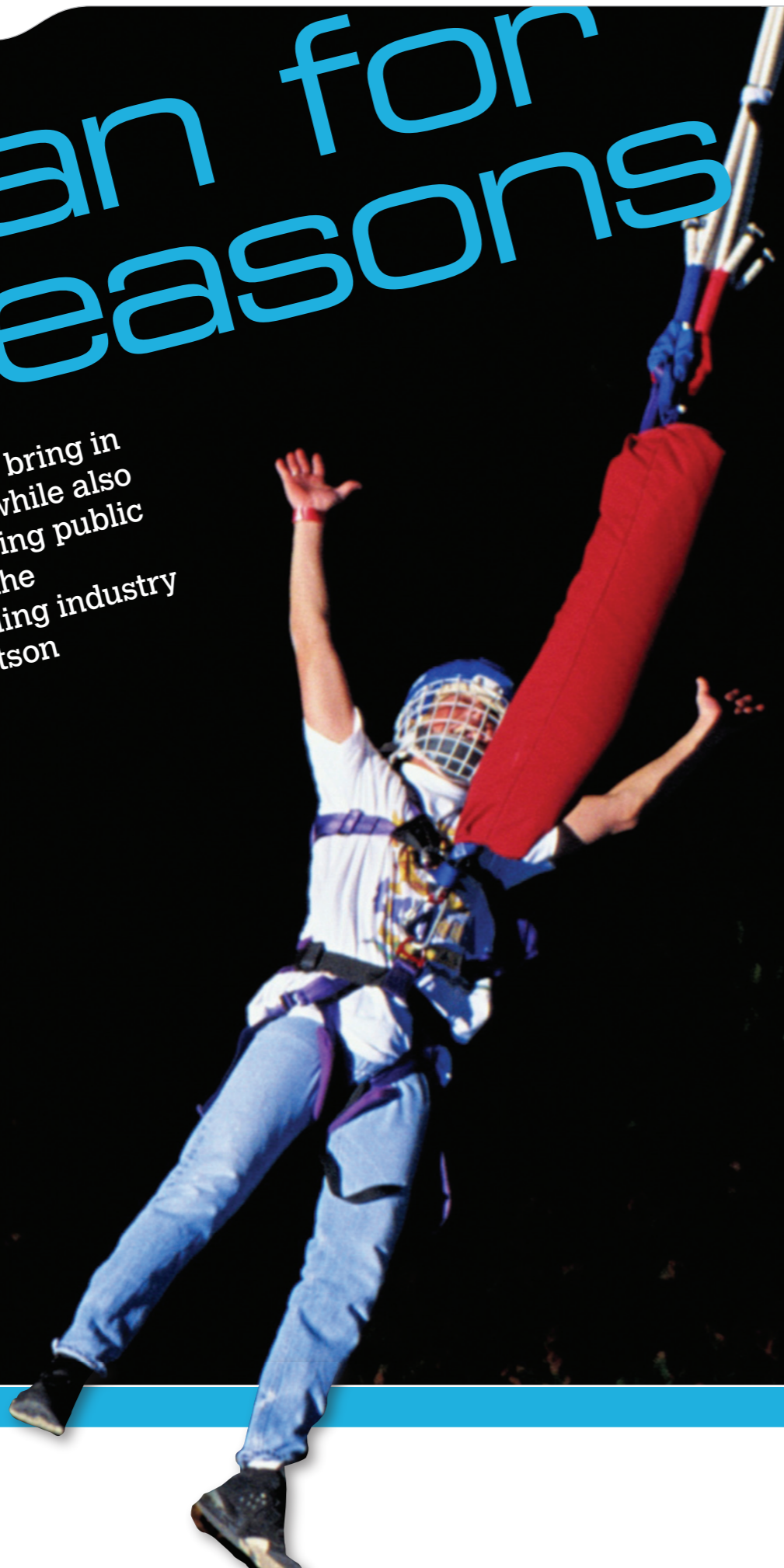


A plan for all seasons

The ski industry wants to bring in revenue all year round, while also accommodating increasing public demand for a focus on the environment, says leading industry law firm, Hogan & Hartson

Andy Spielman



Consider the economics of a ski resort. Some operating costs (insurance, debt service, etc) are year-round expenses, as is some (small) portion of the labour pool. Marketing programmes never stop, and before one season ends, it's already time to purchase retail and rental goods for the next. There are expenses to pay at times when revenues are slim, or even non-existent.

