

To: House Committee on Natural Resources, Fish and Wildlife

From: William P. Wolfe, 15 Mountain View Road, Chittenden, VT 05737

Date: January 30, 2020

Subject: Act 250 Reform - Historical information regarding Mountain Top Inn ownership and management

I have not been actively involved in the various issues that Kathy Hall of Chittenden Town has raised in her recent letter to the House Committee on Natural Resources, Fish and Wildlife regarding Mountain Top Inn's activities or the Vermont state agencies, appointed or elected governmental individuals, so I will not address these points, per se. I expect that this process will proceed according to Vermont laws, rules and regulations.

Rather, given my 75 years involvement at Mountain Top Inn, I thought it could be helpful if I provided some historical input into the discussion of Mountain Top Inn's role relative to area house rental and in the Town of Chittenden's community. Therefore, I have written below a history of my family's involvement in Mountain Top Inn over the last 75 years as I thought it might be of value to those considering current Mountain Top Inn Act 250 private residence home rental issues.

In 1945 my father, William Wolfe, purchased the Mountain Top Tavern from the Barstow family with the plan to develop it into Mountain Top Inn (MTI), a resort hotel. Over the last 75 years, I have been involved in MTI, first as a young child traveling to Chittenden on weekends with my father, who worked nearly 40 years to develop the Inn into one of Vermont's leading resort hotels.

In the summer of 1953, I was MTI's "beach boy", responsible for maintaining the lakefront beach, fishing and boating activities and guest food services. Later, I worked in the Inn's kitchen and various other capacities during school vacations. In 1955, I had the honor of meeting President Dwight D. Eisenhower when he visited Rutland, Vermont and stayed at Mountain Top Inn, where my grandfather, Alfred Dion, was the Manager.

In the 1950's, my family operated MTI as a winter resort with ski tows on the mountain, and with Vermont ski legend, Wendy Cram, as its instructor. Winter operations were later discontinued but in 1964, when returning to the US from an American Peace Corps assignment in Pakistan and Bangladesh where I drilled water irrigation wells in the Punjab desert, my father asked me if I would join him and re-open the Inn as a winter resort with both downhill and XC-skiing. I agreed and returned to Vermont where I hired staff, winterized and opened the Inn and cleared a ski slope serviced by a small T-bar lift located below the Inn's current swimming pool. I also started Vermont's first of XC ski trails system on the Inn's property, with the assistance of the Austrian Consul, an avid XC-skier. In later years this was expanded to 110 km of trails on MTI and National Forest lands, with XC-skiing's first snow-making and state-of-the-art trail grooming, under the direction of Mike Gallagher, a local Vermonter and three-time US Olympic skier and US XC-ski team coach. MTI became one of the USA's leading XC-skiing facilities utilizing Inn and National Forest land and trails with Bill Koch, a Vermonter and World Cup Champion, leading our training clinics.

In November 1966 I left MTI to pursue an international career which developed into responsibility for 3M Company's Human Resources for its 50 international subsidiaries and 35,000 employees and 3M Company's Compensation, Benefits and Systems for its 80,000 employees world-wide.

My father continued to develop the business at the Inn while always working to maintain its natural setting and beauty, promoting the sharing of this land and Inn with others who would visit the Inn, and providing good employment opportunities and income for Vermonters. He also established the Inn tradition of support to the Chittenden community.

After the Inn's main building (the original barn) burned to the ground in a fire in 1977, Inn operations were resumed using the "South Wing" rooms building by providing guest dining services using the "Farmhouse" located up the road near the current XC Ski Center. In the following years after securing additional loan funds, the inadequately insured main building was rebuilt by my father and brother-in-law, Bud McLaughlin.

Following the death of my father, I resigned from 3M Company in 1985 and returned to Vermont as General Manager of MTI. I did this to work to strengthen and further develop the Inn as a viable business, which had become difficult during my father's extended illness. In 1986, after completing appropriate Act 250 requirements, my wife and I built our home for us on a lot near the Inn, which we still own, and have enjoyed for more than 30 years.

During the 1970-1995 period, we developed the Inn into one of the most successful four-season resort hotels in Vermont and New England, developed approximately 25 lots for home construction (with important natural resources and environmental caveats) and worked with environmental agencies and the Vermont EPA to comply with established Act 250 requirements and permitting. We also rented the homes of some owners, if they desired when they were not there, which many appreciated to assist with their house maintenance costs and their significant real estate taxes.

