PLACER COUNTY LOCAL AGENCY FORMATION COMMISSION
110 MAPLE STREET
AUBURN, CA 95603

COMPREHENSIVE FISCAL ANALYSIS OF THE PROPOSED INCORPORATION OF THE TOWN OF OLYMPIC VALLEY

PLACER COUNTY LOCAL AGENCY FORMATION COMMISSION

JULY 24, 2015
DRAFT

RSG
BETTER COMMUNITIES.
BOLDER FUTURES.

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INTRODUCTION

THE REPORT

This report presents the Comprehensive Fiscal Analysis ("CFA") of the proposed incorporation of a new city in Placer County. Rosenow Spevacek Group, Inc. ("RSG") prepared the report to assist the Placer Local Agency Formation Commission ("LAFCO") in determining the fiscal feasibility of the incorporation of the Town of Olympic Valley ("Olympic Valley" and "Town"), and to review related potential impacts upon the County of Placer ("County") and other agencies presently providing services to Olympic Valley.

This report is based on a thorough analysis of data provided by a variety of public agencies and stakeholders. It is organized by the following sections:

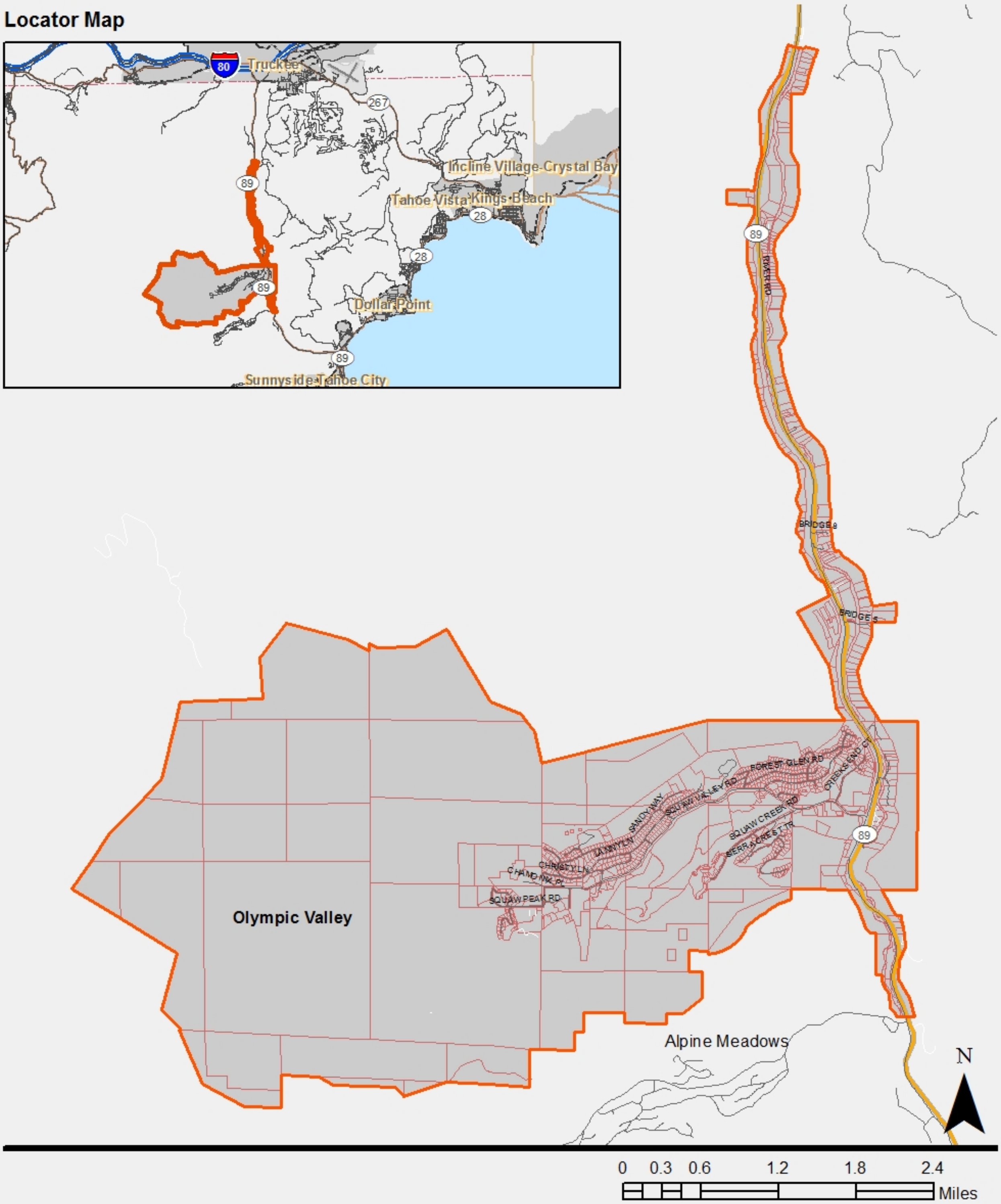
- The key findings are concisely presented in the Executive Summary with a more detailed explanation included in the Conclusion.
- The Background section provides an overview of the incorporation process and some of the important dates relating to the Olympic Valley incorporation.
- The Incorporation Proposal section discusses the details of the proposal for incorporation.
- The analysis performed by RSG is presented in the Growth and Development, Projected Revenues, and Projected Expenditures sections.
- The Impacts on Existing Agencies section discusses the transition year loan, possible revenue neutrality payments, and the provisional appropriations limit.
- Several alternatives considered are discussed in the Appendix 1.
- Appendices 2 through 5 are RSG's revenue and cost analyses.

STUDY AREA DESCRIPTION

Olympic Valley is located in the Sierra Nevada Mountains, northwest of Tahoe City along California State Highway 89 on the banks of the Truckee River near Lake Tahoe. The area encompasses approximately 15 square miles with 943 permanent residents[1]. It is home to the Squaw Valley Ski Resort, which was the site of the 1960 Winter Olympics. Olympic Valley 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[2], populating the hotels and vacation rentals. The daytime population can balloon to as much as 15,000 people. The area has a large number of private vacation homes in addition to the Squaw Valley Ski Resort and some smaller independently-owned lodging establishments to accommodate tourists.

[1] Based on ESRI Business Analyst estimates as of January 27, 2015
[2] RSG estimate based on data from Village at Squaw Valley Specific Plan Draft EIR

PROPOSED OLYMPIC VALLEY INCORPORATION BOUNDARY



Sources: ESRI and Placer County GIS Department

EXECUTIVE SUMMARY

This report provides a fiscal analysis of the proposed incorporation of Olympic Valley based on data collected from Placer County and various other public entities as well as independent research conducted by RSG. Results of the analysis show the following:

Based on the assumptions and analysis described herein, the Town's potential General Fund and Road Fund revenues materially exceed expenditures, exclusive of potential revenue neutrality payments and deposits into the reserve fund, in the forecast. However, when potential revenue neutrality payments and reserve fund deposits are factored in, incorporation does not appear to be feasible at this time. This conclusion is based on revenue neutrality terms and conditions that have not yet been established between the proponents for incorporation and the County, or by LAFCO should such negotiations fail. The Town's revenue neutrality payments may therefore differ from the estimates contained herein, which could affect feasibility of incorporation. If a revenue neutrality agreement, terms, and conditions are approved by the parties or established by LAFCO following the issuance of this Preliminary Draft, the Report and its findings shall be updated.

- RSG also determined that both of the alternatives to the proponents' incorporation scenario were not feasible:

    - **Alternative 1 – Selective Exclusion** considered a smaller geographic area that excluded parcels from the proposed Town limits, based on respective property owner requests received by the LAFCO Executive Officer. This Alternative is neither feasible nor fiscally superior to the proposed incorporation boundary because of the elimination of major revenue-generating uses and difficulty and inefficiency involved with providing services to different jurisdictions in a small and remote location.

    - **Alternative 2 – Dissolution of SVPSD** addresses a broadening of the incorporation proposal by dissolving and consolidating the Squaw Valley Public Service District, a special district providing fire, water, wastewater (sewer) and trash disposal services within its boundaries that are coterminous with the proposed Olympic Valley Town limits. This Alternative is found to have no significant beneficial effects on feasibility proposed new Town other than small potential cost savings through efficiencies.

BACKGROUND

LEGAL PROCESS AND REQUIREMENTS

LAFCOs are local agencies mandated by the State to:

- Encourage the Orderly Formation of Local Governmental Agencies;
- Preserve Agricultural Land Resources; and
- Discourage Urban Sprawl.

Developing a logical boundary for a newly incorporated city is of utmost importance to LAFCOs. To achieve this, LAFCOs may consider alternative boundaries or plans for services throughout an incorporation process. Additionally, LAFCOs are tasked with determining whether the incorporation of a proposed city is financially feasible and whether the transfer of assets from the county and other affected agencies will be adequately mitigated for any fiscal imbalance caused by the incorporation.

This incorporation was initiated when the Petition for the Incorporation of the Town of Olympic Valley was submitted to LAFCO on August 20, 2013 by the incorporation proponents (also known as "Incorporate Olympic Valley"). The LAFCO Executive Officer issued a Certificate of Sufficiency on September 12, 2013 certifying that a sufficient number of registered voters signed the petition and that it is valid. On December 19, 2013, the proponents have submitted an Incorporation Application and a Plan for Services.

After the Incorporation Application is submitted, the next step in the process is for the LAFCO Executive Officer to prepare, or cause to be prepared by contract, a CFA pursuant to Section 56800 of the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, Government Code Sections 56000 through 57550 ("Act"), which establishes minimum procedures and requirements for incorporation proposals.

Pursuant to AB 2838 (Chapter 761, Statutes of 2000), the Governor's Office of Planning and Research prepared A Guide to the LAFCO Process for Incorporations, October 2003 ("Guidelines"). The Guidelines "are advisory"[3] include "detailed information and examples about the type of information that should be included in the comprehensive fiscal analysis", and a "suggested process to address the legal requirement of ensuring that incorporations are revenue neutral", as described later herein.

To supplement the Guidelines, LAFCOs may also adopt their own policies, procedures and regulations for incorporations, although no such incorporation policies, procedures and regulations have been adopted by Placer LAFCO.

The CFA serves as a basis for the LAFCO Executive Officer's Report and Recommendation and Terms and Conditions, which will be considered by the LAFCO Board when making its decision on the incorporation proposal at a public hearing. The CFA will also serve as the basis for revenue neutrality negotiations between the proponents and County, which will occur prior to the public hearing on the incorporation. Following revenue neutrality negotiations, LAFCO may update the CFA and set an effective date of incorporation. Ultimately, the effective date of incorporation will depend on the successful processing of an incorporation application, subject to a protest hearing, and a majority approval by Olympic Valley registered voters.

IMPORTANT DATES AND TIMING OF THE INCORPORATION

Base Year

Pursuant to state law and LAFCO guidelines, this CFA presents a realistic forecast of operating revenues and expenditures for the new Town over a ten year period. Pursuant to Government Code Section 56800, "data used for the analysis shall be from the most recent fiscal year for which data are available, preceding the issuances of the certificate of filing." Consequently, this CFA assumes that public review will begin in late July 2015 and a certificate of filing will be issued by LAFCO on or before that date.

RSG has developed this CFA using actual revenues and expenditures from the last completed fiscal year (2013-14), which is the "base year" of this forecast; in all cases base year data reflects 2013-14 actual costs, revenues and service levels. Some future contract cost estimates were based on 2014-15 figures provided by the County and other sources; however, we found that overall these 2014-15 costs and revenues to be materially consistent with base year actuals.

Should there be a delay in the incorporation process and issuance of the certificate of filing is pushed back, data from 2014-15 may become available. This would make 2014-15 the "most recent

[3] A Guide to the LAFCO Process for Incorporations, October 2003, Governor' Office of Planning and Research, page 1

fiscal year for which data is available." In that instance, it is possible that this report would have to be updated to establish 2014-15 as the base year and utilize actual revenues and expenditures from that year instead. An updated base year can cause material changes to the findings and conclusions expressed in this Preliminary Draft Report.

Presumed Effective Date of Incorporation

The effective date of incorporation is established by LAFCO in the process of incorporation as mentioned earlier. For the purposes of this Report, provided all procedural actions are completed, including LAFCO approval and a successful election in early 2016, the effective date of incorporation for the Town of Olympic Valley has been assumed to be July 1, 2016.

The flow of revenues to the new Town is dependent upon the establishment of an effective date.

Transition Period

The transition period is the time between the effective date of the incorporation and the time when the new city must assume full service responsibility, in this case from July 1, 2016 to June 30, 2017. Some, but not all, future municipal revenues would begin to be collected by the Town during the transition period. The timing of receipt of these revenues is more of a factor of the applicable statutes that direct the apportionment of such revenues, rather than anything particular to Olympic Valley or the incorporation timing itself. No new city can collect all revenues immediately beginning on the effective date. In Olympic Valley, some General Fund revenues would not be collected fully, or at all, during the first year of incorporation. RSG has noted these exceptions in this Report.

During the transition year, the County would continue to be responsible for maintaining its current level of service for Olympic Valley. Costs to provide services which will eventually transfer to the new Town would be reimbursed by the Town over a five year period. The 12-month transition period would afford the Town the opportunity to select staff, initiate contracts for other services, and generally prepare for full assumption of municipal services in the following fiscal year.

METHODOLOGY AND DATA COLLECTION

Preparation of this CFA involves collection and analysis of data from various agencies, and extrapolating that information into a future service plan that would be different than what is employed today in the community. As the Guidelines state:

> *"Existing law does not provide an exact formula for establishing the first year's expenditures for a new city. Budget projections are based on a series of judgement decision related to other established cities, past experience and the type and level of services. In addition, the level of services provided and the type of provider (either the new city or a contract entity) will impact the annual projection of cost. OPR recommends that LAFCO clearly identify the assumptions underlying the projection of costs. These projections can also be based on a review of the budgets of similarly sized cities.* [4]*"*

RSG used such judgment and best practices in compiling data and developing our forecast of costs and revenues in this Report, as described below.

[4] A Guide to the LAFCO Process for Incorporations, October 2003, Governor' Office of Planning and Research, page 34

Collection of Data and Projections

Primary data sources for this CFA include the County, draft and adopted planning and financial documents created by the County, the Squaw Valley Public Services District, the Tahoe City Public Utilities District, the US Census, the Squaw Valley Ski Resort and other local businesses, Incorporate Olympic Valley, LAFCO, and ESRI Business Analyst. The following is a detailed schedule of the data requests sent:

December 1, 2014	LAFCO Executive Officer sends data requests to County Service Departments, the Squaw Valley Public Service District, the Squaw Valley Mutual Water District, the California Highway Patrol, County Sheriff, and CalFire requesting information on levels of service, costs, and future contracts. The same request was later forwarded to Tahoe City Public Utilities District.
December 8, 2014	On behalf of LAFCO Executive Officer, RSG sends data requests to the Placer County Auditor-Controller and Treasurer-Tax Collector. One piece of data requested was the Auditor's Ratio.
December 16, 2014	LAFCO Executive Officer sends data request to the State Board of Equalization for sales tax data.
February 9, 2015	On behalf of the LAFCO Executive Officer, RSG sends data request to the County Registrar asking for data on the number of registered voters in Olympic Valley.
February 19, 2015	On behalf of the LAFCO Executive Officer, RSG sends additional data request to County departments requesting updated actual costs and revenues for fiscal year 2013-14.

As LAFCO and RSG received data responses, each response was analyzed and assessed. LAFCO and RSG followed up with the various parties for questions, clarification, or additional data requests in order to understand the methodology used to derive submitted responses.

All data collected was used in conjunction with other data sources, best practices, and RSG staff knowledge from similar projects and communities. Future projections are based on historical growth, planned developments, and best estimates, and are intended to be realistic in nature. While RSG has made every effort to accurately ascertain service demands, costs, and any resulting revenues, a number of factors cannot be predicted including decisions that may be made by a future Town Council, regional or national economic impacts, changes to state or federal law, or natural disasters including long-term, extreme drought.

Use of Other City Budget Information in Developing this Report

The Guidelines advise LAFCO that budget projections can be based on a review of the budgets of similarly sized cities. Olympic Valley is, however, a unique community that experiences a dramatic fluctuation in its population due to tourism. Further, it is rural in nature but experiences a cost of housing similar to the highly urbanized Bay Area. Most small cities in California are not located in areas with large seasonal populations, and those that are may not necessarily have comparable employee salaries due to different costs of living. As such, RSG looked at different cities and exercised judgment in selecting the appropriate "comparable cities" depending on the nature of the cost (or revenue) involved. In each case, considerable effort was taken to ensure that the existing level of services was driving the selection of the assumption used.

THE INCORPORATION PROPOSAL

PLAN FOR SERVICES

Three entities currently provide most municipal services to Olympic Valley – the County, the Squaw Valley Public Service District ("SVPSD"), and the Tahoe City Public Utility District ("TCPUD").

Existing Municipal Service - County of Placer

Excluding Countywide services such as public health, coroner, courts and other regional services not transferred due to incorporation, the County provides the following types of local municipal services in Olympic Valley:

- Law enforcement;
- Planning and building;
- Code enforcement;
- Engineering;
- Road maintenance;
- Parks and recreation services; and
- Animal control.

The County's local services are funded primarily through property taxes, sales taxes, transient occupancy taxes, property transfer taxes and fees for service.

Existing Municipal Service - SVPSD

The SVPSD is a special district that provides:

- Structural fire protection;
- Water;
- Wastewater (sewer); and
- Trash disposal services.

The SVPSD's services are funded through a share of the general property tax levy, and fees and charges for services.

Existing Municipal Service - TCPUD

The TCPUD is a special district that provides:

- Water service to 20 homes within the proposed boundary;
- Sewer collection services to 29 homes; and
- Maintenance on 7,283 feet of multi-use trail.

The TCPUD's services are funded through a share of the general property tax levy, and fees and charges for services. The TCPUD spends more money to provide the services outlined above than it collects in revenue in the same area. It is possible the TCPUD could realize some cost savings and create efficiencies by transferring some of their revenues and responsibilities to the new Town or the SVPSD. However, this report does not include an analysis of reorganization of the TCPUD because it was found to have little effect on feasibility. This action can still be pursued by LAFCO at another time if so desired.

Proposed Service Plan

Incorporation would affect the manner in which some, but not all, services are delivered to Olympic Valley. Upon incorporation, the County's local municipal service responsibility would transfer to the new Town, along with portions of revenue generated within the Town boundaries. This CFA assumes that the SVPSD will continue to operate in its current capacity, although an alternative scenario is provided in Appendix 1, wherein the SVPSD district is assumed to dissolve and the Town would absorb SVPSD's responsibilities and assets. This CFA also assumes the TCPUD will continue to operate in its current capacity, however, the proposed Town will be responsible for an existing contract between the County and the TCPUD to provide trail maintenance. This is discussed further in the Public Works section.

The Plan for Services matrix in Figure 1 presents the proponent's submitted Plan for Services and RSG's assessment of current and future service responsibilities.

Figure 1 - Plan for Services, Proposed Incorporation

Public Service	Current Provider	Anticipated Provider	Level of Service
General Government	Placer County	New Town - Town Staff and Contract Services	Enhanced
Law Enforcement	Placer County	New Town - Contract with County	No Change
Traffic Control & Accident Investigation	California Highway Patrol	New Town - Contract with County	Enhanced
Animal Services	Placer County	New Town - Contract with County	No Change
Fire Protection/EMS	SVPSD	SVPSD	No Change
Fire Protection Acreage	Cal-Fire	New Town - Contract with Cal-Fire	No Change
Land Use Planning	Placer County	New Town - Town Staff and Contract Services	Enhanced
Building and Safety	Placer County	New Town - Contract with County	No Change
Code Enforcement	Placer County	New Town - Contract with County	No Change
Engineering	Placer County	New Town - Contract with County	No Change
Road Maintenance	Placer County	New Town - Contract with County	No Change
Snow Removal	Placer County	New Town - Contract with County	No Change
Parks & Recreation	Placer County	New Town - Contract with County	No Change
Domestic Water	SVPSD & Squaw Valley Mutual Water	SVPSD & Squaw Valley Mutual Water	No Change
Cable Television/Broadband Telecommunications	Suddenlink & AT&T	Suddenlink & AT&T	No Change
Solid Waste Collection/Disposal	Truckee Tahoe Sanitation District	Truckee Tahoe Sanitation District	No Change
Gas	Various Propane	Various Propane	No Change
Public Education	Tahoe Truckee School District	Tahoe Truckee School District	No Change
Library	Placer County	Placer County	No Change
Wastewater/Sanitation	SVPSD	SVPSD	No Change

FORM OF GOVERNMENT

The Town of Olympic Valley is assumed to be incorporated as a General Law City under the State Constitution. The proposed form of the new Town would be governed by the Town Council which would retain a Town Manager to be responsible for the day-to-day operations of the Town. Members of the Town Council would be elected at-large.

