

VAIL HOMEOWNERS ASSOCIATION

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Executive Summary:



Vail Economy on the Rise: Vail experienced [record setting winter](#) season skier numbers as a result of a successful marketing effort by Vail Resorts, 1.75 million skier days over last season a +9.2% increase. The company in its fiscal [3rd Quarter report](#) said it will pay a 15 cent per share dividend, its first ever. [Read on...](#)

International Destination Guests Stimulating Tourism Growth: The Homeowners Association believes its advocacy at the onset of the Great Recession to market Vail to high-end international destination guests is proving to be an effective strategy. Officials report that Vail's record winter season was in part due to a 27% increase in international visitors over the previous ski season, with 42% coming from Mexico. VRI's winter success in the international arena is being melded into the Town of Vail's summer marketing initiatives aimed at the Mexican market. [More on this topic...](#)

Summer Events Keeping Vail Busy: Vail event promoters are forecasting increases in close-to-home vacationers and weekenders, with record setting crowds of spectators attending the early June [TEVA games](#), the opening of the Sunday [Vail Farmer's Market](#) and [Hot Summer Nights](#) pop music concerts. There are high expectations for the [Bravo Vail Valley Music](#) and the [Vail International Dance](#) Festivals to attract bigger audiences. The [Vail Jazz Festival](#) has expanded its weekly Lionshead free summer concert series... [Read on...](#)



Reallocation of Conference Center Fund Voter Poll Underway: The Town, in making this transition, is seeking to put in play the \$9.4 million Conference Center Fund, which it considers dormant capital that could be put to better use. The current projects under consideration... [Read more...](#)

Frontage Road Public Parking Not Permitted This Summer: The Town has as yet to appended a plan of how it intends to resolve chronic vehicular parking congestion for special events held at Ford Park as part of their reallocation of the Conference Center Fund election strategy. As a step to determine what improvements are needed for the summer, it is removing public parking from the South Frontage Road and initiating [free Express Shuttle Bus](#) service for Ford Park events from the Vail Village and Lionshead Parking Structures. [More details...](#)

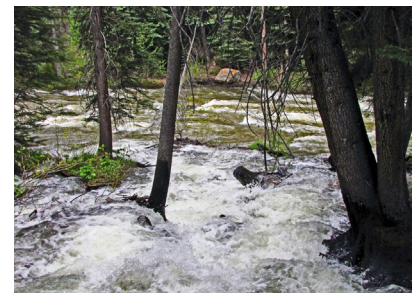
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The Worst Left Behind: The worst of the [nation's economic downturn](#) may have been left behind... Vail's economic progress becomes more apparent when viewed against the backdrop of economic conditions in other areas of Eagle County. [For more details...](#)

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TEVA Kayaker - Vail Summer Season headed upstream.

© Photography - James Franklin Lamont

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Vail Economy on the Rise: Vail experienced [record setting winter](#) season skier numbers as a result of a successful marketing effort by Vail Resorts, 1.75 million skier days over last season a +9.2% increase. The record high for the last several years had been 1.6 million skier days. The company in its fiscal [3rd Quarter report](#) said it will pay a 15 cent per share dividend, its first ever.

The Town of Vail's key winter economic indicator, [sales tax revenues](#), ended the ski season [leading all other](#) reporting Colorado winter resorts year over year. There is now reason for heightened optimism as [all store/same store](#) indicators for the winter season report that the tourism side of the community's economic pie is expanding. Revenues from real estate sales however, are tepid.

There is a growing confidence that the "raise all boats" purpose of the Vail Renaissance is working as intended. The indications are that Vail is recapturing its lead position in attracting high-end guests after years of watching these valued customers drift down valley to Beaver Creek. Greater confidence could improve the cooperation between the resort company and local interests, which would open up even greater potential to grow the high-end destination tourism market.

International Destination Guests Stimulating Tourism Growth: The Homeowners Association believes its advocacy at the onset of the Great Recession to market Vail to high-end international destination guests is proving to be an effective strategy. Officials report that Vail's record winter season was in part due to a 27% increase in international visitors over the previous ski season, with 42% coming from Mexico. VRI's winter success in the international arena is being melded into the Town of Vail's summer marketing initiative aimed at the Mexican market.

