

MEMORANDUM

TO: Board of Trustees

THROUGH: Indra Winqest
District General Manager

FROM: Mike Bandelin
Diamond Peak General Manager

SUBJECT: Review, discuss and possibly approve Diamond Peak Ski Resort's 2022-2023 Picture Pass holder daily ticket rates including Picture Pass holders and Non-Picture Pass holder season pass rate proposal.

STRATEGIC PLAN: Long Range Principle #3 - Finance

DATE: March 9, 2022

I. RECOMMENDATION

Staff recommends that the Board of Trustees makes a motion to:

1. Approve a zero-dollar increase to all Picture Pass holder season passes and daily ticket products for fiscal year 2022-2023.
2. Approve a five-dollar increase to all Non-Picture Pass holder season pass products for fiscal year 2022-2023 as shown within the memorandum.
3. Authorize Staff to adjust pricing included in (Tier 3) for Non-Picture Pass holder season pass products.

II. DISTRICT STRATEGIC PLAN

LONG RANGE PRINCIPLE #3 - FINANCE

The District will ensure fiscal responsibility and sustainability of service capacities through prudent fiscal management and maintaining effective financial policies for internal controls, operating budgets, fund balances, capital improvement and debt management.

Budget Initiative – B - Work with the Board of Trustees to implement a District-wide pricing policy to ensure desired cost recovery and policy-driven differential pricing for parcel owners and customers.

III. **BACKGROUND**

The District-operated ski area provides discounted daily lift tickets and season passes to our IVGID Picture Pass holders. The ski area also provides the sale of season pass products to Non-Picture Pass holders as well as daily lift tickets.

Board Practice 6.2.0 – Pricing

At their meeting of March 1, 2022, the Board of Trustees approved Board Practice 6.2.0 related to pricing of Community Services and Beach products and services, including the Diamond Peak ski venue. Within Practice 6.2.0, Section 3.5.3 – Ski provides that:

3.5.3.1 Rates charged to non-IVGID Picture Pass holders for daily tickets and season passes will be set so as to remain competitive within the market.

3.5.3.2 Rates charged to non-IVGID Picture Pass holders for daily tickets shall be no less than the Full-Cost of access to the ski venue.

3.5.3.3 Rates charged to IVGID Picture Pass holders for daily tickets and season passes shall be set at a discount – to the extent that revenues from tickets and passes are sufficient to meet overall net revenue targets for the season.

3.5.3.4 Rates charged may vary based on peak periods, day of the week, and full-day versus half-day passes.

3.5.3.5 The Ski Rental Shop and Ski Lessons operate as Profit-Centers, with rates being largely market-driven, to include appropriate profit margins. Rates are charged uniformly, with no discounts.

Additionally, Section 5.0 (Administration) of Practice 6.2.0 provides that:

5.1 The Board of Trustees will establish overall financial performance targets for each venue through the annual budget process,

5.2 The Board of Trustees will approve, through the budget process or when appropriate during the fiscal year Key Rates to include:

5.2.2 IVGID Picture-Pass holder and others, Season Pass Rates and Picture-Pass holder Daily Pass Rates for Diamond Peak.

This agenda item has been prepared for the Board of Trustees to consider approval of IVGID Picture-Pass holder and others Season Pass rates and Picture-Pass holder Daily Rates for the 2022-23 Diamond Peak ski season.

IV. DISCUSSION

Staff will initiate a Fiscal Year 2022-2023 Diamond Peak season pass sale for Picture Pass and Non-Picture Pass holders in March 2022 and continue with the 3-tiered pricing structure, with (Tier 1) rates available through April 30, 2022; (Tier 2) rates available from May 1 – October 31, 2022; and (Tier 3) rates from November 1, 2022 through the end of the ski season 2023.

Within this recommendation, Staff is proposing the IVGID Picture Pass holder and daily lift ticket rate and season passes rates remain consistent with no change from the approved 2021-2022 rates for the 2022-2023 ski season. Staff will note that the current rates for Picture Pass holder daily lift tickets have not changed since the 2010-2011 season. The Tables below provide the proposed Picture Pass holder daily ticket rate as well as season pass rates for the 2022-2023 fiscal year.

Picture Pass Holder Daily Ticket Rates 2022-2023

| Age Group | Week Days | Weekends | Peak Periods |
|-----------------|-----------|----------|--------------|
| Adult | \$25 | \$25 | \$35 |
| Youth/Senior | \$20 | \$20 | \$30 |
| Child | \$15 | \$15 | \$20 |
| Beginner | \$18 | \$18 | \$20 |
| 6 & under / 80+ | Free | Free | Free |

Picture Pass Holder Full Season Pass Rate

| | FY 2022 | FY 2023 | FY 2022 | FY 2023 | FY 2022 | FY 2023 |
|--------------|---------|--------------|---------|--------------|---------|--------------|
| Full | Tier 1 | Tier 1 | Tier 2 | Tier 2 | Tier 3 | Tier 3 |
| Adult | \$289 | \$289 | \$319 | \$319 | \$349 | \$349 |
| Youth | \$139 | \$139 | \$159 | \$159 | \$189 | \$189 |
| Child | \$109 | \$109 | \$129 | \$129 | \$149 | \$149 |
| Senior | \$109 | \$109 | \$119 | \$119 | \$149 | \$149 |
| Super Senior | \$29 | \$29 | \$39 | \$39 | \$49 | \$49 |

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Picture Pass Holder Midweek Pass Rates

| | FY 2022 | FY 2023 | FY 2022 | FY 2023 | FY 2022 | FY 2023 |
|--------------|---------|---------|---------|---------|---------|---------|
| Midweek | Tier 1 | Tier 1 | Tier 2 | Tier 2 | Tier 3 | Tier 3 |
| Adult | \$219 | \$219 | \$249 | \$249 | \$299 | \$299 |
| Youth | \$109 | \$109 | \$129 | \$129 | \$149 | \$149 |
| Senior | \$89 | \$89 | \$99 | \$99 | \$119 | \$119 |
| Super Senior | \$20 | \$20 | \$30 | \$30 | \$40 | \$40 |

