

# Water Parks: Impact from COVID-19 Pandemic in 2020 and Recovery in 2021

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**David J. Sangree, MAI, CPA, ISHC, Hotel & Leisure Advisors**

**Evan Barnett, Typhoon Texas**

**Dameon Nelson, Six Flags Entertainment**

**Catie Christner, Great Wolf Lodge**

**Nick Scott Sr., Scott Enterprises**

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# About the Speakers



HOTEL & LEISURE ADVISORS

**David J. Sangree, President**

David is a 1984 graduate of the Cornell University School of Hotel Administration, an MAI designated appraiser with the Appraisal Institute, a member of the International Society of Hospitality Consultants and a Certified Public Accountant.



**Evan Barnett, General Manager**

Evan is a 24-year veteran of the waterpark industry. He holds a Bachelor of Science in Business Administration from California State University, Sacramento, and an MBA from the University of Texas at Dallas



**Dameon Nelson, Senior Director of Corporate Operations**

Dameon is responsible for Rides, Aquatics, Park Services, Guest Services, and Entertainment across all Six Flags parks. Before beginning his corporate role, Dameon was the Director of Operations at Six Flags Great Adventure in New Jersey.



**Catie Christner, Corporate Risk & Aquatics Manager**

Catie has worked for Great Wolf Lodge for nearly 17 years, working at multiple properties and at the corporate level. She is a graduate of Virginia Commonwealth University.



**Nick Scott, Sr., President/Owner**

Nick is a 1963 graduate of Cornell University School of Hotel Administration. He built the family business into 28 locations in Northwestern PA and Western NY with over 2,000 employees. Their portfolio includes hotels, conference/banquet services, restaurants as well as Splash Lagoon Indoor Water Park Resort and Peek'n Peak Resort.



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# David J. Sangree, MAI, CPA, ISHC

President of Hotel & Leisure Advisors



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# COVID-19 Impact on U.S. Waterparks

COVID-19 crisis has had a significant negative effect on the waterpark industry.

Many outdoor waterparks delayed their season openings in 2020 while others decided, or were mandated, not to open at all. Many indoor waterpark resorts and standalone indoor waterparks were forced to close for several months or longer.

## Impact of COVID-19 on U.S. Waterpark Attendance

	2019	2020	Impact	Percent
Standalone Indoor and Outdoor Waterparks	88,000,000	26,800,000	-61,200,000	-70%
Resorts with Indoor and Outdoor Waterparks	46,500,000	23,800,000	-22,700,000	-49%
<b>Total</b>	<b>134,500,000</b>	<b>50,600,000</b>	<b>-83,900,000</b>	<b>-62%</b>

Source: Hotel & Leisure Advisors, LLC, March 2021

# COVID-19 Impact on U.S. Waterparks

## Standalone Indoor and Outdoor Waterparks

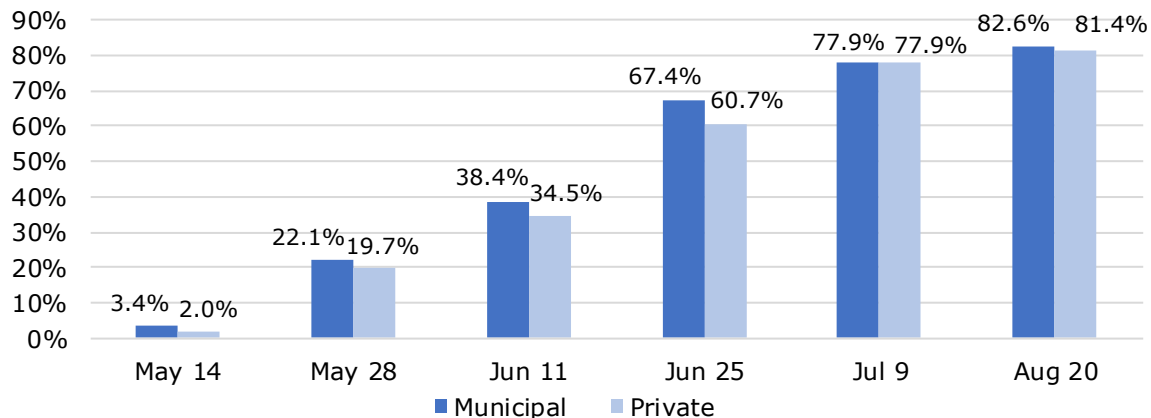
- \$1.4 billion in lost revenue
- 61.2 million in lost attendance

