

# VAIL HOMEOWNERS ASSOCIATION

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## Executive Summary:



**Sun and Scattered Storms in the Economic Forecast:** The Town of Vail spends \$4 million annually on summer and off season marketing and special events... Vail invests twice the amount of its closest competitors, according to a [recent survey](#) by the Colorado Association of Ski Towns (CAST). The Town and Vail Resorts' marketing strategy is one of the reasons it [leads other Colorado resort communities](#) with a 9.84% annual growth in sales tax revenues as of the end of May. [More on this topic...](#)

**Labor Force and Foreclosures:** The stress on the local labor force remains, evidenced by the number of [foreclosures](#) in work force communities. The dollar volume of foreclosures YTD is higher than in 2010 and has shifted from Eagle/Gypsum up valley to Avon/Edwards. The 9.19% rate of [unemployment for June](#) has dropped... [Read on...](#)

Gypsum up valley to Avon/Edwards. The 9.19% rate of [unemployment for June](#) has dropped... [Read on...](#)

**TOV Marketing Program Needs Expansion to Promote All Vail Businesses:** The Town's marketing program is focused upon restaurants/bars/lodging and retail shopping, it does not emphasize promotion of real estate, construction and a myriad of other professional services which comprise a significant portion of the community's middle income labor force. There are critics who say the Town is not doing enough to stimulate business and job opportunities for this segment of the local economy. The Association is suggesting improving internet and communications to... [Read on...](#)

**Special Events Bring in the Crowds:** The Town of Vail's [summer marketing program](#) is heavily invested in special events. Current [sales tax](#) revenues show the summer off to a positive start with the [Town projecting](#) that June will finish up 2.1% over last year. [Year to date](#) projections for sales tax are up 9.8% over 2010 while [other revenue](#) funds lag behind. [More on this topic...](#)



## Long Range Vision Needed for Special

**Events Crowds:** There are those calling for a longer range vision to guide Vail away from dysfunctional crowding, both from excessive development and consumerism. For example, as large special events increase in popularity, tactical plans would be created that would trigger new and improved venues, which could expand benefits and disperse impacts over Eagle County's Interstate 70 corridor. [More...](#)

**Real Estate and Development Inventory Shrinks Along With Sales:** Few believe that the Town of Vail's persistence in following its prerecession strategy of increasing zoning density is either a short or long term solution to its real estate market slow down, given the large inventory of unsold residential homes throughout Eagle County. [Read on...](#)

**Eagle/Pitkin Counties Contrasted:** Aspen and Pitkin County are experiencing [positive growth](#) in both dollar volume and number of transactions, while [Vail and Eagle County](#) are not. Aspen's increase in Single Family Residential sales, according to a knowledge local source, is being driven by those able to purchase high value "estate" properties. This, in contrast to Eagle County, where the number of [residential sales transactions](#) are down -4.34% from 2010 levels and dollar volume is down -24% year to date. Anecdotal reports say that Vail, when compared with Aspen, is lagging in sales, but leading in price points. [More on this topic...](#)



**Ever Vail Enters Final Stages of Negotiation:** The Town Council is entering into the final stage of public hearings on proposed amendments to the Lionshead Master Plan. There remain several unresolved important issues... there is still no solution provided in the Plan to having an existing sewer treatment plant standing next to the main public plaza of the Ever Vail project. [Read more...](#)

**Conference Center Tax Fund Reallocation Issue:** The Town of Vail has [completed polling](#) a selected group of Vail voters to gauge support for the reallocation of the \$9.4 million Conference Center Fund. The Town Council is considering final ballot language in August. [Read on...](#)





Vail July 4th Parade - Gallegos Masonry Float

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**Vail Economy - Sun and Scattered Thunderstorms in the Forecast:** The Town of Vail spends \$4 million annually on summer and off season marketing and special events. The Town's marketing subsidy is actually higher when taking into account the cost of support services, e.g. police, public works, etc., contributed by the Town government. Vail invests twice the amount of its closest competitors, according to a [recent survey](#) by the Colorado Association of Ski Towns (CAST). The Town and Vail Resorts' marketing strategy is one of the reasons it [leads other Colorado resort communities](#) with a 9.84% annual growth in sales tax revenues as of the end of May.

