

## **EAGLECREST BOARD OF DIRECTORS REPORT OF RETREAT – NOVEMBER 29, 2015**

The Eaglecrest Board of Directors met in retreat on Sunday, November 29, 2015, in the new meeting room at Porcupine Lodge. All board members were present along with General Manager Matt Lillard. An agenda for the retreat was presented and approved. Results of the discussions are reported in the order appearing on the agenda, beginning with item III.

### **III. Board Roles and Issues Discussion**

The first substantive item on the agenda was a discussion of the roles and responsibilities of board members and issues related to their interaction with staff and the public. The board was prepared to conduct this discussion in executive session, but determined that this was not necessary. The board reviewed a document adopted by a prior board regarding the roles and responsibilities of board members, along with a similar document taken from the general literature on governance of nonprofit boards. The board also reviewed the language of the CBJ ordinance governing Eaglecrest, which prescribes the authority and duties of the board and the manager.

Initial discussion focused on how board members should interact with staff, in posing questions, obtaining information, and articulating problems and concerns regarding operations at the ski area. The manager emphasized that staff meets frequently to work out operational details for the area and endeavors to carry out their respective assignments and responsibilities consistent with these discussions. He requested that board members who have questions or comments concerning the operation of the area should raise them with him in the first instance, so that he can either address them directly or identify which senior staff member would be in the best position to respond. A particular point of discussion was how to bring public comments, including concerns and complaints, to the attention of staff and board. There was some discussion of the need for a more robust capability for public input and feedback on the Eaglecrest website, including a FAQ page. Board members also encouraged that e-mails from the public be responded to promptly, in a timely and courteous manner, even if only to acknowledge receipt of the communication. The board concluded its discussion of this agenda item with direction to the manager and the board president to work together on developing mechanisms for facilitating public input and comment and enhancing Eaglecrest's public image.

### **IV. Master Plan Retreat Report Overview**

The board next reviewed the report of its retreat on September 29, 2012, which was intended to outline an action plan for implementing the Eaglecrest Ski Area Master Plan adopted by the board in April 2012. The purpose of this discussion was to assess progress on implementing the master plan and action items agreed in the 2012 retreat, and was not intended to serve as a five-year review as provided in section V.E. of the master plan. The manager distributed a copy of the previous report of retreat, which he had annotated with comments on the status of the various action items. The board's discussion tracked this report, as follows:

## **1. Winter Operations.**

**a. – c. Buildings.** The board reviewed the manager's list of possible building projects, including a Nordic hut, a bar facility, a cabin at Cropley Lake, and renovation of the A-Frame. Board member Garrison requested that staff prepare an inventory of all buildings at the area, with an assessment of their current condition and useful life and a plan for managing these physical assets. The manager agreed to pull this together. Board member Heine emphasized the importance of upgrading the aid room, possibly taking it out of the main lodge, and suggested that this might be accomplished in renovation of the A-Frame. The board agreed that this is the highest priority for building projects. The other building projects will remain contingent on funding and other factors: the need for a Nordic hut will be reassessed as the area gains experience with the new room in the main lodge devoted to the Nordic ski team; a cabin at Cropley Lake is still a goal, but will depend on growth of an endowment fund at the Eaglecrest Foundation and on road/trail access to Cropley Lake; and the feasibility of bar facility will await the outcome of efforts to consider beer and wine sales at Eaglecrest (see discussion below). Board member Garrison suggested that a sand shed be added to the project list, to improve parking lot sanding capability and to provide covered, outside storage of equipment that currently sits in the open. The board also agreed that moving the tube shack (*i.e.*, to serve as a Nordic hut) is probably not cost-effective, and that it is still necessary to maintain the caretaker's cabin, primarily to serve as a deterrent to mischief and partying that might occur if the area and its facilities were completely unattended when closed.

**d. Snowmaking.** The manager reported that replacement of the snowmaking pipe will commence in 2016, and will use steel pipe per the recommendation of the CBJ engineering department. He also indicated that staff will be working to add electrical outlets in the snowmaking zones, to reduce reliance on diesel generators. Board member Garrison requested an inventory of snowmaking assets, which the manager will provide some time after the season. Board member Audet questioned whether snowmaking is economical, and suggested that a cost/benefit analysis be undertaken. The manager stated his belief that snowmaking is cost-effective, but agreed to gather information on this point.

**e. Night Lighting.** The manager reviewed his estimate of the cost of adding a fixed light circuit, but indicated that this would be reduced if the FAA decides to run primary power to Hooter. In the meantime, staff will continue to use rental light banks to supplement existing lighting while assessing the popularity of night skiing. Board member Henry recommended that lighting be employed in late afternoons during shorter daylight hours, to improve visibility in low light conditions.

**f. Lifts.** The manager reported staff's opinion that all of the current lifts are in good condition, with plenty of spare parts on hand, and that with a continued strong maintenance program, they do not see any lift issues arising in the next 10 years. He agreed, however, to complete the life-cycle assessment of the area's lifts, as previously requested by the board. Staff also intends to replace the top ramp on Ptarmigan, and make a final decision on the motor for Black Bear.

**g. Terrain Within the Area Boundary.** The manager expressed staff's view that the current program of trail maintenance and brushing is working well and is reducing the frequency of work needed. Board member Audet commented that the current system of volunteer glading has been helpful and should continue, under the direction of the Trails Manager. This led to a discussion of using volunteer labor generally, for trail work and other tasks. The manager indicated that current practices for using volunteers are working and he does not see a need for a formal, written policy governing volunteers. No board members disagreed.

