

County Council Presentation December 15, 2017



ATTACHMENT A

Agenda

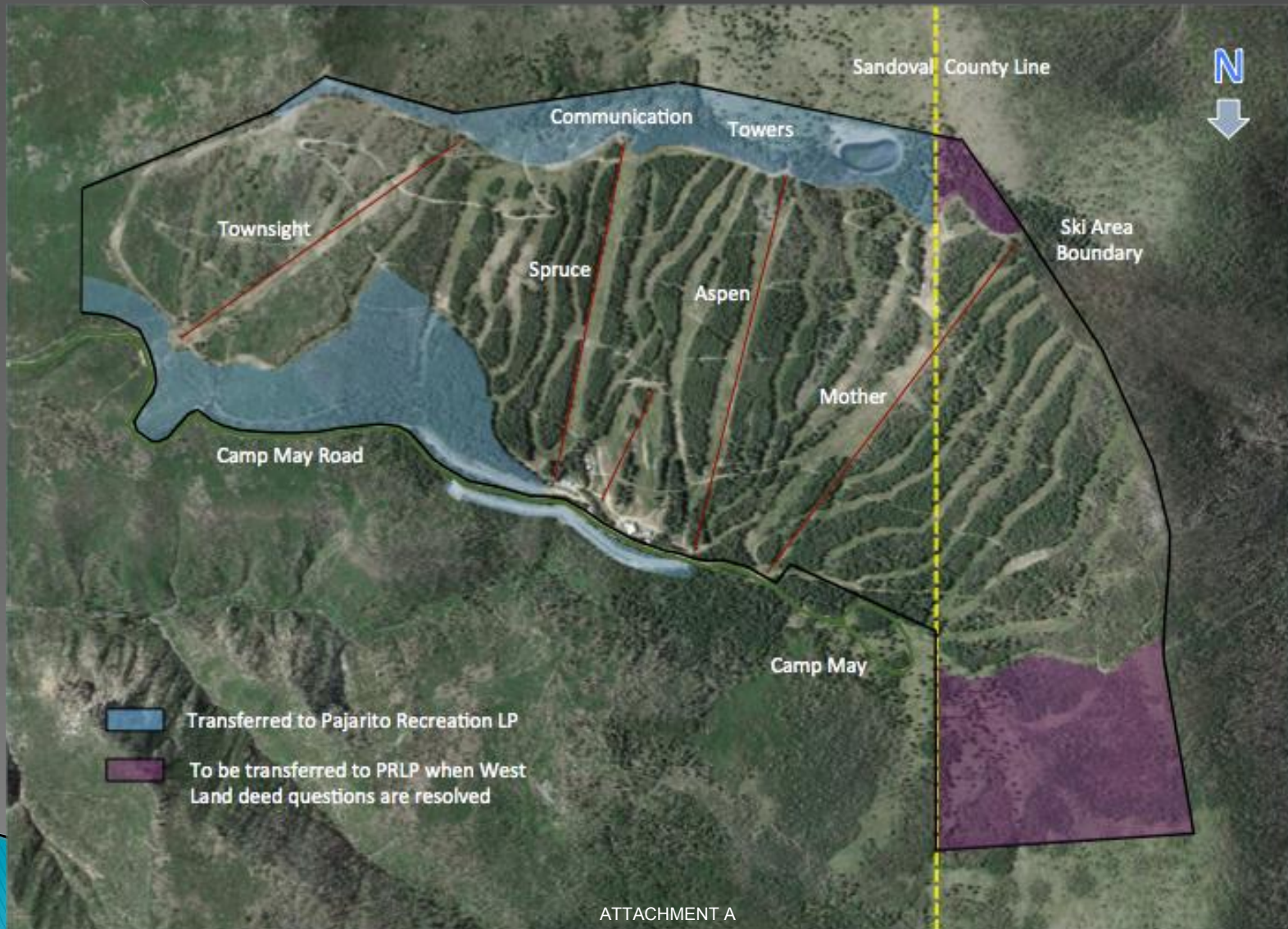
- History of change
- Importance of Pajarito to Los Alamos
- Importance of the pipeline to Pajarito
- Transition/Contract Status

