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A HISTORY OF THE DEVELOPMENT AND OPERATIONS OF
MISSOULA SNOW BOWL, INC., 1961-1971

by

Jens Gran

B.S. University of Montana, 1969

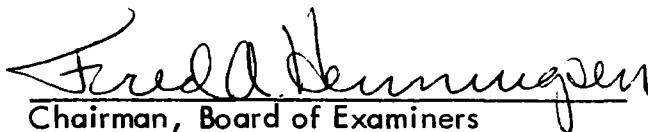
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Master of Business Administration

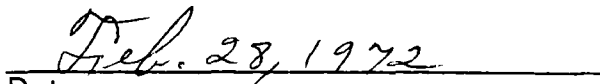
UNIVERSITY OF MONTANA

1972

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PREFACE

The fact that I am a native Norwegian makes it only natural that I would be interested in skiing. The close proximity of the University of Montana to good skiing was, in fact, one of the reasons I chose to attend school in Missoula.

In addition to pleasure skiing at numerous areas in North America, I have taught skiing for the past four years at the Marshall and Snow Bowl areas at Missoula as well as at Alta, Utah, and Portillo, Chile. My experience as a skier, coupled with my interest in the field of business, prompted me to choose to write a business history of Missoula Snow Bowl, Inc.

The first part of the paper deals with today's ski market and early skiing history of Missoula, plus the physical development of Snow Bowl. Its purpose is to enable the reader to better understand the environment in which Missoula Snow Bowl, Inc. has evolved.

The second half deals with the corporation's operations and finances along with my conclusions and recommendations for the ski area.

Most of the information used in the paper has been derived from the company books and personal interviews with local skiers and former board members. Without their help this paper would not have been possible. I am particularly grateful for the help I received from Dave Flaccus as well as my advisor, Fred Henningsen, who also currently serves as Secretary-Treasurer for Missoula Snow Bowl, Inc.

Chapter 1

TODAY'S SKI MARKET

The steady and rapid growth of skiing has been obvious for many years. The skiing business is one of the fastest growing industries today. "Skier visits in the twelve western states tripled from 1.4 million in 1955 to 4.5 million in 1963."¹ During the same period the number of areas increased from 152 to 197; the ropetow and lift capacity tripled from 66 million 1955 to 215 million Vertical Transport Feet per hour (VTF/hr).

In the Northern Region of the United States Forest Service, to which Missoula belongs, skier visits increased 3.8 times, --from 152,000 during the season of 1962-63 to 531,000 during the season of 1970-71.²

The increase in number of areas, however, has not followed the national trend. Region One (the Northern Region) had eighteen areas in 1963 and nineteen in 1971.³ Most of the areas have, however, undergone significant

¹ Roscoe B. Herrington, Recreation Resource Analyst, Skiing Trends and Opportunities in the Western States, (Intermountain Forest and Range Experiment Station, Ogden, Utah: U.S. Forest Service, U.S.D.A., 1967), p. 1.

² U.S. Forest Service, "Summary of Skier Visits by Season - Northern Region" (Missoula Montana: U.S. Forest Service, September, 1971. (Mimeo-typed.)

³ Ibid.

internal improvements and expansions, such as more and better-manicured runs and installation of additional lifts.

The reasons why skiing has become one of the most popular forms of winter entertainment are many. For one, people now have more leisure time and money to spend than ever before and they are seeking new ways of entertaining themselves. Skiing is a sport for individual participation, being enjoyed regardless of ability, and the pace of progress is up to the individual. Furthermore, it is a family sport, popular with both children and adults. In addition, skiing is, for the sports enthusiast, another way of testing his physical capabilities.

Approximately 70 per cent of today's skiers are classified as novice or intermediate skiers. This type of skier requires gentle, well-groomed slopes which he can handle. Two-thirds of the skiers in the western states are thirty years of age or younger.⁴ The average skier in the western part of the United States travels an average of 139 miles to ski. Montanans travel an average distance of 78 miles.⁵

Unless a ski area is located near a populated area which enables it to offer night skiing, an average ski area, according to Sno-Engineering's report, typically experiences week-end crowds and slack weekdays. Fifty-nine per cent of income derived from lift ticket sales is derived during weekends and holidays (peak days),

⁴Herrington, op. cit., p. 7.

⁵Ibid., Table 25, p. 73.

--income from season passes not included in the 59 per cent.⁶ This creates problems for the area and for skiers alike, since long lift lines and crowded slopes are commonplace during weekends and holidays. The inconveniences encountered due to huge crowds, such as parking problems, more accidents, and long lines, tend to discourage many skiers and particularly the beginners or less seasoned skiers from repeating their visits to the area. An area operator cannot afford to base his operation on the weekend crowd only, since his investment would be disproportionately high in relation to its return.

Therefore, many areas attempt to lure skiers on weekdays. They offer gimmicks such as Women's Days, Men's Days, or College Students' Days with reduced rates, free wine, fashion shows, or free lessons.

Those areas which are located close to larger population centers of 50,000 people or more generally do better than areas situated in less populated areas, with the exception of the resort areas.⁷ The most successful resort areas today are those dealing with sale of real estate for condominiums and those having been in business for a long period of time, such as Sun Valley or Alta, Utah.

⁶Sno-Engineering, Inc., Economic and Financial Statistics, Annual Ski Areas Financial Summary, (Sno-Engineering, Inc., Franconia, N.H., 1st edition, October, 1967), p. 17.

⁷ Personal interview with Bob Brandenburger, Recreation Resource Analyst, Region One, U.S. Forest Service, Missoula, Montana, September 1, 1971.

Chapter 2

EARLY SKIING HISTORY OF MISSOULA

Ski touring preceded alpine skiing in the Missoula area. A local group, the Montana Mountaineers, was conducting ski tours near Missoula in the twenties. In those early years ski trains transported skiers into the Blackfoot area from where they then skied back to Missoula.⁸

In 1933-34 the Civilian Conservation Corps cleared a run and installed a 1500-foot rope tow in Pattee Canyon, approximately four miles east of Missoula. The area was later turned over to a newly-formed Missoula ski club in 1935 but was relatively short-lived. According to Mr. Grant Higgins, who is a long-time skier in Missoula, the Pattee Creek area did not operate regularly after another ski area, Diamond Mountain, began its operation in 1939.⁹

Diamond Mountain was the first local commercial ski enterprise and was located twenty miles northeast of Missoula. The area was serviced by rope tows powered by gasoline engines. It was a small area which often suffered from short seasons due to its low elevation. It ceased to operate after the 1960-61 season.¹⁰

⁸Personal interview with Grant Higgins, long-time resident and skier in Missoula, Montana, June 19, 1971.

⁹Ibid.

¹⁰Personal interview with Joe Brian, the last owner and operator of Diamond Mountain, June 9, 1971.

In 1950 another area called Marshall Ski Area was initiated for commercial skiing by Glenn Denny. It was located nine miles northeast of Missoula. The area operated on weekends and one day during the week and had four ropetows which were serviced by gasoline engines. The area was purchased in 1956 by the Green family who are the present operators. It presently is serviced by four ropetows, one 3,000-foot high-speed Poma Lift, and a recently-installed 2,400-foot T-Bar Lift. In addition to daily skiing it also offers night skiing and is basically considered an area for beginner and intermediate skiing.¹¹

In 1953 two local businessmen and ski enthusiasts, Bob Johnson and Dave Flaccus, began studying the possibilities of improved skiing in the Missoula area. The existing runs either lacked the necessary elevation and potential growth or they were situated 100 miles or more from the city. Access roads reaching sufficient elevation had not, however, been available for winter use until Mr. Mosby, owner of KGVO, constructed a television studio and road leading up to it at an elevation of 7,000 feet. This mountain peak, located fifteen miles northwest of Missoula, later became known as TV Mountain.

Having winter access to a good snowbelt, Flaccus and Johnson decided to start a ski area on TV Mountain. They formed a corporation called Ski TV Mountain in 1954. Snow Park, as the area was named, operated its first year in 1954-55. The area was serviced by two 1200-foot ropetows the first season. The

¹¹ Personal interview with Mrs. Velma Green, owner and operator of Marshall Ski Area, September 6, 1971.

following summer additional terrain farther down the mountain was cleared and a Poma Lift was installed. Snow Park operated through the 1960-61 season, after which the lifts were moved to the area that was to become Snow Bowl.¹²

Area Development of Snow Bowl, Inc.

During the operating period of Ski TV Mountain, Inc., Flaccus and Johnson were looking for a site that had adequate size and elevation for potential development of a larger ski area. They had felt for a long time that Missoula had the potential for a ski resort town since it is surrounded by high mountains that could offer the best in skiing, it has an interstate highway going through, two major airlines serve the town, passenger train and bus service, and adequate lodging capacity during the winter time. Another factor they felt would help the ski area was the presence of the university in the town. While operating Snow Park, Johnson and Flaccus were making a general survey of the mountains surrounding Missoula for a larger area after realizing that Snow Park did not have the potential for development into a larger area. After operating Snow Park for five seasons, valuable experience was gained for selection and expansion of a new and larger area.

