Appendix: Chapter 4—Regional and Community Economics

Background

Competitive Position within Colorado Ski Country

Colorado Ski Country draws more than 12 million skier visits per year and is among the most desired alpine tourist destinations in the world. Snowmass Village is but one of more than a dozen other resort villages in the region. In order to remain competitive, Snowmass Village seeks to further differentiate itself and build on its unique identity.

Seasonality

The issue of seasonality is more pronounced in Snowmass Village than at some competing resort destinations in Colorado Ski Country. Developing a commercial land use strategy that strengthens business activity year-round is an important stakeholder concern addressed in this update of the Comprehensive Plan.

Integration and Connectivity

The Town goal is to develop an appropriate balance between the number of skiers we serve at the Snowmass Ski Area and the available short-term accommodations. The development of high-occupancy units and employee housing in the Town Core will bring vitality to both the resort and the community. This goal must be balanced with competing goals to minimize traffic impact and maintain the character and integrity of the community. The Base Village project will go a long way in helping to accomplish this goal. Base Village could also create direct competition for existing retailers at the Snowmass Mall. The development of Base Village can contribute to a better economy for existing business in a number of ways and can be managed as an opportunity to achieve this goal.

In working with the geography of the Brush Creek Valley itself, in order to improve previous land use design flaws, the need for integration relates to physical connectivity as well as to the creation of three clusters that are distinct yet serve complementary functions. The success of Snowmass Village from an economically sustainable commercial/retail perspective will depend in large part on the evolution of distinctive characters and primary functions for each of the commercial nodes: Base Village, Snowmass Center, and the Snowmass Mall.

Retail Leakage

It is clear that a significant proportion of local shopping, food and beverage, and entertainment spending potential is being captured by outside markets, notably Aspen, mid-valley, and Glenwood Springs.

The relatively small size of the resort and community along with its seasonality and the draw of Aspen largely explain our inability to capture more retail sales revenue. The local economy in Snowmass Village is strong, but the Town is leaking sales tax potential. By acting to stop this leakage and to capture more secondary revenue from the ski and tourism industry, the Town could generate revenue to build needed community facilities, support affordable housing, and provide services to the Snowmass Village community.

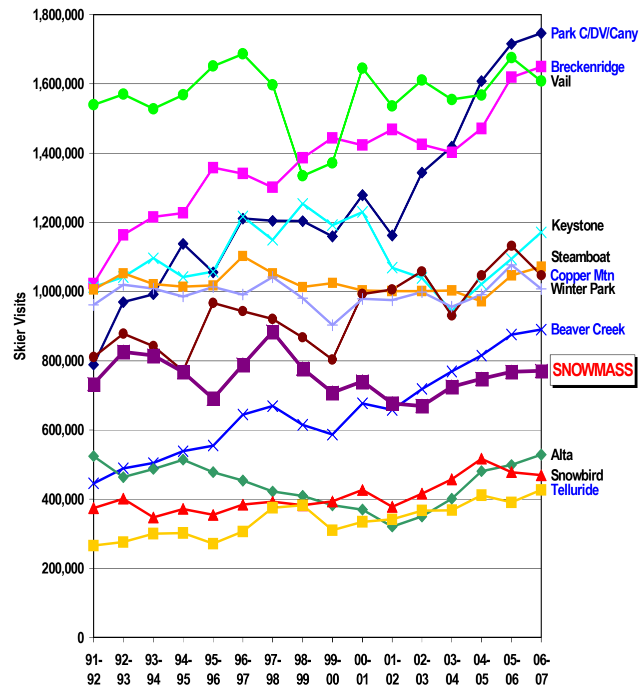
Lively Public Realm

A lively public realm is a vital component of an economically sustainable alpine resort village. Hosting and properly servicing a variety of tourist cohorts (including conference, group, and social guests) is vital to maintaining a vibrant and healthy resort community and village.

Snowmass Village Economic Setting

Skiing and tourism, including the spin-offs of short-term lodging and retail goods and services are the cornerstones of the Snowmass Village economy.

Figure 4.1 Varying Ski Resort Visitation for the Past 16 Years



Ski Industry. Skiing is by far the most dominant economic activity in the Snowmass Village economy. Three-quarters of all sales tax revenue is collected during the ski season. The Snowmass Ski Area is a primary contributor to the growth in year-round and part-time residents.

