

Incline Village General Improvement District Steering Committee on the Diamond Peak Master Plan

Monday, April 13, 2015

3:00 – 5:00 p.m.

Diamond Peak Ski Resort – Fireside Room, 3rd Level

Minutes

Discussion on the Challenge Course:

- Brad Wilson said he wanted to separate the terms ‘zip line’ and ‘canopy tour.’ He said Canopy is a series of zips. There is walking in between platforms and zigzags. Brad showed it on the map. Participants would ride up Crystal, and it would cross solitude. There would be approximately 10 riders with two guides. The tour guide will zip across and receive the participants, and walk between the platforms. There will be an elevation drop with some zip lines will be more downhill than the traditional.
- Bill Echols asked what happens when it’s not being used. Brad said the lines are secured and you can’t get across the barriers.
- Andy asked about age group. Brad said it’s more about weight: 80 lbs to high 200s.
- Brad said it will be an ecotour of makes Tahoe unique. Each zip faces the lake and it’s the opportunity to talk about keeping it blue. Several topics to discuss: history, ecological, etc.
- Bill Echols asked about the anchors. Brad said the anchors are trees or manmade stanchions. Brad said most likely man made and they are designed to blend in. Al O’Connor asked about ski bridges. Brad said it depends on the layout and typography and design.
- Bill Echols asked about the insurance company suggestions. Brad said it’s deemed one of the safer activities. Brad said it’s a bunch of redundancies with attachments. The riders can’t take themselves off with the attachments. Safety is a big part of the process. Those who are afraid of heights are reassured with the attachments and clips.
- Jess asked what employees will run this? Current employees or hire trained employees. Brad said we can discuss this. It will be up to the board and who will operate it.
- Andy asked if this would be considered an attraction vs. activity. Brad said canopy tours have become attractions; however, it won’t be a huge part of our business; we won’t see them travel to it, but those on vacation will see what is available and they will use it. Kids and adults will use it.
- Steve Pulver said he has been on a number of them. Bowling mountain has a tour in winter as well. Brad said it would most likely be available during the winter during peak time. But high winds affect them. Steve Pulver asked about the

visibility. Brad said it will be designed to blend as much as possible. It may cross a run, but depends on the design.

- Judy asked about rough age of someone who is 80 lbs. Mike Bandelin said roughly 9 years old.
- Deborah asked about curriculum. Brad said we could work with the college and other organizations to develop the curriculum. We have ability to put interpretive signage.
- Brian Hrindo asked about using it during winter. There would be foot traffic. Brad said we could require that they are skiers. We would have to think through those possibilities.
- Brad said Alpine Coaster said there would have to be healthy numbers to make it worth it to run. We would have to look at the logistic.
- Bill Echols asked about climbing. Brad said we want to make it doable for most people. Hiking won't be required.
- Brad said if we had a winter like this one, we would use it as an additional revenue sources since we didn't have all of our runs open.
- Brad said there are two ways to run these canopy tours: to maximize and most throughput, put a guy on each platform, and send people down to each guide. You can make more money, but lose the contract between the guide and customers. When using a few guides, it develops relationships with the amount of time spent. The plans are for 10 people for 2 guides.
- Jess said we want all the activities to have community value: stewardship with the lake, activity, and an educational opportunity. Brad said people will do it because it's exciting and they might have always wanted to do it. And they will be exposed to Lake Tahoe. Bruce said they will be exposed to other trails and activities. Brad said they will learn about how much vertical we actually have. We have some attributes, and we can explain them during these activities. Brad said TRPA would like us to do it...it's the right thing to do. We make sure it's part of the community spirit.
- Bill Echols said he wanted to talk about amenity vs. attraction. Bill said he believes it will be a world class attraction which will bring more traffic. Brad said the footprint of the canopy tour will be small with reservation only. Brad said 360 people per day (6 hours) throughput. Brad said we would look to maximize within our promise to our neighbors. 2-3 hour tours. Brad said the time is predicated on the amount of zips. Minimum of two hours.
- Eric commented on the attraction vs. amenity subject. He said there have been 'big picture' trends and changes in the Forest Service bill to allow such activities. Market research of visitations are trending towards these activities. Larger operations like Heavenly are still cognizant that Tahoe is the attraction, and this adds a year-round element to it. It's smart business to stay with the trends, new technology, new utilizations with activities, and adapt to new emerging trends.
- Andy said he believes it's the most important of the activities. He said he would bring his grandkids up here. Bill Echols said he agreed with Andy and that's why he doesn't want it; the traffic and crowds. Brad said you will ride a zip line in Hawaii, but won't go to Hawaii for a zip line. Steve Pulver said if the activity is

\$100 and requires reservation and is fairly controlled, there won't be long lines. It's not six flags.

