

To: CBJ Assembly Finance Committee  
 From: Eaglecrest Board of Directors  
 Date: September 18, 2024  
 Re: FY 25 Increased funding

During the development of the FY 25 budgeting process, Eaglecrest requested a loan of \$518,000 to cover the cost of increased personnel services, as well as increases to insurance cost and full cost allocation. The concept of a loan versus an increase of general fund support to an operating department within CBJ was that the loan would be paid back the following year from revenues from the gondola project in FY 26.

The Eaglecrest Board of Directors was asked to comment on the concept of the loan and whether this increased funding would be needed in FY 26.

First, a very brief overview of the increases in expenses. More detail can be found by reading the attachment to this document. The primary increase in expenses was in personnel services. Eaglecrest increased funding to all positions by 6% and with realignment of several positions, increasing in steps to some positions, sign on bonuses, etc., the total in salaries increased 8.8%, related benefit costs went up 7.2%, overtime wages increased 17.8%, decreased transfers to CIP projects and increases in Worker's Comp brought the total personnel services increases to 12.9%.

Materials and commodities increased in the full cost allocation by 23% and ski area specialty insurance increased by 30.8%. Miscellaneous other operating costs increased by \$17,500. It was also decided rather than to increase to the deficit in Eaglecrest Fund Balance, the loan would fund the FY 24 operating deficit estimated to be \$108,500.

FY 25 Funding Increase Explanation	FY24 Budget	FY25 Budget	Increase	Variance %
Salaries (5110)	\$ 1,518,200	\$ 1,651,800	\$ 133,600	8.8%
Benefits (5120)	\$ 577,600	\$ 619,300	\$ 41,700	7.2%
Overtime Wages (5111)	\$ 56,300	\$ 66,300	\$ 10,000	17.8%
Deferred Comp Employer Match (5121)	\$ 8,700	\$ 6,600	\$ (2,100)	-24.1%
All Other Workforce (5141) - transfer to CIP projects	\$ (127,300)	\$ (61,900)	\$ 65,400	-51.4%
Worker's Comp (5130)	\$ 78,000	\$ 100,800	\$ 22,800	29.2%
Total Personnel Services	\$ 2,111,500	\$ 2,382,900	\$ 271,400	12.9%
Full Cost Allocation	\$ 361,500	\$ 444,600	\$ 83,100	23.0%
Specialty Insurance	\$ 121,600	\$ 159,100	\$ 37,500	30.8%
Other Operating Expenses			\$ 17,500	
Funding FY 24 Operating Deficit			\$ 108,500	
Total Funding Increase			\$ 518,000	

While Eaglecrest, with 70% cost recovery, is a highly successful community recreation facility, it cannot avoid the costs directly related to its status as a city department. Eaglecrest's pricing structure and programs allow adults to fully pay for the services they receive while youth are subsidized by the general fund support. The investment in summer operations, especially the gondola, is an effort by Eaglecrest to reduce CBJ direct support.

When the request for the loan was made, the gondola was assumed to be operational in FY 26. The gondola will not be operational in FY 26 and therefore the revenue to repay the loan will not be available at that time. In addition, personnel services, full cost allocation and specialty insurance costs are all expected to continue to increase.

Once the gondola is operational there is no guarantee that it will become financially self-sustaining from day one of operations. Many businesses struggle to gain financial viability for the first few years of operation.

Due to the change the operating outlook for the gondola, the Eaglecrest Board of Directors requests that the Assembly increase the level of General Fund Support to Eaglecrest until such time as the Eaglecrest Gondola Project creates sufficient fund balance to begin reducing the level of general fund support. This would be in lieu of the loan.