AGENDA ITEM or FINAL CONTRACT REVIEW SUBMITTAL FORM

AgendaTitle:
Visitors; Gunnison-Crested Butte Tourism Association Board of Directors; Joint Meeting

Action Requested: Discussion

Parties to the Agreement:

Term Begins: **Term Ends:** **Grant Contract #:**

Summary:
The purpose of this joint work session is for the LMD and TA to discuss the recommendations in the Managing Results Report

Fiscal Impact:

Submitted by: Russell Forrest **Submitter's Email Address:** rforrest@gunnisoncounty.org

Finance Review: ○ Required ◉ Not Required

Comments:

Reviewed by: Discharge Date:

County Attorney Review: ○ Required ◉ Not Required

Comments:

Reviewed by: Discharge Date: Certificate of Insurance Required

Yes ○ No ○

County Manager Review:

Comments:

Reviewed by: GUNCOUNTY1\khaase Discharge Date: 10/24/2014

○ Consent Agenda ○ Regular Agenda ◉ Worksession Time Allotted:

Agenda Date: 10/28/2014 Follow Up Agenda Date:

Revised April 2013

To:	Local Marketing District
From:	Russell Forrest, Community Development Director
Date:	October 28, 2014
Subject:	Joint Meeting with Local Marketing District and Gunnison-Crested Butte Tourism Association

I. Purpose:

The purpose of the meeting is to facilitate a discussion between the Local Marketing District (LMD) and the Gunnison-Crested Butte Tourism Association Board (TA). On October 14th Marv and Marty Weidner from Managing Results (MR) presented their findings related to the Local Marketing District. It is recommended that the two bodies discuss the report and that the LMD provide direction on next steps regarding the recommendations within the MR report.

II. Follow-up from the October 14th Discussion

Several questions were asked of staff on October 14th which are addressed below. In addition, the TA has provided materials for the discussion. Staff would like to clarify that there were several questions regarding competitive sets and which measurements are most important that should be addressed within a business plan. The goals of the MR study and the full text of the MR study are provided in Attachment A. Staff has highlighted key recommendations from the MR report and responded to questions from the October 14th meeting below.

A. Highlights of the MR Report

The MR report was presented on October 14th (Attachment A). Several key recommendations from the report include:

1) **Results:** Keeping the end in mind, a set of draft results came from facilitated discussions with the TA and Chamber representatives and are provided in the MR report. It is recommended that these results are further refined in the context of the development of an integrated business plan. An example of these recommendations outlined on page 6 of the report include: "By 2019, $175 million in travel spending will be realized annually in Gunnison County."(Currently, there is roughly $150 million in tourism spending in Gunnison County.)

An agreed to set of results between the LMD and the organization that is executing marketing will provide the foundation for a business plan and a system of accountability. It also makes a discussion regarding performance objective and hopefully constructive in the future.

2) **Governance:** It is recommended that the Board of County Commissioners, acting as the Local Marketing District (LMD), continue to provide the fiduciary oversight of the lodging tax that is dedicated for marketing Gunnison County. Other key recommendations include:

   a) Decoupling the governance structure with chamber membership is a fundamental recommendation in the MR report. The marketing function of the County should be free to market the experiences that are most effective in drawing guests to Gunnison County. Creating a program to maximize total tourism spending in Gunnison County continues to be the primary purpose of the LMD fund.
   b) It is recommended that the LMD review and approve an annual business plan that would be included with a proposed budget and then receive quarterly updates.
   c) The creation of a Marketing Board of Directors (MBoD) which would have seven (7) members who have real world marketing experience as well as senior business decision making experience. The MBoD would be a separate organization from the County but would be appointed by the LMD based on criteria provided on page 13 of the MR report and is summarized below:

      - 2 Residents of the Valley who have current or past extensive, senior marketing experience (There are additional criteria in the report).
      - 2 Residents of the Valley who have current or past business experience providing services to visitors of the Valley (There are additional criteria in the report).
      - 1 Resident of the Valley who has extensive senior leadership, decision making and management experience.
      - Marketing Director of CBMR
      - Marketing Director of Western State Colorado University.

   d) The MBoD would be responsible for developing strategy, tactics, performance based budgets, and the integrated business plan mentioned below. They would be responsible for developing and achieving the results of the above mentioned business plan. The MBoD would have the ability to hire staff, develop and execute performance based contracts.

3) **Integrated Model/Integrated Business Plan**: The report acknowledges that the activities of marketing are broad. Staff suggests that there are two tiers of marketing:

1st Tier: External marketing/advertising to bring tourists to Gunnison County.

2nd Tier: Fulfillment or providing timely, effectively, and integrated information and services to guests to ensure that we fulfill their expectations created by the external marketing. These two tiers need to be seamless and coordinated so that the net effect is the guest wants to return or will be a "net promoter" for visiting Crested Butte, Gunnison, Blue Mesa (Gunnison County).

The MR report recommends an Integrated Model where there are clearly delineated results and a metrics for measuring against those results which are documented in an annual business plan. Any utilization of LMD funds must demonstrate alignment with those results. For example, if the Chambers wanted to propose specific programs to provide fulfillment services for guests they would need to demonstrate to the MBoD alignment with the LMD results and ensure coordination with external marketing. This would be done through performance based contracts that tie a level of service delivery, to a level of performance results, to a level of funding. It is further recommended that an annual business plan include and be integrated in the following ways:

a) Unified Events Calendar: It is recommended that the MBoD, as described in the MR report, facilitate several meetings seasonally to help provide coordination with special events and to ensure that marketing/communication is accurate and timely for events. Furthermore, every opportunity to leverage the marketing budgets of individual events with the branding and marketing of the valley should be realized as a partnership opportunity.
b) Economic Development: It is recommended that the MBoD integrate its plans with the overall economic strategy of the County where applicable. This also requires having an overall economic strategy for the County.
c) Input from Stakeholders: Prior to submitting the annual business plan, the MBoD would be responsible for effectively coordinating it's planning and proposed budget with critical stakeholders including but not limited to: contractual partners, special event organizers, municipalities, business community as a whole. Those partners would also be welcome to provide input to the LMD when the business plan and budget are reviewed and approved annually.
d) Intelligence Sharing: In the development of the MR recommendations it was observed that data/intelligence on our guests and tourism is maintained in different organizational silos. It is recommended that seasonal opportunities be developed to coordinate and share information on our guests and what has or has not been effective in marketing campaigns.
e) Leveraging of Funds: CBMR, Western, special events, Chambers, and individual businesses spend money on marketing. Every effort should be made to leverage marketing dollars in the valley where it is logical and effective in achieving desired results. Furthermore, the MBoD should provide leadership in ensuring that marketing efforts are consistent with the overall brand of Gunnison County.

f) Coordinated Website: One effective integrated web site is needed to create a seamless experience for our guests. Marketing campaigns should ideally pull customers to a well-designed website so that the number of impressions can be quantified and the impressions converted to overnight visitation can be quantified. Most importantly there needs to be an effective, timely, and accurate means of two way communication with our guests through an effectively developed web site, travel applications (Trip Advisor), and social media.

The key benefits of the MR recommendations, if implemented, include:

1) Cleary identified and agreed to results between the LMD and the organization(s) that are utilizing LMD funds will provide the foundation to achieve our potential as a destination. Ensuring that the LMD and the marketing provider have the same destination (i.e. results) is critical to moving forward.
2) With clearly identified result measurements, the LMD will have a constructive and objective framework to evaluate performance. With an effective metric and clear results the County has found results are achieved.
3) We are in a competitive environment with other destinations that are larger and better funded. We must leverage our marketing dollars in the most effective way to bring guests to our destination. The recommendations provided help eliminate impediments in leveraging our marketing dollars. Also by using LMD dollars as a carrot through performance contracts to incent coordination and communication between external marketing, local fulfillment, special events, and with marketing partners, the likelihood of successfully achieving desired results is significantly increased.

B. Yearly Schedule:

A question from the BOCC at the October 14th discussion was, how the recommendations interface with a schedule. This is difficult to respond to, specifically in that a Business Plan would help provide a timeline for actions. However, the following are some general thoughts.

- First, if the LMD chooses to implement the MR recommendations there will be a transition. The MR report provides some thoughts on that transition including retaining existing staff and/or the TA board to facilitate that transition. Also it is possible the TA may offer to help restructure itself to implement the MR strategies. Organizational bylaws, reconstituting a Board, staffing, managing ongoing contracts are all issues that would need to potentially be addressed in a transition depending on the direction provided by the LMD.
- Based on the MR recommendations, a Business Plan is developed in coordination with key strategic partners and should be presented to the LMD in the early Fall of each year along with a proposed budget. Proposed changes to results, metrics, and strategies would be discussed and the LMD would be expected to approve, modify, or deny the business plan and proposed budget. Also as part of this discussion other performance

based contracts would be proposed in the annual business plan to ensure effective integration with strategic partners (CBMR, chambers, others).

- Quarterly updates to the LMD are recommended on progress associated with the approved results in the annual business plan. Also if mid-year course corrections are needed these quarterly meetings would provide a framework for that discussion. Being nimble to new opportunities or changing programs that are not achieving results should be a goal. A level of trust and a strong foundation for business planning and execution would need to be developed between the LMD and MBoD.

C. Summary of Comparable Strategies

MR and staff have examined the marketing landscape in Western resort communities. We also attempted to utilize the extensive knowledge within the TA, Chambers, and other marketing entities in the Valley to understand how our competitors are aligned. Since October 14th. Staff has reached out to multiple other locations (both large and small) and attempted to understand alternative approaches and metrics for managing destination marketing. The TA has also provided significant information on the topic. Also we have worked with several marketing/tourism professionals including RRC Associates and Mr. Carl Ribaudo of Strategic Marketing Group (SMG). The following are some general high level observations on keys to effective performance as it relates to destination marketing:

A) There needs to be clearly articulated and agreed to results between the fiduciary body (usually elected officials) and the entity that is providing marketing services. Desired results vary from jurisdiction to jurisdiction. However, most focus on measuring lodging revenue which can be converted into total spending for tourism.
B) Over the last 10 years, marketing has evolved from an "Art" to a "Science" which is in fact measurable against goals. Creating an effective metric is complex and may take professional support.
C) Effective branding and marketing focuses on the customer and the experience they will have with the product or destination being marketed. Effective marketing first speaks to the "why" a guest will want to come to a destination versus the "what". It should be acknowledged that an effective tourism program still needs to communicate the value of the destination and effectively communicate the amenities of a destination (but we have to make the emotional connection first with a guest to help make the decision to come to Gunnison County versus another destination). It should also be acknowledged that destination marketing is evolving quickly and much more emphasis is placed on utilizing social media to attract guests to destinations. Many destinations have reduced their budgets for traditional marketing campaigns and increased their budgets for social media and web based programs.
D) Roles of various entities participating in marketing need to be very clear.
E) Integration of marketing and tourist information is critical so both online and human interaction with guests is consistent, seamless, and "on message." One call line, one reservation system, one well designed web site ensures information is clear, consistent, and allows measurement of results most effectively.

F) The functions of a DMO within different destinations vary from traditional destination marketing, promoting special events, group sales, and managing tourist information facilities. If the purpose of the LMD is to increase tourism and tourism spending (i.e. $175 million per year) for Gunnison County then the strategies and tactics to achieve that result should be aligned and not limited to only traditional marketing campaigns. Developing effective partnerships with tourism stakeholders (special event promoters, municipalities, large employers, Chambers) is critical.

Attachment B provides a summary of a survey conducted by the Colorado Association of Ski Towns in 2011 on what their members are doing regarding marketing. We acknowledge that we have a diverse set of offerings and experiences in Gunnison County compared to an individual ski town. We also acknowledge that getting destination marketing right is a difficult discussion. Governance structure, metrics, agreeing on results have been difficult discussions in most destination communities. Snowmass Village, Vail, Estes Park, Breckenridge have all experienced restructuring of marketing and tourism funds over the last five to eight years.

D. Examples Communities Marketing/Tourism Programs.

The following provides a snap shot of other communities marketing structures. It is certainly not an exhaustive description of alternative models. The TA has also provided many additional examples in its materials.

Vail Colorado: Approximately 8 years ago, Vail took its $4 million dollar marketing/tourism fund and redirected its dollars from the Vail Valley Tourism and Convention Bureau to a very different model. It includes a Marketing Board and a Special Events Board that are appointed by the Town Council. The Council has budget oversight of the marketing and special events funds. A professional marketing professional working for the Town as the Economic Development Director manages the fund on a day to day basis. She reports to the Town Manager. Performance based contracts are used to purchase advertising and retain contract support for promoting the community. A competitive process has also been established for special events to compete for public funds. All marketing and special events must demonstrate the return and/or impact that a specific activity had on the local economy.

There also is a relatively new organization called the Vail Valley Partnership that has consolidated the function of several chambers of commerce into one organization dedicated to supporting locales businesses. The partnership also receives money for attracting groups to the Vail Valley.

The Town of Vail utilizes volunteers to staff tourist information facilities in each of its parking structures and the Town pays for the capital and operational costs of tourist information facilities. There is now a high level of coordination between marketing and fulfillment and performance contracts are used to obtain destination marketing services. It should also be noted that there is a close working relationship with the ski company in executing marketing campaigns. The ski company provides a call center and

public marketing funds are used to drive people to the Vail Resorts web site. There are many silos to tourism in the Vail Valley and there continues to be a debate about its effectiveness. However, the Director of Economic Development plays a critical role in coordination between different tourism components and uses metrics and performance contracts to realize results.

Durango: Durango has many comparisons to Gunnison County with a ski area and a University. Durango has multiple entities that touch guest services, economic development, and marketing including:

- Tourist Authority funded by lodging tax
- Business Improvement District for the downtown area of Durango which funds events, physical improvements to the downtown core.
- Chamber of Commerce which supports business development and education.

These entities agree that they are very clear on the brand for Durango and on their respective roles. There is also an effective working relationship and a high level of coordination between the Executive Directors of those above mentioned organizations. The University and Tourist Authority operate the welcome center jointly.

Snowmass Village: Snowmass Village has just over a $5 million fund for marketing, special events, and groups sales. The Council in Snowmass is the fiduciary agent for the tax and appoints a 9 member marketing board made up of marketing and lodging professionals. It has a significant representation from the lodging community. The Staff that executes day to day operations are Town employees and work under one Department called Snowmass Tourism. The Director reports to the Town Manager and received policy direction from the Marketing Board. Snowmass Tourism also operates the tourist information facility in Town.

Aspen Chamber and Resort Association (ACRA): ACRA provides summer marketing ($1.5 million) for the City of Aspen, business development services to member organizations in Aspen, Snowmass, and Pitkin County and provides a network to coordinate marketing for Aspen, Snowmass, and the Aspen Ski Company. A separate organization called Stay Snowmass Aspen provides a call center service for potential guests to book lodging, ski vacations, and obtain information about the destination. The ability of both Snowmass and Aspen to work well together and provide a seamless guest experience has ebbed and flowed over the years. The Aspen Ski Company has typically provided a level of consistency with branding and marketing the 4 mountain resort. ACRA also operates the tourist information/welcome center in Aspen.

Jackson Hole/Teton County: Teton County and the Town of Jackson Hole established a 2% lodging tax in 2010. According to Wyoming State Statute, 60% of the tax collected can be used toward travel and tourism and 40% of the tax collected must be used for visitor impacts (i.e. transit, infrastructure, etc.). The city and county have established a 7 member Travel and Tourism Board. The Travel and Tourism Board (TTB) oversees the

expenditure of the 60% of the collected lodging tax; the town and county oversee the 40%. The TTB is appointed and there are some criteria outlined for those appointments. Current board members include resort general managers and other high level executives.

The Travel and Tourism Board cannot hire staff so they contract for executive director services and other related consulting organizations. The TTB contracts the Chamber of Commerce to provide visitor services and information. The goal of the TTB is to promote Jackson Hole and not any individual business. They spend approximately $1.3 million (26% of total budget) on external marketing.

The TTB does track metrics on the marketing efforts. They look at return on investment (ROI) for visitor services, they require that special events that have received some TTB funding provide an ROI calculation. Chamber Director, Jeff Golightly, noted that he's recommending that Jackson Hole institute a Destination Marketing Organization (DMO) so that they can better track their performance and be a one-stop shop for visitors. The DMO model provides all guest lodging, booking and information service through one portal or organization. Golightly noted that Park City has an excellent DMO model.

Breckenridge: Recently abolished it Marketing Board and created a new organization called GoBreck (http://www.gobreck.com/). This is a very new organization and handles marketing and fulfillment for Breckenridge. Lodging tax generates approximately $2.5 million and total revenue is approximately $5.7 million.

Steamboat Springs: Steamboat does not have a lodging tax that funds travel and tourism. Marketing and chamber services are paid for by the town and ski resort. The Steamboat Chamber of Commerce spends approximately $600,000 on marketing each year. The Chamber is only responsible for summer marketing, they rely on the ski area to do winter marketing. The Chamber also administers a $100k special event fund (funds from Town). The Chamber operates a visitor's center on Highway 40 and a visitor's booth at the airport during the winter.

Estes Park: Estes Park established a local marketing district which is now "Visit Estes Park." The LMD has a 7 member board that is appointed by the Town and County. The Town and County established an IGA to administer the LMD funds. There are no official criteria for application to the board.

