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SKI RESORTS in the ninth district



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SKI RESORTS IN THE NINTH DISTRICT

Introduction

Over the past several years, the sport of skiing has increased in popularity in the Ninth district. Judging from the number of lift tickets sold, ski slopes of the district were utilized 20 per cent more each year in the last two seasons than in the previous three. Despite this increased popularity, however, only scanty information has heretofore existed to describe skiing facilities and the profitability of district ski resorts. This study was initiated so that this information gap might be filled. ^{1/}

A questionnaire, designed to describe the district's skiing facilities, their use, and profitability, was mailed to 98 ski resorts in the district, with a follow-up being made one month later to resorts from which no reply was received. Considerable time was devoted to securing coverage as accurate and as complete as possible. The final result was that, of the 98 resorts receiving questionnaires, a total of 73 were returned (a response of 74 per cent). The most serious bias, perhaps, in the results of the study was a tendency for the more profitable and larger firms to answer the questionnaire, and for the less profitable and smaller firms to not send replies.

Clublike beginnings to popular sport

The inventor of skiing was, probably, a man clad in bearskins who found snow could be traversed without sinking if a long piece of wood was placed beneath

^{1/} The study was a cooperative project of the Bureau of Business and Economic Research, University of Minnesota; the Department of Business Development, State of Minnesota; and the Federal Reserve Bank of Minneapolis. The Bureau of Business and Economic Research participated in the pre-mailing test of the questionnaire and performed the first tabulation of the returned questionnaires. The Department of Business Development drew up the questionnaire, sent it to the ski resorts of Minnesota, and further tabulated the information from the returned questionnaires. The Federal Reserve Bank of Minneapolis sent the questionnaire to the ski resorts of Montana, North and South Dakota, Upper Michigan, and northwestern Wisconsin; conducted the follow-up effort in these states and in Minnesota; completed the tabulations of the data; and prepared these results.

each foot. As the legend goes, this man had sons who devised a binding of hide to fasten the toes to the skis. Their sons, in turn, fabricated sticks (now called ski poles) to assist travel. Each stick served also as a weapon, a spear, or javelin.

Primitive skis, dating back seven thousand years, have been found in peat bogs. One such ski, discovered in Norway, dates back to 5,000 B.C.; another, discovered in Hoting, Sweden, to 2,500 B.C. The oldest pictorial representation of skiing yet discovered is a rock carving in Norway dated to 2,000 B.C. which shows two men on skis hunting elk. The first written reference is in the works of the Byzantine historian Procopius, writing about the period from A.D. 526 to 559. Procopius writes about a race of Skridfinnar, that is, gliding Finns, apparently in contrast to other Finns who did not glide.

In the United States, early ski clubs began in communities with a high proportion of Scandinavian occupants, particularly in the states of Minnesota, Michigan, and Wisconsin. Although the Nansen Ski Club founded between 1872 and 1883 at Berlin, New Hampshire is generally considered the oldest ski club in the U. S., a ski club, Den Norske Turn og Skiforening, was formed in Minneapolis by 1885. In 1886 the Aurora Ski Club was organized at Red Wing, Minnesota; in 1887, the Norden Ski Club at Ishpeming, Michigan.

Such upper midwest ski clubs were primarily local organizations until merged into an association of ski clubs on January 16, 1891. To form the association, clubs from Minneapolis, St. Paul, Winona, and Red Wing, Minnesota; St. Croix Falls, Eau Claire, Stoughton, and La Crosse, Wisconsin; and Ishpeming, Michigan met at Ishpeming. Thirteen years later, again at Ishpeming, the association was organized into the National Ski Association. All 17 chartered clubs at that time were from the middle west. Today the National Ski Association is called the U. S. Ski Association. With approximately 125,000 members, it is now

the largest organization of ski clubs in the U. S. Besides sponsoring annual ski meets it also publishes the monthly magazine U. S. Ski News.

From primitive beginnings, then, skiing has developed into a popular sport. The transition from club to popular sport developed principally during the 1930s when, first, the 1932 Winter Olympic Games held at Lake Placid, New York, attracted considerable attention. Two years later the sport gained additional impetus when the nation's first rope tow was installed at Woodstock, Vermont; and later, in 1937, when the nation's first chair lift was placed in operation at Sun Valley, Idaho.

