

APPENDIX B STANDARD AND ALTERNATIVE TECHNIQUES FOR FINANCING

Introduction

Forced by fiscal austerity to find sources of funding, communities like Red Cliff are looking for ways that suit their particular economic and social circumstances. Appendix B provides information on current trends in financing infrastructure and illustrates the range of alternatives that can be employed. Unit costs of many public facilities have increased as standards have been raised to meet the expectations of Federal, State, County and citizens. Many public facilities can be improved but at a cost that may outweigh any benefit received. As expenditures for public works projects have been decreasing, needs have been increasing. The widening gap helps to account for the crumbling infrastructure that is apparent.

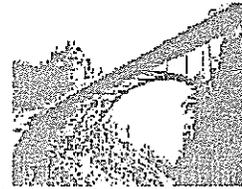
The bottom line is, who pays for what and on what terms. It is likely to be different in almost every area of infrastructure needs. The goal should be to provide needed public facilities while minimizing adverse effects on the public, homebuyers, commercial tenants and developers. Solving this issue requires an equitable balance of costs and benefits, and recognition that investment in infrastructure is an investment in the economy and the community.

A study funded by the Urban Land Institute, Financing Infrastructure to Support Community Growth, discusses thirteen communities and one state that responded to needs for improving their infrastructure. The following three examples use development fees as the primary mechanism of financing.

Development Fees

Fort Collins Development Fee: The general criterion for the fee is that developers are responsible for construction of all local facilities and pay fees for construction of larger facilities like arterial streets and trunk sewers. The following development fees are imposed:

- A processing fee is charged for all applicants, limited to this amount because it is considered a service to the community rather than to the developer;
- Tap fees for water and sewer is set on the basis of recovering actual cost from connecting lines to individual properties;
- A plant investment fees is charged to recoup the cost of water and sewage treatment plants and trunk lines, calculated annually from projections of



growth and facility expansions and currently set at \$1,600 per residential unit, depending on unit size and density and from \$2,400 to \$42,000 for commercial and industrial development, depending on calculations of need;

- A street oversizing fee for collector and arterial streets, to recover the cost above that for a local street and currently set at \$500 per residential unit and \$7,000 per gross acre of commercial development;
- A park/open space fee of \$1,000 per residential unit to purchase neighborhood park land from developers at market value (in lieu of the developer's dedicating land) not including land for community and regional parks that is paid for through bond issues;
- Storm drainage fees, depending on the particular drainage basin the property is located in currently ranging from \$200 to \$500 per unit.

All fees are collected when the building permit is issued, rather than when subdivision plans are approved, because the City operates by the principle that services and facilities are needed only after development begins, not before.

Impact Fees

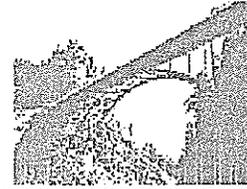
Broward County, Florida Impact Fees: Road fees are paid by the developer to share in the costs required to construct road improvements. The developer is not required to pay for existing deficiencies in the network.

- Park impact fees are assessed for local parks and regional parks and are based on a standard of 3 acres per 1,000 residents.
- School impact fees are based on the type of residential unit, such as single family or multifamily and number of bedrooms. Land or its cash equivalent may be donated instead.
- All fees are paid into separate funds marked for the type of facility involved and service area to be benefited. Many developers prefer to construct the needed facilities themselves.

Boulder, Colorado Impact Fees: In comparison to the fee setting process in Florida, road impact fees do include use by existing residents or by new residents outside the immediate area.

- Schedule of fees:

<u>Facility</u>	<u>Funding</u>	<u>Fee</u>
<i>Water Plant</i>	Impact Fee	\$1,600 per 1 bath \$3,200 per 2+ baths
Trunk Line	Developer	Cost per front foot



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<i>Sewer Plant</i>	Impact Fee	\$1,600 per 1 Bath \$3,200 per 2+ baths
<i>Trunk Line</i>	Developer	Cost per front foot
<i>Drainage</i>	Developer	None
<i>Roads</i>	Added to Building Permit Fees	\$1,000 – \$1,400 per unit
<i>Parks</i>	Impact Fee	\$1,100 per unit

Cripple Creek, Colorado Permit, Development and Impact Fees: The City of Cripple Creek does not use impact fees or special financing districts to pay for infrastructure improvements. Development fees are directly charged through water and sewer taps. The developer pays the following fees:

