

**Town of Mountain Village
Conclusions and Recommendations
August 13, 2009**

Background

Ecosign Mountain Resort Planners Ltd. (Ecosign) and Economic Research Associates (ERA) were retained by the Telluride Mountain Village Owners Association (TMVOA) to conduct an inventory and balance analysis of the Town of Mountain Village, Colorado during the period October 2007 to March 2008. The plan identified significant deficiencies and/or imbalances in: transient overnight accommodation versus residential development; parking and transportation; recreational facilities and commercial space. From April 2008 to October 2008 we completed Phase 1b which is the Village Revitalization Strategy. That report was finalized and accepted in March 2009. The Revitalization Strategy included detailed assessments of visitor spending and retail and food and beverage revenues in both the Town of Telluride and the Town of Mountain Village and a study of the commercial casting of the Village core and retail strategies.

Herewith therefore, we summarize the basic challenges at Mountain Village and Ecosign's recommendations to resolve those challenges.

1. Telluride and Mountain Village have MPD (multiple personality disorder)

The old Town of Telluride is located in the valley floor and is famous in western lore for its mining and outlaw history. The valley floor however, with avalanches and topography limited the footprint of the Town of Telluride. The ski slopes above the Town of Telluride are and continue to be all black diamond/expert slopes hence, the need for Mountain Village situated on a gentle plateau high above the valley floor. It is a unique setup with two villages; one old and one new, each with about 1,750 dwelling units. However, this has been seen in America before at Aspen-Snowmass, Park City-Deer Valley, Crested Butte and Crested Butte Resort and Ketchum and Sun Valley (a third village, Elkhorn was built but died on the vine and has all but disappeared). In each and every one of the existing examples the newly built bed base was of a much higher quality (and cost) but oddly enough the old downtown core in all cases is the most fun and vibrant place to be. It is clear that a simple competition between Mountain Village and the Town of Telluride is a zero sum game that Mountain Village would most likely lose. However, more than fifty percent of spending from residents and guests at Mountain Village is spent in the Town of Telluride and very little so far as we know comes from the Town of Telluride up to the village commercial core at Mountain Village.

With the reconfiguration of the Mountain Village core area, recasting of the tenant mix and significant improvements in façade, signage and window displays we believe

it is possible for fifty-eight percent of resident and guest spending to stay in the commercial core of Mountain Village; a 20% increase in capture rate.

2. Telluride Mountain Village Planned Unit Development (PUD)

The original vision and intent for Mountain Village was and still is to create a highly desirable alpine resort community which provides a vibrant and livable community with exceptional restaurants, shopping and recreation contained largely in a compact, pedestrian oriented village core area. The actual implementation of the development however got the project off track from the very earliest days by down zoning to lower density, large unit condominiums and single family houses at the expense of rentable transient occupancy units in the village core area. Mountain Village currently has 2,900 rental pillows which is just forty percent of the total 7,200 pillows.

To resolve this situation requires the following: We believe that a strict and methodical shift in land use policies and zoning can turn the situation around if implemented properly during construction of the remaining forty percent of the development of Mountain Village. We recommend more than doubling rental pillows to over 7,000 pillows at build out. That number should be seen as a long range goal to put Telluride and Mountain Village on par with successful, four season mountain resorts such as Whistler, Canada; Vail, Colorado; Zermatt, Switzerland and Lech-Zürs, Austria.

3. Density Bank

The total allowable density in the Mountain Village PUD is 8,171 density units which can theoretically accommodate 15,465 pillows including employee units. The accommodation in Mountain Village is currently fifty-three percent built which will reach to sixty-four percent of the total when all current projects under construction are completed. There are currently 520 units in the density bank which have been created by down zoning projects from warm bed transient occupancy units to large private condominiums and single family homes. If the density bank remains unutilized then the Mountain Village PUD at build out will never reach its full potential and this will impact negatively on the ski area, the most significant economic driver in the region, as well as local commercial businesses which will, as a result, impact the community as a whole. The full build-out of the PUD is necessary to achieve the total bed base required to support the recommended retail and restaurant space which in turn provides diversity and vibrancy in the village core and hence economic stability within the overall resort..

Ecosign recommends the unused density units be configured for transient occupancy use to provide up to 3,400 beds to infill appropriate core areas and reach the goals of between fifty and sixty percent of total beds being available for public rental.

