



Gondola Advisory Committee Agenda Item Summary

Date/Time:	February 23, 2026
Subject/Agenda Items:	Right-of-Way Negotiations and NEPA Regulations; 2026 Communications and Government Affairs Strategy; Capital Funding: Value Drivers, Cost Estimates and Local Funding Strategy
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Issue Statement

The project team seeks to share information and reach alignment on three topics:

- Right-of-Way Negotiations and NEPA Regulations
- 2026 Communications and Government Affairs Strategy
- Local Funding Commitments Process

Background

At the January 2026 Gondola Advisory Committee (Gsub) meeting, the project team outlined the key 2026 decisions required to maintain the critical path and presented the 2026 work plan and schedule as the roadmap to those decisions. Today’s meeting provides a deeper dive into three work plan components (wildly important goals) to build a shared understanding, gather Gsub perspectives on the proposed approach, and surface potential issues early to facilitate effective implementation.

Right-of-Way Negotiations and NEPA Regulations

This meeting will include an informational item on right-of-way (ROW) negotiations and NEPA requirements to ensure project compliance and support successful project delivery.

Completing NEPA and submitting the project package to the Federal Transit Administration (FTA) is a 2026 work plan priority. To preserve eligibility, all participants must adhere to FTA restrictions governing ROW acquisition activities.

Until NEPA clearance is issued, project partners—including project team members, Gsub and Leadership Committee members, and representatives of participating entities (TOT, TMV, TMVOA, and SMART)—must not engage in any ROW acquisition discussions or negotiations. Prohibited activities include formally or informally: making



purchase offers, negotiating terms, discussing property value or compensation, committing to acquire property or easements, establishing purchase conditions, or indicating intent to proceed to settlement. In Q4 of this year, the project team intends to develop a compliant strategy and schedule identifying when acquisition negotiations may begin following NEPA clearance.

Communications and Government Affairs Strategy

The Telluride-Mountain Village Gondola pioneered the use of “aerial tramways” for fast and reliable public transportation in mountain communities. Since 1996, the regional system has grown to over 3 million annual riders with powerful economic, environmental and quality of life benefits.

The SMART communications and government affairs strategy informs plans for the future system while leveraging the core strengths of the existing gondola:

- **Proven transit system** with a 30-year track record that is the envy of many peer mountain communities with over 3 million annual trips.
- **Environmental benefits** as one of Colorado’s busiest transit lines, the gondola substantially reduces traffic congestion and greenhouse gas emissions.
- **Quality of life and community identity** as the only system in the U.S. to provide a critical fare free community link that is synonymous with regional identity.
- **Pioneering public safety** with a fast, reliable, weather-proof, and safe alternative to road-based transportation.
- **Shared economic driver** that benefits and connects Telluride, Mountain Village and the region.
- **Strong regional planning coalition** with extensive relationships at the local, state and federal levels (e.g., FTA, CDOT, Congressional Delegation, etc.).

The multi-jurisdictional nature of this project highlights the importance of government affairs and strategic communications to set expectations for a new future gondola, build consensus for a local funding plan and achieve the following shared regional goals:

- **Clear Roles & Responsibilities:** Establish SMART as the project lead with clear communications roles and expectations for funding and non-funding partners.



- **Community Trust:** Create baseline awareness that is grounded in community benefit, public value and the realities of building a regional transportation system.
- **Coalition Building:** Cohesive engagement and government affairs for consistent communications and outreach across a diversity of stakeholders.
- **Tailored Outreach:** Provide a communications toolkit that each partner can adapt with consistent messages and a variety of channels.
- **Change Management:** Strengthen the continued partnership and adaptation needed to manage the evolving roles of each partner entity.

For a project of this scope and complexity, a baseline level of outreach, messaging and planning protocols is crucial to success. The SMART communications and government affairs strategy provides a programmatic approach for partner coordination in 2026.

The coming year will be a period of intense project development activity that requires a strategic communications roadmap for key milestones in the technical timeline. Key activities by quarter include:

- **Q1-2026**
 - Onboarding of new gondola leadership coalition members
 - Finalization of communications and government affairs strategies
 - Value-drivers informing financial planning and local funding strategies
- **Q2-2026**
 - Gondola vendor procurement
 - Federal lobbying vendor procurement planning
 - Updated economic benefit analyses
- **Q3-2026**
 - Basis of design decisions regarding baseline transit functions at each gondola terminal/station
 - Engage stakeholders on how community benefits and value drivers inform decision-making
- **Q4-2026**
 - Celebration of the existing system’s 30th anniversary
 - Recap of 2026 progress and preparation of 2027 work plan



Unique considerations associated with each milestone will inform the tailored tactics deployed during each milestone by SMART and the project coalition. The draft 2026 communications and government affairs strategy will be presented at the February Gsub meeting to guide follow-up communications with each partner entity. An updated project fact sheet is attached to the February Gsub packet.

