



## Mammoth Lakes Tourism Monthly Board Meeting

**Wednesday, May 2, 2018 - 1:00-3:00pm in Suite Z**

Board Member Call in # (310) 372-7549 - Participant Code 934985 - Host Code 3838

[https://www.dropbox.com/sh/zxanpoyiv7mwd9t/AAB-aHpEDShkXC2UnH79\\_hRJa?dl=0](https://www.dropbox.com/sh/zxanpoyiv7mwd9t/AAB-aHpEDShkXC2UnH79_hRJa?dl=0)

### Meeting Agenda

1. **Call Meeting to Order** – Brent Truax, Board Chairman, called the meeting to order at 1:04pm
2. **Roll Call** – Brent Truax, John Morris, Kirk Schaubmayer, Michael Ledesma, Colin Fernie, Sean Turner, Eric Clark, and Scott McGuire.  
**Absent** – Paul Rudder
3. **Board Member Comments/Reports/Agenda Additions:**
  - a. Brent Truax added an agenda item regarding the available Board seats
  - b. John Morris – Snowcreek driving range is open. As it relates to the TBID renewal, wanted to mention that I took a look back to compare five years of the TBID compared to the five years previous; to look at the four slowest months and how they changed. For Snowcreek, from 2008 to 2012 May, June, October and November amounted to about 10% of the yearly business; in the five years of the TBID those months amounted to 15% of the yearly business – just shows how the slow months are improving and growing.
4. **Public Comment** –
  - a. Ken Brengle, Executive Director - Chamber of Commerce: reporting on the candidate open house and business after hours. Successful night, candidates liked the format of being able to meet and greet and talk to people. Thank you to Jessica for organizing. Thank you to the MLT Board for support the Chamber. May Power Lunch will focus on ballot initiatives in the state.
5. **Minutes** – Approval of past meeting minutes from April 3, 2018
  - a. Number 2, letter e; Board vote to approve any change to the MLTBID Management District plan – Eric Clark abstained from voting on this item.
  - b. Colin Fernie – bottom of page 2, when discussing top line goal for TBID revenues, it should be correct from 6.5% to 6.5 million.
  - c. Sean Turner – wanted to correct his Board member comment from last month; was reminded how many people come here as a part of youth sports tournaments and look forward to continuing that conversation as we discuss event strategy.
  - d. Colin Fernie made a motion to approve the minutes as amended. John Morris seconded; unanimously approved.
6. **New Business**
  1. Winter air service recap –  
Discussion of winter 2017-18 winter air service successes and challenges
    - 9% cancellation rate (3836 pax) 43 cancels vs. 20% LY (8139 pax) 96 cancels
    - Weather 40 (93%), mechanical 1 (2%) and other 2 (5%)
    - Los Angeles
      - 9.6% cancel (2253 pax) 22 cancels vs. 19.78% cancel (4364 pax) 45.5 cancels LY
      - 31,844 available seats, 21,291 sold which is +2,935 to LY
      - Load factor 66.86% compared to vs. 68.81% which is -1.95%
    - San Diego
      - 9.1% cancel (697 pax) 7 cancels vs. 19% cancel (1382 pax) 14.5 cancels LY
      - 11,324 available seats 7,418 sold which is +1,415 to LY
      - Load factor 65.51% compared to vs. 65.82% which is -.3 2%
    - San Francisco
      - 12.5% cancel (862 pax) 13 cancels vs. 25.69% cancel (2,158 pax) 28 cancels LY
      - 12,880 available seats 6,971 sold which is +728 to LY
      - Load factor 54.12% compared to vs. 55.74% which is -1.62%
    - Burbank

- 1.6% cancel (24 pax) 1 cancels vs. 12.90% cancel (235 pax) 8 cancels LY
- 3720 available seats 2034 sold which is +432 to LY
- Load factor 54.68% compared to vs. 48.85% which is +5.83%

