



City and Borough of Juneau
City & Borough Manager's Office
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TO: Deputy Mayor Hale and Borough Assembly
FROM: Katie Koester, City Manager
DATE: July 11, 2024
RE: Eaglecrest Gondola Project Update

All projects have three basic components, quality, timeline and budget. The saying goes you can't have all three: I will dwell on the latter two since this is a project where we cannot sacrifice quality. Safety of the installed gondola remains the highest priority.

Budget

Purchase of Gondola – \$2M general fund, February 2022
Design Money for Gondola - \$500K general fund, April 2022.
Goldbelt Revenue Sharing approved - \$10M loan, December 2022 replaced with new agreement May 2023

The project is at 35% design and major components have been purchased. Seven million dollars remains in the project account for the remainder of design and construction. The cost estimate was developed in 2022 by Mr. Scanlan and was preliminary. Normally 35% design would get us relatively accurate cost estimates; however, this project has many unknowns compared to developing a road or constructing a building. Every gondola installation has a unique profile, and Eaglecrest's gondola to the west end of Pitman's Ridge is no exception. Tower size and location are adjusted to match the requirements of the siteⁱ. The pitch of the tower has to be able to not only handle the weight of a gondola carrying 12 cabins with up to 15 passengers each, but also the snow and ice load in the winter months. The attached mark up and images show you just how massive this infrastructure is.

CBJ Engineering believes installing the gondola is still doable within the available funds (\$12.5M total project cost). Scope has been reduced to include only the backbone infrastructure, which means the top of the mountain will have an enclosure for the gondola and not much else. Temporary porta potties and structures can be erected to provide visitors with the ability to get out of the elements. Goldbelt is confident that they can sell tickets to this world class destination with or without infrastructure at the top. As the gondola becomes revenue positive, or with further investment, additional amenities can be added and ticket prices increased.

The project does not include items ancillary to the gondola itself, but necessary for running up to 75,000 visitors through the mountain in the summer. These include parking lot repairs to handle bus traffic, a 4-wheel drive van for emergency evacuations, and an adequate water/sewer system. Many of these questions, and details on the profitability of summer operations, will become clear with the independent business plan the Assembly appropriated \$50K for as part of the FY25 budget. This analysis will help the Assembly know when the gondola will become revenue positive, and how that will support winter operations. In addition, Eaglecrest Acting General Manager (GM) Erin Lupro has brought on Kirk Duncan, former Eaglecrest GM (also former Parks and Recreation and Public Works Director) to advise on needed maintenance before winter operations commences, staffing, and to provide industry expertise for both hiring a GM and operational decisions for the gondola project.

When will we know if additional funds are needed? The Assembly approved [alternative procurement](#) for the gondola in January of this year. CBJ has hired Carl Ferlauto as an independent consultant to serve as an owner's agent for Eaglecrest to, among other things, prepare a GC/CM

solicitation. Once we have the general contractor (GC) as part of the team, we will have a much better idea of cost. We anticipate bringing on a GC in the next couple of months for preconstruction services. The project team is currently working through some major technical decisions with real dollar consequences. Once these are resolved we will provide a preliminary estimate (end of September). A guaranteed maximum price will not be negotiated until the project approaches final design (mid-March). If additional funds are needed, it would be defensible to use a loan from passenger fees, though this has not yet been broached with industry.

Timeline

The goal has always been to commence summer operations in 2026. With fast-tracking summer 2024 site work, such as building access roads, laydown and pre-assembly areas, this should still be doable. We anticipate awarding separate (outside the GC/CM process) construction contracts for blasting/road work to be able to get started this year. This includes pioneering the top half of the road this summer so the roadbed is cleared of snow as soon as the ski area closes in April next year and allows early access to the top terminal site. Constructing the mid-mountain road to the mid-station should also happen this year. Both projects will involve blasting to clear the roadbed and develop a rock source. Tower erection will likely be late summer 2025, after the foundations are in place. Typically towers are flown in pieces using helicopters. This is a very fast and efficient process and could take less than a week.

Franchise Agreement

The Assembly still has to approve a franchise agreement with Goldbelt for selling and marketing Eaglecrest tours. This agreement will spell out insurance requirements, wholesale Eaglecrest pricing, reporting, general operating requirements, and other contract provisions. The agreement needs to be in place advance of any ticket sales for summer operations.

