



# Recreation Fee Study

Analysis and Fee Alternatives

August 26, 2022

# Purpose of Study

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- Evaluate current recreation fee use and value
- Analyze recreation fee purchase compared to private amenity use to estimate fee value
- Present alternative pricing structures for a per-person recreation fee access-product

# Findings

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1. The private-amenity direct operating costs are expected to rise in 2023
  - Due to inflation and a need to incent employee retention and attraction.
2. Revenue from recreation fee sales and direct access charges will need to increase to keep pace with operating costs.
3. Even pre-pandemic, recreation fee purchases were not economic for most card holders—based on cost vs. private-amenity usage
4. Pandemic recreation fee sales dipped but are starting to return. Large increases to recreation fee pricing could lead to reduced sales and lost revenue

To address these issues, a new recreation fee model needs to be explored. One that is fair and provides stable revenue for the private recreation amenities

# Recreation Fee Historical Analysis

# Membership vs Rec. Fee Benefits

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- There are significant benefits to a membership ID card
- These benefits can be extended with the purchase of recreation fee for members

ID Category	Public Amenities	Private Amenities
Member with ID card only	All member rates and discounts ( <i>including annual passes</i> )	Pay daily member access fee (currently \$10/day)
Members with ID card and purchased recreation fee		Unlimited no-fee access to all private amenities
Guests with ID Card (or with a member)	Discounted daily access rates ( <i>no annual passes</i> )	Pay daily guest access (\$12 w/member and \$17 w/o member)
Guests w/o ID Card	No discounts	No private amenity access

