



ACRA DEFY ORDINARY

ASPEN CHAMBER RESORT ASSOCIATION

DESTINATION MANAGEMENT | MEMBER SERVICES | SPECIAL EVENTS | VISITOR SERVICES

Board of Directors Meeting

Date: May 30, 2023

Aspen Meadows Resort

Present: Cristal Logan, Jeff Bay, Charlie Bantis, Cari Kuhlman, John Rigney, Donnie Lee, Rose Abello, Dan Bartholomew, Debbie Braun, Patti Clapper, Nina Eisenstat, Andrew Ernemann, Michael Goldberg, Heather Kemp, Lisa LeMay, Justin Nyberg, Henning Rahm, Dave Ressler, Steve Skadron, Justin Todd, and Bill Tomcich

Absent: David Baugh, Matt Cook, Alan Fletcher, Maria Morrow, Heather Steenge-Hart, Torre, and Kathleen Wanatowicz

Staff: Jennifer Albright Carney, Susan Bantis, Alycin Bektesh, John Clay Davies, Savannah Grant, Julie Hardman, Nichole Hellinger, Jessica Hite, Sarah Reynolds Lasser, Eliza Voss, and Liz Watson

Guests: Julie Bielenberg (the Aspen Times), Gabby Cohen (ASC), Tom Foley (Inntopia), Mark Hunt, Terry Mathis (Always Mountain Time News), and Maureen Poschman (PROMO Communications)

Call to order:

Cristal Logan called the meeting to order at 8:33 AM

Approval of the April 25th Minutes:

Approved

Disclosure of Conflict of Interest:

None

Real Estate Market Update: Andrew Ernemann, the President of Aspen Snowmass Sotheby's International Realty, presents an update on the Aspen real estate market. He begins by showing a 20-year trend of Aspen residential real estate transactions, highlighting the dip during the recession and the consistent trend from 2012 to 2013 until COVID-19. Despite the spike in transactions during the pandemic, the number of transactions was still comparable or even less than before the Great Recession. Ernemann also discusses the significant drop in listing inventory over the past 15 years, with the number of condos and single-family homes listed dropping from around 250 each to around 50 each. This trend continued even during the pandemic, reaching all-time historic lows. He then breaks down single-family home sales by price segment, showing that the higher price segments trade at a much higher price per square foot. Interestingly, the higher end of the market (20 million plus) is starting to pull away from the next segment down. Over the last couple of years, the market has seen a significant increase in sales above 20 million, which accounted for 30% of the market last year. Ernemann also touches on the issue of assessor valuations, explaining that the assessor's appreciation rate appears artificially high due to the unique forces at play in the market over the last couple of years. He suggests that many people have good grounds to protest their valuations. Finally, he notes that despite a slowdown in the number of transactions, the demand for short-term rentals remains consistent. He refrains from making specific predictions about the future of the market, but suggests that the slowing market could eventually put pressure on prices.

Commercial Development Update: Mark Hunt, an Aspen real estate developer, presents commercial development updates. He acknowledges past mistakes, such as excluding the community from his plans and poor communication of his vision. He apologizes for these oversights and expresses a desire to rectify these issues and start anew. Hunt discusses the complexities of developing in Aspen, including a challenging permitting process and the necessity to adapt plans based on operator input. He stresses the importance of striking a balance between luxury and local businesses, free market sales and affordable housing, and considering the long-term impact of his developments. He provides updates on several projects. Some, like 204 Galena and 232 Main, are completed, while others, including 201 Main Street, 3057 Mill, 414-422 Cooper, and the old Crystal Palace, are under construction or awaiting permits. He also shares plans for affordable housing projects and a free market apartment building at 465 North Mill. Hunt is committed to making a positive contribution to the Aspen community. He discusses his efforts to provide housing for local teachers and his desire to create opportunities for local businesses. He acknowledges the need for collaboration to address larger issues like traffic, parking, and affordable housing. In conclusion, Hunt acknowledges the need to rebuild trust within the community and emphasizes that his actions will demonstrate his commitment. He expresses enthusiasm for the future and invites questions from the audience. Addressing questions about the RH ecosystem, Hunt discusses a project involving a nine-room hotel at the old Crystal Palace with a restaurant, cafe, and spa open to the public, and a small gallery/store with a restaurant. He clarifies that RH's