Not Gondola Summer Operations

There is a desire to test drive summer operations in 2025 with an excursion that brings visitors up the mountain on the Hooter lift and has them walk down the existing access road. This gives Eaglecrest an opportunity to understand some of the quirks of working with industry and Goldbelt a chance to begin selling an Eaglecrest product. However, there are some major hurdles to work through. The tours would need to be marketed to our more active visitors. They also would need to be scheduled around gondola construction; heavy construction traffic is incompatible with pedestrian traffic. Public outreach also needs to happen. Further vetting of summer operations at Hooter will be part of the business plan review. Keep in mind, Eaglecrest currently has 350-390 visitors with each Viking Cruise Lines call. There are 12 scheduled visits this summer, with the potential for 24 visits next summer. Eaglecrest also permits segway, zipline, and cycle tours throughout the summer season.

Communications

Staff will continue to provide the Assembly with project updates. Once a business plan analysis has been completed and we have more details on the scope, operations, and timeline, staff will do some public engagement around the gondola project, summer operations, and impacts to the local user experience at Eaglecrest. The expected timeline for this outreach is fall.

Other Things Eaglecrest

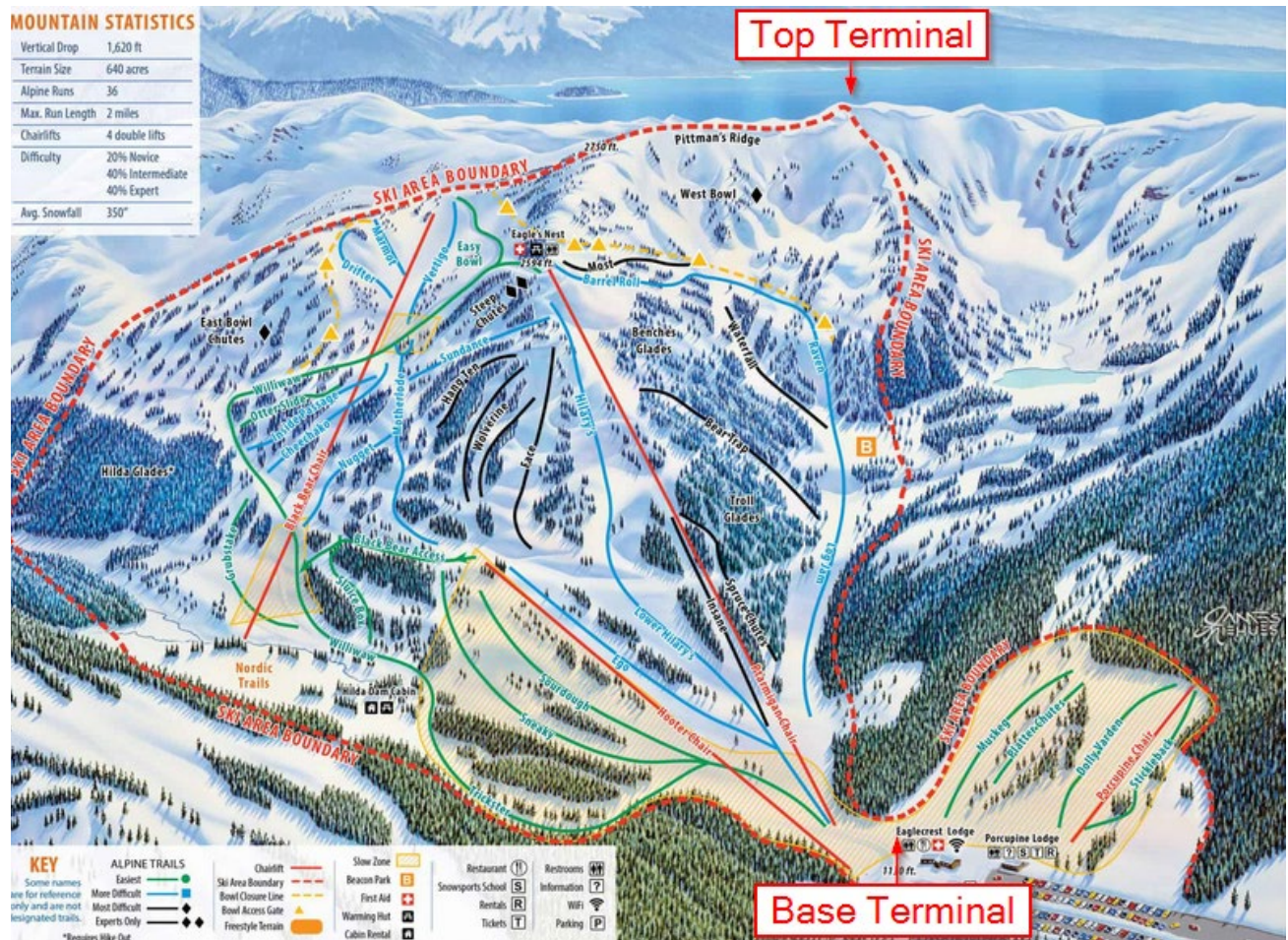
During the FY25 budget process, the Assembly authorized a \$518,000 loan to Eaglecrest. This funded Eaglecrest's base budget request and increased staff salaries by 6%. However, Eaglecrest requested an additional \$292,000 in CBJ support for winter operations and gondola preparation. The Assembly approved the \$518,000 as a loan with the intention of revisiting the Eaglecrest budget. Since then there has been significant change at Eaglecrest. Mr. Duncan's preliminary analysis confirmed that the current budget is sufficient for winter operations; however there are likely near term capital needs to bring into the budget conversation. Once Mr. Duncan has performed his analysis we will have a firm idea of the FY25 operational needs for Eaglecrest winter operations and the capital improvement needs to maintain safety. It is my intention to work with

