Telluride/Mountain Village
Gondola Use, Economic Impact
Analysis & Ridership Forecast
Final Report
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Analysis & Ridership Forecast

Prepared for
The Telluride/ Mountain Village Gondola Subcommittee

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INTRODUCTION.
INTRODUCTION

This analysis was prepared by BBC Research & Consulting in coordination with the Telluride/Mountain Village Gondola Subcommittee. The Gondola Subcommittee was formed in 2016 and charged with evaluating long term repair, replacement, and operational options for the now 22-year-old Telluride/Mountain Village gondola. This report is part of a larger analysis of prospective technical and financial solutions to challenges presented by an aging gondola system that has over the years become a critical element of the Telluride/Mountain Village transportation infrastructure and the tourism economy.

This study has multiple objectives:

- Provide a comprehensive analysis of gondola use patterns and ridership trends;
- Develop forecasts of long term gondola system use and potential capacity constraints;
- Identify elements of the Telluride regional economy that benefit from gondola operations or would be harmed by gondola service constraints; and
- Create an authoritative foundation for a regional stakeholder and open community discussion of gondola engineering solutions and financing options.

This study represents the second phase of a three-part analysis. Phase 1 was the *Gondola System Evaluation & Condition Report* prepared by Outdoor Engineers in November, 2016. Based in part on the data developed here, a third phase of engineering analysis will evaluate long term gondola system repair and replacement options. Ultimately, the Gondola Subcommittee plans to take all of these considerations and development options back to the Telluride/Mountain Village community to inform regional stakeholder and open community discussions of alternative gondola investment or replacement options.

The Telluride Mountain Village Gondola Subcommittee is comprised of representatives from the Towns of Telluride and Mountain Village, the Telluride Mountain Village Owners Association, Telluride Ski and Golf Company, LLC, and San Miguel County.
SECTION I.

The Telluride/Mountain Village Gondola System: Overview
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The Telluride/Mountain Village Gondola System: Overview

The Telluride/Mountain Village gondola system, which connects the municipalities of Telluride and Mountain Village, was constructed in 1995 as a requirement of a development agreement between Telluride Ski and Golf Company, LLC., the developer of Mountain Village, and San Miguel County. The gondola system was initially viewed as a traffic mitigation strategy intended to reduce bus and automobile traffic between the Town of Telluride and the nascent resort development of Mountain Village. The eight-passenger gondola began operations in 1996 carrying approximately 165,000 trips during the first partial year of operations, quickly rising to over 1.5 million trips by 1998. In 2017, gondola system ridership exceeded 2.8 million trips.

The gondola system is operated by the Town of Mountain Village (TOMV). The majority of operational and recurring capital costs are paid for by the Telluride Mountain Village Owners Association (TMVOA) with additional support from the Town of Telluride, the operators of the Telluride Ski Area, as well as with some external grant funding.

The Gondola System

Figure I-1 shows the gondola system and its physical relationship with the two towns and the ski area. The gondola is best described as a multipurpose transportation system, which includes two separate lifts with four destinations (Telluride, San Sophia Station, Mountain Village and the Mountain Village Parking Garage). Because two of the four locations have two adjacent entry portals (San Sophia Station and Mt. Village), the four destinations actually create six discrete system travel segments, each of which is potentially subject to crowding or line formation under certain conditions. During the winter ski season, the gondola also integrates with a “Chondola” lift, which is part gondola passenger lift and part ski lift that provides seasonal access to the Meadows, a small concentration of employee and open market housing within the Town of Mountain Village.

Figure I-1.
The Telluride/Mountain Village Gondola System

Source: Google Earth and BBC Research & Consulting.
As noted above, the gondola system serves far more than a point-to-point connection between the two municipalities. In addition to carrying riders to and from Telluride and Mountain Village, riders use the system to access the ski area and the Mountain Village parking structure, which also houses the Mountain Village Town Hall and the Village grocery store. The San Sophia Station exit at the top of the ridge between Telluride and Mountain Village is used extensively in the summer as a portal for mountain bikers, hikers, and casual visitors seeking easy access to mountain trails and mountain views, and in winter by skiers. There is also a popular destination restaurant (Allreds) at the San Sophia Station.

The diverse destinations and user submarkets served by the gondola underscores its value to the community, but also present a major source of complexity in considering capacity constraints and future redevelopment options. Projecting gondola use and, in particular, overcrowding of specific segments requires an understanding of those rider submarkets and how the gondola supports each of those constituencies.

**Ridership/Riders/Exits/Trips vs. Individuals**

In this report, the terms "rider, exits, trips, and ridership" are generally used synonymously, meaning one person riding one segment of the gondola system in one direction. Gondola usage, i.e. ridership, is actually measured by the total number of “exits” (persons leaving the system) that occur at all six exit options. Thus, when it is sometimes reported that the gondola system attracts 2.8 million riders a year, it is precisely indicating that the gondola experiences 2.8 million rider-segments per year.

Correlating gondola trips with a count of individual riders is complicated and has inherent imprecision. For example, most individual riders will induce at least two rider-segments (out and return) with any given trip, although a skier riding the gondola up but returning by skis, would only induce one rider-segment. Skiers staying in Mountain Village often access the ski mountain without using the gondola system at all and could conceivably stay in the Village indefinitely with little or no gondola interaction. Similarly, skiers staying in Telluride also have chairlift options for accessing the mountain and could also stay in Telluride without using the gondola.

Summer use of the gondola has even more use permutations because ridership motivations are more diverse than the winter focus on skiing and village-to-village transport. For example, survey data suggests that many riders will use the gondola system as an initial means of exploring the area. These guests might ride from Telluride, get out at the San Sophia Station to see the view, reenter the system and exit at Mountain Village, and then finally reenter the system and ride to the Mountain Village grocery store—before returning by the same route in reverse.

In this instance, one individual would produce six rider-segment trips.

Similarly, a rider leaving Mountain Village (for example) and exiting in Telluride will produce one “exit” count. Another similar rider, who leaves Mountain Village, exits briefly at San Sophia to enjoy the view, and then travels on to Telluride, would produce two “exits” This later example produced two exit counts, but does not burden the system more than did the initial rider who produced only one “exit” count.
In essence, there are dozens of possible travel patterns of individual gondola system use. The great variation in gondola ridership by seemingly similar guest categories complicates comparisons with other traditional data, such as hotel occupancy, lift ticket sales, employees, or number of housing units that intuitively should correlate with gondola use but may not correlate well in practice. Nevertheless, segmented ridership data is a very effective metric for measuring gondola system use and for identifying potential capacity constraints, which is the principal objective of this analysis.

**Annual Gondola Ridership Trends**

Figure I-2 shows annual gondola ridership for the years 1996 to 2017. Since 1998, the third year of operations, gondola ridership has increased at an annual compounding rate of 3.3 percent per year. The effects of the economic downturn are evident (2007-2011) during which ridership declined for four years before returning to a steady growth pattern for the ensuing six years.