Standing in [stark contrast](#) to positive sales tax numbers is the Year to Date (YTD) -29% downturn in Vail's revenues from Real Estate Transfer Tax and -35% drop in Use Tax collected on construction materials. The [pace of new construction](#) is falling behind last year. Design Review Board project approval applications for the Town of Vail in the first six months of 2010 are well below half of the same time last year. New building permits for other communities and areas of Eagle County vary but most are well behind their decade highs.

A recent special [economic report](#) for Eagle County concluded without an aggressive economic diversification, the local population can look forward to a condition of protracted doldrums. The report is a clear indication that to improve the area's economic prospects, the communities along the Eagle County Interstate 70 corridor need to set their parochial differences aside and begin working as a coordinated and cohesive economic unit. There is a greater understanding that Vail/Beaver Creek are the economic engines that drive the local economy.



**Labor Force and Foreclosures:** The stress on the local labor force remains, evidenced by the number of [foreclosures](#) in work force communities. The dollar volume of foreclosures YTD is higher than in 2010 and has shifted from Eagle/Gypsum up valley to Avon/Edwards. The 9.19% rate of [unemployment for June](#) has dropped over a percentage point from a year ago and the labor force has increased by nearly a 1,000 workers, as has the number of jobs. [Workers are shifting careers](#) out of necessity; many from the construction trades are transitioning to lower paying resort services positions. The ranks of foreign workers continue to thin. Improving [employment and educational](#) opportunities in Mexico, despite the easing of entry into the United States through visa reforms, could further shrink the worker pool.

**TOV Marketing Program Needs Expansion to Promote All Vail Businesses:** The Town's marketing program is focused upon restaurants/bars/lodging and retail shopping, it does not emphasize promotion of real estate, construction and a myriad of other professional services which comprise a significant portion of the community's middle income labor force. Service businesses are exempt in Colorado from sales taxes. They provide essential support services to the resort consumers and businesses. There are critics who say the Town is not doing enough to stimulate business and job opportunities for this segment of the local economy.

The Homeowners Association has suggested that the Town and other economic development interests, including Vail Resorts and telecom providers, remove existing barriers and initiate the development of specialized internet services and communication platforms through which local commercial and services businesses can better access national and international markets. The net result of this approach would give the consumer improved awareness of an expanding diversity of products and services available throughout the Vail Valley. Fees charged for these services could be used to fund an expansion of the efforts of economic development entities.

One of the intended outcomes of this initiative is to stimulate the growth locally of media content providers and software developers, key elements in diversifying and building an advanced technology component into the area's economy. It is critical to the vitality of growth dependent resort economies that the higher educated segment of the resident labor force be given expanded employment and career development opportunities.



Giancarlo Guerrero conducts Carmina Burana with the Philadelphia Orchestra, New Mexico Symphonic Chorus and the Colorado Children's Chorale at the Bravo Vail Valley Music Festival.

**Special Events Bring in the Crowds:** The Town of Vail's [summer marketing program](#) is heavily invested in special events. Current [sales tax](#) revenues show the summer off to a positive start with the [Town projecting](#) that June will finish up 2.1% over last year. [Year to date](#) projections for sales tax are up 9.8% over 2010 while [other revenue](#) funds lag behind.

There are concerns being expressed by some in [retail and lodging](#) businesses, while Vail's restaurants and bars are benefiting from the large sporting and street fair events, they, to the same degree, are not. There are retailers that expect



higher returns by marketing to 2nd homeowners and international visitors. The current [lodging forecast](#) for the summer reports a very strong July, with reservations lagging marginally for August and September. The room rate is projected, on average, to be a 3% increase over last summer.

Some part-time residents are beginning to comment that the community is being "loved to death" by special events that are attracting large crowds of weekenders. If the [frequency and size](#) of these types of special events are to increase appreciably in Vail, which some event promoters foresee, then the effects on some residential neighborhoods could become less than desirable. By example, the upcoming [USA Pro Cycling Challenge](#) attracting an estimated 25,000 spectators, will close down travel between East and main Vail for an estimated four hours.

Special events, while acceptable on most occasions for homeowners and local residents, can jangle nerves and loose local support when chronic disruptions occur every weekend. Vail has been working for years to tactically balance the impact upon neighborhoods by shifting events between a variety of venues throughout the community.