Depending upon who does the counting (a difficulty which arises because of different definitions as to what constitutes a skier), there are now from 5 to 11 million skiing Americans. Dr. Merritt H. Stiles, 1964 President of the U. S. Ski Association, estimates that there will be 45 million skiing Americans by 1985.

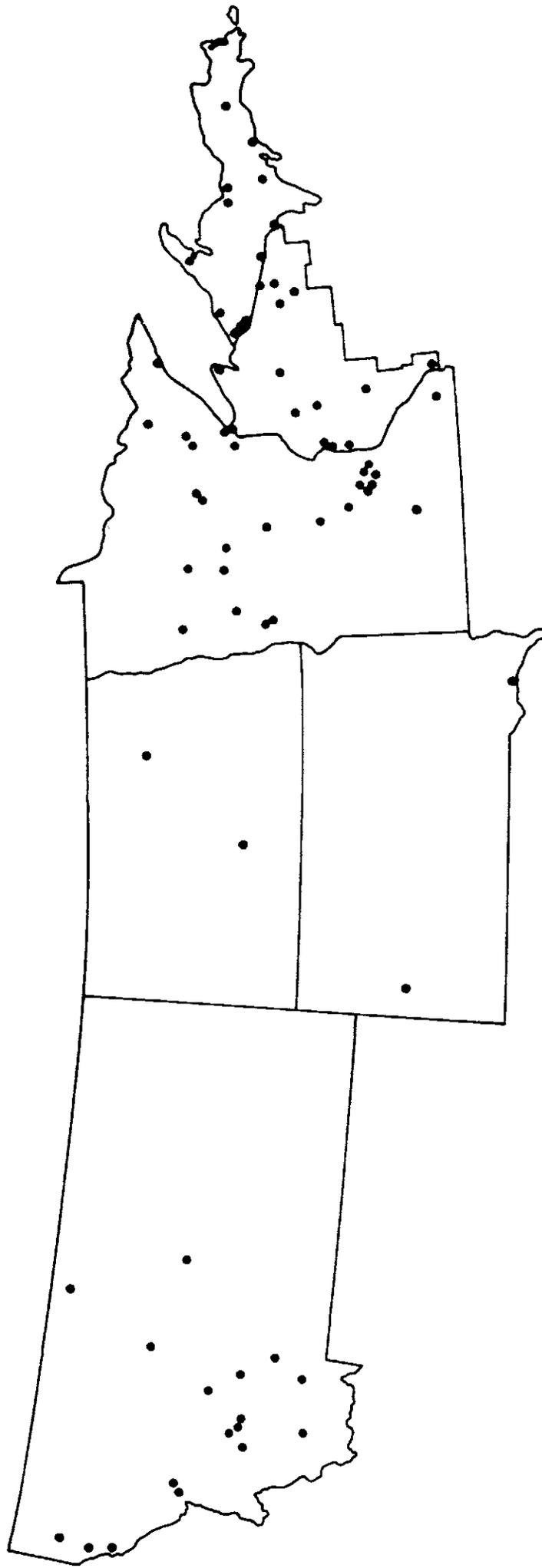
Prospects are good for further increase in the popularity of skiing in the Ninth district. For most Ninth district residents a skiing area is reasonably accessible by car. Also, a generally rising level of personal income will tend to encourage the sport. One study, for example, indicates that average annual personal income of about \$8,850 typified the sport's participants. ^{2/}

Ninth district ski areas

Four ski areas in the Ninth district can be demarcated (see map). One is located along the Rocky mountains in the western portion of Montana; another surrounds the Minneapolis-St. Paul metropolitan area; a third is found in the vicinity of the Mesabi range in upper Minnesota; and a fourth is made up of the group of ski resorts in northwestern Wisconsin and Upper Michigan.

^{2/} The Skier Market in Northeast North America, U. S. Department of Commerce, Area Redevelopment Administration, U. S. Government Printing Office, Washington, D. C., 1964, p. 45.

RESPONDENT SKI RESORTS



Each area draws customers principally from its own area, with the exception of the latter two, upper Minnesota and Upper Michigan-northwestern Wisconsin. In these instances the former draws some customers from metropolitan Minneapolis-St. Paul; the latter, from cities like Detroit, Des Moines, and Chicago.

