

VAIL HOMEOWNERS ASSOCIATION

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Executive Summary:



Vail's Holiday Economy Festive: Vail entered the New Year with greater confidence than that of the departing year. [Snow conditions](#) are some of the best on record. The Holiday Season saw stronger retail sales and lodging business. According to anecdotal accounts, there was an abundance of international visitors particularly from Latin countries. American visitors of means were less inhibited in their spending on luxury items. Similarly, productivity goals were attained or exceeded as reported by other major economic drivers in the community.

Property Tax Revenues Shrink: The [Eagle County Assessor is worried](#) about sinking property tax revenues in the biennium reassessment of property values, estimating a 30% drop in valuation from the real estate market high of 2008. Compounding the accuracy of the reassessment is a lack of property sales since June of 2010, which is the timeframe of the basis to determine revaluation. Notices of revaluation are to be sent out to property owners this coming May.

Local Real Estate Sales Improving, but Miles to Go: Local real estate analysts report that [through November dollar volume](#) in sold real estate was up 71% and the number of transactions up 37% over 2009. But compared to the high watermark of 2007 the market was down by 50% in dollar volume and 55% in the number of transactions.

Vail Special Events at the Summit: The Town of Vail disperses over \$2 million annually to promote business and in turn fill its coffers with tax revenues generated from tourism. Over the years it has developed what some critics believe to be an overly cumbersome method to distribute these funds. Both the Town of Vail and Vail Resorts do [extensive marketing research](#) in formulating their summer and winter marketing programs. Measurable progress has been made over the last two years organizing and coordinating a myriad of content providers in the production and promotion of a more unified marketing image for the Vail community. If the community is to take its message and image global, some critics say there is much more to be done.



2015 World Alpine Ski Championships - Here and Now: The Vail Valley Foundation is the host/promoter of the 2015 World Alpine Ski Championships (WASC) to be jointly held in Vail and Beaver Creek. Beaver Creek will be the site of all of the racing and Vail is to be party central. There are Vailites who are fit-to-be-tied that none of the races will be held in Vail. The Association has suggested that Vail should begin now promoting its [renaissance international image](#).



Town of Vail Financial Condition Has Challenges Ahead: Nationally, many state and local governments are [facing financial difficulties](#) because of a precipitous fall in revenues resulting from the effects of the recession. Additionally, the cushioning effect of recession related Federal stimulus funds made available to local governments is over. There is even speculation that the municipal bond market, a primary source for funding a wide variety of government projects, is under stress as a result of defaults from many over extended local governments throughout the United States. As a result, well-intentioned inquiries have been raised about the present and anticipated future financial condition of the Town of Vail.

TOV/Comcast Cable Franchise Negotiations Changing Channels: The Town of Vail is not pleased with the findings of an independent audit of the Comcast cable television system. The audit found a plethora of faulty installations, which some say are commonplace throughout Vail, despite the addition of new digital services brought in by recently leased high speed fiber optics lines. The Town Council [gave Comcast 30 days](#) to cure the defects in its installations.

Ever Vail PEC Approval of Master Plan: The Town of Vail Planning and Environmental Commission recently recommended that the Town Council [approve the master plan](#) for the proposed Ever Vail Town Center. The [Association raised objection](#) to the completeness of the master plan because it does not address the compatibility between the \$1 billion development and the Eagle River Water and Sanitation District's wastewater treatment plant located on the front doorstep of what is to be the most important new development in the Town's future.



Vail's Bear Market No Longer on Thin Ice?

© Photography - James Franklin Lamont

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Vail's Holiday Economy Festive: Vail entered the New Year with greater confidence than that of the departing year. The Holiday Season saw stronger retail sales and lodging business. According to anecdotal accounts, there was an abundance of international visitors particularly from Latin countries. American visitors of means were less inhibited in their spending on luxury items. Similarly, productivity goals were attained or exceeded as reported by other major economic drivers in the community. [Lodging in December](#) reported a 6.8% increase in room rates resulting in a -0.3% decline in occupancy, which indicates a positive increase in revenue generated per room. Cumulatively, these indicators expose that the recession inspired "Vail on Sale" strategy may be in decline across most local business sectors.