At 3,132 skiable acres, Snowmass is the largest of the four mountains owned and operated by the Aspen Skiing Company and one of the largest in the country. However, during the 2006–2007 season, Snowmass ranked eighth in Colorado for total skier visits (770,000) (see Figure 4.1; note that Alta, Park City, and Snowbird are not in Colorado). The Snowmass Ski Area is the second largest in the state, ranking first among Colorado ski areas with the lowest number of skiers per acre.

The Snowmass Ski Area is the most important of four areas operated by the Aspen Skiing Company. Among the four Aspen Skiing Company ski areas, Snowmass Ski Area captures more than 50 percent of the total skier days (as shown in Table 4.1).

Table 4.1 Percentage of Aspen Area Skier Days by Ski Area

Ski Area	1996–1997	2006–2007
Snowmass	54.6%	53.2%
Aspen	23.9%	22.7%
Buttermilk	10.9%	10.6%
Aspen Highlands	10.7%	13.0%

Source: Colorado Ski Country, USA, Aspen Skiing Company

1. *Aspen/Snowmass Skier Demographics (see Table 4.2)*

- 56 percent of Aspen/Snowmass skiers have household incomes of $100,000 or more.
- Households with children represent 28 percent of Aspen/Snowmass skier population. This compares to 49.3 percent in 1998. Singles represent the largest component (36 percent), but singles tend to ski Aspen Mountain more than Snowmass.
- Aspen/Snowmass attracts older visitors, with 40 percent between 45 and 64 years old.
- Approximately 50 percent of Aspen/Snowmass skiers are over age 45. Nationally, 7.4 percent of skiers are 55 or older. For destination resorts, 10.3 percent of the skiers are over age 55.
- More so than other resorts, the Aspen/ Snowmass customer base is fairly even in distribution among the four census regions of the country.
- Foreign visitors represent approximately 17 percent of the Aspen/Snowmass customer base with the top three origins being Australia, the United Kingdom, and Brazil.
- Overall, the top domestic origins for guests are the tristate New York area followed by Chicago, Los Angeles, and Denver.
- 62 percent of the skier composition is destination visitors, 20 percent is locals, 8 percent second homeowners, and 10 percent day visitors.

Table 4.2 Aspen/Snowmass Skier Demographics

Gender	
Male	60%
Female	40%
Age	
Under 25	15%
25–44	35%
45–64	40%
65 +	10%
Household Income	
Under $50,000	18%
$50,000–$99,999	27%
$100,000–$249,999	34%
$250,000–$500,000	14%
$500,000 >	8%
Family Status	
Single, no children	36%
Couple, no children	18%
Household with children	28%
Household with children no longer at home	19%
Visitation Statistics	
New customers	27%
Visited one or more times	73%
Visited 20 or more times	26%
Composition	
Destination	62%
Locals	20%
Day Skiers	10%
Second homeowners	8%

Source: Aspen Skiing Company

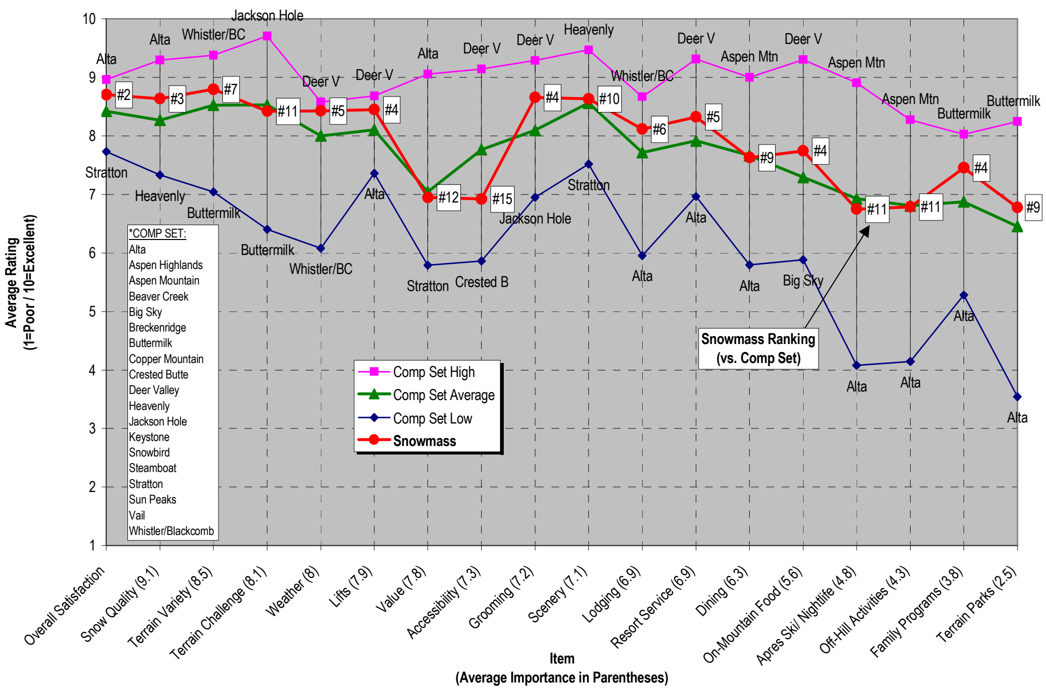
stays, flyers, repeat guests, intermediates, affluent, older, from distant locations

