

HATCHER PASS

“A NEW BEGINNING”



HATCHER PASS SKI AREA

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EXECUTIVE SUMMARY

“HATCHER PASS – A NEW BEGINNING”

The idea of developing a ski and alpine sports venue at Hatcher Pass, to supplement the more random use of the area that currently exists, has been germinating since the 1970's. Four major attempts have been made to develop ski and recreational facilities since that time.

This proposal captures the best of all the previous proposals, omits past elements that has been proven not to be economically feasible or appear to be socially unacceptable, and recommends a new form of investment and management.

Instead of possibly overbuilding from the outset with a large four-season resort, this approach seeks to begin with much smaller day-use area concept aimed at local residents and regional visitors. It should be noted that the public has asked for and supported this type of expanded recreation opportunity in Hatcher Pass for decades.

The facilities would be developed over time through four distinct phases aimed toward the real potential to eventually develop into either a regional or four season recreational facility with its cornerstone being the Alpine and Nordic ski venues. The first phase includes Alpine lifts and trails aimed toward the beginning and intermediate skiers in the Northern Sector. This same phase includes both competition and recreational Nordic trails in the Southern Sector.

This first phase, as recommended, was developed to accomplish two goals.

First, the facilities provide the “bread and butter” that is needed to make the area a social and economic success. The Phase I facilities provide what the majority of alpine and Nordic snow sport enthusiasts are looking for in the way of facilities and experience.

This proven approach is how Alyeska in Girdwood was started, how Eaglecrest in Juneau and Kincaid Park in Anchorage continue to operate successfully today.

Second, the first phase provides sufficient facilities to attract outside investors, owners, and managers. While the \$24.8 million initial investment cost is relatively high, the facilities provided pencil out to cover operating costs in a short period of time, and have been designed and located to facilitate future expansion as market conditions warrant and at a lower cost.

This phased approach will eventually include most of the Alpine ski area development proposed by Davis Constructors and Engineers on the north side, and the multiple-use trail systems proposed by JL properties on the south side. It does not include, at least in the initial phases, a housing or commercial component. This phasing concept to develop the area over time and as market conditions warrant is the same as was recommended by Economics Research Associates and Ecosign Mountain Planners Ltd. in 2002.



Unlike past proposals, this “New Beginning” approach does not propose using a private developer at the initial stages. It does leave that door open, in fact encourages seeking a private owner, operator or public-private partner once the area is operational and has a higher net value to the Borough in terms of return on its initial investment.

Under the plan being proposed, Hatcher Pass will be established similar to an “enterprise,” “LLC” or similar organization. Initial operations of the area would be overseen and operated by this independent Association or Commission whose board of directors would be appointed by the Mayor, approved by the Assembly and who would be responsible for all daily operations and recommendations for capital improvements.

While operating as a joint venture with the Borough, the organizational structure would include a general manager selected by the Association or Commission and approved by the Assembly. The General Manager, reporting to the organizations Board of Directors, would hire all employees, as well as select contractors and concessioners.

This organizational format has been used successfully at other ski areas and in other quasi-governmental operations. The Alaska Railroad Corporation and the Alaska Housing and Finance Corporation are two well-known and successful examples operated within State of Alaska governmental operations. Eaglecrest Ski Area is a good example of a recreational facility operated by the City and Borough of Juneau.

This new approach is based on the concept that the Borough can make investments in its future, yet have future flexibility on how that investment is owned and managed in future years. These investments will bring in new people, new businesses, and new capital. Once the project has proven to be successful, both in terms of social and economic return, the project can be either sold or a joint venture formed with the private sector.

Initially it is likely that the Borough will need to financially support this effort with funding to cover start-up operational costs and to help retire debt service. It is believed that the new ski areas operations should cover all operational costs in 1 to 2 years.

Once Hatcher Pass is operational and self-supporting, it is recommended that the Borough try to sell or form a joint venture with private industry. This is not an uncommon practice with other similar sized and operated ski areas. In order to entice interest in a sale or joint venture, the Borough should consider making a small amount of real estate available where a hotel and possibly a small amount of high-density housing could be developed.

Initially, the project will require a \$24.8 million capital investment by the Borough in order to be a success. Creative thinking and new approaches will be needed. However, this investment does “pencil out” over the long-term from both a financial and expanded recreational opportunities standpoint.

