

# Key impacts on 2020 (similar last 2 years)

- Labor costs gradually rising, includes  
VT minimum wage 2011 >>>  
Although, common housekeeping services more effective, lowering costs
- Water/Sewerage Tax: up yearly; bonds for expansion
- Common Capital Funds: especially for the “roof”
- And, ongoing:
  - *Snow removal*
  - *Unexpected extra maintenance; 20 + years old*
  - *But, propane energy costs down (2 yr contract)*

# **Town North Branch Water/Sewer Tax** **Accounting Office Review**

## **North Branch By-Law:**

Water usage metered by same procedure whether a residential home, business or hotel.

**Town of Dover:** reads meters and invoices twice a year.

**Use-tax rate:** must cover \$ budget, so fluctuates based on use-total.

**Bond impact:** each customer bill is weighted per portion of total.

**Proposed GSH 2020 budget:** \$140,000 (bond impact ~ 20%)

**Tax Deemed Equitable,**

**but costs up ~ 43% over 6 yrs**

# Energy: Propane & Electricity

## – VT Efficiency Group:

Provides hotel support & advice; close working-relationship

## – Efficiency-type Projects include:

Windows, insulation, lighting, LED, sensors, hot water, HVAC,  
exploring auto thermostat system, valet tkts & maybe solar

## – OPS Team & Propane

Fixed-contract, FY 2020-2021 + closely watch spot market

## – Electricity Utility

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Utility typically gets 1-2% annual increase-approval.

Accumulating “2% fund”

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For energy costs & efficiency efforts ... now at ~ \$172k

# Arrears / Cash-Flow Update

(540 Total Quarter-shares)

## ◆ 30/60/90 Day Process

Privileges Revoked; Legal Process; Notice of Foreclosure

## ● Status, remains reasonable

- 60/90 day legal foreclosure-process: few intervals considered serious
- Low-risk of yearly \$'s for assessments + taxes, < 1% in legal-process
- Few sheriff sales; recently, Board chose to bid/absorb > owns one interval.

## ◆ 30/30/20/20 dues split

Compensates for early FY “busy months”, cash flow needs

## ◆ Credit Card: secures timely payments and helps collections

Since 2009, yearly: Board considers

“overall-effectiveness”

# Capital, ongoing necessity

- Operating Expenses ... *propane energy, key item*

– **\$2,279,000** >> 2017 2,092,061 >  
2009 2,165,868 > 2019 \$2.4 mil (vs 2018, up > 9%)  
– > 2020 \$2.3 mil (propane contract)  
2018\*\*\*\*\*

- Capital Funds ... maintain our assets

– **\$257,000** 2017 1,033,515 >  
2009 >> 1,011,640 2019 871,340 (vs 2018, down 14%)  
– > (planned, beneficial delays)  
2018 >>> 2020 \$970,940 (back up 11.4%)

In-synch with useful-life & upgrade needs

**NO Long-Term Debt !!**

**Avoid Special Assessments**

**Avoid Loans**

**Avoid Loans**

**Balance Cash Flow**

# Common Refurb

# “Common” ... Refurb / Upgrades (Last few years & ongoing)

- Ground / 3 floors: carpeting + woodwork, lights, paint  
2018-2019: ground floor / lobby / mezzanine + staircase
- Lobby tile, fireplace and furniture
- Window / deck replacements + bldg painting (2019-2020)
- Roadway paving + portico / parking lot / perimeter
- Landscaping continuous + upgrades; more 2020
- Back-patio was expanded + heated with fire-pit
- Roof: extending useful-life via effective maintenance
  - 2019: engineering invasive review + interim repair work
  - 2020: detail replacement 2-3 year plan



# Residential Units

Some Background  
(before Team discussion)

# **Residential Unit Refurbs** **Balancing & Planning**

## **Planning focused on effectiveness:**

Occupancy commitments, available contractors, RFQ,  
ongoing maintenance + cash-flow projections

## **Since 2009:**

Continued to build-up funding:

your Rolling 8-10 Year Capital Reserve

# Owners' Lounge & Library

(Continuous normal cleaning & maintenance)