**h. Terrain Outside the Area Boundary.** The manager described the back country safety programs that are being developed, in conjunction with other groups. Otherwise, the board does not intend any changes to the current policies regarding use of terrain outside the area boundaries.

**i. Terrain Park.** Staff is not going to move the terrain park from Ego this year, but is working on ideas for siting a park going forward.

**j. Nordic Terrain.** The board and staff remain committed to the projects on the Nordic Priority List. Board member Heine, liaison to the Nordic Advisory Committee, said that the committee process is working well and is well-received by the Nordic community.

**k. Snow Play.** The person who has been spearheading efforts to develop luge at Eaglecrest has affiliated with the 4-H Club. Luge activities have been taking place near the old tubing hill, and seem to be popular with some guests. Staff still intends to develop a snow play zone in the base area, but is waiting to gauge traffic in and around the new lodge before deciding where best to site this activity.

**2. Summer Operations.** The manager reviewed progress in this area since the prior retreat report, and indicated that there have not been any new proposals for commercial activities at Eaglecrest. An idea for wheelchair tours on the lower loop trail has been floated, but this would require the trail to be capped with D-1, which would entail a significant cost. The board discussed ideas for expanding lodge rentals, particularly with the new meeting room in the Porcupine Lodge. The manager is preparing a plan and rate structure for lodge rentals, and will present that to the board in January. Board members suggested that there may be local businesses (*e.g.*, Creativations) that might have interest in facilitating lodge rentals, perhaps through a contract or other arrangement. The board expects that this issue will continue to evolve.

## **V. Beer and Wine Sales**

The question presented to the board was whether or not to move forward on offering beer and wine for sale at Eaglecrest, other than just at special events. The manager described various approaches this could take – including a yurt-style beer garden or umbrella bar – and said that three businesses with current beer and wine licenses have expressed interest. The board was split on going forward on this issue, with five in favor, one with mixed opinions, and one opposed. The manager was directed to prepare a report to be presented to the board at the February or March meeting regarding the legal and policy issues and/or impediments that may

arise under CBJ ordinances and policies if the board were to formally propose selling beer and wine at Eaglecrest.

## **VI. Other Revenue Ideas**

The board discussed several ideas for possible revenue-generating activities at Eaglecrest, particularly during the summer months. Ideas include horseback rides, a wheelchair tour (mentioned above), increased facility rentals, and reviving the ridge walking tours that were offered in the 1980s. Board members expressed a desire that Eaglecrest continue to explore these and other ideas, proactively, but with two basic conditions: (1) that new commercial activities be generally confined to the base area, below the Ptarmigan lift, consistent with the board's prior report and direction, and (2) that proposed activities be evaluated based on their revenue potential, not just to add more free things to do at Eaglecrest. The manager was asked how he might go about exploring potential ideas, and he responded that a first point of inquiry would be the Alaska Travel Industry Association. The board encouraged the manager to pursue this avenue.

## **VII. Trail Funding**

The board discussed the current trail plan and funding requirements for implementation. The manager reported that all of the current trail projects can be funded through C.I.P. funds (over time) with the exception of a road/trail to Cropley Lake. He said that a Cropley Lake trail was really two projects: a road from the top of Hooter to the top of Logjam and a narrower trail from Logjam to Cropley Lake. He recommended giving priority to the first phase of this project, as it would allow better maintenance and clearing of Logjam and improve the ability to conduct maintenance on snowmaking pipe. Once that road was in place, options and costs for continuing on to the lake could be better assessed. Board member Garrison pointed out that a road to the top of Logjam would allow development of a foot trail down Logjam to the existing maintenance road, thereby creating a loop that would be popular with hikers. The manager will develop price estimates for a Hooter to Logjam road/trail, and present that to the board when ready.

## **VIII. Contracting of Services**

The board discussed different possibilities for contracting of services toward the end of reducing the area's fixed costs. One is lodge rentals, discussed above. Another is the full-cost accounting functions now provided by the CBJ. This would require an ordinance change, but may be worth considering if budgetary constraints persist. On the other hand, the CBJ may not be enthused about losing the revenue it realizes from full-cost accounting. The manager also suggested that engaging the services of a web developer to work on the Eaglecrest website may be a cost-effective contract, provided the CBJ was willing to exempt the area from some of the current limitations on municipal internet services. The manager estimates that a contract for a web developer would likely be in the range of \$ 20 – 50,000, depending on the scope of services. The board agreed that while taking a hard look at contracting out services may become necessary, especially if reductions in employee costs have to be considered, the better solution would be to grow the area's revenue base to cover its fixed and variable costs.

## **IX. Eaglecrest Pay**

At previous meetings, the manager presented information regarding the wage structure at Eaglecrest and how rates of pay for area employees compare to employees at other ski areas and within the CBJ. He has expressed concerns that the Eaglecrest pay structure is generally low and is beginning to cause problems, including inability to fill current positions (*e.g.*, a mechanic) and wage compression and its effect on the morale of longer-term staff. The question for the board is its level of tolerance for increasing pay to make Eaglecrest more competitive in recruiting and retaining employees. The manager said he does not expect the board to support moving to a pay structure equivalent to CBJ employees across the board, but encourages the board to consider some level of increase. Board members debated this issue at length. They understand the problem posed by the manager, and are generally supportive of paying a fair and competitive wage to Eaglecrest employees, but also are aware of budgetary constraints for the area, particularly if last year's poor snow conditions persist, and the overall budgetary pressures faced by the CBJ. The board reached consensus to build a restructuring of the pay scale into the budget for FY 18, the second year of the budget that will be considered and submitted at the end of February 2016. The board and its finance committee will work with the manager in addressing this issue as that budget is developed.

The retreat concluded at approximately 2:00 p.m.