

## 5-7-18 DHSki Resort Task Force Minutes

### Task Force Members / Attendees

Frank Aldridge	Jim Beckmeyer
Robert McClendon	John McGregor
Nan Meek	Steve Miller
Courtney Murrell	Kevin O'Neil
George Rohrback	Forrest Huisman
Michael Salmon	Miguel Sloan
Michael Sullivan	Rob McCray
Robb Etnyre	Jeff Connors

Our objective from the first mtg. - for reference & minutes:

Produce a plan for investment that the Board and the town of Truckee will approve that will bring the Downhill Ski Area compliance with the TD vision, without increasing Member assessment. We reminded ourselves this meant bringing the ski area to a service level that provides an attractive and well-maintained facility, leading customer service, and optimized owner satisfaction.

### Agenda bolded:

#### **1. Lodge Replacement Sizing – agree on methodology - All**

##### **Optimize lodge size with economic return for members, without impacting annual dues.**

The Task Force has confirmed its recommendation for replacing the current lodge. The \$10K question is with what size of lodge do we replace with? There isn't an immediate answer as to how to determine sizing needs.....two of our Task Force members provided thoughts on approach.

First up was Rob McCray. His slides are attached to these minutes. Rob took a methodological approach, including key decision-making elements for analysis, and bottom line variables to be considered as we are narrowing down our focus on lodge decisions.

Michael Sullivan then walked through an enhanced summary slide (from last month's meeting) providing lodge sizing options. Michael's model is attached as well.

During our conversation we agreed we do not need to come up with a specific lodge size at this time. We are a year or two away from that point. We did settle on a range of sizes that would accommodate 550 people on the low end, and 1300 on the high end. Using Michael's options chart, that would approximate lodge square footage from 18k to 23.5k. Leveraging our planning spend per square foot number of \$600, this equates to lodge spend of ~\$11M to \$14M.

#### **2. Update from ECOsign; plans for analyzing final report – Forrest**

To no ones surprise we didn't have time to discuss ECOsign's final report. Jim will call a mid-month conference call for Task Force members to share their observations. In the afternoons GPC meeting, it appears Courtney is the only Task Force member to have gotten through the 110 page report (to date). Courtney shared the content is consistent with the results of our iterative process used with ECOsign since their preliminary report publication.

### **3. DSR Biz Plan – Miguel**

No news on this item.

#### **Decisions That Require Further Analysis**

1. **Parking and Transportation options** - will be covered within the business plan and ECOsign's report. Where appropriate, will be included in our final recommendation.
2. **Consider slope improvements** - some considerations may be more long term outside of current scope. ECOsign's final report will be used. Staff will estimate costs.
3. **Timing Options** - will be covered within the business plan.
4. **Snowmaking for Eagle Rock** - currently being investigated. Will be included in our final recommendation.

#### **Decisions made:**

1. Create Master Plan and Feasibility Study for options
2. Maintain identity as the “Best place to begin”
3. Expanding intermediate terrain is not economical
4. Improve member experience without compromising revenues (lots of discussion around this, possibly more to come)
5. Upgrade the Downhill Ski Resort to meet TDA’s vision
6. New Lodge to meet current utilization
7. Seek Member feedback
8. Snowbird chair replacement, timing and alignment
9. Funding Options
10. Off-season activities - GPC has launched a new TF to work across all TD amenities.
11. List long term items that may impact the lodge option decision - Competing capital improvement items for funds. The business plan will include potential impacts.
12. Our objective is to build the new lodge in 4-5 years.
13. Given the legal opinion on amenity ADA requirements, the 2017 Engineering and Architectural studies, and TD’s CASp ADA report, the Task Force concluded a replacement lodge must be built.
14. Lodge replacement size
- 15.

**Next Meeting: May 7th, 1:30 pm NWCH Mezzanine CR and Conference Line for those not able to be there in person.**

# Downhill Ski Lodge Planning

**KEY CONCEPT: THIS IS A CORE AMENITY TO BE MAINTAINED FOR THE BENEFIT OF MEMBERS**

- Shall the lodge be repaired and maintained, expanded or replaced?
- In the case of replacement or expansion, how large should it be?
- Key qualifying analysis for these decisions is how much use is to be expected during the useful life of the facilities being developed.
- If public use is to be permitted, does it qualify within the governing policies of Tahoe Donner and is the incremental investment necessitated by serving the public a sound financial investment for members?
- Governance policies:

*Public use of facilities is permitted if “the Board reasonably determines that such usage will make the facility more cost effective and... can be accommodated without overburdening the facility.” (Art. 2, s.1(a))*

*“...access by members of the general public will be allowed only where such will not detrimentally impact access by (owners, their families and guests. ) Resolution 98-4*

# Key Decision-making Elements for Analysis

- Quantify and qualify future users
  - Member-owners, member-accompanied guests, member households, unaccompanied guest card users, other public
- Cost analysis for each lodge alternative
  - Capital costs and depreciation (including reserve requirements)
  - Maintenance and compliance costs
  - Competing needs for capital (e.g. what member driven-projects will be delayed or foregone?)
  - Operating costs
  - Additional expenditures necessary to operate successfully or reduce risk (e.g. snowmaking)
  - Alternative improvements that may deliver more member benefit (e.g. regrading, snowmaking)
- Member satisfaction analysis for each alternative
  - Utilization by members, member households and guest card categories (including associated lots)
  - Perceived value of facilities and services
- Public use analysis of incremental cost of building excess capacity and serving the public
  - Incremental cost analysis (per factors listed above)
  - External risk of operating a ski resort (e.g. climate change, competition, changing consumer preferences)
  - Non-financial impacts of public use (e.g. overcrowding, parking blight, traffic congestion)

## Bottom Line Analysis

- Decision-making goal: To maximize member satisfaction and enjoyment, minimize demands on future annual assessments and optimize the use of capital.
- Incremental investment needed to serve the public must be analyzed:
  - Can we reasonably expect a profit sufficient to repay the incremental investment?
  - Is the profit sufficient to justify the financial risk to members should actual results be worse than projections?
  - Are there alternatives that are less capital intensive to meet the needs of members?
  - Is the profit sufficient to justify the burden on member enjoyment of the ski hill and Tahoe Donner generally, recognizing that these burdens are not distributed equally within our membership?

### Downhill Ski Lodge Options

Assumptions:  
 Revenue per User = \$79  
 Days of Operation = 120  
 Average load = 26%