4. Resort Core Vitality

The top three visitor activities at North America's most successful all-season mountain resort at Whistler, British Columbia, Canada are: shopping in the village center, dining in the village center and watching people in the village center during all seasons of the year. According to our research, there was no formal plan or development program for the commercial space in relationship to the number of beds or the built gross floor areas at Mountain Village. There was just a general policy that all ground floor space would be for commercial purposes including retail, food and beverage, offices etc. Based upon normal destination resort programming guidelines, Mountain Village has too much commercial for the number of rooms, beds and guests built to date.

There are simply not enough beds in Mountain Village to support the commercial space that has been built in the Village Core and only forty percent of the existing beds are "hot beds" (available to nightly rental by tourists). The only solution is to *either* reduce the commercial space in the Village Core or to increase the number of "hot beds". Ecosign recommends the latter, as 100,000ft² of retail space is required to create a critical mass of retail appropriate for a sustainable resort village center. This amount of retail in Mountain Village will require significant contribution in spending from overnight guests.

5. Resort Core Configuration

Another significant challenge is that the schematic plan for the Mountain Village core does not work for the following reasons:

- Mountain Village has five plazas, that is too many for a mountain resort. Normally we have one plaza at the snow front and one at the entry to the village as can be seen at Whistler, Vail and other successful mountain resorts.
- Heritage Plaza in particular is too large, the distance between buildings is too great compared to the size of the buildings and this puts retail space "on the other side" too far away to benefit from synergism.
- The way finding in the village core is neither intuitive nor intriguing. **The solution is to remove the bridges and tunnels and let there be light and sightlines. We have redrawn the village to remove many of the visual barriers, stairs, grade changes, dark openings etc.**
- **There is a need for contiguous double loaded retail either side by side or across a somewhat narrow street or plaza.**
- The gondola from Town Hall Plaza flies most all visitors over the Mountain Village core with no chance to experience the shops, restaurants or ambiance of Mountain Village. **Our recommended solution is to shorten the**

gondola so that it terminates at Sunset Plaza. That would not only encourage but more or less force people to walk about 250 feet to the center of Heritage Plaza or as long as 350 feet to the free gondola to the Town of Telluride. Ecosign believes that shortening the Town Hall Gondola, lowering the Chondola and removing the two skier bridges to open up visual corridors to Heritage Plaza is the first step necessary to boost visitor enjoyment and importantly retail and restaurant sales. This in turn will likely encourage development of more beds in the village core area.

6. Health of the Retail Sector

- The Mountain Village core currently has 52,600 square feet of retail and food and beverage space which is currently about forty percent empty and the remaining sixty percent is under performing.
- Current retail productivity as measured in annual sales per square foot is running about \$270 and at this level the tenants can only afford very low rents in the \$15 to \$20 per square foot range. The current retail and food and beverage tenants require annual revenues of at least \$350 per square foot to support rents in the \$25 to \$35 per square foot range. That means just to move from subsistence to survival will require annual sales to rise from \$14.2 million to \$18.4 million. Our next goal or benchmark has been modeled at \$425 per square foot which is a level that would support lease rates in the \$30 to \$40 level and provide a reasonable return to the shop owners and restaurateurs. Under the existing conditions this requires a fifty percent increase in spending from \$14.2 million to \$22.4 million. **Finally, we have set a long term goal of sales per square foot of \$500 which would bring Mountain Village in line with of most of the resort villages and resort towns in North America. This level of performance would support lease rates in the \$50 to \$65 range and the tenants would be enjoying a success with this amount of sales activity.** There has been some confusion about the ranges provided in the ERA report and our intention was that the ranges provide steps that need to be achieved in the future as opposed to providing just a wide range. Clearly, the higher level of the range is what is desired and required in the long term.
- Ecosign and ERA have completed substantial research of industry standards and a number of comparable resorts in the USA, Canada and Europe and concluded that **“a minimum of 100,000 square feet of retail and food and beverage is an appropriate goal for the core area of Mountain Village.”** Mountain Village commercial core requires gross sales receipts of \$35.0 million to support 100,000 square feet of retail and food and beverage at the low performance level of \$350 per square foot. This requires more than doubling the annual occupied room nights to reach an annual occupancy of

forty percent and 6,400 rental pillows are required. **For the high performance level, sales receipts must reach \$54.0 million, a 350% increase over current levels and this equates to 249,440 annual occupied room nights (47% occupancy) with a total of 7,000 rental pillows.**

7. Commercial Space Casting

Downtown Telluride has a total of 166,000 square feet of retail and food and beverage which is three times larger than the 52,600 square feet at Mountain Village. The merchandise mix or “casting” in the village core has several weaknesses including:

- Balance of food and beverage and retail use is skewed, not enough restaurants.
- Apparel/accessory stores are all sports related.
- Inadequate critical mass and retail sub-categories that should have potential in a resort environment: Apparel/accessory (non ski sport) need company or surrounding stores.
- Restaurants function best when clustered and this can operate as an anchor to the village.
- Absence of key “neighborhood” uses such as late night convenience or wine/spirits store.

