

**REPORT TO THE TOWN COUNCIL OF BASALT  
ON THE 2014 MATCHING CHALLENGE GRANT  
Resolution No. 10, Series of 2014**

**OVERVIEW**

In 2014, the Basalt Town Council resolved to provide funding to the Basalt Chamber of Commerce ("Chamber") to better support town-wide efforts to make Basalt a healthy and thriving community for businesses and residents.

As defined by the Resolution, the Chamber has been directed to:

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1. Design and implement a year-round marketing program that supports town-wide and BDBA efforts;	2
2. Assemble a trade market-area research report (including trends and demographics)	3
3. Develop an integrated transportation plan that ties the Willits Town Center area to Downtown	5
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The following report summarizes the strategies and actions the Chamber implemented in fulfillment of the three-fold grant components.

**WILLITS • SOUTHSIDE • HISTORIC DOWNTOWN**

The Red Caboose • Lions Park behind Town Hall  
PO Box 514, Basalt, CO 81621  
Phone: 970.927.4031 • Fax: 970.927.2833 • [www.basaltchamber.com](http://www.basaltchamber.com)



## PART I: Marketing Basalt

The Chamber of Commerce has long recognized the need for an integrating brand, name-recognition and an effective local and national marketing strategy. The first phase of our marketing targeted the Roaring Fork Valley, with extension to state and national audiences via the world-wide web.

In 2014, we designed and implemented a strategic print, radio and television advertising campaign. This traditional marketing outreach was complemented by tactical use of the internet and social media, and community relations outreach. The overall goal was to strengthen Basalt's presence in the Roaring Fork Valley and support business vitality by building Basalt as a destination valley-wide, as well as for more transient out-of-area vacationers and second-home owners.

During the First Year 2014-2015 Grant Cycle, the Chamber completed the following:

- Expanded the **BasaltChamber.Com website**, adding dozens of detailed pages with Basalt visitor information and recreational activities including hiking, biking, fishing, along with tips and directions. We also added business graphics, preliminary demographic data, and information on Basalt, Basalt history and the new History Tour. Results: Visits up 30 percent from 2014 to 2015 first quarter.
- Designed a series of **complementary ads highlighting Basalt's key attributes** — the Gold Medal rivers, recreational opportunities, and deeply-rooted cultural history and character, incorporating "Hooked on Basalt" and the "Confluence of Rivers, Recreation & Culture" theme.
- Conducted a sustained program of **targeted print, radio and television advertising**, covering all key outlets valley-wide, as well as state publications such as Southeast Publications and the Colorado Official Visitors Guide with nearly a half-million subscribers and extensive nationwide web presence.
- Enhanced the format and presentation of our **weekly newsletter**, cross-linking each issue with our Chamber Facebook pages and Twitter account. Results: Increased readership and interaction by 25 percent.
- Developed **media relations**. Results: increased radio and print coverage of Basalt events, news and business openings and Chamber Business After Hours.

Recognizing the importance to successful marketing of **building a community culture** of support and collaboration:

- We introduced the new BASALT CO COMMUNITY PAGE on Facebook whereby group members can post their own business news and create events sending invitations broadly and efficiently. This tool also afforded the Chamber a broader reach to promote businesses, Chamber activities and special events. Development of this "community" page is also designed to foster a sense of connectivity and community pride essential to boosting participation and volunteerism.
- We stepped-up our marketing of the 2014 Summer Concert Series, contributed to the Basalt Downtown Business Association's weekend Tent, Dining & Theatre event, the Basalt Education Foundation golf tournament, and the Ski & Snowboard expo in Denver; organized the Creative Spaces downtown revitalization program, the Set Your Sails Basalt High School externship program, and the Town's first Menorah lighting ceremony; and were founding planners for the new Basalt Bike Nights. We have recommended and are currently working with the Basalt Downtown Business Association, the Town, and Willits Town Center in support of a series of recurring, annual anchor events.

Simultaneously, the Chamber upgraded the annual *Basalt Community Guide & Business Directory*, expanding distribution throughout the Roaring Fork Valley and to state Welcome Centers. (Our distributors report that the Basalt magazine is now one of the most popular publications throughout the valley.) With intensified business outreach this year, the magazine is expected to increase from 68 pages to 100. Though Town funding wasn't used for the publication itself, the grant supported expanded distribution and our enhanced promotions enabled us to increase net revenue to help meet the matching grant challenge.

