Ski Areas of New York
Economic Value Analysis

2016/17 Season

SKI AREAS OF NEW YORK
SANY

Prepared for:

Ski Areas of New York (SANY)

Prepared by:

RRC Associates, Inc.

4770 Baseline Rd, Ste 360

Boulder, CO 80303

303/449-6558

www.rrcassociates.com

RRC ASSOCIATES

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Introduction

This report summarizes the findings of an Economic Value Analysis Study of downhill skiing and snowboarding areas in New York State, inclusive of summer activities at these ski areas. Ski Areas of New York (SANY), the trade group for ski areas in the state, commissioned the study, which was conducted by RRC Associates of Boulder, Colorado. RRC Associates is the foremost consulting and market research firm in the snowsports industry and tracks many statistics and figures for the industry throughout North America. RRC Associates publishes annually on behalf of the National Ski Areas Association (NSAA) the Kottke End of Season Report, the National Demographic Study, and the Economic Analysis of US Ski Areas, three major industry reports that track patterns of significance to the ski resort industry related to operational, demographic, and financial information, respectively.

New York has the largest number of operating ski areas of any state in the US (51) and is typically fourth or fifth in terms of total downhill snowsports visits (3.3 to 4.0 million). Thus, the ski resort industry is very important to the state, particularly during the time of year when such businesses primarily operate (December through March). Additionally, the location of the ski areas is widely distributed throughout the state (as opposed to being concentrated in a certain geographic sector of the state). There is a ski area within 90 minutes of nearly every major New York metro area; this distribution makes skiing and snowboarding an important contributor to employment and quality of life for residents all over New York State. Quantifying the economic value of the industry, as presented in this report, is necessary to more fully understanding its significance.

Executive Summary

The Economic Value is defined as the total value to the economy due to the existence of downhill ski and snowboard areas (hereafter referred to a “ski areas”). The total value is the amount that such ski areas contribute to the New York State economy, and the amount by which the economy would suffer without those ski area facilities.

The total direct effect (economic value) is the dollar amount of the direct expenditures by skiers/snowboarders, both at the mountain and at other businesses off the mountain (such as retail, restaurants, lodging, equipment rental, travel and transportation, and other spending). Additionally, standard industry multipliers were utilized to estimate the secondary (indirect and induced) impacts.

Highlights from this report include the following:

- Total Output Effect. The ***total direct and secondary output effects of the ski resort industry in the State of New York were $878.6 million*** for the 12-month period covering the 2016/17 year.

Table 1
Total Output (Direct and Secondary) 2016/17

Economic Measure	Amount
Total direct economic impact (ski area visitor expenditures)	$450,246,537
Total snowsports-specific retail expenditure (equipment, apparel, accessories)	$140,430,687
Direct output ratio (margin adjustment)	*0.85*
Direct output effect	$502,075,640
Secondary output ratio (statewide)	*0.75*
Secondary output effect (statewide)	$376,556,730
Total output (direct plus secondary)	**$878,632,370**

- Direct Spending. Total direct aggregate winter visitor spending is $399.4 million, while total direct aggregate summer visitor spending is estimated at $29.2 million. In sum, the total ***aggregate annual visitor spending is $450.2 million***. Of this total, approximately 45 percent goes directly to ski resort businesses, and ***55 percent goes to other businesses.***

- Snowsports Retail Expenditures. An additional component of the economic benefit of skiing and snowboarding in New York State is retail expenditures made specifically for the sports – equipment, apparel, and accessories. The direct expenditures in this retail segment are estimated at ***$140.4 million*** (excluding purchases made at ski area-owned shops).

- Additional Economic Benefits. Several additional economic benefits are attributable to the presence of ski area in New York State. These include employment value, capital investment, taxes paid, and charitable contributions. Collectively, these ***additional economic benefits total $69.2 million***.

- Employment value. In terms of employment generated in the downhill snowsports resort industry, the estimate is that these businesses directly employ over 12,862 people total, in both winter and summer. Based on wages and salaries paid to these employees, the ***total employment value is $40.8 million.***
- Capital investment. Ski areas in New York are continually investing in improvements to their properties. These improvements have an important value to the economy that would otherwise not exist, often employing contractors and other businesses to do the work. The ***capital investment for all ski areas for 2016/207 was $15.8 million***. The two-year total (2015/16 and 2016/17) estimated capital expenditures for ski areas in New York is $39.9 million.
- Taxes paid. Withholding from ski area employee paychecks generated ***$1.9 million in New York State income tax***.
- Charitable contributions. Ski area businesses in New York are estimated to have donated ***$862,000 worth of donations*** (cash and in-kind) during the 2016/17 fiscal year.
- Beginner Skiers and Snowboarders. In the 2016/17 season, it is estimated that ***nearly 26,400 people learned to ski and snowboard*** at ski areas in New York State.

Sources of information for this analysis included a survey of ski area operators, which asked for information on revenues, employment, wages and benefits, taxes paid, among others. As well, using data from ski area visitor surveys and other national ski resort industry data, a model was created to estimate the total economic value of the ski resort industry to New York State. Visitor spending patterns and ski area data were the primary inputs into the model, with industry norms and visitor statistics integrated used to develop reasonable assumptions when direct data was not available.

The economic value figures above quantify only the most direct impacts, and do not include social, environmental, or cultural impacts, which can be significant but are more difficult to quantify and have thus been excluded from this analysis. See the section titled “Other Economic Benefits” for a discussion of some of these additional quantitative and qualitative effects.

Methodology

The methodology for this economic value study uses information about ski area operations and ski area visitor spending to calculate the figures presented in this report. Aggregate ski area revenues (which include both winter and summer seasons), combined with total snowsports visits, determine a figure for expenditures per person per day at the ski area. Then, a figure for total visitor expenditures per person per day (both at the ski area itself and at other related businesses) is used to determine the total direct spending for the winter season. A similar calculation is made for the summer season (as about 15.4 percent of New York ski areas' direct annual revenue occurs in the summer months).

The economic activity associated with New York ski areas can be segmented into two major areas:

1. Direct economic activity associated with ski area visitor spending: i.e. economic activity derived from visitor (both winter and summer) purchases during their trips, e.g. lift tickets, lessons, equipment rentals, retail sales, dining, lodging, gasoline, etc. This direct economic activity includes visitor expenditures both on-mountain and off-mountain. Additionally, direct expenditures for ski and snowboard equipment and apparel were added into the direct economic activity calculation.
2. Indirect and induced economic activity associated with ski area trips: i.e. the "secondary" or "multiplier" effects attributable to the re-spending of dollars generated by visitor spending, e.g. purchases by businesses that directly serve skiers and snowboarders from their suppliers (indirect effects), and the re-spending of income earned by employees working for businesses that directly or indirectly serve ski area visitors (induced effects).

