



Vail Electioneering in the Main Vail Roundabout: Go right, to go left.

[Photography: James Franklin Lamont](#)

VAIL HOMEOWNERS ASSOCIATION

October 2008

Vail Economy: The Vail Town Council is making decisions that assume a slow down in the local economy will occur. The Council is looking to trim 10% from the Town's \$56.1 million annual budget. [\(See TOV report on budget adjustments\)](#)

An independently prepared analysis of the community's financial prospects concludes "Town of Vail revenues in 2009 could be (\$2-\$5) million below budget, while expenses could be (\$1-\$2) million above budget causing a significantly unbalanced budget. The current financial conditions of the Town of Vail are excellent. However, 'Financial Warning Flags' are widespread." The report was prepared by Kent Logan, a retired investment banker and former Vail councilperson. [\(See Logan report\)](#)

The report, along with a downturn in other economic indicators, has caused VRI and other private businesses to begin preparing the community for unprecedented economic and competitive challenges. A coalition of business interests formed "Citizens for Action" (CFA), which has a two-part agenda that would, in the short-term create a special marketing effort for the coming winter season, and in the long-term restimulate development by 2010. [\(See CFA Economic Stimulus Plan\)](#)

Slow Down Hits Holiday Travel:

"Even some of the most in-demand holiday destinations are feeling the slowdown. Holiday bookings at Vail Resorts are currently behind those of last year, says Chief Executive Rob Katz. A few weeks ago, the company started offering customers one night free during a five-night stay over a holiday such as Christmas or Presidents Day. The promotion is good at all Vail Resorts and RockResorts properties, including those in places like Santa Fe and St. Lucia. "In the past, you've seen more deals at more of the off-peak times," says Mr. Katz. "But this year, the deal-making has extended to peak weeks as the booking window shrinks."

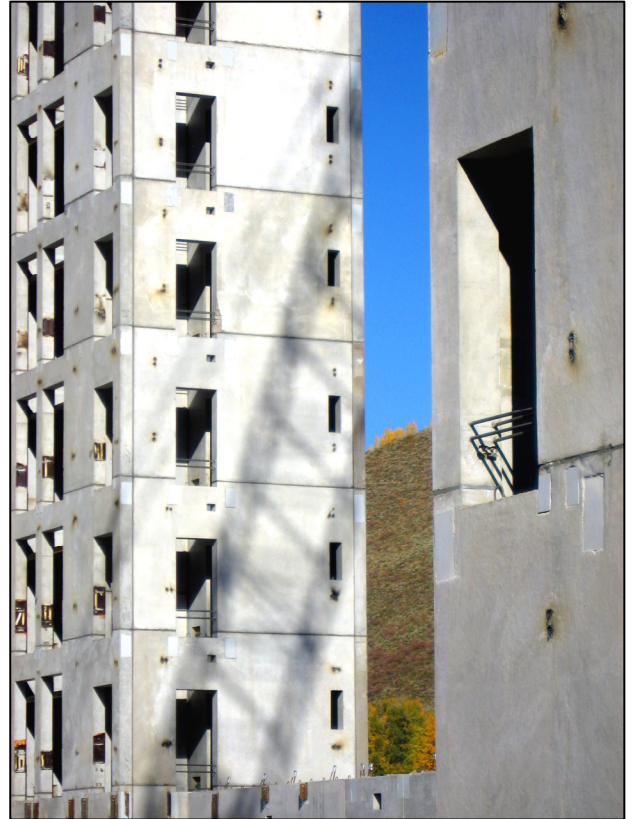
[\(Wall Street Journal, October 4, 2008\)](#)

The coalition in conjunction with the Town of Vail hastily organized an emergency meeting to urge businesses to prepare contingency plans that anticipate a significant decrease in business activity. The packed-to-the-rafters meeting in the Town Council Chamber, filled with serious minded faces, heard Vail Resorts, Inc. (VRI) urge the lodging community to work up “packages” with other local businesses which would be attractive to value-minded consumers. Heavy snows, a company representative said, won’t overcome economic conditions. Assurances were given to protect consumer loyalty, which is extensive, by maintaining the community’s “branded ” reputation of a commitment to quality services and facilities. Citizens for Action stressed the need to take urgent measures to augment the winter market, asking for \$1 million to be added to the Town’s marketing budget.

The potential for a lengthy economic downturn is becoming a commonly held assumption. The audience was told that they should not expect to return to the “old normal”, but to make the adjustment to a “new normal”, which is value and amenity based.

There was a call from the audience for the Town of Vail and VRI to move beyond their differences. The tenor of the rivalry among community interests, some believe, must become more harmonious before any effective strategy or tactic can proceed. There appears to be little disagreement that there is only one entity, VRI, which can apply sufficient capital and other resources quickly enough to rescue the community from a critical economic circumstance, if it comes to that.