– 2016:

New lounge kitchen area

Outside deck, ongoing: repairs + furniture

– 2017:

Upgraded lounge living area

Replaced library carpeting

– Past / ongoing:

Always consider any viable library upgrade options

# **“Ongoing” Unit-type Needs**

**Pillows, mirrors, multi-plugs, LED, safes,  
HVAC units, coffee makers, utensils**

\*\*\*\*\*

- **And where possible, the queens to “kings”**
- **+ recently needed re-carpeting of 10 units**
- **Note: Master Electrician (ME) always required for lighting, outlets & dimmers**

# An Ongoing “Residential-Focus”

◆ 2006-2008 refurb living areas & bedrooms

◆ 2009 real estate taxes adjusted down ~ 40%, steady since

◆ 2013 interim bathroom upgrades, strip/paint + fixtures

◆ 2014-2015 interim case goods/furniture refinishing

◆ 2015-2016 refurb bathrooms & kitchens (+ appliances)

◆ 2016-2017 owners’ lounge/deck & library

◆ 2018-2020 again refurb of living areas & bedrooms

Prototyping 2018 (+ new TVs) ... delayed refurb-start to 2019

# Residential Unit Refurb

## “Team” --- Discussion

2018-2019 into 2020

TV system: channel ctl, some wall-mounts+larger screens

Living areas/bedrooms underway again (done 2007-2008)

- > Request for Quote (RFQ) , several vendors
- > Designers/expeditors/prototype, re-assess suppliers
- > Re-considered approach: cost savings !!

# Rental Overview

Revenue, Costs, Room-nights, Net

# Occupancy Past History

Based on Fiscal Years 2002-2011

- 2011=41% Up-swing !!! Next slide 2011-2019
- 2010=35%
- 2009=36% Peak Resorts stepping-up
- 2008=37% Economy downturn over next 2-3 years
- 2007=35%
- 2006=39% Mountain an investing pull-back
- 2005=44% ☹
- 2004=42% ☺
- 2003=38% ☺
- 2002=36%

^ (bottom up)



# Occupancy Past History

Based on Fiscal Years 2011-2019

- 2019 ~ 40-42% Less GRC group weeks + more day-tripping
- <sup>?</sup>2018 =46% Good overall winter season ☺
- 2017=42% ☺
- 2016=39% Bad winter season !!!
- 2015=45% ☺
- 2014=44% ☺
- 2013=41% ☺
- 2012=38% Bad winter season !!!
- 2011=41%

^ (bottom up)