- Schedule of Fees

<u>Single Family</u>	<u>Multifamily</u>	<u>Commercial</u>
Water/Sewer	Water/Sewer	Water/Sewer
\$6,000	\$7,000 per unit	\$12,000 per line

- Historic Preservation Fees

Minimum Fee
\$600 for first 2500 square feet of façade

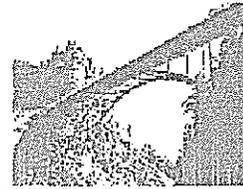
Suggested fees

Demolition	\$ per square foot
New Construction	\$ per square foot
Preservation	\$ per square foot
Reconstruction	\$ per square foot
Rehabilitation	\$ per square foot
Restoration	\$ per square foot

Building Permit Fees: Determined by Town adopted International Building Code fee structure and Town Building Inspection Official.

Total Valuation Suggested Fees

\$1.00	-	\$500	= \$60
\$501	-	\$2,000	= \$100
\$2,001	-	\$25,000	= \$140 fee for first \$2,000 + \$20 for each additional \$1,000 up to \$25,000

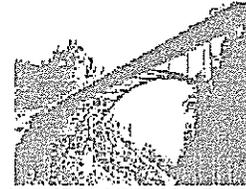


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\$25,001 -	\$50,000	= \$500 fee for first \$25,000 + \$12 for each additional \$1,000 up to \$50,000
\$50,001 -	\$100,000	= \$800 fee for first \$50,000 + \$5 for each additional \$1,000 up to \$100,000
\$100,001 -	\$500,000	= \$650 fee for first \$100,000 + \$3.50 for each additional \$100,000
\$500,001 -	\$1,000,000	= \$2000 fee for first \$500,000 + \$3 for each additional \$1,000 up to \$1,000,000
\$1,000,000 and up		= \$7000 fee for the first \$1,000,000 + \$2 for each additional \$1,000

Alternative Techniques for Financing

- *Assessment District:* Often called a public improvement district. Assessment districts are established to permit a special tax levy on property owners who benefit from specific public improvements within the district. Assessment districts are used primarily to finance basic infrastructure in many communities, provided the beneficiaries are located within the district. An assessment district can be initiated by a public body, by a group of property owners, or by a community association, but it must be approved by a majority of property owners.
- *Special District:* Special districts may be dependent (created and controlled by a town, city, or county) or independent (meaning that bond issues are exempt from statutory limits on local government debt). They are classified as enterprise districts if they collect user fees and service charges or non-enterprise districts if they levy taxes. The special taxing district provides a mechanism for building and operating water and sewer, drainage control systems, and street lighting for the developing community.
- *Tax Increment Financing:* This technique increases tax revenues that are realized as a result of new development in a specified area that are marked for financing public improvements or services in that area. Improvements within the area are financed from public funds or bonds, then repaid from increasing tax revenues generated by the new development. Tax increments financing can be used to provide funds for infrastructure in areas where development is desired by funding for public facilities is not otherwise available when needed.
- *User Charges:* A traditional means of obtaining revenues to support public infrastructure is through user charges. Such charges can be pledged to repay revenue bonds issues to finance new infrastructure as well as to pay for operating and maintenance expenses. Water and sewer facilities and services are often financed in this way.

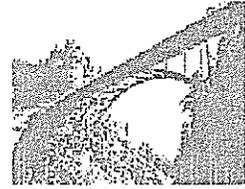


- *Development Exactions:* An excepted device used by the municipality that expects the developer to provide for water, sewer, drainage, parks, school sites, improvements in arterial roads, even fire stations and libraries. For the community, this method incurs none of the costs for these improvements from the public treasury. A secondary benefit is that such improvements may result in development that is more expensive and therefore may create a higher tax base. However, when the developer finances improvements with private loans at current interest rates, he passes the costs to new owners and tenants in higher prices and rents.
- *Development Fees:* In place of direct exactions, development fees require payments of impact fees to compensate the community for extra costs for public facilities that the development will cause. The fee is normally paid when a building permit is issued, with the proceeds placed in a fund designated for construction of certain facilities. Such fees are two edged: they provide a painless method for the community to obtain revenues for infrastructure but often at the expense of homebuyers who will be repaying debt principal and interest at market rates for private rather than public debt.

