

Ski Areas of New York Economic Value Analysis

2014/15 Season



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Ski Areas of New York (SANY)

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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 (3.8 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 \$903.4 million*** for the 12-month period covering the 2014/15 year.

Table 1
Total Output (Direct and Secondary) 2014/15

Economic Measure	Amount
Total direct economic impact (ski area visitor expenditures)	\$487,872,549
Total snowsports-specific retail expenditure (equipment, apparel, accessories)	\$119,433,188
<i>Direct output ratio (margin adjustment)</i>	0.85
Direct output effect	\$516,209,877
<i>Secondary output ratio (statewide)</i>	0.75
Secondary output effect (statewide)	\$387,157,408
Total output (direct and secondary)	\$903,367,285

- Direct Spending. Total direct aggregate winter visitor spending is \$428.4 million, while total direct aggregate summer visitor spending is estimated at \$59.5 million. In sum, the total ***aggregate annual visitor spending is \$487.9 million***. Of this total, approximately 47 percent goes directly to ski resort businesses, and ***53 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 ***\$119.4 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 \$102.9 million.**

- Employment value. In terms of employment generated in the downhill snowsports resort industry, the estimate is that these businesses directly employ over 12,852 people total, in both winter and summer. Based on wages and salaries paid to these employees, the **total employment value is \$47.9 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 2014/15 was \$42.4 million.** The two-year total (2013/14 and 2014/15) estimated capital expenditures for ski areas in New York is \$79.8 million.
- Taxes paid. Withholding from ski area employee paychecks generated **\$1.95 million in New York State income tax.**
- Charitable contributions. Ski area businesses in New York are estimated to have donated **\$507,600 worth of donations** (cash and in-kind) during the 2014/15 fiscal year.
- Beginner Skiers and Snowboarders. In the 2014/15 season, it is estimated that **nearly 60,000 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 14 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 2014/15 winter season, inclusive of some very small areas that provide free skiing and snowboarding.

Table 2
Operating Ski Areas in New York State, 2014/15 (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 2014/15 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.

- Downhill snowsports visits decline 5.2 percent to 53.6 million visits. Total downhill snowsports visits nationally are estimated at 53.6 million visits, a decrease of 5.2 percent from 2013/14. Visits are estimated to have been down in all regions, including **slight drops in the Northeast (-0.4 percent)**, Rocky Mountains (-1.6 percent), and Southeast (-1.7 percent), and more substantial declines in the Pacific Southwest (-6.4 percent off of a very low 2013/14), Midwest (-9.3 percent), and Pacific Northwest (-40.9 percent).

The Rocky Mountain region had its fifth-best season on record (14.3 percent above the 37-season average). The Southeast had its 10th-best season (12.1 percent above its long-term average), and the **Northeast had its 14th-best season (6.5 percent above average)**. The Midwest had a somewhat subpar season (3.9 percent below its long-term average, with its 22nd best season).

- Visitation nationally was variable by month, although weakest later in the season. On an overall national basis, visits were up 17 percent in October/November, down 6 percent in December, up 9 percent in January, down 12 percent in February, down 11 percent in March, and down 13 percent in April. Patterns were variable by region. **The Northeast and Southeast each shared gains in October/November, January, and April, and losses in December, February and March.** The Midwest paralleled the Northeast and Southeast, except for a decline in visits in April. By contrast, the Rockies and Pacific Southwest each experienced gains in December and January, and losses in other months. The Pacific Northwest experienced the most difficult comparisons to last year, with losses in every month of the season.

- Nation down 6.0 percent from 10-season average (2005/06 – 2014/15); regions vary. Over the last ten seasons, the average number of visits recorded nationally was 57.01 million visits. The 2014/15 season, at 53.58 million visits, was down 6.0 percent from the ten-year average. The Southeast (+4.3 percent), **Northeast (+2.0 percent)**, and Rockies (+1.3 percent) each exceeded their 10-season averages, while the Midwest (-5.9 percent), Pacific Southwest (-30.0 percent), and Pacific Northwest (-46.0 percent) each fell below their 10-season averages.
- Decreased snowfall in all regions except the Northeast. Average inches of ski area snowfall declined by 24 percent nationally from 2013/14, with **gains seen only in the Northeast region (up 5 percent to 157 inches on average)**. The rest of the country experienced less snow than in 2013/14, including in the Pacific Northwest (down 46 percent), Pacific Southwest (down 43 percent), Midwest (down 37 percent), Rocky Mountains (down 26 percent), and Southeast (down 20 percent).