When making this investment, it is important that the Borough does not go “half-way” and then get cold feet. If a quality day-use recreational facility is the goal, the Borough must support,



both politically and financially the effort to make the facility a place where residents and visitors will want to visit.

This must be reflected by the quality of the facilities, the fair price paid to utilize the facilities, and the proven commitment to keep the facility moving forward and expanding through all four proposed phases as demand and market conditions warrant over the long-term.

Will semi-public ownership and development work for a large public or semi-public recreation area? The Borough can learn from Eaglecrest Ski Area, Mount Sunapee Resort in New Hampshire, Winter Park Resort in Colorado, and Giants Ridge Resort in Minnesota, as well as others whose experiences have made their projects not only a success, but also a source of revenue as well.

What it will take is some thinking, cooperation, and working “outside of the traditional government box.” This report and recommendations for “Hatcher Pass – A New Beginning” lays out the blueprint on how to make Hatcher Pass a place where Mat-Su Borough residents can be proud of and want to spend some of their available leisure time enjoying.

Table of Contents

Chapter 1 – Background & History

Introduction

Background and History

Mitsui & Company, Ltd.

Hatcher Pass Development Corporation – Fred Rogers

Hatcher Pass Development Corporation – Davis Constructors and Engineers

Borough Involvement

JL Properties

Chapter 2 – Recreation & Tourism

Overview

Visitor Numbers

Skiing

Downhill Skiing and Snowboarding

Nordic Skiing

Snowmobiling

Summer Activities

General Recreational Use Considerations

Chapter 3 – Market Conditions

Hatcher Pass Skier Days

Low Estimate

High Estimate

Chapter 4 – Ski Areas Conceptual Plan and Phased Development Approach

Ski Areas Conceptual Plan

Phased Approach

Chapter 5 – North Side (Alpine) Development

Integrated Design

Ski Lifts

Lift 1

Lift 2

Lift 3

Ski Trails

Trail Development

Grooming

Snowmaking

Night Lighting

Base Area

Parking Facilities, Traffic, and Transit

Entry/Arrival Zone

Ticket Sales

Skier Congregation

Operational/Service Functions

Day Lodge Guest Service Requirements

Guest Service Space Requirements

Food and Beverage Seating

Table of Contents

Food and Beverage Services
Guest Relations
Snow Sports School
Ski/Snowboard and Sports Equipment Rental/Repair
Retail Ski Shop
Restrooms
Public Lockers and Change Rooms
First Aid and Ski Patrol
Avalanche Control and Explosives Storage
Day Care and Children's Programs

Phase III Day Lodge Expansion

Mid-Mountain Chalet

Chapter 6 – South Side Development

Transportation and Facilities

Roads
Parking
Transit

Facilities

Stadium Area
Chalet

Trails

Competition Trails
Biathlon Facility
Recreational Trails
Hiking Trails and Multiple-Use Trails
Trail Lighting

Future Development

Chapter 7 – Capital Costs

Northern Sector - Alpine

Building
Lifts
Ski Trails, Lighting, and Snow Making
Roads and Parking
Mountain Infrastructure
Vehicles and Equipment

Southern Sector – Nordic

Buildings
Trails
Roads and Parking
Infrastructure
Vehicles and Equipment

Environmental Analysis Costs

General Project Costs

Project Cost Summary

Capital Cost Assumptions

Building Development



Table of Contents

Ski lifts
Ski Trails, Lighting and Snow Making
Roads and Parking
Mountain Infrastructure
Vehicles and Equipment
Environmental Analyses
General Project Costs

Financing

Chapter 8 – Operating Characteristics, Revenues and Expenses

Operating Characteristics

Skier Forecasts (Ski Season, Dates of Operation, Expected Use Rate)

Carrying Capacity

Revenues

Alpine Mountain Operations

Alpine Season Passes

Nordic Mountain Operations

Combined Alpine and Nordic Mountain Operating Income

Other Revenue Sources

Combined Revenue Projection

Operational Costs

Labor Costs

Non-Labor Costs

Summary

Chapter 9 - Financial Analysis

Break-Even Analysis

Sales Revenues

Fixed Costs

Variable Costs

Break-Even Formula

Cash Operating Break-Even

Sensitivity

Chapter 10 – Public, Public-Private, Non-Profit Ski Area Ownership and Management