The success of this past winter season has demonstrated that Vail is regaining its crown jewel status in Vail Resorts' assemblage of North American winter resorts. The jewel is being polished further this summer with the construction of a new sit-down full service restaurant pavilion at Mid-Vail. Long-term, Vail Resorts is working to gain [Federal congressional approval](#) needed to expand their winter on-mountain recreational sports franchise into the summer months.

However, Vail's first line winter competitive ranking in summer drops to 3rd or 4th position according to the June [MTRIP summer forecast](#) of hotel occupancy and room rates. When viewed as its principle growth opportunity, Vail has plenty of capacity to expand its prime summer season. Expanding the returns from both summer and winter season more than eclipses the long-standing debate of the value gained by aggressively pursuing the more weather and market challenged Spring and Fall shoulder seasons.



Summer Events Keeping Vail Busy: Vail event promoters are forecasting increases in close-to-home vacationers and weekenders, with record setting crowds of spectators attending the early June [TEVA games](#), the opening of the Sunday [Vail Farmer's Market](#) and [Hot Summer Nights](#) pop music concerts. There are high expectations for the [Bravo Vail Valley Music](#) and the [Vail International Dance Festivals](#) to attract bigger audiences. The [Vail Jazz Festival](#) has expanded its weekly Lionshead free summer concert series to include a new venue at Sunday's Farmers' Market at the Solaris plaza in Vail Village.



The TEVA Mountain Games, headed toward its 10th year in 2012, is now attracting more competitors from beyond Colorado, a signal that the event is gaining prestige on the national stage. Organizers and town officials see this as a positive trend because it is an indicator that there is increased potential to attract top flight national and international competitors as well as spectators.



The Town is considering increasing its investment to host sports and entertainment events during the warm weather months. The biggest new event in which the Town is investing is the 3rd stage of the first running of the [USA Pro Cycling Challenge](#) on August 25th. The race according to organizers will help promote the community as a cycling tourism center.



The bike race is but one of several sports and entertainment events promotions carried out annually by the [Vail Valley Foundation](#) (VVF). It is reported that donations, ticket sales and sponsorships for Foundation events are sprinting ahead of anticipated goals.

Long-term, the growth of the community's international market initiative is tied to Vail hosting the 2015 World Alpine Ski Championships. Vail will retain its [racing stature](#), rather than relinquishing it totally to VRI's nearby Beaver Creek ski resort. Organizers, under pressure from Vail interests, are ecstatic that the [International Ski Federation](#) (FIS) has agreed to hold a unique head to head national teams race at the planned Golden Peak spectator stadium.

Special Events Mainstay of Summer Marketing: Group business is showing signs of a modest post recession revival driven by smaller sized niche market corporate retreats. Once considered the main strategy for business expansion by the Town, the focus of public investment is shifting to incentivizing special events and upgrading existing support facilities to increase tourism, now that several new hotel conference facilities have come on-line.

Reallocation of Conference Center Fund Voter Poll Underway: The Town, in making this transition, is seeking to put in play the \$9.4 million Conference Center Fund, which it considers dormant capital that could be put to better use. The Fund is what remains of a now defunct tax collected to build a large publically owned Convention Center that, when put to Vail voters was rejected. The projects in the process of being recommended to Vail voters to receive the lion's share of the Fund would make investments in facilities at the Vail Golf Course and Ford Park under lease to the Vail Recreation District and the Vail Valley Foundation.

The lease holders are pledging to match the Town's share with an additional \$5 million investment. The current projects under consideration would rebuild the Golf Clubhouse adding a Donovan Pavilion-like function, catering to the lucrative summer wedding trade. The Ford Park projects are designed to improve access, space utilization, and make creature comforts upgrades to the north athletic field complex, the Gerald R. Ford Amphitheater and Betty Ford Alpine Gardens.



Those who are concerned about voter rejection want a bail out provision that would give permission to the Town to keep the Fund until such time as they could identify a project that voters would approve. Otherwise, if the issue fails at the ballot box, the Funds must be returned over time to the businesses that collected it.

The Town hopes to set aside the squabbling over whether the proposed projects will attract more destination tourism to the local hotels, which was the original purpose of the tax, by selectively straw polling Vail voters during July. The matter is scheduled to go to the voters in November at which time four seats on the Town Council will be up for election.



Proposed Golf Clubhouse Rebuild with Wedding/Meeting Pavilion

Frontage Road Public Parking Not Permitted This Summer: The Town has as yet to append a plan of how it intends to resolve chronic vehicular parking congestion for special events held at Ford Park as part of their reallocation of the Conference Center Fund election strategy. As a step to determine what improvements are needed for the summer, it is removing public parking from the South Frontage Road and initiating [free Express Shuttle Bus](#) service for Ford Park events from the Vail Village and Lionshead Parking Structures.