Holiday spending in December was record setting for Town of Vail [sales tax revenues](#). So far, collections are up 15.3% over the same month in 2009. The Town's total sales tax is projected to [close the year](#) up 4.4% over 2009. The Town's cumulative [revenue sources](#) as of November including sales taxes are [showing the potential](#) for positive growth at year end along with revenues remaining [ahead of budget projections](#). Vail continues as of the end of November to [out perform most of its competitors](#) on the basis of sales tax returns (1.83%) with the exception of Aspen (4.3%).

No Reversal of Fortunes for Workers: Eagle County, where most of Vail's work force lives, is not seeing a reversal of negative fortunes. [Foreclosures](#) for 2010 are at [record highs](#). [Unemployment](#) for the county in November was 10.2%, exceeding both Colorado and national levels. Eagle County is reporting the loss of 6,000 jobs in the recession. These jobs were held by documented workers; which means the loss is more than likely much higher given that the county has a

strong presence of undocumented workers. Paradoxically, in a recent press release the Town of Vail Housing Coordinator says [demand is strong](#) for Vail affordable housing products.

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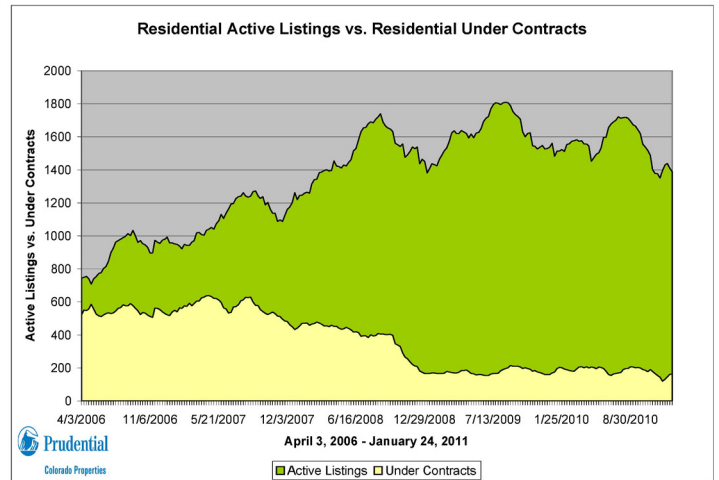
Colorado and Eagle County Record Setting Foreclosures: Colorado narrowly missed being listed in a nationwide evaluation as one of the eight states where [homebuyers are backing away](#) from the real estate market. Colorado has one of the highest foreclosure rates in the nation with one in forty homes in foreclosure according to media sources. The Denver Post reported that [only Texas exceeds Colorado](#) in households arriving in the state as accounted by a national moving company, which puts even greater competitive pressure on the unemployed.

Local Real Estate Sales Improving, but Miles to Go:

Local real estate analysts report that [through November dollar volume](#) in sold real estate was up 71% and the number of transactions up 37% over 2009. But compared to the high watermark of 2007 the market was down by 50% in dollar volume and 55% in the number of transactions. Opportunities for bank owned and short sales are on the rise. Inventories of available properties throughout Eagle County remain at an unprecedented level. Some analysts are saying that foreign buyers are driving the Vail market. Lofty monthly maintenance fees and special project taxes are deterring some eligible buyers.

Deep Discounting Starves Out Future Development:

[Vail's Multiple Listing Service](#) in 2010 reported, even with an aggressive 20% to 40% price discounting at play in the market, the average discount of the "original asking price to selling price" was 18% and close to 12% off the 'final asking price to selling price.' The 12% decline indicates that Vail is following the trend being reported from the Aspen real estate market. Most new high-end properties are resisting discounting. Some are offering attractive credits rather than devalue the asking price. Developers avoid discounting, as it undercuts the minimum square foot cost necessary to finance new construction.



The Broader View - Inflationary Pressures at Work: Many [economic forecasters](#) are [prognosticating](#) that 2011 will have far more optimistic opportunities than has been the case over the last two years. The harsh reality remains, the nationwide unemployment will remain high. There are those who believe it could drop below 9%. Business-wise, renewed productivity could push the Gross Domestic Product (GDP) out of the basement. However, commodity prices like gasoline are on an inflationary rise, which could be the first indication that [something might be amiss](#). The high inflation rate tied to [rising commodity prices](#) is often a primary cause of political turmoil in unstable regions of the world.

Some say the current U.S. monetary policy of low interest rates, if coupled with an expected depreciation of the dollar, will in the short term, [export high inflation rates](#) worldwide. Ultimately, high global inflation will boomerang back to the U.S. in the form of disruptively high domestic rates of inflation and another round of a bubble-bursting economy.

