

PLACER LOCAL AGENCY FORMATION COMMISSION

Miguel Ucovich, Chair (City), Jim Holmes, Vice Chair (County); Gray Allen (District); Bill Kirby (City); E. Howard Rudd, (Public); Ron Treabess (District); Robert Weygandt (County). Alternate Commissioners: Jim Gray (Public); Jack Duran (County); Brian Sheehan (District); Stan Nader (City).

REGULAR HEARING AGENDA September 9, 2015--4:00 p.m. Board of Supervisors' Chambers County Administrative Building 175 Fulweiler Avenue, Auburn, CA 95603

- 1. Flag Salute**
- 2. Call to Order and Roll Call**
- 3. Approval of Agenda** (Action item)
- 4. Public Comment:** This is the time when persons may address the Commission on items not on the agenda. Please limit comments to three (3) minutes as the Commission is not permitted to take any action on items presented as public comment.
- 5. Approval of Minutes:** From the August 12, 2015 hearing. (Action item, pg. 1)
- 6. Town of Olympic Valley Incorporation proposal:**
 - 6. a.** Status update for the Incorporation proposal (pg. 6)
 - 6. b.** Authorize Executive Officer to execute an amendment to the existing contract with RSG to provide for work required during the State Controller Review of the Town of Olympic Valley Comprehensive Fiscal Analysis and to take such further action as may be necessary to complete the review by the State Controller. (Action item, pg. 100).
 - 6. c.** Public comment on other matters regarding the Olympic Valley proposal.
- 7. Executive Officer Reports:**
 - Legislative Committee
 - Proposal Status
 - Report from CALAFCO Conference
 - Next Hearing: October 14, 2015
- 8. Commissioner Reports:**
- 9. Adjournment**

For further information or to provide written comments on any item on the agenda, please contact the Placer LAFCO. Materials related to an item on this Agenda submitted to the Commission after distribution of the agenda packet are available for public inspection in the Placer LAFCO office at 110 Maple Street, Auburn, CA 95603 during normal business hours. Phone: (530) 889-4097. Placer LAFCO is committed to ensuring that persons with disabilities are provided the resources to participate in its meetings. If you require a disability-related accommodation, please contact the Clerk to the Commission at least two business days prior to the meeting date.

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**Minutes
August 12, 2015**

1. Flag salute was led by Commissioner Holmes
2. Call to Order and Roll Call: Chairman Ucovich called the hearing to order at 4:00 p.m. in the Board of Supervisors Chambers at 175 Fulweiler Avenue, Auburn CA. Those present and seated were Commissioners Allen, Treabess, Rudd, Holmes Weygandt, Kirby, and Ucovich. Staff present were Executive Officer Kris Berry, LAFCO Counsel Bill Wright, and Clerk to the Commission Linda Wilkie.
3. Approval of Agenda: The Agenda was approved as submitted by motion: Weygandt/Treabess/Unanimous 7:0
4. Public Comment: There was no public comment on any item not listed on the agenda.
5. Approval of Minutes from the July 8, 2015 hearing: The minutes were approved as submitted by motion: Treabess/Kirby/Unanimous 7:0
6. Town of Olympic Valley Incorporation proposal:

Commissioner Treabess recused himself. Alternate Commissioner Sheehan took his place.

- 6 a. Draft Comprehensive Fiscal Analysis:
 1. A presentation on the Draft Comprehensive Fiscal Analysis was given by RSG Consulting. Staff is recommending the Commission receive and file the report.
 2. Receive comments from the public on the Draft CFA:

Kathryn Rees, Squaw Valley Lodge Homeowners Association, stated that to the association homeowners the CFA is credible, appropriate and fairly depicts what she has continued to say every time she has appeared before the Commission. She didn't feel that the critical mass was present to support the incorporation or would it enhance services. She is concerned that since Olympic Valley would be such a small city, the second homeowners in the area would be tasked with higher taxes to sustain the city. She requested that the Commission accept the CFA and reject the application.

Tom Sinclair, speaking on behalf of Incorporate Olympic Valley, stated that the Commission has received a letter from IOV discussing the 4 major concerns in the draft CFA. He said that they are complex issues and should be addressed by the State Controller's Office. He addressed the following; 1. Contingency expense of 10% per year and that it amounts to over 3.4 million dollars over 10 years. He said that Gov. Code Sec. 56815.2 directed the office of Planning and Research to prepare guidelines, one section stating that the guidelines shall be advisory to the Commission in review of incorporation proposals. He quoted directly from the OPR guidelines stating "A contingency fund based on a percentage of estimated expenditures should be reflected in the CFA projections". Most cities attempt to reserve a minimum percentage of the operating budget in an unappropriated reserve as prudent fiscal policy." 2. He said regarding the general fund reserve, the draft CFA does calculate the general fund reserve at 30% of total revenue, and although it does tell you the percent of the expense, it does not calculate it based on the 30%; it does not tell you what 30% would be. He said it does have the 30% of the TOT of which 60% is already set aside for the North Tahoe Resort Association which leaves only 10% of TOT for town operations. It also reserves funds for revenue neutrality negotiations and that IOV thinks that the funds should be a percentage of the total of the operating expense and not the revenues. 3. With regard to the

calculations of future property tax revenue, he said that the state law says regarding property tax calculation "The total net cost means total direct and indirect costs" and that the county did provide the \$183,555 as indirect costs related to the municipal services that would be transferred. He said that the draft CFA does use artificially low assessed values for future development projects. He also stated that with the three changes and the correction in the law enforcement charges, the CFA will show that the incorporation is fiscally sound.

Tom Day, a resident of Squaw Valley, stated that regarding the law enforcement portion of the CFA, the community would like to see the CFA reflect what the current level of law enforcement costs are. He said that the level of service is determined by how many full time employees it takes to cover an area and that currently there are 3.35 full time employees. He said that the CFA has doubled the level of service to 6.45 full time employees which is the single highest expense in the CFA. He said that in addition by adding in a per capita adjustment it will raise the staffing level to 10.2 full time employees by 2025. He said that rather than employing a traffic enforcement officer, there should be a course in traffic training for deputies already assigned to cover Olympic Valley. He requested that the CFA be sent to the State Controller's office for review.

Lisa Cardin, resident of Olympic Valley, commented regarding the CalFire acreage. She said she asked the local fire chief if the acreage (5662 acres) in the CFA was correct. The chief told her that the battalion chief supplied RSG with the correct figure (4578 acres), but that the battalion chief had no recollection of speaking with anyone from RSG. She questioned the CFA's accuracy and requested that it be sent to the State Controller for review.

Steve Hoch, resident of North Tahoe, stated that the analysis from RSG is inaccurate and the assumption and opinions are inappropriate. He requested that the CFA be sent to the State Controller for review and the decision to incorporate be brought to the voters.

Peter Schweitzer, stated that TOT has been stable and growing in the community through droughts and the recession. He said that to think that the reserve must be higher because of risk isn't relative. He stated that the draft CFA should go to the State Controller to determine what is accurate.

Fred Ilfeld, He wished to rebut RSGs comments. He said that regarding the contingency of 10%, he agrees to the percentage but that the 10% should be in a reserve fund and not as a line item expense. Regarding the general fund reserve, the arguments were that it should be 30%. He said that his argument is whether the general reserve is based on expenditures or revenue. He stated regarding property tax that HEC more accurately reflects the market values than that given in the CFA. He said regarding law enforcement that in terms of new units and per capita adjustment that the transient population will go up but pointed out that the owner of Squaw Valley Ski Holdings has a private security force so it will not just be the Sheriff's Department providing enforcement.

Matthew Newman, with Blue Sky Consulting Group working for Save Olympic Valley and Squaw Valley Ski Holdings said that the Commission has heard a lot about the CFA and how it was revised and from IOV about what is wrong with it. He said that the important thing is to try to decide is there confidence in the document and would the changes that IOV is asking for make a difference at arriving at a different conclusion and that the town would be viable. He said that the Commissions independent consultant has stated twice that there is no scenario that shows that the town would be viable and furthermore have looked at the previous State Controller's reviews and a number of the assumptions that IOV criticized and said that their approach is consistent with what the State Controller has suggested and what other consultants have come up with.

Keith Fountain, a condominium owner in Squaw Valley, said that as a second homeowner he is concerned with property taxes and TOT, that the incorporation is not viable and the homeowners will suffer for it. He stated that he thought the CFA was of sound thinking.

Chairman Ucovich closed public comment.

Staff recommends the Commission receive and file the CFA report. Motion: Kirby/Allen/Unanimous 7:0

1. Consideration of the request from IOV to submit the Draft CFA to the State Controller for review. Ms. Berry reminded the Commission that the proponents have requested a review of the CFA by the State Controller's office. She said that the Office of Planning and Research (OPR) guidelines for incorporation indicate that review by the State Controller must be made within 30 days of the Executive Officer noticing the final report is complete and available for public review, however this proposal is not at that point yet. She said that the Commission directed staff to discuss with the State Controller's office and they verified that they will accept the CFA for review even before the 30 day timeframe. She said that the process is that the party who requests the review submit a detailed letter to the Executive Officer stating what items are of concern and what items they wish to have reviewed. She stated that it is then sent to the State Controller's office along with the CFA and then the Controller will send an estimate of the cost to review. She said that the party requesting the review is the responsible party to pay the costs and submit a deposit to LAFCO. She said that LAFCO then notifies the Controller that the funds have been received and the Controller's office then has 45 days to finish the review once they start it. She said that by statute, work on the proposal is suspended until the review is complete. She stated that staff does support the review and verifying the analysis. She asked that the Commission allow staff to send the CFA to the State Controller's office for review and not require the proponents to pay for the EIR at this time.

2. Discussion and direction to staff on whether to process the request to submit the CFA to the State Controller for review or whether submission of the CFA to the State Controller should only occur after the EIR has been completed and the Executive Officer has set the matter for hearing.

3. Discussion and direction to staff on whether to continue processing the proposal in the event the funding for the EIR is not provided within the required timeframe.

Public Comment:

Robert Barnett, advisor on behalf of IOV, stated that he thinks that RSG has made their case for flexibility and guidelines and certainly in priorities. He said that the issue of whether or not the incorporation has the potential to be feasible is a far more important issue to everyone than the EIR. He said that he thinks that to the people of Squaw Valley, the focus is more on viability than on the EIR. He said that he thinks the priority is trying to get an understanding of some of the technical issues that have been argued by people that are very qualified. He talked about the issue of property tax change (sec 56810) in the CFA referring to direct and indirect costs funded by general purpose revenue. He said that he felt the State Controller review was best to decide on issues.

Kathryn Rees, stated that she continues to be a bit confounded by this LAFCO process. She felt that it should be uniformly applied to anyone who goes through an application process with LAFCO. She commented on the Commission's action on May 12, and again on July 8 to require IOV to pay for the EIR. She said that it was her understanding that the EIR and the CFA were to be concurrent because the results of both of those are needed to go forward with neutrality negotiations with the county. She also mentioned that Commissioner Kirby had asked for a list of participants from IOV and SOV. She stated that in Dr. Ilfeld's (IOV) letter to the Commission, he stated that Ms. Rees speaks for Save Olympic Valley, she clarified that she only represents Squaw Valley Lodge Homeowners Association, however, she does share the position of SOV to oppose the incorporation. She also stated that there are many businesses in the Squaw Valley area that have concerns with the incorporation and do not support it.

Dr. Fred Ilfeld apologized to Ms. Rees for incorrectly naming her as supporting SOV. Dr. Ilfeld stated that there is only one business that he knows of that financially supports SOV and that is Squaw Valley Ski Holdings.

Michael Colantuono, attorney for IOV stated that there are three ways this process can come to an end. He said that 1. Is that the applicants might be persuaded that it's not how they accomplish their vision to make it a better community to live in. 2. LAFCO could get to a place where you have an adequate record to make a decision not to approve it. 3. It could be put on the ballot and the voters could resolve it. He stated that the IOV does have the money to cover costs, however, they don't want to spend \$147,000 on an EIR if the State Controller's review of the CFA shows that the incorporation is not feasible. He said that IOV did give the Commission four topics that they wanted reviewed in the CFA. He said that IOV will submit a final letter listing items for review if the Commission chooses to send the CFA to the Controller, and they are prepared to pay for that review when LAFCO receives the cost estimate. He also stated that if the Controller determines that the incorporation is feasible, that IOV is prepared to pay for the EIR.

Ed Heneveld, a resident of Squaw Valley stated that he just wants to see fairness and certainty with this project. He said that KSL and SOV have put almost \$700,000 against the incorporation. He requested that the Commission defer the EIR payment and send the CFA to the State Controller's office for review.

Jennifer Merchant, Deputy CEO with Placer County, stated that she wanted to reiterate some of the points that the CEO David Boesch made in his letter that he sent to LAFCO earlier in the week. She said that it is Placer County staff's recommendation that LAFCO set a defined process from here on out. She stated that there is a broader community of interest than just the people within the proposal area that care what happens. She said that at the last LAFCO hearing the Commission suggested that the EIR and the CFA be concurrent so that a mutual conclusion could be reached and have that reviewed by all involved so that revenue neutrality negotiations could be engaged. She referred to the state code section 56833.3, 56801 is that the "Controller review the applicants fiscal analysis must be submitted within 30 days of the Commissions first published notice of the proposal" and we don't have that yet. She said that Placer LAFCO is not being consistent with the state code. She suggested that there be a peer review rather than a State Controller's review because the Controller's review puts the proposal at a stopping point for 45 days. She recommended that the Commission provide a clear process and stick to it.

Rich Molsby, representing Save Olympic Valley, stated that it is a group of more than 100 people and business owners in the Valley that object to the incorporation. He said that sending the CFA to the State Controller abdicates the Commissions responsibility. He said that he thought that the CFA should not go to the Controller until the final CFA was completed. He also stated that there is no EIR because the IOV did not pay that fee in May when the Commission voted to have it paid. He said that the public, the opponents, and the proponents have commented extensively and RSG did a thoughtful and extensive review and has determined that the incorporation is not feasible. He reminded the Commission that the proponents have the money but that they would withdraw the application if the incorporation was not feasible yet now there is a request to continue and send the CFA to the State Controller. He said that the list of items to be reviewed is extensive to the point of almost doing a new CFA. He also added that SOV's position is that the EIR should be paid by tomorrow (8/13/15), and that the Controller review is premature and that there is enough evidence on this incorporation to terminate.

Keith Fountain said that as a homeowner, he wonders what services there will be if the incorporation happens. He stated that he thought the Commission was slowing down the process by sending the CFA to the Controller and not starting the EIR.

Chairman Ucovich closed public comment.

