

Managers' Report 5-3-18

Financial Report:

We had a great finish to the ski season with a good amount of sunshine and occasional snow storms right when we needed them most to keep the snowpack needed to keep the lifts spinning up until closing day. The chart below represents actual revenue and expenses year to date for each season shown to allow us to track emerging trends. Sales finished off strong well above FY 15 and FY 16. We have been doing our best to keep costs down. At this point it appears that we will be able to achieve a neutral fund balance at the close of the year. We will be tracking expenses week over week and doing our best to keep costs under control as we begin digging into summer repair projects.

	FY 11	FY 12	FY 13	FY14	FY15	FY16	FY17	FY18
	Actuals	Actuals	Actuals	Actuals	Actuals	Actuals	Actuals	Actuals
Sales								
Ski School Fees	\$ 112,810	\$ 139,418	\$ 158,900	\$ 184,852	\$ 41,766	\$ 117,675	\$ 147,568	\$ 92,500
Ski Lift Fees	\$ 178,777	\$ 251,447	\$ 221,611	\$ 171,953	\$ 11,223	\$ 155,260	\$ 260,203	\$ 125,392
Advance Ticket	\$ 117,764	\$ 107,994	\$ 74,675	\$ 92,831	\$ 40,456	\$ 57,112	\$ 99,726	\$ 37,984
Season Ticket	\$ 114,292	\$ 326,217	\$ 310,790	\$ 340,169	\$ 302,261	\$ 209,964	\$ 198,404	\$ 220,732
On Line Season Pass Sales	\$ 588,023	\$ 475,629	\$ 531,364	\$ 515,836	\$ 461,583	\$ 263,080	\$ 357,909	\$ 461,108
Bus Fees	\$ 14,523	\$ 16,016	\$ 15,893	\$ 16,605	\$ 2,335	\$ 4,483	\$ 8,710	\$ 5,102
USER FEES	\$ 1,126,189	\$ 1,316,721	\$ 1,313,233	\$ 1,322,246	\$ 859,623	\$ 807,573	\$ 1,072,520	\$ 942,818
Retail - Soft G	\$ 34,126	\$ 36,455	\$ 31,763	\$ 33,158	\$ 7,384	\$ 31,031	\$ 45,242	\$ 20,305
Food Service	\$ 158,571	\$ 177,348	\$ 147,054	\$ 146,621	\$ 33,334	\$ 81,343	\$ 153,992	\$ 94,203
Ski Repair	\$ 26,341	\$ 28,833	\$ 26,426	\$ 26,502	\$ 12,598	\$ 15,353	\$ 18,286	\$ 21,090
SALES	\$ 219,038	\$ 242,637	\$ 205,242	\$ 206,280	\$ 53,316	\$ 127,728	\$ 217,520	\$ 135,598
Locker Rental F	\$ 61,622	\$ 68,568	\$ 68,892	\$ 68,912	\$ 68,476	\$ 62,163	\$ 63,969	\$ 63,260
Ski Rental	\$ 102,448	\$ 107,270	\$ 99,644	\$ 99,757	\$ 21,090	\$ 44,153	\$ 132,054	\$ 78,920
RENTALS	\$ 164,070	\$ 175,838	\$ 168,536	\$ 168,669	\$ 89,566	\$ 106,316	\$ 196,023	\$ 142,180
Total Sales	\$ 1,509,297	\$ 1,735,196	\$ 1,687,011	\$ 1,697,195	\$ 1,002,505	\$ 1,041,617	\$ 1,486,062	\$ 1,220,596
Expenses								
Personnel Costs								
Ski Area Administration	\$ 411,658	\$ 355,035	\$ 304,557	\$ 415,512	\$ 405,554	\$ 436,163	\$ 455,618	\$ 453,808