Assumed Municipal Organization

The proponent's application indicates that the Town is proposed as a "contract city", meaning that the Town would have limited permanent staff, and contract remaining services through public agencies and/or private consultants. Contracting services to reduce the number of full-time positions is a trend among newer cities looking to reduce annual expenses. Since 1970, nearly 85 percent of cities that incorporated have at least some portion of public services provided by contract rather than permanent employees[5]. One advantage contract cities have over cities that rely on permanent employees is the ability to scale quickly as service demands dictate. Although Olympic

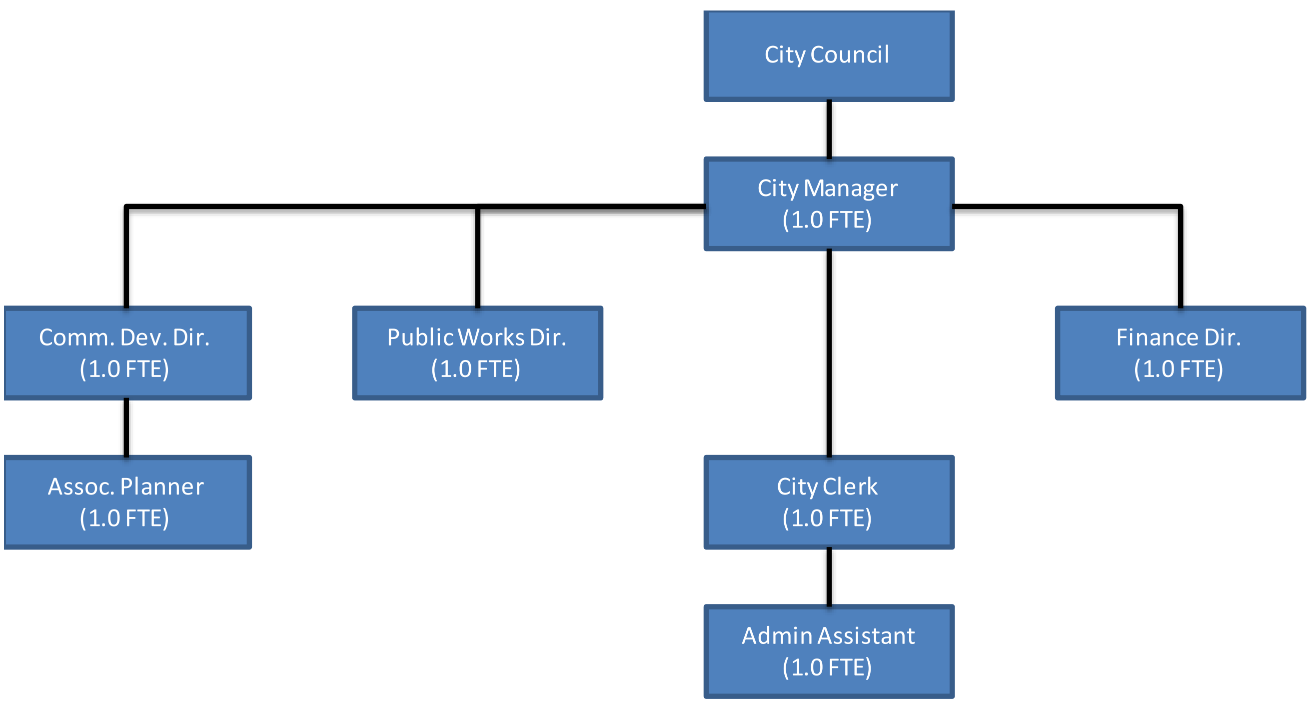
[5] California Contract Cities Association

Valley at 943 permanent, year-round residents would seem to be one of the smallest cities in California, its seasonal population can be as high as 15,000[6] people in a given day; therefore a contract service model can be especially useful in these types of communities.

The exact number of permanent employees and contract services is not known at this time, and would be established by the Town Council after incorporation. To project costs associated with service delivery, RSG estimated that the minimum number of staff needed to administer operations at their current level would be 7.0 full-time employee equivalents, with all other responsibilities to be provided by contract staff. Aside from one fully contract city with no permanent employees (Jurupa Valley), seven employees would make Olympic Valley's one of the smallest staffs in California, even smaller than many cities with similar full-time population. RSG took into consideration that a number of functions are not necessarily scalable to population size in order to function effectively; and even a "contract city" would typically need personnel dedicated to procure and manage these contractors and maintain a local presence.

Figure 2 presents a conceptual organizational chart of the proposed organization of Town staff, exclusive of services provided through contracts. Contract services would include building and code enforcement, engineering and surveying, planning services beyond those provided by full-time planning staff, community development technical support and Geographic Information Systems (GIS) support, city attorney services, payroll and auditing, parks and recreation staff support, animal control, law enforcement, road maintenance, and wildfire protection. Personnel titles were determined by RSG based on the function performed and nature of the work involved, in which we considered other cities of similar size and scale, seasonal communities, and other factors.

Figure 2 - Organizational Chart



Payroll costs for each position were based on RSG's February 4, 2015 survey of relatively small, nearby cities. When determining payroll costs, RSG prioritized geographically close cities within the same regional job market as Olympic Valley as they would compete for the same talent. Olympic

6 Per Village at Squaw Valley Specific Plan Draft EIR, which cited days with up to 14,625 skier visits, not including permanent residents, in recent years

Valley, like all cities, will need to offer competitive salary and benefits packages to attract capable employees. In some cases, personnel costs in Olympic Valley may be marginally higher than comparable cities outside the Tahoe Basin given the higher cost of housing in Olympic Valley. Note that County employees working in the Tahoe Basin receive a Tahoe Subsistence Pay stipend of $775 per month to account for higher housing or commuting costs, according to a Memorandum of Understanding with its employee union.

Benefits were estimated in consultation with LAFCO Executive Officer and a survey of relatively small, nearby cities According to this data, the average ratio of benefits to salary for the six cities surveyed was 38 percent. This number was adjusted down slightly to 35 percent for the smaller size of Olympic Valley. RSG's analysis of various compensation levels and benefit ratios is presented in Figure 3 below.

Figure 3 – Payroll Cost Comparison

Item Detail and Assumptions	Difference from Average	*Proposed City Olympic Valley*	Colfax	Placerville	Nevada City	Auburn	Angels Camp	Truckee
Total Population in 2014[1]		943	2,055	10,389	3,087	13,580	3,748	16,942
City Employees								
Total Number of Employees in 2013[2]		7						
Benefits Ratio	-3%	35%	30%	48%	51%	20%	38%	38%
Permanent Employee Salaries & Benefits								
Management								
Town Manager	12,550	$175,500	$148,209	$174,510	$121,549	$148,090	$167,373	217,969
Town Clerk/Admin Support	(17,815)	$67,500	$49,245	$89,724	$73,268	$66,809		147,530
Admin Assistant/Secretary	(7,537)	$47,250	N/A	$52,854	N/A	$57,614		53,893
Finance								
Finance Director	(4,773)	$121,500	N/A	$123,290	N/A		$129,256	
Community Development								
Community Development Director	(20,256)	$121,500	$116,969	$141,476	N/A		$129,256	179,324
Associate Planner	(11,341)	$81,000	N/A	$84,289	$96,471	$83,758		104,847
Public Works								
Public Works Director	(28,179)	$121,500	N/A	N/A	$101,653			197,704
Other Compensation								
Town Council Stipend	(300)	$2,500	$1,200	$4,200	$2,600	$1,600	$3,600	$3,600
Contract Attorney	(2,438)	$100,000	$82,000	$76,391	N/A	$150,000	$80,000	$123,800

Note: Only directly employed personnel are included. "N/A" indicates that a position is either contracted, not explicitly provided, or covered via a stipend as opposed to a salary.
[1] ESRI Business Analyst
[2] California State Controller's Government Compensation in California Website
Sources: City Salary Schedules and Budgets for 2014-15

Pursuant to Government Code Section 56800(a)(1), a CFA should compare the estimated costs to provide services in the proposed city with the costs of cities with similar population, similar geographic size, and that provide a similar level and range of services. As discussed earlier, Olympic Valley would be a unique city given its small population and remote location, with a proposed service model focused largely on contracts. RSG reviewed the budgets and service models for the 30 smallest cities in California, but none of them could be defined as "similar" by strict interpretation of Section 56800(a)(1). In most cases, these small cities were significantly older, and contracted for very few services. However, in an effort to illustrate the wide range of service costs, RSG selected six cities throughout the State that exhibit one or more similarities to Olympic Valley, whether that be geographic size, population, or level of service. The vast discrepancies in service costs can be attributed to a number of factors, but most specifically, the individual budgets and needs of the cities, regional and national economic influences, and decades of decisions made by elected officials. These six cities are shown in Figure 4. Data for the six comparable cities was only available through FY 2013-14 but must be compared to Olympic Valley's 2017-18 expenditures. This must be taken into consideration when evaluating the data, but Olympic Valley's proposed budget is neither the highest nor the lowest of these cities.

Figure 4 - Comparison City Analysis

City County Fiscal Year Reviewed	Olympic Valley Placer 2017-18	Belvedere Marin 2013-14	Biggs Butte 2013-14	Colfax Placer 2013-14	Hidden Hills Los Angeles 2013-14	Irwindale Los Angeles 2013-14	Villa Park Orange 2013-14
Demographic Data							
Population	962	2,121	1,746	1,998	1,901	1,473	5,812
Service Data							
Class	General Law	General Law	General Law	General Law	General Law	Chartered	General Law
Service Area (Sq. Miles)	15	1	1	1	2	9	2
Year Incorporated	N/A	1896	1903	1910	1961	1957	1962
Fiscal Data							
Assessed Value	1,226,088,800	1,596,979,595	82,540,386	159,000,225	1,194,827,734	1,986,416,262	1,386,676,315
Sales Tax Rate	N/A	9%	8%	8%	9%	9%	8%
TOT Rate	10%	0%	0%	8%	0%	10%	none
Total Annual Revenues	5,302,429	6,554,189	5,510,428	4,807,374	1,969,826	19,841,857	3,902,698
Total Annual Expenditures	4,624,112	7,009,622	4,617,448	4,161,597	1,584,070	20,580,047	4,191,747
Services Provided							
General Government[1]	648,280	981,609	141,645	690,469	573,475	6,742,114	441,338
Public Safety[2]	1,723,000	3,151,991	260,968	740,258	402,401	5,495,426	1,276,967
Transportiation[3]	858,342	1,327,968	623,576	222,840	42,709	39,708	1,422,821
Community Development[4]	682,630	1,501,913	194,941	149,969	390,768	6,508,089	319,647
Health[5]	-	-	797,975	2,311,980	73,301	1,604	672,458
Culture and Leisure[6]	31,400	46,141	53,466	46,081	101,416	1,793,106	58,516
Utilities[7]	-	-	2,544,877	-	-	-	-
Misc[8]	680,460	-	-	-	-	-	-

Red = Contracted
Purple = City & Contracted

1 Includes legislative, management and support services.
2 Includes police, fire, emergency medical services, animal regulation, weed abatement, street lighting, disaster preparedness, and all other public safety services.
3 Includes streets, highways, storm drains, street trees/landscaping, parking facilities, public transit, airports, ports and harbor, and Measure F Infrastructure projects.
4 Includes planning, construction and engineering regulations, redevelopment, housing, employment, community promotion, and other community development services.
5 Includes physical and mental health services, hospitals and sanitariums, solid waste, sewers, cemeteries, and other services.
6 Includes parks and recreation, marinas and wharfs, libraries, museums, golf courses, sports arenas and stadiums, community centers and auditoriums and other public amenities.
7 Includes water, gas, electric and other public utility services.
8 Includes non-departmental expenditures, contingency, and transition year loan.

GROWTH AND DEVELOPMENT

POPULATION ESTIMATE

The Olympic Valley base population used in this CFA was calculated by drawing upon ESRI Business Analyst estimates, which estimated 2014 population by looking at 2010 Census data within the proposed City limits and forecasting outwards. <u>The estimated permanent resident population of Olympic Valley on July 1, 2014 was 943</u>. This differs from the population estimate from the draft Municipal Services Review (MSR) for the SVPSD, prepared by LAFCO, which calculated the population in 2012 to be 1,476, because the MSR projections were based on Census data for the 96146 zip code, which includes the Alpine Meadows area.

VILLAGE AT SQUAW VALLEY SPECIFIC PLAN

In December 2011, Squaw Valley Real Estate, LLC, submitted the proposed Village at Squaw Valley Specific Plan ("Specific Plan"), to guide development within the 93.51-acre Village at Squaw Valley area. The County is currently preparing a Program Environmental Impact Report to analyze the environmental impacts of implementation of the project, and the Draft EIR was made available to the public in May 2015. According to the April 2015 Draft of the Specific Plan, the following land uses may be developed:

- 208,583 square feet of additional non-specified commercial building area, net of an existing 85,510 square feet to be redeveloped;
- 850 units of residential uses, the majority of which are expected to be used as hotel or vacation rentals rather than permanent housing;
- 18 units of dormitory-style employee housing to accommodate 108 beds; and
- a 4,000 square foot transit center.

It is unknown what projects within the Specific Plan will in fact be constructed and completed, but based on one meeting with the developer last fall, RSG and the LAFCO Executive Officer were informed that the project would likely be built in phases over a 20-25 year timeframe. RSG sought more detailed information from the developer on the projects and phasing, but received minimal input.

According to the October 2014 draft Specific Plan:

> *"Development of the Plan Area may evolve in a variety of ways depending upon several factors. These include shifts in market demand for various housing types, and changes in the development goals and capabilities of property owners within the Plan Area. Development of the Plan Area is not phased by zone or region, but instead on an individual building by building basis. A detailed infrastructure schedule will define what infrastructure commitments will be necessary to accommodate and support the demands of each building as they are constructed. There is no set order by which buildings will be erected so as to properly align the pace of development with the rate of product absorption and to facilitate prudent capital/risk management. As existing facilities are displaced, appropriate temporary or replacement facilities will be established."*

RSG consulted with the County Planning officials as part of the effort to develop an absorption forecast for the development,, since not all of the potential Specific Plan projects are anticipated to occur within the timeframe covered by this CFA. In addition, RSG consulted with the LAFCO Executive Officer and evaluated a September 23, 2014 "Draft Technical Memorandum" prepared for the SVPSD by Catherine Hansford of Hansford Economic Consulting ("HEC"). The purpose of the HEC "independent projection of revenue generation" was to help the SVPSD determine the impacts of the Specific Plan development on its revenues and expenses. The HEC forecast came to similar conclusions to the forecast embodied in this CFA, although there were some variances due to the annual (versus periodic) nature of this CFA's forecast. Additional refinements were made based upon County consultations that took place after the HEC report was completed.

DEVELOPMENT OUTSIDE SPECIFIC PLAN AREA

The majority of Olympic Valley is undevelopable, although some development may still occur outside the boundaries of the 93-acre Specific Plan area. The County Planning Department reports that entitlements have been approved for two projects:

- Olympic Estates: 16 residential units totaling 64 bedrooms; and
- RSC Phase II: 441 condominium units totaling 464 bedrooms.

In addition, over the next 25 years, the County Planning Department estimates approval and development of several more projects, some portion of which may be constructed during the CFA forecast period:

- Squaw Valley Ranch Estates: 8 residential units totaling 40 bedrooms;

- Mancuso: 4 residential units totaling 20 bedrooms;
- Redevelopment of the PlumpJack property: 104 net hotel rooms/condo bedrooms and 10,000 square feet of net new commercial use;
- A museum of 14,500 square feet;
- Single Family Residential: 66 units / 264 bedrooms;
- Resort/condo/hotel units: 34 units / 52 bedrooms; and
- General commercial uses (retail, restaurant, service): 56,000 square feet

The amount of this 25-year development plan that is reasonably expected to be absorbed during the 10-year CFA analysis period is described in the next section.

CFA DEVELOPMENT FORECAST

Between development within the Specific Plan area and additional development that may occur in the next 25 years outside the Specific Plan area, Olympic Valley could see a significant increase in development consisting of 1,440 units (2,765 bedrooms) and 300,583[7] net new commercial square feet. These figures are loosely the same between the County Planning Services Division and a forecast prepared for the SVPSD in September 2014 by HEC, but for several reasons, RSG needed to refine these forecasts to reconcile differences, reflect figures on an annualized basis, and make assumptions regarding the type of land uses involved and the pace of development and absorption beyond what was included in either forecast.

The forecast period for this CFA is 10 years, including a transition year. Initially, it is reasonable to expect that some projects that have not yet been entitled may take some time to receive entitlements (typically 9-18 months), prepare grading plans, construction drawings and receive permits (6-12 months), and be constructed (18-24 months). Additionally, development of these projects is anticipated to occur in phases, likely based on demand and the desires of the respective developers, which RSG has noted are not yet known in great detail.

The resulting RSG forecast for development within the 10-year CFA period is reflected in Figure 5, which was incorporated into our analysis not only for population (both permanent and visitor) but property taxes, transient occupancy taxes, sales taxes, and other revenues as well as expenditures. No growth is forecasted during the transition year, as County officials do not feel that construction of the aforementioned projects is likely to be completely finished and assessable by July 1, 2016, especially given the difficulties the construction industry is likely to face during winter months.

[7] Net of an estimated 77,650 square feet to be demolished and redeveloped with new uses according to County estimates.

Figure 5 - Growth Forecast

Comparison of RSG Forecast to Other Forecasts	HEC/SVPSD Forecast (Sept 2014)			County Forecast (Mar 2014)			**RSG Assumption**		
	5 Yrs	15 Yrs	25 Yrs	5 Yrs	10 Yrs	25 Yrs	5 Yrs	10 Yrs	25 Yrs
SP: Residential/Lodging Units									
Condo Hotel & Fractional Cabins	**242**	**501**	**850**	**297**	**467**	**850**	**242**	**492**	**850**
SP: Resort Residential (1,243 beds)						600	242	242	600
SP: Hotel (250 beds)						250	-	250	250
Employee Housing (Dormitories)	**204**	**204**	**204**	**92**	**144**	**264**	**-**	**264**	**264**
SP: Employee Housing									
SP: Nonresidential SF	**77,042**	**150,135**	**225,147**	**119,940**	**154,940**	**220,083**	**91,900**	**147,635**	**220,083**
Net Existing SF (to be Replaced)	(77,650)	(77,650)	(77,650)	(77,650)	(77,650)	(77,650)	(77,650)	(77,650)	(77,650)
Gross SF Projected	154,692	227,785	302,797	197,590	232,590	297,733	169,550	225,285	297,733
Retail	5,500	20,400	28,621				20,400	20,400	28,621
Restaurant/Food & Beverage	7,000	22,650	31,121				22,650	22,650	31,121
Hotel "Common Area"	15,692	33,235	66,555				-	33,235	66,555
"Mountain Adventure Camp"	90,000	90,000	90,000				90,000	90,000	90,000
Ski Services & Other Amenities	32,500	52,500	62,500	15,000	20,000	20,000	32,500	40,000	57,436
Transit Center	4,000	4,000	4,000				4,000	4,000	4,000
Neighborhood Market	-	5,000	5,000					-	5,000
Shipping/Receiving	-	-	15,000					15,000	15,000
Other Residential/Lodging (Outside SP)		**No Forecast**		**168**	**336**	**673**	**168**	**457**	**673**
RSC Phase II						441	152	441	441
Olympic Estates (64 beds)						16	16	16	16
PlumpJack Hotel						80	-	-	80
PlumpJack Condo						24	-	-	24
New Hotel (Outside Specific Plan)						34	-	-	34
Squaw Valley Ranch Estates						8	-	-	8
Mancuso (20 beds)						4	-	-	4
Single Family Residential (264 beds)						66	-	-	66
Other Nonresidential SF (Outside SP)		**No Forecast**		**24,500**	**44,625**	**80,500**	**24,500**	**44,625**	**80,500**
Olympic Valley Museum							14,500	14,500	14,500
General Commercial							10,000	30,125	56,000
PlumpJack Redevelopment							-	-	10,000

Population Increases Due to New Development

Although the majority of the new development is anticipated to be largely visitor-serving, some permanent population may be added to the community as a result of the development projected. Using GIS, the boundaries of the proposed Town were geographically matched to data from the US Census and ESRI Business Analyst. An average historical population growth rate of 0.56 percent (about 5 residents per year) was determined based on 2000 and 2010 Census data. However, due to the substantial amount of anticipated development on the horizon, this CFA instead ties population growth to new housing development, assuming that current residential owner-occupancy rates and average household size stay constant. The population forecast is shown in Figure 6.

Tourists are expected to increase due to the visitor-serving development anticipated to occur within the next ten years. Tourist populations were identified as either overnight visitors or “daytrip” tourists. Overnight visitors were projected using the estimated figure for peak overnight visitors at 100% occupancy from the Village at Squaw Valley Specific Plan Draft EIR, which was then converted to the average annual occupancy rate. Overnight tourist growth was projected based on the development of new overnight accommodations. “Daytrip” tourists, meanwhile, were estimated using the average skier count from the 10th busiest day between 2010 and 2014 as presented in the draft Village at Squaw Valley Specific Plan Draft EIR and subtracting the overnight visitors. While RSG acknowledges that not all daytrippers are skiers, given the lack of relevant data available, this was determined to be a reasonable estimate. Daytrip visitors were increased at the same rate as the overnight visitors, as the ratio between them is assumed to stay constant.

The total number of employees in Olympic Valley is also projected to increase over time. The current number of employees was determined with ESRI Business Analyst estimates. Employee growth was then tied to future development using square feet-per-employee estimates from the Natelson Company. An estimate from Marriott International was used to calculate the square footage of new hotels based on their number of rooms. The projected tourist and employee populations in Olympic Valley are found in Figure 7 and Figure 8.

