



Is Vail's Murky Crystal Ball Clearing?

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VAIL HOMEOWNERS ASSOCIATION

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Vail Economy: The accumulation of national and local economic trends are giving a clearer indication of the shape of the "new normal" economy. The conundrum for Vail is by spending down cash reserves, can a bridge be built to the new normal? Some see mounting evidence that the historical "qualitative" expectations of Vail customers and property owners could go by the wayside. The days are numbered, they say, when local government can, with shrinking revenues from nearly all sources, afford to generously subsidize itself and the business community based on increased fees, taxes, franchising public assets or spending down reserves. Others disagree, seeing the need to build the bridge, hoping for a stronger turn around sooner rather than later. Some predict that a restructuring of expectations, obligations and responsibilities will result.

The Town reports overall July sales tax decreased 19.4% from July 2008 with Retail decreasing 14.0%, Lodging decreased 23.0%, Food and Beverage decreased 14.4% and Utilities/Other (which is mainly utilities but also includes taxable services and rentals) decreased 35.8%. See [Vail Business Review July 2009](#) for more detail. August estimated sales tax collections are down 20.9% from August 2008. As of late August the Town reported all revenues funds year-to-date from the same period in 2008 were down -24% and down from budget projections of -2.7% for the same period. Revenues are consistent with the Town's projections; budget cutting measures remain under consideration. ([TOV Revenue Highlights](#))

National Winter Snow Sports Trade Association Reports: The SnowSports Industries America (SIA), a national trade association, reports that loan rates to finance inventory purchases are increasing, putting ski resort retailers under further stress. The rescue from near bankruptcy of CIT, a bank specializing in lending to small business, has made credit much

harder and more expensive to obtain. ([SnowSports Industries America Newsletter](#)) As of August, after thin equipment sales in the 2008/2009 winter season, alpine ski equipment orders are down nationally more than 20% and snowboard 30% in dollars compared to last season's orders.



Up and Down Sides of Coming Ski Season: In the good news category, SIA says that the National Oceanic and Atmospheric Administration (NOAA) predicts that heavy early and late snow could occur in the central Rockies, because of the El Nino pattern in the central Pacific ocean. Vail Resorts is reporting a 14% increase in Epic Pass sales compared to this time last year. On the downside is the potential impact from the swine flu (H1N1) should it become epidemic in Vail's air travel destination guest markets. Also there have been no known public reports on how local health officials and business leaders would respond to a widespread outbreak.

Real Estate Market: Real estate sales are experiencing a modest increase, statistics released by the Board of Realtors show seventy-seven residential properties went under contract between August 10 and September 10. That compares with 22 contracts between January 1 and July 10. ([Vail Daily News Article](#)) Many sales are for properties costing less than \$500,000. Some higher end properties are reporting increased inquiries. According to a local real estate analyst, the dollar volume of total sales through August was running 35.5% of last year and only 25.8% of the record year, 2007.

Eagle County Unemployment Rate Drops for Two Consecutive Months: Eight hundred fifty-one jobs were added back into the Eagle County labor force from June through the end of August. The increase is likely summer seasonal jobs in the resort services and construction industries. Unemployment numbers reached an all time high of 2,800 in May.

Vail Resorts Fourth Quarter Report: Vail Resorts, Inc (VRI) confirms an expected 52.4% decline in 2009 profits from 2008. The company's net real estate revenues were down 37.2%. It is seeing improvement in traffic from buyers interested in its real estate properties. Revenue projections for 2010 reflect a shift in reliance from real estate to tourism products. The company moved to contain operational costs earlier in the year through a 2% - 12% reduction in executive salaries and a freeze on merit increases. Skier visits to the company's Colorado resorts were down 5.3% from the prior year. The decline was less than other Colorado ski resorts. Company wide, total lift ticket revenues were down 8.4 %. Vail's skier visits were

the 3rd highest on record. The company continues its value added marketing strategy through the Epic Pass and other incentive programs. ([VRI 4th Quarter Report](#))

