SNOWMASS
VILLAGE
COLORADO

Marketing, Special Events & Group Sales Board

MARKETING STRATEGIC PLAN

SNOWMASS VILLAGE COLORADO

Marketing Strategic Plan

<u>Marketing, Special Events & Group Sales Board Committee Report</u>
Adopted 1/24/2008

Foreword

The Town of Snowmass Village (TOSV) Marketing, Special Events and Group Sales (MSE&GS) Board, at the request of the Town Manager and Council, have worked to develop a Marketing Strategic Plan for the mountain resort within the community of Snowmass Village. Consultancy resources, led by RRC of Boulder, Colorado with support from Thomas Associates (TCI) and HVS, have provided research, observations and recommendations to a working Committee appointed by the Board.

This Committee report is intended to enable the Board to agree a Marketing Strategic Plan. This Plan will provide input to the Town's Targeted Comprehensive Plan Review and Update (2008) and will be used as a framework for the Board's future decisions.

The Committee agreed a set of Discussion Guides (Attachment A) which describe the fundamental issues to be addressed. Subsequently, observations, based on consultant input and Committee experience, were set alongside each of these issues with likely courses of action identified. The outcome of this work is presented in the middle section of this report as **Issues and Observations with Choices as Appropriate.**

In the final section, **Next Steps** are discussed with specific recommendation as to a Positioning Statement and accountabilities.

It should be understood that the MSE&GS Board did not condition and/or limit its considerations by parameters outside its purview such as Village carrying capacity, traffic impact, parking, public transit, development mass/scale/density, employee generation/housing or water/sanitation capabilities. It should be further understood that any one and/or all of such factors may be determined by those responsible to restrain or render infeasible outcomes the Board may have determined as desirable from a Marketing perspective. We leave those "Next Steps" to the appropriate responsible parties in accord with the Comprehensive Plan Review, Land Use and Development Code Amendment and Council decisions as may pertain to specific Land Use Applications.

Executive Summary
Conclusions

1. The Board found no evidence to suggest that prior work should be re-visited and recommends that the minimum requirement (130,000 sq. ft.) for "Food & Beverage, Retail, Entertainment (F&B, R, E) commercial critical mass" remain as previously agreed. Such sizing, rather than a mega-approach such as Whistler or Vail, creates a unique, more welcoming and convenient guest experience.

2. The Village Center commercial space (circa 50,000 sq. ft.) was seen to be primarily focused on serving "local" needs, albeit with a role to play in meeting specific guest needs such as groceries, convenience retail necessities, pharmacy and professional services.

3. Connectivity, between the nodes, has been and continues to be seen as critical in a bi/multi-nodal system.

4. The efficacy of the Pulse Tram capacity, as employed in the current SkyCab (aka "Skittles") may be subject to appropriate review.

5. The FIT target audiences identified in the MSE&GS Board's Strategic Planning work in 2003 (Aspen/Snowmass-Loving Families, Empty Nesters and Young Aggressive Athletes) appear to remain generally appropriate. "Young Aggressive Athletes, however, should be broken out to broaden the demographic of "young" and to retain the notion of "aggressive adventure" regardless of age, perhaps described as "outdoor enthusiast." Independents, who often travel for short breaks in small groups of friends/associates or couples leaving children at home, have been added as well. Other perspectives may provide further beneficial targeting, such as International and Second Homeowners. Each audience may include a range of age and interest sets at various price and "glitz" points.

6. Seasonal preferences/availabilities vary between target audiences. Thus, timing of marketing efforts is a tactical option, including hemispheric factors.

7. Most all agree that we should continue to strengthen winter, significantly grow summer and push the edges of the shoulder seasons. Currently, many in the Community consider Spring (close of the ski mountains until Memorial Day) an almost sacred time for renewal. For now, the late Fall (October 15th latest until mid/late November) is unlikely to gain much support for increased activity.

8. For Group Sales, the concentration of national associations head-quartered in DC and Chicago provide significant growth potential. Snowmass' share of the traditional Colorado feeder markets of New York, Chicago, Texas and California are historically weak and could benefit from a strong, pro-active sales effort to capitalize on their potential.

9. Association, Corporate (increasingly high- end) and especially, Group Incentive Trips requirements appear to be uniquely well-matched to the Snowmass Group Sales offer. This is particularly true with the development/re-development of conference capable hotels, conference/performing arts center and higher end amenities such as a world-class spa. Smaller groups, which can utilize independent in-house meeting spaces at several lodging properties present an opportunity which should be aggressively pursued.

10. Group share of total overnight visitation might reasonably reach a long-term equilibrium somewhat lower than the historical estimate of 40-45%. ADR would be enhanced by such a transition.

11. While fractional product does have high occupancy and is desirable, it is usually not available to market segments such as group attendees and first time trial. Condominium product, including condo hotels, does appeal to the full spectrum assuming adequate rental pool participation and diversity of price points. The attributes of a traditional hotel are highly desirable. However, given typical mountain resort seasonality, the Committee agrees, based on recommendations by RRC, that it is not feasible.

