

Colorado Association of Ski Towns

March 12, 2015

Denver

Meeting Minutes

The following were in attendance:

Steve Skadron - Aspen	Jim White - Grand Lake
Jennie Fancher - Avon	Judy Burke - Grand Lake
Sarah Smith-Hymes - Avon	Joe Fitzpatrick - Mt. Crested Butte
Scott Wright - Avon	Charles Wood - Nederland
John Warner - Breckenridge	John Strandberg - Ouray
Tim Gagen - Breckenridge	Clint Kinney - Snowmass Village
Aaron Huckstep - Crested Butte	Walter Magill - Steamboat Springs
Anthony Graves - Denver	Leanne Toler - Stifel Nicolaus
Kevin Burns - Dillon	Steve Jeffers - Stifel Nicolaus
Dean Brookie - Durango	Thomas Davidson - Summit County
Bill Pinkham - Estes Park	Dan Gibbs - Summit County
Wendy Koenig - Estes Park	Gary Martinez - Summit County
Jeff Durbin - Fraser	Greg Clifton - Telluride
Peggy Smith - Fraser	Jenny Patterson - Telluride
Gary Wilkinson - Frisco	Stu Fraser - Telluride
Bill Efting - Frisco	Andy Daly - Vail
Kim Cancelosi - Frisco	Jim Myers - Winter Park
Kathy Lewis - Grand Lake	Chuck Banks - Winter Park
	Drew Nelson - Winter Park

The meeting was called to order by President Steve Skadron at 11:50am.

Approval of Minutes

There was a motion and a second to approve the January 2015 meeting minutes, which was passed unanimously.

Michael B. Hancock - Denver Mayor

Mayor Michale B. Hancock spoke to the group and updated us on the progress that City of Denver is making. Denver is doing very well and their number have exceeded full employment. Reported 2200 new firms which are employing 10,000-15,000 annually. The aerotropolis around DIA is underway, and the Westin Hotel is a big benefit. The gain in high tech companies is impressive, along with the number of millennials moving to Denver. The improvements to Union Station are beautiful and have created a hub of activity in that part of the City. DIA has had a record-breaking

year and has seen a 23% increase in international traffic. The National Western Center is an \$860 million project and a visionary transformation of the National Western Complex and Denver Coliseum sites into a must-see destination and regional asset.

The legalization of marijuana has gone well because of the involvement of responsible, business-minded people. Affordable housing is also a concern in Denver and council member Mary Beth Susman is leading their efforts. The Mayor's concern is safety. Airbnb proving very popular because guests can smoke marijuana in many of the properties. There was discussion about the CAST board sitting down with the Denver people to help with the vacation home rental issue. Another discussion ensued about the increase in transients due to legalization of marijuana.

Michael Berry - President, National Ski Areas Association

Michael Berry presented to the group "Reasons for Cautious Optimism in the U.S. Ski Industry." Climate and weather have been in the news a lot and it's a complicated situation. Some areas in California had to close early this season due to their severe drought, but in other areas the season did reasonably well. The number of national skiers averaged 56.5 million this year which is about the same as last year. The average for the past decade has been 57 million per year. The core group of active skiers is about 10 million in the past decade and half and they compose the essence of the ski industry. The industry is accommodating the exodus of the Boomers pretty well by hanging on to them as their core of active skiers. One of the main reasons for this has been the arrival of the shape ski. Skiing is doing much at this than golf, which has lost 17% of its participants. Skiing sells "family experience" which golf does not. In addition, there is no longer long waits in lift lines, the experience is better overall and the industry has found ways to mitigate the weather.

Snowmaking has changed the industry, with California the exception because of warmer temperatures. Overall, guest rating on the skiing experience is up. The Colorado experience is seamless and unparalleled in the rest of the world. Many have expressed concern over the price of lift tickets and have asked are we pricing ourselves out of the market? Does not seem to be an issue for the consumer and there are ways to mitigate it. Vertical integration is what allows us to have such great season pass prices and allows flexibility. Ski areas across the board are doing better than ever from corporate-owned to mom-and-pop owned. There is reason to have optimism looking forward; customers are loyal. In worst case scenario, Michael predicts we may lose about 20 ski areas, from 470 down to 450.

Fiona Arnold - Executive Director, Office of Development & International Trade

Fiona Arnold was recently appointed to her position by Governor Hickenlooper in January of 2015. She is an attorney by background and joins OEDIT most recently from River North Investment Company LLC, where she serves as owner and president of the real estate development company focused on commercial and residential urban redevelopment projects, including the redevelopment of a city block in the River North (RiNo) District of Denver. Previously, Arnold served as executive vice president and general counsel for Vail Resorts, where she was a key advisor to the CEO and the board of directors and provided leadership and oversight of the company's acquisitions and transactions. Fiona will be responsible for working with statewide

partners to create a positive business climate that encourages dynamic economic development and sustainable job growth. Colorado is the number one state for millennials and has a 75% conversion rate of companies wanting to move here. Two main industries emerged from the Governor's Blueprint Tour and that was the aerospace industry and advanced manufacturing.