## PART II: Connectivity – A Basalt Local Transit Model

The transportation component of this grant resolution recognizes the importance to Basalt of public transit to economic vitality. Our goal is to increase resident and visitor mobility and build economic synergy between Downtown Basalt and Willits Town Center.

### A. Signage

The Chamber transportation and sign committee, working with Town staff, determined that the first step toward creating connectivity is well-placed and complementary signage. Chamber staff and volunteers ran a sign competition and, together with the Town, selected and contributed to the construction of the first major Basalt sign for the roundabout at the entrance to historic downtown. The committee continues to work diligently to design and implement a way-finding plan, and interpretive and directional signs throughout the Basalt area.

### B. Transit Options

The Chamber was tasked with considering transit options for linking Downtown Basalt with Willits Town Center. Among the options we considered were:

1. Roaring Fork Transit Authority (RFTA) provided service
2. External Contracted Service, such as with Colorado Mountain Express (CME)
3. Local In-house Shuttle Service
4. RFTA Fare-free service within the Town of Basalt

We received invaluable input from RFTA planning director David Johnson, and gathered information on capital costs and operations through discussion with seasoned transportation professionals including Colorado Rocky Mountain School transportation director Ross Woodward; Suzanne O'Neill, president of Transit Plus Inc; CME planning staff; and Steve Francom of Intermountain Coach.

Considering our first-stage objective to build connectivity between Downtown Basalt and Willits, **all engaged recommended an independent local transit service as the most flexible and cost-effective option, with the quickest and easiest implementation process.** A fare-free option, if approved by the RFTA Board, is also a viable and relatively easily implemented program.

Detailed consideration was given to a RFTA-affiliated program, and set aside temporarily due to cost. As a public transportation agency receiving state and federal funds, RFTA is encumbered by regulations and requirements that add significant cost and complexity. At upwards of \$1 million per year, plus upfront capital costs, it is expensive to operate relative to a more limited, in-house service. We also had several conversations with CME about designing a local transportation program; in the end, they felt it wasn't the time to introduce a new business model.

The Basalt local transit system would serve two key markets: (1) visitors who could enjoy car-free travel back and forth between Downtown Basalt and Willits Town Center; (2) local riders with a variety of needs for shopping, errands and evening entertainment. A third market could be Element Basalt guests attending programs at the RMI Innovation Center and visiting downtown.

In addition to boosting cross town mobility and shopping, a local transit system might help to alleviate parking stresses and create a visible symbol of connectivity between east and west Basalt. The opportunity for shuttle bus-personalization to promote Basalt, visually integrate our disparate commercial areas, and bring revenue would not be available with a RFTA or CME-affiliated system.

The Chamber has prepared a prototype for a locally-run transit program with a suggested route and cost estimates. This concept addresses and is limited to the goal of connecting Downtown Basalt and Willits and other commercial centers. If the Town determines that this is a feasible approach to the transportation undertaking, more detailed and comprehensive numbers can be prepared.

Throughout this preliminary planning stage, we've had ongoing discussions with RFTA to ensure maximum collaboration and efficiencies. If implemented, this local system might be a precursor to a more comprehensive RFTA-affiliated transit service. Building on the 2011 *Midvalley Local Transit Service Feasibility Study*, and integrating new developments, RFTA Planning Director David Johnson drafted a *Basalt Area Mobility and Accessibility Assessment* for preliminary review. This draft report "outlines a variety of transit, bicycle and pedestrian improvements of various magnitudes, all of which complement one another to improve mobility and accessibility, and to generally improve the vibrancy of the mid-valley areas." In addition to illustrating RFTA-provided transit options for Basalt, it provides estimated capital costs, Americans with Disabilities Act (ADA) requirements, and a parking and accessibility analysis.

Both the "Linked Basalt Route" on page seven and the more-comprehensive "Mid-Valley Connector" on page nine serve the full mid-valley area between Basalt and El Jebel and satisfy the Downtown-Willits connectivity objectives, and more. By integrating with RFTA's existing routes and schedules, the Mid-Valley Connector route also opens Basalt to potential support from RFTA on grant proposals for capital or operations costs. The Assessment also brings in other mobility strategies including bicycle and pedestrian improvements.

This broader system would serve to: (1) further reduce congestions; (2) capitalize on the economic benefits; (3) expand mobility and accessibility to residential areas; (4) work pro-actively to address anticipated problems related to BRT park-and-rides; and (5) improve public health through community-wide, linked bicycle and pedestrian routes.