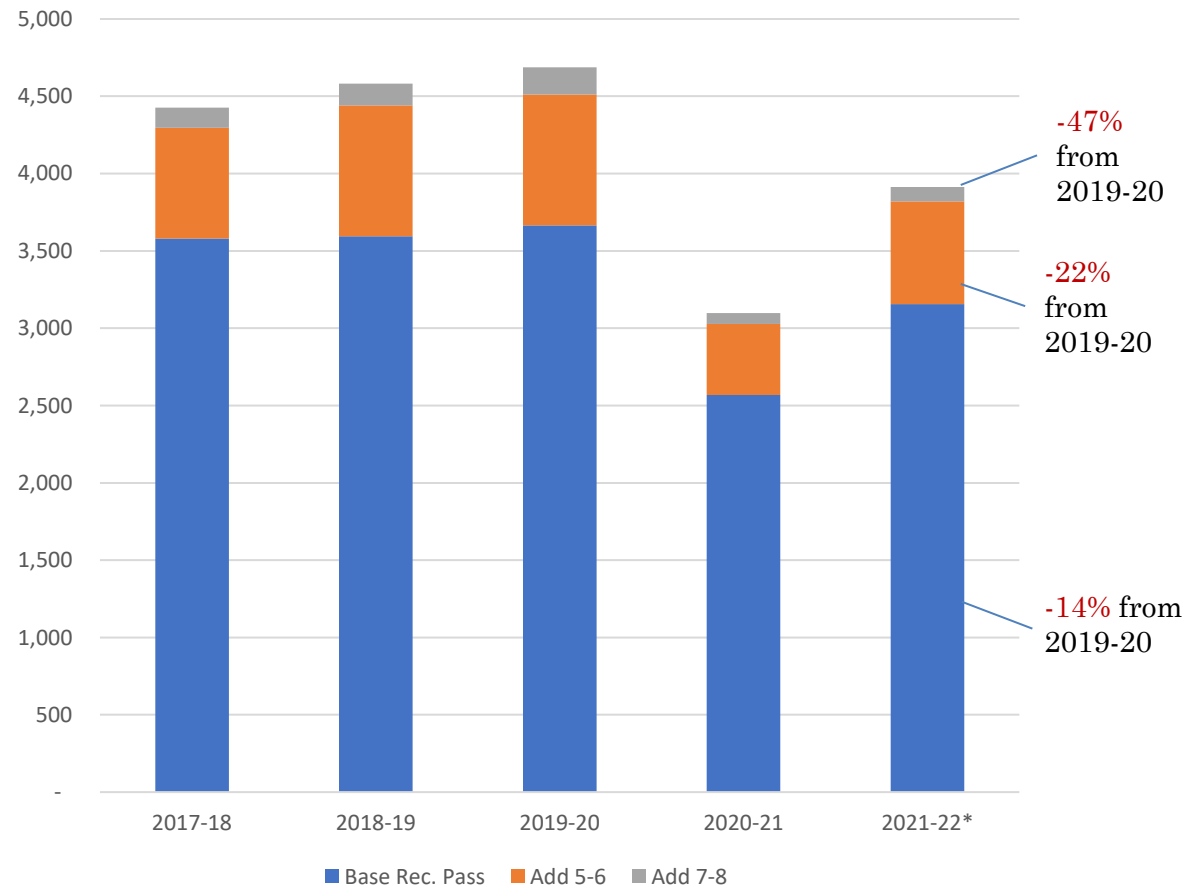
# ID Card and Rec. Fee Access & Cost

- There are two optional costs that can be added to the Member ID cards provided with the annual assessment
  - The recreation fee and the ability to add up to four additional membership cards
- The membership cards provide all member benefits plus all recreation fee benefits if purchased for the property

Category	Membership	Member ID Card Cost	Recreation Fee Cost
Property Owner	Up to four designated member ID cards each year	Included with Assessment	\$395 for the four property-owner Member ID designees
Additional Members	Up to four additional cards	\$145 Per Card (Annual)	Included if recreation fee purchased
Property Guests	Two transferable cards	Included with Assessment	Not Available

# Recreation Fees and Passes Issued

Recreation Fees Purchased



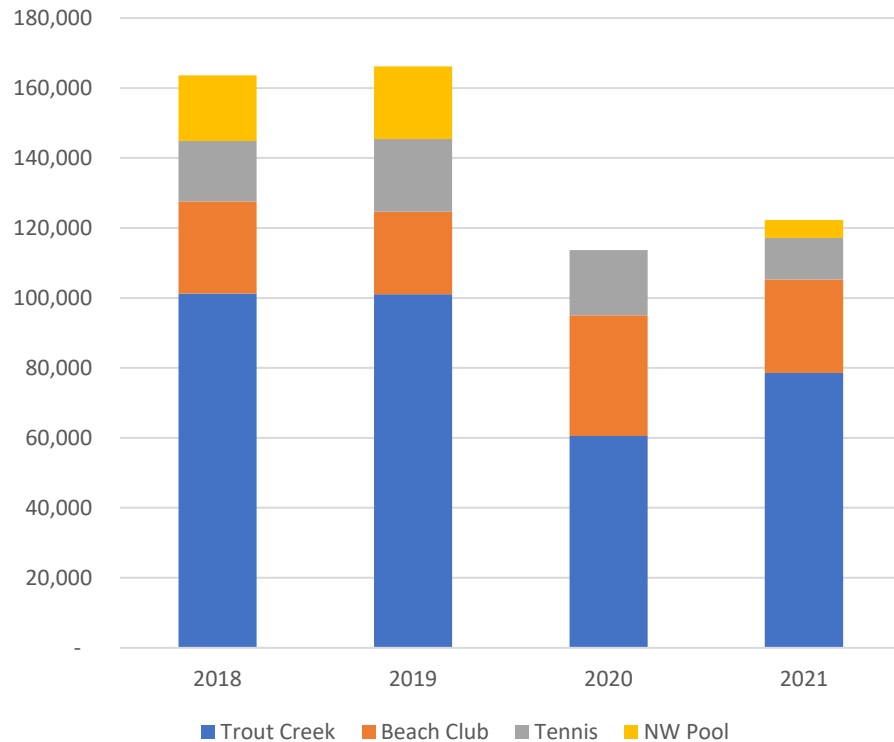
- The Annual Recreation Fee for 2022-23 is \$395, with up to four cards issued for members of a household
- The recreation fee benefits are extended to the purchase of up to four additional Member ID cards for \$145 each

Member Recreation Fee History

Year	Up to 4 cards	Per Card 5-8
2017-18	\$270	\$100
2018-19	\$270	\$100
2019-20	\$290	\$100
2020-21	\$350	\$125
2021-22	\$385	\$145
2022-23	\$395	\$145