CDOT Makes Vail Free Frontage Road Parking Expensive: The Town's actions were taken after the Colorado Department of Transportation (CDOT) told the Town it would need to make \$2 million in safety and widening upgrades, if it wanted to continue using all of its existing overflow public parking areas on the Frontage Roads. This past winter season there was diminished demand for overflow parking, prompting many to take the position that with no large scale development projects under construction, public parking is no longer a pressing community issue.

Town Wants More Close-In Public Parking: The Town of Vail's perception of its long-term parking needs could be in large measure solved once the Vail Resorts' proposed Ever Vail project is completed. The Town sees a draw back because Ever Vail is located at the western edge of the community's resort town center. The Town wants an option that

expands the supply of public parking more centrally, closer to its Lionshead and Vail Village commercial shopping areas. The private sector in recent years has built more public parking in new redevelopment projects, which has reduced the need for the Town to construct more. Some see benefits in capping the amount of new public parking as a means to ensure that the Town and Vail Mountain do not become over crowded.

Town Coffers Full, But Constrained to Finance Big Town Projects:

The Town's coffers, even with a healthy [2010 financial statement](#) and ample unrestricted \$20.5 million cash reserves totaling 76% of its general fund obligations, is not in the position to finance the additional 1,000 structured public parking spaces it desires to control. The estimated cost to build a structured parking facility is estimated to be between \$60,000 and \$100,000 per space.



The Town prides itself in applying conservative fiscal management practices. It will retire all of its bonded indebtedness by the end 2012. The Town of Vail hopes to pay down half of its \$21 million in outstanding long term debt by redeveloping the Timber Ridge Affordable Housing rental complex in Lions Ridge.

The continuation of fiscal constraint in the Town's governmental operations and spending practices is being counseled by those who foresee ongoing unsettled economic conditions at the national and international level. Long-time Vail locals who career label themselves "snow farmers" say it would only take one bad winter drought year to gobble up large hunks of the Town's financial reserves.

Public/Private Project Needed to Fund Major Town Projects: The Town has worked for the past two decades searching for public/private partnerships to build Town owned public parking in exchange for allowing their designated developer to build speculative commercial developments at either their Lionshead or Vail Village Parking structures. In each case, protective covenants or other similar restrictions left the final say in the hands of the original property owners, Vail Resorts, which has not been forthcoming. As well, the difficulties in national economic conditions have significantly shrunk the speculative development market.

Prior to the national collapse of the development industry, the Town had likewise turned to public/private ventures to further its affordable housing agenda on properties that it owns. One of its current efforts, the [Chamonix Commons](#), is to develop over 54 town house style units of deed restricted housing in West Vail adjacent to the recently completed West Vail Fire Station. The Town is considering moving forward with the installation of infrastructure that would allow it to develop the project in phases as market conditions allow.

The Town has been working with a developer for the past two years in an attempt to redevelop half of its Timber Ridge seasonal affordable housing complex in the Lions Ridge neighborhood. The Town's developer has been in negotiation for some months with the Federal authority over loan guarantees. Housing and Urban Development (HUD) authorities are deciding if there has been a sufficient drop in demand for subsidized affordable housing to warrant downsizing the proposed redevelopment. The developer may need to restructure their deal with the Town. At the onset of the redevelopment effort the Town's priority was to reduce its \$21 million debt by half and to ensure that housing would only be used for employee housing. There are those worrying that these two principles may be up for renegotiation.

Meanwhile, Vail Resorts has completed 124 units of rental employee housing in Lionshead. The project was required by the Town in conjunction with the development of the Arrabelle project. With this new housing and a large inventory of available affordable rental housing throughout Eagle County, Vail Resorts no longer needs to rely on their wholesale renting of much of the existing Timber Ridge rental units to meet their affordable housing needs, as they have for the last several years.

Vail's Long-term Medical Economic Development and Diversification Strategy:

The emphasis of a Health and Wellness marketing theme in Vail's post recession economic development strategy is being narrowed. The Town is moving to build upon the community's existing health care strengths provided on the [Vail Valley Medical Center](#) (VVMC) campus. The Medical Center, in addition to being Vail and Eagle County's community hospital, also specializes in orthopaedic sports medicine treatment and research operated by two widely renown physicians, Richard Steadman and Marc Philippon.





services at the Vail campus. The move could result in the loss of millions of dollars in medical tourism revenues generated by the [Steadman/Philippon](#) medical group.

