

# VAIL RESORTS

EXPERIENCE OF A LIFETIME

May 23, 2022

Dear Kim,

Thank you for your letter dated Friday, May 13, 2022 providing certain proposals for affordable housing from the Town Council. Vail Resorts' responses on each proposed project are below, and we are encouraged by the prospects of bringing all of these much needed projects online. Before discussing each of your proposals, I would like to provide some overarching comments.

First, Vail Resorts is willing to engage with the Town Council on *all* of its proposals. As we have heard from the Town's current residents, employers and employees, affordable housing within the Vail Valley must be addressed now. The reality is that our employees and the community need all of these projects. Eagle County's most recent study in 2018 projected that the Eagle River Valley must add 5,900 housing units by 2025 in order to sustain employees and employers and stabilize housing prices. And, that study did not take into account the significant exacerbation of the housing shortage due to the pandemic and the resulting influx of people moving to Colorado mountain towns. That same study goes on to point out that Vail has a jobs/housing imbalance of "approximately 6,000 jobs, requiring at least that number of employees to commute into Vail from other parts of the valley" each day. Based on these numbers, Vail Resorts feels strongly that any and all potential options for affordable housing should be considered, and no options should be removed from consideration.

Even if every option you outlined were pursued, there still would not be enough affordable housing in the Town of Vail. We need housing on all of these sites. In fact, by the time that any of the Town's alternative sites are developed in three to five years, the demand will have dramatically outpaced the units generated by those projects. As such, none of the Town Council's proposals should replace the approved and environmentally sound affordable housing at the East Vail site. That site is development-ready and could contribute housing for approximately 165 employees by the 2023/2024 ski season. If the Town Council blocks approved affordable housing in East Vail, it will be lost forever. Vail Resorts negotiated and collaborated with the Town for years to make this investment a reality. Vail Resorts has already agreed to forego development of additional affordable housing on 17 acres in reliance on its negotiated deal with the Town to enable development of the East Vail project. The community cannot afford to give up affordable housing for 165 people on the remaining 5 acres. Additionally, all of the Town Council's supposed replacement projects are either smaller scale, or will take many more years to build, or have unpredictable and potentially prohibitive costs to the community and environment. Our community needs housing immediately, and the Town approved East Vail site is the best option by any measure.

Second, the East Vail affordable housing development is environmentally sound, and has been repeatedly reviewed and approved by the Planning and Environmental Commission, Town Council, the Design Review Board, and the district court. This process has been more intensive than for any other project of this size in the Town's history. As a result, this approved affordable

*390 Interlocken Crescent  
Broomfield, CO 80021  
303-404-1800*

housing project has environmental mitigations, from Vail Resorts, that far exceed those associated with any other development in East Vail, including all of the new luxury home construction in the East Vail sheep habitat. As the Town Council recently determined when it approved the East Vail site for development, and as multiple biologists and bighorn sheep experts have made clear, the development at East Vail, in conjunction with the mitigation efforts required of that development, can result in a *better* environment for the bighorn sheep. And Vail Resorts is willing to implement *additional* measures beyond the previously approved mitigation to enhance the bighorn sheep's primary habitat, as needed. Along those lines, we suggest a meeting with the Town, Vail Resorts executives, and Marianne Batchelder, who submitted the attached letter to the Town Council at its recent hearing, to discuss ways in which the Town Council's specific concerns about the bighorn sheep can be addressed. We are ready and willing to negotiate options to develop affordable housing at East Vail, as already approved by the Town Council.

Third, Vail Resorts has reasonable concerns about any of the Town Council's proposals that require future entitlements from and action by the Town Council. Vail Resorts spent five years and significant sums of money to work with the Town Council first to downzone the East Vail property and then to entitle that site for development. It similarly spent a significant amount of time and money to partner with this Town Council to defend those entitlements in litigation. This Town Council has now abandoned that partnership only a year later and moved to condemn the very development it previously approved and defended. While Vail Resorts is still willing to engage with the Town Council on future sites, we cannot give up the fully entitled site we own now for some future potential development that may never come to fruition given the unreliability the Town has now demonstrated on the partnership and commitment to these projects.

