

HB 1523

Pat Chaput



North Dakota State Legislature
Bismarck, ND

Dear Legislators,

The Board of Directors of Pembina Gorge Foundation would like to say thank you for the opportunity to share our vision for Frost Fire Park and the Pembina Gorge area. ND Parks and Recreation finished a Master Plan in 2014 and The PGF Board and Frost Fire Staff have been working diligently to utilize the tourism potential of this area that Parks and Rec highlighted over 10 years ago. Sustainability has been a long slow process as we have had several setbacks over the past 7 years. Frost Fire Park is a hidden gem in Northeast ND and is worth the investment. We are now asking you the State lawmakers to consider support towards operational sustainability as we go into the spring and summer season.

Pembina Gorge Foundation was formed as a 501c3 non-profit organization in January of 2017. The Foundation purchased the property from the late Richard and Judith Johnson who had operated the ski and theatre entity for over 40 years.

With the help and support of private donors, State of ND and Federal dollars, the Foundation has been able to operate and improve the facility which sits on 172 acres in the Pembina Gorge adjacent to County Rd. 55.

Our Mission Statement: ***The mission of the Pembina Gorge Foundation is to preserve and enhance the experience of the Pembina Gorge while connecting people to positive, life changing experiences. The Foundation develops and supports historical, cultural, education, natural, interpretive and recreational opportunities in the Gorge.***

Our vision is to make Frost Fire Park and the Pembina Gorge **a multi-day destination for Northeast ND**. The recent addition of the 14th State Park just a few minutes from Frost Fire Park will undoubtedly be a huge opportunity to bring more visitors to our area to enjoy the beauty and history of the Gorge and this Region. Studies show that overnight guests spend 3 to 4 times the amount of a single day visitor. We have a multitude of guests that are looking forward to more lodging options in the area.

The rich history of ND originated in the Northeast part of ND with the city of Pembina, Just 30 miles to the east being the first settlement in the Dakota Territory established in 1843. Walhalla, located just 7 miles east of Frost Fire Park was established in 1845 and is rich in

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history of early settlers and fur traders making Northeast ND a must visit area for History, Culture and Recreation.

This private/public partnership has allowed the foundation to meet the goals of our mission statement by bringing family and friends together to experience the outdoors in a beautiful, relaxing environment. Private/public support has allowed improvement in many areas of the lodge and equipment.

In 2018 with the assistance of the State of ND, a new Quad Chairlift was installed at a cost of \$1.3 million with the state providing \$750,000. ND Parks and Recreation Department established the state's first downhill bike terrain park which is incorporated in the downhill slopes of Frost Fire Park. The State of ND again stepped up in 2023 with a State and Federal grant to allow a total renovation of the \$3.6 million Snow making infrastructure. Federal dollars were \$1.2 million, State of ND was \$900,000 with balance coming from Frost Fire Park working capital, private sector donors and local bank financing.

Ski Season was cancelled in 2018 and again in 2022 due to equipment failure so without the new chair lift and snowmaking infrastructure, we would not be in operation today. Winter operations has seen increase in visitors every year since the foundation started. 2021 hosted approximately 3600 skiers, 2023 hosted 7000 and to date we have already hosted over 4,000 skiers and snow boarders with goal of hosting 9,000 this ski season. In an effort to give back to our communities and region, we have sent out over 25,000 free ski passes to school age children within a 200 mile radius. These free passes are valid through January 13, 2025. 10% usage of these free vouchers will represent a \$125,000 value back to the communities that we serve. We also offer snowshoeing, full restaurant/bar and we are working on cross country skiing in cooperation with the Walhalla Country Club.

Job creation, cultural and recreational opportunities and healthy choices are all benefits of operations in the Pembina Gorge. Return on investment is recognized both monetarily and intrinsically. Monetary benefits are what is seen with bringing visitors to the area with year-round activities with Skiing/snowboarding, snowshoeing in the winter and birding, biking, hiking, theatre and kids camps in the summer and fall. The area also boasts of a beautiful 9 hole golf course, ATV, biking, walking, and horseback trails as well as river sports such as tubing and Kayaking.

Frost Fire Park employs 38 people in total with 25 staff on hand at any given ski or large event day. Payroll is estimated north of \$600,000 for the 24-25 season. Multiple local businesses are benefited from the traffic coming and going from Frost Fire Park and the revenue from sales tax generation is also a plus with a good portion of revenue coming from out of state and out of country.

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Outdoor recreation is medicine for the mind and soul. Adventurous and wholesome experiences with family and friends is what is bringing visitors to the Gorge. Arts and Cultural experiences are offered for young and old alike.

Thanks to the Commerce Department Destination grant award, Pembina Gorge Foundation is now making Plans to build a new theatre complex after excessive snow load destroyed the existing theatre in the spring of 2023. PGF was awarded a \$1,750,000 matching grant for theatre project. \$560,000 private sector donations have already been secured with goal of raising \$4,000,000. Along with the new Theatre, guests will see improvements to parking, better lodge accessibility and ADA and Handicap accessibility improvements.