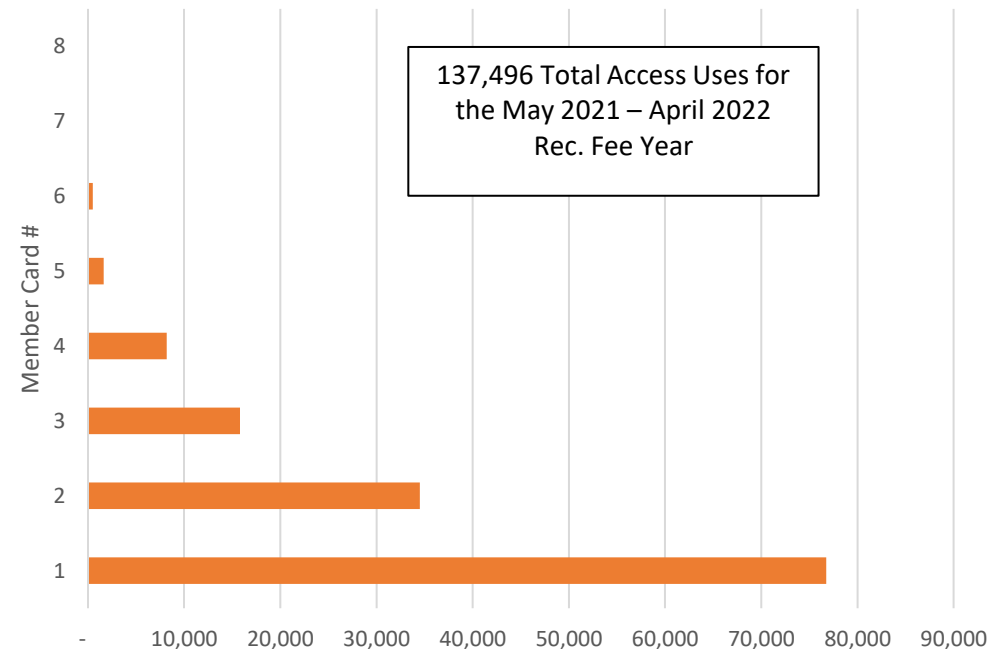
# Private Amenity Usage

Private Amenity Usage  
by Year and Amenity  
(by Calendar Year)



- FY22 data by amenity is still being compiled. The usage below is total by recreation fee member

Access Uses by Member Card  
2021-22 (Membership Year)



