

VAIL HOMEOWNERS ASSOCIATION

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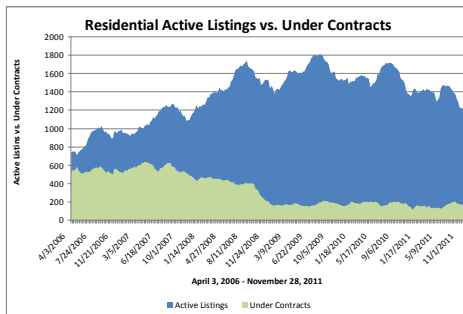
Executive Summary:



VHA Annual Meeting/President's Message: The Vail Homeowners Association Annual Membership Meeting will be held at 4 p.m. Thursday, December 29, 2011 at the Town of Vail Municipal Building in the Town Council Chambers. Members, guests and the public are invited; parking and seating is limited. **From the President:** Together through the hard work of the Vail Community and VHA, we are achieving remarkable progress. Collaboration born out of economic necessity is renewing confidence in Vail as a destination and... [Read on](#)

Good Winter Season Forecasted: [Lodging reports](#) project year over year increases for the ski season with a healthy rise in occupancy (16.5%) and a modest increase in room rates of 2.1% with low periods expected in early and late February... Snow making has again proven its investment value, enhancing the slopes for the opening of the winter ski season on November 18th. [For More...](#)

Year in Review: Vail is seeing tourism beginning to pull its weight... [Financial markets](#) remain volatile... Consumer debt is the lowest it has been in many years. Vail's tourism economy is the beneficiary of these trends. [Read more...](#)

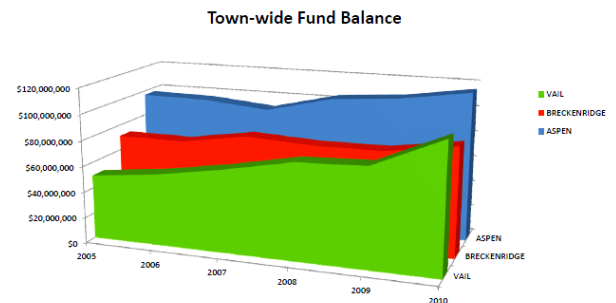


Foreclosures & Unemployment:

Eagle County's [foreclosure rates](#) are marginally down from the watermark of 2010. Eagle County [unemployment rate](#) is marginally improving at 8.6% with a larger job base. [More details...](#)

Real Estate: Pricing strategies for resort properties in Vail and the surrounding show the number of "sale closings" even with last year according to a [Prudential Colorado report](#)... According to the monthly [Land Title report](#) the average price per square foot for a single family home in Vail Village has gone up... [Read on](#)

TOV Finances - VHA/USC Research Project: The Homeowners Association and the University of Southern California's Marshall School of Business recently conducted a comparative analysis of the financial health of the local governmental entities of Aspen, Breckenridge and Vail. A [summary report](#) of the data indicates Vail showed the most growth, doubling its government-wide fund balance over the last six years compared to... [For more](#)



Special Events & Internationalism: Over the past 6 years, the TOV spent the most on tourism marketing when compared to its municipal



resort competitors Breckenridge and Aspen. Vail's formula for attracting destination guests appears to be the most successful, evidenced by its lead in [tax revenues](#) and... An informal Vail global perspective group has formed to discuss strategies for engaging long-term international interests... The effort is aimed at preparing the business and residential ownership community to encourage programs that build permanent cross-cultural relationships leading

up to the [2015 World Alpine Ski Championships](#) and beyond... The global perspective group sees a need to... [Read on](#)

Development: Strata, Ski Club Vail, Timber Ridge, VVMC & Conference Center Fund reallocation updates... [Details](#)

Environmental Regs & Election Outcomes: Town administrators have a series of environmental regulations drafted... Eagle County voters rejected a property tax proposal to increase funding for public education... There is an indication that local voters may be willing to approve tax increases on tourism... Incumbent and former councilpersons were elected to the [Town Council](#), furthering the discussion that the Vail community needs to become more proactive in finding methods to encourage new blood. A timely discussion as Vail embarks on its next 50 years... Forest Service burns beetle killed areas; is it effective long-term? [Details on these topics...](#)





Summer Season begins - TEVA Shoppers and Walkers crowd Vail Village/Meadow Drive.

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Hot Summer Season Begins: Vail's summer season opened to large weekend crowds attracted to Vail Village for the TEVA mountain games. [Extreme drought conditions](#) that yielded near historic low snowfall over the winter continued its hold through Spring raising [wildfire danger](#) to worrisome levels for the summer.