Capital Funding: Value Drivers, Updated Cost Estimates, and Local Funding Strategy

Value Drivers

As a local funding strategy is developed for the replacement gondola, it must be grounded in the core strengths of the current gondola, community benefit, public value and the financial realities of building a complex capital project. When the updated planning level cost estimates were presented earlier this year, they were provided within the following context, which presents both challenges and opportunities, as identified by the Gondola Leadership Committee:

- **System flexibility/capacity:** The existing gondola system is at capacity, and ridership growth is ahead of forecasted levels.
 - Current ridership during peak periods results in significant lines and wait times (e.g., more than 1.5 hours on July 4th).
 - A new system can be designed with the ability to increase capacity as future demand increases.
- **Passenger flow/accessibility:** Level-loading is directly tied to capacity, visitor experience, ADA compliance and future funding competitiveness.
 - The current gondola provides no opportunity for level-loading.
- **Cost vs. Benefit:** A new system offers the most cost-effective investment and minimizes potential risks.
 - The current gondola is nearly 30-years-old, nearing the end of its design life and replacement parts are difficult to source.
 - The coalition has evaluated the viable options (e.g., minor rehab, major overhaul) and the most cost-effective solution is to replace the gondola.

In this context, the Gondola Leadership Committee established the following as a guiding principle for funding the future system:

*Proactively identify local funding to aggressively pursue grants
and other outside funding sources.*



Updated Cost Estimates

Project Scope Definition

This discussion addresses Project A only — the federally eligible core transit project.

Project A – Gondola/Terminal Replacement (Core Transit Function)

Gsub, Gondola Leadership Committee, SMART, and the Project Team are responsible for developing this project under the Project IGA. Project A qualifies for FTA funding as a public transit project. This discussion focuses on the local funding commitment for Project A.

Components of Project A:

1. Gondola machine (towers, rope, lightning protection, drive systems, cabins, evacuation equipment)
2. Like-for-like terminal replacement at all stations
3. Level-boarding/ADA-compliant loading areas
4. Maintenance and storage facilities
5. Bus pickup/drop off improvements
6. Multimodal connectivity (e.g., bike parking, etc.)

Cost Estimate Assumptions:

1. Year of expenditure: 2031 (currently anticipated construction midpoint)
2. Constant inflation rate: 3% annually
3. 40% contingency (FTA requirement at 15% design level)
4. Contingency will decrease as design advances: 33% at 30% design, 26% at 60% design, 20% at 95% design
5. It is important to note that these are preliminary planning-level estimates that will continually be refined after vendor selection and as the project advances through design and engineering.

The planning cost estimate for Project A is \$135M- \$187M (in 2031 dollars). The table below lists the project items for Project A.

Project A Cost - Refined Breakdown

Preliminary planning cost estimates; not final costs

Components	Inclusions	Estimated Base Cost (2025\$, millions)	Contingency (2025\$, millions)	2025 Base Cost w/ Contingency (2025\$, millions)	Estimated Cost* (2031\$, millions)
Gondola Machine	Gondola towers, rope, lightning protection, machine drive, drive station, return station, cabins and equipment, evacuation equipment, system engineering, shipping, misc. equipment, labor	\$46-\$62	\$6-\$8	\$52-\$70	\$62-\$78
Telluride (Station 1)	Demolition, site work, utilities, gondola building, and basement	\$6-\$9	\$1-\$2	\$8-\$11	\$11-\$14
San Sophia (Stations 2&3)	Demolition, site work, utilities, gondola building and basement, maintenance facility, and cabin storage	\$7-\$9	\$5-\$7	\$14-\$19	\$16-\$20
Mountain Village (Station 4&5) - Separate Terminals or Combined Station	Demolition, site work, utilities, gondola building, and basement	\$11-\$24	\$7-\$16	\$24-\$40	\$27-\$50
Mountain Village Market Plaza (Station 6)	Demolition, site work, utilities, gondola building and basement, maintenance facility, and cabin storage	\$8-\$11	\$6-\$8	\$15-\$20	\$19-\$25
TOTAL PROJECT A:		\$78-\$115	\$25-\$41	\$113-\$160	\$135-\$187

* Assumed 3% annual inflation

Presented to Gsub on January 26, 2026

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Local Funding Strategy

Background

In June 2022, the Gondola Leadership Committee directed staff to plan for a full replacement of the existing gondola system — a decision driven by the compounding realities of age, structural limitations, and capacity constraints. The gondola, constructed in 1996, is approaching 30 years of operation and has accumulated over 144,000 operating hours, the highest known lifetime utilization of any comparable gondola system in North America. With many core components at or beyond their design life, parts are no longer manufactured by the original equipment manufacturer, and control systems are relying on legacy technology sourced only through secondary markets.