In the short-term, if the negative view holds sway, depending upon how much the dollar might devalue, Vail will be a bargain for the international crowd, particularly for those seeking safe havens for their wealth. Domestically, if high-inflation infects the U.S. economy, those affected will find Vail has become a more expensive proposition.

VHA Annual Meeting Expands Perspective of Vail Renaissance: The theme of the meeting was that Vail's new buildings might be complete, but there's plenty of work that still needs to be done to complete the Vail Renaissance. "The majority of the building here is completed, but I don't think we can take a 'we built it and they will come' attitude," said Dr. Gail Ellis, President of the Vail Homeowners Association. "It's our responsibility to let everyone know that Vail is thriving and moving forward." A series of community leaders [outlined their plans](#) to raise Vail beyond being "world class" for North Americans, to the much higher standard of becoming an "international" destination resort community. The Vail Valley Foundation delineated their plans for significant improvements to Ford Park. A representative of the Vail Valley Jet Center presented their proposal to build an international passenger terminal at the Eagle County Airport. Vail Resorts summarized their current efforts to attract international destination guests. A [video of the meeting](#) is available on Public Access Television 5's website. (Category: Community Productions, Vail Homeowners Association 2010 Annual Meeting)



Weekly rock concerts held in Vail are sponsored by the Vail Valley Foundation.

Vail Special Events at the Summit: The Town of Vail disperses over \$2 million annually to promote business and in turn fill its coffers with tax revenues generated from tourism. Over the years it has developed what some critics believe to be any overly cumbersome method to distribute these funds. Both the Town of Vail and Vail Resorts do [extensive marketing research](#) in formulating their summer and winter marketing programs. Measurable progress has been made over the last two years organizing and coordinating a myriad of content providers in the production and promotion of a more unified marketing image for the Vail community. If the community is to take its message and image global, some critics say there is much more to be done.

Filling Hotel Rooms vs. Fun for the Locals: Since the beginning of the recession, the marketing arm of the Town, the Vail Local Market District Advisory Committee (VLMDAC) has formulated a "heads in beds" [economic development strategy](#) and [employs tactics](#) dependent upon hosting special events for which it desires Town funding. Funding for special events is approved by the Town's Commission on Special Events (CSE). This group has specific criteria approved by the Town Council that guide what special events they fund. The VLMDAC would like their proposed special events, which are for destination guests, given funding preference over those that the CSE says its guidelines favor. CSE events include those for the local community.

Air Cleared but Many Fingers Remain in the Pie: A recent summit between the two groups and a third group of [economic advisors](#), the Vail Economic Development Council, cleared the air, but did not solve the conflict or gain acquiescence from either side to realign the pecking order. Matters are complicated by the Town Council who has its own piece of the promotional funding pie, which it divvies out separately to the cultural arts and major sporting events. Many of these events are produced and promoted by the Vail Valley Foundation (VVF), a locally based philanthropic corporation.

The VVF has close ties with Vail Resorts and many non-resident property owners who give generously to support the Foundation's wide range of events. The Bravo Music Festival and the Vail International Dance Festival are two of the cultural programs with which the Foundation is engaged. Many in the Vail business community consider Bravo to be the [leading economic generator](#) over the summer months.

2015 World Alpine Ski Championships - Here and Now: The Vail Valley Foundation is the host/promoter of the 2015 World Alpine Ski Championships (WASC) to be jointly held in Vail and Beaver Creek. Beaver Creek will be the site of all of the racing and Vail is to be party central. There are Vailites who are fit-to-be-tied that none of the races will be held in Vail. Some are saying that the Vail Town Council should withhold its \$1.25 million share to host the event, until there is a firm commitment to make the necessary improvements to bring ski racing back to Vail Mountain. Others are saying, Vail Resorts has made that commitment, but given time and capital, it may not be possible by 2015. The Association has suggested that Vail should begin to promote its [renaissance international image](#) by immediately marketing both the Town's 2012 Fiftieth Anniversary and the 2015 Championships. A place to start is to begin producing and distributing [international quality video clips](#) like those currently being created by Vail Resorts.



Town of Vail Financial Condition Has Challenges Ahead: Nationally, many state and local governments are [facing financial difficulties](#) because of a precipitous fall in revenues resulting from the effects of the recession. Additionally, the cushioning affect of recession related Federal stimulus funds made available to local government is over. There is even speculation that the municipal bond market, a primary source for funding a wide variety of government projects, is under stress as a result of defaults from many over extended local governments throughout the United States.

