

**Summary of Conclusions/Recommendations**  
**Inventory & Balance Analysis Report**  
 July 2008

Real Estate & Tourist Accommodation

- The pillow mix in Mountain Village is currently 12 percent employee, 40 percent single-family, 30 percent condo and 19 percent tourist accommodation. Under the current PUD, this mix will shift at build out to 9 percent employee, 39 percent single-family, 35 percent condo and 17 percent tourist accommodation.

**TABLE VI.2**  
**TELLURIDE MOUNTAIN VILLAGE**  
**PILLOW INVENTORY & ACCOMMODATION MIX**

|   | Existing No. Pillows | % Total Existing | Under Construction | No. Pillows Remaining to be Built | Total PUD Pillows | % Total Built Out |
|---|----------------------|------------------|--------------------|-----------------------------------|-------------------|-------------------|
| Employee                                    | 1,037                | 13%              | 54                 | 329                               | 1,420             | 9%                |
| SFU   | 2,832                | 34%              | 392                | 2,000                             | 5,224             | 34%               |
| Condo                                       | 2,634                | 32%              | 930                | 2,178                             | 5,742             | 38%               |
| Tourist Accom.                              | 1,714                | 21%              | 439                | 692                               | 2,845             | 19%               |
| <b>TOTAL</b>                                | <b>8,217</b>         | <b>100%</b>      | <b>1,815</b>       | <b>5,199</b>                      | <b>15,231</b>     | <b>100%</b>       |
| Max. additional pillows in the Density Bank |                      |                  |                    |                                   | 3,472             |                   |
| Total Max. Potential Pillows                |                      |                  |                    |                                   | <b>18,703</b>     |                   |

- There are currently 2,901 tourist rental pillows in Mountain Village. This represents 40 percent of the total single-family, condo and tourist accommodation pillows. If these ratios are maintained, there will be a total of about 5,358 pillows at build out, which will drop the ratio to 39 percent public pillows. However, many of the SFU rentals are large and not well located in the resort for destination visitors. We also suspect that the occupancy of the SFU rentals is relatively low, so that if we pull SFU rentals out of the mix, only 27 percent of total pillows are true destination visitor rentals. While the ratio of rental pillows varies in mountain resorts, in general, 50 percent of pillows should be available for nightly rental to help to contribute to the vibrancy and economic vitality of the resort.

**TABLE VI.3**  
**TELLURIDE MOUNTAIN VILLAGE**  
**RENTAL BED INVENTORY**

|                | Existing          |                    |                | BUILD OUT                  |   |                             |
|----------------|-------------------|--------------------|----------------|----------------------------|---|-----------------------------|
|                | Total No. Pillows | No. Rental Pillows | % Rental (Hot) | Total Pillows at Build Out | Theoretical % Rental (same as existing) | Theoretical No. Hot Pillows |
| SFU            | 2,832             | 520                | 18%            | 5,224                      | 18%                                     | 959                         |
| Condo          | 2,634             | 858                | 33%            | 5,742                      | 33%                                     | 1,870                       |
| Tourist Accom. | 1,714             | 1,523              | 89%            | 2,845                      | 89%                                     | 2,528                       |
| <b>TOTAL</b>   | <b>7,180</b>      | <b>2,901</b>       | <b>40%</b>     | <b>13,811</b>              | <b>39%</b>                              | <b>5,358</b>                |

- The majority of the existing and future planned high-density tourist accommodation is within walking distance of the Village Core or the people mover lifts. The Bear Creek Lodge and future Rosewood hotel are the only tourist accommodation developments that are outside of walking distance of the main commercial areas or people-mover gondolas.

### Employee Housing

- Continue to concentrate and densify employee housing in the Meadows Neighborhood.
- Consider density bonuses for future developments that would provide additional employee housing.
- Employee housing is more built out than the market housing in Mountain Village. Ecosign has projected that the percentage of employee pillows compared to total pillows will decrease to 9 percent from the existing 12 percent at build out. Therefore, the existing shortage of employee housing will increase over time.
- Furthermore, a recent report for the Telluride region estimates that the existing land zoned for employee housing in the region can only accommodate 1/3 of the projected demand for employee units over the next 12 years. According to this report (Telluride Region Housing Demand Analysis, 2008) approximately 30-35 units of employee housing needs to be built per year in addition to projects on existing designated employee housing parcels. This translates to approximately 30 acres of land in the region that would need to be re-zoned for employee housing by 2020 (10 - 14 units per acre over 12 years).
- Telluride Mountain Village's remote location and mountainous terrain makes both moving people from outlying towns and developing local employee housing a challenge. There is very little existing vacant land in the region that is a suitable price and proximity for developing employee housing.
- Land designated as active open space within the town boundary of Mountain Village should be considered for potential up-zoning to employee housing designation in an effort to meet the future demands for employee housing described in the Telluride Regional Housing Demand Analysis report.
- 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 business and difficulties attracting and retaining employees.
- New hotel developments will create further demands for employee housing.