Attendance at Vail's extensive special events menu could be the beneficiary as destination consumers' escaping low land heat and avoid the backcountry because of open burning bans. [Hotels and lodges project](#) a modest increase in room rates and occupancy for the summer season and early fall. More on mountain activities will be coming on line over the next several summer seasons, adding to the diversity of guest activities as a draw to attract a higher percentage of summer destination visitors. Vail summer business has traditionally lagged in 4th place behind other mountain resort, in spite of the large numbers of summer day visitors it attracts for the Denver Front Range drive markets.

Winter Dry but Profitable for Some: [Vail Resorts](#) reported gains in company-wide profitability for the winter season in all of its mountain resort holdings despite drought conditions. The Town's [winter season business summary](#) was the best since the recession, with lodging leading its industry competitors. The drought driven decline in skier visits, was offset by higher consumer spending per visit. Fewer skiers on the mountain resulted in a -3.4% decline in tax revenues collected by the Town of Vail on the sale of lift tickets, as well as a decline in public parking revenues of -23% (some of which can be attributed to factors unrelated to skier numbers). A demographic shift in the mix of visitors, lead by an increase in the luxury segment destination of national and international visitors, played a significant role in improving year over year tourism revenues for both the ski company and the Town of Vail. The strength in Vail's British, Australian and Latin America markets were manifest during the season and most likely will remain a marketing priority in the coming ski season. Vail saw gross sales slippage in a head to head comparison with other [Colorado mountain resort communities](#). Drought sensitive consumers will tie their winter season lodge bookings to the realities of snow reports more so than in a typical year.

Air Service Reaching Abroad: International business could receive a boost from new airline service from Denver International Airport direct to Tokyo and a north Atlantic link to Europe via Iceland. Planning remains underway for an International Terminal at the Eagle County Airport (EGE). Baggage handling and security inspection facilities are being improved in a major remodel of the existing terminal. A private Boeing 767 landed at the Eagle Airport raising speculation that with runway and other costly improvements the high passenger capacity craft could someday portend commercial non-stop international service to EGE. Direct service to Eagle from Canada and Mexico are under study.



Hope for a strong late winter ski season went unfulfilled due to warm temperatures and a rapidly dwindling snowpack.

Skied Less But Spent More: Visitors may have skied less, but they spent more netting a +3.9% increase in [sales tax collections](#) by the Town over the prior winter season. Even though the [Town's sales tax revenues](#) climbed, some are interpreting winter season [same store sales data](#) as cannibalization may be occurring among older and new businesses. The underlying meaning is that all boats are not rising on the same tide of affluence customers. The Town of Vail, across [all funds and revenue accounts](#) is down -1.3% from the for the same period in 2011.

The Broader View - Lame Duck Progress Quacked: In spite of drought conditions Vail is performing well against the backdrop of the [European debt crisis](#) accompanied by shrinkage in the emerging markets economies. While the U.S. economy is thus far sustaining a mild recovery, American consumers remain driven by value opportunities. [Consumer confidence](#) is on the rise as fuel costs fall. Decline in transportation costs and the ability of a lame duck congress to take steps to avert reviving recession behavior remain short term factors in shaping consumer behavior in the long run. Nationally, housing prices may be bottoming, as an increase in new homes and decline in apartment starts is being reported.



Major Facelift for the Lion Square Lodge built in the 1970's another step forward in the renovation of LionsHead.

Real Estate Sales and Employment Keep Pace with Post- Recession Trends: [Eagle County real estate sales](#) experience an end-of-winter-season bump up in sales with Vail leading in sold higher end properties. The increase bring real estate sales on a par with the same period for the previous year. [Available inventory](#) is on the rise as sellers ready for the summer market. The [Eagle County work force](#) and jobs numbers for May remain largely consistent for the past three years. Unemployed has declined to 12.35% from at 12.82% high in 2010. The absence of a significant amount of new construction means the composition of the work force is adjusting to new forms of employment. The value of [Eagle County foreclosures has dropped](#) by nearly \$70 million for the same period last year with the number of properties in foreclosure nearly the same, 220 versus. 225 for 2011. [Vail building permits](#) are on the rise after a down year in 2011, commercial renovations and residential (SFR and Duplex) construction are the major factors.

