

1 **Chapter 4** **Regional and Community Economics**
2

3 (December 2008)

4 **Strategic Objectives**

5 The fundamental economic structure of the resort community of Snowmass Village is a
6 trinodal resort commercial core that achieves “critical mass.” A “local needs serving”
7 node is required at the Snowmass Center. “Critical mass” is defined as the commercial
8 space that, when effectively tenanted and programmed, is sufficient to create the vibrancy
9 necessary to meet and exceed the expectations of our guests and residents.

10
11 **Background**

12 *(Note: An 11-page document addresses the background conditions in greater depth, with*
13 *accompanying charts, graphs, statistics, and research findings. It can be found in the*
14 *Chapter 4 Appendix. The following is a synopsis of the background information.)*

15
16 Though many of the issues from the 1998 Comprehensive Plan are still relevant, as the
17 community evolves, so have the concerns. From a market perspective, the critical land
18 use issues for this update surround the changing role and function of Snowmass Village’s
19 three commercial nodes—where both retail and nonretail amenities will play a significant
20 role. How these three mixed-use development nodes can be oriented and integrated in a
21 way that is both economically sustainable and reflective of the Town and stakeholders’
22 desired vision is one of the primary goals of the Comprehensive Plan update.

23
24 The strengths of the Town of Snowmass Village economy include:

- 25 ■ Unparalleled scenery and access to world-class terrain and activities
- 26 ■ Second largest ski resort in Colorado and one of the largest in the country in
27 terms of acreage and vertical rise
- 28 ■ Largest share of skier days in the Roaring Fork Valley
- 29 ■ Consistent ranking in the top five in skiing publications
- 30 ■ Benefits from prestige, image, and national recognition, particularly as a
31 family-oriented resort
- 32 ■ Variety of accommodations and activities that appeal to a wide range of
33 visitors
- 34 ■ Strong potential markets for restaurant, retail, and commercial/lodge spending
- 35 ■ Proximity to internationally known Aspen (nine miles)
- 36 ■ Closest airport to a destination resort in the country (six miles)
- 37 ■ High level of real estate activity and value
- 38 ■ High sales tax per capita
- 39 ■ Well-known for its relaxed and intimate atmosphere
- 40 ■ Over 70 percent repeat customers

41
42 The potential and relative weaknesses of the Town of Snowmass Village economy
43 include:

- 44 ■ A lack of an up-to-date critically massed resort commercial core
- 45

- 1 ▪ A sufficient amount of competitive lodging as necessary to support the
- 2 economic sustainability of our commercial core
- 3 ▪ Somewhat of an underperformance in occupancy rates, accompanied by a
- 4 more significant underperformance in retail capture
- 5 ▪ Heavy dependence on the four-month winter season
- 6 ▪ Opportunities to improve less-than-optimum facilities and amenities for the
- 7 skier, visitor, and resident
- 8 ▪ Lack of a sustainable funding mechanism for mechanical connections between
- 9 commercial nodes

10
11 The Town has the potential to grow into a stronger multiseason resort and to provide a
12 broader range of public facilities and services. Snowmass Village could substantially
13 increase spring, summer, and fall visitors by providing more attractive amenities.

14
15 **Existing Conditions and Guiding Principles**

16 The visitor-oriented nodes (West and Base Villages) are agreed to provide the necessary
17 critical mass when each contains 65,000–75,000 square feet of primary Food, Beverage,
18 Retail, and Entertainment offerings (FBRE). The roles and offerings of each of the
19 commercial nodes were addressed in the Town’s 2008 Marketing Strategic Plan (MSP) as
20 influenced by the analysis of RRC 2008 and Thomas Associates International 2002–2007
21 (TCI). These nodes complement rather than replicate each other, for a total of 130,000–
22 150,000 square feet. The Base Village modeling work (Economic Planning Systems
23 [EPS] 2003) assumed this sizing with another 50,000 square feet at the Center. Diversity
24 of FBRE offerings and price points as well as the significant presence of “locally
25 owned/operated” businesses creates a resort “personality” favored by locals and visitors
26 alike. As such, it is a point of competitive differentiation that should be ensured by the
27 Town in support of economic vitality.