Alternative Scenarios for economic revitalization have been explored to determine which offer the best short, medium, and long term prospects for community redevelopment. The assumption is that physical renovation of Red Cliff will not generate adequate redevelopment. A strategic marketing plan must be worked out which identifies and considers different developmental options. The options are alternative exchange relationships between the producers of Red Cliff's community output and potential constituents or consumers of this output.

The output should be based on Red Cliff's unique mix of community resources such as human, historical, and geographical. The community Resource Audit (Appendix A) is intended to serve as a basis to initially begin looking for ways to build the community into one that will reflect the way citizens feel about the town and realize the potential of Red Cliff's resources.

The choice of Red Cliff's future direction will depend on leadership and commitment of the citizens willing to invest in the town's future and lay aside one's own needs and interests for the long term economic goals. Future direction should be based on the closeness of the "fit" between potential development options and the community's resource bank. In other words, the compatibility between market opportunities (the developer) and available resources (human, historical, and geographical) will determine success of Red Cliff.



The Retirement Community Option

This section explores the possibility of Red Cliff becoming a retirement community. Several factors need to be included such as the demographics of retired people and mobility characteristics including factors such as what retirees look for in a retirement community, housing considerations, and problems of the elderly. By comparing these factors with the conditions around Red Cliff, research suggests that the best option may be a summer retirement community (May – October) rather than a year around retirement community.

A study conducted by Aizenburg and Myers (1955-1975) analyzed the relationship between living arrangements and residential mobility of the elderly. It found that residential movement of the elderly was based on employment, occupation, retirement, family changes and health reasons.

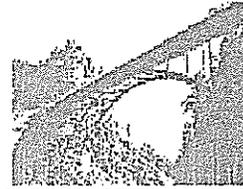
Based on the research conducted by Aizenburg and Myers the following conclusions were made.

- Older people were reluctant to change their established patterns of living;
- Older females were more mobile than older males;
- Elderly living in a household setting were less likely to move than those residing in group quarters;
- Elderly who had spouses were less likely to move;
- People in dependent-type living were less likely to reside in amenity-rich density environments than those who were in independent living arrangements; and
- People age 65 and over made more moves from metro to non-metro areas than other groups.

Key factors for Success as a Retirement Community

Frances M. Carp stated in Environmental Effects Upon the Mobility of Older People, “The national goals of independence, dignity, and freedom of choice for older people seem to require provision of a broad range of services and opportunity in the community in which they live.” Carp’s study on mobility among the elderly suggested that transportation is the key link between community resources and elderly residents. Without good transportation, older persons’ environments are greatly limited. Often those who need community services are left in their own homes.

Another study by Ron Toseland and John Rasch, Factors Contributing to Older Persons; Satisfaction with their Communities, say that “Satisfaction with a particular community depends upon the needs which the community fulfills for the individual.



Older persons from different socioeconomic backgrounds, for example, may expect quite different things from a community environment. Similarly, older men may value different community facilities and services from those valued by older women. Older persons' preferences for housing environments depend on present and past lifestyles...." They found that factors such as the physical safety of the community recreational facilities, health care facilities, and dwelling units were more important than psychosocial or relating to both the psychological and the social aspects of something, or relating to something that has both of these aspects such as making friends and extent of contact with nearest neighbors.

Red Cliff is considered a good area for retirement for those persons not affected by altitudes of 5,000 feet or above. In addition to the natural attractions of mountains, forests, and streams there are recreational activities such as skiing, hiking, fishing and biking.

Recommendation

If Red Cliff decides to review the option of developing as a retirement community, a strong marketing effort will be required. Community services and social arrangements should be provided to minimize common problems experienced by the elderly. Only that segment of the population likely to be attracted by Red Cliff's unique geographic, climatic, and historic characteristics should be targeted. Red Cliff would be best suited as a part-time summer retirement community.

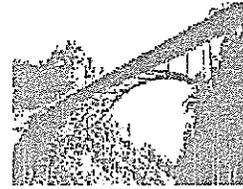
During the months of May through October, a majority of the elderly in the southern belts leave their communities to escape the extremely hot summers and travel to more moderate temperature zones such as Red Cliff. They look for a wide variety of diversions but mainly a place that is aesthetically pleasing in which they can be active outdoors. Red Cliff has an ideal climate that offers warm days and cool nights which does not restrict day or night activities.