No major private sector commercial construction, excepting the Vail Village Gondola will break ground this year in Vail. Next year may be another story according to developer sources, millions in Town of Vail projects are in planning. The approval by Town of Eagle voters of the proposed Eagle River Station is causing a flurry of pre-development activity down valley. Vail Resorts' proposed Ever Vail project in West LionsHead remains locked in its months long negotiations with the Town.

Vail Taxpayer Not Interested in Tax Increases for Art, Culture and Entertainment (ACE): A [Town of Vail pollsters report](#), budgeted to cost \$15,000, concluded that nearly 60% of respondents would reject an increase of 1.5 percent in the lodging tax and .5 in the sales tax to raise \$4 million annually for special events and similar activities. The voter response is reflected in a change in priorities that showed up in a recently published [Town of Vail Community Survey](#), where 86% of full and part-times residence said that governmental fiscal accountability was their top priorities. The correlation between the two studies signals a recent shift in sentiment, considering that the positive response to a public voted late last year to release over \$9 million in reserves to pay for bricks and mortar improvement to Ford Park and the renovation of the Golf Clubhouse. The ACE proposal had few specifics and no bricks and mortar projects. Some

speculate that the day of big crowd summer events are numbered, that Vail needs fewer, but better special events, which reflect the community's changing guest demographics.



New Vail Resorts Gondola under construction in Vail Village.

Vail Village Gondola sets in motion a new dynamic: Vail Resorts will increasingly be a major player in the summer market. The Vail Village Gondola, now under construction, could play a significant role in changing visitors' recreational patterns now that the Federal authorities have conferred greater opportunities for summer activities on Vail Mountain. These activities could help disperse the volume of visitors that are increasingly being concentrated in the Town Center, especially during big events. As well, it could increase the number of overnight destination visitors because of expanded recreational activities. Not all view the new dynamic as a plus, particularly those concerned with the potential for traffic congestion in the surrounding residential neighborhoods and businesses that worry about competition.

Town Gets High Survey Marks for the Past - Now Public Wants Tighter Purse Strings: [2012 Community Survey](#) respondents, [including businesses](#), gives high marks to the Town's performance over the two years since the last community survey. Today and for the foreseeable future respondents want the Town to exercise greater financial discipline in its economic development activities. They place, in a [survey summary](#), importance on transportation issues e.g. resolving mass transit and traffic congestion in the Town Center and on I-70. These issues moved ahead of decades long local political staples like public parking or the social equity agenda items like affordable housing for workers and environmental sustainability.

Perhaps, the reason for the concern is that [Town of Vail revenues](#) for the same period have dropped approximately - 7.61% from the 2008 high. Winter parking revenues alone have dropped more than half, nearly -\$2.5 million from a high in 2010, which some attribute to permissive policies allowing expanded free time for parking in the Town's parking structures as well as on the frontage roads having cheaper seasonal permits and free parking.

Push Back on Budget Overruns: The community is seeing differences between preliminary estimates and contractor estimates on the cost of Town sponsored improvement projects to begin construction in 2013. A possible explanation is labor costs rise as the construction workforce is downsized. It is likely that there will be push back over the potential for project cost overruns to deplete the Town's cash reserves.

High Cost of High Maintenance Guests: Community economic development priorities appear to be shifting away from funding marketing schemes towards the practicalities of infrastructure improvement necessary to handle the rapidly growing clientele of high end destination consumers who expect higher levels of service and cutting edge facilities. This emerging reality is new to the community as it is more accustomed over the past couple of decades to providing for the need of less demanding budget minded visitors. The Town of Vail if it makes shallow short term investments, it could find itself in a difficult situation financing for high cost infrastructure to sustain enduring economic development comes due.

Shared Values, Shared Vote, Shared Responsibility: The Town for the first time in their Community Survey purposefully solicited responses from part-time residents who comprised 41% of the 6,000 contacts who were solicited. The Town received a 10% response with 60% local and 28% part-time residents. Interestingly, the similarity of attitudes between local and part times reaffirmed the findings of a survey done nearly a decade ago by the regional council of governments. Both survey found closely shared values across a broad spectrum of issues. Raising the question of why not create opportunities for a more well rounded and inclusive community by extending the right to vote to non-resident property owners.



Development Issues:

The Town has changed development rules of engagement to the disadvantage of residential property owners: The next time you ask yourself, is the Town of Vail watching out for my interest as a property owners? Consider the following. The Town of Vail has since the November Council elections changed its rules of engagement in how they deal with neighboring property owners on development issues. In the view of some observers, the Town either outright ignores neighborhood concerns or boxes them out of having a voice until the decision have become a fait accompli. The hoped for affect is to disadvantage critics and minimize the consequences of increased costs to the Town to comply with its own performance standards. The same requirements it has imposed upon private developers over the past decade or more.