28
29 As expressed in the Town’s community forums (2007–2008), most still see this sizing as
30 a maximum, recalling the “just big enough” mantra of the earlier Base Village
31 discussions. The Marketing Strategic Plan found this “minimizing” approach preferred
32 for both the commercial nodes and appropriately diverse lodging. This was seen as more
33 likely to provide the desired quality of life for the community while creating a
34 differentiated, more welcoming, and convenient guest experience.

35
36 Connectivity, providing a level of highly convenient mobility between the nodes, has
37 been and continues to be seen as critical within a bi/multinodal system. TCI as well as the
38 Marketing Strategic Plan introduced and reenforced this necessity.

39
40 Diversity of offerings and price point across the Lodging and FBRE product should be
41 required. Though “legitimate” high-end lodging product, larger units (three-plus
42 bedrooms) and fractional ownership should play a role, each should be limited. Such
43 limitation would avoid the negative impacts of oversupply, diminishing rental pool
44 participation below our 80 percent goal, and/or undermining our strategic intent to be an
45 inclusive resort community.

1
2 Seasonality is consistently an opportunity as well as a problem for mountain resort
3 communities. The Marketing Strategic Plan, as well as RRC 2008 and TCI, conclude that
4 we should continue to strengthen winter, significantly grow summer, and push the edges
5 of the shoulder seasons. However, the “off-season” is seen by many locals to be a
6 necessary period of renewal, especially in the spring.
7

8 Group and conference business has been, and is expected to be, an essential element
9 within the resort. Over time, the group share of total overnight visitation might be
10 somewhat lower than the historical estimate of 40–45 percent (MSP). However, ADR
11 {Please spell out ADR.} might well be strengthened by such a transition as somewhat
12 smaller groups and higher-value incentive group targets are pursued. Appropriate
13 conference facilities and associated amenities will be increasingly important as will
14 smaller, nonfractional lodging required by such guests. The Marketing Strategic Plan
15 elaborates as to the quantity of this “conference/group attendee” friendly lodging. It
16 foresees that not less than 45–50 percent of total “hot bed” units should be conference
17 and group attendee as required, or approximately 1,000 of the “hot bed” units anticipated
18 in the EPS Economic Modeling 2003.
19

20 A West Village Redevelopment Plan should ensure the continuity of necessary
21 conference facilities and associated lodging. The Marketing Strategic Plan concludes that
22 a combined Conference/Performing Arts Center design may present opportunities for
23 programming synergy and operating efficiency. However, a design study should precede
24 any final decisions. Its location is seen as most likely in the West Village, associated with
25 the anticipated condominium hotel as provided by the Hotel Development Agreement
26 between Related WestPac (RWP) and the Town. As for lodging, a significant portion of
27 the “conference/group attendee” friendly units mentioned above should be conveniently
28 located to the conference facilities, preferably providing interior access.
29

30 The growth in overnight visitation resulting from the Town’s Comparative Demand
31 Analysis (CDA) 2004 and the later RRC 2008 work were consistent with each other at an
32 annual rate of 3.7 percent. In accordance with comments above regarding future
33 seasonality, it is expected that the winter growth will be somewhat less than this, and the
34 summer/shoulder will be somewhat higher. Skier days may be an indicator of winter
35 growth but may be higher given the robust forecast for local and regional population
36 growth as well as the inclusion of additional segments of the populace as “new” skiers.
37 The international market continues to be seen as a strong element in our winter
38 programming, especially given our proximity to Aspen. Market, competitive, and
39 regional perspectives were provided by Winston & Associates, supported by TCI and
40 others, during 2008. This work is included in the 2008 Comprehensive Plan Archive for
41 use and reference. The perspective of municipal impact is included within the archived
42 Winston & Associates work.
43

44 Economic Performance Indicators were agreed upon during the Base Village
45 analyses/approval process as primarily represented in the 2001 Town Baseline Economic
46 Indicators, EPS Economic Model, EPS Fiscal Impact Analyses, and CDA. Later RRC

1 2008 economic analysis employed essentially the same measures. The Marketing
 2 Strategic Plan agreed that these indicators remained valid. The following table presents
 3 the Economic Performance Indicators accompanied by their historical/current values as
 4 well as the targets anticipated by the EPS Economic Model for the Town as a whole. It
 5 also includes subsequent Planning Commission consensus views (2008 Minor PUD
 6 Amend. Bldgs. 13B/12 Resolution):

