

Incline village General Improvement District  
Diamond Peak Master Plan Steering Committee  
Monday, April 27, 2015  
Diamond Peak Ski Resort – Fireside Room  
Facilitator: Deborah Prout  
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Attendance: Charlie White, Al O'Connor, Bill Echols, Judy Miller, Robert Olmer, Steve Pulver, Brian Hrindo, Shane Johnson, Bruce Simonian, Eric Severance, Liz Harrell. Staff: Mike Bandelin, Brad Wilson, Steve Pinkerton,

Deborah Prout wanted to finish the discussion on the Snowflake lodge. She said there is general support for snowflake improvements for the conservative approach.

Al O'Connor reviewed and handed out an information sheet about snowflake lodge. He said what if the revenue doesn't happen? There is a general agreement we don't have to do a high speed quad. Meals: breakfast, lunch, and dinner. Breakfast loses money. Summer: projections for huge amount of lunches sold. ½ might partake in lunch; we will find that out. It's an outdoor business. You don't have to build a big lodge. Dinner business and wedding business. Do we want to invest into building a high end convention hall? Profits or bondship would pay for it which is a major expense. We should go very slowly on this project and spend the minimal amount to fix it up.

Bruce Simonian said we can't get ahead of ourselves. Take the slow approach to spend \$250K and it would be several years until we broke ground. If we aren't able to create market to see if there is a response, it wouldn't be viable. It would be several years out until we can break ground and determine what the site will look like. The \$10million isn't correct; there is a timeline that needs to happen first. We need to justify it first. The conceptual will be determinant on who will use it and operations. It will be dependent on summer operations driving it. There are people already using the mountain in the summer. Over time, we may see it's not worth it, or we may see it will be worth it.

Robert Olmer asked if there will be summer operations this summer. Steve Pinkerton said limited activities. We are limited to permits.

Steve Pulver said he agreed with Bruce. We need to get some numbers. We can't make a guess. Over a few years, you will start getting data. We heard from the consultants that wedding venues make money.

Al O'Connor said summer operation, rather big or small, it's outdoors. People will want to sit outside. Bruce Simonian said they will sit in and out due to the weather. Create a market and let them know we have a facility open and if they will be willing to use it. Incentivize it for use. Drive them up there and see if it will be used. Outdoor recreation activities and eating. We marketed and cleaned it up.

Brad Wilson said it will be a destinations regardless it will be re-built or upgraded. He said in 1986, we were told we are 700 seats short. This plan is predicated on ROI. This building wasn't predicated on ROI.

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We are going down the right path. Breakfast would be viable. They can have a family experience with breakfast.

Eric Severance said these are big picture thoughts. We all agree snowflake needs updating. He asked why is the dollar per square foot so high. It could be far less. We want to recommend building something that is feasible and easy to pay back. He said he talked to some of his industry contacts, and they spoke highly about good wedding venues that are unique in Tahoe. If we do a flex design with movable walls, it allows indoor and outdoor use and seasonal uses. He said he would be careful. He advised not to open snowflake in poor shape. Don't host a party you aren't prepared for.

Deborah Prout said everyone is saying, 'let's be careful with numbers that work before embarking on a major plan.' She asked, what do we need to do going forward?

Al O'Connor said we have concerns and a series of steps with board decision. Bruce Simonian said it's the argument, what the village wants vs. what the village needs. We deal with emotion and energy. Deborah Prout said to articulate the caution and concerns we have to present to the board so they understand the concern.

Bill Echols said to do the best you can with \$3Million. The wedding business would have to be gang busters to justify \$6million. We need to figure out how to do it with \$3million. Robert Olmer said to host cocktail receptions at Snowflake, and weddings down at the base.

Deborah Prout said we need to draft caveats with different levels of caution. Shane Johnson thinks it needs to go to the homeowners. We need to get buy in from homeowners.

Robert Olmer said we need to proceed cautiously. We need to look at the wedding business and look at what Sugar Bowl does.

Deborah asked Al O' Connor to create a bullet list of the caveats.

Al O'Connor asked what are people's views about community money for wedding business?

Bruce Simonian said we need to use a different strategy with different marketing. He said we can't rely on wedding business to pay for venue. We can see what the marketing gets for a return.

Charlie White said there is tremendous potential for that business there; however, is it IVGID's business to be in? We did it at the golf course, but great potential.

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Liz Harrell said Sugar bowl is a different place. We aren't them. We could have great receptions at Snowflake, not just cocktail.

Robert Olmer said we want to know how many weddings are turned down at Chateau and Hyatt? He said he wanted this added to Al's analysis. Charlie White said you can't measure potential success off of the potential success of the Chateau.

