

June Managers Report

Financial Analysis:

The chart below breaks down our year-end projected totals for expenses and revenues. On the expense side of things, we have tallied up our estimated labor costs from now until the end of the season. There may be some savings realized as some staff have planned leave coming up and a certain amount of staff hours will be booked to various CIP projects. As we have been working with our accountant reconciling accounts it was realized that the last years donation amount from the Eaglecrest Foundation for \$75,000 was not booked back to Fiscal Year 18 as was intended to be done. The Donation check was received slightly after the start of FY 19. This resulted in the Eaglecrest Fund Balance being reduced last year by approximately \$40,000. We have just received this year's contribution from the Eaglecrest Foundation for \$100,000, which is reflected in the donations line in the revenue section. With this factored in we are showing to be coming into the end of the year in the positive by \$71,780. It is our goal to close the year ahead by the \$75,000, which would mean that we would have had a breakeven year again despite the erratic weather that we dealt with.

Our accountant will adjust our year-end numbers for inventory and accrued leave once the inventory audit is complete.

The mountain operations team has been working to clean up our parts inventory and will likely be surplusing many parts that have been stored for equipment that we no longer own. We will not know the total impacts of these inventory and accrued leave adjustments to our total Fund Balance but we expect the total net impact to be on the positive side when taking into account our projections to end the year in the positive by approximately \$75,000.

FY19 Expenses through 5/31/19					
Total Labor					\$ 1,247,380
Total Other Costs					\$ 906,056
Estimated Labor/Costs					\$ 137,500
Combined Expenses					\$ 2,290,936
Ski School	235010101	4310	3		\$ 119,294.66
Food Service	235010101	4420	1		\$ 117,700.58
Bus Fees	235010101	4310	2		\$ 6,631.64
Lifts Fees	235010101	4310	1		\$ 175,142.80
Season Passes	235010101	4330			\$ 642,725.56
Lockers	235010101	4560	1		\$ 58,370.00
Retail Sales	235010101	4510			\$ 26,599.52
Ski Rental	235010101	4560	2		\$ 99,843.67
Ski Repair	235010101	4420	5		\$ 20,593.58
Vending	235010101	4420	2		\$ 1,817.91
Contributions	235010101	4110			\$ 175,100.00
Contract Rev	235010101	4380			\$ 47,258.00
Lodge Rentals	235010101	4550			\$ 16,589.22
Gift Cards	235010101	4514			\$ 515.44
Permit Rev	235010101	4410			\$ 61,858.35
Cash over/short	235280101	4799			\$ 1,114.60
Misc Rev	235010101	4800			\$ 973.00
AR interest	235280101	4800	402		\$ 1,000.78
					\$ 1,573,129.31
CBJ funding	(gen fund, road service)				\$ 725,000.00
DPFH booked Rev	(booked in fy19)				\$ 64,587.00
Combined Revenue					\$ 2,362,716.31
over/(short)					\$ 71,780.31

Departmental Review:

Mountain Operations

In Mountain Operations, we are full swing into to our summer servicing of the lifts and equipment. All of the Porcupine Chair Lift annual repairs and maintenance items have been completed with a new coat of paint applied to all of the chairs. The annual servicing to Ptarmigan Chair is has been started. All of the lifts are being exercised on a regular basis. After a through reorganization and cleaning of the maintenance shop, the detailed annual servicing of the snow grooming equipment is underway.

All of the new snowmaking pipe has arrived and has been laid out from the top of Trickster up beyond the bottom of Black Bear extending up to between tower three and tower four. Rock has been stock piled in the Porcupine area in preparation for the upcoming dirt work in the beach area and slope side of the Porcupine Lodge slope deck. Army Corp of Engineers permits have been submitted for the additional trail work that is planned for the ski trail Muskeg and the top of Dolly Varden.

The Underground Storage Tank repair project is moving forward with a conference call scheduled for Friday morning to discuss start dates and firm up remaining details. The current plan is to pressure test the unused fuel lines to check for leaks. If no leaks are found, the lines will then be properly decommissioned in place and the scope of work will be greatly reduced.

A detailed inventory of all parking lot signage has been completed and an installation plan has been formulated for implementation in the next month or two to ensure we have all signage deployed for the winter ahead.

Trail Crew:

Summer trail crew has been kicking off the work season over the last week with getting new staff trained in on the equipment. Brushing of the parking lot median and around the shop yard has been competed during the early season training. The first round of weed eating and raking of the mountain bike trail has also been completed. An initial meeting was had with a representative of the Juneau Mountain Bike Alliance to discuss improvements to the mountain bike trail with a group of volunteers. The trail crew has purchased a new walk behind brush mower to assist with timely maintenance of various areas around the base area and along the mountain top access road. A small walk behind stump grinder has also been purchased to allow staff to grind down older rotten stumps that are in the middle of main ski trails greatly improving the ability to groom trails during early season and low snow conditions.