John Urdi provided the Board with a review of winter air service. Provided overall and by market detail for this year in the agenda. Eric Clark and John Urdi are trying to finalize the subsidy numbers; looks like United is going to come in a little lower than anticipated. Should be just under the \$1.51 million cap set in the TBID budget. Overall started the season with a total of 65,500 round trip available seats, ending with 59,768 after cancellations. Ended up with 37,714 paid round trips, a 63% load factor. Overall cancellation rate of 9%; we lost 3,836 round-trip passengers; compared to last year when we had a 20% cancellation rate and lost 8,139 round-trip passengers. This year, weather was again a big player, accounting for 40 of the 43 cancellations; 1 was mechanical; 2 cancellations were due to airflow – air traffic control. JetSuiteX was able to successfully divert to Bishop (approximately 10 diverted), allowing for only 1 cancelled flight from Burbank this year. Found out yesterday JetSuiteX is moving corporate headquarters to Dallas, but they will continue to fly our routes and are looking at flying out of Orange County at a commercial gate. Still talking with them about the future of air service.

- Colin Fernie asked about the percentage on a flight when it achieves subsidy neutrality. John Urdi explained that it depends on the fares, but it is generally when it's about 70-75%. Last year the extreme weather hurt us; this year, even with the increased passengers and rate of completion we had, you actually get a lower load factor and end up paying more. The other factor is our costs, which went up with each carrier this year; a lot has to do with fuel prices.
- John Morris asked about San Francisco and if it has been struggling due to cancellations. John Urdi stated that its just hard to get that market to choose to fly over driving to Tahoe; why we have put more marketing into that market in the last year.
- Scott McGuire asked if our TOT collections keeps going up, and we keep spending less on air service, and we have a \$1.5million shortfall in our budget, Do we need to keep spending more on air service? We have a lot of drive traffic and numbers have shown over the last five years the less we spend, our TOT and TBID keeps going up; could our dollars be spent better elsewhere? Brent Truax stated that is part of the budget conversation and that is what we will finalize in our direction to staff on June 6<sup>th</sup>. McGuire stated that a lot of times he hears air service is a tragedy because of enplanements, but when you look at the efficacy of it: we are spending less, and getting more revenue; that's a pretty good direction to go in but at some point there is diminishing returns. Colin Fernie stated due to Ikon Pass, we need to look at air service from a broad perspective for economic development and other community aspects. Eric Clark stated we have been more efficient with dollars spent. We discontinued costly legs that didn't bring a lot of passengers and therefore the finances worked out beneficially. Other part is hopefully you develop the appropriate platform to grow visitation. If we are getting destinations visitors from hubs that primarily have midweek visitation, then we know we need to grow our air service. As we get more efficient, there is going to be some risk we have to go forward with. Scott McGuire asked if its fair to say that we have learned more and become more efficient, and the investment last five years have taught us to be more efficient to get here, but we may need to go back to a period of more risk to grow that in the future? Eric Clark feels yes. John Urdi restated that we are still bringing in comparable amount of people but not spending as much to get them here. However, a good example to look at is the increased costs we had last spring by adding flights seven days per week versus four days a week the prior year. So we do need to consider if the increased costs are worth it. Scott McGuire stated that despite the struggles, the efficiency and the dollar per person spend we have gotten to is impressive. John Urdi will do a presentation on the program and success to Town Council in August.