**Figure I-2.**
**Annual Gondola System Ridership**

Over the last two years (2015-17), a post-recession period considered reasonably reflective of stable economic conditions, gondola ridership has grown at an average annual rate 3.7 percent.

**Gondola Use Seasonality**

The gondola system is generally operated for 18 continuous weeks in the winter (late November to early April) and 20 weeks in the summer (late May through late October). There has been some variation in this schedule over the years. Gondola ridership presents distinct summer and winter ridership patterns that are shown in a summary fashion in Figure I-3.

During the seven-year period documented in Figure I-3, summer gondola use grew 37 percent while winter use grew approximately 27 percent. It should be noted that this period began at the

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\[1\] A small number of additional riders can be attributed to the extension of 2017 operating hours to 2am on Friday and Saturday nights.
depth of the national recession and coincided with the economic recovery and the rise in private rental (e.g. VRBO) activity, which effectively expanded the area’s rental accommodations supply without substantial new construction.

Figure I-3. Gondola Ridership by Season

From a perspective of multiple years of monthly operations, a few general system-wide ridership trends are evident:

- There is notable uniformity in the month-to-month ridership levels during the seven-year period in both summer and winter. Although not displayed, this uniformity extends back many years.
- The total amount of winter and summer gondola use (as measured by segment exits) is very balanced (winter 48%; summer 52%).
- In recent years, summer gondola ridership has grown at a faster rate than winter use.
Winter ridership by month is essentially uniform with modest Christmas week and March peaking. Summer use demonstrates a distinct July peaking pattern, which has grown more pronounced over each ensuing year.

The Telluride/ Mountain Village Connection

Many mountain resorts have a core town and a separate but affiliated resort village. Crested Butte and Mount Crested Butte; Jackson Hole and Teton Village; Steamboat and Steamboat Village are reasonable examples of ski resort affiliated communities. In each community-pair there is an element of competition and complimentary use. There is no other United States situation where an existing historic town is attached to a new resort village by way of a free, convenient, multi-season gondola system. With the gondola connection, the communities of Mountain Village and Telluride have co-evolved for 25 years, each one offering visitors, residents, and second home owners a distinctive version of a mountain town experience, along with the unique ability to engage the other community by way of a scenic, free, convenient lift service.

The gondola system is the foundation of this unique relationship but, depending on one’s perspective, can be viewed as both a detriment or a benefit. By some observers the gondola is seen as a drain, pulling sales tax dollars and business opportunity away from one town to the other. Others view the same operations as a benefit, spreading and diversifying the guest experience over two distinctly different commercial areas and allowing access to a larger visitor bed base than could be supported by one town.

Sales tax data (Figures I-4 and I-5) provide some insight into how the commercial base of these two communities has grown and related in recent years. As shown below, winter tax collections within the two towns are in near parity but Telluride has a much stronger summer market and much more stable seasonal sales.

**Figure I-4.**
**Year Over Year Sales Tax Comparison, 2010 - 2017**

![Graph showing year over year sales tax comparison between Telluride and Mountain Village from 2010 to 2017.](image-url)

Source: Telluride Tourism Board.
The retail sales tax variation between the two communities is also reflected in the relative strength of the three critical market segments that contribute to retail sales: restaurants, lodging and retail trade.

As noted in the following Figure I-5, Mountain Village relies on winter lodging sales for the majority of its winter sales tax collection, while Telluride captures the great majority of retail and restaurant sales, confirming a local perception that guests staying in Mountain Village support restaurant and retail trade in the town of Telluride.

**Figure I-5.**
*Sales Tax Revenue by Season and Sales Category, 2016/17*

Summer appears to offer more balanced lodging sales while still favoring Telluride for retail and restaurant activity. Summer day visitors also contribute to this imbalance.

One challenge of this analysis is to anticipate how changes in gondola functions, gondola congestion and/or growth in ridership will influence the commercial and lodging base of these two communities.

The following Section II describes daily use patterns by gondola segment, time of year, and time of day. These detailed data provide additional insight into how different market segments interface with the gondola system, and thus offer a basis for examining future ridership, capacity and potential crowding and associated implications.
SECTION II.

Gondola Ridership Segmentation
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Gondola Ridership Segmentation

From a perspective of system functionality, the gondola is really a series of three gondola segments (six separate entrances and exits), each of which faces differing use and capacity pressures, depending on the season, time of day, destination of the riders, and a variety of external factors including ski conditions, weather, and special events. System users include local residents, workers, day visitors, and destination guests, all of whom have varying objectives for riding the gondola and interface with the system at varying times of day and locations.

This section provides a sampling of the gondola use data developed in this study and information developed by winter and summer gondola ridership surveys that were conducted as a part of this analysis. The rider survey data supplements the ridership data by providing a profile of users and an understanding of ridership motivations.

Gondola User Groups

BBC surveyed gondola riders to determine where riders reside (their permanent home); where they spent the previous night; the purpose of their gondola trip; and where they first entered the gondola system.

The following user group segmentation analysis provides insight into how the system is used at different times of day and year, and thus where and when capacity issues might arise. These data also inform an understanding of economic activity supported by the gondola system.

Visitor residency. This study identifies three basic gondola user groups:

- **San Miguel County residents** (persons who might be commuting to work, riding for recreational purposes, or riding for business/personal reasons but have a permanent residence in Telluride/Mountain Village, San Miguel County);
- **Regional residents** (persons who residents in Montrose County or other commutable communities); and
- **Destination guests** (tourists and second home-owners and their guests spending the night in Telluride, Mountain Village or elsewhere in the region).

Over the course of the year, approximately 70 percent of gondola ridership is associated with non-resident visitors, although some of those visitors, particularly in summer, are day visitors and not spending the night locally. The remaining riders are residents of San Miguel County or

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1 BBC Research & Consulting conducted winter and summer surveys of gondola riders with the intention of supplementing segment ridership data (exit data) with information on rider destination, system entry, place of residence and location of prior night’s stay. Surveys were collected over the course of each season at defined times of day and conducted at each segment entry. Over 9,700, five-question surveys were completed.
nearby communities, who are using the system for work, recreation or personal reasons (e.g. shopping, school, meeting friends).

**Figure II-1. Where do Gondola Riders Live? (Permanent Residence)**

<table>
<thead>
<tr>
<th></th>
<th>Ski Season Survey</th>
<th>Summer Survey</th>
<th>Total Respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td>San Miguel County Residents</td>
<td>28%</td>
<td>22%</td>
<td>24%</td>
</tr>
<tr>
<td>Regional Residents</td>
<td>5%</td>
<td>6%</td>
<td>6%</td>
</tr>
<tr>
<td>Destination Guests</td>
<td>66%</td>
<td>72%</td>
<td>70%</td>
</tr>
</tbody>
</table>

Note: Regional Residents live outside San Miguel County but within a 150-mile radius. Destination Guests live outside a 150-mile radius. Source: 2017-2018 Gondola Rider Survey.