Ski Rental Shop	\$ 76,188	\$ 60,323	\$ 62,392	\$ 58,415	\$ 28,614	\$ 45,925	\$ 58,127	\$ 45,464
Ski Patrol Program	\$ 123,597	\$ 133,690	\$ 147,094	\$ 139,110	\$ 68,252	\$ 103,729	\$ 132,842	\$ 104,585
Lift Operation Program	\$ 239,452	\$ 225,970	\$ 189,350	\$ 83,864	\$ 34,722	\$ 74,176	\$ 117,172	\$ 73,067
Maintenance Program	\$ 101,778	\$ 150,099	\$ 137,784	\$ 159,946	\$ 106,550	\$ 109,069	\$ 160,591	\$ 125,475
Lodge Operations Program	\$ 74,903	\$ 51,496	\$ 89,692	\$ 71,049	\$ 37,782	\$ 58,572	\$ 58,322	\$ 64,086
Food Service	\$ 46,396	\$ 39,458	\$ 37,119	\$ 37,881	\$ 18,223	\$ 22,405	\$ 37,284	\$ 33,336
Marketing/Special Events	\$ -	\$ 31,295	\$ 27,434	\$ 26,273	\$ 12,451	\$ 21,600	\$ 31,503	\$ 20,050
Ski School Program	\$ 153,820	\$ 122,878	\$ 159,087	\$ 186,220	\$ 117,812	\$ 104,981	\$ 179,546	\$ 120,497
Total Personnel Costs	\$ 1,227,793	\$ 1,170,243	\$ 1,154,511	\$ 1,178,270	\$ 829,960	\$ 976,621	\$ 1,231,005	\$ 1,040,368
Other Expenses								
Ski Area Administration	\$ 264,696	\$ 305,195	\$ 296,742	\$ 301,568	\$ 289,371	\$ 295,402	\$ 284,410	\$ 301,787
Ski Rental Shop	\$ 40,379	\$ 59,096	\$ 52,397	\$ 36,990	\$ 36,251	\$ 22,538	\$ 34,381	\$ 25,535
Ski Patrol Program	\$ 11,015	\$ 15,024	\$ 24,522	\$ 16,951	\$ 13,860	\$ 8,358	\$ 8,067	\$ 9,743
Lift Operation Program	\$ 36,162	\$ 14,757	\$ 16,626	\$ 18,186	\$ 13,327	\$ 17,301	\$ 16,632	\$ 11,870
Maintenance Program	\$ 101,157	\$ 87,740	\$ 96,899	\$ 92,303	\$ 43,901	\$ 29,744	\$ 50,842	\$ 45,656
Lodge Operations Program	\$ 69,968	\$ 45,760	\$ 52,161	\$ 48,668	\$ 47,527	\$ 62,668	\$ 67,805	\$ 77,063
Food Service	\$ 77,750	\$ 82,264	\$ 79,037	\$ 82,011	\$ 24,162	\$ 53,550	\$ 81,996	\$ 50,110
Marketing/Special Events	\$ 43,821	\$ 40,810	\$ 44,176	\$ 40,993	\$ 30,521	\$ 32,324	\$ 34,993	\$ 34,939
Building Maint/Utilities	\$ 70,100	\$ 69,356	\$ 54,844	\$ 58,966	\$ 53,178	\$ 52,643	\$ 55,830	\$ 59,359
Ski School Program	\$ 4,898	\$ 4,952	\$ 2,219	\$ 4,248	\$ 3,542	\$ 2,172	\$ 7,820	\$ 2,916
Equipment Replacement	\$ 75,000	\$ 75,000	\$ 75,000	\$ 75,000	\$ 75,000	\$ 75,000	\$ 75,000	\$ 74,997
Vehicle Maintenance	\$ 45,843	\$ 42,264	\$ 10,406	\$ 33,534	\$ 14,904	\$ 22,208	\$ 33,952	\$ 29,202
Total Other Expenses	\$ 840,787	\$ 842,218	\$ 805,029	\$ 809,418	\$ 645,545	\$ 673,905	\$ 751,725	\$ 723,176
Total Costs	\$ 2,068,580	\$ 2,012,461	\$ 1,959,539	\$ 1,987,688	\$ 1,475,505	\$ 1,650,526	\$ 1,982,730	\$ 1,763,544

