

ABOR Observer August 2012

A rundown of the government and business activity over the last month, with particular focus on issues and items that are important to the Real Estate community.

Inside this month's Observer ...

Aspen – Centennial owners seek public assistance with major repairs ...

Snowmass Village — Town approves ice rink in Mall; Fanny Hill regrade ...

Basalt – Bill Kane calls for end of growth restrictions ...

Pitkin County – State board upholds assessment of Little Nell ...

Regional – Carbondale makes move for Ruedi water ...

Aspen —

Centennial owners press for public assistance with repairs

In a three-page letter sent to Aspen City Council in May, the Centennial homeowners association requested a meeting with elected officials to discuss using affordable housing funds to help homeowners their with hundreds of thousands of dollars in repairs.

Engineers say the original construction contributed to mold with faulty design and flashing, allowing water to seep into the siding.

The city has resisted cover costs for a privately owned building, but has spent money examining the problem. The homeowners and their consultants say the cost of repairs could run up to \$100,000 per unit, while the city maintains repairs can be made for \$7,000 per unit.

Centennial represents a challenge for policy makers and home owners on a number of levels. First as an aging development built to lower standards than today's. It also raises challenging questions of government's role in helping homeowners subject to deed restrictions and valuation limits.

The city and county will discuss the issue at a joint meeting on Aug. 7.

Lodging availability still on decline

A lodging-inventory commissioned by Aspen Skiing Co. indicates that Aspen's bed base continues to decline.

Overall, the bed base decreased by 0.5 percent from 2009 to 2012, with the hotel-lodge inventory falling 0.2 percent and they condo inventory 4.5 percent. Those categories include fractional-ownership units available for rent. The inventory of single-family homes available for short-term rentals rose 31 percent.

The addition of hot beds is important, because competing resorts have been adding rooms at a healthy rate. Aspen has 10,085 beds available for visitors, and Snowmass 8,772.

Obermeyer Place developer, city even-stein on land lease deal

A budget reconciliation by the city of Aspen revealed that the developer of Obermeyer Place has in fact met its obligations for public improvements associated with the project.

The city in 2004 struck an agreement with the now dissolved Obermeyer Redevelopment Co. that allowed the developer

to use two city-owned parcels during the 26-month construction. Instead of rent, calculated to be worth \$475,000, the developer agreed to make public improvements of equal value.

There was list of 13 items to meet the payback obligation, including removal of an industrial snowmelt machine, new sidewalks on Rio Grande Place between the Eagles Club and redevelopment of the Rio Grande Place recycle center. Much of the money was spent on the recycling center, but the developer was also credited for paving streets, storm sewer engineering and trail connection improvements.

Housing summit to examine Housing Authority role in community

Next month's housing summit will examine the purpose of the Aspen/Pitkin County Housing Authority (APCHA), with discussions on how it should be governed, whether it should include social service priorities, and how to work with the large portion of the workforce who live in affordable housing due to retire in the next decade.

County Commissioner Owsley says this year's summit needs to stick to pre-established goals in order to avoid the kind of demand miscalculations that came out of the 2007 summit and resulted in several untimely purchases. He suggested focusing on retirees, governance and social services needs.

Occupancy up sharply in June

Hotel occupancy this June was up more than 18 percent in Aspen compared to June 2011. Snowmass Village experienced a 10 percent increase, although that number is affected by the temporary loss of 370 rooms being remodeled as part of the Westin and Wildwood redevelopment projects.

Notably, group bookings in Snowmass rose considerably this summer, and the average room rate rose 15.2 percent to \$115. The cost of a room in Aspen was up 5.7 percent, averaging \$290 per night.

Aspen Skiing Co. reaches out to Asian market

The Little Nell hotel recently sent representatives to China, hoping to "open new channels" into the emerging market of wealthy Chinese tourists. General Manager John Speers and the hotel's director of sales and marketing met with high-end travel agents from Asia, Russia and Australia at an international travel market in Shanghai where they pitched the Little Nell and the resort.