12. Overall, the lodging product portfolio is appropriately considered from three perspectives: developer, rental guest, and property owner. Each perspective reflects, respectively, real estate sales, rental guest demand, and owner rental pool participation propensity.

13. "Group Attendee" friendly, non-fractional lodging product (hotel, studio and one bedroom) should not be less than 45-50% of total "hot bed" units. Additionally, this product is desired by our "first time/early trial guests" from whence our future "loyalists" are sourced.

14. ***Conference Center alternatives to be discussed and/or agreed at Committee Meeting 1/8/08 per*** **comments for Issue 2.b below:**

In conjunction with the review of Group options, RRC and the Committee have considered the following Conference Center alternatives:

a.) Conference Center and Performing Arts Facility: Joint or each Stand-alone?
b.) One and/or both of the above located in the Upper Village or elsewhere?
c.) Conference Center equal to or smaller in size, shape and functionality as compared to the current Elbert Lane facility.

The Committee agrees with RRC's recommendation for a new facility which houses both conference and performing arts, and supports funding a project to test design criteria, strategic fit and economic feasibility.

15. Our key competitors differ by season (winter/summer/shoulder) and by FIT and Group.

16. RRC research has suggested that smaller units (both in terms of number of bedrooms and total square footage) are significantly more likely to be in the "hot bed" rental pool. However, an appropriate share of 2/3 bedroom units are often required by families and independents. Units of 3+ bedrooms are more likely to not be in the rental pool and to be used as second homes. However, local experience suggests there is a demand, perhaps increasing, for 3/3+ bedroom units as rental product, while 2 bedroom units might be relatively overly supplied. Further work is recommended to more fully understand the dynamics of "rental pool" participation and apply that understanding in determining the preferred lodging portfolio.

17. "Lock-offs" should be encouraged, especially for fractional product, in order to enhance diversity of lodging product.

18. RRC agrees that we have a need to provide "legitimate" high-end lodging product to close an observed competitive deficit. Albeit they advise that there is a finite market demand for such product and a potential for competitive "oversupply" of this segment.

19. Diversity over a range of total Lodging (including 3-Star) and F&B, R, E offers and price points was seen as a source of competitive advantage as well as providing risk mitigation as to market vagaries.

20. Condominium product, including condo hotels, serves the full spectrum of our target audiences assuming adequate rental pool participation and diversity of price points.

21. Rental pool participation for "condo" product in the Base Village PUD work was assumed to be 80% which continues to appear a reasonable forecast, albeit possibly an aggressive one. Our current West Village rental pool participation for "condo" product was 76% per the 2001 Baseline Economic Indicators Report. The Committee strongly recommends an 80% challenge target for rental pool participation.

22. Adjacency of lodging capacity to commercial offerings, skier services/slopes, conference facilities and amenities is another point of critical consideration.

23. Ski-in/ski-out access has served Snowmass well for decades and should be maintained, if not enhanced, as an outcome of re-development.

24. Recommended (RRC in conjunction with TCI) diversity of positioning/programming across the three nodes is the following in order to assure the resort's commercial success including improved capture and more balanced seasonality:

Category	**Base Village**	**Upper Village**	**Snowmass Center**
Convenience Retail	3%	6%	60%
Comparison Retail	60%	50%	19%
F&B/Entertainment	37%	44%	21%

25. The significant presence of "locally owned/operated businesses," to be further defined, is seen as a source of competitive advantage through the creation of a resort "personality" which is favored by visitors and locals alike. As such, it is a point of differentiation which should be assured by TOSV in support of economic vitality.

26. A purposeful degree of product and personality differentiation among the three nodes will be important to assure success for all three nodes and thus, the resort as a whole.

27. "Conditions for Success in a Three Node Development" were presented by RRC in conjunction with TCI.

28. Performance Indicators (occupancy, F&B, R, E $'s, capture, spend/person/day, rental pool participation and ADR) have been fundamental in the analysis of competitive activity, performance appraisal and economic modeling by us and by various industry experts in the past several years. They continue to seem appropriate analytical tools and benchmarks.

29. The RRC Model forecasts an F&B, R, E annual growth rate over ten years of 3.8% per annum, which is consistent with the Comparative Demand Analysis (2003) of 3.7% per annum. However, harmonization of assumptions/forecasted parameters would need to be completed before the RRC Model can be considered a fully vetted "directional" analytical tool.

30. The Village Aspiration Statement should be amended as noted in the **Next Steps** section of this report.

31. A Performing Arts Center may offer performance options year-round, but outdoor venues should be provided for summer. Such outdoor venues might be a Fanny Hill "Amphitheatre" or various "small space" venues such as Aspen's Paradise Corner and Boulder's pedestrian malls.

32. Partnering opportunities exist across a wide range of partners and seasons (see page 19).

33. Special Event programming will continue to be a mainstay in our summer offer. However, it may be wise to consider a focus on quality, even if quantity is reduced in order to more effectively employ finite resources.

34. Consultants advise that thought should be given to a resort's "identity." The Village Aspiration Statement reads, *"We wish to be seen by others as welcoming, dynamic, convenient and successful."* This implies an overarching sense of diversity and inclusiveness across a range of offers, price points and audiences.