Base Operations:

Base operations has been busy closing out all of our open purchase orders, finishing HR personnel transactions to place all seasonal staff of leave. The process of moving forward on our big capital projects is very time consuming working through the purchasing, legal and engineering department can be slow and complex. We now have this process nearly complete for the RFID ticket scanning gates as well as the complete upgrade of our point of sale software. The software upgrades will allow integration with the RFID ticketing gates as well as the ability to launch a new ecommerce store that will allow customers to purchase daily lift tickets at home and go straight to the lift by passing the need to wait in lines at the ticketing windows.

Snow Sports, Rental, Retail and Repair:

The director has now completed our end of the year inventory reconciliations on retail and rental items, is closing out the contract with our bussing service and is analyzing data from the winter's lessons. The director has also been very involved with the preparation of seasonal pricing for the Snow Sports School programs and rental products for the coming year. The updated point of sale software will be greatly improving many aspects of the sales process that integrate with the Snow Sports School and equipment rentals. Much of the next eight weeks will be spent cleaning up old databases and integrating into to the updated platform with the new pricing in time to launch for sales in August.

Marketing:

The Marketing Manager has lead the research into many of the new pricing strategies that will be launched this season, specifically the flex pass and online Dynamic pricing. The Marketing Manager will also be very involved this summer with the integration of the new ecommerce site and optimizing the new website to maximize the new functionality. Preparation of materials for our Summer Operations Plan is ongoing in the hopes of moving into public meetings by the end of June, which will require professional presentation materials and proper Marketing presence to ensure that attendance and community feedback on the project can be received. Over the next four weeks not only will presentation materials for summer operations presentations be prepared but also all of our promotional material and prices sheets for the winter season ahead will be designed and sent out to print. Work is ongoing with the Snow Sports Director to finalize the relaunch of our old logo for the start of the season and integration with our promotional materials and retails products.

RFID Work Plan:

During the Finance Committee Meeting in May it was asked that a work plan be provided that will outline the bench marks that need to be met to ensure that the new RFID ticketing gates, point of sale software upgrades and ecommerce story are up and ready for the start of the season. The time line for each aspect, the InTouch software upgrades and the Axxess RFID gates is provided below. This is going to be a time intensive project to tackle but staff is up to the task. The workload with be shared by the Director of Base Operations, the Director of SSS/RRR and the Marketing Manager.

Axess/Eaglecrest Process

❖ Contract

- Send contract to Law for review, edits and approval
 - Sent May 23, expecting 2-week turnaround
- Send approved contract to Purchasing for issuance of PO
 - June 10th

❖ Implementation Timeline

- Set agreed Date for training & hardware installation; remote and on-site
 - Week of June 10th [potentially August 19th – August 22nd]
- Confirm hardware delivery dates
 - August 15th delivery

❖ Eaglecrest Responsibilities

- Construct Gantry foundations 7 days prior to Axess arrival
 - August 1st
- Construct/Erect Gantries
 - August 1st – August 15th
- Pull Power/Data/Ground cables as per Axess specifications
 - August 12th – August 15th
- Construct/Install Power Data Box (PDB) in Lift Shacks
 - August 1st – August 15th
- Provide and connect 120VAC power to PDB in Lift Shacks
 - August 1st – August 15th
- Transport hardware upon arrival to Hooter and Ptarmigan
 - August 15th
- Provide a minimum of 2 Eaglecrest staff to help bolt gates to Gantries
 - August 19th – August 22nd

❖ Axess Responsibilities

- Potentially Arrive @ Eaglecrest August 19th through August 22nd
- Certify Data Cables
- Connect 24DC cables and Ground wires
- Check connectivity to all Axess devices
- Check to make sure software is installed
- Train Eaglecrest staff on Operations, Gate Maintenance and Troubleshooting
- Training with CBJ MIS staff
- Put Gates into operation

Project Timeline

Date expected – week starting (subject to change)

Eaglecrest Upgrade Project 2019		June 03	June 10	June 17	June 24	July 01	July 08	July 15	July 22	July 29	Aug. 05	Aug. 12 (GO LIVE)	Aug. 19	Aug. 26	Sept. 16
Core	Backend DB work	•	•	•											
	Analysis	•	•	•											
	Maintenance	•	•	•											
	Testing	•	•	•											
	Upgrade & Implementation	•	•	•											
IEC Installation & Configuration	Setup UAT Database & Replication			•	•										
	Deploy UAT			•	•										
	Configure UAT			•	•										
	Setup PRD Database			•	•										
	Deploy PRD			•	•										
	Configure and PRD			•	•										
Training & Configuration	Remote IEC Training				•	•	•								
	IEC Product Configuration & Testing (Eaglecrest)				•	•	•								
	Onsite Support Visit					•	•	•							
	Business Acceptance (BAT) Sign-off							•							
	Transition to Customer Experience Team (CET)											•			
	GO LIVE											•	•	•	•
	Post Go-Live Support														•

Summer Adventure Center Planning and Timeline:

The Ski Area Manager and Staff have been working to complete the initial development of the Summer Operations Plan and has developed a timeline to begin the public process to solicit comment from the public and to further vet the concept and identify funding mechanisms to finance the project. The first step in this will be to receive permission from the City Assembly at the Committee of the Whole meeting on Monday June 10th. The City Manager, the Eaglecrest Manager and members of the Eaglecrest Board Planning Committee have drafted the joint Memo for the Assembly as well as the talking points attached below to be included in the Assemblies meeting packet. Also included is the draft timeline for the continued development of the Eaglecrest Summer Adventure Center throughout the next couple of Months.

