

FINAL

**MT. SPOKANE STATE PARK
ALPINE SKI AREA STUDY**

EXECUTIVE SUMMARY

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Prepared for:

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I. Introduction

Alpine skiing on Mt. Spokane began in the early 1930's, just after the formation of Mt. Spokane State Park. With the installation of the world's first double chairlift in 1946, coupled with the growing popularity of the sport, skier visitation at Mt. Spokane continued to increase. During the early years, numerous organizations in the Spokane area contributed a considerable amount of human and financial resources to improve and expand the ski complex. These organizations formed a non-profit entity entitled the Mt. Spokane Association, which operated the ski facility until 1955, when the Washington State Parks and Recreation Commission (State Parks) awarded a 30 year concession agreement to a private operator. The current concessionaire, the Mt. Spokane Skiing Corporation (MSSC), has operated the ski area for the past 16 years. The existing concession agreement between MSSC and State Parks expires on June 9, 1995. With a history of public interest and involvement that spans five decades, Mt. Spokane Ski Area continues to draw the attention of local citizens and groups. Recently, a local organization called the "Mt. Spokane 2000 Study Group" was established. This group has offered a number of opinions addressing how the ski area operation could more adequately serve the recreational needs of the alpine skier. Concurrently, with a mandate to manage Mt. Spokane State Park for the greatest benefit of all public users, State Parks commissioned this study to analyze the existing ski area operation and provide recommendations and guidelines for the future.

II. Study Methodology

In order to provide conclusive documentation concerning the present and future ski area operation, multiple analysis tasks have been performed in this study, including:

- Evaluation of the physical resources of the Mt. Spokane Ski Area site,
- Conducting a thorough operational review of all aspects of the ski facility,
- Completion of two random sample skier surveys,
- Assessment of local market characteristics and competition, and
- Review of other concession agreements, leases and contracts for similar ski area operations.

Collectively, information from the various study tasks has been utilized to make an objective evaluation of how the current concessionaire's management and operating practices are meeting the needs of the skiing public. Accordingly, the basis for the development of future operational

and management recommendations and guidelines primarily relies on a comparative analysis between the Mt. Spokane operation and other ski areas of similar size, and orientation in the marketplace.

III. Situation Analysis

This section provides an objective overview of the existing alpine ski facility, as well as current operating and management practices. Salient findings are noted below.

- Proximity to Spokane is one of Mt. Spokane's greatest strengths. The ski facility is only 23 miles from the Argonne Road exit off Interstate 90. Overall directional signage from Spokane to the ski area could be improved.
- Historically, Mt. Spokane has received adequate snowfall to operate without the addition of snowmaking. However, in recent years, snow deposition has become less consistent, with the critical snowline approaching the 4,100 to 4,200 foot elevation. This has caused a degradation of snow and skiing conditions, and generally limited the length of the ski season.
- The ski area is served by five double chairlifts, ranging in age from 15 to over 30 years. Due to the low uphill capacity of the lifts, long lift lines are often experienced during traditional peak use periods. The potential exists to improve the ski experience through relocation of existing lifts and the addition of new lifts utilizing current higher capacity equipment. All chairlifts at Mt. Spokane appear to be in good mechanical condition, and pass through annual inspections.
- Within the existing ski area boundary, Mt. Spokane has about 150 acres of ski trails and another 130 acres of tree and open skiing. The formalized trail network provides skiing opportunities for beginner through expert skiing ability levels, although a marked deficiency of low intermediate and expert terrain exists, with a surplus of advanced intermediate slopes. The current ski experience is also hampered by circulation problems, high skier traffic areas, inadequate snow grooming, and regrowth of brush and tree cover along traditional ski slopes. The development of new ski terrain, coupled with trail upgrades and a greater emphasis on grooming, would ameliorate many of these problems.
- The ski area is plagued with a brush problem since the trails have not been manicured with a bulldozer and reseeded, an approach commonly utilized at most ski areas.
- Based upon a variety of quantitative and qualitative analyses, the estimated Comfortable Carrying Capacity (CCC) of Mt. Spokane is 2,540 skiers. This important capacity measure represents a quality experience without excessive crowding on the trail systems, or lift lines that exceed ten minutes.

