SUMMIT
MANAGEMENT CONSULTING

November 16, 2010

Mr. Jeff Daugherty; Mr. Alex Norton
Teton County Planning & Development Department
PO Box 1727; 200 S. Willow Street
Jackson, WY 83001

Dear Jeff and Alex,

This letter, and its attachments, constitute my response to the Request for Qualifications for services regarding the revision of the Jackson/Teton County Comprehensive Plan.

In my capacity as the owner of Summit Management Consulting, I am interested in providing the writing/editing services needed as part of the Comprehensive Plan revision process.

Regarding the five **Submittal Requirements**, these are addressed below and in the attachments.

1. **Relevant educational background in that service.**
   I hold a Bachelor's degree in Human Biology from Stanford University, and a Master's degree in Public and Private Management from Yale University. Both programs emphasized the importance of clear and concise written communication.

2. **Demonstrated expertise and experience in that service (if proposing to provide writing/editing services include a sample of past work).**
   For the past 15 years, I have written "Corpus Collosum," a bi-weekly column in the *Jackson Hole News&Guide* focusing on economic, social, and political issues related to Jackson Hole. Attached are the four most recent columns. The first three are a series discussing the just-passed Lodging Tax, which provide evidence of my ability to explain a complex subject in a manner which, while doing justice to the subject's intricacies, is also understandable to lay readers. The final column discusses the local economy, and gives examples of the sorts of graphics which I might produce to help further understanding of the Comprehensive Plan.

   As part of several consulting teams, I have also worked with a variety of individuals and organizations to produce, write, and edit studies and other documents capturing the essence of the task at hand. In most such cases, I have served as the lead writer or editor (examples include the two editions of the *Jackson Hole Almanac*, which I both wrote and edited).

3. **Three letters of reference, with contact information, from individuals who have personal knowledge of the individual or team's ability to successfully provide that service.**
   Please find attached letters of reference from:
   - Bill Collins
     I have worked with Mr. Collins on several consulting projects and proposals.
   - Thomas Dewell
     Mr. Dewell has been Corpus Collosum's primary editor for the past decade.
   - Jason Wilmot
     I have worked with Mr. Wilmot on Sustaining Jackson Hole, its accompanying publications, and several other projects.

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4. **A statement of availability to provide that service through contract period.**
I will be available during the entire contract period, regardless of whether the project lasts 6, 12, or 18 months.

5. **All members of the project team and designate which of the components of each service each member of the project team is expected to provide.**
I will provide all contracted services. There will be no other members of the team.

Regarding **Insurance and Indemnification**, as a sole proprietorship, Summit Management Consulting is not required to carry Workers Compensation nor any other type of insurance. If hired, Summit Management Consulting will fully indemnify Teton County and the Town of Jackson from any personal injury or property damage claims during the term of the contract.

Regarding **Local Knowledge**, through my endeavors over the past 20 years, I possess a singular understanding of the community's socio-economic, demographic, and political situations. In addition, I participated in both the 1994 and current Comp Plan public processes, provided input to earlier drafts of the current Comprehensive Plan revision and, through my Sustaining Jackson Hole effort, contributed some of the fundamental concepts found in the current draft of the plan.

Regarding **Conflicts of Interest**, neither I nor any of my ventures have any direct or indirect conflicts of interest with either the work being sought or the outcome of the comprehensive plan revision.

Thank you for considering my qualifications.

Very truly yours,

Jonathan Schechter

Jonathan Schechter

COLLINS PLANNING
• ASSOCIATES •

November 11, 2010

Re: Recommendation Letter
Jonathan Schechter

To Whom It May Concern

I am pleased to recommend Jonathan Schechter to assist the Town and County officials and staff in finalizing the draft comprehensive plan. Jonathan is responding specifically to the portion of a Request for Qualifications that seeks qualified writers to edit and complete the comprehensive plan and perhaps prepare a written summary. He will greatly enhance any efforts of others in the completion of the plan.

I have worked with Jonathan on a variety of projects over many years and several of the projects involved his writing skills. Jonathan was particularly helpful two - three years ago when he and I conducted a Housing Needs Assessment for Sublette County. This project required us to capture in a written report for the general population the complicated and nuanced results of a technical housing assessment. This project was a great success due in large part to Jonathan's help writing and presenting the final report. I am certain Jonathan will be an asset in wrapping up the final draft of the comprehensive plan.

I will be happy to provide any additional information that would help evaluate Jonathan's submittal.

Sincerely,

William E. Collins, AICP

740 EAST PEARL AVENUE, POST OFFICE BOX 7441, JACKSON, WY 83002
PHONE: (307) 690-4436 FAX: (307) 734-1029

Recommendation letter for Jonathan Schechter

Councilors and commissioners,

In writing this letter, I am not speaking for the Jackson Hole News&Guide, but only as valley citizen who has edited Jonathan Schechter's columns for a decade.

As you know, Jonathan has been studying the valley for years and advocating regularly for examining, measuring and adjusting how humans impact Jackson Hole. There aren't many people who understand Jackson Hole more.

He already has advanced the idea that for the Jackson-Teton County Comprehensive Plan to be successful, it cannot be merely a collection of platitudes. It must outline measurable goals the valley wants to achieve and offer a way to assess progress toward those ends. This is clear thinking.

Jonathan's experience would make him an effective facilitator and writer because he already has climbed a steep and long learning curve that faces anyone who attempts to understand the valley.

By hiring him, the town and county also would be adhering to their "buy local" mandate. Money paid to Jonathan for services would stay in the valley and not leave in the satchel of some Boulder-based consultant.

Perhaps the most attractive advantage of hiring Jonathan to work on the plan would be the buy-in you would get. Through his work on the project, he would have to be accountable to you and the community.

Thomas S Dewell

Thomas Dewell
11 November 2010

Northern Rockies Conservation Cooperative

Bridging Science & Policy to Advance Conservation

November 10, 2010

Teton County and the Town of Jackson
C/o of Teton County Planning and Development Department
PO Box 1727
200 S. Willow Street
Jackson, WY 83001

RE: RFQ, Professional writing/editing services to assist with final draft of the Comprehensive Plan.

Dear Teton County, Town of Jackson and Teton County Planning & Development Department,

I am writing to recommend that you employ Jonathan Schechter, Executive Director of the Charture Institute, to assist County and Town Planning staff in preparation of the final draft of the Comprehensive Plan. Jonathan is precisely qualified to fill your need for professional writing and editing services.