This is consistently being done on projects where the Town is the developer or when it considers itself a benefactor to a particular development. The Town is putting affected property owners in a detrimental second class citizens position by outright ignoring neighborhood compatibility issues or through compartmentalizing their review process impacts so that neighborhood issues are never comprehensively addressed.

The Town, from a technical standpoint is no longer apply at the appropriate time, in the earliest stage of their review procedures, an existing and critically important regulation. This regulation gives the Town the authority to require documentary proof that a proposed development or an anticipated land use is compatible with the surrounding neighborhood and is capable of fitting on its building site.

Under the guise of "streamlining the approval process," the Town's approach reverses nearly 40 years of employing this regulation, which has in one form or another been applied to all development in Vail. When properly applied it has resulted in practical benefit to the community even though at times it has peaked the consternation of developers. Nearly all developers, who have needed to rezone, have been put through this proof of performance process.

Redevelopment of Ski Club Vail remains a contentious neighborhood issue:

The strategy of ignoring the effects of a rezoning for a proposed redevelopment was first applied by the Town to the Ski and Snowboard Club Vail site. The Town turn aside concerns of a majority of adjacent Golden Peak neighborhood property owners in approving a rezoning without first resolving traffic congestion problems caused by the SSCV use. Neighbors wanted proof that parking and traffic circulation would support a much larger building proposed for the site.



Neighborhood concerns include existing Vail Valley Drive traffic congestion from drop off traffic at the Golden Peak ski base, which could also be compounded by the new Vail Village Gondola and expand SSCV facility. Their concerns were brushed aside by the Town as a matter for later consideration when the Ski Club building is ready for development. The Town, in the meantime, is meeting with a neighborhood study committee to see if mutually acceptable traffic management policies and operational practices can be agreed upon and effectively implemented. Vail Resorts is assessing whether they need to transfer some of their abutting land to the ski club so that traffic circulation can occur within the SSCV building site. They have not released covenants prohibition that would allow the SSCV redevelopment to proceed with 9000 square feet of residential use said to be necessary to finance the redevelopment.

One Vail Council member wants to continue the financially lucrative valet parking function franchised by the Town at the Golden Ski skier drop off parking lot, which was not part of the original approval for the project. Long standing problems in the operation of the valet service causes traffic to backup onto Vail Valley Drive resulting in gridlock. Without having proof from a current traffic study, the councilman is trying to lay the problem on the private residential development built over the past decade in the Golden Peak neighborhood, which were all approved by the Town. Those on the neighborhood study committee say that conditions have changed. Different management techniques should be applied, for example other opportunity now exist to provide valet parking on nearby private property. This change would free up the traffic circulation in the Golden Peak drop off parking lot. Importantly, the Town is proposing [controls over private shuttles and courtesy cars](#) that would limit their access into the neighborhood.

of party centers have become a significant revenue source. In the view of some, the Town is leveraging public projects to sustain public dependent employment. Public employment appears to now have taken precedent over building projects that are compatible with surroundings residential neighborhood.

Do it right or don't do it: The redevelopment of the Golf Club House was a central feature in the recent election to spend \$9 million in public funds that had been held in the Town's reserves. Construction estimate for the makeover of the golf clubhouse have come in over budget, which has prompted designers to cut corners creating conflict with the surrounding neighborhood. A true measure of the quality and value of the surrounding neighborhood necessitates, as some believe, that an enclosed parking structure, safely designed mass transit facilities and traffic circulation infrastructure needs to be designed and built as part of the project.

Make it work for the neighborhood: There are sufficient unresolved concerns that the clubhouse project should be postponed until conflicts are resolved in collaboration with affected neighborhood property owners and the Town's golfing constituency. If adequate funding is not available to do the project correctly, then it should not proceed until there is.

Officials turn tin ears to their neighbors: The Town and VRD have over the years shown other instances of insensitivity to the neighbors. For example, they have in prior years allowed the clubhouse parking lot to intrude upon an adjacent residence without providing sufficient land for a landscaped buffer. Even with the current proposal, according to neighborhood residents, some officials are ignoring public safety concerns neighbors have raised where buses turning into club house parking lot will be located on a blind street corner where unaware tourists bike at high speeds.

