

Vail Resorts enters the Utah ski market



The Canyons is the first Utah resort Vail Resorts will operate.

By Kathryn Reed

While Vail Resorts has not had a presence in the Utah ski market until today, the president of the company's mountain division used to run The Canyons.

Blaise Carrig, who was also the top guy at Heavenly Mountain Resort, was at the Park City resort when some of the Olympic events were staged at the Utah mountain in 2002.

Now The Canyons is part of the Colorado-based company's portfolio. The 4,000-acre resort will be part of the Epic Pass for the 2013-14 season. The management team has not been named.

This brings the number of Vail Resorts ski areas to 10, which include: Heavenly, Northstar and Kirkwood in California; Vail, Breckenridge, Beaver Creek and Keystone in Colorado; Afton Alps in Minnesota; and Mt. Brighton in Michigan.

In the deal announced today, Vail entered a 50-year lease agreement with Talisker, a Toronto-based privately held real

estate firm, to operate the ski area. There is an option for six 50-year renewals.

Vail will pay Talisker a \$25 million annual base payment, which will grow with the consumer price index, plus 42 percent of earnings over \$35 million. Vail expects earnings of about \$15 million in fiscal year 2014, with that increasing to \$25 million in 2017.

Vail Resorts CEO Rob Katz said during a May 29 conference call that the structure is similar to what it entered into at Northstar in Truckee in 2010.

He anticipates being able to tap into the Los Angeles and Salt Lake City markets, which have historically not been big players for Vail Resorts. Katz called Los Angeles "the most underserved market."

"We do feel The Canyons is on a higher growth projector than other resorts," Katz said.

The Canyons has about 450,000 skier visits a season, which Katz described as being "traditionally hard to make a profit." Vail Resorts anticipates through its pass programs and centralizing some operations, that The Canyons' skiers and bottom line will increase.

Talisker retains the rights to the 4 million-square-foot of developable real estate.

"The Canyons has more real estate opportunities than any other resort in the country," Katz said. "Because of the recession it has not monetized in the six or seven years."

Katz also added that this arrangement is similar to Northstar in Vail not having real estate rights, but expecting to benefit from it in terms of people accessing the mountain.

Another caveat to the deal in Utah is Vail Resorts has the rights to the potential lease of the land on which Park City

Mountain Resort sits. That ski resort is owned by Powdr Corp., the same company that owns Boreal and Soda Springs on Interstate 80, Copper Mountain in Colorado, Mt. Bachelor in Oregon and other resorts.

Talisker and Powdr Corp. are involved in litigation regarding the 2011 lease renewal. That must be resolved before Vail Resorts would be more of a player with that acreage. But in the meantime, Vail is assuming responsibility of Talisker's side of the lawsuit.

Vail Resorts first looked at The Canyons six years ago, but the Park City resort land was not part of the equation then.

Park City Ski Resort sits next to The Canyons, which could open the opportunity to linking the resorts.