I have worked with Jonathan since 2003 on a number of partnership efforts in Teton County, including the multi-year Sustaining Jackson Hole (SJH) project. I and my team at NRCC have worked with Jonathan in great detail on many facets of SJH, including the neutral convening of area of interest working groups, and the publication of documents that integrated large volumes of information and perspectives on issues of high importance to this community. Our effort was designed to be highly responsive to public input, and through that engagement, to facilitate articulate expression of ideals for our community, and to identify ways to quantify and understand our progress toward those ideals in ways that are meaningful for the public. In one sense, our job was to provide tools to citizens, electeds, and professionals to enable respectful, thorough, and honest dialogue to help our community move through very complex interactions and issues.

Throughout, I have been impressed and very appreciative of Jonathan's ability to produce written documents that are focused, clear, and compelling. Jonathan really helped my team stay on track and keep our work and publications focused on the fundamental issues at play, and to represent those issues with our partners and the public in ways that were widely understood and useful. Jonathan's ability to capture complexity and represent that in a way that encouraged public participation on the most fundamental issues was critical to the success of our partnership in Sustaining Jackson Hole. On a professional level, Jonathan expanded my personal writing ability to articulate nuance, describe complexity in ways that got to the point, and deliver publications that were comprehensive in scope yet crisp in delivery.

I recommend that you peruse the document entitled *Sustaining Jackson Hole 2005-2006*. This publication includes the Jackson Hole Almanac 2006 and The Proceedings of the State of Our

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Community 2005 (SJH). It includes narrative descriptions of the purpose and processes involved in this work, as well as concise, easy to understand sections of background information, context, and data (including graphic representation of data in charts, diagrams and tables) related to each working group and set of interests. In particular, Jonathan is highly skilled at understanding and articulating the inter-relationships between varying and disparate public values at stake in Teton County. Jonathan has been a very active, informed, and fact-based participant and observer of local politics and issues in the area for many years, and his knowledge of local issues adds value to his fair representation of what is at stake in documents intended for public use.

It is clear to me that in all of Jonathan's interactions—whether in writing or public engagement—he is an honest broker of information, a facilitator of open and fair process, and a catalyst for people to think about things in fact-driven, meaningful, and articulate ways. He has proven to me again and again that he seeks to help this community understand itself better and to engage with each other based on data and through coherent, fair process.

I highly recommend that you hire Jonathan Schechter to provide professional writing/editing services to assist you with the completion of the final draft of the comprehensive plan. His experiences and skills are a great asset to Teton County and the Town of Jackson, and I encourage you to put those talents to further work on the immediate task of finalizing the Comprehensive Plan.

Thank you,

Jason Wilmot
Executive Director

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Jonathan Schechter – "Corpus Callosum" Column
***Jackson Hole News&Guide* – September 22, 2010**

In November, local voters will be asked to re-instate the lodging tax.

The lodging tax is levied on hotel rooms, short-term condo rentals, and the like, and a two percent lodging tax was in place from 1986 through 1994. Since then, Teton County's voters have thrice refused to re-authorize it, most recently in 1998. During the last year, however, local government's desire to replace funds they've had to cut – whether directly through lodging tax receipts, or indirectly through additional sales taxes paid by additional tourists – has put the lodging tax back into play.

My next two columns will go into the pros and cons of re-instituting a lodging tax. Today, however, I'll focus on the underlying reason for even considering the lodging tax: boosting local government's coffers.

Let's start with three basic facts.

First, this fiscal year the Town and County cut a collective $5 million from their operating budgets, roughly one-eighth of the combined total. Hence the interest in generating additional income, especially because sales taxes are local governments' single biggest source of revenue.

Second, the lodging tax is essentially a perfect tax, especially in an election year.

Why? Because nearly all of it is paid by tourists. Someone else pays; we benefit; the perfect tax.

Third, the lodging tax is a horribly inefficient way to raise money for local government.

By law, the purpose of the lodging tax is to promote tourism. To that end, state statute requires spending at least 60 percent of lodging tax proceeds on promotion. Another 30 percent can be spent on "visitor impact services," while the remaining 10 percent must go to local government.

Had a two percent lodging tax been in place during fiscal 2010, the Wyoming Department of Revenue estimates it would have generated $3.5 million. Do the math, and $2.1 million would have gone to tourism promotion, $1.05 million could have gone to support visitor impact services, and $350,000 would have gone to local government's operations.

Do a bit more math, and this means we would have needed a 28 percent lodging tax to fully offset this year's $5 million budget cut. That's a pretty inefficient way to raise $5 million.

Thankfully, things are both more complicated and more favorable than that. In particular, had the lodging tax been in place, the 30 percent earmarked for visitor impact services could have been used to offset the Town and County's contribution to START. In addition, some of the 60 percent could have been used to offset Town and County expenditures on things like the visitors center. So, a more realistic accounting would have around $2 million going to tourism promotion, and perhaps $1.5 million to local government operations. Do the math again, and this means we would have needed a 6 percent lodging tax to fully offset the $5 million cut from this years' combined budgets. Still not horribly efficient, but a lot better than 28 percent.

But efficiency is not the goal here. Nor is plugging the entire $5 million shortfall. If either were, there's a clear way to do it: Man up, take responsibility for our own actions, and generate $5 million by raising the sales tax by one-half percent. That would take local sales tax to 6.5 percent, or what Driggs currently levies.

It would also give local government complete control over all the tax raised, giving them the option to support – or not support – tourism to the degree they saw fit.

The annual cost to the typical Teton County resident? Assuming she didn't buy a car or build a house, around $25. This is because tourists would pay 40 to 50 percent of that $5 million, with local businesses, construction, car purchases, and big-spending residents accounting for the rest.

Local officials briefly considered raising the sales tax, but then rejected burdening local taxpayers in favor of burdening tourists. While this was politically shrewd, in my view it has two problems: one political, one intellectual.

The political problem is that it conflates two distinct issues: raising money for local government's coffers, and raising money to support the tourism industry. At a certain level, this is shrewd: Who could oppose having other people pay so we can benefit? However, it also runs the risk of alienating voters who might favor supporting local government, but won't do so because they oppose further promoting Jackson Hole. This is essentially what happened the last time the lodging tax came up for a vote, and it's not clear how much voter sentiment has changed. As a result, it took some political courage for the electeds to put the issue on the ballot.