Vail Valley Medical Center:

VVMC Traffic - Neighborhoods wants safety of its streets and sky:

On a far larger scale the traffic congestion and safety impacts from the proposed redevelopment of the Vail Valley Medical Center and the associated Steadman Medical Office Building/Vail Town Hall projects are the central concern of neighborhoods property owners. Neighborhood owners want the Town to comply with its own planning documents to reroute Medical Center traffic from West Meadow Drive to the South Frontage Road.

Streets-Neighborhood Safety First:

Neighbors worry with safety concerns for preoccupied medical practitioners, patients and their families speeding to the hospital many oblivious to ever increasing recreational pedestrian, bicyclists and skateboard traffic that share the West Meadow Drive.



Skate boarders increasingly use West Meadow Drive as a recreational course.

Fit VVMC Development to the Roads - Reverse not possible or acceptable: Vail's roadway were designed to handle village scale traffic, and cannot be expanded to handle urban traffic without totally changing the character of the community and its neighborhoods. Therefore, as past generations of Vail leaders have learned vehicular traffic has to be reduced by limiting access, concentrating parking in parking structures, building on-site back-of-the-house loading & delivery terminals and expanding mass transit service. This is the expectation the neighborhood believes should be implemented in conjunction with the redevelopment of the VVMC campus and the municipal building site.

Traffic Study - Vail Road Could Begin Gridlocking Again: A Town 2003 traffic study found that the intersection of Vail Road and West Meadow Drive, adjacent to the First Bank building, could begin experiencing gridlock should traffic volumes increase. The proper functioning of this intersection is critical as it provides local access to Vail Village and the Forest Road residential neighborhood. The 2003 study did not take into account increases in pedestrian traffic, which has grown exponentially in recent years. The Town nor VVMC have yet to produce a current traffic study for Vail Road/West Meadow Drive or a traffic circulation design accessing their properties from the South Frontage Road. In the final analysis the Town is legally responsible to safely operated its own street system. Anything it does to worsen a known public safety problem adds to its taxpayers liability burden.



Even in the off season, there is not enough area, without blocking West Meadow Drive walks and traffic lanes, to maneuver and process the hospital's extensive truck traffic.

Trucks Inside off the Street: The Town has as yet to require the VVMC as part of the redevelopment to meet back-of-the-house standards it has mandated for all major private redevelopment projects in the Town Center over the past decade. Town of Vail standards for loading & delivery terminals require that they are enclosed and all vehicular circulation must occur on the site, not on a public street. Currently truck serving the VVMC maneuver on the street often blocking thru traffic on West Meadow Drive, which during a large part of the day is populated with tourists and automobile traffic accessing the hospital. Without back-of-the-house infrastructure improvements the medical center is significantly limiting its long-term operational viability in Vail, which could result in it becoming a competitive disadvantage.