The Town of Estes Park provides all visitor services and information. The visitor's center is owned and fully operated by the town. The Chamber of Commerce was dissolved after the LMD was adopted. There are no membership requirements—the LMD promotes Estes Park area and the Town promotes any business in its boundary. Suzy Blackhurst, Director of Finance and Operations at Visit Estes Park said that ALL LMD funds go toward external marketing. They do not put on special events. Their external marketing spending for 2015 is approximately $1.3 million.

Blackhurst emphasized that the LMD and the Town have an excellent working relationship. She said that they created an entirely new culture of cooperation when the

LMD was approved. Blackhurst also noted that the LMD Executive Director and other staff spend most of their time reaching out to businesses and community organizations so that they work as an integral part of the community.

They measure performance through social media and google analytics; PR value; website/page hits. They have no central reservations organization which was noted as a drawback.

E. Measuring Performance for Destination Marketing Organizations

As mentioned above marketing has evolved significantly in terms of how it is executed and measured. Common metrics for marketing and tourism programs include:

- Sales Tax change over time
- Lodging Tax change over time
- Occupancy
- Average Daily Rate
- REVPAR
- Net Promoter Score (Guests desire to say positive things about the destination)
- Return on Investment
- 2nd home owner real estate sales
- Survey data
- Comparing performance measures against other comparable destinations
- Click Rates through web sites
- Social Media (Friends, likes etc.)
- Impressions and Conversions

The question is which metrics are meaningful and actually measure results? It should also be acknowledged that this area of measurement is evolving and changing quickly. In this process MR and staff received advice from: RRC and Associates who support DestiMetrics and have done extensive consulting and analytical work for resort communities; Carl Ribaudo from SMG who is a well-respected consultant for destination marketing organizations and chambers of commerce; and Frank Johnson who was a previous Executive Director for the Vail Valley Tourism and Convention Bureau and a current hotel general manager. MR and staff are not marketing experts and as such it is recommended that marketing/analytical professionals be retained to create an effective metric for measuring results over the next year. Staff wanted to highlight that there are several accepted tools available to resort communities. First there are the obvious metrics such as sales and lodging tax. They are indicators of overall economic health but may not be reflective of the performance of a marketing program. Overall economic or geopolitical factors (recession, 9.11) can have a profound impact on visitation. Mother Nature, with abundant snow falls or a lack thereof, can significantly impact winter visitation.

There is a product called DestiMetrics, which the TA participates in, which measures the pace of bookings in the future and occupancy, average daily rates, and REVPAR that has occurred within a destination and compares it to other resorts (See Attachment C) . DestiMetrics is a valuable tool for evaluating lodging activity and in comparing that activity with 17 other resorts (includes

all of the destination ski areas in Colorado along with other major ski resort destinations in the nation). This tool also allows a community to look at lodging activity at a daily level so you can evaluate whether a marketing campaign or special event had an impact on occupancy compared to a previous year.

Even DestiMetrics, as valuable as a tool as it is, still does not provide a clear return on investment. Attached (Attachment D) is a paper by Carl Ribaudo from SMG on considerations for measuring performance for a DMO. He is a consultant for DMOs and Chambers on business planning, service delivery, and metrics. He also has worked closely with DestiMetrics. Staff followed up with Mr. Ribaudo on how Return on Investment (ROI) is calculated. He provided information that different organizations measure Return on Investment in different ways. His methodology focuses on driving marketing activities through a well-developed web site and surveying web site users and guests on how they receive information and factors for making a conversation from an impression (i.e. through an add or social media story) to a hotel booking in your destination. With good survey information, he will work with clients to count impressions made with specific "campaigns" or marketing strategies and then determine how impressions converts to an overnight visits. You can then calculate revenue generated for overnight visits and total spend (which varies from summer to winter) by an overnight guest. This provides a DMO and its funders with more specific information on the effectiveness of marketing campaigns. Colorado Tourism for example invests in good analytical tools to effectively communicate return on investment for statewide marketing programs. It is recommended that a professional such a SMG, RRC, or DestiMetrics be retained to develop a sound methodology for determining return on investment.

III. Potential Next Steps to Implement the MR Recommendations

The Local Marketing District has three basic options with regard to the recommendations made in the MR report (recognizing there are a variety of hybrids alternatives). These alternatives include:

1) Take no action: The implication of this alternative is that the LMD and the TA should expect the same results that have occurred in the past.
2) Allow the TA to implement the actions identified in the MR report. The critical question to ask in this case is what is the willingness and capacity of the TA to make changes? Also, currently the chambers provide a means for appointment to the TA board. Without a chamber connection how will TA board members be appointed? The bylaws and governance structure of the existing TA would require a near over haul to achieve the recommendations outlined in the MR report.
3) Fully implement the MR recommendations which would involve the LMD directing staff to create a new entity referred to as the Marketing Board of Directors (MBoD) in the MR report and develop a transition plan that could be immediately implemented.

As mentioned there may be several hybrids between alternatives 3 and 2. Attachment E from the County Attorney's office further highlights the considerations for next steps from a

procedural standpoint. Staff acknowledges that providing a framework of continuity is also important if the LMD moves forward with implementation of the MR recommendations.

Attachment A: MR Report

Attachment B: Financial Support for Marketing/Tourism among Colorado Association of Ski Country member communities.

Attachment C: Overview of DestiMetrics

Attachment D: SMG Paper entitled Measurements: What every DMO needs to Know

Attachment E: Memo from County Attorney's office

Attachment A: MR Report

Local Marketing District

Report and Recommendations

October 14, 2014

Provided by

Managing Results, LLC

Crested Butte South, CO

Managing Results

© 2014 Managing Results, LLC

Local Marketing District Report & Recommendations

The following report, including recommendations, is submitted by Managing Results, LLC, a consulting and software company located in Gunnison County, Colorado, at the request of the Gunnison River Valley Local Marketing District (LMD).

This report includes the charge given by the Local Marketing District, background information, description of the process used to develop the recommendations, organizational models as options and specific recommendations for a governance structure designed to achieve the best tourism results for the Valley.

Charge from the Local Marketing District (LMD)

Managing Results, LLC's (MR) methodology is called Managing for Results. MR has worked with over 70 government jurisdictions and over 1700 individual departments, offices or commissions; and annually MR's customers budget over $37B tying resources to measurable results. Customers range in size and location from Maricopa Co., AZ to the State of New York, from the District of Columbia to the City of Arvada, CO, the City of Austin to the City of Long Beach, from the State of Vermont's Public Housing Review to the Office of Hawaiian Affairs, from the City of Oklahoma City to the City of Seattle, from the US Marines to the US Forest Service.

The charge to Managing Results, LLC (MR) from the LMD is to develop a set of recommendations for a governance structure for the use of LMD funds to market the Valley and achieve the best results. Managing Results, LLC was asked to use a consultative process focused on organizations and individuals involved in marketing the Valley. Specifically the scope of work was as follows:

A. Clarifying roles and responsibilities between the Gunnison River Valley Local Marketing District and the Gunnison/Crested Butte Tourism Authority.

B. Clarifying roles and responsibilities between the Gunnison/Crested Butte Tourism Authority and the two Chambers of Commerce located in the City of Gunnison and Crested Butte/Mt Crested Butte.

C. Developing strategies/recommendations for improving cooperation and collaboration between the Local Marketing District, Tourist Authority and the two Chambers.

D. Identifying specific results and recommendations to improve accountability for utilization/appropriation of Local Marketing District funds. This may include the creation of a unified business plan between the Tourist Authority and the partner chambers.

© 2014 Managing Results, LLC

E. Structuring the use of LMD funds to achieve the best tourism results for the Gunnison Valley.

F. Developing ideas and strategies for how to achieve the best tourism results for the Gunnison Valley.

Much is at stake. Tourism makes up approximately 50% of the Valley's economy, Over 1900 jobs in the Valley are dependent on tourism. Tourists annually spend over $150M in the Valley. So what can we do to improve?

It is not that we are failing. We have a relatively small amount of resources - $1.2M+ - and we must maximize the impact of those limited resources. We are competing with some tourism areas that have larger marketing budgets and are better organized with more integrated efforts than ours in the Valley. The LMD's limited resources must be leveraged with other major marketing entities in the Valley and the special events created and supported by the communities. The input MR received through the interviews and facilitated sessions illustrate that there is much we can do to go from 'ok to great' in our tourism economy.

The 2011Radcliffe Report, commissioned by the Tourism Association (TA) Board, found – "The most fundamental challenge that will prospectively limit the County from maximizing the full potential of its visitor industry is fragmentation among industry and governmental leaders." MR's recommendations are very much focused on overcoming this challenge.

There is a small contingency among those we consulted who were involved in the establishment of the current arrangement and who are understandably committed to that arrangement.

However, there is a broad consensus among those we interviewed who believe strongly that there are aspects of the current model that restrain the Valley from realizing our full potential. There is significant interest among those interviewed to change the current arrangement to improve marketing results. Certainly there is unanimity among all of those we interviewed that the collaboration among the players in the tourism economy in the Valley is significantly lacking, as the Radcliffe Report pointed out.

It is most important to observe that marketing is not measured by increases and decreases in lodging and sales tax and visitors from one year to the next or even over time. The true measure of marketing performance is whether we are doing better than the tourism economy in Colorado when it is improving, as it is at the writing of this report, and when the economy is slumping - is the Valley doing better than our competitors in fighting a downward trend? The TA's marketing efforts are not currently being measured in this way. Presently the Valley is riding the economy, staying close but slightly behind the average of our competitors.

© 2014 Managing Results, LLC

So how are we doing? As reported by the Tourism Associated, we are doing better than in years past. However, a report from the Colorado Association of Ski Towns (CAST) dated August 13, 2014 shows that among 27 ski locations in Colorado, the 3-year average increase in sales tax revenues from 2011-2014 is 19.58%. Over the same period the Gunnison-Crested Butte Valley sales tax revenues increased 15.4%.

The most recent statistics show that the number of visitors and dollars spent in the Valley by visitors is higher than last year (2013) -- as is the entire tourism economy in Colorado. The same CAST report shows the average 1-year increase of sales tax revenues from 2013 to 2014 across the same 27 locations was 6.68% -- the Valley experienced a 6.4% increase.

So the question is - what governance structure will produce the best marketing decisions that produce the best tourism results for the Valley?

Background

The following information is derived from a Memorandum written April 21, 2014 by Gunnison County Attorney, David Baumgarten, outlining the organization, relationship and governance of the Gunnison River Valley Local Marketing District (LMD) and the Gunnison/Crested Butte Tourism Association (TA). The Memorandum is attached.

Historically, the Gunnison County Lodging Tax Panel and a 1.9% Lodging Tax were approved by voters in the general election on November 6, 1990. On November 5, 2002 Gunnison County voters approved the ballot measure to levy a 4% Lodging Tax and establish the Local Marketing District. The Local Marketing District was renewed and the Lodging Tax extended by the Gunnison voters on the ballot on November 3, 2009.

The Gunnison County Board of Commissioners constitutes an ex officio board of directors of the Local Marketing District (LMD) pursuant to C.R.S 29-25-108(1)(a). And pursuant to C.R.S. 29-25-111(1)(f), the LMD has the statutory authority of management, control, and supervision of all the business and affairs of the District and of the operation of District services.

The Tourism Association is a non-profit corporation of the State of Colorado and an independent, non-government entity separate from the LMD. The TA was not created by ballot measure or by any action approved by Gunnison County electors. The relationship between the LMD and the TA is a contractual relationship and as such the TA is an "independent contractor" to the LMD.

MR notes that the two Chambers of Commerce in the Valley are independent organizations and are not currently under contract with the LMD or the TA. Both Chambers receive some funding from the County.

Process

The process MR engaged to reach the recommendations requested by the LMD included one-on-one interviews, facilitated group meetings, and consultations with marketing professionals inside and outside the Valley.

The timeline of the process started in April with interviews, the first facilitated meeting on June 26, additional and some repeat interviews in July and August, and a second facilitated meeting on August 22. Additional interviews were conducted following the August 22 meeting.

The first set of interviews in May and June were structured around two key questions:

1. From your perspective, what are the most critical issues and trends related to tourism on the horizon—both for the county as a whole and for the Tourism Association—over the next 5 years?

2. 3-5 years from now, what results would you most like to be able to say have been accomplished?

Following the first set of interviews, MR convened the first facilitated work session which included the two Chamber and TA executive directors, members of their respective boards and the LMD Chair. Participants developed a list of the most important issues facing the tourism economy in the Valley, a draft set of Strategic Results for tourism and an initial set of Services that would be required to achieve those Strategic Results (attached). During this initial session, the stated intention was to develop these products without regard to the current structure or whether it would change.

The second round of one-on-one interviews in July and August focused on asking for ideas on the best strategies and structure for achieving the best results for the Valley's tourism economy. Many of those individuals interviewed in the first round were also interviewed in the second round with additional community members added in the second round.

In the second facilitated work session on August 22, the draft Strategic Results were reviewed and others were added. Three different models that emerged in the interviews for achieving the best tourism result were discussed – coordination, integration and consolidation models. The models are discussed below.

Following is the draft set of results developed by the participants in the June 26 meeting for the LMD to consider. These results will be further reviewed and refined by the LMD and integrated into Strategic Business Plans for the use of LMD funds.

© 2014 Managing Results, LLC

- Integrated Seamless Access
  - By 2017, tourism customers will experience an integrated, seamless online valley-wide point of *access available through* multiple technologies that facilitates rich exploration of tourist 'experiences' and provides easy, immediate, and barrier-free travel arrangements, bookings, updates, and related concierge-type services.

- Unified Message
  - By 2015, tourism customers will experience an integrated, valley-wide unified message through all media that communicates our distinguishing characteristics and *is* consistent with our "Brand".
- Experience-Focused Messaging
  - By 20XX, tourism messaging about the Valley will be driven by identified customer expectations and desired experiences
- Return Visitors
  - By ___, XX% visitors will be returning visitors (rate of return)
  - By ___, XX% surveyed return visitors describe positive experiences as part of their decision-making to return to Gunnison/Crested Butte
- Tourism Income
  - By 2019, $175 million in travel spending will be realized annually in Gunnison County, representing a XX% increase over 20XX

In the August 22 meeting, the participants suggested that results measuring how the Valley's tourism economy performance compares to other locations should be added.

The best measure of marketing impact is that we would out perform our competitor locations both when the economy is improving and when the economy is slowing:

- Competition
  - By 20XX, the Valley will exceed the state-wide Colorado average of tourist locations (or a select sub-group of competitor locations) for visitors and spending by 3% or more when the tourism economy is improving or slowing

Attached are the list of the people who were interviewed and the Agenda's for the two facilitated meetings.

© 2014 Managing Results, LLC

Organizing for Success – Models for Achieving Results

Three different models emerged during the interviews and MR presented those for discussion at the second work session. They are:

- Coordination Model
- Consolidation Model
- Integration Model

Coordination Model

The Coordination Model is best described as a variety of players and stakeholders in the marketing effort, and some who are not involved, who are brought together on a representative style board and expected to make decisions and work together effectively. The Tourism Association (TA) Board is an example of the Coordination Model. The TA by-laws stipulate that marketing efforts will focus on promoting Chamber Members. Some Chamber Members see value in this and want the current arrangement to remain unchanged. A significant portion of businesses in the Valley are not Chamber Members and are not included in marketing funded by LMD Lodging Tax funds.

Representatives of different sectors of the economy and various organizations, plus an advisory group, currently make up the Tourism Association Board. As previously mentioned, the TA is a non-governmental, not-for-profit, independent contractor to the LMD. For the past 12 years, since 2002, the LMD has provided a sole source contract for all Lodging Tax funds to the TA Board. In turn, the TA Board has hired staff to carry out the majority of marketing functions, along with various sole source contracts to vendors of marketing services.

The Coordination Model is often focused on representatives of different types of businesses or organizations and, in order to work well, depends on the willingness of individuals representing those businesses and organizations to collaborate together. Participants are expected but not required to work well together.

The focus for participants is often on keeping the resources and core strategies of their organizations safe and intact. That is very different from a results orientation where participants bring their respective resources to bear on a set of commonly held results. Results oriented, accountable, performance-based contracts are not a part of this model.

The Coordination Model works well when the mission is generally for the mutual benefit of members. Examples include professional organizations, religious organizations and clubs. When specific expertise is needed to make decisions, such as marketing decisions, the Coordination Model creates representative boards that then depend on staff to develop strategies and deliver services. Often it is staff that

make leadership and broad direction decisions since the board members either lack specific expertise or become accustomed to deferring to staff.

In the current arrangement, coordination and collaboration between the TA and the Chamber-managed Visitors' Centers has not been functional for some years and collaborative planning and execution is rare. This is largely because there is not in play a systemic view of marketing in the Valley or of the local economy. Roles, responsibilities and accountability are unclear and diffused. Critical information related to the tourism economy is often not shared among the players. A systemic approach where marketing players and stakeholders are working together to achieve a common set of results and where relationships are built on mutual accountability for performance is simply not present.

When marketing resources are not systematically coordinated, the entire Valley underperforms our potential to achieve marketing results and grow our economy. One interviewee likened the current marketing efforts to a scull crew without a crew master, all rowing at different rhythms, out of sync with each other and lagging behind other crews who are rowing in sync and speeding ahead.

