



Summer season opens - Teva Mountain Games come to town.

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VAIL HOMEOWNERS ASSOCIATION

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Vail Economy - The View Ahead: A beacon has appeared in a fog of economic doldrums with the recent announcement that Vail and Beaver Creek have been awarded the 2015 [World Alpine Ski Championships](#). The event adds impetus to the efforts to attract international destination guests to offset the area's recessionary prospects. Vail and Eagle County are well-positioned to take nimble advantage of shifting [global economic opportunities](#) even in the face of widespread uncertainty. If the area is to maintain its quality of life attributes and values as a vibrant mountain resort sanctuary, the ability to open new portals through which guests and residential owners gain access is a critical next step.

Eagle Airport Moving Towards International Takeoff: Moving into a position of heightened priority are discussions among representatives from several local business interests of the need to open international air service into the Eagle County Airport. Rough estimates are that international service could bring an additional 8,000 to 10,000 air passengers annually through the airport. The multiplier for the local economy could be considerable. A more precise feasibility report is due out in late July from airport authorities. Of those familiar with airport operations, some are of the opinion that international service could be open within a year. The Town of Vail has been approached informally about participating in funding the effort, which would include costs for U.S. customs operations and flight subsidies. As those experienced with partnership negotiations have observed, the devil and delay are in the details.

Summer Economic Growth Timid: The forecast for the summer indicates the potential for an improvement over last year. The TEVA games opened the early season with a larger event and bigger crowd than in previous years. The Town of Vail's [summer marketing campaign](#) is aiming for a conservative sales tax revenue target of 1% over the rate of inflation. Assuming a 2% rate of inflation the Town's \$1.7 million (May - October) campaign may yield \$3.6 million for Vail businesses and \$143,000 in sales tax revenues. Marketing media efforts will shift to the Internet using extensive contact lists from Vail Resorts and the Vail Local Marketing District for email campaigns timed to event promotions that are personalized to fit consumers' consumption profiles (right person, right offer, right time). Current [lodging](#)

[occupancy's](#) year over year projections increase over the next four months from 5% to 30%, which would lead the industry average. There is the potential to experience a guarded increase in room rates.

Last Winter Season Stirred Lightly: The Town of Vail [reported revenues](#) from the lift tax were up 2.4%, but sales tax was flat for the ski season when compared with last year. ([Same Store Sales Report](#)) Vail continues to [lead Colorado competitors](#). All Town [funds and revenue](#) accounts through April from this time last year were up 6.9% and up 4.7% from the budget. The Town of Vail's [main revenue accounts](#) are down 14.47% from the 2008 pre-recession high. The opening of the Plaza at Solaris on the former Crossroads site could change the shopping patterns in Vail Village as it competes with existing businesses. Revenue from the site's 40,000 sq. ft. of commercial space has been out of the picture for over 3 years during the construction of Solaris. It remains to be seen if Vail's total retail/sales tax revenues will simply be redistributed or actually increased with a new mix of competition.



Workers take lunch break in Mayors Park on West Meadow Drive

Eagle County Employment Hits 5 Year Low: The non-seasonally adjusted [Eagle County unemployment](#) rate for May was 11.46%, rising steadily since the beginning of the year. The [labor force](#) for May of 26,563 workers is at its lowest level in five years. Typically, during these years, there have been 1,500 - 2,500 more workers reported for the same month. The exodus of workers due to the completion of major construction projects and lack of new development likely explains the drop. Over the next six months, Vail will experience a transition from construction to service workers as newly completed projects open for business.

Eagle County Real Estate Sales Rise, Discounting Continues: [Reported MLS](#) (Multiple Listing Service) listings by the second week of June have spiked to the highest level since last October with 1,597 residential listings. This has become a typical inventory for the summer selling season. A year ago there were 1,691 listings on the market and in 2008 there were 1,529.

Contracts dipped somewhat to 196 in the same period. This is the lowest level since mid-March but a 25% increase in contracts from a year ago at this time.

Sales price to list ratio continues to decline. On average for the market area (East Vail to Dotsero) realtors are seeing sales prices 18.35% off initial list price and 15.19% off the final list price.

[April sales volume](#) for Eagle County was more than \$130 million, which was 5% off the dollar volume from April 2008 and twice that of 2009. April's transactions were doubled from 2009. More than \$11.5 million in sales of new high-end properties occurred in Vail Village and Lionshead.



