

Taos County 'confused' over annexation; town cites 'trust issue'

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The honeymoon is officially over.

The same town and county officials who preached cooperation at the start of the year sparred Monday (March 11) over the town's impending decision to annex six miles of highway right-of-way to pay for an expansion at the regional airport.

While commissioners made last-minute requests asking the town to let the county split the cost of operating the airport as well as take on half of a \$1.2 million loan needed for an expansion, the town insisted it would not rely on the county's promise it would fork up the funds.

"I would say that there's a trust issue," said Taos Mayor Darren Córdova in an interview following the exchange.

In less than three months, relations between the town and county have gone from lofty overtures about the need to work together in hard times, to the town pushing forward on a controversial annexation and the county vowing to bring a lawsuit to stop it.

If the situation does get tangled up in the courts, it's unclear if litigation will delay or derail the airport project, which both the town and county see as important to the well-being of the entire community.

'A lot of unknowns'

The town is poised to receive a \$24 million federal grant for the construction of a crosswind runway at the airport, but it needs to come up with a \$1.2 million match to get the funding.

Because its finances are stretched thin, the town says it must annex the airport to capture the gross receipts tax generated by the expansion project. The town calculates it would receive about \$670,000 as a result of the project, covering about half the total match.

The town gets most of its revenue from gross receipts taxes, and town manager Oscar Rodriguez said in an email the town has previously pledged portions of that tax revenue to borrow money. Rodriguez said the town's entire gross receipts tax is already tied up paying back existing loans for projects such as town hall and the Eco-Park. New revenue won't become available until 2017, he said.

Rodriguez said the town could take on more debt by putting at risk funds that pay for road maintenance and the police force, but he is hopeful future tax revenues at the airport will be enough to at least convince a lender to loan as much as \$800,000 of the match amount.

Rodriguez said the town hoped the federal government would be willing to break the airport project into phases, which would possibly split the match requirement. However, if the federal government requires the \$1.2 million in a lump sum, Rodriguez said the town may have to forgo general maintenance and capital improvement projects for its residents to have enough cash on hand to cover what it can't borrow.

"There's a lot of unknowns, but this is a very high profile, very important project for the town," Rodriguez said.

Once complete, Rodriguez said the town would continue to have to reach into its general fund to pay for operations at the airport, at least in the short term.

While county officials see their formal offer to split operations costs and share the debt needed to make the match as a no-brainer for the town, Rodriguez reiterated his concerns Monday that the county could at any time renege on an agreement, forcing the town to shoulder the full weight of the loan.

Mayor Córdova said in an interview that this and other commissions have been mercurial, and he questioned the county's ability to address fundamental issues like zoning. Córdova said he was hesitant to have the town "partner with something that's broken."

Because of that perceived uncertainty, Rodriguez said the county's offer was not a "sound financial scenario."

"In terms of the math as we see it, [the county's proposal] is not necessarily a better or even equal offer," Rodriguez said.

'A red herring'

Tom Blankenhorn said Monday he was "confused" by the town's position. "I just haven't been able to, for the life of me, figure out the arithmetic in the town's refusal to accept our offer," he said.

By splitting the debt and operations costs with the town, Blankenhorn said both entities could share the burden of the airport while ensuring the expansion project would go forward without resorting to what Blankenhorn called a "divisive" annexation. He discounted the town's claim that the county was offering only \$670,000, pointing out that the county would take on \$600,000 of the loan, plus half the operations costs (now \$140,000 a year) in perpetuity, not just as a one-time payment.

If the town and county were to sign a joint contract, both would be bound to pay, Blankenhorn said.

"To me, still this question about worrying about payments is a red herring," Blankenhorn told Rodriguez. "So you can keep saying, 'Well I can't recommend it because I'm worried,' but it's not a legitimate worry. We would be bound if we co-signed the loan."

Blankenhorn said finding a compromise would be "a great place for the town and the county to begin our new relationship of joint cooperation."

But Rodriguez was adamant any agreement between the town and county would not be enough to convince a lender that money would be there to pay back the loan.

Rodriguez said the town had not yet secured a loan to pay the match. If finding the money proves problematic, the town may have to punt on the expansion for a year or two, Rodriguez said.

“That would be a shame for the community,” Blankenhorn said. “I’d hate to see that happen. If you partner with us we have a much better chance of getting the loan.”

Amid the conversation, commission Joe Mike Durán chided the town for not having a better plan to fund the runway expansion after spending nearly 30 years trying to move the project forward. He said he disagreed with Blankenhorn and felt it was not the county’s responsibility to help the town pay for the airport.

Courts will decide

For weeks, the town has been saying it provides far more services than it can support — from running dispatch, to funding and operating the airport, a public library and a recreation center.

At the same time, town officials appear hesitant to enter into partnerships with the county that would spread the cost and management responsibilities between the two governments. The town has informally offered to give complete control of the airport to the county, saying it would pay 20 percent of the operations costs. In turn, the county has offered to take over control of dispatch.

With the town’s decision Tuesday to move ahead on annexation, things could become more antagonistic. The county has raised questions about the legitimacy of the proposed annexation, hinting at arguments it would take to court.

As the owner and operator of the airport, the town is petitioning itself for annexation, using the highway right-of-way as a link to tie the facility to the town’s border. A letter to the town from the New Mexico Department of Transportation says that the agency “will not object to the proposed annexation” as long as the agency retains sole jurisdiction over the right-of-way.

At Monday’s meeting, county attorney Barbara Martinez pointed to a state law requiring an annexing municipality to include any public roads located along the boundary of the territory being annexed. She counted up to a dozen county roads along the highway between the existing town boundary and the airport that she believed would need to become part of the town.

In an email, town attorney C. Brian James said only the highway would need to be annexed. Rodriguez told Martinez at Monday’s meeting that town officials “flat out disagree” with her interpretation.

“The courts will get to decide, I guess,” Martinez responded.