The 2014/15 season also stands out for exceptionally low snowfall in longer-term perspective. In the 24 seasons of available Kottke snowfall records (back to 1991/92), the 2014/15 season had the lowest average snowfall for responding resorts in the Pacific Southwest, Pacific Northwest, and Rocky Mountains, and the second-lowest snowfall on record for the country as a whole. Snowfall in the 2014/15 season was 25 percent below average nationally, 68 percent below average in the Pacific Southwest, 46 percent below average in the Pacific Northwest, 25 percent below average in the Rocky Mountains, and 13 percent below average in the Midwest. By contrast, snowfall was **12 percent above average in the Northeast** and 8 percent above average in the Southeast.

- Average days open declined by 4.8 percent nationally, to an average of 119 days this season from 125 days last season, clearly related to snow conditions. The **length of the operating winter season declined in all regions except the Northeast** (which edged up 0.3 percent). The largest declines were in the Pacific Northwest (-33.4 percent) and Pacific Southwest (-13.5 percent), off of already-shortened 2013/14 seasons; many resorts in these regions were impacted by late openings, unplanned midseason closures, and early end of season closures (discussed below). Smaller decreases in days open were noted in the Southeast (-4.5 percent), Midwest (-2.8 percent), and Rocky Mountains (-1.1 percent).

- Snowboarding's downward trend slowed, as the share of visits attributable to snowboarding edged down slightly to 26.7 percent this season from 26.8 percent last season, a modest drop after several seasons of more rapid decline.
- Overnight visitation increased in proportionate terms. Overnight visitors proved to be more resilient than day visitors this season, accounting for 53.3 percent of visits this season, up from 50.6 percent of visits last season. Conversely, day visitation decreased on a proportionate basis to 46.7 percent of visits, down from 49.4 percent last season. Increases in overnight visitation were recorded in all regions except the Southeast, and all size groupings except the second-largest resorts. The proportionate increase in overnight visits was likely in part attributable to snow conditions (insofar as overnight visitors, with longer trip decision lead times, tend to be somewhat less weather-sensitive than day visitors). An improving economy likely also contributed to strong overnight visitation.
- Visitation by children and teens held steady. In 2014/15, the percentage of visits attributable to kids aged 17 and under held steady at 30.2 percent, albeit trending down slightly from 30.7 percent in 2012/13 and 31.0 percent in 2011/12. Youth visitation has trended down somewhat over the past four seasons in all regions except the Rocky Mountains, where it has edged up slightly.
- Ticket mix largely stable. The ticket mix held relatively steady on a proportionate basis this season, with slight year-over-year dips in paid tickets (down 0.1 percentage point, to 52.6 percent of total visits), season pass visits (also down 0.1 ppt, to 37.7 percent of visits), and comp/unpaid visits (-0.2 ppt), and a slight rise in off-duty employee visits (+0.4 ppt).
- Season pass unit sales increased 5.2 percent, while average visits per passholder dropped 10.2 percent. Pass unit sales increased most significantly in the Rocky Mountains (up 14.0 percent), followed by the Southeast (10.4 percent), **Northeast (5.8 percent)**, Pacific Southwest (3.4 percent), and Midwest (1.2 percent), while declining in the Pacific Northwest (-12.1 percent). Average visits per passholder fell in all regions, to the greatest degree in the Pacific Northwest (-40.4 percent), followed by the Rocky Mountains (-13.7 percent), Pacific Southwest (-10.7 percent), Midwest (-6.7 percent), Northeast (-3.0 percent), and Southeast (-2.7 percent).
- Ticket prices and ticket yields jumped, while the ticket yield ratio held steady. The average adult weekend ticket price (weighted by resort skier visits) surged by 9.1 percent this season to \$100.96, surpassing the one hundred dollar mark for the first time on a national basis.