Sandbagging at the Covered Bridge

Spring Flooding Bigger Than Expected: As an example of how suddenly major public emergencies can arise, critics point to the unanticipated and unusual fury of spring flood waters that caught some local communities by surprise. The intensity of the flow in Gore Creek, reportedly the highest in 20 years, caused the cancellation of some kayaking competitions during the TEVA games. Flood damage was limited to a few residences in East Vail and several bridges were threatened or washed out. Damage to the Vail infrastructure is still being evaluated. Preliminary estimates are as high as \$1 million that the Town may have to cover out of its already lean budget.

Wildfire, Pine Beetle, Biomass and Falling Trees: The Colorado Governor recently came to Vail to sign a bill promoting [biomass energy development](#) as one way to rid the state of millions of acres of lodge pole pine decimated by the mountain pine beetle epidemic. Vail is being considered as a site for a federally funded \$26 million biomass heat and electric generating plant. The United States Forest Service is looking with some favor on the Vail proposal and is trying to balance the need to encourage logging to supply the plant, while giving a fair hearing to a proposal to expand wilderness lands that could cause logging to become a more environmentally sensitive issue than it already is. Biomass power generation has its critics as lately reported in a [New York Times article](#). Complaints include air pollution, oversized power plants and excessive logging to supply a long-term power station's appetite for trees.

The Town of Vail and Eagle County officials are continuing their proactive efforts to remove dead trees from developed areas. Officials are now warning that beetle killed trees, which have been dead for a few years, are now prone to be toppled by high winds. Homeowners that have delayed removing infected trees are at higher risk of causing damage to their own property and their neighbors' than when a tree first succumbs to the infestation.

Wildfire Preparedness is Much More Than Sounding the Alarm: Forestry and firefighting officials are warning that the more deadfall accumulates, the greater the intensity of a wildfire that can easily break out from a lightning strike or careless human activity. Firefighters reluctantly rely on the unpredictability of the Colorado mountains' summer monsoon rainfall to help reduce their concerns over the threat of wildfire.

No Time for Wildfire Complacency: The Association continues to urge local officials to improve their public education communications network, and mass evacuation response so that the danger of wildfire is ever present in the public mind during the summer fire season. Critics say that officials and the general public are not as aware as they should be about the ferocity with which a catastrophic wildfire or other disasters like flooding can swiftly strike the Vail community. There is a concern, as the community learns to live with a dead and dying forest, that public complacency rather than vigilance will become the norm.

Community Survey and Related Issues: Parking and economic vitality lead the list of concerns in a [recent survey](#) of community residents and property owners by the Town of Vail. Affordable housing has slipped from the top position it has held in similar surveys over past several years. The Association observes that both parking and affordable housing are secondary to the relative state of the community's economic strength. Neither can be viewed correctly when separated from economic conditions. Whether the community survey is an accurate reflection of [community sentiment](#) is a matter of conjecture. Of over 7,000 local and part-time residents who were sent notices to participate in the survey, only 580 responded.



Arrabelle social event - economic vitality moves to the top of the community's agenda.

Affordable Housing Receding in Political Importance: Affordable housing to many, as confirmed in the Town's survey, is no longer as crucial to economic development as it was before the advent of the recession. As long as the construction and development labor force continues to shrink, the supply of rental housing will remain liquid. Likewise, if the absorption rate of unsold real estate continues to be sluggish and financing standards for mortgages remain arduous, the cost of housing, rental or otherwise, may well continue to become more competitively priced. Should the Town of Vail move ahead with the Timber Ridge seasonal affordable housing project, in spite of its aesthetic shortcomings, it could additionally saturate the rental affordable housing market for the foreseeable future and perhaps also further drive down labor costs. These are unintended consequences that some affordable housing advocates say are well worth the risk. Others believe it will rid the Town of Vail of a significant portion of its outstanding debt.

Parking Demand in Transition: The perception of the need for more parking is understandable when economic conditions are on the downside. Eagle County residents under stress from high levels of under employment have to stretch their paychecks. Business interests are under pressure to augment the recession frugality of destination guests by

attracting the even more cost conscious regional "drive" market. The combination of the two results in hundreds of cars parked along the Frontage Roads, which cause some to say that Vail looks like a "truck stop".

If it chooses, the Town can control parking, without building more expensive parking structures. New destination guest housing doesn't require as much public parking as day visitors and workers. Evolving economic and local employment conditions over the next two years could alter current demand significantly. The Town Council is reviewing its options to provide more parking, including doing nothing. The Colorado Department of Transportation is putting pressure on the Town of Vail to take over "ownership" (a costly proposition for the Town) or they will cut off Frontage Road parking altogether. Negotiations are underway to circumvent an all-or-nothing outcome. The Town Council is considering closing Frontage Road parking for the remainder of the summer.