After Commission discussion; Motion:

1. Allow the review of the CFA by the State Controller's Office as requested by the proponents.
2. Allow the proponents to defer payment on the EIR until after the review by the State Controller's office has been received by LAFCO.
3. Formal request to be received by LAFCO from IOV detailing items to be reviewed by the State Controller's office within 5 business days of the date of this hearing.
4. The Executive Officer to transmit required information for review to the State Controller's office for estimated costs associated with the review and subsequent submission of the review once deposit for review has been received from IOV.
5. IOV to submit payment for State Controller's review to LAFCO within 5 business days of LAFCO receiving estimate of charges from the State Controller's office.
6. Direct LAFCO to suspend activity on the processing of the application during the duration of the State Controller's review not related directly to the review process by the State Controller. 6. Require payment of current invoice dated July 29, 2015 to insure adequate funding for staff time associated with the State Controller review. Rudd/Weygandt/6:1 (Holmes opposed)

6 c. Public comment on other matters regarding the Olympic Valley proposal.

Kathryn Rees spoke.

Chairman Ucovich closed public comment.

7. Executive Officer Reports:
Legislative Committee

Proposal Status

CALAFCO Items: Conference

Preconference LAFCO 101 session availability

Next Hearing: September 9, 2015

8. Commissioner Reports: Commissioner Kirby reported on the CALAFCO Board of Directors meeting.
9. Adjournment: There being no further business, the hearing was adjourned at 5:55 p.m. by motion. Holmes/Allen/Unanimous 7:0

Linda Wilkie, Clerk to the Commission

PLACER COUNTY
LOCAL AGENCY FORMATION COMMISSION

110 Maple Street, Auburn California 95603

530-889-4097

Email: lafco@placer.ca.gov

STAFF REPORT

DATE: September 1, 2015

TO: Chairman Ucovich, Commissioners Allen, Holmes, Kirby, Rudd, Treabess, Weygandt. Alternate Commissioners Duran, Gray, Nader, Sheehan

FROM: Kris Berry, AICP, Executive Officer 

SUBJECT: Town of Olympic Valley Incorporation proposal update

RECOMMENDATION:

It is recommended that the Commission receive this update regarding the Status of the Incorporate Olympic Valley proposal.

SUMMARY:

Comprehensive Fiscal Analysis

The Commission considered a request to allow State Controller review of the Comprehensive Fiscal Analysis at the August 12, 2015 hearing, agreeing to the request and requiring the proponents to submit their request to Placer LAFCO within 5 business days. The request was submitted in the required time frame (attached as Exhibit 1) and forwarded to the State Controller's office on August 20, 2015 (Exhibit 2). In addition, a letter from Placer County CEO David Boesch was received by LAFCO (Exhibit 3) on August 21, 2015 and an additional letter from the proponents providing backup information (Exhibit 4) were forwarded separately to the State Controller's office.

LAFCO received an estimate from the State Controller's office (Exhibit 5) on Friday, August 28, 2015 in the amount of \$125,000, and forwarded this estimate to the proponents the same day. On Monday, August 31, 2015, the proponents informed us they would be submitting payment for the State Controller review by Friday, September 4, 2015 (Exhibit 6).

The review by the State Controller's office will entail work with LAFCO staff and the Fiscal Consultants, RSG. The additional work required by RSG will entail a contract amendment, which is the subject of a separate item on the agenda, item 6.b. Once the State Controller receives notification that we have received the payment, the Controller's office has 45 days to perform the review.

Environmental Impact Report

The Environmental Impact Report has not been funded as of this date. At the August 12 Commission meeting, the Commission voted to allow the State Controller review of the proposal. This review tolls time and suspends work on the incorporation proposal while the review is occurring.

Attachments:

- Exhibit 1 Request for State Controller review
- Exhibit 2 LAFCO letter to State Controller's office
- Exhibit 3 Letter from Placer County CEO David Boesch
- Exhibit 4 Backup information from IOV
- Exhibit 5 State Controller estimate
- Exhibit 6 Email from IOV agreeing to fund State Controller review

Misc correspondence

Letter from David Boesch, CEO Placer County



*Incorporate OV Foundation
P.O. Box 2826
Olympic Valley, CA 96146*

Ms. Kris Berry, executive officer
Placer Local Agency Formation Commission
110 Maple St.
Auburn, CA 95603

August 19, 2015

**re: request for State Controller's Office review of the Draft Comprehensive Fiscal Analysis
for the proposed incorporation of the Town of Olympic Valley**

1. INTRODUCTION

Incorporate Olympic Valley (IOV) respectfully submits this request to Placer Local Agency Formation Commission (LAFCO) for State Controller's Office (SCO) review of the Draft Comprehensive Fiscal Analysis (Draft CFA) of the Proposed Incorporation of the Town of Olympic Valley, dated July 24, 2015, prepared by Rosenow Spevacek Group, Inc. (RSG).

This request accompanied with its exhibits of supporting information is submitted pursuant to Government Code section 56801(b), which authorizes an interested party to request SCO review of any element of the comprehensive fiscal analysis. Our request is based on our concerns regarding the accuracy and reliability of the information, methodologies, and documentation used in the analysis (Government Code section 56801(c)).

The elements noted in this request are submitted for SCO review because they are inconsistent with Government Code section 56800 et seq. and the "Guide to the LAFCO Process for Incorporations" published by the Governor's Office of Planning and Research (OPR Guidelines). More specifically and as described in this request, the CFA understates revenues that will accrue to the Town, proposes service levels that are in excess of existing service levels, estimates expenditures based on cities that are not comparable to the proposed Town, and makes other assumptions that do not accurately reflect the viability of incorporation of the Town of Olympic Valley.

2. PROJECTED TOWN REVENUES UNDERSTATED

Property Tax Revenue

Government Code section 56810 provides the formula for calculating the amount of property tax revenue to be exchanged between the affected local agencies. An "Auditor's Ratio" is calculated by determining the proportion that property tax revenue bears to total County General Fund revenue. The Auditor's Ratio is multiplied by the "total net cost" of County services in Olympic Valley to calculate the base year property tax revenue. This amount is adjusted by annual tax increment factors to calculate the amount the Town will receive in initial allocation of property taxes.

The Draft CFA indicates that the total County base year net cost of services transferred to the Town is \$1,439,385, which when multiplied by the indicated Auditor's Ratio of 51.21% results in \$737,053 in property tax revenue to be transferred to the Town in 2013/14 dollars (page 21).

IOV Request #1: The Draft CFA should include indirect costs in the calculation of total net cost transferred from the County to the Town.

The California Government Code and Office of Planning and Research (OPR) Guidelines clearly state that indirect County costs must be included in the calculation of total net cost and the amount of property taxes that will be transferred. Government Code section 56810 (c)(2) states in part: "total net cost means the total direct and indirect costs that were funded by general purpose revenues of the affected agency..." (underlining added). IOV has repeatedly asked LAFCO how indirect costs have been included in the calculation of the property tax revenue that will be transferred. In its July 24, 2015 letter (letter page 7) that accompanied the Draft CFA, RSG indicates that the Draft CFA uses "all direct and indirect costs provided to RSG by the County." But in fact the Draft CFA does not include indirect costs.

IOV has examined the data sheets provided by the Placer County (County) to RSG for the calculation of County costs that will be transferred.

Exhibit 1 is a spreadsheet prepared by County staff on January 8, 2015 confirming \$183,555 in A-87 costs (indirect costs) related to the services to be transferred to the Town. Exhibit 2 is the hand-written County staff note calculating the \$183,555 A-87 amount apportioned to Olympic Valley. This County-calculated indirect cost is not included in the calculation of property tax revenue transferred to the Town.

Further evidence that the Draft CFA does not include indirect costs in the total net cost includes:

- The Community Development Resource Agency costs indicate \$100,037 in what are characterized as "indirect costs", in the County January 8, 2015 spreadsheet (Exhibit 1), but a subsequent clarifying email from County staff (third page of Exhibit 3) states "The overhead included in CDRA costs include administrative and support staff, general public service costs, rent, utilities and office supplies" (underlining added). These are all non-personnel operating costs, mischaracterized in the County spreadsheet as indirect costs. These non-personnel costs are not indirect costs.
- The Public Works Department, Sheriff Department Parks Department and HHS - Animal Services Department costs do not include any dollar amounts for indirect costs on the January 8, 2015 spread sheet (Exhibit 1).

For all of these service departments, and for the County as a whole, indirect costs are not included in the analysis.

Further, RSG's July 24, 2015 letter (letter page 12) indicates that there is a "countywide Overhead Cost Allocation factor of 71.43 % of salaries and benefits." If this is correct, the amount of overhead related to the County's transferred costs should be calculated at 71.43% multiplied by the salary and benefit portion of direct costs.

IOV Request #2: The Draft CFA should include Olympic Valley's proportionate share of the cost of North Lake Tahoe regional marketing, transportation and infrastructure improvement services in the calculation of property tax revenue to be transferred to the Town.

The County provides regional services either directly by County departments or through a contract with the North Lake Tahoe Resort Association to the North Lake Tahoe area, including Olympic Valley. These

services are funded by general purpose transient occupancy tax revenue. The Draft CFA identifies the cost of these services in a separate section of the report (page 31), but fails to include the proportionate share of the cost of these services attributable to Olympic Valley as services and costs transferred to the Town in the calculation of total net cost funded by general purpose revenues, as required in Government Code Section 56810(c)(2) (pages 20-21).

Government Code section 56810(c)(2) excludes from the calculation only those costs that are funded by revenues specified in subparagraphs: (A) revenue required by statute to be used for a specific purpose, (B) revenue from fees, charges and assessments, and (C) revenue received from the federal government. Transient occupancy tax revenue does not fall within any of these exclusions. Therefore, the Draft CFA should have included Olympic Valley's proportionate share of the cost of the County regional services to the North Lake Tahoe area in the total net cost of services transferred.

IOV Request #3: In addition, IOV requests that the SCO inform LAFCO that transient occupancy tax revenue should not be subtracted from the cost of these services to arrive at total net cost of services, as transient occupancy tax revenues do not fall within section 56810(c)(2) exclusions.

IOV Request #4: The net costs of services transferred by the Community Development Resource Agency, HHS - Animal Services Department, and Facilities – Parks Department as reported by the County should be used in the Draft CFA.

The Community Development Resource Agency (CDRA) reported \$245,861 in transferred costs and \$179,277 in transferred revenue, for a total net cost of \$66,584 (Exhibit 1). The Draft CFA reduced the CDRA transferred costs to \$238,512, retained the \$179,277 in transferred revenue, for a total net cost of \$59,235 (page 21). The Draft CFA should use the CDRA net cost of \$66,584 as reported by the County.

The HHS Animal Services Department reported \$14,902 in transferred costs and \$478 in transferred revenue, for a total net cost of \$14,424 (Exhibit 1). The Draft CFA reduced the transferred costs to \$7,533, reduced transferred revenue to \$258, for a total net cost of \$7,295 (page 21). The Draft CFA should use the HHS Animal Services Department net cost of \$14,902 as reported by the County.

The Draft CFA indicates \$22,014 in Facilities – Parks revenue, yet later reports \$14,118 in Park User Fees (page 35). The calculation of net cost should use park revenue of \$14,118.

IOV Request #5: The Draft CFA should disclose the calculation of the Auditor's Ratio, to allow confirmation of its accuracy. IOV also requests that the State Controller confirm that the Auditor's Ratio has been calculated in compliance with Government Code Section 56810 (c)(1).

IOV has repeatedly asked for and has not received the detailed calculation of the Auditor's Ratio. IOV made Public Records Act requests of both Placer County and LAFCO, and the details of the calculation of the Auditor's Ratio have not been provided to IOV as of this date. IOV requests that the State Controller's Office review and confirm that the Auditor's Ratio has been calculated in compliance with Government Code Section 56810 (c)(1).

IOV Request #6: The Draft CFA should use future residential development sales values and resulting assessed values as reported by the Village at Squaw Valley developer.

Government Code section 56801(c) authorizes the SCO to address the "accuracy and reliability of the information, methodologies, and documentation used in the analysis."

The Draft CFA assumes \$490,000 sales value for new Village at Squaw Valley condos and \$1,050,000 for new "fractional residences" (page 24). The RSG July 24, 2015 letter states "We note Squaw Valley Ski

Holdings has not provided any information regarding potential pricing strategies for these proposed units” (letter page 8), and therefore, RSG has used its own estimates for sales values.

Hansford Economic Consulting (HEC) prepared an analysis of the Revenue Impacts of the Village Development on the Squaw Valley Public Service District. This study was paid for by the developer, Squaw Valley Ski Holdings (of which Squaw Valley Real Estate (SVRE) is a part). SVRE provided to HEC the expected sales values of \$950,000 for condo hotel units and \$3,150,000 for the fractional cabin units, which HEC reduced to \$770,000 and \$2,250,000 respectively (Exhibit 4).

The SVRE sales values are a matter of public record. Because these values were provided by the developer (SVRE), they constitute “accurate and reliable information and documentation”. Accordingly, the Draft CFA should use the sales values and assessed values for new residential units based on the values reported by Squaw Valley Real Estate.

IOV Request #7: The Draft CFA should to include “foreseeable” and “forecast” development reported by Placer County.

Placer County recently completed a Draft Environmental Impact Report for the Village at Squaw Valley Specific Plan (“DEIR”, May 2015). As required by CEQA, the DEIR analyzes the cumulative impacts of the proposed project and includes “the effects of other current projects, and the effects of probable future projects.” The DEIR cited the Squaw Valley Ranch Estates, Mancuso, Plumpjack Redevelopment, single-family residential units (66), resort/hotel/condo units (34) and general commercial (56,000 square feet) as foreseeable and forecast development through 2039 (Exhibit 5). Yet, the Draft CFA does not include any of these foreseeable and forecast units. Moreover, an April 8, 2014 “Absorption Schedule Technical Memorandum” prepared by County staff indicates that the “cumulative projections include projects that are approved and are likely to be constructed. This includes the approved resort at Squaw Creek, Phase 2 and the Olympic Estates Subdivision projects, and other projects that the County is currently processing including the Squaw Valley Ranch Estates, the Mancuso rezone project, and the redevelopment of the Plumpjack Hotel”, and again, the Draft CFA does not include any of these projects (page 2 of Exhibit 6).

The DEIR and the Absorption Schedule Technical Memorandum constitute “accurate and reliable information and documentation”. The Draft CFA should include foreseeable and forecast development as reported by the County and as cited in the DEIR.

IOV Request #8: The Draft CFA should include the recapture of all of the Proposition 8 reassessment values.