## Indoor and Outdoor Waterpark Resorts

- \$2.3 billion in lost revenue
- 22.7 million in lost attendance

# U.S. Indoor Waterparks Open During COVID-19

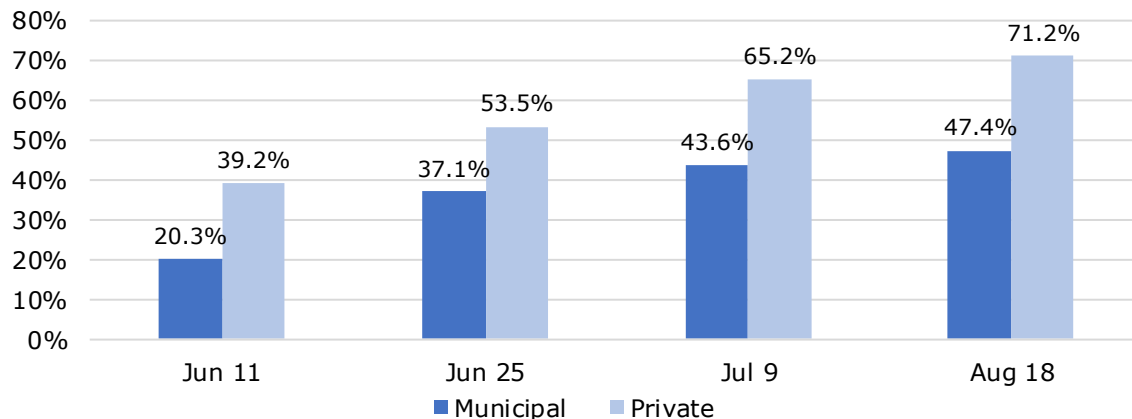
2020 Open Indoor Waterparks as a Percentage of Total Supply



Source: Hotel & Leisure Advisors

# U.S. Outdoor Waterparks Open During COVID-19

**2020 Open Outdoor Waterparks as a Percentage of Total Supply**



Source: Hotel & Leisure Advisors

# Impact on U.S. Amusement & Waterpark Companies

## Historical Attendance and Per Capita Spending

### National Amusement Companies

	Six Flags					
	2020	2019	2018	2017	2016	2015
Attendance (Million)	6.8	32.8	32.0	30.4	30.1	28.6
Per Capita Spending	\$52.52	\$45.34	\$42.58	\$41.61	\$41.07	\$41.60

### Cedar Fair Entertainment Co.

	2020	2019	2018	2017	2016	2015
Attendance (Million)	2.6	27.9	25.9	25.7	25.1	24.4
Per Capita Spending	\$46.38	\$48.32	\$47.69	\$47.30	\$46.90	\$46.20

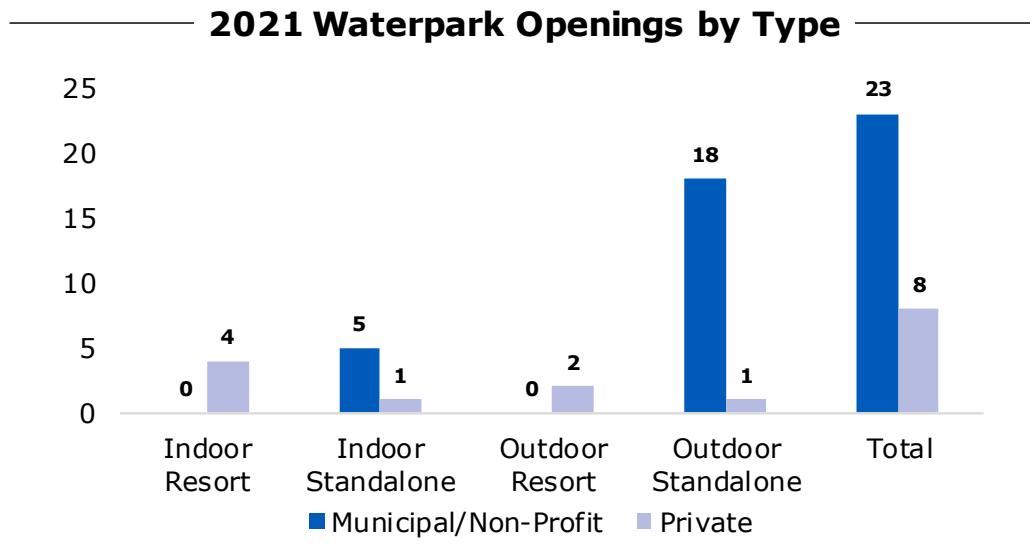
### SeaWorld Parks and Entertainment

	2020	2019	2018	2017	2016	2015
Attendance (Million)	6.4	22.6	22.6	20.8	22.0	22.5
Per Capita Spending	\$67.75	\$61.80	\$60.77	\$60.74	\$61.10	\$61.01