The distribution of riders by home address is similar in both seasons, although not unexpectedly, local residents are more likely to use the gondola system in winter than in summer.

**Ridership entrance.** Data on ridership entrance, derived from BBC surveys, provides a second perspective on how the gondola supports the two communities. Figure II-2 shows where gondola users started their gondola trip.

In both winter and summer seasons about half of local and regional residents entered the system in Telluride and half entered the system in Mountain Village (base or parking garage). The same is true of destination guests in summer. In the winter season, Destination guests are somewhat more likely to enter the system in Telluride (56% of all guests) than in Mountain Village (43%).

**Figure II-2. Where Respondents Entered the System**

The uniformity of survey results between guests and residents is notable as is the balance between both communities in terms of gondola use.

**Ridership destinations.** Additional insight into how the system is used can be derived from multiple years of ridership exit data. Figure II-3 shows the distribution of gondola usage (residents and visitors) by destination (exit off of system) and by season.

**Figure II-3.**
**Seasonal Distribution of Gondola Ridership by Exit, 2011-2017**

![Bar chart showing seasonal distribution of gondola ridership by exit](image)

Source: BBC Research & Consulting, 2018; source data from TMVOA.

Exit data confirms the survey data in showing a rough balance between the two towns in their respective share of ridership regardless of season. The Town of Telluride and the Town of Mountain Village are the principal destinations for gondola users in roughly even proportion, each accounting for 26-27 percent of exits in winter and 29-30 percent of exits in summer.

Regardless of season, about 13 percent of ridership is associated with the Village garage. Although garage patrons exit at the Village, it is not known what share continues on to the San Sophia Station or Telluride or what share remains in Mountain Village.

**Temporary residency.** Additional insight into what groups use the gondola and how they impact the system can be derived from data on the location of prior night’s stay cross-tabbed against location of permanent residency (see Figure II-4 on the following page).
Figure II-4. Where Did Riders Spend the Previous Night?

Notes:
Regional Residents live outside San Miguel County but within a 150-mile radius

Source:

<table>
<thead>
<tr>
<th></th>
<th>San Miguel County and Regional Residents</th>
<th>Destination Guests</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Ski Season</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Telluride/Lawson Hill</td>
<td>48%</td>
<td>48%</td>
</tr>
<tr>
<td>Mountain Village</td>
<td>33%</td>
<td>43%</td>
</tr>
<tr>
<td>Montrose</td>
<td>3%</td>
<td>1%</td>
</tr>
<tr>
<td>Other San Miguel County</td>
<td>5%</td>
<td>1%</td>
</tr>
<tr>
<td>Other location</td>
<td>11%</td>
<td>7%</td>
</tr>
<tr>
<td>Total</td>
<td>100%</td>
<td>100%</td>
</tr>
<tr>
<td><strong>Summer Season</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Telluride/Lawson Hill</td>
<td>40%</td>
<td>30%</td>
</tr>
<tr>
<td>Mountain Village</td>
<td>39%</td>
<td>47%</td>
</tr>
<tr>
<td>Montrose</td>
<td>6%</td>
<td>3%</td>
</tr>
<tr>
<td>Other San Miguel County</td>
<td>3%</td>
<td>4%</td>
</tr>
<tr>
<td>Other location</td>
<td>12%</td>
<td>16%</td>
</tr>
<tr>
<td>Total</td>
<td>100%</td>
<td>100%</td>
</tr>
</tbody>
</table>

Among destination guests riding the gondola, 48 percent of ski season visitors stayed in Telluride the previous night and 43 percent stayed in Mountain Village—a near even split. In the summer season, however, Mountain Village houses a higher proportion of destination guests riding the gondola (47%) than Telluride (30%). The larger contribution of Mountain Village lodged guests to summer gondola ridership does not necessarily indicate higher occupancy or a larger bed base at Mountain Village but likely occurs because Telluride in summer becomes the principal visitor destination and unlike winter, Telluride lodged guests do not have to use the gondola to get to Telluride attractions.

The summer season data also indicate that destination guests riding the gondola have a more varied geographic origin (23% staying outside Telluride/Mountain Village in the summer compared to 9% in the winter).

**Purpose of ride.** Figure III-5 shows the riders stated objective (determined by personal survey data) by location of residence.
Skiing is the principal objective of winter gondola riders for visitors (33%), while local residents are more likely to be going to school or work (36%). The large number of summer visitors who are riding for fun or simply sightseeing (38%) underscores the gondola’s role as an attraction in itself as well as a means to a specific destination.

**Gondola Use by Gondola Segment: Time of Year and Time of Day**

Figures II-6 through II-9 introduce the concept of ridership by gondola segment, time of day, and time of year. Data are augmented with observations as to what categories of user are likely contributing to the peak period use demonstrated in each graphic.

**Winter: Town of Telluride exits.** Figure II-6 shows rider exits in Telluride (Gondola Segment 1) during ski season by month and time of day. In winter, the Telluride station has a very pronounced user profile with a peak at about 5 p.m. Clearly many skiers return to Telluride at the end of the day via the gondola. Skiers are supplemented by Mountain Village guests going into Telluride for food and beverage, shopping, or entertainment, and most likely some residents going to work.
**Figure II-6.**
2016-17 Ski Season: Town of Telluride Exits (Average hourly exits by month and time of day)

![Graph showing average exits per hour by time of day and month for Telluride.](image)

Source: Source: BBC Research & Consulting, 2018; source data from TMVOA.

**Winter: from Telluride into Mountain Village.** Figure II-7 shows the number of riders by time of day and month that exit the gondola from Telluride (and the San Sophia Station) into Mountain Village. The morning peak as visitors and workers arrive in Telluride, and the evening peak as Mountain Village residents and guests arrive home from Telluride, are evident.

**Figure II-7.**
2016-17 Ski Season: Mountain Village from Telluride Exits (Average hourly exits by month and time of day)

![Graph showing average exits per hour by time of day and month for Telluride to Mountain Village.](image)

Source:  BBC Research & Consulting, 2018; source data from TMVOA.
It is interesting to note how the March and February data suggest later arrivals for persons coming back to the Village at night, most likely a reflection of longer days and warmer conditions, thus demonstrating how external factors, such as weather, can influence gondola use.

**Winter: from Garage to Mountain Village.** Figure II-8 shows Mountain Village to garage as measured by exits from the garage) during the winter.

**Figure II-8.**
2016-17 Ski Season: Mountain Village to Garage (Garage Exits) Average hourly exits by month and time of day

![Graph showing average hourly exits per hour by month and time of day](image)

Source: BBC Research & Consulting, 2018; source data from TMVOA.

