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Sent: Monday, December 27, 2010 11:33 AM

To: Carolyn Weishahn; Daymond Hoffman; Joanne Waterman; Joe Ordonez; Mayor Jan Hill; Scott Sundberg; Sean Brownell; Sean Gaffney; Julie Cozzi

Cc: Mark Earnest; nick@skiseaba.com

Subject: Heliskiing introspective SEABA's Response to Rob and Joe's concerns.

To Mayor Hill and the Members of the Heli-Ski Committee,

I would like to present some ideas here that the committee can think about and discuss.

I appreciate Rob spending many hours of his time and his commitment to the task force, especially during what appears to be a busy time of year for him.

In the following correspondence from Rob, there are some ideas that have merit and others that are far fetched or misplaced in our discussions. I intend to add my two cents, which is industry based, but it is coming from the educated and calculated stance of this industry. When I say industry, I am not just talking about Haines Heliskiing. My comments will reflect both Joe's recent comments and Rob suggestions,

Scott Sundberg's comments will be in Blue!!!!

Rob comment remain in Black

Joe's comments in red.

*The Map – I would like the committee to address the concerns that Cary Weishahn had with some of the additions to the heli-ski zones. I will leave the map with Daymond before I go.

If we should be consulting the map with anyone it should be the state of Alaska, DNR, ADFnG, and the BLM.

*Additions to the Map - Sean B. and Scott have expressed interest in adding the Takhin Ridge and the BLM Goat Monitoring and Control Area to the heli-skiing areas. Here are my thoughts on this.

The existing areas where heli-skiing is allowed (the red areas on the map) total, by my estimation, about 153 square miles. The new areas that we have added (in purple on the map) total about 139 square miles. The Ferebee addition alone adds about 60 square miles. The current areas plus the additions total around 292 square miles.

In the perspective of things even though the Ferebee is 60 square miles, there is probably only 10 square miles we would actually use, and that would be light use. It is one of the furthest regions to get to, so stable weather conditions, adequate landings there and back, dictate how often and to what volume we would go to the Ferebee.

I'd like to put this in perspective. For eight winters I lived at a medium sized ski area in California. Bear Valley has 9 chairlifts, a vertical drop of 2100 feet, and occupies about three square miles of forest service terrain. On any given Saturday in winter, 5000 skiers can be accommodated in those three square miles.

The question that comes to mind is, "If 5000 skiers a day can be happy in three square miles, why can't 1200 skiers, spread over a three month season, be happy in 292 square miles?"

Granted, ski area skiing and heli-skiing are two different experiences. Heli-skiing is marketed as a premium experience, and clients are charged accordingly. You can buy a season pass at Bear Valley for \$459 and ski every day from Thanksgiving to Easter. One day of heli-skiing in Haines costs \$750, or about \$80 per run.

We have been asked to go to Klukwan to ask the Village Council to reverse their vote against heli-skiing on the Takhin Ridge. Likewise, we talked about inquiring to the BLM about removing the Goat Monitoring and Control Area. Why? Isn't 292 square miles enough space for 1200 skiers spread over 90 days?

I think what has been missed here is a few market place ideals that heliskiing is based on.

First the product is not en masse style skiing, where we pile everyone up in the same area and enjoy each others company. Heliskiing is for people who want to spend their hard earned dollar finding remote areas in which to explore their skills on all styles of terrain and snow types without competition from other skiers outside of the groups of company they are flying with. Obviously with limited terrain and higher numbers of people using it, the product disappears and you have disfranchised the client.

In Canada companies have been issued tenures, these tenures are large tracks of land, up to 165,000 hectares, that only the permitted company has exclusive rights to. This insures that the company can sell a product that will be there when they return to the mountains with their clients. In a market-driven economy the product that is lesser in quality is more likely not to get purchased, unless it is marked down to its level of consumption.

Here in Haines, in order to be competitive with Canada, the pioneer in this industry, and Chugach Powder Guides(CPG) in Girdwood, we need enough terrain out of the relatively small area that the state and BLM have here to offer a great product. We are challenged a bit by a few factors that Canada and CPG are not faced with.

Secondly, there are two companies and the thought of a third inside one tenure. With limited terrain and no guarantee of fresh tracks in a given region, some of our clients would say that the Haines market is not exclusive enough and would be risky as a purchase. Unfortunately, they are right and both companies have had to be priced under the market to get customers to Haines. This means less money in the operators pocket, because running heliskiing anywhere in North America is a fixed cost. The higher the retail price for a fixed product the greater the revenue. I can speak for SEABA and probably AK Heliskiing, we are barely in the black after expenses and payroll as we have built this industry to be competitive. Thus we have had to be under priced to make it attractive.

To make us more favorable and somewhat attractive in the market place, giving the current operators more area, allows us to bank on that concept that we have untouched

pristine, uncrowded ski slopes for our clients, and we are not competing with each other here in Haines for that product.