Independent engineering studies by Outdoor Engineers (2016) and Doppelmayr (2015) confirmed that meaningful refurbishment is not the most cost effective or viable path forward for long-term sustainability, as any modification to improve capacity, accessibility, or performance would trigger mandatory replacement of all towers and tower foundations under current codes — an investment costing 70-80% of full replacement (in 2016 dollars) while still leaving the system dependent on aged drives, gearboxes, and structures. Compounding these structural realities, the gondola has reached its carrying capacity. The gondola currently operates at its design maximum of



1,075 passengers per hour with 57 cabins — roughly 3 million rides annually — and cannot add cabins or increase line speed. Peak wait times regularly exceed 20 minutes and ridership is projected to approach 4 million annual trips by 2037. Modern gondola systems are designed to accommodate this level of demand, with typical capacities ranging from 1,200 to 3,000 passengers per hour.

At the direction of Gsub and Leadership, the project team developed a federal funding strategy to leverage local funding with federal dollars, maximizing total project funding. The largest eligible funding opportunity is the FTA's Capital Investment Grant (CIG) Program for core capacity projects, which may provide up to 50% funding for eligible project activities. Gondolas were added as an eligible project mode in 2023. The CIG Core Capacity Program is highly competitive and requires demonstrating that the system is at or near capacity; the system's age and operating hours are not considered in this particular grant program. A critical program requirement is committed local funding, which must equal at least 50% of the total project cost. To satisfy this requirement, the project team, Gsub, Leadership, and partner agencies need to work together to finalize the local funding commitment in 2026.

Based on planning cost estimates provided to Gsub in December and January, and following Gsub and Leadership discussions, the local funding strategy includes:

- **SMART 3A Revenue (2025-2027):** Financial forecasts estimate up to \$15M for the capital project. These revenues are currently not eligible for bonding or debt service. The 3A revenues are primarily designed for long-term operations and maintenance of the Gondola but can also be used for Gondola Project development and capital expenses from revenues collected before SMART assumes O&M responsibility on January 1, 2028.
- **2A Lift Ticket Excise Tax Revenues:** These revenues are collected by TMV and will be passed to SMART through an intergovernmental agreement. This revenue source is eligible for bonding. To bond against these or any other revenues, SMART will need to refer and pass a debt question. This is a variable revenue source; at this point, financial forecasts estimate approximately \$1M per year. Conservative estimates (based on 2025 factors) suggest potential debt service capacity of approximately \$15M - \$20M over a 20-30 year period.
- **The Town of Telluride and Mountain Village Entity:** Local funding contributions from both municipalities will cover the remaining gap.



Analysis

System Context and Ridership

The gondola system operates three critical segments:

1. Segment 1: Oak Street Station to San Sophia
2. Segment 2: San Sophia to Village Plaza
3. Segment 3: Village Plaza to Market Station

Each segment represents a critical component of the regional transportation system, providing significant benefits to both towns and the broader region. The gondola provides over 3 million trips annually.

The project team has contracted with Placer.ai and AECOM to conduct a detailed ridership analysis, including passenger travel patterns and origin/destination information, using cell phone and other data. This analysis, combined with existing ridership data and surveys, will provide insight into ridership patterns by segment and time of day. The team anticipates receiving this information by April 15, 2026, which will inform final allocation discussions.

Financial Analysis

- **Total Project Cost (Project A):** \$135M - \$187M (2031 dollars)
- **Federal Funding (50%):** \$67.5M - \$93.5M
- **Required Local Match (50%):** \$67.5M - \$93.5M

Identified Local Funding Sources:

1. **SMART 3A revenues** (conservative total estimate remaining from 2025, 2026, 2027): ~\$15M
2. **SMART 2A bonding capacity** (conservative): \$15M - \$20M
3. **SMART Total:** \$30M - \$35M

Remaining Local Funding Need:

1. **Low scenario:** \$32.5M (\$67.5M - \$35M)
2. **High scenario:** \$58.5M (\$93.5M - \$35M)
3. **Mid-point estimate:** \$45.5M



Recommendation for Discussion

The project team recommends a 50/50 funding commitment from the Town of Telluride and the Mountain Village Entity, up to \$x.

Proposed Municipal Contribution (50/50 split between TOT and MVE):

1. Town of Telluride share: \$16.25M - 29.25M (mid-point: \$22.75M)
2. Mountain Village Entity share: \$16.25M - 29.25M (mid-point: \$22.75M)

Next Steps

Following Gsub input at this meeting, the 2026 Strategic Communications and Government Affairs Plan will be refined and finalized for implementation. The Leadership Committee will meet on March 2, 2026; the project team will shift to preparations for this meeting, which marks the committee's first convening since July 2025 and will introduce many new members.

Fiscal Impact

There are no fiscal impacts directly related to this discussion.