

# VAIL HOMEOWNERS ASSOCIATION

December, 2011

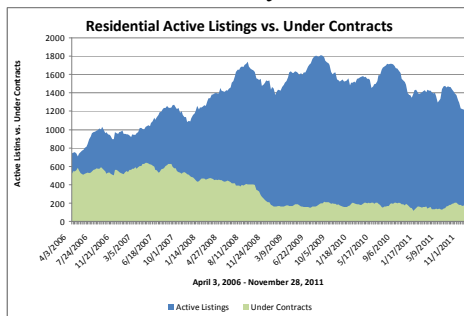
## Executive Summary:

**VHA Annual Meeting/President's Message:** The Vail Homeowners Association Annual Membership Meeting will be held at 4 p.m. Thursday, December 29, 2011 at the Town of Vail Municipal Building in the Town Council Chambers. Members, guests and the public are invited; parking and seating is limited. **From the President:** Together through the hard work of the Vail Community and VHA, we are achieving remarkable progress. Collaboration born out of economic necessity is renewing confidence in Vail as a destination and... [Read on](#)



**Good Winter Season Forecasted:** [Lodging reports](#) project year over year increases for the ski season with a healthy rise in occupancy (16.5%) and a modest increase in room rates of 2.1% with low periods expected in early and late February... Snow making has again proven its investment value, enhancing the slopes for the opening of the winter ski season on November 18<sup>th</sup>. [For More...](#)

**Year in Review:** Vail is seeing tourism beginning to pull its weight... [Financial markets](#) remain volatile... Consumer debt is the lowest it has been in many years. Vail's tourism economy is the beneficiary of these trends. [Read more...](#)

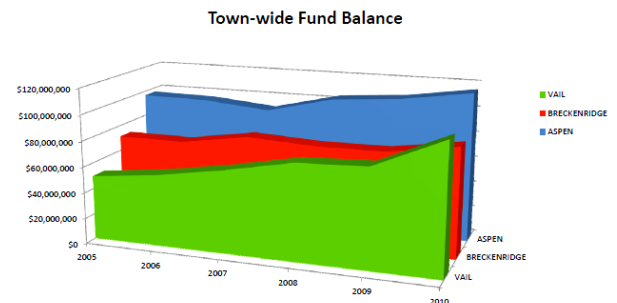


## Foreclosures & Unemployment:

Eagle County's [foreclosure rates](#) are marginally down from the watermark of 2010. Eagle County [unemployment rate](#) is marginally improving at 8.6% with a larger job base. [More details...](#)

**Real Estate:** Pricing strategies for resort properties in Vail and the surrounding show the number of "sale closings" even with last year according to a [Prudential Colorado report](#)... According to the monthly [Land Title report](#) the average price per square foot for a single family home in Vail Village has gone up... [Read on](#)

**TOV Finances - VHA/USC Research Project:** The Homeowners Association and the University of Southern California's Marshall School of Business recently conducted a comparative analysis of the financial health of the local governmental entities of Aspen, Breckenridge and Vail. A [summary report](#) of the data indicates Vail showed the most growth, doubling its government-wide fund balance over the last six years compared to... [For more](#)



**Special Events & Internationalism:** Over the past 6 years, the TOV spent the most on tourism marketing when compared to its municipal



resort competitors Breckenridge and Aspen. Vail's formula for attracting destination guests appears to be the most successful, evidenced by its lead in [tax revenues](#) and... An informal Vail global perspective group has formed to discuss strategies for engaging long-term international interests... The effort is aimed at preparing the business and residential ownership community to encourage programs that build permanent cross-cultural relationships leading

up to the [2015 World Alpine Ski Championships](#) and beyond... The global perspective group sees a need to... [Read on](#)

**Development:** Strata, Ski Club Vail, Timber Ridge, VVMC & Conference Center Fund reallocation updates... [Details](#)

**Environmental Regs & Election Outcomes:** Town administrators have a series of environmental regulations drafted... Eagle County voters rejected a property tax proposal to increase funding for public education... There is an indication that local voters may be willing to approve tax increases on tourism... Incumbent and former councilpersons were elected to the [Town Council](#), furthering the discussion that the Vail community needs to become more proactive in finding methods to encourage new blood. A timely discussion as Vail embarks on its next 50 years... Forest Service burns beetle killed areas; is it effective long-term? [Details on these topics...](#)





Vail's Holiday Greeting - Gorsuch's on Bridge Street

# VAIL HOMEOWNERS ASSOCIATION

D e c e m b e r 1 5 , 2 0 1 1

**VHA Annual Meeting:** The Vail Homeowners Association Annual Membership Meeting will be held at 4 p.m. Thursday, December 29, 2011 at the Town of Vail Municipal Building in the Town Council Chambers. Members, guests and the public are invited to attend; parking and seating is limited.