## Parking

- Discourage overnight parking in the free gondola structure by charging a fee to park overnight.
- Determine the number of units in the village that do not have parking stalls associated with them by surveying the property management companies. Provide these stalls as part of the additional underground parking below the Capella and Lot 109/110 buildings.
- Prohibit owners from selling their parking stalls separately from their units. In new developments, allow underground parking stalls to be pooled and have the use of these stalls associated with occupancy of the unit.
- Reserve remaining additional underground stalls in Capella and Lot 109/110 for short-term parking for the village.
- As Mountain Village becomes more built out, an intercept parking lot for employees may be required at Lawson Hill gas station or potentially on Lot SS-811 near the entrance to Town.
- More parking for employees, skiers and buses should be provided in the Meadows neighborhood. Increased use of this portal should be emphasized.
- Underground parking in the Village Core should be pooled and available so that overnight guests do not need to park in the parking structure. There should be a fee for parking overnight in the structure to limit users to residents, employees and day visitors. Some of the additional stalls under the Capella building should be used to help mitigate the problem of private ownership of parking stalls under the existing village buildings.
- The gondola parking structure may have to be built to its full capacity in the event parking management programs and additional parking spaces coming online are not sufficient. Circulation should be redirected so that the structure loads from the bottom and unloads from the top.

## Commercial Space

- In comparison with other successful mountain resort communities, Mountain Village has too much commercial space on a per square foot per bed or per unit basis.
- The Village Core currently contains approximately 165,000 square feet of commercial space, 14,000 of which is vacant. The commercial space in the See Forever, proposed Juno Hotel, Capella Hotel and Silverline Condo projects will add a further 50,000 square feet of commercial space to the Village Core. If no other significant commercial space is added to what is planned, commercial space would be at approximately 80 percent built out. With accommodation at only 60 percent built out, the existing imbalance of commercial space will likely improve over time, particularly if the majority of the new units are constructed and operated

as “hot beds.” Vibrancy of the commercial space is also dependent on improving occupancy rates on an annual basis.

**TABLE VI.4  
TELLURIDE MOUNTAIN VILLAGE  
COMMERCIAL SPACE BUILD OUT SUMMARY**

|   | Existing       |            |                 |            |                        |            | Build Out      |                 |                |
|---|----------------|------------|-----------------|------------|------------------------|------------|----------------|-----------------|----------------|
|   | Village        | % Built    | Outside Village | % Built    | Total Mountain Village | % Built    | Village        | Outside Village | Total          |
| Retail  | 52,608         | 53%        | 18,029          | 100%       | 70,637                 | 60%        | 99,087         | 18,029          | 117,116        |
| Office  | 59,820         | 99%        | 14,950          | 100%       | 74,770                 | 99%        | 60,605         | 14,950          | 75,555         |
| Service   | 38,695         | 87%        | 9,375           | 100%       | 48,070                 | 89%        | 44,495         | 9,375           | 53,870         |
| <b><i>SUBTOTAL RETAIL, OFFICE &amp; SERVICE</i></b> | <b>151,123</b> | <b>74%</b> | <b>42,354</b>   | <b>66%</b> | <b>193,477</b>         | <b>72%</b> | <b>204,187</b> | <b>64,354</b>   | <b>268,541</b> |
| Vacant  | 14,284         |            | 1,580           |            | 15,864                 |            |                |                 |                |
| <b>Total</b>  | <b>165,407</b> | <b>81%</b> | <b>43,934</b>   | <b>68%</b> | <b>209,341</b>         | <b>78%</b> | <b>204,187</b> | <b>64,354</b>   | <b>268,541</b> |