Olympic Valley properties have received substantial downward reassessments pursuant to Proposition 8, which temporarily reduces assessed values until market values increase. IOV research indicated that as of 2014, there was \$153,885,639 of Proposition 8 reassessments to be recaptured within the Town limits in future years, which prior versions of the CFA did not include in assessed value projections (Exhibit 7). After IOV reported this omission, the July 24, 2014 Draft CFA apparently added \$58,343,000 in Proposition 8 reassessments in the 2015-16 values (we indicate “apparently” because while the Draft CFA did not clearly indicate the amount recaptured in 2015-16, this is the change in the 2015-16 assessed value from the prior Preliminary Draft CFA). The Draft CFA also adds \$28,599,900 in both fiscal years 2016-17 and 2017-18, for a total recapture of \$115,543,600 of Proposition 8 reassessments (page 24). This leaves \$38,342,039 in Proposition 8 reassessments yet to be recaptured, which is not included in the Draft CFA assessed value analysis.

The Draft CFA should (1) confirm that \$58,343,000 was recaptured in fiscal year 2015-16 values, and (2) recapture the remaining \$38,342,039 (or more, if the 2015-16 change in assessed value was not for the purpose of recapturing Proposition 8 reassessments).

Sales Tax Revenue

IOV Request #9: The Draft CFA should include four quarters of sales tax revenue in the Transition Year.

The Draft CFA indicates that because of timing issues, the Town will receive two quarters sales tax revenue in the Transition Year (\$235,600) (page 28). The Draft CFA also indicates that the County will receive one quarter of sales tax revenue (\$118,000) in the Transition Year loan analysis (page 46). One quarter sales tax revenue is missing from the analysis. IOV believes that it will be received by the Town for the 4th quarter, based on the "advance payments" of sales tax revenue made by the State. In any event, all four quarters revenue should be included in the analysis, whether allocated to the Town or the County (as an offset to Transition Year loan costs).

Property Transfer Tax Revenue

IOV Request #10: The Draft CFA should include the property transfer tax revenue from 376 new residential units omitted from the analysis; use sales values of new residential units as reported by the developer of the Village at Squaw Valley; and use current values for the resale of existing residential units.

Figure 5 (page 14) in the Draft CFA projects the construction and sale of 492 residential units in the Village at Squaw Valley and 457 residential other residential units, for a total of 949 new residential units constructed and sold over the ten-year period. Yet Figure 14 (page 30), presented for the purpose of estimating property transfer tax revenue, indicates that the housing stock will increase from the existing 1,906 units to 2,479 units over the ten-year period, for a total of 573 new units (a difference of 376 units). The Draft CFA then uses the existing units plus new units to calculate the property tax revenue from the resale of units. Because 376 units are omitted from the housing stock, the property transfer tax revenue from the resale of these 376 new units as part of the future housing stock is also omitted from the analysis. The Draft CFA should include the property transfer tax from the resale of the additional 376 units.

If additional "foreseeable" and "forecast" residential units are added to the property tax revenue calculations as discussed earlier in this letter, those additional units should also be included in the property transfer tax analysis.

The Draft CFA assumes \$490,000 valuation for the first time sale of Village at Squaw Valley condos and \$1,050,000 for new fractional residences (2014 values) for purposes of calculating property transfer tax revenue (page 30). As discussed above, SVRE reported the sales value of a new condo unit at \$950,000 and fractional residences at \$3,150,000 per unit. The calculation of property transfer tax revenue on the first-time sale of these units should be based on the developer's estimate of sales value, adjusted by 5.2% in 2015 and 2.5% annually thereafter.

The Draft CFA uses \$547,820 as the median sales price for all existing residential units in Squaw Valley, adjusted by 2.5% CPI in future years, to calculate property transfer tax revenue from the sale of existing units (page 30). Single family detached units sold at an average price of \$1,847,132 in 2014; single family attached units sold at an average price of \$504,359 in 2014 (Exhibit 8). The CFA should use the 2014 average sales prices, adjusted by 5.2% in 2015 and further adjusted by the 2.5% CPI factor in future years.

The Draft CFA also uses \$547,820 as the 2015 median sales price for the resale of the Village at Squaw Valley units to calculate the property transfer tax revenue (that is, the second time these units are sold). The Draft CFA should use inflation-adjusted resale values for the turn-over of Village at Squaw Valley units (i.e. new condo hotel units at \$950,000 plus 2.5% annually and fractional residences at \$3,150,000 per unit, plus 2.5% annually).

The SVRE sales values, and the average sales values indicated in Exhibit 8 constitute “accurate and reliable information and documentation” that should be used in the Draft CFA.

Franchise Fees

IOV Request #11: The Draft CFA should include franchise fee revenue from new development and a CPI factor.

The Draft CFA estimates franchise fees for cable, electricity and gas utilities at \$20,600 annually, throughout the ten year period of the analysis (pages 35 and 53). The Draft CFA should include the incremental franchise fee revenue from new commercial and residential development, as well as the 2.1% CPI factor used for other revenue projections in the analysis.

Community Development Fees

IOV Request #12: The Draft CFA should include recovery of a portion of the cost of preparing the General Plan and Zoning Ordinance through a General Plan fee.

The Draft CFA estimates that the Town will recover the same percentage of Community Development Department costs in the form of fees as the County now collects, yet it omits the cost of the preparation of the Town General Plan and Zoning ordinance in the calculation of costs recovered (pages 35 and 53). Government Code Section 66014 (b) states “The fees charged pursuant to subdivision (a) (planning and building fees) may include the costs reasonably necessary to prepare and adopt plans and policies that a local government is required to adopt before it can make any necessary findings and determinations.” Commonly known as a “General Plan Fee”, public agencies adopt these fees to be reimbursed for a portion of the cost of preparing a General Plan, Zoning ordinance or other plans and policies. The Draft CFA does not include any such fee for partial reimbursement of the proposed \$600,000 cost of the General Plan and Zoning ordinance. The Draft CFA should include a partial reimbursement of this cost from future development applicants, using the County recovery percentage of 75.16%.

3. TOWN STAFFING NOT BASED ON COMPARABLE CITIES

Government Code section 56800 (a) (1) states: “In the analysis, the executive officer shall also review how the costs of any existing services compare to the cost of services provided in cities with similar populations and similar geographic size that provide a similar level and range of services...” (underlining added).

IOV Request #13: The Draft CFA should use truly comparable contract cities in projecting the number of employees required to provide Town services.

The Draft CFA estimates that the number of full-time staff needed to administer operations at their current level would be 7.0 full-time equivalents, including City Manager, City Clerk, Administrative Assistant, Finance Director, Public Works Director, Community Development Director and Associate Planner (page 9).

The Draft CFA selects six cities by which to compare “similar populations” (page 10, Figure 3). While Olympic Valley (population 943) has seasonal visitors, that does not make it similar in size relative to municipal service demands in several of the “comparable” cities, such as Placerville (population 10,389),

Auburn (population 13,580) or Truckee (population 18,942) (page 10). The Draft CFA argues that the Olympic Valley seasonal visitors warrants a comparison with these much larger jurisdictions, but fails to note that these larger jurisdictions are destination cities as well, heavily trafficked by day visitors, further increasing those “comparable” cities daytime and/or seasonal population.

Moreover, in Figure 3 page 10 the Draft CFA compares Olympic Valley to cities that do not have a “similar level and range of services” and thus do not meet the requirements to be considered comparable by Government Code section 56800(a)(1). The Draft CFA acknowledges that Olympic Valley would be a contract city, but uses five cities that are not contract cities among its six purported comparable cities to develop staffing projections and other CFA assumptions. Among the six “comparable” cities used in the Draft CFA, only Colfax is remotely comparable. None of the other five cities are contract cities; in fact, excluding Colfax, the other five cities have an average of 123 full-time equivalent employees. All but Colfax provide Police services with City employees; three have a Fire Department; most provide sewer and/or water utility services; some operate transit systems, redevelopment successor agencies, or an airport. The Town of Olympic Valley would provide none of these services. Quite simply, these five “comparable cities” do not “provide a similar level and range of services”.

There are two changes in the Draft CFA from the earlier Preliminary Draft CFA versions. First, the Preliminary Draft CFA versions presented the number of employees in these “comparable cities”, but after IOV objected to the use of these cities as not being comparable, the July 24, 2015 Draft CFA deleted the data on the number of employees (but did not alter the comparable cities list for payroll cost comparison). Second, the Draft CFA added a new “comparison city analysis” (page 11, figure 4), including fiscal data and services provided by six cities with smaller populations, which was not included in any of the prior Preliminary Draft CFA versions, apparently to respond to IOV’s criticism of the comparable cities. However, this “comparison city analysis” offers no data on similar levels and range of services, staffing levels, or any other relevant information that supports the staffing levels for Olympic Valley for number of town employees, attorney costs, insurance costs, police costs. The Draft CFA Figure 4 shows irrelevant data from cities with smaller populations with data not germane to calculating town government staffing and expenses for Olympic Valley.

The chart below provides information on the populations and levels of service provided by the Preliminary Draft CFA “comparable cities”, which demonstrates that they are not comparable.

	Olympic Valley	Colfax	Nevada City	Angels Camp	Placerville	Auburn	Truckee
Population	943	2,055	3,087	3,748	10,389	13,580	18,942
Employees (1)	tbd	19 (4.3)	97	76	197	91	155
Police	Contract	Contract	Employees	Employees	Employees	Employees	Employees
Fire	No	District	Employees	Employees	District	Employees	District
Sewer/Wastewater	No	Employees	Employees	Employees	Employees	Employees	District
Water Utility	No	District	Employees	Employees	Employees	District	District
Building Inspection	Contract	Contract	Employees	Employees	Employees	Employees	Employees
Dispatch	Contract	Contract	Contract	Contract	Employees	Employees	Contract
Recreation	No	District	Employees	District	Employees	District	District
Planning	Employees	Contract	Employees	Employees	Employees	Employees	Employees
Engineering	Contract	Contract	Contract	Employees	Employees	Employees	Employees
Solid Waste	No	Franchise	Franchise	Franchise	Franchise	Franchise	Employees
Transit	No	n/a	n/a	n/a	n/a	Employees	Employees
Airport	No	n/a	n/a	n/a	n/a	Employees	n/a

(1) Source: RSG Preliminary Draft CFA

The Preliminary Draft CFA dated June 10, 2015 mistakenly indicated that Colfax has nineteen employees. A review of the Colfax budget for fiscal year 2014/15 confirms a total of nine employees, not nineteen. However, 4.7 of these employees are dedicated to sewer operations, vehicle maintenance and oil recycling, which are services that will not be provided by Olympic Valley. The Colfax budget includes only 4.3 FTEs for services that Olympic Valley would provide: one City Manager, .9 FTE City Clerk, one Community Services Director who oversees both Planning and Public Works (including a sewer system, which would not be an Olympic Valley service), and 1.4 FTE clerical staff.

A staffing level similar to Colfax (without sewer, vehicle maintenance and oil recycling) with no more than four full-time equivalent positions is the only conclusion that can be drawn for Olympic Valley staffing from the only reasonably comparable city included in the Draft CFA.

IOV believes the staffing of four full-time equivalents should be as follows:

- Town Manager – one FTE
- Administrative Assistant/Secretary – one FTE
- Public Works Director – one FTE
- Community Development Director – one FTE

IOV believes the following positions should be deleted from the Draft CFA:

- Town Clerk
- Finance Director
- Associate Planner

Town Clerk - Many small contract cities appoint the City Manager as the City Clerk. The Administrative Assistant/Secretary can serve as the Deputy Town Clerk. The Draft CFA should reflect this designation, and the Town Clerk position should be eliminated.

Finance Director - The Draft CFA did not consider the most logical service model for support services, which would be a contract for financial services with the Squaw Valley Public Services District, but instead assumed that the Town would require a full-time Finance Director. A contractual, cooperative, efficient arrangement with SVPSD would save money for both public agencies, and reduce the Town's Finance costs by one-half. The Draft CFA should delete the Finance Director position and use contractual service costs with SVPSD, including in the transition year.

Associate Planner - The Draft CFA proposes two FTE staff positions plus \$125,000 in contract staff for the Town's Community Development Department. This is the equivalent of approximately 3 FTE positions for planning, development engineering and building inspection services. The Draft CFA does not provide any data or basis for the proposed Town staffing level or contract amounts. The Placer County Community Development and Resource Agency reported that it currently allocates 1.212 FTE's for planning, building and engineering services for Olympic Valley, which is based on their experience in providing these specific services to Olympic Valley (Exhibit 9). The Draft CFA estimate of 3 FTE's exceeds the current level of service and violates Government Code section 56800(a)(1), as well as OPR Guidelines, which state "feasibility is best determined by comparing existing costs, revenues and levels of service to those expected after incorporation. The Associate Planner position should be deleted from the CFA. The Draft CFA should include 1 FTE Community Development Director only. Contract costs are discussed later in this IOV Request to the SCO.

Benefit Ratio and Costs:

IOV Request #14: The Draft CFA should use a benefit ratio more appropriate to newly incorporated, contract cities, rather than the older, full-service cities.

The Draft CFA uses a benefit ratio of 35%, based on the “comparable cities” average benefit ratio of 38% (page 10).

As discussed above, the “comparable cities” are not comparable. They are full service cities with an average of more than 100 employees, multiple labor unions and a long history that has built up benefit obligations. Five of the six “comparable cities” have sworn police staff and three have Fire Department employees, both of which have higher benefit ratios than the Town’s non-public safety employees. The two Placer County cities that are included in the comparable cities analysis, Colfax and Auburn, have benefit ratios of 30% and 20%, respectively. Yet the Draft CFA proposes a 35% benefit ratio, above both of these jurisdictions.

Newly incorporated cities and contract cities have lower benefit ratios because they do not have large employee unions, benefit-laden labor contracts, unfunded CalPERS liabilities, post-employment health care obligations, high public safety workers compensation rates, high public safety pension rates and other significant benefit costs. Our consultants’ combined experience with seven newly incorporated cities is that new cities begin with and retain relatively low benefit packages. We suggest that a benefit ratio of 20%, or even 25% at the mid-point between the Auburn (20%) and Colfax (30%) benefit ratios, would be more appropriate.

4. TOWN SERVICES AND COSTS EXCEED EXISTING LEVELS OF SERVICE

Government Code section 56800 states, in part “...The analysis shall review and document each of the following:

(a) The costs to the proposed city of providing public services and facilities during the three fiscal years following incorporation in accordance with the following criteria:

(1) When determining costs, the executive officer shall include all direct and indirect costs associated with the current level of services in the affected territory. These costs shall include the actual or estimated costs at which the existing level of service could be contracted by the proposed city following an incorporation” (underlining added).

Government Code section 56800 clearly intends that the estimates for the Town’s costs should be based on existing (County) levels of service.

Furthermore, OPR Guidelines state, in part: “Although it is assumed that it is the intention of all new cities to improve services, feasibility is best determined by comparing existing costs, revenues and levels of service to those expected after incorporation” (underlining added). The OPR Guidelines are equally clear in requiring service levels and costs to be based on existing (County) levels of service.

