

**Colorado Association of Ski Towns**

March 17, 2011

Denver

**Meeting Minutes**

*The following were in attendance:*

William Buck	Mt. Crested Butte	Jacquie Halburnt	Estes Park
Joe Fitzpatrick	Mt. Crested Butte	Bill Pinkham	Estes Park
Greg Clifton	Telluride	Steve Barwick	Aspen
David Oyster	Telluride	Dick Cleveland	Vail
Tim Gagen	Breckenridge	Larry Brooks	Avon
John Warner	Breckenridge	Gary Martinez	Summit County
Devin Granberry	Dillon	Susan Parker	Crested Butte
Walter Magill	Steamboat Springs	Dan Escalante	Crested Butte
Judy Burke	Grand Lake	Gary Wilkinson	Frisco
Kathy Lewis	Grand Lake	Michael Penny	Frisco
Jim Peterson	Grand Lake	Bill Pelham	Frisco
Shane Hale	Grand Lake	Russ Forrest	Snowmass Villages
Drew Nelson	Winter Park	John Wilkinson	Snowmass Village
Jim Myers	Winter Park	Bill Boineau	Snowmass Village
Allen Best	Mountain Town News	Jason Haber	Snowmass Village
Dave Atherton	VRCompliance LLC	Vicki Mattox	Stifel Nicolaus
Rob Christie	VRCompliance LLC	Steve Jeffers	Stifel Nicolaus
Rob Stephens	HotSpot Tax Services	Sara Brown	Stifel Nicolaus
DiAnn Butler	Destinations West		

*The meeting was called to order by President William Buck at 11:30 am.*

*Approval of Minutes*

There was a motion and a 2<sup>nd</sup> to approve the January 2011 meeting minutes, which was passed unanimously.

*VRCompliance LLC*

Dave Atherton and Rob Christie from VRCompliance LLC were on hand to give the group an update about the VRBO Tax Compliance Project and gave a presentation showing how their back end web portal works for communities who sign on. Their pricing model is complete, now they are focused on delivery.

*Michael Cheroutes, HPTE Director and Interim Executive Director, CDOT*

HPTE was created as a result of the FASTER legislation in 2009 with a unique organizational structure and mission. Given an independent board made up of appointees from private sector and board commissioners. Focus on strategy corridors in the state needing improvement - Hwy. 36 is an example. Look for new sources of financing - find contributions (don't use tolling). Has to be consensus by all local governments for a project to move forward. HPTE invited to I-70 Coalition to see if there is ways they can help. Twin Tunnels are a major factor in I-70 congestion - looking at ideas and funding.

VMT (Vehicle Miles Traveled) is a concept being thrown around for funding by charging people by how much they travel. Objections to idea are privacy rights. National conference on MBUF in Breckenridge in June (mileage based user fees instead of gasoline tax).

*Al White, Director, Colorado Tourism Office*

In 1980s legislation created the predecessor office to CTO and had 1/10% sales tax on tourism related items. Worked well until 1987, when they wanted to raise it to 2/10. There was push back, so put a sunset on it. In 1992 there was TABOR and in 1993 citizens voted against the tourism tax - revenue plummeted. In 1997 Colorado lost a full third of our overnight market share with zero to spend.

In 2000 the CTO was created and had \$5 million to spend. In 2006 Al and some other legislators identified some gaming revenue to help fund tourism. Created bill that earmarked that revenue (\$19 million) for tourism. Had that money until \$5 million was diverted to the general fund - now tourism budget is around \$15 million.

JBC needs to continue funding in 2011. As other states pull back, Colorado has an opportunity to gain market share. Colorado is #1 in outdoors and ski destination, but we need to diversify our offerings as we have so many attractions. CTO does international tourism promotion in 6 countries and has representatives in each country. July they will unveil their new marketing campaign. During the governor's economic development initiative, almost every county mentioned tourism as their top economic driver.