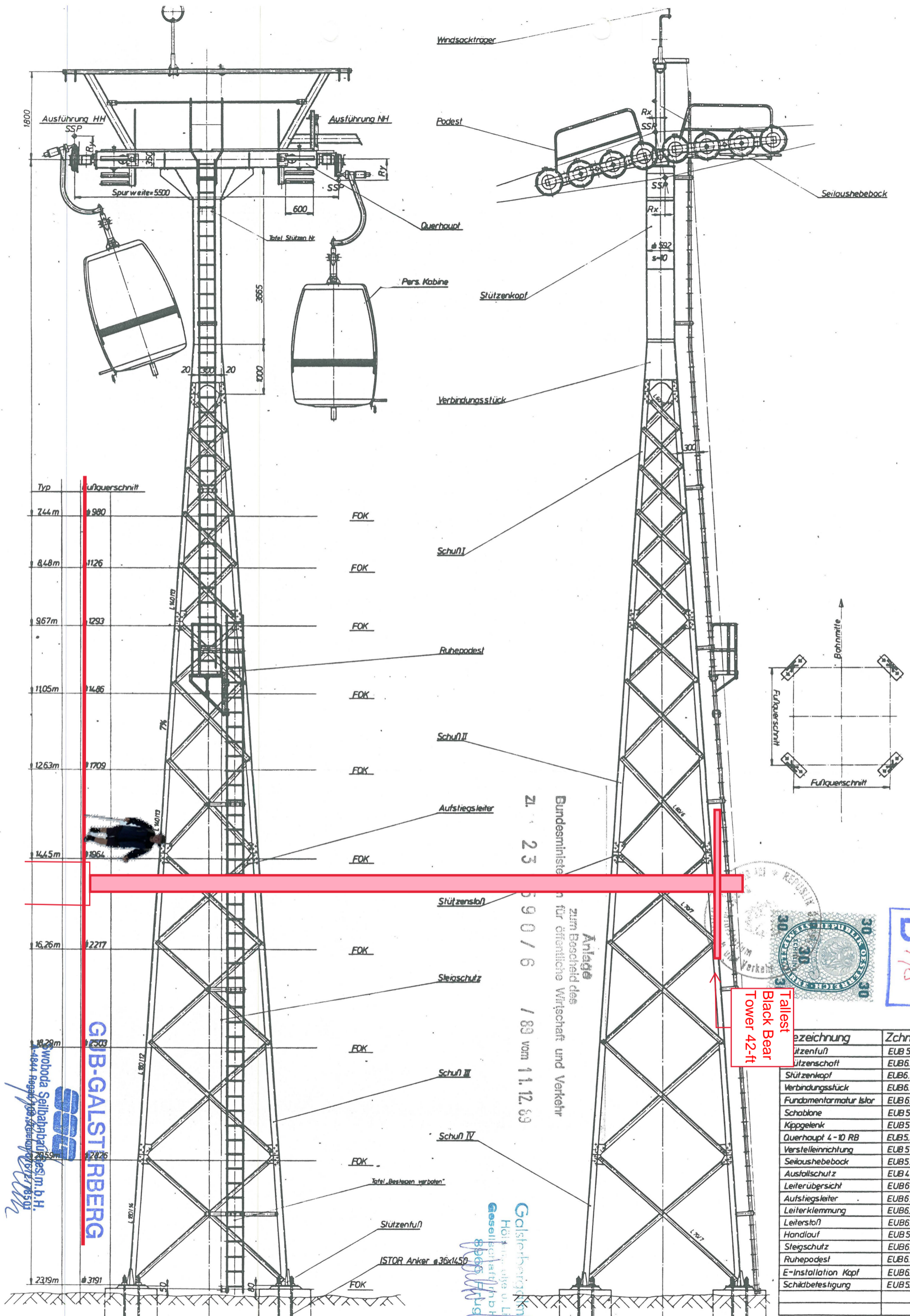
Eaglecrest staff and board to bring a budget update to the Assembly at a fall Assembly Finance Committee.