For Non-Picture Pass holder season passes, Staff is proposing a five dollar increase to all pass products within the three pricing tiers available. The table below provides the Non-Picture Pass holder season pass rates during the 2020-2021 season compared to the current 2021-2022 rates

| | FY 2021 | FY 2022 | FY 2022 | FY 2021 | FY 2022 | FY 2022 | FY 2021 | FY 2022 | FY 2022 | FY 2022 |
|----------------------|---------|---------|----------|---------|---------|----------|---------|---------|----------|------------------|
| Full Season Pass | Tier 1 | Tier 1 | Variance | Tier 2 | Tier 2 | Variance | Tier 3 | Tier 3 | Variance | Average Increase |
| Adult (24-64) | \$419 | \$439 | \$20 | \$474 | \$494 | \$20 | \$509 | \$620 | \$111 | \$50 |
| Youth (13-23) | \$249 | \$339 | \$90 | \$274 | \$414 | \$140 | \$289 | \$520 | \$231 | \$154 |
| Child (7-12) | \$179 | \$199 | \$20 | \$204 | \$229 | \$25 | \$229 | \$280 | \$51 | \$32 |
| Senior (65-69) | \$179 | \$409 | \$230 | \$204 | \$434 | \$230 | \$229 | \$520 | \$291 | \$250 |
| Super Senior (70-79) | \$159 | \$159 | \$0 | \$174 | \$174 | \$0 | \$199 | \$220 | \$21 | \$21 |
| 6 & under / 80+ | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Transferable | N/A | N/A | N/A | \$799 | \$1,099 | \$300 | \$799 | \$1,099 | \$300 | \$300 |

Proposed 2022-2023 Non-Picture Pass Holder Season Pass rates

| | FY 2022 | FY 2023 | FY 2022 | FY 2022 | FY 2023 | FY 2023 | FY 2022 | FY 2023 | FY 2023 | FY 2023 |
|----------------------|---------|---------|----------|---------|---------|----------|---------|---------|----------|------------------|
| Full Season Pass | Tier 1 | Tier 1 | Variance | Tier 2 | Tier 2 | Variance | Tier 3 | Tier 3 | Variance | Average Increase |
| Adult (24-64) | \$439 | \$444 | \$5 | \$494 | \$499 | \$5 | \$620 | \$625 | \$5 | \$5 |
| Youth (13-23) | \$339 | \$344 | \$5 | \$414 | \$419 | \$5 | \$520 | \$525 | \$5 | \$5 |
| Child (7-12) | \$199 | \$204 | \$5 | \$229 | \$234 | \$5 | \$280 | \$285 | \$5 | \$5 |
| Senior (65-69) | \$409 | \$414 | \$5 | \$434 | \$439 | \$5 | \$520 | \$525 | \$5 | \$5 |
| Super Senior (70-79) | \$159 | \$164 | \$5 | \$174 | \$179 | \$5 | \$220 | \$225 | \$5 | \$5 |
| 6 & under / 80+ | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Transferable | N/A | N/A | N/A | \$1,099 | \$1,099 | \$0 | \$1,099 | \$1,099 | \$0 | \$0 |

Cost-recovery Targets for Diamond Peak:

Historically, Diamond Peak operations generate net revenues for the District. These revenues effectively support operations, capital and debt requirements for the , ski area as well as provide funding that supports other Community Services venues and programs, and thus contribute to the District's ability to provide discounted access to venues and programs to IVGID Picture-Pass holders.

The current FY2021/22 budget reflects a favorable \$1.2 million change in net position resulting from Diamond Peak. More favorable results (preliminarily, \$2.0 million increase in net position) are projected for the FY2022/23 budget - acknowledging that financial results are highly dependent, from year-to-year on seasonal weather conditions.

In addition, the following cost-per-skier visit figures have been estimated, based on the draft budget being developed for FY2022/23:

| | <i>Estimate</i> FY2022/23 |
|----------------------------------|------------------------------|
| Skier Visist | 130,000 |
| Cost Per Skier Visit | |
| Operarting Costs | \$ 30.35 |
| Operating Costs + OVHD | \$ 40.47 |
| Oper. Costs, OVHD, Capital | \$ 49.22 |
| Oper. Costs, OVHD, Capital, Debt | \$ 49.37 |

On this basis the rates presented for Board approval via this agenda item are consistent with Board Practice 6.2.0.

Staff has included a number of tables and charts related to pass products for review.

- Table 2 provides a year over year summary of Picture Pass holder daily tickets purchased including daily tickets provided during the Districts IVGID Community Appreciation Week.
- Table 3 provides a season pass rate comparison from other resorts located within the area. Please note that each comparison may have differences by age group and pass availability.
- Table 4 provides a 6-year summary of season pass units including revenue from the sale of the pass products.
- Tables 5 - 10 provide charts of total pass sales by residency, pass unit sales by age group, revenue by residency, revenue by age group, sales by period and full versus midweek units.

IV. FINANCIAL IMPACT AND BUDGET

The FY2021/22 approved budget includes \$1,925,909 in revenue allocated to season passes sold. The budget forecast identified approximately 3,263 Picture Pass holder pass units, 3,915 Non Picture Pass holder passes and 57 transferable passes for a forecast total of 7,178 season pass sold during the fiscal year.

Current actual reports indicate 4,369 Picture Pass holder pass units have been purchased, Non Picture Pass holder passes total 4,005 and 64 transferable passes for a total of 8,438 passes purchased.

With the adjustments recommended in this report, season pass revenues are projected to increase by \$274,000 (to \$2,200,000) for the 2022/23 ski season.

V. COMMENTS

Staff proposes that the Board of Trustees authorize management to adjust Non Picture Pass holder season pass rates to accomplish yield management. For example, staff may adjust pricing or the number of units available for purchase in (Tier 3) as a result of snow conditions, purchaser demand and or a rate ratio to a 2022-2023 Non Picture Pass holder daily lift ticket price.

VI. BUSINESS IMPACT

This item is not a "rule" within the meaning of NRS, Chapter 237, and does not require a Business Impact Statement.

VII. ALTERNATIVES

The Board of Trustees may provide direction to the proposed rates provided within the memorandum.

Attachment:

- Board Practice 6.2.0 (approved March 1, 2022).