- While trail densities are acceptable based upon the ski area CCC of 2,540 skiers, certain segments of trails and cat tracks presently exceed comfortable capacities as a result of skier circulation patterns and grooming practices.
- Night skiing is offered on Chairs 2,3 and 5, illuminating approximately 65 acres of trails for beginner through advanced intermediate skiers.
- Skier support facilities at Mt. Spokane are located in the two base areas. Lodge #1 serves only the needs of the Chair 1 skiers while Lodge #2 accommodates the remaining skiers at the area. As a result of this split, Lodge #1 is typically under-utilized while Lodge #2 receives greater use.
- Seating is provided at both lodges for 890 skiers, which includes the cafeteria, bar and sundeck areas. Based upon a total average of seat turnover of three skiers per day, the lodges provide comfortable seating for approximately 2,670 skiers. While this matches the total CCC of the lift and trail system, the distribution of skiers on the mountain causes over-utilization of Lodge #2 at times, resulting in crowded conditions at that location.
- Skier service functions such as ski rentals/repair, retail, and ski school are conveniently located to Lodge #2. However, these services are not provided at Lodge #1. The new ski patrol facility will be appropriately located near the base of Chair 5, while patrol activities will also continue to be located in Lodge #1. The new ski patrol headquarters will provide opportunities for expansion of other services in Lodge #2, including a much needed child care facility. Mt. Spokane is presently the only ski area in the local market that does not provide such a facility.
- The parking lots located near Lodge #1 and 2 provide approximately 1,000 spaces. Based upon an average occupancy of 2.7 people per car, the current parking area will accommodate about 2,700 people. On peak days which exceed such use, skiers park along the access road and/or over-flow into the nordic lot.
- The maintenance building is situated in an area which provides good road and ski trail access. The structure is adequate for the current size of the operation and the potential exists to add space as needed in the future.
- Utilities, including power, water, sewer and telephone presently serve the needs of the ski area operation. However, it appears that water and sewer facilities would require upgrading to adequately serve future expansion.

IV. Operation Review and Comparative Analysis

A comprehensive operational spot check of Mt. Spokane was conducted over the course of eight days during the 1991-92 ski season. The intent of Operation Spot Check was to complete a

comprehensive qualitative evaluation of all ski area components, as a means of comparing service and product offerings at Mt. Spokane with other similar size ski areas in the Northwest, as well as the other three ski facilities catering to the Spokane local market. Key findings from this evaluation are noted below.

- The conveyance of information to skiers through brochures, signage, reader boards, and employee contact is an important aspect of a ski area operation. Overall, Mt. Spokane's efforts in this area were found to be below industry standards. This was especially noted in the lack of a color ski lift/trail map and poor signage throughout the area.
- Parking lots at Mt. Spokane were well maintained and organized through the efforts of the attendants. However, the area allotted for drop-off at Lodge #2 could be improved.
- The general orderliness/cleanliness and maintenance of the ski area grounds and buildings was noted as satisfactory, but ranking noticeably below that of the other ski areas within the local market.
- The physical layout of the food service areas in both Lodges are inefficient. Additionally, the menu featured at Mt. Spokane has not kept up with the times. In general, skiers have come to expect a certain level of "service" when skiing. Mt. Spokane has not provided this level of service in the area of food product offering and day lodge ambiance.
- While Mt. Spokane has a reasonable amount of rental stock for a ski area its size, the age of the equipment is older and the condition of the equipment is generally below that found at the other ski areas within the Spokane local market area. When simply renting skis and boots, the rental process at Mt. Spokane is comparable to that of the other areas. Package sales, however, which include equipment rental, lift ticket, and ski lessons, are more streamlined at competitor areas.
- Mt. Spokane had the largest ski school among ski areas within the local market area. Opinions of the ski school are quite varied. The instructors appeared to be professional and well groomed. However, while over fifty percent of the instructors are working towards Associate level certification, the majority of them have not yet attained such certification.
- Mt. Spokane is the only ski facility in the local market area that does not have a salaried/professional ski patrol. Mt. Spokane relies entirely on the National Ski Patrol (NSP), a voluntary organization of committed personnel with very high standards. The ski patrol at Mt. Spokane is in line with industry standards in terms of technical capabilities and has been voted as the best patrol in the nation on two occasions. However, it is believed that the presence of a professional staff provides day to day continuity to the patrol program.