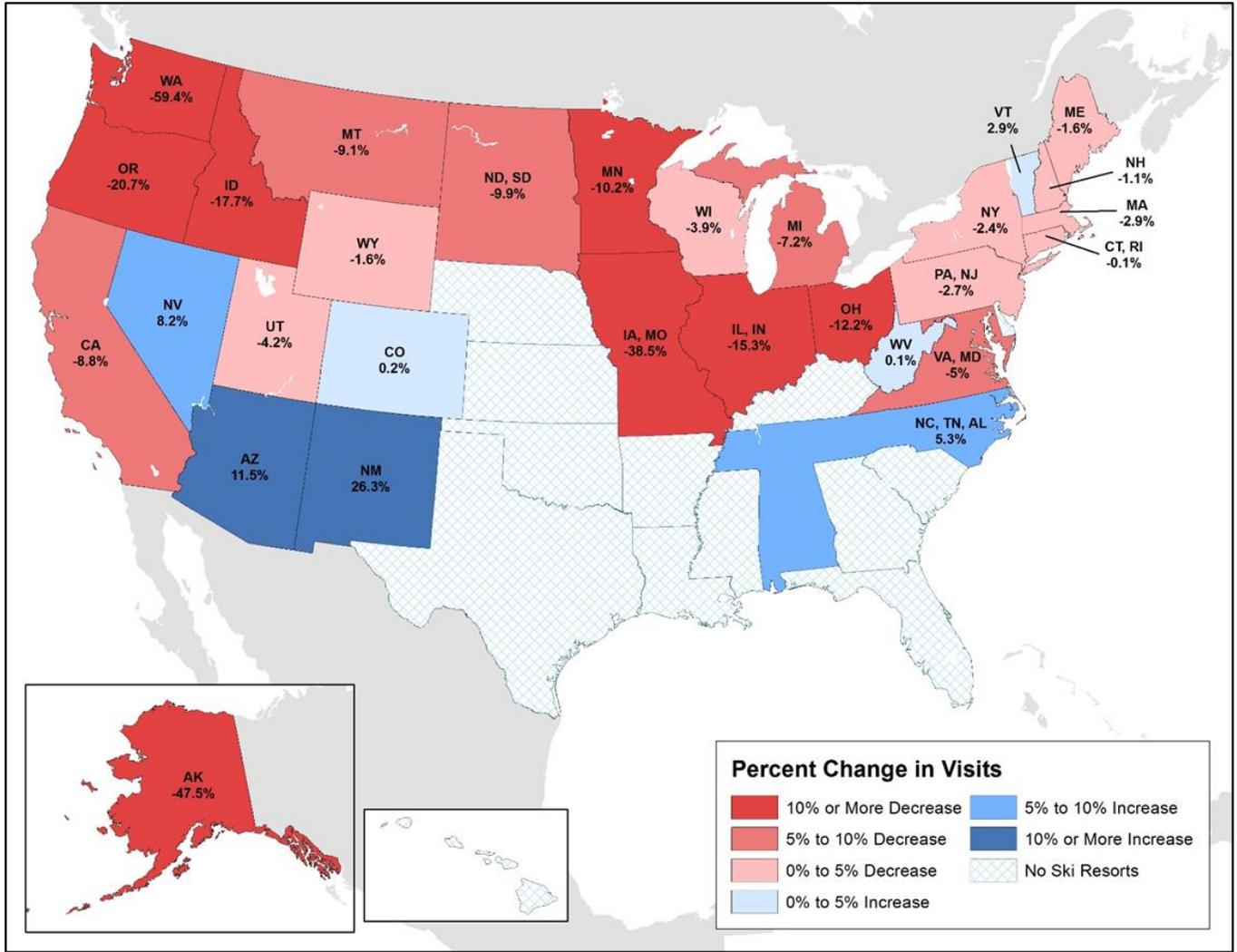
Meanwhile, the average ticket yield jumped 8.9 percent to \$47.51, likely aided in part by fewer visits per passholder as well as the increases in lead ticket prices. Because the increases in ticket prices and ticket yields were similar, the ticket yield ratio held relatively steady at 47.1 percent this season and last.