A characteristic of the skiing business is that, often, where there is one resort, another, or maybe two, can be found nearby. Resorts tend to "feed" on each other: two resorts may obtain more than twice as much business as a single resort. The logic for this is grounded not only in slope and snow considerations, but also in those of travel; when two resorts are located in the same general area, a better road can be built to serve them.

Trails and lifts

Ninth district ski slopes are diverse. Vertical drops vary from a low of 100 feet in Minnesota to a high of 2,600 feet in Montana; runs vary from 350 feet in length in Minnesota to 14,500 feet in Montana. For all resorts the mixture of "novice," "intermediate," and "expert" slopes is about equal. A total of 210 rope tows, 23 T- and J-bars, 16 poma lifts, and 7 chair lifts entice skiers to the upper reaches of the slopes.

To describe the ski trails of the district, respondents were asked to classify each of the slopes of their resort as either "novice," "intermediate," or "expert." Steepness, generally, is the main characteristic by which the "difficulty" of a ski slope is classified. A hill descended at high speed, on a steep and narrow trail, is more "expert" than a long trail which is wide enough to accommodate regular turning so as to retard the skier's speed. Typically, therefore, the "expert" slope in the district tended to be slightly shorter in length than the "intermediate" slope (see Table 1). The average "expert" slope in the district has a length of 1,243 feet--5 feet shorter than the average "intermediate" slope. In Minnesota, the average "expert" hill was shorter than

Table 1

NUMBER AND AVERAGE LENGTH OF NINTH DISTRICT SKI TRAILS*

	<u>Ninth District</u> (31)	<u>Minnesota</u> (11)	<u>Upper Michigan</u> (7)	<u>Montana</u> (6)	<u>Dakotas</u> (2)	<u>Northwestern Wisconsin</u> (5)
Novice:						
Number of trails	65	22	19	9	3	12
Average length of trails in feet	1,030	1,184	974	1,156	367	1,471
Intermediate:						
Number of trails	96	35	25	14	2	20
Average length of trails in feet	1,294	1,125	1,260	2,293	1,000	790
Expert:						
Number of trails	79	35	10	13	5	16
Average length of trails in feet	1,243	951	1,770	1,777	600	1,119

* Figures in parentheses indicate numbers of resorts responding.

Table 2

SKI LIFTS*
(actual number)

Type of lift:	<u>Ninth District</u>	<u>Minnesota</u>	<u>Upper Michigan</u>	<u>Montana</u>	<u>Dakotas</u>	<u>Northwestern Wisconsin</u>
Rope	210	75	30	38	5	62
J-bar	2	2				
T-bar	21	4	6	3		8
Poma	16	3		8	3	2
Chair	7	2	2	2	1	
Total number of lifts:	256	86	38	51	9	72

* Surface lifts are the rope, J-bar, T-bar, and the poma.

both the "novice" and "intermediate." The average length of "intermediate" and "expert" slopes was longest (due to their clustering about the Rocky Mountains) in Montana.

As may be observed from Table 2, the predominant tow facility in the district is the rope tow. All of these rope tows, however, are not regularly used as ski lifts; many serve as back-up facilities in case of T-bar failure. Others are used to feed customers to larger lifts; still others are used to handle unusually large crowds. What proportion of rope tows are used for back-up, feed, and over-load purposes, however, is uncertain. ^{3/} A total of 71 resorts in the Ninth district have tow lift facilities.

It is perhaps all too easy to overestimate the value that the average skier attaches to the convenience of the ride up a slope. One study discovered that only 57.2 per cent of questioned skiers would pay one-fifth more to ride up a ski slope on a chair lift instead of a surface lift, 40.9 per cent would not pay the price, and 1.9 per cent were uncertain. The important consideration was found to be the delay to get on the ski lift, according to one study. As many as 81.9 per cent of those questioned would pay a premium of one-tenth to avoid waiting in a ski lift line over five minutes, only 16.6 per cent would not pay the premium, while 1.5 per cent were uncertain. ^{4/}

The skiing season

Just what constitutes a "typical" skiing season is debatable. If weather and snowfall conditions are favorable, the season may open before Thanksgiving and run into April. More typical dates are from mid-December to mid-March. Because a significant proportion of skiers are under 22 years of age, the

^{3/} Since a rope tow is frequently considered as old fashioned or more exhausting to use, the reporting of such a large number of this type of tow presents a somewhat outmoded picture of ski lift facilities in the district.