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(formerly known as Restoration Hardware) expansion in Aspen will be limited to these two projects. When asked about preserving the balance between luxury and local businesses, Hunt acknowledges the challenge. He suggests that landlords with multiple properties have a responsibility to maintain this balance, even if it means not maximizing profits on each property. He mentions the potential for creating opportunities for local businesses at North Mill and the ABC. Heather Kemp highlights the importance of fair market competition and suggests tax credits for small businesses as a more equitable solution than the city becoming a landlord. She also emphasizes the need for middle-class housing in Aspen. Hunt acknowledges these points, indicating his willingness to consider them in his future plans.

Inntopia Lodging Data Update: Tom Foley presents Inntopia's lodging data, discussing the impact of rate changes on the marketplace and consumer behavior. He notes that the conversation is not specifically about Aspen, but reflects trends seen across the industry, including Western resorts, Northeast resorts, and beach destinations. Foley highlights the current economic conditions, with an international inflation rate of 4.9%, down from last year's 8.3%. However, he points out that inflation is compounded over time, and consumer prices continue to rise month over month. This has resulted in a three-year inflation rate of 18.3%, making everyday items almost 20% more expensive than at the start of the pandemic. This has had a cumulative effect on consumers, impacting their spending habits and causing a shift in room nights booked. He presents data showing a decline in room nights booked, with consumers staying for shorter lengths of time. This trend is seen across the industry and is reflected in Aspen's data. Foley attributes this change to various factors, including the war in Ukraine, inflation rates, and significant drops in financial markets, which have affected consumers' savings and spending habits. Foley discusses the average daily rate (ADR) for Aspen's summer months, which currently stands at \$669 for arrivals from May through October. This is considerably higher than previous years, with a 50% increase from the summer of 2019. He attributes this rise to the reopening of businesses and the introduction of vaccines in early 2021, which led to a surge in rates. However, Foley warns of a sudden and sharp reversal in occupancy rates for Aspen's summer months, with a current overall decrease of 16.5%. He notes that while rate increases have previously offset declines in occupancy, this is no longer the case, resulting in a significant revenue decline. Foley suggests that different strategies may be needed for properties at different ADR levels, as consumers are showing price sensitivity. He emphasizes that consumers are not concerned with year-over-year changes in rate, but rather with the absolute rate that suits their needs. He concludes by suggesting that the industry may need to rethink its pricing strategies to meet current financial conditions and consumer behaviors.

Chair's Comments: Cristal Logan, who leads the Aspen Community Programs for the Aspen Institute, announces that their three Speaker Series events will be free and open to the public, requiring only registration. This is a significant change as it reduces costs for attendees at a time when other costs are rising. She also mentions that they have strong attendance expected for the Aspen Ideas Festival and that Margaret Atwood will be attending the Aspen Words Gala. She concludes by noting that there is a lot of exciting news coming from arts and culture organizations.

President's Comments: Debbie Braun, who is currently in Alaska, reminds everyone that there are only 17 days until the Food and Wine event. She encourages everyone to get their luncheon tickets soon as they won't be holding any back. She also mentions that each board member will receive two tickets to the event as a token of appreciation for their work. She then brings up a work session with the City of Aspen scheduled for Monday. While she would like the focus to be on the 21st Century Welcome Center, she anticipates that the discussion will revolve around the lease and location of their current premises. There are questions about whether they should temporarily or permanently move to the Armory, and what will happen with their current location at the Power Plant. Cristal and Maria, who has helped negotiate the lease in the past, will be joining the session. Debbie also celebrates her 24th anniversary with the organization on Thursday and expresses her hope to continue working with the organization for many more years. Finally, she defers the rest of her comments to Jennifer Carney, who has recently returned from a three-week road trip visiting 21st Century Welcome Centers across the western states. Jennifer has prepared a few slides to show what other visitor and welcome centers look like and to discuss some common themes observed during her trip.