35. General Observations (five) concerning access, FIT growth, environmental sustainability and construction phasing are included on page 6.

General Observations

Access is a “limiting factor,” especially in the winter. Thus, expanded air service continues to be a matter of strategic importance. Additional Denver feed and metro/hub direct flights as well as enhanced Eagle Airport utilization provide options for improved access.

The robust regional population growth forecasted enhances the prospects for summer and shoulder season growth.

RRC observes that FIT growth opportunities are significant and should be exploited to close a competitive gap versus the typical mountain resort. Typically, FIT is about 70% of total overnight visitation, while Snowmass is closer to 55-60%. Group continues to play a fundamental role.

The Committee agrees that environmental sustainability is the right thing to do and strongly encourages TOSV to follow SkiCo’s and RWP’s leadership by reflecting such values in its own operations, those of its contractors and development within the Village. The market is also appreciating, with some demanding, “green” practices.

The phasing of the development/re-development projects will be critical to the sustainability of economic activity during the next several years. “Critical mass,” safety and convenience, even during construction, are necessary components of our ability to survive the transition into a more robust future. The “cure” is of little use if it kills the patient!

Issues and Observations with Choices As Appropriate

1. Do we re-confirm the notion (agreed in the Base Village work) of a minimum "commercial critical mass" of 130,000 sq. ft. with attention paid to connectivity and complementarity, especially in a bi/multi-nodal structure such as Base Village and the Upper Village? Role of the Center?

The Board found no evidence to suggest that the prior work should be re-visited and recommends that the minimum requirement for "commercial critical mass" remain as previously agreed. Most in the Community, as evidenced in the recent Community forums, see this sizing as a maximum as well, recalling the "Just Big Enough" mantra from the Base Village debates. Such sizing, rather than a mega-approach such as Whistler or Vail, creates a unique, more welcoming and convenient guest experience within the resort.

The need for each of the "visitor oriented" nodes (the Base and Upper Villages) to complement, rather than replicate, the other's F&B, R, E offering was re-enforced by RRC observations. The Base Village PUD economic model assumed 130,000 sq. ft. of total commercial (F&B, R and E) space in these two nodes.

The Village Center was seen to be primarily focused on serving "local" needs, albeit with a role to play in meeting specific guests needs such as groceries, convenience retail necessities, pharmacy and professional services. The Base Village work assumed a notional 50,000 sq. ft. of commercial space in the Center.

Thomas Associates (TCI), using their "carrying capacity" model, suggested a supportable Village-wide commercial space of circa. 200,000 sq. ft. The Base Village Model assumed about 180,000 sq. ft. of such space. Perhaps, some additional (20,000 sq. ft. or less) space might be appropriate for commercial (F&B, R and E), professional services and/or general offices.

Connectivity, providing a level of highly convenient mobility, between the nodes has been and continues to be seen as critical in a bi/multi-nodal system. Such was noted from the early Base Village discussions with TCI. The two "connectors", envisioned in the PUD work so far, remain critical. Additionally, an extended connector serving the entire Upper Village (Base Village to Top Of The Village) would be an enhancement worth considering. The efficacy of the Pulse Tram technology, as employed in the current SkyCab (aka "Skittles"), may be subject to appropriate review as a result of the "line jams" which occurred at critical times following the opening of the Treehouse during the 2007 Christmas holidays.

2a. Do we confirm that our current FIT target audiences remain valid? What, if any, additional target audiences should be considered? Why?

The target audiences identified in the MSE&GS Board's Strategic Planning work in 2003 (Aspen/Snowmass-Loving Families, Empty Nesters and Young Aggressive Athletes) appear to remain generally appropriate. Independents, who often travel for short breaks in small groups of friends/associates, or couples leaving children at home, have been added as well. Each audience may include a range of age and interest sets at various price and "glitz" points.

RRC feels strongly that we should view the young not just as "Aggressive Athletes" but a broader youth demographic cohort, perhaps the "Young Outdoor/Outside Actives." That said, the "Aggressive Athlete" halo has value given our outdoor, sport oriented offering with role model influencers and our X-Games advantage affecting the choices made by this demographic cohort. An alternative is to break out this group to broaden the demographic of "young" and to retain the notion of "aggressive adventure" regardless of age, perhaps described as "outdoor enthusiast."

Seasonal options vary between the target audiences with Empty Nesters and Conferences more prevalent in the shoulder seasons and families more driven by school schedules. Timing is a tactical option.

It should be noted that our Aspiration's "multi-season" terminology and our Comp. Plan's promise to "preserve the off-season for the benefit of the locals" remains a core desire among many of our merchants, employees and local residents. Most all agree that we should continue to strengthen winter, significantly grow summer and push the edges of the shoulder seasons. However, Spring (close of the ski mountains until Memorial Day) is an almost sacred time for renewal and the late Fall (October 15th latest until mid/late November) will be unlikely to gain full support for increased activity, at this time.

It still remains a seemingly timeless issue of the "chicken and the egg" as to whether the Marketing and Group Sales folks bring the business first and then, the lodges/merchants will extend their operating calendars or vice versa. No silver bullet was uncovered in this area.