If the Town opts to increase capacity and expand the transit system into residential neighborhoods, RFTA would be a good candidate with ADA-accessible buses and stops, trained and drug-tested drivers and a system in place to adopt the service.

An alternative program to either a local Town-operated shuttle service is provision of fare-free rides within the Town to improve mobility and boost vitality. Already available in the Aspen-Snowmass area, such a system would allow riders to move back and forth between Basalt-located BRT stations at no cost. In Aspen-Snowmass RFTA is reimbursed by the local municipalities for their estimated loss which is calculated at a 20 percent fare match. If the Town wishes to consider this option, it would need to be vetted with the RFTA Board and Operations to assess regional impacts and operational feasibility, after which potential fare loss will be estimated for the Town of Basalt to consider.

### PART III: Demographic and Trade Research and Reporting

To initiate the demographic component of the grant resolution, the Chamber purchased the sophisticated Tetrad data analysis software and has aggregated hundreds of pages of information covering extensive population, housing, age, ethnicity, purchasing and industry data. Given the unique challenges of Basalt's geographic and political boundaries, data was collected for: the Three Mile Planning Area, zip code 81621, a ragged boundary attempting to replicate the Town boundaries, and the word Basalt alone.

All data is stored and available for review and analysis. Knowing that we must go beyond the numbers to guide us in our economic development and marketing efforts, we initiated data and trends analysis and recently contracted with Tetrad-recommended Strategic Market Advisors to help build a meaningful report for Town review. The following combined summary will illustrate where we'd like to take the next stage of our demographic analysis.

#### Basalt Colorado – Preliminary Demographic Data Analysis

Basalt's population of about 4,000 people is predominately white, not unlike the rest of the country. The average age and average household size in Basalt are also close to national averages. Approximately one-third of the population is Hispanic, about twice the national average.

Compared to national averages, Basalt's population is less likely to fall into education categories at or below high school degree or to attain a doctorate. Rather, the Basalt population is more likely than national averages to have attained an education ranging from some college, an associate degree, or a bachelor degree and as likely to have earned a masters or professional degree. The skew towards higher educational attainment is positive for Basalt's future economic development efforts.

Basalt Demographic Information (2014)					
<b>Population</b>	<b>3,940</b>	<b>100%</b>	<b>Education Population 25 and Over</b>	<b>2,667</b>	<b>100%</b>
White	3,143	80%	Less than 9th grade	246	9%
Black	24	1%	Some High School, no diploma	143	5%
Asian	52	1%	High School Graduate (or GED)	364	14%
Other	721	18%	Some College, no degree	501	19%
<b>Age</b>			Associate Degree	147	6%
Median Age	38.4		Bachelor's Degree	970	36%
Average Age	37.0		Master's Degree	230	9%
<b>Households</b>			Professional School Degree	39	1%
Average Household Size	2.65		Doctorate Degree	27	1%
Source: Sitewise					

Average annual household incomes in Basalt are shown in the following table. Overall incomes are high compared to national averages, likely a function of Basalt's proximity to resort living and a higher cost of living in a relatively remote location. In most instances, regardless of the cost of living, higher income levels are generally indicative of higher purchasing power and a healthy local economy.

Household Income		
	Households	Percentage
Households	1,581	100%
Less than \$25,000	161	10%
\$25,000 to \$39,999	261	17%
\$40,000 to \$54,999	165	10%
\$55,000 to \$69,999	217	14%
\$70,000 to \$84,999	156	10%
\$85,000 to \$99,999	107	7%
\$100,000 to \$199,999	401	25%
Greater than \$200,000	114	7%
Median Household Income: \$69,018		
Average Household Income: \$93,433		
Source: Sitewise		

The following table shows the total amount of consumer demand in Basalt and compares it to the revenue generated in town. Overall the analysis indicates that Basalt imported approximately \$30 million in goods and services in 2013. An analysis of the top five industries indicates that the majority of that lost revenue opportunity was related to purchases typically made in larger retail shopping formats, including automobile sales, general merchandise stores, and grocery stores. Intuitively this seems reasonable, given the location of the town and the availability of affordable and suitable land for those developments relative to the market opportunity in the valley. (The opening of Whole Foods in late 2012 invites further analysis of this data.) Conversely, areas where Basalt earns a trade surplus include dining and shopping boutiques that are common to the downtown and Willits areas.