Visitor Center Roadtrip: Jennifer Albright Carney discusses the potential move of ACRA's visitor center from the Old Powerhouse facility to a new location, possibly the Armory. To prepare for this, she has been researching other visitor centers and recently took a road trip to visit about 15 locations across four states: Utah, Idaho, Wyoming, and Oregon. She noticed several themes during her visits. One was the sense of place, with each visitor center's aesthetic reflecting its location. Another was the incorporation of historical elements into the visitor centers, which she sees as an opportunity for Aspen as well. Printed materials were a common feature, serving as a touchpoint for visitors wanting to learn more about their destination. Digital experiences were also incorporated, though not as self-serve stations, and face-to-face communication remained the primary form of interaction.



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Merchandise, often locally sourced, was another common theme. All the visitor centers served as community hubs, providing information about local events and resources. Jennifer also mentions the possibility of having a US Forest Service Representative in ACRA's new space, which would serve both locals and visitors interested in outdoor activities. She shares some inspirational examples from her trip, such as the LEED Gold certified facility in Jackson, Wyoming, which conveys a strong community value of stewardship, and the multi-purpose space in Park City, Utah, which includes a coffee shop and a lounge area. Jennifer concludes by stating ACRA's goal to create a 21st-century Welcome Center that welcomes all, connects to the community and local businesses, and honors Aspen's history. She invites everyone to join a work session on June 5 to discuss the Aspen Chamber's space needs and future possibilities.

Finance Committee Update: Charlie Bantis provides an update on the financial status of ACRA, stating that they are in great financial shape with strong balance sheets and high liquidity. He mentions that they have significant amounts of money in their accounts, which is generating interest income. He discusses the issue of declining bookings and the need to identify potential spending cuts if revenues do not match the current budgeted numbers. He also mentions a discussion about the Short-Term Rental (STR) tax and its impact on Destination Marketing. Charlie talks about the ongoing discussion regarding the lease for their headquarters and visitor center, stating that they are caught between city staff and City Council. He encourages board members to educate city council members about the value ACRA brings to the community. He also mentions a confidential program aimed at enhancing the reputation of Aspen and Snowmass, which they have decided to commit to for three years. Finally, he shares the good news that ACRA will receive over \$320,000 in Payroll Tax Credits for keeping staff on through COVID-19. This will relieve some budgetary pressure and add to their reserves, although the money may not arrive until 2024.

Public Affairs Committee Update: Donnie Lee provides an update on the Public Affairs Committee, discussing a letter that has been prepared for the board's review and approval to support the aviation forecast and fleet mix, which is an important milestone towards an updated Airport Layout Plan to be sent to the county commissioners. He emphasizes the importance of moving forward with the airport redesign, which will adapt to new technologies and have environmental benefits. He mentions that there will be compromises in order to progress, and encourages the community to support this. A motion is made to adopt the letter by Charlie Bantis, which is seconded by Heather Kemp and approved, with one abstention, Patti Clapper, current county commissioner. He stresses the need for the business community to stay involved due to significant opposition and misinformation about the airport expansion. Finally, he notes that the letter will be edited to remove Debbie's name and address, and that board member Torre will be noted as not present for the vote.

Directors' Remarks:

Donnie Lee predicts that the upcoming summer will be similar to the previous year in terms of tourism, despite new information suggesting otherwise. He notes that booking windows are contracting and demand is becoming more immediate for June and July. He forecasts a slight decline in occupancy but maintains that rates will remain strong. He also highlights the significant cost increases that everyone is facing, from labor and utilities to insurance and supplies. These increases are also affecting strategic partners and vendors, leading to higher rates. Despite these challenges, he expects a strong summer overall, but advises to pay attention to the flattening trend.