Figure 6 - Population Forecast

				12 Month Period Beginning								
			Transition									
Population Projections	7/1/2014	7/1/2015	7/1/2016	7/1/2017	7/1/2018	7/1/2019	7/1/2020	7/1/2021	7/1/2022	7/1/2023	7/1/2024	7/1/2025
After New Development is Factored In	943	948	954	962	968	1,002	1,033	1,064	1,094	1,100	1,106	1,112
Before New Development is Factored In	943	948	954	959	964	970	975	981	986	992	997	1,003
Registered Voters	552	560	569	577	586	595	603	612	622	631	640	650

New Housing Adjustment Factor	0.75
2000 Population[1]	870
2010 Population[1]	919
2014 Population Projection[2]	943
Growth Rate 2000-2010	0.56%
Homes Owner-Occupied[3]	11%
Average Household Size[1]	2.3
Registered Voters[4]	552

Note: RSG used this growth rate for the projections because it does not incorporate estimates into its calculation, and is therefore more likely to be accurate.

Note: RSG assumed that average household size and the percentage of homes that are owner-occupied would stay constant.

Note: New Housing Adjustment Factor is applied to population growth tied to new housing developments during their first year, as they are assumed to not be occupied at the same rate in their first year due to newness.

[1] 2010 US Census

[2] ESRI Business Analyst Estimates

[3] Placer LAFCo SVPSD Municipal Services Review - Admin Draft

[4] Placer County Office of Elections

RSG

Figure 7 - Tourist Projections

Item Detail and Assumptions		Transition 7/1/2016	7/1/2017	7/1/2018	7/1/2019	7/1/2020	7/1/2021	7/1/2022	7/1/2023	7/1/2024	7/1/2025
			12 Month Period Beginning								
Hotel Rooms[1]			915	1,126	1,157	1,157	1,157	1,157	1,157	1,407	1,407
Hotel Room Growth Rate			0%	23%	3%	0%	0%	0%	0%	22%	0%
Assumed Occupancy Rate (All Seasons Average)	52%										
Peak Overnight Visitors (100% Occupancy)[2]	5,858										
Average Overnight Tourists		3,046	3,046	3,749	3,852	3,852	3,852	3,852	3,852	4,684	4,684

[1] RSG used the County's Cumulative Assumptions Technical Memorandum, the HEC Technical Memorandum, and RSG's own expertise to best estimate phasing and timing of projects.

[2] Village at Squaw Valley Specific Plan Draft EIR

Sources: Cumulative Assumptions Technical Memorandum; Steve Buelna, Supervising Planner (County Planning); Marshall & Swift Valuation; Village at Squaw Valley Specific Plan; Technical Memorandum – Revenue Impacts of the Village Development on SVPSD from Hansford Economic Consulting

Item Detail and Assumptions		Transition 7/1/2016	7/1/2017	7/1/2018	7/1/2019	7/1/2020	7/1/2021	7/1/2022	7/1/2023	7/1/2024	7/1/2025
			12 Month Period Beginning								
Average Overnight Tourists		3,046	3,046	3,749	3,852	3,852	3,852	3,852	3,852	4,684	4,684
Average Skiier Attendance 2010-2014 (10th Busiest Day)[1]	8,966										
Assumed "Daytrip" Growth Rate			0%	23%	3%	0%	0%	0%	0%	22%	0%
Average "Daytrip" Tourists		5,920	5,920	7,285	7,485	7,485	7,485	7,485	7,485	9,103	9,103

Note: RSG acknowledges that not all daytrippers are skiiers, but given the lack of relevant data, determined the Draft EIR's estimate of skiier attendance to be the best representation of this population.

Note: The ratio between daytrippers and overnight tourists is assumed to stay constant. Therefore, daytrippers are inflated by the same growth rate.

[1] Village at Squaw Valley Specific Plan Draft EIR

Figure 8 - Employee Projections

Item Detail and Assumptions		Transition 7/1/2016	12 Month Period Beginning 7/1/2017	7/1/2018	7/1/2019	7/1/2020	7/1/2021	7/1/2022	7/1/2023	7/1/2024	7/1/2025
Existing Employees[1]	579										
Non-Residential, Non-Hotel SF Added		-	4,000	21,525	144,025	15,000	-	7,500	-	-	-
Square Feet per Employee[2]	585										
Hotel SF Added		-	-	168,800	24,800	-	-	-	-	233,235	-
Square Feet per Employee[2]	1,804										
Total Employees		579	586	716	976	1,002	1,002	1,015	1,015	1,144	1,144

Note: Non-Residential, Non-Hotel square footage per employee is difficult to estimate due to the unique nature of many anticipated projects. In light of this difficulty, RSG elected to use the Natelson Company's retail estimate as a basis.

[1] ESRI Business Analyst Estimate

[2] Natelson Company Estimate

PROJECTED REVENUES

This CFA is conducted on a cash basis. New cities must operate on a cash basis since they have no initial fund balances on which to depend for cash flow. Furthermore, the cash basis approach provides a more realistic picture of both the year-end surpluses and deficits, which can be experienced by the new Town.

Town revenues will come from a variety of sources. The majority of Olympic Valley's revenue would be designated as general fund revenue, which would be used to provide municipal services such as general government, law enforcement, planning and land use, building inspection, animal control, wildfire protection, and parks. General Fund revenues typically come from property taxes, sales taxes, state subventions, and fees for services. Other revenues are restricted for specific purposes, such as fees for services, or state subventions, such as gas tax revenues.

The following section describes the different revenues the new Town will be eligible to receive, and the methodology used to forecast these revenues. There will be differences between the forecasts and actual results because events and circumstances may not occur as expected, and those differences may be material. In addition, outside forces such as the State Budget Process and the national economy can have a large effect on potential revenues. The State of California's budget process is extremely unpredictable and often highly disadvantageous to local jurisdictions. The State has imposed tremendous changes in the last ten years at the local government level, such as the loss of redevelopment, which could be neither predicted nor mitigated. It is impossible to forecast what the next ten years may bring. The economy operates with a little more predictability; however, local jurisdictions are often unprepared for even normal fluctuations in the economy.

NEW TAXES AND FEES

This CFA assumes no new taxes will be imposed by the Town, and that, initially, the existing fee schedules and franchise agreements maintained by the County will be adopted by the Town Council upon incorporation. However, in the future, the Town would have the option of adopting different fee schedules, and entering into new franchise agreements that may later alter, favorably or unfavorably, the amount of revenues available to the new Town. Additionally, voters may choose to approve new taxes, though any such tax increase is subject to Proposition 218.

GENERAL FUND REVENUES

The Town's General Fund will pay for most municipal operational services, including general government, community development, animal control, wildfire protection, parks and recreation, and law enforcement. In addition, these revenues could be used to fund any revenue neutrality payments to the County subject to negotiations. The funding sources consist of the following:

- Shares of local taxes (property, sales, in-lieu sales, and property transfer taxes);
- Fees for services (franchises, community development, public works/engineering, and animal license);
- Fines and forfeitures; and
- Interest earnings.

Over the first nine years and the transition year, estimated General Fund revenues range from $5.3 million in fiscal year 2017-18, to $9.4 million in fiscal year 2025-26. The methodologies for calculating these revenues are described below.

General Property Tax Levy

Upon incorporation, the Town would receive a portion of the County's General Fund property tax share of the general (1 percent) tax levy. Section 56810 of the Government Code provides a specific formula for determination of the portion of the property tax share allocated to the new Town. The formula derives the city's base year property tax revenue transferred to the Town by determining the total net cost of certain municipal services that will be transferred to the new Town, from information supplied by the County, based on the base year. As previously discussed, the base year for Olympic Valley is fiscal year 2013-14.The net costs include both direct costs, and overhead or indirect costs, funded by the General Fund.

In total, the County's net cost of services in the base year equals $1,439,385. According to reports from the individual agencies and departments of the County that provide General Fund services to Olympic Valley, the net cost of services provided in the base year (2013-14) consist of the following items:

- Community Development ($59,235): RSG obtained actual base year costs and revenues from the County Community Developer Resource Agency in a written response dated February 20, 2015. Revenues were generated from planning, building, and engineering fees for services.
- Law enforcement ($1,257,612): The Placer County Sheriff reported actual costs based on five years of data for the proposed incorporation area. The five-year total for service calls was compared to calls for service within the Tahoe Basin or County as a whole. The resulting percentage splits were then applied to actual FY 2013-14 Countywide costs for services.
- Parks & Recreation ($27,889): The County Parks Department provided actual base year costs and revenues in a written response dated February 20, 2015.
- Animal Control ($7,295): Actual animal control costs and revenues were provided in a written response dated February 20, 2015 from the County Department of Animal Services.
- Public Works – Road Maintenance and Snow Removal ($87,353): RSG obtained actual General Fund base year costs and revenues from the County Public Works Department in a written response dated February 20, 2015. However, the majority of the costs for road maintenance and snow removal would be first payable from the new Town's Road Fund, not its General Fund.

Pursuant Government Code Section 56810, the total net cost of services transferred to the Town is then multiplied by a factor known as the Auditor's Ratio. The Auditor's Ratio, determined annually by the County Auditor-Controller, represents the ratio of general property taxes received during the base year, to all revenues received by the county for general purposes during that same fiscal year. Based on the Auditor's Ratio reported on December 19, 2014 of 51.21 percent, $737,053 of the net cost of services was funded by property tax revenue.

The base year property tax revenue transferred to the Town of $737,053 is adjusted by the projected percentage change in estimated assessed valuation between the base year and first year the Town will receive property tax revenue (the projected increase from fiscal year 2013-14 to fiscal year 2017-18), which equals 17.76 percent. The adjusted property tax revenue transferred to the Town is $867,945. This number is then stated as a percentage of the projected property taxes collected with the new Town boundaries, which is equivalent to 6.46 percent of the total property tax base in Olympic Valley in fiscal year 2017-18. It is this percentage that is used to determine future years' property tax revenues for the Town, based on increases in its assessed values due to ownership changes, new construction, and the provisions of Proposition 13.

Figure 9 presents the calculation of property taxes to the City General Fund using the base year numbers for analysis according to government formation law[8].

Figure 9 - Property Tax Share Transfer

	2013-14 Net Costs for Olympic Valley		
	Cost	Revenue	Net Cost
Net Cost of Services Transferred to Town			
Community Development	238,512	179,277	59,235
Public Works - Road Maintenance & Snow Removal	299,896	212,543	87,353
Sheriff	1,257,612	-	1,257,612
Facilities - Parks	49,903	22,014	27,889
HHS - Animal Services	7,553	258	7,295
Total	$ 1,853,476	$ 414,092	$ 1,439,385
Auditor's Ratio[1]			51.21%
Base Year Property Tax Revenue Transfer to Town (2013-14)			737,053
Property Tax Revenue Adjustment for AV Growth			
Assessed Value 2013-14			1,140,780,468
Assessed Value 2017-18			1,343,371,200
Change in AV from 2013-14 to 2017-18			17.76%
Property Tax Revenue Adjusted for AV Growth			867,945
Property Tax Share Computation			
Projected Assessed Value (2017-18)			1,343,371,200
General Tax Levy (1% of Assessed Value)			13,433,712
Property Tax Revenue Adjusted for AV Growth			867,945
Property Tax Share to Town			6.46%

[1] County Auditor-Controller

Assessed Value Growth Forecast

Property tax revenue is generated based on the Town's share of the property tax general levy calculated in Figure 7, and the total assessed value of the Town each fiscal year. Figure 10 shows the historical assessed value of the SVPSD (coterminous with the boundaries of the Town) over the past 7 years, through fiscal year 2014-15. The next assessment roll for 2015-16 would be equalized

[8] Cortese-Knox-Hertzberg Local Government Reorganization Act 2000; Article 2. Property Tax Exchange; Section 56810 (3)

in August 2015, so RSG used the 2014-15 assessed values as the baseline for projecting future growth in the Town.

Figure 10 - Historical Assessed Value

Squaw Valley PSD Assessed Value History, Since 2005-06

Year	Secured	△		Unsecured	△		Total	△
2005-06	$1,011,077,675		$	11,393,527		$	1,022,471,202	
2006-07	1,147,885,556	13.5%		11,352,784	-0.4%		1,159,238,340	13.4%
2007-08	1,233,381,634	7.4%		11,432,516	0.7%		1,244,814,150	7.4%
2008-09	1,291,605,815	4.7%		11,557,359	1.1%		1,303,163,174	4.7%
2009-10	1,282,530,521	-0.7%		12,717,873	10.0%		1,295,248,394	-0.6%
2010-11	1,147,961,757	-10.5%		11,845,458	-6.9%		1,159,807,215	-10.5%
2011-12	1,102,775,553	-3.9%		11,720,583	-1.1%		1,114,496,136	-3.9%
2012-13	1,126,461,489	2.1%		12,867,516	9.8%		1,139,329,005	2.2%
2013-14	1,128,008,175	0.1%		12,772,293	-0.7%		1,140,780,468	0.1%
2014-15	1,155,553,436	2.4%		11,858,286	-7.2%		1,167,411,722	2.3%

Note: SVPSD boundaries are coterminous with the proposed Town of Olympic Valley

Source: Placer County Auditor-Controller reports. Values are gross of homeowner exemptions

As shown above, the total assessed value of the Town in 2014-15 is $1,167,411,722, consisting of $1,155,553,436 in secured assessed value[9] and $11,858,286 in unsecured value. Total assessed value projections were estimated by using the total assessed value for the fiscal year 2014-15 plus the supplemental and lien-date reassessment of projected new development described earlier. The assessed value forecast was based on the following assumptions:

- Existing secured property assessed values are assumed to grow at the maximum 2 percent (Proposition 13) inflation rate, which inflates real property values by up to 2 percent annually based on the change in the California Consumer Price Index. Although not identical to real property values, RSG generally finds the figures to be fairly close and employed this information given the available of historical assessed value reports from the County Auditor-Controller's office;
- As they are not subject to Proposition 13 inflationary adjustments, subject to depreciation and reassessed annually, personal properties typically do not see as predictable of an increase from year to year, and often are roughly comparable to unsecured value totals which are reported by the County Auditor-Controller online. Over the past 10 years, unsecured values have only moved modestly. Best practices in revenue forecasts commonly hold existing personal property or unsecured values fixed, as we have in this forecast.
- New development within the Town has been included in addition to the components described above, as itemized on Figure 5 values for new development were based on credible construction cost indices to adjust for local area and product types, estimated sales prices, inflation indices for commercial development, and actual sales value for

[9] Secured assessed values are gross of homeowners exemptions in order to reflect homeowner property tax relief apportionments in the forecast.

residential for-sale products. RSG assumed a portion of the development cost would be assessed on the supplemental roll during the construction period.

- According to the County Auditor Controller, approximately $594,150,291in Proposition 8 value reductions are still active in the greater Tahoe Basin. Proposition 8 reductions occur when the market value of a property drops below the allowable maximum value based on purchase price and annual inflationary growth allowed by Proposition 13. During the Great Recession, county assessors around the state proactively made Proposition 8 value reductions to account for widespread market price reductions. However, between fiscal years 2014-15 and 2015-16, approximately 49.90 percent of the Proposition 8 reductions were restored, and the Assessor's office has stated they expect significant value restorations again for fiscal year 2016-17. RSG has assumed a pro-rata share of value restorations will occur in Olympic Valley, resulting in a larger jump in assessed value during fiscal year 2016-17 and 2017-18. The value of these restorations is approximately $33,200 in property tax revenue to the Town. It is worth noting that during RSG's investigation into the Proposition 8 reductions, Squaw Valley Ski Holdings, LLC stated that they were seeking to appeal their Proposition 13 base assessed values for several parcels purchased in 2011. If successful, these reductions would have a permanent impact upon property tax revenues generated in Olympic Valley. Reductions in base values are not subject to restoration, but instead set a lower threshold of value to which the annual Proposition 13 inflationary rate can be applied.

Figure 11 - Assessed Value Forecast

			12 Month Period Beginning								
Item Detail and Assumptions	**Value/Unit** (2015 $)	**Transition** 7/1/2016	7/1/2017	7/1/2018	7/1/2019	7/1/2020	7/1/2021	7/1/2022	7/1/2023	7/1/2024	7/1/2025
Prior Year AV Plus 2.00%		$ 1,251,131,800	$ 1,305,326,300	$ 1,370,238,600	$ 1,475,556,600	$ 1,652,623,500	$ 1,801,880,800	$ 1,902,935,400	$ 2,008,053,600	$ 2,086,795,200	$ 2,145,507,200
New Construction Value											
Outside the VSVSP Project Area											
2.77% Construction Costs Inflation		0.0831	0.1108	0.1385	0.1662	0.1939	0.2216	0.2493	0.2770	0.3047	0.3324
3.11% SFR Market Inflation		0.0933	0.1244	0.1555	0.1866	0.2177	0.2488	0.2799	0.3110	0.3421	0.3732
2.86% Condo Market Inflation		0.0858	0.1144	0.1430	0.1716	0.2002	0.2288	0.2574	0.2860	0.3146	0.3432
RSC Phase II (Units)	490,000	-	-	-	43,630,400	73,512,300	59,609,100	58,840,000	28,671,400	-	-
Olympic Estates (Units)	1,050,000	-	9,445,000	9,706,200	-	-	-	-	-	-	-
Olympic Valley Museum (Square Feet)	303	-	-	-	2,566,000	2,626,900	-	-	-	-	-
General Commercial (Square Feet)	217	-	-	-	1,263,000	1,293,000	1,322,900	1,352,900	1,400,200	1,430,600	-
Total		-	9,445,000	9,706,200	47,459,400	77,432,200	60,932,000	60,192,900	30,071,600	1,430,600	-
VSVSP Project Area											
2.77% Construction Costs Inflation		0.0831	0.1108	0.1385	0.1662	0.1939	0.2216	0.2493	0.2770	0.3047	0.3324
3.11% SFR Market Inflation		0.0933	0.1244	0.1555	0.1866	0.2177	0.2488	0.2799	0.3110	0.3421	0.3732
2.86% Condo Market Inflation		0.0858	0.1144	0.1430	0.1716	0.2002	0.2288	0.2574	0.2860	0.3146	0.3432
Phase 1 Condo/Hotel (Assumed) [Units]	490,000	-	-	59,087,400	60,565,900	-	-	-	-	-	-
Fractional Cabins (Assumed) [Units]	1,050,000	-	-	-	19,311,900	19,818,100	-	-	-	-	-
Hotel (Units)	66,690	-	-	-	-	-	-	-	-	10,876,400	11,107,300
Employee Housing (264 beds) [Units]	420,500	-	-	-	-	-	-	5,551,700	5,678,000	-	-
Retail (Square Feet)	174	-	-	1,011,600	2,072,400	1,060,800	-	-	-	-	-
Restaurant/Food & Beverage (Square Feet)	259	-	-	-	-	-	-	-	-	-	-
Hotel Common Area (Square Feet)	200	-	-	-	-	-	-	-	-	4,336,200	4,428,200
Mountain Adventure Camp (Square Feet)	266	-	-	5,441,800	11,148,300	11,413,100	-	-	-	-	-
Ski Services & Other Amenities (Square Feet	217	-	-	-	4,104,600	4,202,100	-	-	2,074,400	-	-
Transit Center (Square Feet)	250	-	-	1,138,500	-	-	-	-	-	-	-
Neighborhood Market (Square Feet)	171	-	-	-	-	-	-	-	-	-	-
Shipping & Receiving	153	-	-	-	-	-	2,810,100	-	-	-	-
Total		-	-	66,679,300	97,203,100	36,494,100	2,810,100	5,551,700	7,752,400	15,212,600	15,535,500
Total New Construction		-	9,445,000	76,385,500	144,662,500	113,926,300	63,742,100	65,744,600	37,824,000	16,643,200	15,535,500
Subtotal		1,251,131,800	1,314,771,300	1,446,624,100	1,620,219,100	1,766,549,800	1,865,622,900	1,968,680,000	2,045,877,600	2,103,438,400	2,161,042,700
Proposition 8 Restored Value		28,599,900	28,599,900	-	-	-	-	-	-	-	-
Total Assessed Value		$ 1,279,731,700	$ 1,343,371,200	$ 1,446,624,100	$ 1,620,219,100	$ 1,766,549,800	$ 1,865,622,900	$ 1,968,680,000	$ 2,045,877,600	$ 2,103,438,400	$ 2,161,042,700

Note: RSG used the County's Cumulative Assumptions Technical Memorandum, the HEC Technical Memorandum, and RSG's own expertise to best estimate phasing and timing of projects.

Note: RSG assumed that none of the construction reflected on the Cumulative Assumptions Technical Memorandum would be completed and assessable in the transition year, and assumed that other development would be negligible, per County Planning Dept.

Note: The Proposition 8 Restoration Estimate is spread out evenly over 2016-17 and 2017-18 because the Placer County Assessor's office indicated that subtantial amounts of the outstanding value lost due to Proposition 8 would be restored in the next few years.

Sources: Placer County Assessor's Office; Cumulative Assumptions Technical Memorandum; Steve Buelna, Supervising Planner (County Planning); Marshall & Swift Valuation; Village at Squaw Valley Specific Plan; Technical Memorandum – Revenue Impacts of the Village Development on SVPSD from Hansford Economic Consulting

Property Taxes

Property taxes are apportioned to the Town based on the creation of tax rates areas for the proposed Town limits. Under Government Code Section 54902, the final date to file with the State Board of Equalization for a change of jurisdictional boundary is on or before December 1 of the year immediately prior to the year in which the assessments or taxes are to be levied. In order for the Town to collect property tax revenues in fiscal year 2017-18, the incorporation would need to be effective and the change of jurisdictional boundary would need to be filed no later than December 1, 2016.

