

VAIL HOMEOWNERS ASSOCIATION

August 2011

Executive Summary:



Vail Economy - The Broader View: A worsening of the [European sovereign debt crisis](#) combined with a first ever downgrading of America's financial rating sent the world equity market gyrating. [Public negativism](#) and wavering confidence in government and financial institutions are being exacerbated by prolonged high [unemployment](#) and slow economic growth. The U.S. ratings drop is being blamed on the inability of [national elected officials](#) to forge a political consensus... [More...](#)

Special Events - [USA Pro Cycling Challenge](#):

The first running of the near week long professional cycling road race through the mountains of Colorado drew a 4th of July sized crowd estimated at 30,000 spectators to the day long time trial in Vail. Event promoters have [marketed the race](#) as the United States' version of the Tour de France. Local officials hope that by hosting the event it will build Vail's image as a global cycling tourism Mecca. [Read on...](#)



TOV Revenues: Town of Vail June [sales tax reports](#) saw a 1.8% increase over the same month last year. The month included the TEVA mountain games as its signature special event designed to increase the level of sales tax producing business. Cumulatively, retail sales decreased by 16.1%... [More details...](#)

Town of Vail Accountability and Transparency: The buoyancy of the last 12 months of increases in the Town's sales tax returns has stirred spending by the Town of Vail, even though its real estate and construction related revenues have dropped precipitously. Some believe that the Town Council is sending mixed signals, causing some to be concerned that the Council is not fully aware of the nearing potential for worsening economic conditions and the advisability of promoting discretionary governmental stimulus spending. [Read on...](#)

Real Estate and Development: According to some analysts, the local real estate market hasn't yet seen buyers or sellers overreacting to the possibility of a double-dip recession. On the positive side there is a [10-month high](#) in residential properties under contract and the listing inventory remains steady. Other analysts are [reporting -18%](#) to 25% declines in dollar volume of sales with the number of transactions near even with last year. The decline is attributed to the short-sale and bank-owned environment throughout the Vail Valley. [For more...](#)



Ever Vail Approval Nears - Project Shelved Until Market Improves: Ever Vail in west Lionshead, the next big \$1 billion project aimed at the affluent buyer, is expected to get final Town of Vail approval for its master planning, phasing and zoning entitlements prior to the November Town Council election. Sales in Vail are slow for residential units in the larger new luxury condominium properties built during the boom. Ever Vail's plan includes building similar types of developments. According to some [Wall Street analysts](#) the company will shelve the project until market conditions improve. [More details...](#)

Vail Cultural Arts: The [Vail Jazz Festival](#), along with the Bravo Music and [International Dance Festivals](#), have created a formidable power house of summer cultural programming. Collectively, the trio brings the best from the New York City cultural scene. [For more...](#)



Comcast Contract Update: The Homeowners Association is encouraging Comcast to make Vail a test market for new products and services that would be integrated into the community's domestic and international economic development initiatives. [Read on...](#)

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Is Vail's bullish tourism market ready for a double-dip recession?

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Concerns over an uncertain future could cause a pull back in domestic consumer spending, increasing the probability of a double-dip recession. If these conditions persist, there are those predicting that the average American will be faced with a lower standard of living, like has occurred in Japan during the last 20 years.

Small and mid-size American companies, which are the largest producers of job growth, continue to have restricted access to financial capital. Large multinational corporations are experiencing healthy balance sheets because they are diversified into global emerging markets, but are not necessarily large job creators in the domestic U.S. economy.

Vail Resorts' success in attracting international markets offers a clearer path for Vail to weather another potential recession. But that path is increasingly strewn with challenging economic obstacles. A return of the recession could bring even slimmer profit margins and a potential decline in destination visits from some of Vail's well established American markets and clientele. The quest to open international markets is moving from a desirable goal to a necessary one. Unsettled [national economic conditions](#) could again make it tough sledding for small local businesses this coming winter.

VRI may do the heavy lifting of seasonal marketing, but the coattail effect for some small local businesses could be diminishing. [Summer Latin American business](#) appears to be on the increase due to VRI and Town efforts. There is increased complexity in serving foreign visitors, who, traveling further to arrive in Vail, tend to spend more and stay longer.

What happens if there is a large influx of new Spanish and other non-English speaking guests this winter? How can the community attract and hold the loyalty of international guests, transforming them from visitors to property owners? New sales are a necessity to bolster residential property values for existing owners. Can Vail adequately welcome international property owners into the community's political and social affairs? It still has yet to fully include non-resident property owners from the United States. These are but a few of the challenges facing community leaders.



