



Vail Resorts' Snowmaking Underway – Vail Mountain

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VAIL HOMEOWNERS ASSOCIATION

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Vail Economy: The Town of Vail has taken the extraordinary step of allocating \$550,000 to augment special winter marketing efforts for the community to offset a projected 19.9% decline in lodging occupancy over the next 6 months. The late arrival of snow is also affecting consumer sentiment. The Homeowners Association urges that part-time residents be included in promotional opportunities created through the marketing effort because they are an excellent source of referrals and word-of-mouth promotions.

The special marketing effort is aimed at putting "heads in beds" through a direct mail campaign via the Internet and other traditional distribution methods. Part-time residents, if they have a ski pass or use Vail Resorts services will be included in the special winter marketing data base. The deadline for obtaining Vail Resort's \$629 Epic Ski Pass has been extended until December 1st. ([See outline of special winter marketing strategy](#))

Part-time residents are the bedrock of the local economy and its most loyal consumers. An economic study, conducted in recent years, by the Northwest Council of Governments indicated spending by part-time residents counts for nearly 50% of the economy in Eagle County. Day-skiers are also critical to sustaining lift ticket sales during challenging economic conditions. Day-skiers do not play as large a role in generating revenues for the Town of Vail, as they do for Vail Resorts.

The "heads in beds" priority of lodging and retail interests is shaping attitudes about discretionary public spending. Retailers, restaurant and

EARLY OUTLOOK FOR SKI SEASON LOOKS DISAPPOINTING...

As the outlook for the national and international economy worsens, it comes as no surprise that we are also feeling it here in the Vail Valley in a big way. Last month it appeared that advance reservation revenues in Vail/Beaver Creek were down about 20%. However, that figure has significantly worsened in the last month. As of October 31st, Vail Resorts is reporting an overall decline in winter advance reservations of 33% as compared with one year ago. Vail is down about 25% and Beaver Creek a whopping 46%! Of biggest concern is the fact that reservations for the Christmas/New Year's holidays are down about 25%. A major contributing factor to this is that the Mexican economy has been shattered by a recent 30% decline of the peso against the dollar thus causing a major negative impact to our largest holiday client base. Still the biggest factor that will affect business is the one thing we have absolutely no control over – snowfall!

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bar operators, want more emphasis put on promoting consumers who are willing to spend, not just on Vail Mountain, but in the Town. In a recent meeting of the Town's Economic Development Advisory Council, opposition was expressed by some to the allocation of public funds for non-essential projects or expenditures, which do not immediately and directly benefit the business community.

Development Long-Term View Positive: Long-term prospects for the development industry are positive, because of the comparatively low inventory of available residential property in Vail and throughout Eagle County. In the short term, real estate sales and new construction starts remain dormant. Local predictions for the development industry parallel national trends with a hoped for upward turn beginning in 2010 or, as some developers say, as late as 2012. The Eagle County Economic Council held a symposium where nationally recognized economic and marketing consultants projected major changes over the next several years for the area's resort and recreation economy. Shifts in demographic and economic conditions will reshape the county's urbanizing trends toward a greater diversity of ethnic population, lifestyle choices and energy technology. The symposium is available on Eagle County Internet television and recommended viewing. ([See link to ECOTV - Surviving the Economic Storm.](#))

Vail Plaza Hotel Filed for Chapter 11 Bankruptcy Protection: It is reported that Plaza owner, Waldir Prado, said the tightening credit markets have made it difficult to get permanent financing to repay the three-year construction loan which became due this past September. Prado says that the filing has nothing to do with the hotel's operating finances and that the operations of the hotel will not be affected. Prado claims it is simply a matter of a lack of permanent financing options during this period of tight credit. In Eagle County there is a modest increase reported in foreclosures over 2007 and the largest amount collected in "tax sales" for those owing back taxes since 1994. ([See Vail Daily Vail Plaza Hotel article 10/29/2008](#))