**President's Message:** Together through the hard work of the Vail Community and the Vail Homeowners Association, we are achieving remarkable progress. Collaboration born out of economic necessity is renewing confidence in Vail as a destination and as an investment.

We, as residential property owners, are pleased that our patronage of local businesses and support of good ideas through the Homeowners Association is helping sustain the fifty years of prosperous ideals our extraordinary community has achieved. Bold aspirations live on, while care is being taken to avoid extremes caused by shortsightedness.

The value of our investment in our homes and businesses can be regained by creating permanent return on investment. As the Vail Homeowners Association, we challenge ourselves to conceive a future beyond where we have been, and strive towards where we want to go in welcoming the world to our wondrous community.

Best wishes for the Holiday Season and the New Year.

Dr. Gail Ellis, VHA President



**Good Winter Season Forecasted:** [Lodging reports](#) are projecting year over year increases for the ski season with a healthy rise in occupancy (16.5%) and a modest increase in room rates of 2.1% with low periods expected in early February. The scheduling of the first Vail [Winter TEVA Games](#) is programmed to infill this lull.

Winter service into [Eagle County Airport](#) (EGE) will remain essentially the same as last year. American Airline flights into Eagle County will not be affected by the Chapter 11 reorganization according to EGE officials.

The [Eagle Air Alliance](#) is gaining traction throughout the Vail Valley in its initiative to broaden its sources of funding for a 3-year subsidy program to open new flights into EGE from major U.S. hubs that serve international connecting flights.

This is a significant change in attitudes from past years when down valley entities were content to let the Town of Vail and Vail Resorts carry the financial burden. For its part, Eagle County has lowered its landing fees at the airport. Local marketing authorities are following up on the Homeowner Association's proposal to use the packaging of airfare and discounted hotel rates as a return on investment (ROI) accountability tool that can be used as proof of performance to gain matching funds from local governmental entities.



**Winter Season Underway With the Help of Manmade Snow:** Snow making has again proven its investment value, [enhancing the slopes](#) for the opening of the winter ski season on November 18<sup>th</sup>. Skiers will find the Vail experience further elevated this year by the opening of a new selection of high caliber restaurants in town and on Vail mountain; shown below the new Mid-Vail 10th Restaurant that raises slope-side fine dining to European standards.



VRI Vail Mountain Marketing Photo

Vail's widening choice of quality dining is furthering its reputation for culinary excellence and diversity. The notoriety gained is a reflection of the increasing presence of high value clientele, whose sustained loyalty is essential in attaining an "enduring" international reputation.



The intimate Yama Sushi is one of several new restaurants to open as a result of the Vail Renaissance.

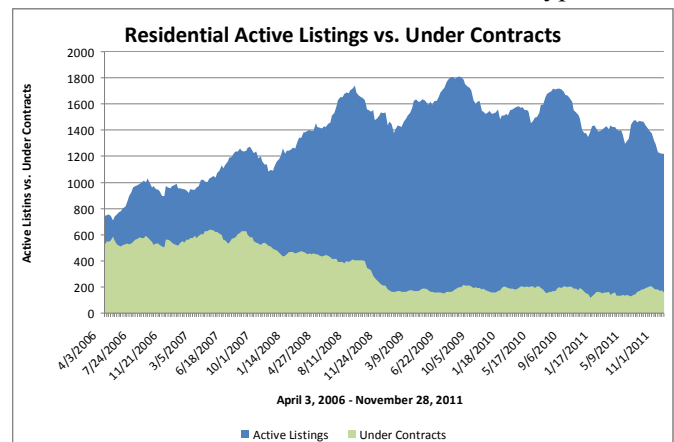
**Year in Review:** Vail is seeing tourism beginning to pull its weight. Real estate sales, however, remain in the doldrums. Vail's business climate overall is heartening, but season to season progress remains an edgy proposition depending upon a multitude of variables. Both the Town of Vail and [Vail Resorts](#) are holding their bottom lines on a steady course. The push locally to expand international trade continues to break new ground in Latin America, particularly Brazil.