2. TBID renewal update and discussion – John Urdi reviewed the status of renewal process.

- a. Resolution of Intent was approved at the April 18<sup>th</sup> Town Council meeting with a vote of 3-1 (Bill Sauser was not in attendance)
  - b. Next step – public meeting May 2<sup>nd</sup> Town Council meeting; no action taken; just to hear public testimony for and against the TBID.
  - c. Resolution of Formation – June 6, 2018: there will be a public hearing and then the council votes. The current TBID expires August 31, 2018. Changes to management district plan discussed at the last Board meeting would be approved; 5-year term expires 2023, and removal of the contribution from pass sales. Estimated annual revenue \$4,500,000.
  - d. New TBID collections would go into place September 1, 2018
3. Strategy discussion regarding budget commitments - board may vote to approve budgets –
- a. Brent Truax reviewed with the Board the objective of today's conversation on budgets. Spent a lot of time going over specifics in yesterday's strategy session and would like today to stick to a high level conversation. Specifically would like the Board to discuss earmarks, giving direction to staff on using the reserves, what is the available dollars we are willing to put out there. Brent stated rather than going line by line here now, he encouraged all Board members to set up a time and ask specific questions each has on the budget line-by line, because at the June 6<sup>th</sup> meeting Board meeting he will be calling for a vote on the proposed budget. Brent stated that generally we will be talking about the overall frame today and any questions related to that, making sure we all agree on the strategy. Think staff did an excellent job summarizing each department and strategy associated. Every Board received an USB drive with all the electronic versions of the budget documents. All documents are online at <https://www.visitmammoth.com/mlt-board> for the public that is interested.
4. Measure A reserve earmarks and funding allocations – Brent began by asking the Board if earmarks should stay as is or look at changes. John Urdi reviewed with the Board specifics related to Measure A reserve earmarks. \$1.25 million currently – have had earmarks for that amount of money but this would be a time to consider new pieces and needs. 2.5 million in TBID reserve; John Urdi recommended to put at least \$500,000 (as was done last year), which has been built into the budgets, from the reserves which would still leave us \$1.5 short of last year's budget. Combination of missing revenues – will be \$500,000 less from TBID revenues (pass sales), \$500k in air service subsidy savings that we had last year that we won't have this year, number of other added expenses including new special events position, increased support to the Chamber and reductions of air subsidy contributions from Mono County.
- a. \$1,250,000 in reserve; Eric Clark asked if the covenants of the Board states how much money needs to be in reserve. John Urdi stated that it is based on a percentage of budget; 25% of a \$7 million operating budget comes out to \$1.7 million for reserve - \$550,000 would come from Measure A and \$1.2 million would come from TBID, and leave \$1.3 million in TBID reserves. Brent Truax clarified that there is no requirement for reserves, but it is a guideline set by the Board and for the Board to decide what it feels comfortable with. Brent Truax re-stated Measure A is currently earmarked for special event venue, airport, conference center, wayfinding/signage; do we take any of that back from the earmark and put it back into total available resources? For instances, we need a special event venue, is that going to happen by spending \$250,000 or do we take that to fund the special events position instead? John Urdi clarified we have total available \$1.25 million, reserve earmarks total \$1.35 million as of now, so we need to do a bit of reallocating. The Special Events position has currently been budgeted from the annual budget not from reserves, but that is something the Board could look at when reallocating. Further, when Measure A was recalibrated the joint bucket was potentially to be used as reserves as well; currently has \$800,000 in it and we are still waiting to hear back in regards to the Kings program; will at least have \$100,000 come out of it for this year. Fund currently has \$200,000 if the LA Kings program moves forward in full. Brent Truax restated with the Board for clarity, do we want to keep these 4 earmarks as is, and where do we pull out \$100,000 because we are over committed by that amount. There are also other potential uses for the reserve that we may want to consider. John Urdi stated the budget currently has \$2,000 a month worked into for a possible vehicle payment. One of the options for revised earmarks is new MLT vehicles; Expedition is a 2004 with 210,000 miles on it. Other request is from the Historic Trolley program, got some money from Measure U but are still \$21,000 short for a full