Usage by calendar year. Rec. Fee May 1<sup>st</sup> – April 30<sup>th</sup>

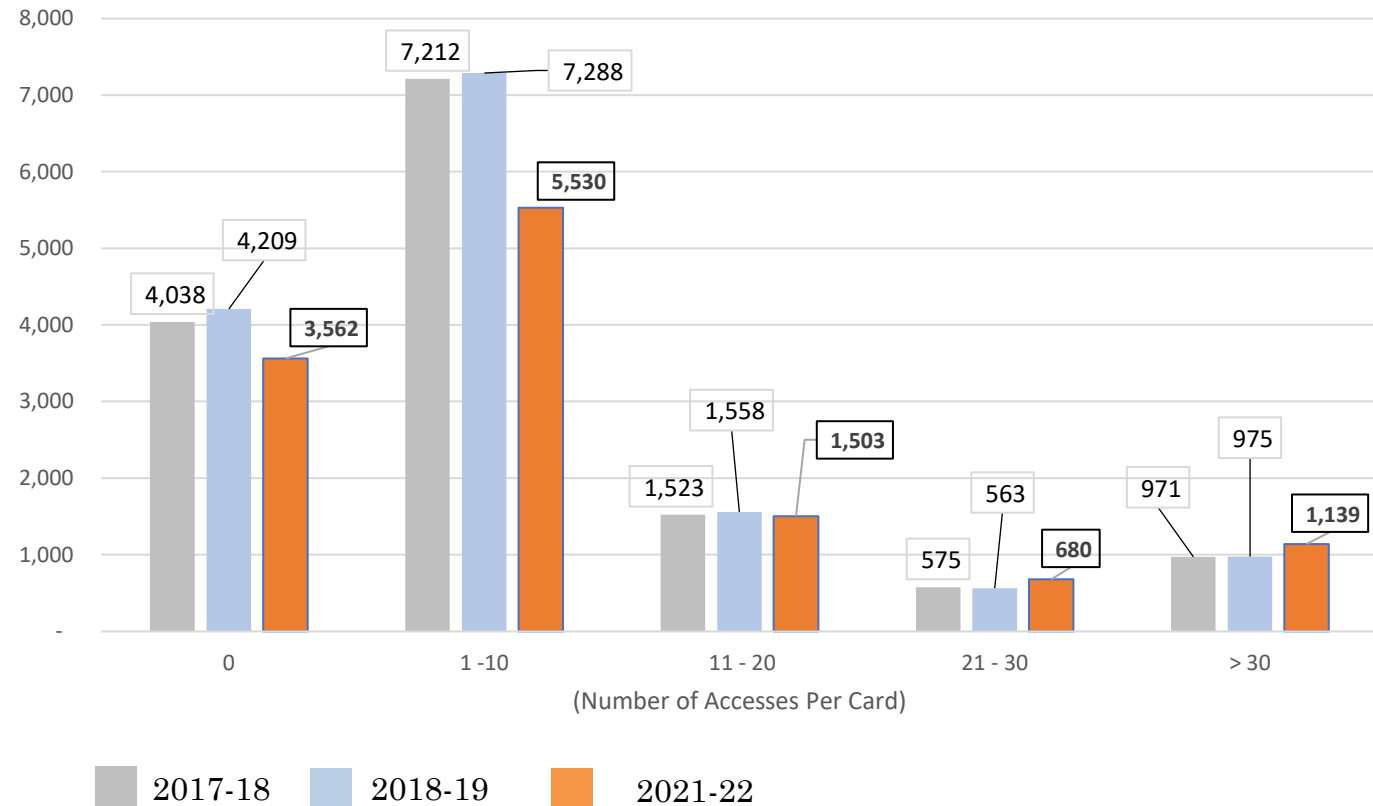


# Usage by Card

Add Legend

Forecasting Rec. Fee purchases under a new model is uncertain. Current purchase choices do not appear to be economic choices for many members

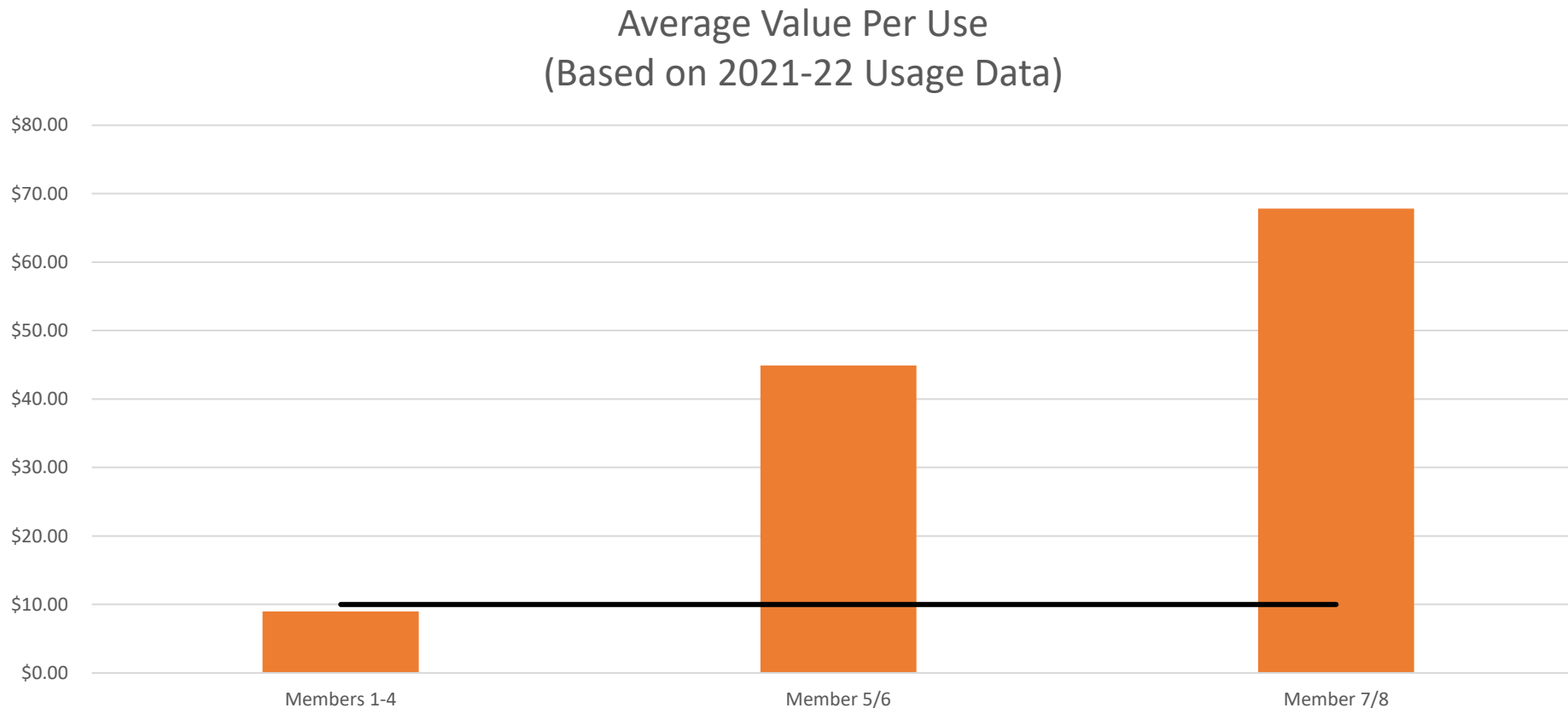
Number Member Cards by Private Amenity Access Uses (Rec. Fee Year)