The criteria used for selecting a site were that it had to be fairly close to the population, that it must be in a sheltered area where the wind would not hamper

¹²Personal interview with David Flaccus, operator of Snow Park, June 5, 1971.

operations, that it be away from fog and smog and, finally, that it be at an elevation that had adequate snow cover during the winter months.¹³

Data from the Weather Bureau and Soil Conservation Service greatly facilitated selection of a site for the prospective area. The Weather Bureau supplied data on such conditions as temperature, prevailing wind directions, and frequency of fog. The Soil Conservation Service supplied records of snow depth.

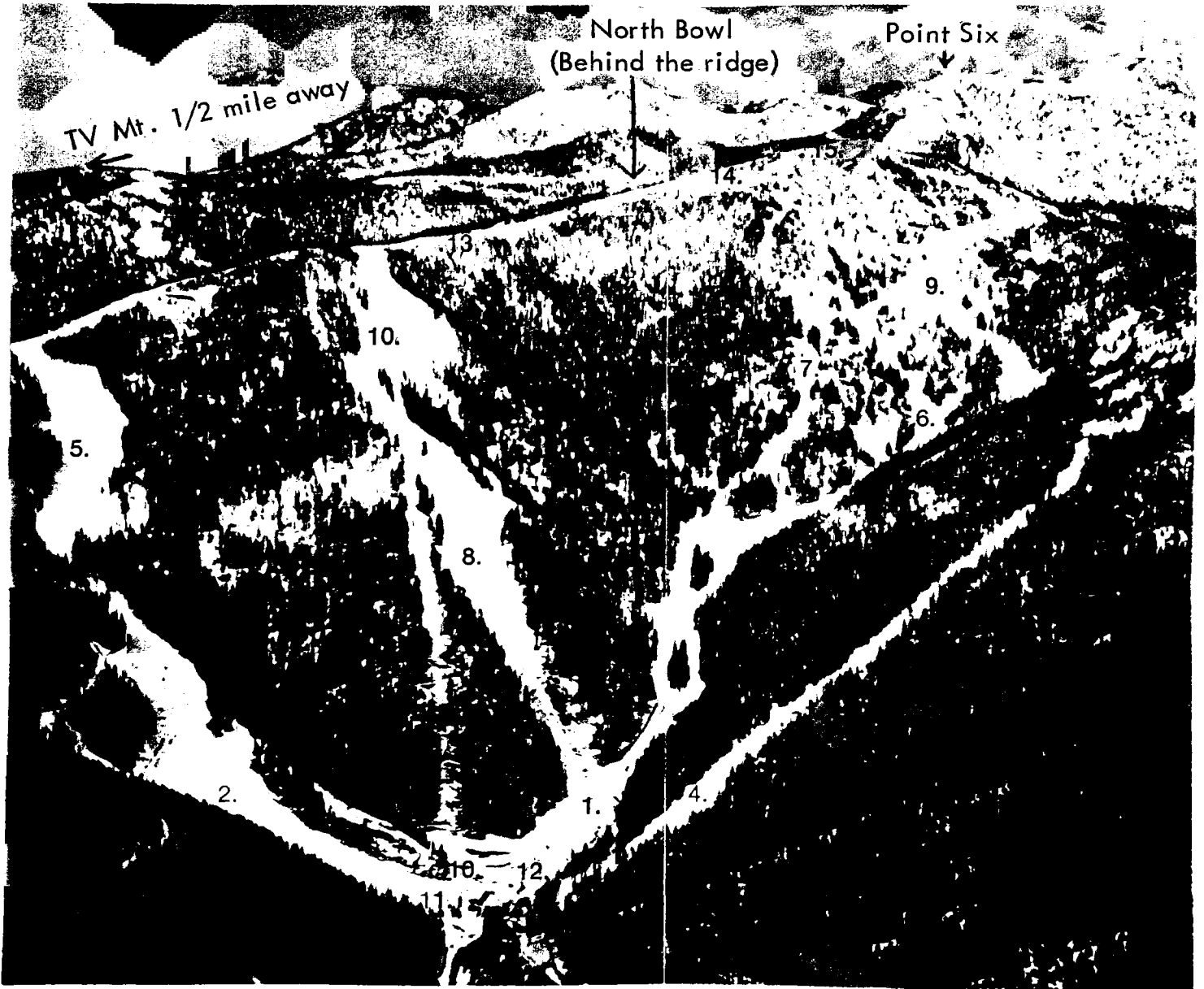
After generally surveying the mountains surrounding Missoula, Flaccus and Johnson narrowed the potential sites down to the eastern slopes of Stewart Peak, located eleven miles due north of Missoula in the Rattlesnake and the headwaters of Butler Creek in the Rattlesnake Mountains, fifteen miles northeast of Missoula, near TV Mountain.

The Stewart Peak area was eventually rejected because it serves as a part of the watershed for the city of Missoula. Extra measures for protecting the watershed would have made construction and operation of a ski area there prohibitively expensive. Instead, Flaccus and Johnson chose the headwaters of Butler Creek for the site of their new ski area. This location appeared to fulfill all their criteria.

Snow Bowl can best be described as a large bowl which faces from southwest on one side to southeast on the other side. The ridge surrounding the top of the bowl is a part of the larger ridge between TV Mountain and Point Six. The southwest part of the bowl consists of open parks with intermittent patches of timber.

¹³Personal interview with David Flaccus, June 5, 1971.

MISSOULA SNOW BOWL



Beginner Area

- 1. BASE AREA (1961)

Intermediate Area

- 2. POMALIFT & POMAHILL (1961)
- 3. HIGH PARK (1963, 1964)
- 4. LONGHORN (1968)

Advanced Intermediate

- 5. SPARTAN (1962)
- 6. 7. EAST & WEST BOWLS (1964, 1965, 1966)

Expert

- 8. GRIZZLY (1963)
- 9. DOWNHILL COURSE (1966)

Lifts

- 10. CHAIR LIFT (1962)
- 11. POMALIFT (1961)
- 12. ROPETOW (1961)
- 13. ROPETOW (1963, 1964)
- 14. T-BAR (1966)
- 15. BIG SKY MOUNTAIN

The year in parenthesis indicates the date on which the run was cleared and lifts erected.

The bowl funnels down over mostly steep hillsides to the bottom where the base area is now located.

The land is owned partly by the U.S. Forest Service and by Burlington Northern Railroad.

In addition to clearing the sites of the runs, an access road had to be built from Grant Creek, nine miles away. Right-of-way permits were obtained from the landowners, who included the U.S. Forest Service, the Anaconda Company, the Northern Pacific Railroad, and the Grant Creek Ranch.

During the summer of 1961, though delayed somewhat by a serious regional fire danger, V. I. McDonald, a third partner in the proposed area, cut a pioneer road along the proper grade line surveyed by the Forest Service. The same road is being used today. The right-of-way is deeded to the Forest Service which has improved it by adding ditches and culverts. Following completion of the access road, clearing of the run began in the new area.

The first runs cleared at Snow Bowl were the Pomahill and the ropetow area (see map). A large amount of dirt had to be filled into a ravine at the Pomahill to make it suitable for skiing.

During that same summer, the Pomalift and the two ropetows were moved from Snow Park to Snow Bowl. The Pomalift was installed at its present location. It is 1500 feet long with a 600-foot vertical drop. One of the 600-foot ropetows was installed at the beginners' area along the creek immediately above the base lodge.

After the lift installation, sites were dozed out for a parking lot and a lodge. The area where the parking lot presently is located was a steep hillside leading down to Butler Creek. Dirt needed to be cut from the hillside and moved towards the creek side in order to make the parking lot. All of the dozer work was done by Mr. McDonald and his crew. Mr. McDonald did not receive payment for this work at this time. Instead, he was promised stock in the proposed corporation. Mr. McDonald stated that he would conservatively estimate the work that he did during the summer of 1961 at \$47,000.¹⁴

The main lodge was constructed during the fall of 1961. The structure itself was prefabricated by a local prefabricating company, the Mission Homes, Inc., and then transported to the site. Total cost of the lodge, including electricity, plumbing and heating was \$49,837.96.¹⁵

A used Baby Pomalift was purchased from Pomalift, Inc. in Denver and installed on the beginners' slope in the late fall of 1961. This Pomalift turned out to be a "lemon" from the start. In addition to being second-hand, some of the parts were lost in transit so that Snow Bowl had to improvise in order to make it functionable.

¹⁴ Personal interview with V.I. McDonald, June 1, 1971.

¹⁵ Swanson, Dobbins & McCarty, Certified Public Accountants, "Report on Examination for the Period September 12, 1961, through May 31, 1964, for Missoula Snow Bowl," Missoula, Montana, May 31, 1964, p. 5. (In the company files.)

From the outset the founders had intended to utilize the whole basin for a ski area. Various ideas regarding chair lifts were considered. One alternative was to put up a 9000-foot chair lift from the bottom to the top of Point Six; another was to put one 6000-foot chair lift at the existing location of the chair and then put another 2000-foot one from the upper lodge to the top of the existing T-bar. Another idea was to install a chair from the bottom of the existing bowls instead of from the upper lodge, upward to the top of the present T-bar.