Consolidation Model

The Consolidation Model is one where autonomous organizations consent to becoming a part of a single new, larger organization. This model would see the two Chambers of Commerce and the TA, or other contractor organization, become one organization. In all of MR's consultations during this process, there is no real interest or suggestion from participants that this could or should happen in the Valley. This model is not considered realistic in the Valley. However, after a few years of successful integration of efforts and success, new options may emerge.

Integration Model - Recommended

The Integration Model brings autonomous organizations together into a shared mission through performance-based contracts or agreements. This model is built on a systems approach to marketing and is designed to create that system through performance-based contracts and agreements. In this report, 'contracts' include the exchange of money for services and 'agreements' are signed contracts but do not include the exchange of funding.

When asked "where does marketing begin and where does it end", the consensus of interviewees is that it begins when a potential visitor hears about the Valley and learns about the experiences they can have in the Valley through word of mouth or through out-of –Valley marketing efforts. Interviewees said further that marketing does not end when visitors arrive, step off the plane or park their vehicle. In-Valley marketing occurs through the Visitor's Centers where visitors get information about where to get those experiences, eat, shop and stay the night. This is normally the

purview, though not exclusively, of Chambers and marketing efforts of individual businesses.

Further, in-Valley marketing continues in the service experiences that visitors have with local businesses, and the experiences they have with people they meet along the way while they are here. Several interviewees clarified that marketing does not start and stop with winter or summer campaigns but should be a continuous process year-round.

The key to success is that out-of-Valley and in-Valley marketing efforts must be fully coordinated in an integrated marketing system. In the current arrangement, out-of-Valley and in-Valley marketing efforts are not coordinated and certainly not integrated. The out-of-Valley is very much an experiential call to action – to come to the Valley for those experiences--and in-Valley marketing connects visitors to those experiences. The expectations created through out-of-Valley marketing need to be fulfilled or exceeded by in-Valley experiences.

A marketing system for the Valley would include out-of-Valley marketing before visitors arrive and in-Valley marketing when visitors are here among us. The consensus among interviewees is that an integrated and coordinated system for marketing the Valley does not currently exist but must be created if we are to effectively compete in the future.

The key to building an Integration Model is governance. The governance structure must be intentionally designed to create a system of marketing efforts, resources and results. If not specifically designed to create an integrated system of efforts, the governance structure will create something altogether different. The governance body is responsible for establishing overall strategic direction and developing expected strategic results, and ensures that marketing services, whether delivered by staff or by contractors, are true to that direction. The tie that binds the system together is performance-based contracts in exchange for funding. Governance body decision-makers must have expertise in marketing and be capable of making performance-based decisions to create a system of successful marketing.

Performance-based contract(s) are awarded for delivery of specific services and the achievement of specific results as specified by the governance body. These contract(s) require collaboration among partners, including the sharing of information. Importantly, the Integration Model does not fund organizations per se with the hope that they will deliver the right services. Rather, the Integration Model funds specific marketing services tied to measurable results. This is the difference between 'hoping for results' and 'managing for results'. Further, a performance-based budget is developed that ties a level of service delivery to a level of performance results to a level of funding.

In the case of some marketing partners, performance agreements are developed without funding because the mission to market the Valley is shared without an

exchange of funding. Examples of performance-based contracts would be between a Marketing Board of Directors (MBoD), explained below, and the contractors receiving funds and providing services. Examples of performance agreements may be with WSCU, CBMR and GVH, though none of those organizations should be barred from receiving LMD funds and holding contracts. However, their marketing missions are very clear (students, visitors and patients respectively) and there is naturally a high degree of alignment between their desired results and the LMD/MBoD desired results, with or without funding.

A note about information sharing -- good decisions require timely, accurate and complete information. The Integration Model and related performance-based relationships literally run on good information. In the Governance Recommendations below are ways to ensure that information is shared among decision-making marketing partners.

In the Integration Model, the governance structure requires that the LMD, as the funding organization, and the MBoD, as the board with critical expertise, work together to establish high-level strategic results. For example, it is anticipated that while the LMD would set broad direction, the MBoD would have the expertise to develop metrics and determine high level strategies. Once those strategic results are approved by the LMD, the MBoD would award and execute performance-based contracts for specific services. Performance based contracts would include levels of services to be delivered and expected results and would include performance measures, including targets, tied to the funding. It should be obvious in the Strategic Business Plan and performance-based budgets submitted to the MBoD that there is a level of funding tied to a level of performance.

Emphasis in performance-based contracts is both on outputs (number of services) and results (impact on the customer). It is never enough to contract for effort or activities; it is essential to the success of the Integration Model to also contract for expected results or accomplishments. In other words, the MBoD will be very interested in the return on investment (ROI) for services purchased, and would expect to see ROI described in the proposals they receive. For instance, the LMD and MBoD want to achieve integration, or at least consistency and connectivity, of the various websites marketing the Valley. The MBoD might contract with a firm for those specific results, evaluate those results and the performance of the vendor, and then report that performance to the LMD in their quarterly meeting.

In the Integration Model, all contracts and agreements are integrated together to achieve results and all parts of the system work together. An example of a systemic and integrated approach -- an event mostly focused on one end of the Valley would be marketed through all out-of-Valley marketing efforts and all in-Valley marketing through contracted Visitors' Centers and performance partners. The customer would see this event highlighted in vacation planners on-line and in hard copy, on websites and all print media, on a consolidated events calendar, and in all social media. Potential visitors would hear about the event when calling in and visitors

would hear about the event through the Visitor's Centers when they stop in. Related 'apps' developed for the Valley would provide all pertinent information for how and where to participate in the event, as well as all other events in the Valley. The entire Valley marketing system would focus on the event, not just the event organizers and the Chamber where the event is happening.

The Valley is one economy and the marketing efforts must behave like a system focused on the entire Valley. Anything less sub-optimizes the use of all marketing funds for the businesses and 1900 individuals whose jobs depend on the 50% of our economy tied to tourism.

Governance Recommendations

MR's recommendations are solely focused on and driven by the question of "what governance structure will deliver the best results for visitors to the Valley and for our local economy?" The LMD asked MR to look less at detailed activities and more at governance as the greatest opportunity to make improvements. Governance, as referenced here, is the organizational structure used for making decisions regarding the use of LMD funds to market and achieve tourism results for the Valley. Having the right governance structure in place is the key to creating an integrated system for marketing the Valley.

The recommendations are written as what 'would' happen if these recommendations are followed.

Recommendations - Local Marketing District (LMD)

The Board of County Commissioners would continue as an ex officio board of directors for the Local Marketing District. The LMD would continue, as the 1990, 2002 and 2009 ballot measures require, to have the authority to provide management, control and supervision of the use of the Lodging Tax revenues. The Board of County Commissioners is elected to provide leadership, fiduciary responsibility and policy oversight to Gunnison County Government.

By Colorado Revised Statute the BoCC, acting as the LMD, has discretionary authority of approving what marketing programs would be funded using the Lodging Tax Revenues. However, the BoCC/LMD members are not elected because of their tourism marketing experience or expertise and further they have expressed their desire to not be involved in tactical marketing decisions. The LMD, in their 'management, control, and supervision' oversight role, would delegate specific marketing decisions to a Board of committed members of the community who are experts in marketing with emphasis on experience in marketing tourism economies. The LMD would, therefore, expect the Board, with its expertise, to regularly assess the Valley's position relative to its competitors in the tourism market, and to then develop draft strategic and operational results that are capable of advancing the

Valley's market position relative to its competitors. MR has interviewed several individuals with this senior level marketing experience who are also committed members of the community.

Recommendations - Marketing Board of Directors (MBoD)

Under this proposed governance structure, the LMD would not make specific marketing strategy decisions. The LMD would appoint a seven-member board of marketing experts known as the Marketing Board of Directors (MBoD). On behalf of the LMD, the MBoD would make decisions on how to use all of the Lodging Tax revenues to market the Valley. The MBoD would ensure that there is a unified, integrated and systematic approach to marketing the Valley and achieving tourism results.

The MBoD structure would ensure that a team of individuals with appropriate marketing expertise are making contract decisions, setting direction, establishing broad priorities, and making tactical and staffing decisions. Marketing expertise and decision-making abilities are the core characteristics of the MBoD members that will keep the focus on results and on building an integrated marketing system that will produce those results.

Anytime an organization believes that it is entitled to public funds, in this case, LMD Lodging Tax funds, after a time that leads to strong, even extraordinary, efforts to maintain and protect the organization itself and its sole source funding status. From a customer perspective, from a performance perspective, an entitlement mentality takes an organization off of its core purpose.

To ensure that an entitlement mentality does not develop within the MBoD, the MBoD would be required to submit an annual Strategic Business Plan and operate under a performance agreement with the LMD. The MBoD would be responsible and accountable to the LMD for results achieved, as mutually agreed upon with the LMD at the beginning of the performance period and as delineated in the Strategic Business Plan. Measurable performance regarding tourism results achieved by the MBoD would be evaluated annually by the LMD. It is important to note that evaluation of results in an ongoing discussion that occurs throughout the year; gaps that emerge are mutually discussed by the LMD and MBoD, and new strategies responding to business environment changes or other dynamics are also mutually agreed upon.

Key to its success, the recommendation is that the MBoD be structured and operated such that another self-perpetuating bureaucracy is not created. The MBoD is a decision making body. The MBoD would be an appointed by the LMD and would be responsible for overall strategic decision-making as well as ensuring those decisions are executed through operational performance contracts for services and staffing.

© 2014 Managing Results, LLC

The MBoD would not be a County organization. The MBoD would have independent, non-profit legal status with contracting and hiring authority. The LMD may ask the County Attorney to develop recommendations for the legal status of the MBoD and develop the necessary documents. The MBoD would create additional efficiencies in the use of LMD funds because it is not focused on building and developing an organization, but rather, can remain focused on making marketing decisions and seeing that those decisions are executed.

The members of the MBoD, with the exception* noted below, should have real-world marketing experience and expertise, as well as senior business decision-making experience. These skill sets would ensure that the MBoD is both qualified and capable to make marketing decisions for the Valley.

Success depends on getting the right people in the room to make the right decisions for the right reasons.

Membership

The MBoD would be a creation of the LMD and the membership of the MBoD would be as follows:

- 2 Residents of the Valley who 1) have current or past extensive, senior marketing experience, 2) view the economy of the Valley as one interdependent and interconnected economic system, 3) have experience as a senior decision maker, and 4) are committed community members

- 2 Residents of the Valley who 1) have current or past business experience providing services to visitors in the Valley, 2) view the economy of the Valley as one interdependent and interconnected economic system, 3) have marketing knowledge, and 4) are committed community members

- 1 Resident of the Valley* who has extensive senior leadership, decision making and management experience in a field other than marketing

- Marketing Director of Crested Butte Mountain Resort

- Marketing Director of Western State Colorado University

One Economy

It cannot be emphasized enough that the Valley is one economy with remarkably unique venues and opportunities operating within that economy. What happens anywhere in the Valley has impacts elsewhere in the Valley in terms of jobs, business, branding impact and tourism revenues.

This is a significant issue as well as an opportunity for broad education across the Valley. MR observed that individuals whose understanding of the economy of the

Valley as one interdependent and interconnected economic system also view marketing the Valley is a system of interdependent and interconnected efforts. Salaries and profits derived from tourism are spent with local businesses on coffee, food, gas, services, construction supplies, etc., - the list goes on as tourism dollars cycle within the local economy. Focusing on ours vs. yours, north vs. south, insiders vs. outsiders, my organization vs. your organization perpetuates the economic struggles faces by the Valley's residents, especially those whom we expect to deliver unforgettable experiences and customer service to our tourism visitors.

We must see prosperity as a goal for everyone.

Integrated Marketing System

All contracting and strategic decisions the MBoD makes are expected to create, build and strengthen the integrated, systemic approach discussed above in Organizing for Success (page 7). The tie that makes the integrated marketing system work is performance-based contracts for services and operational results, and agreements with key, non-LMD funded, partners. The MBoD would make funding decisions that reinforce the integrated, systemic approach that turns marketing the Valley into one system instead of many organizations acting independently.

Strategic Business Plan

The MBoD would submit an annual Strategic Business Plan which would include, at a minimum, an assessment of the tourism market (Colorado and regionally), how the Valley is performing relative to the market, the strategies and services the MBoD intends to deploy in the coming year to achieve marketing results for the Valley, and how those results, strategies and services will be measured and evaluated. The LMD would approve the MBoD Strategic Business Plan and the proposed annual performance budget.

Performance metrics, both results and outputs, will include targets and will be tied to a level of funding. In this manner, specific funding levels are tied to specific expected results, so that funds are spent strategically. The MBoD is encouraged to include its marketing partners and community stakeholders in developing the assessment portion of the Strategic Business Plan. The MBoD will measure how the Valley is doing relative to competitor locations and the Colorado tourism economy as a whole.

The Strategic Business Plan should be realistic in measuring the impact/influence marketing has on the tourism economy; experts MR consulted estimate this to be a 5%-10% difference. It is well documented that it is possible to measure the impact marketing strategies have on the tourism economy in the Valley. The MBoD will measure the 'return on investment' (ROI) for its marketing campaigns. The Strategic Business Plan should lead with those types of measurement; simply reporting outputs and increases and decreases due to fluctuations in the economy are not sufficient or accurate measures of marketing success.

The Strategic Business Plan would also illuminate how the MBoD is building an integrated system to market the Valley. The Plan would clarify how partners are collaborating together to achieve results, where those collaborations need work, and proposed strategies to achieve more effective integration. The Strategic Business Plan would include coordination/integration with the overall economic strategy of the County, with special events, customer fulfillment. The Plan should illuminate how LMD funds will be leveraged to their maximum benefit and the ROI for proposed marketing strategies is recommended.

Decouple Chamber Membership

Throughout the interviews, the requirement that LMD funds be used to market only Chamber members is viewed as significantly limiting efforts to market the Valley as a whole. Ironically, this requirement has focused the TA on promoting Chamber membership.

The LMD/Lodging Tax funds are paid by visitors, are public funds and as such should be used to market the entire Valley. Chamber membership should be disconnected from LMD funding and membership on the MBoD. Rather than specific businesses being marketed because they are Chamber members, the LMD funds should be used to market Experiences available in the Valley, such as River or Winter/Snow Experiences.

Given the historical tie of LMD-funded marketing efforts to Chamber membership, it is understandable that many members believe the LMD funds should be used to market their specific business or their sector of the economy rather than the entire Valley as a whole. This logically leads to the fragmentation of marketing efforts.

Market the Valley's 'Experiences'

Focusing on the tourism customer, LMD funds would be used to market the year round 'EXPERIENCES' available in the Valley – experiences interesting to our tourism customers. This was a key aspect of the advice given to MR through the consultative process. There is very strong consensus to disconnect the use of Chamber membership from the use of LMD funds, and to market 'Experiences' the customer can have in the Valley.

Marketing the unique 'Experiences' available in the Valley, rather than Chamber members per se, reinforces a systemic focus rather than a business-specific focus. When we market the Winter/Snow Experiences available in the Valley it will naturally bring along those businesses involved in delivering the services and opportunities associated with that experience. The same would be true of the Mountain Biking experience, the River -Fishing/Rafting experience, the Hunting experience, the Ranching experience, the Wildflower experience, the Hiking experience, the Mountain Town Shopping experience, the Remote Location experience, etc., etc. The unique Experiences available in the Valley can easily be marketed within the umbrella of our unique Brand as well.

The Valley's Brand

In the first year, 2015, the MBoD would engage in a process to provide a clear, concise articulation of the Gunnison-Crested Butte Valley Brand. The Brand seems obvious from most individuals we interviewed; however, those marketing the Valley are not consistently articulating the Brand. There is not consensus on how best to articulate the Valley's Brand. Past branding studies, customer and community consultations, at the discretion of the MBoD, may be included in the process. Any additional branding studies should focus on what our customers believe they are buying.

The TA is currently considering funding a branding study and we recommend putting a hold on that study.

Following articulation of the Brand, the MBoD would work with the Chambers of Commerce, municipalities and marketing partners to help businesses and community organizations align their individual brands to the Brand for the Valley, In this manner, a clear and consistent 'Brand' message for the Valley can be used in all marketing efforts funded by the LMD and MBoD. Chambers will then be in an excellent position to help their members align customer service practices to the Valley's Brand. Non-LMD funded companies and organizations marketing the Valley will be invited to use the Brand in their marketing and customer service efforts as well.

Marketing and Economic/Prosperity Development Integration

Because the Valley is one economy, the LMD and MBoD are encouraged to integrate tourism marketing and other economic/prosperity development efforts. The two efforts should be parallel rails on the same set of tracks, coordinated and aligned to mutual goals. The MBoD and LMD are encouraged to build business development into marketing strategies and to build bridges with economic/prosperity development efforts.

For example, when individuals, families and business owners come to the Valley as tourists and then return to make the Valley their first or second home and relocate their business here, these two efforts – tourism and economic/prosperity development – are leveraged to enhance both. A question to ask and answer is – do our tourism marketing strategies encourage visitors to take up residence and to move their businesses here?