To overcome these weaknesses Ecosign and ERA have made the following recommendations to revitalize the village core:

- **Create distinct nodes for retail within the village core. Village Center and primary retail zone in the Heritage Plaza and Cappella retail spaces, the Village Park and service zone with retail and restaurant spaces surrounding the pond, Village Gateway and children’s zone in Sunset Plaza next to the newly relocated gondola terminal and the Snowfront/Beach zone for slopeside retail and skier services.**
- **Focus retail recruitment initially around Heritage Plaza to create a strong and active cluster and build success stories here.**
- **Recruit more restaurant and non ski sport apparel/accessory and gift retailers.**
- **Ensure that potential retail spaces exhibit good retail design is an important part of implementing the merchandise mix plan and great asset for retail recruitment.**
- **General retail design principles include:**
 - **Contiguous and double loaded retail (side by side and across from each other).**
 - **Unique distinctive store fronts and façade elements.**

- **Great signage.**
- **Engaging window displays.**

Ecosign and ERA recommend a thorough review and revision of the Town of Mountain Village LUO and Design regulations 2005 to implement these recommendations. The city master planning process should address these major revisions to the design guidelines.

8. Parking and Transportation

The Town of Mountain Village cooperated with Ecosign to make detailed counts of parked cars and traffic movements during the 2007/08 season. An “immediate action plan” was developed in December 2007. Data collection throughout the entire winter season documented that twenty-nine percent of the parking structure stalls were taken up by overnight visitors who park free. Employees and construction workers who arrive by 08:00 in the morning constitute eighteen percent of parked cars on average such that the parking garage with 458 stalls is nearly fifty percent full before it can accept daily visitors and skiers. During the winter months and summer festivals quite a number of cars park on the street along the entry road to Mountain Village and this is a major irritant to residents and visitors alike. In the three peak winter months, the highest number of cars parked on the street is about 160 vehicles whereas the average is 44 vehicles per day. Finally, we have come to realize that the original phase of the village did not build adequate underground parking in the village core and of the underground stalls that were built many were sold to private individuals and remain empty and unused up to 360 days per year.

In summary, there are a number of challenges for parking and transportation at Mountain Village. Ecosign’s recommendations to resolve the problems are as follows:

- **Manage the parking structure to reach maximum capacity.**
- **The new policy of charging for overnight parking in the parking structure will contribute to better utilization of the underground stalls in the Village Core.**
- **Employees and contractors should park at The Meadows lots.**
- **Contact the owners of all privately owned underground stalls in the village core area and enter into rental management agreements that ensure maximum utilization of all parking stalls.**
- **Reconfigure the entry road and gate area into a two lane road and utilize the current northern one-way road to construct 148 surface stalls at modest expense.**
- **Ultimately there will most likely be a requirement to expand the parking**

structure to its maximum design capacity of 920 stalls.

9. Conceptual Alternatives for the Redesign of the Village Core

The existing layout of the village core poses significant problems for circulation, sightlines and way-finding. The Telluride and Town Hall gondola terminals are one and one-half storeys above the plaza in the village core discouraging pedestrian circulation in the village core. Visitors and residents that park in the free public parking structure at Town Hall ride the gondola over the village core, arriving at the gondola to Telluride essentially flying over the pedestrian core in Mountain Village. There is currently little flow of pedestrians through the village core and most activities center around the snowfront while the rest of the pedestrian zones remain relatively empty. Sightlines in the village core have not been carefully planned which makes wayfinding difficult and visitor enjoyment impaired. Perhaps the most significant circulation issue is of the movement of pedestrians and skiers moving off the Chondola between Sunset Plaza and Heritage Plaza. Retaining walls for the skier bridges over the pedestrian walkway have created a complete visual barrier between the south side of the village with the snowfront and the Heritage Plaza.

Ecosign's concept for improving circulation and sightlines in the village core is to move the gondola terminal from Town Hall Plaza from its current location adjacent to the Telluride gondola to a location on grade in the Sunset Plaza as illustrated in Figure 2 (Ecosign's Figure 8a from March 2009 report). We propose lowering the Chondola terminal fourteen feet, removing the skier bridges to open up the view from the new Town Hall gondola into Heritage Plaza and also to the Beach snowfront.