The evidence of persons leaving the area after a day of skiing, and a second departure wave, most likely after dining in either Telluride or Mountain Village, is clear.

**San Sophia Station exits from both Telluride and Mountain Village.** Figure II-9 shows ridership patterns at the top of the gondola (the San Sophia Station), which reflect multiple submarkets. The morning rush is most likely individuals from Telluride exiting the gondola system to ski into Mountain Village or continue to other points along the ski area. There is a very pronounced peak about 4 p.m. when persons exit the gondola to ski back to Telluride and to Mountain Village.
Summer Segmentation

Figures II-10 through II-14 compares the winter seasonal data, which was presented in the prior five figures, with identical time of day information for summer gondola use. Again, data are presented for multiple portals and demonstrate how submarkets vary by season.

Telluride exits by season. Figure II-10 shows Town of Telluride by time of day and by season.

Figure II-10.
2016-17 Town of Telluride Exits (Average hourly exits by season)
The blue line is the combination of all months for the winter season with the pronounced late afternoon “return to Telluride” peak. The summer season shows a much more uniform use pattern as visitors staying in Mountain Village or arriving from the Mountain Village parking garage come into Telluride, peaking around lunch time. A smaller peak occurs at dinner time. Summer has none of the peaking characteristics of winter.

**Mountain Village from Telluride.** Activity in Mountain Village shows a very different pattern as summer riders filter into the Village steadily during the day, peaking about mid-afternoon. Surveys suggest that this pattern results from a combination of Telluride lodged guests exploring the Village, Mountain Village lodged guests returning home after a day in Telluride or on the mountain.

**Figure II-11.**
2016-17 Mountain Village (from Telluride) Exits (Average hourly exits by season)

![Graph showing average exits per hour](image)

Source: BBC Research & Consulting, 2018; source data from TMVDA.

**The San Sophia Station from both towns.** Figure II-12 shows ridership patterns exiting at the San Sophia Station in both winter and summer.
Figure II-12.  
2016-17 Top of the Gondola (from Telluride and Mountain Village) Exits (Average hourly exits by season)

Source: BBC Research & Consulting, 2018; source data from TMVOA.

Summer activity levels are far smaller with varying peaking patterns. Most San Sophia Station summer exits are for casual viewing, hiking, or mountain biking, but hourly volumes are low.

Mountain Village from garage. Figure II-13 shows winter and summer use of the parking structure in Mountain Village. The parking structure serves a variety of markets including regional residents, day visitors, workers and some short term Mountain Village grocery store patrons.

Figure II-13.  
2016-17 Mountain Village (from Garage) Exits (Average hourly exits by season)

Source: BBC Research & Consulting, 2018; source data from TMVOA.
This is the only portal that has quite similar winter and summer use patterns. In both seasons guests arrive in the morning for a day’s worth of activity with a more modest second wave arriving for dinner or drinks.

**Garage exits.** Figure II-14 shows exits at the Mountain Village Grocery Store parking garage. The distinct winter peak is notable.

**Figure II-14.**
2016-17 Garage Exits (Average hourly exits by season)

![Graph showing garage exits by season](image)

Source: BBC Research & Consulting, 2018; source data from TMVOA.

The parking structure patterns largely reflect visitors and workers returning to their cars after a day of activities. Access to the town offices and the Village grocery store is also a factor throughout the day. Overall use below 150 persons per hour in the summer and below 300 persons per hour in the winter indicates that this is a lightly used gondola segment.

**Capacity Implications**

Viewed as a whole, the gondola system with 2.8 million segment-visits seems adequate to meet the area’s needs and would appear to have considerable capacity to grow. But viewed by time of year, time of day, and gondola segment, the complexity of the Telluride gondola system is evident, as is the prospect for peak period capacity problems on individual segments.

System operators report that line formation is common under a number of specific circumstances. Generally speaking, a line means a 5 to 15 minute wait with occasionally longer waits under unique conditions. At maximum loading capacity and speed, a 5 to 15 minute wait means the line is between 90 and 270 people long.²

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² At full capacity (59 cabins on-line) and full speed, a cabin comes by every 27 seconds and each cabin holds eight people. At that rate, loading capacity is 17.8 people per minute, or 90 people every five minutes. In reality, the gondola does experience some slow-downs and stops which means actual loading is slower and a five minute line is comprised of fewer than 90 people.
Interviews with system operators, exit data portrayed in this study and data from the Phase I engineering study, support the following conclusions about current gondola demand and supply conditions:

- According to gondola operators, waiting lines occasionally occur at the Mountain Village base with persons returning to Telluride through the San Sophia Station. Depending on weather and time of year, lines can start around 3:30 p.m. and remain for an hour or more. Lines are more pronounced when ski conditions prevent people from skiing into Telluride. Under these conditions, additional lines form at the San Sophia Station, as skiers attempt to enter the system there and are confronted with full cabins arriving from Mountain Village. Operators will often leave capacity in the cabins from Mountain Village to accommodate San Sophia Station entries, which is frustrating for guests waiting in line at the Village. Under favorable weather conditions, riders will self-regulate by having a drink or a meal in Mountain Village after skiing and waiting for the lines to die down.

- During ski season, there is often a secondary rush leaving Mountain Village for Telluride restaurants (for dinner) which can overlap with the skiers attempting to get back to their accommodations in Telluride.

- Currently the longest lines occur with periodic activities associated with special destination events. This includes July 4th travel from Mountain Village to the Telluride parade (9 a.m. to noon congestion); occasional congestion associated with evening music events in Mountain Village; and periodic lines associated with the Telluride Film Festival and Bluegrass Festival attractions.

- During events, line formation is sometimes associated with the start/stop time of individual bands, films or similar specific attractions. On the other hand, festival growth is largely capped by limits on ticket sales so future demand at these peak period events are not expected to grow significantly.

- Summer weekends are increasingly problematic, typically from Mountain Village into Telluride at the end of the day but also at mid-morning from Telluride to San Sophia or Mountain Village. Congestion can be exacerbated by changes in weather conditions (e.g. thunderstorms) that drive people back to their overnight accommodations, or summer tourist behavior that resist full loading of cars. Summer is growing faster than winter and festivals/weather variations make summer harder to predict.

- Winter morning lines from Telluride will occur occasionally on powder days and peak Christmas week. Peak period skiing demand can be mitigated by alternative chairlift capacity out of Telluride (when available).

- At Telluride and Mountain Village, lines may also form in the last two weeks in March (during spring break), particularly when Texas and Arizona schools have concurrent school holidays.

- Many operational considerations are associated with capacity limitations. As noted in the Phase I engineering analysis, these include gondola staffing decisions, visitor familiarity
with gondola loading procedures; and summer bicycle use—all of which influence loading efficiency.

The following Section III presents forecasts of future growth and gondola usage based on the patterns demonstrated here and the prospects for future growth in both Telluride and Mountain Village.
SECTION III.