Purpose Statement

Eaglecrest's expansion into summer operations and creation of the Summer Adventure Center will develop affordable summer recreation activities for locals and visitors, independently fund sustainable year around operations, help disburse summer visitors, and create a mechanism to assist with funding community initiatives with future ski area profits.

Summer Operations Opportunities

- Reduce overcrowding of existing community recreation and visitor attractions helping to mitigate the impacts of tourism growth.
- Fully utilize existing Eaglecrest infrastructure, which has a current design capacity of 1500 people per day.
- Potential to eliminate current general fund subsidy of Eaglecrest within two years. Future capital improvements at Eaglecrest will be forward funded from ski area revenues.

Summer Operations Challenges

- Expansion of summer operations will necessarily increase non-resident use of the facility. Care must be taken to preserve opportunities for residents via careful planning of trail systems and use patterns.

Financials

- Estimated development capital of \$30-\$35M
- Debt service on the development capital will be fully funded from the project revenues.
- Initial financial model indicates free cash flow available in year four for use in the CBJ general fund or a Community Reinvestment Fund
- Interest currently exists in the private sector for formation of a Public Private Partnership (PPP) to move project forward.



City and Borough of Juneau
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Telephone: 586-5240 | Facsimile: 586-5385

DATE: June XX, 2019
TO: Board and Assembly
FROM: Rorie Watt and the Eaglecrest Board of Directors
RE: Eaglecrest Financial Sustainability Planning/Adventure Center Concept

In order to ensure the long-term financial sustainability of Eaglecrest, staff has begun investigations into creating and implementing a summer operations plan. Throughout the ski industry, ski areas large and small have increasingly relied on summer revenue streams and year round operations in order to thrive.

We see two general scenarios moving forward. The first is the status quo attempt to operate and maintain the ski area in the historical manner. The second is to pivot towards a model that leverages revenue streams from our summer tourist visitation. Staff has researched other ski area models that appear to be appropriate to our circumstances; two good examples are Bogus Basin in Idaho and Gunstock in New Hampshire. Another nearby example of successful mountain investment is the ISP Ziprider in Hoonah.

<https://bogusbasin.org/>
<https://www.gunstock.com/>
<https://ziprider.com/rides/icy-strait-point/>

Staff has developed an ambitious proof of concept that includes ideas such as a new gondola and other mountain activities. In consultation with tourism representatives, it appears that an aggressive package of activities could likely make for a successful tour package. As a conceptual example of economic activity, 3% of cruise ship visitors paying \$150 each for a tour results in a \$6M annual revenue stream. Because of its proximity to such a robust cruise ship port, for a ski area, Eaglecrest has a rare and unusual opportunity to capitalize on the summer season.

The Board and Assembly should consider whether staff should continue to pursue this concept. There are two big policy questions imbedded in this:

Whether Eaglecrest should become commercialized in the summer
The role of public and/or private funding

Recommendation 1:

Eaglecrest staff and Board should engage the public on the concept of summer commercialization

Recommendation 2:

The Assembly should get updates at the PWFC

Recommendation 3:

The Ski Area and City Manager should work together to advance the Board and Assembly process of consideration of this idea

Eaglecrest Summer Adventure Center

Concept Development Timeline

- Develop Timeline for Concept development and communications strategy with help from Rorie and Mila
- Finish development of narrative development plan, financial model and all supporting documentation
- June 10th – Present the Assembly with first view of project, draft timeline and look for approval to continue with our timeline and process moving forward
- June 10th to August 1st Begin public meetings and engagement
- June 10th to August 1st have draft Adventure Center Development Plan and Financial Model third party verified by resort planning firm.
- June 10th to August 15th work with Financial Analyst and AEIDA to learn about different financing mechanisms to inform Assembly
- August 15th get findings back from 3rd party verification and synthesize recommendations from public scoping and financial analysis into file development and funding plan for Assembly review.
- September 1st to September 15th update Assembly on 3rd party findings.
- September 15th to October 15th Refine financing options based on guidance from Assembly.
- October 15th to December 1st Solicit RFP for Private Partner if the Assembly should choose that route for funding
- During entire timeline be refining Public Private Partnership Concept, communicating with existing tour operators and building list of potential interested parties for a Public Private Partnership.