Vail Local Marketing District - Summer Lodging Report: As with this past winter, Vail's lodging is down but ahead of the industry. The Vail Local Marketing District (VLMD) reported that compared with 2008, June, July and August of 2009 average lodging occupancy was down 11.4%, 8.9% and 21.1% respectively. ([VLMD 2010 Operational Plan and Budget](#)) The average daily room rate for the same period was down 7.5%, 12.5% and 8.9%. Vail's average lodging occupancy leads in a comparison with average occupancy figures from 15 mountain resorts for the same period June, 34% to 27%, July 48% to 40%, August* 36% to 27% (*projected).

[PKF Hospitality Research](#), a national consultancy firm reporting on countrywide hotel trends, while seeing improvement, forecasts an average occupancy of 54.9% for 2010, well below the historical average of 62.2%. Average daily room rate is expected to decline 10.4%. Both average occupancy and room rates are projected to turn upward in late 2010 or 2011.

The Town proposes to reduce the VLMD's budget by 12.1% from \$1.895 million in 2009 to \$1.745 million in 2010. Some believe the amount is insufficient to mount an effective summer marketing campaign, which is the mission of the VLMD. Advocates, including members of the VLMD advisory board are promoting an increase in the lodging tax to boost revenues available to the Town of Vail for marketing. The VLMD is a function of the Town of Vail and funded by a lodging tax. Others question the effectiveness of the VLMD, believing that a more diversified non-governmental approach to business promotion should be pursued.



Profile of Vail's Summer Market - Audience at Ford Amphitheater

Economic Impact of Special Events – Greater Accountability Needed:

On several occasions the Town has been asked to create a standardized reporting system for business promotion efforts, including special events and marketing programs. Shrinking revenues require the Town to become far more fiscally accountable so that funding is directed at the most productive activities. Currently, there are those calling for more governmental support, including tax increases. In response, there are those renewing their claim for greater fiscal restraint and accountability.

Recently the Vail Valley Foundation ([VVF Economic Impact Report to VEAC](#)) and Bravo ([Bravo 2009 Season Report](#)) reported the economic benefits for the events they sponsor to the Town of Vail.

Both organizations receive sizable subsidies from the Town. There are many other special events and functions subsidized by the Town that do not attempt to make similar reports. As a consequence, recipients of public funds do not compete on a level playing field. There are those who advocate that funding priority should be given to those recipients who do report in accordance with a required factual standard.

Some of those who attempt to analyze the productivity reports that are submitted claim the lack of financial or demographic data standards make it impossible to fairly evaluate the productivity from either an economic or community relations perspective. Critics say the credibility of the good faith intentions of those who do report suffers because of the inconsistency in data collection and the appearance that unintentional double counting may be occurring.

There is the belief that past efforts to come up with standards from those who benefit from public largess has become clouded or thwarted with self-interest. To overcome the potential for abuse, the Town needs to bring in a qualified outside independent consultant to recommend standards. Elected officials cannot afford to let their eyes glaze over when confronted with volumes of data that is thrown at them in inconsistent formats or shrug off the lack of substantiation. Until the Town

Council levels the playing field through a mandatory reporting format, abuses real or imagined, will be suspected and could hinder any effort to increase funding via the voters.

Vail Town Council Election Issues - Vail Citizens for Action White Paper (VCFA): An ad hoc committee of Vail business interests are advocating, in the face of declining economic conditions, that the Town of Vail prepare for the need to:

- Increase the lodging tax sufficient to reposition the Vail brand towards economic diversification and a value conscious consumer.
- Reduce development fees to stimulate new construction.
- Cut operational and capital improvement budgets based on needs not wants.
- Reallocate the \$9+ million conference center fund to the health and wellness initiative of the Vail Valley Medical Center (a private not-for-profit foundation) and related entities.