Examples of this dynamic abound – Kinko's was started by a tourist who came to Santa Barbara to surf. Some competitor destinations, like Steamboat, are specifically using their tourism marketing strategies to encourage 'location neutral businesses' to relocate there. We can do the same or better given the quality of life available in the Valley.

Accountability
The MBoD would be accountable and responsible to the LMD for the performance achieved using LMD funds. The MBoD would submit an annual Strategic Business Plan and proposed performance budget, which the LMD would review and approve. Further, on a quarterly basis, the MBoD would present quarterly performance reports, and would convene joint discussions and consultations as needed.

Performance-Based Contracts
MBoD's contracts for services would be performance-based and should be competitively bid no less frequently than every 3 years and more often whenever deemed appropriate. Sole source contracts should be the rare exception. This will ensure that the MBoD is tapping into the best service providers in the market and the most up-to-date methods for achieving marketing results. Service providers will be expected to achieve results. Without competitive bidding, the conversation becomes one about sustaining the organizations receiving the funds rather than achieving results for the local economy.

Authority
The MBoD would have contracting and hiring authority. The MBoD would account for all funds expended and the MBoD shall have no other purpose than to promote and market the Valley.

Performance Reports
The MBoD would provide quarterly results oriented performance reports delivered in a presentation to the LMD. The performance reports would include, at a minimum, progress on results year to date compared to annual targets approved in the annual Strategic Business Plan, strategies and contracts the MBoD is employing to achieve the results, and proposed course corrections when results are not being achieved.

The LMD may also ask the MBoD to provide an Annual Report to the community on the results achieved, with particular emphasis on how tourism results impact jobs and prosperity. This should be timed to begin when the MBoD has the resources to produce the report.

Information Sharing
The MBoD would develop a holistic, strategic approach to information gathering, management and sharing. The MBoD should convene and lead regularly scheduled, probably quarterly, marketing updates where the MBoD, Visitor's Centers and other performance partners would share their latest information about what is happening in the tourism economy in the Valley, the State and the Region. This is designed to inform everyone's decision making and to reinforce that we are operating in one economy, within an integrated market system, all under one Brand. The MBoD should, at its discretion, engage companies and associations with high-value market information to share information in support of marketing decision-making in the Valley. Opening up this opportunity, the Crested Butte Mountain Resort has offered

to share its information. For these and other shared-information efforts to be successful and sustained, high-impact organizations will need to see their input as valued and important to the Valley-wide marketing decision-making.

Secure Database

The MBoD would develop a process and a secure database, if appropriate, where research conducted and information gathered by services it funds, the Visitor's Centers and all private organizations willing to do so, may share that information for data-driven marketing decision making. The aforementioned quarterly meetings are another way of sharing this information.

Coordinated Websites, Apps

The MBoD would develop and execute a plan to coordinate the various web sites marketing the Valley in a way that creates a seamless experience for the tourist looking at the Valley. This may be one integrated web site, a combined portal or a consistent look and feel among the sites where the user can easily get to the experiences and services they want. At a minimum, the various websites must make it easy to find services found on each other's sites. To remain competitive, we must make it easy for our customer to find us and access the services they are interested in when they get here. The MBoD would determine the best way to accomplish the integration of web-based marketing efforts already underway in the Valley.

To be competitive, the Valley needs a tourist-focused 'app'. Crested Butte, Vail and Telluride have apps designed for visitors. Although we do not directly compete with Singapore, it is worth noting that their visitors receive a smart phone for the duration of their visit with the 'Singapore app's' preloaded.

The MBoD can explore coordination with other vendors like TripAdvisor to help potential visitors find us and come to the Valley. Coordination with other on-line vendors leverages LMD funds and reaches visitors 'shopping' via the web, particularly those who are 'mobile' shoppers.

Unified Events Calendar

A missing piece of important data is how many or what portion of visitors, or what characteristics of visitors, our events bring to the Valley. This is a measurement that should be made by the MBoD and used for future marketing strategies. Currently, some large and some smaller events in the Valley are not actively marketed with LMD funds. Interviewees suggested that events have a significant impact on the Valley's tourist economy.

All organizations in the Valley should be polled and their events included on a single, unified Annual Events Calendar. Efforts should be made over the next two years to sequence events to maximize participation by visitors and residents. Reno, NV, has done this with great success.

The MBoD would consider holding two meetings each year to coordinate winter and summer calendar events throughout the Valley and ensure the unified events calendar is complete. This should happen well in advance of the season so the information is available when potential visitors are shopping.

Unified Call-in Number for the Valley

The MBoD would develop and execute a plan to create a call-in number for tourist information for the Valley where they can get integrated information on the Valley. Currently, the caller has to choose between two parts of the Valley, reinforcing the notion of up-Valley vs down-Valley rather than the entire Valley with many unique Experience offerings. Some folks in the Valley think in terms of up-Valley and down-Valley but our visitors, who are our customers, do not.

Fulfillment

In the past, the Visitor's Centers received funding for fulfillment for sending out vacation planners. The charge for fulfillment included some off-set funding for other services provided through the Visitors' Centers such as greetings, information, referrals and in-person vacation plans. For cost savings reasons, the decision was made a few years ago that fulfillment would be handled through a third party vendor who uses bulk mail to send out vacation planners. The Visitor's Centers have never received LMD funding for the in-Valley services to provided to visitors through the Visitor's Centers.

If vacation planners are easily accessed and consistently downloadable from websites, fulfillment becomes a minor and secondary part of marketing. Competing destinations have long since given the majority of their marketing efforts over to electronic and mobile media, including vacation planners.

The MBoD should assess how quickly phone-in requesters receive Vacation Planners, and the percentage of requesters who download Planners or who 'view' Planners and proceed to book overnight stays, events and Experiences. Where possible, the MBoD should compare this data to our competitors.

MR recommends that the MBoD look at both the cost and the results being achieved by the current fulfillment arrangement. Results should be evaluated in terms of how long the potential customer waits to receive the vacation planner, which would have everything to do with whether the potential customer comes here or goes elsewhere. Disconnecting cost from desired results can be ultimately more costly.

Stipend

Expertise and the level of responsibilities expected for the MBoD suggests that members should receive a minor stipend for serving on the Board as well as reimbursement of expenses. By 'minor', we suggest something on the order of magnitude of $3,000 per year or $250 per meeting.

Board Training
The LMD should support Board Member training for the MBoD. The training should focus on board decision making processes, data-driven decision making, performance measurement, communications, managing for results, performance-based contracting and budgeting, partnering for results and other topics the LMD and MBoD believe would be essential skills for success. These same topics must also be within the capability of any and all staff the MBoD may hire.

Staffing
The MBoD may decide to hire a director and/or staff, including considering current TA staff, or they may chose to subcontract for assistance in implementing their marketing strategies, or a combination. If staff are hired, then it is essential that the hires bring the systems perspective, results orientation, collaboration and partnership building skills, and up-to-date marketing skills that the MBoD requires to achieve their stated results. Knowledge of how to market and support events and group sales should be part of their capacity.

Transition
In the transition from the current arrangement to the MBoD, it will be important to manage continuity of marketing efforts currently underway. Some options the LMD may consider include the following: 1) the Tourism Association could respond and propose to provide these services for a period of time, 2) existing staff could be asked to continue to provide marketing services underway, or 3) retain a marketing consultant to oversee marketing operations, possibly using existing staff, for six months until the MBoD is established and ready to make decisions.

Recommendations – Visitors Centers

Marketing System – Visitor's Centers
There is strong consensus that in-Valley marketing that occurs through the Visitors' Centers is a critical component to marketing the Valley.

The current arrangement is that the Visitors Centers do not receive LMD funding. Funding decision are made by the TA Board under the sole source agreement with the LMD. In years past, the Visitor's Centers were provided funding from the TA for 'fulfillment' or sending out vacation planners. That funding ended some five years ago. Funding for the other in-Valley marketing services provided by Visitor's Centers has been funded by the Chambers and has not been supported by LMD Lodging Tax funds. In-Valley and out-of-Valley marketing services are not coordinated or integrated.

Funding for In-Valley Marketing Services

Contemplating how a marketing system for the Valley might be structured, MR considered the importance of Visitor's Centers as in-Valley marketing. All interviewees indicated that the Visitor's Centers play an important role in in-Valley marketing.

The largely non-functioning relationship between the TA and Chambers has, over the past several years, exemplified the leadership fragmentation pointed out in the Radcliffe Report and has led to significant disconnects in marketing the Valley. This is not as much an issue of personality as it is an issue of structure -- the current Coordination Model has not achieved the coordination or collaboration of marketing efforts, let alone created a system. Out-of-Valley and in-Valley marketing efforts are not tied together and do not act in any way as a system for marketing the Valley.

Going forward, to build a systemic approach to marketing the Valley, MR recommends that the LMD and MBoD specifically invite the Visitor's Centers to submit Strategic Business Plans to the MBoD for Visitor Center services. The MBoD may do this through an RFP for those services. This approach requires the Visitor's Centers to compete for funding and undoes the history of leaving the Visitor's Centers out of the marketing system. If the Visitor's Centers are successful in competing for the funds, this provides a transition for integrating Visitor's Centers into the Valley marketing system.

Strategic Business Plan

The Strategic Business Plan should outline the services they propose to provide and the Plan will detail how their performance will be evaluated. The Strategic Business Plan will include, at a minimum, the performance measures for both outputs and results to measure their customer service performance, describe how they will gather and share information with other members of the Valley's marketing system, strategies and requirements for collaboration with the MBoD and other organizations participating in the Valley's marketing system, how the Visitor's Centers will integrate with the MBoD website, strategies for marketing the Experiences identified by the MBoD, how the Visitor's Centers will integrate with the Unified Events Calendar, a plan for modernizing the Visitors' Centers (including the use of technology), accounting procedures for the distinct and separate use of LMD funds for the approved service, and a match to the LMD funds (see below). '

The types of services provided through the Visitors' Centers that could be included in the Strategic Business Plan include greetings; information responses; referrals; in-person-developed vacation plans and schedules; event calendars; free bus schedules; amenity descriptions, locations and photos; telephone inquiry responses; materials requests fulfillments; specific Experience descriptions, locations and photos; etc., etc.

Funding and Match

Funding levels for the Visitor's Centers should be based on the Strategic Business Plan each Visitor's Centers submits to the MBoD. MR recommends that if the Visitor's Centers are successful in receiving funding, they should be required to provide a match equal to 30% of the funds received from the MBoD. This should allow the Visitor's Centers to operate at a higher level of performance, modernize the customer experience with up-to-date technology and signage, and incentivize the Visitor's Centers and their municipal partners to continue to invest in the Visitor's Centers. Volunteers from the community should be emphasized in the workforce at the Visitors' Centers. Funding for services delivered through the Visitors Centers could free up other Chamber resources for business support services.

Chamber Members

Interviewees expressed understanding that the LMD Lodging Tax funds are public monies, collected from visitors to the Valley, to be used by the LMD to market the Valley -- the entire Valley -- not Chamber members only. Thus, the Visitor's Centers, should they choose to propose and contract with the MBoD to deliver LMD-funded marketing services, may initially face some challenges integrating services to be Valley-wide rather than member-specific services only. However, MR would suggest that ultimately all members would benefit from prosperity throughout the Valley.

Additional Items

Legal Documents

The BoCC/LMD should request that the County Attorney determine what legal documents may be necessary to implement their decisions and develop those forthwith.

Attachments in Order

#1 Gunnison County Attorney Memorandum dated April 21, 2014
#2 Product from the First Facilitated Meeting – Issues, Draft Strategic Results, Services
#3 List of Interviewees
#4 Agenda's of Facilitated Meetings

Attachment #1
Gunnison County Attorney Memorandum dated April 21, 2014
Note: In copying the document into the Report some of the original formatting was lost.

TO: Paula Swenson Phil Chamberland

Jonathan Houck Matthew Birnie Russ Forrest

FROM: David Baumgarten Rachel Magruder

MEMORANDUM

RE: Organization, Relationship and Governance of the Gunnison River Valley Local Marketing District and the Gunnison/Crested Butte Tourism Association

DATE: April 21, 2014

The intent of this memo is to identify the purpose, statutory authority, organizational structure, governance and relationship of the Gunnison River Valley Local Marketing District ("Local Marketing District") and the Gunnison Tourism Gunnison/Crested Butte Tourism Association ("Tourism Association"). This memo also provides informational history of the entity preceding the two, the Gunnison County Lodging Tax Panel, along with relative aspects of Memorandums of Agreement between the Gunnison River Valley Local Marketing District and the Marble Tourism Association and with the Marble Crystal River Chamber of Commerce.

An associated issue addressed by this memo is whether either organization is subject to the "Colorado Open Meetings Law".

A. Executive Summary.

In this memo you will find that pursuant to C.R.S. 29-25-108(1)(a) the Board of County Commissioners constitutes an ex officio board of directors for the Local Marketing District and pursuant C.R.S. § 29-25-111(1)(f) has the statutory authority of management, control, and supervision of all the business and affairs of the district and of the operation of district services therein.

Also, as reiterated in the Memorandums of Agreement referenced herein, the Board of County Commissioners is the administrator of funds collected from the

OFFICE OF THE GUNNISON COUNTY ATTORNEY David Baumgarten, County Attorney

Rachel Magruder, Paralegal

OFFICE OF THE GUNNISON COUNTY ATTORNEY David Baumgarten, County Attorney

Rachel Magruder, Paralegal

Local Marketing District tax revenues and has discretionary authority of approving what marketing programs will be funded.

The Tourism Association is a non-profit corporation of the State of Colorado and an independent, non-governmental entity separate from the Local Marketing District.

The relationship between the Local Marketing District and the Tourism Association is a contractual relationship. Specifically, the Tourism Association is an "independent contractor" of the Local Marketing District.

B. Gunnison County Lodging Tax Panel. 1. Purpose.

The purpose for establishing the Gunnison County Lodging Tax Panel ("Panel") was to provide an opportunity for the Board of County Commissioners to levy a county lodging tax, available by statute, of no more than two percent on the purchase price paid or charged to persons for rooms or accommodations for advertising and marketing local tourism. C.R.S. § 30-11-107.5(1).

2. Establishment.

Pursuant to C.R.S. § 30-11-107.5(3)(a) the Board of County Commissioners adopted Resolution No: 1990-19 which proposed that a ballot issue be submitted to the electors of Gunnison County, Colorado for approval of a county wide lodging tax. The ballot issue was approved at the November 6, 1990 general election and the Panel was thereafter established.

Resolution No: 01-19 changed the name of the panel from "Gunnison Lodging Tax Panel" to the "Gunnison County Tourism Panel".

3. Organizational Structure and Governance.

The Panel's responsibility was to carry out the administration of the lodging tax revenues for advertising and marketing tourism. C.R.S. § 30- 11-107.5 (1).

OFFICE OF THE GUNNISON COUNTY ATTORNEY David Baumgarten, County Attorney

Rachel Magruder, Paralegal

The number of members of the panel could be no less than 3 members pursuant to C.R.S. §30-11-107.5(4)(a) The members were appointed by the tourism industry within the municipalities and/or unincorporated areas from which the lodging tax was collected and selected by the Board of County Commissioners. Vacancies occurring during a member's term could be appointed by the panel. Bylaws, Article 5.

The Board of County Commissioners identified the composition and criteria for selection of panel members in Resolution No: 1990-19 at paragraphs 3 (A)(1) through (6) which divided members into two sub- committees, the Crested Butte Sub-committee and the Gunnison Sub- committee, each consisting of 4 members per sub-committee. The Board of County Commissioners had the authority and opportunity for amending the composition and criteria for selection of members of the local marketing district panel.

The Panel's respective responsibilities were identified in Resolution No: 1990-19 at paragraphs 3.A (7) through (9) which state:

"(7) The revenues generated by the lodging tax shall be used only to advertise and market tourism in Gunnison County, Colorado. No revenue collected from such lodging tax shall be used for any capital expenditures, with the exception of tourist information centers.

(8) To the extent feasible the Panel shall advertise and market tourism for the benefit of those unincorporated areas and municipalities from which the lodging tax revenues originated.

(9) The Crested Butte Sub-committee shall administer the lodging tax revenues originating in the Towns of Crested Butte, Mt. Crested Butte and Marble and the Gunnison Sub-committee shall administer the lodging tax revenues originating in the City of Gunnison, the Town of Pitkin and all unincorporated areas of Gunnison County. For the purpose of the lodging tax, all sales are deemed to originate at the place where the actual rooms or accommodations are located.

(10) Not-withstanding subparagraphs (A)(8) and (A)(9) above, the Panel shall have the right to allocate all or part of the lodging tax revenues for advertising and marketing or tourism within Gunnison County as a whole on condition that such county-wide advertising

OFFICE OF THE GUNNISON COUNTY ATTORNEY David Baumgarten, County Attorney

Rachel Magruder, Paralegal

and marketing is approve by a majority of the Panel and majorities of both sub-committees."

All revenue collected from the lodging tax, with exceptions as identified in C.R.S. § 30-11-107.5(2) were credited to a special fund designated as the county lodging tax tourism fund. The fund shall used only to advertise and market tourism in accordance with C.R.S. § 30-11-107.5(4) (b) and (c) and to reimburse the general fund of the county for the cost of the election in accordance with C.R.S. §30-11-107.5(3)(d). No revenue collected from such county lodging tax shall be used for any capital expenditures, with the exception of tourist information centers.