[Financial markets](#) remain volatile, responding to worried speculation about insolvent sovereign debt, energy production and bubbling emerging economies. Production is falling off in both [European](#) and Asian markets. The effects of the Great Recession are not yet ending. In the U.S. manufacturing shows improvement; construction and housing do not.

Consumer debt is the lowest it has been in many years. The people who have jobs are doing well and are in much better financial shape. Their higher education and experience make them more competitive in the new economy. These people have money and now they're spending it. They've been working hard and haven't been on vacation in some time. They are buying cars and now going on those postponed vacations, but not buying homes. Vail's tourism economy is the beneficiary of these trends.

**Eagle County Foreclosure and Unemployment Rates:** The workforce communities from Avon to Gypsum are continuing to endure the brunt of foreclosures. Eagle County's [foreclosure rates](#) are marginally down from the 5 year high watermark of 2010, both for transactions (481 to 457) and dollar value (\$329 million to \$283 million). The Eagle County [unemployment rate](#) is marginally improving at 8.6% with a larger job base: 26,457 compared to last year's 24,605.

**Vail/Eagle County Real Estate:** Pricing strategies for resort properties in Vail and the surrounding area appear to be outwardly successful with the number of "sale closings" even with last year according to a [Prudential Colorado report](#). However, dollar volume for all of Eagle County is down nearly -23%. Currently, the number of listings are low, which should





increase by the holidays with some analysts holding firm in their view that a considerable "shadow inventory" is waiting to see some improvement in the market. A brightening indicator, Vail Village in October was the strongest market in Eagle County. According to the monthly [Land Title report](#), the average price per square foot for a single family home in Vail Village has gone up 31% over last year to \$1,764.

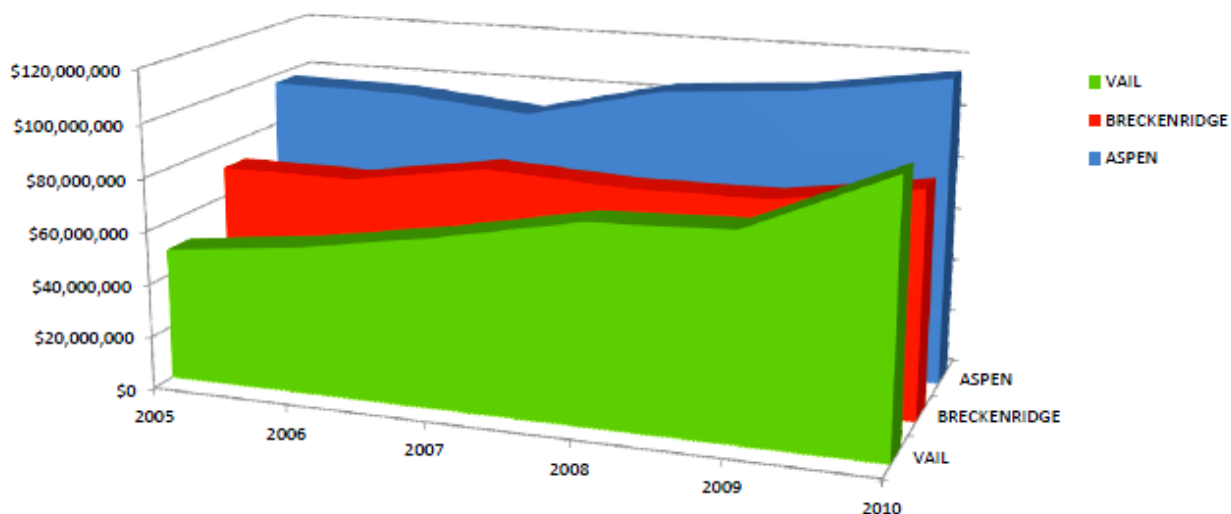
In a comparison among major [western winter resorts](#) several are seeing positive gains in real estate sales greater than Vail. [Aspen and Pitkin County's](#) dollar volume through October increased by 4.7% and transactions by 15.7%. Both indices are tracking ahead of 2009 and 2010. Transactions in Eagle County were up 6% for the same month.

Of interest is the prospect of foreign flight capital expanding into US markets. Federal government officials are taking note; recasting immigration policy to allow for real estate investment in exchange for longer visa periods to foreign investors. A local developer is publically promoting the [real estate for visa](#) program for his project. Others are not so sure the program would lower inventories for Vail to the degree that some believe is possible for the nation. There are some analysts cautioning that Vail's international market may be more shallow than is being speculated by enthusiasts.