2b. How can we define the conference/group market segments? How can we match such segments' requirements with our strengths... current and/or future? As a result, which conferences/groups should we target? And thus, what should be our goal for the FIT/Conference balance?

General comment: the TOSV Group Sales Interim Strategic Plan report (RRC/Opus Communications), dated June 20, 2006, has extensive commentary on this topic, and should be referenced for more detail.

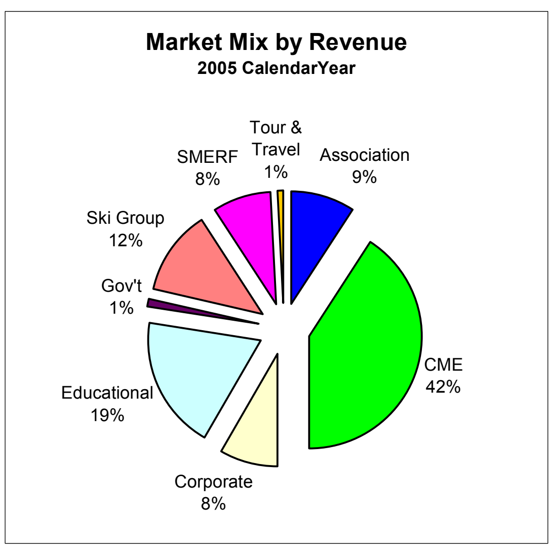
Conference / group market segments can be defined in multiple ways, including:

- Type of organization (which typically has implications for purpose of meeting, facility needs, etc.)
- Size
- Length of stay
- Geographic origin
- Price point

All of these factors are important to consider in defining conference / group market segments of relevance to Snowmass. Comments on each are provided within the 6/20/06 Interim Group Sales Plan.

Type of organization

The mix of business (as measured by room revenue) as generated through Snowmass Resort Association (SRA) in 2005 is illustrated below:

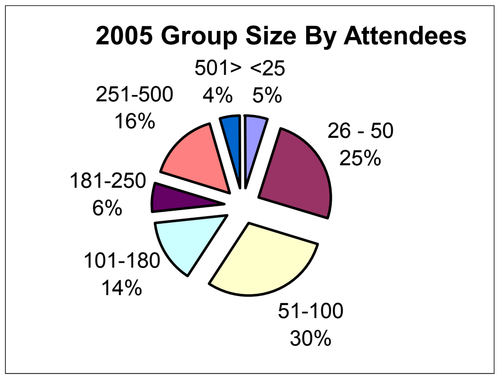


Source: SRA VCB Breeze; TOSV Group Sales Interim Strategic Plan, 6/26/06.

Group Size

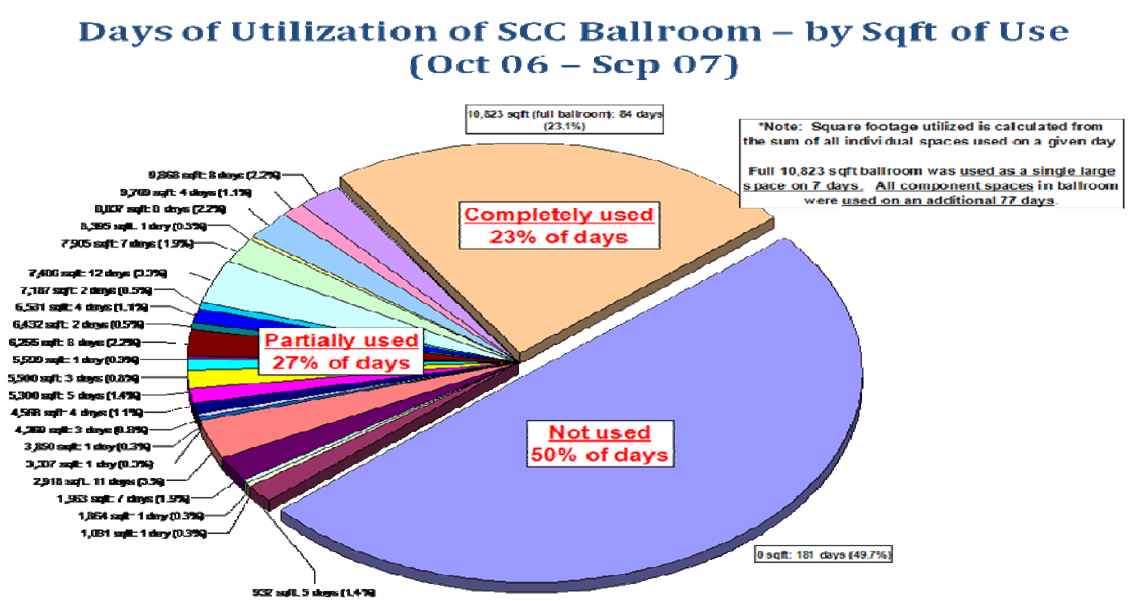
Historically, groups of less than 180 attendees, which corresponds to the maximum banquet seating capacity at new Capitol Peak Conference Center, account for 75% of groups booked. RRC has noted that smaller groups have other advantages such as the following:

- While many types of groups exhibit high price sensitivity, larger groups are often more price conscious than smaller groups.
- Smaller groups can utilize independent in-house meeting spaces at several lodging properties.
- Lesser logistical demands with respect to transportation to/within Snowmass and room block requirements.