The following expenditure estimates violate Government Code section 56800 and OPR Guidelines regarding the requirement to use existing levels of services and costs.

Law Enforcement

IOV Request #15: The Draft CFA should use existing law enforcement levels of service, adjusted by an annual CPI factor as the basis for Town law enforcement costs.

Law enforcement service levels and costs have been inflated in the Draft CFA in three ways: (a) the level of service provided for in the Draft CFA is a dedicated deputy 24/7 (5.2 FTE), plus a .25 Sergeant and a .5 FTE detective, for a total of 6.45 FTE's, which is approximately double the existing service level; (b) the Draft CFA's "per capita adjustment" is unwarranted and increases the staffing from the already inflated 6.45 FTEs to 10.2 FTEs in FY 2025-26; and (c) employing a traffic enforcement officer exceeds the existing level of services, is unnecessary, and is much more costly than providing a course in traffic training for deputies assigned to cover Olympic Valley. These three issues are addressed below.

(a) The Captain in charge of Lake Tahoe Station Sheriff's Office has informed IOV that on a typical day there is one sergeant and three deputies on duty in all of eastern Placer County. The Captain made it clear that only one of these three deputies is assigned to cover the entire Squaw Valley, Alpine Meadow, Northstar and unincorporated Truckee areas. IOV reviewed the Sheriff's Patrol Shift Rosters over a twelve month period; we found that there is never more than one deputy assigned to the combined Squaw/Northstar/Truckee beat (note that "Squaw" includes Alpine Meadows and "Truckee" refers to the unincorporated area surrounding the Town of Truckee). On many shifts, there is NO deputy covering this territory (see attached Exhibit 10 - an example of a Shift Roster showing, first, that the entire Squaw/Northstar/Truckee area is a single beat and that Squaw Valley does not have a dedicated deputy assigned 24/7, and second, there is no deputy assigned on this particular shift). IOV carefully examined the Sheriff Department Patrol Shift Rosters for the Day, Swing and Grave shifts during two peak visitor months – July 2014 and January 2015. In July 2014, no deputy was assigned to the Squaw/Northstar/Truckee beat during 42% of all shifts. In January 2015, no deputy was assigned to the Squaw/Northstar/Truckee beat during 54% of all shifts. In January 2015, during one period of time, no deputy was assigned to the Squaw/Northstar/Truckee beat for seven consecutive shifts, and there were two periods when no deputy was assigned for five consecutive beats.

The Draft CFA justifies the future service levels based on a reported ratio of Olympic Valley service calls as compared to the Tahoe Basin service calls over a five year period, and multiplying that ratio by the Lake Tahoe Station Sheriff's Department budget to arrive at approximately \$1.2 million in FY 2014-15 (page 43). This amount conveniently compares closely to the cost of 6.45 FTE's. We believe that this mathematical approach to determining service levels is inferior to the real facts confirmed by the actual Shift Patrol Rosters. The mathematical approach does not meet the intent of Government Code section 56801(c) regarding the accuracy and reliability of the information, methodologies, and documentation used in the analysis.

Olympic Valley population is 943 residents. There are indeed seasonal visitors, but only in four peak months of the year. During the other eight months, there are few visitors. The Draft CFA proposed "officer/1,000 population" ratio during these eight months is extraordinary. During the four peak months the major resorts provide their own private security, further minimizing the need for sworn officers.

With one deputy assigned to the entire Squaw/Northstar/Truckee area, the current law enforcement coverage in Olympic Valley is less than one-half of a deputy on duty 24/7. But the Draft CFA assumes a full time deputy 24/7 to cover Olympic Valley, which is more than double the existing level of service. This is inconsistent with Government Code section 56800(a)(1) and OPR Guidelines requiring a CFA to use the existing level of service for calculation of cost. There is no reasonable conclusion that can be drawn from the Lake Tahoe Substation Patrol Shift Roster data that the current level of service

includes a dedicated Olympic Valley patrol officer 24 hours a day, 7 days a week. At best, a shared Squaw/Northstar/Truckee officer can be assumed (2.6 FTE), along with the .25 FTE sergeant and .5 FTE detective, for a total of 3.35 FTE's.

(b) The Draft CFA increases the law enforcement contract cost by 76.4% from the first year following the transition year through the next eight years (page 70). Given a compounded 2.1% annual CPI increase over the eight year period, 18.1% of the 76.4% can be attributed to inflation. The remaining 58.3% appears to be based on the "per capita adjustment" that is included in the law enforcement projected expenditures (page 70). This remaining 58.3% per capita adjustment is in reality a projected increase in staff levels over the eight years, which the Draft CFA casually describes as "additional consideration for population increases" (page 43). Yet the Draft CFA population increase is projected in the Draft CFA to be 17.9% over the ten year period (page 16), so the 58.3% increase is obviously not for a "population increase". The 58.3% increase would raise the already inflated 6.45 FTEs in 2017-18 to a completely unnecessary 10.2 FTEs in 2025-26. The per capita adjustment should be eliminated from the analysis.

(c) Finally, the Draft CFA includes a .5 FTE traffic control officer, which exceeds the existing level of service and is unnecessary in Olympic Valley. It is extraordinarily beyond the current level of service from the California Highway Patrol. Contract cities typically send their Sheriff's deputies to a one-week traffic school, thus qualifying them for traffic patrol services. The .5 FTE traffic officer should be deleted from the Draft CFA because it exceeds the current level of services. It should be replaced with an estimate of traffic school cost (which is likely partially POST reimbursable).

The Draft CFA offers only one comparable city that uses contract law enforcement services. Colfax, with a population 2,055 and with a high school that draws from a radius of many miles of incorporated area, contracts for Placer County law enforcement services at a cost of \$502,542 in fiscal year 2015/16.

Our conclusion, taking into consideration the actual shift assignments, existing levels of service, comparable city comparison, and the true needs of Olympic Valley, is that the law enforcement expenditure should be in the range of \$500,000 to \$600,000 in fiscal year 2017-18, adjusted only by a CPI in subsequent years.

Community Development Department Contract Costs

IOV Request #16: The Draft CFA should match future service levels with existing service levels. The "cost allocation for O/H and Admin" factor should be deleted from the Community Development Department expenditures.

As mentioned above, the Draft CFA proposes two FTE staff positions plus \$125,700 in contract staff for the Town's Community Development Department. This is the equivalent of approximately 3 FTE positions for planning, development engineering and building inspection services. The Draft CFA does not provide any data or basis for the staffing level or contract amounts.

The Placer County Community Development and Resource Agency reported that it currently allocates 1.212 FTE's for planning, building and engineering services for Olympic Valley, which is based on their experience in providing these specific services to Olympic Valley (Exhibit 9). OPR Guidelines state: "feasibility is best determined by comparing existing costs, revenues and levels of service to those expected after incorporation." Accordingly, the Draft CFA should use 1.212 FTE's for Community Development. IOV believes that the Town would require one Community Development Director (one FTE). This means that contract services should be estimated at .212 FTE (.212 x CD Director Compensation = \$27,400). The \$125,000 estimate violates Government Code section 56800 requiring

costs to “reflect the actual or estimated costs at which the existing level of service could be contracted by the proposed city...”

The Draft CFA also includes a line item in the Town’s Community Development Department expenditures for “Cost Allocation for O/H and Admin” in the amount of \$84,287 in the transition year (page 67), increasing each year thereafter by 2.1%. RSG’s July 24, 2015 letter (letter page 12) indicates that this is the “countywide Overhead Cost Allocation factor of 71.43 % of salaries and benefits.” It is highly unlikely that the Town would contract with the County for any planning, code enforcement or other development services, so this would not be an incurred Town cost.

It is interesting to note that the Draft CFA was able to determine this proposed ongoing “Cost Allocation for O/H and Admin” cost of \$84,287 for a “countywide Overhead Cost Allocation factor of 71.43 % of salaries and benefits” for contract services to the Town, yet does not include these costs in the existing County Community Development Department costs that would be transferred to the Town in the calculation of property tax revenue, as discussed above.

Fire Protection

IOV Request #17: The Draft CFA should use the existing acreage for Cal Fire services as reported by the Squaw Valley Fire Chief.

The Draft CFA assumes 5,662 acres would be subject to the Cal Fire per acre fee of \$23.01 per acre, plus an administrative fee of 11.97% (page 41). The Squaw Valley Public Service District (SVPSD) Fire Department has stated that the correct acreage is 4,578 acres. Exhibit 11 is an email from the SVPSD confirming 4,578 acres would be subject to the fee.

Animal Control

IOV Request #18: The Draft CFA should use existing Animal Control service levels and costs as reported by Placer County.

The Draft CFA states that Placer County Animal Control services are provided to Olympic Valley at a cost of \$7,553 in Fiscal Year 2013-14. The Draft CFA estimates contract animal control services for the Town in Fiscal Year 2017/18 would cost \$16,190.

Again, OPR Guidelines state: “feasibility is best determined by comparing existing costs, revenues and levels of service to those expected after incorporation.” The Draft CFA should use the existing cost (\$7,553 adjusted by a CPI) for animal control services

5. TOWN CONTRACT SERVICES AND COSTS NOT BASED ON COMPARABLE CITIES

IOV Request #19: The Draft CFA should use truly comparable contract cities in projecting the number of employees required to provide Town services.

As discussed above, Government Code section 56800 (a) (1) states: “In the analysis, the executive officer shall also review how the costs of any existing services compare to the cost of services provided in cities with similar populations and similar geographic size that provide a similar level and range of services...” (underlining added).

The following expenditures violate Government Code requirements and OPR Guidelines on comparable cities:

City Attorney

IOV Request #20: The Draft CFA should use comparable, limited service contract cities as the basis for City Attorney expenditures

Previous Preliminary Draft CFA versions stated that City Attorney costs were based on “comparable cities”. IOV objected by pointing out that the “comparable cities” were not comparable, in that they did not have similar levels or ranges of services, as required by the Government Code. So the Draft CFA disingenuously changed the basis to “Costs were estimated based on consideration of nearby cities”, but did not change the estimate of City Attorney expenditures. Nowhere in State law or OPR Guidelines are “nearby cities” the basis for expenditure estimates.

IOV has pointed out that Loomis (population 6,300) budgeted \$60,000 and Colfax (population 2,019) budgeted \$43,000 for attorney costs. IOV’s counsel, who provides City Attorney services for many California jurisdictions, estimates \$50,000 for the transition year and \$40,000 for ongoing Town Attorney services.

IOV has pointed out the as a contract city with no bargaining units, no Police Department, no Fire Department and no utility services, legal costs would be minimal. Comparing legal costs for a limited service contact city with the full service, employee-based services in the “comparable cities” analysis is just not an accurate comparison.

RSG, in its July 24, 2015 letter (letter page 11) suggests that Olympic Valley is not as accessible as Loomis and Colfax, but fails to recognize that there are competent municipal attorneys located close to Olympic Valley. It is an unsubstantiated argument that travel time will result in higher Town Attorney costs. The Draft CFA should use \$50,000 for the transition year Town Attorney expenditure and \$40,000 for ongoing Town Attorney services.

Non-Departmental Expenditures – Insurance

IOV Request #21: The Draft CFA should use comparable city insurance costs and industry standards for calculating insurance costs.

The Draft CFA assumes insurance costs are a percentage of revenues, which is not at all common to cities’ Joint Powers Insurance Authority practices, which charge premiums based on payroll. Based on the percentage of revenue methodology, insurance costs are assumed to be \$66,400 in the Transition Year (during which there is practically no payroll and no liability exposure), increasing by 2.1% per year. Colfax, with contract law enforcement services and 2,019 population, has an insurance cost of \$30,000 per year, even including coverage for a wastewater collection and treatment operation. IOV believe this is a reasonable comparable city estimate for insurance costs, adjusted annually by payroll cost increases.

6. TRANSITION YEAR LOAN NET COSTS OVERSTATED

IOV Request #22: The Draft CFA should include four quarters of sales tax revenue in the Transition Year

The Draft CFA indicates that because of timing issues, the town will receive two quarters sales tax revenue in the Transition Year (\$235,600) (page 53). If the Town receives only two quarters, the County should be noted as receiving the other two quarters in the Transition Year Loan analysis (page 46). The Draft CFA indicates that the County will receive one quarter of sales tax revenue (\$118,000) in the Transition Year loan analysis. The Transition Year loan should be corrected to show two quarters of sales tax revenue retained by the County.

IOV Request #23: The Draft CFA should include fines and forfeitures revenue in the Transition Year

Fines and Forfeitures that will be received by the County are omitted from the revenue retained by the County. They should be included in the analysis.

IOV Request #24: The Draft CFA should use the correct CPI in the Transition Year analysis.

The Transition Year analysis mistakenly includes four years of CPI adjustments instead of three (from FY 2013-14 to FY 2016-17).

7. CONTINGENCY BASED ON A PERCENTAGE OF OPERATING EXPENDITURES AND PRESENTED AS A RESERVATION OF FUND BALANCE

OPR Guidelines state: “A contingency fund based on a percentage of estimated expenditures should be reflected in the CFA projections to cover unforeseen expenses. Most cities attempt to reserve a minimum percentage of the operating budget in unappropriated reserves as prudent fiscal policy.”

The OPR Guidelines are unambiguous:

- The contingency is an unappropriated reserve, not an expenditure.
- The contingency fund should be a percentage of the operating budget, not a percentage of revenues.

The Draft CFA violates both of these Guidelines:

- The Draft CFA assumes an annual contingency as an expense line-item, instead of presenting it as an unappropriated reserve in the General Fund Equity.
- The Draft CFA estimates the contingency expenditure as 10% of total General Fund revenue, instead of 10% of operating expenditures.

IOV Request #25: The 10% annual contingency expenditure should be eliminated and instead, be presented as an unappropriated and cumulative 10% contingency fund reserve. This would make the Draft CFA consistent with OPR Guidelines and it is also consistent with the way in which the General Fund Reserve is treated in the Draft CFA.

8. GENERAL FUND RESERVE BASED ON AN APPROPRIATE PERCENTAGE OF OPERATING EXPENSE

IOV Request #26: The Draft CFA should calculate a reasonable General Fund reserve of 17% of operating expense.

OPR Guidelines state : “A reasonable unappropriated reserve, in addition to a contingency fund, is necessary. Although the preferred level of a reserve fund can vary and should be based on existing and comparable new cities, a minimum reserve of 10% is recommended.”

Instead of a “reasonable” reserve, the Draft CFA argues for a 30% reserve from the very first year following incorporation. IOV has consistently presented its case that the reserve should be built up over time, and that it should be based on Government Finance Officers Association (GFOA) recommended practices. GFOA is the source of best practice financial guidelines for public agencies; it recommends a General Fund reserve of two months expenditures (17%). The Preliminary Draft CFA overachieves, using anecdotal information on reserves that have accumulated in cities over many years, to support an arbitrary reserve of 30%. The Draft CFA should follow the OPR Guidelines and GFOA best practices, and have a reserve of 17%.

