

Town of Estes Park, Larimer County, Colorado, June 26, 2008

Minutes of a Special Joint meeting of the Board of Trustees of the Town of Estes Park and the County Commissioners, Larimer County, Colorado. Meeting held in the Town Hall in said Town of Estes Park on the 26th day of June, 2008. Meeting called to order by Commissioner Gibson.

Present: William C. Pinkham, Mayor
Trustees Eric Blackhurst
Dorla Eisenlauer
John Ericson
Jerry Miller
Commissioners Glen Gibson
Randy Eubanks

Also Present: Attorney Greg White
Jacquie Halburnt, Town Administrator
Lowell Richardson, Deputy Town Administrator
Frank Lancaster, County Manager
Jackie Williamson, Town Clerk

Absent: Trustee Chuck Levine
Trustee Richard Homeier
County Commissioner Kathay Rennels

Commissioner Gibson called the meeting to order at 7:00 p.m.

FORMATION AND OPERATION OF THE LOCAL MARKETING DISTRICT (LMD).

Town Administrator Halburnt stated a petition was certified by the Larimer County Commissioners and Estes Park Board of Trustees at the first public hearing held on June 5, 2008. She reviewed the legislation allowing the formation of a LMD by a statutory municipality, and the process for approving the new district and the new 2% lodging tax to be collected on nightly accommodations only. The next step in the formation of the district would be an Intergovernmental Agreement (IGA) between the County and the Town. If approved by the voters at the November election, an operations plan would need to be approved by November 15, 2008 in order to begin collecting the tax on January 1, 2009. The Town would fund all advertising and marketing efforts through the Convention and Visitors Bureau (CVB) in 2009, while the new district collects the lodging tax in 2009 to be allocated towards 2010 expenses. The Town agrees to pay for salaries of the CVB for the first five years as outlined in the draft IGA.

CVB Director Pickering reviewed the needs for a marketing district in the Estes Valley, the make-up of the new Board, approval of the operating plan by the County and the Town, and the \$800,000 currently earmarked from the General Fund for marketing would be used in the future for capital improvement projects. It is anticipated the LMD would direct the CVB staff regarding marketing, advertising and promotional programs; however, the Town would continue to fund special events, the conference center, Performance Park, and portions of the CVB.

INTERGOVERNMENTAL AGREEMENT - DISCUSSION.

Attorney White presented the draft IGA for discussion. The agreement establishes the district only and does not include the operations of the new district. The Marketing District would be responsible for preparing an operations plan and a budget to be approved annually by both governing bodies. An operations plan must be adopted in order to collect the tax. The following IGA items were reviewed:

- District Service Area – The service area would be the Estes Valley Park and Recreational area minus Boulder County.
- Eligible Electors – Only those electors that are registered within Larimer County and reside within the service area of the district would be eligible to vote on the issue and the tax. The Marketing District is not a special district.
- Election Cost – The costs (\$20,000) would be split by the County and the Town. The Town Clerk would be the election official.
- Board of Directors – The Board would consist of seven members with five from the Town and two from the County based on the percentage of tax that would be collected from properties within Town limits. The four year terms would be staggered and members would be limited to two full terms.
- Term – The agreement shall be for five years beginning with the establishment of the District, can be terminated by either party and renewed automatically for an additional five year term.
- Automatic Termination – The agreement shall terminate automatically if the issue fails at the General election; however, the agreement would be enforced if the issue passed and the lodging tax fails.

Comments and discussion were heard from the Commissioners and the Trustees: could be useful to have the Marketing Board members selected prior to the election to develop the operations plan and to provide a level of comfort for the electorate; eliminate term limits for the Board members; a provision should be added to allow reappointment of a term limited member if no other potential candidates apply; seats on the new Board should be advertised and structured interviews held to identify the best qualified candidate; and valuable resources and expertise may be lost on the Board if term limits are imposed.

PUBLIC COMMENT.

Linda Lott/Vallaha Resort and President of Estes Lodging Association (ELA) stated the majority of the ELA members support the formation of the LMD; however, numerous questions have arisen from the organization, including the following:

- Has an IGA been created?
- It is understood by ELA that the current CVB staff would work under the LMD Board. Clarify why the LMD Board would need six to eight staff members? What would be the role of the CVB staff in the future?
- Would the CVB stakeholder fees be diverted?
- How was the projected lodging tax revenue of \$1.2 million determined?
- If the County and the Town do not agree on the operations plan, would the lodging tax be used for the operations of the CVB?

Staff responded to the questions: A draft IGA has been developed; the LMD would hire the CVB staff in its current capacity and would oversee the product developed by the CVB staff; whether or not the CVB staff would be come employees of the LMD in the future has not been determined; the approximately \$250,000 in stakeholder fees collected would go directly to the LMD; the estimated lodging tax to be collected was determined using 2007 sales tax revenue collected by lodging businesses within Estes Park; and the three bodies would have to work together and agree to compromise.

ELA would recommend the Marketing Board members complete an application; the positions would be published in both local papers; applications would be reviewed by a committee that would comprise of one Estes Park official, two Local Lodging members and one Larimer County official; and recommend the LMD Board members have lodging or business experience, two of the members have at least 5 years residence within the district, marketing or PR experience, three members from the lodging industry, one retail or restaurant, one financial and two based on experience. The most qualified should be appointed and not whether or not the represent the Town or the County. All members

should live within the district. The members should not be government officials or employees of the governing bodies. ELA would advocate for no term limits.

David Habecker/Appenzell Inn spoke in favor of the district. He stated an additional question should be added to the ballot to bond \$8 to \$9 million to build the needed infrastructure and use the \$800,000 for bond payments. He would advocated for the formal development of the operations plan to address the formation and relationships between the new district and the CVB prior to the election. He also suggested an IGA be developed between the LMD and the Town with regard to the CVB. The voters need some reassurance on how the LMD will operate prior to the election.

Ken Larsen/Riverstone Management expressed concern with the LMD possibly absorbing the cost of the CVB staff after the initial five year term. He stated that would decrease the dollars available for marketing.

Jim Tawney/Ponderosa Lodge reiterated his concern with the removal of the \$800,000 budgeted by the Town for marketing. He suggested the Town continue to budget funds for marketing. The new LMD Board should determine whether or not there is a relationship with the CVB.

Dave Ranglos/Glacier Lodge spoke in favor of the district. The new Board should be open to other organizations, grant opportunities or marketing opportunities that may not be utilized or conducted by the current CVB.

Ken Arnold/Deercrest Resort stated lodging establishments are finding it difficult to raise the nightly rates enough to cover the increase in property tax. The addition of a lodging tax would compound the issue. He encouraged the Boards to appoint the new LMD Board prior to the election.

BOARD AND COMMISSIONER COMMENTS.

Comments are summarized: a clause should be added to the Terms for Board members to allow the reappointment of a member that is term limited; appoint the LMD Board prior to the election; investigate the potential of a bond for needed infrastructure improvements; appointment of the LMD Board could help alleviate the uncertainty raised by the electorate; a bond should be considered later once revenues have been determined; the funding of the CVB salaries by the Town for the first five years only should be re-evaluated; and the new lodging tax should be used solely for marketing and not salaries.

APPROVAL OF THE INTERGOVERNMENTAL AGREEMENT.

Both governing bodies would review the IGA further and discuss potential changes. The IGA would be approved by the individual governing bodies at their respective meetings in the near future.

There being no further business, Commissioner Gibson adjourned the meeting at 8:25 p.m.

Jackie Williamson, Town Clerk