Market Opportunity Gap Report			
Category	2013 Consumer Demand	2013 Market Supply	Opportunity Gap Surplus/ Shortage
Total Consumer Demand and Market Supply by Establishment Type	\$69,001,006	\$38,630,454	\$30,370,552
<b>Inflow of Goods and Services</b>			
Automobile Dealers	\$11,119,102	\$0	\$11,119,102
General Merchandise Stores	\$10,068,946	\$78,546	\$9,990,400
Grocery Stores	\$10,271,663	\$5,020,827	\$5,250,836
Non-Store Retailers	\$2,032,885	\$244,515	\$1,788,370
Clothing Stores	\$2,094,832	\$1,034,892	\$1,059,940
<b>Competitive Advantages</b>			
Gasoline Stations	\$7,703,882	\$8,599,365	-\$895,482
Furniture and Home Furnishings Stores	\$1,880,389	\$2,694,124	-\$813,736
Full-Service Restaurants	\$3,608,736	\$4,276,492	-\$667,756
Limited-Service Eating Places	\$3,159,192	\$3,530,678	-\$371,486
Used Merchandise Stores	\$187,324	\$415,274	-\$227,950
Source: Sitewise			

The top five industries in which Basalt imports goods and services dramatically outpace the industries in which it earns a surplus. This can be addressed in two ways: meeting the demand from residents of Basalt within town and/or earning more revenue from people that do not reside in Basalt. A competitive

analysis may show that some of these opportunities are not likely to succeed. For example, the automobile industry, which shows the highest level of “leakage,” includes about a dozen car makers that are responsible for the majority of the industry's sales. The feasibility of getting enough car dealerships to offer a mix of models and price points to meet demand is unlikely due to Basalt's demand and location.

This basic example extends to the idea of competitive advantage. Basalt's economic development efforts should start with a review of Basalt's strengths and advantages, recognize areas in which it cannot reasonably compete, and selectively target industries in which it can build a sustainable competitive advantage. The review should clearly outline goals with regards to retaining spending in the community and/or attracting revenue to community businesses from non-residents.

### **Considerations for Use of Market & Demographic Data**

Strategic Market Advisor's general opinion is that economic trade between regions is positive. It allows a community such as Basalt to benefit from the advantages in other areas and while focusing internally on realistic objectives. For example, if Basalt were to aspire to develop a retail automobile industry, the relatively small amount of demand would likely lead to a smaller selection of vehicles. The lack of choice would still drive consumers to shop outside of town, and overall the resources expended by the community to attract the industry would likely result in a poor outcome. If resources were instead used to further develop the retail and entertainment experience in town, this might be more closely aligned to the community's existing strengths and earn an improved return on investment.

A term such as return on investment is not always considered at a grassroots level, but when the community is focused on economic development a more business-oriented approach will likely bring greater returns.

Clearly the downtown area is a focus and it is a remarkable area that appears to be on an upward trajectory. While this will help to further develop vitality and tourism in Basalt and complement the rest of the valley, other strategic initiatives will help to diversify the town's economy, ones that recognize the aforementioned strengths of the community. The Market Gap Opportunity Report suggests that these opportunities might include a focus on goods, service-based industries, and entrepreneurship and simultaneously substantiates local survey results and the Town's efforts to further develop the arts and entertainment.

Basalt could, for example, encourage entrepreneurship by providing an incubator environment where new and growing businesses could get assistance from experienced professionals. In particular, a service-based start-up may drive revenue from outside the community, perhaps by capitalizing on an internet-based idea or even just using the internet to market and attract people to visit Basalt. Providing the environment and business incentives can drive innovation and growth. Similar efforts in the arts that have proven successful including providing affordable space for artists to live and work, but in each case affordable space is just part of the equation.

While SMA's projects have focused primarily on tourism, managing director Matthew Landry encourages a diversified approach and notes that pro-active and future-oriented towns tend to take more calculated risks and see the most dramatic outcomes. Matt agrees that Basalt has an excellent foundation on which to build a diversified approach due to its location, its charming town center, its well-educated population and pro-active efforts to further develop the area.

He writes: “While the number of approaches is as large as the number of small communities that have undertaken a redevelopment initiative, all need to maintain a comprehensive set of strategies and tools, and capitalize on the flexibility that a small town can exercise.”