- Lift ticket discounts with advance purchase: On average, resorts nationally offered a 13.3 percent discount on an adult peak weekend lift tickets with advance purchase, up approximately 1.2 percentage points from last season. The median discount was 14.0 percent. These results include 26 percent of responding resorts which offered no advance purchase discount (counted as 0 percent discount in the results).
- Lesson volumes decreased, while the lessons to visits ratio held steady. Aggregate lessons given declined by 3.3 percent nationally this season, similar to the decline in visits at the same sample of resorts, with decreases in lessons in all regions except the Northeast. The share of visits which included a lesson (i.e. lesson participation rate) held steady at 7.8 percent this season. Maintaining or increasing lesson participation rates remains important for the long-term growth of snowsports.
- Capital expenditures are projected to dip 17 percent next season. Altogether, total expenditures on capital improvements by survey respondents held relatively steady from 2013/14 (\$272 million) to 2014/15 (\$267 million), and are projected to dip to \$223 million (-17 percent) in 2015/16. It should be cautioned that a small number of large projects can heavily impact the numbers, and that not all ski resort capital improvement projects are represented in the data (because of non-response to the survey and to the capital improvements question).
- Prevalence and usage of non-snowsports amenities. Other than snowtubing, the most prevalent non-snowsports amenities offered by ski areas (in summer and/or winter) are non-snowsports chairlift rides (55 percent of ski areas offer), mountain biking (42 percent), zip line/canopy tour (28 percent), disc golf (26 percent), and golf (21 percent). Somewhat lower shares offer a climbing wall (19 percent), ropes/challenge course (14 percent), Euro bungee (13 percent), mountain coaster/alpine slide (13 percent), and water park or water features (7 percent). Only 30 percent of responding resorts nationally do not offer any of the identified non-snowsports activities; this percentage is highest in the Pacific Northwest (62 percent), followed by the Midwest (55 percent), Pacific Southwest (33 percent), Southeast (19 percent), Rocky Mountains (18 percent), and Northeast (14 percent).

Among resorts offering activities in summer, water park/water feature usage is particularly high, with an average of 105,633 visits in summer 2014 among resorts with those amenities. Following next are mountain coaster/alpine slide (average 49,609 summer visits), golf (21,260 visits), chairlift rides (19,662 visits), zip line/canopy tour (10,572 visits), mountain biking (6,283 visits), and various other visits (16,110 visits).

- Proportion of revenue occurring in summer/fall held steady. The summer/fall operating period accounted for a national average of 11.4 percent of annual resort revenue this season, identical to 2013/14. Slight upticks were recorded in the Pacific Northwest (+2.0 pts), Northeast (+0.5 pts), and Pacific Southwest (+0.3 pts), while slight decreases occurred in the Southeast (-0.8 pts) and Midwest and Rockies (-0.6 pts each).

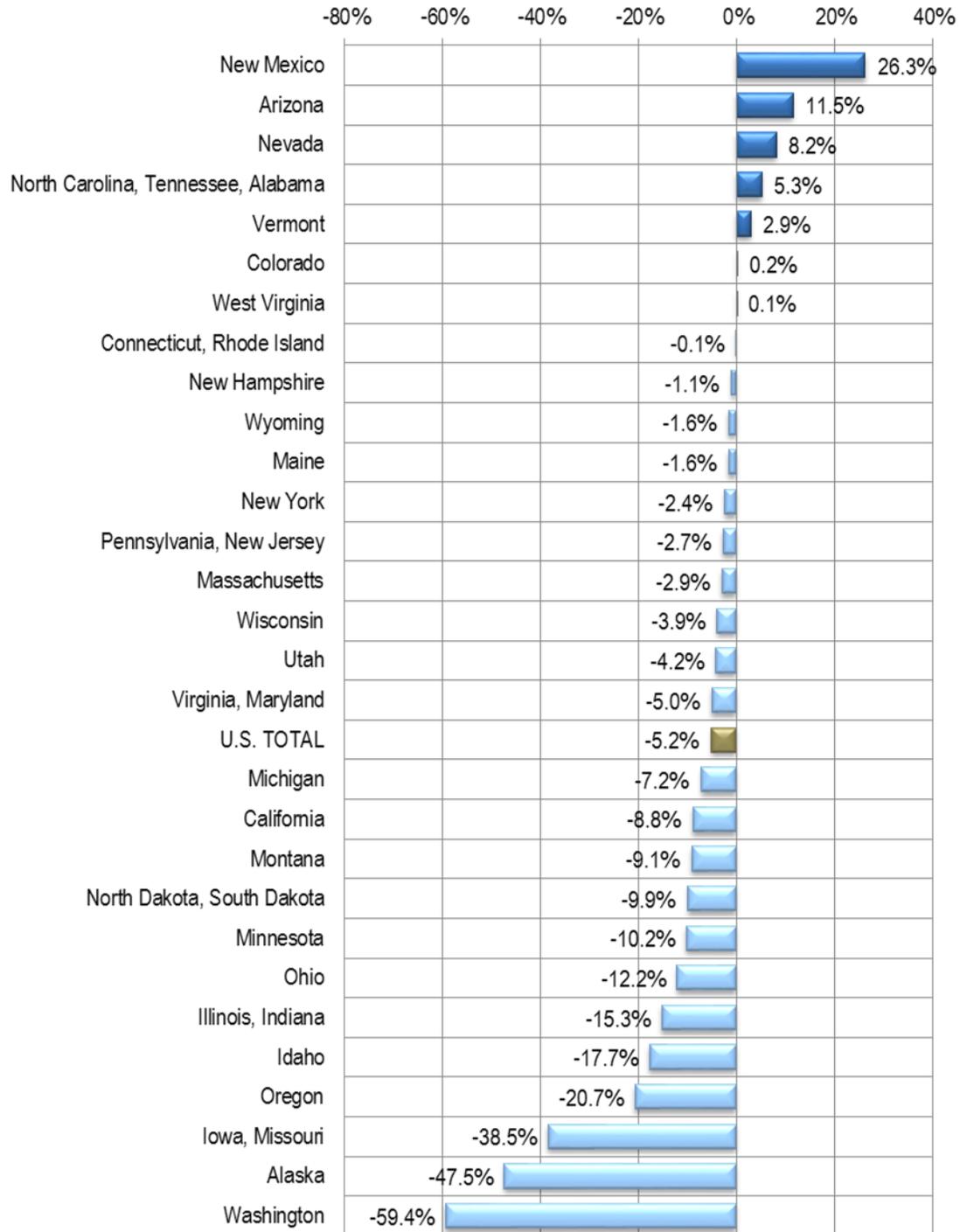
Figure 1
Percent Change in Snowsports Visits by State/State Group 2011/12 to 2014/15