The Homeowners Association encourages a full debate on the items presented in the group's white paper during the Town Council election. The Association's Board of Directors has not taken positions on the merits of any of the white paper's proposals, so that all parties involved in the public debate can be given an open hearing and thoughtful consideration. ([VCFA White Paper](#))

Town Council Election Voting Schedule: There are 9 candidates competing for 4 open seats. Candidates are Michael Charles, Kerry Donovan, Kevin Foley (incumbent), Mark Gordon (incumbent), Ludwig (Ludi) Kurz, Buddy Lazier, Kim Newbury (incumbent), Scott Proper and Susie Tjossem. There are several choices for casting votes in the upcoming Town Council election. Oct. 5th was the last day for residents to register to vote. The walk-in/mail-in (absentee) ballot process begins Oct. 22nd; Oct. 30th is the last day to request an absentee ballot or vote walk-in/mail-in (absentee). Voting at the polls occurs on Tuesday November 3rd. Contact the [Vail Town Clerk](#) for details.

The Medium is the Marketing Message - Best Winter Season Ever to Visit Vail: With the possibility of continued value pricing over the coming season, some local entrepreneurs see the potential to put the Internet based "social networking" media to work on behalf of their businesses and consumers. Advocates believe the effect could well exceed the results achieved from any traditional print advertising campaign. The concept is to reduce costs of agency run "social networking" and traditional advertising marketing campaigns that can be very expensive and labor intensive. Others in the snow sports industry are headed in this direction. ([SnowSports Industries America Newsletter](#))

These social media advocates believe some marketers are missing the point about Vail. They say that consumers beyond their early 20's are not looking for "price" as much as they want unique and memorable experiences. There has to be a change in the source and content of the conversation. People are longing for personal satisfaction and want to hear of the best experiences from their friends. They believe the entire resort community is in the business of serving the needs and expectations of the customer. We are in their service, so perhaps we should ask them what they think of us. Success in the new economy takes collaboration.

Social media feeds on what is going on, "Where do the locals go?" People believe messages from friends, especially if the content is personal and not crassly commercial. Consumers need to feel that they are part of the action, that they are generating the excitement for their friends and that they want their friends with them in Vail. There has to be quality and value in the product or service. Businesses need to tell a story about their products, how they will add depth and uniqueness to the Vail experience. Vail needs to tell the story through the words and voices of its satisfied customers.

They say it has to be non-governmental grassroots marketing. Vail locals and regulars should send their own message and do their friends a favor by inviting them to Vail. Enjoy what Vail has to offer without having to go to Europe. If they come to Vail just once, they will be back. There should be personal and tangible rewards for communicating the message. Advocates say every Vail business should begin now putting the word out to their customers that, "This is the year. ...The best winter season ever to visit Vail."



Major Development Projects: All major development projects under construction are making steady progress towards completion within the next twelve months. No new construction of major development projects is proceeding. There is mounting concern that local governments need to go further in their requirements for complete financial disclosure and comprehensive guarantees for large development projects, particularly those involving public land and facilities. The

nation's financial difficulties are having effects on developers engaged with large local projects. Within the past months two large projects in the Vail area, [Avon's Traer Creek](#) and [Minturn's Battle Mountain Resort](#), have been in the news regarding development related financial matters.

In October the Vail Town Council will be considering the disposition of the Hillwood Development Company's proposal to receive an extended franchise for the redevelopment of the Lionshead Parking Structure. A recent [Wall Street Journal \(WSJ\) Report](#) indicates there has been a reshuffling of Hillwood's financial portfolio. Critics say local governments can no longer afford to not exercise their due diligence to the fullest extent. Developers who ask for zoning changes or franchises should be subject to the same due diligence a sophisticated private partner would perform before making a deal. Some have the view that until there are indications of a strong recovery in the private development sector, competing private development projects using Town of Vail lands should not be encouraged or considered.