In the late 1980's we had purchased and planned to develop several hundred acres of land below the Inn off Mountain Top Road, for a golf course and vacation residences. This, of course, involved Act 250 so we engaged the former head of the Vermont EPA agency to ensure our compliance. In 1988, after investing \$900,000 in land, plans and pre-permitting expenses, our bank, Dartmouth National Bank, failed and we could not continue the planned project. As a result, we incurred substantial costs and income taxes on the outstanding balance of the Dartmouth National Bank loan.

Unable to secure further financing for the Inn's development, we decided in 1995 to sell MTI to a hotel company with several other US properties and hoped that their experience and financial strength would allow Mountain Top Inn to continue to develop and improve. We were sadly disappointed when we observed the decisions and operating mistakes made by the new owners (Gehans), which resulted in the Inn's loss of 60+% of its revenue over the next few years and their abandoning of the property and its eventual auction.

At the auction, which we attended thinking that we might try to repurchase the Inn, we met the current owners, who were bidders at the Inn auction. Part of our decision to not re-purchase the Inn was our perception of the financial and administrative strengths of their organization and the belief that they could do as good or better job than we could, which was important to us, as our family members all still lived near the Inn in 3 homes.

After the Inn was purchased by the current owners, we continued to rent our home through the Inn and I always found the new owners to be honest and forthright in my discussions with them that I had as a residential neighbor and renter of my home through the Inn, as we had done with our house since 1990, and as we did as Inn-owners for other properties from the 1970s through 1995. Over the last 15 years, I have found the Inn representatives (Owners) to be considerate of me as a neighbor and open to listen to issues regarding Inn operations that impacted me and others as a resident.

I believe that there will often be issues between businesses and residents in any area. We had them with neighbors when we owned the Inn and wished that area residents maintained their properties differently, and neighboring residents had issues with us at the Inn, but we discussed and resolved the issues, got along and moved forward.

In my experience working in with large corporations (E.g., 3M Company) and small businesses, I have found that successfully operating financially viable businesses is difficult, and particularly for smaller businesses in Vermont, in part due to:

- Vermont's Northeastern US location, away from large commercial centers.
- The areas' relative lack of extensive and competitive transportation facilities (air, train, roads, etc.).
- Changes in the vacation economy (decline skiing and XC-skiing, increased travel options to other states and countries, increased costs of travel, etc.).
- Apparent changes in climate and resulting increasing winter temperatures which affects snow conditions.
- Reductions in Vermont state marketing expenditures for destination vacations.
- Increased competition for corporate manufacturing investment through significant tax incentives to businesses for investment by other states (such as NY, PA, MI, SC, NC, etc.)

- Departure of residents and potential employees from Vermont to other states due to a decline in employment and business investment opportunities.

We have seen these, and other issues result in the recent closing of the Diamond Run Mall and all of its stores, the closing of area hotels such as the Cortina Inn and area restaurants and businesses.

I have not been directly involved in the actions raised by Kathy Hall regarding MTI's Act 250 issues, but it appears that they have been and are being reviewed and handled by the appropriate government agencies and officials and hopefully should be resolved soon.

I, too, want to see Mountain Top Inn and others comply with Act 250 rules and regulations. When I contacted the Act 250 Administrative Coordinator to better understand the Vermont state's concerns regarding MTI's Act 250 issues and how they might affect me, my home and home rental, I was advised that the state's position was that Mountain Top Inn is currently operated by owners who were very different from my family's ownership, and that they, in effect "controlled" the rental houses near the Inn.

I explained that I was not so "controlled", that the house had only about 1/3 of the occupancy of full-time resident houses and that my house rental relationship with the Inn was of great benefit to me, allowing me to financially keep my house. The Inn owners were then referred to by the Coordinator as "High Rollers", apparently due to their substantial financial investments in and improvements to the Inn and its facilities, and their apparent success.

I was also told that they were very different from how we had managed the Inn, especially relative to rental of area homes. I responded that we had for many years rented houses on virtually the same basis as the Inn currently does. And, when I tried to explain that the rental of my home was necessary to enable me to live in it and pay the real estate taxes on my home, I then was also referred to as a "High Roller", which I assured the Coordinator that I was not. To the contrary, our businesses had encountered significant financial losses in both the 1988 and 2008 recessions, and we were living on Social Security, a small pension and investments, and our house rental revenues, which allowed us to barely cover our significant medical and health care costs.

When the Coordinator mentioned the number of cars that travel up the mountain for weddings and other events, I explained that for the many years that we operated the Inn we, had weddings, XC ski races and clinics, resort visitors, mystery week-ends, art/photographic workshops and other activities that also brought visitors and cars to the Inn both during the mid-weeks and on week-ends.