# Occupancy

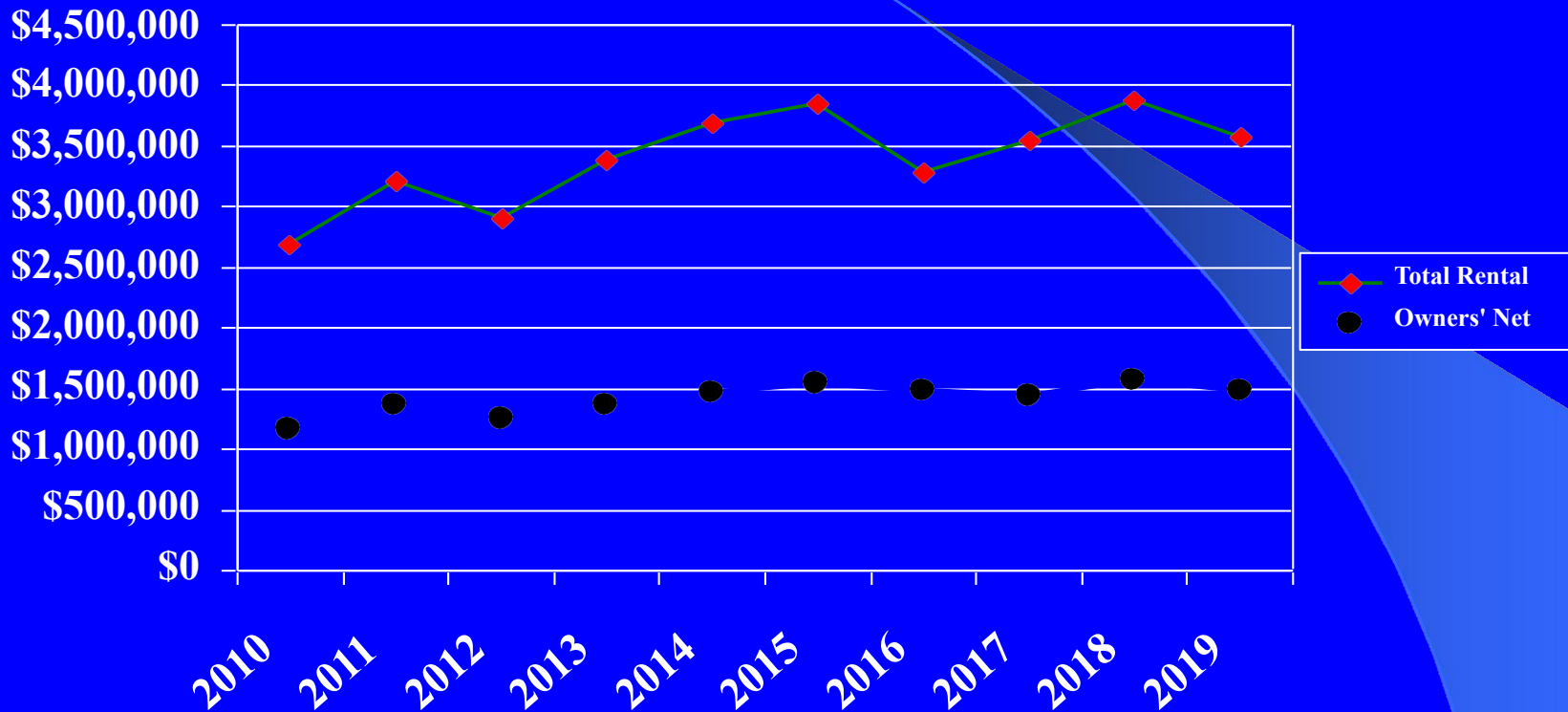
Most -favorable 😊 at mid-40% range

\*\*\*\*\*

- 2016 (“NO Snow”) @ 39% 😞
- 2017 @ 42% 😊
- 2018 @ 46% 😊
- 2019 @ ~ 40-42%
- 2020 research group to have more weeks again ~ 😊

Having a good snow-winter, economy & mtn investing  
plus solid marketing/sales ... all in the mix !!

## Total Grand Summit Hotel Transient & Group Rental including Unit Owners' Portion



### Owners' Net per Calendar Year:

2019 owners' net \$ payments are "projected" at ~ 41% of total rental \$.  
All other years' amounts are from the "actuals" on total tax Forms 1099

# Average Quarter Share

(540 qtr shares or 135 units; avg unit ~ 750 sq ft)

2019

Avg Rental Income/yr	\$2,922
Avg Payments/yr (fees + taxes)	<u>5,574</u>
<u>Fully-loaded “Net”</u>	(\$2,652)

