

Eaglecrest Manager's Report April 2020

Financial Analysis:

The chart listed below reflects the actual expenses accrued year to date for each year shown. This format allow emerging trends to be identified. For many years into the future, the season of 2020 will be known as the Corona Virus year conjuring memories of fantastic snow and the season that ended all too early, on March 19th. Financially we were on track for one of the best revenue seasons in the last six years. We are estimating \$165,000 worth of lost revenue due to the early closure. Two factors driving both Lodge Operations and Mountain Maintenance was the large diesel fuel purchase for heating of Fish Creek Lodge and fuel for Snowcats and snow removal equipment. The cost of electricity also trended up this year bringing increases to Lodge Operations. Big snow years also translate to larger expenses. This can be seen by comparing total expenses to FY 17 and FY 14, which were the last two comparable snow years.

Sales	FY 12 Actuals	FY 13 Actuals	FY14 Actuals	FY15 Actuals	FY16 Actuals	FY17 Actuals	FY 18 Actuals	FY 19 Actuals	FY 20 Actuals
Season Ticket	\$ 326,217	\$ 310,790	\$ 331,908	\$ 302,261	\$ 209,964	\$ 198,404	\$ 215,698	\$ 233,067	\$ 235,581
On Line Season Pass Sales	\$ 475,629	\$ 531,364	\$ 515,836	\$ 461,583	\$ 263,080	\$ 357,909	\$ 461,108	\$ 389,950	\$ 362,258
Bus Fees	\$ 12,742	\$ 10,122	\$ 10,647	\$ 2,335	\$ 4,153	\$ 5,655	\$ 4,685	\$ 2,091	\$ 4,923
USER FEES	\$ 1,289,218	\$ 1,272,166	\$ 1,262,258	\$ 860,534	\$ 806,533	\$ 1,039,246	\$ 909,275	\$ 1,010,712	\$ 1,011,125
Retail - Soft G	\$ 35,943	\$ 30,169	\$ 30,802	\$ 7,227	\$ 31,031	\$ 42,333	\$ 18,995	\$ 30,321	\$ 50,107
Food Service	\$ 174,934	\$ 140,450	\$ 140,040	\$ 33,321	\$ 81,343	\$ 147,179	\$ 80,905	\$ 108,103	\$ 119,198
Ski Repair	\$ 28,467	\$ 25,675	\$ 24,430	\$ 12,494	\$ 15,353	\$ 17,894	\$ 19,598	\$ 14,406	\$ 20,812
SALES	\$ 239,344	\$ 196,294	\$ 195,272	\$ 53,042	\$ 127,728	\$ 207,407	\$ 119,498	\$ 152,831	\$ 190,117
Locker Rental F	\$ 68,568	\$ 68,892	\$ 68,623	\$ 68,476	\$ 62,163	\$ 63,770	\$ 63,260	\$ 71,433	\$ 61,686
Ski Rental	\$ 93,660	\$ 88,663	\$ 83,211	\$ 21,154	\$ 43,770	\$ 120,405	\$ 70,855	\$ 66,813	\$ 72,780
Cabin/Lodge Rental									\$ 30,540
RENTALS	\$ 162,228	\$ 157,555	\$ 151,834	\$ 89,630	\$ 105,933	\$ 184,175	\$ 134,115	\$ 138,246	\$ 165,006
Total Sales	\$ 1,690,790	\$ 1,626,015	\$ 1,609,364	\$ 1,003,206	\$ 1,040,194	\$ 1,430,828	\$ 1,162,888	\$ 1,301,788	\$ 1,366,248
Expenses									
Personnel Costs									
Ski Area Administration	\$ 314,582	\$ 267,602	\$ 376,165	\$ 370,270	\$ 394,728	\$ 429,349	\$ 408,704	\$ 401,821	\$ 395,769
Ski Rental Shop	\$ 54,773	\$ 55,570	\$ 52,244	\$ 27,636	\$ 44,980	\$ 49,314	\$ 38,197	\$ 35,981	\$ 31,362
