

---

**EMPLOYMENT GENERATION RATES**  
**A Background Discussion Based on Survey Research**  
**Conducted in Telluride, San Miguel County**  
**and Other Resort Communities**

---

## INTRODUCTION

This report summarizes the results of survey research conducted in several ski/tourist-impacted communities. It reviews the results from questionnaires addressed to employers that, among other topics, explored the relationship between the number of square feet (s.f.) in the commercial establishment and the number of employees working in the particular business. These surveys were conducted in the Counties of Eagle (136 interviews), Routt (174), Summit (242), Pitkin (169), Blaine (Sun Valley/Ketchum-162), Gunnison (104), Grand (103), and San Miguel (45), and the Town of Estes Park (224). The sample includes 1,359 commercial and governmental establishments ranging in size from the smallest to largest in the various counties.

This information is presented to the Town of Telluride to assist in discussions concerning the appropriate standards for adoption into proposed Code amendments. A number of different "cuts" at the data are presented that allow overall total measures to be developed, along with some figures describing the situation in San Miguel County, and specifically within the Town of Telluride.

In addition to the various commercial/employment figures, several other attachments have been provided. These include:

- Excerpts from a report that provides an overview of "linkage" programs and describing the status of such programs in a variety of communities (Exhibit F). Linkage is a term that is used to describe codes or requirements that tie new development to requirements for providing funds or mitigation to meet the identifiable impacts associated with the new development. Such programs are in various stages of evolution, and are relatively uncommon in the mountain towns. Nevertheless, there are proven examples that merit attention.
- A summary of the current Aspen/Pitkin County Affordable Housing Guidelines for determining "Generation of Employee Units" by various land use categories, the Snowmass Guidelines, and a copy of an excerpt from a Whistler, BC code that implements a different program (see Exhibits B,C and E)
- An excerpt from a field survey of establishments conducted by the Director of Community Development in the Town of Breckenridge. It is showing employment levels that are similar to those being obtained through the RRC study.

## FINDINGS AND CONCLUSIONS

As shown on the graph which follows and on the table on page 7, there is wide variation in the number of employees generated by the various types of commercial activity. For example, the Figure portrays the average number of employees per 1,000 square feet by business type, and it illustrates that there is variation present in the work forces associated with different types of employment. The surveys showed an overall average of 5.46 employees per 1,000 square feet but, as shown in the graph, the averages differ by sector.

The research also shows that the average number of employees in retail businesses in the ski/tourist towns surveyed is 4.0 persons, but the number of reported employees in these businesses ranges from 1 to 27 per establishment. Similar differences occur in other categories. Obviously, it is difficult to generate a single measure that will perfectly describe the situation within the wide range of retail establishments that exist, or among the other types of commercial uses either.

The figure portrays results based on the aggregate of all the resort communities. Although there may be some sentiment toward developing standards based on just San Miguel County or Town of Telluride employment patterns, the wide variation in businesses makes it difficult to develop a measure based only on local data.

Given the fact that there truly exists considerable variation on a case-by-case basis, the regulations that were adopted in Aspen reflect those variations in employment levels by establishing ranges rather than single fixed measures for several of the employment categories. On the other hand, some communities (like Whistler, BC--see Exhibit E) have chosen a single standard that they apply to virtually all categories of business. (Whistler actually differentiates between commercial, industrial and lodge units but has only one measure for each category of use making it a relatively simple system to administer.) Based on the local data which we collected, it is our opinion that the Town of Telluride may want to consider an approach that uses a range much like the Aspen or Snowmass model; however, as will be discussed, there is also merit in the simpler and more easily administered approach.