Snowmass Lodges: Strong family focus, slightly more in 41–60 age group, from the heartland, ski in Snowmass, intermediates

Source: Aspen Skiing Company, RRC Associates

▪ 27 percent of visitors in 2007 were new customers, 73 percent have visited one or more times, and 26 percent have visited 20 or more times.
▪ 84 percent of peak season Snowmass visitors arrive by plane.
▪ Overnight visitors to the Town are primarily middle aged, affluent, and well educated, and close to 40 percent of groups arrive with children.

Figure 4.2 *Ski* Magazine Reader Resort Ratings: Snowmass versus 18 Competitors



2. Ski Market Trends (Source: Aspen Skiing Company, RRC Associates)

▪ Nationwide there has been a decline in skier visits of 6.9 percent over last season to 54.8 million visits (this represents a decline of 1.5 percent compared with the 10-year average). The primary reasons were warm weather in the East and California. Within this national decline, Colorado narrowly set another record with 12.6 million visits, primarily because of a rebound in the southern resorts.

- Major destination resorts showed slight declines with Beaver Creek, Breckenridge, and Whistler being the exceptions.
- In competing ski resorts across the country, over the last 15 years there have been major investments in infrastructure, retail, and lodging.
- The "baby boom" generation, which powered the ski industry in the 1980s, is skiing less.

Figure 4.3 National Skier Participation by Age and Gender

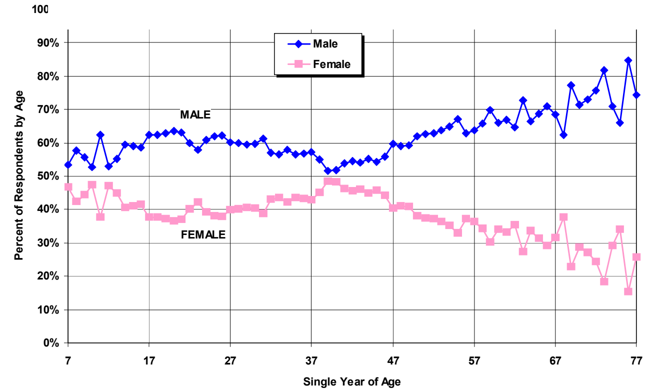
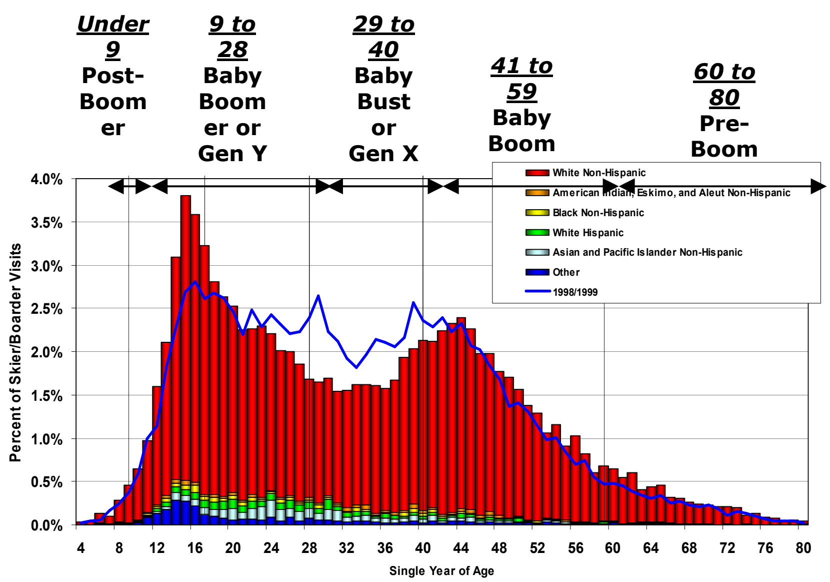