Activities and services could be developed for the elderly through some type of social action committee as a possible extension with Eagle County senior services or a volunteer group which provides senior citizens' services such as Silver Key in Colorado Springs that provides transportation to banks, medical appointments, grocery shopping housework, yardwork, and legal and financial counseling.

Implementation Suggestions

Short Term

- Cleanup and beautification of downtown area;
- Improvements in infrastructure, especially water and sewer;



- Review and discuss appropriate statutes such as a land use plan and zoning ordinances;
- Inventory of existing buildings and sites for appropriate for renovation or construction of housing for sale or rent to the elderly.

Intermediate

- Remodel and rehab existing buildings into hotels, bed and breakfasts' and various businesses.
- Make housing available for purchase. People's interest in Red Cliff as a possible summer home may be of interest while they're visiting the area and property should be available to buy at that time. If potential buyers have to wait for property to become available, interest in buying property could diminish, and interest may be lost.

Long Term

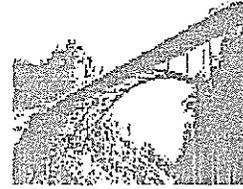
- Improve and expand the housing stock;
- Money generated by summer trade and property tax would provide seed money and opportunity for the greatest growth in the economy;
- Financial stakeholders would be needed.
- Develop a brochure highlighting Red Cliff's advantages as a part time retirement community which could be sent to sun belt states;
- Place ads in publications targeting the elderly;
- Develop events to appeal to the elderly in the local and regional areas;
- Put together a handout of information on community resources and characteristics which would be of interest to people who may consider retiring to Red Cliff. This could be distributed by the businesses downtown during community events or local and regional events.

Conclusion

While probably not the best short term option for economic revitalization of Red Cliff, establishment of a part time summer retirement community is an attractive medium and long term possibility. It would help diversify the local economy, increase the tax base, and support existing as well as new businesses. Successful pursuit of this option will require careful planning providing for the needs of the elderly and in targeting the likeliest prospects in the retirement age population.

The Bedroom Community Option

This section explores the possibility of Red Cliff becoming a bedroom community of municipalities along the I-70 corridor from Minturn, Avon, Vail, Edwards, Wolcott,



and Eagle. The section includes a profile of a typical commuter, what a commuter looks for, and factors that make a successful bedroom community.

What Commuters Look For

The following items are what commuters look for in a potential bedroom community.

- Urban escapism;
- Clean air;
- Less noise and traffic;
- Nature;
- Safe schools;
- Small community atmosphere – pleasant, clean, prideful, well maintained;
- Autonomy;
- Relatively inexpensive land;

Key factors for a Successful Bedroom Community

Based on what a commuter looks for in a community and the average travel distance, the following are needed by a bedroom community in order to attract potential residences.

- Location within 20 miles of a major Statistical Metropolitan Standard Area;
- Linkage by a major transportation highway that's maintained ensuring reliable travel to work;
- Schools free of urban problems;
- Housing and land cost lower than the metropolitan area near which the commuter was located;
- All major utilities;
- Population no larger than 25,000; and
- At a minimum, nearby emergency care facilities.

Available Resources

Red Cliff has many qualities that people look for in choosing homesites outside the urban environment.

- Large city escapism with a small community atmosphere;
- Safe schools – busing to Minturn;
- Freedom from urban noise, traffic, crime, and pollution;
- Nature – Red Cliff is surrounded by mountains, streams, national forest and designated wilderness area;
- Relatively inexpensive land on which to build;



- Adequate utilities – Red Cliff owns its own water supply and enough sanitary sewer to accommodate long term growth;
- A town heritage - old turn-of-the- century buildings and rich mining history;
- Emergency care in Vail and Leadville;
- A population of well under 25,000.

There are no major hospitals, shopping centers, or major entertainment centers in Red Cliff however, this may have little effect on the decision of a potential resident. Most commuters schedule time close to work in the urban area to shop, go to entertainment centers and medical appointments. This is usually completed after work on Fridays or on the weekends when a full day is available. A commuters main interest is to fulfill his basic need to escape from the pressures of the urban area.

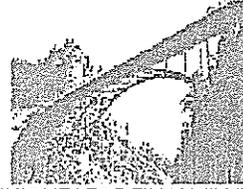
Limiting Factors

Red Cliff is a potential for becoming a bedroom community but there are several major concerns.