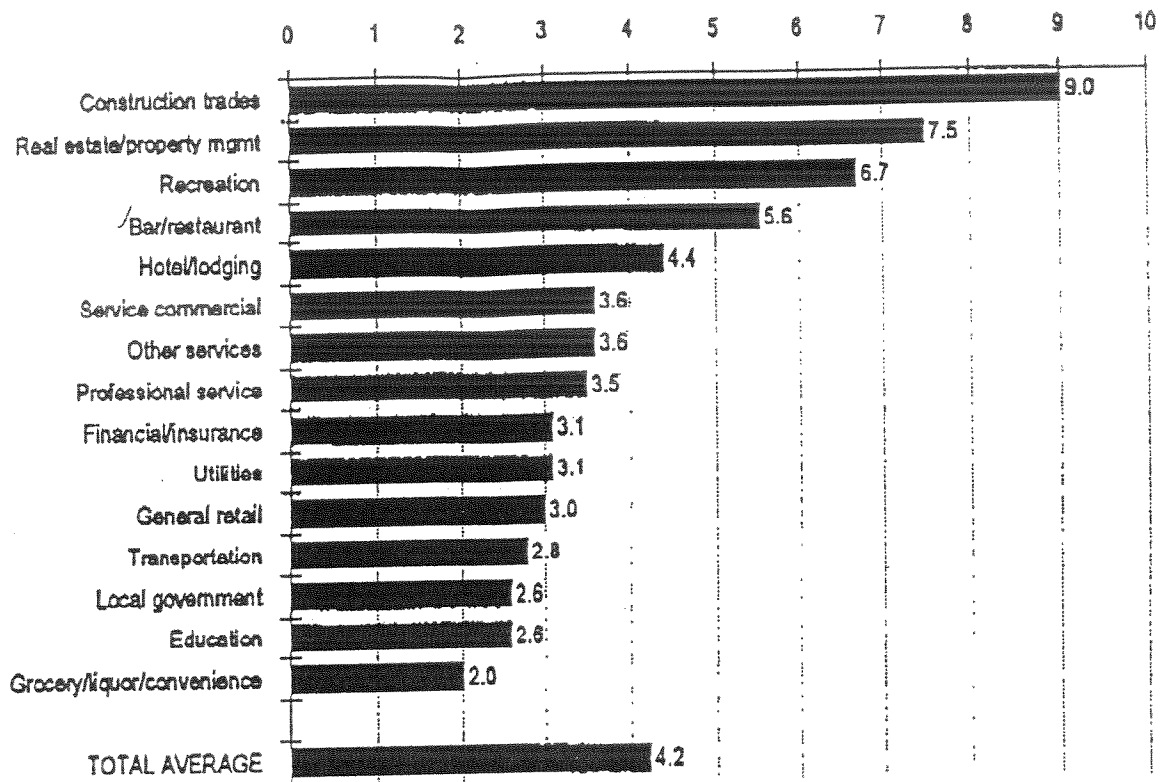
### COMMERCIAL EMPLOYMENT

The results summarized in Figure 1 show that bar/restaurants, real estate, and construction all have relatively large numbers of employees per building, when measured in square footage. In general, the employment numbers from the resorts are somewhat higher than some traditional measures that are used in other types of communities. We attribute the higher figures to the ski economy in general, and to the fact that these surveys were conducted during the peak winter months. The retail economies in the ski towns have been strong over the past several years resulting in relatively high employment levels per establishment, especially for those businesses that are centrally located.

While the employment estimates are valid for the winter season, it should be noted that some shifts occur during the summer and spring/fall months, especially with respect to "seasonal" jobs. To a certain extent, employment fluctuations are becoming less pronounced as Telluride moves toward a year-round tourist economy. However, it should be noted that the number of jobs reported in winter exceeds those reported in summer.

In addition, it should be remembered that we are measuring the total number of employees at a point in time. Many of these individuals may be working multiple jobs (we found an average of about 1.3 jobs per person, and a "full-time equivalent" of about 0.996 jobs per person in Telluride/San Miguel County), so there is some double counting that is taking place when the entire set of businesses is considered. We suggest that the tables that are adopted in Telluride should reduce employment levels to address multiple job holding in the formula itself. This calculation has been done in the table which follows on page 7.

FIGURE 1  
EMPLOYEES PER NET 1,000 SQUARE FEET



NOTE: Hotel/lodging and property management companies show particularly large variation in results based on square footages. These variations are explained by factors such as size of facility and level of service/support facilities and amenities provided. It is suggested that additional research be conducted in Telluride and elsewhere, and that perhaps a standard based on number of rooms rather than square feet of building be considered prior to formalizing a standard for Telluride.

\*\* Results are based on jobs per square foot calculations for a large sample of employers in ski towns. The sample consists of 1,199 completed interviews. Total jobs are divided by 1.3 jobs per employee (a reduction to compensate for multiple job holding) to calculate total employees per 1,000 square feet of net floor area.

## LODGING AND MULTIFAMILY EMPLOYMENT

Lodging employment measures are even more complicated than describing other categories of commercial use. There are often "economies of scale" with larger properties, while small properties such as bed-and-breakfasts may have only a few larger rooms with a resulting higher employment ratio. Field research in other communities suggests that because the employment levels are more directly associated with the number of rooms (and the associated guests) than the total square footage of the property, the measurements for lodging should probably be based on rooms rather than square footage's. However, the results presented in Figure 1 and Exhibit A are based on net square footage's in lodging properties.