The Board of County Commissioner's Resolution No: 02-32 amended the requirements for composition of the Gunnison Sub-committee as identified in Resolution 1990-19, paragraph 3.A (5).

The Board of County Commissioners ceased to utilize the Gunnison County Tourism Panel and entered into a contractual relationship with the Gunnison/Crested Butte Tourism Association.

Please note that on September 24, 2003, the Panel submitted its "Final Report".

C. Gunnison River Valley Local Marketing District. 1. Purpose.

The public purpose of local marketing districts is "to promote the health, safety, prosperity, security and general welfare of the inhabitants thereof, the property owners therein, and all the people of the state; will promote the continued vitality of commercial business area within local governments; and to be of special benefit to the property within the boundaries of any district....and is essential to continued economic growth of the state." C.R.S. § 29-25-102.

The services granted within a local marketing district are:

a. Organization, promotion, marketing, and management of public events;

OFFICE OF THE GUNNISON COUNTY ATTORNEY David Baumgarten, County Attorney

Rachel Magruder, Paralegal

b. Activities in support of business recruitment, management, and development;

c. Coordinating tourism promotion activities. C.R.S. § 29-25- 111.

2. Establishment.

As a means of coordinating marketing efforts in the Gunnison Valley, on September 5, 2002 through Resolution No: 2002-47, the Board of County Commissioners approved the proposal for establishing the Local Marketing District and identified the ballot issue language for the November 5, 2002 general election which included:

a. Should the ballot issue be approved, to repeal the existing lodging tax of 1.9% effective July 1, 2003; and

b. Local Marketing District taxes, not to exceed 4%, would be levied from July 1, 2003 through January 1, 2011.

On September 17, 2002, through Resolution No: 02-51, the Board of County Commissioners expressed further support of the Local Marketing District.

The ballot issue was approved by electors on November 5, 2002 and the Local Marketing District was established pursuant to the Local Marketing District Act, § 29-25-101, et. seq.

On February 18, 2003, through Resolution No: 2003-16, a 4% lodging tax was established to begin July 1, 2003 and an interfund program loan for interim funding of the Local Marketing District was approved so that work programs could be initiated prior to beginning the July 1, 2003 tax collection.

On October 7, 2003, through Resolution No: 2003-49, the discontinuance of the 1.9 % lodging tax on June 30, 2003 was reaffirmed.

On December 22, 2003, through Resolution No: 2003-71, the Board approved further funding of another interfund program loan for Local Marketing District.

© 2014 Managing Results, LLC

OFFICE OF THE GUNNISON COUNTY ATTORNEY David Baumgarten, County Attorney

Rachel Magruder, Paralegal

On July 21, 2009, the Gunnison River Valley Local Marketing District, through Resolution No.1, presented and authorized the ballot issue for the November 3, 2009 general election for extension of the District's marketing and promotion tax beyond its current expiration date of the January 1, 2011.

In Resolution No: 09-42, the Board of County Commissioners expressed support for renewal of the existing Local Marketing District marketing and promotion tax to appear on the November 3, 2009 ballot. The electors approved the extension.

3. Organizational Structure and Governance.

The Board of County Commissioners is the governing board of the Local Marketing District pursuant to C.R.S. § 29-25-108(1)(a) which states:

"... if the governing body of a single local government creates the district, such governing body shall constitute ex officio the board of directors of the district."

Though the Board of County Commissioners has the opportunity of appointing a separate board of directors for the Local Marketing District, the Board of County Commissioners, through Resolution No: 2002-47, which proposed the creation of the Local Marketing District along with the language for the ballot issue, clearly stated that "The Board of County Commissioners shall be the ex officio governing body of the District."

4. Powers of the Local Marketing District.

The powers of the Local Marketing District are identified in C.R.S. § 29-25- 111(1) (f) through (h) which include:

"(f) To have the management, control, and supervision of all the business and affairs of the district and of the operation of district services therein;

(g) To appoint an advisory board of owners of property within the boundaries of the district and provide for the duties and functions thereof;

(h) To hire employees or retain agents, engineers, consultants, attorneys, and accountants;"

OFFICE OF THE GUNNISON COUNTY ATTORNEY David Baumgarten, County Attorney

Rachel Magruder, Paralegal

In addition to any other means of providing revenue for a district, the board has the power within the district to levy a marketing and promotion tax on the purchase price paid or charged to persons for rooms or accommodations...." C.R.S. § 29-25-112.

D.Gunnison/Crested Butte Tourism Association. In January 2002, the Board of County Commissioners and local municipalities began working with the private sector to assess the effectiveness of current making efforts and to address changes in the current approval to enhance the effectiveness. As a result of this effort, on September 9, 2002 the Tourism Association was formed. The Tourism Association is a separate, independent, non-governmental entity in itself and registered with the Secretary of State as a non-profit corporation of the State of Colorado. Its mission as stated in the Bylaws is to market our valley-wide community as a year-round destination and to promote a quality visitor experience. Funding acquired for the marketing is also identified in the Bylaws of the Tourism Association under Article IV, Section 3, which states that the Tourism Association will be funded based upon the annually approved budget by the Local Marketing District Board of Directors.

E.Marble Tourism Association. Members of the Marble Tourism Association consist of all the lodging establishments located within the Upper Crystal River Valley portion of Gunnison County. The Marble Tourism Association was formed on November 21, 2003 and is a separate, independent, non-governmental entity in itself and registered with the Secretary of State as a non-profit corporation of the State of Colorado.

F. Organizational Contractual Relationships.

1. Gunnison River Valley Local Marketing District Intergovernmental Agreement (Term October 22, 2002 through October 22, 2003).

OFFICE OF THE GUNNISON COUNTY ATTORNEY David Baumgarten, County Attorney

Rachel Magruder, Paralegal

Prior to electorate approval, and in anticipation of the establishment of the Local Marketing District, on October 22, 2002, Gunnison County, the City of Gunnison, the Town of Mt. Crested Butte and the Town of Crested Butte, entered into the Gunnison River Valley Local Marketing District Intergovernmental Agreement ("IGA").

The purpose of which was to establish a cooperative approach to the administration of funds generated by the Local Marketing District with the intent to market the valley-wide community as a year-round destination and to promote a quality visitor experience. This IGA contemplates approval of the establishment of the Local Marketing District, a 4% tax levy along with the approval of an Admissions Tax by the Mt. Crested Butte electorate.

The IGA allocates to the Board of County Commissioners, the discretion of administration of the 4% tax revenue of the Local Marketing District in paragraph 2(b):

"The Board of County Commissioners of Gunnison County, Colorado will allocate the proceeds of the 4% lodging tax revenue to fund the marketing program or programs presented by the Gunnison/Crested Butte Tourism Association as approved by the Board of County Commissioners."

The IGA also allocates to the Town Council of Mt. Crested Butte, the discretion of administration of up to 75% proceeds from the Mt. Crested Butte Admission's Tax in paragraph 2(d):

"The Town of Mt. Crested Butte will allocate up to 75% of the proceeds from the admission's tax to fund the marketing program or programs presented by the Gunnison /Crested Butte Tourism Association as approved by the Town Council of Mt. Crested Butte."

Further administration of the Local Marketing District is identified in paragraph 3 of the IGA:

"The Gunnison River Valley Local Marketing District shall be administered by the Board of County Commissioners and appropriate representation from financially contributing signatories

OFFICE OF THE GUNNISON COUNTY ATTORNEY David Baumgarten, County Attorney

Rachel Magruder, Paralegal

through a contract with the Gunnison/Crested Butte Tourism Association."

2. Memorandums of Agreement between Board of the Gunnison River Valley Local Marketing District of Gunnison County, Colorado and Mt. Crested Butte Town Council and Gunnison/Crested Butte Tourism Association. (Annual Agreements 2004-2009)

These Memorandums of Agreement identify, among other things, the amount of support funds to be allocated from the Local Marketing District to the Tourism Association along with the amount of support funds to be allocated from Mt. Crested Butte to the Tourism Association, approval of expenditures and future work programs.

The Memorandums from 2004 through 2008 specifically state the relationship between the Local Marketing District, the Town of Mt. Crested Butte and the Tourism Association as donor and donee.

"The relationship between the Board of the Gunnison River Valley Local Marketing District, the Town of Mr. Crested Butte and Gunnison/Crested Butte Tourism Association is that of donor and donee. Gunnison/Crested Butte Tourism Association is not an agent of the Board of the Gunnison River Valley Local Marketing District or the Town of Mt. Crested Butte and neither the Board of the Gunnison River Valley Local Marketing District nor the Town of Mt. Crested Butte are not responsible for the acts or omissions of Gunnison/Crested Butte Tourism Association its officers, employees or agents."

The 2009 Memorandum specifically states that the Tourism Association is an "independent contractor" of the Local Marketing District and the Town of Mt. Crested Butte.

"The relationship of the Gunnison/Crested Butte Tourism Association to the Board of the Gunnison River Valley Local Marketing District and the Town Council of Mt. Crested Butte is that of an independent contractor, performing marketing functions pursuant to this Agreement. Gunnison/Crested Butte Tourism Association is not an agent of the Board of the Gunnison River Valley Local Marketing District or the Town Council of Mt. Crested Butte, and neither the Board of the Gunnison River Valley Local

OFFICE OF THE GUNNISON COUNTY ATTORNEY David Baumgarten, County Attorney

Rachel Magruder, Paralegal

Marketing District nor the Town Council of Mt. Crested Butte is not responsible for the acts or omissions of Gunnison/Crested Butte Tourism Association its officers, employees or agents."

All of these Memorandums state substantially, although not exactly, the same language for the administrative of funds among the parties.

"The Board of the Gunnison River Valley Local Marketing District is responsible for the administration of the funds collected from the Local Marketing District lodging tax and Town Council of Mt. Crested Butte is responsible for the administration of the funds collected through the admissions tax within the Mt. Crested Butte corporate limits."

3. Memorandums of Agreement between the Gunnison River Valley Local Marketing District of Gunnison County, Colorado and the Gunnison/Crested Butte Tourism Association. (Annual Agreements 2010-2013; Annual 2014 ongoing)

These Memorandums identify, among other things, the amount of support funds to be allocated from the Local Marketing District to the Tourism Association, approval of expenditures and future work programs and also specifically state that the Tourism Association is an "independent contractor" of the Local Marketing District.

"The relationship of the Gunnison/Crested Butte Tourism Association to the Board of the Gunnison River Valley Local Marketing is that of an independent contractor, performing marketing functions pursuant to this Agreement. Gunnison/Crested Butte Tourism Association is not an agent of the Board of the Gunnison River Valley Local Marketing District, and the Board of the Gunnison River Valley Local Marketing District is not responsible for the acts or omissions of Gunnison/Crested Butte Tourism Association its officers, employees or agents."

All of these Memorandums state substantially, although not exactly, the same language for the administrative of funds among the parties.

"The Board of the Gunnison River Valley Local Marketing District is responsible for the administration of the funds collected from the Local Marketing District lodging tax and Town Council of Mt.

OFFICE OF THE GUNNISON COUNTY ATTORNEY David Baumgarten, County Attorney

Rachel Magruder, Paralegal

Crested butte is responsible for the administration of the funds collected through the admissions tax within the Mt. Crested Butte corporate limits." (Remember: The Board of County Commissioners is the governing board of the Local Marketing District.)

4. Memorandums of Agreement between Board of County Commissioners of Gunnison County, Colorado and Gunnison/Crested Butte Tourism Association. (Annual Agreements 2003, 2004, 2009, 2013; Annual 2014 ongoing; 2010 Agreement expires December 31, 2015)

These Memorandums of Agreement between Board of County Commissioners of Gunnison County, Colorado and Gunnison/Crested Butte Tourism Association were entered into in response to the Tourism Association's request to the Board of County Commissioners for assistance with personnel administration of the Tourism Association.

Though the Board of County Commissioners agreed to provide administration of payroll functions for the Tourism Association, to ensure understanding and clarification that the Tourism Association was and is still a separate independent entity, there is "hold harmless" language identified in the first two MOAs and in the later MOAs there "independent contractor language.

"In carrying out its obligations and activities under this Agreement, Tourism Board is acting as an independent contractor and not as an agent, partner, joint venture or employee of Gunnison County. The Tourism Board does not have any authority to bind Gunnison County in any manner whatsoever."

5. Memorandums of Agreement between the Gunnison River Valley Local Marketing District of Gunnison County, Colorado and Marble Tourism Association. (Annual Agreements 2004 – 2005)

In these Memorandums of Agreement between the Local Marketing District and the Marble Tourism Association it was agreed that all lodging tax revenues from Marble lodging establishments received by Gunnison County would be reallocated to the Marble Tourism Association for marketing efforts within the Marble community.

OFFICE OF THE GUNNISON COUNTY ATTORNEY David Baumgarten, County Attorney

Rachel Magruder, Paralegal

All of the Memorandums of Agreement note that the Board of the Local Marketing District is responsible for the administration of the funds collected from the Local Marketing District Lodging Tax and also note that the relationship between the Local Marketing District and the Marble Tourism Association as a donor and done relationship.

6. Memorandums of Agreement between the Gunnison River Valley Local Marketing District of Gunnison County, Colorado and Marble Crystal River Chamber of Commerce. (Annual Agreements 2011 – 2013; Annual 2014 ongoing)

In the Memorandums of Agreement between the Local Marketing District and the Marble Crystal River Chamber of Commerce it was again agreed that all lodging tax revenues from Marble lodging establishments received by Gunnison County would be reallocated to the Marble Crystal River Chamber of Commerce for marketing efforts within the Marble community. The 2014 Memorandum is duplicative of the other agreements with the exception that it identifies a specific amount to be reallocated to the Marble Crystal River Chamber of Commerce.

All of the Memorandums of Agreement note that the Board of the Gunnison River Valley Local Marketing District is responsible for the administration of the funds collected from the Local marketing District Lodging Tax and also note that the relationship between the Local Marketing District and the Marble Crystal River Chamber of Commerce as a donor and done relationship.

(In our records we do not have any Memorandums of Agreement between the Local Marketing District and the Marble Tourism Association or the Marble Crystal River Chamber of Commerce for the years 2006 through 2010.)

F. Entity Compliance with Colorado Sunshine Law; Open Meetings Law; C.R.S. §24-6-401 et. seq.

1. Is the Gunnison River Valley Local Marketing District subject to the Open Meetings Law?

Yes. Pursuant to the Open Meetings Law. C.R.S. §24-6-402(1)(a), the Local Marketing District is a formally constituted body of a political subdivision of the state. Furthermore, C.R.S. §29-25-108(4) specifically

OFFICE OF THE GUNNISON COUNTY ATTORNEY David Baumgarten, County Attorney

Rachel Magruder, Paralegal

states that "The meetings of the board shall be subject to the provisions of part 4 of article of title 24, C.R.S."

2. Is the Gunnison/Crested Butte Tourism Association subject to the Open Meetings Law?

No. The Colorado Open Meetings Law at C.R.S. §24-6-402(1)(a) defines "local public bodies" to which the requirements of the Open Meetings Law apply to be:

"...any board, committee, commission, authority, or other advisory, policy-making, rule-making, or formally constituted body of any political subdivision of the state and any public or private entity to which a political subdivision, or an official thereof, has delegated a governmental decision-making function but does not include persons on the administrative staff of the local public body." (*Emphasis added.*)

While it could be argued that the Board of County Commissioners has indeed delegated a "governmental decision making function", if the Board of County Commissioners were to desire, to make it clear in the future, that the Open Meetings Law requirements apply, this could be accomplished by:

1. An amendment to the Memorandums of Agreement clearly stating the applicability of the Open Meetings Law; or

2. A unilateral declaration of that applicability by the Board of County Commissioners as a condition of further funding.

Please know that the statutes, resolutions, IGA and memorandums of agreement identified herein are available and will be provided upon request.

#2 Product from the First Facilitated Meeting – Issues, Draft Strategic Results, Services

Managing Results	Managing Results, LLC managing-results.com **GUNNISON/CRESTED BUTTE LOCAL MARKETING DISTRICT FACILITATION SESSION NOTES**

Assessment of the Future

Identifies major current and future trends that will significantly affect tourism in Gunnison Valley over the next 1-5 years.

