

# Howelsen Hill Work Session

January 19, 2016



# Goals for Tonight

- \* Provide Council with a high-level historic overview and baseline information so all are equally informed as we move forward
- \* Have a discussion with Council on financial analysis, a 10 year capital and maintenance plan and alternative operating models
- \* Ask threshold questions in order to prompt forward thinking and get direction and/or expression of preferences from City Council



# Brief History of Howelsen

- \* 1915; First year that jumping occurs on Howelsen
- \* 1935; Town of Steamboat assumes ownership of ski area from the Town Company
- \* 1945; Lodge and Tow House constructed
- \* 1975; Nordic Structure rebuilt after being burned down in protest of Olympic games bid; Fetcher Tower constructed



Photos: ColoradoSki.com, City

# History Continued

- \* 1977; SSWSC proposes transfer of ownership of assets including the Howelsen Lodge, Poma lift, Thiokol and other equipment to the City. Terms and \$30,000 payment signed
- \* 1977-1978; Ski season operations estimated to cost City \$43,000 (includes \$6,000 subsidy to support SSWSC operations)
- \* 1979; Snowmaking added to Hill
- \* 1987; Current Joint Use Agreement is signed; 10-year automatic renewal unless terminated

# History Continued

- \* 1992; Olympian Hall and Freestyle jumping complex (Mountain View Run) added
- \* 2002; Alpine Slide constructed; contract with Community Slide, Inc.
- \* 2004; Snowmaking capacity increased; new snow guns, lighting
- \* 2006; HS75 plastic jump constructed
- \* 2012; HS45 plastic jump constructed for summer jumping
- \* 2015; Nordic Screamer operations begin

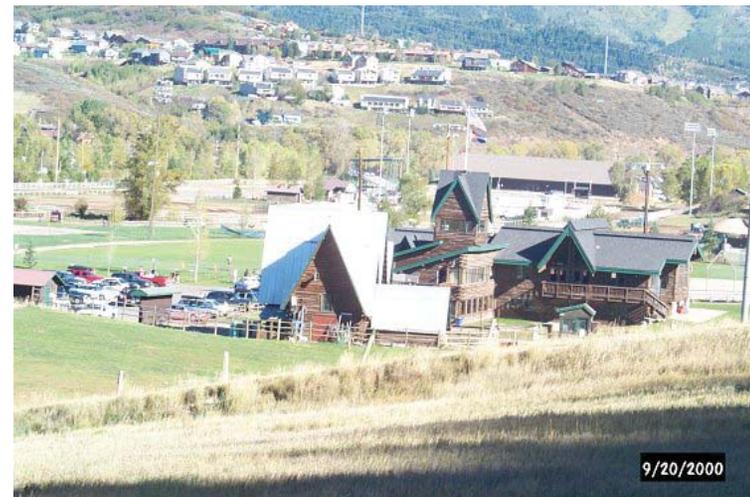


# Overview of Agreements

- \* 1987 Joint Usage Agreement
  - \* Ski area to be operated, maintained and repaired by the City. City responsible for all trails, slopes, lifts, buildings, structures, snow making equipment, grooming equipment, utilities and parking areas
  - \* City cannot conduct ski instruction, training, host competitive events without the approval of SSWSC
  - \* Club will sponsor events, training, and ski instruction. Will solicit, schedule, organize and coordinate activities

# 1987 JUA Continued

- \* Club has exclusive use of Lodge office, locker room and storage facilities. If the Lodge is replaced, comparable space will be provided to the SSWSC
- \* City receives all lift ticket revenue
- \* All other revenues derived from events, training, entry fees, advertising and media sponsorship shall be retained by the Club



# 1987 JUA Continued

- \* Term of contract is 10 years with automatic renewal
- \* Agreement may be terminated by the City for “cause if and only if”
  - \* Club has failed to perform its obligations and City has notified as such
  - \* City may terminate not less than 12 months nor more than 18 months from term renewal date (November 1, 2017)
    - \* City certifies to Club that operation of the Ski Complex is permanently discontinued
    - \* Offers to convey to the Club or other organization acceptable to the Club all personal property and equipment necessary for operation of the Ski Complex
    - \* Agrees to permanently lease or otherwise make permanently available to the Club or other organization acceptable to the Club, without cost, the real property and improvements then constituting the Ski Complex

