



## **DECISION PAPER**

**2020 / 2021 Winter Season – Fall Sale Prices**

**Downhill Ski (DH) & Cross Country Ski (XC) - Season Passes and Group Rates**

**Snowplay (SP) – Group Rates**

August 14, 2020 **DRAFT 8/20**

### **RECOMMENDATION:**

**By Motion: Adopt Tahoe Donner Association 2020/2021 winter season pass pricing for fall sale (9/15/2020 to 11/30/2020) as indicated on Attachment A.**

### **ISSUE:**

Management desires to launch the fall season sale of winter 2020/2021 season pass rates on September 15, to be on sale September 15 through November 30. Group business rates for DH, XC and SP also need to be established due to the typically longer-range planning by groups. These 2020/2021 winter prices need to be reviewed and approved by the Board.

### **BACKGROUND:**

Historically, staff has presented our winter pricing to the TD Board of Directors in late summer / early fall. In the past, the rates have been based on a competitive market analysis and user demand. In the spring of 2020, it was suggested by a Board member that the Board does not need to review and approve the annual winter season pricing. However, upon review of the minutes no formal action was taken at the Feb 22, 2020 meeting to forgo having the Board officially adopt these rates, therefore staff will continue to provide the updated fee schedule until such time the Board formally moves to discontinue this practice.

### **ANALYSIS:**

The following is a review of the ten highest volume season pass products with 2020-2021 recommendations. This product mix accounts for 68% of the total season pass revenue. The effective revenue gain assuming similar volumes is 5% over the 2019-2020 season. Similar detail for all pass and program products is available in the attachments.





Sale Date Range >	2019 / 2020 Season						2020 / 2021 Season						Price Change by Sale Time Frame						Volume					
	Spring (3/19 to 5/1)		Fall (9/10 to 11/30)		Winter (12/1 +)		Spring (3/19 to 5/1)		Fall (9/10 to 11/30)		Winter (12/1 +)		Spring '20 vs Spring '19		Fall '20 vs Fall '19		Win '20 vs Win '19		Season 18/19		Season 19/20		Spring 2020 for 20/21 season	
	Product	Spring Price	Ratio of Member to Public	By Date Price Change	Fall Price	By Date Price Change	Winter Price	Spring Price	Ratio of Member to Public	By Date Price Change	Fall Price	By Date Price Change	Winter Price	\$	%	\$	%	\$	%	Qty	\$	Qty	\$	Qty
XC Unlim, AD (18-59) Pass - Member	\$ 274	74%	\$ 5	\$ 279	\$ 10	\$ 289	\$ 284	75%	\$ 10	\$ 294	\$ 10	\$ 304	\$ 10	4%	\$ 15	5%	\$ 15	5%	352	\$ 87,937	448	\$ 125,170	216	\$ 54,017
XC Unlim, AD Pass (18-59) - Public	\$ 369		\$ 5	\$ 374	\$ 15	\$ 389	\$ 379		\$ 10	\$ 389	\$ 15	\$ 404	\$ 10	3%	\$ 15	4%	\$ 15	4%	298	\$ 101,658	374	\$ 140,248	167	\$ 56,528
XC Unlim, SR Pass (60-69) - Member	\$ 234	76%	\$ 5	\$ 239	\$ 5	\$ 244	\$ 244	76%	\$ 10	\$ 254	\$ 10	\$ 264	\$ 10	4%	\$ 15	6%	\$ 20	8%	124	\$ 26,646	152	\$ 35,705	98	\$ 21,021
XC Unlim, SR Pass (60-69, 69+) - Public	\$ 309		\$ 5	\$ 314	\$ 15	\$ 329	\$ 319		\$ 10	\$ 329	\$ 10	\$ 339	\$ 10	3%	\$ 15	5%	\$ 10	3%	135	\$ 39,036	187	\$ 58,529	102	\$ 28,806
DH Unlim, AD Pass - Member	\$ 229	61%	\$ 5	\$ 234	\$ 40	\$ 274	\$ 239	62%	\$ 25	\$ 264	\$ 10	\$ 274	\$ 10	4%	\$ 30	13%	\$ -	0%	249	\$ 54,344	374	\$ 87,566	124	\$ 25,704
DH Unlim, AD Pass - Public	\$ 374		\$ 20	\$ 394	\$ 20	\$ 414	\$ 384		\$ 35	\$ 419	\$ 20	\$ 439	\$ 10	3%	\$ 25	6%	\$ 25	6%	150	\$ 53,805	149	\$ 56,198	35	\$ 11,520
DH 6 & Under Pass - Member	\$ 25	63%	\$ -	\$ 25	\$ -	\$ 25	\$ 30	56%	\$ 9	\$ 39	\$ 10	\$ 49	\$ 5	20%	\$ 14	56%	\$ 24	96%	161	\$ 3,200	239	\$ 5,950	29	\$ 776
DH 6 & Under Pass - Public	\$ 40		\$ 9	\$ 49	\$ -	\$ 49	\$ 54		\$ 10	\$ 64	\$ 10	\$ 74	\$ 14	35%	\$ 15	31%	\$ 25	51%	403	\$ 10,075	127	\$ 5,829	25	\$ 1,220
Combo AD Pass - Member	\$ 399	83%	\$ 10	\$ 409	\$ 10	\$ 419	\$ 414	83%	\$ 10	\$ 424	\$ 10	\$ 434	\$ 15	4%	\$ 15	4%	\$ 15	4%	109	\$ 38,507	129	\$ 52,532	71	\$ 25,316
Combo AD Pass - Public	\$ 479		\$ 100	\$ 579	\$ 20	\$ 599	\$ 499		\$ 110	\$ 609	\$ 10	\$ 619	\$ 20	4%	\$ 30	5%	\$ 20	3%	45	\$ 19,436	31	\$ 16,709	11	\$ 5,298

Pricing tiers based upon how early the customer purchases the pass product is an industry and regional standard. Our spring sale is complete, this Decision Paper is for fall sale, and pricing for in-season, starting December 1 through December 21. We will seek Board approval for all daily rates at the October 2020, board meeting.