- Small but steady growth in tourism expected to continue;
- Fixed customer base
- Mountain destinations are in a highly competitive environment
- Overcrowding continuing to be experienced at other mountain resorts
- Current marketing environment very different than in past, continuing to evolve rapidly
    - More customer driven
    - More individualized approaches
    - Very significant impact of technology
    - Content management more important
    - Deals, especially package deals, expected by customers
- Broader customer base anticipated for entire county
- Mountain resorts developing "all-season" experiences and products
- Customers want high quality experiences – high value vs. focus on discounts
- More tourism development
- Customer spending is on rise
- More marketing options than in recent past
- Customers easily experience confusion
    - Difficulty finding
    - Difficulty choosing

    - Difficulty navigating
- Misinformation experienced by customers once here
- Lack of understanding – RE: our community, assets, etc
- Concept of "One Economy" – not a broad understanding across valley of how growth in one area of valley and/or business sector positively affects others
- "Laid-back" atmosphere is valued, and can be considered a market distinguisher but also leads to inconsistent customer service, acceptance of service delivery mediocrity
- Opportunities for Customer Service to be highlighted as a market distinguisher
    - "When you come here, you're family!"
- Growth and impact of new technologies cannot be overstated
    - Use of multiple devices by customers rising
    - Rapidly increasing use by customers of exclusive use of mobile devices and tablets
    - More destinations offer mobile apps; use of mobile apps dramatically increasing across all industries, including travel and tourism, increasing customer expectations that mobile apps should be available to them
    - Rise of tourism decisions based on TripAdvisor 'membership' marketing and ratings, other web-based ratings, social media, etc
- Special Events – presents huge opportunities for branding, marketing (as opposed to listing events or providing calendars)
- More sophisticated measures being developed and used by tourism businesses
- Ease of transportation is critical to travelers
- Valley's Bus system is an asset
- Ease of air transportation to and from Gunnison/Crested Butte considered a critical success factor; additional routes to and from Houston and Chicago have been successful
- Airline "load rates" are increasing
- Destinations are utilizing more public/private partnerships
- Destinations creating "One-Stop-Shop" options
- Customers no longer responding well to diffused, scattershot messages
- Customers require a seamless experience when booking rooms and experiences

- Customers want individualized options that recognize their desires
- Customers have little or no tolerance for barriers or delays when making travel arrangements
- Destinations are promoting "experiences"--people want a variety of memorable experiences that can appeal to different members of their family
- Valley-wide workforce shortages continue to present problems for tourism-related businesses
- Lack of affordable housing continues to exacerbate workforce difficulties faced by tourism businesses

Branding Language Options

- Most Friendly
- Remote
- Fun and Funky
- Real Colorado
- Real Deal
- Endless Opportunities
- Popping Up With Greatest Ease *Not sure what this is*
- Experience the Emotional Connections That Are Possible (*Is this a tactic or language?)*

Strategic Results

- Integrated Seamless Access
  - By 2017, tourism customers will experience an integrated, seamless online valley-wide point of access *available* through multiple technologies *that facilitates rich exploration of tourist 'experiences' and provides easy, immediate, and barrier-free travel arrangements, bookings, updates, and related concierge-type services*
- Unified Message
  - By 2015, tourism customers will experience an integrated, valley-wide unified message that communicates our distinguishing characteristics and *is consistent with our "brand",*

- *Additional option: By 20XX, XX% of individual experience messages, ads, banners, etc. will be consistent with and/or aligned with our unified message*

- Experience-Focused Messaging
  - By ____, tourism messaging will be driven by customer expectations and desired experiences

    Alternate: By ____, XX% of website designs and updates, "package" offerings, ads, banners, social media postings, and other messaging products will be driven by identified customer expectations and desired experiences

- Return Visitors *(Changed original measure to 2 measures)*
  - By ___, XX% visitors will be returning visitors (rate of return)
  - By ___, XX% surveyed return visitors describe positive experiences as part of their decision-making to return to Gunnison/Crested Butte
  - *Additional option: By ___, XX % negative customer feedback items that are resolved to the customer's "delight" and/or acted upon in the form of new product offerings and messaging about those new offerings*

- Tourism Income
  - By 2019, $175 million in travel spending will be realized annually in Gunnison County, *representing a XX% increase over 20XX*
  - *Additional option: By ___, XX% of targeted businesses can describe measurable benefits gained, directly or indirectly, from increased travel spending in the valley*

Services and Products

- Integrated and Seamless Access
  - Airline Schedules
  - Amenity Descriptions *and Photos*
  - Broadband Internet Connections
  - *Customer Ratings and Accolades*
  - Event Calendars
  - *"Experiences" Photos*
  - Free Bus Service Schedules
  - Interactive Website *Design?*

- Multiple Device Designs and Access
- Multiple Platform Designs and Access
- *Ongoing Interactive Website Updates*
- Search *Optimization Tools and Reports*
- Single Tourism Information Portal

➢ Unified Message

- Local Messaging Campaign
- Market Research Reports
- Message Aligned Customer Experiences *Not sure what this means*
- Travel Messaging Campaign
- Unified *Valley-Wide* Message
- *Individual Area/Sector Aligned Messages*
- Unified Messaging Business Consultations
- Unified Messaging *Business Assistance Seminars*

➢ "Experience"-Focused Messaging

- Consumer Research Reports
- Customer "Experience"-Focused Marketing Campaigns
- Customer Feedback Tools and Reports
- Customer Generated Content Postings
- Social Media Interactions
- Social Media Postings and Updates

➢ Return Visitors

- Customer Conflict Resolutions (*How about "Problem-Solving Sessions" instead?)*
- Customer Service *Business Seminars*
- Customer Service *Feedback Tools and* Reports
- Local Customer Service Campaigns
- Workforce Development Initiatives

➢ Tourism Income

- Shared Data Intelligence Reports
- New Product Offerings

- New Event Offerings
- New Service Offerings

#3 List of Interviewees

Aaron J. Huckstep – Mayor Crested Butte
Andy Eflin – Board President of CB/Mt. CB Chamber
Bill Nesbitt – Board Member of Gunnison Chamber; Ex Officio of Gunnison Chamber
Bob Drexel – Mayor of Gunnison
Brian Barker – Advisory Board Member of TA; WSCU; Gunnison Chamber
Carl Ribaudo – Strategic Marketing Group, South Lake Tahoa, CA
Carolyn Riggs – Advisory Board of TA
Chris Cares – Managing Director, RRC Associates, Boulder, Cox
Dan Marshall – Former Executive Director CB/Mt. CB Chamber
David Clayton – Mayor of Mt Crested Butte; Ex-Oficio of CB/Mt. CB Chamber
David Ochs – Executive Director of CB/Mt. CB Chamber; Advisory Board of TA
Erica Mueller – CBMR
Ethan Mueller – CBMR
Frank Johnson – General Manager, Vail Mountain Lodge, Vail, CO
Ian Billick – Rocky Mountain Biological Laboratory
Jake Callicutt – VP of Executive Committee of TA; Lodging Mgr
Jeff Moffett – Board Member of TA
Jen Bickford – Board Member of TA
Jim Mcdonald – President of Executive Committee of TA; Board Member of TA
Joe Fitzpatrick – Crested Butte Town Manager
John Norton – Consultant, Former TA Board Member
Jonathan Houck – Board of County Commissioners/LMD
Ken Coleman – Gunnison City Manager
Ken Stone – Board Member of TA, Lodging Owner/Manager
Mara Kalow – Gunnison Valley Hospital
Mark Schumacher – Business Owner, Former TA Board Member
Pam Loughman – TA Executive
Paula Swenson – Board of County Commissioner, LMD, Advisory Board of TA
Phil Chamberland – Board of County Commissioners/LMD
Rob Santilli – CEO, Gunnison Valley Hospital
Russ Forrest – Gunnison County Development Director
Ryan Johnson – Board Member of TA; President of Board of Gunnison Chamber
Scott Clarkson – Secretary of Executive Committee of TA; CBMR
Stu Ferguson – Gunnison City Council
Tammy Scott – Advisory Board of TA; Executive Director of Gunnison Chamber

© 2014 Managing Results, LLC

#4 Agenda's of Facilitated Meetings

From Email sent to participants:

Date/Time: Wednesday, June 25th, 2014
7:00 am — 11:00 am

Location: Gunnison Holiday Inn Express
Board Room

Facilitators: Marv Weidner, Managing Results, LLC
Marty Weidner, Managing Results, LLC

Participants:

Tourism Association Executive Director
Tourism Association Board Chair/President + 1 additional Board Member
Gunnison Chamber of Commerce Executive Director
Gunnison Chamber Board Chair/President + 1 additional Board Member
Crested Butte/Mt. Crested Butte Chamber of Commerce Executive Director
Crested Butte/Mt. Crested Butte Chamber Chair/President + 1 additional Board Member
Crested Butte/Mt. Crested Butte Chamber Incoming Chamber Executive Director
Russ Forrest, Community Development Director
LMD Chair

Agenda:

Welcome/Overview
Purpose Statement Review
Identification of Tourism Issues and Trends
Development of Tourism Strategic Results
Conclusion

© 2014 Managing Results, LLC

LMD-Sponsored Work Session
August 22, 2014

Welcome and Introductions

Overview of Process and Progress to Date
- Additional Information

Review Results

Strategies for getting the best tourism results for the valley
- When does marketing begin and when does it end?
- Models for success
- What does integration look like? How is it accomplished?
- What does accountability for the use of LMD funds look like?

Next Steps
Adjourn

© 2014 Managing Results, LLC

Attachment B: Financial Support for Marketing/Tourism among Colorado Association of Ski Country member communities-Survey Conducted in 2011

CAST Survey re: Marketing Dollars Spent and Source of Funds 2011 Survey

Park City, Utah	$75,000	The City contributes $75,000 annually from general revenues for a joint venture marketing effort with the Chamber of Commerce. All other general marketing for the Park City businesses is the responsibility of the Park City Chamber Bureau, which is funded by County-levied hotel occupancy tax.
Town of Jackson, Wyoming	$2.1 million	Last year, the town and county passed a 2% lodging tax to support promotion of the communtiy. The tax went into effect April 1 of this year. The sixty percent of the tax designated for promotions is currently estimated to bring in $2.1 million. A board external to the town and county has been put in place to direct disbursement of those funds. The budget for FY2012 is still under development.
Mt. Crested Butte, Colorado	$352,000	$352,000 is the amount of the 2011 "Marketing and Events" Budget and 85% is for winter with 15% for summer. The source is a 4% Admissions Tax (most from lift ticket sales) and 25% of the tax collected goes to transportation. The balance goes to marketing ; these percentages can change through the budget process.
Crested Butte, Colorado	$756,000	The Gunnison-Crested Butte Tourism Association reports that their total budget is $900K which is funded through a 4% LMD tax. The $756,000 spent directly on marketing efforts goes to public relations, advertising, travel trade shows, familiarizationi trips and other items related to marketing for both travel and trade. Revenues are split as equitably as possible between year-round efforts, summer, spring, fall and winter.
Fraser, Colorado	50,000	We contribute about $50K to our Chamber of Commerce for marketing annually. The source of the Marketing dollars is general sales tax (essentially, it's the value of the vendor fee.)
Vail, Colorado	Approx $4 mm	$2 mm from an LMD fund is used for spring, summer and fall marketing. And $2mm is spent on special events - the second $2 mm comes from business licence fees (about $300K) and the remainder from general fund.
Silverthorne, Colorado	$93,000	$15K from Lodging Tax (general marketing), $78K from General Fund ($8K visitor's center, $36K Rec Center, $34K Pavillion)
Estes Park, Colorado	$1.250mm	2% Lodging Tax collected by LMD
Frisco, Colorado	$278,000	Advertising for Summer - $178,000, Winter - $100,000. also Events production and marketing (including salaries) total $600,000 in Summer and $75,000 in Winter.
Breckenridge, Colorado	$2.250mm	$2.1 General and $150K for UPCC/Breck Stage. Marketing dollars are spent by the Breckenridge Resort Chamber/GoBreck.com. 60% Winter, 40% Summer. Council formed the Breckenridge Marketing Advisory Committee (BMAC) with the mission: to advise town council on best practices that will maximize the effectiveness and efficiency of all tourism marketing investments made with town marketing funds. A small portion of marketing dollars ($122K) is awarded to Breckenridge nonprofits that are in essence 'niche' marketing entities (i.e. music festivals, film festivals, BOEC, Backstage Theatre, etc). Marketing dollars come from (1) a special revenue fund that collects business license fees, (2) a portion of sales tax (2.8% of tax collected - Town rate is 2.4%) and (3) 56% of accommodations tax collected (accommodations tax rate is 3.4%).
Aspen, Colorado	$1,482,680	This is primarily summer marketing. The source is a 1.5% accommodatiions tax.
Winter Park, Colorado	$910,000	This amount includes : $475,000 for general marketing, $100,000 for the Ski Free program and $335,000 for Destination Downtown (events). All funds are managed by the Chamber of Commerce. The source is a 1/2% sales tax passed by voters in the late 90's.
Grand Lake, Colorado	$55,000	$20K in Winter, $35K in Summer. Paid for by a combination of Town of GL, GCCTB and Chamber Advertisers.
Steamboat Springs, Colorado	675,000	$600K for summer marketing (which also pays a good deal of overhead at our Chamber Resort Association) and $75,000 for summer special events. All of this from our general fund. We also have an LMD that supports winter marketing and airline seats, however, in the last two years no funds have been used for winter marketing.

Attachment C: Overview of DestiMetrics- Example provided on public website (Not data for Gunnison County)

DestiMetrics

MULTI-DESTINATION COMPARATIVE REPORT
Sample Destination

Destination: Sample Destination **Period: Bookings as of May 31, 2013**

CONFIDENTIAL: Reproduction or further distribution prohibited

Executive Summary

Overview Based on data from 17 reporting DestiMetrics Destinations (see Destination Listing at bottom of page 7)

	High	Low	Average	Vail
a. Last Month Occuancy: Industry-Wide High / Low and Average for Month vs Sample Destination				
Historic Actual Occupancy for Last Month	29.0%	3.6%	16.9%	22.8%
% Change in Historic Actual Occupancy for Last Month	93.8%	-41.8%	14.7%	43.8%
b. Last Month ADR: Industry-Wide High / Low and Average for Month vs Sample Destination				
Historic Actual Average Daily Rate for Last Month	$158	$62	$125	$136
% Change in Historic Actual Average Daily Rate for Last Month	16.0%	-33.3%	1.6%	12.0%
c. Next Month Occuancy: Industry-Wide High / Low and Average for Month vs Sample Destination				
Occupancy On-The-Books for Next Month	48.8%	10.5%	29.3%	41.7%
% Change in Occupancy On-The-Books for Next Month	35.6%	-20.7%	5.7%	14.6%
d. Next Month ADR: Industry-Wide High / Low and Average for Month vs Sample Destination				
Average Daily Rate On-The-Books for Next Month	$340	$112	$179	$305
% Change in Average Daily Rate On-The-Books for Next Month	27.9%	-3.0%	4.6%	11.0%

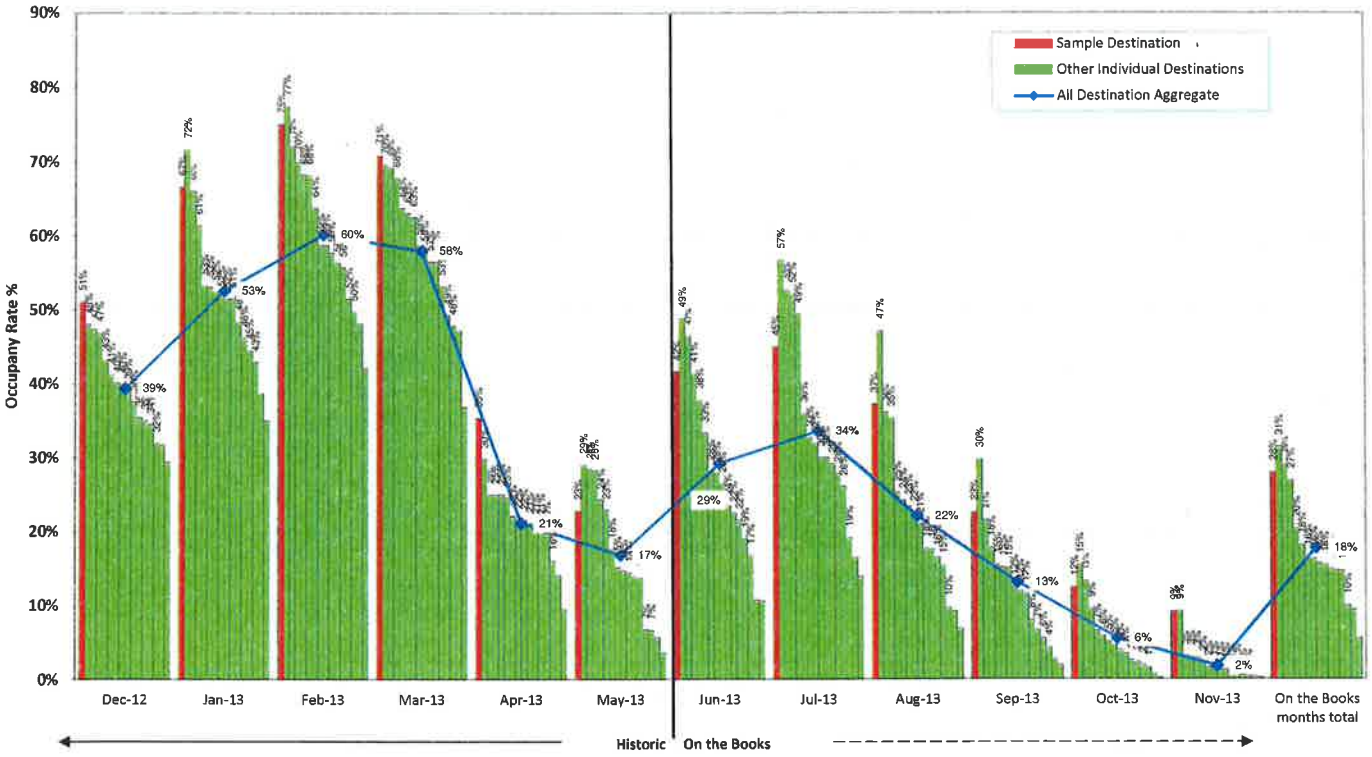
DESCRIPTION: The Mutli Destination Comparative Report compares occupancy and average daily rate (ADR) between the Base Destination and all other DestiMetrics reporting destinations. , In all cases, the Base Destination is reppresented on the far left of the tables and the far left of the charts. The Base Destination is differentiated on chargs with a Red data series bar. All other Destinations are represented with a Green data series bar.