Source: Six Flags, Cedar Fair, and SeaWorld Annual Reports

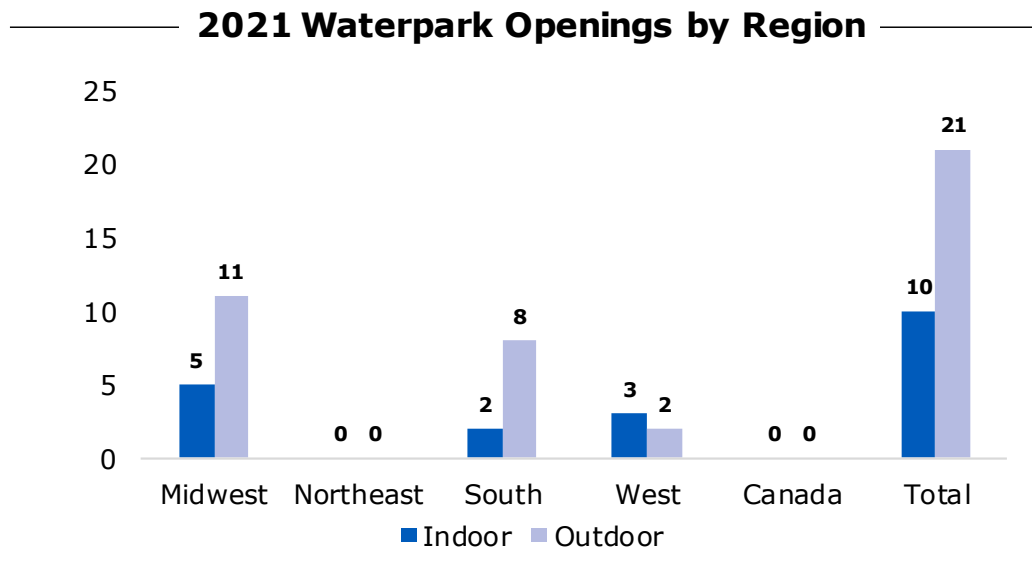


# 2021 Projections for North America Openings



*Source: Hotel & Leisure Advisors, LLC, September 2021*

# 2021 Projections for North America Openings



Source: Hotel & Leisure Advisors, LLC, September 2021

# 2021 Major Waterpark Additions

- After a postponement from 2020, Great Wolf Resorts opened its new Manteca, California resort, which offer 500 rooms and a 95,000-square-foot waterpark.
- Baha Mar Resort in Nassau added the \$200 million Baha Bay outdoor waterpark adjacent to the SLS and Melia Hotels. It opened in July 2021 and includes a wide range of rides and attractions.
- The City of El Paso, Texas, opened four new themed waterparks between May and July 2021 featuring slides, lazy rivers, climbing walls, and cabanas. One waterpark includes a surf machine.

# Forecasts by H&LA

- Waterpark industry in U.S. will return to pre-COVID-19 attendance pandemic levels by 2023 assuming COVID-19 is under control.
- Customers will be willing to pay higher admission prices for waterparks in 2022 and beyond as they have done in 2021 at many properties.
- Continued moderate growth in supply of standalone and resort properties.
- Growth in type and scope of amenities at various waterparks.