- Highway 24 traveling between Leadville and the I-70 corridor to Vail and Edwards is a two lane road with tight turns and switchbacks and has sometimes become impassible during heavy winter storms. Many workers cannot afford this disruption of their schedules;
- Aesthetics – Red Cliff's appearance has not been adequately maintained. First appearances will tend to discourage people from moving to Red Cliff. Commuters tend to be middle or upper middle class and want a town of which then can be proud of, not only in heritage but in the way the community presents itself. Currently, Red Cliff appears as a deteriorating shell of a mining town long past its prosperous days. Buildings are in need of repair, the town lacks sidewalks, and the roads are cluttered and unkempt. There is also little control over animals; and,
- Competition – Minturn: This community is Red Cliff's major competition in that it lies directly between Red Cliff and the I-70 corridor. Minturn has all the items which commuters look for, including a major highway to Vail, Edwards, and Eagle. This factor could make Minturn more attractive than Red Cliff to some. Workers can easily commute to and from work without the major concerns of weather.

Conclusion

Based on the available resources and limiting factors described above, it will be difficult for Red Cliff to pursue this alternative of becoming a bedroom community in the near future. Although it has a majority of the items commuters look for, the



limitations mentioned above will make it difficult for Red Cliff to attract commuting residents. However, as the I-70 corridor grows over the next 10-15 years Red Cliff could become increasingly attractive with more people looking to it as a possible hometown. Red Cliff can prepare itself for the long-term option of becoming a bedroom community by considering the general revitalization recommendations made in Section 7 of this report.

The Recreational Tourism Community Option

One possible direction for the revitalization of Red Cliff is promotion of recreational tourism. The classifications for evaluation of each recreational project are the short, intermediated, and the long range.

The short range projects are those which require the least capital and the least time to implement – one to five years. Too many projects should not be taken on at the same time. This could cause funds to run short as well as cause conflict between interest groups.

Intermediate range projects are those requiring more capital and a longer time to implement than those of the short range. Since these projects require higher capital investment, they are more risky in nature and should be evaluated carefully as to the interest of the community.

Long range projects are those which at this time are least feasible. They are designed for consideration only after extensive growth in Red Cliff is evident.

Short Range Projects

Horse Tours and Stables:

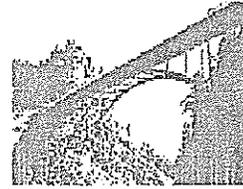
Horse tours would be complementary to other activities in Red Cliff. They would help promote the unique historical aspects of Red Cliff.

Recommendation:

The tour could begin at some point in town, and with the use of a tour guide, Red Cliff's historical highlights could be presented. The outing could be expanded to the mines. The Battle Mountain Smelter, Melvin Edwards, Burt, York's saw mill on Turkey Creek and A.W. Callan's sawmill higher on the creek.

Marketing Benefits:

- The horse tour would be a specific reason for people to come to Red Cliff;



- The tour would be an attraction in itself;
- The horse tour group moving through town and would stop;
- It would point out places of interest which would keep people in town longer.

Costs:

The costs of the horse tour would be comparable to the costs researched for a horse stable.

Stables:

Included in the stables tour would be horses for hire and hay/wagon rides.

Recommendation:

Sites for the stable could include the area south of downtown or west of downtown. Possible horse trails would be a ride into the national forest area or Shrine Pass Road. Wagon/hay rides could be done on a daily basis as well as for special occasions. In addition barbecue dinner could be arranged at the trail's end for extra revenue.

Obstacles to Implementation:

The most immediate obstacle would be the investigation into who owns the land and the possibility of the use of the land for horse trails.

Marketing Benefits:

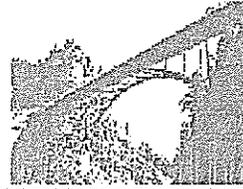
The horses and wagons for hire would be a specific reason to visit Red Cliff and would attract people to town after the ride.

Discussion:

The national forest system not only has responsibilities for administration of the forests but also conducts a forest research and cooperative forest management program. Its research program considers all aspects of the protection, management, and development of forest resources. This includes the utilization of the land for recreation.

Recommendations:

- Newspaper columnists could be contacted for possible human interest stories on town locals;



- Television stations are always looking for human interest stories;
- Radio talk shows appeal to a large audience and would have extensive knowledge of the history of Colorado and its people.

Marketing Benefits:

The market value is the publicity available to Red Cliff which would regenerate interest in the town.

