CHAPTER TEN

Transforming the Wasatch Mountains into an amusement park.

DOWNHILL DEMOGRAPHICS
Go figure. The number of skiers in the U.S. is falling as the Baby Boom generation ages, so why do Utah ski resorts expand facilities each year and crowd further into what was once wildlife habitat?

It’s a fact: as skiers age, they ski less. Boomers are now 35 to 55 years old, and the U.S. skier market has gradually shrunk by about 15 percent in the 1990s. It’s 18 to 24 year olds who ski more than anyone—about one in ten ski. But there aren’t enough Gen Xers to make a statistical dent in general skier declines because Boomers make up fully one-third of the population. Yet all local ski areas, except Alta, are busy replacing double and triple chairlifts with expensive four- and six-person lifts. They’re cutting new runs, widening established ones, and installing artificial snowmaking.

And they’re not cutting prices. Lift tickets are becoming even more expensive as many Utah resorts turn themselves into sprawling complexes of fancy restaurants, 100-room lodges, luxury spas, multilevel parking lots, towering condominiums, and even gated communities of million dollar, single-family homes.

What happened? Skiing used to be a simple sport focused on the thrill of sliding down a mountain on boards. Has it become merely a front for Robin Leach-style mountain home developments and Disneyland-esque family entertainment?

From a commercial point of view, alpine skiing is a scary business. It’s capital intensive and weather dependent and has high liability costs. Now
its core market is shriveling. Historically, ski resort profits skyrocketed in the 1970s when Boomers were young adults. At that time, short skis and plastic boots had drastically reduced the skill level needed to ski. In the 1980s the ski industry advertised heavily in southern states like Texas and Georgia, attracting a new market of skiers. Then, in the ’90s the number of “skier visits” in the United States—roughly equivalent to lift tickets sold—flattened, hovering at about 53 million. Snowboarders now buy 15 percent of ski passes, but shredders are not an additional market because they are already counted in the number of “skier” visits.

Ski resorts can no longer depend on what used to be their core market—the 18 to 24-year-old age group of skiers—to fill their chairlifts; the demographics have changed. The industry has learned that it must continue to cater to aging Boomer skiers and their growing families.

The implications are significant. Older skiers have more money and want more comforts than younger skiers. They also take the skiing experience slower. Younger skiers will scarf down a hot dog for lunch, then rush off to squeeze in the maximum number of ski runs. Older skiers want a sit-down restaurant, high-quality food, premium beer, and espresso. Sophisticated ski service consumers, Boomers expect to be whisked quickly to the mountaintop, without waiting in lift lines. Killington, in Vermont, built a high-speed, eight-person chairlift with heaters on each chair. Park City recently installed Utah’s first six-passenger, high-speed lift; named Silverlode, the lift moves skiers up 1,300 vertical feet in five minutes.

As the skier market flattens and the percentage of older skiers increases, industry investors have discovered that more skiers go to the larger, destination ski resorts. Disney World has become the business model for these destination ski resorts, writes Randall Lane in Forbes magazine. Boomers bring their whole families to high-end ski resorts and pay Dumbo prices. They expect tennis courts, luxury accommodations, shopping, and game rooms. “Like Disney, ski resorts have learned that one new ride each year is enough to bring customers back, so major resorts strive to offer a new feature every year—another ‘super’ lift, another new bowl opened. Though these expansions are concentrated at larger resorts, competitive pressures will force the smaller ones to upgrade.”

Marketing correctly also means indulging Boomers’ desire to live in mountain communities, says Leisure Trend’s Joy Spring, whose marketing research company completed an extensive skier survey on the subject during
the 1997 season. The Park City area destination resorts are spending tens of millions of dollars in a major expansion of homes, hotels, and lifts on surrounding private and public land. Park City ski resort is building an eight-story hotel, 600 condos, parking for 3,000 cars, as well as new lifts and runs. Deer Crest, by Deer Valley, is building a 100-suite hotel and spa, 255 multi-family homes, and a gated, private community of million-dollar single family homes. And that’s just for starters. North America’s largest ski resort owner, American Ski Company, has plans to extend their resort, The Canyons, from Bear Hollow to Park City. A resort that size will be the second largest in the U.S., after Vail in Colorado.

Older skiers’ rising expectations are digging deeply into resort owners’ pockets. Smaller ski resorts already have less ability to weather poor market conditions and easily suffer big declines in profitability, according to the National Ski Areas Association survey. Economies of scale favor large resorts and play an important role in their long-term financial health. With new ski lifts costing over $2 million each, rising expenses in a stagnant skier market may spell trouble for debt-laden smaller local resorts.

In contrast to its neighbors, Little Cottonwood’s Alta ski resort has “no plans for expansion of lifts or buildings,” Otto Wierenga, general manager, reports. “Looking down the road five years, we’ll have the same number of lifts, though some may be upgraded, and same number of buildings, though some may be replaced. People tell us all the time, ‘Don’t mess up a good thing.’ We’re happy the size we are and we’re careful not to change that.”