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Table 2

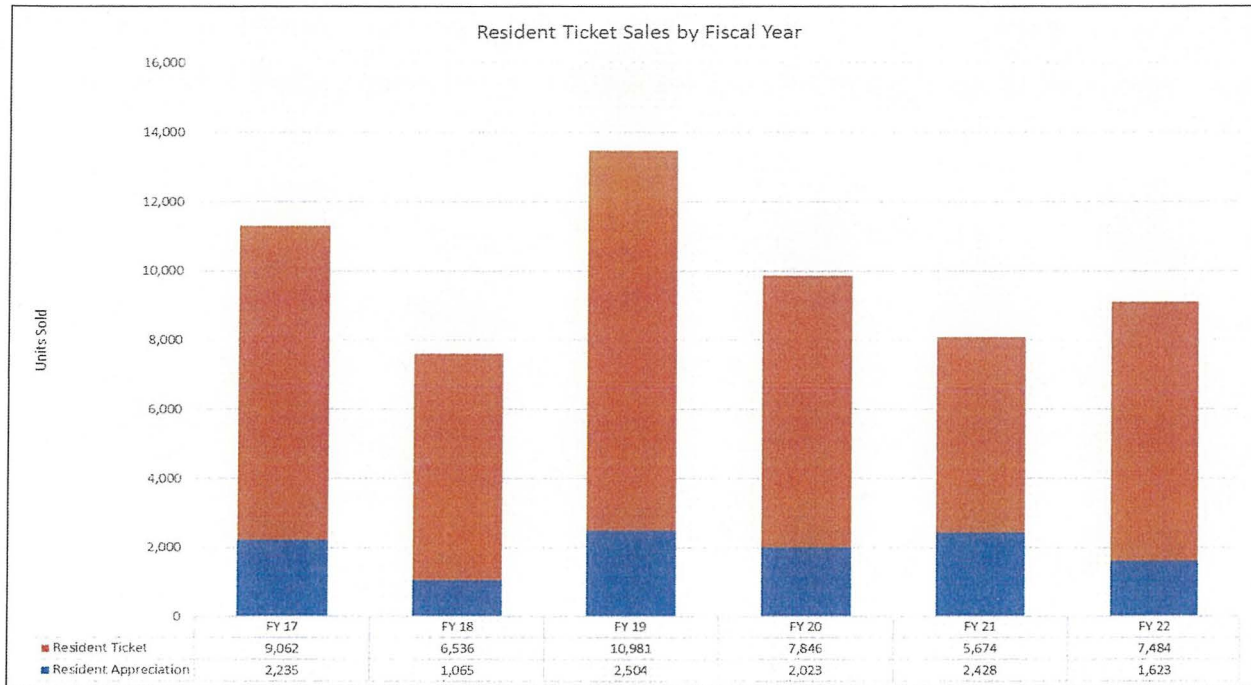
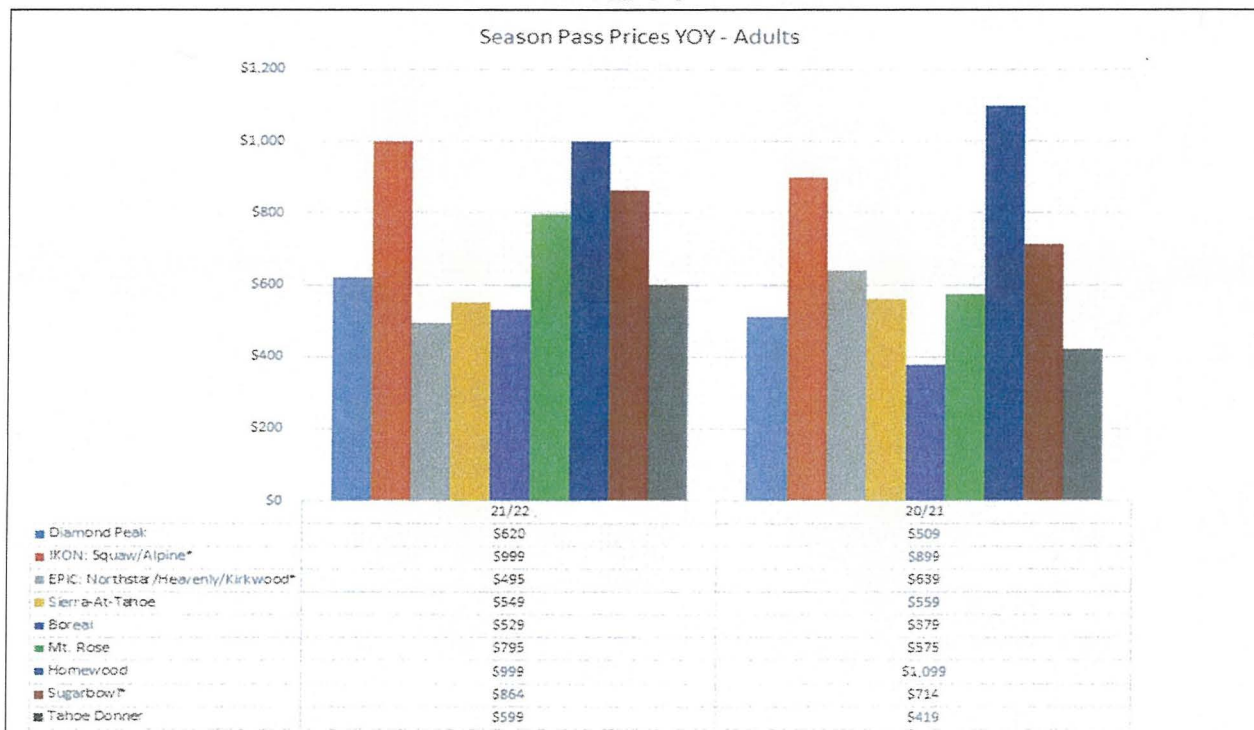


Table 3



Review, discuss and possibly approve Diamond Peak Ski Resort's 2022-2023 Picture Pass holder daily lift ticket rates including Picture pass holders and Non-Picture Pass holder season pass rate proposal.

