

MINUTES OF THE MEETING
BOARD OF CIVIL AUTHORITY
July 20, 2015

Present: Linda Tucker Linda Petty
 Harry Welch Ken Davis
 Alice Nitka Herb VanGuilder
 Ulla Cook Margot Martell – Lister
 Bill Krajieski – NEMC

The meeting was called to order by Co-Chair Linda Tucker at 6:00PM.

CLP Okemo Mountain LLC
030666-000

Ted Reeves and Earl Perkins represented Okemo.

Mr, Herb Vanguilder stated he has done some work for Ted Reeves on another project and does he have a problem? Mr. Reeves stated he does not feel there is any conflict.

Mr. Perkins:

The first portion of our appeal has been an adjusted by the listers regarding an error in duplicating the numbers. The second portion is the actual bench marks for determining the base value and ultimate appraised value for the lifts. The methodology that was utilized for determining that value was Swift estimator which is widely utilized for appraising a variety of equipment. This is tangible personal property. Many of the lifts we have are more than 20 years old. We have three that are 30 plus years old. I have a schedule which will be provided to the board. We feel that the original cost of \$19,148,000 should be the starting basis for determining the asset value. Obviously there is depreciation that is applied to that amount. Lift assets, by IRS guide lines are depreciable at 7 years. All of the 19 lifts but 2 are fully depreciated at this point. There is a residual value here. Mr. Perkins stated he did talk to a representative from POMA who said to remove a chairlift and sell it for use at another location is difficult in that the new site will require design and equipment modifications and additions and chairlifts are designed for a particular location. This does not make the market value very substantial especially for older lifts. The residual value for any tangible personal property does not go below 10% of the original cost. The total value for all the lifts is \$7,094,469. The market value according to the representative from POMA for an existing lift is anywhere from \$50,000 to \$500,000 depending on the lifts age and scope of design changes. I tried to get an itemized list from the listers for the \$4,310,000 which was the last appraisal in 2005. Many of the lifts that were inclusive in that appraisal are in this appraisal. This current appraisal is valuing these same lifts at \$1.6 million. It seems unreasonable that tangible property appreciates in value.

Mr. Reeves also stated that on his printout of used ski lifts for sale there is a 1997 fixed quad chair selling for \$450,000 and we have a similar lift and Mr. Krajieski is showing a value of more than double what the asking price is for this lift found on a web site. Mr. Reeves stated that last year the lift they replaced was moved to Sunapee at a cost of \$700,000 to move that lift.

Mr. Krajieski for listers:

This property is now assessed at \$23,917,300 and the 2014 assessment was \$11,762,400 the difference is \$12,154,900.

This parcel was increased in value for the 2015 Grand list in three specific areas:

1. Construction of new chair lift storage unit valued \$350,000-\$360,000 for storage of the bubble chairs.
2. Construction of a new lift (Sunburst Six) at a construction cost over \$6,000,000
3. Reassessment of existing ski lifts.

The State of Vermont Auditors office produced a report talking about ski areas in Vermont and how listers were valuing ski lift and snow making equipment. It was pointed out in that report that the Town of Ludlow was not doing this correctly when compared to other ski areas. We requested a list of all the lifts,

their vertical rise, their speeds etc. to try to put together a valuation. The 10 percent residual is IRS taxes, we are dealing with real estate, and where there is something called value and use. If we take that triple chair out of service, we will lose money. If a lift is not servicing an area, you will lose income. To equate the idea that this lift is worth nothing is not correct. Obviously the list is a part of what helps you to generate income. We used Marshall and Swift, reapplied what we think was very valid depreciation on them. The 4.3 million previous value may have been established back in 2002-2003 period but I have no idea how it was established. We looked at each lift for replacement cost, Marshall and Swift gives us a way to do that and then we depreciate it depending on age. I am a strong advocate of value and use. If you took any of those lifts away it would harm the income stream. There is a correction that needs to be made regarding the omission of the chair barn value. The overall value should be 24,117,200 municipal value, 7,805,900 educational value and 16,311,300 lift exemption.

Mr. VanGuilder asked what determines value and capacity on lifts.

Mr. Krajewski there is a specific formula for the type of lift, length, vertical and capacity per hour which ends up with a unit price and we compare that with the Marshall and Swift to come up with replacement cost and then you apply the depreciation.

Alice Nitka asked Mr. Perkins what number is he proposing compared to the listers and he replied no. Also do you not agree with the use value? Mr. Perkins replied yes he does but the market value actually takes the value into consideration as well.

Mr. Perkins stated they are just appealing the value of the lifts.

Mr. Krajewski asked if you take the educational value of 7,805,900 and added in your lift value estimate is that the total value. Mr. Reeves replied yes. The value of the lifts is 7,094,459 per the appellant and 16,311,300 for the listers.

Mr. Reeves asked how did the value of the lifts last year go from 4.3 million, we add the new lift and now we are at 16,311,000?

As this was prompted by the State of Vermont to tax ski lifts, Mr. Davis asked if the State of Vermont gave any guidance on how to recalculate this? Mr. Krajewski said there is a statute that talks about ski lifts and snowmaking and seeking to find answer to the snowmaking part. For the moment we know it is the ski lifts. Mr. Davis stated he is assuming that the State of Vermont was across the board with all the ski areas evaluating how each town were calculating. Mr. Krajewski said he works with the Town of Jay and the Town of Burke and both were contacted by PVR and asked to review the methodology they used. Mr. Reeves called the Vermont Ski Areas Association, he was told that half the town tax and half do not for lifts and snowmaking.

Mr. Davis commented that on the two schedules provided; Mr. Krajewski shows replacement cost new less depreciation versus Okemo showing original cost less depreciation to show value. Therefore the difference in value.

Linda Tucker asked Mr. Krajewski if the method in his schedule of taking replacement cost new less depreciation is the common practice. Mr. Krajewski responded yes it is very typical.

Inspection Committee to consist of Herb VanGuilder, Alice Nitka and Ken Davis, Chair.

Marshall and Swift manual will be available for BCA to use.

Meeting recessed at 7:15 until August 5 at 6:00PM for inspection reports.

Respectfully submitted,

Ulla P. Cook, Clerk