Ever Vail Update: Vail Resorts unveiled their architectural theme for their proposed Ever Vail development to the Vail Town Council. Distinctly contemporary in character, the design follows the Town's guidelines to recast Lionshead in a European mountain resort style. While there are refinements as well as political obstacles remaining to be overcome, reportedly the Council gave the presentation a favorable reception. [\(VRI Ever Vail Update to Town Council\)](#)



The architectural design plan is one in a progression of master planning documents presented to the Town over the last four years. The company's planning effort has systematically responded to issues raised by the Town. The company intends to submit their revised plan for formal review in November, with public hearings before reviewing bodies from this December to August 2010.

Political obstacles include pressure being applied by local interests to employ what some consider as anticompetitive practices to outright stop the project. Others' interests, it is claimed, are making over-reaching demands for exactions that are legally unrelated to the direct impacts of the Ever Vail project so as to give

advantage to rival developers. In all likelihood, these issues will be undercurrents in the upcoming Town Council election.

[\(WSJ Article on Trends in 3rd Party Developer Eminent Domain Litigation\)](#)

There are practical realities still remaining to be resolved for the project to optimize its market appeal. The most vexing is how to provide for the redeployment of a waste water treatment plant located immediately adjacent to the Ever Vail site. According to technical sources, the encapsulation of the plant beneath new resort development is prevented by regulations controlling the handling of toxic chemicals used in the operation of the plant.

Currently, both Town and VRI officials are awaiting a decision by the Colorado Department of Transportation (CDOT) clearing the way for the South Frontage Road to be straightened and relocated adjacent to Interstate 70. It is the desire of VRI to begin construction on the frontage road relocation next year. The start date for construction is dependent upon economic conditions. The facilities to be built first will include a gondola, parking, mountain maintenance, hotel, as well as residential and commercial facilities.

Current project highlights are: the addition of the Glen Lyon Office Building property to the project, the onsite employee housing exceeding the minimum Town requirement, the relocation of the [Devo youth ski racing program](#) which now occurs at Golden Peak (long sought by the Homeowners Association), a new youth services facility run by the [Vail Recreation District](#), a lecture hall/meeting space with view of Gore Creek capable of seating 260, a pedestrian retail area and market street, a 13,000 sq. ft. gourmet market, and below grade parking structures with approximately 1,100 publicly available skier and retail parking spaces.



View of Dobson Arena's New Roof from Vail International Condominium Building

Complaints about Dobson Arena's New Roof: The shake shingle roof on the Town of Vail owned Dobson Arena has been replaced with one of gleaming white metal, much to the consternation of condominium owners in the adjacent Vail International condominium complex. After nearly 30 years of a collaborative relationship between the two adjacent property owners, there was no consultation about the change in roofing material. ([See Vail International Letter to Town Council](#)) Complaints about reflective glare have been reported from hillside residents far removed from the immediate neighborhood surrounding the arena as well.

Neither was the Town Council informed of the change in the type of roofing material. Yet, the change in material was reviewed and approved by the Design Review Board following detailed consideration by members of the Town of Vail's senior administrative staff and the Vail Recreation District (VRD) including its Board. The VRD leases the Arena from the Town. The Town Council, had they been informed, could have called up the DRB decision for further consideration, including hearing testimony from affected property owners. As one councilperson quipped, at least someone on staff could have given us a heads up.

The white roof, because it reflects heat, thereby reducing the refrigeration cost for the Arena's ice rink, was evidently given primacy in the decision. Earlier generations of public officials responsible for the design of the arena, when considering the same exact issue, believed that being a collaborative good neighbor was more important than operational efficiencies. It was from this collaboration that care was given to the naturalistic design of both the Dobson Arena and the nearby Vail Public Library, which has a sod roof to blend into its setting. Even with the Town's new wild fire prevention regulations which outlaw wood shake shingles, a metal roof was not required, let alone one in gleaming white. There were other choices that could have more nearly replicated the original.