Vail Resorts owns the East Vail project – which has significant value and importance. Every option provided by the Town includes some component of Town ownership/control. As such, Vail Resorts must view any opportunities in Town-owned buildings as uncertain, given the Town Council's abrupt reversal on the East Vail affordable housing project, and because the Town Council has been clear in public meetings that it is willing to terminate Vail Resorts' leases in Town buildings.

For all of these reasons, we are hopeful that the Town Council will reconsider its decision to condemn the approved East Vail affordable housing project and will instead work with us to ensure that the bighorn sheep are protected, *and* that Vail Resorts will be able to provide the approved affordable housing its employees so desperately need now, *and* that we begin working on all of the sites identified by the Town to continue to help solve this housing crisis.

In the interest of working on all of the sites identified by the Town for affordable housing projects, we have the following comments and questions toward the goal of Vail Resorts helping with these projects.

### **ACTION # 1 – MASTER LEASE OR OWN HOMES IN THE RESIDENCES AT MAIN VAIL**

Vail Resorts is encouraged to hear that the Town Council’s Residences at Main Vail are making progress; this is a positive development for the entire community and we support these efforts. Please let us know if this project is still on track for a September 2023 delivery. We have a few requests that will help us further analyze this opportunity. First, Vail Resorts would like to understand the current public financing for the property and any development/management arrangements in place with Triumph Development. Please provide any documents that can inform our analysis of those relationships, so that we can assess how we may help support this project. Second, Vail Resorts recognizes that your proposal to move a “minimum of 144 beds” to Vail Resorts means that the Town of Vail is taking those affordable housing options from other employers and employees in the community versus adding incremental affordable housing. To understand what opportunity may exist for Vail Resorts, and the impact on our community businesses, we would like to understand a) what the Town may have already committed to other employers and employees in the community; and b) how the Town Council will address the needs of other employers in the community who are relying on those units in their long-term planning if those units are shifted away to another employer. Finally, as explained above, we have concerns about the Town’s willingness to terminate leases for employers in the community, and prefer to own rather than lease our workforce units, please clarify if this is possible on this site.

### **ACTION # 2 – PUBLIC/PRIVATE PARTNERSHIP FOR DEVELOPMENT OF WEST MIDDLE CREEK, AND ACTION # 3 – TRADE BOOTH HEIGHTS PARCEL FOR WEST MIDDLE CREEK PARCEL**

Vail Resorts’ comments and questions for proposals 2 and 3 are similar, so we will combine them here. As an initial matter, it is good to see the Town Council move forward with rezoning and to see community support. If the Town Council intends to continue forward with developing the West Middle Creek parcel, either through a public/private partnership or as a “land swap,” and if Vail Resorts would be asked and able to participate, we would need to confirm:

- (1) Zoning will be changed from open space to (H) Housing District by September 2022.
- (2) Town Council will obtain a variance from the Town’s Code requirements and limitations on development for parcels with slopes over 30% and 40% (which includes almost the entirety of the West Middle Creek site) as depicted below.



(3) Vail Resorts and the Town Council will secure the requisite entitlements and approvals necessary to provide the 165 or more beds exclusive to Vail Resorts *and* the previously proposed housing for that site so that other employers and employees in the Town will not lose their anticipated housing.

(4) The entitlements can be completed on an expedited timeline.

We also have the following questions/requests to further inform our analysis to determine if we can help with this project:

1. Does the Town Council know or have records as to why this parcel was previously designated as open space? If so, can you please provide a summary and any related documents?
2. Have you received any community opposition to changing the zoning and developing this space, and if so, please provide a description and copies of any emails/letters you've received.
3. Please provide your feasibility study for constructability of the site.
4. What construction budget estimates do you have at this point? Do you have an estimated/ target cost per unit?
5. Has any work been completed outside of a feasibility study?
6. Has a wetland study been done and/or do we know how/if there will be impacts to Middle Creek?
7. Are you proposing a third party developer? Will there be a competitive bidding process to select that developer? If so what will the timeline be for developer selection?
8. Help us understand how a co-applicant structure would work and what would you expect from Vail Resorts in that process?
9. Regarding the potential land swap,
  - a. The Middle Creek site is not approved and still subject to significant re-zoning and development review and other obstacles and unknowns vs. East Vail. How do you propose we account for that in a fair economic deal?
  - b. The site requires significant design and approvals – and those factors may not be included in a real estate appraisal. How do we solve for this?