Steve Pulver said there are many venues, and often time, there is a dinner, reception, and breakfast, and couples look for multiple wedding venues. Charlie said he doesn't want to take business from local business like Big Water Grill. He said he doesn't like the idea of hosting too much on public land and take business from local business.

Judy Miller asked if wedding planning and events are IVGID's line of work. Many of us have this concern. We need a private/public partnership with the Hyatt. We are a rec district, for active recreation, and weddings aren't active recreation.

Eric Severance, said to Al's question, don't measure snowflake off of one use. We have opportunity for summer activity with multiple uses. We have a killer location. It's not the committee's purview to have the board decide on what we should or not. We are reviewing the plan, and doing our due diligence.

Bruce Simonian said the Cal Neva/Boulder Bay will be doing wedding and conventions. Our uniqueness will sell. It will be an event location. Having it available would be great for any unique. It's unusual and unique.

Brad Wilson said we operate this resort like we own it. If we spend a dollar, it is as if it came out of our own checking account. We don't operate like we are government. We compete with other ski resorts; certain aspects of our business compete with others. Yes we are owned by government, but we run it like business. Robert Olmer said we are GID, are we in the business to open new businesses?

Brad Wilson said in 1976, we started these venues. We are community owned, and we thank the community and board for these beautiful buildings and lifts. Thank goodness for these benefits.

Brad Wilson reviewed the Mountain trail improvements: (Master Plan, page 4; 'existing conditions') Mike Bandelin and the SE consultants had identified with key issues with winter operations.

Brad reviewed some of the issues:

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- We have limited seating area
- Skiing services building was well thought out and utilize affectively
- Parking offsite is a concern
- Congested in ski school area
- Identified the downloading of Lakeview
- Oh God and GS aren't open frequently
- Snowflake is old with aging infrastructure
- Snow making covers intermediate trails
- Deficient of novice terrain
- Penguin to freeway is congested
- Some trails off of crystal don't have snowmaking.

Brad showed a map of what they came up with winter operation changes with rectify issues (Master Plan, page 28):

- Oh god and GS lift issue: showed ability to grade out a road to FIS trail to Lakeview to do a loop. This is a grading project.
- Snowflake lodge: replace old infrastructure.
- Consultants identified there is no beginner run to get off the mountain. They looked at ridge run slow. You can take some of the grade to a novice level down to 23%. Beginner trail opened up. This would open Snowflake to everyone.
- Snowflake would be open more frequent
- Snowmaking to Freeway
- Beginner trail down Dusty's and down to Popular.
- Replacement of lift on Spillway. Lift would access Spillway for novice trail.
- Phase 4- backside lift. 1,500 vertical. Eastern exposure. Snow loading on Easter slope deposit.
- Cut a road from bottom of Eagle bowl down to Crystal Ridge.
- Defensible space work slated to think and improve skiing and defensible space.

Bill Echols asked about if Spillway Terrain Park will be moved. Brad said the trends are Terrain park usage is down. Not as important of an element. Snowboard visits are down. It's a steady decline. Al O'Connor asked about the Spillway exit for expert skiers, and now you are mixing them. Brad Wilson said we can rope off the beginner areas with a path for advanced skiers. Split for traffic and beginner terrain.

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Al O'Connor asked about an upgrade to Lakeview. Brad said people like high speed; it's an expectation, and we need to be competitive. It's the 2<sup>nd</sup> busiest lift. Steve Pulver said improvements and snowmaking on more advance lifts would be great. It would add to the number people coming here.

Al O'Connor asked about installing a used lift. He asked what If you don't do Lakeview, but you do spillway. Brad said intermediate and advanced want high-speed. Mike Bandelin said it would cost approximately \$1.8 million for new lift. Maybe it's a triple and not a quad, but it's hard to say.

Bill Echols asked about moving the Ridge lift to be the beginner lifts on Spillway. Brad Wilson said It's too old to move. Mike Bandelin said it's very popular lift for novice and intermediate. Eric Severance said the Ski school wouldn't want that lift taken away. They need those different lifts for variety.

Charlie White asked if we bought a lift for Spillway for \$1.8m, and we have to replace for Lakeview a few years later. Brad Wilson said there would be sometime in between to get the money to pay for it. Eric Severance said the current Lakeview lift isn't too old. The lift time isn't a deterrent.

Charlie White said he would hate to spend \$1.8m now, and 4 years down the road have to spend more to replace another lift. Brad Wilson said you are buying someone else's problems with used lift.