All data is sorted in descending order from highest to lowest and left to right, with the all destination average on the far right of the tables. All destination average is differentiated on charts by a blue line data set.

Individual destination data may be obtained through the Multi-Destination Comparative Enhanced report, available by contacting DestiMetrics at the address below

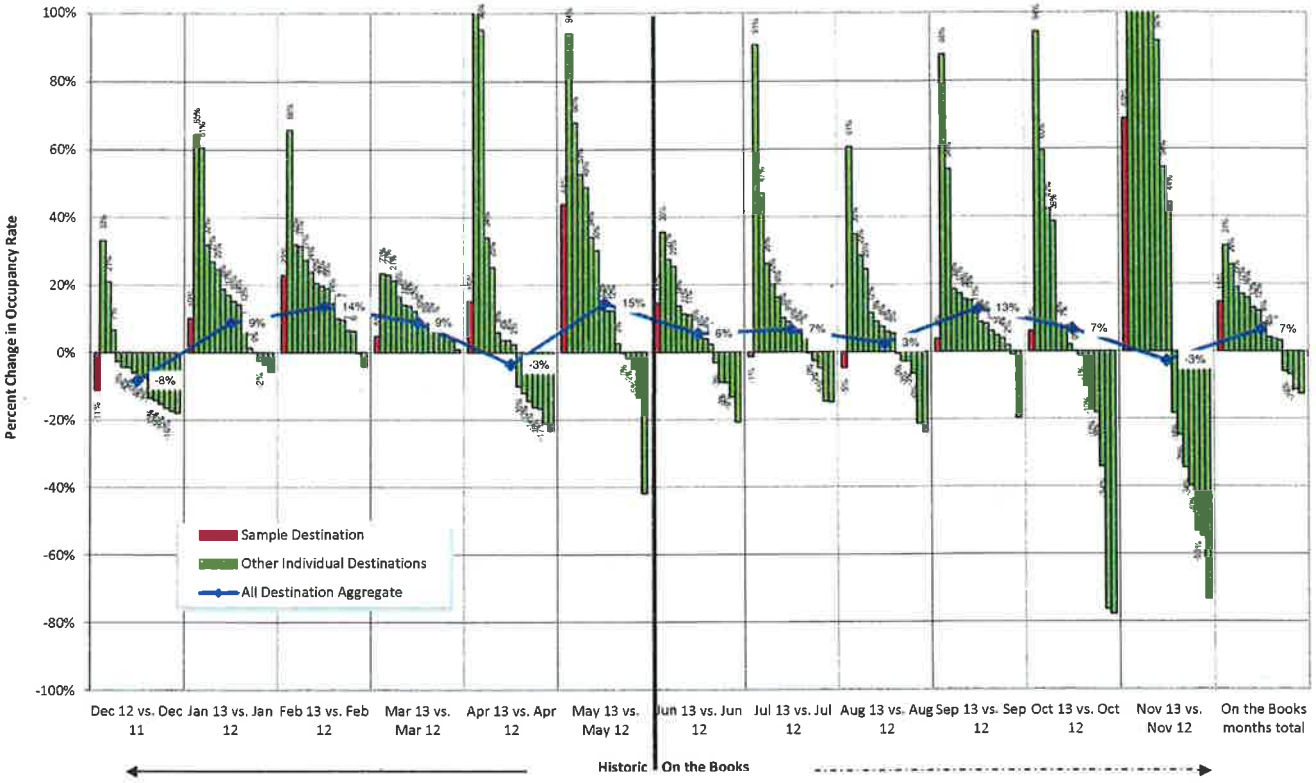
Copyright 2009-2013, DestiMetrics, LLC. All Rights Reserved. Information provided here is CONFIDENTIAL INFORMATION and is the exclusive property of DestiMetrics LLC. It is expressly not for reproduction, distribution publication or any other dissemination without the express written permission of DestiMetrics, LLC. Sample reports may be provided to interested persons, specifically for purposes of their evaluation of a potential subscription and are subject to Copyrights of this product. Data and Metrics represented on this report are representative of the Sample Properties only and may not be representative of the entire Community or Industry. Persons using this data for strategic purposes do so at their own risk and hold DestiMetrics harmless.

Occupancy Rate 2012/2013 Season as of May 31, 2013
Historic and Forecast Data
Sample Destination vs All Individual Mtn Destinations & All Destination Aggregate



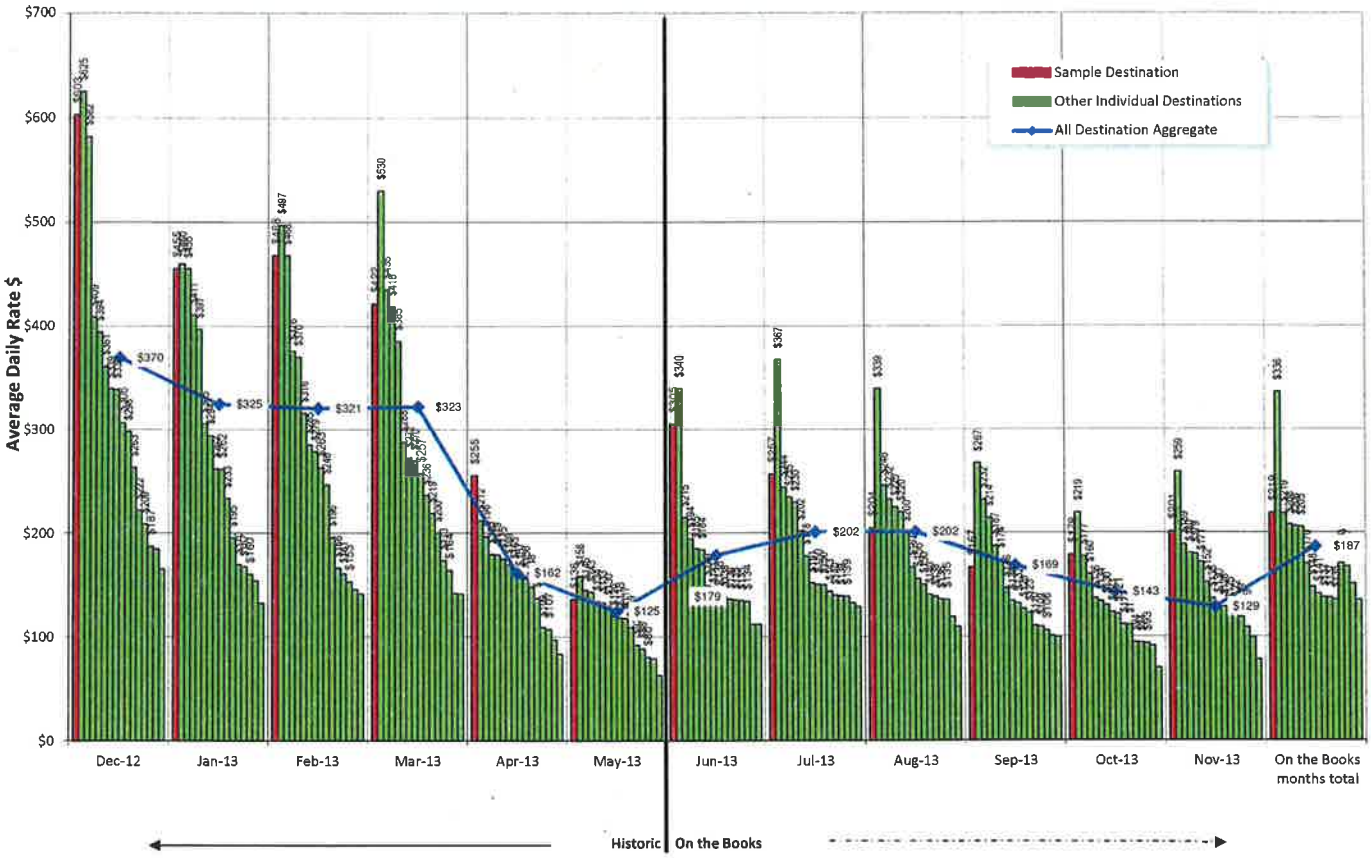
Copyright (c) 2013 DestiMetrics LLC
All Rights Reserved

Percent Change in Occupancy Rate: 2012/2013 vs 2011/2012 as of May 31, 2013
Sample Destination vs All Individual Mtn Destinations & All Destination Average



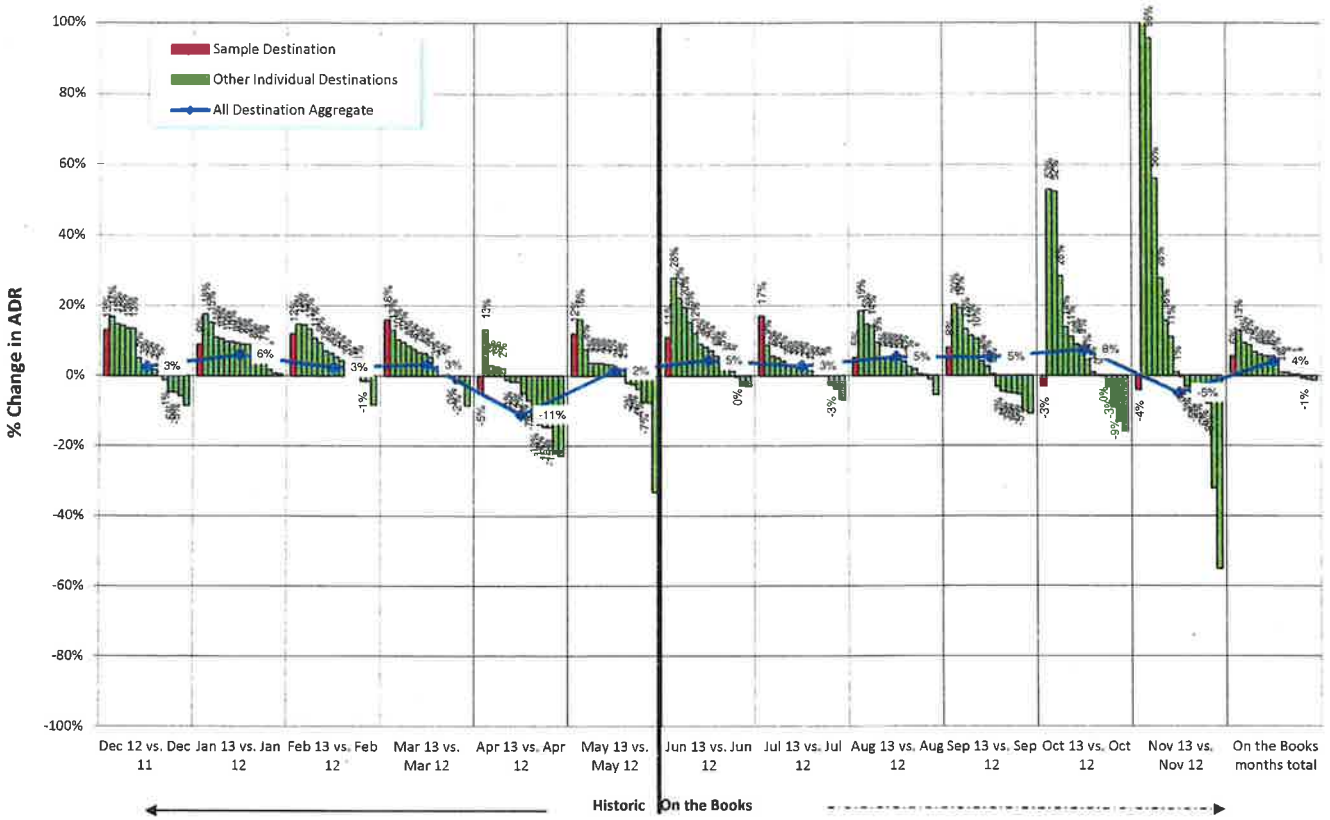
Copyright (c) 2013 DestiMetrics LLC
All Rights Reserved

Average Daily Rate 2012/2013 Season as of May 31, 2013
Historic and Forecast Data
Sample Destination vs All Individual Mtn Destinations & All Destination Aggregate



Copyright (c) 2013 DestiMetrics LLC
All Rights Reserved

Percent Change in Average Daily Rate: 2012/2013 vs 2011/2012 as of May 31, 2013
Sample1 Destination vs all Individual Mtn Destinations & All Destination Average



Copyright (c) 2013 DestiMetrics LLC
All Rights Reserved

DestiMetrics

Sample Destination Lodging Occupancy Report
Multi-Destination Comparative Report
As of May 31, 2013

Occupancy Rate as of May 31, 2013

Month of Occupancy		Sample Detination	Highest occupancy	Next highest occupancy	Next highest occupancy	Next highest occupancy	Next highest occupancy	Next highest occupancy	Next highest occupancy	Next highest occupancy	Next highest occupancy	Next highest occupancy	Next highest occupancy	Next highest occupancy	Next highest occupancy	Next highest occupancy	Lowest Occupancy	All Destination Aggregate
Dec-12		51.1%	48%	47%	47%	43%	41%	40%	40%	39%	38%	35%	35%	34%	32%	32%	29%	39%
Jan-13		66.7%	72%	66%	61%	53%	53%	52%	52%	52%	51%	48%	46%	45%	43%	39%	35%	53%
Feb-13		75.1%	77%	72%	70%	68%	68%	64%	59%	59%	58%	56%	56%	52%	50%	48%	42%	60%
Mar-13		70.9%	70%	69%	68%	64%	63%	63%	59%	58%	57%	57%	53%	49%	48%	47%	37%	58%
Apr-13		35.3%	30%	25%	25%	25%	25%	22%	22%	22%	21%	21%	21%	20%	16%	14%	9%	21%
May-13	Historic	22.8%	29%	28%	28%	24%	23%	18%	15%	15%	14%	14%	14%	7%	7%	6%	4%	17%
Jun-13	OTB	41.7%	49%	47%	41%	38%	33%	28%	28%	26%	24%	22%	22%	19%	17%	11%	11%	29%
Jul-13		45.0%	57%	53%	52%	49%	36%	33%	32%	30%	30%	29%	28%	26%	19%	16%	14%	34%
Aug-13		37.2%	47%	36%	35%	25%	24%	23%	22%	21%	18%	18%	16%	15%	10%	9%	7%	22%
Sep-13		22.6%	30%	21%	18%	15%	15%	15%	12%	12%	12%	8%	7%	6%	4%	3%	2%	13%
Oct-13		12.4%	15%	13%	9%	7%	6%	5%	5%	4%	3%	3%	2%	2%	1%	1%	0%	6%
Nov-13		9.1%	9%	3%	3%	3%	2%	2%	1%	1%	1%	1%	1%	0%	0%	0%	0%	2%
Grand total		40.8%	39%	35%	33%	31%	30%	29%	29%	28%	28%	28%	26%	26%	25%	24%	20%	30%
Historic months total		53.7%	51%	48%	46%	44%	43%	43%	41%	41%	40%	38%	37%	36%	36%	33%	30%	42%
On the Books months total		28.0%	31%	29%	27%	20%	18%	16%	16%	16%	16%	15%	15%	15%	10%	9%	6%	18%

% Change in Occupancy Rate as of May 31, 2013

Occ Months Compared		Sample Destination	Strongest pacing	Next strongest pacing	Next strongest pacing	Next strongest pacing	Next strongest pacing	Next strongest pacing	Next strongest pacing	Next strongest pacing	Next strongest pacing	Next strongest pacing	Next strongest pacing	Next strongest pacing	Next strongest pacing	Next strongest pacing	Weakest pacing	All Destination Aggregate
Dec 12 vs. Dec 11		-11%	33%	21%	7%	-3%	-4%	-4%	-6%	-7%	-7%	-13%	-14%	-15%	-16%	-17%	-18%	-8%
Jan 13 vs. Jan 12		10%	65%	61%	32%	27%	25%	19%	17%	15%	14%	12%	1%	0%	-2%	-4%	-6%	9%
Feb 13 vs. Feb 12		23%	66%	32%	31%	27%	24%	20%	20%	19%	14%	10%	10%	7%	6%	0%	-4%	14%
Mar 13 vs. Mar 12		5%	23%	23%	21%	16%	14%	14%	12%	10%	9%	8%	7%	5%	5%	3%	1%	9%
Apr 13 vs. Apr 12		15%	117%	95%	34%	25%	6%	4%	4%	2%	-10%	-12%	-14%	-16%	-17%	-21%	-23%	-3%
May 13 vs. May 12	Historic	44%	94%	68%	53%	49%	34%	30%	13%	12%	12%	3%	0%	-2%	-5%	-13%	-42%	15%
Jun 13 vs. Jun 12	OTB	15%	36%	27%	25%	14%	11%	11%	6%	4%	4%	2%	-3%	-9%	-9%	-13%	-21%	6%
Jul 13 vs. Jul 12		-1%	91%	47%	26%	20%	16%	10%	9%	6%	6%	5%	0%	-3%	-5%	-15%	-15%	7%
Aug 13 vs. Aug 12		-5%	61%	35%	29%	25%	12%	9%	8%	6%	5%	0%	-3%	-3%	-6%	-21%	-24%	3%
Sep 13 vs. Sep 12		4%	88%	54%	19%	17%	16%	15%	11%	9%	8%	6%	5%	4%	2%	-1%	-20%	13%
Oct 13 vs. Oct 12		6%	94%	60%	42%	39%	8%	7%	2%	0%	-1%	-10%	-17%	-18%	-34%	-76%	-78%	7%
Nov 13 vs. Nov 12		69%	28202%	530%	461%	114%	102%	92%	54%	44%	-18%	-25%	-34%	-40%	-53%	-55%	-73%	-3%
Grand total		14%	22%	21%	16%	13%	13%	10%	8%	8%	7%	7%	6%	4%	0%	-2%	-2%	6%
Historic months total		14%	26%	22%	18%	12%	12%	12%	11%	10%	7%	6%	5%	1%	0%	-3%	-6%	6%
On the Books months total		15%	31%	26%	19%	17%	16%	13%	12%	8%	4%	4%	3%	-6%	-7%	-11%	-12%	7%

