

STEAMBOAT SPRINGS LOCAL MARKETING DISTRICT

Friday, November 15, 2019
10:00 a.m.
Centennial Hall – Room 113/114

Agenda

1. Call to order – Bob Milne
2. Roll Call – Kara Stoller
3. Approval of Agenda – Bob Milne
4. Approval of meeting minutes
 - a. August 16, 2019 meeting minutes
5. Public Comment – Limit to three minutes on any item not on the agenda
6. Treasurer’s Report – Jane Blackstone
7. Director’s Update/Reports – Rod Hanna, Steve Muntean, Ryan VanNess, Milne, Jane Blackstone
8. General Counsel Report – N/A
9. Administrative Report – Kara Stoller
 - a. 2020 Operating Plan and Budget Update
 - b. Tourism Improvement District Update
 - c. 2019 Annual Report
 - d. 2020 Meeting Schedule and Notification Approval
 - e. SSRC & LMD contract – expires June 2020
10. General Business
 - a. LMD Marketing Plan Update – Mike Poirot
 - b. Air Services Update – Janet Fischer
 - c. Airline Ground Handler Transitions – Kevin Booth and Janet Fisher
 - d. YVRA Updates – Kevin Booth
 - e. Summer Marketing Research – Laura Soard
11. Executive Session

The LMD Board of Directors may go into executive session pursuant to CRS Sections 24-6-402(4)(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.
12. Adjournment – Milne

Next Regular Meeting: January 17, 2020 at 10AM

STEAMBOAT SPRINGS LOCAL MARKETING DISTRICT

Friday, August 16, 2019
10:00 a.m.
Centennial Hall – Room 113/114

Meeting Minutes

1. Call to order – Hanna – 10:00
Hanna called the meeting to order at 10:02 AM
2. Roll Call – Stoller
Attendance: Rod Hanna, Jane Blackstone, Steve Muntean
Chamber: Kara Stoller, Cecilia Lemaitre
Guests: Kim Weber, Janet Fischer, Rob Perlman, Katie Brown, Christina Chase, Kevin Booth, Tom Sharp
3. Approval of Agenda – Hanna
MOTION: Blackstone moved to approve the agenda. Muntean seconded. All in favor. Motion passed.
4. Approval of meeting minutes
 - a. July 19, 2019 meeting minutes
MOTION: Blackstone moved to approve the July 19 meeting minutes. Muntean seconded. All in favor. Motion passed.
5. Public Comment - Hanna
No public comment.
6. Treasurer's Report – Blackstone
The 2019 projected end of year financials as well as the 2020 draft proposal and forecast are included in the packet financials. LMD collections are up 12.3%. The City Accommodations Tax is up by 15% through June. Sales tax is up by 7% to date.
7. Director's Update/Reports – Hanna, Muntean, VanNess, Milne, Blackstone
None
8. General Counsel Report – Sharp
None
9. Administrative Report – Stoller
 - a. 2020 Operating Plan & Budget
 - The LMD Board is presenting the 2020 LMD operating plan and budget to City Council on September 17. Documents need to be in a week in advance. The Board reviewed the draft documents and provided the below high-level edits.
 - Air Program Overview (p.2)
 - Paragraph 2

