

**With regard to AGING
from
Jerry Sikes RRP / CHA**

“If you wait, all that happens is that you get older.”

- Larry McMurtry -

Some Can Whistle

It was 1982 when C&A Equities began to see their vision become a reality. That vision was a first class resort at the base of Camelback Mountain where Phoenix and Scottsdale merged. The buzz words of the time that would have been used to describe the resort and its concept were ‘A purpose built, fixed time, deeded interest, interval interest resort which was to be built in phases. The seventh phase of construction would not be completed until 6 years later. While the initial plans called for 112 villas the final configuration was 111 consisting of 9 three / bedroom - two bath units, 52 two / bedroom - two bath units and 50 of the studio suites.



Built to withstand the intense Arizona sun, building construction was of slump-block masonry with a combination of red clay tile and built-up co-polymer alloy (CPA) single membrane flat roofs. Individual heat-pump units were installed on the roof of each villa to provide both heating and cooling. Entrance into the individual villas was through wooden doors and access to the patio in the two and three bedroom units was by double wooden French doors and the studio units had a balcony off the loft that utilized a single wooden French door. The interior finish on all woodwork for the initial 87 villas was a walnut stain and the wall finish in kitchens, baths and many accent walls was wallpaper. Ceramic tile with a Spanish flair and the occasional accent tile were used on all countertops, back splashes and the whirlpool tub/spa surround. The entrance foyer, all bath floors, wet wall and fireplace hearths were also finished using ceramic tiles. The master suites contained queen size beds, the second bedrooms contained twins and all sofas were queen convertibles. Access was gained to the villas via a key to open a mechanical lock and each villa had an intercom system throughout the entire unit. A primary architectural feature used in the design of the buildings was an arch over all window/door openings with many of the windows covered by wooden louver shutters. Bottom line, the feel of the entire resort was first class, however idealistic Southwestern/Spanish of the time. While the exterior style and construction of the resort buildings was timeless, within a few years the interiors became dated.



By the mid 70's the timeshare industry had narrowed the prospect qualification standards down to married couples between the ages of 36 and 65 with an annual combined family income of over \$36,000 and required both husband and wife to be present for the concept presentation. That profile meant that buyers at *Scottsdale Camelback Resort* (SCR) through the mid 80's were primarily made up of Seniors (born 1915-1935) and the Forgotten Generation (born 1936-1945). These were the children of the Stock Market Crash, the Great Depression; they were the young adults of W.W.II or were the children and teenagers of the 50's. By the time that sellout at SCR was achieved (1990) the buyer profile would have included several younger Baby-boomer (born 1946-1964). Sales and marketing at SCR fit the established patterns meaning that today (21 years later) the SCR owner profile is between 57 and 86 years of age. Summarily both the owners and resort are aging.



What does this mean? Simply stated a great number of our owners quickly realized the benefits when they purchased an interval at SCR. The aging process has dictated that many of them can no longer travel as extensively as they once did and several have lost their spouses. Four major factors, which exist at SCR, have assisted these owners in the September of their lives.

[1] **THE SCR RENTAL PROGRAM:** While the intervals at SCR were never sold as an investment the resort has maintained a very successful rental program for over 15 years. In a given year owners place approximately 6,000 room nights into that rental program and roughly 4,800 of those are rented grossing in excess of \$500,000 for those owners who chose not to utilize their interval interest in that year. On average each of the owners who placed their 7-day use period into the rental program received a broker's check for approximately \$600 that is be enough to cover the average maintenance fee. Generally speaking this meant that continued ownership was not an undue burden.

[2] **THE SCR RESALE PROGRAM:** One of the traditional timeshare sales pitches indicated that if the owner desired to sell their interval interest they could do so. (This may have been the truth but it was not 'the whole truth and nothing but the truth.) As many have discovered selling an interval interest is easier said than done. By and large three important factors have affected the secondary market for timeshares.

First, the developer most likely had no interest in competing with his sale of intervals on the primary market at retail thus it was unlikely that a resort specific resale program was in place at a resort when control reverted from the developer to the owners association.

Second, because the demand for a resale opportunity was so great, and the typical seller was highly motivated, the market was ripe for rip-off artist. Many rushed to fill the void and thousands of timeshare owners became the victims of scams, i.e. to pay upfront for schemes such as listing, marketing, or appraisal fees. In one recently exposed situation over 38,000 owners paid \$299 for an appraisal fee to a resale firm operator and during a 4-year period only 11 actual sales by that firm were ever recorded.