**Tough Mudder Aftermath**

**Photographer - Karen Norris**

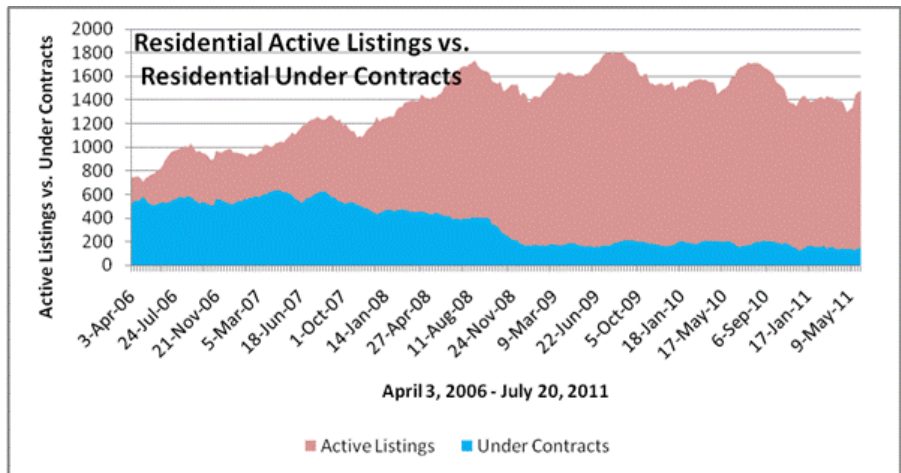
The potential for growth in large athletic events is considerable. Vail's estimated 45,000 spectators for its 10th annual [Teva Games](#) were rivaled by Beaver Creek when it hosted another large extreme sporting event where 15,000 people were drawn to the area as either spectators or one of the 9,700 [Colorado Tough Mudder Mud Race](#) participants. Beaver Creek lodging increased average occupancy over the weekend to 89% full, up 36% for the same prior year weekend. Hosting first time events can be risky, as witnessed in the recent last minute [cancellation](#) of a youth baseball tournament that was forecasted to bring 6,000 visitors to Eagle County. As some "experts" see it, special events can be tricky for business and brand image, particularly if they are not universally embraced by the entire community.

**Long Range Vision Needed for Special Events Crowds:** There are those calling for a longer range vision to guide Vail away from dysfunctional crowding, both from excessive development and consumerism. For example, as large special events increase in popularity, tactical plans would be created that would trigger new and improved venues, which could expand benefits and disperse impacts over Eagle County's Interstate 70 corridor.

Vail can cater to high end part-time residents, guests and shoppers in summer by incentivizing and dispersing sporting and special events onto Vail Mountain and down valley athletic facilities, rather than concentrating them in Vail. The key factor is that Vail will benefit from these types of events as it, along with Beaver Creek, provides the main supply of lodging and diversity of commercial services required by participants. The community needs to consider strategies for summer, similar to how it now disperses overcrowding in its resort town center during the winter season.

### Real Estate and Development Inventory

**Shrinks Along With Sales:** Few believe that the Town of Vail's persistence in following its prerecession strategy of increasing zoning density is either a short or long term solution to its real estate market slow down, given the large inventory of unsold residential homes throughout Eagle County. It is important to note that the inventory has been marginally reduced from its 2009 high. There is a need to shift economic growth strategies from development to diversification predicated on the core strengths of the mountain resort economy and lifestyle.



**Eagle/Pitkin Counties Contrasted:** A comparative analysis of current YTD conditions in the neighboring resort real estate markets of Aspen & Pitkin County and Vail & Eagle County reveal contrasts. However, on average, in all classifications and locations, variation in values are either modest or are anomalies based on limited transactions. Aspen and Pitkin County are experiencing [positive growth](#) in both dollar volume and number of transactions, while [Vail and Eagle County](#) are not. Aspen's increase in Single Family Residential sales, according to a knowledge local source, is being driven by those able to purchase high value "estate" properties. Pitkin County [reports a YTD](#) increase of 23.66% in dollar volume and 13.08% in the number of transactions. This, in contrast to Eagle County, where the number of [residential sales transactions](#) are down -4.34% from 2010 levels and dollar volume is down -24% year to date. In May, [Land Title reports](#) YTD 54% of all residential transactions were under \$500,000. The highest value sales were in Vail Village. [Vail/Eagle County topped](#) eleven other major North American winter resorts in total sales for 2010, but declined the most in total volume sold by the end of the [second quarter 2011](#) in a nine resort comparison.

