

STEAMBOAT SPRINGS LOCAL MARKETING DISTRICT

Friday, May 27, 2022

10:00a.m.

Centennial Hall – Carver Conference Room and Zoom

1. **Call to Order** – Bob Milne
Milne called the meeting to order at 10:00AM.
2. **Roll Call** – Alexis Herman
Bob Milne, Rod Hanna, and Ryan Van Ness were present. Jane Blackstone and Steve Muntean were absent.
3. **Approval of Agenda** – Milne
Milne approved the agenda as presented. Added General Counsel Report. Add under Administrative Report discussion of overlay zone. Approved with edits.
4. **Approval of Meeting Minutes** – Milne
 - a. March 25, 2022
MOTION: Van Ness moved to approve the March 25, 2022, meeting minutes. Hanna seconded. All in favor. Motion passed.
5. **Public Comment** – Limit to three minutes on any item not on the agenda
Sarah Jones introduced herself. Director of Sustainability and Engagement for SSRC.
6. **Treasurer's Report** – Jane Blackstone, Kim Weber
Refer to the attachments in the May packet. Revenue continues to pace ahead of what was budgeted. Have received first invoice from United, Janet Fischer will build the invoices to be sent to LMD. Forecasted revenue for 2022 raised to \$3.3M. Alexis to alert the Board of all invoices when sent.
7. **Director's Update/Reports** – Milne, Rod Hanna, Steve Muntean, Ryan Van Ness, Blackstone
No Director's update.
8. **General Counsel Report** – Tom Sharp
Bill went through legislature dealing with LMDs. Bill was passed and signed by Governor. Created the ability for the counties to create LMDs with the additional power and authority to use the funding for workforce housing. Provides that additional authority can be added to existing LMDs, but only if approved by the electorate of the district/City. Likely City Council would have to decide if they would want to amend the original ordinance. Authorization exists, need to monitor. This is not a mandate but an empowerment, adds to LMDs power. Deadline for City likely to make decision by next LMD meeting July 22.
9. **Administrative Report** – Kara Stoller
 - a. **Board Applicant Review**
 - Recommend 15-minute Zoom interview with candidates
 - Set up as a group interview with LMD Board with each applicant
 - Can designate 2-3 representatives of the Board to conduct the interviews
 - Looking to fill Jane Blackstone's and Rod Hanna's seats

- Sharp confirmed you need to live in the district to serve on the Board (don't need to own)
- Alexis to set up interviews with two candidates with the LMD Board
- Set up appointments for new Board members at July 22 meeting

b. STR Overlay Zone Discussion

- Ask Kim Weber to performance analysis
- 2023 operating budget plan and process to consider the proposed STR overlay zones and what if any impact that will have on the LMD revenues
- City Council tax on STRs – added burden on same industry within district, how could this impact the revenue streams for LMD?
 - STR tax could create less demand, could create less demand for businesses in district, decrease revenue could increase expense
 - 7-10% STR tax could impact visitor's decision to come to Steamboat
- Currently at an 11.4% tax within the LMD
- 21.4% could be a significant enough addition to deter travelers and therefore could see a reduction in revenue
- Tax would be on all STR properties: condos, property management companies, etc.
 - ~75-80% of available rentals being impacted by STR tax
- First reading of ballot language is slated for June 21, second reading is July 7
- City Council, Chamber BOD, property management companies, and SSRC met to try and find a compromised solution
 - 2.5% STR tax and 0.5% sales tax excluding utilities and groceries
 - Was not accepted by City Council
- Lodging Association having several meetings regarding STR tax
- All industries will be relying on Brown Ranch for housing options
- Consider: LMD Board to draft letter to express concern to City Council regarding the long-term impacts this tax would have on revenues for the community
 - Submit to Council prior to June 21 reading
 - Van Ness made a motion to ask legal counsel to draft letter on behalf of LMD Board expressing concerns with proposing additional taxes on STRs. Hanna seconded. All in favor. Motion passed.
 - Sharp to draft letter

10. General Business

a. Air Service Updates – Janet Fischer

Winter 2021/22:

- Final Numbers
 - 201,000 available arriving seats, 24% increase YoY, 86% increase over two years
 - Passengers final for just Winter 145,000, 68% increase YoY, 83% over two years (prior highest was 111,000 in 2007/08)
- Costs
 - CAP is \$3.6M and it has been 10 years since the CAP was below \$4M
 - Actuals: \$2.6M, LMD \$1.4M, SSRC \$876k
- 72% overall load factor

Spring/Summer/Fall 2022

- Decrease in flights due to pilot shortage
- United's three flights per day is now only through September 30, they recently reduced to two per day October-December 15

- Southwest has Denver to Hayden loaded:
 - One Daily flight running from April 12 – Nov 5
 - Briefly had 2 flights per day for core of summer, but has recently been reduced to just one flight per day all of spring, summer and fall.
- Fischer to report on the seat impact from decrease in flights (10 weeks losing 75 seats per day)

Winter 2022/23

- Anticipating capacity to be down ~8% YoY due to
 - Pilot and other staff shortages creates opportunity costs
 - Rise of fuel costs
- Alaska Airlines – Seattle and San Diego loaded for Winter
- American Airlines – Dallas and Chicago loaded for Winter
- United Airlines – three flights/day from Denver loaded for Winter
 - Additional 6 hubs are loaded as a placeholder (same as last winter)
- Delta – loaded daily Atlanta; Minneapolis decision should be by mid-July
- JetBlue and Southwest not loaded, but expected similar to last winter; anticipating staggered load from Southwest beginning mid-summer

MOTION: Hanna moved to authorize SSRC to proceed with a contract up to \$3.7M pending a report back to the LMD Board regarding their further recommendations. Van Ness seconded. All in favor. Motion passed.

b. YVRA Update – Kevin Booth

- Project update:
 - Update baggage scan – completed – will speed operations
 - Week four of de-ice pad expansion – doubling deicing capabilities
 - Car wash for rental car companies – still open to bids
 - When car wash is built, will pave road
 - General Aviation Development Plan – growing demand for executive jet travel in and out of HDN – sent out proposal in late April, reviewing two proposals currently
 - Three acres currently available, 25 acres will be available in a year
 - Deadline of June 7 for selection committee to make a recommendation to County Commissioners for the three acres
 - AFA Terminal expansion plan – discussing best ways to expand
 - Do not have reserves to currently expand
 - Employee parking lot is on hold for this year

11. Executive Session

MOTION: Van Ness moved for the LMD Board of Directors to go into Executive Session at 10:57AM pursuant to CRS Sections 24-6-402(e) and (g) for the purpose of NEGOTIATIONS AND DEVELOPING STRATEGY FOR NEGOTIATIONS regarding existing and future contracts with Air Carriers, AND for the purpose of CONSIDERING DOCUMENTS TO BE SUPPLIED BY STEAMBOAT SKI AND RESORT CORPORATION TO THE BOARD WHICH ARE PROTECTED BY THE MANDATORY NONDISCLOSURE PROVISIONS OF THE COLORADO OPEN RECORDS ACT, being documents related to existing and future contracts with Air Carriers. Hanna seconded. All in favor. Motion passed.

MOTION: Hanna moved to exit Executive Session at 11:42AM. Van Ness seconded. All in favor. Motion passed.

12. Adjournment – Milne

Milne adjourned the meeting at 11:45AM.