# 2002 Alpine Slide Agreement Highlights

- \* Authorizes “Community Slide, Inc.” (CSI), a wholly owned subsidiary of the SSWSC to operate and maintain the slide; term June 1, 2002 to October 31, 2017
- \* CSI shall employ and compensate all personnel necessary to operate slide
- \* Compensation to City
  - \* 2002-2006; 32% of Gross Slide Revenue (GSR) in excess of \$740K; City received \$0
  - \* 2007-2008; 32% of GSR in excess of \$675K; City received \$0
  - \* 2009-2011; 32% of GSR in excess of \$765K; City received \$50,564
  - \* 2012-thereafter; 32% of GSR in excess of \$390K. City received \$178,362
  - \* CSI shall pay the City \$8,400 per calendar year the slide operates for wear and tear on chair lift operations (included in 2009 to present calculations)

# Howelsen Hill Tubing Operations

- \* Agreement signed with Tubing, Inc., a wholly owned subsidiary of the SSWSC began in March of 2012 and ended August 30, 2015. Recent amendment added one year to contract and will end June 30, 2016
  - \* Tubing Inc. will pay the City a base fee of \$7,000 for 2015/2016 season.
  - \* City also invoiced Tubing Inc. \$3,634.75 for additional snowmaking, electricity and lift operation costs



Courtesy: Trip Advisor

# 2015 Summer Nordic Screamer Agreement

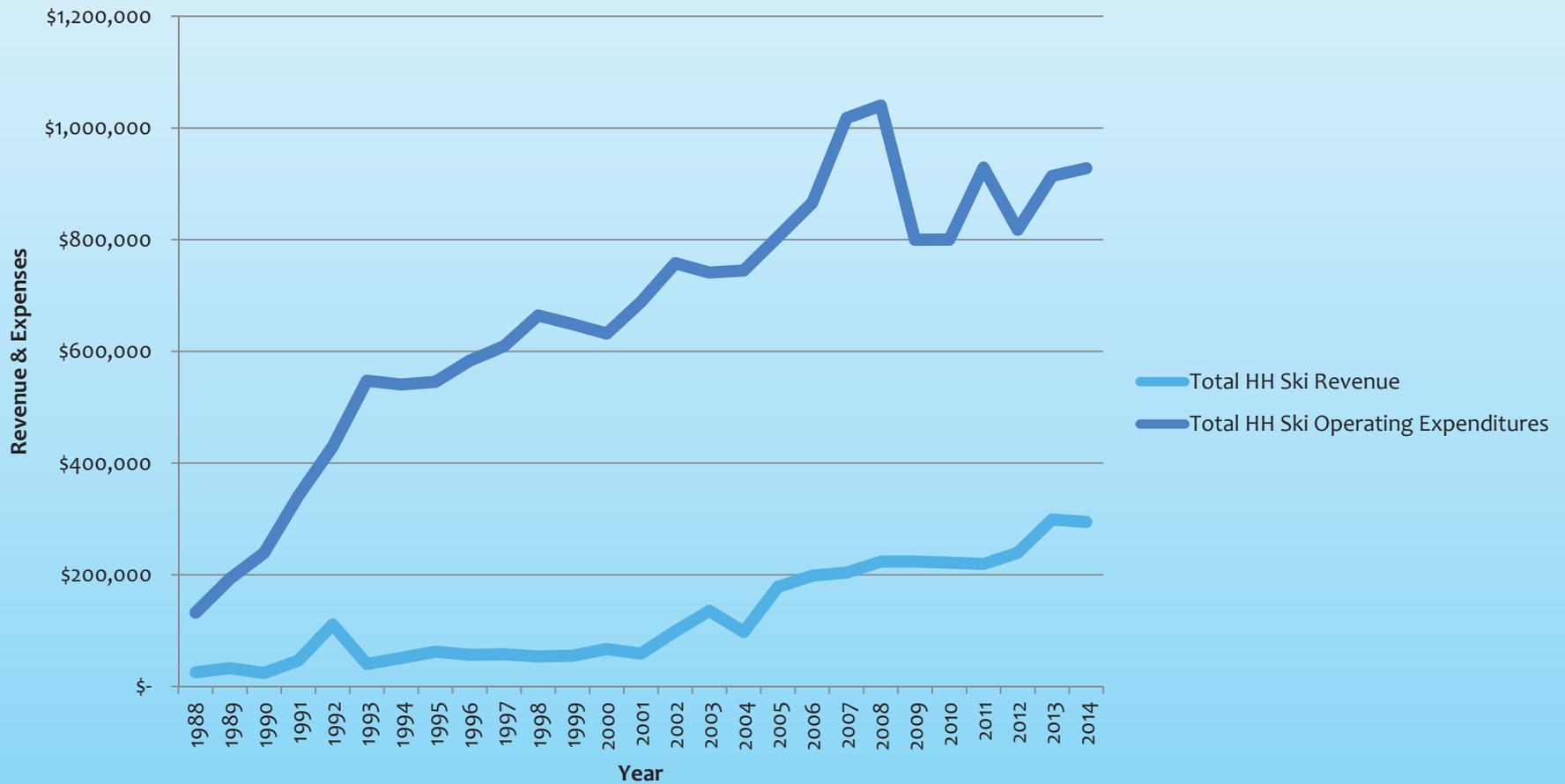
- \* Signed July 2, 2015; agreement ended September 30, 2015
  - \* Utilized outruns of the 45m and 75m Nordic ski jumps
  - \* CSI/SSWSC reimbursed the City's cost of maintaining/operating the Magic Carpet and providing irrigation at a direct cost rate of \$55/per day
  - \* CSI retained first \$120K in gross receipts and receipts in excess of \$120K will be shared equally between the City and CSI. 2015 CSI revenue: \$35,412, City received \$0