Lodging is also part of The Gorge Foundation Master Plan which was finalized in the spring of 2024. The Foundation would like to eventually have 20 to 30 year-round cabins situated within walking distance of the lodge. These would be cabins that will sleep 4 to 6 people and will likely be a private sector or private/public project. Currently we have a private investor that is putting in 3 cabins that will be ski in/ski out. Each of these cabins will sleep 6 and will have hot tubs on the deck. The project will be a good test to gauge the demand and need for added cabins over the next few years. The addition of the State Park Camping site and year-round cabins will also attract multi day visitors to the area.

In conclusion, again we want to thank you for the many areas of support in the past. The Board of Directors will continue to work diligently to balance the day-to-day operations while focusing on long term capital investments. To date, the support from Commerce, Parks and Recreation, and other state grant dollars has totaled approximately \$4,000,000, with private sector dollars at over \$3,000,000. This investment has allowed the Foundation to replace and improve critical infrastructure that was old and worn out and will be functional for the next two generations.

We are now asking for appropriations of \$500,000 towards cash flow sustainability for the next 12 to 18 months as we go into construction phase of the new theatre build. Overhead costs of Insurance, utilities and labor are constants that are tough to cover in the interim while rebuilding the Theatre and anticipating the opening of the state park. These funds will be used for labor and day to day operations, lodge foundation and roof repair, furnace replacement, groomer and snow gun repairs and grounds and trail maintenance.

Thank you for your time and consideration in assisting Frost Fire Park operationally. Together we can grow Northeast ND into another **must visit multi day destination** for the great state of ND to be enjoyed for generations to come.

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1-9-25

RE: Legislative request for working capital and capital improvements

Dear Mr. Monson,

I am writing to follow up on a few items that we discussed earlier today.

Requesting grant dollars to help with:

Lodge foundation	\$45,000	7 inch rain in September of 24 caused soil shifting and has pushed in a portion of foundation
Lodge Roof	\$32,000	Needs to be shingled
Kitchen Ventilation	\$12,000	Need to extend and repair ventilation hood
Furnace replacement	\$24,000	Old Electric furnaces are failing and inefficient
New permanent Snow guns	\$130,000	10 guns at \$13,000 each
Repair existing snow guns	\$80,000	7 guns at \$11,500 each
Groomer replace and maintenance	\$90,000	both groomers have over 8,000 hours and are In need of some pump and drive train upgrades
Workforce placement	\$36,000	H2B Visa expense, lodging and transportation
Advertising	\$30,000	invest in billboard and digital board ads

The above list is some of the maintenance and replacement items needed to be able to operate going into the summer of 25 and 25/26 winter season.

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Operations budget is very tight with costs of goods, labor, utilities, insurance and other expenses increasing as the whole country has seen inflation cut into bottom line.

Insurance alone has more than doubled in the past 3 years going from \$60,000 annually to over \$140,000 annually. That is \$400/day every day. The shortage of local labor has forced us to go to the Migrant worker (H2B) program which is very good labor but also very expensive when considering cost of Visas, airfare, transportation, and housing as well as 40 hour work week guaranty at competitive wage. Utilities are high as we pay over 13 cents/Kilowatt which is among the highest rate in the state.

We rely on our Canadian visitors as a large portion of our total annual visitors. The weak Canadian dollar has made it tough for them to come down to enjoy our amenities. We have offered discounts on early order season passes for all customers and have reduced the lift ticket rates by \$10/day if you order online. This discount puts the cost of lift ticket on par with Holiday Mountain in Lariviere Manitoba which is our closest competitor.

Annual Gross Revenue has increased by 20%/year for the past 3 years with gross revenue projected for 24/25 to be approximately \$1,200,000 which represents over \$50,000 in state sales tax revenue.

Estimated annual employee expense is over \$600,000 with 38 employees on staff.

Grant projects received in the past with the Destination match grant for theatre in progress now

New Chair lift in 2018:	State	\$750,000
	Private	\$550,000
Bicycle Terrain Park	State	\$440,000
	Private	\$60,000
Snowmaking Infrastructure	Federal	\$2,178,000
	State	\$900,000
	Private	\$522,000 (Servicing a \$350,000 loan)
Master Plan Grant		\$100,000
Miscellaneous covid related		\$50,000

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Destination Grant for Theatre	State	\$1,750,000	This is a match grant
	Private	\$4,000,000	Capital Campaign going on now (\$560,000 raised to date)
Original purchase of property	Private	\$1,078,000	
Other miscellaneous	Private	\$250,000	Giving Hearts and other events
Total State dollars		\$3,990,000	
Total Private dollars		\$6,460,000	

Theatre visitors has historically been 4500 to 6000 annually with the summer theatre. With the new facility we hope to add more theatre and concert events and push the annual number of visitors to 10,000 over the next 3 years

Skier numbers are increasing year over year with goal of 9,000 this year which would be a 20% increase from last year.

Area businesses are benefitting from bringing in 15,000 to 20,000 visitors annually with future potential to increase overnight visitors with additional lodging from private investors and State Park.

We are working closer to sustainability but require some assistance to get over the hump while we are rebuilding the Theatre and waiting for the state park to open which will be a huge benefit to our area.

We are encouraging the youth to take part in healthy recreation with over 25,000 free lift ticket passes sent out to school age children in a 100-mile radius of Frostfire. This includes schools in Canada also.

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