## **Summary and Recommendations for Year Two**

### **PART I: Marketing Basalt**

Successful marketing requires an integrated, consistent and sustained campaign. Building on the momentum of Year One, we plan to continue existing marketing platforms and Chamber-specific promotions. We see a value in focused public relations, i.e. building more broadly focused-content for local newspaper and radio coverage. We are enthusiastic about the event schedule the Town has proposed for Basalt, and look forward to supporting that effort as well as those in Willits, and other commercial areas in the Town. We also look to integrating marketing strategies with programs developed by the Chamber development partnership committee whose goals is to strength existing businesses, provide a climate conducive to new businesses and promote economic diversity, and with the BDBA, area-wide Chambers of commerce and the Vail Valley Partnership.

### **PART II: Connectivity – A Basalt Local Transit Model**

If the Town Council of Basalt and staff see the viability and benefit of an independent local transit system connecting Downtown Basalt with Willits Town Center, the Chamber recommends that a working group of representatives from the Town, Willits Town Center and Chamber to evaluate transit and mobility needs and options. RFTA's David Johnson, Ross Woodward from CRMS and others I've spoken to have offered to support Basalt in formulating a detailed, working plan.

### **PART III: Demographic and Trade Research and Reporting**

If the Town of Basalt supports ongoing demographic and market trends analysis as a foundation for economic and program development, we will continue to allocate a portion of our 3-year grant funds to data collection and analysis. We would like to work with the Town to develop a series of queries, in the area of "gaps analysis," the answers of which will support our initiatives.

### **Economic Development Partnership**

In late 2014, the Chamber formed a new Economic Development Partnership, bringing together Basalt's key business leaders ad influencers. Aspect of the Marketing, Transportation Program, and Demographic data and market trade and trend analyses are foundational to the objectives carved out by that committee. It is possible that we might efficiently integrate our planning efforts there.

### **Creating a Basalt Team: Basalt Downtown Business Association, Basalt Business Center and the Basalt Chamber of Commerce**

The 2014 Town Council resolution specifically addresses the importance of collaborative work between the Basalt Downtown Business Association (BDBA) and the Basalt Chamber of Commerce. Basalt Chamber CEO Robin Waters regularly attends BDBA meetings and communicates on matters of mutual interest; she now serves on the BDBA Board. Two members of the BDBA board sit on the Chamber's Economic Development Committee and chair Tracy Bennett will participate in the Chamber's Board of Directors. Our two organizations work well together and are mutually supportive. The Chamber also supports the Willits Town Center seeking common planning areas, and worked intensively with the business and property owners of the Basalt Business Center (BBC). With encouragement and support from the Chamber, at the beginning of 2015, the BBC formed an association to better advance their business, marketing and management objectives. The Chamber also collaborates with other Valley chambers of commerce to market the full Roaring Fork Valley.



## FUFILLING THE GRANT MATCH REQUIREMENT – YEARS 1 AND 2

The Basalt Chamber of Commerce worked diligently to develop new income areas to fund the 4:1 match requirement of the Town's Grant. The attached spreadsheet itemizes our grant-allocated expenditures as well as income received and anticipated to cover our first and second years' matches. Grant match revenues are included as follows:

1. New income from the expanded, upgraded 2014 Basalt *Community Guide & Business Directory* totaling \$5,529 net after deducting production and distribution costs;
2. Increase in 2014 membership dues of \$50 with an estimated increased revenue of \$22,900 based on current membership count at 461;
3. Net increase in membership of 58 businesses from 403 in January 2014 to the current level of 461 generating added revenue of a minimum of \$15,950 using our lowest membership dues level of \$250 (plus \$25 application fee) for a one-employee business;
4. Economic Development Grant from Eagle County received this year: \$10,000;
5. Anticipated new net income from the 2015 Basalt *Community Guide & Business Directory*: approximately \$10,000;
6. Projected new income from the new community "Friends of the Chamber" membership, based on 20 new members at \$125 each: \$2,400

**Total Revenues Generated and Currently Anticipated for the 2014-2016 4:1 Grant Match: \$66,779**

- **Total Estimated New Revenue Generated 2014-2015: \$54,379**
- **Total New Revenue Projected in 2015: \$12,400 +**

**The Basalt Chamber of Commerce Board of Directors and staff extend our appreciation to the Town Council of Basalt and Town staff for supporting and strengthening our efforts to contribute to the continued business vitality and quality of life in Basalt.**