At a stockholders' meeting on January 22, 1962, it was decided that due to economic reasons one 6000-foot chair lift should be purchased and installed at the site where it is today.

Bids were received from three lift manufacturers (Riblet, Heron, and, finally, Roebling). The Riblet Company, Spokane, Washington, was low on a comparable basis. They offered to deliver a 6000-foot Riblet double chair for \$116,800.¹⁶

In the early summer of 1962 installation preparations were initiated for the chair lift, the lift that they all hoped would bring prosperity and reputation to Snow Bowl, Inc. Peterson Engineering Company of Missoula surveyed the lift line during the week of June 4, and McDonald's crew dozed construction roads to each tower of the proposed lift. Actual installation of the chair lift was started in July of 1962 and completed late in October of the same year, under the supervision of Mr.

¹⁶Missoula Snow Bowl, Inc., "Minutes of Special Meeting of Board of Directors," May 18, 1962. (Hereafter called Minutes.) (In the company files.)

Wayne Hollenbeck of Spokane. The erection costs for the chair lift were approximately \$55,000.¹⁷ The chair lift had its maiden run early in November, ready to serve the skiing public at a capacity of 600 per hour.

Simultaneously, the clearing of Spartan Run was started (see map). Here again, Mr. McDonald with his crew was in charge of the clearing of the run. This was his busiest summer and fall at the area. At one time he had five cats working at Snow Bowl so they could be ready before the snow came. The upper part of Spartan Run did not yield any merchantable timber so trees were pushed into big piles and burned. The timber on the lower part was logged and sold the same way as the Poma and Beginners' hills were. The stumps were removed and the slopes manicured.

The upper lodge was constructed in the same manner as the lower one, except that it lacked plumbing. Total cost of this lodge was \$5,203.¹⁸

During the summer of 1963, clearing continued on the Spartan Run; it was widened at the headwall and above the saddle. The Grizzly Run was also cleared during the summer of 1963 (see map). The upper part was an old burn of lodgepole pine which was sawed down. The lower part of the Grizzly Run required a considerable amount of filling in and blasting, which was accomplished mostly by Mr. McDonald.

¹⁷ Figure derived from Swanson, Dobbins & McCarty, Certified Public Accountants, *op. cit.*, p. 7.

¹⁸ *Ibid.*, p. 5.

In order to make better use of snow falling early in the fall, part of what is now called High Park was cleared and manicured that same summer. High Park is located on the ridge surrounding the bowl (see map). A 500-foot ropetow was installed on the left side of the run.

During the summer of 1963, Snow Bowl's management started to consider the possibilities of hosting a National Alpine Championship at Snow Bowl. They believed that such an event would be of great promotional help to the community as well as to the ski area. A personal friend of Dave Flaccus, Dr. Amos (Bob) Little of Helena, who was at the time the secretary-treasurer of the U.S. Ski Association (U.S.S.A.) came over that fall to assess the area's potential for such a demanding event. It was decided that the area had terrain that was very suitable for such a meet. However, in order to be considered as a potential host, the area needed a downhill course. Based upon Dr. Little's recommendations, a downhill course was plotted on the map the next summer. It would run between the East and West Bowl in a heavily forested area. The downhill course had a 2400-foot vertical drop, making it one of the fastest downhill courses in the United States at that time.

During the summer of 1964, High Park Run was extended and cleared all the way to the top of Big Sky Mountain. The ropetow was moved from the left side to the right side. Another ropetow, which went to the top of the Big Sky Mountain, was added on at the same time to enable the bowls to be better utilized.

Some clearing of the East and West Bowls was done that summer (see map) so one could more easily ski from park to park.

During the summer of 1965, a Bierstube was built by Roger Gerth next to the lodge on ground leased from Snow Bowl, Inc.

In the spring of 1966, Willy Schaeffler, Technical Chairman of the U.S. Ski Association, came to the Snow Bowl to approve the race courses for the Nationals. The brochure which had been prepared for the United States Ski Association meeting in Spokane in 1965 had shown a completed downhill course although it actually had not been cleared at all. This was first discovered by Schaeffler that spring. Snow Bowl came very close to losing the Nationals because of that. However, following Schaeffler's visit to the area, the board was able to convince the U.S. Ski Association that the course would be cleared and ready for the meet.

The clearing and grooming of the runs was done mostly with the help of labor paid with season passes. According to Company books, season tickets were issued for the amount of \$9,447.¹⁹ for work done that fall. The work was supervised by the newly hired manager, Jerry Gamroth.

As soon as the Nationals were awarded to Hellgate Ski Club, plans were initiated for a lift connecting the chair lift with the Big Sky Mountain (see map), the start of the downhill. During the summer of 1966 a group of businessmen formed a T-Bar Trust, and it purchased for the Snow Bowl a used T-Bar which had been stored in Red Lodge. The lift had, before it came to Montana, been used for ten years at a Colorado ski area.

¹⁹Missoula Snow Bowl, Inc., "Financial Statements," Note No. 4, Missoula, Montana, May 31, 1967. (In the company files.)

The T-bar was located in the North Bowl in order to better utilize the area behind the ridge (see map). This meant that, upon reaching the summit of the chair lift, the public has to ski down a trail to the T-Bar lift which rises 600 feet to the summit of High Park. The north-faced T-Bar run branches away from the High Park Run half-way down and offers consistently good skiing during the whole season. It is especially popular early in the season and late in the season when other runs frequently are hampered by poor snow conditions.

Installation of the 3200-foot T-bar was initiated by Snow Bowl's own crew but due to unforeseen difficulties the erection of the lift was taken over by a local contractor, the Ace Construction Company. The lift was barely installed before a heavy snowfall which would have made further work prohibitive.

In 1966 a local businessman, Ed Thorsrud, built the Ski House next to the Lodge on ground leased from Snow Bowl. The building has, since its completion, been leased to Edelweis Ski Shop (now under the new name of Montana Sports). The ski rental shop was moved from the Lodge to the first floor of the new House. The new shop enabled Edelweis to offer better service to the public. In addition to offering larger and more modern rental facilities, a ski store offering complete lines of ski equipment was added.

The old rental shop was converted into a manager's office and ticket booth, both of which were previously in the center of the Lodge floor. This move greatly increased much-needed lodge space for the public.

In 1968 another run, the Longhorn Trail, was cleared. The run had been intended to enable an intermediate skier to ski from the top of High Park to the base area. However, due to some misunderstandings, it was cut down the wrong ridge and added another expert run to the area.

Between 1968 and the fall of 1971, no major work was done at Snow Bowl other than routine summer maintenance which is carried out every year.

Chapter 3

OPERATIONS AND FINANCES

1961-1962

Dave Flaccus and Bob Johnson were operating the Snow Park Ski Area under the name of Ski-TV Mountain, Inc. This corporation was thriving and making a profit every year. One of the reasons for its success was that the community contributed a lot of voluntary work to the area at times when work was needed. The success encountered at Ski-TV Mountain, Inc. encouraged Flaccus and Johnson to try to make a larger area elsewhere since they felt the Snow Park area was not suitable for further expansion.²⁰ They decided that they would move their lifts and equipment to another location. After examining the area surrounding Missoula, they decided that the south-faced slopes between TV Mountain and Point Six in the Rattlesnake Mountains (the headwater of Butler Creek) had the potentials for an area which could attract out-of-town skiers as well as local skiers. Toward the end of their 1961 season at Snow Park, the two men contacted a local logging contractor, V. I. ("Pinky") McDonald, who had been considering developing his own ski area in the Missoula area. Johnson and Flaccus approached him regarding formation of a new ski area and explained their plans to him. He became

²⁰Personal interview with Dave Flaccus, June 5, 1971.

interested in going in on that project rather than developing his own area. John H. Toole, an insurance man, and J. C. Garlington, a lawyer, both of Missoula, became interested in joining in on the project. They were novice skiers and both believed that a ski area of this caliber would be a great asset to the community at large.

The five men decided to form a corporation bearing the name Missoula Snow Bowl, Inc. An informal working agreement was created during the summer of 1961. Data and figures were gathered which were required under Montana Law for incorporating.

Missoula Snow Bowl, Inc. got its incorporation charter in September of 1961. The five founders subscribed to one share of capital stock each. The same five also served as the first directors of the organization. The officers of Missoula Snow Bowl, Inc. were: R. W. Johnson, President; V. I. McDonald, Vice-President; David P. Flaccus, Secretary-Treasurer--all serving without salaries.

The primary objectives and purposes according to the articles of corporation were "to acquire, operate, and carry on the business of providing service and sales for outdoor recreational and sporting activities--including skiing, skating, hiking, picnicking, and all similar or related summer and winter sports and to operate and maintain all forms of public accommodations, attractions, and facilities for the development and advancement of such activities."²¹

²¹ Missoula Snow Bowl, Inc., "Articles of Incorporation of Missoula Snow Bowl, Inc.," Missoula, Montana. September, 1961, p. 1. (In the company files.)