Al O'Connor asked about the backside lift. He likes the idea, but questions this idea for this ski resort. When you try to do everything, you distract from current operations. It's too large for this resort. He said he has concerns about losing focus. Focus on your niche. Keep it the family/ski school resort. Is this the right move? Liz Harrell said maybe it's not our niche because we don't have this terrain. People are going to Mt. Rose. Shane Johnson said he would still go to Mt. Rose and questions this backside addition. Charlie White said families would have to drop off at DP, then go to Mt. Rose, when they could have it here. Robert Olmer said we have to look at how we stealing market share from other resorts. Brad Wilson said this strategy would appeal to broader family market. The kids love to ski here, but mom and dad might want to go to Mt. Rose or somewhere else. It won't take more management's energy to have a lift back there. It would be a refocus and an addition. It would be an addition, not an 'instead of.' We would see more local skiers if we had that terrain. People would probably buy a pass at both resorts. We are paying attention to paid tickets.

Eric Severance said in 1986, it was Ski Incline. We had this debate about the radical idea of going to the top. The discussion was that were a small resort. A backside lift would get into a phase 5. It might not be appropriate for the board now, but appropriate for regulatory agencies to approve now. It would be better advance terrain. It might not be chutes or cliff jumping. We need more varied for viability. More of the family will be served. You can't underestimate the convenience for this town. It's congruent with the family core. Just because you will have more variety, it won't take away what we are doing

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currently. Eric said when he came, Crystal Quad had been installed. There was a challenging drought. They were trying to be everything to everyone. They marketed, 'Come ski the deep.' He said they pivoted their focus to family and views. Brad Wilson said the increase acreage would bring us up with other resorts and competition. It would be a huge and improved amenity. Eric Severance said Crystal quad was a 'stay in the business' decision. Robert Olmer said it would be great to have it. Brad Wilson said If we pulled the trigger on this, we would know where the snow is the best and make sure there is adequate snow and location. We need to do research of 4-5 years of snowfalls. Bill Echols said he is concerned we are getting away from core market. Doubling down on our biggest fears of no snow winters. This would be an extension of management. Ski Patrol doesn't have avalanche training. Having a skilled ski patrol would be an investment and management input. Brad Wilson said it would be up to the future board, but should be in the bucket. We have a forest supervisor who thinks it's a good idea. That could change with supervisors. We should get it on their radar. We have met informally with groups and neither of them have issues at looking at this options. We would have to go through environment work. Steve Pulver said as time goes on, there have been improvements with at DP and Northstars ski resorts. We need to get data. It makes it more attractive with more terrain. Brad Wilson said there is potential of cat skiing back there. It wasn't economically viable according to the report. Bruce Simonian said it should be in the bucket. It gives us choices in the future. The caveat would be if we would qualify. If we don't put it in the bucket, we won't have a chance. Shane Johnson asked about if the lift would fixed grip or detachable for the backside. Brad Wilson said a fixed grip would be \$2.6m. It would double cost for a high-speed quad. Brad said we don't want the volume, we would put a double and triple and let there be a demand. You want to spread them out a bit.

Deborah Prout asked if this should we have this in the bucket? Shane Johnson said all should be in the bucket. Al O'Connor said this is predicated on phases. If the summer things bombs, we still might want to do these things. Deborah Prout said just because the plan is structured this way doesn't mean it has to play out this way. Al O'Connor said we need to prioritize these for those to make decisions.

Bill Echols asked if it impacts the environmental impact statements. Do we save money by not putting it on the plan? Brad Wilson said it would be expensive if we took it out of the bucket and put it back in. it would be better to have everything in the bucket. It would cost approximately \$200,000 for permitting on the backside. Bill Echols said spending \$200K on something we might not do, we need to consider if we want to pursue it. Brad Wilson said we won't need to spend that money during phase one entitlements. The money wouldn't be incurred until we got to that phase. Eric Severance said the incremental cost is small. Bruce Simonian said its part of the Master Plan and include everything we want to do whether or not we do it.

Deborah Prout suggested to review the overall priorities according to this group.

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If you could write it anyway, what would be desired? She asked if there is an agreement that it goes in bucket. Yes, agreed, put in larger bucket.

Brian Hrindo said the beginner terrain is super key. We have lack of beginning terrain. We are competing with Mt. Rose for market share. Brad Wilson said that's why we have these elements first to add to intermediate and novice terrain. Adding spillway would be a huge first step, as well as adding snowmaking to Freeway. This would be phase 3; predicated on summer activities depending on your recommendations. He said he would recommend snowmaking would be the easiest for a couple \$100K to have access. Spillway would be a huge priority as well. That is, if these weren't put into phases. Bill Echols said it is a safety issue to take ski's off and walk down Freeway due to lack of snow.