For this reason, RSG has assumed the earliest possible date for property revenues to be collected by the Town would be July 1, 2017, and the County would continue to collect property tax revenues (used in part to fund transition period costs) during 2016-17. The Town would receive its property tax revenues throughout the year, but a majority of the revenue would be distributed in December and April when secured property tax bills are due. Homeowner's Property Tax Relief revenues are apportioned separately by the County Auditor-Controller, yet are included in the Property Tax revenues described above.

Supplemental revenue is also included in the projections for both new construction and resale activity affecting the overall roll. Supplemental revenue is the revenue generated from supplemental tax bills, which are issued when a property sale occurs or construction is completed after the January 1 lien date. Additionally, there are roll corrections which alter the assessment roll after it was finalized on August 20, the date by which the roll is required by law to be equalized; these roll corrections occur for any of a variety of reasons, including corrected exemptions and errors by the Assessor. The County Auditor-Controller distributes these supplemental revenues along with property taxes. Over the last few years, approximately 5 percent of the property taxes received by the SVPSD were attributable to supplemental revenue. RSG used this figure as an estimate for what Olympic Valley might receive every year in supplemental revenue.

The County Auditor-Controller charges cities and local districts the administrative costs incurred for the distribution of property tax revenue. The amount of the administration fee is determined by the Auditor-Controller and subject to annual adjustments. For this CFA, the Auditor-Controller and RSG estimated that had the Town been incorporated in fiscal year 2014-15, the fee would have been approximately $2,360. This amount, equal to approximately 0.18 percent of the 2013-14 of property tax revenue that would be transferred in the base year, would be deducted by the Auditor-Controller prior to the apportionment of property tax revenues to the Town. The administration fee percentage rate is assumed to remain static, and the administrative fee itself would increase proportionally with property tax revenues. Figure 12 on the following page shows the projection of property tax revenue.

Figure 12 - Property Tax Revenues

Item Detail and Assumptions		Transition 7/1/2016	7/1/2017	7/1/2018	7/1/2019	7/1/2020	7/1/2021	7/1/2022	7/1/2023	7/1/2024	7/1/2025
			12 Month Period Beginning								
Property Taxes	6.461%	$ -	867,900	934,700	1,046,800	1,141,400	1,205,400	1,272,000	1,321,800	1,359,000	1,396,200
Supplemental Revenue[1]	5.000%	$ -	43,400	46,700	52,300	57,100	60,300	63,600	66,100	68,000	69,800
Less: County Admin. Fee[2]	0.18%	-	1,600	1,700	1,900	2,100	2,200	2,300	2,400	2,500	2,600
Net Property Tax		-	$ 909,700	$ 979,700	$ 1,097,200	$ 1,196,400	$ 1,263,500	$ 1,333,300	$ 1,385,500	$ 1,424,500	$ 1,463,400

[1] Based on SQPSD actual property tax revenues FY 2009-10 through FY 2013-14

[2] Per Placer County Final Adopted Budget 2014-15

Sales Taxes

A city typically receive one percent of taxable sales made within its boundaries. Due to State budget issues in 2004, a portion of that revenue was reallocated through Proposition 57, which, in part, mandates the exchange of one-quarter (0.25 percent) of the previous 1.00 percent sales tax revenues to cities for an equal amount of property tax revenues. These additional property tax revenues are referred to as "in-lieu sales taxes" or "triple-flip revenues", and took effect on July 1, 2004; they continue until the state deficit bailout bonds are paid off, currently anticipated to be in 2016, after which time it is presumed that in-lieu sales taxes would revert back to cities as sales tax revenue. As the bonds are anticipated to be paid off prior to incorporation (or at roughly the same time), this CFA projects sales tax revenues at the full 1 percent rate.

The estimated sales tax revenues are based on data supplied by the State Board of Equalization ("SBE") on January 21, 2015 for the 12-month period ending June 30, 2014. The SBE sales tax report dated January 21, 2015 indicates that Olympic Valley generated $428,000 in one percent sales tax during the year ending June 30, 2014. Tom Trach of the SBE provided RSG the following breakdown of this amount:

1. Actual one percent sales taxes billed: $418,570
2. Estimated one percent sales taxes billed on missing or late filings: $0
3. Estimated additional one percent sales taxes of businesses opened just portion of year: $9,430

According to Section 56800, additional revenues the County did not actually receive during the base year should not be included, so the amount of base year taxable sales was reduced by $9,430, to $418,570. The additional $9,430 of estimated sales tax revenue was realized after the base year, and was accounted for in the projections of sales tax revenue in the future.

The base year revenue estimates and projections have been supplemented by RSG to include indirect sales tax disbursements made by the State Board of Equalization from businesses that report receipts on a countywide or statewide basis. According to prior correspondence with the SBE, their report did not include taxable sales from such businesses outside Olympic Valley. Officials at the SBE also confirmed that they make adjustments to the locally-generated sales tax revenues based on the pro rata share of locally-generated taxes within the County (for countywide indirect apportionments) and within the State (for other statewide indirect apportionments).

Additional sales tax revenues will be generated by anticipated commercial development forecast by this CFA. RSG assumed a value of $350 sales per square foot. Olympic Valley will be able to start receiving sales tax in the first quarter following adoption of a Bradley Burns ordinance, which will likely occur within the first few months of the transition year. As such, Olympic Valley would start collecting sales tax in the second quarter of FY 2016-17, only collecting three-quarters of the sales tax revenue generated in FY 2016-17. The County will collect the sales taxes from the first quarter of FY 2016-17 and that revenue is factored into Olympic Valley's Transition Loan payment to the County. In addition, the State Board of Equalization tends to remit the payments to cities about 2-3 months behind the end of a quarter. Therefore, in each fiscal year, Olympic Valley is technically collecting revenues generated in the fourth quarter of the prior fiscal year, and the first three quarters of the current fiscal year. Combined with the time it takes the Council to adopt a Bradley Burns ordinance, this results in Olympic Valley only collecting one-half of the FY 2016-17 sales tax revenue in the transition year, as the fourth quarter FY 2016-17 revenues will actually be received in FY 2017-18. Figure 13 presents the adjusted taxable sales for Olympic Valley, inclusive of both the direct and indirect apportionments by the State Board.

Figure 13 - Adjustment to Taxable Sales Revenue Estimate

Item Detail and Assumptions	Sales Per SF	Transition 7/1/2016	7/1/2017	7/1/2018	7/1/2019	7/1/2020	7/1/2021	7/1/2022	7/1/2023	7/1/2024	7/1/2025
			12 Month Period Beginning								
Prior Year Taxable Sales Plus 2.1%		47,122,200	48,126,400	49,152,000	60,735,300	72,789,900	74,341,100	80,156,700	81,864,800	88,078,200	89,955,100
New Taxable Sales Added by Year											
2.1% Inflationary Increase											
New Commercial	350	-	-	10,316,000	10,535,800	-	4,143,100	-	4,375,600	-	-
Total Taxable Sales		47,122,200	48,126,400	59,468,000	71,271,100	72,789,900	78,484,200	80,156,700	86,240,400	88,078,200	89,955,100
Total Sales Taxes		$ 235,600	$ 478,800	$ 566,300	$ 683,200	$ 724,100	$ 770,600	$ 797,400	$ 847,200	$ 876,200	$ 894,900

Note: DOF estimates that the Economic Recovery Bonds that require the California State "Triple-Flip" sales tax split will be be retired by the time of incorporation.

Note: This forecast is performed on a cash basis. Total Sales Taxes are adjusted by half in the transition year because one quarter of revenues would be lost while the new Town elects to receive the tax, and an additional quarter is collected the following fiscal year as payments to cities are typically received 2-3 months behind the end of each quarter. In subsequent years, one quarter of the revenue is associated with the prior fiscal year's sales generation, and three quarters with the current fiscal year.

Property Transfer Taxes

As a general law city, the Town would receive property transfer tax revenue of $0.55 for every $1,000 of property value transferred after the date of incorporation. The amount of property transfer tax received will depend upon the level of resale activity, and new development in the Town limits.

Based on historic resale activity in Olympic Valley between 2010 and 2014[10], RSG has assumed a 5.96 percent turnover rate of the existing housing stock. In addition to such resale activity, RSG has included transfer taxes from new home sales projected in the development forecast. New single family residential properties sold in the Village at Squaw Valley Specific Plan area are likely to sell at a higher price than the current or projected median values. However, RSG contacted the developer to inquire about potential prices for these properties, and the developer declined to provide that information. Therefore, RSG conservatively assumed that they would be valued at the median value for the purpose of this analysis.

See Figure 14 for a projection of property transfer taxes.

[10] According to actual resale volume data retrieved from County Assessor's Roll.

Figure 14 - Property Transfer Taxes

Item Detail and Assumptions		7/1/2015	Transition 7/1/2016	12 Month Period Beginning 7/1/2017	7/1/2018	7/1/2019	7/1/2020	7/1/2021	7/1/2022	7/1/2023	7/1/2024	7/1/2025
Base Year Sales Volume (in 000's)	65,382											
2014-15 Transfer Tax (Co. Share)	35,960											
($1.10/$1,000 transferred) [1]												
Projected Turnover												
Residential Resale Volume (in 000's)			63,400	65,000	72,700	80,700	89,100	91,300	100,200	102,800	105,300	108,000
New Housing Adjustment Factor		0.75										
Projected Existing Housing Stock		1,906	1,906	1,918	2,076	2,190	2,288	2,388	2,479	2,479	2,479	2,479
Turnover Rate	5.96%	100	110	110	120	130	140	140	150	150	150	150
Median Resale Price	490,000	547,820	576,300	590,700	605,500	620,600	636,100	652,000	668,300	685,000	702,100	719,700
Appreciation Rate (2014)	11.8%											
Appreciation Rate (2015)	5.2%											
Appreciation Rate (Later Yrs)	2.5%											
New Home Sales Volume (in 000's)			-	9,400	68,800	123,500	93,300	59,600	58,800	28,700	-	-
(See Assessed Value Projections)												
Total Sales Volume Turnover (in 000's)			63,400	74,400	141,500	204,200	182,400	150,900	159,000	131,500	105,300	108,000
Property Transfer Taxes (Projected)			$ 34,900	$ 40,900	$ 77,800	$ 112,300	$ 100,300	$ 83,000	$ 87,500	$ 72,300	$ 57,900	$ 59,400

Note: RSG assumed that employee housing would not be sold and, therefore, elected not to include it in these projections.

Note: Condo/hotel units are included in this analysis, as they can still be sold.

Note: New Housing Adjustment Factor is applied to new housing developments in their first year, as they are assumed to not be sold at the full potential turnover rate in their first year due to newness.

[1] National Conference of State Legislature's - Local Option Transfer Tax for Cities

Transient Occupancy Taxes

The County collects a transient occupancy tax ("TOT") at a rate of 10 percent on short-term rentals in Olympic Valley. The 10 percent tax includes a countywide base rate of 8 percent, and an additional voter-approved 2 percent tax specific to the North Lake Tahoe Transient Occupancy Tax Area.

Currently, revenue generated within Olympic Valley from the additional 2 percent TOT rate, along with approximately one-half the remaining 8 percent, is utilized by the County to provide regional marketing, transportation, and infrastructure improvement services. A portion of this revenue is transferred to the North Lake Tahoe Resort Association (NLTRA) per an agreement between the NLTRA and the County. Of the 10 percent TOT levy rate, approximately 6 percent is dedicated to regional services provided by the County or the NLTRA and the County's General Fund receives the other 4 percent. The following table details the regional TOT allocation for the entire North Lake Tahoe Area in 2013-14.

Figure 15 - Regional TOT Allocation

NLTRA Services		FY 2013-14 Costs[1]
Personnel/Overhead Cap	$	1,597,805
Research and Planning		82,000
Memberships		5,000
Direct Marketing/Programs		1,294,555
Community Marketing Fund		50,000
Special Events Marketing Fund		50,000
Traffic Management		48,000
Transit Programs- Non-County		494,000
Maintenance Reserve: Tourism Serving Facilities		150,000
Capital Improvements		2,073,452
Total	$	5,844,812
% of Regional Services Allocation		78%

County Services		FY 2013-14 Costs[1]
TOT Administration	$	95,561
NTBA+TCDA Contributions		130,000
Auburn Welcome Center		40,000
Film Office		56,600
Sheriff Patrol- Peak Season		58,790
Animal Control- Beach Patrol		45,000
Peak Transit Services Operated by TART		419,100
Base Transit Services Operated by TART		450,000
Resort Arterial Snow Removal		100,000
NTPUD- Beach Maintenance		82,714
TCPUD- Beach Maintenance		94,482
Fac Svcs- Contract Mgmt- Parks/Trails		30,510
Total	$	1,602,757
% of Regional Services Allocation		22%

Total TOT Collected in North Lake Tahoe Resort Area	**$**	**11,578,056**
Total Utilized for Regional Services	**$**	**7,447,569**
% of Total to Regional Services		**64%**
% of Total to NLTRA		**50%**
% of Total to County		**14%**

1 FY 2013-14 costs includes the FY 2013-14 amendment which makes adjustments to allocations based on actual TOT collections
Source: Placer County

In 1996, voters in the North Lake Tahoe Area, which includes the unincorporated areas of Squaw Valley, Alpine Meadows, Tahoma Meadows, Homewood, Sunnyside, Tahoe City, Dollar Point, Carnelian Bay, Tahoe Vista, Kings Beach, and Northstar approved the 2 percent TOT levy increase. It was renewed in 2002 and then again in June 2012 by the passage of Measure F. Unless extended by the voters again, the additional 2 percent levy would sunset in 2022.

Pursuant to Government Code Section 56886, LAFCO has the statutory authority, but not the obligation, to transfer the voter-approved 2 percent TOT levy increase to the new Town. In addition, according to State Attorney General Opinion No. 99-602 filed on October 6, 1999, if LAFCO desires to transfer a previously established and collected tax to a new agency, the voter and landowner approval requirements of the Constitution relating to taxes, assessments, fees, and charges do not apply. Thus, as a condition of approval of incorporation or other change in organization, LAFCO has the authority to transfer the tax without voter approval.

As stated in Measure F, the 2 percent rate increase is a general tax with the funds dedicated to infrastructure projects to reduce traffic congestion/tourist impacts, support transportation services, build/maintain local bike trails, parks, indoor recreation opportunities, sidewalks, beaches, and other public services. Furthermore, in a letter dated March 17, 2015, Incorporate Olympic Valley stated the following in regards to the Measure F revenue:

> *These monies will be collected by the Town and utilized pursuant to the terms and provisions of the Measure. As part of our plan of service we propose now and will recommend to the future Town Council that Measure F revenue be used for North Lake Tahoe region infrastructure projects, including improvements to reduce traffic congestion/tourist impacts, support transportation services, build/maintain local bike trails, parks, indoor recreation opportunities, sidewalks, beaches, and other public services.*

Although the Measure F tax was approved as a general tax, the terms of the ballot measure dedicate the funds to specific projects and uses, rather than for any general use. Although such restrictions might appear inconsistent with the criteria for a general tax, it is unlikely LAFCO would be willing to approve the transfer of funds without the condition that they be used for the explicit purposes specified in Measure F. Therefore, RSG has assumed that any Measure F revenue transferred to the Town would be restricted to fulfilling the capital projects specified in the ballot language and not available for General Fund purposes. More specifically, this portion of the TOT collected by the new Town would be transferred to NLTRA or expended directly by the Town for capital projects.

The remaining 8 percent base portion of the TOT levy would be collected by the Town as well. Presently, the County has been dedicating a portion of the 8 percent to fund regional services provided by the County itself or through an agreement with the NLTRA, which expires on June 30, 2016. The new Town Council could establish a new successor agreement, or decide to let the contract expire. The new Town Council could also decide to discontinue funding for any regional servicesand retain all 8 percent of the TOT levy for its own purposes. This could be clarified between the proponents and County during revenue neutrality negotiations.

In their March 17, 2015 letter, the proponents indicated they planned to support the North Lake Tahoe region to the extent it is funded now by Olympic Valley TOT revenue, which presumably could result in an ongoing shift of at least the same dollar amount to the NLTRA and County for regional services. However, without LAFCO conditions stipulating how the 8 percent share would be divided following incorporation, RSG has developed two scenarios to illustrate the impacts resulting from different allocations of the revenue:

- <u>Scenario 1: Town Ends Regional Support</u>. Under this scenario, RSG has assumed the Town would retain all of the 8 percent of the TOT rate for its own General Fund purposes and not share any funds with the County or NLTRA for regional services.
- <u>Scenario 2: Town Continues to Share Half of the 8 Percent TOT with NLTRA and the County</u>. Under this scenario, RSG has assumed that the Town would share 4 percent of the TOT levy with NLTRA and the County to provide regional services and local purposes[11] consistent with the current allocation.

Undoubtedly, there are many other alternatives and possible permutations on how any sharing of the TOT revenues could be handled. For this CFA, the Executive Officer has directed RSG to present these two scenarios for comparison purposes throughout this report.

[11] Including snow removal on public trails in Olympic Valley

In summation, this report assumes that if incorporation were successful, the Town will collect the entire 8 percent base TOT levy plus the additional 2 percent Measure F increase for a total of 10 percent. RSG has assumed that revenue generated from the 2 percent rate increase would go to Measure F capital projects to support the North Lake Tahoe region and would not be available for General Fund purposes. RSG has also considered two alternatives for how the remaining 8 percent of the TOT levy collected by the Town may be used: either retaining all 8 percent for General Fund purposes or sharing half of the 8 percent share with the NLTRA and County consistent with current practices. Figure 16 presents the calculation of TOT revenue from the transition year until fiscal year 2025-26 assuming the Town receives the full 10 percent levy.

Figure 16 - TOT Revenue

Item Detail and Assumptions		Transition 7/1/2016	12 Month Period Beginning 7/1/2017	7/1/2018	7/1/2019	7/1/2020	7/1/2021	7/1/2022	7/1/2023	7/1/2024	7/1/2025
Days Per Season	183										
Hotel Rooms[1,2]		915	915	1,126	1,157	1,157	1,157	1,157	1,157	1,407	1,407
New Hotel Adjustment Factor	0.75										
2.13% Inflationary Increase											
Average Occupancy - November-April[1]		79%	79%	79%	79%	79%	79%	79%	79%	79%	79%
Average Occupancy - May-October[1]		25%	25%	25%	25%	25%	25%	25%	25%	25%	25%
Average Room Rate - November-April[2]		211	215	220	225	230	234	239	245	250	255
Average Room Rate - May-October[2]		167	171	174	178	182	186	190	194	198	202
Subtotal - Existing TOT		34,806,900	35,548,600	42,585,300	46,572,700	47,885,900	48,906,300	49,948,500	51,012,900	60,543,200	64,707,700
TOT Rate (Charged)	10%	3,480,700	3,554,900	4,258,500	4,657,300	4,788,600	4,890,600	4,994,900	5,101,300	6,054,300	6,470,800

Note: This analysis does not include personal vacation rentals, as TOT enforcement on accommodations of that nature is difficult.

Note: Room rates for future hotel developments are still unknown at this time, so RSG has assumed that they will be consistent with the averages of existing hotels.

Note: Per conversations with County Auditor-Controller and Revenue Collections, RSG assumed that TOT would be collected on fractional cabins and condo/hotel units.

Note: New Hotel Adjustment Factor is applied to new hotel rooms in their first year, as they are assumed to not operate at full potential in the first year due to newness.

[1] Historical TOT data combined with RSG research based upon information gathered directly from local hotels, expedia.com, hotels.com, kayak.com, and the hotels' websites.

[2] Cumulative Assumptions Technical Memorandum

Off-Highway Vehicle License Subventions

The State Controller's Office biannually apportions off-highway vehicle license fees to all cities and counties. Fifty percent of the total license fee revenues collected statewide is apportioned to cities on a per-capita basis. Off-highway vehicle license fee revenues were estimated based on actual July 2014 and January 2015 apportionments from the State Controller.

Franchise Fees

Upon incorporation, the City will receive franchise fees from Suddenlink (cable television and broadband telecommunications), Liberty Utilities (electricity), and Southwest Gas (gas). Pursuant to the provisions of the County's franchise agreements, revenues collected from these service providers would be paid to the Town upon incorporation. Waste collection and disposal are handled by the Tahoe Truckee Sanitation District, which, as a taxing entity, is not required to pay franchise fees.

RSG estimated franchise fees based upon data from the County that calculated the fees associated with Olympic Valley. According to the 2013-14 actuals, the County reports the following amounts of franchise fees were generated from Olympic Valley:

- Suddenlink (Cable and Broadband Franchise): $9,000;
- Liberty Utilities (Electricity Franchise): $11,600, and
- Southwest Gas (Natural Gas): No amount was provided at the time of this report, pending research done by the County, but RSG believes this value would be immaterial to our conclusions.

RSG assumed that these fees would stay constant for the basis of its projections. While development may generate additional users, efficiency measures associated with power usage as well as decreasing costs of broadband and cable services may mitigate any growth in franchise fee revenues. Following incorporation, the Town may elect to negotiate new franchise agreements with various service providers once their terms expire.