Henning Rahm discusses the trends he's observing in the hotel industry in Aspen and Snowmass. He notes that there's a significant impact on the group side of things due to a spa remodel at The Little Nell. He also mentions a record-breaking number of weddings last summer, around 70, but sees a decline this year. Rahm highlights the incredibly short booking window they're experiencing and the challenge of managing budgets and expenses, particularly fixed costs like labor. He mentions that they've increased certain labor aspects due to rising rates and guests seeking additional service touch points. Despite these challenges, Rahm is optimistic about the year, noting that bookings for the next winter season are already coming in, possibly due to the big snowfall from the last season. He also points out that Aspen and Snowmass attract a different type of consumer during the winter season, who may not be as price sensitive but are currently choosing to travel elsewhere, like Europe.

Justin Nyberg discusses two key issues that are currently on his radar. First, he talks about the Growth Committee's recent recommendations for changes to the Pitkin County land use code. These changes could potentially affect zoning and the Growth Management System in Pitkin County, particularly in relation to residential home development. The committee's recommendations are based on the assumption that large homes consume more services and generate more emissions. Therefore, their goal is to reduce the size of homes and the services they require, which could impact sectors such as property management, technicians,



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suppliers, and landscapers. Nyberg suggests that these changes should be closely monitored due to their potential impact on the community and certain sectors. Second, Nyberg mentions a recent order from the Financial Crimes Division of the Department of the Treasury. This order states that Pitkin County, among others, is under a money laundering watch. Consequently, any residential transaction made in cash that uses an LLC or similar entity as a buyer must disclose the beneficial ownership of the buyer to the Financial Crimes Enforcement Network (FinCEN). This could potentially impact cash purchases in the area, particularly if they were being used as a means to hide large amounts of cash.

Bill Tomcich discusses the upcoming summer schedules for American and United Airlines, noting that American will be increasing its daily flights from Dallas to seven, starting this Thursday. United will also be going to their full summer schedules on Friday. He mentions United's recent press release announcing significant growth of their Denver hub, including the addition of 35 new flights and an expansion to 90 gates. He explains that while Aspen won't have flights early enough or late enough to connect to these new banks due to airport curfew, the added flights will alleviate pressure on the first morning and late evening banks, making connecting flights out of Aspen easier and potentially more affordable. Lastly, Tomcich advises those who feel they may have overpaid for their flights to reprice their itineraries. With no change fees, travelers may be able to get a refund or a travel credit by repricing their itinerary.

Dan Bartholomew discusses the recent reopening of the airport on the 25th after a two-week closure for pavement maintenance. He mentions that due to the aging condition of the pavement, similar closures can be expected annually, with potential for longer closures if more extensive maintenance is required. He also mentions the recent open house at the airport, which was well attended, and offers to give tours of the airport to anyone interested. Bartholomew then addresses the recent forecasts and fleet mix that went to the airport advisory board. He emphasizes that these forecasts do not dictate what will actually happen in the future, but rather provide an idea of how to redevelop the airfield and allocate federal funds. He also notes that by federal law, the airport cannot design in a way that restricts certain types of operations. He concludes by reiterating his offer for airport tours and invites anyone interested to get to know the airport better.

Nina Eisenstat praises Jennifer's presentation on the Visitor Center, expressing hope for a world-class facility that includes a café and a shop with merchandise. She believes these features would make the center a place where both tourists and locals could enjoy spending time. She congratulates Eliza on achieving her certificate for Destination Management Executive, acknowledging the significance of this accomplishment. She also congratulates Debbie on her 24th year of service. Nina shares that service members are optimistic about the upcoming summer season. Despite some cautionary information presented, she has heard positive feedback from those in the service category. They are upbeat about the summer and are still looking for employees, indicating a positive outlook.