Brad Wilson said Mt. Rose isn't as much of a competitor of the market overall, but have a lot of the Incline market. Brad said Spillway was originally built for the 3<sup>rd</sup> lift, but they took it out because they thought there would be congestion. They took it out prematurely.

Deborah Prout asked if we should include Phase 3, mountain trail improvements; everyone agreed it should be included in the bucket.

Bill Echols asked about snowmaking on diamond back? Brad Wilson said we need cold temperatures. This was an odd year; very warm.

Al O'Connor said he doesn't think we should be doing highspeed quads.

Bill Echols asked Brad if it made sense because it won't cut ride time down that much. Doesn't make sense.

Mike Bandelin spoke about downloading. They conducted road blind calculations and will be getting numbers back from the engineers. They are looking at the drive and line machinery and power units. It will probably be less expensive than what was put in the plan. He said they would run lift at ½ the speed. 150 people per hour. There is specific design and code speed. Detachable can accommodate more people during summer operations. Charlie White asked if it will be twice as long. Eric Severance said it will, 20% longer. Mike Bandelin said there will be 4 stations for foot traffic. Eric Severance said he proposed to take it out of the plan. A change in machinery is the least impactful. If everything went well, this can come back into the plan. Steve Pulver/Robert Olmer said they disagreed and said there is too much congestion up there. Brad Wilson said we could take it out of the plan without changing the master plan. To replace a lift, won't change the plan because we are not changing the foot print. Bill Echols, Al O'Connor, and Eric Severance agreed it should be out of the plan. Steve Pulver and Robert

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Olmer said they wish to leave it in. Deborah Prout said it's a perception of wanting to see the cost of the plan to go down. It won't change the plan if you added it later.

Bill Echols asked Brad Wilson, would you put the high speed lift in if it was your own money? Brad said not right now. Robert Olmer asked what the benefit is. It would save one minute on ride time. Brad Wilson said it would benefit the summer operation.

Al O'Connor said we have taken \$6million out of the plan; that's a large number. Steve Pulver said the plan will be funded by each stage. Don't take it out for politics. Eric Severance said summer isn't reliant on it. If summer ends up being a great homerun, we could do it. Eric severance said the consultants and Brad have educated the board. The plan was developed as a requirement. We are a cautionary message to the board. Al O'Connor said if summer doesn't work, don't expand, and we still have the winter operations. Bill Echols said there is a lot in winter planning which are phenomenal ideas. He said he is not wild about backside lift. If the property owners don't want to be in the summer business, there still has to be something done with snowflake and winter operations. We need to be careful how we word it.

He said this should be a special meeting; if we did this after the 4<sup>th</sup> of July, a large non-resident property owners would be present to weigh in. Steve Pinkerton said it's a challenge to get everyone in a room. A Tuesday or Wednesday would be best. Late June and august would maximize participation with residents. He said he recommend the 8<sup>th</sup> or 15<sup>th</sup> of July. Eric Severance suggested mid June would be ideal. Bruce Simonian said schools are getting out of mid-June. We will see substantial population in the middle of June. It doesn't have to be in July. Deborah Prout said the idea of a free standing meeting is the consensus. We want to maximize the non-resident property owners. Everyone agreed more people are here in July.

Robert Olmer said we need a format of the meeting. Deborah Prout said everyone should have air time. She asked what is the framing and set of recommendations. Possibly a bullet point style presentation. Bill Echols asked about it being an open meeting. Steve Pinkerton said the Board isn't making a decision. We will want public comment.

Bill Echols said he wanted to address a couple of issues. He wanted to see if there was a consensus about not spending \$250K on a consultant on educating the populous if we should do this about this. Steve Pinkerton said it was tabled. We need to agree the communication budget. We can do this on a shoestring budget. We should get people into a room to spur discussion. We have done our public process. Have more communication moving forward but not at the same level.

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Bruce Simonian suggested presenting it to the board and having them make a decision. Our work is to communicate the people know about this process.

Al O'Connor said we agree more than we disagree. That is strength. If we can come out with a consensus, that can be powerful. There needs to be dialogue and communication and Findings/recommendations. We can mock up a document of what the committee did. We can produce a 4 page document that could be helpful. Deborah Prout said, yes, a recap. Articulate the character and the values of the community and process/research. A recap of the process of what this group did. We need to draft outline and assign roles. Bill Echols said the first step is to poll the property owners to see what they want to do. Before we proceed, we have to go to the property owners.

Next meeting: Tuesday, May 5, 2015