Council priorities for coming year affect developers, business owners

Aspen City Council set its top 10 priorities for next 12 months. A number affect development and local business, including:

- Aid small business, including sign-code revisions and possible mitigation waivers;
- Categorize current lodging inventory and determine needs;
- Implement housing priorities from September community housing summit;
- Code revisions based on new Aspen Area Community Plan.

New East Cooper building draws high end retailer, top rent

Italian clothier Brunello Cucinelli is expected to open in December in a ground floor space at 508 E. Cooper, the new building at the one-time site of Cooper Street Pier and Bad Billy's. The roughly \$180 per square foot that the retailer is reportedly paying is in the top tier of Aspen commercial rents.

Romney raises \$2.5 million at fundraiser

Presumptive Republican presidential nominee Mitt Romney collected nearly \$2.5 million at his fundraiser last month, hosted at the Aspen-area home of Susan Crown and William Kunkler. Romney stopped in Aspen between resort fundraising stops in the Hamptons and Jackson Hole.

Snowmass Village —

Planning Commission OK with Westin and Mall PUD amendments

An amendment to the planned unit development for the Westin Snowmass and Wildwood Snowmass to alter the slope of a portion of Fanny Hill, add an ice rink near in the Snowmass Mall, and develop terracing for a new bar was given final approval by the Snowmass Village Planning Commission.

The change to Fanny Hill will make ski-in and -out of the Mall easier, and improve access for a new restaurant planned at the slopeside end of the mall.

The lodges and some portions of the mall are being redeveloped by the Starwood Capital Group and Wasserman Real Estate Capital Group.

Related Colorado executive takes long term view of Base Village

Dwayne Romero, president of Related Colorado, told Snowmass Village homeowners that the firm is looking at Base Village development on “10- to 20-year horizon.”

Romero said his firm, which is expected to take control of the partially built development later this year, is relishing the chance to sit down with town officials for a frank conversation about the future of both Base Village and the town.

The project’s development rights expire in November 2014. Town Council has the power to allow those rights to expire and require the development to go back under public review, or extend them the developer can complete the project as it was envisioned in 2003.

Snowmass council likes entertainment district idea

Snowmass Village Town Council expressed support for delineating an entertainment district where consumption areas are created for patrons to carry alcoholic beverages outside and between establishments. An entertainment district in Snowmass Village could potentially encompass the mall and Base Village. The town needs to craft an ordinance before the idea becomes reality.

Snowmaking to come from Ziegler Reservoir

The Snowmass Water and Sanitation District and the Aspen Skiing Co have finalized an agreement to use water from Ziegler Reservoir for all snowmaking at the Snowmass Ski Area. Currently water is pulled out of Snowmass Creek for snowmaking, with a cutoff date of Dec. 31. The switch to Ziegler Reservoir allows operations to extend longer into the season. Company executives touted the move as good for the environment and the resort.

Lead paleontologist for Snowmastadon dig named to Smithsonian

Kirk Johnson, the lead paleontologist on the 2010/11 Ice Age dig in Ziegler Reservoir was named director of the Smithsonian National Museum of Natural History. His ability “to communicate his passion” about education and learning was a deciding factor in his selection. He assumes his new post in October.

Viceroy Snowmass recognized by TripAdvisor.com

Viceroy Snowmass has been awarded the 2012 Certificate of Excellence by TripAdvisor. The accolade is given to establishments that consistently achieve outstanding traveler reviews on TripAdvisor.com.

Basalt —

Town manager calls for growth controls to be set aside

Basalt’s outgoing town manager Bill Kane urged town officials to adopt a more “pro-business agenda” and drop some land-use regulations he says are impeding growth.

The process currently requires residential projects of four or more units and commercial projects larger than 1,000 square feet to go through a scoring system designed to make developers compete for approval by offering community amenities such as open space, trail access and others.

