

CITY COUNCIL COMMUNICATION FORM

FROM: Brad Setter, Howelsen Ski and Rodeo Manager
Angela Cosby, Parks and Recreation Director

THROUGH: Gary Suiter, City Manager

DATE: May 5, 2020

ITEM: Consideration of the addition of a tubing concession at Howelsen Hill Ski Area.

DIRECTION
 INFORMATION
 ORDINANCE
 MOTION
 RESOLUTION
 PROCLAMATION

I. REQUEST/ISSUE & BACKGROUND INFORMATION:

At the March 10, 2020 City Council meeting, Parks and Recreation staff presented options for improvements to the skier experience and fiscal sustainability at Howelsen Hill Ski Area. One of these options was the operation of a tubing concession.

Tonight's presentation will detail what a tubing concession at Howelsen Hill Ski Area would entail. We will also explore the fiscal impacts and potential revenues from a tubing operation.

Parks and Recreation staff engaged the services of an outside consultant, Gates Gooding, to create a business plan and presentation for a tubing concession at Howelsen Hill Ski Area (Attachments 1, 2, and 3).

II. SUMMARY AND ALTERNATIVES:

Opening a tubing concession could be an opportunity to invest funds into the local economy and add significant long-term revenue generation for Howelsen Hill Ski Area. This tubing concept will add vibrancy to the base area with the inclusion of a gathering space at the bottom of the tubing hill. The added foot traffic will also make the concession stand more financially attractive to a potential concessionaire.

Staff is seeking direction from City Council on next steps. Opportunities include:

Option 1: Full construction with cover: \$435,440

Option 2: Installation of lift only: \$294,707

Option 3: Direct staff to no longer pursue the concept of a winter tubing concession at Howelsen Hill.

III. STAFF RECOMMENDATION:

Staff recommends moving forward with option 1: A tubing operation that includes installation of a new carpet lift with a covering. As the added expense of including a canopy (\$162,900) will be offset in five to six years from a savings in staff time for snow removal (\$25,000/ yr.) as well as doubling the lifespan of the side carpet (\$7,200 every 2 years w/o cover) and belt (\$34,800 every 5 years w/o cover).

If approved, changes to the capital, maintenance and operational expenses, and revenues will be included in a future supplemental budget.

IV. FISCAL IMPACT:

Total project start-up cost including new lift, tube shaper, storage, and materials is expected to cost up to \$435,440.

Depended upon selected operational model annual revenues are expected to be \$299,997 - \$621,945 and annual operating expenses are expected to be \$208,403. These scenarios do not take into consideration the current social changes, therefore staff recommends using the lowest revenue scenario as an indicator for the 2020/2021 operation season. Which would provide for \$91,595 positive annual fiscal impact and assist in reducing the Howelsen Hill subsidy.

Additional information on these operational models and revenue scenarios can be found in Attachment 2: Howelsen Hill Snow Tubing Financial Plan.

V. LEGAL ISSUES:

All contracting will be processed through the City procurement department. This added recreational amenity will be carried in our insurance.

VI. CONFLICTS OR ENVIRONMENTAL ISSUES:

The tubing operation would partially encompass the area being considered for the Sulphur Cave National Natural Historic Landmark. Engineering and lift installation has and will continue to require careful consideration as to not impact the cave.

The current design includes some removal of topsoil (18- 24") which would be carried uphill to be used as fill. Timbers at each end of every 10 foot section will be pinned to the earth with 1 ½ inch piping driven 18 inches into the ground. Any travertine encountered will be left undisturbed.

VII. CONSISTENCY WITH COUNCIL GOALS AND POLICIES:

Running a profitable tubing concession at Howelsen Hill is consistent with City Council's goal of fiscal sustainability.

ATTACHMENTS:

Attachment 1: Howelsen Hill Snow Tubing Plan Summary
Attachment 2: Howelsen Hill Snow Tubing Financial Plan
Attachment 3: Howelsen Hill Snow Tubing Presentation