

GUNSTOCK AREA COMMISSION MEETING
February 16, 2022
Gunstock Mountain Resort, Gilford Public Library
APPROVED MINUTES

GAC: Gary Kiedaisch, Peter Ness, Rusty McLear, Jade Wood

Gunstock Personnel: Tom Day (President/GM), Cathy White (CFO), Becky LaPense (HR Director), Kristen Lodge (Sales & Marketing Director), Peter Weber (Snowsports School Director), Robin Rowe (Resort Services Director), Patrick McGonagle (Facility Operations Director)

Vice Chair Kiedaisch called the meeting to order at 6:00PM with the pledge of allegiance.

Minutes

The minutes of the January 19, 2022 Gunstock Area Commission public meeting were reviewed. Commissioner Wood noted a correction under New Business; Rep. Taylor should be changed to Belknap County Commissioner Taylor. Vice Chair Kiedaisch reported that the expired MOA referenced by Rep. Howard in the January meeting has been removed from the GAC website.

ACTION

- Motion:** Commissioner McLear made a motion to approve the minutes as amended.
Second: Commissioner Ness.
Vote: All in favor.

Financial MD&A and Executive Summary

Cathy reported out on the January and YTD financial results for overall operations and by department. Vice Chair Kiedaisch asked for a summary of the capex projects being deferred to FY23. These projects include finishing work on the Breezy Knoll parking lot and Stockade Lodge renovation. Cathy reported that renovations were delayed due to equipment delivery schedules and that current lead times range from 6 months up to 18 months. The cost of materials and equipment have also increased but management was able to lock in pricing from their quotes last summer which should be honored. Patrick said the Breezy Knoll parking lot is scheduled to be completed by June 1. Discussion ensued around the increase in season pass sales, which grew from 5,400 LY up to 7,800 as of the end of January. Robin attributed this increase to the change in ticketing strategy that caps day ticket sales and improved the overall guest experience. She believes this helped boost the season pass sales for this winter. Tom said that management decided to announce their plan to continue limiting day ticket sales when they opened up the spring pass sale last year. He believes that is what pushed some customers to buy passes this year, so they would not be locked out of a day trip. She added that the school Outreach program has seen significant growth as well, from 2,200 students LY up to 3,800 students. Discussion moved to utility costs, which are running 30%-40% higher than LY. He noted the power purchase agreement provides some protection from rising utility costs but not entirely.

Vice Chair Kiedaisch announced that he would open the discussion to public comment or questions about the financial reporting presented.

GUNSTOCK AREA COMMISSION MEETING

February 16, 2022

Gunstock Mountain Resort, Gilford Public Library

APPROVED MINUTES

Ruth Larson, Alton, asked if staffing shortages have been an issue this winter. Becky replied that they are experiencing shortages that are a challenge for managers, but they have not had any significant disruptions to the operating schedules as a result. She explained it was not as much of a hiring shortage as it was a staffing shortage. She noted their hiring rates have not dropped but labor costs are running behind budget in large part because employees are working fewer hours this winter.

Heidi Preuss, Laconia, asked how the new Belknap County Sunday promotions are going. Robin reported that the Sunday offer began two weeks ago and 39 people have taken advantage of the discount. She added that they have sold 48 units of the Monday promotion for Belknap County residents. Commissioner Wood suggested offering comment cards at the point of sale for the Belknap County discounted tickets to get their feedback on the visit. Tom said they have been heavily promoting the Belknap County discounts and expects it will take some time to grow.

Doug Lambert, Gilford, commented that management's approach to season passes and daily tickets is on the money, and he will be ready to buy his pass on March 4th.

Russ Dumais, Gilford, commended the group for the financial results.

Old Business

- a. *Legislation Update (HB 1078)* - Commissioner Wood reported no further action on the proposed legislation since the January hearing, but another hearing is scheduled for February 22nd at 9AM.
- b. *Master Plan*
 - i. *Public Feedback* -Kristen shared some of the public comments from the Master Planning Open House meeting on December 4th.
 - ii. *Gating Process for East Side First Pass Cost and ROI Analysis* - Tom presented an overview of the projected costs for the East Side expansion, which includes a new detachable quad chairlift to the summit, 70 additional acres of skiing/riding terrain on 11 trails, 400 additional parking spaces, and a comfortable carrying capacity of 1,040 people. The overall costs are estimated to be \$18.6m including \$8m for the chairlift, \$4.5m for snowmaking, \$2.1m for trail construction, \$3.5m for a new guest services lodge, and \$500k for parking. Vice Chair Kiedaisch asked if the guest services facility could be built into the hotel facility, which would be paid for by the hotel operator. Commissioner McLear said that approach would be appealing to the hotel operator because it would bring people into the facility for food and drinks. He added that the parking expense may also be picked up by the hotel. Vice Chair Kiedaisch suggested that a cost share between Gunstock and a hotel operator could reduce the projected costs by as much as \$8.5m. Management would then decide how much cash can be put toward the remaining \$10m expense and how much of that would be financed. Discussion ensued around cost sharing possibilities that make the East Side expansion more affordable for Gunstock.