Pro Cycling Challenge time trials' starting line spectators on East Meadow Drive in Vail Village

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coverage because of dropped signals. Others point out that the Town of Vail, if it desires to become a cycling center needs to make what could amount to a multi-million dollar investment to upgrade and expand its popular community wide recreational paths. Some critics say the paths are becoming increasingly hazardous due to their burgeoning popularity and the fact that they are shared by both pedestrians and cyclists.



TOV Revenues: Town of Vail June [sales tax reports](#) saw a 1.8% increase over the same month last year. The month included the TEVA mountain games as its signature special event designed to increase the level of sales tax producing business. Cumulatively, retail sales decreased by 16.1%, lodging increased a robust 18.2%, with restaurant/bars closely following at 14.2%. The results are consistent with anecdotal comments made by merchants in June that, in the short term, large summer spectator sporting events don't appreciably boost sales for many retail businesses. TEVA promoters estimate that they attracted nearly 40,000 spectators over the 3 day event. The Town's other major sources of [revenue](#) remain slightly down over last year. Some ski towns are [cracking down](#) on homeowners who rent out their homes short term. Vail town officials say they are getting compliance without the need for a crack down.

Town of Vail Accountability and Transparency: The buoyancy of the last 12 months of increases in the Town's sales tax returns has stirred spending by the Town of Vail, even though its real estate and construction related revenues have dropped precipitously. Some believe that the Town Council is sending mixed signals, causing some to be concerned that the Council is not fully aware of the nearing potential for worsening economic conditions and the advisability of promoting discretionary governmental stimulus spending.

However, members of the Vail Council are demanding a high standard of fiscal accountability before they will financially participate in a 3-year plan being proposed by a local business association, the [Eagle County Airport \(EGE\) Air Alliance](#), to significantly expand destination tourism through increasing both public and private participation in subsidizing commercial domestic and international service to the Eagle County Airport. Then, in deliberation over a November tax spending or rebate ballot question, the Council blocked the ability for the electorate to choose between spending now or holding in reserve \$9.4 million in residual income from a voter sequestered economic development tax fund. Voters will

instead choose to spend the funds now or return them to the businesses that collected them. The Council, after considerable research, limited the ballot question to spending on three projects, which will improve facilities for golfers, weddings, field sports and concert goers. If the ballot question fails, the money will be returned to those businesses that collected it, largely hotels and lodges, through a temporary lowering of their sales tax rates. The Council cites their reason for holding the election as an unspecified legal obligation, but will not produce any validating documentation.

There are those taking the Town to task for a [lack of transparency](#) and fiscal accountability on its own projects, while holding others seeking public subsidies for economic development projects to a more rigorous standard. Some of those projects have the potential for greater economic benefit to Vail. Critics point to the Vail Town Council's recent authorization to spend nearly \$125,000 to reassemble the [Jesus Morales public art sculpture on Ford Park](#). The Town said that its asset value had increased to \$2 million, but did not provide the public with any supporting documentary evidence.

Vail is not the only local government coming under increased scrutiny for transparency and fiscal accountability. County-wide local governments are filling the November ballot with [tax increases and public spending measures](#). Their aggregate effect when contrasted with the tenor of the public debate over reducing public spending could turn voters, according to some local media sources, against all increases in local government spending, no matter the rationale. The Eagle County School district in its bid for a permanent raise in property taxes yielding over \$6 million annually has reported that [education standards](#) are improving in most of its schools.



The venerable Treetops Condominiums in Lionshead glows with subtle building lighting.

Real Estate and Development: According to some analysts, the local real estate market hasn't yet seen buyers or sellers overreacting to the possibility of a double-dip recession. On the positive side there is a [10-month high](#) in residential properties under contract and the listing inventory remains steady. Other analysts are [reporting -18%](#) to 25% declines in dollar volume of sales with the number of transactions near even with last year. The decline is attributed to the short-sale and bank-owned environment throughout the Vail Valley. The Eagle County [foreclosure data](#) shows the number of foreclosure transactions as marginally less than the [same time last year](#), while the dollar value is higher by nearly \$20 million.

Realtors, while adjusting to a much slower pace of sales, are learning to adapt to the expectations of a much savvier affluent buyer. A recent [symposium for Aspen realtors](#) reveals the changing profile of the affluent buyer of resort residential properties. According to one speaker, “Properties must be priced at least 10% below the competition or they will ignore it. The affluent don’t want to just feel like they’re receiving a discount; they want to feel they’ve made an immediate profit when they close.”