Cost:

The cost would be the time involved in contacting these media personalities and the cost of the individuals' time spend in conducting interviews.

Intermediate Range Projects

Parks:

Park Plans should be developed including tours of the cemetery. The cemetery has significant value in creating historical interest in the social history of the town. Plans should also include the Fort Arnett historical landmark.

Marketing Benefits:

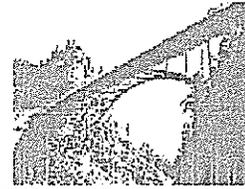
- The presence of the parks will encourage people to stop in the town;
- Main street shop owners are likely to participate in renovating their store fronts as a result of interest in the historical parks changing the visual aspects of downtown and the streets through downtown.

Bicycle Trails:

The trails could run along the perimeter and through the town with side trips highlighted by historic sites.

Marketing Benefits:

- By keeping cyclists within the town limits, they would be more likely to stop for refreshment and or shopping;
- The possible opening of a bike shop might result. Bicycles could be rented for the day or on an hourly basis. Repair service and sales could also be offered for local residents. Through the establishment of bike trails, entrepreneurs could be lured from surrounding municipalities;



Costs:

- Large costs would be incurred for the acquisition and paving of the trails. Gravel trails would be adequate for mountain bikes;
- Additional capital outlay for the bike shop could be large.

White Water Kayak Courses:

Red Cliff has two streams, Turkey Creek and the Eagle River bisecting the town. The Eagle River has a continuous flow throughout the summer that would adequately serve the kayak population.

Marketing Benefits:

- By keeping kayakers within the town limits, they would be more likely to stop for refreshment and or shopping;
- The possible opening of a kayak shop might result. Kayak's could be rented for the day or on an hourly basis. Repair service and sales could also be offered for local residents. Through the establishment of a water course, entrepreneurs could be lured from surrounding municipalities;

Costs:

- Some costs would be incurred for the acquisition of material to build the water course;
- Liability and insurance would have to be researched with the government entities responsible for managing the Eagle River outfall.
- Additional capital outlay for the kayak shop could be large.

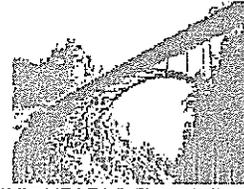
Railroad:

Recommendation:

- Another possible tourist attraction would be created by restarting the Union Pacific Railroad from Eagle to Leadville.
- The Colorado State Historical Society and Department of Local Affairs of the Colorado State Division of Commerce and Development should be contacted about possible support for the running the railroad along the historical track over Tennessee Pass.

Marketing Benefits:

- The railroad would bring persons to Red Cliff to shop and visit the attractions;



- Red Cliff would share profits from the railroad tickets;
- Red Cliff would benefit from the drawing attractions in between Leadville and Minturn;
- The train would be an attraction in themselves.

Costs:

- A terminal and/or station would need to be built;
- The railroad would have recurring operating expenses such as staff, tickets, concessions, and maintenance.

Indoor/Outdoor Pool/Recreation Center:

Recommendation:

- An indoor pool for year around community use should be centrally located;
- The indoor pool currently in the school could be reused;
- Memberships could be sold to locals and visitors;
- Bonds could be sold to existing communities in Eagle County for funding of the pool;
- Large city banks normally have large bond departments which can help in setting up the bond issue.

Marketing Benefits:

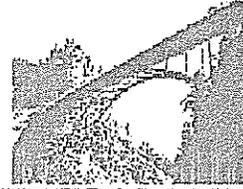
- It could interest County residents in relocating to Red Cliff;
- Community spirit would increase;
- During the high tourist season, daily passes could be sold to bring more revenue;
- Snack bar concessions as well as sporting good retail shops owned or managed by the town could bring in additional money.

Costs:

The costs of the project are large, and would require extensive research and planning before commitment.

Conclusion

Of all projects evaluated, those of the short and intermediate range are the most feasible. The horse tour, along with the stables would contribute to complement the town's historic image. Biking, hiking and kayak activities would bring visitors into



experiencing the uniqueness of the region and proximity to the designated wilderness area.

Throughout the evaluation of each project and its alternatives, the community members should be aware that personal biases can do exist. Financial planning, careful budgeting, and evaluation should take place each step of the way to ensure that too much of the budget is not being spent on only one project. Strategic plans should be mapped out for each project and should be followed unless solid evidence justified modifications. High community involvement could lead to the realization of many of the town's goals.

