

MEMORANDUM

TO: Board of Trustees

THROUGH: Indra Winquest, District General Manager

FROM: Mike Bandelin, Ski Resort General Manager

SUBJECT: Review, discuss and possibly approve Diamond Peak Ski Resort's 2023-2024 Picture Pass holder daily lift ticket rates including Picture Pass holders and Non-Picture Pass holder season pass rate proposal. (Requesting Staff Member: General Manager Diamond Peak Ski Resort Mike Bandelin)

RELATED STRATEGIC PLAN INITIATIVE(S): Long Range Principle #3; Finance; Budget Initiative; 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.

RELATED DISTRICT POLICIES, PRACTICES, RESOLUTIONS OR ORDINANCES District Board of Trustees Practice 6.2.0 - Pricing

DATE: March 8, 2023

I. RECOMMENDATION

That the Board of Trustees makes a motion to:

- Approve a five-dollar increase to all Picture Pass holder daily ticket products for fiscal year 2023-2024.
- Approve a zero-dollar increase to all Picture Pass holder season pass products for fiscal year 2023-2024.
- Approve a five-dollar increase to all Non-Picture Pass holder season pass products for fiscal year 2023-2024.
- Authorize District Staff to include an additional (Tier 4) for Non-Picture Pass holder season pass products.

II. BACKGROUND

The District-operated ski venue provides the sale of season pass products to Non-Picture Pass holders (Non-PPH) as well as discounted season pass products to our Picture Pass holders (PPH) in a variety of age groups. Historically, Staff will initiate a the sale of the season passes to the purchaser of PPH and Non-PPH in the middle of March and continue with the 3-tiered pricing structure, with (Tier 1) rates available through April 30; (Tier 2) rates available from May 1 – October 31; and (Tier 3) rates from November 1, through the end of the season. This report provides a recommendation for a new initiative to allow staff to introduce an additional tier of pass sales that would begin on December 1 and continue throughout the season. The recommended additional tier would only apply to Non-PPH and not affect our community's PPH ski pass purchasing. The staff is also recommending in this report, a five-dollar increase to Non-PPH season pass products within all pass sale tiers as shown in (attachment; table 3) and a zero dollar increase to all PPH season pass products for the 2023/24 season as shown in (attachment; table 4). The proposed additional pricing tier including the rate increase on Non-PPH pass products would allow staff to practice yield management on purchased pass revenue as preliminary FY 2023/24 draft operating and capital project/expense budgets reflect an increase in the operational cost of the District's ski venue.

The ski venue also provides discounted daily lift tickets for our PPH throughout the season as well as offering free daily lift tickets to PPH during IVGID Appreciation week.

At your meeting on March 9, 2022 the staff report recommended no change in pricing for the daily lift tickets for the 2022/23 ski season. Although Board Practice (6.2.0 - 3.5.3.3) does not specifically speak to covering operating costs with PPH daily lift ticket pricing, staff recommends that a five-dollar increase be applied to daily lift tickets in all categories to support an estimated increase in annual operating costs in the fiscal year 2023/24 draft operating budget. The rate structure for the PPH daily tickets including a chart showing current fiscal year quantities, revenue associated with the sale of tickets and the proposed five-dollar increase to the product are shown in the (attachment; table 1 and table 2).

Per the Board of Trustees Practice 6.2.0 District Staff will provide recommended Community Services venue products and service pricing to inform the allocation of admissions and fees revenue within the fiscal year budget process.

Board Practice 6.2.0 – Pricing

At their meeting of March 1, 2022 and additionally on August 31, 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 Season Pass rates and Picture-Pass holder Daily Rates for the 2023-24 Diamond Peak ski season.

III. BID RESULTS

Not applicable for this agenda item.

IV. FINANCIAL IMPACT AND BUDGET

The FY2022/23 approved budget includes \$2,200,000 in revenue allocated to season passes purchased. With rate adjustments recommended in this report, season pass revenues are projected to increase by \$110,000 to \$2,310,000 for the FY2023/24 ski season.

V. ALTERNATIVES

The District Board of Trustees may discuss the staff report and provide their own alternative to the staff recommendation.

VI. COMMENTS

Provided the recommendation is approved, Staff will initiate a FY2023/24 Diamond Peak season pass sale for Picture Pass and Non-Picture Pass holders in March 2023 and continue with the 4-tiered pricing structure, with (Tier 1) rates available through April 30, 2023; (Tier 2) rates available from May 1 – October 31, 2023; and (Tier 3) rates from November 1, through November 30, 2023. Beginning on December 1, staff will initiate the sale of passes to Non-PPH within a (Tier 4) including a to be determined rate structure.

VII. DISTRICT IMPROVEMENT, COST REDUCTION, RETURN ON INVESTMENT OR PRODUCTIVITY ENHANCEMENT

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. Acknowledging that the ski venue financial results are highly dependent, from year-to-year on seasonal weather conditions, the following cost-per-skier visit figures have been estimated, based on the draft budget being developed for FY2023/24:

	<i>Estimate</i> 2022/23		<i>Estimate</i> 2023/24
Projected Skier Visits	130,000	Projected Skier Visits	130,000
Cost Per Skier Visit		Cost Per Skier Visit	
Operating Costs	\$ 30.35	Operating Costs	\$ 35.42
Operating Costs + OVHD	\$ 40.47	Operating Costs + OVHD	\$ 46.94
Oper. Costs, OVHD, Capital	\$ 49.22	Oper. Costs, OVHD, Capital	\$ 56.56
Oper. Costs, OVHD, Capital, Debt	\$ 49.37	Oper. Costs, OVHD, Capital, Debt	\$ 56.56

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

VIII. BUSINESS IMPACT

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

IX. ATTACHMENTS

1. Staff Report Tables
2. Board Practice 6.2.0 - Pricing for Products and Services

X. DECISION POINTS NEEDED FROM THE BOARD OF TRUSTEES

Decision Points needed from the District Board of Trustees include reviewing, discussing and possibly approving the recommendation provided within this staff report.