Season passes and season programs represent as a % of operation's total revenues, per Budget 2020 are as follows:

\$ 153,000 / 3.2% Downhill Ski - to increase to ~\$235,000 for B2021 (volume and price)

\$ 355,000 / 28.5% Cross Country Ski - to increase to ~400,000 for B2021 (volume and price)

**NO PROGRAM REVENUE FOR JAN - APRIL 2021**

Group business is minor for both, as well as, for Snowplay.

Total pass/program sales for winter:

\$212,000 for 15/16

\$452,000 for 16/17 *record pass sales, large snow year*

\$467,000 for 17/18 *record pass sales, despite low snow year*

\$632,000 for 18/19 *new record pass sales*

\$844,000 for 19/20 *new record pass sales*

Past spring sale details:

- Spring 2020: \$290,000 sold for 2020/21 season (record sale), coming out of a good season where we closed on March 15 due to COVID. Introduced pass deferral program in line with all competition.
- Spring of 2019: \$230,000 sold for 2019/20 season, coming off a record setting season
- Spring of 2018, \$89,000 sold for 2018/19 season, coming off a lackluster season
- Spring 2017: \$103,000 sold
- Spring 2016: \$65,000 sold

These spring customers locked in the lowest price being offered. The spring/fall/winter pass sales mix varies by season, on average: 25% spring / 40% fall / 35% winter with recent trends towards more spring pass purchases.





All member prices are less than public, and the mix (member or public, child/adult/senior) influences the yield (revenue/quantity) at each location.

We have researched our competitive set offerings and have proposed changes to pass rates to address rising cost pressures, while keeping pass rates competitive, and choosing to increase member and public **Daily** rates (forthcoming in Sept/Oct for approval). Raising public daily rates will also directly address peak period demand pressures. Further, passholders are our most loyal customers and are pre-committing for the season.

Competitive set notables include:

Royal Gorge XC Adult (23-64) **\$259** currently on website through 10/31  
Tahoe Donner XC Pub Adult (18-59) \$374 2019 fall, \$379 2020 spring price  
Tahoe Donner XC Pub Adult (18-59) **\$389** 2020 fall price (recommended)  
Tahoe Donner XC Mem Adult (18-59) \$279 2019 fall, \$284 2020 spring price  
Tahoe Donner XC Mem Adult (18-59) **\$294** 2020 fall price (recommended)

Royal Gorge XC Senior (65-74) **\$219** currently on website through 10/31  
Tahoe Donner XC Pub Senior (60-69) \$314 2019 fall, \$319 2020 spring price  
Tahoe Donner XC Pub Senior (60-69) **\$329** 2020 fall (recommended)  
Tahoe Donner XC Mem Senior (60-69) \$239 2019 fall, \$244 2020 spring price  
Tahoe Donner XC Mem Senior (60-69) **\$254** Fall price (recommended)

Lots of pro/cons to be higher/lower could be discussed here. TD and RG had challenging 17/18 seasons and great 18/19 seasons, good, but early ending 19/20 seasons. Competitor RG has increased price by \$10 or 4% for the 20/21 adult pass. Certainly, some customers purchase at TD or RG more independent of price, with location, convenience, grooming, and trail system being several other decision factors. Recommendation is to bump TD pricing \$10 to last season's spring rate, for the fall sale period.

1. Royal Gorge charges a \$25 processing fee for child/super senior free passes.  
The Board approved a service fee of \$30/54 (mem/pub) in fall 2019 for TD comp passes.  
Recommendation for fall 2020 is \$39/69 (mem/pub)
2. Tahoe Donner XC grooming targets quality grooming of trail system every night (marketing/quality of service product offering). Tahoe Donner has a strong loyal mid-week passholder customer base. Royal Gorges' grooming has not been considered on par to TD the last few seasons.
3. Competitor information is presented as **Attachment B** for reference.





### **OUTREACH:**

Our spring pass sale period which usually runs from mid-March to the end of April was extended this year to the end of June to allow our membership a prolonged opportunity to purchase a 2020-2021 season pass at the lowest price available. Once rates are approved, extensive outreach is completed to the membership and public/past pass holders through a comprehensive marketing campaign including website, email marketing, targeted digital advertising, social media, digital signage, print and more. This extensive campaign is a major driver in the record-breaking pass sales numbers, in addition to offering a great product/experience and industry growth. In the past, the Finance Committee has reviewed this item prior to going to the Board. In this instance the Finance Committee has not had the opportunity to review this item.

### **FISCAL IMPACT:**

Season pass and group rate recommendations are presented as **Attachment A** for Board review and approval. We estimate the net impact of these recommended season pass fall price changes to generate an incremental \$40,000 in revenues for 2020/2021 season.

### **ALTERNATIVE:**

1. The Board may choose to adopt only some of the recommended fees. If this is the case, staff asks that the Board clarify which changes the Board is seeking. It is unclear what fiscal impact this alternative would have without staff being able to evaluate the changes to the fees the Board is seeking.
2. The Board may choose to not adopt the updated fee schedule and rely on the current fees for the winter 2020/2021 ski season. This action will likely have a negative fiscal impact on the TD winter operation and delay the on-sale date as launching the sale does take multiples weeks to implement once rates are approved.

Prepared by: *Miguel Sloane*, Director of Operations 8/14/2020

Reviewed by:

Board Meeting Date: 8/28/2020

General Manager Approval to Place on the Agenda: \_\_\_\_\_