The estimates of economic activity described below utilize consumer expenditure and resort operator revenue data, provided by primary survey research of both ski area visitors and of ski area owners/operators. Additionally, to derive output, employment, income, and secondary effects, generalized ratios and multipliers were used, based on published norms in the tourism economic impact literature.[1]

[1] Stynes, D.J. (2010), as quoted in Crompton, J.L. (2010), *Measuring the Economic Impact of Park and Recreation Services,* National Recreation and Park Association, Ashburn, VA, p. 37.

The number of operating ski areas in New York State is generally about 50 to 54, depending on the season. The table below lists a total of 51 areas that were open and operating during the 2016/17 winter season, inclusive of some very small areas that provide free skiing and snowboarding.

Table 2
Operating Ski Areas in New York State, 2016/17 (51)

Beartown Ski Area, Inc.	Greek Peak Mountain Resort	Northampton Park	Swain Resort
Belleayre Mountain	Hickory Ski Center	Oak Mountain	Thunder Ridge Ski Area
Big Tupper Ski Area	Holiday Mountain Ski Area	Peek 'n Peak Resort	Titus Mountain Family Ski Center
Brantling Ski Slopes	Holiday Valley Resort	Plattekill Mountain	Toggenburg Ski Center
Bristol Mountain Winter Resort	HoliMont Ski Area	Polar Peak Ski Bowl	Tuxedo Ridge Ski Center at Sterling Forest
Buffalo Ski Club	Hunt Hollow Ski Area	Ridin-Hy Ranch	Val Bialas
Camillus Ski Association	Hunter Mountain	Rocking Horse Ranch Resort	Victor Constant Ski Slope (West Point)
Catamount Ski Area	Kissing Bridge	Royal Mountain Ski Area	West Mountain
Cazenovia Ski Club	Labrador Mountain	Sawkill Family Ski Center	Whiteface
Double H Ranch	Maple Ski Ridge	Skaneateles Ski Center	Willard Mountain
Dry Hill Ski Area	McCauley Mtn. Ski Center	Ski Venture	Windham Mountain
Four Seasons Ski Center	Mount Peter Ski Area	Snow Ridge Ski Resort	Woods Valley Ski Area
Gore Mountain	Mt. Pisgah Ski Center	Song Mountain Resort	

Information from smaller ski clubs and ski areas, such as Buffalo Ski Club and Cazenovia Ski Club, was difficult to collect. While some rough numbers were provided for some of these smallest ski areas, more detailed information around employment, payroll, summer operations, and capital investment was not available. Therefore, some assumptions were made for the impact of these smaller ski operations. Specific data from these smaller ski areas and ski clubs is not presented in this report.

As opposed to other types of visitor or tourism impact studies, this report focuses on the ***economic value*** of the downhill snowsports resort industry to New York State. While many economic impact studies focus on new or incremental spending from out-of-region visitors, this analysis instead highlights the value that the industry produces given its current configuration, inclusive of residents and visitors alike. Skiing is an activity that participants would likely do elsewhere if no facilities existed in New York State. In other words, resident skiers and snowboarders most likely would not give up their sport, but would instead travel elsewhere to participate. As such, this study is not limited to visitors to New York State, but is inclusive of all skiers and snowboarders who participate at facilities within the state's boundaries.

National Ski and Snowboard Resort Industry Highlights

This section provides an overview of the 2016/17 ski season, based on results reported in the Kottke End of Season Report, published by RRC Associates and National Ski Areas Association (NSAA). The Kottke National End of Season Survey is a study which is designed to track several key barometers of interest and importance within the ski industry.

New York State is categorized in the Northeast Region for NSAA statistics; as such, highlights from the Northeast region are generally emphasized in the narrative below.

- <u>Downhill snowsports visits up 3.7 percent to 54.8 million visits</u>. Total downhill snowsports visits nationally rose by 3.7 percent from the prior season, to an estimated 54.8 million visits in 2016/17. **Visits were variable by region, rebounding strongly in the Northeast (up 27.7 percent)** and to a lesser extent the Southeast (up 5.8 percent), while declining slightly in the Pacific Southwest (-1.3 percent), Midwest (-1.7 percent), Rocky Mountains (-2.5 percent), and Pacific Northwest (-2.6 percent).

  For additional perspective, visits nationally in 2016/17 were also up 2.2 percent from the 2015/16 season.

  The final 2016/17 visitation estimate of 54.76 million visits was virtually unchanged (up 0.02 percent) from the preliminary estimate of 54.75 million visits announced in May.

- <u>In long-term context (i.e. past 22 to 39 seasons), visits were above average in the three western regions, and below average in the three eastern regions.</u> The three western regions performed above their long-term averages. Performing most strongly, the Rocky Mountain region is estimated to have had its second-best season on record, up 18.4 percent from its 39-season average. The Pacific Northwest is estimated to have had its fifth best season in the past 22 years (up 14.5 percent from its long-term average). The Pacific Southwest also had an above-average season (2.3 percent above its long-term average, although 2016/17 ranked as only the 13th best of 22 seasons).

  By contrast, the three eastern regions had below-average visits in long-term perspective. **The Northeast was down 3.9 percent from its 39-season average**, the Southeast was down 16.5 percent, and the Midwest was down 24.4 percent, and is estimated to have had its lowest visitation on record.

The nation as a whole was up 2.4 percent from its 39-season average, with the 2016/17 season ranking as the 13th-best in 39 years.

- Nation down 2.8 percent from 10-season average (2007/08 – 2016/17); western regions up, eastern regions down. The 2016/17 season, at 54.8 million visits nationally, was down 2.8 percent from the ten-year average of 56.4 million visits. The Pacific Northwest (up 9.6 percent), Pacific Southwest (up 6.6 percent), and Rocky Mountain (up 4.8 percent) regions each exceeded their 10-season averages, while the Midwest (-22.7 percent), Southeast (-19.2 percent), and **Northeast (-6.5 percent) each fell below their 10-season averages**.

- Visitation nationally was variable by month, and strongest in December and April. Monthly visitation was variable year-over-year on a national basis, slumping 47 percent in October/November (impacted by limited slow and late openings throughout the country), jumping 29 percent in December, declining 6 percent in January and 2 percent in February, and then rising 5 percent in March and 35 percent in April through close. Patterns were variable by region, **with the Northeast up in all months** (except flat in January); the Southeast up in the early and late season; the Midwest down in each month except December; and the three western regions each down in October/November and up in April (with variable performance in other months).

- Number of open and operating ski areas jumps. The number of open and operating U.S. ski resorts rose to 481 this season from 463 last season, the largest number of open resorts since the 2010/11 season, and the biggest one-year increase in 35 years of NSAA recordkeeping. **The net number of operating ski areas this season is estimated to have increased by 12 in the Northeast** (a bounceback following poor weather conditions last season), five in the Midwest, and one in both the Rocky Mountains and Pacific Southwest, while holding steady in the Southeast and declining by one in the Pacific Northwest. In recent seasons, the fluctuation in the number of operating ski areas has been primarily due to cycles of closure and re-opening of small resorts, in part as a result of local weather conditions.