^{4/} Skier Market, op. cit., p. 56.

mid-December opening enables resorts to accommodate the numerous students that ski during their Christmas vacations. ^{5/}

Even if the skiing season could be opened and closed on definite dates, numerous sources of potential variance in the number of skiable days of resort operation would still exist. Poor snowfall, above freezing weather if snowmaking equipment is utilized, shorten the number of skiable days. On the other hand, good weather and the resulting favorable prospects for enlarged profits might induce some operators to stay open weekdays instead of only weekends. Despite these potential sources of variance, however, the number of skiable days of resort operation in the district has been rather stable over the last five seasons (see Table 3). In the 1959-60 season, the average respondent resort was operated 63 skiable days; in the 1963-64 season, 60 days. In the last five seasons the fewest number of skiable days of operation was 50 in 1960-61.

Table 3

SKIING SEASON

(average skiable days of operation per resort)

	<u>Ninth District</u>	<u>Minnesota</u>	<u>Upper Michigan</u>	<u>Montana</u>	<u>North Dakota</u>	<u>Northwestern Wisconsin</u>
Season:						
1963-64	60	63	89	51	33	64
1962-63	50	47	89	45	8	60
1961-62	54	42	84	50	22	71
1960-61	50	43	87	38	28	56
1959-60	63	52	90	49	n.a.	60

n.a. - Not available.

^{5/} In The Skier Market in Northeast North America, *ibid.*, it was reported that almost 40 per cent of total skier days were accounted for by the 12-22 age group.

The range of average number of skiable days of operation among district states varies considerably. In each of the last five seasons, on the average, ski resorts of Upper Michigan were operated more skiable days than those of any other district state; resorts of northwestern Wisconsin, over the same five seasons, second; the respondent resorts of Montana and North Dakota, fewest.

Perhaps no one watches for snow more anxiously than the operator of a ski resort. Snow, but not too much, is a vital component to the length of a ski season. Recently, in order to circumvent the irregularity of snowfall, some operators have acquired snowmaking equipment which produces "snow" from a combination of a high pressure mixture of water and air at the point of a nozzle. Resorts lacking such equipment, when there is a lack of snow, must either haul snow by truck or shut down. Six Minnesota resorts, four in Upper Michigan, and three in northwestern Wisconsin have snowmaking machinery; two in Minnesota, snow hauling equipment.

Numerous facilities

But snow and skiing alone do not make a resort. Ski oriented activities also include ski schools, patrols, equipment rentals, ski sales shops. In addition, many resorts offer a place for other winter recreation such as skating or tobogganing, and an opportunity to enjoy a crisp wintry weekend in a rural setting with evenings of fellowship before a crackling fire in a fireplace. A total of 61 resorts have chalets; 56 have canteens; 23 restaurants; 11 ice skating facilities; 9 sleeping accommodations; 8 sleigh rides; and 2 swimming pools (see Table 4).

A ski resort can frequently employ its facilities in the spring, summer, and fall seasons. For example, some resorts operate a trap shoot or a rifle range. One operator was planning to fasten targets to a moving rope tow in a rifle range development. If located in scenic terrain, a resort's

Table 4

FACILITIES AT SKI RESORTS
(number of resorts with facility)

	<u>District Total</u>	<u>Minnesota</u>	<u>Upper Michigan</u>	<u>Montana</u>	<u>Dakotas</u>	<u>Northwestern Wisconsin</u>
Nonskiing facilities:						
Chalet	61	24	9	12	2	14
Sleeping accommodations	9	4	2			3
Canteen	56	19	11	12	3	11
Restaurant	23	7	4	3	1	8
Swimming pool	2	1				1
Toboggan slide	12	5	1	3	1	2
Ice skating	11	5			2	4
Sleigh rides	8	3	1	1		3
Skiing facilities:						
Ski school	54	18	7	13	2	14
Ski patrol	56	16	9	16	2	13
Ski shop	37	11	6	5	2	13
Equipment rental	50	18	7	8	3	14
Equipment repair	31	8	6	5	2	10
Ski jump	21	10	3	5	1	2