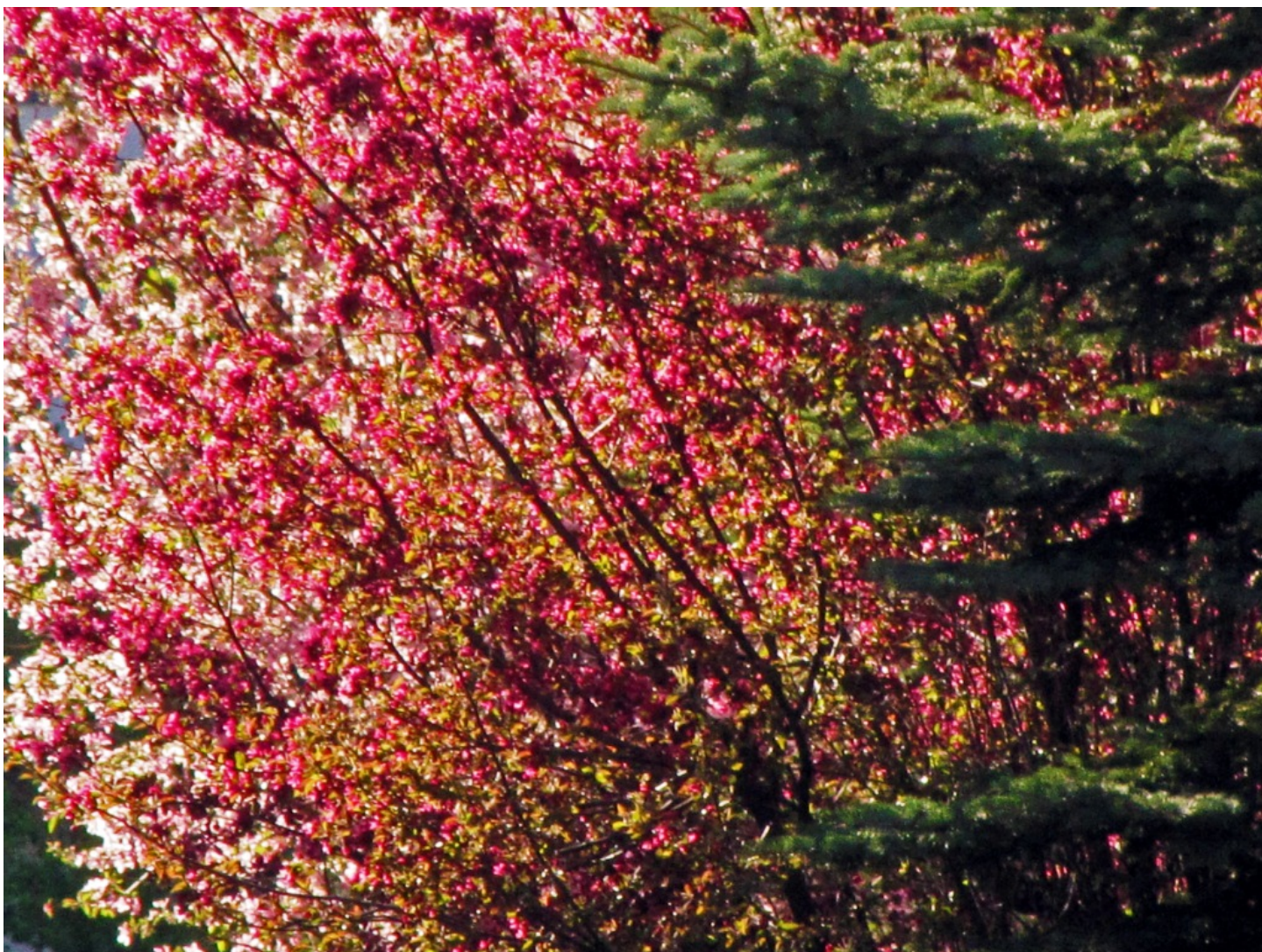
Sky Above-Neighborhood Safety First: Neighborhood concerns over the safety of their streets, extends to the sky above, as the medical center continues to press for a helipad on their site. They do so even though the Federal Aviation Administration (FAA) is considering regulation for hospital helipad that would not allow helicopters to operate in residential neighborhoods, which nearly surrounds the VVMC site. Neighbors believe their safety should not be a bargaining chip in a debate over reducing healthcare costs or coping with the rare event of a life threatening emergency.

Neighborhood master planning orphan by intent or oversight - needs fixing first: Neighborhood property owners question the motives of the Town for not having involved them in preparing a master plan for their neighborhood even though it is sandwiched between Vail Village and LionsHead, both of which are master planned in detail. An outmoded land use plan is being used to say that the neighborhood should not be allowed to house full and part-time residents, a use that has predominated the neighborhood since it was first built in the late 1960's and early 70's.

Plan First - Zoning follows - GU zoning is no zoning: Yet, the Town is considering rezoning a portion of the medical center's zoning without first determining if the proposed uses can occur of the site or are compatible with the surrounding residential neighborhood. The want General Use (GU) zoning ,which has no specific protection for adjacent property owners, except government promises that they will do the right thing. Medical Center authorities, who have begun meeting with representatives from the neighborhood, say they will not prepared for a year or more to say how they intend to redevelop their holdings.

Town of Vail -Might makes Right even if wrong: According to a prominent local public official, the Town has the full right to make any zoning or land use decision, even if it devalues affected properties. This perception, now that the Town has become a developer, presents a worrisome dilemma for all Vail property owners. Particularly, as it now appears, the Town is stripping away and neutralizing property owners planning and zoning protections. This prospect should be even more of a concern to part-time property owners who own 80% of the property, but do not or cannot vote in Vail.

Vail Headed in the Wrong Direction - Colorado Government Integrity Project: Those concerned with the ethical and good governance behavior of the Town of Vail, should be aware that Colorado state and local governments are given a [near failing "D" rating](#), according to a national effort, known as the [State Integrity Project](#), created to improve the integrity of government performance. Colorado Public Radio provides access to information about the effort and an [online form to file ethical and transparency complaints](#) about untoward practices of local governments.



West Meadow Drive Cherry Blossoms in full early morning glory.

SPECIAL EVENTS CALENDAR

Membership Information
VHA Collaborative Consensus Guidelines
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