

**ASPEN CHAMBER RESORT ASSOCIATION
BOARD OF DIRECTORS MEETING MINUTES
August 25th, 2015**

Call to order: Donnie Lee called the meeting to order at 8:38 a.m.

Attendance: Present: Donnie Lee, Debbie Braun, Corey Enloe, David Perry, Cristal Logan, Warren Klug, Rose Abello, Jeanette Darnauer, Nina Eisenstat, John Maloy, Beth Mobilian, Maria Marrow, Tim Perry, John Sarpa, Steve Skadron, Kenny Smith, Laura Smith, and Bill Tomcich. Absent: Adam Fortier, Charlie Bantis, Dan Bonk, Simon Chen, Lisa LeMay, Michael Owsley, Heather Steenge-Hart, and Riley Tippet. Staff present: Julia Theisen, Jennifer Carney, Erik Klanderud, Dorothy Frommer, Sarah Reynolds, and Jessica Hite.

Approval of prior meeting minutes: The board unanimously approved the July minutes.

International Update: Kristi Kavanaugh Presentation

International guests spending in winter is 25-30%. Tour operators are important for international travel, as they are experts in that international destination. There is 14% better occupancy on a Saturday compared to a Tuesday. International guests are staying for longer periods of time which fills in the week days. The second week of January to mid-February is when the majority of international guests are visiting Aspen. This is when domestic travel is low. Highlights of top countries visiting Aspen in winter: Australia – our winter is their summer so they are visiting when Australia is hot and when kids have summer vacation. Brazil – they may ski less than Australians, but they are spend elsewhere such as dining. Argentina, Canada, UK – Used to be the best market but times have changed. Mexico is a growing market.

Q – Jeanette: Are we doing anything differently with the UK market?

A – Kristi: We are changing the PR, the game, it is not a heavy tour market and it is more expensive to cover. We are using a lot of different strategies.

There are factors in the international market we cannot control: Economics, accessibility, geopolitical climates, the “others”, such as competition. How the US dollar compares to competitor’s markets affects where people choose to travel.

Strategic principles include: presence, loyalty, develop trial/emerging markets, product strategy, and outselling the competition. Loyalty is driven by the guest experience. To improve loyalty language assets are key, including translated webpages and print collateral. Also, programming such as Australia Day increase loyalty. Target markets include families, millennials, the Middle East, smaller countries, Asia (China spends the most of any country on outbound travel), LGBTQ (more than just gay ski week), and beginners (will become more loyal when they start here. Not many beginners exist). Some product strategy Ski Co has includes “Ski 30”, and Kids Ski Free.

China Market: China is the second largest economy with 4 million millionaires. Chinese are already coming to the US but they are visiting places such as Vegas, Miami and NYC. We don’t need to convince them to come to the U.S., just to come to Aspen while in the U.S. The Winter Olympics was awarded to Beijing in 2022, so they are building new ski resorts, and will be growing the sport, while growth of skiers in the U.S. is flat. Ski Co has a translated website that is hosted in China so web searches there can access it. They also have a local Chinese travel agent partner and focused social media. Currently Vail, Canada, and Switzerland are majorly marketing there. China also has year-round potential as they are interested in national parks and monuments.

Q – Rose: How should the community prepare for this market, such as translated menus etc.?

A – Kristi: We need to study them. In resorts, experience is the biggest gap. Get someone to travel to market and experience it.

Q – Corey: The Chamber focuses mostly on summer. What should we be thinking about? Pure infrastructure is an issue, such as being able to accommodate busses.

A – Kristi: We have looked at these issues and had discussions and what do we do to play to our strengths.

Comment – Jeanette: The key is understanding your market. In terms of China, ACRA could focus on getting diplomats in here to help educate us about what is not obvious. Broader membership efforts.

Comment – Donnie: The Chamber can assist in pushing the information out to local businesses so they can know what to be prepared for.

Comment – Rose: If the product isn't there when they arrive they won't come back. Example: what we serve for breakfast.

Comment – Kristi: They want their comfort food but they also want to experience it here by enjoying American food. We have a big dip around Chinese New Year and the Chinese travel at that time so we could promote that.

Comment – Jeanette: It is also critical we are doing an educational awareness piece. Maybe discuss this entire topic as a board.

Comment – David: We need to decide if we want to get serious about this and make a commitment. There are a few things we can do: understanding the market and welcoming people here. Example: in the past he experienced the extended families travel together and they want the kids to learn how to ski even if the adults aren't interested so they built grand stands for the families to watch their kids learn how to ski – finding unique keys to markets.