The original plans for the ski area called for two chair lifts--one double-chair lift reaching six thousand feet from the base area to the top of Grizzly and Spartan runs, and another lift connecting the top of the Big Sky Mountain and Point Six, the latter being a 1750-foot double-chair lift. The plan also called for a warming hut on the ridge at the bottom of the High Park Area, the clearing of new runs, and other work estimated to cost \$300,000.

In order to finance this plan and pay for the already-finished work, the corporation decided in early January of 1962 to offer for public sale within the State of Montana the following:

- 1) 500 shares of common stock @ \$100
- 2) 2000 shares of preferred stock @ \$95
- 3) 150 9% income debentures @ \$1,000.

The promotion and sales of the securities was handed over entirely to a security salesman in Missoula. Feeling the securities would more or less sell themselves, the members became heavily engaged in the physical work involved in running the ski area during the first season, paying little heed to the security sales.

The first people subscribing for common stocks were J. G. Hoffman, \$1,000; Lloyd R. Wolfe, \$2,000; and Randall Jacobs, \$1,000--all local businessmen.²²

²²Minutes, January 8, 1962.

By May 15 of the same year, only \$60,000 worth of the Snow Bowl's securities had been sold. This was far from the amount needed and was a great disappointment for the board of directors.

The first season showed a weak performance because the area experienced below-average snow conditions.²³ The poor snow conditions hurt operations at the area more than they normally should. The area needed a lot of snow that first season to cover up the rough spots remaining from the unfinished summer grooming of the cleared runs. The first season's weak performance might also have been attributed to a faulty baby poma and the fact that many people appeared to find the road difficult to drive.

Due to the unexpected lack of funds, most suppliers of materials and services to the area up to this point had agreed to accept common stocks as a means of payment. Included in these were: Gary Marbut for the right-of-way across his ranch; Montana Power Company for electrical power service; Bill Tremper, Inc. for heating and furnace installation; Myron Staves for electrical installation at the Lodge; H. K. Lembke for plumbing installation; V. I. McDonald for clearing roads and runs and for use of equipment for dirt moving and general construction work; Garlington, Lohn and Robinson for legal services in organization of corporation and

²³According to U.S. Soil Conservation Service, Missoula office, average snow depth at TV Mountain (located one-half mile from Snow Bowl) at an elevation of 6800 feet above sea level, for the last eleven years is 33.2 inches for January and 43.4 inches for February. Measurements during 1961 showed 25 inches for January and 26 inches for February.

corporate business and securities transaction.²⁴

Other means of financing the proposed plan were considered by the board. Missoula Snow Bowl, Inc. had been approached by Allen Bradley, the president of Capital Investors, a local Small Business Investment Corporation, regarding his company's participation in the financing of Snow Bowl. Another possibility was a United States Small Business Administration loan. Mr. Toole had met with the five percenter from Washington, D.C. regarding the obtaining and steering of a U.S.S.B.A. loan. The U.S.S.B.A. representative felt that Snow Bowl had possibilities for qualifying for a loan but it would take time to obtain one. An Area Development Loan was also considered.

The board of directors finally decided, after considering the different alternatives, that a ten-year loan at five per cent interest from U.S.S.B.A. appeared to be the most favorable.

A revised plan was then made, proposing that only one 6000-foot Riblet double-chair lift with capacity of 600 persons per hour be purchased and installed, that the proposed warming hut at the top of the chair lift be scaled down, that runs should be cleared from the top of the chair lift to the base, and that other small improvements be made as the management saw fit. Total expenditure of the revised plan was estimated to be \$150,000.²⁵

²⁴ Minutes, December 4, 1961.

²⁵ Minutes, May 15, 1962.

All investors of the Snow Bowl were contacted concerning the changes from the original plans. They all indicated a willingness to invest under the terms of the original prospectus and to approve of the revised plans.

Based on the stockholders' positive response, a 6000-foot double-chair lift was purchased from Riblet Tramway, Inc. of Spokane, Washington, for the price of \$116,800, --25 per cent down, 25 per cent when installed, 25 per cent at the end of the first operating year and 25 per cent at the end of the second operating year. Six per cent interest would be charged on the last two payments.²⁶

1962-1963

At the regular stockholders' meeting on June 1, 1962, it was announced that a sufficient majority of the shareholders had approved of the revised plan for the Snow Bowl and that the down payment would be sent to Riblet Company on June 4. During this time, an attempt was made to have the county accept the deed to the road but to no avail. The road was, and is yet, a Forest Service road, operated and maintained by the County in the wintertime with the exception of weekends, and upgraded and improved in the summer months by the Forest Service.

Obtaining the \$90,000 U.S.S.B.A. loan was delayed due to a misunderstanding between the First National Bank and the U.S.S.B.A. However, by the middle of March the \$90,000 U.S.S.B.A. loan had been received and disbursed.

²⁶ Missoula Snow Bowl, Inc., "Minutes of the Regular Annual Meeting of the Stockholders," May 19, 1962. (In the company files.)

Most of the money went to Riblet Tramway Company for two installments, plus accrued interest. The rest of the money went for full or partial payment of outstanding obligations, thus bringing the company up to a more current status. At this point, J. W. Toole resigned from the board. He had become discouraged about the whole operation due to all of the financial difficulties in obtaining money for developing the area. At a board meeting that winter, it was decided that Dr. Horace H. Koessler, a strong supporter of Snow Bowl and a very civic-minded person, should be asked to serve as a director of the corporation. He accepted, and this was felt by the present board members to be a great asset to the corporation since Koessler was considered a hard-headed businessman with a lot of capital behind him, both of which the corporation needed. Spotting the weak financial condition of the company, Koessler started immediately pushing for additional capital in the amount of \$35,000 from the U.S.S.B.A.

The first year with the new chair lift turned out to be a season with extremely poor snow conditions, thus delaying the season's opening as well as forcing an early closure. Additional conditions, such as the lack of sufficient beginner and intermediate runs and poor road conditions, particularly as spring advanced, hindered profit. Consequently, the area did not yield the expected revenue, thus leaving the company short of cash funds for much-needed improvements and other anticipated expenses during the coming summer months. In fact, expenses for the fiscal year exceeded income by \$38,762. Income totalled

\$21,530 while expenses totalled \$60,292.²⁷ A deficit had been expected; however, not such a large one. According to national figures, it is common that an area experiences a net loss during the first few years of operating. Thus, Snow Bowl's performance was not looked upon with great alarm. The total cost of the summer program budget was estimated to be approximately \$35,000.

A small loan was backed by the board of directors to provide the necessary funds for those vital summer improvements which had been scheduled in order to better accommodate the intermediate and beginning skiers.

In November of 1963, a Montana Railroad Commission permit was granted for bus service to the area following a hearing at which various witnesses from the community and Snow Bowl testified.

1963-1964

The 1963-1964 season proved to be much better than the previous one. Total revenue that season rallied to \$40,134 as compared to \$21,530 the previous year.²⁸ Improved intermediate runs at High Park and an improved road as well as good snow conditions accounted for this.

The skiers visiting Snow Bowl proved to be basically local Missoula people in spite of the promotions undertaken by the corporation in cooperation with

²⁷Missoula Snow Bowl, Inc., "Financial Statement," Missoula, Montana, May 31, 1963. (In the company files.) (Hereafter called Statements.)

²⁸ibid.

Northwest Airlines and Northern Pacific Railroad, both of which offered packaged deals involving accommodations in Missoula hotels. The promotion aimed at skiers in Montana and the northern parts of Idaho and Washington. This was a great disappointment for the management since it had, from the outset, figured on a substantial influx of out-of-town skiers when plans of the area were designed.

In spite of the financial gain, expenses far exceeded the income that year also. Expenses had soared to \$72,469, showing a net loss of \$32,335 for the year.²⁹

The last payment, plus accrued interest totalling \$28,641.23³⁰ to the Riblet Tramway Company which was due on March 10 of that year was forfeited because of lack of funds. Negotiations to extend the payment were undertaken to avoid a foreclosure of the area and Riblet Tramway agreed to extend final payment for one more year.

Although Snow Bowl had had a "good" season, the corporation was in financial difficulties largely due to much-needed future capital improvements such as manicuring and clearing runs and snow-grooming equipment. The board felt that it should apply for an additional \$20,000 from the U.S.S.B.A., thus enabling the corporation to get on a more secure financial footing as well as financing the summer improvements which were soon to start. Other alternatives for financing the

²⁹ Ibid.

³⁰ Swanson, Dobbins & McCarty, Certified Public Accountants, op. cit., p. 7.

capital improvement program as well as the present outstanding financial obligations were discussed. Besides another U.S.S.B.A. loan, a new stock sale was considered which the board expected would sell better than previously since the area was now a reality with valuable assets installed and had experienced a good ski season. This was rejected later due to the amount of time required to obtain a permit for a new stock sale. Anticipating the bills coming up as well as attempting to get ahead of the upcoming payments, the board finally decided to apply for an additional \$90,000 from the U.S.S.B.A. However, the banks were only willing to participate to the extent of \$30,000.