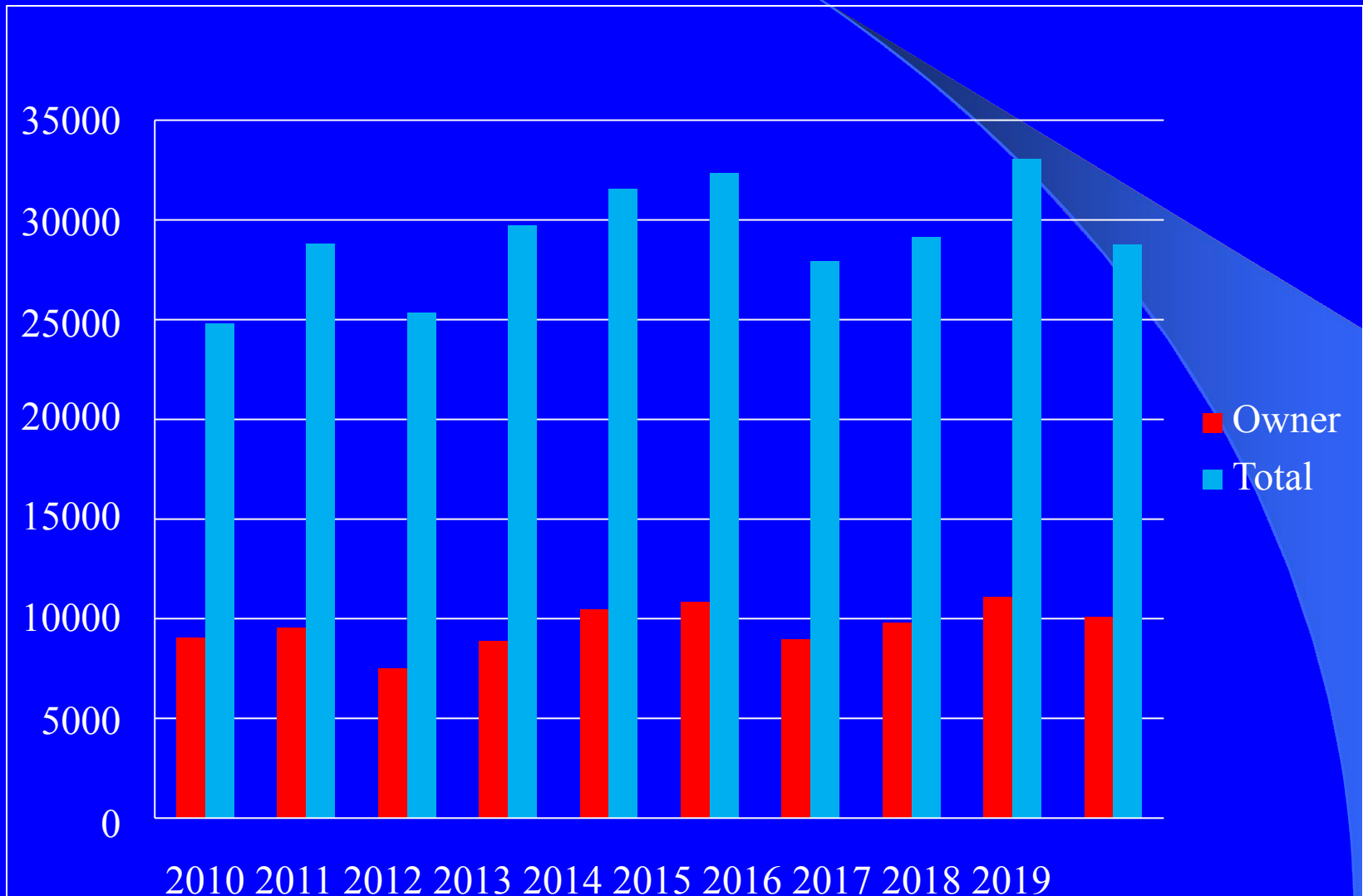
Balance between Quality-life Investment  
and Financial Investment

