

MEMORANDUM

TO: Board of Trustees

THROUGH: Steven J. Pinkerton
General Manager

FROM: Brad Wilson
General Manager Diamond Peak Ski Resort

Bradley A. Johnson, P.E.
Director of Asset Management

SUBJECT: Approval of the Amended Diamond Peak Master Plan and Authorization to Move Forward with Environmental Clearances and Select Construction Permits

STRATEGIC PLAN: Long Range Principle 5 – Assets & Infrastructure – Objective 1 – Set direction for the proposed Diamond Peak Master Plan

DATE: October 9, 2015

I. RECOMMENDATION

That the Board of Trustees makes a motion to:

1. Approve the Diamond Peak Master Plan dated August 2015 as amended by the Diamond Peak Master Plan Community Steering Committee recommendations.
2. Authorize Staff to submit the Plan to the Tahoe Regional Planning Agency (TRPA), the United States Forest Service (USFS), and Washoe County (where necessary) for environmental clearances and approval.
3. Authorize Staff to submit for concurrent review of Phase 1a of the Master Plan by TRPA and Washoe County for construction permits.

II. BACKGROUND

At the April 24, 2013 meeting, the Board of Trustees awarded a professional services contract to SE Group to develop a ski area master plan update and

summer activities assessment for Diamond Peak Ski Resort. Subsequently, the SE Group and Staff have participated in five publically held meetings, conducted a community survey (with 700 responses), met with the Humboldt/Toiyabe and Lake Tahoe Basin Management Unit USFS Supervisors, and the TRPA and Washoe County planning teams.

At the September 10, 2014 meeting of the Board of Trustees it was determined that further community input was necessary before the Master Plan would be considered for acceptance by the Board of Trustees. The District General Manager created a 13 person Community Steering Committee to evaluate the Master Plan. After 10 public meetings over the course of six months, the Steering Committee presented their findings to the Board of Trustees in a special public meeting on July 15, 2015. Changes to the Master Plan recommended by the Steering Committee included:

- Splitting Phase 1 in to two phases (Phases 1a and 1b)
- Relocating the Alpine Coaster (Phase 1b)
- Eliminating the replacement of the Lakeview Lift

Through vast experience with similar resorts, market research study, evaluation of industry business best practices, and input gathered from the community and Board, SE Group incorporated the recommendations of the Community Steering Committee into the attached Diamond Peak Master Plan document dated August 2015.

The next step in the master planning process is to submit the updated Diamond Peak Master Plan to the TRPA and USFS for environmental clearances and approval. An Environmental Impact Statement (EIS), consistent with the requirements of the National Environmental Policy Act (NEPA), for the Diamond Peak Master Plan will be prepared by a consultant selected and hired by the TRPA (the District will be required to enter into a contract with the TRPA to fund the work). This comprehensive public process will take 18 to 24 months to complete and will assess the Master Plan's impact to (among others):

- Threatened and endangered species
- Air and water quality
- Historic and cultural sites and resources
- Traffic and noise

The Master Plan will also be assessed for compliance with the TRPA's Regional Plan and Washoe County's Area Plan documents. There are prescribed periods

of public review and comment throughout the entire process and final approval of the EIS document and the Master Plan is conducted at a public meeting of the TRPA's Governing Board.

The TRPA process requires a comprehensive evaluation of the entire Master Plan and therefore all phases of the Master Plan must be submitted for environmental review and clearance. Once the EIS/NEPA process has been completed and the Master Plan has been approved by the TRPA and USFS, the Master Plan becomes effective as an operating document for Diamond Peak Ski Resort. This means activities and events identified in the Master Plan can be implemented but any new infrastructure or amenities cannot be constructed until separate construction permits have been issued.

The TRPA process allows for concurrent review of the project for construction permits. This allows for cost savings and economies in scope and schedule in the review process and, once approval of the Master Plan is granted by the USFS and TRPA, construction could begin immediately. Consistent with the recommendations of the Community Steering Committee, Staff is recommending submission of Phase 1a for concurrent construction permit review. Phase 1a includes:

- Challenge course
- Canopy tour – Crystal Ridge to Base Area
- Mountain bike trail improvements – above and below the Incline Flume
- Family/kid's base area bike loop
- Modular kid's pump track
- Bike skill's park
- Hiking trail improvements – Snowflake Lodge to the Base Area
- Interpretive signage
- Improvements to Snowflake Lodge kitchen equipment and barbeque area
- Lakeview Lift download capacity improvements

The construction permits issued by TRPA are valid for a period of three years from the date of issuance which allows for a five year window (two years for EIS completion and a three year permit life) for continued discussion by the Board of Trustees on the merits of the individual projects contained within Phase 1a of the Master Plan.

Approval of the Diamond Peak Master Plan by the TRPA and USFS and issuance of construction permits for Phase 1a does not obligate the District to

implement any of the improvements contained within the Master Plan. Most of the improvements contained within the Master Plan will require design and construction contracts that require individual approvals by the Board of Trustees in the future. Moving forward with Phases 1b, 2, 3, and 4 of the Master Plan will require additional construction permit submissions to TRPA and Washoe County.

III. BID RESULTS

Not applicable.

IV. FINANCIAL IMPACT AND BUDGET

The Board is not awarding any contracts at this time, however, if submission of the Diamond Peak Master Plan to TRPA and the USFS is authorized a small contract, estimated at approximately \$10,000, will be awarded under Staff authority to SE Group to prepare the pertinent application documents. Once the Master Plan has been submitted to TRPA, the Board of Trustees will be requested, at a future meeting, to authorize a contract between the District and TRPA to complete the NEPA analysis and develop the EIS document. This contract is estimated to be \$350,000 to \$400,000.

A total of \$250,000 for this project was included in the 2014/2015 Capital Improvement Budget and carried forward and an additional \$150,000 is included in the 2015/2016 Capital Improvement Budget – see data sheets attached (Fund: Community Services; Program: Ski; Project # 3653BD1501). The combined currently available budget for this project is \$400,000.

V. ALTERNATIVES

There are two alternatives to Staff's recommendation:

1. Reject the Diamond Peak Master Plan as amended by the Community Steering Committee recommendations.

Should the Board reject the amended Diamond Peak Master Plan, it would need to provide Staff with additional direction for what steps to take next. Failure to move forward on an updated Master Plan of some kind leaves the District operating Diamond Peak from a 29-year old plan.

This impacts Diamond Peak's ability to stay competitive in the market place by limiting operations to its existing winter activities. This leaves the resort

vulnerable to potential economic impacts of a late winter, warm temperatures, or light snowfall while passing up the opportunity for significant summer revenues.

If the Board approves the Diamond Peak Master Plan, it must move forward with submitting the document for environmental clearances and approval by TRPA and the USFS in order to allow any of the elements of the Master Plan to be implemented. Failure to do so is essentially identical to rejecting the plan outright and leaves the District operating Diamond Peak from a 29-year old plan.

2. Approve the Diamond Peak Master Plan as amended by the Community Steering Committee and authorize staff to submit the Plan to TRPA, USFS, and Washoe County (where necessary) for environmental clearances and approval but do not move forward with procurement of any construction permits at this time.

By submitting the Master Plan for environmental clearances and approval by TRPA and USFS but not submitting for concurrent review for Phase 1a construction permits allows the Plan to serve as an operating document for Diamond Peak but prevents the District from constructing any of the new infrastructure and amenities identified in the Plan until construction permits are obtained. This slows the implementation process down and misses the efficiencies provided by concurrent review.

VI. BUSINESS IMPACT

This item is not a “rule” within the meaning of NRS Chapter 237, and does not require a Business Impact Statement.