1964-1965

In the fall of 1964 the work done by the Snow Bowl, Inc. by the members of the board was appraised and settled. Due to the company's poor liquid cash situation, McDonald agreed to receive stocks for the amount of \$47,948 for his work. Johnson, Flaccus, and Garlington agreed that their outstanding bills of \$24,564, \$2,330, and \$2,305, respectively, be treated as long-term obligations.

The 1964-65 season offered another period of good snow conditions with a continuous increase in business. The company's total income was \$45,923, up \$5,800 from the previous year. At the end of the season Bob Johnson died of a heart attack while working at Snow Bowl. This was a great loss to the corporation. Johnson had just sold his downtown grocery store, planning to work full-time at the area as a full-time manager. This was something that the board felt was needed.

Bob Johnson's widow, Elsie, was elected as a board member shortly thereafter.

As in the previous years, total expenses exceeded total income, this time by \$14,038. However, recognizing that depreciation charges that year amounted to \$15,375, the picture of operations looked more favorable than before.³¹

That year the corporation received inquiries for leases of cabin sites at the area. However, none of these ever materialized.

During the spring of 1965, the board decided that an official bid for the 1967 U.S. Alpine Championship Races should be made since it was felt that it would be of great promotional value to host such an event. Missoula Snow Bowl might "come on the map!"

During that same spring, the Alpine Committee of the United States Ski Association held a meeting in Spokane, Washington, to determine the site of the 1967 National Alpine Races. Since Hellgate Ski Club had put in a bid for the ski meet to be held at Missoula Snow Bowl, a delegation from Missoula, which included Mark Behan, president of the Hellgate Ski Club, and Flaccus and Koessler representing Snow Bowl, Inc., attended in support of the bid for the Nationals. An impressive brochure had been printed which pictured the proposed race courses, the area facilities, and the facilities offered by the city.

Following a heated meeting in which Bob Beatti, head coach for the National Alpine team, threatened to resign if the races were to be held at Snow Bowl, Hellgate Ski Club was finally awarded the races and Snow Bowl was to be

³¹ Statements, May 31, 1965.

the site for the coming year's Nationals. Bob Beatie had not been impressed with the brochure and he seriously doubted Snow Bowl's ability to raise the capital necessary for a meet of such magnitude. However, whenever the question of capital investment arose, it was inferred that one of the wealthy board members would stand behind the investment, whatever it would be. In reality, according to one of the participants of this meeting, the financial backer in question was confused about how much was involved.

1965-1966

The season of 1965-66 offered average to above average snow conditions. Total income went up another \$4,191 from \$45,923 in 1964-65 to \$50,114. However, the gain was not sufficient to offset expenses which surpassed revenue by \$21,856. Depreciation and amortization totalled \$18,082 so that actual cash losses were not as great as it first might have appeared.³²

During the spring of 1966 the board decided to apply for a \$300,000 Economic Development Administration loan because the other loan applications had been turned down since they had received the U.S.S.B.A. loan in 1962. The board felt that there was a possibility of obtaining the loan since the ski area bordered the Flathead Indian Reservation, and people from that area could be employed at Snow Bowl. Proceeds from the loan could be used for consolidating much of the present

³² *ibid.*

debt such as the Riblet contract and the U.S.S.B.A. loan as well as purchase of a second chair lift and a snow-grooming vehicle.

The loan did not come through because the area in which Snow Bowl was located did not qualify as a depressed area.

Realizing that Snow Bowl, Inc. would not be able to meet its last payment, plus accrued interest, Riblet Tramway threatened to foreclose on the lift if no arrangements were made for the final payment. Without a chair lift, of course, the area would soon lose its appeal to most of the public. No loans were obtainable; the corporation's credit rating was not good enough. Missoula was faced with the loss, at least temporarily, of its major ski area if a financial savior did not show up.

Realizing the great threat facing Snow Bowl and the community as well, Koessler and Garlington offered to take over the Riblet contract. Riblet Tramway Company was paid in full \$36,599.96 by Koessler and Garlington on August 8, 1966, thus giving the Snow Bowl, Inc. temporary "breathing room." Koessler and Garlington agreed that their contract could be treated as a long-term obligation, carrying on eight per cent interest rate.³³

For a long time Koessler had advocated that the area should have a full-time manager. The corporation's assets were close to \$300,000³⁴ and it was felt

³³ Missoula County, "Document No. 195617," Missoula, Montana, July 25, 1962. (In the files of the office of the County Clerk and Recorder of Missoula County, Montana.)

³⁴ Statements, May 31, 1966.

that there should be someone responsible for the operations at the area at all times rather than having it managed by some of the members of the board in their spare time. With the Nationals coming up, Koessler demanded that a full-time manager be hired. As a result, in July of 1966 Jerry Gamroth was hired as the area's first full-time manager.

1966-1967

Gamroth's first task was to assess the equipment and improvements needed for the area in order for Snow Bowl to be prepared for the Races the next winter. Gamroth prepared a list which included a new T-Bar lift, totalling \$132,750.³⁵ This caused great disagreement between some of the board members and Gamroth. The members could not believe that it would cost that much to make the area ready for the Nationals. As a result, Gamroth submitted a new list which included a used T-Bar lift, which in itself meant a savings of \$77,000, as well as the bare minimum of other expenses which were needed in preparation for the Races. This list totalled \$49,240.³⁶ This figure still, according to Gamroth, was a shocking figure to some of the board members, and it caused some strong feelings.

From the outset, the corporation had wanted a lift which would connect the top of the chair lift and the summit of Big Sky Mountain; however, lack of

³⁵Jerry Gamroth, "Income Projection for Missoula Snow Bowl, Inc.," Missoula, Montana, August 18, 1966., p. 13. (Mimeographed.)

³⁶Gamroth, "Manager's Report," op. cit., p. 13. (Mimeographed.)

funds had made it prohibitive for the corporation to acquire one. Upon advice from Schaffler that spring, it became apparent that the area had to provide a better means than ropetows to transport skiers to the Big Sky Mountain where the start of the men's downhill race was to be.

The corporation's financial position at that time did not allow further financial commitments of that magnitude. A group of local businessmen, realizing the urgency for the area to have a lift on the upper part of the mountain for the upcoming Nationals, formed a trust for the purpose of providing ". . . a secure means of financing a lift without coming in conflict with the all-inclusive Small Business Administration mortgage."³⁷

A used Constam T-Bar Electric Ski Lift was offered for sale by Dick Harris of Billings to the newly-formed T-Bar Trust. According to a memorandum concerning the T-Bar,³⁸ the purchase price was approximately \$20,000--\$1500 for transporting it to Missoula, \$10,000 for installing and approximately \$3000 for contingency funds, the last two figures were based upon Gamroth's estimates.³⁹ It was

³⁷ J. C. Garlington, "Memorandum Concerning T-Bar," Missoula, Montana, December, 1967. (In the company files.)

³⁸ *ibid.*

³⁹ Personal interview with Jerry Gamroth, October 11, 1971, in Philipsburg, Montana. According to Gamroth, time was at a premium. Thus, a very hasty estimate had to be made regarding locations of the lift, the T-Bar run, the towers, and the loading and unloading platforms, all of which under normal circumstances would have been surveyed during winter conditions as well as summer conditions. A geological survey is normally also done in planning the location of a lift

felt the lift "would provide sufficient new revenue to Snow Bowl that the cost of purchasing and installing the T-Bar could be paid over a six-year period in the form of lease rental payments."⁴⁰ Garlington and Koessler, who were instigators of the trust and who were aiming for \$35,000, were able to solicit contributions totalling \$27,500 towards the financing of the T-Bar, which seemed the most "reasonable" alternative at the time.

Gamroth's first major task was to take charge of the installation of the newly purchased T-Bar lift. Among those tasks needed to make the area ready for the coming season, which he supervised, were the grooming of the race courses and clearing of the downhill race course which had not been cleared despite the fact that the brochure which had been prepared for the U.S.S.A. meeting showed the course as cleared.

Gamroth was, for the most part, left on his own with the work to be done that fall. The board trusted Gamroth in his work and the members were all busy with their own businesses. None of them went up to the area to see how the work had

line in order to avoid surprises when the foundations for the towers and the loading and unloading ramps for surface lifts are made. Gamroth, without seeing the area in winter conditions, had only a few weeks to make those plans which normally would have taken one year or more. Gamroth stated, furthermore, that the plans had to be approved by the U. S. Forest Service. They were rubber stamped due to the time factor. Under normal circumstances, the lift, with its present profile, would most likely not have been approved today.

⁴⁰Garlington, op. cit.

progressed until late fall. The two board members who had usually visited the area in their spare moments, Flaccus and McDonald, were unable to make it up to the area during that time. Flaccus had recently suffered a heart attack and McDonald was in the middle of a large out-of-town logging operation.

Finally, late in the fall, McDonald had an opportunity to check on the progress of the T-Bar installation, to find that only a fraction of the lift had been installed. Realizing that the present crew would not be able to handle the erection, the company was forced to hire outside help. The lift was barely completed before a huge snow storm moved in which would have made further construction impossible.

