

LETTER TO THE COMMUNITY

Ragged Mountain Recreation Area Foundation (RMRAF): Response to the Town Redevelopment Project Audit

The Ragged Mountain Recreation Area Foundation, like many in the community, was anxious to review the audit of the Redevelopment Project and to gain an understanding into the status of the town-owned and managed project. We were as surprised as everyone else to learn of the significant recent cost overruns and current situation. After repeated requests to the former Town Manager over the past 18 months by the Ragged Mountain Recreation Area Foundation for financial updates and invoices, it took the efforts of a private citizen and Snow Bowl supporter to bring the project issues to everyone's attention.

None of us wants to be where we are at this stage in the project, but unfortunately, we are. The Foundation feels a deep sense of responsibility to donors of the project, as well as to the citizens of Camden who have invested in our wonderful community asset. We are also committed to the completion and success of the project.

We have had numerous lengthy conversations and meetings with the auditor and Town officials since the audit was commissioned and budget issues were brought to our attention.

Our goal, as donors and supporters, was to get a clear understanding of the financials and the status of the project. First, and most importantly, we were assured by the auditor that all monies donated and allocated were spent on the project-design and construction and ski area improvements on the mountain. Phase 1 and 2 were completed and, by all accounts, are working extremely well. These phases included the newly refurbished triple and double lifts and a new magic carpet lift for beginners; trail work that included widening of existing trails to the top; and a new and expanded beginner area which was identified as a critical need for the mountain. Snowmaking capacity was more than doubled with all new systems; lighting was extended to the top of the mountain where the triple lift terminates; a new access road was built, which has facilitated mountain maintenance; the lower and upper parking areas were completed with the required storm water mitigation systems; and the septic and electrical systems were completed and ready for Phase 3 - the new lodge / community center.

That being said, the project should have been managed better by the Town of Camden and issues communicated in a timely manner. It is a complex project and many factors have contributed to the current situation. They fall into four big buckets based on our assessment.

- 1- Timeframe: The project has been underway for close to 8 years and some of the initial estimates were low. They were adjusted over the course of the project, but clearly the project costs increased over this lengthy period.
- 2- Project Management: There were issues of project and cost management and expense control on multiple levels, both on the mountain and in the Town office as identified by the audit. This was compounded by a lack of communication and transparency from the Town.
- 3- Project Changes: As the project evolved, change orders and expanded scope resulted in budget increases. In review, some changes were probably the right decisions based on the given issue

or situation (such as new State lift regulations), and others could have been deferred or managed differently. Either way, changes should have been communicated early and often.

- 4- Other Issues: There were unforeseeable issues from the logging operation, weather, and other mountain challenges that arose during the project, such as erosion and the need for storm water mitigation that added additional costs.

Mistakes were made and lessons have been learned. We strongly concur with the auditor's recommendation that, going forward, any new work must have bids, contracts in place, and a third-party professional project manager to proceed.

After review and thoughtful consideration, the Foundation remains committed to the project and will pay the current shortfall of \$743,000 out of existing funds earmarked for this project. We will make an immediate payment of 50% and the remaining 50% as soon as the Town provides a breakdown of the expenses in the major cost centers.

Many factors have been critical in our reaching the above assessment and response. The Camden Snow Bowl/Ragged Mountain Recreation Area is vital to our community as a four season recreation area. The area provides over 65,000 recreation user days and that number is growing. Economically it contributes far more than many people realize, creating close to 70 fulltime and seasonal jobs. These jobs allow schooner captains, restaurant owners and workers, fisherman and many others to piece together rewarding and fulfilling year-round employment, which allows them to thrive and stay in the area.

An independent economic study conducted by Camoin and Associates in 2013 confirmed that the Ragged Mountain Recreation Area currently contributes over \$4 million annually to the town/region from mid-coast residents and visitors from away with lodging, meals, other in town activities, equipment purchases, and direct dollars spent by employees, which will only increase once the project is completed. We have witnessed the impact of the recent loss of Saddleback Ski Area on the Rangeley, Maine Region and it has been nothing short of devastating. Once a ski area is gone, it is nearly impossible for them to claw their way back operationally. Prior to the Redevelopment Project, the Camden Snow Bowl was on the eventual path to closure with years of minimal to no investment, deferred maintenance, failing equipment, and systems that were not up to current standards and code.

In addition to the Foundation, other organizations whose staff and members are from the larger mid-coast area are investing significantly in the area; the Coastal Mountain Land Trust is investing over 4 million dollars to build the Round the Mountain trail and to protect additional land surrounding the ski area, and the Mid-coast Mountain Biking Association is working with the Town and multiple foundations to fund and expand cross-country and down-hill mountain biking (which will ultimately generate revenue through user fees during the spring, summer and fall, utilizing many assets owned by the Town and already in place).

Recent studies show that trail systems and recreational opportunities are one of the main attractions for people moving to or visiting an area, and increase local property values. The lodge/community center is the final piece of the equation and critical to these investments. It will provide much-needed space for increased usage, will be a gateway and attraction to the recreation area and will provide significant rental revenue from events to cover operating costs.

Lastly, and very importantly, the Camden Snow Bowl had a \$94,000 profit/surplus this winter in a snow season, which by many accounts and statistically, was a below average year, with 54 inches of total snow. Clearly, the signs are there -a breakeven or profitable operation is more than achievable. As the Snow Bowl management team gets to know the new systems and optimizes efficiencies, the ability to operate in a sustainable manner is very realistic and achievable.

Finally, the Ragged Mountain Recreation Area Foundation reaffirms its commitment to work with the Town of Camden and the greater mid-coast community in completing the project and thanks everyone who has supported this effort.