IOV Request #27: The Draft CFA should calculate the Town's reserve based on total operating expenses and not on total town revenue. By calculating a 30% reserve based on total revenue, the Draft CFA "reserves" an additional 30% of the Transient Occupancy Tax (TOT) revenue, in addition to the 60% of TOT that is assumed to be "passed through" to the NLTRA or used for transit as portrayed in the Draft CFA's Scenario 2. By doing so, it effectively makes 90% of the TOT unavailable to support town services (60% to NLTRA and 30% to a reserve). It also reserves revenue that may be necessary to make revenue neutrality payments to the County.

9. REVENUE NEUTRALITY MITIGATION PAYMENTS ASSUMPTIONS PREMATURE

IOV Request #28: The Draft CFA should calculate the cost of County services transferred and the revenues transferred, but should not speculate on the amounts of revenue neutrality payments.

The Draft CFA acknowledges: "Because revenue neutrality has not been discussed and is pending the release of this Draft CFA, the potential payments are not yet known." Yet, it calculates what it describes as "Revenue Neutrality Mitigation Payments" and includes them in the Fund Summaries.

OPR Guidelines clearly state: "Revenue neutrality negotiations are initiated during the preparation of the CFA. After the preliminary results of the CFA are compiled, the county, proponents and LAFCO use the information to structure payments for revenue neutrality. The negotiated terms of the agreement are then used to create the public hearing draft of the CFA for consideration by LAFCO during the public hearing on incorporation." (underlining added)

The Draft CFA should estimate the amount of County's revenues transferred and the cost of County services transferred to the Town upon incorporation. It should not speculate on revenue neutrality payments. Revenue neutrality payments will be the subject of negotiations, which have not yet been initiated, per the OPR Guidelines. The payments may be structured quite differently from what the Draft CFA projects and will be included in the final CFA, again as per OPR Guidelines. We request that the Preliminary Draft CFA limit itself to what is known, not what is unknown. We ask that this section heading and text be revised to be an estimate the County's revenues transferred and the cost of County services transferred to the Town only, and not the revenue neutrality payment, which will be the subject of future negotiations.

IOV Request #29: The cost of County services transferred should include indirect costs.

Government Code section 56815(b) states: "The commission shall not approve a proposal that includes an incorporation unless it finds that the following two quantities are substantially equal:

(1) Revenues currently received by the local agency transferring the affected territory that, but for the operation of this section, would accrue to the local agency receiving the affected territory.

(2) Expenditures, including direct and indirect expenditures, currently made by the local agency transferring the affected territory for those services that will be assumed by the local agency receiving the affected territory."

The Draft CFA does not include indirect costs in the calculation of expenditures transferred, which is contrary to State law. IOV has previously noted that the County reported \$183,555 in indirect costs transferred, and that RSG identified a countywide Overhead Cost Allocation factor of 71.43 % of salaries and benefits. One of these factors should be included in the analysis of costs transferred by the County.

IOV Request #30: The responsibility for North Lake Tahoe contributions should be clarified.

The "Revenue Neutrality" section of the Draft CFA should be revised to state that under Scenario 1, with the higher revenue neutrality payment estimate, the County would be the source of 4% of transient occupancy tax revenue for North Lake Tahoe services and infrastructure.

10. APPENDICES 4 and 5 – HISTORIC REVENUE GROWTH SCENARIOS

IOV Request #31: Appendices 4 and 5 should be removed from the Draft CFA

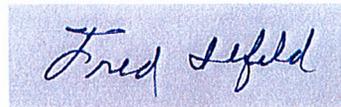
Appendices 4 and 5 were added to the July 24, 2015 Draft CFA at the request of the consultant for Squaw Valley Ski Holdings. They are "Historic Revenue" scenarios that substantially discount growth and development in Olympic Valley. Given the Placer County Draft Environmental Impact Report for the Village at Squaw Valley Specific Plan ("DEIR", May 2015) and the April 8, 2014 "Absorption Schedule Technical Memorandum" prepared by Placer County staff (Exhibit 6), the fact is that historical growth is not what will happen in the future. The historical growth scenarios are not consistent with the accuracy and reliability of the information, methodologies, and documentation requirements of Government Code section 56801(c). They should be removed from the Draft CFA.

11. SUMMARY

Incorporate Olympic Valley appreciates the opportunity to present our concerns and objections regarding the Comprehensive Fiscal Analysis (Draft CFA) of the Proposed Incorporation of the Town of Olympic Valley, dated July 24, 2015. We believe that the State Controller's Office independent, objective review of the Draft CFA and the requests we have made in this correspondence will lead to findings by the State Controller that the Draft CFA is inconsistent with the California Government Code and the "Guide to the LAFCO Process for Incorporations" published by the Governor's Office of Planning and Research.

Our goal, in the final analysis, is to have a fair and accurate Comprehensive Fiscal analysis so that Placer LAFCO and the residents of Olympic Valley may make informed decisions regarding the proposed incorporation of Olympic Valley.

Yours very truly,



Fred Ilfeld Board Chair, Incorporate OV Foundation
FILFELD@gmail.com
(530) 448-6060

County of Pierce
 Proposed Incorporation of Olympic Valley Data Request
 Community Risk System
 Proposed January 3, 2015

Note: Detail regarding general description of services, personnel required and breakdown of costs are included with each departmental response attached herein.

Municipal Services:

County Department	Total FTE	Personnel - Salaries / Benefits	Supplier / Service	Other Costs - Capital	Indirect / Overhead	Total Costs	Total Revenues
Community Development Resource Agency (CDRA)	3.2	\$ 140,049	\$ 5,775	\$ -	\$ 100,037	\$ 245,861	\$ 179,277
Public Works	0.5	\$ 80,359	\$ 219,012	\$ -	\$ -	\$ 299,371	\$ -
Public Works - Truitt	3.3	\$ 304,413	\$ 194,000	\$ 368,701	\$ 49,481	\$ 916,605	\$ 297,166
Sheriff	6.5	\$ 1,248,004	\$ 177,948	\$ -	\$ -	\$ 1,425,952	\$ -
Facilities - Parks	0.3	\$ 3,650	\$ 39,221	\$ 328,000	\$ -	\$ 370,871	\$ 36,407
HHS - Animal Services	0.0	\$ 10,758	\$ 2,613	\$ -	\$ 1,531	\$ 14,902	\$ 478

Revenues are based on County fee structure. DV would have their own structure.
 DV would receive their own portion of AUSTA & LTF revenues

Capital costs could be covered by County Parks mitigation fees

Countywide Services:

County Department	Total FTE	Personnel - Salaries / Benefits	Supplier / Service	Other Costs - Capital	Indirect / Overhead	Total Costs	Total Revenues
District Attorney	0.2	\$ 35,744	\$ 10,566	\$ -	\$ -	\$ 46,310	\$ -
County Assessor	0.3	\$ 41,064	\$ 2,772	\$ -	\$ -	\$ 43,836	\$ 1,853,104
Health and Human Services	2.6	\$ 317,272	\$ 176,888	\$ -	\$ 89,489	\$ 583,649	\$ 457,031
Agricultural Commissioner	0.0	\$ 2,000	\$ 345	\$ -	\$ -	\$ 2,345	\$ 1,240
Probation	0.3	\$ 31,279	\$ 10,500	\$ -	\$ 9,709	\$ 51,488	\$ -
Child Support Services	0.0	\$ 3,131	\$ 1,455	\$ -	\$ 674	\$ 5,260	\$ 5,260
Treasurer	0.1	\$ 361	\$ -	\$ -	\$ -	\$ 361	\$ 2,131
All 7 costs	0.0	\$ -	\$ -	\$ -	\$ 188,255	\$ 188,255	\$ -

Property Tax - 100% of County General Fund Share only
 Animal Services shown above (municipal service)

Business Licenses
 Population apportionment share of CO, County Council, Treasurer, Auditor, Clerk/Recorder, and Assessor.

Incorporate Olympic Valley Request to Placer LAFCO for California State Controller's Office Review of the Draft Comprehensive Fiscal Analysis of the Proposed Incorporation of the Town of Olympic Valley, dated July 24, 2015

Exhibit 2:

Hand-written Placer County staff note calculating the \$183,555 (A-87) indirect cost apportioned to Olympic Valley.

A-87 Charges

FY 2013-14
Charges -
Approved
(Use for FY 14-18)

~~2013 365,224~~
Population
2013 357,463
OV 2,112
0.6%

Fund	Appn	Appn Title	FY 2013-14 Charges - Approved (Use for FY 14-18)
100	10010	Board of Supervisors	\$0
100	10020	Clerk of the Board	\$0
100	10040	County Executive Office	\$0
100	10250	Auditor-Controller	\$0
100	10280	Revenue Services	\$0
100	10340	Treasurer/Tax Collector	\$0
100	10370	Assessor	\$0
100	10400	Procurement	\$0
100	10450	County Counsel	\$0
100	10590	Personnel	\$0
100	10850	Building Maintenance	\$0
100	10790	GF Contrib-Facilities and Infrastructure	\$0
100	11040	Management Information Systems	\$0
100	11120	Economic Development	\$0
100	11210	Administrative Services	\$0
100	11250	Facility Services Administration	\$0
100	11260	Public Works Administration	(\$1,498)
100	11400	Engineering & Surveying	\$867,886
100	11410	National Poll Discharge Elimination System	\$0
100	11490	Employee Benefits	\$0
100	12000	Organization Development Division	\$0
100	21480	Criminal Justice Other Programs	\$0
100	21700	GF Contribution Public Safety	\$0
100	21720	Child Support Services	\$97,407
100	22210	Agricultural Commission/Sealer	\$0
100	22220	Building Inspection	\$478,086
100	22240	Community Development / Resource Ag	\$210,124
100	22300	County Clerk-Recorder	\$0
100	22310	Emergency Services	\$0
100	22330	Planning Department	\$521,803
100	22350	Disaster Response/Recovery	\$0
100	22390	Animal Service	\$0
100	42000	HHS Administration	\$1,022,793
100	42760	Public Health	\$0
100	42820	Environmental Health	\$0
100	42030	Adult System of Care	\$0
100	42950	Medical Clinics	\$0
100	42970	Children System of Care	\$0
100	43000	GF Contrib Health & Human Services	\$0
100	53020	Client and Program Aid	\$0
100	53070	Human Services	\$0
100	53650	Veterans Service Officer	\$0
100	64100	Farm Advisor	\$0
100	74250	Parks & Grounds Maintenance	\$0
100	74300	Placer County Museum	\$0
100	89350	Contribution to Other Debt Service	\$0
100 Total			\$3,166,791
103	53010	Housing Assistance Services	\$30,485
104	22770	Community Development Grants and Lc	\$0
105	32500	Redevelopment	\$0
100	32560	Housing	\$0
107	32700	Special Aviation	\$237
110	01100	Criminal Justice CEO	\$363,412
110	21710	District Attorney	\$642,305
110	21760	Sheriff Grants Program	\$185,573
110	21790	Sheriff Tahoe Operations	\$129,847
110	21800	Sheriff Protection and Prevention	\$839,999
110	21930	Sheriff Administration and Support	\$1,394,106
110	21950	Sheriff Support Services	\$228,021
110	22000	Jail Corrections and Detention	\$1,302,494
110	22091	So Placer Jail Corrections and Detento	\$0
110	22050	Probation Officer	\$1,062,692
110 Total			\$8,948,064
111	21060	Automated Mobile & Fixed Fingerprint	\$4,078
111	21970	Placer Regional Auto Theft Task Force	\$1,435
111 Total			\$5,513

HHS ²⁰¹³ 5,121,937
CEO 3,454,736
CC 4,326,116
Treas 5,543,901
Aud 6,108,220
Rec 5,944,591
AS 30,593,503
2 0.6%
\$143,595 AB7

013 3551

Incorporate Olympic Valley Request to Placer LAFCO for California State Controller's Office Review of the Draft Comprehensive Fiscal Analysis of the Proposed Incorporation of the Town of Olympic Valley, dated July 24, 2015

Exhibit 3: (third page)

Community Development Resource Agency staff email clarifying that "The overhead included in CDRA costs include administrative and support staff, general public service costs, rent, utilities and office supplies."

From: Jane Carlson [<mailto:jcarlson@webrsg.com>]
Sent: Friday, February 06, 2015 1:34 PM
To: Andy Heath
Cc: Kris Berry
Subject: RE: Olympic Valley CFA Data Response Questions

Hi Andy,

I have attached the summary that was kindly provided by you for the data responses. For the top half of the summary, the Municipal Services, would it be possible to adjust the numbers for 2013-14 actuals instead of projections for 2014-15? The salaries may be easy to calculate, but the other costs and revenues might change as well. Sorry for this additional work. The 2014-15 numbers are very helpful to us to project future costs, but I realized we might be shorting you money to use those numbers against the 2013-14 revenues. The 2013-14 revenue versus expenditure calculation will be used to determine your transition year loan, so we want to have that ratio as accurate as possible for your benefit.

Jane Carlson
RSG, Inc.
T: 714 316 2123
webrsg.com

CA DRE Corporate Broker License #01930929

From: Andy Heath [<mailto:AHeath@placer.ca.gov>]
Sent: Thursday, January 29, 2015 3:27 PM
To: Jane Carlson; Kris Berry
Cc: Jennifer Merchant; Gretchen Nedved; Bryan Hacker; Adrienne Barber; Beverly Roberts
Subject: Olympic Valley CFA Data Response Questions

Good Morning Jane –

Please see responses as synopsised from the departments below. Relevant information is also attached herein where noted.

Please let me know if you need any additional information,

Andy

From: Jane Carlson
Sent: Wednesday, January 21, 2015 3:33 PM
To: Andy Heath
Cc: Gretchen Nedved; Bryan Hacker; Adrienne Barber; 'Beverly Roberts'; Kris Berry
Subject: Olympic Valley CFA Data Response Questions

Hi Andy,

Thank you again for the call this morning. Please find below my follow-up questions for the different departments or personnel. I'm happy to reach out to them myself if it is easier for you. Just let me know if there is anything I can do to help.

Jennifer Merchant, Paul Griffith

- I am looking for additional information on TOT appropriations to various County departments/programs
- New development pipeline for the OV area
- History of new construction (Has there been a lot? Any big years in the last 10 years? Etc)

RESPONSE: The current North Lake Tahoe Resort Association (NLTRA) contract is attached. The County is in the first of a two-year contract at this time, so it will run through FY 2015-16. Also attached is an electronic version of the contract's Attachment C document, which includes additional information under the different tabs about "county services," which encompass costs like direct allocations to other departments. This contract, along with the allocation to County Services, covers 60 percent of TOT collections in eastern Placer County (collections from the 10 percent TOT collection area). Finally, included with the email is an attached document of an inventory of past development in the Olympic Valley dating to the late 80's, including a summary at the bottom. The second document describes how this inventory was utilized to calibrate the County's 25-year cumulative growth projection for the Village at Squaw Valley Specific Plan DEIR analysis. (Note: There are four attachments that accompany this response).