I went on to explain that my relationship with Mountain Top Inn's owners was direct and open and all my interactions with them had always been managed with respect, honesty and integrity on both sides. This relationship has been maintained in both my relations with the Inn management and staff and individually with Owners Messrs. Cummings, Sparks and Bryant over the 15 years that I have known them.

I discussed how pleased we are to see the renovations and improvements made to the Inn, the lakeside building (which had collapsed) and beach area, the Inn cottages and construction of the wedding barn, all of which make the Inn more attractive for its guests, employees, Chittenden Town as a tax base, and to us as neighboring homeowners, as noise from events previously done outside was reduced or eliminated.

I said that in my experience it was unusual for former owners like us, who had developed one of Vermont's most successful and respected resort hotels, to be happy that future owners had improved upon our 50 years of ownership. They had adapted to changes in the economy, to present an even better resort hotel than we had, while providing substantial economic benefits to the Town of Chittenden, the Inn's employees and increased revenues and taxes to the State of Vermont.

The Coordinator then said that Vermont had changed over the years from a state where people came from other states' cities to build a family home whose family members and friends might spend occasional vacation times, into a place where such homes were also used as investments, which he determined was a negative development. I again

said that many homes constructed on lots that we had sold to families, had been available for rent through the Inn for the last 30-40 years, when not used by the owners or their families and friends. And, I explained that the Inn and its staff had maintained and watched over the homes when the owners were absent, providing valuable security, advice regarding weather-related issues, needed repairs and assistance in making such repairs.

In summary, while providing a Vermont home to enjoy personally, my house is not “controlled” by the Inn, but my house rental revenue is integral to my being able to continue living in my house of 30+ years, and in the area where I have been involved for 75 years, and now that I am 79 years old with high medical and related health care costs.

Mountain Top Inn also contributes to the Chittenden Town and its citizens in many other ways including:

- Significantly increasing the number of local employees from 80 when we owned the Inn, and 0 employees when the Inn was abandoned by the Gehan owners.
- Providing employment and career development opportunities in the hospitality sector, food service, engineering and maintenance, sales and marketing, and management, to many town and county residents, as well as attracting employees to Vermont from out-of-state. And, contrary to some perceptions, compensation for these hospitality sector positions can be very competitive, promotions within the organization are achievable and skills learned and developed are transferable to other locations, if desired.
- Providing work and income to local contractors in Chittenden and other towns.
- Contributing to the Chittenden Town tax base through MTI real estate taxes and the supporting of the value of the rental area homes, without which the homes could be assessed at lower tax valuations. If the abandoned Inn had not been purchased, improved and invested in, the current real estate taxes for the Inn and houses developed on nearby lots would likely be significantly less, creating serious negative financial effects on the Chittenden Town.
- Bringing visitors and revenues to Vermont and creating significant Room, Meals and state sales taxes for the state and investments in land and house construction, creating economic activity.
- Supporting local actions. For example, I recently attended a benefit dinner being held at the Inn to raise funds for a local town employee’s family medical situation and, with others contributed to the fund. I was happy to see the town’s response to a town employee’s personal needs and the Inn’s participation in this.
- Providing activities for the town, county and state communities through activities such as the recent Paintball Biathlon, during which I heard participants and fans cheering during the events, an activity similar to what we as owners did when we hosted XC-skiing races. Based on our experience with such activities, I believe this was done to give to the community, not to earn a profit.
- Accommodating town residents, on occasion, who had a temporary need for housing.
- Contributing significant services and financial donations to Chittenden Town and area schools and other area non-profit organizations, activities and projects.

Based on my 15 years personal experience with three of the Owners (Khele Sparks, Steve Bryant and Stephen Cummings), I have found them to be open to listening to my requests and ideas and to respond with honesty and integrity and accommodating my needs as an area resident.

Regarding the rental of my home, I, in no way feel “controlled” by MTI, other than what is necessary for proper preparation and rental of the house for guests. Over the years, I have had access to my house for me and my family to use as needed. I have never had a contract such as outlined in page 4 of William Burke’s February 23, 2017 letter to Christopher Roy regarding Jurisdictional Opinion #1-391, nor have I had any other written contract. We work together to rent the house on a mutually beneficial basis when I have not needed the house.

I agree that MTI development and operations should be done with respect for and compliance with appropriate Act 250 requirements and expect that this is and will be done with the appropriate oversight by governmental agencies and authorities.

I reject an apparent state agenda that seeks to limit historical rental activities, alleges inappropriate MTI “control” of independently owned houses which have been developed, owned and rented for decades with appropriate Act 250

permits. We, and other house owners, have exhibited great respect for the local environment, and support the town and state with real estate, room and meals and sales taxes, as well as the employment of Vermont citizens.

Sincerely,

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