Ski Patrol Program	\$ 117,823	\$ 129,528	\$ 121,718	\$ 66,610	\$ 102,702	\$ 110,305	\$ 83,128	\$ 81,007	\$ 97,764
Lift Operation Program	\$ 205,245	\$ 186,790	\$ 72,160	\$ 30,894	\$ 74,185	\$ 95,796	\$ 57,130	\$ 39,922	\$ 40,765
Maintenance Program	\$ 137,766	\$ 111,705	\$ 145,921	\$ 100,641	\$ 100,361	\$ 138,768	\$ 110,024	\$ 140,136	\$ 166,232
Lodge Operations Program	\$ 46,876	\$ 79,808	\$ 63,570	\$ 36,452	\$ 56,958	\$ 50,466	\$ 56,563	\$ 87,345	\$ 69,483
Food Service	\$ 35,083	\$ 34,800	\$ 33,521	\$ 18,223	\$ 21,514	\$ 32,338	\$ 69,323	\$ 22,488	\$ 22,512
Marketing/Special Events	\$ 28,307	\$ 24,838	\$ 23,062	\$ 12,451	\$ 21,600	\$ 26,964	\$ 17,358	\$ 50,835	\$ 74,446
Ski School Program	\$ 110,329	\$ 144,011	\$ 167,583	\$ 113,093	\$ 103,149	\$ 156,704	\$ 101,409	\$ 100,310	\$ 97,063
Total Personnel Costs	\$ 1,050,784	\$ 1,034,651	\$ 1,055,943	\$ 776,270	\$ 920,179	\$ 1,090,005	\$ 941,836	\$ 959,844	\$ 995,396
Other Expenses									
Ski Area Administration	\$ 269,014	\$ 267,969	\$ 270,298	\$ 261,947	\$ 261,439	\$ 264,331	\$ 269,824	\$ 261,357	\$ 271,765
Ski Rental Shop	\$ 45,963	\$ 33,674	\$ 31,435	\$ 26,399	\$ 20,916	\$ 29,331	\$ 28,330	\$ 26,766	\$ 33,423
Ski Patrol Program	\$ 9,496	\$ 24,522	\$ 16,921	\$ 13,851	\$ 8,358	\$ 7,648	\$ 10,492	\$ 2,919	\$ 7,463
Lift Operation Program	\$ 13,932	\$ 15,365	\$ 10,477	\$ 12,737	\$ 12,583	\$ 13,918	\$ 7,932	\$ 25,404	\$ 24,702
Maintenance Program	\$ 84,109	\$ 61,032	\$ 88,889	\$ 43,196	\$ 29,203	\$ 48,892	\$ 45,056	\$ 41,951	\$ 79,996
Lodge Operations Program	\$ 39,531	\$ 44,465	\$ 39,603	\$ 43,988	\$ 54,911	\$ 53,095	\$ 64,126	\$ 70,333	\$ 94,778
Food Service	\$ 70,964	\$ 69,152	\$ 67,978	\$ 23,512	\$ 53,150	\$ 70,326	\$ 64,126	\$ 57,561	\$ 30,991
Marketing/Special Events	\$ 32,164	\$ 37,980	\$ 35,281	\$ 27,070	\$ 29,017	\$ 30,428	\$ 25,845	\$ 24,282	\$ 35,952
Building Maint/Utilities	\$ 66,211	\$ 54,844	\$ 56,993	\$ 53,071	\$ 51,913	\$ 55,345	\$ 61,673	\$ 57,865	\$ 55,515
Ski School Program	\$ 4,784	\$ 1,921	\$ 3,349	\$ 3,542	\$ 1,402	\$ 3,055	\$ 2,829	\$ 2,334	\$ 5,209
Equipment Replacement	\$ 66,667	\$ 66,667	\$ 66,667	\$ 66,667	\$ 66,667	\$ 75,000	\$ 74,997	\$ 75,006	\$ 75,006
Vehicle Maintenance	\$ 35,259	\$ 9,196	\$ 32,818	\$ 13,928	\$ 21,133	\$ 32,668	\$ 29,202	\$ 30,430	\$ 48,933
Total Other Expenses	\$ 738,093	\$ 686,787	\$ 720,709	\$ 589,907	\$ 610,692	\$ 684,036	\$ 684,432	\$ 676,208	\$ 763,733
Total Costs	\$ 1,788,877	\$ 1,721,438	\$ 1,776,652	\$ 1,366,177	\$ 1,530,870	\$ 1,774,041	\$ 1,626,268	\$ 1,636,051	\$ 1,759,129
Total Net	\$ (98,087)	\$ (95,423)	\$ (167,288)	\$ (362,971)	\$ (490,677)	\$ (343,212)	\$ (463,380)	\$ (334,263)	\$ (392,881)