The total costs of the installed T-Bar had, according to the company's books, rocketed to \$62,455.⁴¹61, as compared to the estimated \$35,000. However, the minutes of the board of directors' meeting on June 7 states, ". . . the total figure for material and installation is close to \$70,000."⁴² No one will possibly ever know how much money was applied directly towards the T-Bar project. The trust money was mixed in with the general funds. Money from the general funds was used to pay other expenses which occurred that fall as long as there was money available. No exact records are available indicating the wages paid for general work at the area for preparations for the Nationals and wages paid for T-Bar construction when Gamroth was in charge of both. It was not uncommon for a person

⁴¹ Statements, April 30, 1968.

⁴² Minutes, June 7, 1968.

to work on the T-Bar part of the day and to work on the slopes the rest of the day.

This large overrun put the corporation into severe financial troubles even before the season started. Upon recommendations by Gamroth, the corporation decided to install lights at the Poma hill. He felt that it would be a great attribute for the area since it then could offer night skiing with the bierstube available for apre' skiing activities. This did not support itself and was discontinued at the end of the season.

During the early part of the season, the area acquired its first real snow-grooming vehicle. A demonstrator Thiakol was purchased for \$7,800, --ten per cent down, and financed over a three-year period. It was repossessed at the end of that season.

The need for this machine had been apparent. The slopes had to be groomed more thoroughly that winter than ever before, not only for the races themselves, but also for the out-of-town skiers who would ski at Snow Bowl in connection with the Race. A favorable impression from an out-of-town skier was believed to be one of the best and cheapest forms of promoting the area.

The Nationals turned out to be a great success. The community backed the event with full force; hundreds of hours of volunteer work were donated by local skiers to help the Nationals be a great race.

The gross revenue went as expected, and it was up appreciably from the previous season. The 1966-1967 season brought in \$70,551; however, the expenses went the same route, exceeding the gross income by \$24,944. The largest increases

in expense were salaries and wages which totalled \$21,197, up \$9,000 from the previous year. Advertising tripled and supplies doubled. Also worth noting is the fact that the current liabilities jumped that year to \$174,754 from \$75,767.76 the previous year. Of this, \$80,959.18 was accounts payable.⁴³

One great disappointment for Snow Bowl, Inc., concerning the Races, was the lack of national television coverage. It had been felt that ABC would cover such an important event almost automatically. This would mean a welcomed extra source of revenue as well as excellent publicity for the area itself. However, ABC did not offer to cover the Nationals because Snow Bowl, Inc. defeated its own purpose by its own actions when dealing with ABC in this matter. According to Gamroth this meant, conservatively, a direct loss to the corporation of \$15,000 to \$25,000.⁴⁴

A group of board members who were interested in the corporation mainly because of the ski area's civic importance became increasingly dissatisfied with the direction in which Snow Bowl was headed. With \$302,816.44 in liabilities, of which \$174,753.94 was in current liabilities and the total assets were \$343,259.39,⁴⁵ the corporation's financial position was as bad as it ever had been.

⁴³Statements, May 31, 1967.

⁴⁴Personal interview with Jerry Gamroth, Area Manager 1966-1967, in Philipsburg, Montana, October 11, 1967.

⁴⁵Statements, May 31, 1967.

The company was, in effect, insolvent and only being kept alive due to kindness of the creditors who could have declared it bankrupt at any time.

This situation was not acceptable to a group of the board members. They felt that the only thing that could save the corporation was a reorganization which would place on the board strong directors representing creditors, ski clubs, and members of the community at large. A proposal for the reorganization was presented by Garlington at the June, 1967, board meeting.

The proposal advocated that 1100 outstanding shares of stocks of the corporation be returned as a gift, and that shares then be transferred to the creditors of the corporation to serve as a means of payment of the creditors' claims. This would also divest the control from the management at that time, thus turning the corporation into more of a community asset and not owned and run by a closed group. Furthermore, this would enable the unsecured creditors, or stockholders to be, to recuperate some of their money, depending on how the corporation would perform in the future. The performance of the corporation would then be reflected upon their own decisions. A renegotiation of the corporation's leases from the U.S. Forest Service and the Northern Pacific Railroad was also proposed for a longer, more secure tenure for the continuance and development of the Snow Bowl operations.⁴⁶ This plan was not received favorably by one of the major stockholders.

⁴⁶ Personal interview with J. C. Garlington, November 3, 1971.

1967-1968

At a stockholders' meeting in June, 1967, the board was enlarged with the addition of Kris Wittenberg, Allan Fetscher, Bob Anderson, and Archie Remior. Shortly thereafter, work towards reorganization was started. Fetscher and Remior, who also represented two large creditors, were appointed to contact the rest of the creditors to work out possible agreements. The board felt that by having a creditor deal with another creditor, the chances for a favorable response was greater.

During this summer, one major stockholder was never able to definitely make up his mind about the new proposal. This prolonged uncertainty caused some of the board members to be discontent about the whole situation. In August, these same board members "decided . . . they would remain on the Board only if all stocks were given back to the company, at a complete loss to the stockholders, and the company given to a non-profit organization."⁴⁷ They felt that the corporation would not be able to succeed as a profit company. One of the major stockholders who was also a board member disagreed sharply. He felt that the company, "following the creditor and refinancing plan outline by the board earlier could recover from its severe problems and pull itself to a position of satisfactory and successful operation."⁴⁸

⁴⁷Minutes, August 7, 1967

⁴⁸ibid.

Garlington and Koessler resigned from the board that fall. Later the same fall, Karl Karlberg and Keith Wright were elected to the board. The current portion of the U.S.S.B.A. loan due on April 31, 1967, was not paid, thus the guarantors of the loan were called upon for payment of \$12,500, which was paid to the U.S.S.B.A. in August, 1967.⁴⁹

McDonald was appointed hill manager and Flaccus was appointed business manager for the 1967-68 season. A Ladies' Day and a Men's Day were introduced that winter in an attempt to attract more skiers during the week. In connection with the opening days of each respective program, the skiers were treated to wine and hors d'oeuvres. Disagreement over Snow Bowl's portion of the hors d'oeuvres bill for the opening Men's Day resulted in the resignation of two board members. "Concerning payment of the \$9.44 bill for hor d'oeuvres for Men's Day promotion, sharp disagreement arose as to whether this should be approved for payment and Fetscher stated that these things should be decided by the board in advance, and McDonald and Flaccus felt that this was not in the interest of the Company."⁵⁰ At that point Fetscher and Remior, tired of the board's lack of fiscal control, retired from the board. No new members were elected.

That season offered excellent snow conditions, allowing for an early opening of the runs. Total income was \$62,376, the second highest in the area's history.⁵¹

⁴⁹ Minutes, August 7, 1967.

⁵¹ Statements, May 31, 1968.

⁵⁰ Minutes, February 5, 1968.

For the first time in the company's history it paid its current portion of the U.S.S.B.A. loan. The accounts payable prior to June 1, 1967, was also reduced by about \$6,000.⁵²

1968-1969

During the fall of 1968, Koessler, who was at that time the major holder of the first lien on the chair lift, expressed a desire to foreclose the lien which automatically would result in bankruptcy for the corporation. However, Koessler indicated that foreclosure proceedings would be delayed provided the corporation would transfer its assets to a new non-profit, community-owned corporation.

A special meeting of the stockholders of Snow Bowl was called on October 7, 1968, to act on Koessler's proposition. At the meeting the entire board of directors resigned followed by a vote on Koessler's proposal. A majority vote was in favor of such a change. However, no one was willing to sit on the board of the non-profit organization. It was decided that they would go back to the profit-making form of organization and proceed with the reorganization plan proposed by Garlington.

The new board consisted of M. Harp, President; M. Behan, Vice President, R. Solberg, Secretary, D. Wolfe, Treasurer; and K. Wright, K. Karlberg, R. Anderson and J. Kirkemo. This new board was charged basically with "keeping the ship from sinking" while a financial rescue plan was formed.

⁵²ibid.

Tom Moe was hired as the area manager for the coming year. Later Jerry Gamroth, who at that time had the ski school franchise, was hired as assistant manager with the emphasis on promotion and sales. It was worth noting, however, that he was hired following a stormy two-and-one-half-hour debate at a board meeting. Tom Moe resigned in the middle of the season and Gamroth was appointed manager. The fiscal control was, however, the responsibility of the board, something which had not occurred to any degree during the 1966-67 season.

Shortly before the area was to open that fall, the board was presented with a notice from Mr. Harris that \$3,300 was still outstanding towards the purchase of the T-Bar. This was a great surprise for the members of the board. They thought the lift had been fully paid for by the T-Bar Trust; however, as it turned out, the amount paid to Harris towards the purchase of the T-Bar had never been quite clear to anyone because of lack of proper record keeping.

The T-Bar Trust was approached about the Harris notice. They were tired of the whole T-Bar deal and refused to pay any more. Thus, the board was faced with another expense on an already very tight budget.

The board intended to postpone the payment to Harris until the season was underway and thus preserve the funds for the fall maintenance program, which was needed for Forest Service approval. However, things did not turn out that way.