Comment – Donnie: Union pay is one of the ways we can help and assist from a community standpoint.

Comment – Bill: Came across a news clip about how the Chinese market has brought the Boston market to a new high. Boston has welcome kits in mandarin, menus at restaurants translated, and Chinese menus, they come because they like the history.

Comment – Donnie: I will put this topic down as an action item. It is great for us to plug into an emerging market. Remember the downturn of 2008 would have been so much worse if we didn't have the international market. International tourism is a great example of the community working together and thanks to Ski Co for leading it.

Comment – Warren: International 25-30% is huge and we should make that more aware. Tipping is an issue with Australians.

Comment – Donnie: We want to be ambassadors of these countries.

Comment – Warren: January is no longer an off season thanks to international business.

Comment – Kristi: With the dollar so strong this year we will struggle with the international market.

Comment – Bill: United Airlines is seeing big bookings from Australia and Brazil despite the currency exchange.

Chair's comments: September and October look busy. Hopefully lots of snow this year. The Executive Committee has met. Save the date for November 17th board retreat from 8:30 – noon. It will be the last meeting this calendar year. We are talking to the city about office space for ACRA. With Corey leaving the Sky Hotel, Heather is taking the lodging seat and Corey will take an at-large seat.

President's comments: China was a futurist topic at the last strategic planning 3 years ago. We are now doing pre-planning for the upcoming strategic planning retreat. We are hiring Candra Canning who implements "Living the Brand" sessions. She will lead us through an exercise about "Living the Brand" as a community. She will be working with us on a vision statement and relooking at the mission statement. The goal is to get agreement as an organization about how we want to move forward. We will be producing a printed annual report for the first time this year in place of the marketing report. We will also be looking at the past strategic plan and outcomes from that plan. We are not necessarily doing a 3 year plan but a 1 year program of work including goals and strategies we want to accomplish. Candra will meet with staff, and each department head will target for micro-summits, small groups to meet and talk about single subjects. Each board member will be invited. Candra does want to interview a few of the board members about the culture of the organization. Working with Sister Cities, Whistler is coming in for a visit. Queenstown, NZ will be here on a FAM with their government officials to discuss similar issues they have. There is an uptick of other resorts coming to Aspen to learn about what we are doing. When do we take part of this group and start exchanging as well?

Public Affairs Committee: We are going through strategic planning as well. Policy, and identifying issues, what is on our radar, how do we decide if something is important to the membership, we want to be able to react to what's going on but also have a year-long strategy. After the referendum stance, we realize we need a communications package: how to engage membership and engage with the public on a more consistent level. We want to make sure we are always part of the conversation. What we are all doing together – strategic planning for the next 3 years. We are planning for fall and getting ready for November.

Old Business: none

New Business: none

Directors' Comments

Bill Tomcich: Advanced bookings into the fall. Positive variances in Aspen and Snowmass. Aspen saw spill over from Tough Mudder. Working on a study with Destimetrics about total size of transient inventory. They just completed an update that he is reviewing and will release this week. There has been a reduction of the bed base in Aspen. The gray market, which includes private home rental through VRBO, etc., has 414 units in Aspen. There is a migration of inventory from traditional property management to this gray market. There is a 50% increase of fractional ownership available. We have had record occupancies, but that is against a declining number of beds. Increased traffic could be due to more people staying outside of town because they cannot be accommodated in Aspen. The bed base in Aspen (hotels, fractional, bed and breakfast) according to this report is 2091 units, with total theoretical pillows at 8,350. Gray market: 414 units, and 1,970 pillows.

Comment – Rose: Snowmass is working to clear up the gray market. It was a strong summer and strong outlook but shrinking bed base. Flight capacity is continuing to grow for us as well as for other mountain resorts. There is a 4% increase in total seat count but waiting on final flight schedules to be announced. In our occupancy reports the difference is paid vs. complementary stay which includes owner usage. We hit capacity of this town in July.

Comment – Steve: Locals are complaining about how many people are here.

Comment – Laura: They complain but they still want people in their shops.

Comment – Donnie: Need to balance quality of life. We need to think creatively about our infrastructure issues and think far in the future.

Q – Beth: Are people being turned away from hotels?

A - Bill: yes.

Comment – John Sarpa: It's not just about more people. Replace what we have to address future needs.

Comment – Warren: another issue is extending the season – early June and late August.

Comment – Maria: There are people who are loud and voice their opinions giving the impression this is the opinion of many. We want to avoid that.