The decision, in the view of some, appears to have been made upon narrow self-interests. There is no indication of any sensitivity or empathy for neighboring owners by any of the involved staff or reviewing bodies. The decision was made in spite of review criteria requiring the Design Review Board to evaluate the effect upon adjacent properties and the community.

As one owner said, all of this could have been avoided with one neighborly phone call. The cost incurred by the Town, who paid for the new roof, is not insignificant, nor would a qualitative fix be if one is pursued.

The Town of Vail gives minimal notice of Design Review public hearings. Out of town property owners are at a great disadvantage to participate in the DRB's public hearings. The Town staff provides no evaluative written reports of projects being considered by the DRB.

The TOV staff and other development interests have resisted Homeowners Association calls for written public notice to be sent to adjacent property owners, like that provided for Planning Commission public hearings. The Homeowners Association has raised this issue before, and more so recently because of growing complaints from property owners who believe the DRB review process has been abused in a variety of instances.

This glaring example reinforces the need for the Town Council, as a minimal first step in reforming the DRB process, to direct that public notice be forwarded to all property owners adjacent to any government project that requires DRB review and approval. Also, accountability needs to be assigned to those engaged in the failure to yield an adequate and appropriate review. The Town Council, for its part, has promised to look into the matter.

POINTS OF VIEW:

Dear Vail Town Council Members,

My name is Snowden Smith. I have been the General Manager of Vail International Condominiums for over 30 years and I am shocked by the style and color of the replacement roof currently being installed on the Dobson Ice Arena. The Design Review Board, in approving the roof replacement materials and colors, gave no consideration to the owners at Vail International or any other neighboring property. The roof, particularly on the north side, is huge and dominates many of the south facing views from our building. Whereas the previous cedar shake roof offered relief from the broad expanse of the roof, the metal panels currently being installed accentuate the large size and the bright, reflective "white color" of the panels neither fit this nor any other neighborhood in Vail. These material and color choices are even more incomprehensible when juxtaposed to the very high end designs and finishes currently being constructed in the Town of Vail.

I know that per DRB procedures adjacent property owners are not contacted by town staff regarding design review applications. However, this is a small town and I'm having trouble understanding how the neighbors of such a dramatic, large scale change in a building's appearance would not be contacted directly by town staff. I understand that DRB notice is posted in the newspaper biweekly, but as a senior community development staff member said to me "unless you're a paranoid property owner and check the newspaper religiously you're not going to know".

I would like the Council and the DRB to come over for a site visit to fully understand the magnitude of this issue.

Please contact me at your earliest convenience.

Thank you for your consideration.

West Vail Wildfire:

I hope someone in Vail is paying attention to just how devastating a fire can be when it gets to the stage we have recently seen in California. Not only was the fire beyond imagination, but the smoke is absolute terrifying and makes any type of "too late" evacuation impossible.

Read with great interest the comments on the West Vail Fire in the VHA August Newsletter. Everyone involved did a great job and should be commended. My problem is that I hope this little "spark" of a fire, with all the accompanying luck, does not lead the TOV into a false feeling of security. Those who tell me safety would be found in the waters of Gore Creek need to ask themselves the question of what would you breath.

During the TEVA games and over the 4th of July there were 40,000 people estimated to be in Vail. Unfortunately I still do not have confidence that if a California type fire occurs with 40,000 people in town that the Town of Vail won't be another finger pointing, lack of control, repeat of the Katrina evacuation.

Good lord, if you think a snow storm screws up traffic, try driving through the thick smoke.

Bill Amass - Vail Village residential property owner



Light plays in the shadows of Bishop Park Garden

For More Local News: [Eagle County Times](#); [Mountain Town News](#); [Real Vail](#); [Vail Daily](#); [Vail Mountaineer](#)

SPECIAL EVENTS CALENDAR

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