

VAIL HOMEOWNERS ASSOCIATION

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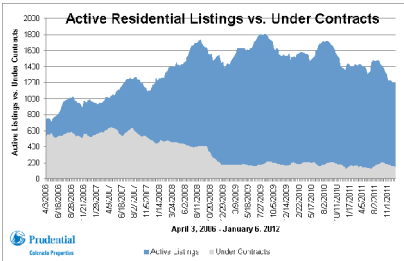
Executive Summary:

VHA Annual Meeting Urges Pursuit of Prosperous International Tourism Markets: The Homeowners Association's persistent multi-year theme of local collaboration to further the "international" stature of Vail's economic development efforts is having success. At the [VHA annual membership meeting](#) its efforts received acknowledgment and support from the community's political and corporate leadership. [Association President, Dr. Gail Ellis](#), expressed the organization's belief that the Vail community must broaden its vision of the future... [Read on](#)

Red Sandstone School Saved From Closure: In one of its first successes of year, the incoming Council defended the Red Sandstone Elementary School against closure by the [Eagle County School District](#). Under strong pressure from parents, teachers and elected officials, the school board decided not to close any of its elementary schools... [For More...](#)

Property Tax Remains a Hot Button for Some: The [voter approval of tax increases](#) remains a sensitive issue. Some members of the Council are being chastised by local tax voter rights proponents for their discretionary decision to increase the mill levy without voter approval. [Read more...](#)

Reasons for Optimism: The Town Council's optimism over its 2011 revenues is derived from positive indicators beginning to appear on its balance sheet. According to a [Town report](#) sales tax revenues increased by 11.4% during the summer months and the 2010-2011 winter growth rate was 11.2%. For the 2011 year, Vail's [sales tax](#) revenues of \$19.55 million are up 10.59% over 2010 with more collections remaining. This brings the Town very close to tying the 2008 record setting figure of \$19.63 million. The 2011 rates for both unemployment and [foreclosures](#) remain consistent with trends from the last three years. Late in the year, [unemployment](#) began to lessen slightly. [Read on...](#)



Real Estate in Recovery Mode: Eagle County [real estate sales](#) by the end of November attained parity with 13 of the last 14 years by topping \$1 billion. There are instances of per square foot sale price being reported at or near prerecession prices for premium properties in the heart of Vail Village. A January 16th [Prudential Colorado Properties report](#) indicates that for the Vail Valley, transactions were up 4% over 2010 but dollar volume was off by 21%. [For More...](#)

Town Council Retreat Sets Directions for its Term: Vail Homeowners Association [provided a list](#) of recommended priority issues to the Town Council for the current term. Several came under discussion during their retreat and were incorporated into this term's agenda. The Association was a silent observer at the Council's three days of well organized, vigorous and collegial discussions. [More](#)

Major Construction Projects are the Town's: Lionshead Welcome Center, improvements to Ford Park (see [planner's proposal](#) - Planning Commission public hearing on February 27th), the Golf Club House, the Vail Public Library and the possible commencing of the VVMC/TOV office building project (scheduled for the Town's approval process in May and June). Private projects in the pipeline are the proposed redevelopment of the [Ski and Snowboard Club Vail](#) building on Vail Valley Drive and the Vail Village Gondola Project. [Read on...](#)

Affordable Housing: In its goal setting retreat, the Town Council appears to desire to back away from its decades long quest to increase affordable housing to 30% of the work force... for the time being. [More details...](#)



TOV/VVMC Office Buildings Proposal Moves Forward: The Council has entered into a joint agreement with the Vail Valley Medical Center (VVMC) to redevelop the [Town's municipal building site](#) to build a medical office building and a new \$15 million municipal office building. [Read on...](#)

Who is the Vail Community? The Town Council's discussion of shaping a "sense of community," did not extend to non-resident property owners. Non-residents are an 80% majority of Vail's residential property owners and are increasingly becoming more international in composition. [More on this topic and others...](#)



Ford Amphitheater awaits a new summer season.