Table 4

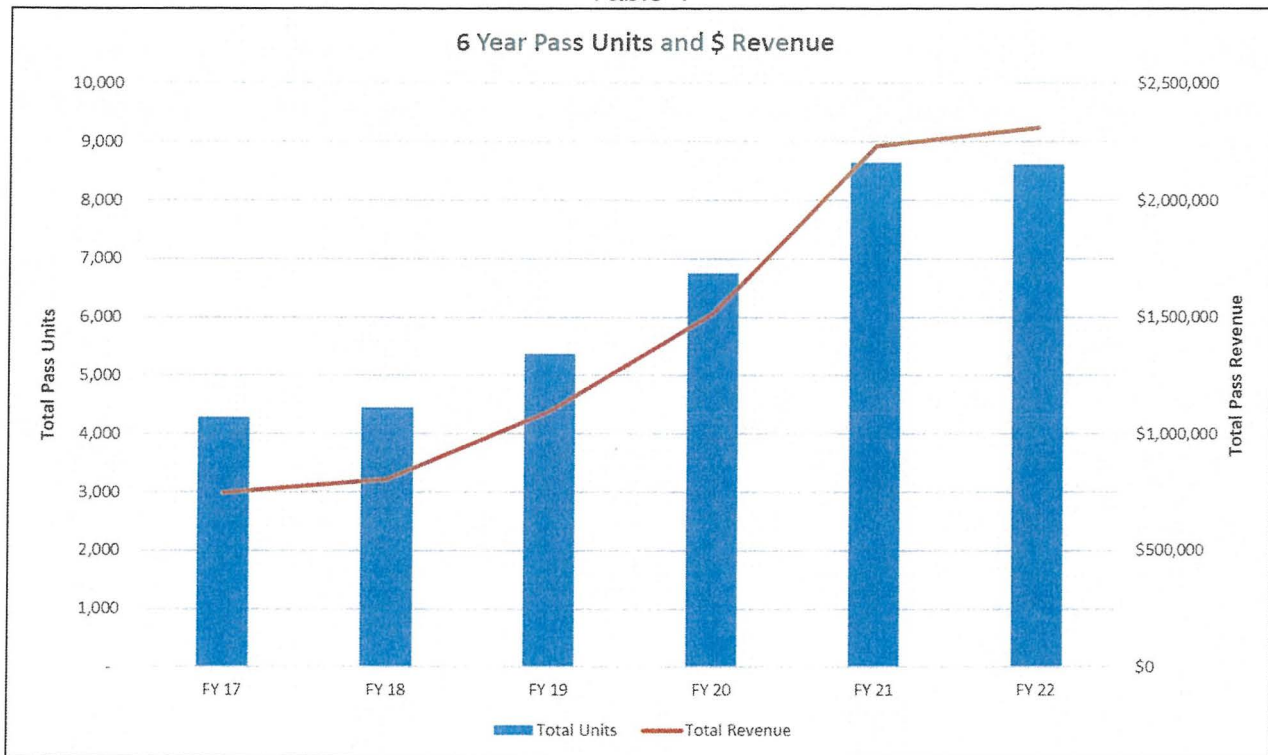
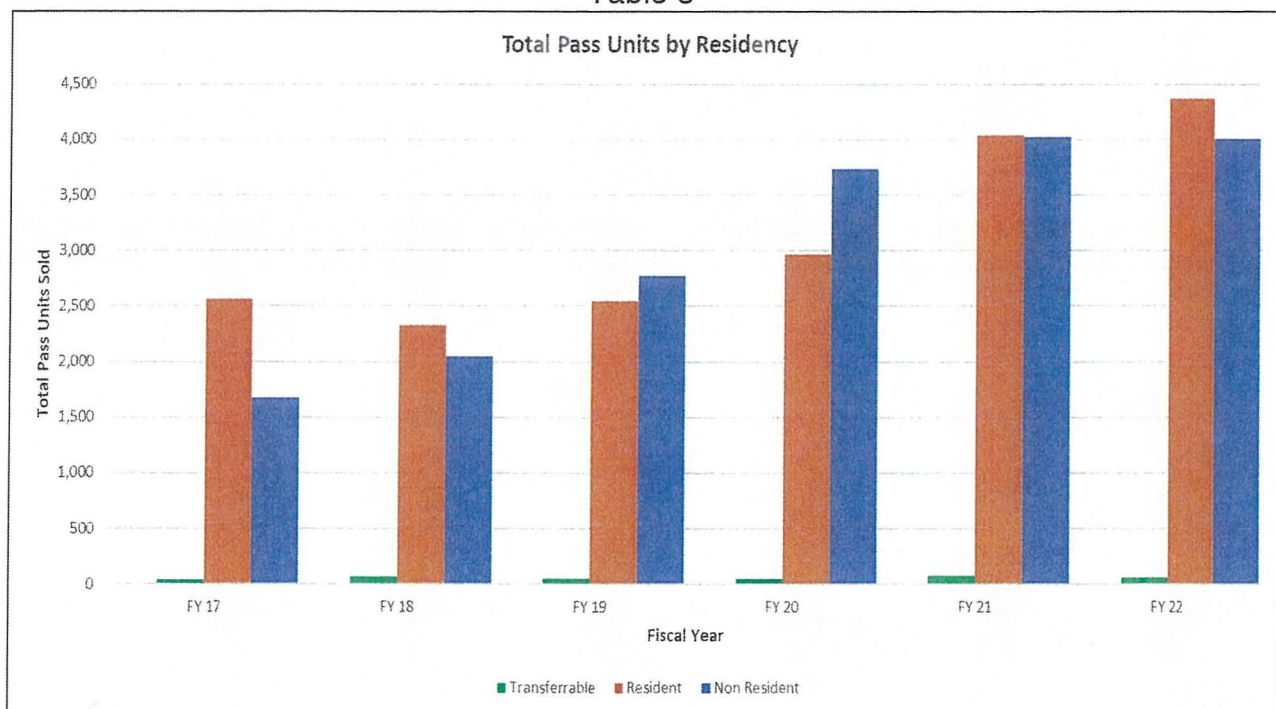