Third, the cost of mass marketing a resale timeshare plan was prohibitive. It is unlikely that a visitor to any timeshare resort in the world would arrive at the front door of their unit and find a for sale sign posted on the lawn. The most common resale marketing opportunities are newspaper ads, Internet listings or magazine publications, none of which are very effective.

After gaining control from the developer the SCR Owners Association at SCR established an on-site resale program. That was over a decade ago and that resale program is still effective. The independent resale broker Desert Vacation Reality (DVR) maintains an on-site office which markets almost exclusively to the guest of the resort [almost 70% of the guests are inbound exchange guests]. DVR is

a tenant who contractually has an exclusive right to sell at the resort, pays rent on a monthly basis plus an override percentage on the gross receipts of each completed sale. The agreement between the Resale Broker and the Owners Association contains several key covenants and restrictions. It dictates how the broker will conduct business at the resort including severe restrictions on solicitation and the exclusivity factors such as that the broker can only list and sell SCR weeks. This highly

successful resale program provides SCR owners with a real option as to the disposition of their interval interest if they so choose.



[3] **EFFECTIVE MANAGEMENT OF SCR AND THE SCR HOA.** Several factors have contributed to this achievement.

First, the developers original concept provided for the establishment of an Owners Association, that the association would eventually assume control of the resort affairs, that the members of the association would elect a board of directors and that the board would retain a professional management firm on behalf of the association to actually manage the resort operations.

Second, the overwhelming majority (85%) of the intervals at SCR were sold to residents of Phoenix and the surrounding area. This factor established the availability of a rather large pool of local owners who took a personal interest in what was going on at the resort. When it came time for the association members (other than the developer) to elect board members they found a group of highly competent and motivated local owners willing to accept that challenge. The distinct advantage of having all five members of the board of directors personally available to visit the resort on a week-to-week, if not day-to-day, rather than only quarterly is clearly evident.

Third, the matrix which exists between the elected board members, the resort management professionals and the collective members of the owners association facilitates all concerned being of one mind with respect to the decision making process because each of these entities fully understand that the resort and association must operate at all times in the best interest of all the owners.

[4] **SCR HOSPITALITY, PROPERTY SERVICES AND CAPITAL IMPROVEMENTS:** For the last 12 years the Owner Association at SCR has controlled the affairs of the resort and during that time more than 60,000 interval interests have been occupied by families from all over the world. These families could have been owners, inbound exchange guest or renters; however, all demanded much of the staff and facilities at SCR.

The major exchange firms have established resort-rating systems that are, by and large, based on minimum levels of on site amenities and high standards for service levels. Most know that RCI's highest rating is that of *Gold Crown* and that *Five Star* is the comparable rating from *Interval International*. Once the criteria have been established these rankings are maintained by ratings provided from inbound exchange guest experience via a guest comment card. SCR maintains both the *Gold Crown* and the *Five Star* ratings even though the majority of resorts, which have similar accomplishments, are less than 10 years old and this is no small feat.



First, hospitality at SCR is legendary. A recent report placed it at 4.9 out of a possible 5. Housekeeping is outstanding and everything works the way it was intended. SCR is one of the few timeshare facilities that routinely perform midweek clean in each villa and the response time for the average maintenance call (on the rare occasion when something breaks) is 12 ½ minutes. The check-in / checkout rating consistently achieve ratings in the 97 percentile. The desk is maintained 24/7/365 and phone calls to the desk are consistently answered prior to the third ring. People actually smile and say hello. Every guest is welcomed home when they first enter the clubhouse. The very essence of Southwestern hospitality is: Mi casa su casa. The literal interpretation of that traditional Spanish welcome is 'To invite a guest is to take total responsibility for their happiness while under our roof.' SCR not only acts out that statement but also uses it as their mission statement. The Guest Services Department at SCR consists of the following subsections: Front Office, Night Audit, Bell Service, Concierge, Activities, Reservations and Foot Patrol. Due to a very formal cross training program virtually every associate in guest services is competent to perform each function within the department.

Their efforts are supported by an effective and efficient Manager On Duty (MOD) program that encompasses key staff members of every other department within the resort. The secret to the success in hospitality at SCR is contained in these few words: Attitude, Motivation, Organization & Structure, Training and Attitude. Did I say Attitude?