# Access by Member Card

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- The overall cost vs. usage of the first four cards are less than the cost of a single daily-use fee



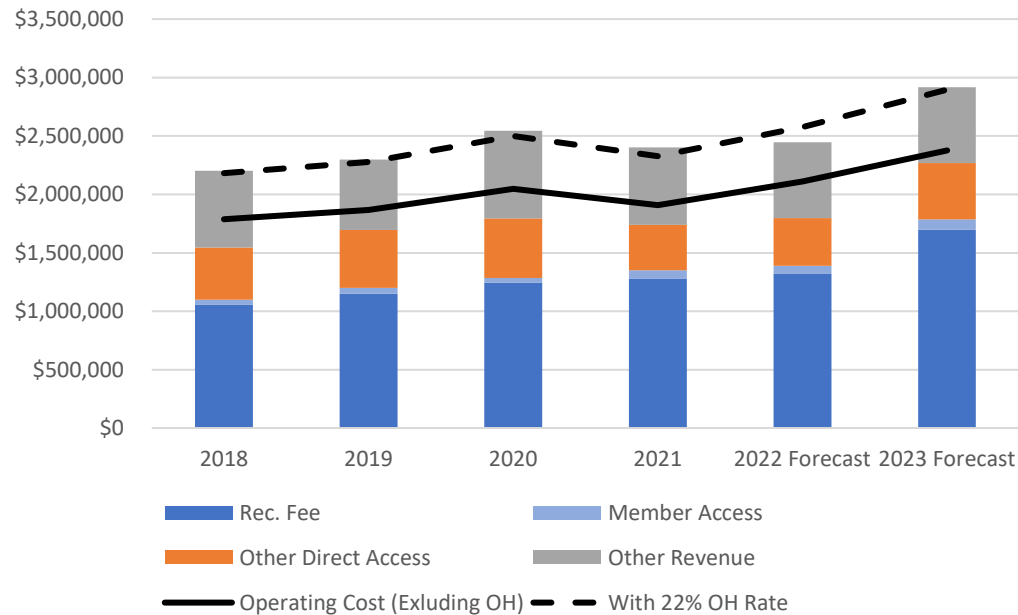
*[1] "Member 1" is based on most uses in 2022. Prior years' designation is uncertain*

# Rec. Fee Revenue and Amenity Budgets

# Revenue and Cost

Usage Revenues Track with Operating Expenses - Total Revenue Provides Funding for Direct Overhead

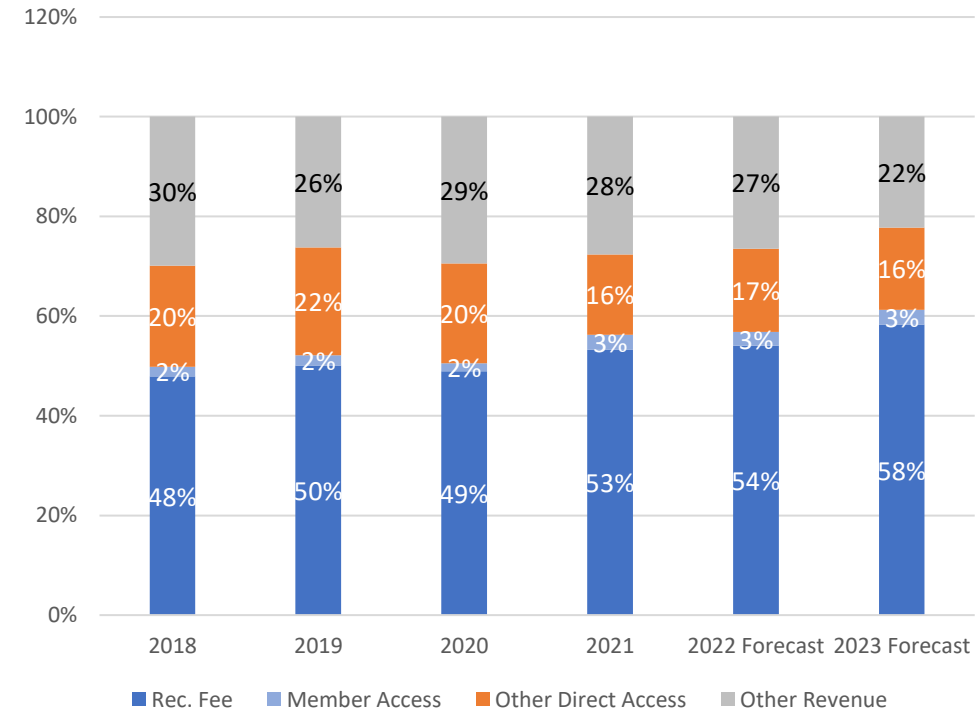
Private Amenity Revenue by Type and Total Operating Costs