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VHA Annual Meeting Urges Pursuit of Prosperous International Tourism Markets: The Homeowners Association's persistent multi-year theme of local collaboration to further the "international" stature of Vail's economic development efforts is having success. At the [VHA annual membership meeting](#) its efforts received acknowledgment and support from the community's political and corporate leadership. [Association President, Dr. Gail Ellis](#), expressed the organization's belief that the Vail community must broaden its vision of the future. [Vail Resorts CEO, Rob Katz](#), reported that he and company executives were familiarizing themselves with potential opportunities in China, Japan and Europe due in part to the company's success in attracting international markets to Vail. Mayor Andy Daly outlined the Town's strategy to capitalize on the draw of specialties at the Vail Valley Medical Center to diversify the local economy. James Ellis, Dean of the University of Southern California's, Marshall School of Business, concluded that [Vail's best way forward](#) is to become the most desirable year-round international resort community in the world. Vail Valley Foundation President, Ceil Folz, reported on the importance of the [2015 World Alpine Ski Championships](#) to bring Vail's new cosmopolitan image to the world via its international television coverage. The exposure from the 2015 Championships could have a positive influence on Vail/Beaver Creek's staging of future alpine competitive events, if Denver's estimated \$24 million bid to host the \$1.5 billion [2022 Winter Olympics](#) is successful.

Federal and County Efforts to Promote International Tourism Proceeding: Vail is well positioned to benefit from recent decisions by Federal authorities to [reduce regulatory barriers](#) to international tourism. Likewise, [Eagle County Regional Airport](#) (EGE) authorities have made determining the best approach to creating an "international" terminal at the airport one of its highest priorities to be assigned to its [newly hired airport manager](#). Some officials report that the county airport has the passenger service capability of eclipsing all other North American mountain resort airports. With cost

effective improvements, the airport could handle the higher passenger (250-300) load aircraft with intercontinental reach such as the Boeing 767.

Town Council Recognition of the Community's International Stature: A new Vail Town Council begins the year laying out new resolutions and reaffirming old ones in a goal setting retreat which sets the tone of the Town's initiatives for the next 18 months. Importantly the Council, in recognition of the success in improving its image as a high end destination resort, is adapting to changing international tourism trends by altering its mission statement to become the "première international mountain resort community".

Consumers are enthusiastic about the Town's extensive redevelopment make over. In a Vail Resort survey they are giving it high marks by recommending a Vail vacation to their friends.

Red Sandstone School Saved From Closure: In one of its first successes of year, the incoming Council defended the Red Sandstone Elementary School against closure by the [Eagle County School District](#). Under strong pressure from parents, teachers and elected officials, the school board decided not to close any of its elementary schools saying recouping their \$5 million shortfall in revenue, due to voter rejection of a tax increase, will have to be accomplished through cuts in benefits, personnel and programs. Some are suggesting Red Sandstone, because of declining enrollment, needs to be converted to a charter school.

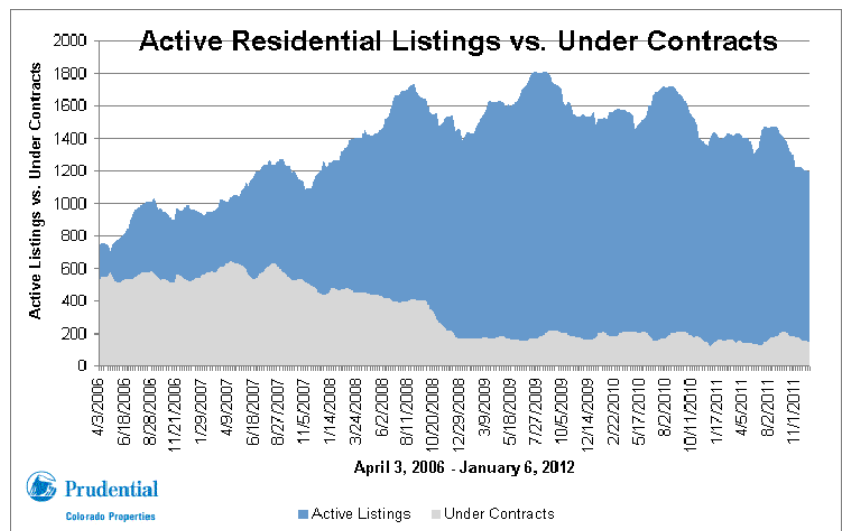
Property Tax Remains a Hot Button for Some: The [voter approval of tax increases](#) remains a sensitive issue. Some members of the Council are being chastised by local tax voter rights proponents for their discretionary decision to increase the mill levy without voter approval. The decision was made in order to offset a \$30,000 disparity in property tax revenues received from Eagle County arising from over-valued appraisals by the County Tax Assessor. While minor in amount, the critics stand on principle. Such is the temper of the times under which all local governments in Eagle County must make progress.