Investment in reinventing Vail Village and Lionshead through redevelopment over the past decade puts the community at a strong competitive advantage. Vail residential property owners, according to real estate sources, can expect their property values to remain sheltered. However, the pace of value increases, when compared with recent years, will not be as aggressive. Some predicted that even though values will be sustained, it could take longer to sell properties and be more challenging to attract short-term rentals.



Construction is continuing uninterrupted on four major projects begun before the real estate recession took hold. There are 8-10 projects waiting to begin construction, some with Town approval in place, mostly in Lionshead. Developers are ready and waiting for financial conditions to improve so they can complete the Vail Renaissance in Lionshead.

VRI is moving forward through the approval process for Ever Vail in west Lionshead. Their next step is for the Town of Vail to sign off on their application to move through a 12-18 month approval process by the Colorado Department of Transportation (CDOT) to straighten the alignment of the South Frontage Road. The straightening opens the way for the construction of parking structures which would accommodate 2,000 vehicles. VRI, according to informed sources, is

the only locally based development entity in position financially to move forward on a major construction project by 2010.

Lionshead and other developers are hopeful, that once VRI makes a financial commitment to proceed with development, lenders will invest in the additional private projects ready to proceed with construction. Some are asking that the Town of Vail set aside its public/private development ambitions for the redevelopment of the Lionshead Parking Structure and the proposed Ford Parking Structure, which are in direct competition with private developers and property owners. They say that the original intent of the Lionshead Master Plan, to replace and upgrade outdated condominium buildings, needs to be completed.

North Day Parking Lot and Timber Ridge Affordable Housing:

The Town Council eliminated any public transportation uses from the North Day Lot. The site will be used for VRI’s 120 bed affordable housing requirement and skier drop-off parking. Depending upon whether the Town of Vail decides to

include additional affordable housing in the project, on-site parking is expected to be minimized. Some view the project proposed for the North Day Lot as a gross under-utilization of the site. VRI's proposed Ever Vail development will provide for its affordable housing requirement within the Ever Vail project. VRI approached the Town a year ago to participate in the redevelopment of the Timber Ridge affordable housing project. It is reported that they offered the Town a joint venture to consolidate their affordable housing requirements on Timber Ridge as an inducement to other investors needing affordable housing. Their proposal was rejected. Now, if VRI builds their affordable housing on the North Day Lot, they have no need to participate in the redevelopment of Timber Ridge.

There are those who see the financial condition of Timber Ridge as precarious. The Town, they say, by rejecting VRI has put off the Timber Ridge redevelopment indefinitely.

The Town's seeming inflexibility to engage in a joint venture with VRI and others to redevelop Timber Ridge, but instead focus on the under-utilized North Day Lot, is to some very shortsighted. As renewal of Lionshead is completed, they see that left undeveloped, the North Day Lot will become one of the most important centrally located sites on which to build amenities. According to authorities in resort economic development, amenities that can attract and hold the loyalty of the community's residents and guests are critical to a high-end destination resort such as Vail.

These critics view VRI as the only entity with sufficient capital to construct the Timber Ridge project under economic circumstances that are expected to be long-term. They believe the Town needs to recognize that a new economic reality now exists, which require it to set aside unproductive expectations. They advocate that the Town enter into a joint venture with VRI and others, to begin construction sooner rather later, to house the many hundreds of seasonal workers necessary for the business community to remain competitive.

Points of View:

There Is Reason To Hope As Economic Woes Are Affecting Vail Valley: Bart Cuomo - Vail Reality Newsletter

While Vail's #2 ranking is certainly fodder for bar-stool chatter and board-room conjecture when everything else is hunky-dory, the real story here is the same as everywhere else – the economy! Everyone is asking about the business outlook. Is the fallout from the financial crisis affecting Vail? The answer to that question is obviously “yes”. How is business? Our answer is two-pronged – not as good as we would like it to be, but certainly not as bad as it could be. Compared to last year, by all forecasts advanced reservations in Vail and Beaver Creek are down. However, given that the Dow Jones Industrial Average is down 40% in the last year, the outlook is not so bad. Depending on who you talk to, advance reservations are down anywhere from 15-40% from the same time last year. Vail Resorts reports that advance reservations for Beaver Creek are down 40%. At Vail Realty, the outlook is not as gloomy. Overall, our numbers are down around 18%. However, after we factor in that early March reservations last year were skewed due to an early Easter holiday, the real number is much less. Most notably, the Christmas/New Years holiday and early January are softer than normal. Early season (Thanksgiving and pre-Christmas) is very soft. February is on target. What this tells us is that we need to manage our inventory and rates based on demand. We have already made some adjustments to seasonal rates (some down and some up) and the results have been positive.

While there are too many negative factors out there to list, there are some positives. Oil is coming down and airlines may be in a better position to promote incentive fares. Most importantly though, is the mindset of skiers. In general, skiers will ski. Unlike other vacations which may be more vulnerable to the economy; the ski vacation is sacred to real skiers. A missed year is a year lost and next year you will be a year older. The skier mentality is, “as long as the world is going to hell-in-hand-basket...I might as well ski!” (Fingers crossed). ([See Vail Realty October Newsletter](#))

Refocus on Reattaining No.1 Status for Vail:

Marketing Vail... perhaps we as a community and as a resort can buck the economic trend.