The 2014 Motion:

“That the Membership of the Los Alamos Ski Club authorize the Board to transfer substantially all of the Club assets to Los Alamos County and the Sipapu Group who would then own, manage, and operate Pajarito Mountain Ski Area, understanding that this transfer and ownership will be subject to various deed-restrictions and contract performance clauses and that the officers and Board are authorized and directed to negotiate, carry out and do all things reasonably necessary to consummate the authorized transactions.”

VOTE PASSED BY A LARGE MARGIN

The Land Ownership Plan (2014)



Challenges With The Original Plan

- The plan was relatively simple. Execution has proved to be challenging.
- Los Alamos National Bank (LANB) requires all of the Ski Area property as collateral to service the existing mortgage. The land is valued at \$2.4m
- Most of the land and therefore collateral was under LAC . Having an existing lien on the property the County was to own was problematic.
- PRLP collateral was not sufficient to provide for the whole mortgage.
- Efforts to use the County property as collateral were not satisfactory to either LANB or PRLP.
- PRLP wants to maximize the collateral value of the property and the County could not support a potentially ballooning or changing underwriting task.

Why did the path change?

- We hit a road block in implementing the original plan for Pajarito Mountain.
- The impasse did not seem to have a resolution and therefore we sought a new path forward.

The New Proposal

- PRLP approached the LASC Board with a new plan.
- Transfer all the assets and all the land to PRLP, which removes the LANB issues over insufficient collateral, which were blocking the transition.
- The Board was originally skeptical, but on further review, it was clear that the proposal had merit, so continued to pursue the option.

The LASC Perspective

- The ski area is valued at ~\$2.4m, including the Sandoval County land parcel.
- The current debt to be accepted by PR is ~\$1.25M.
- It is difficult to estimate the value of the land and cell tower rights they would have had under the original plan, but PRLP gains substantially more under the new plan (> \$1M).
- The LASC Board thought the Club should get something in return for this increased asset value.
- The Board therefore proposed that (in a full-transfer plan) PRLP should match the LAC pipeline costs and complete the project within 2 years, a \$1.71M obligation.

What Has Happened In The Last Three Years



- With water in the storage pond, we have been making snow.
- Improved and additional collection areas have increased the on-mountain snowmelt collection system.
- LAC, with LASC input, has developed a pipeline plan to bring additional water to Pajarito Mountain.
- PRLP has been managing the ski area for the last 3 years.
- Momentum has been building, increasing revenues.
- PRLP has put significant money into repairs and upgrades even though it does not own the mountain.
- PRLP has yet to make a profit, but has shown that it is committed to staying involved.

Importance of Pajarito Ski Area to Los Alamos County



What Is Important?

- It is vital that the ski area property remain as a recreation resource (skiing, snowshoeing, hiking, biking, etc.) for residents, no matter what happens in the future.
- We want skiing to remain at Pajarito Mountain.
- We need to draw in new community members and outside visitors to generate enough income to keep the ski area viable into the future.
- We need a reliable water source for snowmaking operations when natural snow is not available and to ensure a longer ski season.
- We need additional investment into aging facilities and equipment.