potential for off-season operation is enhanced. In the Ninth district, a total of 29 resorts were operated in the spring, summer, and fall seasons--Minnesota 19, Michigan 5, Montana 2, and Wisconsin 3. Among 76 respondent ski areas, a total of 26 were planning to expand their off-season operations, 20 indicated no off-season expansion plans, and another 30 did not answer the question. Examples of planned projects include a tourist camp, a picnic area, a golf course, a swimming pool, a dude ranch, complete lodging and dining facilities, and a "Norwegian atmosphere throughout."

Destination ski resort

In order to distinguish how many resorts were primarily "local" in customer attraction from those which were primarily "nonlocal," respondents were asked to list in descending order of importance the areas from which

their patrons came. The answers were evaluated thus: an area was considered regional if the respondent either listed "local" or his number one or number two choice was the town near his resort. Although, admittedly, this was a narrow definition, even when defined this narrowly a total of 38 Ninth district ski resorts were evaluated as "local"; 28 were "nonlocal." State-by-state the count was, respectively: Minnesota 11 and 10, Upper Michigan 6 and 6, Wisconsin 6 and 8, the Dakotas and Montana 15 and 4.

Many resorts, of course, draw customers from outside their state of location. To illustrate, some Montana resorts serve customers from Idaho, Washington, Wyoming, and North Dakota. On the other hand, numerous northwestern Wisconsin and Upper Michigan resorts serve Des Moines, Chicago, and Milwaukee. For such resorts, regular train, plane, and bus service is important; a few list in promotional literature the regularly scheduled public transportation facilities serving their area.

Chartered trains or planes to ski areas are infrequent; two of the district's railroads operated their last chartered train about five years ago. Both railroads, however, still attach special cars to regularly scheduled trains so as to accommodate skiers. How frequently this is done, however, was not tabulated.

A chartered bus to a ski area, in contrast to a plane or train, is common. One bus company estimated 300 such charterings, another 200, during a season. Most contacted companies in the Twin Cities area estimate that a 150 mile radius drawn about a point of departure would circumscribe the area of most of their chartered bus trips to ski resorts.

Thus, if only by elimination, the automobile is apparently the predominant mode of travel to most Ninth district ski areas; a bus, second. In a northeastern U. S. study, it was reported that 88.1 per cent of skiers in the 1962-63 season traveled solely by automobile to their ski destination, a total of 3.0 per cent traveled solely by bus, while the remainder traveled by some

combination of plane, train, bus, or auto. 6/

The business of skiing

Although respondents were least willing to answer questions concerning revenues, capacity utilization, replacement value, and profits, the information that was provided presents the best information currently available to appraise skiing as a business enterprise in the Ninth district. Also, a few written comments provide some indication of what constitutes a successful ski resort. In the final analysis, however, individual operations will continue to be judged on the basis of their particular financial and operating data, and these may differ markedly from the generalities sketched here.

Good community relations seem to be an important characteristic of a successful ski resort. Such relations help, particularly, the resort to obtain financial resources and labor from local sources. Of 73 respondent resorts, all but four owners had acquired part of their capital from some external source. More than one-half of all outside financing was through banks, many no doubt located in the same community as the resort. The next largest source was "other" which included the sale of preferred and common stock (in all likelihood sold mostly to members of the local community), a conditional sales contract, loans by officers, etc. Local development corporations had supplied funds to four of the 73 respondents.

Drawing customers to a ski area, and especially a new one, typically requires promotion. An advertising program is virtually a must, and this constitutes another distinguishing characteristic of many successful ski resorts. In some cases local motels or hotels pay for advertisements knowing that good ski business is helpful to lodging business. Also, resorts often seek to develop contacts within ski clubs to inform skiers of new happenings and thereby attract them to their ski area.

6/ Ibid., p. 46.

Many operators consider snowmaking equipment essential for success. Such machinery is useful beyond just providing snow in years of low snowfall. For example, if the capacity of ski slopes is to be utilized reasonably adequately, it means that snow will be packed and hardened by skiers. Thus, to retain an adequate amount of loosely packed snow, frequent replenishment is necessary; and for this, snowmaking equipment is essential. Although this equipment can result in an outlay of from \$100,000 to \$200,000 for piping, compressors, and water supply, it is the only way to assure a good skiing season. Comments from operators like "we need snow," and "don't build a ski area without snowmaking equipment," underscore the importance of this machinery to profitability.