More Parking or More Buses? Building more public parking structures to meet the [projected demand](#) of 400 ski season parking spaces is expensive. The cost is in the range of \$30 to \$40 million for an [extension to Lionshead Parking Structure](#) or building a new [parking structure on Ford Park](#). A cheaper \$18 million surface parking lot in Ford Park to add 100 cars would mean relocating the tennis courts elsewhere and losing an acre of highly valued park land to asphalt. Town parking studies indicate that the demand for overflow summer parking can be solved by providing better facilities for shuttle bus service to Ford Park from the Vail Village and Lionshead parking structures.

Ever Vail Can Fill the Gap, But to Who's Benefit and When? The other parking option public officials are wrestling with is whether to approve Ever Vail. If approved, the developer, Vail Resort, Inc. (VRI), would provide the needed 400 winter parking spaces. Ever Vail is a new residential and commercial portal to Vail Mountain. There is no date certain when the Ever Vail parking would be provided, as it is dependent upon economic conditions. Public officials are reluctant to approve the project with several open-ended issues remaining under speculation. Some prefer inducing VRI to help pay for the cost of building another parking structure elsewhere, which according to informed observers is not likely to occur.



Ever Vail Form and Sustenance: The Town has received the first installment of its fiscal and economic reports on the impact that would result from the development of Ever Vail. The second installment is due in late August and will evaluate the competitive impact of Ever Vail upon the economic viability of Vail Village and Lionshead commercial center. Some on the Vail Town Council are urging the public to analyze both reports side by side before solidifying their opinion on the merits of the Ever Vail

proposal. In the meantime, the Vail Planning and Environmental Commission, is reviewing an elaborate 3-D full motion computerized imagery of the proposed architectural massing for the project.

Spending the Conference Center Fund - When, Where and How: The Town Council has established an advisory committee to make recommendation on what bricks and mortar projects should receive all or a portion of \$9.7 million left in a special fund after voters rejected a \$60 million plus conference center in 2005. The committee is expected to make its recommendation by early September. Vail voters have to approve spending the money. It is doubtful that the Council will take the committee's recommendation to the voters this year.

Voters in No Mood to Raise Taxes or Spend on Non-essentials: The Town of Avon just pulled an aggressive \$100 million transportation proposal off the agenda for consideration on the fall ballot. Government officials are very nervous

about doing anything that would antagonize voters because of a State ballot initiative that would, some analysts say, tie elected officials' hands behind their back on spending matters.

No Silver Bullet Solutions: The Conference Center fund, if the Council chose, could be combined with as much as \$30 million in the Town's \$50 million reserve fund. Even so, some critics say, \$40 million doesn't go very far when building a major public amenity. Many doubt that there is any one "silver bullet" solution that will add substantively to the community's bottom line. Opponents of the 2005 proposal ask rhetorically what would the Town's finances be like now if the conference center had been built? It would have opened just about the time the 2008 recession hit, which caused the convention market to collapse where it remains today.

Grandiose or Pragmatic? One of more elaborate proposals now on the table is to demolish and replace the Dobson Arena with a much grander multi-story (by some estimates 85 feet high) edifice that would house an ice arena and large convention center. Critics say it was the very same overly elaborate concept that led to the repeated failure of any conference center proposal to gain voter approval. Also, it would block primary views from an adjacent large condominium project.

Mind the Neighbors: It is the very same condominium project whose primary views of Vail Mountain now include the glare of a new white metal roof added to the arena last year. The Council has recently decided to not replace the roofing; it continues to investigate the options of tinting the condominium owners' windows or putting camouflage netting over the offending roof. The Association notes that the Town still has not made substantive progress in notifying neighbors of pending design review approvals. The lack of sufficient neighborhood notification led to what many believe was a \$700,000 mistake... the cost of the arena's new metal roofing.

Walking Back to the Future: There are those who believe that the ambitious redevelopment proposal for Dobson Arena should be walked back to a more modest retrofitting of the existing facility. They argue that the arena needs to be returned to its original purpose of being a convertible multipurpose event center that could seat 2,000 plus, while still retaining a competitive ice rink under a retractable floor.

Why Duplication of Efforts? There are several other candidates being considered for the Conference Center Fund; one includes the purchase of the vacant Colorado Mountain College Learning Center in Cascade Village. Cascade Village already has well established sports therapy facilities and practitioners that complement those at the Vail Valley Medical Center. Another proposed project for the funds could be building public parking for the Vail Valley Medical Center on the east end of the Lionshead Parking Structure and modifying Dobson Arena to expand their sports medicine therapy facilities.

Vail Valley Medical Center in Decision Mode: Vail officials are awaiting the outcome of a report, expected to be released in late July, regarding the long-term expectations and commitment of the largest medical specialist tenant on the Vail campus. The stakes are high for the economic fortunes of some in the Vail business community; there are many that benefit from the commerce derived from the sport medicine specialties at the Vail campus.