The intellectual problem is that, conceptually, asking tourists to pay while we benefit is little different than the mindset that has led to our huge federal deficits. With the lodging tax, tourists will pay for what we enjoy today; with federal deficit spending, future generations will pay for what we enjoy today. Different scale, different rationale, same basic principle.

But the issue at hand is the lodging tax, not a sales tax. So why beat the dead sales tax horse? Two reasons. First, if local government revenues continue to deteriorate, some future group of electeds may decide to re-visit raising the sales tax rather than continue to cut spending.

Second, the local sales tax issue shines a light on a larger problem, a national political environment in which officials opt for easy political decisions while avoiding difficult fiscal ones. Politically, the results can't be argued with; fiscally, such political cowardice is running the country into a ditch.

The roots of this situation go back at least three decades. In 1978, Californians enacted Proposition 13, which put a cap on property taxes. At the time, property taxes were a key source of revenue for California; not coincidentally, at the time California's infrastructure – its roads, schools, public works, and the like – ranked among the nation's finest.

In the short run, California's state and local governments found it relatively easy to cope with Prop 13's revenue constrictions. Over time, however, the revenue knife wielded by Prop. 13 went from cutting fat to cutting meat to cutting into bone. As a result, California's infrastructure is now among the nation's worst; ditto its government finances.

But while fiscal problems take a while to manifest themselves, political expediency takes hold instantaneously. Prop. 13 catalyzed an anti-tax tsunami which helped sweep President Reagan into office, and he used his bully pulpit to convince Congress to cut taxes. However, while Reagan was a fabulous politician, fiscally he was a horrible leader, for his legacy has been decades of officials doing the politically easy thing – cutting taxes – without concomitantly doing the politically difficult thing – cutting spending (Bill Clinton being a notable exception).

The fiscal result of Reagan's "leadership" is the current budget mess; the political result is that raising taxes has become a third rail. In particular, since Reagan's time, not only has tax-cutting become the sine qua non of being a Republican, its political potency has intimidated all but the bravest of Democrats (and yes, I know that “brave Democrat” is pretty much an oxymoron).

Today, the only place where we seem to find bi-partisanship is in the area of fiscal- irresponsibility-cum-political-cowardice. This has created the economic equivalent of going on a 30 year bender and, as with any bender, once you get started, it’s awfully hard to stop. But facts is facts, and the net result of all this voodoo economics is that the US and many states are deeply in debt.

Why mention this? Because getting out of this 30 year bender-of-a-mess will require government to both take in more revenue (i.e. higher taxes) and spend less (i.e. cut programs). Yet as Schechter’s maxim points out, economics change faster than perceptions, and perceptions change faster than politics. Today, even though the economics of our fiscal mess are crystal clear, perceptions are only starting to catch up with reality. Worse still, it will likely take our political establishment another decade or so to summon the courage necessary to face this reality (you’ll know we’re getting close when some Republican suggests raising taxes and isn’t immediately pilloried for being a RINO).

Thankfully, both the Town of Jackson and Teton County have enjoyed prudent financial management and the courage necessary to make cuts. As a result, they’re in solid financial shape. But whacking one-eighth of the budget is not trivial, and should the trend continue, my concern is that, as was the case in California, we might wake someday to find ourselves having gone from cutting fat to cutting meat to cutting bone.

So our elected officials are right in seeking to raise revenues. And politically they did the smart thing in proposing the lodging tax. But I’m sorry more consideration wasn’t given to raising the sales tax because, until leaders at all levels point out tough realities and push through even tougher solutions, national and state finances will remain a mess.

In particular, if we as a nation ever want to de-voodoo our economics, we have to be willing to make sacrifices. Before making major sacrifices, though, we’ll first have to practice by making some minor ones. And that’s what increasing local sales taxes would have been: a minor sacrifice – trivial financially, but huge symbolically. Why? Because if a place as wealthy and broad-minded as Teton County needs additional revenues, yet isn’t willing to raise taxes by an average of $25/resident, how can we hope the nation will ever be willing to take the larger measures needed to put our financial house in order?

At this point of course, the issue is moot, for there is no sales tax increase on the table. Instead, in six weeks voters will decide whether to re-institute a lodging tax. In my next two columns, I’ll take a closer look at what that might mean.

Jonathan Schechter – "Corpus Callosum" Column
***Jackson Hole News&Guide* – October 6, 2010**

Sometimes I think I'm a "ready, aim, fire" guy living in a "ready, fire, aim" world.

Gerry Spence believes most people make decisions based on their emotions, and then use facts to justify their choices. This sure seems to be the case for most wildly-popular pundits, who possess a trait I sorely lack: the ability to instantly spew a strong reaction to anything that comes along, even if they know nothing about it. Cable news and the internet have unleashed packs of such hell-hounds upon the nation, and part of Jackson Hole's character comes from our cadre of "ready, fire, aim" residents.

But as I say, I ain't one of 'em. Instead, my typical knee-jerk reaction is to want to explore both sides of an issue before reaching a conclusion. Hence this column, which is essentially a bi-weekly exercise in sorting through something that interests me. And while I enjoy these explorations, I also realize my measured approach will never bring a large readership.

I mention this because today and in my next column, I want to apply my "look at the facts" approach to the lodging tax, this election's hot-button issue. Because the tax is a complex issue, today I'll focus on analyzing the available facts, then use my next piece to offer conclusions.

Both the tax's proponents and opponents care deeply about the issue, and both are making impassioned arguments to persuade voters. However, because I suspect most people see the lodging tax as something other than a black-and-white issue, I offer this analysis.

As I suggest, my point of departure is facts. Unfortunately, there are surprisingly few solid facts to draw on about the lodging tax. Worse still, sometimes advocates shade the facts which do exist to bolster their respective cases.

For example, proponents point out that 2,000 jobs have been lost in the last two years. This is true. Where things get sketchy, though, is implying the lodging tax will address that issue.

The unstated logic seems to be that the lodging tax will result in more promotion, which will result in more tourism, which will result in more jobs. Even if this occurs, it won't happen for quite a while. More importantly, the argument assumes a job is a job, which is clearly not the case. In particular, the plurality of lost jobs have been in construction and development, which pay on the order of $900/week. Those jobs are basically gone for good, and even if tourism-related jobs were available, it's not clear that a carpenter or architect would want to take them – the latest data show the average tourism job pays 40 percent less than the average construction job.