- Research indicates that guests who fly into YVRA spend an average of \$1345 per person, fueling local businesses which in turn provides revenue for the City via sales tax collections.
 - End with: Annually, approximately 100,000 passengers arrive at YVRA on both contracted and noncontracted flights greatly benefitting the community.
- Paragraph 4
 - The ~~air service~~ minimum revenue contracting environment has become more challenging the past few years, as airlines continue to experience profits, and air travel demand trends grow.
 - An additional complexity is the variability of fuel costs. ~~When fuel prices rise and decrease, they get passed on to Steamboat through the MRG contracts.~~
- Paragraph 5
 - Both these airlines offer lower fares from specific markets, ~~which creates overall more variable pricing and schedules~~
- Minimum Revenue Guarantee Overview (p.2)
 - Paragraph 1
 - End with: All of which have significant impacts on MRGs.
 - Paragraph 2
 - Fuel costs – ~~varies per gallon in different airports and fluctuates up and down.~~ Actual fuel costs are uncontrollable and can vary.
- 2020 Air Program Highlights (move to p.1)
 - Add to other changes: Ft Lauderdale additional day per week
- Background (p.3)
 - Paragraph 4
 - The tax initiative did not pass with a 48/52% split, which led to some difficult decisions regarding changes for both the summer 2019 and 2020, and winter 2019/20 flight schedule.
- Air Program Contribution Agreement (p.6)
 - Paragraph 1
 - An agreement was approved by City Council on June 6, 2017 and expires on June 30, 2020. The agreement establishes a two-thirds to one-third cost breakdown between the LMD and SSRC for both winter and summer air service and is expected to be renegotiated.
- 2020 Air Program Details (p.7)
 - Take out Other Winter Service Updates header
 - Second to last bullet
 - The forecast ~~actual~~ cost for winter 2019/20 is \$4.8M, against a cap of \$5.97M. ~~down from the LMD 2019 Operating Plan forecast of \$5M, and up from the actual cost in 2018/19 of \$3.5M.~~
- The Future of the Air Program (p.8)
 - Add: Based on projected revenues, it will be challenging to deliver a similar program in the near future. Currently, community stakeholders are exploring alternative funding sources.
- Flow
 - Move 2020 Air Program Highlights & 2020 Operating Plan Highlights under LMD Purpose and before Air Program Overview.
- The Chamber requested an increase in the administrative fee to match operating expense increases of 3.75%.

MOTION: Blackstone moved for the 2020 operating plan to reflect an increase of \$1000 for the Chamber administrative fee. Muntean seconded. All in favor. Motion passed.

MOTION: Blackstone moved to approve the LMD 2020 Operating plan with edits discussed at this meeting, with the understanding of potential minor changes before permanency. Muntean seconded.

Amendment: ...and if any board member requests a change to this final edited version, then that will automatically trigger a board meeting on Sept. 17, 2019 to consider that change, prior to presenting to City Council.

MOTION: All in favor of motion as amended. Motion passed.

10. General Business

- a. The LMD and SSRC Air Program Contribution Agreement expires June 30, 2020 and discussion on the strategy to work on the new agreement will be added to the November agenda.
- b. YVRA – Kevin Booth
 - The new FBO pavement project will start in early September and be operational no later than October 31. The airport signed two of the three big project contracts for this season, one for a new piece of snow removal equipment and another for the asphalt seal coat. The terminal expansion program opens for bidding on Sept. 5 with a construction start date of April 2020.
 - On Aug. 15 the airfield lost lighting due to a regulator malfunction; a new manufacturing part will be needed.
 - The airport will have three lease agreements with the FBO buildings, and one additional commercial aircraft parking spot once construction is complete.