Finally, the other positive outcome for more area is it will increase our opportunity to operate safely on days in which the weather is marginal, snow packs are questionable in specific areas, and allow us to stabilize our pricing so that we can make a better margin on the product. If this happens then the industry in Haines, can be competitive, more stable, and therefore not forcing the industry to drive the issue of "over regulation" and settle some of these issue locally.

All of this logic can be found in the Environmental Impact Statement that the Chugach powder guides did with the Chugach National Forest.

Reasons that came up at the map committee meetings for wanting more area were that operators were tired of skiing the same old runs, and that clients, having paid for a premium skiing experience, do not want to ski across anyone else's tracks.

In the map committee meeting SEABA never addressed the issue of more area because we were "bored with the same old runs." ,and the issue with having a discussion with Klukwan is mainly over respecting their native traditions and informing them about the industry, as they have been led to believe otherwise. SEABA, initiated this on November 4th , almost two months ago, in the interest of providing facts about the industry, so that when Tahkin Ridge, and parts of the Takshanuk were added to the map, everyone was aware of the facts and that the industry had respected the native people of the valley by communicating with them our intentions. These areas have very stable wildlife populations certified by ADFnG and the BLM . There are no at risk populations here, just some uneasy residents that show concern. Good science should tell us that as long as we don't harass visible wildlife and stay 1/2 mile away from critical winter habitat, that these areas can be used for heliskiing.

Again all of this thought and logic can be found in the EIS , certainly not designed for Haines but the principles are very similar.

In my opinion, these reasons are petty. Creating noise impacts to residents of Klukwan and Chilkat Lake, and potential disturbance to wildlife is not warranted. I believe the committee should abandon the idea of going to Klukwan to ask about the Takhin Ridge, and support the continuation of the BLM control area for goats. There have to be areas left alone for other uses. There must be enough ski runs available in 292 square miles to satisfy 1200 skiers. We have almost doubled the area in which heli-skiing is allowed. This should be enough.

As I have stated above they are certainly not enough. While Rob mentions the addition of 292 square miles, single permit holders like CPG and some Valdez operators have around 400-650 square miles of terrain. Some Canadian Tenure are even larger in the 1,000 sq. mile size, all of which have wildlife mitigation measures. Granted they do not use every square mile, and will not ever. The idea is to give options for the companies so that when wildlife, residents, or weather have some sort of conflict with the area, there is another place to go. The heliski hotline, a phone number designed to be

informational and a line of communication to the public, that we discussed in our map committee would alleviate a lot of residents' concerns about where they could find some silent recreation. I am sure that in our voluntary agreements, with the borough we would feel inclined to volunteer areas at times so that members of the community could go recreate without our intrusion given good planning. I agree with Joanne and some of the other assembly members in saying that the real issues behind this closed controversy are communication based and that as we go together standing on this new leg, we will find that we can cohabit quite well.

I specifically feel that this will be true as we become more voluntary and verifiable.

Joe Ordonez says- (I don't believe we have agreed to double the area in which heli-skiing is allowed. As far as I am concerned, we are still in the information gathering stage and this is what has been proposed. We haven't heard Fish and Game or BLM's reasoning behind why the lines were originally where they were so I feel like we should wait for more information. This is a consensus group and I am not sold on doubling the available ski area yet. Ski areas are a negotiable part of the entire package and I think we should look at the entire package before we sign off on any one part of it.)

If Joe wants to look at the whole package before signing off on it, then why did he involve himself in the Chilkoot corridor issue by taking more people into a complex situation commercially? I truly believe that more area is better as long as we recognize heavy recreation use areas that exist already and protect them for what they are. Doubling the use area does not necessarily mean doubling the impacts or even the total numbers. It means spreading out the impacts and creating safe options for everyone. The BLM permits landings in broad areas and lets pilots choose how much and how often based on safety.

Again with a hotline and detailed areas for non-motorized recreation where it truly exists, the majority of this issue can be resolved, 95% of the people in Haines will be satisfied with the outcome. And if they are not, and the complaints keep piling up, and they are justified then it can be changed again. We are willing to do that.

Unlike the Operators in the Chilkoot corridor, heliski companies are willing to reduce impacts to highly sensitive areas, instead of continued bombardment and a resistance to change.

*Skier Days - I think there are several ways to approach this. It's helpful to consider why the limit on skier days is there at all. Since helicopter noise is presumed to have an impact to residents near the heliports and along the flight routes, limiting skier days limits the number of flights and the impacts to residents.

I do agree with this point, I feel that some areas do not need a client limitation. I also believe that the market with the specific product that we are selling will determine the actual amount of clients necessary to make this industry comfortable and consistent. In the recent past I believe there have been individuals that have attempted to make it difficult for the industry to become stable and consistent in order to flush them out of Haines. The prior ordinance, although a response to an advisory vote mandating managed heliskiing in the borough, was intended to protect the residents, but it never really considered the realities and design of the heliski industry.