Opponents' arguments can be similarly slippery. For instance, a recent letter to the editor suggested the lodging tax will result in more tourists, which will in turn make our traffic congestion worse. While this may be true, far more relevant is the fact that, over the past 15 year, our traffic problems have grown while tourism has stagnated. Why? Because our congestion problems are almost exclusively a function of our increased population, and there's no correlation between tourism promotion and population growth.

In such an environment, how's a "ready, aim, fire" guy supposed to make sense of the lodging tax? I started with two clusters of facts.

The first cluster regards the lodging tax's mechanics, in particular the fact that the tax is a hybrid, trying to accomplish two goals simultaneously.

One of the lodging tax's two goals is to boost local government's revenues. This year, due to a decline in sales taxes and other revenues, the town and county whacked $5 million out of their combined $41 million operating budgets. To recoup some of that, electeds want voters to reinstate the lodging tax, which has been dormant since 1994. If reinstated, the tax will put $1.5 million or more annually into local government coffers; not as much as was cut, but better than nothing. In addition, should the lodging tax help grow our tourism economy, government revenues would get a further bump from taxable sales increases.

The lodging tax's other goal is to raise money to promote tourism. By law, 60 percent of the tax's proceeds must be spent on promotion, which equates to $2 million or more per year. This is what makes the lodging tax such a hot-button – proponents have two million reasons for wanting it to pass, while opponents feel all that promotion will harm the valley's quality of life.

Both groups also see further consequences for the overall community, with advocates focusing on positive ones (e.g. the possibility of a stronger and more stable overall economy), and opponents focusing on negative ones (e.g. the possibility of greater demands for services, and therefore greater costs for local government). All these are just claims, though – none can be proven.

The second cluster of facts involves the data available for evaluating the tax's potential consequences. Broadly speaking, two types of publicly-available data relate to the tourism economy: the number of tourists visiting Jackson Hole, and taxable sales.

We have three ways of counting how many tourists visit Jackson Hole: national park visitation, skier days, and airport enplanements. On the dollar side, four taxable sales categories relate to tourism: total taxable sales, adjusted retail sales, lodging, and restaurants. Each of these measures is somewhat problematic, but we can make all of them work.

To do that though, we first need to make sense of the data. For starters, it's useful to divide the year into the three seasons which coincide with the tourism economy's peaks and valleys: summer (June-September), winter (December-March), and shoulders (April, May, October, and November).

It's also necessary to adjust taxable sales data to reflect when a sale occurs rather than when it's reported by the state (a lag of two months).

Finally, before trying to do any kind of analysis, it's important to know that, in 1993, both Grand Teton and Yellowstone changed the way they count visitors. As a result, it's impossible to compare national park visitation levels from before 1993 to those since.

This change in methodology is important because the lodging tax was in place between 1987 and 1994, a period which included both the 1988 Yellowstone fires and the counting change. As a result, using publicly-available data, it's almost impossible to say how effective lodging tax-funded promotion was when the tax was in place.

Given all this, what can we say? To answer this question, I analyzed the tourism and taxable sales data from 1993-2009, looking for relationships between the two. My goal? Assuming that more promotion will lead to more tourism, which will lead to more taxable sales, I wanted to know what links exist between tourism and our taxable economy. I also wanted to understand how strong those links were. After spending ridiculous amounts of time looking at the data, I reached five major conclusions.

First, between them, the tourism-related categories of retail, lodging, and restaurants account for roughly 60 percent of total taxable sales. The take-away? Tourism appears to be very important to our taxable economy.

That noted, the operative word is “appears” – tourists are not the only folks buying taxable stuff. It’s also very important to not confuse our taxable economy with our total economy, for taxable sales account for only around of one-quarter of Teton County’s total economic activity. However, for two reasons, sales taxes receive a disproportionate focus: they are the only publicly-available economic measure reported every month, and they account for the majority of local government’s revenues. As a result, taxable sales serve as a proxy – albeit a highly-flawed proxy – for the entire economy.

Second, roughly speaking, half of all taxable sales occur during the four summer months, while winter and the shoulder seasons each account for about a quarter. I’ll repeat this latter point, for it’s wildly counter-intuitive: The four winter months of December, January, February, and March account for roughly the same amount of taxable sales as do the four shoulder season months of April, May, October, and November. This is despite the fact that winter brings tens of thousands of tourists, while the shoulder seasons bring little more than mud and gloom.

Third, visits to Grand Teton and Yellowstone national parks have no statistically-meaningful correlation with Teton County’s taxable economy.

Put into plain English, this means that, even if you knew how many people were going to visit Grand Teton or Yellowstone next year, you couldn’t predict Teton County’s taxable sales. If park visitation goes up, sales might go up too. Or they might go down. Or they might stay flat. There’s just no way to tell.

It doesn’t matter which data you look at: visitors to Grand Teton, Yellowstone or both; year-round visitors or just those in the summer; total sales, or just retail, lodging, or restaurants. No matter how you slice it, there’s just no meaningful statistical relationship between the number of people who visit the local national parks and the performance of the valley’s taxable economy.

This, too, is wildly counter-intuitive, especially for tourism-dependent businesses. However, taking the community-wide perspective, it’s what the data show.

The clearest example of this disconnect occurred in 2009, when both Yellowstone and Grand Teton saw huge jumps in their visitation, yet taxable sales fell nearly 15 percent. But the only thing that distinguished 2009 from earlier years was the magnitude of the disconnect. between park visits and taxable sales.

Fourth, except during the shoulder seasons, a clear statistical correlation exists between enplanements and lodging revenues. The point here is that if you want to fill hotel rooms, fill airplane seats.

Fifth, the only season in which a statistically-significant link exists between tourism counts and overall taxable sales is winter, when there’s a statistically-significant correlation between skier days and each of the three largest categories of winter taxable sales: total, retail, and lodging.

Big picture, I found the lack of connection between visits and taxable sales fascinating in a “dog that didn’t bark” sense. I went into the exercise expecting to find close correlations between tourism and taxable sales. However, with the exception of winter activity, those correlations simply don’t exist. To me, this suggests that, for the overall community, the consequences of the lodging tax’s passage or failure will be far less dramatic than either proponents or opponents will have us believe.

But you know what I found even more interesting? If you want to accurately predict Teton County’s taxable sales – whether total, retail, or lodging – a far more powerful indicator than tourism measures is Teton County’s population. Simply put, our taxable economy has grown along with our population.

