



City Council FY27 Operational Budget Memo

OVERVIEW:

The proposed FY27 operating budget reflects the same conservative approach Spirit has used successfully for the last five+ years. Revenue targets are based on relatively conservative assumptions; we believe these to be the minimum results we will achieve and strive to exceed these minimums. Conversely, on the expense side, we try to anticipate all possible expenses to avoid surprises; however, we don't spend money just "because it's in the budget." This conservative approach has served Spirit well from FY21 through the current fiscal year, allowing us to generate substantial net operating profits that we have invested in on-hill infrastructure in all but one year: In FY24, we experienced the "winter that wasn't" and had a small net operating loss that we absorbed by using cash reserves.

Below is a discussion of some assumptions underpinning the FY27 operating budget:

REVENUE:

Season Passes: The budget anticipates increasing season pass sale revenue by 6% over the current fiscal year. Spirit slightly exceeded the FY26 season pass revenue target, and FY27 spring pass sales are running ahead of last year (*as of this writing on March 30*). In addition, our marketing effort is substantially more robust and directed by a detailed strategic marketing plan that gives us confidence we will meet, if not surpass, our FY27 target. We also increased pass prices by a combined average of 2.3% over the three sales periods (Spring, Fall and In-season).

Lift Ticket/Races: The budget anticipates a 5% increase in lift ticket revenue based on current performance and enhanced marketing initiatives discussed above, as well as a renewed emphasis on group sales. This line item reflects an average 2.3% increase in prices, which is less than inflation. While financials for the winter season cannot yet be completed, we are tracking with our FY26 lift ticket revenue target.

Adventure Park/Tubing: The budget reflects a 7.5% increase over current Adventure Park summer/fall operations and winter tubing revenue. The Adventure Park was a consistently strong performer in FY26, and we're extending weekend operating hours during the

weekends to serve more guests, as well as enhancing marketing. Additionally, focusing on group sales should result in additional winter tubing group revenues.

Campground: The revenue target for the Campground is 11% higher than prior year performance; management is confident this is achievable with a new Campground point-of-sale system that allows the flexibility to offer mid-week pricing and a focused marketing initiative for the Campground, which suffered from minimal marketing in the past.

Rental and Programming: Revenue targets for each have increased modestly, consistent with anticipated increases in lift ticket sales/attendance. Additionally, we are instituting more robust and timely planning for programming, combined with improved marketing, which will support each of these departments.

Food and Beverage: Banquet revenue is based on events currently booked. Revenue targets for the Moosehead, Riverside and Skyline Café increased modestly from the FY26 budget, consistent with an anticipated increase in lift ticket sales, especially. Note: Liquor revenue targets have not increased as much based on declines in liquor consumption trends nationwide.

EXPENSES:

Salaries and Wages: We anticipate a 12% total increase in the cost of labor and benefits, including workers compensation and a significant increase in paid bike patrollers to support safe Bike Park operations. As reflected in multiple year-end financials, Spirit traditionally keeps tight controls on labor and regularly falls below the budgeted expense.

Marketing: The Marketing Department developed a detailed strategic marketing plan specifically tied to revenue generation and timely promotion of sales, events, etc., in addition to improving brand presence. The marketing budget reflects the anticipated expenditure to support an increased level of effort.

Utilities: Snowmaking represents our single largest utility expense; the amount spent on electricity depends on unpredictable weather conditions. For example, warm temperatures can force us to extend snowmaking and pay associated demand surcharges charges in November, December and January instead of a shorter 30-day snowmaking window. In winter 2023/24, we made snow every month of winter and paid associated demand surcharges; this season, weather conditions allowed us to wrap up early. Because of the unpredictability of the weather and its impact on snowmaking and, therefore, electricity consumption, we've built a cushion into our utility line item this year to ensure we have budgeted sufficiently should unfavorable conditions arise.