Reasons for Optimism: The Town Council's optimism over its 2011 revenues is derived from positive indicators beginning to appear on its balance sheet. According to a [Town report](#) sales tax revenues increased by 11.4% during the summer months and the 2010-2011 winter growth rate was 11.2%. Vail Village redeveloped properties led the increase. Summer is about 29% of the volume of winter's business. Last winter saw double digit increases in international tourism, principally from Latin America. For the 2011 year, Vail's [sales tax](#) revenues of \$19.55 million are up 10.59% over 2010 with more collections remaining. This brings the Town very close to tying the 2008 record setting figure of \$19.63 million.

Then There Are the Numbers - More Good Than Not: The 2011 rates for both unemployment and [foreclosures](#) remain consistent with trends from the last three years. Late in the year, [unemployment](#) began to lessen slightly. Other more prosaic indicators like [trash collections](#) showed a 30% volume decline, a sign that economic activity remains challenged. The number of Eagle County [bank-sold units](#) in November was high at 22% of all transactions as compared with [6.7% in Pitkin County](#). [Eagle County poverty levels](#) since the beginning of the recession are also reported to have risen.

Eager optimism for the 2011-2012 winter season has been tempered with an unusually prolonged condition of [modest snow fall](#). Local pundits are saying it keeps consumers in the shops and restaurants. The heavy snowfall over the last few days will entice them back to the slopes. Early robust snow next season should rebuild consumer confidence to pre-book ski passes and hotel reservations. Ski industry officials have begun [litigation against the US Forest Service](#) permit requirement that challenges ski area operators ownership of water rights essential to snowmaking operations.

Real Estate in Recovery Mode: Eagle County [real estate sales](#) by the end of November attained parity with 13 of the last 14 years by topping \$1 billion. There are instances of per square foot sale price being reported at or near prerecession prices for premium properties in the heart of Vail Village. A January 16th [Prudential Colorado Properties report](#) indicates that for the Vail Valley, transactions were up 4% over 2010 but dollar volume was off by 21%. Sifting through the MLS data for both [Vail Village](#) and [Lionshead](#), some are saying nationally that the [bottom of the market](#) has been reached, but



equally some see prices dropping in other areas, prompting a hopeful view that prices overall could stabilize in 2012.

County wide the amount of transactions are keeping pace with 2010 levels because of lower prices as sellers are concluding that this is the new normal and are willing to sell at current market prices and move on. The gap between listed and sold properties has narrowed. There is a difference of opinion among local analysts whether, as the market improves, the flow of new listings into the market will be equal to or greater than those selling. One indication that recession inventory is clearing would be new construction starts for speculative residential development, which have yet to materialize as a notable trend.

Town Council Retreat Sets Directions for its Term: Vail Homeowners Association [provided a list](#) of recommended priority issues to the Town Council for the current term. Several came under discussion during their retreat and were incorporated into this term's agenda. The Association was a silent observer at the Council's three days of well organized, vigorous and collegial discussions.