- Natural snowfall increased by 40 percent nationally, from an average of 173 inches per reporting ski area in 2015/16 to 240 inches in 2016/17. Average snowfall per resort increased in five regions: **the Northeast (up 168 percent, from a record low 76 inches to 204 inches),** Pacific Southwest (up 80 percent to 588 inches), Rocky Mountains (up 7 percent to 292 inches), Pacific Northwest (up 11 percent to 454 inches), and Southeast (up 3 percent to 49 inches). By contrast, average snowfall per ski area edged down slightly in the Midwest (down 3 percent to 70 inches).

- Average days of operation increased by 6 percent nationally, from an average of 112 days last season to 119 days this season. Resorts enjoyed longer seasons in five regions, including the Northeast (up 15 percent to 129 days), Southeast (up 27 percent to 97 days), Midwest (up 4 percent to 92 days), Pacific Southwest (up 4 percent to 150 days), and Pacific Northwest (up 6 percent to 139 days). The exception was the Rocky Mountains (down 3 percent to 124 days), largely due to late openings as a result of low early season snowfall, as well as increases in unscheduled midseason closures. The continuation of a long season in the Pacific regions and a large rebound in season length for Southeast and Northeast resorts were positive findings this season.

- Ski areas in all regions were comparatively likely to open late. Nationwide, a majority of reporting US ski areas opened late (58 percent), while 29 percent opened on their projected opening day, and 13 percent opened early. In almost every region, ski areas were more likely to open late than early, including the Southeast (72 percent late vs. 4 percent early), Midwest (63 percent late vs. 12 percent early), Rocky Mountains (60 percent late vs. 5 percent early), Pacific Southwest (54 percent late vs. 21 percent early), and Northeast (48 percent late vs. 18 percent early). The exception was the Pacific Northwest, where resorts were about equally likely to open late and early (40 percent each).

- Slightly more ski areas closed late (29 percent) than early (24 percent), with 48 percent closing on their projected date. Pacific Southwest ski areas were particularly likely to close late (58 percent). Meanwhile, Midwest resorts were comparatively likely to close early this season (51 percent).

- International visitation was stable, accounting for 5.7 percent of visits this season and last. Canadian visitation ticked up slightly from 2.0 percent to 2.2 percent of total visits, while other international visits dipped slightly from 3.7 percent to 3.5 percent of total visits.

- Season pass unit sales increased by 11.5 percent, while average visits per passholder declined by 6.3 percent. Pass unit sales increased significantly in the Rockies (up 15.9 percent), Pacific Southwest (14.6 percent), Pacific Northwest (7.9 percent), and **Northeast (5.9 percent)**, while increasing slightly in the Midwest (1.5 percent), and declining in the Southeast (-10.1 percent). Average visits per passholder rose sharply in the Northeast (14.9 percent, consistent with improved snow) and moderately in the Midwest (2.8 percent), Southeast (2.1 percent) and Pacific Northwest (1.7 percent), while dropping sharply in the Pacific Southwest (-10.6 percent) and Rockies (-12.6 percent).

- Ticket prices and ticket yields increased; ticket yield ratio dipped. The average adult weekend ticket price rose 4.3 percent this season to $113.49, with particularly strong increases in the Midwest (12.2 percent), Pacific Southwest (7.2 percent), Pacific

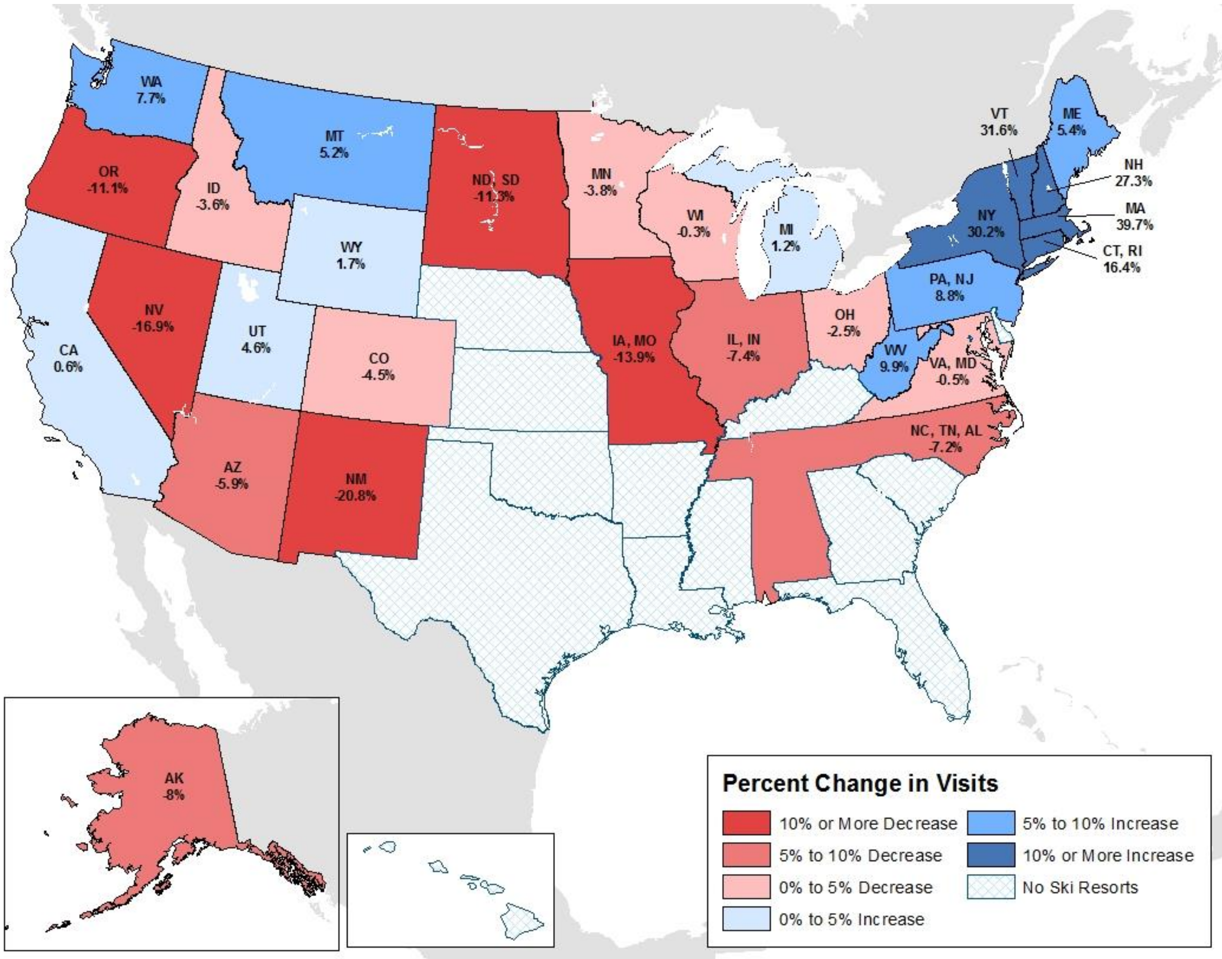
Northwest (7.2 percent) and the Rocky Mountains (5.9 percent). Average ticket yields rose a more moderate 1.1 percent to $52.23, while the average ticket yield ratio declined to 46.7 percent from 48.1 percent last winter, as gains in ticket prices outpaced increases in ticket yields.