Source: SRA VCB Breeze; TOSV Group Sales Interim Strategic Plan, 6/26/06.

As shown on the following chart, during the period 10/06-09/07, the Snowmass Conference Center was 100% utilized 84 days with seven of those days utilizing the entire Ballroom as one unit. Half of the days had no activity while just less than 20% of this period had less than half of the total space in use.



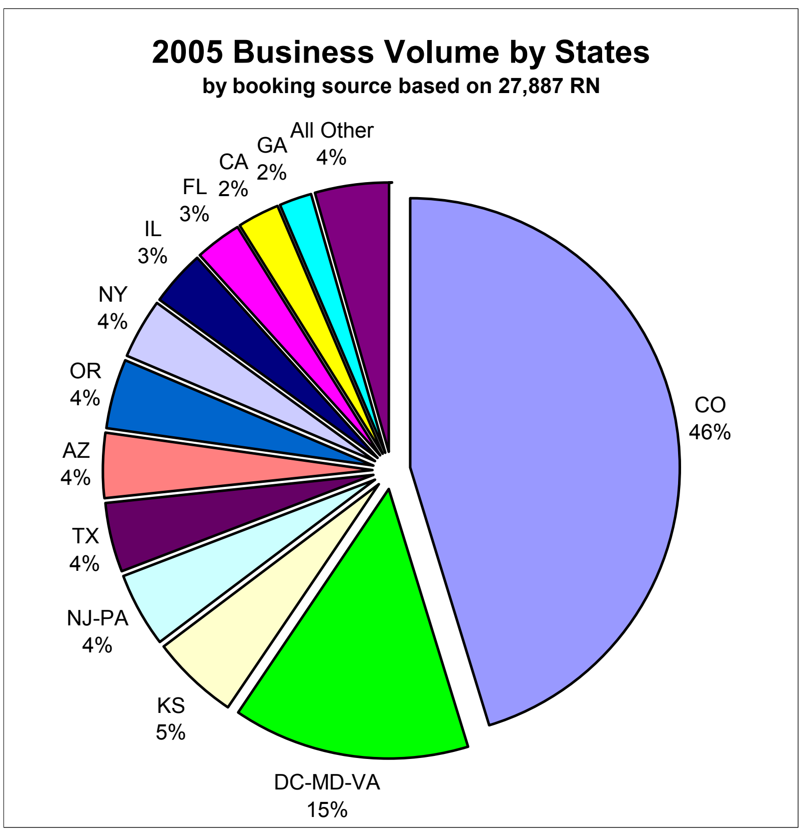
Source: Snowmass Conference Center Data

Length of Stay

Generally, groups with a "longer" stay characteristic are a more responsive target to Snowmass, given its comparatively more remote location. RRC suggests that, during non-peak periods within the winter season, e.g., pre-Christmas, January (other than Martin Luther King holiday) and April, greater flexibility regarding minimum lengths of stay be implemented. This will increase flexibility in attracting certain groups who might limit themselves to a stay of 3 or 4 nights, for which there is adequate unutilized capacity.

Geographic Origin

As evident from the geographic mix, the predominance of Colorado business is largely due to state association groups and CLE, Inc. which is located in Denver. The largest contributor of the DC-MD-VA area is FASEB, which has multiple groups in the summer. The concentration of national associations head-quartered in DC and Chicago provide significant growth potential. Snowmass' share of the traditional Colorado feeder markets of New York, Chicago, Texas and California are historically weak and could benefit from a strong, pro-active sales effort to capitalize on their potential.



Source: SRA VCB Breeze; TOSV Group Sales Interim Strategic Plan, 6/26/06.

Price Point

Considering price point/revenue generation, the most apparent and highest potential for group business is in the summer and marginal shoulder seasons. However, a concerted effort to improve the product image and consequently the resulting ADR is needed. Winter groups able to afford Snowmass's room rates are limited, especially due to imposed minimum stay requirements.

Most groups tend to be quite price-conscious, (e.g. SMERF, ski groups, corporate (except for top tier), associations). However, as noted above, larger groups are typically more demanding than smaller ones. Additionally, as illustrated in the following table by the "Group Incentive Trips" column "Affordability" rating, not all Group Segments are equally price sensitive.

	Corporate Planners	
Factors Considered "Very Important"	**All Types of Meetings (Except Group Incentive)**	**Group Incentive Trips**
Availability of hotels or other facilities suitable for meetings	78%	62%
Affordability of destination	77	55
Safety and security of destination	62	77
Ease of transporting attendees to/from location	61	54
Distance traveled by attendees	58	36
Transportation costs	48	41
Clean and unspoiled environment of destination	37	59
Climate	33	73
Mandated by corporate policy	26	22
Availability of recreational facilities such as golf, swimming, tennis etc.	21	70
Sightseeing, cultural, other extracurricular attractions	15	66
Glamorous or popular image of location	12	59
Base: Those answering for each item		
Q53. How important is each of these factors in selecting destinations for your meetings of all types (except incentives)? Would you say each is Very, somewhat or not important? Q55. How important is each factor in selecting a destination for group incentives only?		