- Al O'Connor said you have to do this activity for summer activities. Without this activity, we don't have enough. On a busy day in the summer, it would be a 1/3 or 1/4 of what we see in the winter. It would be 10-15 people per hour in the summer which would be 3-4 cars. It's not too many. Andy said there is a family balance; the family might split up and do separate activities.
- Judy said she isn't sold on the idea it's a recreational activity. She said it's a tourist attraction. It's a 'one and done.' It's wrong to put it on the backs of the home owners. Al O'Connor said he agrees with Judy, that it might be for just tourists. A lot of summer activities are about being outside.
- Bruce said it's a great way to engage the community and visitors and educate them about the area and flora/fauna of the Lake. People stop at the pull outs to learn about the lake.
- Jess said we need to remember, we are saying it could be a good idea for approval down the road. We don't want to hinder ourselves. We should put it part of a plan for the approval process. If we don't ask now, it might not be on the table. Deborah said let's build the bucket, and consider their approval for future. Judy said she was fine with it staying on the table, but I don't know the level of expense for engineering for drawing. That's the caveat.
- Andy said this would be first thing on the bucket, according to him.

Discussion about the Mountain Coaster:

- Brad Wilson said in the original plan, the mountain coaster was in the pod right below Lakeview lift. After listening to people and looking around for potential locations to be less impactful to neighbors, we talked about the potential location to be on ridgeline on IVGID and forest service land. Eric said it would be left of Lodgepole lift.
- Steve Pulver said it's a real money maker regardless if people like it or not. It generates a lot of revenue. The hypothesis is it would finance other phases. With phase one, things recommended would generate a lot of revenue moving forward for phase two and three. Brad said the point was to front load, and that's why we see the phases the way they are.
- Shane said he doesn't feel it fits in our community; it seems like Disneyland. Bill Echols said he agrees. If the community wants to move forward with summer activities, it would be a money maker.
- Al O'Connor said it's very controversial. We should take a few years to see if it works, and the community will give a pulse regarding to prove it to be a positive thing. We don't have to put it right next to Lodgepole, and get the best of both worlds.
- Eric said the modern technology of a cart on rails is different than alpine slides. He said having been part of the industry, he said he use to not like them because they were a risk, liability, noisy, impactful on sight and environment. He said he has seen them over the years and spoke with those who run them. We are getting our feet wet. He said he now believes it should be in our plan, and integrate it into our plan. Study it further. It could be in the bucket.

- Judy said she feels the same about the alpine coaster as she does with canopy tour. It has a Disneyland feel. It generates revenue, yes. But we need to look back on winter activities and plans. We need to look at all the other access.
- Bruce said he would front load this, but start with phase one; economically, we don't have enough revenue impact. We will miss the boat if we wait on the process. We will have a failure if we aren't aggressive. We can back out of it. We will be dabbling if we don't include it. We can cut our losses. If we wait several years, it will be delayed too long. We have to look at this from the offset.
- Andy said many people live here for the skiing. Anything we can do to create longevity for the skiing is snowmaking and brings people. We need money and skiing has been profitable and will discontinue being profitable if we don't expand into summer activity. Andy said he will hear it because he lives across the street.
- Shane said estimate budget, if SE group is right, total cost for phase one: entitlement and permitting. If you remove it, the alpine coaster is only 50% of build out of phase one. Look at the revenue piece of summertime: you see 605,000 revenue for coaster. 2.4 – it would make over 25% and it costs ½ our expenses. It's more expensive activity than the revenue it generates. Be cautious. He asked how is this whole project being paid for.
- Steve Pulver said we represent the permanent residents. We haven't been representing the part time residences. We have to get things going, and don't drag this out for 10 years to be successful.
- Bruce said ski lifts are visibly intrusive. The alpine coaster will be installed that will be hidden in the trees. It won't be one and done. You won't see or hear it. It will bring in additional revenue. We can always back out. Let's go through the permit process.
- Brian said it's one of our hard sells. The game changer is the change in the location. The original location was odd. It's tough for us who haven't ridden one. Hide it, and educate everyone on the new technology.
- Eric said it's an economics vs. impacts/fit in community topic. He said it's the strongest thing in here in regards to the economics. Capital improvement said it's a big plus. We aren't trying to experiment with it; it's being proven in the industry. It's the tougher one in this plan; it's the right thing to look at. We have time to learn more about it. Ride one in the next few years. We have a bucket for the next 20 years and have to make sure to include it.
- Brian said it goes along with TRPA planning and permitting. Brian asked what they look at. Brad said the TRPA will want to approve the plan, not a series of activities down the road. We don't have to engineer it yet, we can show it. It might not be approved by the board, but the important thing is to have the entire bucket. When we talk about activities, the alpine coaster is the one everyone can do. The other activities might not be for everyone. We are very family oriented. We have to look to see what everyone can do. It allows the greatest number of people to enjoy it.
- Judy she read the financials of the summer operations are not to offset winter operations; they are only to feed the next summer operation plans. It isn't going to offset the current losses. There are substantial losses.