Cari Kuhlman suggests focusing on the safety improvements of the Aspen airport as a key marketing point. She notes that there are often articles about Aspen being an unsafe airport, so emphasizing the measures being taken to enhance safety could be beneficial for public perception and acceptance of the airport's development plans.

Rose Abello announces that Snowmass will commence its events season on Friday, the ninth, starting with the Ragnar races and the first concert of the season. The Thursday concert series will begin the following week. She mentions that their events calendar is quite full. She briefly touches on bookings, suggesting that the situation is similar to what has been discussed for the summer season.

Lisa LeMay comments on the brief shoulder season, noting that it's never truly "off". She suggests visiting the Welcome Centers in Georgetown, for inspiration. She expresses that the biggest concern for retail going into the summer is the lack of employees. She explains that the summer season is even more challenging than winter due to the lack of housing for J-1 visa holders. She emphasizes that everyone in town is hiring, and encourages anyone looking for a job to apply.

Patti Clapper emphasizes the importance of making improvements to the airport, stating that doing nothing is not an option for the community. She mentions that the airport layout plan must cover every square inch of the airport property and that the community needs to support moving forward with the FAA. She suggests lobbying the federal congressional delegation to tweak the laws governing airports, as Aspen's small airport with difficult terrain issues is not comparable to larger airports. Regarding the Citizens Advisory Group for growth management, she mentions that the BOCC will be hearing it for the first time on June 6th in a joint



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meeting with planning and zoning. The process will involve deciding what changes to make to the land use code. She also mentions that property taxes are governed mostly by the state of Colorado and the county is prepared for the expected appeals. On a positive note, she expresses her excitement for the upcoming Food & Wine event and praises the efforts of the ACRA staff. She also acknowledges Debbie for her 24 years of service. She expresses hope for more filled storefronts in the future and ends her remarks by thanking everyone for their hard work.

Heather Kemp mentions that they experienced a long offseason at Sashae, but they are now fully staffed and ready for the summer. They plan to extend their hours and maximize opportunities when people are in town. She suggests that for the next summer, they might consider reaching out to hotels to align their schedules better, taking into account factors like the airport closure. This could potentially lead to them closing for a couple of weeks in May next year. Finally, Heather shares that Sashae Floral Arts is celebrating 18 years of business this month.

Justin Todd mentions that they are currently hiring at The Aspen Meadows Resort. He apologizes for having to step out due to a situation at the hotel, which he notes is an ever-changing business. He expresses optimism for the upcoming summer, which is shaping up to be very busy for them, thanks to their owners and the Aspen Institute. He is glad that the airport is open again, as its closure had negatively impacted them. He also mentions that they have a brand new guestroom product and are ready to welcome guests.

Steve Skadron shares the news about the construction of the business commercial kitchen at Colorado Mountain College (CMC). He mentions that the college is becoming more involved with the Food & Wine event, with CMC's culinary faculty and students running the Best New Chefs segments this year. He expresses excitement about the strengthening relationship between CMC and the community. Skadron also discusses the impact of developer Mark Hunt on the community. He mentions three significant projects: the Gap building, the renovation of the historic Poppy's building, and the Chase Bank building. He explains that the outcomes of these projects were influenced not only by Hunt's decisions but also by the community's input and regulations set by the Historic Preservation Commission. He emphasizes that communities get what they deserve, suggesting that the community played a role in the development of these projects. He encourages newcomers to understand the history of these developments to better understand the present community landscape.

Dave Ressler apologizes for needing to step out early due to conflicting meetings. He shares that there are still open spots for the Aspen Valley Hospital (AVH) health fair happening over the weekend in Aspen and Basalt. He directs those interested to register at www.aspenhospital.org.

Charlie Bantis commends the staff for the informative meeting. He encourages everyone to review the results of the Community Survey, highlighting that it contains valuable information.

Adjournment:

Cristal Logan adjourned the meeting at 10:47 AM