Sources: P&L Statements—2018, 2019, 2021 Budget 2020 and Forecast 2022 & 2023

Recreation Fees Will Comprise 58% of total Private Amenity Revenue

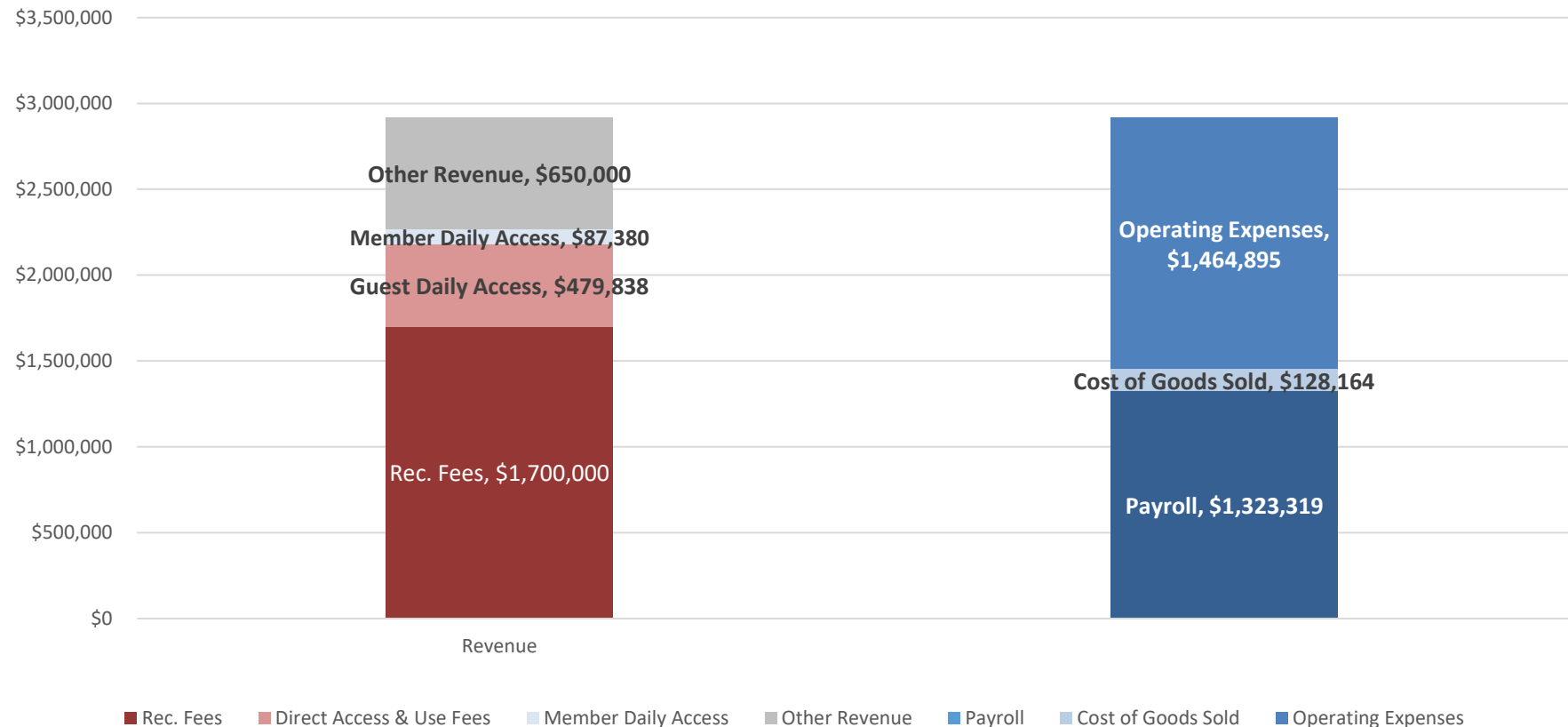
Private Amenity Revenue % by Source



\* Excludes Snowplay

# FY23 Revenue & Expense Projection

2023 Projected Expenses and Required Revenues\*



\* Preliminary budget numbers subject to change. Excludes Snowplay

# Recreation Fee Model Alternatives

# Goals of a Fee-Model Change

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1. Create stable revenue base for private amenities
2. Ensure revenues offset cost
3. Charge a fair economic value for member fee cards