Also, a limit on skier days protects the heli-ski companies. If there were no limit, it is

presumed that any number of other heli-ski companies would want to come here and grab a piece of the market. For example, I think it was mentioned that there are 5 companies operating out of Valdez. Of course, the other way to protect the local businesses would be to limit the number of permits issued, as is done in fishing, guiding and liquor licenses.

I am in favor of limiting the number of companies until the market shows there is room for more.

Setting Limits Based on Impacts – Skier days could be apportioned by the impacts, or lack of impacts, they create. For example, there are more residents near 33 Mile than there are near 18 Mile, and fewer still near the airport. Also, the flight route and destination have a lot to do with who hears the helicopter and who doesn't. Some examples of this are from 33 Mile, a flight going over the ridge to the north will probably be heard by fewer people than a flight that goes across the Klehini Valley to the south. From 18 Mile, flights that go to the Takshanuk Ridge and the Ferebee may not be heard at all once the helicopter goes down river from the landing strip. From the airport, a flight up the Takhin would have much less impact than one that crosses in front of residences on its way to the Rainbow Glacier area.

I also think that this idea has merit, but only after several years of flight log data is accumulated and there are no client number limits in these proposed areas that have the most impact. Sean B. has addressed the 33 mile area impacts, stating that he would be more inclined to operate out of 18 mile if new areas were opened up in the Tahkin Ridge and Ferebee drainages. This would take off the pressure of putting all of his clients into the Flower mountain-Jarvis complex, which could be up to 12 groups in one day, totaling over 30 departures and takeoffs per day. If it was reduced by half this would be considerable and more amiable to residents that live in this area.

Skier days could be allotted to each company according to areas. An area that has higher impacts might get fewer skier days, while areas with little or no impact could have a very high allotment. The advantages to this method are that the companies would never have to turn away business late in the season for lack of skier days, and impacts to residents would be limited. The disadvantage is that the companies would be less able to skip around and sample different areas in the same day, as each client landing in an area would count toward that area's allotment. The GPS data would allow the skier days to be tallied easily for each area.

This is the downside to the specific idea, it complicates the process for the companies a little and might force compromised decision which could ultimately create a safety issue. Remember we are going to do what ever is safest for our clients. More options means safety, not necessarily more impacts.

A starting point would be to find out approximately how many skier days are used by each company in each of the current areas (Area 1 – South of the Klehini River; Area 2 – North of the Klehini River; Area 3 – South of the Takhin River; Area 4 – Mt. Emmerich and South). If current levels are acceptable to residents, keep them. Add skier days in areas with presumed low impacts, such as the Takshanuk (Area 5) and Ferebee (Area

6), and increase existing skier days in areas of low impact, such as south of the Takhin River (Area 3) if accessed from the airport. If the companies use up their skier days in the high impact areas, there will be skier days available in the low or no impact areas.

*Adding a Third Permit - I think a permit for daily heli-skiing can be given to Alaska Mountain Guides with minimal added impacts. At the very least, they can be permitted for the Ferebee (Area 6) with access from Skagway. I also think that allowing them access to the area south of the Takhin (Area 3) with access from the airport would have minimal impacts.

I agree that access to the Ferebee from Skagway in the next few years for Alaska Mountain Guides is approachable. I do not believe that giving them access to area three is wise until the exiting operators have showed the use with the new plan in place.

*Trial Period – Whatever we, and ultimately the Assembly, decide does not have to be cast in stone. I think a trial period of a year would be reasonable to see if it is working for all concerned. Then adjustments can be made. As the plan forms into something that is acceptable to all, then the permits can be extended and we can all get back to the pursuit of happiness, whatever that is.

Once again I agree with Joanne and Damon in that this is a working document, that will be adjusted, improved, corrected, and ultimately finalized. If you think about in these terms then, then last five years of over regulation have been an example of how this should have been an open flexible document already. The majority of the existing issue would of never surfaced, if the assembly had looked at the ordinance on a yearly basis. It also is a major reason to open other areas as the new map suggest to see if there are any issues and how relevant they become. There may be none. I truly believe that if issues come to ahead in the future, each permit holder is in a contract position to try to solve these issue as the fallout is bound to only hurt the industry.

Damon has promoted and dedicated himself to working as an assembly member with the industry and residents after the season to objectionably review the season and solve any issue at the end of the season, so that the industry and active members of the assembly and residents do not have to sit on committee and boards through the holidays to get changes made. It will also allow more security for the permit holders to actively book the season after the season end meetings have solidified any issues and mitigated them. currently there is a lot up in the air, and the industry is taking it's bookings with unease.

Thank you for considering this proposal, and for all your hard work.

Happy Holidays!

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