**Town of Vail Finances Better Than Most:** [Sales tax](#) results for the 3rd quarter report double digit increases of 16.81% over the prior year. TOV [Revenue Highlights](#) thru the end of November list total Town revenues across all funds revenues of \$42.2 million are up 5.3% from budget and down -6.7% (\$2.1m) from last year because of a decrease in Real Estate Transfer Tax (RETT) collections. [Historical Rev Trends](#)

The Town estimates that RETT revenues will not slip below their pre-boom norm of between \$3 million to \$4 million annually. Assuming this rate continues, with all other revenues the Town is in the position of sustaining its operations, but it is limited in its ability to take on major capital improvements without dipping into its ample reserve fund. Currently, the Town has an appetite for large capital projects that could motivate it to draw down its reserves or

### Town-wide Fund Balance



restructure its debt, rather than go to voters for approval. The Town's debt is minimal and could be retired in 2012.

**Tracking the Town of Vail's Financial Performance:** The Vail Homeowners Association and the University of Southern California's Marshall School of Business recently conducted a comparative analysis of the financial health of the local governmental entities of Aspen, Breckenridge and Vail. A [summary report](#) of the data indicates, of the three, Vail showed the most growth, doubling its government-wide fund balance over the last six years while Aspen and Breckenridge increased their reserves by roughly 19%. When comparing the net change in revenues less expenses Vail also led the group, closing 2010 with \$9.9 million compared to Breckenridge at \$5.2 million and Aspen at \$3.2 million.

The analytical model is capable of tracking budget vs. actual performance for all government funds. It allows both public and private interests to make detailed analytical comparisons of the relative success of governmental economic development and other related policies. The Homeowners Association initiated the project to create a tool to evaluate the productivity and sustainability of public services and capital investments. The project provides rudimentary assessment of the cost vs. benefit of investment in a particular category such as [golf](#), or a group of categories such as those that promote [tourism](#). Collaboration with the involved towns to refine categorization is ongoing. Updates will be published as new information becomes available.



Vail leg crowd at the 2011 Pro Challenge Bike Race; the hoped for 3 year repeat event was relocated elsewhere in the State for 2012.

**Vail's Special Event Strategy - A Work in Progress:** Over the past 6 years, the Town of Vail spent the most on tourism marketing when compared to its municipal resort competitors of Breckenridge and Aspen. Vail's formula for attracting destination guests appears to be the most successful as evidenced by its lead in [tax revenues](#) and more robust gain in [total funds balance](#). Since the onset of the Great Recession in late 2007, it is tourism that has taken the lead in helping to infill the void left by lagging real estate sales. Vail year over year is marginally [leading](#) a sampling of other Colorado winter resorts in sale tax returns.

The Town of Vail for 2012 has budgeted \$2.35 million for its various event marketing projects and productions. These amounts do not include in-kind services provided by the Town and other sums invested by Vail Resorts, the Vail Valley Foundation and others. There are many special interests and professionals involved in making marketing and special event production decisions for the community. The Town and Vail Resorts have successfully caused greater collaboration between these parties, creating a procedural platform with which to evaluate the distribution of marketing dollars and coordinate scheduling. The Town Council recently approved the [2012 summer programming](#).

The Town's venue of summer special events this past summer is credited with contributing to reversing anemic [sales tax](#) revenues during the recession years. Nearly two years into the amalgamation of summer and winter branding, local marketing professionals are reporting Vail's consumer referrals are showing remarkable year over year improvement. Vail, they report, can now claim to have the highest name brand recognition in the mountain resort industry. It is showing the full power of its public image.

The success of the summer events program is not without critics as the parking and crowd congestion is becoming uncomfortably self-evident. There are those calling for engaging a professional who would proactively and aggressively book entertainment venues, which includes more "extended family" programming, that are predefined according to the demographics and size of desired events. Others suggest that current organizers invite a symphony orchestra from Latin America to perform in Vail.

The Town finds itself, along with Vail Resorts, annually rebalancing its event programs between two markets, day visitors and overnight destination guests. Striking a balance between the two is becoming a more serious debate between those competing for different dollar generating market segments that can have compatibility challenges. The Association continues to monitor this debate since it has immediate effect upon quality-of-life issues of concern to its membership.

