

Mayor Weldon and Members of the Assembly,

The Eaglecrest Board is pleased to take this opportunity to provide comments on the report entitled “Eaglecrest Financial Analysis”, hereafter referred to as the Duncan Report, that was completed at the request and under the direction of the City Manager.

Before we weigh in on the report, the Eaglecrest Board would once again like to thank the Assembly for its support of Eaglecrest. Eaglecrest has been proud to average around 70% cost recovery on an annual basis, however, without annual general fund support from the Assembly, Eaglecrest would cease to exist. The Assembly has repeatedly signaled its support for Eaglecrest by providing the budget increments needed to increase our pay plan to attract and retain ski industry professionals and it has committed to our long-term future by purchasing the gondola and signing a contract with Goldbelt to provide the necessary capital to install it.

Even with the financial support for the gondola, we realize that both the public and the Assembly have had concerns about the financial viability of summer operations, which is why the Duncan Report was commissioned. However, the report went much further than providing an analysis of the summer business plan and spends a considerable amount of time analyzing current operating conditions and management which, as we understand it, were outside the scope of the study.

In general terms, the conclusions of the Duncan Report in many ways align with the stance of the board over the past years. While the board has concerns about the report’s methodology and tone, and about some of the specific examples used in the report, we also agree that Eaglecrest’s current budget is inadequate in significant ways.

We agree that Eaglecrest’s pay plan is deficient. While we have worked hard to raise it, it still remains below industry standard. This is why we commissioned a wage study and provided it to you in 2024. Our purpose was to establish a baseline to justify future pay scale increases, subject to the Assembly’s ability to fund them. Improving the Eaglecrest pay plan is, and will continue to be, a board priority and the board and staff look forward to providing you with a plan to address it.

We agree as well that Eaglecrest faces challenges in funding and completing deferred and planned maintenance of our lifts and infrastructure. This is a problem that has challenged Eaglecrest for decades and is finally coming home to roost in our 50th year of operation. The board and staff look forward to presenting you with a plan to address these issues through the CIP and operating budget process.

We also feel the need to point out that it was the recognition of these issues with the Eaglecrest budget that led to the decision to develop summer operations in order to increase revenue, which led to the decision to purchase a gondola.

We wholeheartedly agree with the Duncan Report's conclusion that the gondola and summer operations provide the revenue required to re-invest in Eaglecrest over the next decade. While the assumptions of the Duncan Report differ from the various financial analyses that have been presented to the Assembly in the past, the projected rate of growth of the Eaglecrest fund balance once summer operations commence is almost identical to what we presented to you in January of 2024.

The Duncan Report also independently supports the information provided to the Assembly on February 27, 2022, in the packet for ordinance 2021-08(b)(am)(Z) (the gondola purchase ordinance) which contained a JEDC review of the gondola/summer operations financial pro-forma as well as a CBJ Engineering review of the development costs. It is highly encouraging that an independent reviewer has reached the same conclusion that the staff, board, and other entities have reached in the past and completely underscores the criticality of completing the project and commencing operations as soon as possible.

Finally, we would like to address the comments in the Duncan Report regarding the board itself. An independent and empowered citizen board is critical to the success of Eaglecrest. Initially Eaglecrest was run by the City Parks and Recreation Department however this proved difficult due to the ski area's specialized needs. To address this, the Assembly established the empowered Eaglecrest board in 1981 after it was approved by voters in the general election. The current board has members who have worked in the ski industry and also has members with expertise in accounting, project management, human resources, and more. While the members serve at the

pleasure of the Assembly and may come and go over the years, an empowered board provides the community input and management expertise needed as we enter the next fifty years of Eaglecrest operations.

Thank you for your consideration of our concerns. We also would appreciate the opportunity to provide our comments on the report when it is delivered to you at the COW meeting on Jan. 27.

Sincerely,

A handwritten signature in black ink, appearing to read "Mike Satre", with a long horizontal flourish extending to the right.

Mike Satre, President

Eaglecrest Board of Directors