Keeping National Challenges Away from Vail's Doorstep: As a result, well-intentioned inquiries have been raised about the present and anticipated future financial condition of the Town of Vail. The questioning is coming from Vail property owners who are aware of these national challenges and wish to help ensure these problems are avoided in Vail.

No Easy Choices - Increase Revenues, Cut Costs, Improve Efficiencies: A Town study conducted in the 1990's prior to the recent building boom gone bust concluded that, without new revenue sources there would come a time when the Town's operating costs would exceed its revenues. The Town successfully navigated the intervening decade because of

increases in development related revenues collected during the construction boom, which bridged over the predicted shortfall.

Demand for Service Expanding: Importantly, as a result of the boom, the demand for increased government services has escalated. The Vail Town Council recently discussed the prospect that there could be a budgetary shortfall in revenues beginning as early as 2012. The degree of the potential shortfall is not known, but Town administrators are taking steps to address the possibility.

Early Public Awareness Rather Than Reactive Budget Cuts: The Association believes that it is important to plan now to avoid ["reactive" budget cuts](#) that could negatively impact the Town's work force and services. Severe cuts in either respect could adversely impact property values and the quality of life in Vail. The Association urges an open exchange of information among the many constituents of Vail so that the numerous funding challenges may be successfully addressed.

Town Has Stable Pension Program: The Town has a long history of being a fiscally prudent local government. For example, unlike many governments now facing daunting unfunded pension obligations, the Town of Vail has a "defined compensation" employee pension fund, with the Town making on average a 16% monthly contribution to qualified employees 401(k) accounts. Because the pension program is "self directed" there is, according to Town administrators, no unfunded ballooning obligation to the Vail taxpayers.

Avoiding Budget Crisis: The Association is concerned that appropriate steps be taken now to avoid future budgetary crises. Such steps could include measures ranging from revenue enhancement, to improving service through technological and procedural changes, to more efficient and effective deployment of its workforce.

Opportunities for Improvement Need Research: In response to these concerns the Homeowners Association is embarking upon an analysis of the Town of Vail's financial condition with the assistance of academic based researchers and, to that end, is in the process of collecting a wide range of data about the Town's finances. The Association sees value in working with these researchers to define a series of indices, which can be used to benchmark key aspects of the Town's revenues, operations and service levels so that they can be compared with other similar institutions and service providers.

Election Issue: It has also been suggested to the Vail Town Council that it may desire to take similar steps, if it has not already done so. It should also be noted that since this is an election year for the Town, these issues should be a primary focus of all candidates for the Town Council.

Photo right: Dawn brings the first of nearly a hundred vehicles that daily occupy free frontage road parking in West Vail. Aside from the safety issues, the practice begun in recent years, seasonally costs Vail taxpayers lost revenues on thousands of cars that would otherwise pay a fee to park in the Town's parking structures. There is thin evidence that the Town recoups its lost parking fees in sales taxes from higher spending in nearby businesses.



Affording Free Public Parking: [Snow conditions](#) have been excellent, with snow fall exceeding averages and moving into the record setting column. Thus far this season [parking on the frontage roads](#) has been infrequent, but not abnormally so, with no complaints from the ski company about a lack of skiers. Some speculate that, after years of building projects that have now been completed; the departure of construction workers has brought welcome relief to the community's perception of a chronic parking shortage.

Epic Pass Not a Problem - Powder Days Are: Front Rangers, taking advantage of the Epic pass discounting, once thought to be the culprit in causing parking congestion, have developed more discerning habits by spreading their ski days among the several ski resorts proximate to I-70 and owned by Vail Resorts. Even locals, freed from the mindset of wringing every last dollar out of their season lift pass, are less motivated to spend the entire day on the slopes.

The demand for parking has returned with a vengeance along with fresh powder and clear blue skies. But, like any packed game day at a professional football stadium, the tickets aren't cheap and neither is the close-in parking. Unregulated on-street parking is rare, if not outright prohibited. Demands for free parking, on-street or otherwise, are considered by some to be absurd.