Comment – David Perry: The issue of Woody Creek cyclists in the way of the road was solved by moving the bike racks to the side of the tavern. It no longer seems like there are too many people in general now that the flow is improved. Are there too many people in Aspen? It may seem like less if we improve infrastructure.

John Malloy: School started this week. The school board is looking at a 5-7 year funding strategy. The state of Colorado has not stepped up with the 2+ million dollars they were expecting. The school now has a \$2.6 million shortfall. It is very important to have Snowmass on board with financial support. 20% of the student body are from Snowmass. Talk to city council about extension of the sales tax, and with this tax there would still be a shortfall of \$800,000. We will know their plan sooner than later.

Q – Warren: Has the Chamber traditionally taken a position on the sales tax? I think we should.

A – John: The topic is not going on this November ballot. If they do not receive the renewed sales tax in the future it would impact programming and teachers.

Rose Abello: Lodging and sales taxes are up but are showing up because of Clark's Market closure last year. Occupancy was into the 90% four weekends this year compared to one last year. There is still a lot of room to grow. The circus is coming this weekend. JAS Labor Day show tickets are still available.

David Perry: In reply to Debbie's remarks about Sister Cities, it is great that others look to us as an example. There is an imbalance that we don't go to other places. We should do these outbound missions.

Tim Perry: Busy summer. People are tired from season - hopefully there will be a little downtime before winter promotions begin.

Cristal Logan: The bike race was fabulous as always. It is easier for businesses to quantify the loss over the 2 days versus gain over the long run. The Art museum exhibit is amazing, world class. Thanks Dorothy for a favor for their VIP person.

Maria Morrow: The bike race is super cool. It's a great marquee event. Each year is a little bit different. We should collaborate with ACRA and the City because locals think they should clear out of town. It is disappointing to look around town when a lot of people are not attending and cheering. Bulletins of closures are helpful but we are missing the PR element - how to have fun with it. Disappointing how town was so quiet following race. We can do something positive rather than suffering through it.

Comment – Donnie: Internationally they follow biking. It is an investment.

Comment – Laura: People are scared because of past experiences such as long waits in traffic.

Comment – Donnie: Some of it depends on the race function.

Comment – Bill: This years' race was a lot less impactful but also a lot less attractive to spectators.

Comment – Donnie: Hotels were full so the issue goes back to the bigger point of infrastructure.

Comment – Beth: It is not an either or. They had many cancellations based on emotion.

Comment – Maria: No one knew about the kids' race portion. There should be freebees and events going on.

Comment – Rose: We do these events *for* the community not *to* the community.

Comment – Bill: TV coverage was reduced but we were not informed of that ahead of time. Not many people are subscribed nationwide to the channel it was mostly aired on.

Comment – Tim Perry: Part of the education portion is telling people how they can watch it (in person and on TV/online).

Comment – Beth: This is a good lesson for all of our events.

Comment – Steve Skadron: The head of the Grand Junction Chamber was at the race and asked Steve to go to Grand Junction to talk to their council about the race because they are interested.

Q – Cristal: Is there a planning period once the course is set we can get together and make a plan?

A – Julia: The city hosts meetings for the community and we update the website (www.aspenupcc.com)

Comment – Jeanette: The public doesn't realize they are invited to those meetings.

Comment – Maria: We should treat the race more like Winterskol to show people how to experience it best.

Nina Eisenstat: Everyone is having record breaking summers. There is trepidation about fall. She hiked to Crested Butte and had a former mayor pick them up who said they are struggling with similar issues we have. Crested Butte has less restaurants so lines are super long. There were nine different taxes on their hotel bill, one of which a 4% local marketing tax.

Jeanette Darnauer: Agree about the busy summer. Bill Dinsmoor was quoted in the newspaper with negative feedback on race.

Comment – Debbie: I was in Main Street Bakery on race day and it was full.

Comment – Jeanette: Maybe more crosswalks would be helpful. Thanks to all the cultural entities for a wonderful summer. Wonderful last week of the Music Festival. This Thursday 9:30-11 is the annual Mind Springs Health (mental health state) in Pitkin County at Mountain Chalet.

Corey Enloe: Big fan of the bike race. Would love to see it back, but we need to address some community issues.

Kenny Smith: Agrees the bike race is positive but the general feeling of retailers don't share his vision. In general it has been a good summer.

Comment – Donnie: our community often gets emotionally caught up and forgets the bigger picture.

Q – Rose: Is there a way to help the retailers for the bike race? This is an opportunity to get people in town and there is a lot of time to kill.

Comment – Cristal: Instead of putting everything in Paepke Park, put everything in the streets. Street sales in front of storefronts etc.

