

CITY COUNCIL COMMUNICATION FORM

FROM: Tom Leeson, Deputy City Manager
THROUGH: Gary Suiter, City Manager
DATE: March 16, 2021
ITEM: Steamboat Ski & Resort Corporation (SSRC) Negotiations Update

DIRECTION
 INFORMATION
 ORDINANCE
 MOTION
 RESOLUTION
 PROCLAMATION

I. REQUEST/ISSUE & BACKGROUND INFORMATION:

REQUEST/ISSUE & BACKGROUND INFORMATION:

As part of City Council's continued efforts to address sustainable funding issues, City Council directed staff and two City Council members to commence discussions with Steamboat Ski & Resort Corporation (SSRC) to identify sustainable funding solutions for the local transportation system. Representatives from SSRC, City Staff, as well as two City Council representatives (Sloop and Meyer) have met on three occasions to negotiate possible funding solutions. The following provides a summary of those meetings.

February 16: Meeting #1:

The first meeting was attended by Steve Muntean (facilitator), Sarah Jones (SSRC), Gary Suiter (CoSS), Tom Leeson (CoSS), Kathi Meyer (CoSS), Roger Levanduski (SSRC), Heather Sloop (CoSS), Katie Brown (SSRC), Rob Perlman (SSRC).

The group first tried to reach agreement on the purpose of the negotiations, which was: To develop a win-win partnership which supports and funds innovative and comprehensive transportation solutions that benefit the City, our

community and the resort. However, the group did not find consensus on the drafted purpose of these negotiations. The group's lack of agreement included both the area of focus (current transportation needs vs innovative and comprehensive transportation solutions) and timeframe (short vs long-term). The City representatives stated a need for progress by March 16 for 2022 funding. The group agreed that some progress could be made by that date, but it was unlikely that negotiations would be complete.

Without alignment to the purpose, the City proposed three options for SSRC funding:

Option 1: \$2M for 2022 SST funding

Option 2: Purchase of electric buses. Agree to long-term partnership of EV buses. These purchases would be eligible for Federal and State grant funding opportunities. SSRC would be responsible for all operation, maintenance and installation of charging stations for buses. SSRC would purchase EV buses as old transit buses are cycled out from lifespan/use. This would be budgeted through CIP process.

Option 3: The development of housing for bus drivers, ideally on city owned property. This would be an initial capital investment with no long-term costs to SSRC.

The City would like to identify a transportation funding solution without bringing an initiative to the 2021 ballot.

SSRC did not have a response to these options but emphasized their support to develop a Regional Transportation Authority (RTA) and innovative, future-planning transportation, as well as sustainable funding for both the City and the Steamboat Chamber with a bundled ballot initiative, as proposed by the Chamber earlier this month.

February 23: Meeting #2

As a response to the City's initial proposal, SSRC outlined three proposals to continued partnership with the City. SSRC has agreed to continue to collect and remit the voluntary sales tax to the city. (YOY average \$300k-\$350k) and gave options of additional proposals for consideration.

Option 1: Partner with the City on the purchase of an electric bus and the necessary charging infrastructure.

Option 2: Partner with the City on the purchase of infrastructure for fare collection with an emphasis on payment from visitors and employers. SSRC

would purchase bus passes for their employees and would encourage City to ask other employers to do the same.

Option 3: SSRC would support a 0.25% sales tax to support an RTA. The fund would be dedicated to a transit system for a total of 8.65% sales tax and would generate an additional \$1.75M tax revenue for the purpose.

These Options lead to further discussion between parties which included: a) Longer term commitment of funding of electric buses, b) paid parking at both the resort and downtown, c) possible partnership on affordable housing, and d) transit fare.

March 3: Meeting #3

SSRC provided updated options for continued partnership with the City, based on discussions at the February 16 meeting. SSRC and City discussed and concluded for each option below:

Option 1: Bus Purchase & Charging Infrastructure: SSRC would commit to partnering with City on purchase of one electric bus and charging infrastructure. City would commit to solicit grant funding and cover costs of upkeep and running bus on the blue line. Partner with the City on the purchase of one electric bus. This was determined to be unattainable in the short term, as access to new EV buses may be >2 years out and City would require two buses to be purchased at a time to meet the needs of charging throughout shifts. Costs were given for infrastructure, charging, and buses as well as operations. Also, availability of grant opportunities. This changed option 1 to mid/long term goal as it is unattainable for the short term.

Option 2: Infrastructure to collect fares with an emphasis on payment from visitors and employers. SSRC would commit to partner with the City to purchase infrastructure for fare collection (year 1) and pay for employee fares (year 1 and beyond). City commits to partner on purchase of infrastructure purchase and request other employers to pay for their employees who use transportation. This option was declined by City as discussion with transit showed 20% operations increase, including additional FTE for driver. SSRC agreed.

Option 3: Match revenue generated by parking revenue from downtown parking meters. SSRC will commit to match the city's parking net revenue. City commits to cost of program infrastructure and operation. Future study of parking and net revenue would need to be completed.

Option 4: Workforce Housing. SSRC removed employee housing as an option as they simply do not have it to offer without putting our business at risk. This had become a potential long-term solution.

Final Discussion Points:

- SSRC agreed to pay for a study to update paid parking costs and revenue estimated in the 2014 study but asked that this group remain involved in the development of the RFP and review of study results. If the City moved forward with downtown paid parking, SSRC would match the net revenue of downtown paid parking, with a cap.

- For the 2022 fiscal year:

- SSRC agreed to pay for the parking study (\$30-50K)
- Pay for half of the blue line costs during the 21/22 winter season (\$240K)
- Continue with the volunteer sales tax, already provided (this will most likely be down at least 50% from previous years).
- The condition to this agreement is no lift tax as a ballot measure in 2021.

- SSRC also identified areas of further discussion in both the mid-range and long-range time frame. These include: partnership on the purchase of electric buses, City requires two to be purchased at a time (mid-range); work-force housing (long-range); lift-ticket tax (mid to long-range for innovative transportation solutions); and direct support of transportation, if there are changes to funding requirements of the air program (mid-range).

II. SUMMARY AND ALTERNATIVES:

Options include:

- Continue to partner with SSRC on potential short, mid- and long-term funding solutions.
- Cease negotiations with SSRC
- Place Lift-tax on ballot for November 2021.

III. STAFF RECOMMENDATION:

No staff recommendation.

IV. FISCAL IMPACT:

To be determined upon final negotiations

V. LEGAL ISSUES:

Noe noted

VI. CONFLICTS OR ENVIRONMENTAL ISSUES:

None noted

VII. CONSISTENCY WITH COUNCIL GOALS AND POLICIES:

This is consistent with City Council's goal of sustainable funding

ATTACHMENTS:

Attachment 1 - SSRC Negotiations Update Presentation

Attachment 2 - February 16 Meeting Notes

Attachment 3 - February 23 Meeting Notes

Attachment 4 - March 3 Meeting Notes