# 2015 Pre-season Terrain Grooming Agreement

- \* Agreement between the City and SSWSC from November 17, 2015 through March 27, 2016 for pre-season training and maintaining terrain park features
- \* City will staff, patrol, and operate the Hill and SSWSC will reimburse costs for these activities. 2015 costs were \$2,272
- \* SSWSC will construct and maintain terrain park features. City will make snow and provide Snow Cat for SSWSC use

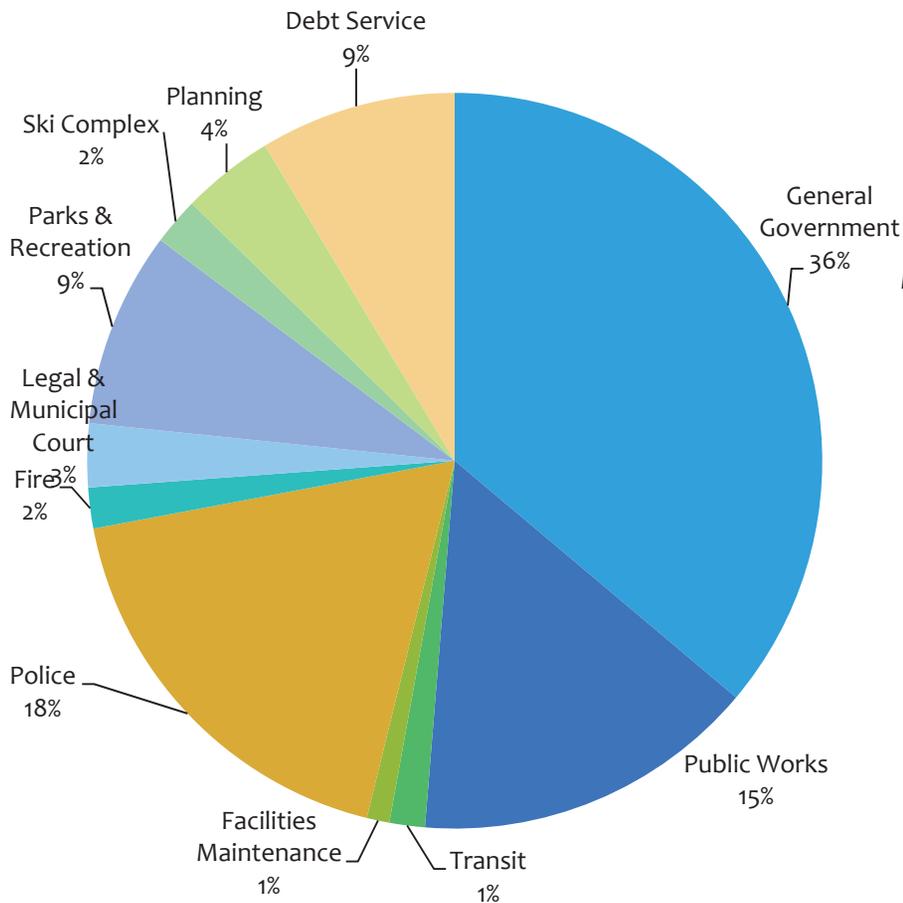