One objective is to connect employers with education. Manufacturing is now high tech and no longer trade school. Community colleges are one area they're pursuing. Apprenticeships and certification vs. traditional colleges is becoming the new norm. In the Governor's next term they will (1) look at what they can do for other industries (14 identified in Colorado), by bringing more attention to them, and (2) how do they recognize communities outside of Denver and bring them attention as well? Fiona is planning on five regional economic summits in the months of May-June 2015 to work with leaders and elected officials. Areas under her leadership are the Colorado Tourism Office, Colorado Creative Industries, Small Business, Minority Business, Innovation Network, Film & TV. She is working on accessing federal funds and dollars to start initiatives.

Ben Mendenhall & Joe Carroll - COLOTRUST

Joe Carroll and Ben Mendenhall from COLOTRUST gave a Colorado Economic Update. The Colorado economy grew at a rapid pace in 2014 with the third highest growth rate since 2012 behind North Dakota and Texas. Largest industry employment increases include mining, professional & technical services, and management of companies & enterprises. Average sales tax revenue increase 5-7% statewide. Regionally, in Northeast Colorado many governments are still recovering from the flood, housing prices are on the rise, and Weld County has one of the highest job growth rates. Northwest Colorado has experience higher than average growth, however Rio Blanco County is starting to struggle. Kremmling and Steamboat Springs both up in sales tax revenue, and Moffat County seeing increase in big game hunters.

On the Western Slope, Delta and Mesa Counties are facing challenges with flat sales and property tax, and major businesses leaving. But it was a great year for the Palisade area regarding agriculture. Montrose County is the saving grace with an increase in businesses. In the Four Corners region, Telluride and Cortez have seen an increase in tourism. Sales tax revenue for the region are above the state average. In the Central Mountains, Gunnison, Chaffee and Park Counties are improving, while Southeast Colorado still and economically depressed area of the state. Areas along the I-70 Corridor have seen increased sales tax revenues, increased population and property values. Traffic is affecting everyone. The same is to be said of the Front Range with increased sales tax revenues, population, housing prices, and traffic.

For 2015, FOMC expected to raise the Fed Funds rate by end of year. Higher than state average unemployment in Pueblo, Grand Junction, CO Springs, Western Slope. Higher housing costs expected to continue and weakened oil & gas production might affect 2015 economy

Shailen Bhatt - CDOT Director

Shailen Bhatt was appointed by Governor Hickenlooper to serve as the executive director for the Colorado Department of Transportation (CDOT) in January 2015. Prior to CDOT, he served as Cabinet Secretary for the Delaware Department of Transportation and has made a career of

cleaning up DOT's. The challenge in Colorado is growth with a road system that was designed for population to peak in the 80's. He went on an 1100-mile tour in his first three days and noticed, among other things, the traffic congestion in the Front Range. The I-70 corridor is the equivalent of the beaches in Delaware. There is too much traffic in Colorado and people said they wouldn't come here anymore. \$20 billion is estimated for improvements on I-70, but what can we do incrementally? Solutions include using shoulders as axillary lanes during peak times, metering and avalanche control.

The I-70 viaduct through Denver at the National Western Complex is falling apart and is a \$1.2 billion project but has to be done in 2017. The state is choking on growth and is one of the worst states for traffic. How do we use technology to solve our problems? I-70 vs. I-25, which is the priority? Both are very important, and can't really pick, but focused on I-70 right now. Big fight going on now regarding 18-wheelers and commerce vs. passengers - it's a delicate balancing act. The 20th century philosophy which was centered on roads has to be replaced with transit, biking and walking. New technology can help through active traffic management, anti-accident and self-driving cars.

Kevin Bommer - CML Deputy Director

Kevin gave a State House update and ran through the bills that CML is supporting and those they oppose. The bill on distillery pub licenses mirrors the statute allowing brew pub licenses, which are licensed by both the state and local licensing authorities. A distillery pub would similarly have a requirement to serve meals and a requirement that 15 percent of receipts come from the sale of meals. CML supports. Regarding the bill on reissue of expired licenses beyond 90 days for beer and liquor, CML has been neutral, but they expect it to pass. CML is opposing SB114 regarding prohibiting counties from eminent domain on open space, the bill ended up being killed.

They are also opposing the urban renewal bill HB1348. The broadband bill is being introduced and CML is monitoring but feel it's good for rural areas and the economy. Transportation funding is brutal and TABOR causing issues. TABOR reform has been talked about forever but don't know when it will happen; need to get past the politics. And how and where do we start with TABOR? The bill on powdered alcohol prohibits the use, possession, sale, purchase, transfer, or manufacture of powdered alcohol. CML supports and believes it won't come to the local level. CML is supporting Senator Donovan's bill which would create the Rural Economic Development Initiative Grant Program.

The meeting was adjourned at 4:05 pm.