Figure 4.4 National Skier Participation by Age Group and Ethnicity



- The number of people on the slopes with incomes of $50,000 or less is in sharp decline.
- The percent of skiers that are female declines dramatically after age 40, suggesting a need for more things for women to do while men are skiing.
- "Baby boom" families are heavily involved in work and raising children. They have less leisure time and are more likely to travel to a destination resort than day ski. This trend is affecting Front Range skiers as well.

Table 4.3 Summer Visitor Interests: Rocky Mountain Region versus Snowmass Village

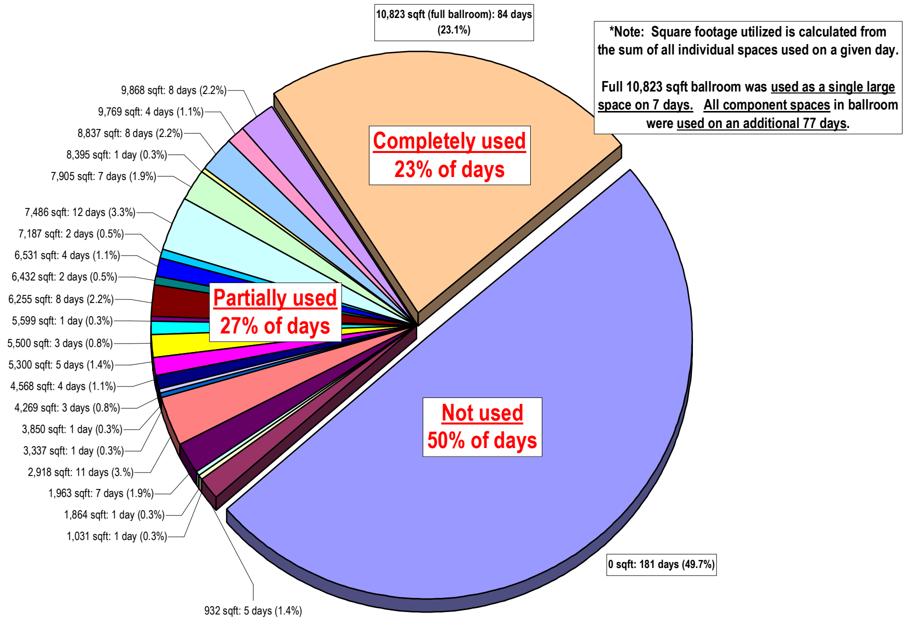
	Rocky Mountain–bound (n=154)	**Past Snowmass Winter* (n=211)**	**Past Snowmass Summer (n=80)**
Age	35–44	45+ **(47 median)**	45+ **(48 median)**
Income over $100K	13%	53% **(77% among overnight)**	44% **(62% among overnight)**
Education	Some College	Graduate School	Graduate School
Length of Stay	9 days	10 days **(median 7 nights)**	4–5 days **(median 5 nights)**
Means of Travel	64% drive (1,000 miles or less)	58% fly **(85% fly)**	57% drive (<300 miles) **(57% fly)**
Summer Accommodations	Less expensive, camping	Upscale	Hotel or condo in Snowmass Village
Type of Summer Vacation Sought	Relaxing, family-oriented	Active, upscale	Active
Activities	Natural beauty, sight-seeing	Hike, golf, fine dining	Hike, bike, golf, fine dining
Events	• Family events: arts and crafts fairs, rodeo	• Sophisticated, cultural events: jazz concerts, wine and food festivals • Extreme sports (as a spectator)	• Sophisticated, cultural events: jazz concerts, wine and food festivals

*Past Snowmass Winter guests mean those people who have visited in winter and returned in summer.