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 2014/15 vs. 2013/14



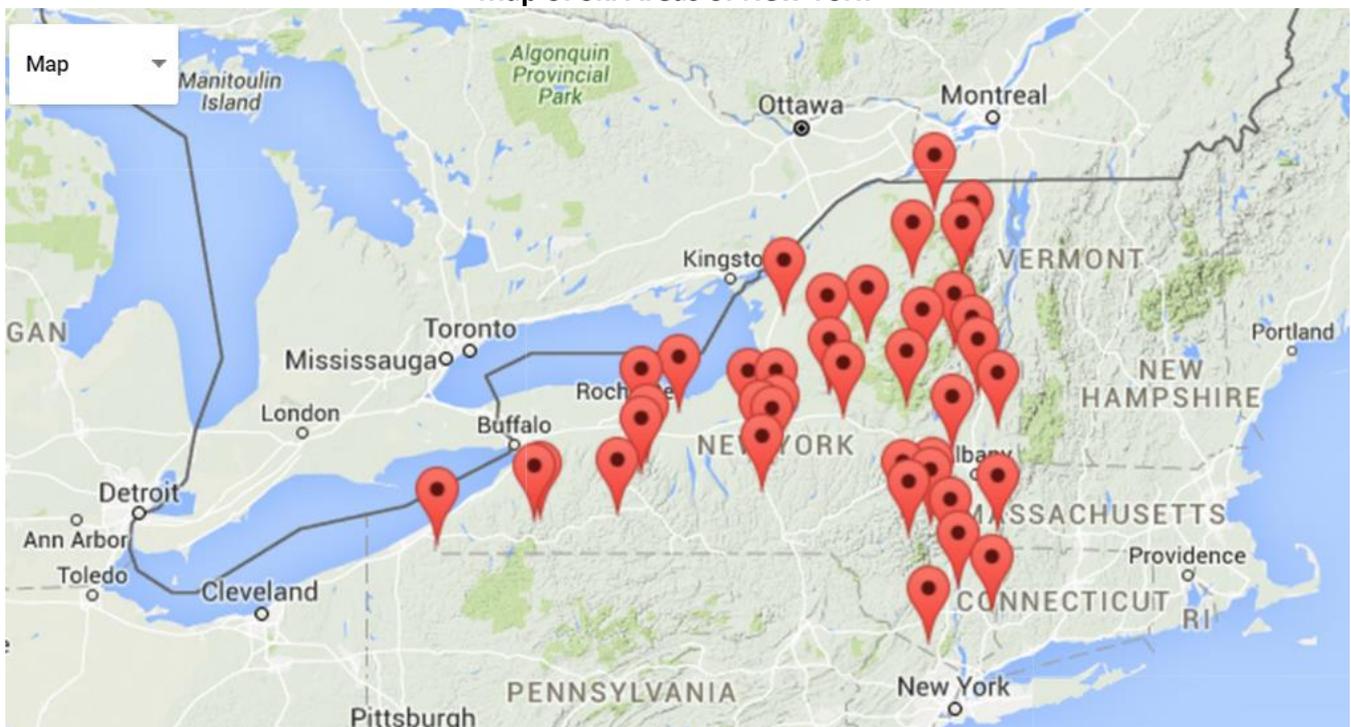
Note: To enhance confidentiality, states with less than two ski areas have been combined with other states.