Community Development Fees

Community Development fees include planning, building, and engineering fees for development and other permits. The County Community Development Resource Agency ("CDRA") collects fees for community development services provided to Olympic Valley. In fiscal year 2013-14, the County received $179,277 in fees from planning, building, and engineering services, which is equivalent to 75.16 percent of the costs to provide the same services. Initially, the County's existing fee structure would presumably be adopted by the Town. Thereafter, the Town could conduct its own fee study in an effort to increase fees to recover a higher percentage of costs. RSG cannot predict whether there might be the political or fiscal support for such a fee increase in Olympic Valley. Consequently, RSG has assumed that the County's existing fee structure would remain in place for the City for the foreseeable future.

Park User Fees

The County currently charges for the use of facilities in Squaw Valley Park. In fiscal year 2013-14, the County received $14,118 in park fees.

Business License Fees

The County Tax Collector does not levy any business license fee; therefore, no revenues have been included.

Animal License Fees

Placer County Animal Services currently provides animal control services to Olympic Valley and levies a nominal license fee on dogs and cats, although licensing for cats is voluntary and not required, unlike licensing for dogs. In fiscal year 2013-14, the County collected $258 in animal license fees.

Fines and Forfeitures

Fines and forfeiture revenues were established based on actual values reported by Placer County for the fiscal year 2013-14. RSG used these values to establish a per capita equivalent revenue rate, which factors in the full-time resident population, the overnight tourist population, and a pro-rated employee and daytime tourist population (equivalent to one-third of a full time occupant). This per capita equivalent revenue rate is estimated at $5.18. Inflation and population growth was accounted for in accordance with the development forecast, resulting in projected revenue of $34,800 in fiscal year 2017-18.

Motor Vehicle License Fees

Newer cities have not received a material amount of motor vehicle license fee revenues as a result of the VLF for property tax swap that altered the apportionment methodology in July 2004 and a 2006 legislative fix for new cities was reversed in 2011. Four cities incorporated between 2006 and 2011 suffered significant losses in their General Fund and one (Jurupa Valley) is exploring disincorporation as a direct result. Although there have been failed efforts to restore these fees for the four newer cities, no proposals have been advanced to restore this for future incorporations. As a result, RSG has not made any allowance for motor vehicle license fees in our forecast.

All of the miscellaneous revenues discussed above, as well as Highway Users Tax revenues, are presented in Figure 17.

Figure 17 - Miscellaneous Revenues

Item Detail and Assumptions		Transition 7/1/2016	12 Month Period Beginning 7/1/2017	7/1/2018	7/1/2019	7/1/2020	7/1/2021	7/1/2022	7/1/2023	7/1/2024	7/1/2025
Off-Highway Vehicle License Subvention		80	80	80	80	80	90	90	90	90	90
SCO Per Capita (2013-14)	0.08										
Growth Rate	0%										
Franchise Fees		-	20,600	20,600	20,600	20,600	20,600	20,600	20,600	20,600	20,600
Base Year Actual (14-15)[4]	20,600										
Growth Rate	0%										
Park User Fees		-	15,700	16,100	17,000	17,900	18,900	19,800	20,300	20,900	21,400
Base Year Actual (13-14)	14,118										
Per Capita	14.97										
Growth Rate	2.1%										
Animal Control Licenses		-	290	290	310	330	340	360	370	380	390
Base Year Actual (13-14)	258										
Per Capita	0.27										
Growth Rate	2.1%										
Fines & Forefeitures		-	34,800	42,500	45,100	46,300	47,500	48,700	49,800	60,100	61,500
Base Year Estimate (13-14)	31,883										
Per Capita Equivalent	5.18										
Growth Rate	2.1%										
2013-14 Gas Tax (to Road Fund)											
Gas Tax (Sec. 2105) Per Capita	4.00	3,800	3,800	3,900	4,000	4,100	4,300	4,400	4,400	4,400	4,400
Gas Tax (Sec. 2106) Per Capita	2.14	2,000	2,100	2,100	2,100	2,200	2,300	2,300	2,400	2,400	2,400
Gas Tax (Sec. 2107) Per Capita	5.47	5,200	5,300	5,300	5,500	5,600	5,800	5,980	6,000	6,000	6,100
Gas Tax (Sec. 2107 - Snow Removal)*		-	64,750	66,100	67,500	68,950	70,450	71,950	73,450	75,000	76,600
Growth Rate	0%										
Gas Tax (Sec. 2107.5)	Fixed Pmt	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Projected Population		954	962	968	1,002	1,033	1,064	1,094	1,100	1,106	1,112
Projected Employee Population		579	586	716	976	1,002	1,002	1,015	1,015	1,144	1,144
Projected Overnight Tourist Population		3,046	3,046	3,749	3,852	3,852	3,852	3,852	3,852	4,684	4,684
Projected "Daytrip" Tourist Population		5,920	5,920	7,285	7,485	7,485	7,485	7,485	7,485	9,103	9,103

** Per HUT Sec. 2107, Olympic Valley will be reimbursed for 50% of its snow removal expenditures each year, as long as they exceed $5,000*

Note: The allocations provided to cities by the Motor Vehicle License Fee were eliminated July 1, 2011 by SB 89.

Note: For the purposes of the per capita adjustment, daytrippers and employees are considered to be one-third of a person, as they are likely to be in Olympic Valley for substantially less time throughout any given day than a resident or overnight tourist would be.

Sources: County of Placer 2014-15 Budget, California State Controller's Office - Semi-Annual Off-Highway Remmittance Advice 2013-14, California City Finance Highway Users Tax 2015-16 Estimates (HUT Update 2/5/15), and Andy Heath (Deputy County Executive Officer)

Interest Earnings

Interest earnings were estimated based upon the beginning fund balance of each fiscal year plus any reserve fund balance, assuming a 1.88 percent annual yield rate, based on the annualized earnings in the Local Agency Investment Fund (LAIF) between 2004 and 2014. These revenues are depicted in the Fund Summary in Appendix 2.

ROAD FUND REVENUES

Gas Tax

Like most cities, the primary recurring source of Road Fund revenue is gas tax apportionments from the State. Generally, Road Fund revenues are restricted by law to road-related expenditures, including routine maintenance, road repair and (where applicable) snow removal. Under existing State law, a surplus in the Road Fund cannot be used for the provision of any general municipal services or expended for maintenance of private roads. It is also common (as is the case in our projected budget for the Town) that Road Fund revenues are insufficient to cover ongoing maintenance costs for roadways.

The Town will receive a share of the revenues generated from the state taxes on gasoline under Sections 2105, 2106, 2107 and 2107.5 of the California Streets and Highways Code. In fiscal year 2016-17, RSG estimates that the City could receive approximately $11,000 in such subventions for Olympic Valley. These numbers account for the Board of Equalization's decision to reduce the gas tax by $0.06/gallon, effective July 1, 2015, by drawing on revised projections from California City Finance.

It should also be noted that in addition to the revenue from subventions listed above, an additional clause of Section 2107 of the California Streets and Highways Code mandates that the Town be reimbursed for 50 percent of snow removal expenditures once costs exceed $5,000. RSG estimated this by taking the County's data on historical costs of snow removal and applying inflation to project annual snow removal cost estimates. Half of these costs were then assumed to be reimbursed by the State.

PROJECTED EXPENDITURES

The City's General Fund is responsible for the following operational functions:

- General Government (City Council, City Manager, City Clerk, City Attorney, Finance, and Non-Departmental Costs),
- Community Development (Planning, Building Inspection, Engineering, and Code Enforcement),
- Animal Control,
- Parks and Recreation,
- Law Enforcement, and
- Wildfire Protection

General Fund expenditures listed below do not include transition year loan repayments or revenue neutrality payments to the County. Exclusive of these amounts, estimated General Fund expenditures range from $4.2 million in 2017-18 to $6 million in 2025-26.

In the analysis, General Fund expenditures have been categorized by function within the Town's organizational structure and summarized in the following pages.

GENERAL GOVERNMENT

General government services account for the general administration and governance of the Town. In general, all salaries proposed were determined based on salary schedule reviews of cities in the region that compete for the same talent, with consideration given to the size of those cities. Benefits for employees were also based on the salary survey and benefit rates offered by the County. Salaries and benefits were increased on an annual basis of 2.1 percent, in line with recent cost of living adjustments. The specific activities and cost assumptions are delineated below:

- Town Council – Stipends for each of the five Town Council members (including mayor) of $2,500 annually are included based on analysis of comparable cites. Council stipends are assumed to remain constant in the forecast. Additional costs for Town Council members include travel, equipment, and a services and supplies budget of $10,920 in 2016-17, assumed to increase at a 2.1 percent inflation rate annually.

- Town Manager – A full-time Town Manager would be hired to work with the Town Council and direct all municipal activities. The Town Manager would supervise all day-to-day operations of Town departments and staff, directly and through department heads, and would oversee personnel decisions. The Town Manager, in conjunction with the Mayor, would also be responsible for public relations, such as working with citizens, businesses, and other stakeholders. Additional costs include memberships, travel, training, and attendance at the California League of Cities annual conference, as well as hardware, software, notices, and an interim manager contract during the transition year and several months prior to incorporation.

- Administrative Staff –In total, two positions would be dedicated to administrative support for the Town Council and staff. One position would function as a Town Clerk who would serve as the official keeper of the municipal records.[12] The Clerk would be responsible for preparing, packaging, and distributing agendas, keeping minutes for legislative and committee meetings, maintaining all Town documents including resolutions and municipal codes, and responding to public record requests. The Town Clerk would also administer local elections. The second position would provide general administrative support, including human resources, contract management, and risk management functions.

- Finance Staff – a Finance Director would be responsible for treasury, accounting, reporting and several contract management duties. The Finance Director would also oversee preparation of the Annual City Budget.

- Community Development Staff – Two positions would be dedicated to the Community Development Department. One would be the Community Development Director who would be responsible for managing the planning, building, and engineering activities of the Town, including procurement, direction and managing contracts of consultants and contract staff for these functions. RSG has assumed the County would be contractor of choice for the Town for many of these services based on the expressed interest of the County and the fact this is not uncommon elsewhere in the state. A single, full-time Associate Planner would assist the Town with planning, annual reporting, and other day-to-day planning needs of the City.

[12] Most small cities in California maintain a separate city clerk position. A rare few employ the city manager to serve both official positions with a deputy city clerk to provide day-to-day support.

- Public Works Staff - a Public Works Director would be responsible for overseeing all road maintenance and snow removal contracts. In addition, a small part of their time would be spent overseeing any park maintenance contracts.

- Each department would also incur costs related to general supplies and services, travel and memberships, biannual municipal elections, and capital outlay for equipment and software. During the transition period, the new Town will need to undertake recruitment for full-time staff and obtain administrative support for the transition of services to the City. Typically, new cities retain consultants to provide these services during the transition period. RSG estimated this cost based on experience with similar assignments.

- City Attorney – It is assumed that the Town would retain legal services on a contract with a qualified attorney. Annual legal counsel costs initially would be higher as the City establishes policies and ordinances. Costs were estimated based on consideration of nearby cities and inflated at a 2.1 percent annual rate.

- Finance – The Finance Department would be responsible for treasurer and accounting services. The Finance Department would retain a payroll service and an auditor to assist with the Town's annual financial statements and annual report, and would also incur incidental supplies, services and capital outlay costs. RSG estimated these incidental Finance Department costs based on the SVPSD budget.

- Non-Departmental – Non-departmental expenses include lease and operation of office and meeting space for City Hall (assumed to be $1.37 per square foot based on a survey of available appropriate office spaces) for a 2,500 square feet of office space. An additional 35 percent expense ratio was added to the lease payments for office expenses. City Hall lease and operations were assumed to increase at a 3 percent rate annually. Other non-departmental costs include insurance, which was estimated to be 2.5 percent of General Fund Revenue based on comparably-sized cities, and increased by 2.1 percent annually.

COMMUNITY DEVELOPMENT

The County CDRA currently provides planning, building inspection, engineering and code enforcement services to the incorporation area. This includes implementation of the General Plan and Zoning Code, ensuring compliance with environmental laws, field and construction inspections, assigning property addresses, permit issuance, construction drawing review, and review and approval of Grading permits, Improvement Plans, Parcel Maps, and boundary line adjustments. Upon incorporation, the Town's Community Development Department would oversee planning, building inspection, engineering and code enforcement. Two full-time positions are recommended for this Department; with additional support for these services would be contracted with the appropriate County agency, private firm, or another public entity. Costs for these services were determined based on salaries and benefits for proposed staff, and the existing level of service provided by the County and associated costs. The Town's full-time Community Development Director would be responsible for ensuring the services are carried out competently. Costs were based on salary surveys and County data, and inflated by 2.1 percent annually.

The Town would initially adopt the County's General Plan and Environmental Impact Report ("EIR") for the area, but would need to adopt its own General Plan, Housing Element, and associated environmental documentation within 30 months of incorporation. This will ensure local land use control. Following the adoption of their General Plan, the City will need to construct and adopt a zoning code as well. Based on estimates provided by LAFCO's consultant, the cost of the General Plan and the corresponding EIR is estimated to be $500,000, and the cost of the Zoning Code is estimated to be $100,000. The General Plan and Zoning Code must be completed concurrently to achieve such cost savings. It is important to note that RSG received several quotes from consultants that estimated these total costs could be over $1 million. There are clearly a wide range of options available, and the new Town Management and Council will have to decide the best course of action.

The Town can file for a two year extension on top of the originally-allowed 30 months, as detailed under Section 65631 of the California Government Code. It is RSG's experience that this is not uncommon. For the purposes of this report, the costs associated with the General Plan and Zoning Code were spread out over the first three years of incorporation.

ANIMAL CONTROL

Placer County Animal Services currently provides animal control services to Olympic Valley. Contracting with the County to provide these services would be the most cost-effective strategy. In fiscal year 2014-15, a contract with the County for these services would cost $14,900. As compared to the current cost, this contract estimate is materially greater, but is based on the County's best estimate of a contract to provide this service. RSG adjusted County Animal Control contract services for inflation at a rate of 2.1 percent with additional consideration for population increases.

PARKS AND RECREATION

The County currently maintains recreational facilities within the Squaw Valley Community Plan Area, which is within the proposed Town boundary. Facilities in the Community Plan Area include 3.5 miles of a bike trail and the Squaw Valley Park, which consists of picnic areas, a pickleball court, a playground, and a soccer field. According to the County, the new Town would be responsible for maintaining these facilities.

Currently, the County contracts with the TCPUD and the SVPSD to maintain the park and bike trail. The County renewed its contract with TCPUD to provide landscape and irrigation system services in July 2014 for $29,476. If Olympic Valley takes over that contract, TCPUD does not anticipate a significant increase in costs. However, capital replacement funding may need to be worked into the new Town's contract with TCPUD, as this is not included in the contract with the County currently. As such, this analysis includes a 10 percent capital replacement funding reserve.

The SVPSD provides snow removal services for the bike trail on behalf of the County. This service is paid for by NLTRA out of its TOT sharing revenue. Should the new Town decide to discontinue funding for regional services provided by the County and the NLTRA, snow removal services on the bike trail may be discontinued.

Some of the costs to maintain the park and bike trail will be offset with fees charged to utilize the park. The County collected $14,118 in park user fees in fiscal year 2013-14.

Revenue collected by a County Service Area ("CSA") goes to fund Parks & Recreation services within Olympic Valley. This CFA assumes the CSA would not be dissolved as a result of incorporation. It is assumed the CSA would continue to function as is, providing all services they currently provide, and retaining all revenues that they currently receive. As such, there is no impact on the CSA and no discussion within the CFA concerning revenues or costs associated with the CSA functions.

FIRE PROTECTION

Currently both the California Department of Forestry and Fire Protection (CalFire) and the SVPSD provide fire protection to Olympic Valley. In general, CalFire responds to wildfires, while the SVPSD provides structural fire protection and fire prevention services. Under incorporation, these services would continue unchanged (dissolution of the SVPSD is discussed in Alternative 2). CalFire typically provides services to unincorporated county areas known as State Responsibility Area ("SRA"). To mitigate the State's cost for such services, CalFire levies a fee on property owners within the SRA to fund wildfire protection services. Under Section 4212 of the California Public Resources Code, the SRA mitigation fee charged to unincorporated property owners adjusts annually to account for inflation. As of July 1, 2014, the fee is $152.33 per habitable structure. Owners of habitable structures who are also within the boundaries of a local fire protection agency receive a reduction of $35 per habitable structure.

Should the Olympic Valley incorporation succeed, Olympic Valley would be reclassified from SRA to a Local Responsibility Area ("LRA"); CalFire does not levy a mitigation fee on property owners within incorporated areas. Instead, the new Town would be responsible for a per-acre service fee if it opted to enter into a contract with CalFire to continue to provide wildfire protection to the LRA. However, if the Town opted not to contract with CalFire, the Town itself would be responsible for fire services in LRA territory, including any costs incurred by CalFire for responding to a fire within the LRA area. This option is believed to be significantly infeasible given the amount of wild land areas around the Town and the extraordinary costs for such emergency services.

In consultation with CalFire and local fire officials, RSG has assumed that the Town would enter into a contract with CalFire, similar to nearby Truckee. The Town's assumed cost for CalFire services was based on the charges incurred by Truckee who pays CalFire a per-acre service fee levied on all undeveloped, rural acreage within a jurisdiction. Based on information from the SVPSD's fire department, this area in Olympic Valley would be about 5,662 acres. Using the per acre fee of $23.01, plus a 11.97 percent administrative fee charged in Truckee, the CalFire contract would cost $152,160 during the transition year, with an inflation rate of 2.1 percent thereafter. This inflation rate mirrors the SRA fee inflation rate prescribed in Section 4212 of the California Public Resources Code.

LAW ENFORCEMENT

Presently, the County Sheriff provides most law enforcement services to the community, with the exception of traffic calls on local streets and along roughly six miles of State Highway 89, which are currently provided by the California Highway Patrol ("CHP") and paid by the State General Fund. Incorporation would result in the transfer of responsibility for all law enforcement services, including traffic enforcement on local streets, except those provided by the CHP along State Highway 89. Cities of this size typically establish a contract with the County Sheriff due to the economies of scale and limited capital costs as compared to creating a separate police department. There are several examples of this throughout Placer County and the state.

Working with the Sheriff's Department, RSG developed estimates of current (fiscal year 2014-15) service costs, and potential contract costs for law enforcement services. It is important to note that potential contract costs are based on a proposed service model. The new Town Council would have the option to adjust the proposed service model and negotiate a different contract with the Sheriff's Department.

For the purposes of this report, RSG worked with the Sheriff's Department to devise a reasonable service model that sufficiently meets the current law enforcement demands of the Olympic Valley area. Currently, Olympic Valley is part of the regional Tahoe Basin Sheriff's patrol area and, like all communities within the Tahoe Basin, Olympic Valley does not have its own dedicated officers. However, the Sheriff's department is still responsible for responding to all law enforcement calls within Olympic Valley. In the past five years, the Sheriff's Department responded to 8,072 deputy service calls, 8,112 dispatch calls, and 14 coroner cases in Olympic Valley. Comparing those numbers to the Tahoe Basin area as a whole, Olympic Valley is responsible for 10.99 percent of the deputy services calls, 1.78 percent of the dispatch calls, and 0.32 percent of the coroner cases. Applying these percentages to the Sheriff's 2014-15 budget, the costs to provide law enforcement services in Olympic Valley in FY 2014-15 is roughly $1.2 million. The proposed service model is designed to adequately meet the existing service demands of the Olympic Valley area as well as take over local traffic enforcement from CHP. The proposed contract is estimated to cost $1,427,397 million in FY 2014-15. The estimated contract costs are inflated by a rate of 2.1 percent with additional consideration for population increases.

PUBLIC WORKS

This department would be responsible for administration of public works in the Town, primarily related to road maintenance and snow plowing. These services would be funded first by the Road Fund using Gas Tax revenues. As seen in the Fund Summary in Appendix 2, the Road Fund will encounter deficits in all years of the projections, which is very common in California. The General Fund could subsidize the Road Fund, but that would be a policy decision for the new Town Council to make. Public Works Department activities require a qualified Public Works Director as well as contracts with a public or private entity to execute service provision. Costs for these services were determined based on a salary survey, and the existing level of service provided by the County and associated costs. The Public Works Director's salary and the contracts were inflated at 2.1 percent annually.

Besides contracts for road maintenance and snow removal, costs for road maintenance, snow removal supplies, and overhead were also taken into consideration based on the County's current costs. Whether the new Town contracts with the County or another entity, there will be costs associated with materials to repair roads, equipment, and maintenance of vehicles. These costs were inflated at 2.1 percent annually. The General Fund forecast also includes a CalTrans reimbursement for the operation of the traffic signal at Squaw Valley Road and State Route 89 based on actual costs in 2013-14.

Following incorporation, the Town would be responsible for meeting federal clean water requirements, including maintaining a National Pollution Discharge Elimination System ("NPDES") permit. The NPDES program seeks to address urban runoff issues through public education, storm drain clearance, monitoring of intake and release infrastructure, and public improvements to increase water quality levels. Presently, these requirements are met by the County and it would be both efficient and cost-effective to have the County continue providing these services on a contract basis at a cost of $13,000 per year inflated by 2.1 percent.