Table 5



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Table 6

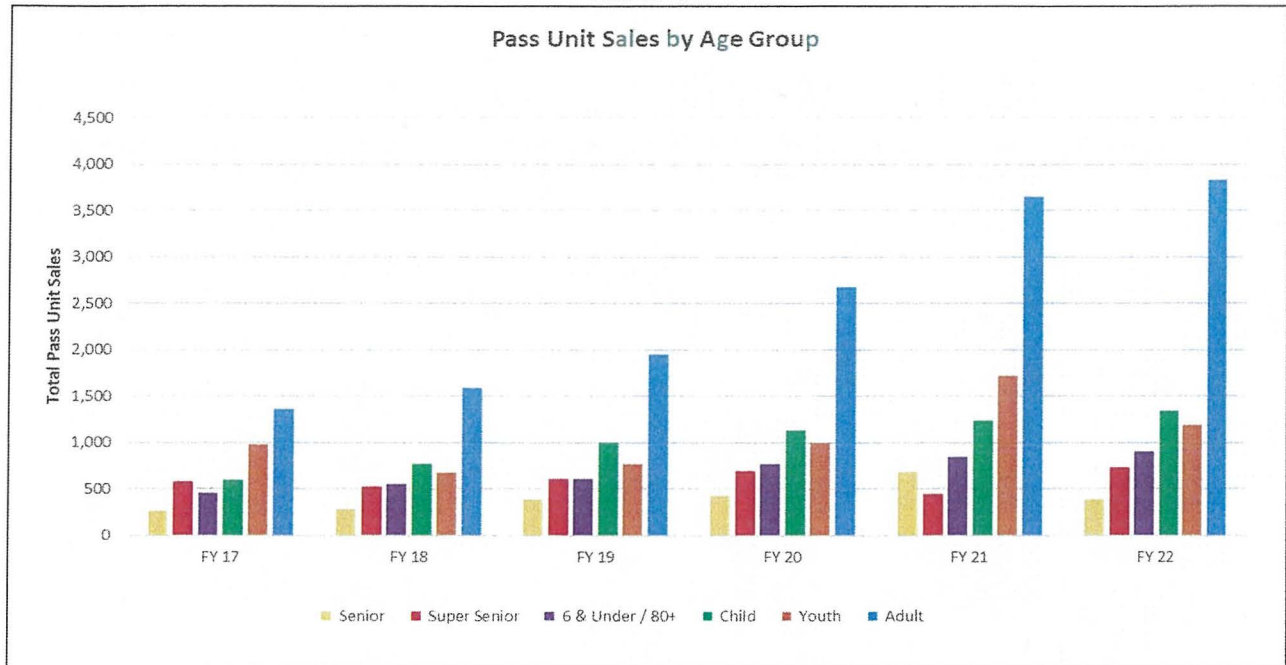


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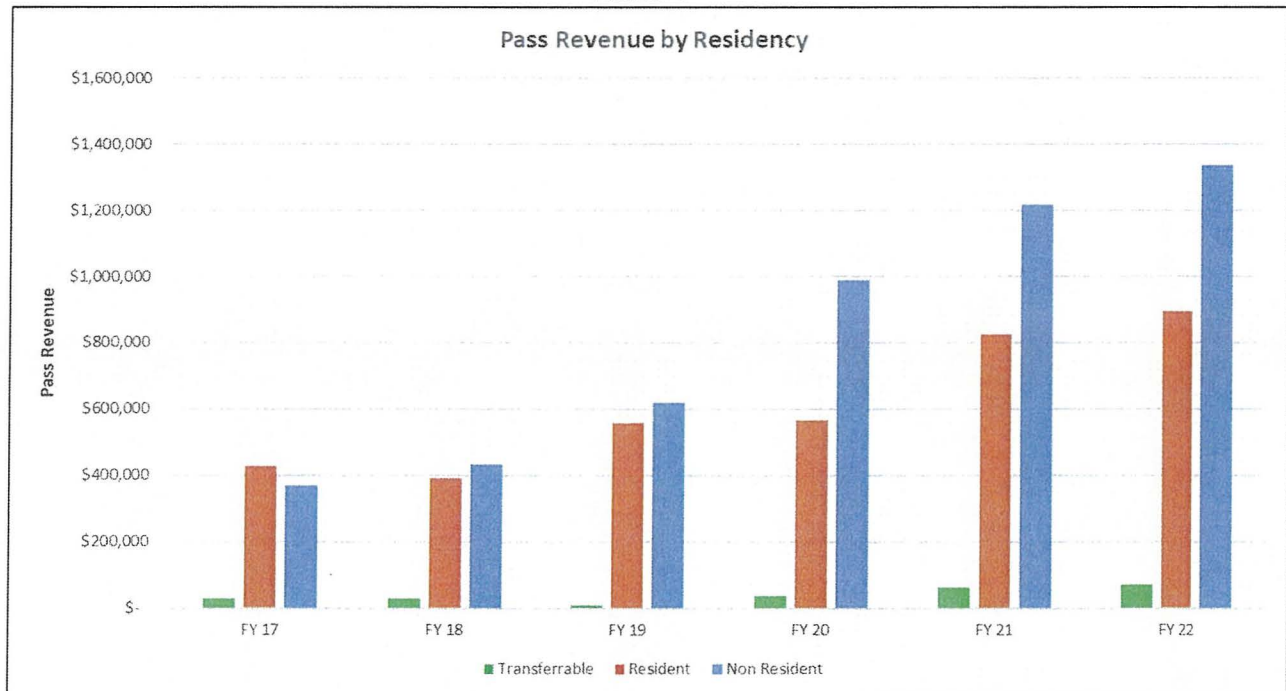