- Lesson volume rose 1.9 percent, and the lesson participation rate was stable. Aggregate lessons given rose by 1.9 percent nationally this season. **Absolute lesson volumes were up strongly in the Northeast**, Southeast and Pacific Northwest, steady in the Rockies, and down in the Midwest and Pacific Southwest. The share of visits which included a lesson (i.e. lesson participation rate) held steady at 7.5 percent nationally this season and last, while fluctuating at the regional level. Maintaining or increasing lesson participation rates remains important for the long-term growth of snowsports.

- Capital expenditures declined 20 percent in 2016/17, projected to rebound 18 percent in 2017/18. Based on data from 121 responding resorts, spending on lifts rose from 2015/16 ($46.0 million) to 2016/17 ($54.7 million), and is projected to rise to $71.1 million in 2017/18. Spending on other on-mountain facilities/support declined from $157.2 million in 2015/16 to $129.6 million in 2016/17, but is expected to increase to $173.6 million in 2017/18. Expenditures on real estate have been on a downward trend, declining from $109.2 million in 2015/16 to $72.2 million in 2016/17, with a continued drop to $57.2 million in 2017/18. Finally, spending on summer/fall-specific on-mountain facilities and support dropped from $18.2 million in 2015/16 to $10.4 million in 2016/17.

- The proportion of annual revenue occurring in summer/fall operating period increased to an average of 12.7 percent in 2016/17 from 11.9 – 12.2 percent the prior three seasons. The share of annual revenue occurring in the summer/fall period rose to four-season highs in the Midwest, Rocky Mountains and Pacific Northwest this season, as well as in three of the four resort size groups.

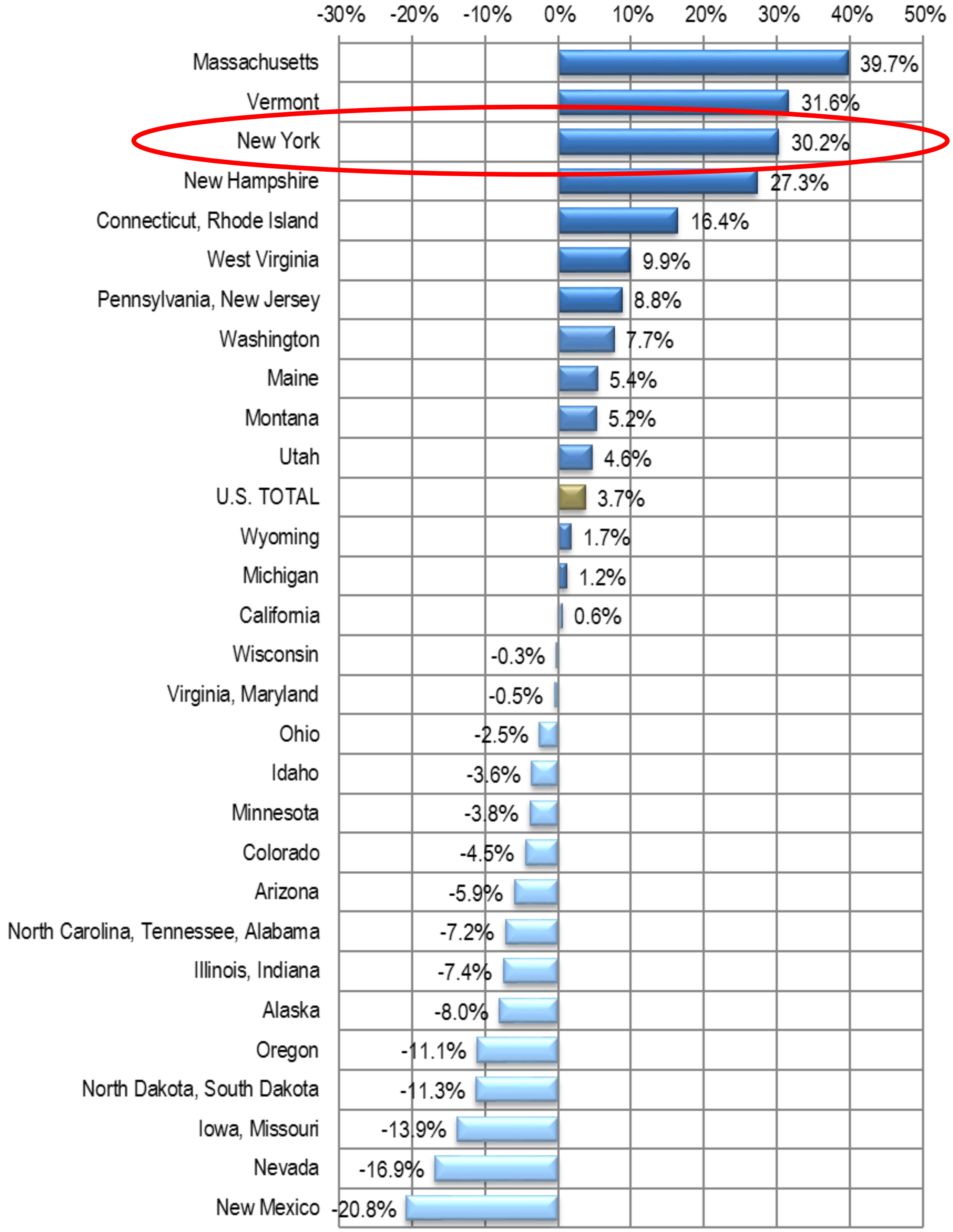
Figure 1
Percent Change in Snowsports Visits by State/State Group 2015/16 to 2016/17



Note: To protect confidentiality, states with less than three ski areas have been combined with other states.

Source: National Ski Areas Association

Figure 2
Percent Change in Snowsports Visits by State/State Group 2016/17 vs. 2015/16