I-70 Closure Plan: Travel information links to Vail are particularly important to part-time residents and destination guests. Snowstorm accidents can bring traffic along I-70 to a halt for hours and in extreme cases for days. More often than not, ill-prepared drivers and large trucks are the cause of gridlocking closures of the Interstate. Experience gained from last winter's frequent closures has caused the Colorado Department of Transportation (CDOT) to join with local governments to adopt a new strategy of "staged" closure along the interstate. The centerpiece of the strategy is to close the interstate to truck traffic at the Dotsero Junction interchange, west of Eagle and Gypsum. Once Vail Pass is closed, eastbound interstate traffic will be closed westward (except to local drivers) as Vail and each down valley community fills with waiting traffic. A similar strategy is being put in place for westbound traffic moving from Denver to Vail. The Homeowners Association has raised concern with CDOT that the north and south bypass routes to Steamboat and Leadville could become blocked by trucks that are already in route towards Vail, before a truck closure occurs at Dotsero. State Highway 24 south to Leadville is particular vulnerable to truck blockage, and is heavily traveled by commuting employees. Communication systems along I-70 are being upgraded. The interstate and highway travelers have access to real time road conditions via local cable television channels in Vail and Eagle County, in addition to the Internet and cell phone service,. One or more of these services can deliver email alerts (www.ecalert.org), current road information, plus give access to fixed still and closed circuit television cameras (www.cotrip.org). To view the Vail/Eagle County I-70 closure plan: ([See link Intergovernmental I-70 Winter Closure Plan](#)) and ([I-70 Closure Map](#)).



Eagle County Airport - New Website for Booking Flights: Air service to Eagle County Airport as a result of the mid-year spike in fuel costs, has only seen a 5% decline in available seats. The recent drop in fuel cost and other economic factors, it is reported, may open special fare opportunities. Part-time residents and destination guests could benefit. An alliance of air service business interests have created a new website FlyVail.com that accesses current flight schedules and alerts for special airline fare promotions into the Eagle County Airport.

Frontage Road Parking: Several in the business community continue to voice their objection to unregulated parking on the Frontage Roads because it deters shoppers. The Town Council made public their ongoing discussions with the Colorado Department of Transportation (CDOT) to use a "permit" system to allocate Frontage Road parking for local residents and employees. CDOT is considering the proposal. It was discussed that there would be resistance from CDOT, if the Town were to use the permitting system as a source of revenue. The approach would potentially free up parking in the Vail Village and Lionshead Parking structures for shoppers, guests, and skiers. The Town can, to a limited degree, regulate those who use the public parking structures by adjusting parking rates. How well Vail manages traffic congestion during the coming winter season remains a source of concern and debate.





The newly opened Mountain Plaza Loading and Delivery Terminal



Loading and Delivery - Mountain Plaza loading docks open for business; fewer trucks need to be on Vail Village streets: The Mountain Plaza truck loading and delivery terminal opened November 17th. The new 13 bay enclosed facility is the largest of the Town of Vail's planned dispersed terminal system, which includes newly, opened terminals in the Vail Plaza Hotel and One Willow Bridge Road development. Two

additional terminals are under construction in the Four Seasons and Solarius projects. The Homeowners Association has worked since 1992 as the principle advocate for the dispersed system. The disruption that on-street loading and delivery caused throughout Vail Village was considered since the early 1970's an original flaw in its planning. The Vail Town Council has adjusted its on-street loading and delivery schedule, which will incrementally reduce hours and locations for on-street delivery so as not to increase delivery costs to local businesses. It is the goal of the Association to create a more appealing setting for both consumers and residents throughout Vail Village. As well, the Association sought to remove or reduce the intrusiveness of trucks from the residential neighborhoods that surround the commercial center of Vail Village. The Association observed to the Town Council that it is very proud of what the community has become in the past few years; that we are now ready to be what we have become, the best winter resort in the world. Members of the Town Council expressed their appreciation to the Association for its efforts. The \$14 million terminal was financed and built by VRI as a public benefit. ([See link to Town of Vail Loading & Delivery Regulations and Map](#)) ([See EcoTV link to Town Council 11/18/08 discussion of L&D, start point 00:15:22](#))



