### Gondola Project

"While from what I can find, it's true a specific market study has not been performed on potential gondola ticket pricing, or how large of market it potential is. The statement is somewhat misleading from the research I was able to perform in a couple of hours on the internet."

"This draft report doesn't feel complete without including or referencing relevant information or studies that have already been performed."

"Operating the gondola in the winter is not likely to increase revenue by a significant amount as most people riding the gondola will be using a season pass, a pass they may have purchased with or without the gondola being in operation."

"The suggested labor budget for the gondola on page 14 is completely out of place and more data needs to be reviewed by the board."

"Operating the gondola in during the ski season has always been part of the plan. Doing so will help mitigate the effects of climate change, giving Eaglecrest a more reliable season and possibly extending the season."

"The main cost in operating the gondola in the winter is avalanche control work in the Heavenly area. While this remains part of the plan for winter gondola operations, opening this terrain is optional and the gondola could be used in the winter without expanding the current Eaglecrest terrain boundaries."

## Board Governance

"From my perspective this is already the process in place. While it is stated that the Eaglecrest board has folks that care about Eaglecrest it is also alluded that these members may be unqualified. What is left out is that the selection process by the assembly already focuses on specific knowledge."

"I would probably not have even applied [to the board] if that wasn't specially listed as I didn't have knowledge in the other areas requested."

"The Eaglecrest board has folks that care about Eaglecrest deeply. That being said they do not have an extensive knowledge of ski area operations" – boards don't need extensive knowledge to succeed."

"Kirk does not understand that we have met with the Assembly and routinely engage with the assigned rep."

"Considering option 1, the board currently has a broad range of expertise with accounting, human resources, ski industry, project management, and general industry experience. The assembly has the authority to appoint board members with different types of experience."

"Finally, there is an overarching issue. Eaglecrest's purpose is to serve the Juneau community. An important role of the board is to be in touch with, and to represent that community."

"The board welcomes Kirk's perspective, given that he also worked with the past board as GM, and we would welcome changes to our structure in ways that would create better communication flow with the city, but the board structure exists to solve some inherent hurdles with municipal ownership and we need to be careful not to re-create the problems of the past."

"Another example of this is the report's criticism of the board. The author claims the board of directors is the source of many of Eaglecrest's challenges, but does not give specific and supported examples of how the current governance model contributes to Eaglecrest's challenges. Further, he makes claims about board members' skill sets that are inaccurate and unscrupulously convenient."