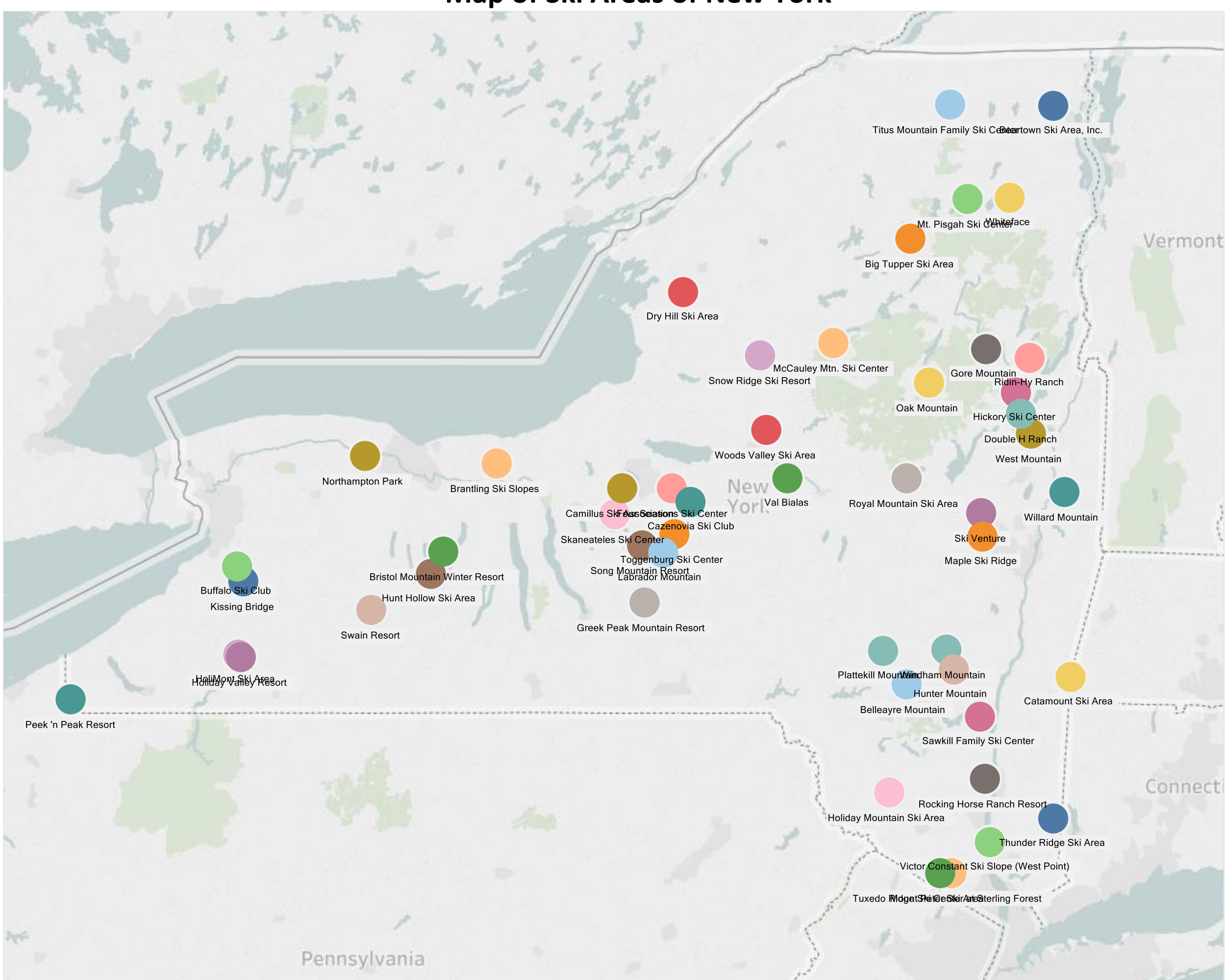
Note: To enhance confidentiality, states with less than two ski areas have been combined with other states.

Source: National Ski Areas Association

New York State Ski and Snowboard Resort Industry

The large number of operating ski areas in New York State (51) provide a wide variety of opportunities for snowsports enthusiasts, from the steep slopes of some of the larger mountains to the small, intimate family feel of the smaller hills. The breadth of offerings provides many options for skiers and snowboarders. As seen in the map below, the location of ski areas in New York is very evenly distributed throughout the state (as opposed to being concentrated in a certain geographic sector of the state). There is a ski resort within 90 minutes of nearly every major New York metro area; this distribution makes skiing and snowboarding an important contributor to employment and quality of life for residents all over New York State.

Figure 3
Map of Ski Areas of New York



Source: Ski Areas of New York

Some of the state's ski areas are well known throughout the region and have received awards from industry publications, as detailed below.

SKI Magazine Winter Resort Guide 2017 – East

- Holiday Valley ranks 16th in the East.
- Whiteface holds the 13th ranking for Eastern ski areas.

Snow East Magazine 2013 Reader Survey

- Whiteface is ranked 2nd ski resort in the East
- Holiday Valley ranked 10th overall
- Under 1,100': Holiday Valley ranked 3rd, Plattekill Mountain ranked 4th, Mount Peter ranked 10th
- Favorite Terrain Parks: Whiteface Mountain ranked 6th, Holiday Valley ranked 8th
- Favorite Classic Resort: Belleayre ranked 4th
- Favorite Destination Village: Lake Placid ranked 1st
- Favorite snowmaking: Whiteface ranked 3rd, Hunter Mountain ranked 4th
- Favorite Grooming: Whiteface ranked 3rd

NSAA Marketing Awards

- Best Direct Marketing Program – Bristol Mountain Resort (2016)
- Best Social Media Campaign – Peek 'n Peak Resort (2015)

NSAA Environmental Awards

- Golden Eagle Environmental Award for Overall Excellence – Greek Peak (2013)
- Silver Eagle - Excellence in Visual Impact – Gore Mountain (2006)
- Silver Eagle - Excellence in Environmental Education – Gore Mountain (2005)

NSAA Sustainable Slopes Grants

Greek Peak was one of five ski areas awarded a sustainable slopes grant in 2013. Greek Peaks grant will be used for five high-efficiency snowmaking guns. Oak Mountain was awarded a similar grant in 2011.

Best Overall Guest Service Program

NSAA presents this award to recognize positive development in customer service.

- Up to 100,000 visits: Thunder Ridge Ski Area, NY (2009/10)

Best Program to Increase Trial by New Participants

NSAA also presents awards for sales and marketing programs. Several New York ski areas have been honored with such awards in the recent past.

- Up to 100,000 visits: Mt. Van Hovenberg Nordic (2000/01)
- 100,000 to 250,000 visits: Greek Peak Mountain Resort, NY (2005/06)
- 250,000 to 500,000 visits: Hunter Mountain (2003/04)

Best Program to Convert New Participants to Core Participants

- 500,000+ visits: Holiday Valley, NY (2002/03)
- 250,000 to 500,000 visits: Windham Mountain, NY (2002/03)
- 100,000-250,000 visits: Bristol Mountain, NY (2001/02)

Best Program to Increase Frequency of Core Participants

- 100,000 to 250,000 visits: Whiteface Mountain, NY (2000/01)

Aggregate Winter Visitor Spending

This section provides a detailed overview of the findings from the Economic Value Analysis for Ski Areas of New York.

Aggregate winter visitor spending is the largest component of the total economic value of the New York ski resort industry. Direct aggregate winter spending includes skiers and snowboarders (including tubers) spending money at the ski resorts and at other establishments during their ski trip (such as food, equipment rental, and lodging for those staying overnight). This figure also includes spending at restaurants, retail stores, and hotels not owned directly by the ski area companies during the ski or snowboard trip. ***Total direct aggregate winter visitor spending (both on-mountain and off-mountain) is $392.9 million***.