**Vail's Internationalism Effort Broadening and Moving Forward:** An informal Vail global perspective group has formed to discuss strategies for engaging long-term international interests both from a business and residential perspective. There is recognition that the community's residential ownership and visitor patterns are shifting towards globalization. The Vail Homeowners Association initiative encourages international owners to join in shaping the community. The effort is aimed at preparing the business and residential ownership community to take advantage of encouraging programs and investments that build permanent cross-cultural relationships leading up to and beyond the [2015 World Alpine Ski Championships](#).

While many Latin Americans and other international visitors are English speakers, in a multi-cultural setting, giving a greeting and offering essential information in a visitor's native tongue is a sign of respect. The global perspective group sees a need to create awareness of the importance of training and employing a larger portion of the workforce that have

multi-lingual and multi-cultural skills. From the standpoint of using advanced technology, public information sources should be made available in multi-lingual formats.

Guests, foreign and domestic, and most non-resident property owners do not distinguish the mosaic of communities between Vail on the east and Gypsum on the west. In their minds' eye it is all one place. Local barriers to marketing "Vail" as the global brand representing the length of the Eagle County I-70 corridor should steadily bend to the perceptions of, and for the service of, the consumer.

## **DEVELOPMENT**

**Strata Project Prepares for Construction in Lionshead:** The first private project in almost three years has submitted documents to obtain a building permit from the Town of Vail. The project received zoning and design approval just prior to the collapse of the real estate market in 2007. At the time, the Town Council gave a multiple year entitlement extension to several large projects including Strata. Most of the extensions are expected to lapse within the coming months.

Strata is the only known pre-recession approved project currently moving towards construction. Strata will replace the Lionshead Inn and Annex in West Lionshead adjacent to the Vail Spa complex. According to Town officials, the project on a nearly 1.6 acre site will contain 51 dwelling units (condominiums), 14 interval ownership dwelling units and 12 hotel rooms (lodge dwellings). Strata will build 183 parking spaces, 69 more than required, continuing a pre-recession trend. Some projects now offer their excess parking for a fee to the public or others, which helps reduce the need and expense for the Town of Vail to be the sole provider of public parking.

**Ski Club Vail Redevelopment Proposal at Golden Peak:** A proposal to redevelop the existing outdated Ski Club Vail building on Vail Valley Drive is under discussion between the Club and Town of Vail authorities. The Ski Club Vail's race training program has grown both in renown and in participants, from 50 at its inception in the 1970's to 600 currently. It has trained some of the leading racers on the national and international circuit. Ski Club Vail intends to finance the structure through the incorporation of condominium units on a 3rd floor of what is now a 2 story structure. No residential uses now exist on the site. An architect has been retained to design the new building to be compatible with its neighbors. Ski Club Vail will be having a dialogue with neighborhood property owners about any concerns they may have with their proposal. Vail Resorts has protective covenant responsibility for the site.



**Ski and Snowboard Club Vail - Built in the 1970's**

**Timber Ridge Design Resubmitted One Floor Shorter:** The Town's developer is resubmitting the Timber Ridge project for the Town's design review one floor shorter, but it would arguably still be one of the community's largest appearing buildings. The proposal to rebuild half of the Town's affordable housing complex has been under study since its purchase by the Town of Vail in the mid-1990s for over \$20 million. For the Town of Vail, the primary motivation to redevelop the project is debt reduction. The onset of the 2007 recession reduced demand for affordable housing, which softened along with the purchase price of workforce housing throughout the region. The current Timber Ridge complex project has been fully rented by lowering the leases to a more competitive rate. This tactic, if prolonged, would put the existing project's finances in a precarious competitive position because of its age and condition according to Town officials. The question remains, will the Town Council have to retreat from its earlier policy of acceptable terms and conditions that it held resolutely, like renting only to local (working in Eagle County) employees? Another condition was to reduce its remaining purchase debt of nearly \$18 million by half.

**VVMC/TOV Redevelopment Prospects:** The outgoing Town Council approved moving forward with more detailed design and analysis for constructing two new office buildings on the Town's municipal complex site. One is to house functions related to the Vail Valley Medical Center, the second to provide new quarters for many of the administrative services of the Town government. When the Medical Center moves to use public property, it opens itself to a more inclusive partnership, whereby the community's citizens perceive that they now have a greater vested interest and should have greater input in guiding its success.

The Homeowners Association is working to ensure that earlier master planning commitments by the Town of Vail to move vehicular access for the Medical Center from West Meadow Drive, where increasingly dangerous traffic congestion exists, to the South Frontage Road are fulfilled. Also of concern is keeping the Medical Center helipad at or near its



present location, well away from the West Meadow Drive and other nearby residential neighborhoods. The frequency of operation and proximity of the helipad could well damage the perceived property values of these neighborhoods as well as pose a hazard to nearby high rise structures.