And you know what's most fascinating of all? The single best indicator I can find to predict Teton County's taxable sales is residents' per capita income. Per capita income is such a powerful indicator that it holds predictive value for not just total sales, but for retail, lodging, and restaurant sales as well. It's also a good predictor of enplanements. And it works not just year-round, but for the summer, winter, and shoulder seasons too.

My conclusion? For the past 20 years, Teton County's growth industry has been growth itself, particularly growth in our well-to-do population. This "industry" has treated us very, very well, but it's also an industry we know very little about.

What does this have to do with the lodging tax? Just this. If growth has been our growth engine, and if growth has slowed down, now's a good time to ask whether we want to continue hanging our economic hat on growth, or instead look to something different. And if we decide the latter, we need to figure out what that something is. If it's tourism, the lodging tax's $2 million/year might provide a catalyst toward that new future. Or it might not. I'll explore that question in my next column.

Jonathan Schechter – "Corpus Callosum" Column
***Jackson Hole News&Guide* – October 20, 2010**

"What is hateful to thyself do not do to another. That is the whole Law, the rest is Commentary."
– Rabbi Hillel

As I see it, the lodging tax is a question of faith.

Two questions, actually:

- A joint powers board will control the bulk of the lodging tax funds. Do I have faith that the town council and county commissioners will appoint forward-looking people to that board?
- Do I have faith that those individuals will use the lodging tax proceeds to catalyze Jackson Hole into tourism's 21st century?

In both cases, I've concluded "yes." As a result, I'm voting for the lodging tax.

I'm doing so because I believe that, if used properly, the lodging tax proceeds hold the potential to bring about two very important results:

- allow Jackson Hole to move beyond its current 20th century approach toward tourism and, in its place, create an innovative 21st century approach, one that can become the standard for the world; and
- alter the current situation so that, instead of viewed as being at odds with one other, tourism and the community's overall values are closely aligned.

Whether this promise can be fulfilled isn't clear. But in my view, the potential upside is so very high that the measure is worth trying. Similarly, the potential downsides of passing the lodging tax (e.g. additional crowding, overtaxing our infrastructure, and the like) is relatively small.

As a result, I'm willing to make a leap of faith and vote "yes." And if my faith is betrayed – if the lodging tax's proceeds are used to simply re-enforce the status quo instead of catalyze the future – then I'll vote against its re-authorization four years from now.

So that's what I'm doing. Tipping my hat to Rabbi Hillel, the rest of this column is commentary.

The Lodging Tax's mechanics

There are five fundamentals to the lodging tax.

1. If enacted, a two percent tax will be added to all transient lodging. This includes hotels, motels, short-term condos, dude ranches, and the like.
2. If enacted, the tax will go into effect on January 1, 2011, and be in place for four years. In November 2014, voters will be asked to re-authorize it. If they do not, it will stop being levied on December 31, 2014.
3. 60 percent of the tax proceeds must be used to promote the Jackson Hole area. 30 percent may be used to pay for "visitor impact services" such as the START bus, and the remaining 10 percent goes into local government's general fund.
4. Had the lodging tax been in place during the fiscal year ending June 30, 2010, it would have raised an estimated $3.5 million: $2.1 million for promotion; $1.05 million for "visitor impact services," and $350,000 for general government operations.
5. If enacted, decisions on how to spend the 30 and 10 percent portions of the lodging tax will be made by the town council and county commission. A joint powers board appointed by the council and commissioners will decide how to spend the 60 percent portion. A majority of the joint powers board's members must work in the tourism industry.

Much of the confusion surrounding the lodging tax stems from the fact that it has two facets: It will put more money into funding local government, and it will create a new source of funding for promoting the valley. As evidenced by the recent SPET elections, voters favor putting more money into local government and related services. I'm guessing this willingness to fund local government holds especially true when it's someone else's money, for almost all of the lodging tax will be paid by tourists. However, as evidenced by the lodging tax's failure the last three times it was on the ballot, increasing promotion is much more controversial.

Money for local government

Let's look first at the government facet of the lodging tax.

In the context of local government expenditures, the $350,000 which would go into local government coffers doesn't amount to much, around 1 percent of this year's combined operating budgets for the town and county, and around 7 percent of the amount the town and county whacked from their collective FY 2010 budgets.

But this $350,000 can be boosted if part of the lodging tax proceeds are used to offset money the town and county currently spend to support visitor-related services.

How much might be available? All of the 30 percent could go toward offsetting money currently spent on START operations, pathways maintenance, and other related activities. In addition, part of the 60 percent could offset the money currently given to the Chamber of Commerce for its operations, adding another $300,000 to the mix. (Table 1)

Add these sources together, and the lodging tax could generate as much as $2,000,000 for local government to spend elsewhere. (Table 2) This isn't a ton of money – only around 6 percent of the combined county and town budgets for this year, or 40 percent of what they had to cut from last year's budgets. However, it's better than nothing.

Whether it's $350,000, $2 million, or something in-between, the important question is: "How will that additional revenue be spent?" Basically, proponents are asking voters to trust the government to spend it wisely, a lot to ask in such a virulently anti-government election year.

Because of that trust issue, I think the tax's proponents in local government made a tactical mistake by not giving voters a sense of what they might do with the money should the lodging tax pass. They also made a mistake in not giving voters a sense of what criteria they would use to select joint powers board officials, for those are the folks who will decide how to spend the 60 percent (including money the electeds hope will go to funding the Chamber's visitor services efforts). Had those two issues been addressed, it would have gone some distance toward addressing the trust issue.

But they weren't, so voters have to decide whether local government can be trusted to be good stewards of this new revenue, and to appoint thoughtful people to the joint powers board. In my view, local government has earned this trust, so I'm relatively sanguine about the governmental facet of the lodging tax.

Money for promotion

This is the trickier facet, for underlying it are three linked assumptions:

1. More money for promotion will result in more and/or "better" tourists,
2. More and/or "better" tourists will result in a stronger tourism economy.
3. A stronger tourism economy will benefit the entire community.

In my last column, I addressed the second assumption, and on this the data are clear: With the exception of skier days and the winter economy, there's no statistically-significant link between the total number of tourists visiting Jackson Hole and our taxable sales. Or population growth. Or traffic. Or any other growth-related measure. This finding may or may not be true for individual businesses, but it's unarguably true for the overall community.