Alta caters to local skiers, but the Wasatch resorts that market to out-of-staters are steering a different route. Apart from Alta, each of the other Salt Lake and Summit County ski areas is expanding in size—adding new ski lifts, new ski runs, luxury lodges, or restaurants.

For example, Alta’s neighbor, Snowbird, just can’t let neighboring turf sit. It’s erecting two new ski lifts into Mineral Basin, high in Utah County’s American Fork Canyon, which is on the other side of the mountain ridge from Snowbird’s base. Lift towers, a warming hut, and a road are going into a steep, 9,500-foot bowl that has no permanent structures now. Utah County planners allowed this although they classify this alpine area as a critical environmental zone. Snowbird’s using 100 acres of U.S. Forest Service land besides 400 private acres it bought.

Snowbird claims the expansion into Mineral Basin is necessary to keep up with resorts in Colorado and Park City, which are constantly adding new
lifts. They have a point. A few years ago, for example, the U.S. Forest Service, landlord for many Western ski resorts, approved Telluride’s ski resort’s proposal to nearly double its size on public land and allowed Steamboat a similar increase. Both resorts are in Colorado. Utah’s Park City-area ski resort expansion is on private land and doesn’t need U.S. Forest Service approval.

Snowbird’s high-rise base facilities are shoehorned into Little Cottonwood Canyon, one of two canyons that provide Salt Lake with most of its drinking water. A narrow, two-lane blacktop road connects Snowbird with Salt Lake Valley. The highway, which cannot be widened without substantial damage to the watershed, was already over capacity in 1989 when Salt Lake County’s canyon master plan was written.

Snowbird operates mostly on U.S. Forest Service land and has several other expansion plans in the hopper. They’re planning to build a three-story restaurant with a conical roof on Little Cottonwood’s ridgeline and to add a day lodge, and they want to install a ski lift and runs in neighboring White Pine Canyon. Snowbird has already enlarged its Mid-Gad restaurant, and built Baby Thunder lift, clear-cutting slopes for nine more ski runs. They also rigged the Gad 1 lift to carry twice as many skiers.

Ski lifts in Mineral Basin will cost at least $2 million apiece. Snowbird’s current financial condition is known only to the U.S. Forest Service and to Snowbird insiders, but in the past, Snowbird has been burdened with crushing debt. Texan Rick Bass, the feisty entrepreneur who built Snowbird, has publicly joked about how much money Snowbird loses. And Snowbird’s not alone. One-third to one-half of U.S. ski resorts fail to make a profit each year, according to 1996 congressional testimony by ski industry experts. A 1995 National Ski Area Association’s economic analysis of its Rocky Mountain members showed resort expenses are rising faster than revenues.

“Judging by the number of condos going in and ski slope acres the resorts are grooming, you’d think the number of skiers is exploding,” said Tom Berggren of Salt Lake City’s Committee to Save Our Canyons. “But the market is not growing. Each resort is cannibalizing the same group of rich Americans who can afford to decide whether to go to Aspen or Snowbird.”

Are local Forest Service officials concerned about the consequences of allowing ski resorts to expand while the number of skiers shrinks? “Yes,” says Dick Kline, Forest Service public affairs officer for the Wasatch-Cache National Forest, “we do weigh that. But you can also argue that we have encouraged private enterprise to fill the niche of skiing as a legitimate use of
the land and we must be conscious of making it financially viable.” The Forest Service does not consider whether a ski resort’s proposed project is a good investment, only whether the party is financially capable of completing it.

But past market cycles put ski areas out of business without leaving the Forest Service funds to reclaim the mountainsides, recalls John Hoagland, now the Forest Service’s director of planning for the 2002 Olympics. In the ’60s and ’70s, mom-and-pop day ski areas went out of business when larger ski resorts lured customers away. Blue Mountain ski area in Utah’s Manti-LaSal National Forest went out of business, and “because it was operated by an association that dissolved,” the Forest Service could hold no one responsible for restoring the land, Hoagland says. Hidden Valley, Pike’s Peak, and Geneva Basin, all in Colorado, went out of business during that time as well.

Those unprofitable day-ski areas were often just a towrope and a gravel parking lot. But a resort like Snowbird is a village with high-rise buildings, sewer lines, and dozens of clear-cut ski runs. Will Utahns be saddled with reclamation expenses from a round of ski area bankruptcies if the market demographics change five years from now? “The risk of bankruptcy is high, as in any business, but the likelihood of a ski resort owner just walking away is low,” concludes John Carpoff, professor of finance at the University of Washington. “However, if they did, reclamation cost would be high.”