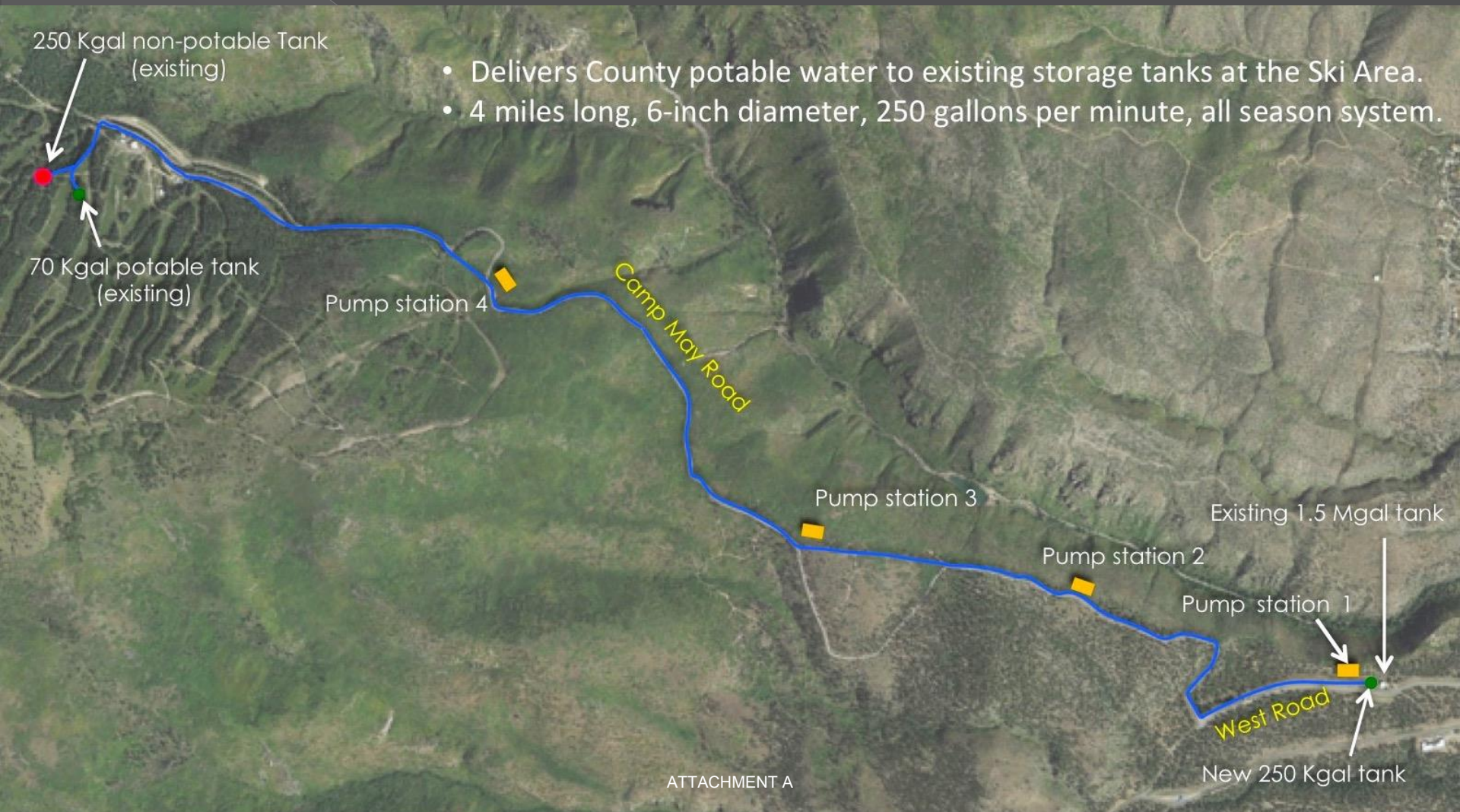
Benefits of PRLP Ownership

- Pajarito Mountain season passes have benefits at many other ski areas through the Power Pass.
- We have received 2 year old rental equipment from Purgatory and AZ Snowbowl. Pajarito rental gear was more than 15 years old and not top quality when new.
- Being part of the “Collective” has many resource benefits.
- The Pajarito computer system has been upgraded and now talks with all the other associated ski areas involved in the partnerships.
- The ski area insurance is now part of a multi-area policy.
- Fundamentally, PRLP gives all indication to be in it for the long term.