Ski Area Examples

Gore Mountain, New York

Cannon Mountain, New Hampshire

Mount Sunapee Resort, New Hampshire

Winter Park Resort, Colorado

Giants Ridge, Minnesota

Bogus Basin, Idaho

Eaglecrest, Juneau

Hilltop, Anchorage

Alpenglow, Anchorage

Ownership and Management

Possible Operation Scenarios

Table of Contents

Public Management
Non-Profit (501)(c)(3)
Private Management

Recommended Operational Structure

Chapter 11 – Decisions and Time Line for Development

Project Components

Conceptual Plan
Environmental Analysis
SPUD and Hatcher Pass Management Plan
Funding
Organization and Management Structure

Construction

Time Line for Development

Appendix A – Personnel Costs by Department and Function

Appendix B – Operational Costs by Function

Table of Contents

Maps (listed in alphabetic order)

Alpine Base Area Design; Chapter 5, Page 12

Alpine Mountain Development; Chapter 5, Page 6

Project Area; Chapter 4, Page 3

Southside Recreation Areas and Trail Systems; Chapter 6, Page 4

Vicinity Map; Chapter 2, Page 3

Table of Contents

Charts and Graphs (listed in alphabetic order)

Alpine and Nordic Assumptions and Projected Income for the First Nine Operating years; Chapter 8, Page 10
Alpine Season Pass Projection; Chapter 8, Page 8
Alpine Ski Area Typical Utilization (2009-2010 season example); Chapter 8, Page 2
Alpine Ski Trail Levels (Phases I through III); Chapter 5, Page 5
Alpine Ski Trail Specifications, Phase I; Chapter 5, Page 8
Alpine Ski Trail Specifications, Phase II; Chapter 5, Page 8
Alpine Ski Trail Specifications Total (Phase I and II); Chapter 5, Page 8
Alpine Skier Day Levels Based on Comfortable Carrying Capacity; Chapter 8, Page 3
Alpine Skier Days Low Estimate; Chapter 3, Page 2
Alpine Skier Days High Estimate; Chapter 3, Page 4
Alpine Skier Days per Operating Year; Chapter 8, Page 4
Bed Tax Growth; Chapter 2, Page 1
Capital Costs – Environmental Analysis; Chapter 7, Page 9
Capital Costs – General Project Costs; Chapter 7, Page 9
Capital Costs – Northern Area; Chapter 7, Page 2
Capital Costs – Southern Area; Chapter 7, Page 7
Capital Costs Summary; Chapter 7, Page 10
Cash Operating Break-Even Data; Chapter 9, Page 2
Comparison of Rate Structures of Various Alpine Areas; Chapter 8, Page 7
Crevasse Moraine Winter Trail Use; Chapter 2, Page 8
Day Lodge Expansion; Chapter 5, Page 22
Day Lodge Guest Service Floor Space Standards; Chapter 5, Page 16
Day Lodge Guest Service Requirements (Phase I and II); Chapter 5, Page 18
Food and Beverage Seating Standards (Phase I and II); Chapter 5, Page 19
Food and Beverage Seating Standards (Phase III); Chapter 5, Page 23
General Summary of Facilities by Phase; Chapter 4, Page 4
Labor Expenses by Department for the First Nine Operating Years; Chapter 8, Page 13
Lift Capacity Summary by Phase; Chapter 5, Page 5
Lift Specifications; Chapter 5, Page 4
Net Revenue by Department and Total Projected Operating Income for the First Nine Operating Years; Chapter 8, Page 11
Non-Labor Expenses by Department for the First Nine Operating Years; Chapter 8, Page 14
Parking Phasing Plan; Chapter 5, Page 13
Projected Net Operating Income for the First Nine Operating Years; Chapter 8, Page 15
Selected Sports National Trends; Chapter 2, Page 6
Sensitivity Analysis, Number of Skier Days, Cash Break-Even Analysis; Chapter 9, Page 3
Summary of Former Development Proposals; Chapter 1, Page 6
Time Line for Project Development; Chapter 11, Page 4
Vehicles per Month on Hatcher Pass Road at Little Susitna River; Chapter 2, Page 5
Visitor Use at Specific Location at Hatcher Pass; Chapter 2, Page 4