Source: Meetings and Conventions Magazine.

RRC observed that groups which match well with Snowmass' strengths often have the following characteristics:

- Willing to choose remote locations, willing to fly
- Willing to absorb higher lodging costs (particularly in winter)
- Longer stays (particularly in winter); this also ties in with willing to travel further
- Interest in/time for skiing and/or other outdoor activities as part of the agenda / offering
- Small- to mid-sized groups, rather than larger groups (as influenced by accessibility to destination, bed base size and layout, and price sensitivity)
- Willingness/interest in diversity of lodging types, including one or more bedroom condos (e.g. groups where spouses/families also attend, or ski groups willing to share units)

Association, Corporate (increasingly high- end) and especially Group Incentive Trips requirements appear to be uniquely well-matched to the Snowmass offer. This is particularly true with the development/re-development of conference capable hotels, conference/performing arts center and higher end amenities such as a world-class spa.

Smaller groups, who can utilize independent in-house meeting spaces at several lodging properties, present an opportunity which should be aggressively pursued.

RRC has noted that additional opportunities for growth in group business as follows:

- Planned construction of Elk Camp restaurant served by gondola, an attraction for group food and beverage functions and events
- Potential construction of freestanding conference/performing arts center in West Village
- Availability of Capitol Peak Lodge for group functions
- Overall enhancement of the retail, lodging, and on-mountain product, increasing overall attractiveness of Snowmass as a resort

While our Group Business will continue to be seen as a key strategic element in our visitor mix, we should aspire to grow the FIT segment at a somewhat faster rate than Group. Thus, our Group share of total overnight visitation might reasonably reach a long-term equilibrium somewhat lower than the historical estimate of 40-45%. ADR would be enhanced by such a transition.

However, as such a change for FIT/Group shares is not assured, it would seem unwise and risky to reduce our "Group Attendee" friendly, non-fractional lodging product (hotel, studio and one bedroom units) to less than 45-50% of total "hot bed" units. Our estimated historical 40-45% Group share of total overnight visitation has been supported by 60% of total "hot beds" being such product. Of this current 60%, somewhat over half of these units are located within the anticipated West Village Redevelopment Area.

Further, consideration should be given to the maximum portion of any future mix which is one bedroom and/or lacking in preferred adjacency to meeting facilities.

In conjunction with the above review of Group options, RRC and the Committee have considered the following Conference Center alternatives:

a.) Conference Center and Performing Arts Facility: Joint or each Stand-alone?
b.) One and/or both of the above located in the Upper Village or elsewhere?
c.) Conference Center equal to or smaller in size, shape and functionality as compared to the current Elbert Lane facility?

The Committee agrees with RRC's recommendation for a new facility which houses both conference and performing arts, and supports funding a project to test design criteria, strategic fit and economic feasibility.

3. Who are our current 'key" competitors? Who do we see as "key" competitors in the future?

Our key competitors differ by season (winter/summer) and by FIT and Group. The SkiCo identifies about 20 such competitors for winter while the summer sees a set of fewer, more regional/Colorado mountain resort competitors. In Winter, Utah, West Coast, British Columbia and other Colorado resorts are actively within our competitive set. Albeit, with our anticipated development/re-development, more up-scale and/or recently re-invested resorts such as Deer Valley, Vail and Beaver Creek may move more into our competitor mainstream.

4. How can we define lodging product in "distinct" categories based upon size (sq. ft. and/or bedrooms), proximity (to slope, conference facility, children's center, etc.), price point, conference attendee/first time trial "friendly" and type of ownership? How much, as a percent of total lodging, would be appropriate for each of such categories?

RRC (supported by HVS as a lodging consultant partner) has observed that smaller units are significantly more likely to be in the "hot bed" rental pool. However, an appropriate share of 2/3 bedroom units are often required by families and independents. Units of 3+ bedrooms are more likely to not be in the rental pool and to be used as second homes. "Lock-offs" should be encouraged for larger units, especially for fractional product. HVS has further suggestions as to how the Town's Land Use Authority may encourage/require "hot bed" participation in the rental pool.

RRC agrees that we have a need to provide "legitimate" high-end lodging product to close an observed competitive deficit. Albeit, they advise that there is a finite market demand for such product and a potential for competitive "oversupply" of this segment. Diversity over a range of total Lodging and F&B, R, E offers and price points was seen as a source of competitive advantage as well as providing risk mitigation as to market vagaries. Within such diversity, price point perspective acts in conjunction with each target audience to more narrowly define the appropriate total offer preferred/required by each.

As noted above, not less than 45-50% of the rental pool should be "Conference Attendee" friendly product (non-fractional hotel, studio and one bedroom). Additionally, this product is desired by "first time/early trial guests" from whence our future "loyalists" are sourced. While fractional product does have high occupancy and is desirable, it is not usually available to market segments such as group attendees and first time trial. Condominium product, including condo hotels, does appeal to this full spectrum assuming adequate rental pool participation and diversity of price points. Rental pool participation for "condo" product in the Base Village PUD work was assumed to be 80% which continues to appear a reasonable forecast, albeit possibly an aggressive one. Current West Village rental pool participation for "condo" product is about 76% per the 2001 Baseline Economic Indicators Report. . The attributes of a traditional hotel are highly desirable. However, given typical mountain resort seasonality, the Committee agrees, based on recommendations by RRC, that it is not feasible.