11. Executive Session – Not needed.

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12. Adjournment – Hanna

Hanna adjourned the meeting at 12:00 PM

ACCOMMODATIONS TAX

As of 10/31/19

	2017	2018	2019	2019	2020	2020
	Actual	Actual	Budget	Projected	Budget	Forecast
Projected carry over	\$ 3,816,383	\$ 4,878,698	\$ 4,177,833	\$ 4,177,833	\$ 3,350,944	\$ 3,350,944
Revenue						
2% Tax Jan - December (net of state fees)	\$ 1,712,879	\$ 1,801,334	\$ 1,700,000	\$ 1,900,000	\$ 1,957,000	\$ 1,957,000
Sales/Use Tax(Misc Refunds/Collections)		(6,353)	-	(5,000)	-	-
Interest	72,050	114,875	20,000	70,000	50,000	50,000
Total Revenues	\$ 1,784,929	\$ 1,909,856	\$ 1,720,000	\$ 1,965,000	\$ 2,007,000	\$ 2,007,000
Expenses						
Air Service Costs (From Accom Tax)	\$ 266,637	\$ 2,123,464	\$ 4,918,613	\$ 2,348,389	\$ 3,982,242	\$ 3,200,160
Winter Air Service Marketing	300,000	300,000	300,000	300,000	300,000	300,000
Summer/Fall Air Service Marketing	50,000	75,000	75,000	-	-	-
Winter Air Service Management Fee	50,000	80,000	90,000	90,000	100,000	100,000
Summer Air Service Management Fee	10,000	Included above	Included above	Included above	Included above	Included above
Legal	8,110	3,248	10,000	10,000	10,000	10,000
D&O Insurance			2,000	2,000	2,000	2,000
Administration	7,500	7,500	7,500	7,500	8,500	8,500
City Services 1% of Tax Collected	17,129	18,013	17,000	19,000	19,570	19,570
Research Contribution/Forecasting	5,000	-	5,000	5,000	5,000	5,000
Community Outreach/Annual Report	8,238	3,496	10,000	10,000	10,000	10,000
Total Expenses	\$ 722,613	\$ 2,610,721	\$ 5,435,113	\$ 2,791,889	\$ 4,437,312	\$ 3,655,230
Revenue less Expenses	\$ 1,062,316	\$ (700,865)	\$ (3,715,113)	\$ (826,889)	\$ (2,430,312)	\$ (1,648,230)
Accommodation Tax Reserve Balance	\$ 4,878,698	\$ 4,177,833	\$ 462,720	\$ 3,350,944	\$ 920,632	\$ 1,702,714

AIRLINE SALES & USE TAX

Projected carry over	\$ 3,574,880	\$ 1,087,282				
Revenue						
Sales Tax	\$ 36,133	\$ -				
Building Use Tax	1,549	-				
Vehicle Use Tax	-	-				
Voluntary Assessment	-	-				
Less Admin Fee	-	-				
Total Revenue	\$ 37,682	\$ -				
Expenses						
Air Service Cost (Sales/Use Tax)	\$ 2,525,280	\$ 1,087,282				
Total Expense	\$ 2,525,280	\$ 1,087,282				
Revenue less Expenses	\$ (2,487,598)	\$ (1,087,282)				
Airline Service Sales Tax Reserve Balance	\$ 1,087,282	\$ -				
Grand Total LMD Fund Balance	\$ 5,965,980	\$ 4,177,833	\$ 462,720	\$ 3,350,944	\$ 920,632	\$ 1,702,714

City of Steamboat Springs
Local Marketing District Tax Collected
As of 10/31/19

ACCOMMODATION TAX										
Month Collected by Vendors	Month Received by City	2016	2017	2018	2019	2019 rec'd date				
January	March	\$ 229,498.04	\$ 280,349.57	\$ 269,633.38	\$ 326,969.76	3/8/2019				
February	April	291,755.13	264,821.19	300,303.83	277,121.64	4/8/2019				
March	May	185,288.17	311,458.43	215,640.15	365,387.65	5/8/2019				
April	June	181,440.62	55,289.00	117,853.14	38,843.87	6/10/2019				
May	July	32,757.97	31,675.77	38,055.26	34,956.36	7/9/2019				
June	August	96,770.25	91,782.13	101,793.65	128,466.31	8/9/2019				
July	September	174,904.58	149,511.63	211,966.15	169,497.85	9/10/2019	<u>2018 YTD</u>	<u>2019 YTD</u>	<u>Inc/(Dec)</u>	<u>% Inc/(Dec)</u>
August	October	107,263.68	103,212.74	79,823.97	118,878.92	10/8/2019	1,335,069.53	1,460,122.36	125,052.83	9.37%
September	November	90,518.26	85,913.16	104,129.96						
October	December	36,547.79	42,461.32	55,515.01						
November	January (accrue to Dec)	34,199.49	35,986.15	38,353.37						
December	February (accrue to Dec)	241,071.90	260,418.76	268,266.52						
		<u>\$ 1,702,015.88</u>	<u>\$ 1,712,879.85</u>	<u>\$ 1,801,334.39</u>	<u>\$ 1,460,122.36</u>					