Conferences and Tourism. Conferences are a significant contributor to the Town's economy. The Conference Center is used extensively in both ski and non–ski seasons and may be responsible for up to 45 percent of Snowmass Village guests outside the ski season. As shown in Table 4.8), during the period from October 2006 to September 2007, the Snowmass Conference Center was used 84 days, with 7 of those days using the entire ballroom as one unit. Half of the days had no activity, and during just less than 20 percent of this period, less than half of the total space was in use.

The summer special events calendar has grown to include at least one program every weekend as well as several activities, most of which are free. Summer events such as Chili Pepper and Brew Fest, Jazz Aspen Snowmass, mountain bike races, Balloon Fest, and many others bring guests to town who generate additional revenues to carry businesses through the summer season. Though summer visitor volumes are significantly lower than those in winter, visitor preferences have historically tended to be very similar across seasons.

Figure 4.5 Snowmass Conference Center Usage



Lodging. Many Snowmass Ski Area skiers choose to spend their nights in Aspen. Visitors are attracted to Aspen because of the wider variety of eating and entertainment opportunities and by Aspen's popular image.

Skiers and other visitors spending the night in Snowmass Village are likely to purchase more food, drink, clothing, and other goods here. In addition, the length of visitor stay helps establish the critical mass of buyers and users needed to support retail stores and civic amenities.

To gain a broader understanding of the Town's potential peak capacity, there are 2,878 total residential units in Snowmass Village (including single-family, multifamily, lodging, and employee units). Within these units, Snowmass Village can accommodate about 11,000 residents and guests in the peak season. Approximately 8,000 skiers are actually skiing in Snowmass Village during an average day.

Outside of Aspen and Snowmass Village, the Roaring Fork Valley has a significant number of tourist beds

Quality of Bed Base
Observations of RRC customer survey:

- Drop-in lodging satisfaction year after year and high variability in performance by property.
- Of our list of 28 lodges, 5 ranked "Good/Excellent" category; only 1 of those properties was in Snowmass.
- Of our list of 28 lodges, 7 ranked "Poor" category; of those, 5 were located in Snowmass; 18% of total.

In the combined Aspen/Snowmass market, Snowmass has 42% of the total lodging units and 53% of skier visits, but only 17% of retail sales.

Source: Snowmass Strategic Marketing Plan

Only 25% of Snowmass Village's annual lodging revenue occurs in May–October and a large resident skier population. Snowmass Ski Area currently hosts the majority of these local skiers.

According to RRC Associates' occupancy report generated on behalf of Aspen/Snowmass partners, Snowmass Village's annualized occupancy is about 45.percent During the peak season, December 20 to March 31, occupancy averages 84 percent.

Between 2004 and 2006, sales tax on lodging represented between 45 percent and 49 percent of total sales taxes, the largest single contributor of sales tax revenues to the Town.