The Light Manufacturing Option

Recommendation:

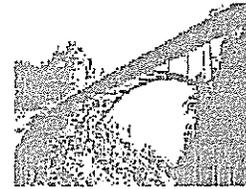
Light manufacturing might be introduced in Red Cliff as part of its revitalization effort.

Marketing Benefits:

- The present infrastructure could support the establishment of the company;
- The company would create a source of year around employment for local residents;
- The company would draw more people to Red Cliff who are looking for jobs;
- Costs associated with holding a large inventory would be minimal;
- The expandability and stability of a light manufacturing plant is feasible as a given level of output.

Conclusion:

The establishment of light manufacturing as part of the revitalization of Red Cliff is possible if the correct channels of implementation are used. There are several federal programs which may be utilized to finance the projects such as commercial loans from private lending institutions, SBA Government Guaranteed Loan Program, SBA 7(a) Loans, SBA 7(i) Loans, SBA 503 / Certified Development Corporation (CDC) Loans, Community Development Block Grant Programs, Farmer's home Administration Programs, Renewal Assistance Administration, Historic Designation Tax Benefits. These programs are discussed previously in this Appendix.



The Arts/Crafts and Entertainment Options

In considering the various revitalization methods available to Red Cliff, one of the most viable is establishing a tourist based economy that supplies arts/crafts and entertainment to visitors. Both alternatives blend well with many of Red Cliffs strengths, including its historical past and architecture, and scenic surroundings. In addition, both of these themes can be combined with other programs in the revitalization effort. As discussed, as two different areas, both options need to be incorporated into one strategic plan in order to stimulate both population and economic growth.

Arts/Crafts Based Tourism:

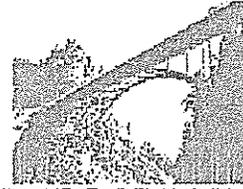
Besides the general challenges involved in any revitalization effort by Red Cliff (inadequate housing, lack of utility capacity, etc.), there are some problems that are specific to the arts and crafts alternative. These include:

- Increasing competition from other arts communities;
- Increasingly saturated market for arts and crafts;
- Short summer season; and
- Red Cliff's remote location.

Limiting Factors to Success:

Probably the most limiting factor to Red Cliff's success in developing an arts and crafts based tourism is the recent increase in competition by other communities that are styling themselves along these themes. Eagle, Basalt, Carbondale, Manitou Springs, Georgetown and Aspen have all used an arts/crafts image in varying degrees to help strengthen their economic bases. As the number of these artistic communities increases, the market for the products they offer becomes saturated. Only through diversification and differentiation can Red Cliff overcome the competition from the other towns.

Compounding the problem of market saturation is the very short tourist season in the Leadville/Red Cliff area. The short summer, remote location, and lack of any year around business draw combine to create a tourist selling season that begins in late and ends early in the summer. While artists can overcome this problem by establishing other distribution outlets for their goods, present and future storeowners must develop income sources other than what their retail business provides. This can be done in various ways such as cottage industries or mail order outlets.



Alternative Methods of Building Arts/Crafts Image:

There are a number of ways in which Red Cliff can create an arts and crafts image. However, goals need to be developed specifying which quality levels to provide and the are media mix desired. The most critical decision is what price or quality level to target the market is.

The obvious choice would seem to be the high quality / price alternative. This would provide for the highest margin on sales, the customers for this type of art are usually willing to travel to get it, quality shop would develop to display the art, and artists producing these goods would provide an excellent pool for restoration efforts.

Attracting High Quality Artists:

In order to build an image of high quality in Red Cliff, some source of supply of these products must be established. Is the source is to be found within the community, the caliber of artist desired must be sold into living in the town. While Red Cliff has several inherent qualities that are desirable to artists, including the seclusion, scenic surroundings, and the intense light, there are several practical problems involved in targeting this group and motivating its members into leaving their present locations.

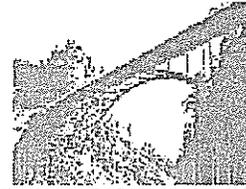
The most serious problem is that many artists into his group are already located and settled into areas that suit their needs. They have established distribution channels for their goods, usually fairly close to home.

Until adequate services for the family and supply outlets for the artists are established in Red Cliff, efforts to attract this group of elite artists are bound to be expensive in terms of both time and money, and only marginally successful.