- In general, the appearance, level of service, and courtesy provided by Mt. Spokane employees does not meet the expectations of the typical skier in today's market. These qualitative employee criteria were found to be at a noticeably higher level at Schweitzer, Silver Mountain and 49° North.
- The number of lifts operating currently varies from day to day, according to the number of skiers expected at the area and the prevailing weather/snow conditions. Based upon the skier surveys indicating that Mt. Spokane suffers from a lack of variety of ski terrain, every effort should be made to operate all lifts on a daily basis.
- Overall, the amount and quality of grooming at Mt. Spokane appears to be below standards when compared to the other ski areas in the local market and throughout the Northwest. This may be attributed to the lack of state-of-the art grooming equipment and/or operator grooming priorities/attention to detail.
- While night skiing is offered at the ski area, based upon Mt. Spokane's proximity to the local market, the potential has not been fully realized.

V. Market Analysis

Findings from the market analysis indicate that:

- In general, the outlook for the ski industry depends upon how well ski areas adapt to a changing market. Concurrently, the growing shortage of leisure time, compounded by the multiple interests of many active skiers, provides a unique challenge to the ski industry.
- A recent study conducted by Dr. Marvin Kottke, Ph.D. identified two types of ski areas. Sector I areas are smaller, less commercialized, neighborhood-oriented, less technologically advanced and capital poor. On the other hand, Sector II areas are larger, more commercialized, technologically advanced, generally progressive, growth oriented resorts. Between 1981 and 1987, 60 Sector I ski areas went out of business and another 40 expanded and moved up to the Sector II level. Within this context, Mt. Spokane and 49° North could be classified as Sector I ski areas, while Schweitzer and Silver Mountain would fall into the Sector II category.
- The ski industry is a very highly competitive, market-driven business. As a result, Mt. Spokane competes with three other ski areas in the Spokane area for a certain share of the market. Skiers make decisions about where to ski based upon the quality and value of the skiing experience provided by a given ski area, including its unique attributes, as compared with the quality of experience offered by competing ski areas. Consequently, the measure of a particular resort's success (volume of skier visits and revenues) is determined from a myriad of qualitative factors, such as accessibility, snow conditions, terrain offered, length of lift lines, quality and range of skier support facilities, friendliness of employees, etc.

- Review of population figures, skier visitation patterns, and utilization rates for the local market area reveal that latent demand is nominal and that ski area capacity (supply) currently exceeds demand. As a result, future skier visit increases at the existing ski areas will be sponsored by population growth, higher incidence and participation levels, as well as competition factors such as pricing and new improvements offered in the marketplace.
- When comparing the four ski areas in the marketplace, a trichotomy has emerged in terms of ski area product offerings, with Schweitzer and Silver Mountain at the upper end of the spectrum, 49° North somewhere in the middle, and Mt. Spokane at the bottom.
- Schweitzer and Silver Mountain are in a class by themselves, generally catering to a more upscale clientele. These two ski areas are intently pursuing the regional and destination skier, offering greater lift capacity, more terrain, overnight accommodations, a greater range of quality dining and shopping opportunities, and are investing heavily in capital improvements. Overall, when compared to Mt. Spokane, Schweitzer and Silver Mountain provide for a more refined quality skiing experience, for both local skiers as well as overnight visitors.
- In the last two years, the 49° North operation has undergone a dramatic transformation and has now reemerged as a local ski area, which is striving to excel in product offering and quality of service. This change is evident throughout the operation, including food service, friendliness of employees, the extent and quality of grooming, signage, ski patrol, rental/repairs, etc.
- When comparing 49° North and Mt. Spokane, the differences between the two operations are clearly evident. While both facilities are operating with older equipment, the attention to detail and general operating standards are considerably better at 49° North, which reflects similar approaches at most day ski areas in the Pacific Northwest.

VI. Mt. Spokane Skier Surveys

A random sample chairlift survey was conducted at Mt. Spokane during the 1991-92 season to gather information regarding the desires and expectations of skiers, and the quality of experience provided at the ski area. While this survey revealed that skiers appear generally satisfied with their skiing experience at Mt. Spokane, the ski area clearly caters to a certain market, and these skiers choose Mt. Spokane for specific reasons. Salient findings from the on-mountain survey are as follows:

- The profile of the Mt. Spokane skier is different from the industry norm, as evidenced by comparison of the Mt. Spokane Survey with the National Skier Opinion Survey.