Ever Vail Approval Nears - Project Shelved Until Market Improves: Ever Vail in west Lionshead, the next big \$1 billion project aimed at the affluent buyer, is expected to get final Town of Vail approval for its master planning, phasing and zoning entitlements prior to the November Town Council election. Sales in Vail are slow for residential units in the larger new luxury condominium properties built during the boom. Ever Vail’s plan includes building similar types of developments. According to some [Wall Street analysts](#) the company will shelve the project until market conditions improve. Company executives say the earliest start date for phase one may occur in 2013. Phase one includes straightening the South Frontage road, moving it to the northern edge of the site. The remaining three commercial buildings on the site (west of Sandstone Creek) will be demolished and replaced with a surface parking lot for several hundred vehicles. According to VRI’s [conceptual phasing plan](#) the next phase will be the construction of a new gondola built over an underground complex to replace the existing on-mountain equipment maintenance and warehousing facility.

Timber Ridge Redevelopment Project: Town officials are still awaiting word from their developer as to whether the project will move forward into construction. At last report, the developer was looking for funding from the Federal government and more concessions from the Town of Vail. Concerns have been raised by some that the Town needs to avoid any concessions that might set aside much of the rationale used to justify the massive size and purpose of the project as affordable housing for local workers. Meanwhile, the Town Council is investigating rehabbing several units in that portion of the project scheduled to be replaced. The proposed project, if it is ever built, will be one of the largest structures in the community.



Vail Summer Jazz Festival brings nationally/internationally recognized performances free to Lionshead weekly in summer.

Vail Cultural Arts: The [Vail Jazz Festival](#), along with the Bravo Music and [International Dance Festivals](#), have created a formidable power house of summer cultural programming. Collectively, the trio brings the best from the New York City cultural scene. The [Bravo Vail Valley Music Festival](#) will celebrate the 10th anniversary of hosting the New York Philharmonic Orchestra next year. The famed orchestra has extended their Vail contract for three more years. [Anne-](#)

[Marie McDermott](#), in her first season as Artistic Director, created a diverse and engaging program that was a tribute to her aspirations for the future of the music festival and the Vail community.

The programming and operational costs of each of the cultural entities is supported mainly through the philanthropy of Vail's part time residents, the economic and social value of which sometimes goes unrecognized by the local community. Over [\\$1 million was raised](#) in one week this summer for local charities. The Town of Vail needs to be more inclusive in how it allows its non-residents to participate in the governing process. As the Town's discretionary funds are shifted to more pragmatic obligations, dependency upon the philanthropy of non-resident property owners to fund community institutions will increase.



Comcast Contract Update:

Shown to the left is one of Comcast's many Town of Vail required line maintenance projects that need completion before the Town will approve a new franchise. Many homeowners are critical of Comcast's service and want the company to upgrade the system to be equivalent with metropolitan systems.

The Homeowners Association is encouraging Comcast to make Vail a test market for new products and services that would be integrated into the community's domestic and international economic development initiatives.

VHA Hosts Neighborhood Issues Meetings: The Homeowners Association is reaching out to determine which neighborhood issues its members want or need our assistance with. In a meeting of Forest and Beaver Dam Road property owners, Bishop Park residents expressed concerns over pedestrian safety. It is time for the Town of Vail to notify property owners who are blocking the project that the Town intends to build a sidewalk along the south side of Vail Road from the Chapel Bridge to Mountain Plaza. Property owners who have received notices from the Town to stop mowing grass or using the Town owned Gore Creek stream tract want assurances that the Town itself will abide by the same practices on its portion of the stream tract. A Town representative explained that the purpose of restoring the natural vegetation was to help reduce water pollution that is increasingly contaminating local streams. Several members are concerned that the Town's development review notifications are deficient; they say that new homes are being constructed and landscaping installed that is destroying the natural environment and is out of character with the neighborhood. Neighbors should be able to voice their opinions to the Town's Review Board about a particular building project in the neighborhood, but they are not notified by the Town of the public hearings. Owners in Vail Village are again complaining about crowd and street noise. Meetings with VHA members in other neighborhoods will be scheduled for the coming months.

Nonmembers - Join Us to Protect and Improve Vail: The Association informs its members and the local community about the conditions and direction of Vail's economy through our monthly Newsletter. This evaluative tool is provided so that they may determine if the value of their investment is being carefully and appropriately managed and the safety and enjoyment of the community enhanced. We also work on behalf of our members to represent their interests and advocate on their behalf with the Town government and other entities that influence community decisions.

We are entirely funded by member contributions. Membership in the Association ensures that we will continue to serve the diverse and passionate interests of the community's residential property owners. Help us shape the future of Vail. [Contact us](#) about joining!



Morning sun dapples the La Tour Fountain.

SPECIAL EVENTS CALENDAR

Membership Information
VHA Collaborative Consensus Guidelines
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Contact Editor

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