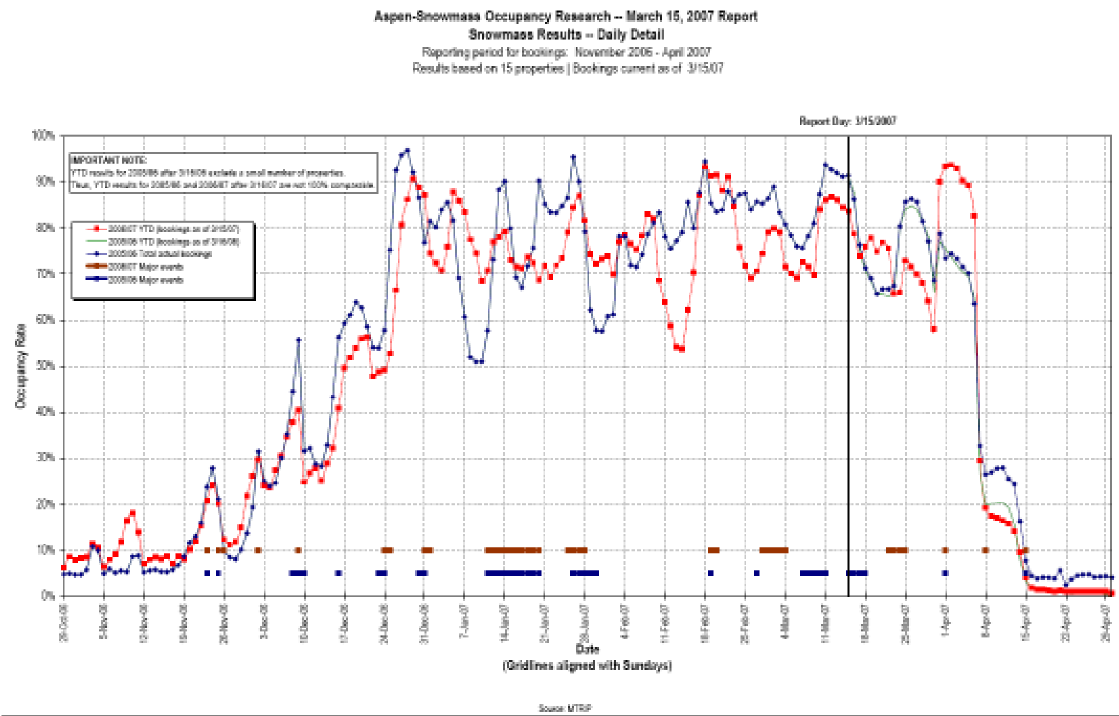
Though the revenue potential of the Snowmass Village lodging industry is closely related to the number of available accommodation units and occupancy rates, it is also affected by the type and quality of accommodations available in the Town. Higher quality units generally translate into higher revenues per skier night.

Seasonal Economics. The Snowmass Village economy is extremely seasonal, spanning the relatively short ski season at the Snowmass Ski Area. A typical season lasts 140 days. Other ski areas seasons may extend up to 157 days. This seasonality is reflected in the Town's sales tax receipts.

Seventy-five percent of all lodging and other economic activity in the Town occurs in the four-month winter ski season. The economy is made up of mostly small businesses. It is particularly hard for small businesses to make long-term investments based on the revenue from a four-month business season. This is also true of their willingness to make long-term commitments to joint or public marketing strategies or taxes and assessments to build community facilities.

Anything that can be done to spread business activity over a longer period of time will have a beneficial impact on the stability of the Town's economic base and its ability to accomplish long-term objectives. Because of the large size of the Snowmass recreation area and its substantial lodging base in the Town, Snowmass Village could expand its number of summer visitors substantially. This extra revenue could help pay for improvements and facilities that benefit the Town's year-round residents and visitors.

Figure 4.6 Bookings from November 2006 to April 2007



Retail, Commercial, and Restaurant. Retail shopping is a price of entry in resorts, and we need to have it to remain competitive. Though such trends are difficult to project, it is clear that retail expenditures per visitor in Snowmass Village (and the Aspen area as a whole) have been increasing during recent years. While skier visits at the Snowmass Ski Area increased about 15 percent between the 2001–2002 and the 2006–2007 seasons, sales taxes grew about 20 percent. (Resident incomes represent a small portion of the increase because resident expenditures are limited to 10–15 percent of total sales tax revenues; the balance comes from visitors.)

Current Retail Inventory. The current retail inventory in Snowmass Village is concentrated in one primary node and one local-serving needs node with additional uses (e.g. food & beverage) also included in various lodges. The West Village/Mall is presently the primary comparison and food & beverage retail node, offering 91,823 square feet of floor space. The Snowmass Center serves as the primary convenience node with 24,741 square feet of retail floor area plus office space.

Outside of these two primary retail commercial nodes, retail and related floor area totals 18,083 square feet. The total retail inventory in Snowmass Village is 134,647 square feet including 16.8 percent of convenience retail, 51.0 percent of comparison retail goods, and 32.2 percent dedicated to food and beverage/entertainment.

- The West Village/Mall displays a distinct seasonality, with nearly 75 percent of sales occurring during the four-month winter season. This amount of retail is proportionately low compared to other ski resorts. This can primarily be explained by Snowmass Village's proximity to Aspen, which has a large and highly successful retail sector.
- Businesses have displayed average sales performances typical of mall venues (in the range of $250 to $300 per square foot gross leasable area).
- The mix of retailers in the West Village/Mall responds to the visitor-oriented demand, with emphasis upon sporting goods, clothing, restaurants, and skiing-related services but without a very well-balanced offering. There is no formal effort to manage tenant diversity among the properties, and there are no national retailers.

