

Way We Were
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You Can't Turn Back the Clock

In 1986, United Park City Mines (UPCM), brought lawsuits against numerous companies who once or still had a stake in either Park City Ski Area or Deer Valley Resort since the early 1970s, including Atlantic Richfield Company (formerly Anaconda), ASARCO, Royal Street, and Alpine Meadows. These lawsuits related to the alleged unlawful creation of the ski resorts' lease agreements and violations of the lease terms by both resorts.

The charges against Park City Ski Area were: 1) underpayment of the portion of the lift ticket sales due as rental; 2) intentional trespass on UPCM land on and around the ski area boundaries, specifically a maintenance building and portions of the Town Lift; and 3) unauthorized transfer of water rights at the Spiro Tunnel, which were sold to Park City Municipal Corporation. Related to this final claim, UPCM also filed a protest with the Utah Division of Water Rights.

UPCM charged that Royal Street was guilty of "management errors, including overexpansion, negligent construction practices, construction cost overruns, and unsound debt/equity ratios, which, when combined with rising interest rates, generated substantial book losses in 1972-74". Additionally, it was alleged that Royal Street failed in its fiduciary duty to UPCM by "obtaining unfair advantage over UPCM in the 1975 restructuring".

The lawsuit also charged that Anaconda and ASARCO, as controlling shareholders of UPCM in 1975, did not fulfill their fiduciary duties, allowing it to sell its valuable interests in the ski operations and development properties for far less than market value.

Finally, Alpine Meadows was accused of supporting the fiduciary duty breaches by Anaconda, ASARCO, and Royal Street for its own financial advantage.

The legal battle lasted from 1986 to 1993. (UPCM and Royal Street settled out of court during that period.) In 1993, the Supreme Court of Utah unanimously rejected UPCM's claims against all parties and upheld the validity of the 1975 agreements and lease terms. For the most part, the court's ruling was based on the statute of limitations applying to the leases and agreements made in 1975; the court stated that UPCM and its shareholders were well-informed at that time, enough to have voted down the agreements, and the lawsuits were not started until long after the deadlines had passed.

It's not fully clear if UPCM's efforts to invalidate the 1975 agreements were intended to disrupt all operations by the resorts or just reduce the scope of the lease agreements. However, it seems it was a good thing that both resorts were able to expand and establish themselves as world class destination resorts that annually rank in the top 10 in the nation. And UPCM's goals to expand development in the Park City area have also come to fruition since then and will continue to do so moving forward.

The Park City Historical Society & Museum is celebrating 30 years of preserving, protecting, and promoting Park City's history and heritage.



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Credit: Park City Historical Society & Museum

Caption: An interior view of the Spiro Tunnel, started in 1916 as a mine water drainage tunnel and still in use today by Park City Municipal as a source of culinary and irrigation water. The water rights from this tunnel were alleged by UPCM to have been transferred illegally.