Overall, the lodging product portfolio is appropriately considered from three perspectives: developer, rental guest, and property owner. Each perspective reflects, respectively, real estate sales, rental guest demand, and owner rental pool participation propensity.

The adjacency of lodging capacity to commercial offerings, skier services/slopes and amenities is another point of critical consideration. As noted elsewhere, convenient and complementary offerings across the three nodes is desired. Ski-in/ski- out access has served Snowmass well for decades and should be maintained, if not enhanced, as an outcome of re-development. The BV project is fixed in this regard.

As regards adjacency, the location of Conference/Performing Arts facilities and major amenities, such as ice skating rinks and spas, seem to be of most immediate interest. Options have been subject to "conceptual" discussion within the Committee as supported by work from RRC noted in 2b.above.

5. How can we define resort commercial product in "distinct" categories by offer (F&B, retail, entertainment, etc.), node (Base, Center and/or Upper), local/regional/ national ownership and/or price point? How much of each category, as a percent of total commercial, would be appropriate? In addition, do we re-confirm the Base Village work which foresaw about 50,000 sq. ft. of "locally focused" commercial, essentially in the Center?

The preferred primary role of the Snowmass Center is that of a Convenience Node, serving the day-to-day shopping needs of permanent and seasonal residents, as well as overnight and day visitors. Based on the original TCI analysis, RRC suggests the Snowmass Center can support between 36,000 and 55,000 sq. ft. of retail-commercial floor area. A more aggressive capture of day visitor spending potential at the Center could support between 44,000 and 65,000 sq. ft. These figures are consistent with the earlier Base Village work which foresaw a need for roughly 50,000 sq. ft. of primarily locally-focused commercial uses in Snowmass Center.

Recommended (RRC in conjunction with TCI) diversity of positioning/programming across the three nodes is as follows in order to assure commercial success including improved capture and more balanced seasonality:

Category	**Base Village**	**Upper Village**	**Snowmass Center**
Convenience Retail	3%	6%	60%
Comparison Retail	60%	50%	19%
F&B/Entertainment	37%	44%	21%

Regarding the above chart, it was observed that the %'s above should be considered directional and do not imply an absolute degree of precision. In addition, TCI has lumped Entertainment with F&B while distinguishing between Convenience and Comparison Retail. Thus, their work is helpful but requires some further definition before application.

TCI's resort analog analysis indicates that in terms of local/independent versus national/chain tenant proportions, resort villages overall tend to exhibit a ratio of 75% local/independent to 25% national/chain. With respect to medium-sized resorts, this can vary from the 90/10 split evident at Beaver Creek, to the 75/25 split at Heavenly. The presence of locally owned/operated businesses is seen as a source of competitive advantage through the creation of a resort "personality" which is favored by visitors and locals alike. As such, it is a point of differentiation which should be assured by TOSV in support of economic vitality.

A purposeful degree of price point differentiation among the three nodes will be important to assure success for all three nodes and thus, the resort as a whole.

Conditions for Success in a Three Node Development Scenario

(Source: RRC/TCI)

- **Distinct Representation by Commercial Category** (e.g. Snowmass Center dominated by convenience functions)
- **Distinct Character by Nature of Target Operators** (more mainstream commercial in Base Village, wider variety and range of choice in Upper/West Village – e.g. eco-friendly/fair trade retailers and food & beverage service providers)
- **Complementary Price Points** designed to support the primary character/focus of each node, with Base Village at the upper end of the spectrum and the other two nodes offering greater range
- **Complementary Programming Schedule** that balances out events and activity between nodes, with particular attention paid to the relative level of attractions and performances occurring in the Base and Upper/West Villages
- **Complementary Branding and Positioning by Node**: Upper/West Village as the more "green," arts and culture centered place relative to the more mainstream tourist and recreational Base Village, Snowmass Center as the primary "village service/convenience center". Residents and visitors alike should know exactly which node to visit for a desired product, service or experience. Each "node" must become a distinct place in the minds of residents and visitors – all of which are necessary to the whole of TOSV.
- **Distribution of Major Non-Retail Anchors:** It will be particularly important to ensure that Base Village and the Upper/West Village offer distinct non-retail amenities that serve to differentiate the overall offering and experience. A world-class spa facility is one such attraction and would be best positioned within the Upper/West Village, providing a clear reason to visit.
- **Multi-Modal Connectivity**: Mix of trolley/shuttle bus, gondola, and perhaps people mover technology should be explored to minimize the required effort of traveling between the three nodes.

6. **Do we accept the "Performance Indicators" of occupancy, F&B, R, E $'s, capture, spend/person/day, rental pool participation and ADR as appropriate and sufficient? Do we understand the sensitivity and necessary limitation to ADR discussions and thus, our lack of ability to affect same?**

These Performance Indicators have been fundamental in the analysis of competitive activity, performance appraisal and economic modeling by us and by various industry experts in the past several years. They continue to seem appropriate analytical tools and benchmarks.

