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Ski Valley plans for $350M in construction

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Taos Ski Valley could see a serious facelift in the next decade.

An economic impact analysis prepared for the resort anticipates more than $350 million in investments for infrastructure, real estate developments and recreational facilities.

The analysis, unveiled earlier this month, offers the first public glimpse at how much the resort's new owner, billionaire Louis Bacon, is willing to invest in a ski resort that has languished for years. Officials at Taos Ski Valley say the work will boost revenue, create jobs and be a boon to the regional economy.

The sale of Taos Ski Valley was announced by the Blake family — the resort's founders — in December 2013 and was finalized last summer. Details of the transaction, including the purchase price, were not disclosed.

Since the deal closed, resort officials have been touting a list of planned improvements — both on and off the mountain — meant to draw visitors back to the area. Changes include a completely redesigned base area that is more inviting and modern. The first major project — a ski lift to the top of Kachina Peak — was finished before the start of this ski season.

That appears to be just the beginning.

The economic analysis by Vermont-based Doug Kennedy Advisors says current planning and projections show $351 million will be spent on construction at the Ski Valley from now until 2024. That figure includes $43.9 million for public improvements, $23.5 million in recreation facilities, $238.8 million in real estate improvements done by the resort, and another $45 million in real estate done by other parties.

The analysis is part of a joint effort by the resort and the village of Taos Ski Valley government to establish a special tax district. The district — known in tax jargon as a Tax Increment Development District — would not increase taxes. Instead, it would divert future tax revenue to pay for public works and infrastructure improvements that are considered essential to support an overall expansion plan.

In an interview this week, village Mayor Neil King said existing utilities and facilities are "barely adequate" for the homes and businesses that are already in the valley. To go forward, King says the village and the resort are in a "chicken or the egg" kind of situation: The resort can't finish its redevelopment until village infrastructure is upgraded. But the village can't possibly afford to do those upgrades on its own.

In a proposal submitted to the village, the resort has identified about $45.5 million in public improvement projects it would like to see done in the coming years. Of that cost, the resort says it would put up $28.7 million to get things moving.

Gordon Briner, CEO of Taos Ski Valley, Inc., said in an interview the tax district would help speed up redevelopment. “This allows things that might be on the 5 or 10 year plan to happen relatively quickly,” Briner said.

Briner said the proposed tax district was mutually beneficial for both the corporation and the village. A master plan including a lot of the proposed projects was created jointly between the village and the resort a few years ago. The sale to Bacon has suddenly made a lot of those plans possible.

“There’s things happening now that we’ve been hoping for years,” Briner said.

Briner also pointed out that much of the planned development is meant to return the resort to its past glory. Annual skier visits between 2000 and 2010 were down 25 percent from the pervious decade, while ski areas elsewhere have seen visitation grow.

“A lot of our development is to try to get us back to where we were 20 years ago,” Briner said.

Improvements proposed for reimbursement range from beautification projects such as redesigning the base area to include a public plaza and river walk, to less glamorous but critical tasks like expanding the wastewater treatment plant.

According to a finance plan for the tax district, one of the first and most expensive projects would be to bury natural gas, telephone and fiber optic lines from the mouth of Hondo Canyon to the resort’s base area. Crews are already surveying the canyon in anticipation of that project. The proposal’s finance plan expects burying those utilities to cost $9 million. If all goes to plan, the project is slated to be complete by 2016.

What the proposed tax district would do is provide a mechanism by which the resort would front the cost for most of those improvements, and be reimbursed later. The details of how it works are a little complicated.

To start, a tax “baseline” would be established by estimating the village’s average annual revenue from property and gross receipts taxes. The village government now brings in about $1.4 million a year in combined gross receipts and property tax revenue.

Going forward, 75 percent of any tax revenue above the actual baseline would go to the tax district. In theory, that money would then be used to pay back the resort for the money it fronted to get the work done, though there’s no guarantee. The other 25 percent would go to the village for its day-to-day operations.

Taos Ski Valley Village Administrator Mark Fratrick said in an interview Tuesday the revenue forecasts for the tax district are conservative, but they do predict substantial increases generated by a flurry of construction in the short-term, and growing visitor numbers and rising property values in the long term.

The economic analysis says the resort's revenues now hover between $13 and $14 million a year. By 2025, the analysis predicts the resort's operations will increase by about $7.6 million, retail sales will go up $1.6 million, and revenue from hotels and other rental properties are expected to climb by nearly $10 million.

The same report predicts the construction will create enough work to employee 524 workers full-time over the same period.

In addition, a finance plan for the district predicts that by 2041, the tax base inside the village limits will increase by more than $150 million thanks to new construction and rising property values.

Village officials say they're confident growing tax revenue will be enough to support basic village services, even if the municipality is only getting a 25 percent cut of that growth. If it's not, there are ways to adjust how much money goes to the village to ensure the government remains solvent.

For now, the village and resort are hoping to coax the new tax district into existence. To do so, they must get the OK from Ski Valley voters, the state Board of Finance and the state legislature. Village officials say ballots have been sent out and are due back to the village offices by Jan. 30. A special meeting before the Board of Finance is scheduled for the same day. Officials also hope to get a bill for the district approved during the current legislative session.

If it manages to clear those hurdles, village officials expect the tax district to start collecting revenue July 1. Work at the base area is scheduled to resume in April, Briner said.

To download a portion of the tax district financing plan, as well as the economic anaylsis for the resort, find this story at *taosnews.com*.