# Evan Barnett

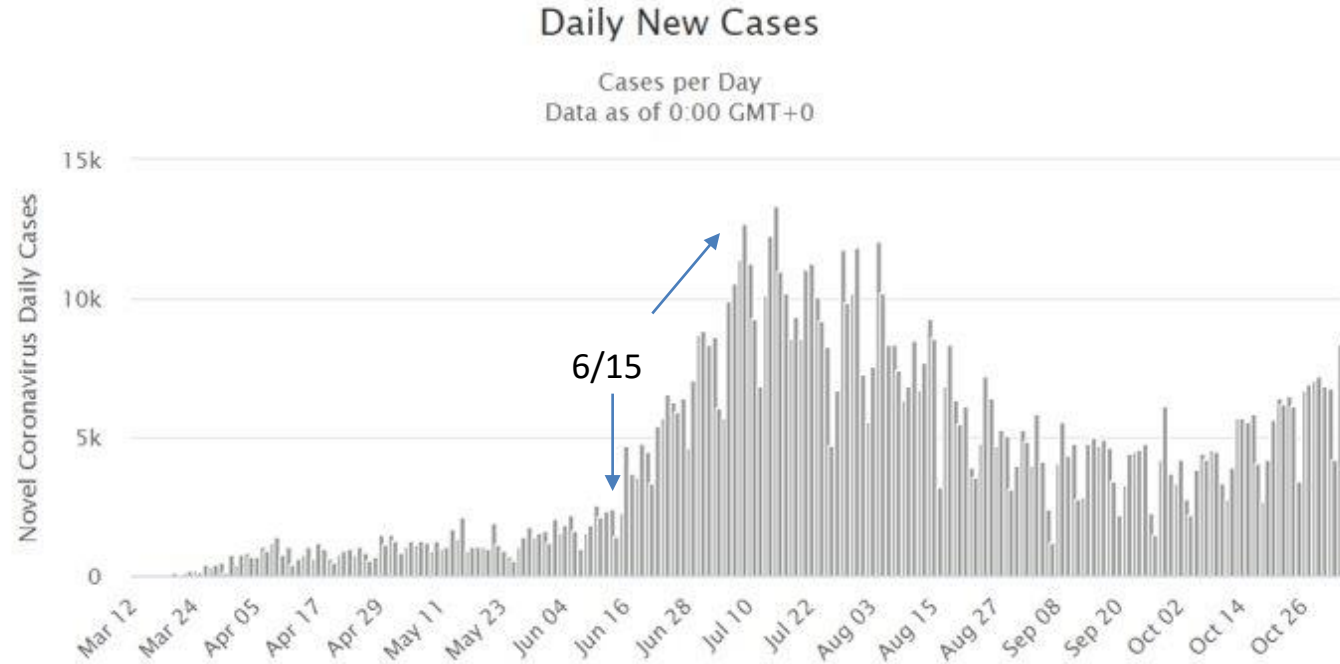
General Manager of Typhoon Texas



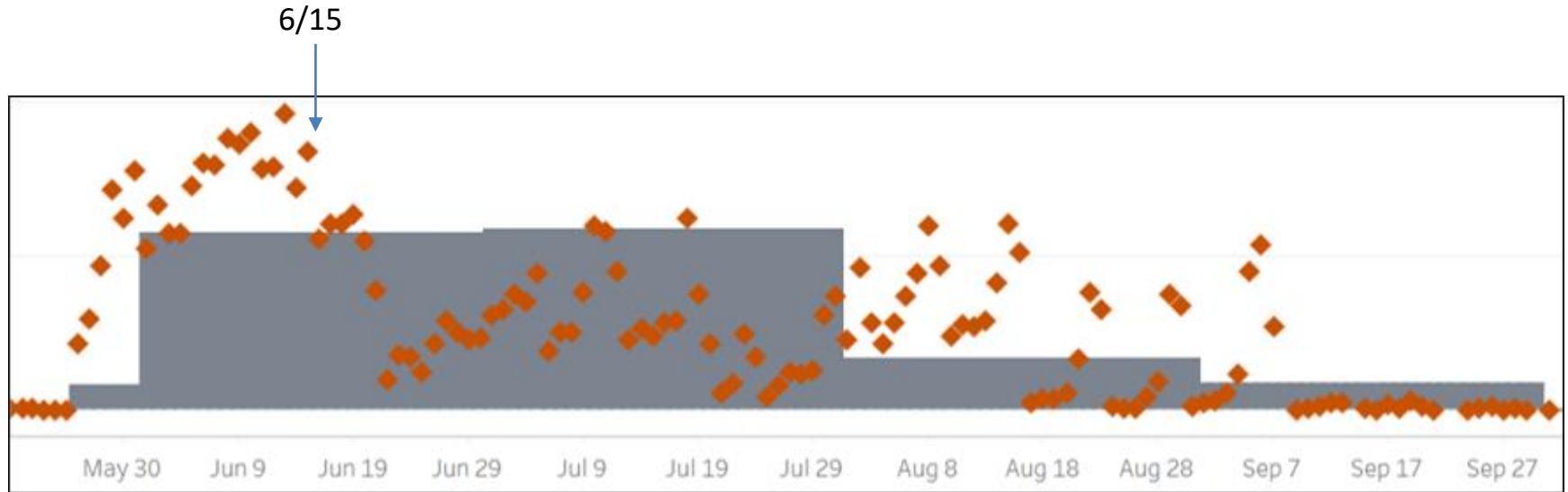
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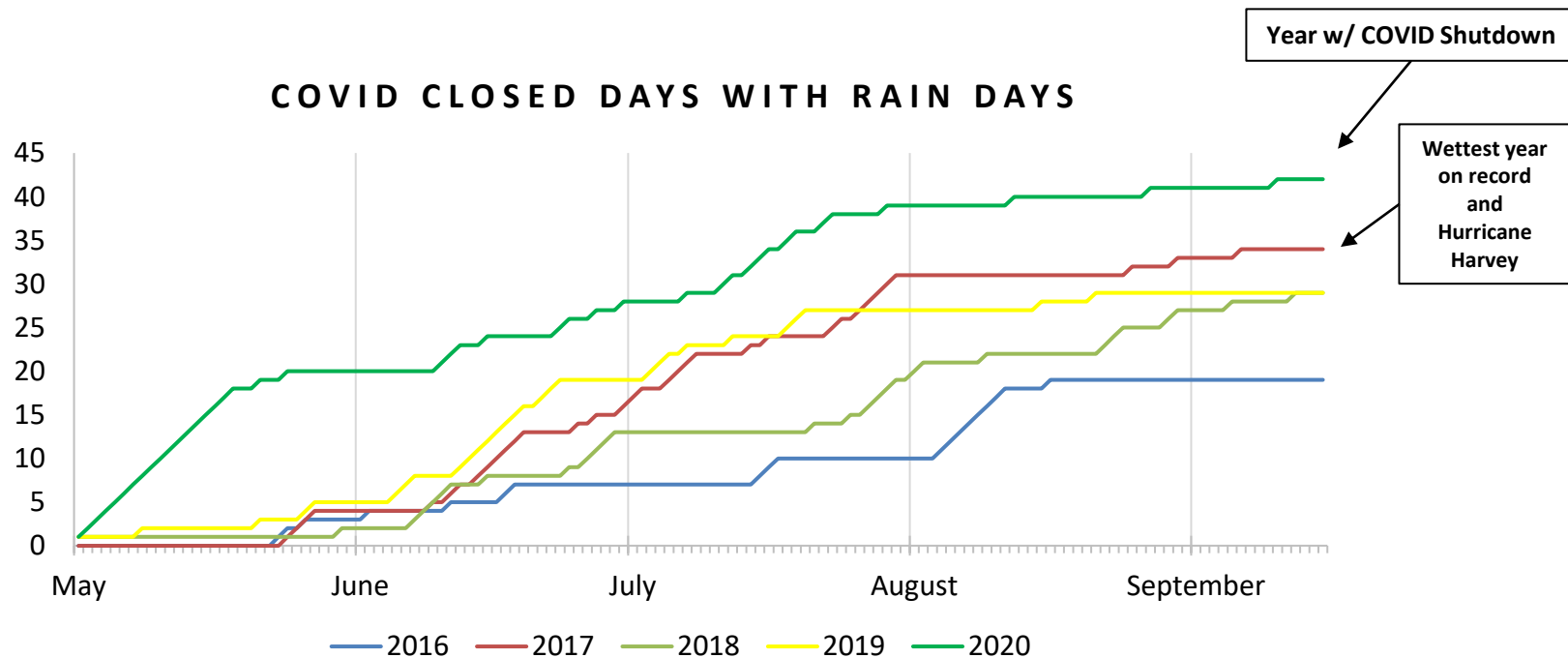
# Daily New Cases in Texas



# Ticket Sales Overview 2020



## 2020 Season summary





# 2020 Season Summary

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## Wins

- **Park Readiness:** Typhoon Texas was poised and ready to open with industry leading operations and marketing plans.
- **Controlling Operating Expenses:** The operating budget was drastically reduced due to the COVID impact and actuals came in far under budget.
- **In-Park Per Caps:** Food and beverage per cap increased by \$1.31 and retail per cap increased by \$0.29.
- **Staff Morale:** Staffing retention was high. The team forged a path with new operating standards appropriate to the COVID-19 environment.
- **Guest Satisfaction:** Guest service metrics improved across all social media platforms while overall industry guest satisfaction decreased in 2020.

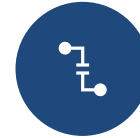
## Challenges

- **COVID-19:** The virus created unknown operating environments and an inability to plan properly. The ever-changing restrictions and guest communication caused unknown market demand.
- **Technology:** Technology had to be altered to accommodate our operations while meeting new government guidelines.
- **Reduced Calendar:** Reduction of 20 pre-season operating days due to the COVID-19 lockdown.