The Sheriff served the board with a foreclosure notice. Unless the note was honored immediately, the T-Bar would be padlocked. Since time was short, the board had only one alternative, and that was to pay outright in cash. When the

title arrived from Harris, Missoula Snow Bowl, Inc. was stated as the owner of the T-Bar lift. Thus Snow Bowl became the legal owner of a \$21,000 lift for only \$3,300.

The board studied a number of proposals for rescuing the corporation. A straight-forward bankruptcy was considered as one recourse. This was discarded because of the problem of receivership and the time involved. The company needed an infusion of money to continue operating. Capital was needed for required safety maintenance work so the area could meet U.S. Forest Service safety standards. Without its approval, the area could not operate. The board members felt that the corporation would not be able to borrow money when it was in the stage of receivership. Furthermore, bankruptcy proceedings were estimated to take one and one-half to two years, which would make the area inoperable for that length of time. Since the corporation was now treated as a community asset, it was the board's feelings that a closed area would not do the community any good.

Another proposal was to sell the area outright. In this way the debt could be paid off. The board estimated the value of the corporation with all its problems at a value of approximately \$150,000 to \$200,000.⁵³ Snow Bowl, Inc. had an interested buyer, but the sale did not go through because one of the major stockholders at that time believed that the area should not be sold for less than \$600,000. The final approach which was proposed was to ask the investors and

⁵³ Personal interview with Mark Behan, Vice-President of Missoula Snow Bowl, Inc., 1968-1969, October 1, 1971.

creditors to recognize that their investments were officially lost so that the corporation could be converted into a non-profit corporation.

A special stockholders' meeting was called in May of 1969 to brief the stockholders about the present status of the corporation and the non-profit proposal that the board presently was pursuing. Among those stockholders present were three of the major ones who agreed to the board's proposal and gave it a verbal "go ahead." Karlberg, Solberg, and Behan resigned at the board meeting for personal reasons and Bill Tremper, Dean Schaffner, and V. I. McDonald were appointed to take their places. Jim Kirkemo was elected president. Throughout the spring and the summer, creditors were contacted personally by the board members. All of the creditors contacted reacted favorably to the new board's approach.

Feeling that sufficient ground-work had been done, the board called the shareholders to a special stockholders' meeting on August 26, 1969, for the purpose of considering the transfer of all the assets of the corporation to a new non-profit corporation. This meant that all unsecured creditors would agree to give up all their claims towards the corporation, that all the stockholders would agree to turn in all of their stock certificates, and that a non-profit corporation would be organized to operate the area.

All but one stockholder voted for the proposal. The negative vote came from one of the major stockholders who felt that the creditors should not be treated so "shabbily." He felt that changing to a non-profit organization would not enable a creditor to salvage something from the corporation should it ever get on its feet again.

This was a tremendous blow to the board members. They had gotten OK's at the stockholders' meeting in May and had felt all along that by means of verbal communication they had the full support of all of the stockholders in what they were doing. When this sudden reversal of opinion came from the stockholder, the entire membership of the board who were present at the meeting (V. I. McDonald was out of town) unanimously resigned.

Under the guidance of this board, despite a marginal December, the area had, during the 1968-1969 season, shown the second highest income figure, \$69,660, in its history, exceeded only by the year of the Nationals.⁵⁴ However, in spite of the high income, expenses were \$25,346 greater than the revenue.⁵⁵

It is believed that the reason the expenses did not go down as expected was caused by several factors, such as the board members' lack of experience, unusually high repair and maintenance because of lack of maintenance the previous year, and the expense of paying both a manager and an assistant manager during most of the season. Nevertheless, the hiring of the two managers proved profitable, judging from the increase in revenue.

Furthermore, the board brought Snow Bowl's problems completely out in the open so that all persons who had an interest in the area's creditors, the stockholders and the skiers, could better understand the magnitude of problems with which

⁵⁴Statements, May 31, 1969.

⁵⁵Ibid.

Missoula Snow Bowl, Inc. was faced. This resulted in creating a whole new attitude toward the area as well as setting the stage for happenings which are presently taking place.

1969-1971

Following the special stockholders' meeting in August at which all present board members resigned, another special stockholders' meeting was called by V. I. McDonald, the only officer of the corporation left, on November 13, 1969. The purpose was to ratify his appointments of the new board members. It was approved, and the new board consisted of V. I. McDonald, President; Stan Cohen, Vice President; Fred Henningsen, Secretary-Treasurer; Robert Line, Sr., Pat McDonald, Bob Snow, Al Stone, Bill Tremper and Jack Winthers.⁵⁶

The stockholders were also asked to approve the new board's recommendations for a quasi-reorganization plan.

- A. Stockholders to sell shares held by them to the corporation at one cent per share.
- B. All "Treasury Stock" so purchased by the corporation to be issued to the unsecured creditors of the corporation pro rata in exchange for a release of their claims.
- C. Secured creditors other than Small Business Administration be offered Preferred Stock of the corporation in exchange for their claims.
- D. As a part of the exchange of debt for stock, if legally possible, the current deficit eliminated by reducing the amount credited to be paid in capital accounts by the amounts of the deficit.

⁵⁶Minutes, November 13, 1969.

- E. Consideration was also to be given to the possibility of eliminating the discount on common stock currently recorded.⁵⁷

The stockholders who were present unanimously voted approval of the Board's plan. Immediately following approval, efforts were made to persuade holders of common stock to agree to sell their stocks to the corporation for one cent per share. By June, 1970, holders of 76 per cent of the common shares outstanding had agreed in writing to sell. This exceeded the legal minimum of 75 per cent required by law, thus enabling the corporation to proceed with its next step, that of contacting all the creditors.

In June of 1970 all creditors were contacted by mail. They were offered a pro-rata share of the treasury common stock which had been purchased from the stockholders in exchange for a release of liability for payment of their claims against the corporation. Realizing this, most of the unsecured creditors reacted positively to the plan.

At the present date, more than 90 per cent of the unsecured creditors have signed the "Creditor's Memorandum" which has enabled the corporation to formally undertake the reorganization.⁵⁸ The University of Montana Foundation did not agree to this plan. (The Riblet Tramway, Inc. contract was donated to the U of M

⁵⁷Missoula Snow Bowl, Inc., "Notice of Stockholders' Meeting," from Mr. Fred A. Henningsen, Secretary-Treasurer, Missoula, Montana, November 4, 1969. (In the company files.)

⁵⁸Based on a personal interview with Mr. Fred A. Henningsen, Secretary-Treasurer, Missoula Snow Bowl, Inc., October 25, 1971

Foundation on December 18, 1969, by Koessler and Garlington.) This was no surprise to the board since the Foundation is a secured creditor. However, the Foundation agreed to let Snow Bowl, Inc. treat the debt as a long-term debt. The County of Missoula, the U.S. Small Business Administration and the U.S. Forest Service are barred by law from accepting the proposal.

As a result of the reorganization, the liabilities should be reduced by \$186,700, thus putting the corporation in a healthy financial position.

The new board started with a very limited amount of funds; however, the situation improved considerably when Koessler and Garlington returned a check for the amount of \$5,302 which had been written by the former board. This enabled the corporation to get by until money from season tickets started to come in. V. I. McDonald was the general manager that season, assisted by Larry Smith.

Snow Bowl experienced marginal snow conditions that winter. In spite of the poor conditions, total revenue reached \$65,757. The revenue was, however, exceeded by \$19,224⁵⁹ in expenses. It is worth noting that all current liabilities and some liabilities accrued were paid that year. Thus, the corporation proved that with good management it could be a self-sustaining entity.

Larry Smith was appointed full-time manager for the 1970-71 season, which had an early start and good snow conditions throughout the season. Total revenue rocketed to \$92,042, up \$36,300 from the \$65,757 of the previous year. The

⁵⁹ Statements, May 31, 1971.

expenses followed the same pattern. Total loss that year was \$9,534,⁶⁰ the smallest in the corporation's history.

⁶⁰ Ibid.

Chapter 4

CONCLUSIONS AND RECOMMENDATIONS

It has been this writer's opinion, based on interviews and casual visits with many Missoula residents, that the general attitude towards Snow Bowl and its operations is predominantly negative. Most persons appear to be quick to criticize the area and its operations. Little praise was voiced concerning the efforts of the founders in establishing Snow Bowl.

This writer feels that the founders have never fully received recognition for their time and money spent in developing a great community asset. The community would likely have had to wait several additional years for an area offering such caliber of skiing had Johnson, Flaccus, and McDonald not initiated the development of Snow Bowl. Few towns and cities in the United States other than Missoula have a ski area of Snow Bowl's size and caliber in such close proximity. In fact, other than Yampa College in Washington, the University of Montana is the only college or university in the entire United States which has a ski area of such size so close to campus.⁶¹

⁶¹ Based on correspondence between Mr. Graham S. Anderson, Vice President, United States Ski Association, and Mr. Oakley E. Coffee, U of M Foundation, University of Montana, Missoula, Montana, March 20, 1967

Missoula Snow Bowl, Inc. has never in its ten years of operation shown any profits. There are, in this writer's opinion, many reasons for this.