Importance of the Pipeline to Pajarito



Pipeline is Core Ingredient for Future Success of Pajarito



Pipeline Will Deliver:

- Improved firefighting capability for the Ski Area, the southwest side of Los Alamos County, and the Central Jemez Mountains.
- A reliable snowmaking water supply for the existing 10-Mgal storage pond on top of the Mountain.
- Enough potable water for increased user demand and future development at Pajarito Ski Area, and for enhancements at Camp May.
- Support for expanded snowmaking capacity in the future, a fundamental component of PRLP's Ski Area Improvement Plan.

LASC and PRLP believe that with reliable and sufficient snowmaking, annual skier visits will increase substantially, major infrastructure improvements will be justified, and Pajarito Ski Area can become a financial success as well as an economic driver for the County.

What Does the Pipeline Do?

- Guarantees full snowmaking pond by early November, assuring Ski Area opening for the (economically critical) holiday period.
- With decent winter snowpack, the pond will be refilled with Spring snowmelt; pipeline provides additional water when snowpack is inadequate.
- All-weather construction allows refill of snowmaking pond in early winter, doubling Pajarito snowmaking capability with existing system.
- Makes sure that water storage for wild-land fire season is full by early May.
- Enables summer pond evaporation losses to be replaced in late Fall.

Project Technical, Cost, and Status

- Pipeline can operate 24/7 with 250 gpm pumping rate; fills the existing storage pond in 28 days.
- Pumping rate can supply enough water annually for any conceivable future requirements at the Ski Area and Camp May.
- Construction cost is estimated at \$3.42 million, including contingency; to be split between the County and PRLP.
- Construction drawings are nearly complete; environmental review with US Forest Service is beginning.

Transition / Contract



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What Will The Plan Entail?

- PRLP will own substantially all of the Los Alamos County property under this deed with the Sandoval County property to follow at a later time.

VALUATION (under two appraisals) is \$2.4M

- Continue to service the snowmaking debt of \$1.25M and manage the mountain and ski area.
- Commit to 50% of the pipeline cost to ensure a water source for snowmaking at the cost of ~\$1.71M.

Land Use Protections Under New Contract

- In the newly drafted contract, the land would be protected under strict covenants.
- Final negotiations and language is currently under review by both parties' legal counsel. Basic requirements are:
 - The area shall remain open for recreation whenever safe.
 - The stated primary purpose of the land is recreation, including winter and summer activities etc.
 - Hunting, commercial logging, and drilling, along with unauthorized motorized vehicle use, will be prohibited.
- LAC will have right-of-first-refusal when/if the land is transferred or sold. The enforcer of the covenants and conditions will be the LASC or an assigned designee, such as LAC.

Additional Protections

- County planning and zoning procedures for any land use change or development.
- LASC will own the Sandoval County parcel until such time as a legal path forward is found, in the meantime LASC will give PRLP a lease to operate the Ski Area.

Summary

- The LASC Board believes this to be the best path forward to secure skiing in Los Alamos and preserve the land for recreation.
- This plan has been voted on by the LASC membership and approved by a supermajority. The Board is authorized to proceed with the property transfer.
- Any future land development would still be subject to LAC P&Z.
- PRLP has managed the mountain now for 3 years and has ensured reasonable lift ticket prices, extended opening schedule, and integration into a larger skiing business etc.

Moving Forward:

- Complete Land Transfer
 - The Club will work with legal counsel to secure the best possible legal protections.
 - The Club will continue efforts toward transfer of the Sandoval County property.
- PRLP
 - The Club will continue to partner with PRLP on the pipeline.
 - The Club will continue to work with PRLP on events and programs that enhance our community (school programs).
 - The Club will continue volunteer activities that support Pajarito Mountain.
- County
 - The Club will continue to work with the County on pipeline implementation.
 - The Club will continue to act as the voice of the local skier community.
 - The Club will find additional ways to support our community through activities at Pajarito Ski Area.

QUESTIONS?

THANK YOU!

Thank you for your
time,
attention,
thoughts,
ideas,
concerns.