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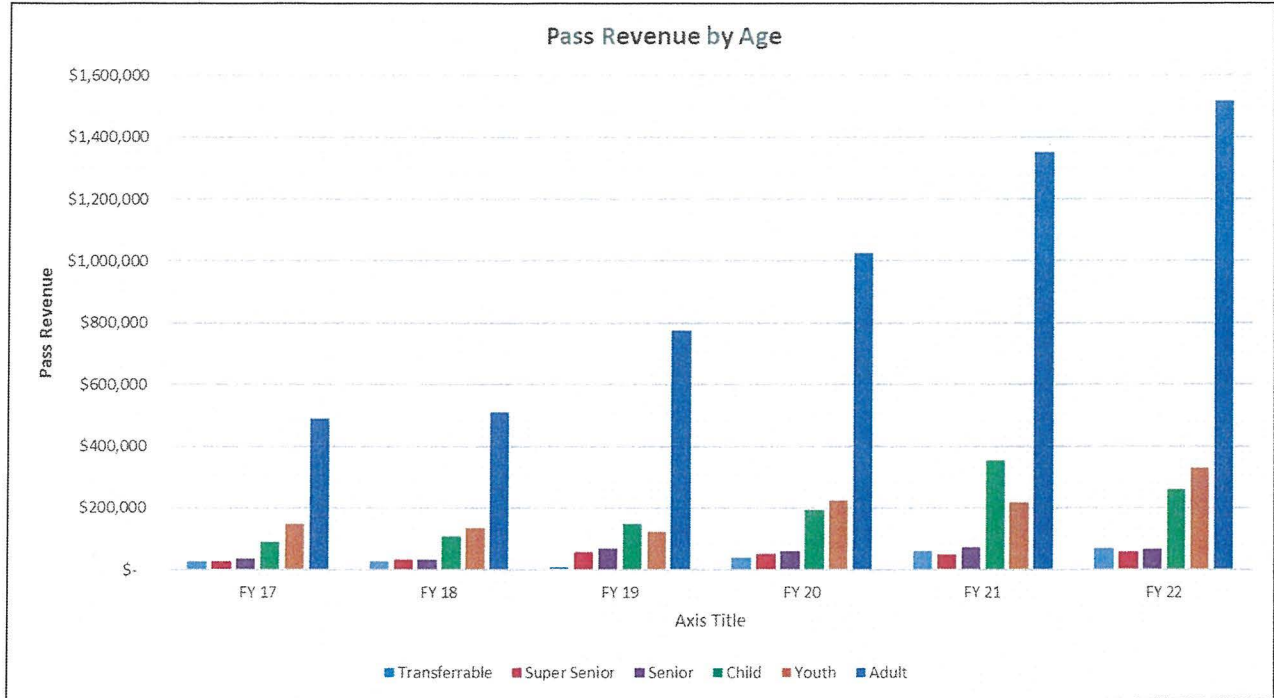
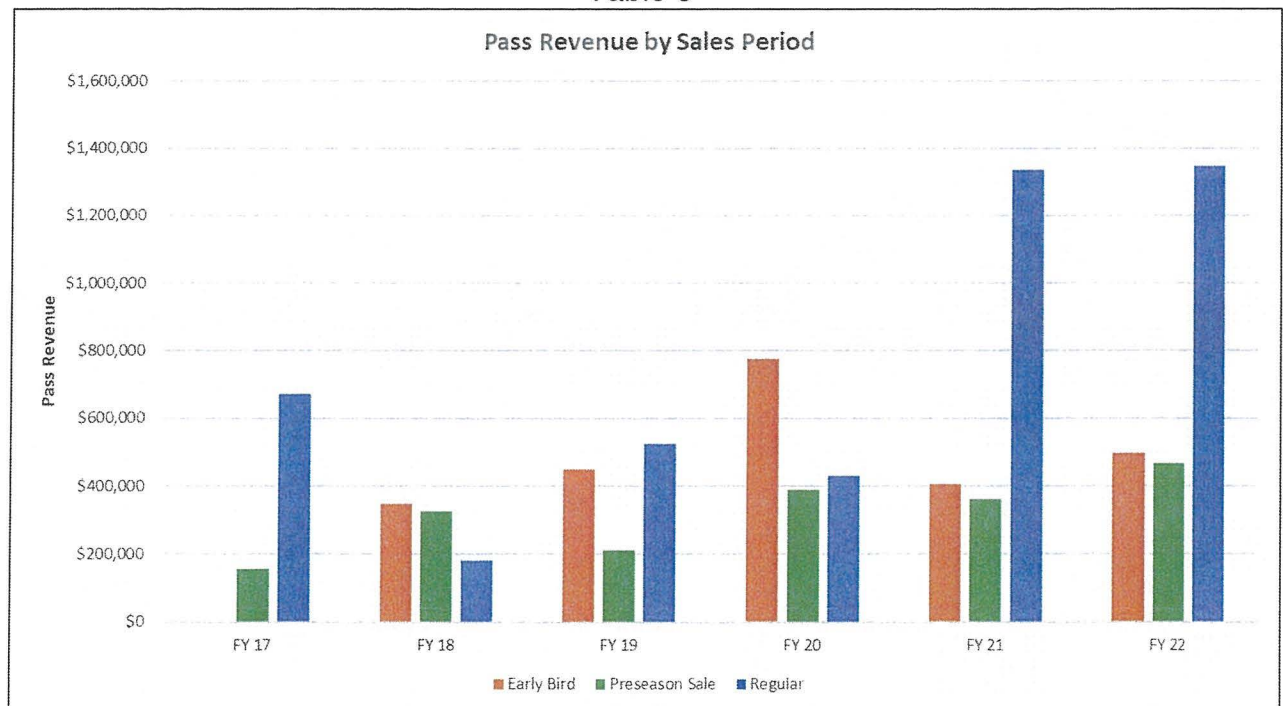
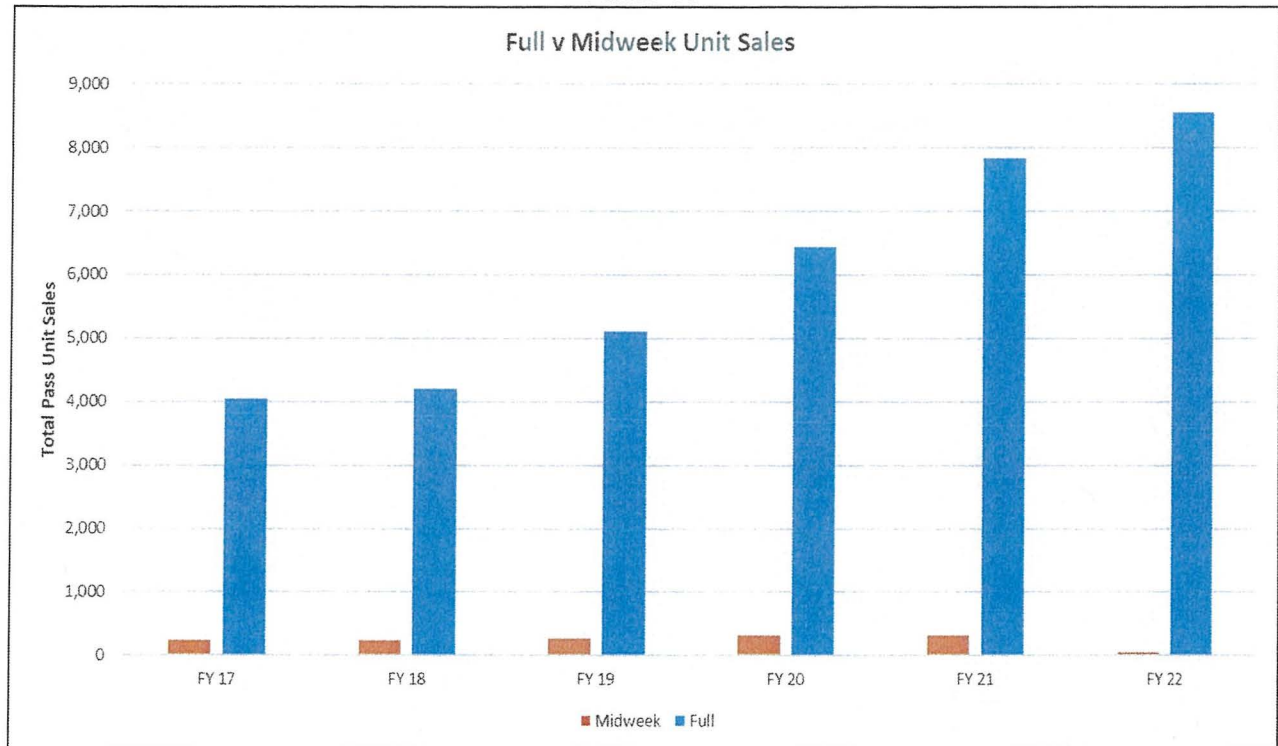