program this year. Scott McGuire stated that based on the discussion currently revolving around the airport, he would vote to see that earmark reduced and keep Measure A reserve at net zero and see what happens with the joint bucket. Eric Clark stated we could contribute to the deficit to the operating account by taking funds from the TBID reserves. Colin Fernie stated that because this has a lot of different moving parts we may want to bifurcate this and take consensus on a couple of different parts. Colin also stated that he agreed with Scott and that the easiest way to balance this for now is to remove \$100,000 from the earmark for the airport. Sean Turner stated he also agreed and asked when will the earmark money get spent. John Urdi stated the only program he was aware of that could be ready to roll out in the next year is the wayfinding/signage program; all other earmark programs are still in the works and money will be deployed when the Board is ready. Colin Fernie also wanted to state that he is a big fan of the historical trolley program and think it's a good program but don't need to decide on that today. Scott McGuire: the most important thing is that we aren't asking staff to find \$100,000 to fund a shortfall, but going back to the budget and looking at the budget and then coming back to the earmarks and reallocate as needed in the future. John Urdi reminded the Board that \$1.25 million is a finite amount of money and the additional TOT funds now goes to the joint bucket with the Town. When this \$1.25 million is spent, that's it. John Morris asked to clarify that the Board is looking at approving a \$7.47 million budget, and that amounts to a reduction by 20% to the marketing budget; \$1.5 million less to marketing than last year. What kind of affect does that have on our market share? Brent Truax asked the Board for consensus on the reallocations of the earmarks as suggested by Scott McGuire, with \$100,000 coming from the airport earmark; not vote needed. Brent stated that John would come back to the Board on clarity on how the joint bucket with the Town can play into the reserves issues. The Board will come back to this conversation on June 6<sup>th</sup> to finalize along with the full budget.

- b. Brent Truax brought the conversation back to what the possible impact could be to the community if the Board reduces the marketing budget by 20%. Brent stated that he has asked John and staff to get some information from SMARI on what that might mean and look like. Scott McGuire stated he would like to see a comprehensive report from SMARI as well as their suggestions on how to use the money most effectively as it relates to the whole program. Michael Ledesma stated that he is personally not comfortable with a 20% cut, but would look for SMARI's direction on using fewer dollars more effectively and be very cognizant of what cutting marketing may mean. The Board then had a discussion about this budget (18/19) versus 16/17 budget; similar amount of spend in the marketing budget, and some of the reductions have gone to special events positions/department. Look into the details with MeringCarson on spend details, placement versus creative; what do we actually lose via this reduction in spend. Eric Clark asked to look at other DMO spend and how that compares to what we are doing here at MLT; it would be interesting to see and compare to what we are competing against. John Urdi stated some of that information is not public, but he would see what he could collect. The Board had a discussion about the case study from Longwoods, regarding Colorado and the impact reducing marketing had on their location. John Urdi reviewed stats presented at Town Council for TBID renewal; compared 10 year average TOT collection prior to TBID with the five years since the TBID – \$7.6 million increase in TOT collection equates to \$60 million more in direct revenue at the lodging properties over five years. Colin Fernie stated this is the difference between live to fight another day and crisis mode; when we have bad snow we can weather the difficulties.
  - c. John Urdi will look into SMARI research, information on other DMOs: Budget and visitation for Steamboat, Telluride, Aspen, North Lake Tahoe, How much is media dollars v. creative creation.
  - d. Proposal from Historical Society regarding on-trolley history – hold off on for now. Will discuss further at June 6<sup>th</sup> meeting
5. MLT/TOML Contract & building lease expires June 30, 2018
- a. Brent Truax started by asking if the contract and the building contract could be the same conversation. Sean Turner asked about which council the contract get signed with. John Urdi clarified that it actually goes through the Town Manager not the Town Council. John Morris asked if we have concerns about required deliverables. Brent Truax stated he was aware of the

Town Manager making some changes but did not expect them to be huge changes, but will be meeting with him this week. He stated it also relates to the contract for the Executive Director; want to make sure we use metrics for review that combined what the Board and the Town both are looking for – criteria for success. Reviewed subcommittees for Town contract (Paul Rudder, Eric Clark), and Executive Director contract (Michael Ledesma, Colin Fernie, Brent Truax) .