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 2016 – East

- Holiday Valley ranks 3rd in the East (up from 5th last season) with a 2nd place ranking for Access, Dining, Snow, and Family Programs, and a 3rd place ranking for Après Ski/Nightlife.
- Whiteface holds the 5th ranking for Eastern ski areas (up from 6th last winter), with a #1 ranking for Off-Hill Activities, 4th for Après/Nightlife and 6th for Dining, along with a 4th for both Challenge and Scenery

Snow East Magazine 2013 Reader Surve

- 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 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 \$428.4 million.**

Table 3
Aggregate Winter Visitor Spending, 2014/15

	Percent of Snowsports Visits	Number of Snowsports Visits	Estimated Spending per Snowsports Visit	Aggregate Skier/Snowboarder Spending
Day/local visitors	63.8%	2,435,225	\$89.02	\$216,783,766
Overnight - commercial accommodations	21.3%	814,463	\$183.09	\$149,120,121
Overnight - friends/family or second home	14.8%	565,983	\$110.36	\$62,461,895
TOTAL	100.0%	3,815,672	\$112.26	\$428,365,781

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 (63.8 percent of New York State snowsports visits) spends \$89 per day, overnight visitors in commercial lodging (21.3 percent of visits) spend \$183 per day, and the average overnight visitor staying with family/friends or in accommodations they own (14.8 percent of visits) spends \$110 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 \$112.

Ski areas in New York State hosted 3,815,672 downhill snowsports visits in the 2014/15 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 14.8 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 (67 percent day, 33 percent overnight).

As such, total summer visits at ski areas in New York State were 662,553. The blended average spending per visit is \$90 (\$71 for day visitors, \$146 for overnight visitors in commercial lodging, and \$88 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 \$59.5 million***.

Table 4
Aggregate Summer Visitor Spending, 2014/15

	Percent of Summer Visits	Number of Summer Visits	Estimated Spending per Summer Visit	Aggregate Summer Visitor Spending
Day/local visitors	63.8%	422,853	\$71.22	\$30,115,566
Overnight - commercial accommodations	21.3%	141,423	\$146.47	\$20,714,297
Overnight - friends/family or second home	14.8%	98,277	\$88.29	\$8,676,906
TOTAL	85.2%	662,553	\$89.81	\$59,506,768

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 \$487.9 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 \$229.2 million total accruing to ski resort operators. Other businesses also receive about \$58 per visitor, or \$258.6 million in total. Total expenditures attributable to ski area visitors (winter and summer combined) is \$487.9 million. Of this total, approximately 47 percent goes directly to ski resort businesses, and ***53 percent goes to other businesses in the area.***

Table 5
Total Aggregate Visitor Spending and
Share to Ski Areas and Other Businesses, 2014/15

	Spending per Visit	Aggregate Ski Area Visitor Spending	Share of Visitor Spending
Estimated resort operator revenues	\$51.19	\$229,240,361	47.0%
Estimated revenues accruing to other businesses	\$57.75	\$258,632,188	53.0%
Total visitor direct expenditures	\$108.94	\$487,872,549	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 \$2.0 billion in the 2014/15 season (in stores, not online purchases). On a per person basis, retail spending was \$213. Given the number of individuals who ski and/or snowboard in New York State, the total retail expenditures in New York State were \$128.3 million. Subtracting the retail revenue garnered directly at ski areas in New York (\$8.9 million) results in **a retail expenditure figure of \$119.4 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, 2014/15

	Ski Shops/ Retail Spending
Retail spending at specialty stores (US Total)	\$2,020,568,991
Per person expenditures (national)	\$213
Total NY retail expenditures	\$128,334,388
LESS: Retail expenditures at NYS ski areas	\$8,901,200
Total non-ski area retail expenditures (NY State)	\$119,433,188

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 \$516.2 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 \$387.2 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 \$903.4 million.

