

Request for Decision

Municipal Ski Hill Operations - Financial Review

Presented To: Community Services Committee

Presented: Monday, Jul 08, 2013

Report Date Thursday, Jun 27, 2013

Type: Managers' Reports

Recommendation

WHEREAS the ski hills report provides Council with a net operating and net operating cost recoveries for each ski hills for the 2011 and 2012 ski season as requested at the May 6th, 2013 Community Services Committee meeting, and;

WHEREAS a review was completed for the operation of ski hill facilities during extreme cold temperatures colder than -35 C;

THEREFORE BE IT RESOLVED THAT the Ontario Snow Resorts Association (OSRA) comfort tips be adopted and the City of Greater Sudbury will close ski hill facilities when temperatures are colder than -35 C with the exception of when organized programs such as ski meets, races, major school bookings have been pre-scheduled.

Background

At the May 6, 2013 meeting of the Community Services Committee, a report was presented regarding municipally operated ski hills (Adanac, Capreol and Lively Ski Hills). A resolution was included in the report requesting that the City of Greater Sudbury approve the Ontario Snow Resorts Association (OSRA) policy for the operation of ski hill facilities during extreme cold temperatures which would result in closing facilities when temperatures are colder than -35°C. The policy would be implemented for the upcoming 2013 - 2014 ski season.

Council approved a motion to defer this matter and the following recommendation was presented:

CS2013-28 Barbeau/Cimino: THAT the City of Greater Sudbury direct staff to provide detail with respect to financial impact of operating each ski hill; AND THAT the temperature by which ski hills close be further reviewed.

The current report will:

- Provide an analysis of revenue and expenses for the three municipally operated ski hills for the 2011-2012 seasons
- Outline future capital considerations for the lift replacement at Adanac and Lively ski hills

Signed By

Report Prepared By

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Division Review

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Recommended by the Department

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- Provide options regarding extreme cold temperatures and a trigger temperature that would result in the possibility of closing ski facilities

Financial Analysis

Financial information for the years 2011-2012 was used for the analysis. The data is from the cost centre reports for the ski hill operations and are the annual "budget" and "actuals" data from the operating budgets.

Table 1 provides a summary of budget vs. actual, with the variance illustrated. The table also provides the direct operating cost recoveries for each ski hill (budget and actual).

Table 1: Revenue and Expenses - Calendar Year

<i>Ski Hills</i>	<i>Expenses</i>	<i>Revenue</i>	<i>Net Cost</i>	<i>Direct Operating Cost Recoveries</i>
2012				
Adanac				
Budget	\$461,670	\$380,000	\$81,670	82%
Actual	\$527,109	\$427,888	\$99,221	81%
Lively				
Budget	\$107,604	\$16,056	\$91,548	15%
Actual	\$104,400	\$15,606	\$88,794	15%
Capreol				
Budget	\$45,457	\$7,000	\$38,457	15%
Actual	\$47,304	\$3,478	\$43,826	7%
2011				
Adanac				
Budget	\$423,327	\$358,001	\$65,323	85%
Actual	\$494,023	\$313,781	\$180,242	64% *
Lively				
Budget	\$99,863	\$15,588	\$84,275	16%
Actual	\$104,169	\$17,350	\$86,819	17%
Capreol				
Budget	\$44,721	\$12,824	\$31,897	29%
Actual	\$33,766	\$3,255	\$30,511	10%

* The revenue in 2011 was lower than originally budgeted due to the number of seasonal passes sold in December. The hill was opened later in the ski season. In addition, the expenses were higher in 2011 as a result of the cost for site work and off season ground preparation.

Future Capital Considerations (Lift Replacement)

A recent report provided by ANCAM Solutions Company, Ltd., regarding the capital estimates for the City of Greater Sudbury's ski facilities suggests that over the next 5 years, approximately \$1.2M in capital improvements are necessary to replace lifts at the Adanac and Lively ski hills. The capital needs for lift replacement have been identified in the 2014-2018 Community Development Capital Projects. Table 2 provides the information for ANCAM:

Table 2: ANCAM Capital Estimates 2013-2018

<i>Facility</i>	<i>Issue/Item</i>	<i>Estimated Cost</i>	<i>Timing of Purchase</i>
Adanac	Purchase of used elevating device asset for alignment (above surface)	\$500,000	2015
	Upgrades to elevating device to meet CSA Z98-07 requirements	\$250,000	2016
	Removal of existing double chair	\$50,000	2017
	Installation of refurbished elevating device and license testing	\$200,000	2017
	Total Lift Costs	\$1,000,000	
Lively	Purchase of used elevating device asset for this alignment (surface)	\$100,000	2016
	Upgrades to elevating device to meet CSA Z98-07 requirements	\$50,000	2017
	Removal of existing T-bar lift	\$10,000	2018
	Installation of refurbished elevating device and license testing	\$50,000	2018
	Total Lift Costs	\$210,000	
Capreol	The Capreol Ski Hill rope lift was recently replaced and does not require replacement in the near future		

Temperature Considerations

As presented in the May 6th, 2013 Community Services Committee report, the Ontario Snow Resorts Association (OSRA) has developed a scale that will enable the public to accurately reflect the level of comfort they may expect while engaged in winter recreation. This scale has been named Comfort Tips and specifically relates wind chill to a set of parameters the public can use to enable them to enjoy winter activities:

Temperatures Above -5°C

- Enjoy outdoor winter activities
- Consider wearing a hat and gloves

Temperature -5°C to -20°C

- Enjoy outdoor winter activities
- Dress in layers
- Exposed skin will be cold: consider wearing a hat, scarf, gloves/mittens and a wind-resistant layer

Temperature -20°C to -35°C

- Keep active while outdoors
- Dress in warm layers
- Limit amount of exposed skin
- Wear a hat, scarf, gloves/mittens and wind-resistant outer layer

Temperature Below -35°C

- Minimize outdoor activity
- Wear all essential winter clothing and layers
- Cover all exposed skin

It is recommended that the OSRA Comfort Tips be adopted and that the City of Greater Sudbury will close ski hill facilities when temperatures are colder than -35C with the exception of when organized programs

such as ski meets, races and school bookings have been pre-scheduled. In instances when facilities are closed due to cold temperatures, the City will strive to reschedule during alternate dates and times to make up for hours missed. As with all City run programs and facilities, all weather conditions and potential health and safety concerns are considered on an ongoing basis (i.e. cancellations due to freezing rain, heavy snow fall, etc..) City of Greater Sudbury ski hills have historically been promoted as weather dependent, noting that operating hours may change without notice. The adoption of the OSRA Comfort Tips will assist ski hill users in better preparing for winter conditions when utilizing facilities.