**Conference Center Fund Reallocation Project Proceeding to Final Design/Construction:** Town of Vail voters overwhelming approved reallocating the \$9.4 million conference center fund to be spent on projects for the Vail Golf Course and Ford Park. The process of finalizing designs and setting construction schedules is proceeding under the direction of the Town of Vail; as is assembling the cash from matching pledges by the Vail Recreation District and Vail Valley Foundation to fully fund the \$15.6 million in projects. Work on aspects of the projects is expected to begin next Spring.

**TOV Drafts Environmental Regulations & Potential Mandates:** Town administrators have a series of environmental regulations drafted and awaiting the green light from the incoming Town Council to bring them through the legislative process. The proposed regulations would institute a point system that would indirectly mandate higher energy conservation requirements. Administrators are particularly intent on reducing demand for heated driveways, which is viewed by some as an extravagance rather than a safety improvement. The Town of Vail previously embraced the safety implication when it heated its streets in order to reduce the expense from costly slip and fall litigation due to icy downtown pedestrian public thoroughfares.

Additional environmental requirements that would limit storm runoff from parking lots and public streets are also included. Increased levels of certain pollutions have been found in Gore Creek in East Vail that could potentially require both public and private property owners to spend extensive sums on treatment facilities. There will be a push to cause property owners to stop fertilizing and maintaining manicured lawns in required stream setback zones so that these areas will return to their natural conditions and thereby act as a filter to pollutants. Lastly, administrators are seeking methods to eventually mandate recycling of trash for multi-family buildings. Single family and duplex homeowners are already paying for recycling services, the existence of which is not promoted by local trash hauling companies. The Homeowners Association has urged administrators to mandate new requirements for recycling and put current mandates such as affordable housing on hold until a sufficient degree of new development begins again. In the interim, in the community's downtown area, existing town revenues should be used to create several new recycling centers in recently completed loading and delivery terminals.

**Outcome of November Elections:** Eagle County voters rejected by a wide margin (No: 5,003 - Yes: 4,172) a property tax proposal to increase funding for public education in Eagle County. The failure of the property tax increase for the public schools accompanied several other tax increase proposals, both local and statewide, that were also defeated. The failure of the aggressively promoted public education initiative locally, the first defeat since the early 1990's, is a further sign that voter attitudes are being fundamentally reshaped by stressful economic conditions.

In Eagle County, tax increase opponents focused upon fiscal accountability, in the case of the schools, relying upon debatable administrative expenditures in the district's finances. Proponents argued traditional principles of sustaining quality education for the students. In spite of a well financed public relations campaign, supporters were relying upon the power of a sizable voter block of parents and school employees who failed to materialize at ballot box. Interestingly, school board positions up for election went uncontested.

School officials are being counseled by some close to the ill-fated election effort that, rather than peevishly punish students and teachers in response to the voters decision, the School Board should comply in a way that demonstrates they have heard the voters' message and set about adroitly trimming costs. Once this is accomplished they are more likely to succeed in a future spending request to the voters. Some of the first steps to consider are: freeze salaries, benefits and cut expense accounts until conditions improve, as senior Town of Vail administrators did voluntarily at the outbreak of the Great Recession.

There is an indication that local voters may be willing to approve tax increases on tourism, which is now the primary source of economic improvement. Town of Eagle voters approved increased taxation of hotels (Yes: 1,079 - No: 630). This could be seen as a negative trend if local governments move to use these funds for purposes other than encouraging growth in the destination guest tourism economy.

Incumbent and former councilpersons were elected to the [Town Council](#), furthering the discussion raised by the Homeowners Association that the Vail community needs to become more proactive in finding methods to encourage new blood to enter local politics. A timely discussion for 2012 as Vail embarks on its next [fifty years](#).







Burning slash piles from clear cut logging of a bark beetle infested area near Vail on fund strapped USFS lands. [Report](#) says clear cutting regenerates existing rather than diversifies tree types doing little to blunt future bark beetle outbreaks.

### **SPECIAL EVENTS CALENDAR**

**Membership Information**  
**VHA Collaborative Consensus Guidelines**  
**VHA Newsletter Reprint Policy**  
**Contact Editor**

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### **LOCAL MEDIA LINKS**

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