While Town authorities ponder making public investment in the future of the medical center campus in Vail, representatives for the Vail Valley Medical Center announced in June, plans to start construction of a new \$9 million to \$12 million [surgery center](#) in Edwards at the Shaw Regional Cancer Center. The new construction is part of the VVMC strategic plan to bring medical service closer to the where much of the local population resides.

Much of the routine general hospital medical care for the majority of Eagle County now occurs at the Vail campus, which is located on a highly constrained site with high infrastructure development costs, particularly for parking, deliveries and affordable housing. Meanwhile, [developers in Edwards](#) continue their effort to gain Eagle County approval, over opposition of some local interests, to build a major commercial center that would cater to medical professionals.

In a study conducted by the Town of Vail in 2009, there are minimal sales taxes or other revenues derived from the general hospital operations at the medical center. However, there is considerable national and international prestige, and as yet undefined public financial benefit, from the sports medicine services provided by Vail-based specialized clinicians.

POINTS OF VIEW:



Vail's Future as an International Resort Community: How might Vail shape its economic future to improve its prospects to attract a greater number of international customers and residential property owners? This was the concept put to a team of MBA researchers from the University of Denver, Daniels College of Business. The

DU team over a three month period interviewed several Vail business interests and compiled research data from a variety of sources. The perspective of the researchers was international in its composition, reflecting American, European and Chinese cultural attitudes.

University of Denver Graduate Researchers: The Vail Homeowners Association facilitated the interchange between the DU researchers and resources from the local community. The Association places a high value on engaging with those who may in the future become consumers, investors and residents in the Vail community. The joint DU/VHA project was a first-of-its-kind for the Association and is intended to provide constructive approaches to improving the value of the Vail experience for its residential property owners.

Researchers' Recommendations: The team found their task to be broad in its scope and suggested that more detailed investigation in selected areas of research should be pursued. They were able to sketch out a series of observations and recommendations that they believe would be helpful in furthering Vail's attraction as a destination for an international clientele. Their core strategy is for Vail to continue building upon its successes, in their words, "Let Vail speak for itself." ([Review Full Report](#))

The team recommended the following strategies:

- **Unify Vail's Public Image:** The community needs to become more collaborative in arriving upon a "unified public image" that it presents to the world. "Vail is not a work of Shakespeare, and a thousand visions of the Town are not helpful to sustain the economy and maintain the property values. The community residents luckily do have similar visions, but they differ on how to make the vision come true." A collaborative process is needed to arrive at a broader consensus on how the community should and should not move forward into the international arena.
- **International Flights to the Eagle Airport:** Expanding consumer access by increasing flights into the Eagle County Airport from both international and domestic hubs could bring significant economic and quality of life benefits. International flights would bring more lucrative business, destination guests who stay longer, buy real estate, support assets and further diversify the community's cultural experience. Efforts should be made to minimize layovers at major U.S. hubs with international flights that link to the Eagle Airport.
- **Health and Wellness, Focus on Sport Injury Surgery and Recovery:** More emphasis should be placed on expanding sports medicine, treatment and recovery therapies. Vail is a heavily sport-based town, its health services for sports injuries are highly advanced. Sports injury "patients" do not compromise the established image of Vail as a healthy resort community. The imagery of sport injuries is different from other illnesses. Patients are not considered as "sick people", but as athletes who play too hard. The acquisition of highly skilled practitioners and word of mouth outreach through high profile sports competitors is the basis upon which to expand the effort internationally.
- **Conventions and Events:** Convention and event business is profitable and applicable for Vail, especially in summer. Convention business, smaller academic or professional gatherings, can be expanded even if there is no big convention center in the foreseeable future. Several new destination hotels offer the prospect to stimulate the convention and event trade. It may be possible to minimally retrofit and upgrade existing facilities to host conferences and events. International conventions and events, while farsighted, could attract attendees and their families, particularly in the winter. Social networking could be used to greater effect to spread the word.
- **Winter Olympics, World Championships and Ultimate Sport Events:** The World Championships and the proposed Denver Winter Olympics are the best chances for Vail to become better known worldwide. However, there are many unknown factors that need to be addressed to cause this strategy to be both helpful and far-reaching. Vail needs to develop strategic partnerships in Denver and throughout the world to host these and other large international events, sporting or otherwise. Hosting prestigious international events could help with the funding of local infrastructure and critical transportation links, like Interstate 70 and the Eagle County Airport. That, in turn, would further open Vail long-term to international markets.



Vail arts - keeping the dream alive

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