Copyright (c) 2013 DestiMetrics LLC
All Rights Reserved

DestiMetrics

Sample Destination Lodging ADR Report
Multi-Destination Comparative Report
As of May 31, 2013

Average Daily Rate as of May 31, 2013

Month of ADR		Sample Destination	Highest ADR	Next highest ADR	Next highest ADR	Next highest ADR	Next highest ADR	Next highest ADR	Next highest ADR	Next highest ADR	Next highest ADR	Next highest ADR	Next highest ADR	Next highest ADR	Next highest ADR	Next highest ADR	Next highest ADR	Lowest ADR	All Destination Aggregate
Dec-12		$603	$625	$582	$409	$394	$361	$339	$339	$306	$298	$263	$222	$209	$187	$185	$165	$370
Jan-13		$455	$460	$455	$411	$397	$305	$294	$262	$262	$233	$195	$170	$167	$160	$154	$132	$325
Feb-13		$468	$497	$468	$376	$370	$316	$285	$279	$263	$246	$196	$166	$161	$153	$146	$141	$321
Mar-13		$422	$530	$435	$418	$385	$288	$272	$270	$257	$236	$219	$200	$173	$164	$142	$141	$323
Apr-13		$255	$212	$196	$180	$179	$175	$169	$165	$157	$156	$148	$137	$109	$107	$97	$83	$162
May-13	Historic	$136	$158	$145	$143	$134	$133	$130	$120	$118	$117	$109	$92	$88	$80	$78	$62	$125
Jun-13	OTB	$305	$340	$215	$194	$185	$184	$149	$141	$138	$138	$136	$135	$135	$134	$112	$112	$179
Jul-13		$257	$367	$244	$235	$230	$202	$178	$151	$150	$150	$143	$140	$139	$139	$132	$129	$202
Aug-13		$204	$339	$246	$232	$225	$220	$200	$167	$156	$150	$140	$138	$136	$135	$119	$109	$202
Sep-13		$167	$267	$232	$214	$187	$174	$146	$134	$132	$126	$123	$110	$109	$106	$100	$99	$169
Oct-13		$178	$219	$177	$160	$136	$134	$130	$121	$121	$111	$111	$94	$94	$93	$91	$70	$143
Nov-13		$201	$259	$189	$180	$179	$171	$152	$136	$130	$128	$125	$122	$119	$109	$99	$78	$129
Grand total		$304	$403	$395	$314	$296	$251	$243	$237	$235	$225	$181	$175	$170	$167	$151	$135	$270
Historic months total		$390	$485	$427	$373	$363	$287	$281	$263	$247	$247	$195	$177	$175	$155	$152	$133	$305
On the Books months total		$219	$336	$219	$208	$206	$205	$170	$148	$141	$137	$137	$135	$131	$129	$123	$118	$187

% Change in Average Daily Rate as of May 31, 2013: 2012/13 vs 2011/12

Month of ADR		Sample Destination	Strongest pacing	Next strongest pacing	Next strongest pacing	Next strongest pacing	Next strongest pacing	Next strongest pacing	Next strongest pacing	Next strongest pacing	Next strongest pacing	Next strongest pacing	Next strongest pacing	Next strongest pacing	Next strongest pacing	Next strongest pacing	Weakest pacing	All Destination Aggregate
Dec 12 vs. Dec 11		13%	17%	15%	14%	13%	13%	5%	3%	2%	2%	1%	-1%	-5%	-5%	-6%	-8%	3%
Jan 13 vs. Jan 12		9%	18%	15%	11%	10%	10%	10%	9%	9%	9%	8%	7%	7%	2%	1%	0%	6%
Feb 13 vs. Feb 12		12%	15%	15%	13%	11%	9%	7%	6%	5%	4%	3%	1%	1%	-1%	-2%	-8%	3%
Mar 13 vs. Mar 12		16%	13%	10%	10%	8%	8%	7%	6%	5%	3%	2%	1%	0%	-2%	-2%	-8%	3%
Apr 13 vs. Apr 12		-5%	13%	3%	3%	2%	-1%	-2%	-2%	-5%	-7%	-13%	-14%	-15%	-15%	-22%	-23%	-11%
May 13 vs. May 12	Historic	12%	16%	8%	4%	4%	4%	3%	3%	2%	2%	-2%	-2%	-4%	-7%	-8%	-33%	2%
Jun 13 vs. Jun 12	OTB	11%	28%	22%	20%	15%	12%	9%	8%	7%	6%	5%	2%	1%	0%	-3%	-3%	5%
Jul 13 vs. Jul 12		17%	9%	6%	5%	4%	3%	3%	3%	2%	1%	1%	1%	1%	-3%	-4%	-7%	3%
Aug 13 vs. Aug 12		5%	19%	15%	14%	9%	5%	5%	5%	5%	4%	3%	2%	0%	0%	-1%	-5%	5%
Sep 13 vs. Sep 12		8%	20%	19%	13%	11%	10%	4%	3%	0%	-3%	-4%	-5%	-5%	-5%	-10%	-11%	5%
Oct 13 vs. Oct 12		-3%	53%	52%	28%	14%	11%	9%	9%	4%	1%	0%	0%	-3%	-9%	-13%	-16%	8%
Nov 13 vs. Nov 12		-4%	188%	96%	56%	28%	16%	11%	1%	0%	-3%	-5%	-5%	-6%	-8%	-32%	-55%	-5%
Grand total		8%	10%	8%	8%	8%	4%	3%	3%	2%	2%	2%	2%	1%	1%	0%	-1%	3%
Historic months total		10%	10%	9%	9%	7%	6%	5%	3%	3%	2%	2%	2%	1%	-1%	-1%	-4%	3%
On the Books months total		6%	13%	9%	9%	7%	6%	6%	6%	4%	1%	1%	0%	0%	-1%	-1%	-1%	4%

NOTES FOR ALL TABLES & CHARTS

Resort names are hidden to preserve confidentiality

Each time period has a unique sorting (e.g. the best-performing resort in November is not necessarily the best-performing resort in March).

RESORTS INCLUDED IN COMPARISONS:

Destination #1	Destination #5	Destination #9	Detination #13	Destination #17
Destination #2	Destination #6	Destination #10	Detination #14	
Destination #3	Destination #7	Destination #11	Detination #15	
Destination #4	Destination #8	Destination #12	Detination #16	

Copyright (c) 2013 DestiMetrics LLC
All Rights Reserved

Attachment D: SMG Paper entitled Measurements: What every DMO needs to Know

Measurement: What Every DMO Needs to Know

Overview

One of the biggest challenges for destination marketing organizations (DMOs) is the issue of measurement. While many DMOs are able to measure their effectiveness at the program level including such measurements as website user sessions, bounce rates, and social media programs. The biggest challenge remains is how to measure the organization's effectiveness through the number of room nights generated, the amount of revenue generated and the return on the invested capital.

Measurement Means Different Things to Different People

It's important to understand that measurement means different things to different people. For example, to a DMO board member they might be concerned with the overall organizational performance. A staff member on the other hand might be more concerned with the success of a specific marketing program. (See below)

Table 1: Segments and Measurements

Sub Group	Measurement Focus
Board members	Overall organizational performance.
Staff	Individual marketing program success
Public Sector	Transient Occupancy Tax/Lodging Tax
Lodging Industry	Destination lodging revenues

If a DMO's measurements don't capture what its user segments consider important it may in fact not be talking the same language. As such it's key to identify those segments/constituents and develop measurement strategies designed to address their needs.

Why is Measurement Important?

One of the fundamental principles of DMO marketing efforts is that of constant improvement, to continually seek to improve your organizations efforts requires you to set up measurements designed to tell you what degree the success you are having with your promotional dollars. If you don't know how you are doing and measure the right things how do you make constant

Copyright SMG Consulting 2014, All Rights Reserved. May not be reused or reproduced without consent of SMG Consulting

improvements? Think about not knowing what you are measuring for five years and the impact it could have. The figure below outlines the constant improvement cycle that DMO's should be implementing.

Figure 1: DMO Constant Improvement Cycle

Understanding the DMO Black Hole of Measurement

At SMG consulting we recommend three tiers of measurement for DMO's to consider implementing. They include program level measurement, DMO Return on Investment (ROI) measurements and destination level measurements.

1. **Program Level Measurements**- These include all the typical tracking that occurs related to specific marketing programs. I.E., online advertising, sales show attendance, visitors to the visitor center etc.

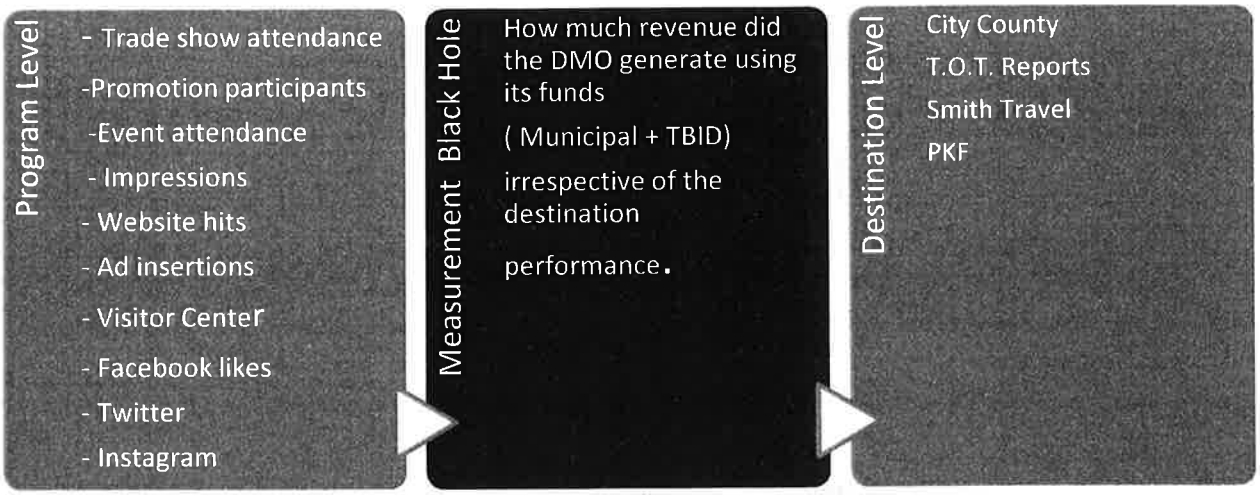
2. DMO Return on Investment-This measurement is specific to the ROI created by the DMO with the total funds they have under management.

3. Destination Level Measurements- These measurements include the overall performance of the destination as measured by indexes like Occupancy Rates, Average Daily Rate etc. Often times these are provided by the local jurisdiction or outside firms like Smith Travel, PKF or others.

With regard to these measurements DMO's are typically adapt at the program level measurements and they often have available the destination level measurements. Where they are typically weakest is in assessing the Return on Investment of the funds under management. A situation we call the black hole of measurement. Too often DMO's take credit for the results

of the entire destination often quoting overall increases in occupancy as proof of their efforts when in fact this may not be the case. Our research indicates DMO's have much less impact on the overall destination results

Figure 2: DMO Measurement Tiers



Understanding the Role of the DMO

At SMG Consulting we believe there is a comprehensive approach to macro level DMO measurement. This approach is based on the core premise that the primary duty of the DMO is to influence prospective visitors to visit the destination. Lodging properties are responsible for booking transaction. The most effective tool a DMO has to ***influence*** a visitor is its website as such it needs to measure its influence in the consumer shopping and decision making process.

If a DMO doesn't know how effective its website is in influencing consumers' decisions to visit a destination do you really know what is going on? As such, it is important to consider how to develop measurements that can measure the influence a DMO has with its website.

Summary

It's only when a DMO working with its constituency groups and develops comprehensive three tier measurement as identified above. As can be seen it is critical for any tourism destination to develop a comprehensive measurement to assess its progress. It's important to also note that the best measurement process is not meant to be punitive but rather should focus on the constant improvement of the DMO's marketing effort. Measurements must be constructive.

In considering the development of a comprehensive measurement process the DMO should consider the following:

1. Understand who your constituents for measurement information is going to be. Your board of directors, your local city or county government, private sector partners etc.

2. Understand what each of your constituents is looking for with measurement.

3. Develop an appropriate plan and method for distributing the information.

5. Be proactive in reporting results and suggesting changes.

By continually involving your constituency and continually seeking to make improvements in your marketing efforts a DMO can improve its effectiveness over a given period of time. But doing nothing or not measuring effectively only allows you to continue what you have been doing and missing the changes that will keep your DMO effective and your destination competitive.

About SMG Consulting

SMG is a tourism, recreation and hospitality consulting firm providing a wide range of marketing planning, strategy, analytic, research and measurement and economic analysis consulting services for DMO's.

Attachment E: Memo from County Attorney's office

Office of the Gunnison County Attorney
David Baumgarten, County Attorney
Art Trezise, Deputy County Attorney
Rachel Magruder, Paralegal
Brenda Wiseman, Legal Assistant

TO: **Local Marketing District**

FROM: **Art Trezise, Deputy County Attorney**

RE: **Managing Results Recommendations & Procedural Considerations**

DATE: **10/28/2014**

In light of the BOCC work session presentation by Marv and Marty Weidner of Managing Results, LLC regarding the Local Marketing District Report and Recommendations ("Recommendations") dated October 14, 2014, and the memo from Community Development Director Russ Forrest dated October 28, 2014 I wanted to supplement those materials with a brief memo describing the legal mechanics of how to implement the Recommendations.

As summarized by Russ Forrest on the last page of his memo, there are three possible courses of action to be taken by the BOCC pursuant to the Recommendations made by Managing Results, LLC: take no action, allow the TA to implement the Recommendations, or create a new entity to implement the Recommendations.

To fully effectuate the Recommendations, be it through the existing TA or the creation of a new entity, appropriate corporate governance documents would have to be drafted for either the TA or the new entity. Specifically, a new set of Bylaws would have to be created to ensure the proper number and composition of the Board of Directors, be it for the TA or a new entity. However, given that the LMD does not have any direct control of the TA, any changes to the TA's existing bylaws would require a vote of the existing voting members after properly noticing a meeting for that specific purpose.

Assuming the TA is willing to make changes to accommodate the Recommendations of Managing Results, LLC, the County Attorney's office would make specific requests regarding the contents of the amended bylaws. In addition to addressing the qualifications for appointment to the Board of Directors, the County Attorney's office would require specific provisions regarding the creation of an annual budget, a strategic

Gunnison County
COLORADO

Office of the Gunnison County Attorney
David Baumgarten, County Attorney
Art Trezise, Deputy County Attorney
Rachel Magruder, Paralegal
Brenda Wiseman, Legal Assistant

business plan, and regular performance reporting to the LMD. Additionally, very clearly defined duties should be spelled out for the Officers of the TA, most particularly for the Treasurer and President, so that there is a clear understanding by all Directors and Officers of the expectations in their respective roles. If the LMD elects to proceed with a restructuring of their corporate governance, we would recommend that the LMD establish a clear deadline for the completion of the restructuring so that the process does not stagnate. As explained below, a 30 to 45 day window should allow ample time to complete the restructuring process. We would recommend that continued funding of the TA be made contingent on compliance with the timeline for restructuring established by the LMD; this creates a clear incentive for the diligent completion of the restructuring process.

In the event a decision is made to proceed with a new entity, the Bylaws for such entity would impose the same substantive requirements as outlined above for the TA, but the drafting of such Bylaws would be solely within the purview of the LMD. The creation of a new entity would also require the filing of Articles of Incorporation with the Colorado Secretary of State, as well as registration with the IRS. The new entity would, like the TA, be a nonprofit organization under the provisions of Section 501(c)(6) of the Internal Revenue Code.

Irrespective of how the LMD chooses to proceed with either the continuation of the TA under revised corporate governance documents, or the creation of the new corporate entity, either of these goals could be accomplished in as little as 30 days. The creation of a new entity could likely be accomplished in less time than the 30 days. However, the amendment of the TA Bylaws would likely take about 30 days as their current bylaws require the notice of a board meeting, for purposes of amending bylaws, to be noticed not less than 14 days before the proposed action.