# Strategic Plan during COVID & Beyond



Zero based budget approach



Re-bid process with all vendors



Public Relations – leverage communication



Re- allocation of our spend –i.e. Bridge contract



Looking into new creative marketing trends



Value Proposition focused on maximize capacity with Revenue

# 2021 Season Initiatives

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## Wins

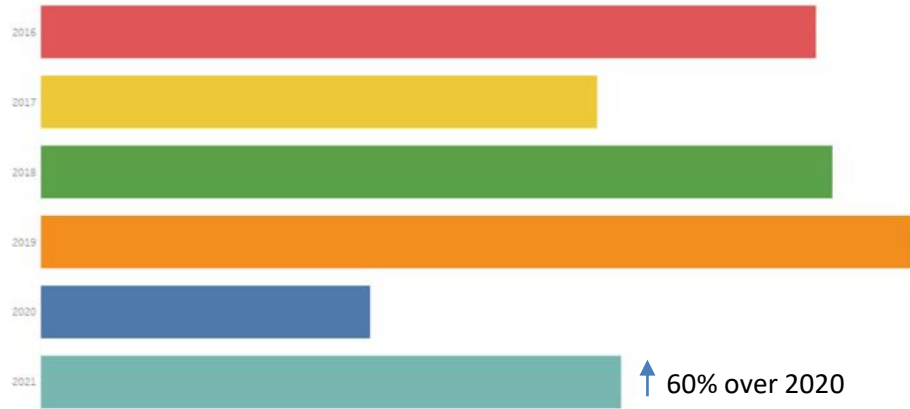
- **Pricing Increase:** The plan for 2021 is to slightly increase admission prices through the dynamic pricing platform and higher average season pass prices. Competition is closely monitored.
- **Simple Season Pass Structure:** Simplified the Max Plus season pass offerings, with an overall objective to increase the average season pass sales price.
- **Marketing Effectiveness:** Carlberg will continue to guide the marketing strategy, building on the strong brand equity and focusing on the value message.
- **Labor Acquisition:** Recruitment efforts were minimized by work culture.

## Challenges

- **Tighter Cost Controls:** We are committed to managing costs effectively and reducing operating expenses in order to increase net operating income. This is the primary objective for the 2021 season.
- **Labor Quality:** Our Team members quality of employee was sacrificed.
- **General Guest Satisfaction:** Our guest mix was met with different expectations that in previous years.
- **Guest Experience** – Was challenging to meet guest expectations with operational and different training protocols.