All departments

- Is there a Countywide salary inflation rate? Mandatory cost of living increase? How can be project wage increases over the next 10 years for the various County departments?

RESPONSE: There is no standard Countywide Salary Inflation Rate. Salaries for the majority of County employees (who are covered by bargaining unit MOU's) are either negotiated on a periodic basis or subject to annual escalators previously approved by the electorate. Law Enforcement employees are due to receive an increase of 1.3% - 2.9% (depending on classification) effective February 2015. Non-safety employees received a 2.0% increase effective December 2014 and are scheduled to receive a 2.0% increase in December 2015 and 1.0% increases in December 2016 and 1.0% in July 2017.

County Assessor

- Does the assessor charge any fees to cities beyond \$8 2557 and other property tax management fees?

RESPONSE: There are no additional fees charged to cities beyond what was mentioned in the previous response.

HHS

- Need specific data on animal services costs

RESPONSE: Attached with this email is the breakdown of Animal Services costs identified for Olympic Valley.

Public Works

- A rough estimate of how much HUTA and LTF revenue the new City would bring in
- Is there an equipment replacement reserve requirement?
- Details on how they came to their numbers for supplies and services

Are road maintenance services provided by County employees only, or are there contracts to provide services? For example, do County employees actually operate and own snow plows or does the County contract with a plow company?

RESPONSE: Regarding potential revenue from Highway User Tax – the closest City in size to Olympic Valley is the City of Blue Lake with 1,265 Population. They receive \$56,300 a year based on the city formula which is calculated slightly different than the formula used for county.

In regards to equipment – they would need various pieces of equipment. Some of the basic equipment could be -- 4x4 Pick Ups, Grader, Loader, Sweeper, Backhoe, Snow Blower.

4x4 ¼ Ton Pick Up	\$ 30,000 ea
Snow Blower	\$ 550,000 ea
Grader	\$ 275,000 ea
Loader	\$ 200,000 ea
Sweeper	\$ 260,000 ea – would need to meet TRPA regulations
Backhoe	\$ 120,000 ea

The replacement costs depend on life of the equipment. Life of a Pick Up, Sweeper is usually 10 years so replacement monies would be collected each year for 10 years. Graders, Loaders, Snow Blowers can usually be stretched to 20 years, maybe more depending on usage and monies available. Our larger equipment such as Snow Blowers we typically do not have replacement monies set aside each year due to the cost of the item and was not feasible to collect during the down turn (including State borrowing a portion of Highway User Tax) as we put as much of the money on the road as possible. We tend to take one time monies for things like Snow Blowers. The Loaders/Graders we build in the budget in better times when we have more constant revenue streams.

CDRA

- For the overhead cost allocation, what supplies and services are included in this cost?

RESPONSE: The overhead included in CDRA costs include administrative and support staff, general public service costs, rent, utilities and office supplies.

Sheriff

- Does their proposed service contract factor in the fluctuating seasonal population?
- is there an equipment replacement reserve requirement?
- Would their overhead needs in OV be similar to Colfax? (Colfax is required to provide a small office and appropriate parking lot lighting for the patrol cars)

RESPONSE: *Fluctuating seasonal population:* Seasonal fluctuations were taken into consideration with respect to traffic enforcement. Winter vehicle traffic has a larger volume and we can expect an increase in collision reports. However, data from the highway patrol to estimate the number of collisions in winter versus summer has not as yet been collected.

Equipment replacement reserve: No. Any equipment "replacement costs" for the Sheriff have already factored into the "Vehicle Expenses".

Overhead in OV: We do not anticipate a need for an office similar to the Colfax contract. The patrol vehicles would be parked at the existing station in Tahoe City. However, with either model, it would be prudent to have an office available for the deputy assigned to Olympic Valley to meet with the public and write their reports. An office location in Olympic Valley would enhance response times to service calls. That said, enhanced levels of service and potential costs would be subject to discussion with a future town or city council.

Facilities – Parks

- This department is currently responsible for all parks in the area. If OV became a City, they would most likely take over responsibility for local parks while the County would continue to maintain any regional systems. Which parks/public facilities would be considered local parks? Which parks/public facilities would be considered regional parks?
- In the Squaw Valley Park and Bike Trail Project Planning Report, what are the funding sources for the proposed projects? Is the funding already in place? Have any of the projects already been completed in 2014-15?

RESPONSE: *Local / Regional Parks:* If OV became a City, they would be responsible for taking over responsibility of all parks and trails (paved and unpaved) within the Squaw Valley Community Plan area, as the parks and trails are within the future City boundaries. This would include the Truckee River Bike Trail that is currently in the planning stage.

Funding sources for proposed projects: Funding for the projects on the attached spreadsheet have either been secured or are in the process of being secured through Fiscal Year 2016-17. Funding has not been secured beyond that time frame. Construction of the Truckee River Bike Trail along Hwy 89 from Squaw Valley to Truckee Town limits is 8.3 miles. Estimated construction cost is \$20M with a \$10k/mile maintenance cost thereafter.

Thanks again,

Jane Carlson
RSG, Inc.
T 714 316 2123
webrsg.com

CA DRE Corporate Broker License #01930929

Incorporate Olympic Valley Request to Placer LAFCO for California State Controller's Office Review of the Draft Comprehensive Fiscal Analysis of the Proposed Incorporation of the Town of Olympic Valley, dated July 24, 2015

Exhibit 4:

Hansford Economic Consulting (HEC) analysis of the Revenue Impacts of the Village Development on the Squaw Valley Public Service District. Squaw Valley Real Estate provided to HEC the expected sales values of \$950,000 for condo hotel units and \$3,150,000 for the fractional cabin units

Table A-7
Squaw Valley Public Services District
Financial Projections of SVRE Development
Assessed Value Assumptions by Land Use

2014-15 Values

Land Use	Total per Unit / Square	
	SVRE	PSD Analysis [2], [3]
Residential		per unit
Condo Hotels [1]		\$950,000
Fractional Cabins [1]	7 shares \$450,000 per share	\$3,150,000
Timeshare [1]	36 weeks \$49,000 per week	\$1,764,000
Employee Housing - Dormitory	[4]	per bed \$11,900
Employee Housing - Studios	[4]	\$33,400
Commercial [5]		per sq. ft.
Retail		\$450
Food & Beverage		\$450
Common Areas		\$300
Amenities / Services		\$300
Transit Center		\$150
Neighborhood Market		\$200
Shipping & Receiving		\$100

Sources SVRE June 2014 and HEC.

prices

[1] Provided by SVRE, June 2014

[2] HEC estimates per data in Table A-8. Weighted Average for a Condo Hotel Unit:

Area	Avg. Unit sq		Avg Price	# Units	Total Revenue
	Price per sq. ft	ft			
1A	\$604	1,301	\$786,371	223	\$175,360,648
1B	\$604	1,433	\$966,156	22	\$19,055,434
3	\$604	1,141	\$689,661	98	\$67,586,771
4	\$604	1,334	\$886,317	87	\$70,149,578
6	\$604	1,242	\$690,265	17	\$11,744,911
7	\$604	2,408	\$1,455,481	12	\$17,465,769
9	\$604	1,674	\$1,011,825	58	\$58,685,854
13	\$604	1,211	\$731,971	167	\$122,739,227
14	\$604	1,063	\$642,515	47	\$30,198,203
15	\$604	1,071	\$647,350	87	\$56,319,489
				818	\$628,795,485

Weighted Average per Condo Hotel Unit

\$770,000

[3] Fractional Cabin - per share

\$364,000

Uses same ratio as SVRE estimates between a condo hotel and fractional cabin

[4] See Table A-9

[5] Based on current commercial ratings in Alpine Meadows, Tahoe City and Truckee (see Table A-10)

Prepared by HEC

5/19/2014

Olympic Valley Cumulative List and Forecast to 2040

Approved Projects			
	Units	Bedrooms	Commercial sq. ft.
RSC Phase 2	441 condo units	464 bedrooms	--
Olympic Estates	16 residential units	64 bedrooms	--
Foreseeable Projects			
	Units	Bedrooms	Commercial sq. ft.
Squaw Valley Ranch Estates	8 residential units	40 bedrooms	--
Mancuso	4 residential units	20 bedrooms	--
PlumpJack Redevelopment	--	104 net hotel rooms/condo bedrooms	10,000 sq. ft. net new commercial
Olympic Valley Museum	--	--	14,500
Forecast Development			
	Units	Bedrooms	Commercial sq. ft.
Single-Family Residential	66	264	--
Resort/hotel/condo units	34	52	--
General Commercial	--	--	56,000
Total Development Outside the Project Boundary			
	569 units	1,008 bedrooms	80,500 sq. ft.

Incorporate Olympic Valley Request to Placer LAFCO for California State Controller's Office Review of the Draft Comprehensive Fiscal Analysis of the Proposed Incorporation of the Town of Olympic Valley, dated July 24, 2015

Exhibit 6:

April 8, 2014 "Absorption Schedule Technical Memorandum" prepared by Placer County staff indicating that the cumulative projections include projects that are approved and are likely to be constructed.

Absorption Schedule Technical Memorandum

To: Mike Geary, Squaw Valley Public Services District General Manager
From: Alex Fisch, Placer County Planning Services Division
Date: April 8, 2014
Subject: Village at Squaw Valley Specific Plan Water Supply Assessment

Placer County is the lead agency for the Village at Squaw Valley Specific Plan (VSVSP) project in compliance with the California Environmental Quality Act (PRC 2100 et. seq.). The County is preparing a Program EIR to analyze the environmental effects of project approval and implementation. To comply with the statutory requirements of CEQA, the County will analyze and disclose the impacts of the VSVSP project including analysis of the project's incremental contribution to cumulative effects considered together with other probable future projects. While there is no precise definition in CEQA for what is a probable future project, two approaches are prescribed. A list approach is commonly used whereby the lead agency will generate a list of "past, present and probable future projects producing related or cumulative impacts including, if necessary, those projects outside the control of the agency" (CEQA Guidelines § 15130). When utilizing the list approach Placer County would include approved projects currently under construction, projects that are approved that have not been constructed, and projects that are expected to be approved and constructed for which the County is currently processing an application(s) or has direct knowledge of the project and reasonably expects it to be carried out (including those outside the local agency control). The second approach prescribed by CEQA is to utilize projections contained in adopted local, regional, or statewide plan(s) or which are forecast from such plan(s). When plans do not include quantifiable projections, forecast growth projections can be developed in accordance with the adopted development regulations. Projections are often utilized for projects that are expected to build out over a relatively long period of time and the forecast timeframe will typically match the projected build out of the project.

For the VSVSP project, which is proposed to build out over a 25-year period, the County determined that it was appropriate to use both a list and forecast approach to determine cumulative development within the Olympic Valley study area¹. The cumulative development projections therefore include approved projects that have not yet been built, such as the Resort at Squaw Creek Phase 2 and the Olympic Estates Subdivision, project applications that the County has on file, and valley-wide development projections forecast out to 25 years². The forecast does not assign development to any specific properties nor grant or restrict any development rights. Rather, the forecast identifies a total development projection for use in the EIR cumulative impact analysis and SB 610 Water Supply Assessment.

The following text and tables details the cumulative list and projections prepared by Placer County.

¹ Regional development projections from neighboring communities such as Truckee, Alpine Meadows and Tahoe City are also included in the cumulative analysis. This memorandum deals specifically with the methodology used to prepare cumulative assumptions for the Olympic Valley study area in support of cumulative impact analysis within that community and the Water Supply Assessment.

² This memo does not describe linear utility projects within the Olympic Valley study area that may occur within the 25-year cumulative horizon such as the Squaw Valley Public Service District's Alternative/Supplemental Water Supply & Enhanced Utilities Feasibility Study preferred alternative.

Cumulative Projections

1. Development capacity is expressed in total bedrooms and commercial square footage in accordance with policies of the Squaw Valley General Plan, which is applicable to the entire Olympic Valley study area.
2. Cumulative projections include projects that are approved and are likely to be constructed and projects that the County is processing which have a reasonable expectation of being approved and constructed. This includes the approved Resort at Squaw Creek Phase 2 and the Olympic Estates Subdivision projects, and other projects that the County is currently processing including the Squaw Valley Ranch Estates, the Mancuso Rezone project, and redevelopment of the PlumpJack Hotel.
3. A parcel inventory of the study area was used to determine locations where additional development could be constructed during the 25-year cumulative timeframe and to verify that forecast development would not exceed the holding capacity of the Squaw Valley General Plan. The parcel inventory does not assign any development to any specific parcel. The forecast is a metric defining a number of bedrooms and commercial square-footage only and development could occur anywhere where it is authorized within the Olympic Valley study area. It is intended solely to provide a reasonable basis for predicting cumulative conditions within the 25-year time frame so that an appropriate cumulative impact analysis can be performed. The analysis is not intended to serve as a precise prediction regarding the amount of development that will occur on a particular parcel; rather, the analysis is a forecast of the cumulative, aggregate level of development that will exist in 25 years.

The results of the County's analysis of approved projects, foreseeable projects, and forecast future development for the Olympic Valley study area are shown in the table below.

Cumulative List and Forecast to 2040

Approved Projects			
	<i>Units</i>	<i>Bedrooms</i>	<i>Commercial sq. ft.</i>
RSC Phase 2	441 condo units	464 bedrooms	--
Olympic Estates	16 residential units	64 bedrooms	--
Foreseeable Projects			
	<i>Units</i>	<i>Bedrooms</i>	<i>Commercial sq. ft.</i>
Squaw Valley Ranch Estates	8 residential units	40 bedrooms	--
Mancuso	4 residential units	20 bedrooms	--
PlumpJack Redevelopment	--	104 net hotel rooms/condo bedrooms	10,000 sq. ft. net new commercial
Olympic Valley Museum	--	--	14,500
Forecast Development			
	<i>Units</i>	<i>Bedrooms</i>	<i>Commercial sq. ft.</i>
Single-Family Residential	66	264	--
Resort/hotel/condo units	34	52	--
General Commercial	--	--	56,000
Total Development Outside the Project Boundary			
	569 units	1,008 bedrooms	80,500 sq. ft.
Village at Squaw Valley Specific Plan Project Development			
Resort Residential	600	1,243	--

Hotel	250	250	--
Employee Housing	21	264*	20,000
Net Other Commercial	--	--	200,083
Total Development			
	1,440 units	2,765 bedrooms*	300,583 sq. ft.