# Grand Summit Occupied Room Nights

~ 72,000 available room nights/year

40% Total Occupancy (28,800) is minimally-favorable

Noticeable: 2018 = 46%, 2019 @ ~ 40-42%



# Total Occupied Room Nights

“Owners” portion typically ~ 1/3 of total

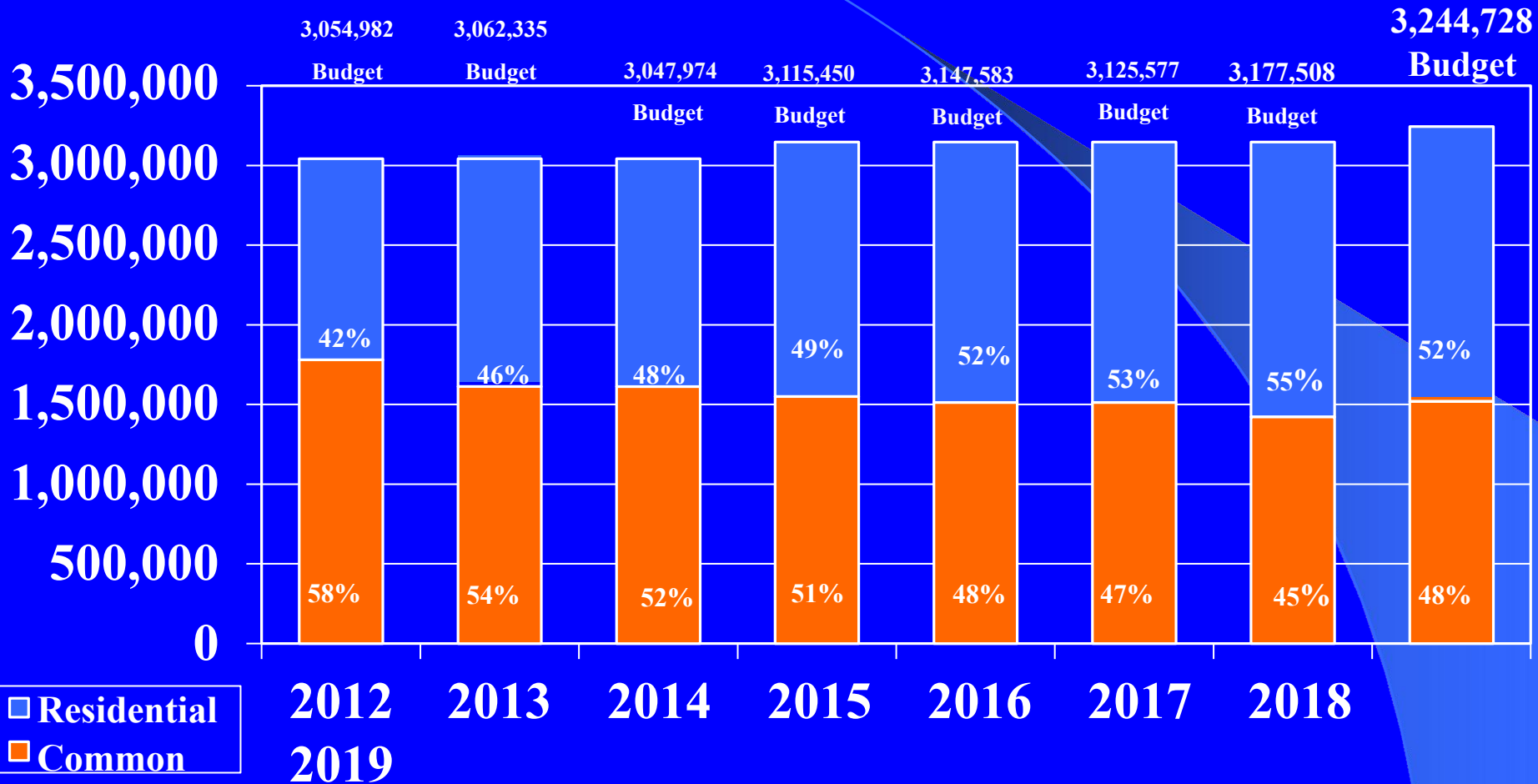
● 2010	24,798 (nights)	34.4%	of <u>72,000</u> available)
● 2011	28,827	40.0%	
● 2012	25,340	35.2%	<
● 2013	29,708	41.3%	
● 2014	31,568	43.8%	
● 2015	32,345	44.9%	
● 2016	27,953	38.8%	<
● 2017	29,152	40.5%	
● 2018	33,066	45.9%	
● 2019 (est)	~ 28,750-30,000	~ 40-42%	less RDC weeks

\*\*\*\*\*

Again: our minimally-favorable “total occupied” = 28,800 (or 40%)

History: lowest all-around occupancies are in ski and mountain areas.