John Gorsuch - Vail Resident and Owner, Gorsuch Ltd.

“I encourage the community to reclaim our No.1 position as North America's Premier Resort, by embracing a marketing campaign focusing on the “emotional experience” our valley has to offer the visitor. In these challenging economic times, with resorts courting the destination visitor with all kinds of deals and price incentives, perhaps we as a community and as a resort can buck the trend, show a different face and promote the experience, the villages, the lifestyle and the people of our community. There is much to be said about a place in the mountains, a valley filled with all kinds of possibility for quality experience, where the pervading feeling is one of ...“We welcome you...we welcome you to the Vail Valley, come and experience the mountains, all that they have to offer, the people and the lifestyle that keep us here season after season, year after year!” ([See full text of Gorsuch letter](#))

Vail Parking...I don't understand why serious consideration is not being given to placing a parking structure at the Vail municipal buildings location.

Larry Stewart – East Vail Property Owner.

The current focus for a long-term solution seems to be on expanded parking on the Frontage Road and/or Ford Park but I feel that both of these solutions could be counterproductive. The Frontage Rd option has huge problems from safety, aesthetic and visitor satisfaction standpoints. And, unless diagonal parking is implemented, the numbers are not sufficient. Ford Park is no better. Visitors will not want to park away from town and be limited to a Gold Peak access; those visitors would be steered away from the town businesses and probably would contribute little to the economic health of the town; and a significant resource would have to be materially altered or sacrificed to create that parking. ([See full text of Stewart letter](#))



Beaver Dam Road and Beaver Dam Circle...now likely not to be closed to traffic for a second summer:

Alan Kosloff – VHA President

It is now likely that thru the efforts of the Vail Homeowners Association that Beaver Dam Road and Beaver Dam Circle will not be closed to traffic for a second summer. In the early summer we realized that the construction project was scheduled for 2 years and thought this created a substantial burden for the people living on the street. We met with representatives of the Town, the construction company and the water district to find a way to complete the project in one year. We expressed the

burden on residents to them, and to the Town Council, and the issue was received with sympathy and cooperation. We urged the Eagle River Water District to fund additional work crews that could be made available by the construction company, Western Slope Utilities, and they did. Another excellent example of what VHA does for the community.

More Parking vs. More Mass Transit: Vail's public officials will remain flexible about parking rates because of economic conditions. As parking congestion becomes more of a problem in Vail, down valley officials are becoming more sensitized to the need for park and ride facilities in their communities. Substantial collaborative efforts among jurisdictions have yet to begin as Vail officials continue to hold out the possibility of building more inexpensive public parking. Thus far, no comparative analysis between more parking and/or mass transit has been conducted by the Town or other transit authorities. There is need for the public to understand the cost/benefits of building more parking versus investing long-term in regional mass transit. As VRI is trying to lead the community toward more energy efficient development in the proposed Ever Vail project, there are those who see the need for the Town of Vail and other local governments to provide service effective and energy efficient multi-modal transportation alternatives.

I-70 Noise Abatement: Town officials report that the installation of special "quiet pavement" has reduced road noise through Vail from by 2-3 decibels. Experts say the reduced noise levels are equivalent to cutting traffic volume in half. However, they say that the installation of any new pavement will see this level of noise reduction. What is not known is how long it will last because, depending on the size of gravel in the asphalt mix, as pavement ages noise levels increase. Traffic enforcement over the past four years may have played a role in helping to reduce noise levels as slower speeds create less tire noise. The average speed has dropped from 86 to 82 mph. The issuance of traffic citations and warnings has also dropped.

Colorado to Study High-Speed Rail Rapid Transit for I-70 Corridor: The Colorado Department of Transportation (CDOT) will provide a sizable grant to the Rocky Mountain Rail Authority, a multi jurisdictional government body, to complete a high speed rail feasibility study along the I-70 and I-25 corridors.

([See link to RMRA website for detailed information](#))



Shanghai Maglev Train: Began service 2004
Maximum Speed 267 miles/hour, Trip Distance: 18.6 miles in 8 minutes.

The Long-Range View: The Town staff recommends that efforts continue to encourage I-70 improvements, such as lane widening at traffic “pinch points” and the study of mass transit solutions. Importantly for Vail, it is recommended that efforts continue on working with interested parties to either bury I-70 through Vail or relocate it, perhaps in a series of tunnels.

Interstate 70 Closures: VRI officials say that keeping I-70 open to traffic is as important as heavy snowfall to the winter economy of Vail. Thus far this fall I-70 has closed in or near Vail during each of the two early snow storms. One closure was seven hours in duration due to a truck wreck on Vail pass.

[\(See link to suggested reading, “Meltdown in the Alps” concerning how European ski resorts are being effected by transportation problems and global warming.\)](#)



Vail's Fleeting Fall Gold.

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