Medical Center authorities were finding that it was too costly to expand facilities on their West Meadow Drive campus largely because of the Town's development regulations and unique site limitations. Importantly, the Steadman/Philippon group is looking to expand the area of their treatment specialties and also to include a new medical education center. The scale of the expanded facilities will require much more space for offices and specialized uses, which would further complicate adding more new development on the existing campus.

The adjacent residential neighborhood along West Meadow and the Town of Vail have long sought the removal and relocation of Medical Center vehicular traffic and service functions accessed from a new entry on the South Frontage Road. West Meadow Drive is becoming increasingly thronged by pedestrians passing between Vail Village and Lionshead, creating a dangerous conflict. The neighborhood has also resisted locating a helicopter landing pad on the roof of the Medical Center because of the negative effects from rotor blast, noise and associated safety hazards.

Discussions between the Town and Medical Center have continued for nearly two years. During this time the Medical Center began construction of a new treatment facility closer to the down valley permanent population centers. A new Eagle County [economic development plan](#) was rolled out on May 13th that emphasized medical offices and manufacturing as the primary commercial drivers to help incentivize the down valley economic recovery, putting the County partially in direct competition with Vail.

Medical Center Sharing Municipal Complex Site Being Studied: On the same day, the Town of Vail, VVMC and the Steadman/Philippon group announced an agreement to evaluate the development of part of the 2.46 acre portion of the Town's municipal complex to meet the expansion and redevelopment needs of the three entities. Both the municipal complex and the Medical Center campus share a lengthy common frontage on both sides of the South Frontage Road.

The planning process is in its early stages with 86,000 sq. ft. of medical space and 30,000 sq. ft. for municipal offices and an estimated 300 parking spaces. The potential benefits being studied include the feasibility of adding significantly to the Town's inventory of public parking, improving transportation related facilities and traffic circulation on the South Frontage Road so that Medical Center traffic can be removed from West Meadow Drive, building a separate access interconnection over or under the South Frontage Road joining the two sites. This would develop the potential for new office complexes on both sites, and improve the functionality of the helicopter landing pad in the same vicinity as it is currently. Eagle County economic development representatives have subsequently noted that their success will be predicated on Vail being the flagship location for medical treatment, research and education as an anchor to draw medical related development down valley.

The Worst Left Behind: The worst of the [nation's economic downturn](#) may have been left behind. Regulatory uncertainty is affecting investor confidence. Nationally, the electorate is coming to realize that government debt and spending must be tackled in the near term; even then, the pace of economic recovery for jobs and housing is still a long-term proposition. But for Eagle County, which is making a transition from a real estate and development to a service economy, adjustment is very difficult for the local population and will have long term consequences.

Vail's economic progress becomes more apparent when viewed against the backdrop of economic conditions in other areas of Eagle County. The seasonal spiking pattern of [unemployment](#) is tracking similarly to the two preceding years. However, for May there is marginally [less unemployment](#), a larger labor force and more jobs than in the previous year. The Vail Valley Medical Center [laid off 22 people](#) in June due to a Federal health care reforms cut of \$4.2 million in Medicare and Medicaid reimbursements.

[Foreclosures](#) dollar volume and number of transactions have slackened substantially from their 2009 high. The dollar amounts are greater than last year at this time, but far lower than 2009. The number of transactions is comparable to the same period as last year.