Table 9



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Table 10



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RELEVANT POLICIES: 6.1.0 Adoption of Financial Policies

PRACTICE. It is the practice of the District to establish the manner in which fees and charges for services are set and the extent to which they cover the cost of services provided (per Policy 6.1.2.2)

1.0 Scope:

This Practice shall be used to ensure consistent application of pricing policy across the District's Community Services and Beach venues in order to meet venue-specific revenue and cost-recovery targets established through the annual budget process.

The objective of the District's pricing policy is to:

- Ensure that revenues, including Charges for Services and applicable Recreation or Beach Facility Fees are sufficient to cover the full cost of providing services to IVGID Picture Pass holders, guests of IVGID Picture Pass holders and others.
- Utilize sound financial planning principles to avoid volatility in charges and fees from year-to-year.
- Promote consistent framework for pricing across all venues and programs, while providing for venue-specific pricing considerations.
- Establish conditions for management to modify pricing during the fiscal year based on market conditions, and for the determination of pricing new programs.

2.0 Definitions – for purposes of this practice, the following definitions shall be applied:

- Full-Cost is intended to represent the per-unit cost of providing access to, or use of, District venues, services and programs, and shall include operating costs (including overhead), capital depreciation and debt, as reflected in the annual budget.
- Operating Costs are defined to include direct personnel costs, non-personnel costs and overhead costs. For purposes of this definition, overhead applied to programs and services shall include appropriate allocation of Central Services Overhead as well as Department-specific administrative overhead.

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- Direct Costs are defined as the incremental cost of providing for access or services for a specific event or purpose. Examples would include incremental cost (staffing, supplies, etc.) of providing access to a venue during normal business hours versus outside of normal operations.
- Capital Costs for programs and services provided through the District's Community Services and Beach Enterprise Funds shall be defined as the annual depreciation budgeted and allocated to each fund and cost center.
- Debt Costs for purposes of establishing full-cost recovery shall include principal and interest on outstanding debt allocated to each fund as included in the annual budget.

3.0 Community Services Pricing

The District operates recreational facilities, venues, services and programs. To support the Community Services facilities, venues, services, and programs, the District establishes, through the annual budget process, a Recreation Facility Fee assessed on parcels and/or dwelling units within the District.

Pricing for IVGID Picture Pass holders and others is defined as follows:

3.1 Others (Non IVGID Picture Pass holders):

- 3.1.1 Rates charged for use of venues, services, and programs shall be set to cover no less than 100% of the Full-Cost of the venue rental, venue access, service provided and programs made available.
- 3.1.2 Pricing for services and merchandise sold at District profit centers (ex. Golf Shop, Food and Beverage, Ski Rentals) shall incorporate mark-up over costs based on market-driven targeted profit margins established as part of the budget process.
- 3.1.3 As it applies to daily rates charged for venue rental, venue access, programs, and services, management is authorized to

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utilize dynamic pricing, based on changing market conditions, provided that doing so contributes positively to the net operating income of the venue. (The Board may establish a “floor” such as no lower than the IVGID Picture Pass-holder rate).

3.2 Guests:

3.2.1 Guest rates may be set at a discount, provided that the guest rates shall, at a minimum, cover the Operating Costs of access to venues, or program.

3.2.2 Where Guest Rates are established, the Guest must be accompanied by an IVGID Picture-Pass holder.

3.3 IVGID Picture Pass holders:

3.3.1 Rates charged to IVGID Picture-Pass Holders shall be discounted from the Full-Cost of services, in recognition of the Recreation Facility Fee assessed.

Rates established for IVGID Picture-Pass holders shall generally be set at no greater than the rate required to cover the Operating Costs of programs and services. In some cases, rates charged may exceed Operating Costs (to the extent that the Facility Fee approved through the budget process is insufficient to cover the cost of annual Capital Costs and Debt Costs).