6. MLT Executive Director contract – discussed in conjunction with Town contract.
7. MLT Board Seats Available - Brent Truax asked if the seats nomination could be posted online. John Urdi stated, yes, once a date has been set by The Board. Scott McGuire stated his interest in keeping his seat. Brent Truax reviewed the process for the appointing of Board Seats: all interested parties should submit a letter of interest; a subcommittee will be formed to review and interview applicants for the Board seats, the committee then makes a recommendation to the Board. Brent Truax stated a subcommittee will be formed once we have received applicants for the seats; suggested May 15th as a deadline for applications giving the Board two weeks to interview prior to the next Board meeting. The Lodging seats information has already gone out to the Lodging community. Lara Kaylor suggested a press release, which has gone out in prior years when seats became available. Brent Truax confirmed he would like a press release to go out.

#### 7. MLT Team Presentation Schedule

May 2 <sup>nd</sup>	No presentation this month
June 6 <sup>th</sup>	TBD

#### 8. Department Updates – A brief recap of past, current and future efforts of each department

1. Departmental updates tabled this month due to strategy discussions

#### 9. Financial Reports – An update regarding the financial health of the organization -

1. TOT & TBID – review previous months results – John Urdi reviewed last months results
  1. TOT for March \$2,331,748 which is +\$876,758 (+60%) to budget +\$301,275 (+14.8) to LY; April will hopefully come in strong. As of now, we are just shy of \$15 million in TOT collection, with three months of collection left. Scott McGuire stated this is a testament to the MLT team; The LA times gave us a nice gift talking about how horrible things are and being able to over come that impression to break records on last year with the snow is a testament to the power of marketing. John Urdi stated we are \$52,000 ahead of last year’s record. We were behind after February, but after March we are ahead.
  2. TBID for March \$756,404 which is -\$73,596 behind budget YTD we are -\$304,844 (-6.7%)
2. Cash Flow and CDARS info – discussion of current bank balances and reserve account activity
  1. Measure A \$1.25m & TBID \$2.5m in CDARS
3. P&L Reports – unfortunately we are still awaiting TBID information from the Town but as soon as we have that it will get sent to the Board.
  1. Measure A checking account = \$1.5 million; savings = \$5,010
  2. TBID checking account = \$760,000; savings = \$5,006
  3. TBID will have two large checks going out from it this month and next month for winter subsidy. Once Mammoth Mountain gets the final invoice, they will pay the airlines and then invoice us; we pay in two equal payments. Only difference this year is we invested \$200,00 in JetSuiteX initially; will amount to a rebate of \$33,000. Total JetSuiteX subsidy for the winter amounted to \$167,000; similar to last year but we had more passengers this year.

#### 10. Mammoth Resorts Update – Eric Clark – The operating hours have changed; open at 7:30am and closing at 3:30pm. Ikon Pass update: As of April 9<sup>th</sup> you could start using your Ikon pass at Mammoth. Issued 6500 passes here at Mammoth. Generated over 13,000 visits, all not current pass holders. Surpassed goal by over 20% - where we wanted to be by April 30<sup>th</sup> cut off. Pleased with the momentum. California is the highest interest area for Ikon Pass; Colorado is second. Seeing good upticks in all metrics. No planned closing date as of yet. First ever Ski-mo happening on Cinco de Mayo.

#### 11. Key Takeaways

1. March came in at \$2,331,748 up from the previous record (2017) by \$301,275 which is +14.8%
2. YTD TOT is \$14,944,073 to the previous record (2017) and +\$4,462,878 to 17-18 TOT budget YTD +43%

**Future Meeting Dates:** Next scheduled Board Meeting for **Wednesday June 6, 2018** from 1-3:00pm Suite Z

Adjourned meeting at 2:59pm