Continued Development Their Keystone: The Town of Vail's interpretation of its sales tax increases appears to be prompting the Town Council to carry on with the Town's pre-recession strategy of creating more opportunities for increased density by setting as one of their retreat objectives to "streamline" the development process. The demand for widespread density increases is not borne out by analysts' expectations in the expansion rates of real estate sales and new construction.

Town Believes Increasing Density Will Revive Construction: The Council believes that because the community is 98% built out, more density is warranted. All recent Councils have created more density. A large portion of the density increases that were created in the pre-recession boom still remain to be constructed. The Council has yet to take steps to determine what economic and infrastructure impacts, like increased congestion, will potentially occur by adding more development potential to the community's inventory.

Demand for Town Building Permits Retreats: The number of 2011 Town of Vail [building permits](#) retreated to 2009 and 2000-2002 levels, or nearly 1/2 of 2010 levels, with project valuations dropping by \$20 million. It is hoped that improved efficiency in the Town's processing of building permits will encourage more private sector construction.



Improvements to Ford Amphitheater in Ford Park are being planned.

Major Construction Projects are the Town's: Town owned and Town/business partnership projects are anticipated to be a significant contributor to 2012-2013 construction activity, including completion of the Lionshead Welcome Center, improvements to Ford Park (see [planner's proposal](#) to go before Planning Commission approval at public hearing on February 27th), the Golf Club House, the Vail Public Library and the possible commencing of the VVMC/TOV office

building project (scheduled for the Town's approval process in May and June). Private projects in the pipeline are the proposed redevelopment of the [Ski and Snowboard Club Vail](#) building on Vail Valley Drive, which needs residential density allocation to finance construction, and the Vail Village Gondola Project.

Another Extension for Pre-recession Approved Projects: It is expected that the 3-year extension given to the approval of several large projects that did not proceed to construction due to the recession will be given another extension this year. Vail has a checkered history of increasing density in down economic times. In the midst of the 1980's recession, a glut of time sharing units was permitted, which further exacerbated a reluctance to invest that was not reversed for more than a decade. On the other hand, strategic density increases in specific locations have a record of being productive such as the Landmark expansion.

Wholesale Density Increases Could Do More Harm Than Good: A wholesale density increase in wide swaths of the community raises other issues. Particularly, when some believe there are the beginnings of congestion related stress resulting from the new development of recent years. Sweeping density and use increases need to be accompanied by a commitment to strategies that mitigate their impacts, if qualitative results are the desired outcome.

Town Needs Long-range Vision in Conjunction with Approving More Density: The Homeowners Association suggested that the Town needs to commit to a long-range vision before it incentivizes even more development. The vision should have as one of its guiding principles minimizing prime communitywide quality-of-life negatives, like Interstate 70 noise, the pine beetle blight and physically dividing the community. The fabric of the community can then be reshaped according to environmental principles that create pedestrian oriented higher density community centers, linked by efficient and technologically advanced mass transit systems, which rely upon "congestion pricing" to finance its infrastructure needs.



Conceptual Site Plan for TOV/VVMC Proposed Dual Office Buildings Project

TOV/VVMC Office Buildings Proposal Moves Forward: The Town is willing to invest, by allocation of public land and financial resources, in what it and others consider the next revenue growth magnate, the expansion of the medical services industry. The Council has entered into a joint agreement with the Vail Valley Medical Center (VVMC) to redevelop the [Town's municipal building site](#) to build a medical office building and a new \$15 million municipal office building. It is their joint strategy to free up space in the existing medical center so other uses can expand on its adjacent main campus. Both the Town and VVMC are putting considerable research into the project's feasibility. The public is awaiting release of the project's economic cost/benefit projections. If the numbers pencil out, the project could be a great boon to the community and solve other needs as well.

Vetting Process Must be Thorough: True to Vail's project vetting process, there are those raising questions about potential inherent risks. They are troubled by the intent of Council to approve the project themselves, without voter approval, as the Town believes it has ample financial reserves to handle unexpected circumstances. They recall the value of following "the process" in vetting the Town's proposed convention center. Had the convention center been built, given the recession's precipitous decline in group business, it would have become a drain on the Town's budget. They point out that the Town has spent millions in the past two decades on consultants for several public/private projects that later proved unfeasible.