Table 7
Total Output (Direct and Secondary), 2014/15

	Aggregate Effect
Total direct ski area visitor expenditures	\$487,872,549
Total snowsports-specific expenditures (equipment, apparel, accessories)	\$119,433,188
<i>Direct output ratio (margin adjustment)</i>	<i>0.85</i>
Direct output effect	\$516,209,877
<i>Secondary output ratio (statewide)</i>	<i>0.75</i>
Secondary output effect (statewide)	\$387,157,408
Total output (direct and secondary)	\$903,367,285

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 \$88.8 million. Wages and salaries alone were \$68.4 million. Applying the disposable income factor of 70 percent equates to ***a total employment value of \$47.9 million.***

Table 8
Total Employment Value, 2014/15

	Total Wages, Salaries, and Benefits	Total Wages and Salaries	Total Employment Value - (70% of Total Wages and Salaries)
TOTAL	\$88,824,405	\$68,371,550	\$47,860,085

In terms of employment generated in the downhill snowsports resort industry, the estimate is that these businesses directly employ over 12,800 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, 2014/15

	Full Time Employees	Part Time Employees	Total Employment
TOTAL	3,443	9,409	12,852

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 \$80 million.

However, this report is focused only on the 2014/15 season and therefore only includes one year of capital investment. The ***capital investment for all ski areas for 2014/15 was \$42.4 million.***

Table 10
Total Capital Investment, 2014/15

	Total Capital Investment
TOTAL CAPITAL INVESTMENT	\$42,374,367

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 2014/15 fiscal year.

In terms of withholding from employee paychecks, a total of \$12.1 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 \$5.6 million in federal income tax, \$3.7 million in Social Security tax, \$890,000 in Medicare tax, and ***\$1.95 million in New York State income tax.***

Table 11
Taxes paid by Ski Area Employees, 2014/15

	Tax withholding (from employees)
Federal income tax	\$5,567,036
Social Security	\$3,716,752
Medicare	\$890,490
State income tax	\$1,945,069
TOTAL TAXES PAID BY EMPLOYEES	\$12,119,348

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 **\$507,600 worth of donations** (cash and in-kind) during the 2014/15 fiscal year.

Table 12
Total Charitable Contributions, 2014/15

	Total Donations
Special events/festivals	\$116,181
Local non-profit/charitable	\$391,403
TOTAL DONATIONS	\$507,584

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 \$102.9 million**.

Table 13
Total Additional Economic Benefits, 2014/15

	Additional Economic Benefits
Total Capital Investment	\$42,374,367
Total Employment Value	\$47,860,085
Total Taxes Paid By Employees	\$12,119,348
Total Donations	\$507,584
TOTAL ADDITIONAL ECONOMIC BEFITS	\$102,861,384

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.

Introducing Beginners to the Sport

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 2014/15 season, it is estimated that nearly 60,000 people learned to ski and snowboard at ski areas in New York State.

Quality of Life Impacts

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.

3rd and 4th Grade Passport

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.

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 2014/15 season was **\$428.4 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 2015 summer season, including hotels, golf, water parks, mountain biking, sightseeing, festivals, and other activities, was **\$59.5 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 **\$119.4 million** (excluding purchases made at ski area-owned shops).
- Total Output (direct and secondary), based on the winter and summer visitor spending, is **\$903.4 million**.
- Total Employment benefit (payroll and wages) is **\$47.9 million**. Additionally, the industry provides an estimated 12,852 jobs during the winter season (including 3,443 full time and 9,409 part time jobs).
- Taxes paid include **\$1.9 million in New York State income tax** withheld from employee paychecks.
- Capital Investment, representative of one year of investment for the 2014/15 fiscal year, is **\$42.4 million**.
- Donations to local businesses, non-profits, and charitable organizations totaled **\$507,584** in the 2014/15 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 (3.8 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.