Kane called it the “anti-growth pillar” of the town's regulations, one that sends a negative message to potential developers. He pointed out that Basalt hasn't processed one development application in the past 3 1/2 years.

A majority of town council members and planning commissioners at the meeting with Kane agreed, saying they didn't see a need for the competitive aspect of the scoring.

Councilman Rick Stevens expressed support for returning to the growth-regulation system enacted with the 1999 master plan. It was simpler and gave developers a relatively quick indication on whether their projects would fly. Councilman Glenn Rappaport additionally proposed expanded exemptions for commercial projects.

Mayor Jacque Whitsitt and Councilman Herschel Ross challenged the premise that the scoring system is impeding growth. Ross said he wants to leave the system in place because growth pressures will return.

Kane leaving post as town manager for Design Workshop

Bill Kane has resigned his position as Basalt Town Manager and is returning to Design Workshop, a firm he's worked at in the past. Kane has over 30 years of experience in planning and design for mountain resort communities. Much of his career has been focused in the Aspen area, where he has served in various planning roles.

Foreclosure filings down in Eagle County portion of valley, up elsewhere

Basalt and El Jebel are seeing foreclosure rates this year that are both lower than in the rest of Eagle County and significantly down from last year. There have been 29 foreclosure filings in the Roaring Fork Valley portion of Eagle County so far this year, versus nearly 40 over the same period last year.

Overall, lenders initiated 336 foreclosure proceedings in Pitkin, Eagle and Garfield counties during the second quarter, up 13.5 percent over last year, according to a report compiled by land use attorney and real estate broker Garret Brandt.

The biggest jump came in Garfield County, where there were 160 foreclosure filings in second quarter 2012 compared to 122 in second quarter 2011. Eagle and Pitkin counties saw small increases as well.

Bear incidents on the rise in mid-valley

Basalt residents are being urged to secure their garbage to prevent bears from feeding out of garbage cans. Police Chief Roderick O'Connor said there haven't been any reports about bears breaking into houses, but it's clear they are finding unsecured garbage.

Library district faces budget shortfall

The Basalt Regional Library District is facing a significant budget shortfall because the previous board of directors did not adjust a mill levy tax rate to ensure coverage of a \$475,000 payment for bonds associated with the new library building. The district now must decide whether to use reserves to make up a \$168,000 difference, or raise the tax rate next year by nearly 100 percent.

Four of seven members of the current board were elected this year. The mill levy problem was discovered during a review of finances by the new board.

Whole Foods set for Aug. 15 opening

Whole Foods Market Roaring Fork, officially store No. 332 opened by the national chain, is set to begin operations at Willits Towne Center on Aug. 15.

Local vendors include beef from Crystal River Meats in Carbondale, produce from throughout the Western Slope, special baked goods from Midland Bakery in Basalt and goat cheese from Avalanche Cheese Co. of Basalt. All told, more than 40 Colorado vendors signed up to provide goods, many of them from the Roaring Fork Valley.

Approximately 60 residents were hired to work at the store, and are going through training.

Pitkin County —

State sides with county in Little Nell valuation appeal

The state Board of Assessment Appeals upheld the Pitkin County Assessor's valuation of the Little Nell Hotel. The Aspen Skiing Co. had appealed the \$55.5 million assessed valuation for its premier lodging property at the base of Aspen Mountain, arguing that it was actually worth \$37.7 million.

The determination in favor of the higher value translates to a property tax bill of \$519,148 for the property. Had the value been adjusted to the amount sought by SkiCo, the tax would be \$346,062.

Pitkin County meanwhile faces several yet-unresolved cases that are due to go before the state board, including:

- The Snowmass Club, which the county says is worth \$16.4 million and the Aspen Skiing Co. values at \$2 million.
- The Viceroy at Base Village, which the county values at \$111.5 million value, while the owner argues its worth \$23 million.
- The Roaring Fork Club in Basalt, which the county says is worth \$19 million, while the club's owners place the value at about \$7 million.