Herein is a summary of our conclusions and recommendations for the village core revitalization and future development.

- **Remove skier bridges and lower the Chondola.**
- **Add a pulse gondola to the skiers right or north side of the Chondola, converting the Chondola to a detachable quad chair for skiers only.**
- **Relocate the Town Hall gondola eastern terminal to Sunset Plaza.**
- **Maximize transient beds in all future developments in the village core. The Ecosign plan includes a total 1,000 hot beds on the two undeveloped parcels including the Silverline Condo project (lot 161CR) and the Telski parcels located west of the pond (lot 67, 69R and 71)**
- **Redevelop the Columbia Place building. While not urgent, the redevelopment of this could add warm beds and improve sightlines and the retail experience.**
- **Remove stairwell access to the Plaza building underground.**
- **Create double sided retail streets wherever possible.**

- **Up-zone single family lots (lot 89) on the northwest side of Village.**
- **Revitalize the pond and north village district.**
- **Improve circulation and edges around the Conference Center Plaza by removing stairs and adding covered arcades.**

10. Servicing, Delivery and Waste Management

Mountain Village has a very unique system of servicing, deliveries and waste management. There were few if any provisions for shipping and receiving directly from delivery trucks to the stores, restaurants and offices. Small motorized carts called Mag trucks are operated by Town personnel to take the goods from the delivery drop off point to individual store fronts. Waste management is a reverse system using polycarts which are wheelable trash bins to a centralized trash compactor located on the southwest end of the village core and Waste Management Inc. transports the compactor to one of San Miguel County's two land fills.

Servicing and delivery challenges include:

- Potential pedestrian/Mag truck conflicts.
- Front door servicing, less efficient.
- Visual impact, boxes and goods at front of store transported through store to storage in back.
- Scheduling deliveries between recipient and delivery vehicles.
- Goods require handling twice and this is obviously more expensive.

Recommendations:

- **ERA recommends that village core retail and restaurant uses continue to operate with the same basic servicing delivery system as there are few options given the current configuration of the village. The new servicing and delivery truck bays in the Capella will improve the current process. As new buildings are planned, delivery points and village access should be included in the early design stages.**

Waste Management Challenges

There are several challenges with the current waste management system as listed below:

- When Waste Management Inc. transports the Town's compacted trash to the County land fill the town is left without a compactor for four hours. During peak season, trash accumulates while the compactor is absent.
- During holiday periods, trucks are required to pick up trash three or four times a day and there is often times overflow at the compactor site.

- Designated trash rooms with polycarts are too small.
- Current compactor is illegal size for Waste Management Inc. to have on the road.

Waste Management Recommendations

While Mag trucks are less than an ideal solution as with deliveries they are the most practical given the existing village layout and accessibility characteristics.

ERA recommends the following improvements:

- **Replace polycarts so all are 90 gallon size.**
- **Reconfigure the existing town compactor center to better suit the turning radius of Waste Management Inc. trucks.**
- **Maintain awareness of how the Juno Hotel design impacts accessibility and utilization of the town compactor site.**
- **Replace the Town's existing compactor which is old and out of date.**
- **Require that all new buildings with basement servicing and deliveries have a service elevator.**
- **Build designated trash rooms in new buildings, out of sight from pedestrians but accessible by road and service freight elevators.**

11. Employee Housing

Mountain Village has over 1,000 pillows of employee housing with another 54 beds under construction which is 73% built out from the PUD mandate. This suggests there will be an increasing shortfall in affordable housing in the Town of Mountain Village.

Ecosign recommends:

- **Continue to concentrate and densify employee housing in the Meadows neighborhood.**
- **Consider density bonuses for future developments that provide additional employee housing.**
- **According to the Telluride Regional Housing Demand Analysis 2008 by Economic Planning Systems, existing land zoned for employee housing in the region can only accommodate one third of the projected demand for employee units over the next twelve years. Efforts should be made to land bank parcels outside but nearby Mountain Village for employee housing in the future.**
- **Land designated as active open space within the Town boundary of Mountain Village should be considered for potential up zoning to employee housing in an effort to meet future demands.**

- **Providing affordable employee housing is a key challenge for all mountain resort communities. The consequences for failing to supply adequate employee housing include: increased transportation costs, increased parking demand, lower levels of service in resort businesses and difficulties attracting and retaining employees.**

12. Conference Center

The Telluride Conference Center and the Peaks Resort together currently have 12,000 square feet of meeting space and 3,000 square feet of pre-function space in the lobby. ERA's review of industry averages for resort conference centers concludes that TMV is significantly under represented in the number of meeting rooms and total meeting room space. The TCC facilities are sized for and attractive to small to mid size corporate and incentive markets.