Save Our Canyons’ Berggren believes that far more likely than abandoning a resort like Snowbird because it can’t make money on lift tickets and hotel rooms, new owners in a bankruptcy would look for ways to develop land adjacent to the resort. If new owners believe they can make money on private real estate development, money-losing resorts will always find a willing buyer, he said.

Hoagland agrees: “You can’t build a ski resort any more without private real estate development at the base. Resorts just can’t make money without it. The Forest Service will only let ski area permittees build public facilities—no condos or private dwellings. That’s why resorts push to get title to Forest Service land with land exchanges.”

“The way the system works now, it forces commercial real estate development at the ski resort’s base. That’s why the precedent set by Snowbasin [outside Ogden, Utah] is so disturbing,” Berggren adds. Snowbasin ski resort, owned by oil company millionaire Earl Holding, said it needed title to 1,300 acres of Forest Service land at its base to build facilities for the 2002 Winter Olympics. In 1996, Congress approved the trade. Only after
approval did Snowbasin reveal plans to build 1,500 private condos, townhouses, and homes on the land.

For investors, maybe the chairlifts are half full rather than half empty. Natalie Gochnour, director of demographic and economic analysis for Utah’s Office of Planning and Budget, doesn’t believe demographics are an accurate indicator of Utah’s skiing future. “We used to track the Baby Boom numbers very closely,” she says. “It looked like a flat market and we were not very optimistic. But we find that the Baby Boom phenomenon is not so significant to Utah’s experience.” Gochnour points out that Utah’s number of resident skiers—a market younger than the national market—is growing more slowly than the number of destination skiers coming to Utah. “Utah’s out-of-state skier numbers are increasing while the number of resident skiers—which has all the demographics going for it—hasn’t been growing as fast,” she says.

While expanding ski resort capacity in a shrinking skier market may seem counter-intuitive to some, it appears inevitable that Utah ski resorts will continue to grow at the expense of mountain habitat.

**WHAT HARM CAN A SKI RUN DO?**

As local ski resorts grow, a lot of trees are chainsawed. “When you cut a ski run into a stand of conifers, you lose bird nesting habitat,” explains Larry Dalton of the Utah Division of Wildlife Resources. “People think that the displaced bird can just move next door. That’s not true. The nesting area next door is already taken by a bird that’s defending its territory. The displaced bird must move to a less secure nesting site that’s more apt to be exposed to weather or predators. And it’s unlikely that the bird will successfully reproduce.” As humans reduce wildlife habitat, the displaced animals die without reproducing and rearing young. Dalton notes that the Wasatch’s elk were eliminated by this kind of habitat destruction. The steady creep of new subdivisions built up the foothills destroyed the elk’s critical winter range in the foothills.

Another problem with ski runs is that “the grassy opening changes the mosaic of the natural alpine community by favoring different small animals—with unpredictable consequences,” Dalton says. A ski run can create habitat inviting to nonnative animals like house mice or roof rats that don’t belong there, points out local zoologist George Oliver. Weeds are another problem.
Construction that churns up alpine turf, such as slope grading or road building, creates a path along which aggressive nonnative plants, a.k.a. weeds, invade the mountainsides. These aggressive and broadly adapted plants that follow human disturbance eventually crowd out native vegetation.

Cutting up the mountains with runs and roads can cause local extinctions, say experts. An alpine biological community needs to be contiguous to function over time. For example, some native rodents won’t cross a road. If a small population of them is trapped on one side of a road, it can easily die out. Of course, if the rodents in an area die out, the owls, hawks, and coyotes that feed on them disappear as well. Oliver points out that pika populations, on mountainside scree slopes, are widely separated and isolated. Further isolation through habitat destruction makes the many pika subspecies vulnerable to extinction during naturally harsh climate cycles. Another example is the Wasatch’s black rosy-finch, which lives at high elevations and nests in crevices on talus slopes. This finch is not a wide-ranging bird, so it is especially vulnerable to habitat loss as well, he notes.

Ironically, Park City, Solitude, and Snowbird are building extensive artificial snowmaking facilities, though Mother Nature’s own snowmaking system dumps hundreds of inches on them most years. “Utah resorts are investing heavily in artificial snowmaking equipment as much for marketing [to out-of-state-skiers] as for operational reasons,” says Mark Menlove, former president of the Utah Ski Association. Advertising artificial snowmaking capability assures out-of-staters—who must make their ski vacation reservations months in advance—of skiable snow when they arrive. Installing snowmaking equipment requires digging trenches up mountainsides and burying pipes. Charlie Lansche, spokesperson for Park City ski resort, says they try to run the pipes along existing ski runs to avoid cutting down more trees.

The Wasatch Mountains are a watershed, providing 60 percent of the drinking water for Salt Lake City and County. In an effective watershed, rain and snow are slowed up and filtered through the natural community of scrub, trees, tundra, and soil. Each new construction project or ski run incrementally reduces the ability of the mountainside to filter drinking water—and to act as habitat for native mountain wildlife.