The county commissioners recently authorized \$40,000 to go toward legal representation in the appeals process.

State law ups taxes on agricultural properties

A law that went into affect this year has increased property taxes for many agricultural properties in Pitkin County and around the state. The law requires assessors across Colorado to value two acres beneath residences agricultural parcels as residential property, except in cases where the home is integral to an associated agricultural operation. Previously, the land in question was assessed at lower agriculture rates.

The county assessor determined 125 properties qualified for revaluation under the law, nine of which are under appeal for reconsideration.

P&Z recommends rule change to allow ABC market expansion

Pitkin County's P&Z recommended approval of a code amendment to allow Roxy's Market at the Aspen Business Center to expand to as much as 13,000 square feet.

The supermarket's current space is about 6,000 square feet. The zoning application notes the potential to expand the produce area and stock more locally grown items, upgrade the deli, provide a larger selection of frozen foods and offer a new salad/soup/pizza bar.

Cattle, horse operations facing shortage of hay

Ranchers say hay production is just 66 percent of average this summer, even on property with plenty of water for irrigation, due to a lack of rain and early frosts that stunted grasses and alfalfa.

As a result, hay for cattle sells for about \$300 per ton this summer, compared with about \$100 per ton last year, and transit costs from out of state suppliers can double the price. The cost of feeding a cow two tons of hay over five winter months may exceed the \$800 that a calf currently sells for, at which time ranchers must determine if it makes more sense to cull their herds.

The price for hay for horses is similarly spiking. Some horse boarding operations have already increased monthly fees in anticipation of higher costs this coming winter.

County OKs more nighttime concrete plant operations in Woody Creek

Pitkin County will allow Elam Construction to double the number of nights — to 20 — it operates asphalt and concrete machinery in Woody Creek for projects at the airport. They also approved an increase in the number of trucks traveling between the plant and the airport on those nights from 40 to 60. Elam officials asked for the leeway because the

majority of the airport work is done at night to accommodate commercial and private aircraft service during daylight hours.

No-go for study of relation between real estate values and river

The Pitkin County Healthy Rivers and Streams board backed off from a proposal to spend \$85,000 on a study linking local real estate values and the Roaring Fork River, following public criticism over the costs. The organization will instead focus on educating the public about the link between a healthy river and a healthy economy.

Bear ordered to remove roof

A judge ordered Glenn Bear to tear down an illegally built roof over a trailer he owns in Thomasville before first snowfall, or allow the county to do so. The county said the roof as currently designed may collapse under heavy snowfall accumulation, and asked Bear to prove it was safe through a structural analysis by a certified engineer. Bear built the roof without the required engineering specs, and initially refused to comply with the county building department's request.

Shield-O open space funds appropriated

The county commissioners gave initial approval to purchase of 114 acres within the Shield-O Mesa subdivision in Old Snowmass as open space for \$667,000. The property would provide new access to the Windstar property to the north, which is open to public use. The purchase hinges on coming to an arrangement with the subdivision's road association to allow public access to the open space via the subdivision's private roads.

Fire restrictions partially lifted

Pitkin County Sheriff Joe DiSalvo, in conjunction with the fire chiefs of Aspen, Snowmass, Basalt and Carbondale, announced that fire restrictions in Pitkin County have been reduced to Stage 1 due to recent weather. Stage 1 fire restrictions allow the use of charcoal grills as well as fires enclosed in portable, commercial fireplaces in developed areas, including campgrounds and recreation areas.

Money available for energy upgrades

A million dollars of federal funding is available for home energy upgrade loans in Pitkin, Eagle and Gunnison counties through the Energy Smart Colorado program. The revolving loan fund is part of the stimulus package passed by Congress in 2009. It is administered locally through Community Office for Resource Efficiency (CORE), at www.AspenCORE.org.