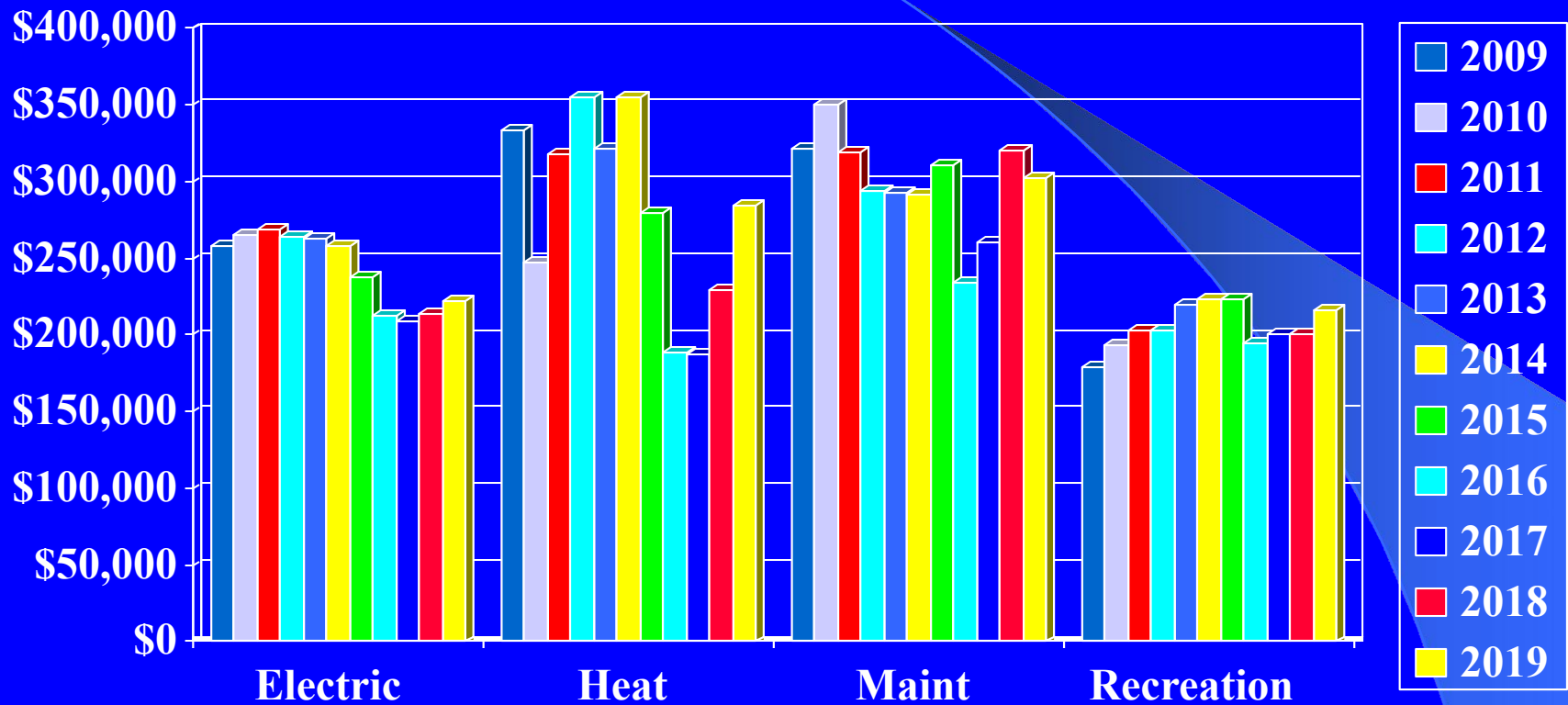
# Total Residential/Common Budgets



Includes Capital Reserve Funds

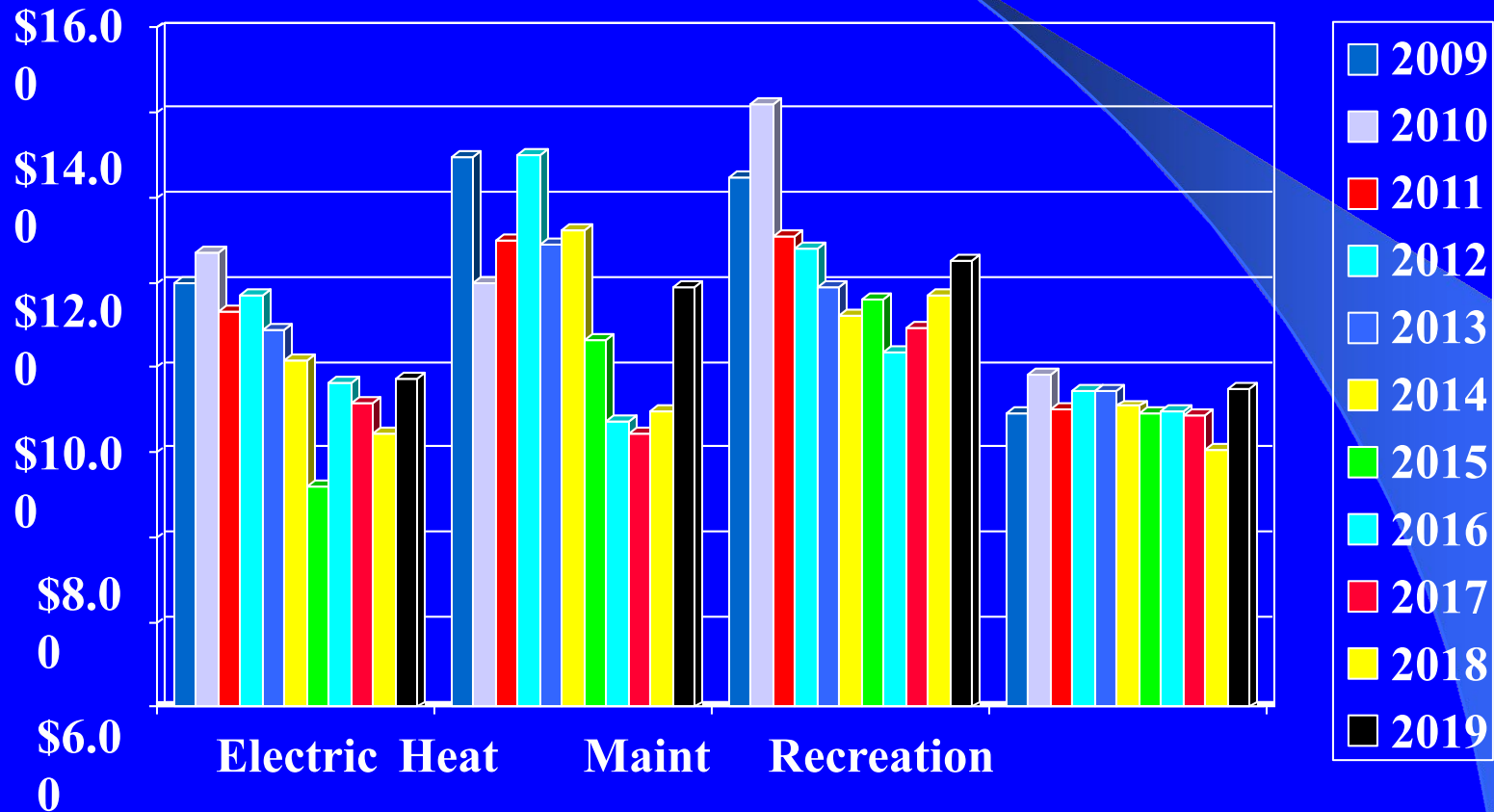
2020 Proposed Budget = \$3,254,949

# Key Expense Items- Trend (Total)





# Expense per Room Night



Note: Expenses FY actual results; 2019 reasonable estimate

# Occupancy / Pricing Rental

- Influences:

- Seasonal, mid-week, group incentive, unit-size & type + SNOW
- Holiday & school vacation timeframes
- Web now greatly impacts timing along with supply-demand analysis

- Yearly average rental per night:

- Grand Summit Hotel (GSH) in 2019 = \$191 (2018 = \$181)
- Industry, last 4 yrs: GSH with slightly higher averages

- Marketing / Sales Staff (+ Valley Chamber)

# Grand Summit Rental Pricing

2018-2019

- Smaller units, hotel rooms, studios (avg 390 sq ft):
  - Lowest = \$ 99
  - Average = \$160
  - Highest = \$622
- Mid-size units, 1-bedroom suites & lofted units (avg 710 sq ft):
  - Lowest = \$103
  - Average = \$252
  - Highest = \$925
- Larger units, 1&2 bedroom deluxe & penthouse (avg 1300 sq ft):
  - Lowest = \$250
  - Average = \$621
  - Highest = \$1,139

# Average Quarter Share

(540 qtr shares or 135 units; avg unit = ~ 750 sq ft)

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
<u>Total Payments:</u>				
Assessments	\$2,560,082	\$2,541,007	\$2,605,868	\$2,631,089
Special assessments	-0-	-0-	-0-	-0-
Taxes	<u>362,809</u>	<u>368,672</u>	<u>378,262</u>	<u>379,058</u>
Total Payments	\$2,922,891	\$2,909,679	\$2,984,130	\$3,010,147
Owners' Net Income Total	\$1,474,530	\$1,434,064	\$1,572,056	\$ 1,578,090
Avg Rental Income/yr	\$2,731	\$2,656	\$2,911	\$2,922
Avg Payments/yr	<u>5,413</u>	<u>5,388</u>	<u>5,526</u>	<u>5,574</u>
<u>Fully-loaded "Net"</u>	(\$2,682)	(\$2,732)	(\$2,615)	(\$ 2,652)

*Balance between Quality-life Investment  
and Financial Investment*

# Capital Focus



# Budget 2020

Residential Units	\$1,731,272
Common	<u>1,523,677</u>
<u>Total</u>	\$3,254,949*

2020 Common Capital	\$33,000	(\$6,000)	<u>2019</u>
2020 Residential Capital	<u>3,000</u>	(\$25,000)	
	\$ 36,000	(\$49,000)	
Common Rolling Reserves	>	\$334,940	(\$240,340) <
Residential Rolling Reserve		<u>600,000</u>	(\$600,000)
		\$934,940	(\$840,340)

\*Includes all Capital

# Fiscal-Year 2020 Capital Plan

- ◆ Replace deck tables/chairs as needed \$ 3k

\*\*\*\*\*

- ◆ Exterior Trash/Recycle Cans 12k Pro-press
- ◆ Plumbing Tool 6k Roof Engineering, related to
- ◆ its replacement 15k

Grand Total \$36k

## Note:

Each fiscal-year plan considers currently needed items,  
Not part of “rolling”

# “Rolling” Build-up of Capital Reserves

- Based on useful life projections
- Began to accumulate 2008-2009
- On Schedule ... “Zero Shortfall”

\*\* Sufficient funds available for future capital projects \*\*



# “Rolling” Build-up of Capital Reserves

- ◆ Common 3-5 Year needs, including: Coverage Snap-shot
    - ◆ Paint/Fix Bldg; broadband/Wi/Fi
    - ◆ Hallways/Lobby Carpeting/Painting/Woodwork/Furniture
    - ◆ Major outside paving/landscaping/drainage
  - ◆ Residential Units 8-10 Year needs, such as:
    - Lounge/deck/library considerations
    - Living Areas/Bedrooms (done 2007-2008)
    - Bathrooms’ strip/paint (2011-2013) + Re-finish furniture (2014)
    - Bathrooms & full-Kitchens (2015-2016 > 2017)
    - Living areas/Bedrooms Plan (2018-2019 > 2020)
  - ◆ Common 20-Year needs, for example:
    - ◆ Roof Replacement (approx 2022)
    - ◆ Window Replacement (majority replaced already)
    - ◆ Infrastructure, HVAC & Mechanicals
    - ◆ Fire Alarm System (panel done 2012)
- > Your hotel accumulating funds as planned**