Current Capacity Issues, Use Forecasts and Potential Economic Issues
SECTION III.
Current Capacity Issues, Use Forecasts and Potential Economic Issues

This section identifies the circumstances in which gondola ridership is currently constrained by capacity; provides forecasts of gondola demand; documents where and under what circumstances future ridership and capacity imbalances are likely to occur; and offers comments on the economic consequences of gondola service deterioration.

Gondola Exits vs. Gondola Entrances

Gondola ridership data represent the number of exits at each station. Crowding or line formation occurs at portal entrances. BBC’s analysis uses exit data to predict reciprocal measures of portal entry congestion. When exits at an individual station exceed 600 persons per hour, BBC’s model indicates the possibility of crowding at the associated entry station. For instance, if exit data suggest that the number of persons exiting the garage station in the evening is exceeding the 600 persons per hour threshold, BBC’s model allocates those riders back to an origination point in Mountain Village, thus indicating where lines might be forming. Other stations are more complicated. For instance, if exit data suggests that the number of persons exiting at the Telluride station in the late afternoon exceeds threshold levels, the model allocates those persons back to an origination point in Mountain Village and/or San Sophia Station. In that example, we also know that weather and snow conditions substantially influence ridership. Persons facing a gondola line will ski back to Telluride if snow and weather are favorable. Conversely, more significant lines will form if skiing alternatives are not attractive—an example of how gondola use is affected by external factors such as weather and ski conditions.

In sum, BBC's model uses historic system-wide exit data to identify time of day and time of year when lines are likely to form and detailed segment ridership data to identify specific locations where capacity shortfalls are evidenced. BBC then translates ridership data (exits) into entrance data at critical system portals in preparation for gondola system use forecasts.

System Utilization, Capacity and Crowding

Figure III-1 (on page III-3) shows an entire year’s daily gondola ridership (sum of all six segment exit counts) for the period 2011 to 2017. Each dot represents the sum of all rider exits from each gondola segment for that specific day and hour. These data provide a single representation of system-wide use and thus an indication when high levels of system-wide gondola ridership suggest the potential for crowding (line formation) on individual gondola segments.

1 Practical segment capacity (persons per hour) is an indicator number that is subject to many factors including gondola speed, number of cars, number of workers assisting with loading, the presence of bicycles, children or disabled customers, and the experience of customers with gondola loading procedures (see prior Gondola Conditions Analysis, op.cit).
Crowding potential is shown by red dots. These data demonstrate how capacity issues have grown over the past six years. It should be noted that Gondola capacity was expanded in 2017 by the addition of new cabins, lessening some of prior years’ issues. Also, it is acknowledged that some red dots are likely data entry errors or one-off occurrences (e.g. occasional system shutdowns) that have been kept in the data set to retain data integrity.

The system wide data chart (Sum of All Stations) represents an indicator of the potential for line formation on any individual gondola segment. Based on the practical capacity discussion in the Phase I Gondola System Evaluation report and anecdotal data from gondola operators (Section II), BBC set a numeric threshold (1,400 total system exits per hour) to indicate when crowding was likely to occur somewhere on the system.

As shown, the number of days with the prospect of gondola crowding somewhere on the system has grown from roughly 10 days, a few with multiple hours per day, when lines were likely to occur, in 2011-12 to roughly 20 days in 2017-18 with over 50 total hours of possible line formation. It appears that capacity issues have historically centered around Christmas week, the July 4th holiday, and festival weekends. In recent years, system-wide indicators of prospective capacity shortfalls have grown to include multiple weekends in the summer and peak periods during ski season, with multiple hours during busy days.
Figure III-1.
Sum of All Stations: Indicators of Potential Line Formation, 2011 – 2017

Red dots = system at or near capacity/likely lines at station

Source: BBC Research & Consulting, 2018; source data from TMVOA.
Segment Crowding

As described previously, the gondola system has six travel segments. Based on the indicator data in prior Figure III-1, BBC examined hourly and daily gondola exit data for each gondola segment to identify which particular segments might be experiencing ridership congestion as indicated by high levels of segment use. These data suggest that two segments, Mountain Village back to Telluride via the San Sophia Station and Telluride loading to San Sophia and Mountain Village, were subject to crowding at certain times of day and certain times of the year. This was confirmed by interviews with system operators.

The following Figures III-2 and III-3 show the day and location of current congestion for the Mountain Village to Telluride and Telluride to Mountain Village segments. Red indicators are set at 600 exits per hour (see capacity discussion in Gondola Capacity Report, by Outdoor Engineers, Inc. 2016).

As noted previously, these exit data are indicators of potential congestion and there is some “noise” in the underlying data set. There are red dot outliers, i.e. individual segment exit counts that appear to denote very busy conditions during periods when congestion intuitively seems unlikely. The data set used here includes over 100,000 hourly data points. There are undoubtedly some errors in the data collection and data reporting process, which become visually apparent in the graphic portrayal of information but are not significant to the results and interpretation. There are also times when the gondola shuts down for safety or mechanical reasons, which may cause immediate crowding and high exit counts, but is not an ongoing congestion issue. BBC has chosen to leave these points in the data sets rather than manipulate the data without precise knowledge of the specifics in each situation.
Figure III-2.
Mountain Village to Telluride/San Sophia Station: Indicators of Potential Line Formation leaving Mountain Village, 2011 – 2017

Red dots = system at or near capacity/likely lines at station

SUMMER

WINTER

2011-2012

2012-2013

2013-2014

2014-2015

2015-2016

2016-2017

2017-2018

Source: BBC Research & Consulting, 2018; source data from TMVOA.
Figure III-3.
Telluride to Mountain Village/San Sophia Station: Indicators of Potential Line Formation Leaving Telluride or San Sophia Station, 2011 – 2017

Red dots = system at or near capacity/likely lines at station

Source: BBC Research & Consulting, 2018; source data from TMVOA.
These figures present a more detailed picture of how the individual system segments are burdened over the course of a day and through multiple years by growth in ridership. The red dots are indicators that lines are likely to form at the corresponding entry to these particular segments. No other segments currently appear to be near their respective capacity limitations. These data indicate that congestion issues are increasing and that most problems occur with the trip back from Mountain Village or San Sophia to Telluride. The number of days per year and the number of hours per day in which crowding occurs is also growing. Crowding at the station in Telluride is currently less of a pronounced problem but does occur periodically especially on peak summer weekends or during events.

**Forecasts of Gondola Use**

As documented in Section I, gondola use over the long term (20 years) has grown at about 3.3 percent per year. The area stagnated during the economic recession, experiencing a small annual loss of ridership (2009-2012) before the national economy recovered along with Colorado tourism in general. In more recent years (2014-2017), total gondola use has grown at about 3.5-4.0 percent per year with more rapid growth in summer and slower growth in winter.