# Recreation Fee Alternatives

Status Quo vs. Recreation Fee Alternatives	Impact on Fees	Impact on Revenue
1. Sell individual recreation fees	Uncertain response to change in pricing model. Likely to see decline in total Rec. Fees purchased leading to higher cost per Rec. Fee	Goal to cover current estimate of \$1.7 Million Rec. Fee revenue need
2. Sell 2-pack/4-pack, then individual recreation fees	Likely more fee-sales stability	
3. One Rec. Fee in assessment + per card fee	Provides all owners with one Rec. Fee/allows all other cards to be charged at a lower rate	
Status Quo	Increase fees to match required revenue	
Daily Use Fee		
1. Increase Daily Access Rate	Modeled—fee increase of 20%. This increase encourages purchase of Rec. Fee and provides more revenue from guest users	Collects more revenue from periodic users and guests



# Summary Alternative Results

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## Alt #1



Individual Rec. Fees

Member 1 - \$195

Member 2 - \$175

Members 3 – 8 --\$155

## Alt #2



Hybrid Group/Individual

Two members-- \$350

Four members -- \$550

Members 5-8 -- \$185 each

## Alt #3



Hybrid Assessment/Individual

Member 1 - \$90 Assessment

Members 2 – 8 -- \$150 each

## Status Quo



Four members - \$525

Members 5 – 8 \$195 each

# Rec Fee Alt #1 | Individual Rec. Fees

## Alternative #1 -- Individual Recreation Fee

	2018-19	2021-22	Fee Sales	Est. Rev.	Rec Fee
Member 1	3,608	3,156	2,683	\$523,185	\$195
Member 2	3,483	3,079	2,617	\$457,975	\$175
Member 3	3,183	2,851	2,423	\$375,565	\$155
Member 4	2,834	2,527	2,148	\$332,940	\$155
Member 5	775	485	412	\$63,860	\$155
Member 6	335	179	152	\$23,560	\$155
Member 7	153	68	58	\$8,990	\$155
Member 8	87	26	22	\$3,410	\$155
<b>Total Passes</b>	<b>14,458</b>	<b>12,371</b>	<b>10,515</b>	<b>\$1,789,485</b>	

Pros	Cons
Address fairness concern	Unpredictable Rec. Fee volume
Better match of cost to value	Change is difficult
Allows property owner choice per member	

**18% drop** in Rec. Fee purchases assumed due to higher total cost for members 3 and 4.

Declining fee reflects drop off in private amenity usage per card

# Rec Fee Alt #2 | 2 or 4 Member Fee

## Alternative #2 -- Sell 2-Packs or 4-Packs, Then Individual

	2018-19	Fee Sales	Est. Rev	Rec. Fee
Member 1	106	77	\$26,950	\$350
Member 2	295	228	79,800	\$350
Member 3	337	324	\$178,200	\$550
Member 4	2,875	2,527	1,389,850	\$550
Member 5	806	485	\$89,725	\$185
Member 6	342	179	\$33,115	\$185
Member 7	152	68	\$12,580	\$185
Member 8	84	26	\$4,810	\$185
<b>Total Passes</b>	<b>4,997</b>	<b>3,914</b>	<b>\$1,815,030</b>	

In Members 1-4, the Fee Model passes are for properties with those number of household purchased in 2021-22. For example, 77 properties that purchased the Rec. Fee had only one member card issued

Declining fee reflects drop off in private amenity usage per card

Pros	Cons
Allows some choice on number of passes to purchase	Unpredictable Rec. Fee volume
Better match of cost to value	Some single-users and 3-member users have limited choice
More predictable than Alt #1	
Addresses fairness issue	

# Alternative #3 | Assessment + Fees

Alternative #3 --Base Parcel + Per Card Fee

	2018-19	2021-22	Fee Sales	Est. Rev	Rec Fee
Member 1	3,608	3,156	6,475	582,750	\$90
Member 2	3,483	3,079	3,079	461,850	\$150
Member 3	3,183	2,851	2,281	342,120	\$150
Member 4	2,834	2,527	2,022	303,240	\$150
Member 5	775	485	485	72,750	\$150
Member 6	335	179	179	26,850	\$150
Member 7	153	68	68	10,200	\$150
Member 8	87	26	26	3,900	\$150
<b>Total Passes</b>	<b>14,458</b>	<b>12,371</b>	<b>14,614</b>	<b>\$1,803,660</b>	