This writer feels that the basic mistake made in the planning of Snow Bowl is its location. The area is located in terrain which does not sufficiently lend itself for development of beginner and intermediate runs. Most of the runs require expert ability to negotiate them. Because of this, the area does not allow itself to cater to the greatest segment of the skiing market--the novice skier. It is this writer's opinion that its inability to offer suitable facilities for the novice skier has hurt the business of the corporation more than anything else. Seventy per cent of today's skiing population fits into the classification of the "novice skier," who tends to ski at areas offering ample beginner and intermediate facilities. Marshall Ski Area offers proof that there is a great market for novice skiers in the Missoula area. During the 1969-70 season, Marshall had 17,000 skier visits on fifty-one days and thirty-one nights of operation, while Snow Bowl had during the same season 19,000 skier visits on ninety-five days of operation.

A novice skier gives a higher return on the investment per lift-ticket dollar than does the expert skier since the novice skier requires shorter lifts and runs than does the expert skier. Thus, a smaller investment for runs and lifts will suffice. Since Snow Bowl's facilities do basically cater to the expert skier, a lower return on the lift-ticket dollar is to be expected due to the longer lifts and runs which are required.

It might be argued that Snow Bowl's High Park area provides ample intermediate facilities. Although this is possibly true, very few intermediate skiers appear to utilize those facilities, apparently for various reasons. The High Park area, being located at the summit of the chair lift and offering T-Bar lift facilities, often has adverse weather conditions with either blowing snow or fog, both of which often impede vision and provide generally uncomfortable and unfavorable conditions. The T-Bar itself is difficult for young children to ride; therefore the mother of very young children is not able to take them with her and she often hesitates to leave them at the base area unattended while she goes without them.

The facilities for the novice skier at the base of the area are inadequate for various reasons. As one person interviewed states, "The ropetow (which services the beginners' area) is too crowded, too confined and not spacious enough. The person who graduates from the ropetow hill may go over to the Poma (or intermediate) hill, but fifty per cent of the Poma hill is too difficult for the person first coming from the ropetow hill. Skiers first coming off the ropetow can't afford to or don't want to ride the chair lift and disappear beyond sight of the Lodge for hours." The only reasonable way for the novice skier to return to the base area from High Park is to ride the chair lift back down. However, this poses another problem, ". . . you won't get many persons beyond junior high age to ride the

⁶²Personal interview with Dick Solberg, September 9, 1971.

⁶³Ibid.

chair lift down the hill. That is an ego deflater which they don't allow to happen."⁶³

Another basic mistake in the planning of Snow Bowl is that the 4967-foot elevation of its base site is too low. According to the Snow Evaluation Report for Lolo Peak Ski Area which is located fifteen miles south of Missoula, a basic site elevation of 4900 feet would offer skiable snow on December 15 only seven out of twenty years.⁶⁴ The report further concludes that ". . . a good ski area is one that has skiable snow by mid-December in eighteen or nineteen years out of twenty."⁶⁵

Another basic planning error, in this writer's opinion, is the location of the chair lift which does not fully utilize the terrain. A skier who has ridden up the chair is left no choice but to traverse the first parts of either the Grizzly or the Spartan run. Had the lift's top terminal ended 450 feet to the south-southwest of the present one, the skier might have started directly with fall-line skiing. One might sometimes wonder whether the designers had one leg shorter than the other due to all the traversing on those two runs.

The road leading to the area and the parking lot facilities also need improvements. The road itself is narrow and winding, often overlooking

⁶³ Ibid.

⁶⁴ U. S. Soil Conservation Service, "Snow Evaluation Report for Lolo Peak Ski Area," Snow Survey and Water Supply Forecast unit, U.S. Soil Conservation Service, U.S.D.A., Bozeman, Montana, January, 1971. (Mimeographed.)

⁶⁵ Ibid.

threatening drop-offs, and seldom has the road been sufficiently plowed and sanded to allow anxiety-free navigation during the winter.

The Forest Service presently has jurisdiction over the road from Grant Creek to Snow Bowl. The road is maintained adequately by the agency for summer travel.

Improvements are needed, however, so that the road can be more suitable for winter travel. Such improvements might include widening the road, cutting some corners off, and upgrading of the drainage system for the road surface. The Forest Service has no immediate plans for such improvements and Missoula Snow Bowl, Inc. is currently not in a financial position to undertake such a task itself. They should be given the highest priority, however, in the corporation's long-range planning. Such an improved road should increase the area's business.

One of the major headaches caused by the road in the winter-time could, however, be reduced immediately. The corporation should start to do its own plowing and sanding. Thus, it would not have to depend on the Missoula County's plower and sander. The county gives the road leading to the ski hills the lowest priority; thus, as a rule, they are not able to plow and sand the Snow Bowl road before late in the afternoon or the day following a snow storm. Needless to say, this is too late for a ski area. The majority of current skiers expect to travel on a plowed and sanded road when they go skiing.

The sight of a poorly-maintained winter road scares many potential customers away from Snow Bowl. Snow Bowl is particularly vulnerable because the

local skier has the choice of two ski hills in the vicinity.

If the public knew, as a rule, that the road would be in good driving condition, more skiers would ski Snow Bowl.

During peak week-ends the parking lot at present is too small. Should business increase the parking lot would definitely need to be enlarged.

Although Snow Bowl will never be an Aspen or a Sun Valley, much could be done to improve the area. Any future money spent should, with the exception of required repair and maintenance of present facilities, be used for expansion of the novice facilities.

A long-term plan should be made for the area. This would best be done with the help of an outside consultant. There are, however, small obvious improvements that might be started right away, such as covering the creek at the beginners' hill for purposes of widening the hill. The lift capacity in this area could be doubled by installing a new lift or moving one of the ropetows from the High Park area to the right-hand side of the run. The ropetow hill could be further improved by filling in the concave spots with a dozer. Since the present ropetow is too heavy for women and children, a lighter weight one would be desirable.

The Poma hill needs to be smoothed out with a dozer, and with proper snow grooming the hill would be more attractive for the intermediate and advanced beginner skiers. A mid-way station should be made on the Poma lift thus allowing the first-timers on the Poma hill to ski only the lower part, which is a natural progression for those persons graduating from the ropetow.

These suggestions are obviously immediate ones and will only partially accommodate the area's demand for novice runs since Snow Bowl's logical share of the novice market exceeds these suggestions. The rapid increase of beginners will provide an even greater need for such runs. Therefore, feasible runs at Snow Bowl for the inexperienced skier must be explored.

The hillside above the Spartan saddle has, in this writer's opinion, great potential. This terrain, if developed properly, could offer excellent beginner and intermediate runs. At least one lift, plus a cafeteria, should be erected here.

A new road, starting from the present parking lot, would be essential for access to this new "area." There should be no cost to Snow Bowl for this road if the Forest Service would allow logging of the areas which it services. The area contains large amounts of mature stands of timber which would, from a forester's point of view, make it economically feasible to log.

The Spartan saddle could with very small costs be made into an excellent parking lot with a capacity for hundreds of cars.

Long-term leases from the landowner should be obtained so that overnight facilities could be constructed.

Early and late skiing would also be greatly improved with this plan. The saddle is considerably above the critical snow line; thus, better and more consistent snow conditions could be expected.

Missoula Snow Bowl, Inc. has always been plagued with financial troubles. The corporation started out being heavily undercapitalized, something it

has been suffering from ever since. Too much short-term financing through income debentures was allowed. The income debentures matured during a period when Snow Bowl was desperately in need of more capital for expansion and operations. It is commonly known that the first few years of any ski area's operations normally show a loss. There is seldom any profit in this period.

Furthermore, the fiscal control of the corporation was too relaxed. Despite being a public corporation it was basically a two-man operation and later a one-man operation until the spring of 1967. They were allowed to do what they saw fit at all times. Taxes, payments on loans, debentures, and accounts payable were never paid or at best partially paid if the squeaky wheel made too much noise.

Snow Bowl's inexperienced management, failing to recognize the needs of Snow Bowl, did not allocate the resources where they would most benefit the area and corporation.

The writer feels that the major undertaking of hosting the National Ski Races in 1967 was their greatest mistake; it was a mistake which has adversely affected the corporation financially ever since. Large amounts of money were spent that season on the expert runs. Rather than wasting all of that money on this event and the expert runs, the money might have been better spent for improvements and new developments of novice facilities. Furthermore, the publicity received from hosting the Nationals has not to this date yielded the expected returns. Out-of-town ski traffic has not increased to a degree where the capital expenditures in 1966-1967 can be defended.

Poor management brought Snow Bowl, Inc. deeper and deeper into debt until it technically became bankrupt in 1967. The corporation was, however, able to subsist due to the grace of creditors who did not press their claims.

A reorganization plan is currently under way which basically follows Garlington's proposal mentioned earlier. The reorganization is truly a life-saver for the corporation as well as for the area itself. The "new" corporation should be in a favorable financial position to obtain capital again. With good management and improvements recommended earlier, Snow Bowl might well "come on the skier's map."

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