- The majority (75 percent) of the respondents ranked their overall experience as 6 or better, on a scale from one to ten. However, comparing satisfaction levels at Mt. Spokane to those represented by the 1991 National Ski Opinion Survey, only 30 percent of the Mt. Spokane survey respondents versus over 60 percent of the NSOS respondents rated their overall experience as 8 or above. This illustrates that Mt. Spokane skiers are considerably less satisfied with their overall experience, as compared to the experience skiers receive at other North American ski areas.
- The on-mountain survey found a skier base at Mt. Spokane that tended to be male, younger than typical, frequently attending school (38 percent), with household incomes of less than \$35,000 (45 percent). The vast majority (90 percent) live within 100 miles of the area, almost half own a season's pass at the resort and about half ski 70 percent or more of their total days at the resort. Skier ability levels have an intermediate to advanced skew.
- The skiers are highly motivated to come to the ski area based upon its ticket price and its convenience, and it is rated very positively as a good value for the money.
- When asked to rate their experience on a wide variety of factors on terms of "excellent", "good", or "fair", ticket price is the only factor with more than one-third indicating an excellent rating. Lift attendants, with 33 percent rated excellent and 46 percent rated good, is the second best rated item.
- On the more negative side, services and facilities with very few "excellent" and considerable "fair" ratings, which was the lowest possible rating, include:
 - Base lodge facilities
 - All aspects of food service (price, quality, and variety)
 - Grooming
 - Lifts
 - Variety of terrain
 - Parking, and parking lot attendants
- Ski Patrol was considered to be the only operational component rated overall as acceptable or "good".
- In terms of comments and suggestions for improvements, most focus involved:
 - Improved trail maintenance, including brush cutting
 - Improved grooming
 - A high speed lift
 - Improved signage and marking of hazards and obstacles on the trails

Following the 1991-92 ski season, a second skier survey was conducted regarding Mt. Spokane. The intent of this telephone survey was to augment the earlier on-mountain survey by identifying

skier expectations and observations from the entire Spokane market area, rather than just skiers at Mt. Spokane. The results of the survey and salient findings are summarized below.

- The telephone survey found that skiers in the Spokane market area deviated from those surveyed at Mt. Spokane. The telephone skier base had a much higher incidence of women and respondents were generally older with higher incomes. The percentage of students and season pass holders was also reduced by more than one-half in the telephone survey. Skier ability levels were the same for both samples, with an intermediate to advanced skew.
- The skier population considers the experience of Mt. Spokane to be inferior on most critical measures to each of the other local ski areas evaluated. On each factor other than "skiing value", Mt. Spokane scored significantly below the other ski area being compared.
- Of the ten factors rated, Mt. Spokane scored below 5 on six of them, scored between 5 and 6 on two, and between 6 and 7 on two others. Its overall mean score of all factors was 5.6. In comparison, both Silver Mountain and Schweitzer had mean scores of 7.18 and 7.23, respectively. 49° North had an overall mean score of 6.69, a bit below both Silver and Schweitzer, but still significantly above Mt. Spokane.
- Respondents were asked to rate which ski area rated best or worst in a series of categories. In this analysis, Mt. Spokane showed a number of extremes, both as "best" and as "worst." On the positive side, it had the best night skiing, was considered as best for kids and teens, was tied at second with 49° North for being the best for families (Schweitzer being first), and was considered as best for a day trip. In an unusual situation, it was considered as both the best and the worst price value related to the experience it offered. Clearly the public is strongly divided on this issue.
- Mt. Spokane does draw well from the skier base in Spokane. Forty-eight percent considered it as the area they ski most frequently. When asked to choose their favorite area, however, Mt. Spokane no longer dominated, and in fact ranked a distant third.
- Skiers are visiting Mt. Spokane, not because they like it the most, but rather that it is most convenient and because of the price. In fact, 70 percent of those who ski there most frequently actually prefer other areas as offering better experiences or as being their favorites.
- The trade-offs involved with Mt. Spokane are clear and obvious, convenience and price versus quality of experience. While Mt. Spokane is able to draw reasonable numbers of skier visits from the local vicinity, the negative perceptions in terms of experience are taking its toll. One-half of the respondents who have skied Mt.