Table 3
Aggregate Winter Visitor Spending, 2016/17

	Percent of Snowsports Visits	Number of Snowsports Visits	Estimated Spending per Snowsports Visit	Aggregate Skier/ Snowboarder Spending
Day/local visitors	63.5%	2,145,223	$91.84	$197,017,282
Overnight - commercial accommodations	21.9%	740,426	$188.88	$139,851,737
Overnight - friends/family or second home	14.6%	492,384	$113.85	$56,057,867
TOTAL	**100.0%**	**3,378,033**	**$116.32**	**$392,926,886**

The estimated spending per snowsports visits is inclusive of spending at the ski area and spending related to the visit, but not at the ski area. The figures cited in Table 3 above, separated into three categories, are derived from NSAA National Demographic study of ski areas in the Northeast region of the US. As seen in the table, the average day visitor (60.6 percent of New York State snowsports visits) spends $92 per day, overnight visitors in commercial lodging (21.9 percent of visits) spend $189 per day, and the average overnight visitor staying with family/friends or in accommodations they own (14.6 percent of visits) spends $114 per day. Because the ski industry in New York State is about two-thirds day visitors, the blended average per person per day spending in the winter season is $116.

Ski areas in New York State hosted 3,378,033 downhill snowsports visits in the 2016/17 season.

It is particularly important to note the importance and economic value of the ski resort industry during the four-month winter season in which these businesses primarily operate. Tourism is an important industry in New York State throughout the year, but the summer months tend to dominate this industry. The winter months represent the low season in most tourism areas in the state, with the exception of those regions where skiing and snowboarding is offered. In other words, the ski resort industry provides economic value at a particularly important time of the year. As well, its presence allows for year-round employment opportunities for residents of these areas of the state and provides for a diversified and year-round economy.

Aggregate Summer Visitor Spending

Many ski areas in New York also have summer operations, including water parks, hotels, golf courses, spas, concerts and events, hiking, mountain biking, zip lining, and summer chairlift/gondola rides. Hotels and golf courses are particularly important contributors to summer operations; Windham Mountain owns and operates a hotel and Hunter Mountain manages a hotel, while Peek n' Peak and Holiday Valley each own and operate golf courses. An indoor water park and outdoor challenge course is a highlight of Greek Peak. All the ORDA facilities have summer operations, from mountain biking to scenic chairlift rides to festivals. While the summer aggregate visitor spending is less than winter, it remains important to quantify in this analysis. Again, this summer figure also includes spending at restaurants, retail stores, and hotels not directly owned by the ski area companies.

According to ski area operator surveys, the ***average share of annual revenue attributable to summer operations at New York ski areas is 15.4 percent***. This figure was used to estimate the volume of summer visitation. As well, summer visitors were estimated to spend 80 percent of what winter visitors spend on a per person per day basis. The day and overnight mix was assumed to be the same in summer as it is in winter (63.5 percent day, 36.5 percent overnight).

As such, total summer visits at ski areas in New York State were 615,993. The blended average spending per visit is $93 ($73 for day visitors, $151 for overnight visitors in commercial lodging, and $91 for overnight visitors staying with family/friends or in a second home).

As seen in Table 4 below, the ***total direct aggregate summer visitor spending is estimated at $57.3 million***.

Table 4
Aggregate Summer Visitor Spending, 2016/17

	Percent of Summer Visits	Number of Summer Visits	Estimated Spending per Summer Visit	Aggregate Summer Visitor Spending
Day/local visitors	63.5%	391,187	$73.47	$28,740,500
Overnight - commercial accommodations	21.9%	135,019	$151.10	$20,401,316
Overnight - friends/family or second home	14.6%	89,787	$91.08	$8,177,836
TOTAL	**100.0%**	**615,993**	**$93.05**	**$57,319,651**

Aggregate Annual Visitor Spending

Combining aggregate winter visitor spending and aggregate summer visitor spending results in aggregate annual visitor spending. As seen in Table 5 to follow, the ***aggregate annual visitor spending is $450.2 million***.

It is important to document the share of visitor spending that occurs at the ski area company itself (sometimes called "on-mountain spending") and the share which occurs at related businesses in the area that are not owned by the ski area company (sometimes called "off-mountain spending").

Overall, ski area operators realize about $51 per visitor, or $202.3 million total accruing to ski resort operators. Other businesses also receive about $62 per visitor, or $248.0 million in total. Total expenditures attributable to ski area visitors (winter and summer combined) is $450.2 million. Of this total, approximately 44.9 percent goes directly to ski resort businesses, and ***55.1 percent goes to other businesses in the area***.

Table 5
Total Aggregate Visitor Spending and
Share to Ski Areas and Other Businesses, 2016/17

	Spending per Visit	Aggregate Ski Area Visitor Spending	Share of Visitor Spending
Estimated resort operator revenues	$50.63	$202,291,402	44.9%
Estimated revenues accruing to other businesses	$62.10	$247,955,135	55.1%
Total visitor direct expenditures	**$112.73**	**$450,246,537**	**100.0%**

Snowsports Retail Expenditures

An additional component of the economic benefit of the snowsports industry in New York State, that is not captured in the per person per day expenditures detailed above, is retail purchases made specifically for downhill snowsports activities. These retail expenditures include equipment (skis, snowboards, poles, boots, bindings, etc.), apparel (jackets, pants, base layers, etc.), and accessories (gloves, helmets, goggles, etc.). This economic activity is attributable to the presence of the downhill snowsports industry in New York State. Most of these purchases are made in stores not owned by the ski area companies, and are often made during pre-season time periods.

Downhill snowsports-related expenditures, distinct from other sales made in these same retail stores, is estimated through statistics from Snowsports Industries Association (SIA) reports. Total retail spending in the US on snowsports equipment, apparel, and accessories was $23.6 billion in the 2016/17 season (in stores, not online purchases). On a per person basis, retail spending was $276. Given the number of individuals who ski and/or snowboard in New York State, the total retail expenditures in New York State were $150.8 million. Subtracting the retail revenue garnered directly at ski areas in New York ($10.4 million) results in ***a retail expenditure figure of $140.4 million.*** This figure will be added to the direct ski area visitor expenditures to derive a total consumer direct expenditure figure for the downhill snowsports industry.

Table 6
Total Snowsports Retail Spending, 2016/17

	Ski Shops/ Retail Spending
Retail spending at specialty stores (US Total)	$2,648,053,513
Per person expenditures (national)	$276
Total NY retail expenditures	$150,837,815
LESS: Retail expenditures at NYS ski areas	$10,407,129
Total non-ski area retail expenditures (NY State)	**$140,430,687**

Source: SIA and RRC Associates

Direct, Secondary, and Total Output Effect

Economic value has several effects, including direct and secondary (indirect and induced effects). Thus far, this report has focused on the direct value that ski areas generate. To estimate the indirect and induced effects, a multiplier is generally utilized. A multiplier is a figure used to estimate the secondary effects on the statewide economy of a particular industry. For this study, a pair of different multipliers is used, one to estimate the direct output and one to estimate secondary outputs. The sum of the two is therefore the total output, or total economic value of the ski resort industry in New York State.