# Financial Overview

## Howelsen Hill Expenditures & Revenues 1988-2014

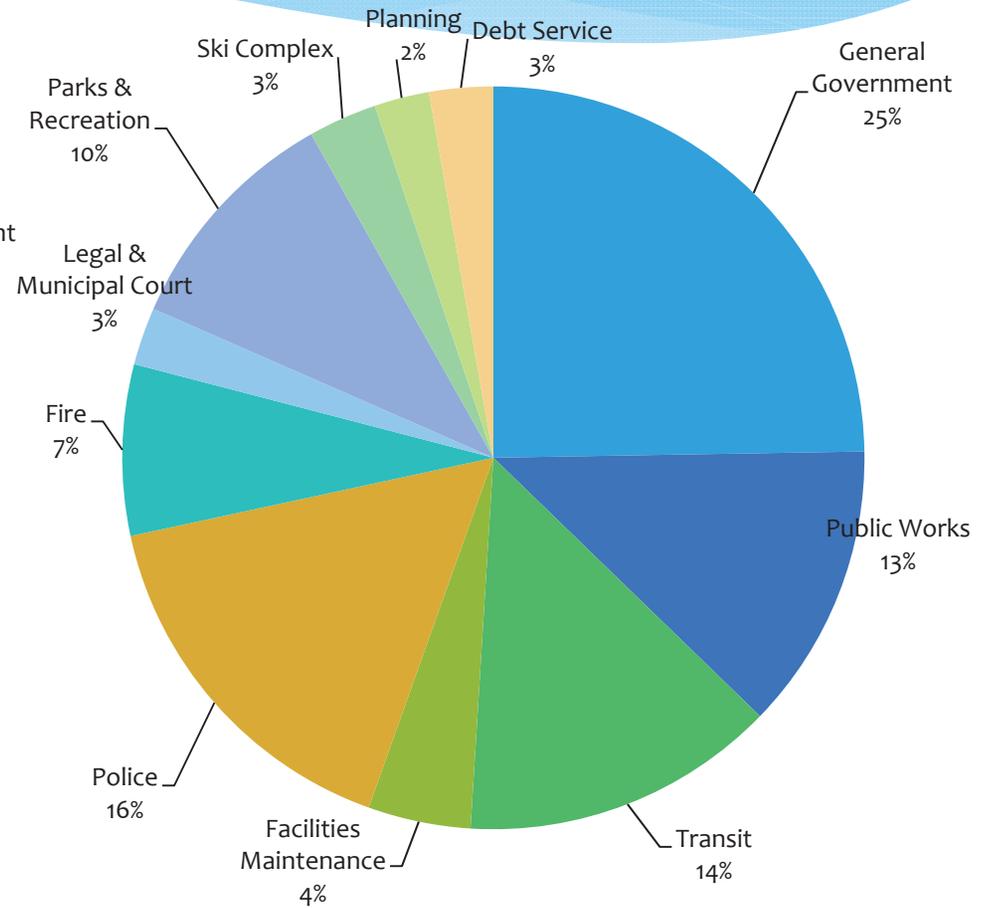


# Financial Overview Continued

## 1988 General Fund Operating Expenditures (Net Charges for Service)

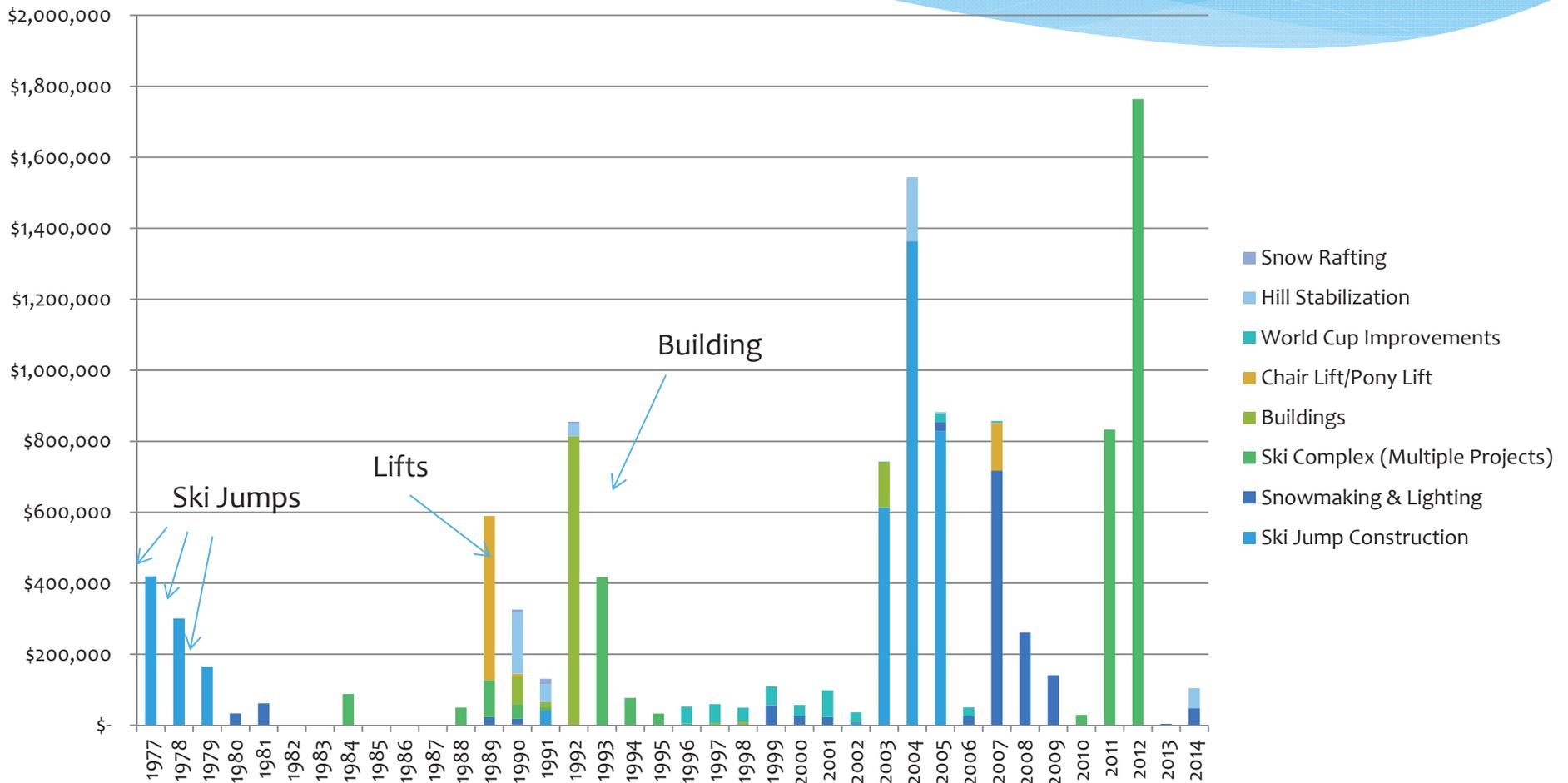


## 2014 General Fund Operating Expenditures (Net Charges for Service)



# Historical Capital Expenditures

Howelsen Hill Capital Expenditures (Cumulative Total = \$11.2mm)



# Financial Overview Continued

## \* Grants History

- \* 1997; \$100K GOCO grant for Howelsen Park expansion for ski area operations/trails
- \* 2003; \$150K GOCO grant for big plastic ski jump and snowmaking
- \* 2003; \$600K DOLA grant for big plastic ski jump
- \* 2010; \$200K GOCO grant for Hill lighting, jumps and terrain park
- \* 2010; \$700K GOCO grant for small plastic jump
- \* Other funding/grants received include private donations, the YVCF (\$15K), Conservation Trust (\$350K), Shell Oil (\$20K), Gates (\$270K), Kettering (\$30K), Daniels (\$50K) and Boettcher (\$100K)