Budget Process:

During the CIP Budget introduction Norton Gregory made a motion to request that the Assembly fully fund our snowmaking expansion project that we had listed in the unscheduled

funding category for \$250,000. This category is for projects that we intended to go after grant and private donations to be able to fund. I provided this memo to the Finance Committee to explain the project and the associated costs. The Snowmaking consultant came to the mountain on Thursday April 26th. He verified that snowmaking expansion approach requested in this memo would be an effective solution to increase our flow and pressures until the older pipeline can be replaced at which time we could move the booster pump back up to the old pump house pressurizing the entire piping system.

Eaglecrest Snowmaking Expansion FY 19

Attention Assembly Members:

I thank you for considering funding of our Snowmaking System expansion project in the FY 19 fiscal year. Below I have provided a short historical overview of the current snowmaking system and an outline of the costs and benefits associated with our upgrades and expansion to the system.

The Eaglecrest snowmaking system was originally installed in 1985 and included a seven stage diesel powered water pump located very close to Cropley Lake for a total cost of \$500,000. Since that time the design of the piping and functionality of the system has gone through many changes. In the original design the snowmaking pipe ran across the top of Ego and Lower Hilary's to the top of Sourdough. Snowmaking coverage was possible on Sneaky, Sourdough, Muskeg, Ego, Log Jam, Flats, Lower Hilary's and Lower Spruce Chutes.

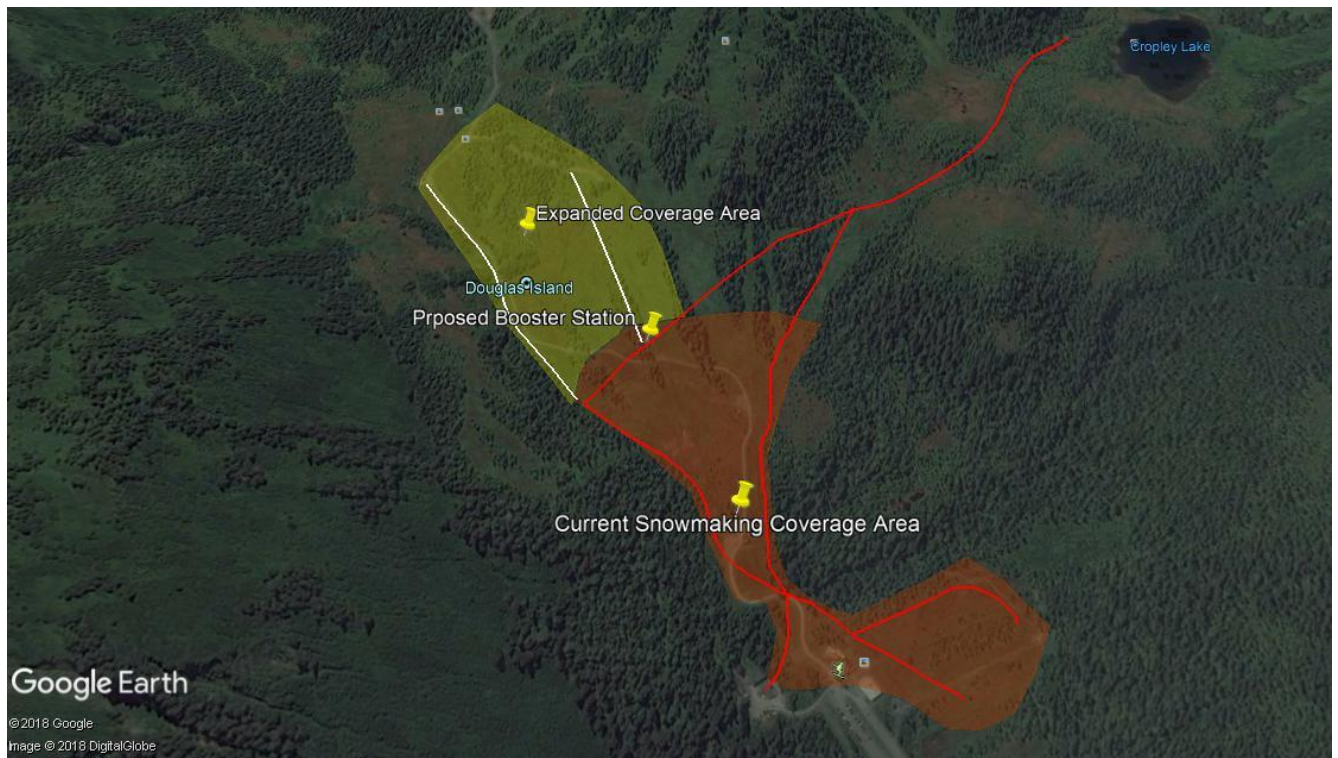
It is believed that at some point around the early 90's there was a mechanical failure of the water pumping motor and the pump and was subsequently abandoned. This is likely the point in which the pipe line was realigned into its current position running much lower down across the bottom of Lower Hilary's, Ego and Sourdough to enable the snowmaking system to operate strictly off of the gravity pressure in the pipeline system. The current pipeline that runs from the old Pump House building is not capable of being pressurized due to the degradation that has happened in this section of pipe that is now over 30 years old.