The third assumption proved to be the Achilles' heel of the lodging tax the last three times it was brought to a vote. A majority of voters didn't see how improving the tourism economy would improve their own lives, so they voted it down. And given that our economy has become even less dependent on tourism during the last 15 years, I'm sure that disconnect remains. For example, improving the tourism economy won't improve our clearly-suffering building trades. Nor will it necessarily make life better for those reliant on investment income.

Overcoming this disconnect is a big challenge for lodging tax proponents. Making things easier for them is the fact that one of the big arguments from the last election – that tourism promotion leads to rapid population growth – has been shown to be untrue. However, because the vast majority of Teton County's economy is, at best, only indirectly linked to tourism, most residents will not see a clear cause-and-effect improvement in their lives if the tourism economy improves. This reality is a fertile medium for those opposing the tax, particularly those arguing that more tourists will lead to more crowds and an overall degradation of our quality of life.

I have a problem with that argument, though, for the simple reality is that things can't get too much more crowded in the summer. In addition, we certainly have the capacity to handle more tourists during the non-summer months. Similarly, I disagree with those who argue that if we vote down the tax, we can then go to the Wyoming Legislature and say "change the law to allow us to spend the entire lodging tax as we see fit." To me, that approach will never succeed, for one need not be a connoisseur of hypocrisy to appreciate that the same legislators who scream that the feds should give them more local control are utterly unwilling to cede any power to cities and counties.

So the question facing voters is whether to support the "half-a-loaf" solution that is the current tax – realistically, it's just not going to get any better. Wrestling with that led me to question the first of the three assumptions: Will additional promotional dollars actually produce more tourists?

According to my research, the answer is "depends." There are two reasons for this. First, $2 million is not a lot of money to spend on promotion. For example, according to a recent *News&Guide* article, the Terra Resort Group alone spends $1.3 million annually on marketing just its three hotels. So while $2 million sounds like a lot to you and me, in the marketing world, it ain't necessarily so.

Second, even if we do spend $2 million on promotion, there's no guarantee of results. We could spend that money and get more tourists and/or higher-spending tourists. Or we could see very little difference. There's no way to predict.

This is because the key to a successful campaign promoting Jackson Hole will be how that money is spent, which in turn will be a function of two things: who is on the joint powers board, and what they try to accomplish.

Who is on the joint powers board is the lesser concern, for even if certain members are disasters, they can be replaced when their terms expire. Here again, though, It would be have been helpful had the electeds given voters a pre-election sense of what their selection criteria would be.

Far, far more important is what the joint powers board is trying to accomplish.

This is the real crux of the issue, and if the lodging tax is defeated, it will be because proponents never provided a satisfactory explanation of what it is they want to promote, how they plan to do it, or why it's important.

Marketing professionals I've spoken with are clear that, in order to succeed, a promotional effort must be part of a larger strategic plan. If it's not, you're essentially throwing money away, especially because there'll be no standard against which to measure the success of the promotional effort.

However, as far as I know, no strategic plan exists for marketing Jackson Hole. For individual resorts, seasons, or properties, yes. But for the valley as a whole, no. Yet that's exactly what the lodging tax proceeds are intended be used for: to promote Jackson Hole. However, not only is there is no strategy for promoting Jackson Hole, there hasn't been any discussion of one. As a result, the lodging tax has become a Rorschach blot, a pool of money on which one person or interest group rests their fondest hopes, while another sees their deepest fears.

If the tax passes, the community will have $1.5 million or more each year to spend on promoting ourselves. But looming out there is the question of what we will be promoting. And although they've not said it this way, my sense is the opponents' greatest fear is that we'll simply spend the money to do more of the same, namely bringing even more tourists here. And while that might improve the fortunes of individual business owners, opponents would argue that it won't do much for the community as a whole, likely hurting us more than it would help. And without a clear strategic plan, they might just be right.

Let's call the opponents' fear the 20th century view of tourism, one in which some businesses clearly win, some individuals clearly lose, and whether the community as a whole wins or loses depends on your stake in the tourism economy.

But I think there's another way of viewing what the lodging tax might do for us. From this perspective – call it 21st century tourism – the promotional money can serve to catalyze us to pursue an economy which is not the win-lose of the 20th century model, but one which more directly connects Jackson Hole's tourism industry with the community's overall values.

In this construct, 20th century tourism emphasizes quantity over quality. Bringing in more tourists puts money into the pockets of those in the tourism industry, but only indirectly benefits the rest of the community.

What if, however, we could focus on quality rather than quantity? What if the community dog could wag the tourism tail? This is the 21st century model of tourism, and while no resort community has fully developed it, no place is better suited to bring it to fruition than Jackson Hole.

This leads into the real opportunity at hand: Setting the international standard for the future of tourism. 21st century tourism will be rooted in eco-tourism of course, but will extend to involve all aspects of the community, creating a situation where tourism and the local quality of life complement each another instead of being at odds.

How might 21st century tourism work? As I say, no one's figured it out yet, but here's an example of how it would differ from the 20th century model.

Currently, planes flying in and out of the Jackson Hole airport – whether commercial or private – create damage without paying for it. This is because their noise disrupts the national park experience, and their greenhouse gasses contribute to the many global-warming related problems facing our national parks and forests.

The 20th century tourism approach to this problem is for Jackson Hole to simply accept the damage, and hope it will somehow be offset – however indirectly – by tourism's economic benefits. This trade-off mentality is so deeply ingrained that it's not even questioned by any of the three bodies with power to address it: Grand Teton National Park, the airport board, or the elected officials who appoint airport board members. Instead, all are implicitly content to accept that noise pollution and adding to global warming are part of the price of promoting the valley's tourism economy.

A 21st century approach would be to say "we don't have to trade off environmental health for economic health." True, short of closing the airport, there's not much we can do about airplane noise pollution – we need to look to plane manufacturers and federal regulations for that. But what we can do is require every plane flying into or out of the Jackson Hole airport to offset at least 100 percent of its carbon emissions.

Conceptually, requiring offsets is no different than the lodging tax: customers pay a fee, the proceeds from which are earmarked for a particular purpose. Further, the cost of an offset is similarly small: one to two percent of the overall cost.

But the benefits of offsetting all flights would be far greater than anything possible through the lodging tax, because if we hurried up and enacted the idea, we could lay claim to being the world's first carbon-neutral airport. This, in turn, would create three huge benefits: p.r. value far greater than any publicity we could buy; a clear message to every person flying here (including the world's finance ministers every August) that environmental stewardship is integral to Jackson Hole; and establishing a model for similar community programs.