ERA has made the following recommendations:

- **Add meeting room space.**
- **Develop a holistic growth strategy that outlines the role that festivals, corporate groups, social events, skiers and transient tourists play in driving future room occupancy of public beds.**
- **Clearly define the business goals of the Telluride Conference Center.**
- **Create a coordinated and comprehensive marketing and sales plan to improve usage of the TCC.**
- **Enhance the one stop booking process for meeting planners.**
- **Aggressively support more stable operations at the Peaks Resort.**

Paul's Top Ten Recommendations for Mountain Village

1. Expand & Manage Parking more effectively.
 - Reconfigure the entry road and gate with surface parking for 150 stalls.
 - Pool and manage all underground parking stalls in village core area.
 - Recommended charge for overnight parking in parking structure has been implemented.
 - Employees and contractors to use Meadows lots.
 - Ultimately build 920 stalls in parking structure.
2. Re-configure Transportation Lifts in the Village Core.
 - Shorten Town Hall Gondola 350 feet to terminate in Sunset Plaza.
 - Change Chondola to detachable quad and lower top terminal fourteen feet.
 - Install pulse gondola, skiers right of Chondola to reduce O & M costs and service new hot bed development zone on driving range north.
3. Improve Pedestrian Trail Network
 - The winter and summer trail systems require significant redesign and improvements to make attractive and user friendly in all seasons.
 - Focus on connections between the Village Core, the Meadows and the Town Hall Plaza.
4. Telluride Mountain Village PUD (Planned Unit Development)(cannot say modify, not legal without huge issues)
 - Implement strict land use policies and zoning to encourage development of hot beds.
 - We recommend doubling rental pillows to over 7,000 beds at build out.
 - Need 50-60 percent of total pillows to be transient occupancy to put Telluride and Mountain Village on par with successful four season mountain resorts such as: Whistler, Vail, Zermatt and Lech-Zürs.
5. Utilize the Density Bank.
 - PUD has 8,171 density units to accommodate 15,465 pillows.
 - Currently 520 units in the density bank due to down zoning to cold beds.
 - Density bank should be used for transient occupancy units to provide up to 3,400 warm beds to infill priority areas.
6. Re-configure retail & pedestrian environment in the Village Core.
 - Too many plazas, poor sightlines and retail configurations.

- Remove the bridges and tunnels and remove visual barriers, stairs, grade changes and dark openings.
 - Maximize transient occupancy beds in village core.
 - Need contiguous, double loaded retail corridors.
 - Shorten Town Hall Gondola to drive pedestrian traffic to new visual and retail corridors from Sunset Plaza to Heritage Plaza and the Beach.
 - Redevelop Columbia Place Building.
7. Strengthen the Retail Sector.
- Mountain Village can ultimately support 100,000 square feet of retail and food and beverage space with 7,000 hot beds.
 - Long term goal is to raise sales per square foot from \$270 to \$500.
 - Increased sales will require reconfiguration of the village, shortening the Town Hall Gondola, increases marketing, more hot beds and higher occupancy levels.
8. Develop & Execute a Merchandising Master Plan.
- Create distinct nodes for primary retail zone in Heritage Plaza and Capella.
 - Village Park and service zone with restaurant retail spaces on the pond.
 - Village Gateway and children's zone in Sunset Plaza.
 - Snowfront/Beach zone for slopeside retail skier services.
 - Recruit more restaurant and non-ski sport apparel/accessory and gift retailers.
 - Improve general retail design principles in village core area including signage, façade, arcades and contiguous shops.
9. Build More Employee Housing
- Concentrate and densify employee housing at Meadows neighborhood.
 - Consider density bonuses for future developments that provide housing.
 - Land bank parcels outside but nearby Mountain Village for future housing needs.
 - Consider development of employee housing on active open space.
10. Implement Recommendations for the Telluride Conference Center
- Add meeting room space.
 - Need holistic growth strategy and business plan.
 - Coordinated conference marketing and sales plan to improve utilization.
 - Enhance one stop booking process for meeting planners.
 - Aggressively support Peaks Resort operation.