*Christine Scanlan, Director of Legislative Affairs*

Some of the main issues that Christine is facing are transportation, forest health and education. The current structure within the general assembly is that the two chambers are "split." Bipartisanship is forced. Christine's job is to bridge the gap - stakeholders coming together. Budget is "the" issue - \$1 billion to deal with. Working with a 2% reserve - about one week's operations. State is constitutionally mandated to balance the budget, so can't print money.

The bills she's working on are • Health exchange - how to make it work for Colorado; • Repurposing 4 state parks (cost a lot of money, but little traffic) - proposed to combine two state agencies - will save a lot more state parks; • Education reform.

Regarding education, governor thinks Coloradans are in no mood for raising taxes - trying to take pulse of the citizens. Higher education is not constitutionally protected - out of state tuition is often lower than CU or CSU. No where to turn for the governor - he has to make some hard cuts. People are realizing how tight the box is.

*Melanie Mills, President and CEO, CSCUSA*

Melanie is in her 18th year with CSCUSA. The ski industry has been facing many challenges on a global level. 2010 saw the volcano in Iceland, global recession, underwear bomber, TSA pat downs - all have had effects on travelers and ski industry. In 2011 we've had unrest in the Middle East, earthquakes and tsunamis - there may be repercussions in recovery. Luck is a factor in all these world events. Snow this year has been great and affects our business more than any other factor. Looking back at 2009-2010 we saw a strong rebound in skiing last year - 4.2% increase nationally. Rocky Mountain region was up 3.4%, California up 15% and Utah up 2%. We lost destination travelers, but in-state visits were up. Australia edged out the UK as top visitors. In-state overnight visits up 4% and 50% of in-staters now stay overnight. Congestion on I-70 has something to do with this.

Average length of stay for international guests was 5.7 nights. Age profile is stable at an average of 39. Daily expenditure average \$200/day for international and a little over \$100/day for the Front Range. 2010-2011 was an El Nina year - very strong snow early. Early snow messaging was good and pass sales very strong. We're holding our breath for Spring Break numbers. Releasing skier numbers this week. It was a good year, but not a great year. Not as good as snow would indicate. Nationally it was a strong year, as everyone had good snow.

Aging baby boomers are presenting challenge as many are exiting the sport. Gen-X is big, but not as big as the boomers. Retention is key - skiers and boarders need to have a good first experience. Need to introduce family and friends. January needs push - not a big destination month. CSCUSA has a three-prong focus - marketing, public policy and communications. CSCUSA also works closely with the CTO but is careful not to duplicate efforts, focuses on collaboration.

Politics present two big issues - divided government (local and federal) and the budget. Health care laws and how it affects seasonal employees is a big issue in the business equation. She proposed some changes in transportation on I-70 regarding the restriction of 18-wheelers on weekends - • Hard shoulder running - should be implemented soon on eastbound (westbound is trickier); • Westbound truck restrictions on Saturday and Sunday mornings for a few hours; • Fire suppression system for tunnels. Would see dramatic improvements from these changes and would cost less than \$100 million.

*Sam Mamet - Executive Director, Colorado Municipal League*

Sam Mamet and Kevin Bommer gave us an update on what is going on both at the federal and state capitols. On the state level topics covered were medical marijuana, severance tax and mineral leases, beer and liquor, truck idling, ATV's, cigarette tax, oil and gas, and late bill that is an assault on home rule sales tax authority, No legislation this year dealing with education.

*Trey Rogers, Rothgerber, Johnson and Lyons LLP*

Representing the City and County of Denver in an Online Travel Companies (OTC) dispute. Have a hearing on May 2, which is 6 months from when this started. There are about 60 lawsuits nationally concerning OTCs - New York to Montana to California - more cases being filed. If we were to recover back taxes from OTCs, he estimates it to be \$15 - \$33 million. Georgia was a pioneer case - 20 major governments on board. They converted it to class action for smaller governments who couldn't afford it. Major players who control most of the travel sites are Expedia, Orbitz, Travelocity and Hotels.com.

Presented options to the CAST group. If CAST were to pursue, it would probably be a class action suit.

*The meeting was adjourned at 4:15 pm.*