Kicking the Can Down the Road or Into Someone Else's Yard Should Not be an Option:

[Affected property owners](#) have raised concerns that the project needs to fulfill the Medical Center's long-standing obligations to remove its traffic from West Meadow Drive and upgrade its service dock facilities. Neighbors are also concerned that the Medical Center will use the redevelopment as an excuse to relocate its helicopter landing pad into the midst of the surrounding residential neighborhood. Concerns are heightened because of recent increases in the number of daily flights. The heliport is no longer just receiving a few flights a week from out-of-valley based emergency services. A helicopter is now based in Vail during the day with, at times, multiple daily flights occurring much to the chagrin of neighborhood residents.



Council's Affordable Housing Agenda Tempered By Recession and Other Realities: In its goal setting retreat, the Town Council appears to desire to back away from its decades long quest to increase affordable housing to 30% of the work force... for the time being. Developers have already said any reduction in the mandated affordable housing required to be built on-site for Town owned or Town/business partnership projects should be granted across-the-board to the private sector as well. The Town is edging towards applying required on-site affordable housing to the off-site inventory they already own, a strategy they deny to others.

The decade long effort to increase rental affordable housing through the redevelopment of a portion of the [Timber Ridge](#) complex has been terminated with the Town having to pay out \$6 million to the mortgage company as a result of an unexpected loss in land value caused by the recession. The Town Council's emphasis is to shift away from attempting to build "rental" housing for transient seasonal workers towards building voter affordable housing for locally employed "middle class" permanent residents. Because of high real estate costs, middle class in Vail equates to upper middle class elsewhere according to a Vail councilperson.

They will continue working on methods to build an estimated 60 units on the Town owned Chamonix site in West Vail and perhaps on other open space tracts, like the middle undeveloped meadow section of the Donovan Park parcel. The open space utilization approach was tried once before and was highly unpopular with adjacent residential neighborhoods, causing the proposal to be dropped by an incoming Town Council.

Reality Challenging the Ideal: After decades of spending millions on the quest to increase work force and voter housing, the concerned persists that the demographics of the Town's local population will become dominated by wealthy retirees and subsidized workers. There are members of the Council that are questioning whether attaining the Town's goal of housing 30% of the community's workforce within the Town limits is realistic. The Town, to them, cannot deliver on the middle income expectation of a family suburban lifestyle, a single family house on a lot. Families move to where their desired lifestyle exists, rather than as some see it, trying to socially engineer Vail to fit an unattainable ideal. There is lack of commonality of interest beyond Dowd Junction, which negates any benefit from annexation there, other than as an

enhanced source of revenue. Therefore, the Town's focus will be on those neighborhoods in Gore Valley that they have not as yet annexed.

Why the Vail Town Council is Struggling to Define Community: Another unfortunate reality that limits "new blood" from entering Vail political pursuits is that the recession has caused those under 50 to become absorbed with their own economic survival. The trend of an aging and static voter base can be expected to continue unless the Town is prepared to extend a degree of voting and participatory responsibilities to all of its taxpaying investors.

Who is the Vail Community? The Town Council's discussion of shaping a "sense of community," did not extend to non-resident property owners. Non-residents are an 80% majority of Vail's residential property owners and are increasingly becoming more international in composition. This non-resident segment of the community currently does not have voting rights in the local elections that determine the future for their Vail neighborhoods. The Council's definition and concept of "community" for the most part embraces sustaining a voting population of local year round residents. The Council is grappling with the classic prickly axiom, "Community of us, but not them, is not a community."

Inaction Builds Inequality – Not Community: In their retreat discussion there was little mention of how to better integrate non-resident property owners in the affairs of the community, even though they are the largest block of investors in its real estate and consumer services. Instead of investigating methods to extend a degree of voter rights to this group, emphasis will be put on providing leadership training to the resident youth of the community. It appears to be an underlying presumption by the Town that non-resident property owners do not have an equally shared stake in the success of community institutions. Ironically, many of these institutions would not exist without these owners loyal patronage.