Spokane indicate they are skiing there less than they used to, as compared to about 20 percent who indicate they are skiing there more, while just under 30 percent are skiing there about the same.

- Mt. Spokane's greatest loyalty is from those skiers who are of lower ability levels, of lower incomes, and who are younger. The older, more affluent, more advanced, and more frequent skiers tend to be more negative. This pattern is the reverse of what most resorts would normally strive to achieve.
- When asked to indicate what single factor was most important in choosing where to ski at one of the local areas, the four most influential factors were:
 - Ticket price (23 percent)
 - Convenient to get to (20 percent)
 - Snow conditions (18 percent)
 - Variety of trails (18 percent)

VII. Financial Analysis of Operations

Based upon revenue data supplied by the concessionaire, a financial performance analysis was conducted comparing Mt. Spokane with other ski areas within the Pacific Northwest region, as well as ski areas of similar size and character.

- When considering inflation and using constant 1981 dollars, Mt. Spokane has generally realized a trend of diminishing annual gross revenues, over the past decade, representing a -1.6 percent decline.
- Mt. Spokane's dramatic lift ticket discounting policy, which started with the 1990-91 season, has had little effect on spending within other revenue centers. It appears that while bargain tickets have attracted more skiers to Mt. Spokane, it has not appealed to the market segment that is inclined to purchase meals or other services.
- When viewed in constant 1981 dollars, total revenue per skier visit has declined from \$13.48 in 1981-82 to \$8.25 in 1991-92, representing an average annual decline of 4.7 percent over the 10 year period.
- While Mt. Spokane's revenue per skier visit in 1981-82 (\$13.48) compared more favorably with a figure of \$15.81 for other Pacific Northwest ski areas, it has diminished to about half the regional average of \$25.61 in 1990-91. In other words, while revenue per skier visit at the average Pacific Northwest ski area increased at an average annual rate of 5.5 percent from 1981-82 to 1990-91, revenue per skier visit at Mt. Spokane decreased at an average annual rate of -0.4 percent, without considering inflation.

- Based upon the concessionaire's current gross revenues, the typical direct expenses incurred by ski areas of similar size would cause an operating deficit at Mt. Spokane.
- Given the concessionaire's current business approach, it is uncertain as to whether the operation is generating sufficient cash flow to make the necessary improvements that would bring the ski area in line with industry standards. To the contrary, if Mt. Spokane continues on its present course, it is expected that the existing below standard conditions can only be perpetuated. As such, it is anticipated that Mt. Spokane will experience diminishing market share and profitability over time, as a result of deteriorating facilities and the inability to meet skier needs and expectations.

VIII. Lease/Concessionaire Agreements

- A comparative analysis of various agreements, leases and permits from other State and Federal agencies indicates that the existing Mt. Spokane Concession Agreement is too vague or general in nature. Accordingly, in order to enhance the public recreational enjoyment of Mt. Spokane State Park, new requirements, controls, and agreements should be adopted as part of the new 1995 Concession Agreement.
- New management guidelines should be incorporated into a new Concession Agreement for Mt. Spokane Ski Area. Such additions or changes to the existing Concession Agreement should be designed to improve internal controls, as well as provide incentives for ongoing facility upgrades. Adopting these measures should result in maximizing recreational opportunities for the public.

IX. Recommendations and Implementation Guidelines

The following summary of recommendations and guidelines have been outlined in detail throughout the entirety of the report.

- A combined effort between the concessionaire and local and state agencies should be initiated to focus on various access issues, including the feasibility and design of an effective public transportation system to Mt. Spokane, the development of appropriate route signage from the City of Spokane, and timely highway maintenance of the primary access routes to Mt. Spokane.
- A comprehensive signage program should be developed to cover all areas of operation at the ski area.
- In order to meet public expectations and remain competitive with other ski areas in the local marketplace, lift capacity upgrades and trail improvements should be implemented on a continuous/as needed basis.