The Town would also be required to establish a recycling program pursuant to AB 939, which calls for a 50 percent diversion of all solid waste from landfills. To calculate the expenditures of doing so, RSG examined the nearby community of Truckee and their costs per person spent on AB 939 fees, and then applied the same per-capita rate to Olympic Valley. It is estimated that this expenditure would be a nominal amount of approximately $500 per year. The City would need to contract for this service, and would likely partner with Tahoe Truckee Sierra Disposal ("TTSD"), who already provides these kinds of services throughout the region.

It is critical to note that aside from what may be funded by the TOT revenues dedicated under Measure F and other TOT funds that may be committed to NLTRA described earlier in this Report, no funds in Olympic Valley have been budgeted for capital improvement projects. As the new City grows and assumes services from the County and outside consultants, the requirements for facilities, vehicles, and other major equipment may be apparent.

CONTINGENCY AND RESERVE FUND

As a precautionary measure, a 10 percent contingency factor of estimated expenditures has been used in these projections in the event of unforeseeable expenses. The contingency is not a fund, but represents unknown discretionary expenditures. The 2002 Guidelines advise the use of a contingency factor of 10-20 percent of costs, in addition to a reserve fund of at least 10 percent. However, a reserve fund equal to 30 percent of General Fund revenues is used in this CFA forecast after consultation with the LAFCO Executive Officer and evaluation of data available from smaller, newer, and post-Proposition 13 cities. Reserves are needed to protect a city against unforeseen events, be they legislative (such as the shifting of property taxes to school districts as the State mandated several instances over the past 20 years), economic, or climate-related.

RSG analyzed and collected information on reserves among 61 cities throughout California with an emphasis on small cities, mountain communities, and relatively young cities. A 30 percent reserve was the average amongst the 61 cities surveyed. Even among newer cities, excluding Menifee and Jurupa Valley which are struggling and unable to fund any reserve, the average reserve is 29 percent. While the Guidelines indicate a minimum of 10 percent is recommended, it seems that only cities with financial difficulties are funding reserves that low.

Additionally, Olympic Valley's local tax base is much less diversified than most surveyed. RSG researched Menifee, Jurupa Valley, Eastvale, and Wildomar, all recently incorporated cities, as well as La Habra Heights, Etna, Point Arena, and Industry, all cities with a smaller population than Olympic Valley, and none had such a heavy reliance on a single revenue source as Olympic Valley. Squaw Valley Resort generates the overwhelming majority of the TOT as well as being the largest property owner in Olympic Valley. Because of Olympic Valley's reliance on TOT, and the results of research performed, a 30 percent reserve has been included in this analysis.

Figure 18 presents a summary of these General Fund reserves based on our current research and recent surveys.

Figure 18 - General Fund Reserves

	Count	Lowest	Highest	Mean
Small Cities (Populations of 20,000 or Less)				
City of Ceres Survey (2014)	10	15%	40%	26%
CSMFO Survey (2013)	18	10%	80%	34%
Mountainous Cities				
RSG Research	4	25%	41%	30%
Post-Prop 13 Cities				
City of Ceres Survey (2014)	11	15%	120%	34%
CSMFO Survey (2013)	9	0%	120%	39%
New Cities (Incorporated Since 2000)				
RSG Research	9	0%	100%	29%

The reserve is primarily established during the transition year because a funding surplus exists. The amount set aside is equal to 30 percent of the revenue received in Year 2. Starting in Year 3, deposits into the reserve fund are much lower, serving to maintain the 30 percent funding level as revenues increase.

IMPACTS ON EXISTING AGENCIES

COUNTY TRANSITION YEAR REPAYMENTS

The calculation to determine the City's transition year repayment to the County is shown in Figure 19. This analysis identifies what items the County is funding during the transition period and how the new City will repay the County over a five-year time period. The Town's annual payment of $117,634 is included as General Fund expenditure in the forecast.

Figure 19 - Transition Year Loan

			12 Month Period Beginning								
Item Detail and Assumptions		**Transition** 7/1/2016	7/1/2017	7/1/2018	7/1/2019	7/1/2020	7/1/2021	7/1/2022	7/1/2023	7/1/2024	7/1/2025
Computation of Amount Loaned											
Expenditures, Net of Offsets (2013-14)											
Community Development	59,235										
Public Works - Road Maintenance & Snow Removal	87,353										
Sheriff	1,257,612										
Facilities - Parks	27,889										
HHS - Animal Services	7,295										
Total	1,439,385										
3 Year Inflation Adjust. at 2.1%	93,615										
Total Costs in 2016-17		1,533,000									
Less: Revenues Retained by County in 2016-17											
Property Tax	(826,830)										
Sales Tax	(118,000)										
Fines & Forfeitures (Non-offset)	-										
Total		(944,830)									
Transition Year Costs to County		588,170									
Transition Year Loan / Repayment		$ (588,170)	$ 117,634	$ 117,634	$ 117,634	$ 117,634	$ 117,634	$ -	$ -	$ -	
Annual Payment (Loan Amount / 5)		117,634									

REVENUE NEUTRALITY MITIGATION PAYMENTS

It should be noted that the amount, duration, and terms of any revenue neutrality payments are all subject to negotiation between the County and the incorporation representatives. The final payment amounts may vary from the above estimates, and this CFA will be updated should the parties reach agreement on a revenue neutrality program.

In 1992, Senate Bill 1559 was enacted to reduce the negative fiscal impact incorporations can have on counties and other affected agencies. Pursuant to SB 1559, as codified in Government Code Section 56815, LAFCO cannot approve a proposal for incorporation unless it finds that the amount of revenues the new city received from the county and affected agencies after incorporation would be substantially equal to the amount of savings the county or the affected agencies would attain from no longer providing services to the proposed incorporation area.

Because revenue neutrality has not yet been discussed and is pending the release of this Draft CFA, the potential payments are not yet known. The actual payment will be determined during negotiations between the proponents and the County. Figure 20 presents two computations of the potential revenue neutrality payment from the Town to the County, based on the two different TOT scenarios discussed earlier in the TOT revenue analysis.

Scenario 1 shows the potential revenue neutrality payment if going forward, revenue collected from the Measure F levy would be used to fund regional infrastructure projects. Scenario 2 shows the potential payment if the entire 6 percent of the 10 percent levy were to go to fund infrastructure projects as it is now. These scenarios are discussed further in the Conclusion.

Figure 20 - Revenue Neutrality Payment

Base Year 2013-14

Scenario 1: Potential Payment with 2% TOT Transferred to City and Spent on Projects

Revenue Transferred		
Property Tax	$ 737,053	
Sales Tax (Including In-Lieu)	461,390	
Property Transfer Tax	35,960	
Measure F 2% Transit Occupancy Tax Levy	642,093	
8% Transit Occupancy Tax Base Rate	2,568,373	
Fines & Forfeitures (Cost Offset)	-	
Franchise Fees	20,600	
Total Revenue Loss to County		$ (4,465,468)
Expenses Transferred (Net of Revenue Offsets)		
Community Development	$ 59,235	
Public Works - Road Maintenance & Snow Removal	87,353	
Sheriff	1,257,612	
Facilities - Parks	27,889	
HHS - Animal Services	7,295	
Measure F Funded Infrastructure Projects	642,093	
Total Expenditure Reduction		$ 2,081,478
County Property Tax Admin. Fee of 0.18%		1,357
Net Revenue Impact to County - Positive/(Negative)		(2,382,633)
Potential Revenue Neutrality Payment		$ 2,382,633

Scenario 2: Potential Payment with 6% TOT Transferred to City and Spent on Projects

Revenue Transferred		
Property Tax	$ 737,053	
Sales Tax (Including In-Lieu)	461,390	
Property Transfer Tax	35,960	
Measure F 2% Transit Occupancy Tax Levy	642,093	
8% Transit Occupancy Tax Base Rate	2,568,373	
Fines & Forfeitures (Cost Offset)	-	
Franchise Fees	20,600	
Total Revenue Loss to County		$ (4,465,468)
Expenses Transferred (Net of Revenue Offsets)		
Community Development	$ 59,235	
Public Works - Road Maintenance & Snow Removal	87,353	
Sheriff	1,257,612	
Facilities - Parks	27,889	
HHS - Animal Services	7,295	
Infrastructure Projects	1,926,280	
Total Expenditure Reduction		$ 3,365,664
County Property Tax Admin. Fee of 0.18%		1,357
Net Revenue Impact to County - Positive/(Negative)		(1,098,447)
Potential Revenue Neutrality Payment		$ 1,098,447

PROVISIONAL APPROPRIATIONS LIMIT

Figure 21 presents the computation of the provisional appropriations limit for Olympic Valley. The appropriations limit is the amount of money that a governmental agency can spend in one fiscal year. Also referred to as “The Gann Limit,” voters approved this initiative in 1979 which set a constitutional appropriations limit on governmental agencies. RSG calculated $5,120,020 as the Provisional Appropriation Limit based on §56812 and the City’s projected first fiscal year of tax proceeds in 2017-18. Without a balanced budget, it is notable that the Provisional Appropriations Limit would be lower than the proposed City budget in fiscal year 2017-18.

Figure 21 - Appropriations Limit

2017-18 Estimates	
Proceeds of Taxes to City	
Property Taxes	$ 909,700
Sales Taxes (including in-lieu fees)	478,800
Property Transfer Taxes	40,900
Transient Occupancy Tax	3,554,900
Off Highway Vehicle License	80
Gas Taxes (2105)	3,800
Gas Taxes (2106)	2,100
Gas Taxes (2107)	5,300
Gas Taxes (2107.5)	1,000
Subtotal	4,996,580
Interest Earnings	10,413
Total	5,006,993
Cost of Living Factor[1]	2.13%
Population Growth[2]	1.50%
2017-18 Provisional Limit	$ 5,190,197

[1] Consumer Price Index
[2] RSG Projected Population Growth, 2017-18

CONCLUSIONS

Appendices 2 through 5 present summary projections for the Town's General Fund and Road Fund by scenario, followed by more detailed projections of revenues and expenditures by source and department. As stated earlier, these conclusions are based on an assumption of revenue neutrality payments, which may be altered should the parties reach agreement on a different payment structure. Should that occur, the CFA will be updated.

SCENARIO 1

In Scenario 1, the Measure F (extra 2 percent TOT levy) revenue is assumed be transferred to the new Town, which would in turn either expend these funds on infrastructure as stipulated in the measure, or transfer these to NLTRA for the same purposes, as per NLTRA's current agreement with the County. The Town would retain the remaining 8 percent TOT levy.

- RSG projects a General Fund surplus in the Transition Year of $279,109 after the 30 percent reserve is met. A General Fund revenue deficit of $1,070,308 is projected in fiscal year 2017-18, after the potential revenue neutrality payment is taken into account and the reserve fund deposit is made.
- Thereafter, RSG projects that incorporation may not be feasible as expenditures, including potential revenue neutrality payments and a reserve funding, could exceed revenues by as much as $1.2 million by 2025-26, with the cumulative deficit rising to over $3 million in 2021-22.
- Road Fund expenditures would exceed revenues throughout the term of our forecast, meaning that the Town would not have sufficient funding for projected road maintenance costs. It is unclear at this point whether a more favorable revenue neutrality agreement could benefit the Town's Road Fund.

SCENARIO 2

Scenario 2 mirrors the current allocation plan, wherein the County utilizes both the 2 percent Measure F levy and half of the remaining 8 percent for regional services and shares a portion with the NLTRA for infrastructure and other NLTRA activities. As such, RSG has assumed the Town would expend both the 2 percent Measure F levy proceeds and half (4 percent) of the remaining 8 percent TOT levy to fund regional services and infrastructure projects consistent with the current County-NLTRA agreement. The effects of Scenario 1B are generally a reduction in potential revenue neutrality payments and revenues available to the Town's General Fund.

- RSG projects a General Fund deficit in the Transition Year of $1,145,681 after the 30 percent reserve is met. A General Fund revenue deficit of $2,643,172 is projected in fiscal year 2017-18 after potential revenue neutrality payments and reserve funding are taken into account, with a cumulative deficit of $9.2 million by 2025-26.
- Thereafter, RSG projects that incorporation may not be feasible as expenditures, including the potential revenue neutrality payment, could exceed revenues by as much as $1.6 million through fiscal year 2025-26. The General Fund 30 percent reserve could not be established given the deficit projected in the transition year, and the General Fund would not have sufficient revenues to meet projected expenditures.
- Road Fund expenditures would exceed revenues throughout the term of our forecast, meaning that the Town would not have sufficient funding for projected road maintenance costs. It is unclear at this point whether a more favorable revenue neutrality agreement could benefit the Town's Road Fund.

SCENARIOS 3 & 4

RSG was directed by LAFCO to prepare a pair of scenarios in which revenues change annually based upon historical rates of growth, instead of being contingent upon future development. Scenarios 3 and 4 therefore reflect a more conservative forecast, for comparison. Specifically, RSG reviewed historical rates of growth for assessed value, sales tax, property transfer tax, and other revenue streams. Utilizing an average annual inflation factor, Scenarios 3 and 4 were developed to illustrate the likely revenues and expenditures in Olympic Valley if no new development was proposed, beyond the limited growth the area has seen over the last several years. In most cases, RSG was able to obtain at least seven years of historical data to form the basis of the inflationary rates. Scenario 3 makes the same assumptions for the allocation of Measure F funds and the TOT revenue as set forth in Scenario 1, while Scenario 4 makes the same assumptions for the allocation of Measure F funds and the TOT revenue that were set forth in Scenario 2.

ALTERNATIVE SCENARIOS

RSG analyzed two alternatives to the incorporation proposal in Appendix 1, including one that entails a smaller geographic area and another that assumes dissolution of the SVPSD with their services and revenues consolidated with the Town who would take on these revenues and costs. Neither of these alternatives were fiscally superior to the proposed incorporation.

APPENDIX 1 - ALTERNATIVES

ALTERNATIVE 1 – SELECTIVE EXCLUSION

During an incorporation process, LAFCO may consider alternative boundary scenarios from what was proposed by the Proponent group. One alternative LAFCO asked RSG to consider was the “Selective Exclusion” alternative boundary. Throughout the Olympic Valley incorporation process thus far, LAFCO has received numerous letters from property and business owners opposed to incorporation requesting that their property or properties be excluded from the incorporated Town of Olympic Valley should it come into being. It is understandable that affected parties wish to voice their concerns, especially given that many property owners are not full-time residents and are not registered to vote in the area. However, at this time, the incorporation process does not allow select parties to opt out of a proposed incorporation. With no legal foundation to exclude parties opposed to incorporation and with the exclusion further weakening the economic base of the proposed town, we do not consider the “Selective Exclusion” alternative boundary as a feasible option.

In addition, LAFCO’s first priority is “to encourage the orderly formation of local governmental agencies.” Selective exclusion of specific parcels would create in an illogical boundary for an independent municipality and would result in inefficient provision of services. The County would have to continue to provide services to the selectively excluded parcels while the rest of the area would be serviced by the new Town, placing unnecessary burden on both the County and new Town.

ALTERNATIVE 2 – DISSOLUTION OF SVPSD

LAFCO’s first priority is “to encourage the orderly formation of local governmental agencies.” This means LAFCO can look at the boundaries of cities and/or districts to determine if efficiencies would be created by shifting or dissolving those boundaries. The proposed Olympic Valley boundary follows the boundary of the SVPSD. While both the new Town and the existing service district can coexist, another option would be to dissolve the SVPSD and transfer the service responsibilities to the new Town. It is possible that this would create some efficiencies and cost-saving mechanisms for the new Town and its residents. For example, management, governance, and overhead costs could be consolidated and reduced if the two agencies merged. The new Town would be responsible for providing the services provided by the SVPSD now, which include water, sewer, and structural fire protection. In general, the new Town’s costs would increase as it takes on those services. However, the new Town would also receive the revenue the SVPSD receives now through water and sewer fees and property tax revenue. While there could be some cost savings achieved that would result in surplus revenue, for purposes of this analysis, the net effect on the new Town of dissolving the SVPSD would be zero.

APPENDIX 2 – FUND SUMMARY – SCENARIO 1

Measure F Revenue Transferred to City and Spent on Infrastructure Projects

Annual City General Fund Operating Budget

General Fund	Transition 7/1/2016	7/1/2017	7/1/2018	7/1/2019	7/1/2020	7/1/2021	7/1/2022	7/1/2023	7/1/2024	7/1/2025
Beginning Fund Balance	$ -	1,896,130	546,713	(412,954)	(761,461)	(847,878)	(861,785)	(633,878)	(314,851)	353,606
Revenues by Source										
Property Taxes	-	909,700	979,700	1,097,200	1,196,400	1,263,500	1,333,300	1,385,500	1,424,500	1,463,400
Sales Taxes (including In-Lieu)	235,600	478,800	566,300	683,200	724,100	770,600	797,400	847,200	876,200	894,900
Property Transfer Taxes	34,900	40,900	77,800	112,300	100,300	83,000	87,500	72,300	57,900	59,400
Transient Occupancy Taxes	3,480,700	3,554,900	4,258,500	4,657,300	4,788,600	4,890,600	4,994,900	5,101,300	6,054,300	6,470,800
Off Highway License Subvention	80	80	80	80	80	90	90	90	90	90
Park User Fees	-	15,700	16,100	17,000	17,900	18,900	19,800	20,300	20,900	21,400
Animal Control Licenses	-	290	290	310	330	340	360	370	380	390
Fines & Forfeitures	-	34,800	42,500	45,100	46,300	47,500	48,700	49,800	60,100	61,500
Franchise Fees	-	20,600	20,600	20,600	20,600	20,600	20,600	20,600	20,600	20,600
Community Development Fees	-	324,000	330,800	337,800	344,900	352,100	359,600	367,200	375,000	382,900
Interest Earnings	35,600	10,300	-	-	-	-	-	-	6,600	25,200
Total General Fund Revenue	3,786,880	5,390,070	6,292,670	6,970,890	7,239,510	7,447,230	7,662,250	7,864,660	8,896,570	9,400,580
Expenditures by Department										
Town Council	23,420	23,630	23,840	24,050	24,260	24,470	24,680	24,890	25,200	25,510
Management	263,500	354,700	361,500	369,800	376,900	392,600	392,800	401,900	409,400	418,600
City Attorney	152,100	104,300	106,500	108,800	111,100	113,500	115,900	118,400	120,900	123,500
Finance	150,100	165,600	169,100	172,700	176,300	182,300	183,800	187,700	191,700	195,700
Community Development	38,000	682,610	691,750	551,130	460,560	477,230	480,240	490,390	500,780	511,310
Public Works - Other	15,310	147,310	150,410	153,630	156,850	164,860	163,580	166,980	170,490	173,990
Animal Control	-	16,200	16,600	17,600	18,500	19,500	20,500	21,100	21,600	22,200
Law Enforcement	141,600	1,383,300	1,688,600	1,792,200	1,838,800	1,885,600	1,934,200	1,976,900	2,387,500	2,439,500
Parks & Recreation	-	31,400	32,070	32,750	33,450	34,160	34,890	35,630	36,390	37,170
CalFire	152,200	155,400	158,700	162,100	165,600	169,100	172,700	176,400	180,100	184,000
Non-Departmental	149,380	142,790	146,300	149,910	153,620	157,430	161,440	165,450	169,560	173,870
2% Measure F Infrastructure Projects	696,140	710,980	851,700	931,460	957,720	978,120	998,980	1,020,260	1,210,860	1,294,160
Contingency (10% of Dept. Expenditures)	109,000	321,000	355,000	353,000	352,000	362,000	368,000	377,000	421,000	431,000
Transition Year Loan	-	117,634	117,634	117,634	117,634	117,634	-	-	-	-
Total General Fund Expenditures	1,890,750	4,356,854	4,869,704	4,936,764	4,943,294	5,078,504	5,051,710	5,163,000	5,845,480	6,030,510
Net Revenue / (Deficit) BEFORE Rev Neutrality	1,896,130	1,033,216	1,422,966	2,034,126	2,296,216	2,368,726	2,610,540	2,701,660	3,051,090	3,370,070
Potential Revenue Neutrality Payment	-	2,382,633	2,382,633	2,382,633	2,382,633	2,382,633	2,382,633	2,382,633	2,382,633	2,382,633
Total General Fund Expenditures	1,890,750	6,739,487	7,252,337	7,319,397	7,325,927	7,461,137	7,434,343	7,545,633	8,228,113	8,413,143
Net Revenue / (Deficit) AFTER Rev Neutrality	1,896,130	(1,349,417)	(959,667)	(348,507)	(86,417)	(13,907)	227,907	319,027	668,457	987,437
Fund Balance	**1,896,130**	**546,713**	**(412,954)**	**(761,461)**	**(847,878)**	**(861,785)**	**(633,878)**	**(314,851)**	**353,606**	**1,341,044**
Recommended Reserve Fund Deposits	1,617,021	-	270,780	203,466	80,586	62,316	64,506	60,723	309,573	151,203
Recommended Reserve Fund Balance	1,617,021	1,617,021	1,887,801	2,091,267	2,171,853	2,234,169	2,298,675	2,359,398	2,668,971	2,820,174
Financial Position with a Funded Reserve	279,109	(1,070,308)	(2,300,755)	(2,852,728)	(3,019,731)	(3,095,954)	(2,932,553)	(2,674,249)	(2,315,365)	(1,479,130)
Reserve as % of Rev / % of Exp	*43% / 86%*	*30% / 24%*	*30% / 26%*	*30% / 29%*	*30% / 30%*	*30% / 30%*	*30% / 31%*	*30% / 31%*	*30% / 32%*	*30% / 34%*

APPENDIX 2 (CONTINUED)