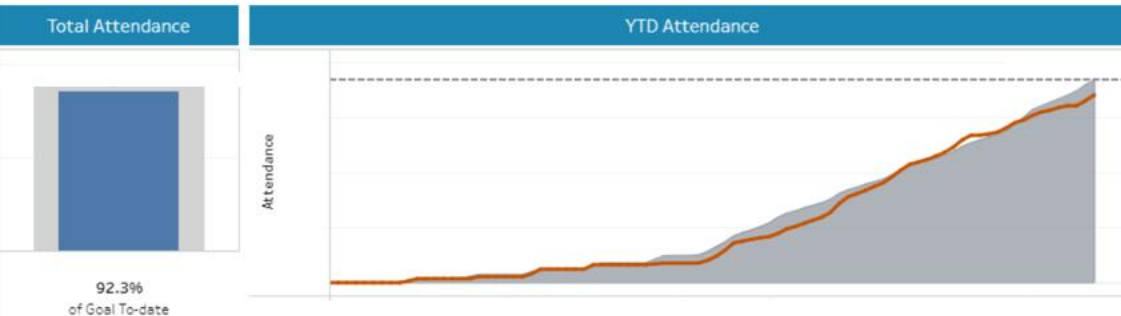
## Attendance

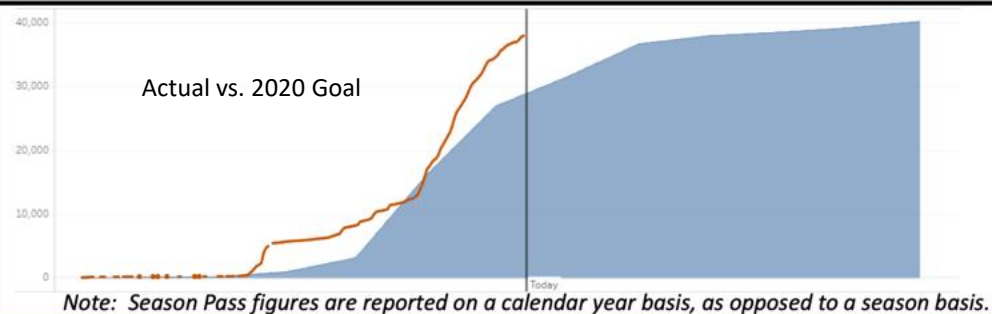
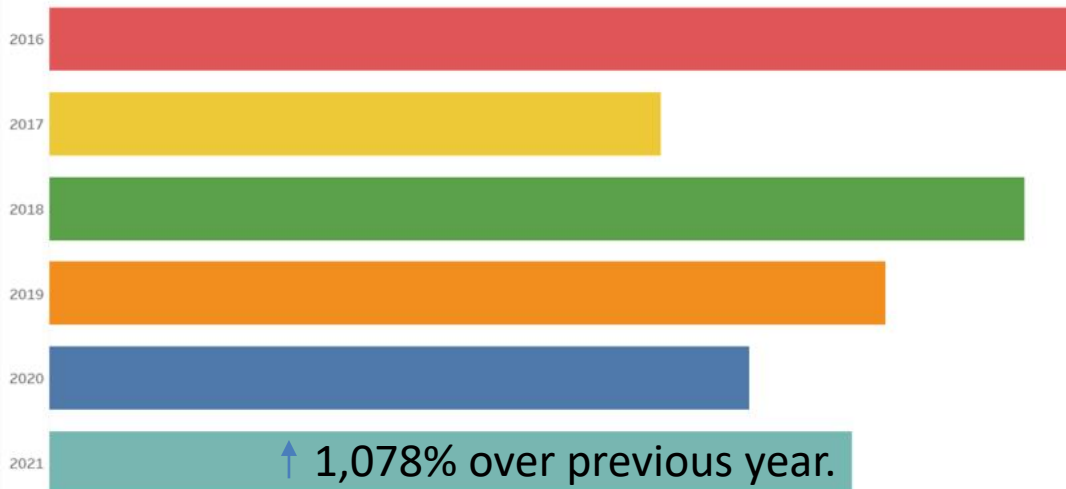
### YoY Total Attendance YTD Through



## Ticket Per Cap:

UP 67% over 2020 or  
\$11.17 increase to \$27.72





### Season Pass Sales

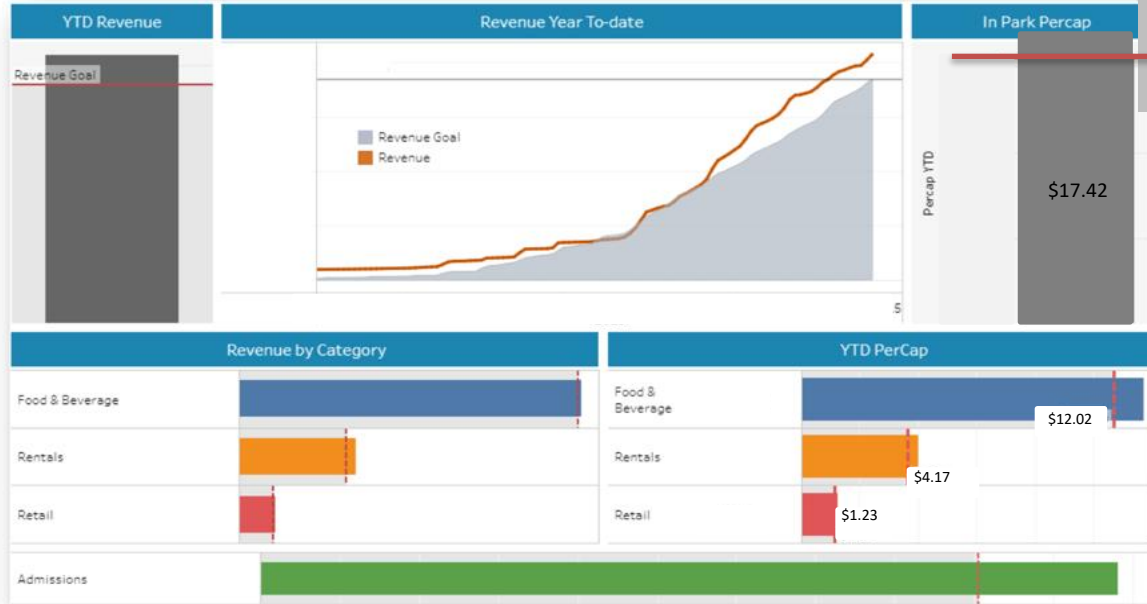
Season pass sales are over goal by 32%.

## Revenue

## Revenue

Overall Revenue outpaced 2020 by 143% or a per cap increased by 46%.

In park revenue outpaced 2020 by 98% or a per cap increased 23%.