GUNSTOCK AREA COMMISSION MEETING
February 16, 2022
Gunstock Mountain Resort, Gilford Public Library
APPROVED MINUTES

- iii. *East Side Potential Execution Timeline Goals* - Commissioner Wood asked if the Conservation Commission had been consulted about the location of the hotel. Vice Chair Kiedaisch said they were consulted on the Weeks expansion proposal, but they do not have oversight over the proposed location for the East Side hotel and expansion. He said they were receptive to the Weeks expansion but there is concern among homeowners about that expansion proposal. Tom said he has been in contact with the Belknap Range Area Trail Tenders (BRATTs) about mitigation of any disturbance to existing trails. Commissioner Ness asked if Gunstock has a Land and Water Conservation Fund that encumbers GMR's acreage. Tom said yes and he has been keeping them updated. Commissioner Ness asked if they would require approval from the Belknap County Commissioners, the Belknap County Delegation, the DNCR administrators of the Federal LWCF fund in Concord, and the US Department of Interior to build the hotel. Tom said he did not believe they would be involved but Commissioner Ness suggested he go back and speak to the people they talked to in August 2020. Vice Chair Kiedaisch asked Tom if the SE Group could revisit the layout to bring the bottom of the East Side closer to the bottom of Pistol. Commissioner Wood commented that the proposed location would require hotel guests to take a lift to the summit to access any terrain, which would be difficult for parents with young children. Vice Chair Kiedaisch asked if there was any money left in the engineering budget to ask SE Group for those revisions. He also wants to confirm any issues with the cross-country terrain and non-skier guest traffic to the hotel. Tom said he believes they have enough money left in the engineering budget to get them what they want without additional expense.
- c. *Parking Lot Paving: Stimulus Fund Status* - Vice Chair Kiedaisch said the stimulus funds have been allocated and the Delegation is setting the priorities and allocations. He suggested that the GAC lobby the BCD for a decision on Gunstock's requests. Tom said he will draft a letter to the Delegation asking for their consideration.

New Business

- a. *2023 Summer Preliminary AOP Discussion* - Tom reported that planning for the FY23 budget has begun, and they expect to have a similar summer operating plan as last year. Commissioner McLear asked if concerts were part of the summer plan and Tom said he has spoken with a promotor who may be interested in a monthly concert series at Gunstock. He added they are talking with Soulfest about the 2022 event. Tom reported that the Historic Main Lodge will be getting air conditioning this summer, which will help boost weddings and group functions. Discussion moved to the main lodge windows and Vice Chair Kiedaisch asked if that could be included with the stimulus fund request since it's a historical building and all the windows need to be replaced. Tom said the AC installation has been allocated into the resort's operating budget.

Miscellaneous

Commissioner Ness said the agenda indicated they would be provided with an ROI analysis for the East Side proposal, but they were only presented with two slides in a PowerPoint. He asked what the deliverables are for management. Tom explained that is the next step and they expect to have it prepared shortly. Commissioner Ness asked if it would be provided in writing before

GUNSTOCK AREA COMMISSION MEETING

February 16, 2022

Gunstock Mountain Resort, Gilford Public Library

APPROVED MINUTES

the next meeting. Tom and Cathy said yes but it would be limited to the East Side proposal only and will include a detailed ROI, funding plan and projected skier visits. Vice Chair

Kiedaisch said that the GAC needs to review the FY23 Operating Budget in the March meeting and suggested that the April meeting would be better timing for the ROI review. All agreed to include the East Side ROI analysis on the April meeting agenda. Commissioner Wood asked why the East Side is the first priority for the master plan and Tom said because it opens up the opportunity to earnestly begin work on attracting a third-party hotel operator. Commissioner McLearn commented that a hotel in that location would be very successful because of its uniqueness next to ski trails and a demand in the area for more high-quality lodging accommodations.

Public Comment - Vice Chair Kiedaisch opened the meeting for public comment.

Al Posnak, Alton, asked about the process for working through the proposals to get to the final plan. Vice Chair Kiedaisch said there will be a lot of back and forth, and that it is likely to be a detailed and long process.

Heidi Preuss, Laconia, commented that her priority is to increase the skiability of the terrain, even without a hotel. She said the added carrying capacity gets the highest punch because it opens more terrain to more guests at a comfortable level.

Alex Deluca, Laconia, asked when any changes will be made to the Tiger and Ramrod lifts. Tom said they are not in the cost analysis for the East Side expansion. Commissioner Ness asked where Instructors would take their students after they get comfortable on the Penny Pitou chair if they were to remove the Ramrod chair. Tom said that is a concern and one of the reasons why it might stay where it is.

Doug Lambert, Gilford, asked for information about the access road to the proposed hotel. Tom said it is approximately 1.5 miles long but is not on the plan and has not been costed out. Commissioner McLearn said they would expect the hotel to cover the costs and construction of the access road. Mr. Lambert pointed to prior meeting minutes that indicate the GAC met privately with the Gilford Conservation Commission. He was disturbed that the Conservation Commission was thrilled about the proposal, but he thinks there will be a lot of discussion in the community about the Weeks proposal. He said there is concern about the conservation land and those discussions need to be made public. Vice Chair Kiedaisch said the Weeks proposal is a hot potato and they did not want to get anyone up in arms about it before they could meet with the Conservation Commission. The meeting they had with them was in a posted public meeting that Reps. Howard and Sylvia attended. He said any future discussions with the Conservation Commission will also be held in a posted public meeting.

Ruth Larson, Alton, said the sponsors of HB 1078 are Reps. Silber, Terry, Howard, and Johnson.

Steve Faye commented that the details really matter in this process and expressed concern to ensure a thorough environmental analysis on the master plan proposals.

GUNSTOCK AREA COMMISSION MEETING

February 16, 2022

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Ruth Larson, Alton, made a lighthearted comment that Gunstock was the first ski area in the east to build a chairlift and the newspaper at the time criticized the development because they feared it would “create a haven for lazy skiers”.

Vice Chair Kiedaisch closed the public comment portion of the meeting and asked for a motion to adjourn.

Adjourn

ACTION

Motion: Commissioner McLear motion to adjourn the public meeting of the Gunstock Area Commission at 8:26PM.
Second: Commissioner Ness.
Vote: All in favor.

Respectfully Submitted,

Rusty McLear, Secretary
Gunstock Area Commission