For these reasons, many operators around the globe are taking a hard look at developing summertime activities to offset these expenses and maintain cashflow for a greater part of the year. Ski resorts are recreation facilities and are located in some of the world's most scenic places, so why not expand recreational offerings throughout the year to maximise the ability to meet the public's thirst for adventure and the outdoors?

Some resorts, whether by geography or design, have long offered certain activities to summertime guests. Mountain biking attracts many visitors to ski areas across North America. Themed summer festivals and music bring crowds to mountain ski towns for a few weeks each year. European resorts are almost synonymous with hiking. And both new and older resorts in China already have, or are developing, tennis, golf and spa retreats.

The menu of summertime activities at ski areas is increasing as technology and creativity are paired

with ecotourism and economics. Around the globe, we're seeing the likes of canopy tours, rope courses and zip lines; alpine slides and mountain coasters; paragliding; climbing walls; mazes; mini golf; grass skiing; bungee jumping; mountain bike parks; golf and spa; weddings and conferences; concerts; scenic lift rides; tennis; frisbee; golf; rafting; fishing and more, all contribute to the summertime bottom line.

Resorts have their infrastructure in place, but need to attract more summertime guests. Seems pretty straightforward, but in the United States, where well over 100 ski areas are located on public land, obtaining governmental approvals for certain activities is not always easy. And some industry observers believe there may be inconsistency in obtaining approvals in different parts of the country. As such, the American Congress is debating which activities are appropriately natural resource-based and which are amusements ill-suited for national forests. From an environmental perspective, there is a strong case to be made that because ski areas are already highly developed sites, developing summertime outdoor activities at these same places could avoid development impacts elsewhere. It's a debate that sparks lots of emotion, and could well determine the future economic viability of some



Scenic ski areas can also be enjoyed in the summer months



Developing summertime outdoor activities at ski resorts could avoid development impacts elsewhere

resorts. A top American government recreation official captured the issue best when he told a committee of US senators that "increasing the scope of activities and facilities that may be authorized under a ski area permit could help ski areas remain economically viable by more fully utilizing their investment in infrastructure in the off-season or year-round".

Renewable energy

Environmental values can also contribute to the economics of the ski industry. Conservation and recycling make economic sense, are demanded by the public, and in many cases are simply necessities in the ski industry.

Most ski resorts are located in remote areas far from cities so certain aspects of operating a ski resort are just more costly than for urban hospitality businesses. For example, waste handling expenses are higher, thus requiring conservation, waste reduction and recycling. The same is true for limited water resources in arid alpine environments.

Energy issues are always key in any discussion of the environment. Not only is energy one of the greatest expenses for a

ski resort, but concern is growing in the ski industry worldwide over rising temperatures (i.e. shorter winters and less snow), perhaps affected by conventional energy production. For these and other reasons, dozens of nations and over half the American states have some sort of policy or requirement to promote the use of renewable generation. As such, Japan, China, European nations and the United States are all exporting wind, solar and hydro energy technology, and the world's growing renewables markets are buying.

North American ski areas have long been buying renewable energy 'credits' (essentially subsidising the development of wind farms elsewhere), but haven't yet developed significant on-site renewable generation of their own. Ample wind resources usually come hand-in-hand with high alpine environments. However, American ski resorts face difficulty obtaining regulatory approvals to construct turbines on national forests – but perhaps this will change over time.

Another obvious resource in great supply at ski areas is forest products. At least one North American resort is piloting technology

to develop biofuels on-site, for on-site energy generation, using timber killed by insect or wildfire; or removed for prescribed vegetation management practices.

Technology also exists for using utility-scale batteries to store solar energy; and in-conduit devices can generate hydroelectricity running through pipelines (think snowmaking systems and gravity-fed water supplies).

These types of sustainable practices can only lead to public accolades and fit entirely with the natural resource-based mission of commercial outdoor recreation.

The world's current economic situation has forced all businesses to work harder, act smarter and to innovate. And, as the saying goes, necessity is the mother of all invention. New technologies have brought countless new ways for the ski industry to re-energize by providing guests with more recreational choices and renewed (and renewable) conservation practices. <<

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