Field checks in other communities also show wide variations in employees based on rooms, with several facilities having about one employee per 10 rooms, while others are at more than one employee per room. As shown in the attachments, the Breckenridge research showed 0.8 employees per room. Overall, the RRC database showed 1.09 employees per room. However, there are clearly lodge properties with lesser employment rates. We suggest that if a formula based system is adopted, several different standards be created for lodge units that address the variety of employment patterns that are evident. Because of the complexity of determining lodging measures, additional field checks should be conducted in Telluride. While no final recommendation concerning ratios is appropriate at this time, the general approach and the types of standards desired should be reviewed. Staff and consultants will use the input received to shape final recommendations.

A similar situation exists with respect to the generation from multi-family type units. Like lodge units, they also require further analysis and research. Measuring the employee generation for multi-family units is complex because there are wide variations in the employment impacts associated with "managed" units. For example, depending upon a particular development type, the employees can be either employed by a property management company, which manages several other developments, or can be solely employed by the operator of the specific development. Another aspect of employee generation for multi-family units which should be quantified is that the units themselves tend to be used in a variety of ways; i.e. short term, owner occupied, long-term rental, or vacant, and have a tendency to change between these uses over time. These issues will also require further discussion and some additional research to develop standards that are customized to Telluride.

Although determining accurate employee generation measures for lodging and multi-family units is difficult, it is important to create standards for these uses. Including these uses in the system will ensure that the program is equitable across all categories of employment generators and will also help to reduce the potential for encouraging or discouraging particular uses in response to the system. In the development of the housing mitigation program unintended land use consequences must be avoided.

## IMPLEMENTATION OF THE STANDARDS

An important consideration in adopting any standards is the "percent mitigation" that is deemed appropriate. While the standards summarized in the table on page 7 are intended to accurately

represent the employee generation rates for various land uses, there is also the need to determine the "percentage" level at which mitigation occurs. Is the system designed to require housing to be created for all employees that are anticipated (i.e. 100 percent)? Or should the figure be some lesser amount (50, 60, 80 percent)? Clearly, this number is extremely important to determining the overall system and in many respects a relatively small change in this percent (say 10 percent) can have a large effect on the standards that would apply to a particular business or use. Determining this percentage will require philosophical as well as technical discussion. As discussed in the Telluride Planning Staff memo of February 22, the Town has several conceptual choices including:

1. Require all new development to completely mitigate (100 percent), and develop a public program to eliminate any measurable existing deficit.
2. Require all new development to completely mitigate (100 percent), but do not attempt to eliminate the existing deficit. If the Town chooses not to mitigate at 100 percent, the deficit will continue to grow as the build-out occurs.
3. Require mitigation of all new development, but at less than 100 percent, and attain 100 percent mitigation through other means such as incentives and project development by the Town and THA. This course of action will not address the existing deficit.

There are arguments in favor of adopting 100 percent mitigation for new development, such as:

- It is consistent with the master plan objectives that new growth should pay its own way. Clearly employment impacts are directly associated with new commercial activity and to the extent that they can be identified and anticipated, 100 percent mitigation may be warranted so that the existing community does not have to pay for impacts.

On the other hand, lesser percent mitigation standard may be appropriate based on considerations such as:

- It would be more equitable in terms of what has gone on before in Telluride; i.e. development has historically not been completely paying its own way;
- Lesser standards would take into consideration the number of employees that do not want to live in employee housing or in Telluride;
- A lower standard could result in less impact on mass and scale in the historic district where 100 percent mitigation might generate development patterns that are in conflict with other community objectives; and
- A lesser standard would be more consistent with what most other communities have adopted (for example, Snowmass is at a 60 percent figure using standards similar to those being discussed in Telluride).

An additional concern, sometimes expressed, is whether 100 percent mitigation involves an over extension of government into the social arena. An attempt to mitigate for every employee generated raises issues of the extent of governmental intervention, who shall receive units, and whether such a program becomes a "growth generator" as high quality employee housing, centrally located, becomes a stimulus for more people to relocate to a community.

All of these considerations must be balanced in the system that is ultimately adopted for Telluride. They should be identified at the outset and while many of these issues may have already been considered, they should again be noted and perhaps discussed.

