

ATTACHMENT #1

At its December 2018 City Council retreat, the City Council reiterated the importance of its fiscal sustainability goal.

“Develop a long-term fiscal sustainability plan for the city, which incorporates revenue diversification, cost recovery, asset performance for facilities, and community education and outreach.”

In service of this goal, Council Member Sonja Macys and Council President Jason Lacy have met with the Steamboat Ski and Resort Corporation (SSRC) to discuss mutually beneficial opportunities.

The purpose of this agenda item is to discuss a potential partnership between SSRC and the City of Steamboat Springs (City) for operations at Howelsen Hill (HH).

SSRC, and the City, through its designated negotiators, have achieved a non-binding preliminary understanding on the following points and recognize that there are additional operational details to be worked out, should Council give direction to move forward.

The deal points of the preliminary understanding would include the following:

- I. The City will retain ownership of Howelsen Hill.
- II. The City and SSRC will create a three-year agreement, wherein SSRC will manage all day to day, year-round operations at Howelsen Hill.
- III. SSRC will hire a HH General Manager at no cost to the city. The GM would manage Howelsen Hill operations, as well as oversee staff and employee performance. The GM would have the complete support of the Steamboat Senior Management Team (see IX below). City employees will continue working at HH in their current capacity. City SBS HH Supervisor would serve as the City liaison to SSRC HH GM.
- IV. SSRC will work with the City to create operational improvements, mitigate anticipated losses, and identify business opportunities in:
 - a. Slope stabilization
 - b. Snowmaking & on-mountain operations
 - c. Winter tubing and summer recreational activities
 - d. Food & beverage and events
 - e. Other revenue generating opportunities
- V. Upon approval of this agreement, SSRC and The City of SBS will begin negotiation of a long-term concessionaire agreement.

- VI. The parties acknowledge that SSRC is willing to enter into this agreement so long as the City does not impose an entertainment or lift tax during the term of the agreement. The parties further acknowledge that while the current City Council does not intend to impose such a tax, the imposition of such a tax is a legislative act and the City lacks the authority to enter into a binding agreement not to impose such a tax. If the City imposes such a tax, SSRC may immediately terminate this agreement.
- VII. Currently, the city has a projected loss in “Total Direct Operating Costs” of \$913,080 for 2020, increasing each year moving forward. Any savings beyond the projected loss from year 1 would be split 50-50 between the two parties. The City’s “Total Direct Operating Costs” of \$913,080 shall be the maximum annual loss that the City will incur during the term of the agreement and SSRC shall absorb any annual loss over and above this amount.
- VIII. SSRC investments (i.e. retrofitting Food and Beverage spaces, creating tubing opportunities) shall not count as operational costs towards the loss noted in VII, but rather be classified as capital investments.
- IX. SSRC will have full operating oversight and will provide consultative expertise free of charge from our management team, including but not limited to:
 - a. Marketing, events and sponsorship
 - b. Finance and business development
 - c. Food & beverage
 - d. Retail & rental
 - e. Snowsports
 - f. Mountain operations
- X. The City agrees to retain a new lift in its CIP as a priority with the intention of installation during the summer of 2020 or 2021, wherein SSRC shall provide consultative support for the project free of charge to the City.
- XI. SSRC agrees to share in fundraising/funding the lift, working with SSWSC and the City to meet the capital investment goal.
- XII. SSRC, the City and SSWSC will begin negotiations on a three-party agreement on the Alpine Slide, with a three-year term that coincides with the proposed management agreement.
- XIII. SSRC will operate Food and Beverage outlets at Olympian Hall and Tenth Inning.
- XIV. The City will continue to collect fees related to HH use, other than the rental of Olympian Hall.
- XV. SSRC will manage operations of Olympian Hall including rentals.
- XVI. SSRC will continue to offer “Ski Free Sundays” throughout the term of this agreement.

- XVII. Summer Camps will continue to be operated by the City at HH.
- XVIII. SSWSC will be allowed to continue existing summer operations for its members.
- XIX. SSRC can't offer a locals' pass to Steamboat Resort on USFS lands but will consider that at HH.
- XX. City employees continue to get a free HH ski pass.