Work Force Availability Less of a Challenge for Businesses: Local retail and restaurant businesses are reporting that employee shortages are no longer the problem they have been for the last several years. Workers, many who are already housed locally, are shifting from local employment sectors that are experiencing a downturn. The downturn, depending on how long-lived it remains will take the stress off the employee housing shortage. Affordable housing advocates, in their continuing campaign to require the building of affordable housing, caution that the ample employee availability should be viewed as a temporary phenomena given historic boom and bust trends. Some development interests believe that mandatory affordable housing and other similar well-intentioned requirements will lengthen the time for a recovery in the development and construction industry in Eagle County. Some experts are predicting that the professional and migrant work force will shrink, leaving the area altogether, as new large construction projects remain on the drawing boards. In the western resorts some operators are considering seasonal layoffs, because of booking trends reporting that eastern skiers may stay closer to home.

Timber Ridge vs. North Day Lot: The Vail Town Council has decided to revisit the redevelopment of the Timber Ridge Affordable Housing Project. They will solicit a request for qualification (RFQ) to those who would be interested in redeveloping on half of the site. Preliminary studies indicate a 600-800 bed facility can be built if parking requirements are downsized. Vail Resorts had expressed interest in entering in direct negotiation to develop the site. The Town Council indicated that VRI was welcome to submit their RFQ, but would not enter into direct negotiations with the



Proposed North Day Lot Affordable Housing

company. A sticking point is that if VRI takes on the redevelopment they would want to transfer their Arrabelle affordable housing requirement from the North Day Lot to Timber Ridge. Until both parties agree to an appropriate compromise, VRI is proceeding through the Town's approval process for their North Day Lot Affordable Housing Development, which some believe is a less than desirable use of the North Day Lot because of its strategic location for both future commercial and public uses.

[\(See VRI Submittal to TOV for North Day Lot/Arrabelle Affordable Housing Project\)](#)

Vail Environmental Sustainability Plan to be considered by Town Council: A portion of the proposed plan is far-reaching and potentially controversial because of quotas and targets that could set, what some may see as onerous limits upon future growth. Setting specific limits could be problematic for the adoption of the plan given current economic conditions for the development industry and commercial interests. The plan calls for the Town of Vail and the community to reduce energy use by 20% below 2006 levels by 2020. Additionally, it continues to ensure that 100% of the Town of Vail's electricity use is either derived from, or offset by renewable power. Another target is to reduce the Town of Vail landfill contribution by 10% within 5 years, and 25% within 10 years. The plan's goals and objectives are applied interchangeably to both the Town government and the community at large. The finance and technological implications to both the public and private sector could well be significant. The plan is scheduled to be reviewed by the Town Council in December, all concerned parties should scrutinize and review the plan in detail as its terms and conditions are not widely known to the community and business interests. Emphasis should be placed upon the adequate study of the economic impact of the recommended goals, objectives and action steps. The intent may be laudable but the consequences may be unintended.

According to the Town Staff responsible for drafting the plan, "The purpose of the Vail Environmental Sustainability Plan (VESP) is to guide the Town in coordinating efforts to achieve the environmental sustainability vision of the community. This plan consists of goals, strategies, actions, and an implementation plan that will clearly define the path to sustainability regardless of political or economic climate. We recognize that it is essential to protect the environment in Vail not only because of the obligation to help mitigate global climate change and preserve our natural resources, but also because of the major role the environment plays in the economy, serving as the source of recreation and tourism. As a local government, the Town of Vail intends to serve as a model community for environmental health and sustainability by taking action to reduce carbon emissions and improve the state of the greater environment." (See Links: [Draft - Vail Environmental Sustainability Plan](#); [Draft - VESP Action Items Matrix](#); [Draft - VESP Goals and Objectives Summary](#))

Commentary: Bart Cuomo

Proactive Community Seeks Options: Mr. Cuomo is a long-time Vail local, a principle in Vail Realty, and publishes an insightful monthly on-line commentary bulletin.