The following pages is a summary of actions taken to maintain health and safety during the arrival of the COVID 19 virus in Juneau. This was prepared at the Request of the CBJ Finance Committee. This memorandum will serve as the Mountain Operations Update.

Memorandum to the CBJ Finance Committee

COVID 19 Impacts to Eaglecrest Ski Area.

Financial Impacts:

The immediate financial impacts to Eaglecrest Ski Area from COVID 19 comes in the form of lost revenue due to the early closure of the Ski Area. The 2019/2020 Ski Season has been one of the best seasons in the last six years. The spring period, including the school spring break can account for as much as 25% of yearly revenue at Ski Areas. Looking back at Eaglecrest's historical revenue over the past 10 years, during good snow years the mountain would typically generate between \$140,000 and \$165,000 between the start of spring break and the end of the season. Since this year has had exceptional spring weather and deep snowpack, we are assuming the loss of \$165,000 in total revenue due to the early closure of Eaglecrest.

We have been extremely quick to control payroll and spending since the closure of the mountain. We are now down to running our core summer staff that consists of our five Department Directors and two other year around benefited positions in Mountain Maintenance. In our end of the year projections, we are also including two additional laborers to assist with mountain equipment and ski lift repairs. We have budgeted a small amount of hours toward a couple selective trail projects that can only be accomplished with the assistance of deep snowpack. These are targeted for completion in the next two to three weeks. The only other directly related costs to COVID 19 are from extra cleaning supplies and the rental of six porta can toilets for use during operations when the lodge was closed. These COVID specific expenses should finalize around \$1500.

Acknowledging slight variability on some yearend reconciliation and inventory adjustments, we are projecting to have a \$20,000 draw on our Eaglecrest Fund Balance to close out the year. This will bring our projected end of the year Eaglecrest Fund Balance to \$18,976 prior to inventory and accrued leave adjustments that will happen the first period of the new Fiscal Year.

Managing operations through the pandemic:

Over the course of the first 10 days of the pandemic taking hold in Alaska, we took deliberate steps to distance front line staff from their interactions with the public and create additional social distancing between customers. Below are the progressive steps that Eaglecrest took to continue with ski operations and limit the chances of community spread and infection within our staff teams.

1. March 14th closed our inside Snow Sports and Ticketing windows in the Porcupine Lodge. Guests were able to pay for the same service utilizing our exterior facing ticket windows, separated by safety glass.

2. March 15th only allowing ski and snowboard rentals from customers that were in our point of sale system. This allowed the rental shop staff to preset the gear for pickup in our predesignated area, which eliminated direct contact with the customer.
3. March 15th reconfiguration of our food service program to eliminate “grab and go” food from our food warmer. Kitchen staff would plate to order all food.
4. March 16th cancellation of all ski lessons to prevent instructors from having close contact with their students that often require them to pick up children and students after they have fallen.
5. March 19th additional reconfiguration of our food service so all food would be expedited from staff, which eliminated any customers from getting within 15 feet of the kitchen, counter or drink station.
6. March 19th closed all food service operations and access to Fish Creek Lodge. Metered access to Fish Creek Lodge was allowed for bathroom access and to retrieve gear from seasonal lockers. Gear was not allowed to be returned to lockers. Lift mazes were set single file, preventing people from being within 6 feet from each other while waiting to load the chair lifts.
7. March 20th all Mountain Operations cease. After this time, no public access to any lodge builds has been allowed. Portable toilets remain in the parking lot for public use.