Annual City Road Fund Operating Budget

Road Fund	**Transition** 7/1/2016	7/1/2017	7/1/2018	7/1/2019	7/1/2020	7/1/2021	7/1/2022	7/1/2023	7/1/2024	7/1/2025
Beginning Fund Balance	$ -	12,000	(210,337)	(437,737)	(669,937)	(906,987)	(1,148,937)	(1,396,007)	(1,648,457)	(1,906,557)
Revenues by Source										
Gas Tax (Sec. 2105)	3,800	3,800	3,900	4,000	4,100	4,300	4,400	4,400	4,400	4,400
Gas Tax (Sec. 2106)	2,000	2,100	2,100	2,100	2,200	2,300	2,300	2,400	2,400	2,400
Gas Tax (Sec. 2107)	5,200	5,300	5,300	5,500	5,600	5,800	5,980	6,000	6,000	6,100
Gas Tax (Sec. 2107.5)	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Gas Tax (Sec. 2107 - Snow Removal)	-	64,750	66,100	67,500	68,950	70,450	71,950	73,450	75,000	75,000
Interest Earnings	-	113	-	-	-	-	-	-	-	-
Total	12,000	77,063	78,400	80,100	81,850	83,850	85,630	87,250	88,800	88,900
Expenditures by Department										
Road Maintenance	-	299,400	305,800	312,300	318,900	325,800	332,700	339,700	346,900	354,300
Total	-	299,400	305,800	312,300	318,900	325,800	332,700	339,700	346,900	354,300
Net Revenue / (Deficit)	12,000	(222,337)	(227,400)	(232,200)	(237,050)	(241,950)	(247,070)	(252,450)	(258,100)	(265,400)
Ending Road Fund Balance	12,000	(210,337)	(437,737)	(669,937)	(906,987)	(1,148,937)	(1,396,007)	(1,648,457)	(1,906,557)	(2,171,957)

APPENDIX 3 – FUND SUMMARY – SCENARIO 2

All TOT Transferred to City, 60 percent Spent on Infrastructure Projects

	Transition	Annual City General Fund Operating Budget								
General Fund	7/1/2016	7/1/2017	7/1/2018	7/1/2019	7/1/2020	7/1/2021	7/1/2022	7/1/2023	7/1/2024	7/1/2025
Beginning Fund Balance	$ -	468,250	(1,029,241)	(2,408,121)	(3,335,362)	(4,053,032)	(4,738,993)	(5,224,859)	(5,662,166)	(6,137,842)
Revenues by Source										
Property Taxes	-	909,700	979,700	1,097,200	1,196,400	1,263,500	1,333,300	1,385,500	1,424,500	1,463,400
Sales Taxes (including In-Lieu)	235,600	478,800	566,300	683,200	724,100	770,600	797,400	847,200	876,200	894,900
Property Transfer Taxes	34,900	40,900	77,800	112,300	100,300	83,000	87,500	72,300	57,900	59,400
Transient Occupancy Taxes	3,480,700	3,554,900	4,258,500	4,657,300	4,788,600	4,890,600	4,994,900	5,101,300	6,054,300	6,470,800
Off Highway License Subvention	80	80	80	80	80	90	90	90	90	90
Park User Fees	-	15,700	16,100	17,000	17,900	18,900	19,800	20,300	20,900	21,400
Animal Control Licenses	-	290	290	310	330	340	360	370	380	390
Fines & Forfeitures	-	34,800	42,500	45,100	46,300	47,500	48,700	49,800	60,100	61,500
Franchise Fees	-	20,600	20,600	20,600	20,600	20,600	20,600	20,600	20,600	20,600
Community Development Fees	-	324,000	330,800	337,800	344,900	352,100	359,600	367,200	375,000	382,900
Interest Earnings	8,800	-	-	-	-	-	-	-	-	-
Total General Fund Revenue	3,751,280	5,379,770	6,292,670	6,970,890	7,239,510	7,447,230	7,662,250	7,864,660	8,889,970	9,375,380
Expenditures by Department										
Town Council	23,420	23,630	23,840	24,050	24,260	24,470	24,680	24,890	25,200	25,510
Management	263,500	354,700	361,500	369,800	376,900	392,600	392,800	401,900	409,400	418,600
City Attorney	152,100	104,300	106,500	108,800	111,100	113,500	115,900	118,400	120,900	123,500
Finance	150,100	165,600	169,100	172,700	176,300	182,300	183,800	187,700	191,700	195,700
Community Development	38,000	682,610	691,750	551,130	460,560	477,230	480,240	490,390	500,780	511,310
Public Works - Other	15,310	147,310	150,410	153,630	156,850	164,860	163,580	166,980	170,490	173,990
Animal Control	-	16,200	16,600	17,600	18,500	19,500	20,500	21,100	21,600	22,200
Law Enforcement	141,600	1,383,300	1,688,600	1,792,200	1,838,800	1,885,600	1,934,200	1,976,900	2,387,500	2,439,500
Parks & Recreation	-	31,400	32,070	32,750	33,450	34,160	34,890	35,630	36,390	37,170
CalFire	152,200	155,400	158,700	162,100	165,600	169,100	172,700	176,400	180,100	184,000
Non-Departmental	149,380	142,790	146,300	149,910	153,620	157,430	161,440	165,450	169,560	173,870
Infrastructure Projects	2,088,420	2,132,940	2,555,100	2,794,380	2,873,160	2,934,360	2,996,940	3,060,780	3,632,580	3,882,480
Contingency (10% of Dept. Expenditures)	109,000	321,000	355,000	353,000	352,000	362,000	368,000	377,000	421,000	431,000
Transition Year Loan	-	117,634	117,634	117,634	117,634	117,634	-	-	-	-
Total General Fund Expenditures	3,283,030	5,778,814	6,573,104	6,799,684	6,858,734	7,034,744	7,049,670	7,203,520	8,267,200	8,618,830
Net Revenue / (Deficit) BEFORE Rev Neutrality	468,250	(399,044)	(280,434)	171,206	380,776	412,486	612,580	661,140	622,770	756,550
Potential Revenue Neutrality Payment	-	1,098,447	1,098,447	1,098,447	1,098,447	1,098,447	1,098,447	1,098,447	1,098,447	1,098,447
Total General Fund Expenditures	3,283,030	6,877,261	7,671,551	7,898,131	7,957,181	8,133,191	8,148,117	8,301,967	9,365,647	9,717,277
Net Revenue / (Deficit) AFTER Rev Neutrality	468,250	(1,497,491)	(1,378,881)	(927,241)	(717,671)	(685,961)	(485,867)	(437,307)	(475,677)	(341,897)
Fund Balance	**468,250**	**(1,029,241)**	**(2,408,121)**	**(3,335,362)**	**(4,053,032)**	**(4,738,993)**	**(5,224,859)**	**(5,662,166)**	**(6,137,842)**	**(6,479,739)**
Recommended Reserve Fund Deposits	1,613,931	-	273,870	203,466	80,586	62,316	64,506	60,723	307,593	145,623
Recommended Reserve Fund Balance	1,613,931	1,613,931	1,887,801	2,091,267	2,171,853	2,234,169	2,298,675	2,359,398	2,666,991	2,812,614
Financial Position with a Funded Reserve	(1,145,681)	(2,643,172)	(4,295,922)	(5,426,629)	(6,224,885)	(6,973,162)	(7,523,534)	(8,021,564)	(8,804,833)	(9,292,353)
Reserve as % of Rev / % of Exp	*43% / 49%*	*30% / 23%*	*30% / 25%*	*30% / 26%*	*30% / 27%*	*30% / 27%*	*30% / 28%*	*30% / 28%*	*30% / 28%*	*30% / 29%*

APPENDIX 3 (CONTINUED)

Annual City Road Fund Operating Budget

Road Fund	Transition 7/1/2016	7/1/2017	7/1/2018	7/1/2019	7/1/2020	7/1/2021	7/1/2022	7/1/2023	7/1/2024	7/1/2025
Beginning Fund Balance	$ -	12,000	(222,337)	(227,400)	(232,200)	(237,050)	(241,950)	(247,070)	(252,450)	(258,100)
Revenues by Source										
Gas Tax (Sec. 2105)	3,800	3,800	3,900	4,000	4,100	4,300	4,400	4,400	4,400	4,400
Gas Tax (Sec. 2106)	2,000	2,100	2,100	2,100	2,200	2,300	2,300	2,400	2,400	2,400
Gas Tax (Sec. 2107)	5,200	5,300	5,300	5,500	5,600	5,800	5,980	6,000	6,000	6,100
Gas Tax (Sec. 2107.5)	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Gas Tax (Sec. 2107 - Snow Removal)	-	64,750	66,100	67,500	68,950	70,450	71,950	73,450	75,000	75,000
Interest Earnings	-	113	-	-	-	-	-	-	-	-
Total	12,000	77,063	78,400	80,100	81,850	83,850	85,630	87,250	88,800	88,900
Expenditures by Department										
Road Maintenance	-	299,400	305,800	312,300	318,900	325,800	332,700	339,700	346,900	354,300
Total	-	299,400	305,800	312,300	318,900	325,800	332,700	339,700	346,900	354,300
Net Revenue / (Deficit)	12,000	(222,337)	(227,400)	(232,200)	(237,050)	(241,950)	(247,070)	(252,450)	(258,100)	(265,400)
Ending Road Fund Balance	12,000	(210,337)	(449,737)	(459,600)	(469,250)	(479,000)	(489,020)	(499,520)	(510,550)	(523,500)

APPENDIX 4 – SCENARIO 3

Historic Revenue Growth Scenario (Scenario 1 Assumptions)

		Annual City General Fund Operating Budget								
General Fund	**Transition** 6/30/2016	6/30/2017	6/30/2018	6/30/2019	6/30/2020	6/30/2021	6/30/2022	6/30/2023	6/30/2024	6/30/2025
Beginning Fund Balance	$ -	1,930,828	460,118	(1,027,871)	(2,352,081)	(3,567,409)	(4,811,638)	(5,910,050)	(7,017,441)	(8,134,192)
Revenues by Source										
Property Taxes	-	826,300	838,600	851,000	863,700	876,500	889,500	902,800	916,200	929,900
Sales Taxes (including In-Lieu)	235,600	476,200	481,200	486,300	491,400	496,600	501,800	507,100	512,400	517,800
Property Transfer Taxes	36,500	37,000	37,600	38,200	38,700	39,300	39,900	40,500	41,100	41,700
Transient Occupancy Taxes	3,524,700	3,636,900	3,752,700	3,872,200	3,995,500	4,122,700	4,253,900	4,389,300	4,529,000	4,673,200
Off Highway License Subvention	78	79	79	80	80	81	81	82	82	82
Park User Fees	-	15,600	15,700	15,800	15,900	16,000	16,100	16,200	16,200	16,300
Animal Control Licenses	-	290	290	300	310	320	330	340	340	350
Fines & Forfeitures	-	35,700	25,200	25,800	26,500	27,200	27,800	28,500	29,300	30,000
Franchise Fees	-	20,600	20,600	20,600	20,600	20,600	20,600	20,600	20,600	20,600
Community Development Fees	-	259,200	264,700	270,300	275,900	281,700	287,700	293,800	300,100	306,400
Interest Earnings	36,200	8,600	-	-	-	-	-	-	-	-
Total General Fund Revenue	3,833,078	5,316,469	5,436,669	5,580,580	5,728,590	5,881,001	6,037,711	6,199,222	6,365,322	6,536,332
Expenditures by Department										
Town Council	23,420	23,630	23,840	24,050	24,260	24,470	24,680	24,890	25,200	25,510
Management	263,500	354,700	361,500	369,800	376,900	392,500	392,800	401,800	409,400	418,500
City Attorney	152,100	104,300	106,500	108,800	111,100	113,500	115,900	118,400	120,900	123,500
Finance	150,100	165,600	169,100	172,700	176,300	182,300	183,800	187,700	191,700	195,700
Community Development	38,000	596,400	603,730	461,260	368,800	383,540	384,580	392,720	401,060	409,500
Public Works - Other	15,310	147,310	150,410	153,610	156,820	164,820	163,520	166,930	170,430	173,930
Animal Control	-	16,200	16,600	17,000	17,500	18,000	18,400	18,900	19,500	20,000
Law Enforcement	149,000	1,493,600	1,567,100	1,644,200	1,725,500	1,811,000	1,900,600	1,995,000	2,094,300	2,198,700
Parks & Recreation	-	31,400	32,070	32,750	33,450	34,160	34,890	35,630	36,390	37,170
CalFire	152,200	155,400	158,700	162,100	165,600	169,100	172,700	176,400	180,100	184,000
Non-Departmental	144,680	137,990	141,300	144,810	148,320	152,030	155,840	159,750	163,660	167,770
2% Measure F Infrastructure Projects	704,940	727,380	750,540	774,440	799,100	824,540	850,780	877,860	905,800	934,640
Contingency (10% of Dept. Expenditures)	109,000	323,000	333,000	329,000	330,000	345,000	355,000	368,000	381,000	395,000
Transition Year Loan	-	127,636	127,636	127,636	127,636	127,636	-	-	-	-
Total General Fund Expenditures	1,902,250	4,404,546	4,542,026	4,522,156	4,561,286	4,742,596	4,753,490	4,923,980	5,099,440	5,283,920
Net Revenue / (Deficit) BEFORE Rev Neutrality	1,930,828	911,923	894,643	1,058,424	1,167,304	1,138,405	1,284,221	1,275,242	1,265,882	1,252,412
Potential Revenue Neutrality Payment	-	2,382,633	2,382,633	2,382,633	2,382,633	2,382,633	2,382,633	2,382,633	2,382,633	2,382,633
Total General Fund Expenditures	1,902,250	6,787,179	6,924,659	6,904,789	6,943,919	7,125,229	7,136,123	7,306,613	7,482,073	7,666,553
Net Revenue / (Deficit) AFTER Rev Neutrality	1,930,828	(1,470,710)	(1,487,990)	(1,324,209)	(1,215,329)	(1,244,228)	(1,098,412)	(1,107,391)	(1,116,751)	(1,130,220)
Fund Balance	**1,930,828**	**460,118**	**(1,027,871)**	**(2,352,081)**	**(3,567,409)**	**(4,811,638)**	**(5,910,050)**	**(7,017,441)**	**(8,134,192)**	**(9,264,412)**
Recommended Reserve Fund Deposits	1,594,941	-	36,060	43,173	44,403	45,723	47,013	48,453	49,830	51,303
Recommended Reserve Fund Balance	1,594,941	1,594,941	1,631,001	1,674,174	1,718,577	1,764,300	1,811,313	1,859,766	1,909,597	1,960,900
Financial Position with a Funded Reserve	335,888	(1,134,822)	(2,658,872)	(4,026,254)	(5,285,986)	(6,575,938)	(7,721,363)	(8,877,207)	(10,043,788)	(11,225,312)
Reserve as % of Rev / % of Exp	*42% / 84%*	*30% / 23%*	*30% / 24%*	*30% / 24%*	*30% / 25%*	*30% / 25%*	*30% / 25%*	*30% / 25%*	*30% / 26%*	*30% / 26%*

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APPENDIX 4 (CONTINUED)

Annual City Road Fund Operating Budget

Road Fund	**Transition** 6/30/2016	6/30/2017	6/30/2018	6/30/2019	6/30/2020	6/30/2021	6/30/2022	6/30/2023	6/30/2024	6/30/2025
Beginning Fund Balance	$ -	12,060	(210,422)	(437,887)	(670,402)	(908,042)	(1,151,072)	(1,399,462)	(1,653,182)	(1,912,477)
Revenues by Source										
Gas Tax (Sec. 2105)	3,800	3,800	3,900	3,900	3,900	3,900	3,900	4,000	4,000	4,000
Gas Tax (Sec. 2106)	2,040	2,050	2,070	2,080	2,090	2,100	2,110	2,120	2,140	2,150
Gas Tax (Sec. 2107)	5,220	5,240	5,270	5,300	5,330	5,360	5,390	5,420	5,460	5,490
Gas Tax (Sec. 2107.5)	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Gas Tax (Sec. 2107 - Snow Removal)	-	64,715	66,095	67,505	68,940	70,410	71,910	73,440	75,005	76,605
Interest Earnings	-	113	-	-	-	-	-	-	-	-
Total	12,060	76,918	78,335	79,785	81,260	82,770	84,310	85,980	87,605	89,245
Expenditures by Department										
Road Maintenance	-	299,400	305,800	312,300	318,900	325,800	332,700	339,700	346,900	354,300
Total	-	299,400	305,800	312,300	318,900	325,800	332,700	339,700	346,900	354,300
Net Revenue / (Deficit)	12,060	(222,482)	(227,465)	(232,515)	(237,640)	(243,030)	(248,390)	(253,720)	(259,295)	(265,055)
Ending Road Fund Balance	12,060	(210,422)	(437,887)	(670,402)	(908,042)	(1,151,072)	(1,399,462)	(1,653,182)	(1,912,477)	(2,177,532)

APPENDIX 5 – SCENARIO 4

Historic Revenue Growth Scenario (Scenario 2 Assumptions)

General Fund	Transition 6/30/2016	Annual City General Fund Operating Budget 6/30/2017	6/30/2018	6/30/2019	6/30/2020	6/30/2021	6/30/2022	6/30/2023	6/30/2024	6/30/2025
Beginning Fund Balance	$ -	484,748	(1,165,135)	(2,870,019)	(4,458,921)	(5,988,264)	(7,597,386)	(9,113,171)	(10,692,096)	(12,336,261)
Revenues by Source										
Property Taxes	-	826,300	838,600	851,000	863,700	876,500	889,500	902,800	916,200	929,900
Sales Taxes (including In-Lieu)	235,600	476,200	481,200	486,300	491,400	496,600	501,800	507,100	512,400	517,800
Property Transfer Taxes	36,500	37,000	37,600	38,200	38,700	39,300	39,900	40,500	41,100	41,700
Transient Occupancy Taxes	3,524,700	3,636,900	3,752,700	3,872,200	3,995,500	4,122,700	4,253,900	4,389,300	4,529,000	4,673,200
Off Highway License Subvention	78	79	79	80	80	81	81	82	82	82
Park User Fees	-	15,600	15,700	15,800	15,900	16,000	16,100	16,200	16,200	16,300
Animal Control Licenses	-	290	290	300	310	320	330	340	340	350
Fines & Forfeitures	-	35,700	25,200	25,800	26,500	27,200	27,800	28,500	29,300	30,000
Franchise Fees	-	20,600	20,600	20,600	20,600	20,600	20,600	20,600	20,600	20,600
Community Development Fees	-	259,200	264,700	270,300	275,900	281,700	287,700	293,800	300,100	306,400
Interest Earnings	9,100	-	-	-	-	-	-	-	-	-
Total General Fund Revenue	3,796,878	5,307,869	5,436,669	5,580,580	5,728,590	5,881,001	6,037,711	6,199,222	6,365,322	6,536,332
Expenditures by Department										
Town Council	23,420	23,630	23,840	24,050	24,260	24,470	24,680	24,890	25,200	25,510
Management	263,500	354,700	361,500	369,800	376,900	392,500	392,800	401,800	409,400	418,500
City Attorney	152,100	104,300	106,500	108,800	111,100	113,500	115,900	118,400	120,900	123,500
Finance	150,100	165,600	169,100	172,700	176,300	182,300	183,800	187,700	191,700	195,700
Community Development	38,000	596,400	603,730	461,260	368,800	383,540	384,580	392,720	401,060	409,500
Public Works - Other	15,310	147,310	150,410	153,610	156,820	164,820	163,520	166,930	170,430	173,930
Animal Control	-	16,200	16,600	17,000	17,500	18,000	18,400	18,900	19,500	20,000
Law Enforcement	149,000	1,493,600	1,567,100	1,644,200	1,725,500	1,811,000	1,900,600	1,995,000	2,094,300	2,198,700
Parks & Recreation	-	31,400	32,070	32,750	33,450	34,160	34,890	35,630	36,390	37,170
CalFire	152,200	155,400	158,700	162,100	165,600	169,100	172,700	176,400	180,100	184,000
Non-Departmental	144,680	137,990	141,300	144,810	148,320	152,030	155,840	159,750	163,660	167,770
Infrastructure Projects	2,114,820	2,182,140	2,251,620	2,323,320	2,397,300	2,473,620	2,552,340	2,633,580	2,717,400	2,803,920
Contingency (10% of Dept. Expenditures)	109,000	323,000	333,000	329,000	330,000	345,000	355,000	368,000	381,000	395,000
Transition Year Loan	-	127,636	127,636	127,636	127,636	127,636	-	-	-	-
Toal General Fund Expenditures	3,312,130	5,859,306	6,043,106	6,071,036	6,159,486	6,391,676	6,455,050	6,679,700	6,911,040	7,153,200
Net Revenue / (Deficit) BEFORE Rev Neutrality	484,748	(551,437)	(606,437)	(490,456)	(430,896)	(510,675)	(417,339)	(480,478)	(545,718)	(616,868)
Potential Revenue Neutrality Payment	-	1,098,447	1,098,447	1,098,447	1,098,447	1,098,447	1,098,447	1,098,447	1,098,447	1,098,447
Toal General Fund Expenditures	3,312,130	6,957,753	7,141,553	7,169,483	7,257,933	7,490,123	7,553,497	7,778,147	8,009,487	8,251,647
Net Revenue / (Deficit) AFTER Rev Neutrality	484,748	(1,649,884)	(1,704,883)	(1,588,903)	(1,529,342)	(1,609,122)	(1,515,785)	(1,578,925)	(1,644,165)	(1,715,314)
Fund Balance	**484,748**	**(1,165,135)**	**(2,870,019)**	**(4,458,921)**	**(5,988,264)**	**(7,597,386)**	**(9,113,171)**	**(10,692,096)**	**(12,336,261)**	**(14,051,575)**
Recommended Reserve Fund Deposits	1,592,361	-	38,640	43,173	44,403	45,723	47,013	48,453	49,830	51,303
Recommended Reserve Fund Balance	1,592,361	1,592,361	1,631,001	1,674,174	1,718,577	1,764,300	1,811,313	1,859,766	1,909,597	1,960,900
Financial Position with a Funded Reserve	(1,107,612)	(2,757,496)	(4,501,019)	(6,133,095)	(7,706,841)	(9,361,686)	(10,924,484)	(12,551,863)	(14,245,857)	(16,012,474)
Reserve as % of Rev / % of Exp	*42% / 48%*	*30% / 23%*	*30% / 23%*	*30% / 23%*	*30% / 24%*	*30% / 24%*	*30% / 24%*	*30% / 24%*	*30% / 24%*	*30% / 24%*