Recommendation: Informational only. Questions welcome.

Enc:
Drawings of tower installation
Images of Gondola operational in Austria

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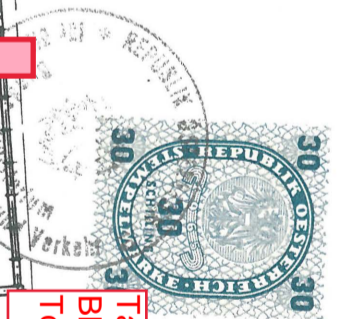
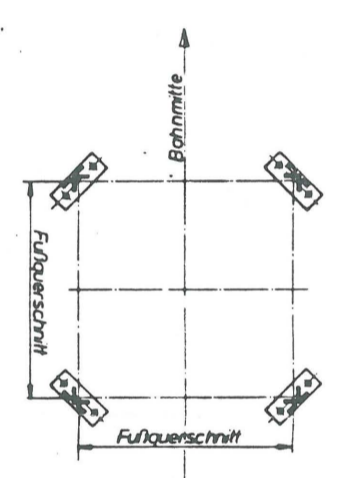
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Typ
Fußquerschnitt
744m 980
848m 1126
967m 1293
1105m 1486
1263m 1709
1445m 1964
1626m 2217
1829m 2509
2059m 2826
2319m 3191

GIB-GALSTIRBERG

Woboda Seilbahnbau Ges.m.b.H.
1844 Regensburg
Seilbahnbau
1850

Galstirberg (Knl)-Ketteck
Holz- u. Liftanlagen
Gesellschaft für Bau- u. Co KG
8805 Fuggern

Zl. 23 590/6 / 89 vom 11.12.89
Anlage zum Bestand des Bundesministeriums für öffentliche Wirtschaft und Verkehr



Tallest Black Bear Tower 42-ft

Bezeichnung	Zchnng. Nr.
Stützenfuß	EUB 5.ST.01.01
Stützenenschaft	EUB 6.ST.01.02/16
Stützenkopf	EUB 6.ST.01.03
Verbindungsstück	EUB 6.ST.01.04
Fundamentarmatur Islar	EUB 6.ST.00.01
Schablone	EUB 5.ST.00.02
Kippgelenk	EUB 5.ST.00.03
Querhaupt 4-10 RB	EUB 5.ST.02.01-08
Verstelleneinrichtung	EUB 5.ST.02.05
Seilaushebebock	EUB 5.ST.02.06
Austallschutz	EUB 4.ST.02.07
Leiterübersicht	EUB 6.ST.03.01
Aufstiegsleiter	EUB 6.ST.03.02
Leiterklemmung	EUB 6.ST.03.03
Leiterstoß	EUB 6.ST.03.04
Handlauf	EUB 5.ST.03.05
Steigschutz	EUB 6.ST.03.07
Ruhepodest	EUB 6.ST.03.06
E-Installation Kopf	EUB 6.ST.03.08
Schildebefestigung	EUB 5.ST.03.09

Typ	Fußquerschnitt
26.13m	φ 3603
28.98m	φ 4003
32.15m	φ 4447
35.66m	φ 4941
39.58m	φ 5490

SSG Seilbahnbau Ges.m.b.H.	
St.zt.	Blatt 1:25
Gütermaststütze	
Zuehung Nr. EUB 6 ST	Blatt 10