- Overall improvements and expansion to the existing trail network should be implemented to provide sufficient terrain for all skiing ability levels, as well as enhance skier circulation, reduce trail densities and provide more variety of terrain.
- The construction of snowboard amenities (i.e. half-pipe) should be considered to meet the expectations of snowboarders.
- The prevalent brush problem needs to be addressed in order to enable skiing on lesser amounts of snow, as well as to minimize the need for seasonal brush cutting.
- A greater emphasis on snow grooming should be pursued in order to meet skier expectations and maximize the retention of snow.
- The night skiing operation at Mt. Spokane should be further developed, including the expansion of terrain and extending the operating schedule.
- The installation of a snowmaking system would greatly enhance snow conditions and increase the length of the season at Mt. Spokane. Accordingly, a feasibility study should be undertaken.
- In order to balance the utilization of Lodge #1 and 2, a number of necessary improvements should be made to both day lodge facilities. The majority of these changes are cosmetic and focus on a greater attention to detail.
- The feasibility of developing an upper mountain lodge facility for year-round use should be explored.
- The food service facilities should be remodeled in order to improve their functionality and appeal. It is also recommended that the variety of menu items should be improved to cater to today's health conscious consumer.
- Rental equipment should be rotated and/or replaced on a more regular basis than has been the practice at Mt. Spokane. In addition, efforts should be made to streamline the rental process, particularly with regard to the ski school "package" programs.
- As supported by the results of the skier surveys, there is a need for a child care facility at Mt. Spokane.
- One or more full-time professional ski patrol should be hired to provide continuity and direction to the volunteer NSP staff on a day to day basis.
- Mt. Spokane should continue its ski instructor training program to increase the number of personnel with Associate and Full Certifications.

- The ski area should establish standards for the appearance and conduct of its employees, as well as training programs aimed at enhancing customer service and satisfaction.
- Delineation/design of the skier drop-off/pick-up area in the parking lot should be improved. Use of the parking shuttle should continue.
- Greater attention to general maintenance should be implemented, including painting of buildings, terminal structures and lifts, replacement of fixtures and worn carpet, among others.
- In order to provide for the long-term public recreational enjoyment of Mt. Spokane, the 1995 Concession Agreement should provide specific requirements and guidelines designed to improve internal controls, as well as provide incentives for ongoing facility upgrades.
- As part of a new Concession Agreement, a comprehensive Ski Area Master Plan should be prepared that outlines all future improvements by phase.

X. Conclusion

The collective results from the Mt. Spokane Alpine Ski Area Study indicate that the current operation has not kept pace with industry standards and improvements, when compared to ski areas at the local, regional, and national level. In the final assessment, the results of the two skier surveys confirm these findings. However, various opportunities for upgrading and expansion of the facility have been identified both in the short and long-term. Physical opportunities include the potential for lift/terrain upgrades and expansion, the development of a snowmaking system, and improvement of skier support facilities. Market opportunities include the ability to react to skier expectations and future demographic trends through facility upgrades and new product offerings, including the provision of a day care facility, snowboard park, menu changes, enhanced snow grooming, family/lesson packages, and night skiing programs, among others. The inclusion of a top of the mountain restaurant, operated on a year-round basis would also be an attractive addition to the operation for non-skiers as well, if deemed feasible.

The two skier surveys revealed several factors and observations which describe the situation. Mt. Spokane has a definite niche in the local marketplace based primarily on its proximity and low ticket price. While Mt. Spokane is meeting the needs of a small segmented group of local skiers which tend toward the male student, in the lower to moderate income group, there exists a very broad spectrum of the Spokane population, some of who do utilize Mt. Spokane, who are very negative about the quality of experience offered there, and who prefer the type and quality of experience and level of service provided at the other local areas. Each of the three other areas are far more highly rated on most factors other than price and convenience, with price/value actually being similar between the various locations.

Clearly, a considerable frustration exists among many of the general skiing population who believe that Mt. Spokane has the ability and capacity to upgrade the experience offered at the area. The implication exists that ticket prices could be raised a reasonable degree if such was necessary to make the desired improvements. While some of the concerns would obviously involve an infusion of capital, others appear to entail a great degree of service, quality control, and commitment by management, which could be accomplished without extreme funding requirements. In the long-term, it is believed that both the ski area operator and the public would benefit from such changes.