The proposed expansion of the snowmaking system would help to restore the Eaglecrest snowmaking system back to the originally designed functionality. New pipeline will be installed to run up the right side of Sourdough ski trail to the top of the Hooter Chair Lift. An additional pipeline will be installed to run up the left hand side of the ski trail Sneaky and the side of Williawaw up to the bottom of the Black Bear Chair. The new water pump will be installed into the existing pipeline where it crosses the Sourdough Ski trail. Ninety percent of the pipeline that will be pressurized by this water pump will be newly installed pipe which will greatly reduce the risk of ruptures in our existing 30 year old pipeline. Below you will find a chart that will break down the expenses of the project.

The impacts of this expansion will greatly increase the ability of the Eaglecrest to provide a quality consistent ski and snowboard experience early in the ski season creating the ability to

again make snow to the top of the Hooter Chair lift as it was originally designed to do. During many warm weather patterns the natural snow and rain line where the temperature become cold enough for snow to fall is right around the elevation of the top of Hooter Chair. Manmade snow has a higher degree of water content in it, which meant that it takes much longer for manmade snow to melt during warm and rainy weather. The expanded system will all us to maximize the current water rights and supply that we have to fortify an artery of resilient manmade snow to the natural snowline that is typical during warmer weather events.

Item	Cost	Quantity	Cost
6 inch pipe up Sourdough to top of Hooter	\$20/ft	1245	\$24,900
6 inch pipe from side of Sneaky to bottom of Black Bear	\$20/ft	1885	\$37,700
water hydrants	\$250 per	25	\$6,250
Booster Pump			\$150,000
hoses	\$250 per	15	\$3,750
6 inch gear operated butterfly valves	\$1000 per	4	\$4,000
Bottom Gate Valves	\$700 per	4	\$2,800
Pump House Shed with heater			\$15,000
Site Work			\$5000
Total			\$244,400



Mountain Operations / Projects:

We have finished the transition from the winter season into our summer operating season. Alaska Zipline has moved back into the Porcupine Lodge and had their first tours of the season on Monday April 30th.

Brain has just finished his summer trail plan. I will be sharing that working draft with you all during the June meeting.

Cory Kowalczyk just returned from the PNSAA conference where he renewed his NDT structural testing certification enabling him to do the annual testing on our chair lift grips and other lift parts.

Jeffra Clough has qualified for retirement after 25 years of service to Eaglecrest. Jeffra has done an amazing job growing the snowsports program during her time as director. She will leave behind some big boots to fill. Jeffra and Erin have finished up inventorying all of the Retail shop items and finalizing all of the school group and Snowsports numbers for the season. Jeffra is also in the process of compiling the data from the end of season customer survey.

Drew Baird, our new Director of Base Operations has been doing a great job getting oriented with the point of sales system, the HR processes and many other aspects of the position. Drew is bringing a great energy into the position.

Greg is leading our first major project of the summer to fix the clogged culverts and collapsed bridge in-between Hooter and Ptarmigan. This problem has been getting worse over the last couple of years and has led to three major floods of the base area infrastructure with the most recent being last October. The project is very complex and has been going well so far. Alan Steffert from CBJ engineering has been giving us guidance as the project is progressing. Dave Hanna has also been a big help with the project lending experience and tools to assist when possible. As we progressed into the project it became apparent the one of the culverts was 75% blocked by the broken bridge and had caused gravel to fill up the end of the culvert greatly reducing the flow. After what we have seen so far another flood would have been imminent.

Staffing / Recruiting

I have been working with HR to finalize the Mechanic III position with the hopes of recruiting for the position in the next week. We have also been working with HR on creating the Summer Project Coordinator position to assist with planning, costing and executing our larger Capital project. With Jeffra's coming retirement I will also be starting the recruitment planning and looking at different ways to fill the work load that she has been doing. There have been a lot of responsibilities that have been brought under Jeffra's position over her time at the mountain. It may be necessary to split her position up into two different jobs in order to find a candidate that can be successful. I'm very focused on building a strong team that can lead the mountain to achieve its highest possible potential.