Table 7 to follow illustrates the estimated direct, secondary, and total output effects attributable to the ski area industry in New York. Direct output, estimated at $502.1 million, is calculated by multiplying visitor expenditures and retail expenditures by 0.85 (a generalized adjustment factor which reflects typical retailer margins). This step is necessary to omit the cost of goods sold which are made outside of New York, and thus appropriately reflect the economic output captured in New York.

Secondary output economic effects, as defined earlier, are roughly estimated at $376.6 million. Secondary effects are calculated by multiplying direct output by 0.75, a factor which is also based on national averages in the tourism industry. These multipliers combined equal a multiplier of approximately 1.5.

Total output attributable to the ski resort industry is estimated as the sum of direct and secondary effects, or approximately $878.6 million.

Table 7
Total Output (Direct and Secondary), 2016/17

	Aggregate Effect
Total direct ski area visitor expenditures	$450,246,537
Total snowsports-specific expenditures (equipment, apparel, accessories)	$140,430,687
Direct output ratio (margin adjustment)	*0.85*
Direct output effect	$502,075,640
Secondary output ratio (statewide)	*0.75*
Secondary output effect (statewide)	$376,556,730
Total output (direct and secondary)	**$878,632,370**

Note: Direct output ratio (0.85) and secondary output ratio (0.75) are approximate averages for visitor spending effects at the statewide level of geography, as cited as by Stynes, D.J. (2010), as quoted in Crompton, J.L. (2010), *Measuring the Economic Impact of Park and Recreation Services,* National Recreation and Park Association, Ashburn, VA, p. 37. Actual ratios in New York may differ from these averages.

Several factors impact the size of a multiplier. Industries in large urban areas generally have higher multipliers because more of the spending by the industry stays within the local area. Smaller industries in more rural areas would generally have smaller multipliers because more of their spending leaks out to other regions where the goods are produced. For tourism and other service industries, multipliers might be somewhat higher because the spending is actually for a service, not a product, and thus more value is retained. A multiplier for a state-level analysis would tend to be higher than one for a regional or local analysis. All these factors must be taken into consideration when estimating the multiplier. The reliability of the level of tourism activity (in this case, snowsports visits) and spending should also be taken into account.

It should be noted that, given some of the above factors and the conservative nature of this analysis, a relatively low multiplier has been utilized for this report. While the confidence in the direct spending is high (very reliable snowsports visit numbers, day/overnight visitor percentages, summer revenues, and visitor expenditure numbers), the calculation of a multiplier through an Input-Output model or other academic modeling is beyond the scope of this analysis. Rather, comparisons to similar industries and expert judgment were used to derive the multiplier figure.

Additional Economic Benefits

Employment Value (Wages and Salaries)

An important contribution to the economic value of an industry is the wages, salaries, and benefits paid directly to employees. This money is typically spent directly in the local area on personal expenses like rent, food, clothing, transportation, recreation, and entertainment. In the case of the ski resort industry in New York, the majority of employees live within 25 miles of the ski area, meaning that such purchases predominantly remain within the local area. Thus, quantifying the wages, salaries, and benefits is important in this analysis.

However, not all income from wages and salaries is spent; taxes and savings are not part of disposable income. Also, not all spending is retained within the state, though a large portion of it is, given the large geographic area that New York encompasses. Therefore, the figures for total wages and salaries were calculated using a disposable income factor of 70 percent.

Payroll and benefits (payroll taxes, employee benefits, and workers comp) were provided directly by the ski area operators. Total wages, salaries, and benefits paid to employees of ski areas in New York were $73.4 million. Wages and salaries alone were $58.3 million. Applying the disposable income factor of 70 percent equates to ***a total employment value of $40.8 million.***

Table 8
Total Employment Value, 2016/17

	Total Wages, Salaries, and Benefits	Total Wages and Salaries	Total Employment Value - (70% of Total Wages and Salaries)
TOTAL	$73,431,049	$58,288,820	$40,802,174

In terms of employment generated in the downhill snowsports resort industry, the estimate is that these businesses directly employ over 12,663 people total, in both winter and summer. Numerous additional jobs are created in other businesses by the presence of the ski resort industry, including retail stores, restaurants, lodging accommodations, and other industries.

Table 9
Total Direct Employment at Ski Areas, 2016/17

	Full Time Employees	Part Time Employees	Total Employment
TOTAL	4,287	8,376	12,663

Capital Investment Value

Another major component of economic value in the ski resort industry is the level of capital investment that ski areas make in any given year. Many of the ski areas in the state have continued to make improvements with new lifts, hotels, lodges, parking lots, ski terrain, and other facilities. Capital improvements go beyond chairlifts and upgraded snowmaking systems, and extend into summer attractions and amenities as well. These improvements have an important value to the economy that would otherwise not exist, often employing contractors and other businesses to do the work. Therefore, capital spending is included in this report.

Because of the long-term nature of these capital investments, an argument could be made to include spending amounts from two and even three years prior in the economic value analysis. The two-year total estimated capital expenditures for ski areas in New York is $39.9 million

However, this report is focused only on the 2016/17 season and therefore only includes one year of capital investment. The ***capital investment for all ski areas for 2016/17 was $15.8 million***.

Table 10
Total Capital Investment, 2016/17

	Total Capital Investment
TOTAL CAPITAL INVESTMENT	$15,762,707

Taxes Paid

The business operations of ski areas in New York generate a variety of taxes to different entities. This section details the amounts of the taxes paid during the 2016/17 fiscal year.

In terms of withholding from employee paychecks, a total of $11.8 million in taxes is attributable to employees of New York State ski areas. As detailed in the table below, withholding from ski area employee paychecks generated $5.4 million in federal income tax, $3.6 million in Social Security tax, $938,000 in Medicare tax, and ***$1.9 million in New York State income tax.***

Table 11
Taxes paid by Ski Area Employees, 2016/17

	Tax withholding (from employees)
Federal income tax	$5,426,111
Social Security	$3,564,861
Medicare	$938,370
State income tax	$1,855,863
TOTAL TAXES PAID BY EMPLOYEES	**$11,785,205**

Charitable Contributions

Ski area businesses support many local charities and non-profits through hosting fundraisers, donating cash or in-kind services, and donating to auctions and other fundraisers. In total, ski area businesses in New York are estimated to have donated ***$862,000 worth of donations*** (cash and in-kind) during the 2016/17 fiscal year.

Table 12
Total Charitable Contributions, 2016/17

	Total Donations
Total direct financial charitable contributions	$50,846
Total value of in-kind contributions	$810,770
TOTAL DONATIONS	**$861,616**

Total Additional Economic Benefits

These additional economic benefits described above, including employment value, capital investment, taxes paid, and charitable contributions, are summarized in Table 13 below. Collectively, these ***additional economic benefits total $69.2 million***.