# Grant Stipulations

- \* Early GOCO contracts specify restrictions are in place for 25 years after project completion. Newer contracts specify the useful life of the project listed in the grant application
- \* Grantee shall operate, manage and maintain the project in a reasonable state of repair for purposes specified in the project application and provide and maintain access to the project and property
- \* Grantee allows reasonable public use to project

# Capital/Maintenance Needs

- \* Based on Facilities Maintenance Plan, Lift Operations, and general ski hill maintenance
- \* Required Work
  - \* Short term (1-3 years): Estimated allocation of **\$1.06 million**
    - \* Facilities Maintenance: \$200K
    - \* Snowmaking lines at Base Area: \$700K
    - \* Ski run/jumps maintenance: \$40-\$45K annually
    - \* Lift gear boxes and drives on chairlift and Poma: \$115K
    - \* Determine future of HS 100/HS 127 jumps and small jump complex; need long term plan
    - \* Order budgeted Snow Cat replacement by March 1, 2016

# Capital/Maintenance Needs

- \* Mid term (4-7 years) –  
Estimated allocation **\$485K**
  - \* Facilities Maintenance: \$132K
  - \* Snow Cat replacement:  
\$350K
  - \* Reset Boardwalk Top Vault:  
\$20K



Courtesy: Steamboat Today

# Capital/Maintenance Needs



Courtesy: Steamboat Today

- \* Long term (8-10 years) – Estimated Allocation **\$583K**
  - \* Facilities Maintenance: \$183K
  - \* Replace snow guns: \$50K
  - \* Replace Snow Cat: \$350K

# Optional Improvements

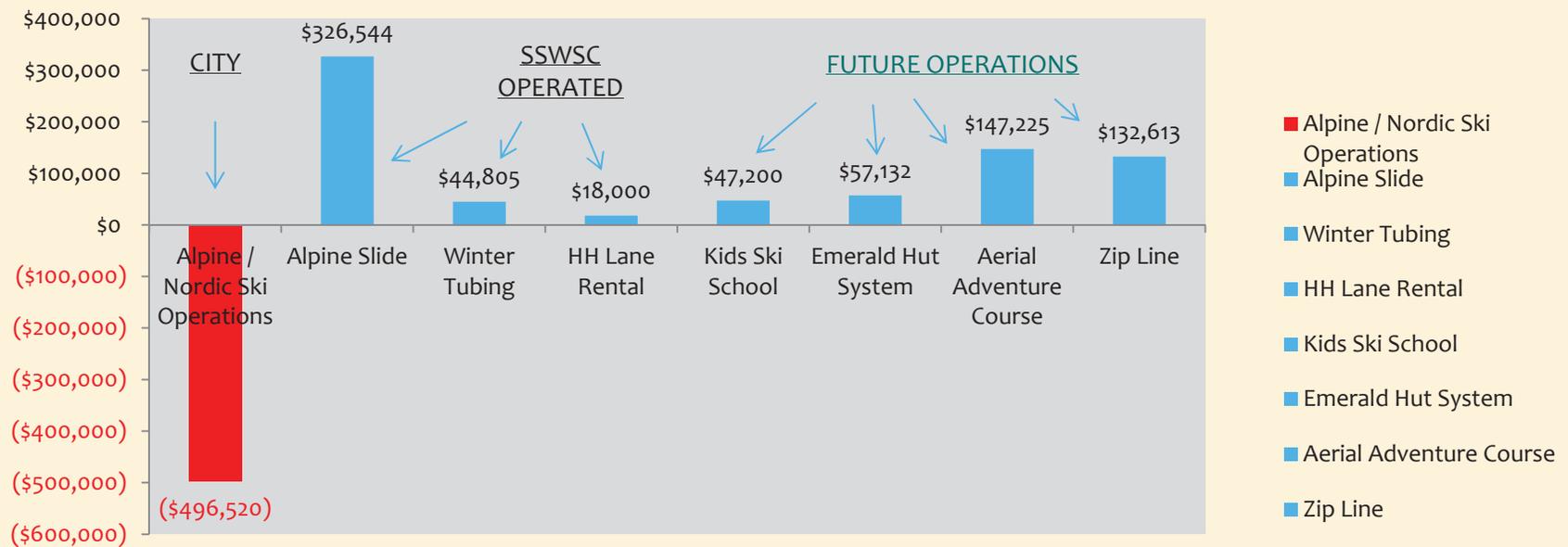
- \* Optional Improvements
  - \* Remodel Lodge
  - \* Relocate ballfields and parking (according to draft master plan)
  - \* Add sidewalks
  - \* Replace Poma lift
  - \* Replace/realign chairlift
  - \* Move or re-grade Boardwalk (beginner terrain)
  - \* Reclaim abandoned freestyle jump complex (active landslide)
  - \* Improve drainage
  - \* Widen beginner runs
  - \* Add Snow Grooming Software ~ \$25K
  - \* New snow guns ~ \$25/K/ea, 4-8 new guns
  - \* Consolidate large jumps (wooden in runs are failing)
  - \* Replace Winch Cat ~ \$350K
  - \* Create Nordic Center
  - \* Improve Nordic trails @ base
  - \* Costs to be determined based upon direction