Second, at SCR the terms maintenance and housekeeping have come to mean more than just to keep, retain, clean, sanitize, grow, fix or preserve. The Property Services Department encompasses Engineering, Housekeeping, Laundry, Purchasing, Pools, Grounds and Re-. It is the duty of this department to insure that everything of a tangible nature at the resort is presented or functions so as to always exceed guest's expectations. What does that mean? It's simple, when a guest turns the switch the light comes on, or the fan begins to turn. When they push button music can be heard, ice comes out or the microwave begins to micro or what ever it is supposed to do. When they flush what is supposed to happen, happens and it doesn't happen in the middle of the night. When the bedspread is turned down the sheets appear clean and finished. The pillow actually pillows and you get a dial tone when you pick up the receiver. Straps are not dangling from the lounge chair and the pool is not only blue, it sparkles. There is an old adage that goes something like this: 'If it isn't broke don't break it!' The reality is that if it is tangible sooner or later it will break, cease to function in the intended manner or wear beyond established standards. At SCR there are other adages that go something like this: 'If it's broke fix it!' - 'If it's soiled, clean it!' - 'If its worn replace it!' What set's the SCR property services department apart from others is that it really is the 'Care' department. Every associate in the department cares about our guest, their jobs, each other and if anything comes up the universal response is: 'I'll take **care** of it right now!' By the way, if some of you are wondering what Re- is, it encompasses re-finish, re-furnish, re-fresh, re-hab, re-move, re-build, re-place, re-claim, re-cycle, re-cover, re-focus and re-ward (among other things). At SCR we have come to re-alize that one of the primary re-asons that we consistantly re-ach our goals of re-maining on budget while at the same time producing re-ally re-liable and re-peated quality assurance in all things tangible is that we can re-ly on the Re- subsection within the property services department.

Third, as the years have come and gone our initial owner base has matured, with this maturity came wisdom and a certain amount of affluences. Universally our owners understood what they could afford and could not afford. Initially they could afford to purchase interval interest at SCR and over time they came to realize that they could not afford to let wear and tear or simply age to take it's toll of their property. Under the leadership of the associations' board of directors and the professional staff at the resort those owners have elected to go beyond the status-que and sought to consistently improve upon what existed. As the original owner base began to turn over with the success of the resale program we came to realize that the reason people were buying into the resort was because they liked what they observed and not only bought into the resort, they bought into the concept of making it better.

The Developer of SCR achieved sellout at the beginning of 1990 and the Owners Association gained control shortly thereafter. At the time of this transition the associations reserve fund contained approximately \$200,000 and had accounts receivable from the developer of another \$250,000. In the following 12 years the owners have, trough their contribution to the reserve fund, invested over \$6 million into SCR. These investments included new construction such as a laundry, restaurant & bar, poolside rest rooms that conform to ADA standards, office and service facilities. They have included modernization items to include electronic card key locks, digital telephone switches, computerization, wading pool shade, playground equipment, and pool ionization equipment just to name a few. These items were in addition to the decorator assisted complete interior redesign and re-furnishing of all 111 villas and the clubhouse facilities.

SCR is currently in the late stages of a 5-year plan that would see the replacement and upgrading of the 111 villa heat pumps and the entire HVAC systems for the Club House. The upgrading consisted of going from a 3.5 seer rating to one of 12 giving us a 4 times greater energy efficiency, elevating the



systems above the rooftop and acquiring a 10 year parts and labor warranty. Another portion of the 5-year plan was the resurfacing of all the property roadways including the curing of several major drainage problems. That roadwork will be completed within the next several days. Time has taken its toll on the entrance and patio doors as well as the doorframes. A program is underway to completely refinish front doors and the replacement of patio doors where warranted. The intercom system within the villas has become dated and parts are no longer available. These systems are being discontinued and CD/Radio players will be placed in the units. This list goes on

and on. The point is that the owners at SCR are committed to combat any quality deficiencies that may currently exist or may occur at some point, be they from constant use or age induced

Final thought

Often when we think of aging we think of getting old like it is a bad thing. If you are one of those who think that all things new are better, consider the following: There is a whole industry which thrives on old things and one of the most popular presentations on PBS is the Antique Road Show. Now most everyone would like to find an old pot that turned out to be worth thousands. Millions change hands at the annual vintage car auction held each January in Phoenix. Fine wines are considered living things and the best vintages will always improve with time, as will great Bourbon and Scotch.

If you are looking for something really good, look for something that has stood the test of time like a Timeshare Vacation at a mature resort than knows how to welcome its guests **home** again. If you need help finding one, go to www.scottsdalecamelback.com

We may have some years on us but we do have a **virtual** tour you can take.