So with the world's economic woes certain to have a major impact on our community, just what is the Vail Valley doing about it? Well, thankfully the community as a whole is taking a proactive approach and holding community meetings to brainstorm and make the best of a bad situation. Obviously, we count on tourists and discretionary spending to carry our community. In the past, the Vail Valley has dealt with financial crisis in some of our major markets with recessions, plummeting oil prices, peso devaluations and the like, but never have we had to deal with some so far-reaching to so many of our markets. As such, the answers are not easy. Vail Resorts continues to appeal to the lodging community to discount pricing to entice visitors. In some cases, to participate in their promotions VR is requiring lodges to discount at least 50% (Vail Realty is NOT participating). The lodging community is responding, however, we feel that we need some help from Vail Resorts. The biggest negative image of Vail (which was affirmed in the recent SKI Magazine Readers' Poll) is value. And while VR argues that lift tickets make up a relatively small portion of our visitors' vacation expense, the fact remains that lift tickets prices are the major benchmark that skiers consider when determining value. At \$90+ per day, Vail is expensive. Lodges will discount to fill beds; restaurants will offer specials to sell meals; but the big question is will Vail discount ticket prices to entice skiers to ski Vail and Beaver Creek at perceived bargain prices? ([See Vail Realty Newsletter](#))

LETTERS I-70 Rail Mass Transit Systems:

Grand Compromise for I-70 Monorail - Tom Hopkins: Mr. Hopkins is an engineer and a long-time Vail resident who has devoted years to the professional investigation and advocacy of a monorail system to serve the I-70 Intermountain Corridor.

"As the readers may know full well, the Gov. Bill Owens administration had been trying to force highway widening as the

only solution, a solution that the impact study had carefully considered and had roundly rejected. We didn't like it, and the drumbeat of protest never stopped.

We had a change of administration and Gov. Ritter's team revisited the impact study. Earlier this year they engineered a compromise. There would be widening of I-70 in a few strategic locations in the short-term, and a transit system at some time in the future.

Until someone develops a high-speed, light-weight system that can twist and turn up I-70 at twice the speed of cars, we have to wait. There will be no monorail along I-70 until this happens. The grand compromise gives us time." ([Read on: Tom Hopkins I70 Monorail Letter to the Editor - Vail Daily 11/5/2008](#))

Studying I-70 for Rail - Harry Dale: Mr. Dale is the Chair of the Board of Directors of the RMRA High Speed Rail Feasibility Study and a Clear Creek County Commissioner.

"The theory behind a high-speed rail service (a passenger rail service that averages 90 mph or more with station stops) is that ridership will increase dramatically over conventional commuter rail and light-rail service because of the convenience and time savings over driving. In addition, a premium can be collected for fares when rail travel times are significantly faster than driving.

The purpose of the \$1.5 million Rocky Mountain Rail Authority (RMRA) High Speed Rail Feasibility Study is to see if 90 mph average speed passenger rail service is technically, economically and financially feasible in Colorado in the two major corridors (I-25 and I-70).

This information is critical to the Federal Railroad Administration, because they want to know that if federal funds were to be invested in a Colorado high-speed rail system, could it be operated without large operating subsidies and would its operation be financially sustainable. The RMRA Study hopes to answer these questions." ([Read on: Harry Dale - Studying I-70 For Rail](#))

EcoTV - Local Government Meetings Now on Internet TV: The meeting of the Eagle County commissioners, the Vail Town Council and several other local governmental jurisdictions recorded by local public access television channels are now available on the Internet in addition to cable television. The Internet technology allows the viewer to watch the entire meeting or to advance the progress slider forward to a start point for the subject they desire to view. Access programming via www.ecotv18.com.



November Snow Storm in Lionshead's Gore Creek Wetlands and Wildlife Sanctuary

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