# Alternative Operating Models

## Model A

Current annual Ski Hill operations, normalized w/o City overhead but includes insurance

**NET OPERATING INCOME BY REVENUE CENTER**



# Alternative Operating Models

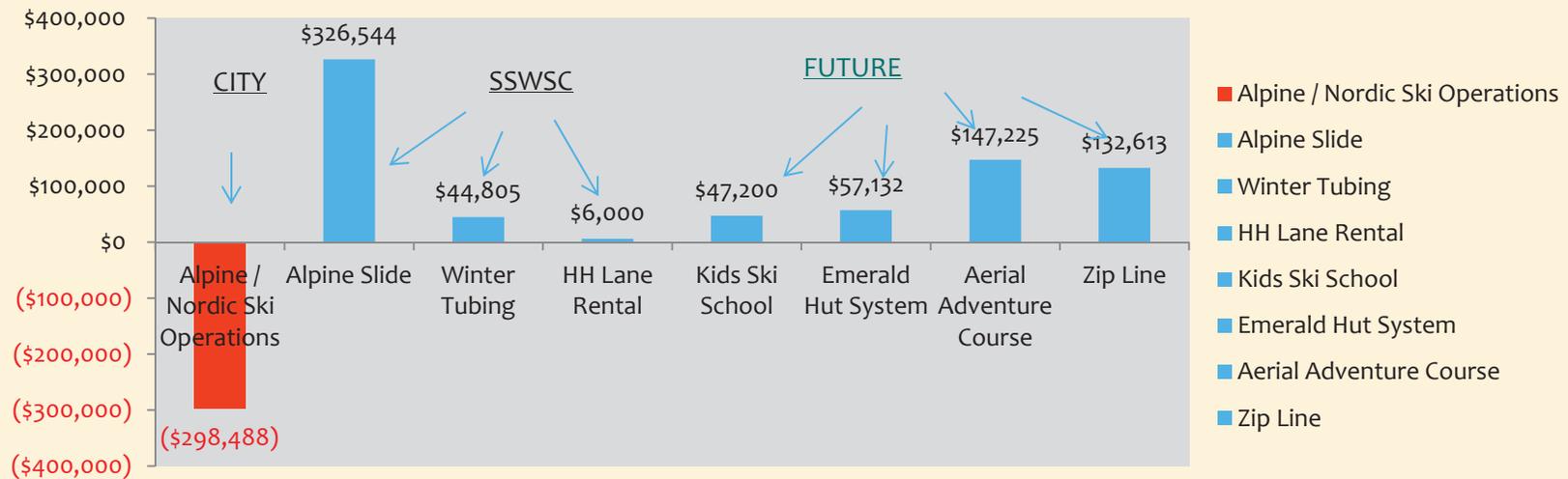
## Option B

- \* Reduce Alpine operations to a Friday afternoon through Sunday model. Projected to reduce net operating loss from \$500K to \$300K (estimated)
- \* Reduction of approximately \$200K is the cost to the City to provide operations to SSWSC

# Alternative Operating Models

## Option C

### NET OPERATING INCOME BY REVENUE CENTER



Break even could be achieved by limiting winter operations as outlined previously and operating Alpine Slide, Winter Tubing and renting Howelsen Hill practice lanes

# Threshold Questions

- \* Should Howelsen Hill be a public ski area, a training facility or both?
- \* Which “piece of the general fund pie” should shrink to sustain the Hill?
- \* What is the vision for the year-round operation of Howelsen Hill?
- \* How does City Council see the future funding model for Howelsen Hill?