County says no to airport valet service

Pitkin County denied a limousine company's proposal to run a valet service at the airport. Rocky Mountain Limousine said the service would "augment the luxury experience of visiting the Aspen area" and help the environment by cutting down on the number of taxis and shuttles traveling to the airport. The firm wanted to lease 50 public parking spaces to accommodate clients.

Commissioner Rachel Richards balked, questioning where travelers would park during high season. Commissioner George Newman said the proposal was "far off-base in terms of accuracy" of its environmental claims, because vehicles would still be driven to the airport.

Woman sentenced to 8 years probation for theft from home owners association

Brenda Dobbs, a 63-year-old woman who stole \$27,000 from the Mountain View Homeowners Association and \$1,000 from a Garfield County animal shelter, will serve 8 years probation and avoid prison time in an agreement worked out with prosecutors in Aspen and Glenwood Springs. At the time of her arrest, Dobbs had 24 aliases and was wanted in Eagle County for bouncing a \$1,000 check. She previously served three years in state prison for embezzling \$572,000 from a Gypsum company.

Downvalley and beyond —

Carbondale, Garfield County stake claim to Ruedi water

The Carbondale Board of Trustees is asking the Colorado River District and the BLM for an additional 250 acre-feet of water from Ruedi Reservoir, doubling the amount of water available to the town from the reservoir. Likewise, the Garfield County commissioners voted to send a letter of intent to secure 1,000 acre-feet of water. The latest round of water sales were prompted by a request for large allocations by energy companies. Less than 20,000 acre feet of water in Ruedi remains available.

Habitat for Humanity eyes Keator Grove

Nonprofit housing developer Habitat For Humanity of the Roaring Fork Valley hopes to buy and develop a dozen lots in the Keator Grove subdivision. Keator Grove is a partially built affordable housing neighborhood in Carbondale. The lots are held by Alpine Bank in Aspen, according to records at the Garfield County Treasurer's office.

RVR golf course investors promise major improvements

The Snowmass Village-based investment group under contract to buy River Valley Ranch golf course hope to increase visits by two-thirds, to 20,000 rounds a year, in part with locals deals and passes. Green fees at RVR are currently \$70 for 18 holes during the week and \$75 on weekends. RVR's restaurant will undergo a renovation with Aspen-based Rowland+Broughton Architecture and Urban Design. The expertise of El Jebel-based Epicurious Fine Foods has been tapped to create the menu.

Glenwood Springs allows chickens with new ordinance

Glenwood Springs City Council voted to allow backyard chickens in some areas of town. Residents can now obtain a permit to keep as many as six backyard hens. No roosters are allowed under the ordinance. Chickens are allowed at single-family residences in the older parts of town, on lots of at least 5,000 square feet. Newer subdivisions typically have their own rules prohibiting such uses.

Population growth flat or down in resort counties

Pitkin, Eagle, Summit and Grand counties all experienced small population declines, according to the latest report from State Demographer Elizabeth Garner's office. In Pitkin County, 184 more people moved out of the area than in during the 12-month period ending July 2011. With births and deaths taken into account, the population dropped by 60, or 0.3 percent, during the period.

CDOT examining high speed rail from Denver to Ski Country

The Colorado Department of Transportation is conducting a feasibility study for a limited-stop, high-speed rail between Denver and Eagle County. The study will determine whether such a train is possible through the steep grades and sharp curves of the I-70 mountain corridor. If it is possible, the next question will be whether Colorado can afford to build it.

If you haven't invested in RPAC this year please do so. This is the best investment you can make toward your career!

Please invest in RPAC at:

https://realtorparty.realtoractioncenter.com/site/Donation2?df_id=1500&1500.donation=form1&JServSessionIdr004=1oxf1q5dv1.app338b

For more information on RPAC,
please contact Mark Ronay, Joshua & Co. 970.205.2239, or CAR at 800.944.6550.



"If Real Estate is Your Profession, Politics is Your Business"