- The mix and amount of commercial space needs detailed study as to “casting” and the development of a retail recruitment program.
- Based on the above analysis, it is difficult to argue that any increment in retail space is currently supportable or required on a pure economic basis. The existing retail under-performs within the context of other established mountain resort developments, and there is sufficient capacity to absorb any reasonable anticipated increase in either visitor or resident traffic within the context of near term growth of the mountain operation.
- Under the build-out scenario, there will also be more than adequate space available at what would still be considered marginal sales performance. Under the presumption that higher sales levels are desired to improve the economic performance of TMV retailers, then the space allocations could be reduced dramatically, for the existing square footage ideally should accommodate sales well in excess of current achieved levels.
- At the same time, if some increment in retail/commercial is required from a design standpoint in order to make Mountain Village a better visitor experience, it should not be discounted totally. It should only be recognized that any increment in space may experience similar challenges to those that other merchants have in years past, and may require some subsidy or beneficial lease structure to enable them to operate successfully in the near to intermediate time frame.
- If there is a desire to drive higher sales per square foot levels, then there is no need to build out the allowable retail square footage per the existing PUD. If there is strong desire to build out the retail, then there will need to be a concerted effort to maximize the “hot bed” yield in any future development.

- Public policy should strongly guide future developments to provide more rental "hot" beds. We also recommend that the density bank be utilized exclusively for infill development of hot beds. If this policy is enacted by the Town of Mountain Village, then up to 3,400 additional rental pillows could become available to support a vibrant and economically sustainable village core at Mountain Village.

### Existing Recreation Facilities

- An increase in the quality and variety of seasonal recreation activities offered in Mountain Village will provide more reasons for visitors to come to Mountain Village and may increase their length of stay.
- While winter facilities are of a high quality, there is a need for increased summer recreation space such as sports fields and an improved trail network. There are limited paved and unpaved trails that connect to the Village Core and surrounding neighborhoods and open space. Ecosign recommends a Trails Master Plan be included in future planning efforts for Mountain Village.

### Future Development

- Densification should happen on parcels within comfortable winter walking distance of staging lifts or ski-in/ski-out parcels.
- Densification within comfortable winter walking distance from the Chondola and the Town Hall Plaza should be encouraged.
- Any up-zoning or new zoning should be conditional upon a high percentage of "warm beds" being developed with underground parking on each site to carry the full occupancy of each building.
- There are 520 units of unused density in the density bank. The total allowable density in Mountain Village is 8,171 density units. Ecosign recommends that the majority of unused density be directed towards infill of appropriate core areas as transient occupancy units.

### Resort Sustainability

- Mountain Village has been designed, built and operated to a very high standard when compared to other North American resorts.
- Mountain Village only has one "flag" hotel – the Fairmont Franz Klammer Lodge, which is rather small. A national brand operator is needed for The Peaks property.
- The Telluride Conference Center should be professionally evaluated to determine whether it can be upgraded to expand conference/convention uses.
- Mountain Village is in the "teenage" stage of resort maturation. With only 60 percent of accommodation built and without facilities and programs to attract

visitors on a year-round basis, annual occupancy is relatively low. This is a normal phase that most mountain resorts go through before becoming viable four-season resorts. Increasing summer recreation opportunities, festivals and events, attracting groups for shoulder season conferences and building supporting facilities in combination with an increased public bed base may well move Mountain Village towards the final stages of resort maturation. The demographics and desires of the Mountain Village homeowner is a significant concern in this regard.

**TABLE VI.5  
TELLURIDE MOUNTAIN VILLAGE  
UNIT BUILD OUT SUMMARY**

|                | <b>Existing No. Units</b> | <b>Under Construction</b> | <b>Total PUD Units</b> | <b>Existing % Built</b> | <b>% Under Construction</b> | <b>No Units Remaining to be Built</b> | <b>% Built Out of PUD</b> |
|----------------|---------------------------|---------------------------|------------------------|-------------------------|-----------------------------|---------------------------------------|---------------------------|
| Employee       | 483                       | 18                        | 653                    | 74%                     | 3%                          | 152                                   | 77%                       |
| SFU            | 354                       | 49                        | 653                    | 54%                     | 8%                          | 250                                   | 62%                       |
| Condo          | 439                       | 155                       | 957                    | 46%                     | 16%                         | 363                                   | 62%                       |
| Tourist Accom. | 449                       | 133                       | 770                    | 58%                     | 17%                         | 188                                   | 76%                       |
| <b>TOTAL</b>   | <b>1,725</b>              | <b>355</b>                | <b>3,033</b>           | <b>57%</b>              | <b>12%</b>                  | <b>953</b>                            | <b>69%</b>                |

- Increased summer and winter visitation in Mountain Village will contribute to increased spending in the Village Core. Densification and infilling of tourist accommodation should happen only on parcels that are within walking distance from the Village Core or connected to the village by a people-mover gondola. Unused density in the density bank should be transferred onto suitable parcels around the Village Core and used for tourist accommodation to contribute to the economy of Mountain Village to the greatest extent possible.