Parking Fees - Fixed Rate vs. Yield Management Pricing: In the view of some advocates, Vail has to leave behind its season-long fixed daily rates for parking. They favor instead "yield management pricing" attracting more customers with cheaper parking on the off demand days and discouraging overcrowding by charging higher prices when there is high demand. Likewise, they believe, free or cheap public parking all day, every day, is not an entitlement of residency in Vail or Eagle County. The Town of Vail allowed frontage parking is not a permanent fixture, but a temporary solution.

Pushing Employee Parking to Frontage Road Not a Viable Solution: There are some businesses that are resisting providing parking for their employees who are living in on-site affordable housing. Some are choosing to encourage their employees to buy Town of Vail parking passes to park on the Frontage Road. This practice has caught the attention of the Town Council. Pushing employees into parking on the Frontage Road could motivate the Town Council to require developers, as well as building and business owners to provide for their employees' parking or transportation, which is currently not required by Town regulations.

Spend on Mass Transit Rather Than Parking: If pressed, the Town Council can force the issue to a resolution at the expense of the private sector, as they have done with affordable housing mandates. A majority of the current Town Council have made it abundantly clear that they do not favor habituating parking on the Frontage Road, free, by permit or otherwise. Some community activists are saying that the Town should focus its spending on its mass transit system, improving its efficiency and expanding service to underserved constituencies.

Taxpayers Won't Vote to Build More Public Parking: Vail taxpayers do not appear to have a strong appetite to build more public parking. There is in fact, a disincentive say those who have distaste towards putting too many skiers and boarders on Vail Mountain during periods of peak demand. A similar attitude is congealing about overflow parking for special events during the summer, especially when crowds are big and event returns low from sales or lodging taxes.

Developers See Profits in Building Public Parking: These deeply held attitudes are causing private developers to make plans for building their own public parking, which in the view of some will break the back of the Town's monopoly over public parking. There are even those saying that the Town of Vail should shed its costs altogether for running its two large public parking structures by contracting their operation out to private entities.

Objective Independent Analysis Necessary: For these new approaches to gain a foothold, viable business models have to be provided to public officials, either by their staff or private entrepreneurs. The Homeowners Association has under review a research project to formulate the factors that should be given consideration in turning towards new solutions to manage the community's government and privately owned public parking resources. The resolution of the community's parking needs, while a never ending quest, is pivotal to protecting residential property owners' investment in their highly valued Vail quality-of-life.

TOV/Comcast Cable Franchise Negotiations Changing Channels: The Town of Vail is not pleased with the findings of an independent audit (see audit [part 1](#) and [part 2](#)) it commissioned after receiving numerous complaints from local subscribers about the service and conditions of the Comcast system. The audit found a plethora of faulty installations, which some say are commonplace throughout Vail, despite the addition of new digital services brought in by recently leased high speed fiber optic lines. The Town Council [gave Comcast 30 days](#) to cure the defects in its installations, which some believe is an impossible task for the ageing system that has been patched together for the last forty years. In the view of some, it's the last 100 feet from the trunk line to the customer's front door that is the problem. If compliance is not attained, other follow-up action can be triggered by the Town. One option approved by the Council is to move forward with the study of condemning the system through its eminent domain power and taking over the operation of the system itself. Easier said than done, but Glenwood Springs, 40 miles further west on I-70, has done it. Needless to say Comcast upper management has gotten the message and is reportedly sending a high level executive from corporate headquarters to parlay with Town officials.

Ever Vail PEC Approval of Master Plan: The Town of Vail Planning and Environmental Commission recently recommended that the Town Council [approve the master plan](#) for the proposed Ever Vail Town Center. The [Association raised objection](#) to the completeness of the master plan, because it does not address the compatibility between the \$1 billion development and the Eagle River Water and Sanitation District's wastewater treatment plant. The sewer plant is located on the front doorstep of what is to be the most important new development in the long term success of the Town's economic future. The District [seeks to be absolved](#) by the Ever Vail developer from any compatibility responsibility. The Association believes it is well within the Town of Vail's regulatory powers, even over the objections of the District, to ensure that the proposed Ever Vail development has a reasonable potential for success by requiring master plan compatibility standards for the sewer plant site. Vail Resorts, in a recent [presentation to the Vail business community](#), further clarified its view of the [financial advantages](#) to the community from their project, which in some advocates' opinions, was not adequately addressed in the Town of Vail's economic consultant's report.



Snow Sculpture by Vail Sculptor - [Karl Krueger](#) - [Vail/Triumph Winterfest](#)

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SPECIAL EVENTS CALENDAR

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