Current and Future Operations:

As CBJ and Governor Dunleavy issued Mandates such as the Restaurant/Bar closure and the “Hunker Down Order” Dr Zink and the Governor repeatedly stressed the positive benefits of exercise and outdoor recreation to physical and mental health. Eaglecrest has been working in partnership with the Juneau Nordic Ski Club to continue with grooming of the Nordic Ski Trail Systems. Eaglecrest Staff have continued with occasional limited grooming of the three most popular trails in an effort to provide a reasonably safe recreational outlet. All trails and use of the mountain are on an “At Your Own Risk” management philosophy at the current time. Many residents continue to utilize the mountain and have been respectful of the social distancing guidelines and directives put in place by CBJ and the Governor. We plan to continue striving to offer a healthy outdoor recreation experience for the remainder of the spring and through the summer.

With all of the unknowns related to lasting impacts of the COVID 19 Pandemic, economically, socially and globally Eaglecrest is uniquely positioned to be able to serve the community of Juneau by providing an outdoor venue for developed outdoor recreation. During a typical summer Eaglecrest will see anywhere from 150 to 300 people a day enjoying the hiking and biking trails at Eaglecrest. If the social distancing mandates continue into the fall Eaglecrest can operate for next winter under any of the restrictions listed above that were implemented this year.

One of the large unknowns is how the loss of the Summer Tourism Economy will affect resident’s ability to afford to purchase seasons passes, lessons, ski rentals and other items

commonly associated with skiing and snowboarding. Any measurable reduction in seasons pass sales will have large negative impacts on future fund balance. The Eaglecrest Board and Management has been planning to raise prices for the coming winter season to offset the increased costs of ski operations.

Actions the Assembly can take to assist Eaglecrest and put people back to work

Like every other city and country in the world, the economic impacts of COVID 19 are sky rocketing unemployment rates to historic levels. Some of the key Eaglecrest winter staff are finding that not only did their winter work end a month early they no longer have summer employment. This being the case many are struggling with paying rent and putting food on the table. With the unknowns of when or how the Juneau Summer Cruise industry will rebound it is clear that there is currently no viable way to stay in pursuit of the Eaglecrest Summer Adventure Park as originally designed.

That said the two aspects of the Eaglecrest Summer Adventure Park that were designed specifically for the residents of Juneau can provide a way to keep over a dozen people employed throughout the summer and deploy capital toward the private sector's contractors. Eaglecrest current has an active permit with the Army Corps of Engineers to extend the existing mountain bike trail to the top of the Hooter Chair Lift, harden seven hiking trails and build a six foot wide hardened trail to Cropley Lake. Eaglecrest Staff last summer performed renovation of a small section of mountain bike trail experimenting with Recycled Asphalt (RAP) from the Lemon Creek Gravel Pit.

The quality of trail that was achieved utilizing the RAP exceeded everyone's expectation and proved to be a viable source of material, that the City has unlimited supply of, for future trail building. The cost of gravel is typically the largest expense to construction of high quality hiking and mountain biking trails. CBJ has unlimited resources at the Lemon Creek gravel pit that can be deployed to Eaglecrest to create additional hiking and biking trail assets adding additional value to Eaglecrest and residents of Juneau.

Construction of a road to Cropley Lake would open up a wide range of opportunities that would greatly benefit summer and winter operations at Eaglecrest. These would include, construction of a second overnight cabin, construction of a covered picnic pavilion, improved access to replace the snowmaking pipeline, create the possibility to reposition the snowmaking pump station higher on the mountain improving efficiency. This road would also create a construction corridor for future hiking trails, biking trails and construction of a Summit Gondola.

Preliminary cost estimates for construction of expanded hiking and biking trails is \$150,000. The Road to Cropley Lake is estimated at \$400,000 based on cost metrics used for construction of the West Douglas Pioneer Road. In the FY21 CIP request, we have budgeted \$25,000 for trail work. Over the six-year CIP request, we have \$157,000 allocated. Accelerating the trail building this summer would allow Eaglecrest to employ an additional 12 employees.