Future gondola ridership will be determined by the area’s competitive position within the larger Colorado mountain resort market, and by the ability of Mountain Village and Telluride to expand or better utilize the communities’ collection commercial accommodation bed base and potential growth of resident and day visitor gondola use. These factors and the assumptions underlying the growth forecasts presented here are described below.

**Competitive tourism positioning.** The Telluride area economy is driven almost exclusively by tourism, most notably overnight guest visitation in Telluride and Mountain Village.

We believe that Telluride’s offerings in both winter and summer are highly attractive and very competitive with other mountain resorts. Although access and relative remoteness from large urban markets are limitations, we believe demand for the amenities and attractions of Telluride will remain strong for the foreseeable future. BBC survey data indicates that the free gondola itself is part of the area’s attraction. The area’s ability to accommodate a growing visitor population will depend on many factors, including vacancies in the existing rental unit base, rental pricing strategies, new residential and commercial housing development, and the ability and willingness of the citizenry to make the public investments necessary (e.g. parking, utilities, special events) to stimulate and accommodate additional tourists, day visitors and residents.

**Development of visitor accommodations.** Future overnight visitor growth will require increases in occupancy rates for existing units or development of new second home and commercial accommodation units. According to the Telluride Tourism Board, the Telluride/Mountain Village area has approximately 4,000 available rooms, which includes hotel lodging, managed condominiums and private rentals. The commercial bed base is roughly evenly divided between the two communities although there is variation in the types of units available and seasonal pricing.
During the 2016-17 core winter months (Jan-March) both communities combined averaged about 57 percent occupancy for available rental units. The busiest weeks exceeded 65 percent, suggesting that peak weeks during the winter are nearing what is considered effective full occupancy but there remains considerable capacity during the rest of the season. During the summer high season, the two towns have occupancy rates at about 60 percent. Overall, commercial occupancy rates have risen slowly over the past four years. Notably, at this current level of overall community occupancy, the gondola system is experiencing periodic overcrowding.

We estimate that within the existing bed base, winter and summer seasonal occupancy rates can rise an additional 10-12 percentage points before bed base capacity constraints begin to significantly restrict market growth. It can be expected that as capacity becomes constrained, lodging prices will rise, dampening growth rates, but also presumably stimulating construction of additional new development. Development considerations are as follows:

- Mountain Village has a tightly prescribed development program defined in its PUD agreement with the county. This agreement defines the number and nature of units that can be built. Under this agreement, Mountain Village is approximately 73 percent built out and has 822 units remaining to be built (2018). Historically, Mountain Village has grown in “lumpy” additions of new units, as larger individual projects come on line. Since the recession, there have been no new large multi-family projects. Single family home development has been steady, redevelopment of older units increasing, but the these units add very little overall accommodation capacity.

- Over the last 20 years, Mountain Village has averaged about 50 residential units (of all kinds) per year. Continuation of this rate would suggest buildout in about 15-18 years.

- Telluride does not have the formal restrictions of Mountain Village but it has practical growth limitations associated with its historic preservation limitations and its narrow valley land constraints. Over the past decade, Telluride has averaged about 10-12 new units per year, mostly single family homes. There have been no large scale (more than 20 units) projects completed in the past seven years. In the future, Telluride is expected to continue with very modest annual growth rates. The town doesn’t have a specific buildout target but the absence of developable and limited infill sites suggests that the community will continue to grow very slowly, adding very little bed base capacity.

- The introduction of gray market private rental units (e.g. VRBO) over the past decade has been transformational and these units now account for approximately 20 percent of rental beds in both communities. Mountain Village currently has 470 units with licenses for short term rental. According to the Telluride Tourism Board, the Town of Telluride has a similar number of gray market units (430). This gray market phenomenon essentially created new visitor capacity without new physical development. The gray market is maturing and some

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2 Telluride Tourism Board, Presentation Materials provided by Executive Director, 2018.

3 A seasonal occupancy of 70-75 percent suggests that some days are nearing full capacity and some forms of units, or quality of units may be scarce. Prices are likely to be high or rising. In these instances, visitors may go elsewhere because they cannot find the type, size or price of unit they seek—even though units are available.
communities are applying restrictions on private rentals and will likely add only a few percentage points of additional capacity in the next decade.

In sum, commercial accommodations development slowed to a trickle during the 2008-2014 recession and has still not recovered to prior years’ experience. Future bed base growth will occur largely in Mountain Village. Over the past decade, expansion of the grey market has been perhaps a critical element stimulating overnight visitation and supporting the gondola’s steady ridership growth.

**Resident population growth.** San Miguel County residents account for roughly 24 percent of all gondola ridership (prior Figure II-1), which include work commutes, recreation and personal use. Figure III-4 shows resident unit counts and population growth rates for both communities in the period 2000 to 2016.

<table>
<thead>
<tr>
<th>Figure III-4. Resident Population</th>
<th>San Miguel County</th>
<th>Mountain Village</th>
<th>Town of Telluride</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000</td>
<td>6,594</td>
<td>978</td>
<td>2,221</td>
</tr>
<tr>
<td>2010</td>
<td>7,359</td>
<td>1,320</td>
<td>2,325</td>
</tr>
<tr>
<td>2016</td>
<td>7,767</td>
<td>1,546</td>
<td>1,972</td>
</tr>
<tr>
<td>% change 2000 to 2016</td>
<td>18%</td>
<td>58%</td>
<td>-11%</td>
</tr>
<tr>
<td>% change 2010 to 2016</td>
<td>6%</td>
<td>17%</td>
<td>-15%</td>
</tr>
</tbody>
</table>

Despite the addition of a number of affordable housing projects and relatively strong economic growth, San Miguel County has grown only by about 1 percent per year. Mountain Village has gained over 200 residents but Telluride has actually lost resident population (about 350 residents between 2010 and 2016) as housing prices have impacted residency choice.

Housing occupancy (Figure III-5) data reveals similar trends, the total number of housing units in Mountain Village grew rapidly since 2000, nearly doubling in 16 years. Conversely, the number of resident occupied units grew by only 90 units, suggesting that the majority of growth was in the second home or hotel development. Telluride shows even more dramatic results, growing its housing base slowly over the past 16 years and actually losing permanent resident units.

<table>
<thead>
<tr>
<th>Figure III-5. Housing Occupancy Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mountain Village</td>
</tr>
<tr>
<td>Housing Units</td>
</tr>
<tr>
<td>2000</td>
</tr>
<tr>
<td>2010</td>
</tr>
<tr>
<td>2016</td>
</tr>
<tr>
<td>% change 2000 to 2016</td>
</tr>
<tr>
<td>% change 2010 to 2016</td>
</tr>
</tbody>
</table>

| Town of Telluride                      |
| Housing Units                          | Occupied Households (Permanent Residences) |
| 2000                                   | 1,937 | 1,013 | 52% |
| 2010                                   | 2,070 | 1,086 | 52% |
| 2016                                   | 2,020 | 848   | 42% |
| % change 2000 to 2016                  | 4%    | -16%  |    |
| % change 2010 to 2016                  | -2%   | -22%  |    |

Source: U.S. Census Bureau American Community Survey and Decennial Census.
In-town resident populations have diminished in recent years, largely because housing and rental prices are forcing residents to seek housing in the county or other communities. We don’t see this trend abating except for public sponsorship of employee housing. Diminished local residence will dampen casual resident gondola use. Regardless, employee use of the gondola will remain strong even if employees are commuting from more distant communities.