**Vail Compared to Aspen's Real Estate Market:** Anecdotal reports say that Vail, when compared with Aspen, is lagging in sales, but leading in price points. It is said that Vail's luxury developers want to keep reported sales values high, rather than devalue. They have chosen instead to offer other forms of discounting incentives. These developers are looking to keep values high as a hedge against increased construction costs to build new properties once market conditions improve. Nonetheless, it's a good time to buy vacation property [say some](#) in the national media.

**Hidden Incentives May Cause Miss-interpolation of Values:** Hidden incentives perhaps is one explanation for Vail's lagging sales, in that individual sellers are miss-interpolating values when they use new luxury product prices as a guide to setting their selling price. Not being privy to hidden discounting, could be causing overpricing and a lower rate of sales transactions to occur throughout the Eagle County market.

**Aspen vs. Vail Across The Board Comparison Difficult:** Unlike Vail and Beaver Creek, Aspen has not experienced the development of large scale (six to eight stories) high end multifamily mega projects. Aspen and Pitkin County have held to a lower density "controlled growth" land use philosophy. [Aspen](#), in a broad brush comparison, is experiencing increases in sq. ft. values for very high end single family homes and a decline for condominiums. Luxury condos aside, Vail is [trending similarly](#). The resort satellites of Aspen and Vail: Snowmass and Beaver Creek, are also experiencing similar increases in single family property values and declines in condominium prices. Comparable down valley suburban residential communities of Basalt and Edwards are experiencing, on average, declining values. The Eagle and Gypsum work force communities in Eagle County are showing the greatest declines in value. Likewise, one real estate professional reports that sales in analogous down valley work force communities in the western part of the Roaring Fork Valley are "comatose".

**Ever Vail Enters Final Stages of Negotiation:** The Town Council is entering into the final stage of public hearings on proposed amendments to the Lionshead Master Plan. There remain several unresolved important issues, particularly about parking and phasing project development over several years. Some of the outstanding issues may be resolved in the preparation of a contract, known as a Developer Improvement Agreement (DIA). The "devils in the details" will be at the core of arriving at an agreement in the closed door negotiations between the Town and VRI.

**Details Need Public Scrutiny:** Some public officials believe that because of the complexities of unresolved issues for Ever Vail it would be difficult for the project to be approved by the current Council prior to the November Town Council election. The Homeowners Association asked that the public be given ample opportunity to review and comment on the



DIA once it is in its final form. The Town has found itself left holding the short end of the stick on other large projects by hurrying approval of DIAs without requiring thorough public review.

**Sewer Treatment Plant Remains Unresolved for Ever Vail:** The Association also notes that there is still no solution provided in the Plan to having an existing sewer treatment plant standing next to the main public plaza of the Ever Vail project. One solution could be to impose a view corridor over the plant, so that the view eastward to the Gore Range can be preserved from the central plaza. Additionally, design review aesthetic standards should be included for the sewer treatment plant in the approval of the Ever Vail project. The intent would be that when construction commences on Ever Vail, the sewer treatment plant is either covered under a landscaped park plaza or relocated. The Association observed, tongue in cheek, that leaving the matter unresolved would be akin to building a beautiful home with a toilet in the middle of the living room.



**Conference Center Tax Fund Reallocation Issue:** The Town of Vail has [completed polling](#) a selected group of Vail voters to gauge support for the reallocation of the \$9.4 million Conference Center Fund. Pollsters had difficulty in finding people willing to speak their mind. The polling results indicate positive support for the three projects proposed for the November election ballot. The projects are: a rebuild/expansion of the Vail Golf Course Club House, expansion of the Ford Park north athletic fields and creature comfort improvements to the Ford Amphitheater and gardens. The Town Council is considering final ballot language in August. While the polling found support for the reallocation, there is a sense among some in the community's leadership that project priorities and details still have not been fully thought through; prompting some to say there is no need to rush ahead as there is no statutory time limit to go to the voters with a request for reallocation. In contrast to Vail's polling results, the [Eagle County School District polling](#) to determine support for a \$6.7 million property tax increase found the proposal would be soundly defeated by voters. These results coupled with voter reluctance to participate in Vail's polling have prompted some Vail political observers to consider that local voters may be reluctant to support spending public money just because they can. If voters reject the Vail spending proposal, the funds must be given back to the businesses that collected the tax, not to their customers who actually paid the tax. There are those wanting the ballot question to allow voters to approve retaining the funds to be postponed, holding the funds in reserve until projects of greater importance to the business community are better articulated to the voters.





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