While agreeing with RRC's observations as to the importance of ADR and the opportunity for improvement, especially in the Summer and Shoulder seasons, the Committee is clear as to the limited role the MSE&GS Board plays in matters concerning ADR.

7. **Having reviewed the "Model", do we accept the RRC "Model" as an appropriate tool to "directionally" assess various options for performance parameters, lodging options and commercial variations?**

The RRC "Model" is similar in form to the Economic Model developed by EPS and utilized extensively in the analysis conducted in support of the Base Village PUD Review and Approval. While any such models are subject to limitations, they allow one to assess the various interdependencies within a resort economy under different assumed configurations and performance results. Importantly, they provide a baseline and a track of what various scenarios were seen to provide in terms of forecasted outcomes.

The RRC Model has not been fully harmonized with the past EPS work, the Comparative Demand Analysis (2003), the TOSV Baseline Economic Indicators (2001) and the State of the Community Report (2007) as to the underlying Performance Indicator assumptions/parameter values employed by the various analyses.

The RRC Model forecasts an F&B, R, E annual growth rate over ten years of 3.8% per annum, which is consistent with the Comparative Demand Analysis (2003) of 3.7% per annum. However, the above mentioned harmonization would be required before the RRC Model can be considered a fully vetted "directional" analytical tool.

8. What are the amenity, cultural and performing arts areas of opportunity?

9. What are the marketing and special events areas of opportunity?

Originally taken as two issues, it became apparent that both #8 and #9 have significant interdependencies.

First, we must have viable offers in both winter and summer. While winter focuses primarily towards on-mountain activities, an increasing demand for non-skier amenities is surfacing. Thus, a Performing Arts Center may offer performance options year-round, but outdoor venues should be provided for summer. Such outdoor venues might be a Fanny Hill “Amphitheatre” or various “small space” venues such as Aspen’s Paradise Corner and Boulder’s pedestrian malls.

Partnering presents opportunities across a wide range of partners and seasons. Existing entities such as Anderson Ranch, Aspen Music Festival and a world-class spa brand are potential partners. Perhaps, we could “invent” new partnering options such as a “notional” Snowmass Institute as a place of learning, networking and intellectual challenge. SkiCo is poised to become an “expanded” partner given current plans for on-mountain activities in summer. Our existing partnerships with Jazz Aspen Snowmass, Aspen Center for Environmental Studies (ACES), Aspen Film, and the Snowmass Village Rodeo provide opportunities for enhanced programming such as has been accomplished with JAS After Dark.

Special Event programming will continue to be a mainstay in our summer offer. However, it may be wise to consider a focus on quality, even if quantity is reduced in order to more effectively employ finite resources.

RRC advises that thought should be given to a resort’s “identity.” The Village Aspiration Statement reads, *“We wish to be seen by others as welcoming, dynamic, convenient and successful.”* This implies an overarching sense of diversity and inclusiveness across a range of offers, price points and audiences. Seasonal differences exist as well. Winter is a given. Snowmass is a ski resort with a unique, favorable mountain offering. Summer is more problematic. Its identity must be evolved, likely founded on outdoor activities/performances, renewed commercial offerings, pedestrian friendly mobility, partnering options and adjacency to Aspen.

It is re-affirmed that our participation within the Aspen/Snowmass umbrella provides opportunities to enhance Snowmass Village as a resort and community while maintaining a sense of place which is uniquely Snowmass.

Next Steps

As the last of the 10 Discussion Guide Issues, we addressed *"What's our Positioning Statement and which areas of opportunities identified above in 2b, 8 and 9 will we pursue? Who should "own" this pursuit (Point person, consultant, staff team and/or Committee/Board)?"* Upon reflection, it seems that these matters are mostly about "Next Steps" following on from the core of our Marketing Strategic Plan endeavors.

Our Positioning Statement is currently encompassed within the Village Aspiration Statement as agreed by the Town Council in 2002 as follows:

We aspire to be the leading multi-season, family-oriented mountain resort community.

We will do this by creating, marketing and delivering distinctive choices for fun, excitement, challenge, learning and togetherness. All this is done amidst our unique, natural splendor… as a part of a memorable Aspen/Snowmass experience. Further, we wish to be seen by others as welcoming, dynamic, convenient and successful.

We will always be responsible stewards of our environment, economy and society.

When successful, Snowmass Village will have achieved the quality of life and economic vitality that will assure our future as a sustainable resort community.

The MSE&GS Board recommends that the Village Aspiration Statement be amended as follows:

Add "inclusive" to the first sentence so as to read "We aspire to be the leading multi-season, family-oriented and inclusive mountain resort community." Inclusive bespeaks the diversity of offer and audiences the Strategic Plan work has deemed desirable.

Finally, the prioritization of opportunities to pursue, how and by whom, will be agreed by the MSE&GS Board, the Town Council, and/or the Town Manager, and will be included in the Marketing Strategic Plan when passed forward to the Town Council and Manager.