3.4 Discounts

3.4.1 Group Rates – Access to and/or rental of venues for qualifying groups can be provided at a discount, provided that the discounted pricing is set so as to cover the Direct Costs of venue access. Discounts may vary based on venue availability (example: peak versus off-peak, mid-week versus weekend).

3.4.2 Community Focused Non-Profits – Access to and/or rental of District facilities and venues, and participation in programs and/or services by community-focused non-profits, as defined (Resolution 1701) may be provided at a discount at no less than

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the Direct Costs of providing venue access/rental, program or service.

- 3.4.3 The annual budget could provide a funding allocation from the District's General Fund to be used to offset discounts anticipated to be provided to community focused non-profit organizations. This funding is to be allocated to venues, programs or services based on utilization by community focused non-profits in order mitigate the impact on overall financial performance of the venue, program or service.
- 3.4.4 A quarterly report will be provided to the Board of Trustees detailing the financial impact of the discount extended to the various groups and/or non-profits.

3.5 Venue-Specific Pricing

While applying the Community Services pricing guidelines as set forth in this practice, each venue, as a unique business enterprise, may incorporate modifications to its pricing for access/rentals, programs, and services, provided the venue is able to achieve overall financial results consistent with the net income targets established through the annual budget process. Such modifications may include, but are not limited to:

3.5.1 Golf Course Fees

- 3.5.1.1 Fees charged to IVGID Picture-pass holders their guests and others may vary based on season, day of the week, time-of-day, and partial (9-hole) use of the golf courses.
- 3.5.1.2 Play-Passes offered to IVGID Picture Pass holders may be priced at a discount from daily fees.
- 3.5.1.3 Management shall track and report average revenue-per-round, in relation to the defined cost-recovery targets.

3.5.2 Chateau & Aspen Grove Rentals / Special Events

- 3.5.2.1 Fees set for Facility rentals and Special Events will be based on cost-recovery targets for the Facilities

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Enterprise Fund established through the budget process.

- 3.5.2.2 Rental fees for use of facilities by non-IVGID Picture Pass holders will take into account the historical utilization rates and incorporate a mark-up required to achieve overall cost-recovery targets.
- 3.5.2.3 Rentals provided to IVGID Picture-Pass holders will incorporate discounts, as appropriate.
- 3.5.2.4 Fees charged for catered (Food and Beverage service) events will be set to cover the Full-Cost of staff, operations and food and beverage, plus mark-up based on market conditions.
- 3.5.2.5 Consideration shall be given to maintain Facility rental and Special Events services competitive within the regional marketplace.

3.5.3 Ski

- 3.5.3.1 Rates charged to non-IVGID Picture Pass holders for daily tickets and season passes will be set so as to remain competitive within the market.
- 3.5.3.2 Rates charged to non-IVGID Picture Pass holders for daily tickets shall be no less than the Full-Cost of access to the ski venue.
- 3.5.3.3 Rates charged to IVGID Picture Pass holders for daily tickets and season passes shall be set at a discount – to the extent that revenues from tickets and passes are sufficient to meet overall net revenue targets for the season.
- 3.5.3.4 Rates charged may vary based on peak periods, day of the week, and full-day versus half-day passes.
- 3.5.3.5 The Ski Rental Shop and Ski Lessons operate as Profit-Centers, with rates being largely market-driven, to include appropriate profit margins. Rates are charged uniformly, with no discounts.

3.5.4 Parks, Recreation, and Tennis Center

- 3.5.4.1 The District's Parks, Recreation Center, Tennis Center and recreation programming are community amenities open to residents, guests and visitors.

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Program pricing is based on industry-standard “Cost-Recovery Pyramid” which provides for increasing levels of cost-recovery based on whether programs provide community benefit versus individual benefit. (See Appendix A)

- 3.5.4.2 Programs and memberships are provided to IVGID Picture-Pass holders at a discount.
- 3.5.4.3 Recreation Center and Tennis Center membership pricing is adjusted based on age, season, time-of-day and day of the week (peak and non-peak hours).
- 3.5.4.4 Management shall review memberships and program fees annually, and may adjust rates based on industry and regional rates.

4.0 Beach Pricing

District-owned beaches are restricted to deeded parcel owners within the District and their guests. To support the Beaches, services, and programs, the District establishes, through the annual budget process, a Beach Facility Fee assessed on eligible parcels and/or dwelling units within the District.

- 4.1.1 Beach access is restricted for use by IVGID Picture Pass holders with beach access and their guests.
- 4.1.2 Funding to support the District beaches comes directly from the annual Beach Facility Fee assessed on parcels and/or dwelling units within the District and, as such, beach access to IVGID Picture-pass holders with beach access is made available at no additional charge.
- 4.1.3 The daily Guest beach access fee is to be set annually in relation to Operating Costs (per beach visit) as established through the annual budget process.
- 4.1.4 The daily Beach access fee may vary based on time of year, and peak periods. Management shall report on the average daily rates for the season to ensure that pricing policy and beach revenue targets are met.

5.0 Administration of Community Services and Beach Pricing Policy

- 5.1 The Board of Trustees will establish overall financial performance targets for each venue through the annual budget process.

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- 5.2 The Board of Trustees will approve, through the budget process or when appropriate during the fiscal year Key Rates to include:
 - 5.2.1 Golf Rates for IVGID Picture Pass Holders, Play Passes, Guests and others.
 - 5.2.2 IVGID Picture-Pass holder and others, Season Pass Rates and Picture-Pass holder Daily Pass Rates for Diamond Peak.
 - 5.2.3 IVGID Picture-Pass holder Recreation Center and Tennis Membership Rates
 - 5.2.4 IVGID Picture-Pass holder rental rates for District Facilities / Special Events.
- 5.3 The General Manager is authorized to approve daily and group rates for all other programs, based on the recommendations of venue managers, consistent with the parameters of the District's Pricing Policy.
- 5.4 The District's Director of Golf/Community Services is authorized to approve pricing for Food and Beverage and retail merchandise.
- 5.5 Fee Schedules shall be placed on the District's website, and shall be updated, as needed, to reflect current pricing, to the extent practical.

Budgeting and Fiscal Management Community Services and Beach Pricing for Products and Services Practice 6.2.0

Appendix A Cost-Recovery Pyramid Recreation and Community Programs