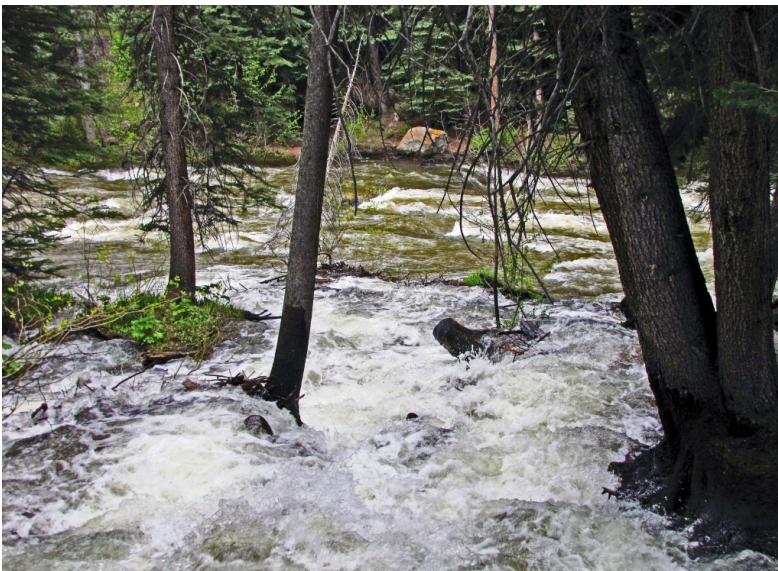
Real Estate Market Conditions: Sales transactions thru April are reported to be the highest since 2008 in Eagle County. A major local real estate firm reports that MLS listings show that inventory levels in the Vail Valley reached a 3 year low in May and remain at historically low levels. Even though the market favors buyers, a limited inventory of properties available has helped to keep the market stable. They concluded that the area has not seen the mushrooming of inventory experienced by other markets around the country.

Another local firm believes that there are many Vail Valley sellers who have taken their properties out of an unfavorable market and will return them once the sales pace and prices improve. The net effect will cause Eagle County's inventory to re-inflate, which will continue to benefit buyers by keeping prices from overheating. It is reported that there is an increasing number of real estate sales being made to foreign investors in some high-end properties in Vail.

Eagle County Property Tax Assessment Has Dropped Property Values: Property tax reappraisal saw, on average, a 25% decline in valuation. The drop in valuations, in some cases as much as 60%, which mean lower property taxes, are resonating with property owners as the Tax Assessor's office is reporting a low number (in the hundreds) of protests. A notable occurrence, as the number of protests filed in the last biennial assessment, when appraisals were based on pre-recession highs, was one of the highest (in the thousands) on record. A drop in valuation did not apply to all properties as there were some neighborhoods in Vail that reported increases in their values.

Eagle County School District Revenues Fall: The drop in property valuations is having a serious impact on some governmental entities, in particular the Eagle County School District (ECSD). The District is [heavily dependent](#) on local property tax revenues and State per pupil allocation both of which have shrunk. State funding was further reduced because of declining enrollment from increased outmigration of the labor force. [Budget cuts of \\$5 million](#) for 2012 reduced classroom and staff positions by 48 out of a 900 person employee work force. The 2010-11 budget is \$124.3 million, with \$230.8 million in bonded indebtedness to be retired between 2018 and 2027. The 2011-12 budget is \$114.9 million. School officials are conducting a straw poll to determine voter support for a permanent \$6.7 million property tax increase annually, amounting to nearly \$21 per \$100,000 of assessed value. Proponents say the amount is less than the property owners saved on their property taxes due to the decline in their property values. The proposition has [raised the ire](#) in a commentary of a local politically conservative Internet based current events publication.

Other critics of the District say public school administrators have bigger shortcomings to address than just budgetary issues. They say the administration has not been as effective as it needs to be in bringing the influence of illicit drugs and bullying under better control among the student population. Both financial efficiency and administrative effectiveness are necessary in producing a qualitative environment for learning. In their view, cleaning up the public schools balance sheet does not go far enough. Increasing the quality of local schools will become a key factor in attracting a highly skilled labor force and capital investors who will become the mainstay of new economic growth for Vail and Eagle County.