**Day visitors.** A fourth factor in considering future gondola use is access for day visitation, which accounts for about 5-10 percent of winter gondola ridership and 15-20 percent during the summer. We expect day visitor use to continue to rise in proportion to all ridership. The most significant potential constraint to day visitor presence would be changes in the communities’ parking policies or willingness to promote and serve day visitor populations:

- As prices rise in the Telluride lodging market, day visits are likely to rise, especially for summer travelers, although the absence of a large, nearby bed base is a constraining factor.

- The Mountain Village parking garage is an important source of gondola users: day visitors and regional residents and workers. The garage has been subject to varying pricing strategies in recent years, but operators report that the facility fills most summer weekends, peak winter holidays, and during events. The Town has allowed nearby street parking in high demand situations. The garage can accommodate two levels of expansion.

- Telluride also provides an intercept lot and day visitor parking with shuttle services between parking and the gondola. Services are used by local residents and guests. Although constrained on peak summer weekends, the current system works well and has widespread support in the community as a traffic reduction measure.

- For day visitors the gondola is an important attraction in and of itself. A scenic gondola ride and exploration of Telluride's historic community is the core of a day visitor's activity.

**Other external considerations.** Finally, it should be noted that a number of operating factors or external influences could affect gondola demand:

- As noted previously, festivals with tight performance schedules can induce gondola ridership in concentrated periods. Even the small music offerings evenings in Mountain Village during the summer will cause gondola congestion if all participants exit at one time.

- Gondola operators can influence effective gondola capacity by a number of operating practices (staffing, loading, mountain bike policies, etc.), which can influence system efficiency.

- Gondola crowding itself may become a self-limiting factor where riders avoid peak period congestion and defer or reduce overall use of the system.

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4 Day visitors are destination travelers who are spending the night elsewhere in the region and only visiting Telluride/Mountain Village for the day or evening.
Gondola Ridership Projections

Looking forward, the economy appears strong and new lodging/residential development, particularly in Mountain Village is expected to resume but at modest annual rates. Capacity remains in the exiting visitor bed base although the lodging capacity expansion effects of the gray market have largely been realized. Resident use of the gondola will slow as residents live outside of the two communities but this is not a large factor in gondola use. Day visitation will grow but dramatic day market expansion is limited by the absence of a large regional bed base.

Based on these considerations BBC has projected the following seasonal growth rates.

**Winter.** Winter activity is almost entirely driven by downhill skiing and associated activities. Most observers view skiing as a mature, climate-sensitive, and highly competitive market with modest overall growth prospects. The Telluride Ski Resort, in the manner of most ski areas, has experienced uneven fluctuations in annual skier visits based largely on weather, ski conditions, and national economic trends. Winter gondola ridership has averaged about 2.0 percent per year over the past five years, which includes an element of recovery from the 2009 recession.

Our forecast model assumes 2.0 percent annual, system-wide, winter gondola ridership growth for the next 10 years declining to 1.0 percent per year thereafter. Mountain Village, with its immediate adjacency to the ski area, will continue to collect the largest share of winter visitor growth. By way of comparison, the Regional Wastewater Master Plan anticipates a 1.5 percent annual growth rate for winter summer in both communities.

**Summer.** Summer has historically been the source of most gondola use growth. Despite Telluride’s inherent summer attractiveness, we see limitations in the area’s ability to maintain the pace of recent summer growth experienced since the economic recovery began. It appears that the area’s multiple summer festivals are now operating near capacity, which limits growth expectations on the busiest weekends of the summer season. There is little local appetite for expanding the slate of summer festivals and efforts. Summer visitation appears to be concentrating in July (Section I, Figure I-3) despite marketing efforts to expand off-peak activity.

We have assumed a 2.5 percent summer growth rate in gondola usage in years 1-10 (2017 to 2027)—slightly below historic levels but continuing the trend of faster summer than winter growth. We project 1.5 percent annual summer growth in years 10-20 (2027 to 2037). We anticipate that the distribution of ridership among guests, workers, local, and day visitors will remain roughly in current proportions.

**Future ridership.** The following Figure III-6 shows system-wide gondola ridership in five-year increments for a 20-year projection period reflecting the above assumptions.

We anticipate that system-wide ridership will grow from 2.8 million current rider-segments to nearly 4.0 million by 2037.
By 20 years, summer ridership is expected to reach 54 percent of annual system use.

As demonstrated throughout this report the overall number of ridership is less the issue than is the challenge of accommodating additional ridership on key gondola segments at congested periods of the day. Mountain Village originated ridership will grow more rapidly than Telluride based ridership, largely because of anticipated new development in the Village. In the winter, Village lodged guests appear to use the gondola less frequently than Telluride lodged guests but their use is more concentrated at the end of day into Telluride, which is the most immediate and severe bottleneck.

The following Figure III-7 highlights how that level of gondola ridership will affect congestion issues at the critical Mountain Village to Telluride and Telluride to Mountain Village segments. Even within 10 years, congestion and line formation will become common and by 2037, the system would experience line formation at peak hours on over 70 percent of operating days.

### Figure III-6.
Mountain Village Exit Ridership over a 20-year Projection Period, 5-year Increments

<table>
<thead>
<tr>
<th>Year</th>
<th>Winter</th>
<th>Summer</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>1,355,000</td>
<td>1,458,000</td>
<td>2,813,000</td>
</tr>
<tr>
<td>2022</td>
<td>1,496,000</td>
<td>1,650,000</td>
<td>3,146,000</td>
</tr>
<tr>
<td>2027</td>
<td>1,652,000</td>
<td>1,866,000</td>
<td>3,518,000</td>
</tr>
<tr>
<td>2032</td>
<td>1,736,000</td>
<td>2,011,000</td>
<td>3,747,000</td>
</tr>
<tr>
<td>2037</td>
<td>1,825,000</td>
<td>2,166,000</td>
<td>3,991,000</td>
</tr>
</tbody>
</table>

% Change 2017-2037: 35% Winter, 49% Summer, 42% Total
Figure III-7.
Mountain Village to Telluride/San Sophia Station: Indicators of Potential Line Formation leaving Mountain Village, 2016-2037

Under even the modest growth ridership scenario presented here, the gondola system can expect line formation and diminished customer service extensively throughout both summer and winter, not just at the very peak periods that occur now.