# Catie Christner

Corporate Risk and Aquatic Manager –  
Great Wolf Lodge



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# Agenda

- Occupancy Considerations
- Labor and Staffing
  - Issues and Solutions
- Security Changes
- Sustained Items





# Occupancy Considerations

- State/Local Requirements
- Industrial Engineer Evaluations
- Medical Advisors
- Staffing Levels



# Labor

- Issues
  - Staffing
  - Morale
  - Brand Reputation



# Labor

- Solutions
  - Zone Validation Project
  - Market Wage Analysis
    - Summer incentive program
  - Centralized Incentive Program
  - Automation Opportunities



# Security Changes

- Code Green (Physical Altercation)
  - Increased YOY
  - Introduction of new “Code Green – Emergency” (physical altercation with weapon present).
  - De-Escalation Training and SOP update
  - Additional Cameras

# Sustained Items

- Launch Logic Capacity Tracking
  - Allows for additional day pass sales
- Cashless Transactions
  - Improved loss prevention and revenues
- Expedited App Development
  - Includes in-house food ordering
  - Mobile check-in
- Public Area Enhancements
  - Zone cleaning

# Nick Scott, Sr.

President & Owner, Scott Enterprises



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# Nick Scott Sr.

President & Owner, Scott Enterprises

3<sup>rd</sup> Generation, Family-Owned

Chris N. Scott, Vice President

Nick Scott Jr., Vice President

27 Business Locations in Northwest  
Pennsylvania and Western New York

Entertaining an estimated 4 Million  
Guest Experiences Each Year



Splash Lagoon Indoor Water Park  
Opened in 2003.

Estimated 300,000 guests annually.

Connected to three luxury hotels and  
Hooch & Blotto's Sports Bar.

“Weatherproof Family Fun”  
throughout all four seasons.





# Impact of COVID-19

	<u>2020</u>
• Water Park Revenue	-38%
• Guest Count	-21%
• Average ADR	-10%
• Per Cap	-30%

# New Attraction Launched

- XD Dark Ride Multisensory Theater
- Opened 5/7/21
- Approx. \$41,000 Revenue in 100 Operating Days
- Average of \$407 in Revenue each Operating Day.



# Improved Amenities

- Converted under-utilized space into **Treasure Island Ice Cream Parlor** and **Gemstone Mining**
- Opened 5/28/21
- Approx. \$27,000 Revenue in 100 Operating Days



# Operational Challenges

- Currently operating with 50-60% of our normal staff size.
- Creating new employee incentives & loyalty bonus for working during our busiest periods.
- Recognizing & celebrating accomplishments like Ellis & Associates Golden Guard Award



# Dameon Nelson

Senior Director of Corporate Operations -  
Six Flags Entertainment



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# Six Flags Waterparks

- Six Flags employed several techniques to combat the challenges of operating in a COVID world, emerging from extended closures, ever-changing local requirements across the US and accelerated paths to reopening in 2021.



# Staffing & Availability Challenges

- The single biggest challenge was staffing our Lifeguard roles.
  - We simply could not find enough people to fill our shifts.
    - Comfort, Incentives, Unemployment
  - International Program was decimated.
    - We depend heavily on J1 and H2B Visas
  - Training moving to remote and smaller in person classes.
    - Classes had to start earlier and show up rate decreased by 25% creating a longer runway
  - Pools not available for rental
    - Lacked facilities to train in colder climates





# Staffing & Availability Recovery

- The single biggest challenge was staffing our Lifeguard roles.
  - Pay Rate Increases, Covering costs of uniforms and certifications, Short and Long Term Incentives. Staff cross utilization. Earlier recruitment push.
  - Decreasing dependency on International Students by being more aggressive domestically. Use as supplemental.
  - Embraced new remote and self guided training programs to speed up on boarding. Streamlined hiring process via SMS messaging.
  - Partnering with more facilities to increase training facility options.





# Operational Challenges



- Changing protocols during the pandemic challenged us to reevaluate how we operate...for the better.
  - Capacity Restrictions
    - Large attractions were at substantially reduced capacity.
  - Operating Supplies
    - Equipment was simply not available in a timely manner. Waited months for simple items.
  - Guest Temperament
    - Guests were angrier and escalated to physicality against staff and each other.

# Operational Recovery



- Changing protocols during the pandemic challenged us to reevaluate how we operate.
  - Attraction Operations (Tubes, Lifeguard Placement Optimization, Consolidating positions, Capacity Controls, Signage)
  - Consolidating Op Supply ordering efforts across parks and decreasing inventory. Still a significant challenge (tubes and lifejackets)
  - Significantly increased Security including adding 3<sup>rd</sup> party vendors along with De Escalation Training for Leadership.

# Six Flags Waterparks

- Six Flags has weathered the storm and while there is no question on the safety of our operations, we realized a opportunity to refocus on the fundamentals of aquatic operations due to a significant staff turnaround including Leadership.
- 2021 was a tremendous success even with the challenges and the accelerated openings.
- 2022 will see increased stabilization and more collaboration with Ellis and Associates with new training and operational review programs to continue to enhance our operations in the new world.