Table 1

Picture Pass Holder Daily Lift Ticket Price – Current and Proposed

Age Group	Week Days		Weekends		Peak Periods	
	FY20223	FY2024	FY20223	FY2024	FY2023	FY2024
Adult	\$25	\$30	\$25	\$30	\$35	\$40
Youth/Senior	\$20	\$25	\$20	\$25	\$30	\$35
Child	\$15	\$20	\$15	\$20	\$20	\$25
Beginner	\$18	\$23	\$18	\$23	\$28	\$33
6 & under / 80+	Free	Free	Free	Free	Free	Free

Table 2

Picture Pass Holder Daily Lift Ticket – Current Quantity, Revenue and Proposed

PPH Tickets Purchased	Quantity Tickets Actual	Revenue Amount Actual	Avg Revenue Ticket Actual	\$5 Increase Proposed	Revenue Proposed
Peak					
Adult 1-Day Ticket	2,837	\$98,798.00	\$34.82	\$40.00	\$113,480.00
Beginner 1-Day Ticket	21	\$588.00	\$28.00	\$33.00	\$693.00
Child 1-Day Ticket	183	\$3,630.00	\$19.84	\$25.00	\$4,575.00
Senior 1-Day Ticket	126	\$3,780.00	\$30.00	\$35.00	\$4,410.00
Youth 1-Day Ticket	578	\$17,250.00	\$29.84	\$35.00	\$20,230.00
Total Peak	3,745	\$124,046.00	\$33.12	\$38.29	\$143,388.00
Value-Weekend					
Adult 1-Day Ticket	2,491	\$61,725.00	\$24.78	\$30.00	\$74,730.00
Beginner 1-Day Ticket	24	\$432.00	\$18.00	\$23.00	\$552.00
Child 1-Day Ticket	104	\$1,537.50	\$14.78	\$20.00	\$2,080.00
Senior 1-Day Ticket	181	\$3,610.00	\$19.94	\$25.00	\$4,525.00
Youth 1-Day Ticket	358	\$7,060.00	\$19.72	\$25.00	\$8,950.00
Total Value-Weekend	3,158	\$74,364.50	\$23.55	\$28.76	\$90,837.00
Total	6,903	\$198,410.50	\$28.74	\$31.60	\$218,118.00

Table 3

The table below illustrates previous, current and proposed rates for Non-Picture Pass Holder Season Passes

Fiscal Year	2021	2022	2023	2024	2021	2022	2023	2024	2021	2022	2023	2024	2024
Non- PPH Full Pass	Tier 1				Tier 2				Tier 3				Tier 4
Adult (24-64)	\$419	\$439	\$444	\$449	\$474	\$494	\$499	\$504	\$509	\$620	\$625	\$630	TBD
Youth (13-23)	\$249	\$339	\$344	\$349	\$274	\$414	\$419	\$424	\$289	\$520	\$525	\$530	TBD
Child (7-12)	\$179	\$199	\$204	\$208	\$204	\$229	\$234	\$239	\$229	\$280	\$285	\$290	TBD
Senior (65-69)	\$179	\$409	\$415	\$420	\$204	\$434	\$439	\$444	\$229	\$520	\$525	\$530	TBD
Super Senior (70-79)	\$159	\$159	\$164	\$169	\$174	\$174	\$179	\$184	\$199	\$220	\$225	\$230	TBD
6 & under / 80+	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Transferable	N/A	N/A	N/A	N/A	\$799	\$1,099	\$1,099	\$1,099	\$799	\$1,099	\$1,099	\$1,099	TBD

Table 4

The table below illustrates previous, current and proposed rates for Picture Pass Holder Season Passes

Fiscal Year	2021	2022	2023	2024	2021	2022	2023	2024	2021	2022	2023	2024
PPH Full Pass	Tier 1				Tier 2				Tier 3			
Adult (24-64)	\$289	\$289	\$289	\$289	\$319	\$319	\$319	\$319	\$349	\$349	\$349	\$349
Youth (13-23)	\$139	\$139	\$139	\$139	\$159	\$159	\$159	\$159	\$189	\$189	\$189	\$189
Child (7-12)	\$109	\$109	\$109	\$109	\$129	\$129	\$129	\$129	\$149	\$149	\$149	\$149
Senior (65-69)	\$109	\$109	\$109	\$109	\$129	\$119	\$119	\$119	\$149	\$149	\$149	\$149
Super Senior (70-79)	\$29	\$29	\$29	\$29	\$39	\$39	\$39	\$39	\$49	\$49	\$49	\$49
6 & under / 80+	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

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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 (Policy & Procedure 141, Resolution 1895) may be provided at a discount at

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no less than 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.

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Appendix A Cost-Recovery Pyramid Recreation and Community Programs