#### **ACTION # 4 – AMENDMENT TO LIONSHEAD REDEVELOPMENT MASTER PLAN**

As you will recall, last year Vail Resorts proposed an agreement with the Town Council regarding the approved affordable housing project in East Vail and progress on Ever Vail. Unfortunately, the Town Council unilaterally abandoned that discussion in January and walked away from that proposal without returning any substantive comments.

Our understanding months later was that the Town Council's reason for abandoning those discussions was that it did not want to tie East Vail affordable housing to Ever Vail development because it is too complex. We agree that it is complex. We believe Ever Vail is a transformational opportunity for Vail Mountain, spreading guests out across an additional base area, reducing traffic, and adding parking. We remain excited about making progress on Ever Vail as an investment in Vail Mountain as a world-class destination, including the opportunity to build incremental affordable housing as a part of the project.

#### **ACTION # 5 – TIMBER RIDGE VILLAGE APARTMENTS REDEVELOPMENT**

As you know, the Town Council has raised several times with Vail Resorts that Timber Ridge could be an option and we are encouraged by its potential. We are looking forward to receiving more detail on the Town's proposal, so that we can further evaluate how we can participate. Our specific questions include:

1. Please provide an update on current progress and timeline. What are the risks that this project is delayed beyond the desired February – April 2025 occupancy?
2. We understand that a market study was supposed to be delivered in April – please provide a copy of that study.
3. Will the units be for-rent or for-sale?
4. How is phasing being viewed and how is the Town planning to mitigate the loss of 96 units while construction is being done in a single phase?
5. Will the Town be conducting a competitive bidding process to select a developer? What is the proposed structure with the developer and how will this project be financed? Have you pursued other government funding for the project?
6. Do you know how many beds will be included in the proposed 200+ units?

#### **ACTION # 6 – TOWN OF VAIL PUBLIC WORKS FACILITIES SITE**

This appears to be a new idea and we appreciate the addition of this project to the list and welcome the opportunity to see how we can help with it.

That said, we note that this project is located only a short distance from 25 homeowners whose protests against our approved East Vail affordable housing project have caused the Town Council to abandon its approval of the project and initiate condemnation of our land. Respectfully, before we engage on the details of this project, we need to understand how we could rely on the Town to remain committed to a project on this site when those same homeowners will invariably raise a new protest against affordable housing being located on this site near their East Vail homes.

*390 Interlocken Crescent  
Broomfield, CO 80021  
303-404-1800*

Thank you again for your proposals. We look forward to more information from the Town about each of the projects, including the Town's expected contributions from Vail Resorts to these affordable housing efforts.

In the meantime, we are still hopeful that there is a path forward for Vail Resorts and the Town Council to move forward with both the approved East Vail affordable housing project *and* the other opportunities identified in your letter. Please let us know if you would like to set up a meeting to discuss Ms. Batchelder's recommendations relating to the bighorn sheep, including her thoughts on the most impactful use of the \$100,000 contribution that Vail Resorts made in April of last year toward the Town's bighorn sheep habitat enhancements.<sup>1</sup> As mentioned above, we are willing to discuss additional mitigation efforts with the Town and would appreciate the opportunity to explore options.

Sincerely,



Bill Rock  
EVP & COO Mountain Division  
Vail Resorts

---

<sup>1</sup> It is our understanding from our meeting last week that the Town may not have spent those funds yet. Assuming there are still funds available, we are encouraged to hear that the Town is working with the U.S. Forest Service to potentially use those funds for fire mitigation in the area. As included in Ms. Batchelder's letter, she believes that controlled burns will likely be the best immediate enhancement available to the sheep's habitat in the Booth Heights area. She also proposed some additional ideas, and we are confident she'd be happy to share her expertise and thoughts with the Town if it is interested.