Table 13
Total Additional Economic Benefits, 2016/17

	Additional Economic Benefits
Total Capital Investment	$15,762,707
Total Employment Value	$40,802,174
Total Taxes Paid By Employees	$11,785,205
Total Donations	$861,616
TOTAL ADDITIONAL ECONOMIC BENEFITS	**$69,211,702**

Other Benefits

The presence of the ski resort industry in New York State has many other benefits not included in the direct economic value analysis presented above. This section describes some of these non-monetary benefits, which exist but are difficult to accurately quantify.

<u>Introducing Beginners to the Sport</u>

A major focus of many New York ski areas is to bring get more people physically active and outdoors in the winter. As such, the state is well known for teaching beginners to ski and snowboard for the first time. In the 2016/17 season, it is estimated that over 26,000 people learned to ski and snowboard at ski areas in New York State.

<u>Kids Ski or Ride for Free: 3rd and 4th Grade Passport</u>

The Ski Areas of New York sponsors a program to bring kids into the sport called the *3rd and 4th Grade Ski and Ride Passport*. The free program provides all 3rd and 4th graders from anywhere (not just New York State residents) an opportunity to experience skiing and snowboarding, broadening their horizons and exposing them to a fun and healthy activity. According to the SANY website, over the past 16 years, the program has enrolled more than 50,000 kids. Childhood obesity is a major challenge today, and providing a variety of opportunities for kids to be active in a safe and fun environment is critical to solving the problem. As well, skiing and snowboarding are lifelong sports that kids can continue to enjoy after they grow up. The *3rd and 4th Grade Passport* program is evidence of a strong commitment among the SANY member resorts to provide recreational opportunities to kids and to expose them to new experiences.

<u>Kids Learn to Ski or Ride for Free</u>

The Kids Learn to Ski or Ride Passport is the perfect program for those who do not ski or are true beginners. With the Learn to Ski or Ride program, a child receives a lift ticket, lesson and equipment rental free at all participating ski areas. There are over 20 ski areas throughout New York State participating in the Learn to Ski or Ride program.

<u>Quality of Life Impacts</u>

Overall, alpine ski resorts have a positive impact on the quality of life in the parts of the state in which they operate. They provide a sense of community, civic pride, something that local residents identify with and are a part of, and other intangible benefits. An appreciation for natural beauty and learning about habitat is also enhanced through the skiing experience.

As well, the location of the ski areas is very evenly distributed throughout the state (as opposed to being concentrated in a certain geographic sector of the state). There is a ski resort within 90 minutes of nearly every major New York metro area; this distribution makes skiing and snowboarding an important contributor to employment and quality of life for residents all over New York State.

Events and Exposure

Media coverage of events at ski areas provides terrific promotional and branding exposure that is worth much more than the events themselves cost. Some of the larger events which garner significant regional and national media coverage include World Cup alpine racing at Whiteface, major winter carnivals, snowboarding freestyle competitions, and numerous other events and festivals. These events bring new visitors to the regions and provide media exposure to potential customers to visit in the future.

Health and Wellness Benefits

Skiing provides one of the few opportunities for outdoor recreation during the winter, a season in which many people stay inside and exercise less. All participants, from kids to Baby Boomers and beyond, reap positive health benefits from skiing and snowboarding. The importance of providing opportunities for exercise cannot be overstated, especially as more Americans become overweight and obese. Ski areas in New York provide the opportunity to get outside in the winter and get exercise, fresh air, and a release from day-to-day stress. Again, the winter season has more limited opportunities for outdoor exercise, so the presence of ski areas is an important factor in keeping New York residents healthy.

Conclusion

This Economic Value Analysis provides a conservative estimate of the value of the ski resort industry in the State of New York. Through direct winter and summer value, employment value, and capital investment value, the ski resort industry plays a critical role in the New York economy, particularly during the December through March period of the year when other segments of the tourism economy are at a seasonal lull.

The major conclusions of this Economic Value Analysis are as follows:

- Aggregate Winter Visitor Spending for the 2016/17 season was ***$392.9 million***. This figure includes alpine skiing, tubing, retail, equipment rental, lodging, ski lessons, and other direct consumer spending as a result of the New York alpine snowsports industry.
- Aggregate Summer Visitor Spending for the 2017 summer season, including hotels, golf, water parks, mountain biking, sightseeing, festivals, and other activities, was ***$57.3 million***.
- Snowsports Retail Expenditures are an additional economic benefit of skiing and snowboarding in New York State and include retail expenditures made specifically for the sports – equipment, apparel, and accessories. The direct expenditures in this retail segment are estimated at ***$140.4 million*** (excluding purchases made at ski area-owned shops).
- Total Output (direct and secondary), based on the winter and summer visitor spending, is ***$878.6 million***.
- Total Employment benefit (payroll and wages) is ***$58.3 million***. Additionally, the industry provides an estimated 12,663 jobs during the winter season (including 4,287 full time and 8,376 part time jobs).
- Taxes paid include ***$1.8 million in New York State income tax*** withheld from employee paychecks.
- Capital Investment, representative of one year of investment for the 2016/17 fiscal year, is ***$15.8 million***.
- Donations to local businesses, non-profits, and charitable organizations totaled ***$862,000*** in the 2016/17 fiscal year.

Skiing and snowboarding facilities draw residents and visitors to areas with such services and amenities, and they are frequently the anchor economic impetus to the communities in which they reside (which tend to be more rural), as well as to nearby commercial and residential development. New York has the largest number of operating ski areas of any state in the US (51) and is typically fourth in terms of total snowsports visits (3.3 to 4.0 million). Other important benefits not included in this Economic Value Analysis include Quality of Life impacts, Health and Wellness impacts, Events and Exposure, and the 3rd and 4th Grade Passport program.

About RRC Associates

RRC Associates is a multi-disciplinary consulting firm providing market research, strategic analysis, and community/land planning services. RRC specializes in collecting and analyzing customer feedback for a variety of public and private clients nationwide and internationally. Research techniques we utilize are customized to clients' needs, but often incorporate web-based surveys; national and regional panels; intercept, telephone, and mail back surveys; and/or focus groups. Our office also operates a full service focus group facility specializing in qualitative research, the Boulder Focus Center.

RRC is the foremost consulting and market research firm in the snowsports industry and tracks many statistics and figures for the industry throughout North America. RRC publishes annually on behalf of the National Ski Areas Association (NSAA) the Kottke End of Season Report, the National Demographic Study, and the Economic Analysis of US Ski Areas, three industry reports that track patterns of significance related to operational, demographic, and financial information, respectively. Our firm also collects national figures for the ski resort industry in Canada, giving us an unprecedented depth of understanding of the North American snowsports industry.

Principal areas of focus by RRC Associates include the ski and snowboard industry in particular, and the travel, tourism, and recreation industries generally. In these subject areas the firm is considered national experts and are frequently quoted and contacted for information concerning trends and opportunities. RRC also provides consulting services in real estate feasibility and market demand analysis, financial consulting and modeling, data base management, competitive analysis, customer demographic profiling, and customer satisfaction/loyalty assessments. Additionally, RRC provides a wide range of community planning, land planning, public processing, and affordable housing studies for a variety of public agencies and communities as well as private entities.

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