- Steve Pinkerton said he stands by the numbers that were presented on Feb. 9th. He said the debt service will come off. He said he took a hard look back to numbers to the 1970s. A drought can be brutal. We have already sunk in revenue for the future. If climate doesn't spin out of control, the current model is in ok shape, however, when you are spreading the operation across the year; you spread Brad and Mike's costs across the year. Eventually Snowflake will have to be renovated. There are a lot of indirect costs. In the future, if our competitors can offer employment in summer and winter, we are hard pressed to have employees. It all has to make sense. We have to make sure to look at the numbers and make sure it will be successful. It's worth looking at.
- Bill Echols said you lost \$4.2million dollars. The property owners shell out money in subsidy. Pinkerton said long term capital improvements are over a 10 year. Pinkerton said he would argue, we are in good positions. The assets are here now.
- Jess said the alpine coaster gave her hesitation. She said she understands how it needs to be included in the bucket for approval process; however, she said we don't want to throw the baby out with the bathwater. Don't toss it out due to fear. We need to put a strategy in place and educate the community. We need to be mindful that this could derail the plan.
- Al O'Connor said the committee was formed because it's controversial. This is a subset of our community. We can create a timeline, and build consensus over an agreed 2-3 years. He said he believes people will end up liking it. Consensus building is important. He said most of his friends were originally against summer and now they are considering it a good idea.
- Shane said this is controversial, and community should have input. Deborah said the consensus of the group is that we need ongoing analysis to get a pulse and how people are feeling.
- Steve Pulver said people don't understand what it is. Their complaints are they will think it will be loud. They don't understand.
- Brad said we did a survey, and 50% said it would be a good use for DP. It will be several years before we have it, you can use Heavenly's within the next few years. We will have actual financials as other resorts will establish these which will be absolute. As we seek entitlements, we will learn more about numbers.
- Eric wanted to ask the group about the phase plan. How many people would break phase one into phase one-A and one-B, and put the alpine coaster in one-B to receive more input. Bill said only if the populous agrees with summer activities and approves financing summer plan. Bruce said we are the community. We are representing the groups we are associated with. We won't get a consensus.
- Jess said she doesn't pretend to understand the finances. She said she echoes Steve Pulver. We can't go so slowly, but we need to make it viable and resourceful. Make it mindful. Andrew said there is one bucket to get approval, regardless if it's broken into one-A and one-B.
- Al O'Connor said one of the subject comparable resorts mentioned by the consultant is doing well without the coaster.

- Judy said she can see the one-A one-B split if we can get money from the businesses. The Hyatt will use it as a draw. We need business partners on this. Eric said the private sector might not be on the investments, unless they are in on the revenue. Brad said marketing plan would include partners that sell activities. Partner with them to sell our products.
- Jess said there is a different community served here: active recreation. Make these opportunities accessible with ADA compliance and make sure who can't get up to snowflake, this allows the disabled residents to access it.

Discussion on Segway Tours:

Brian: Interested to hear what local businesses would be able to support Segway tours

Discussion on Summer Camps:

- Jess said summer camps open it to groups/camps of all demographics.
- Bill said he had no opposition to camps but interested in the logistics of camps operating while all other activities take place

Discussion on Snowflake lodge:

- Brad spoke about improvements made during phase 1: revising kitchen layout, outdoor seating. Phase 1 would run the facility, as is, for 3 years. This will allow Diamond Peak to gauge influx of business levels and move forward accordingly. Reconstruction of Snowflake, as sketched, is a draft but is direction to allow a private event to be held without shutting down Snowflake to public. Allow enough seating and space to segment lodge in order to accommodate a private party and the public without tamper with either party. In comparison with other mid mountain restaurants and lodges, the cost of production proposed is approximately 50% overestimated. Bruce said this over estimation may be due to the abstract design of the building, not only is it different design but in its functionality. Simplifying its design may ease troubles down the road. Eric said one concern would be on fire suppression efforts.
- Al said he is concerned over the projected financials and use of Snowflake lodge. The solution may be to make minimal changes (cosmetic, ease existing functions) to improve Snowflake which will suffice.
- Shane asked if it's possible to put a restaurant on top of Crystal? Brad said a restaurant on top of Crystal was proposed in previous Master Plans but the financials did not support.
- Eric said with any revisions to Snowflake, the adjustments to Lakeview lift to allow for downloading, it is a requirement. In difference to Al's statements, people will absolutely choose eating at Snowflake do to its location, in comparison to eating at the Base Lodge. Focusing on the costs of production is a moving target and may be addressed more accurately down the road. May be able to presale and gauge the volume of sales as the permit process and preparation take place.
- Bill asked about the expansion of the kitchen and how it affects seating. Brad said the expansions would be primarily done to the outdoor F&B equipment. Equipment will be repurposed in phase 2.

- Jess said the accommodation for weddings and the location will be a success.
- Steve asked if there been thoughts of allowing summer use of Snowflake before these phases move into action. Brad said it is very dependent on the permit process. If the permits allow that early use, Diamond Peak will explore that option. There will be a number of smaller projects to adapt the existing facilities, cosmetic appeal.
- Andrew if there is consensus on looking to use existing facilities for summer activities as permit and planning is done.
- Al said the only reason to expand and rebuild Snowflake, is if business demands it. Financially, he doesn't see it determining that.
- Scheduling another meeting on Tuesday May 5th as well as Monday May 11th