Revenues

A considerable amount of cash flows through the average ski resort. A resort (based on an average of 40 respondents) has revenues of about \$16,000 from lift and tow tickets (see Table 5). Canteen and restaurant operations add about \$2,000 more to total receipts; the sale, rental, and repair of equipment, another \$3,000. Respondent resorts in Upper Michigan obtain the largest amount of revenue from lift and tow tickets of any district state, reflecting in part, the source of their trade--cities like Detroit and Chicago.

Average capacity utilization

Respondents were asked to estimate the maximum number of people their resort could serve at any one time. Of the 73 operators who returned questionnaires, a total of 60 answered this question; and the average capacity of these 60 was 741.

As might be expected, weekends are the busiest days at a ski resort. Slightly more than one-half of the district's ski capacity is used on weekends, and this rate falls to slightly less than 7 per cent on weekdays (see Table 6). Utilization is highest in Upper Michigan. It was second in northwestern

Table 5

AVERAGE GROSS REVENUES AT SKI RESORTS*

(in dollars)

	<u>Ninth District</u>	<u>Minnesota</u>	<u>Upper Michigan</u>	<u>Montana and North Dakota</u>	<u>Northwestern Wisconsin</u>
Lift or tow tickets	\$16,206 (40)	\$12,844 (12)	\$54,588 (8)	\$ 8,737 (14)	\$ 3,633 (6)
Restaurant and Canteen	1,961 (31)	3,172 (10)	1,204 (7)	3,728 (8)	1,082 (6)
Equipment rental, sale, and repair	2,904 (22)	5,328 (9)	3,400 (4)	771 (4)	2,709 (5)
Other	1,857 (13)	2,120 (5)	1,150 (2)	856 (4)	3,300 (2)

* Figures in parentheses indicate numbers of resorts responding. To illustrate, a total of 12 resorts comprise the average revenue figure of \$12,844 from lift or tow tickets in Minnesota.

Table 6

AVERAGE CAPACITY UTILIZATION*

(per cent per annum)

	<u>Ninth District</u>	<u>Minnesota</u>	<u>Upper Michigan</u>	<u>Montana and North Dakota</u>	<u>Northwestern Wisconsin</u>
Based upon:					
Actual count of skiers					
Weekends	54.0	44.9	76.6	53.5	52.6
Weekdays	6.9	5.7	5.6	13.5	5.5
Estimated number of skiers					
Weekends	46.4	36.2	87.0	31.6	53.2
Weekdays	11.8	8.9	21.7	7.8	11.0

* Capacity utilization is equal to the actual or estimated number using the area on a weekend or weekday divided by the maximum number that could use the area at any one time.

Wisconsin, and lowest in Minnesota. In general, the resorts can handle more customers with their present plant and equipment. ^{7/}

District capacity utilization might improve in future years because the popularity of the sport seems to be increasing rapidly. In the 1963-64 skiing season, respondent resorts indicated a sale of 418,528 ski lift or tow tickets--up from 179,528 in the 1959-60 season (see Table 7). Since the 1960-61

Table 7

TOTAL AND AVERAGE NUMBER OF LIFT TICKETS SOLD

Season:	<u>Ninth District</u>	<u>Minnesota</u>	<u>Upper Michigan</u>	<u>Montana</u>	<u>Wisconsin</u>
1963-64					
Total number	418,897	67,222	114,921	101,519	135,235
Average per resort	11,636	6,722	12,769	9,229	22,539
1962-63					
Total number	340,266	55,574	116,350	64,121	104,221
Average per resort	10,633	5,557	16,621	7,125	17,370
1961-62					
Total number	265,717	28,745	90,050	59,822	87,100
Average per resort	9,163	3,593	12,864	6,647	17,420
1960-61					
Total number	162,181	18,872	98,811	29,898	14,600
Average per resort	7,051	3,145	16,469	4,271	3,650
1959-60					
Total number	179,528	17,680	67,700	30,348	63,800
Average per resort	9,449	4,420	13,540	5,058	15,950