Source: BBC Research & Consulting, 2018; source data from TMVOA.
Projection Summary

The prior Section II presented a complex gondola ridership profile with varying ridership motivations, daily peaking issues, and considerable seasonal variations. The forecasts presented in this section suggest a future with increasing conflicts between ridership demand and gondola system capacities. Access between Mountain Village and Telluride, and vice versa, will become problematic multiple times a day during an increasing period of the busy summer and winter weeks. In the immediate future, this should remain more of a market irritant than a significant problem. Only a few dozen days each season and few hours each are currently affected and there may be short term operating measures that can mitigate customer dissatisfaction. Longer term, these forecasts suggest systemic customer satisfaction issues that will affect the success of the local economy, the economic relationship of these two communities, and the core attractiveness of the Telluride/Mountain Village experience. This is the topic of the following Section IV of this report.
SECTION IV.

Implications of Gondola System Constraints
SECTION IV.
Implications of Gondola System Constraints

Prior sections of this report document the gondola’s function as a unique form of multi-seasonal, multi-portal transportation infrastructure. Section III, immediately preceding this section, provides forecasts of gondola usage and projections of potential user congestion under likely growth and development conditions. This section offers observations as to the economic and general community development implications of these projections.

Current Gondola Beneficiaries

The gondola has served the Telluride and Mountain Village communities remarkably well for over 20 years. This report documents how residents, employees, guests, businesses and property owners from both communities have grown to rely on the gondola and benefited from its free and efficient transportation function. The gondola has allowed both communities, residents, local businesses, guests, and the ski area operator to share markets and avoid the mountain/core town separation problems that has plagued other resorts. The success and stability of Telluride/Mountain Village has also had positive ripple effects throughout the economy of San Miguel County and into Ridgway and Montrose.

We would argue that the gondola has allowed both communities to leverage the market strengths of its neighbor. In winter, Telluride guests and residents have reliable and convenient access to and from the ski area. In summer, Telluride guests have convenient, non-vehicular access to hiking, biking and mountain scenery at San Sophia and Mountain Village. In the same manner, Mountain Village guests and residents have access to the commercial amenities and historic character of Telluride, as well as the same convenient access to the hiking, biking and mountain environments afforded guests in Telluride. Concurrently, the gondola significantly reduces the number of cars and the vehicle miles traveled within both these towns—a source of continual cost, pollution and debate in other mountain communities.

The only real criticism of the gondola’s function has been the perception that the gondola has effectively drained the commercial vitality from Mountain Village and that easy access to Telluride has restricted the Mountain Village core from developing its own retailing and restaurant capacity. In considering the experience of other new mountain resort communities, this is a weak claim. In our view, the gondola allowed Mountain Village to weather the difficult decades of early resort development when the scale of the new residential development is typically inadequate to support a robust village economy and in turn, the lack of a robust village retail and service center undermines the attractiveness and the success of the entire resort. The Village may now be at a point where its own commercial base is viable, effectively nursed through the early years by gondola operations.
Finally, it is notable that, a large share of guests, particularly summer guests, ride the gondola as a means of casual exploration and entertainment without a particular destination focus—the gondola itself has become one of the area’s prime attractions.

**Implications of Future System Congestion**

The current gondola congestion issues are limited to a few hours a day over a small number of peak period days. Thus far, these system shortcomings have probably not altered consumer behavior to any great degree, or significantly diminished the quality of the visitor experience. Nevertheless, these same peak period days are also the periods when the retail and restaurants are busiest and the commercial lodging base charging the highest rates. Visitors should be receiving the highest value for their spending and be afforded the best possible experience. Guests have many other resort options, and returning home with stories of Telluride’s congestion or gondola inconvenience is not of long term benefit to any local entity or enterprise.

The forecasts presented here suggest that even in the near term, gondola congestion will deepen and increase in duration. In the longer term, congestion is deeply problematic. Near term, the Telluride/Mountain Village communities can address these peak period problems with a patchwork of admittedly stop gap mitigations:

- **Supplemental buses.** Evidently, this has been done on a number of occasions, particularly for festival demands and peak winter transport back to Telluride. It offers a temporary and largely unsatisfactory fix.

- **Operational changes.** Chair lift operations focusing on bikers in order to reduce mountain bike loading issues; additional staff to help increase loading to full capacity.

- **Festival/event size or duration management.** Not an attractive option, but possible better management of events with an eye toward gondola capacity limitations could reduce gondola peaking pressure.

Ultimately crowding on the gondola will produce a traffic response very similar to what occurs with congestion on any street system. Users will either time-shift, find other travel routes, or avoid system use altogether. Under these circumstances, the unique visitor experience offered by the Telluride and Mountain Village would be undermined, damaging the area’s character and visitor attraction and ultimately reducing the resorts’ collective attractiveness.

More directly, after mitigations are tried and confront their respective limitations, we would expect the following trends:

- **Winter return to Telluride in the evenings will become increasingly problematic.** Telluride lodged skiers will leave earlier during the day or ski down in poor conditions to avoid lines, neither of which are attractive options. After experiencing this problem, we would expect skiers to book future lodging at Mountain Village avoiding the issue, or go elsewhere altogether.

- **Mountain Village guests will avoid evening travel into Telluride with the potential benefit of increasing sales in the Village.** This is not the economic panacea some have suggested. As
shown in Section I, winter bar and restaurant sales in Mountain Village are already quite strong. The Mountain Village core’s commercial issues are largely a summer problem. Adding marginal winter sales from guests who would actually prefer to be somewhere else is not an effective solution to the larger problem of village vitality and diversity.

- It should also be noted that relaxed lingering is one critical element of great public places, and anxiety about the timing of gondola travel, or relying on frustrated guests undermines the sense of calm and relaxation that should pervade and vacation experience. In our view, Mountain Village’s commercial core will be best served by supporting a highly functioning gondola service that maintains the unique and highly valued inter-town experience that is at the core of current visitor experience.

- Over the longer time frame, the potential for frequent gondola lines during most summer weekends, critical winter months and during events becomes highly problematic. Congestion develops in both directions from Telluride and Mountain Village during midmorning and midafternoon and evenings on most days. Eventually, system congestion will also impact the movement of employees and residents who currently have the luxury of moving easily between communities, homes and jobs. We presume that more resident, guests and employees will try to rely on private cars to get to destination exacerbating existing parking and traffic problems.

Ultimately, without expanded gondola capacity the two communities will effectively further separate from each other as each begins to pursue its own self-interest. Telluride’s commercial core will suffer without the easy flow of customers from the larger Mountain Village bed base. Mountain Village’s attractiveness will be diminished as the character, entertainment and attractions of Telluride become less accessible. Most importantly, the uniqueness and the basic comfort and civility of the gondola system—a defining element of the Mountain Village and Telluride experience—will be lost, putting this resort back on a roster of many other attractive but less compelling mountain resort alternatives.