*264 employees in dormitory housing and studio units are included in the 2,765 total bedrooms of probable and forecast development. Total employees are utilized as the metric in recognition that demand for new infrastructure and services to serve dormitory employee housing are quantitatively distinct from new infrastructure and service demands created by construction of new hotel, condominium, and residential bedrooms.

Development Absorption

The following table details projected absorption rates for the project and for the cumulative development for the identified 25-year period in 5-year increments. To be conservative, the overall absorption rate is weighted to assume higher development rates in the near term for the VSVSP and for the cumulative projects/development. Absorption rates for the VSVSP assume a slightly higher rate of development in the near term due to the known tentative development schedule for the plan. Absorption rates for the VSVSP utilize increments of 35%, 20%, 20%, 15%, and 10% for each 5-year period and are expressed in units of bedrooms and commercial square footage. Commercial square footage for the VSVSP does not follow this formula precisely due to known amenities that are likely to be constructed in early phases of development, such as the Mountain Adventure Camp. Employee beds are calculated at corollary rates.

Absorption rates for the cumulative projects/development utilize increments of 25%, 25%, 20%, 20%, and 10% for each 5-year period and are also expressed in units of bedrooms and commercial square footage. Due to known commercial projects that are more likely to occur in the near term, commercial square footages do not follow this formula precisely.

Project Plus Cumulative Absorption Schedule

VSVSP Village Area		
Year	Bedrooms	Commercial sq. ft.
2020	522	104,940
2025	298	30,000
2030	298	30,000
2035	223	20,000
2040	152	15,143
Total	1,493	200,083*
VSVSP East Parcel		
Year	Beds**	Commercial sq. ft.
2020	92	15,000
2025	52	5,000
2030	52	--
2035	39	--
2040	29	--
Total	264	20,000
Cumulative projects/development		
Year	Bedrooms	Commercial sq. ft.
2020	252	24,500
2025	252	20,125
2030	201	14,000

2035	201	14,000
2040	102	7,875
Total	1,008	80,500

*The VSVSP is projected to construct a total of 277,733 square-feet of commercial uses, not including the 20,000 square-feet of commercial planned for the East Parcel. 77,650 square feet of the 277,733 square feet is replacement of existing commercial uses for a net total of 200,083 square feet of new commercial uses.

**Due to the dormitory and studio unit housing proposed for project-generated new employees, employee beds are utilized as the metric in recognition that demand for new infrastructure and services to serve employee housing are quantitatively distinct from new infrastructure and service demands created by construction of new hotel, condominium, and residential bedrooms.

Conclusions

The 25-year *cumulative list and forecast* includes all approved projects that are within the project vesting period, known active projects that are likely to be approved and carried out, and forecasted development for the 25-year planning horizon. The 25-year *project plus cumulative Absorption Schedule* identifies total development in excess of 20% beyond the prior 25 years of development within the Olympic Valley indicating that the quantity of development within the Olympic Valley study area for the identified 25-year period would exceed development that had occurred over the prior 25-year period and that the project development in this analysis would occur at a faster rate than historic levels. Based on observed development patterns, constraints and other factors, these figures will enable an appropriately conservative analysis of cumulative development and related environmental effects in the Olympic Valley and the VSVSP's potential incremental contribution to these cumulative effects. This will also enable an appropriately conservative analysis of the total water demand in order to complete the SB 610 Water Supply Assessment for this project, which will determine the availability of water for this same 25-year period.

incorporate Olympic Valley Request to Placer LAFCO for California State Controller's Office Review of the Draft Comprehensive Fiscal Analysis of the Proposed Incorporation of the Town of Olympic Valley, dated July 24, 2015

Exhibit 7:

HdL Coren & Coren Analysis of Proposition 8 Potential Recapture of Assessed Value as of 2014.

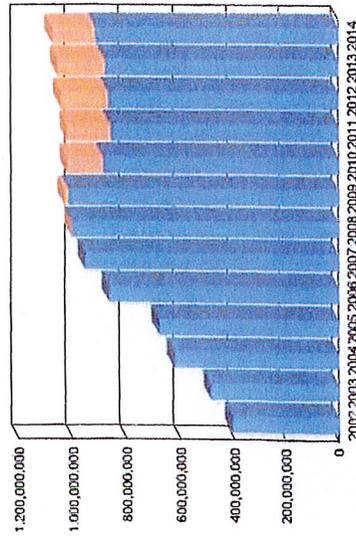


**THE COUNTY OF PLACER
OLYMPIC VALLEY TRA 091001
PROP 8 POTENTIAL RECAPTURE HISTORY**

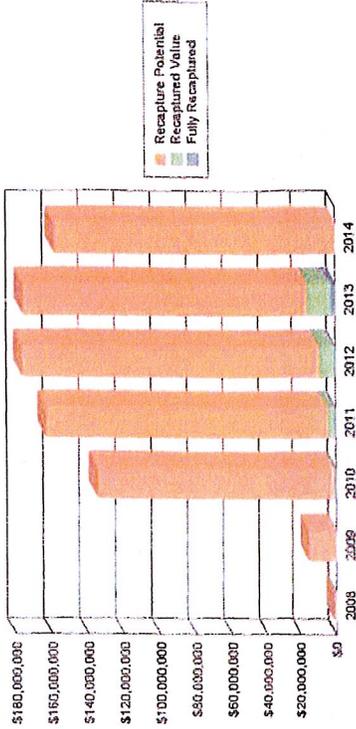
Single Family Residential Parcels - Compiled Using Parcels Supplied by County

Roll Year	Prop 8 Parcel Count	Real Value of Prop 8 Parcels	Inflation Adjusted Peak Taxable Values	Potential Recapture	% of All Parcels	Prop 8 Parcels that have fully Recaptured	Increase in Real AV Due to full Recaptures	Prop 8 Parcels that have Recaptured Value	Increase in Real AV Due to Recaptures
2007	2	2,740,000			0.1%	0	0	0	1,877,874
2008	15	12,924,500	8,987,714	-3,936,786	0.8%	0	0	1	492,000
2009	115	70,375,250	70,122,015	-253,235	6.5%	0	0	3	521,054
2010	586	258,579,703	389,487,306	130,907,603	33.6%	1	805,000	24	1,718,748
2011	610	271,115,130	432,192,514	161,077,384	35.0%	11	973,675	245	4,985,652
2012	642	296,747,593	469,807,478	173,059,885	36.8%	22	1,124,165	480	9,468,537
2013	666	321,460,083	493,004,374	171,544,291	36.3%	61	3,316,457	406	15,786,979
2014	608	310,968,565	464,955,204	153,865,639	35.0%				

Totals for Single Family Residential Parcels



Prop 8 History



The report identifies those parcels which have been granted a value reduction and are eligible for further potential of recaptured value per Proposition 8. The reductions were based on market conditions at the time of assessor review. This calculation is derived from historical transfers of ownership. Assessor applied Proposition 8 reductions and trends in the marketplace relative to median and average home sales and is an estimate of the impact of current adjustments to the assessment roll as of the 2014-15 lien date.

The Inflation Adjusted Peak Value is defined as a parcel's highest value after its most recent sale. If a parcel is assessed for a lower value after its most recent sale, then the sales price becomes the peak value. Peak values are inflated annually according to the maximum allowed rate under Proposition 13.

The count of Prop 8 Parcels that have recaptured value includes both parcels that have been fully recaptured and are no longer in the Prop 8 Parcel Count as well as parcels that have only recaptured a portion of the Inflation Adjusted Peak Values.

The Proposition 8 potential value recapturing is shown in the Potential Recapture Column and assumes no future sales transactions. As properties transfer ownership they are removed from the Prop 8 Parcel Count and if sold for more or less will not be eligible for value recapturing per Proposition 8.

*Data Source: Placer County Assessor Combined Tax Rolls; Sales Through 02/26/2015
This report is not to be used in support of debt issuance or continuing disclosure statements without the written consent of HCL, Coren & Cone*

Incorporate Olympic Valley Request to Placer LAFCO for California State Controller's Office Review of the Draft Comprehensive Fiscal Analysis of the Proposed Incorporation of the Town of Olympic Valley, dated July 24, 2015

Exhibit 8:

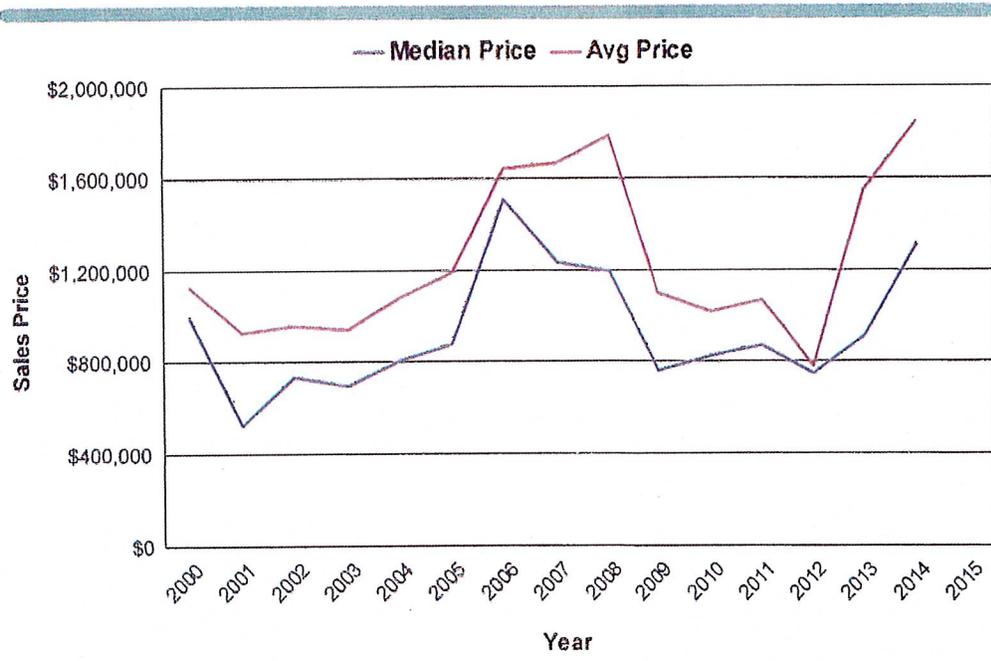
HdL Coren & Coren Analysis of Sales Value History



**THE COUNTY OF PLACER
PROPOSED OLYMPIC VALLEY
SALES VALUE HISTORY**

Detached Single Family Residential Full Value Sales (01/01/2000 - 12/31/2014)

Year	Full Value Sales	Average Price	Median Price	Median % Change
2000	22	\$1,129,000	\$991,250	
2001	12	\$929,500	\$530,500	-46.48%
2002	14	\$960,568	\$739,750	39.44%
2003	9	\$942,056	\$700,000	-5.37%
2004	23	\$1,084,348	\$809,000	15.57%
2005	27	\$1,190,659	\$876,800	8.38%
2006	16	\$1,646,250	\$1,512,500	72.50%
2007	14	\$1,666,429	\$1,237,500	-18.18%
2008	14	\$1,790,964	\$1,200,000	-3.03%
2009	10	\$1,104,200	\$762,500	-36.46%
2010	25	\$1,020,840	\$825,000	8.20%
2011	27	\$1,070,130	\$875,000	6.06%
2012	23	\$783,630	\$750,000	-14.29%
2013	21	\$1,550,282	\$910,000	21.33%
2014	19	\$1,647,132	\$1,312,000	44.18%



*Sales not included in the analysis are quitclaim deeds, trust transfers, timeshares, and partial sales.

Data Source: Placer County Recorder

This report is not to be used in support of debt issuance or continuing disclosure statements without the written consent of HdL, Coren & Cone

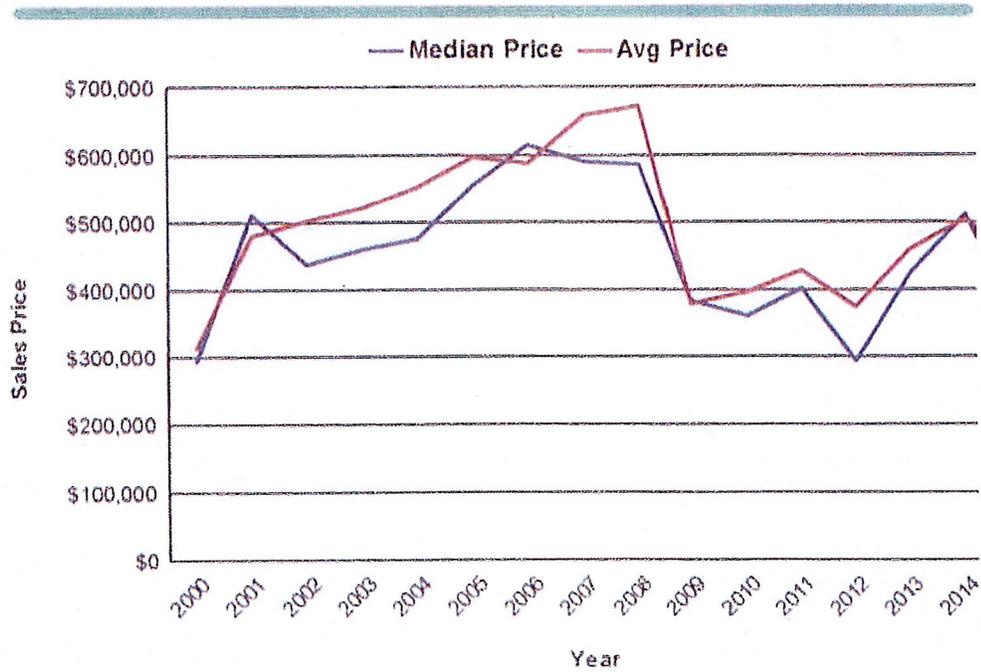
Prepared On 5/13/2015 By PC



THE COUNTY OF PLACER
 PROPOSED OLYMPIC VALLEY
 SALES VALUE HISTORY

Attached Single Family Residential Full Value Sales (01/01/2000 - 12/31/2014)

Year	Full Value Sales	Average Price	Median Price	Median % Change
2000	23	\$314,348	\$295,000	
2001	38	\$479,944	\$510,500	73.05%
2002	96	\$502,171	\$436,750	-14.45%
2003	45	\$520,633	\$459,000	5.99%
2004	94	\$552,132	\$474,250	3.32%
2005	62	\$596,734	\$555,000	17.03%
2006	35	\$589,422	\$615,000	10.81%
2007	32	\$660,938	\$590,000	-4.07%
2008	34	\$672,838	\$585,500	-0.76%
2009	16	\$378,531	\$384,500	-34.33%
2010	49	\$397,808	\$361,000	-6.11%
2011	61	\$429,139	\$402,000	11.36%
2012	45	\$374,511	\$295,000	-26.62%
2013	40	\$459,813	\$423,750	43.64%
2014	32	\$504,359	\$510,000	20.35%