Attracting High Quality Art Galleries:

A second method to establish trade in high quality artistic items to motivate businesses to locate in Red Cliff and open shops that deal in these items. A supply could be built up slowly through attracting the higher quality artists to consign or sell their work in the town. As trade builds peripheral industries can be expected to develop. Eventually, this method may lure the high caliber artists into locating in the area.

However, the primary problem will be to persuade businesses to located in a town that has been declining for the previous several decades. Any new business will have large initial expenditures for building restoration and will need sufficient funds to survive until it starts making a profit. In addition, opening the businesses, in itself, will not establish the image of an arts and craft community. Establishing a single



store image takes many years to establish an image for the entire town will take as long or longer. Large promotional outlays covering a long period will be needed before enough traffic can be generated to make the town a success.

Entertainment Based Tourism:

As mentioned earlier, one of the disadvantages in developing an artistic community is in differentiating one town from another using price or quality. Accordingly, Red Cliff must use other means to set itself apart. It must create a quality experience, one that people will remember. When one thinks of Red Cliff, entertainment should come to mind. There are a number of things the community can do in order to establish this association.

Town Theme and Atmosphere:

One of the first things the citizens of Red Cliff should do is develop a community theme. The theme should be based on the distinctive competence of the town. Since part of Red Cliff's charm comes from its historical mining and Red Cliffian turn of the century look, this theme may be considered. Another possible theme would be closely tied to the mining industry. Whatever theme Red Cliff chooses for itself, the town should take pride in its uniqueness.

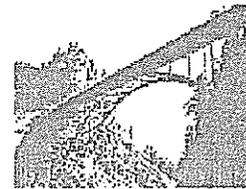
Events and Festivals:

The staging of festivals and events is another way by which Red Cliff can create a quality of experience. Such activities can be used to draw people to the community year around and would be of little expense to the town. Georgetown is able to draw thousands of visitors daily. The attraction is the atmosphere. The town capitalizes on its Red Cliffian feel. Red Cliff can do the same by planning each event carefully. The event need not be spectacular, just enjoyable enough to make the visitor feel it was worth the trip and worth returning to see again.

Requirements:

The major costs associated with this kind of activity come from the necessity to provide basic human comforts for the visitors. The town must be able to feed and provide rest facilities for them. The additional traffic that providing these services (both public and entertainment) affords should more than make up for the expenses associated with making them available.

The campaign and organization of revitalizing Red Cliff is currently in the hands of the Board of Trustees and the Mayor. The large amount of time that such a project of revitalization requires make it imperative that the Board of Trustees gain additional



assistance to help in this effort. Town restoration can have a domino effect. If the proper individuals are motivated to begin restoration, the rest of the town may follow. As small successes are realized, the town will feel more optimistic about success and the effort in general.

Recommendations for Developing Arts/Crafts Options:

- Develop goals for the town – specifically, what quality level artist to promote, time frame for meeting this goal, and tactics for reaching it;
- For a committee to organize an artist cooperative to establish goals;
- Form a committee to coordinate and host art seminars in Red Cliff;
- Persuade local art galleries to sell artists' works on consignment;
- Locate available housing for possible new artists and begin advertising to persuade them to move to Red Cliff. Housing for these people need to be found before the promotion.

Long Term:

- Develop distribution channels for "Products from Red Cliff." This requires finding year around markets that are willing to carry assorted are produced by various artists in town. This will not only provide a source of income for the artists but will also provide some additional publicity for the town. Direct marketing by mail order catalogue and web sites must be considered;
- Begin hosting major art fairs. This may mean inviting cooperatives from other towns to display along with the local artists;
- Begin promotion toward high quality artists to locate in Red Cliff when adequate support services are available. This recommendation is dependent on Red Cliff's ability to eventually provide such services after building a sound economic base. In addition, Red Cliff would well to target outward and promote businesses that will offer the town a good mix of services.

Recommendations for Developing Entertainment Options:

- Form a Downtown Development Committee. This committee will be responsible for developing an action plan for general town cleanup and restoration. This includes planning for the development of public facilities in Red Cliff;
- Form Festival and Event Committee. This committee will be responsible for developing realistic goals concerning what types of festivals or events can be held in Red Cliff during the next two years where to hold them, and who will direct and coordinate both town involvement and promotion for the event.