By doing this, we'd not just continue to enjoy the economic benefits resulting from our air service, but enjoy them in a way that enhanced the environmental health critical to the long-term health of our tourism economy.

We'd also take the first step toward coming up with a "Jackson Hole standard," a method by which resort communities worldwide could assess themselves. And with that, we'd also be laying the foundation for a strategic economic plan for Jackson Hole, one which would make the mission of the joint powers board crystal clear: promote the fact that Jackson Hole offers a remarkable experience to its visitors because it offers a remarkable experience to its residents.

So for me, this is the opportunity presented by the lodging tax – it can become the catalyst to help us think strategically about the future of not just our economy, but how we can more closely integrate our economy with the community's overall values. In a certain sense, this is what we're trying to do with land use and the comprehensive plan; arguably, having an economic strategy is at least as important to the community's future as having a land use strategy.

So I'll vote "yes" on the lodging tax, on the hope that the moral obligation to wisely spend millions each year on promotion will force us to finally take a pro-active approach to our economic future. And while there's clearly a chance we'll squander the opportunity, I don't see anything else out there which holds a similar potential to galvanize our thinking. Otherwise we'll just continue to be reactive and, if we do, miss a golden opportunity to become the world's leader in linking our tourism to the broadest measures of community vitality.

And if we simply use the lodging tax to promote tourism as usual? Well, we can always vote the tax down again in four years. But to me, the upside of having a $2 million annual catalyst to help propel us into the future easily trumps the risk of spending a relatively modest amount to preserve the past. After all the time I've spent thinking about the issue, I certainly I hope I'm right.

Table 1 **Local Government Expenditures** **That Could Be Offset By Lodging Tax Proceeds**			
Amount spend by local government on:	**FY 2009**	**FY 2010**	**FY 2011**
START operations	$820,000	$400,000	$400,000
Pathways	$130,000	$132,000	$118,000
Chamber of Commerce	$413,000	$384,000	$327,000
Total	$1,363,000	$916,000	$845,000

Table 2 **Possible Allocations of Lodging Tax** *(Based on WY Dept. of Revenue estimate* *that a 2 percent lodging tax would have raised $3.5 million in FY 2010)*					
Use		**Amount (sub-total)**	**Amount (total)**	**% of $3.5 million total**	**Notes**
10% for local government general fund			$350,000	10%	
30% for "visitor-impact services," including...	*START operations*	*$800,000*		*23%*	*Restore to 2009 level*
	Pathways operations & maintenance	*$250,000*		*7%*	*Provide for operations + "high level" of routine maintenance*
	Sub-total	$1,050,000	$1,050,000	30%	
60% for promotion, of which...	*Offset local government support for Chamber of Commerce*	*$400,000*		*11%*	*Restore to 2009 level*
	Promote alternative transportation	*$100,000*		*3%*	*Encourage START ridership & pathway use*
	Other	*$1,600,000*		*46%*	*Spend on 21st century promotion*
	Sub-total	$2,100,000	$2,100,000	60%	
Total			$3,500,000	100%	

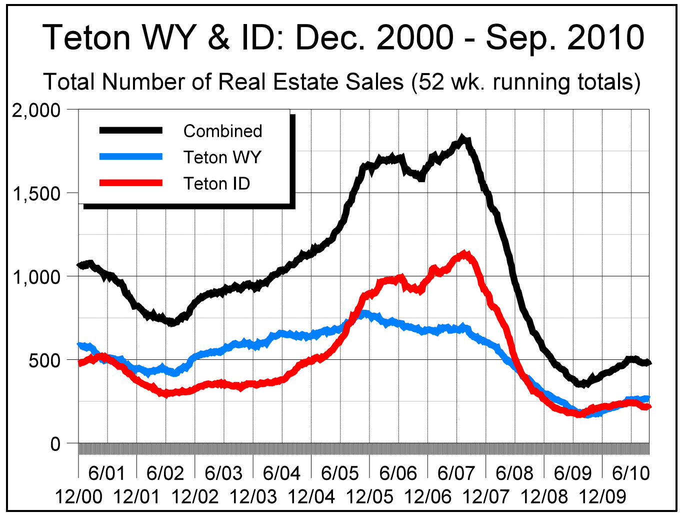
Jonathan Schechter – "Corpus Callosum" Column
***Jackson Hole News&Guide* – November 3, 2010**

Yesterday was the election, one which ostensibly revolved around the economy and jobs. I say "ostensibly" because, as with most elections, lurking underneath the ostensible reason is an effort by both parties – fully aided and abetted by the media – to bring voters to the polls not by laying out a coherent vision of the future, but by whipping up fear and anger. The proximate cause of that fear and anger is far less important than the mere fact of whipping it up, for high-minded policy discussions rarely draw people to the polls (or economics columns in newspapers, for that matter).

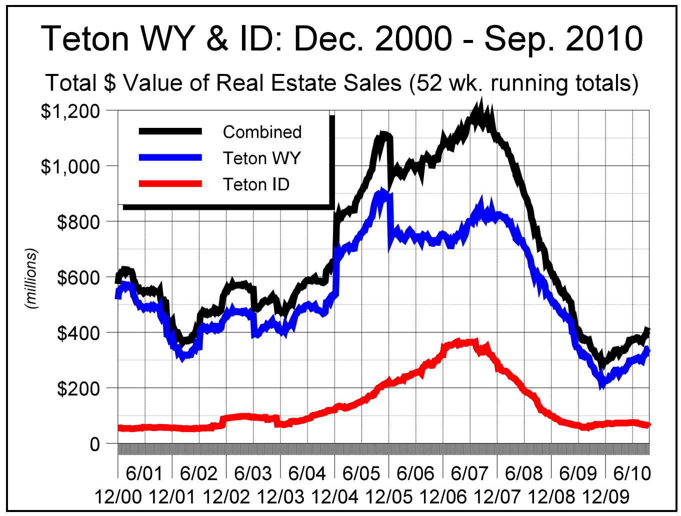
This year, the proximate cause happened to be a lousy national economy and messy jobs situation. But in response to that mess, what did we get? The same-old same-old. From the Republicans, it was a combination of astonishingly simple-minded platitudes on the constitution and thinly-veiled variations of the same philosophies and programs that got us into the mess. The Democrats countered with their usual combination of spinelessness and message incoherence, best captured by a recent headline in *The Onion*: "Democrats: 'If We're Gonna Lose, Let's Go Down Running Away From Every Legislative Accomplishment We've Made.'"