Incorporate Olympic Valley Request to Placer LAFCO for California State Controller's Office Review of the Draft Comprehensive Fiscal Analysis of the Proposed Incorporation of the Town of Olympic Valley, dated July 24, 2015

Exhibit 9:

Placer County Community Development Resource Agency Annual Costs and Services Questionnaire confirming 1.212 Full Time Equivalentents for Olympic Valley

COMMUNITY DEVELOPMENT RESOURCE AGENCY
Annual Costs and Services Questionnaire
for Olympic Valley

General Description of Services:	Responsible for the review and approval of Grading Permits, Improvement Plans, Road/Driveway and Boundary Line Adjustments. Also responsible for conducting construction inspection, assigning property addresses, and reviewing Planning and Building permits on items related to engineering.			
Engineering:	Responsible for implementing the General Plans and Zoning Code, compliance with the California Environmental Quality Act (CEQA), state subdivision MAP Act, and State Planning and Zoning Law.			
Planning:	Administer the California Code of Regulations as mandated by the State of California, through permit issuance, construction drawing review, and field inspection intended to provide life safety, property value preservation, energy and renewable resources (green) sustainability, debt rights accessibility, and damage assessment for the built environment.			
Building:				
Department Costs:				
Position(s)	Hours FY2013-14	Full Time Equivalent Staff (FTE @ .086 hours/year)	FY2014-15 Salary (Pre-FY & Benefit Cost) (\$9k of salary)	Total Salary & Benefit Costs
Admin. Secretary	2.00	0.001	\$8.60	\$77.19
Assistant Director	2.00	0.001	\$134.72	\$229.43
Assistant Engineer	88.50	0.035	\$7.01	\$3,353.03
Assistant Surveyor	25.00	0.016	\$66.00	\$1,649.98
Associate Civil Engineer	413.50	0.245	\$76.40	\$31,591.19
Associate Planner	40.25	0.024	\$61.43	\$7,472.42
Community Development Technician	110.00	0.065	\$43.65	\$4,801.28
Deputy Director of Engineering	23.00	0.014	\$105.93	\$2,496.32
Engineering Manager	17.00	0.010	\$98.90	\$1,679.55
GIS Analyst II	1.75	0.001	\$66.00	\$113.50
Senior Board Comm Clerk	10.00	0.008	\$38.50	\$365.95
Senior Civil Engineer	34.00	0.020	\$18.44	\$3,007.06
Senior Planner	877.50	0.492	\$69.30	\$46,951.09
Supervising Planner	141.50	0.084	\$76.40	\$10,810.53
Surveyor	12.00	0.007	\$39.98	\$1,318.92
Building Inspector II	383	0.227	\$4.39	\$20,953.56
Chief Building Official	76.6	0.045	\$101.80	\$7,998.19
Code Enforcement Officer	16.00	0.009	\$33.06	\$785.85
Totals		2.12		\$140,940.03
Methodology:	Identified actual staff time spent on projects located in Squaw Valley Public Service District during FY2013-14.			

Incorporate Olympic Valley Request to Placer LAFCO for California State Controller's Office Review of the Draft Comprehensive Fiscal Analysis of the Proposed Incorporation of the Town of Olympic Valley, dated July 24, 2015

Exhibit 10:

Placer County Sheriff's Department – Lake Tahoe Station Patrol Shift Roster

PLACER COUNTY SHERIFF'S DEPARTMENT

**Lake Tahoe Station
PATROL SHIFT ROSTER
FRIDAY**

DATE: 3/20/15							SHIFT "A" GRAVES	
CALL SIGN		SERGEANT	VEHICLE		CELL PHONE			
61S	SAM	CARMAZZI	1153		[REDACTED]			
Tahoe City								
Call Sign / Beat		DEPUTY	Unit	LGun	PAS	Shotgun	L.L.	C-PHONE
61E	EDWARD	DEUPREE	1152	95	/	10S	TAZ	[REDACTED]
Tahoe City								
Call Sign / Beat		DEPUTY	Unit	LGun	PAS	Shotgun	L.L.	C-PHONE
61T	TOM	MORRIS	1172		6	Pers		[REDACTED]
Tahoe City								
Call Sign		DEPUTY	Unit	LGun	PAS	Shotgun	L.L.	C-PHONE
61U		VACANT						
			Unit	LGun	PAS	Shotgun	L.L.	CELL
10/24 DISCREPANCIES								
OVERTIME								
LEAVE & REASON & OVERTIME								

Tom Sinclair

From: Pete Bansen <pbansen@svpsd.org>
Sent: Monday, June 08, 2015 4:41 PM
To: Lisa Cardin
Cc: Fred Ilfeld; Tom Sinclair; Peter Schweitzer
Subject: RE: quick question
Attachments: Squaw_Valley.pdf; Squaw_Valley2.pdf

Hi Lisa ~

According to the attached document requested from the CalFire GIS folks by Battalion Chief Adamson in December, the answer is 4,578 acres.

This is a different number than the 5,662 acres included in the CFA. The CFA states that that acreage they used was provided by "SVPSD's fire department". I find that puzzling, because I have no recollection of speaking with anyone from RSG, have no incoming or outgoing emails listing RSG as a sender or recipient and, since our agency would not be a party to the contract between CalFire and a town, would have referred any questions on acreage to Chief Adamson.

I think you should consider Chief Adamson's acreage figure and exhibits to be definitive. My review of them shows no inaccuracy.

Best wishes,

Pete Bansen

Peter A. Bansen, Chief
Squaw Valley Fire Department

305 Squaw Valley Road
Olympic Valley, California 96146-2522

530/583-6111 ext. 221
530/583-0624 facsimile

From: Lisa Cardin [<mailto:lsacardin@yahoo.com>]
Sent: Sunday, June 07, 2015 9:32 AM
To: Pete Bansen
Cc: Fred Ilfeld; Tom Sinclair; Peter Schweitzer
Subject: quick question

Hi Pete!

With a very important LAFCO meeting in TC this week (regarding the CFA) I am double checking with you on the acreage CAL Fire covers here in Squaw. Is the correct number 2592 acres?

Thanks for any info you can contribute.

PLACER COUNTY LOCAL AGENCY FORMATION COMMISSION

110 MAPLE STREET, AUBURN, CALIFORNIA 95603 • 530-889-4097
LAFCO@PLACER.CA.GOV

August 20, 2015

COPY

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JIM HOLMES
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GRAY ALLEN
(SPECIAL DISTRICTS)

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RON TREABESS,
(SPECIAL DISTRICTS)

ROBERT WEYGANDT
(COUNTY)

**ALTERNATE
COMMISSIONERS:**

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JIM GRAY
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STAN NADER
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(SPECIAL DISTRICTS)

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KRIS BERRY
EXECUTIVE OFFICER

LINDA WILKIE
CLERK TO THE
COMMISSION

WILLIAM WRIGHT
LAFCO COUNSEL

Jeffrey Brownfield
Chief, Division of Audits
3301 C. Street, Suite 715A
Sacramento, CA 95816

RE: Request for review by State Controller's Office
Incorporate Olympic Valley Draft Comprehensive Fiscal
Analysis

Dear Mr. Brownfield:

As we have discussed, the Placer County Local Agency Formation Commission is in the process of studying a proposal to form a new city in the North Lake Tahoe region of Placer County. The proposed city has been designated as the Town of Olympic Valley by the proponents.

The area of the incorporation is defined by the boundaries of the existing Squaw Valley Public Service District, and includes approximately 943 permanent residents, and at the time of the petition drive, 564 registered voters. Olympic Valley, at times, experiences a dramatic influx of tourists during the ski season. During peak times, it is estimated that around 9,000 people stay overnight in the area. There are a large number of private vacation homes in addition to the Squaw Valley Ski Resort and smaller independently-owned lodging establishments. The daytime population can balloon to as much as 15,000 people.

Placer LAFCO retained the consulting firm of Rosenow Spevacek Group, Inc. ("RSG") to prepare a Comprehensive Fiscal Analysis to assist Placer LAFCO to assess the fiscal feasibility of the proposed incorporation and to review related potential impacts upon the County of Placer and other agencies presently providing services to Olympic Valley.

The proponents of the incorporation, Incorporate Olympic Valley ("IOV"), have requested a review of the CFA by the State Controller pursuant to Government Code Section 56801. We enclose the following documents for your review and information:

1. The request from the IOV proponents for review of the Draft CFA by the State Controller.
2. A copy of the Draft CFA.
3. A letter from RSG that was submitted with the Draft CFA explaining some of the reasoning behind the analysis in the CFA.

Please note that the proponents have not commenced revenue neutrality negotiations with the County. Thus, this CFA is submitted without the benefit of completed revenue neutrality negotiations. Accordingly, the revenue neutrality figures in the CFA are estimated payments that will be modified if and when the revenue neutrality negotiations are completed.

There has been significant debate by proponents and opponents concerning the proposal. LAFCO staff and the Consultants worked extensively to ensure that the Fiscal Analysis was an accurate and fair portrayal of the viability of the proposed Town in compliance with the Cortese Knox Hertzberg reorganization act of 2000 and the Governor's Office of Planning and Research Guidelines. Assumptions, such as the budgeting of revenues, contingencies and staffing needs were discussed at length between the Consultants and LAFCO staff. LAFCO staff believes the document is an accurate depiction of revenue and expenses that would be assumed by the new Town.

Four different scenarios were reviewed in the CFA, as well as an alternative boundary and alternative government structure which would include dissolving the existing Squaw Valley Public Service District and having the Town assume the powers of the district. Scenarios 1 and 2 assume a growth rate based upon proposed development projects currently under review by Placer County. Scenarios 3 and 4 provide a more conservative growth forecast based upon historical growth. Different transient occupancy tax allocations are used in the scenarios based upon the nature of the proposal and representations by the proponents to continue current project funding from this tax. Which scenario the Commission will use in its final decision on the proposal has not been determined.

The Proponents have included a long list of issues, most of which have been discussed with the Consultants, Staff, and the Commission previously. There also appear to be a few new issues not discussed prior to the current version of the Draft CFA.

Under local policy, the proponents are required to fund the cost of the State Controller review. Accordingly, we would appreciate receiving your cost proposal prior to the commencement of work so that we may insure the receipt of funds prior to authorizing the review.

Please feel free to contact me directly at if you have any questions or need documentation for items discussed. We thank you in advance for your review of this matter.

Sincerely,



Kristina Berry, AICP
Executive Officer

Cc: William Wright, Counsel
Jim Simon, RSG

Attachments:

1. Request from IOV for Review by the State Controller (August 19, 2015).
2. A copy of the Draft CFA (July 24, 2015).
3. Letter from RSG that was submitted with the Draft CFA (July 24, 2015)



COUNTY OF PLACER

BOARD MEMBERS

JACK DURAN District 1	JIM HOLMES District 3
ROBERT M. WEYGANDT District 2	KIRK UHLER District 4
JENNIFER MONTGOMERY District 5	

OFFICE OF COUNTY EXECUTIVE

David Boesch, County Executive Officer

175 FULWEILER AVENUE / AUBURN, CALIFORNIA 95603
TELEPHONE: 530/889-4030
FAX: 530/889-4023
www.placer.ca.gov

August 20, 2015

Kris Berry, LAFCO Executive Officer
Placer County LAFCO
110 Maple Street
Auburn, CA 95603



Re: Town of Olympic Valley Incorporation Proposal
Proponents' Request for State Controller Office Review of the Draft CFA

Dear Kris:

Thank you for providing the County with the Incorporate Olympic Valley ("IOV") proponents' "Request for State Controller's Office Review of the Draft Comprehensive Fiscal Analysis" dated August 19, 2015. On August 12, 2015, the LAFCO Commission voted to allow the review by the Office of State Controller of IOV's four specific points of interest to be further clarified by the proponents within five business days. However, IOV has now submitted 31 broad areas of review that in essence ask the Office of State Controller to prepare a peer review of the entire draft Comprehensive Fiscal Analysis ("CFA") for this proposal. This broader list of issues was neither reviewed nor acted upon by the LAFCO Commission, and as such should not be remanded in total by LAFCO to the State Controller's Office as currently submitted by the proponents.

The County has no objection to the ultimate review of the draft CFA by the Office of State Controller. However, because revenue neutrality negotiations have not yet begun, and environmental review has not yet commenced, the County believes it is premature and contrary to State law, Government Code Section 56801, and your local LAFCO rules for the review of the draft CFA to occur at this time. The California Office of Planning and Research Incorporation Guidelines state that the request for the Office of State Controller review must be made within 30 days from the date that LAFCO's Executive Officer's report is complete and available for public review. This step in the process is not even close to occurring.

Circumventing this process sets a bad precedent for future incorporation proposals and creates a confusing process. State Controller's Office review of what amounts to the entirety of the draft CFA at this time also usurps that County's ability to meaningfully

Kris Berry, LAFCO Executive Officer

Placer County LAFCO

Re: Town of Olympic Valley Incorporation Proposal

Proponent's Request for State Controller Office Review of the Draft CFA

August 20, 2015

Page 2 of 2

engage in revenue neutrality negotiations as it inserts the Office of State Controller into the incorporation process to provide opinions on the broad areas of concern expressed by the proponents before the affected parties have been able to engage in any revenue neutrality discussions. Ignoring the process is not in the best interest of the proponents or the public at large.

LAFCO's consultant, RSG, provided a detailed analysis of its methodology and reasoning for its recommendations that are incorporated within the draft CFA (See attachment). If LAFCO insists upon submitting the proponents' requested review as submitted, the County requests that the RSG letter be included with the request for review by the Office of State Controller. The County requests that *this* letter also be included with the request to provide the State Controller's Office in order to provide additional context for the request. The County also reserves its right as an interested party to further comment on the draft CFA and any information submitted by IOV and to make any future request for State Controller Review of specific issues cited by the County for review in order to insure a fair process that is in the best interest of the public at large. The County requests that any questions directed to the County by the State Controller's Office be transmitted to Andy Heath, Deputy CEO. Mr. Heath may be reached at (530) 889-4030 or via email at aheath@placer.ca.gov.

Sincerely,

COUNTY OF PLACER



David Boesch, Placer County CEO

By: Jennifer Merchant, Deputy CEO

Attachments: RSG Draft Comprehensive Fiscal Analysis letter dated July, 24, 2015

Cc: David Boesch, County Executive Officer
Gerald O. Carden, County Counsel
Jennifer Merchant, Deputy CEO
Andy Heath, Deputy CEO
Michael Johnson, CDRA Director
Michele Kingsbury, Principal Planner