#### LOCATION OF ON-SITE VERSUS OFFSITE UNITS

Regarding implementation of the standards, regardless of the specific level of requirement which is adopted, there is an additional issue which concerns the level of flexibility permitted regarding the location of the required employee housing. There are arguments in favor of requiring on-site construction, including that it will maintain activity in the core, and ensure that employees are near their jobs. Further, by requiring construction of units as a condition of a land use approval it is ensured that construction will actually take place. Employee unit construction commitments will be reviewed as a part of the development review and building permit process. The on-site construction requirement places responsibility on builders and developers; these groups are experienced and are able to oversee and complete required construction. Typically, overseeing construction has not been a particular strength of municipalities or housing authorities, especially when dispersed housing is a part of the program.

However, it should also be noted that given the town's mass and scale constraints, always requiring the full amount of the requirement to be on-site may in some instances be inappropriate. In general, it is suggested that increases in zone district standards for the purposes of providing the required employee housing should not be permitted. The ability to increase zone district standards for the purpose of providing employee housing in an amount greater than what is required should only be allowed to be proposed through the PUD process. The Town might wish to consider opportunities for the developer/applicant to seek approval for sites elsewhere in the zone district, or elsewhere in Town which meet all other operational criteria. Special situations might arise whereby the Town believes such alternatives adequately serve the objectives of this requirement and might be worthy of approval.

Like a number of other aspects of the ultimate program, the locational issues of employee housing will also require further discussion. Do Town leaders agree, as we are recommending, that the system emphasize on-site construction of units, with off-site construction allowed under special circumstances? Is this the primary element of the program or is there also agreement that a fee based component be created to deal with situations where on-site construction is not desirable, or where employment impacts equal less than a full unit?

#### CHANGES IN USE

Another issue or concern involves the question of what happens over time when specific tenants or occupancy of a building change, yet the housing was approved for a different mix. It is our

opinion that most shifts of tenancies that do not require a new or amended development review application will occur within the general framework of the approved plan for the particular use. For those which do require an amended or new application, specific modifications in the required housing based upon the new plans (expansion, change of use, renovation, etc.) can be identified and reviewed at that time. These situations will require additional discussion.

#### CONVERTING THE REQUIRED NUMBER OF EMPLOYEES TO UNIT DEMAND

Finally, a standard ratio of employees to housing type should be established which is consistent within the Telluride Land Use code. The anticipated employees must be translated into "units." The ratio is the means by which the "employees generated" will be translated into "units required." Various methods for calculating employees per unit are possible. An overall average or goal of 2.5 persons per unit might be used for discussion purposes, because it can be tied to overall averages in the Town but refinements to this figure must occur. A variable system will likely need to be adopted for Telluride where the physical design considerations will dictate various solutions.

There should also be recognition that a mix of units must be the community's goal. The demand for units varies by household type (single, married, families, etc), by income levels of employees and in various other ways. Clearly, the type of unit constructed, its overall size, number of bedrooms, and location will determine its "real" contribution to providing housing. As noted in the February 22 Planning Staff Memorandum, on-site mitigation in Telluride is limited in its ability to provide a full range of unit types. Unit type demand must be addressed as the Town considers a comprehensive mitigation program.

#### EXHIBIT A EMPLOYMENT GENERATION RATIOS

	NUMBER OF TELLURIDE AREA BUSINESSES	NUMBER OF TOTAL BUSINESSES IN SAMPLE	RRC RESEARCH OVERALL AVERAGES**
Bar/restaurant	5	121	5.55
Grocery/liquor/convenience	1	22	2.02
Recreation	2	39	6.7
General retail	2	209	3.0
Hotel/lodging	4	104	4.4
Service commercial	3	76	3.6
Professional service	2	154	3.5
Local government	1	43	2.6
Education	2	24	2.6
Financial/insurance	2	30	3.1
Real estate/property mgmt	3	90	7.5
Transportation	0	7	2.8
Utilities	0	11	3.1
Construction trades	11	104	9.03
Other services	6	165	3.6
TOTAL/AVERAGE	44	1199	4.22

NOTE: Lodging/accommodations has particularly large variation of employees per room, depending upon factors such as size of facility and level of service/support facilities and amenities provided. Additional verification of local patterns would be provided prior to the adoption of any local regulations.

PAGE 7

\*\*RRC research is based jobs per square foot calculations for a large sample of employers. Total jobs are divided by 1.3 jobs per employee to calculate total employees per square foot.