Meanwhile, grids continue to be locked, the economy continues to stagger. In response, the only effective economic stimulus coming out of Washington seems to be courtesy of the Supreme Court which, in equating money and corporations which speech and individuals, has given rise to a huge increase in attack ads. In the future, historians and satirists will have a field day with this era, while our children will be forced to deal with the consequences of our politics having become seriously unmoored from reality.

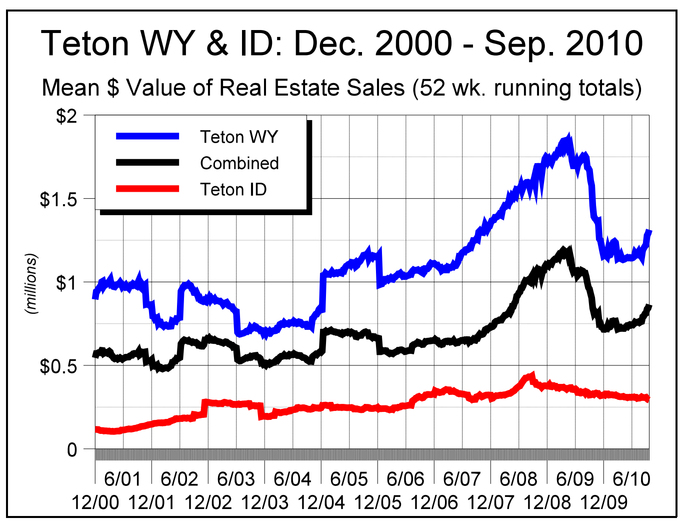
Locally, what's going on with the economy? Earlier this year, I debuted an occasional series examining snapshot indicators of the local economy. In creating it, I concluded there are only three worthwhile indicators; i.e. indicators which are both meaningful and timely: real estate sales, sales tax collections, and column inches of classified ads in the *Jackson Hole News&Guide*. It's been a few months since I last examined them, and a few days ago I was caught off-guard by someone in the grocery store who asked:



Graph 1



Graph 2



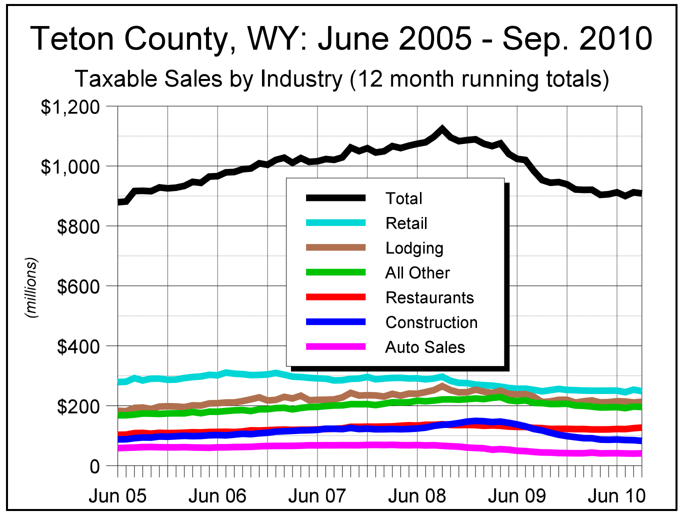
Graph 3

"How's it going with your call that the real estate market has hit bottom?" Not having a ready answer, I return to those indicators for today's column.

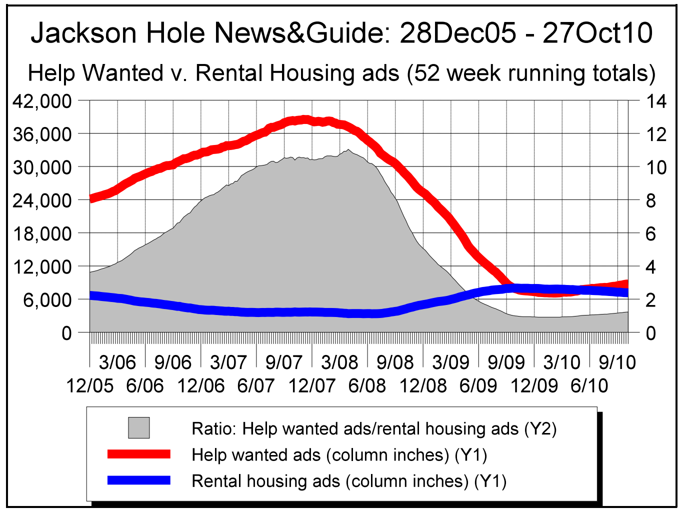
As it turns out, my call that the real estate market hit bottom around a year ago continues to look pretty good. As Graphs 1-3 show, in both Teton counties, the number of sales and total dollar volume of sales bottomed out last fall, and have shown slight increases since. Nothing of note, but at least the decline has stopped and shows no signs of returning.

This is particularly true for Teton Wyoming, where sales numbers and prices have clearly rebounded, particularly at the high end. Not to previous levels – Teton Wyoming is not even close, and it will be a long, long time before Teton Idaho awakens from the nightmare it created for itself by thinking supply-and-demand would never catch up with their decade-long over-building fantasy. But on the positive side, at least the free-fall is over, and both sides of the hill can start thinking about a "new normal."

Teton Wyoming's sales tax revenues also continue to be stable, with all major categories except construction having stayed more-or-less flat for the past 9 months or so. (Graph 4) The good news is that the non-construction sectors seem to be showing enough life to overcome construction's woes. However, construction is in such a world of hurt that it could still drag the rest of the economy down should other spending categories start to stumble. So while it appears things have more-or-less stabilized overall, we are still vulnerable to withdrawal symptoms from having become so addicted to construction over the past decade. And this applies much more strongly to the Teton Valley than it does to Jackson Hole.



Graph 4



Graph 5

Classified ad data are similarly not awful. Newspapers may be a dying industry nationally, but locally help wanted ads have been rebounding for around six months. Similarly, rental housing ads have been in slight decline, adding further evidence to the argument for a stabilization of the real estate market. (Graph 5) Create a ratio of column inches of help wanted ads divided by those of rental housing ads, and there's clear – subtle, yet clear – evidence of a local economy which has stabilized and is likely slowly growing again.