Vista Bahn to be Replaced with New Gondola

VRI's 50th Anniversary Gift:

The 26 year old Vista Bahn will be replaced with a new Vail Village Gondola. The new Gondola to be known at Lift #1 will have 10-passenger cabins and a speed of 1,200 feet per minute (about 13.6 miles per hour). It will be the fastest single cable gondola in the world. Uphill skier capacity will increase by 40%. The gondola will feature heated, cushioned

seats and complimentary Wi-Fi. The new gondola will give summer access to VRI's new Mid-Vail on-mountain fine-dining restaurant known as [The 10th](#). The Homeowners Association believes that the new Gondola could be a highly beneficial addition to the community. In the refinement of the design of the project, adjacent neighbors would like assurances that equipment operational noise will be contained and maze alignment configured as it is now with the Vista Bahn. They also want to see that the increase in traffic congestion from drop off and pick up activities on Hanson Ranch Road at Parker Plaza be alleviated through more intensive enforcement by Town of Vail authorities.

POINTS OF VIEW: Bart Cuomo

Can Skiers Lift Wish List Come True? - With Vail Resorts Just About Anything Can Happen:

With Vail's plan to replace the Vista Bahn with a gondola and significantly increase uphill capacity out of Vail Village, the next question that begs answering is, how does Vail plan to relieve congestion out of Mid-Vail? Well, Vail has been thinking along the same lines and is now considering several lift upgrades and improvements. It is public knowledge that the highest priority after the new gondola is a new lift from Mid-Vail. We have heard that we will see a "6-pack" high-speed lift to replace Chair 4 within the next two years and potentially as early as this summer, but more likely the summer of 2013. We also understand that Vail is considering 6-passenger chairlifts for Avanti #2 and Northwoods #11 as they require replacement. We also hear that a high-speed lift to replace #17 in Sun Up Bowl/Yonder area is in the works. Hopefully, Vail will also consider moving one of the older lifts to Outer Mongolia Bowl to facilitate real skiing of that extensive acreage, although there are concerns about providing too easy access to high risk out-of-bounds skiing to the East Vail chutes which have been the cause of several avalanche fatalities in recent years. However, if history gives us any indication about what to expect from Vail Resorts, just about anything can happen and we might be pleasantly surprised by an announcement at any time.

Cadavers Not Welcome in Vail Village: One of the world's largest orthopedic companies, Arthrex, was within days of finishing a surgical training center in Vail Gateway condominiums (next to Four Seasons, 9 Vail Road, The Sebastian and home of Kelley Liken restaurant), but when residential condominium owners found out that surgeons would be learning on human body parts, the "harvest party" was over before it even got started. Vail Gateway sought and received a court injunction blocking the opening of the facility for the time being. Arthrex uses joints harvested from cadavers to be used in reconstructive joint surgeries. Somehow, we tend to agree that having residences, restaurants and cadaver laboratories are not a good mix in a small resort condominium.

Mr. Cuomo is a local Vail businessman known for backing up his outspoken views with accumulated wisdom and practicality.



Gateway Building Located In the Heart of Vail's New International District

VHA Note:

Lax adherence by authorities and others to condominium declarations and protective covenants has caused many to follow the [Gateway/Arthrex court proceeding](#) closely. The Town of Vail has rejected Gateway's residential owners request to reopen the proceedings that allowed the Arthrex use. The [Town staff report](#) fails to note that the Arthrex facilities they used to substantiate the use all occur in medical office buildings that presumably have suitable protocols to protect against hazards. The Gateway request turns on the lack of specificity in the Town's professional office review procedures and definition as applied to medical uses that deal with biological practices in mixed use buildings. This may be a case whereby the Town's zoning regulations are lagging behind emerging economic conditions and technical advancements.



Gore Creek reflections on a winter's day

SPECIAL EVENTS CALENDAR

Membership Information
VHA Collaborative Consensus Guidelines
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