Pros	Cons
Addresses one fairness concern	Conflicts with survey results
Better revenue predictability	Rec. Fee volume unpredictable
Lower cost for the Rec. Fee	Assessment increase

Assumes equivalent Rec. Fee sales as 2021-22 (excluding Member 1). Sale of Rec. Fee pass to all properties helps provide stable revenue

Lower Member 1 fee reflecting broader base of Rec. Fee purchasers. Also, limits impact on Annual Assessments

May not be feasible with annual assessment increase limitations—given current cost pressures

# Status Quo | Current Rec. Fee Model

## Status Quo

	2021-22	Est. Rev	Rec. Fee
Members 1-4	3,156	\$1,656,900	\$525
Member 5	485	\$94,575	\$195
Member 6	179	\$34,905	\$195
Member 7	68	\$13,260	\$195
Member 8	26	\$5,070	\$195
<b>Total Passes</b>	<b>3,914</b>	<b>\$1,804,710</b>	

Pros	Cons
No program change	Does not address fairness concerns
Should be more predictable for Rec. Fee purchases	Significant cost increase

Assumes status quo Rec. Fee sales compared to 2021-22

Increase of fee needed to fund expected Rec. Fee Revenue need

# Daily Access Rates

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- Daily access rates should be increased to match the increases in Rec. Fees
- The matrix below shows the impact of a 20% increase

Category	2022-23 Rate	Increase Rates 20% +/-
Member	\$10 per day	\$12 per day
Guest/Member	\$12 per day	\$15 per day
Guest w/Guest Card	\$17 per day	\$20 per day

Pros	Cons
Encourages Rec. Fee purchases	
Better match of cost to value	
Increases guest revenue	

# Comparison of Rec. Fee Alternatives

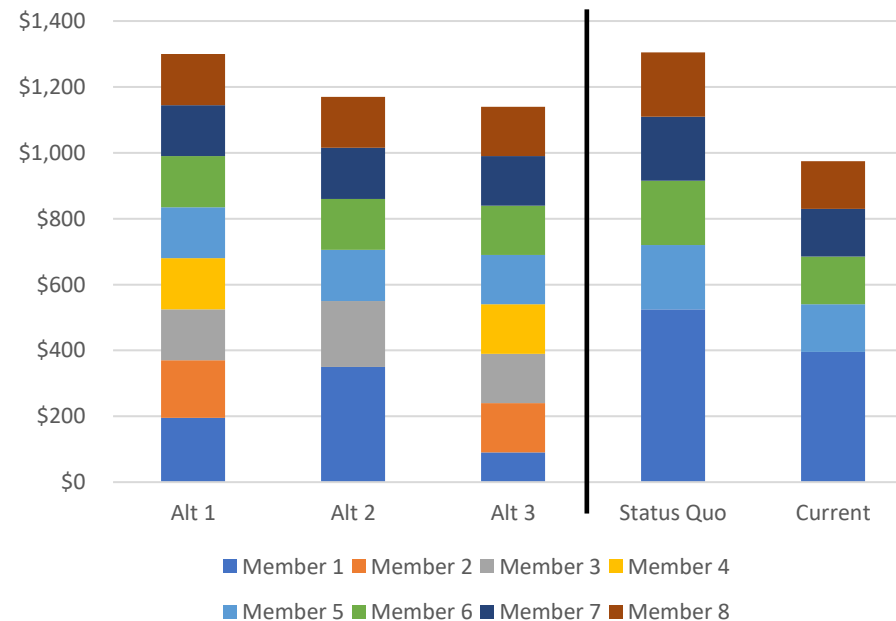
The table below shows how the Rec. Fee builds up depending on the number of Members in household

## Cumulative Cost Under Each Alternative

	Alt 1	Alt 2	Alt 3	Status Quo	Current
Member 1	\$195	\$350	\$90	\$525	\$395
Member 2	\$370	\$350	\$240	\$525	\$395
Member 3	\$525	\$550	\$390	\$525	\$395
Member 4	\$680	\$550	\$540	\$525	\$395
Member 5	\$835	\$705	\$690	\$720	\$540
Member 6	\$990	\$860	\$840	\$915	\$685
Member 7	\$1,145	\$1,015	\$990	\$1,110	\$830
Member 8	\$1,300	\$1,170	\$1,140	\$1,305	\$975

The chart below provides the same data in graphical form

Comparison of Alternative Cost Per Member and Total Cost Per Household



# Questions?