APPENDIX 5 (CONTINUED)

		Annual City Road Fund Operating Budget								
Road Fund	**Transition** 6/30/2016	6/30/2017	6/30/2018	6/30/2019	6/30/2020	6/30/2021	6/30/2022	6/30/2023	6/30/2024	6/30/2025
Beginning Fund Balance	$ -	12,060	(222,482)	(227,465)	(232,515)	(237,640)	(243,030)	(248,390)	(253,720)	(259,295)
Revenues by Source										
Gas Tax (Sec. 2105)	3,800	3,800	3,900	3,900	3,900	3,900	3,900	4,000	4,000	4,000
Gas Tax (Sec. 2106)	2,040	2,050	2,070	2,080	2,090	2,100	2,110	2,120	2,140	2,150
Gas Tax (Sec. 2107)	5,220	5,240	5,270	5,300	5,330	5,360	5,390	5,420	5,460	5,490
Gas Tax (Sec. 2107.5)	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Gas Tax (Sec. 2107 - Snow Removal)	-	64,715	66,095	67,505	68,940	70,410	71,910	73,440	75,005	76,605
Interest Earnings	-	113	-	-	-	-	-	-	-	-
Total	12,060	76,918	78,335	79,785	81,260	82,770	84,310	85,980	87,605	89,245
Expenditures by Department										
Road Maintenance	-	299,400	305,800	312,300	318,900	325,800	332,700	339,700	346,900	354,300
Total	-	299,400	305,800	312,300	318,900	325,800	332,700	339,700	346,900	354,300
Net Revenue / (Deficit)	12,060	(222,482)	(227,465)	(232,515)	(237,640)	(243,030)	(248,390)	(253,720)	(259,295)	(265,055)
Ending Road Fund Balance	12,060	(210,422)	(449,947)	(459,980)	(470,155)	(480,670)	(491,420)	(502,110)	(513,015)	(524,350)

APPENDIX 6 – REVENUES AND EXPENDITURES BY DEPARTMENT (SCENARIO 1 ONLY)

TOWN COUNCIL

			12 Month Period Beginning								
Item Detail and Assumptions		Transition 7/1/2016	7/1/2017	7/1/2018	7/1/2019	7/1/2020	7/1/2021	7/1/2022	7/1/2023	7/1/2024	7/1/2025
Department Expenditures											
Salaries & Benefits											
Town Council Stipends	12,500	$ 12,500	$ 12,500	$ 12,500	$ 12,500	$ 12,500	$ 12,500	$ 12,500	$ 12,500	$ 12,500	$ 12,500
Supplies & Services											
Travel & Memberships		10,400	10,600	10,800	11,000	11,200	11,400	11,600	11,800	12,100	12,400
14-15 Cost	10,000										
Growth Rate	2.1%										
Meeting Materials		520	530	540	550	560	570	580	590	600	610
14-15 Cost	500										
Growth Rate	2.1%										
Capital Outlay											
TOTAL		$ 23,420	$ 23,630	$ 23,840	$ 24,050	$ 24,260	$ 24,470	$ 24,680	$ 24,890	$ 25,200	$ 25,510

MANAGEMENT

Item Detail and Assumptions		Transition 7/1/2016	7/1/2017	7/1/2018	7/1/2019	7/1/2020	7/1/2021	7/1/2022	7/1/2023	7/1/2024	7/1/2025
			12 Month Period Beginning								
Department Expenditures											
Salaries & Benefits											
Town Manager		$ 91,500	$ 186,800	$ 190,700	$ 194,700	$ 198,800	$ 203,000	$ 207,300	$ 211,700	$ 216,100	$ 220,600
14-15 Cost	130,000										
Benefit/Salary Ratio	35%										
Growth Rate	2.1%										
Town Clerk/Admin Support		17,600	71,800	73,300	74,800	76,400	78,000	79,600	81,300	83,000	84,700
14-15 Cost	50,000										
Benefit/Salary Ratio	35%										
Growth Rate	2.1%										
Admin Assistant/Secretary		12,300	50,300	51,400	52,500	53,600	54,700	55,800	57,000	58,200	59,400
14-15 Cost	35,000										
Benefit/Salary Ratio	35%										
Growth Rate	2.1%										
Supplies & Services											
Interim Town Manager		84,000									
Travel & Memberships		20,900	21,300	21,800	22,300	22,800	23,300	23,800	24,300	24,800	25,300
14-15 Cost	20,000										
Growth Rate	2.1%										
Codification Services		10,000	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500
Elections		-	700	-	700	-	800	-	800	-	800
Cost Per Reg. Voter (2015)	1.25										
Growth Rate	2.1%										
Notices & Office Expenses		20,900	21,300	21,800	22,300	22,800	23,300	23,800	24,300	24,800	25,300
14-15 Cost	20,000										
Growth Rate	2.1%										
Capital Outlay											
Computer Hardware & Software		6,300	-	-	-	-	7,000	-	-	-	-
14-15 Cost	6,000										
Growth Rate	2.1%										
Replace. Cycle (Yrs)	5										
TOTAL		$ 263,500	$ 354,700	$ 361,500	$ 369,800	$ 376,900	$ 392,600	$ 392,800	$ 401,900	$ 409,400	$ 418,600

Notes											
Registered Voters		569	577	586	595	603	612	622	631	640	650

CITY ATTORNEY

Item Detail and Assumptions		Transition 7/1/2016	7/1/2017	7/1/2018	7/1/2019	7/1/2020	7/1/2021	7/1/2022	7/1/2023	7/1/2024	7/1/2025
						12 Month Period Beginning					
Department Expenditures											
Salaries & Benefits											
Supplies & Services											
Contract City Attorney Services		$ 102,100	$ 104,300	$ 106,500	$ 108,800	$ 111,100	$ 113,500	$ 115,900	$ 118,400	$ 120,900	$ 123,500
14-15 Cost	100,000										
Growth Rate	2.1%										
Supplemental Startup Legal Costs		50,000	-	-	-	-	-	-	-	-	-
Capital Outlay											
TOTAL		$ 152,100	$ 104,300	$ 106,500	$ 108,800	$ 111,100	$ 113,500	$ 115,900	$ 118,400	$ 120,900	$ 123,500

FINANCE

Item Detail and Assumptions		Transition 7/1/2016	7/1/2017	7/1/2018	7/1/2019	7/1/2020	7/1/2021	7/1/2022	7/1/2023	7/1/2024	7/1/2025
			12 Month Period Beginning								
Department Expenditures											
Salaries & Benefits											
Finance Director		$ 31,700	$ 129,300	$ 132,000	$ 134,800	$ 137,600	$ 140,500	$ 143,500	$ 146,500	$ 149,600	$ 152,700
14-15 Cost	90,000										
Benefit/Salary Ratio	35%										
Growth Rate	2.1%										
Supplies & Services											
Interim Finance Manager		75,000	-	-	-	-	-	-	-	-	-
Contract Services: Payroll & Auditing		31,300	32,000	32,700	33,400	34,100	34,800	35,500	36,300	37,100	37,900
14-15 Cost	30,000										
Growth Rate	2.1%										
Travel & Memberships		-	4,300	4,400	4,500	4,600	4,700	4,800	4,900	5,000	5,100
14-15 Cost	4,000										
Growth Rate	2.1%										
Capital Outlay											
Computer Hardware		2,100	-	-	-	-	2,300	-	-	-	-
14-15 Cost	2,000										
Growth Rate	2.1%										
Replace. Cycle (Yrs)	5										
Financial Software		10,000	-	-	-	-	-	-	-	-	-
TOTAL		$ 150,100	$ 165,600	$ 169,100	$ 172,700	$ 176,300	$ 182,300	$ 183,800	$ 187,700	$ 191,700	$ 195,700

PUBLIC WORKS – ROAD MAINTENANCE

Item Detail and Assumptions		Transition 7/1/2016	7/1/2017	7/1/2018	7/1/2019	7/1/2020	7/1/2021	7/1/2022	7/1/2023	7/1/2024	7/1/2025
			12 Month Period Beginning								
Department Expenditures											
Salaries & Benefits											
Supplies & Services											
Contract Road Maintenance - Personnel		$ -	$ 77,800	$ 79,500	$ 81,200	$ 82,900	$ 84,700	$ 86,500	$ 88,300	$ 90,200	$ 92,100
14-15 Cost	73,000										
Growth Rate	2.1%										
Contract Road Maintenance - Supplies and Overhead		-	92,100	94,100	96,100	98,100	100,200	102,300	104,500	106,700	109,000
14-15 Cost	86,500										
Growth Rate	2.1%										
Contract Snow Plowing - Personnel		-	90,600	92,500	94,500	96,500	98,600	100,700	102,800	105,000	107,200
14-15 Cost	85,000										
Growth Rate	2.1%										
Contract Snow Plowing - Fleet Maintenance		-	38,900	39,700	40,500	41,400	42,300	43,200	44,100	45,000	46,000
14-15 Cost	36,500										
Growth Rate	2.1%										
TOTAL		$ -	$ 299,400	$ 305,800	$ 312,300	$ 318,900	$ 325,800	$ 332,700	$ 339,700	$ 346,900	$ 354,300

PUBLIC WORKS – OTHER

Item Detail and Assumptions		Transition 7/1/2016	12 Month Period Beginning 7/1/2017	7/1/2018	7/1/2019	7/1/2020	7/1/2021	7/1/2022	7/1/2023	7/1/2024	7/1/2025
Department Expenditures											
Salaries & Benefits											
Public Works Director		$ 10,600	$ 129,300	$ 132,000	$ 134,800	$ 137,600	$ 140,500	$ 143,500	$ 146,500	$ 149,600	$ 152,700
14-15 Cost	90,000										
Benefit/Salary Ratio	35%										
Growth Rate	2.1%										
Supplies & Services											
County Contract NPDES Program Implementation		-	13,800	14,100	14,400	14,700	15,000	15,300	15,600	15,900	16,200
14-15 Cost	13,000										
Growth Rate	2.1%										
Contract for AB 939 Requirements		510	510	510	530	550	560	580	580	590	590
Cost Per Resident	0.53										
Population	See Below										
Shared Traffic Signal Operating Costs		-	3,700	3,800	3,900	4,000	4,100	4,200	4,300	4,400	4,500
13-14 Actual Cost	3,464										
Growth Rate	2.1%										
Capital Outlay											
Computer Hardware & Software		4,200	-	-	-	-	4,700	-	-	-	-
14-15 Cost	4,000										
Growth Rate	2.1%										
Replace. Cycle (Yrs)	5										
TOTAL		$ 15,310	$ 147,310	$ 150,410	$ 153,630	$ 156,850	$ 164,860	$ 163,580	$ 166,980	$ 170,490	$ 173,990
Notes											
Projected Population	943	954	962	968	1,002	1,033	1,064	1,094	1,100	1,106	1,112

COMMUNITY DEVELOPMENT

Item Detail and Assumptions		Transition 7/1/2016	7/1/2017	7/1/2018	7/1/2019	7/1/2020	7/1/2021	7/1/2022	7/1/2023	7/1/2024	7/1/2025
			12 Month Period Beginning								
Department Expenditures											
Salaries & Benefits											
Community Development Director		$ 31,700	$ 129,300	$ 132,000	$ 134,800	$ 137,600	$ 140,500	$ 143,500	$ 146,500	$ 149,600	$ 152,700
14-15 Cost	90,000										
Benefit/Salary Ratio	35%										
Growth Rate	2.1%										
Associate Planner		-	86,210	88,020	89,870	91,760	93,690	95,660	97,670	99,720	101,810
14-15 Cost	60,000										
Benefit/Salary Ratio	35%										
Growth Rate	2.1%										
Supplies & Services											
Contract Building/Code Enforcement		-	32,000	32,700	33,400	34,100	34,800	35,500	36,300	37,100	37,900
14-15 Cost	30,000										
Growth Rate	2.1%										
Contract Engineering/Surveying		-	45,800	46,800	47,800	48,800	49,800	50,900	52,000	53,100	54,200
14-15 Cost	43,000										
Growth Rate	2.1%										
Contract Planning		-	42,600	43,500	44,400	45,300	46,300	47,300	48,300	49,300	50,400
14-15 Cost	40,000										
Growth Rate	2.1%										
Contract Technical/GIS Support		-	5,300	5,400	5,500	5,600	5,700	5,800	5,900	6,000	6,100
14-15 Cost	5,000										
Growth Rate	2.1%										
Cost Allocation for O/H and Admin		-	89,800	91,700	93,700	95,700	97,700	99,800	101,900	104,100	106,300
14-15 Cost	84,287										
Growth Rate	2.1%										
General Plan/EIR Preparation			250,000	250,000							
Zoning Code Preparation					100,000						
Travel & Membership		-	1,600	1,630	1,660	1,700	1,740	1,780	1,820	1,860	1,900
14-15 Cost	1,500.00										
Growth Rate	2.1%										
Capital Outlay											
Computer Hardware & Software		6,300	-	-	-	-	7,000	-	-	-	-
14-15 Cost	6,000										
Growth Rate	2.1%										
Replace. Cycle (Yrs)	5										
TOTAL		$ 38,000	$ 682,610	$ 691,750	$ 551,130	$ 460,560	$ 477,230	$ 480,240	$ 490,390	$ 500,780	$ 511,310

Note: Costs for General Plan, EIR, and Zoning Code preparation are based upon estimates from LAFCO's consultant.

PARKS AND RECREATION

Item Detail and Assumptions		Transition 7/1/2016	7/1/2017	7/1/2018	7/1/2019	7/1/2020	7/1/2021	7/1/2022	7/1/2023	7/1/2024	7/1/2025
			12 Month Period Beginning								
Department Expenditures											
Salaries & Benefits											
Supplies & Services											
TCPUD Contract		$ -	$ 31,400	$ 32,070	$ 32,750	$ 33,450	$ 34,160	$ 34,890	$ 35,630	$ 36,390	$ 37,170
14-15 Cost	29,476										
Growth Rate	2.1%										
Capital Outlay											
Capital Reserve Fund	2,947.60	-	3,100	3,200	3,300	3,300	3,400	3,500	3,600	3,600	3,700
Rate	10%										
TOTAL		$ -	$ 31,400	$ 32,070	$ 32,750	$ 33,450	$ 34,160	$ 34,890	$ 35,630	$ 36,390	$ 37,170

ANIMAL CONTROL

Item Detail and Assumptions		Transition 7/1/2016	12 Month Period Beginning 7/1/2017	7/1/2018	7/1/2019	7/1/2020	7/1/2021	7/1/2022	7/1/2023	7/1/2024	7/1/2025
Department Expenditures											
Salaries & Benefits											
Supplies & Services											
County Animal Control Contract		$ -	$ 11,700	$ 12,000	$ 12,700	$ 13,400	$ 14,100	$ 14,800	$ 15,200	$ 15,600	$ 16,000
14-15 Cost Estimate	10,758										
Base Cost Growth Rate	2.1%										
Per Capita Adjustment	see below										
Supplies		-	2,800	2,900	3,100	3,200	3,400	3,600	3,700	3,800	3,900
14-15 Base Cost	2,613										
Base Cost Growth Rate	2.1%										
Per Capita Adjustment	see below										
Cost Allocation for O/H and Admin		-	1,700	1,700	1,800	1,900	2,000	2,100	2,200	2,200	2,300
14-15 Base Cost	1,531										
Base Cost Growth Rate	2.1%										
Per Capita Adjustment	see below										
Capital Outlay											
TOTAL		$ -	$ 16,200	$ 16,600	$ 17,600	$ 18,500	$ 19,500	$ 20,500	$ 21,100	$ 21,600	$ 22,200
Notes											
Projected Population	943	954	962	968	1,002	1,033	1,064	1,094	1,100	1,106	1,112

LAW ENFORCEMENT

Item Detail and Assumptions		Transition 7/1/2016	12 Month Period Beginning 7/1/2017	7/1/2018	7/1/2019	7/1/2020	7/1/2021	7/1/2022	7/1/2023	7/1/2024	7/1/2025
Department Expenditures											
Salaries & Benefits											
Supplies & Services											
Contract with County Sheriff (Patrol)		$ -	$ 1,238,400	$ 1,511,800	$ 1,604,900	$ 1,647,500	$ 1,689,500	$ 1,733,000	$ 1,771,300	$ 2,139,200	$ 2,186,300
14-15 Cost	1,158,449										
Growth Rate	2.1%										
Per Capita Adjustment	see below										
Contract with County Sheriff (Traffic)		95,100	97,300	118,800	126,100	129,400	132,700	136,100	139,100	168,000	171,700
14-15 Cost	91,000										
Growth Rate	2.1%										
Per Capita Adjustment	see below										
Direct & Indirect Support		46,500	47,600	58,000	61,200	61,900	63,400	65,100	66,500	80,300	81,500
14-15 Cost	177,948										
Growth Rate	2.1%										
Per Capita Adjustment	see below										
Capital Outlay											
TOTAL		$ 141,600	$ 1,383,300	$ 1,688,600	$ 1,792,200	$ 1,838,800	$ 1,885,600	$ 1,934,200	$ 1,976,900	$ 2,387,500	$ 2,439,500
Notes											
Projected Population	943	954	962	968	1,002	1,033	1,064	1,094	1,100	1,106	1,112
Projected Employee Population	579	579	586	716	976	1,002	1,002	1,015	1,015	1,144	1,144
Projected Overnight Tourist Population	3,046	3,046	3,046	3,749	3,852	3,852	3,852	3,852	3,852	4,684	4,684
Projected "Daytrip" Tourist Population	5,920	5,920	5,920	7,285	7,485	7,485	7,485	7,485	7,485	9,103	9,103

Note: For the purposes of the per capita adjustment, daytrippers are considered to be one-third of a person, as they are likely to be in Olympic Valley for substantially less time throughout any given day than a resident or overnight tourist would be.

FIRE PROTECTION

Item Detail and Assumptions		Transition 7/1/2016	7/1/2017	7/1/2018	7/1/2019	7/1/2020	7/1/2021	7/1/2022	7/1/2023	7/1/2024	7/1/2025
			12 Month Period Beginning								
Department Expenditures											
Salaries & Benefits											
Supplies & Services											
Contract with CalFire		$ 152,200	$155,400	$158,700	$162,100	$ 165,600	$169,100	$172,700	$ 176,400	$180,100	$ 184,000
Acreage subject to Contract	5,662										
Cost per acre	$23.01										
Admin Costs	11.97%										
Growth Rate	2.1%										
Capital Outlay											
TOTAL		$ 152,200	$155,400	$158,700	$162,100	$ 165,600	$169,100	$172,700	$ 176,400	$180,100	$ 184,000

NON-DEPARTMENTAL

Item Detail and Assumptions		Transition 7/1/2016	7/1/2017	7/1/2018	7/1/2019	7/1/2020	7/1/2021	7/1/2022	7/1/2023	7/1/2024	7/1/2025
			12 Month Period Beginning								
Department Expenditures											
Salaries & Benefits											
Supplies & Services											
LAFCo Fees		$ 580	$ 590	$ 600	$ 610	$ 620	$ 630	$ 640	$ 650	$ 660	$ 670
14-15 Cost	569										
Growth Rate	2.1%										
Insurance		66,400	67,800	69,200	70,700	72,200	73,700	75,300	76,900	78,500	80,200
14-15 Cost	65,000										
Growth Rate	2.1%										
IT Support Contract		15,300	15,600	15,900	16,200	16,500	16,900	17,300	17,700	18,100	18,500
14-15 Cost	15,000										
Growth Rate	2.1%										
City Hall Rent, Utilities, Maintenance		57,100	58,800	60,600	62,400	64,300	66,200	68,200	70,200	72,300	74,500
Total Leased Area (sf)	2,500										
Lease Rate	1.37										
Expense Ratio	35%										
14-15 Cost	55,485										
Growth Rate	3.0%										
Capital Outlay											
Office Furnishings		10,000									
TOTAL		$ 149,380	$ 142,790	$ 146,300	$ 149,910	$ 153,620	$ 157,430	$ 161,440	$ 165,450	$ 169,560	$ 173,870
Notes											
Projected Population	943	954	962	968	1,002	1,033	1,064	1,094	1,100	1,106	1,112