3. *Market Issues.* The potential effects of additional retail development on the local economy can be understood by analyzing current expenditure patterns, business performance, and future demand projections for specialty shopping, eating and drinking, and services. Most expenditures by Snowmass Village residents and guests occur in Aspen, the Roaring Fork Valley, and elsewhere. Capturing a portion of this leakage as well as attracting new residents and guests will expand and improve the retail sector in Snowmass Village.

- Potential retail business and restaurant expenditures by Snowmass Village residents and visitors were estimated as of 2006 to equal nearly $131 million annually (medium of the possible range estimated).
- Actual sales in Snowmass Village were $57 million, roughly 42 percent of total expenditures.
- The difference between the above numbers ($74 million) equals the amount of sales leaking (purchases occurring elsewhere). Most of the visitor leakage goes to Aspen; a significant portion of resident expenditures is occurring down valley or in other localities.

Retail Market Demand. Capturing increased sales from skiers passing through Snowmass Village as well as residents and lodgers in Snowmass Village should support higher income levels and some additional retail space in Snowmass Village. Retail market demand in Snowmass Village is based primarily upon visitor expenditures, although permanent and seasonal residents also contribute to demand.

- Overnight guests constitute the largest expenditure, a combination of lodging, restaurant, skiing, and retail expenditures. Lodging/living elsewhere guests account for approximately 71 percent of total expenditure potential.
- Day-skier guests spend less money, principally because they are lodging elsewhere. Although these guests represent approximately 30 percent of the visitors to Snowmass Village, their expenditure potential is about 16 percent of the total.

The increases in visitors, general price inflation, and changing expenditure patterns have contributed to growth in retail market demand over the years. Seasonal variations will continue to occur, and our economy remains subject to national economic trends and local conditions.

Key observations of the retail demand forecast include:

- Numbers of overnight guests during the winter are not assumed to increase significantly, although the demographic composition may continue to evolve.
- There will remain intense competition for the destination skier mountain resort market.
- Day-use guests, especially from an increasing down-valley population base, should continue to be a growing source of visitors.
- Residential expenditures will be limited by relatively small increases in resident population and the small resident base (e.g., Snowmass Village is and will remain too small to support a typical community-scale shopping center).

Food and beverage sales are an important economic sector in Snowmass Village. During the 2004–2005 season, local spending in restaurants, food stores, drug stores, and liquor stores averaged more than $10 million per year. The range and variety of restaurants and the presence of unique restaurant/entertainment concepts can be a factor in the skier/visitor choice of where to spend the night. Convincing more people to stay and eat at local restaurants will also ease peak traffic patterns up and down the Brush Creek corridor.

Synopsis of Public Input

The community is highly aware of the importance of keeping Snowmass Village economically sustainable by establishing a critical mass and mix of commercial uses. However, with this in mind, it is also important to balance the economic potential with other values of the community such as village character and a small-town feel. Therefore, during conversations of the economy, the built environment often was discussed concurrently. An important question expressed was the appropriate amount of future development that is "just big enough" to keep the economy stable but not exceed the community's carrying capacity or change its village character. The participants also emphasized the need for community-oriented businesses so that the community could become more self-sustaining over time. The summary of the public comments follows:

- High level of local ownership ("no national chain stores")
- Maintain and expand types of community-oriented businesses
- Increase diversification of commercial offerings
    - Types of retail
    - Broader price points (from reasonable to true high-end)
    - Differentiate three nodes and their personalities (to be complementary and not competitive with each other)

- Improve the "product image" (maintenance, quality of buildings, ADA-accessibility)

- Maintain total commercial quantities, reallocate between villages
  - Minimum of 130,000 square feet
  - Maximum of 200,000 square feet
- Expand the two major seasons: strengthen winter and grow and extend summer
- Increase vitality/activity
  - High occupancy turnover beds ("real hotels")
  - Conference-friendly (single or double occupancy) high occupancy turnover beds
  - Places for public interaction
  - Conference/performing arts center
  - On-site or in-town employee housing
  - Minimize construction impacts on commercial uses by phasing future development