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8
9 **Economic Performance Indicators**

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Performance Indicator	Historical	Historical	Goal/Target	Goal/Target
	Hotel/Core Condo/ Overall	Fractional 3BR/4+BR	Hotel/Core Condo/ Overall	Fractional 3BR/4+BR
Occupancy Frequency (%)	48/39/44 ⁵	55 ⁴	tbd/tbd/46 ⁷	57 ⁶
Occupancy Intensity (Persons/Occ./ BR)	1.5 ^{2,6}	1.0–1.1 ⁴	1.5 ^{2,6}	1.3/1.2 ⁶
Rental Pool Participation (%)	99.6/75/83 ¹	n/a	tbd/75 ⁶ /80 ^{2,3}	TBD
Capture Rate (%)	38 ²	n/a	55 ^{2,3}	55 ^{2,3}
Spend/Day/Overnight Visitor (\$)	100 ²	n/a	110 ^{2,3}	110 ⁴
ADR/Unit (\$)	161 ² –228 ⁵	0 ⁴	300 ⁶	TBD
\$/sq. ft. Mall/Core Primary FBRE	313 ¹	n/a	400 ^{2,8}	n/a

11
12 **Notes:**

13 ¹ 2001 Baseline Economic Indicators

14 ² EPS Economic Model and Studies 2003

15 ³ EPS Base Village Fiscal Impact Analyses (FIA) 2003, 2004

16 ⁴ EPS Snowmass Center FIA, 2006

17 ⁵ RRC 2007 data

18 ⁶ Planning Commission Parameter Consensus Minor PUD Amend. Bldg. 12 2008

19 ⁷ Derived from BV FIA as adjusted per CDA

20 ⁸ TOSV Comparative Demand Analysis (CDA) 2004

21
22 The forecasted capture rate change from 38 percent to 55 percent is the single largest
 23 contributor to improved economic performance in the post–Base Village era. Increases in
 24 occupancy frequency and ADR will also contribute, but to a lesser extent. The most
 25 significant “downside” risk is the potential failure to sustain the 80 percent rental pool
 26 participation levels.

27
28 **Policies**

29 The Town of Snowmass Village shall:

- 30 ▪ Decrease our dependence on the winter season by broadening visitor seasons,
 31 focusing on the expansion of the summer season and potentially into the
 32 shoulder seasons.
- 33 ▪ Promote and influence the diversification of commercial offerings (types of
 34 retail as well as price points) to reach a broader segment of visitors.

- 1 ▪ Balance resort and community interests when considering future projects and
2 budget operations.
- 3 ▪ Encourage appropriate critical mass to ensure economic sustainability, but not
4 build in excess of that critical mass.
- 5 ▪ Preserve and increase facilities, businesses, employee housing, amenities, and
6 events in the commercial nodes that will attract and retain guests and give
7 everyone more reasons to stay in Snowmass Village. Ensure vitality by:
8 ○ Requiring employee housing;
9 ○ Concentrating high-occupancy lodging; and
10 ○ Enhancing employment opportunities for local employees.
- 11 ▪ Target 80 percent rental pool participation for wholly owned condominiums.
- 12 ▪ Encourage an appropriate presence of locally owned and operated businesses
13 (versus nationally recognized chains) that provide unique and differentiated
14 offerings.
- 15 ▪ Maintain an appropriate presence of community-serving businesses oriented
16 to providing for the daily or regular needs of residents.
- 17 ▪ Strengthen the Town's commercial base through differentiating the identity of
18 the three nodes, then uniting them through cooperative strategies and
19 convenient physical connections.
- 20 ▪ Support expanded conference facilities and services.
- 21 ▪ Encourage consistent operating hours.

22

23 **Summary**

24 Though many of the stakeholders (community, resort, developer, rental guest, and
25 property owner) may share significant commonality of objectives, there will inherently be
26 conflicting interests, differing opportunities, and varying rewards potential among and
27 between them. In order to assure economic sustainability of the resort and, thus, the
28 quality of life desired by the community, this chapter of the Comprehensive Plan is
29 intended to provide an economic framework for decision making that appreciates the
30 various views, recognizes the rights of private property, and fully represents the interests
31 of the Snowmass Village community.