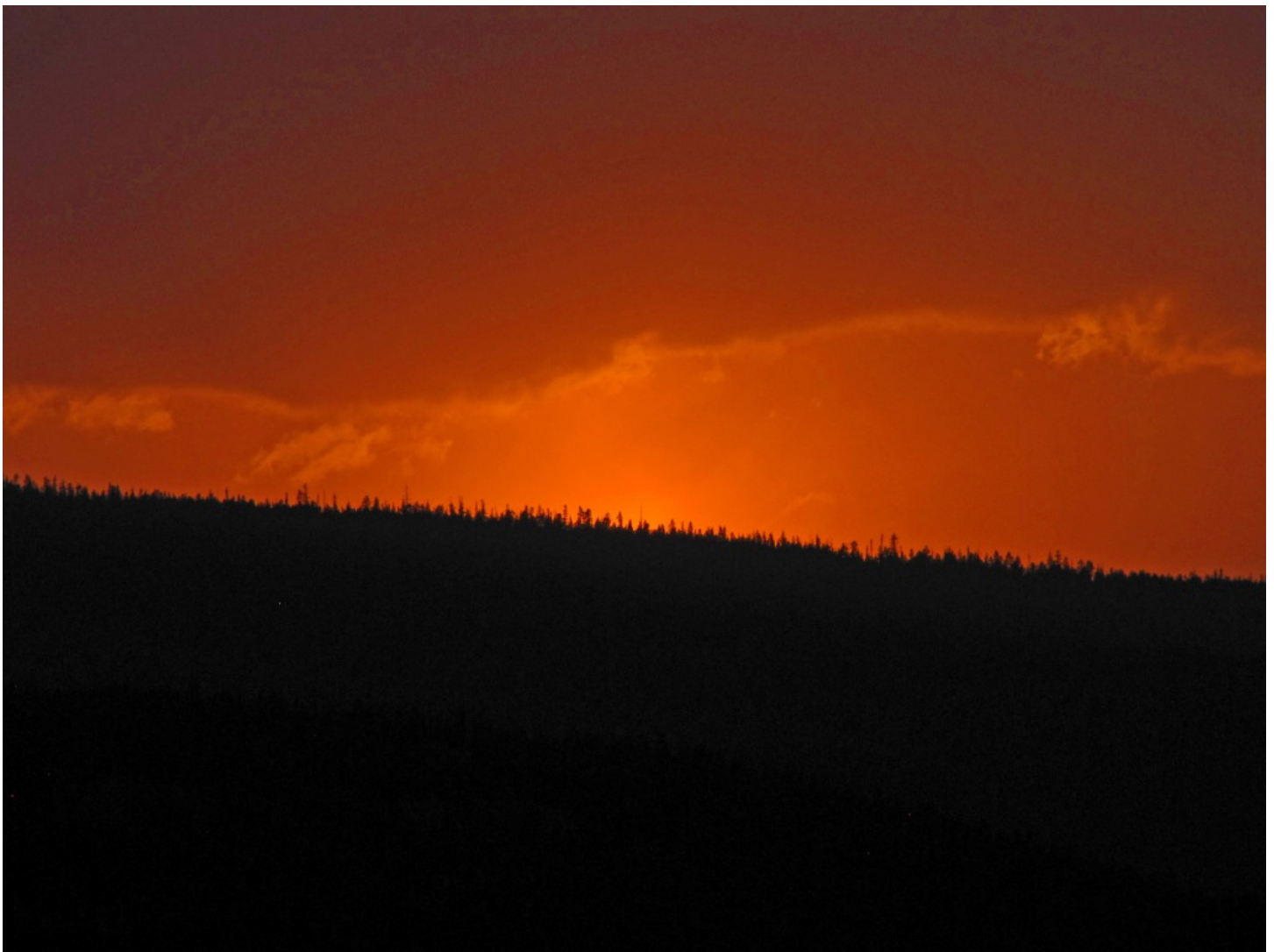
Spring Runoff Has Peaked: This is the time of year when rivers and streams are running high and fast, and pastimes such as rafting, kayaking and float trips are in full force. The abundant snow received this past winter is finally melting and the resulting runoff has significantly raised the water volume. Cooler than normal temperatures have helped to minimize flooding, however, authorities still urge caution when engaging in activities in or near rivers and streams.

Flooding is not the only danger presented by our mountain waters. Due to frigid temperatures of the snow melt fed streams and rivers, a swimmer without any protective gear has less than a minute to self rescue. This is true regardless of air temperatures. Adequate protection is necessary before engaging in any water sports. To learn how to prepare, visit Eagle County's [Emergency Management](#) site.

Migrating Wildlife Endangers Vail Motorists: Several vehicle/wildlife strikes on I-70 have occurred in Vail within the past two weeks. The Colorado Department of Transportation, in recent years, has removed wildlife barrier fencing in much of Vail between the Frontage Roads and the Interstate. Motorists should use extreme caution. The Homeowners Association is working towards finding solutions that reduce conflict between the community and its highly valued wildlife.

Vail Ready to Celebrate the 4th: The Town of Vail announces [Vail America Days](#) with activities planned throughout the holiday weekend and beyond. Weather outlook is promising; have a happy and safe 4th of July!





Arizona Forest Fire Causes Spectacular Sunsets in Vail

SPECIAL EVENTS CALENDAR

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