^{7/} Capacity utilization, whether estimated from the group of ski resort operators who had estimated the number of skiers at their resorts, or the group of operators who had actually counted the number, differed by less than 8 percentage points. Since both the estimated and actual counts measure the same thing for two subgroupings of respondent resorts, namely, the number of skiers using a ski area, their similarity of magnitude supports the accuracy of the reported 50 per cent rate of district capacity utilization (unless there was a bias common to both, for example, respondents had submitted inaccurate information on the number of customers to discourage the entry of new firms). In a study of skiing in New England by the Federal Reserve Bank of Boston, excess capacity was also reported. Sissener, Jan W., The Ski Lift Business in New England, Research Report No. 11, Federal Reserve Bank of Boston, 1960, p. 56.

winter of low snowfall, there has been a persistent upward trend in the average number of lift or tow tickets sold at the average respondent resort. If this trend continues, the chances are good for increased utilization of district skiing capacity.

Replacement value

Respondents were each asked what dollar investment would be required to duplicate their present ski facility. The intent of this question was to establish in current prices the quantity of physical resources representative of the average ski operation. For 65 Ninth district resorts answering the question, the average per resort replacement cost was \$138,662. Again, a noticeable diversity among district states was noted. Upper Michigan, with an average per resort replacement cost of \$202,818, was highest; Wisconsin, \$163,333, second; Minnesota, \$139,176, third; and Montana and the Dakotas combined, \$95,450, lowest.

Profits

Of the 30 district resorts reporting information on profits over the last few years, a total of 11 indicated a loss, 17 a profit, while two broke even. ^{8/} Based upon 26 replies which contained information on the dollar amount of profits, the district resorts averaged a net profit over the last few years of \$2,474, before taxes (see Table 8). For the same 26 resorts the average replacement cost of assets was \$124,692, making a before tax rate of return on assets of 1.98 per cent. This is markedly lower than the 7.0 per cent annual rate of return before taxes in 99 manufacturing industries reported in one study from 1947 to 1957. ^{9/} Except for Wisconsin, state-by-state variations in rates of return were relatively minor.

^{8/} Peculiarities in the arithmetic of accounting can result in unrealistically high or low profit estimates. Another source of error, apart from accounting distortions, can be a systematic bias in the information received on profits from the study. Since these sorts of errors or bias, if operative, are not known, profit data are reported as submitted.

^{9/} Stigler, George J., Capital and Rates of Return in Manufacturing Industries, National Bureau of Economic Research, Princeton University Press, Princeton, New Jersey, 1963, p. 37.

Table 8

AVERAGE RATE OF RETURN ON ASSETS*

		<u>Investment</u>	<u>Profit</u>	<u>Rate of Return</u>
Ninth District	(26)	\$124,692	\$2,474	1.98
Minnesota	(10)	160,800	3,950	2.46
Upper Michigan	(4)	116,250	2,375	2.04
Montana	(7)	101,286	2,786	2.75
Northwestern Wisconsin	(5)	92,000	874	0.95

* Figures in parentheses indicate numbers of resorts responding, and thus comprising the average.

While the district ski industry undoubtedly will have more participants in the future, the industry at present has excess capacity. According to survey results, even on weekends only one-half of total capacity is utilized. This low rate of utilization tends to depress the profitability of the average operation.

Summary

Ninth district ski facilities are diverse. Slopes range from 600 feet to 2.75 miles in length and from 350 to 2,600 feet in height. Numerous resorts are improving their facilities. Some plan to acquire snowmaking equipment; others to update tow facilities; and still others to build complete lodging and dining facilities.

Ski resorts are generally low profit enterprises which return not quite 2 per cent before taxes (based on the current replacement value of assets). The resorts, however, are sometimes operated in conjunction with other service industries such as motels, restaurants, etc. When this occurs, it reduces the economic significance of information on accounting profits and rate of return derived from ski resort operation.

The prospects for a continuation of growth are favorable. For most Ninth district residents, a ski resort is reasonably accessible by car. Also, a generally rising level of personal income will tend to encourage the sport.

An increased number of skiers will improve capacity utilization and profitability from present levels.

--Richard F. Budolfson