Beth Mobilian: Can we find a way to quantify the benefit of the bike race and share that information? Pinons had their best July in 25 years. Thank you to ACRA for putting out the fall promotion but not a great response from restaurants. Emails from Eliza are getting missed in their inbox. How can they help?

A – Julia: Restaurants response rate is low in general.

Comment – Debbie: Maybe send it by fax instead of email.

Comment – Beth: Restaurants aren't great at looking at emails. Maybe in person would be better. Go door to door with a flyer.

Comment – Erik: Parking promotion – starting today through September 6th, restaurant employees will be able to park 2pm-6am for free in the garage. Postcards were printed, maybe we should face-to face deliver them. Erik will email this to restaurants as well as mail.

Comment – Beth: The purpose is to get staff cars out of downtown that are taking up spots all night so there is more room for guests to park.

Comment – Erik: We want to provide a well-lit, safe, garage.

Comment – Kenny: this is a huge benefit to restaurant owners. We don't have the same issue with retail employees parking in one spot downtown all evening.

John Sarpa: Real estate still going strong but softened a little in August in terms of activity. Values are way up. Aspen's average sales price last year was \$5.8 million, this year \$7 million. Basalt also up in terms of sales price. Thank you to the city for its new plan development process. The Sky Hotel just received its final approval. It took 14 months from the time the package went to the city which is great. If on track, The Sky Hotel will be in construction next April (2016) with a 20 month build. The goal is to be open in 2018. Healthcare: The Aspen Valley Hospital mill levy comes up this year. It will be on the ballot to maintain their mill levy. Valley Health Alliance is doing well - there are a lot of people joining. Goal is to find different ways for employers to keep their employees healthy and reducing health cost.

Steve Skadron: Thank you to all hotels, restaurants, retailers and arts and culture; you are all on the front line and do great. City facility master plan: the city has 7 or 8 locations currently and they are trying to put everything together. This could possibly free up the armory building. This is related to a new building and will cause a lot of push-back. Mark Hunt's Base 2: this is an emotionally charged issue. The gas station is going away, and something will be built there: a hotel or retail facility. An anti-development group cannot shut down the development because something will go there either way. Steve wants to let the community vote on this. A retail building would be basically the same footprint as the hotel but more car traffic. Whistler: we want to bring them into our association of ski towns. Whistler is sending 13 people for a site visit to have conversations between like-minded communities. Policies regionally and nationally. Castle Creek bridge: improvement will be made to reduce lane width to improve pedestrian experience. Increase the width of pedestrian sidewalk will all happen in next couple of months. It should not affect traffic but if it does the experiment will not be permanent. Rethink the streets is working. It is all about making the streets friendlier for pedestrians by curating these street corners at a minimal cost.

Q – Debbie: How long do the experiments last?

A – Steve: We are about at that time. The mill street worked so that temporary placement will evolve to become winter friendly and permanent.

Q – Kenny: What metrics are used to measure if those are working?

A – Steve: We had interns count usage as well as a chalkboard for comments and we conducted street interviews. They took feedback and the positive overruled the negative. It is important to know we didn't take away any parking spaces.

Q – Debbie: I'm concerned about the safety issue.

A – Steve: The safety issue is being addressed.

Comment – Maria: Likes that they are tweakable. Bike/car relationship is the issue.

A – Steve: Bikers are to blame – it's supposed to be "share the road". In Des Moines they have pianos on street corners. It is about re-engaging the streets.

Comment – Beth: How about more fire pits in the winter?

Steve: Fire pits are an issue.

Schools are a pillar to this community. The city will do anything and more to support the school. There is frustration with school board from city council as the city asked to know if Snowmass is part of this equation before the school board comes back to council. City will support it when Snowmass commits.

Comment – Rose: Snowmass already has the highest tax rate in the state, so they are hesitant.

Steve: Gave the example of Leadville pitching to the state about funding to fix their opera house. Aspen taxed ourselves to fix our opera house and got the job done. The Governor has a vision to link our communities by bike paths. We can position our community at the forefront of state issues. We can exercise our set of values.

Laura Smith: Left early.

Warren Klug: Great summer. People truly love aspen and what we do here. Can Steve get with RFTA to help with signage in their construction zone, it is bad for our guests.

Adam Fortier: absent

Charlie Bantis: absent

Dan Bonk: absent

Simon Chen: absent

Lisa LeMay: absent

Michael Owsley: absent

Heather Steenge-Hart: absent

Riley Tippet: absent

Community Blend is September 10th at the Sundeck.

Adjournment: 10:54 a.m.